

ANNEX I

GENERAL

1st

HALF-YEARLY FINANCIAL REPORT FOR FINANCIAL YEAR

2019

REPORTING DATE

30/06/2019

I. IDENTIFICATION DATA

Registered Company Name: ENDESA, S.A.

Registered Address: Ribera del Loira Street, 60 – 28042 Madrid

Tax Identification Number

A-28023430

II. SUPPLEMENTARY INFORMATION TO PREVIOUSLY RELEASED PERIODIC INFORMATION

Explanation of the main modifications with respect to the previously released periodic information:

(To be completed only in the situations indicated in Section B) of the instructions)

III. STATEMENT(S) BY THE PERSON(S) RESPONSIBLE FOR THE INFORMATION

To the best of our knowledge, the accompanying condensed annual financial statements, which have been prepared in accordance with applicable accounting principles, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or of the undertakings included in the consolidated financial statements taken as a whole, and the interim management report includes a fair review of the information required.

Comments on the above statement(s):

Person(s) responsible for this information:

Name/Company Name	Office
Juan Sánchez-Calero Guilarte	CHAIRMAN
Francesco Starace	VICE CHAIRMAN
José Bogas Gálvez	CHIEF EXECUTIVE OFFICER
Alejandro Echevarría Busquet	DIRECTOR
Miquel Roca Junyent	DIRECTOR
Enrico Viale	DIRECTOR
Alberto de Paoli	DIRECTOR
Helena Revoredo Delvecchio	DIRECTOR
Maria Patrizia Grieco	DIRECTOR
Francisco de Lacerda	DIRECTOR
Ignacio Garralda Ruíz de Velasco	DIRECTOR

In accordance with the power delegated by the board of directors, the board secretary certifies that the half-yearly financial report has been signed by the directors.

Date this half-yearly financial report was signed by the corresponding governing body: 22/07/2019

IV. SELECTED FINANCIAL INFORMATION

1. INDIVIDUAL BALANCE SHEET (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS) (1/2)

Units: Thousand euros

ASSETS		CURRENT PERIOD 30/06/2019	PREVIOUS PERIOD 31/12/2018
A) NON-CURRENT ASSETS		40	19,173,911
1.	Intangible assets:	30	112,683
	a) Goodwill	31	
	b) Other intangible assets	32	112,683
2.	Property, plant and equipment	33	1,826
3.	Investment property	34	
4.	Long-term investments in group companies and associates	35	18,893,976
5.	Long-term financial investments	36	43,272
6.	Deferred tax assets	37	122,154
7.	Other non-current assets	38	
B) CURRENT ASSETS		85	704,962
1.	Non-current assets held for sale	50	
2.	Inventories	55	
3.	Trade and other receivables:	60	146,647
	a) Trade receivables	61	
	b) Other receivables	62	146,647
	c) Current tax assets	63	
4.	Short-term investments in group companies and associates	64	486,745
5.	Short-term financial investments	70	55,150
6.	Prepayments and accrued income	71	467
7.	Cash and cash equivalents	72	15,953
TOTAL ASSETS (A + B)		100	19,878,873

Comments

--

IV. SELECTED FINANCIAL INFORMATION

1. INDIVIDUAL BALANCE SHEET (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS) (2/2)

Units: Thousand euros

EQUITY AND LIABILITIES		CURRENT PERIOD 30/06/2019	PREVIOUS PERIOD 31/12/2018
A) EQUITY (A.1 + A.2 + A.3)	195	7,585,375	8,091,368
A.1) CAPITAL AND RESERVES	180	7,600,121	8,091,368
1. Capital:	171	1,270,503	1,270,503
a) Authorised capital	161	1,270,503	1,270,503
b) <i>Less: Uncalled capital</i>	162		
2. Share premium	172	88,800	88,800
3. Reserves	173	1,437,544	1,445,076
4. <i>Less: Treasury stock</i>	174		
5. Profit and loss in prior periods	178	4,516,957	4,516,938
6. Other shareholder contributions	179	319	319
7. Profit (loss) for the period	175	285,998	1,510,858
8. <i>Less: Interim dividend</i>	176		(741,126)
9. Other equity instruments	177		
A.2) VALUATION ADJUSTMENTS	188	(14,746)	
1. Available-for-sale financial assets	181		
2. Hedging transactions	182	(14,746)	
3. Others	183		
A.3) GRANTS, DONATIONS AND BEQUESTS RECEIVED	194		
B) NON-CURRENT LIABILITIES	120	9,612,276	10,687,590
1. Long-term provisions	115	276,583	281,076
2. Long-term debts:	116	1,847,320	1,391,357
a) Debt with financial institutions and bonds and other marketable securities	131	1,822,904	1,387,130
b) Other financial liabilities	132	24,416	4,227
3. Long-term payables to group companies and associates	117	7,454,845	8,981,629
4. Deferred tax liabilities	118	33,528	33,528
5. Other non-current liabilities	135		
6. Long-term accrual accounts	119		
C) CURRENT LIABILITIES	130	2,681,222	2,057,724
1. Liabilities associated with non-current assets held for sale	121		
2. Short-term provisions	122	54,357	59,709
3. Short-term debts:	123	1,426,897	284,388
a) Debt with financial institutions and bonds and other marketable securities	133	51,169	49,610
b) Other financial liabilities	134	1,375,728	234,778
4. Short-term payables to group companies and associates	129	1,080,624	1,575,449
5. Trade and other payables:	124	119,152	137,986
a) Suppliers	125		
b) Other payables	126	119,152	137,986
c) Current tax liabilities	127		
6. Other current liabilities	136		
7. Current accrual accounts	128	192	192
TOTAL EQUITY AND LIABILITIES (A + B + C)	200	19,878,873	20,836,682

Comments

IV. SELECTED FINANCIAL INFORMATION

2. INDIVIDUAL PROFIT AND LOSS STATEMENT (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

			PRESENT CURR. PERIOD (2nd HALF YEAR)	PREVIOUS CURR. PERIOD (2nd HALF YEAR)	CURRENT CUMULATIVE 30/06/2019	PREVIOUS CUMULATIVE 30/06/2018
(+)	Revenue	205			526,500	471,784
(+/-)	Change in inventories of finished products and work in progress	206				
(+)	Own work capitalised	207			441	
(-)	Supplies	208			(106)	(43)
(+)	Other operating revenue	209			3,321	5,204
(-)	Personnel expenses	217			(91,671)	(73,794)
(-)	Other operating expenses	210			(69,526)	(104,102)
(-)	Depreciation and amortisation charge	211			(14,404)	(15,399)
(+)	Allocation of grants for non-financial assets and other grants	212				
(+)	Reversal of provisions	213			2,437	12,847
(+/-)	Impairment and gain (loss) on disposal of non-current assets	214				67
(+/-)	Other profit (loss)	215			(869)	(4)
=	OPERATING PROFIT (LOSS)	245			356,123	296,560
(+)	Finance income	250			2,636	5,337
(-)	Finance costs	251			(100,546)	(62,139)
(+/-)	Changes in fair value of financial instruments	252			674	(1,786)
(+/-)	Exchange differences	254			3,001	2,453
(+/-)	Impairment and gain (loss) on disposal of financial instruments	255				
=	NET FINANCE INCOME (COSTS)	256			(94,235)	(56,135)
=	PROFIT (LOSS) BEFORE TAX	265			261,888	240,425
(+/-)	Income tax expense	270			24,110	20,619
=	PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING ACTIVITIES	280			285,998	261,044
(+/-)	Profit (loss) for the period from discontinued operations, net of tax	285				
=	PROFIT (LOSS) FOR THE PERIOD	300			285,998	261,044

	EARNINGS PER SHARE		Amount	Amount	Amount	Amount
			(X.XX euros)	(X.XX euros)	(X.XX euros)	(X.XX euros)
	Basic	290			0.27	0.25
	Diluted	295			0.27	0.25

Comments

IV. SELECTED FINANCIAL INFORMATION
3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
a) INDIVIDUAL STATEMENT OF RECOGNISED INCOME AND EXPENSE (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

		CURRENT PERIOD 30/06/2019	PREVIOUS PERIOD 30/06/2018
A) PROFIT (LOSS) FOR THE PERIOD (from the profit and loss account)	305	285,998	261,044
B) INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	310	(22,278)	2,535
1. From measurement of financial instruments:	320		
a) Available-for-sale financial assets	321		
b) Other income/(expenses)	323		
2. From cash flow hedges	330	(19,661)	
3. Grants, donations and bequests received	340		
4. From actuarial gains and losses and other adjustments	344	(10,043)	3,380
5. Other income and expense recognised directly in equity	343		
6. Tax effect	345	7,426	(845)
C) TRANSFERS TO PROFIT OR LOSS	350		
1. From measurement of financial instruments:	355		
a) Available-for-sale financial assets	356		
b) Other income/(expenses)	358		
2. From cash flow hedges	360		
3. Grants, donations and bequests received	366		
4. Other income and expense recognised directly in equity	365		
5. Tax effect	370		
TOTAL RECOGNISED INCOME/(EXPENSE) FOR THE PERIOD (A + B + C)	400	263,720	263,579

Comments

IV. SELECTED FINANCIAL INFORMATION
3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
B. INDIVIDUAL STATEMENT OF TOTAL CHANGES IN EQUITY (1/2)
(PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

CURRENT PERIOD		Capital and Reserves					Valuation adjustments	Grants, donations and bequests received	Total Equity
		Capital	Share premium and Reserves	Treasury stock	Profit (loss) for the period	Other equity instruments			
Opening balance at 01/01/2019	3010	1,270,503	5,310,007		1,510,858				8,091,368
Adjustments for changes in accounting policy	3011								
Adjustment for errors	3012								
Adjusted opening balance	3015	1,270,503	5,310,007		1,510,858				8,091,368
I. Total recognised income/(expense) in the period	3020		(7,532)		285,998		(14,746)		263,720
II. Transactions with shareholders or owners	3025		(769,713)						(769,713)
1. Capital increases/ (reductions)	3026								
2. Conversion of financial liabilities into equity	3027								
3. Distribution of dividends	3028		(769,713)						(769,713)
4. Net trading with treasury stock	3029								
5. Increases/ (reductions) for business combinations	3030								
6. Other transactions with shareholders or owners	3032								
III. Other changes in equity	3035		1,510,858		(1,510,858)				
1. Equity-settled share-based payment	3036								
2. Transfers between equity accounts	3037		1,510,858		(1,510,858)				
3. Other changes	3038								
Closing balance at 30/06/2019	3040	1,270,503	6,043,620		285,998		(14,746)		7,585,375

Comments

IV. SELECTED FINANCIAL INFORMATION
3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
B. INDIVIDUAL STATEMENT OF TOTAL CHANGES IN EQUITY (2/2)
(PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

PREVIOUS PERIOD		Capital and Reserves				Valuation adjustments	Grants, donations and bequests received	Total Equity
		Capital	Share premium and Reserves	Treasury stock	Profit (loss) for the period			
Opening balance at 01/01/2018 (comparative period)	3050	1,270,503	5,281,853		1,491,524			8,043,880
Adjustments for changes in accounting policy	3051							
Adjustment for errors	3052							
Adjusted opening balance (comparative period)	3055	1,270,503	5,281,853		1,491,524			8,043,880
I. Total recognised income/(expense) in the period	3060		2,535		261,044			263,579
II. Transactions with shareholders or owners	3065		(722,069)					(722,069)
1. Capital increases/ (reductions)	3066							
2. Conversion of financial liabilities into equity	3067							
3. Distribution of dividends	3068		(722,069)					(722,069)
4. Net trading with treasury stock	3069							
5. Increases/ (reductions) for business combinations	3070							
6. Other transactions with shareholders or owners	3072							
III. Other changes in equity	3075		1,491,524		(1,491,524)			
1. Equity-settled share-based payment	3076							
2. Transfers between equity accounts	3077		1,491,524		(1,491,524)			
3. Other changes	3078							
Closing balance at 30/06/2018 (comparative period)	3080	1,270,503	6,053,843		261,044			7,585,390

Comments

IV. SELECTED FINANCIAL INFORMATION
4. INDIVIDUAL STATEMENT OF CASH FLOWS
(PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

		CURRENT PERIOD 30/06/2019	PREVIOUS PERIOD 30/06/2018	
A)	CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)	435	1,225,132	(41,063)
1.	Profit (loss) before tax	405	261,888	240,425
2.	Adjustments to profit (loss):	410	(277,810)	(261,312)
(+)	Depreciation and amortisation charge	411	14,404	15,399
(+/-)	Other net adjustments to profit (loss)	412	(292,214)	(276,711)
3.	Changes in working capital	415	(32,360)	24,713
4.	Other cash flows from operating activities:	420	1,273,414	(44,889)
(-)	Interest paid	421	(84,642)	(72,645)
(+)	Dividends received	422	1,367,980	
(+)	Interest received	423	2,651	6,832
(+/-)	Income tax recovered/(paid)	430	6,394	39,828
(+/-)	Other sums received/(paid) from operating activities	425	(18,969)	(18,904)
B)	CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)	460	(22,630)	(30,390)
1.	Payments for investments:	440	(24,006)	(30,547)
(-)	Group companies, associates and business units	441		(7,306)
(-)	Property, plant and equipment, intangible assets and investment property	442	(22,254)	(21,421)
(-)	Other financial assets	443	(1,752)	(1,820)
(-)	Non-current assets and liabilities classified as held-for-sale	459		
(-)	Other assets	444		
2.	Proceeds from sale of investments	450	1,376	157
(+)	Group companies, associates and business units	451		
(+)	Property, plant and equipment, intangible assets and investment property	452		106
(+)	Other financial assets	453	1,376	51
(+)	Non-current assets and liabilities classified as held-for-sale	461		
(+)	Other assets	454		
C)	CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3)	490	(1,199,124)	59,051
1.	Sums received/(paid) in respect of equity instruments	470		
(+)	Issuance	471		
(-)	Redemption	472		
(-)	Acquisition	473		
(+)	Disposal	474		
(+)	Grants, donations and bequests received	475		
2.	Sums received/(paid) in respect of financial liability instruments:	480	(457,998)	800,177
(+)	Issuance	481	1,778,699	1,514,190
(-)	Repayment and redemption	482	(2,236,697)	(714,013)
3.	Payment of dividends and remuneration on other equity instruments	485	(741,126)	(741,126)
D)	EFFECT OF FOREIGN EXCHANGE RATE CHANGES	492		
E)	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	495	3,378	(12,402)
F)	CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	499	12,575	30,397
G)	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E + F)	500	15,953	17,995

COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

		CURRENT PERIOD 30/06/2019	PREVIOUS PERIOD 30/06/2018	
(+)	Cash on hand and at banks	550	15,953	17,995
(+)	Other financial assets	552		
(-)	Less: Bank overdrafts repayable on demand	553		
	TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	600	15,953	17,995

Comments

--

IV. SELECTED FINANCIAL INFORMATION

5. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ADOPTED IFRS) (1/2)

Units: Thousand euros

ASSETS		CURRENT PERIOD 30/06/2019	PREVIOUS PERIOD 31/12/2018
A) NON-CURRENT ASSETS	1040	26,487,000	26,001,000
1. Intangible assets:	1030	1,801,000	1,834,000
a) Goodwill	1031	479,000	479,000
b) Other intangible assets	1032	1,322,000	1,355,000
2. Property, plant and equipment	1033	22,259,000	21,840,000
3. Investment property	1034	62,000	62,000
4. Investments accounted for using the equity method	1035	249,000	249,000
5. Non-current financial assets	1036	796,000	768,000
a) At fair value through profit or loss	1047	6,000	6,000
Of which, "Designated upon initial recognition"	1041	6,000	6,000
b) At fair value through other comprehensive income	1042		
Of which, "Designated upon initial recognition"	1043		
c) At amortised cost	1044	790,000	762,000
6. Non-current derivatives	1039	141,000	90,000
a) Hedging	1045	87,000	71,000
b) Other	1046	54,000	19,000
7. Deferred tax assets	1037	1,179,000	1,158,000
8. Other non-current assets	1038		
B) CURRENT ASSETS	1085	6,005,000	5,655,000
1. Non-current assets held for sale	1050		
2. Inventories	1055	1,115,000	1,473,000
3. Trade and other receivables:	1060	2,723,000	2,727,000
a) Trade receivables	1061	2,091,000	2,191,000
b) Other receivables	1062	375,000	363,000
c) Current tax assets	1063	257,000	173,000
4. Current financial assets	1070	1,347,000	982,000
a) At fair value through profit or loss	1080		
Of which, "Designated upon initial recognition"	1081		
b) At fair value through other comprehensive income	1082		
Of which, "Designated upon initial recognition"	1083		
c) At amortised cost	1084	1,347,000	982,000
5. Current derivatives	1076	366,000	229,000
a) Hedging	1077	120,000	141,000
b) Other	1078	246,000	88,000
6. Other current assets	1075		
7. Cash and cash equivalents	1072	454,000	244,000
TOTAL ASSETS (A + B)	1100	32,492,000	31,656,000

Comments

IV. SELECTED FINANCIAL INFORMATION

5. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ADOPTED IFRS) (2/2)

Units: Thousand euros

EQUITY AND LIABILITIES		CURRENT PERIOD 30/06/2019	PREVIOUS PERIOD 31/12/2018
A) EQUITY (A.1 + A.2 + A.3)	1195	9,099,000	9,181,000
A.1) CAPITAL AND RESERVES	1180	9,796,000	9,790,000
1. Capital	1171	1,271,000	1,271,000
a) Authorised capital	1161	1,271,000	1,271,000
b) Less: Uncalled capital	1162		
2. Share premium	1172	89,000	89,000
3. Reserves	1173	7,660,000	7,754,000
4. Less: Treasury stock	1174		
5. Prior Periods' profit and loss	1178		
6. Other member contributions	1179		
7. Profit (loss) for the period attributable to the parent	1175	776,000	1,417,000
8. Less: Interim dividend	1176		(741,000)
9. Other equity instruments	1177		
A.2) ACCUMULATED OTHER COMPREHENSIVE INCOME	1188	(847,000)	(753,000)
1. Items that are not reclassified to profit or loss for the period	1186	(860,000)	(686,000)
a) Equity instruments through other comprehensive income	1185		
b) Others	1190	(860,000)	(686,000)
2. Items that may subsequently be reclassified to profit or loss for the period	1187	13,000	(67,000)
a) Hedging transactions	1182	60,000	(26,000)
b) Translation differences	1184	1,000	1,000
c) Share in other comprehensive income for investments in joint ventures and others	1192	(48,000)	(43,000)
d) Debt instruments at fair value through other comprehensive income	1191		
e) Others	1183		1,000
EQUITY ATTRIBUTABLE TO THE PARENT (A.1 + A.2)	1189	8,949,000	9,037,000
A.3) NON-CONTROLLING INTERESTS	1193	150,000	144,000
B) NON-CURRENT LIABILITIES	1120	15,422,000	14,781,000
1. Grants	1117	4,543,000	4,587,000
2. Non-current provisions	1115	3,430,000	3,325,000
3. Non-current financial liabilities:	1116	5,548,000	4,969,000
a) Debt with financial institutions and bonds and other marketable securities	1131	1,959,000	1,507,000
b) Other financial liabilities	1132	3,589,000	3,462,000
4. Deferred tax liabilities	1118	1,138,000	1,137,000
5. Non-current derivatives	1140	84,000	96,000
a) Hedging	1141	54,000	74,000
b) Other	1142	30,000	22,000
6. Other non-current liabilities	1135	679,000	667,000
C) CURRENT LIABILITIES	1130	7,971,000	7,694,000
1. Liabilities associated with non-current assets held for sale	1121		
2. Current provisions	1122	378,000	571,000
3. Current financial liabilities:	1123	1,685,000	1,046,000
a) Debt with financial institutions and bonds and other marketable securities	1133	1,607,000	973,000
b) Other financial liabilities	1134	78,000	73,000
4. Trade and other payables:	1124	5,541,000	5,801,000
a) Suppliers	1125	2,969,000	3,644,000
b) Other payables	1126	2,163,000	1,998,000
c) Current tax liabilities	1127	409,000	159,000
5. Current derivatives	1145	367,000	276,000
a) Hedging	1146	125,000	112,000
b) Other	1147	242,000	164,000
6. Other current liabilities	1136		
TOTAL EQUITY AND LIABILITIES (A + B + C)	1200	32,492,000	31,656,000

Comments

SELECTED FINANCIAL INFORMATION

ENDESA, S.A.

1 HALF-YEAR OF 2019

IV. SELECTED FINANCIAL INFORMATION
6. CONSOLIDATED PROFIT AND LOSS STATEMENT (ADOPTED IFRS)

Units: Thousand euros

		PRESENT CURR. PERIOD (2nd HALF YEAR)	PREVIOUS CURR. PERIOD (2nd HALF YEAR)	CURRENT CUMULATIVE 30/06/2019	PREVIOUS CUMULATIVE 30/06/2018
(+) Revenue	1205			9,473,000	9,560,000
(+/-) Change in inventories of finished products and work in progress	1206				
(+) Trabajos realizados por la empresa para su activo	1207			99,000	80,000
(-) Supplies	1208			(6,901,000)	(7,111,000)
(+) Other operating revenue	1209			231,000	290,000
(-) Personnel expenses	1217			(505,000)	(473,000)
(-) Other operating expenses	1210			(626,000)	(669,000)
(-) Depreciation and amortisation charge	1211			(755,000)	(709,000)
(+) Allocation of grants for non-financial assets and other grants	1212			87,000	84,000
(+/-) Impairment of non-current assets	1214			(3,000)	2,000
(+/-) Gain (loss) on disposal of non-current assets	1216			9,000	(3,000)
(+/-) Other profit (loss)	1215				
= OPERATING PROFIT (LOSS)	1245			1,109,000	1,051,000
(+) Finance income	1250			13,000	17,000
a) Interest income calculated using the effective interest rate method	1262			1,000	2,000
b) Other	1263			12,000	15,000
(-) Finance costs	1251			(106,000)	(89,000)
(+/-) Changes in fair value of financial instruments	1252			(2,000)	(1,000)
(+/-) Gain (loss) from reclassification of financial assets at amortised cost to financial assets at fair value	1258				
(+/-) Gain (loss) from reclassification of financial assets at fair value through other comprehensive income to financial assets at fair value	1259				
(+/-) Exchange differences	1254				(1,000)
(+/-) Impairment loss/reversal on financial instruments	1255				3,000
(+/-) Gain (loss) on disposal of financial instruments	1257			(17,000)	(16,000)
a) Financial instruments at amortised cost	1260			(17,000)	(16,000)
b) Other financial instruments	1261				
= NET FINANCE INCOME (COSTS)	1256			(112,000)	(87,000)
(+/-) Profit (loss) of equity-accounted investees	1253			17,000	20,000
= PROFIT (LOSS) BEFORE TAX	1265			1,014,000	984,000
(+/-) Income tax expense	1270			(232,000)	(228,000)
= PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING ACTIVITIES	1280			782,000	756,000
(+/-) Profit (loss) for the period from discontinued operations, net of tax	1285				
= CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	1288			782,000	756,000
a) Profit (loss) attributable to the parent	1300			776,000	752,000
b) Profit (loss) attributable to non-controlling interests	1289			6,000	4,000
EARNINGS PER SHARE		Amount (X,XX euros)	Amount (X,XX euros)	Amount (X,XX euros)	Amount (X,XX euros)
Basic	1290			0.73	0.71
Diluted	1295			0.73	0.71

Comments

IV. SELECTED FINANCIAL INFORMATION
7. CONSOLIDATED OTHER COMPREHENSIVE INCOME (IFRS ADOPTED)

Units: Thousand euros

		PRESENT CURR. PERIOD (2nd HALF YEAR)	PREVIOUS CURR. PERIOD (2nd HALF YEAR)	CURRENT PERIOD 30/06/2019	PREVIOUS PERIOD 30/06/2018
A) CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD (from the profit and loss statement)	1305			782,000	756,000
B) OTHER COMPREHENSIVE INCOME – ITEMS THAT ARE NOT RECLASSIFIED TO PROFIT OR LOSS:	1310			(174,000)	(9,000)
1. From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets	1311				
2. From actuarial gains and losses	1344			(219,000)	(11,000)
3. Share in other comprehensive income of investments in joint ventures and associates	1342				
4. Equity instruments through other comprehensive income	1346				
5. Other income and expenses that are not reclassified to profit or loss	1343				
6. Tax effect	1345			45,000	2,000
C) OTHER COMPREHENSIVE INCOME – ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS:	1350			80,000	47,000
1. Hedging transactions	1360			113,000	60,000
a) Valuation gains/(losses)	1361			125,000	81,000
b) Amounts transferred to profit or loss	1362			(12,000)	(21,000)
c) Amounts transferred to initial carrying amount of hedged items	1363				
d) Other reclassifications	1364				
2. Translation differences:	1365				1,000
a) Valuation gains/(losses)	1366				1,000
b) Amounts transferred to profit or loss	1367				
c) Other reclassifications	1368				
3. Share in other comprehensive income of investments in joint ventures and associates:	1370			(5,000)	1,000
a) Valuation gains/(losses)	1371			(5,000)	1,000
b) Amounts transferred to profit or loss	1372				
c) Other reclassifications	1373				
4. Debt instruments at fair value through other comprehensive income	1381				
a) Valuation gains/(losses)	1382				
b) Amounts transferred to profit or loss	1383				
c) Other reclassifications	1384				
5. Other income and expenses that may subsequently be reclassified to profit or loss	1375				
a) Valuation gains/(losses)	1376				
b) Amounts transferred to profit or loss	1377				
c) Other reclassifications	1378				
6. Tax effect	1380			(28,000)	(15,000)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A + B + C)	1400			688,000	794,000
a) Attributable to the parent	1398			682,000	790,000
b) Attributable to non-controlling interests	1399			6,000	4,000

Comments

IV. SELECTED FINANCIAL INFORMATION
8. CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY (ADOPTED IFRS) (1/2)

Units: Thousand euros

CURRENT PERIOD		Equity attributable to the parent					Valuation adjustments	Non-controlling interests	Total Equity
		Capital and Reserves							
		Capital	Share premium and Reserves	Treasury stock	Profit (loss) for the period attributable to the parent	Other equity instruments			
Opening balance at 01/01/2019	3110	1,271,000	6,416,000		1,417,000		(67,000)	144,000	9,181,000
Adjustments for changes in accounting policy	3111								
Adjustments for errors	3112								
Adjusted opening balance	3115	1,271,000	6,416,000		1,417,000		(67,000)	144,000	9,180,000
I. Total comprehensive income for the period	3120		(174,000)		776,000		80,000	6,000	688,000
II. Transactions with shareholders or owners	3125		(770,000)						(770,000)
1. Capital increases/(reductions)	3126							6,000	6,000
2. Conversion of financial liabilities into equity	3127								
3. Distribution of dividends	3128		(770,000)					(6,000)	(776,000)
4. Net trading with treasury stock	3129								
5. Increases/(decreases) for business combinations	3130								
6. Other transactions with shareholders or owners	3132								
III. Other changes in equity	3135		1,417,000		(1,417,000)				
1. Equity-settled share-based payment	3136								
2. Transfers between equity accounts	3137		1,417,000		(1,417,000)				
3. Other changes	3138								
Closing balance at 30/06/2019	3140	1,271,000	6,889,000		776,000		13,000	150,000	9,099,000

Comments

IV. SELECTED FINANCIAL INFORMATION

8. CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY (ADOPTED IFRS) (2/2)

Units: Thousand euros

PREVIOUS PERIOD		Equity attributable to the parent					Valuation adjustments	Non-controlling interests	Total Equity
		Capital and Reserves							
		Capital	Share premium and Reserves	Treasury stock	Profit (loss) for the period attributable to the parent	Other equity instruments			
Opening balance at 01/01/2018 (comparative period)	3150	1,271,000	6,414,000		1,463,000		(52,000)	137,000	9,233,000
Adjustments for changes in accounting policy	3151		31,000						31,000
Adjustments for errors	3152								
Adjusted opening balance (comparative period)	3155	1,271,000	6,445,000		1,463,000		(52,000)	137,000	9,264,000
I. Total comprehensive income for the period	3160		(9,000)		752,000		47,000	4,000	794,000
II. Transactions with shareholders or owners	3165		(722,000)					(8,000)	(730,000)
1. Capital increases/(reductions)	3166							(1,000)	(1,000)
2. Conversion of financial liabilities into equity	3167								
3. Distribution of dividends	3168		(722,000)					(7,000)	(729,000)
4. Net trading with treasury stock	3169								
5. Increases/(decrease) for business combinations	3170								
6. Other transactions with shareholders or owners	3172								
III. Other changes in equity	3175		1,463,000		(1,463,000)				
1. Equity-settled share-based payment	3176								
2. Transfers between equity accounts	3177		1,463,000		(1,463,000)				
3. Other changes	3178								
Closing balance at 30/06/2018 (comparative period)	3180	1,271,000	7,177,000		752,000		(5,000)	133,000	9,328,000

Comments

IV. SELECTED FINANCIAL INFORMATION

9. A. CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD) (ADOPTED IFRS)

Units: Thousand euros

		CURRENT PERIOD 30/06/2019	PREVIOUS PERIOD 30/06/2018
A) CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)	1435	907,000	639,000
1. Profit (loss) before tax	1405	1,014,000	984,000
2. Adjustments to profit (loss):	1410	974,000	805,000
(+) Depreciation and amortisation charge	1411	794,000	751,000
(+/-) Other net adjustments to profit (loss)	1412	180,000	54,000
3. Changes in working capital	1415	(809,000)	(1,047,000)
4. Other cash flows from operating activities:	1420	(272,000)	103,000
(-) Pagos de intereses (-) Interest paid	1421	(62,000)	73,000
(-) Payment of dividends and remuneration on other equity instruments	1430		
(+) Dividends received	1422	10,000	6,000
(+) Interest received	1423	15,000	16,000
(+/-) Income tax recovered/(paid)	1424	(72,000)	72,000
(+/-) Other sums received/(paid) from operating activities	1425	(163,000)	(124,000)
B) CASH FLOWS FROM INVESTMENT ACTIVITIES (1 + 2 + 3)	1460	(993,000)	(749,000)
1. Payments for investments:	1440	(1,045,000)	(832,000)
(-) Group companies, associates and business units	1441	(2,000)	(46,000)
(-) Property, plant and equipment, intangible assets and investment property	1442	(903,000)	(664,000)
(-) Other financial assets	1443	(140,000)	(122,000)
(-) Non-current assets and liabilities classified as held-for-sale	1459		
(-) Other assets	1444		
2. Proceeds from sale of investments	1450	25,000	43,000
(+) Group companies, associates and business units	1451		23,000
(+) Property, plant and equipment, intangible assets and investment property	1452	13,000	3,000
(+) Other financial assets	1453	12,000	17,000
(+) Non-current assets and liabilities classified as held-for-sale	1461		
(+) Other assets	1454		
3. Other cash flows from investment activities	1455	27,000	40,000
(+) Dividends received	1456		
(+) Interest received	1457		
(+/-) Other sums received/(paid) from investment activities	1458	27,000	40,000
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3 + 4)	1490	296,000	591,000
1. Sums received/(paid) in respect of equity instruments	1470	6,000	(1,000)
(+) Issuance	1471	6,000	
(-) Redemption	1472		(1,000)
(-) Acquisition	1473		
(+) Disposal	1474		
2. Sums received/(paid) in respect of financial liability instruments:	1480	1,038,000	1,340,000
(+) Issuance	1481	6,731,000	7,633,000
(-) Repayment and redemption	1482	(5,693,000)	(6,293,000)
3. Payment of dividends and remuneration on other equity instruments	1485	(748,000)	(748,000)
4. Other cash flows from financing activities	1486		
(-) Interest paid	1487		
(+/-) Other sums received/(paid) from financing activities	1488		
D) EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE	1492		
E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	1495	210,000	481,000
F) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	1499	244,000	399,000
G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E + F)	1500	454,000	880,000

COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

		CURRENT PERIOD 30/06/2019	PREVIOUS PERIOD 30/06/2018
(+) Cash on hand and at banks	1550	454,000	880,000
(+) Other financial assets	1552		
(-) Less: bank overdrafts repayable on demand	1553		
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1600	454,000	880,000

Comments

IV. SELECTED FINANCIAL INFORMATION

10. DIVIDENDS PAID

		CURRENT PERIOD			PREVIOUS PERIOD		
		€ / share (X,XX)	Amount (thousand euros)	No. of shares to be delivered	€ / share (X,XX)	Amount (thousand euros)	No. of shares to be delivered
Ordinary shares	2158	0.70	741,126		0.70	741,126	
Other shares (non-voting shares, redeemable shares, etc.)	2159						
Total dividends paid	2160	0.70	741,126		0.70	741,126	
a) Dividends charged to profit and loss	2155	0.70	741,126		0.70	741,126	
b) Dividends charged to reserves or share premium	2156						
c) Dividends in kind	2157						
d) Flexible payment	2154						

Comments

--

IV. SELECTED FINANCIAL INFORMATION

11. SEGMENT INFORMATION

Units: Thousand euros

GEOGRAPHIC AREA		Distribution of revenue by geographic area			
		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
Spanish market	2210	524,207	470,430	8,510,000	8,631,000
International market	2215	2,293	1,354	963,000	929,000
a) European Union	2216	1,947	1,168	930,000	914,000
a.1) Euro Area	2217	1,870	1,148	912,000	868,000
a.2) Non-Euro Area	2218	77	20	18,000	46,000
b) Other	2219	346	186	33,000	15,000
TOTAL	2220	526,500	471,784	9,473,000	9,560,000

Comments

SEGMENTS		CONSOLIDATED			
		Ordinary revenue		Profit (loss)	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
Generación y Comercialización	2221	8,520,000	8,649,000	293,000	223,000
Distribución	2222	1,377,000	1,387,000	523,000	514,000
Estructura y Servicios	2223	279,000	275,000	296,000	343,000
	2224				
	2225				
	2226				
	2227				
	2228				
	2229				
(-) Adjustments and elimination of ordinary revenue between segments	2230	(385,000)	(377,000)	(330,000)	(324,000)
TOTAL of reportable segments	2235	9,791,000	9,934,000	782,000	756,000

Comments

IV. SELECTED FINANCIAL INFORMATION
12. AVERAGE WORKFORCE

		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
AVERAGE WORKFORCE	2295	1,287	1,309	9,692	9,646
Men	2296	630	641	7,435	7,410
Women	2297	657	668	2,257	2,236

Comments

IV. SELECTED FINANCIAL INFORMATION

13. REMUNERATION RECEIVED BY DIRECTORS AND MANAGERS

DIRECTORS:

Item of remuneration:		Amount (thousand euros)	
		CURRENT PERIOD	PREVIOUS PERIOD
Remuneration for membership on the board and/or board committees	2310	917	815
Salaries	2311	690	936
Variable remuneration in cash	2312	1,677	1,042
Share-based remuneration systems	2313		
Termination benefits	2314	9,615	
Long-term savings systems	2315	626	608
Other items	2316	3,555	318
TOTAL	2320	17,080	3,719

MANAGERS:

		Amount (thousand euros)	
		CURRENT PERIOD	PREVIOUS PERIOD
Total remuneration paid to managers	2325	5,843	5,289

Comments

IV. SELECTED FINANCIAL INFORMATION
14. RELATED-PARTY TRANSACTIONS AND BALANCES (1/2)

Units: Thousand euros

EXPENSES AND REVENUE		CURRENT PERIOD				Total
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	
1) Finance costs	2340	46,000				46,000
2) Leases	2343					
3) Services received	2344	17,000			10,000	27,000
4) Purchase of inventories	2345	85,000				85,000
5) Other expenses	2348	330,000				330,000
TOTAL EXPENSES (1+2+3+4+5)	2350	478,000			10,000	488,000
6) Finance income	2351	1,000				1,000
7) Dividends received	2354					
8) Services rendered	2356	8,000			1,000	9,000
9) Sale of inventories	2357	22,000				22,000
10) Other income	2359	132,000				132,000
TOTAL REVENUE (6+7+8+9+10)	2360	163,000			1,000	164,000

OTHER TRANSACTIONS:		CURRENT PERIOD				Total
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	
Financing agreements: loans and capital contributions (lender)	2372		1,000			1,000
Financing agreements: loans and capital contributions (borrower)	2375	3,000,000				3,000,000
Guarantees and collateral given	2381		7,000			7,000
Guarantees and collateral received	2382	120,000				120,000
Commitments assumed	2383	150,000				150,000
Dividends and other earnings distributed	2386	520,000				520,000
Other transactions	2385	2,000				2,000

BALANCES ON THE REPORTING DATE:		CURRENT PERIOD				Total
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	
1) Trade receivables	2341	380,000				380,000
2) Loans and credit given	2342		1,000			1,000
3) Other receivables	2346	352,000				352,000
TOTAL RECEIVABLES (1+2+3)	2347	732,000	1,000			733,000
4) Trade payables	2352	1,263,000			2,000	1,265,000
5) Loans and credit received	2353	3,009,000				3,009,000
6) Other payment obligations	2355	438,000				438,000
TOTAL PAYABLES (4+5+6)	2358	4,710,000			2,000	4,712,000

Comments

Comments	
----------	--

IV. SELECTED FINANCIAL INFORMATION
14. RELATED-PARTY TRANSACTIONS AND BALANCES (2/2)

Units: Thousand euros

EXPENSES AND REVENUE		PREVIOUS PERIOD				
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
1) Finance costs	6340	47,000				47,000
2) Leases	6343					
3) Services received	6344	17,000			7,000	24,000
4) Purchase of inventories	6345	124,000				124,000
5) Other expenses	6348	187,000				187,000
TOTAL EXPENSES (1+2+3+4+5)	6350	375,000			7,000	382,000
6) Finance income	6351	1,000				1,000
7) Dividends received	6354					
8) Services rendered	6356	11,000			1,000	12,000
9) Sale of inventories	6357	8,000				8,000
10) Other income	6359	108,000				108,000
TOTAL REVENUE (6+7+8+9+10)	6360	128,000			1,000	129,000

OTHER TRANSACTIONS:		PREVIOUS PERIOD				
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
Financing agreements: loans and capital contributions (lender)	6372		1,000			1,000
Financing agreements: loans and capital contributions (borrower)	6375	3,700,000				3,700,000
Guarantees and collateral given	6381		7,000			7,000
Guarantees and collateral received	6382	117,000				117,000
Commitments assumed	6383	112,000				112,000
Dividends and other earnings distributed	6386	520,000				520,000
Other transactions	6385	33,000				33,000

BALANCES ON THE REPORTING DATE:		PREVIOUS PERIOD				
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
1) Trade receivables	6341	239,000			1,000	240,000
2) Loans and credit given	6342		1,000			1,000
3) Other receivables	6346	222,000				222,000
TOTAL RECEIVABLES (1+2+3)	6347	461,000	1,000		1,000	463,000
4) Trade payables	6352	1,155,000			1,000	1,156,000
5) Loans and credit received	6353	3,011,000				3,011,000
6) Other payment obligations	6355	229,000				229,000
TOTAL PAYABLES (4+5+6)	6358	4,395,000			1,000	4,396,000

Comments

--	--

Report on Limited Review

**ENDESA, S.A.
Interim Condensed Individual Financial Statements
and Interim Management Report
for the six-month period ended
June 30, 2019**

REPORT ON LIMITED REVIEW OF THE INTERIM CONDENSED INDIVIDUAL FINANCIAL STATEMENTS

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 13)

To the Shareholders of ENDESA, S.A.
at the request of the Directors

Report on the interim condensed individual financial statements

Introduction

We have carried out a limited review of the accompanying condensed individual interim financial statements (hereinafter the interim financial statements) of ENDESA, S.A. (hereinafter the Company), which comprise the balance sheet at June 30, 2019, the income statement, the statement of changes in equity, the statement of cash flows and the condensed explanatory notes, for the six-month period then ended. The Directors of the Company are responsible for the preparation of said interim financial statements in accordance with the accounting principles and minimum content set out in articles 12 and 13 of Royal Decree 1362/2007 and Circular 3/2018 of the Spanish National Securities Market Commission. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

We have performed our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Reporting Performed by the Independent Auditor of the Entity". A limited review of interim financial information consists of making inquiries, primarily of personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit carried out in accordance with regulations on the auditing of accounts in force in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

Based on our limited review, which under no circumstances can be considered an audit of accounts, no matter come to our attention which would lead us to conclude that the accompanying interim financial statements for the six-month period ended June 30, 2018 have not been prepared, in all significant respects, in accordance with the accounting principles and minimum content set out in articles 12 and 13 of Royal Decree 1362/2007 and Circular 3/2018 of the Spanish National Securities Market Commission, for the preparation of interim condensed financial statements.

Emphasis paragraph

We draw attention to the matter describe in accompanying explanatory Note 2, which indicates that the abovementioned accompanying interim financial statements do not include all the information that would be required for completed financial statements prepared in accordance with the applicable financial reporting framework. Therefore, the accompanying interim financial statements should be read in conjunction with the annual account of ENDESA, S.A. for the year ended December 31, 2018. This does not modify our conclusion.

Report on other legal and regulatory reporting requirements

The accompanying interim management report for the six-month period ended June 30, 2019 contains such explanations as the Directors of the Company consider appropriate concerning significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six-month period ended June 30, 2019. Our work is limited to verifying the consolidated interim management report in accordance with the scope described in this paragraph, and does not include the review of information other than that obtained from the accounting records of ENDESA, S.A.

Paragraph on other issues

This report has been prepared at the request of the Management of ENDESA, S.A. with regard to the publication of the half yearly financial report required by Article 119 of Royal Legislative Decree 4/2015, of October 23, approving the consolidated text of the Securities Market Law enacted by the Royal Decree 1362/2007.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

Olatz Díez de Artazcoz Herreros

July 22, 2019

ENDESA, S.A.

**Interim Condensed Financial Statements for
the six months ended 30 June 2019**

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.
STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2019 AND 31 DECEMBER 2018

Millions of Euros

	Note	30 June 2019 (unaudited)	31 December 2018
ASSETS			
NON-CURRENT ASSETS		19,174	19,175
Intangible assets		113	117
Patents, licences, trademarks and similar		3	3
Software		110	114
Property, plant and equipment		2	2
Facilities and other property, plant and equipment		2	2
Non-current investments in Group companies and associates		18,894	18,894
Equity instruments	3 and 10.1	18,893	18,893
Derivatives		1	1
Non-current financial investments		43	45
Equity instruments	3	4	5
Loans to third parties		5	5
Derivatives		9	10
Other financial assets		25	25
Deferred tax assets		122	117
CURRENT ASSETS		705	1,662
Trade and other receivables		147	135
Other receivables		1	38
Other receivables from Group companies and associates	10.1	141	92
Receivable from employees		4	1
Current tax assets		-	-
Other receivables from public administrations		1	4
Current investments in Group companies and associates		487	1,455
Loans to companies		98	78
Derivatives		6	9
Other financial assets		383	1,368
Current financial investments		55	59
Loans to third parties	3	10	10
Derivatives		45	49
Other financial assets		-	-
Current accruals		-	-
Cash and cash equivalents		16	13
Cash in hand and at banks		16	13
TOTAL ASSETS		19,879	20,837

The accompanying condensed explanatory notes 1 to 13 are an integral part of the statements of financial position at 30 June 2019 and 31 December 2018.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.

STATEMENTS OF FINANCIAL POSITION AT 30 JUNE 2019 AND 31 DECEMBER 2018

Millions of Euros

	Note	30 June 2019 (unaudited)	31 December 2018
EQUITY AND LIABILITIES			
EQUITY	4	7,585	8,091
Capital and reserves		7,600	8,091
Share capital		1,271	1,271
Registered capital		1,271	1,271
Share premium		89	89
Reserves		1,437	1,445
Legal and statutory reserves		254	254
Other reserves		1,183	1,191
Prior years' profit and loss		4,517	4,516
Retained earnings		4,517	4,516
Profit for the period		286	1,511
Interim dividend		-	(741)
Valuation adjustments		(15)	-
Hedging transactions		(15)	-
NON-CURRENT LIABILITIES			
Non-current provisions	5	276	281
Non-current employee benefits:		82	71
Provisions for workforce restructuring plans		140	150
Other provisions		54	60
Non-current debts	6	1,847	1,391
Bank borrowings		1,823	1,387
Finance lease payables		1	1
Derivatives		20	1
Other financial liabilities		3	2
Non-current debts with Group companies and associates	6 and 10.1	7,455	8,982
Debts with Group companies and associates		7,446	8,971
Derivatives		9	11
Deferred tax liabilities		34	34
CURRENT LIABILITIES			
Current provisions	5	55	60
Provisions for workforce restructuring plans		46	51
Other provisions		9	9
Current debts	6	1,427	284
Bank borrowings		51	50
Finance lease payables		1	-
Derivatives		7	9
Other financial liabilities		1,368	225
Current debts with Group companies and associates	6 and 10.1	1,081	1,575
Debts with Group companies and associates		488	987
Derivatives		45	49
Other financial liabilities		548	539
Trade and other payables		119	139
Group companies and associates, suppliers	10.1	36	36
Other payables		57	75
Personnel (salaries payable)		19	22
Other debts with public administrations		7	6
TOTAL EQUITY AND LIABILITIES		19,879	20,837

The accompanying condensed explanatory notes 1 to 13 are an integral part of the statements of financial position at 30 June 2019 and 31 December 2018.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.
INCOME STATEMENT
FOR THE SIX MONTHS ENDED
30 JUNE 2019 AND 2018

Millions of Euros

	Note	January - June 2019 (unaudited)	January - June 2018 (unaudited)
CONTINUING OPERATIONS			
Revenue	8.1	527	472
Rendering of services		144	148
Dividend income from Group companies and associates	8.1 and 10.1	383	324
Self-constructed assets		-	-
Procurements		-	-
Work performed by other companies		-	-
Other operating income		3	5
Non-trading and other administrative income		3	5
Personnel expenses	8.3	(92)	(74)
Wages, salaries and similar		(75)	(60)
Employee benefits		(17)	(16)
Provisions		-	2
Other operating expenses	8.4	(70)	(104)
External services		(50)	(50)
Taxes other than income tax		(1)	(2)
Other operating expenses		(19)	(52)
Depreciation and amortisation of non-current assets		(14)	(15)
Provision surpluses		2	13
Impairment losses in Group companies and associates		-	-
Other gains/losses		(1)	-
PROFIT FROM OPERATIONS		355	297
Financial income	8.5	3	5
Marketable securities and non-current loans		3	5
Group companies and associates	10.1	1	2
Third parties		2	3
Financial expenses	8.5	(100)	(62)
Debt with Group companies and associates	10.1	(86)	(56)
Debts to third parties		(7)	(4)
Provision adjustments		(7)	(2)
Change in fair value of financial instruments		1	(2)
Trading portfolio and other securities		1	(2)
Exchange gains/(losses)		3	3
NET FINANCIAL PROFIT/(LOSS)		(93)	(56)
PROFIT/(LOSS) BEFORE TAX		262	241
Income tax		24	20
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS		286	261
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS		-	-
PROFIT FOR THE PERIOD		286	261

The accompanying condensed explanatory notes 1 to 13 form an integral part of the income statements for the six months ended 30 June 2019 and 2018.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2019 AND 2018

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSES FOR THE SIX MONTHS ENDED 30 JUNE 2019 AND 2018

Millions of Euros

	Note	January - June 2019 (unaudited)	January - June 2018 (unaudited)
PROFIT FOR THE PERIOD		286	261
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY			
From cash flow hedges		(20)	-
From actuarial gains and losses and other adjustments	5.1	(10)	3
Tax effect		8	(1)
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY		(22)	2
TOTAL AMOUNTS TRANSFERRED TO THE INCOME STATEMENT		-	-
TOTAL RECOGNISED INCOME/(EXPENSES)		264	263

The accompanying condensed explanatory notes 1 to 13 are an integral part of the statements of recognised income and expenses for the six months ended 30 June 2019 and 2018.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2019 AND 2018

B) STATEMENTS OF TOTAL CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2019 AND 2018

Millions of Euros

	30 June 2019 (unaudited)						Total equity
	Share Capital (Note 4.1)	Share premium (Note 4.2)	Reserves and prior years' profit and loss	Profit for the period	(Interim dividend) (Note 4.4)	Valuation adjustments	
Balance at 31 December 2018	1,271	89	5,961	1,511	(741)	-	8,091
TOTAL RECOGNISED INCOME/(EXPENSES)	-	-	(7)	286	-	(15)	264
Transactions with shareholders	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Other changes in equity	-	-	-	(1,511)	741	-	(770)
Distribution of profit	-	-	-	(1,511)	741	-	(770)
Balance at 30 June 2019	1,271	89	5,954	286	-	(15)	7,585

Millions of Euros

	30 June 2018 (unaudited)						Total equity
	Share Capital (Note 4.1)	Share premium (Note 4.2)	Reserves and prior years' profit and loss	Profit for the period	(Interim dividend) (Note 4.4)	Valuation adjustments	
Balance at 31 December 2017	1,271	89	5,934	1,491	(741)	-	8,044
TOTAL RECOGNISED INCOME/(EXPENSES)	-	-	2	261	-	-	263
Transactions with shareholders	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Other changes in equity	-	-	28	(1,491)	741	-	(722)
Distribution of profit	-	-	28	(1,491)	741	-	(722)
Balance at 30 June 2018	1,271	89	5,964	261	-	-	7,585

The accompanying condensed explanatory notes 1 to 13 are an integral part of the statements of total changes in equity for the six months ended 30 June 2019 and 2018.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED
30 JUNE 2019 AND 2018

Millions of Euros

	Note	January - June 2019 (unaudited)	January - June 2018 (unaudited)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		1,225	(41)
Profit before tax		262	241
Profit and loss adjustments		(279)	(261)
Income from dividends	8.1 and 10.1	(383)	(324)
Depreciation and amortisation of non-current assets		14	15
Impairment losses		1	-
Changes in provisions		(8)	(11)
Financial income	8.5	(3)	(5)
Financial expenses	8.5	100	62
Exchange gains/(losses)		1	-
Change in the fair value of financial instruments		(1)	2
Changes in working capital		(32)	24
Other cash flows from/(used in) operating activities		1,274	(45)
Interest paid		(84)	(73)
Dividends received	3.1.1	1,368	-
Interest received		3	7
Income tax received/(paid)		6	40
Other proceeds from/(payments)		(19)	(19)
CASH FLOWS FROM INVESTING ACTIVITIES		(23)	(30)
Payments for investments		(24)	(30)
Group companies and associates		-	(7)
Property, plant and equipment and intangible assets		(22)	(21)
Other financial assets		(2)	(2)
Proceeds from sale of investments		1	-
Other financial assets		1	-
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		(1,199)	59
Grants, donations and bequests received		-	-
Proceeds from and (payments) for financial liability instruments		(458)	800
Issue		1,779	1,514
Redemption and repayment		(2,237)	(714)
Dividends and reimbursement on other equity instruments paid		(741)	(741)
Dividends	4.4	(741)	(741)
NET INCREASE IN CASH AND CASH EQUIVALENTS		3	(12)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		13	30
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		16	18

The accompanying condensed notes 1 to 13 are an integral part of the corresponding statements of cash flows for the six months ended 30 June 2019 and 2018.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.

**CONDENSED EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL
FINANCIAL STATEMENTS FOR
THE SIX MONTHS ENDED
30 JUNE 2019**

Contents

1. Company activity and financial statements	10
2. Basis of preparation of the Interim Condensed Financial Statements and Condensed Explanatory Notes.....	11
2.1. True and fair presentation	11
2.2. Accounting principles	12
2.3. Responsibility for information and estimates.....	12
2.4. Going concern.....	12
2.5. Functional currency and presentation currency	12
2.6. Comparative information	12
2.7. Grouping of items.....	13
3. Current and non-current financial assets.....	13
3.1. Non-current and current investments in Group companies and associates	13
3.2. Current and non-current investments.....	15
3.3. Items recognised in the income statement and in equity	15
3.4. Financial assets at fair value through profit or loss	16
3.5. Financial investment commitments.....	16
4. Equity.....	16
4.1. Share capital	16
4.2. Share premium	17
4.3. Reserves.....	17
4.4. Dividends	17
4.5. Valuation adjustments.....	18
5. Provisions and contingencies	18
5.1. Non-current employee benefits	18
5.2. Provisions for workforce restructuring plans	20
5.3. Other non-current provisions.....	20
6. Current and non-current financial liabilities	21
6.1. Current and non-current financial liabilities	21
6.2. Main transactions.....	22
6.3. Items recognised in the income statement and in equity	23
6.4. Financial liabilities at fair value through profit or loss	23
6.5. Financial stipulations.....	23
6.6. Other matters	24
7. Risk control and management policy.....	24

8. Income and expenses.....	24
8.1. Revenue.....	24
8.2. Impairment losses in Group companies and associates	25
8.3. Personnel expenses	25
8.4. Other operating expenses.....	25
8.5. Financial income and expenses.....	25
9. Guarantees to third parties, commitments and other contingent liabilities	26
10. Related-party transactions.....	27
10.1. Related-party transactions and balances.....	27
10.2. Information on the Board of Directors and Senior management	29
11. Other information	30
11.1. Personnel.....	30
11.2. Insurance	30
11.3. Other information	31
12. Events after the reporting period	31
13. Explanation added for translation to English	31

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.

CONDENSED EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED A 30 JUNE 2019

1. Company activity and financial statements.

ENDESA, S.A. (hereinafter “the Company”) was incorporated as a company limited by shares under Spanish law on 18 November 1944 under the name Empresa Nacional de Electricidad, S.A. and changed its name to ENDESA, S.A. pursuant to a resolution adopted by the shareholders at the General Shareholders' Meeting on 25 June 1997. Its registered offices and headquarters are at Calle Ribera del Loira 60, Madrid.

Its corporate purpose is the electricity business in all its various industrial and commercial areas; the exploitation of primary energy resources of all types; the provision of industrial services, particularly in the areas of telecommunications, water and gas and those preliminary or supplementary to the Group's corporate purpose, and the management of the corporate Group, comprising investments in other companies.

The Company carries out its corporate objects in Spain and abroad directly or through its investments in other companies.

To comply with Electricity Sector Law 24/2013 of 26 December, derogating from previous Law 54/1997 of 27 November on the electricity sector, ENDESA, S.A. underwent a corporate restructuring to separate its various electricity activities. Since then, ENDESA, S.A.'s activity has focused primarily on administration and services for its business group, comprising the investments detailed in these condensed explanatory notes.

The Company's shares are officially admitted to trading on the Spanish Stock Exchanges.

The financial statements for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 25 February 2019 and approved by the shareholders at the General Meeting on 12 April 2019 and filed with the Madrid Mercantile Registry.

The Company holds interests in Group companies, jointly-controlled entities and associates. Consequently, in accordance with prevailing legislation, the Company is the parent of a group of companies. In accordance with generally accepted accounting principles in Spain, Consolidated Financial Statements must be prepared to present truly and fairly the financial position of the Group, the results of operations and changes in its equity and cash flows. Details of investments in Group companies, jointly-controlled entities and associated companies are included in Note 3.1.

The Consolidated Financial Statements for the year ended 31 December 2018 of ENDESA, S.A. and its subsidiaries, which were prepared by the Board of Directors on 25 February 2019 and approved by the shareholders at the General Shareholders' Meeting on 12 April 2019, are filed at the Madrid Mercantile Registry.

On 22 July 2019, the Board of Directors of ENDESA, S.A. approved the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2019 in accordance with prevailing legislation, pursuant to International Financial Reporting Standards (IFRS).

The key data in the Consolidated Financial Statements of ENDESA, S.A., and its subsidiaries in the six months ended 30 June 2019 and the year ended 31 December 2018 are as follows:

Millions of Euros

	30 June 2019 (unaudited)	31 December 2018
Total assets	32,492	31,656
Equity	9,099	9,181
Of the Parent	8,949	9,037
Of non-controlling interests	150	144
Revenue	9,791	20,195
Profit after tax for the period from continuing operations	782	1,426
Profit after tax for the period from discontinued operations	-	-
Profit for the period	782	1,426
Of the Parent	776	1,417
Of non-controlling interests	6	9

At 30 June 2019 and 31 December 2018, the ENEL Group, through ENEL Iberia, S.L.U., held 70.101% of ENDESA, S.A.'s share capital, giving it control over Company (see Note 4.1).

2. Basis of preparation of the Interim Condensed Financial Statements and Condensed Explanatory Notes.

2.1. True and fair presentation.

The Interim Condensed Financial Statements and Condensed Explanatory Notes, which were approved by the Company's Directors at the meeting of its Board of Directors on 22 July 2019, have been prepared in accordance with the half-yearly financial reporting requirements set down in article 35 of the consolidated text of the Securities Market Act 24/1998, of 28 July, implemented by Royal Decree 1362/2007, of 19 October, and in accordance with the principles and content contained in articles 12 and 13 Royal Decree 1362/2007, of 19 October, on transparency requirements in relation to information about issuers whose securities are admitted to trading on an official secondary market or other regulated market in the European Union and Circular 3/2018, of 28 June, on periodic information about issuers whose securities are admitted to trading on regulated markets with regard to half-yearly financial reports. Specifically, the accompanying Interim Condensed Financial Statements have been authorised for issue with the content required to meet the conditions established by Circular 3/2018, of 28 June.

These Interim Condensed Financial Statements and Condensed Explanatory Notes have been prepared in accordance with generally-accepted accounting principles and standards in Spain, although they do not include all the information required for the financial statements for a full year, and therefore, for greater understanding, should be read in conjunction with the financial statements for the year ended 31 December 2018.

Further, these Interim Condensed Financial Statements and Condensed Explanatory Notes for the six months ended 30 June 2019 have been prepared on the basis of the accounting principles and valuation methods established by Law 16/2007, of 4 July, which reforms and adapts mercantile law as regards accounting practices for international harmonisation based on the European Union standard and the General Chart of Accounts approved by Royal Decree 1514/2007, of 16 November, in addition to the amendments to the General Chart of Accounts established by Royal Decree 1159/2010, of 17 September, and Royal Decree 602/2016, of 2 December.

The accompanying Interim Condensed Financial Statements and Condensed Explanatory Notes reflect a true and fair presentation of the Company's equity and financial position at 30 June 2019, and the results of its operations, changes in equity and cash flows for the six months then ended, and have been prepared on the basis of the Company's accounting records.

2.2. Accounting principles.

The accounting principles and criteria applied in preparing these Interim Condensed Financial Statements and Condensed Explanatory Notes are those set out in the Spanish General Chart of Accounts and Notes 2 and 4 to the financial statements for the year ended 31 December 2018. All mandatory accounting principles with an effect on equity, the financial position and profit or loss were applied in preparing these Interim Condensed Financial Statements.

2.3. Responsibility for information and estimates.

These Interim Condensed Financial Statements and Condensed Explanatory Notes were approved at the Board of Directors' meeting held on 22 July de 2019 and the Company's management is responsible for the information contained therein, which expressly states that all principles and criteria of the General Chart of Accounts have been applied.

In preparing the accompanying interim financial statements, the Company's Directors made estimates to measure certain assets, liabilities, income, expenses and commitments included therein. The estimates necessary to prepare these interim financial statements were basically the same as those described in Note 2.3 to the financial statements for the year ended 31 December 2018. There were no changes with respect to the estimates used in those financial statements that had a significant impact on the interim financial statements.

In addition, the income tax expense in the accompanying interim financial statements was calculated based on the best estimate of the tax rate expected to apply to the related annual periods. As a result, changes in estimates of the annual tax rate could require the amount recognised for the six months ended 30 June 2019 to be adjusted in future reporting periods.

Although these estimates have been based on the best information available at the date of preparation of these interim financial statements, future events could require the estimates to be increased or decreased in subsequent years. Changes in estimates are made prospectively and the effects recognised in the corresponding financial statements for future years.

2.4. Going concern.

At 30 June 2019, the Company has negative working capital of Euros 1,977 million as a result of its financial and cash management policy. In this regard, the Company's estimated statements of liquidity, together with the undrawn amount on its non-current credit facilities (see Note 6.6), provide assurance that the Company can obtain sufficient financial resources to continue to operate, realise its assets and settle its liabilities for the amounts shown in the accompanying statement of financial position. The Company's Directors have therefore prepared the accompanying interim financial statements on a going-concern basis.

2.5. Functional currency and presentation currency.

The interim financial statements are presented in millions of euros. The Company's functional and presentation currency is the euro.

2.6. Comparative information.

For purposes of comparison, the statements of financial position in these interim financial statements present, in addition to the figures for the six months ended 30 June 2019, comparative figures forming part of the financial statements for the year ended 31 December 2018 approved by the General Shareholders' Meeting on 12 April 2019.

The income statements, statements of changes in equity, statements of cash flows and the notes to the financial statements present, in addition to the six month figures for the period ended 30 June 2019, those corresponding to the six months ended 30 June 2018.

2.7. Grouping of items.

Certain items on the statement of financial position, income statement, statement of changes in equity and statement of cash flows are presented in groups for easier understanding, though significant data are set out as breakdowns in the notes to the Interim Condensed Financial Statements and Condensed Explanatory Notes.

3. Current and non-current financial assets.

The details and movements of non-current financial investments in Group companies and associates and non-current financial investments in the accompanying statement of financial position at 30 June 2019 are as follows.

Millions of Euros

	Note	Balance at 31 December 2018	Additions and provisions	Disposals	Transfers and other	Balance at 30 June 2019
Non-current investments in Group companies and associates	3.1 and 10.1	18,894	-	-	-	18,894
Equity instruments	3.1.1	18,893	-	-	-	18,893
Interests in Group companies and associates		18,893	-	-	-	18,893
Impairment losses		-	-	-	-	-
Loans to companies	3.1.2	-	-	-	-	-
Loans to companies		54	-	-	-	54
Impairment losses		(54)	-	-	-	(54)
Derivatives	3.4	1	-	-	-	1
Non-current financial investments	3.2	45	(1)	(1)	-	43
Equity instruments	3.2.1	5	(1)	-	-	4
Non-current financial investments		5	-	-	-	5
Impairment losses		-	(1)	-	-	(1)
Loans to third parties	3.2.2	5	-	-	-	5
Loans to third parties		7	-	-	-	7
Impairment losses		(2)	-	-	-	(2)
Derivatives	3.4	10	-	(1)	-	9
Other financial assets	3.2.3	25	-	-	-	25
TOTAL NON-CURRENT FINANCIAL ASSETS		18,939	(1)	(1)	-	18,937

The details under Current financial investments in Group companies and associates and Current financial assets in the accompanying statement of financial positions at 30 June 2019 and 31 December 2018 are as follows:

Millions of Euros

	Note	30 June 2019	31 December 2018
Current investments in Group companies and associates	10.1	487	1,455
Loans to companies	3.1.2	98	78
Loans to Group companies and associates		98	78
Impairment losses		-	-
Derivatives	3.4	6	9
Other financial assets	3.1.1	383	1,368
Current Financial Investments		55	59
Loans to third parties		10	10
Loans to third parties		10	10
Derivatives	3.4	45	49
TOTAL CURRENT FINANCIAL ASSETS		542	1,514

3.1. Non-current and current investments in Group companies and associates.

3.1.1. Equity instruments

Details of the Company's investments in equity instruments of Group companies and associates at 30 June 2019, as well as the most significant information regarding each investment at those dates, are as follows:

Group companies and associates: six months ended 30 June 2019

Company ⁽¹⁾		Millions of Euros													
		Profit/(loss) for the period						Book value							
Registered office	Activity	% direct ownership	Share capital	Reserves	Interim dividend	Profit/(loss) from operations	Net income	Total equity	Grants, donations and bequests received	Valuation adjustments	Total equity	Cost	Impairment in the period	Accumulated impairment	Dividends received (Notes 8.1 and 10.1)
Group companies:															
ENDESA Energía, S.A.U. – Madrid ⁽²⁾	Marketing of energy products	100%	15	1,092	-	269	189	1,296	-	67	1,363	1,134	-	-	-
ENDESA Generación, S.A.U. – Seville ⁽²⁾	Electricity generation and supply	100%	1,940	4,406	-	137	97	6,443	42	(472)	6,013	5,891	-	-	-
ENDESA Red, S.A.U. – Madrid ⁽²⁾	Distribution activities	100%	720	3,046	(299)	725	523	3,990	4,659	(395)	8,254	2,440	-	-	320
International ENDESA, B.V. – Netherlands	International financial transaction company	100%	15	6	-	-	-	21	-	-	21	18	-	-	-
ENDESA Medios y Sistemas, S.L.U. – Madrid	Rendering of services	100%	90	67	-	-	-	157	-	-	157	167	-	-	8
ENDESA Financiación Filiales, S.A.U. – Madrid	ENDESA, S.A.'s subsidiaries financing	100%	4,621	4,621	(54)	87	64	9,252	-	-	9,252	9,242	-	-	55
Rest of Group			-	-	-	-	-	-	-	-	-	1	-	-	-
TOTAL											18,893		-	-	383

(1) Unaudited data.

(2) Figures related to information of the consolidated subgroup.

These companies do not have publicly listed share prices.

Most significant changes in the six months ended 30 June 2019.

There were no significant changes in the six months ended 30 June 2019.

Other financial assets under Current investments in Group companies and associates at 30 June 2019 includes dividends receivable amounting to Euros 383 million, broken down as follows:

Millions of Euros			
	Note	30 June 2019	31 December 2018
ENDESA Red, S.A.U.		320	570
ENDESA Financiación Filiales, S.A.U.		55	143
ENDESA Medios y Sistemas, S.L.U.		8	-
ENDESA Generación, S.A.U.		-	655
TOTAL	8.1 and 10.1	383	1,368

3.1.2. Current and non-current loans and advances to Group companies and associates

At 30 June 2019 and 31 December 2018, the loan granted to Elcogas, S.A. was recognised under Non-current loans to Group companies and associates and is completely written off.

At 30 June 2019 and 31 December 2018, Current loans to Group companies and associates includes the amounts receivable from ENEL Iberia, S.L.U. corresponding to income tax for the amount of Euros 98 million and Euros 78 million, respectively.

3.2. Current and non-current investments.

3.2.1. Equity instruments

Investments in equity instruments held at 30 June 2019 totalled Euros 4 million (Euros 5 million at 31 December 2018).

3.2.2. Non-current loans to third parties.

At 30 June 2019 and 31 December 2018, Euros 5 million were also recognised in the heading as non-current loans to staff.

At 30 June 2019 and 31 December 2018, impairment losses on Non-current loans to third parties stood at Euros 2 million, with no significant movements having taken place in the six months ended 30 June 2019.

3.2.3. Other non-current financial assets

At 30 June 2019 and 31 December 2018, this heading included Euros 25 million, respectively, for the deposit made to guarantee payment for future services from the employees who are members of the ENDESA, S.A. defined benefit pension scheme (see Note 5.1).

3.3. Items recognised in the income statement and in equity.

In the six months ended 30 June 2019 and 2018, the applications made in the income statement and equity linked to financial assets grouped by the different categories are as follows:

Millions of Euros

	January - June 2019		January - June 2018	
	Net income	Equity	Net income	Equity
Loans and receivables	2	-	3	-
Assets at fair value through profit or loss	(8)	-	72	-
Held for trading	(8)	-	72	-
TOTAL	(6)	-	75	-

3.4. Financial assets at fair value through profit or loss.

In the six months ended 30 June 2019 and 2018, the changes in the fair value of non-current and current financial assets at fair value through profit or loss are as follows.

Millions of Euros

	Fair value at 31 December 2018	Change in fair value of derivatives	Derivatives settlements	Other movements	Fair value at 30 June 2019
Financial assets at fair value through profit and loss	69	33	(41)	-	61
Non-current	11	5	-	(6)	10
Current	58	28	(41)	6	51
TOTAL	69	33	(41)	-	61

Millions of Euros

	Fair value at 31 December 2017	Change in fair value of derivatives	Derivatives settlements	Other movements	Fair value at 30 June 2018
Financial assets at fair value through profit and loss	47	72	(37)	(33)	49
Non-current	10	20	-	(15)	15
Current	37	52	(37)	(18)	34
TOTAL	47	72	(37)	(33)	49

3.5. Financial investment commitments.

At 30 June 2019 and 31 December 2018, ENDESA had no agreements that included commitments to make financial investments of a significant amount.

4. Equity.

At 30 June 2019 and 2018, the breakdown of equity and movements during the period are shown in the statement of changes in equity that form part of the Company's financial statements.

Details of the Company's equity at 30 June 2019 and 31 December 2018 are as follows:

Millions of Euros

	Note	30 June 2019	31 December 2018
Share capital	4.1	1,271	1,271
Share premium	4.2	89	89
Reserves	4.3	1,437	1,445
Prior years' profit and loss		4,517	4,516
Profit for the period		286	1,511
Interim dividend	4.4	-	(741)
Valuation adjustments	4.5	(15)	-
TOTAL		7,585	8,091

4.1. Share capital.

At 30 June 2019 and 31 December 2018, ENDESA, S.A. had share capital of Euros 1,270,502,540.40, represented by 1,058,752,117 bearer shares with a par value of Euros 1.20 each, subscribed and fully paid and all admitted to trading on the Spanish stock exchanges. All the shares have the same voting and profit-sharing rights.

At 30 June 2019 and 31 December 2018, ENEL Group, through ENEL Iberia, S.L.U., held 70.101% of ENDESA, S.A.'s share capital. At these dates, no other shareholder held more than 10% of the share capital of ENDESA, S.A.

4.2. Share premium.

The share premium arises from the Company's corporate restructuring. Article 303 of the Consolidated Text of the Corporate Enterprises Act expressly permits the use of the share premium to increase capital and does not establish any specific restrictions as to its use.

Nonetheless, at 30 June 2019, Euros 44 million of the share premium are restricted to the extent that they are subject to tax assets capitalised in prior years (Euros 46 million at 31 December 2018).

4.3. Reserves.

Details of the Company's reserves at 30 June 2019 and 31 December 2018 are as follows.

Millions of Euros	30 June 2019	31 December 2018
Legal reserve	254	254
Revaluation reserve	404	404
Redeemed capital reserve	102	102
Reserve for redenomination of capital to Euros	2	2
Reserve for actuarial gains and losses and other adjustments	(28)	(20)
Other reserves	703	703
Merger reserve	667	667
Other unrestricted reserves	36	36
Voluntary and other reserves	36	36
TOTAL	1,437	1,445

4.4. Dividends.

At its meeting held on 20 November 2018, the Board of Directors of ENDESA, S.A. approved the following shareholder remuneration policy for 2018-2021:

- 2018 to 2020: the ordinary dividend per share to be distributed in these years will be the equivalent to 100% of ordinary net income attributable to the Parent set down in the Consolidated Financial Statements of the Group headed by this company.
- 2021: the ordinary dividend per share to be distributed in this year will be the equivalent to 80% of ordinary net income attributable to the Parent set down in the Consolidated Financial Statements of the Group headed by this company.
- The intention of the Board of Directors of ENDESA, S.A. is that the ordinary dividend will be paid solely in cash in two instalments (January and July) on a given date to be determined in each case, which will be duly disclosed.

Notwithstanding the foregoing, ENDESA's capacity to pay out dividends to its shareholders depends on numerous factors, including the generation of profit and the availability of unrestricted reserves, and, therefore, the Company cannot ensure that dividends will be paid out in future years or the amount of such dividends if paid.

Approval was given at ENDESA, S.A.'s General Shareholders' Meeting of 12 April 2019 to pay shareholders a total dividend charged against 2018 profit for a gross amount of Euros 1.427 per share (Euros 1,511 million in total). The breakdown of these dividends is as follows:

Millions of Euros

	Approval date	Euros per share, gross	Amount	Payment date
Interim dividend	20 November 2018	0.700	741	2 January 2019
Final dividend	12 April 2019	0.727	770	2 July 2019
Total dividend paid against 2018 profit		1.427	1,511	

4.5. Valuation adjustments.

The movement in valuation adjustments in the accompanying statement of financial position is shown in the Statement of recognised income and expenses that forms part of these Interim Condensed Financial Statements.

5. Provisions and contingencies.

Details of current and non-current provisions in the accompanying statement of financial position at 30 June 2019 and 31 December 2018 are as follows:

Millions of Euros

	Note	30 June 2019	31 December 2018
Non-current provisions			
Non-current employee benefits:		82	71
Post-employment benefits	5.1	60 ⁽¹⁾	49 ⁽¹⁾
Other employee benefits		22	22
Provisions for workforce restructuring plans	5.2	140	150
Workforce reduction plans		1	2
Contracts suspensions		139	148
Other provisions	5.3	54	60
TOTAL		276	281
Current provisions			
Provisions for workforce restructuring plans		46	51
Workforce reduction plans		16	18
Contracts suspensions		30	33
Other provisions		9	9
TOTAL		55	60

(1) Includes post-employment benefits other than pension plans for Euros 39 million at 30 June 2019 and Euros 31 million at 31 December 2018.

5.1. Non-current employee benefits.

Details of the present value of the Company's main obligations regarding post-employment plans and other non-current benefits and associated plan assets at 30 June 2019 and 31 December 2018 are as follows:

Millions of Euros

	30 June 2019	31 December 2018
Present value of commitments	122	108
Active employees	30	25
Former employees	54	51
Employees taking early retirement	38	32
Fair value of defined benefit plan assets	(62)	(59)
NET TOTAL	60	49

Movement in the actuarial liabilities assumed in relation to defined benefit scheme obligations in the first six months of 2019 was as follows:

Millions of Euros

	Note	January-June 2019
Opening actuarial liability		108
Amounts charged to profit for the year		1
Financial expenses	8.5	1
Actuarial gains and losses		14
Applications		(1)
Payments		(1)
Closing actuarial liability		122

Changes in the market value of defined benefit plan assets in the first six months of 2019 are as follows:

Millions of Euros

	Note	January-June 2019
Opening market value		59
Estimated benefit	8.5	1
Company contribution		-
Payments		(2)
Actuarial gains and losses		4
Closing market value		62
Opening liabilities/(assets) balance		49
Closing liabilities/(assets) balance		60

Plan assets

The main characteristics of defined benefit plan assets as a percentage of total assets, at 30 June 2019 and 31 December 2018 are as follows:

	Percentage (%)	
	30 June 2019	31 December 2018
Shares	33	32
Fixed-income assets	54	55
Other (cash)	13	13
TOTAL	100	100

Actuarial assumptions

The most significant actuarial assumptions considered in the calculations at 30 June 2019 and 31 December 2018 are as follows:

	30 June 2019	31 December 2018
Mortality tables	PERM/F2000	PERM/F2000
Technical interest rate	0.94% - 0.97%	1.72% - 1.75%
Expected return on plan assets	0.95%	1.75%
CPI	(1) 2.00%	2.00%
Increase in healthcare costs	3.20%	3.20%

(1) Annual pension and salary increases.

Other information

Following a substantial number of meetings of the “Committee responsible for negotiating ENDESA's 5th Framework Collective Agreement”, which commenced in October 2017 and progressed throughout 2018, and given that no agreement was reached, the Company's management informed its workers and their representatives that, with effect from 1 January 2019, “ENDESA's 4th Framework Collective Agreement” would be considered to have ended, in addition to the “Guarantee Framework Agreement” and the “Agreement on voluntary suspension or termination of employment contracts for 2013-2018”, from which date the general collective agreement would apply, in addition to all case law established in this regard.

Although in February 2019 talks were resumed by “Committee responsible for negotiating ENDESA's 5th Framework Collective Agreement”, the different interpretation held by ENDESA and trade unions representatives in relation to effects of terminating the “ENDESA's 4th Framework Collective Agreement”,

specifically with regard to the social benefits for former employees, led the Company's trade unions to file a collective dispute claim with the Spanish High Court.

On 26 March 2019, the Spanish High Court ruled in favour of ENDESA, validating the Company's interpretation with regard to the withholding of certain social benefits for former employees following the termination of "ENDESA's 4th Framework Collective Agreement". Although this is an enforceable judgement, in April 2019 the Company's trade unions submitted an extraordinary appeal against the ruling to the Supreme Court, which at the date of approval of these Interim Condensed Financial Statements is now pending resolution after the Company responded with a challenge to the appeal on 19 June 2019.

5.2. Provisions for workforce restructuring plans.

Movements in this non-current provision in the first six months of 2019 are as follows:

Millions of Euros				
	Note	Workforce reduction plans	Contracts Suspensions	Total
Opening balance		2	148	150
Amounts charged to profit for the year		-	6	6
Financial expenses	8.5	-	6	6
Applications		(1)	(15)	(16)
Personnel income	8.3	(1)	(3)	(4)
Transfers and other		-	(12)	(12)
Closing balance		1	139	140

Actuarial assumptions

The assumptions used in the actuarial calculation of the obligations arising under these workforce restructuring plans at 30 June 2019 and 31 December 2018 are as follows:

	Workforce reduction plans		Contracts Suspensions	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Interest Rate	0.20%	0.78%	0.20%	0.78%
Future increase in guarantees	N/A	N/A	2.00%	2.00%
Increase in other items	N/A	N/A	2.00%	2.00%
CPI	2.00%	2.00%	N/A	N/A
Mortality tables	PERM/F2000	PERM/F2000	PERM/F2000	PERM/F2000

5.3. Other non-current provisions.

The movements and details of Other non-current provisions on the liabilities side of the accompanying statement of financial position in the first six months of 2019 are as follows:

Millions of Euros		January-June 2019
Opening balance		60
Charges		-
Applications		(6)
Closing balance		54

Litigation and arbitration

In the six months ended 30 June 2019, the following significant changes have occurred in relation to the Company's litigation and arbitration described in Note 11.3 of the Notes to the Financial Statements for the year ended 31 December 2018:

- The Supreme Court handed down several judgments in the appeals filed by ENDESA, S.A. (and other companies in the electricity sector) against the obligation to finance the Social Bonus established in the former article 45.4 of Law 24/2013, of 26 December, on the Electricity Sector (declared inapplicable as incompatible with Directive 2009/72/EC, of the European Parliament and of the Council, of 13 July 2009, as established in the Supreme Court Judgments of 24 October 2016, 25 October 2016 and 2 November 2016). The Supreme Court recognised the right of ENDESA, S.A. to be compensated for the amounts paid as a Social Bonus in application of the regulations declared inapplicable, so that all the amounts it would have paid for this concept, plus the corresponding legal interest, would be reimbursed. The Administration promoted incidents of nullity against said sentences, but the Supreme Court dismissed them. Faced with this rejection, the Administration filed appeals for protection before the Constitutional Court, which ruled in favour of the Administration, obliging the Supreme Court to backtrack the actions of the appeal so that the Supreme Court would present a preliminary question (question prior to issuing a sentence) on the applicability to the case of European Community law. ENDESA, S.A. first presented arguments before the Constitutional Court and then before the Supreme Court arguing that the Supreme Court's rulings have not violated the Administration's right to effective judicial protection without defencelessness and to a process with all guarantees, so the Supreme Court's annulment decision had not been affected at all and should be ratified. On 17 July 2019, the Supreme Court, in proceedings followed by another company in the sector, notified a Resolution with 2 questions to the European Court. In the argumentation of these questions it maintains that the obligation to finance the Social Bonus is neither proportional nor transparent (article 3.2 of the Electricity Directive) and that for the Supreme Court the matter is clear: it has no doubt of the certainty of its ruling annulling the system of financing the Social Bonus that the Constitutional Court annulled by the appeal for protection. Five magistrates of the Supreme Court have voted that Resolution but one has cast a particular vote against the majority decision, maintaining that the Social Bonus was a proportional and transparent public service obligation. The European Court will now decide, and with its decision the Supreme Court will issue new judgments, including that of ENDESA, S.A.

The Company's Directors do not expect that any additional significant liabilities to those already recognised in the accompanying statements of financial position will arise as a result of the above-mentioned lawsuit.

6. Current and non-current financial liabilities.

6.1. Current and non-current financial liabilities.

At 30 June 2019, details and movements in Non-current debts and Non-current debts with Group companies and associates in the accompanying statement of financial position are as follows:

Millions of Euros

	Note	Balance at 31 December 2018	Proceeds	Repayments	Transfers to current	Balance at 30 June 2019
Non-current debts		1,391	661	-	(205)	1,847
Bank borrowings	6.2	1,387	641	-	(205)	1,823
Finance lease payables		1	-	-	-	1
Derivatives	6.4	1	19	-	-	20
Other financial liabilities		2	1	-	-	3
Non-current debts with Group companies and associates	10.1	8,982	4	(1,525)	(6)	7,455
Debts with Group companies and associates	6.2	8,971	-	(1,525)	-	7,446
Derivatives	6.4	11	4	-	(6)	9
TOTAL		10,373	665	(1,525)	(211)	9,302

Details of Current debts and Current debts with Group companies and associates in the accompanying statements of financial position at 30 June 2019 and 31 December 2018 are as follows:

Millions of Euros

	Note	30 June 2019	31 December 2018
Current debts		1,427	284
Bank borrowings	6.2	51	50
Finance lease payables		1	-
Derivatives	6.4	7	9
Other financial liabilities ⁽¹⁾		1,368	225
Current debts with Group companies and associates	10.1	1,081	1,575
Debts with Group companies and associates	6.2	488	987
Derivatives	6.4	45	49
Other financial liabilities ⁽²⁾		548	539
TOTAL		2,508	1,859

(1) Including at 30 June 2019 the final dividend to be paid by ENDESA, S.A. to shareholders that are not part of the ENEL Group for the amount of Euros 230 million (interim dividend of Euros 221 million at 31 December 2018) (see Note 4.4) in addition to the outstanding balance of Euro Commercial Paper (ECP) issuances for the amount of Euros 1.136 million (see Note 6.2).

(2) At 30 June 2019, this includes the final dividend payable by ENDESA, S.A. to ENEL Iberia, S.L.U. amounting to Euros 540 million (interim dividend of Euros 520 million at 31 December 2018) (see Note 4.4).

The composition of both Current and Non-current bank borrowings and debts with Group companies and associates in the accompanying statements of financial position at 30 June 2019 and 31 December 2018, is as follows:

Millions of Euros

	Note	30 June 2019		31 December 2018	
		Non-current	Current	Non-current	Current
Bank borrowings	6.2	1,823	51	1,387	50
Lines of credit		16	5	208	4
European Investment Bank (EIB) loan		1,507	46	1,179	46
Instituto de Crédito Oficial (ICO) loan		300	-	-	-
Debts with Group companies and associates	6.2 and 10.1	7,446	488	8,971	987
ENEL Finance International, N.V.		3,000	16	3,000	16
ENDESA Financiación Filiales, S.A.U.		4,446	38	5,971	34
International ENDESA, B.V.		-	416	-	905
Other debts		-	18	-	32

6.2. Main transactions.

At 30 June 2019, the main transactions included in the balance of Current and non-current bank borrowings and Debts with Group companies and associates are as follows:

Millions of Euros

	Limit	30 June 2019		Conditions	Maturity
		Non-current	Current		
Bank borrowings		1,823	51		
Credit facility	2,148	16	5	Floating interest rate	Until 31 March 2022
European Investment Bank (EIB) ⁽¹⁾		1,507	46	Floating interest rate	Until 20 March 2034
Instituto de Crédito Oficial (ICO) ⁽²⁾		300	-	Floating interest rate	Until 10 May 2031
Debts with Group companies and associates		7,446	488		
Credit facility with ENEL Finance International, N.V. ⁽³⁾	1,000	-	-	Margin of 55bp and fee applicable if not used of 18bp	30 June 2022
Intercompany loan with ENEL Finance International, N.V. ⁽⁴⁾	3,000	3,000	16	Fixed interest rate 3.0%	29 October 2024
Current account with ENDESA Financiación Filiales, S.A.U. ⁽⁵⁾		4,446	38	Average interest rate of 1.9%	1 July 2021
Current account with ENDESA Financiación Filiales, S.A.U. ⁽⁶⁾		-	-	Average interest rate of 3.1%	1 October 2023
Credit facility with International ENDESA, B.V.		-	416	Average interest rate of -0.2%	21 December 2019
Other debts		-	18	-	-
Other financial liabilities		-	1,368		
European Commercial Paper (ECPs) ⁽⁷⁾	3,000	-	1,136	Floating interest rate	Annual Renovation
Other financial liabilities		-	232	-	-
TOTAL		9,269	1,907		

(1) On 21 December 2018 ENDESA, S.A. arranged financing with the European Investment Bank (EIB) for the amount of Euros 335 million, which was repaid in full on 19 March 2019.

(2) On 10 May 2019, ENDESA, S.A. arranged financing with Instituto de Crédito Oficial (ICO) for the amount of Euros 300 million.

(3) Committed and irrevocable credit facility (see Note 10.1).

(4) On 23 October 2014, ENDESA, S.A. signed a long-term intercompany loan with ENEL Finance International, N.V. for an amount of Euros 4.500 million. On 30 June 2015, ENDESA, S.A. made a partial repayment of Euros 1.500 million on this loan. At 30 June 2019, interest accrued and unpaid on this loan totals Euros 16 million.

(5) The Company has a five-year current account financing contract with ENDESA Financiación Filiales, S.A.U. maturing on 1 July 2021, automatically renewable for five-year periods at maturity unless either of the parties notifies their intention of not renewing the contract before maturity at least 13 months prior to the end of the period. The interest rate applied to both receivables and payables is the 6-month Euribor plus a spread equal to that on the Euribor obtained by ENDESA, S.A. in existing credit facilities at that date. This contract stipulates that the Company may draw down the amounts required to cover its financial needs and invest its surpluses to regulate its cash flows. There is no limit on the cash draw downs that can be made between the parties. At 30 June 2019, interest accrued and unpaid on this credit facility totals Euros 38 million.

(6) The Company has a cash pooling account in foreign currency with ENDESA Financiación Filiales, S.A.U. for a term of five years, currently maturing on 1 October 2023. It is automatically renewable for five-year periods at maturity unless either party notifies the other of its decision not to renew the account before the end of the period.

(7) This corresponds to the outstanding balance of Euro Commercial Paper (ECP) pursuant to the new issuance programme registered by ENDESA, S.A. on 9 May 2019 (see Note 6.1).

Other debts

At 30 June 2019, Non-current debt with Group companies and associates includes the loan granted by Nuclenor, S.A. for Euros 10 million (Euros 24 million at 31 December 2018).

Further, at 30 June 2019 and 31 December 2018, Current debts with Group companies and associates includes the amount payable to ENEL Iberia, S.L.U. corresponding to value added tax for the amount of Euros 8 million.

6.3. Items recognised in the income statement and in equity.

In the six months ended 30 June 2019 and 2018, the applications made in the income statement and equity linked to current and non-current financial liabilities grouped by the different categories are as follows:

Millions of Euros

	January-June 2019		January-June 2018	
	Profit/(loss)	Equity	Profit/(loss)	Equity
Debts and payables	(90)	-	(60)	-
Financial liabilities at fair value through profit and loss	8	-	(74)	-
Financial liabilities held for trading	8	-	(74)	-
Hedging derivatives	(3)	(19)	-	-
TOTAL	(85)	(19)	(134)	-

6.4. Financial liabilities at fair value through profit or loss.

In the six months ended 30 June 2019 and 2018, changes in fair value of this type of financial liability are as follows:

Millions of Euros

	Fair value at 31 December 2018	Change in fair value of derivatives	Settlement of derivatives	Other movements	Fair value at 30 June 2019
Financial liabilities held for trading	70	33	(41)	-	62
Non-current	12	4	-	(6)	10
Current	58	29	(41)	6	52
TOTAL	70	33	(41)	-	62

Millions of Euros

	Fair value at 31 December 2017	Change in fair value of derivatives	Settlement of derivatives	Other movements	Fair value at 30 June 2018
Financial liabilities held for trading	46	74	(37)	(33)	50
Non-current	10	20	-	(15)	15
Current	36	54	(37)	(18)	35
TOTAL	46	74	(37)	(33)	50

6.5. Financial stipulations.

ENDESA, S.A.'s debt is subject to the usual covenants in contracts of this type. In no cases would a breach of these covenants require early repayment of the debt.

At 30 June 2019 and 31 December 2018, ENDESA, S.A. was not in breach of covenants or any other financial obligations that would require early repayment of its liabilities.

The Company's Directors do not consider that these clauses will change the current/non-current classification in the accompanying statement of financial position at 30 June 2019.

Information concerning the covenants on the Company's borrowings is set out in Note 12.7 to the Financial Statements of ENDESA, S.A. for the year ended 31 December 2018. Some of the most significant information is detailed below:

Millions of Euros

Clauses	Transactions	Covenants	Outstanding debt	
			30 June 2019	31 December 2018
Related to credit ratings	Financial transactions with the European Investment Bank (EIB) and Instituto de Crédito Oficial (ICO)	Additional or renegotiated guarantees in the event of credit rating downgrades	1,735	1,100
Relating to change of control	Loans and other agreements arranged with financial entities and ENEL Finance International, N.V.	May be repaid early in the event of a change of control at ENDESA, S.A.	4,854 ⁽¹⁾	4,225 ⁽¹⁾
Related to asset transfers	Financial transactions with the European Investment Bank (EIB) and Instituto de Crédito Oficial (ICO)	Restrictions arise if a percentage of between 7 and 10% of ENDESA's consolidated assets is exceeded ⁽²⁾	1,854	1,225

(1) The amount signed by ENDESA was Euros 4.854 million at 30 June 2019 (Euros 4.560 million at 30 December 2018).

(2) Above these ceilings, the restrictions would only apply, in general, if no equivalent consideration is received or if there was a material negative impact on ENDESA, S.A.'s solvency.

6.6. Other matters

At 30 June 2019 and 31 December 2018, ENDESA, S.A. had undrawn credit facilities totalling Euros 3,128 million and Euros 2,796 million, respectively, of which Euros 1,000 million correspond to a committed and irrevocable credit facility signed with ENEL Finance International, N.V. (see Note 10.1).

7. Risk control and management policy.

In the six months ended 30 June 2019, ENDESA, S.A. followed the same general risk management policy as described in Note 13 to the financial statements for the year ended 31 December 2018.

In this regard, the financial instruments and types of hedges are the same as those described in those financial statements.

8. Income and expenses.

The Company's main income and expense for the six months ended 30 June 2019 and 2018 are detailed below.

8.1. Revenue.

Details of Revenue in the accompanying income statements for the six months ended 30 June 2019 and 2018 by category and geographical markets are as follows:

Millions of Euros

	Note	January - June 2019			January - June 2018		
		Spain	Other EU	Total	Spain	Other EU	Total
Rendering of services	10.1	142	2	144	147	1	148
Dividend income from Group companies and associates	3.1.1 and 10.1	383	-	383	324	-	324
TOTAL		525	2	527	471	1	472

Dividend income from Group companies and associates includes dividends distributed by the Group companies (see Notes 3.1.1 and 10.1).

8.2. Impairment losses in Group companies and associates

There were no impairment losses or transactions of significant amounts in the six-month period ended 30 June 2019 (see Notes 3.1.1 and 10.1).

8.3. Personnel expenses

In the six months ended 30 June 2019 and 2018, details of personnel expenses in the accompanying income statement are as follows:

Millions of Euros

	Note	January-June 2019	January-June 2018
Wages and salaries		57	57
Termination benefits		18	3
Employee benefits		17	16
Social security		10	9
Other employee benefits		7	7
Provisions		-	(2)
Non-current employee benefits		4	2
Obligations for workforce reduction plans	5.2	(1)	2
Obligations for contracts suspensions	5.2	(3)	(6)
TOTAL		92	74

8.4. Other operating expenses.

In the six months ended 30 June 2019 and 2018, details of other operating expenses in the accompanying income statement are as follows:

Millions of Euros

	January-June 2019	January-June 2018
External services	50	50
Leases and levies	5	5
Other repairs and upkeep costs	-	1
Independent professional services	8	8
Banking and similar services	1	1
Advertising and public relations	8	10
Other external services	28	25
Taxes other than income tax	1	2
Other operating expenses	19	52
TOTAL	70	104

In the six months to 30 June 2019 leases and levies includes expenses relating to contracts of this type arranged with Group companies and associates for the amount of Euros 4 million (Euros 5 million in the six months ended 30 June 2018) (see Note 10.1).

In the six months to 30 June 2019 other operating expenses also includes other services received from Group companies and associates for the amount of Euros 21 million (Euros 18 million in the six months ended 30 June 2018) (see Note 10.1).

8.5. Financial income and expense.

In the six months ended 30 June 2019 and 2018, the breakdown of financial income and expense on the accompanying income statement is as follows:

Millions of Euros

	Note	January-June 2019	January-June 2018
Financial income		3	5
From marketable securities and other non-current credits		3	5
Interest on loans to Group companies and associates	10.1	1	2
Interest from loans to third parties		2	3
Loans and credits		1	1
Expected return on defined benefit plan assets	5.1	1	1
Workforce restructuring plans	5.2	-	1
Financial expenses		(100)	(62)
Debts with Group companies and associates	6.3 and 10.1	(86)	(56)
Debts with third parties	6.3	(7)	(4)
Provision adjustments		(7)	(2)
Non-current employee benefit obligations		(1)	(1)
Post-employment benefits	5.1	(1)	(1)
Workforce reduction plans	5.2	-	-
Contract suspensions	5.2	(6)	(1)

9. Guarantees to third parties, commitments and other contingent liabilities.

Information concerning guarantees to third parties and other contingent liabilities is set out in Note 17.1 to the Financial Statements of ENDESA, S.A. for the year ended 31 December 2018.

The most significant amounts at 30 June 2019 and 31 December 2018 are as follows:

Millions of Euros

COMPANY	Purpose of guarantee	30 June 2019	31 December 2018
International ENDESA, B.V.	Financing secured and financial derivatives	443	932
ENDESA Generación, S.A.U.	Long-term gas contracts	53	52
ENDESA Energía, S.A.U.	Gas contracts	20	20
ENDESA Energía, S.A.U.	Gas contracts	10	-
ENDESA Energía, S.A.U.	Gas contracts	13	-
ENDESA Generación, S.A.U.	Elecgas, S.A. electricity production ("Tolling")	399	407
Group companies	Workforce restructuring plans	35	42
ENDESA Generación, S.A.U.	Girabolhos hydroelectric power plant project (Portugal)	2	2
Group companies	Other commitments	2,271	1,662
ENEL Green Power España, S.L.U. (EGPE)		964	318
ENDESA Energía, S.A.U.		747	745
ENDESA Generación, S.A.U.		162	173
ENDESA Energía XXI, S.L.U.		132	132
ENDESA Distribución Eléctrica, S.L.U.		102	100
Gas y Electricidad Generación, S.A.U.		34	34
Unión Eléctrica de Canarias Generación, S.A.U.		23	23
Empresa Carbonífera del Sur, S.A.U.		16	22
Other		91	115
TOTAL		3,246	3,117

ENDESA, S.A.'s management does not expect that its status as guarantor will result in significant liabilities for the Company.

ENDESA, S.A. has the commitment to provide ENDESA Financiación Filiales, S.A.U. with the financing required to enable this company to honour its commitments to finance Spanish ENDESA, S.A. Group companies and their subsidiaries.

ENEL, S.p.A. granted a guarantee in favour of ENDESA, S.A. for US dollars 137 million (approximately Euros 120 million) to comply with the contracts signed with Corpus Christi Liquefaction, LLC.

10. Related-party transactions.

During the six months ended 30 June 2019 and 2018, the Directors, or persons acting on their behalf, did not carry out transactions with the Company (or any of its subsidiaries) that do not correspond to the normal course of business or were not carried out in keeping with prevailing market conditions.

The amount of transactions carried out in the six months ended 30 June 2019 with other related parties of certain members of the Board of Directors combined does not exceed Euros 4 million (Euros 4 million in the six months ended 30 June 2018). All of them correspond to the Company's normal business activities and were in all cases carried out under normal market conditions.

Transactions carried out with related parties in the six months ended 30 June 2019 and 2018 all correspond to normal activities and were carried out under normal market conditions.

10.1. Related-party transactions and balances.

Details of related-party transactions in the six months ended 30 June 2019 and 2018 are as follows:

Millions of Euros

	Note	January - June 2019					Total
		Significant shareholders	Directors and executives	Group companies	Associates	Other related parties	
Purchase of intangible assets		-	-	7	-	-	7
Rendering of services	8.1	1	-	143	-	-	144
Other income		-	-	3	-	-	3
Services received	8.4	(2)	-	(19)	-	(4)	(25)
Dividends received	3.1.1 and 8.1	-	-	383	-	-	383
Personnel expenses		-	-	(1)	-	-	(1)
Financial income	8.5	-	-	1	-	-	1
Financial expenses	8.5	-	-	(86)	-	-	(86)
Leases	8.4	-	-	(4)	-	-	(4)
Dividends and other distributions		520	-	-	-	-	520
Exchange gains/(losses)		-	-	(5)	-	-	(5)
Change in fair value of financial instruments		-	-	(17)	-	-	(17)

Millions of Euros

	Note	January - June 2018					Total
		Significant shareholders	Directors and executives	Group companies	Associates	Other related parties	
Purchase of intangible assets		-	-	31	-	-	31
Rendering of services	8.1	2	-	146	-	-	148
Other income		-	-	5	-	-	5
Services received	8.4	(1)	-	(17)	-	(4)	(22)
Dividends received	8.1	-	-	324	-	-	324
Personnel expenses		-	-	(1)	-	-	(1)
Financial income	8.5	-	-	2	-	-	2
Financial expenses	8.5	-	-	(56)	-	-	(56)
Leases	8.4	-	-	(5)	-	-	(5)
Dividends and other distributions		520	-	-	-	-	520
Exchange gains/(losses)		-	-	3	-	-	3
Change in fair value of financial instruments		-	-	(46)	-	-	(46)

The Company signed both agreements with ENDESA Energía, S.A.U. and ENEL Trade, S.p.A. under which, from 2019, it transfers to these companies from 2019 2 bcm/year and 1 bcm/year of liquefied natural gas, respectively, acquired from Corpus Christi Liquefaction, LLC. The transfer of this gas is made under the same terms and conditions as those signed by ENDESA, S.A. in its contracts with Corpus Christi Liquefaction, LLC.

As ENDESA, S.A. acts as the contracting party exclusively for organisational reasons, the purchases of liquefied natural gas from Corpus Christi Liquefaction, LLC and sales to ENDESA Energía, S.A.U. and ENEL Trade, S.p.A., which totalled Euros 40 million in the six months ended 30 June 2019, are netted in the income statement under Procurements.

At 30 June 2019 and 31 December 2018, balances with related parties recognised in the Statement of financial position are as follows.

Millions of Euros

	Note	30 June 2019					Total
		Significant shareholders	Directors and executives (Note 10.2)	Group companies	Associates	Other related parties	
Non-current financial investments	3	-	-	18,894	-	-	18,894
Equity instruments		-	-	18,893	-	-	18,893
Derivatives		-	-	1	-	-	1
Trade and other receivables		4	-	137	-	-	141
Current financial investments	3	98	-	389	-	-	487
Loans to companies		98	-	-	-	-	98
Derivatives		-	-	6	-	-	6
Other financial assets		-	-	383	-	-	383
Non-current debts	6.1	-	-	(7,455)	-	-	(7,455)
Non-current debts with Group companies and associates		-	-	(7,446)	-	-	(7,446)
Derivatives		-	-	(9)	-	-	(9)
Current debts	6.1	(548)	-	(523)	(10)	-	(1,081)
Current debts with Group companies and associates		(8)	-	(470)	(10)	-	(488)
Derivatives		-	-	(45)	-	-	(45)
Other financial liabilities		(540)	-	(8)	-	-	(548)
Trade and other payables		(4)	-	(32)	-	(1)	(37)
Guarantees received	9	120	-	-	-	-	120
Guarantees provided	9	-	7	3,246	-	-	3,253
Financing agreements		-	1	-	-	-	1

Millions of Euros

	Note	31 December 2018					Total
		Significant shareholders	Directors and executives (Note 10.2)	Group companies	Associates	Other related parties	
Non-current financial investments	3	-	-	18,894	-	-	18,894
Equity instruments		-	-	18,893	-	-	18,893
Derivatives		-	-	1	-	-	1
Trade and other receivables		3	-	89	-	-	92
Current financial investments	3	78	-	1,377	-	-	1,455
Loans to companies		78	-	-	-	-	78
Derivatives		-	-	9	-	-	9
Other financial assets		-	-	1,368	-	-	1,368
Non-current debts	6.1	-	-	(8,982)	-	-	(8,982)
Non-current debts with Group companies and associates		-	-	(8,971)	-	-	(8,971)
Derivatives		-	-	(11)	-	-	(11)
Current debts	6.1	(528)	-	(1,023)	(24)	-	(1,575)
Current debts with Group companies and associates		(8)	-	(955)	(24)	-	(987)
Derivatives		-	-	(49)	-	-	(49)
Other financial liabilities		(520)	-	(19)	-	-	(539)
Trade and other payables		(3)	-	(33)	-	(1)	(37)
Guarantees received	9	120	-	-	-	-	120
Guarantees provided	9	-	7	3,117	-	-	3,124
Financing agreements		-	1	-	-	-	1

At 30 June 2019 and 31 December 2018, ENDESA, S.A. has a committed and irrevocable intercompany credit facility with ENEL Finance International, N.V. for the sum of Euros 1,000 million, against which no drawdowns had been made on these dates (see Note 6.2).

10.2. Information on the Board of Directors and Senior management.

10.2.1. Remuneration of the Board of Directors

The following remuneration and other benefits were received by Directors in the six months ended 30 June 2019 and 2018, based on the position held:

Thousands of Euros

Item	Directors	
	Amount	
	January - June 2019	January - June 2018
Remuneration for belonging to the Board of Directors and/or Board Committees	917	815
Salaries	690	936
Variable remuneration in cash	1,677	1,042
Share-based payment plans	-	-
Termination benefits ⁽¹⁾	9,615	-
Long-term savings systems	626	608
Other items ⁽²⁾	3,555	318
TOTAL	17,080	3,719

(1) At 30 June 2019 this includes the payment corresponding to Mr Prado on termination of his contract as Company Chairman on 12 April 2019.

(2) At 30 June 2019 this includes compensation of Euros 3.205 thousand paid to Mr Prado as part of his non-competition agreement, and a commitment not to work for any company engaged in activities similar to those of ENDESA, S.A. for a period of two years. Additionally, at 30 June 2019 and 2018 life insurance premiums for Directors of Euros 234 million and Euros 268 million, respectively, are included.

10.2.2. Remuneration of Senior management

The following remuneration was received by Senior management in the six months ended 30 June 2019 and 2018:

Thousands of Euros

Item	Executives	
	Amount	
	January - June 2019	January - June 2018
Remuneration received	4,470	3,762
TOTAL	4,470	3,762

At 30 June 2019 and 2018 there were 13 and 12 Senior managers, respectively.

At 30 June 2019 and 31 December 2018, in terms of remuneration, the Company had not issued any guarantees to Senior managers who are not also Executive Directors.

At 30 June 2019 and 2018, the Company had all its early retirement and pension obligations with Directors and Senior Managers covered.

10.2.3. Other disclosures concerning the Board of Directors

In accordance with Article 229 of the Corporate Enterprises Act, the direct or indirect situations of conflict of interest involving members of the Board of Directors with the interest of the Company, along with how they were handled in the first half of 2019, are as follows:

- The Executive Directors, in their capacity as Directors of ENEL Iberia S.L.U., appointed by Enel, S.p.A., had conflicts of interest when authorising transactions with Enel, S.p.A. or Enel Group companies. In all the situations arising in the first half of 2019, the Executive Directors did not participate in the related items on the agenda of the Board of Directors meeting.
- The Proprietary Directors, appointed by ENEL, S.p.A., had a conflict of interest when authorising transactions with ENEL, S.p.A. or ENEL Group companies. In all the situations arising in the first half of 2019, the Proprietary Directors did not participate in the related items on the agenda of the Board of Directors meeting.

- Independent Director Ms Helena Revoredo Delvecchio, in her capacity as Chairman of Prosegur Compañía de Seguridad, S.A., had a conflict of interest in the first half of 2019 due to her involvement in the decision-making over a transaction with Prosegur Compañía de Seguridad, S.A. or companies in the Prosegur Group. The independent Director did not participate in this item on the agenda of the Board of Directors meeting.

In the first six months of 2019 and 2018 there were no damages caused by acts or omissions of the Directors that would have required use to be made of the third-party liability insurance premium held through ENDESA, S.A.

Gender diversity: At 30 June 2019 and 31 December 2018, the Board of Directors of ENDESA, S.A. is made up of 11 directors, 2 of which are women.

11. Other information.

11.1. Personnel.

In the six months ended 30 June 2019 and 2018, the Company's average headcount, by category and gender, was as follows:

Number of employees

	January - June 2019			Total	January - June 2018			Total
	Male	Female			Male	Female		
Executives	101	27	128	103	25	128	128	
Graduates	423	422	845	426	418	844	844	
Middle management and manual workers	106	208	314	112	225	337	337	
TOTAL EMPLOYEES	630	657	1,287	641	668	1,309	1,309	

At 30 June 2019 and 31 December 2018, the breakdown of the headcount by category and gender was as follows.

Number of employees

	30 June 2019			Total	31 December 2018			Total
	Male	Female			Male	Female		
Executives	101	29	130	102	26	128	128	
Graduates	433	439	872	423	417	840	840	
Middle management and manual workers	107	211	318	108	211	319	319	
TOTAL EMPLOYEES	641	679	1,320	633	654	1,287	1,287	

The average number of employees in the six months ended 30 June 2019 and 2018 with a disability greater than or equal to 33%, by category and gender, was as follows:

Number of employees

	January - June 2019			Total	January - June 2018			Total
	Male	Female			Male	Female		
Graduates	3	3	6	3	3	6	6	
Middle management and manual workers	4	4	8	4	3	7	7	
TOTAL EMPLOYEES	7	7	14	7	6	13	13	

11.2. Insurance.

The Company has taken out insurance policies to cover the risk of damage to property, plant and equipment of the Parent and the subsidiaries in which it has a shareholding of 50% or more or has effective control. The limits and coverage are appropriate to the types of risk and country of operation.

Moreover, in certain assets, the possible loss of profits that could result from outages at the plants is covered.

Possible claims against the Company by third parties due to the nature of its activity are also covered.

11.3. Other information.

During the six months ended 30 June 2019, there were no one-off events of significant amounts other than those referred to in other notes to these Interim Condensed Financial Statements.

12. Events after the reporting period.

No significant events took place between 30 June 2019 and the approval of these Interim Condensed Financial Statements.

13. Explanation added for translation to English.

These Interim Condensed Financial Statements are presented on the basis of accounting principles generally accepted in Spain. Consequently, certain accounting practices applied by the Company that conform to generally accepted accounting principles in Spain may not conform to other generally accepted accounting principles in other countries. Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

ENDESA, S.A.

Management Report for the six months ended 30 June 2019

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A.
MANAGEMENT REPORT FOR THE
THE SIX MONTHS ENDED
30 JUNE 2019

Contents

1. Business performance.....	3
2. Main financial transactions.	3
3. Events after the reporting date.	4
4. Risk management policy and the principal risks associated with ENDESA's business.....	4
5. Policy on derivative financial instruments.....	4
6. Human resources.	4
7. Treasury shares.....	4
8. Environmental protection.....	4
9. Research and development activities.....	5
10. Information on the average payment period to suppliers.	5

ENDESA, S.A.
MANAGEMENT REPORT FOR THE
THE SIX MONTHS ENDED
30 JUNE 2019

1. Business performance.

ENDESA, S.A. is a holding company and its income essentially depends on the dividends from its subsidiaries and its expenses from the cost of its debt. Provisions for investments can also be made or reversed based on changes in the value of its subsidiaries.

Revenue in the first six months of 2019 totalled Euros 527 million, of which Euros 383 million correspond to dividend income from Group companies and associates, and Euros 144 million to income for the provision of services to subsidiaries.

In the first six months of 2019, ENDESA, S.A.'s dividend income was as follows:

Millions of Euros	
Company	Dividend
ENDESA Red, S.A.U.	320
ENDESA Financiación Filiales, S.A.U.	55
ENDESA Medios y Sistemas, S.L.U.	8
TOTAL	383

In the six months ended 30 June 2019, operating income totalled Euros 532 million, while operating expenses were Euros 177 million, generating profit from operations for the period of Euros 355 million.

A financial loss amounting to Euros 93 million was reported in the first six months of 2019, primarily as a consequence of the financial expenses on debt with Group companies and associates amounting to Euros 86 million.

The pre-tax profit for the period was Euros 262 million.

In the first half of 2019, income of Euros 24 million was recognised from accrued income tax. This is because the dividends received from Group companies, which are the Company's main source of income, are not taxed. These companies' profits have already been taxed in the consolidated income tax return filed for the Group, represented in Spain by ENEL Iberia, S.L.U.

Net income in the first half of 2019 was Euros 286 million.

2. Main financial transactions.

The main financial transactions made in the first half of 2019 are:

- ENDESA, S.A. extended the credit facilities arranged with various financial institutions maturing in March 2022, and increased the limit of several of these, for a total amount of Euros 2,125 million.
- On 9 May 2019, ENDESA, S.A. registered a new Euro Commercial Paper (ECP) emissions programme, and the outstanding balance thereof at 30 June 2019 is Euros 1.136 million, and its renewal is backed by irrevocable bank credit facilities.
- As part of the financial transaction arranged through a green loan with the European Investment Bank (EIB) in 2018, on 19 March 2019, Euros 335 million was drawn down (see Note 6.2). This draw down bears a floating interest rate, with a 15-year maturity depreciable as of March 2023.
- ENDESA, S.A. took out a green loan with “Instituto de Crédito Oficial” (“ICO”) for the amount of Euros 300 million, which was drawn down on 20 May 2019. This draw down bears a variable rate of interest and matures in 12 years, depreciable as of May 2022.
- On 30 June 2019, ENDESA, S.A. signed the extension of the intercompany credit facility with ENEL Finance International, N.V., for Euros 1,000 million, extending its maturity to 30 June 2022.

3. Events after the reporting date.

No other significant events took place between 30 June 2019 and the date of approval of this management report.

4. Risk management policy and the principal risks associated with ENDESA’s business.

Information on ENDESA, S.A.'s risk control and management policy is included in Note 13 to the Financial Statements for the year ended 31 December 2018.

5. Policy on derivative financial instruments.

Information on derivative financial instruments is provided in Note 14 to the financial statements of ENDESA S.A. for the year ended 31 December 2018.

6. Human resources.

Information concerning personnel is included in Note 11.1 of the Interim Condensed Financial Statements and Condensed Explanatory Notes for the six months ended 30 June 2019.

7. Treasury shares.

The Company did not hold any treasury shares at 30 June 2019 and did not carry out any transactions involving treasury shares in the six months then ended.

8. Environmental protection.

Information on the environmental activities is provided in Note 20 to the financial statements of ENDESA S.A. for the year ended 31 December 2018.

9. Research and development activities.

The Company did not carry out any research and development activities directly as these fall within the remit of its subsidiaries.

10. Information on the average payment period to suppliers.

Information on the average payment period to suppliers is provided in Note 19.3 to the financial statements of ENDESA S.A. for the year ended 31 December 2018.

22 July 2019

Report on Limited Review

ENDESA, S.A. AND SUBSIDIARIES
Interim Condensed Consolidated Financial Statements
and Interim Consolidated Management Report
for the six-month period ended
June 30, 2019

REPORT ON LIMITED REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 24)

To the Shareholders of ENDESA, S.A.
at the request of the Directors

Report on the interim condensed consolidated financial statements

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements (hereinafter the interim financial statements) of ENDESA, S.A. (hereinafter the Parent Company) and its Subsidiaries (hereinafter the Group), which comprise the consolidated statement of financial position at June 30, 2019 the income statement, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows, and the condensed explanatory notes, all of which have been consolidated, for the six-month period then ended. The Directors of the Parent Company are responsible for the preparation of said interim financial statements in accordance with the requirements established by International Accounting Standards (IAS) 34, "Interim Financial Reporting", adopted by the European Union for the preparation of interim condensed financial reporting as per article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

We have performed our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Reporting Performed by the Independent Auditor of the Entity". A limited review of interim financial information consists of making inquiries, primarily of personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit carried out in accordance with regulations on the auditing of accounts in force in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

During the course of our limited review, which under no circumstances can be considered an audit of accounts, no matter come to our attention which would lead us to conclude that the accompanying interim financial statements for the six-month period ended June 30, 2019 have not been prepared, in all significant respects, in accordance with the requirements established by International Accounting Standards (IAS) 34, "Interim Financial Reporting", as adopted by the European Union in conformity with article 12 of Royal Decree 1362/2007 for the preparation of interim condensed financial statements.

Emphasis paragraph

We draw attention to the matter describe in accompanying explanatory Note 2, which indicates that the abovementioned accompanying interim financial statements do not include all the information that would be required for completed consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. Therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2018. This does not modify our conclusion.

Report on other legal and regulatory reporting requirements

The accompanying consolidated interim management report for the six-month period ended June 30, 2019 contains such explanations as the Directors of the Parent Company consider appropriate concerning significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six-month period ended June 30, 2019. Our work is limited to verifying the consolidated interim management report in accordance with the scope described in this paragraph, and does not include the review of information other than that obtained from the accounting records of ENDESA, S.A. and its Subsidiaries.

Paragraph on other issues

This report has been prepared at the request of the Management of ENDESA, S.A. with regard to the publication of the half yearly financial report required by Article 119 of Royal Legislative Decree 4/2015, of October 23, approving the consolidated text of the Securities Market Law enacted by the Royal Decree 1362/2007 of October 19.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

Olatz Díez de Artazcoz Herreros

July 22, 2019

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

**Interim Condensed Consolidated Financial
Statements for the six months ended
30 June 2019**

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2019 AND 31 DECEMBER 2018

Millions of Euros

	Notes	30 June 2019 (Unaudited)	31 December 2018
ASSETS			
NON-CURRENT ASSETS		26,487	26,001
Property, plant and equipment	5	22,259	21,840
Investment property		62	62
Intangible assets	6	1,322	1,355
Goodwill		479	479
Investments accounted for using the equity method	7	249	249
Non-current financial assets	14	937	858
Deferred tax assets	16.1	1,179	1,158
CURRENT ASSETS		6,005	5,655
Inventories	8	1,115	1,473
Trade and other receivables	9	3,089	2,955
Trade receivables for sales and services, and other		2,832	2,782
Current income tax assets		257	173
Current financial assets	14	1,347	983
Cash and cash equivalents	10	454	244
Non-current assets held for sale and discontinued operations		-	-
TOTAL ASSETS		32,492	31,656
EQUITY AND LIABILITIES			
EQUITY		9,099	9,181
Of the Parent	11	8,949	9,037
Share capital		1,271	1,271
Share premium and reserves		6,889	7,157
Profit/(loss) of the Parent		776	1,417
Interim dividend		-	(741)
Valuation adjustments		13	(67)
Non-controlling interests		150	144
NON-CURRENT LIABILITIES		15,422	14,781
Deferred income		4,543	4,587
Non-current provisions	12.1	3,430	3,325
Provisions for pensions and similar obligations		1,199	989
Other non-current provisions		2,231	2,336
Non-current borrowings	13.1	5,571	4,975
Other non-current liabilities		740	757
Deferred tax liabilities	16.2	1,138	1,137
CURRENT LIABILITIES		7,971	7,694
Current borrowings	13.1	1,686	1,046
Current provisions	12.1	378	571
Provisions for pensions and similar obligations		-	-
Other current provisions		378	571
Trade payables and other current liabilities	17	5,907	6,077
Suppliers and other payables		5,498	5,918
Current income tax liabilities		409	159
Liabilities associated with non-current assets classified as held for sale and discontinued operations		-	-
TOTAL EQUITY AND LIABILITIES		32,492	31,656

The accompanying explanatory Notes 1 to 24 are an integral part of the Consolidated Statements of Financial Position at 30 June 2019 and 31 December 2018.

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2019 AND 2018

Millions of Euros

	Notes	January - June 2019 (Unaudited)	January - June 2018 (Unaudited)
INCOME		9,791	9,934
Revenue	19.3	9,473	9,560
Other operating income	19.3	318	374
PROCUREMENTS AND SERVICES		(6,901)	(7,111)
Power purchases		(2,418)	(2,363)
Fuel consumption		(876)	(941)
Transmission costs		(2,666)	(2,769)
Other variable procurements and services		(941)	(1,038)
CONTRIBUTION MARGIN		2,890	2,823
Self-constructed assets		99	80
Personnel expenses		(505)	(473)
Other fixed operating expenses		(590)	(626)
EBITDA		1,894	1,804
Depreciation and amortisation, and impairment losses		(794)	(751)
PROFIT FROM OPERATIONS		1,100	1,053
NET FINANCIAL PROFIT/(LOSS)		(96)	(70)
Financial income		16	18
Financial expense		(112)	(87)
Net exchange differences		-	(1)
Net income of companies accounted for using the equity method	7	17	20
Gains/(losses) from other investments		-	-
Gains/(losses) on disposal of assets		(7)	(19)
PROFIT/(LOSS) BEFORE TAX		1,014	984
Income tax		(232)	(228)
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS		782	756
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS		-	-
PROFIT/(LOSS) FOR THE PERIOD		782	756
Parent		776	752
Non-controlling interests		6	4
BASIC NET EARNINGS PER SHARE FOR CONTINUING OPERATIONS (Euros)		0.73	0.71
DILUTED NET EARNINGS PER SHARE FOR CONTINUING OPERATIONS (Euros)		0.73	0.71
BASIC NET EARNINGS PER SHARE FOR DISCONTINUED OPERATIONS (Euros)		-	-
DILUTED NET EARNINGS PER SHARE FOR DISCONTINUED OPERATIONS (Euros)		-	-
BASIC NET EARNINGS PER SHARE (Euros)		0.73	0.71
DILUTED NET EARNINGS PER SHARE (Euros)		0.73	0.71

The accompanying explanatory Notes 1 to 24 are an integral part of the Consolidated Income Statements for the six months ended 30 June 2019 and 2018.

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE
SIX MONTHS ENDED 30 JUNE 2019 AND 2018

Millions of Euros

	Notes	30 June 2019 (Unaudited)			30 June 2018 (Unaudited)		
		Of the Parent	Of non-controlling interests	Total	Of the Parent	Of non-controlling interests	Total
PROFIT FOR THE PERIOD		776	6	782	752	4	756
OTHER COMPREHENSIVE INCOME:							
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		(85)	-	(85)	54	-	54
Items that can be reclassified to the income statement:		89	-	89	63	-	63
From cash flow hedges		125	-	125	81	-	81
Translation differences		-	-	-	1	-	1
Companies accounted for using the equity method		(5)	-	(5)	1	-	1
Other income and expense recognised directly in equity		-	-	-	-	-	-
Tax effect		(31)	-	(31)	(20)	-	(20)
Items that cannot be reclassified to the income statement in subsequent periods:		(174)	-	(174)	(9)	-	(9)
From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets		-	-	-	-	-	-
From measurement of financial instruments		-	-	-	-	-	-
Financial assets at Fair Value		-	-	-	-	-	-
Other income / (expense)		-	-	-	-	-	-
From actuarial gains and losses and other adjustments	12.1.1	(219)	-	(219)	(11)	-	(11)
Tax effect		45	-	45	2	-	2
AMOUNTS TRANSFERRED TO INCOME STATEMENT AND/OR INVESTMENTS		(9)	-	(9)	(16)	-	(16)
From cash flow hedges		(12)	-	(12)	(21)	-	(21)
Translation differences		-	-	-	-	-	-
Companies accounted for using the equity method		-	-	-	-	-	-
Other income and expense recognised directly in equity		-	-	-	-	-	-
Tax effect		3	-	3	5	-	5
TOTAL COMPREHENSIVE INCOME		682	6	688	790	4	794

The accompanying explanatory Notes 1 to 24 are an integral part of the Consolidated Statements of other Comprehensive Income for the six months ended 30 June 2019 and 2018.

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE
SIX MONTHS ENDED 30 JUNE 2019

Millions of Euros

(Unaudited)	Notes	Equity of the Parent					Valuation adjustments	Non-controlling interests	Total equity
		Capital and reserves			Profit/(loss) for the period	Other equity instruments			
		Share capital (Note 11.1)	Share premium, reserves and interim dividend	Treasury shares and own equity instruments					
Balance at 1 January 2019		1,271	6,416	-	1,417	-	(67)	144	9,181
Adjustments due to changes in accounting policies		-	-	-	-	-	-	-	-
Corrections of errors		-	-	-	-	-	-	-	-
Adjusted balance at 1 January		1,271	6,416	-	1,417	-	(67)	144	9,181
Total comprehensive income		-	(174)	-	776	-	80	6	688
Transactions with shareholders or owners		-	(770)	-	-	-	-	-	(770)
Capital Increases/(reductions)		-	-	-	-	-	-	6	6
Conversion of liabilities into equity		-	-	-	-	-	-	-	-
Dividends paid	11.2	-	(770)	-	-	-	-	(6)	(776)
Transactions with treasury shares or own equity instruments (net)		-	-	-	-	-	-	-	-
Increases/(reductions) due to business combinations		-	-	-	-	-	-	-	-
Other transactions with shareholders or owners		-	-	-	-	-	-	-	-
Other changes in equity		-	1,417	-	(1,417)	-	-	-	-
Share-based payments		-	-	-	-	-	-	-	-
Transfers between equity items		-	1,417	-	(1,417)	-	-	-	-
Other changes		-	-	-	-	-	-	-	-
Balance at 30 June 2019		1,271	6,889	-	776	-	13	150	9,099

The accompanying explanatory Notes 1 to 24 are an integral part of the Statement of Changes in Equity for the six months ended 30 June 2019.

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE
SIX MONTHS ENDED 30 JUNE 2018

Millions of Euros

(Unaudited)	Equity of the Parent						Valuation adjustments	Non-controlling interests	Total equity
	Share capital (Note 11.1)	Share premium, reserves and interim dividend	Treasury shares and own equity instruments	Profit/(loss) for the period	Other equity instruments	Capital and reserves			
Balance at 1 January 2018	1,271	6,414	-	1,463	-	(52)	137	9,233	
Adjustments due to changes in accounting policies	-	31	-	-	-	-	-	31	
Corrections of errors	-	-	-	-	-	-	-	-	
Adjusted balance at 1 January	1,271	6,445	-	1,463	-	(52)	137	9,264	
Total comprehensive income	-	(9)	-	752	-	47	4	794	
Transactions with shareholders or owners	-	(722)	-	-	-	-	(8)	(730)	
Capital Increases/(reductions)	-	-	-	-	-	-	(1)	(1)	
Conversion of liabilities into equity	-	-	-	-	-	-	-	-	
Dividends paid	-	(722)	-	-	-	-	(7)	(729)	
Transactions with treasury shares or own equity instruments (net)	-	-	-	-	-	-	-	-	
Increases/(reductions) due to business combinations	-	-	-	-	-	-	-	-	
Other transactions with shareholders or owners	-	-	-	-	-	-	-	-	
Other changes in equity	-	1,463	-	(1,463)	-	-	-	-	
Share-based payments	-	-	-	-	-	-	-	-	
Transfers between equity items	-	1,463	-	(1,463)	-	-	-	-	
Other changes	-	-	-	-	-	-	-	-	
Balance at 30 June 2018	1,271	7,177	-	752	-	(5)	133	9,328	

The accompanying explanatory Notes 1 to 24 are an integral part of the Statement of Changes in Equity for the six months ended 30 June 2018.

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR
THE SIX MONTHS ENDED
30 JUNE 2019 AND 2018

Millions of Euros

	Notes	January - June 2019 (Unaudited)	January - June 2018 (Unaudited)
Profit before tax and non-controlling interests		1,014	984
Adjustments for:		974	805
Depreciation and amortisation, and impairment losses		794	751
Other adjustments (net)		180	54
Changes in working capital:		(809)	(1,047)
Trade and other receivables		70	182
Inventories		(132)	(159)
Current financial assets		(299)	(209)
Trade payables and other current liabilities		(448)	(861)
Other cash flows from/(used in) operating activities:		(272)	(103)
Interest received		15	16
Dividends received		10	6
Interest paid		(62)	(73)
Income tax paid		(72)	72
Other receipts from and payments for operating activities		(163)	(124)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	18.1	907	639
Acquisitions of property, plant and equipment and intangible assets	18.2	(903)	(664)
Proceeds from disposals of property, plant and equipment and intangible assets	18.2	13	3
Investments in Group companies	18.2	(2)	(46)
Proceeds from disposals of investments in Group companies	18.2	-	20
Purchase of other investments		(140)	(122)
Proceeds from disposals of other investments		12	20
Cash flows from changes in the scope of consolidation		-	-
Grants and other deferred income	18.2	27	40
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	18.2	(993)	(749)
Cash Flows from equity instruments	18.3	6	(1)
Proceeds from non-current borrowings	13.1 and 18.3	643	522
Repayment of non-current borrowings	13.1 and 18.3	(205)	(49)
Net cash flows used in current borrowings	13.1 and 18.3	600	867
Dividends of the Parent paid	11.2 and 18.3	(741)	(741)
Dividends paid to non-controlling interests	18.3	(7)	(7)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	18.3	296	591
TOTAL NET CASH FLOWS		210	481
Effect of exchange rate fluctuations on cash and cash equivalents		-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		210	481
CASH AND CASH EQUIVALENTS AT 1 JANUARY	10	244	399
Cash in hand and at banks		244	399
Other cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT 30 JUNE	10	454	880
Cash in hand and at banks		454	880
Other cash equivalents		-	-

The accompanying explanatory Notes 1 to 24 are an integral part of the Consolidated Statements of Cash Flows for the six months ended 30 June 2019 and 2018.

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

Contents

1. Group activity and Interim Condensed Consolidated Financial Statements	10
2. Basis of presentation of the Interim Condensed Consolidated Financial Statements	10
2.1. Accounting policies.....	10
2.2. Responsibility for information and estimates	14
2.3. Subsidiaries	14
2.4. Associates	16
2.5. Joint Arrangements.....	17
2.6. Other investments.....	17
3. Industry regulation.	18
4. Business combinations	22
5. Property, plant and equipment	22
5.1. Rights of use.....	23
5.2. Main investments.....	24
5.3. Other information	24
5.4. Commitments to purchase property, plant and equipment	25
6. Intangible assets	25
6.1. Main investments.....	25
6.2. Other information	26
6.3. Commitments to purchase intangible assets	26
7. Investments accounted for using the equity method	26
8. Inventories	27
8.1. Commitments to acquire inventories.....	27
9. Trade and other receivables	27
9.1. Other information	28
10. Cash and cash equivalents	29
11. Equity and dividends.....	29
11.1. Share capital.....	30
11.2. Dividends.....	30
12. Non-current and current provisions	31
12.1. Non-current and current provisions	31
12.2. Litigation, arbitration and contingent assets.....	34
13. Borrowings	37
13.1. Current and non-current borrowings.....	37
13.2. Other matters.....	38
14. Financial instruments.....	40
14.1. Classification of financial asset instruments	41
14.2. Classification of financial liabilities instruments	41
14.3. Fair value measurement	41
15. Risk management policy	43

16. Deferred tax assets and liabilities	43
16.1. Deferred tax assets.....	43
16.2. Deferred tax liabilities	43
17. Trade payables and other current liabilities.....	43
18. Statement of cash flows	44
18.1. Net cash flows from operating activities.....	44
18.2. Net cash flows from investing activities	45
18.3. Net cash flows from financing activities	46
19. Segment information.....	47
19.1. Basis of segmentation	47
19.2. Segment information.....	48
19.3. Other information.....	50
20. Related-party balances and transactions	51
20.1. Expenses and income and other transactions	51
20.2. Associates and Joint Ventures	54
20.3. Remuneration and other benefits of Directors and Senior management personnel	55
20.4. Conflicts of interest	55
21. Workforce.	56
22. Other information	56
22.1. Other commitments and guarantees.....	57
23. Events after the reporting period	57
24. Explanation added for translation to English	57

ENDESA, S.A. AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. Group activity and Interim Condensed Consolidated Financial Statements.

ENDESA, S.A. (hereinafter, “the Parent” or the “Company”) and its subsidiaries make up the ENDESA Group (hereinafter, “ENDESA”). The Company's registered and head offices are at calle Ribera del Loira, 60, Madrid.

The Company was incorporated with limited liability under Spanish law in 1944 under the name Empresa Nacional de Electricidad, S.A. and changed its name to ENDESA, S.A. pursuant to a resolution adopted by the shareholders at the General Shareholders' Meeting on 25 June 1997.

Its corporate purpose is the electricity business in all its various industrial and commercial areas; the exploitation of primary energy resources of all types; the provision of industrial services, particularly in the areas of telecommunications, water and gas and those preliminary or supplementary to the Group's corporate purpose, and the management of the corporate Group, comprising investments in other companies. ENDESA carries out its corporate purpose in Spain and abroad directly or through its investments in other companies.

In view of the areas of business carried on by ENDESA companies, transactions are not highly cyclical or seasonal.

ENDESA's Consolidated Financial Statements for the year ended 31 December 2018 were approved by the shareholders at the General Shareholders' Meeting held on 12 April 2019 and filed with the Madrid companies register.

The Company forms part of the ENEL Group, the Parent of which is ENEL, S.p.A., which is governed by Italian legislation. Its registered office is at Viale Regina Margherita, 137, Rome, Italy. In Spain, the ENEL Group is headed by ENEL Iberia, S.L.U., with registered office at Calle Ribera del Loira, 60, Madrid. At 30 June 2019, the ENEL Group, through ENEL Iberia, S.L.U., holds 70,101% of ENDESA, S.A.'s share capital (see Note 11.1).

The ENEL Group's consolidated financial statements for the year ended 31 December 2018 were approved by the shareholders at the General Shareholders' Meeting held on 16 May 2019 and filed with the Rome and Madrid companies registers.

The presentation currency of the Parent is the euro and the figures shown herein (unless stated otherwise) are in millions of euros.

2. Basis of presentation of the Interim Condensed Consolidated Financial Statements.

2.1. Accounting policies.

ENDESA's Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019 were approved by the Directors of the Parent at a Board meeting held 22 July 2019 and prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRIC) as adopted by the European Union at the reporting date pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council and other provisions of the financial reporting framework applicable to ENDESA.

These Interim Condensed Consolidated Financial Statements present fairly the equity and financial position of ENDESA at 30 June 2019, as well as the consolidated comprehensive income, consolidated operating performance, changes in consolidated equity and consolidated cash flows for the six months then ended.

The accounting policies and measurement criteria used to prepare the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019 are the same as those explained in Notes 2 and 3 to the Consolidated Financial Statements for the year ended 31 December 2018, except for the new International Financial Reporting Standards (IFRS) and IFRIC interpretations published in the Official Journal of the European Union and which were first applied by ENDESA in the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2019, and following the operating company principle by applying the cost method, with the exception of the items that, in accordance with the International Financial Reporting Standards (IFRS), are recorded at fair value. Items on the consolidated income statement are classified by types of costs.

The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019 have been prepared from the accounting records of the Company and those of the rest of the companies comprising ENDESA.

Each company prepares its financial statements in accordance with the accounting policies and standards prevailing in the country in which it operates. When necessary, in the consolidation process adjustments and reclassifications have been made to the financial statements of subsidiaries to bring their accounting policies and standards into line with IFRS and IFRIC interpretations.

At the date of authorisation for issue of these Interim Condensed Consolidated Financial Statements, the following changes in accounting policies had occurred:

a) Standards and interpretations endorsed by the European Union applied for the first time in the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

Standards, amendments and interpretations	Mandatory application: annual periods beginning on
IFRS 16 Leases	1 January 2019
Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments.	1 January 2019
Amendments to IAS 28 Investments in Associates and Joint Ventures: Long Term Interests in Associates and Joint Ventures.	1 January 2019
Amendments to IAS 19 Employee Benefits: Amendment, Reduction or Settlement of the Plan.	1 January 2019
Annual Improvements to IFRS 2015-2017 Cycle. The improvements are designed to address areas of inconsistency in IFRS or where clarification in wording is required, with amendments to the following standards: IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: Previously Held Interest in a Joint Operation. IAS 12 Income Taxes: Income Tax: Consequences of Payments on Financial Instruments Classified as Equity. IAS 23 Borrowing Costs.	1 January 2019

The application of these standards, interpretations and amendments had no significant impact on the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019, except for the application of IFRS 16 Leases.

IFRS 16 Leases

IFRS 16 Leases establishes that a lessee must recognise an asset according to the right of use, which is the right to use an underlying asset, and a lease liability, which reflects the obligation to make lease payments during its term. This standard introduces no significant changes in regard to the lessor, who shall continue to classify contracts as financial leases or operating leases.

ENDESA has opted for retroactive application of this standard, with the accumulated impact of the initial application, whereby comparative information is not restated but the cumulative effect of initially applying the standard is presented at 1 January 2019, recognising the asset at the same value as the liability.

In relation to the practical solutions that the Standard allows at the date of first application, ENDESA has chosen not to apply this Standard to those leases whose term ends within 12 months from the date of first application or where the underlying asset has an individual value that is lower than USD 5,000, and, in these cases, recognises the payments associated with the leases as an expense on a straight-line basis over the term of the lease in the Other fixed operating expenses section of the consolidated income statement.

Based on the foregoing, and taking into the consideration the practical solutions that have been adopted, the impact on ENDESA's consolidated financial statements on the date of first application of IFRS 16 Leases, is as follows:

Millions of Euros

Consolidated statement of financial position	Notes	1 January 2019			Total
		Generation and supply	Distribution	Structure and other ⁽¹⁾	
Non-current assets		106	19	61	186
Property, plant and equipment	5 and 5.1	106	19	61	186
TOTAL ASSETS		106	19	61	186
Equity		-	-	-	-
Of the Parent		-	-	-	-
Of non-controlling interests		-	-	-	-
Non-current liabilities		97	16	46	159
Non-current borrowings	13.1	97	16	46	159
Current liabilities		9	3	15	27
Current borrowings	13.1	9	3	15	27
TOTAL EQUITY AND LIABILITIES		106	19	61	186

(1) Structure, Services and Adjustments.

The effective incremental interest rate used to register the lease liabilities in the consolidated statement of financial position at 1 January 2019 was 2.38%.

At 1 January 2019 the reconciliation of total minimum future lease payments deriving from operating lease contracts the financial lease liability, from the standpoint of the lessee, is as follows:

Millions of Euros

	1 January 2019
Minimum future payments of operating lease contracts	227
Effect of updating the agreement using the effective incremental interest rate	(39)
Lease contracts subject to the exception ⁽¹⁾	(1)
Extensions of reasonably certain contracts	-
Variable index-based payments	(1)
Financial lease liability	186

(1) Contracts with an expiry date of less than 12 months or that are associated with assets, which have a low individual value (less than USD 5.000).

In the first half of 2019, the impact of the application of IFRS 16 Leases is as follows:

Millions of Euros

Consolidated income statement	Notes	January - June 2019			Total
		Generation and supply	Distribution	Structure and other ⁽¹⁾	
REVENUE		-	-	-	-
PROCUREMENTS AND SERVICES		-	-	-	-
CONTRIBUTION MARGIN		-	-	-	-
Other fixed operating expenses		4	2	8	14
EBITDA		4	2	8	14
Depreciation and amortisation, and impairment losses	5.1	(3)	(2)	(8)	(13)
PROFIT FROM OPERATIONS (EBIT)		1	-	-	1
NET FINANCIAL PROFIT/(LOSS)	5.1	(2)	-	-	(2)
PROFIT/(LOSS) BEFORE TAX		(1)	-	-	(1)
Income tax		-	-	-	-
PROFIT/(LOSS) FOR THE PERIOD		(1)	-	-	(1)
Parent		(1)	-	-	(1)
Non-controlling interests		-	-	-	-

(1) Structure, Services and Adjustments.

At 30 June 2019, due to the application of IFRS 16 Leases, net financial debt was recognised for the payment obligation deriving from rights of use contracts for the amount of Euros 163 million (see Note 13.1).

As a result of the entry into force of IFRS 16 Leases, from 1 January 2019, payments derived from operating lease contracts, that were previously considered cash flow from operating activities are now recognised as cash flows from financing activities. In the first half of 2019 the amount recognised for this concept was Euros 16 million (see Note 18.3).

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 Uncertainty over Income Tax Treatments clarifies how the recognition and measurement requirements of IAS 12 Income Taxes should be applied when there is uncertainty over income tax treatments. In this case, a company will recognise and measure its current or deferred assets or liabilities applying the requirements of IAS 12 Income Taxes based on the tax gain or loss, tax base, unused tax losses, unused tax credits and tax rates as established by this interpretation.

Adoption of this interpretation did not have a significant impact on the ENDESA's Interim Condensed Consolidated Financial Statements in the six months ended 30 June 2019.

b) Standards and interpretations endorsed by the European Union to be applied for the first time in annual periods beginning in 2020.

Standards, amendments and interpretations	Mandatory application: Annual periods beginning on
Improvements to the references in the conceptual framework of International Financial Reporting Standards.	1 January 2020
Amendments to IFRS 3 Business Combinations.	1 January 2020
Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.	1 January 2020

At the date of authorisation for issue of these Interim Condensed Consolidated Financial Statements, ENDESA's management is assessing the impact of applying these improvements and amendments and has not concluded this analysis.

c) Standards and interpretations issued by the International Accounting Standards Board (IASB) not endorsed by the European Union.

The International Accounting Standards Board (IASB) has approved the following International Financial Reporting Standards (IFRS), which could affect ENDESA but are still pending endorsement by the European Union at the approval date of these Interim Condensed Consolidated Financial Statements:

Standards, amendments and interpretations	Mandatory application: ⁽¹⁾ annual periods beginning on
IFRS 14 Deferral of Regulated Activities	1 January 2016 ⁽²⁾
IFRS 17 Insurance Contracts	1 January 2021
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Indefinitely postponed

(1) If adopted without changes by the European Union.

(2) Adoption process halted by the European Union.

At the date of approval of these Interim Condensed Consolidated Financial Statements, ENDESA's management is assessing the impact of the standards, if endorsed by the European Union, on the consolidated financial statements, and this analysis has not yet been concluded.

2.2. Responsibility for information and estimates.

The Company's management is responsible for the contents of the Interim Condensed Consolidated Financial Statements, which were authorised for issue at the Board of Directors' Meeting held on 22 July 2019, and expressly states that all IFRS policies and criteria have been applied.

ENDESA's Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019 have been prepared from the accounting records of the Company and those of the rest of the companies comprising ENDESA at that date, and include all the significant disclosures required of IAS 34 Interim Financial Reporting, in accordance with article 12 of Royal Decree 1362/2007, of 19 October 2007, but not the full set of disclosures as required by IFRS in a complete set of financial statements. Therefore, for an appropriate understanding, they should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018.

In preparing the accompanying Interim Condensed Consolidated Financial Statements, ENDESA's Directors made estimates to measure certain assets, liabilities, income, expenses and commitments included therein. The estimates necessary to prepare the Interim Condensed Consolidated Financial Statements were basically the same as those described in Note 2.2 to the consolidated financial statements for the year ended 31 December 2018. There were no changes with respect to those used in the consolidated financial statements that had a significant impact on the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

The income tax expense in the accompanying Interim Condensed Consolidated Financial Statements was calculated based on the best estimate of the tax rate expected to apply to the related annual periods. As a result, changes in estimates of the annual tax rate could require the amount recognised for the six months ended 30 June 2019 to be adjusted in future reporting periods.

2.3. Subsidiaries.

Subsidiaries are the investees, which the Parent controls, directly or indirectly, through power over the investee, exposure, or rights, to variable returns from involvement with the investee and the ability to use power over the investee to affect those returns. In this respect, a company is exposed to variable returns from its involvement with the investee when the returns from its involvement have the potential to vary as a result of the investee's performance, and the company has the ability to use its power to affect these variable returns.

Control arises from substantive rights over the investee, whereby ENDESA applies its own judgement to assess whether these substantive rights give it the power to govern the investee's main activities in order to affect its returns. To this end, consideration is taken of all the facts and circumstances involved to assess whether or not it controls an investee, analysing factors such as contracts with third parties, rights arising from other contractual agreements, and real and potential voting rights, considered as potential voting rights held by ENDESA or third parties that are exercisable or convertible at the accounting close.

When events occur that affect control of the investee, exposure to variable returns due to continued involvement, or the ability to use control of the investee to influence its returns, the existence of control of the investee is reassessed.

Subsidiaries are fully consolidated (see Note 2.7 to the consolidated financial statements for the year ended 31 December 2018).

At 30 June 2019 and 31 December 2018, ENDESA had no structured entities as defined in IFRS 12 Disclosure of Interests in Other Entities, designed in such a way that voting rights and similar rights do not constitute the main factor for the purposes of defining control.

Six months ended 30 June 2019 and 2018.

Companies included

The following companies were included in the consolidation scope in the six months ended 30 June 2019 and 2018:

Notes	Transaction	Activity	Companies added January - June 2019				Companies added January - June 2018				
			Stake at 30 June 2019 (%)		Stake at 31 December 2018 (%)		Stake at 30 June 2018 (%)		Stake at 31 December 2017 (%)		
			Control	Economic	Control	Economic	Control	Economic	Control	Economic	
Energía Neta Sa Caseta Llucmajor, S.L.U. ⁽¹⁾	4	Acquisition	Photovoltaic	100.00	100.00	-	-	-	-	-	-
ENDESA Energía Renovable, S.L.U. ⁽²⁾		Formed	Supply	100.00	100.00	-	-	-	-	-	-
Baleares Energy, S.L.U. ⁽¹⁾	4	Acquisition	Photovoltaic	100.00	100.00	-	-	-	-	-	-
Baikal Enterprise, S.L.U. ⁽¹⁾	4	Acquisition	Photovoltaic	100.00	100.00	-	-	-	-	-	-
Valdecaballero Solar, S.L.U.		Acquisition	Photovoltaic	100.00	100.00	100.00	100.00	100.00	100.00	-	-
Navalvillar Solar, S.L.U.		Acquisition	Photovoltaic	100.00	100.00	100.00	100.00	100.00	100.00	-	-
Castiblanco Solar, S.L.U.		Acquisition	Photovoltaic	100.00	100.00	100.00	100.00	100.00	100.00	-	-
Parque Eólico Muniesa, S.L.U.		Acquisition	Wind	100.00	100.00	100.00	100.00	100.00	100.00	-	-
Parque Eólico Farlán, S.L.U.		Acquisition	Wind	100.00	100.00	100.00	100.00	100.00	100.00	-	-
Aranort Desarrollos, S.L.U.		Acquisition	Wind	100.00	100.00	100.00	100.00	100.00	100.00	-	-
Bosa del Ebro, S.L.		Acquisition	Wind	51.00	51.00	51.00	51.00	51.00	51.00	-	-
Tauste Energía Distribuida, S.L.		Acquisition	Wind	51.00	51.00	51.00	51.00	51.00	51.00	-	-
Eólica del Cierzo, S.L.U.		Acquisition	Wind	100.00	100.00	100.00	100.00	100.00	100.00	-	-
San Francisco de Borja, S.A.		Acquisition	Wind	66.67	66.67	66.67	66.67	66.67	66.67	-	-
Parques Eólicos Gestinver, S.L.U.		Acquisition	Wind	100.00	100.00	100.00	100.00	100.00	100.00	-	-
Parques Eólicos Gestinver Gestión, S.L.U.		Acquisition	Wind	100.00	100.00	100.00	100.00	100.00	100.00	-	-
Energía Eólica Alto del Llano, S.L.U.		Acquisition	Wind	100.00	100.00	100.00	100.00	100.00	100.00	-	-
Eólica del Principado, S.A.U.	2.4	Acquisition	Wind	100.00	100.00	100.00	100.00	100.00	100.00	40.00	40.00

(1) Companies acquired by ENEL Green Power España, S.L.U. (EGPE) totalling Euros 2 million, of which less than Euros 1 million are pending payment at 30 June 2019 (see Notes 4 and 18.2).

(2) Company formed by ENDESA Energía, S.A.U.

Companies excluded

The following companies were excluded from the consolidation scope in the six months ended 30 June 2019:

Transaction	Activity	Companies excluded January - June 2019				
		Stake at 30 June 2019 (%)		Stake at 31 December 2018 (%)		
		Control	Economic	Control	Economic	
Eólica del Noroeste, S.L. ⁽¹⁾	Sale	Wind	-	-	51.00	51.00

(1) The gross gain on the sale was less than Euros 1 million.

No companies were excluded from the consolidation scope in the six months ended 30 June 2018.

Changes

The following changes occurred in the percentage control and economic stake of the following subsidiaries in the six months ended 30 June 2019:

	Transaction	Activity	Company changes, January - June 2019			
			Stake at 30 June 2019 (%)		Stake at 31 December 2018 (%)	
			Control	Economic	Control	Economic
ENEL Green Power Granadilla, S.L.U. (1)	Acquisition	Wind	100.00	100.00	65.00	65.00

(1) Impact on equity of less than Euros 1 million.

In the six months ended 30 June 2018 there were no changes in the percentage control or economic stakes of subsidiaries.

2.4. Associates.

Associates are entities in which the Parent has significant influence, directly or indirectly. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by ENDESA or other entities, are taken into account when assessing whether it has significant influence.

In general, where ENDESA holds a stake above 20%, it is presumed that it has significant influence.

Associates are accounted for using the equity method (see Note 3h to the consolidated financial statements for the year ended 31 December 2018).

Six months ended 30 June 2019 and 2018.

Companies included

In the six months ended 30 June 2019 and 2018, no associates were included in the consolidation scope, except for those indicated below the Changes section.

Companies excluded

The following associates were excluded from the consolidation scope in the six months ended 30 June 2019 and 30 June 2018:

	Transaction	Activity	Companies excluded January - June 2019				Companies excluded January - June 2018			
			Stake at 30 June 2019 (%)		Stake at 31 December 2018 (%)		Stake at 30 June 2018 (%)		Stake at 31 December 2017 (%)	
			Control	Economic	Control	Economic	Control	Economic	Control	Economic
Ufeyfys, S.L. (In liquidation) (1)	Sale	Renewable energies.	-	-	40.00	40.00	40.00	40.00	40.00	40.00
Erecosalz, S.L. (In liquidation) (2)	Termination	Cogeneration	-	-	33.00	33.00	33.00	33.00	33.00	33.00
Consorcio Eólico Marino Cabo de Trafalgar, S.L. (In liquidation) (2)	Termination	Wind	-	-	-	-	-	-	50.00	50.00

(1) The gross gain on the sale was less than Euros 1 million.

(2) The scale of these companies was not material.

Changes

In the six months ended 30 June 2019 there were no changes in the percentage control or economic stakes of associates.

In the six month period ended 30 June 2018, after control was obtained over Eólica del Principado, S.A.U. on 22 May 2018, this investment was recognised as a subsidiary (see Note 2.3).

2.5. Joint Arrangements.

A joint arrangement is an agreement that gives two or more parties joint control, whereby the unanimous consent of all parties sharing control is required for decisions to be taken with respect to major activities.

Joint arrangements may be joint operations or joint ventures, depending on the rights and obligations of the parties to the agreement.

In order to determine the type of joint arrangement from a contractual arrangement at the accounting close, management assesses the legal contents and structure of the arrangement, the terms agreed by the parties and other relevant factors and issues. If any changes are made to the contractual features of a joint arrangement, these factors and issues are reassessed.

Joint operations

Joint operations are entities governed by a Joint Arrangement whereby ENDESA and the other parties have rights to their assets and obligations with respect to the liabilities.

Joint operations are consolidated using proportionate consolidation, combining the proportionate share of the assets and liabilities of the operation as described in Note 2.7 to the consolidated financial statements for the year ended 31 December 2018.

Six months ended 30 June 2019 and 2018.

Inclusions, exclusions and changes

In the periods ended 30 June 2019 and 2018, no joint operations were included in the consolidation scope, there were no changes in the percentage control or economic stake, and no exclusions.

Joint ventures

Joint ventures are companies governed by a joint arrangement whereby ENDESA and the other parties have rights over the net assets.

Joint ventures are accounted for using the equity method (see Note 3h to the consolidated financial statements for the year ended 31 December 2018).

Six months ended 30 June 2019 and 2018.

Inclusions, exclusions and changes

No joint ventures were included in the consolidation scope in the six months ended 30 June 2019 and 2018, and there were no exclusions or changes in the percentage control or economic stakes.

2.6. Other investments.

The impact of the financial indicators of ENDESA's investees that are not considered subsidiaries, joint operations, joint ventures or associates on the fair presentation required in the Interim Condensed Consolidated Financial Statements.

3. Industry regulation.

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

2019 electricity tariff.

Ministerial Order TEC/1366/2018, of 20 December 2018, establishing access tariffs for 2019, was published in the Official State Gazette on 22 December 2018. Electricity access tariffs remained unchanged in the Order. This Order repealed the incentive for availability of Order ITC/3127/2011, of 17 November 2011, until the capacity mechanisms are reviewed for adaptation to European regulations and the energy transition process.

Natural gas tariff for 2019.

On 22 December 2018, Order TEC/1367/2018, of 20 December 2018, establishing access tariffs for gas for 2019, which remained unchanged, and on 28 December 2018, the Resolution of 26 December, publishing the Last Resort Tariffs (LRT) for natural gas applicable from 1 January 2019, implying an average reduction of approximately 4% due to lower raw material costs, were published in the Official State Gazette ("BOE").

On 30 March 2019, the Official State Gazette published the Resolution of the Directorate General of Energy Policy and Mines of 22 March 2019, establishing the last resort tariff (LRT) for natural gas applicable from 1 April 2019. Depending on whether this is Last Resort Tariff 1 (LRT1) or Last Resort Tariff 2 (LRT2), this will decrease by an average of 5.2% and 6.6% respectively compared to the previous quarter due to lower raw material costs.

Energy efficiency.

Law 18/2014 of 15 October 2014, 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 TEC/332/2019 of 20 March 2019, entailed a contribution by ENDESA to the Energy Efficiency National Fund of Euros 29 million, corresponding to its 2019 obligations.

Royal Decree regulating self-consumption.

On 6 April 2019, the Official State Gazette published Royal Decree 244/2019, of 5 April 2019, regulating the administrative, technical and economic conditions of the self-consumption of electricity, in compliance with Royal Decree Law 15/2018, of 5 October 2018, on urgent measures for energy transition and consumer protection.

Royal Decree 244/2019, of 5 April 2019, addresses the following points, among others:

- In addition to the individual self-consumption connected to an internal grid, it includes the concept of collective self-consumption, whereby a group of consumers can be associated with the same generation facility (for example, homeowners' associations or companies/industries located in the same area).
- It also defines the concept of "installing production facilities close to consumption facilities and associated with them", thereby enabling self-consumption using generation facilities located in the same building (the current situation) and other facilities nearby.
- It introduces a simplified mechanism to compensate surpluses (energy generated by self-consumption facilities that is not immediately used by the customer) for installations with capacity of less than 100 kW and provided that electricity is produced using renewable sources. In this case, to obtain compensation it will not be necessary to set up as an energy producer, as the supply company will compensate the user for any surplus energy through its monthly invoice. This compensation could be as much as 100% of the power consumed during the month.

- For collective and communal self-consumption, the energy will be shared among associated consumers in proportion to their contracted power and the Royal Decree permits the development of dynamic sharing ratios so that the consumer can take advantage of the surplus produced by another associated consumer if it is not consuming its allocated share.
- Administrative procedures for all consumers will be simplified, particularly for small self-consumers (installation of up to 15kW or 100kW, for self-consumption without surpluses). Measurement configurations have been simplified such that in most cases a single meter at the distribution network border will be sufficient.
- Lastly, a monitoring system has been established for these installations to supervise their impact on System operations and allow them to be integrated gradually and securely.

Renewable auctions in Non-mainland Territories' electricity systems (“TNP”).

Order TEC/1380/2018, of 20 December 2018, was published in the Official State Gazette (“BOE”) on 25 December 2018. This Order establishes the regulatory terms for concession of support for investment in wind and solar power generation facilities located in non-mainland territories (“TNP”), co-financed with funds from the European Regional Development Fund (ERDF).

On 27 December 2018, the Institute for Energy Diversification and Savings (“IDAE”) passed a resolution, convening auctions of subsidies for investment in wind facilities in the Canary Islands, with an allocation of Euros 80 million and maximum power of 217 MW. On 27 June 2019 the final resolution was published, and ENDESA was awarded wind power of 16.1 MW.

Further, on 27 March 2019, the Institute for Energy Diversification and Savings (“IDAE”) passed a resolution, convening auctions of subsidies for investment in photovoltaic facilities in the Balearic Islands, with an allocation of Euros 40 million. The bidding period has now finished and auction will be finalised.

Strategic energy and climate framework.

The European Union has made a clear commitment to fight against global warming, setting a target to reduce greenhouse gas emissions by 80% from 1990 to 2050, and defining ambitious goals and objectives for all member states. It also signed the Paris Agreement, the aim of which is to prevent the planet from warming by more than 2°C compared to pre-industrial levels, in addition to other efforts to ensure the global rise in temperature does not exceed 1.5°C.

These targets are currently being transposed into Spanish law and on 22 February 2019, the Ministry of Ecological Transition opened a public consultation on the Strategic Energy and Climate Framework, containing mainly the following documents:

- Draft Law on climate change and energy transition: This sets out the regulatory and institutional framework to introduce the Union European's commitment to decarbonising the economy through to 2050, and the global commitment of the Paris Agreement. Specifically, it would set two time frames: for 2030, a target to reduce greenhouse gas (GHG) emissions by at least 20% compared to 1990, a target to generate 70% of electricity using renewable sources and a target to improve energy efficiency by at least 35% compared to the baseline scenario; and for 2050, a target to reduce greenhouse gas emissions by at least 90% compared to 1990 and an Electricity System that is 100% based on renewable sources. The draft law also sets out specific measures to help achieve these targets. These include: measures to promote renewable energies; limits on the use of hydrocarbons, cutbacks on subsidies for fossil fuels and revising their tax treatment; promotion of electric mobility; definition of impact indicators and indicators to measure adaptation to climate change; or the introduction of a framework for the mobilisation of economic resources for the transition.

- Draft National Integrated Energy and Climate Plan (“PNIEC”) 2021-2030: The framework for the national strategic plan to integrate the energy and climate policy, reflecting Spain's contribution to achieving the targets set by the European Union. The draft National Integrated Energy and Climate Plan (“PNIEC”) also establishes the milestones and steps in the transition towards modernising the whole economy and includes: a 31% reduction in greenhouse gas (GHG) emissions vs 1990, roll-out of renewable energies to account for 42% of total energy produced in the country (74% for electricity generation) and a 39.6% improvement in energy efficiency. It also establishes the effort required from all sectors (energy, industrial, transport, agriculture, residential, waste, and natural supplies) through to 2030. The Ministry of Ecological Transition has submitted the Draft National Integrated Energy and Climate Plan (“PNIEC”) 2021-2030 to the European Commission, as have the other EU member states, starting a structured dialogue which will conclude with the Plan being approved at the end of 2019.
- A Fair Transition Strategy: The objective is to increase job opportunities in areas that will be affected by the transition to a low-carbon economy.

National Strategy to Combat Energy Poverty.

On 5 April 2019, the Council of Ministers approved the National Strategy to Combat Energy Poverty 2019-2024, in response to the mandate set out in Royal Decree Law 15/2018, of 5 October 2018, on urgent measures for energy transition and consumer protection.

The instrument defines the concepts of energy poverty and vulnerable consumers, providing a diagnosis of the current status of energy poverty, including the impact on health, personal and social development and equality, and establishes lines of action and reduction targets.

The National Strategy to Combat Energy Poverty is the result of the need to maintain and improve benefit systems (electric and thermal Social Bonus) as transition tools that will give increased importance to structural measures to find long-term solutions for the root cause.

To properly analyse and monitor the different types of energy poverty, the indicators established by the European Energy Poverty Observatory are used as the official primary indicators (high share of energy expenditure in income, hidden energy poverty, inability to keep home adequately warm and arrears on utility bills). In order to improve the lowest value in the series of these indicators in 2008-2017, and raise the European Union average, the Strategy establishes a minimum reduction objective of 25% in 2025 (vs 2017), with a target of 50%.

The National Strategy to Combat Energy Poverty will have a duration of five years (2019-2024), and a series of operating plans are expected to be developed for its implementation. It will be managed and monitored by the Institute for Energy Diversification and Savings (“IDAE”).

The National Strategy to Combat Energy Poverty establishes four lines of action, comprising 19 concrete measures:

- To raise awareness of energy poverty through a detailed study of the energy expenditure of consumers according to the climate zone they live in, considering among other factors, the presence of minors in the household. The indicators will be updated by the government on an annual basis.
- Improve the response to the current energy poverty situation. Among other aspects, a new Social Bonus is considered to be necessary; the main lines of which are as follows: It will be an energy Social Bonus (for all types of energy supply), that should be directly granted by the authorities (automation) and management mechanisms should be implemented in concert with the Public Administrations involved. Extraordinary responses are also defined, such as not allowing supply to be cut off, in extreme weather conditions.
- Facilitate structural change through short, medium and long-term measures for the energy rehabilitation of housing and replacement of old appliances and machinery with efficient apparatus.
- Protection measures for consumers and social awareness. Among other actions, a protocol will be established to detect vulnerability through family doctors and the management of information on public benefits will be standardised to ensure this information is included in the existing universal social card.

To raise public awareness, communication actions will be rolled out on the use of smart meters, consumption habits, energy savings and efficiency improvements, and a permanent communication channel set up for individuals and groups.

Social Bonus (or Social Tariff).

The Ministry of Ecological Transition has started processing a proposed order establishing the distribution percentage of the financing for the 2019 social bonus. ENDESA, S.A. would be allocated a percentage of 36.26%, compared to 37.15% currently.

Public consultation on the draft Royal Decree establishing the methodology for calculating Electricity and Gas System charges.

Royal Decree Law 1/2019, of 11 January 2019, establishes, among other points, that the government must approve the calculation methodology for Electricity and Gas System charges before 1 January 2020. Therefore, in May 2019 the Ministry of Ecological Transition opened a public consultation prior to drawing up the Royal Decree establishing the calculation methodology for Electricity and Gas System charges and its structure, in order to obtain the opinions of all agents and parties involved.

This methodology must establish the variables used to distribute the costs that have to be covered by the charges, in a way that is not discriminatory and that is aligned with the government's energy policies, i.e. that fosters efficiency, the electrification of the economy and a fair energy transition.

Spanish Markets and Competition Commission (“CNMC”) circulars.

Pursuant to Royal Decree Law 1/2019, of 11 January 2019, the Spanish Markets and Competition Commission (“CNMC”) has an area of responsibility that includes approving and setting certain regulatory aspects via circulars.

In June 2019, the Spanish Markets and Competition Commission (“CNMC”) opened the following circulars for public consultation:

- Circular on the methodology and access conditions, in addition to the connection to the transmission and distribution grids of electrical energy production facilities, with the goal of regulating the procedures, periods and criteria for assessing access capacity and grant permits, improve the transparency of the process, and other aspects relating to controlling the progress of the projects to ensure they are properly completed.
- Circular on the methodologies regulating the operation of the wholesale electricity generation market and the management of the System, in order to establish energy market regulations for different time horizons (forward, day-ahead, intraday markets, balancing and alleviation of congestion in the electricity system) and set the methodologies for technical aspects of system operations to ensure the progressive harmonisation and convergence of the European electricity markets.
- Circular on the financial rate of remuneration for the second regulatory period (2020-2025), for which the Spanish Markets and Competition Commission (“CNMC”) proposes a figure of 5.58% (6.003% for 2020).
- Circular on the remuneration methodology for the electricity distribution activity to establish the parameters, criteria and remuneration method for this activity in the next regulatory period. The draft circular contains a new remuneration formula that regroups certain items included in Royal Decree 1048/2013 and creates new ones. The calculation formula for incentives (losses and quality) are also amended, eliminating the fraud incentive.
- There are also other draft circulars addressing the remuneration methodology for the other Electricity and Gas Sector regulated activities.

4. Business combinations.

In the first half of 2019, the following acquisitions were made:

	Acquisition date	Technology	Stake at 30 June 2019 (%)		Stake at 31 December 2018 (%)	
			Control	Economic	Control	Economic
Energía Neta Sa Caseta Lluçmajor, S.L.U.	5 March 2019	Photovoltaic	100.00	100.00	-	-
Baleares Energy, S.L.U.	28 May 2019	Photovoltaic	100.00	100.00	-	-
Baikal Enterprise, S.L.U.	28 May 2019	Photovoltaic	100.00	100.00	-	-

The price agreed for all the aforementioned transactions totalled Euros 2 million, of which an amount of less than Euros 1 million is pending payment (see Notes 2.3 and 18.2).

ENDESA has recognised the acquisition of these companies as a business combination. Using the acquisition method, it recognised definitively the assets acquired and liabilities assumed (net assets acquired) of each at their acquisition-date fair value in the following headings of the consolidated financial statements:

Millions of Euros		Notes	Fair value
Non-current assets			3
Property, plant and equipment		5	3
TOTAL ASSETS			3
Non-current liabilities			1
Deferred tax liabilities		16.2	1
TOTAL LIABILITIES			1
Fair value of net assets acquired			2

These companies are currently applying for permits and licences to carry out their projects. Therefore, construction work has not yet started on the renewable power facilities, and therefore, no ordinary income has been generated since their respective acquisition dates.

5. Property, plant and equipment.

The composition of this item of the consolidated statement of financial position at 30 June 2019 and movements in the first half of 2019 were as follows:

Millions of Euros							
Property, plant and equipment in use and under construction	Balance at 31 December 2018	Changes in accounting policies IFRS 16 (Notes 2.1 and 5.1)	Inclusion/exclusion of companies (Note 4)	Investments (Note 5.2)	Depreciation and amortisation, and impairment losses	Disposals and Transfers (1)	Balance at 30 June 2019
Land and buildings	389	179	-	-	(21)	(9)	3 541
Electricity generation facilities:	8,828	-	-	14	(331)	- 124	8,635
Hydroelectric plants	815	-	-	-	(16)	- 10	809
Coal-fired/fuel-oil plants	1,632	-	-	2	(126)	- 13	1,521
Nuclear power plants	2,881	-	-	11	(112)	- 86	2,866
Combined cycle plants	2,372	-	-	1	(47)	- 6	2,332
Renewable energy plants	1,128	-	-	-	(30)	- 9	1,107
Transmission and distribution facilities	11,439	-	-	24	(279)	- 153	11,337
Low- and medium-voltage, measuring and remote control equipment and other installations	11,439	-	-	24	(279)	- 153	11,337
Other property, plant and equipment	123	7	-	3	(13)	(6)	9 123
Property, plant and equipment under construction	1,061	-	3	802	-	- (243)	1,623
TOTAL	21,840	186	3	843	(644)	(15)	22,259

(1) Includes the application to property, plant and equipment of changes to the estimated costs of dismantling the facilities (see Note 12.1.3).

5.1. Rights of use.

The breakdown of rights of use assets, included under Property, plant and equipment in the consolidated statement of financial position at 30 June 2019 and movements in the first half of 2019 were as follows:

Millions of Euros

Rights of use assets	Balance at 31 December de 2018 ⁽¹⁾	Changes in accounting policies IFRS 16 ^(Notes 2.1 and 5)	Additions	Disposals	Depreciation and amortisation, and impairment losses	Balance at 30 June 2019
Land and buildings	17	179	-	(4)	(13)	179
Electricity generation facilities	385	-	-	-	(12)	373
Other property, plant and equipment	9	7	2	(6)	(1)	11
TOTAL	411	186	2	(10)	(26)	563

(1) Corresponding to finance lease contracts in accordance with the previous IAS 17 Leases (see Note 5.1.1).

During the first half of 2019, the effect of the right of use assets in the Consolidated Income Statements is as follows:

Millions of Euros

	Notes	January - June 2019
Provision for amortisation of rights of use assets		26
Leases (IFRS 16 Leases)	2.1	13
Other leases		13
Interest expenses on borrowings associated with rights of use		8
Leases (IFRS 16 Leases)	2.1	2
Other leases		6
Expenses relating to short-term leases and/or low-value assets ⁽¹⁾		2
Expenses relating to variable payments in operating leases		1
Total effect in the consolidated income statement		37

(1) Leases expiring in the 12 months following first time application and/or where the value of the underlying assets is less than USD 5,000.

5.1.1. Rights of use as lessee

At 30 June 2019, the most significant lease contracts under which ENDESA is the lessee are as follows:

- ENDESA Generación, S.A.U. signed a tolling agreement with Elecgas, S.A. (a company in which ENDESA Generación, S.A.U. holds a 50% interest), for 25 years (16 remaining), whereby Elecgas, S.A. makes the entire production capacity of its plant available to ENDESA Generación, S.A.U. and undertakes to transform the gas supplied into electricity in exchange for a financial charge.
- ENDESA Distribución Eléctrica, S.L.U. entered into finance lease contracts for office buildings located mostly in Barcelona, Lérida and Zaragoza, with a remaining duration of around 8 years.
- Lease contracts corresponding to the right of use of lands on which some of the generation facilities of ENEL Green Power España, S.L.U. (EGPE) are located. These are long term contracts, with automatic renewal clauses and expiry dates between 2019 and 2065. The prices in these contracts are calculated in accordance with the capacity installed (MW) and the production (GWh).
- Contracts for technical equipment to cover one-off services according to operating requirements.
- Vehicle leasing contracts.

At 30 June 2019, Property, Plant and Equipment in the Consolidated Statement of Financial Position includes Euros 563 million, corresponding to the net book value of assets under lease contracts, of which Euros 163 million relate to lease contracts pursuant to IFRS 16 Leases. At 31 December 2018, this heading included Euros 411 million corresponding to the net book value of assets under lease contracts in accordance with previous IAS 17 Leases (see Note 5.1).

Also, at 30 June 2019, the Non-Current Financial Debt and Current Financial Debt captions in the Statement of Financial Position include Euros 561 million and Euros 48 million, respectively, relating to the financial liabilities for rights of use arising from lease contracts. These amounts include Euros 138 million and Euros 25 million, respectively, relating to financial liabilities for rights of use arising from lease contracts under IFRS 16 Leases. At 31 December 2018, these headings included Euros 432 million and Euros 22 million, respectively, relating to financial liabilities for rights of use arising from lease contracts (see Note 13.1).

In general, the amount of lease contracts with purchase options coincides with the amount of the last instalment.

5.1.2. Rights of use as lessor.

Finance Lease

At 30 June 2019 and 31 December 2018, ENDESA had entered into no finance lease contracts where it acts as lessor.

Operating Lease

At 30 June 2019, the most significant operating lease contracts in which ENDESA acts as the lessor are those that ENDESA Energía, S.A.U. has formalised relating to contracts with third parties, corresponding to fixed assets, for the supply of other products and services.

Rental income recognised in the first half of 2019 totalled Euros 4 million (Euros 3 million in the first half of 2018).

5.2. Main investments.

Details of investments in property, plant and equipment in the six months ended 30 June 2019 and 2018 are as follows:

Millions of Euros

	Property, plant and equipment ⁽¹⁾	
	January - June 2019	January - June 2018
Generation and supply	619	184
Distribution	220	273
Structure and Other ⁽²⁾	4	1
TOTAL	843	458

(1) Does not include business combinations in the period (see Note 4).

(2) Structure, Services and Adjustments.

Gross investments in generation in the first half of 2019 relate largely to investments for the construction of the wind and photovoltaic power capacity awarded in the auctions held in 2017 for the amount of Euros 441 million.

Gross investments in supply mainly relate to the development of the activities related to new products and services.

Gross distribution investments related to grid extensions and expenditure aimed at optimising the grid to improve the efficiency and quality of service.

5.3. Other information.

No significant intangible assets were derecognised in the six months ended 30 June 2019 and 2018.

No significant impairment losses were recognised on property, plant and equipment in the first six months of 2019 and 2018 (see Notes 19.2.1 and 19.2.2).

5.4. Commitments to purchase property, plant and equipment.

ENDESA had commitments to purchase property, plant and equipment for Euros 845 million at 30 June 2019 (Euros 858 million at 31 December 2018):

Millions of Euros		
	30 June 2019 ^{(1) (2)}	31 December 2018 ^{(3) (4)}
Generation and supply	764	776
Distribution	80	82
Structure and Other ⁽⁵⁾	1	-
TOTAL	845	858

(1) None of these amounts have been committed with Group companies nor correspond to joint ventures.
(2) Includes Euros 236 million relating to investments associated with rights of use assets (IFRS 16 Leases).
(3) Includes Euros 7 million corresponding to commitments with Group companies.
(4) There are no other commitments with joint ventures.
(5) Structure, Services and Adjustments.

The commitments relating to generation assets mainly correspond to investments destined to the production base and will materialise after the second half of 2019.

ENDESA, through ENEL Green Power España, S.L.U. (EGPE), was awarded a 540 MW wind power contract and a 339 MW photovoltaic contract in the auctions that were held in 2017 by the Ministry of Energy, Tourism and Digital Agenda (currently the Ministry of Ecological Transition). On this basis, ENDESA intends to invest approximately Euros 870 million to build the awarded renewable power capacity, of which Euros 639 million had already been realised at 30 June 2019 and Euros 215 million have been committed at the same date.

Also, the commitments relating to marketing assets include rights of use relating to two charter contracts for the transport of liquefied natural gas (LNG) which ENDESA, through ENDESA Energía, S.A.U., has signed for a period of between 7 and 8 years. At 30 June 2019, these commitments amounted to Euros 236 million.

The commitments relating to distribution assets include investments aimed at expanding or improving the network, with a focus on digitalising the network, strengthening and increasing the resilience of assets, improving service quality and transforming processes and systems.

6. Intangible assets.

The composition of this item of the consolidated statement of financial position at 30 June 2019 and movements in the first half of 2019 were as follows:

Millions of Euros					
	Balance at 31 December 2018	Inclusion/(exclusion) of companies	Investments (Note 6.1)	Depreciation and amortisation, and impairment losses	Balance at 30 June 2019
Software	499	-	41	(58)	482
Concessions	33	-	-	(1)	32
Cost of customer acquisition	111	-	35	(29)	117
Other	712	-	2	(23)	691
TOTAL	1,355	-	78	(111)	1,322

6.1. Main investments.

Details of investments in intangible assets in the six months ended 30 June 2019 and 2018 are as follows:

Millions of Euros			
	Intangible investments ⁽¹⁾		
	January - June 2019	January - June 2018	
Generation and supply	54	48	
Distribution	15	14	
Structure and other ⁽²⁾	9	9	
TOTAL	78	71	

(1) Does not include business combinations in the period (see Note 4).
(2) Structure, services and Adjustments.

Gross investments in intangible assets in the first half of 2019 mainly correspond to computer software and ongoing investments in ICT activities for the sum of Euros 41 million, including those associated with the strategic digitalisation target, and the capitalisation of incremental costs incurred corresponding to the acquisition of customer contracts for the sum of Euros 35 million.

6.2. Other information.

No significant intangible assets were derecognised in the six months ended 30 June 2019 and 2018.

No significant impairment losses were recognised on intangible assets in the first six months of 2019 and 2018 (see Notes 19.2.1 and 19.2.2).

6.3. Commitments to purchase intangible assets.

At 30 June 2019, ENDESA had future commitments to purchase intangible assets amounting to Euros 49 million (Euros 29 million at 31 December 2018), corresponding primarily to computer software:

Millions of Euros		30 June 2019 ⁽¹⁾	31 December 2018 ⁽¹⁾
Generation and supply		38	11
Distribution		-	3
Structure and Other ⁽²⁾		11	15
TOTAL		49	29

(1) None of these amounts have been committed with Group companies nor correspond to joint ventures.

(2) Structure, Services and Adjustments.

7. Investments accounted for using the equity method.

At 30 June 2019 and 31 December 2018, the composition of this heading in the consolidated statement of financial position is as follows:

Millions of Euros		30 June 2019	31 December 2018
Associates		86	80
Joint ventures		163	169
TOTAL		249	249

Details of ENDESA's main associates and joint ventures accounted for using the equity method and movements in the first half of 2019 are as follows:

Millions of Euros	Balance at 31 December 2018	Inclusion/exclusion of companies	Investments or increases	Share of profit/(loss) of equity- accounted investees	Dividends	Transfers and other	Balance at 30 June 2019
Associates	80	-	-	6	-	-	86
Tecnomat, S.A.	30	-	-	2	-	-	32
Elcogas, S.A.	-	-	-	-	-	-	-
Gorona del Viento El Hierro, S.A.	11	-	-	1	-	-	12
Boiro Energía, S.A.	9	-	-	-	-	-	9
Compañía Eólica Tierras Altas, S.A.	11	-	-	-	-	-	11
Other	19	-	-	3	-	-	22
Joint ventures	169	-	13	11	(14)	(16)	163
Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.	71	-	-	5	-	-	76
Front Marítim del Besòs, S.L.	37	-	-	-	-	-	37
Nuclenor, S.A.	-	-	13	-	-	(13)	-
Énergie Électrique de Tahadart, S.A.	28	-	-	1	(3)	-	26
Suministradora Eléctrica de Cádiz, S.A.	10	-	-	-	-	-	10
Other	23	-	-	5	(11)	(3)	14
TOTAL	249	-	13	17	(14)	(16)	249

Data for equity of associates and joint ventures used to prepare these Interim Condensed Consolidated Financial Statements at 30 June 2019 correspond to the individual companies, except for Tecnatom, S.A., which correspond to its consolidated financial statements.

These companies do not have publicly listed share prices.

8. Inventories.

At 30 June 2019 and 31 December 2018, the composition of this heading in the consolidated statement of financial position is as follows:

Millions of Euros	30 June 2019	31 December 2018
Energy stocks:	677	784
Coal	195	235
Nuclear fuel	272	293
Fuel oil	100	85
Gas	110	171
Other inventories	312	286
Carbon dioxide emission rights (CO ₂)	133	411
Valuation adjustments	(7)	(8)
TOTAL	1,115	1,473

The 2018 and 2017 greenhouse gas (CO₂) emission rights were cancelled in the six months ended 30 June 2019 and 2018, resulting in the derecognition of inventories of Euros 365 million and Euros 215 million, respectively (31 million tonnes and 34.8 million tonnes, respectively).

At 30 June 2019, the provision for rights to be delivered to cover these CO₂ emissions under current liabilities in the consolidated statement of financial position amounted to Euros 181 million (Euros 359 million at 31 December 2018) (see Note 12.1).

8.1. Commitments to acquire inventories.

Inventory purchase commitments amounted to Euros 16.704 million at 30 June 2019 (Euros 17.246 million at 31 December 2018), of which a portion corresponds to agreements that have "take or pay" clauses.

Millions of Euros	Future purchase commitments at 30 June 2019 ⁽¹⁾							Total
	CO ₂ emission rights ⁽²⁾	Electricity	Nuclear fuel	Fuel oil	Gas	Other		
2019-2023	150	11	296	150	5,924	171	6,702	
2024-2028	-	-	92	-	5,993	-	6,085	
2029-2033	-	-	-	-	3,213	-	3,213	
2034 – Other	-	-	-	-	704	-	704	
TOTAL	150	11	388	150	15,834	171	16,704	

(1) None of these amounts correspond to joint ventures.

(2) Commitments with Group companies (Note 20.1.2)

At 30 June 2019 and 31 December 2018, commitments to acquire inventories includes the commitment to acquire liquefied natural gas under contracts arranged in 2014 with Corpus Christi Liquefaction, LLC, part of which are guaranteed by ENEL, S.p.A. (see Note 20.1.2).

The Company's Directors consider that ENDESA will be able to fulfil these obligations and, therefore, they do not expect any contingency to arise in this respect.

9. Trade and other receivables.

At 30 June 2019 and 31 December 2018, the composition of this heading in the consolidated statement of financial position is as follows:

Millions of Euros

	Notes	30 June 2019	31 December 2018
Trade receivables for sales and rendering of services, and other	14	2,363	2,479
Trade receivables for sales and rendering of services		2,446	2,578
Electricity trade receivables		1,851	1,872
Gas trade receivables		412	525
Receivables from other transactions		100	109
Receivables from Group companies and associates	20.1.3 and 20.2	83	72
Assets from contracts with customers		22	12
Other receivables		338	363
Other receivables from third parties		298	319
Other receivable from Group companies and associates	20.1.3	40	44
Valuation adjustments	9.1	(443)	(474)
Trade receivables for sales and rendering of Services		(355)	(387)
Assets from contracts with customers		(1)	-
Other receivables		(87)	(87)
Derivatives (1)	14 and 14.3.1	366	228
Hedging derivatives		120	140
Derivatives not designated as hedging instruments		246	88
Tax assets		360	248
Current income tax		257	173
Value added tax (VAT) receivable		89	63
Other taxes		14	12
TOTAL		3,089	2,955

(1) Includes Euros 261 million with Group companies and associates (Euros 124 million at 31 December 2018) (see Note 20.1.3).

Balances included under this heading of the Consolidated Statement of Financial Position do not generally earn interest.

Regular meter reading periods are not matched to the financial reporting date. ENDESA accordingly makes an estimate of unbilled sales made by its supply companies ENDESA Energía, S.A.U. and ENDESA Energía XXI, S.L.U.

At 30 June 2019, the cumulative balances of unbilled electricity and gas sales are recognised under Trade and other receivables of the accompanying statement of financial position and total Euros 843 million and Euros 334 million respectively (Euros 896 million and Euros 429 million, respectively, at 31 December 2018).

At 30 June 2019 and 31 December 2018, the current assets of contracts with customers mainly correspond to contracts for the execution of works arranged between ENDESA Ingeniería, S.L.U. and Red Eléctrica de España, S.A.U. (REE) maturing in 2025. In the six months ended 30 June 2019 these assets generated income of Euros 19 million recognised under Revenue on the consolidated income statement (Euros 49 million in the first half of 2018) (see Note 19.3).

At 30 June 2019 ENDESA has future service commitments in place for the amount of Euros 25 million relating to contracts for the execution of works arranged with Red Eléctrica Española, S.A.U. (REE) (Euros 40 million at 31 December 2018).

9.1. Other information.

Valuation adjustments.

During the six-month periods ended 30 June 2019 and 2018, movements in valuation adjustments were as follows:

Millions of Euros

	Notes	January - June 2019	January - June 2018
Opening balance		474	450
Adjustments due to changes in accounting policies IFRS 9		-	33
Adjusted balance at 1 January		474	483
Charges	19.2.1 and 19.2.2	36	42
Applications		(67)	(43)
Closing balance		443	482

At 30 June 2019 and 2018, virtually all valuation adjustments relate to trade receivables for sales of electricity.

Other information

Factoring transactions were carried out in the six months ended 30 June 2019 with undue balances at that date of Euros 601 million, which were derecognised from the consolidated statement of financial position (Euros 704 million at 31 December 2018).

The cost of these transactions was Euros 17 million, recognised under gains/(losses) on Disposal of assets in the consolidated income statement for the first six months of 2019 (Euros 16 million in the first half of 2018).

10. Cash and cash equivalents.

At 30 June 2019 and 31 December 2018, the composition of this heading in the consolidated statement of financial position is as follows:

Millions of Euros			
	Notes	30 June 2019	31 December 2018
Cash in hand and at banks		454	244
Other cash equivalents		-	-
TOTAL	14	454	244

At 30 June 2019 and 31 December 2018, the breakdown of this heading in the consolidated statement of financial position by currency is as follows:

Millions of Euros			
		Currency	
		30 June 2019	31 December 2018
Euro		453	242
US Dollar (USD)		-	1
Sterling Pound (GBP)		1	1
TOTAL		454	244

Short-term cash investments mature within 3 months from acquisition date and earn interest at market interest rates for this type of deposits.

There were no investments in sovereign debt at 30 June 2019 and 31 December 2018.

At 30 June 2019, the balance of cash and cash equivalents includes Euros 9 million corresponding to the debt service reserve account set up by certain ENDESA renewable energy subsidiaries by virtue of the project finance loans arranged (Euros 9 million at 31 December 2018) (see Note 13.2.3).

11. Equity and dividends.

At 30 June 2019 and 31 December 2018, the composition of this heading in the consolidated statement of financial position is as follows:

Millions of Euros			
	Notes	30 June 2019	31 December 2018
Total equity of the Parent		8,949	9,037
Share capital	11.1	1,271	1,271
Share premium		89	89
Legal reserve		254	254
Revaluation reserve		404	404
Other reserves		106	106
Valuation adjustments		13	(67)
Translation differences		1	1
Unrealised valuation adjustments		12	(68)
Reserve for actuarial gains and losses		(860)	(686)
Retained earnings		7,672	8,407
Interim dividend		-	(741)
Total equity of non-controlling interests		150	144
TOTAL EQUITY		9,099	9,181

In the six months ended 30 June 2019, ENDESA followed the same capital management policy as described in Note 15.1.11 to the consolidated financial statements for the year ended 31 December 2018.

ENDESA's credit ratings assigned by credit rating agencies, reflecting investment grade levels, are as follows:

	Credit rating					
	30 June 2019 ⁽¹⁾			31 December 2018 ⁽¹⁾		
	Long term	Short term	Outlook	Long term	Short term	Outlook
Standard & Poor's	BBB+	A-2	Stable	BBB+	A-2	Stable
Moody's	Baa2	P-2	Positive	Baa2	P-2	Stable
Fitch Ratings	A-	F2	Stable	A-	F2	Stable

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

The Parent's Directors consider that the ratings assigned by the agencies would enable the Parent to tap the financial markets on reasonable terms if need be.

11.1. Share capital.

At 30 June 2019 and 31 December 2018, ENDESA, S.A. had share capital of Euros 1,270,502,540.40, represented by 1,058,752,117 shares with a par value of Euros 1.2 each, subscribed and fully paid and all admitted to trading on the Spanish stock exchanges.

At 30 June 2019 and 31 December 2018, ENEL Group, through ENEL Iberia, S.L.U., held 70.101% of ENDESA, S.A.'s share capital.

At those dates no other shareholder held more than 10% of the share capital of ENDESA, S.A.

11.2. Dividends

At the meeting held on 20 November 2018, the Board of Directors of ENDESA, S.A. approved the following shareholder remuneration policy for 2018-2021:

- 2018 to 2020: the ordinary dividend per share to be distributed in these years will be the equivalent to 100% of ordinary net income attributable to the Parent set down in the consolidated annual financial statements of the Group headed by this company.
- 2021: the ordinary dividend per share to be distributed in this year will be the equivalent to 80% of ordinary net income attributable to the Parent set down in the consolidated financial statements of the Group headed by this company.
- The intention of the Board of Directors of ENDESA, S.A. is that the ordinary dividend will be paid solely in cash in two instalments (January and July) on a given date to be determined in each case, which will be duly disclosed.

Notwithstanding the foregoing, ENDESA's capacity to pay out dividends to its shareholders depends on numerous factors, including the generation of profit and the availability of unrestricted reserves, and, therefore, the Company cannot ensure that dividends will be paid out in future years or the amount of such dividends if paid.

Approval was given at ENDESA, S.A.'s General Shareholders' Meeting of 12 April 2019 to pay shareholders a total dividend charged against 2018 profit for a gross amount of Euros 1.427 per share (Euros 1,511 million in total). The breakdown of these dividends is as follows:

Millions of Euros

	Notes	Approval date	Euros per share, gross	Amount	Payment date
Interim dividend	18.3	20 November 2018	0.700	741	2 January 2019
Final dividend		12 April 2019	0.727	770	2 July 2019
Total dividend paid against 2018 profit	17		1.427	1,511	

12. Non-current and current provisions

12.1. Non-current and current provisions

At 30 June 2019 and 31 December 2018, the composition of the Non-current provisions and current provisions on the consolidated statement of financial position is as follows:

Millions of Euros

	Notes	30 June 2019		31 December 2018	
		Non-current	Current	Non-current	Current
Provisions for pensions and similar obligations	12.1.1	1,199	-	989	-
Provisions for workforce restructuring plans	12.1.2	585	174	614	188
Workforce reduction plans		81	57	78	65
Contracts suspensions		504	117	536	123
Carbon dioxide emission rights (CO ₂)	8	-	181	-	359
Other provisions	12.1.3	1,646	23	1,722	24
TOTAL		3,430	378	3,325	571

12.1.1. Provisions for pensions and similar obligations.

Actuarial assumptions.

The assumptions used when calculating the actuarial liability in respect of uninsured defined benefit obligations at 30 June 2019 and 31 December 2018 is as follows:

	30 June 2019	31 December 2018
Interest rate	0.94% - 0.97%	1.72% - 1.75%
Mortality tables	PERM/F2000	PERM/F2000
Expected return on plan assets	0.95%	1.75%
Salary increase ⁽¹⁾	2.00%	2.00%
Increase in the cost of health care	3.20%	3.20%

(1) Benchmark percentage for estimating salary increases.

The interest rate applied to discount the commitments is obtained from a curve constructed using the yields on corporate bond issues by companies with a "AA" credit rating and based on the estimated term over which the obligations deriving from each commitment will be settled.

Net actuarial liabilities.

The details of the net actuarial liability at 30 June 2019 and movements during the first half of 2019 are as follows:

Millions of Euros

	January - June 2019
Opening net actuarial liability	989
Net interest expense	8
Service costs in the period	6
Benefits paid in the period	(17)
Contributions in the period	(3)
Other movements	(3)
Actuarial (gains) losses arising from changes in demographic assumptions	-
Actuarial (gains) losses arising from changes in financial assumptions	214
Actuarial (gains) losses arising from experience adjustments	45
Actuarial return on plan assets excluding interest expense	(40)
Changes in asset ceiling	-
Changes in consolidation scope	-
Closing net actuarial liability	1,199

Plan assets

The main categories of defined benefit plan assets as a percentage of total assets, at 30 June 2019 and 31 December 2018 are as follows:

	Percentage (%)	
	30 June 2019	31 December 2018
Fixed income assets ⁽¹⁾	54	55
Shares ⁽¹⁾	33	32
Investment property and other	13	13
TOTAL	100	100

(1) Includes ENEL Group companies' shares and bonds in the amount of Euros 22 million at 30 June 2019 (Euros 19 million at 31 December 2018).

The breakdown of the fair value of fixed income securities by geographical area at 30 June 2019 and 31 December 2018 is as follows:

Millions of Euros

Country	30 June 2019	31 December 2018
Spain	90	112
Italy	42	43
Luxembourg	34	22
United States	29	29
France	23	24
Germany	22	21
United Kingdom	19	19
Netherlands	8	8
Belgium	2	1
Other	69	53
TOTAL	338	332

At 30 June 2019 and 31 December 2018, the value of defined benefit plan assets placed in sovereign debt instruments is as follows:

Millions of Euros

Country	30 June 2019	31 December 2018
Spain	60	79
Italy	27	27
France	4	4
Germany	2	2
Other	23	19
TOTAL	116	131

Shares and fixed income instruments have quoted prices in active markets. The expected return on plan assets was estimated taking into account forecasts for the main fixed income and equity markets and assuming that the various asset classes would have similar weights to those of the preceding year. The average rate of return in the first half of 2019 was 6.58% (-3.24% in 2018).

Currently, the investment strategy and risk management are the same for all plan participants, with no correlation strategy between assets and liabilities.

The classification of defined benefit plan assets measured at fair value by fair value hierarchy at 30 June 2019 and 31 December 2018 are as follows:

Millions of Euros

	30 June 2019				31 December 2018			
	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Defined benefit plan assets	626	541	48	37	604	536	53	15

The valuation of assets classified as Level 3 is determined based on valuation reports prepared by the corresponding management company.

Amounts recognised in the consolidated income statement and consolidated statement of other comprehensive income.

In the first six months of 2019 and 2018, amounts recognised for defined-benefit and defined contribution pension obligations in the consolidated income statement are as follows:

Millions of Euros

	January - June 2019	January - June 2018
Plan assets	(14)	(13)
Current cost during the period ⁽¹⁾	(6)	(6)
Net finance costs	(8)	(7)
Defined contribution	(23)	(25)
Current cost during the period ⁽²⁾	(23)	(25)
TOTAL	(37)	(38)

(1) In the first six months of 2019, it includes Euros 3 million of the current cost relating to employees who opted to take early retirement, which had been recognised previously under provisions for workforce restructuring plans and transferred during the period to pension obligations (Euros 4 million in the first six months of 2018).

(2) In the first six months of 2019 and 2018, Euros 16 million and Euros 17 million were also contributed, respectively, which had been previously included under provisions for workforce restructuring plans.

In the first half of 2019 and 2018, amounts recognised for defined-benefit pension obligations in the consolidated statement of other comprehensive income are as follows:

Millions of Euros

	January - June 2019	January - June 2018
Actuarial return on plan assets excluding interest expense	40	2
Actuarial gains and losses	(259)	(13)
TOTAL	(219)	(11)

Other information.

Following a substantial number of meetings of the “Committee responsible for negotiating ENDESA's 5th Framework Collective Agreement”, which commenced in October 2017 and progressed throughout 2018, and given that no agreement was reached, the Company's management informed its workers and their representatives that, with effect from 1 January 2019, “ENDESA's 4th Framework Collective Agreement” would be considered to have ended, in addition to the “Guarantee Framework Agreement” and the “Agreement on voluntary suspension or termination of employment contracts for 2013-2018”, from which date the general collective agreement would apply, in addition to all case law established in this regard.

Although in February 2019 talks were resumed by “Committee responsible for negotiating ENDESA's 5th Framework Collective Agreement”, the different interpretation held by ENDESA and trade unions representatives in relation to effects of terminating the “ENDESA's 4th Framework Collective Agreement”, specifically with regard to the social benefits for former employees, led the Company's trade unions to file a collective dispute claim with the Spanish High Court.

On 26 March 2019, the Spanish High Court ruled in favour of ENDESA, validating the Company's interpretation with regard to the withholding of certain social benefits for former employees following the termination of “ENDESA's 4th Framework Collective Agreement”. Although this is an enforceable judgement, in April 2019 the Company's trade unions submitted an extraordinary appeal against the ruling to the Supreme Court, which at the date of authorisation of these Interim Condensed Consolidated Financial Statements is now pending resolution after the Company responded with a challenge to the appeal on 19 June 2019.

12.1.2. Provisions for workforce restructuring plans.

In the first half of 2019, the movement of the non-current provisions for workforce restructuring plans was as follows:

Millions of Euros

	Workforce reduction plans	Contracts suspensions	Total
Balance at 31 December 2018	78	536	614
Amounts charged to the income statement of the period	9	19	28
Personnel expenses	4	-	4
Net financial profit/(loss)	5	19	24
Transfers to current and other	(6)	(51)	(57)
Balance at 30 June 2019	81	504	585

Actuarial assumptions.

The assumptions used in the actuarial calculation of the obligations arising under these workforce restructuring plans at 30 June 2019 and 31 December 2018 are as follows:

	Workforce reduction plans		Contracts suspensions	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Interest rate	0.20%	0.78%	0.20%	0.78%
Future increase in guarantees	N/A	N/A	2.00%	2.00%
Increase in other items	N/A	N/A	2.00%	2.00%
CPI	2.00%	2.00%	N/A	N/A
Mortality tables	PERM/F2000	PERM/F2000	PERM/F2000	PERM/F2000

12.1.3. Other provisions.

In the first half of 2019, the movement in the non-current other provisions heading was as follows:

Millions of Euros

	Notes	Provisions for litigation, termination benefits and other legal or contractual obligations	Provisions for decommissioning costs	Total
Balance at 31 December 2018		611	1,111	1,722
Operating expenses		(35)	(13)	(48)
Charges		(4)	-	(4)
Reversals		(31)	(13)	(44)
Net financial profit/(loss)		1	5	6
Net provisions charged to property, plant and equipment	5	-	43	43
Payments		(53)	(8)	(61)
Transfers and other		(7)	(8)	(15)
Changes in consolidation scope	2.3 and 2.4	(1)		(1)
Balance at 30 June 2019		516	1,130	1,646

This item includes, inter alia, the costs ENDESA must incur to dismantle some of its plants and certain electricity distribution facilities.

The interest rates applied for the financial update of these charges, depending on the remaining useful life of the associated asset, have been placed in the following ranges:

%	30 June 2019	31 December 2018
Financial adjustment rate - provisions	0.0 – 1.3	0.3 – 1.6

12.2. Litigation, arbitration and contingent assets.

The main changes in litigation and arbitration proceedings involving ENDESA companies in the six months ended 30 June 2019 from those described in Note 17.3 of the Notes to the consolidated financial statements for the year ended 31 December 2018 are as follows:

- Two distinct legal actions are ongoing against ENDESA Distribución Eléctrica, S.L.U. in respect of forest fires in Catalonia. These actions could give rise to an obligation to settle miscellaneous claims for damages of a combined value of around Euros 10 million. In the action relating to the fire in Gargallá (Catalonia), following the ruling handed down by the Supreme Court on 5 April 2019, funds of Euros 23 million were consigned to the court corresponding to the amounts owed to victims that have still not been paid out.

- On 22 February 2012, the Spanish Markets and Competition Commission (“CNMC”) informed ENDESA Distribución Eléctrica, S.L.U. the Resolution to impose a penalty of Euros 23 million for alleged unlawful conduct in the electricity facility market, by tendering offers for non-reserved facilities while informing the supply applicant of the technical and economic terms of its application. ENDESA Distribución Eléctrica, S.L.U. filed an appeal against the sanction before the Spanish High Court, which suspended the payment of the fine. The Spanish High Court rejected the application for judicial review of the fine of Euros 23 million imposed on ENDESA Distribución Eléctrica, S.L.U. An appeal for judicial review against this ruling was also lodged with the Supreme Court. On 14 July 2017, the Supreme Court partly upheld the appeal submitted citing the lack of proportionality of the fine. The Supreme Court subsequently ruled to annul the resolution with regard to the amount of the fine and ordered that it be recalculated by the CNMC. The Spanish Markets and Competition Commission (CNMC) referred the ruling to ENDESA Distribución Eléctrica, S.L.U. and recalculated the fine, according to the criteria imposed by the Supreme Court. In March 2019, ENDESA Distribución Eléctrica, S.L.U. paid the Euros 23 million fine during the voluntary payment period.
- In June 2017, the Competition Authority opened infringement proceedings against ENDESA Energía XXI, S.L.U. for a possible breach of article 3 of the Competition Act 15/2007, of 3 July 2007, for using the billing of customers adhering to the Small Consumer Voluntary Price (SCVP) system or Last Resort Tariff (LRT) to advertise the services offered by the Group's free supplier.

After the processing of the infringement proceedings, the submission of the resolution proposal and the filing of the corresponding allegations by ENDESA Energía XXI, S.L.U., on 21 June 2019 the ruling of the Spanish Markets and Competition Commission (“CNMC”) was announced, which involved a fine of Euros 5.5 million for ENDESA Energía XXI, S.L.U. for committing an act of unfair competition in accordance with article 3 of the Competition Act 15/2007, of 3 July 2007, and article 4 of Law 3/1991, of 10 January 1991, governing unfair competition.

According to the Spanish Markets and Competition Commission (CNMC), ENDESA Energía XXI, S.L.U. made use of a privileged channel (invoices issued to customers under the Small Consumer Voluntary Price (SCVP) or the Last Resort Tariff (LRT) systems), which was not accessible to competitors, to advertise deregulated market services to a supposedly vulnerable group i.e. regulated market consumers.

ENDESA Energía XXI, S.L.U. has announced that it will appeal against this ruling, requesting to stay the motion as, among other points, (i) the Spanish Markets and Competition Commission (“CNMC”) has based its conclusions on unproven assumptions, (ii) the conduct of ENDESA Energía XXI, S.L.U. cannot be considered an act of bad faith, and (iii) it has not been demonstrated that the alleged infringement had an impact on competition or went against the public interest.

- The administrative authorisations of the “Peña del Gato” and “Valdesamario” wind farms held by Energías Especiales del Alto Ulla, S.A.U. (100% owned by ENEL Green Power España, S.L.U. (EGPE), were invalidated through Supreme Court Decisions of 13 July 2015 and 5 May 2017 respectively on the grounds that the Environmental Impact Statement had not been processed correctly. For the same reasons, the licences granted by the Municipal Councils of Valdesamario and Riello for the Valdesamario wind farm were also invalidated (Ruling of the High Court of Castilla y León dated 26 June 2017 and Ruling of the Regional Appeal Court of León of 30 May 2017, both finals) in addition to the permits for the farm's feed-in infrastructures (Ruling of the Regional Appeal Court of Castilla y León of 13 and 19 March 2018, which were contested before the Supreme Court by its owner, Promociones Energéticas del Bierzo, S.L.U. (100% owned by ENEL Green Power España, S.L.U. (EGPE)), with the Supreme Court having rejected two of the three appeals filed by the ruling of 20 December 2018) and the approval of the Ponjos electrical substation transformation project (Ruling of the Administrative Court 1 of León of 31 May 2017, contested by Promociones Energéticas del Bierzo, S.L.U. with the appeal pending). Turning to the Peña del Gato wind farm, a fresh administrative authorisation was secured on 8 May 2017 (after re-processing the project, rectifying the defects in the environmental impact report). The facilities were commissioned on 3 January 2018 (14 machines), and the remaining 11 machines on 4 April 2018, after receiving the permit for the occupation of public forest, in line with new administrative requirements. In the ruling on the enforcement, the Regional Appeal Court of Castilla y León has annulled the new administrative authorisation granted by Order of 30 July 2018, on the understanding that it was issued with the purpose of avoiding the ruling of the Regional Appeal Court of 13 July 2015. An appeal for reconsideration was filed against said Order by the Regional Government of Castilla y León and Energías Especiales del Alto Ulla, S.A.U., which was dismissed by Order of 21 December 2018. Energías Especiales del Alto Ulla, S.A.U., has filed an appeal for judicial review before the Supreme Court, which has yet to be processed.

With regard to the Valdesamario wind farm, currently closed, Energías Especiales del Alto Ulla, S.A.U. also requested the re-processing of the administrative authorisation and will request the cancelled permits be re-assessed. With regard to the feed-in infrastructures and Ponjos electric transformer substation, facilities that are also currently closed, Promociones Energéticas del Bierzo, S.L.U. has filed a request with the regional government of Castilla y León to process the award of a new administrative authorisation and declaration of public interest. Additionally, on 16 May 2019, a request was filed with the León Contentious-Administrative Court with regard to the execution of the rulings on the high voltage line and amendments, asking that the infrastructure be allowed to continue to operate while the administrative procedure is being processed by the regional government.

- The Supreme Court handed down several judgments in the appeals filed by ENDESA, S.A. (and other companies in the electricity sector) against the obligation to finance the Social Bonus established in the former article 45.4 of Law 24/2013, of 26 December, on the Electricity Sector (declared inapplicable as incompatible with Directive 2009/72/EC, of the European Parliament and of the Council, of 13 July 2009, as established in the Supreme Court Judgments of 24 October 2016, 25 October 2016 and 2 November 2016). The Supreme Court recognised the right of ENDESA, S.A. to be compensated for the amounts paid as a Social Bonus in application of the regulations declared inapplicable, so that all the amounts it would have paid for this concept, plus the corresponding legal interest, would be reimbursed. The Administration promoted incidents of nullity against said sentences, but the Supreme Court dismissed them. Faced with this rejection, the Administration filed appeals for protection before the Constitutional Court, which ruled in favour of the Administration, obliging the Supreme Court to backtrack the actions of the appeal so that the Supreme Court would present a preliminary question (question prior to issuing a sentence) on the applicability to the case of European Community law. ENDESA, S.A. first presented arguments before the Constitutional Court and then before the Supreme Court arguing that the Supreme Court's rulings have not violated the Administration's right to effective judicial protection without defencelessness and to a process with all guarantees (see Note 3.), so the Supreme Court's annulment decision had not been affected at all and should be ratified. On 17 July 2019, the Supreme Court, in proceedings followed by another company in the sector, notified a Resolution with 2 questions to the European Court. In the argumentation of these questions it maintains that the obligation to finance the Social Bonus is neither proportional nor transparent (article 3.2 of the Electricity Directive) and that for the Supreme Court the matter is clear: it has no doubt of the certainty of its ruling annulling the system of financing the Social Bonus that the Constitutional Court annulled by the appeal for protection. Five magistrates of the Supreme Court have voted that Resolution but one has cast a particular vote against the majority decision, maintaining that the Social Bonus was a proportional and transparent public service obligation. The European Court will now decide, and with its decision the Supreme Court will issue new judgments, including that of ENDESA, S.A.

The Directors of ENDESA consider that the provisions recognised in the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019 adequately cover the risks relating to litigation, arbitration and claims, and do not expect these issues to give rise to any liability not already provided for.

Given the nature of the risks covered by these provisions, it is impracticable to determine a reasonable timetable of payment dates, if any.

During the six-month period ended on 30 June 2019, the amounts paid in connection with litigation in the six months ended 30 June 2019 totalled Euros 50 million (Euros 18 million paid in the six months ended 30 June 2018).

13. Borrowings.

13.1. Current and non-current borrowings.

Details of Current and non-current borrowings on the consolidated statement of financial position at 30 June 2019 and 31 December 2018 are as follows:

Millions of Euros

Notes	30 June 2019					Fair value
	Nominal value	Carrying amount			Total	
		Non-current	Current			
Bonds and other marketable securities	1,578	40	1,546	1,586	1,586	
Bank borrowings	1,982	1,919	61	1,980	2,109	
Other borrowings	3,666	3,589	78	3,667	4,229	
Borrowings associated with rights of use	608	561	48	609	649	
Leases (IFRS 16 Leases)	5.1.1	163	138	25	163	
Other leases	5.1.1	445	423	23	486	
Other		3,058	3,028	30	3,058	
Total borrowings excluding derivatives		7,226	5,548	1,685	7,233	
Derivatives		903	23	1	24	
TOTAL		8,129	5,571	1,686	7,948	

Millions of Euros

Notes	31 December 2018					Fair value
	Nominal value	Carrying amount			Total	
		Non-current	Current			
Bonds and other marketable securities	932	19	920	939	939	
Bank borrowings	1,543	1,488	53	1,541	1,625	
Other borrowings	3,535	3,462	73	3,535	4,005	
Borrowings associated with rights of use	5.1.1	454	432	22	454	
Other		3,081	3,030	51	3,081	
Total borrowings excluding derivatives		6,010	4,969	1,046	6,015	
Derivatives		71	6	-	6	
TOTAL		6,081	4,975	1,046	6,575	

At 30 June 2019, the breakdown of the nominal value of borrowings, excluding derivatives by maturity, was as follows:

Millions of Euros

	Carrying amount at 30 June 2019	Nominal value		Maturity				
		Current	Non-current	2019	2020	2021	2022	Subsequent
Bonds and other marketable securities	1,586	1,546	32	1,546	-	-	20	12
Bank borrowings	1,980	61	1,921	55	51	91	184	1,601
Other borrowings	3,667	78	3,588	43	64	65	48	3,446
Borrowings associated with rights of use	609	48	560	24	48	48	47	441
Leases (IFRS 16 Leases)	163	25	138	13	25	24	23	78
Other leases	446	23	422	11	23	24	24	363
Other	3,058	30	3,028	19	16	17	1	3,005
TOTAL	7,233	1,685	5,541	1,644	115	156	252	5,059

The movement in the nominal value of non-current borrowings excluding derivatives in the six months ended 30 June 2019 is as follows:

Millions of Euros

	Nominal value at 31 December 2018	Does not create cash flows				Creates cash flows		Nominal value at 30 June 2019
		Changes in accounting policies IFRS 16 (Note 2.1)	Changes in consolidation scope	Additions / (Disposals)	Transfers	Repayments and redemptions (Note 18.3)	New financing (Note 18.3)	
Bonds and other marketable securities	12	-	-	-	20	-	-	32
Bank borrowings	1,490	-	-	-	(8)	(202)	641	1,921
Other borrowings	3,462	159	-	(8)	(24)	(3)	2	3,588
Borrowings associated with rights of use	432	159	-	(8)	(23)	-	-	560
Leases (IFRS 16 Leases)	-	159	-	(8)	(13)	-	-	138
Other leases	432	-	-	-	(10)	-	-	422
Other	3,030	-	-	-	(1)	(3)	2	3,028
TOTAL	4,964	159	-	(8)	(12)	(205)	643	5,541

The movement in the nominal value of current borrowings excluding derivatives in the six months ended 30 June 2019 is as follows:

Millions of Euros

	Nominal value at 31 December 2018	Does not create cash flows				Creates cash flows		Nominal value at 30 June 2019
		Changes in accounting policies IFRS 16 (Note 2.1)	Changes in consolidation scope	Additions / (Disposals)	Transfers	Repayments and redemptions (Note 18.3)	New borrowings (Note 18.3)	
Bonds and other marketable securities	920	-	-	-	(21)	(5,400)	6,047	1,546
Bank borrowings	53	-	-	-	8	(11)	11	61
Other borrowings	73	27	-	(2)	27	(77)	30	78
Borrowings associated with rights of use	22	27	-	(2)	26	(25)	-	48
Leases (IFRS 16 Leases)	-	27	-	(2)	16	(16)	-	25
Other leases	22	-	-	-	10	(9)	-	23
Other	51	-	-	-	1	(52)	30	30
TOTAL	1,046	27	-	(2)	14	(5,488)	6,088	1,685

The average interest on gross financial debt in the six months ended 30 June 2019 and 2018 was 1.8% and 2.0%, respectively. The average interest on gross financial debt associated with the rights of use under IFRS 16 Leases was 2.3%.

13.2. Other matters.

13.2.1. Liquidity.

At 30 June 2019, ENDESA had liquidity of Euros 3,582 million (Euros 3,040 million at 31 December 2018) as detailed below:

Millions of Euros

	Notes	Liquidity	
		30 June 2019	31 December 2018
Cash and cash equivalents	10	454	244
Unconditional availability in credit facilities ⁽¹⁾		3,128	2,796
TOTAL		3,582	3,040

(1) At 30 June 2019 and 31 December 2018, Euros 1.000 million correspond to the credit facility available with ENEL Finance International, N.V. (see Note 20.1.2).

The undrawn credit facilities guarantees the refinancing of current borrowings presented under non-current borrowings in the accompanying consolidated statement of financial position, which amounted to Euros 31 million at 30 June 2019 (Euros 11 million at 31 December 2018) (see Note 13.1).

The amount of these credit facilities, together with the current assets, provides sufficient coverage of ENDESA's short-term payment obligations.

13.2.2. Main transactions

In the first half of 2019, ENDESA extended the credit facilities arranged with various financial institutions maturing in March 2022, and increased the limit of several of these, for a total amount of Euros 2,125 million.

In the first half of 2019 the Euro Commercial Paper (ECP) issuance programme through International ENDESA, B.V. was completed and new Euro Commercial Paper (ECP) issuance programme through ENDESA, S.A. was registered. The outstanding balance of both programmes at 30 June 2019 was Euros 1,552 million and their renewal is backed by irrevocable credit facilities.

As part of the financial transaction arranged through a green loan taken out with the European Investment Bank (EIB) in 2018, on 19 March 2019, Euros 335 million was drawn down. This draw down bears a floating interest rate, with a 15-year maturity depreciable as of March 2023 (see Note 18.3).

ENDESA, S.A. took out a green loan with “Instituto de Crédito Oficial” (“ICO”) for the amount of Euros 300 million, which was drawn down on 20 May 2019. This draw down bears a variable rate of interest and matures in 12 years, depreciable as of May 2022 (see Note 18.3).

On 30 June 2019, ENDESA, S.A. has signed the extension of the intercompany credit facility with ENEL Finance International, N.V., for Euros 1,000 million, extending its maturity to 30 June 2022.

With the entry into force, on 1 January 2019, of IFRS 16 Leases, the net financial debt includes a liability for the recognition of the payment obligation for the rights of use contracts in which ENDESA acts as lessee, the main contracts being the following (see Note 2.1):

- Lease contracts corresponding to the rights of use of lands on which some of the generation facilities of ENEL Green Power España, S.L.U. (EGPE) are located. . These are long term contracts, with automatic renewal clauses and expiry dates between 2019 and 2065. The prices in these contracts are calculated in accordance with the capacity installed (MW) and the production (GWh).
- Certain buildings where different offices are located.
- Contracts for technical equipment to cover one-off services according to operating requirements.

At 30 June 2019, this liability amounted to Euros 163 million (see Note 13.1) (Euros 186 million at 1 January 2019) (see Note 2.1).

13.2.3. Financial stipulations,

Certain ENDESA subsidiaries are subject to compliance with certain obligations stipulated in their financing contracts (covenants) that are standard in contracts of this nature.

At 30 June 2019, neither ENDESA, S.A. nor any of its subsidiaries were in breach of their financial obligations or of any type of obligation that might give rise to early maturity of their financial commitments.

ENDESA's Directors do not consider that these clauses will change the current/non-current classification in the consolidated statement of financial position at 30 June 2019.

Financial stipulations.

The financing contracts of ENDESA, S.A. and International ENDESA B.V., which carry out the bulk of ENDESA's financing activity in Spain, contain no obligations whereby failure to maintain certain financial ratios would lead to breach of contract and early termination.

Bond issues by International ENDESA, B.V. under their Global Medium Term Notes and bank financing arranged by ENDESA, S.A. are as follows:

- Negative pledge clauses, whereby neither the issuers nor ENDESA, S.A. may issue mortgages, liens or other encumbrances on their assets to secure certain types of bonds, unless similar guarantees are issued on the bonds in question.
- "*Pari Passue*" clauses, whereby the debts and guarantees have at least the same status as any other existing or future unsecured or non-subordinated debts issued by ENDESA, S.A. as guarantor, or by the issuers.

In the case of outstanding bond issues made by International ENDESA B.V. under its Global Medium Term Notes programmes (Euros 27 million outstanding at 30 June 2019 and 31 December 2018) these contain:

- Cross-default clauses, whereby debt must be prepaid in the event of default (over and above a certain amount) on the settlement of certain obligations of ENDESA, S.A. as guarantor, or of the issuers.

Credit rating clauses.

At 30 June 2019 and 31 December 2018, ENDESA, S.A. had entered into financial transactions with the European Investment Bank (EIB) and with the “Instituto de Crédito Oficial” (“ICO”) amounting to Euros 1,735 million and Euros 1,100 million, respectively that could require additional guarantees or renegotiation if its credit rating were downgraded to below certain levels.

Clauses related to the change of control.

At 30 June 2019, ENDESA, S.A. has loans and other borrowings from banks and ENEL Finance International, N.V. of approximately Euros 4,854 million, with an outstanding debt of Euros 4,854 million, which might have to be repaid early in the event of a change of control over ENDESA, S.A. (Euros 4,560 million and Euros 4,225 million, respectively, at 31 December 2018).

Clauses related to the assignment of assets.

Part of the debt of ENDESA S.A. includes restrictions if a certain percentage of ENDESA's consolidated assets is surpassed, which varies for the related transactions from 7% to 10%.

Above these ceilings, the restrictions would only apply, in general, if no equivalent consideration is received or if there was a material negative impact on ENDESA, S.A.'s solvency.

The amount of borrowings affected by these clauses at 30 June 2019 is Euros 1,854 million (Euros 1,225 million at 31 December 2018).

Project financing.

At 30 June 2019, certain ENDESA subsidiaries operating in the renewable energy business and financed through project finance have borrowings of Euros 98 million (Euros 103 million at 31 December 2018) (see Note 22.1), which includes the following clauses:

- These debts and their associated derivatives with a negative net market value of Euros 5 million (Euros 6 million at 31 December 2018) might have to be settled early as a result of a change of control.
- Pledges of shares granted as assurance of compliance with obligations under contract to financial institutions for the amount of the outstanding borrowings.
- Restrictions of sales of assets consisting of obtaining the authorisation of most lenders, and in certain cases, of allocating the amount of their sale to repay debt.
- Restrictions in the distribution of profits to shareholders, subject to the fulfilment of certain conditions.
- The obligation to recognise a debt service reserve account (see Note 10).

14. Financial instruments,

The classification of financial instruments in the consolidated statement of financial position at 30 June 2019 and 31 December 2018 is as follows:

Millions of Euros

	Notes	30 June 2019		31 December 2018	
		Non-current	Current	Non-current	Current
Financial asset instruments					
Derivatives	14.3.1	141	366	90	229
Financial assets		796	1,347	768	982
Trade receivables for sales and services, and other	9	-	2,363	-	2,479
Cash and cash equivalents	10	-	454	-	244
TOTAL	14.1	937	4,530	858	3,934
Financial liability instruments					
Derivatives	14.3.2	84	367	96	276
Borrowings	13.1	5,548	1,685	4,969	1,046
Other liabilities		679	-	667	-
Trade payables and other current liabilities	17	-	4,620	-	5,146
TOTAL	14.2	6,311	6,672	5,732	6,468

14.1. Classification of financial asset instruments.

The classification of financial asset instruments by class and category in the consolidated statement of financial position at 30 June 2019 and 31 December 2018 is as follows:

Millions of Euros

	Notes	30 June 2019		31 December 2018	
		Non-current	Current	Non-current	Current
Financial assets measured at amortised cost		790	4,164	762	3,705
Financial assets		790	1,347	762	982
Trade receivables for sales and services, and other	9	-	2,363	-	2,479
Cash and cash equivalents	10	-	454	-	244
Financial assets at fair value with changes in profit or loss		60	246	25	88
Equity instruments	14.3.1	6	-	6	-
Derivatives not designated as hedging instruments	14.3.1	54	246	19	88
Financial assets at fair value with changes in other comprehensive income		-	-	-	-
Hedging derivatives	14.3.1	87	120	71	141
TOTAL		937	4,530	858	3,934

14.2. Classification of financial liabilities instruments.

The classification of financial liabilities instruments by class and category in the consolidated statement of financial position at 30 June 2019 and 31 December 2018 is as follows:

Millions of Euros

	Notes	30 June 2019		31 December 2018	
		Non-current	Current	Non-current	Current
Financial liabilities measured at amortised cost		6,208	6,290	5,617	6,176
Borrowings	13.1	5,529	1,670	4,950	1,030
Other liabilities		679	-	667	-
Trade payables and other current liabilities	17	-	4,620	-	5,146
Financial liabilities at fair value with changes in profit or loss		49	257	41	180
Borrowings ⁽¹⁾	13.1 and 14.3.2	19	15	19	16
Derivatives not designated as hedging instruments	14.3.2	30	242	22	164
Hedging derivatives	14.3.2	54	125	74	112
TOTAL		6,311	6,672	5,732	6,468

(1) Corresponds in its entirety to financial liabilities that, from the start of the transaction, are underlying fair value hedges and are measured at fair value through changes in the consolidated income statement.

14.3. Fair value measurement.

14.3.1. Fair value measurement of categories of financial assets.

The classifications of financial assets measured at fair value in the consolidated statements of financial position by fair value hierarchy at 30 June 2019 and 31 December 2018 are as follows:

Millions of Euros

	Notes	30 June 2019				31 December 2018			
		Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Equity instruments	14.1	6	-	-	6	6	-	-	6
Debt derivatives	14	8	-	8	-	6	-	6	-
Interest rate hedges		8	-	8	-	6	-	6	-
Fair value hedges		8	-	8	-	6	-	6	-
Physical Derivatives	14	133	17	116	-	84	10	74	-
Foreign currency hedges		22	8	14	-	14	-	14	-
Cash flow hedges		22	8	14	-	14	-	14	-
Price hedges		57	1	56	-	51	1	50	-
Cash flow hedges		57	1	56	-	51	1	50	-
Derivatives not designated as hedging instruments	14.1	54	8	46	-	19	9	10	-
Total non-current assets		147	17	124	6	96	10	80	6
Debt derivatives	14.1	-	-	-	-	1	-	1	-
Interest rate hedges		-	-	-	-	1	-	1	-
Fair value hedges		-	-	-	-	1	-	1	-
Physical derivatives	9 and 14.1	366	26	340	-	227	30	197	-
Foreign currency hedges		53	-	53	-	48	-	48	-
Cash flow hedges		53	-	53	-	48	-	48	-
Price hedges		67	9	58	-	91	12	79	-
Cash flow hedges		67	9	58	-	91	12	79	-
Derivatives not designated as hedging instruments		246	17	229	-	88	18	70	-
Other derivatives	9 and 14.1	-	-	-	-	1	-	1	-
Inventories	8	2	2	-	-	-	-	-	-
Total current assets		368	28	340	-	229	30	199	-

14.3.2. Fair value measurement of categories of financial liabilities.

The classifications of financial liabilities measured at fair value in the Consolidated Statements of Financial Position by fair value hierarchy at 30 June 2019 and 31 December 2018 are as follows:

Millions of Euros

	Notes	30 June 2019				31 December 2018			
		Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Bank borrowings		-	-	-	-	-	-	-	-
Bonds and other marketable securities	14.2	19	-	19	-	19	-	19	-
Debt derivatives	13.1 and 14	23	-	23	-	6	-	6	-
Interest rate hedges		20	-	20	-	-	-	-	-
Cash flow hedges		20	-	20	-	-	-	-	-
Derivatives not designated as hedging instruments	14.2	3	-	3	-	6	-	6	-
Physical derivatives	14	61	7	54	-	90	7	83	-
Foreign currency hedges		2	-	2	-	2	-	2	-
Cash flow hedges		2	-	2	-	2	-	2	-
Price hedges		32	1	31	-	72	-	72	-
Cash flow hedges		32	1	31	-	72	-	72	-
Derivatives not designated as hedging instruments	14.2	27	6	21	-	16	7	9	-
Total non-current liabilities	14.2	103	7	96	-	115	7	108	-
Bank borrowings		-	-	-	-	-	-	-	-
Bonds and other marketable securities	14.2	15	-	15	-	16	-	16	-
Debt derivatives	13.1 and 14	1	-	1	-	-	-	-	-
Derivatives not designated as hedging instruments	14.2	1	-	1	-	-	-	-	-
Physical derivatives	14 and 17	366	44	322	-	276	25	251	-
Foreign currency hedges		7	-	7	-	7	-	7	-
Cash flow hedges		7	-	7	-	7	-	7	-
Price hedges		118	22	96	-	105	8	97	-
Cash flow hedges		118	22	96	-	105	8	97	-
Derivatives not designated as hedging instruments	14.2	241	22	219	-	164	17	147	-
Total current liabilities	14.2	382	44	338	-	292	25	267	-

14.3.3. Other matters.

In the six months ended 30 June 2019, ENDESA used the same hierarchy levels to measure the fair value of non-current and current assets and liabilities as those detailed in Note 30 to the consolidated financial statements for the year ended 31 December 2018, with no transfers between levels.

In addition, in the six months ended 30 June 2019, ENDESA used the same valuation standards to establish the fair value as those detailed in Note 30 to the consolidated financial statements for the year ended 31 December 2018.

15. Risk management policy.

In the six months ended 30 June 2019, ENDESA followed the same general risk management policy as described in Note 20 to the consolidated financial statements for the year ended 31 December 2018.

In this context, the financial instruments and types of hedges are the same as those described in these consolidated financial statements.

16. Deferred tax assets and liabilities.

16.1. Deferred tax assets.

The composition of this item of the consolidated statement of financial position at 30 June 2019 and movements in the first half of 2019 were as follows:

Millions of Euros

	Deferred tax assets					Balance at 30 June 2019
	Balance at 31 December 2018	Inclusion/(exclusion) of companies	(Debit) / credit to profit or loss	(Debit) / credit to equity	Transfers and other	
Depreciation and amortisation of property, plant and equipment and intangible assets	164	-	(8)	-	-	156
Other	994	-	-	38	(9)	1,023
TOTAL	1,158	-	(8)	38	(9)	1,179

16.2. Deferred tax liabilities.

The composition of this item of the consolidated statement of financial position at 30 June 2019 and movements in the first half of 2019 were as follows:

Millions of Euros

	Deferred tax liabilities					Balance at 30 June 2019
	Balance at 31 December 2018	Inclusion/(exclusion) of companies (Note 4)	Debit / (credit) to profit or loss	Debit / (credit) to equity	Transfers and other	
Accelerated depreciation and amortisation of assets for tax purposes	619	-	(7)	-	-	612
Other	518	1	(3)	21	(11)	526
TOTAL	1,137	1	(10)	21	(11)	1,138

17. Trade payables and other current liabilities.

Details of this item at 30 June 2019 and 31 December 2018 are as follows:

Millions of Euros

	Notes	30 June 2019	31 December 2018
Trade payables and other current liabilities	14	4,620	5,146
Suppliers and other payables		2,969	3,644
Dividend payable	11.2	771	743
Other payables		616	500
Interest on borrowings associated with rights of use (IFRS 16 Leases)		1	-
Other		615	500
Current liabilities on contracts with customers		264	259
Derivatives	14.3.2	366	276
Hedging derivatives		125	112
Derivatives not designated as hedging instruments		241	164
Tax liabilities		921	655
Current income tax		409	159
Value added tax (VAT) payable		23	47
Other taxes		489	449
TOTAL		5,907	6,077

At 30 June 2019 and 31 December 2018, Dividends payable mainly includes the following dividends corresponding to ENDESA, S.A.:

Millions of Euros

	Notes	Dividend payable to date	Euros per share, gross	Amount	Payment date
Interim dividend	18.3	31 December 2018	0.700	741	2 January 2019
Final dividend		30 June 2019	0.727	770	2 July 2019
Total dividend paid against 2018 profit	11.2		1.427	1,511	

At 30 June 2019, the amount of trade payables discounted with financial entities for managing payment to suppliers (confirming) recognised under Trade payable and other current liabilities of the Consolidated Statement of Financial Position totalled Euros 30 million (Euros 58 million at 31 December 2018).

During the six-month periods ended 30 June 2019 and 2018, the financial income accrued by the confirming contracts amounted to less than Euros 1 million.

At 30 June 2019, the estimate of invoices receivable for electricity and gas toll costs arising from energy supplied and not invoiced amounted to Euros 267 million and Euros 89 million, respectively (Euros 282 million and Euros 129 million, respectively, at 31 December 2018) and was included under Trade Payables and Other Current Liabilities in the Consolidated Statement of Financial Position.

18. Statement of cash flows.

At 30 June 2019, cash and cash equivalents stood at Euros 454 million (Euros 244 million at 31 December 2018) (see Note 10).

In the first half of 2019 and 2018, ENDESA's net cash flows, classified by activities (operating, investment and financing) were as follows:

Millions of Euros

	Statement of cash flows	
	January - June 2019	January - June 2018
Net cash flows from operating activities	907	639
Net cash flows from investing activities	(993)	(749)
Net cash flows from financing activities	296	591

In the first half of 2019, net cash flows generated by operating activities (Euros 907 million) and net cash flows from financing activities (Euros 296 million) helped cover the net investment required to cover net cash flows used in investing activities (Euros 993 million).

18.1. Net cash flows from operating activities.

In the first half of 2019, net cash flows from operating activities amounted to Euros 907 million (Euros 639 million in the first half of 2018) which are as follows:

Millions of Euros

	January - June 2019	January - June 2018
Profit before tax and non-controlling interests	1,014	984
Adjustments for:	974	805
Depreciation and amortisation, and impairment losses	794	751
Other adjustments (net)	180	54
Changes in working capital:	(809)	(1,047)
Trade and other receivables	70	182
Inventories	(132)	(159)
Current financial assets	(299)	(209)
Trade payables and other current liabilities	(448)	(861)
Other cash flows from/(used in) operating activities:	(272)	(103)
Interest received	15	16
Dividends received	10	6
Interest paid ⁽¹⁾	(62)	(73)
Income tax paid	(72)	72
Other receipts from and payments for operating activities ⁽²⁾	(163)	(124)
NET CASH FLOWS FROM OPERATING ACTIVITIES	907	639

(1) Includes interest paid on borrowing for rights of use (IFRS 16 Leases) for Euros 1 million.

(2) Includes provision payments.

The variations in the different items determining the net cash flows from operating activities include:

- The higher profit before tax and non-controlling interests net of depreciation and amortisation and other adjustments for the period (Euros 199 million).
- Changes in working capital between the two periods amounting to Euros 238 million, mainly as a result of the decrease in payments to trade creditors for Euros 413 million, the Euros 27 million reduction in payments for inventories, the reduction in charges from trade and other receivables for the amount of Euros 112 million, and the lower charges for offsetting extra-costs for non-mainland territories generation (“TNP”) for Euros 18 million.
- The variation in corporation tax in both periods amounting to Euros 144 million.

In the first half of 2019, the Company has also continued with its active management policy for current assets and liabilities, focusing on, among other aspects, the improvement of processes, the factoring of receivables and agreements extending payment periods with suppliers.

At 30 June 2019, 31 December 2018 and 30 June 2018, working capital comprised the following items:

Millions of Euros				
	Notes	Working capital		
		30 June 2019	31 December 2018	30 June 2018
Current assets ⁽¹⁾		5,551	5,410	5,237
Inventories	8	1,115	1,473	1,222
Trade and other receivables	9	3,089	2,955	3,122
Current financial assets	14	1,347	982	893
Compensation for extra-costs of non-mainland territories generation (“TNP”)		886	609	546
Collection rights for financing of the shortfall of regulated activities		260	236	196
Remuneration of the distribution activity		120	83	94
Other		81	54	57
Current liabilities ⁽²⁾		6,285	6,648	5,752
Current provisions	12.1	378	571	305
Trade payables and other current liabilities	17	5,907	6,077	5,447
Dividend of the Parent		770	741	722
Other		5,137	5,336	4,725

(1) Excluding cash and cash equivalents and financial derivative assets corresponding to borrowings.

(2) Excluding current borrowings and financial derivative liabilities corresponding to borrowings.

18.2. Net cash flows from investing activities.

In the first half of 2019, net cash flows used in investment activities amounted to Euros 993 million (Euros 749 million in the first half of 2018) and include, among other aspects :

- Net cash flows used in the acquisition of property, plant and equipment and intangible assets:

Millions of Euros			
	Notes	January - June 2019	January - June 2018
Acquisitions of property, plant and equipment and intangible assets		(903)	(664)
Acquisitions of property, plant and equipment	5	(843)	(458)
Acquisitions of intangible assets	6	(78)	(71)
Facilities transferred from customers		21	29
Suppliers of property, plant and equipment		(3)	(164)
Proceeds from disposals of property, plant and equipment and intangible assets		13	3
Grants and other deferred income		27	40
TOTAL		(863)	(621)

- Net cash payments for investments and/or receipts from disposals of holdings in Group companies:

Millions of Euros

	Notes	January - June 2019	January - June 2018
Investments in Group companies		(2)	(46)
Companies acquired by ENEL Green Power España, S.L.U. (EGPE)	2.3 and 4	(2)	(1)
Parques Eólicos Gestinver, S.L.U.		-	(45)
Proceeds from disposals of investments in Group companies		-	20
Nueva Marina Real Estate, S.L. (1)		-	20
TOTAL		(2)	(26)

(1) Sale completed in 2017.

18.3. Net cash flows from financing activities.

In the first half of 2019, the cash flows from financing activities came to Euros 296 million (Euros 591 million in the first half of 2018), mainly including the following aspects:

- Cash flows from equity instruments

Millions of Euros

	January - June 2019	January - June 2018
Capital contribution by Bosa del Ebro, S.L.	6	-
Capital reduction at Eólica Valle del Ebro, S.A.	-	(1)
TOTAL	6	(1)

- Proceeds from non-current borrowings:

Millions of Euros

	Notes	January - June 2019	January - June 2018
Draw downs of the green loan arranged with the European Investment Bank (EIB)	13.2.2	335	500
Draw downs of the green loan arranged with "Instituto de Crédito Oficial" ("ICO")	13.2.2	300	-
Draw downs from credit facilities		6	10
Other		2	12
TOTAL	13.1	643	522

- Repayments of the following non-current borrowings:

Millions of Euros

	Notes	January - June 2019	January - June 2018
Repayment of credit facilities		(199)	-
Repayment of bank loan for Productor Regional de Energía Renovable, S.A.U.		-	(44)
Other		(6)	(5)
TOTAL	13.1	(205)	(49)

- Repayments and proceeds from the following current borrowings:

Millions of Euros

	Notes	January - June 2019	January - June 2018
Repayments			
Repayments of ECP bonds issued by International ENDESA B.V.		(4,920)	(3,562)
Repayments of ECP bonds issued by ENDESA S.A.		(480)	-
Repayment of credit facilities with ENEL Finance International, N.V.		-	(2,500)
Payments of rights of use contracts on application of IFRS 16 Leases	2.1	(16)	-
Repayment of Parque Eólico Gestinver, S.L.U. bank loan		-	(116)
Other		(72)	(66)
Proceeds			
ECP bonds issued by International ENDESA B.V.		4,431	3,873
ECP bonds issued by ENDESA S.A.		1,616	-
Draw downs on credit facilities with ENEL Finance International, N.V.		-	3,200
Other		41	38
TOTAL	13.1	600	867

– Dividends paid:

Millions of Euros

	Notes	January - June 2019	January - June 2018
Parent dividends paid	11.2	(741)	(741)
Dividends Paid to Non-controlling Interests ⁽¹⁾		(7)	(7)
TOTAL		(748)	(748)

(1) Corresponding to companies of ENEL Green Power España, S.L.U. (EGPE).

19. Segment information.

19.1. Basis of segmentation.

In carrying out its business activities, ENDESA's organisation prioritises its core business of electricity and gas generation, distribution, and sale as well as related services. Therefore, the financial information analysed by the executive committee for the purposes of taking its decisions is the segment information, which includes:

- Generation, together with supply;
- Distribution;
- Structure, mainly including the balances and transactions of holding companies and financing and service provision companies; and
- Consolidation adjustments and eliminations, including the inter-segment consolidation eliminations and adjustments.

The corporate organisation of ENDESA essentially matches these segments. Therefore, the allocation established in the Segment reporting presented below is based on the financial information of the companies making up each Segment.

Transactions between Segments form part of normal business activities in terms of their purpose and terms and conditions.

External customers did not represent 10% or more of the revenues of any ENDESA segment in the six months ended 30 June 2019 and 2018.

19.2. Segment information.

19.2.1. Segment information: Income statement for January - June 2019 and Statement of financial position at 30 June 2019.

Millions of Euros

	January - June 2019				
	Generation and supply ⁽¹⁾	Distribution ⁽²⁾	Structure	Consolidated adjustments and eliminations	Total
INCOME	8,520	1,377	279	(385)	9,791
Revenue	8,306	1,243	269	(345)	9,473
Other operating income	214	134	10	(40)	318
PROCUREMENTS AND SERVICES	(6,893)	(83)	(16)	91	(6,901)
Power purchases	(2,413)	(5)	-	-	(2,418)
Fuel consumption	(876)	-	-	-	(876)
Transmission costs	(2,660)	(6)	-	-	(2,666)
Other Variable Procurements and Services	(944)	(72)	(16)	91	(941)
CONTRIBUTION MARGIN	1,627	1,294	263	(294)	2,890
Self-constructed assets	27	65	7	-	99
Personnel expenses	(260)	(141)	(110)	6	(505)
Other fixed operating expenses	(525)	(193)	(157)	285	(590)
EBITDA	869	1,025	3	(3)	1,894
Depreciation and amortisation, and impairment losses	(465)	(300)	(29)	-	(794)
PROFIT FROM OPERATIONS	404	725	(26)	(3)	1,100
NET FINANCIAL PROFIT/(LOSS)	(54)	(36)	(6)	-	(96)
Financial income	17	2	224	(227)	16
Financial expenses	(66)	(38)	(235)	227	(112)
Net exchange differences	(5)	-	5	-	-
Net income of companies accounted for using the equity method	18	(1)	-	-	17
Gains/(losses) from other investments	-	-	327	(327)	-
Gains/(losses) on disposal of assets	(7)	-	-	-	(7)
PROFIT/(LOSS) BEFORE TAX	361	688	295	(330)	1,014
Income Tax	(68)	(165)	1	-	(232)
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	293	523	296	(330)	782
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS	-	-	-	-	-
PROFIT/(LOSS) FOR THE PERIOD	293	523	296	(330)	782
Parent	287	523	296	(330)	776
Non-controlling interests	6	-	-	-	6

(1) Includes Euros 41 million of impairment provisions for commercial insolvencies (see Note 9.1) and Euros 3 million in impairment provisions for financial assets.

(2) Includes Euros 5 million for net impairment losses from commercial insolvencies (see Note 9.1) and Euros 1 million of impairment provisions for financial assets.

Millions of Euros

	30 June 2019				
	Generation and supply	Distribution	Structure	Consolidated adjustments and eliminations	Total
ASSETS					
Non-current assets	13,801	13,295	29,695	(30,304)	26,487
Property, plant and equipment	10,272	11,866	121	-	22,259
Investment Property	-	56	6	-	62
Intangible assets	970	217	135	-	1,322
Goodwill	378	97	4	-	479
Investments accounted for using the equity method	229	16	4	-	249
Non-current Financial Assets	1,266	705	29,281	(30,315)	937
Deferred tax assets	686	338	144	11	1,179
Current assets	4,810	1,248	1,653	(1,706)	6,005
Inventories	972	143	-	-	1,115
Trade and other receivables	2,658	727	956	(1,252)	3,089
Current Financial Assets	967	368	466	(454)	1,347
Cash and cash equivalents	213	10	231	-	454
Non-current Assets Held for Sale and Discontinued Operations	-	-	-	-	-
TOTAL ASSETS	18,611	14,543	31,348	(32,010)	32,492
EQUITY AND LIABILITIES					
Equity	7,483	3,603	16,889	(18,876)	9,099
Of the Parent	7,340	3,596	16,889	(18,876)	8,949
Non-controlling interests	143	7	-	-	150
Non-current liabilities	7,228	8,628	10,996	(11,430)	15,422
Deferred income	42	4,520	-	(19)	4,543
Non-current provisions	2,097	957	321	55	3,430
Non-current borrowings	4,084	2,346	10,582	(11,441)	5,571
Other non-current liabilities	261	476	30	(27)	740
Deferred tax liabilities	744	329	63	2	1,138
Current liabilities	3,900	2,312	3,463	(1,704)	7,971
Current borrowings	68	7	2,074	(463)	1,686
Current provisions	257	65	56	-	378
Trade Payables and Other Current Liabilities	3,575	2,240	1,333	(1,241)	5,907
Liabilities Associated with Non-current Assets Classified as held for Sale and Discontinued Operations	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	18,611	14,543	31,348	(32,010)	32,492

19.2.2. Segment information: Income Statement for January - June 2018 and Statement of financial position at 31 December 2018.

Millions of Euros

	January - June 2018				
	Generation and supply ⁽¹⁾	Distribution ⁽²⁾	Structure ⁽³⁾	Consolidated adjustments and eliminations	Total
INCOME	8,649	1,387	275	(377)	9,934
Revenue	8,374	1,265	265	(344)	9,560
Other operating income	275	122	10	(33)	374
PROCUREMENTS AND SERVICES	(7,058)	(101)	(41)	89	(7,111)
Power purchases	(2,363)	-	-	-	(2,363)
Fuel consumption	(941)	-	-	-	(941)
Transmission costs	(2,770)	-	-	1	(2,769)
Other Variable Procurements and Services	(984)	(101)	(41)	88	(1,038)
CONTRIBUTION MARGIN	1,591	1,286	234	(288)	2,823
Self-constructed assets	17	57	6	-	80
Personnel expenses	(269)	(125)	(83)	4	(473)
Other fixed operating expenses	(544)	(206)	(159)	283	(626)
EBITDA	795	1,012	(2)	(1)	1,804
Depreciation and amortisation, and impairment losses	(424)	(305)	(22)	-	(751)
PROFIT FROM OPERATIONS	371	707	(24)	(1)	1,053
NET FINANCIAL PROFIT/(LOSS)	(83)	(36)	49	-	(70)
Financial income	15	4	238	(239)	18
Financial expenses	(95)	(40)	(191)	239	(87)
Net exchange differences	(3)	-	2	-	(1)
Net income of companies accounted for using the equity method	14	3	3	-	20
Gains/(losses) from other investments	-	-	324	(324)	-
Gains/(losses) on disposal of assets	(19)	2	(2)	-	(19)
PROFIT/(LOSS) BEFORE TAX	283	676	350	(325)	984
Income tax	(60)	(162)	(7)	1	(228)
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	223	514	343	(324)	756
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS	-	-	-	-	-
PROFIT/(LOSS) FOR THE PERIOD	223	514	343	(324)	756
Parent	219	514	343	(324)	752
Non-controlling interests	4	-	-	-	4

(1) Includes Euros 44 million of impairment provisions for commercial insolvencies (see Note 9.1) and Euros 1 million in impairment provisions for financial assets.

(2) Includes Euros 1 million for net impairment losses from commercial insolvencies (see Note 9.1).

(3) Includes Euros 1 million for net impairment losses from commercial insolvencies (see Note 9.1).

Millions of Euros

	31 December 2018				
	Generation and supply	Distribution	Structure	Consolidated adjustments and eliminations	Total
ASSETS					
Non-current assets	13,235	13,349	29,981	(30,564)	26,001
Property, plant and equipment	9,856	11,916	68	-	21,840
Investment Property	-	56	6	-	62
Intangible assets	991	223	141	-	1,355
Goodwill	378	97	4	-	479
Investments accounted for using the equity method	229	18	2	-	249
Non-current financial assets	1,093	718	29,623	(30,576)	858
Deferred tax assets	688	321	137	12	1,158
Current assets	5,083	1,106	2,910	(3,444)	5,655
Inventories	1,348	125	-	-	1,473
Trade and other receivables	2,622	671	1,941	(2,279)	2,955
Current financial assets	889	304	955	(1,165)	983
Cash and cash equivalents	224	6	14	-	244
Non-current assets held for sale and discontinued operations	-	-	-	-	-
TOTAL ASSETS	18,318	14,455	32,891	(34,008)	31,656
EQUITY AND LIABILITIES					
Equity	7,194	3,472	17,388	(18,873)	9,181
Of the Parent	7,057	3,465	17,388	(18,873)	9,037
Non-controlling interests	137	7	-	-	144
Non-Current liabilities	6,079	8,522	12,111	(11,931)	14,781
Deferred income	44	4,562	-	(19)	4,587
Non-current provisions	1,995	954	323	53	3,325
Non-current borrowings	3,022	2,197	11,707	(11,951)	4,975
Other non-current liabilities	281	474	19	(17)	757
Deferred tax liabilities	737	335	62	3	1,137
Current liabilities	5,045	2,461	3,392	(3,204)	7,694
Current borrowings	59	4	1,916	(933)	1,046
Current provisions	444	65	62	-	571
Trade payables and other current liabilities	4,542	2,392	1,414	(2,271)	6,077
Liabilities associated with non-current assets classified as held for sale and discontinued operations	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	18,318	14,455	32,891	(34,008)	31,656

19.2.3. Segment Information: Statements of cash flows for the six months ended 30 June 2019 and 2018.

Millions of Euros

Statement of cash flows	January - June 2019				January - June 2018			
	Generation and supply	Distribution	Structure, Services and Adjustments	TOTAL	Generation and supply	Distribution	Structure, services and adjustments	TOTAL
Net cash flows from operating activities	333	708	(134)	907	(201)	761	79	639
Net cash flows from investing activities	(582)	(268)	(143)	(993)	(28)	(348)	(373)	(749)
Net cash flows from financing activities	238	(437)	495	296	230	(416)	777	591

19.3. Other information.

In the first six months of 2019 and 2018, details of the Revenue from sales heading on the consolidated income statement, by segment, are as follows:

Millions of Euros

	January - June 2019	January - June 2018
Generation and supply	8,306	8,374
Electricity sales	6,792	6,813
Sales to the deregulated market	4,571	4,532
Sales to the Spanish deregulated market	4,062	4,054
Sales to the deregulated markets outside Spain	509	478
Sales at regulated prices	1,058	1,133
Wholesale market sales	478	489
Compensation for non-mainland territories ("TNP")	626	607
Remuneration for investment in renewable energies	49	43
Other electricity sales	10	9
Gas sales	1,243	1,291
Sales to the deregulated market	1,194	1,243
Sales at regulated prices	49	48
Other sales and services rendered	271	270
Distribution	1,243	1,265
Regulated revenue from electricity distribution	1,104	1,109
Other sales and services rendered	139	156
Structure and other (1)	(76)	(79)
Other sales and services rendered	(76)	(79)
TOTAL	9,473	9,560

(1) Structure, Services and Adjustments

In the first six months of 2019 and 2018, details of the Other operating income heading on the consolidated income statement, by segment, are as follows:

Millions of Euros

	January - June 2019	January - June 2018
Generation and supply	214	275
Changes in energy stock derivatives	152	216
Grants released to income (1)	3	3
Trading rights	24	17
Third party compensation	2	2
Other	33	37
Distribution	134	122
Grants released to income (1)	7	6
Recognition of liabilities from contracts with customers in profit or loss	78	76
Rendering of services at plants	1	2
Trading rights	4	2
Third party compensation	5	6
Other	39	30
Structure and other (2)	(30)	(23)
Third party compensation	-	-
Other	(30)	(23)
TOTAL (3)	318	374

(1) Includes Euros 9 million relating to capital grants and Euros 1 million of operating grants in the first half of 2019 (Euros 8 million and Euros 1 million, respectively, in the first half of 2018).

(2) Structure, Services and Adjustments.

(3) Includes Euros 129 million relating to income from ordinary activities of contracts with customers in the first half of 2019 (Euros 112 million in the first half of 2018).

The detail of sales from external customers by the main geographical areas where ENDESA operates in the six months ended 30 June 2019 and 2018 is as follows:

Millions of Euros

	January - June 2019			January - June 2018		
	Revenue	Other operating income	Income	Revenue	Other operating income	Income
Spain	8,510	168	8,678	8,631	227	8,858
Portugal	481	7	488	453	15	468
France	277	3	280	266	-	266
Italy	34	128	162	14	105	119
Germany	84	-	84	92	1	93
Netherlands	28	2	30	29	1	30
United Kingdom	18	6	24	46	15	61
Other	41	4	45	29	10	39
TOTAL	9,473	318	9,791	9,560	374	9,934

20. Related-party balances and transactions.

Related parties are parties over which ENDESA, directly or indirectly via one or more intermediate companies, exercises control or joint control or has significant influence, or which are key members of the ENDESA management team.

Key members of the ENDESA management team are those with the authority and responsibility to plan, direct and control ENDESA's business either directly or indirectly, including any member of the Board of Directors.

Transactions between the Company and its subsidiaries and joint operation entities, which are related parties, form part of the Company's normal business activities (in terms of their purpose and conditions) and have been eliminated on consolidation. Therefore, they are not disclosed in this Note.

For information purposes, all companies comprising the ENEL Group and not included in ENDESA's Consolidated Financial Statements were considered significant shareholders.

The amount of transactions carried out in the six months ended 30 June 2019 with other related parties of certain members of the Board of Directors combined does not exceed Euros 11 million (less than Euros 8 million in the six months ended 30 June 2018). All of them correspond to the Company's normal business activities and were in all cases carried out under normal market conditions.

All transactions with related parties are at arm's length.

20.1. Expenses and income and other transactions.

During the first six months of 2019 and 2018, the relevant balances and transactions with related parties were as follows:

20.1.1. Expenses and income.

Millions of Euros

	January - June 2019				
	Significant shareholders	Directors and Senior management personnel	ENDESA employees, companies or entities	Other related parties	Total
Financial expenses	46	-	-	-	46
Leases	-	-	-	-	-
Services received	17	-	-	10	27
Purchases of inventories	85	-	-	-	85
Other expenses ⁽¹⁾	330	-	-	-	330
TOTAL EXPENSES	478	-	-	10	488
Financial income	1	-	-	-	1
Dividends received	-	-	-	-	-
Rendering of services	8	-	-	1	9
Sales of inventories	22	-	-	-	22
Other income	132	-	-	-	132
TOTAL INCOME	163	-	-	1	164

(1) Includes Euros 17 million recorded in the Statement of Other Comprehensive Income.

Millions of Euros

	January - June 2018				
	Significant shareholders	Directors and Senior management personnel	ENDESA employees, companies or entities	Other related parties	Total
Financial expenses	47	-	-	-	47
Leases	-	-	-	-	-
Services received	17	-	-	7	24
Purchases of inventories	124	-	-	-	124
Other expenses ⁽¹⁾	187	-	-	-	187
TOTAL EXPENSES	375	-	-	7	382
Financial income	1	-	-	-	1
Dividends received	-	-	-	-	-
Rendering of services	11	-	-	1	12
Sales of inventories	8	-	-	-	8
Other income	108	-	-	-	108
TOTAL INCOME	128	-	-	1	129

(1) Includes Euros 7 million recorded in the Statement of Other Comprehensive Income.

The main transactions with related parties included in the heading Other expenses in the first half of 2019 and 2018 relate to:

Millions of Euros

	January - June 2019	January - June 2018
Negative changes in the fair value of the derivative financial instruments for electricity and other energy products.	261	151
Power purchases	40	28
Management or cooperation contracts	29	8
TOTAL	330	187

The main transactions with related parties included in the heading Other income in the first half of 2019 and 2018 relate to:

Millions of Euros

	January - June 2019	January - June 2018
Positive changes in the fair value of the derivative financial instruments for electricity and other energy products.	127	104
Power sales	3	2
Management or cooperation contracts	1	1
Leases	1	1
TOTAL	132	108

20.1.2. Other transactions.

Millions of Euros

	January - June 2019					Total
	Notes	Significant shareholders	Directors and Senior management personnel	ENDESA employees, companies or entities	Other related parties	
Financing agreements: Loans and capital contributions (lender)		-	1	-	-	1
Financing agreements: Loans and capital contributions (borrower)		3,000	-	-	-	3,000
Guarantees provided		-	7	-	-	7
Guarantees received	8.1	120	-	-	-	120
Commitments acquired	8.1	150	-	-	-	150
Dividends and other distributions	11.2	520	-	-	-	520
Other transactions		2	-	-	-	2

Millions of Euros

	January - June 2018					Total
	Notes	Significant shareholders	Directors and Senior management personnel	ENDESA employees, companies or entities	Other related parties	
Financing agreements: Loans and capital contributions (lender)		-	1	-	-	1
Financing agreements: Loans and capital contributions (borrower)		3,700	-	-	-	3,700
Guarantees provided		-	7	-	-	7
Guarantees received	8.1	117	-	-	-	117
Commitments acquired	8.1	112	-	-	-	112
Dividends and other distributions		520	-	-	-	520
Other transactions		33	-	-	-	33

At 30 June 2019 and 2018, the most significant balances under other transactions with related parties are as follows:

- Financing Agreements (Borrower): Outstanding balance on the intercompany loan arranged with ENEL Finance International, B.V. of Euros 3,000 million.
- Committed and irrevocable credit facility arranged with ENEL Finance International N.V. for the amount of Euros 1,000 million, which at 30 June 2019 and 2018 had not been drawn down (see Note 13.2.1).
- Uncommitted inter-company credit facility arranged with ENEL Finance International N.V. for the amount of Euros 1,500 million, which at 30 June 2018 had been drawn down for the amount of Euros 700 million. This line of credit was not renewed on 28 December 2018.
- Guarantees received: Guarantee received from ENEL, S.p.A. of USD 137 million (approximately Euros 120 million as of 30 June 2019 and Euros 117 million as of 30 June 2018) for compliance with the agreement to purchase liquefied natural gas from Corpus Christi Liquefaction, LLC (see Note 8.1).
- Commitments acquired: Includes commitments to purchase inventories of CO₂ emission rights for Euros 150 million (Euros 103 million at 30 June 2018) (see Note 8.1). Additionally, at 30 June 2018, it included the commitment to acquire remote management meters for the amount of Euros 9 million.
- Dividends and other distributions: Interim dividends paid to ENEL Iberia, S.L.U. in both periods (see Note 11.2).
- Other transactions: includes purchases of property, plant and equipment, intangible assets and other asset for the amount of Euros 2 million and Euros 33 million respectively.

During the first half of 2019 and 2018 the Directors, or persons acting on their behalf, did not carry out transactions with the Company, or with its subsidiaries, that do not correspond to the normal course of business or were not carried out in keeping with prevailing market conditions.

20.1.3. Balances at the end of the period.

At 30 June 2019 and 31 December 2018, balances held with significant shareholders are as follows:

Millions of Euros

	Notes	30 June 2019				Total
		Significant shareholders	Directors and Senior management personnel	ENDESA employees, companies or Entities	Other related parties	
Customers and trade receivables	9	380	-	-	-	380
Loans and credits granted		-	1	-	-	1
Other collection rights		352	-	-	-	352
TOTAL RECEIVABLES		732	1	-	-	733
Suppliers and trade payables		1,263	-	-	2	1,265
Loans and credits received		3,009	-	-	-	3,009
Other payment obligations		438	-	-	-	438
TOTAL PAYABLES		4,710	-	-	2	4,712

Millions of Euros

	Notes	31 December 2018				Total
		Significant shareholders	Directors and Senior management personnel	ENDESA employees, companies or entities	Other related parties	
Customers and trade receivables	9	239	-	-	1	240
Loans and credits granted		-	1	-	-	1
Other collection rights		222	-	-	-	222
TOTAL RECEIVABLES		461	1	-	1	463
Suppliers and trade payables		1,155	-	-	1	1,156
Loans and credits received		3,011	-	-	-	3,011
Other payment obligations		229	-	-	-	229
TOTAL PAYABLES		4,395	-	-	1	4,396

20.2. Associates and Joint Ventures.

At 30 June 2019 and 31 December 2018, the information on trade receivables for sales and services, and credits and guarantees issued to Associates and Joint ventures is:

Millions of Euros

	Notes	Associates		Joint ventures		Joint Operations	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
		Trade receivables for sales and services	9	1	1	3	-
Credits		63	63	-	-	3	4
Guarantees Issued		-	-	-	-	-	-

In the first half of 2019 and 2018 transactions made with associates, joint ventures and joint operations entities not eliminated on consolidation are as follows:

Millions of Euros

	Associates		Joint ventures		Joint Operations	
	January - June 2019	January - June 2018	January - June 2019	January - June 2018	January - June 2019	January - June 2018
	Income	-	2	1	1	-
Expenses	(8)	(7)	(13)	(12)	(25)	(23)

20.3. Remuneration and other benefits of Directors and Senior management personnel.

The following remuneration and other benefits were received by Directors in the six months ended 30 June 2019 and 2018:

Thousands of Euros

Retribution Item	Directors	
	Amount	
	January - June 2019	January - June 2018
Remuneration for belonging to the Board of Directors and/or Board Committees	917	815
Salaries	690	936
Variable remuneration in cash	1,677	1,042
Share-based payment plans	-	-
Termination benefits ⁽¹⁾	9,615	-
Long-term savings systems	626	608
Other items ⁽²⁾	3,555	318
TOTAL	17,080	3,719

(1) At 30 June 2019 this includes the payment corresponding to Mr Prado on termination of his contract as Company Chairman on 12 April 2019.

(2) At 30 June 2019 this includes the compensation of Euros 3.205 thousand paid to Mr Prado as part of his non-competition agreement, and a commitment not to work for any company engaged in activities similar to those of ENDESA, S.A. for a period of two years. Additionally, at 30 June 2019 and 2018 life insurance premiums for Directors of Euros 234 million and Euros 268 million, respectively, are included.

The following remuneration was received by Senior management in the six months ended 30 June 2019 and 2018:

Thousands of Euros

Retribution Item	Senior managers	
	Amount	
	January - June 2019	January - June 2018
Remuneration received	5,843	5,289
TOTAL	5,843	5,289

At 30 June 2019 and 2018, there were 17 and 19 Senior managers, respectively.

At 30 June 2019 and 31 December 2018, as regards remuneration, the Company has no guarantees provided by means of a guarantee in favour of Senior managers, who are not, in turn, Executive Directors.

At 30 June 2019 and 2018, the Company had all its early retirement and pension obligations with directors and Senior managers covered.

20.4. Conflicts of interest.

In accordance with Article 229 of the Corporate Enterprises Act, the direct or indirect situations of conflict of interest involving members of the Board of Directors with the interest of the Company, along with how they were handled in the first half of 2019, were as follows:

- The Executive Directors, in their capacity as Directors of ENEL Iberia S.L.U., appointed by Enel, S.p.A., had conflicts of interest when authorising transactions with Enel, S.p.A. or Enel Group companies. In all the situations arising in the first half of 2019, the Executive Directors did not participate in the related items on the agenda of the Board of Directors meeting.
- The Proprietary Directors, appointed by ENEL, S.p.A., had a conflict of interest when authorising transactions with ENEL, S.p.A. or ENEL Group companies. In all the situations arising in the first half of 2019, the Proprietary Directors did not participate in the related items on the agenda of the Board of Directors meeting.
- Independent Director Ms. Helena Revoredo Delvecchio, in her capacity as Chairman of Prosegur Compañía de Seguridad, S.A., had a conflict of interest in the first half of 2019 due to her involvement in the decision-making over a transaction with Prosegur Compañía de Seguridad, S.A. or companies in the

Prosegur Group. The independent Director did not participate in this item on the agenda of the Board of Directors meeting.

In the first six months of 2019 and 2018 there were no damages caused by acts or omissions of the Directors that would have required use to be made of the third-party liability insurance premium held through ENDESA, S.A.

Gender diversity: At 30 June 2019 and 31 December 2018, the Board of Directors of ENDESA, S.A. is made up of 11 directors, 2 of which are women.

21. Workforce.

ENDESA's final and average headcounts, by segment, professional category and gender, are as follows:

Number of employees

	Final headcount					
	30 June 2019			31 December 2018		
	Male	Female	Total	Male	Female	Total
Executives	237	53	290	234	50	284
Graduates	2,239	1,089	3,328	2,165	1,043	3,208
Middle management and manual workers	5,077	1,203	6,280	5,085	1,186	6,271
TOTAL	7,553	2,345	9,898	7,484	2,279	9,763

Number of employees

	Final headcount					
	30 June 2019			31 December 2018		
	Male	Female	Total	Male	Female	Total
Generation and supply	4,144	1,115	5,259	4,082	1,073	5,155
Distribution	2,527	444	2,971	2,535	443	2,978
Structure and other ⁽¹⁾	882	786	1,668	867	763	1,630
TOTAL	7,553	2,345	9,898	7,484	2,279	9,763

(1) Structure and services

Number of employees

	Average headcount					
	January - June 2019			January - June 2018		
	Male	Female	Total ⁽¹⁾	Male	Female	Total
Executives	237	50	287	236	47	283
Graduates	2,179	1,046	3,225	2,105	1,004	3,109
Middle management and manual workers	5,019	1,161	6,180	5,069	1,185	6,254
TOTAL	7,435	2,257	9,692	7,410	2,236	9,646

(1) Includes the average headcount at Empresa de Alumbrado Eléctrico de Ceuta, S.A. (64 employees).

Number of employees

	Average headcount					
	January - June 2019			January - June 2018		
	Male	Female	Total ⁽²⁾	Male	Female	Total
Generation and supply	4,070	1,060	5,130	4,070	1,040	5,110
Distribution	2,500	434	2,934	2,477	427	2,904
Structure and other ⁽¹⁾	865	763	1,628	863	769	1,632
TOTAL	7,435	2,257	9,692	7,410	2,236	9,646

(1) Structure and services

(2) Includes the average headcount at Empresa de Alumbrado Eléctrico de Ceuta, S.A. (64 employees).

In the six half of 2019 and 2018, the average number of employees in Joint operation entities was 829 and 849, respectively.

22. Other information.

During the six months ended 30 June 2019 there were no one-off events of significant amounts other than those referred to in other notes to these Interim Condensed Consolidated Financial Statements.

22.1. Other commitments and guarantees.

At 30 June 2019 and 31 December 2018, there were guarantees provided to third parties for the following concepts and amounts:

Millions of Euros

	Notes	30 June 2019	31 December 2018
Property, plant and equipment as a guarantee for financing received	13.2.3	98	103
Short and long term gas contracts		111	87
Lease agreement for methane tankers	5.4	320	170
TOTAL		529	360

At 30 June 2019 and 31 December 2018, the detail of the guarantees issued to ENDESA's associates, joint ventures and joint operation companies is shown in Note 20.2.

ENDESA considers that any additional liabilities arising from guarantees given at 30 June 2019 would not be material.

There are no further commitments to those described in Notes 5.4, 6.3, and 8.1 of the Interim Condensed Consolidated Financial Statements.

23. Events after the reporting period.

There were no subsequent significant events between 30 June 2019 and the date of approval of these Interim Condensed Consolidated Financial Statements that were not reflected in them.

24. Explanation added for translation to English

These Interim Condensed Consolidated Financial Statements are presented on the basis of IFRS, as adopted by the European Union. Consequently, certain accounting practices applied by the Group that conform to IFRS may not conform to other generally accepted accounting principles in other countries. Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevail

ENDESA, S.A.
and Subsidiaries

**Consolidated Management Report for the six
months ended 30 June 2019**

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Madrid, 22 July 2019

ENDESA, S.A. AND SUBSIDIARIES

CONSOLIDATED MANAGEMENT REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2019

Contents

1. Business trends and results in the first half of 2019.....	3
1.1. Consolidated results.....	3
1.2. Changes to accounting principles.....	3
1.3. Analysis of results.....	5
1.4. Segment information.....	12
2. Consolidation scope.....	15
3. Regulatory framework.....	16
4. Liquidity and capital resources.....	20
4.1. Financial management.....	20
4.2. Cash flows.....	22
4.3. Investments.....	25
4.4. Dividends.....	26
5. Major risks and uncertainties in the second half of 2019.....	27
6. Information on related-party transactions.....	28
7. Other information.....	28
8. Events after the reporting period.....	28
APPENDIX I - Statistical Appendix.....	29
APPENDIX II - Alternative Performance Measures (APMs).....	35
APPENDIX III - Effect of changes to accounting principles on the Consolidated Statement of Financial Position at 1 January 2019.....	37

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

ENDESA, S.A. AND SUBSIDIARIES

CONSOLIDATED MANAGEMENT REPORT FOR SIX MONTHS ENDED 30 JUNE 2019

1. Business trends and results in the first half of 2019.

1.1. Consolidated results.

ENDESA reported net income of Euros 776 million (+3.2%) in the first half of 2019.

ENDESA reported net income of Euros 776 million in the first half of 2019, an increase of 3.2% compared to the net income of Euros 752 million obtained in the first half of 2018.

The table below shows the breakdown of net income and net ordinary income in the first half of 2019 between ENDESA's businesses and the percentage change from the same period of the previous year (see Section 1.4 Segment Information in this Consolidated Management Report):

Millions of Euros

	Net income ⁽²⁾				Net ordinary income ⁽³⁾			
	January - June 2019	January - June 2018	% Var.	% of total	January - June 2019	January - June 2018	% Var.	% of total
Generation and supply	287	219	31.1	37.0	287	219	31.1	37.0
Distribution	523	514	1.8	67.4	523	514	1.8	67.4
Structure and other ⁽¹⁾	(34)	19	(278.9)	(4.4)	(34)	19	(278.9)	(4.4)
TOTAL	776	752	3.2	100.0	776	752	3.2	100.0

(1) Structure, services and adjustments.

(2) Net income = Net income of the Parent

(3) Net ordinary income = Net income of the Parent - Net gain/(loss) on disposal of non-financial assets (of over Euros 10 million) - Net impairment losses on non-financial assets (of over Euros 10 million).

1.2. Changes to accounting principles.

The accounting principles used to prepare this Consolidated Management Report are the same as those applied in the consolidated financial statements for the year ended 31 December 2018, except for the following new standards, amendments and interpretations adopted by the European Union applicable to financial years from 1 January 2019 onwards:

Standards, amendments and interpretations	Mandatory application: annual periods beginning on
IFRS 16 Leases	1 January 2019
Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments.	1 January 2019
Amendments to IAS 28 Investments in Associates and Joint Ventures: Long Term Interests in Associates and Joint Ventures.	1 January 2019
Amendments to IAS 19 Employee Benefits: Amendment, Reduction or Settlement of the Plan.	1 January 2019
Annual Improvements to IFRS 2015-2017 Cycle. The improvements are designed to address areas of inconsistency in IFRSs or where clarification in wording is required, with amendments to the following standards: - IFRS 3 "Business Combinations" and IFRS 11 Joint Arrangements: Previously Held Interest in a Joint Operation. IAS 12 Income Taxes: Income Tax Consequences of Payments on Financial Instruments Classified as Equity. IAS 23 Borrowing Costs.	1 January 2019

The impact of applying the aforementioned accounting standards, amendments and interpretations was not significant, except for IFRS 16 Leases, as described below:

IFRS 16 Leases

IFRS 16 Leases establishes that a lessee must recognise an asset according to right of use, which is the right to use an underlying asset, and a lease liability, which reflects the obligation to make lease payments during its term. This standard introduces no significant changes in regard to the lessor, who shall continue to classify contracts as financial leases or operating leases.

ENDESA has opted for retroactive application of this standard, with the accumulated impact of the initial application, whereby comparative information is not restated but the cumulative effect of initially applying the standard is presented at 1 January 2019, recognising the asset at the same value as the liability.

In relation to the practical solutions that the Standard allows at the date of first application, ENDESA has chosen not to apply this Standard to those leases whose term ends within 12 months from the date of first application or where the underlying asset has an individual value that is lower than USD 5,000, and, in these cases, recognises the payments associated with the leases as an expense on a straight-line basis over the term of the lease in Other fixed operating expenses section of the Consolidated Income Statement.

Appendix III of the Consolidated Management Report includes the impact on the Consolidated Statement of Financial Position at 1 January 2019 of the changes in the accounting principles due to the application of IFRS 16 Leases (see Note 2.1 to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2019).

In the first six months of 2019, the impact of application of IFRS 16 Leases on the Consolidated Income Statement was as follows:

Millions of Euros

Consolidated Income Statement	Sections	January - June 2019			
		Generation and supply	Distribution	Structure and other ⁽¹⁾	Total
REVENUE		-	-	-	-
PROCUREMENTS AND SERVICES		-	-	-	-
CONTRIBUTION MARGIN		-	-	-	-
Other fixed operating expenses	1.3.2	4	2	8	14
EBITDA		4	2	8	14
Depreciation and amortisation, and impairment losses	1.3.2	(3)	(2)	(8)	(13)
PROFIT FROM OPERATIONS		1	-	-	1
NET FINANCIAL PROFIT/(LOSS)	1.3.3	(2)	-	-	(2)
PROFIT/(LOSS) BEFORE TAX		(1)	-	-	(1)
Income tax		-	-	-	-
PROFIT/(LOSS) FOR THE PERIOD		(1)	-	-	(1)
Parent		(1)	-	-	(1)
Non-controlling interests		-	-	-	-

(1) Structure, services and adjustments.

At 30 June 2019, due to the application of IFRS 16 Leases, net financial debt was recognised for the payment obligation deriving from rights of use contracts for the amount of Euros 163 million (see Section 4.1. Financial Management of this Consolidated Management Report).

As a result of the entry into force of IFRS 16 Leases, from 1 January 2019, payments derived from operating lease contracts that were previously considered cash flows from operating activities are now recognised as cash flows from financing activities. In the first half of 2019 the amount recognised for this concept was Euros 16 million (see Section 4.2. Cash Flows of this Consolidated Management Report).

1.3. Analysis of results.

The table below presents the detail of the most relevant figures in ENDESA's Consolidated Income Statement in the first half of 2019 and its variation compared with the same period in the previous year:

Millions of Euros

	Most significant figures			
	January - June 2019	January - June 2018	Difference	% Var.
Revenue	9,791	9,934	(143)	(1.4)
Contribution margin ⁽¹⁾	2,890	2,823	67	2.4
EBITDA ⁽²⁾	1,894	1,804	90	5.0
EBIT ⁽³⁾	1,100	1,053	47	4.5
Net financial profit/(loss) ⁽⁴⁾	(96)	(70)	(26)	37.1
Profit/(loss) before tax	1,014	984	30	3.0
Net income ⁽⁵⁾	776	752	24	3.2
Net ordinary income ⁽⁶⁾	776	752	24	3.2

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

(2) EBITDA = Revenue - Procurements and services + Self-constructed assets - Personnel expenses - Other fixed operating expenses.

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

(4) Net financial profit/(loss) = Financial income - Financial expense + Net exchange differences.

(5) Net income = Net Income of the Parent.

(6) Net ordinary income = Net income of the Parent - Net gain/(loss) on disposal of non-financial assets (of over Euros 10 million) - Net impairment losses on non-financial assets (of over Euros 10 million).

1.3.1. Income.

Revenues in the first half of 2019 totalled Euros 9.791 million, 143 million (-1.4%) less than income posted in the first half of last year.

The table below presents the detail of income in the first half of 2019 and its variation compared with the same period in the previous year:

Millions of Euros

	Revenue			
	January - June 2019	January - June 2018	Difference	% Var.
Revenue	9,473	9,560	(87)	(0.9)
Other operating income	318	374	(56)	(15.0)
TOTAL	9,791	9,934	(143)	(1.4)

Market situation.

In the first half of 2019, electricity demand trends were as follows:

- Total mainland electricity demand dropped by 2.2% year on year (-2.3% adjusted for working days and temperature).
- The accumulated electricity demand in Non-mainland Territories ("TNP") closed out the first half of 2019 with a 0.4% reduction in the Balearic Islands and a 0.4% increase in the Canary Islands compared with the same period the previous year (+0.6% and -0.1% respectively, adjusted for the effect of working days and temperature).

First half 2019 saw higher prices, where the cumulative arithmetic price on the wholesale electricity market was Euros 51.8/MWh (+3.4%) mainly due to lower hydroelectric production (-46.6%), movements in commodities prices and the increase in the price of carbon dioxide (CO₂) emission rights.

The contribution of renewable energies to total mainland production in the first half of 2019 was 43.2% (42.1% in the first half of 2018).

In this context:

- ENDESA's mainland electricity production during the first half of 2019 was 24,658 GWh, i.e., 14.1% lower than the first half of the previous year, as detailed below:

GWh			
Mainland electricity generation ⁽¹⁾	January - June 2019	January - June 2018	% Var.
Coal	4,116	7,928	(48.1)
Hydroelectric	2,783	5,207	(46.6)
Renewables and cogeneration	2,091	2,051	2.0
Nuclear	13,212	11,769	12.3
Combined cycle (CCGT)	2,456	1,753	40.1
TOTAL	24,658	28,708	(14.1)

(1) At busbar cost.

- The company's output in Non-mainland Territories ("TNP") in the first half of 2019 was 5,717 GWh (-7.2%).
- Nuclear and renewable energies, including hydroelectric output, accounted for 59.7% of ENDESA's mainland generation mix in the first half of 2019, compared with 78.1% for the rest of the sector (54.8% and 83.6% respectively in first half 2019).

At 30 June 2019, ENDESA held the following electricity market shares:

- 20.0% in mainland electricity generation.
- 43.5% in electricity distribution.
- 32.5% in electricity supply.

In the first half of 2019, conventional gas demand was down by 0.2% year on year, and at 30 June 2019, ENDESA had secured a market share of 16.1% in gas sales to customers in the deregulated market.

Sales.

The table below presents the detail of ENDESA sales in the first half of 2019 and its variation compared with the same period in the previous year:

Millions of Euros	Sales			
	January-June 2019	January-June 2018	Difference	% Var.
Electricity sales	6,792	6,813	(21)	(0.3)
Sales to the deregulated market	4,571	4,532	39	0.9
Sales to the Spanish deregulated market	4,062	4,054	8	0.2
Sales to the deregulated markets outside Spain	509	478	31	6.5
Sales at regulated prices	1,058	1,133	(75)	(6.6)
Wholesale market sales	478	489	(11)	(2.2)
Compensation for Non-mainland Territories ("TNP")	626	607	19	3.1
Remuneration for investment in renewable energies	49	43	6	14.0
Other electricity sales	10	9	1	11.1
Gas sales	1,243	1,291	(48)	(3.7)
Sales to the deregulated market	1,194	1,243	(49)	(3.9)
Sales at regulated prices	49	48	1	2.1
Regulated revenue from electricity distribution	1,104	1,109	(5)	(0.5)
Other sales and services rendered	334	347	(13)	(3.7)
TOTAL	9,473	9,560	(87)	(0.9)

Electricity sales on the deregulated market.

At 30 June 2019, ENDESA had 5,811,096 electricity customers in the deregulated market, a 1.5% increase on numbers at 31 December 2018, as per the following breakdown:

- 4,643,708 (+0.4%) in the Spanish mainland market.
- 848,471 (+2.8%) in the Non-mainland Territories (“TNP”).
- 318,917 (+16.8%) in deregulated markets outside Spain.

ENDESA sold a net total of 37,476 GWh to these customers in the first half of 2019, a 2.1% decrease on the same half of 2018.

In economic terms, sales on the deregulated market in the first half of 2019 totalled Euros 4,571 million (+0.9%), with the following breakdown:

- Sales in the Spanish deregulated market totalled Euros 4,062 million (+0.2%), in line with the same period in the previous year due mainly to the higher sales price offsetting the lower number of physical units sold.
- Revenue from sales to deregulated European markets other than Spain totalled Euros 509 million, up by Euros 31 million (+6.5%) year on year, mainly due to the higher number of customers and the higher physical units sold in Portugal.

Electricity sales at a regulated price.

In the first six months of 2019, ENDESA sold 5,658 GWh to customers under regulated prices through its supplier of reference, which is 9.4% lower than the same period in 2018.

These sales entailed an income of Euros 1,058 million, which is 6.6% lower than the figure in the first half of 2018 as a result of the decrease in physical units sold.

Gas sales.

At 30 June 2019, ENDESA had 1,633,836 gas customers in the deregulated market, a 1.9% increase on numbers at 31 December 2018, as shown in the following breakdown:

- 230,839 (-0.9%) in the regulated market.
- 1,402,997 (+2.3%) in the deregulated market.

ENDESA sold 39,258 GWh to customers in the natural gas market in the first half of 2019, which represents a 9.4% decrease on the first half 2018 figure.

In economic terms, revenue from gas sales totalled Euros 1,243 million in the first half of 2019, down Euros 48 million (-3.7%) on the figure for the first half of 2018, as follows:

- Gas sales in the deregulated market totalled Euros 1,194 million, which is Euros 49 million (-3.9%) less than the figure for the first half of 2018, due mainly to the decrease in the number of physical units sold.
- Revenue from gas sales at the regulated price totalled Euros 49 million, in line with the figure seen in the first half of 2018.

Compensation in Non-mainland Territories (“TNP”).

During the first half of 2019, compensation for the extra-costs in Non-mainland Territories was Euros 626 million, representing an increase of Euros 19 million (+3.1%) compared to the same period of the previous year, mainly due to higher fuel costs caused by the performance of commodity prices and CO₂ emission rights.

Electricity distribution.

During the first half of 2019, ENDESA distributed 56,726 GWh in the Spanish market, which is 1.1% less compared with the first half of 2018.

In the first half of 2019 regulated distribution revenue totalled Euros 1,104 million, Euros 5 million down (-0.5%) on first half 2018.

Other operating income.

The table below presents the detail of other operating income in the first half of 2019 and its variation compared with the same period in the previous year:

Millions of Euros

	Other operating income			
	January - June 2019	January - June 2018	Difference	% Var.
Changes in energy stock derivatives	152	216	(64)	(29.6)
Recognition of liabilities from contracts with customers in profit or loss	78	76	2	2.6
Trading rights	28	19	9	47.4
Grants released to income	10	9	1	11.1
Third party compensation	7	8	(1)	(12.5)
Rendering of services at plants	1	2	(1)	(50.0)
Other	42	44	(2)	(4.5)
TOTAL	318	374	(56)	(15.0)

In January - June 2019, other operating income totalled Euros 318 million, down Euros 56 million (-15%), compared to the first half of 2018; this can be attributed mainly to the Euros 64 million decrease (-29.6%) in revenue from the valuation and settlement of energy derivatives due to changes in the valuation and settlement of gas and electricity derivatives.

1.3.2. Operating expenses.

Operating expenses totalled Euros 8.691 million in the January - June 2019 period, 2.1% less than in the same period the previous year.

The table below presents the detail of operating expenses in the first half of 2019 and its variation compared with the same period in the previous year:

Millions of Euros

	Operating expenses			
	January - June 2019	January - June 2018	Difference	% Var.
Procurements and services	6,901	7,111	(210)	(3.0)
Power purchases	2,418	2,363	55	2.3
Fuel consumption	876	941	(65)	(6.9)
Transmission costs	2,666	2,769	(103)	(3.7)
Other variable procurements and services	941	1,038	(97)	(9.3)
Self-constructed assets	(99)	(80)	(19)	23.8
Personnel expenses	505	473	32	6.8
Other fixed operating expenses	590	626	(36)	(5.8)
Depreciation and amortisation, and impairment losses	794	751	43	5.7
TOTAL	8,691	8,881	(190)	(2.1)

Procurements and services (variable costs).

Procurements and services (variable costs) totalled Euros 6,901 million in the first half of 2019, 3.0% less than in the same period the previous year.

The performance of these costs for the first half of 2019 was:

- Energy purchases increased by Euros 55 million (+2.3%) to Euros 2,418 million, primarily because of the rise in the arithmetic mean price in the wholesale electricity market (Euros 51.8/MWh, +3.4%).
- Fuel consumption was Euros 876 million, down 6.9% (Euros 65 million), due to the drop in thermal output (-22.4%) in the period despite the increase in fuel prices.
- Other variable procurements and services on the Consolidated Income Statement totalled Euros 941 million, down Euros 97 million (-9.3%) year on year. This change can be attributed in large part to:

Millions of Euros	Other variable procurements and services			
	January - June 2019	January - June 2018	Difference	% Var.
Changes in energy stock derivatives	206	183	23	12.6
Carbon dioxide emission rights (CO ₂)	185	110	75	68.2
Tax on electricity production	73	180	(107)	(59.4)
Hydraulic rate	31	48	(17)	(35.4)
Catalonia nuclear tax	(27)	1	(28)	N/A
Social bonus	20	44	(24)	(54.5)
Other	453	472	(19)	(4.0)
TOTAL	941	1,038	(97)	(9.3)

This amount includes a decrease of Euros 28 million in the Catalonian nuclear tax after the Constitutional Court ruled that it was unconstitutional on 12 April 2019. This led to a reversal of the amount accrued in 2017 and 2018 for the amount of Euros 27 million.

Fixed operating expenses.

The table below presents the detail of fixed operating expenses in the first half of 2019 and its variation compared with the same period in the previous year:

Millions of Euros	Fixed operating expenses			
	January - June 2019	January - June 2018	Difference	% Var.
Self-constructed assets	(99)	(80)	(19)	23.8
Personnel expenses	505	473	32	6.8
Other fixed operating expenses	590	626	(36)	(5.8)
TOTAL	996	1,019	(23)	(2.3)

In the first half of 2019 fixed costs were Euros 996 million, a decrease of Euros 23 million (-2.3%) compared to the first half of 2018.

This amount reflects the decrease of Euros 14 million under other fixed operating expenses on the Consolidated Income Statement arising from the activation, from 1 January 2019, of the right of use of the assets under lease following the application of IFRS 16 Leases (see Section 1.2. Changes in accounting principles of this Consolidated Management Report).

Personnel expenses include changes in the update of provisions for the current workforce restructuring plans (Euros 4 million, negative, in the first half of 2019 and Euros 6 million, positive, in the first half of 2018), and provisions for redundancy plans, compensation and other fiscal and labour risks (Euros 12 million in the first half of 2019 and Euros 24 million in the first half of 2018).

Without considering the effects described in the paragraphs above, fixed costs in the first half of 2019 would have decreased by Euros 7 million (-0.7%) compared to the same period in the previous year.

Depreciation and amortisation, and impairment losses,

The table below presents the detail of depreciation and amortisation, and impairment losses in the first half of 2019 and its variation compared with the same period in the previous year:

Millions of Euros

	Depreciation and amortisation, and impairment losses			
	January - June 2019	January - June 2018	Difference	% Var.
DEPRECIATION AND AMORTISATION	755	709	46	6.5
Provision for the depreciation of property, plant and equipment	644	608	36	5.9
Provision for amortisation of rights of use assets (IFRS 16 Leases) ⁽¹⁾	13	-	13	N/A
Other provisions for the depreciation of property, plant and equipment	631	608	23	3.8
Provision for amortisation of intangible assets	111	101	10	9.9
IMPAIRMENT LOSSES	39	42	(3)	(7.1)
Non-financial assets	(1)	(1)	-	-
Provision for impairment losses on property, plant and equipment and investment property	(1)	-	(1)	N/A
Other property, plant and equipment and investment property	(1)	-	(1)	N/A
Provision for impairment losses on intangible assets	-	(1)	1	(100.0)
Other intangible assets	-	(1)	1	(100.0)
Financial assets	40	43	(3)	(7.0)
Provision for impairment losses on receivables from contracts with customers	36	42	(6)	(14.3)
Provision for impairment losses on other financial assets	4	1	3	300.0
TOTAL	794	751	43	5.7

(1) See section 1.2. Changes in accounting principles of this Consolidated Management Report.

Depreciation and amortisation, and impairment losses in the first half of 2019 totalled Euros 794 million, up Euros 43 million (+5.7%) on the same period of the previous year.

As a result of the application of IFRS 16 Leases, in the first half of 2019, an increase of Euros 13 million was recognised under depreciation and amortisation, and impairment losses on the Consolidated Income Statement for amortisation expenses for this concept (see section 1.2. Changes in accounting principles of this Consolidated Management Report).

Without considering the effects described in the paragraph above, depreciation and amortisation, and impairment losses in the first half of 2019 would have increased by Euros 30 million (+4%) compared to the same period in the previous year, due mainly to the investment efforts made (see section 4.3. Investments of this Consolidated Management Report).

1.3.3. Net financial profit/(loss).

Net financial profit/(loss) in the first half of 2019 and 2018 was negative for the amount of Euros 96 million and Euros 70 million, respectively.

The table below presents the detail of net financial profit/(loss) in the first half of 2019 and its variation compared with the same period in the previous year:

Millions of Euros

	Net financial profit/(loss) ⁽¹⁾			
	January - June 2019	January - June 2018	Difference	% Var.
Net financial loss	(96)	(69)	(27)	39.1
Financial income	16	18	(2)	(11.1)
Financial expense	(112)	(87)	(25)	28.7
Net exchange differences	-	(1)	1	(100.0)
TOTAL	(96)	(70)	(26)	37.1

(1) Net financial profit/(loss) = Financial income - Financial expense + Net exchange differences.

In the first half of 2019, the net financial loss totalled Euros 96 million, up Euros 27 million (+39.1%) year on year.

The following effects should be considered when assessing the net financial loss during the first half of 2019:

Millions of Euros		Net financial loss ⁽¹⁾			
	January - June 2019	January - June 2018 ⁽¹⁾	Difference	% Var.	
Expenses for financial liabilities at amortised cost	(64)	(66)	2	(3.0)	
Income from financial assets at amortised cost	1	2	(1)	(50.0)	
Update of provisions for workforce restructuring plan, plant dismantling and impairment of financial assets in accordance with IFRS 9 Financial Instruments	(32)	(4)	(28)	700.0	
Expenses for rights of use contracts (IFRS 16 Leases) ⁽²⁾	(2)	-	(2)	N/A	
Other	1	(1)	2	(200.0)	
TOTAL	(96)	(69)	(27)	N/A	

(1) Net financial loss - Financial income - Financial expense.

(2) See Section 1.2 Changes to accounting principles in this Consolidated Management Report.

Excluding the impact shown in the table above for updating provisions, the impairment of financial assets in accordance with IFRS 9 Financial Instruments and the application of IFRS 16 Leases, the net financial loss in the first half of 2019 would have decreased by Euros 3 million (-4.6%) due to a combination of the following factors (see section 4.1. Financial Management of this Consolidated Management Report):

- The lower average cost of gross financial debt, which fell from 2.0% in the first half of 2018 to 1.8% in the first half of 2019.
- The increase in average gross financial debt in both periods, which went from Euros 6,335 million in January - June 2018 to Euros 7,476 million in January - June 2019.

1.3.4. Net income of companies accounted for using the equity method.

In the first half of 2019 and 2018, companies accounted for using the equity method contributed net income of Euros 17 million and Euros 20 million respectively, broken down as follows:

Millions of Euros		Net income of companies accounted for using the equity method	
	January - June 2019	January - June 2018	
Associates	6	5	
Tecnatom, S.A.	2	-	
Gorona del Viento El Hierro, S.A.	1	-	
Other	3	5	
Joint ventures	11	15	
Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.	5	4	
Énergie Électrique de Tahhadart, S.A.	1	1	
Suministradora Eléctrica de Cádiz, S.A.	-	2	
Other	5	8	
TOTAL	17	20	

1.3.5. Gains/(losses) on disposal of assets.

In the first half of 2019, gains/(losses) on disposal of assets amounted to Euros 7 million compared to Euros 19 million, both negative, in the first half of 2018, the detail being as follows:

Millions of Euros

	Reference ⁽¹⁾	Gains/(losses) on disposal of assets	
		January - June 2019	January - June 2018
Non-financial assets		10	(3)
Proceeds from disposals of investments in Group companies and other	2.3 and 2.4	1 ⁽²⁾	-
Proceeds from disposals of property, plant and equipment		9	(3)
Financial assets		(17)	(16)
Factoring transaction fees	9.1	(17)	(16)
NET TOTAL		(7)	(19)

(1) Refer to the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

(2) See Section 2. Consolidation Scope in this Consolidated Management Report.

1.3.6. Income tax.

In the first half of 2019, income tax expense amounted to Euros 232 million, which is Euros 4 million (+1.8%) higher than the amount posted for the first half of 2018.

The effective rate in January - June 2019 was 22.9% (23.2% in January - June 2018).

1.3.7. Net income.

Net income attributed to the Parent in the first half of 2019 stood at Euros 776 million, an increase of Euros 24 million year on year (+3.2%).

Net ordinary income attributable to the Parent was Euros 776 million in January - June 2019 (+3.2%).

1.4. Segment information.

Segment information is included in Note 19.2 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

The table below presents the detail of the most relevant figures of ENDESA's business areas in the first half of 2019 and its variation compared with the same period in the previous year:

Millions of Euros

	January - June 2019				January - June 2018			
	Generation and supply	Distribution	Structure and other ⁽⁷⁾	TOTAL	Generation and supply	Distribution	Structure and other ⁽⁷⁾	TOTAL
Revenue	8,520	1,377	(106)	9,791	8,649	1,387	(102)	9,934
Contribution margin ⁽¹⁾	1,627	1,294	(31)	2,890	1,591	1,286	(54)	2,823
EBITDA ⁽²⁾	869	1,025	-	1,894	795	1,012	(3)	1,804
EBIT ⁽³⁾	404	725	(29)	1,100	371	707	(25)	1,053
Net financial profit/(loss) ⁽⁴⁾	(54)	(36)	(6)	(96)	(83)	(36)	49	(70)
Profit/(loss) before tax	361	688	(35)	1,014	283	676	25	984
Net income ⁽⁵⁾	287	523	(34)	776	219	514	19	752
Net ordinary income ⁽⁶⁾	287	523	(34)	776	219	514	19	752

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

(2) EBITDA = Revenue - Procurements and services + Self-constructed assets - Personnel expenses - Other fixed operating expenses.

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

(4) Net financial profit/(loss) = Financial income - Financial expense + Net exchange differences.

(5) Net income = Income of the Parent.

(6) Net ordinary income = Net income of the Parent - Net income on disposal of non-financial assets (of over Euros 10 million) - Net impairment losses on non-financial assets (of over Euros 10 million).

(7) Structure, services and adjustments.

The table below presents the distribution of the key Consolidated Income Statement figures among ENDESA's businesses in the first half of 2019 and 2018:

Millions of Euros

	January - June 2019						
	Generation and supply				Distribution	Structure and other (1)	Total
	Non-mainland Territories generation ("TNP")	Other Generation and supply	Adjustments	Total			
REVENUE	965	8,019	(464)	8,520	1,377	(106)	9,791
Sales	963	7,808	(465)	8,306	1,243	(76)	9,473
Other operating income	2	211	1	214	134	(30)	318
PROCUREMENTS AND SERVICES	(700)	(6,654)	461	(6,893)	(83)	75	(6,901)
CONTRIBUTION MARGIN (2)	265	1,365	(3)	1,627	1,294	(31)	2,890
Self-constructed assets	2	25	-	27	65	7	99
Personnel expenses	(46)	(214)	-	(260)	(141)	(104)	(505)
Other fixed operating expenses	(97)	(431)	3	(525)	(193)	128	(590)
EBITDA (3)	124	745	-	869	1,025	-	1,894
Depreciation and amortisation, and impairment losses	(69)	(396)	-	(465)	(300)	(29)	(794)
EBIT (4)	55	349	-	404	725	(29)	1,100

(1) Structure, services and adjustments.

(2) Contribution Margin = Revenues - Procurements and services.

(3) EBITDA = Revenue - Procurements and services + Self-constructed assets - Personnel expenses - Other fixed operating expenses.

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

Millions of Euros

	January - June 20198						
	Generation and supply				Distribution	Structure and other (1)	Total
	Non-mainland Territories generation ("TNP")	Other Generation and supply	Adjustments	Total			
REVENUE	987	8,130	(468)	8,649	1,387	(102)	9,934
Sales	984	7,858	(468)	8,374	1,265	(79)	9,560
Other operating income	3	272	-	275	122	(23)	374
PROCUREMENTS AND SERVICES	(677)	(6,847)	466	(7,058)	(101)	48	(7,111)
CONTRIBUTION MARGIN	310	1,283	(2)	1,591	1,286	(54)	2,823
Self-constructed assets	-	17	-	17	57	6	80
Personnel expenses	(41)	(228)	-	(269)	(125)	(79)	(473)
Other fixed operating expenses	(93)	(453)	2	(544)	(206)	124	(626)
EBITDA	176	619	-	795	1,012	(3)	1,804
Depreciation and amortisation, and impairment losses	(84)	(340)	-	(424)	(305)	(22)	(751)
EBIT	92	279	-	371	707	(25)	1,053

(1) Structure, services and adjustments.

(2) Contribution Margin = Revenues - Procurements and services.

(3) EBITDA = Revenue - Procurements and services + Self-constructed assets - Personnel expenses - Other fixed operating expenses.

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

1.4.1. Contribution margin.

Generation and supply.

The contribution margin in the first half of 2019 totalled Euros 1,627 million, up Euros 36 million year on year (+2.3%), due mainly to the following factors:

- The decrease in fuel consumption (-6.9%) due mainly to lower thermal output in the period (-22.4%).
- The reduction in other variable procurements and services (-4.1%), including the reversal of Euros 27 million of the amount accrued in 2017 and 2018 for the Catalanian nuclear tax after the Constitutional Court ruled that it was unconstitutional on 12 April 2019.

Distribution.

The contribution margin in the first half of 2019 totalled Euros 1,294 million, up Euros 8 million (+0.6%) year on year, due mainly to the inclusion of Empresa de Alumbrado Eléctrico de Ceuta, S.A. in the consolidation scope (Euros 7 million).

Structure and other.

In the first half of 2019, the contribution margin improved by Euros 23 million, due mainly to the performance of the social bonus in the first half of 2019 and 2018, in accordance with Royal Decree 897/2017, of 6 October (see Section 3. Regulatory Framework of this Consolidated Management Report).

1.4.2. EBITDA.

Generation and supply.

EBITDA amounted to Euros 869 million, (+9.3%) in the first half of 2019. In order to analyse this performance the following factors should be taken into account:

- The 2.3% increase in the contribution margin.
- The Euros 38 million (-4.8%) decrease in fixed operating expenses, due mainly to the Euros 19 million (-3.5%) reduction in other fixed operating costs as a result of lower repair and maintenance costs.

Distribution.

In the first half of 2019, EBITDA was Euros 1,025 million (+1.3%), including:

- The performance of the contribution margin (+0.6%).
- The performance of fixed operating expenses, which were down by Euros 5 million (-1.8%). This performance includes both the Euros 16 million (12.8%) rise in personnel expenses, due, among other aspects, to the increased average workforce during the period (30 employees) and the updating of provisions for current workforce restructuring plans (Euros 2 million, negative, in the first half of 2019 and Euros 4 million, positive, in the first half of 2018), and the Euros 13 million (-6.3%) decrease in other fixed operating expenses due to lower breakdown expenses.

Structure and other.

EBITDA in the first half of 2019 totalled Euros 3 million, up by Euros 3 million against the same period of the previous year.

The Euros 23 million improvement in the contribution margin was offset by the 31.6% increase in personnel expenses, due mainly to updating of provisions for current workforce restructuring plans (Euros 3 million in the first half of 2019 and Euros 4 million in the first half of 2018), and the provisioning for compensation and other fiscal and labour risks (Euros 13 million, negative, in the first half of 2019 and Euros 3 million, positive, in the first half of 2018).

1.4.3. Profit from operations (EBIT).

Generation and supply.

In the first half of 2019, EBIT was Euros 404 million (+8.9%), including:

- A 9.3% increase in EBITDA.
- A 9.7% increase in depreciation and amortisation, and impairment losses on the Consolidated Income Statement due mainly to the investment effort made and the application of IFRS 16 Leases (see section 1.2 Changes to accounting principles and section 4.3. Investments of this Consolidated Management Report).

Distribution.

EBIT in the first half of 2019 grew by Euros 18 million year-on-year (+2.5%), mainly as a result of the 1.3% rise in EBITDA.

Structure and other.

EBIT dropped by Euros 4 million in the first half of 2019 due to the Euros 7 million (+31.8%) increase in depreciation and amortisation, mainly on the back of the application of IFRS 16 Leases (see section 1.2 Changes to accounting principles of this Consolidated Management Report).

2. Consolidation scope.

In the first half of 2019, the following transactions were carried out:

Transaction	Date	Activity	Stake at 30 June 2019 (%)		Stake at 31 December 2018 (%)		
			Control	Economic	Control	Economic	
Eólica del Noroeste, S.L. ⁽¹⁾	Sale	5 February 2019	Wind	-	-	51.00	51.00
Energía Neta Sa Caseta Lluçmajor, S.L.U. ⁽²⁾	Acquisition	5 March 2019	Photovoltaic	100.00	100.00	-	-
ENDESA Energía Renovable, S.L.U. ⁽³⁾	Formed	11 March 2019	Supply	100.00	100.00	-	-
ENEL Green Power Granadilla, S.L.U. ⁽⁴⁾	Acquisition	25 March 2019	Wind	100.00	100.00	65.00	65.00
Erecosalz, S.L. (in liquidation)	Winding	14 March 2019	Cogeneration	-	-	33.00	33.00
Ufefys, S.L. (In liquidation) ⁽⁵⁾	Sale	15 April 2019	Renewable energies.	-	-	40.00	40.00
Baleares Energy, S.L.U. ⁽²⁾	Acquisition	28 May 2019	Photovoltaic	100.00	100.00	-	-
Baikal Enterprise, S.L.U. ⁽²⁾	Acquisition	28 May 2019	Photovoltaic	100.00	100.00	-	-

(1) The gross gain on the disposal was less than Euros 1 million (see section 1.3.5. Gains/(losses) on Disposal of Assets in this Consolidated Management Report).

(2) Companies acquired by ENEL Green Power España, S.L.U. (EGPE) totalling Euros 2 million, of which less than Euros 1 million are pending payment at 30 June 2019 (see section 4.2. Cash Flows of this Consolidated Management Report).

(3) Company formed by ENDESA Energía, S.A.U.

(4) Stake acquired by ENEL Green Power España, S.L.U. (EGPE) for less than Euros 1 million (see Section 4.2. Cash Flows of this Consolidated Management Report).

(5) The gross gain on the disposal was less than Euros 1 million (see section 1.3.5. Gains/(losses) on Disposal of Assets in this Consolidated Management Report).

ENDESA has recognised the acquisition of Energía Neta Sa Caseta Lluçmajor, S.L.U., Baleares Energy, S.L.U. and Baikal Enterprise, S.L.U. as a business combination. Using the acquisition method, it has recognised definitively the assets acquired and liabilities assumed (net assets acquired) from this company at their acquisition-date fair value in the following headings of the consolidated financial statements:

Millions of Euros	Reference ⁽¹⁾	Fair value
Non-current assets		3
Property, plant and equipment	5	3
TOTAL ASSETS		3
Non-current liabilities		1
Deferred tax liabilities	16.2	1
TOTAL LIABILITIES		1
Fair value of net assets acquired		2

(1) Refer to the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

These companies are currently applying for permits and licences to carry out their projects. Therefore, construction work has not yet started on the renewable power facilities, and therefore, no ordinary income has been generated since their respective acquisition dates.

3. Regulatory framework.

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

2019 electricity tariff.

Ministerial Order TEC/1366/2018, of 20 December 2018, establishing access tariffs for 2019, was published in the Official State Gazette on 22 December 2018. Electricity access tariffs remained unchanged in the Order. This Order repealed the incentive for availability of Order ITC/3127/2011, of 17 November 2011, until the capacity mechanisms are reviewed for adaptation to European regulations and the energy transition process.

Natural gas tariff for 2019.

On 22 December 2018, Order TEC/1367/2018, of 20 December 2018, establishing access tariffs for gas for 2019, which remained unchanged, and on 28 December 2018, the Resolution of 26 December, publishing the Last Resort Tariffs (LRT) for natural gas applicable from 1 January 2019, implying an average reduction of approximately 4% due to lower raw material costs, were published in the Official State Gazette (BOE).

On 30 March 2019, the Official State Gazette published the Resolution of the Directorate General of Energy Policy and Mines of 22 March 2019, establishing the last resort tariff (LRT) for natural gas applicable from 1 April 2019. Depending on whether this is Last Resort Tariff 1 (LRT1) or Last Resort Tariff 2 (LRT2), this will decrease by an average of 5.2% and 6.6% respectively compared to the previous quarter due to lower raw material costs.

Energy efficiency.

Law 18/2014 of 15 October 2014, 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 TEC/332/2019 of 20 March 2019, entailed a contribution by ENDESA to the Energy Efficiency National Fund of Euros 29 million, corresponding to its 2019 obligations.

Royal Decree regulating self-consumption.

On 6 April 2019, the Official State Gazette published Royal Decree 244/2019, of 5 April 2019, regulating the administrative, technical and economic conditions of the self-consumption of electricity, in compliance with Royal Decree Law 15/2018, of 5 October 2018, on urgent measures for energy transition and consumer protection.

Royal Decree 244/2019, of 5 April 2019, addresses the following points, among others:

- In addition to the individual self-consumption connected to an internal grid, it includes the concept of collective self-consumption, whereby a group of consumers can be associated with the same generation facility (for example, homeowners' associations or companies/industries located in the same area).
- It also defines the concept of “installing production facilities close to consumption facilities and associated with them”, thereby enabling self-consumption using generation facilities located in the same building (the current situation) and other facilities nearby.
- It introduces a simplified mechanism to compensate surpluses (energy generated by self-consumption facilities that is not immediately used by the customer) for installations with capacity of less than 100 kW and provided that electricity is produced using renewable sources. In this case, to obtain compensation it will not be necessary to set up as an energy producer, as the supply company will compensate the user for any surplus energy through its monthly invoice. This compensation could be as much as 100% of the power consumed during the month.

- For collective and communal self-consumption, the energy will be shared among associated consumers in proportion to their contracted power and the Royal Decree permits the development of dynamic sharing ratios so that the consumer can take advantage of the surplus produced by another associated consumer if it is not consuming its allocated share.
- Administrative procedures for all consumers will be simplified, particularly for small self-consumers (installation of up to 15kW or 100kW, for self-consumption without surpluses). Measurement configurations have been simplified such that in most cases a single meter at the distribution network border will be sufficient.
- Lastly, a monitoring system has been established for these installations to supervise their impact on System operations and allow them to be integrated gradually and securely.

Renewable auctions in Non-mainland Territories (“TNP”) electricity systems.

Order TEC/1380/2018, of 20 December 2018, was published in the Official State Gazette (“BOE”) on 25 December 2018. This Order establishes the regulatory terms for concession of support for investment in wind and solar power generation facilities located in Non-mainland Territories (“TNP”), co-financed with funds from the European Regional Development Fund (ERDF).

On 27 December 2018, the Institute for Energy Diversification and Savings (“IDAE”) passed a Resolution, convening auctions of subsidies for investment in wind facilities in the Canary Islands, with an allocation of Euros 80 million and maximum power of 217 MW. On 27 June 2019, the final resolution was published, and ENDESA was awarded wind power of 16.1 MW.

Further, on 27 March 2019, the Institute for Energy Diversification and Savings (“IDAE”) passed a Resolution, convening auctions of subsidies for investment in photovoltaic facilities in the Balearic Islands, with an allocation of Euros 40 million. The bidding period has now finished and auction will be resolved.

Strategic energy and climate framework.

The European Union has made a clear commitment to fight against global warming, setting a target to reduce greenhouse gas emissions by 80% from 1990 to 2050, and defining ambitious goals and objectives for all member states. It also signed the Paris Agreement, the aim of which is to prevent the planet from warming by more than 2°C compared to pre-industrial levels, in addition to other efforts to ensure the global rise in temperature does not exceed 1.5°C.

These targets are currently being transposed into Spanish law and on 22 February 2019, the Ministry of Ecological Transition opened a public consultation on the Strategic Energy and Climate Framework, containing mainly the following documents:

- Draft Law on climate change and energy transition: This sets out the regulatory and institutional framework to introduce the Union European's commitment to decarbonising the economy through to 2050, and the global commitment of the Paris Agreement. Specifically, it would set two time frames: for 2030, a target to reduce greenhouse gas (GHG) emissions by at least 20% compared to 1990, a target to generate 70% of electricity using renewable sources and a target to improve energy efficiency by at least 35% compared to the baseline scenario; and for 2050, a target to reduce greenhouse gas emissions by at least 90% compared to 1990 and an Electricity System that is 100% based on renewable sources. The draft law also sets out specific measures to help achieve these targets. These include: measures to promote renewable energies; limits on the use of hydrocarbons, cutbacks on subsidies for fossil fuels and revising their tax treatment; promotion of electric mobility; definition of impact indicators and indicators to measure adaptation to climate change; or the introduction of a framework for the mobilisation of economic resources for the transition.

- Draft National Integrated Energy and Climate Plan (“PNIEC”) 2021-2030: The framework for the national strategic plan to integrate the energy and climate policy, reflecting Spain's contribution to achieving the targets set by the European Union. The draft National Integrated Energy and Climate Plan (“PNIEC”) also establishes the milestones and steps in the transition towards modernising the whole economy and includes: a 31% reduction in greenhouse gas (GHG) emissions vs 1990, roll-out of renewable energies to account for 42% of total energy produced in the country (74% for electricity generation) and a 39.6% improvement in energy efficiency. It also establishes the effort required from all sectors (energy, industrial, transport, agriculture, residential, waste, and natural supplies) through to 2030. The Ministry of Ecological Transition has submitted the Draft National Integrated Energy and Climate Plan (“PNIEC”) 2021-2030 to the European Commission, as have the other EU member states, starting a structured dialogue which will conclude with the Plan being approved at the end of 2019.
- A fair transition strategy: The objective is to increase job opportunities in areas that will be affected by the transition to a low-carbon economy.

Spanish National Strategy to Combat Energy Poverty.

On 5 April 2019, the Council of Ministers approved the National Strategy to Combat Energy Poverty 2019-2024, in response to the mandate set out in Royal Decree Law 15/2018, of 5 October 2018, on urgent measures for energy transition and consumer protection.

The instrument defines the concepts of energy poverty and vulnerable consumers, providing a diagnosis of the current status of energy poverty, including the impact on health, personal and social development and equality, and establishes lines of action and reduction targets.

The National Strategy to Combat Energy Poverty is the result of the need to maintain and improve benefit systems (electric and thermal Social Bonus) as transition tools that will give increased importance to structural measures to find long-term solutions for the root cause.

To properly analyse and monitor the different types of energy poverty, the indicators established by the European Energy Poverty Observatory are used as the official primary indicators (high share of energy expenditure in income, hidden energy poverty, inability to keep home adequately warm and arrears on utility bills). In order to improve the lowest value in the series of these indicators in 2008-2017, and raise the European Union average, the Strategy establishes a minimum reduction objective of 25% in 2025 (vs 2017), with a target of 50%.

The National Strategy to Combat Energy Poverty will have a duration of five years (2019-2024), and a series of operating plans are expected to be developed for its implementation. It will be managed and monitored by the Institute for Energy Diversification and Savings (“IDAE”).

The National Strategy to Combat Energy Poverty establishes four lines of action, comprising 19 concrete measures:

- to raise awareness of energy poverty through a detailed study of the energy expenditure of consumers according to the climate zone they live in, considering among other factors, the presence of minors in the household. The indicators will be updated by the government on an annual basis.
- Improve the response to the current energy poverty situation. Among other aspects, a new Social Bonus is considered to be necessary; the main lines of which are as follows: it will be an energy Social Bonus (for all types of energy supply), that should be directly granted by the authorities (automation) and management mechanisms should be implemented in concert with the Public Administrations involved. Extraordinary responses are also defined, such as not allowing supply to be cut off, in extreme weather conditions.
- Facilitate structural change through short, medium and long-term measures for the energy rehabilitation of housing and replacement of old appliances and machinery with efficient apparatus.
- Protection measures for consumers and social awareness. Among other actions, a protocol will be established to detect vulnerability through family doctors and the management of information on public benefits will be standardised to ensure this information is included in the existing universal social card. To raise public awareness, communication actions will be rolled out on the use of smart meters,

consumption habits, energy savings and efficiency improvements, and a permanent communication channel set up for individuals and groups.

Social Bonus (or Social Tariff)

The Ministry of Ecological Transition has started processing a proposed Order establishing distribution percentage of the financing of the 2019 social bonus. ENDESA, S.A. would be allocated a percentage of 36.26%, compared to 37.15% currently.

Public consultation on the draft Royal Decree establishing the methodology for calculating Electricity and Gas System charges.

Royal Decree Law 1/2019, of 11 January 2019, establishes, among other points, that the government must approve the calculation methodology for Electricity and Gas System charges before 1 January 2020. Therefore, in May 2019 the Ministry of Ecological Transition opened a public consultation prior to drawing up the Royal Decree establishing the calculation methodology for Electricity and Gas System charges and its structure, in order to obtain the opinions of all agents and parties involved.

This methodology must establish the variables used to distribute the costs that have to be covered by the charges, in a way that is not discriminatory and that is aligned with the government's energy policies, i.e. that fosters efficiency, the electrification of the economy and a fair energy transition.

Spanish Markets and Competition Commission (“CNMC”) circulars.

Pursuant to Royal Decree Law 1/2019, of 11 January 2019, the Spanish Markets and Competition Commission (“CNMC”) has an area of responsibility that includes approving and setting certain regulatory aspects via circulars.

In June 2019, the Spanish Markets and Competition Commission (“CNMC”) opened the following circulars for public consultation:

- Circular on the methodology and access conditions, in addition to the connection to the transmission and distribution grids of electricity production facilities, with the goal of regulating the procedures, periods and criteria for assessing access capacity and grant permits, improve the transparency of the process, and other aspects relating to controlling the progress of the projects to ensure they are properly completed.
- Circular on the methodologies regulating the operation of the wholesale electricity generation market and the management of the system, in order to establish energy market regulations for different time horizons (forward, day-ahead, intraday markets, balancing and Resolutions of congestion in the Electricity System) and set the methodologies for technical aspects of system operations to ensure the progressive harmonisation and convergence of the European electricity markets.
- Circular on the financial rate of remuneration for the second regulatory period (2020-2025), for which the Spanish Markets and Competition Commission (“CNMC”) proposes a figure of 5.58% (6.003% for 2020).
- Circular on the remuneration methodology for the electricity distribution activity to establish the parameters, criteria and remuneration method for this activity in the next regulatory period. The draft circular contains a new remuneration formula that regroups certain items included in Royal Decree 1048/2013 and creates new ones. The calculation formula for incentives (losses and quality) are also amended, eliminating the fraud incentive.
- There are also other draft circulars addressing the remuneration methodology for the other Electricity and Gas Sector regulated activities.

4. Liquidity and capital resources.

4.1. Financial management.

Borrowings.

As of 30 June 2019, ENDESA had net financial debt of Euros 6,795 million, an increase of Euros 1,025 million (+17.8%) compared to the debt at 31 December 2018.

The reconciliation of ENDESA's gross and net financial debt at 30 June 2019 and 31 December 2018, with a breakdown of the impact of IFRS 16 Leases, is as follows:

Millions of Euros

	Reference ⁽¹⁾	Reconciliation of financial debt			
		30 June 2019	31 December 2018	Difference	% Var.
Non-current borrowings	13.1	5,571	4,975	596	12.0
Non-current borrowings due to application of IFRS 16 Leases ⁽²⁾		138	-	138	N/A
Other non-current borrowings		5,433	4,975	458	9.2
Current borrowings	13.1	1,686	1,046	640	61.2
Current borrowings due to application of IFRS 16 Leases ⁽²⁾		25	-	25	N/A
Other current borrowings		1,661	1,046	615	58.8
Gross financial debt ⁽³⁾		7,257	6,021	1,236	20.5
Gross financial debt due to application of IFRS 16 Leases ⁽²⁾		163	-	163	N/A
Other gross financial debt		7,094	6,021	1,073	17.8
Cash and cash equivalents	10	(454)	(244)	(210)	86.1
Financial derivatives recognised as financial assets	14.3.1	(8)	(7)	(1)	14.3
Net financial debt		6,795	5,770	1,025	17.8
Net financial debt due to application of IFRS 16 Leases ⁽²⁾		163	-	163	N/A
Other net financial debt		6,632	5,770	862	14.9

(1) Refer to the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

(2) See section 1.2. Changes in accounting principles of this Consolidated Management Report.

(3) At 30 June 2019, this includes Euros 24 million corresponding to financial derivatives recognised under financial liabilities (Euros 6 million at 31 December 2018).

When analysing net financial debt, the following factors should be taken into account:

- On 2 January 2019, ENDESA paid shareholders an interim dividend against 2018 results of Euros 0.7 per share (gross), for a pay-out of Euros 741 million (see sections 2.3. Dividends and 4.2. Cash Flows of this Consolidated Management Report).
- At 30 June 2019, due to the entry into force of IFRS 16 Leases, net financial debt of Euros 163 million was recognised for this concept (see section 1.2. Changes in accounting principles of this Consolidated Management Report).

The structure of ENDESA's gross financial debt at 30 June 2019 and 31 December 2018 was as follows:

Millions of Euros

	Structure of gross financial debt					
	30 June 2019			31 December 2018	Difference	% Var.
Gross financial debt excl. the impact of application of IFRS 16 Leases	Gross financial debt incl. the impact of application of IFRS 16 Leases	Total gross financial debt				
Euro	7,094	163	7,257	6,021	1,236	20.5
TOTAL	7,094	163	7,257	6,021	1,236	20.5
Fixed rate	4,381	163	4,544	3,550	994	28.0
Floating rate	2,713	-	2,713	2,471	242	9.8
TOTAL	7,094	163	7,257	6,021	1,236	20.5
Average life (years) ⁽¹⁾	5.3	5.9	5.3	5.3	-	-
Average cost ⁽²⁾	1.8	2.3	1.8	1.9	-	-

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

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

At 30 June 2019, 63% of the gross financial debt was at fixed interest rates, while 37% was at floating rates. At this date, 100% of the Company's gross financial debt is denominated in euros.

Main financial transactions.

In the first half of 2019, ENDESA extended the credit facilities arranged with various financial institutions maturing in March 2022, and increased the limit of several of these, for a total amount of Euros 2,125 million.

In the first half of 2019, the Euro Commercial Paper (ECP) issuance programme through International ENDESA B.V. was completed and new Euro Commercial Paper (ECP) issuance programme through ENDESA, S.A. was registered. The outstanding balance of both programmes at 30 June 2019 was Euros 1,552 million and their renewal is backed by irrevocable lines of credit.

As part of the financial transaction arranged through a green loan taken out with the European Investment Bank (EIB) in 2018, on 19 March 2019, Euros 335 million was drawn down. This draw down bears a floating interest rate, with a 15-year maturity depreciable as of March 2023 (see Section 4.2. Cash Flows of this Consolidated Management Report).

ENDESA, S.A. took out a green loan with "Instituto de Crédito Oficial" ("ICO") for the amount of Euros 300 million, which was drawn down on 20 May 2019. This draw down bears a variable rate of interest and matures in 12 years, depreciable as of May 2022 (see section 4.2 Cash Flows of this Consolidated Management Report).

On 30 June 2019, ENDESA, S.A. signed the extension of the intercompany credit facility with ENEL Finance International, N.V., for Euros 1,000 million, extending its maturity to 30 June 2022.

With the entry into force, as from 1 January 2019, of IFRS 16 Leases, the net financial debt includes a liability for the recognition of the payment obligation for the right of use contracts in which ENDESA acts as lessee, the main contracts being the following (see Section 1.2. Changes in accounting principles in this Consolidated Management Report):

- Lease contracts corresponding to the right of use of lands on which some of the generation facilities of ENEL Green Power España, S.L.U. (EGPE) are located. These are long-term contracts, with automatic renewal clauses and expiry dates between 2019 and 2065. The prices in these contracts are calculated in accordance with the capacity installed (MW) and the production (GWh).
- Certain buildings where different offices are located.
- Contracts for technical equipment to cover one-off services according to operating requirements.

At 30 June 2019, the amount of this liability was Euros 163 million (Euros 186 million at 1 January 2019) (see Section 1.2. Changes in accounting principles of this Consolidated Management Report).

Liquidity.

At 30 June 2019, ENDESA had liquidity of Euros 3,582 million (Euros 3,040 million at 31 December 2018) as detailed below:

Millions of Euros

	Reference (1)	Liquidity			
		30 June 2019	31 December 2018	Difference	% Var.
Cash and cash equivalents	10	454	244	210	86.1
Unconditional availability in credit facilities (2)		3,128	2,796	332	11.9
TOTAL		3,582	3,040	542	17.8
Coverage of debt maturities (number of months) (3)		32	26	-	-

(1) Refer to the Notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

(2) At 30 June 2019 and 31 December 2018, Euros 1,000 million correspond to the credit facility available with ENEL Finance International, N.V.

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

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

Restrictions that could affect the drawdown of funds by ENDESA are described in Notes 10 and 13.2.3 to the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2019.

Leverage.

Details of the consolidated leverage ratio at 30 June 2019 and 31 December 2018 are as follows:

Millions of Euros

	Reference ⁽¹⁾	Leverage ⁽²⁾			31 December 2018
		30 June 2019			
		Excluding the impact of application of IFRS 16 Leases	Impact of application of IFRS 16 Leases	Total	
Net financial debt:		6,632	163	6,795	5,770
Non-current borrowings	13.1	5,433	138	5,571	4,975
Current borrowings	13.1	1,661	25	1,686	1,046
Cash and cash equivalents	10	(454)	-	(454)	(244)
Financial derivatives recognised as financial assets	14.3.1	(8)	-	(8)	(7)
Equity:	11	9,100	(1)	9,099	9,181
of the Parent		8,950	(1)	8,949	9,037
of non-controlling interests		150	-	150	144
Leverage (%)		72.88	N/A	74.68	62.85

(1) Refer to the notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

(2) Leverage (%) = Net financial debt / Equity.

Credit rating.

ENDESA's credit ratings are as follows:

	Credit rating					
	30 June 2019 ⁽¹⁾			31 December 2018 ⁽¹⁾		
	Long term	Short term	Outlook	Long term	Short term	Outlook
Standard & Poor's	BBB+	A-2	Stable	BBB+	A-2	Stable
Moody's	Baa2	P-2	Positive	Baa2	P-2	Stable
Fitch Ratings	A-	F2	Stable	A-	F2	Stable

(1) At the respective dates of approval of the Consolidated Management Report.

ENDESA's credit rating is conditioned to the rating of its parent company ENEL according to the methods employed by rating agencies on the date of approval of this consolidated management report, has been classified as "investment grade" by all the rating agencies.

ENDESA works to maintain its investment grade credit rating to be able to efficiently access money markets and bank financing, and to obtain preferential terms from its main suppliers.

4.2. Cash flows.

At 30 June 2019, cash and cash equivalents were as follows:

Millions of Euros

	Reference ⁽¹⁾	Cash and cash equivalents			
		30 June 2019	31 December 2018	Difference	% Var.
Cash in hand and at banks		454	244	210	86.1
Other cash equivalents		-	-	-	-
TOTAL	10	454	244	210	86.1

(1) Refer to the notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

In the first half of 2019 and 2018, ENDESA's net cash flows, classified by activities (operating, investment and financing) were as follows:

Millions of Euros

	Statement of cash flows			
	January - June 2019	January - June 2018	Difference	% Var.
Net cash flows from operating activities	907	639	268	41.9
Net cash flows from investing activities	(993)	(749)	(244)	32.6
Net cash flows from financing activities	296	591	(295)	(49.9)

In the first half of 2019, net cash flows generated by operating activities (Euros 907 million) and net cash flows from financing activities (Euros 296 million) helped cover the net investment required to cover net cash flows used in investing activities (Euros 993 million).

Net cash flows from operating activities.

In the first half of 2019, net cash flows from operating activities amounted to Euros 907 million, up 41.9% compared to the same period in the previous year (Euros 639 million in the first half of 2018), and are as follows:

Millions of Euros

	January - June 2019	January - June 2018	Difference	% Var.
Profit before tax and non-controlling interests	1,014	984	30	3.0
Adjustments for:	974	805	169	21.0
Depreciation and amortisation, and impairment losses	794	751	43	5.7
Other adjustments (net)	180	54	126	233.3
Changes in working capital:	(809)	(1,047)	238	(22.7)
Trade and other receivables	70	182	(112)	(61.5)
Inventories	(132)	(159)	27	(17.0)
Current financial assets	(299)	(209)	(90)	43.1
Trade payables and other current liabilities	(448)	(861)	413	(48.0)
Other cash flows from/(used in) operating activities:	(272)	(103)	(169)	164.1
Interest received	15	16	(1)	(6.3)
Dividends received	10	6	4	66.7
Interest paid ⁽¹⁾	(62)	(73)	11	(15.1)
Income tax paid	(72)	72	(144)	(200.0)
Other receipts from and payments for operating activities ⁽²⁾	(163)	(124)	(39)	31.5
NET CASH FLOWS FROM OPERATING ACTIVITIES	907	639	268	41.9

(1) Includes interest paid on borrowing for rights of use (IFRS 16 Leases) for Euros 1 million.

(2) Includes provision payments.

The variations in the different items determining the net cash flows from operating activities include:

- The higher profit before tax and non-controlling interests net of depreciation and amortisation and other adjustments for the period (Euros 199 million).
- Changes in working capital between the two periods amounting to Euros 238 million, mainly as a result of the decrease in payments to trade creditors for Euros 413 million, the Euros 27 million reduction in payments for inventories, the reduction in charges from trade and other receivables for the amount of Euros 112 million, and the lower charges for offsetting the extra-costs for Non-mainland Territories generation ("TNP") for Euros 18 million.
- The variation in corporation tax in both periods amounting to Euros 144 million.

In the first half of 2019, the Company has also continued with its active management policy for current assets and liabilities, focusing on, among other aspects, the improvement of processes, the factoring of receivables and agreements extending payment periods with suppliers.

At 30 June 2019, 31 December 2018 and 30 June 2018, working capital comprised the following items:

Millions of Euros

	Reference ⁽¹⁾	Working capital		
		30 June 2019	31 December 2018	30 June 2018
Current assets ⁽²⁾		5,551	5,410	5,237
Inventories	8	1,115	1,473	1,222
Trade and other receivables	9	3,089	2,955	3,122
Current financial assets	14	1,347	982	893
Compensation for the extra-costs of Non-mainland Territories generation ("TNP")		886	609	546
Collection rights for financing of the shortfall of regulated activities		260	236	196
Remuneration of the distribution activity		120	83	94
Other		81	54	57
Current liabilities ⁽³⁾		6,285	6,648	5,752
Current provisions	12.1	378	571	305
Trade payables and other current liabilities	17	5,907	6,077	5,447
Dividend of the Parent		770	741	722
Other		5,137	5,336	4,725

(1) Refer to the notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

(2) Excluding cash and cash equivalents and financial derivative assets corresponding to borrowings.

(3) Excluding current borrowings and financial derivative liabilities corresponding to borrowings.

Net cash flows from investing activities.

In the first half of 2019, net cash flows used in investment activities amounted to Euros 993 million (Euros 749 million in the first half of 2018) and include, among other aspects:

- Net cash flows used in the acquisition of property, plant and equipment and intangible assets:

Millions of Euros

	Sections	January - June 2019	January - June 2018
Acquisitions of property, plant and equipment and intangible assets		(903)	(664)
Acquisitions of property, plant and equipment	4.3	(843)	(458)
Acquisitions of intangible assets	4.3	(78)	(71)
Facilities transferred from customers		21	29
Suppliers of property, plant and equipment		(3)	(164)
Proceeds from disposals of property, plant and equipment and intangible assets		13	3
Grants and other deferred income		27	40
TOTAL		(863)	(621)

- Net cash payments for investments and/or receipts from disposals of holdings in Group companies:

Millions of Euros

	Sections	January - June 2019	January - June 2018
Investments in Group companies		(2)	(46)
Companies acquired by ENEL Green Power España, S.L.U. (EGPE)	2.1	(2)	(1)
Parques Eólicos Gestinver, S.L.U.		-	(45)
Proceeds from disposals of investments in Group companies		-	20
Nueva Marina Real Estate, S.L. ⁽¹⁾		-	20
TOTAL		(2)	(26)

(1) Sale completed in 2017.

Net cash flows from financing activities.

In the first half of 2019 the cash flows from financing activities came to Euros 296 million (Euros 591 million in the first half of 2018), mainly including the following aspects:

– Cash flows from equity instruments:

Millions of Euros

	January - June 2019	January - June 2018
Capital contribution at Bosa del Ebro, S.L.	6	-
Capital reduction at Eólica Valle del Ebro, S.A.	-	(1)
TOTAL	6	(1)

– Proceeds from non-current borrowings:

Millions of Euros

	Sections	January - June 2019	January - June 2018
Draw downs of the green loan arranged with the European Investment Bank (EIB)	4.1	335	500
Draw downs of the green loan arranged with "Instituto de Crédito Oficial" ("ICO")	4.1	300	-
Draw downs from credit facilities		6	10
Other		2	12
TOTAL		643	522

– Repayments of the following non-current borrowings:

Millions of Euros

	January - June 2019	January - June 2018
Repayment of credit facilities	(199)	-
Repayment of bank loan for Productor Regional de Energía Renovable, S.A.U.	-	(44)
Other	(6)	(5)
TOTAL	(205)	(49)

– Repayments and proceeds from the following current borrowings:

Millions of Euros

	Sections	January - June 2019	January - June 2018
Repayments			
Repayments of ECP bonds issued by International ENDESA B.V.		(4,920)	(3,562)
Repayments of ECP bonds issued by ENDESA S.A.		(480)	-
Repayment of credit facilities with ENEL Finance International, N.V.		-	(2,500)
Payments of rights of use contracts on application of IFRS 16 Leases	1.2	(16)	-
Repayment of Parque Eólico Gestinver, S.L.U. bank loan		-	(116)
Other		(72)	(66)
Proceeds			
ECP bonds issued by International ENDESA B.V.		4,431	3,873
ECP bonds issued by ENDESA S.A.		1,616	-
Draw downs on credit facilities with ENEL Finance International, N.V.		-	3,200
Other		41	38
TOTAL		600	867

– Dividends paid:

Millions of Euros

	Sections	January - June 2019	January - June 2018
Parent dividends paid	4.4	(741)	(741)
Dividends Paid to Non-controlling Interests ⁽¹⁾		(7)	(7)
TOTAL		(748)	(748)

(1) Corresponding to companies of ENEL Green Power España, S.L.U. (EGPE).

4.3. Investments.

In the first half of 2019, ENDESA made gross investments of Euros 956 million. Of this amount, Euros 921 million were related to investments in property, plant and equipment and intangible assets, and the remaining Euros 35 million to financial investments, as follows:

Millions of Euros

	Reference ⁽¹⁾	Investments ⁽²⁾		
		January - June 2019	January - June 2018	% Var.
Generation and supply		619	184	236.4
Distribution		220	273	(19.4)
Structure and other ⁽³⁾		4	1	300.0
TOTAL PP&E	5.2	843	458	84.1
Generation and supply		54	48	12.5
Distribution		15	14	7.1
Structure and other ⁽³⁾		9	9	-
TOTAL INTANGIBLE ASSETS	6.1	78	71	9.9
FINANCIAL INVESTMENTS		35	25	40.0
TOTAL GROSS INVESTMENTS		956	554	72.6
TOTAL NET INVESTMENTS ⁽⁴⁾		913	485	88.2

(1) Refer to the notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

(2) Does not include business combinations made during the period (see section 2. Consolidation Scope of this Consolidated Management Report and Note 4 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019).

(3) Structure, Services and Adjustments.

(4) Net investments = Gross investments - Capital grants and transferred facilities.

Property, plant and equipment.

Gross investments in generation in the first half of 2019 correspond mainly to investments in the construction of wind and photovoltaic capacity awarded in the auctions held in 2017 for the amount of Euros 441 million (see Note 5.2 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019). Gross investments in supply mainly relate to the development of the activities related to new products and services.

Gross distribution investments related to grid extensions and expenditure aimed at optimising the grid to improve the efficiency and quality of service.

Investment in intangible assets.

Gross investments in intangible assets in the first half of 2019 mainly correspond to computer software and ongoing investments in ICT activities for the sum of Euros 41 million, including those associated with the strategic digitalisation target, and the capitalisation of incremental costs incurred corresponding to the acquisition of customer contracts for the sum of Euros 35 million.

Financial investments.

Gross investments in the first half of 2019 mainly include guarantees and deposits of Euros 17 million, and Euros 13 million in funds contributed to Nuclenor, S.A.

4.4. Dividends.

At the meeting held on 20 November 2018, the Board of Directors of ENDESA, S.A. approved the following shareholder remuneration policy for 2018-2021:

- 2018 to 2020: the ordinary dividend per share to be distributed in these years will be the equivalent to 100% of ordinary net income attributable to the Parent set down in the consolidated financial statements of the Group headed by this company.
- 2021: the ordinary dividend per share to be distributed in this year will be the equivalent to 80% of ordinary net income attributable to the Parent set down in the consolidated financial statements of the Group headed by this company.
- The intention of the Board of Directors of ENDESA, S.A. is that the ordinary dividend will be paid solely in cash in two instalments (January and July) on a given date to be determined in each case, which will be duly disclosed.

However, ENDESA, S.A.'s capacity to pay out dividends to its shareholders depends on numerous factors, including the generation of profit and the availability of unrestricted reserves, and, therefore, the Company cannot ensure that dividends will be paid out in future years or the amount of such dividends if paid.

Approval was given at ENDESA, S.A.'s General Shareholders' Meeting of 12 April 2019 to pay shareholders a total dividend charged against 2018 profit for a gross amount of Euros 1.427 per share (Euros 1,511 million in total). The breakdown of these dividends is as follows:

Millions of Euros					
	Sections	Approval date	Euros per share, gross	Amount	Payment date
Interim dividend	4.2	20 November 2018	0.70	741	2 January 2019
Final dividend		12 April 2019	0.727	770	2 July 2019
Total dividend paid against 2018 profit			1.427	1,511	

5. Major risks and uncertainties in the second half of 2019.

During the first half of 2019, ENDESA followed the same general risk management policy described in its consolidated financial statements for the year ended 31 December 2018.

In this context, the financial instruments and types of hedges are the same as those described in these consolidated financial statements.

The information regarding the main risks and uncertainties associated with ENDESA's activity is described in section 7 of the Consolidated Management Report for the year ended 31 December 2018.

The main risks and uncertainties ENDESA faces in the second half of 2019 arise mostly from the following:

- ENDESA's activities are subject to extensive regulation, and regulatory changes could have an adverse impact on its business activities, results, financial position and cash flows (see Section 3. Regulatory Framework of this Consolidated Management Report and Note 4 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019).
- ENDESA's sales in the second half of 2019 will largely be affected by gas and electricity demand in Spain during the period, which in turn will be shaped by the Spanish economy and, mostly, GDP growth.
- Rainfall and wind potential levels will also affect electricity production costs and market price, in turn affecting margins in the second half of 2019.
- Electricity prices and fuel prices on the wholesale market, specifically, coal, gas and CO₂ emission rights, will impact business costs and sales prices. Although ENDESA has fuel price hedges in place and has finalised contracts for power sold to customers for the next few months, fluctuations in both the market price for fuel and for electricity will affect the Group's costs and revenue, and therefore, margins.
- Interest rates will have an impact on ENDESA's results in the second half of 2019 because of the portion of the Group's net financial debt held at floating interest rates. To mitigate this impact, ENDESA hedges interest rate risk by entering into derivatives.
- The entry into operation, before 1 January 2020, of the wind and photovoltaic power that was awarded in the capacity auctions held in 2017 (see sections 2. Consolidation Scope and 4.3. Investments of this Consolidated Management Report).

- The profit and loss, and fair value of investees over which ENDESA does not exercise control, and which are accounted for in the consolidated financial statements using the equity method may also affect earnings in the second half of 2019 (see section 1.3.4. Net income of companies accounted for using the equity method of this Consolidated Management Report and Note 7 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019).
- ENDESA is also subject to certain legal proceedings which, when resolved, may impact the consolidated financial statements. Information relating to litigation and arbitration is included in Note 17.3 to the consolidated financial statements for the year ended 31 December 2018 and Note 12.2 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

6. Information on related-party transactions.

Information concerning related-party transactions is included in Note 20 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

7. Other information.

There were no one-off events involving significant amounts during the first half of 2019 other than those discussed herein.

Therefore, during the first half of 2019 no new significant contingent liabilities arose other than those described in the consolidated financial statements for the year ended 31 December 2018.

Information on lawsuits, arbitration proceedings and contingent assets is included in Note 12.2 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

8. Events after the reporting period.

Information concerning events after the reporting period is included in Note 23 to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

APPENDIX I

Statistical Appendix

Industrial data.

GWh

Electricity generation ⁽¹⁾	January - June 2019	January - June 2018	% Var.
Mainland	24,658	28,708	(14.1)
Nuclear	13,212	11,769	12.3
Coal	4,116	7,928	(48.1)
Hydroelectric	2,783	5,207	(46.6)
Combined cycle (CCGT)	2,456	1,753	40.1
Renewables and cogeneration	2,091	2,051	2.0
Non-mainland Territories ("TNP")	5,717	6,160	(7.2)
Coal	871	1,152	(24.4)
Fuel-gas	2,890	3,231	(10.6)
Combined cycle (CCGT)	1,907	1,713	11.3
Renewables and cogeneration	49	64	(23.4)
TOTAL	30,375	34,868	(12.9)

(1) At busbar cost.

MW

Gross installed capacity	30 June 2019	31 December 2018	% Var.
Hydroelectric	4,753	4,753	-
Conventional thermal	7,956	8,077	(1.5)
Nuclear	3,443	3,443	-
Combined cycle	5,681	5,678	0.1
Renewables and cogeneration	1,818	1,815	0.2
TOTAL	23,651	23,766	(0.5)

MW

Net installed capacity	30 June 2019	31 December 2018	% Var.
Hydroelectric	4,710	4,712	(0.0)
Conventional thermal	7,429	7,428	0.0
Nuclear	3,318	3,318	-
Combined cycle	5,480	5,445	0.6
Renewables and cogeneration	1,818	1,815	0.2
TOTAL	22,755	22,718	0.2

GWh

Gross electricity sales ⁽¹⁾	January - June 2019	January - June 2018	% Var.
Regulated price	6,673	7,256	(8.0)
Deregulated market	41,057	41,912	(2.0)
Spain	35,845	36,908	(2.9)
Outside Spain	5,212	5,004	4.2
TOTAL	47,730	49,168	(2.9)

(1) At busbar cost.

GWh

Net electricity sales ⁽¹⁾	January - June 2019	January - June 2018	% Var.
Regulated price	5,658	6,247	(9.4)
Deregulated market	37,476	38,268	(2.1)
Spain	32,532	33,514	(2.9)
Outside Spain	4,944	4,754	4.0
TOTAL	43,134	44,515	(3.1)

(1) Sales to end customers.

Thousands

Number of customers (Electricity) ^{(1) (2)}	30 June 2019	31 December 2018	% Var.
Regulated market	4,895	5,029	(2.7)
Mainland Spain	4,142	4,246	(2.4)
Non-mainland Territories ("TNP")	753	783	(3.8)
Deregulated market	5,811	5,725	1.5
Mainland Spain	4,644	4,627	0.4
Non-mainland Territories ("TNP")	848	825	2.8
Outside Spain	319	273	16.8
TOTAL	10,706	10,754	(0.4)

(1) Supply points.

(2) Customers of the supply companies.

Percentage (%)

Trends in electricity demand ⁽¹⁾	January - June 2019	January - June 2018
Mainland ⁽²⁾	(2.2)	1.2
Non-mainland Territories ("TNP") ⁽³⁾	(1.4)	0.4

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

(2) Adjusted for working days and temperature: -2.3% in the first half of 2019 and +1.1% in the first half of 2018.

(3) Adjusted for working days and temperature: +0.1% in the first half of 2019 and +0.8% in the first half of 2018.

GWh

Energy distributed ⁽¹⁾	January - June 2019	January - June 2018	% Var.
Spain and Portugal	56,726	57,351	(1.1)

(1) At busbar cost.

km

Distribution and transmission networks	30 June 2019	31 December 2018	% Var.
Spain and Portugal	319,743	319,613	0.0

Percentage (%)

Energy losses ⁽¹⁾	January - June 2019	January - June 2018
Spain	10.8	11.0

(1) Source: Endesa data.

Minutes

Installed Capacity Equivalent Interruption Time (ICEIT)	January - June 2019	January - June 2018
Spain (average) ⁽¹⁾	23	32

(1) According to the calculation procedure set down by Royal Decree 1995/2000, of 1 December 2000.

Percentage (%)

Market share (electricity) ⁽¹⁾	30 June 2019	31 December 2018
Mainland generation	20.0	22.5
Distribution	43.5	43.6
Supply	32.5	33.4

(1) Source: Endesa data.

GWh

Gas sales	January - June 2019	January - June 2018	% Var.
Deregulated market	24,279	24,475	(0.8)
Regulated market	782	909	(14.0)
International market	10,867	13,352	(18.6)
Wholesale business	3,330	4,608	(27.7)
TOTAL ⁽¹⁾	39,258	43,344	(9.4)

(1) Excluding own generation consumption.

Thousands

Number of customers (Gas) ⁽¹⁾	30 June 2019	31 December 2018	% Var.
Regulated market	231	233	(0.9)
Mainland Spain	207	208	(0.5)
Non-mainland Territories ("TNP")	24	25	(4.0)
Deregulated market	1,403	1,371	2.3
Mainland Spain	1,249	1,230	1.5
Non-mainland Territories ("TNP")	71	68	4.4
Outside Spain	83	73	13.7
TOTAL	1,634	1,604	1.9

(1) Supply points.

Percentage (%)

Trends in gas demand ⁽¹⁾	January - June 2019	January - June 2018
Domestic Market	9.3	5.8
Domestic conventional	(0.2)	7.7
Electricity sector	65.6	(4.2)

(1) Source: Enagás, S.A.

Percentage (%)

Market share (gas) ⁽¹⁾	30 June 2019	31 December 2018
Deregulated market	16.1	16.3

(1) Source: Endesa data.

Workforce.

Number of employees

	Final Headcount						% Var.
	30 June 2019			31 December 2018			
	Male	Female	Total	Male	Female	Total	
Generation and supply	4,144	1,115	5,259	4,082	1,073	5,155	2.0
Distribution	2,527	444	2,971	2,535	443	2,978	(0.2)
Structure and other ⁽¹⁾	882	786	1,668	867	763	1,630	2.3
TOTAL	7,553	2,345	9,898	7,484	2,279	9,763	1.4

(1) Structure and services

Number of employees

	Average headcount						% Var.
	January - June 2019			January - June 2018			
	Male	Female	Total ⁽²⁾	Male	Female	Total	
Generation and supply	4,070	1,060	5,130	4,070	1,040	5,110	0.4
Distribution	2,500	434	2,934	2,477	427	2,904	1.0
Structure and other ⁽¹⁾	865	763	1,628	863	769	1,632	(0.2)
TOTAL	7,435	2,257	9,692	7,410	2,236	9,646	0.5

(1) Structure and services

(2) Includes the average headcount at Empresa de Alumbrado Eléctrico de Ceuta, S.A. (64 employees).

Financial data.

Millions of Euros

	Consolidated Income Statement		
	January - June 2019	January - June 2018	% Var.
Sales	9,473	9,560	(0.9)
Contribution Margin ⁽¹⁾	2,890	2,823	2.4
EBITDA ⁽²⁾	1,894	1,804	5.0
EBIT ⁽³⁾	1,100	1,053	4.5
Net income ⁽⁴⁾	776	752	3.2
Net ordinary income ⁽⁵⁾	776	752	3.2

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

(2) EBITDA = Revenue - Procurements and services + Self-constructed assets - Personnel expenses - Other fixed operating expenses.

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

(4) Net income = Net Income of the Parent.

(5) Net ordinary income = Net income of the Parent - Net gain/(loss) on disposal of non-financial assets (of over Euros 10 million) - Net impairment losses on non-financial assets (of over Euros 10 million).

Euros

Valuation key figures	January - June 2019	January - June 2018	% Var.
Net earnings per share ⁽¹⁾	0.733	0.710	3.2
Ordinary net earnings per share ⁽²⁾	0.733	0.710	3.2
Cash flow per share ⁽³⁾	0.857	0.604	41.9
Book value per share ⁽⁴⁾	8.452 ⁽⁵⁾	8.536 ⁽⁶⁾	(1.0)

(1) Net earnings per share = Net income of the Parent / No. of shares at the end of the period.

(2) Net ordinary income per share = Net ordinary profit/(loss) of the Parent / No. of shares at the end of the period.

(3) Cash flow per share = Net cash flows from operating activities / No. of shares at the end of the period.

(4) Book value per share = Equity of the Parent / No. of shares at the end of the period.

(5) At 30 June 2019.

(6) At 31 December 2018

Millions of Euros

	Consolidated Statement of Financial Position		
	30 June 2019	31 December 2018	% Var.
Total assets	32,492	31,656	2.6
Equity	9,099	9,181	(0.9)
Net financial debt ⁽¹⁾	6,795	5,770	17.8

(1) Net financial debt = Non-current borrowings + Current borrowings - Cash and cash equivalents - Financial derivatives recognised as financial assets.

Millions of Euros

	Reference ⁽¹⁾	Leverage ⁽²⁾				31 December 2018	% Var.
		30 June 2019			Total		
		Excluding the impact of application of IFRS 16 Leases	Impact of application of IFRS 16 Leases				
Net financial debt:		6,632	163	6,795	5,770	17.8	
Non-current borrowings	13.1	5,433	138	5,571	4,975	12.0	
Current borrowings	13.1	1,661	25	1,686	1,046	61.2	
Cash and cash equivalents	10	(454)	-	(454)	(244)	86.1	
Financial derivatives recognised as financial assets	14.3.1	(8)	-	(8)	(7)	14.3	
Equity:	11	9,100	(1)	9,099	9,181	(0.9)	
of the Parent		8,950	(1)	8,949	9,037	(1.0)	
of non-controlling interests		150	-	150	144	4.2	
Leverage (%)		72.88	N/A	74.68	62.85	-	

(1) Refer to the notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

(2) Leverage (%) = Net financial debt / equity.

Profitability indicators (%)	30 June 2019	31 December 2018
Return on equity ⁽¹⁾	17.26	15.63
Return on assets ⁽²⁾	4.84	4.52
Economic profitability ⁽³⁾	9.98	8.81
Return on capital employed (ROCE) ⁽⁴⁾	5.29	4.80

(1) Return on equity = Profit/(loss) of the Parent / Average equity of the Parent.

(2) Return on assets = Profit/(loss) of the Parent / Average total assets.

(3) Economic profitability = Profit from operations (EBIT) / Average property, plant and equipment.

(4) Return on capital employed = Operating profit after tax / (Average non-current assets + Average current assets).

Financial indicators	30 June 2019	31 December 2018
Liquidity ratio ⁽¹⁾	0.75	0.73
Solvency ratio ⁽²⁾	0.93	0.92
Debt ratio ⁽³⁾	42.75	38.59
Debt coverage ratio ⁽⁴⁾	1.79	1.59

(1) Liquidity = Current assets / Current liabilities.

(2) Solvency = (Equity + Non-current liabilities) / Non-current assets.

(3) Debt ratio = Net financial debt / (Equity + Net financial debt) (%).

(4) Debt coverage = Net financial debt / EBITDA.

Rating.

	Credit rating					
	30 June 2019 ⁽¹⁾			31 December 2018 ⁽¹⁾		
	Long term	Short term	Outlook	Long term	Short term	Outlook
Standard & Poor's	BBB+	A-2	Stable	BBB+	A-2	Stable
Moody's	Baa2	P-2	Positive	Baa2	P-2	Stable
Fitch Ratings	A-	F2	Stable	A-	F2	Stable

(1) At the respective dates of approval of the Consolidated Management Report.

Stock market information.

Percentage (%)

Share price performance ⁽¹⁾	January - June 2019	January - June 2018
ENDESA, S.A.	12.3	5.8
Ibex-35	7.7	(4.2)
Eurostoxx 50	15.7	(3.1)
Eurostoxx Utilities	13.5	(0.9)

(1) Source: Madrid Stock Exchange.

Euros

ENDESA share price ⁽¹⁾	January - June 2019	2018	% Var.
High	23.890	21.270	12.3
Low	20.070	16.600	20.9
Period average	22.245	18.938	17.5
Period close	22.610	20.130	12.3

(1) Source: Madrid Stock Exchange.

Stock Market Data		30 June 2019	31 December 2018	% Var.
Market capitalisation ⁽¹⁾	Millions of Euros	23,938	21,313	12.3
No. of shares outstanding		1,058,752,117	1,058,752,117	-
Nominal share value	Euros	1.2	1.2	-
Cash ⁽²⁾	Millions of Euros	4,709	10,355	(54.5)
Continuous market				
	Shares			
Trading volume ⁽³⁾		210,303,201	547,343,953	(61.6)
Average daily trading volume ⁽⁴⁾		1,505,659	2,146,447	(29.9)
Price to earnings ratio (PER) ⁽⁵⁾		15.42	15.03	-
Price / Book value ⁽⁶⁾		2.67	2.36	-

(1) Market Cap = No. of shares at the end of the period * Share price at the end of the period.

(2) Cash = Sum of all the operations made over the value in the reference period (Source: Madrid Stock Exchange).

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

(4) Average daily trading volume = Arithmetic mean of shares in ENDESA, S.A. traded per session during the period (Source: Madrid Stock Exchange).

(5) Price to earnings ratio (PER) = Share price at the end of the reporting period / Net earnings per share.

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

Dividends.

		2018	2017	% Var.
Share capital	Millions of Euros	1,271	1,271	-
Number of shares		1,058,752,117	1,058,752,117	-
Consolidated net income	Millions of Euros	1,417	1,463	(3.1)
Consolidated net ordinary income	Millions of Euros	1,511	1,452	4.1
Individual net income	Millions of Euros	1,511	1,491	1.3
Net earnings per share ⁽¹⁾	Euros	1.338	1.382	(3.2)
Ordinary net earnings per share ⁽²⁾	Euros	1.427	1.371	4.1
Gross dividend per share	Euros	1.427 ⁽³⁾	1.382 ⁽⁴⁾	3.3
Consolidated pay-out ⁽⁵⁾	%	106.6	100.0	-
Consolidated ordinary pay-out ⁽⁶⁾	%	100.0	100.8	-
Individual pay-out ⁽⁷⁾	%	100.0	98.1	-

(1) Net earnings per share (euros) = Profit/(loss) for the year of the Parent/ No. of shares at the end of the period.

(2) Net ordinary income per share (euros) = Net ordinary income of the Parent/ No. of shares at the end of the period.

(3) Gross interim dividend of Euros 0.7 per share, paid out on 2 January 2019 plus the final dividend of Euros 0.727 per share (gross) paid out on 2 July 2019.

(4) Gross interim dividend of Euros 0.7 per share, paid out on 2 January 2018 plus the final dividend of Euros 0.682 per share (gross) paid out on 2 July 2018.

(5) Consolidated pay-out (%) = (Gross dividend per share * No. of shares at the end of the period) / Profit/(loss) for the period of the Parent.

(6) Consolidated ordinary pay-out (%) = (Gross dividend per share * No. of shares at the end of the period) / Net ordinary income of the Parent.

(7) Individual pay-out (%) = (Gross dividend per share * No. of shares at the end of the period) / Profit/(loss) for the year of ENDESA, S.A.

APPENDIX II

Alternative Performance Measures (APMs)

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of alternative performance measures (APMs)		Relevance of use
			30 June 2019	30 June 2018	
EBITDA ⁽¹⁾	Millions of Euros	Revenue - Procurements and services + Self-constructed assets - Personnel expenses - Other fixed operating expenses	1,894 MME = 9,791 MME - 6,901 MME + 99 MME - 505 MME - 590 MME	1,804 MME = 9,934 MME - 7,111 MME + 80 MME - 473 MME - 626 MME	Measure of operating return excluding interest, taxes, provisions and amortisation
EBIT ⁽¹⁾	Millions of Euros	EBITDA - Depreciation and amortisation, and impairment losses	1,100 MME = 1,894 MME - 794 MME	1,053 MME = 1,804 MME - 751 MME	Measure of operating return excluding interest and taxes
Net ordinary income	Millions of Euros	Profit/(loss) for the year of the Parent - Net gains/(losses) on disposal of non-financial assets (of over Euros 10 million) - Net impairment losses on non-financial assets (of over Euros 10 million).	776 MME = 776 MME - 0 MME + 0 MME	752 MME = 752 MME - 0 MME - 0 MME	Measure of profit for the period stripping out extraordinary items in excess of Euros 10 million.
Contribution margin ⁽¹⁾	Millions of Euros	Revenue - Procurements and services	2,890 MME = 9,791 MME - 6,901 MME	2,823 MME = 9,934 MME - 7,111 MME	Measure of operating return including direct variable production costs
Procurements and services ⁽¹⁾	Millions of Euros	Power purchases + Fuel consumption + Transmission costs + Other variable procurements and services	6,901 MME = 2,418 MME + 876 MME + 2,666 MME + 941 MME	7,111 MME = 2,363 MME + 941 MME + 2,769 MME + 1,038 MME	Goods and services for production
Net financial profit/(loss) ⁽¹⁾	Millions of Euros	Financial income - Financial expense +- Net exchange differences	(96) MME = 16 MME - 112 MME + 0 MME	(70) MME = 18 MME - 87 MME - 1 MME	Measure of financial cost
Net financial loss ⁽¹⁾	Millions of Euros	Financial income - Financial expense	(96) MME = 16 MME - 112 MME	(69) MME = 18 MME - 87 MME	Measure of financial cost
Net investment	Millions of Euros	Gross investments - Capital grants and transferred facilities	913 MME = 956 MME - 43 MME	485 MME = 554 MME - 69 MME	Measure of investment activity
Net financial debt ⁽²⁾	Millions of Euros	Non-current borrowings + Current borrowings - Cash and cash equivalents - Derivatives recognised under financial assets	6,795 MME = 5,571 MME + 1,686 MME - 454 MME - 8 MME	5,770 MME = 4,975 MME + 1,046 MME - 244 MME - 7 MME ⁽⁴⁾	Current and non-current borrowings, less cash and financial investment cash equivalents
Leverage ⁽²⁾	%	Net financial debt / Equity	74.68% = 6,795 MME / 9,099 MME	62.85% = 5,770 MME / 9,181 MME ⁽⁴⁾	Measure of the weighting of external funds in the financing of business activities
Debt ⁽²⁾	%	Net financial debt / (Equity + Net financial debt)	42.75% = 6,795 MME / (9,099 MME + 6,795 MME)	38.59% = 5,770 MME / (9,181 MME + 5,770 MME) ⁽⁴⁾	Measure of the weighting of external funds in the financing of business 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)	5.3 years = 38,604 / 7,227	5.3 years = 32,163 / 6,015 ⁽⁴⁾	Measure of the duration of borrowings to maturity
Average cost of gross financial debt	%	(Cost of gross financial debt) / Gross average financial debt	1.8% = (67 MME * (12 months / 6 months) + 1 MME) / 7,476 MME	1.9% = 126 MME / 6,777 MME ⁽⁴⁾	Measure of the effective rate of borrowings
Debt coverage ratio	Number of months	Maturity period (months) for vegetative debt that could be covered with the liquidity available	32 months	26 months ⁽⁴⁾	Measure of the capacity to meet debt maturities
Return on equity	%	Profit/(loss) of the Parent / Equity of the Parent (n) + Equity of the Parent (n-1) / 2	17.26% = (776 MME * 12 months / 6 months) / ((8,949 + 9,037) / 2) MME	16.45% = (752 MME * 12 months / 6 months) / ((9,195 + 9,096) / 2) MME	Measure of the capacity to generate profits on shareholder investments
Return on assets	%	Profit/(loss) of the Parent / Total assets (n) + Total assets (n-1) / 2	4.84% = (776 MME * 12 months / 6 months) / ((32,492 + 31,656) / 2) MME	4.78% = (752 MME * 12 months / 6 months) / ((31,862 + 31,037) / 2) MME	Measure of business profitability
Economic profitability	%	EBIT / (PP&E (n) + PP&E (n-1) / 2	9.98% = (1,100 MME * 12 months / 6 months) / ((22,259 + 21,840) / 2) MME	9.68% = (1,053 MME * 12 months / 6 months) / ((21,777 + 21,272) / 2) MME	Measure of the capacity to generate income from invested assets and capital
Return on capital employed (ROCE)	%	Profit from operations, after tax / ((Non-current assets (n) + Non-current assets (n-1) / 2) + (Current assets (n) + Current assets (n-1) / 2))	5.29% = (848.3 MME * 12 months / 6 months) / ((26,487 + 26,001) / 2 + (6,005 + 5,655) / 2) MME	5.14% = (809 MME * 12 months / 6 months) / ((25,745 + 25,507) / 2 + (6,117 + 5,530) / 2) MME	Measure of the return on invested capital
Liquidity ⁽²⁾	N/A	Current assets / Current liabilities	0.75 = 6,005 MME / 7,971 MME	0.73 = 5,655 MME / 7,694 MME ⁽⁴⁾	Measure of the capacity to meet short term commitments
Solvency ⁽²⁾	N/A	(Equity + Non-current liabilities) / Non-current assets	0.93 = (9,099 MME + 15,422 MME) / 26,487 MME	0.92 = (9,181 MME + 14,781 MME) / 26,001 MME ⁽⁴⁾	Measure of the capacity to meet obligations
Debt coverage ^{(1) (2)}	N/A	Net financial debt / EBITDA	1.79 = 6,795 MME / (1,894 * 12 months / 6 months) MME	1.59 = 5,770 MME / 3,627 MME ⁽⁴⁾	Measure of the amount of available cash flows to meet payments of principal on borrowings
Net earnings per share ⁽¹⁾	Euros	Profit/(loss) of the Parent / No. of shares at the end of the period	0.733 € = 776 MME / 1,058,752,117 shares	0.710 € = 752 MME / 1,058,752,117 shares	Measure of the portion of net income corresponding to each share outstanding
Ordinary net earnings per share	Euros	Net ordinary income of the Parent / No. of shares at the end of the period	0.733 € = 776 MME / 1,058,752,117 shares	0.710 € = 752 MME / 1,058,752,117 shares	Measure of the portion of net ordinary income corresponding to each share outstanding
Cash flow per share ⁽³⁾	Euros	Net cash flows from operating activities / No. of shares at the end of the period	0.857 € = 907 MME / 1,058,752,117 shares	0.604 € = 639 MME / 1,058,752,117 shares	Measure of the portion of funds corresponding to each share outstanding
BVPS ⁽²⁾	Euros	Equity of the Parent / No. of shares at the end of the period	8.452 € = 8,949 MME / 1,058,752,117 shares	8.536 € = 9,037 MME / 1,058,752,117 shares ⁽⁴⁾	Measure of the portion of own funds corresponding to each share outstanding
Market capitalisation	Millions of Euros	No. of shares at the end of the period * Share price at the end of the period	23,938 MME = 1,058,752,117 shares * 22.610 €	21,313 MME = 1,058,752,117 shares * 20.130 € ⁽⁴⁾	Measure of the total enterprise value according to the share price
Price to earnings ratio (PER)	N/A	Share price at the end of the reporting period / Net earnings per share	15.42 = 22,610 € / (0.733 * 12 months / 6 months) €	15.03 = 20,130 € / 1.339 € ⁽⁴⁾	Measure indicating the number of times earnings per share can be divided into the market price of the shares
Price / Book value	N/A	Market capitalisation / Equity of the Parent	2.67 = 23,938 MME / 8,949 MME	2.36 = 21,313 MME / 9,037 MME ⁽⁴⁾	Measure comparing the total enterprise value according to the share price with the carrying amount
Consolidated pay-out	%	(Gross dividend per share * No. of shares at the end of the period) / Profit/(loss) for the year of the Parent	106.6% = (1.427 € * 1,058,752,117 shares) / 1,417 MME ⁽⁵⁾	100.0% = (1.382 € * 1,058,752,117 shares) / 1,463 MME ⁽⁶⁾	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (consolidated Group)
Consolidated ordinary pay-out	%	(Gross dividend per share * No. of shares at the end of the period) / Net ordinary income of the Parent	100.0% = (1.427 € * 1,058,752,117 shares) / 1,511 MME ⁽⁵⁾	100.8% = (1.382 € * 1,058,752,117 shares) / 1,452 MME ⁽⁶⁾	Measure of the part of ordinary income obtained used to remunerate shareholders through the payment of dividends (consolidated Group)
Individual pay-out	%	(Gross dividend per share * No. shares at the end of the period) / Profit for the year of the ENDESA, S.A.	100.0% = (1.427 € * 1,058,752,117 shares) / 1,511 MME ⁽⁵⁾	98.1% = (1.382 € * 1,058,752,117 shares) / 1,491 MME ⁽⁶⁾	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (individual company)

MME = millions of euros; € = euros.

n = 30 June of the year being calculated.

n-1 = 31 December of the year before the year being calculated.

(1) See the Consolidated Income Statements for January - June 2019 and 2018.

(2) See the statements of financial position at 30 June 2019 and 31 December 2018.

(3) See the consolidated statements of cash flows for the six-month period ended 31 June 2019 and 2018.

(4) At 31 December 2018.

(5) Corresponding to the year ended 31 December 2018.

(6) Corresponding to the year ended 31 December 2017.

APPENDIX III

Effect of changes to accounting principles on the Consolidated Statement of Financial Position at 1 January 2019

ENDESA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 1 JANUARY 2019

Millions of Euros

	1 January 2019				IFRS 16 Leases				1 January 2019 (Adjusted) ⁽¹⁾			
	Generation and supply	Distribution	Structure and other ⁽²⁾	Total	Generation and supply	Distribution	Structure and other ⁽²⁾	Total	Generation and supply	Distribution	Structure and other ⁽²⁾	Total
ASSETS												
NON-CURRENT ASSETS	13,235	13,349	(583)	26,001	106	19	61	186	13,341	13,368	(522)	26,187
Property, plant and equipment	9,856	11,916	68	21,840	106	19	61	186	9,962	11,935	129	22,026
Investment Property	-	56	6	62	-	-	-	-	-	56	6	62
Intangible assets	991	223	141	1,355	-	-	-	-	991	223	141	1,355
Goodwill	378	97	4	479	-	-	-	-	378	97	4	479
Investments Accounted for using the Equity Method	229	18	2	249	-	-	-	-	229	18	2	249
Non-current Financial Assets	1,093	718	(953)	858	-	-	-	-	1,093	718	(953)	858
Deferred Tax Assets	688	321	149	1,158	-	-	-	-	688	321	149	1,158
CURRENT ASSETS	5,083	1,106	(534)	5,655	-	-	-	-	5,083	1,106	(534)	5,655
Inventories	1,348	125	-	1,473	-	-	-	-	1,348	125	-	1,473
Trade and other receivables	2,622	671	(338)	2,955	-	-	-	-	2,622	671	(338)	2,955
Current Financial Assets	889	304	(210)	983	-	-	-	-	889	304	(210)	983
Cash and Cash Equivalents	224	6	14	244	-	-	-	-	224	6	14	244
Non-current Assets Held for Sale and Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	18,318	14,455	(1,117)	31,656	106	19	61	186	18,424	14,474	(1,056)	31,842
EQUITY AND LIABILITIES												
EQUITY	7,194	3,472	(1,485)	9,181	-	-	-	-	7,194	3,472	(1,485)	9,181
Of the Parent	7,057	3,465	(1,485)	9,037	-	-	-	-	7,057	3,465	(1,485)	9,037
Of non-controlling interests	137	7	-	144	-	-	-	-	137	7	-	144
NON-CURRENT LIABILITIES	6,079	8,522	180	14,781	97	16	46	159	6,176	8,538	226	14,940
Deferred Income	44	4,562	(19)	4,587	-	-	-	-	44	4,562	(19)	4,587
Non-current provisions	1,995	954	376	3,325	-	-	-	-	1,995	954	376	3,325
Non-current borrowings	3,022	2,197	(244)	4,975	97	16	46	159	3,119	2,213	(198)	5,134
Other Non-current Liabilities	281	474	2	757	-	-	-	-	281	474	2	757
Deferred Tax Liabilities	737	335	65	1,137	-	-	-	-	737	335	65	1,137
CURRENT LIABILITIES	5,045	2,461	188	7,694	9	3	15	27	5,054	2,464	203	7,721
Current borrowings	59	4	983	1,046	9	3	15	27	68	7	998	1,073
Current provisions	444	65	62	571	-	-	-	-	444	65	62	571
Trade Payables and Other Current Liabilities	4,542	2,392	(857)	6,077	-	-	-	-	4,542	2,392	(857)	6,077
Liabilities Associated with Non-current Assets Classified as held for Sale and Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	18,318	14,455	(1,117)	31,656	106	19	61	186	18,424	14,474	(1,056)	31,842

(1) Adjusted 1 January 2019 as explained in Section 1.2. Changes in accounting principles of this Consolidated Management Report.

(2) Structure, Services and Adjustments.