

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

**Quarterly Report for the three-month period
ended 31 March 2018**

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

Madrid, 7 May 2018

- **Consolidated Financial Statements for the three-month period ended 31 March 2018.**
- **Consolidated Management Report for the three-month period ended 31 March 2018.**



**ENDESA, S.A.
y
Subsidiaries**

**Consolidated
Financial Statements
for the period
January - March 2018**

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 31 MARCH 2018 AND 31 DECEMBER 2017

Millions of Euros

	31 March 2018 <small>(1)</small>	31 December 2017 <small>(2)</small>	Difference	%Var.
ASSETS				
NON-CURRENT ASSETS	25,451	25,507	(56)	(0.2)
Property, Plant and Equipment	21,566	21,727	(161)	(0.7)
Investment Property	8	9	(1)	(11.1)
Intangible Assets	1,270	1,196	74	6.2
Goodwill	459	459	-	-
Investments Accounted for using the Equity Method	215	205	10	4.9
Non-Current Financial Assets	786	769	17	2.2
Deferred Tax Assets	1,147	1,142	5	0.4
CURRENT ASSETS	5,548	5,530	18	0.3
Inventories	1,283	1,267	16	1.3
Trade and other Receivables	3,255	3,100	155	5.0
Current Financial Assets	770	764	6	0.8
Cash and Cash Equivalents	240	399	(159)	(39.8)
Non-Current Assets Held for Sale and Discontinued Operations	-	-	-	n/a
TOTAL ASSETS	30,999	31,037	(38)	(0.1)
EQUITY AND LIABILITIES				
EQUITY	9,619	9,233	386	4.2
Of the Parent Company	9,480	9,096	384	4.2
Of non-Controlling Interests	139	137	2	1.5
NON-CURRENT LIABILITIES	14,800	14,269	531	3.7
Deferred Income	4,719	4,730	(11)	(0.2)
Non-Current Provisions	3,300	3,382	(82)	(2.4)
Non-Current Interest-Bearing Loans and Borrowings	5,008	4,414	594	13.5
Other non-Current Liabilities	654	646	8	1.2
Deferred Tax Liabilities	1,119	1,097	22	2.0
CURRENT LIABILITIES	6,580	7,535	(955)	(12.7)
Current Interest-Bearing Loans and Borrowings	1,286	978	308	31.5
Current Provisions	474	425	49	11.5
Trade Payables and other Current Liabilities	4,820	6,132	(1,312)	(21.4)
Liabilities Associated with non-Current Assets classified as Held for Sale and Discontinued Operations	-	-	-	n/a
TOTAL EQUITY AND LIABILITIES	30,999	31,037	(38)	(0.1)

(1) Unaudited

(2) Audited

ENDESA S.A. Y SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS JANUARY - MARCH 2018 AND 2017

Millions of Euros

	January - March 2018 <small>(1)</small>	January - March 2017 <small>(1)</small>	Difference	%Var.
INCOME	5,169	5,223	(54)	(1.0)
Revenue	5,023	5,120	(97)	(1.9)
Other Operating Revenues	146	103	43	41.7
PROCUREMENTS AND SERVICES	(3,754)	(3,987)	(233)	(5.8)
Power Purchased	(1,257)	(1,496)	(239)	(16.0)
Cost of Fuel Consumed	(492)	(511)	(19)	(3.7)
Transmission Costs	(1,514)	(1,502)	12	0.8
Other Variable Procurements and Services	(491)	(478)	13	2.7
CONTRIBUTION MARGIN	1,415	1,236	179	14.5
Self-Constructed Assets	32	32	-	-
Personnel Expenses	(213)	(220)	(7)	(3.2)
Other Fixed Operating Expenses	(354)	(346)	8	2.3
GROSS PROFIT FROM OPERATIONS (EBITDA)	880	702	178	25.4
Depreciation and Amortisation, and Impairment Losses	(372)	(362)	10	2.8
PROFIT FROM OPERATIONS (EBIT)	508	340	168	49.4
NET FINANCIAL PROFIT / (LOSS)	(28)	(28)	-	-
Financial Income	9	19	(10)	(52.6)
Financial Expense	(42)	(47)	(5)	(10.6)
Net Exchange Differences	5	-	5	n/a
Net Profit / (Loss) of Companies Accounted for using the Equity Method	13	15	(2)	(13.3)
Gains / (Losses) from other Investments	-	(1)	1	(100.0)
Gains / (Losses) on Disposal of Assets	(8)	(4)	(4)	100.0
PROFIT / (LOSS) BEFORE TAX	485	322	163	50.6
Income Tax Expense	(110)	(66)	44	66.7
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	375	256	119	46.5
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS	-	-	-	n/a
PROFIT FOR THE PERIOD	375	256	119	46.5
Parent Company	372	253	119	47.0
Non-Controlling Interests	3	3	-	-

(1) Unaudited

ENDESA S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS JANUARY - MARCH 2018 AND 2017

Millions of Euros

	January - March 2018 ⁽¹⁾	January - March 2017 ⁽¹⁾
Profit Before Tax	485	322
Adjustments for:	385	351
Depreciation and Amortisation, and Impairment Losses	372	362
Other Adjustments (Net)	13	(11)
Changes in Working Capital	(893)	(149)
Other Cash Flows from / (used in) Operating Activities:	47	12
Interest Received	3	16
Dividends Received	5	1
Interest Paid	(16)	(14)
Income Tax Paid	119	73
Other Receipts from and Payments for Operating Activities	(64)	(64)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	24	536
Acquisitions of Property, Plant and Equipment and Intangible Assets	(358)	(339)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	1	2
Purchase of Investments in Group Companies	-	-
Proceeds from Sale of Investments in Group Companies	20	-
Purchase of other Investments	(56)	(38)
Proceeds from Sale of other Investments	24	3
Cash flows from Changes in the Consolidation Scope	-	-
Grants and other Deferred Income	15	16
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	(354)	(356)
Cash Flows from Equity Instruments	(1)	-
Proceeds from Borrowings, non-Current	274	326
Repayment of Borrowings, non-Current	(53)	(6)
Net Cash Flows used in Current Borrowings	692	221
Dividends of the Parent Company Paid	(741)	(741)
Payments to non-Controlling Interests	-	-
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	171	(200)
TOTAL NET CASH FLOWS	(159)	(20)
Effect of Exchange Rate Fluctuations on Cash and Cash Equivalents	-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(159)	(20)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	399	418
CASH AND CASH EQUIVALENTS AT END OF PERIOD	240	398

(1) Unaudited

ENDESA S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE PERIODS JANUARY - MARCH 2018 AND 2017

Millions of Euros

	January - March 2018 <small>(1)</small>			January - March 2017 <small>(1)</small>		
	Of the Parent Company	Of Non-Controlling Interests	Total	Of the Parent Company	Of Non-Controlling Interests	Total
PROFIT FOR THE PERIOD	372	3	375	253	3	256
OTHER COMPREHENSIVE INCOME:						
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	(17)	-	(17)	20	-	20
Items that Can Be Reclassified to Profit or Loss:	(17)	-	(17)	20	-	20
From Revaluation / (Reversal of Revaluation) of Property, Plant and Equipment and Intangible Assets	-	-	-	-	-	-
From Measurement of Financial Instruments	-	-	-	-	-	-
Available-for-Sale Financial Assets	-	-	-	-	-	-
Other Income / (Expenses)	-	-	-	-	-	-
Cash Flow Hedges	(24)	-	(24)	24	-	24
Translation Differences	-	-	-	-	-	-
Companies Accounted for using the Equity Method	1	-	1	2	-	2
Other Income and Expenses Recognised directly in Equity	-	-	-	-	-	-
Tax Effect	6	-	6	(6)	-	(6)
Items not to Be Reclassified to Profit or Loss in Subsequent Periods:	-	-	-	-	-	-
From Actuarial Gains and Losses and other Adjustments	-	-	-	-	-	-
Tax Effect	-	-	-	-	-	-
AMOUNTS TRANSFERRED TO INCOME STATEMENT AND/OR INVESTMENTS	(2)	-	(2)	(27)	-	(27)
From Measurement of Financial Instruments	-	-	-	-	-	-
Available-for-Sale Financial Assets	-	-	-	-	-	-
Other Income / (Expenses)	-	-	-	-	-	-
Cash Flow Hedges	(3)	-	(3)	(38)	-	(38)
Translation Differences	-	-	-	-	-	-
Companies Accounted for using the Equity Method	-	-	-	1	-	1
Other Income and Expenses Recognised directly in Equity	-	-	-	-	-	-
Tax Effect	1	-	1	10	-	10
TOTAL COMPREHENSIVE INCOME	353	3	356	246	3	249

(1) Unaudited

ENDESA S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD JANUARY - MARCH 2018

Millions of Euros

	Equity attributable to the Parent Company ⁽¹⁾						Non-Controlling Interests	Total equity
	Capital and reserves							
	Share Capital	Share premium, Reserves and interim dividend	Treasury shares and own equity instruments	Profit for the period	Other equity instruments	Valuation adjustments		
BALANCE AT 1 JANUARY 2018	1,271	6,414	-	1,463	-	(52)	137	9,233
Adjustments due to Changes in Accounting Policies	-	31	-	-	-	-	-	31
Correction of Errors	-	-	-	-	-	-	-	-
ADJUSTED BALANCE AT 1 JANUARY 2018	1,271	6,445	-	1,463	-	(52)	137	9,264
TOTAL COMPREHENSIVE INCOME	-	-	-	372	-	(19)	3	356
TRANSACTIONS WITH SHAREHOLDERS OR OWNERS	-	-	-	-	-	-	(1)	(1)
Capital Increases / (Reductions)	-	-	-	-	-	-	(1)	(1)
Conversion of Liabilities into Equity	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-
Transactions with Treasury Shares or Own Equity Instruments (Net)	-	-	-	-	-	-	-	-
Increases / (Reductions) due to Business Combinations	-	-	-	-	-	-	-	-
Other Transactions with Shareholders and Owners	-	-	-	-	-	-	-	-
OTHER CHANGES IN EQUITY	-	1,463	-	(1,463)	-	-	-	-
Share-Based Payments	-	-	-	-	-	-	-	-
Transfers between Equity Items	-	1,463	-	(1,463)	-	-	-	-
Other Changes	-	-	-	-	-	-	-	-
BALANCE AT 31 MARCH 2018	1,271	7,908	-	372	-	(71)	139	9,619

(1) Unaudited

ENDESA S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD JANUARY - MARCH 2017

Millions of Euros

	Equity attributable to the Parent Company ⁽¹⁾						Non-Controlling Interests	Total equity
	Capital and reserves							
	Share Capital	Share premium, Reserves and interim dividend	Treasury shares and own equity instruments	Profit for the period	Other equity instruments	Valuation adjustments		
BALANCE AT 1 JANUARY 2017	1,271	6,308	-	1,411	-	(38)	136	9,088
Adjustments due to Changes in Accounting Policies	-	-	-	-	-	-	-	-
Correction of Errors	-	-	-	-	-	-	-	-
ADJUSTED BALANCE AT 1 JANUARY 2017	1,271	6,308	-	1,411	-	(38)	136	9,088
TOTAL COMPREHENSIVE INCOME	-	-	-	253	-	(7)	3	249
TRANSACTIONS WITH SHAREHOLDERS OR OWNERS	-	-	-	-	-	-	-	-
Capital Increases / (Reductions)	-	-	-	-	-	-	-	-
Conversion of Liabilities into Equity	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-
Transactions with Treasury Shares or Own Equity Instruments (Net)	-	-	-	-	-	-	-	-
Increases / (Reductions) due to Business Combinations	-	-	-	-	-	-	-	-
Other Transactions with Shareholders and Owners	-	-	-	-	-	-	-	-
OTHER CHANGES IN EQUITY	-	1,411	-	(1,411)	-	-	-	-
Share-Based Payments	-	-	-	-	-	-	-	-
Transfers between Equity Items	-	1,411	-	(1,411)	-	-	-	-
Other Changes	-	-	-	-	-	-	-	-
BALANCE AT 31 MARCH 2017	1,271	7,719	-	253	-	(45)	139	9,337

(1) Unaudited

ENDESA S.A. AND SUBSIDIARIES
BREAKDOWN CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2018

Millions of Euros

	31 March 2018 ⁽¹⁾				
	Generation and Supply	Distribution	Structure and Services	Consolidation Adjustments and Eliminations	Total
ASSETS					
NON-CURRENT ASSETS	12,441	13,140	24,982	(25,112)	25,451
Property, Plant and Equipment	9,640	11,860	66	-	21,566
Investment Property	-	2	6	-	8
Intangible Assets	946	180	144	-	1,270
Goodwill	379	76	4	-	459
Investments Accounted for using the Equity Method	191	21	3	-	215
Non-Current Financial Assets	635	668	24,615	(25,132)	786
Deferred Tax Assets	650	333	144	20	1,147
CURRENT ASSETS	5,153	1,187	2,168	(2,960)	5,548
Inventories	1,185	98	-	-	1,283
Trade and other Receivables	2,882	791	434	(852)	3,255
Current Financial Assets	868	295	1,715	(2,108)	770
Cash and Cash Equivalents	218	3	19	-	240
Non-Current Assets Held for Sale and Discontinued Operations	-	-	-	-	-
TOTAL ASSETS	17,594	14,327	27,150	(28,072)	30,999
EQUITY AND LIABILITIES					
EQUITY	4,526	2,528	17,362	(14,797)	9,619
Of the Parent Company	4,392	2,523	17,362	(14,797)	9,480
Of non-Controlling Interests	134	5	-	-	139
NON-CURRENT LIABILITIES	8,979	9,757	6,409	(10,345)	14,800
Deferred Income	48	4,693	-	(22)	4,719
Non-Current Provisions	1,847	1,006	360	87	3,300
Non-Current Interest-Bearing Loans and Borrowings	6,170	3,262	5,969	(10,393)	5,008
Other non-Current Liabilities	193	459	22	(20)	654
Deferred Tax Liabilities	721	337	58	3	1,119
CURRENT LIABILITIES	4,089	2,042	3,379	(2,930)	6,580
Current Interest-Bearing Loans and Borrowings	530	4	2,838	(2,086)	1,286
Current Provisions	358	59	56	1	474
Trade Payables and other Current Liabilities	3,201	1,979	485	(845)	4,820
Liabilities Associated with non-Current Assets classified as Held for Sale and Discontinued Operations	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	17,594	14,327	27,150	(28,072)	30,999

(1) Unaudited

ENDESA S.A. AND SUBSIDIARIES
BREAKDOWN CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

Millions of Euros

	31 December 2017 ⁽¹⁾				
	Generation and Supply	Distribution	Structure and Services	Consolidation Adjustments and Eliminations	Total
ASSETS					
NON-CURRENT ASSETS	12,936	13,149	25,134	(25,712)	25,507
Property, Plant and Equipment	9,779	11,881	68	(1)	21,727
Investment Property	-	2	7	-	9
Intangible Assets	864	181	151	-	1,196
Goodwill	379	76	4	-	459
Investments Accounted for using the Equity Method	186	19	-	-	205
Non-Current Financial Assets	1,078	665	24,759	(25,733)	769
Deferred Tax Assets	650	325	145	22	1,142
CURRENT ASSETS	4,387	1,319	1,977	(2,153)	5,530
Inventories	1,191	76	-	-	1,267
Trade and other Receivables	2,647	956	478	(981)	3,100
Current Financial Assets	366	281	1,289	(1,172)	764
Cash and Cash Equivalents	183	6	210	-	399
Non-Current Assets Held for Sale and Discontinued Operations	-	-	-	-	-
TOTAL ASSETS	17,323	14,468	27,111	(27,865)	31,037
EQUITY AND LIABILITIES					
EQUITY	4,350	2,328	17,367	(14,812)	9,233
Of the Parent Company	4,218	2,323	17,367	(14,812)	9,096
Of non-Controlling Interests	132	5	-	-	137
NON-CURRENT LIABILITIES	8,526	10,076	6,572	(10,905)	14,269
Deferred Income	50	4,704	-	(24)	4,730
Non-Current Provisions	1,889	1,020	369	104	3,382
Non-Current Interest-Bearing Loans and Borrowings	5,694	3,564	6,133	(10,977)	4,414
Other non-Current Liabilities	193	450	13	(10)	646
Deferred Tax Liabilities	700	338	57	2	1,097
CURRENT LIABILITIES	4,447	2,064	3,172	(2,148)	7,535
Current Interest-Bearing Loans and Borrowings	319	4	1,823	(1,168)	978
Current Provisions	309	60	55	1	425
Trade Payables and other Current Liabilities	3,819	2,000	1,294	(981)	6,132
Liabilities Associated with non-Current Assets classified as Held for Sale and Discontinued Operations	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	17,323	14,468	27,111	(27,865)	31,037

(1) Audited

ENDESA S.A. AND SUBSIDIARIES
BREAKDOWN CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD JANUARY - MARCH 2018

Millions of Euros

	31 March 2018 ⁽¹⁾				
	Generation and Supply	Distribution	Structure and Services	Consolidation Adjustments and Eliminations	Total
INCOME	4,538	681	128	(178)	5,169
Revenue	4,443	619	123	(162)	5,023
Other Operating Revenues	95	62	5	(16)	146
PROCUREMENTS AND SERVICES	(3,723)	(51)	(23)	43	(3,754)
Power Purchased	(1,257)	-	-	-	(1,257)
Cost of Fuel Consumed	(492)	-	-	-	(492)
Transmission Costs	(1,514)	-	-	-	(1,514)
Other Variable Procurements and Services	(460)	(51)	(23)	43	(491)
CONTRIBUTION MARGIN	815	630	105	(135)	1,415
Self-Constructed Assets	5	25	2	-	32
Personnel Expenses	(121)	(64)	(40)	12	(213)
Other Fixed Operating Expenses	(293)	(110)	(80)	129	(354)
GROSS PROFIT FROM OPERATIONS (EBITDA)	406	481	(13)	6	880
Depreciation and Amortisation, and Impairment Losses	(210)	(153)	(9)	-	(372)
PROFIT FROM OPERATIONS (EBIT)	196	328	(22)	6	508
NET FINANCIAL PROFIT / (LOSS)	(33)	(18)	23	-	(28)
Financial Income	7	1	124	(123)	9
Financial Expense	(45)	(19)	(101)	123	(42)
Net Exchange Differences	5	-	-	-	5
Net Profit / (Loss) of Companies Accounted for using the Equity Method	6	4	3	-	13
Gains / (Losses) from other Investments	-	-	-	-	-
Gains / (Losses) on Disposal of Assets	(8)	-	-	-	(8)
PROFIT / (LOSS) BEFORE TAX	161	314	4	6	485
Income Tax Expense	(36)	(73)	-	(1)	(110)
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	125	241	4	5	375
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS	-	-	-	-	-
PROFIT FOR THE PERIOD	125	241	4	5	375
Parent Company	122	241	4	5	372
Non-Controlling Interests	3	-	-	-	3

(1) Unaudited

ENDESA S.A. AND SUBSIDIARIES
BREAKDOWN CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD JANUARY - MARCH 2017

Millions of Euros

	31 March 2017 ⁽¹⁾				
	Generation and Supply	Distribution	Structure and Services	Consolidation Adjustments and Eliminations	Total
INCOME	4,641	633	151	(202)	5,223
Revenue	4,594	565	122	(161)	5,120
Other Operating Revenues	47	68	29	(41)	103
PROCUREMENTS AND SERVICES	(3,978)	(31)	(44)	66	(3,987)
Power Purchased	(1,496)	-	-	-	(1,496)
Cost of Fuel Consumed	(511)	-	-	-	(511)
Transmission Costs	(1,501)	-	-	(1)	(1,502)
Other Variable Procurements and Services	(470)	(31)	(44)	67	(478)
CONTRIBUTION MARGIN	663	602	107	(136)	1,236
Self-Constructed Assets	5	26	1	-	32
Personnel Expenses	(113)	(67)	(41)	1	(220)
Other Fixed Operating Expenses	(294)	(109)	(77)	134	(346)
GROSS PROFIT FROM OPERATIONS (EBITDA)	261	452	(10)	(1)	702
Depreciation and Amortisation, and Impairment Losses	(205)	(141)	(16)	-	(362)
PROFIT FROM OPERATIONS (EBIT)	56	311	(26)	(1)	340
NET FINANCIAL PROFIT / (LOSS)	(32)	(23)	24	3	(28)
Financial Income	16	4	72	(73)	19
Financial Expense	(48)	(27)	(48)	76	(47)
Net Exchange Differences	-	-	-	-	-
Net Profit / (Loss) of Companies Accounted for using the Equity Method	13	2	-	-	15
Gains / (Losses) from other Investments	-	-	-	(1)	(1)
Gains / (Losses) on Disposal of Assets	(4)	-	-	-	(4)
PROFIT / (LOSS) BEFORE TAX	33	290	(2)	1	322
Income Tax Expense	2	(69)	-	1	(66)
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	35	221	(2)	2	256
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS	-	-	-	-	-
PROFIT FOR THE PERIOD	35	221	(2)	2	256
Parent Company	32	221	(2)	2	253
Non-Controlling Interests	3	-	-	-	3

(1) Unaudited

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

**Consolidated Management Report for the
three-month period ended 31 March 2018**

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

Madrid, 7 May 2018

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR
THREE MONTHS ENDED
AS OF 31 MARCH 2018

Contents

1. Business Trends and Results in the first quarter of 2018.....	3
1.1. Consolidated results.....	3
1.2. Changes in accounting principles.....	3
1.3. Analysis of results.....	4
1.4. Segment Information.....	10
2. Other information.....	15
2.1. Risk Management Policy.....	15
2.2. Scope of Consolidation.....	15
2.3. Dividends.....	16
2.4. Other information.....	16
3. Regulatory Framework.....	16
4. Liquidity and Capital Resources.....	17
4.1. Financial Management.....	17
4.2. Cash Flows.....	19
4.3. Investments.....	21
Appendix I: Statistical.....	23
Appendix II: Alternative Performance Measures (APMs).....	29
Appendix III: Effect on the Consolidated Statement of Financial Position at 1 January 2018 due to Changes in Accounting Principles.....	31

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR
THREE MONTHS ENDED
AS OF 31 MARCH 2018

1. Business Trends and Results in the first quarter of 2018.

1.1. Consolidated results.

ENDESA reported net income of Euros 372 million (+47.0%) in the first quarter of 2018

ENDESA reported net income of Euros 372 million in the first quarter of 2018, an increase of 47.0% from Euros 253 million reported in the first quarter of 2017.

The table below presents the distribution of net income amongst ENDESA's businesses during the first quarter 2018 and its variation compared with the same period in the previous year (see Section 1.4. Segment Information in this Consolidated Management Report):

	Net Income			
	January-March 2018	January-March 2017	% Var.	% contribution to total
Generation and Supply	122	32	281.3	32.8
Distribution	241	221	9.0	64.8
Structure and Other	(1) 9	-	-	2.4
TOTAL	372	253	47.0	100.0

(1) Structure, Services and Adjustments.

1.2. Changes in Accounting Principles.

The policies used to prepare this Consolidated Management Report are the same as those applied in the Consolidated Financial Statements for the year ended 31 December 2017, except for the new rules adopted by the European Union applicable to financial years from 1 January 2018 onwards:

Standards, amendments and interpretations	Mandatory application: Annual periods beginning on or after
IFRS 15 "Revenue from Contracts with Customers".	1 January 2018
Clarifications to the IFRS 15 "Revenue from Contracts with Customers".	1 January 2018
IFRS 9 "Financial Instruments"	1 January 2018
Amendments to IFRS 4 "Insurance Contracts": Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts".	1 January 2018

The impact of applying the aforementioned accounting standards is as follows.

IFRS 15 "Revenue from Contracts with Customers".

As a result of the first application of IFRS 15 "Revenue from Contracts with Customers", ENDESA has capitalised under Non-Current Assets the incremental costs of obtaining these contracts with customers that until 1 January 2018 had been recognized in the Consolidated Statement of Financial Position. This asset is depreciated systematically depending on the average expected useful life of the contracts with customers associated with these costs, which, until that date, varies anywhere between 1.4 years to 9 years.

With regard to the transition alternative adopted in the first-time application of this standard, ENDESA has opted for retroactive application with the accumulated impact of the initial application at 1 January 2018.

Based on the foregoing, the impact on ENDESA's Consolidated Financial Statement on the date of first application of IFRS 15 "Revenue from Contracts with Customers", is as follows:

Millions of euros

Consolidated Statement of Financial Position	1 January 2018
Non-current assets	95
Intangible Assets	95
TOTAL ASSETS	95
Equity	71
Of the Parent	71
Of Non-Controlling Interests	-
Non-Current liabilities	24
Deferred Tax Liabilities	24
TOTAL EQUITY AND LIABILITIES	95

During the first quarter of 2018, the capitalisation of these incremental costs has entailed a Euros 12 million decrease million under “Other Variable Procurements and Services” and a Euros 9 million increase under “Depreciation and amortisation, and impairment losses” on the Consolidated Income Statement (See Section 1.3.2. Operating expenses in this Consolidated Management Report).

IFRS 9 Financial Instruments

As a result of the entry into force of IFRS 9 “Financial instruments”, ENDESA has applied an impairment model based on the expected loss method.

With regard to the transition alternative adopted in the first-time application of this standard, ENDESA has opted for retroactive application with the accumulated impact of the initial application at 1 January 2018.

Based on the foregoing, the impact on ENDESA's Consolidated Financial Statement on the date of first application of IFRS 9 “Financial Instruments”, is as follows:

Millions of euros

Consolidated Statement of Financial Position	1 January 2018
Non-current assets	12
Non-current Financial Assets	(10)
Deferred Tax Assets	22
Current assets	(43)
Trade and other accounts receivable	(33)
Current Financial Assets	(10)
TOTAL ASSETS	(31)
Equity	(40)
Of the Parent	(40)
Of Non-Controlling Interests	-
Non-current liabilities	9
Deferred Tax Liabilities	9
TOTAL EQUITY AND LIABILITIES	(31)

In terms of the classification of financial assets and liabilities provided for under IFRS 9 “Financial Instruments”, there has been no significant impact.

Appendix III includes the effect on the Consolidated Statement of Financial Position at 1 January 2018 of the changes due to the application of IFRS 15 “Income from Contracts with Customers” and IFRS 9 “Financial Instruments”.

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 quarter 2018 and its variation compared with the same period in the previous year:

Millions of Euros

	Most significant figures			
	January-March 2018	January-March 2017	Difference	% Var.
Revenue	5,169	5,223	(54)	(1.0)
Contribution margin	1,415	1,236	179	14.5
EBITDA ⁽¹⁾	880	702	178	25.4
EBIT ⁽²⁾	508	340	168	49.4
Net financial profit/(loss)	(28)	(28)	-	-
Profit/(loss) before tax	485	322	163	50.6
Net profit/(loss)	372	253	119	47.0

(1) Gross operating profit (EBITDA) = Revenue - Procurements and Services + Self-constructed assets - Personnel Expenses - Other Fixed Operating Expenses.

(2) Operating profit (EBIT) = Gross operating profit (EBITDA) - Depreciation and impairment losses.

EBITDA amounted to Euros 880 million, (+25.4%) in the first quarter of 2018. To analyse its performance during the period, the following factors must be taken into account:

- The improvement in the contribution margin of Euros 179 million (+14.5%) can be attributed, on the one hand, to the drop in power purchases (-16.0%) as a result, primarily, of the decrease in electricity prices on the wholesale market, the cumulative arithmetic price of which is €48.1/MWh (-13.5%) and, on the other hand, the drop in fuel consumption (-3.7%) due to the decrease in thermal output during the period, in addition to the subsequent reduction in average purchase price and in the tax on the value of electricity production.
- The performance of fixed operating costs has increased just Euros 1 million as a result, mainly, of the decrease in personnel expenses (-3.2%).

EBIT for the first quarter of 2018 increase 49.4% year-on-year to Euros 508 million, mainly as a result of the 25.4% increase in EBITDA.

1.3.1. Revenue.

Revenues in the first quarter of 2018 totalled Euros 5,169 million, 54 million (+1.0%) lower than revenues posted in the first quarter of 2017.

The table below presents the detail of income in the first quarter 2018 and its variation compared with the same period in the previous year:

Millions of Euros	Revenue			
	January-March 2018	January-March 2017	Difference	% Var.
Revenue from Sales	5,023	5,120	(97)	(1.9)
Operating income	146	103	43	41.7
TOTAL	5,169	5,223	(54)	(1.0)

Market situation.

In the first quarter of 2018, electricity demand trends were as follows:

- Total mainland electricity demand rose by 2.9% year-on year (+2.0% adjusted for working days and temperature).
- The cumulative demand of electrical energy in Non-mainland Territories (TNP) closed out the first quarter of 2018 with a 3.2% increase in the Balearic Islands and a 1.5% increase in the Canary Islands compared with the same period the previous year (-0.6% and +0.0% respectively, adjusted for the effect of working days and temperature).

The first quarter of 2018 saw lower prices, with the cumulative arithmetic price in the electricity wholesale market standing at €48.1/MWh (-13.5%) mainly due to higher wind and hydroelectric output. The cumulative contribution of renewable energies to total mainland production was 43.2% (38.3% in the first quarter of 2017).

In this environment:

- ENDESA's mainland electricity production during the first quarter 2018 was 15,397 GWh, i.e., 3.1% lower than the first quarter of the previous year, as detailed below: combined cycle plants (874 GWh, -22.0%), coal-fired plants (4,683 GWh, -8.8%), nuclear power plants (6,650 GWh, -7.4%), renewable and cogeneration (1,184 GWh, +21.8%) and hydroelectric power plants (2,006 GWh, +35.3%).
- Non-mainland Territories (TNP) generation was 3,115 GWh (+0.9%).
- Nuclear and renewable, including hydroelectric, technologies accounted for 53.3% of Endesa's generation mix, compared with 84.2% for the rest of the sector (50.9% and 79.8% respectively in the first quarter of 2017).

At 31 March 2018, ENDESA held the following electricity market shares:

- 22.9% in mainland generation.
- 43.0% in electricity distribution.
- 34.3% in electricity sales.

In the first quarter of 2018 conventional gas demand was up by 6.5% year on year, and at 31 March 2018 ENDESA had secured a market share of 16.2% in gas sales to customers in the deregulated market.

Sales.

The table below presents the detail of ENDESA sales in the first quarter 2018 and its variation compared with the same period in the previous year:

	Sales			
	January-March 2018	January-March 2017	Difference	% Var.
Electricity Sales	3,517	3,710	(193)	(5.2)
Deregulated Market Sales	2,124	2,134	(10)	(0.5)
Supply to customers in deregulated markets outside Spain	231	254	(23)	(9.1)
Sales at the Regulated Price	641	682	(41)	(6.0)
Wholesale market sales	223	297	(74)	(24.9)
Non-mainland Territories (TNP) Compensations	271	313	(42)	(13.4)
Other Electricity Sales	27	30	(3)	(10.0)
Gas Sales	798	745	53	7.1
Regulated Revenue from Electricity Distribution	543	511	32	6.3
Other Sales and Services Rendered	165	154	11	7.1
TOTAL	5,023	5,120	(97)	(1.9)

Electricity sales on the deregulated market.

At 31 March 2018, ENDESA had 5,617,292 electricity customers in the deregulated market, a 0.4% increase on numbers at 31 December 2017, as per the following breakdown:

- 4,614,108 (+0.3%) in the Spanish mainland market.
- 797,810 (+1.4%) in the non-mainland market.
- 205,374 (+0.0%) in deregulated markets outside Spain.

ENDESA sold a net total of 19,880 GWh to these customers in the first quarter of 2018, a 1.0% decrease on the same period in 2017.

In economic terms, sales on the deregulated market in the first quarter of 2018 rose totalled Euros 2,355 million (-1.4%), with the following breakdown:

- Sales in the Spanish deregulated market totalled Euros 2,124 million, Euros 10 million down on the figure for the previous year (-0.5%) due mainly to the lower number of physical units sold.

- Revenue from sales to deregulated European markets other than Spain totalled Euros 231 million, down by Euros 23 million (-9.1%) year on year, due mainly to the lower volume of electricity sold in Belgium, the Netherlands, France and Portugal.

Electricity sales at a regulated price.

During the first quarter of 2018:

- ENDESA sold 3,582 GWh to customers to whom the regulated price applies, through its supplier of reference company, which is up 0.6% on January-March 2017.
- These sales entailed an income of Euros 641 million, which is 6.0% lower than the figure in the first quarter of 2017, as a result of the decreased average sales price, despite the increase in physical units sold.

Gas sales.

At 31 March 2018, ENDESA had 1,577,390 gas customers in the deregulated market, a 1.1% increase on numbers at 31 December 2017, as shown in the following breakdown:

- 241,637 (-1.6%) in the regulated market.
- 1,335,753 (+1.6%) in the deregulated market.

ENDESA sold 25,457 GWh to customers in the natural gas market in the first quarter of 2018, which represents a 3.9% increase on the first quarter 2017 figure.

Revenue from gas sales totalled Euros 798 million in the first quarter of 2018, up Euros 53 million (+7.1%) on the figure for the first quarter of 2017, as follows:

- Gas sales in the deregulated market totalled Euros 762 million, which is Euros 53 million more than the figure for the first quarter of 2017 (+7.5%) due mainly to the higher number of physical units sold. in international and wholesale markets.
- Revenue from gas sales at the regulated price totalled Euros 36 million, in line with the figure in the first quarter of 2017 and in line with the performance of physical units sold.

Non-mainland Territories (TNP) Compensations.

Compensations in the first quarter of 2018 for the extra-costs of Non-mainland Territories generation (TNP) totalled Euros 271 million, down by Euros 42 million (-13.4%) compared to the same period the year before, due, amongst other aspects, to the fact that the compensation for the extra-costs in the first quarter of 2017 included reliquidations amounting to Euros 21 million.

Electricity distribution.

During the first quarter of 2018, ENDESA distributed 29,890 GWh in the Spanish market, which is a 2.6% increase compared with the first quarter of 2017.

Regulated revenue recognised for distribution in the first quarter of 2018 was Euros 543 million, Euros 32 million more than in the first quarter of 2017 (+6.3%) in accordance with the methodology derived from Royal Decree 1048/2013, of 27 December 2013.

Other operating income.

In January-March 2018, other operating income totalled Euros 146 million, up Euros 43 million (+41.7%), compared to the first quarter of 2017; this can be attributed, in large part, to the Euros 57 million increase in

revenue from the valuation and liquidation of energy derivatives due to changes in the valuation and settlement of gas derivatives and CO₂ emission allowances.

1.3.2. Operating expenses.

Operating expenses totalled Euros 4,693 million in the January-March 2018 period, 4.5% less than in the same period the previous year.

The table below shows the breakdown of operating expenses in the first quarter of 2018 and their variation compared with the previous year:

Millions of Euros	Operating expenses			
	January-March 2018	January-March 2017	Difference	% Var.
Procurements and Services	3,754	3,987	(233)	(5.8)
Power Purchases	1,257	1,496	(239)	(16.0)
Cost of Fuel Consumed	492	511	(19)	(3.7)
Transmission Costs	1,514	1,502	12	0.8
Other Variable Procurements and Services	491	478	13	2.7
Personnel Expenses	213	220	(7)	(3.2)
Other Fixed Operating Expenses	354	346	8	2.3
Depreciation and amortisation, and impairment losses	372	362	10	2.8
TOTAL	4,693	4,915	(222)	(4.5)

Procurements and services (variable costs).

Procurements and services (variable costs) totalled Euros 3,754 million in the first quarter of 2018, 5.8% less than in the same period the previous year.

The performance of these costs for the first quarter of 2018 was:

- Power purchases decreased by Euros 239 million (-16.0%) to Euros 1,257 million, primarily because of the decrease in the average arithmetic price in the wholesale electricity market (Euros 48.1/MWh, +13.5%) and price of gas acquired for its sale to the end customer.
- The cost of fuel consumed was Euros 492 million, down 3.7% (Euros 19 million) due to the drop in thermal output in the period and the fall in the average purchase price.
- “Other variable procurements and services” totalled Euros 491 million, up Euros 13 million (+2.7%) year-on-year. This change can be attributed in large part to:
 - The Euros 12 million decrease as a result of the capitalisation, from 1 January 2018, of incremental costs incurred in acquiring customer contracts (see Section 1.2 Changes in Accounting Principles of this Consolidated Management Report).
 - The Euros 7 million increase in the cost of CO₂ emissions, despite the drop in thermal output, as a result of the increase in market prices.
 - The Euros 11 million increase in the cost of value added services, as a result of the increased billing corresponding to these activities (Euros 16 million).

Personnel and other fixed operating expenses.

Fixed costs in the first quarter of 2018 totalled Euros 567 million, Euros 1 million (+0.2%) higher compared to the first quarter of 2017.

The table below presents the breakdown of fixed costs in the first quarter of 2018 and their variation compared with the previous year:

Millions of Euros

	Fixed Costs			
	January-March 2018	January-March 2017	Difference	% Var.
Personnel Expenses	213	220	(7)	(3.2)
Other Fixed Operating Expenses	354	346	8	2.3
TOTAL	567	566	1	0.2

Personnel expenses

Personnel expenses in the first quarter of 2018 came to Euros 213 million, down by Euros 7 million (-3.2%) year-on-year, due mainly to the decrease in the average workforce to 224 employees (-2.3%).

During both periods, there were positive updates of the provisions under workforce restructuring in force and contract suspensions agreements, which amounted to Euros 7 million in the first quarter of 2018 and Euros 15 million in the first quarter of 2017.

Isolating this effect, personnel expenses in the first quarter of 2018 would have decreased by €15 million (-6.4%).

Other fixed operating expenses.

Other fixed operating expenses in the first quarter of 2018 stood at Euros 354 million, up by Euros 8 million quarter on quarter (+2.3%).

In the first quarter of 2018, a net cost of Euros 6 million for infringement proceedings was recognised, compared to a net reversal of Euros 8 million recognised in the first quarter of 2017.

Isolating these effects, other fixed operating expenses in the first quarter of 2018 would have decreased by Euros 6 million (-1.7%).

Depreciation/amortisation and impairment losses

Depreciation and amortisation and impairment losses totalled Euros 372 million in the first quarter of 2018, Euros 10 million (+2.8%) up on the same period the previous year.

From 1 January 2018, and as a result of the capitalisation of incremental costs incurred in the acquisition of customer contracts under the Non-Current Assets on the Consolidated Statement of Financial Position, in the first quarter of 2018, there was a Euros 9 million increase in depreciation and amortisation costs recognised under Depreciation and amortisation and impairment losses (see Section 1.2. Changes in Accounting Principles of this Consolidated Management Report).

Without considering the effect described in the paragraph above, depreciation and amortisation and impairment losses in the first quarter of 2018 would have increased by Euros 1 million (+0.3%) compared to the same period in the previous year.

1.3.3. Net financial profit/(loss).

Net financial loss in the first quarters of 2018 and 2017 amounted to Euros 28 million.

The table below presents the detail of net financial profit/(loss) in the first quarter 2018 and its variation compared with the same period in the previous year:

Millions of Euros

	Net financial profit/(loss) ⁽¹⁾			
	January-March 2018	January-March 2017	Difference	% Var.
Financial Income	9	19	(10)	(52.6)
Financial Expenses	(42)	(47)	5	(10.6)
Net Exchange Differences	5	-	5	N/A
TOTAL	(28)	(28)	-	-

(1) Net financial profit/(loss) = Financial Income - Financial Expense + Net Exchange Differences.

In the first quarter of 2018, net financial expenses totalled Euros 33 million, up Euros 5 million (+17.9%) year on year.

In the first quarter of 2018, net exchange income came to Euros 5 million, whereas in the first quarter of 2017, there were no net exchange differences.

In order to analyse the evolution of the net financial expense, it must be taken into account that in both periods there has been an update in the provisions associated with the obligations derived of the workforce restructuring in force and contract suspensions agreements, as well as the deterioration of value of financial assets according to IFRS 9 "Financial Instruments" (see Section 1.2. Changes in Accounting Principles of this Consolidated Management Report) for the sum of Euros 4 million, positive, in the first quarter of 2018, and Euros 12 million, positive, in the first quarter of 2017.

Without considering the effect indicated in the paragraph above, the net financial expenses would have decreased by Euros 3 million (-7.5%) due to the decrease in the average cost of gross financial debt, which dropped from 2.4% in January-March 2017 to 2.1% in January-March 2018 have offset in full the increase in the average gross financial from Euros 5,856 million in January-March 2017 to Euros 6,201 million in January-March 2018 (see Section 4.1. Financial Management of this Consolidated Management Report).

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

In the first quarter of 2018, companies accounted for using the equity method contributed a net profit of Euros 13 million, compared to a net profit of Euros 15 million in the first quarter of 2017.

1.3.5. Profit/(loss) on asset divestments.

In the first quarter of 2018 and 2017, this heading primarily included the expense for factoring transaction commissions.

1.3.6. Income tax.

In the first quarter of 2018, the expense on Corporate Income Tax amounted to Euros 110 million, which is Euros 44 million (+66.7%) higher than the amount posted for the first quarter of 2017.

The effective rate in January-March 2018 was 22.7% (20.5% in January-March 2017).

1.3.7. Net profit/(loss).

Net profit attributable to the parent company in the first quarter of 2018 stood at Euros 372 million, an increase of Euros 119 million year on year (+47.0%).

1.4. Segment Information.

The table below shows the breakdown of the most important figures for ENDESA's businesses in the first quarter of 2018:

Millions of Euros

	January-March 2018				January-March 2017			
	Generation and Supply	Distribution	Structure and others (3)	TOTAL	Generation and Supply	Distribution	Structure and others (3)	TOTAL
Revenue	4,538	681	(50)	5,169	4,641	633	(51)	5,223
Contribution margin	815	630	(30)	1,415	663	602	(29)	1,236
EBITDA (1)	406	481	(7)	880	261	452	(11)	702
EBIT (2)	196	328	(16)	508	56	311	(27)	340
Net financial gain/(loss)	(33)	(18)	23	(28)	(32)	(23)	27	(28)
Profit/(loss) before tax	161	314	10	485	33	290	(1)	322
Net profit/(loss)	122	241	9	372	32	221	-	253

(1) EBITDA = Income - Procurements and Services + Self-constructed assets - Personnel Expenses - Other Fixed Operating Expenses.

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

(3) Structure, Services and Adjustments.

1.4.1. Contribution margin.

The table below presents the distribution of the sales and other operating income among ENDESA businesses in the first quarter of 2018 and variations compared with the same period of the previous year:

Millions of Euros

	Sales				Other operating income			
	January-March 2018	January-March 2017	% Var.	% contribution to total	January-March 2018	January-March 2017	% Var.	% contribution to total
Generation and Supply	4,443	4,594	(3.3)	88.5	95	47	102.1	65.1
Non-mainland Territories (TNP) generation	468	477	(1.9)	9.4	1	3	(66.7)	0.7
Other Generation and Supply	4,191	4,351	(3.7)	83.4	94	44	113.6	64.4
Adjustments	(216)	(234)	(7.7)	(4.3)	-	-	-	-
Distribution	619	565	9.6	12.3	62	68	(8.8)	42.5
Structure and Other (1)	(39)	(39)	-	(0.8)	(11)	(12)	(8.3)	(7.6)
TOTAL	5,023	5,120	(1.9)	100.0	146	103	41.7	100.0

(1) Structure, Services and Adjustments.

The following table contains the breakdown of procurements and services of ENDESA's businesses in the first quarter of 2018 and variations compared with the same period of the previous year:

Millions of Euros

	Procurements and Services (2)			
	January-March 2018	January-March 2017	% Var.	% contribution to total
Generation and Supply	3,723	3,978	(6.4)	99.2
Non-mainland Territories (TNP) generation	321	308	4.2	8.5
Other Generation and Supply	3,617	3,903	(7.3)	96.4
Adjustments	(215)	(233)	N/A	(5.7)
Distribution	51	31	64.5	1.3
Structure and Other (1)	(20)	(22)	(9.1)	(0.5)
TOTAL	3,754	3,987	(5.8)	100.0

(1) Structure, Services and Adjustments.

(2) Procurements and Services = Energy Purchases + Fuel Consumption + Transmission Expenses + Other Variable Procurements and Services.

The following table contains the breakdown of the contribution margin of ENDESA's businesses in the first quarter of 2018 and variations compared with the same period of the previous year:

Millions of Euros

	Contribution Margin (2)			
	January-March 2018	January-March 2017	% Var.	% contribution to total
Generation and Supply	815	663	22.9	57.6
Non-mainland Territories (TNP) generation	148	172	(14.0)	10.5
Other Generation and Supply	668	492	35.8	47.2
Adjustments	(1)	(1)	-	(0.1)
Distribution	630	602	4.7	44.5
Structure and Other (1)	(30)	(29)	3.4	(2.1)
TOTAL	1,415	1,236	14.5	100.0

(1) Structure, Services and Adjustments.

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

Generation and Supply

The contribution margin in the Generation and Supply segment in the first quarter of 2018 totalled Euros 815 million, up Euros 152 million year on year (+22.9%), due mainly to the following factors:

- Decrease in electricity prices on the wholesale market (€48.1/MWh; -13.5%) and the subsequent decrease in power purchase costs (-16.0%).
- The drop in thermal output and the decrease in fuel prices, resulting in a decrease in fuel consumed (-3.7%).
- The Euros 12 million decrease as a result of the capitalisation of incremental costs under Non-Current Assets of the Consolidated Statement of Financial Position incurred in acquiring customer contracts from 1 January 2018 onwards (see Section 1.2. Changes in Accounting Principles of this Consolidated Management Report).
- The Euros 7 million increase in the cost of CO₂ emissions, despite the drop in thermal output, as a result of the increase in market prices.
- Changes in the valuation and settlement of derivatives, mainly gas derivatives and CO₂ emission allowances was recognised, amounting to Euros 54 million.

Distribution.

The contribution margin of the Distribution segment in the first quarter of 2018 increased to Euros 630 million, which represents an increase of Euros 28 million (+4.7%) year on year; this can mainly be attributed to the remuneration for the electricity distribution activity.

Structure and Other.

The contribution margin of Structures and Others in the first quarter of 2018 came to minus Euros 30 million and mainly includes the cost of the Social Bond pursuant to Royal Decree 897/2017, of 6 October (See section 3. Regulatory Framework in this Consolidated Management Report).

1.4.2. EBITDA.

The table below presents the distribution of the EBITDA amongst ENDESA businesses in the first quarter of 2018 and variations compared with the same period of the previous year:

Millions of Euros

	EBITDA ⁽²⁾			
	January-March 2018	January-March 2017	% Var.	% contribution to total
Generation and Supply	406	261	55.6	46.1
Non-mainland Territories (TNP) generation	80	100	(20.0)	9.1
Other Generation and Supply	326	161	102.5	37.0
Adjustments	-	-	-	-
Distribution	481	452	6.4	54.7
Structure and Other ⁽¹⁾	(7)	(11)	(36.4)	(0.8)
TOTAL	880	702	25.4	100.0

(1) Structure, Services and Adjustments.

(2) Gross operating profit (EBITDA) = Income - Supplies and Services + Work carried out by the Group for its assets - Personnel Expenses - Other operating expenses.

The following table contains the breakdown of personnel expenses and other fixed operating costs for ENDESA's businesses in the first quarter of 2018 and variations compared with the same period of the previous year:

Millions of Euros

	Personnel Expenses				Other Fixed Operating Expenses			
	January-March 2018	January - March 2017	% Var.	% contribution to total	January-March 2018	January-March 2017	% Var.	% contribution to total
Generation and Supply	121	113	7.1	56.8	293	294	(0.3)	82.8
Non-mainland Territories (TNP) generation	21	21	-	9.9	47	52	(9.6)	13.3
Other Generation and Supply	100	92	8.7	46.9	247	243	1.6	69.8
Adjustments	-	-	-	-	(1)	(1)	-	(0.3)
Distribution	64	67	(4.5)	30.1	110	109	0.9	31.1
Structure and Other ⁽¹⁾	28	40	(30.0)	13.1	(49)	(57)	(14.0)	(13.9)
TOTAL	213	220	(3.2)	100.0	354	346	2.3	100.0

(1) Structure, Services and Adjustments.

Generation and Supply.

EBITDA for this segment amounted to Euros 406 million, (+55.6%) in the first quarter of 2018. The following factors must be taken into account when looking at EBITDA for the first quarter of 2018:

- The 22.9% increase in the contribution margin.
- The updates of the provisions under workforce restructuring in force and contract suspensions agreements, which amounted to Euros 0 million in the first quarter of 2018 and Euros 9 million, positive, in the first quarter of 2017.

Distribution.

For the first quarter of 2018, EBITDA for this segment was Euros 481 million (+6.4%), including:

- The above-mentioned positive performance of the contribution margin (+4.7%).
- The drop in personnel expenses (-4.5%) due to decrease in the average workforce (-5.6%).
- The updates of the provisions under workforce restructuring and contract suspensions agreements, which amounted to minus Euros 3 million, positive, in the first quarter of 2018 and Euros 0 million in the first quarter of 2017.

Structure and Other.

EBITDA for the first quarter of 2018 in Structure and Others came to Euros 7 million, negative, an improvement of Euros 4 million year-on-year (11 million, negative), including, among others:

- The performance of the contribution margin, Euros 30 million, negative.

- The reduction in personnel expenses (-30.0%) due to the reduction of the average workforce (-4.3%) and the effects of the update of provisions for workforce restructuring in force and contract suspension agreements for the sum of Euros 4 million in the first quarter of 2018 and plus Euros 6 million in the first quarter of 2017, both positive.

1.4.3. EBIT.

The table below presents the distribution of the EBIT amongst ENDESA businesses in the first quarter of 2018 and variations compared with the same period of the previous year:

Millions of Euros

	EBIT ⁽²⁾			
	January-March 2018	January-March 2017	% Var.	% contribution to total
Generation and Supply	196	56	250.0	38.6
Non-mainland Territories (TNP) generation	39	58	(32.8)	7.7
Other Generation and Supply	157	(2)	(7,950.0)	30.9
Adjustments	-	-	-	-
Distribution	328	311	5.5	64.6
Structure and Other ⁽¹⁾	(16)	(27)	(40.7)	(3.2)
TOTAL	508	340	49.4	100.0

(1) Structure, Services and Adjustments.

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

The following table contains the distribution of depreciation and amortisation and impairment losses between ENDESA's businesses in the first quarter of 2018 and variations compared with the same period of the previous year:

Millions of Euros

	Depreciation and amortisation, and impairment losses			
	January-March 2018	January-March 2017	% Var.	% contribution to total
Generation and Supply	210	205	2.4	56.5
Non-mainland Territories (TNP) generation	41	42	(2.4)	11.0
Other Generation and Supply	169	163	3.7	45.5
Adjustments	-	-	-	-
Distribution	153	141	8.5	41.1
Structure and Other ⁽¹⁾	9	16	(43.8)	2.4
TOTAL	372	362	2.8	100.0

(1) Structure, Services and Adjustments.

Generation and Supply.

In the first quarter of 2018, EBIT for the Generation and Supply segment was Euros 196 million (+250.0%), including:

- The 55.6% increase in EBITDA.
- The increase in the cost of depreciations and amortisations in the first quarter of 2018 to Euros 9 million as a result of the capitalisation of incremental costs incurred in the acquisition of customer contracts under the Non-Current Assets on the Consolidated Statement of Financial Position, from 1 January 2018 onwards (see Section 1.2. Changes in Accounting Principles of this Consolidated Management Report).

Distribution.

EBIT for the Distribution segment in the first quarter of 2018 grew by Euros 17 million year-on-year (+5.5%), mainly as a result of the 6.4% rise in EBITDA.

Structure and Other.

EBIT in the Structure and Other segment totalled Euros 11 million in the first quarter of 2018, improved by Euros 11 million against the same period of the previous year.

2. Other information.

2.1. Risk Management Policy.

During the first quarter of 2018, ENDESA followed the same risk management policy described in its annual consolidated financial statements for the year ended 31 December 2017.

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

The risks that could affect ENDESA operations are also the same as those described in the consolidated management report for the fiscal year ending on 31 December 2017.

2.2. Scope of Consolidation.

As a result of the capacity auctions, which took place on 17 May 2017 and 26 July 2017, ENDESA, through ENEL Green Power España, S.L.U. (EGPE) was awarded 540 MW of wind capacity and 339 MW of photovoltaic capacity in the first quarter of 2018, respectively, formally arranged through the following corporate acquisitions:

	Acquisition Date	Technology	% Ownership
			As of 31 march 2018
			Control
Valdecaballeros Solar S.L.U.	9 January 2018	Photovoltaic	100.00
Navalvillar Solar S.L.U.	9 January 2018	Photovoltaic	100.00
Castiblanco Solar S.L.U.	9 January 2018	Photovoltaic	100.00
Parque Eólico Muniesa, S.L.U.	12 January 2018	Wind	100.00
Parque Eólico Farlán, S.L.U.	12 January 2018	Wind	100.00
Aranort Desarrollos, S.L.U.	19 January 2018	Wind	100.00
Bosa del Ebro, S.L.	21 February 2018	Wind	51.00
Tauste Energía Distribuida, S.L.	23 March 2018	Wind	51.00
Eólica del Cierzo, S.L.U.	23 March 2018	Wind	100.00
San Francisco de Borja, S.A.	23 March 2018	Wind	66.67

The price agreed for all the aforementioned transactions was less than Euros 0.4 million.

ENDESA has recognised the acquisition of these companies as a business combination, and using the acquisition method, has provisionally recognised the acquired assets and assumed liabilities (Net Assets Acquired) of each one at fair value on its acquisition date under the following income statement headings:

Millions of Euros	Fair Value
Non-Current assets	1.13
Property, plant & equipment	1.11
Deferred Tax Assets	0.02
Current assets	0.29
Trade and other receivables	0.12
Cash and Cash Equivalents	0.17
TOTAL ASSETS	1.42
Non-Current liabilities	0.11
Deferred Tax Liabilities	0.11
Current Liabilities	0.91
Current Financial Debt	0.91
TOTAL LIABILITIES	1.02
Fair Value of Net Assets Acquired	0.40

The companies acquired 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 revenue has been generated since the acquisition date.

On 3 April 2018, an agreement was signed, through its subsidiary ENEL Green España, S.L.U. (EGPE), for the acquisition of Parques Eólicos Gestinver, S.L., for the sum of Euros 57 million, of which, Euros 42 million correspond to the price of the shareholding in the company and Euros 15 million to the subordinated debt held

by the company's former shareholders. The acquired company has an installed wind power capacity of 132 MW, distributed across 5 wind farms located in the regions of Galicia and Catalonia.

2.3. Dividends.

At its session held on 21 November 2017, the Board of Directors of ENDESA, S.A. approved the following shareholder remuneration policy for 2017-2020:

- 2017 to 2020: the ordinary dividend per share distributed against these years will be the equivalent to 100% of ordinary net profit attributable to the Parent company set down in the Consolidated Financial Statements of the Group headed by this company, with a minimum of Euros 1.32 per share, gross, in 2017 and Euros 1.33 per share, gross in 2018.
- 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 notified.

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.

The General Shareholders' Meeting of ENDESA, S.A. held on 23 April 2018 approved the distribution of a total dividend to its shareholders charged against the 2017 profit of a gross figure of Euros 1,382 per share, amounting to Euros 1,463 million, which is equal to the consolidated net profit of ENDESA for the year ending on 31 December 2017.

In consideration of the gross interim dividend of Euros 0.7 per share (Euros 741 million) paid out on 2 January 2018, the gross supplementary dividend (final dividend) charged against 2017 results is Euros 0,682 per share (Euros 722 million) and will be paid out on 2 July 2018.

2.4. Other information.

There were no one-off events involving significant amounts during the first quarter of 2018 other than those referred to herein.

Therefore, during the period ended 31 March 2018 no new significant contingent liabilities arose other than those described in the Consolidated Financial Statements for the year ended 31 December 2017.

3. Regulatory Framework.

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

2018 electricity tariff

On 27 December 2017 the Official State Gazette (BOE) published Order ETU/1282/2017 of 22 December, which establishes the access tariffs for 2018.

Access tariffs remained unchanged in the Order.

Natural gas tariff for 2018

Under Order ETU/1283/2017 of 22 December access tariffs in force in 2017 were largely maintained, having updated the Last Resort Tariffs with an average increase of 5% resulting from higher raw material costs.

Energy Efficiency.

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

Order ETU/257/2018 of 16 March entailed a contribution by ENDESA to the Energy Efficiency National Fund of Euros 29 million, corresponding to its 2018 obligations.

Social Bonus (or Social Tariff).

In March 2018, the Energy, Tourism and Digital Agenda started processing a proposed Order that sets the financing distribution percentage of the 2018 Social Bonus, with the percentage proposed for ENDESA set at 37.15%, whereas the current percentage provided for under Royal Decree Law 7/2016, of 23 December, standing at 37.7%.

Furthermore, on 9 April 2018, Order ETU/381/2018 was published, amending the Social Bond application forms established in Order ETU/943/2017, of 6 October, which implements Royal Decree 897/2017, of 6 October, regulating the figure of the vulnerable consumers, the Social Bond and other protection measures for domestic consumers of electricity. In addition, this Order extends until 8 October 2018, the existing transitory term so that consumers of electricity that, at the date of entry into force of Order ETU/943/2017, were beneficiaries of the Social Bond, prove vulnerable consumer status in accordance with the provisions of Royal Decree 897/2017, of October 6.

4. Liquidity and Capital Resources.

4.1. Financial Management.

Financial debt.

As of 31 March 2018, ENDESA had net financial debt of Euro €6,047 million, an increase of €1,062 million (+21.3%) compared to the debt at 31 December 2017.

The reconciliation of ENDESA's gross and net financial debt at 31 March 2018 and 31 December 2017 is as follows:

Millions of Euros					
	Financial debt				
	31 March 2018	31 December 2017	Difference	% Var.	
Non-current Financial Debt	5,008	4,414	594	13.5	
Current Financial Debt	1,286	978	308	31.5	
Gross Financial Debt (1)	6,294	5,392	902	16.7	
Cash and Cash Equivalents	(240)	(399)	159	(39.8)	
Financial Derivatives recognised as Financial Assets	(7)	(8)	1	(12.5)	
Net Financial Debt	6,047	4,985	1,062	21.3	

(1) At 31 March 2018, this includes Euros 7 million corresponding to financial derivatives recognised under financial liabilities (Euros 12 million at 31 December 2017).

When assessing net debt, it must be considered that on 2 January 2018 ENDESA paid shareholders an interim dividend against 2017 results of Euros 0.7 per share (gross), hence a pay-out of Euros 741 million (see Section 2.3. Dividends in this Consolidated Management Report).

The structure of ENDESA's gross financial debt at 31 March 2018 and 31 December 2017 was as follows:

Millions of Euros

	Structure of Gross Financial Debt			
	31 March 2018	31 December 2017	Difference	% Var.
Euro	6,294	5,392	902	16.7
TOTAL	6,294	5,392	902	16.7
Fixed rate	3,563	3,611	(48)	(1.3)
Floating rate	2,731	1,781	950	53.3
TOTAL	6,294	5,392	902	16.7
Average lifespan (years) ⁽¹⁾	5.5	6.1	-	-
Average cost (%) ⁽²⁾	2.1	2.1	-	-

(1) Lifespan of gross financial debt (years) = (principal * number of days of term) / (principal in force at closing period * No. days of the period).

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

As of 31 March 2018, the gross financial debt at fixed interest rates accounted for 57% while 43% was at floating rates. At this date, 100% of the Company's gross financial debt is denominated in euros.

At 31 March 2018, the breakdown of gross financial debt without derivatives by maturity was as follows:

Millions of Euros

	Maturity of Gross Financial Debt (without Derivatives)							
	Carrying amount at 31 March 2018 ⁽¹⁾	Current	Non-Current	Maturity			Subsequent	
				2018	2019	2020		2021
Bonds and other marketable securities	1,235	1,200	35	1,200	16	-	-	19
Bank Borrowings	1,114	15	1,099	14	120	58	301	621
Other Borrowings	3,938	71	3,867	42	47	433	23	3,393
TOTAL	6,287	1,286	5,001	1,256	183	491	324	4,033

(1) Excludes Euros 7 million corresponding to financial derivatives.

Main financial transactions.

In the first quarter of 2018, ENDESA extended the credit facilities arranged with various financial institutions maturing in September 2019 (Euros 160 million) and March 2021 (Euros 1,825 million).

In the same period, ENDESA maintained the Euro Commercial Paper (ECP) emissions programme through International ENDESA, B.V., and the active balance thereof as of 31 March 2018 is Euros 1,200 million, and its renewal is backed by irrevocable bank credit facilities.

During the first quarter of 2018, ENDESA has also cancelled the Project Finance bank financing held by some subsidiaries of ENEL Green Power España, S.L.U. (EGPE) amounting to €44 million (refer to Section 4.2. Cash Flows of this Consolidated Management Report).

Liquidity.

As of 31 March 2018, ENDESA's liquidity came to Euros 2,987 million (Euros 3,495 million at 31 December 2017) as detailed below:

Millions of Euros

	Liquidity			
	31 March 2018	31 December 2017	Difference	% Var.
Cash and Cash Equivalents	240	399	(159)	(39.8)
Unconditional availability in Credit Facilities ⁽¹⁾	2,747	3,096	(349)	(11.3)
TOTAL	2,987	3,495	(508)	(14.5)
Coverage of Maturities ^(number of months) ⁽²⁾	26	29	-	-

(1) As of 31 March 2018 and 31 December 2017, Euros 1,000 million correspond to the committed and irrevocable credit facility available with ENEL Finance International, N.V.

(2) 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.

Leverage ratio.

The consolidated leverage ratio at 31 March 2018 and 31 December 2017 is:

Millions of Euros

	Leverage ratio ⁽¹⁾	
	31 March 2018	31 December 2017
Net Financial Debt:	6,047	4,985
Non-current Liabilities	5,008	4,414
Current Liabilities	1,286	978
Cash and Cash Equivalents	(240)	(399)
Financial Derivatives recognised as financial assets	(7)	(8)
Equity:	9,619	9,233
of the Parent Company	9,480	9,096
of Non-controlling Interests	139	137
Leverage (%)	62.87	53.99

(1) Leverage = Net financial debt / Equity.

Credit rating

ENDESA's credit ratings are as follows:

	Credit rating					
	31 March 2018 ⁽¹⁾			31 December 2017 ⁽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	Stable	Baa2	P-2	Stable
Fitch Ratings	BBB+	F2	Stable	BBB+	F2	Stable

(1) At the respective dates of authorisation of the Consolidated Management Report.

ENDESA's credit rating is restricted to the rating of its parent company ENEL according to the methods employed by rating agencies and, at the date of authorisation 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 funding, and to obtain preferential terms from its main suppliers.

4.2. Cash Flows.

At 31 March 2018, cash and cash equivalents stood at Euros 240 million (Euros 398 million at 31 March 2017).

ENDESA's net cash flows in the first quarters of 2018 and 2017, classified by activities (operation, investment and financing) were:

Million Euros	Net Cash Flows			
	January-March 2018	January-March 2017	Difference	%Var.
Net Cash Flows from / (used in) Operating Activities	24	536	(512)	(95.5)
Net Cash Flows from / (used in) Investing Activities	(354)	(356)	2	(0.6)
Net Cash Flows from / (used in) Financing Activities	171	(200)	371	(185.5)

Cash flow from / (used in) operating activities.

In the first quarter of 2018, net cash flows from operating activities amounted to Euros 24 million, Euros 512 million down (-95.5%) on the same period in 2017 (Euros 536 million), broken down as follows:

Millions of euros	January-March 2018	January-March 2017
Profit before Tax and Non-Controlling Interests	485	322
Adjustments for:	385	351
Depreciation and amortisation, and impairment losses	372	362
Other Adjustments (Net)	13	(11)
Changes in working capital:	(893)	(149)
Trade and other accounts receivable	(219)	(152)
Inventories	(8)	(101)
Current Financial Assets	(106)	(145)
Trade Payables and Other Current Liabilities	(560)	249
Other cash flows from/(used in) operating activities:	47	12
Interest Received	3	16
Dividends Received	5	1
Interest Paid	(16)	(14)
Income Tax Paid	119	73
Other Receipts from and Payments for Operating Activities	(64)	(64)
NET CASH FLOWS FROM OPERATING ACTIVITIES	24	536

Concerning the variations in the different items determining the net cash flows from operating activities, during the first quarter of 2018, we must emphasize:

- The higher profit before tax and non-controlling interests for the period (Euros 163 million).
- The changes in working capital between the two years for the sum of Euros 744 million, mainly as a result of an increase in payments corresponding to trade payables for the sum of Euros 809 million.
- The variation in the payment of the Income Tax in both periods for an amount of Euros 46 million.

As of 31 March 2018 and 31 December 2017, the working capital comprised the following items:

Million Euros	Working Capital	
	31 March 2018	31 December 2017
Current Assets ⁽¹⁾	5,308	5,131
Inventories	1,283	1,267
Trade and other accounts receivable	3,255	3,100
Current Financial Assets	770 ⁽²⁾	764 ⁽³⁾
Current Liabilities ⁽⁴⁾	5,294	6,557
Current provisions	474	425
Trade Payables and other Current Liabilities	4,820	6,132 ⁽⁵⁾

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

(2) Includes Euros 228 million corresponding to collection rights for financing of the deficit from regulated activities, Euros 78 million concerning remuneration for the electricity distribution activity and Euros 400 million corresponding to extra costs in Non-Mainland Territories (TNP) generation.

(3) Includes Euros 222 million corresponding to collection rights for financing of the deficit from regulated activities, Euros 70 million concerning remuneration for the electricity distribution activity and Euros 304 million corresponding to extra costs in Non-Mainland Territories (TNP) generation.

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

(5) Includes the interim dividend with a charge against 2017 profits of Euros 741 million, paid on 2 January 2018 (see Section 2.3. Dividends of this Consolidated Management Report).

Net cash flows in investment activities.

During the first quarter in 2018 net cash flows applied to investing activities totalled Euros 354 million and includes:

- Net payments in cash used in the acquisition of property, plant and equipment and intangible assets in the amount of Euros 342 million (Euros 321 million in the first quarter of 2017) (see Section 4.3. Investments of this Consolidated Management Report).
- The receipt of the amount obtained on the sale of the shareholding in Nueva Marina Real Estate, S.L., formalized on December 28, 2017, for the sum of Euros 20 million.

Net cash flows in financing activities.

In the first quarter of 2018 the cash flows used in financing activities came to Euros 171 million, positive, (Euros 200 million, in the first quarter of 2017), mainly including the following aspects:

- Proceeds from borrowings, non-current:

Millions of euros

	January-March 2018	January-March 2017
Drawdowns from Tranches B and C with European Investment Bank (EIB)	-	300
Drawdowns from Credit Facilities	251	24
New Borrowings	23	2

- Reimbursements from non-current financial debt:

Millions of euros

	Sections	January-March 2018	January-March 2017
Amortisation bank loan Productor Regional de Energía Renovable, S.A.U.	4.1	44	-
Other charges		9	6

- Dividends paid:

Millions of euros

	Sections	January-March 2018	January-March 2017
Parent Dividends Paid	2.3	741	741

4.3. Investments.

In the first quarter of 2018, ENDESA made gross investments of Euros 197 million. Of this amount, Euros 181 million were related to investments in property, plant and equipment and intangible assets, and the remaining Euros 16 million to financial investments, as follows:

Million Euros

	Investments ⁽¹⁾			% Var.
	January-March 2018	January-March 2017		
Generation and Supply	33	41	(19.5)	
Distribution	124	90	37.8	
Other	-	-	-	
TOTAL PP&E	157	131	19.8	
Generation and Supply	17	8	112.5	
Distribution	6	4	50.0	
Other	1	3	(66.7)	
TOTAL INTANGIBLE ASSETS	24	15	60.0	
FINANCIAL INVESTMENTS	16	20	(20.0)	
TOTAL GROSS INVESTMENTS	197	166	18.7	
TOTAL NET INVESTMENTS ⁽²⁾	165	131	26.0	

(1) Does not include business combinations made during the period (see Section 2.2. Consolidation Scope of this Consolidated Management Report).

(2) Net investments = Gross investments - Capital grants and transferred facilities.

Investments in property, plant and equipment.

Gross generation investments in the first quarter of 2018 mostly correspond to investments made on plants that were already operating at 31 December 2017, prominently including the sum of less than Euros 1 million investment in the Litoral power plant to adapt it to European environmental legislation and in the As Pontes power plant for the sum of Euros 4 million in line with the Industrial Emissions Directive (IED) to extend its useful life. It also includes investment in upgrading major components of renewable technology assets.

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

Investment in Intangible Assets.

Gross investments in intangible assets in the first quarter of 2018 correspond to IT applications and ongoing investments in ICT activities for the sum of Euros 12 million and the capitalisation of incremental costs incurred corresponding to the acquisition of customer contracts for the sum of Euros 12 million (see Section 1.2 Changes in Accounting Principles of this Consolidated Management Report).

APPENDIX I

Statistical Appendix

Industrial data.

GWh

Electricity Generation	(1)	January-March 2018	January-March 2017	% Var.
Mainland		15,397	15,894	(3.1)
Nuclear		6,650	7,184	(7.4)
Coal		4,683	5,135	(8.8)
Hydroelectric		2,006	1,483	35.3
Combined cycle (CCGT)		874	1,120	(22.0)
Renewables and cogeneration		1,184	972	21.8
Non-Mainland Territories (TNP)		3,115	3,086	0.9
Coal		590	588	0.3
Combined cycle (CCGT)		2,495	2,476	0.8
Renewables and Cogeneration		30	22	36.4
TOTAL		18,512	18,980	(2.5)

(1) At power plant busbars.

MW

Gross installed capacity		31 March 2018	31 December 2017	% Var.
Hydroelectric		4,763	4,752	0.2
Conventional thermal		8,130	8,130	-
Nuclear		3,443	3,443	-
Combined cycle		5,678	5,678	-
Renewables and cogeneration		1,680	1,675	0.3
TOTAL		23,694	23,678	0.1

MW

Net installed capacity		31 March 2018	31 December 2017	% Var.
Hydroelectric		4,710	4,709	-
Conventional thermal		7,545	7,585	(0.5)
Nuclear		3,318	3,318	-
Combined cycles		5,445	5,445	-
Renewables and cogeneration		1,680	1,675	0.3
TOTAL		22,698	22,732	(0.1)

GWh

Gross electricity sales	(1)	January-March 2018	January-March 2017	% Var.
Regulated Price		4,267	4,307	(0.9)
Deregulated market		21,968	22,320	(1.6)
TOTAL		26,235	26,627	(1.5)

(1) At power plant busbars.

GWh

Net electricity sales	(1)	January-March 2018	January-March 2017	% Var.
Regulated Price		3,582	3,561	0.6
Deregulated market		19,880	20,075	(1.0)
TOTAL		23,462	23,636	(0.7)

(1) Sales to end customers.

Thousands

Number of customers (electricity)	(1)	31 March 2018	31 December 2017	% Var.
Regulated market		5,176	5,255	(1.5)
Mainland Spain		4,353	4,416	(1.4)
Non-Mainland Territories (TNP)		823	839	(1.9)
Deregulated market		5,617	5,593	0.4
Mainland Spain		4,614	4,601	0.3
Non-Mainland Territories (TNP)		798	787	1.4
Outside Spain		205	205	-
TOTAL		10,793	10,848	(0.5)

(1) Supply points.

Percentage (%)

Trends in demand for electricity	(1)	January-March 2018	January-March 2017	% Var.
Mainland	(2)	2.9	2.9	0.2
Non-Mainland Territories (TNP)	(3)	3.1	3.1	1.6

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

(2) Adjusted for working days and temperature: +2.0% in the first quarter of 2018 and +1.1% in the first quarter of 2017.

(3) Adjusted for working days and temperature: +5.7% in the first quarter of 2018 and +0.8% in the first quarter of 2017.

GWh

Energy distributed	(1)	January-March 2018	January-March 2017	% Var.
Spain and Portugal		29,890	29,119	2.6

(1) At power plant busbars.

km

Distribution and transmission networks		31 March 2018	31 December 2017	% Var.
Spain and Portugal		318,000	317,782	0.1

Percentage (%)

Energy losses	(1)	January – March 2018	January – March 2017	
Spain and Portugal			12.4	12.9

(1) Source: Endesa data.

Minutes

Installed Capacity Equivalent Interruption Time (ICEIT)		January-March 2018	January – March 2017	
Spain and Portugal (avg)	(1) (2)		18.8	18.4

(1) Corresponds to Spain.

(2) According to the calculation procedure set down by Royal Decree 1995/2000, of 1 December.

Percentage (%)

Market share (electricity)	(1)	31 March 2018	31 December 2017	
Mainland Generation			22.9	23.6
Distribution			43.0	44.1
Supply			34.3	35.4

(1) Source: Endesa data.

GWh

Gas Sales		January-March 2018	January-March 2017	% Var.
Deregulated market		14,010	15,001	(6.6)
Regulated market		683	677	0.9
International market		7,813	7,507	4.1
Wholesale business		2,951	1,318	123.9
TOTAL	(1)	25,457	24,503	3.9

(1) Excluding own generation consumption.

Thousands

Number of customers (gas)	(1)	31 March 2018	31 December 2017	% Var.
Regulated market		242	246	(1.6)
Mainland Spain		215	219	(1.8)
Non-Mainland Territories (TNP)		27	27	-
Deregulated market		1,335	1,314	1.6
Mainland Spain		1,214	1,205	0.7
Non-Mainland Territories (TNP)		65	63	3.2
Outside Spain		56	46	21.7
TOTAL		1,577	1,560	1.1

(1) Supply points.

Percentage (%)

Trends in demand for gas	(1)	January-March 2018	January – March 2017	
Domestic Market (Spain)			5.2	8.4
Domestic Conventional (Spain)			6.5	7.2
Electricity Sector			(2.9)	16.5

(1) Source: Enagás, S.A.

Percentage (%)

Market share (gas)	(1)	31 March 2018	31 December 2017	
Deregulated market			16.2	16.1

(1) Source: Endesa data.

Workforce.

Number of Employees

	Final Headcount						% Var.
	31 March 2018			31 December 2017			
	Male	Female	Total	Male	Female	Total	
Generation and Supply	4,053	1,035	5,088	4,083	1,024	5,107	(0.4)
Distribution	2,470	426	2,896	2,491	429	2,920	(0.8)
Structure and Others ⁽¹⁾	850	759	1,609	884	795	1,679	(4.2)
TOTAL EMPLOYEES	7,373	2,220	9,593	7,458	2,248	9,706	(1.2)

(1) Structure and services.

Number of Employees

	Average Headcount						% Var.
	January-March 2018			January-March 2017			
	Male	Female	Total	Male	Female	Total	
Generation and Supply	4,076	1,031	5,107	4,105	979	5,084	0.5
Distribution	2,482	427	2,909	2,632	449	3,081	(5.6)
Structure and Others ⁽¹⁾	873	785	1,658	915	818	1,733	(4.3)
TOTAL	7,431	2,243	9,674	7,652	2,246	9,898	(2.3)

(1) Structure and services.

Financial Data.

Million Euros

	Consolidated income statement ⁽⁵⁾			% Var.
	January-March 2018		January-March 2017	
Sales		5,023	5,120	(1.9)
Contribution margin	(1)	1,415	1,236	14.5
EBITDA	(2)	880	702	25.4
EBIT	(3)	508	340	49.4
Net Income	(4)	372	253	47.0

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

(2) EBITDA = Income - Procurements and Services + Self-constructed assets - Personnel Expenses - Other Fixed Operating Expenses.

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

(4) Net Income: Profit/(loss) of the Parent.

(5) See the Consolidated Income Statements for the quarters ending 31 March 2018 and 2017.

Euros

Valuation Key figures	January-March 2018		January-March 2017	% Var.
Net Earnings per Share	(1)	0.35	0.24	47.0
Cash flow per share	(2)	0.02	0.51	(95.5)
Book value of equity per share	(3)	8.95	8.59 ⁽⁴⁾	4.2

(1) Net Earnings per Share = Parent Company Period Result / No. Shares.

(2) Cash Flow per Share = Net Cash Flow from Operating Activities / No. Shares.

(3) Equity attributable to equity holders of the parent / No. shares.

(4) At 31 December 2017

Million Euros

	Consolidated Statement of Financial Position ⁽²⁾		
	31 March 2018	31 December 2017	% Var.
Total assets	30,999	31,037	(0.1)
Equity	9,619	9,233	4.2
Net Financial Debt	(1) 6,047	4,985	21.3

(1) Net financial debt = Non-current financial liabilities + Current financial liabilities – Cash and cash equivalents – Financial derivatives recognised under financial assets.

(2) See the Statements of Financial Position at 31 March 2018 and 31 December 2017.

Profitability indicators (%)	31 March 2018	31 December 2017
	Return on equity	(1) 16.02
Return on assets	(2) 4.80	4.72
Economic profitability	(3) 9.39	9.31
Return on capital employed (ROCE)	(4) 5.07	5.08

(1) Return on equity = profit for the year by parent / average equity of the Parent.

(2) Return on assets = profit for the year by parent / average total assets.

(3) Economic profitability = operating profit (EBIT) / average property, plant and equipment.

(4) Return on capital employed = operating profit after tax / (average non-current assets + average current assets).

Financial indicators		31 March 2018	31 December 2017
Liquidity Ratio	(1)	0.84	0.73
Solvency Ratio	(2)	0.96	0.92
Debt Ratio	(3)	38.60	35.06
Debt Hedge Ratio	(4)	27.49	1.41

- (1) Liquidity = Current Assets / Current Liabilities.
(2) Solvency = (Equity + Noncurrent Liabilities) / Noncurrent Assets.
(3) Debt = Net Financial Debt / (Equity + Net Financial Debt) (%).
(4) Debt Hedge = Net Financial Debt / EBITDA.

Rating.

	Credit Rating					
	31 March 2018 ⁽¹⁾			31 December 2017 ⁽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	Stable	Baa2	P-2	Stable
Fitch Ratings	BBB+	F2	Stable	BBB+	F2	Stable

- (1) At the respective dates of authorisation of the Consolidated Management Report.

Stock market information.

Percentage (%)

Share price trend	January-March 2018	January-March 2017
ENDESA, S.A.	0.2	9.5
Ibex-35	(4.4)	11.9
Euro Stoxx 50	(4.1)	6.4
Euro Stoxx Utilities	(2.8)	7.9

Stock Market Data		31 March 2018	31 December 2017	% Var.
Market Cap	Millions of Euros (1)	18,936	18,904	0.2
Number of shares outstanding		1,058,752,117	1,058,752,117	-
Nominal share value	Euros	1.2	1.2	-
Cash	Millions of Euros (2)	2,489	10,866	(77.1)
Continuous Market	Shares			
Trading volume	(3)	140,802,583	536,793,866	(73.8)
Average daily trading volume	(4)	2,234,962	2,105,074	6.2
Price to Earnings Ratio (P.E.R.)	(5)	12.73	12.92	-
Price / Carrying amount	(6)	2.00	2.08	-

- (1) Market Cap = Number of Shares at the Close of the Period * Listing Price at the Close 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 stock in ENDESA, S.A. traded in the period (Source: Madrid Stock Exchange).
(4) Average Daily Trading Volume = Arithmetic mean of stock in ENDESA, S.A. traded per session during the period (Source: Madrid Stock Exchange).
(5) Price to Earnings Ratio (P.E.R.) = Listing Price at the Close of the Period / Earnings per Share.
(6) Price / Carrying amount = Market capitalisation / Equity of the Parent.

Euros

ENDESA share price ⁽¹⁾	January-March 2018	January-December 2017	% Var.
High	18.830	22.760	(17.3)
Low	16.600	17.855	(7.0)
Average in the period	17.692	20.234	(12.6)
Closing price	17.885	17.855	0.2

- (1) Source: Madrid Stock Exchange.

Dividends.

		2017	2016	% Var.
Share capital	Millions of euros	1,270.50	1,270.50	-
Number of shares		1,058,752,117	1,058,752,117	-
Consolidated Net Profit	Millions of euros	1,463	1,411	3.7
Individual Net Profit	Millions of euros	1,491	1,419	5.1
Earnings per Share	Euros (1)	1.382	1.333	3.7
Gross Dividend per Share	Euros	1.382 (2)	1.333 (3)	3.7
Consolidated Pay-Out	(%) (4)	100.0	100.0	-
Individual Pay-Out	(%) (5)	98.1	99.4	-

(1) Earnings per Share (Euros) = Parent Company Period Result / No. Shares.

(2) Gross interim dividend of Euros 0.7 per share, paid out on 2 January 2018 plus the gross supplementary dividend of Euros 0,682 per share, which will be paid out on 2 July 2018.

(3) Gross interim dividend of Euros 0.7 per share, paid out on 2 January 2017 plus the gross supplementary dividend of Euros 0,633 per share paid out on 3 July 2017.

(4) Consolidated Pay-out (%) = (Gross Dividend per Share * No. Shares) / Parent Company Period Result.

(5) Individual Pay-out (%) = (Gross Dividend per Share * No. Shares) / Period Result of ENDESA, S.A.

APPENDIX II

Alternative Performance Measures

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of Alternative Performance Measures (APMs)		Relevance of use
			31 March 2018	31 March 2017	
EBITDA	Millions of euros	Income - Procurements and Services + Self-constructed assets - Personnel Expenses - Other Fixed Operating Expenses.	880 MME = 5,169 MME - 3,754 MME + 32 MME - 213 MME - 354 MME	702 MME = 5,223 MME - 3,987 MME + 32 MME - 220 MME - 346 MME	Measure of operating return excluding interest, taxes, provisions and amortisation
EBIT	Millions of euros	EBITDA - Depreciation and amortisation, and impairment losses.	508 MME = 880 MME - 372 MME	340 MME = 702 MME - 362 MME	Measure of operating return excluding interest and taxes
Contribution margin	Millions of euros	Revenue - Procurements and services	1,415 MME = 5,169 MME - 3,754 MME	1,236 MME = 5,223 MME - 3,987 MME	Measure of operating return including direct variable production costs
Procurements and services	Millions of euros	Energy Purchases + Fuel Consumption + Transmission Expenses + Other Variable Procurements and Services	3,754 MME = 1,257 MME + 492 MME + 1,514 MME + 491 MME	3,987 MME = 1,496 MME + 511 MME + 1,502 MME + 478 MME	Goods and services for production
Net financial gain/(loss)	Millions of euros	Financial Income - Financial Expense + Net Exchange Differences.	(28) MME = 9 MME - 42 MME + 5 MME	(28) MME = 19 MME - 47 MME - 0 MME	Measure of financial cost
Net investment	Millions of euros	Gross investments - Capital grants and transferred facilities	165 MME = 197 MME - 32 MME	131 MME = 166 MME - 35 MME	Measure of investment activity
Net Financial Debt	Millions of euros	Non-current financial liabilities + Current financial liabilities - Cash and cash equivalents - Financial derivatives recognised under assets	6,047 MME = 5,008 MME + 1,286 MME - 240 MME - 7 MME	5,495 MME = 4,524 MME + 1,378 MME - 398 MME - 9 MME	Short and long-term financial debt, less cash and financial investment cash equivalents
Leverage	%	Net financial debt / Equity	62.87% = 6,047 MME / 9,619 MME	58.85% = 5,495 MME / 9,337 MME	Measure of the weighting of external funds in the financing of business activities
Debt	%	Net financial debt / (Equity + Net financial debt)	38.60% = 6,047 MME / (9,619 MME + 6,047 MME)	37.05% = 5,495 MME / (9,337 MME + 5,495 MME)	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)	5.5 years = 34,558 / 6,287	6.4 years = 37,809 / 5,879	Measure of the duration of financial debt to maturity
Average Cost of Gross Financial Debt	%	(Cost of Gross Financial Debt) / Gross Average Financial Debt	2.1% = (31 MME * (365/90) + 1 MME) / 6,201 MME	2.4% = (33 MME * (365/90) + 4 MME) / 5,856 MME	Measure of the effective rate of financial debt
Debt Coverage Ratio	Number of months	Maturity period (months) for vegetative debt that could be covered with the liquidity available	26 months	35 months	Measure of the capacity to meet debt maturities
Return on equity	%	Profit/loss attributable to the Parent / Average equity of the Parent	16.02% = (372 MME * 12/3) / 9,288 MME	11.15% = (253 MME * 12/3) / 9,075 MME	Measure of the capacity to generate profits on shareholder investments
Return on assets	%	Profit/loss attributable to the Parent / Average total assets	4.80% = (372 MME * 12/3) / 31,018 MME	3.27% = (253 MME * 12/3) / 30,929.5 MME	Measure of business profitability
Economic profitability	%	EBIT / Average PP&E.	9.39% = (508 MME * 12/3) / 21,646.5 MME	6.23% = (340 MME * 12/3) / 21,831.5 MME	Measure of the capacity to generate income from invested assets and capital
Return on capital employed (ROCE)	%	Operating profit after tax / (Average non-current assets + Average current assets)	5.07% = (393 MME * 12/3) / 31,018 MME	3.50% = (270 MME * 12/3) / 30,929.5 MME	Measure of the return on invested capital
Liquidity	N/A	Current assets / Current liabilities.	0.84 = 5,548 MME / 6,580 MME	0.76 = 5,323 MME / 7,018 MME	Measure of the capacity to meet short term commitments
Solvency	N/A	(Equity + Non-Current liabilities) / Non-current assets	0.96 = (9,619 MME + 14,800 MME) / 25,451 MME	0.93 = (9,337 MME + 14,544 MME) / 25,576 MME	Measure of the capacity to meet obligations
Debt coverage	N/A	Net financial debt / EBITDA	1.72 = (6,047 MME) / (880 MME * 12/3)	1.96 = (5,495 MME) / (702 MME * 12/3)	Measure of the amount of available cash flow to meet payments of principal on financial debt
Earnings per share	Euros	Parent Company Period Result / Shares at the close of the period	0.35 € = 372 MME / 1,058,752,117 shares	0.24 € = 253 MME / 1,058,752,117 shares	Measure of the portion of net profit corresponding to each share outstanding
Cash flow per share	Euros	Net Cash Flow of the Operating Activities / Shares at the close of the period	0.02 € = 24 MME / 1,058,752,117 shares	0.51 € = 536 MME / 1,058,752,117 shares	Measure of the portion of funds corresponding to each share outstanding
Book value per share	Euros	Parent Company equity / Shares at the close of the period	8.95 € = 9,480 MME / 1,058,752,117 shares	8.69 € = 9,198 MME / 1,058,752,117 shares	Measure of the portion of own funds corresponding to each share outstanding
Market capitalisation	Millions of euros	Number of Shares at the Close of the Period * Listing Price at the Close of the Period	18,936 MME = 1,058,752,117 shares * 17.885 €	23,324 MME = 1,058,752,117 shares * 22.030 €	Measure of the total enterprise value according to the share price
Price to Earnings Ratio (P.E.R.)	N/A	Listing Price at the Close of the Period / Earnings per Share	12.73 = 17,885 € / (0.35 * 12/3) €	23.05 = 22,030 € / (0.24 * 12/3) €	Measure indicating the number of times the earnings per share is contained in the market price of the company
Price / Carrying amount	N/A	Market capitalisation / Equity of the Parent	2.00 = 18,936 MME / 9,480 MME	2.54 = 23,324 MME / 9,198 MME	Measure comparing the total enterprise value according to the share price with the carrying amount
Consolidated Pay-Out	%	Gross dividend per share * N° shares at the close of the period / Profit for the year of the parent	100.0% = (1,382 € * 1,058,752,117 shares) / 1,463 MME	100.0% = (1,333 € * 1,058,752,117 shares) / 1,411 MME	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (consolidated Group)
Individual Pay-Out	%	(Gross dividend per share * No. shares at the close of the period / Profit for the year of the ENDESA, S.A.)	98.1% = (1,382 € * 1,058,752,117 shares) / 1,491 MME	99.4% = (1,333 € * 1,058,752,117 shares) / 1,419 MME	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (individual company)

MME = millions of euros; € = euros.

APPENDIX III

Effect on the Consolidated Statement of Financial Position at 1 January 2018 due to Changes in Accounting Principles

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 1 JANUARY 2018

Millions of Euros

	1 January 2018	IFRS 15 "Revenue from Contracts with Customers"	IFRS 9 "Financial Instruments"	1 January 2018 (Adjusted) (1)
ASSETS				
NON-CURRENT ASSETS	25,507	95	12	25,614
Property, Plant and Equipment	21,727	-	-	21,727
Investment Property	9	-	-	9
Intangible assets	1,196	95	-	1,291
Goodwill	459	-	-	459
Investments Accounted for using the Equity Method	205	-	-	205
Non-current Financial Assets	769	-	(10)	759
Deferred Tax Assets	1,142	-	22	1,164
CURRENT ASSETS	5,530	-	(43)	5,487
Inventories	1,267	-	-	1,267
Trade and other accounts receivable	3,100	-	(33)	3,067
Trade Receivables	2,877	-	(33)	2,844
Current Income Tax Assets	223	-	-	223
Current Financial Assets	764	-	(10)	754
Cash and Cash Equivalents	399	-	-	399
Non-current Assets Held for Sale and Discontinued Operations	-	-	-	-
TOTAL ASSETS	31,037	95	(31)	31,101
EQUITY AND LIABILITIES				
EQUITY	9,233	71	(40)	9,264
Of the Parent Company	9,096	71	(40)	9,127
Share capital	1,271	-	-	1,271
Share premium and reserves	7,155	71	(40)	7,186
Profit for the period of the Parent	1,463	-	-	1,463
Interim dividend	(741)	-	-	(741)
Valuation adjustments	(52)	-	-	(52)
Of Non-Controlling Interests	137	-	-	137
NON-CURRENT LIABILITIES	14,269	24	9	14,302
Deferred Income	4,730	-	-	4,730
Non-current provisions	3,382	-	-	3,382
Provisions for Pensions and Similar Obligations	951	-	-	951
Other non-current provisions	2,431	-	-	2,431
Non-current Financial Debt	4,414	-	-	4,414
Other Non-current Liabilities	646	-	-	646
Deferred Tax Liabilities	1,097	24	9	1,130
CURRENT LIABILITIES	7,535	-	-	7,535
Current Financial Debt	978	-	-	978
Current provisions	425	-	-	425
Provisions for Pensions and Similar Obligations	-	-	-	-
Other Current Provisions	425	-	-	425
Trade Payables and Other Current Liabilities	6,132	-	-	6,132
Suppliers and other Payables	5,962	-	-	5,962
Current Income Tax Liabilities	170	-	-	170
Liabilities Associated with Non-current Assets Classified as held for Sale and Discontinued Operations	-	-	-	-
TOTAL EQUITY AND LIABILITIES	31,037	95	(31)	31,101

(1) Adjusted at 1 January 2018 as explained in Section 1.2. Changes in Accounting Principles of this Consolidated Management Report.

Disclaimer.

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

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

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

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

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

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