



**CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017**

**ENDESA, S.A.
AND
SUBSIDIARIES**

ENDESA S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2017 AND 31 DECEMBER 2016

Million Euros

(Audited)

	<u>31 December</u> <u>2017</u>	<u>31 December</u> <u>2016</u>	<u>Change</u>	
ASSETS				
Non-current assets	25,507	25,525	(18)	-0.1%
Property, plant and equipment	21,727	21,891	(164)	-0.7%
Investment property	9	20	(11)	-55.0%
Intangible assets	1,196	1,172	24	2.0%
Goodwill	459	298	161	54.0%
Investments accounted for using the equity method	205	208	(3)	-1.4%
Non-current financial assets	769	712	57	8.0%
Deferred tax assets	1,142	1,224	(82)	-6.7%
Current assets	5,530	5,435	95	1.7%
Inventories	1,267	1,202	65	5.4%
Trade and other receivables	3,100	3,452	(352)	-10.2%
Current financial assets	764	363	401	110.5%
Cash and cash equivalents	399	418	(19)	-4.5%
Non-current assets held for sale and discontinued operations				n/a
TOTAL ASSETS	31,037	30,960	77	0.2%

	<u>31 December</u> <u>2017</u>	<u>31 December</u> <u>2016</u>	<u>Change</u>	
EQUITY AND LIABILITIES				
Equity	9,233	9,088	145	1.6%
Of the Parent Company	9,096	8,952	144	1.6%
Of non-controlling interests	137	136	1	0.7%
Non-current liabilities	14,269	14,351	(82)	-0.6%
Deferred income	4,730	4,712	18	0.4%
Non-current provisions	3,382	3,714	(332)	-8.9%
Non-current interest-bearing loans and borrowings	4,414	4,223	191	4.5%
Other non-current liabilities	646	601	45	7.5%
Deferred tax liabilities	1,097	1,101	(4)	-0.4%
Current liabilities	7,535	7,521	14	0.2%
Current interest-bearing loans and borrowings	978	1,144	(166)	-14.5%
Current provisions	425	567	(142)	-25.0%
Trade payables and other current liabilities	6,132	5,810	322	5.5%
Liabilities directly associated with non-current assets classified as held for sale and discontinued operations				n/a
TOTAL EQUITY AND LIABILITIES	31,037	30,960	77	0.2%

ENDESA S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED
31 DECEMBER 2017 AND 2016

Million Euros

(Audited)

	<u>January - December 2017</u>	<u>January - December 2016</u>	<u>Change</u>	
INCOME	20,057	18,979	1,078	5.7%
Revenue	19,556	18,313	1,243	6.8%
Other operating revenues	501	666	(165)	-24.8%
PROCUREMENTS AND SERVICES	14,569	13,327	1,242	9.3%
Power purchased	4,933	4,056	877	21.6%
Cost of fuel consumed	2,294	1,652	642	38.9%
Transmission costs	5,652	5,813	(161)	-2.8%
Other variable procurements and services	1,690	1,806	(116)	-6.4%
CONTRIBUTION MARGIN	5,488	5,652	(164)	-2.9%
Self-constructed assets	222	117	105	89.7%
Personnel expenses	917	1,128	(211)	-18.7%
Other fixed operating expenses	1,251	1,209	42	3.5%
GROSS PROFIT FROM OPERATIONS (EBITDA)	3,542	3,432	110	3.2%
Depreciation and amortisation, and impairment losses	1,511	1,467	44	3.0%
PROFIT FROM OPERATIONS (EBIT)	2,031	1,965	66	3.4%
NET FINANCIAL PROFIT/(LOSS)	(123)	(182)	59	-32.4%
Financial income	51	44	7	15.9%
Financial expense	(178)	(222)	44	-19.8%
Net exchange differences	4	(4)	8	-200.0%
Net profit/(loss) of companies accounted for using the equity method	(15)	(59)	44	-74.6%
Gains/(losses) from other investments		2	(2)	100.0%
Gains/(losses) on disposal of assets	7	(16)	23	-143.8%
PROFIT/(LOSS) BEFORE TAX	1,900	1,710	190	11.1%
Income Tax Expense	427	298	129	43.3%
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	1,473	1,412	61	4.3%
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS				n/a
PROFIT FOR THE PERIOD	1,473	1,412	61	4.3%
Parent Company	1,463	1,411	52	3.7%
Non-controlling interests	10	1	9	900.0%

ENDESA S.A. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED
31 DECEMBER 2017 AND 2016**

Million Euros

(Audited)

	<u>January - December</u> <u>2017</u>	<u>January - December</u> <u>2016</u>
Profit before Tax	1,900	1,710
Adjustments for:	1,579	1,840
Depreciation and amortisation, and impairment losses	1,511	1,467
Other adjustments (net)	68	373
Changes in working capital	(370)	217
Other cash flows from/(used in) operating activities:	(671)	(772)
Interest received	44	27
Dividends received	27	22
Interest paid	(134)	(128)
Income tax paid	(350)	(346)
Other receipts from and payments for operating activities	(258)	(347)
Net cash flows from operating activities	2,438	2,995
Acquisitions of property, plant and equipment and intangible assets	(1,078)	(1,258)
Proceeds from sale of property, plant and equipment and intangible assets	15	14
Purchase of investments in Group companies	(2)	(1,196)
Proceeds from sale of investments in Group companies	16	135
Purchase of other investments	(187)	(173)
Proceeds from sale of other investments	29	61
Cash flows from changes in the consolidation scope		
Grants and other deferred income	92	100
Net cash flows used in investing activities	(1,115)	(2,317)
Cash flows from equity Instruments	(3)	
Proceeds from borrowings, non-current	315	109
Repayment of borrowings, non-current	(74)	(118)
Net cash flows used in current borrowings	(165)	492
Dividends of the Parent Company paid	(1,411)	(1,086)
Payments to non-controlling interests	(4)	(3)
Net cash flows used in financing activities	(1,342)	(606)
Total net cash flows	(19)	72
Effect of exchange rate fluctuations on cash and cash equivalents		
Net increase/(decrease) in cash and cash equivalents	(19)	72
Cash and cash equivalents at beginning of period	418	346
Cash and cash equivalents at end of period	399	418

ENDESA S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

Million Euros

(Audited)

	31 December 2017			31 December 2016		
	Of the Parent Company	Of Non-Controlling Interests	Total	Of the Parent Company	Of Non-Controlling Interests	Total
PROFIT FOR THE PERIOD	1,463	10	1,473	1,411	1	1,412
OTHER COMPREHENSIVE INCOME:						
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	165		165	(83)		(83)
Items that can be reclassified to profit or loss:	65		65	90		90
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	86		86	126		126
Translation differences	(1)		(1)	1		1
Companies accounted for using the equity method	1		1	(5)		(5)
Other income and expenses recognised directly in equity						
Tax effect	(21)		(21)	(32)		(32)
Items not to be reclassified to profit or loss in subsequent periods:	100		100	(173)		(173)
From actuarial gains and losses and other adjustments	127		127	(221)		(221)
Tax effect	(27)		(27)	48		48
AMOUNTS TRANSFERRED TO INCOME STATEMENT AND/OR INVESTMENTS	(79)		(79)	(8)		(8)
From measurement of financial instruments						
Available-for-sale financial assets						
Other income/(expenses)						
Cash flow hedges	(108)		(108)	(22)		(22)
Translation differences						
Companies accounted for using the equity method	2		2	9		9
Other income and expenses recognised directly in equity						
Tax effect	27		27	5		5
TOTAL COMPREHENSIVE INCOME	1,549	10	1,559	1,320	1	1,321

ENDESA S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

Million Euros

(Audited)

	Share Capital	Share premium, Reserves and interim dividend	Treasury shares and own equity instruments	Profit for the period	Other equity instruments	Valuation adjustments	Non- Controlling Interests	Total equity
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		100		1,463		(14)	10	1,559
TRANSACTIONS WITH SHAREHOLDERS OR OWNERS		(1,405)					(9)	(1,414)
Capital increases/(reductions)								
Conversion of liabilities into equity								
Dividends paid		(1,411)					(3)	(1,414)
Transactions with treasury shares or own equity instruments (net)								
Increases/(reductions) due to business combinations								
Other transactions with shareholders and owners		6					(6)	
OTHER CHANGES IN EQUITY		1,411		(1,411)				
Share-based payments								
Transfers between equity items		1,411		(1,411)				
Other changes								
BALANCE AT 31 DECEMBER 2017	1,271	6,414		1,463		(52)	137	9,233

ENDESA S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

Million Euros

(Audited)

	Share Capital	Share premium, Reserves and interim dividend	Treasury shares and own equity instruments	Profit for the period	Other equity instruments	Valuation adjustments	Non- Controlling Interests	Total equity
BALANCE AT 1 JANUARY 2016	1,271	6,799		1,086		(120)	3	9,039
Adjustments due to changes in accounting policies								
Correction of errors								
ADJUSTED BALANCE AT 1 JANUARY 2016	1,271	6,799		1,086		(120)	3	9,039
TOTAL COMPREHENSIVE INCOME		(173)		1,411		82	1	1,321
TRANSACTIONS WITH SHAREHOLDERS OR OWNERS		(1,404)					132	(1,272)
Capital increases/(reductions)								
Conversion of liabilities into equity								
Dividends paid		(1,404)					(3)	(1,407)
Transactions with treasury shares or own equity instruments (net)								
Increases/(reductions) due to business combinations							135	135
Other transactions with shareholders and owners								
OTHER CHANGES IN EQUITY		1,086		(1,086)				
Share-based payments								
Transfers between equity items		1,086		(1,086)				
Other changes								
BALANCE AT 31 DECEMBER 2016	1,271	6,308		1,411		(38)	136	9,088

ENDESA S.A. AND SUBSIDIARIES

BREAKDOWN CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2017

Million Euros

(Audited)

	Generation and Supply	Distribution	Structure and Services	Consolidation Adjustments and Eliminations	Total
	<i>31 December 2017</i>	<i>31 December 2017</i>	<i>31 December 2017</i>	<i>31 December 2017</i>	<i>31 December 2017</i>
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 directly 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

ENDESA S.A. AND SUBSIDIARIES

BREAKDOWN CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

Million Euros

(Audited)

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

ENDESA S.A. AND SUBSIDIARIES

BREAKDOWN CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

Million Euros

(Audited)

	Generation and Supply	Distribution	Structure and Services	Consolidation Adjustments and Eliminations	Total
	<i>January - December 2017</i>	<i>January - December 2017</i>	<i>January - December 2017</i>	<i>January - December 2017</i>	<i>January - December 2017</i>
INCOME	17,509	2,750	560	(762)	20,057
Revenue	17,223	2,492	541	(700)	19,556
Other operating revenues	286	258	19	(62)	501
PROCUREMENTS AND SERVICES	14,725	160	(146)	(170)	14,569
Power purchased	4,933				4,933
Cost of fuel consumed	2,294				2,294
Transmission costs	5,652				5,652
Other variable procurements and services	1,846	160	(146)	(170)	1,690
CONTRIBUTION MARGIN	2,784	2,590	706	(592)	5,488
Self-constructed assets	42	156	24		222
Personnel expenses	478	267	192	(20)	917
Other fixed operating expenses	998	429	393	(569)	1,251
GROSS PROFIT FROM OPERATIONS (EBITDA)	1,350	2,050	145	(3)	3,542
Depreciation and amortisation, and impairment losses	862	597	52		1,511
PROFIT FROM OPERATIONS (EBIT)	488	1,453	93	(3)	2,031
NET FINANCIAL PROFIT/(LOSS)	(132)	(96)	105		(123)
Financial income	43	6	421	(419)	51
Financial expense	(180)	(102)	(315)	419	(178)
Net exchange differences	5		(1)		4
Net profit/(loss) of companies accounted for using the equity method	(18)	3			(15)
Gains/(losses) from other investments			1,502	(1,502)	
Gains/(losses) on disposal of assets	(24)	19	17	(5)	7
PROFIT/(LOSS) BEFORE TAX	314	1,379	1,717	(1,510)	1,900
Income Tax Expense	41	331	56	(1)	427
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	273	1,048	1,661	(1,509)	1,473
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS					
PROFIT FOR THE PERIOD	273	1,048	1,661	(1,509)	1,473
Parent Company	263	1,048	1,661	(1,509)	1,463
Non-controlling interests	10				10

ENDESA S.A. AND SUBSIDIARIES

BREAKDOWN CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Million Euros

(Audited)

	Generation and Supply	Distribution	Structure and Services	Consolidation Adjustments and Eliminations	Total
	<i>January - December 2016</i>	<i>January - December 2016</i>	<i>January - December 2016</i>	<i>January - December 2016</i>	<i>January - December 2016</i>
INCOME	16,628	2,538	342	(529)	18,979
Revenue	16,190	2,268	252	(397)	18,313
Other operating revenues	438	270	90	(132)	666
PROCUREMENTS AND SERVICES	13,284	139	141	(237)	13,327
Power purchased	4,055	1			4,056
Cost of fuel consumed	1,652				1,652
Transmission costs	5,812			1	5,813
Other variable procurements and services	1,765	138	141	(238)	1,806
CONTRIBUTION MARGIN	3,344	2,399	201	(292)	5,652
Self-constructed assets	8	106	3		117
Personnel expenses	544	321	263		1,128
Other fixed operating expenses	958	396	116	(261)	1,209
GROSS PROFIT FROM OPERATIONS (EBITDA)	1,850	1,788	(175)	(31)	3,432
Depreciation and amortisation, and impairment losses	785	657	24	1	1,467
PROFIT FROM OPERATIONS (EBIT)	1,065	1,131	(199)	(32)	1,965
NET FINANCIAL PROFIT/(LOSS)	(154)	(123)	95		(182)
Financial income	45	4	306	(311)	44
Financial expense	(194)	(127)	(212)	311	(222)
Net exchange differences	(5)		1		(4)
Net profit/(loss) of companies accounted for using the equity method	(68)	3	6		(59)
Gains/(losses) from other investments	(1)	2	1,593	(1,592)	2
Gains/(losses) on disposal of assets	(20)	7		(3)	(16)
PROFIT/(LOSS) BEFORE TAX	822	1,020	1,495	(1,627)	1,710
Income Tax Expense	70	249	(26)	5	298
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	752	771	1,521	(1,632)	1,412
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS					
PROFIT FOR THE PERIOD	752	771	1,521	(1,632)	1,412
Parent Company	751	771	1,522	(1,633)	1,411
Non-controlling interests	1		(1)	1	1