ANNEX I

GENERAL

1st	HALF-YEARLY FINANCIAL REPORT FOR FINANCIAL YEAR	2018

REPORTING DATE: 30/06/2018

I. IDENTIFICATION DATA

Registered Company Name: ENDESA, S.A.

Registered Address: Ribera del Loira Street, 60 – 28042 Madrid	Tax Identification Number
	A-28023430

II. SUPPLEMENTARY INFORMATION TO PREVIOUSLY RELEASED PERIODIC INFORMATION

Explanation of the main modifications with respect to the previously released periodic information:
(complete only in the situations indicated in Section B) of the instructions)

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

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

Comments on the above statement(s):

Person(s) responsible for this information:

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

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

Date this half-yearly financial report was signed by the corresponding governing body: 23/07/2018

IV. SELECTED FINANCIAL INFORMATION

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

Units: Thousand euros

ASSETS		CURRENT P. 30/06/2018	PREVIOUS P. 31/12/2017
A) NON-CURRENT ASSETS	**40**	**15,088,983**	**15,100,550**
1. Intangible assets:	30	116,834	124,386
a) Goodwill	31		
b) Other intangible assets	32	116,834	124,386
2. Property, plant and equipment	33	1,625	1,526
3. Investment property	34		
4. Long-term investments in group companies and associates	35	14,795,053	14,802,737
5. Long-term financial investments	36	53,570	39,705
6. Deferred tax assets	37	121,901	132,196
7. Other non-current assets	38		
B) CURRENT ASSETS	**85**	**507,788**	**299,142**
1. Non-current assets held for sale	50		
2. Inventories	55		
3. Trade and other receivables:	60	63,139	158,682
a) Trade receivables	61		
b) Other receivables	62	63,139	158,682
c) Current tax assets	63		
4. Short-term investments in group companies and associates	64	391,935	95,198
5. Short-term financial investments	70	33,727	14,461
6. Prepayments for current assets	71	992	404
7. Cash and cash equivalents	72	17,995	30,397
TOTAL ASSETS (A + B)	**100**	**15,596,771**	**15,399,692**

IV. SELECTED FINANCIAL INFORMATION

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

Units: Thousand euros

EQUITY AND LIABILITIES		CURRENT P. 30/06/2018	PREVIOUS P. 31/12/2017
A) EQUITY (A.1 + A.2 + A.3)	**195**	**7,585,390**	**8,043,880**
A.1) CAPITAL AND RESERVES	**180**	**7,585,390**	**8,043,880**
1. Capital:	**171**	1,270,503	1,270,503
a) Registered capital	**161**	1,270,503	1,270,503
b) *Less: Uncalled capital*	**162**		
2. Share premium	**172**	88,800	88,800
3. Reserves	**173**	1,447,786	1,445,251
4. *Own shares and equity holdings*	**174**		
5. Prior periods' profit and loss	**178**	4,516,938	4,488,609
6. Other shareholder contributions	**179**	319	319
7. Profit (loss) for the period	**175**	261,044	1,491,524
8. *Less: Interim dividend*	**176**		(741,126)
9. Other equity instruments	**177**		
A.2) VALUATION ADJUSTMENTS	**188**		
1. Available-for-sale financial assets	**181**		
2. Hedging transactions	**182**		
3. Other	**183**		
A.3) GRANTS, DONATIONS AND BEQUESTS RECEIVED	**194**		
B) NON-CURRENT LIABILITIES	**120**	**5,085,643**	**5,312,149**
1. Long-term provisions	**115**	291,055	323,195
2. Long-term debts:	**116**	1,240,156	744,024
a) Debt with financial institutions and bonds and other marketable securities	**131**	1,234,488	731,259
b) Other financial liabilities	**132**	5,668	12,765
3. Long-term payables to group companies and associates	**117**	3,520,898	4,211,396
4. Deferred tax liabilities	**118**	33,534	33,534
5. Other non-current liabilities	**135**		
6. Long-term accrual accounts	**119**		
C) CURRENT LIABILITIES	**130**	**2,925,738**	**2,043,663**
1. Liabilities associated with non-current assets held for sale	**121**		
2. Short-term provisions	**122**	52,600	53,503
3. Short-term debts:	**123**	245,121	276,742
a) Bank borrowings and bonds and other negotiable securities	**133**	16,162	18,707
b) Other financial liabilities	**134**	228,959	258,035
4. Short-term payables to group companies and associates	**129**	2,505,310	1,521,831
5. Trade and other payables:	**124**	122,484	191,395
a) Suppliers	**125**		
b) Other payables	**126**	122,484	191,395
c) Current tax liabilities	**127**		
6. Other current liabilities	**136**		
7. Current accrual accounts	**128**	223	192
TOTAL EQUITY AND LIABILITIES (A + B + C)	**200**	**15,596,771**	**15,399,692**

IV. SELECTED FINANCIAL INFORMATION

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

Units: Thousand euros

			PRESENT CURR. PERIOD (2nd HALF YEAR)		PREVIOUS CURR. PERIOD (2nd HALF YEAR)		CURRENT CUMULATIVE 30/06/2018		PREVIOUS CUMULATIVE 30/06/2017	
			Amount	%	Amount	%	Amount	%	Amount	%
(+)	Revenue	205					471,784	100.00	482,313	100.00
(+/-)	Change in inventories of finished products and work in progress	206								
(+)	Own work capitalised	207					0	0.00	510	0.11
(-)	Supplies	208					(43)	(0.01)	(3,621)	(0.75)
(+)	Other operating revenue	209					5,204	1.10	7,802	1.62
(-)	Personnel expenses	217					(73,794)	(15.64)	(71,069)	(14.74)
(-)	Other operating expenses	210					(104,102)	(22.07)	(98,144)	(20.35)
(-)	Depreciation and amortisation charge	211					(15,399)	(3.26)	(14,571)	(3.02)
(+)	Allocation of grants for non-financial assets and other grants	212								
(+)	Reversal of provisions	213					12,847	2.72	0	0.00
(+/-)	Impairment and gain (loss) on disposal of fixed assets	214					67	0.01	0	0.00
(+/-)	Other profit (loss)	215					(4)	0.00	40	0.01
=	**OPERATING PROFIT (LOSS)**	245					**296,560**	**62.86**	**303,260**	**62.88**
(+)	Finance income	250					5,337	1.13	8,446	1.75
(-)	Finance costs	251					(62,139)	(13.17)	(72,837)	(15.10)
(+/-)	Changes in fair value of financial instruments	252					(1,786)	(0.38)	738	0.15
(+/-)	Exchange differences	254					2,453	0.52	(17,747)	(3.68)
(+/-)	Impairment and gain (loss) on disposal of financial instruments	255								
=	**NET FINANCE INCOME (COSTS)**	256					**(56,135)**	**(11.90)**	**(81,400)**	**(16.88)**
=	**PROFIT (LOSS) BEFORE TAX**	265					**240,425**	**50.96**	**221,860**	**46.00**
(+/-)	Income tax expense	270					20,619	4.37	31,468	6.52
=	**PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING ACTIVITIES**	280					**261,044**	**55.33**	**253,328**	**52.52**
(+/-)	Profit (loss) from discontinued operations, net of tax	285								
=	**PROFIT (LOSS) FOR THE PERIOD**	300					**261,044**	**55.33**	**253,328**	**52.52**

EARNINGS PER SHARE		Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)
Basic	290			0.25	0.24
Diluted	295			0.25	0.24

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

Units: Thousand euros

			CURRENT PERIOD 30/06/2018	PREVIOUS PERIOD 30/06/2017
A)	PROFIT (LOSS) FOR THE PERIOD (from the profit and loss account)	305	261,044	253,328
B)	INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	310	2,535	
1.	From measurement of financial instruments:	320		
	a) Available-for-sale financial assets	321		
	b) Other income/(expenses)	323		
2.	From cash flow hedges	330		
3.	Grants, donations and bequests received	340		
4.	From actuarial gains and losses and other adjustments	344	3,380	
5.	Other income and expense recognised directly in equity	343	(845)	
6.	Tax effect	345		
C)	TRANSFERS TO PROFIT OR LOSS	350		
1.	From measurement of financial instruments:	355		
	a) Available-for-sale financial assets	356		
	b) Other income/(expenses)	358		
2.	From cash flow hedges	360		
3.	Grants, donations and bequests received	366		
4.	Other income and expense recognised directly in equity	365		
5.	Tax effect	370		
	TOTAL RECOGNISED INCOME/(EXPENSE) (A + B + C)	400	263,579	253,328

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

Units: Thousand euros

CURRENT PERIOD		Capital and reserves: Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period	Other equity instruments	Valuation adjustments	Grants, donations and bequests received	Total equity
Opening balance at 01/01/2018	3010	1,270,503	5,281,853		1,491,524				8,043,880
Adjustments for changes in accounting policy	3011								
Adjustment for errors	3012								
Adjusted opening balance	3015	1,270,503	5,281,853		1,491,524				8,043,880
I. Total recognised income/(expense)	3020		2,535		261,044				263,579
II. Transactions with shareholders or owners	3025		(722,069)						(722,069)
1. Capital increases/ (reductions)	3026								
2. Conversion of financial liabilities into equity	3027								
3. Distribution of dividends	3028		(722,069)						(722,069)
4. Net trading with treasury stock	3029								
5. Increases/ (reductions) for business combinations	3030								
6. Other transactions with shareholders or owners	3032								
III. Other changes in equity	3035		1,491,524		(1,491,524)				
1. Equity-settled share-based payment	3036								
2. Transfers between equity accounts	3037		1,491,524		(1,491,524)				
3. Other changes	3038								
Closing balance at 30/06/2018	3040	1,270,503	6,053,843		261,044				7,585,390

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

Units: Thousand euros

PREVIOUS PERIOD		Capital and reserves					Valuation adjustments	Grants, donations and bequests received	Total equity
		Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period	Other equity instruments			
Opening balance at 01/01/2017 (comparative period)	3050	1,270,503	5,271,198		1,418,946				7,960,647
Adjustments for changes in accounting policy	3051								
Adjustment for errors	3052								
Adjusted opening balance (comparative period)	3055	1,270,503	5,271,198		1,418,946				7,960,647
I. Total recognised income/(expense)	3060				253,328				253,328
II. Transactions with shareholders or owners	3065		(670,190)						(670,190)
1. Capital increases/ (reductions)	3066								
2. Conversion of financial liabilities into equity	3067								
3. Distribution of dividends	3068		(670,190)						(670,190)
4. Net trading with treasury stock	3069								
5. Increases/ (reductions) for business combinations	3070								
6. Other transactions with shareholders or owners	3072								
III. Other changes in equity	3075		1,418,946		(1,418,946)				
1. Equity-settled share-based payment	3076								
2. Transfers between equity accounts	3077		1,418,946		(1,418,946)				
3. Other changes	3078								
Closing balance at 30/06/2017 (comparative period)	3080	1,270,503	6,019,954		253,328				7,543,785

IV. SELECTED FINANCIAL INFORMATION

5. INDIVIDUAL STATEMENT OF CASH FLOWS

(PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

			CURRENT PERIOD 30/06/2018	PREVIOUS PERIOD 30/06/2017
A)	**CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)**	435	**(41,063)**	**34,303**
1.	**Profit (loss) before tax**	405	**240,425**	**221,860**
2.	**Adjustments to profit (loss):**	410	**(261,312)**	**(273,552)**
(+)	Depreciation and amortisation charge	411	15,399	14,571
(+/-)	Other net adjustments to profit (loss)	412	(276,711)	(288,123)
3.	**Changes in working capital**	415	**24,713**	**45,194**
4.	**Other cash flows from operating activities:**	420	**(44,889)**	**40,801**
(-)	Interest paid	421	(72,645)	(86,308)
(+)	Dividends received	422	0	105,501
(+)	Interest received	423	6,832	2,658
(+/-)	Income tax recovered/(paid)	430	39,828	38,845
(+/-)	Other sums received/(paid) from operating activities	425	(18,904)	(19,895)
B)	**CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)**	460	**(30,390)**	**(12,962)**
1.	**Payments for investments:**	440	**(30,547)**	**(24,643)**
(-)	Group companies, associates and business units	441	(7,306)	(1,281)
(-)	Property, plant and equipment, intangible assets and investment property	442	(21,421)	(18,070)
(-)	Other financial assets	443	(1,820)	(5,292)
(-)	Other assets	444		
2.	**Proceeds from sale of investments**	450	**157**	**11,681**
(+)	Group companies, associates and business units	451	0	54
(+)	Property, plant and equipment, intangible assets and investment property	452	106	0
(+)	Other financial assets	453	51	11,627
(+)	Other assets	454		
C)	**CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3)**	490	**59,051**	**(28,085)**
1.	**Sums received/(paid) in respect of equity instruments**	470		
(+)	Issuance	471		
(-)	Redemption	472		
(-)	Acquisition	473		
(+)	Disposal	474		
(+)	Grants, donations and bequests received	475		
2.	**Sums received/(paid) in respect of financial liability instruments:**	480	**800,177**	**713,041**
(+)	Issuance	481	1,514,190	4,470,547
(-)	Repayment and redemption	482	(714,013)	(3,757,506)
3.	**Payment of dividends and remuneration on other equity instruments**	485	**(741,126)**	**(741,126)**
D)	**EFFECT OF FOREIGN EXCHANGE RATE CHANGES**	492		
E)	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)**	495	**(12,402)**	**(6,744)**
F)	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD**	499	**30,397**	**21,450**
G)	**CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E + F)**	500	**17,995**	**14,706**

	COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		CURRENT PERIOD 30/06/2018	PREVIOUS PERIOD 30/06/2017
(+)	Cash on hand and at banks	550	17,995	14,706
(+)	Other financial assets	552		
(-)	*Less: Bank overdrafts repayable on demand*	553		
	TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	600	**17,995**	**14,706**

IV. SELECTED FINANCIAL INFORMATION

6. CONSOLIDATED BALANCE SHEET (ADOPTED IFRS) (1/2)

Units: Thousand euros

ASSETS		CURRENT P. 30/06/2018	PREVIOUS P. 31/12/2017
A) NON-CURRENT ASSETS	**1040**	**25,745,000**	**25,507,000**
1. Intangible assets:	1030	1,755,000	1,655,000
a) Goodwill	1031	459,000	459,000
b) Other intangible assets	1032	1,296,000	1,196,000
2. Property, plant and equipment	1033	21,777,000	21,727,000
3. Investment property	1034	8,000	9,000
4. Investments accounted for using the equity method	1035	206,000	205,000
5. Non-current financial assets	1036	561,000	558,000
6. Deferred tax assets	1037	1,170,000	1,142,000
7. Other non-current assets	1038	268,000	211,000
B) CURRENT ASSETS	**1085**	**6,117,000**	**5,530,000**
1. Non-current assets held for sale	1050		
2. Inventories	1055	1,222,000	1,267,000
3. Trade and other receivables:	1060	3,122,000	3,100,000
a) Trade receivables	1061	2,241,000	2,368,000
b) Other receivables	1062	686,000	509,000
c) Current tax assets	1063	195,000	223,000
4. Other current financial assets	1070	893,000	764,000
5. Other current assets	1075		
6. Cash and cash equivalents	1072	880,000	399,000
TOTAL ASSETS (A + B)	**1100**	**31,862,000**	**31,037,000**

IV. SELECTED FINANCIAL INFORMATION
6. CONSOLIDATED BALANCE SHEET (ADOPTED IFRS) (2/2)

Units: Thousand euros

EQUITY AND LIABILITIES		CURRENT P. 30/06/2018	PREVIOUS P. 31/12/2017
A) EQUITY (A.1 + A.2 + A.3)	1195	**9,328,000**	**9,233,000**
A.1) CAPITAL AND RESERVES	1180	**9,866,000**	**9,805,000**
1. Capital	1171	1,271,000	1,271,000
a) Registered capital	1161	1,271,000	1,271,000
b) *Less: Uncalled capital*	1162		
2. Share premium	1172	89,000	89,000
3. Reserves	1173	7,754,000	7,723,000
4. *Own shares and equity holdings*	1174		
5. Prior periods' profit and loss	1178		
6. Other shareholder contributions	1179		
7. Profit (loss) for the period attributable to the parent company	1175	752,000	1,463,000
8. *Less: Interim dividend*	1176		(741,000)
9. Other equity instruments	1177		
A.2) ACCUMULATED OTHER COMPREHENSIVE INCOME	1188	**(671,000)**	**(709,000)**
1. Items that are not reclassified to profit or loss	1186	(666,000)	(657,000)
2. Items that may subsequently be reclassified to profit or loss	1187	(5,000)	(52,000)
a) Available-for-sale financial assets	1181		
b) Hedging transactions	1182	36,000	(9,000)
c) Translation differences	1184	1,000	
d) Other	1183	(42,000)	(43,000)
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY (A.1 + A.2)	1189	**9,195,000**	**9,096,000**
A.3) NON-CONTROLLING INTERESTS	1193	**133,000**	**137,000**
B) NON-CURRENT LIABILITIES	1120	**15,495,000**	**14,269,000**
1. Grants	1117	4,722,000	4,730,000
2. Long-term provisions	1115	3,342,000	3,382,000
3. Long-term financial liabilities:	1116	5,556,000	4,414,000
a) Debt with financial institutions and bonds and other marketable securities	1131	1,386,000	939,000
b) Other financial liabilities	1132	4,170,000	3,475,000
4. Deferred tax liabilities	1118	1,172,000	1,097,000
5. Other non-current liabilities	1135	703,000	646,000
C) CURRENT LIABILITIES	1130	**7,039,000**	**7,535,000**
1. Liabilities associated with non-current assets held for sale	1121		
2. Short-term provisions	1122	305,000	425,000
3. Short-term financial liabilities:	1123	1,287,000	978,000
a) Debt with financial institutions and bonds and other marketable securities	1133	1,216,000	907,000
b) Other financial liabilities	1134	71,000	71,000
4. Trade and other payables:	1124	5,447,000	6,132,000
a) Suppliers	1125	2,932,000	4,071,000
b) Other payables	1126	2,105,000	1,891,000
c) Current tax liabilities	1127	410,000	170,000
5. Other current liabilities	1136		
TOTAL EQUITY AND LIABILITIES (A + B + C)	1200	**31,862,000**	**31,037,000**

IV. SELECTED FINANCIAL INFORMATION
7. CONSOLIDATED PROFIT AND LOSS ACCOUNT (ADOPTED IFRS)

Units: Thousand euros

			PRESENT CURR. PERIOD (2nd HALF YEAR)		PREVIOUS CURR. PERIOD (2nd HALF YEAR)		CURRENT CUMULATIVE 30/06/2018		PREVIOUS CUMULATIVE 30/06/2017	
			Amount	%	Amount	%	Amount	%	Amount	%
(+)	Revenue	1205					9,560,000	100.00	9,792,000	100.00
(+/-)	Change in inventories of finished products and work in progress	1206								
(+)	Own work capitalised	1207					80,000	0.84	79,000	0.81
(-)	Supplies	1208					(7,111,000)	(74.38)	(7,380,000)	(75.37)
(+)	Other operating revenue	1209					290,000	3.03	129,000	1.32
(-)	Personnel expenses	1217					(473,000)	(4.95)	(451,000)	(4.61)
(-)	Other operating expenses	1210					(669,000)	(7.00)	(704,000)	(7.19)
(-)	Depreciation and amortisation charge	1211					(709,000)	(7.42)	(661,000)	(6.75)
(+)	Allocation of grants for non-financial assets and other grants	1212					84,000	0.88	83,000	0.85
(+/-)	Impairment and gain (loss) on disposal of fixed assets	1214					(1,000)	(0.01)	19,000	0.19
(+/-)	Other profit (loss)	1215								
=	**OPERATING PROFIT (LOSS)**	1245					1,051,000	10.99	906,000	9.25
(+)	Finance income	1250					17,000	0.18	28,000	0.29
(-)	Finance costs	1251					(86,000)	(0.90)	(90,000)	(0.92)
(+/-)	Changes in fair value of financial instruments	1252					(1,000)	(0.01)	2,000	0.02
(+/-)	Exchange differences	1254					(1,000)	(0.01)	1,000	0.01
(+/-)	Impairment and gain (loss) on disposal of financial instruments	1255					(16,000)	(0.17)	(9,000)	(0.09)
=	**NET FINANCE INCOME (COSTS)**	1256					(87,000)	(0.91)	(68,000)	(0.69)
(+/-)	Profit (loss) of equity-accounted investees	1253					20,000	0.21	10,000	0.10
=	**PROFIT (LOSS) BEFORE TAX**	1265					984,000	10.29	848,000	8.66
(+/-)	Income tax expense	1270					(228,000)	(2.38)	(190,000)	(1.94)
=	**PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING ACTIVITIES**	1280					756,000	7.91	658,000	6.72
(+/-)	Profit (loss) from discontinued operations, net of tax	1285								
=	**CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD**	1288					756,000	7.91	658,000	6.72
	A) Profit (loss) for the period attributable to the parent company	1300					752,000	7.87	653,000	6.67
	B) Profit (loss) attributable to non-controlling interests	1289					4,000	0.04	5,000	0.05

EARNINGS PER SHARE		Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)
Basic	1290			0.71	0.62
Diluted	1295			0.71	0.62

IV. SELECTED FINANCIAL INFORMATION

8. CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE (ADOPTED IFRS)

Units: Thousand euros

		CURRENT PERIOD 30/06/2018	PREVIOUS PERIOD 30/06/2017
A) CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD (from the profit and loss account)	1305	756,000	658,000
B) OTHER COMPREHENSIVE INCOME – ITEMS THAT ARE NOT RECLASSIFIED TO PROFIT OR LOSS:	1310	(9,000)	0
1. From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets	1311		
2. From actuarial gains and losses	1344	(11,000)	0
3. Share in other comprehensive income of investments in joint ventures and associates	1342		
4. Other income and expenses that are not reclassified to profit or loss	1343		
5. Tax effect	1345	2,000	0
C) OTHER COMPREHENSIVE INCOME – ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS:	1350	47,000	(41,000)
1. Available-for-sale financial assets:	1355		
a) Valuation gains/(losses) taken to equity	1356		
b) Amounts transferred to profit or loss	1357		
c) Other reclassifications	1358		
2. Cash flow hedges:	1360	60,000	(55,000)
a) Valuation gains/(losses) taken to equity	1361	81,000	21,000
b) Amounts transferred to profit or loss	1362	(21,000)	(76,000)
c) Amounts transferred at initial carrying amount of hedged items	1363		
d) Other reclassifications	1364		
3. Foreign currency translation:	1365	1,000	(1,000)
a) Valuation gains/(losses)	1366	1,000	(1,000)
b) Amounts transferred to profit or loss	1367		
c) Other reclassifications	1368		
4. Share in other comprehensive income of investments in joint ventures and associates:	1370	1,000	1,000
a) Valuation gains/(losses) taken to equity	1371	1,000	2,000
b) Amounts transferred to profit or loss	1372		(1,000)
c) Other reclassifications	1373		
5. Other income and expenses that may subsequently be reclassified to profit or loss	1375		
a) Valuation gains/(losses) taken to equity	1376		
b) Amounts transferred to profit or loss	1377		
c) Other reclassifications	1378		
6. Tax effect	1380	(15,000)	14,000
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A + B + C)	1400	794,000	617,000
a) Attributable to the parent company	1398	790,000	612,000
b) Attributable to non-controlling interests	1399	4,000	5,000

IV. SELECTED FINANCIAL INFORMATION

9. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (ADOPTED IFRS) (1/2)

Units: Thousand euros

CURRENT PERIOD		Equity attributable to the parent company						Non-controlling interests	Total equity
		Capital and reserves					Valuation adjustments		
		Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period attributable to the parent company	Other equity instruments			
Opening balance at 01/01/2018	3110	**1,271,000**	**6,414,000**		**1,463,000**		**(52,000)**	**137,000**	**9,233,000**
Adjustments for changes in accounting policy	3111		31,000						31,000
Adjustment for errors	3112								
Adjusted opening balance	3115	**1,271,000**	**6,445,000**		**1,463,000**		**(52,000)**	**137,000**	**9,264,000**
I. Total comprehensive income/(expense) for the period	3120		**(9,000)**		**752,000**		**47,000**	**4,000**	**794,000**
II. Transactions with shareholders or owners	3125		**(722,000)**					**(8,000)**	**(730,000)**
1. Capital increases/ (reductions)	3126							(1,000)	(1,000)
2. Conversion of financial liabilities into equity	3127								
3. Distribution of dividends	3128		(722,000)					(7,000)	(729,000)
4. Purchase / sale of treasury stock	3129								
5. Equity increase/ (decrease) resulting from business combinations	3130								
6. Other transactions with shareholders or owners	3132								
III. Other changes in equity	3135		**1,463,000**		**(1,463,000)**				
1. Equity-settled share-based payment	3136								
2. Transfers among components of equity	3137		1,463,000		(1,463,000)				
3. Other changes	3138								
Closing balance at 30/06/2018	3140	**1,271,000**	**7,177,000**		**752,000**		**(5,000)**	**133,000**	**9,328,000**

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

Units: Thousand euros

PREVIOUS PERIOD		Equity attributable to the parent company						Non-controlling interests	Total equity
		Capital and reserves					Valuation adjustments		
		Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period attributable to the parent company	Other equity instruments			
Opening balance at 01/01/2017 (comparative period)	3150	**1,271,000**	**6,308,000**		**1,411,000**		**(38,000)**	**136,000**	**9,088,000**
Adjustments for changes in accounting policy	3151								
Adjustment for errors	3152								
Adjusted opening balance (comparative period)	3155	**1,271,000**	**6,308,000**		**1,411,000**		**(38,000)**	**136,000**	**9,088,000**
I. Total comprehensive income/(expense) for the period	3160				**653,000**		**(41,000)**	**5,000**	**617,000**
II. Transactions with shareholders or owners	3165		**(670,000)**						**(670,000)**
1. Capital increases/ (reductions)	3166								
2. Conversion of financial liabilities into equity	3167								
3. Distribution of dividends	3168		(670,000)						(670,000)
4. Purchase / sale of treasury stock	3169								
5. Equity increase/ (decrease) resulting from business combinations	3170								
6. Other transactions with shareholders or owners	3172								
III. Other changes in equity	3175		**1,411,000**		**(1,411,000)**				
1. Equity-settled share-based payment	3176								
2. Transfers among components of equity	3177		1,411,000		(1,411,000)				
3. Other changes	3178								
Closing balance at 30/06/2017 (comparative period)	3180	**1,271,000**	**7,049,000**		**653,000**		**(79,000)**	**141,000**	**9,035,000**

IV. SELECTED FINANCIAL INFORMATION

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

Units: Thousand euros

			CURRENT PERIOD 30/06/2018	PREVIOUS PERIOD 30/06/2017
A)	CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)	1435	639,000	675,000
1.	Profit (loss) before tax	1405	984,000	848,000
2.	Adjustments to profit (loss):	1410	805,000	677,000
(+)	Depreciation and amortisation charge	1411	751,000	704,000
(+/-)	Other net adjustments to profit (loss)	1412	54,000	(27,000)
3.	Changes in working capital	1415	(1,047,000)	(687,000)
4.	Other cash flows from operating activities:	1420	(103,000)	(163,000)
(-)	Interest paid	1421	(73,000)	(74,000)
(-)	Payment of dividends and remuneration on other equity instruments	1430		
(+)	Dividends received	1422	6,000	4,000
(+)	Interest received	1423	16,000	29,000
(+/-)	Income tax recovered/(paid)	1424	72,000	7,000
(+/-)	Other sums received/(paid) from operating activities	1425	(124,000)	(129,000)
B)	CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2 + 3)	1460	(749,000)	(608,000)
1.	Payments for investments:	1440	(832,000)	(679,000)
(-)	Group companies, associates and business units	1441	(46,000)	(2,000)
(-)	Property, plant and equipment, intangible assets and investment property	1442	(664,000)	(593,000)
(-)	Other financial assets	1443	(122,000)	(84,000)
(-)	Other assets	1444		
2.	Proceeds from sale of investments	1450	43,000	42,000
(+)	Group companies, associates and business units	1451	23,000	17,000
(+)	Property, plant and equipment, intangible assets and investment property	1452	3,000	5,000
(+)	Other financial assets	1453	17,000	20,000
(+)	Other assets	1454		
3.	Other cash flows from investing activities	1455	40,000	29,000
(+)	Dividends received	1456		
(+)	Interest received	1457		
(+/-)	Other sums received/(paid) from investing activities	1458	40,000	29,000
C)	CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3 + 4)	1490	591,000	(34,000)
1.	Sums received/(paid) in respect of equity instruments	1470	(1,000)	
(+)	Issuance	1471		
(-)	Redemption	1472	(1,000)	
(-)	Acquisition	1473		
(+)	Disposal	1474		
2.	Sums received/(paid) in respect of financial liability instruments:	1480	1,340,000	708,000
(+)	Issuance	1481	3,753,000	1,260,000
(-)	Repayment and redemption	1482	(2,413,000)	(552,000)
3.	Payment of dividends and remuneration on other equity instruments	1485	(748,000)	(742,000)
4.	Other cash flows from financing activities	1486		
(-)	Interest paid	1487		
(+/-)	Other sums received/(paid) from financing activities	1488		
D)	EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS HELD	1492		
E)	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	1495	481,000	33,000
F)	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1499	399,000	418,000
G)	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E + F)	1500	880,000	451,000

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

			CURRENT PERIOD 30/06/2018	PREVIOUS PERIOD 30/06/2017
(+)	Cash on hand and at banks	1550	880,000	435,000
(+)	Other financial assets	1552		16,000
(-)	Less: Bank overdrafts repayable on demand	1553		
	TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1600	880,000	451,000

IV. SELECTED FINANCIAL INFORMATION
11. CHANGES IN THE COMPOSITION OF THE GROUP

Table 1:

BUSINESS COMBINATIONS AND OTHER ACQUISITIONS OR INCREASES IN HOLDINGS IN SUBSIDIARIES, JOINT VENTURES AND/OR INVESTMENTS IN ASSOCIATES (CURRENT PERIOD).

Name of company (or business line) acquired or merged	Category	Effective date of transaction (dd/mm/yyyy)	(Net) cost of the combination (a) + (b) (thousand euros)		% of voting rights acquired	% of total voting rights in the company after acquisition
			(Net) amount paid in the acquisition + other costs directly attributable to the combination (a)	Fair value of equity instruments issued for the acquisition of the company (b)		
ARANORT DESARROLLOS, S.L. (SOCIEDAD UNIPERSONAL)	Subsidiary	19/01/2018	354	0	100.00	100.00
PARQUES EÓLICOS GESTINVER, S.L. (SOCIEDAD UNIPERSONAL)	Subsidiary	03/04/2018	42,000	0	100.00	100.00
PARQUES EÓLICOS GESTINVER GESTIÓN, S.L. (SOCIEDAD UNIPERSONAL)	Subsidiary	03/04/2018	0	0	100.00	100.00
SAN FRANCISCO DE BORJA, S.A.	Subsidiary	23/03/2018	40	0	66.67	66.67
TAUSTE ENERGÍA DISTRIBUIDA, S.A.	Subsidiary	23/03/2018	31	0	51.00	51.00
VALDECABALLERO SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	Subsidiary	09/01/2018	3	0	100.00	100.00
BOSA DEL EBRO,S.L.	Subsidiary	21/02/2018	2	0	51.00	51.00
CASTIBLANCO SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	Subsidiary	09/01/2018	3	0	100.00	100.00
ENERGÍA EÓLICA ALTO DEL LLANO, S.L. (SOCIEDAD UNIPERSONAL)	Subsidiary	11/05/2018	3	0	100.00	100.00
EÓLICA DEL CIERZO, S.L. (SOCIEDAD UNIPERSONAL)	Subsidiary	23/03/2018	225	0	100.00	100.00
EÓLICA DEL PRINCIPADO, S.A. (SOCIEDAD UNIPERSONAL)	Subsidiary	22/05/2018	76	0	60.00	100.00
NAVALVILLAR SOLAR, S.L. (SOCIEDAD UNIPERSONAL)	Subsidiary	09/01/2018	3	0	100.00	100.00
PARQUE EÓLICO FARLAN, S.L. (SOCIEDAD UNIPERSONAL)	Subsidiary	12/01/2018	37	0	100.00	100.00
PARQUE EÓLICO MUNIESA, S.L. (SOCIEDAD UNIPERSONAL)	Subsidiary	12/01/2018	39	0	100.00	100.00

Table 2:

REDUCTION IN HOLDINGS IN SUBSIDIARIES, JOINT VENTURES AND/OR INVESTMENTS IN ASSOCIATES OR OTHER TRANSACTIONS OF A SIMILAR NATURE (CURRENT PERIOD)

Name of company (or business line) sold, spun off or retired	Category	Effective date of transaction (dd/mm/yyyy)	% of voting rights sold or retired	% of total voting rights in the company after disposal	Profit/(Loss) generated (thousand euros)
CONSORCIO EÓLICO MARINO CABO DE TRAFALGAR, S.L. (EN LIQUIDACIÓN)	Other	03/01/2018	50.00	0.00	0

IV. SELECTED FINANCIAL INFORMATION
12. DIVIDENDS PAID

		CURRENT PERIOD			PREVIOUS PERIOD		
		% of nominal value	Euros per share (X.XX)	Amount (thousand euros)	% of nominal value	Euros per share (X.XX)	Amount (thousand euros)
Ordinary shares	2158	58.33	0.70	741,126	58.33	0.70	741,126
Other shares (non-voting shares, redeemable shares, etc.)	2159						
Total dividends paid	2160	58.33	0.70	741,126	58.33	0.70	741,126
a) Dividends charged to profit and loss	2155	58.33	0.70	741,126	58.33	0.70	741,126
b) Dividends charged to reserves or share premium	2156						
c) Dividends in kind	2157						

IV. SELECTED FINANCIAL INFORMATION
13. BREAKDOWN OF FINANCIAL INSTRUMENTS BY NATURE AND CATEGORY (1/2)

Units: Thousand euros

FINANCIAL ASSETS:

NATURE/CATEGORY		CURRENT PERIOD					
		Financial assets held for trading	Other financial assets at FVTPL	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Hedging derivatives
Equity instruments	2061						
Debt securities	2062						
Derivatives	2063						
Other financial assets	2064						
Long-term/non-current	2065						
Equity instruments	2066						
Debt securities	2067						
Derivatives	2068						
Other financial assets	2069						
Short-term/current	2070						
INDIVIDUAL TOTAL	2075						
Equity instruments	2161						
Debt securities	2162						
Derivatives	2163						
Other financial assets	2164						
Long-term/non-current	2165						
Equity instruments	2166						
Debt securities	2167						
Derivatives	2168						
Other financial assets	2169						
Short-term/current	2170						
CONSOLIDATED TOTAL	2175						

FINANCIAL LIABILITIES:

NATURE/CATEGORY		CURRENT PERIOD			
		Financial liabilities held for trading	Other financial liabilities at FVTPL	Debts and payables	Hedging derivatives
Bank borrowings	2076				
Bonds and other negotiable securities	2077				
Derivatives	2078				
Other financial liabilities	2079				
Long-term debts/Non-current financial liabilities	2080				
Bank borrowings	2081				
Bonds and other marketable securities	2082				
Derivatives	2083				
Other financial liabilities	2084				
Short-term debts/Current financial liabilities	2085				
INDIVIDUAL TOTAL	2090				
Bank borrowings	2176				
Bonds and other negotiable securities	2177				
Derivatives	2178				
Other financial liabilities	2179				
Long-term debts/Non-current financial liabilities	2180				
Bank borrowings	2181				
Bonds and other negotiable securities	2182				
Derivatives	2183				
Other financial liabilities	2184				
Short-term debts/Current financial liabilities	2185				
CONSOLIDATED TOTAL	2190				

IV. SELECTED FINANCIAL INFORMATION
13. BREAKDOWN OF FINANCIAL INSTRUMENTS BY NATURE AND CATEGORY (2/2)

Units: Thousand euros

FINANCIAL ASSETS:

NATURE/CATEGORY		PREVIOUS PERIOD					
		Financial assets held for trading	Other financial assets at FVTPL	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Hedging derivatives
Equity instruments	5061						
Debt securities	5062						
Derivatives	5063						
Other financial assets	5064						
Long-term/non-current	5065						
Equity instruments	5066						
Debt securities	5067						
Derivatives	5068						
Other financial assets	5069						
Short-term/current	5070						
INDIVIDUAL TOTAL	5075						
Equity instruments	5161						
Debt securities	5162						
Derivatives	5163						
Other financial assets	5164						
Long-term/non-current	5165						
Equity instruments	5166						
Debt securities	5167						
Derivatives	5168						
Other financial assets	5169						
Short-term/current	5170						
CONSOLIDATED TOTAL	5175						

FINANCIAL LIABILITIES:

NATURE/CATEGORY		PREVIOUS PERIOD			
		Financial liabilities held for trading	Other financial liabilities at FVTPL	Debts and payables	Hedging derivatives
Bank borrowings	5076				
Bonds and other negotiable securities	5077				
Derivatives	5078				
Other financial liabilities	5079				
Long-term debts/Non-current financial liabilities	5080				
Bank borrowings	5081				
Bonds and other marketable securities	5082				
Derivatives	5083				
Other financial liabilities	5084				
Short-term debts/Current financial liabilities	5085				
INDIVIDUAL TOTAL	5090				
Bank borrowings	5176				
Bonds and other negotiable securities	5177				
Derivatives	5178				
Other financial liabilities	5179				
Long-term debts/Non-current financial liabilities	5180				
Bank borrowings	5181				
Bonds and other negotiable securities	5182				
Derivatives	5183				
Other financial liabilities	5184				
Short-term debts/Current financial liabilities	5185				
CONSOLIDATED TOTAL	5190				

IV. SELECTED FINANCIAL INFORMATION

14. Segment information

Table 1:

GEOGRAPHIC AREA		Distribution of revenue by geographic area			
		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
Domestic market	2210	470,430	481,416	8,631,000	8,847,000
Exports:	2215	1,354	897	929,000	945,000
a) European Union	2216	1,168	706	914,000	917,000
b) OECD countries	2217		97	7,000	21,000
c) Other countries	2218	186	94	8,000	7,000
TOTAL	2220	471,784	482,313	9,560,000	9,792,000

Table 2:

SEGMENTS		Ordinary revenue					
		CONSOLIDATED					
		Ordinary revenue from foreign customers		Ordinary revenue between segments		Total ordinary revenue	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
Generation and Supply	2221	8,398,000	8,588,000	251,000	230,000	8,649,000	8,818,000
Distribution	2222	1,289,000	1,186,000	98,000	104,000	1,387,000	1,290,000
Structure and Services	2223	247,000	230,000	28,000	31,000	275,000	261,000
	2224						
	2225						
	2226						
	2227						
	2228						
	2229						
	2230						
(-) Adjustments and elimination of ordinary revenue between segments	2231			(377,000)	(365,000)	(377,000)	(365,000)
TOTAL	2235	9,934,000	10,004,000	0	0	9,934,000	10,004,000

Table 3:

SEGMENTS		Profit (loss)	
		CONSOLIDATED	
		CURRENT PERIOD	PREVIOUS PERIOD
Generation and Supply	2250	223,000	192,000
Distribution	2251	514,000	476,000
Structure and Services	2252	343,000	336,000
	2253		
	2254		
	2255		
	2256		
	2257		
	2258		
	2259		
Total profit (loss) of segments reported	2260	1,080,000	1,004,000
(+/-) Unallocated profit (loss)	2261		
(+/-) Elimination of internal profit (loss) (between segments)	2262	(324,000)	(346,000)
(+/-) Other profit (loss)	2263		
(+/-) Income tax and/or profit (loss) from discontinued activities	2264	228,000	190,000
PROFIT (LOSS) BEFORE TAX	2270	984,000	848,000

IV. SELECTED FINANCIAL INFORMATION

15. AVERAGE WORKFORCE

		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
AVERAGE WORKFORCE	2295	1,309	1,414	9,646	9,878
Men	2296	641	695	7,410	7,632
Women	2297	668	719	2,236	2,246

IV. SELECTED FINANCIAL INFORMATION

16. REMUNERATION RECEIVED BY DIRECTORS AND MANAGING DIRECTORS

DIRECTORS:

Type of remuneration:

		Amount (thousand euros)	
		CURRENT PERIOD	PREVIOUS PERIOD
Fixed remuneration	2310	1,617	1,555
Variable remuneration	2311	1,042	1,067
Attendance fees	2312	134	132
Directors' fees	2313		
Options on shares and/or other financial instruments	2314		
Other	2315	50	45
TOTAL	2320	2,843	2,799

Other benefits:

Advances	2326		
Loans granted	2327		
Pension funds and plans: Contributions	2328	608	583
Pension funds and plans: Contracted obligations	2329		
Life insurance premiums	2330	268	249
Guarantees granted to directors	2331	2,806	6,939

MANAGING DIRECTORS:

		Amount (thousand euros)	
		CURRENT PERIOD	PREVIOUS PERIOD
Total remuneration paid to managing directors	2325	5,289	5,257

IV. SELECTED FINANCIAL INFORMATION

17. RELATED-PARTY TRANSACTIONS (1/2)

Units: Thousand euros

RELATED-PARTY TRANSACTIONS		CURRENT PERIOD				
EXPENSES AND REVENUE		**Significant shareholders**	**Directors and managing directors**	**Group employees, companies and entities**	**Other related parties**	**Total**
1) Finance costs	2340	47,000				47,000
2) Management and cooperation contracts	2341	8,000				8,000
3) R&D transfers and licence agreements	2342					
4) Leases	2343					
5) Receipt of services	2344	17,000			7,000	24,000
6) Purchase of goods (finished or in progress)	2345	124,000				124,000
7) Allowance for bad and doubtful debts	2346					
8) Losses on retirement or disposal of assets	2347					
9) Other expenses	2348	179,000				179,000
EXPENSES (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	2350	375,000			7,000	382,000
10) Finance income	2351	1,000				1,000
11) Management and cooperation contracts	2352	1,000				1,000
12) R&D transfers and licence agreements	2353					
13) Dividends received	2354					
14) Leases	2355	1,000				1,000
15) Provision of services	2356	11,000			1,000	12,000
16) Sale of goods (finished or in progress)	2357	8,000				8,000
17) Gains on retirement or disposal of assets	2358					
18) Other revenue	2359	106,000				106,000
REVENUE (10 + 11 + 12 + 13 + 14 + 15 + 16 + 17 + 18)	2360	128,000			1,000	129,000

		CURRENT PERIOD				
OTHER TRANSACTIONS:		**Significant shareholders**	**Directors and managing directors**	**Group employees, companies and entities**	**Other related parties**	**Total**
Purchase of property, plant and equipment, intangible assets and other assets	2371	33,000				33,000
Financing agreements: loans and capital contributions (lender)	2372		1,000			1,000
Finance lease arrangements (lessor)	2373					
Repayment or cancellation of loans and lease arrangements (lessor)	2377					
Sale of property, plant and equipment, intangible assets and other assets	2374					
Financing agreements: loans and capital contributions (borrower)	2375	3,700,000				3,700,000
Finance lease arrangements (lessee)	2376					
Repayment or cancellation of loans and lease arrangements (lessee)	2378					
Collateral and guarantees given	2381		7,000			7,000
Collateral and guarantees received	2382	117,000				117,000
Commitments assumed	2383	112,000				112,000
Commitment/Guarantees cancelled	2384					
Dividends and other earnings distributed	2386	520,000				520,000
Other transactions	2385					

IV. SELECTED FINANCIAL INFORMATION
17. RELATED-PARTY TRANSACTIONS (2/2)

Units: Thousand euros

RELATED-PARTY TRANSACTIONS		PREVIOUS PERIOD				
EXPENSES AND REVENUE		Significant shareholders	Directors and managing directors	Group employees, companies and entities	Other related parties	Total
1) Finance costs	6340	46,000				46,000
2) Management and cooperation contracts	6341	9,000				9,000
3) R&D transfers and licence agreements	6342					
4) Leases	6343					
5) Receipt of services	6344	19,000			4,000	23,000
6) Purchase of goods (finished or in progress)	6345	156,000				156,000
7) Allowance for bad and doubtful debts	6346					
8) Losses on retirement or disposal of assets	6347					
9) Other expenses	6348	127,000				127,000
EXPENSES (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	6350	357,000			4,000	361,000
10) Finance income	6351					
11) Management and cooperation contracts	6352	1,000				1,000
12) R&D transfers and licence agreements	6353					
13) Dividends received	6354					
14) Leases	6355	1,000				1,000
15) Provision of services	6356	6,000				6,000
16) Sale of goods (finished or in progress)	6357	26,000				26,000
17) Gains on retirement or disposal of assets	6358					
18) Other revenue	6359	3,000				3,000
REVENUE (10 + 11 + 12 + 13 + 14 + 15 + 16 + 17 + 18)	6360	37,000				37,000

		PREVIOUS PERIOD				
OTHER TRANSACTIONS:		Significant shareholders	Directors and managing directors	Group employees, companies and entities	Other related parties	Total
Purchase of property, plant and equipment, intangible assets and other assets	6371	1,000				1,000
Financing agreements: loans and capital contributions (lender)	6372		1,000			1,000
Finance lease arrangements (lessor)	6373					
Repayment or cancellation of loans and lease arrangements (lessor)	6377					
Sale of property, plant and equipment, intangible assets and other assets	6374					
Financing agreements: loans and capital contributions (borrower)	6375	3,000,000				3,000,000
Finance lease arrangements (lessee)	6376					
Repayment or cancellation of loans and lease arrangements (lessee)	6378					
Collateral and guarantees given	6381		7,000			7,000
Collateral and guarantees received	6382	120,000				120,000
Commitments assumed	6383	130,000				130,000
Commitment/Guarantees cancelled	6384					
Dividends and other earnings distributed	6386	520,000				520,000
Other transactions	6385					

ENDESA, S.A.
and Subsidiaries

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018

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

ENDESA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2018 AND 31 DECEMBER 2017

Millions of euros

	Notes	30 June 2018 (Unaudited)	31 December 2017
ASSETS			
NON-CURRENT ASSETS		**25,745**	**25,507**
Property, plant and equipment	5	21,777	21,727
Investment property		8	9
Intangible Assets	6	1,296	1,196
Goodwill		459	459
Investments Accounted for using the Equity Method	7	206	205
Non-current Financial Assets	14	829	769
Deferred Tax Assets	16.1	1,170	1,142
CURRENT ASSETS		**6,117**	**5,530**
Inventories	8	1,222	1,267
Trade and other accounts receivable	9	3,122	3,100
Trade receivables for sales and services and other receivables		2,927	2,877
Current income tax assets		195	223
Current Financial Assets	14	893	764
Cash and Cash Equivalents	10	880	399
Non-current Assets Held for Sale and Discontinued Operations		-	-
TOTAL ASSETS		**31,862**	**31,037**
EQUITY AND LIABILITIES			
EQUITY	11	**9,328**	**9,233**
Of the Parent		9,195	9,096
Share Capital		1,271	1,271
Share Premium and Reserves		7,177	7,155
Profit for the Period of the Parent		752	1,463
Interim Dividend		-	(741)
Valuation Adjustments		(5)	(52)
Of non-controlling interests		133	137
NON-CURRENT LIABILITIES		**15,495**	**14,269**
Deferred income		4,722	4,730
Non-current Provisions	12	3,342	3,382
Provisions for pensions and similar obligations		952	951
Other non-current provisions		2,390	2,431
Non-current Financial Debt	13.1	5,556	4,414
Other Non-current Liabilities	14	703	646
Deferred Tax Liabilities	16.2	1,172	1,097
CURRENT LIABILITIES		**7,039**	**7,535**
Current Financial Debt	13.1	1,287	978
Current Provisions	12	305	425
Provisions for pensions and similar obligations		-	-
Other current provisions		305	425
Trade Payables and Other Current Liabilities	17	5,447	6,132
Suppliers and other payables		5,037	5,962
Current income tax liabilities		410	170
Liabilities Associated with Non-current Assets Classified as held for Sale and Discontinued Operations		-	-
TOTAL EQUITY AND LIABILITIES		**31,862**	**31,037**

The accompanying explanatory Notes 1 to 24 are an integral part of the Consolidated Statements of Financial Position at 30 June 2018 and 31 December 2017.

ENDESA, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2018 AND 2017

Millions of euros

	Notes	January - June 2018 (Unaudited)	January - June 2017 (Unaudited)
INCOME		**9,934**	**10,004**
Revenue	19.3	9,560	9,792
Other operating income	19.3	374	212
PROCUREMENTS AND SERVICES		**(7,111)**	**(7,380)**
Power purchased		(2,363)	(2,566)
Fuel consumption		(941)	(1,056)
Transport costs		(2,769)	(2,832)
Other variable procurements and services		(1,038)	(926)
CONTRIBUTION MARGIN		**2,823**	**2,624**
Self-constructed Assets		80	79
Personnel Expenses		(473)	(451)
Other Fixed Operating Expenses		(626)	(647)
GROSS PROFIT FROM OPERATIONS		**1,804**	**1,605**
Depreciation and amortisation and impairment losses	19.2	(751)	(704)
PROFIT FROM OPERATIONS		**1,053**	**901**
NET FINANCIAL PROFIT/(LOSS)		**(70)**	**(59)**
Financial income		18	34
Financial expense		(87)	(94)
Net exchange differences		(1)	1
Net Profit/(Loss) of Companies Accounted for using the Equity Method	7	20	10
Gains/(Losses) from Other Investments		-	1
Gains/(losses) on Disposal of Assets		(19)	(5)
PROFIT/(LOSS) BEFORE TAX		**984**	**848**
Income Tax Expense		(228)	(190)
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS		**756**	**658**
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED		**-**	**-**
PROFIT/(LOSS) FOR THE PERIOD		**756**	**658**
Parent Company		752	653
Non-Controlling Interests		4	5
BASIC NET EARNINGS PER SHARE FOR CONTINUING OPERATIONS (Euros)		***0.71***	***0.62***
DILUTED NET EARNINGS PER SHARE FOR CONTINUING OPERATIONS (Euros)		***0.71***	***0.62***
BASIC NET EARNINGS PER SHARE FOR DISCONTINUED OPERATIONS (Euros)		***-***	***-***
DILUTED NET EARNINGS PER SHARE FOR DISCONTINUED OPERATIONS (Euros)		***-***	***-***
BASIC NET EARNINGS PER SHARE (Euros)		***0.71***	***0.62***
DILUTED NET EARNINGS PER SHARE (Euros)		***0.71***	***0.62***

The accompanying explanatory Notes 1 to 24 are an integral part of the Consolidated Income Statements for the six months ended 30 June 2018 and 2017.

ENDESA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2018 AND 2017

Millions of euros

	Notes	30 June 2018 (Unaudited)			30 June 2017 (Unaudited)		
		Of the Parent	Of Non-Controlling Interests	Total	Of the Parent	Of Non-Controlling Interests	Total
PROFIT FOR THE PERIOD		**752**	**4**	**756**	**653**	**5**	**658**
OTHER COMPREHENSIVE INCOME:							
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		**54**	**-**	**54**	**16**	**-**	**16**
Items that can be Reclassified to Consolidated Profit or Loss:		**63**	**-**	**63**	**16**	**-**	**16**
From Revaluation/(Reversal of Revaluation) of Property, Plant and Equipment and Intangible Assets		-	-	-	-	-	-
From Measurement of Financial Instruments		-	-	-	-	-	-
Available-for-sale financial assets		-	-	-	-	-	-
From Cash Flow Hedges		81	-	81	21	-	21
Translation Differences		1	-	1	(1)	-	(1)
Companies Accounted for using the Equity Method		1	-	1	2	-	2
Other Income and Expenses Recognised Directly in Equity		-	-	-	-	-	-
Tax Effect		(20)	-	(20)	(6)	-	(6)
Items not to be Reclassified to Consolidated Profit or Loss in Subsequent Periods:		**(9)**	**-**	**(9)**	**-**	**-**	**-**
From Revaluation/(Reversal of Revaluation) of Property, Plant and Equipment and Intangible Assets		-	-	-	-	-	-
From Actuarial Gains and Losses and other Adjustments	12.1.1	(11)	-	(11)	-	-	-
Tax effect		2	-	2	-	-	-
AMOUNTS TRANSFERRED TO INCOME STATEMENT AND/OR INVESTMENTS		**(16)**	**-**	**(16)**	**(57)**	**-**	**(57)**
From measurement of financial instruments		-	-	-	-	-	-
Available-for-sale financial assets		-	-	-	-	-	-
Other income/(Expenses)		-	-	-	-	-	-
From Cash Flow Hedges		(21)	-	(21)	(76)	-	(76)
Translation differences		-	-	-	-	-	-
Companies accounted for using the equity method		-	-	-	(1)	-	(1)
Other income and expenses recognised directly in equity		-	-	-	-	-	-
Tax Effect		5	-	5	20	-	20
TOTAL COMPREHENSIVE INCOME		**790**	**4**	**794**	**612**	**5**	**617**

The accompanying explanatory Notes 1 to 24 are an integral part of the Consolidated Statement of other Comprehensive Income for the six months ended 30 June 2018 and 2017.

ENDESA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE

SIX MONTHS ENDED 30 JUNE 2018

Millions of euros

(Unaudited)	Notes	Equity Attributable to owners of the Parent						Non-controlling interests	Total equity
		Capital and reserves							
		Share capital (Note 11.1)	Share Premium, Reserves and Interim Dividend	Treasury Shares and Own Equity Instruments	Profit/(Loss) for the Period	Other Equity Instruments	Valuation Adjustments		
Balance at 1 January 2018		**1,271**	**6,414**	**-**	**1,463**	**-**	**(52)**	**137**	**9,233**
Adjustments due to changes in accounting policies	2.1	-	31	-	-	-	-	-	31
Corrections of Errors		-	-	-	-	-	-	-	-
Adjusted Balance at 1 January 2018		**1,271**	**6,445**	**-**	**1,463**	**-**	**(52)**	**137**	**9,264**
Total Comprehensive Income		**-**	**(9)**	**-**	**752**	**-**	**47**	**4**	**794**
Transactions with Shareholders or Owners		**-**	**(722)**	**-**	**-**	**-**	**-**	**(8)**	**(730)**
Capital Increases/(Reductions)		-	-	-	-	-	-	(1)	(1)
Conversion of Liabilities into Equity		-	-	-	-	-	-	-	-
Dividends Paid	11.2	-	(722)	-	-	-	-	(7)	(729)
Transactions with Treasury Shares or Own Equity Instruments (Net)		-	-	-	-	-	-	-	-
Increases/(Reductions) due to Business Combinations		-	-	-	-	-	-	-	-
Other Transactions with Shareholders or Owners		-	-	-	-	-	-	-	-
Other Changes in Equity		**-**	**1,463**	**-**	**(1,463)**	**-**	**-**	**-**	**-**
Share-based Payments		-	-	-	-	-	-	-	-
Transfers Between Equity Items		-	1,463	-	(1,463)	-	-	-	-
Other Changes		-	-	-	-	-	-	-	-
Balance at 30 June 2018		**1,271**	**7,177**	**-**	**752**	**-**	**(5)**	**133**	**9,328**

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

ENDESA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE

SIX MONTHS ENDED 30 JUNE 2017

Millions of euros

(Unaudited)	Equity Attributable to owners of the Parent						Non-controlling interests	Total equity
	Capital and reserves					Valuation Adjustments		
	Share Capital (Note 11.1)	Share Premium, Reserves and Interim Dividend	Treasury Shares and Own Equity Instruments	Profit/(Loss) for the Period	Other Equity Instruments			
Balance at 1 January 2017	**1,271**	**6,308**	**-**	**1,411**	**-**	**(38)**	**136**	**9,088**
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-
Corrections of Errors	-	-	-	-	-	-	-	-
Adjusted Balance at 1 January 2017	**1,271**	**6,308**	**-**	**1,411**	**-**	**(38)**	**136**	**9,088**
Total Comprehensive Income	**-**	**-**	**-**	**653**	**-**	**(41)**	**5**	**617**
Transactions with Shareholders or Owners	**-**	**(670)**	**-**	**-**	**-**	**-**	**-**	**(670)**
Capital Increases/(Reductions)	-	-	-	-	-	-	-	**-**
Conversion of Liabilities into Equity	-	-	-	-	-	-	-	-
Dividends Paid	-	(670)	-	-	-	-	-	(670)
Transactions with Treasury Shares or Own Equity Instruments (Net)	-	-	-	-	-	-	-	-
Increases/(Reductions) due to Business Combinations	-	-	-	-	-	-	-	-
Other Transactions with Shareholders or Owners	-	-	-	-	-	-	-	-
Other Changes in Equity	**-**	**1,411**	**-**	**(1,411)**	**-**	**-**	**-**	**-**
Share-based Payments	-	-	-	-	-	-	-	-
Transfers Between Equity Items	-	1,411	-	(1,411)	-	-	-	-
Other Changes	-	-	-	-	-	-	-	-
Balance at 30 June 2017	**1,271**	**7,049**	**-**	**653**	**-**	**(79)**	**141**	**9,035**

Notes 1 to 24 from the Explanatory Notes are an integral part of the Statement of Changes in Equity for the six months ended 30 June 2017.

ENDESA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR

THE SIX MONTHS ENDED 30 JUNE 2018 AND 2017

Millions of euros

	Notes	January - June 2018 (Unaudited)	January - June 2017 (Unaudited)
Profit before Tax		984	848
Adjustments for:		805	677
Depreciation and Amortisation, and Impairment Losses	19.2	751	704
Other adjustments (Net)		54	(27)
Changes in Working Capital		(1,047)	(687)
Trade and other accounts receivable		182	(139)
Inventories		(159)	(101)
Current financial assets		(209)	(537)
Trade payables and other current liabilities		(861)	90
Other Cash Flows from/(used in) Operating Activities:		(103)	(163)
Interest Received		16	29
Dividends received		6	4
Interest paid		(73)	(74)
Income tax paid		72	7
Other Receipts from and Payments for Operating Activities		(124)	(129)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**18.1**	**639**	**675**
Acquisitions of property, plant and equipment and intangible assets	18.2	(664)	(593)
Proceeds from sale of property, plant and equipment and intangible assets	18.2	3	5
Purchase of investments in Group companies	18.2	(46)	(1)
Proceeds from Sale of Investments in Group Companies	18.2	20	16
Purchase of other Investments		(122)	(85)
Proceeds from sale of other investments		20	21
Cash flows from changes in the scope of consolidation		-	-
Grants and other deferred income	18.2	40	29
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**(749)**	**(608)**
Cash flows from equity instruments		(1)	-
Proceeds from borrowings, non-current	18.3	522	1,047
Repayment of borrowings, non-current	18.3	(49)	(498)
Net cash flows used in current borrowings	18.3	867	159
Dividends of the Parent paid	11.2 and 18.3	(741)	(741)
Payments to non-controlling interests	18.3	(7)	(1)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**591**	**(34)**
TOTAL NET CASH FLOWS		**481**	**33**
Effect of Exchange Rate Fluctuations on Cash and Cash Equivalents		-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**481**	**33**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**10**	**399**	**418**
Cash in hand and at banks		399	418
Cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**10**	**880**	**451**
Cash in hand and at banks		880	435
Cash equivalents		-	16

The accompanying explanatory Notes 1 to 24 are an integral part of the Consolidated Statements of Cash Flows for the six months ended 30 June 2018 and 2017.

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

ENDESA, S.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

Contents

ENDESA, S.A. AND SUBSIDIARIES

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. Group Activity and Interim Condensed Consolidated Financial Statements

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

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

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

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

ENDESA's Consolidated Financial Statements for the year ended 31 December 2017 were approved by the shareholders at the General Meeting of Shareholders held on 23 April 2018 and filed with the Madrid companies register.

The Company forms part of the ENEL Group, whose ultimate parent company is ENEL, S.p.A., which is governed by Italian commercial legislation. Its registered office is at Viale Regina Margherita, 137, Rome, Italy. In Spain, the ENEL Group is headed by ENEL Iberia, S.L.U., with registered office at Calle Ribera del Loira, 60, Madrid. At 30 June 2018, the ENEL Group, through ENEL Iberia, S.L.U., holds 70,101% of ENDESA, S.A.'s share capital (see Note 11.1).

The ENEL Group's Consolidated Financial Statements for the year ended 31 December 2017 were approved by the shareholders at the General Meeting of Shareholders held on 24 May 2018 and filed with the Rome and Madrid companies registers.

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

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

2.1. Accounting principles.

ENDESA's Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018 were approved by the directors of the Parent Company at a Board meeting held 23 July 2018 and prepared in accordance with the International Financial Reporting Standards ("IFRSs") and the interpretations of the IFRS Interpretations Committee (“IFRIC”) as adopted by the European Union at the reporting date pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council and other applicable regulations regarding financial reporting.

These Interim Condensed Consolidated Financial Statements present fairly the equity and financial position of ENDESA at 30 June 2018, as well as the consolidated comprehensive income, consolidated operating performance, changes in consolidated equity and changes in consolidated cash flows for the six months then ended.

The accounting principles and measurement criteria used to prepare the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018 are the same as those explained in Notes 2 and 3 to the Consolidated Financial Statements for the year ended 31 December 2017, except for the new International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) published in the Official Journal of the European Union and which were first applied by ENDESA in the Interim Consolidated Financial Statements for the six-month period ended 30 June 2018.. They have been prepared on a going concern basis using the cost method, with the exception of items measured at fair value in accordance with IFRSs..

Each company prepares its Financial Statements in accordance with the accounting principles and standards prevailing in the country in which it operates. When necessary, adjustments and reclassifications have been made to the financial statements of subsidiaries to bring their accounting principles into line with IFRSs and IFRIC criteria.

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

a) a) Standards and interpretations endorsed by the European Union applied for the first time in the interim condensed consolidated financial statements for the six months ended 30 June 2018.

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
IFRIC 22 "Transactions in Foreign Currency and Advance Consideration"	1 January 2018
Amendments to IAS 40 "Investment Property": Transfers of Investment Property.	1 January 2018
Amendments to the IFRS 2 "Share-based Payment": Classification and Measurement of Share-based Payment Transactions.	1 January 2018
Annual Improvements to IFRSs 2014-2016 Cycle. The improvements are designed to address areas of inconsistency in IFRSs or where clarification in wording is required, with amendments to the following standards: IFRS 1 First-Time Adoption of International Financial Reporting Standards - IFRS 12 Disclosure of Interests in Other Entities - IAS 28 Investments in Associates and Joint Ventures	1 January 2017 (IFRS 12) and 1 January 2018 (IFRS 1 and IAS 28)

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments establishes the criteria for recognition, classification and measurement of financial assets, financial liabilities and certain contracts for the purchase or sale of a non-financial items.

The transition method adopted by ENDESA in the first application of this Standard was the retroactive application method with accumulated effect of this application as of 1 January 2018, so the figures for 2017, presented for comparative purposes, have not been restated.

The effect of the adoption of IFRS 9 "Financial Instruments" as well as its impacts on ENDESA's Consolidated Financial Statements at the date of first application is detailed below:

- Classification and measurement of financial assets and liabilities: According to the business model and the characteristics of the contractual cash flows, no significant impacts have been identified, given that most of the financial assets will continue to be valued at amortised cost, with the exception, mainly, of the equity instruments, which will be valued at fair value with changes in the Consolidated Income Statement, and derivative financial instruments, which will be valued at fair value with changes in the Income Statement.

  The following is a description of the classification and valuation of non-current and current financial instruments under IFRS 9 "Financial Instruments" as of 1 January 2018, without considering the effect of the impairment mentioned in the following section:

Type of Financial Instruments	Valuation Category According to NIIF 9	1 January 2018 (Millions of Euros)	
		Non-Current	Current
Derivatives	**Financial assets at fair value with changes in the consolidated income statement**	**39**	**160**
Hedging derivatives		31	97
Derivatives		8	63
Financial Assets	**Financial assets measured at amortised cost**	**724**	**764**
Financing of the revenue shortfall from regulated activities in Spain and other regulated remuneration		-	222
Compensation for stranded costs in non-mainland generation (TNP)		-	304
Guarantee deposits		424	-
Loans to employees		22	11
Loans to Associated Companies, Joint Ventures and Joint Operating Companies		66	5
Remuneration of the distribution activity		106	70
Incentives to invest in Renewable Energies		3	1
Other financial assets		103	151
+**Equity instruments**	**Financial assets at fair value with changes in the consolidated income statement**	**6**	**-**
Trade Receivables	**Financial assets measured at amortised cost**	**-**	**2,631**
Cash and Cash Equivalents	**Financial assets measured at amortised cost**	**-**	**399**
TOTAL		**769**	**3,954**

The following is a description of the classification and valuation of non-current and current financial liabilities under IFRS 9 "Financial Instruments" as of 1 January 2018:

Type of Financial Instruments	Valuation Category According to NIIF 9	1 January 2018 (Millions of Euros)	
		Non-Current	Current
Derivatives	**Financial liabilities at fair value with changes in the consolidated income statement**	**46**	**128**
Hedging derivatives		30	76
Derivatives		16	52
Financial debt	**Financial liabilities measured at amortised cost**	**5,014**	**978**
Bonds and other marketable securities		35 (1)	889
Bank borrowings		892	18
Other financial debts		3,475	71
Other Liabilities		612	-
Trade Payables and Other Current Liabilities	**Financial liabilities measured at amortised cost**	**-**	**5,283**
TOTAL		**5,060**	**6,389**

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

In the first half of 2018, the effect of the update at fair value of the equity instruments amounted to Euros 1 million, which is included in the "Financial Income" caption of the Consolidated Income Statement.

– Impairment of financial assets: ENDESA has applied the simplified approach for trade receivables, estimating lifetime expected losses for the assets, and the general approach for calculated expected loss for the remaining financial assets. The impact of the application of the new expected loss model to calculate the impairment of financial assets on ENDESA's Consolidated Financial Statement on the date of first application, is as follows:

Millions of euros

Consolidated Statement of Financial Position	Notes	1 January 2018
Non-current assets		**12**
Non-current Financial Assets		(10)
Deferred Tax Assets	16.1	22
Current assets		**(43)**
Trade and other accounts receivable	9.1	(33)
Current Financial Assets		(10)
TOTAL ASSETS		**(31)**
Equity	11	**(40)**
Of the Parent		(40)
Of Non-Controlling Interests		-
Non-current liabilities		**9**
Deferred Tax Liabilities	16.2	9
TOTAL EQUITY AND LIABILITIES		**(31)**

- Hedge accounting: ENDESA has opted for the prospective application of hedge accounting and therefore its adoption has not had an impact on the Interim Consolidated Financial Statements as of 1 January 2018.

- Refinancing of Interest-bearing Loans and Borrowings: ENDESA has assessed the impact of the accounting treatment of refinancing transactions that do not involve derecognition of the financial liability, pursuant to the Amendments to IFRS 9 Prepayment Features with Negative Compensation published by the International Accounting Standards Board (IASB), and validated by the European Union although it has had no significant impact.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers establishes a new measurement model for revenue from contracts with customers. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The transition method adopted by ENDESA in the first application of this Standard was the retroactive application method with accumulated effect of this application as of 1 January 2018, so the figures for 2017, presented for comparative purposes, have not been restated.

As a result of the first application from 1 January 2018 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, at 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, to date, varies anywhere between 1.4 years to 9 years.

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	Notes	1 January 2018
Non-current assets		**95**
Intangible Assets	6	95
TOTAL ASSETS		**95**
Equity	**11**	**71**
Of the Parent		71
Of Non-Controlling Interests		-
Non-current liabilities		**24**
Deferred Tax Liabilities	16.2	24
TOTAL EQUITY AND LIABILITIES		**95**

This amount corresponds to the capitalisation of the incremental costs of obtaining contracts with customers incurred in previous years that are still effective on the transition date.

Impact from the Changes in the Accounting Principles

The impacts derived from the application of IFRS 9 "Financial Instruments" and from IFRS 15 "Revenues from Contracts with Customers"on the Consolidated Statement of Financial Position as of 1 January 2018, are as follows:

Millions of euros

	1 January 2018	IFRS 15 Revenue from Contracts with Customers	IFRS 9 Financial Instruments	1 January 2018 (Adjusted)
Non-current assets	**25,507**	**95**	**12**	**25,614**
Current assets	**5,530**	**-**	**(43)**	**5,487**
TOTAL ASSETS	**31,037**	**95**	**(31)**	**31,101**
Equity	**9,233**	**71**	**(40)**	**9,264**
Of the Parent	9,096	71	(40)	9,127
Of Non-Controlling Interests	137	-	-	137
Non-current liabilities	**14,269**	**24**	**9**	**14,302**
Current Liabilities	**7,535**	**-**	**-**	**7,535**
TOTAL EQUITY AND LIABILITIES	**31,037**	**95**	**(31)**	**31,101**

During the first half of 2018, the capitalisation of the incremental costs of obtaining of contracts with customers, as a result of the application of IFRS 15 "Revenue from Contracts with Customers", has entailed a Euros 35 million decrease million under “Other Variable Procurements and Services” and a Euros 23 million increase under “Depreciation and amortisation, and impairment losses” on the Consolidated Income Statement.

During the first half of 2018, the effect of the impairment of financial assets in accordance with IFRS 9 "Financial Instruments" amounted to Euros 3 million, positive, in the "Depreciation and Amortisation, and Impairment Losses" heading (see Notes 9 and 19.2) and Euros 4 million, positive, in the "Financial Result" heading of the Consolidated Income State.

Below is a breakdown of the impacts of the application of IFRS 9 "Financial Instruments" and IFRS 15 "Ordinary Revenues from Contracts with Customers" in the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2018:

Millions of euros

Consolidated Statement of Financial Position	30 June 2018	IFRS 15 Revenue from Contracts with Customers	IFRS 9 Financial Instruments	30 June 2018 Unaffected by the Application of IFRS 9 and IFRS 15
Non-current assets	**25,745**	**(107)**	**(16)**	**25,622**
Current assets	**6,117**	**-**	**38**	**6,155**
TOTAL ASSETS	**31,862**	**(107)**	**22**	**31,777**
Equity	**9,328**	**(80)**	**35**	**9,283**
Of the Parent	9,195	(80)	35	9,150
Of Non-Controlling Interests	133	-	-	133
Non-current liabilities	**15,495**	**(27)**	**(13)**	**15,455**
Current Liabilities	**7,039**	**-**	**-**	**7,039**
TOTAL EQUITY AND LIABILITIES	**31,862**	**(107)**	**22**	**31,777**

Millions of euros

Consolidated income statement	January - June 2018	IFRS 15 Revenue from Contracts with Customers	IFRS 9 Financial Instruments	January - June 2018 Unaffected by the Application of IFRS 9 and IFRS 15
INCOME	**9,934**	**-**	**-**	**9,934**
PROCUREMENTS AND SERVICES	**(7,111)**	**(35)**	**-**	**(7,146)**
Other variable procurements and services	(1,038)	(35)	-	(1,073)
CONTRIBUTION MARGIN	**2,823**	**(35)**	**-**	**2,788**
GROSS PROFIT FROM OPERATIONS	**1,804**	**(35)**	**-**	**1,769**
Depreciation and amortisation and impairment losses	(751)	23	(3)	(731)
PROFIT FROM OPERATIONS	**1,053**	**(12)**	**(3)**	**1,038**
NET FINANCIAL PROFIT/(LOSS)	**(70)**	**-**	**(4)**	**(74)**
PROFIT/(LOSS) BEFORE TAX	**984**	**(12)**	**(7)**	**965**
Income Tax Expense	**(228)**	**3**	**2**	**(223)**
PROFIT FOR THE YEAR	**756**	**(9)**	**(5)**	**742**
Parent Company	752	(9)	(5)	738
Non-controlling interests	4	-	-	4

b) Standards and interpretations endorsed by the European Union to be applied for the first time in annual periods beginning in 2019

Standards, amendments and interpretations	Mandatory application: Annual periods beginning on or after
IFRS 16 Leases	1 January 2019
Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.	1 January 2019

ENDESA's management is assessing the impact of applying this standard and amendment, and had not concluded such analysis at the date of preparation of these Interim Condensed Consolidated Financial Statements.

IFRS 16 Leases

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

The standard permits three transition alternatives in the first year of application:

a) Full retrospective effect, applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and restating the period of comparison as if the standard had been applied to contracts from their start (*Alternative 1*);

b) Retrospective effect with amendments, whereby comparative information is not restated but the cumulative effect of initially applying the standard is presented, recognising the asset at the same value as the liability (*Alternative 2*).

c) Retrospective effect with amendments, whereby comparative information is not restated but the cumulative effect of initially applying the standard is presented, recognising the asset as if the standard had been applied for contracts from the start (*Alternative 3*).

To assess the potential impact of the adoption of IFRS 16 Leases on the consolidated financial statements, the work carried out by ENDESA includes, among others, the following tasks:

- Analysis of the lease arrangements made by the Company to determine whether they are subject to IFRS 16 Leases. This analysis includes, not only the arrangements in which ENDESA acts as lessee, but also the contracts for the provision of services and those in which it acts as lessor (see Notes 9.1 and 9.2 of the Annual Report of the Consolidated Annual Accounts for the year ended 31 December 2017).

- Analysis of the lease contracts where the standard may not be applied as they are lease contracts with an expiry date of less than 12 months or contracts associated with assets which have an individual value that is lower than USD 5,000.

- Compilation of an inventory of lease contracts signed by the Entity in force at 30 June 2018 with an expiry date later than 1 January 2019.

- Estimate of lease terms, according to the non-cancellable period and the periods covered by renewal options exercisable by ENDESA and considered to be reasonably certain.

- Analysis of the Standard's impact on the financial ratios and covenants in order, where appropriate, to renegotiate them.

- Review of the processes and systems, also including that of internal control, in order to determine the most suitable tools for managing all the necessary information for the application of the new Standard, together with the breakdowns required in the consolidated financial statements.

As of the date of approval of these Interim Condensed Consolidated Financial Statements, ENDESA is evaluating Transition Alternatives 2 and 3 to be applied on the date of first application as well as the practical solutions that the Standard allows.

Therefore, as ENDESA has not yet completed its analysis of the potential impact of IFRS 16 Leases, the definitive quantification of the impact of the initial application of this Standard will be made in 2018. However, according to the preliminary analysis, for contracts in force at 30 June 2018, at the date of approval of these interim condensed consolidated financial statements, the expected impact of the adoption of IFRS 16 Leases will be as follows:

- As a result of the recognition of the use rights originated from the lease agreements catalogued as operating and other contracts for the provision of services, and expected to be effective as of 1 January 2019, an increase in the Non-current Assets of the Consolidated Statement of Financial Position is expected, which, as of 30 June 2018, would amount to between approximately 0.47% -0.58% of the Total Assets of the Consolidated Statement of Financial Position as of 30 June 2018.

- As a result of the recognition of future payment obligations related to said contracts, an increase in the Current and Non-current Liabilities of the Consolidated Statement of Financial Position is also expected for an amount approximately equal to 0.58% of the Total Net Equity and Liability of the Consolidated Statement of Financial Position as of 30 June 2018.

- If transition Alternative 3 is adopted, in addition to the aforementioned impacts, a decrease in Reserves would also be expected, which would have an impact of approximately 0.38% of Equity in the Consolidated Statement of Financial Position at 30 June 2018.

- Operating lease costs of Euros 16 million in the six-month period ending 30 June 2018, currently recognised under "Other Fixed Operating Expenses" in the Consolidated Income Statement will be recognised under "Depreciation and Amortisation, and Impairment Losses" in the Consolidated Income Statement for amortisation of rights of use, and under “Financial Expense” in the Consolidate Income Statement for accrual of the financial liability.

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

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

Standards, amendments and interpretations	Mandatory application: (1) Annual periods beginning on or after
IFRS 14 Deferral of Regulated Activities	1 January 2016 (2)
IFRIC 23 Uncertainty over Income Tax Treatments.	1 January 2019
Amendments to IAS 28 Investments in Associates and Joint Ventures: Long Term Interests in Associates and Joint Ventures.	1 January 2019
Annual Improvements to IFRSs 2015-2017 Cycle. The improvements are designed to address areas of inconsistency in IFRSs or where clarification in wording is required, with amendments to the following standards: - IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements": Previously Held Interest in a Joint Operation. IAS 12 Income Taxes: Income Tax Consequences of Payments on Financial Instruments Classified as Equity. IAS 23 Borrowing Costs.	1 January 2019
Amendments to IAS 19 "Employee Benefits": Amendment, Reduction or Settlement of the Plan.	1 January 2019
Improvements to the References in the Conceptual Framework of International Financial Reporting Standards.	1 January 2020
IFRS 17 Insurance Contracts	1 January 2021
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Indefinitely postponed

(1) If adopted without changes by the European Union.
(2) Adoption process halted by the European Union.

At the date of approval of these Interim Condensed Consolidated Financial Statements, ENDESA's management is assessing the impact of the standards, if endorsed by the European Union, on the Consolidated Financial Statements.

Based on the analyses carried out to date, ENDESA estimates that their initial application would not have a material impact on its Consolidated Financial Statements.

2.2. Responsibility for information and estimates.

The Company's management is responsible for the contents of the Interim Condensed Consolidated Financial Statements, which were authorised for issue at the Board of Directors' Meeting held on 23 July 2018, and expressly states that all IFRS principles and criteria have been applied.

ENDESA's Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018 have been prepared from the accounting records of the Company and those of the rest of the companies comprising ENDESA at that date, and include all the significant disclosures required of IAS 34 "Interim Financial Reporting", in accordance with Article 12 of Royal Decree 1362/2007, of 19 October, but not the full set of disclosures as required by IFRSs in a complete set of financial statements. Therefore, for an appropriate understanding, they should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2017.

In preparing the accompanying Interim Condensed Consolidated Financial Statements, ENDESA's directors made estimates to measure certain assets, liabilities, income, expenses and commitments included therein. The estimates necessary to prepare the interim condensed consolidated financial statements were basically the same as those described in Note 2.2 to the consolidated financial statements for the year ended 31 December 2017. There were no changes with respect to those used in the consolidated financial statements that had a significant impact on the interim condensed consolidated financial statements for the six months ended 30 June 2018.

The Income Tax Expense in the accompanying Interim Condensed Consolidated Financial Statements was calculated based on the best estimate of the tax rate expected to apply to the related annual periods. As a result, changes in estimates of the annual tax rate could require the amount recognised for the six months ended 30 June 2018 to be adjusted in future reporting periods.

Note 3.e "Impairment of non-financial assets" of the Consolidated Financial Statements for the year ended 31 December 2017 states that, throughout the year and, in any case, on the closing date thereof, it is evaluated whether there is any indication that any asset could have suffered an impairment, and, in that case, an estimate of the recoverable amount of said asset is made to determine, where appropriate, the amount of the necessary consolidation.

In turn, this Note describes, among other aspects, the criteria for estimating the recoverable value, identifying the Cash Generating Units (CGUs), the key assumptions used in the projections, the period of the flows considered and the rates of growth and discount used.

As of 30 June 2018, ENDESA estimates that there are no observable indications from external and internal sources that could serve as a basis for determining that there are indications of impairment that require an estimate of the recoverable amount.

2.3. Subsidiaries

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

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

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

Subsidiaries are fully consolidated (see Note 2.7 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2017).

At 30 June 2018 and 31 December 2017, ENDESA had no Structured Entities as defined in IFRS 12, designed in such a way that voting rights and similar rights do not constitute the main factor for the purposes of defining control.

Six months ended 30 June 2018 and 2017.

Companies added

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

	Notes	Inclusions of Companies January - June 2018				
		Acquisition Date	% Ownership at 30 June 2018		% Ownership at 31 December 2017	
			Control	Ownership	Control	Ownership
Valdecaballero Solar S.L.U.	4.1	9 January 2018	100.00	100.00	-	-
Navalvillar Solar S.L.U.	4.1	9 January 2018	100.00	100.00	-	-
Castiblanco Solar S.L.U.	4.1	9 January 2018	100.00	100.00	-	-
Parque Eólico Muniesa, S.L.U.	4.1	12 January 2018	100.00	100.00	-	-
Parque Eólico Farlán, S.L.U.	4.1	12 January 2018	100.00	100.00	-	-
Aranort Desarrollos, S.L.U.	4.1	19 January 2018	100.00	100.00	-	-
Bosa del Ebro, S.L.	4.1	21 February 2018	51.00	51.00	-	-
Tauste Energía Distribuida, S.L.	4.1	23 March 2018	51.00	51.00	-	-
Eólica del Cierzo, S.L.U.	4.1	23 March 2018	100.00	100.00	-	-
San Francisco de Borja, S.A.	4.1	23 March 2018	66.67	66.67	-	-
Energía Eólica Alto del Llano, S.L.U.	4.1	11 May 2018	100.00	100.00	-	-
Parques Eólicos Gestinver, S.L.U.	4.2	3 April 2018	100.00	100.00	-	-
Parques Eólicos Gestinver Gestión, S.L.U.	4.2	3 April 2018	100.00	100.00	-	-
Eólica del Principado, S.A.U.	2.4 and 4.3	22 May 2018	100.00	100.00	40.00	40.00

The following companies were included in the consolidation scope in the six months ended 30 June 2017:

	Notes	Inclusions of Companies January - June 2017				
		Acquisition Date	% Ownership at 30 June 2017		% Ownership at 31 December 2016	
			Control	Ownership	Control	Ownership
Eléctrica de Jafre, S.A.	2.4	31 May 2017	100.00	100.00	47.46	47.46

Removals and changes.

In the six months ended 30 June 2018 and 2017, no companies were excluded from the scope of consolidation, and there were no changes in the control and ownership percentage stakes in the companies included in the scope of consolidation.

2.4. Associates.

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

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

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

Associates are accounted for using the equity method (see Note 3h to the Consolidated Financial Statements for the year ended 31 December 2017).

Six months ended 30 June 2018 and 2017.

Companies added

In the six months ended 30 June 2018 and 2017, no associates were included in the scope of consolidation, except as indicated below in "Changes".

Companies excluded

On 3 January 2018, Consorcio Eólico Marino Cabo de Trafalgar, S.L. (in liquidation), in which ENDESA, through ENEL Green Power, S.L.U. (EGPE), held a 50.0% stake, was extinguished.

Changes

After control was obtained over Eólica del Principado, S.A.U., on 22 May 2018, this investment was recognised as a subsidiary (see Notes 2.3 and 4.3).

On 31 May 2017, ENDESA Red, S.A.U. acquired 52.54% of the share capital in Eléctrica de Jafre, S.A., in which it previously held 47.46% (see Note 2.3). At the effective date of acquisition, ENDESA obtained control of this company, after having significant influence until then.

2.5. Joint Arrangements.

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

Joint Arrangements may be Joint Operations or Joint Ventures, depending on the rights and obligations of the parties to the agreement.

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

Joint Operations

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

Joint Operations are consolidated using proportionate consolidation, combining the proportionate share of the assets and liabilities of the operation (see Note 2.7 to the Consolidated Financial Statements for the year ended 31 December 2017).

Six months ended 30 June 2018 and 2017.

Additions and changes

In the six-month periods ended 30 June 2018 and 2017, no Joint Operation Entities were included in the scope of consolidation, and there were no changes in the control and ownership percentage stakes therein.

Companies excluded

No Joint Operation Entities were excluded from the consolidation scope in the six months ended 30 June 2018.

On 30 June 2017, ENDESA sold the shares it held in the following companies:

Exclusions from the scope of consolidation	% Ownership at 30 June 2017		% Ownership at 31 December 2016	
	Control	Ownership	Control	Ownership
Aquilae Solar, S.L.	-	-	50.00	50.00
Cefeidas Desarrollo Solar, S.L.	-	-	50.00	50.00
Cephei Desarrollo Solar, S.L.	-	-	50.00	50.00
Desarrollo Photosolar, S.L.	-	-	50.00	50.00
Fotovoltaica Insular, S.L.	-	-	50.00	50.00
Sol de Media Noche Fotovoltaica, S.L.	-	-	50.00	50.00

As a result of the sale of these companies, items of property, plant and equipment for the amount of Euros 7 million and Intangible Assets of Euros 1 million were derecognised. The remaining financial indicators for these companies were immaterial.

The gross gain on the sale was Euros 4 million.

The net inflow of cash originated from the sale of these shareholdings amounted to Euros 16 million (see Note 18.2).

Joint Ventures.

Joint Ventures are companies governed by a Joint Arrangement whereby ENDESA and the other parties have rights to the net assets.

Joint Ventures are accounted for using the equity method (see Note 3h to the Consolidated Financial Statements for the year ended 31 December 2017).

Six months ended 30 June 2018 and 2017.

No Joint Ventures were included in the scope of consolidation in the six months ended 30 June 2018 and 2017, and there were no exclusions or changes in the control and ownership percentage stakes.

2.6. Other investments.

impact of the financial indicators of ENDESA's investees that are not considered Subsidiaries, Joint Operation Entities, Joint Ventures or Associates on the fair presentation required of the Interim Condensed Consolidated Financial Statements is minimal.

3. Industry regulation

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.

On 30 June 2018, the Resolution of 28 June 2018 was published in the Official State Gazette (BOE), publishing the Last Resort Rates (LRT) for natural gas to be applied from 1 July 2018, resulting in an average increase of approximately 3.4%, derived from the increase in the cost of the raw material.

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

In March 2018, the Energy, Tourism and Digital Agenda (now the Ministry for the Ecological Transition) 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 7 April 2018, Order ETU/361/2018 was published, amending the Social Bonus 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 Bonus and other protection measures for domestic consumers of electricity. Furthermore, this Order extends the existing transitional period until 8 October 2018 for consumers of electricity who, on the date of entry into force of Order ETU/943/2017, of 6 October, were beneficiaries of the Social Bonus, to prove the status of vulnerable consumer in accordance with the provisions of Royal Decree 897/2017, of October 6.

4. Business Combinations

4.1. Corporate transactions related to capacity awarded in renewable power auctions.

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 half of 2018, respectively (see Notes 2.3 and 5), formally arranged through the following corporate acquisitions:

	Technology	% Ownership at 30 June 2018
		Control
Valdecaballero Solar S.L.U.	Photovoltaic	100.00
Navalvillar Solar S.L.U.	Photovoltaic	100.00
Castiblanco Solar S.L.U.	Photovoltaic	100.00
Parque Eólico Muniesa, S.L.U.	Wind	100.00
Parque Eólico Farlán, S.L.U.	Wind	100.00
Aranort Desarrollos, S.L.U.	Wind	100.00
Bosa del Ebro, S.L.	Wind	51.00
Tauste Energía Distribuida, S.L.	Wind	51.00
Eólica del Cierzo, S.L.U.	Wind	100.00
San Francisco de Borja, S.A.	Wind	66.67
Energía Eólica Alto del Llano, S.L.U.	Wind	100.00

The price agreed for all the aforementioned transactions was less than Euros 1 million (see Note 18.2).

ENDESA has recognised the acquisition of these companies as a business combination, and using the acquisition method, has definitively recognised the acquired assets and assumed liabilities (net acquired assets) of each one of these companies at fair value on its acquisition date under the following consolidated financial statement headings:

Millions of euros

	Notes	Fair Value
Non-current assets		**2**
Property, plant and equipment	5	2
TOTAL ASSETS		**2**
Current Liabilities		**1**
Current Financial Debt		1
TOTAL LIABILITIES		**1**
Fair Value of Net Assets Acquired		**1**

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.

4.2. Parques Eólicos Gestinver, S.L.U.

On 3 April 2018, an agreement was signed, through its subsidiary ENEL Green España, S.L.U. (EGPE), for the acquisition of 100% of the share capital of the companies Parques Eólicos Gestinver, S.L.U. and Parques Eólicos Gestinver Gestión, S.L.U., for Euros 42 million.

Parques Eólicos Gestinver, S.L.U. has an installed wind power capacity of 132 MW, distributed across 5 wind farms located in the regions of Galicia and Catalonia.

Through this acquisition, ENDESA reinforces its presence in the Iberian generation market by expanding the portfolio of renewable assets in its production mix.

The net cash outflow from the acquisition of Parques Eólicos Gestinver, S.L.U. was calculated as follows:

Millions of euros

	Notes	
Cash and cash equivalents of the acquiree		(12)
Net Amount Paid in Cash (1) (2)		57
TOTAL	**18.2**	**45**

(1) The purchase costs booked under "Other fixed operating expenses" in the consolidated income statement were Euros 1 million.
(2) Of the total, 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 purchase price was provisionally allocated on the basis of the acquisition-date fair value of the assets acquired and liabilities assumed (Net Assets Acquired) from Parques Eólicos Gestinver, S.L.U. under the following items in the Consolidated Financial Statements:

Millions of euros

	Notes	Fair value
Non-Current assets		**181**
Property, plant and equipment	5	139
Intangible Assets	6	34
Deferred Tax Assets	16.1	8
Current assets		**19**
Trade and other accounts receivable		5
Current Financial Assets		2
Cash and Cash Equivalents		12
TOTAL ASSETS		**200**
Non-Current liabilities		**140**
Non-current Provisions	12.1.3	1
Non-current Financial Debt (1)		130
Deferred Tax Liabilities	16.2	9
Current Liabilities		**18**
Current Financial Debt		12
Trade Payables and Other Current Liabilities		6
TOTAL LIABILITIES		**158**
Fair Value of Net Assets Acquired		**42**

(1) **Includes debts with credit institutions for an amount of Euros 104 million (see Note 13.1), derivatives for an amount of Euros 11 million and debts with Group and Associated Companies for an amount of Euros 15 million.**

When determining the fair value of the assets acquired and the liabilities assumed, the expected discounted cash flows were taken into consideration in line with the remuneration system in force at the acquisition date.

The contribution of the acquired company from the date of acquisition until 30 June 2018 was as follows:

Millions of euros

	3 April 2018 - 30 June 2018
Revenue	5
Profit/(Loss) After Tax	(1)

Likewise, if the acquisition had taken place on 1 January 2018, the contribution of the company acquired in the six-month period ended 30 June 2018 would have been as follows:

Millions of euros

	January-June 2018
Revenue	13
Profit/(Loss) After Tax	1

4.3. Eólica del Principado, S.A.U.

On 22 May 2018, ENEL Green Power España, S.L.U. (EGPE) acquired 60.0% of the share capital of Eólica del Principado, S.A.U., a company whose activity consists in the generation of electricity through renewable wind technology, and on which it previously held a 40.0% stake (see Notes 2.3 and 2.4).

As a result of this transaction, ENDESA went from having significant influence to full control of Eólica del Principado, S.A.U. that it maintained to date.

The net outflow of cash originated by the acquisition of Eólica del Principado, S.A.U. has amounted to less than Euros 1 million.

The purchase price was finally allocated, on the basis of the fair value of the assets acquired and the liabilities undertaken (Net Assets Acquired) from Eólica del Principado, S.A.U. on the acquisition date, under the following headings in the consolidated financial statements:

Millions of euros

	Notes	Fair Value
Non-Current assets		**1**
Property, plant and equipment	5	1
TOTAL ASSETS		**1**
Fair Value of Net Assets Acquired		**1**

In the first half of 2018, ordinary income and profit after taxes generated by the company since the acquisition date until 30 June 2018 were insignificant. Additionally, had the acquisition taken place on 1 January 2018, ordinary income and profit after taxes generated from this transaction during the first half of 2018 would have amounted to less than Euros 1 million (see Note 7).

The net gain at the date control was obtained from the measure at fair value of the previously held non-controlling interest of 40.0% in Eólica del Principado, S.A.U. was less than Euros 1 million.

5. Property, plant and equipment.

The composition of this item of the consolidated statement of financial position at 30 June 2018 and its movement in the first half of 2018 were as follows

Millions of euros

Property, plant and equipment in use and under construction	Balance at 31 December 2017	Inclusion/(exclusion) of companies (1)	Investments (Note 5.1)	Amortisation and impairment losses	Disposals	Transfers and other (2)	Balance at 30 June 2018
Land and buildings	386	1	-	(8)	(1)	2	380
Electricity Generating Facilities:	8,965	138	7	(301)	(1)	254	9,062
Hydroelectric power plants	833	-	-	(15)	-	13	831
Coal-Fired/Fuel-Oil Power Plants	1,792	-	2	(124)	-	158	1,828
Nuclear power plants	2,878	-	4	(88)	(1)	75	2,868
Combined cycle plants	2,461	-	-	(47)	-	1	2,415
Renewable Energy Plants	1,001	138	1	(27)	-	7	1,120
Transmission and Distribution Facilities	11,322	-	2	(289)	(1)	188	11,222
Low- and medium-voltage, measuring and remote control equipment and other installations	11,322	-	2	(289)	(1)	188	11,222
Other Property, Plant and Equipment	143	-	1	(10)	(3)	4	135
Property, plant and equipment under construction	911	3	448	-	-	(384)	978
TOTAL	**21,727**	**142**	**458**	**(608)**	**(6)**	**64**	**21,777**

(1) Includes the assets from the acquisition of Parques Eólicos Gestinver, S.L.U. (Euros 139 million) (see Note 4.2), Eólica del Principado, S.A.U. (Euros 1 million) (see Note 4.3), and the new companies relating to capacity awarded (Euros 2 million) (see Note 4.1).

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

5.1. Main investments

During the six-month periods ended 30 June 2018 and 2017, the breakdown of the material investments made is as follows:

Millions of euros

	Material Investments	
	January - June 2018 (1)	January - June 2017 (1)
Generation and Supply	184	88
Distribution	273	221
Structure and others	1	-
TOTAL	**458**	**309**

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

Gross generation investments for the first half of 2018 correspond, for the most part, with investments related to the construction of the wind and photovoltaic power awarded in the auctions carried out in the year 2017, amounting to Euros 63 million (see Note 5.3).

Additionally, investments have been 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 16 million in line with the Industrial Emissions Directive (IED).

Gross distribution investments are 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.

5.2. Other information

No significant intangible assets were derecognised in the six months ended 30 June 2018 and 2017.

During the first half of 2017, the reversal of Euros 15 million impairment loss was recognised, which chiefly corresponded to the provision set aside in prior years on certain plots of lands (see Note 19.2.2).

5.3. Commitments to purchase property, plant and equipment

At 30 June 2018, ENDESA had commitments to purchase property, plant and equipment amounting to Euros 926 million (Euros 364 million at 31 December 2017):

Millions of euros

	30 June 2018 (1) (3)	31 December 2017 (2) (3)
Generation and Supply	835	250
Distribution	91	114
Other	-	-
TOTAL	**926**	**364**

(1) Includes Euros 9 million corresponding to commitments with Group companies (see Note 20.1.2).
(2) Includes Euros 53 million corresponding to commitments with Group companies.
(3) There are no other commitments with Joint Ventures.

The commitments in generation mainly correspond to investments destined to the production park and will materialise from the second half of the 2018 fiscal year.

ENDESA, through ENEL Green Power España, S.L.U. (EGPE), was awarded a 540 MW wind power contract and a 339 photovoltaic power contract in the auctions conducted by the Ministry of Energy, Tourism and Digital Agenda (now the Ministry for the Ecological Transition) on 17 May 2017 and 26 July 2017. On this basis, ENDESA intends to invest approximately Euros 870 million to build the awarded renewable power capacity, of which Euro 70 million had already been realised as of 30 June 2018 and Euros 510 million are committed at the same date.

The distribution commitments include investments intended for the extension or improvement of the network and install smart meters, which is scheduled up to 2018.

6. Intangible assets

The composition of this item of the consolidated statement of financial position at 30 June 2018 and its movement in the first half of 2018 were as follows:

Millions of euros

	Balance at 31 December 2017	Adjustments due to Changes in Accounting Policies IFRS 15 (Note 2.1)	Inclusion/(exclusion) of companies (1)	Investments (Note 6.1)	Depreciation, amortisation, and impairment losses (2)	Balance at 30 June 2018
Software	460	-	-	34	(54)	440
Concessions	29	-	-	-	-	29
Other	707	95	34	37	(46)	827
TOTAL	**1,196**	**95**	**34**	**71**	**(100)**	**1,296**

(1) Includes assets from the acquisition of the branch of Parques Eólicos Gestinver, S.L.U. for Euros 34 million (see Note 4.2).
(2) Includes the reversal of a Euros 1 million impairment loss (see Note 19.2.1).

6.1. Main investments

Details of investments in intangible assets in the six months ended 30 June 2018 and 2017 are as follows:

Millions of euros

	Intangible assets	
	January - June 2018 (1)	January - June 2017(1)
Generation and Supply	48	15
Distribution	14	15
Structure and Other	9	11
TOTAL	**71**	**41**

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

Gross investments in intangible assets in the first half of 2018 mainly correspond to IT applications and ongoing investments in ICT activities for the sum of Euros 34 million and the capitalisation of incremental costs incurred corresponding to the acquisition of customer contracts for the sum of Euros 35 million (see Note 2.1).

6.2. Other information

No significant intangible assets were derecognised in the six months ended 30 June 2018 and 2017.

No significant impairment losses were recognised on intangible assets in the first six months of 2018 and 2017 (see Notes 19.2.1 and 19.2.2).

6.3. Commitments to purchase intangible assets

At 30 June 2018, ENDESA had future commitments to purchase intangible assets amounting to Euros 27 million (Euros 7 million at 31 December 2017), corresponding primarily to computer software:

Millions of euros

	30 June 2018 (1)	31 December 2017 (1)
Generation and Supply	26	4
Distribution	-	-
Other	1	3
TOTAL	**27**	**7**

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

7. Investments accounted for using the equity method

As of 30 June 2018 and 31 December 2017, the composition of this heading in the Consolidated Statement of Financial Position is as follows:

Millions of euros

	30 June 2018	31 December 2017
Associates	82	77
Joint Ventures	124	128
TOTAL	**206**	**205**

Details of the main ENDESA Associates and Joint Ventures accounted for using the equity method and movement in the first half of 2018 are as follows:

Millions of euros

	Balance at 31 December 2017	Inclusion/Exclusion of Companies	Investments or Increases	Results from the equity method	Dividends	Transfers and other	Balance at 30 June 2018
Associates	**77**	**-**	**-**	**5**	**-**	**-**	**82**
Tecnatom, S.A.	30	-	-	-	-	-	30
Elcogas, S.A.	-	-	-	-	-	-	-
Gorona del Viento El Hierro, S.A.	11	-	-	-	-	-	11
Boiro Energía, S.A.	9	-	-	-	-	-	9
Compañía Eólica Tierras Altas, S.A.	12	-	-	-	-	-	12
Other	15	-	-	5	-	-	20
Joint Ventures	**128**	**-**	**-**	**15**	**(22)**	**3**	**124**
Tejo Energia - Produção e Distribução de Energia Eléctrica, S.A.	73	-	-	4	(9)	-	68
Nuclenor, S.A.	-	-	-	-	-	-	-
Énergie Électrique de Tahhadart, S.A.	30	-	-	1	(6)	1	26
Suministradora Eléctrica de Cádiz, S.A.	13	-	-	2	(2)	-	13
Elecgas, S.A.	1	-	-	4	(1)	1	5
Other	11	-	-	4	(4)	1	12
TOTAL	**205**	**-**	**-**	**20**	**(22)**	**3**	**206**

In the six-months period ended 30 June 2018, the equity data of the Companies that have served as the basis for the preparation of these Interim Consolidated Financial Statements correspond to the information of the individual companies, with the exception of Tecnatom, S.A., which correspond to its Consolidated Financial Statements.

These companies do not have publicly listed share prices.

8. Inventories

As of 30 June 2018 and 31 December 2017, the composition of this heading in the Consolidated Statement of Financial Position is as follows:

Millions of euros

	30 June 2018	31 December 2017
Fuel stocks	801	756
Coal	278	253
Nuclear fuel	303	303
Fuel Oil	105	80
Gas	115	120
Other Inventories	279	225
Carbon dioxide emission allowances (CO_2)	148	292
Valuation Adjustments	(6)	(6)
TOTAL	**1,222**	**1,267**

8.1. CO_2 emission rights, Certified Emission Reductions (CERs) and Emission Reductions Unit (ERUs).

The 2017 and 2016 greenhouse gas (CO_2) emission allowances were cancelled in the six months ended 30 June 2018 and 2017, resulting in the derecognition of inventories of Euros 215 million and Euros 188 million, respectively (34.8 million tonnes and 29.4 million tonnes, respectively).

At 30 June 2018, the provision for allowances to be delivered to cover these CO_2 emissions under current liabilities in the Consolidated Statement of Financial Position amounted to Euros 108 million (Euros 215 million at 31 December 2017) (see Note 12.1).

At 30 June 2018, future commitments to purchase CO_2 emission rights, CERs and ERUs amounted to Euros 104 million (Euros 66 million at 31 December 2017) in accordance with the agreed prices if all the projects are completed successfully. Of this amount, Euros 103 million were committed with Group Companies at 30 June 2018 (Euros 65 million at 31 December 2017) (refer to Note 20.1.2).

As of 30 July 2018 and 31 December 2017, the Company has no commitments to acquire carbon dioxide (CO_2) emission rights, Certified Emission Reductions (CERs) and Emission Reduction Units (ERUs) with Joint Ventures.

8.2. Commitments to acquire inventories

At 30 June 2018, fuel stock purchase commitments amounted to Euros 17,720 million (Euros 18,656 million at 31 December 2017), of which a portion corresponds to agreements that have "take or pay" clauses.

At 30 June 2018, the breakdown of future commitments to purchase commodities is the following:

Millions of euros

	Future purchase commitments at 30 June 2018 (1)					
	Electricity	Nuclear fuel	Fuel Oil	Gas	Other	Total
2018-2022	27	237	265	6,445	298	7,272
2023-2027	-	7	-	6,728	-	6,735
2028-2032	-	-	-	3,740	-	3,740
2033 – Other	-	-	-	-	-	-
TOTAL	**27**	**244**	**265**	**16,913**	**298**	**17,747**

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

At 30 June 2018 and 31 December 2017, commitments to acquire inventories includes the commitment to acquire liquefied natural gas under contracts arranged in 2014 with Corpus Christi Liquefaction, LLC, part of which are guaranteed by ENEL, S.p.A. (see Note 20.1.2).

9. Trade and other accounts receivable.

As of 30 June 2018 and 31 December 2017, the composition of this heading in the Consolidated Statement of Financial Position is as follows:

Millions of euros

	Notes	30 June 2018	31 December 2017
Trade Receivables	**14**	**2,518**	**2,631**
Trade receivables		2,638	2,720
Electricity Trade Receivables		2,216	2,201
Gas Trade Receivables		291	372
Receivables from other Transactions		102	120
Receivables from Group companies and associates	20.1.3 and 20.2	29	27
Assets of Contracts with Customers		12	12
Other Receivables		350	349
Other Receivables from Third Parties		292	310
Other Group Companies and Associates	20.1.3	58	39
Valuation Adjustments	9.1	(482)	(450)
Trade receivables		(397)	(364)
Other Receivables		(85)	(86)
Derivatives (1)	**14 and 14.3.1**	**334**	**160**
Hedging derivatives		203	97
Derivatives		131	63
Tax Assets		**270**	**309**
Current Income Tax		195	223
Value Added Tax (VAT) Receivable		60	42
Other Taxes		15	44
TOTAL		**3,122**	**3,100**

(1) Euros 215 million are included with Group companies and associates (Euros 107 million as of 31 December 2017) (see Note 20.1.3).

Balances included under this caption do not generally earn interest.

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

At 30 June 2018, the cumulative balances of unbilled power and gas sales are recognised under Trade and other receivables on the asset side of the accompanying statement of financial position and total Euros 884 million and Euros 233 million respectively (Euros 1,021 million and Euros 433 million, respectively, at 31 December 2017).

In addition, at 30 June 2018, this power is associated with estimated unbilled electricity and gas grid access fees of Euros 325 million and Euros 97 million, respectively (Euros 358 million and Euros 161 million, respectively, at 31 December 2017).

9.1. Other information

Valuation Adjustments.

During the six-month periods ended 30 June 2018 and 2017, the movement of the "Valuation Adjustments" heading is as follows:

Millions of euros

	Notes	January - June 2018	January - June 2017
Opening balance		**450**	**416**
Adjustments due to Changes in Accounting Policies IFRS 9	2.1	33	-
Adjusted Balance at 1 January 2016		**483**	**416**
Charges	19.2.1	42	58
Applications		(43)	(68)
Closing balance		**482**	**406**

At 30 June 2018 and 2017, virtually all valuation adjustments relate to trade receivables for sales of electricity.

Other information

Factoring transactions were carried out in the six months ended 30 June 2018 with undue balances at that date of Euros 523 million, which were derecognised from the Consolidated Statement of Financial Position (Euros 756 million at 31 December 2017).

The cost of these transactions was Euros 16 million, recognised under "Gains/(Losses) on Disposal of Assets" in the Consolidated Income Statement for the first six months of 2018 (Euros 27 million at 31 December 2017).

10. Cash and cash equivalents

As of 30 June 2018 and 31 December 2017, the composition of this heading in the Consolidated Statement of Financial Position is as follows:

Millions of euros

	Notes	30 June 2018	31 December 2017
Cash in Hand and at Banks		880	399
Cash Equivalents		-	-
TOTAL	14	**880**	**399**

At 30 June 2018 and at 31 December 2017, the breakdown of this heading by currency are as follows:

Millions of euros

	Currency	
	30 June 2018	31 December 2017
Euro	880	398
US dollar (USD)	-	1
TOTAL	**880**	**399**

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

There were no investments in sovereign debt at 30 June 2018 and 31 December 2017.

At 30 June 2018, the balance of cash and cash equivalents includes Euros 9 million corresponding to the debt service reserve account set up by certain ENDESA renewable energy subsidiaries by virtue of the project finance loans arranged (Euros 12 million at 31 December 2017) (see Note 13.2.3).

11. Equity and dividends

As of 30 June 2018 and 31 December 2017, the composition of the consolidated equity of the Consolidated Statement of Financial Position is as follows:

Millions of euros

	Notes	30 June 2018	31 December 2017
Total Equity of the Parent		**9,195**	**9,096**
Share capital	11.1	1,271	1,271
Share premium		89	89
Legal reserve		254	254
Revaluation reserve		404	404
Other reserves		106	106
Valuation adjustments		(5)	(52)
Translation Differences		1	-
Unrealised Valuation Adjustments		(6)	(52)
Reserve for actuarial gains and losses		(666)	(657)
Retained earnings		7,742	8,422
Interim dividend		-	(741)
Total Equity of Non-controlling Interests		**133**	**137**
TOTAL EQUITY		**9,328**	**9,233**

In the six months ended 30 June 2018, ENDESA followed the same capital management policy as that described in Note 15.1.11 to the Consolidated Financial Statements for the year ended 31 December 2017.

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

	30 June 2018 (1)			31 December 2017 (1)		
	Non-current	**Current**	**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 approval of the Consolidated Financial Statements.

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

11.1. Share capital.

At 30 June 2018 and at 31 December 2017, ENDESA had share capital of Euros 1,270,502,540.40, represented by 1,058,752,117 bearer shares with a par value of Euros 1.2 each, subscribed and fully paid up and all admitted for trading on the Spanish Stock Exchanges.

At 30 June 2018 and 31 December 2017, ENEL Group, through ENEL Iberia, S.L.U., held 70,101% of ENDESA, S.A.'s share capital.

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

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

Approval was given at ENDESA, S.A.'s General Shareholders' Meeting of 23 April 2018 to pay shareholders a total dividend charged against 2017 profit for a gross amount of Euros 1.382 per share (Euros 1,463 million in total). The breakdown of these dividends is as follows:

Millions of euros

	Approval date	Gross Euros per share	Amount	Payment date
Interim dividends	21 November 2017	0.70	741 (1)	2 January 2018
Final dividend	23 April 2018	0.682	722	2 July 2018
Total dividend paid against 2017 profit		**1.382**	**1,463**	

(1) See Note 18.3.

12. Non-current and current provisions

12.1. Non-current and current provisions

As of 30 June 2018 and 31 December 2017, the composition of the "Non-current provisions" and "Current provisions" headings of the Consolidated Statement of Financial Position is as follows:

Millions of euros

	Notes	30 June 2018		31 December 2017	
		Non-Current	Current	Non-Current	Current
Provisions for pensions and similar obligations	12.1.1	952	-	951	-
Provisions for workforce restructuring costs	12.1.2	715	174	773	186
Workforce reduction plans		107	64	120	73
Contract suspension		608	110	653	113
Carbon dioxide emission allowances (CO_2)	8.1	-	108	-	215
Other provisions	12.1.3	1,675	23	1,658	24
TOTAL		**3,342**	**305**	**3,382**	**425**

12.1.1. Provisions for pensions and similar obligations

Net and gross actuarial liabilities

As of 30 June 2018 and 31 December 2017, the balance recognised in the Consolidated Statement of Financial Position is as follows:

Millions of euros

	30 June 2018	31 December 2017
Actuarial liability	1,610	1,632
Plan assets	(658)	(681)
Shortfall recognised in respect of actuarial liability	**952**	**951**

A breakdown of net actuarial liabilities, gross and the changes in the market value of assets relating to defined benefit obligations at 30 June 2018 is as follows:

Millions of euros

	January - June 2018			
	Pensions	Energy	Health insurance	Total
Opening net actuarial liability	**225**	**711**	**15**	**951**
Net interest	1	6	-	7
Service costs in the period	4	2	-	6
Benefits paid in the period	-	-	-	-
Contributions in the period	(3)	(15)	(1)	(19)
Other movements	(5)	1	-	(4)
Actuarial (gains) losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains) losses arising from changes in financial assumptions	(4)	(4)	-	(8)
Actuarial (gains) losses arising from experience adjustments	(23)	44	-	21
Actuarial return on plan assets excluding interest expense	(2)	-	-	(2)
Changes in asset ceiling	-	-	-	-
Changes in consolidated group	-	-	-	-
Closing net actuarial liability	**193**	**745**	**14**	**952**

Millions of euros

	January - June 2018			
	Pensions	Energy	Health insurance	Total
Opening actuarial liability	**906**	**711**	**15**	**1,632**
Finance expenses	7	6	-	13
Service costs in the period	4	2	-	6
Benefits paid in the period	(34)	(15)	(1)	(50)
Other movements	(5)	1	-	(4)
Actuarial (gains) losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains) losses arising from changes in financial assumptions	(4)	(4)	-	(8)
Actuarial (gains) losses arising from experience adjustments	(23)	44	-	21
Changes in consolidated group	-	-	-	-
Closing actuarial liability	**851**	**745**	**14**	**1,610**

Millions of euros

	January – June June 2018			
	Pensions	Energy	Health insurance	Total
Initial market value of the affected assets	**681**	**-**	**-**	**681**
Expected return	6	-	-	6
Contributions in the period	3	15	1	19
Benefits paid in the period	(34)	(15)	(1)	(50)
Actuarial (losses) gains	2	-	-	2
Changes in consolidated group	-	-	-	-
Final market value of the affected assets	**658**	**-**	**-**	**658**

Actuarial assumptions

The assumptions used when calculating the actuarial liability in respect of uninsured defined benefit obligations at 30 June 2018 and 31 December 2017 is as follows:

	30 June 2018			31 December 2017		
	Pensions	**Energy**	**Health insurance**	**Pensions**	**Energy**	**Health insurance**
Interest Rate	1.71%	1.71%	1.67%	1.65%	1.67%	1.63%
Mortality Tables	PERM / F2000	PERM / F2000	PERM / F2000	PERM / F2000	PERM / F2000	PERM / F2000
Expected return on plan assets	1.71%	N/A	N/A	1.65%	N/A	N/A
Salary increase (1)	2.00%	2.00%	N/A	2.00%	2.00%	N/A
Increase in the cost of health care	N/A	N/A	3.20%	N/A	N/A	3.20%

(1) Benchmark percentage for estimating salary increases.

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

Plan assets

The main categories of defined benefit plan assets as a percentage of total assets, at 30 June 2018 and 31 December 2017 are as follows:

	Percentage (%)	
	30 June 2018	**31 December 2017**
Fixed-income assets	53	60
Shares	32	33
Investment property and other	15	7
TOTAL	**100**	**100**

The breakdown of the fair value of fixed income securities by geographical area at 30 June 2018 and 31 December 2017 is as follows:

Millions of euros

Country	**30 June 2018**	**31 December 2017**
Spain	116	143
Italy	45	48
US	29	30
France	26	40
Luxembourg	24	15
Germany	21	29
UK	19	24
Netherlands	10	13
Other	59	67
TOTAL	**349**	**409**

At 30 June 2018 and 31 December 2017, the value of defined benefit plan assets placed in sovereign debt instruments is as follows:

Millions of euros

Country	**30 June 2018**	**31 December 2017**
Spain	76	99
Italy	28	25
France	5	4
Germany	2	-
Belgium	-	7
Netherlands	-	1
Other	21	8
TOTAL	**132**	**144**

Defined benefit plan assets at 30 June 2018 include the ENEL Group companies' shares and bonds in the amount of Euros 18 million (Euros 20 million at 31 December 2017).

Shares and fixed-income instruments have quoted prices in active markets. The expected return on plan assets was estimated taking into account forecasts for the main fixed income and equity markets and assuming that the various asset classes would have similar weights to those of the preceding year. The average return rate in the first half of 2018 was 0.11% (3.79% in 2017).

Other information

The classification of defined benefit plan assets measured at fair value by fair value hierarchy at 30 June 2018 and 31 December 2017 are as follows:

Millions of euros

	30 June 2018				31 December 2017			
	Valor Razonable	Level 1	Level 2	Level 3	Valor Razonable	Level 1	Level 2	Level 3
Defined benefit plan assets	658	596	46	16	681	587	74	20

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

In the first six months of 2018 and 2017, amounts recognised for defined-benefit and defined contribution pension obligations in the consolidated income statement, are as follows:

Millions of euros

	January - June 2018	January - June 2017
Plan assets	**(13)**	**(14)**
Current cost during the year (1)	(6)	(5)
Net finance costs	(7)	(9)
Defined contribution	**(25)**	**(28)**
Current cost during the year (2)	(25)	(28)
TOTAL	**(38)**	**(42)**

(1) In the first six months of 2018, it includes Euros 4 million of the current cost relating to employees who opted to take early retirement, which had been recognised previously under provisions for workforce restructuring costs and transferred during the period to pension obligations (Euros 5 million in the first six months of 2017).

(2) In the first six months of 2018 and 2017, Euros 17 million and Euros 16 million were also contributed, respectively, which had been previously included under provisions for workforce restructuring costs.

In the first six months of 2018 and 2017, amounts recognised for defined-benefit pension obligations in the Consolidated statement of other comprehensive income are as follows:

Millions of euros

	January - June 2018	January - June 2017
Actuarial return on plan assets excluding interests	2	-
Actuarial gains and losses	(13)	-
TOTAL	**(11)**	**-**

12.1.2. Provisions for workforce restructuring plans.

In the first half of 2018, the movement of the provision for Non-current Workforce Restructuring Plans was as follows:

Millions of euros

	Workforce restructuring plan	Contract Contract	Total
Balance at 31 December 2017	**120**	**653**	**773**
Amounts charged to the income statement	**9**	**4**	**13**
Personnel Expenses	8	2	10
Finance income and costs	1	2	3
Transfers to current and other	**(22)**	**(49)**	**(71)**
Balance at 30 June 2018	**107**	**608**	**715**

Actuarial assumptions

The assumptions used in the actuarial calculation of the obligations for workforce restructuring plans at 30 June 2018 and 31 December 2017 are as follows:

	Workforce reduction plans		Contract suspension	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Interest Rate	0.69%	0.65%	0.69%	0.65%
Future Increase in Guarantee	N/A	N/A	2.00%	2.00%
Increase in Other Items	N/A	N/A	2.00%	2.00%
CPI	2.00%	2.00%	N/A	N/A
Mortality Tables	PERM / F2000	PERM / F2000	PERM / F2000	PERM / F2000

12.1.3. Other provisions

In the first half of 2018, the movement of the non-current "Other Provisions" heading of the Statement of Financial Position was as follows:

Millions of euros

	Notes	Provisions for litigation, termination benefits and other legal or contractual obligations	Provisions for decommissioning costs	Total
Balance at 31 December 2017		**701**	**957**	**1,658**
Operating expenses		(36)	(3)	(39)
Charges		31	-	31
Reversals		(67)	(3)	(70)
Finance income and costs		3	5	8
Net provisions charged to property, plant and equipment	5	-	61	61
Payments		(8)	(4)	(12)
Transfers and other		-	(2)	(2)
Changes in consolidated group	4.2	-	1	1
Balance at 30 June 2018		**660**	**1,015**	**1,675**

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

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

%

	January - June 2018	2017
Income from provision adjustments	0.3 – 1.6	0.1 - 1, 5

12.2. Litigation, arbitration and contingent assets

The main changes in litigation and arbitration proceedings involving ENDESA companies in the six months ended 30 June 2018 from those described in Note 17.3 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2017 are as follows:

– On 21 November 2000 an arbitral award was handed in down in the case filed by Energía XXI Energías Renováveis against ENEL Green Power España, S.L.U. (EGPE), ruling that the termination of the agency contract signed by the two parties for the sale of turbines to wind farms in Portugal and Brazil was illegal and instructing ENEL Green Power España, S.L.U. (EGPE) to pay Energía XXI Energías Renováveis: i) legal costs, ii) Euros 50,000 and iii) lost profits. On 27 December 2000, ENEL Green Power España, S.L.U. (EGPE) asked the Civil Court of First Instance of Lisbon for the arbitral award to be deemed void. On 6 October 2005, the Court rejected the appeal lodged by ENEL Green Power España, S.L.U. (EGPE). On 17 January 2013, the Appeal Court, in response to the appeal filed by ENEL Green Power España, S.L.U. (EGPE), ruled that the proceedings of First Instance be repeated, including the evidence phase. Meanwhile, on 15 September 2005, Energía XXI Energías Renováveis file a suit against ENEL Green Power España, S.L.U. (EGPE) to oblige the latter to pay the amounts required under the arbitral award handed down on 21 November 2000 (Euros 546 million in loss of profits). On 12 June 2018, a transactional agreement was signed between ENEL Green Power España, S.L.U. (EGPE) and Energía XXI Energías Renováveis, whereby ENEL Green Power España, S.L.U. (EGPE) accepted the payment of Euros 1.4 million to Energía XXI Energías Renováveis, and Energía XXI Energías Renováveis recognised that, pursuant to this agreement, it cannot claim anything else from ENEL Green Power España, S.L.U. (EGPE). Said agreement has been approved by the Courts of the two open judicial procedures, which are therefore considered to be concluded, without any additional legal costs.

- On 11 May 2009, the Ministry for Energy, Tourism and Digital Agenda issued an order imposing four distinct fines, to a combined value of Euros 15 million, on ENDESA Generación, S.A.U. as the operator of the nuclear plant Ascó I, in connection with a radioactive particle leak in December 2007, on the basis that the company had committed four serious violations contrary to the Nuclear Energy Act 1964 (Law 25/1964) of 29 April. This Order was appealed against before the High Court, and on 1 December 2009 it ruled to stay the execution of the decision under challenge. ENDESA paid into court a bank guarantee covering the value of the fine (Euros 15 million). An Order dated 13 June 2016 enforced the continued suspension of the case until a final decision was handed down on the criminal proceedings. In addition, the Director General of Energy Policy and Mines imposed two fines of a combined value of Euros 90 thousand for minor infringements relating to the same incidents. These fines were contested in administrative proceedings, and later in judicial review and with respect to which a) on the Euros 15 thousand appealed against before the Central Judicial Review Court, a Judgement was handed down on 3 July 2012, dismissing the appeal and the penalty was paid, and b) the penalty of Euros 75 thousand was appealed against before the Madrid High Court of Justice, judicial review number 189/2010, and the procedure was suspended by the Order of 16 July 2012, due to the existing criminal proceedings, which continued in 2017. With regard to the criminal case, the Court of Gandesa (Tarragona) handed down an Order dated 21 October 2015, whereby it agreed to provisionally dismiss the case. The above Order was appealed by the prosecution and other claimants. Under an Order dated 25 October 2016, the appeals were partially upheld, revoking the dismissal agreed. An appeal was filed before the Provincial Appeal Court by Asociación Nuclear Ascó-Vandellós II, A.I.E. and the defence lawyers of those under investigation, continuing with the criminal case under way, hence the judicial review procedures remain suspended. Under an Order dated 16 March 2017, the Provincial Court ruled on appeal 1119/2016 filed against the Order of October 2016 handed down by the Gandesa (Tarragona) Court, declaring that there was no cause for appeal, on the grounds that for procedural reasons no ruling should be made on the merits of the case; and that the examining judge must first rule whether the previous phase of the investigation is complete, resolve to open a summary procedure or close the case. By Order of 25 May 2018, of the Magistrate's Court of Gandesa (Tarragona), the Preliminary Investigation in Summary Proceedings are transformed for transfer to the Prosecutor and accusations of the scope of the accusation and they request oral judgement (or dismissal) in 5 days, or exceptionally additional proceedings. It alludes to the complexity of the enormous evidence practiced and contradiction of the opinions, which could only be resolved in the oral proceedings. On 7 June 2018, Asociación Nuclear Ascó-Vandellós II, A.I.E. lodged an appeal before the Provincial Court of Tarragona.

- On 17 July 2014, a resolution issued by the Spanish Markets and Competition Commission (CNMC) was received, proposing a fine on ENDESA Distribución Eléctrica, S.L.U. of Euros 1 million for alleged abuse of its dominant position entailing wrongful receipt of payment for execution of network extension installations for charging an uncontrolled price for the network extension which, according to the CNMC's interpretations of regulations, should be charged according to a scale. On the contrary, ENDESA Distribución Eléctrica, S.L.U. considers that it applied industry regulations correctly according to numerous judgements handed down which it presented during the process. ENDESA Distribución Eléctrica, S.L.U. appealed this ruling before the High Court on the grounds that it was contrary to the law, and requested temporary suspension of the fine. The National Court provisionally suspended the execution of the fine. Subsequently, on 7 May 2018, the National Court issued a judgement in which it partially upheld the appeal filed by ENDESA Distribución Eléctrica, S.L.U. and it cancelled the sanctioning resolution, considering that the fine had been calculated according to criteria that were not in accordance with the law and against the principle of proportionality.

- On 11 January 2016, a lawsuit was received in which the Andalusia regional government claimed compensation from ENDESA Distribución Eléctrica, S.L.U. related to damages arising from a fire which was allegedly started by a line located in Paraje Gatuna in Alhama (Almería), which caused the destruction of 3,259 hectares of public and private land considered a danger zone. Euros 35 million were demanded for expenses related to fire extinguishing, environmental damages, and losses arising from burnt products. On 25 April 2018, a judgement was handed down by the Court of First Instance of Almería, partially upholding the claim filed by the Andalusian Regional Government and sentencing ENDESA Distribución Eléctrica, S.L.U. to pay Euros 8 million plus legal interest from 4 November 2015, which is when the claim was filed.

- In 2015, the tax authorities notified the agreement for the commencement of review procedures at ENEL Green Power España S.L.U. (EGPE) in relation to (i) Corporate Income Tax (Individual and Group Fiscal), for 2010 to 2013, VAT (May 2011 to December 2013), and Personal Income Tax (IRPF) withholdings from employees, professional services, dividends and interest, income obtained from nonresidents (from May 2011 to December 2013), and on the third instalment payment of the Tax Group for 2015. It also notified a second agreement regarding the commencement of review proceedings with ENEL Unión Fenosa Renovables, S.A. (merged by ENEL Green Power España, S.L.U. (EGPE) in 2011), in relation to the Corporation Tax for 2011. In June 2017, the Tax Agency received the settlement agreements for the corporate income tax returns signed in disagreement, and subsequently, on 4 January 2018, the agreement to initiate a sanction regarding the third instalment payment of ENEL Green Power España, S.L.U. was received (EGPE) for 2015.

On 6 July 2017, ENEL Green Power España, S.L.U. (EGPE) submitted the corresponding economic-administrative claims vis-à-vis agreements referring to Corporate Tax. Likewise, on 30 January 2018, it filed an economic-administrative claim regarding the sanction initiated for the third instalment payment of 2015. During the first half of 2018, the corresponding allegations were made in relation to said claims, once notified by the Court of the disclosure of the files.

– In first half of 2018, the Tax Authority completed the review and general investigation launched in 2016 regarding corporate income tax in 2011 to 2014, value added tax (VAT) for 2012 to 2014, and withholdings between 2011 and 2014 and partial from 2015 to 2017. The resulting assessments were signed in agreement by ENDESA and the Company paid has already paid the Euros 12 million. With regard to the disputed claims, ENDESA has submitted pleadings to the Technical Office, and on 9 July 2018 received settlement agreements for the amount of Euros 56 million. On these agreements, the Company will file an appeal before the Central Economic-Administrative Court disputing most of the issues subject to adjustment. Any resulting liabilities arising the new administrative procedures that will be initiated against the cited liquidation agreements should have no significant effect on ENDESA's Group Activity and Interim Condensed Consolidated Financial Statements.

The Directors of ENDESA consider that the provisions recognised in the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018 adequately cover the risks relating to litigation, arbitration and claims, and do not expect these issues to give rise to any liability not already provided for.

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

During the six-month period ended on 30 June 2018, the amounts paid in connection with litigation in the six months ended 30 June 2018 totalled Euros 18 million (Euros 8 million paid in the six months ended 30 June 2017).

13. Financial Debt

13.1. Current and non-current interest-bearing loans and borrowings

Details of current and non-current interest-bearing loans and borrowings on the consolidated Statement of Financial Position at 30 June 2018 and 31 December 2017 are as follows:

Millions of euros

	30 June 2018				
	Nominal Value (Non-Current and Current)	Carrying Amount		Total	Fair Value
		Non-Current	**Current**		
Bonds and other marketable securities	1,227	35	1,200	1,235	1,233
Bank borrowings	1,361	1,344	16	1,360	1,449
Other borrowings (1)	4,241	4,170	71	4,241	4,780
Total Interest-bearing Loans and Borrowings excluding Derivatives	**6,829**	**5,549**	**1,287**	**6,836**	**7,462**
Derivatives	73	7	-	7	7
TOTAL	**6,902**	**5,556**	**1,287**	**6,843**	**7,469**

(1) Includes finance leases amounting to Euros 442 million (non-current) and Euros 22 million (current).

Millions of euros

	31 December 2017				
	Nominal Value (Non-Current and Current)	Carrying Amount		Total	Fair Value
		Non-Current	**Current**		
Bonds and other marketable securities	916	35	889	924	924
Bank borrowings	910	892	18	910	943
Other borrowings (1)	3,546	3,475	71	3,546	4,080
Total Interest-bearing Loans and Borrowings excluding Derivatives	**5,372**	**4,402**	**978**	**5,380**	**5,947**
Derivatives	113	12	-	12	12
TOTAL	**5,485**	**4,414**	**978**	**5,392**	**5,959**

(1) Includes finance leases amounting to Euros 452 million (non-current) and Euros 23 million (current).

The movement in the nomonal amount of non-current interest-bearing loans and borrowings excluding derivatives in the six months ended 30 June 2018 is as follows:

Millions of euros

	Nominal Value at 31 December 2017	**Repayments and Redemptions** (Note 18.3)	**Business Combinations** (Note 4.2)	**New Borrowings** (Note 18.3)	**Transfers**	**Nominal Value at 30 June 2018**
Bonds and other marketable securities	27	-	-	-	-	27
Bank borrowings	892	(48)	104	513	(116)	1,345
Other Borrowings	3,475	(1)	-	9	687	4,170
TOTAL	**4,394**	**(49)**	**104**	**522**	**571**	**5,542**

The average interest on interest-bearing loans and borrowings in the six months ended 30 June 2018 and 2017 was 2.0% and 2.3%, respectively.

13.2. Other matters.

13.2.1. Liquidity

As of 30 June 2018, ENDESA liquidity rose to Euros 3,869 million (Euros 3,495 million at 31 December 2017) as detailed below:

Millions of euros

	Notes	**Liquidity**	
		30 June 2018	**31 December 2017**
Cash and Cash Equivalents	10	880	399
Unconditional availability in Credit Facilities(1)		2,989	3,096
TOTAL		**3,869**	**3,495**

(1) As of 30 June 2018 and 31 December 2017, Euros 1,000 million correspond to the credit line available with ENEL Finance International, N.V. (see Note 20.1.2).

The undrawn credit lines safeguard the financing of short-term financial debt presented under Non-current interest-bearing loans and borrowings in the accompanying consolidated statement of financial position, which amounted to Euros 714 million and Euros 17 million at 30 June 2018 and 31 December 2017, respectively (see to Note 13.1).

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

13.2.2. Main transactions

In the first half of 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 30 June 2018 is Euros 1,200 million, and its renewal is backed by irrevocable bank credit facilities.

During the first half of 2018, ENDESA has also settled the Project Finance bank financing held by some subsidiaries of ENEL Green Power España, S.L.U. (EGPE) for a total of 160 million (see Note 18.3).

As part of the financial transaction signed with the European Investment Bank (EIB) in 2017, during the period, Euros 500 million was drawn down. This draw down bears a floating interest rate, with a 12-year maturity depreciable as of May 2022 (see Note 18.3).

At 30 June 2018, the balance arranged by ENDESA of the uncommitted intercompany credit line with ENEL Finance International, N.V., for Euros 1,500 million, amounts to Euros 700 million (see Note 20.1.2).

13.2.3. Financial stipulations and other considerations

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

At 30 June 2018, neither ENDESA, S.A. nor any of its subsidiaries were in breach of their financial obligations or any obligations that could require early repayment of their liabilities.

ENDESA's directors do not consider that these clauses will change the current/non-current classification in the consolidated statement of financial position at 30 June 2018.

Financial stipulations

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

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

– Negative pledge clauses, whereby neither the issuers nor ENDESA, S.A. may issue mortgages, liens or other encumbrances on their assets to secure certain types of bonds, unless similar guarantees are issued on the bonds in question.

– *"Pari Passue"* clauses, whereby the debts and guarantees have at least the same status as any other existing or future unsecured or non-subordinated debts issued by ENDESA, S.A. as guarantor, or by the issuers.

In the case of 'live' bond issues by International ENDESA B.V. under its Global Medium Term Notes programmes (Euros 27 million live at 30 June 2018 and 31 December 2017), these contain cross-default clauses, whereby debt must be prepaid in the event of default (over and above a certain amount) on the settlement of certain obligations of ENDESA, S.A. as guarantor, or of the issuers.

Credit rating clauses.

At 30 June 2018 and 31 December 2017, ENDESA, S.A. had entered into financial transactions with the European Investment Bank (EIB) amounting to Euros 1,100 million and Euros 600 million, respectively, that could require additional guarantees or renegotiation if its credit rating were downgraded to below certain levels.

Clauses related to the change of control.

At 30 June 2018, ENDESA, S.A. has loans and other borrowings from banks and ENEL Finance International, N.V. of approximately Euros 5,731 million, with an outstanding debt of Euros 4,931 million, which might have to be repaid early in the event of a change of control over ENDESA, S.A. (Euros 5,738 million and Euros 3,738 million, respectively, at 31 December 2017).

Clauses related to the assignment of assets.

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

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

The amount of financial debt affected by these clauses at 30 June 2018 is Euros 1,231 million (Euros 738 million at 31 December 2017).

Project financing.

At 30 June 2018, certain ENDESA subsidiaries operating in the renewable energy business and financed through project finance have a financial debt of Euros 109 million (Euros 159 million at 31 December 2017) (see Note 22.1), which includes the following clauses:

– These debts and their associated derivatives with a negative net market value of Euros 7 million might have to be settled early as a result of a change of control (Euros 12 million at 31 December 2017).

– Pledges of shares granted as assurance of compliance with obligations under contract to financial institutions for the amount of the outstanding financial debt.

– Restrictions of sales of assets consisting of obtaining the authorisation of most lenders, and in certain cases, of allocating the amount of their sale to repay debt.

– Restrictions in the distribution of profits to shareholders, subject to the fulfilment of certain conditions.

– The obligation to recognise a debt service reserve account (see Note 10).

Clauses related to the fulfilment of ratios.

Certain ENDESA subsidiaries that operate in the renewable energy business are obliged to comply with certain annual debt servicing coverage ratios (ADSCR). In this regard, there is no default on the outstanding debt at 30 June 2018.

14. Financial instruments.

At 30 June 2018 and 31 December 2017, the classification of financial instruments in the Consolidated Statement of Financial Position is as follows:

Millions of euros

	Notes	30 June 2018		31 December 2017	
		Non-Current	Current	Non-Current	Current
Financial Asset Instruments					
Derivatives	14.3.1	64	334	39	160
Financial Assets		765	893	730	764
Trade Receivables	9	-	2,518	-	2,631
Cash and Cash Equivalents	10	-	880	-	399
TOTAL	**14.1**	**829**	**4,625**	**769**	**3,954**
Financial Liability Instruments					
Derivatives	14.3.2	81	235	46	128
Financial debt	13.1	5,549	1,287	4,402	978
Other Liabilities		629	-	612	-
Trade payables and other current liabilities	17	-	4,224	-	5,283
TOTAL	**14.2**	**6,259**	**5,746**	**5,060**	**6,389**

14.1. Classification of financial assets

The classification of financial assets by class and category in the Consolidated Statement of Financial Position at 30 June 2018 and 31 December 2017 is as follows:

Millions of euros

	Notes	30 June 2018		31 December 2017	
		Non-Current	Current	Non-Current	Current
Financial assets measured at amortised cost		**758**	**4,291**	**724**	**3,794**
Financial Assets		758	893	724	764
Trade Receivables	9	-	2,518	-	2,631
Cash and Cash Equivalents	10	-	880	-	399
Financial assets at fair value with changes in the income statement		**71**	**334**	**45**	**160**
Derivatives	14.3.1	64	334	39	160
Equity instruments	14.3.1	7	-	6	-
TOTAL		**829**	**4,625**	**769**	**3,954**

14.2. Classification of financial liabilities

The classification of financial liabilities by class and category in the Consolidated Statement of Financial Position at 30 June 2018 and 31 December 2017 is as follows:

Millions of euros

	Notes	30 June 2018		31 December 2017	
		Non-Current	Current	Non-Current	Current
Financial liabilities measured at amortised cost		**6,144**	**5,511**	**4,979**	**6,261**
Financial Debt	13.1	5,515	1,287	4,367	978
Other Liabilities		629	-	612	-
Trade Payables and other Current Liabilities		-	4,224	-	5,283
Financial liabilities at fair value with changes in the income statement		**115**	**235**	**81**	**128**
Non-Current Financial Debt (1)	13.1 and 14.3.2	34	-	35	-
Derivatives	14.3.2	81	235	46	128
TOTAL		**6,259**	**5,746**	**5,060**	**6,389**

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

14.3. Fair value measurement

14.3.1. Fair value measurement of categories of financial assets

The classifications of financial assets measured at fair value in the Consolidated Statements of Financial Position by fair value hierarchy at 30 June 2018 and 31 December 2017 are as follows:

Millions of Euros

	Notes	30 June 2018				31 December 2017			
		Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Debt derivatives		7	-	7	-	8	-	8	-
Interest Rate Hedges		7	-	7	-	8	-	8	-
Fair value hedges		7	-	7	-	8	-	8	-
Physical Derivatives		57	5	52	-	31	3	28	-
Foreign Currency Hedges		13	-	13	-	-	-	-	-
Cash Flow Hedges		13	-	13	-	-	-	-	-
Price Hedges		29	-	29	-	23	-	23	-
Cash Flow Hedges		29	-	29	-	23	-	23	-
Derivatives not designated as hedging instruments		15	5	10	-	8	3	5	-
Equity Instruments		7	-	-	7	-	-	-	-
Total Non-current Assets	14.1	**71**	**5**	**59**	**7**	**39**	**3**	**36**	**-**
Debt Derivatives		-	-	-	-	-	-	-	-
Interest Rate Hedges		-	-	-	-	-	-	-	-
Fair value hedges		-	-	-	-	-	-	-	-
Physical Derivatives	9	334	45	289	-	160	21	139	-
Foreign Currency Hedges		20	-	20	-	1	-	1	-
Cash Flow Hedges		20	-	20	-	1	-	1	-
Price Hedges		183	20	163	-	96	1	95	-
Cash Flow Hedges		183	20	163	-	96	1	95	-
Derivatives not designated as hedging instruments		131	25	106	-	63	20	43	-
Other hedges		-	-	-	-	-	-	-	-
Total Current Assets	14.1	**334**	**45**	**289**	**-**	**160**	**21**	**139**	**-**

14.3.2. Fair value measurement of categories of financial liabilities

The classifications of financial liabilities measured at fair value in the Consolidated Statements of Financial Position by fair value hierarchy at 30 June 2018 and 31 December 2017 are as follows:

Millions of Euros

	Notes	30 June 2018				31 December 2017			
		Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Bank borrowings		-	-	-	-	-	-	-	-
Bonds and other marketable securities	14.2	34	-	34	-	35	-	35	-
Debt derivatives	13.1 and 14.2	7	-	7	-	12	-	12	-
Derivatives not designated as hedging instruments		7	-	7	-	12	-	12	-
Physical Derivatives	14.2	74	3	71	-	34	1	33	-
Foreign Currency Hedges		1	-	1	-	9	-	9	-
Cash Flow Hedges		1	-	1	-	9	-	9	-
Price Hedges		58	1	57	-	21	-	21	-
Cash Flow Hedges		58	1	57	-	21	-	21	-
Derivatives not designated as hedging instruments		15	2	13	-	4	1	3	-
Total non-current liabilities	14.2	**115**	**3**	**112**	**-**	**81**	**1**	**80**	**-**
Debt derivatives		-	-	-	-	-	-	-	-
Physical Derivatives	17	235	35	200	-	127	25	102	-
Foreign Currency Hedges		7	-	7	-	25	-	25	-
Cash Flow Hedges		7	-	7	-	25	-	25	-
Price Hedges		116	13	103	-	50	10	40	-
Cash Flow Hedges		116	13	103	-	50	10	40	-
Derivatives not designated as hedging instruments		112	22	90	-	52	15	37	-
Other hedges	17	-	-	-	-	1	-	1	-
Total Current Liabilities	14.2	**235**	**35**	**200**	**-**	**128**	**25**	**103**	**-**

14.3.3. Other matters.

In the six months ended 30 June 2018, ENDESA used the same hierarchy levels to measure the fair value of non-current and current assets and liabilities, except for the equity instruments (see Note 2.1.), as those detailed in Note 3r to the annual Consolidated Financial Statements for the year ended 31 December 2017, with no transfers between levels.

15. Risk management policy.

In the six months ended 30 June 2018, ENDESA followed the same general risk management policy as described in Note 20 to the Consolidated Financial Statements for the year ended 31 December 2017.

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

16. Deferred tax assets and liabilities

16.1. Deferred tax assets.

The composition of this item of the consolidated statement of financial position at 30 June 2018 and its movement in the first half of 2018 were as follows:

Millions of euros

	Deferred Tax Assets						
	Balance at 31 December 2017	Adjustments due to Changes in Accounting Policies IFRS 9 and IFRS 15 (Note 2.1)	Inclusion/(Exclusion) of companies (1)	(Debit) / credit to profit and loss	(Debit) / credit to equity	Transfers and other	Balance at 30 June 2018
Depreciation and amortisation of assets	147	-	1	(9)	-	1	140
Other	995	22	7	(20)	30	(4)	1,030
TOTAL	**1,142**	**22**	**8**	**(29)**	**30**	**(3)**	**1,170**

(1) Relates to the consolidation of Parques Eólicos Gestinver, S.L.U. (see Note 4.2).

16.2. Deferred tax liabilities.

The composition of this item of the consolidated statement of financial position at 30 June 2018 and its movement in the first half of 2018 were as follows:

Millions of euros

	Deferred Tax Liabilities						
	Balance at 31 December 2017	Adjustments due to Changes in Accounting Policies IFRS 9 and IFRS 15 (Note 2.1)	Inclusion/(Exclusion) of companies (1)	Debit / (credit) to profit and loss	Debit / (credit) to equity	Transfers and other	Balance at 30 June 2018
Accelerated depreciation and amortisation of assets for tax purposes	649	-	-	(12)	-	2	639
Other	448	33	9	4	43	(4)	533
TOTAL	**1,097**	**33**	**9**	**(8)**	**43**	**(2)**	**1,172**

(1) Relates to the consolidation of Parques Eólicos Gestinver, S.L.U. (see Note 4.2).

17. Trade payables and other current liabilities

Details of intangible assets at 30 June 2018 and 31 December 2017 are as follows:

Millions of euros

	Notes	30 June 2018	31 December 2017
Trade Payables and Other Current Liabilities	14	**4,224**	**5,283**
Suppliers and other Payables		2,932	4,071
Dividend Payable	11.2	723	743
Other Payables		569	469
Derivatives	14.3.2	**235**	**128**
Hedging derivatives		123	76
Derivatives		112	52
Tax Liabilities		**988**	**721**
Current Income Tax		410	170
Value Added Tax (VAT) Payable		34	39
Other Taxes		544	512
TOTAL		**5,447**	**6,132**

At 30 June 2018 and 31 December 2017, the "Dividend Payable" heading mainly includes the following dividends, corresponding to ENDESA, S.A.:

Millions of euros

	Dividend Payable to Date	Gross Euros per share	Amount	Payment date
Interim dividends	31 December 2017	0.70	741	2 January 2018
Final dividend	30 June 2018	0.682	722	2 July 2018
Total dividend paid against 2017 profit		**1.382**	**1,463**	

At 30 June 2018, the amount of trade payables sent to financing entities for managing payment to suppliers (confirming) recognised under "Trade and other payables" totalled Euros 702 million (Euros 403 million at 31 December 2017).

During the six-month periods ended 30 June 2018 and 2017, the financial income accrued by the confirming contracts amounted to less than Euros 1 million.

18. Statement of cash flows

At 30 June 2018, cash and cash equivalents stood at Euros 880 million (Euros 451 million at 30 June 2017) (see Note 10).

ENDESA's net cash flow at 30 June 2018 and 2017, broken down into operating, investing and financing activities, were as follows:

Millions of euros

	Statement of Cash Flows	
	January - June 2018	January - June 2017
Net cash flows from operating activities	639	675
Net Cash Flows used in Investing Activities	(749)	(608)
Net Cash Flows used in Financing Activities	591	(34)

18.1. Net cash flows from operating activities.

In the first half of 2018 and 2017, net cash flows from operating activities amounted to Euros 639 million (Euros 675 million in the first half of 2017) which are as follows:

Millions of euros

	Notes	January - June 2018	January - June 2017
Profit before Tax and Non-Controlling Interests		984	848
Adjustments for:		805	677
Depreciation and amortisation, and impairment losses	19.2	751	704
Other Adjustments (Net)		54	(27)
Changes in working capital:		(1,047)	(687)
Trade and other accounts receivable		182	(139)
Inventories		(159)	(101)
Current Financial Assets		(209)	(537)
Trade Payables and Other Current Liabilities		(861)	90
Other cash flows from/(used in) operating activities:		(103)	(163)
Interest Received		16	29
Dividends Received		6	4
Interest Paid		(73)	(74)
Income Tax Paid		72	7
Other Receipts from and Payments for Operating Activities		(124)	(129)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**639**	**675**

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

– The higher profit before tax and non-controlling interests for the period (Euros 136 million).

– Changes in working capital between the two periods amounting to Euros 360 million, mainly as a result of the increase in payments to commercial creditors for Euros 951 million, of the positive performance of commercial debtors and other accounts receivable for an amount of Euros 321 million and the highest charges for offsetting the extra costs of the generation of the Non-Peninsular Territories (NPT) for Euros 266 million.

– The variation in the payment of Corporate Tax in both periods amounting to Euros 65 million.

As of 30 June 2018, 31 December 2017 and 30 June 2017, the working capital comprised the following items:

Millions of Euros

	Working Capital		
	30 June 2018	31 December 2017	30 June 2017
Current Assets (1)	**5,237**	**5,131**	**4,987**
Inventories	1,222	1,267	1,118
Trade and other accounts receivable	3,122	3,100	3,240
Current Financial Assets	893 (2)	764 (3)	629 (4)
Current Liabilities (5)	**5,752**	**6,557**	**5,839**
Current provisions	305	425	315
Trade Payables and other Current Liabilities	5,447 (6)	6,132 (7)	5,524 (8)

(1) Excluding "Cash and Cash Equivalents" and Financial Derivative Assets corresponding to financial debt.
(2) Includes Euros 196 million corresponding to collection rights for financing of the deficit from regulated activities, Euros 94 million concerning remuneration for the electricity distribution activity and Euros 546 million corresponding to stranded generation costs in Non-Mainland Territories.
(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 stranded generation costs in Non-Mainland Territories.
(4) Includes Euros 226 million corresponding to collection rights for financing of the deficit from regulated activities, Euros 50 million concerning remuneration for the electricity distribution activity and Euros 276 million corresponding to stranded generation costs in Non-Mainland Territories.
(5) Excluding "Current Financial Debt" and Financial Derivative Liabilities corresponding to financial debt.
(6) Includes the interim dividend for 2017 of Euros 722 million, paid on 2 July 2018 (see Note 11.2).
(7) Includes the interim dividend with a charge against 2017 profits of Euros 741 million, paid on 2 January 2018 (see Note 11.2.)
(8) Includes the interim dividend for 2016 of Euros 670 million, paid on 3 July 2017.

18.2. Net cash flows used in investing activities

In the first half of 2018, net cash flows applied to investment activities amounted to Euros 749 million (Euros 608 million in the first half of 2017) and include, among other aspects:

– Net cash payments applied to the acquisitions of property, plant and equipment and intangible assets:

Millions of euros

	Notes	January - June 2018	January - June 2017
Acquisitions of Property, Plant and Equipment and Intangible Assets		**(664)**	**(593)**
Purchase of property, plant and equipment	5	(458)	(309)
Purchase of intangible assets	6	(71)	(41)
Facilities ceded from customers		29	33
Suppliers of property, plant and equipment		(164)	(276)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets		**3**	**5**
Grants and other deferred income		**40**	**29**
TOTAL		**(621)**	**(559)**

(1) Sale transaction formalized on 28 December 2017.

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

Millions of euros

	Notes	January - June 2018	January - June 2017
Purchase of Investments in Group Companies		**(46)**	**(1)**
Corporate transactions related to capacity awarded in renewable power auctions.	4.1	(1)	-
Parques Eólicos Gestinver, S.L.U.	4.2	(45)	-
Eléctrica de Jafre, S.A.		-	(1)
Proceeds from sale of investments in group companies		**20**	**16**
Nueva Marina Real Estate, S.L. (1)		20	-
Aquilae Solar, S.L., Cefeidas Desarrollo Solar, S.L., Cephei Desarrollo Solar, S.L., Desarrollo Photosolar, S.L., Fotovoltaica Insular, S.L. and Sol de Media Noche Fotovoltaica, S.L.	2.5	-	16
TOTAL		26	15

(1) Sale transaction formalized on 28 December 2017.

18.3. Net cash flows used in financing activities

In the first half of 2018 the cash flows from financing activities came to Euros 591 million (Euros 34 million, negative, in the first half of 2017), mainly including the following aspects:

– Proceeds from borrowings, non-current:

Millions of euros

	Notes	January - June 2018	January - June 2017
Drawdowns from European Investment Bank (EIB)	13.2.2	500	300
Drawdowns from Credit Facilities		10	743
Other		12	4
TOTAL		522	1,047

– Reimbursements from non-current financial debt:

Millions of euros

	Notes	January - June 2018	January - June 2017
Amortisation bank loans Productor Regional de Energía Renovable, S.A.U.	13.2.2	(44)	-
Repayments of Lines of Credit		-	(463)
Amortisation Natixis Loans		-	(21)
Other		(5)	(14)
TOTAL		(49)	(498)

– Amortisations and drawdowns of current financial debt:

Millions of euros

	Notes	January - June 2018	January - June 2017
Repaid			
Amortisation of Bonds ECP Issued by International ENDESA B.V.		(3,562)	(2,642)
Repayments of ENEL Finance B.V. Lines of Credit	13.2.2	(2,500)	(150)
Amortisation of Parque Eólico Gestinver, S.L.U. Bank Loan	13.2.2	(116)	-
Amortisation of bonds issued by ENDESA Capital, S.A.U.		-	(36)
Other		(66)	(146)
Drawn			
Drawdowns of Bonds ECP Issued by International ENDESA B.V.		3,873	2,910
Drawdowns of ENEL Finance B.V. Lines of Credit	13.2.2	3,200	150
Other		38	73
TOTAL		**867**	**159**

– Dividends paid:

Millions of euros

	Notes	January - June 2018	January - June 2017
Parent Dividends Paid	11.2	(741)	(741)
Dividends to Non-controlling Interests Paid (1)		(7)	(1)
TOTAL		(748)	(742)

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

The breakdown of the movement in the nominal amount of non-current debt is detailed in Note 13.1 as follows.

19. Segment information.

19.1. Basis of segmentation.

In carrying out its business activities, ENDESA's organisation prioritises its core business of electricity and gas generation, transmission, distribution and supply and related services. Therefore, the financial information analysed by the Executive Committee of the Company Management for the purposes of taking its decisions is the Segment information, which includes:

- Generation, together with Supply;
- Distribution;

- Structure, including the balances and transactions of holding companies and financing and service provision companies; and

- Consolidation Adjustments and Eliminations, including the inter-segment consolidation eliminations and adjustments.

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

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

External customers did not represent 10% or more of the revenues of any ENDESA segment in the six months ended 30 June 2018 or in 2017.

19.2. Segment information.

19.2.1. Segment Information: Income Statement for January - June 2018 and Statement of Financial Position at 30 June 2018.

Millions of euros

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

(1) Includes a Euros 44 million allowance for impairment from commercial insolvencies (see Note 9.1) and Euros 1 million from impairment from financial assets.
(2) Includes Euros 1 million for net impairment losses from commercial insolvencies (see Note 9.1).
(3) Includes Euros 1 million for net impairment losses from commercial insolvencies (see Note 9.1).

Millions of euros

	30 June 2018				
	Generation and Supply	Distribution	Structure	Consolidated Adjustments and Eliminations	Total
ASSETS					
Non-current assets	**12,596**	**13,158**	**24,175**	**(24,184)**	**25,745**
Property, plant and equipment	9,845	11,869	63	-	21,777
Investment property	-	2	6	-	8
Intangible assets	975	180	141	-	1,296
Goodwill	379	76	4	-	459
Investments accounted for using the equity method	183	20	3	-	206
Non-current financial assets	521	684	23,822	(24,198)	829
Deferred tax assets	693	327	136	14	1,170
Current assets	**4,855**	**1,111**	**3,120**	**(2,969)**	**6,117**
Inventories	1,097	125	-	-	1,222
Trade and other accounts receivable	2,766	702	712	(1,058)	3,122
Current financial assets	808	281	1,715	(1,911)	893
Cash and cash equivalents	184	3	693	-	880
Non-current Assets Held for Sale and Discontinued Operations	-	-	-	-	-
TOTAL ASSETS	**17,451**	**14,269**	**27,295**	**(27,153)**	**31,862**
EQUITY AND LIABILITIES					
Equity	**4,647**	**2,519**	**16,940**	**(14,778)**	**9,328**
Of the Parent	4,519	2,514	16,940	(14,778)	9,195
Of non-controlling interests	128	5	-	-	133
Non-Current liabilities	**8,841**	**9,629**	**5,955**	**(8,930)**	**15,495**
Deferred income	51	4,692	-	(21)	4,722
Non-current provisions	1,961	987	330	64	3,342
Non-current financial debt	5,819	3,149	5,547	(8,959)	5,556
Other non-current liabilities	235	466	19	(17)	703
Deferred tax liabilities	775	335	59	3	1,172
Current liabilities	**3,963**	**2,121**	**4,400**	**(3,445)**	**7,039**
Current financial debt	542	4	3,136	(2,395)	1,287
Current provisions	192	59	54	-	305
Trade payables and other current liabilities	3,229	2,058	1,210	(1,050)	5,447
Liabilities directly associated with non-current assets classified as held for sale and discontinued operations	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	**17,451**	**14,269**	**27,295**	**(27,153)**	**31,862**

19.2.2. Segment Information: Income Statement for January - June 2017 and Statement of Financial Position at 31 December 2017.

Millions of euros

	January-June 2017				
	Generation and Supply (1)	Distribution (2)	Structure	Consolidated Adjustments and Eliminations	Total
INCOME	**8,818**	**1,290**	**261**	**(365)**	**10,004**
Sales	8,718	1,157	251	(334)	9,792
Other operating income	100	133	10	(31)	212
PROCUREMENTS AND SERVICES	**(7,363)**	**(66)**	**(38)**	**87**	**(7,380)**
Fuel stock purchases	(2,566)	-	-	-	(2,566)
Cost of Fuel Consumed	(1,056)	-	-	-	(1,056)
Transport costs	(2,833)	-	-	1	(2,832)
Other variable procurements and services	(908)	(66)	(38)	86	(926)
CONTRIBUTION MARGIN	**1,455**	**1,224**	**223**	**(278)**	**2,624**
Self-constructed Assets	11	60	8	-	79
Personnel expenses	(236)	(133)	(90)	8	(451)
Other fixed operating expenses	(532)	(215)	(168)	268	(647)
GROSS OPERATING PROFIT	**698**	**936**	**(27)**	**(2)**	**1,605**
Depreciation and amortisation and impairment losses	(407)	(269)	(28)	-	(704)
PROFIT FROM OPERATIONS	**291**	**667**	**(55)**	**(2)**	**901**
NET FINANCIAL PROFIT/(LOSS)	**(50)**	**(46)**	**34**	**3**	**(59)**
Financial income	28	7	214	(215)	34
Financial expense	(97)	(53)	(162)	218	(94)
Net exchange differences	19	-	(18)	-	1
Net profit/(loss) of companies accounted for using the equity method	7	3	-	-	10
Gains/(Losses) from Other Investments	1	-	349	(349)	1
Gains/(losses) on disposal of assets	(14)	5	4	-	(5)
PROFIT/(LOSS) BEFORE TAX	**235**	**629**	**332**	**(348)**	**848**
Income Tax	(43)	(153)	4	2	(190)
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	**192**	**476**	**336**	**(346)**	**658**
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS	**-**	**-**	**-**	**-**	**-**
PROFIT/(LOSS) FOR THE PERIOD	**192**	**476**	**336**	**(346)**	**658**
Parent Company	187	476	336	(346)	653
Non-controlling interests	5	-	-	-	5

(1) Includes a Euros 54 million allowance for impairment from commercial insolvencies (see Note 9.1).
(2) Includes net impairment losses amounting to Euros 15 million corresponding to property, plant and equipment (see Note 5.2) and net impairment losses due to commercial insolvencies amounting to Euros 4 million (see Note 9.1).

Millions of euros

	31 December 2017				
	Generation and Supply	Distribution	Structure	Consolidated 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 accounts receivable	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	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 financial debt	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 financial debt	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**

19.2.3. Segment Information: Statements of cash flows for the six months ended 30 June 2018 and 2017.

Millions of euros

	January-June 2018				January-June 2017			
Statement of Cash Flows	Generation and Supply	Distribution	Structure, Services and Adjustments	TOTAL	Generation and Supply	Distribution	Structure, Services and Adjustments	TOTAL
Net cash flows from operating activities	(201)	761	79	639	(40)	761	(46)	675
Net Cash Flows used in Investing Activities	(28)	(348)	(373)	(749)	(119)	(405)	(84)	(608)
Net Cash Flows used in Financing Activities	230	(416)	777	591	173	(339)	132	(34)

19.3. Other information

During the six-month periods ended 30 June 2018 and 2017, the details of the "Sales" heading in the Consolidated Income Statement, by Segments, is as follows:

Millions of euros

	January - June 2018	January - June 2017
Generation and Supply	**8,374**	**8,718**
Electricity Sales	6,813	7,240
Deregulated Market Sales	4,054	4,208
Supply to Customers in Deregulated Markets outside Spain	478	503
Sales at the Regulated Price	1,133	1,267
Wholesale market sales	489	544
Non-mainland compensation	607	664
Other Electricity Sales	52	54
Gas Sales	1,291	1,200
Other Sales and Services Rendered	270	278
Distribution	**1,265**	**1,157**
Regulated Revenue from Electricity Distribution	1,109	1,026
Other Sales and Services Rendered	156	131
Structure and Others (1)	**(79)**	**(83)**
Other Sales and Services Rendered	(79)	(83)
TOTAL	**9,560**	**9,792**

(1) Structure, Services and Adjustments.

The detail of sales from external customers by the main geographical areas where ENDESA operates corresponding to discontinued operations in the six months ended 30 June 2018 and 2017 are as follows:

Millions of euros

	January - June 2018	January - June 2017
Spain	8,631	8,847
Portugal	453	558
France	266	200
Germany	92	97
United Kingdom	46	7
Netherlands	29	33
Other	43	50
TOTAL	**9,560**	**9,792**

During the six-month periods ended 30 June 2018 and 2017, the details of the "Other Operating Income" heading in the Consolidated Income Statement, by Segments, is as follows:

Millions of euros

	January - June 2018	January - June 2017
Generation and Supply	**275**	**100**
Changes in fuel stock derivatives	216	29
Grants released to income	3	12
Contract Rights	17	22
From Third Party Compensations	2	5
Other	37	32
Distribution	**122**	**133**
Grants released to income	82	80
Rendering of services at plants	2	2
Contract Rights	2	2
From Third Party Compensations	6	11
Other	30	38
Structure and Others (1)	**(23)**	**(21)**
From Third Party Compensation	-	2
Other	(23)	(23)
TOTAL	**374**	**212**

(1) Structure, Services and Adjustments.

20. Related-party balances and transactions

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

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

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

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

The amount of transactions carried out in the six months ended 30 June 2018 with other related parties of certain members of the Board of Directors combined does not exceed Euros 8 million (less than Euros 4 million in the six months ended 30 June 2017). All of them correspond to the Company's normal business activities and were in all cases carried out under normal market conditions.

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

20.1. Expenses and income and other transactions

Noteworthy balances and transactions carried out with related parties, all of which were on an arm's length basis, are as follows:

20.1.1. Expenses and income

Millions of euros

	January-June 2018				
	Significant shareholders	Directors and senior management personnel	ENDESA Employees, Companies or Entities	Other related parties	Total
Finance expense	47	-	-	-	47
Management or Cooperation Agreements	8	-	-	-	8
R&D Transfers and Licensing Agreements	-	-	-	-	-
Leases	-	-	-	-	-
Services Received	17	-	-	7	24
Purchase of finished goods and work in progress	124	-	-	-	124
Valuation adjustments for uncollectible or doubtful debts	-	-	-	-	-
Losses on Derecognition or Disposal of Assets	-	-	-	-	-
Other expenses (1)	179	-	-	-	179
EXPENSES	**375**	**-**	**-**	**7**	**382**
Finance income	1	-	-	-	1
Management or Cooperation Agreements	1	-	-	-	1
R&D Transfers and Licensing Agreements	-	-	-	-	-
Dividends received	-	-	-	-	-
Leases	1	-	-	-	1
Rendering of services	11	-	-	1	12
Sale of Finished Goods and Work in Progress	8	-	-	-	8
Gains on derecognition or disposal of assets	-	-	-	-	-
Other income	106	-	-	-	106
INCOME	**128**	**-**	**-**	**1**	**129**

(1) Includes Euros 7 million recognised in Other Comprehensive Income.

Millions of euros

	January-June 2017				
	Significant shareholders	Directors and senior management personnel	ENDESA Employees, Companies or Entities	Other related parties	Total
Finance expense	46	-	-	-	46
Management or Cooperation Agreements	9	-	-	-	9
R&D Transfers and Licensing Agreements	-	-	-	-	-
Leases	-	-	-	-	-
Services Received	19	-	-	4	23
Purchase of finished goods and work in progress	156	-	-	-	156
Valuation adjustments for uncollectible or doubtful debts	-	-	-	-	-
Losses on Derecognition or Disposal of Assets	-	-	-	-	-
Other expenses (1)	127	-	-	-	127
EXPENSES	**357**	**-**	**-**	**4**	**361**
Finance income	-	-	-	-	-
Management or Cooperation Agreements	1	-	-	-	1
R&D Transfers and Licensing Agreements	-	-	-	-	-
Dividends received	-	-	-	-	-
Leases	1	-	-	-	1
Rendering of services	6	-	-	-	6
Sale of Finished Goods and Work in Progress	26	-	-	-	26
Gains on derecognition or disposal of assets	-	-	-	-	-
Other income	3	-	-	-	3
INCOME	**37**	**-**	**-**	**-**	**37**

(1) Includes Euros 35 million recognised in Other Comprehensive Income.

During the six month periods ended 30 June 2018 and 2017, the transactions with related parties included in the "Other Expenses" section were as follows:

Millions of euros

	January - June 2018	January - June 2017
Negative changes in the fair value of the derivative financial instruments for electricity and other energy products.	151	92
Power Purchased	28	35
TOTAL	**179**	**127**

During the six month periods ended 30 June 2018 and 2017, the transactions with related parties included in the "Other Income" section were as follows:

Millions of euros

	January - June 2018	January - June 2017
Positive changes in the fair value of the derivative financial instruments for electricity and other energy products.	104	-
Power sales	2	3
TOTAL	**106**	**3**

20.1.2. Other transactions

Millions of euros

	Notes	January-June 2018				
		Significant shareholders	Directors and senior management personnel	ENDESA Employees, Companies or Entities	Other related parties	Total
Continuing operations						
Purchase of property, plant and equipment, intangible or other assets		33	-	-	-	33
Financing Agreements (Lender)		-	1	-	-	1
Finance leases (lessor)		-	-	-	-	-
Repayment or cancellation of loans and lease Leases (Lessor)		-	-	-	-	-
Sale of property, plant and equipment, intangible or other assets		-	-	-	-	-
Financing Agreements (Borrower)		3,700	-	-	-	3,700
Finance leases (lessee)		-	-	-	-	-
Repayment or cancellation of loans and lease Leases (Lessee)		-	-	-	-	-
Guarantees Provided	.	-	7	-	-	7
Guarantees received	8.2	117	-	-	-	117
Commitments Acquired	5.3 and 8.1	112	-	-	-	112
Commitments/Guarantees Cancelled		-	-	-	-	-
Dividends and other distributions	11.2	520	-	-	-	520
Other Transactions		-	-	-	-	-

Millions of euros

	Notes	January-June 2017 Significant shareholders	Directors and senior management personnel	ENDESA Employees, Companies or Entities	Other related parties	Total
Continuing operations						
Purchase of property, plant and equipment, intangible or other assets		1	-	-	-	1
Financing Agreements (Lender)		-	1	-	-	1
Finance leases (lessor)		-	-	-	-	-
Repayment or cancellation of loans and leases (lessor)		-	-	-	-	-
Sale of property, plant and equipment, intangible or other assets		-	-	-	-	-
Financing Agreements (Borrower)		3,000	-	-	-	3,000
Finance leases (lessee)		-	-	-	-	-
Repayment or cancellation of loans and leases (lessee)		-	-	-	-	-
Guarantees Provided	.	-	7	-	-	7
Guarantees received	8.2	120	-	-	-	120
Commitments Acquired		130	-	-	-	130
Commitments/Guarantees Cancelled		-	-	-	-	-
Dividends and other distributions	11.2	520	-	-	-	520
Other Transactions		-	-	-	-	-

At 30 June 2018 and 2017, the most significant balances under other transactions with related parties are as follows:

– Financing Agreements (Borrower): Outstanding balance on the intercompany loan arranged with ENEL Finance International, B.V. of Euros 3,000 million (see Note 13).

– Committed and irrevocable credit facility arranged with ENEL Finance International N.V. for the amount of Euros 1,000 million, and of which had not been drawn down at 30 June 2018 and 30 June 2017 (see Note 13.2.1).

– Uncommitted inter-company credit facility arranged with ENEL Finance International N.V. for the amount of Euros 1,500 million, and of which, as of 30 June 2018, Euros 700 million had been drawn down (see Note 13.2.2).

– Guarantees received: Guarantee received from ENEL, S.p.A. of USD 137 million (approximately Euros 117 million as of 30 June 2018 and Euros 120 million as of 30 June 2017) for compliance with the agreement to purchase liquefied natural gas from Corpus Christi Liquefaction, LLC (see Note 8.2).

– Commitments acquired: Include the commitment to acquire smart meters for the amount of Euros 9 million (see Note 5.3) and the commitment to acquire inventories of CO_2 emission allowances for Euros 103 million (see Note 8.1) (Euros 63 million and Euros 67 million, respectively, at 30 June 2017).

– Dividends and other distributions: Interim dividends paid to ENEL Iberia, S.L.U. in both periods (see Note 11.2).

During the first halves of 2018 and 2017, the Directors, or persons acting on their behalf, did not carry out transactions with the Company (or its subsidiaries) that do not correspond to the normal course of business or were not carried out in keeping with prevailing market conditions.

20.1.3. Other information

Balances at 30 June 2018 and 31 December 2017 with significant shareholders are as follows:

Millions of euros

	Notes	30 June 2018	% of Consolidated Statement of Financial Position	31 December 2017	% of Consolidated Statement of Financial Position
Non-current Financial Assets		47	6	40	6
Trade Receivables	9	281	10	167	5
Current Income Tax Assets		182	93	184	83
Cash and Cash Equivalents		-	-	-	-
ASSETS		**510**	**2**	**391**	**1**
Non-current Financial Debt		3,708	67	3,000	68
Other Non-current Liabilities		67	10	22	3
Current Financial Debt		-	-	-	-
Suppliers and other Payables		1,020	20	1,078	18
Current Income Tax Liabilities		400	98	163	96
LIABILITIES		**5,195**	**16**	**4,263**	**14**

20.2. Associates and joint ventures.

At 30 June 2018 and 31 December 2017, the information on trade receivables, and credits and guarantees issued to Associates and Joint Ventures is:

Millions of euros

	Notes	Associates		Joint Ventures		Joint Operation	
		30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Trade Receivables	9	3	5	18	1	-	-
Credits		63	67	-	-	4	4
Guarantees Granted	22.1	-	-	-	-	-	-

During the six months ended 30 June 2018 and 2017, the transactions made with Associates, Joint Ventures and Joint Operations not eliminated in the consolidation process were:

Millions of euros

	Associates		Joint Ventures		Joint Operation	
	January-June 2018	January - June 2017	January - June 2018	January - June 2017	January - June 2018	January - June 2017
Income	2	1	1	1	-	-
Expenses	(7)	(3)	(12)	(12)	(23)	(21)

20.3. Remuneration and other benefits of directors and senior management personnel

The following remuneration and other benefits were received by directors in the six months ended 30 June 2018 and 2017:

Thousands of Euros

Item	Directors	
	Amount	
	January - June 2018	January - June 2017
Fixed remuneration	1,617	1,555
Variable remuneration	1,042	1,067
Per Diems for attendance	134	132
Bylaw-stipulated Emoluments	-	-
Options on Shares and Other Financial Instruments	-	-
Other	50	45
TOTAL	**2,843**	**2,799**

Thousands of Euros

Other Benefits	Directors	
	Amount	
	January - June 2018	January - June 2017
Advances	-	-
Loans granted	-	-
Pension funds and schemes: contributions	608	583
Pension funds and schemes: obligations assumed	-	-
Life insurance premiums	268	249
Guarantees Provided to Directors (1)	6,806	6,939

(1) Corresponds to the balance at 30 June 2018 and 2017, respectively.

Senior Management at 30 June 2018 and 2017 comprised 19 and 17 people, respectively.

Remuneration received by Senior Management in the six months ended 30 June 2018 and 2017 amounted to Euros 5,289 thousand and Euros 5,257 thousand, respectively.

At 30 June 2018 and 2017, the Company had not issued any guarantees to Senior Management.

At 30 June 2018 and 2017, the Company had all its early retirement and pension obligations with directors and senior executives covered.

20.4. Conflicts of interest

In accordance with Article 229 of the Corporate Enterprises Act, the direct or indirect situations of conflict of interest involving members of the Board of Directors with the interest of the Company, along with how they were handled in the first half of 2018, were as follows:

– The Executive Directors, in their capacity as Directors of ENEL Iberia S.L.U., appointed by Enel, S.p.A., had conflicts of interest when authorising transactions with Enel, S.p.A. or Enel Group companies. In all the situations arising in the first half of 2018, the Executive Directors did not participate in the related items on the agenda of the Board of Directors meeting.

– The Proprietary Directors, appointed by ENEL, S.p.A., had a conflict of interest when authorising transactions with ENEL, S.p.A. or ENEL Group companies. In all the situations arising in the first half of 2018, the Proprietary Directors did not participate in the related items on the agenda of the Board of Directors meeting.

In the six months ended 30 June 2018 and 2017, there were no damages caused by acts or omissions of the Directors that would have required use to be made of the third-party liability insurance premium held through ENDESA, S.A.

21. Personnel.

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

Number of Employees

	Final Headcount					
	30 June 2018			31 December 2017		
	Male	Female	Total	Male	Female	Total
Executives	236	47	283	234	46	280
Graduates	2,114	1,016	3,130	2,117	990	3,107
Middle management and manual workers	5,056	1,174	6,230	5,107	1,212	6,319
TOTAL	**7,406**	**2,237**	**9,643**	**7,458**	**2,248**	**9,706**

Number of Employees

	Final Headcount					
	30 June 2018			31 December 2017		
	Male	Female	Total	Male	Female	Total
Generation and Supply	4,064	1,061	5,125	4,083	1,024	5,107
Distribution	2,482	428	2,910	2,491	429	2,920
Structure and Others (1)	860	748	1,608	884	795	1,679
TOTAL	**7,406**	**2,237**	**9,643**	**7,458**	**2,248**	**9,706**

(1) Structure and services.

Number of Employees

	Average Headcount					
	January-June 2018			January-June 2017		
	Male	Female	Total	Male	Female	Total
Executives	236	47	283	254	47	301
Graduates	2,105	1,004	3,109	2,118	957	3,075
Middle management and manual workers	5,069	1,185	6,254	5,260	1,242	6,502
TOTAL	**7,410**	**2,236**	**9,646**	**7,632**	**2,246**	**9,878**

Number of Employees

	Average Headcount					
	January-June 2018			January-June 2017		
	Male	Female	Total	Male	Female	Total
Generation and Supply	4,070	1,040	5,110	4,099	982	5,081
Distribution	2,477	427	2,904	2,612	445	3,057
Structure and Others (1)	863	769	1,632	921	819	1,740
TOTAL	**7,410**	**2,236**	**9,646**	**7,632**	**2,246**	**9,878**

(1) Structure and services.

In the six months ended 30 June 2018 and 2017, the average number of employees in Joint Operation Entities was 849 and 873, respectively.

22. Other information

During the six months ended on 30 June 2018, there were no one-off events of significant amounts other than those referred to in other Notes to these Interim Condensed Consolidated Financial Statements.

22.1. Other commitments and guarantees

At 30 June 2018, property, plant and equipment amounting to Euros 109 million (Euros 159 million at 31 December 2017) had been pledged to secure financing received from third parties (see Note 13.2.3).

Guarantees provided to third parties to cover the risk of long-term gas contracts for Euros 91 million at 30 June 2018 (Euros 67 million at 31 December 2017).

Likewise, there is a guarantee given to third parties in connection with a lease contract for a methane tanker, whose entry into force is scheduled for the second half of 2019 for the amount of USD 192 million (approximately Euros 165 million at 30 June 2018).

At 30 June 2018 and 31 December 2017, the detail of the guarantees issued to ENDESA's Associates, Joint Ventures and Jointly-Controlled Companies is detailed in Note 20.2.

ENDESA considers that any additional liabilities arising from guarantees given at 30 June 2018 would not be material.

There are no further commitments to those described in Notes 5.3, 6.3, 8.1 and 8.2 of these Interim Condensed Consolidated Financial Statements.

23. Events after the reporting period

On 19 June 2018, ENDESA Red, S.A.U., made a binding offer to purchase all of the share capital of Empresa de Alumbrado Eléctrico de Ceuta, S.A. The price offered was Euros 13.21 per share, which represents a total amount of Euros 88 million, in the case of acquiring the entire share capital.

The purchase was previously conditioned to obtaining the mandatory authorisation from the Spanish competition authorities, as well as ENDESA Red, S.A.U. acquiring at least a controlling interest in excess of 50.01% of the capital share of Empresa de Alumbrado Eléctrico de Ceuta, S.A.

As of the date of approval of this Consolidated Management Report, shareholders holding 94.4% of the company's share capital have attended the abovementioned binding purchase offer, having obtained authorization without conditions from the Spanish Commission of the Markets and the Competition (CNMC) for the closing of the operation.

Consequently, the bidding process is successfully completed and it is expected that before 31 July 2018 the agreed price will be paid to the shareholders accepting the offer and to the acquisition of their representative securities, which represent 94.4 % of the share capital of Empresa de Alumbrado Eléctrico de Ceuta, S.A.

On 17 July 2018, through its subsidiary ENEL Green España, S.L.U. (EGPE), ENDESA acquired 100% of the shares of Sistemas Energéticos Campoliva, S.A. to Siemens Gamesa Renewable Energy Invest, S.A.U. for Euros 3 million, which includes Euros 1 million for debt repayment.

Also on 17 July 2018, through its subsidiary ENEL Green España, S.L.U. (EGPE), it signed agreements with Siemens Gamesa Renewable Invest, S.A.U. to purchase 100% of the shares of Sistemas Energéticos Sierra del Carazo, S.A. and Sistemas Energéticos Alcohujate, S.A. in the coming months, for Euros 2 million.

Other than the events described above, no other significant events took place between 30 June 2018 and the approval date of these Interim Condensed Consolidated Financial Statements other than those shown herein.

24. Explanation added for translation to English

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

ENDESA, S.A.

Individual Interim Condensed Financial Statements for the six months ended 30 June 2018

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

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

ENDESA, S.A.

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2018 AND 31 DECEMBER 2017

Millions of euros

	Note	30 June 2018 (Unaudited)	31 December 2017
ASSETS			
NON-CURRENT ASSETS		**15,089**	**15,101**
Intangible assets		**117**	**125**
Patents, licences, trademarks and similar		4	6
Software		113	119
Property, plant and equipment		**1**	**1**
Facilities and other property, plant and equipment		1	1
Non-current investments in Group companies and associates	3 and 10.1	**14,795**	**14,803**
+Equity instruments		14,793	14,793
Derivatives		2	10
Non-current financial investments	3	**54**	**40**
+Equity instruments		5	5
Loans to third parties		5	5
Derivatives		13	-
Other financial assets		31	30
Deferred tax assets		**122**	**132**
CURRENT ASSETS		**508**	**299**
Trade and other receivables		**63**	**159**
Other receivables		2	122
Other receivables from Group companies and associates	01.1	56	35
Receivable from employees		5	2
Current investments in Group companies and associates	3 and 10.1	**392**	**95**
Loans to companies		57	62
Derivatives		11	33
Other financial assets		324	-
Current financial investments	3	**34**	**15**
Loans to third parties		11	11
Derivatives		23	4
Other financial assets		-	-
Current accruals		**1**	**-**
Cash and cash equivalents		**18**	**30**
Cash in hand and at banks		18	30
TOTAL ASSETS		**15,597**	**15,400**

The accompanying condensed explanatory notes 1 to 13 are an integral part of the statements of financial position at 30 June 2018 and 31 December 2017.

ENDESA, S.A.

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2018 AND 31 DECEMBER 2017

Millions of euros

	Note	30 June 2018 (Unaudited)	31 December 2017
EQUITY AND LIABILITIES			
EQUITY		**7,585**	**8,044**
Capital and reserves	4	**7,585**	**8,044**
Share capital		**1,271**	**1,271**
Registered capital		1,271	1,271
Share premium		**89**	**89**
Reserves		**1,447**	**1,445**
Legal and statutory reserves		254	254
Other reserves		1,193	1,191
Prior years' profit and loss		**4,517**	**4,489**
Retained earnings		4,517	4,489
Profit for the period		**261**	**1,491**
Interim dividend		**-**	**(741)**
NON-CURRENT LIABILITIES		**5,086**	**5,312**
Non-current provisions	5	**291**	**323**
Non-current employee benefits:		73	73
Provisions for workforce restructuring costs		169	190
Other provisions		49	60
Non-current debts	6	**1,240**	**743**
Bank borrowings		1,234	731
Finance lease payables		1	-
Derivatives		2	9
Other financial liabilities		3	3
Non-current debts with Group companies and associates	6 and 10.1	**3,521**	**4,212**
Debts with Group companies and associates		3,508	4,211
Derivatives		13	1
Deferred tax liabilities		**34**	**34**
CURRENT LIABILITIES		**2,926**	**2,044**
Current provisions	5	**53**	**54**
Provisions for workforce restructuring costs		44	45
Other provisions		9	9
Current debts	6	**246**	**277**
Bank borrowings		16	19
Finance lease payables		1	1
Derivatives		11	32
Other financial liabilities		218	225
Current debts with Group companies and associates	6 and 10.1	**2,505**	**1,522**
Debts with Group companies and associates		1,967	977
Derivatives		24	4
Other financial liabilities		514	541
Trade and other payables		**122**	**191**
Group companies and associates suppliers	10.1	34	93
Other payables		69	74
Personnel (salaries payable)		13	19
Other debts with public administrations		6	5
TOTAL EQUITY AND LIABILITIES		**15,597**	**15,400**

The accompanying condensed explanatory notes 1 to 13 are an integral part of the statements of financial position at 30 June 2018 and 31 December 2017.

ENDESA, S.A.

INCOME STATEMENT FOR THE SIX MONTHS ENDED

30 JUNE 2018 AND 2017

Millions of euros

	Note	January - June 2018 (Unaudited)	January - June 2017 (Unaudited)
CONTINUING OPERATIONS			
Revenue	8.1	**472**	**482**
Rendering of services		148	133
Dividend income from Group companies and associates	8.1 and 10.1	324	349
Self-constructed assets		**-**	**1**
Procurements		**-**	**(3)**
Work performed by other companies		-	(3)
Other operating income		**5**	**8**
Ancillary income and other administrative income		5	8
Personnel expenses	8.3	**(74)**	**(71)**
Salaries and wages, and similar		(60)	(60)
Other employee benefits		(16)	(15)
Provisions		2	4
Other operating expenses	8.4	**(104)**	**(98)**
External services		(50)	(48)
Taxes other than income tax		(2)	(1)
Other operating expenses		(52)	(49)
Depreciation and amortisation of non-current assets		**(15)**	**(15)**
Provision surpluses		**13**	**-**
Impairment losses in Group Companies and associates		**-**	**-**
Other gain/losses		**-**	**-**
PROFIT FROM OPERATIONS		**297**	**304**
Financial income	8.5	**5**	**8**
From marketable securities and other non-current credits		**5**	**8**
Group companies and associates	10.1	2	1
Other		3	7
Financial expenses	8.5	**(62)**	**(73)**
Debts with Group companies and associates	10.1	(56)	(63)
Interest on debts to third parties		(4)	(8)
Provision adjustments		(2)	(2)
Change in fair value of financial instruments		**(2)**	**1**
Trading portfolio and other securities		(2)	1
Exchange gains/(losses)		**3**	**(18)**
NET FINANCIAL PROFIT/(LOSS)		**(56)**	**(82)**
PROFIT BEFORE TAX		**241**	**222**
Income tax		**20**	**31**
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS		**261**	**253**
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS		**-**	**-**
PROFIT FOR THE PERIOD		**261**	**253**

The accompanying condensed explanatory notes 1 to 13 form an integral part of the income statements for the six months ended 30 June 2018 and 2017.

ENDESA, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED

30 JUNE 2018 AND 2017

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE SIX MONTHS ENDED 30 JUNE 2018 AND 2017

Millions of euros

	Note	January - June 2018 (Unaudited)	January - June 2017 (Unaudited)
PROFIT FOR THE PERIOD		**261**	**253**
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY			
From actuarial gains and losses and other adjustments	5.1	3	-
Income tax effect		(1)	-
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY		**2**	**-**
TOTAL AMOUNTS TRANSFERRED TO THE INCOME STATEMENT		**-**	**-**
TOTAL RECOGNISED INCOME/(EXPENSES)		**263**	**253**

The accompanying condensed explanatory notes 1 to 13 are an integral part of the statements of recognised income and expense for the six months ended 30 June 2018 and 2017.

ENDESA, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2018 AND 2017

B) STATEMENTS OF TOTAL CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2018 AND 2017

Millions of euros

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

Millions of euros

	30 June 2017 (unaudited)					
	Capital and reserves					Total Equity
	Share Capital (Note 4.1)	Share premium (Note 4.2)	Reserves and prior years' profit or loss	Profit for the period	(Interim dividend) (Note 4.4)	
Balance at 31 December 2016	**1,271**	**89**	**5,923**	**1,419**	**(741)**	**7,961**
TOTAL RECOGNISED INCOME/(EXPENSES)	**-**	**-**	**-**	**253**	**-**	**253**
Transactions with shareholders	**-**	**-**	**-**	**-**	**-**	**-**
Dividends paid	-	-	-	-	-	**-**
Other changes in equity	**-**	**-**	**8**	**(1,419)**	**741**	**(670)**
Distribution of profit	-	-	8	(1,419)	741	(670)
Balance at 30 June 2017	**1,271**	**89**	**5,931**	**253**	**-**	**7,544**

The accompanying condensed explanatory notes 1 to 13 are an integral part of the statements of total changes in equity for the six months ended 30 June 2018 and 2017.

ENDESA, S.A.

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED

30 JUNE 2018 AND 2017

Millions of euros

	Note	January - June 2018 (Unaudited)	January - June 2017 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		**(41)**	**34**
Profit before tax		**241**	**222**
Adjustments for:		**(261)**	**(273)**
Income from dividends	8.1 and 10.1	(324)	(349)
Depreciation and amortisation of non-current assets		15	15
Changes in provisions		(11)	(3)
Proceeds from retirements and sale of financial instruments		-	-
Financial income	8.5	(5)	(8)
Financial expenses	8.5	62	73
Change in the fair value of financial instruments		2	(1)
Changes in operating assets and liabilities		**24**	**45**
Other cash flows from operating activities		**(45)**	**40**
Interest paid		(73)	(86)
Dividends received		-	105
Interest received		7	2
Income tax received/(paid)		40	39
Other proceeds from/(payments) for operating activities		(19)	(20)
CASH FLOWS FROM INVESTING ACTIVITIES		**(30)**	**(12)**
Payments for investments		**(30)**	**(24)**
Group companies and associates		(7)	(1)
Property, plant and equipment and intangible assets		(21)	(18)
Other financial assets		(2)	(5)
Proceeds from sale of investments		**-**	**12**
Other financial assets		-	12
CASH FLOWS USED IN FINANCING ACTIVITIES		**59**	**(28)**
Grants, donations and bequests received		-	-
Proceeds from and (payments) for financial liability instruments		**800**	**713**
Issue		1,514	4,471
Redemption and repayment		(714)	(3,758)
Dividends and interest on other equity instruments paid		**(741)**	**(741)**
Dividends		(741)	(741)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(12)**	**(6)**
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**30**	**21**
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**18**	**15**

The accompanying condensed explanatory notes 1 to 13 are an integral part of the corresponding statements of cash flows for the six months ended 30 June 2018 and 2017.

ENDESA, S.A.

CONDENSED EXPLANATORY NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

Contents

ENDESA, S.A.

CONDENSED EXPLANATORY NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. Company activity and financial statements

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

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

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

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

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

The financial statements for the year ended 31 December 2017 were authorised for issue by the Board of Directors on 26 February 2018 and approved by the shareholders at the General Meeting on 23 April 2018 and filed with the Madrid Mercantile Registry.

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

The consolidated financial statements for the year ended 31 December 2017 of ENDESA, S.A. and its subsidiaries, which were prepared by the Board of Directors on 26 February 2018 and approved by the shareholders at the General Meeting of shareholders on 23 April 2018, are filed at the Madrid Mercantile Registry.

The Board of Directors of ENDESA, S.A. on 23 July 2018 has approved the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2018 in accordance with current legislation, in accordance with the International Financial Reporting Standards (IFRS).

The key data in the consolidated financial statements of ENDESA, S.A., and its subsidiaries in the six months ended 30 June 2018 and the year ended 31 December 2017 are as follows:

Millions of euros

	30 June 2018 (unaudited)	31 December 2017
Total assets	**31,862**	**31,037**
Equity	**9,328**	**9,233**
Of the Parent	9,195	9,096
Of Non-Controlling Interests	133	137
Revenue	**9,934**	**20,057**
Profit after tax from continuing operations	**756**	**1,473**
Profit after tax from discontinued operations	**-**	**-**
Profit for the period	**756**	**1,473**
Of the Parent	752	1,463
Of Non-Controlling Interests	4	10

At 30 June 2018 and 31 December 2017, the ENEL Group, through ENEL Iberia, S.L.U., held 70,101% of ENDESA, S.A.'s share capital, giving it control over Company (see Note 4.1).

2. Basis of preparation of the individual interim financial statements and condensed explanatory notes.

2.1. True and fair presentation

The individual interim financial statements and condensed explanatory notes, which were approved by the Company's directors at the meeting of its Board of Directors on 23 July 2018, have been prepared in accordance with the half-yearly financial reporting requirements set down in article 35 of the consolidated text of the Securities Market Act 24/1998, of 28 July, implemented by Royal Decree 1362/2007, of 19 October, and in accordance with the principles and content contained in articles 12 and 13 Royal Decree 1362/2007, of 19 October, on transparency requirements in relation to information about issuers whose securities are admitted to trading on an official secondary market or other regulated market in the European Union and Circular 1/2008, of 30 January, on periodic information about issuers whose securities are admitted to trading on regulated markets with regard to half-yearly financial reports. Specifically, the accompanying individual interim financial statements have been authorised for issue with the content required to meet the conditions established by rule two of Circular 1/2008, amended by Circular 5/2015.

These individual interim financial statements and condensed explanatory notes have been prepared in accordance with generally-accepted accounting principles and standards in Spain, although they do not include all the information required for the individual financial statements for a full year, and therefore, for greater understanding, should be read in conjunction with the financial statements for the year ended 31 December 2017.

Further, these individual interim financial statements and condensed explanatory notes for the six months ended 30 June 2018 have been prepared on the basis of the accounting principles and valuation methods established by Law 16/2007, of 4 July, which reforms and adapts mercantile law as regards accounting practices for international harmonisation based on the European Union standard and the General Chart of Accounts approved by Royal Decree 1514/2007, of 16 November, in addition to the amendments to the General Chart of Accounts established by Royal Decree 1159/2010, of 17 September, and Royal Decree 602/2016, of 2 December.

The accompanying individual interim financial statements and condensed explanatory notes reflect a true and fair presentation of the Company's equity and financial position at 30 June 2018, and the results of its operations, changes in equity and cash flows for the six months then ended, and have been prepared on the basis of the Company's accounting records.

2.2. Accounting principles

The accounting principles and policies applied in preparing these individual interim financial statements and condensed explanatory notes are those set out in the Spanish General Chart of Accounts and Notes 2 and 4 of the Notes to financial statements for the year ended 31 December 2017. All mandatory accounting principles with an effect on equity, the financial position and profit or loss were applied in preparing these Interim Condensed financial statements.

2.3. Responsibility for information and estimates.

These individual interim financial statements and condensed explanatory notes were authorised for issue at the Board of Directors' meeting held on 23 July de 2018 and the Company's management is responsible for the information contained therein, which expressly states that all principles and criteria of the General Chart of Accounts have been applied.

In preparing the accompanying individual interim financial statements, the Company's directors made estimates to measure certain assets, liabilities, income, expenses and commitments included therein. The estimates necessary to prepare these individual interim financial statements were basically the same as those described in Note 2.3 to the financial statements for the year ended 31 December 2017. There were no changes with respect to the estimates used in those financial statements that had a significant impact on the individual interim financial statements.

In addition, the Income Tax Expense in the accompanying individual interim financial statements was calculated based on the best estimate of the tax rate expected to apply to the related annual periods. As a result, changes in estimates of the annual tax rate could require the amount recognised for the six months ended 30 June 2018 to be adjusted in future reporting periods.

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

2.4. Going concern

At 30 June 2018, the Company has negative working capital of Euros 2,418 million as a result of its financial and cash management policy.

In this regard, the Company's estimated statements of liquidity, together with the undrawn amount on its non-current lines of credit, provide assurance that the Company can obtain sufficient financial resources to continue to operate, realise its assets and settle its liabilities for the amounts shown in the accompanying statement of financial position.

The Company's directors have therefore prepared the accompanying individual interim financial statements on a going-concern basis.

2.5. Functional currency and presentation currency

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

2.6. Comparative information.

For purposes of comparison, the statements of financial position in these individual interim financial statements present, in addition to the figures for the six months ended 30 June 2018, comparative figures forming part of the financial statements for the year ended 31 December 2017 approved by the General Meeting of Shareholders on 23 April 2018.

The individual interim financial statements present, for comparative purposes, the income statements, statements of changes in equity, statements of cash flows and the notes to the financial statements present, in addition to the six month figures for the period ended 30 June 2018, those corresponding to the six months ended 30 June 2017.

2.7. Grouping of items

Certain items on the statement of financial position, income statement, statement of changes in equity and statement of cash flows are presented in groups for easier understanding, though significant data are set out as breakdowns in the condensed explanatory notes to the individual interim financial statements.

3. Current and non-current financial investments.

The details and movements of Non-current financial investments in Group companies and associates and Non-current financial assets in the accompanying statement of financial position at 30 June 2018 are as follows.

Millions of euros

	Note	Balance at 31 December 2017	Additions and provisions	Disposals	Transfers and other	Balance at 30 June 2018
Non-current investments in Group companies and associates	**3.1 and 10.1**	**14,803**	**2**	**-**	**(10)**	**14,795**
Equity instruments	3.1.1	14,793	-	-	-	14,793
Interests in Group companies and associates		14,793	-	-	-	14,793
Impairment losses		-	-	-	-	-
Loans to companies	3.1.2	-	-	-	-	-
Loans to companies		54	-	-	-	54
Impairment losses		(54)	-	-	-	(54)
Derivatives	3.4	10	2	-	(10)	2
Non-current financial investments	**3.2**	**40**	**19**	**-**	**(5)**	**54**
+Equity instruments	3.2.1	5	-	-	-	5
Non-current financial investments		5		-	-	5
Impairment losses		-	-	-	-	-
Loans to third parties	3.2.2	5	-	-	-	5
Loans to third parties		7		-	-	7
Impairment losses		(2)	-	-	-	(2)
Derivatives	3.4	-	18	-	(5)	13
Other financial assets	3.2.3	30	1	-	-	31
NON-CURRENT FINANCIAL ASSETS		**14,843**	**21**	**-**	**(15)**	**14,849**

The details under Current financial investments in Group companies and associates and Current financial assets in the accompanying statement of financial positions at 30 June 2018 and 31 December 2017 are as follows:

Millions of euros

	Note	30 June 2018	31 December 2017
Current investments in Group companies and associates	**10.1**	**392**	**95**
Loans to companies	3.1.2	57	62
Loans to Group companies and associates		57	62
Impairment losses		-	-
Derivatives	3.4	11	33
Other Financial Assets	3.1.1	324	-
Current Financial Investments		**34**	**15**
Loans to third parties		11	11
Loans to third parties		11	11
Derivatives	3.4	23	4
TOTAL CURRENT FINANCIAL ASSETS		**426**	**110**

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

3.1.1. Equity instruments

Details of the Company's investments in equity instruments of Group companies and associates at 30 June 2018, as well as the most significant information regarding each investment at those dates, are as follows.

Group companies and associates: Six months ended 30 June 2018 Company[(1)] Registered office	Activity	% direct ownership	Share capital	Reserves	Interim dividend	Profit/(loss) for the year: Profit from operations	Profit/(loss) for the year: Net gain/(loss)	Total equity	Grants, donations and bequests received	Valuation adjustments	Total equity	Carrying amount: Cost	Carrying amount: Impairment in the year	Carrying amount: Accumulated impairment	Dividends received (Notes 8.1 and 10.1)
Group companies:															
ENDESA Energía, S.A.U. – Madrid [(2)]	Marketing of energy products	100%	15	(13)	-	154	95	97	-	45	142	34	-	-	-
ENDESA Generación, S.A.U. – Seville [(2)]	Electricity production and retailing	100%	1,940	3,587	-	218	123	5,650	51	(375)	5,326	3,891	-	-	-
ENDESA Red, S.A.U. – Madrid [(2)]	Distribution activities	100%	720	1,880	(275)	703	511	2,836	4,670	(321)	7,185	1,440	-	-	275
International ENDESA, B.V. – Holland	International financial transaction company	100%	15	6	-	-	-	21	-	-	21	18	-	-	-
ENDESA Medios y Sistemas, S.L.U. – Madrid	Rendering of services	100%	90	70	-	(4)	(3)	157	-	-	157	167	-	-	-
ENDESA Financiación Filiales, S.A.U. – Madrid	ENDESA, S.A. subsidiary financing	100%	4,621	4,666	(49)	99	74	9,312	-	-	9,312	9,242	-	-	49
Rest of Group			-	-	-	-	-	-	-	-	-	1	-	-	-
TOTAL												**14,793**	**-**	**-**	**324**

(1) Unaudited figures.

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

These companies do not have publicly listed share prices.

At 30 June 2018 and 31 December 2017, ENDESA also held 100% of ENDESA Capital, S.A.U. and ENDESA Generación II, S.A.U.

Most significant changes in the six months ended 30 June 2018.

There were no significant changes in the six months ended 30 June 2018.

At 30 June 30 2018, the amount of income from dividends received pending collection amounts to 324 million euros and is recorded under the heading "Current Investments in Group Companies and Associates - Other Financial Assets" (see Notes 18.1 and 10.1).

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

At 30 June 2018 and 31 December 2017, "Current loans and advances to Group companies and associates" comprised the granted to Elcogas, S.A., which was fully written off, with a maturity date of 31 December 2019.

At 30 June 2018 and 31 December 2017, Current loans and advances to Group companies and associates includes the amounts receivable from ENEL Iberia, S.L.U. corresponding to income tax for the amount of Euros 49 million and Euros 59 million, respectively. The Euros 30 million receivable for 2018 income tax is an estimate and therefore interest-free, as it will be settled in 2019 when the income tax return is filed.

ENDESA, S.A. also had a cash pooling account in foreign currency at 30 June 2018 with ENDESA Financiación Filiales, S.A.U. This account had a balance of Euros 7 million (zero balance at 31 December 2017), with a term of five years, and maturing on 1 October 2018. It is automatically renewable for five-year periods at maturity unless either party notifies the other of its decision not to renew the account before the end of the period.

This contract stipulates that the Company may draw down the amounts required to cover its financial needs and invest its surpluses to regulate its cash flows. There is no limit on the amount of cash that can be drawn down by either party, while the average interest rate applied in the first half of 2018 was 2.04%.

At 30 June 2018, the interest payable on the credit facility arranged with ENDESA Financiación Filiales, S.A.U. for a total amount of Euros 1 million is included under "Current loans to Group companies and associates".

3.2. Current and non-current investments.

3.2.1. Equity instruments

Investments in equity instruments held at 30 June 2018 and 31 December 2017 totalled Euros 5 million.

3.2.2. Non-current loans to third parties.

At 30 June 2018 and 31 December 2017, Euros 5 million were also recognised in the heading as non-current loans to staff.

At 30 June 2018 and 31 December 2017, impairment losses on non-current loans to third parties stood at Euros 2 million, with no significant movements having taken place in the six months ended 30 June 2018.

3.2.3. Other non-current financial assets

At 30 June 2018 and 31 December 2017, Euros 31 million and Euros 30 million were recognised under this heading, respectively, for the deposit made to guarantee payment for future services from the employees who are members of the ENDESA, S.A. defined benefit pension scheme.

3.3. Items recognised in the income statement and in equity

In the six months ended 30 June 2018 and 2017, the applications made in the income statement and equity linked to financial assets grouped by the different categories are as follows:

Millions of euros

	January - June 2018		January - June 2017	
	Net gain/(loss)	Equity .	Net gain/(loss)	Equity .
Loans and receivables	3	-	3	-
Assets at fair value through profit or loss	72	-	34	-
Held for trading	72	-	34	-
TOTAL	**75**	**-**	**37**	**-**

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

In the six months ended 30 June 2018 and 2017, the changes in the fair value of Non-current and current financial assets at fair value through profit or loss were as follows. AÑADIR TAMBIÉN PRIMER SEMESTRE DE 2017

Millions of euros

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

Millions of euros

	Fair value at 31 December 2016	Change in fair value of derivatives	Derivatives settlements	Other movements	Fair value at 30 June 2017
Financial assets at fair value through profit and loss	**29**	**34**	**(19)**	**(19)**	**25**
Non-current	7	5	-	(8)	4
Current	22	29	(19)	(11)	21
TOTAL	**29**	**34**	**(19)**	**(19)**	**25**

3.5. Financial investment commitments.

At 30 June 2018 and 31 December 2017, ENDESA had no agreements that included commitments to make financial investments of a significant amount.

4. Equity

At 30 June 2018 and 2017, the breakdown of Equity and movement during the year are shown in the statement of changes in equity that form part of the Company's financial statements.

Details of the Company’s equity at 30 June 2018 and 31 December 2017 are as follows:

Millions of euros

	Note	30 June 2018	31 December 2017
Share capital	4.1	1,271	1,271
Share premium	4.2	89	89
Reserves	4.3	1,447	1,445
Prior years' profit and loss		4,517	4,489
Profit for the period		261	1,491
Interim dividend	4.4	-	(741)
TOTAL		**7,585**	**8,044**

4.1. Share capital

At 30 June 2018 and 31 December 2017, ENDESA, S.A. had share capital of Euros 1,270,502,540.40, represented by 1,058,752,117 bearer shares with a par value of Euros 1.20 each, subscribed and fully paid and all admitted to trading on the Spanish stock exchanges. All the shares have the same voting and profit-sharing rights.

At 30 June 2018 and 31 December 2017, ENEL Group, through ENEL Iberia, S.L.U., held 70,101% of ENDESA, S.A.'s share capital. At that date no other shareholder held more than 10% of the share capital of ENDESA, S.A.

4.2. Share premium

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

Nonetheless, at 30 June 2018 and Euros 47 million of the share premium is restricted to the extent that it is subject to tax assets capitalised in prior years (Euros 49 million at 31 December 2017).

4.3. Reserves

Details of the Company's reserves at 30 June 2018 and 31 December 2017 are as follows.

Millions of euros

	30 June 2018	31 December 2017
Legal reserve	254	254
Revaluation reserve	404	404
Redeemed capital reserve	102	102
Reserve for redenomination of capital to Euros	2	2
Reserve for actuarial gains and losses and other adjustments	(18)	(20)
Other reserves	703	703
Merger reserve	667	667
Other unrestricted reserves	36	36
Voluntary and other reserves	36	36
TOTAL	**1,447**	**1,445**

4.4. Dividends

Approval was given at ENDESA, S.A.'s General Shareholders' Meeting of 23 April 2018 to pay shareholders a total dividend charged against 2017 profit for a gross amount of Euros 1.382 per share (Euros 1,463 million in total). The breakdown of these dividends is as follows:

Millions of euros

	Approval date	Gross Euros per share	Amount	Payment date
Interim dividend	21 November 2017	0.70	741	2 January 2018
Final dividend	23 April 2018	0.682	722	2 July 2018
Total dividend paid against 2017 profit		**1.382**	**1,463**	

5. Provisions and contingencies.

Details of current and non-current provisions in the accompanying statement of financial position at 30 June 2018 and 31 December 2017 are as follows:

Millions of euros

	Note	30 June 2018	31 December 2017
Non-current provisions			
Non-current employee benefits:		73	73
Post-employment benefits	5.1	44	47
Other employee benefits		29	26
Provisions for workforce restructuring costs	5.2	169	190
Workforce Reduction Plans		5	7
Contract suspensions		164	183
Other provisions	5.3	49	60
TOTAL		**291**	**323**
Current provisions			
Provisions for workforce restructuring costs		44	45
Workforce Reduction Plans		15	15
Contract suspensions		29	30
Other provisions		9	9
TOTAL		**53**	**54**

5.1. Non-current employee benefits

Details of the present value of the Company's main obligations regarding post-employment plans and other non-current benefits and associated plan assets at 30 June 2018 and 31 December 2017 are as follows:

Millions of euros

	30 June 2018	31 December 2017
Present value of commitments	**110**	**111**
Active employees	24	33
Former employees	55	57
Employees taking early retirement	31	21
Fair value of defined benefit plan assets	**(66)**	**(64)**
NET TOTAL	**44**	**47**

Movement in the actuarial liabilities assumed in relation to defined benefit scheme obligations in the first six months of 2018 was as follows:

Millions of euros

	Note	January - June 2018
Opening actuarial liability		**111**
Amounts charged to profit for the period		**1**
Financial expenses	8.5	1
Actuarial gains and losses		**(2)**
Applications		**(1)**
Payments		(1)
Other		**1**
Closing actuarial liability		**110**

Changes in the market value of defined benefit plan assets in the first six months of 2018 were as follows:

Millions of euros

	Note	January - June 2018
Opening market value		**64**
Estimated benefit	8.5	1
Company contribution		3
Payments		(3)
Actuarial gains and losses		1
Closing market value		**66**
Opening liabilities/(assets) balance		**47**
Final liabilities/(assets) balance		**44**

Plan assets

The main characteristics of defined benefit plan assets as a percentage of total assets, at 30 June 2018 and 31 December 2017 were as follows:

	Percentage (%)	
	30 June 2018	**31 December 2017**
Shares	32	33
Fixed-income assets	53	60
Other (cash)	15	7
TOTAL	**100**	**100**

Actuarial assumptions

The following were the most significant actuarial assumptions considered in the calculations at 30 June 2018 and 31 December 2017:

	30 June 2018	31 December 2017
Mortality Tables	PERM / F2000	PERM / F2000
Technical interest rate (pensions)	1.71%	1.65%
Expected return on plan assets	1.71%	1.65%
Technical interest rate (energy)	1.71%	1.67%
Technical interest rate (healthcare costs)	1.67%	1.63%
CPI (1)	2.00%	2.00%
Increase in healthcare costs	3.20%	3.20%
Retirement age	65	65

(1) Annual pension and salary increases.

5.2. Provisions for workforce restructuring costs.

Movements in this non-current provision in the first six months of 2018 were as follows:

Millions of euros

	Note	Workforce Reduction Plans	Voluntary Redundancy Scheme	Total
Opening balance		**7**	**183**	**190**
Amounts charged to profit for the period		**-**	**1**	**1**
Financial expenses	8.5	-	1	1
Applications		**(2)**	**(20)**	**(22)**
Personnel income	8.3	2	(6)	(4)
Financial income	8.5	(1)	-	(1)
Payments		-	(2)	(2)
Transfers and other		(3)	(12)	(15)
Closing balance		**5**	**164**	**169**

Actuarial assumptions

The assumptions used in the actuarial calculation of the obligations arising from workforce restructuring plans at 30 June 2018 and 31 December 2017 are as follows:

	Workforce Reduction Plans		Contract Suspensions	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Interest rate	0.69%	0.65%	0.69%	0.65%
Future Increase in Guarantee	Na	Na	2.00%	2.00%
Increase in Other Items	Na	Na	2.00%	2.00%
CPI	2.00%	2.00%	Na	Na
Mortality Tables	PERM / F2000	PERM / F2000	PERM / F2000	PERM / F2000
Retirement age	65	65	-	-

5.3. Other non-current provisions

The movements and details of other non-current provisions on the liabilities side of the accompanying statement of financial position in the first six months of 2018 are as follows:

Millions of euros

	January - June 2018
Opening balance	**60**
Charges	**-**
Applications	**(11)**
Closing balance	**49**

Litigation and arbitration.

In the six months ended 30 June 2018, there were no significant changes in litigation and arbitration proceedings involving the Company described in Note 11.3 of the Notes to the financial statements for the year ended 31 December 2017.

In the first half of 2018, the tax authorities completed the review and investigation launched in 2016 regarding corporate income tax in 2011 to 2014, value added tax (VAT) for 2012 to 2014, and withholdings between 2011 and 2014 and from 2015 to 2017. The resulting assessments were signed in agreement by ENDESA and the Company paid has already paid the Euros 3 million. With regard to the disputed claims, ENDESA has submitted pleadings to the Technical Office, and on 9 July 2018 received settlement agreements for the amount of Euros 31 million. The Company will file an appeal before the Central Economic-Administrative Court disputing most of the issues subject to adjustment. Any resulting liabilities arising as a result of the new administrative procedures that will be initiated against the aforementioned settlement agreements should have no significant effect on ENDESA's individual interim financial statements.

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

6. Current and non-current financial liabilities.

6.1. Current and non-current financial liabilities.

At 30 June 2018, details and movements in "Non-current debts" and "Non-current debts with Group companies and associates" in the accompanying statement of financial position are as follows:

Millions of euros

	Note	Balance at 31 December 2017	Drawn	Repaid	Transfers to current	Balance at 30 June 2018
Non-current debts		**743**	**512**	**-**	**(15)**	**1,240**
Bank borrowings		731	509		(6)	1,234
Finance lease payables		-	1	-	-	1
Derivatives	6.4	9	2	-	(9)	2
Other financial liabilities		3	-	-	-	3
Non-current debts with Group companies and associates	10.1	**4,212**	**17**	**(703)**	**(5)**	**3,521**
Debts with Group companies and associates		4,211	-	(703)	-	3,508
Derivatives	6.4	1	17	-	(5)	13
TOTAL		**4,955**	**529**	**(703)**	**(20)**	**4,761**

Details of "Current debts" and "Current debts to Group companies and associates" in the accompanying statements of financial position at 30 June 2018 and 31 December 2017 are as follows:

Millions of euros

	Note	30 June 2018	31 December 2017
Current debts		**246**	**277**
Bank borrowings		16	19
Finance lease payables		1	1
Derivatives	6.4	11	32
Other financial liabilities (1)		218	225
Current debts with Group companies and associates	10.1	**2,505**	**1,522**
Debts with Group companies and associates		1,967	977
Derivatives	6.4	24	4
Other financial liabilities (2)		514	541
TOTAL		**2,751**	**1,799**

(1) At 30 June 2018, this includes the supplementary dividend payable by ENDESA, S.A. to its shareholders who do not belong to the ENEL Group, amounting to Euros 216 million (Euros 221 million at 31 December 2017 of the 2017 interim dividend) (see Note 4.4).
(2) At 30 June 2018, this includes the supplementary dividend payable by ENDESA, S.A. to ENEL Iberia, S.L.U. amounting to Euros 506 million (interim dividend of Euros 520 million at 31 December 2017) (see Note 4.4).

The composition of both current and non-current "Bank borrowings" and "Debts with Group companies and associates" in the accompanying statements of financial position at 30 June 2018 and 31 December 2017, are as follows:

Millions of euros

	Note	30 June 2018		31 December 2017	
		Non-current	Current	Non-current	Current
Bank borrowings	6.2	**1,234**	**16**	**731**	**19**
Lines of credit		16	3	6	6
European Investment Bank (EIB) loan		1,218	13	725	13
Debts with Group companies and associates	6.2 and 10.1	**3,508**	**1,967**	**4,211**	**977**
ENEL Finance International, N.V.		3,000	716	3,000	18
ENDESA Financiación Filiales, S.A.U.		508	29	1,196	40
International ENDESA, B.V.		-	1,201	15	889
Other debts		-	21	-	30

6.2. Main transactions

At 30 June 2018, the main financial debt included in the balance of current and non-current "Bank borrowings" and "Debts with Group companies and associates" corresponds to the following transactions:

Millions of euros

	30 June 2018				
	Limit	Non-current	Current	Conditions	Maturity
Bank borrowings		**1,234**	**16**		
Lines of credit		16	3	Floating interest rate	31 March 2021
European Investment Bank (EIB) (1)		1,218	13	Floating interest rate	29 May 2030
Debts with Group companies and associates		**3,508**	**1,967**		
Credit facility with ENEL Finance International, N.V. (2)	1,000	-	-	Margin of 55bp and fee applicable if not used of 18bp	30 June 2020
Credit facility with ENEL Finance International, N.V. (3)	1,500	-	701	Indexed to ENEL Euro Commercial Paper + 6bp	28 December 2018
Intercompany loan with ENEL Finance International, N.V. (4)	3,000	3,000	15	Fixed interest rate of 3%	29 October 2024
Current account with ENDESA Financiación Filiales, S.A.U. (5)		508	29	Average interest rate of 2.07%	1 July 2021
Loan arranged with International ENDESA, B.V.		-	1,201	Average interest rate of -0.33%	21 December 2018
Other debts		-	21	-	-
TOTAL		**4,742**	**1,983**		

(1) As part of the financial transaction signed with the European Investment Bank (EIB) in 2017, on 29 May 2018, Euros 500 million was drawn down.
(2) Committed and irrevocable line of credit. See Note 10.1).
(3) Uncommitted line of credit (See Note 10.1). Includes Euros 1 million for accrued interests pending payment.
(4) On 23 October 2014, ENDESA, S.A. signed a long-term intercompany loan with ENEL Finance International, N.V. for an amount of Euros 4,500 million. On 30 June 2015, ENDESA, S.A. made a partial repayment of Euros 1,500 million on this loan. At 30 June 2018, interest on these debts totals Euros 15 million.
(5) The Company has a current account financing contract with ENDESA Financiación Filiales, S.A.U. that is automatically renewable for five-year periods at maturity unless either of the parties notifies their intention of not renewing the contract before maturity at least 13 months prior to the end of the period. The interest rate applied to both receivables and payables is the 6-month Euribor plus a spread equal to that on the Euribor obtained by ENDESA in existing credit facilities at that date. This contract stipulates that the Company may draw down the amounts required to cover its financial needs and invest its surpluses to regulate its cash flows. There is no limit on the cash draw downs that can be made between the parties. At 30 June 2018, interest on this credit facility totals Euros 29 million.

Other debts

At 30 June 2018, "Non-current debts with Group companies and associates" includes the loan granted by Nuclenor, S.A. for Euros 18 million (Euros 24 million at 31 December 2017).

Further, at 30 June 2018 and 31 December 2017, "Current debts with Group companies and associates" includes the amount payable to ENEL Iberia, S.L.U. corresponding to value added tax for the amount of Euros 3 million and Euros 5 million, respectively.

6.3. Items recognised in the income statement and in equity

In the six months ended 30 June 2018 and 2017, the applications made in the income statement and equity linked to current and non-current financial liabilities grouped by the different categories are as follows:

Millions of euros

		January - June 2018		January - June 2017	
	Nota	Net gain/(loss)	Equity	Net gain/(loss)	Equity
Debts and payables	8.5	(60)	-	(71)	-
Financial liabilities at fair value through profit and loss		(74)	-	(33)	-
Financial liabilities held for trading		(74)	-	(33)	-
TOTAL		**(134)**	**-**	**(104)**	**-**

6.4. Financial liabilities at fair value through profit or loss

In the six months ended 30 June 2018 and 2017, changes in fair value of this type of financial liability are as follows:

Millions of euros

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

Millions of euros

	Fair value at 31 December 2016	Change in fair value of derivatives	Settlement of derivatives	Other movements	Fair value at 30 June 2017
Other Financial Liabilities at Fair Value with Changes in Profit and Loss	**21**	**-**	**(21)**	**-**	**-**
Non-current	21	-	(21)	-	-
Financial liabilities held for trading	**29**	**33**	**(19)**	**(18)**	**25**
Non-current	7	5	-	(8)	4
Current	22	28	(19)	(10)	21
TOTAL	**50**	**33**	**(40)**	**(18)**	**25**

6.5. Financial stipulations

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

At 30 June 2018 and 31 December 2017, ENDESA, S.A. was not in breach of covenants or any other financial obligations that would require early repayment of its liabilities.

The Company's directors do not consider that these clauses will change the current/non-current classification in the accompanying statement of financial position at 30 June 2018 and 31 December 2017.

Information concerning the covenants on the Company's financial debt is set out in Note 12.8 to the financial statements of ENDESA, S.A. for the year ended 31 December 2017. Some of the most significant information is detailed below:

Millions of euros

Clauses	Transactions	Covenants	30 June 2018	31 December 2017
Related to credit ratings	Financial transactions with the European Investment Bank (EIB)	Additional or renegotiated guarantees in the event of credit rating downgrades	1,100	600
Relating to change of control.	Loans and other agreements with financial entities and ENEL Finance International, N.V.	May be repaid early in the event of a change of control at ENDESA, S.A.	4,931 (1)	3,738 (1)
Related to asset transfers	Debts	Restrictions arise if a percentage of between 7 and 10% of ENDESA's consolidated assets is exceeded (2)	1,231	738

(1) At 30 June 2018, the arranged amount totals Euros 5,731 million (Euros 5,738 million at 31 December 2017).
(2) Above these ceilings, the restrictions would only apply, in general, if no equivalent consideration is received or if there was a material negative impact on ENDESA, S.A.'s solvency.

6.6. Other matters.

At 30 June 2018 and 31 December 2017, ENDESA, S.A. had undrawn credit facilities totalling Euros 2,989 million and Euros 3,096 million, respectively, of which Euros 1,000 million correspond to a committed and irrevocable line of credit signed with ENEL Finance International, N.V.

7. Risk control and management policy

In the six months ended 30 June 2018, ENDESA, S.A. followed the same general risk management policy as described in Note 13 to the financial statements for the year ended 31 December 2017.

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

8. Income and expenses.

The Company's main income and expense for the six months ended 30 June 2018 and 2017 are detailed below.

8.1. Revenue

Details of "Revenue" in the accompanying income statements for the six months ended 30 June 2018 and 2017 by category and geographical markets are as follows:

Millions of euros

		January - June 2018		
	Note	Spain	Other EU	Total
Rendering of services	10.1	147	1	148
Dividend income from Group companies and associates	3.1.1 and 10.1	324	-	324
TOTAL		**471**	**1**	**472**

Millions of euros

		January - June 2017		
	Note	Spain	Other EU	Total
Rendering of services	10.1	132	1	133
Dividend income from Group companies and associates	10.1	349	-	349
TOTAL		**481**	**1**	**482**

"Dividend income from Group companies and associates" includes dividends distributed by the Group companies detailed in Note 3.1.1.

8.2. Impairment losses in Group companies and associates

There were no impairment losses or transactions of significant amounts in the six-month period ended 30 June 2018 (see Notes 3.1.1 and 10.1).

8.3. Personnel expenses

In the six months ended 30 June 2018 and 2017, details of "Personnel expenses" in the accompanying income statement is as follows:

Millions of euros

	Note	January - June 2018	January - June 2017
Wages and salaries		**57**	**59**
Termination benefits		**3**	**1**
Other employee benefits		**16**	**15**
Social security		9	10
Other		7	5
Provisions		**(2)**	**(4)**
Non-current employee benefits		2	(4)
Obligations for workforce reduction plans	5.2	2	-
Obligations for contract suspensions	5.2	(6)	-
TOTAL		**74**	**71**

8.4. Other operating expenses

In the six months ended 30 June 2018 and 2017, details of "Other operating expenses" in the accompanying income statement are as follows:

Millions of euros

	January - June 2018	January - June 2017
External services	**50**	**48**
Leases and levies	5	5
Other repairs and upkeep costs	1	2
Independent professional services	8	7
Banking and similar services	1	1
Advertising and public relations	10	9
Other external services	25	24
Taxes other than income tax	**2**	**1**
Other administrative expenses	**52**	**49**
TOTAL	**104**	**98**

In the six months to 30 June 2018 "Leases and levies" includes expenses relating to contracts of this type arranged with Group companies and associates for the amount of Euros 5 million (Euros 5 million in the six months ended 30 June 2017) (see Note 10.1).

In the six months to 30 June 2018 "Other operating expenses" also includes other services received from Group companies and associates for the amount of Euros 18 million (Euros 16 million in the six months ended 30 June 2017) (see Note 10.1).

8.5. Financial income and expenses

In the six months ended 30 June 2018 and 2017 the breakdown of financial income and expenses on the accompanying income statement are as follows:

Millions of euros

	Note	January - June 2018	January - June 2017
Financial income		**5**	**8**
From marketable securities and other non-current loans		5	8
Interest on loans to Group companies and associates	10.1	2	1
Interest from loans to third parties		3	7
Loans and credits		1	2
Expected return on defined benefit plan assets	5.1	1	-
Workforce restructuring plans	5.2	1	5
Financial expenses		**(62)**	**(73)**
Debts with Group companies and associates	6.3 and 10.1	(56)	(63)
Debts with third parties	6.3	(4)	(8)
Provision adjustments		(2)	(2)
Non-current employee benefit obligations		(1)	(1)
Post-employment benefits	5.1	(1)	(1)
Contract suspensions	5.2	(1)	(1)

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

Information concerning guarantees to third parties and other contingent liabilities is set out in Note 17.1 to the financial statements of ENDESA, S.A. for the year ended 31 December 2017.

The most significant amounts at 30 June 2018 and 31 December 2017 are as follows:

Millions of euros

COMPANY	Purpose of guarantee	30 June 2018	31 December 2017
International ENDESA, B.V.	Financing secured and financial derivatives	1,227	916
ENDESA Generación, S.A.U.	Long-term gas contracts	51	50
ENDESA Generación, S.A.U.	Elecgas, S.A. electricity production ("Tolling")	416	424
Group companies	Workforce restructuring plans	50	61
ENDESA Generación, S.A.U.	Girabolhos hydroelectric power plant project (Portugal)	2	2
Other group companies	Other commitments	1,473	1,365
ENDESA Energía, S.A.U.		728	706
ENEL Green Power España, S.L.U. (EGPE)		223	206
ENDESA Generación, S.A.U.		158	149
ENDESA Energía XXI, S.L.U.		132	132
ENDESA Distribución Eléctrica, S.L.U.		93	86
Gas y Electricidad Generación, S.A.U.		33	33
Empresa Carbonífera del Sur, S.A.U.		21	19
Unión Eléctrica de Canarias Generación, S.A.U.		23	17
Other		62	17
TOTAL		**3,219**	**2,818**

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

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

ENEL, S.p.A. granted a guarantee in favour of ENDESA, S.A. for US dollars 137 million (approximately Euros 117 million) to comply with the contracts signed with Corpus Christi Liquefaction, LLC.

10. Related-party transactions

During the six months ended 30 June 2018 and 2017, the Directors, or persons acting on their behalf, did not carry out transactions with the Company (or any of its subsidiaries) that do not correspond to the normal course of business or were not carried out in keeping with prevailing market conditions.

The amount of transactions carried out in the six months ended 30 June 2018 with other related parties of certain members of the Board of Directors combined does no exceed Euros 4 million (less than Euros 3 million in the six months ended 30 June 2017). All of them correspond to the Company's normal business activities and were in all cases carried out under normal market conditions.

Transactions carried out with related parties in the six months ended 30 June 2018 and 2017 all correspond to normal activities and were carried out under normal market conditions.

10.1. Related-party transactions and balances.

Details of related-party transactions in the six months ended 30 June 2018 and 2017 are as follows:

Millions of euros

	Note	January - June 2018					
		Significant shareholders	Directors and executives	Group companies	Associates	Other related parties	Total
Purchase of intangible assets		-	-	31	-	-	31
Rendering of services	8.1	2	-	146	-	-	148
Other income		-	-	5	-	-	5
Services received	8.4	(1)	-	(17)	-	(4)	(22)
Dividends received	3.1.1 and 8.1	-	-	324	-	-	324
Personnel expenses		-	-	(1)	-	-	(1)
Financial income	8.5	-	-	2	-	-	2
Financial expenses	8.5	-	-	(56)	-	-	(56)
Leases	8.4	-	-	(5)	-	-	(5)
Dividends and other distributed benefits		520	-	-	-	-	520
Exchange gains/(losses)		-	-	3	-	-	3
Change in fair value of financial instruments		-	-	(46)	-	-	(46)

Millions of euros

	Note	January - June 2017					
		Significant shareholders	Directors and executives	Group companies	Associates	Other related parties	Total
Purchase of intangible assets		-	-	7	-	-	7
Rendering of services	8.1	1	-	132	-	-	133
Other income		-	-	6	-	-	6
Services received	8.4	(1)	-	(15)	-	(3)	(19)
Dividends received	8.1	-	-	349	-	-	349
Personnel expenses		-	-	(1)	-	-	(1)
Financial income	8.5	-	-	1	-	-	1
Financial expenses	8.5	-	-	(63)	-	-	(63)
Leases	8.4	-	-	(5)	-	-	(5)
Dividends and other distributed benefits		520	-	-	-	-	520
Exchange gains/(losses)		-	-	(8)	-	-	(8)
Change in fair value of financial instruments		-	-	38	-	-	38

At 30 June 2018 and 31 December 2017, the amount of the balances included in the accompanying Balance Sheet with related parties is as follows:

Millions of euros

	Note	30 June 2018					
		Significant shareholders	Directors and executives (Note 10.2)	Group companies	Associates	Other related parties	Total
Non-current financial investments	3	**-**	**-**	**14,795**	**-**	**-**	**14,795**
Equity instruments		-	-	14,793	-	-	14,793
Derivatives		-	-	2	-	-	2
Trade and other receivables		**3**	**-**	**53**	**-**	**-**	**56**
Current financial investments	3	**49**	**-**	**343**	**-**	**-**	**392**
Loans to companies		49	-	8	-	-	57
Derivatives		-	-	11	-	-	11
Other financial assets		-	-	324	-	-	324
Non-current debts	6.1	**-**	**-**	**(3,521)**	**-**	**-**	**(3,521)**
Non-current Debts to Group companies and associates		-	-	(3,508)	-	-	(3,508)
Derivatives		-	-	(13)	-	-	(13)
Current debts	6.1	**(509)**	**-**	**(1,978)**	**(18)**	**-**	**(2,505)**
Current Debts to Group companies and associates		(3)	-	(1,946)	(18)	-	(1,967)
Derivatives		-	-	(24)	-	-	(24)
Other financial liabilities		(506)	-	(8)	-	-	(514)
Trade and other payables		**(4)**	**-**	**(30)**	**-**	**-**	**(34)**
Guarantees received	9	**117**	**-**	**-**	**-**	**-**	**117**
Guarantees provided	9	**-**	**7**	**3,219**	**-**	**-**	**3,226**
Financing agreements		**-**	**1**	**-**	**-**	**-**	**1**

Millions of euros

	Note	31 December 2017					
		Significant shareholders	Directors and executives (Note 10.2)	Group companies	Associates	Other related parties	Total
Non-current financial investments	3	**-**	**-**	**14,803**	**-**	**-**	**14,803**
Equity instruments		-	-	14,793	-	-	14,793
Derivatives		-	-	10	-	-	**10**
Trade and other receivables		**2**	**-**	**33**	**-**	**-**	**35**
Current financial investments	3	**58**	**-**	**37**	**-**	**-**	**95**
Loans to companies		58	-	4	-	-	62
Derivatives		-	-	33	-	-	33
Non-current debts	6.1	**-**	**-**	**(4,212)**	**-**	**-**	**(4,212)**
Non-current Debts to Group companies and associates		-	-	(4,211)	-	-	(4,211)
Derivatives		-	-	(1)	-	-	(1)
Current debts	6.1	**(525)**	**-**	**(973)**	**(24)**	**-**	**(1,522)**
Current Debts to Group companies and associates		(5)	-	(948)	(24)	-	(977)
Derivatives		-	-	(4)	-	-	(4)
Other financial liabilities		(520)	-	(21)	-	-	(541)
Trade and other payables		**(4)**	**-**	**(89)**	**-**	**-**	**(93)**
Guarantees received		**114**	**-**	**-**	**-**	**-**	**114**
Guarantees provided		**-**	**7**	**2,818**	**-**	**-**	**2,825**
Financing agreements		**-**	**1**	**-**	**-**	**-**	**1**

At 30 June 2018 and 31 December 2017, ENDESA, S.A. has a committed and irrevocable intercompany line of credit with ENEL Finance International, N.V. for the sum of Euros 1,000 million, against which no drawdowns had been made on these dates (see Note 6.2).

At 30 June 2018 and 31 December 2017, ENDESA, S.A. has an uncommitted line of credit with ENEL Finance International, N.V. for the sum of Euros 1,500 million, against which no drawdowns had been made on 31 December 2017, while on 30 June 2018, Euros 700 million had been drawn down (see Note 6.2).

10.2. Information on the Board of Directors and senior executives

10.2.1. Remuneration of directors.

The following remuneration and other benefits were received by directors in the six months ended 30 June 2018 and 2017, based on the position held:

Thousands of Euros

Item	Directors	
	January - June 2018	January - June 2017
Fixed remuneration	1,617	1,555
Variable remuneration	1,042	1,067
Attendance fees	134	132
Bylaw-stipulated emoluments	-	-
Share options	-	-
Other	50	45
TOTAL	**2,843**	**2,799**

Thousands of Euros

Other benefits	Directors	
	January - June 2018	January - June 2017
Advances	-	-
Loans	-	-
Pension funds and schemes: contributions	608	583
Pension funds and schemes: obligations assumed	-	-
Life insurance premiums	268	249
Guarantees provided for directors (1)	6,806	6,939

(1) Corresponds to the balance at 30 June 2018 and 2017, respectively.

10.2.2. Remuneration of senior executives

In the six months ended 30 June 2018 and 2017, remuneration received by senior executives amounted to Euros 3,762 thousand and Euros 3,666 thousand, respectively.

At 30 June 2018 and 2017, there were 12 and 11 senior executives, respectively.

At 30 June 2018 and 31 December 2017, in terms of remuneration, the Company had not issued any guarantees to senior executives who are not also executive directors.

At 30 June 2018 and 2017, the Company had all its early retirement and pension obligations with directors and senior executives covered.

10.2.3. Other disclosures concerning the Board of Directors

In accordance with Article 229 of the Corporate Enterprises Act, the direct or indirect situations of conflict of interest involving members of the Board of Directors with the interest of the Company, along with how they were handled in the first half of 2018, were as follows:

– The Executive Directors, in their capacity as Directors of ENEL Iberia S.L.U., appointed by Enel, S.p.A., had conflicts of interest when authorising transactions with Enel, S.p.A. or Enel Group companies. In all the situations arising in the first half of 2018, the Executive Directors did not participate in the related items on the agenda of the Board of Directors meeting.

– The Proprietary Directors, appointed by ENEL, S.p.A., had a conflict of interest when authorising transactions with ENEL, S.p.A. or ENEL Group companies. In all the situations arising in the first half of 2018, the Proprietary Directors did not participate in the related items on the agenda of the Board of Directors meeting.

Distribution by gender: At 30 June 2018and 31 December 2017, the Board of Directors of ENDESA, S.A. was composed of 11 directors, 2 of which are women.

In the six months ended 30 June 2018 and 2017, there were no damages caused by acts or omissions of the Directors that would have required use to be made of the third-party liability insurance premium held through the Company. This policy insures both the Company's directors and employees with management responsibilities.

11. Other disclosures

11.1. Personnel

In the six months ended 30 June 2018 and 2017, the Company's average headcount, by category and gender, was as follows:

Number of employees

	January - June 2018		Total	January - June 2017		Total
	Male	Female		Male	Female	
Executives	103	25	128	111	27	138
Graduates	426	418	844	442	422	864
Middle management and manual workers	112	225	337	142	270	412
TOTAL EMPLOYEES	**641**	**668**	**1,309**	**695**	**719**	**1,414**

At 30 June 2018 and 31 December 2017, the breakdown of the headcount by category and gender was as follows.

Number of employees

	30 June 2018		Total	31 December 2017		Total
	Male	Female		Male	Female	
Executives	102	25	127	103	25	128
Graduates	421	410	831	439	421	860
Middle management and manual workers	107	212	319	123	249	372
TOTAL EMPLOYEES	**630**	**647**	**1,277**	**665**	**695**	**1,360**

The average number of employees in the six months ended 30 June 2018 and 2017 with a disability greater than or equal to 33%, by category and gender, was as follows:

Number of Employees

	January - June 2018		Total	January - June 2017		Total
	Male	Female		Male	Female	
Graduates	3	3	6	5	4	9
Middle management and manual workers	4	3	7	5	5	10
TOTAL EMPLOYEES	**7**	**6**	**13**	**10**	**9**	**19**

11.2. Insurance.

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

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

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

11.3. Other information

During the six months ended 30 June 2018, there were no one-off events of significant amounts other than those referred to in other notes to these Interim Condensed financial statements.

12. Events after the reporting period

No significant events took place between 30 June 2018 and the authorisation for issue of these Interim Condensed financial statements.

13. Explanation added for translation to English.

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

ENDESA, S.A.

and Subsidiaries

Consolidated Management Report for the six months ended 30 June 2018

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

Madrid, 23 July 2018

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

ENDESA, S.A. AND SUBSIDIARIES

CONSOLIDATED MANAGEMENT REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

Contents.

ENDESA, S.A. AND SUBSIDIARIES

CONSOLIDATED MANAGEMENT REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. Business trends and results in the first half of 2018.

1.1. Consolidated results.

ENDESA reported net income of Euros 752 million (+15.2%) in the first half of 2018

ENDESA reported net income of Euros 752 million in the first half of 2018, an increase of 15.2% on net profit from Euros 653 million reported in the first half of 2017.

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

Millions of Euros

	Net Income (2)			
	January - June 2018	January - June 2017	% Var.	% contribution to total
Generation and Supply	219	187	17.1	29.1
Distribution	514	476	8.0	68.4
Structure and Others (1)	19	(10)	(290.0)	2.5
TOTAL	**752**	**653**	**15.2**	**100.0**

(1) Structure, Services and Adjustments.
(2) See Note 19.2 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

1.2. Changes to accounting principles.

Appendix III of this Consolidated Management Report includes the effect on the Consolidated Statement of Financial Position at 1 January 2018 from the changes as a result of the application of IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments”.

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, up to 1 January 2018, had been recognized in the Consolidated Statement of Financial Position.

This asset is amortised systematically based on the expected average life of the contracts with customers associated with these costs, which, on that date, fluctuates between 1.4 years and 9 years (see Note 2.1 of the Explicative Notes that form part of the Interim Condensed Consolidated Financial Statements corresponding to the six-month period ended 30 June 2018).

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 (See Note 2.1 of the Explanatory Notes that are part of the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2018).

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

Appendix IV of this Consolidated Management Report includes a breakdown of the impact of the application of IFRS 15 " Revenues from Contracts with Customers" and IFRS 9 "Financial Instruments" in the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2018.

1.3. Analysis of results.

The table below presents the detail of the most relevant figures in ENDESA's Consolidated Income Statement in the first half of 2018 and its variation compared with the same period in the previous year:

Millions of Euros

	Most significant figures			
	January - June 2018	January - June 2017	Difference	% Var.
Income	9,934	10,004	(70)	(0.7)
Contribution margin	2,823	2,624	199	7.6
EBITDA (1)	1,804	1,605	199	12.4
EBIT (2)	1,053	901	152	16.9
Net financial gain/(loss)	(70)	(59)	(11)	18.6
Profit/(loss) before tax	984	848	136	16.0
Net gain/(loss)	752	653	99	15.2

(1) EBITDA = Income - Procurements and Services + Self-constructed assets - Personnel Expenses - Other Fixed Operating Expenses.
(2) EBIT = EBITDA - Depreciation and amortisation, and impairment losses.

EBITDA amounted to Euros 1,804 million, (+12.4%) in the first half of 2018. To analyse the performance during the period, we have to consider the improvement in the contribution margin of Euros 199 million (+7.6%) can be attributed, on the one hand, to the drop in power purchases (-7.9%) as a result, primarily, of the decrease in electricity prices on the wholesale market, the cumulative arithmetic price of which is Euros 50.1/MWh (-2.3%) and, on the other hand, the drop in fuel consumption (-10.9%) due to the decrease in thermal and nuclear output during the period, in addition to the reduction in average purchase price and in the tax on the value of electricity production.

EBIT for the first half of 2018 increase 16.9% year-on-year to Euros 1,053 million, mainly as a result of the 12.4% increase in EBITDA.

1.3.1. Income.

Income in the first half of 2018 totalled Euros 9,934 million, 70 million (+0.7%) less than income posted in the first half of last year.

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

Millions of Euros

	Income			
	January - June 2018 (1)	January - June 2017 (1)	Difference	% Var.
Revenue from Sales	9,560	9,792	(232)	(2.4)
Other Operating income	374	212	162	76.4
TOTAL	**9,934**	**10,004**	**(70)**	**(0.7)**

(1) See the Consolidated Income Statements for the six-month periods ending 30 June 2018 and 2017.

Market situation.

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

- Total mainland electricity demand rose by 1.2% year-on year (+1.1% adjusted for working days and temperature).
- The accumulated electricity demand in non-mainland territories closed out the first half of 2018 with a 1.4% increase in the Balearic Islands and a 0.3% decrease in the Canary Islands compared with the same period the previous year (+2.6% and -0.6% respectively, adjusted for the effect of working days and temperature).

The first half of 2018 saw lower prices, with the cumulative arithmetic price in the electricity wholesale market standing at Euros 50.1/MWh (-2.3%) mainly due to higher wind and hydroelectric output. The cumulative contribution of renewable energies to total mainland production was 42.1% (36.7% in the first half of 2017).

Against this backdrop:

- ENDESA's mainland electricity production during the half 2018 was 28,708 GWh, i.e., 8.5% lower than the first half of the previous year, as detailed below: combined cycle plants (1,753 GWh, -42.6%), coal-fired power plants (7,928 GWh, -23.5%), nuclear power plants (11,769 GWh, -10.1%), renewable and cogeneration plants (2,051 GWh, +15.9%) and hydroelectric plants (5,207 GWh, + 68.5%).

- Non-mainland Territories generation was 6,160 GWh (-2.3%).

- Nuclear and renewable technologies, including hydroelectrical, accounted for 54.8% of ENDESA's generation mix, compared with 83.6% for the rest of the sector (47.9% and 79.4% respectively in the first half of 2017).

At 30 June 2018, ENDESA held the following electricity market shares:

- 21.0% in mainland generation.

- 43.0% in electricity distribution.

- 33.8% in the sale of electricity.

In the first half of 2018 conventional gas demand was up by 7.7% year on year, and at 30 June 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 half of 2018 and its variation compared with the same period in the previous year:

Millions of Euros

	January - June 2018 (1)	January - June 2017 (1)	Difference	% Var.
Electricity Sales	6,813	7,240	(427)	(5.9)
Deregulated Market Sales	4,054	4,208	(154)	(3.7)
Supply to Customers in Deregulated Markets outside Spain	478	503	(25)	(5.0)
Sales at the Regulated Price	1,133	1,267	(134)	(10.6)
Wholesale market sales	489	544	(55)	(10.1)
Non-mainland Territories compensations	607	664	(57)	(8.6)
Other Electricity Sales	52	54	(2)	(3.7)
Gas Sales	1,291	1,200	91	7.6
Regulated Revenue from Electricity Distribution	1,109	1,026	83	8.1
Other Sales and Services Rendered	347	326	21	6.4
TOTAL	**9,560**	**9,792**	**(232)**	**(2.4)**

(1) See Note 19.3 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

Electricity sales on the deregulated market.

At 30 June 2018, ENDESA had 5,668,962 electricity customers in the deregulated market, a 1.4% increase on numbers at 31 December 2017, as per the following breakdown:

- 4,605,055 (+0.1%) in the Spanish mainland market.

- 805,050 (+2.3%) in the non-mainland territories market.

- 258,857 (+26.3%) in deregulated markets outside Spain.

ENDESA sold a net total of 38,268 GWh to these customers in the first half of 2018, a 5.8% decrease on the same half of 2017.

In economic terms, sales on the deregulated market in the first half of 2018 rose totalled Euros 4,532 million (-3.8%), with the following breakdown:

– Sales in the Spanish deregulated market totalled Euros 4,054 million, Euros 154 million down on the figure for the previous year (-3.7%) due mainly to the lower number of physical units sold.

– Revenue from sales to deregulated European markets other than Spain totalled Euros 478 million, down by Euros 25 million (-5.0%) 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 half of 2018:

– ENDESA sold 6,247 GWh to customers via its Supplier of Reference under the regulated price, which is down 4.1% on January-June 2017.

– These sales entailed an income of Euros 1,133 million, which is 10.6% lower than the figure in the first half of 2017, as a result of the decreased sales price and the drop in physical units sold.

Gas sales.

At 30 June 2018, ENDESA had 1,562,200 gas customers in the deregulated market, a 0.1% increase on numbers at 31 December 2017, as shown in the following breakdown:

– 237,548 (-3.7%) in the regulated market.

– 1,324,652 (+0.8%) in the deregulated market.

ENDESA sold 43,344 GWh to customers in the natural gas market in the first half of 2018, which represents a 2.3% increase on the first half 2017 figure.

Revenue from gas sales totalled Euros 1,291 million in the first half of 2018, up Euros 91 million (+7.6%) on the figure for the first half of 2017, as follows:

– Gas sales in the deregulated market totalled Euros 1,243 million, which is Euros 90 million more (+7.8%) than the figure for the first half of 2017, 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 48 million, in line with the figure in the first half of 2017 and in line with the performance of physical units sold.

Non-mainland Territories Generation Compensations.

Compensations in the first half of 2018 for the extra-costs of non-mainland territories generation totalled Euros 607 million, down by Euros 57 million (-8.6%) compared to the same period the year before, due, amongt other aspects, to the fact that the compensation for the extra-costs in the first half of 2017 included reliquidations amounting to Euros 52 million.

Electricity distribution.

During the first half of 2018, ENDESA distributed 57,351 GWh in the Spanish market, which is 0.5% less compared with the first half of 2017.

Revenue from regulated distribution activities in the first half of 2018 totalled Euros 1,109 million, up Euros 83 million (+8.1%) on the first half of 2017 according to the methodology deriving from Royal Decree 1048/2013, of 27 December.

Other operating income.

The table below shows the breakdown of other operating income in the first half of 2018 and their variation compared with the previous year:

Millions of Euros

	January - June 2018 (1)	January - June 2017 (1)	Difference	% Var.
Changes in fuel stock derivatives	216	29	187	644.8
Grants released to income	85	92	(7)	(7.6)
Contract Rights	19	24	(5)	(20.8)
Other	54	67	(13)	(19.4)
TOTAL	**374**	**212**	**162**	**76.4**

(1) See Note 19.3 of the Interim Condensed Consolidated Financial Statements for the six month periods ended 30 June 2018 and 2017.

In the period of January-June 2018, the amount of other operating income amounted to Euros 374 million, an increase of 76.4% over the same period of the previous year, mainly as a result of the increase of Euros 187 million in income from the valuation and liquidation energy derivatives due to the performance of the valuation and liquidation of gas and electricity derivatives that is partially offset by the Euros 62 million increase (+51.8%) in expenses for the same item recorded in the "Other Operating Expenses" section.

1.3.2. Operating expenses.

Operating expenses totalled Euros 8,961 million in the January-June 2018 period, 2.4% less than in the same period the previous year.

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

Millions of Euros

	January - June 2018 (1)	January - June 2017 (1)	Difference	% Var.
Procurements and Services	7,111	7,380	(269)	(3.6)
Energy Purchases	2,363	2,566	(203)	(7.9)
Fuel Consumption	941	1,056	(115)	(10.9)
Transmission Expenses	2,769	2,832	(63)	(2.2)
Other Variable Procurements and Services	1,038	926	112	12.1
Personnel expenses	473	451	22	4.9
Other Fixed Operating Expenses	626	647	(21)	(3.2)
Depreciation and amortisation, and impairment losses	751	704	47	6.7
TOTAL	**8,961**	**9,182**	**(221)**	**(2.4)**

(1) See the Consolidated Income Statements for the six-month periods ending 30 June 2018 and 2017.

Procurements and services (variable costs).

Procurements and services (variable costs) totalled Euros 7,111 million in the first half of 2018, 3.6% less than in the same period the previous year.

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

- Energy purchases decreased by Euros 203 million (-7.9%) to Euros 2,363 million, primarily because of the lower volume of electricity and gas purchases and the decrease in the average arithmetic price in the wholesale electricity market (Euros 50.1/MWh, -2.3%).

- The cost of the fuel consumed was Euros 941 million, down 10.9% (Euros 115 million) due to the drop in thermal and nuclear output in the period and the fall in the average purchase price.

- "Other variable procurements and services" totalled Euros 1,038 million, up Euros 112 million (+12.1%) year-on-year. This change can be attributed in large part to:

  - The Euros 35 million decrease as a result of the capitalisation of incremental costs incurred in acquiring customer contracts from 1 January 2018 onwards (see Section 1.2. Changes in Accounting Principles of this Consolidated Management Report).

  - The increase of Euros 62 million (+51.8%) in expenses relating to energy derivatives, offset in part by a Euros 187 million increase in income in this connection, which is recognised under "Other operating income", mainly due to changes in the valuation and settlement of gas and electricity derivatives.

  - The Euros 35 million increase in the cost of value added services, as a result of the increased billing corresponding to these activities (Euros 40 million).

  - The increase in the hydraulic tax due to a greater hydraulic production amounting to Euros 21 million.

  - The Euros 16 million increase in the cost of CO_2 emissions, despite the drop in thermal output, as a result of the increase in market prices.

Personnel and other fixed operating expenses (fixed costs).

In the first half of 2018, fixed costs amounted to Euros 1,099 million, practically unchanged (+0.1%) compared to the first half of 2017.

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

Millions of Euros

	Fixed Costs			
	January - June 2018 (1)	January - June 2017 (1)	Difference	% Var.
Personnel expenses	473	451	22	4.9
Other Fixed Operating Expenses	626	647	(21)	(3.2)
TOTAL	**1,099**	**1,098**	**1**	**0.1**

(1) See the Consolidated Income Statements for the six-month periods ending 30 June 2018 and 2017.

Personnel expenses

Personnel expenses for the first half of 2018 amounted to Euros 473 million, with an increase of Euros 22 million (+4.9%) compared to the first half of 2017.

In the first halves of 2018 and 2017, personnel expenses were affected by the development of the update of the provisions for current workforce reduction plans and contract suspension agreements(Euros 6 million, positive, in the first half of 2018 and Euros 13 million, positive, in the first half of 2017), and the provisioning to deal with redundancy plans, compensations and other tax and labour risks (Euros 24 million in the first half of 2018 and Euros 4 million in the first half of 2017).

Stripping out these two effects, personnel expenses for the first half of 2018 would have decreased by Euros 5 million (-1.1%), due mainly to the reduction of the average workforce of 232 employees (-2.3%).

Other fixed operating expenses.

Other fixed operating expenses in the half of 2018 stood at Euros 626 million, down Euros 21 million (-3.2%) compared to the first half of 2017.

In the first half of 2018, a net reversal of Euros 11 million for infringement proceedings was recognised, whilst a net cost of Euros 12 million was recognised for this item in the first half of 2017.

Isolating these effects, other fixed operating expenses in the first half of 2018 would have increased by Euros 2 million (+0.3%).

Depreciation and amortisation and impairment losses

The table below presents the detail of depreciation and impairment costs in the first half of 2018 and its variation compared to the previous year:

Millions of Euros

	Depreciation and amortisation, and impairment losses			
	January - June 2018 (1)	January - June 2017 (1)	Difference	% Var.
Provision for the depreciation of property, plant and equipment	608	583	25	4.3
Impairment of property, plant and equipment and investment property	-	(15)	15	100.0
Provision for amortisation of intangible assets	101	78	23	29.5
Provision for impairment losses on intangible assets	(1)	-	(1)	N/A
Provisions for bad debts and other	43	58	(15)	(25.9)
TOTAL	**751**	**704**	**47**	**6.7**

(1) See the Consolidated Income Statements for the six-month periods ending 30 June 2018 and 2017.

The following factors must be taken into account when looking at depreciation and amortisation charges for the first half of 2018:

– As a result of the activation as of 1 January 2018 in the Non-Current Asset of the Consolidated Statement of Financial Position of the incremental costs incurred in obtaining the contracts with customers, the first half of 2018 saw an increase of Euros 23 million in the depreciation expense for this item (see Section 1.2. Changes in Accounting Principles of this Consolidated Management Report).

– During the period January-June 2017, there was a reversal of losses due to the impairment of tangible fixed assets endowed in previous years on certain land, amounting to Euros 15 million.

Without considering the effects described in the paragraph above, depreciation and amortisation and impairment losses in the first half of 2018 would have increased by Euros 9 million (+1.3%) compared to the same period in the previous year.

1.3.3. Net financial gain/(loss).

The net financial result in the first halves of 2018 and 2017 has been negative for the amount of Euros 70 million and Euros 59 million, respectively.

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

Millions of Euros

	Net Financial Gain/(Loss) (1) (2)			
	January - June 2018	January - June 2017	Difference	% Var.
Financial Income	18	34	(16)	(47.1)
Financial Expenses	(87)	(94)	7	(7.4)
Net Exchange Differences	(1)	1	(2)	(200.0)
TOTAL	**(70)**	**(59)**	**(11)**	**18.6**

(1) Net financial profit/(loss) = Financial Income - Financial Expense + Net Exchange Differences.
(2) See the Consolidated Income Statements for the six-month periods ending 30 June 2018 and 2017.

In the first half of 2018, net financial expenses totalled Euros 69 million, up Euros 9 million (+15.0%) year on year.

In the first half of 2018, net exchange rate differences were negative for the amount of Euros 1 million (Euros 1 million, positive, in the first half of 2017).

In order to analyse the development of the net financial expense, it must be taken into account that there was an update in the provisions associated with the obligations derived from the current workforce reduction plans and contract suspension agreements and the dismantling of facilities in both periods, as well as the impairment of the value of financial assets in accordance with IFRS 9 "Financial Instruments" (see Section 1.2. Changes in the Accounting Principles of this Consolidated Management Report) for a net amount of Euros 5 million, negative, in the first half of 2018 and Euros 10 million, positive, in the first half of 2017.

Without considering the impact indicated in the previous paragraph, net financial expenses would have decreased by Euros 6 million (-8.6%) due to the combination of the following factors (see Section 4.1. Financial Management of this Consolidated Management Report):

- The lower average cost of gross financial debt, which has gone from 2.3% in January-June 2017 to 2.0% in January-June 2018, which has offset;

- The increase in average gross debt of both periods, which went from Euros 5,910 million in January-June 2017 to Euros 6,335 million in January-June 2018.

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

In the first half of 2018, the net result of companies using the equity method was Euros 20 million compared to Euros 10 million, both positive, in the first half of 2017, the detail being as follows:

Millions of euros

	Net Profit/(Loss) of Companies Accounted for using the Equity Method	
	January - June 2018 (1)	**January - June 2017 (1)**
Associates	**5**	**2**
Tecnatom, S.A.	-	(4)
Gorona del Viento El Hierro, S.A.	-	3
Other	5	3
Joint Ventures	**15**	**8**
Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.	4	4
Nuclenor, S.A.	-	(7)
Énergie Électrique de Tahhadart, S.A.	1	3
Suministradora Eléctrica de Cádiz, S.A.	2	1
Elecgas, S.A.	4	4
Other	4	3
TOTAL	**20**	**10**

(1) See the Consolidated Income Statements for the six-month periods ending 30 June 2018 and 2017.

1.3.5. Profit/(loss) on asset sales

In the first half of 2018, the sale of assets amounted to Euros 19 million compared to Euros 5 million, both negative, in the first half of 2017, the detail being as follows:

Millions of euros

	Profit/(Loss) from Asset Sales	
	January - June 2018 (1)	**January - June 2017 (1)**
Proceeds from sale of investments in group companies	-	4
Aquilae Solar, S.L., Cefeidas Desarrollo Solar, S.L., Cephei Desarrollo Solar, S.L., Desarrollo Photosolar, S.L., Fotovoltaica Insular, S.L. y Sol de Media Noche Fotovoltaica, S.L.	-	4
Proceeds from sale of property, plant and equipment	(3)	-
Factoring transaction fees	(16)	(14)
Other gains/losses	-	5
TOTAL	**(19)**	**(5)**

(1) See the Consolidated Income Statements for the six-month periods ending 30 June 2018 and 2017.

1.3.6. Income tax

In the first half of 2018, the expense on Corporate Income Tax amounted to Euros 228 million, which is Euros 38 million (+20.0%) higher than the amount posted for the first half of 2017.

The effective rate in January-June 2018 was 23.2% (22.4% in January-June 2017).

In the first half of 2018, this heading of the Consolidated Income Statement includes an amount of Euros 9 million as a result of the inspection carried out by the Tax Agency in relation to Corporation Tax for 2011 to 2014, Value Added Tax (VAT) for the 2012 to 2014, and the Withholdings for 2011 to 2014 and partially 2015 to 2017 (see Note 12.2 of the Explanatory Notes that are part of the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2018).

Without considering the effect described in the previous paragraph, the effective rate for the January-June 2018 period would be 22.3%.

1.3.7. Net profit/(loss).

Net profit attributable to the parent company in the first half of 2018 stood at Euros 752 million, an increase of Euros 99 million year on year (+15.2%).

1.4. Segment Information.

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

Millions of Euros

	January-June 2018				January-June 2017			
	Generation and Supply	Distribution	Structure and others (3)	TOTAL	Generation and Supply	Distribution	Structure and others (3)	TOTAL
Income	8,649	1,387	(102)	9,934	8,818	1,290	(104)	10,004
Contribution margin	1,591	1,286	(54)	2,823	1,455	1,224	(55)	2,624
EBITDA (1)	795	1,012	(3)	1,804	698	936	(29)	1,605
EBIT (2)	371	707	(25)	1,053	291	667	(57)	901
Net financial gain/(loss)	(83)	(36)	49	(70)	(50)	(46)	37	(59)
Profit/(loss) before tax	283	676	25	984	235	629	(16)	848
Net gain/(loss)	219	514	19	752	187	476	(10)	653

(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 half of 2018 and variations compared with the same period of the previous year:

Millions of Euros

	Sales (2)				Other Operating Income (2)			
	January-June 2018	January-June 2017	% Var.	% contribution to total	January-June 2018	January-June 2017	% Var.	% contribution to total
Generation and Supply	8,374	8,718	(3.9)	87.6	275	100	175.0	73.5
Non-mainland Territories generation	984	965	2.0	10.3	3	5	(40.0)	0.8
Other Generation and Supply	7,858	8,188	(4.0)	82.2	272	95	186.3	72.7
Adjustments	(468)	(435)	7.6	(4.9)	-	-	-	-
Distribution	1,265	1,157	9.3	13.2	122	133	(8.3)	32.6
Structure and Others (1)	(79)	(83)	(4.8)	(0.8)	(23)	(21)	9.5	(6.1)
TOTAL	**9,560**	**9,792**	**(2.4)**	**100.0**	**374**	**212**	**76.4**	**100.0**

(1) Structure, Services and Adjustments.
(2) See Note 19.2 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

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

Millions of Euros

	Procurements and Services (2) (3)			
	January - June 2018	January - June 2017	% Var.	% contribution to total
Generation and Supply	7,058	7,363	(4.1)	99.3
Non-mainland Territories generation	677	605	11.9	9.5
Other Generation and Supply	6,847	7,190	(4.8)	96.3
Adjustments	(466)	(432)	7.9	(6.5)
Distribution	101	66	53.0	1.4
Structure and Others (1)	(48)	(49)	(2.0)	(0.7)
TOTAL	**7,111**	**7,380**	**(3.6)**	**100.0**

(1) Structure, Services and Adjustments.
(2) Procurements and Services = Energy Purchases + Fuel Consumption + Transmission Expenses + Other Variable Procurements and Services.
(3) See Note 19.2 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

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

Millions of Euros

	Contribution Margin (2) (3)			
	January - June 2018	January - June 2017	% Var.	% Contribution to total
Generation and Supply	1,591	1,455	9.3	56.3
Non-mainland generation	310	365	(15.1)	11.0
Other Generation and Supply	1,283	1,093	17.4	45.4
Adjustments	(2)	(3)	(33.3)	(0.1)
Distribution	1,286	1,224	5.1	45.6
Structure and Others (1)	(54)	(55)	(1.8)	(1.9)
TOTAL	**2,823**	**2,624**	**7.6**	**100.0**

(1) Structure, Services and Adjustments.
(2) Contribution Margin = Revenues - Procurements and Services.
(3) See Note 19.2 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

Generation and Supply

The contribution margin in the Generation and Supply segment in the first half of 2018 totalled Euros 1,591 million, up Euros 136 million year on year (+9.3%), due mainly to the following factors:

– Decrease in electricity prices on the wholesale market (Euros 50.1/MWh; -2.3%) and the subsequent decrease in power purchase costs (-7.9%).

– The drop in thermal and nuclear output and the decrease in fuel prices, resulting in a decrease in fuel consumed (-10.9%).

– The Euros 35 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 16 million increase in the cost of CO_2 emissions, despite the drop in thermal output, as a result of the increase in market prices.

Distribution.

The contribution margin in the Distribution segment in the first half of 2018 totalled Euros 1,286 million, up Euros 62 million (+5.1%) year on year, due mainly to the remuneration from the distribution activity.

Structure and Others.

The contribution margin of Structure and Others in the first half of 2018 amounted to Euros 54 million, negative, and mainly includes the cost of the Social Bonus according to Royal Decree 897/2017, of 6 October 2017 (see Section 3. Regulatory Framework of this Consolidated Management Report).

1.4.2. EBITDA.

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

Millions of Euros

	EBITDA (2) (3)			
	January - June 2018	January - June 2017	% Var.	% contribution to total
Generation and Supply	795	698	13.9	44.1
Non-mainland Territories generation	176	235	(25.1)	9.8
Other Generation and Supply	619	463	33.7	34.3
Adjustments	-	-	-	-
Distribution	1,012	936	8.1	56.1
Structure and Others (1)	(3)	(29)	(89.7)	(0.2)
TOTAL	**1,804**	**1,605**	**12.4**	**100.0**

(1) Structure, Services and Adjustments.
(2) EBITDA = Income - Procurements and Services + Self-constructed assets - Personnel Expenses - Other Fixed Operating Expenses.
(3) See Note 19.2 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

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

Millions of Euros

	Personnel Expenses (2)				Other Fixed Operating Expenses (2)			
	January-June 2018	January-June 2017	% Var.	% Contribution to total	January-June 2018	January-June 2017	% Var.	% Contribution to total
Generation and Supply	269	236	14.0	56.9	544	532	2.3	86.9
Non-mainland Territories generation	41	45	(8.9)	8.7	93	84	10.7	14.9
Other Generation and Supply	228	191	19.4	48.2	453	451	0.4	72.3
Adjustments	-	-	-	-	(2)	(3)	(33.3)	(0.3)
Distribution	125	133	(6.0)	26.4	206	215	(4.2)	32.9
Structure and Others (1)	79	82	(3.7)	16.7	(124)	(100)	24.0	(19.8)
TOTAL	**473**	**451**	**4.9**	**100.0**	**626**	**647**	**(3.2)**	**100.0**

(1) Structure, Services and Adjustments.
(2) See Note 19.2 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

Generation and Supply.

EBITDA for this segment amounted to Euros 795 million, (+13.9%) in the first half of 2018. The following factors must be taken into account when looking at EBITDA for the first half of 2018:

– The 9.3% increase in the contribution margin.

– The 14.0% increase in personnel expenses, as a result of the increased average workforce during the period (29 employees) and the development of the update of the provisions for current workforce reduction plans and contract suspension agreements (Euros 2 million, negative, in the first half of 2018 and Euros 6 million, positive, in the first half of 2017), and the provisioning to deal with redundancy plans, compensations and other tax and labour risks (Euros 31 million in the first half of 2018 and Euros 1 million in the first half of 2017).

Distribution.

For the first half of 2018, EBITDA for this segment was Euros 1,012 million (+8.1%), including:

– The positive performance of the contribution margin (+5.1%).

– The performance of fixed operating costs, which have been reduced by Euros 17 million as a result of lower personnel expenses (-6.0%), mainly due to the decrease in the average workforce (-5.0%), and the reduction in other fixed operating expenses (-4.2%), mainly due to the Euros 15 million reduction in fines.

Structure and Others.

The gross operating result (EBITDA) of the first half of 2018 of Structure and Others was Euros 3 million, negative, which represented an improvement of Euros 26 million compared to the same period of the previous year (Euros 29 million, negative) and includes the Euros 3 million reduction in personnel expenses due to the lower average workforce for the period (-6.2%).

1.4.3. EBIT.

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

Millions of Euros

	EBIT (2) (3)			
	January - June 2018	January - June 2017	% Var.	% Contribution to the Total
Generation and Supply	371	291	27.5	35.2
Non-mainland Territories generation	92	154	(40.3)	8.7
Other Generation and Supply	279	137	103.6	26.5
Adjustments	-	-	-	-
Distribution	707	667	6.0	67.2
Structure and Others (1)	(25)	(57)	(56.1)	(2.4)
TOTAL	**1,053**	**901**	**16.9**	**100.0**

(1) Structure, Services and Adjustments.
(2) EBIT = EBITDA - Depreciation and amortisation, and impairment losses.
(3) See Note 19.2 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

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

Millions of Euros

	Depreciation and Amortisation, and Impairment Losses (2)			
	January - June 2018	January - June 2017	% Var.	% contribution to total
Generation and Supply	424	407	4.2	56.5
Non-mainland territories generation	84	82	2.4	11.2
Other Generation and Supply	340	325	4.6	45.3
Adjustments	-	-	-	-
Distribution	305	269	13.4	40.6
Structure and Others (1)	22	28	(21.4)	2.9
TOTAL	**751**	**704**	**6.7**	**100.0**

(1) Structure, Services and Adjustments.
(2) See Note 19.2 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

Generation and Supply.

In the first half of 2018, EBIT for the Generation and Supply segment was Euros 371 million (+27.5%), including:

– The 13.9% increase in EBITDA.

– The increase in the cost of depreciations and amortisations in the first half of 2018 by Euros 17 million (+4.2%) due to the increase of Euros 23 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 half of 2018 grew by Euros 40 million year-on-year (+6.0%), mainly as a result of the 8.1% rise in EBITDA.

Structure and Others.

EBIT in the Structure and Others segment has improved by Euros 32 million against the same period of the previous year.

2. Other information.

2.1. Consolidation scope

Corporate transactions related to capacity awarded in renewable power auctions.

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 half of 2018, respectively, formally arranged through the following corporate acquisitions:

	Inclusions of Companies January - June 2018					
	Acquisition Date	Technology	% Ownership at 30 June 2018		% Ownership at 31 December 2017	
			Control	Ownership	Control	Ownership
Valdecaballero Solar, S.L.U.	9 January 2018	Photovoltaic	100.00	100.00	-	-
Navalvillar Solar, S.L.U.	9 January 2018	Photovoltaic	100.00	100.00	-	-
Castiblanco Solar, S.L.U.	9 January 2018	Photovoltaic	100.00	100.00	-	-
Parque Eólico Muniesa, S.L.U.	12 January 2018	Wind	100.00	100.00	-	-
Parque Eólico Farlán, S.L.U.	12 January 2018	Wind	100.00	100.00	-	-
Aranort Desarrollos, S.L.U.	19 January 2018	Wind	100.00	100.00	-	-
Bosa del Ebro, S.L.	21 February 2018	Wind	51.00	51.00	-	-
Tauste Energía Distribuida, S.L.	23 March 2018	Wind	51.00	51.00	-	-
Eólica del Cierzo, S.L.U.	23 March 2018	Wind	100.00	100.00	-	-
San Francisco de Borja, S.A.	23 March 2018	Wind	66.67	66.67	-	-
Energía Eólica Alto del Llano, S.L.U.	11 May 2018	Wind	100.00	100.00	-	-

The price agreed for all the aforementioned transactions was less than Euros 1 million (see Section 4.2. Cash Flows of this Consolidated Management Report).

ENDESA has recognised the acquisition of these companies as a business combination, and using the acquisition method, has definitively recognised the acquired assets and assumed liabilities (net acquired assets) of each one of these companies at fair value on its acquisition date under the following consolidated financial statement headings:

Millions of Euros

	Fair Value
Non-current assets	**2**
Property, plant and equipment	2
TOTAL ASSETS	**2**
Current Liabilities	**1**
Current Financial Debt	1
TOTAL LIABILITIES	**1**
Fair Value of Net Assets Acquired	**1**

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.

Parques Eólicos Gestinver, S.L.U.

On 3 April 2018, an agreement was signed, through its subsidiary ENEL Green España, S.L.U. (EGPE), for the acquisition of 100% of the share capital of Parques Eólicos Gestinver, S.L.U. and Parques Eólicos Gestinver Gestión, S.L.U., for the sum of Euros 42 million.

Parques Eólicos Gestinver, S.L.U. has an installed wind power capacity of 132 MW, distributed across 5 wind farms located in the regions of Galicia and Catalonia.

Through this acquisition, ENDESA reinforces its presence in the Iberian generation market by expanding the portfolio of renewable assets in its production mix.

The net cash outflow from the acquisition of Parques Eólicos Gestinver, S.L. was calculated as follows:

Millions of Euros

	Sections	
Cash and cash equivalents of the acquiree		(12)
Net Amount Paid in Cash (1) (2)		57
TOTAL	**4.2**	**45**

(1) The purchase costs booked under "Other fixed operating expenses" in the consolidated income statement were Euros 1 million.
(2) Of the total, 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 purchase price was provisionally allocated on the basis of the acquisition-date fair value of the assets acquired and liabilities assumed (Net Assets Acquired) from Parques Eólicos Gestinver, S.L. under the following items in the Consolidated Financial Statements:

Millions of Euros

	Fair value
Non-Current assets	**181**
Property, plant and equipment	139
Intangible Assets	34
Deferred Tax Assets	8
Current assets	**19**
Trade and other accounts receivable	5
Current Financial Assets	2
Cash and Cash Equivalents	12
TOTAL ASSETS	**200**
Non-Current liabilities	**140**
Non-current Provisions	1
Non-current Financial Debt (1)	130
Deferred Tax Liabilities	9
Current Liabilities	**18**
Current Financial Debt	12
Trade Payables and Other Current Liabilities	6
TOTAL LIABILITIES	**158**
Fair Value of Net Assets Acquired	**42**

(1) **Includes debts with credit institutions for an amount of Euros 104 million (see Note 13.1** of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018**), derivatives for an amount of Euros 11 million and debts with Group and Associated Companies for an amount of Euros 15 million.**

When determining the fair value of the assets acquired and the liabilities assumed, the expected discounted cash flows were taken into consideration in line with the remuneration system in force at the acquisition date.

The contribution of the acquired company from the date of acquisition until 30 June 2018 was as follows:

Millions of Euros

	3 April 2018 - 30 June 2018
Revenue	5
Profit/(Loss) After Tax	(1)

Likewise, if the acquisition had taken place on 1 January 2018, the contribution of the company acquired in the six-month period ended 30 June 2018 would have been as follows:

Millions of Euros

	January - June 2018
Revenue	13
Profit After Tax	1

Eólica del Principado, S.A.U.

On 22 May 2018, ENEL Green Power España, S.L.U. (EGPE) acquired 60.0% of the share capital of Eólica del Principado, S.A.U., a company whose activity consists in the generation of electricity through renewable wind technology, and on which it previously held a 40.0% stake.

As a result of this transaction, ENDESA went from having significant influence to full control of Eólica del Principado, S.A.U. that it maintained to date.

The net outflow of cash originated by the acquisition of Eólica del Principado, S.A.U. has amounted to less than Euros 1 million.

The purchase price was finally allocated, on the basis of the fair value of the assets acquired and the liabilities undertaken (Net Assets Acquired) from Eólica del Principado, S.A.U. on the acquisition date, under the following headings in the consolidated financial statements:

Millions of Euros

	Fair Value
Non-Current assets	**1**
Property, plant and equipment	1
TOTAL ASSETS	**1**
Fair Value of Net Assets Acquired	**1**

In the first half of 2018, revenue and profit after taxes generated by the company since the acquisition date until 30 June 2018 were insignificant. Additionally, had the acquisition taken place on 1 January 2018, revenue and profit after taxes generated from this transaction during the first half of 2018 would have amounted to less than Euros 1 million.

The net gain at the date control was obtained from the measure at fair value of the previously held non-controlling interest of 40.0% in Eólica del Principado, S.A.U. was less than Euros 1 million.

Other information

On 19 June 2018, ENDESA Red, S.A.U., made a binding offer to purchase all of the share capital of Empresa de Alumbrado Eléctrico de Ceuta, S.A. The price offered was Euros 13.21 per share, which represents a total amount of Euros 88 million, in the case of acquiring the entire share capital.

The purchase was previously conditioned to obtaining the mandatory authorisation from the Spanish competition authorities, as well as ENDESA Red, S.A.U. acquiring at least a controlling interest in excess of 50.01% of the capital share of Empresa de Alumbrado Eléctrico de Ceuta, S.A.

As of the date of approval of this Consolidated Management Report, shareholders holding 94.4% of the company's share capital have attended the abovementioned binding purchase offer, having obtained authorization without conditions from the Spanish Commission of the Markets and the Competition (CNMC) for the closing of the operation.

Consequently, the bidding process is successfully completed and it is expected that before 31 July 2018 the agreed price will be paid to the shareholders accepting the offer and to the acquisition of their representative securities, which represent 94.4 % of the share capital of Empresa de Alumbrado Eléctrico de Ceuta, S.A.

On 17 July 2018, through its subsidiary ENEL Green España, S.L.U. (EGPE), ENDESA acquired 100% of the shares of Sistemas Energéticos Campoliva, S.A. to Siemens Gamesa Renewable Energy Invest, S.A.U. for Euros 3 million, which includes Euros 1 million for debt repayment.

Also on 17 July 2018, through its subsidiary ENEL Green España, S.L.U. (EGPE), it signed agreements with Siemens Gamesa Renewable Invest, S.A.U. to purchase 100% of the shares of Sistemas Energéticos Sierra del Carazo, S.A. and Sistemas Energéticos Alcohujate, S.A. in the coming months, for Euros 2 million.

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.

On 30 June 2018, the Resolution of 28 June 2018 was published in the Official State Gazette (BOE), publishing the LRT for natural gas to be applied from 1 July 2018, resulting in an average increase of approximately 3.4%, derived from the increase in the cost of the raw material.

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

In March 2018, the Energy, Tourism and Digital Agenda (now the Ministry for the Ecological Transition) 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 7 April 2018, Order ETU/361/2018 was published, amending the Social Bonus 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 Bonus and other protection measures for domestic consumers of electricity. Furthermore, this Order extends the existing transitional period until 8 October 2018 for consumers of electricity who, on the date of entry into force of Order ETU/943/2017, of 6 October, were beneficiaries of the Social Bonus, to prove the status of vulnerable consumer 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 30 June 2018, ENDESA had net financial debt of Euros 5,956 million, an increase of Euros 971 million (+19.5%) compared to the debt at 31 December 2017.

The reconciliation of ENDESA's gross and net financial debt at 30 June 2018 and 31 December 2017 is as follows:

Millions of Euros

	30 June 2018	31 December 2017	Difference	% chg
Non-Current Financial Debt (1)	5,556	4,414	1,142	25.9
Current Financial Debt (1)	1,287	978	309	31.6
Gross Financial Debt	**6,843**	**5,392**	**1,451**	**26.9**
Cash and Cash Equivalents (2)	(880)	(399)	(481)	120.6
Derivatives Recognised as Financial Assets (3)	(7)	(8)	1	(12.5)
Net Financial Debt	**5,956**	**4,985**	**971**	**19.5**

(1) See Note 13.1 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.
(2) See Note 10 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.
(3) See Note 14.3.1 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

To analyse the performance of net financial debt in the first half of 2018, it must also be taken into account that on 2 January 2018, ENDESA paid its shareholders an interim dividend of 2017 of Euros 0.7 gross per share, which entailed an outlay of Euros 741 million (see Note 11.2 of the Explanatory Notes that form part of the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2018 and Sections 4.2. Cash Flows and 4.4 Dividends of this Consolidated Management Report).

The structure of ENDESA's gross financial debt at 30 June 2018 and 31 December 2017 was as follows:

Millions of Euros

		30 June 2018	31 December 2017	Difference	% chg
Euro		6,843	5,392	1,451	26.9
TOTAL		**6,843**	**5,392**	**1,451**	**26.9**
Fixed rate		3,555	3,611	(56)	(1.6)
Floating rate		3,288	1,781	1,507	84.6
TOTAL		**6,843**	**5,392**	**1,451**	**26.9**
Average life (years)	(1)	5.4	6.1	-	-
Average Cost	(2)	2.0	2.1	-	-

(1) Average life (years) = (Principal * Number of Valid Days) / (Valid Principal at the Close of the Period * Number of Days in the Period).
(2) Average cost (%) = (cost of financial debt) / gross average financial debt.

As of 30 June 2018, 52% of the gross financial debt was at fixed interest rates, while 48% was at floating rates. At this date, 100% of the Company's gross financial debt is denominated in euros.

At 30 June 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 30 June 2018 (1)	Current	Non-Current	Maturity					
				2018	2019	2020	2021	Subsequent
Bonds and other marketable securities	1,235	1,200	35	1,200	16	-	-	19
Bank borrowings	1,360	16	1,344	8	55	58	119	1,120
Other Borrowings	4,241	71	4,170	41	43	733	33	3,391
TOTAL	**6,836**	**1,287**	**5,549**	**1,249**	**114**	**791**	**152**	**4,530**

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

Main financial transactions.

In the first half 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 30 June 2018 is Euros 1,200 million, and its renewal is backed by irrevocable bank credit facilities.

During the first half of 2018, ENDESA has also settled the Project Finance bank financing held by some subsidiaries of ENEL Green Power España, S.L.U. (EGPE) for a total amount of Euros 160 million (see Note 18.3 of the Explanatory Notes that form part of the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2018 and Section 4.2. Cash Flows of this Consolidated Management Report).

As part of the financial transaction signed with the European Investment Bank (EIB) in 2017, Euros 500 million was drawn down during the period. This draw down bears a floating interest rate, with a 12-year maturity payable as of May 2022 (see Section 4.2. Cash Flows of this Consolidated Management Report).

At 30 June 2018, the balance arranged by ENDESA of the uncommitted intercompany credit line with ENEL Finance International, N.V., for Euros 1,500 million, amounts to Euros 700 million.

Liquidity.

As of 30 June 2018, ENDESA liquidity rose to Euros 3,869 million (Euros 3,495 million at 31 December 2017) as detailed below:

Millions of Euros

	Liquidity (3)			
	30 June 2018	31 December 2017	Difference	% Var.
Cash and Cash Equivalents	880	399	481	120.6
Unconditional availability in Credit Facilities (1)	2,989	3,096	(107)	(3.5)
TOTAL	**3,869**	**3,495**	**374**	**10.7**
Coverage of Debt Maturities (months) (2)	32	29	-	-

(1) As of 30 June 2018 and 31 December 2017, Euros 1,000 million correspond to the credit line available with ENEL Finance International, N.V.
(2) Coverage of maturities = maturity period (months) for vegetative debt that could be covered with the liquidity available.
(3) See Note 13.2.1 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

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

Restrictions that could affect the drawdown of funds by ENDESA are described in Explanatory Notes 10 and 13.2.3 that form part of the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2018.

Credit rating.

ENDESA's credit ratings are as follows:

	30 June 2018 (1) (2)			31 December 2017 (1) (2)		
	Non-current	Current	Outlook	Non-current	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 approval of the Consolidated Financial Statements.
(2) See Note 11 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

ENDESA's credit rating is restricted to the rating of its parent company ENEL according to the methods employed by rating agencies on the date of creating 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.

Leverage ratio.

Details of the consolidated leverage ratio at 30 June 2018 and 31 December 2017 are as follows:

Millions of Euros

		Leverage ratio (1)	
		30 June 2018	31 December 2017
Net Financial Debt:		**5,956**	**4,985**
Non-Current Financial Debt	(2)	5,556	4,414
Current Financial Debt	(2)	1,287	978
Cash and Cash Equivalents	(3)	(880)	(399)
Derivatives recognised as Financial Assets	(4)	(7)	(8)
Equity:	(5)	**9,328**	**9,233**
Of the Parent Company		9,195	9,096
Of the Non-Controlling Interests		133	137
Leverage (%)		**63.85**	**53.99**

(1) Leverage = Net financial debt / equity.
(2) See Note 13.1 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.
(3) See Note 10 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.
(4) See Note 14.3.1 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.
(5) See Note 11 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

4.2. Cash flows.

As of 30 June 2018, cash and cash equivalents stood at Euros 880 million (Euros 451 million as of 30 June 2017) (see Note 10 of the Explanatory Notes that form part of the Interim Condensed Consolidated Financial Statements corresponding to the six-month period ended 30 June 2018).

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

Millions of Euros

	Statement of cash flows (1)	
	January - June 2018	January - June 2017
Net Cash Flows from operating activities	639	675
Net Cash Flows used in Investing Activities	(749)	(608)
Net Cash Flows used in Financing Activities	591	(34)

(1) See Consolidated Statements of Cash Flows for the six-month periods ending 30 June 2018 and 2017.

Net Cash Flows from Operating Activities.

In the first half of 2018, net cash flows from operating activities amounted to Euros 639 million (Euros 675 million in the first half of 2017) which are as follows:

Millions of euros

	January - June 2018	January - June 2017
Profit before Tax and Non-Controlling Interests	984	848
Adjustments for:	805	677
Depreciation and amortisation, and impairment losses	751	704
Other Adjustments (Net)	54	(27)
Changes in working capital:	(1,047)	(687)
Trade and other accounts receivable	182	(139)
Inventories	(159)	(101)
Current Financial Assets	(209)	(537)
Trade Payables and Other Current Liabilities	(861)	90
Other cash flows from/(used in) operating activities:	(103)	(163)
Interest Received	16	29
Dividends Received	6	4
Interest Paid	(73)	(74)
Income Tax Paid	72	7
Other Receipts from and Payments for Operating Activities	(124)	(129)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**639**	**675**

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

– The higher profit before tax and non-controlling interests for the period (Euros 136 million).

– Changes in working capital between the two periods amounting to Euros 360 million, mainly as a result of the increase in payments to commercial creditors for Euros 951 million, of the positive performance of commercial debtors and other accounts receivable for an amount of Euros 321 million and the highest charges for compensations for the extra-costs of the generation of the Non-Peninsular Territories (TNP) for Euros 266 million.

– The variation in the payment of Corporate Tax in both periods amounting to Euros 65 million.

As of 30 June 2018, 31 December 2017 and 30 June 2017, the working capital comprised the following items:

Millions of Euros

	Working Capital		
	30 June 2018	31 December 2017	30 June 2017
Current Assets (1)	**5,237**	**5,131**	**4,987**
Inventories	1,222	1,267	1,118
Trade and other accounts receivable	3,122	3,100	3,240
Current Financial Assets	893 (2)	764 (3)	629 (4)
Current Liabilities (5)	**5,752**	**6,557**	**5,839**
Current provisions	305	425	315
Trade Payables and other Current Liabilities	5,447 (6)	6,132 (7)	5,524 (8)

(1) It does not include "Cash and Cash Equivalents" or Financial Derivative Assets corresponding to financial debt.
(2) Includes Euros 196 million corresponding to collection rights for financing of the deficit from regulated activities, Euros 94 million concerning remuneration for the electricity distribution activity and Euros 546 million corresponding to stranded generation costs in Non-Mainland Territories.
(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 stranded generation costs in Non-Mainland Territories.
(4) Includes Euros 226 million corresponding to collection rights for financing of the deficit from regulated activities, Euros 50 million concerning remuneration for the electricity distribution activity and Euros 276 million corresponding to stranded generation costs in Non-Mainland Territories.
(5) Excluding "Current Financial Debt" and Financial Derivative Liabilities corresponding to financial debt.
(6) (Includes the supplementary dividend for 2017 for Euros 722 million, which was paid on 2 July 2018 (see Note 11.2 of the Explanatory Notes that form part of the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2018).
(7) Includes the interim dividend for 2017 for Euros 741 million, which was paid on 2 January 2018 (see Note 11.2 of the Explanatory Notes that form part of the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2018 and Section 4.4. Dividends of this Consolidated Management Report).
(8) Includes the interim dividend for 2016 of Euros 670 million, paid on 3 July 2017.

Net Cash Flows used in investing activities

In the first half of 2018, net cash flows applied to investment activities amounted to Euros 749 million (Euros 608 million in the first half of 2017) and include, among other aspects:

– Net cash payments applied to the acquisitions of property, plant and equipment and intangible assets:

Millions of euros

	January - June 2018	January - June 2017
Acquisitions of Property, Plant and Equipment and Intangible Assets	**(664)**	**(593)**
Purchase of property, plant and equipment	(458)	(309)
Purchase of intangible assets	(71)	(41)
Facilities transferred from customers	29	33
Suppliers of property, plant and equipment	(164)	(276)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	**3**	**5**
Grants and other deferred income	**40**	**29**
Total	**(621)**	**(559)**

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

Millions of euros

	Sections	January - June 2018	January - June 2017
Purchase of Investments in Group Companies		**(46)**	**(1)**
Corporate transactions related to capacity awarded in renewable power auctions.	2.1	(1)	-
Parques Eólicos Gestinver, S.L.U.	2.1	(45)	-
Eléctrica de Jafre, S.A.		-	(1)
Proceeds from sale of investments in group companies		**20**	**16**
Nueva Marina Real Estate, S.L. (1)		**20**	**-**
Aquilae Solar, S.L., Cefeidas Desarrollo Solar, S.L., Cephei Desarrollo Solar, S.L., Desarrollo Photosolar, S.L., Fotovoltaica Insular, S.L. and Sol de Media Noche Fotovoltaica, S.L.		-	16
TOTAL		(26)	15

(1) Sale transaction formalized on 28 December 2017.

Net Cash Flows used in financing activities

In the first half of 2018, the cash flows from financing activities came to Euros 591 million (Euros 34 million, negative, in the first half of 2017), mainly including the following aspects:

– Proceeds from borrowings, non-current:

Millions of euros

	Sections	January - June 2018	January - June 2017
Drawdowns from the European Investment Bank (EIB)	4.1	500	300
Drawdowns from Credit Facilities		10	743
Other		12	4
TOTAL		**522**	**1,047**

– Reimbursements from non-current financial debt:

Millions of euros

	Sections	January - June 2018	January - June 2017
Amortisation bank loans Productor Regional de Energía Renovable, S.A.U.	4.1	(44)	
Repayment of Lines of Credit		-	(463)
Amortisation Natixis Loans		-	(21)
Other		(5)	(14)
TOTAL		**(49)**	**(498)**

– Amortisations and drawdowns of current financial debt:

Millions of euros

	Sections	January - June 2018	January - June 2017
Repaid			
Amortisation of Bonds ECP Issued by International ENDESA B.V.		(3,562)	(2,642)
Repayments of ENEL Finance B.V. Lines of Credit	4.1	(2,500)	(150)
Amortisation of Parque Eólico Gestinver, S.L.U. Bank Loan	4.1	(116)	-
Amortisation of Bonds issued by ENDESA Capital, S.A.U. Issuances		-	(36)
Other		(66)	(146)
Drawns			
Drawdowns of Bonds ECP Issued by International ENDESA B.V.		3,873	2,910
Drawdowns of ENEL Finance B.V. Lines of Credit	4.1	3,200	150
Other		38	73
TOTAL		**867**	**159**

– Dividends paid:

Millions of euros

	Sections	January - June 2018	January - June 2017
Parent Dividends Paid	4.4	(741)	(741)
Dividends to Non-controlling Interests Paid (1)		(7)	(1)
TOTAL		**(748)**	**(742)**

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

4.3. Investments.

In the first half of 2018, ENDESA made gross investments of Euros 554 million. Of this amount, Euros 529 million were related to property, plant and equipment and investment in intangible assets, and the remaining Euros 25 million to financial investments, as follows:

Millions of Euros

	Investments (1)		
	January - June 2018	January - June 2017	% Var.
Generation and Supply	184	88	109.1
Distribution	273	221	23.5
Structure and others	1	-	-
TOTAL PROPERTY, PLANT AND EQUIPMENT (2)	**458**	**309**	**48.2**
Generation and Supply	48	15	220.0
Distribution	14	15	(6.7)
Structure and others	9	11	(18.2)
TOTAL INTANGIBLE ASSETS (3)	**71**	**41**	**73.2**
FINANCIAL INVESTMENTS	**25**	**42**	**(40.5)**
TOTAL GROSS INVESTMENTS	**554**	**392**	**41.3**
TOTAL NET INVESTMENTS (4)	**485**	**330**	**47.0**

(1) Does not include business combinations made during the period (see Section 2.1. Scope of Consolidation of this Consolidated Management Report and Note 4 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018).
(2) See Note 5.1 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.
(3) See Note 6.1 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.
(4) Net investments = Gross investments - Capital grants and transferred facilities.

Investments in Property, Plant and Equipment.

Gross generation investments for the first half of 2018 correspond, for the most part, with investments related to the construction of the wind and photovoltaic power awarded in the auctions carried out in the year 2017, amounting to Euros 63 million (see Note 5.3 of the Explanatory Notes to the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 30 2018).

Additionally, investments have been 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 16 million in line with the Industrial Emissions Directive (IED).

Gross distribution investments are 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.

Investments in Intangible Assets.

Gross investments in intangible assets in the first half of 2018 correspond to IT applications and ongoing investments in ICT activities for the sum of Euros 34 million and the capitalisation of incremental costs incurred corresponding to the acquisition of customer contracts for the sum of Euros 35 million (see Section 1.2. Changes in Accounting Principles of this Consolidated Management Report).

Financial investments.

The gross investments in the first half of 2018 include, primarily, guarantees and deposits for Euros 17 million.

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

Approval was given at ENDESA, S.A.'s General Shareholders' Meeting of 23 April 2018 to pay shareholders a total dividend charged against 2017 profit for a gross amount of Euros 1.382 per share (Euros 1,463 million in total). The breakdown of these dividends is as follows:

Millions of euros

	Approval date	Gross Euros per share	Amount	Payment date
Interim dividends	21 November 2017	0.70	741 (1)	2 January 2018
Final dividend	23 April 2018	0.682	722	2 July 2018
Total dividend paid against 2017 profit		**1.382**	**1,463**	

(1) See Section. 4.2 Cash Flows of this Consolidated Management Report.

5. Major risks and uncertainties in the second half of 2018.

The information regarding the main risks and uncertainties associated with ENDESA's activity is described in Section 7 of the Consolidated Management Report for the year ended 31 December 2017.

The main risks and uncertainties ENDESA faces in the second half of 2018 arise mostly from the following:

– ENDESA sales in the second half of 2018 will largely be affected by gas and electricity demand in Spain during the period, which in turn will be shaped by the Spanish economy and, mostly, GDP growth.

– Rainfall and wind potential levels will also affect electricity production costs and market price, in turn affecting margins in the second half of 2018.

– Furthermore, fuel and electricity prices on the wholesale market, fundamentally coal and gas, will impact business costs and sales prices. Although ENDESA has fuel price hedges in place and has finalised contracts for power sold to customers for the next few months, fluctuations in both the market price for fuel and for electricity will affect the Group's costs and revenue, and therefore, margins.

– Interest rates will have an impact on ENDESA's results in the second half of 2018 because of the portion of the Group's net debt held at floating interest rates. To mitigate this impact, ENDESA hedges interest rate risk by entering into derivatives.

– The entry into operation, before 1 January 2020, of the wind and photovoltaic power that was awarded in the capacity auctions held in 2017 (see Section 2.1. Consolidation Scope of this Consolidated Management Report).

– The performance of the results and the fair value of the investee companies in which ENDESA has no control and which is recorded in the Consolidated Financial Statements using the equity method, may have an impact on the results of the second half of 2018. Specifically, the current situation at Nuclenor, S.A. may significantly impact these companies' results.

- ENDESA is also involved in a number of legal proceedings which, when resolved, may impact the Consolidated Financial Statements. Information concerning litigations and arbitrations is included in Note 17.3 to the Consolidated Financial Statements for the year ended 31 December 2017 and Note 12.2 of the Explanatory Notes that form part of the interim condensed consolidated financial statements for the six months ended 30 June 2018.

- ENDESA's activities are subject to extensive regulation, and regulatory changes could have an adverse impact on its business activities, results, financial position and cash flows (see Note 4 to the Consolidated Financial Statements for the year ended 31 December 2017 and Section 3. Regulatory Framework in this Consolidated Management Report).

6. Information on related-party transactions.

Information concerning related-party transactions is included in Note 20 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

7. Other information.

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

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

Information on lawsuits, arbitration proceedings and contingent assets is included in Note 12.2 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

8. Events after the reporting period

Information concerning events after the reporting period is included in Note 23 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

APPENDIX I

Statistical Appendix

Industrial data.

GWh

Electricity Generation (1)	January - June 2018	January - June 2017	% Var.
Mainland	**28,708**	**31,371**	**(8.5)**
Nuclear	11,769	13,096	(10.1)
Coal	7,928	10,362	(23.5)
Hydroelectric	5,207	3,091	68.5
Combined cycles (CCGT)	1,753	3,052	(42.6)
Renewables and cogeneration	2,051	1,770	15.9
Non-Mainland Territories	**6,160**	**6,307**	**(2.3)**
Coal	1,152	1,272	(9.4)
Fuel-Gas	3,231	3,351	(3.6)
Combined cycles (CCGT)	1,713	1,640	4.5
Renewables and cogeneration	64	44	45.5
TOTAL	**34,868**	**37,678**	**(7.5)**

(1) At power plant busbars.

MW

Gross installed capacity	30 June 2018	31 December 2017	% Var.
Hydroelectric	4,764	4,752	0.3
Conventional thermal	8,077	8,130	(0.7)
Nuclear	3,443	3,443	-
Combined cycles	5,678	5,678	-
Renewables and cogeneration	1,814	1,675	8.3
TOTAL	**23,776**	**23,678**	**0.4**

MW

Net installed capacity	30 June 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	1,814	1,675	8.3
TOTAL	**22,832**	**22,732**	**0.4**

GWh

Gross electricity sales (1)	January - June 2018	January - June 2017	% Var.
Regulated Price	7,256	7,767	(6.6)
Deregulated market	41,912	44,706	(6.2)
TOTAL	**49,168**	**52,473**	**(6.3)**

(1) At power plant busbars.

GWh

Net electricity sales (1)	January - June 2018	January - June 2017	% Var.
Regulated Price	6,247	6,515	(4.1)
Deregulated market	38,268	40,641	(5.8)
TOTAL	**44,515**	**47,156**	**(5.6)**

(1) Sales to end customers.

Thousands

Number of customers (electricity) (1) (2)	30 June 2018	31 December 2017	% Var.
Regulated market	5,133	5,255	(2.3)
Mainland Spain	4,322	4,416	(2.1)
Non-Mainland Territories	811	839	(3.3)
Deregulated market	5,669	5,593	1.4
Mainland Spain	4,605	4,601	0.1
Non-Mainland Territories	805	787	2.3
Outside Spain	259	205	26.3
TOTAL	**10,802**	**10,848**	**(0.4)**

(1) Supply points.
(2) Customers of the supply companies.

Percentage (%)

Trends in demand for electricity (1)	January - June 2018	January - June 2017
Mainland (2)	1.2	1.1
Non-Mainland Territories (3)	0.4	2.4

(1) Source: Red Eléctrica de España, S.A. (REE).
(2) Adjusted for working days and temperature: +1.1% in the first half of 2018 and +1.5% in the first half of 2017.
(3) Adjusted for working days and temperature: +0.8% in the first half of 2018 and +1.7% in the first half of 2017.

GWh

Energy distributed (1)	January - June 2018	January - June 2017	% Var.
Spain and Portugal	57,351	57,654	(0.5)

(1) At power plant busbars.

km

Distribution and transmission networks	30 June 2018	31 December 2017	% Var.
Spain and Portugal	318,683	317,782	0.3

Percentage (%)

Energy losses (1)	January - June 2018	January - June 2017
Spain and Portugal	11.0	10.9

(1) Source: In-house.

Minutes

Installed Capacity Equivalent Interruption Time (ICEIT)	January - June 2018	January - June 2017
Spain and Portugal (avg) (1) (2)	32	30

(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)	30 June 2018	31 December 2017
Mainland Generation	21.0	23.6
Distribution	43.0	44.1
Supply	33.8	35.4

(1) Source: In-house.

GWh

Gas Sales	January - June 2018	January - June 2017	% Var.
Deregulated market	24,475	24,938	(1.9)
Regulated market	909	810	12.2
International market	13,352	12,854	3.9
Wholesale business	4,608	3,750	22.9
TOTAL (1)	**43,344**	**42,352**	**2.3**

(1) Excluding own generation consumption.

Thousands

Number of customers (gas) (1)	30 June 2018	31 December 2017	% Var.
Regulated market	237	246	(3.7)
Mainland Spain	211	219	(3.7)
Non-Mainland Territories	26	27	(3.7)
Deregulated market	1,325	1,314	0.8
Mainland Spain	1,219	1,205	1.2
Non-Mainland Territories	66	63	4.8
Outside Spain	40	46	(13.0)
TOTAL	**1,562**	**1,560**	**0.1**

(1) Supply points.

Percentage (%)

Trends in demand for gas (1)	January - June 2018	January - June 2017
Domestic Market	5.8	6.5
Domestic Conventional	7.7	4.2
Electricity Sector	(4.2)	19.7

(1) Source: Enagás, S.A.

Percentage (%)

Market share (gas) (1)	30 June 2018	31 December 2017
Deregulated market	16.2	16.1

(1) Source: In-house.

Workforce.

Number of Employees

	Final Headcount (2)						
	30 June 2018			31 December 2017			% Var.
	Male	Female	Total	Male	Female	Total	
Generation and Supply	4,064	1,061	5,125	4,083	1,024	5,107	0.4
Distribution	2,482	428	2,910	2,491	429	2,920	(0.3)
Structure and Others (1)	860	748	1,608	884	795	1,679	(4.2)
TOTAL	**7,406**	**2,237**	**9,643**	**7,458**	**2,248**	**9,706**	**(0.6)**

(1) Structure and services.
(2) See Note 21 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

Number of Employees

	Average Headcount (2)						
	January-June 2018			January-June 2017			% Var.
	Male	Female	Total	Male	Female	Total	
Generation and Supply	4,070	1,040	5,110	4,099	982	5,081	0.6
Distribution	2,477	427	2,904	2,612	445	3,057	(5.0)
Structure and Others (1)	863	769	1,632	921	819	1,740	(6.2)
TOTAL	**7,410**	**2,236**	**9,646**	**7,632**	**2,246**	**9,878**	**(2.3)**

(1) Structure and services.
(2) See Note 21 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

Financial Data.

Millions of Euros

	Consolidated Income Statement (5)		
	January - June 2018	January - June 2017	% Var.
Sales	9,560	9,792	(2.4)
Contribution margin (1)	2,823	2,624	7.6
EBITDA (2)	1,804	1,605	12.4
EBIT (3)	1,053	901	16.9
Net Income (4)	752	653	15.2

(1) Contribution Margin = Revenues - Procurements and Services.
(2) EBITDA = Income - Procurements and Services + Self-constructed assets - Personnel Expenses - Other Fixed Operating Expenses.
(3) Operating profit (EBIT) = Gross operating profit (EBITDA) - Depreciation and impairment losses.
(4) Net Income: Profit/(loss) of the Parent.
(5) See the Consolidated Income Statements for the six-month periods ending 30 June 2018 and 2017.

Euros

Key figures		January - June 2018	January - June 2017	% Var.
Net earnings per share	(1)	0.71	0.62	15.2
Cash flow per share	(2)	0.60	0.64	(5.3)
Book value of equity per share	(3)	8.68 (4)	8.59 (5)	1.1

(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 30 June 2018.
(5) At 31 December 2017

Millions of Euros

	Consolidated statement of financial position (2)		
	30 June 2018	31 December 2017	% Var.
Total assets	31,862	31,037	2.7
Equity	9,328	9,233	1.0
Net Financial Debt (1)	5,956	4,985	19.5

(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 30 June 2018 and 31 December 2017.

Millions of Euros

		Leverage ratio (1)		
		30 June 2018	31 December 2017	% chg
Net Financial Debt:		**5,956**	**4,985**	**19.5**
Non-Current Financial Debt	(2)	5,556	4,414	25.9
Current Financial Debt	(2)	1,287	978	31.6
Cash and Cash Equivalents	(3)	(880)	(399)	120.6
Derivatives recognised as Financial Assets	(4)	(7)	(8)	(12.5)
Equity:	(5)	**9,328**	**9,233**	**1.0**
Of the Parent Company		9,195	9,096	1.1
Of the Non-Controlling Interests		133	137	(2.9)
Leverage (%)		**63.85**	**53.99**	**-**

(1) Leverage = Net financial debt / equity.
(2) See Note 13.1 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.
(3) See Note 10 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.
(4) See Note 14.3.1 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.
(5) See Note 11 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

Financial indicators		30 June 2018	31 December 2017
Liquidity Ratio	(1)	0.87	0.73
Solvency Ratio	(2)	0.96	0.92
Debt Ratio	(3)	38.97	35.06
Debt Coverage Ratio	(4)	1.65	1.41

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

Rating.

	30 June 2018 (1) (2)			31 December 2017 (1) (2)		
	Non-current	Current	Outlook	Non-current	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 approval of the Consolidated Financial Statements.
(2) See Note 11 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.

Stock market information.

Percentage (%)

Share price trend	January - June 2018	January - June 2017
ENDESA, S.A.	**5.8**	**0.2**
Ibex-35	(4.2)	11.7
Eurostoxx 50	(3.1)	4.6
Eurostoxx Utilities	(0.9)	11.0

Euros

ENDESA share price	January - June 2018	January - December 2017	% Var.
High	20,020	22,760	(12.0)
Low	16,600	17,855	(7.0)
Period Average	18,409	20,234	(9.0)
Closing Price	18,895	17,855	5.8

Stock Market Data		30 June 2018	31 December 2017	% Var.
Market Cap.	Millions of Euros (1)	20,005	18,904	5.8
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)	6,029	10,866	(44.5)
Continuous Market	Shares			
Trading Volume	(3)	325,378,044	536,793,866	(42.3)
Average daily trading volume	(4)	2,582,365	2,105,074	22.7
P.E.R.	(5)	13.30	12.92	-
Price / Carrying amount	(6)	2.18	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 / Net Earnings per Share.
(6) Price / Carrying amount = Market capitalisation / Equity of the Parent.

Dividends.

		2017	2016	% Var.
Share Capital	Millions of Euros (1)	1,271	1,271	-
Number of shares	(1)	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 (2)	1.382	1.333	3.7
Gross Dividend per Share	Euros (3)	1.382 (4)	1.333 (5)	3.7
Consolidated Pay-Out	% (6)	100.0	100.0	-
Individual Pay-Out	% (7)	98.1	99.4	-

(1) See Note 11.1 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.
(2) Earnings per Share = Profit of the Parent / No. shares at the end of the period.
(3) See Note 11.2 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2018.
(4) 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 paid out on 2 July 2018.
(5) 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.
(6) Consolidated Pay-out = Gross Dividend per share * No. shares at the end of the period) / Profit of the Parent.
(7) Individual Pay-Out = Gross Dividend per Share * No. Shares at the End of the Period) / Period Result of ENDESA, S.A.

APPENDIX II

Alternative Performance Measures (APMs)

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of Alternative Performance Measures (APMs)		Relevance of use
			30 June 2018	30 June 2017	
EBITDA (1)	Millions of euros	Income - Procurements and Services + Self-constructed assets - Personnel Expenses - Other Fixed Operating Expenses.	1,804 M€ = 9,934 M€ - 7,111 M€ + 80 M€ - 473 M€ – 626 M€	1,605 M€ = 10,004 M€ - 7,380 M€ + 79 M€ - 451 M€ – 647 M€	Measure of operating return excluding interest, taxes, provisions and amortisation.
EBIT (1)	Millions of euros	EBITDA - Depreciation and amortisation, and impairment losses.	1,053 M€ = 1,804 M€ – 751 M€	901 M€ = 1,605 M€ – 704 M€	Measure of operating return excluding interest and taxes.
Contribution margin (1)	Millions of euros	Income - Procurements and services	2,823 M€ = 9,934 M€ – 7,111 M€	2,624 M€ = 10,004 M€ – 7,380 M€	Measure of operating return including direct variable production costs.
Procurements and Services (1)	Millions of euros	Energy Purchases + Fuel Consumption + Transmission Expenses + Other Variable Procurements and Services	7,111 M€ = 2,363 M€ + 941 M€ + 2,769 M€ + 1,038 M€	7,380 M€ = 2,566 M€ + 1,056 M€ + 2,832 M€ + 926 M€	Goods and services for production.
Net financial gain/(loss) (1)	Millions of euros	Financial Income - Financial Expense + Net Exchange Differences.	(70) M€ = 18 M€ - 87 M€ - 1 M€	(59) M€ = 34 M€ - 94 M€ + 1 M€	Measure of financial cost.
Net investment	Millions of euros	Gross investments - Capital grants and transferred facilities	485 M€ = 554 M€ – 69 M€	330 M€ = 392 M€ – 62 M€	Measure of investment activity.
Net Financial Debt (2)	Millions of euros	Non-current financial liabilities + Current financial liabilities – Cash and cash equivalents – Financial derivatives recognised under assets	5,956 M€ = 5,556 M€ + 1,287 M€ - 880 M€ - 7 M€	5,614 M€ = 4,748 M€ + 1,326 M€ - 451 M€ - 9 M€	Short and long-term financial debt, less cash and financial investment cash equivalents.
Leverage ratio (2)	%	Net financial debt / Equity	63.85% = 5,956 M€ / 9,328 M€	62.1% = 5,614 M€ / 9,035 M€	Measure of the weighting of external funds in the financing of business activities.
Debt (2)	%	Net financial debt / (Equity + Net financial debt)	38.97% = 5,956 M€ / (9,328 M€ + 5,956 M€)	38.32% = 5,614 M€ / (9,035 M€ + 5,614 M€)	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)	5.4 years = 37,077 M€ per year / 6,836 M€	6.2 years = 37,279 M€ per year / 6,053 M€	Measure of the duration of financial debt to maturity.
Average Cost of Gross Financial Debt	%	(Cost of Gross Financial Debt) / Gross Average Financial Debt	2.0% = (64 M€ / 6 months * 12 months) / 6,335 M€	2.3% = (69 M€ / 6 months * 12 months) / 5,910 M€	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	32 months	32 months	Measure of the capacity to meet debt maturities.
Return on equity	%	Profit for the year by parent / Equity attributable to equity holders of the parent (n) + Equity attributable to equity holders of the parent (n-1) / 2)	16.45% = (752 M€ * 12/6) / ((9,195 + 9,096) / 2) M€	14.64% = (653 M€ * 12/6) / ((8,894 + 8,952) / 2) M€	Measure of the capacity to generate profits on shareholder investments.
Return on assets	%	Profit of the Parent / Total assets (n) + Total assets (n-1) / 2)	4.78% = (752 M€ * 12/6) / ((31,862 + 31,037) / 2) M€	4.22% = (653 M€ * 12/6) / ((30,897 + 30,960) / 2) M€	Measure of business profitability.
Economic profitability	%	EBIT / (PP&E (n) + PP&E (n-1) / 2)	9.68% = (1,053 M€ * 12/6) / ((21,777 + 21,727) / 2) M€	8.27% = (901 M€ * 12/6) / ((21,674 + 21,891) / 2) M€	Measure of the capacity to generate income from invested assets and capital.
Return on capital employed (ROCE)	%	Operating profit after tax / ((Non-current assets (n) + Non-current assets (n-1) / 2) + (Current assets (n) + Current assets (n-1) / 2))	5.14% = (809 M€ * 12/6) / ((25,745 + 25,507) / 2 + (6,117 + 5,530) / 2)) M€	4.52% = (699 M€ * 12/6) / ((25,458 + 25,525) / 2 + (5,439 + 5,435) / 2)) M€	Measure of the return on invested capital.
Liquidity (2)	N/A	Current assets / Current liabilities.	0.87 = 6,117 M€ / 7,039 M€	0.76 = 5,439 M€ / 7,165 M€	Measure of the capacity to meet short-term commitments.
Solvency (2)	N/A	(Equity + Non-Current liabilities) / Non-current assets	0.96 = (9,328 M€ + 15,495 M€) / 25,745 M€	0.93 = (9,035 M€ + 14,697 M€) / 25,458 M€	Measure of the capacity to meet obligations.
Debt coverage (1) (2)	N/A	Net financial debt / EBITDA	1.65 = 5,956 M€ / (1,804 M€ * 12/6)	1.75 = 5,614 M€ / (1,605 M€ * 12/6)	Measure of the amount of available cash flow to meet payments of principal on financial debt.
Net earnings per share (1)	Euros	Income attributable to the Parent / No. of shares	0.71 € = 752 M€ / 1,058,752,117 shares	0.62 € = 653 M€ / 1,058,752,117 shares	Measure of the portion of net profit corresponding to each share outstanding.
Cash flow per share (3)	Euros	Net cash flow from operating activities / No. of shares	0.60 € = 639 M€ / 1,058,752,117 shares	0.64 € = 675 M€ / 1,058,752,117 shares	Measure of the portion of flows corresponding to each share outstanding.
BVPS (2)	Euros	Equity attributable to equity holders of the parent / No. shares.	8.68 € = 9,195 M€ / 1,058,752,117 shares	8.40 € = 8,894 M€ / 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	20,005 M€ = 1,058,752,117 shares * 18.895 €	21,355 M€ = 1,058,752,117 shares * 20.170 €	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 / Net Earnings per Share	13.30 = 18.895 € / (0.71 € * 12/6)	16.35 = 20.170 € / (0.62 € * 12/6)	Measure indicating the number of times earnings per share can be divided into the market price of the shares.
Price / Carrying amount	N/A	Market capitalisation / Equity of the Parent	2.18 = 20,005 M€ / 9,195 M€	2.40 = 21,355 M€ / 8,894 M€	Measure comparing the total enterprise value according to the share price with the carrying amount.
Consolidated Pay-Out	%	Gross dividend per share * No. 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 MM€	100.0% = (1.333 € * 1,058,752,117 shares) / 1,411 MM€	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 ENDESA, S.A.	98.1% = (1.382 € * 1,058,752,117 shares) / 1,491 MM€	99.4% = (1.333 € * 1,058,752,117 shares) / 1,419 MM€	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (individual company).

M€ = Millions of euros; € = euros.
n = 30 June of the year being calculated.
n-1 = 31 December of the year before the year being calculated.
(1) See Consolidated Income Statement for the six months ended 30 June 2018.
(2) See Consolidated Statement of financial position at 30 June 2018.
(3) See Consolidated Cash Flow Statement for the six months ended 30 June 2018.

APPENDIX III

Effect on the Consolidated Statement of Financial Position at 1 January 2018 from the Changes to the 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	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 1 January 2018 as explained in Section 1.2. Changes in Accounting Principles of this Consolidated Management Report.

APPENDIX IV

Impact on the Interim Condensed Consolidated Financial Statements corresponding to the six-month period ended on 30 June 2018 from the Changes in the Accounting Principles

Millions of euros

Consolidated Statement of Financial Position	30 June 2018	IFRS 15 Revenue from Contracts with Customers	IFRS 9 Financial Instruments	30 June 2018 Unaffected by the Application of IFRS 9 and IFRS 15
Non-current assets	**25,745**	**(107)**	**(16)**	**25,622**
Current assets	**6,117**	**-**	**38**	**6,155**
TOTAL ASSETS	**31,862**	**(107)**	**22**	**31,777**
Equity	**9,328**	**(80)**	**35**	**9,283**
Of the Parent	9,195	(80)	35	9,150
Of Non-Controlling Interests	133	-	-	133
Non-current liabilities	**15,495**	**(27)**	**(13)**	**15,455**
Current Liabilities	**7,039**	**-**	**-**	**7,039**
TOTAL EQUITY AND LIABILITIES	**31,862**	**(107)**	**22**	**31,777**

Millions of euros

Consolidated income statement	January - June 2018	IFRS 15 Revenue from Contracts with Customers	IFRS 9 Financial Instruments	January - June 2018 Unaffected by the Application of IFRS 9 and IFRS 15
INCOME	**9,934**	**-**	**-**	**9,934**
PROCUREMENTS AND SERVICES	**(7,111)**	**(35)**	**-**	**(7,146)**
Other variable procurements and services	(1,038)	(35)	-	(1,073)
CONTRIBUTION MARGIN	**2,823**	**(35)**	**-**	**2,788**
GROSS PROFIT FROM OPERATIONS	**1,804**	**(35)**	**-**	**1,769**
Depreciation and amortisation and impairment losses	(751)	23	(3)	(731)
PROFIT FROM OPERATIONS	**1,053**	**(12)**	**(3)**	**1,038**
NET FINANCIAL PROFIT/(LOSS)	**(70)**	**-**	**(4)**	**(74)**
PROFIT/(LOSS) BEFORE TAX	**984**	**(12)**	**(7)**	**965**
Income Tax Expense	**(228)**	**3**	**2**	**(223)**
PROFIT FOR THE YEAR	**756**	**(9)**	**(5)**	**742**
Parent Company	752	(9)	(5)	738
Non-controlling interests	4	-	-	4

ENDESA, S.A.

Management Report for the six months ended 30 June 2018

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

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

ENDESA, S.A.

MANAGEMENT REPORT FOR THE

THE SIX MONTHS ENDED 30 JUNE 2018

Contents

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

ENDESA, S.A.

MANAGEMENT REPORT FOR THE

THE SIX MONTHS ENDED 30 JUNE 2018

1. Business performance

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

Revenue in the first six months of 2018 totalled Euros 472 million, of which Euros 324 million correspond to dividend income from Group companies and associates, and Euros 148 million to income for the provision of services to subsidiaries.

In the first six months of 2018, ENDESA, S.A.'s dividend income was as follows:

Millions of euros

Company	Dividend
ENDESA Red, S.A.U.	275
ENDESA Financiación Filiales, S.A.U.	49
TOTAL	**324**

In the six months ended 30 June 2018, operating income totalled Euros 490 million, while operating expenses were Euros 193 million, generating profit from operations for the period of Euros 297 million.

A financial loss amounting to Euros 56 million was reported in the first six months of 2018, primarily as a consequence of the financial expenses on debt with Group companies and associates amounting to Euros 56 million.

The pre-tax profit for the period was Euros 241 million.

In the first half of 2018, income of Euros 20 million was recognised from accrued income tax. This is because the dividends received from Group companies, which are the Company's main source of income, are not taxed. These companies' profits have already been taxed in the consolidated income tax return filed for the Group, represented in Spain by ENEL Iberia, S.L.U.

Net profit in the first half of 2018 was Euros 261 million.

2. Main financial transactions

The main financial transactions made in the first half of 2018 are:

- In the first half 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).

- As part of the financial transaction signed with the European Investment Bank (EIB) in 2017, on 29 May 2018, Euros 500 million was drawn down. This draw down bears a floating interest rate, with a 12-year maturity depreciable as of May 2022 (See Note 6.2 of the condensed explanatory notes to the Individual Interim Condensed Financial Statements for the six months ended 30 June 2018).

- In the first half of 2018, ENDESA drew down Euros 700 million of the uncommitted intercompany credit line with ENEL Finance International, N.V., for an amount of Euros 1,500 million (See Note 6.2 of the condensed explanatory notes to the Individual Interim Condensed Financial Statements for the six months ended 30 June 2018).

3. Events after the reporting period

No other significant events took place between 30 June 2018 and the date of authorisation for issue of this management report.

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

Information on ENDESA, S.A.'s risk management and control policy is included in Note 13 to the financial statements for the year ended 31 December 2017.

5. Policy on derivative financial instruments

Information on derivative financial instruments is provided in Note 14 to the financial statements of ENDESA S.A., for the year ended 31 December 2017.

6. Human resources

Information concerning personnel is included in Note 11. of the condensed explanatory notes to the individual interim financial statements for the six months ended 30 June 2018.

7. Treasury shares

The Company did not hold any treasury shares at 30 June 2018 and did not carry out any transactions involving treasury shares in the six months then ended.

8. Environmental protection

Information on the environmental activities is provided in Note 20 to the financial statements of ENDESA S.A. for the year ended 31 December 2017.

9. Research and development activities

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

10. Information on the average payment period to suppliers

Information on the average payment period to suppliers is provided in Note 19.3 to the financial statements of ENDESA S.A. for the year ended 31 December 2017.

23 July 2018

Report on Limited Review

ENDESA, S.A. AND SUBSIDIARIES
Interim Condensed Consolidated Financial Statements
and Interim Consolidated Management Report
for the six-month period ended
June 30, 2018

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

REPORT ON LIMTED REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the interim condensed consolidated financial statements

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements (hereinafter the interim financial statements) of ENDESA, S.A. (hereinafter the Parent Company) and its Subsidiaries (hereinafter the Group), which comprise the consolidated statement of financial position at June 30, 2018, the income statement, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows, and the condensed explanatory notes, all of which have been consolidated, for the six-month period then ended. The Directors of the Parent Company are responsible for the preparation of said interim financial statements in accordance with the requirements established by International Accounting Standards (IAS) 34, "Interim Financial Reporting", adopted by the European Union for the preparation of interim condensed financial reporting as per article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

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

Conclusion

During the course of our limited review, which under no circumstances can be considered an audit of accounts, no matter come to our attention which would lead us to conclude that the accompanying interim financial statements for the six-month period ended June 30, 2018 have not been prepared, in all significant respects, in accordance with the requirements established by International Accounting Standards (IAS) 34, "Interim Financial Reporting", as adopted by the European Union in conformity with article 12 of Royal Decree 1362/2007 for the preparation of interim condensed financial statements.

Domicilio Social: C/Raimundo Fernández Villaverde, 65. 28003 Madrid -Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3 del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1 , Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

Emphasis paragraph

We draw attention to the matter describe in accompanying explanatory Note 2, which indicates that the abovementioned accompanying interim financial statements do not include all the information that would be required for completed consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. Therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2017. This does not modify our conclusion.

Report on other legal and regulatory reporting requirements

The accompanying consolidated interim management report for the six-month period ended June 30, 2018 contains such explanations as the Directors of the Parent Company consider appropriate concerning significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six-month period ended June 30, 2018. Our work is limited to verifying the consolidated interim management report in accordance with the scope described in this paragraph, and does not include the review of information other than that obtained from the accounting records of ENDESA, S.A. and its Subsidiaries.

Paragraph on other issues

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

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

Olatz Díez de Artazcoz Herreros

July 23, 2018

Report on Limited Review

ENDESA, S.A.
Interim Condensed Individual Financial Statements
and Interim Management Report
for the six-month period ended
June 30, 2018

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REPORT ON LIMITED REVIEW OF THE INTERIM CONDENSED INDIVIDUAL FINANCIAL STATEMENTS

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

Report on the interim condensed individual financial statements

Introduction

We have carried out a limited review of the accompanying condensed individual interim financial statements (hereinafter the interim financial statements) of ENDESA, S.A. (hereinafter the Company), which comprise the balance sheet at June 30, 2018, the income statement, the statement of changes in equity, the statement of cash flows and the condensed explanatory notes, for the six-month period then ended. The Directors of the Company are responsible for the preparation of said interim financial statements in accordance with the accounting principles and minimum content set out in articles 12 and 13 of Royal Decree 1362/2007 and Circular 1/2008, amended by Circular 5/2015, of the Spanish National Securities Market Commission. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

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

Conclusion

Based on our limited review, which under no circumstances can be considered an audit of accounts, no matter come to our attention which would lead us to conclude that the accompanying interim financial statements for the six-month period ended June 30, 2018 have not been prepared, in all significant respects, in accordance with the accounting principles and minimum content set out in articles 12 and 13 of Royal Decree 1362/2007 and Circular 1/2008, amended by Circular 5/2015, of the Spanish National Securities Market Commission, for the preparation of interim condensed financial statements.

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Emphasis paragraph

We draw attention to the matter describe in accompanying explanatory Note 2, which indicates that the abovementioned accompanying interim financial statements do not include all the information that would be required for completed financial statements prepared in accordance with the applicable financial reporting framework. Therefore, the accompanying interim financial statements should be read in conjunction with the annual account of ENDESA, S.A. for the year ended December 31, 2017 and the condensed consolidated interim financial statements for the six-month period ended June 30, 2018. This does not modify our conclusion.

Report on other legal and regulatory reporting requirements

The accompanying interim management report for the six-month period ended June 30, 2018 contains such explanations as the Directors of the Company consider appropriate concerning significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six-month period ended June 30, 2018. Our work is limited to verifying the consolidated interim management report in accordance with the scope described in this paragraph, and does not include the review of information other than that obtained from the accounting records of ENDESA, S.A.

Paragraph on other issues

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

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

Olatz Díez de Artazcoz Herreros

July 23, 2018