

Endesa 9M 2020

Consolidated results

November 04, 2020





9M 2020

Consolidated results

José Bogas

CEO

endesa

Key highlights of the period



EBITDA performance

Covid-19

Efficiency plans

Solid results

Public Responsibility Plan

EBITDA increased by +8%

Liberalized Business proves its resiliency

Gaining flexibility for future challenges

Net Ordinary Income increases by 38% ⁽¹⁾

Progressing in our commitment to society

(1) Net Ordinary Income 9M2020: Reported Net Income (1,511 €mn) - Net Results on Impairment of Non-Financial Assets over 10 €mn (-14 €mn) – Initial net accrual of personnel costs due to restructuring plans relating to the decarbonisation process (-160 €mn) - Net Costs corresponding to the Public Responsibility Plan for the Health Crisis COVID-19 (-15 €mn) = 1,700 €mn

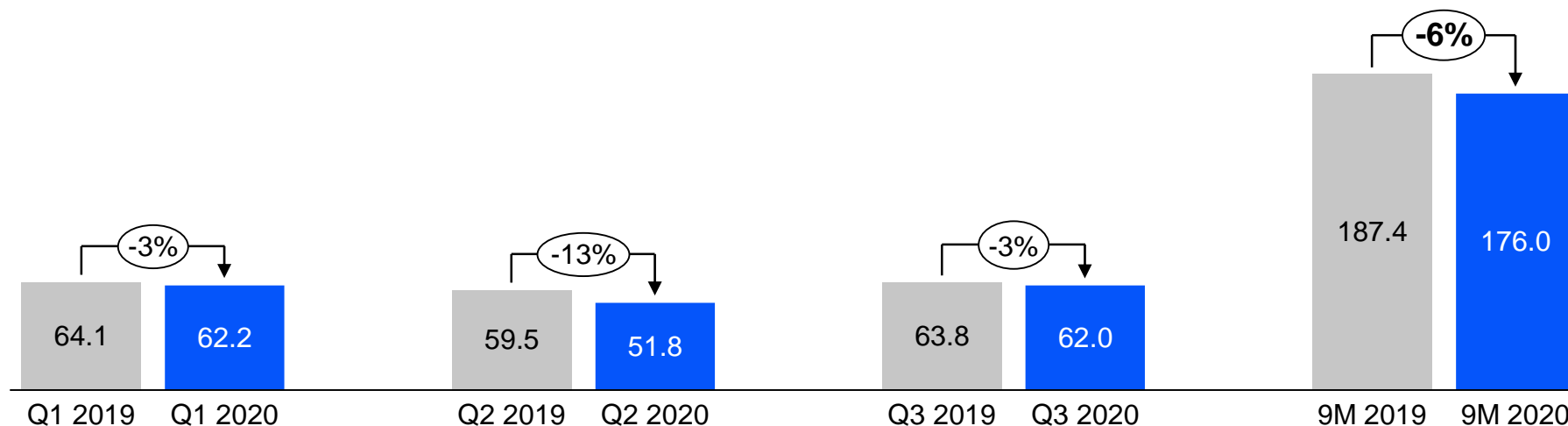
Net Ordinary Income 9M2019: Reported Net Income (176 €mn) – Gains/(losses) on disposals of non-financial assets of over 10 €mn (0 €mn) – Net Impairment losses on non-financial assets of over 10 €mn (-1,052 €mn) = 1,228 €mn

Market context in 9M 2020



Demand decrease and declining commodities lead to lower pool prices

Demand in Spain, TWh⁽¹⁾



Average pool prices, €/MWh



Endesa's area ⁽²⁾:

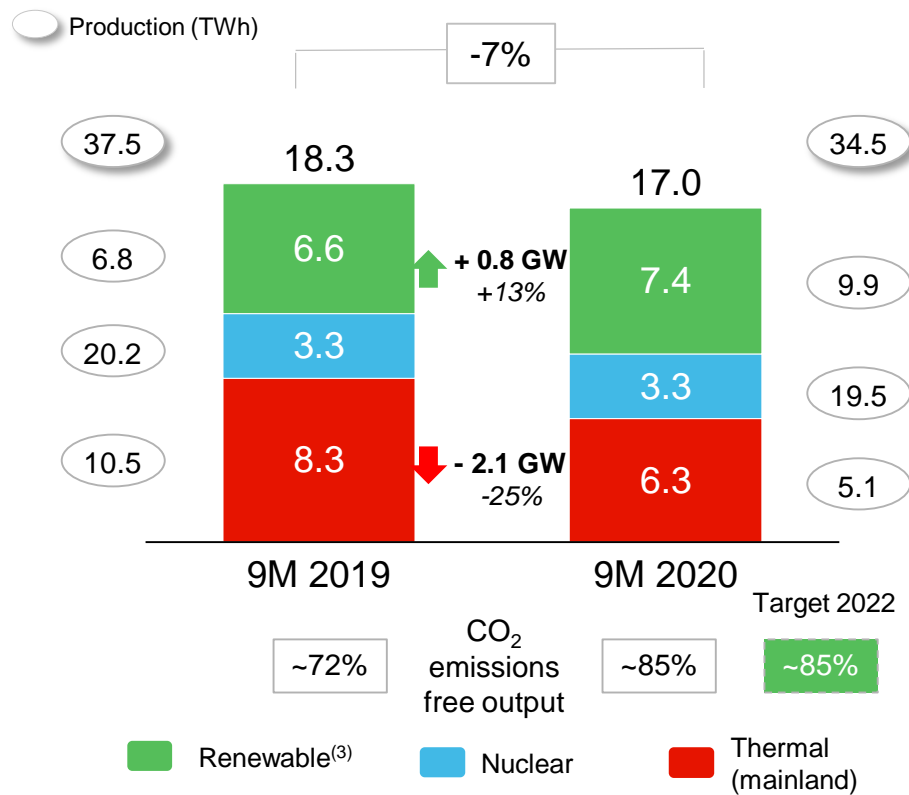
	Q1 20	Q2 20	Q3 20	9M 20	By segment (Not adjusted):
Adjusted ⁽³⁾	-3.9%	-11.3%	-3.1%	-6.0%	Industry -7.3%
Not adjusted	-2.7%	-11.8%	-1.8%	-5.2%	Services -11.0%
					Residential +2.7%

(1) Not adjusted demand in mainland. Source: REE
 (2) Source: Endesa's own estimates in mainland. Variation versus 2019
 (3) For weather and working days

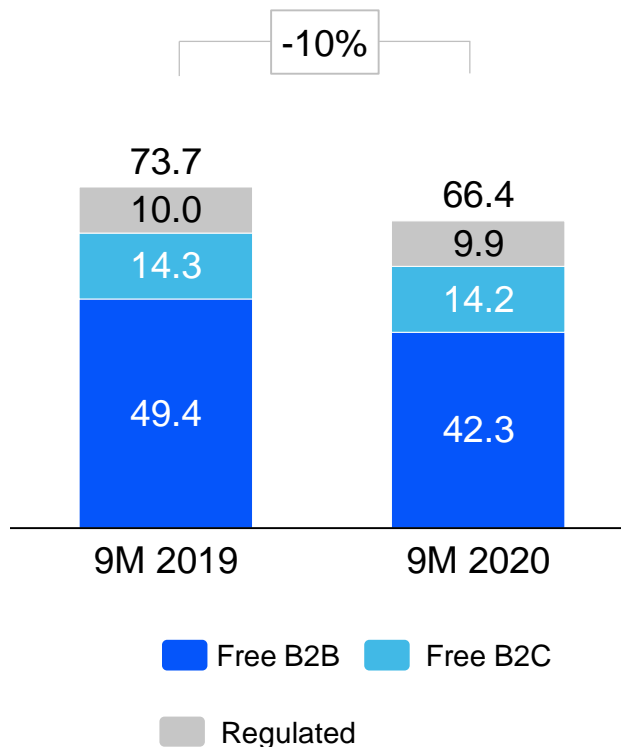
Power operational highlights



Mainland Installed capacity and production⁽¹⁾, GW



Energy sold⁽²⁾, TWh



Customers, mn

	2019	9M 2020
Liberalized	5.8	5.7
Regulated	4.8	4.8
Total power customers	10.6	10.5

Market context of falling demand and increasing competition

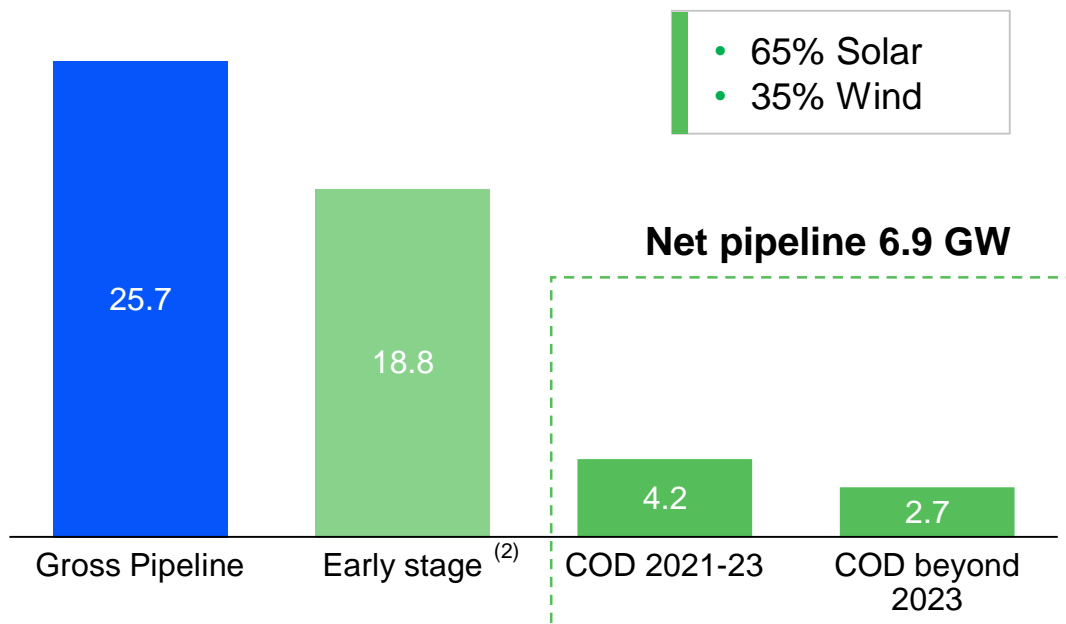
(1) Net capacity. Energy at power plant busbars. Rounded figures
 (2) Gross energy sales
 (3) Includes large hydro

Decarbonization

Growth in renewable generation capacity



Gross pipeline⁽¹⁾ of renewable projects, GW



- Gross pipeline: 25.7 GW, 6.9 GW with connection points.
- 65% of net pipeline is devoted to solar technology
- Portugal auction: Awarded 99 MW⁽³⁾ + ~20 MW BESS to be operative in 2024. Investment 90 mn€

Growing pipeline to fulfil and accelerate decarbonization strategy

(1) As of 30.09.2020
 (2) Approved by a Screening Committee, which authorized preliminary works. Initial phase of development
 (3) AC power

Electrification

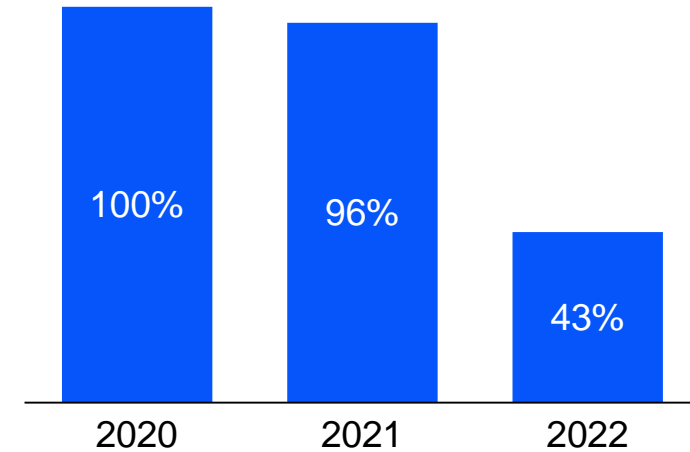
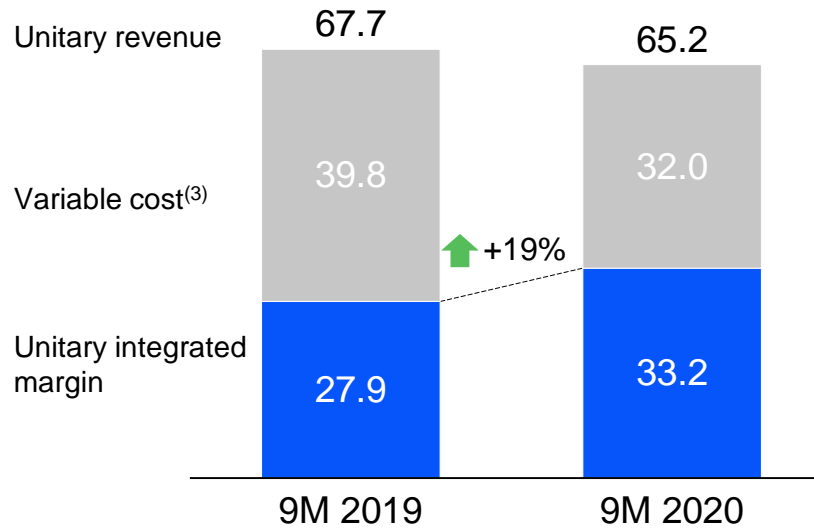
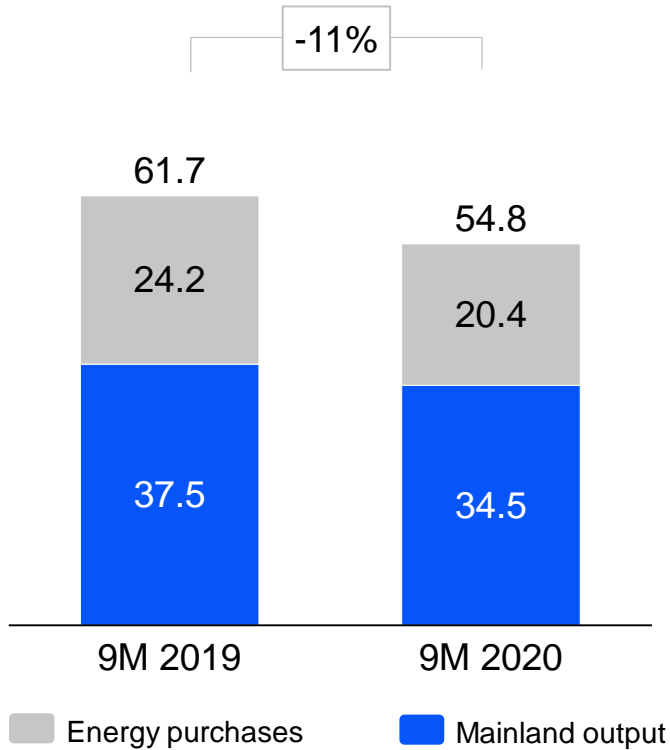
Energy management



Liberalized sales⁽¹⁾, TWh

Power integrated margin⁽¹⁾, €/MWh

Output⁽²⁾ hedged



Integrated margin growth and resilience

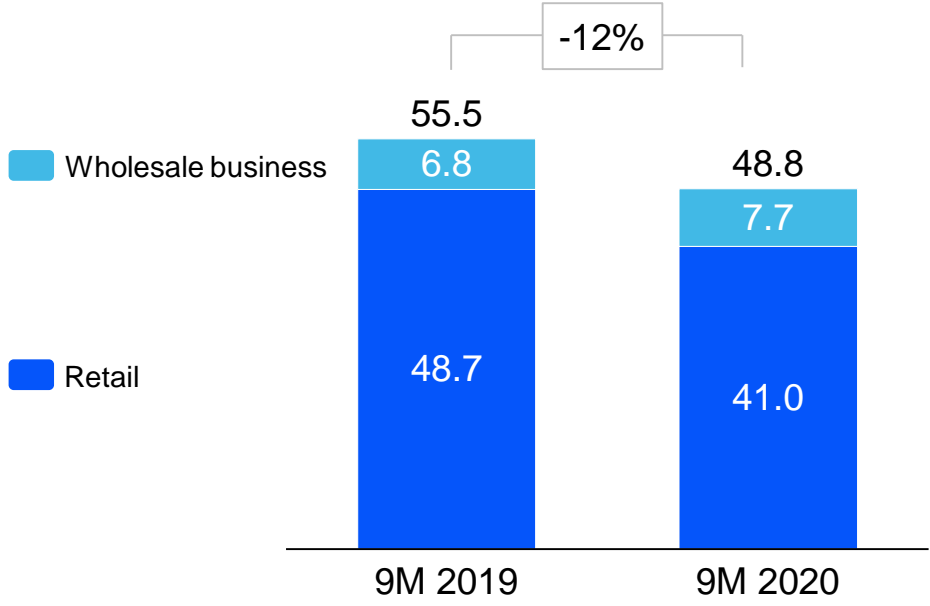
(1) Total free sales excluding international sales and SCVP, not considered in the integrated margin. Unitary integrated margin, both in 9M 2019 and 9M 2020, includes procurement activities for CCGTs
 (2) Price driven output
 (3) Production cost + energy purchase cost + ancillary services

Electrification

Gas operational highlights



Volumes sold⁽¹⁾, TWh



Key figures

	2019	9M 2020	Var.
Total customers mn	1.65	1.67	+1%
Unitary margin ⁽²⁾ €/MWh	2.3	4.0	1.7x

Gas margin benefits from market opportunities and procurement flexibility

(1) Rounded figures

(2) Compared 9M 2020 vs. 9M 2019. Unitary integrated margin, both in 9M 2019 and 9M 2020, excludes procurement activities to CCGTs



9M 2020

Financial results

Luca Passa
CFO

endesa

Financial highlights (€mn)



	EBITDA	Net Income	Net Ordinary Income ⁽²⁾	FFO	Net Debt
<i>Reported</i>	3,136 +8%	1,511 9x	1,700 38%	1,969 +9%	7,407 +16%
<i>Like-for-like</i>	2,993 ⁽¹⁾ +3%				
<i>9M 2019</i>	2,898	176	1,228	1,810	6,377 ⁽³⁾

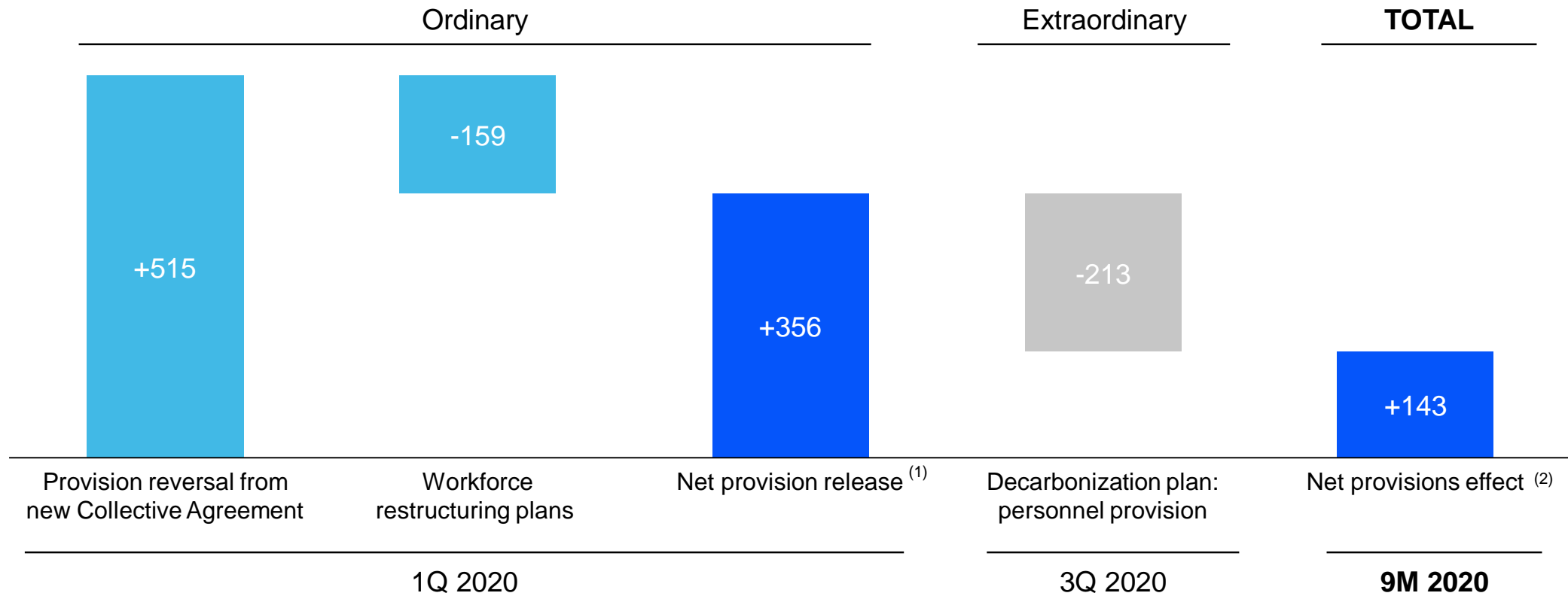
(1) EBITDA excluding +515 €mn of provision reversal from the commitments contained in the new collective agreement, -159 €mn of additional provision recorded for workforce restructuring plans and -213 €mn of initial net accrual personnel costs due to restructuring plans relating to the decarbonisation process.

(2) Net Ordinary Income 9M2020: Reported Net Income (1,511 €mn) - Net Results on Impairment of Non-Financial Assets over 10 €mn (-14 €mn) - Initial net accrual of personnel costs due to restructuring plans relating to the decarbonisation process (-160 €mn) - Net Costs corresponding to the Public Responsibility Plan for the Health Crisis COVID-19 (-15 €mn) = 1,700 €mn

(3) As of December 2019

Personnel cost provisions

€mn



- 213 mn€ personnel provision associated to the Decarbonization Plan, not affecting shareholder remuneration

Preparing the company for future challenges

(1) At EBITDA level. Net Ordinary Income effect: +267 €mn
 (2) At EBITDA level. Net Income (reported) effect: +107 €mn

COVID-19 estimated impact



€mn

	Like-for-like	Demand	Bad debt	Net of COVID-19
EBITDA	2,993	81		3,074 +6%
D&A	(1,104)		23	
Net Ordinary Income ⁽¹⁾	1,433	61	17	1,511 +23%

COVID-19 impact

9M 20 results absorb Covid-19 effects

Bad debt provisioning amounted to 23 mn€ mainly by IFRS 9

In absence of COVID-19 business effects, like-for-like EBITDA would have increased by 6% and Net Ordinary Income by 23%

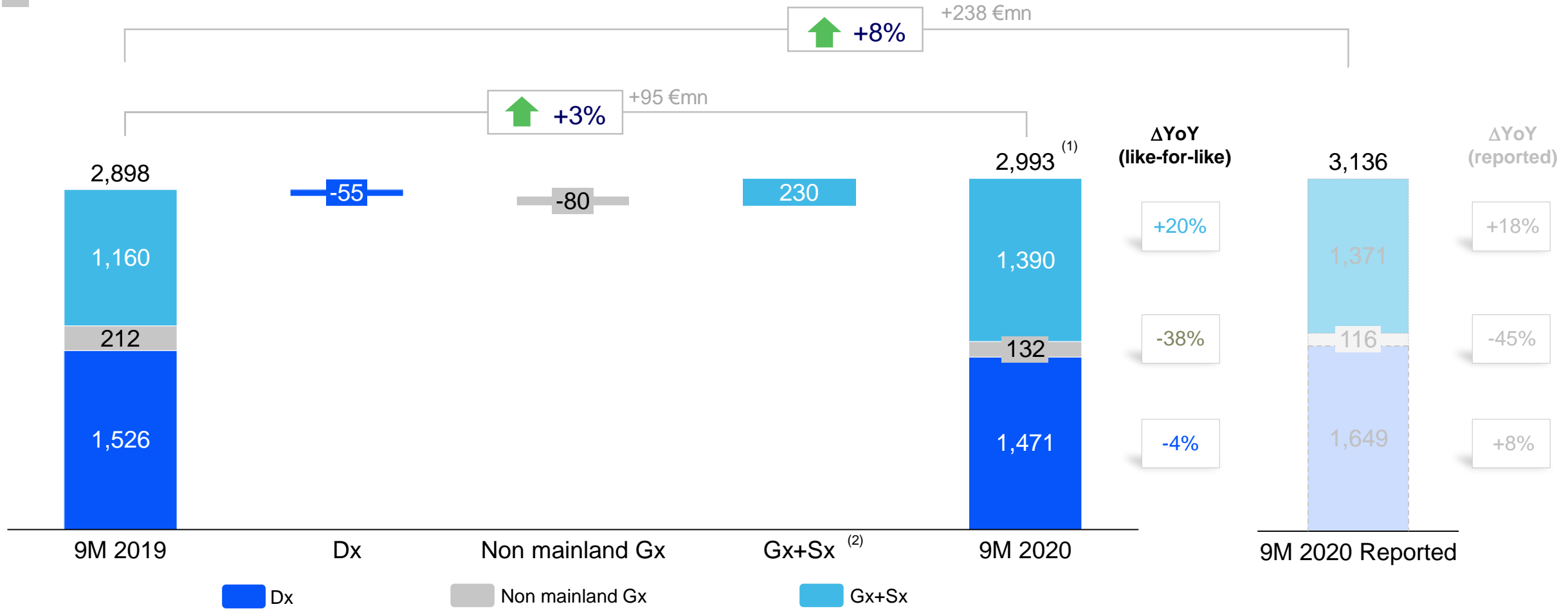
Fully committed to our 2020 targets despite Covid-19

(1) Net Ordinary Income I-f-I 9M2020 : Reported Net Income (1,511 €mn) - Net Results on Impairment of Non-Financial Assets over 10 €mn (-14 €mn) - net effect of provision reversal from the commitments contained in the new Collective Agreement, additional provision recorded for workforce restructuring plans and initial net accrual of personnel costs due to restructuring plans relating to the decarbonisation process (107 €mn) - Net Costs corresponding to the Public Responsibility Plan for the Health Crisis COVID-19 (-15 €mn)

Like-for-like EBITDA evolution



€mn



EBITDA improvement supported by liberalized business performance and resiliency

(1) See footnote on slide 10

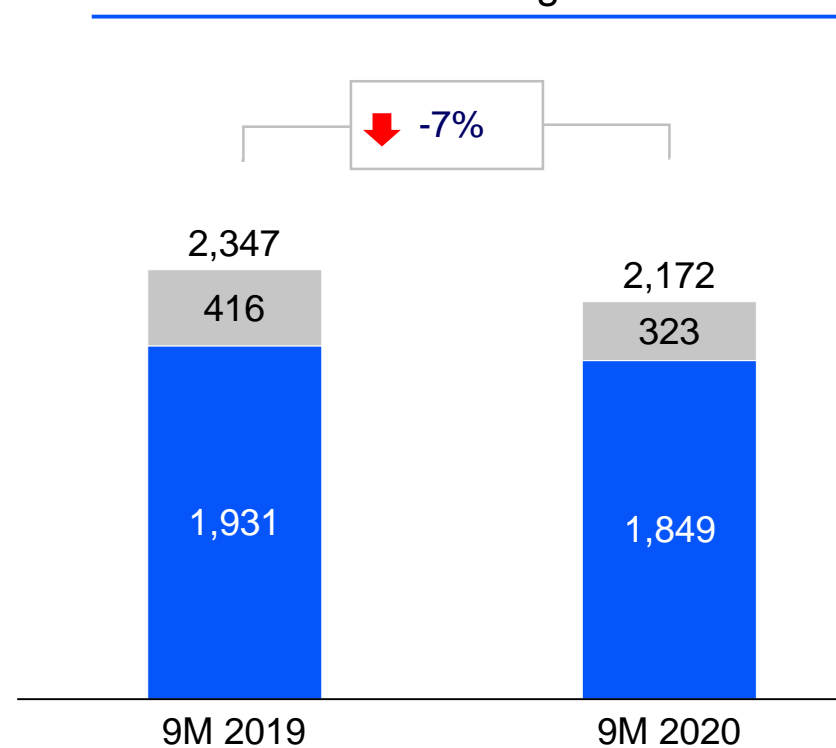
(2) Gx+Sx figures include Generation and Supply business, Corporate Structure, Services and Adjustments and does not include Non-mainland generation

Regulated business

€mn



Gross margin



Regulated margin: 2,172 €mn
(-175 €mn)

- Dx: -82 €mn, affected by the new retributive parameters

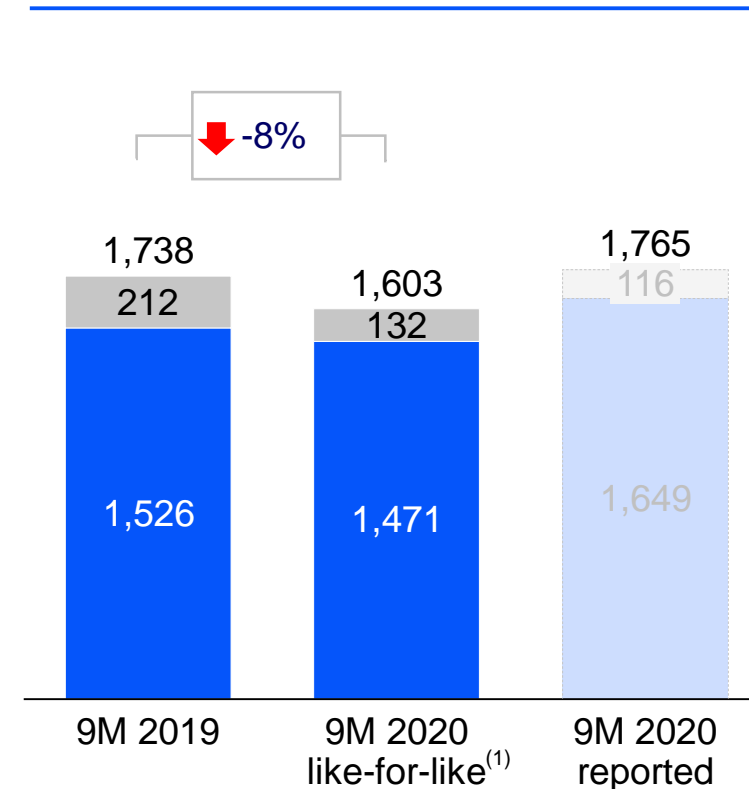
- Non mainland: -93 €mn business still affected by regulatory inefficiencies that do not allow full cost recovery in current commodities scenario

Like-for-like fixed costs⁽¹⁾: 569 €mn
(40 €mn decrease)

■ Distribution

■ Non mainland

EBITDA



New remuneration parameters partially offset by fixed cost improvement

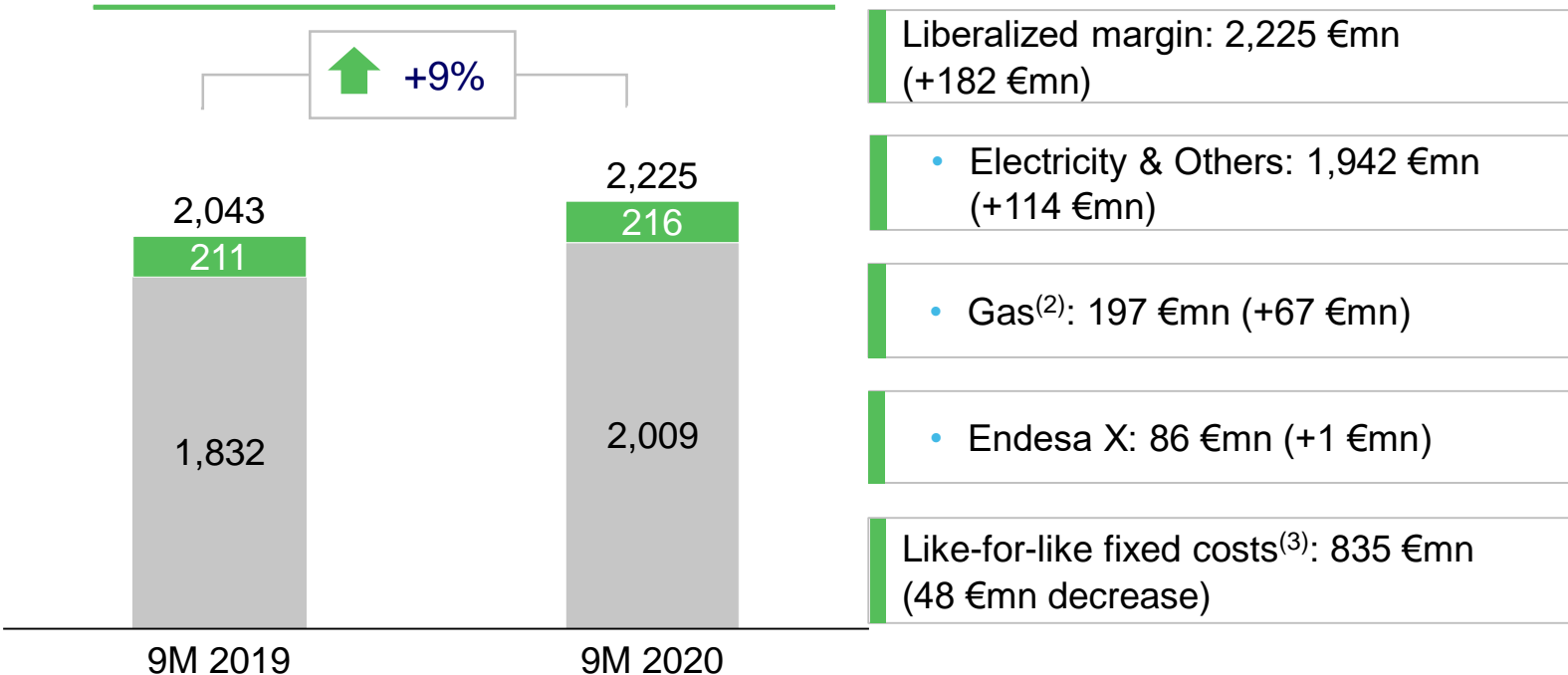
(1) EBITDA excluding +289 €mn (+269 €mn Dx and +20 €mn Non mainland) of provision reversal from the commitments contained in the new collective agreement, -99 €mn (-91 €mn Dx and -8 €mn Non mainland) of additional provision recorded for workforce restructuring plans and -28 €mn (Non mainland) of initial net accrual of personnel costs due to restructuring plans relating to the decarbonisation process

Liberalized business⁽¹⁾

€mn

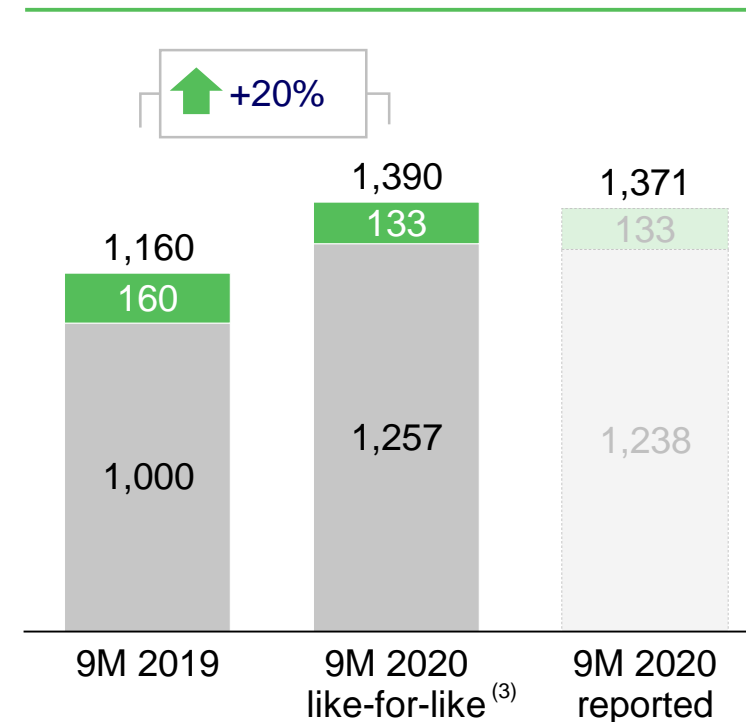


Gross margin



Liberalized business (exEGPE)
 EGPE

EBITDA



Remarkable performance and resiliency despite backdrop

(1) Liberalized business figures include Generation and Supply business, Corporate Structure, Services and Adjustments and does not include Non-mainland generation
 (2) Does not include procurement activities to CCGTs
 (3) EBITDA excluding +226 €mn of provision reversal from the commitments contained in the new collective agreement, -60 €mn of additional provision recorded for workforce restructuring plans and -185 €mn of initial net accrual of personnel costs due to restructuring plans relating to the decarbonisation process.

Profit & loss

€mn



	9M 2020	9M 2019	Δyoy
EBITDA	3,136	2,898	+8%
D&A	(1,104)	(2,563)	-57%
EBIT	2,032	335	+507%
Net Financial Results	(82)	(139)	-41%
Results from equity investments & Others	38	2	+1800%
EBT	1,988	198	+904%
Income taxes	(473)	(14)	+3279%
Non-Controlling Interests	(4)	(8)	-50%
Net Ordinary Income ⁽¹⁾	1,700	1,228	+38%

EBITDA increase +8%, benefitting from the net effect of new collective agreement application and the new personnel provisions

Lower D&A coming from the coal impairments booked in 2019

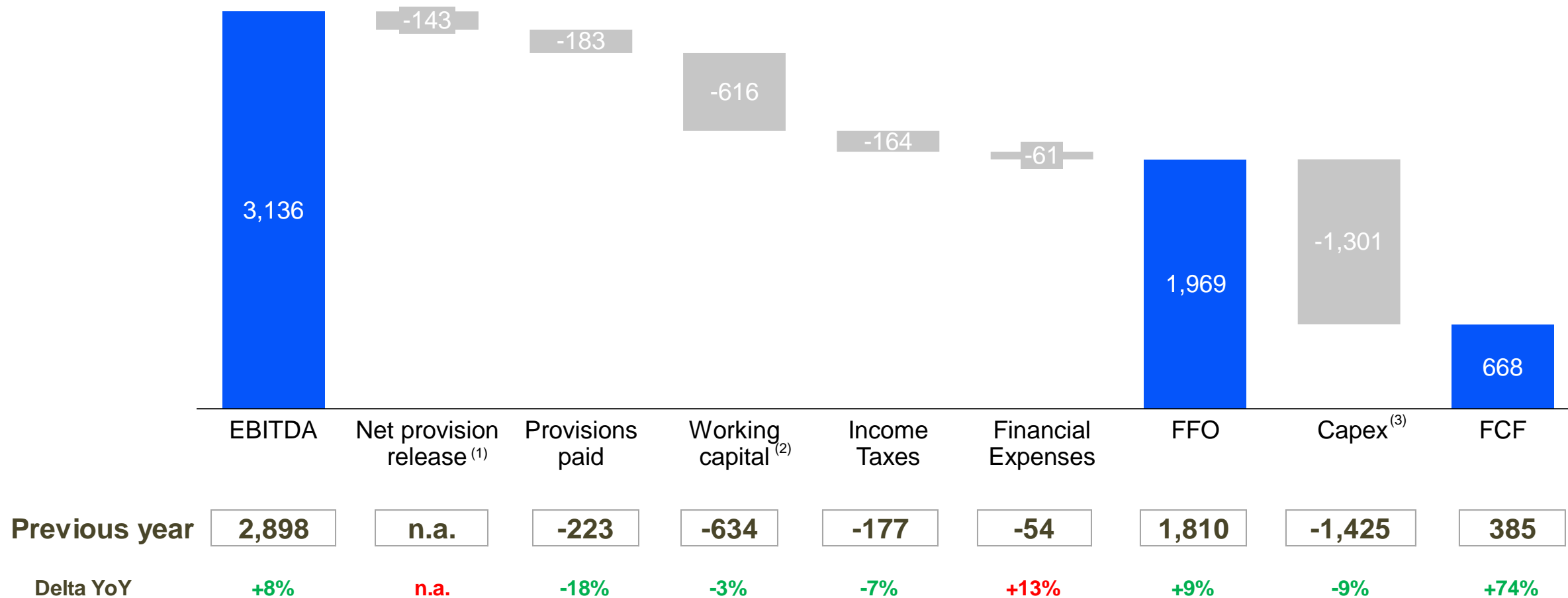
Lower financial expenses driven by the financial provisions update

23.7% tax rate vs 22.6% last year (proforma)

Net ordinary income +38%

Cash Flow

€mn



(1) See details on slide 11

(2) Net working capital + Regulatory NWC + others

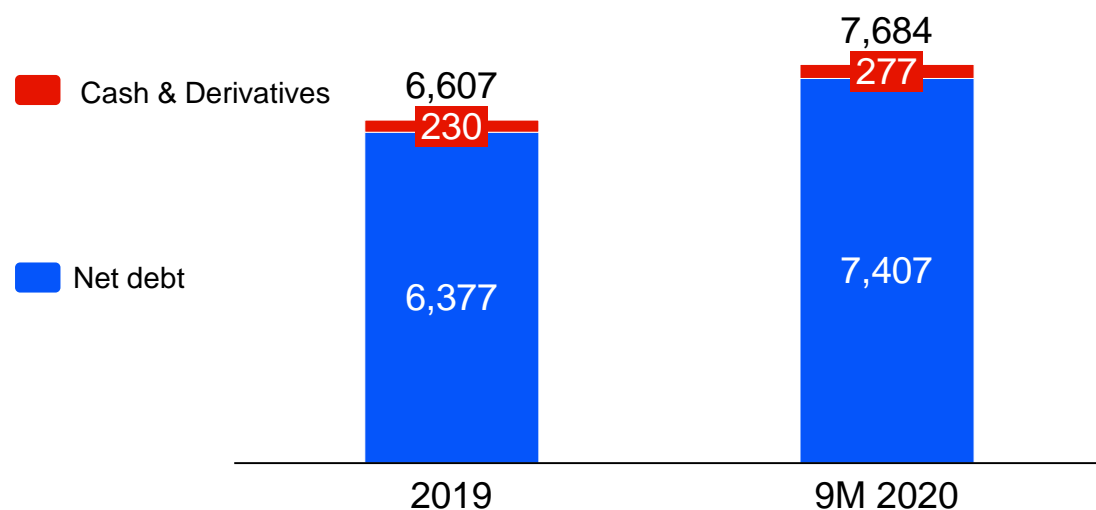
(3) Cash based Capex: Net change of tangible and intangible assets (1,216 €mn) - Subsidies and other deferred incomes (68 €mn) + Net change of other investments (153 €mn)

Net financial debt analysis

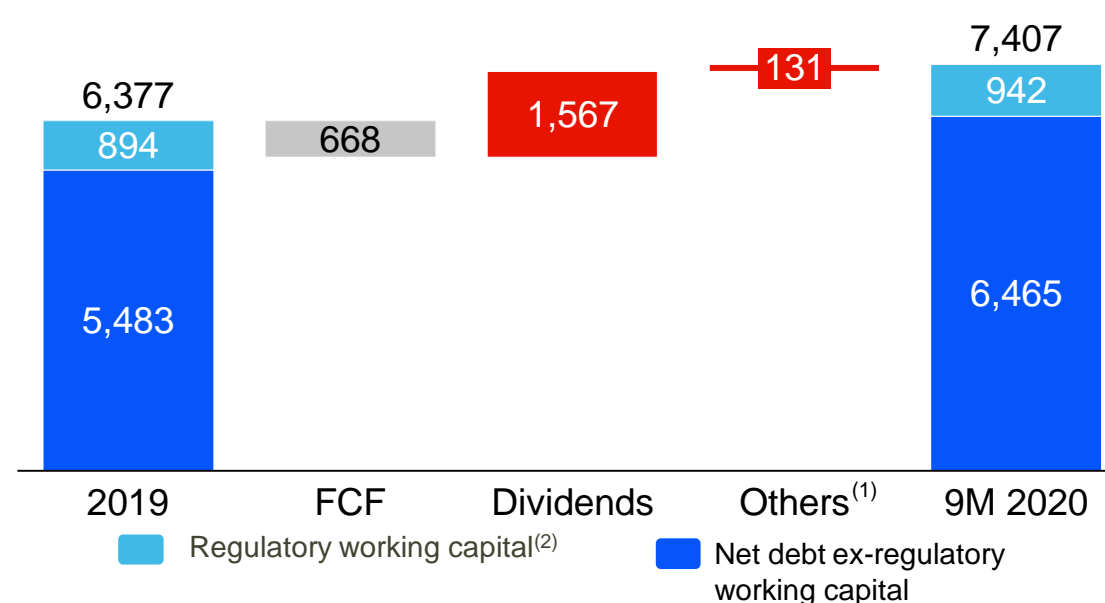
€mn



Gross debt



Net debt evolution



- Cost of Debt 1.7% (vs. 1.8% in FY 2019)
 - Fixed rate 61% of Gross Debt
 - 99% in Euros

- Leverage⁽³⁾ 1.8x (vs. 1.7x in FY 2019)
- Liquidity 4,326 €mn: 270 €mn in cash and 4,056 €mn available in credit lines
 - 47% Sustainable Finance on total gross debt**

Sound financial leverage and cost of debt at low record historical

(1) Mainly IFRS 16 and derivatives
 (2) Net balance with CNMC settlements
 (3) Calculated as Net Debt / EBITDA (12 last months)

Final Remarks



Fully committed to
**meet full year
targets and
dividend**

Resilient **integrated
business model** &
financial strength in
Covid scenario

Adapting the
company for **future
challenges**

Strongly committed
to our **people** and
communities
through the
pandemic disease



9M 2020

Consolidated results

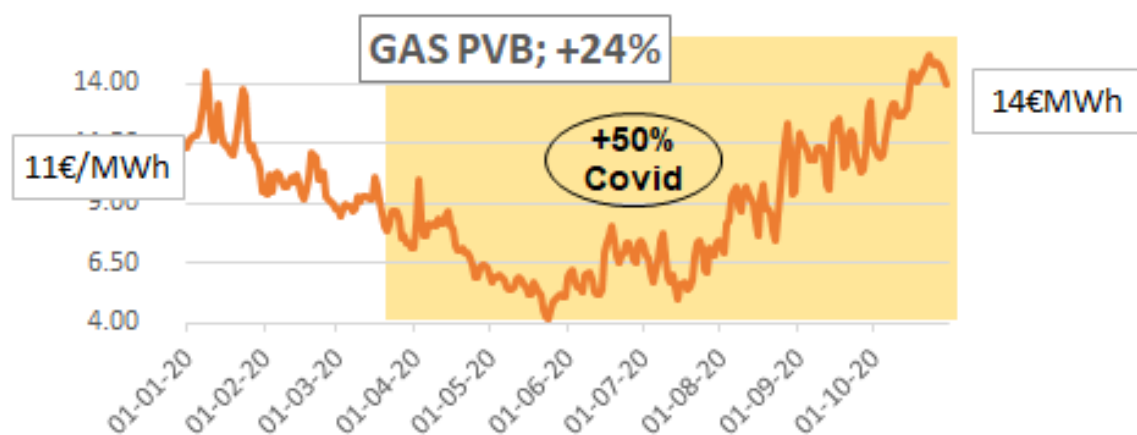
Annexes



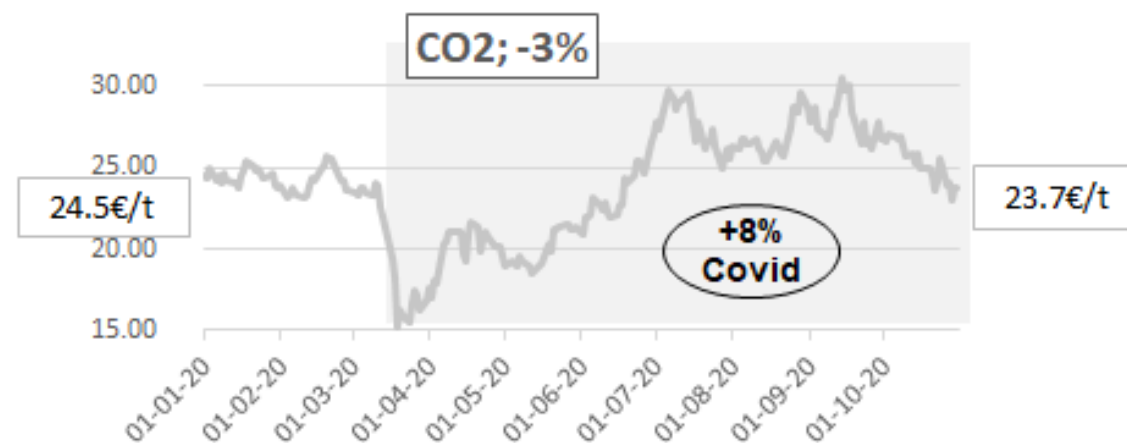
Commodities spot prices⁽¹⁾



Gas PVB, €/MWh



CO₂, €/t



Installed capacity and output



Total net installed capacity, MW

	9M 2020	FY 2019	Var. (%)
Mainland	17,075	19,066	-10%
Renewables	7,478	7,408	1%
Hydro	4,749	4,748	0%
Wind (2)	2,377	2,308	3%
Solar	352	352	0%
Others	0	0	0%
Nuclear	3,318	3,318	0%
Coal	2,523	4,584	-45%
CCGTs	3,756	3,756	0%
Non mainland territories	4,263	4,299	-1%
Coal	241	241	0%
Fuel - Gas	2,334	2,334	0%
CCGTs	1,688	1,724	-2%
Total	21,338	23,365	-9%

Total gross output⁽¹⁾, GWh

	9M 2020	9M 2019	Var. (%)
Mainland	34,560	37,635	-8%
Renewables	9,943	6,857	45%
Hydro	6,042	3,981	52%
Wind (2)	3,481	2,832	23%
Solar	420	43	10x
Others	0	1	-100%
Nuclear	19,523	20,245	-4%
Coal	975	4,814	-80%
CCGTs	4,119	5,719	-28%
Non mainland territories	7,590	8,953	-15%
Coal	55	1,539	-96%
Fuel - Gas	3,184	3,031	5%
CCGTs	4,351	4,383	-1%
Total	42,150	46,588	-10%

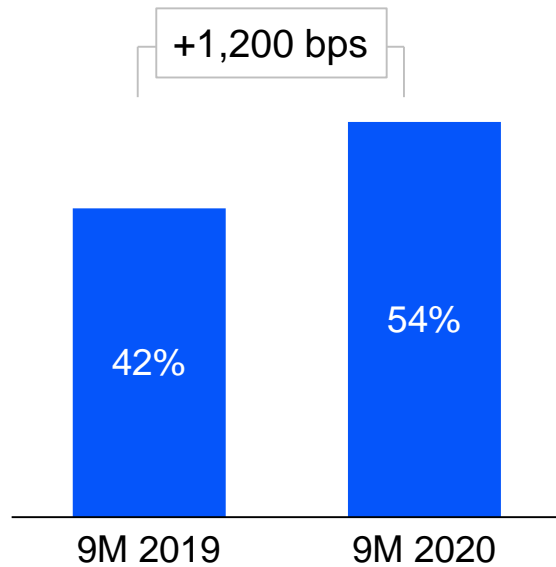
(1) Output at power plant bus bars (Gross output minus self-consumption)

(2) Includes 92 GWh in non-mainland in 9M 2020 (40 MW) vs 94 GWh in 9M 2019 (40 MW)

Profitability and credit metrics

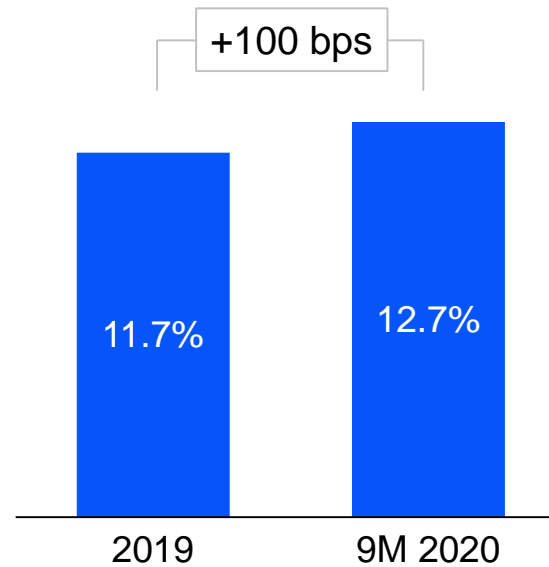


Profitability⁽¹⁾



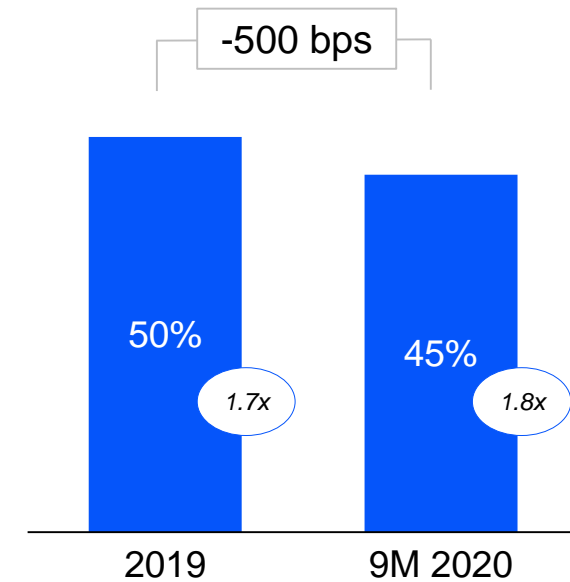
Net Income/EBITDA

Return on invested capital



ROIC⁽²⁾

Credit metrics

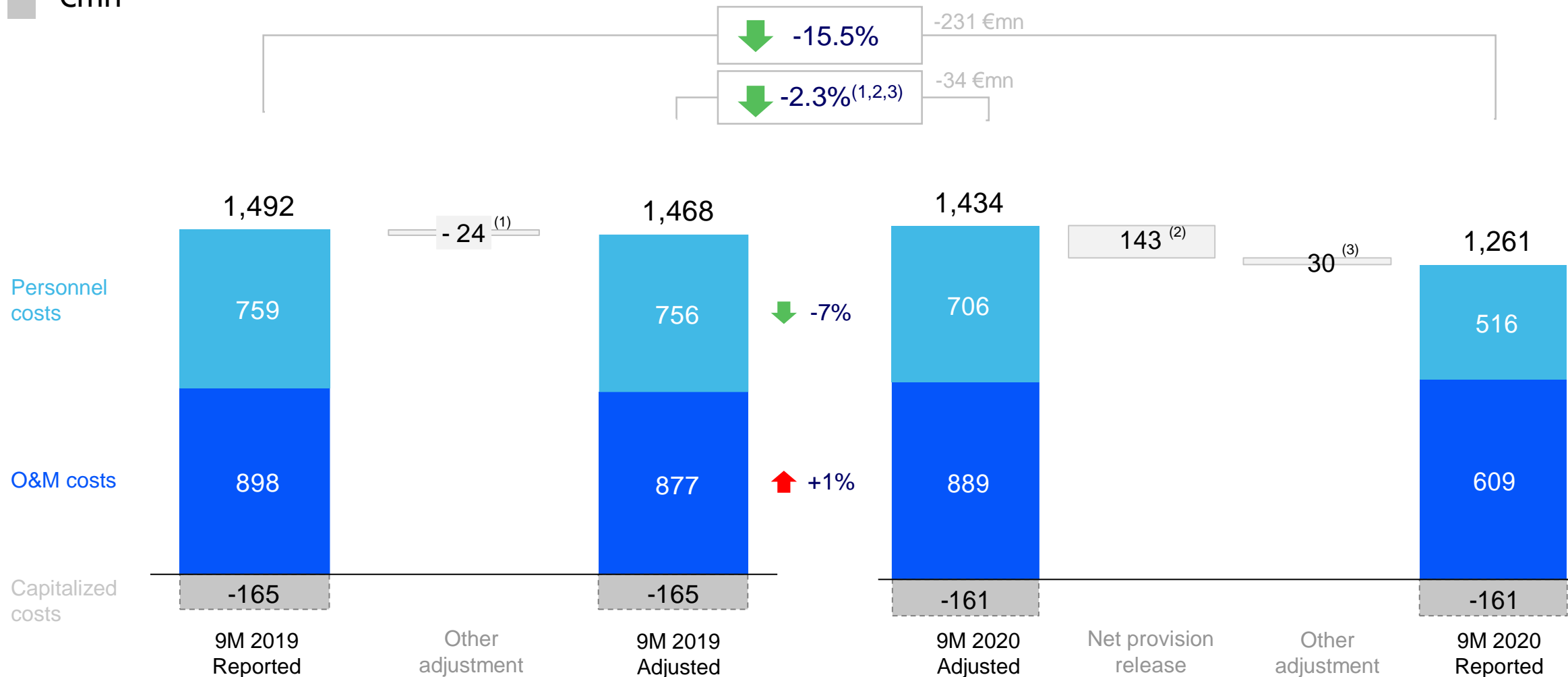


FFO⁽³⁾/Net Debt Net debt/EBITDA

(1) Calculated on Net Ordinary Income
 (2) Calculated on a like-for-like basis
 (3) FFO last 12 months

Fixed costs evolution

€mn



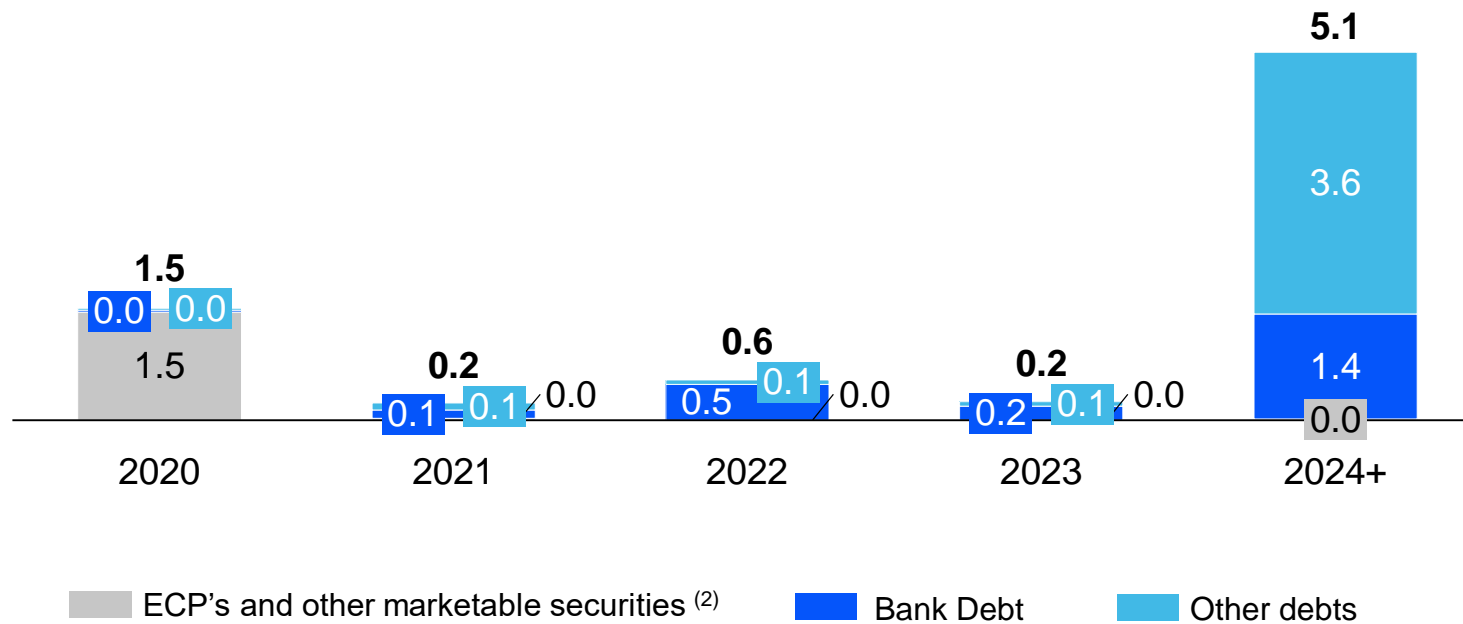
(1) 9M 2019 Fixed costs adjusted by impairment of materials relating to mainland coal plants (-21 €mn) and other adjustment: updating of provisions for workforce restructuring plans in place (-3 €mn)
 (2) See details on slide 11
 (3) 9M 2020 Fixed costs adjusted by net costs corresponding to the Public Responsibility Plan for the Health Crisis COVID-19 (-17 €mn) and other adjustment: updating of provisions for workforce restructuring plans in place (47 €mn)

Financial debt maturity calendar

€bn



Gross balance of maturities⁽¹⁾



- Average life of debt: 4.6 years
- Coverage of 18 months of debt maturities
- Liquidity additional strengthening by 1,285 €mn through 4 operations

Sound financial strength

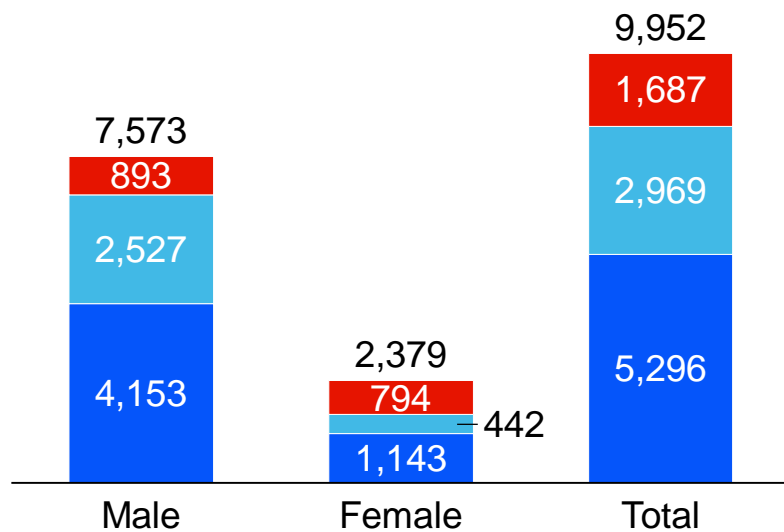
(1) Outstanding at 30 September 2020. Rounded figures. Does not include financial derivatives.

(2) Notes issued are backed by long-term credit lines and are renewed on a regular basis.

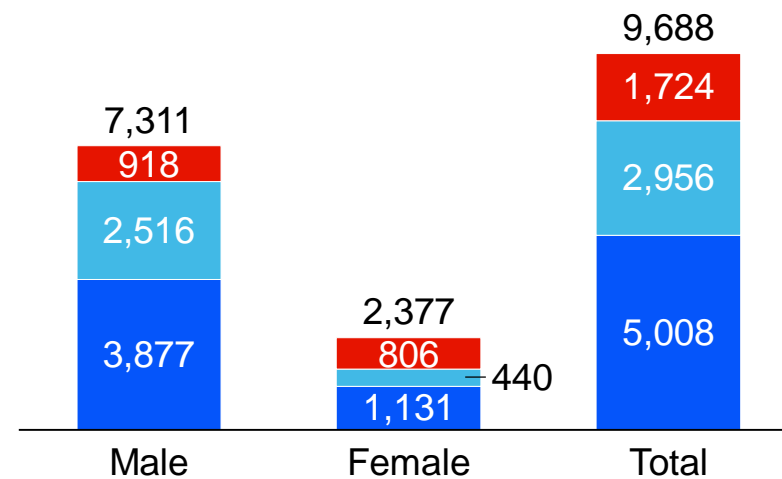
Headcount



2019



9M 2020



Generation & Supply

Distribution

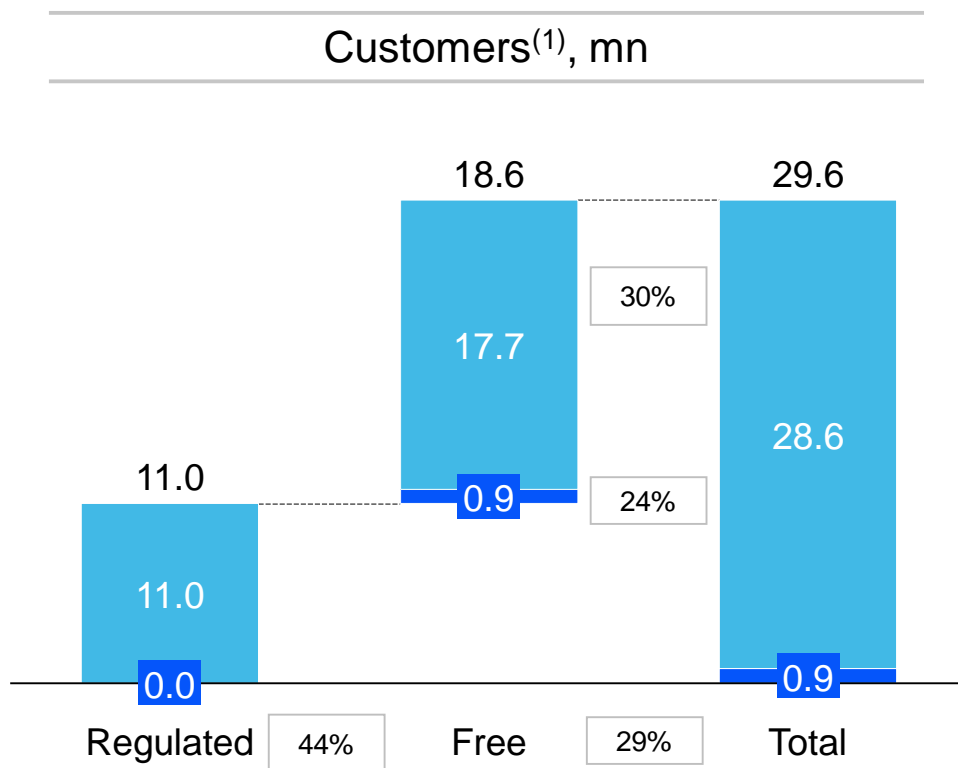
Structure & others

Spanish power market

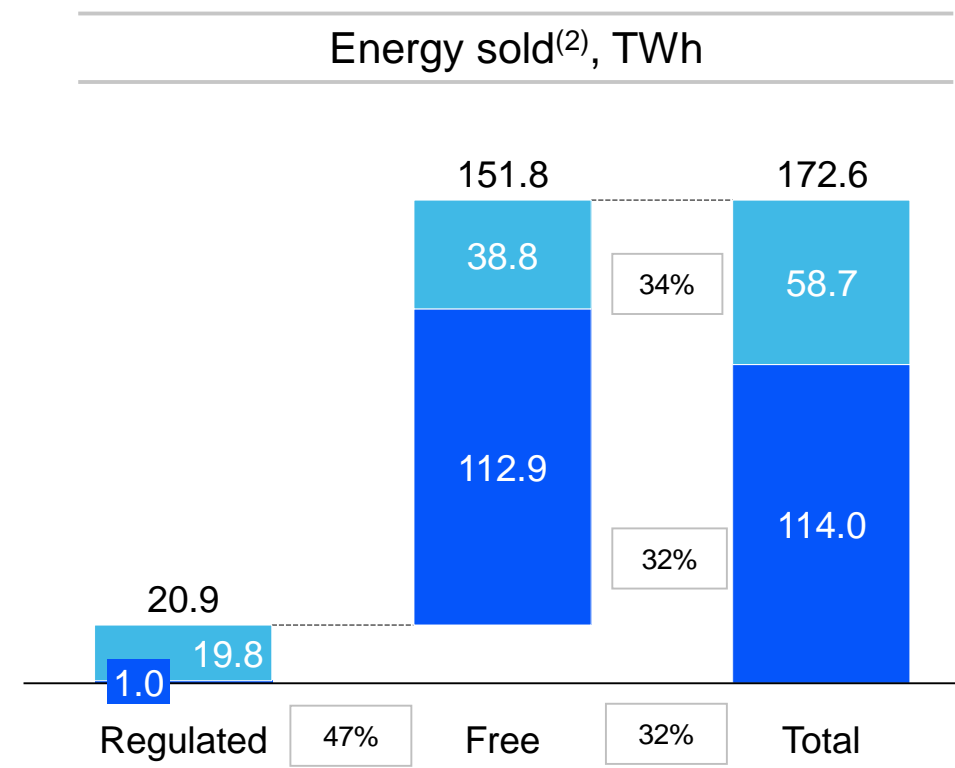
9M 2020



Customers⁽¹⁾, mn



Energy sold⁽²⁾, TWh



Residential

Business

XX% Endesa market share

(1) Customers: CNMC "Informe de supervisión de los cambios de comercializador 209" published 17/09/2020. Rounded figures

(2) Energy sold: Internal estimation based on "sectorial energy daily forecast system". Rounded figures

Endesa: 9M 2020 P&L

€mn



	Gx+Sx	Dx	Structure	Adjustments	TOTAL
Income	11,125	1,971	393	-530	12,959
Procurements and services	-8,524	-122	-32	116	-8,562
Gross margin	2,601	1,849	361	(414)	4,397
Self-constructed assets	52	94	15	0	161
Personel expenses	-365	-7	-154	10	-516
Other fixed operating expenses	-776	-287	-247	404	-906
EBITDA	1,512	1,649	(25)	-	3,136
D&A	-599	-464	-41	0	-1,104
EBIT	913	1,185	(66)	-	2,032
Net financial results	-55	-32	5	0	-82
Net results from equity method	36	3	0	0	39
Results from other investments	0	0	915	-915	0
Results on disposal of assets	-11	10	0	0	-1
PROFIT BEFORE TAX	883	1,166	854	(915)	1,988
Income Tax Expense	-207	-277	11	0	-473
Non-Controlling Interests	-3	-1	0	0	-4
NET ATTRIBUTABLE INCOME	673	888	865	(915)	1,511

Endesa: 9M 2019 P&L

€mn



	Gx+Sx	Dx	Structure	Adjustments	TOTAL
Income	12,905	2,057	434	-591	14,805
Procurements and services	-10,392	-126	-28	131	-10,415
Gross margin	2,513	1,931	406	(460)	4,390
Self-constructed assets	50	102	13	0	165
Personel expenses	-404	-211	-157	13	-759
Other fixed operating expenses	-791	-296	-253	442	-898
EBITDA	1,368	1,526	9	(5)	2,898
D&A	-2,064	-454	-45	0	-2,563
EBIT	(696)	1,072	(36)	(5)	335
Net financial results	-82	-51	-6	0	-139
Net results from equity method	13	3	0	0	16
Results from other investments	0	0	327	-327	0
Results on disposal of assets	-15	1	0	0	-14
PROFIT BEFORE TAX	(780)	1,025	285	(332)	198
Income Tax Expense	222	-240	3	1	-14
Non-Controlling Interests	-7	-1	0	0	-8
NET ATTRIBUTABLE INCOME	(565)	784	288	(331)	176

Glossary of terms (I/II)



Item	Calculation	Reference note (#) of Consolidated Management Report
Average cost of debt (%)	Cost of gross financial debt / gross average financial debt: $(104 \text{ €mn} \times (360/270)) / 8,044 \text{ €mn} = 1.7\%$	4.1
Average life of debt (number of years)	$(\text{Principal} \times \text{number of days of term}) / (\text{Principal in force at the end of the period} \times \text{number of days of the period})$: $35,143 / 7,647 = 4.6 \text{ years}$	4.1
Cash flow from operations (€mn)	Net cash provided by operating activities (1,969 €mn)	4.2
Free cash flow (€mn)	Cash flow from operations (1,969 €mn) - Net change of tangible and intangible assets (1,216 €mn) + Subsidies and other deferred incomes (68 €mn) - Net change of other investments (153 €mn) = 668 €mn	n/a
Debt maturities coverage (months)	Maturity period (months) for vegetative debt that could be covered with the liquidity available: 18 months	4.1
EBITDA (€mn)	Revenues (12,959 €mn) – Purchases and Services (8,562 €mn) + Work performed by the entity and capitalized (161 €mn) – Personnel expenses (516 €mn) – Other fixed operating expenses (906 €mn) = 3,136 €mn	1.3
EBIT (€mn)	EBITDA (3,136 €mn) - Depreciation and amortization (1,104 €mn) = 2,032 €mn	1.3
Fixed costs (Opex) (€mn)	Personnel expenses (516 €mn) + Other fixed operating expenses (906 €mn) - Work performed by the entity and capitalized (161 €mn) = 1,261 €mn	1.3
Gross margin (€mn)	Revenues (12,959 €mn) – Purchases and Services (8,562 €mn) = 4,397 €mn	1.3
Leverage (times)	Net financial debt (7,407 €mn) / EBITDA (943 €mn from 4Q 2019 + 3,136 €mn from 9M 2020) = 1.8x	n/a

Glossary of terms (II/II)



Item	Calculation	Reference note (#) of Consolidated Management Report
Net Capex (€mn)	Gross tangible (1,024 €mn) and intangible (134 €mn) Capex - IFRS 16 effect (141 €mn) - assets from clients' contributions and subsidies (97 €mn) = 920 €mn	4.3
Net financial debt (€mn)	Long and short term financial debt (5,970 €mn + 1,714 €mn) - Cash and cash equivalents (270 €mn) - Derivatives recognized as financial assets (7 €mn) = 7,407 €mn	4.1
Net financial results (€mn)	Financial Revenues (24 €mn) - Financial Expenses (114 €mn) + Foreign Exchanges (8 €mn) = -82 €mn	1.3
Revenues (€mn)	Sales (12,314 €mn) + Other operating revenues (645 €mn) = 12,959 €mn	1.3
Net ordinary income (€mn)	Reported Net Income (1,511 €mn) - Gains/(losses) on disposals of non-financial assets of over 10 €mn (0 €mn) - Net Impairment losses on non-financial assets of over 10 €mn (-14 €mn) - Initial Net Provision for Personnel Costs due to Restructuring Plans relating to the Decarbonisation Process (-160 €mn) - Net Costs corresponding to the Public Responsibility Plan for the Health Crisis COVID-19 (-15 €mn) = 1,700 €mn	1.1
Electric Integrated Margin (€mn)	Contribution margin Gx+Sx (2,601 €mn) - Margin SENP (323 €mn) - Margin SCVP (55 €mn) - Margin gas (197 €mn) - Margin Endesa X (86 €mn) - Others (122 €mn) = 1,818 €mn	n/a
Unitary electric integrated margin (€/MWh)	Electric Integrated Margin / Electric sales in the liberalized market in Spain and Portugal: 1,818 €mn / 54.8 TWh = €33.2/MWh	n/a
Gas unitary margin (€/MWh)	Manageable gas margin / Gas sales : 197.4 €mn / 48.8 TWh = €4.0/MWh	n/a
Endesa X Gross Margin (€mn)	Gross margin generated by the added value products and services commercialized by the Endesa X unit = 86 €mn	n/a

Disclaimer



This document contains certain "forward-looking" statements regarding anticipated financial and operating results and statistics and other future events. These statements are not guarantees of future performance and they are subject to material risks, uncertainties, changes and other factors that may be beyond ENDESA's control or may be difficult to predict.

Forward-looking statements include, but are not limited to, information regarding: estimated future earnings; anticipated changes in generation and market share; expected changes in demand for gas and gas sourcing; management strategy and goals; estimated cost reductions; tariffs and pricing structure; estimated capital expenditures; estimated asset disposals; estimated changes in capacity and capacity mix; repowering of capacity and macroeconomic conditions. The main assumptions on which these expectations and targets are related to the regulatory framework, exchange rates, commodities, counterparties, divestments, increases in production and installed capacity in markets where ENDESA operates, increases in demand in these markets, allocation of production amongst different technologies, increases in costs associated with higher activity that do not exceed certain limits, electricity prices not below certain levels, the cost of CCGT plants, and the availability and cost of the gas, coal, fuel oil and emission rights necessary to run our business at the desired levels.

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

The following important factors, in addition to those discussed elsewhere in this document, could cause financial and operating results and statistics to differ materially from those expressed in our forward-looking statements:

Economic and industry conditions; factors related to liquidity and financing; operating factors; strategic and regulatory, legal, fiscal, environmental, political and governmental factors; reputational factors and transaction and commercial factors.

Further details on the factors that may cause actual results and other developments to differ significantly from the expectations implied or explicitly contained in this document are given in the Risk Factors section of the current ENDESA regulated information filed with the Comisión Nacional del Mercado de Valores (the Spanish securities regulator or the "CNMV" for its initials in Spanish).

No assurance can be given that the forward-looking statements in this document will be realised. Except as may be required by applicable law, neither Endesa nor any of its affiliates intends to update these forward-looking statements.

IR Team

Contact us



Mar Martinez

Head of Investor Relations

Investor Relations team

Isabel Permuy

Javier Hernandez

Francesc Trilla

Juan Carlos Jimenez

Sonia Herranz

Paloma de Miguel



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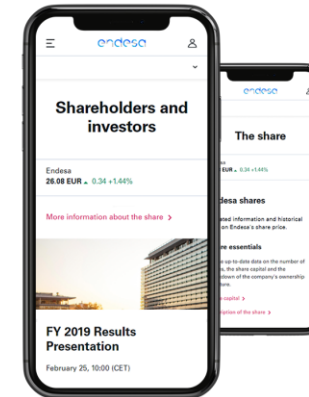


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Contacts

Email: ir@endesa.es

Phone: + 34 91 213 15 03
+ 34 91 213 90 49

Website: www.endesa.com