

Endesa Q1 2020

Consolidated results

May 04, 2020



COVID-19

Supporting people and communities

Our People

- ▶▶ **Remote working:** ~6,700 total number of people (~75%)
- ▶▶ **Crisis management:** Task Force set up in February 2020 to constantly monitor and inform on the evolving situation
- ▶▶ **Personnel protection:** Optimization of work scheduling, extension of PPE⁽¹⁾ use and monitoring health conditions. Specific medical insurance for all Enel employees in case of Covid-19 infection
- ▶▶ **External suppliers:** Request to adopt same protection measures activated by Endesa



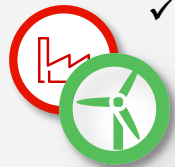
Our Communities

- ▶▶ **Efforts against Covid-19: Public Responsibility Plan**
25 €mn fund in equipment and infrastructures:
 - Donation of materials and services
 - Free power and gas supply to residences, hospitals and medicalized hotels
 - Financial donations to institutions, organizations and health centers
- ▶▶ **Vulnerable customers protection:**
 - No power or gas cuts during the alarm state
 - Automatic extension of Social tariff and inclusion of self-employed sector
 - Flexibility of bill payments
- ▶▶ **SMEs and large customers:** Ease of contracted power reduction
- ▶▶ **Executing capex plan** to support employment and dynamization of the economy

Strong commitment to our people and economic recovery

COVID-19

Business continuity management: our assets



- ✓ **100% remote operational management of renewable assets**, from 2 different control centers (Madrid and Santiago de Compostela), and **100% remote monitoring of conventional generation**

- ✓ **Automation of power plants construction and rescheduling of maintenance activities guaranteeing business continuity**



- ✓ **Strengthening the security of electricity supply and the reliability of the network through duplication of its 5 grid control centers**



- ✓ Complete **remote management** of all the activities, including **call centers**
- ✓ Customer interactions through **digital channels** only
- ✓ **Robot process automation** to **minimize front-end** and **back-end** disruption



- ✓ **Digital native** business
- ✓ Management and deployment of activities **remotely controlled in full**





Business continuity thanks to strong effort on digitalization

COVID-19











Risk assessment



Perceived Risks

-  **Lockdown affecting GDP**
-  **Collapse of demand, commodities and pool prices**
-  **Supply chain interruption**
-  **Clients vulnerability:**
 - ✓ Volatility in working capital
 - ✓ Potential increase of Bad debt
 - ✓ Increase Social Bonus beneficiaries

Mitigation factors

Business	Financial
 Generation&Supply: <ul style="list-style-type: none"> • 100% hedged 2020 production sold forward, and ~80% of 2021 • Long customer position 	 Healthy leverage ratios
 Renewables: no material disruption in supply chain	 Limited re-financing needs in the plan period
 Retail: well diversified customer base and resilient margins	 Liquidity to cover 23 months
 Distribution: Regulated remuneration not affected by volumes. No material disruption in supply chain	 Full credit market access
 Non mainland: Regulated remuneration	 Dividend policy confirmed. AGM to approve 2019 final dividend ⁽¹⁾

Levered on our integrated business, > 60% regulated EBITDA and sound balance sheet

Key highlights of the period



EBITDA
increased by
+21% on a like-
for-like basis⁽¹⁾

Extraordinary
impact from new
collective
agreement and
restructuring
provision

Sound
performance of
liberalized
business

Steady evolution
of **regulated**
business

Net Income
increases by
+59% on a like-
for-like basis⁽²⁾

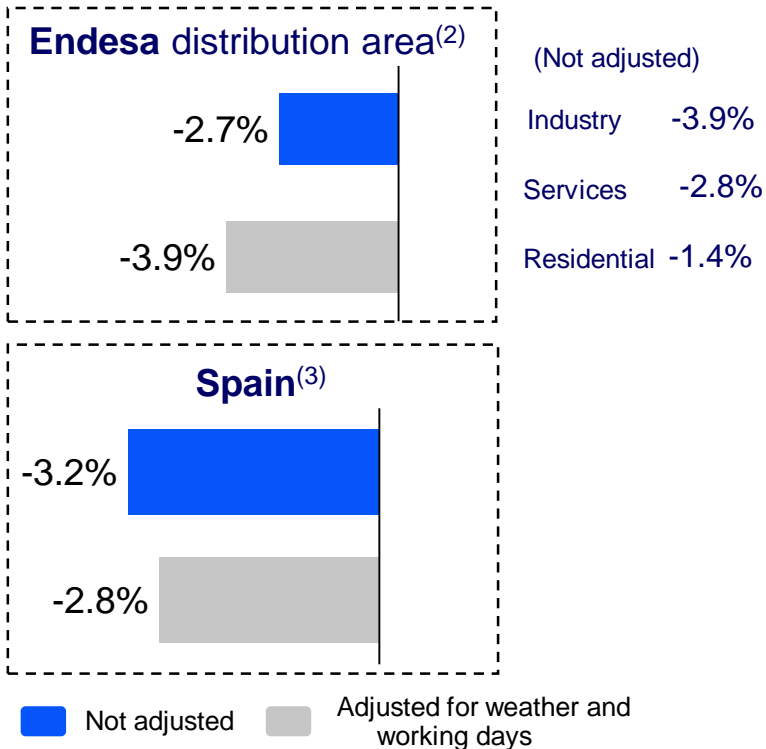
(1) EBITDA excluding +515 €mn of provision reversal from the commitments contained in the new Collective Agreement and -159 €mn of additional provision recorded for workforce restructuring plans

(2) Net Income excluding +267 €mn net effect of provision reversal from the commitments contained in the new Collective Agreement, and additional provision recorded for workforce restructuring plans

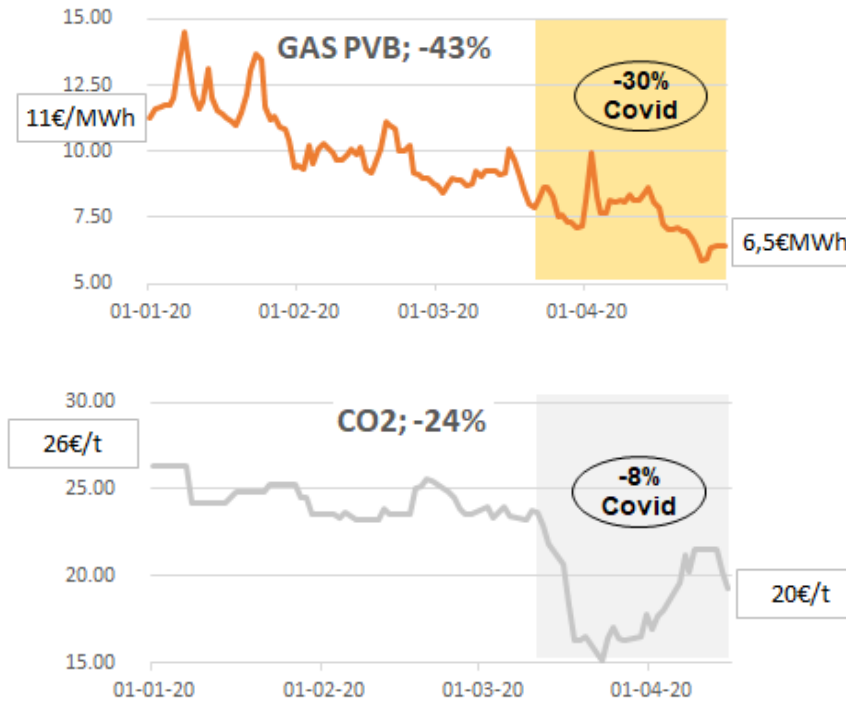
Market context in Q1 2020



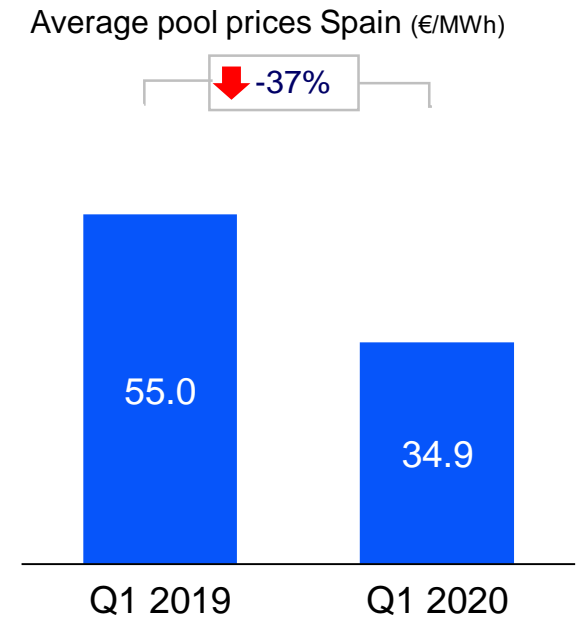
Demand⁽¹⁾



Commodities spot prices⁽⁴⁾



Electricity wholesale prices



Demand decrease, declining commodities and lower pool prices

(1) Mainland
 (2) Source: Endesa's own estimates
 (3) Source: REE

(4) As of 30.04.2020

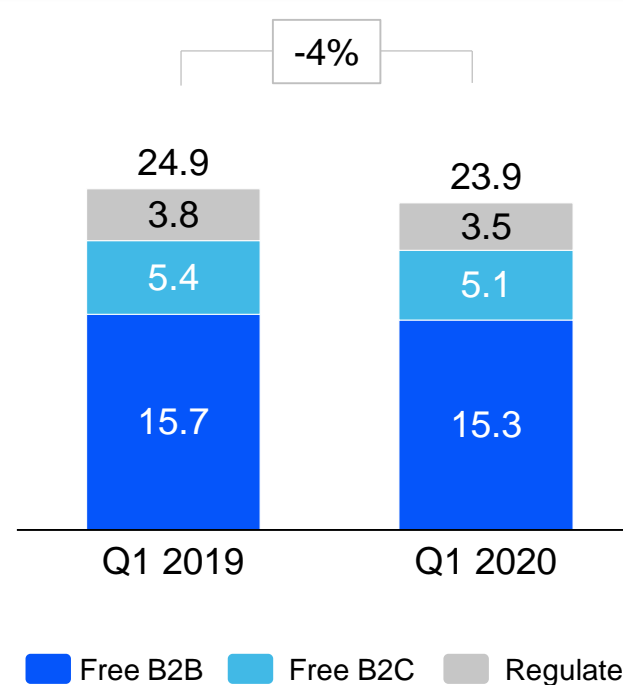
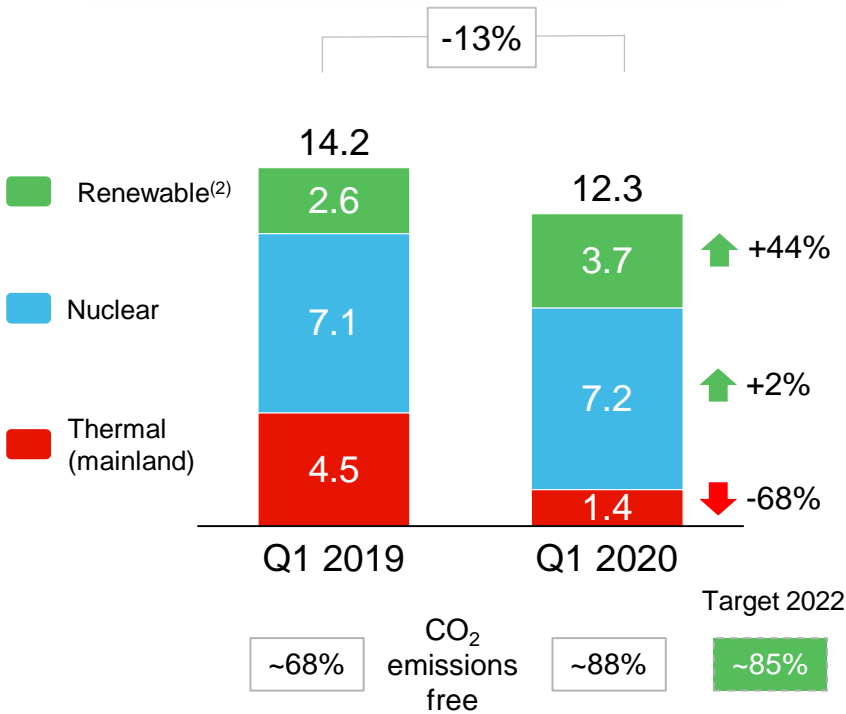
Power operational highlights



Mainland output⁽¹⁾, TWh

Energy sold, TWh

KPIs



	2019	Q1 2020	Var.
Free customers mn	5.8	5.8	-0%
Regulated customers mn	4.8	4.8	-1%
Churn rate ⁽³⁾ %	11.3%	10.1%	-1.2 PP

CO₂ Emission free output reaching 88%

(1) Energy at power plant busbars
 (2) Includes large hydro
 (3) Churn rate B2C + B2B free (Q1 2019 vs Q1 2020)

Power operational highlights

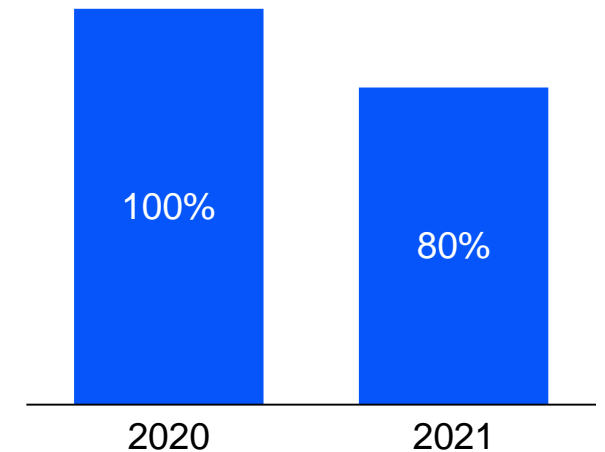
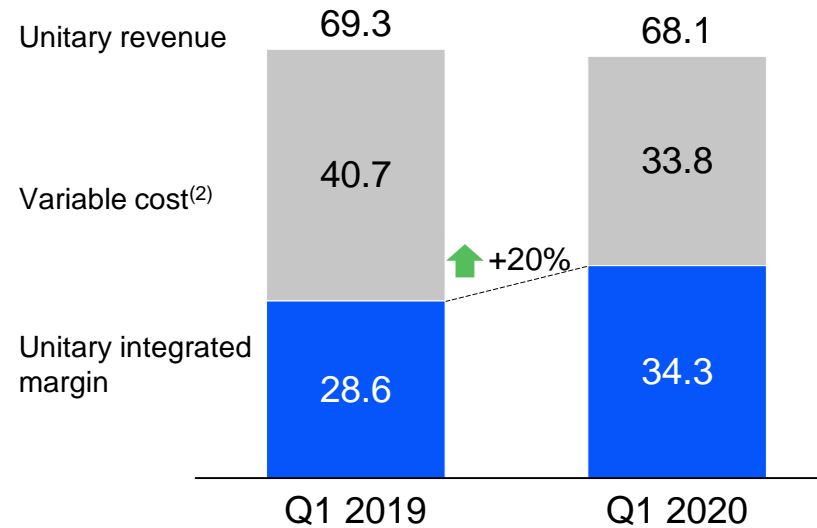
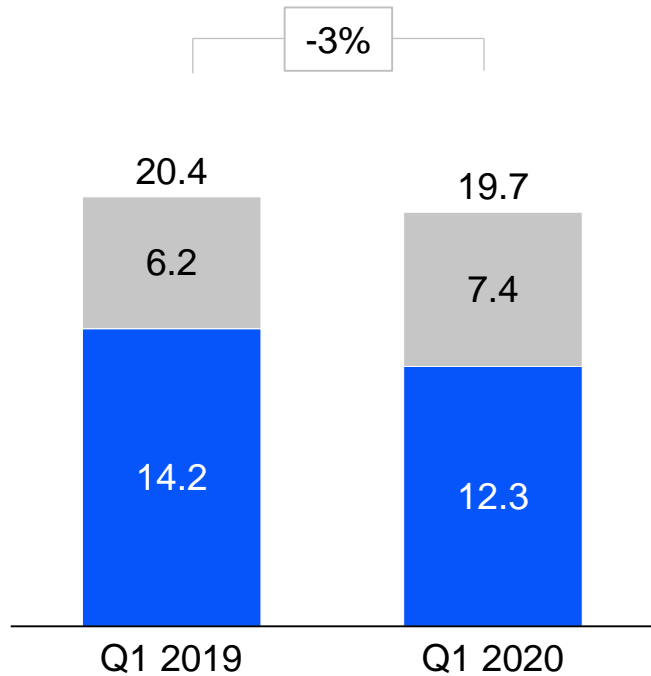
Energy management



Liberalized sales⁽¹⁾, TWh

Power integrated margin⁽¹⁾, €/MWh

Output⁽³⁾ hedged, %



Energy purchases (grey) Mainland output (blue)

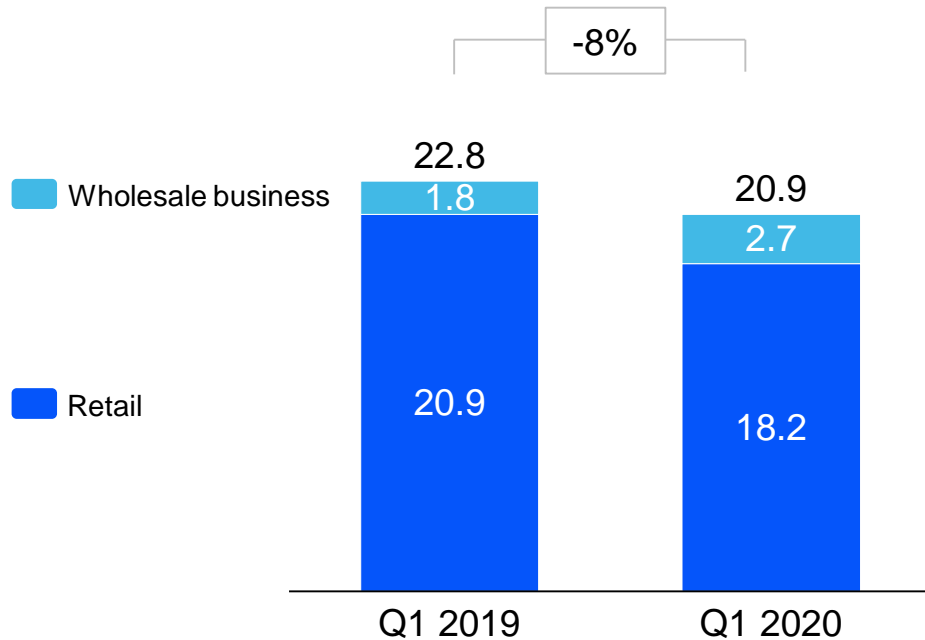
Outstanding integrated margin growth

(1) Total free sales excluding international sales and SCVP, not considered in the integrated margin. (3) Price driven output
 Unitary integrated margin, both in 1Q2019 and 1Q2020, includes procurement activities for CCGTs
 (2) Production cost + energy purchase cost + ancillary services

Gas operational highlights



Volumes sold⁽¹⁾, TWh



Key figures

	2019	Q1 2020	Var.
Total customers mn	1.65	1.65	0%
Churn rate (%) ⁽²⁾	11.0%	10.4%	-0.6 PP
Unitary margin ⁽³⁾ €/MWh	1.5	3.6	2.4x

Margin increase due to optimal management of market opportunities

(1) Rounded figures

(2) Compared Q1 2020 vs. Q1 2019

(3) Compared Q1 2020 vs. Q1 2019. Unitary integrated margin, both in Q1 2019 and Q1 2020, excludes procurement activities to CCGTs



Q1 2020 consolidated results

Financial results

Q1 2020 consolidated results

Financial highlights (€mn)



	Q1 2020	Q1 2019	Δyoy	Q1 2020 Like-for-like	ΔLike-for-like
EBITDA	1,476	928	+59%	1,120 ⁽¹⁾	+21%
Net income	844	363	+133%	577 ⁽²⁾	+59%
FCF	(232)	(191)	-21%		
Net debt	7,376	6,377	+16%		
Net capex ⁽³⁾	248	357	-31%		
<i>Net ordinary income</i>	831 ⁽⁴⁾	363	+129%		

(1) EBITDA excluding +515 €mn of provision reversal from the commitments contained in the new Collective Agreement and -159 €mn of additional provision recorded for workforce restructuring plans

(2) Net Income excluding +267 €mn net effect of provision reversal from the commitments contained in the new Collective Agreement and additional provision recorded for workforce restructuring plans

(3) Does not include: Financial investments (3 €mn in Q1 2020 and 19 €mn in Q1 2019), nor corporate acquisitions made during the year

(4) Reported Net Income – Net Result on Disposals of Non-Financial Assets (over 10 €mn) - Net Results on Impairment of Non-Financial Assets (over 10 €mn) = 844 €mn - 0 €mn - 13 €mn (mainland coal plant net reversal impairment) = 831 €mn

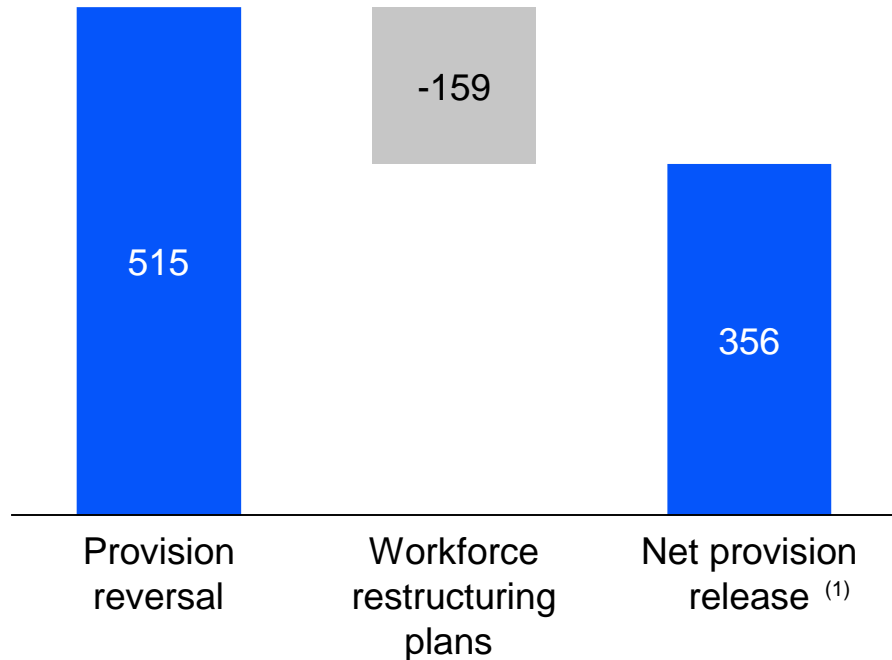
Personnel cost extraordinary impacts

€mn



Personnel provisions

Rationale



New collective agreement:

- +515 €mn provision reversal from the application of new commitments contained in the new collective agreement

Workforce restructuring plans:

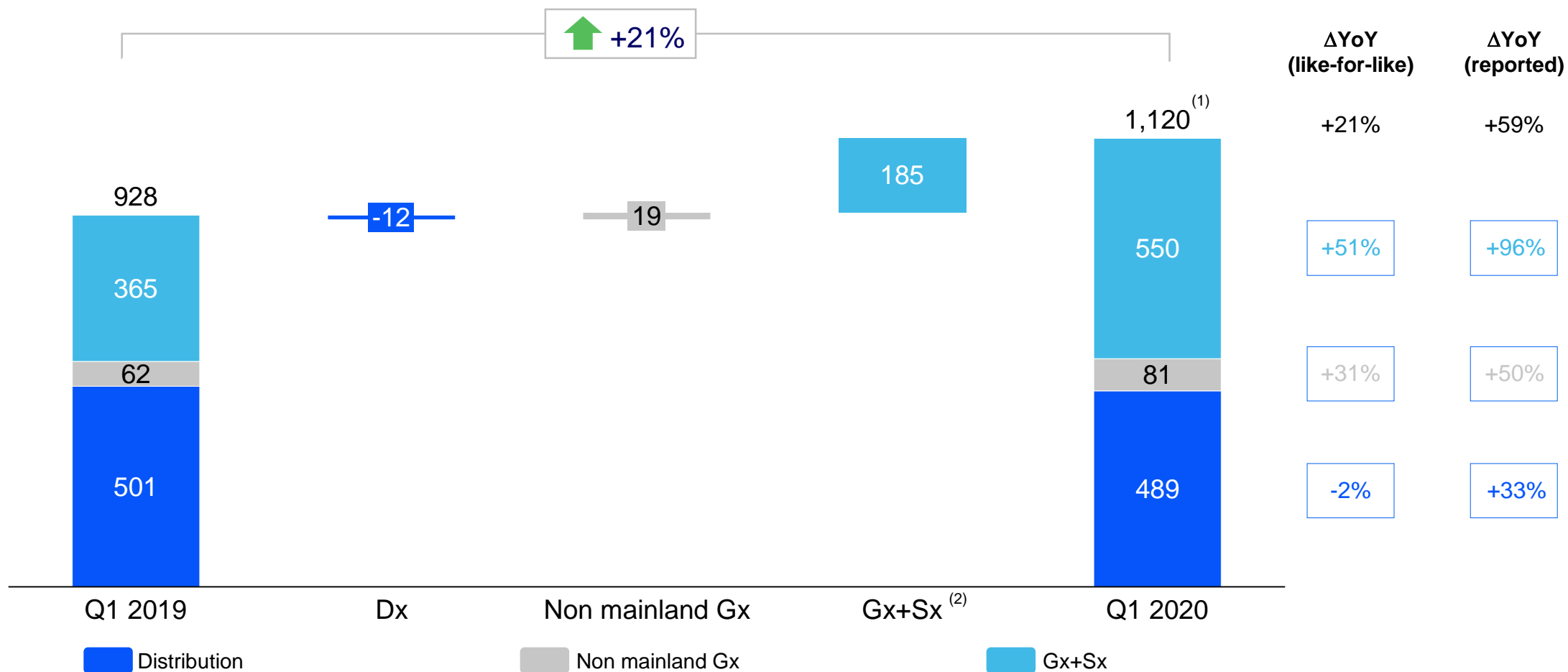
- -159 €mn additional provision recorded for workforce restructuring plans

A new collective agreement providing flexibility to face future challenges

(1) At EBITDA level. Net Income effect: 267 €mn

Like-for-like EBITDA evolution

€mn



EBITDA improvement mainly supported by liberalized business performance

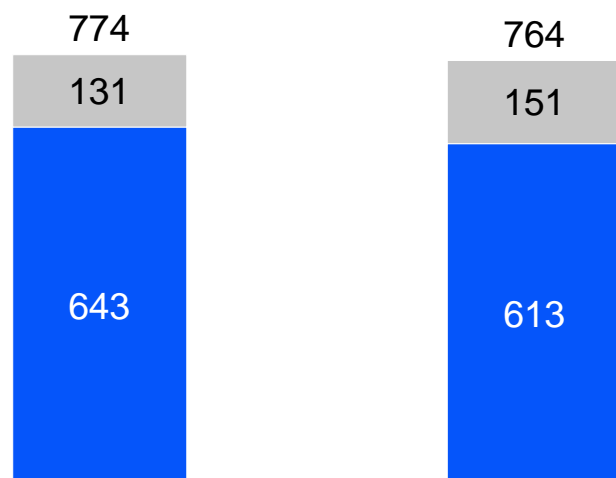
Regulated business

€mn



Gross margin

↓ -1%



Q1 2019

Q1 2020

Regulated margin: 764 €mn (-10 €mn)

- Dx margin: -30 €mn

- Non mainland margin: +20 €mn, mainly due to previous years' regularizations

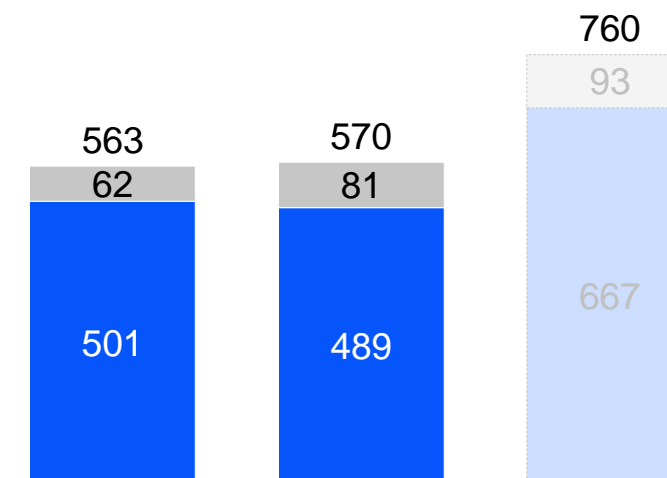
Like-for-like fixed costs: 194 €mn (17 €mn decrease)

■ Distribution

■ Non mainland

EBITDA

↑ +1%



Q1 2019

Q1 2020 like-for-like⁽¹⁾

Q1 2020 reported

Regulated business almost stable in a new regulatory period

(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, and -99 €mn (-91 €mn Dx and -8 €mn Non-mainland) of additional provision recorded for workforce restructuring plans

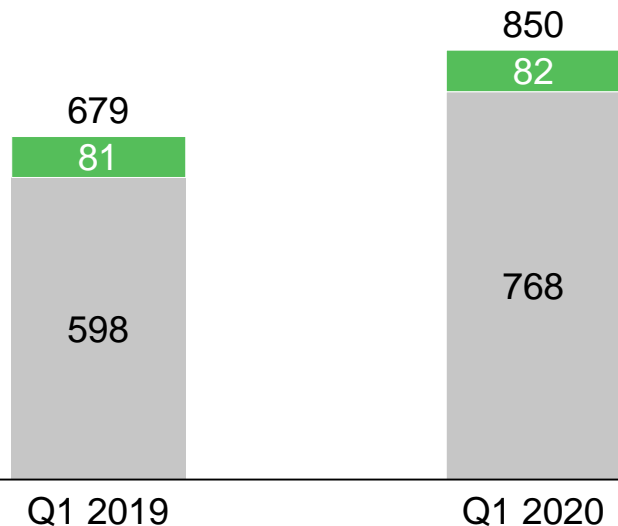
Liberalized business⁽¹⁾

€mn



Gross margin

↑ +25%



Liberalized margin: 850 €mn (+171 €mn)

- Electricity&Others margin: 740 €mn (+124 €mn)

- Gas margin⁽²⁾: 76 €mn (+41 €mn)

- Endesa X margin: 34 €mn (+6 €mn)

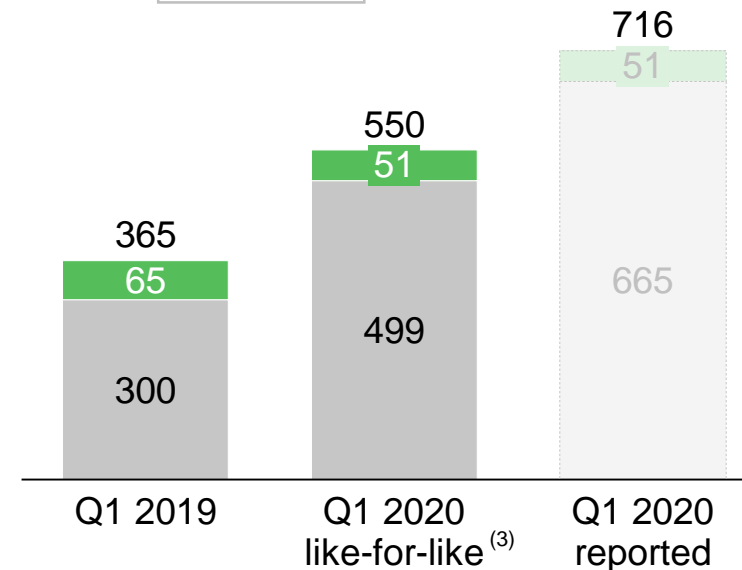
Like-for-like fixed costs: 300 €mn (14 €mn decrease)

■ Liberalized business (exEGPE)

■ EGPE

EBITDA

↑ +51%



Remarkable performance in power and gas businesses

(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, and -60 €mn of additional provision recorded for workforce restructuring plans

From EBITDA to Net Ordinary Income

€mn



	Q1 2020	Q1 2019	Δyoy
EBITDA	1,476	928	+59%
D&A	(358)	(406)	-12%
EBIT	1,118	522	+114%
Net Financial Results	(10)	(53)	-81%
Results from equity investments & Others	(2)	4	-150%
EBT	1,106	473	+134%
Income taxes	(260)	(107)	+143%
Non-Controlling Interests	(2)	(3)	-33%
Net Income	844	363	+133%
<i>Net Ordinary Income</i> ⁽¹⁾	831	363	+129%

EBITDA increase +59%, affected by the new collective agreement application

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

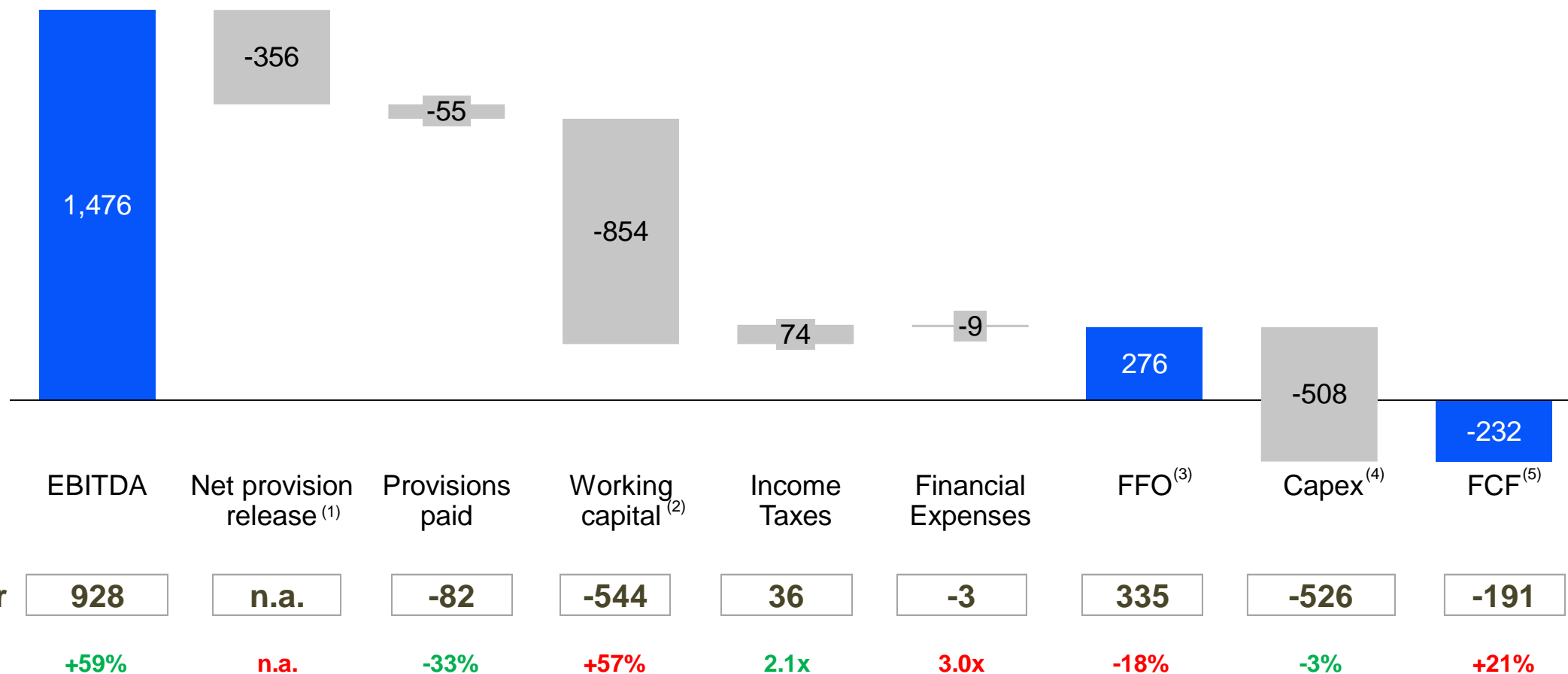
Lower financial expenses driven by the financial provisions update

Net ordinary income +129%

(1) Reported Net Income – Net Result on Disposals of Non-Financial Assets (over 10 €mn) - Net Results on Impairment of Non-Financial Assets (over 10 €mn) = 844 €mn - 0 €mn - 13 €mn (mainland coal plant net reversal impairment) = 831 €mn

Cash Flow

€mn



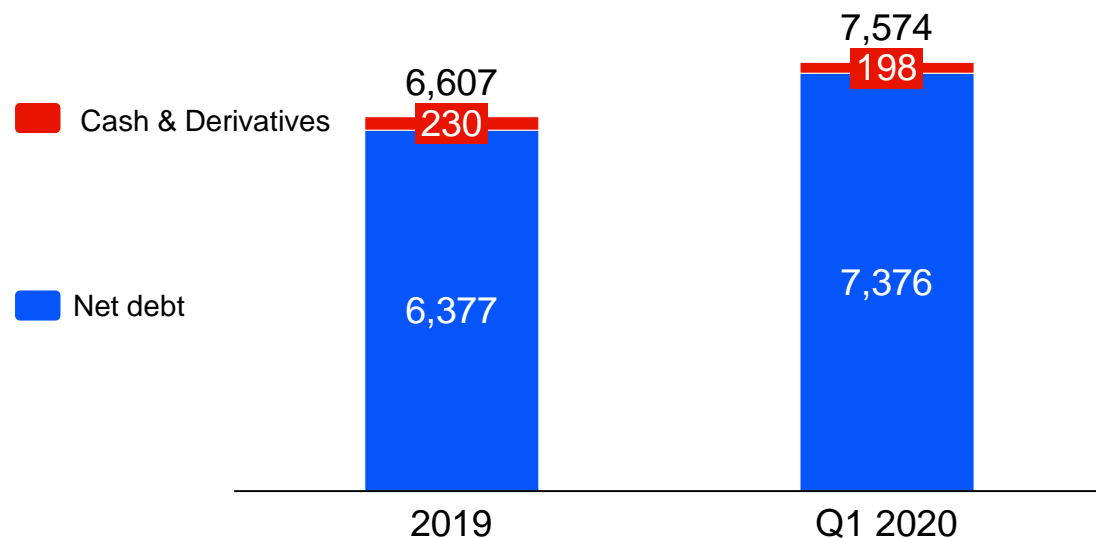
(1) Net provision release: +515 €mn of provision reversal from the commitments contained in the new Collective Agreement, and -159 €mn of additional provision recorded for workforce restructuring plans
 (2) Net working capital + Regulatory NWC + others
 (3) FFO: Funds from operating activities
 (4) Cash based Capex
 (5) Funds from operations (276 €mn) - Net change of tangible and intangible assets (408 €mn) + Subsidies and other deferred incomes (15 €mn) - Net change of other investments (115 €mn)

Net financial debt analysis

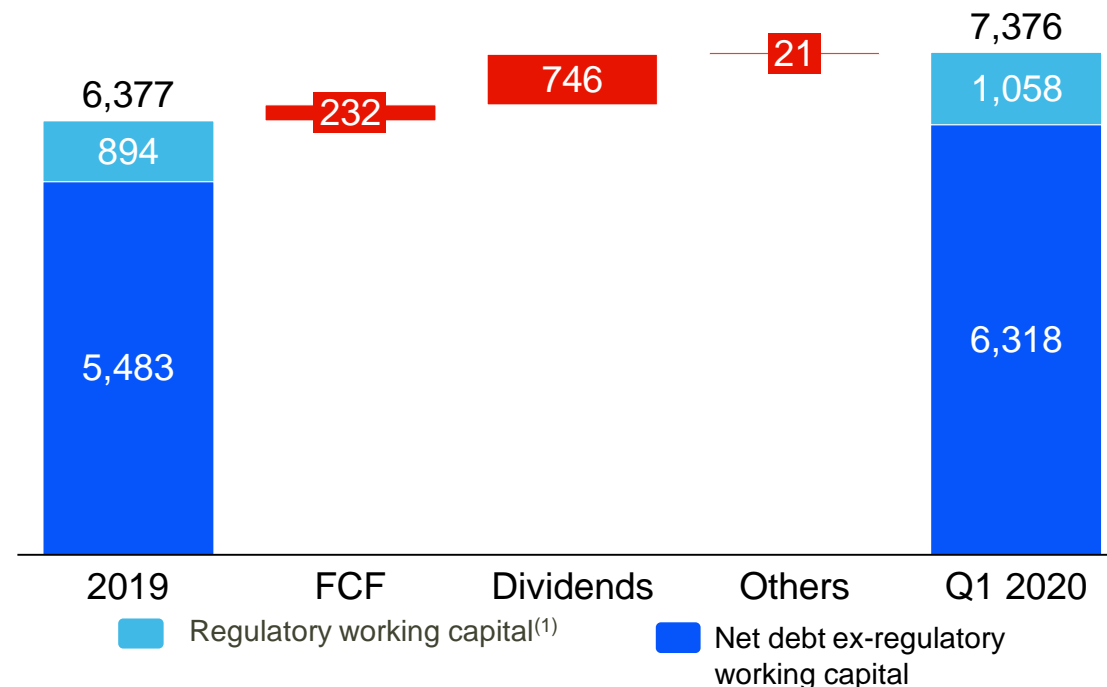
€mn



Gross debt



Net debt evolution



- Cost of Debt 1.7% (vs. 1.8% in FY 2019)
 - Fixed rate 62% of Gross Debt
 - 99% in Euros

- Leverage⁽²⁾ 1.7x (vs. 1.7x in FY 2019)

Healthy financial leverage and cost of debt at record low level

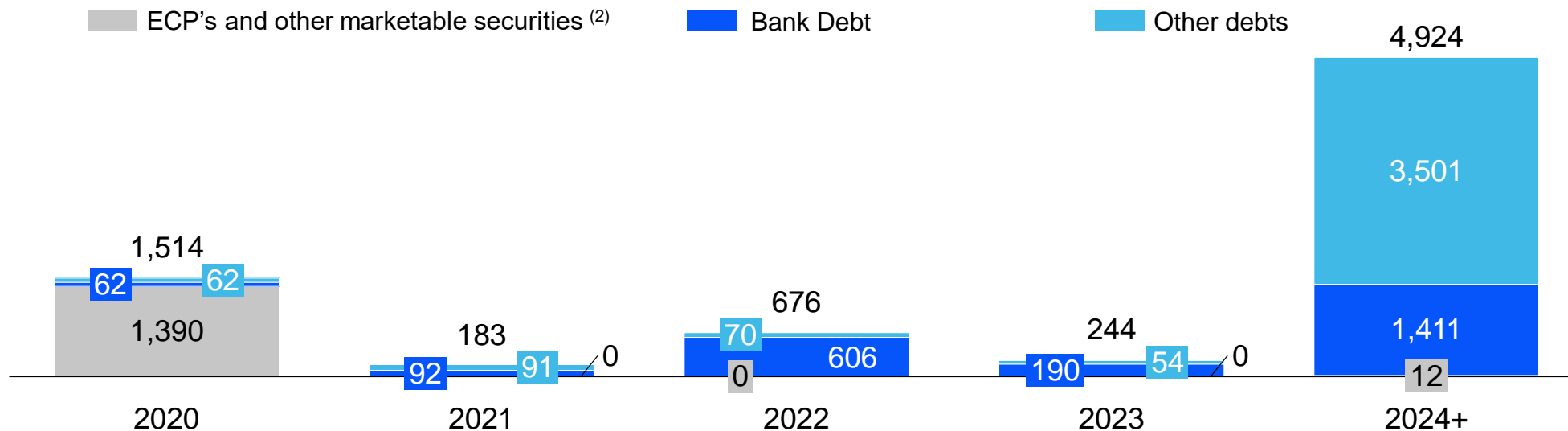
(1) Net balance with CNMC settlements
 (2) Calculated as Net Debt / EBITDA (12 last months)

Financial debt maturity calendar



€mn

Gross balance of maturities outstanding at 31 March 2020⁽¹⁾



- Average life of debt: 4.9 years
- Liquidity 2,915 €mn: 191 €mn in cash and 2,724 €mn available in credit lines
- Coverage of 23 months of debt maturities
- Liquidity additional strengthening by 1,300 €mn in 4 operations in 2nd quarter 2020

Financial strength and flexibility to face the Covid-19

(1) Does not include 27 €mn relating to financial derivatives.

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

Final Remarks



Q1 strong performance
providing comfort for full year targets

Resilience of **integrated & regulated** businesses & financial strength

Strongly committed to our **people** and **communities** against Covid-19

Confirmed dividend 1.475 €/share proposed to the AGM ⁽¹⁾



Q1 2020 consolidated results

Annexes

Installed capacity and output



Total net installed capacity, MW

	Q1 2020	FY 2019	Var. (%)
Mainland	19,049	19,066	-0%
Renewables	7,391	7,408	0%
Hydro	4,748	4,748	0%
Wind ⁽²⁾	2,291	2,308	-1%
Solar	352	352	0%
Nuclear	3,318	3,318	0%
Coal	4,584	4,584	0%
CCGTs	3,756	3,756	0%
Non mainland territories	4,264	4,299	-1%
Coal	241	241	0%
Fuel - Gas	2,334	2,334	0%
CCGTs	1,689	1,724	-2%
Total	23,313	23,365	-0%

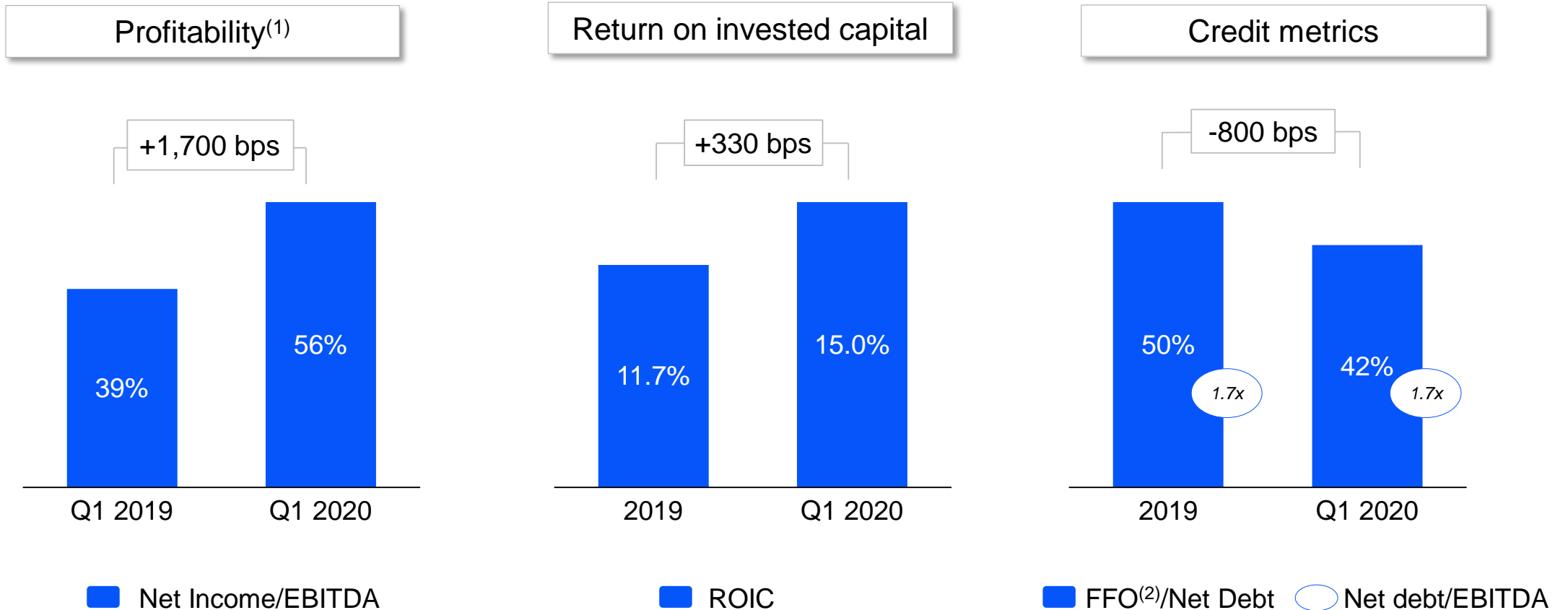
Total gross output⁽¹⁾, GWh

	Q1 2020	Q1 2019	Var. (%)
Mainland	12,374	14,163	-13%
Renewables	3,737	2,596	44%
Hydro	2,249	1,483	52%
Wind ⁽²⁾	1,398	1,108	26%
Solar	90	5	18x
Nuclear	7,201	7,084	2%
Coal	352	3,527	-90%
CCGTs	1,084	956	13%
Non mainland territories	2,769	2,869	-3%
Coal	0	532	-100%
Fuel - Gas	1,153	1,449	-20%
CCGTs	1,616	888	82%
Total	15,143	17,032	-11%

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

(2) Includes 26 GWh in non-mainland in 1Q2020 (40 MW) vs 24 GWh in 1Q2019 (40 MW)

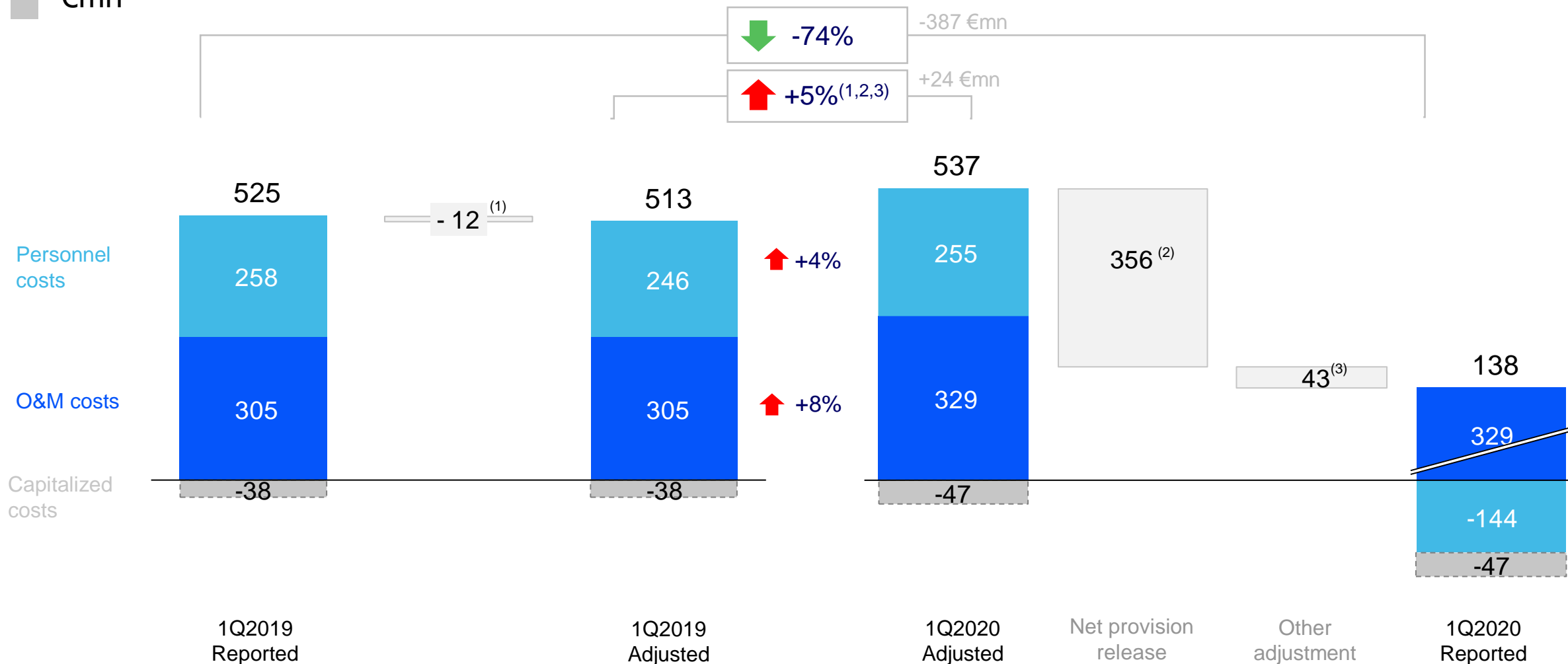
Profitability and credit metrics



(1) Calculated on Net Ordinary Income
 (2) FFO last 12 months

Fixed costs evolution

€mn



(1) Q1 2019 Fixed costs adjusted by: updating of provisions for workforce restructuring plans in place (-12 €mn)

(2) Q1 2020 Fixed costs adjusted by Net provision release: provision reversal from the commitments contained in the new Collective Agreement (515 €mn), and additional provision recorded for workforce restructuring plans (-159 €mn)

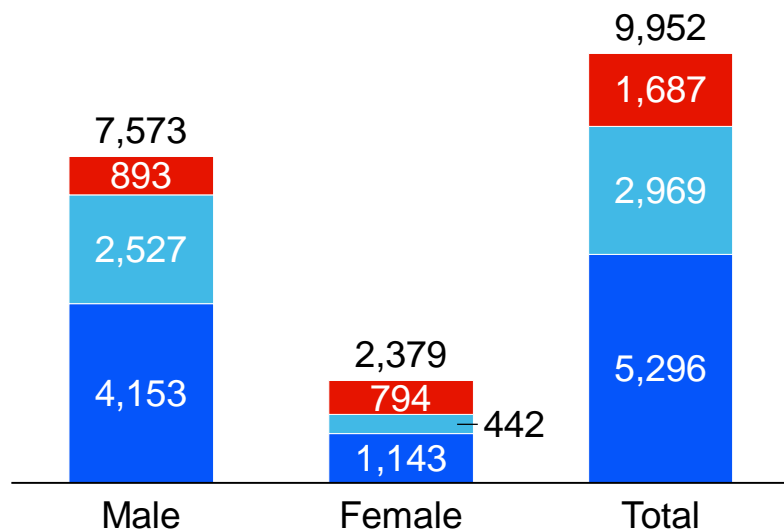
(3) Q1 2020 Fixed costs adjusted by other adjustment: updating of provisions for workforce restructuring plans in place (43 €mn)

Headcount

Year end employees



2019

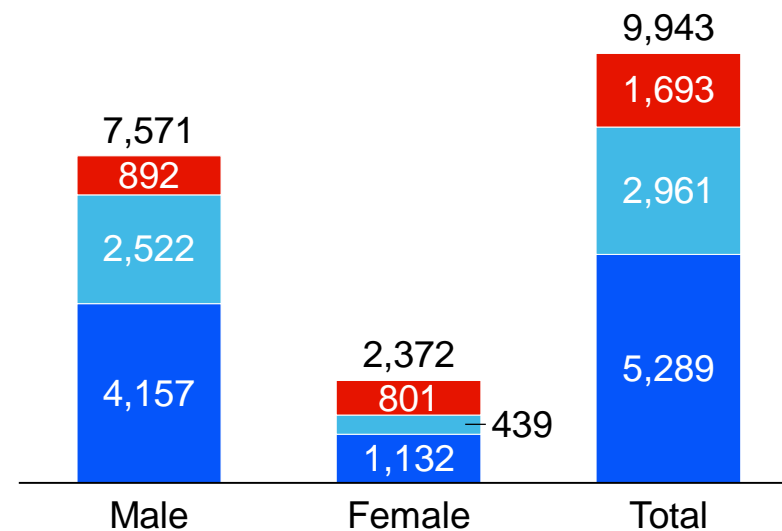


Generation & Supply

Distribution

Structure & others

Q1 2020

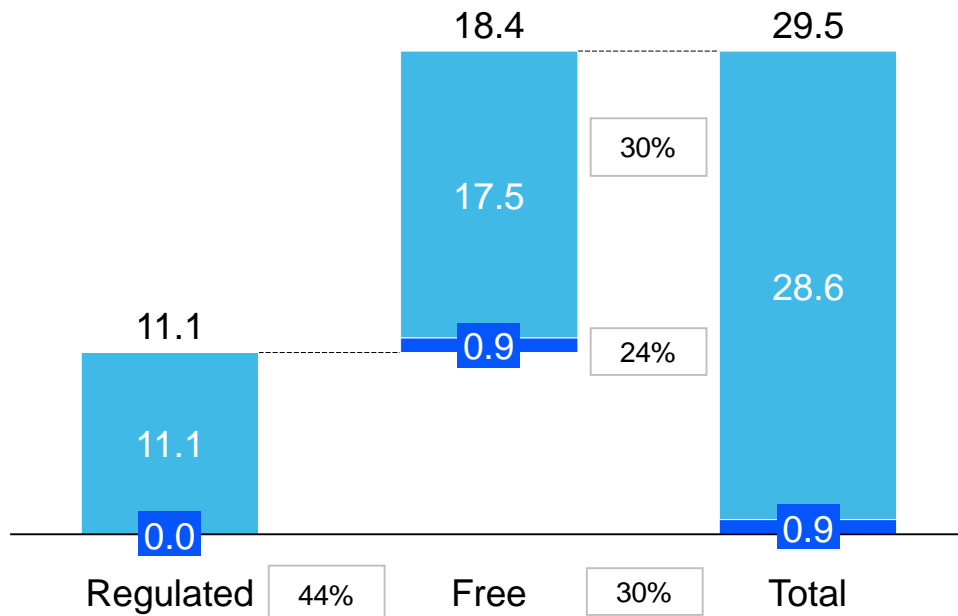


Spanish power market

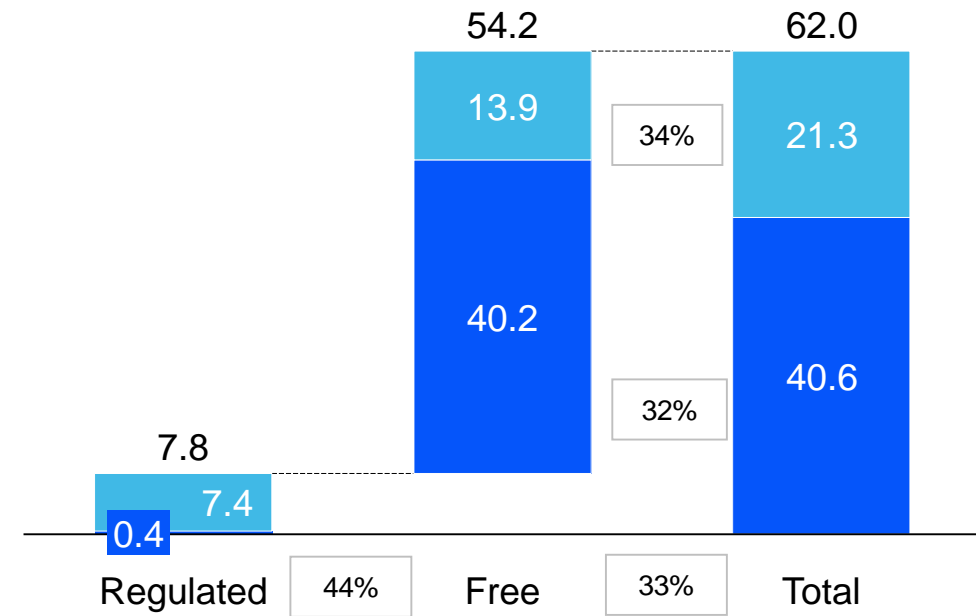
Q1 2020



Customers⁽¹⁾, mn



Energy sold⁽²⁾, TWh



Residential

Business

XX% Endesa market share

(1) Customers: CNMC "Informe de supervisión de los cambios de comercializador"

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

Endesa: Q1 2020 P&L

€mn



	Gx+Sx	Dx	Structure	Adjustments	TOTAL
Income	4,459	656	135	-181	5,069
Procurements and services	-3,443	-43	-9	40	-3,455
Gross margin	1,016	613	126	(141)	1,614
Self-constructed assets	15	29	3	0	47
Personel expenses	72	118	-47	1	144
Other fixed operating expenses	-304	-93	-72	140	-329
EBITDA	799	667	10	-	1,476
D&A	-185	-159	-14	0	-358
EBIT	614	508	(4)	-	1,118
Net financial results	-13	-6	9	0	-10
Net results from equity method	4	0	0	0	4
Results from other investments	0	0	0	0	0
Results on disposal of assets	-6	0	0	0	-6
PROFIT BEFORE TAX	599	502	5	-	1,106
Income Tax Expense	-133	-123	-4	0	-260
Non-Controlling Interests	-2	0	0	0	-2
NET ATTRIBUTABLE INCOME	464	379	1	-	844

Endesa: Q1 2019 P&L

€mn



	Gx+Sx	Dx	Structure	Adjustments	TOTAL
Income	4,454	686	133	-188	5,085
Procurements and services	-3,630	-43	-4	45	-3,632
Gross margin	824	643	129	(143)	1,453
Self-constructed assets	7	29	2	0	38
Personel expenses	-133	-75	-52	2	-258
Other fixed operating expenses	-279	-96	-69	139	-305
EBITDA	419	501	10	(2)	928
D&A	-228	-163	-15	0	-406
EBIT	191	338	(5)	(2)	522
Net financial results	-32	-19	-2	0	-53
Net results from equity method	12	0	0	0	12
Results from other investments	0	0	0	0	0
Results on disposal of assets	-8	0	0	0	-8
PROFIT BEFORE TAX	163	319	(7)	(2)	473
Income Tax Expense	-32	-77	1	1	-107
Non-Controlling Interests	-3	0	0	0	-3
NET ATTRIBUTABLE INCOME	128	242	(6)	(1)	363

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: $(33 \text{ €mn} \times (360/90)) / 7,735 \text{ €mn} = 1.7\%$	4.1
Average life of debt (number of years)	$(\text{Principal} \times \text{number of days of term}) / (\text{Principal in force at the end of the period} \times \text{number of days of the period})$: $37,256 / 7,541 = 4.9$ years	4.1
Cash flow from operations (€mn)	Net cash provided by operating activities (276 €mn)	4.2
Free cash flow (€mn)	Cash flow from operations (276 €mn) - Net change of tangible and intangible assets (408 €mn) + Subsidies and other deferred incomes (15 €mn) - Net change of other investments (115 €mn) = -232 €mn	n/a
Debt maturities coverage (months)	Maturity period (months) for vegetative debt that could be covered with the liquidity available: 23 months	4.1
EBITDA (€mn)	Revenues (5,069 €mn) – Purchases and Services (3,455 €mn) + Work performed by the entity and capitalized (47 €mn) – Personnel expenses (-144 €mn) – Other fixed operating expenses (329 €mn) = 1,476 €mn	1.2
EBIT (€mn)	EBITDA (1,476 €mn) - Depreciation and amortization (358 €mn) = 1,118 €mn	1.2
Fixed costs (Opex) (€mn)	Personnel expenses (-144 €mn) + Other fixed operating expenses (329 €mn) - Work performed by the entity and capitalized (47 €mn) = 138 €mn	1.2
Gross margin (€mn)	Revenues (5,069 €mn) – Purchases and Services (3,455 €mn) = 1,614 €mn	1.2
Leverage (times)	Net financial debt (7,376 €mn) / EBITDA (2,913 €mn from 2Q, 3Q & 4Q 2019 + 1,476 €mn from 1Q 2020) = 1.7x	n/a

Glossary of terms (II/II)



Item	Calculation	Reference note (#) of Consolidated Management Report
Net Capex (€mn)	Gross tangible (232 €mn) and intangible (36 €mn) Capex - assets from clients' contributions and subsidies (20 €mn) = 248 €mn	4.3
Net financial debt (€mn)	Long and short term financial debt (5,998 €mn + 1,576 €mn) - Cash and cash equivalents (191 €mn) - Derivatives recognized as financial assets (7 €mn) = 7,376 €mn	4.1
Net financial results (€mn)	Financial Revenues (31 €mn) - Financial Expenses (39 €mn) - Foreign Exchanges (2 €mn) = -10 €mn	1.2
Revenues (€mn)	Sales (4,580 €mn) + Other operating revenues (489 €mn) = 5,069 €mn	1.2
Net ordinary income (€mn)	Reported Net Income (844 €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 (-13 €mn) = 831 €mn	1.2
Electric Integrated Margin (€mn)	Contribution margin Gx+Sx (1,016 €mn) - Margin SENP (151 €mn) - Margin SCVP (23 €mn) - Margin gas (76 €mn) - Margin Endesa X (34 €mn) - Others (56 €mn) = 676 €mn	n/a
Unitary electric integrated margin (€/MWh)	Electric Integrated Margin / Electric sales in the liberalized market in Spain and Portugal: 676 €mn / 19.7 TWh = €34.3/MWh	n/a
Gas unitary margin (€/MWh)	Manageable gas margin / Gas sales : 75.7 €mn / 20.9 TWh = €3.6/MWh	n/a
Endesa X Gross Margin (€mn)	Gross margin generated by the added value products and services commercialized by the Endesa X unit = 34 €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.

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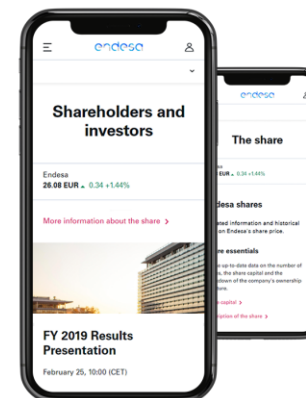


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