

## **ENDESA MAKES AN ORDINARY NET PROFIT OF 1,459 MILLION EUROS IN THE YEAR TO SEPTEMBER AGAINST A BACKDROP OF ADVERSE CONDITIONS CAUSED BY RISING PRICES**

- *Gross operating income (EBITDA) was 3,125 million euros, in line with the previous year, despite the difficult conditions*
- *The company has confirmed its financial objectives for the full year based on non-recurring items and management efforts*
- *The portfolio of renewable projects has grown by an additional 22 GW since the start of the year, to 61 GW*
- *An additional 700 MW of renewable capacity will have been added by the end of 2021*
- *Endesa has sold 100% of its base generation for this year and 88% for 2022*
- *Fixed-price contracts will result in an estimated saving of 3,300 million euros for our industrial and residential customers over the year as a whole*
- *Customer growth returned in the free market in the third quarter, while the network of charging stations increased by 19% in the first nine months, to 8,400*

**Madrid, 3 November 2021.** Endesa made an ordinary net profit of 1,459 million euros in the first nine months of the year. This is 14% lower than in the same period in the previous year. Net income was down 3% on 2020. This decrease reflects the negative



impact of the exceptional increase in electricity prices, mainly due to the sharp rise in the price of gas, and, to a lesser extent, the impact of the price of CO<sub>2</sub> emission rights on the income statement.

Despite this adverse backdrop of higher energy commodity prices, Endesa recorded gross operating income (EBITDA) of 3,125 million euros. The company has confirmed its objectives for the year, bolstered by non-recurring items and ongoing management efforts.

These results are especially significant in the current situation, which is unfavourable to the company's strategy and its income statement. All of Endesa's own base generation from hydroelectric, nuclear and non-regulated renewable energy is sold in advance to cover fixed-price contracts with industrial and residential customers at prices much lower than the current pool price. This contracting model will enable estimated savings of 3,300 million euros for our customers in the business and residential segments over the year as a whole.

All of Endesa's own base production for 2021 has been allocated through forward sales, together with 88% of its 2022 base production, as of the end of September.

"We are aware of the difficulties high energy costs are causing for many households and industrial customers. That is why we are open to dialogue with the government to find the most efficient solutions for this situation," said Endesa's Chief Executive Officer, José Bogas, at the presentation of its results to investors. "The additional measures approved by the Government last week to modify RDL17/2021 through RDL23/2021 introduce rationality while increasing protection for vulnerable consumers, which is something Endesa strongly supports and is in line with its commitment to society. This commitment will lead us to contribute around 90 million euros to finance the Social Bonus this year," he said. "Despite this challenging energy and regulatory situation, Endesa is maintaining its main financial and business objectives for the year as a whole," he concluded.

## **COMMITMENT TO DECARBONISATION**

Endesa is resolute in its commitment to decarbonising its generating mix. It has boosted its portfolio of renewable projects by an additional 22 GW since the beginning of the



year, bringing the total to more than 61 GW. It now has 11.2 GW of mature and operating renewable projects. Acceleration of projects under construction will allow the addition of 700 MW of renewable capacity during the year, meeting the forecasts for the year.

Figures for the first nine months of the year show that total mainland production was 34.4 TWh, on a par with last year. Lower hydroelectric output was offset by increased solar and wind capacity and higher nuclear production.

In the year to September, 85% of mainland production was free of CO<sub>2</sub> emissions. This is in line with the goal of reaching 89% by 2023. Thanks to this commitment to decarbonisation, renewable capacity already represents around 45% of the company's mainland output.

Sales remained stable in relation to the first nine months of last year, with increases in deregulated sales, particularly in the SME segment and in international sales (Portugal and the rest of Europe), which offset a decrease in the regulated market.

The company's strategy is paying off by reducing the trend of customers leaving the company, despite fierce competitive pressure. In the third quarter, 55,000 new contracts were agreed in the deregulated market. This trend is expected to continue, despite the highly challenging environment.

Turning to electric mobility, at the end of the first nine months of the year Endesa had installed a network of 8,400 charging stations, an increase of 19% compared to the same period last year. This reinforces its leadership in charging infrastructure for electric vehicles in Spain.

## **FINANCIAL INDICATORS**

Endesa obtained EBITDA of 3,125 million euros in the first nine months of the year, in line with the same period in 2020. On a like-for-like basis, discounting personnel provisions of 143 million euros last year, EBITDA increased by 4%.

Investment amounted to 1,414 million euros, 20.5% higher than in the same period last year.

The performance of the regulated business met expectations with a 3% improvement in the gross margin to 2,248 million euros, with EBITDA up 7% at 1,719 million euros.



In the deregulated business, these increases were 2% and 1%, respectively. The challenging market conditions were offset by non-recurring revenues mainly from the recovery of CO<sub>2</sub> costs relating to 2006 (188 million euros), repayment of the hydraulic levy following a Supreme Court ruling (48 million euros) and revenue from trading in commodity derivatives (297 million euros).

Total fixed costs were 1,403 million euros, in line with the previous year in comparable terms, due to a strategy based on workforce efficiency plans.

Net debt increased by 45% to 10,000 million euros. This increase was mainly due to the payment of the dividend charged to 2020 earnings paid during the year and a decrease in operating cash flow to €862 million in the first nine months.

Endesa's leverage (net debt to EBITDA ratio) stands at 2.4 times in comparative terms, while the cost of debt is at extraordinarily low levels and remains on a downwards path. The average interest rate fell to 1.5%, making Endesa the integrated utility with the most competitive financing costs in Europe.

Financing linked to sustainability criteria represents 57% of total gross financial debt, a significant increase on the 45% in 2020. This brings Endesa nearer to its goal of reaching 60% by 2023.

Endesa is continuing to strive to be a benchmark company for investors who value social, environmental and ethical considerations. "The integration of ESG values into the heart of our strategy is evident in our decarbonisation objectives, innovative financing instruments and contribution to the economic and social development of the communities in which we operate," said Luca Passa, Endesa's Chief Financial Officer.

	Ene-Sept 2021 Mill.€	Ene-Sept 2020 Mill.€	Variación (%)
<b>INGRESOS</b>	18.603	12.959	43,6%
<b>EBITDA</b>	3.125	3.136	-0,4%
<b>EBIT</b>	1.948	2.032	-4,1%
<b>BENEFICIO NETO</b>	1.459	1.511	-3,4%
<b>BENEFICIO ORDINARIO NETO</b>	1.459	1.700 <sup>(1)</sup>	-14,2%
<b>CASH FLOW OPERATIVO</b>	862	1.969	-56,2%
<b>DEUDA FRA. NETA<sup>(2)</sup></b>	10.000	6.899	44,9%
<b>INVERSIONES BRUTAS</b>	1.414	1.173	20,5%

*(1) Resultado Neto Ordinario 9M2020: Resultado Neto reportado (1.511 Mill.€) - Pérdidas Netas por Deterioro de Activos no Financieros superiores a 10 Mill.€ (-14 Mill.€) - Dotación inicial neta de gastos de personal por planes de reestructuración de plantilla relativos al plan de descarbonización (-160 Mill.€) - gastos netos correspondientes al Plan de Responsabilidad Pública por la crisis sanitaria COVID-19 (-15 Mill.€) = 1.700 Mill.€.*

*(2) Dato a 31 dic 2019.*

	Ene-Sept 2021 GWh	Ene-Sept 2020 GWh	Variación (%)
<b>PRODUCCIÓN</b>	42.518	42.150	1,0%
<b>VENTAS MERCADO LIBERALIZADO<sup>(1)</sup></b>	51.973	52.062	-0,2%
<b>VENTAS MERCADO REGULADO<sup>(1)</sup></b>	8.151	8.523	-4,4%
<b>ELECTRICIDAD DISTRIBUIDA</b>	98.601	93.206	5,8%
<b>VENTAS DE GAS <sup>(2)</sup></b>	58.270	48.762	19,5%

*(1) Ventas netas a cliente final*

*(2) Sin consumos propios de generación*



## **About Endesa**

*Endesa is the largest electricity company in Spain and the second largest in Portugal. It is also the second largest gas operator in the Spanish market. Endesa operates an end-to-end generation, distribution and marketing business. It also offers value-added services aimed at the electrification of energy usage in homes, companies, industries and public administrations, through Endesa X. Endesa is firmly committed to the United Nations SDGs and strongly supports the development of renewable energies through Enel Green Power España, the digitalisation of grids through e-distribution and corporate social responsibility (CSR). The Endesa Foundation is also active in CSR. Our workforce numbers around 9,300 employees. Endesa is part of Enel, Europe's largest electricity group.*