



## NOTA DE PRENSA

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### **ENDESA OBTAINS ORDINARY NET PROFIT OF EURO 734 MILLION, 12% LESS, AND MAINTAINS TARGETS IN AN ADVERSE MARKET ENVIRONMENT**

**EBITDA reached 1.95 billion until June on a like-for-like basis, up 4%**

- Endesa reported ordinary net income of 734 million euros between January and June, down 12%, in an impairing macroeconomic and energy context
- Gross operating income (EBITDA) was 1.95 billion euros in comparable terms, up 4%, underpinned by the improvement in the generation business. Improvement offsetting the challenging price environment impacting the trading business
- Including the extraordinary positive effect of the partial sale of the electric mobility business, reported EBITDA rose 17% and consolidated net income, 10%
- The financial targets for the current financial year have been reconfirmed by the company's top management on the basis of a remarkable growth of the customer base in the free market and the solidity of the vertically integrated business model
- Endesa closes the first half of the year with 90% of the new renewable capacity planned for the year already in operation or under construction, reaching 70% by 2023
- The company attracts one million new residential and business customers in the free market by June 2021, reaching 6.6 million
- The network of charging stations for electric vehicles also grew strongly, by 39% to 11,100 at the end of the half-year compared to the same period in 2021.
- The investment undertaken in the period amounts to 926 million, compared to the 744 million recorded from January to June 2021, of which more than 70% is allocated to renewable energies and the distribution network

**Madrid, 27 July 2022.** Endesa has reached the halfway point of 2022, reconfirming its main financial targets for the year: 4.1 billion EBITDA (gross operating profit) and 1.8 billion net ordinary income. All this



in an adverse market context caused by the outbreak of war in Ukraine and the rise in prices of energy raw materials, particularly gas, which on average was 305% more expensive in the first half of the year compared to the same period in 2021. As a result, the average cost of electricity in the Iberian wholesale market has risen by 252%, to 206 euros. This level places Spain and Portugal in the same range as the other main European countries such as Germany (186 euros), France (229 euros), Italy (249 euros) and the United Kingdom (210 euros).

In terms of the company's main highlights, EBITDA (gross operating profit) was 1.95 billion, 4% higher than in the first half of the previous year in comparable terms. This excludes the extraordinary positive impact from the sale of 51% of the electric mobility business to its parent company, Enel, last April. Taking this into account, EBITDA is up 17%.

Ordinary net profit, which serves as the base for the distribution of the dividend, fell 12% year-on-year to 734 million. This figure does not include the extraordinary net impact of the 182 million euro sale of the electric mobility business. Consolidated net profit, which does include it, grew by 10%.

With regard to the decarbonisation path, Endesa's CO<sub>2</sub> emission-free output in the first half was 78% of the total, impacted by lower hydroelectric output in a context of severe drought which, together with the reduction in cogeneration output and the increase in exports since the gas cap came into force, has favoured the rise in output from combined cycle plants. Installed production capacity from renewable sources already accounts for 70% of the total, compared to 64% in the first half of 2021.

The company is making parallel progress in the promotion of its renewable portfolio, technologies that now total 8,400 MW (9% more than at the end of the first half of 2021), out of a total generating capacity of 16,900 MW on the Iberian Peninsula. The renewable projects portfolio amounts to 77,000 MW, of which around 9,000 MW have access point and grid connection granted. It is currently constructing solar and wind plants totalling 1,900 MW, which gives confidence that it will meet its 2022 clean power commissioning targets, as this volume under construction represents 90% of the annual target - and 70% of the 2023 clean power connection target. Endesa also has a portfolio of 18,000 MW of storage projects.

### **Positive business path**

With regard to the performance of the electricity supply market, Endesa has consolidated the growth in its portfolio of free domestic and business customers that it has been recording since the end of 2021. Specifically, the company has gained one million customers in the deregulated market to reach 6.6 million, of which one hundred thousand are new business customers. This has increased the volume of electricity to this free portfolio by 1% to 37.7 terawatt hours in the first half of the year. Meanwhile, the number of customers on the regulated tariff is 3.9 million.

In total, Endesa ended June with 10.5 million customers in Spain, 3% more than at the middle of last year.

In terms of electric mobility, it maintains its leadership in Spain in terms of the charging stations network, with 11,100 at the end of the first half, 39% more than the 8,000 at June 2021. Also noteworthy is the growth in electric bus charging stations, which increased threefold to 120 in operation.

In total, Endesa invested 934 million euros in the first half of the year to promote its decarbonisation and electrification strategy, 26% more than in the same period of 2021. More than 70% of this investment was earmarked for renewable energies and improvements to the distribution network.

José Bogas, Chief Executive Officer, said: "In the first half of 2022, we saw that the macroeconomic and energy scenarios continued to deteriorate. The invasion of Ukraine has only exacerbated the path of strong



gas price growth, the ultimate cause of the European energy crisis. The EU's approach towards decarbonisation and energy self-sufficiency on the continent is the only realistic way forward in the medium to long term. In the short term, we are facing energy saving and efficiency plans on an Iberian and European scale in which Endesa contributes and will contribute reasonable and constructive proposals, as it has been doing during this last year of price crisis".

Regarding the gas cap for electricity production and the new tax on the energy sector announced by the Spanish government, the company's top executive notes: "Particular measures such as the Iberian derogation mitigate price rises, but do not solve the underlying problem: the high price of gas. As for the new tax, we are awaiting the details of the new tax to evaluate it, but I would like to reiterate that we are not obtaining extraordinary benefits at this juncture, complying with the legislation passed in recent months".

### **Financial performance**

A more in-depth analysis of the different activities shows that the deregulated business (generation and supply) increased its EBITDA by 17% to 1.08 billion euros thanks to the efficiencies and synergies of the vertically integrated company model. However, the regulated distribution business was mainly affected by negative re-statements of prior years and declined by 8% to 874 million.

Fixed costs grew by 6% in the first six months of the year as a result of the strong rise in inflation.

The company's net debt totalled 10.28 billion euros, up 1.47 billion compared to the end of 2021, due to the increase in investments, the negative performance of free cash flow (negative by 169 million, strongly affected by the increase in regulatory items pending collection amounting to 733 million, as well as the rise in raw materials and tolls) and the payment of the interim dividend against the 2021 results made in January (536 million).

The leverage ratio (net debt to EBITDA) stands at 2.2x, up from 2.1x at June 2021. The cost of debt remains extraordinarily low, with an average interest rate of 1.1% (four-tenths of a point lower than at the end of 2021).

In terms of sustainable finance strategy, Endesa ended the first half of the year with 62% of gross liabilities of 14.32 billion linked to sustainability criteria in the midst of the aforementioned challenging context. The target for the end of 2024, which is the end of the current strategic plan, is to reach around 80%.

Luca Passa, CFO, told investors during the presentation of the half-year results: "Despite challenging conditions in the first half of the year, we are on track to meet our forecast for 2022 as a whole: EBITDA of 4.1 billion and ordinary net profit of 1.8 billion. Our sustainable finance strategy continues to make progress in an adverse environment and, among other milestones achieved, we have expanded the sustainability-linked note programme from 4 billion to 5 billion. The new financial instruments will be based on the greenhouse gas emission reduction targets contained in our strategic plan for 2023 and 2024".



	1S 2022 Mill.€	1S 2021 Mill.€	Variación (%)
<b>INGRESOS</b>	14.841	9.032	64,4%
<b>COSTES EXPLOTACIÓN <sup>(1)</sup></b>	13.535	7.939	70,5%
<b>EBITDA</b>	2.188	1.878	16,5%
<b>EBIT</b>	1.316	1.093	20,4%
<b>BENEFICIO NETO</b>	916 <sup>(2)</sup>	832	10,1%
<b>BENEFICIO ORDINARIO NETO</b>	734	832	-11,8%
<b>CASH FLOW OPERATIVO</b>	-169	492	-134,3%
<b>DEUDA FRA. NETA</b>	12.275	8.806 <sup>(3)</sup>	16,7%
<b>INVERSIONES BRUTAS</b>	934 <sup>(4)</sup>	743,5	25,6%

- (1) Los costes de explotación incluyen un incremento del 167% en las compras de energía derivado mayormente del incremento de precios en el mercado mayorista de electricidad.
- (2) El primer semestre de 2022 incluye el efecto extraordinario positivo de la venta parcial del negocio de movilidad eléctrica.
- (3) Datos a 31 dic 2021
- (4) No incluyen 20 M€ por altas de derechos de uso ni 1 M€ por intercalarios (activación de costes financieros)



	1S 2022 GWh	1S 2021 GWh	Variación (%)
<b>PRODUCCIÓN</b>	31.140	27.592	13%
<b>Producción renovable</b>	6.215	7.182	-13%
<b>Cuota % producción renovable</b>	20%	26%	
<b>VENTAS NETAS (1)</b>			
<b>Mercado libre</b>	34.109	33.979	0,4%
<b>Mercado regulado</b>	4.376	5.441	-20%
<b>NÚMERO CLIENTES (miles)</b>	10.512	10.251 <sub>(3)</sub>	2,5%
<b>Mercado regulado</b>	3.910	4.373 <sub>(3)</sub>	-10,6%
<b>Mercado libre</b>	6.602	5.878 <sub>(3)</sub>	12,3%
<b>ELECTRICIDAD DISTRIBUIDA</b>	66.078	64.191	2,9%
<b>VENTAS DE GAS (2)</b>	35.936	40.742	-11,8%

(1) Ventas netas a cliente final

(2) Sin consumos propios de generación

(3) Datos a 31 dic 2021

#### About Endesa

Endesa is the largest electricity company in Spain and the second largest in Portugal. The company is also the second largest gas operator in Spain. Endesa operates an end-to-end generation, distribution and marketing business. Through Endesa X it also offers value-added services aimed at the electrification of energy usage in homes, companies, industries and Public Administrations. In addition, the new line of business has been created. Endesa X Way is fully dedicated to electric mobility. 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 9,260 employees. Endesa is a division of Enel, Europe's largest electricity group.