



PRESS RELEASE

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Endesa exceeds full year guidance and reports ordinary net profit of 1,902 million euros for 2021

The electricity company obtained gross operating income (EBITDA) of 4,278 million, up 6% on a like-for-like basis from last year and 7% higher than the estimates disclosed to the market

- Net ordinary income amounted to 1,902 million last year, 12% more than the FY21 forecast provided to analysts in November
- This improvement allows for the distribution of a dividend to shareholders of 1.44 euros per share, 11% higher than the one announced at the latest Capital Markets Day
- EBITDA on like-for-like basis amounted to 4,278 million euros, thanks to management measures and the positive impact of non-recurring items
- Endesa performed well in an especially challenging year, undermined by a sharp jump in wholesale electricity prices at European level: over 200% on average in Spain, Germany, France and the UK
- The deregulated customer base resumed its growth, ending the year 3% higher at 5.9 million
- Two-thirds of EBITDA are aligned with the new European Union green taxonomy (i.e. EU-taxonomy aligned). In addition, 75% of the gross investment of 2,200 million executed in 2021 – 33% higher in 2020 – is taxonomy-aligned
- The company's achievements in sustainability during the year were again recognised, cementing its position in the world's main socially responsible (ESG) investment indices and rankings
- Inroads towards decarbonisation were made, as illustrated by an 8% increase in installed renewable energy capacity, to 8,300 megawatts (MW), and by the award of the certificate to close down the Litoral thermal power plant
- Barely 1% of revenue in 2021 came from coal activity; Endesa is still awaiting permission to close As Pontes, its last mainland plant
- Sound renewable project pipeline, with 77,000 MW at year-end to deliver the targets in the 2022-2024 strategic plan and the 2030 vision
- Strong commercial activity in electric mobility, resulting in a 34% increase in the charging station network, to 9,500 stations
- The company has already sold 97% of its base generation for 2022 and 55% for 2023, at reasonable benchmark prices

Endesa released its full year (FY) 2021 earnings today. The year was marked by turbulence in international gas markets, which pushed up electricity prices to all-time highs across Europe, and by key regulatory developments in Spain and at European level. Against this challenging backdrop, the company outperformed the year-end guidance disclosed to the market at the Capital Markets Day held in November. Meanwhile, progress on decarbonising its energy mix – closure of the Litoral plant and connection of 626 MW of new solar and wind capacity – brought Endesa closer to its target of closing down its entire coal business in Spain by 2027.

Turning to the financial performance, Endesa achieved ordinary net profit of 1,902 million euros in 2021. This was 11% lower than 2020, but 12% above the 1.7 million euros estimated in its November guidance. As a result, it will distribute an 11% higher-than-expected dividend to shareholders of 1.44 euros per share. Endesa will pay out 80% of ordinary net profit in 2021 to shareholders, lowering this percentage to 70% of profit of 2022, 2023 and 2024 to adapt it to planned gross investment for the coming years: 7,500 million euros between 2022 and 2024 and an estimated 31,000 million euros in all by 2030.

Net profit attributable to the parent, which includes extraordinary items in the year, increased by 3% to 1,435 million euros. This was despite the recognition of 652 million euros of impairment losses on non-mainland electricity generation assets (i.e. Canary Islands, Balearic Islands, Ceuta and Melilla). Impairment was related to the current situation of commodity markets and costs expected to be recovered in the related regulation, and to changes envisaged in the future generation structure and their impact on current thermal generation. The impairments come in addition to those recognised for the non-mainland business in 2019 and 2020, of 404 million euros and 338 million euros, respectively.

EBITDA (gross operating income) increased by 6% to 4,278 million euros. This is also 7% higher than the FY guidance disclosed to the market. Growth was driven by two factors: first, the accounting of 300 million euros of extraordinary revenue from the judicial annulment of the water tax in 2013-2020 and another 186 million euros for the recovery of CO₂ in 2006, also through a legal ruling; and second, management efforts across the various businesses to mitigate the impact of the exceptional spike in gas prices.

Of total EBITDA, 64% was obtained from economic activities aligned with the EU Taxonomy Regulation (i.e. taxonomy-aligned). In 2021, for the first time, the company provided a breakdown of EBITDA by business area: networks, customers, renewables and conventional generation. The impact of the challenging market landscape was felt especially in conventional generation, while there were increases in EBITDA in renewables (by 91% due to the legal decisions on the water tax and CO₂) and customers (by 9%), and a decrease in networks, of 3%, in line with expectations of lower regulated remuneration.

About the 2021 performance, José Bogas, CEO of Endesa, said: "We faced one of the most challenging years in recent memory and right after 2020, which was hit hard by the pandemic. Endesa's performance showcases our resilience and allows us to continue to offer a sound remuneration to shareholders, driven by better financial results than disclosed previously. Our credible decarbonisation

and sustainability performances, which were recognised in global indices, coupled with a good performance in commercial activity bode well for us to tackle the challenges arising in 2022".

	2021 Mill.€	2020 Mill.€	Variación (%)
INGRESOS	20.899	17.050	22,6%
EBITDA	4.278	3.809	12,3%
EBIT	1.956	1.912	2,3%
BENEFICIO NETO	1.435	1.394	2,9%
BENEFICIO ORDINARIO NETO	1.902 ⁽¹⁾	2.132	-10,8%
CASH FLOW OPERATIVO	2.621	2.951	-11,2%
DEUDA FRA. NETA⁽²⁾	8.806	6.853	28,5%
INVERSIONES BRUTAS⁽³⁾	2.172	1.638	32,6%

(1) Resultado Neto Ordinario FY2021: Resultado Neto reportado (1.435 Mill.€) - Pérdidas Netas por ventas de activos no Financieros superiores a 10 Mill.€ (22 Mill.€) - Pérdidas Netas por Deterioro de Activos no Financieros superiores a 10 Mill.€ (-489 Mill.€) - Dotación inicial neta de gastos de personal por planes de reestructuración de plantilla relativos al plan de descarbonización (0 Mill.€) - gastos netos correspondientes al Plan de Responsabilidad Pública por la crisis sanitaria COVID-19 (0 Mill.€) = 1.902 Mill.€.

(2) Datos a 31 dic.

(3) Total inversión bruta, menos incluye inversiones financieras, altas de derechos de uso e inversiones e intercalarios

Progress in decarbonisation

During 2021, the company continued on its clear pathway to decarbonise the generation mix. First, we received certification for closure of Litoral thermal power plant (Almería), resulting in the decommissioning of 1,100 MW of coal power. Now, all that is left to close is the As Pontes plant (1,400 MW) for us to complete the discontinuation of the coal business in the Iberian Peninsula. This would leave just 240 MW of coal capacity, in the Balearic Islands.

Just 1% of Endesa's revenue in 2021 came from the coal-fired generation business and the share of electricity from this fossil fuel on Endesa's total output was also just 1%. The company has presented Fair Transition plans for all sites where it had been operating coal-fired power plants. Indeed, in February this year, Endesa's plan to convert the Pego coal plant (Portugal), which halted production in November, into a renewables and green hydrogen complex received the highest preliminary score of all plans presented to the Portuguese government.

Second, the volume of installed capacity in renewable sources (hydro, solar and wind) grew by 626 MW, to 8,300 MW at year-end. Thanks to this increase in clean power, alongside the decline in installed coal-fired capacity, Endesa's electricity production in the Iberian Peninsula was 82% free of CO₂ emissions. Emission-free installed power represented 69% of the total in 2021, five percentage points higher than at the end of 2020.

For the development of its 2022-2024 investment plan, and to deliver its forecasts for 2030, Endesa has a project pipeline at various stages of government permit maturity, amounting to 77,000 MW, a much higher figure than at the end of 2020 (i.e. 42,000 MW).

Of the total in the pipeline, 15,000 MW relate to storage and battery projects, while another 11,000 MW are in an advanced stage of government permit maturity. In battery projects, Endesa already has 2,000 MW of projects under execution that will come on stream by the end of 2024.

Gross investment executed in 2021 exceeded 2,200 million euros (2,172 million euros), 5% above the original estimate (of 2,100 million) and 33% higher than in 2020. Of total investment undertaken, 75% is EU taxonomy-aligned.

Improvement in commercial activity

After 2020, which featured particularly stiff competition in the Spanish market, Endesa reacted by focusing on creating value-added offers for customers. This helped it reverse customer churn in the free market, ending the year with a 3% larger deregulated customer base, with 5.9 million in Spain and Portugal. Meanwhile, the sharp spike in the regulated tariff (PCPV) in Spain led to an 8% drop in the number of these customers, to 4.4 million. In all, Endesa ended 2021 with 10.3 million electricity customers.

Other commercial activity KPIs also fared well, e.g. a 16% increase in number of digital contracts, to 6.6 million, or the 32% increase in the number of customers receiving their bill online, to 5.8 million.

In line with the company's bid to drive electrification, the (public and private) charging station network grew by 34% in the year, to 9,500, while the number of charging stations for buses increased three-fold, with 35 now in operation.

At the reporting date, Endesa had already sold 97% of base generation (nuclear, hydro and non-regulated renewable) for 2022 to customers at reasonable benchmark prices and 55% for 2023.

Gross electricity sales amounted to 87.8 terawatt-hours in 2021, down 1% from the year before due to lower sales to both regulated and non-regulated retail customers. Sales to business and industrial customers in the free market increased to 57.2 terawatt-hours.

	2021 GWh	2020 GWh	Variación (%)
PRODUCCIÓN	57.592	56.269	2,4%
VENTAS MERCADO LIBERALIZADO⁽¹⁾	68.753	69.430	-1,0%
VENTAS MERCADO REGULADO⁽¹⁾	10.705	11.342	-5,6%
ELECTRICIDAD DISTRIBUIDA	107.727	105.463	2,1%
VENTAS DE GAS⁽²⁾	76.991	70.045	9,9%

(1) Ventas netas a cliente final

(2) Sin consumos propios de generación

Financing and sustainability: leader in Spain and recognised internationally

Sustainable financial transactions set a new record in 2021. Of the 10,378 million euros of total gross debt at year-end, 60% was indexed to sustainability criteria. The goal is to reach 80% by 2024. The volume of financial transactions of different types entered into during the year and linked to sustainability totalled 15,400 million euros.

Endesa again enjoyed one of the lowest financing costs of any company: it ended 2021 with an average of 1.5%, two tenths lower than at year-end 2020. The net debt/EBITDA ratio increased to 2.1x, due mostly to the payment of higher dividends and higher investment.

Luca Passa, the chief financial officer, said: "Endesa is easily among the leaders in sustainable finance in Spain. All of our loans and guarantee facilities are sustainable and the company led some of the key milestones in financial sustainability during the year. For instance, we signed the European Investment Bank's first sustainable loan in Spain. ICO also signed with Endesa what was at the time the public institution's largest sustainable credit facility."

In general, beyond this financial transaction, Endesa's corporate-wide commitment to sustainability was widely and positively recognised by the world's main socially responsible investment indices. Examples include: VigeoEiris, which ranks Endesa second in the world and first in the Electricity and Gas sector ranking; S&P Dow Jones places the company fifth among electricity companies; FTSE also ranks Endesa first in the world among electricity companies, with a score of 4.9 out of 5; MSCI assigned Endesa an AAA sustainability rating, the highest possible; Sustainalytics ranked Endesa 21st out of 295 electricity companies and 76th out of 661 utilities; for CDP, Endesa was the absolute leader; and Endesa is one of the 100 global companies also included in the Bloomberg Gender Equality Index.

Furthermore, 52% of Endesa's free float on the stock exchange is in the hands of shareholders who are guided by ESG (Environmental, Social and Governance) criteria when deciding on their investment choices. In a bid to further comply with ESG criteria, the company intends to increase the share of female members of its board of directors throughout 2022 to 40% of the total from 36% at the end of 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 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 9,260 employees. Endesa is a division of Enel, Europe's largest electricity group.