

ENDESA'S NET INCOME UP 4%, BEATING FY 2017 TARGETS

	2017	2016	% Difference	% Difference without extraordinary items
Millions of euros				
-Revenues	20,057	18,979	6	
-EBITDA	3,542	3,432	3	0 ⁽¹⁾
-EBIT	2,031	1,965	3	
-Net income	1,463	1,411	4	3 ⁽¹⁾
-Operating cash flow	2,438	2,995	-19	
-Net financial debt	4,985	4,938	1	
-Gross investments	1,175	1,221	-4	

(1) Excludes the EGPE contribution in both periods.

Madrid, February 28th, 2018

Endesa's Chief Executive Officer, **José Bogas**, said "We have once again fulfilled our commitments to the financial market by achieving improved FY 2017 results and beating our original full year targets. We have posted these positive results despite the very challenging scenario that characterised the first six months of the year, including the extremely high wholesale prices, and which was unforeseeable at the time 2017 targets were set. The contribution of Enel Green Power España consolidated for the whole year, the solid margin in the regulated business and the cost efficiency plans carried out by Endesa in the past three years, have been key factors in our success in 2017. These results allow us to propose a dividend for 2018 of 1.382 euros per share, 5% higher than the minimum we had guaranteed to our shareholders".

Endesa's generation commitment to decarbonisation is underpinned by its strategy of diversifying its mix through renewables. In 2017, Enel Green Power España (EGPE) contributed significantly to Endesa's results and the renewable auctions held on May 17th and July 26th, 2017 awarded the company with 879 MW of renewable capacity (540 MW of wind and 339 MW of solar). Furthermore, just a few weeks ago in February 2018, Endesa purchased another 132 MW of wind capacity through its renewable arm.

- **Earnings before interest, taxes, depreciation and amortisation (EBITDA)** increased by 3% due to:
 - The contribution by **EGPE** amounting to 181 million euros (75 million euros in 2016 since consolidation in July 2016).
 - **The gross regulated business margin**, which has grown by 8%, to 3,284 million euros, equivalent to 60% of the total margin.
 - The Social Tariff for 2014-2016, which came into effect after several court rulings and accounted for 222 million euros.
 - **Fixed costs** dropped 4% on a like-for-like basis, i.e., without taking into account Endesa's change of scope following EGPE consolidation, in addition to the lower provisions for staff optimisation projects, among other adjustments.

All of these factors helped offset the significant reduction in the **deregulated business margin** (-18%). This drop was mainly due to the strong increase in variable costs due to the extraordinarily low hydropower output during the year:

- **Energy purchase** costs increased by 21.6%, mainly as a result of the increase in electricity prices on the retail market, amounting to 52.2 €/MWh (+31.6%).
 - The increase in **fuel consumption** (+38.9%) was due to the higher thermal production during the period due to lower hydro availability and to higher fuel prices, along with the resulting increase of the electricity production tax.
- **EBIT** grew by 3%, in line with EBITDA.
- **Net income** increased by 4%, in line with the above indicators.

Cash flow, net financial debt and investments

- **Operating cash flow** dropped by 557 million euros, mainly due to the reduction vs 2016 in net income from compensation for cost overruns from electricity generation in non-mainland

territories.

- **Net financial debt** increased by just 47 million euros on 2016, despite payment to shareholders of a dividend of 1.333 gross euros per share, for a total disbursement of 1,411 million euros.
- **Gross investments** amounted to 1,175 million euros (-3.8%).

Operating results

	2017	2016	% Difference
GWh			
-Production	78,648	69,831	13
-Deregulated market sales ⁽¹⁾	83,594	79,675	5
-Regulated market sales ⁽¹⁾	12,919	13,815	-6
-Electricity distributed	117,961	115,602	2
-Gas sales ⁽²⁾	79,834	78,129	3

(1) Without own consumption of electricity generated.

(2) Without consumption for power generation.

- In 2017, the **demand for mainland electricity** increased 1.1%, equivalent to 1.6% adjusted for seasonality and working days.
- **Renewable generation** covered 33% of the total mainland electricity demand, due to the low water availability, compared to 40% in 2016.
- **Endesa's production** grew by 13% in spite of low water availability, which led to an increase in thermal generation.
 - CO₂ emission-free technologies (hydro, wind, solar and nuclear) represented 44% of Endesa's mainland generation mix at ordinary regime, versus 49% in 2016.
 - The company's production in Non-Mainland Territories (NMT) was 13,043 GWh (+3.2% on 2016).
- In 2017, Endesa attained **market shares** of 27.3% in mainland generation, 44.1% in distribution, and 35.4% in sales to regulated market customers.
- **Free market customers** were 5.592.893 in 2017, +3.1% on 2016.



Dividend proposal

At Endesa's next Shareholders' Meeting, the company's Board of Directors will propose the approval of a dividend of 1.382 gross euros per share (an overall 1,463 million euros) on 2017 full year results.

The proposed dividend represents a 4% increase on the dividend on 2016 results, and 5% higher than the floor guaranteed to the market for 2017.

On January 2nd, 2018, Endesa distributed an interim dividend on 2017 results of 0.70 euros per share gross, for a total amount of 741 million euros.