

**ENDESA, S.A.
and Subsidiaries**

**Consolidated Management Report for the
three-month period ended 31 March 2017**

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Madrid, 9 May 2017

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT
FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2017

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ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR
THE THREE-MONTH PERIOD ENDED
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1. Business Trends and Results in the first quarter of 2017.

1.1. Consolidated results.

ENDESA reports a first quarter 2017 net income of €253 million (-26.0%).

ENDESA reported a net income of €253 million in the first quarter of 2017, a 26.0% decrease compared to the €342 million posted in the first quarter of 2016.

The table below presents the distribution of the net income among ENDESA businesses during the first quarter 2017 and its variation compared with the same period in the previous year:

Millions of Euros

		Net Income			
		January-March 2017	January-March 2016	% Var.	% Contribution to Total
Generation and Supply	(1)	32	130	(75.4)	12.6
Distribution		221	217	1.8	87.4
Structure and Other	(2)	-	(5)	N/A	-
TOTAL		253	342	(26.0)	100.0

(1) Includes the net income generated by ENEL Green Power España, S.L.U. (EGPE) in the first quarter of 2017 and 2016 amounting respectively to €18 million and €4 million (refer to Section 2.2 of the present Consolidated Management Report).

(2) Structure, Services and Adjustments.

1.2. Analysis of results.

The table below presents the distribution of the EBITDA and EBIT among the ENDESA businesses and its variation compared with the same period in the previous year:

Millions of Euros

		Gross Profit from Operations (EBITDA) ⁽³⁾				Profit from Operations (EBIT) ⁽⁴⁾			
		January-March 2017	January-March 2016	% Var.	% Contribution to Total	January-March 2017	January-March 2016	% Var.	% Contribution to Total
Generation and Supply	(1)	261	360	(27.5)	37.2	56	190	(70.5)	16.5
Distribution		452	479	(5.6)	64.4	311	323	(3.7)	91.5
Structure and Other	(2)	(11)	(38)	(71.1)	(1.6)	(27)	(45)	(40.0)	(8.0)
TOTAL		702	801	(12.4)	100.0	340	468	(27.4)	100.0

(1) The first quarter of 2017 includes the EBITDA and EBIT generated by ENEL Green Power España, S.L.U. (EGPE) amounting respectively to €57 million and €27 million (refer to Section 2.2 of the present Consolidated Management Report).

(2) Structure, Services and Adjustments.

(3) EBITDA = Income - Procurements and Services + Self-constructed assets - Personnel Expenses - Other Fixed Operating Expenses.

(4) EBIT = EBITDA - Depreciation and amortisation, and impairment losses.

The first quarter 2017 EBITDA includes the contribution of ENEL Green Power España, S.L.U. (EGPE) amounting to €57 million after assuming control on 27 July 2016. Additionally, the following effects should be considered to analyse EBITDA performance during the first quarter of 2017:

- Higher cost of energy purchases (+35.3%) primarily resulting from increased electricity prices on the wholesale market, whose arithmetic mean prices were at 55.6 €/MWh (+81.3%).
- Increased fuel consumption (+51.6%) arising from greater thermal production in the period and higher fuel prices, together with the consequentially increased tax on the value of electricity production.

- Containment of other fixed operating expenses that, considering the incorporation of ENEL Green Power España, S.L.U. (EGPE) on 27 July 2016, went virtually unchanged.

The EBIT for January-March 2017 was €340 million, a 27.4% decrease (€128 million) compared with the same period in the previous year, primarily as a result of the 12.4% contraction in the EBITDA.

During the first quarter of 2017, the item "Depreciation and amortisation, and impairment losses" posted an increase of €29 million (+8.7%), amounting to €362 million, and includes yet not is not restricted to the contribution of the full consolidation of ENEL Green Power España, S.L.U. (EGPE) amounting to €30 million. During the period, ENDESA has also re-evaluated the useful service life of assets in operation, resulting in the modification of the depreciation policy for its hydropower, wind power and solar power facilities, which in turn reduced the depreciation expense for the first quarter 2017 by approximately €16 million.

1.2.1. Income.

Income in the first quarter of 2017 totalled €5,223 million, 345 million (+7.1%) higher than income posted in the first quarter last year. Of this amount, revenue from sales accounted for €5,120 million (+10.4%), while other operating income accounted for €103 million (-57.4%).

The table below presents the distribution of the sales and other operating income among ENDESA businesses and its variation compared with the same period in the previous year:

Millions of Euros

		Sales				Other operating income			
		January-March 2017	January-March 2016	% Var.	% Contribution to Total	January-March 2017	January-March 2016	% Var.	% Contribution to Total
Generation and Supply	(1)	4,594	4,109	11.8	89.7	47	177	(73.4)	45.6
Distribution		565	557	1.4	11.1	68	75	(9.3)	66.0
Structure and Other	(2)	(39)	(30)	30.0	(0.8)	(12)	(10)	20.0	(11.6)
TOTAL		5,120	4,636	10.4	100.0	103	242	(57.4)	100.0

(1) The first quarter 2017 includes the sales of ENEL Green Power España, S.L.U. (EGPE) amounting to €82 million and other operating income of €1 million.

(2) Structure, Services and Adjustments.

The estimated mainland energy demand during the first quarter of 2017 is 0.2% greater than the demand for the same period in 2016. Correcting for the effect of working days and temperature, the electricity energy demand in January-March 2017 increased by 1.1% compared with the posted demand from the first quarter of the year before. The electricity demand in Non-mainland Territories closed out the first quarter 2017 with a 1.5% increase in the Balearic Islands and a 1.7% increase in the Canary Islands compared with January-March 2016 (-0.6% and +0.5% respectively, corrected for the effect of working days and temperature).

Higher prices characterised the first quarter in 2017, during which the arithmetic mean price in the wholesale electricity market was 55.6 €/MWh (+81.3%), primarily as a result of less wind and hydroelectric power production, in which regard the accumulated renewable generation during the period covered less than 40% of the mainland electricity demand (38.3%).

In this environment, ENDESA's mainland electricity production under the ordinary arrangement during the first quarter 2017 was 14,922 GWh, i.e., 20.2% higher than the first quarter 2016 as detailed below: coal-fired plants (+1,814 GWh, +54.6%), combined cycles plants (+824 GWh, +278.4%), nuclear power plants (+723 GWh, +11.2%) and hydroelectric power plants (-850 GWh, -36.4%). Nuclear and hydroelectric technologies accounted for 58.1% of Endesa's mainland generation mix under the ordinary arrangement, compared with 59.0% for the rest of the sector (70.9% and 72.4% respectively in the first quarter of 2016).

ENDESA production in the first quarter of 2017 through renewable technologies other than hydroelectric was 994 GWh, and production in Non-mainland Territories was 3,064 GWh (+112 GWh, +3.8%).

As of 31 March 2017, ENDESA's market share reached 35.6% for ordinary mainland generation, 43.3% for generation and 35.3% for sales to customers in the deregulated market.

During the first quarter of 2017, the gas demand was 8.4% higher than the previous period of the year before and, as of 31 March 2017, ENDESA's market share reached 17.6% for sales to customers in the deregulated market.

Sales.

The table below presents the detail of ENDESA sales in the first quarter 2017 and its variation compared with the same period in the previous year:

Millions of Euros	Sales			
	January-March 2017 ⁽¹⁾	January-March 2016	Difference	% Var.
Electricity sales	3,710	3,295	415	12.6
Deregulated Market Sales	2,134	2,062	72	3.5
Supply to Deregulated Market Customers outside Spain	254	239	15	6.3
Sales at the Regulated Price	682	626	56	8.9
Wholesale market sales	297	154	143	92.9
Non-mainland Compensation	313	210	103	49.0
Other Electricity Sales	30	4	26	650.0
Gas sales	745	685	60	8.8
Regulated Revenue from Electricity Distribution	511	506	5	1.0
Other sales and services rendered	154	150	4	2.7
TOTAL	5,120	4,636	484	10.4

(1) The first quarter 2017 includes the sales of ENEL Green Power España, S.L.U. (EGPE) amounting to €82 million.

Electricity sales to deregulated market customers.

ENDESA had 5,440,079 customers in the deregulated market as of 31 March 2017, which is a 0.3% increase compared with the amount of customers at 31 December 2016.

ENDESA sold a total of 20,075 GWh to these customers in the first quarter 2017, an increase of 1.2% compared with the first quarter of 2016.

In economic terms, sales in the Spanish regulated market during the first quarter of 2017 rose to €2,134 million, an increase of €72 million (+3.5%) compared with the first quarter of 2016 because of the increase in the physical units sold and the average sale price to the end customer.

In turn, the revenues from sales to customers in deregulated markets outside Spain rose to €254 million, a €15 million (+6.3%) increase over the first quarter 2016.

Electricity sales at a regulated price.

ENDESA sold 3,561 GWh through its reference retailer company in the first quarter 2017, 7.3% less than the January-March period in 2016.

These sales entailed an income of €682 million in the first quarter 2017, which is 8.9% higher than the figure in the first quarter of 2016 as a result of the increased average sales price, which offset the reduction in units sold.

Gas sales

ENDESA had 1,289,491 customers in the deregulated market as of 31 March 2017, which is a 1.1% increase compared with the amount of customers at 31 December 2016.

ENDESA sold 24,503 GWh to customers in the natural gas market in the first quarter of 2017, which represents a 5.2% increase on the first quarter 2016 figure.

In economic terms, revenue from gas sales during the first quarter of 2017 rose to €745 million, an increase of €60 million (+8.8%) compared with the first quarter of 2016, primarily because of the increase in units sold.

Non-mainland Territories Compensations.

During the first quarter of 2017, the compensations for generation surcharges in Non-mainland Territories rose to €313 million, representing an increase of €103 million (+49.0%) compared to the first quarter of 2016, primarily because of the increase in production and sales, and fuel costs because of the performance of raw material prices.

Electricity distribution.

During the first quarter of 2017, ENDESA distributed 29,119 GWh in the Spanish market, which is a 1.8% increase compared with the first quarter of 2016.

Regulated revenue from distribution during the first quarter of 2017 rose to €511, which is €5 million higher (+1.0%) than the amount posted for the first quarter of 2016.

Other operating income.

In January-March 2017, the amount for other operating income was €103 million, which is €139 million (-57.4%) lower than the amount posted for the first quarter of 2016.

In the first quarter of 2017, there was a reduction of €144 (-95.3%) in revenue from the valuation and liquidation of fuel stock derivatives, which is offset with less expenses from the valuation and liquidation of fuel stock derivatives of €146 million (-71.2%) posted under "Other Variable Procurements and Services".

1.2.2. Operating expenses.

Operating expenses for January-March 2017 amounted to €4,915 million, which is 10.9% compared to the same period the previous year.

The breakdown of operating expenses for the first quarter 2017 is as follows:

Millions of Euros		Operating Expenses			
	January-March 2017 ⁽¹⁾	January-March 2016	Difference	% Var.	
Procurements and services	3,987	3,568	419	11.7	
Power Purchases	1,496	1,106	390	35.3	
Cost of fuel consumed	511	337	174	51.6	
Transmission costs	1,502	1,553	(51)	(3.3)	
Other variable procurements and services	478	572	(94)	(16.4)	
Personnel expenses	220	202	18	8.9	
Other fixed operating expenses	346	330	16	4.8	
Depreciation and amortisation, and impairment losses	362	333	29	8.7	
TOTAL	4,915	4,433	482	10.9	

(1) The first quarter 2017 includes the operating expenses of ENEL Green Power España, S.L.U. (EGPE) amounting to €56 million.

Procurements and services.

Procurements and services (variable costs) totalled €3,987 million in the first quarter of 2017, 11.7% more than in the same period last year.

The following table contains the breakdown by ENDESA businesses and their change compared with the same period last year:

Millions of Euros		Procurements and Services ⁽³⁾			
	January-March 2017	January-March 2016	% chg	% Contribution to Total	
Generation and Supply	(1) 3,978	3,556	11.9	99.8	
Distribution	31	30	3.3	0.8	
Structure and Other	(2) (22)	(18)	22.2	(0.6)	
TOTAL	3,987	3,568	11.7	100.0	

(1) The first quarter 2017 includes the procurements and services expenses of ENEL Green Power España, S.L.U. (EGPE) amounting to €7 million.

(2) Structure, Services and Adjustments.

(3) Procurements and Services = Power Purchases + Cost of Fuel Consumed + Transmission Costs + Other Variable Procurements and Services.

The performance regarding these costs for the first quarter 2017 was:

- Power purchases increased by €390 million (+35.3%) to €1,496 million, primarily because of the increase in the arithmetic mean price in the wholesale electricity market (55.6 €/MWh, +81.3%) and gas acquired for its sale to the end customer.

- Cost of Fuel consumed amounted to €511 million, with an increase of 51.6% (€174 million) because of higher thermal production in the period and an increase in the average acquisition price.
- The heading “Other Variable Procurements and Services” amounted to €478 million, a decrease of 94 million (-16.4%) compared with the same period in 2016. This variation primarily entails:
 - o The €146 million decrease (-71.2%) in expenses for fuel stock derivatives, offset by a €144 million reduction in revenue because of this same concept (-95.3%), which are recorded under “Other Operating Income”.
 - o The €15 million increase in the costs of carbon dioxide (CO₂) emission rights, mostly because of greater thermal production.
 - o The €42 million increase in the electricity production tax because of the increased production during the period, of which €6 million correspond to ENEL Green Power España, S.L.U. (EGPE).

The following table contains the breakdown of the contribution margin by ENDESA businesses and their variation compared with the same period last year:

		Contribution Margin ⁽³⁾			
		January-March 2017	January-March 2016	% Var.	% Contribution to Total
Generation and Supply	(1)	663	730	(9.2)	53.6
Distribution		602	602	-	48.7
Structure and Other	(2)	(29)	(22)	31.8	(2.3)
TOTAL		1,236	1,310	(5.6)	100.0

(1) The first quarter 2017 includes the contribution margin of ENEL Green Power España, S.L.U. (EGPE) amounting to €76 million.

(2) Structure, Services and Adjustments.

(3) Contribution Margin = Income - Procurements and Services.

Personnel and other fixed operating expenses.

Fixed costs in the first quarter of 2017 totalled €566 million, thus €34 million (+6.4%) higher compared to the first quarter of 2016.

Personnel expenses during January-March 2017 amounted to €220 million, which is €18 million (+8.9%) higher than the same period in 2016.

The following table contains the breakdown by ENDESA businesses and their change compared with the same period last year:

		Personnel expenses			
		January-March 2017	January-March 2016	% chg	% Contribution to Total
Generation and Supply	(1)	113	108	4.6	51.4
Distribution		67	64	4.6	30.4
Structure and Other	(2)	40	30	33.3	18.2
TOTAL		220	202	8.9	100.0

(1) The first quarter 2017 includes the personnel expenses of ENEL Green Power España, S.L.U. (EGPE) amounting to €4 million and for the staff corresponding to the ICT activities amounting to €7 million.

(2) Structure, Services and Adjustments.

The following effects should be considered when examining personnel expenses during the first quarter of 2017:

- Personnel expenses during the first quarter in 2017 and 2016 were affected by the positive updates of the provisions under workforce restructuring and contract suspensions, which respectively amounted to €12 million and €19 million.
- The period comprising January-March 2017 includes the personnel expenses arising upon the incorporation of ENEL Green Power España, S.L.U. (EGPE) and for the staff corresponding to the ICT activities amounting to €4 million and €7 million respectively.

- There was also a net reversion of €3 million in the first quarter of 2016 corresponding to provisions for indemnities and occupational risks.

Isolating these effects, personnel expenses in the first quarter of 2017 would have decreased by €3 million (-1.3%).

Other fixed operating expenses in January-March 2017 stood at €346 million, up by €16 million (+4.8%). The following table contains the breakdown by ENDESA businesses and their change compared with the same period last year:

Millions of Euros					
		Other fixed operating expenses			
		January-March 2017	January-March 2016	% chg	% Contribution to Total
Generation and Supply	(1)	294	262	12.2	85.0
Distribution		109	82	32.9	31.5
Structure and Other	(2)	(57)	(14)	307.1	(16.5)
TOTAL		346	330	4.8	100.0

(1) The first quarter 2017 includes the Other Fixed Operating Expenses of ENEL Green Power España, S.L.U. (EGPE) amounting to €15 million.

(2) Structure, Services and Adjustments.

Isolating the effect of the first quarter 2017 incorporation of ENEL Green Power España, S.L.U. (EGPE), other fixed operating expenses remained virtually unchanged (+0.3%) compared with the first quarter of 2016.

Depreciation and amortisation, and impairment losses.

The following table contains the breakdown of the "Depreciation and amortisation, and impairment losses" by ENDESA businesses and their change compared with the same period last year:

Millions of Euros					
		Depreciation and amortisation, and impairment losses			
		January-March 2017	January-March 2016	% chg	% Contribution to Total
Generation and Supply	(1)	205	170	20.6	56.6
Distribution		141	156	(9.6)	39.0
Structure and Other	(2)	16	7	128.6	4.4
TOTAL		362	333	8.7	100.0

(1) The first quarter 2017 includes the Depreciation and amortisation, and impairment losses of ENEL Green Power España, S.L.U. (EGPE) amounting to €30 million.

(2) Structure, Services and Adjustments.

Depreciation and amortisation, and impairment losses totalled €362 million in the first quarter of 2017, €29 million (+8.7%) higher than the first quarter in 2016.

In the first quarter of 2017, ENDESA concluded its analysis on the useful service life of its assets in operation. As a result thereof and in light of the current circumstances, the depreciation policy has been amended as follows:

- The best current useful service life estimate of wind and solar power facilities was extended to 30 years from the previously considered 25 years.
- Regarding hydroelectric power plants, depreciation of the civil engineering cost will now be over a term of 100 years (initially 65 years), and the electromechanical equipment thereof will be over 50 years (initially 35 years), both with the limit on the concession term.

Effective as of 1 January 2017, both measures have had a favourable impact on the first quarter depreciation expense in 2017 of €5 million and €11 million, respectively.

Without considering the reduction in the depreciation expense due to the extended useful service lives of the assets, depreciation and amortisation, and impairment losses in the first quarter of 2017 would have increased by 13.5% (€45 million) primarily as a result of the integration of ENEL Green Power España, S.L.U. (€30 million) and the incorporation of the assets in the ICT branch (€8 million).

1.2.3. Net financial result.

The net financial loss of the first quarter of 2017 was €28 million, thus a €23 million (-45.1%) reduction compared with the same period in the previous year.

The breakdown of the net financial result is:

	Net Financial Results			
	January-March 2017 ⁽¹⁾	January-March 2016	Difference	% chg
Financial income	19	18	1	5.6
Financial expenses	(47)	(68)	21	(30.9)
Net exchange differences	-	(1)	1	N/A
TOTAL	(28)	(51)	23	(45.1)

(1) The first quarter 2017 includes the Net Financial Results of ENEL Green Power España, S.L.U. (EGPE) amounting to negative €2 million.

In the first quarter of 2017, the net financial expenses amounted to €28 million, i.e., €22 million (-44.0%) less than the same period in the previous year, but there was no net exchange differences compared with the €1 million exchange loss generated in the first quarter of 2016.

The following effects should be considered when examining net financial expense during the first quarter of 2017:

- The performance in the long-term interest rates during the first quarter of 2017 and 2016 entailed an adjustment in the provisions to account for obligations arising from the ongoing workforce restructuring and contract suspension provisions, which had a positive impact of €12 million and negative impact of €25 million respectively.
- In the first quarter 2017, net financial expenses also include the effect of incorporating ENEL Green Power España, S.L.U. (EGPE) amounting to €2 million.
- In the first quarter of 2016, €12 million was recognised for revenues associated with the adjustment of interests for financing the deficit of income in regulated activities in Spain.

Without considering the effects indicated in the paragraphs above, the net financial expenses would have increased by €1 million (+2.7%) because of the increase in the average gross financial debt in both periods, which grew from €5,060 million in January-March 2016 to €5,856 million in January-March 2017, has been offset by the lower average cost of the gross financial debt, which dropped from 2.6% in January-March 2016 to 2.4% in January-March 2017.

1.2.4. Net profit (loss) of companies accounted for using the equity method.

In the first quarter of 2017, companies accounted for using the equity method contributed a net profit of €15 million, compared to a net profit of €28 million in the first quarter of 2016.

In January-March 2016, this heading included the net result contributed by the 40% holding in ENEL Green Power España, S.L.U. (EGPE) and the 50% holding in ENEL Insurance, N.V., amounting to respective profits of €4 million and €6 million.

On 24 May 2016, ENDESA sold its stake in ENEL Insurance, N.V. and, on 27 July 2016, ENDESA acquired 60% of ENEL Green Power España, S.L.U. (EGPE), which is now consolidated through global integration.

1.2.5. Gains (loss) on the sale of assets.

In the first quarter of 2017 and 2016, this heading primarily included the expense for factoring transaction commissions.

1.2.6. Income Tax.

In the first quarter of 2017, the expense for Income Tax amounted to €66 million, which is €31 million (-32.0%) lower than the amount posted for the first quarter of 2016.

The effective rate in January-March 2017 was 20.5% (22.1% in January-March 2016).

2. Other information.

2.1. Risk Management Policy.

During the first quarter of 2017, ENDESA followed the same general risk policy described in its annual consolidated financial statements for the year ended 31 December 2016.

In this context, the financial instruments and types of hedges are the same as those described in these consolidated financial statements.

The risks that could affect ENDESA operations are also the same as those described in the consolidated management report for the fiscal year ending on 31 December 2016.

2.2. Scope of Consolidation.

On 27 July 2016, ENDESA Generación S.A.U., a fully owned subsidiary of ENDESA S.A. (ENDESA), acquired ENEL Green Power International B.V, 60% of the share capital of ENEL Green Power España, S.L.U. (EGPE), thus increasing its previous stake in share capital from 40%.

On the date of execution of the purchase, ENDESA assumed control over ENEL Green Power España, S.L.U. (EGPE) compared to the significant influence that it had previously held as a result of holding 40% of the latter's share capital.

As a result thereof, the Consolidated Income Statement for the first quarter of 2017 includes the income and expenses corresponding to the consolidation of 100% of the stake in ENEL Green Power España, S.L.U. (EGPE).

The contribution of ENEL Green Power España, S.L.U. (EGPE) to the net result of the first quarter of 2017 rose to €18 million is as follows:

Millions of Euros	Contribution of ENEL Green Power España, S.L.U. (EGPE)	
	January-March 2017	January-March 2016
Net Result of the prior interest of 40% ⁽¹⁾	N/A	4
Net Result of the Interest of 100%	18	N/A
Revenues	83	N/A
Contribution Margin	76	N/A
EBITDA ⁽²⁾	57	N/A
EBIT ⁽³⁾	27	N/A
Net Financial Results	(2)	N/A
Net profit (loss) of companies according to the equity method and other investments	1	N/A
Income Tax	(5)	-
Non-controlling interests	(3)	-
TOTAL	18	4

(1) Corresponding to the 40% stake that ENDESA, S.A. held through ENDESA Generación, S.A.U. until the date when it assumed control.

(2) EBITDA = Income - Procurements and Services + Self-constructed assets - Personnel Expenses - Other Fixed Operating Expenses.

(3) EBIT = EBITDA - Depreciation and amortisation, and impairment losses.

In the first quarter of 2017, the key operational data of ENEL Green Power España, S.L.U. (EGPE) are as follows:

	January-March 2017
Electricity Generation (GWh)	994
Net Installed Capacity (MW) ⁽¹⁾	1,675
Electricity sales (GWh)	994

(1) As of 31 March 2017.

2.3. Acquisition of a branch of systems and telecommunications business.

On 29 December 2016, ENDESA, S.A., acting through its fully owned subsidiary ENDESA Servicios, S.L.U., and ENEL Iberoamérica, S.L.U. entered into an Assignment Contract for the Branch of the IT and Telecommunications Activity so that the latter may acquire the ICT activities within the ENDESA sphere.

The operation entailed the transfer of materials, human resources and contracts with third parties affected in the implementation of these activities.

The effective date of the transaction was 1 January 2017 and entailed a reorganisation of systems and telecommunications support activities at ENDESA with a view to rendering them more adaptable to the needs of its corporate perimeter, simplifying internal and administrative management procedures.

The price stipulated for purchasing this activity branch was €246 million and payment thereof was settled on the date when the contract was formalised. The transaction was recognised through the acquisition method and assigned to the following items in the Consolidated Financial Statements:

Millions of Euros	
Non-current assets	95
Property, plant and equipment	64
Intangible assets	31
TOTAL ASSETS	95
Non-current liabilities	8
Non-current provisions	8
Current Liabilities	2
Trade and other current liabilities	2
TOTAL LIABILITIES	10
Fair Value of Net Assets Acquired	85

The difference between the cost of combining the businesses and the fair value of the recognised assets and liabilities indicated above generated a provisional goodwill of €161 million because of the synergies to secure in transactions based on aspects such as the prospects of greater autonomy for ENDESA in the future management of ICT activities, simplification and improvement of operations and management and a reduction in expected costs.

2.4. Dividends.

In its session held on 22 November 2016, the Board of Directors of ENDESA, S.A. approved the following shareholder remuneration policy for 2016-2019:

- 2016: the ordinary dividend per share distributed against the year will be the equivalent to 100% of net profit attributable to the parent company set down in the consolidated annual financial statements provided that this amount is higher than the result of applying a minimum 5% increase to the ordinary dividend paid with a charge to the prior year.
- 2017 to 2019: the ordinary dividend per share to be distributed in these years will be the equivalent to 100% of ordinary net profit attributable to the parent company set down in the consolidated annual financial statements of the Group headed by this company. Specifically, for 2017, this ordinary dividend will be at least the same as €1.32 gross per share.

The General Shareholders' Meeting of ENDESA, S.A. held on 26 April 2017 approved the distribution of a total dividend to its shareholders charged against the 2016 profit of a gross figure of €1.333 per share, amounting to €1,411 million, which is equal to the consolidated net profit of ENDESA for the year ending on 31 December 2016.

In consideration of the gross interim dividend of €0.7 per share (€741 million) paid out on 2 January 2017, the gross supplementary dividend (final dividend) charged against 2016 results is €0.633 per share (€670 million) and will be paid out on 3 July 2017.

2.5. Other information.

There were no one-off events involving significant amounts during the first quarter of 2017 other than those referred to herein.

Therefore, no new significant contingent liabilities arose during the period ended 31 March 2017 other than those described in the Consolidated Financial Statements for the year ended 31 December 2016.

3. Regulatory Framework.

From a regulatory perspective, the main highlights during the period were as follows:

2017 electricity tariff

On 29 December 2016 the Official State Gazette (BOE) published Order ETU/1976/2016 of 23 December, which establishes the access tariffs for 2017.

In accordance with this Order, the access tariffs remained unchanged.

Natural gas tariff for 2017

Order ETU/1977/2016 of 23 December kept the access tariffs virtually unchanged in comparison with the 2016 tariffs, and updated the last resort tariffs with an average reduction of 9% as a result of lower raw material costs.

Energy efficiency

Law 18/2014 of 15 October, approving urgent measures to boost growth, competitiveness and efficiency, with regard to energy efficiency, created the Energy Efficiency National Fund with the aim of achieving energy savings.

Order IET/258/2017 of 24 March entailed a contribution by ENDESA to the Energy Efficiency National Fund of €29.3 million, corresponding to its 2017 obligations.

Renewable energy auction.

On 1 April 2017 the Official State Gazette (BOE) published Royal Decree 359/2017 of 31 March, establishing a call for assigning the specific remuneration system for new renewable energy production facilities through an auction with a maximum installed power limit of 3,000 MW. This is a technology neutral auction.

In turn, Order ETU/315/2017 of 6 April, which was published in the Official State Gazette (BOE) on 8 April 2017, regulates the specific remuneration system's assignment procedure for the auction, the remuneration parameters of the reference standard facility and standard facilities, and characteristics of the auction.

Finally, the Resolutions on 10 April 2017 of the Secretary of State for Energy, published in the Official State Gazette (BOE) on 12 April 2017, approved the call for an auction of up to 2,000 MW, which is scheduled for 17 May 2017, and the rules and procedures thereof.

4. Liquidity and Capital Resources

4.1. Financial Management.

Financial debt

The reconciliation of ENDESA's gross and net financial debt at 31 March 2017 and 31 December 2016 is as follows:

Millions of Euros		Financial debt			
	31 March 2017	31 December 2016	Difference	% chg	
Non-current Financial debt	4,524	4,223	301	7.1	
Current Financial debt	1,378	1,144	234	20.5	
Gross Financial Debt	5,902	5,367	535	10.0	
Cash and cash equivalents	(398)	(418)	20	(4.8)	
Derivatives recognised as financial assets	(9)	(11)	2	(18.2)	
Net financial debt	5,495	4,938	557	11.3	

As of 31 March 2017, ENDESA had net financial debt of Euro €5,495 million, an increase of €557 million compared to the debt at 31 December 2016.

When assessing net debt, it must be borne in mind that on 2 January 2017 ENDESA paid shareholders an interim dividend against 2016 results of €0.7 per share (gross), hence a payout of €741 million.

The structure of ENDESA's gross financial debt at 31 March 2017 and December 2016 was as follows:

Millions of Euros		Gross Financial Debt			
	31 March 2017	31 December 2016	Difference	% chg	
Euro	5,902	5,367	535	10.0	
TOTAL	5,902	5,367	535	10.0	
Fixed rate	3,654	3,661	(7)	(0.2)	
Floating rate	2,248	1,706	542	31.8	
TOTAL	5,902	5,367	535	10.0	
Average life (years)	(1) 6.4	6.5	-	-	
Average Cost (%)	(2) 2.4	2.5	-	-	

(1) Average life (years) = (Principal * Number of Valid Days) / (Valid Principal at the Close of the Period * Number of Days in the Period).

(2) Average Cost (%) = (Cost of the Financial Debt) / Average Gross Financial Debt.

As of 31 March 2017, the gross financial debt at fixed interest rates accounted for 62% while 38% was at floating rates.

As of this date, the entire gross financial debt is in euros.

Main financial transactions.

Within the framework of the financial transaction (ENDESA Network Modernisation) concluded with the European Investment Bank (EIB) in 2014, Tranches B and C (each one of €150 million) were available on 18 January 2017 and 20 February 2017, thus completing the provision of the transaction for a total amount of €600 million. Both provisions are at floating rate, with a 12-year maturity which may be repaid from 2021.

During January-March 2017, ENDESA in turn concluded agreements with different financial institutions for the extension to 3 years with a possibility of extending to 5 years of most of its credit lines for €1,985 million.

In the first quarter of 2017, ENDESA maintained the Euro Commercial Paper (EPC) emissions programme through International ENDESA, B.V., and the active balance thereof as of 31 March 2017 is €1,200 million, and its renewal is backed by irrevocable bank credit lines.

Liquidity.

As of 31 March 2017, ENDESA liquidity rose to €3,464 million (€3,620 million at 31 December 2016) as detailed below:

Millions of Euros	Liquidity			
	31 March 2017	31 December 2016	Difference	% chg
Cash and cash equivalents	398	418	(20)	(4.8)
Unconditional availability in lines of credit ⁽¹⁾	3,066	3,202	(136)	(4.2)
TOTAL	3,464	3,620	(156)	(4.3)
Coverage of Maturities ^{(months) (2)}	35	17	-	-

(1) As of 31 March 2017 and 31 December 2016, €1,000 million correspond to the credit line available with ENEL Finance International, N.V.

(2) Coverage of maturities = maturity period (months) for vegetative debt that could be covered with the liquidity available

Treasury investments considered as “Cash and Cash Equivalents” are high liquidity and entail no risk of changes in value, mature within 3 months from their contract date and accrue interest at the market rates for such instruments.

Leverage.

The consolidated leverage level at 31 March 2017 and 31 December 2016 is:

Millions of Euros	Leverage	
	31 March 2017	31 December 2016
Net Financial Debt:	5,495	4,938
Non-current Financial debt	4,524	4,223
Current Financial Debt	1,378	1,144
Cash and cash equivalents	(398)	(418)
Derivatives recognised as financial assets	(9)	(11)
Equity:	9,337	9,088
Of the Parent Company	9,198	8,952
Of non-controlling interests	139	136
Leverage (%)	58.9	54.3

(*) Leverage = Net Financial Debt / Equity.

Credit rating.

On the date of the present Consolidated Management Report, ENDESA's credit ratings were as follows:

	Credit rating					
	31 March 2017 (*)			31 December 2016 (*)		
	Long term	Short term	Outlook	Long term	Short term	Outlook
Standard & Poor's	BBB	A-2	Positive	BBB	A-2	Stable
Moody's	Baa2	P-2	Stable	Baa2	P-2	Stable
Fitch Ratings	BBB+	F2	Stable	BBB+	F2	Stable

(*) On the respective presentation dates of the Consolidated Management Report.

ENDESA's credit rating is restricted to the rating of its parent company ENEL according to the methods employed by rating agencies and, as of 31 March 2017, has been classified as “investment grade” by all the rating agencies.

4.2. Cash Flows.

As of 31 March 2017, the amount for cash and cash equivalents stood at €398 million.

ENDESA's net cash flows in the first quarters of 2017 and 2016, classified by activities (operation, investment and financing) were:

Millions of Euros	Net Cash Flows	
	January-March 2017 ⁽¹⁾	January-March 2016
Net cash flows from/(used in) operating activities	536	665
Net cash flows from/(used in) investment activities	(356)	(405)
Net cash flows from/(used in) financing activities	(200)	(393)

(1) The first quarters of 2017 includes net cash flows from/(used in) operating, investment and financing activities of ENEL Green Power España, S.L.U. (EGPE) amounting to €63 million, €55 million (negative) and €2 million (negative), respectively.

In the first quarter of 2017, the net investments necessary for developing ENDESA businesses and the payment of dividends to shareholders were covered with the net cash flows from operating activities and an increase in the net financial debt.

Cash flow from operating activities.

In January-March 2017, net cash flow from operating activities stood at €536 million, €129 million less than the same period in 2016 (€665 million in January-March 2016) primarily because of the downturn in gross profit during the period (€117 million).

As of 31 March 2017 and 31 December 2016, the working capital comprised the following items:

Millions of Euros	Working Capital	
	31 March 2017	31 December 2016
Current Assets ⁽¹⁾	4,924	5,015
Inventories	1,308	1,202
Trade and other accounts receivable	3,254	3,452 ⁽³⁾
Current financial assets	362	361
Current Liabilities ⁽²⁾	5,640	6,377
Current provisions	565	567
Trade and other current liabilities	5,075	5,810 ⁽⁴⁾

(1) Excluding "Cash and Cash Equivalents" and Financial Derivative Assets corresponding to financial debt.

(2) Excluding "Current Financial Debt" and Financial Derivative Liabilities corresponding to financial debt.

(3) As of 31 December 2016, including the acquisition price of the ICT activities branch, paid on 29 December 2016, i.e., €246 million.

(4) As of 31 December 2016, including the interim dividend of the 2016 result of €741 million. This amount was paid on 2 January 2017.

Net cash flows in investment activities.

During the first quarter of 2017, the net cash flows applied to investment activities were €356 million (compared with €405 million in the first quarter of 2016) and mainly include net cash payments applied to the acquisition of property, plant and equipment amounting to €321 million (compared with €324 million in January-March 2016) (Refer to section 4.3 Investments in the present Consolidated Management Report).

Net cash flows in financing activities.

In the first quarter of 2017, the net cash flows applied to financing activities amounted to €200 million (compared with €393 million in the first quarter of 2016) and primarily include the payment of €741 million corresponding to the interim dividend against 2016 (€424 million in January-March 2016) (refer to Section 2.4 Dividends in the present Consolidated Management Report).

4.3. Investments.

In the first quarter of 2017, ENDESA made gross investments of €261 million, of which €241 million were related to property, plant and equipment and intangible assets, and the remaining €20 million to financial investments, as follows:

Millions of Euros

	Gross investment		
	January-March 2017 ⁽¹⁾	January-March 2016	% chg
Generation and Supply	41	58	(29.3)
Distribution	90	105	(14.3)
Others	64	-	N/A
TOTAL PROPERTY, PLANT AND EQUIPMENT	195	163	19.6
Generation and Supply	8	6	33.3
Distribution	4	5	(20.0)
Others	34	3	1,033.3
TOTAL INTANGIBLE ASSETS	46	14	228.6
FINANCIAL	20	58	(65.5)
TOTAL INVESTMENTS	261	235	11.1

(1) The first quarter 2017 includes investments made by ENEL Green Power España, S.L.U. (EGPE) amounting to €3 million.

Property, plant and equipment

Gross investments in generation in the first quarter of 2017 mostly correspond to investments made on plants that were already operating at 31 December 2016, prominently including the €7 million investment in the Litoral power plant to adapt it to European environmental legislation and also entailed extending its useful service life.

Gross investments in distribution related to grid extensions and expenditure aimed at optimising the grid to improve the efficiency and quality of service. It also included investment for the widespread installation of remote management smart meters and their operating systems.

Gross investments in supply correspond primarily to the development of the activity concerning Value Added Products and Services (VAPS).

In the first quarter of 2017, there were also gross investments of €64 million corresponding to ICT activities.

Investment in Intangible Assets.

The gross investments in the first quarter of 2017 primarily correspond to computer software and ongoing investments in ICT activities.

Financial investments.

The gross investments in the first quarter of 2017 include, primarily, the contribution of €7 million to Nuclenor, S.A.

Statistical Appendix.

Industrial data.

GWh				
Electricity Generation		January-March 2017	January-March 2016	% chg
Mainland		14,922	12,411	20.2
Nuclear		7,184	6,461	11.2
Coal		5,135	3,321	54.6
Hydroelectric		1,483	2,333	(36.4)
Combined cycle (CCGT)		1,120	296	278.4
Non-Mainland Territories		3,064	2,952	3.8
Renewables and Cogeneration	(1)	994	-	N/A
TOTAL	(2)	18,980	15,363	23.5

(1) Corresponding to the first quarter 2017 energy generated by ENEL Green Power España, S.L.U. (EGPE).

(2) At busbar cost.

MW				
Gross Installed Capacity		31 March: 2017	31 December 2016	% chg
Hydroelectric		4,765	4,765	-
Conventional Thermal		8,094	8,130	(0.4)
Thermal Nuclear		3,443	3,443	-
Combined Cycle		5,678	5,678	-
Renewables and Cogeneration		1,675	1,675	-
TOTAL		23,655	23,691	(0.2)

MW				
Net Installed Capacity		31 March: 2017	31 December 2016	% chg
Hydroelectric		4,721	4,721	-
Conventional Thermal		7,585	7,585	-
Thermal Nuclear		3,318	3,318	-
Combined Cycle		5,445	5,445	-
Renewables and Cogeneration		1,675	1,675	-
TOTAL		22,744	22,744	-

GWh				
Electricity sales		January-March 2017	January-March 2016	% chg
Regulated price		3,561	3,842	(7.3)
Deregulated market		20,075	19,835	1.2
TOTAL		23,636	23,677	(0.2)

Thousands				
Number of Customers (Electricity) (1)		31 March: 2017	31 December 2016	% chg
Regulated Market Customers		5,484	5,593	(1.9)
Mainland Spain		4,601	4,692	(1.9)
Non-Mainland Territories		883	901	(2.0)
Deregulated Market Customers		5,440	5,423	0.3
Mainland Spain		4,503	4,505	-
Non-Mainland Territories		749	744	0.7
Outside Spain		188	174	8.1
TOTAL		10,924	11,016	(0.8)

(1) Supply points.

Percentage (%)				
Electricity Demand Trend	(1)	January-March 2017	January-March 2016	
Mainland	(2)		0.2	(1.3)
Non-Mainland Territories	(3)		1.6	(1.0)

(1) Source: Red Eléctrica de España, S.A. (REE).

(2) Corrected for working days and temperature effects, the mainland demand trend is +1.1% in the first quarter of 2017 and -0.6% in the first quarter of 2016

(3) Corrected for working days and temperature effects, the evolution of global demand in the Non-Peninsular Territories (NPT) is +0.2% in the first quarter of 2017 and +0.3% in the first quarter of 2016.

Percentage (%)

Market Share (Electricity)	(1)	31 March 2017	31 December 2016
Ordinary Mainland Generation		35.6	35.1
Renewable Generation	(2)	3.9	3.5
Distribution		43.3	43.7
Retail		35.3	35.3

(1) Source: Endesa data.

(2) Excluding hydroelectric.

GWh

Gas sales		January-March 2017	January-March 2016	% chg
Deregulated market		15,001	14,859	1.0
Regulated Market		677	687	(1.5)
International Market		7,507	5,594	34.2
Wholesale		1,318	2,141	(38.4)
TOTAL	(1)	24,503	23,281	5.2

(1) Excluding own generation consumption.

Thousands

Customers (Gas)	(1)	31 March 2017	31 December 2016	% chg
Regulated Market Customers		257	262	(1.9)
Mainland Spain		228	233	(2.1)
Non-Mainland Territories		29	29	-
Deregulated Market Customers		1,290	1,276	1.1
Mainland Spain		1,199	1,167	2.7
Non-Mainland Territories		60	86	(30.2)
Outside Spain		31	23	34.8
TOTAL		1,547	1,538	0.6

(1) Supply points.

Percentage (%)

Gas Demand Trend	(1)	January-March 2017	January-March 2016
Domestic market		8.4	(4.3)
Domestic Conventional		7.2	(2.5)
Electricity sector		16.5	(5.1)

(1) Source: Enagás, S.A.

Percentage (%)

Market Share (Gas)	(1)	31 March 2017	31 December 2016
Deregulated market		17.6	16.9

(1) Source: Endesa data.

GWh

Distributed Energy	(1)	January-March 2017	January-March 2016	% chg
Business in Spain and Portugal		29,119	28,602	1.8
TOTAL		29,119	28,602	1.8

(1) At busbar cost.

km

Distribution and Transmission Grids		31 March 2017	31 December 2016	% chg
Business in Spain and Portugal		316,890	316,562	0.1

Percentage (%)

Energy losses		January-March 2017	January-March 2016
Business in Spain and Portugal		12.9	12.8

Workforce.

Number of employees

	Period-end headcount					
	31 March 2017			31 December 2016		
	Men	Women	Total	Men	Women	Total
Generation and Supply	4,087	982	5,069	4,140	989	5,129
Distribution	2,612	446	3,058	2,707	467	3,174
Structure and Other ⁽¹⁾	920	816	1,736	679	712	1,391
TOTAL EMPLOYEES	7,619	2,244	9,863	7,526	2,168	9,694

(1) Structure and Services.

Number of employees

	Average headcount					
	January-March 2017 ⁽¹⁾			January-March 2016		
	Men	Women	Total	Men	Women	Total
Generation and Supply	4,105	979	5,084	4,127	965	5,092
Distribution	2,632	449	3,081	2,962	481	3,443
Structure and Other ⁽²⁾	915	818	1,733	697	696	1,393
TOTAL EMPLOYEES	7,652	2,246	9,898	7,786	2,142	9,928

(1) The first quarter 2017 includes the average workforce of ENEL Green Power España, S.L.U. (EGPE) (169 employees) and Eléctrica del Ebro, S.A. (20 employees).

(2) Structure and Services.

Financial Data.

Millions of Euros

	Consolidated Income Statement				
	January-March 2017		January-March 2016		% chg
Revenue		5,120	4,636	10.4	
Contribution Margin ⁽¹⁾		1,236	1,310	(5.6)	
EBITDA ⁽²⁾		702	801	(12.4)	
EBIT ⁽³⁾		340	468	(27.4)	
Net Income ⁽⁴⁾		253	342	(26.0)	

(1) Contribution Margin = Income - Procurements and Services.

(2) EBITDA = Income - Procurements and Services + Self-constructed assets - Personnel Expenses - Other Fixed Operating Expenses.

(3) EBIT = EBITDA - Depreciation and amortisation, and impairment losses.

(4) Net Income: Parent Company Period Result.

Euros

Assessment Parameters	January-March 2017		January-March 2016		% chg
Earnings per Share ⁽¹⁾		0.24	0.32	(26.0)	
Cash Flow per Share ⁽²⁾		0.51	0.63	(19.4)	
Book value of equity per share ⁽³⁾		8.69	8.46 ⁽⁴⁾	2.7	

(1) Earnings per Share = Parent Company Period Result / No. Shares.

(2) Cash Flow per Share = Net Cash Flow of the Operating Activities / No. Shares.

(3) Equity attributable to shareholders of the Parent Company/ No. shares.

(4) As of 31 December 2016.

Millions of Euros

	Consolidated Statement of Financial Position				
	31 March 2017		31 December 2016		% chg
Total assets		30,899	30,964	(0.2)	
Equity		9,337	9,088	2.7	
Net financial debt ⁽¹⁾		5,495	4,938	11.3	

(1) Net financial debt = Non-current financial liabilities + Current financial liabilities – Cash and cash equivalents – Financial derivatives recognised as financial assets.

Millions of Euros

	Leverage	
	31 March 2017	31 December 2016
Net Financial Debt:	5,495	4,938
Non-current Financial Debt:	4,524	4,223
Current Financial Debt	1,378	1,144
Cash and cash equivalents	(398)	(418)
Financial Derivatives recognised as financial assets	(9)	(11)
Equity:	9,337	9,088
Of the Parent Company	9,198	8,952
Of non-controlling interests	139	136
Leverage (%) (*)	58.9	54.3

(*) Leverage = Net Financial Debt / Equity

Financial Indicators		31 March 2017	31 December 2016
Liquidity Ratio	(1)	0.76	0.72
Solvency Ratio	(2)	0.93	0.92
Debt Ratio	(3)	37.05	35.21
Debt Coverage Ratio	(4)	1.96	1.44

(1) Liquidity = Current Assets / Current Liabilities.

(2) Solvency = (Equity + Non-current Liabilities) / Non-current Assets.

(3) Debt = Net Financial Debt / (Equity + Net Financial Debt) (%).

(4) Debt Coverage = Net Financial Debt / EBITDA.

Rating.

	31 March 2017 (1)			31 December 2016 (1)		
	Long term	Short term	Outlook	Long term	Short term	Outlook
Standard & Poor's	BBB	A-2	Positive	BBB	A-2	Stable
Moody's	Baa2	P-2	Stable	Baa2	P-2	Stable
Fitch Ratings	BBB+	F2	Stable	BBB+	F2	Stable

(*) On the respective presentation dates of the Consolidated Management Report.

Stock market information.

Percentage (%)

Listing price trend compared to the previous period	January-March 2017	January-March 2016
ENDESA, S.A.	9.5	(8.9)
IBEX-35	11.9	(8.6)
Euro Stoxx 50	6.4	(8.0)
Euro Stoxx Utilities	7.9	(5.5)

Stock market data		31 March 2017	31 December 2016	% chg
Market cap	(Millions of Euros) (1)	23,324	21,307	9.5
Number of Outstanding Shares		1,058,752,117	1,058,752,117	-
Nominal share value	(Euros)	1.2	1.2	-
Cash	(Thousands of Euros) (2)	2,226,766	10,783,803	(79.4)
Continuous Market	(shares)			
Trading volume	(3)	111,215,914	596,186,291	(81.3)
Average daily trading volume	(4)	1,711,014	2,319,791	(26.2)
PER	(5)	23.1	15.1	-
Price / Book value	(6)	2.5	2.3	-

(1) Market Cap = Number of Shares at the Close of the Period * Listing Price at the Close of the Period.

(2) Cash = Sum of all the operations made over the value in the reference period. (Source: Madrid Stock Exchange).

(3) Trading Volume = Total volume of shares of ENDESA, S.A. traded in the period (Source: Madrid Stock Exchange).

(4) Average Daily Trading Volume = Arithmetic mean of shares of ENDESA, S.A. traded per session during the period (Source: Madrid Stock Exchange).

(5) Price to Earning Ratio (PER) = Listing Price at the Close of the Period / Earnings per Share.

(6) Market Cap / Equity

Euros

Listing price for ENDESA	January-March 2017	January-December 2016	% Var.
High	22.030	20.975	5.0
Low	18.950	15.735	20.4
Period Average	20.035	18.151	10.4
Period Close	22.030	20.125	9.5

Dividends.

		2016	2015	% Var.
Share capital	(1)	1,270.50	1,270.50	-
Number of shares		1,058,752,117	1,058,752,117	-
Consolidated Net Profit	(1)	1,411	1,086	29.9
Individual Net Profit	(1)	1,419	1,135	25.0
Earnings per Share	(2)(3)(4)	1.333	1.026	29.9
Gross Dividend per Share	(2)	1.333 (5)	1.026 (6)	29.9
Consolidated Pay-Out	(%)(7)	100.0	100.0	-
Individual Pay-Out	(%)(8)	99.4	95.7	-

(1) Millions of euros.

(2) Data in euros

(3) Corresponding to the Consolidated Financial Statements.

(4) Earnings per Share = Profit for the year of the Parent Company / No. Shares.

(5) Gross interim dividend of €0.7 per share, paid out on 2 January 2017 plus the gross supplementary dividend of €0.633 per share, which will be paid out on 3 July 2017.

(6) Gross interim dividend of €0.4 per share, paid out on 4 January 2016 plus the gross supplementary dividend of €0.626 per share paid out on 1 July 2016.

(7) Consolidated Payout = (Gross Dividend per Share * No. Shares) / profit for the year of the Parent Company

(8) Individual Payout = (Gross Dividend per Share * No. Shares) / profit for the year of ENDESA, S.A.

Disclaimer.

This document contains certain "forward-looking" statements regarding anticipated financial and operating results and statistics and other future events. These statements constitute no guarantee on any future performance and are subject to material risks, uncertainties, changes and other factors that may be beyond ENDESA's control or difficult to predict.

Forward-looking statements include yet are not limited to information regarding: estimated future earnings; electricity production variations of the different technologies; market share; expected variations in the gas demand and supply; management strategy and objectives; estimated cost reductions; tariffs and pricing structure; expected investments; estimated asset disposals; expected variations in generation capacity and changes in capacity mix; repowering of capacity and macroeconomic conditions. The outlooks and objectives included in this document are based on assumptions drawn from an examination of the regulatory environment, exchange rates, commodities, divestments, increases in production and installed capacity in markets where ENDESA operates, increased demand in these markets, assignment of production across different technologies, increased costs associated with higher activity yet not exceeding certain limits, electricity prices no less than certain levels, costs of combined cycle plants, availability and cost of raw materials and emission rights necessary to run our business at the desired levels.

In these statements, ENDESA is availed 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 factors, in addition to those discussed elsewhere herein, could cause actual financial and operating results and statistics to differ materially from those expressed in our forward-looking statements: economic and industry conditions; liquidity and finance-related factors; operational factors; strategic, regulatory, legal, taxation, environmental, governmental and political factors; reputational factors; commercial or transactional factors.

Further details on the factors that may cause actual results and other developments to differ significantly from the expectations implied or explicitly contained herein are given in the Risk Factors chapter of ENDESA's regulated information filed with the Spanish Securities Exchange Commission (CNMV).

ENDESA cannot guarantee that the forward-looking statements herein will be fulfilled. Except as may be required by applicable law, neither ENDESA nor any of its subsidiaries intends to update these forward-looking statements.