

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

**Quarterly Report
for the nine-month period ended
30 September 2020**

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

Madrid, 4 November 2020

- **Consolidated Financial Statements for the nine-month period ended 30 September 2020.**
- **Consolidated Management Report for the nine-month period ended 30 September 2020.**



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

**Consolidated
Financial Statements
for the nine-month period ended
30 September 2020**

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 SEPTEMBER 2020 AND 31 DECEMBER 2019

Millions of Euros

	30 September 2020 <small>(1)</small>	31 December 2019 <small>(2)</small>	Difference	% Var.
ASSETS				
NON-CURRENT ASSETS	25,656	25,881	(225)	(0.9)
Property, Plant and Equipment	21,286	21,329	(43)	(0.2)
Investment Property	60	61	(1)	(1.6)
Intangible Assets	1,402	1,375	27	2.0
Goodwill	462	462	-	-
Investments Accounted for using the Equity Method	233	232	1	0.4
Non-Current Financial Assets	1,000	908	92	10.1
Deferred Tax Assets	1,213	1,514	(301)	(19.9)
CURRENT ASSETS	6,005	6,100	(95)	(1.6)
Inventories	917	1,177	(260)	(22.1)
Trade and other Receivables	3,560	3,485	75	2.2
Current Financial Assets	1,258	1,215	43	3.5
Cash and Cash Equivalents	270	223	47	21.1
Non-Current Assets Held for Sale and Discontinued Operations	-	-	-	n/a
TOTAL ASSETS	31,661	31,981	(320)	(1.0)
EQUITY AND LIABILITIES				
EQUITY	8,534	7,837	697	8.9
Of the Parent Company	8,380	7,688	692	9.0
Of non-Controlling Interests	154	149	5	3.4
NON-CURRENT LIABILITIES	15,427	15,679	(252)	(1.6)
Deferred Income	4,535	4,576	(41)	(0.9)
Non-Current Provisions	3,080	3,686	(606)	(16.4)
Non-Current Interest-Bearing Loans and Borrowings	5,970	5,652	318	5.6
Other non-Current Liabilities	786	678	108	15.9
Deferred Tax Liabilities	1,056	1,087	(31)	(2.9)
CURRENT LIABILITIES	7,700	8,465	(765)	(9.0)
Current Interest-Bearing Loans and Borrowings	1,714	955	759	79.5
Current Provisions	399	576	(177)	(30.7)
Trade Payables and other Current Liabilities	5,587	6,934	(1,347)	(19.4)
Liabilities Associated with non-Current Assets classified as Held for Sale and Discontinued Operations	-	-	-	n/a
TOTAL EQUITY AND LIABILITIES	31,661	31,981	(320)	(1.0)

(1) Unaudited

(2) Audited

ENDESA S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS JANUARY - SEPTEMBER 2020 AND 2019

Millions of Euros

	January - September 2020	January - September 2019	Difference	% Var.
	(1)	(1)		
INCOME	12,959	14,805	(1,846)	(12.5)
Revenue	12,314	14,285	(1,971)	(13.8)
Other Operating Revenues	645	520	125	24.0
PROCUREMENTS AND SERVICES	(8,562)	(10,415)	(1,853)	(17.8)
Energy Purchases	(2,681)	(3,576)	(895)	(25.0)
Fuel Consumption	(853)	(1,364)	(511)	(37.5)
Transmission Expenses	(3,736)	(3,989)	(253)	(6.3)
Other Variable Procurements and Services	(1,292)	(1,486)	(194)	(13.1)
CONTRIBUTION MARGIN	4,397	4,390	7	0.2
Self-Constructed Assets	161	165	(4)	(2.4)
Personnel Expenses	(516)	(759)	(243)	(32.0)
Other Fixed Operating Expenses	(906)	(898)	8	0.9
GROSS PROFIT FROM OPERATIONS (EBITDA)	3,136	2,898	238	8.2
Depreciation and Amortisation, and Impairment Losses	(1,104)	(2,563)	(1,459)	(56.9)
PROFIT FROM OPERATIONS (EBIT)	2,032	335	1,697	506.6
NET FINANCIAL PROFIT / (LOSS)	(82)	(139)	57	(41.0)
Financial Income	24	25	(1)	(4.0)
Financial Expense	(114)	(163)	(49)	(30.1)
Net Exchange Differences	8	(1)	9	(900.0)
Net Profit / (Loss) of Companies Accounted for using the Equity Method	39	16	23	143.8
Gains / (Losses) from other Investments	-	-	-	n/a
Gains / (Losses) on Disposal of Assets	(1)	(14)	13	(92.9)
PROFIT / (LOSS) BEFORE TAX	1,988	198	1,790	904.0
Income Tax Expense	(473)	(14)	459	n/a
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	1,515	184	1,331	723.4
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS	-	-	-	n/a
PROFIT FOR THE PERIOD	1,515	184	1,331	723.4
Parent Company	1,511	176	1,335	758.5
Non-Controlling Interests	4	8	(4)	(50.0)

(1) Unaudited

ENDESA S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS JANUARY - SEPTEMBER 2020 AND 2019

Millions of Euros

	January - September 2020	January - September 2019
	(1)	(1)
Profit Before Tax	1,988	198
Adjustments for:	897	2,877
Depreciation and Amortisation, and Impairment Losses	1,104	2,563
Other Adjustments (Net)	(207)	314
Changes in Working Capital	(530)	(835)
Trade and Other Accounts Receivables	104	86
Inventories	(241)	(115)
Current Financial Assets	(39)	(361)
Trade Payables and Other Current Liabilities	(354)	(445)
Other Cash Flows from / (used in) Operating Activities:	(386)	(430)
Interest Received	23	21
Dividends Received	22	24
Interest Paid	(84)	(75)
Income Tax Paid	(164)	(177)
Other Receipts from and Payments for Operating Activities	(183)	(223)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	1,969	1,810
Acquisitions of Property, Plant and Equipment and Intangible Assets	(1,234)	(1,323)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	18	14
Purchase of Investments in Group Companies	(17)	(2)
Proceeds from Sale of Investments in Group Companies	21	-
Purchase of other Investments	(199)	(179)
Proceeds from Sale of other Investments	46	14
Cash flows from Changes in the Consolidation Scope	-	-
Grants and other Deferred Income	68	49
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	(1,297)	(1,427)
Cash Flows from Equity Instruments	3	10
Proceeds from Borrowings, non-Current	854	656
Repayment of Borrowings, non-Current	(547)	(218)
Net Cash Flows used in Current Borrowings	632	882
Dividends of the Parent Company Paid	(1,562)	(1,511)
Payments to non-Controlling Interests	(5)	(9)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	(625)	(190)
TOTAL NET CASH FLOWS	47	193
Effect of Exchange Rate Fluctuations on Cash and Cash Equivalents	-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	47	193
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	223	244
CASH AND CASH EQUIVALENTS AT END OF PERIOD	270	437

(1) Unaudited

ENDESA S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE PERIODS JANUARY - SEPTEMBER 2020 AND 2019

Millions of Euros

	January - September 2020 ⁽¹⁾			January - September 2019 ⁽¹⁾		
	Of the Parent Company	Of Non-Controlling Interests	Total	Of the Parent Company	Of Non-Controlling Interests	Total
PROFIT FOR THE PERIOD	1,511	4	1,515	176	8	184
OTHER COMPREHENSIVE INCOME:						
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	(146)	-	(146)	(107)	-	(107)
Items that Can Be Reclassified to Profit or Loss:	(163)	-	(163)	67	-	67
Cash Flow Hedges	(213)	-	(213)	99	-	99
Translation Differences	-	-	-	1	-	1
Companies Accounted for using the Equity Method	(1)	-	(1)	(8)	-	(8)
Other Income and Expenses Recognised directly in Equity	-	-	-	-	-	-
Tax Effect	51	-	51	(25)	-	(25)
Items not to Be Reclassified to Profit or Loss in Subsequent Periods:	17	-	17	(174)	-	(174)
From Revaluation / (Reversal of Revaluation) of Property, Plant and Equipment and Intangible Assets	-	-	-	-	-	-
From Measurement of Financial Instruments	-	-	-	-	-	-
Financial Assets at Fair Value	-	-	-	-	-	-
Other Income / (Expenses)	-	-	-	-	-	-
From Actuarial Gains and Losses and other Adjustments	23	-	23	(219)	-	(219)
Tax Effect	(6)	-	(6)	45	-	45
AMOUNTS TRANSFERRED TO INCOME STATEMENT AND/OR INVESTMENTS	148	-	148	1	-	1
Cash Flow Hedges	194	-	194	1	-	1
Translation Differences	-	-	-	-	-	-
Companies Accounted for using the Equity Method	-	-	-	-	-	-
Other Income and Expenses Recognised directly in Equity	-	-	-	-	-	-
Tax Effect	(46)	-	(46)	-	-	-
TOTAL COMPREHENSIVE INCOME	1,513	4	1,517	70	8	78

(1) Unaudited

ENDESA S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD JANUARY - SEPTEMBER 2020

Millions of Euros

	Equity attributable to the Parent Company ⁽¹⁾						Non-Controlling Interests	Total equity
	Capital and reserves							
	Share Capital	Share premium, Reserves and interim dividend	Treasury shares and own equity instruments	Profit for the period	Other equity instruments	Valuation adjustments		
BALANCE AT 1 JANUARY 2020	1,271	6,187	-	171	-	59	149	7,837
Adjustments due to Changes in Accounting Policies	-	-	-	-	-	-	-	-
Correction of Errors	-	-	-	-	-	-	-	-
ADJUSTED BALANCE AT 1 JANUARY 2020	1,271	6,187	-	171	-	59	149	7,837
TOTAL COMPREHENSIVE INCOME	-	17	-	1,511	-	(15)	4	1,517
TRANSACTIONS WITH SHAREHOLDERS OR OWNERS	-	(821)	-	-	-	-	1	(820)
Capital Increases / (Reductions)	-	-	-	-	-	-	3	3
Conversion of Liabilities into Equity	-	-	-	-	-	-	-	-
Dividends Paid	-	(821)	-	-	-	-	(2)	(823)
Transactions with Treasury Shares or Own Equity Instruments (Net)	-	-	-	-	-	-	-	-
Increases / (Reductions) due to Business Combinations	-	-	-	-	-	-	-	-
Other Transactions with Shareholders and Owners	-	-	-	-	-	-	-	-
OTHER CHANGES IN EQUITY	-	171	-	(171)	-	-	-	-
Share-Based Payments	-	-	-	-	-	-	-	-
Transfers between Equity Items	-	171	-	(171)	-	-	-	-
Other Changes	-	-	-	-	-	-	-	-
BALANCE AT 30 SEPTEMBER 2020	1,271	5,554	-	1,511	-	44	154	8,534

(1) Unaudited

ENDESA S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD JANUARY - SEPTEMBER 2019

Millions of Euros

	Equity attributable to the Parent Company ⁽¹⁾						Non-Controlling Interests	Total equity
	Capital and reserves							
	Share Capital	Share premium, Reserves and interim dividend	Treasury shares and own equity instruments	Profit for the period	Other equity instruments	Valuation adjustments		
BALANCE AT 1 JANUARY 2019	1,271	6,416	-	1,417	-	(68)	144	9,180
Adjustments due to Changes in Accounting Policies	-	-	-	-	-	-	-	-
Correction of Errors	-	-	-	-	-	-	-	-
ADJUSTED BALANCE AT 1 JANUARY 2019	1,271	6,416	-	1,417	-	(68)	144	9,180
TOTAL COMPREHENSIVE INCOME	-	(174)	-	176	-	68	8	78
TRANSACTIONS WITH SHAREHOLDERS OR OWNERS	-	(770)	-	-	-	-	2	(768)
Capital Increases / (Reductions)	-	-	-	-	-	-	10	10
Conversion of Liabilities into Equity	-	-	-	-	-	-	-	-
Dividends Paid	-	(770)	-	-	-	-	(8)	(778)
Transactions with Treasury Shares or Own Equity Instruments (Net)	-	-	-	-	-	-	-	-
Increases / (Reductions) due to Business Combinations	-	-	-	-	-	-	-	-
Other Transactions with Shareholders and Owners	-	-	-	-	-	-	-	-
OTHER CHANGES IN EQUITY	-	1,417	-	(1,417)	-	-	-	-
Share-Based Payments	-	-	-	-	-	-	-	-
Transfers between Equity Items	-	1,417	-	(1,417)	-	-	-	-
Other Changes	-	-	-	-	-	-	-	-
BALANCE AT 30 SEPTEMBER 2019	1,271	6,889	-	176	-	-	154	8,490

(1) Unaudited

ENDESA S.A. AND SUBSIDIARIES
BREAKDOWN CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2020

Millions of Euros

	30 September 2020 ⁽¹⁾				
	Generation and Supply	Distribution	Structure and Services	Consolidation Adjustments and Eliminations	Total
ASSETS					
NON-CURRENT ASSETS	13,203	13,308	30,271	(31,126)	25,656
Property, Plant and Equipment	9,208	11,900	178	-	21,286
Investment Property	-	54	6	-	60
Intangible Assets	1,074	200	128	-	1,402
Goodwill	361	97	4	-	462
Investments Accounted for using the Equity Method	209	21	3	-	233
Non-Current Financial Assets	1,531	787	29,819	(31,137)	1,000
Deferred Tax Assets	820	249	133	11	1,213
CURRENT ASSETS	4,686	1,504	604	(789)	6,005
Inventories	790	127	-	-	917
Trade and other Receivables	3,137	705	453	(735)	3,560
Current Financial Assets	590	668	54	(54)	1,258
Cash and Cash Equivalents	169	4	97	-	270
Non-Current Assets Held for Sale and Discontinued Operations	-	-	-	-	-
TOTAL ASSETS	17,889	14,812	30,875	(31,915)	31,661
EQUITY AND LIABILITIES					
EQUITY	6,690	3,204	17,519	(18,879)	8,534
Of the Parent Company	6,544	3,196	17,519	(18,879)	8,380
Of non-Controlling Interests	146	8	-	-	154
NON-CURRENT LIABILITIES	7,422	9,126	11,157	(12,278)	15,427
Deferred Income	42	4,512	-	(19)	4,535
Non-Current Provisions	2,114	657	255	54	3,080
Non-Current Interest-Bearing Loans and Borrowings	4,276	3,169	10,784	(12,259)	5,970
Other non-Current Liabilities	308	475	59	(56)	786
Deferred Tax Liabilities	682	313	59	2	1,056
CURRENT LIABILITIES	3,777	2,482	2,199	(758)	7,700
Current Interest-Bearing Loans and Borrowings	119	7	1,630	(42)	1,714
Current Provisions	271	83	47	(2)	399
Trade Payables and other Current Liabilities	3,387	2,392	522	(714)	5,587
Liabilities Associated with non-Current Assets classified as Held for Sale and Discontinued Operations	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	17,889	14,812	30,875	(31,915)	31,661

(1) Unaudited

ENDESA S.A. AND SUBSIDIARIES
BREAKDOWN CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

Millions of Euros

	31 December 2019 ⁽¹⁾				
	Generation and Supply	Distribution	Structure and Services	Consolidation Adjustments and Eliminations	Total
ASSETS					
NON-CURRENT ASSETS	13,514	13,592	30,429	(31,654)	25,881
Property, Plant and Equipment	9,231	11,968	130	-	21,329
Investment Property	-	55	6	-	61
Intangible Assets	1,027	213	135	-	1,375
Goodwill	361	97	4	-	462
Investments Accounted for using the Equity Method	211	18	3	-	232
Non-Current Financial Assets	1,638	920	30,015	(31,665)	908
Deferred Tax Assets	1,046	321	136	11	1,514
CURRENT ASSETS	4,940	1,380	1,527	(1,747)	6,100
Inventories	1,064	113	-	-	1,177
Trade and other Receivables	3,038	710	1,460	(1,723)	3,485
Current Financial Assets	664	541	34	(24)	1,215
Cash and Cash Equivalents	174	16	33	-	223
Non-Current Assets Held for Sale and Discontinued Operations	-	-	-	-	-
TOTAL ASSETS	18,454	14,972	31,956	(33,401)	31,981
EQUITY AND LIABILITIES					
EQUITY	6,079	3,108	17,524	(18,874)	7,837
Of the Parent Company	5,937	3,101	17,524	(18,874)	7,688
Of non-Controlling Interests	142	7	-	-	149
NON-CURRENT LIABILITIES	7,468	8,926	12,099	(12,814)	15,679
Deferred Income	42	4,553	-	(19)	4,576
Non-Current Provisions	2,420	948	295	23	3,686
Non-Current Interest-Bearing Loans and Borrowings	4,098	2,631	11,724	(12,801)	5,652
Other non-Current Liabilities	200	476	22	(20)	678
Deferred Tax Liabilities	708	318	58	3	1,087
CURRENT LIABILITIES	4,907	2,938	2,333	(1,713)	8,465
Current Interest-Bearing Loans and Borrowings	102	8	876	(31)	955
Current Provisions	444	74	58	-	576
Trade Payables and other Current Liabilities	4,361	2,856	1,399	(1,682)	6,934
Liabilities Associated with non-Current Assets classified as Held for Sale and Discontinued Operations	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	18,454	14,972	31,956	(33,401)	31,981

(1) Audited

ENDESA S.A. AND SUBSIDIARIES
BREAKDOWN CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD JANUARY - SEPTEMBER 2020

Millions of Euros

	30 September 2020 ⁽¹⁾				
	Generation and Supply	Distribution	Structure and Services	Consolidation Adjustments and Eliminations	Total
INCOME	11,125	1,971	393	(530)	12,959
Revenue	10,639	1,789	379	(493)	12,314
Other Operating Revenues	486	182	14	(37)	645
PROCUREMENTS AND SERVICES	(8,524)	(122)	(32)	116	(8,562)
Energy Purchases	(2,676)	(5)	-	-	(2,681)
Fuel Consumption	(853)	-	-	-	(853)
Transmission Expenses	(3,725)	(9)	-	(2)	(3,736)
Other Variable Procurements and Services	(1,270)	(108)	(32)	118	(1,292)
CONTRIBUTION MARGIN	2,601	1,849	361	(414)	4,397
Self-Constructed Assets	52	94	15	-	161
Personnel Expenses	(365)	(7)	(154)	10	(516)
Other Fixed Operating Expenses	(776)	(287)	(247)	404	(906)
GROSS PROFIT FROM OPERATIONS (EBITDA)	1,512	1,649	(25)	-	3,136
Depreciation and Amortisation, and Impairment Losses	(599)	(464)	(41)	-	(1,104)
PROFIT FROM OPERATIONS (EBIT)	913	1,185	(66)	-	2,032
NET FINANCIAL PROFIT / (LOSS)	(55)	(32)	5	-	(82)
Financial Income	23	12	414	(425)	24
Financial Expense	(86)	(44)	(409)	425	(114)
Net Exchange Differences	8	-	-	-	8
Net Profit / (Loss) of Companies Accounted for using the Equity Method	36	3	-	-	39
Gains / (Losses) from other Investments	-	-	915	(915)	-
Gains / (Losses) on Disposal of Assets	(11)	10	-	-	(1)
PROFIT / (LOSS) BEFORE TAX	883	1,166	854	(915)	1,988
Income Tax Expense	(207)	(277)	11	-	(473)
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	676	889	865	(915)	1,515
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS	-	-	-	-	-
PROFIT FOR THE PERIOD	676	889	865	(915)	1,515
Parent Company	673	888	865	(915)	1,511
Non-Controlling Interests	3	1	-	-	4

(1) Unaudited

ENDESA S.A. AND SUBSIDIARIES
BREAKDOWN CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD JANUARY - SEPTEMBER 2019

Millions of Euros

	30 September 2019 ⁽¹⁾				
	Generation and Supply	Distribution	Structure and Services	Consolidation Adjustments and Eliminations	Total
INCOME	12,905	2,057	434	(591)	14,805
Revenue	12,539	1,862	421	(537)	14,285
Other Operating Revenues	366	195	13	(54)	520
PROCUREMENTS AND SERVICES	(10,392)	(126)	(28)	131	(10,415)
Energy Purchases	(3,569)	(7)	-	-	(3,576)
Fuel Consumption	(1,364)	-	-	-	(1,364)
Transmission Expenses	(3,979)	(10)	-	-	(3,989)
Other Variable Procurements and Services	(1,480)	(109)	(28)	131	(1,486)
CONTRIBUTION MARGIN	2,513	1,931	406	(460)	4,390
Self-Constructed Assets	50	102	13	-	165
Personnel Expenses	(404)	(211)	(157)	13	(759)
Other Fixed Operating Expenses	(791)	(296)	(253)	442	(898)
GROSS PROFIT FROM OPERATIONS (EBITDA)	1,368	1,526	9	(5)	2,898
Depreciation and Amortisation, and Impairment Losses	(2,064)	(454)	(45)	-	(2,563)
PROFIT FROM OPERATIONS (EBIT)	(696)	1,072	(36)	(5)	335
NET FINANCIAL PROFIT / (LOSS)	(82)	(51)	(6)	-	(139)
Financial Income	21	4	419	(419)	25
Financial Expense	(96)	(55)	(431)	419	(163)
Net Exchange Differences	(7)	-	6	-	(1)
Net Profit / (Loss) of Companies Accounted for using the Equity Method	13	3	-	-	16
Gains / (Losses) from other Investments	-	-	327	(327)	-
Gains / (Losses) on Disposal of Assets	(15)	1	-	-	(14)
PROFIT / (LOSS) BEFORE TAX	(780)	1,025	285	(332)	198
Income Tax Expense	222	(240)	3	1	(14)
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	(558)	785	288	(331)	184
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS	-	-	-	-	-
PROFIT FOR THE PERIOD	(558)	785	288	(331)	184
Parent Company	(565)	784	288	(331)	176
Non-Controlling Interests	7	1	-	-	8

(1) Unaudited

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

**Consolidated Management Report
for the period
January-September 2020**

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

Madrid, 4 November 2020

ENDESA, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT
FOR THE PERIOD JANUARY-SEPTEMBER 2020

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ENDESA, S.A. AND SUBSIDIARIES CONSOLIDATED MANAGEMENT REPORT FOR THE PERIOD JANUARY-SEPTEMBER 2020

1. Business Trends and Results in the period January-September 2020.

1.1. Consolidated results.

ENDESA reported net ordinary income of Euros 1,700 million (+38.4%) for the period January-September 2020.

ENDESA reported net ordinary income of Euros 1,700 million in the period January-September 2020, representing an increase of 38.4% on the same period of the previous year.

Net income attributable to the Parent Company amounted to Euros 1,511 million in the period January-September 2020, as against the Euros 176 million obtained in the same period of the previous year. To analyse the evolution, the following effects must be taken into account:

- On 27 September 2019 the Board of Directors of ENDESA, S.A. resolved to promote the discontinuation of the mainland coal-fired thermal power plants, in accordance with the established legal procedures, and this decision entailed bringing forward the planned closing date of these facilities, as well as the recognition of a value impairment amounting to Euros 1,052 million, equal to their total carrying amount at 30 September 2019. In this context, the reorganisation of the activities deriving from the Company's Decarbonisation Plan has been carried out since then through a process negotiated and agreed with the trade union representation, which, by means of training measures, has allowed the internal relocation of some of the personnel affected by the energy transition process. Within the framework of these negotiations, on 31 July 2020 ENDESA and the trade union representation signed a commitment that will allow the voluntary departure of a maximum of 577 employees affected by the change in the energy model, leading to the recognition of a provision in the Consolidated Income Statement for the period January-September 2020 in an amount of Euros 160 million.
- The “5th ENDESA Framework Collective Agreement”, effective from 23 January 2020, establishes a change in certain social benefits, basically that corresponding to the employee's electric tariff including also the personnel in non-active situation. As a result of the valuations of the previous actuarial liability and of the new actuarial liability at the effective date of the “5th ENDESA Framework Collective Agreement”, a positive impact of Euros 386 million was recognised in the Consolidated Income Statement for the period January- September 2020.
- Within the framework of the “Agreement on Voluntary Measures for the Suspension or Termination of Employment Contracts” and the communication made by ENDESA to the trade union representation on 23 January 2020 regarding its decision not to exercise the power to terminate individual agreements on suspension of the employment relationship for certain individual contracts signed with employees, the Company recognised a provision in the amount of Euros 119 million in the Consolidated Income Statement for the period January-September 2020.

Additionally, in the current context of the COVID-19 health crisis and as part of ENDESA's commitment to society, the company has designed a Public Responsibility Plan for direct aid to purchase materials, special supply conditions and donations to alleviate the main health and social needs caused by the health crisis, as well as programs to support the relaunch of the economy in the most negatively affected sectors. During the period January-September 2020 the Company has recorded a cost for this concept amounting to Euros 15 million in the Consolidated Income Statement.

The breakdown of net income and net ordinary income for the period January-September 2020 among ENDESA's Businesses and their variation relative to the same period of the previous year is presented hereunder (see Section 1.4. Results by Segment in this Consolidated Management Report):

Millions of euros

	Net Income ⁽¹⁾				Net Ordinary Income ⁽²⁾			
	January-September 2020	January-September 2019	% Var.	% Contribution to Total	January-September 2020	January-September 2019	% Var.	% Contribution to Total
Generation and Supply	673	(565)	(219.1)	44.5	842	487	72.9	49.5
Distribution	888	784	13.3	58.8	888	784	13.3	52.2
Structure and Others ⁽³⁾	(50)	(43)	16.3	(3.3)	(30)	(43)	(30.2)	(1.7)
TOTAL	1,511	176	758.5	100.0	1,700	1,228	38.4	100.0

(1) Net Income = Net Income of the Parent Company.

(2) Net Ordinary Income = Net Income of the Parent Company - Net Gains/(Losses) on Disposals of Non-Financial Assets (over Euros 10 million) - Net Impairment Losses on Non-Financial Assets (over Euros 10 million) - Initial Provision Net of Personnel Expenses for Workforce Restructuring Plans relating to the Decarbonisation Plan - Net Expenses corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis.

(3) Structure, Services and Adjustments.

1.2. Changes in Accounting Principles.

The accounting policies used to prepare this Consolidated Management Report are the same as those applied in the consolidated financial statements for the year ended 31 December 2019, except for the following amendments adopted by the European Union applicable to financial years starting on 1 January 2020 or later:

Standards, Amendments and Interpretations	Mandatory Application: Financial Years Starting on or after
Improvements to the references in the conceptual framework of International Financial Reporting Standards.	1 January 2020
Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".	1 January 2020
Amendments to IFRS 3 "Business Combinations".	1 January 2020
Reform of the Reference Interest Tariff - Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Valuation" and IFRS 7 "Financial Instruments: Disclosures."	1 January 2020
Amendment to IFRS 16 "Leases" - Covid-19-Related Rent Concessions.	1 June 2020

The application of these amendments had no significant impact on the Consolidated Financial Statements for the period January-September 2020.

1.3. Analysis of results.

The table below presents the details of the most significant figures in ENDESA's Consolidated Income Statement for the period January-September 2020 and changes in them compared with the same period of the previous year:

Millions of euros

	Most Significant Figures		
	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾	% Var.
Income	12,959	14,805	(12.5)
Procurements and Services	(8,562)	(10,415)	(17.8)
Contribution Margin ⁽²⁾	4,397	4,390	0.2
Self-constructed Assets	161	165	(2.4)
Personnel Expenses	(516)	(759)	(32.0)
Other Fixed Operating Expenses	(906)	(898)	0.9
Gross Operating Profit (EBITDA) ⁽³⁾	3,136	2,898	8.2
Depreciation, Amortisation and Impairment Losses	(1,104)	(2,563)	(56.9)
Operating Profit (EBIT) ⁽⁴⁾	2,032	335	506.6
Net Financial Income/(Expense) ⁽⁵⁾	(82)	(139)	(41.0)
Income before Tax	1,988	198	904.0
Net Income ⁽⁶⁾	1,511	176	758.5
Net Ordinary Income ⁽⁷⁾	1,700	1,228	38.4

(1) See the Consolidated Income Statements for the periods January-September 2020 and 2019.

(2) Contribution margin = Income - Procurements and Services.

(3) EBITDA = Income - Procurements and Services + Self-constructed Assets - Personnel expenses - Other fixed operating expenses.

(4) EBIT = EBITDA - Depreciation and Amortisation and Impairment Losses.

(5) Net Financial Income/(Expense) = Financial Income - Financial Expense + Net Exchange Differences.

(6) Net Income = Net Income of the Parent Company.

(7) Net Ordinary Income = Net Income of the Parent Company - Net Gains/(Losses) on Disposals of Non-Financial Assets (over Euros 10 million) - Net Impairment Losses on Non-Financial Assets (over Euros 10 million) - Initial Provision Net of Personnel Expenses for Workforce Restructuring Plans relating to the Decarbonisation Plan - Net Expenses corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis.

EBITDA amounted to Euros 3,136 million (+8.2%) in the first nine months of 2020.

Leaving aside the charges recognised under Personnel Expenses in the Consolidated Income Statement for the period January-September 2020 relating to the Company's Decarbonisation Plan and the "5th ENDESA Framework Collective Agreement" for a total amount of Euros 143 million, positive, EBITDA would have

increased by 3.3% compared with the same period of the previous year (see Section 1.3.2. Operating Expenses in this Consolidated Management Report).

EBIT for the period January-September 2020 was Euros 2,032 million, representing an increase of Euros 1,697 million or 506.6% compared with the same period of the previous year.

Without taking into account the impacts described for EBITDA or the impairment of the mainland coal-fired thermal power plants recognised in the period January-September 2019 in an amount of Euros 1,356 million, EBIT for the period January-September 2020 would have increased by 11.7% compared with the same period of the previous year (see Section 1.3.2. Operating Expenses in this Consolidated Management Report).

1.3.1. Income.

Income in the period January-September 2020 totalled Euros 12,959 million, Euros 1,846 million (-12.5%) less than income posted in the same period of the previous year.

The table below presents the details of income in the period January-September 2020 and its variation compared with the same period of the previous year:

Millions of euros

	Income			
	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾	Difference	% Var.
Sales	12,314	14,285	(1,971)	(13.8)
Other Operating Income	645	520	125	24.0
TOTAL	12,959	14,805	(1,846)	(12.5)

(1) See the Consolidated Income Statements for the periods January-September 2020 and 2019.

Market situation.

The emergence of COVID-19 has caused a sharp decline in the demand for electricity (see Section 5. COVID-19 Health Crisis in this Consolidated Management Report). In the period January-September 2020, trends in electricity demand were as follows:

- Total mainland electricity demand fell by 6.1% year-on-year (-6.4% adjusted for working days and temperature).
- Cumulative electricity demand in Non-Mainland Territories (“TNP” for its acronym in Spanish) ended the period January-September 2020 with a reduction of 21.3% in the Balearic Islands and 10.1% in the Canary Islands compared with the same period of the previous year (-20.4% and -10.2% respectively, adjusted for working days and temperature).

The period January-September 2020 has been characterised by lower prices, with the arithmetic average price in the wholesale electricity market standing at €31.9/MWh (-36.1%), mainly as a consequence of the decrease in demand and movements in commodity prices.

The contribution of energy from renewable sources to total mainland production in the period January-September 2020 was 57.7% (50.4% in the period January-September 2019).

In this context:

- ENDESA's electricity production for the period January-September 2020 was 42,150 GWh, 9.5% less than in the same period of the previous year, as per the following details:

GWh				
Electricity Generation ⁽¹⁾	January-September 2020	January-September 2019	% Var.	
Mainland	34,560	37,635	(8.2)	
Renewables	9,943	6,857	45.0	
Hydroelectric	6,042	3,981	51.8	
Wind ⁽²⁾	3,481	2,832	22.9	
Photovoltaic	420	43	876.7	
Biomass	-	1	(100.0)	
Nuclear	19,523	20,245	(3.6)	
Coal	975	4,814	(79.7)	
Combined Cycle (CCGT) ⁽³⁾	4,119	5,719	(28.0)	
Non-Mainland Territories ("TNP")	7,590	8,953	(15.2)	
Coal	55	1,539	(96.4)	
Fuel-gas	3,184	3,031	5.0	
Combined Cycle (CCGT) ⁽³⁾	4,351	4,383	(0.7)	
TOTAL	42,150	46,588	(9.5)	

(1) In power plant busbars.

(2) In the period January-September 2020 it includes 92 GWh corresponding to Non-Mainland Territories ("TNP") (94 GWh in the period January-September 2019).

(3) Corresponding to natural gas.

- Non-emitting, renewable and nuclear technologies represented 69.9% of ENDESA's generation mix in the period January-September 2020 (58.2% in the period January-September 2019), compared with 80.8% for the rest of the sector (74.0% in the period January-September 2019).

At 30 September 2020, ENDESA held the following electricity market shares:

- 18.2% in mainland electricity generation, including renewables.
- 43.3% in electricity distribution.
- 33.0% in electricity supply.

In the period January-September 2020, conventional gas demand was down by 7.1% compared with the same period of the previous year, and at 30 September 2020 ENDESA had a market share of 15.6% in gas sales to customers in the deregulated market.

Sales.

The table below presents the breakdown of ENDESA's sales revenues in the period January-September 2020 and its variation compared with the same period of the previous year:

Millions of euros				
	Sales			
	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾	Difference	% Var.
Electricity sales	8,879	10,404	(1,525)	(14.7)
Deregulated market sales	6,175	7,028	(853)	(12.1)
Deregulated market sales - Spain	5,399	6,254	(855)	(13.7)
Deregulated market sales - other than Spain	776	774	2	0.3
Sales at regulated prices	1,368	1,567	(199)	(12.7)
Wholesale market sales	410	698	(288)	(41.3)
Compensation for Non-Mainland Territories ("TNP")	811	1,020	(209)	(20.5)
Remuneration for Renewable Energy Investment	100	77	23	29.9
Other electricity sales	15	14	1	7.1
Gas sales	1,393	1,714	(321)	(18.7)
Deregulated market sales	1,351	1,658	(307)	(18.5)
Sales at regulated prices	42	56	(14)	(25.0)
Regulated income from electricity distribution	1,584	1,653	(69)	(4.2)
Other sales and services rendered	458	514	(56)	(10.9)
TOTAL	12,314	14,285	(1,971)	(13.8)

(1) See the Consolidated Income Statements for the periods January-September 2020 and 2019.

Electricity sales to customers in the deregulated market.

At 30 September 2020, ENDESA had 5,735,601 electricity customers in the deregulated market, down by -1.6% from the number of customers at 31 December 2019, as per the following breakdown:

- 4,494,435 (-2.7%) in the Spanish mainland market.
- 843,954 (-1.7%) in the Non-Mainland Territories ("TNP") market.
- 397,212 (+13.4%) in deregulated markets outside Spain.

ENDESA sold a net total of 52,062 GWh to these customers in the period January-September 2020, a 11.0% decrease on the same period in 2019, as per the following breakdown:

- 44,974 GWh (-11.7%) in the Spanish deregulated market.
- 7,088 GWh (-6.1%) in deregulated markets outside Spain.

In economic terms, sales on the deregulated market in the period January-September 2020 totalled Euros 6,175 million (-12.1%), with the following breakdown:

- Sales in the Spanish deregulated market totalled Euros 5,399 million, Euros 855 million or -13.7% down on the figure for the same period of the previous year, due basically to the decline in the number of physical units sold.
- Income from sales to customers in deregulated markets outside of Spain amounted to Euros 776 million (+0.3%), similar to the same period last year, due mainly to movements in the unit price.

Sales of electricity at regulated prices.

In the period January-September 2020 ENDESA sold 8,523 GWh to customers to whom the regulated price is applied, through its Supplier of Reference company, in line with sales in the period January-September 2019.

These sales entailed revenues of Euros 1,368 million, which was 12.7% lower than the figure for the first nine months of 2019, mainly as a result of the decline in the price.

Gas sales.

At 30 September 2020, ENDESA had 1,668,338 gas customers, 1.2% more than at 31 December 2019, as per the following breakdown:

- 232,453 (+0.9%) in the regulated market.
- 1,435,885 (+1.2%) in the deregulated market.

In the period January-September 2020 ENDESA sold 48,762 GWh to customers in the natural gas market, which represents a decrease of 12.2% compared with the period January-September 2019.

Revenue from gas sales totalled Euros 1.393 million in the period January-September 2020, down by Euros 321 million or -18.7% on the same period of 2019, as per the following details:

- Gas sales in the deregulated market totalled Euros 1,351 million, Euros 307 million or -18.5% less than in the first nine months of 2019, due mainly to the decrease in the number of physical units sold and the lower selling price in the "Business to Business" (B2B) segment.

- Revenue from gas sales to customers at regulated prices amounted to Euros 42 million, Euros 14 million or -25.0% less than in the same period of 2019, due basically to the decline in the price and the number of physical units sold.

Compensation for generation in Non-Mainland Territories (“TNP”).

In the period January-September 2020, compensation for the extra costs of generation in Non-Mainland Territories (“TNP”), determined in accordance with the new remuneration parameters that have come into force for the 2020-2025 regulatory period, amounted to Euros 811 million, representing a decrease of Euros 209 million or -20.5% compared with the same period of the previous year, basically as a consequence of lower production, due in turn to the decrease in demand, and the evolution of commodity prices.

Electricity distribution.

ENDESA distributed 79,211 GWh in the Spanish market in the period January-September 2020, a year-on-year decrease of 6.1%.

Regulated revenue from the distribution activity during the period January-September 2020 amounted to Euros 1,584 million, which represents a reduction of Euros 69 million or -4.2% compared with the same period of the previous year, mainly due to the lower volume of electricity distributed and to the application of the new remuneration parameters that have come into force for the regulatory period 2020-2025.

Other Operating Income.

The table below shows the details of other operating income in the period January-September 2020 and its variation compared with the same period of the previous year:

Millions of euros

	Other Operating Income			
	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾	Difference	% Var.
Change in energy stocks derivatives	371	273	98	35.9
Grants released to income ⁽²⁾	15	15	-	-
Allocation to Profit and Loss of Liabilities under Contracts with Customers	121	117	4	3.4
Provision of Services in Facilities	2	1	1	100.0
Trading rights	30	43	(13)	(30.2)
Third Party Indemnities	14	9	5	55.6
Others	92	62	30	48.4
TOTAL	645	520	125	24.0

(1) See the Consolidated Income Statements for the periods January-September 2020 and 2019.

(2) For the period January-September 2020 this includes Euros 4 million relating to capital grants and Euros 11 million of operating grants (Euros 1 million and Euros 14 million respectively in the period January-September 2019).

In the period January-September 2020, other operating income amounted to Euros 645 million, representing an increase of Euros 125 million or 24.0% compared with the amount posted in the same period of 2019, basically as a result of the Euros 98 million increase (+35.9%) in income from the valuation and settlement of energy derivatives, due mainly to the evolution of the valuation and settlement of gas derivatives, which should be seen in conjunction with the Euros 123 million (-41.0%) decrease in expenses for this same item, recognised under Other Variable Procurements and Services in the Consolidated Income Statement (see Section 1.3.2. Operating Expenses in this Consolidated Management Report).

The derivatives and hedging transactions entered into by ENDESA basically concern transactions arranged to hedge foreign currency rates or the price risk on commodities such as electricity, fuel and CO₂ emission rights, and their purpose is to eliminate or significantly reduce these risks in the underlying hedged transactions. In the current context, ENDESA has checked to make sure that they continue to meet the criteria established by the regulations for applying hedge accounting.

1.3.2. Operating costs.

Operating expenses totalled Euros 10,927 million in the period January-September 2020, 24.5% less than in the same period of the previous year.

The table below shows the details of operating costs in the period January-September 2020 and their variation compared with the same period the previous year:

Millions of euros

	Operating costs			
	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾	Difference	% Var.
Procurements and Services	8,562	10,415	(1,853)	(17.8)
Energy purchases	2,681	3,576	(895)	(25.0)
Fuel consumption	853	1,364	(511)	(37.5)
Transmission expenses	3,736	3,989	(253)	(6.3)
Other Variable Procurements and Services	1,292	1,486	(194)	(13.1)
Self-constructed Assets	(161)	(165)	4	(2.4)
Personnel Expenses	516	759	(243)	(32.0)
Other Fixed Operating Expenses	906	898	8	0.9
Depreciation, Amortisation and Impairment Losses	1,104	2,563	(1,459)	(56.9)
TOTAL	10,927	14,470	(3,543)	(24.5)

(1) See the Consolidated Income Statements for the periods January-September 2020 and 2019.

Procurements and services (variable costs).

Procurements and services (variable costs) totalled Euros 8,562 million in the period January-September 2020, 17.8% less than in the same period of the previous year.

Variations in these costs in the period January-September 2020 were as follows:

- Energy purchases decreased by Euros 895 million (-25.0%) to Euros 2,681 million, basically as a result of the decrease in the number of physical units and in the arithmetic average price in the wholesale electricity market, which was €31.9/MWh (-36.1%).

This heading includes an amount of Euros 19 million (Euros 14 million net of tax effect) corresponding to the impairment of the inventories of the mainland coal-fired plants (Euros 21 million and Euros 16 million respectively in the period January-September 2019) (see Section 1.3.7. Net Income in this Consolidated Management Report).

- Fuel consumption amounted to Euros 853 million, with a decrease of Euros 511 million (-37.5%) due to lower thermal production in the period (-34.9%).
- Other Variable Procurements and Services in the Consolidated Income Statement totalled Euros 1,292 million, down by Euros 194 million (-13.1%) on the period January-September 2019, details being as follows:

Millions of euros

	Other Variable Procurements and Services			
	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾	Difference	% Var.
Change in energy stocks derivatives	177	300	(123)	(41.0)
CO ₂ emission rights	168	283	(115)	(40.6)
Tax on Electricity Production	166	153	13	8.5
Radioactive Waste Treatment	160	140	20	14.3
Works licences/Street lighting	127	149	(22)	(14.8)
Nuclear Taxes and Fees	94	65	29	44.6
"Social Bonus" discount	37	34	3	8.8
Catalan Environmental Tax	29	-	29	N/A
Water Tax	23	25	(2)	(8.0)
Others	311	337	(26)	(7.7)
TOTAL	1,292	1,486	(194)	(13.1)

(1) See the Consolidated Income Statements for the periods January-September 2020 and 2019.

This amount includes:

- The reduction of Euros 123 million (-41.0%) relative to the amount recognised in the same period of the previous year in expense relating to the valuation and settlement of energy derivatives, mainly due to the evolution of the valuation and settlement of gas derivatives, which should be seen in conjunction with the Euros 98 million (+35.9%) increase in income for this same item, recognised under “Other Operating Income” in the Consolidated Income Statement (see Section 1.3.1. Income in this Consolidated Management Report).
- The decrease of Euros 115 million (-40.6%) in CO₂ emission rights due to the lower thermal production in the period (-34.9%).
- The expenditure of Euros 29 million in the period January-September 2020 relating to the tax on facilities that affect the environment in the Autonomous Region of Catalonia as a result of the publication of Law 5/2020 of 29 April of the “Generalitat” (regional government) of Catalonia (see Section 3. Regulatory Framework in this Consolidated Management Report) and the reversal of the Euros 27 million of Catalan nuclear tax recognised in the period January-September 2019 as a result of its being declared unconstitutional by the Constitutional Court in its ruling of 12 April 2019.

Fixed operating costs.

The table below shows the details of fixed operating costs in the period January-September 2020 and their variation compared with the same period of the previous year:

	Fixed Operating Costs			
	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾	Difference	% Var.
Self-constructed Assets	(161)	(165)	4	(2.4)
Personnel Expenses	516	759	(243)	(32.0)
Other Fixed Operating Expenses	906	898	8	0.9
TOTAL	1,261	1,492	(231)	(15.5)

(1) See the Consolidated Income Statements for the periods January-September 2020 and 2019.

Fixed operating costs amounted to Euros 1,261 million in the first nine months of 2020, a year-on-year decrease of Euros 231 million (-15.5%). To analyse the changes during the period January-September 2020, the following effects must be taken into account:

– Decarbonisation Plan:

- On 27 September 2019 the Board of Directors of ENDESA, S.A. resolved to promote the discontinuation of the mainland coal-fired thermal power plants, in accordance with the established legal procedures and in the period January-September 2019 an adjustment to the value of other materials relating to these facilities was recognised in an amount of Euros 21 million (Euros 16 million, net of the tax effect) (see Sections 1.3.6 Income Tax and 1.3.7. Net Income in this Consolidated Management Report).
- In this context, the reorganisation of the activities deriving from the energy transition has been carried out through a process negotiated and agreed with the trade union representation, which by means of training measures is allowing the internal relocation of some of the personnel affected. Within the framework of these negotiations, on 31 July 2020 ENDESA and the trade union representation signed a commitment that will allow the voluntary departure of a maximum of 577 employees affected by the change in the energy model with a total estimated cost of Euros 213 million recognised in the Consolidated Income Statement for the period January-September 2020 (Euros 160 million net of the tax effect) (see Sections 1.1. Consolidated Results, 1.3.6 Income Tax and 1.3.7. Net Income in this Consolidated Management Report).

– Signature of the “5th ENDESA Framework Collective Agreement”:

After more than two years of fruitless negotiations, on 4 December 2019, the majority trade union in ENDESA, General Workers Union (UGT), and ENDESA agreed to submit to a “binding equity arbitration” some of the most significant aspects discussed in the negotiation of the “5th ENDESA Framework Collective Agreement”.

ENDESA and the abovementioned majority union agreed before the Interconfederal Mediation and Arbitration Service (“SIMA”) the procedure and matters subject to arbitration, and that the terms of the decision of the arbitrator would be incorporated into the Collective Agreement that was agreed upon. Following the appointment by common accord of Mr Manuel Pimentel Siles as sole arbitrator, the procedure was carried out during the months of December 2019 and January 2020 in the terms agreed by the parties, ending with the issue of a mandatory Arbitration Award on 21 January 2020.

In accordance with the agreement between the parties, the content of the Arbitration Award and other aspects resulting from the agreement at the negotiating table, were incorporated into the “5th ENDESA Framework Collective Agreement” which was approved and signed by the Company and the Trade Union Section of the General Workers' Union (UGT), the majority trade union, and came into effect on 23 January 2020. Also, on that date, the new “Framework Agreement on Guarantees” and “Agreement on Voluntary Measures for the Suspension or Termination of Employment Contracts” were signed, in this case by all the unions represented in ENDESA.

The “5th ENDESA Framework Collective Agreement” establishes changes to certain social benefits, basically the one corresponding to the electricity tariff for employees, also including personnel in non-active situation, which led to the following accounting entries:

- Valuation of the previous actuarial liability for the uninsured defined benefit commitments at the effective date of the “5th ENDESA Framework Collective Agreement”, which had a positive impact of Euros 10 million on the Consolidated Statement of Other Comprehensive Income for the period January-September 2020.
- Valuation of the new actuarial liability at the effective date of the “5th ENDESA Framework Collective Agreement”, taking account of the new commitments assumed, mainly in relation to electricity supply, which had a positive impact of Euros 515 million on the Consolidated Income Statement for the period January-September 2020 (Euros 386 million net of the tax effect) (see Sections 1.1. Consolidated Results and 1.3.6 Income Tax in this Consolidated Management Report).

Also, at 30 September 2020, ENDESA has updated the valuation of the actuarial liability for defined benefit commitments with a positive net impact of Euros 7 million, in the Consolidated Statement of Other Comprehensive Income for the period January-September 2020.

– Workforce restructuring plans:

- Recognition of a provision in an amount of Euros 159 million in the Consolidated Income Statement for the period January-September 2020 (Euros 119 million net of the tax effect) as a result of the communication made to the union representation on 23 January 2020 regarding the non-exercise of the power to terminate the individual agreement on suspension of the employment relationship for certain individual contracts signed with employees within the framework of the "Agreement on Voluntary Measures for the Suspension or Termination of Employment Contracts" (see Sections 1.1. Consolidated Results and 1.3.6 Income Tax of this Consolidated Management Report).
- Update of the provisions for workforce restructuring plans in force, which had a positive impact of Euros 47 million on the Consolidated Income Statement for the period January-September 2020 (Euros 3 million, negative, in the period January-September 2019).

– Within the framework of the Public Responsibility Plan and purchases of supplies related to the COVID-19 health crisis, ENDESA recognised a cost of Euros 17 million in the period January-September 2020 (Euros 15 million net of the tax effect) (see Sections 1.3.7. Net Income and 5. COVID-19 Health Crisis in this Consolidated Management Report).

Without taking into account the effects described in the foregoing paragraphs, fixed operating costs for the period January-September 2020 would have decreased by Euros 34 million or 2.3% compared with the same period of the previous year as a consequence, mainly, of the Euros 19 million reduction in sanctions expenses.

Depreciation and amortisation and impairment losses.

The table below shows the breakdown of depreciation and amortisation, and impairment losses in the period January-September 2020 and its variation compared with the same period of the previous year:

Millions of euros

	Depreciation, Amortisation and Impairment Losses			
	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾	Difference	% Var.
AMORTISATIONS	1,062	1,146	(84)	(7.3)
Provision for the depreciation of property, plant and equipment	902	976	(74)	(7.6)
Provision for the amortisation of intangible assets	160	170	(10)	(5.9)
IMPAIRMENT LOSSES	42	1,417	(1,375)	(97.0)
Non-Financial Assets	(29)	1,358	(1,387)	(102.1)
Impairment of property, plant and equipment and investment property	(27)	1,344	(1,371)	(102.0)
Mainland coal-fired thermal power plants	(27) ⁽²⁾	1,342 ⁽³⁾	(1,369)	(102.0)
Other Property, Plant and Equipment and Investment Property	-	2	(2)	(100.0)
Impairment of intangible assets	(2)	-	(2)	N/A
Other Intangible Assets	(2)	-	(2)	N/A
Impairment Losses on Goodwill	-	14 ⁽³⁾	(14)	(100.0)
Financial Assets	71	59	12	20.3
Addition to provision for Impairment of Accounts Receivable from Contracts with Customers	81	57	24	42.1
Addition to provision for Impairment losses on other Financial Assets	(10)	2	(12)	(600.0)
TOTAL	1,104	2,563	(1,459)	(56.9)

(1) See the Consolidated Income Statements for the periods January-September 2020 and 2019.

(2) Includes reversals of provisions for impairment of non-financial assets (Euros 1 million) and of provisions for dismantling, due to recalculation (Euros 26 million).

(3) Euros 1,020 million net of tax effect (see Sections 1.3.6. Income Tax and 1.3.7. Net Income in this Consolidated Management Report).

Depreciation and amortisation, and impairment losses in the period January-September 2020 totalled Euros 1,104 million, down by Euros 1,459 million or 56.9% on the same period of the previous year, mainly as a result of the following aspects:

- The recognition in the period January-September 2019 of a impairment of the mainland coal-fired power plants in an amount of Euros 1,356 million in accordance with the decision taken on 27 September 2019 to discontinue their activity. In the period January-September 2020, the recalculation of this provision led to the recognition of a reversal in the amount of Euros 26 million.
- A reduction of Euros 99 million in depreciation expense as a consequence on the one hand of the decrease of Euros 121 million in relation to the impairment described in the foregoing paragraph, and on the other, the increase of Euros 22 million due to the commissioning of assets for energy generation from renewable sources.
- An increase in provisions for impairment losses from customer contracts, amounting to Euros 24 million, mainly related to the economic situation caused by COVID-19 (see Section 5. COVID-19 Health Crisis in this Consolidated Management Report).

Without taking into account the effects described in the foregoing paragraphs, depreciation expense for the period January-September 2020 would be similar to that of the same period of the previous year.

1.3.3. Net financial income/(expense).

The net financial result for the periods January-September 2020 and 2019 was negative in the amount of Euros 82 million and Euros 139 million respectively.

The table below presents the details of the net financial result in the period January-September 2020 and its variation compared with the same period of the previous year:

Millions of euros

	Net Financial Income/(Expense) ⁽¹⁾			
	January-September 2020 ⁽²⁾	January-September 2019 ⁽²⁾	Difference	% Var.
Net Financial Expense ⁽³⁾	(90)	(138)	48	(34.8)
Financial Income	24	25	(1)	(4.0)
Financial Expense	(114)	(163)	49	(30.1)
Net Exchange Differences	8	(1)	9	(900.0)
TOTAL	(82)	(139)	57	(41.0)

(1) Net Financial Result = Financial Income - Financial Expense + Net Exchange Differences.

(2) See the Consolidated Income Statements for the periods January-September 2020 and 2019.

(3) Net Financial Expense = Financial Income - Financial Expense.

In the period January-September 2020, net financial expense totalled Euros 90 million, Euros 48 million (-34.8%) less than in the same period of the previous year.

In the period January-September 2020, net exchange differences amounted to a positive Euros 8 million, (Euros 1 million, negative, in the period January-September 2019), basically as a consequence of financial debt in US dollars (USD) associated with rights of use corresponding to charter contracts for the transport of liquefied natural gas (LNG).

In considering the evolution of net financial expense in the period January-September 2020, the following factors need to be taken into account:

Millions of euros

	Net Financial Expense ⁽¹⁾			
	January - September 2020 ⁽²⁾	January - September 2019 ⁽²⁾	Difference	% Var.
Expense in respect of Financial Liabilities at Amortised Cost	(99)	(100)	1	(1.0)
Income from Financial Assets at Amortised Cost	2	1	1	100.0
Update of Provisions for Workforce Restructuring Plans, Dismantling of Facilities and Impairment of Financial Assets in accordance with IFRS 9 "Financial Instruments"	1	(43)	44	(102.3)
Interest on late payment of Income Tax 2016-2017	7	-	7	N/A
Others	(1)	4	(5)	(125.0)
TOTAL	(90)	(138)	48	(34.8)

(1) Net Financial Expense = Financial Income - Financial Expense.

(2) See the Consolidated Income Statements for the nine-month periods ended 30 September 2020 and 2019.

Expenses on financial liabilities at amortised cost amounted to Euros 99 million, Euros 1 million or 1.0% less than those recognised in the same period of the previous year, due to a combination of the following effects (see Section 4.1. Financial Management in this Consolidated Management Report):

- The lower average cost of gross financial debt, which fell from 1.8% in January-September 2019 to 1.7% in January-September 2020.
- The increase in average gross financial debt, from Euros 7,610 million in the period January-September 2019 to Euros 8,044 million in the period January-September 2020.

As a result of the Constitutional Court Ruling on the unconstitutionality of Royal Decree-Law 2/2016 of 30 September 2020, in the period January-September 2020 income of Euros 7 million was recognised in respect of delay interest on the amounts of advance income tax for 2016 and 2017 for the difference between the rate previously in force and the increased rate introduced by this Royal Decree-Law, now annulled.

1.3.4. Net income of companies accounted for using the equity method.

In the periods January-September 2020 and 2019 net income of companies accounted for using the equity method was Euros 39 million and Euros 16 million respectively, the breakdown being as follows:

Millions of euros

	Net Income of Companies accounted for using the Equity Method ⁽¹⁾	
	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾
Associates	(2)	6
Tecnatom, S.A.	(3)	2
Gorona del Viento El Hierro, S.A.	-	1
Others	1	3
Joint Ventures	41	10
Tejo Energia - Produção e Distribuição de Energia Eléctrica, S.A.	5	(3)
Nuclenor, S.A.	25	-
Énergie Électrique de Tahaddart, S.A.	1	2
Suministradora Eléctrica de Cádiz, S.A.	2	3
Others	8	8
TOTAL	39	16

(1) See the Consolidated Income Statements for the periods January-September 2020 and 2019.

Nuclenor, S.A.

The results of the 50% stake in Nuclenor, S.A. for an amount of Euros 25 million reflect the effect of Ruling 84/2020 of the Constitutional Court dated 15 July 2020 declaring the unconstitutionality of the tax on the environmental impact caused by certain uses of reservoir water, by wind farms and by high voltage electric power transmission facilities regulated in the recast text of the legal provisions of the Autonomous Region of Castile and León in terms of its own taxes and those ceded to it by the state.

1.3.5. Gains/(losses) on disposal of assets.

In the periods January-September 2020 and 2019 net losses on the disposal of assets amounted to Euros 1 million and Euros 14 million respectively, the breakdown being as follows:

Millions of euros

	Gains/(losses) on disposal of assets	
	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾
Non-Financial Assets	17	11
Transfer of Optical Fibre Use Rights	4	-
Other gains/losses	13	11
Disposals of Investments in Group Companies and Other stocks	-	1 ⁽²⁾
Disposals of Property, Plant and Equipment	13	10
Financial Assets	(18)	(25)
Factoring transaction fees	(18)	(25)
TOTAL	(1)	(14)

(1) See the Consolidated Income Statements for the periods January-September 2020 and 2019.

(2) Corresponds to the gross result generated by the divestment of Eólica del Noroeste, S.L. and Ufefys, S.L. (in Liquidation).

On 31 July 2020 ENDESA Energía, S.A.U. sold assets and customer contracts relating to a photovoltaic facility located in the Paraje El Acebuche-Retamar (Almería) to ENDESA Soluciones, S.L. for Euros 17 million, generating a gross capital gain of Euros 7 million.

1.3.6. Income tax.

In the period January-September 2020, income tax expense amounted to Euros 473 million, Euros 459 million more than the amount recognised in the same period of 2019, mainly as a result of:

- The impacts recognised in the heading Personnel Expenses in the Consolidated Statement of Income for the period January-September 2020 related to the Company's Decarbonisation Plan, the "5th ENDESA Framework Collective Agreement", for an amount of Euros 143 million, positive, the tax effect of which was Euros 36 million (see Section 1.3.2. Operating Expenses in this Consolidated Management Report).
- The impairment recognised in the period January-September 2019 relating to the mainland coal-fired thermal power plants for a total amount of Euros 1,398 million, the tax effect of which amounted to Euros 346 million (see Section 1.3.2. Operating Expenses in this Consolidated Management Report).

Without taking into consideration the effects described in the previous paragraphs, the expense for Income Tax in the period January-September 2020 would have increased by Euros 249 million (+15.6%) in comparison with the same period of the previous year and the effective rate would have been 23.7% (22.6% in the period January-September 2019) as a result, fundamentally, of a lower materialisation of bonuses and deductions in tax liability attributed to results, the regularisation of negative taxable bases in the Portuguese branch of ENDESA Energía, S.A.U. following the closure of the General Inspection, as well as the regularisation of the 2019 tax return of the aforementioned branch and other non-deductible expenses.

At the date of approval of this Consolidated Management Report, the recovery of deferred tax assets is not affected by the current context and the effective rate does not register impacts due to legislative changes affecting Income Tax.

1.3.7. Net Income.

Net income attributable to the Parent in the first nine months of 2020 amounted to Euros 1,511 million, an increase of Euros 1,335 million relative to the same period of the previous year.

Net ordinary income attributable to the Parent in the first nine months of 2020 amounted to Euros 1,700 million (+38.4%), as per the following breakdown:

Millions of euros

Sections	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾	Difference	% Var.	
Net Income ⁽²⁾	1,511	176	1,335	758.5	
Net Impairment Losses on Non-Financial Assets ⁽³⁾	14	1,052	(1,038)	(98.7)	
Mainland coal-fired thermal plants, inventories and other	1.3.2	14	1,052	(1,038)	(98.7)
Net Initial Endowment of the Decarbonisation Plan	1.3.2	160	-	160	N/A
Net Expenditure Corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis	1.3.2	15	-	15	N/A
Net Ordinary Income ⁽⁴⁾	1,700	1,228	472	38.4	

(1) See the Consolidated Income Statements for the periods January-September 2020 and 2019.

(2) Net Income = Net Income of the Parent Company.

(3) Greater than Euros 10 million.

(4) Net Ordinary Income = Net Income of the Parent Company - Net Gains/(Losses) on Disposals of Non-Financial Assets (over Euros 10 million) - Net Impairment Losses on Non-Financial Assets (over Euros 10 million) - Initial Provision Net of Personnel Expenses for Workforce Restructuring Plans relating to the Decarbonisation Plan - Net Expenses corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis.

1.4. Results by Segment.

The following is a breakdown of the most significant figures of the Consolidated Income Statement among ENDESA's Businesses in the first nine months of 2020 and 2019:

Millions of euros

	January – September 2020						Total
	Generation and Supply				Distribution	Structure and Others ⁽¹⁾	
	Generation in Non-Mainland Territories ("TNP")	Other Generation and Supply	Adjustments	Total			
Income	1,156	10,412	(443)	11,125	1,971	(137)	12,959
Sales	1,151	9,931	(443)	10,639	1,789	(114)	12,314
Other Operating Income	5	481	-	486	182	(23)	645
Procurements and Services	(833)	(8,130)	439	(8,524)	(122)	84	(8,562)
Contribution Margin ⁽²⁾	323	2,282	(4)	2,601	1,849	(53)	4,397
Self-constructed Assets	-	52	-	52	94	15	161
Personnel Expenses	(75)	(290)	-	(365)	(7)	(144)	(516)
Other Fixed Operating Expenses	(132)	(648)	4	(776)	(287)	157	(906)
Gross Operating Profit (EBITDA) ⁽³⁾	116	1,396 ⁽⁸⁾	-	1,512	1,649	(25)	3,136
Depreciation, Amortisation and Impairment Losses	(75)	(524)	-	(599)	(464)	(41)	(1,104)
Operating Profit (EBIT) ⁽⁴⁾	41	872	-	913	1,185	(66)	2,032
Net Financial Income/(Expense) ⁽⁵⁾	(14)	(41)	-	(55)	(32)	5	(82)
Income before Tax	27	856	-	883	1,166	(61)	1,988
Net Income ⁽⁶⁾	33	640	-	673	888	(50)	1,511
Net Ordinary Income ⁽⁷⁾	54	788	-	842	888	(30)	1,700

- (1) Structure, Services and Adjustments.
- (2) Contribution margin = Income - Procurements and Services.
- (3) EBITDA = Income - Procurements and Services + Self-constructed Assets - Personnel expenses - Other fixed operating expenses.
- (4) EBIT = EBITDA - Depreciation and Amortisation and Impairment Losses.
- (5) Net Financial Income/(Expense) = Financial Income - Financial Expense + Net Exchange Differences.
- (6) Net Income = Net Income of the Parent Company.
- (7) Net Ordinary Income = Net Income of the Parent Company - Net Gains/(Losses) on Disposals of Non-Financial Assets (over Euros 10 million) - Net Impairment Losses on Non-Financial Assets (over Euros 10 million) - Initial Provision Net of Personnel Expenses for Workforce Restructuring Plans relating to the Decarbonisation Plan - Net Expenses corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis.
- (8) Includes the EBITDA of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 133 million.

Millions of euros

	January – September 2019						Total
	Generation and Supply				Distribution	Structure and Others ⁽¹⁾	
	Generation in Non-Mainland Territories ("TNP")	Other Generation and Supply	Adjustments	Total			
Income	1,530	12,089	(714)	12,905	2,057	(157)	14,805
Sales	1,527	11,725	(713)	12,539	1,862	(116)	14,285
Other Operating Income	3	364	(1)	366	195	(41)	520
Procurements and Services	(1,114)	(9,987)	709	(10,392)	(126)	103	(10,415)
Contribution Margin ⁽²⁾	416	2,102	(5)	2,513	1,931	(54)	4,390
Self-constructed Assets	2	48	-	50	102	13	165
Personnel Expenses	(68)	(336)	-	(404)	(211)	(144)	(759)
Other Fixed Operating Expenses	(138)	(658)	5	(791)	(296)	189	(898)
Gross Operating Profit (EBITDA) ⁽³⁾	212	1,156 ⁽⁸⁾	-	1,368	1,526	4	2,898
Depreciation, Amortisation and Impairment Losses	(103)	(1,961)	-	(2,064)	(454)	(45)	(2,563)
Operating Profit (EBIT) ⁽⁴⁾	109	(805)	-	(696)	1,072	(41)	335
Net Financial Income/(Expense) ⁽⁵⁾	(18)	(64)	-	(82)	(51)	(6)	(139)
Income before Tax	91	(854)	(17)	(780)	1,025	(47)	198
Net Income ⁽⁶⁾	90	(638)	(17)	(565)	784	(43)	176
Net Ordinary Income ⁽⁷⁾	90	414	(17)	487	784	(43)	1,228

- (1) Structure, Services and Adjustments.
- (2) Contribution margin = Income - Procurements and Services.
- (3) EBITDA = Income - Procurements and Services + Self-constructed Assets - Personnel expenses - Other fixed operating expenses.
- (4) EBIT = EBITDA - Depreciation and Amortisation and Impairment Losses.
- (5) Net Financial Income/(Expense) = Financial Income - Financial Expense + Net Exchange Differences.
- (6) Net Income = Net Income of the Parent Company.
- (7) Net Ordinary Income = Net Income of the Parent Company - Net Gains/(Losses) on Disposals of Non-Financial Assets (over Euros 10 million) - Net Impairment Losses on Non-Financial Assets (over Euros 10 million) - Initial Provision Net of Personnel Expenses for Workforce Restructuring Plans relating to the Decarbonisation Plan - Net Expenses corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis.
- (8) Includes the EBITDA of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 160 million.

1.4.1. Contribution Margin.

Generation and Supply Segment.

The contribution margin of the Generation and Supply segment in the first nine months of 2020 totalled Euros 2,601 million, up by Euros 88 million year on year (+3.5%), basically due to the decline in variable costs as a result of the reduced thermal production in the period (-34.9%).

Distribution Segment.

The contribution margin of the Distribution Segment in the first nine months of 2020 amounted to Euros 1,849 million, representing a decrease of Euros 82 million (-4.2%) compared with the same period of the previous year, due mainly to the reduction of Euros 69 million (-4.2%) in regulated revenues from the distribution activity as a result of the decline in energy distributed and the application of the new remuneration parameters that come into force for the regulatory period 2020-2025.

Structure and Others.

The contribution margin of Structure and Others in the period January-September 2020 was a negative Euros 53 million, in line with the amount for the same period of 2019.

1.4.2. EBITDA.

Generation and Supply Segment.

The gross operating profit (EBITDA) of this segment amounted to Euros 1,512 million, (+10.5%) in the first nine months of 2020. The following factors must be taken into account when looking at EBITDA for the first nine months of 2020:

- The increase of 3.5% in the contribution margin.
- The income recognised as a consequence of the changes in social benefits due to the entry into force of the “5th ENDESA Framework Collective Agreement”, for an amount of Euros 215 million.
- Recognition of endowments for workforce restructuring plans relating to the Decarbonisation Plan and other plans within the framework of the “Agreement on Voluntary Measures for the Suspension or Termination of Employment Contracts” for amounts of Euros 206 million and Euros 29 million respectively.
- The update of the provisions for current workforce restructuring plans (Euros 18 million, positive, in the first nine months of 2020 and Euros 6 million, negative, in the first nine months of 2019).

Distribution Segment.

For the first nine months of 2020, EBITDA of this segment was Euros 1,649 million (+8.1%), including:

- The negative evolution of the contribution margin (-4.2%).
- The income recognised as a consequence of the changes in social benefits due to the entry into force of the “5th ENDESA Framework Collective Agreement”, for an amount of Euros 269 million.
- The provisioning for workforce restructuring of Euros 91 million within the framework of the “Agreement on Voluntary Measures for the Suspension or Termination of Employment Contracts”.
- The update of the provisions for current workforce restructuring plans (Euros 9 million, positive, in the first nine months of 2020 and Euros 1 million, negative, in the first nine months of 2019).

Structure and Others.

In the first nine months of 2020, EBITDA of this segment came to a negative Euros 25 million and included:

- The income recognised as a consequence of the changes in social benefits due to the entry into force of the “5th ENDESA Framework Collective Agreement”, for an amount of Euros 31 million.
- Recognition of provisions for workforce restructuring plans relating to the Decarbonisation Plan and other plans within the framework of the “Agreement on Voluntary Measures for the Suspension or Termination of Employment Contracts” for amounts of Euros 7 million and Euros 39 million respectively.
- The update of the provisions for current workforce restructuring plans (Euros 20 million positive in the period January-September 2020 and Euros 4 million positive in the same period of 2019).
- The expenditure on donations corresponding to the Public Responsibility Plan and purchases of supplies related to COVID-19 for an amount of Euros 17 million (Euros 15 million net of the tax effect) (see Section 1.3.7. Net Income and 5. COVID-19 Health Crisis in this Consolidated Management Report).

1.4.3. EBIT.

Generation and Supply Segment.

In the period January-September 2020, EBIT of the Generation and Supply Segment came to Euros 913 million, representing an increase of Euros 1,609 million, mainly as a result of:

- A 10.5% increase in EBITDA.
- The recognition in the period January-September 2019 of an impairment of the mainland coal-fired plants in an amount of Euros 1,356 million in accordance with the decision taken on 27 September 2019 to discontinue their activity (Euros 26 million reversal of impairment in the period January-September 2020).
- A reduction of Euros 99 million in depreciation expense as a consequence on the one hand of the decrease of Euros 121 million in relation to the impairment described in the foregoing paragraph, and on the other, the increase of Euros 22 million due to the commissioning of assets for energy generation from renewable sources.
- An increase in provisions for impairment losses from customer contracts, amounting to Euros 15 million, mainly related to the economic situation caused by COVID-19 (see Section 5. COVID-19 Health Crisis in this Consolidated Management Report).

Distribution Segment.

EBIT for the Distribution Segment in the first nine months of 2020 grew by Euros 113 million year on year (+10.5%), mainly as a result of the 8.1% increase in EBITDA.

Structure and Others.

The operating profit (EBIT) for the first nine months of 2020 of Structure and Others amounted to a negative figure of Euros 66 million.

2. Other information.

2.1. Scope of Consolidation.

During the period January-September 2020, the following transactions were concluded:

Transaction	Date	Activity	Stake at 30 September 2020 (%)		Stake at 31 December 2019 (%)		
			Control	Ownership	Control	Ownership	
Empresa de Alumbrado Eléctrico de Ceuta, S.A. (1)	Acquisition	18 February 2020	Supply and Distribution	96.37	96.37	96.29	96.29
Energía Ceuta XXI Comercializadora de Referencia, S.A.U. (1)	Acquisition	18 February 2020	Supply	100.00	96.37	100.00	96.29
Empresa de Alumbrado Eléctrico de Ceuta Distribución, S.A.U. (1)	Acquisition	18 February 2020	Distribution	100.00	96.37	100.00	96.29
Hidromondego - Hidroeléctrica do Mondego, Lda. (2)	Final winding up	12 March 2020	Electricity Production and Supply	-	-	100.00	100.00
ENDESA Soluciones, S.L. (3)	Sale	11 May 2020	Supply of Energy Products and Services	20.00	20.00	100.00	100.00
Parque Eólico Tico, S.L.U. (4)	Acquisition	7 July 2020	Wind	100.00	100.00	-	-
Tico Solar 1, S.L.U. (4)	Acquisition	7 July 2020	Photovoltaic	100.00	100.00	-	-
Tico Solar 2, S.L.U. (4)	Acquisition	7 July 2020	Photovoltaic	100.00	100.00	-	-
Centrales Nucleares Almaraz-Trillo, A.I.E. (5)	Acquisition	29 July 2020	Nuclear Power Plant Management	24.18	24.18	24.26	23.92
Parque Eólico Farlán, S.L.U. (6)	Merger	5 August 2020	Wind	-	-	100.00	100.00
ENDESA X Servicios, S.L. (7)	Incorporation	1 September 2020	Supply of Energy Products and Services	100.00	100.00	-	-
Suggestion Power, Unipessoal, Lda. (8)	Acquisition	14 September 2020	Photovoltaic	100.00	100.00	-	-
Sistemas Energéticos Alcohujate, S.A.U. (6)	Merger	22 September 2020	Wind	-	-	100.00	100.00
Sistemas Energéticos Campoliva, S.A.U. (6)	Merger	22 September 2020	Wind	-	-	100.00	100.00
Sistemas Energéticos Sierra del Carazo, S.L.U. (6)	Merger	22 September 2020	Wind	-	-	100.00	100.00

(1) Interest acquired by ENDESA Red, S.A.U. for an amount of less than Euros 1 million.

(2) The gross profit generated amounted to Euros 2 million.

(3) Holding sold by ENDESA Energía, S.A.U. for an amount of Euros 21 million, net of the cash existing in the company sold (see Section 4.2. Cash Flows in this Consolidated Management Report). The gross capital loss was less than Euros 1 million.

(4) Companies acquired by ENEL Green Power España, S.L.U. (EGPE) for an amount of Euros 40 million, the effective cash outflow being Euros 14 million at 30 September 2020 (see Section 4.2. Cash Flows in this Consolidated Management Report).

(5) Shareholding acquired by ENDESA Generación, S.A.U. for a non-material amount.

(6) Companies absorbed by ENEL Green Power España, S.L.U. (EGPE) by means of merger.

(7) Company constituted by ENDESA, S.A. (99.525%) and ENDESA Red, S.A.U. (0.475%) through the partial spin-off of a branch of activity of ENDESA Energía, S.A.U. and of ENDESA Ingeniería, S.L.U., respectively.

(8) Company acquired by ENDESA Generación Portugal, S.A. for an amount of Euros 6 million, the effective cash outflow being Euros 3 million at 30 September 2020 (see Section 4.2. Cash Flows in this Consolidated Management Report).

Corporate acquisitions in the renewables business.

On 7 July 2020 ENDESA, through ENEL Green Power España, S.L.U. (EGPE), formalised the acquisition of a 100% stake in Parque Eólico Tico, S.L.U., Tico Solar 1, S.L.U. and Tico Solar 2, S.L.U. Likewise, on 14 September 2020, ENDESA, through ENDESA Generación Portugal, S.A., formalised the acquisition of a 100% stake in Suggestion Power, Unipessoal, Lda.

The total price of these transactions amounted to Euros 46 million, of which, at 30 September 2020, Euros 29 million were pending disbursement, subject to compliance with certain contractual stipulations (see Section 4.2. Cash Flows in this Consolidated Management Report).

The acquisition of these companies led to the recognition under Intangible Assets in the Consolidated Statement of Financial Position of Euros 46 million corresponding practically entirely to the value of licences for the development of wind farm projects and photovoltaic plants (see the Consolidated Financial Statements corresponding to the period January-September 2020).

The companies acquired are currently applying for the permits and licences to carry out their projects, so construction of the renewable energy facilities has not yet started, and no ordinary revenue has been generated since acquisition date.

Through the acquisition of wind and solar projects in the course of development, ENDESA will reinforce its presence in the Iberian Peninsula generation market, expanding the portfolio of renewable assets in its production mix.

2.2. Dividends.

At its meeting held on 26 November 2019, the Board of Directors of ENDESA, S.A. approved the following shareholder remuneration policy for 2019-2022:

- Financial years 2019 to 2020: The ordinary dividend per share to be distributed in respect of these years will be equivalent to 100% of ordinary net income attributable to the Parent as per the Consolidated Financial Statements of the Group headed by the Company.
- For the 2021 financial year, the Board of Directors of ENDESA, S.A. will ensure that the ordinary dividend per share that is agreed to be distributed for the year is equal to 80% of the net ordinary income attributable to the Parent Company as per the Group's Consolidated Financial Statements.
- For the 2022 financial year, the Board of Directors of ENDESA, S.A. will ensure that the ordinary dividend per share that is agreed to be distributed for the year is equal to 70% of the net ordinary income attributable to the Parent Company as per the Group's Consolidated Financial Statements.

Without prejudice to the foregoing, ENDESA's capacity to pay out dividends to its shareholders depends on numerous factors, including the generation of profit and the availability of unrestricted reserves, and therefore no assurance can be given that dividends will be paid out in future years or as to the amount of such dividends if paid.

Approval was given at ENDESA, S.A.'s General Shareholders' Meeting of 5 May 2020 to pay shareholders a total dividend for 2019 in a gross amount of €1.475 per share, representing a total of Euros 1,562 million. The breakdown of these dividends is as follows:

Millions of euros					
	Sections	Approval date	Euros per share, gross	Amount	Payment date
Interim dividend		26 November 2019	0.700	741	2 January 2020
Final dividend		5 May 2020	0.775	821	1 July 2020
Total Dividend paid against 2019 Profit	4.2		1.475	1,562	

3. Regulatory Framework.

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

Electricity tariff for 2020.

Order TEC/1258/2019 of 20 December 2019 establishing access tariffs for 2020 was published in the Official State Gazette on 28 December 2019. In accordance with said Order, the access tariffs remain unchanged until the entry into force of the tariffs set by the Spanish National Commission on Markets and Competition ("CNMC").

On the other hand, on 14 October 2020, Order TED/952/2020, dated 5 October, was published, applying the surplus of the Electric System to cover temporary imbalances and transitory deviations between revenues and costs for the years 2019 and 2020. This Order establishes that the Spanish National Commission of Markets and Competition ("CNMC"), as the body in charge of the System's settlements, will transfer from the specific electricity surplus account to the settlements account the amount required to cover temporary mismatches between revenues and costs of the Electric System for the 2019 financial year that may occur, in accordance with the best available forecast at the time of preparing the closing settlement proposal and with the aim of ending the financial year in balance. Likewise, if there are any funds remaining after the approval of the 2019 year-end settlement, the Spanish National Commission of Markets and Competition ("CNMC") will use them until they are exhausted in the successive provisional settlements on account of the 2020 year-end settlement, as well as, if appropriate, the closing settlement itself, in order to cover any deviations or imbalances that may occur.

Natural gas tariff for 2020.

On 28 December 2019, Order TEC/1259/2019, of 20 December 2019, was published in the Official State Gazette ("BOE" for its acronym in Spanish), establishing access tariffs for gas for 2020, which remain

unchanged, and on 30 December 2019 the Resolution of 23 December of the General Directorate for Energy Policy and Mines was published in the “BOE”, establishing the Last Resort Tariff (LRT, or “TUR” in the Spanish abbreviation) for natural gas applicable from 1 January 2020, implying an average reduction of 3.3% for LRT1 and 4.2% for LRT2, due to lower raw material costs.

On 30 June 2020 the Official State Gazette (“BOE”) published the Resolution of 23 June 2020 of the General Directorate for Energy Policy and Mines, establishing new last resort tariffs for natural gas with effect from 1 July 2020, which represented average reductions of 4.5% and 6.0% for the Last Resort Tariff 1 (LRT1) and the Last Resort Tariff 2 (LRT2) respectively, due to the reduction in the cost of the raw material.

On 29 September 2020, Order TED/902/2020 of 25 September 2020 was published in the Official State Gazette (“BOE”), changing the way the last resort tariff for natural gas is calculated. This Order adapts gas tolls and fees to the new toll structure of the Gas System of “CNMC” Circular 6/2020 of 22 July 2020, applicable from 1 October 2021, with the exception of some access tolls to regasification facilities, which are applicable with effect from 1 October 2020.

On 30 September 2020 the Official State Gazette (“BOE”) published the Resolution of 29 September 2020 of the General Directorate for Energy Policy and Mines, establishing the new “last resort” (regulated) tariffs for natural gas with effect from 1 October 2020, which represent average reductions of 2.4% and 5.5% for the Last Resort Tariff 1 (LRT1) and the Last Resort Tariff 2 (LRT2) respectively, due to the reduction in the cost of the raw material.

Energy Efficiency.

Order TED/287/2020, of 23 March 2020, establishes a contribution by ENDESA to the Spanish National Fund for Energy Efficiency of Euros 27 million in respect of its 2020 obligations.

“Bono Social” (“Social Bonus” discount tariff).

On 13 August 2020, Order TEC/788/2020, of 24 July 2020 was published in the Official State Gazette (“BOE”), setting the distribution percentage of the financing of the 2020 Social Bonus, ENDESA S.A.’s percentage being 35.57%.

Strategic Framework for Energy and Climate.

On 23 January 2020 the Ministry for the Ecological Transition and the Demographic Challenge published the Strategic Environmental Study of the Draft of the Integrated National Energy and Climate Plan (“PNIEC” for its acronym in Spanish) 2021-2030, opening a period of public consultation.

The Government has also sent the Draft Law on Climate Change and Energy Transition to the Cortes Generales, Spain’s Parliament, which is currently being processed, and which includes the following aspects, among others:

- It sets two time paths: by 2030, objectives of reducing GHG emissions by at least 20% compared with 1990, generating 70% of electricity from renewable sources, and improving energy efficiency by at least 35% compared with the trend scenario; and by 2050, achieving climate-neutrality and a 100% renewable electric system.
- Renewable energy promotion measures through a remuneration framework based on the long-term recognition of a fixed energy price.
- New hydro-electric concessions will be aimed at supporting the integration of energy from non-manageable renewable sources.
- Introduction of new parties in the Electricity Sector as owners of storage facilities or independent aggregators.
- Limits are established on the exploitation of hydrocarbons, restricting fossil fuel subsidies and revising their tax treatment.
- Promotion of energy efficiency measures and use of renewables in the field of building.

- Boosting of electric mobility with the aim of having a fleet of vehicles without direct CO₂ emissions by 2050, with new passenger cars and LCVs having no direct emissions from 2040. It also calls for the establishment by 2023 at the latest of low-emission areas in municipalities with more than 50,000 inhabitants and island territories and the obligation to develop recharging facilities at service stations.
- Mobilisation of resources for the fight against climate change: at least Euros 450 million of the proceeds from auctions of CO₂ emission rights will be used annually to cover costs of the Electric System.

Finally, on 22 September 2020, the National Plan for Adaptation to Climate Change (“PNACC” for its acronym in Spanish) was approved by the Council of Ministers for the 2021-2030 time horizon, constituting the basic planning framework for promoting coordinated action to confront the effects of climate change.

The National Plan for Adaptation to Climate Change (“PNACC”) defines various objectives, criteria, areas of work and lines of action with compliance indicators with the common objective of avoiding or reducing vulnerability to climate change and its potential impacts on social, economic and environmental systems, as well as improving these systems’ ability to recover from climate events and re-establish themselves. In the field of energy, the aim is to bring about an energy system that can withstand the effects of climate change in a scenario of rapid decarbonisation, through lines of action focused on:

- Improving knowledge about the impacts of climate change on the potential for renewable energy production.
- The functionality and resilience of energy generation, distribution and storage.
- The effect on demand, with a view to avoiding or limiting demand peaks.
- The identification of risks deriving from extreme events in critical infrastructures to avoid their loss of functionality.

Order revising the remuneration parameters for facilities under specific remuneration regimes.

Order TED/171/2020 of 24 February 2020, published in the Official State Gazette on 28 February 2020, updates the remuneration parameters for standard facilities applicable to certain facilities producing electricity from renewable energy sources, cogeneration and waste, for application to the regulatory period starting on 1 January 2020. This Order updates the values that will be applicable in the second regulatory period (2020-2025) for the various parameters that determine the remuneration of these facilities, in accordance with the methodology established in the relevant general regulations, and without prejudice to the periodic update mechanisms established therein. The values of the different parameters are applicable from 1 January 2020, in accordance with the provisions of Royal Decree Law 17/2019, of 22 November 2019. The Order also approves the market price provided for each year of the 2020-2022 semi-period.

Draft of the Seventh General Radioactive Waste Plan.

The Ministry for the Ecological Transition and the Demographic Challenge has started the ordinary environmental strategic evaluation procedure of the Seventh General Radioactive Waste Plan (PGRR). The procedure includes the environmental assessment, the public information process to receive input from civil society and the mandatory consultations with the Nuclear Safety Council and the Autonomous Regions. Subsequently, the Ministry for the Ecological Transition and the Demographic Challenge will carry out a technical analysis of the complete file to formulate the Strategic Environmental Declaration of the General Radioactive Waste Plan, a step prior to its approval by the Council of Ministers. Subsequently, it must be reported to Parliament and will also be forwarded to the European Commission, in compliance with the EU directive on radioactive waste management.

Declaration of the state of alarm as a consequence of the advance of COVID-19 and regulatory measures approved.

On 11 March 2020, the World Health Organisation (WHO) raised the level of the public health emergency caused by COVID-19 to that of a pandemic. The rapid evolution of events, at the national and international levels, required the adoption of immediate and effective measures to face this situation. The extraordinary circumstances constitute without a doubt an unprecedented health crisis of enormous magnitude, due both to the large number of citizens affected and the risk to their rights. As a consequence, on 14 March 2020, Royal Decree 463/2020, of 14 March 2020, was published in the Official State Gazette, declaring a state of alarm for the management of the health crisis situation caused by COVID-19.

At the same time, and in order to counteract the economic and social impact of this exceptional situation, the Spanish government approved a series of legislative provisions encompassing various measures on all fronts to face this impact. Specifically, and among others, 18 March 2020 saw the publication of Royal Decree-Law 8/2020, of 17 March 2020, on extraordinary urgent measures to face the economic and social impact of COVID-19, and on 1 April 2020, Royal Decree-Law 11/2020, of 31 March 2020, was published, adopting urgent complementary measures in the social and economic fields to deal with COVID-19 and on 8 July 2020, Royal Decree-Law 26/2020, of 7 July 2020, on economic recovery measures to address the impact of COVID-19 in the areas of transport and housing was published, and finally, on 30 September 2020, Royal Decree Law 30/2020 of 29 September 2020 on social measures in defence of employment was published.

With regard to the Electricity Sector, the most significant urgent measures adopted were the following:

- “Bono Social” (Social Bonus or discount tariff): The validity of the “Bono Social” (special reduced tariff for electricity) was extended until 30 September 2020 for beneficiaries for whom the 2-year period of validity established in Royal Decree 897/2017 of 6 October 2017 expired before that date. At the same time, the right to the “Bono Social” discount tariff was extended to customers with supply points in their name, or any member of their family unit, with the status of self-employed or self-employed professionals, and who were entitled to benefit because they had had to cease their activity or had seen their billings significantly reduced, and met certain income levels in the immediately preceding year, this right being limited to the period for which these circumstances persisted, with a maximum of 6 months. Likewise, as a result of Royal Decree Law 30/2020 of 29 September 2020, the beneficiary group was expanded to include those who can show that upon the entry into force of this law, the holder of the electricity supply point or a member of the family unit is unemployed, furloughed or has had their working hours reduced in order to be able to care for a family member, in the case of being an entrepreneur, or other similar circumstances that involve a substantial loss of income in the month prior to the filing of the application for the Social Bonus, as a result of which the combined income of the members of the family unit do not reach certain thresholds. This right will expire when the circumstances for its granting cease, and, in any case, on 30 June 2021, without prejudice to the possibility of benefiting from the status of beneficiary of the Social Bonus in accordance with the general regulations.
- Guarantee of supply: Prohibition of suspension of the supply of electricity, water and natural gas, during the month following the entry into force of Royal Decree-Law 8/2020, of 17 March 2020, to consumers who had the status of vulnerable, highly vulnerable or at risk of social exclusion in accordance with the criteria laid down in Royal Decree 897/2017, of 6 October 2017, may not be cut off. This term, initially one month in force and extended during the state of alarm, was extended, by Royal Decree-Law 26/2020, of 7 July 2020, until 30 September 2020, establishing that the supply of electricity, water, natural gas and other petroleum derivatives to natural persons in their habitual residence, except for reasons of security of supply, people and facilities.
- Flexibility of electricity supply contracts for the self-employed and companies: Possibility, during the state of alarm, of suspending or modifying their contracts to contract another alternative offer with their supplier to adapt to new consumption patterns, without charge or penalty, as well as changing power or access tolls. A period of 3 months was set, after the end of the alarm state, for the reactivation of the contract or modification of the power, without any cost, except for certain situations. The future General State Budget Laws approved after the entry into force of Royal Decree-Law 11/2020, of 31 March 2020, will include the corresponding items to compensate the Electricity Sector for the reduction in income that these measures entail. Similar measures are contemplated for the Natural Gas Sector.
- Suspension of supply invoices: Possibility for the points of supply owned by self-employed and small and medium enterprises, and during the state of alarm, to ask their supplier (or, where appropriate, their distributor), by means that do not require physical travel, the suspension of payment of invoices for billing periods that contain days integrated into the state of alarm. In this case, the supplier will be exempt from paying transmission and distribution tolls to the distributor until such time as the customer pays the bill in full. The supplier will also be exempt from paying VAT, the special tax on electricity, and, where applicable, the special tax on hydrocarbons for electricity generation until the customer pays the full invoice or until 6 months have elapsed from the end of the state of alarm. However, the option to delay the payment of these taxes has not been exercised in any case by ENDESA. Once the state of alarm is over, the debt will be regularised in equal parts in the invoices of the billing periods that make up the following 6 months. Likewise, suppliers who see their income reduced, or distributors whose toll income is reduced, may request the guarantees defined in Royal Decree Law 8/2020 of 17 March 2020 or any other line created for this purpose.

- Rights of access: Extension of the term for those access rights that expired on 31 March 2020 and the new term is set at 2 months after the end of the state of alarm or its extensions.

In this context, likewise, through Order SND/260/2020, of 19 March 2020, activation of the interruptibility demand management service for economic reasons was suspended while the state of alarm was in force.

Finally, it should be noted that after the end of June 2020 of the initial state of alarm declared through Royal Decree 463/2020 of March 14, the negative evolution of the pandemic since then has caused the Government to declare a new state of alarm through Royal Decree 926/2020 of October 25, which declared the state of alarm to contain the spread of infections caused by COVID-19.

Plan for the Recovery, Transformation and Resilience of the Economy

On 7 October 2020, the Government presented the Plan for Economic Recovery, Transformation and Resilience to respond to the challenges of the next decade, focusing on four transformations needed to modernise and boost Spain's economy: the ecological transition, the digital transformation, gender equality and social and territorial cohesion.

The Recovery Plan will involve a significant volume of public and private investment in the coming years, which will be financed with funds from the Next Generation EU Plan, allowing Spain to obtain up to Euros 140,000 million, of which Euros 72,000 million will be non-refundable subsidies and the rest will be loans. The Government, in order to speed up the calendar for the execution of this Plan, plans to include Euros 27,000 Million in the next General State Budget (“PGE” for its acronym in Spanish).

The Plan includes 10 key policies which are considered to be tractors as they directly affect the productive sectors with the greatest capacity for transforming the economic and social network, and which are the following:

1. Urban and rural agenda, the fight against rural depopulation and agricultural development.
2. Resilient infrastructures and ecosystems.
3. A just and inclusive energy transition.
4. An Administration for the 21st century.
5. Modernisation and digitisation of the industrial network and SMEs, recovery of the tourism sector and promotion of Spain as an entrepreneurial nation.
6. Pledge for science and innovation and strengthening the capabilities of the National Health System.
7. Education and knowledge, lifelong learning and capacity building.
8. The new care economy and employment policies.
9. Promotion of the culture and sports industries.
10. Modernisation of the tax system for inclusive and sustainable growth.

The investment in ecological transition will represent more than 37% of the total of the Plan and the digitalisation 33%.

In the field of energy, the above policies include actions such as: the massive deployment of renewable generation, smart grids and electrical infrastructures; the development of a roadmap for renewable hydrogen and its sectoral integration; the development of a Just Transition Strategy to guarantee the employment in the areas affected by the energy transition; and the promotion of sustainable mobility and the rehabilitation of buildings as well as the promotion of energy efficiency measures.

Finally, in order to guarantee the correct execution of the funds, the Plan provides a Governance model for the selection, evaluation and coordination of the different projects. A specific collaboration with the Autonomous Communities and Cities will be implemented and an Interministerial Commission and a Monitoring Unit will be created. The Government also intends to eliminate the obstacles that hinder the implementation of projects, so that bureaucracy will not be a brake on the development of the Plan.

Decision of the European Commission C (2020) 3401 on the activity of electricity production in Non-Mainland Territories (“TNP”).

On 28 May 2020 the European Commission approved the regulatory scheme established in Royal Decree 738/2015 of 31 July 2015 in relation to the activity of electricity production in Non-Mainland Territories (“TNP”), concluding that it met the criteria of a Service of General Economic Interest and is compatible with the internal market. The scheme is initially approved until 31 December 2025 in the case of the Balearic Islands and until 31 December 2029 in the case of the Canary Islands, Ceuta and Melilla, and the Kingdom of Spain may request its extension in advance of those dates.

Order for the revision of fuel prices in the Non-Mainland Territories (“TNP”).

Order TEC/1260/2019, of 26 December 2019, reviews the technical and economic parameters for the remuneration of generation facilities in the Electric Systems of the Non-Mainland Territories (“TNP”) for the second regulatory period (2020- 2025). In relation to fuel prices, the aforementioned Order established that within 3 months, product and logistics prices would be reviewed by Ministerial Order, with effect from 1 January 2020. In this regard, Order TED/776/2020 of 4 August 2020, revising these references, was published in the Official State Gazette on 7 August 2020.

Definitive costs of the generation facilities of the Non-Mainland Territories (“TNP”) for 2015.

On 1 October 2020 the Resolution of the General Directorate of Energy Policy and Mines of 19 September was published, approving the final amount of the generation costs of the production activity in Non-Mainland Territories (“TNP”) for 2015 financial year corresponding to facilities owned by ENDESA.

Royal Decree-Law 23/2020 of 23 June 2020, approving measures in the field of energy and other areas for economic recovery.

On 24 June 2020, Royal Decree-Law 23/2020 of 23 June 2020 was published, approving measures in the field of energy and other areas for economic reactivation. The most relevant aspects of this Royal Decree-Law are the following:

- Improvement of the regulation of access permits and connection to the grid of renewable energies, to avoid speculation, considering specific mechanisms to grant access capacity in network nodes affected by just transition processes. In relation to this matter, it should be noted that the Ministry for the Ecological Transition and the Demographic Challenge has initiated the processing of a Draft Royal Decree on access and connection to the electricity transmission and distribution networks.
- New auction model for future renewable energy developments, based on the long-term recognition of a fixed price for energy, distinguishing between different technologies. Small projects and demonstrators may be exempted from auctions.
- Introduction of new figures: storage owners, independent aggregators and renewable energy communities.
- Simplification of procedures for renewable installations and their electrical infrastructure, rapid recharge infrastructures (250 kW) and demonstrations or R&D and innovation projects.
- The accumulated surplus of the Electric System may be used to cover imbalances in 2019 and 2020.
- Increase of the maximum limit of remunerative investment in distribution in 2020-2022, going from 0.13% to 0.14% of Gross Domestic Product (GDP).
- The purpose of the Institute for the Just Transition is defined, which will seek to reduce the impacts on employment and the depopulation of areas affected by the transition process.

Proposal for a Royal Decree on the remuneration regime for renewable energy.

On 26 June 2020, the processing of a Royal Decree Project that develops the new remuneration scheme for future renewable energy developments foreseen in Royal Decree-Law 23/2020, of 23 June 2020, has begun. This remuneration regime (called the Economic Renewable Energy Regime “REER” for its acronym in Spanish) will be based on the long-term recognition of the price of energy.

The Renewable Energy Economic Regime (“REER” for its acronym in Spanish) will be granted through auctions regulated by Ministerial Order, which may distinguish between different technologies according to their technical characteristics, size, manageability, location or technological maturity. The product to be auctioned will be the installed power, electrical energy or a combination of both, and the price per unit of electrical energy will be offered in €/MWh.

Regarding the remuneration of energy, the price to be received for each unit sold in the daily or intraday market will be the award price (for adjustment and balance services, it will be the price of the respective markets). Alternatively, it can be established that up to 50% of the energy sold in the daily or intraday market is sold directly at the market price and is not subject to the award price.

All the facilities of this Regime will participate in the market and the Operador del Mercado Ibérico de Energía - Polo Español (OMIE) will carry out a settlement for differences between the daily or intraday market prices and the award price of the facilities, the difference being adjusted against the national purchasing units of the market.

On the other hand, penalties are provided for energy commitments that are not delivered.

An auction calendar will be approved for a minimum period of 5 years, updateable at least annually, and which may include deadlines, frequency, capacity and technologies.

Orders establishing the bases for conducting auctions of aid for renewable investment.

On 5 August 2020, Orders TED/765/2020 and TED/766/2020, both of 3 August 2020, were published in the Official State Gazette (“BOE”), establishing the regulatory bases of auctions for investment aid in thermal energy production facilities with renewable sources and in electrical energy generation facilities with renewable sources, respectively, all of which may be co-financed with funds from the European Union. The aid will be granted through non-refundable grants through competitive procedures applicable to the entire national territory, the geographical scope of application being specified in each call for tender. The actions must be completely finished before 30 June 2023, unless a more restrictive period is expressly established in the calls. The Institute for Energy Diversification and Saving (“IDAE”) has already launched several calls for aid for investment in facilities through competitive procedures for different regions of the country.

Auctions for renewables in non-mainland electric systems.

On 24 June 2020, the Institute for Energy Diversification and Savings (“IDAE”) passed a Resolution convening auctions of subsidies for investment in photovoltaic facilities in the Canary Islands, co-financed with the ERDF with an allocation of Euros 20 million. The deadline for submitting applications was 3 October. The actions must be completed before 30 December 2022.

Law 5/2020 of 29 April of the Generalitat de Catalunya.

On 2 June 2020, Law 5/2020 of 29 April 2020, of the Generalitat de Catalunya (Catalonia Regional Government), on fiscal, financial, administrative and public sector measures and creation of a tax on facilities affecting the environment, was published in the Official State Gazette (“BOE”).

Among other aspects, this Law includes the creation and regulation of a tax on facilities that affect the environment in the area of the Autonomous Community of Catalonia. Specifically, this new tax is imposed on the production, storage, transformation and transmission of electrical energy in Catalonia. In the field of generation, energy production is taxed at a general tariff of €5/MWh, which will be €1/MWh for combined cycles, excluding in any case hydro-electric generation and generation from renewable sources, as well as from biomass, biogas, high-efficiency cogeneration or with slurry. In the field of transport, a quota is established based on the voltage level of the facilities, with those with a voltage lower than 30 kV and evacuation facilities of renewable production being exempt.

Spanish Reserve Fund for Guarantees of Electointensive Entities (“FERGEI” for its acronym in Spanish).

During 2018, and as a result of Royal Decree-Law 20/2018, of 7 December 2018, on urgent measures to boost economic competitiveness in the sector of industry and commerce in Spain, the Government announced the preparation of a Statute for electrointensive industrial consumers, that collect their peculiarities. In 2019, the processing of a draft Royal Decree was initiated in this regard, which regulates the figure of the electro-intensive consumer, the potential compensation mechanisms that they could avail themselves of, as well as their obligations. Likewise, said project regulates the possibility of granting guarantees to the subscription by electro-intensive consumers of long-term contracts with electricity suppliers, especially from renewable installations that do not receive specific remuneration, and which was completed with a Draft Law that regulated a fund to cover the risks of these contracts.

In this sense, on 27 June 2020, Royal Decree-Law 24/2020, of 26 June 2020, on social measures to reactivate employment and protect self-employment and competitiveness of the industrial sector, in which the Spanish Reserve Fund for Guarantees of Electointensive Entities (“FERGEI”) is created, for the coverage by the State of the risks derived from medium and long-term purchase and sale operations of subscribed electricity supply by consumers who have the status of electrointensive consumers. This Fund will be endowed with Euros 200 million per year, to cover a maximum of Euros 600 million of investment in 3 years.

Methodology for calculating the charges of the Electric and Gas Systems.

On 7 July 2020, the Ministry for the Ecological Transition and the Demographic Challenge began the hearing of two Royal Decree projects with the methodologies for calculating the charges of the Electric and Gas Systems, which will complement the methodologies for calculating the Access tolls to be approved by the Spanish National Commission of Markets and Competition (“CNMC”).

Royal Decree 647/2020, of 7 July 2020, on network codes.

On 8 July 2020, Royal Decree 647/2020, of 7 July 2020, which regulates aspects necessary for the implementation of the connection network codes of certain electrical installations.

This Royal Decree includes certain elements associated with the adaptation of Spanish regulations to the European network codes set forth in Commission Regulations (EU) 2016/631, (EU) 2016/1388 and (EU) 2016/1447 of 14 April, 17 August and 26 August respectively, which establish the framework of minimum technical requirements for design and operation that generation facilities, demand and high-voltage systems connected to direct current must comply with for connection to the electricity grid. It also includes other modifications on other provisions, such as Royal Decree 413/2014 of 6 June 2014 regulating the activity of electrical energy production from renewable energy sources, cogeneration and waste, and Royal Decree 738/2015 of 31 July 2015, regulating the generation activity in the Electrical Systems of Non-Mainland Territories (“TNP”).

Orders executing certain Rulings of the Supreme Court in relation to the remuneration of the electricity distribution activity.

On 21 September 2020, Orders TED/865/2020 and TED/866/2020, both of 15 September 2020, were published in the Official State Gazette (“BOE”), executing various Rulings of the Supreme Court in relation to the remuneration of the electricity distribution activity, establishing new values for certain parameters.

4. Liquidity and Capital Resources.

4.1. Financial management.

Financial debt.

At 30 September 2020, ENDESA had net financial debt of Euros 7,407 million, an increase of Euros 1,030 million (+16.2%) compared with 31 December 2019.

The reconciliation of ENDESA's gross and net financial debt at 30 September 2020 and 31 December 2019 is as follows:

Millions of euros

	Reconciliation of Financial Debt			
	30 September 2020 ⁽¹⁾	31 December 2019 ⁽¹⁾	Difference	% Var.
Non-current Financial Debt	5,970	5,652	318	5.6
Current Financial Debt	1,714	955	759	79.5
Gross Financial Debt ⁽²⁾	7,684	6,607	1,077	16.3
Cash and Cash Equivalents	(270)	(223)	(47)	21.1
Financial Derivatives Recognised in Financial Assets	(7)	(7)	-	-
Net Financial Debt	7,407	6,377	1,030	16.2

(1) See the Consolidated Statements of Financial Position at 30 September 2020 and 31 December 2019.

(2) At 30 September 2020, this included Euros 31 million corresponding to financial derivatives recognised under financial liabilities (Euros 21 million at 31 December 2019).

In analysing the evolution of net financial debt, it must be borne in mind that in the period January-September 2020 ENDESA, S.A. paid its shareholders dividends in a gross amount of Euros 1.475 per share, for a payout of Euros 1,562 million (see Sections 2.2. Dividends and 4.2. Cash Flows in this Consolidated Management Report).

The structure of ENDESA's gross financial debt at 30 September 2020 and 31 December 2019 was as follows:

Millions of euros

	Structure of Gross Financial Debt			
	30 September 2020	31 December 2019	Difference	% Var.
Euro	7,585	6,498	1,087	16.7
U.S. Dollar (USD)	99	109	(10)	(9.2)
TOTAL	7,684	6,607	1,077	16.3
Fixed rate	4,691	4,639	52	1.1
Floating rate	2,993	1,968	1,025	52.1
TOTAL	7,684	6,607	1,077	16.3
Average life (years) ⁽¹⁾	4.6	5.2	-	-
Average cost ⁽²⁾	1.7	1.8	-	-

(1) Average life of gross financial debt (years) = (Principal * Number of valid days) / (Valid principal at the close of the period * Number of days in the period).

(2) Average cost of gross financial debt (%) = (Cost of gross financial debt) / Average gross financial debt.

At 30 September 2020, 61% of the gross financial debt was at fixed interest rates, while 39% was at floating rates. At this date, 99% of the gross financial debt was denominated in euros.

In line with the 2020-2022 Strategic Plan, ENDESA promotes innovative financial solutions on competitive conditions and encourages its partners and stakeholders to share a long-term sustainable vision. Thus, at 30 September 2020, sustainable financing represented 47% of ENDESA's gross financial debt.

Certain ENDESA companies' loans and borrowings contain the usual covenants in this type of agreement. At the date of approval of this Consolidated Management Report, neither ENDESA, S.A. nor any of its subsidiaries were in breach of their financial obligations or of any type of obligation that might give rise to early maturity of their financial commitments.

As of the date of approval of this Consolidated Management Report, ENDESA has not had to resort to refinancing processes for its financial debt as a consequence of the health crisis caused by COVID-19.

Similarly, during the nine-month period ended 30 September 2020, ENDESA did not amend, renegotiate or cancel any clauses contained in lease agreements in which it acts as lessee, and therefore neither the right-of-use asset nor the liability represented by the present value of the obligation to make the lease payments during the term thereof has been modified.

Main financial transactions.

In the first nine months of 2020, ENDESA S.A. registered a new Euro Commercial Paper (ECP) SDG7 issue programme for Euros 4,000 million, the outstanding balance at 30 September 2020 being Euros 1,512 million, renewable with the backing of irrevocable credit lines. This Programme incorporates, for the first time, sustainability objectives, in line with ENDESA's Strategic Plan.

Also, the following financial transactions were formalised during the first nine months of 2020:

Millions of Euros

	Counterparty	Date of Signing	Expiry Date	Amount
Loan ^{(1) (2)}	Caixabank, S.A., Bankia, S.A. and Kutxabank, S.A.	17 April 2020	19 April 2022	300
Credit Line ^{(1) (2)}	Caixabank, S.A., Bankia, S.A. and Kutxabank, S.A.	17 April 2020	19 April 2022	250
Intercompany Credit Line	ENEL Finance International, N.V.	3 June 2020	3 June 2022	700
Loan ⁽³⁾	European Investment Bank (EIB)	30 July 2020	3 September 2035	35
TOTAL				1,285

(1) They include sustainability clauses.

(2) Formalized financial operations to strengthen the liquidity position and ensure business continuity in the current context.

(3) Financial operation formalized to promote ENDESA's electric mobility plan and partially finance more than 8,500 recharge points in Spain. It was paid out on 1 September 2020. This provision is at a floating rate, repayable from September 2024.

On 30 September 2020 ENDESA, S.A. formalised the novation of a bond, together with the associated derivative, for an amount of Euros 12 million, the issuer until then being International ENDESA B.V. With this transaction the financial activity of International ENDESA B.V. came to an end, leaving the company pending liquidation.

Other transactions: Temporary share buyback programme.

The Board of Directors of ENDESA, S.A., in a meeting held on 28 September 2020, agreed to carry out a Temporary Share Buyback Programme in accordance with the authorisation granted by the General Shareholders' Meeting held on September 5 May 2020, in relation to the long-term variable remuneration plan called Strategic Incentive 2020-2022, which includes the delivery of shares as part of the payment of said incentive.

The Buy-Back Programme, managed and implemented by Exane, S.A. ("Exane BNP Paribas"), and lasting from 30 September to 13 October 2020, was subject to the provisions of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, and its purpose was to allow the Company to comply with the obligations to deliver shares to its managers deriving from the "Strategic Incentive 2020-2022" remuneration scheme. In the execution thereof, 82,799 shares, representing 0.00782% of the Company's share capital, were acquired.

Liquidity.

At 30 September 2020, ENDESA had liquidity of Euros 4,326 million (Euros 3,300 million at 31 December 2019) as detailed below:

Millions of Euros

	Liquidity			
	30 September 2020	31 December 2019	Difference	% Var.
Cash and Cash Equivalents	270	223	47	21.1
Unconditional availability in credit lines ⁽¹⁾	4,056	3,077	979	31.8
TOTAL	4,326	3,300	1,026	31.1
Debt Maturity Coverage (number of months) ⁽²⁾	18	26	-	-

(1) At 30 September 2020 and 31 December 2019, Euros 1,000 million correspond to the credit line available with ENEL Finance International, N.V. In addition, at 30 September 2020, Euros 700 million correspond to the credit line available with ENEL Finance International, N.V.

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

ENDESA has a solid financial situation and unconditional credit lines contracted with first-rate entities available for significant amounts. This, together with the implementation of specific plans for the improvement and efficient management of liquidity, it is estimated that it will allow to face the impact caused by the difficulties of the economic situation.

The undrawn credit lines guarantee the refinancing of current borrowings presented under the item Non-Current Borrowings in the accompanying Consolidated Statement of Financial Position, which amounted to Euros 32 million at 30 September 2020 (Euros 29 million at 31 December 2019).

Treasury investments considered as cash and cash equivalents are highly liquid and entail no risk of changes in value, mature within 3 months of their contract date and accrue interest at the market rates for such instruments.

At 30 September 2020, the breakdown of the nominal value of gross financial debt without derivatives by maturity was as follows:

Millions of Euros

	Carrying amount 30 September 2020	Nominal Value		Maturities				
		Current	Non-current	2020	2021	2022	2023	Subsequent
Bonds and other negotiable securities	1,532	1,512	12	1,487	25	-	-	12
Bank Borrowings	2,269	102	2,170	25	87	524	190	1,446
Other financial liabilities	3,852	100	3,752	27	91	64	59	3,611
TOTAL	7,653	1,714	5,934	1,539	203	588	249	5,069

Leverage.

The level of consolidated leverage is defined as an indicator for monitoring the financial situation, data at 30 September 2020 and 31 December 2019 being as follows:

Millions of Euros

	Leverage		% Var.
	30 September 2020 ⁽¹⁾	31 December 2019 ⁽¹⁾	
Net Financial Debt:	7,407	6,377	16.2
Non-current Financial Debt	5,970	5,652	5.6
Current Financial Debt	1,714	955	79.5
Cash and Cash Equivalents	(270)	(223)	21.1
Financial Derivatives Recognised in Financial Assets	(7)	(7)	-
Equity:	8,534	7,837	8.9
Of the Parent	8,380	7,688	9.0
Of Non-Controlling Interests	154	149	3.4
Leverage (%) ⁽²⁾	86.79	81.37	NA

(1) See the Consolidated Statements of Financial Position at 30 September 2020 and 31 December 2019.

(2) Leverage (%) = Net Financial Debt/Equity.

Credit Rating.

ENDESA's credit ratings are as follows:

	Credit Rating					
	30 September 2020 ⁽¹⁾			31 December 2019 ⁽¹⁾		
	Long-term	Short-term	Outlook	Long-term	Short-term	Outlook
Standard & Poor's	BBB+	A-2	Stable	BBB+	A-2	Stable
Moody's	Baa2	P-2	Positive	Baa2	P-2	Positive
Fitch	A-	F2	Stable	A-	F2	Stable

(1) At the respective dates of approval of the Consolidated Management Report.

ENDESA's credit rating is strongly influenced by the rating of its parent company ENEL in accordance with the methods used by the rating agencies, and at the date of approval of this Consolidated Management Report it is classified as Investment grade by all the rating agencies.

ENDESA works to maintain its investment grade credit rating in order to efficiently access money markets and bank financing, and to obtain preferential terms from its main suppliers.

4.2. Cash flows.

At 30 September 2020 and 31 December 2019, the amount of cash and cash equivalents breaks down as follows (see Section 4.1. Financial Management in this Consolidated Management Report):

Millions of Euros

	Cash and Cash Equivalents			
	30 September 2020 ⁽¹⁾	31 December 2019 ⁽¹⁾	Difference	% Var.
Cash in hand and at banks	270	223	47	21.1
Other Cash Equivalents	-	-	-	-
TOTAL	270	223	47	21.1

(1) See the Consolidated Statements of Financial Position at 30 September 2020 and 31 December 2019.

ENDESA's net cash flows in the period January-September 2020 and 2019, classified by activities (operating, investing and financing) were as follows:

Millions of Euros

	Statement of cash flows			
	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾	Difference	% Var.
Net cash flows from operating activities	1,969	1,810	159	8.8
Net cash flows from investing activities	(1,297)	(1,427)	130	(9.1)
Net cash flows from financing activities	(625)	(190)	(435)	228.9

(1) See the Consolidated Statements of Cash Flows for the nine-month periods ended 30 September 2020 and 2019.

In the period January-September 2020, net cash flows generated by operating activities (Euros 1,969 million) made it possible to attend the net payments of the investing activities (Euros 1,297 million) and financing (Euros 625 million).

Net cash flows from operating activities.

In the period January-September 2020, net cash flows from operating activities amounted to Euros 1,969 million, 8.8% more than in the same period of the previous year (Euros 1,810 million in the period January-September 2019), as follows:

Millions of Euros

	January - September 2020 ⁽¹⁾	January - September 2019 ⁽¹⁾	Difference	% Var.
Gross Profit Before Taxes and Non-Controlling Interests	1,988	198	1,790	904.0
Adjustments for:	897	2,877	(1,980)	(68.8)
Depreciation and amortisation and impairment losses	1,104	2,563	(1,459)	(56.9)
Other adjustments (net)	(207)	314	(521)	(165.9)
Changes in working capital:	(530)	(835)	305	(36.5)
Trade and other receivables	104	86	18	20.9
Inventories	(241)	(115)	(126)	109.6
Current financial assets	(39)	(361)	322	(89.2)
Trade payables and other current liabilities ⁽²⁾	(354)	(445)	91	(20.4)
Other cash flows from/(used in) operating activities:	(386)	(430)	44	(10.2)
Interest received	23	21	2	9.5
Dividends received	22	24	(2)	(8.3)
Interest paid ⁽³⁾	(84)	(75)	(9)	12.0
Income tax paid	(164)	(177)	13	(7.3)
Other proceeds from/(payments for) operating activities ⁽⁴⁾	(183)	(223)	40	(17.9)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,969	1,810	159	8.8

(1) See the Consolidated Statements of Cash Flows for the nine-month periods ended 30 September 2020 and 2019.

(2) In the January-September 2020 period, they include Euros 17 million corresponding to the Public Responsibility Plan and purchases of supplies related to COVID-19 (see Sections 1.3.2. Operating Costs and 5. COVID-19 Health Crisis in this Consolidated Management Report).

(3) Includes interest paid on financial liabilities and for rights of use for Euros 25 million and Euros 21 million respectively.

(4) Corresponding to payments of provisions.

The variations in the various items determining the net cash flows from operating activities include:

- The lower gross profit before tax and non-controlling interests net of depreciation and amortisation and other adjustments for the period (Euros 190 million).
- Changes in working capital between the two periods amounting to Euros 305 million, mainly as a result of the decrease in payments to trade creditors (Euros 91 million), the positive evolution of trade and other receivables (Euros 18 million), increased payments for inventories (Euros 126 million) and the positive evolution of the items to be collected for compensations for extra costs of generation in Non-Mainland Territories (“TNP”) (Euros 274 million).
- The decrease in other net payments from operating activities amounting to Euros 40 million.

At 30 September 2020, 31 December 2019 and 30 September 2019, working capital comprised the following items:

Millions of Euros

	Working Capital		
	30 September 2020	31 December 2019	30 September 2019
Current Assets ⁽¹⁾	5,735	5,877	5,516
Inventories	917	1,177	1,055
Trade and other receivables	3,560	3,485	3,037
Current financial assets	1,258	1,215	1,424
Compensation for Extra Costs of Generation in Non-Mainland Territories (“TNP”)	501	561	824
Collection Rights for the Financing of the Deficit of Regulated Activities	458	389	400
Remuneration of Distribution Activity	221	178	142
Others	78	87	58
Current Liabilities ⁽²⁾	5,986	7,510	5,588
Current provisions	399	576	474
Trade Payables and Other Current Liabilities	5,587	6,934	5,114
Parent Company Dividend	-	741	-
Others	5,587	6,193	5,114

(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.

In the January-September period of 2020, the Company also continued with its active management policy for current assets and liabilities, focusing on, among other aspects, the improvement of processes, the factoring of receivables and agreements extending payment periods with suppliers.

Net cash flows used in investing activities.

In the period January-September 2020, net cash flows used in investment activities amounted to Euros 1,297 million (Euros 1,427 million in the period January-September 2019) and included:

- Net cash payments used to acquire property, plant and equipment and intangible assets:

Millions of Euros

Sections	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾
Acquisition of Property, Plant and Equipment and Intangible Assets	(1,234)	(1,323)
Acquisition of Property, Plant and Equipment ⁽²⁾	(883)	(1,208)
Acquisition of intangible assets	(137)	(136)
Facilities transferred from customers	29	20
Suppliers of property, plant and equipment	(243)	1
Proceeds from sales of property, plant and equipment and intangible assets	18	14
Grants and other deferred income	68	49
TOTAL	(1,148)	(1,260)

(1) See the Consolidated Statements of Cash Flows for the nine-month periods ended 30 September 2020 and 2019.

(2) In the January-September 2020 period it does not include recognition of right-of-use assets amounting to Euros 141 million.

- Net cash payments for investments and/or receipts from disposals of holdings in Group companies:

Millions of Euros

	Sections	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾
Equity investments in Group Companies		(17)	(2)
Companies acquired by ENEL Green Power España, S.L.U. (EGPE)	2.1	(14)	(2)
Suggestion Power, Unipessoal, Lda.	2.1	(3)	-
Disposals of investments in Group Companies		21	-
ENDESA Soluciones, S.L.	2.1	21	-
TOTAL		4	(2)

(1) See the Consolidated Statements of Cash Flows for the nine-month periods ended 30 September 2020 and 2019.

Net cash flows used in financing activities.

In the first nine months of 2020, net cash flows of financing activities amounted to Euros 625 million (Euros 190 million in the first nine months of 2019), including mainly:

- Cash flows in respect of equity instruments:

Millions of Euros

	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾
Contribution of Funds from San Francisco de Borja, S.A.	3	-
Contribution of Funds from Bosa del Ebro, S.L.	-	10
TOTAL	3	10

(1) See the Consolidated Statements of Cash Flows for the nine-month periods ended 30 September 2020 and 2019.

- Drawdowns of non-current financial debt:

Millions of Euros

	Sections	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾
Drawdowns on the loan from Caixabank, S.A., Bankia, S.A. and Kutxabank, S.A.	4.1	300	-
Drawdowns on credit lines with ENEL Finance International, N.V.	4.1	500	-
Drawdowns of the European Investment Bank (EIB) Green Loan		35	335
Drawdowns of the Official Credit Institute (ICO) Green Loan		-	300
Drawdowns of other credit lines		7	19
Others		12	2
TOTAL		854	656

(1) See the Consolidated Statements of Cash Flows for the nine-month periods ended 30 September 2020 and 2019.

- Reimbursements from non-current financial debt:

Millions of Euros

	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾
Repayments of ENEL Finance International N.V. credit lines.	(500)	-
Repayment of other credit lines	(41)	(208)
Others	(6)	(10)
TOTAL	(547)	(218)

(1) See the Consolidated Statements of Cash Flows for the nine-month periods ended 30 September 2020 and 2019.

- Drawdowns and repayments of current financial debt:

Millions of Euros

	Sections	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾
Drawdowns			
Euro Commercial Paper (ECP) issues	4.1	11,875	8,622
Others		34	43
Amortisations			
Euro Commercial Paper (ECP) repayments	4.1	(11,160)	(7,636)
Payments of Right-of-Use Contracts		(49)	(43)
European Investment Bank (EIB) Green Loan Repayments		(40)	(40)
Others		(28)	(64)
TOTAL		632	882

(1) See the Consolidated Statements of Cash Flows for the nine-month periods ended 30 September 2020 and 2019.

(2) Corresponding to companies of ENEL Green Power España, S.L.U. (EGPE).

– Dividends payments:

Millions of Euros

	Sections	January-September 2020 ⁽¹⁾	January-September 2019 ⁽¹⁾
Dividends of the Parent paid	2.2 and 4.1	(1,562)	(1,511)
Dividends paid to non-controlling interests ⁽²⁾		(5)	(9)
TOTAL		(1,567)	(1,520)

(1) See the Consolidated Statements of Cash Flows for the nine-month periods ended 30 September 2020 and 2019.

(2) Corresponding to companies of ENEL Green Power España, S.L.U. (EGPE).

4.3. Investments.

In the period January-September 2020, ENDESA made gross investments of Euros 1,173 million. Of this amount, Euros 1,161 million related to investments in property, plant and equipment and intangible assets, and the remaining Euros 12 million to financial investments, as per the following details:

Millions of Euros

	Investments ⁽¹⁾		
	January-September 2020	January-September 2019	% Var.
Generation and Supply	573	988	(42.0)
Generation in Non-Mainland Territories ("TNP")	54	40	35.0
Other Generation and Supply	519	948	(45.3)
Distribution	386	334	15.6
Structure and Others ⁽²⁾	65	7	828.6.
TOTAL PROPERTY, PLANT & EQUIPMENT ^{(3) (4)}	1,024	1,329	(22.9)
Generation and Supply	100	89	12.4
Generation in Non-Mainland Territories ("TNP")	-	-	-
Other Generation and Supply	100	89	12.4
Distribution	19	27	(29.6)
Structure and Others ⁽²⁾	18	20	(10.0)
TOTAL INTANGIBLE ASSETS ⁽⁴⁾	137	136	0.7
FINANCIAL INVESTMENTS	12	37	(67.6)
TOTAL GROSS INVESTMENTS	1,173	1,502	(21.9)
Capital grants and Facilities transferred	(97)	(62)	56.5
Generation and Supply	(5)	(61)	(91.8)
Distribution	(92)	(1)	9.100.0.
TOTAL NET INVESTMENTS ⁽⁵⁾	1,076	1,440	(25.3)

(1) Does not include company acquisitions carried out during the period (see Section 2.1 Scope of Consolidation in this Consolidated Management Report).

(2) Structure, Services and Adjustments.

(3) In the January-September 2020 period it includes recognition of right-of-use assets amounting to Euros 141 million.

(4) In the period January-September 2020 it includes Euros 1,016 million relating to investments for low-carbon products, services and technologies (Euros 1,309 million in the same period of 2019).

(5) Net investments = Gross investments - Capital grants and facilities sold.

Investments in property, plant and equipment.

Gross investments in generation in the period January-September 2020 related mainly to investments for the construction of power plants based on renewable sources for an amount of Euros 267 million. They also include the recognition of a right-of-use asset, corresponding to the land where certain renewable generation facilities are located, for an amount of Euros 72 million.

The reduction in gross investments in generation and supply (-42.0%) compared with the period January-September 2019 is basically due to the fact that in said period the investments mainly included the construction of the wind and photovoltaic power awarded in the auctions held in 2017 and which were put into operation during 2019.

Gross investments in supply correspond mainly to the development of activity related to new products and services amounting to Euros 13 million.

Gross investments in distribution relate to grid extensions and expenditure aimed at optimising the functioning of grid to ensure greater efficiency and service quality.

As for gross investments in structure and other, they include the recognition of a right-of-use asset in an amount of Euros 58 million corresponding to the renewal of the lease contract for ENDESA's headquarters.

Investments in intangible assets.

Gross investments in intangible assets in the first nine months of 2020 correspond mainly to IT applications and ongoing investments in ICT activities for the sum of Euros 72 million and the capitalisation of incremental costs incurred in acquiring customer contracts for the sum of Euros 60 million.

Financial investments.

Gross investments for the January-September 2020 period mainly consisted of various financial credits.

5. COVID-19 Health Crisis.

The coronavirus epidemic (COVID-19) was first reported to the World Health Organisation (WHO) in late December 2019.

On 11 March 2020, the World Health Organisation (WHO) confirmed that the COVID-19 health emergency had reached the level of a pandemic.

In order to contain the effects of the infection, while waiting for an available vaccine, the governments of the different countries have adopted numerous containment measures, essentially aimed at restricting the free movement of people, which have been maintained or modified, depending on its effectiveness and the spread of the virus.

In Spain, on 14 March 2020, the Government declared a first nationwide state of alarm to deal with the health emergency situation caused by the COVID-19 which, after successive extensions, finished on 21 June 2020. From that moment on, a series of protocols for prevention, containment and coordination were adopted, oriented to face and control the pandemic until the health crisis situation ends, consistent with the various regulatory provisions that have been issued by both the Autonomous Communities and the central Government since that time. In this sense, on 25 October 2020 the Government has declared a new state of alarm throughout the national territory to contain the spread of the disease, with initial validity until 9 November 2020, without prejudice to the extensions that may be approved and the different application of the measures provided for in the regulations to be made in the various Autonomous Communities. ENDESA constantly reviews the adaptation of these protocols to the new provisions issued by national, regional or local authorities depending on the evolution of the aforementioned health crisis.

ENDESA carries out a large part of its activities under regulated frameworks and during the state of health alarm deriving from COVID-19, its activities have been classified as essential, which is why it has continued to develop them, adjusting its protocols when necessary.

During this period, business continuity management has relied on teleworking for non-critical positions, which has been in place in the organisation for some years and was recommended in Royal Decree Law 8/2020 of 17 March 2020, which stressed the preference for remote working for all situations in which it was possible, and which, thanks to investments in digitalisation, has made it possible to work remotely with the same level of efficiency and productivity. Generalised use has been made of digitised infrastructures that contribute to the normal operation of production assets, the continuity of the electricity supply and the remote management of all activities relating to the market and customer relations. Likewise, measures and procedures have been applied that are helping our people to work safely and reduce the risks of infection. Although the preferential nature of distance work over face-to-face work, based on the aforementioned Royal Decree Law, ended on 21 September 2020, ENDESA employees who were working from home are currently still doing so.

In this context, ENDESA, as part of its commitment to society, has designed a Public Responsibility Plan, for Euros 25 million, for direct aid to the purchase of material, special supply conditions and donations to alleviate the main health and social needs caused by the COVID-19 health crisis, as well as programs to support the re-launching of the economy in the most negatively affected segments. During the period January-September 2020 the amount accrued for this concept amounted to Euros 17 million (Euros 15 million, net of the tax effect) (see Sections 1.3.2. Operating Costs and 1.3.7. Net Income).

Taking into account the complexity of the markets due to their globalisation and the absence, for the moment, of an effective medical treatment of the virus, the current context has changed the probability and impact of some of the risks to which ENDESA is exposed, although the consequences for ENDESA's operations are

uncertain and will depend to a large extent on how the pandemic evolves and spreads in the coming months, as well as on the reaction and ability to adapt of all the economic agents affected.

Based on this, and in compliance with the recent European Securities and Markets Authority (ESMA) recommendations of 11 March 2020, ENDESA launched an internal analysis to evaluate the actual and potential impacts of COVID-19 on business activities, on the financial situation and on economic performance, fundamentally concerning the following dimensions of analysis:

- Forecast of potential macroeconomic impacts.
- Forecast of the potential prices of electricity and gas in the energy markets and other commodities.
- Estimation of the impacts on the demand for electricity and gas.
- Analysis of possible delays in supplies and fulfilment of contracts, at the supply chain level.
- Monitoring of financial markets and liquidity situation.

Among the risk factors that affect ENDESA and that could be exacerbated by a virus resurgence or by the extension of the economic crisis, the following stand out:

- Adverse economic conditions due to the crisis following the COVID-19 pandemic may prolong the negative impact on electricity and gas demand in the last quarter of 2020. In this regard, during the first nine months of 2020, the accumulated mainland demand for electrical energy decreased by 6.1% compared with the same period of the previous year, the accumulated demand for electrical energy in the Non-Mainland Territories (“TNP”) fell by 14.3% and conventional gas demand by 7.1%.
- Variations in demand as a result of a resurgence of COVID-19 could affect electricity and natural gas supply contracts, or associated hedges, since these are signed on the basis of certain assumptions regarding future market prices for electricity and natural gas.
- ENDESA's business activities are carried out in an environment of fierce competition. ENDESA's ability to contract new customers and sign contracts for added value services could continue to be affected after a flare-up due to the limitations imposed by the management of the health crisis that limits physical visits to customers. At 30 September 2020, ENDESA had 5,735,601 electricity customers in the deregulated market, a 1.6% decrease on the number of customers at 31 December 2019. At that same date, the number of ENDESA's gas customers in the deregulated market was 1,435,885, 1.2% more than at 31 December 2019.
- The adverse economic conditions due to the crisis after the COVID-19 pandemic may have a negative impact on the ability of ENDESA's customers to meet their payment commitments. In this regard, Royal Decree Law 26/2020 of 7 July on economic reactivation measures to face the impact of COVID-19 in the areas of transport and housing, which entered into force on 9 July, extended to 30 September 2020 the period in which, exceptionally, the supply of electricity and gas to the principal residence of private individual customers could not be cut off for reasons other than security of supply.

During the period January-September 2020, the larger provisions recognised for trade customers related to COVID-19 amounted to Euros 23 million.

- A new mass contagion of the population by COVID-19 and, consequently, the approval of regulations related with a limitation of the mobility of people or a new lockdown, could be limiting factors for ENDESA, due to its need to have contractors to carry out work. In this sense, the actions carried out on the supply chain have enabled ENDESA to continue with the investment effort that ENDESA is carrying out without significant incidents. Gross material investments in the period January-September 2020 amounted to Euros 1,024 million and no material impacts are expected with respect to start-up dates of projects caused by the pandemic.
- The prolongation of the current health situation derived from COVID-19 in the coming months could limit ENDESA's access to capital markets and change the terms on which it obtains financing, consequently affecting its activity, results, financial position and cash flows. To this end, ENDESA has a solid financial position and unconditional credit lines contracted with first-rate entities available for significant amounts. This, together with the implementation of specific plans for the improvement and efficient management of liquidity, is expected to allow the impact caused by the difficulties of the economic situation to be faced (see Section 4.1. Financial Management in this Consolidated Management Report).

Overall, during the period January-September 2020 the effects described above have led to a reduction in the gross operating profit (EBITDA) and in the operating profit (EBIT) of approximately Euros 81 million and Euros 104 million, respectively, in addition to the expenses accrued by the Public Responsibility Plan amounting to Euros 17 million.

At the date of issue of this Consolidated Management Report it is not possible to make a precise estimate of the possible future impact of COVID-19 on the company's results during the next few months due, among other things, to the uncertain future evolution of the macroeconomic, financial and commercial variables and their impact on the recovery of the economy, as well as the regulatory measures currently in force and the additional measures which might be adopted in the future by the competent authorities.

As has been done to date, in the coming months, a constant watch on developments and continuous monitoring of changes in macroeconomic, financial and trade variables will continue in order to update the estimate of possible impacts in real time, as well as allowing them to be mitigated with reaction and contingency plans if they materialise.

APPENDIX I

Statistical Appendix

Industrial Data.

Electricity Generation ⁽¹⁾	January – September 2020		January – September 2019		% Var.
	GWh	Percentage (%)	GWh	Percentage (%)	
Mainland	34,560	82.0	37,635	80.8	(8.2)
Renewables	9,943	23.6	6,857	14.7	45.0
Hydroelectric	6,042	14.3	3,981	8.5	51.8
Wind ⁽²⁾	3,481	8.3	2,832	6.1	22.9
Photovoltaic	420	1.0	43	0.1	876.7
Biomass	-	-	1	-	(100.0)
Nuclear	19,523	46.3	20,245	43.5	(3.6)
Coal	975	2.3	4,814	10.3	(79.7)
Combined Cycle (CCGT) ⁽³⁾	4,119	9.8	5,719	12.3	(28.0)
Non-Mainland Territories ("TNP")	7,590	18.0	8,953	19.2	(15.2)
Coal	55	0.1	1,539	3.3	(96.4)
Fuel-gas	3,184	7.6	3,031	6.5	5.0
Combined Cycle (CCGT) ⁽³⁾	4,351	10.3	4,383	9.4	(0.7)
TOTAL	42,150	100.0	46,588	100.0	(9.5)

(1) In power plant busbars.

(2) In the period January-September 2020 it includes 92 GWh corresponding to Non-Mainland Territories ("TNP") (94 GWh in the period January-September 2019).

(3) Corresponding to natural gas.

Gross Installed Capacity	30 September 2020		31 December 2019		% Var.
	MW	Percentage (%)	MW	Percentage (%)	
Mainland	17,465	78.7	19,498	80.5	(10.4)
Renewables ^{(1) (2)}	7,572	34.1	7,452	30.8	1.6
Hydroelectric	4,843	21.8	4,792	19.8	1.1
Wind ⁽³⁾	2,377	10.7	2,308	9.5	3.0
Photovoltaic	352	1.6	352	1.5	-
Nuclear	3,443	15.5	3,443	14.2	-
Coal	2,627	11.9	4,780	19.7	(45.0)
Combined Cycle (CCGT) ⁽⁴⁾	3,823	17.2	3,823	15.8	-
Non-Mainland Territories ("TNP")	4,733	21.3	4,733	19.5	-
Coal	260	1.2	260	1.1	-
Fuel-gas	2,619	11.8	2,619	10.8	-
Combined Cycle (CCGT) ⁽⁴⁾	1,854	8.3	1,854	7.6	-
TOTAL	22,198	100.0	24,231	100.0	(8.4)

(1) At 30 September 2020 and 31 December 2019, the additional capacity was 88 MW and 926 MW respectively.

(2) At 30 September 2020, gross mainland installed capacity based on renewable sources represented 43.1% of total gross mainland installed capacity (38.0% at 31 December 2019).

(3) At 30 September 2020 and 31 December 2019, it includes 40 MW corresponding to Non-Mainland Territories ("TNP").

(4) Corresponding to natural gas.

Net Installed Capacity	30 September 2020		31 December 2019		% Var.
	MW	Percentage (%)	MW	Percentage (%)	
Mainland	17,075	80.0	19,066	81.6	(10.4)
Renewables ^{(1) (2)}	7,478	35.0	7,408	31.7	0.9
Hydroelectric	4,749	22.3	4,748	20.3	-
Wind ⁽³⁾	2,377	11.1	2,308	9.9	3.0
Photovoltaic	352	1.6	352	1.5	-
Nuclear	3,318	15.6	3,318	14.2	-
Coal	2,523	11.8	4,584	19.6	(45.0)
Combined Cycle (CCGT) ⁽⁴⁾	3,756	17.6	3,756	16.1	-
Non-Mainland Territories ("TNP")	4,263	20.0	4,299	18.4	(0.8)
Coal	241	1.1	241	1.0	-
Fuel-gas	2,334	10.9	2,334	10.0	-
Combined Cycle (CCGT) ⁽⁴⁾	1,688	8.0	1,724	7.4	(2.1)
TOTAL	21,338	100.0	23,365	100.0	(8.7)

(1) At 30 September 2020 and 31 December 2019, the additional capacity was 88 MW and 926 MW respectively.

(2) At 30 September 2020, net mainland installed capacity based on renewable sources represented 43.6% of total net mainland installed capacity (38.6% at 31 December 2019).

(3) At 30 September 2020 and 31 December 2019, it includes 40 MW corresponding to Non-Mainland Territories ("TNP").

(4) Corresponding to natural gas.

GWh

Gross electricity sales ⁽¹⁾	January-September	January-September	% Var.
	2020	2019	
Regulated Price	9,886	9,961	(0.8)
Deregulated market	56,528	63,733	(11.3)
Spanish	49,022	55,775	(12.1)
Outside Spain	7,506	7,958	(5.7)
TOTAL	66,414	73,694	(9.9)

(1) In power plant busbars.

GWh

Net electricity sales ⁽¹⁾	January-September 2020	January-September 2019	% Var.
Regulated Price	8,523	8,521	0.0
Deregulated market	52,062	58,497	(11.0)
Spanish	44,974	50,949	(11.7)
Outside Spain	7,088	7,548	(6.1)
TOTAL	60,585	67,018	(9.6)

(1) Sales to end customers.

Thousands

Number of customers (Electricity) ^{(1) (2)}	30 September 2020	31 December 2019	% Var.
Regulated market	4,763	4,807	(0.9)
Mainland Spain	4,045	4,074	(0.7)
Non-Mainland Territories ("TNP")	718	733	(2.0)
Deregulated market	5,736	5,828	(1.6)
Mainland Spain	4,495	4,619	(2.7)
Non-Mainland Territories ("TNP")	844	859	(1.7)
Outside Spain	397	350	13.4
TOTAL	10,499	10,635	(1.3)
Income / Supply Points ⁽³⁾	0.8	1.3	-

(1) Supply points.

(2) Customers of the supply companies.

(3) Ratio of income from electricity sales to the number of electricity supply points (Thousands of euros / Supply Point) for the period from January to September 2020 and the 2019 financial year, respectively.

Percentage (%)

Trends in electricity demand ⁽¹⁾	January-September 2020	January-September 2019	% Var.
Mainland ⁽²⁾		(6.1)	(2.0)
Non-Mainland Territories ("TNP") ⁽³⁾		(14.3)	0.3

(1) Source: Red Eléctrica de España, S.A. (REE). In power plant busbars.

(2) Adjusted for working days and temperature: -6.4% in the period January-September 2020 and -3.0% in the same period of 2019.

(3) Adjusted for working days and temperature: -26.2% in the period January-September 2020 and +0.6% in the same period of 2019.

Percentage (%)

Market share (electricity) ⁽¹⁾	30 September 2020	31 December 2019	% Var.
Mainland Generation ⁽²⁾		18.2	19.1
Distribution		43.3	44.1
Supply		33.0	34.1

(1) Source: In-house.

(2) Includes renewables.

GWh

Gas sales	January-September 2020	January-September 2019	% Var.
Deregulated market	28,037	33,386	(16.0)
Regulated market	722	848	(14.9)
International market	12,279	14,512	(15.4)
Wholesale business	7,724	6,783	13.9
TOTAL ⁽¹⁾	48,762	55,529	(12.2)

(1) Excluding own generation consumption.

Thousands

Number of customers (gas) ⁽¹⁾	30 September 2020	31 December 2019	% Var.
Regulated market	232	230	0.9
Mainland Spain	208	206	1.0
Non-Mainland Territories ("TNP")	24	24	-
Deregulated market	1,436	1,419	1.2
Mainland Spain	1,253	1,255	(0.2)
Non-Mainland Territories ("TNP")	72	72	-
Outside Spain	111	92	20.7
TOTAL	1,668	1,649	1.2
Income / Supply Points ⁽²⁾	0.8	1.5	-

(1) Supply points.

(2) Ratio of income from gas sales to the number of gas supply points (Thousands of euros / Supply Point) for the period from January to September 2020 and the 2019 financial year, respectively.

Percentage (%)

Trend in demand for gas ⁽¹⁾	January-September 2020	January-September 2019
Domestic market	(10.6)	16.9
Domestic - conventional	(7.1)	0.2
Electricity sector	(19.4)	98.8

(1) Source: Enagás, S.A.

Percentage (%)

Market share (gas) ⁽¹⁾	30 September 2020	31 December 2019
Deregulated market	15.6	15.6

(1) Source: In-house.

Distribution Business	30 September 2020	31 December 2019	% Var.
Distribution and Transmission Networks (km)	317,232	316,320	0.3
Digitalised Customers ⁽¹⁾	12,342	12,178	1.3
End Users ⁽²⁾	12,272	12,235	0.3
Ratio of Digitalised Customers ⁽³⁾	100.6	99.5	1.1
Public and Private Recharging Points (Units)	6,141	5,000	22.8

(1) Smart meters activated (Thousands).

(2) Customers of distribution companies (Thousands).

(3) Number of Digitalised Customers / End Users (%).

Supply Quality Measures	January-September 2020	January-September 2019	% Var.
Energy Distributed (GWh) ⁽¹⁾	79,211	84,367	(6.1)
Energy Losses (%) ⁽²⁾	9.6	9.4	2.1
Installed Capacity Equivalent Interruption Time (Average) – (ICEIT) ^(Minutes) ⁽³⁾	33.0	38.4	(14.1)
System Average Interruption Duration Index – SAIDI (Minutes) ⁽²⁾	76.5	74.4	2.8
System Average Interruption Frequency Index – SAIFI ⁽²⁾	1.4	1.3	7.7

(1) In supplier busbars.

(2) Source: ENDESA, in accordance with the criteria used by the National Commission on Markets and Competition ("CNMC") to calculate the incentives and penalties corresponding to the reduction of losses in the distribution networks.

(3) In accordance with the calculation procedure set down by Royal Decree 1995/2000 of 1 December 2000.

Workforce.

Number of Employees

	Headcount at end of period						% Var.
	30 September 2020			31 December 2019			
	Men	Women	Total	Men	Women	Total	
Generation and Supply	3,877	1,131	5,008	4,153	1,143	5,296	(5.4)
Distribution	2,516	440	2,956	2,527	442	2,969	(0.4)
Structure and Others ⁽¹⁾	918	806	1,724	893	794	1,687	2.2
TOTAL	7,311	2,377	9,688	7,573	2,379	9,952	(2.7)

(1) Structure and Services.

Number of Employees

	Average headcount						% Var.
	January – September 2020			January – September 2019			
	Men	Women	Total	Men	Women	Total	
Generation and Supply	4,046	1,112	5,158	4,089	1,074	5,163	(0.1)
Distribution	2,502	434	2,936	2,504	436	2,940	(0.1)
Structure and Others ⁽¹⁾	893	785	1,678	870	767	1,637	2.5
TOTAL	7,441	2,331	9,772	7,463	2,277	9,740	0.3

(1) Structure and Services.

Financial Data.

Millions of Euros

	Consolidated Income Statement		
	January-September 2020	January-September 2019	% Var.
Sales	12,314	14,285	(13.8)
Procurements and Services	(8,562)	(10,415)	(17.8)
Contribution margin ⁽¹⁾	4,397	4,390	0.2
Gross Operating Profit EBITDA ⁽²⁾	3,136	2,898	8.2
Operating Profit (EBIT) ⁽³⁾	2,032	335	506.6
Net Financial Income/(Expense) ⁽⁴⁾	(82)	(139)	(41.0)
Income before Tax	1,988	198	904.0
Net Income ⁽⁵⁾	1,511	176	758.5
Net Ordinary Income ⁽⁶⁾	1,700	1,228	38.4

- (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 Financial Income/(Expense) = Financial Income - Financial Expense + Net Exchange Differences.
(5) Net income/(loss): Profit/(loss) of the Parent.
(6) Net Ordinary Income = Net Income of the Parent Company - Net Gains/(Losses) on Disposals of Non-Financial Assets (over Euros 10 million) - Net Impairment Losses on Non-Financial Assets (over Euros 10 million) - Initial Provision Net of Personnel Expenses for Workforce Restructuring Plans relating to the Decarbonisation Plan - Net Expenses corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis.

Euros

Valuation parameters	January-September 2020	January-September 2019	% Var.
Net Ordinary Earnings per Share ⁽¹⁾	1.606	1.160	38.4
Net Earnings per Share ⁽²⁾	1.427	0.166	758.5
Cash Flow per Share ⁽³⁾	1.860	1.710	8.8
Book Value per Share ⁽⁴⁾	7.915 ⁽⁵⁾	7.873 ⁽⁶⁾	9.0

- (1) Net Ordinary Income per Share = Net Ordinary Income of the Parent / No. of shares at the end of the period.
(2) Net earnings per share = Net income of the Parent/ No. of shares at the end of the period.
(3) Cash flow per share = Net cash flows from operating activities / No. of shares at the end of the period.
(4) Book value per share = Equity of the Parent / No. of shares at the end of the period.
(5) At 30 September 2020.
(6) At 31 December 2019.

Millions of Euros

	Consolidated Statement of Financial Position		
	30 September 2020 ⁽¹⁾	31 December 2019 ⁽¹⁾	% Var.
Total assets	31,661	31,981	(1.0)
Equity	8,534	7,837	8.9
Net Financial Debt ⁽²⁾	7,407	6,377	16.2

- (1) See the Consolidated Statements of Financial Position at 30 September 2020 and 31 December 2019.
(2) Net financial debt = Non-current borrowings + Current borrowings – Cash and cash equivalents – Financial derivatives recognised as financial assets.

Profitability Indicators (%)	January-September 2020	January-September 2019
Return on equity ⁽¹⁾	27.77	18.85
Return on assets ⁽²⁾	7.01	5.15
Economic profitability ⁽³⁾	12.49	2.06
Return on capital employed (ROCE) ⁽⁴⁾	6.38	1.31
Return on Capital Invested (RCI) ⁽⁵⁾	12.85	2.64

- (1) Return on Equity = Net Ordinary Income of the Parent / Average Equity of the Parent.
(2) Return on Assets = Ordinary Income of the Parent / Average Total Assets.
(3) Economic Profitability = EBIT / Average Property, Plant and Equipment.
(4) Return on Capital Employed (ROCE) = Operating Profit After Tax / (Average Non-Current Assets + Average Current Assets).
(5) Return on Capital Invested (RCI) = Operating Income After Taxes / (Net Equity of the Parent Company + Net Financial Debt).

Financial Indicators	30 September 2020	31 December 2019
Liquidity ratio ⁽¹⁾	0.78	0.72
Solvency ratio ⁽²⁾	0.93	0.91
Debt Ratio ⁽³⁾ (%)	46.47	44.86
Debt coverage ratio ⁽⁴⁾	1.79	1.66
Net Financial Debt ⁽⁵⁾ / Fixed Assets ⁽⁶⁾ (%)	31.91	27.46
Net Financial Debt ⁽⁵⁾ / Funds from Operations ⁽⁷⁾	2.38	2.05
	January-September 2020	January-September 2019
(Funds from Operations ⁽⁷⁾ + Interest Expense ⁽⁸⁾) / Interest Expense ⁽⁸⁾	28.83	34.07

- (1) Liquidity = Current assets / Current liabilities.
(2) Solvency = (Equity + Non-current liabilities) / Non-current assets.
(3) Debt ratio = Net financial debt / (Equity + Net financial debt) (%).
(4) Debt coverage = Net financial debt / EBITDA.
(5) Net financial debt = Non-current borrowings + Current borrowings – Cash and cash equivalents – Financial derivatives recognised as financial assets.
(6) Fixed Assets = Property, Plant and Equipment + Investment Property + Intangible Assets + Goodwill.
(7) Funds from Operations = Cash Flows from Operating Activities + Changes in Working Capital - Work carried out by the Group for its Assets.
(8) Interest Expenses = Interest Payments (see Section 4.2. Cash Flows in this Consolidated Management Report).

Rating.

	Credit Rating			31 December 2019 ⁽¹⁾		
	30 September 2020 ⁽¹⁾			Long-term	Short-term	Outlook
	Long-term	Short-term	Outlook	Long-term	Short-term	Outlook
Standard & Poor's	BBB+	A-2	Stable	BBB+	A-2	Stable
Moody's	Baa2	P-2	Positive	Baa2	P-2	Positive
Fitch	A-	F2	Stable	A-	F2	Stable

- (1) At the respective dates of approval of the Consolidated Management Report.

Stock Market Information.

Percentage (%)

Share price performance ⁽¹⁾	January-September 2020	January-September 2019
ENDESA, S.A.	(4.0)	19.9
Ibex-35	(29.7)	8.3
Euro Stoxx 50	(14.7)	18.9
Euro Stoxx Utilities	(0.3)	22.8

- (1) Source: Madrid Stock Exchange.

Euros

ENDESA share price ⁽¹⁾	January-September 2020	2019	% Var.
High	26.120	25.490	2.5
Low	15.500	20.070	(22.8)
Period average	22.402	22.948	(2.4)
Closing Price	22.830	23.790	(4.0)

- (1) Source: Madrid Stock Exchange.

Stock market information		30 September 2020	31 December 2019	% Var.
Market capitalisation ⁽¹⁾	Millions of Euros	24,171	25,188	(4.0)
Number of Shares Outstanding		1,058,752,117	1,058,752,117	-
Nominal Share Value	Euros	1.2	1.2	-
Cash ⁽²⁾	Millions of Euros	7,460	9,280	(19.6)
Madrid stock exchange	Shares			
Trading volume ⁽³⁾		335,095,477	404,075,920	(17.1)
Average daily trading volume ⁽⁴⁾		1,745,289	1,584,611	10.1
Price to Earnings Ratio (P.E.R.) Ordinary ⁽⁵⁾		10.83	16.13	-
Price to Earnings Ratio (P.E.R.) ⁽⁶⁾		12.21	147.30	-
Price / Carrying amount ⁽⁷⁾		2.88	3.28	-

- (1) Market Cap = No. of shares at the end of the period * Share price at the end 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 stock of ENDESA, S.A. traded in the period (Source: Madrid Stock Exchange).
(4) Average daily trading volume = Arithmetic mean of shares in ENDESA, S.A. traded per session during the period (Source: Madrid Stock Exchange).
(5) Price to Earnings Ratio (P.E.R.) Ordinary = Share price at the end of the period / Net ordinary earnings per share (discounting the effects, net of tax effect, amounting to Euros 107 million, described in Section 1.3.2. Operating Expenses in this Consolidated Management Report).
(6) Price to Earnings Ratio (P.E.R.) = Share price at the end of the period / Net earnings per share (discounting the effects, net of tax effect, amounting to Euros 107 million, described in Section 1.3.2. Operating Expenses in this Consolidated Management Report).
(7) Price to Book Value = Market capitalisation / Equity of the Parent.

Dividends.

		2019	2018	% Var.
Share capital	Millions of Euros	1,270.5	1,270.5	-
Number of Shares		1,058,752,117	1,058,752,117	-
Consolidated Net Ordinary Income	Millions of Euros	1,562	1,511	3.4
Consolidated Net Income	Millions of Euros	171	1,417	(87.9)
Individual Net Income	Millions of Euros	1,642	1,511	8.7
Net Ordinary Earnings per Share ⁽¹⁾	Euros	1.475	1.427	3.4
Net Earnings per Share ⁽²⁾	Euros	0.162	1.338	(87.9)
Gross Dividend per Share	Euros	1.475 ⁽³⁾	1.427 ⁽⁴⁾	3.4
Consolidated Ordinary Pay-Out ⁽⁵⁾	%	100.0	100.0	-
Consolidated pay-out ⁽⁶⁾	%	913.3	106.6	-
Individual pay-out ⁽⁷⁾	%	95.1	100.0	-

(1) Net Ordinary earnings per share = Net ordinary income of the Parent/ No. of Shares at the end of the period.

(2) Net Earnings per Share = Profit/(loss) of the Parent/ No. of Shares at the end of the period.

(3) Gross interim dividend of €0.70 per share paid on 2 January 2020, plus a complementary gross dividend of €0.775 per share pending approval by the ENDESA, S.A. General Shareholders' Meeting.

(4) Gross interim dividend of €0.70 per share, paid out on 2 January 2019 plus the gross final dividend of €0.727 per share paid out on 2 July 2019.

(5) Consolidated ordinary pay-out (%) = (Gross dividend per share * Shares at the end of the reporting period) / Net ordinary income of the Parent.

(6) Consolidated pay-out (%) = (Gross dividend per share * Number of shares at the end of the reporting period) / Profit/(loss) of the Parent.

(7) Individual pay-out (%) = (Gross dividend per share * Number of shares at the end of the reporting period) / Profit/(loss) of ENDESA, S.A.

APPENDIX II

Alternative Performance Measures (APMs)

Alternative Performance Measures (APMs)	Unit	Definition	Reconciliation of Alternative Performance Measures (APMs)		Relevance of Use
			January – September 2020	January – September 2019	
EBITDA ⁽¹⁾	€ M	Income - Procurements and services + Work carried out by the Group for its assets - Personnel expenses - Other fixed operating expenses	€3,136 M = €12,959 M - €8,562 M + €161 M - €516 M - €906 M	€2,898 M = €14,805 M - €10,415 M + €165 M - €759 M - €898 M	Measure of operating return excluding interest, taxes, provisions and amortisation
EBIT ⁽¹⁾	€ M	EBITDA - Depreciation and amortisation and impairment losses	€2,032 M = €3,136 M - €1,104 M	€335 M = €2,898 M - €2,563 M	Measure of operating return excluding interest and taxes
Net ordinary income	€ M	Net Ordinary Income = Net Income of the Parent Company - Net Gains/(Losses) on Disposals of Non-Financial Assets (over Euros 10 million) - Net Impairment Losses on Non-Financial Assets (over Euros 10 million) - Initial Provision Net of Personnel Expenses for Workforce Restructuring Plans relating to the Decarbonisation Plan - Net Expenses corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis.	€1,700 M = €1,511 M + €0 M + €14 M + €160 M + €15 M	€1,228 M = €176 M + €0 M + €1,052 M + €0 M + €0 M	Measurement of profit for the period isolating non-recurring effects of more than Euros 10 million
Contribution Margin ⁽¹⁾	€ M	Income - Procurements and services	€4,397 M = €12,959 M - €8,562 M	€4,390 M = €14,805 M - €10,415 M	Measurement of operating profitability taking account of direct variable production costs
Procurements and Services ⁽¹⁾	€ M	Energy purchases + Fuel consumption + Transport expenses + Other variable procurements and services	€8,562 M = €2,681 M + €853 M + €3,736 M + €1,292 M	€10,415 M = €3,576 M + €1,364 M + €3,989 M + €1,486 M	Goods and services for production
Net Financial Result ⁽¹⁾	€ M	Financial income - Financial expense + Net exchange differences	(€82 M) = €24 M - €114 M + €8 M	(€139 M) = €25 M - €163 M - €1 M	Measure of financial costs
Net Financial Expense ⁽¹⁾	€ M	Financial income - Financial expense	(€90 M) = €24 M - €114 M	(€138 M) = €25 M - €163 M	Measure of financial costs
Net investments	€ M	Gross investments - Capital grants and facilities transferred	€1,076 M = €1,173 M - €97 M	€1,440 M = €1,502 M - €62 M	Measure of investment activity
Return on equity	%	Net Ordinary Income of the Parent / ((Equity of the Parent (n) + Equity of the Parent (n-1)) / 2)	27.77% = €((1,700 - 107) * 12 months / 9 months) M + €107 M ⁽⁴⁾ / €((8,380 + 7,688) / 2) M	18.85% = €(€1,228 M * 12 months / 9 months) / €(€8,336 + 9,037) / 2) M	Measure of the capacity to generate profits on shareholder investments
Return on assets	%	Net Ordinary Income of the Parent / ((Total assets (n) + Total assets (n-1)) / 2)	7.01% = €((1,700 - 107) * 12 months / 9 months) M + €107 M ⁽⁴⁾ / €((31,661 + 31,981) / 2) M	5.15% = €(€1,228 M * 12 months / 9 months) / €(€31,958 + 31,656) / 2) M	Measure of business profitability
Economic profitability	%	EBIT / (PP&E (n) + PP&E (n-1) / 2)	12.49% = €((2,032 - 143) * 12 months / 9 months) M + €143 M ⁽⁵⁾ / €((21,286 + 21,329) / 2) M	2.06% = €(€335 M * 12 months / 9 months) / €(€21,469 + 21,840) / 2) M	Measure of the capacity of the assets and capital invested to generate income
Return on capital employed (ROCE)	%	Operating profit after tax / ((Non-current assets (n) + Non-current assets (n-1)) / 2) + (Current assets (n) + Current assets (n-1)) / 2)	6.38% = €(((1,548.5 - 107) * 12 months / 9 months) M + €107 M ⁽⁴⁾) / €((25,656 + 25,881) / 2 + (6,005 + 6,100) / 2) M	1.31% = €(€311.3 M * 12 months / 9 months) / €(€26,005 + 26,001) / 2 + (5,953 + 5,655) / 2) M	Measure of return on capital employee
Return on Capital Invested (RCI)	%	Operating Income After Taxes / (Net Equity of the Parent Company + Net Financial Debt)	12.85% = €(((1,548.5 - 107) * 12 months / 9 months) M + €107 M ⁽⁴⁾) / €(€8,380 M + 7,407 M)	2.67% = €(€311.3 * 12 months / 9 months) M / €(€8,336 M + €7,225 M)	Measure of return on capital invested
Funds from Operations	€ M	Cash Flows from Operating Activities + Changes in Working Capital - Work carried out by the Group for its Assets	€2,338 M = €1,969 M + €530 M - €161 M	€2,480 M = €1,810 M + €835 M - €165 M	Measure of cash generated by the company's business available to make investments, amortise debt and distribute dividends to shareholders
Interest expenses	€ M	Interest paid	€84 M	€75 M	Measure of interest payments
Ordinary Earnings per Share	€	Net Ordinary Income of the Parent company / Number of shares at the end of the period	€1.606 = €1,700 M / 1,058,752,117 shares	€1.160 = €1,228 M / 1,058,752,117 shares	Measure of the portion of net income corresponding to each share outstanding
Earnings per Share ⁽¹⁾	€	Net Income of the Parent / Number of shares at the end of the period	€1.427 = €1,511 M / 1,058,752,117 shares	€0.166 = €176 M / 1,058,752,117 shares	Measurement of the portion of net income corresponding to each share outstanding
Cash flow per share ⁽³⁾	€	Net cash flow from operating activities / Number of shares at the end of the reporting period	€1.860 = €1,969 M / 1,058,752,117 shares	€1.710 = €1,810 M / 1,058,752,117 shares	Measurement of the portion of funds generated corresponding to each share outstanding
			30 September 2020	31 December 2019	
Net Financial Debt ⁽²⁾	€ M	Non-current borrowings + Current borrowings – Cash and cash equivalents – Financial derivatives recognised under financial assets	€7,407 M = €5,970 M + €1,714 M - €270 M - €7 M	€6,377 M = €5,652 M + €955 M - €223 M - €7 M	Short- and long-term financial debt, less cash and financial investment equivalent to cash
Leverage ⁽²⁾	%	Net financial debt / Equity	86.79% = €7,407 M / €8,534 M	81.37% = €6,377 M / €7,837 M	Measurement of the weight of external funds in the financing of business activities
Debt Ratio ⁽²⁾	%	Net financial debt / (Equity + Net financial debt)	46.47 = €7,407 M / €(€8,534 M + €7,407 M)	44.86% = €6,377 M / €(€7,837 M + €6,377 M)	Measurement of the weight of external funds in the financing of business activities
Average Life of Gross Financial Debt	No. of Years	(Principal) Number of days validity / (Principal outstanding at the end of the period * Number of days in the period)	4.6 years = 35,159 / 7,647	5.2 years = 34,031 / 6,581	Measurement of the duration of financial debt to maturity
Average Cost of Gross Financial Debt	%	(Cost of gross financial debt) / Gross average financial debt	1.7% = €(104 * 12 months / 9 months) M / €8,044 M	1.8% = €135 M / €7,431 M	Measurement of the effective rate of financial debt
Debt maturity coverage	No. of Months	Maturity period (months) of core debt that could be covered with the liquidity available	18 months	26 months	Measure of the capacity to meet debt maturities
Liquidity Ratio ⁽²⁾	N/A	Current assets / Current liabilities	0.78 = €6,005 M / €7,700 M	0.72 = €6,100 M / €8,465 M	Measurement of the capacity to meet short-term commitments
Solvency Ratio ⁽²⁾	N/A	(Equity + Non-current liabilities) / Non-current assets	0.93 = €(€8,534 M + 15,427 M) / €25,656 M	0.91 = €(€7,837 M + 15,679 M) / €25,881 M	Measurement of the capacity to meet obligations
Debt Coverage Ratio ⁽¹⁾⁽²⁾	N/A	Net financial debt / EBITDA	1.79 = €7,407 M / €(€(3,136 - 143) * 12 months / 9 months + 143) ⁽⁵⁾ M	1.66 = €6,377 M / €3,841 M	Measurement of the amount of available cash flow to meet payments of principal on financial debt
Fixed assets	€ M	Property, Plant and Equipment + Real Estate Investments + Intangible Assets + Goodwill	€23,207 M = €21,286 M + €60 M + €1,399 M + €462 M	€23,227 M = €21,329 M + €61 M + €1,375 M + €462 M	Assets of the Company, whether tangible or intangible, not convertible into short-term liquidity, necessary for the Company to operate and not intended for sale
Book Value per Share ⁽²⁾	€	Equity of the Parent / Number of shares at the end of the reporting period	€7.915 = €8,380 M / 1,058,752,117 shares	€7.261 = €7,688 M / 1,058,752,117 shares	Measure of the portion of equity corresponding to each share outstanding
Market Capitalisation	€ M	Number of shares at the end of the period * Share price at the end of the period	€24,171 M = 1,058,752,117 shares * €22.830	€25,188 M = 1,058,752,117 shares * €23.790	Measurement of market enterprise value according to the share price
Price to Earnings Ratio (P.E.R.) Ordinary	N/A	Share price at the end of the reporting period / Net earnings per share	10.83 = €22,830 / €(€(1,606 - 0.101) * 12 months / 9 months + 0.101) ⁽⁴⁾	16.13 = €23,790 / €1.475	Measure indicating the number of times earnings per share can be divided into the market price of the shares
Price to Earnings Ratio (P.E.R.)	N/A	Share price at the end of the reporting period / Net earnings per share	12.21 = €22,830 / €(€(1,427 - 0.101) * 12 months / 9 months + 0.101) ⁽⁴⁾	147.30 = €23,790 / €0.162	Measure indicating the number of times earnings per share can be divided into the market price of the shares
Price / Book Value	N/A	Market Capitalisation / Equity of the Parent	2.88 = €24,171 M / €8,380 M	3.28 = €25,188 M / €7,688 M	Measurement comparing market enterprise value according to the share price with the carrying amount
			2019	2018	
Consolidated ordinary pay-out	%	(Gross dividend per share * Number of shares at the end of the reporting period) / Net ordinary income of the Parent.	100.0% = €(€1,475 * 1,058,752,117 shares) / €1,562 M	100.0% = €(€1,427 * 1,058,752,117 shares) / €1,511 M	Measure of the portion of ordinary net income obtained used to remunerate shareholders through the payment of dividends (Consolidated Group)
Consolidated pay-out	%	(Gross dividend per share * No. of shares at the close of the period) / Profit for the year of the parent	913.3% = €(€1,475 * 1,058,752,117 shares) / €171 M	106.6% = €(€1,427 * 1,058,752,117 shares) / €1,417 M	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (consolidated Group)
Individual pay-out	%	(Gross dividend per share * Number of shares at the end of the period) / Net Income for the year of ENDESA, S.A.	95.1% = €(€1,475 * 1,058,752,117 shares) / €1,642 M	100.0% = €(€1,427 * 1,058,752,117 shares) / €1,511 M	Measure of the part of profits obtained used to remunerate shareholders through the payment of dividends (individual company)

M = millions; € = Euros.
n = 30 September of the year being calculated.
n-1 = 31 December of the year before the year being calculated.
(1) See the Consolidated Income Statements for the nine-month periods ended 30 September 2020 and 2019.
(2) See the Consolidated Statements of Financial Position at 30 September 2020 and 31 December 2019.
(3) See the Consolidated Statements of Cash Flows for the nine-month periods ended 30 September 2020 and 2019.
(4) Annualised income discounting the effects, net of tax effect, amounting to Euros 107 million, described in Section 1.3.2. Operating Expenses in this Consolidated Management Report.
(5) Annualised income discounting the effects, amounting to Euros 143 million, described in Section 1.3.2. Operating Expenses in this Consolidated Management Report.