

**Results for the first nine months of 2015**

**ENDESA NET INCOME  
AT 1,206 MILLION EUROS**

- The figure is substantially in line with the 1,208 million euros posted in the first nine months of 2014, despite it does not include net income posted by the Latin American operations, which were sold to Enel in October 2014.
- Comparing only results for Spain and Portugal on a like-for-like basis, Endesa's net income would increase by 62.7% on the first nine months of 2014.
- All data included in this information below refer exclusively to continuing operations, that is, to the business in Spain and Portugal both in the first nine months of 2014 and the first nine months of 2015, therefore the comparison between the two periods is always on a like-for-like basis.
- EBITDA was 2,752 million euros in the first nine months of 2015, an 11.5% increase on the same period of 2014, mainly due to the recognition by the Government of taxes on generation in extra-peninsular territories as revenues, in line with the new legislation, and to the increased gross margin of all of Endesa's businesses.
- As a result of the above, EBIT increased by 33.3%. The indicator also benefitted from lower amortisation of Endesa's nuclear and CCGT fleet.
- Endesa's net financial debt stood at 5,095 million euros, a 325 million euro reduction on the figure posted as of December 31<sup>st</sup>, 2014 mainly thanks to the positive cash flow evolution.

**Madrid, November 11<sup>th</sup>, 2015** – Endesa's net income during the first 9 months of 2015 stood at 1,206 million euros, substantially in line with the figure posted in the same period of 2014 (1,208 million euros), despite this figure does not include profits from the Latin American operations, that were sold to Enel in the last quarter of 2014.

Based on a comparison between the two periods, performed on a like-for-like basis considering only continuing operations, namely Spain and Portugal, company's net income would increase by 62.7%.

*"These results show the solidity of Endesa's performance across all of its business."* Stated José Bogas, Endesa's CEO. *"Our cash flow covered our*

*attractive dividends and our investments, also allowing us to reduce net debt. Endesa's results underscore the strategic positioning of the company, fully focused on Iberia since last year's public offering, while delivering growth and strong cash flow."*

Unless provided otherwise, all data included in this information below refer exclusively to continuing operations, that is, to the business in Spain and Portugal, both in the first 9 months of 2014 and in the first 9 months of 2015, therefore the comparison between the two periods is always carried out on a like-for-like basis.

The improvements shown in Endesa's results in the first nine months of 2015 can be mainly attributed to the increased gross margin of its businesses, despite the stabilisation of the free market's margin compared with the exceptional figure posted in 2014. Results posted in 2015 also include the positive impact of certain non-recurring items, such as the transactions related to CO<sub>2</sub> certificates described below.

### **Operating Results**

During the first nine months of 2015, electricity demand in the Iberian Peninsula increased by 2.5% compared with the same period in 2014, an increase of 1.1% after adjustment for working days and temperature, on top of the performance of indicators showing some recovery in the Spanish economy. The growing electricity demand led to an even higher increase in Endesa's energy generation, particularly from thermal power plants, as the exceptional water availability levels reached during the first nine months of 2014 were not repeated in the same period of this year.

As a result, Endesa's peninsular electricity output under ordinary regime was 46,564 GWh during the first 9 months of 2015, 9.4% higher than the same period of 2014, mostly due to the increase in production from CCGTs (up 172.4%), coal-fired power plants (up 13.8%) and nuclear power plants (up 6.4%), which offset the 15.9% drop in output from hydro sources.

Nuclear and hydro technologies jointly represented 55.3% of Endesa's peninsular generation under ordinary regime, compared to 60.4% during January-September 2014. Likewise, among the rest of the Spanish power sector, nuclear and hydro technologies represented 50.4% in the first nine months of 2015, which in turn dropped from the 60% share posted in the corresponding period of 2014.

As regards other operating figures, Endesa generated 9,326 GWh in extra-peninsular territories (up 2.1%), distributed 86,599 GWh across the Spanish market (up 3.6%), and sold 58,455 GWh to its free market clients (up 0.1%) and 11,391 GWh on the regulated market (less 8.9%); its gas sales amounted to 53,274 GWh (less 4.8%).

As a result of the above factors, Endesa attained a 38.9% market share in peninsular electricity generation under ordinary regime, 43.7% in distribution and 35.7% in sales to free electricity market customers.

### **Economic and Financial Results**

Endesa's revenues reached 15,412 million euros in the first nine months of 2015, in line with the figure posted during the same period of 2014, which amounted to 15,542 million euros.

EBITDA rose to 2,752 million euros, 11.5% higher than in the same period of 2014. This growth was mainly due to the improved EBITDA from extra-peninsular generation as, in line with the new legislation, taxes on extra-peninsular generation are recognised by the Government as revenues, and to the positive result of 184 million euros recorded in the free market. The 184 million euros were posted as a result of the recognition of the value of European Union Allowances (EUAs) obtained following the exchange process of Emission Reduction Units (ERUs) and Certified Emission Reductions (CERS) for EUAs allowed by the European legislation.

When it comes to EBITDA generated by the free market, the margin was affected by the higher cost of the electricity purchased given that the average wholesale electricity market price was 50 euros/MWh in January-September 2015 (up 26.5%), which has led to higher average electricity purchase costs, as well as higher tax payments related to electricity generation.

EBIT increased by 33.3%, reaching 1,735 million euros, due to the EBITDA increase as explained above and the reduction in depreciation and amortisation due mainly to the extension of the useful lives of nuclear power plants and CCGTs from October 1<sup>st</sup>, 2014.

During the first nine months of 2015 Endesa disposed of the assets associated with the Chira-Soria hydropower plant in Gran Canaria as well as all the shares in Compañía Transportista de Gas Canarias, S.A., Ayesa Advanced Technologies, S.A. and Gasificadora Regional Canaria, S.A. The gross capital gain for Endesa amounted to 10 million euros.

### **Net financial debt, cash flow and investments**

As of September 30<sup>th</sup>, 2015, Endesa's net financial debt stood at 5,095 million euros, a 325 million euro reduction on the figure posted on December 31<sup>st</sup>, 2014.

This reduction was possible because the high operating cash flow, which amounted to 1,693 million euros, was higher than the sum of the investments and the ordinary dividend posted on 2014 results.

Endesa's gross investment was 761 million euros in the first nine months of 2015, 20.4% higher than in the same period of 2014. Of the above figure, 723 million

euros relate to investments in tangible and intangible assets, while the remaining 38 million euros relate to financial investments.

### Dividends

At the close of 2014, the Board of Directors of Endesa agreed to pay out two interim dividends on 2014 results: an extraordinary one of 6 euros gross per share, for a total of 6,353 million euros and an ordinary one of 0.38 euros gross per share, for a total of 402 million euros. The two dividends, which were paid on October 29<sup>th</sup>, 2014 and on January 2<sup>nd</sup>, 2015 respectively, amounted to a total sum of 6,755 million euros. Endesa's General Shareholders' Meeting, which was held on April 27<sup>th</sup>, 2015, agreed upon a 2014 dividend equal to 6.76 euros gross per share, a total of 7,157 million euros.

The difference between the total dividends approved by the General Shareholders' Meeting and the interim dividends that were previously paid out amounted to 402 million euros (0.38 euros gross per share, like the ordinary interim dividend). This amount was paid out on July 1<sup>st</sup>, 2015.



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