



ENDESA NET INCOME AT 1,086 MILLION EUROS IN 2015, WITH NET INCOME AND EBITDA BEATING TARGETS ANNOUNCED TO THE MARKET IN NOVEMBER

- *On a like-for-like basis, profit after tax from Continued Operations, which only includes results for Spain and Portugal, increased by 15.6% on 2014.*
- *2014 Net Income (3,337 million euros) included the net capital gain for the sale of the Latin American operations to Enel for an amount of 1,764 million euros as well as 623 million euros generated by these operations until the date of sale.*
- *EBITDA was 3,039 million euros, 1.7% lower, as a result of the decline in the margins of the business of the company (after a year, 2014, in which were extraordinarily high) and the provisions aimed to the new workforce optimisation process.*
- *These results, both EBITDA and Net Income, are above the targets communicated to the market in the last Strategic Updated held in November 2015. This proves our capacity, not only to accomplish, but even to exceed our financial targets*
- *The higher costs for the purchase of electricity were offset by a higher sale price to free market customers and by the sale of the European Union Allowances (EUAs) obtained after the exchange process of Emission Reduction Units (ERUs) and Certified Emission Reductions (CERs) as well as by the introduction of a cost reduction plan.*
- *EBIT increased by 8.6% to 1,598 million euros, mainly due to the reduction in depreciation and amortisation which was mainly attributable to the extension of the useful lives of nuclear power plants and CCGTs from October 1st, 2014.*
- *The net financial debt stood at 4,323 million euros in 2015, a 1,097 million euro reduction on the figure posted as of December 31st, 2014 that was due mainly to the improvement in operating cash flow.*
- *The Board of Directors will propose a dividend on 2015 results for the approval of the General Shareholders' Meeting that will be 35% higher than the 2014 dividend.*

Madrid, February 23rd, 2016 – Endesa's net income during 2015 stood at 1,086 million euros, 2,251 million euros less than in 2014. This decrease is attributable to the fact that the results for 2014 included the net capital gain for the sale of the Latin American operations to Enel in October 2014, for an amount of 1,764 million euros and 623 million euros generated by these operations until the date of sale. .

Considering only continuing operations or a comparison between these two periods on a like-for-like basis, which refer exclusively to net income after tax from operations in Spain and Portugal, company's net income would post a 15.6% increase.

"In the 2015, Endesa has achieved a very important challenge in an uncertain environment: Endesa presents stable and predictable results over the time, not only complying with the financial commitments announced to the market, but even surpassing.", stated Endesa CEO José Bogas. "These results allow us confirm the attractive policy of dividends announced by the company to the stock markets."

Unless otherwise stated, all data included in the information below refer exclusively to continuing operations, e.g. to the business in Spain and Portugal, meaning that the comparison between the two periods is carried out on a like-for-like basis.

Operational results

Electricity demand in the Iberian Peninsula increased by 1.8% in 2015 compared with the year before, an increase of 1.6% after adjustment for working days and temperature. This increase comes alongside indicators showing a certain recovery in the Spanish economy. The growth in 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 2014 were not repeated in 2015.

As a result of the above, Endesa's peninsular electricity output under ordinary regime was 60,686 GWh, 5.5% higher than in 2014, due to the increase in production from CCGTs (up 94.7%), and coal-fired power plants (up 9.58%) and nuclear power output (up 4%), which offset the 18.3% drop in output from hydropower sources.

Nuclear and hydro technologies accounted for 54.3% of Endesa's peninsular generation under ordinary regime, compared to 58.3% in 2014. Among the rest of the power sector, nuclear and hydro accounted for 52% of their peninsular generation under ordinary regime in 2015, a decrease from 58.7% recorded in 2014.

As regards other operating figures, Endesa generated 12,375 GWh in extra-peninsular territories, (up 1.6%), distributing 114,190 GWh across the Spanish market (up 2.9%), and sold 77,965 GWh to its free market customers (up 0.8%) and 14,934 GWh on the regulated market (down 9.8%); its gas sales amounted to 71,587 GWh (down 3.7%).

As a result of the above factors, in 2015 Endesa attained a 38.8% market share in peninsular electricity generation under ordinary regime, 43.5% in distribution and 35.7% in sales to free market customers.

Financial Results

Endesa's **Revenues** reached 20,299 million euros in 2015, compared with the 21,512 million euros posted in 2014. This decrease is due to the unfavorable evolution of the commodities this year.

EBITDA rose to 3,039 million euros, a 1.7% drop on 2014, taking into account the below factors:

- In 2015, the gross margin of the free market stabilised, after the exceptionally positive figures posted in 2014. The decrease in gross margin can be mainly attributed to the higher cost of the electricity purchased and higher taxes on electricity generation. The average weighted price in the wholesale electricity market reached 51.7 euros/MWh in 2015 (up 23.1% on 2014).
- As part of Endesa's restructuring and reorganisation plan, a provision of 380 million euros (349 million euros in 2014) for workforce optimisation projects was recorded in 2015.
- The unfavourable effects outlined in the previous paragraphs have been almost entirely offset by the combined effect of the higher sale price to free market customers and by the 184 million euros posted from the forward sale that took place on December 17th, 2015 in relation to the European Union Allowances (EUAs) obtained following the exchange process of Emission Reduction Units (ERUs) and Certified Emission Reductions (CERS) for EUAs allowed by the Commission Regulation (EU) no. 389/2013, articles 58-61.
- Furthermore, as part of the plans aimed at improving operational efficiency and the cost reduction measures implemented, other 2015 operating costs were 7.9% lower than in 2014.

EBIT posted in 2015 was 126 million euros higher (up 8.6%) than in 2014, reaching 1,598 million euros, as a result of the reduction in depreciation and amortisation which was mainly attributable to the extension of the useful lives of nuclear power plants and CCGTs as from October 1st, 2014 (129 million euros).

During 2015, Endesa disposed of the assets associated with the Chira-Soria hydroelectric power 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 approximately 10 million euros.

Net financial debt, cash flow and investments

As of December 31st, 2015, Endesa's **Net Financial Debt**¹ stood at 4,323 million euros, a 1,097 million euro reduction on the figure posted as of December 31st, 2014.

This reduction was possible because operating cash flow², which amounted to 2,656 million euros, was higher than the sum of the investments and the ordinary dividend posted on 2014 results.

Endesa's **Gss Investment** was 1,084 million euros in 2015 of which 1,025 million euros relate to investments in tangible, intangible assets and real estate investments while the remaining 59 million euros relate to financial investments.

¹Net Financial Debt = Non-current financial debt + Current financial debt+– Financial derivatives-assets – Cash and equivalent liquid assets.

² Operating cash flow = Cash flow from operating activities.



Dividends: 35% more than in 2014

In the meeting held on December 21st, 2015, the Board of Directors of Endesa agreed to pay out an interim dividend on 2015 results for a gross amount of 0.4 euros per share, equivalent to a total of 424 million euros, which was paid as of January 4th, 2016.

The proposed dividend distribution to shareholders for 2015, which will be presented to the next General Shareholders' Meeting by Endesa's Board of Directors, will be in the gross amount of 1,026 euros per share on 2015 net profit, an increase of 35% on the ordinary dividend posted on 2014 results. Taking into account the 0.4 euro/share dividend specified in the previous paragraph, the residual sum to be paid out is expected to total 0.626 euros gross per share.



All the information about the company is available in [Endesa Corporate](#), the Endesa App for iPhone, iPad and Android.

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