

Resultados IS 2008  
Fuerte crecimiento en todos los negocios



# *1Q08 Results*



**12 May 2008**

## Explanatory note

- For the purposes of reviewing the Group's performance in 1Q08 and providing a year-on-year comparison, the analysis provided below is based on all operations classified as continued. The result of discontinued activities are only included in net income
- Under IFRS 5, Endesa Europa assets and the power plants in Spain that Endesa plans to sell to E.On AG in the near future in accordance with the agreement signed by the main shareholders, Enel and Acciona, on 26 March, 2007, are classified as discontinued operations
- Endesa decided to change the accounting criteria used to consolidate jointly controlled investments from equity method to proportionate consolidation. 2007 accounting data has been changed with this criteria for accurate comparison

## Highlights of 1Q08

- **Stable earnings:**

- EBITDA of €1,631 M (-3.2%)
- Net Income of €662M (+4.6%)

- **Key challenges facing the business:**

- In Spain, key regulatory aspects (vg. CO2) still pending, moderate demand and recovery of pool prices
- In Latin America, stable activity levels with wider generation margins and lower in distribution.

- **Key corporate aspects:**

- Sale of assets to E.ON at an attractive price
- Favourable progress of the synergy plan
- Renewables company with Acciona process already started

**Stable results**

€M	1Q 2007	1Q 2008	Change
<b>Sales</b>	4,144	5,147	<b>+24%</b>
<b>Gross profit</b>	2,431	2,394	<b>-2%</b>
<b>EBITDA</b>	1,685	1,631	<b>-3%</b>
<b>EBIT</b>	1,213	1,228	<b>+1%</b>
<b>Net financial expenses<sup>(1)</sup></b>	-226	-271	<b>+20%</b>
<b>Net income</b>	633	662	<b>+5%</b>
	<b>31/12/07</b>	<b>31/03/08</b>	<b>Change</b>
<b>Leverage</b>	1.22x	1.19x	<b>-0.03x</b>

(1) The increase in net financial expenses is due to the positive effect of €50M in early retirements provisions in 1Q07 and a negative effect of €10M in the 2008 accounts.

Note: Stripping out RDL 11/2007 effect EBITDA grows 3% and deducting the effect just for liberalized customers EBITDA grows 0.1%.

**Sale of assets to E.ON at an attractive price**

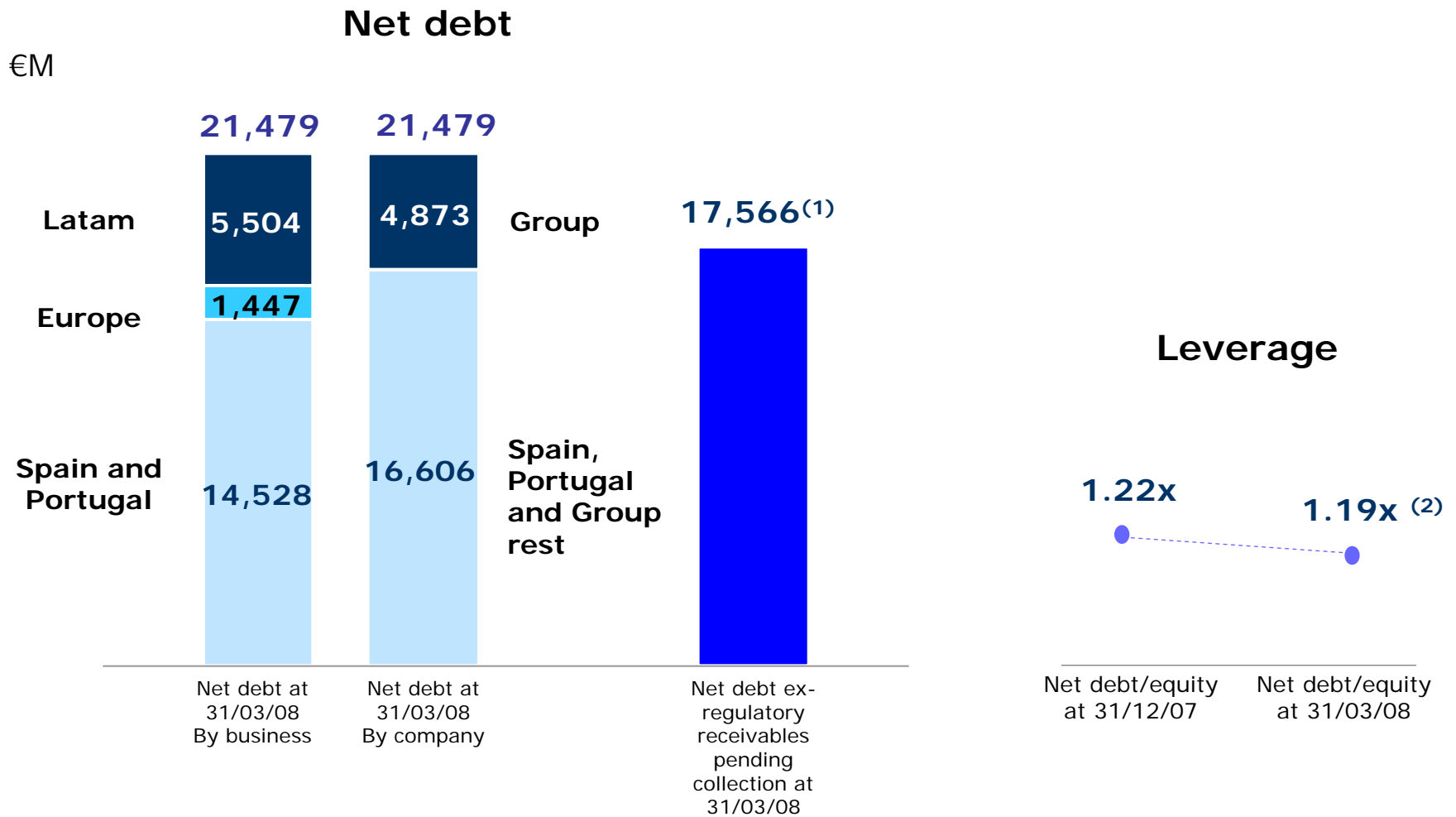
€M

	Total enterprise value	Adjusted enterprise value <sup>(1)</sup>	Adjusted EBITDA 2007 <sup>(1)</sup>	
<b>ENDESA EUROPE</b>	10,750	8,730	864	<div style="border: 2px solid red; padding: 5px; text-align: center;"> <b>EV/EBITDA= 10x</b> </div> <div style="border: 2px solid red; padding: 5px; text-align: center; margin-top: 10px;"> <b>Estimated gross capital gains: €4,500M</b> </div>
<b>ASSETS SPAIN<sup>(2)</sup></b>	750	750	84	
<b>TOTAL</b>	<b>11,500</b>	<b>9,480</b>	<b>948</b>	

(1) Corrected for minorities.

(2) Does not include nuclear capacity

## Financial strength



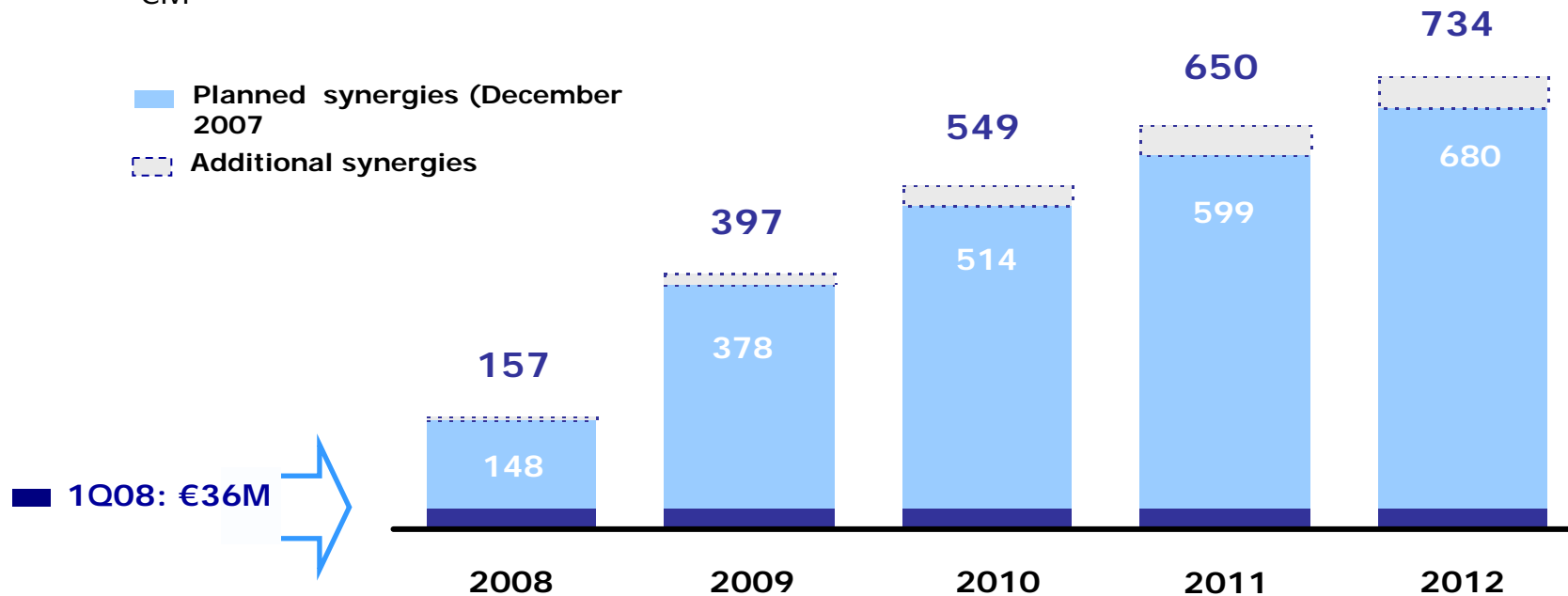
(1) The breakdown of regulatory receivables is provided in the Appendix (page 22)

(2) Leverage is 0.98 taking into account regulatory receivables.

## Synergy Plan and Efficiencies in line with objectives

### Annual Synergies and Efficiencies<sup>(1)</sup>

€M



- Work on identifying additional synergies continues
- Reaching 23% of the objective for 2008

(1) Recurring based on 2007  
 Note: Synergies calculated on margin, opex and capex

1Q08 Results

Strong growth across all regions



# Spain and Portugal



## Highlights

- Increase in Endesa's output (4.5%\*) in an environment of moderate increase in demand of 2.1%
- Pool prices have recovered (+62%, €71.5/Mwh vs. €44.1/MWh)
- Adverse hydraulic conditions
- Sharp rise in fuel and CO2 prices in international markets
- Prudence in applying RDL 11/2007. Economic impact: €106M. Endesa disagrees with this measure that reduces revenues
- New record in quality of supply (SAIDI -26% vs. 1Q07, best service quality in the industry)

(\*) Includes 533GWh of energy tested at the Puentes CCGT and plants to be sold to E.On

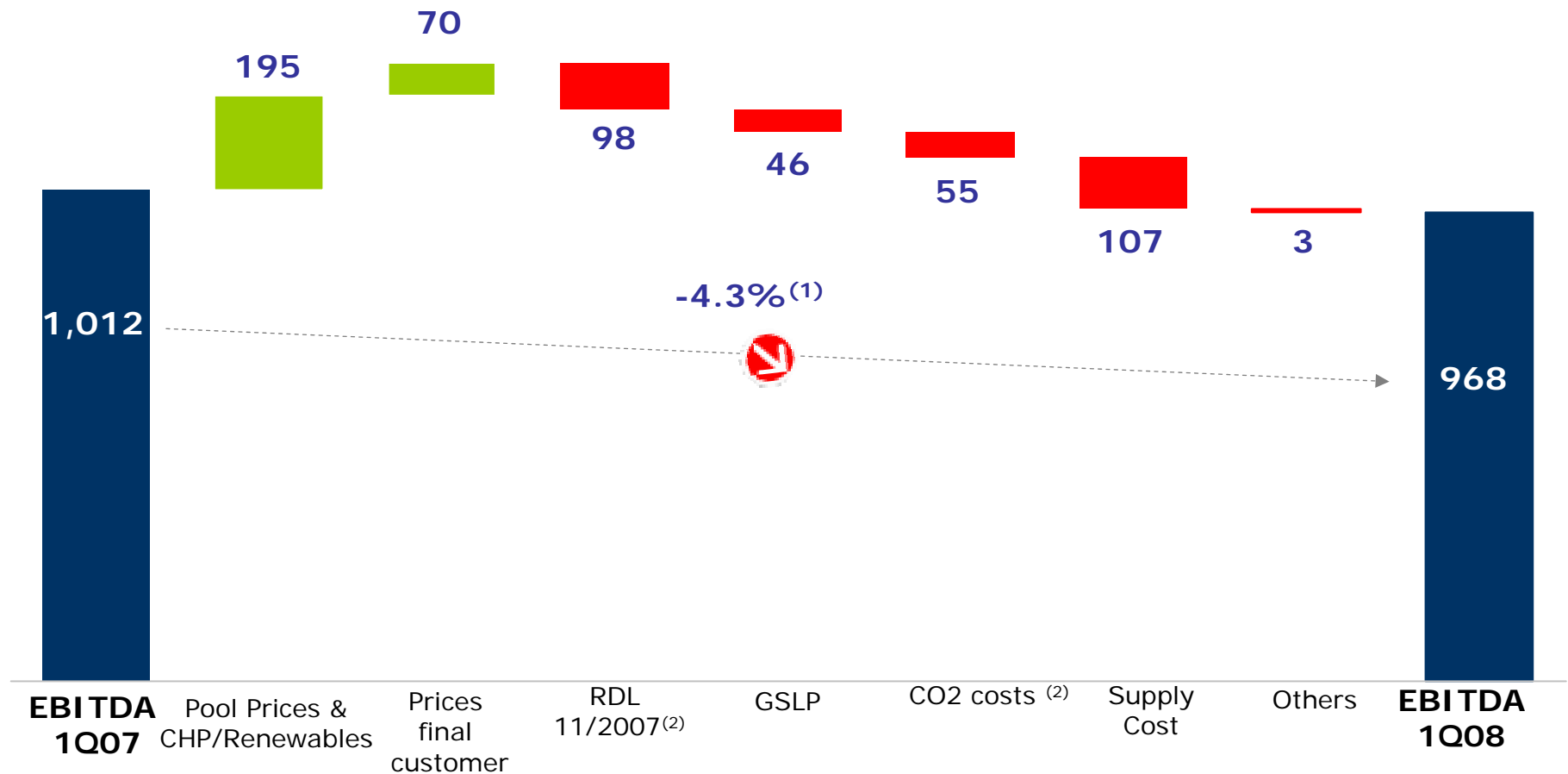
## Income Statement Spain and Portugal 1Q 2008

€M	1Q 07	1Q 08	Change
<b>Sales</b>	2,373	2,882	<b>+21%</b>
<b>Gross profit</b>	1,509	1,492	<b>-1%</b>
<b>EBITDA</b>	1,012	968	<b>-4%</b>
<b>EBIT</b>	671	708	<b>+6%</b>
<b>Net financial expense<sup>(1)</sup></b>	-77	-156	<b>+103%</b>
<b>Net income</b>	437	437	<b>+0%</b>

*(1) Increase is due to early retirement provisions positive effect (€50M) in 1Q07 against negative effect of (-€10M) in 1Q08  
 Note: Stripping out RDL 11/2007 effect EBITDA grows 6% and deducting the effect just for liberalized customers EBITDA grows 1%.*

## Higher pool prices offset by higher CO2 and fuel costs and provision for RD 11/2007

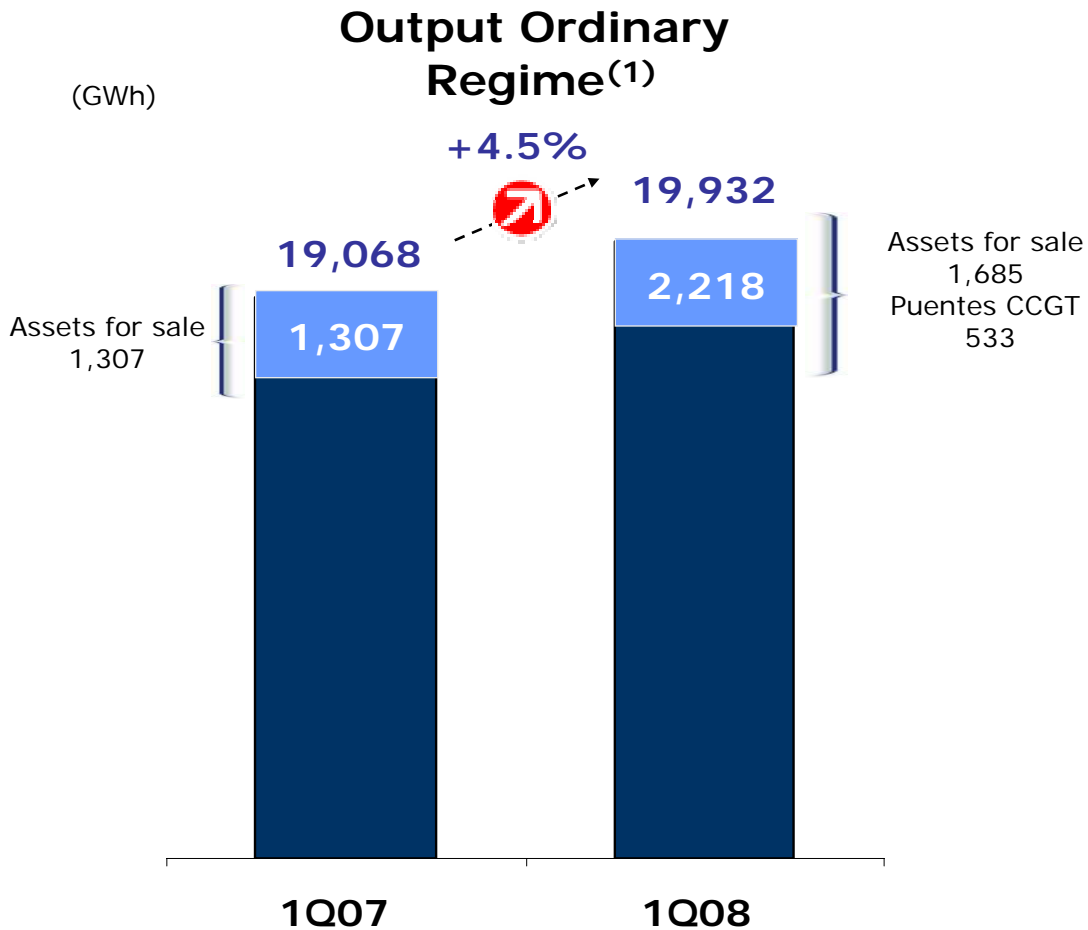
€M



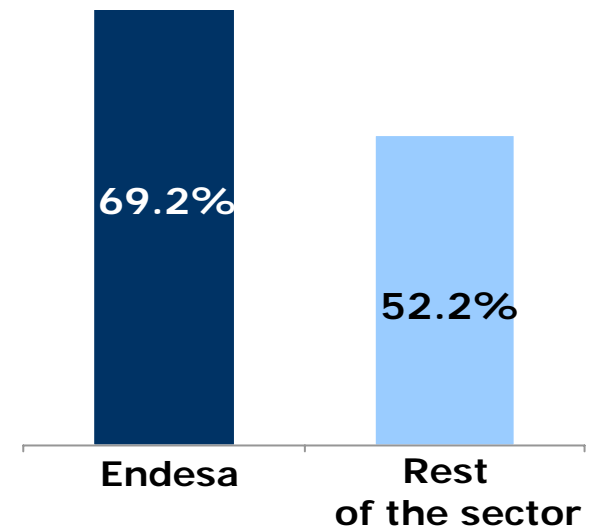
(1) The comparison includes jointly controlled investments which are accounted for using proportionate consolidation instead of the equity method but not plants to be sold to E.On.

(2) Mainland CO2 costs (€56M in 1Q08 vs €1M in 1Q07) and a discount for rights (€106M in 1Q08 vs. €8M in 1Q07)

## Increase in output in the ordinary regime outstripped demand



Thermal plant with a higher load factor<sup>(2)</sup>

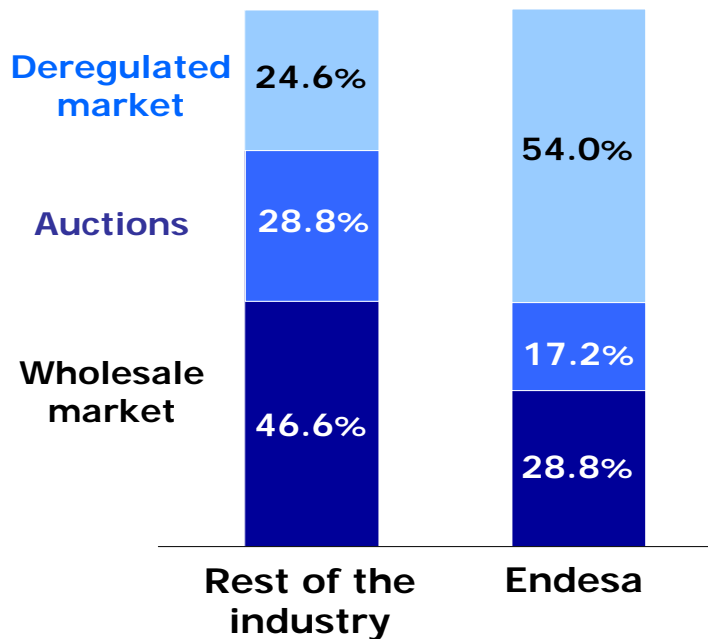


And a hydro plant with lower volatility (-45% vs. -66% of the sector)

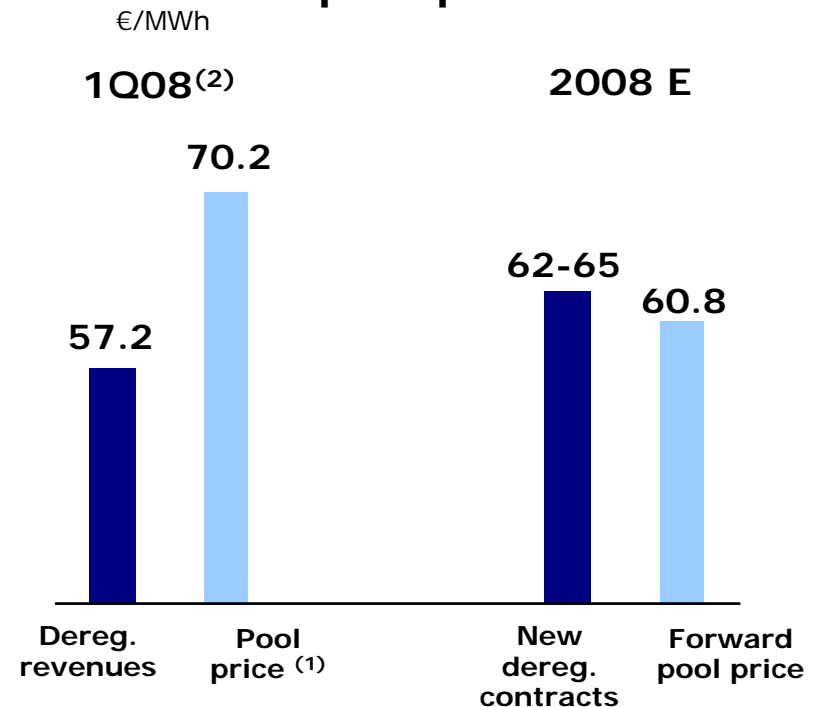
(1) Includes the assets to be sold and, Puentes CCGT and jointly controlled investments by proportionate consolidation  
 (2) Conventional thermal facilities excluding fuel-oil

## Supply: hedging between generation and sales

### Generation sales



### Deregulated revenue and pool price



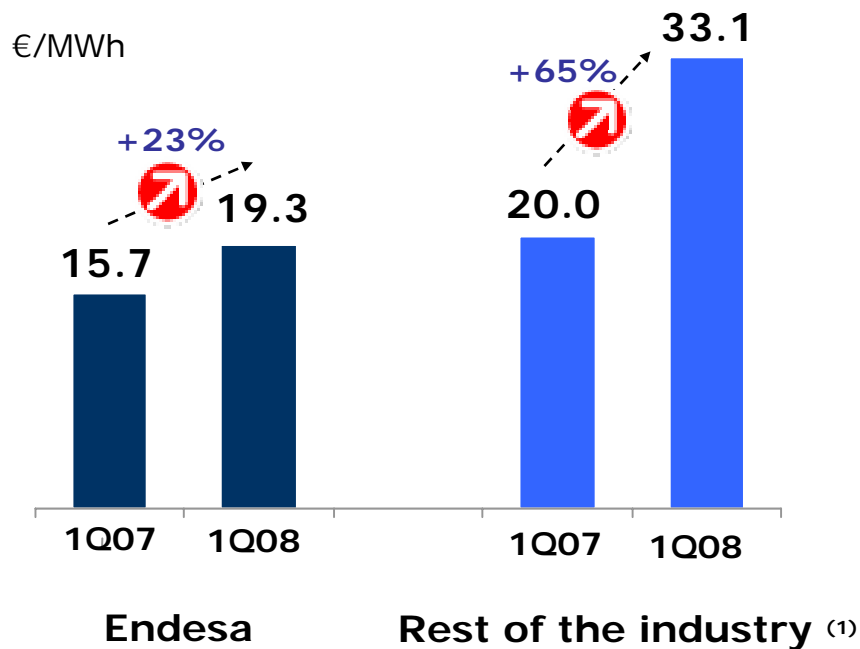
- **High pool prices. Contracts renewed and new contracts signed in 2008 at an equivalent price between €62 and 65 €/MWh, based on different market segments, above the annual average wholesale market forward price**

(1) Does not include GSLP (71,5€/MWh with it)

(2) Considering long term relationship with customers, comparison for just one quarter is not relevant

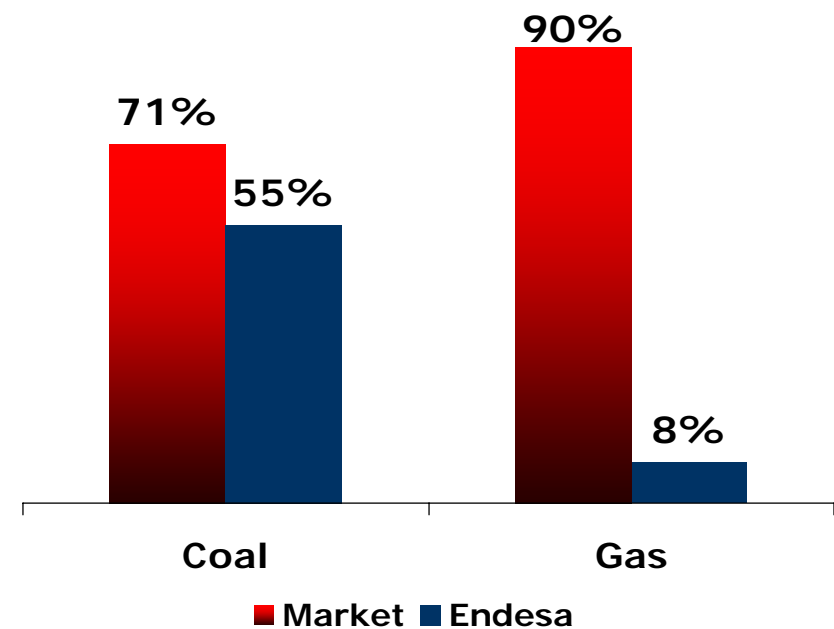
## Better fuel costs management than our competitors and beating the market

**Competitive mainland fuel costs in the Ordinary Regime vs. the sector**





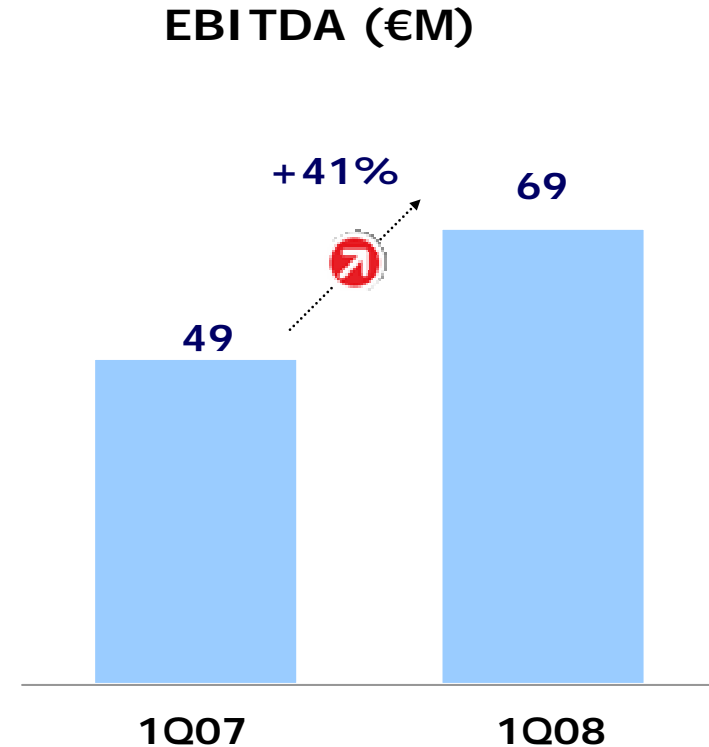
(1) Estimate

**Competitive against commodities markets (12 months performance)**



## CHP/Renewables: strong EBITDA growth thanks to higher volumes and prices

	1Q07		1Q08
<b>Output<sup>(1)</sup></b>	<b>823</b> GWh	+5.5% 	<b>868</b> GWh
<b>Sale price CHP/Renew.</b>	<b>81.7</b> €/MWh	+22.3% 	<b>99.9</b> €/MWh



- **504 MW under construction in wind farms**

(1) Accounting output (corresponding to booked sales)

## 1Q08 Results

Strong growth across all regions



# Latin America

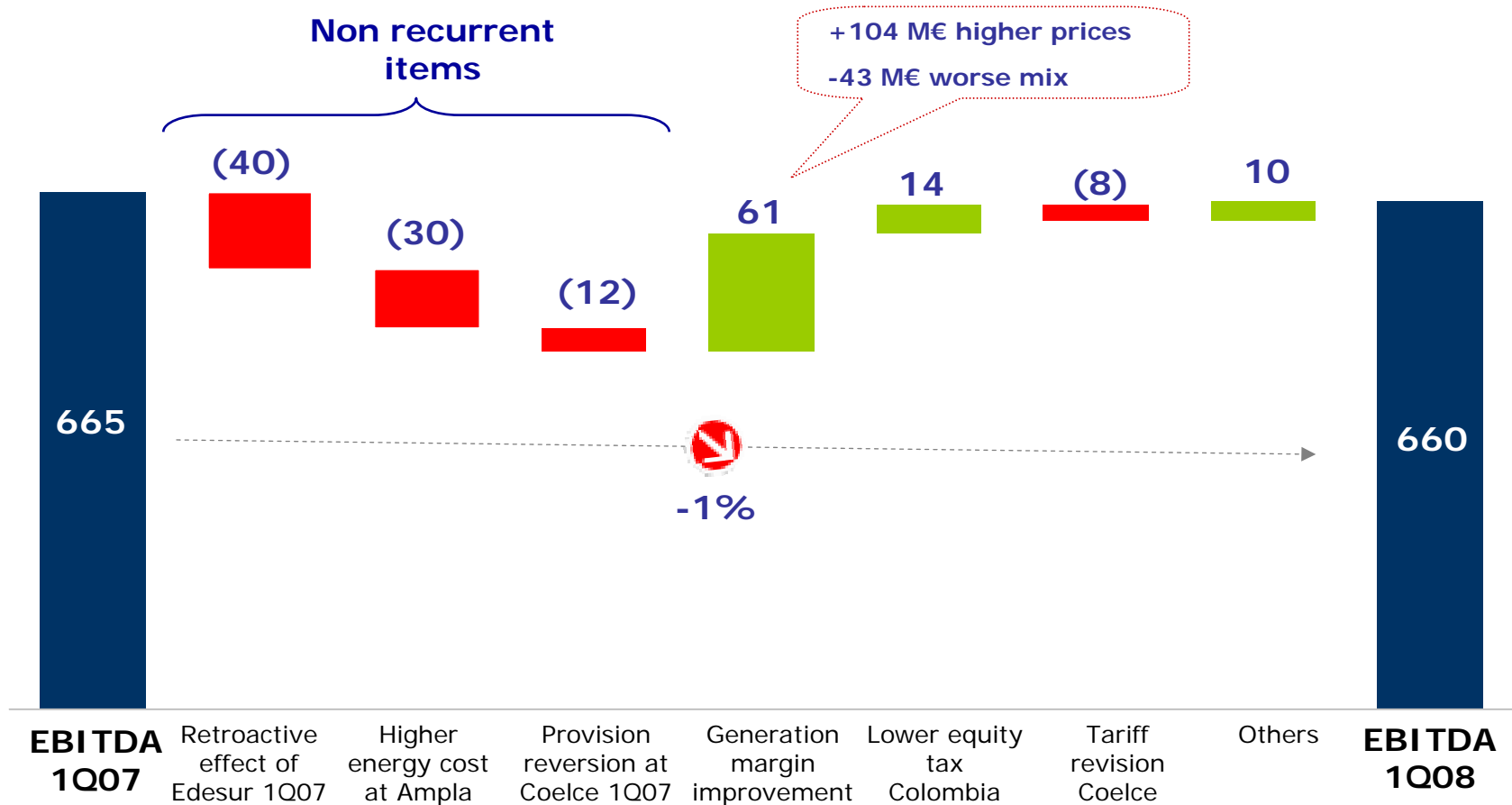


## 1Q 2008 Income Statement Latin America

€M	1Q 2007	1Q 2008	Change	
<b>Sales</b>	1,665	1,943	+17%	+20% <sup>(1)</sup>
<b>Gross profit</b>	912	895	-2%	+3% <sup>(1)</sup>
<b>EBITDA</b>	665	660	-1%	+6% <sup>(1)</sup>
<b>EBIT</b>	535	518	-3%	+5% <sup>(1)</sup>
<b>Net financial expense</b>	-147	-116	-21%	
<b>Net income</b>	96	128	+33%	

(1) Stripping out the retroactive effect of Edesur in 1Q07

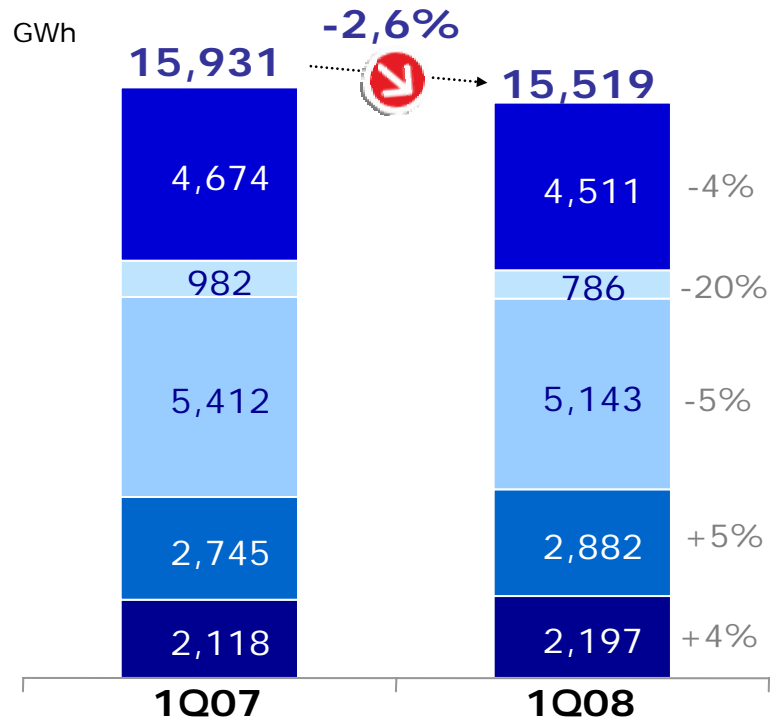
## Higher sale prices in Gx offset by fall in margins and non recurrent items in Dx



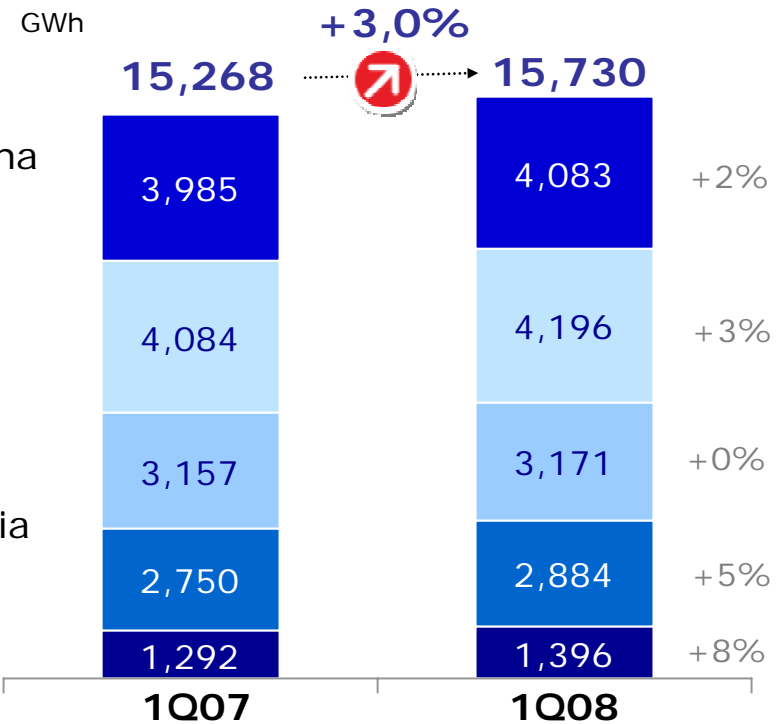
Note: foreign exchange differences were almost null during the period

## Lower generation levels and higher distribution levels

### Generation Output

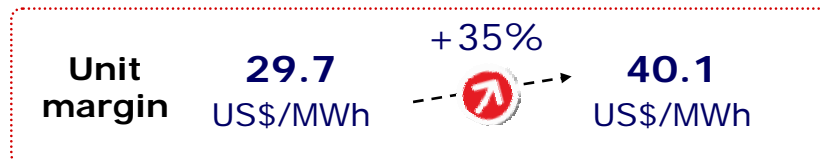
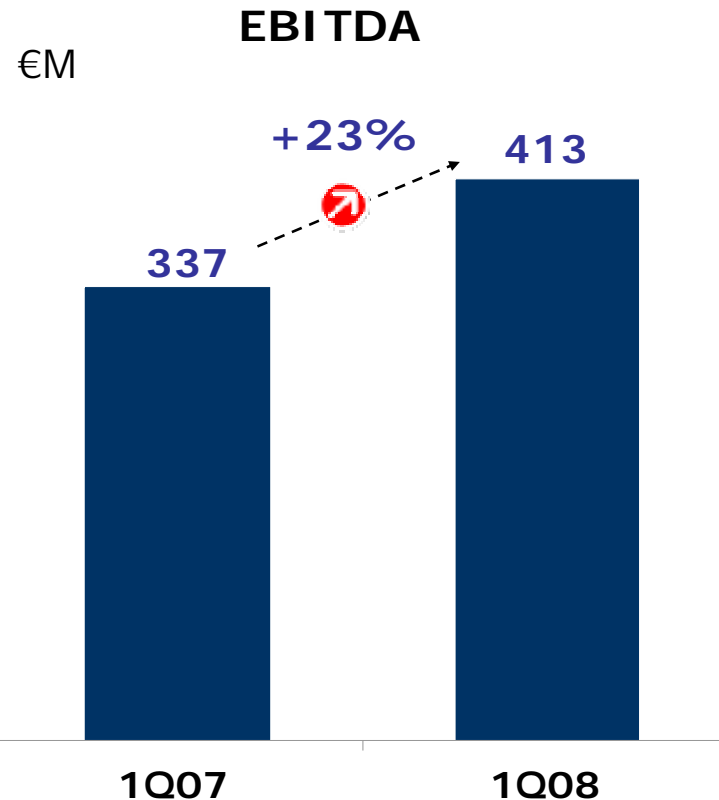


### Distribution Sales



- Poor hydro conditions persist
- Gas supply deficit in Chile

## Sharp Generation earnings growth due to wider margins



### Highlights

- Higher sale prices prices in Argentina, Brazil and Chile

	Spot prices (€/MWh)			Average sale price Endesa's Gx (€/MWh)		
	1Q 07	1Q 08	% Ch	1Q 07	1Q 08	% Ch
Argentina	17.5	20.7	18.1%	21.9	25.4	16.1%
Brazil	6.7	106.2	-	36.1	70.3	95.0%
Chile	82.5	188.3	128.3%	57.5	105.3	83.2%
Colombia	33.7	33.4	-0,8%	32.6	32.5	-0,1%
Peru	23.0	11.7	-49,3%	33.2	28.4	-14,3%
<b>Endesa Latam Average</b>				<b>39.1</b>	<b>58.8</b>	<b>50.4%</b>

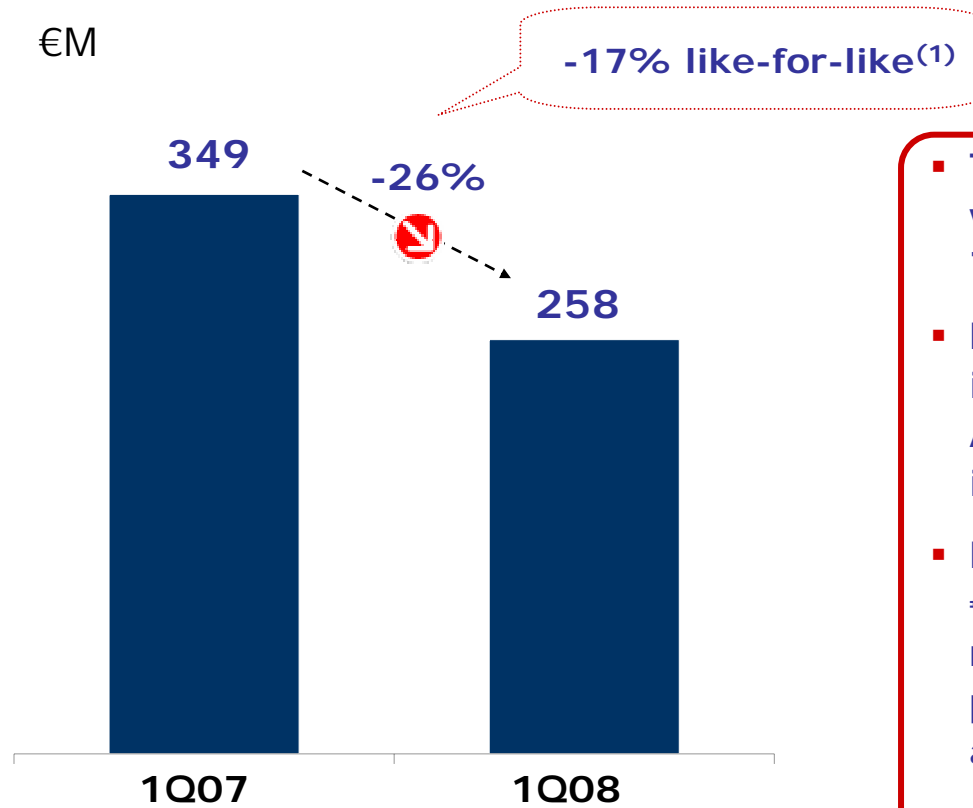
- An additional 447 MW in operation<sup>(1)</sup>
- Competitive production mix

(1) Since march 2007 new capacity in operation: SIS II 353MW, Palmucho 32MW, Canela II 18MW, Ventanilla 26MW, capacity reviews 18MW

## Fall in Distribution results

### EBITDA

€M



### Highlights

- Tariff reviews in 2007 at Coelce with an impact of - €8M (VAD - 7%)
- Higher energy costs in 1Q08: includes higher energy cost at Ampla (€30M) to be recovered in the next 12 months
- Non recurrent items in 1Q07: €M40 in Edesur retroactive tariff revision and reversal of a provision at Coelce (€12M) accounted for in 1Q07
- Improved efficiency (energy losses 10.4% vs. 11.1% in 1Q07)



(1) Stripping out the retroactive effect of Edesur (€40M). Like-for-like unit margins US\$39.4 in 1Q08 vs. US\$39.3 in 1Q07 = +0.5%

## 1Q08 Results

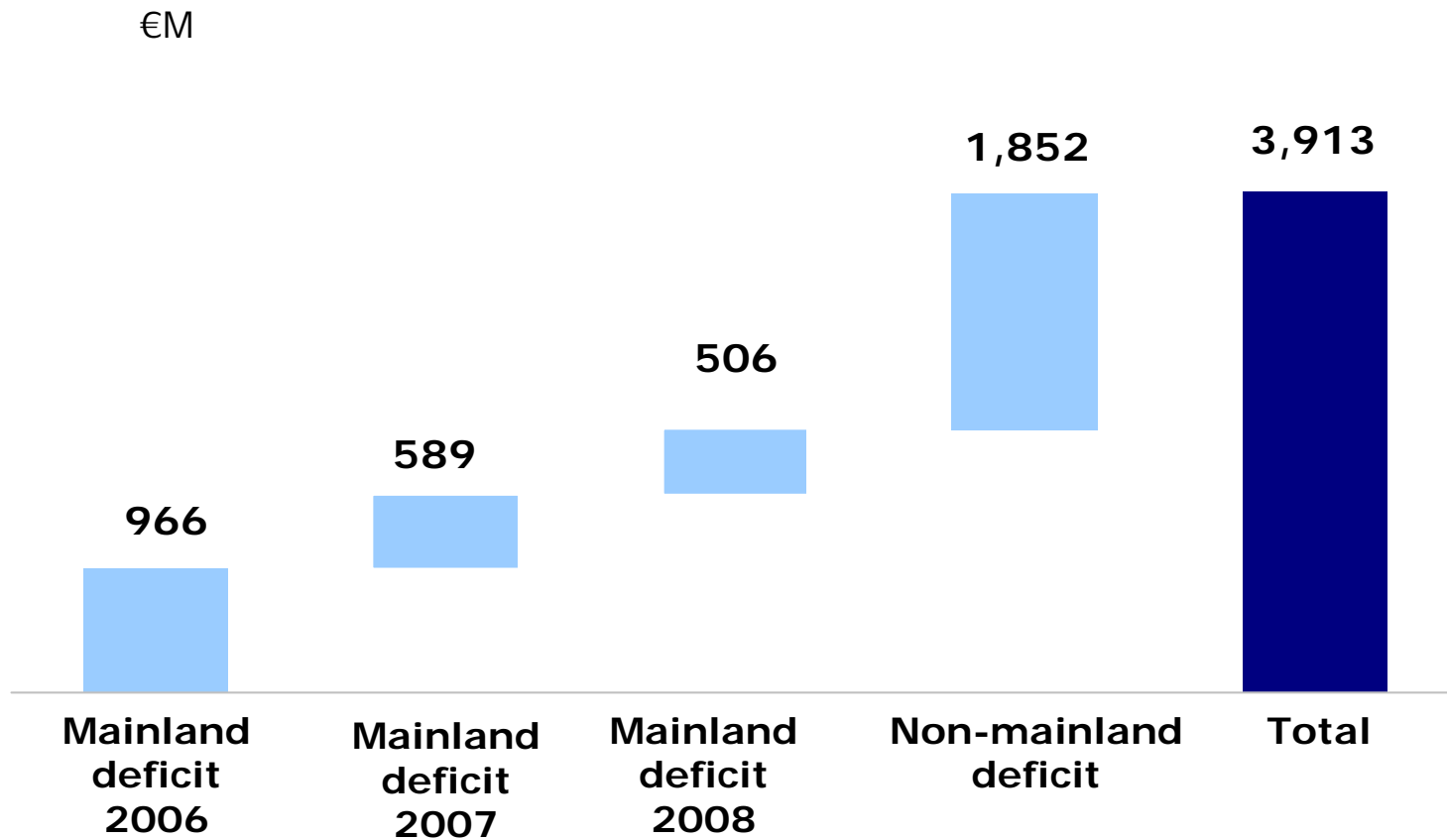
1H07 Results  
Strong growth across all businesses



# Back Up



## Recognised regulatory items pending collection

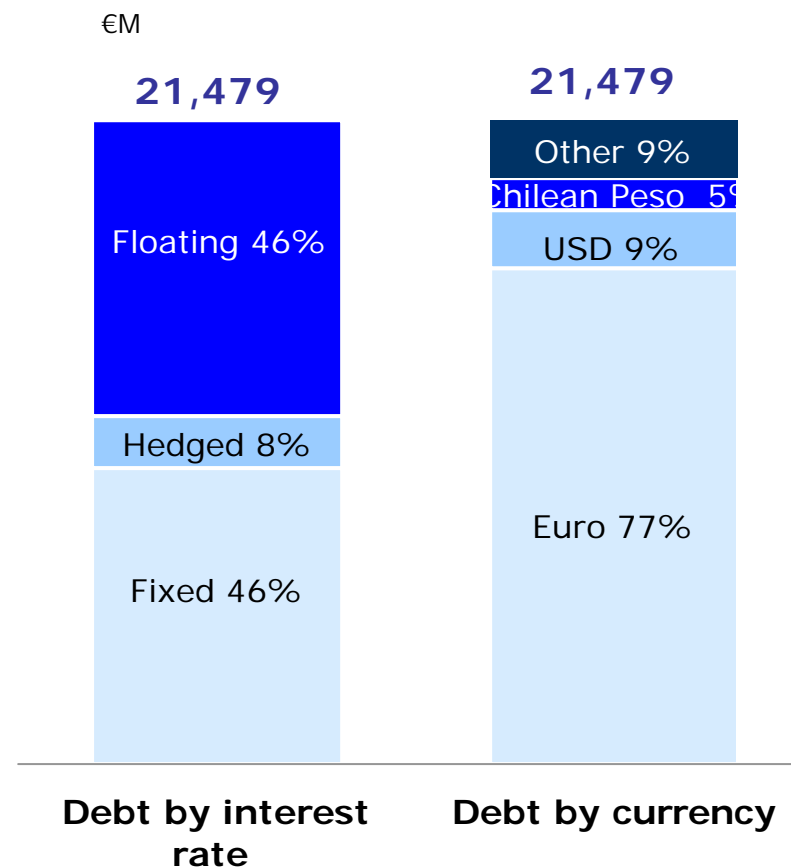


## Debt and liquidity structure

### Main debt characteristics

- **Debt structure:**
  - Fixed-rate or hedged debt: 54% <sup>(1)</sup>
  - Debt in currency in which cash flow is generated
- **Average cost of debt: 6,16%**
  - Endesa excl. Enersis: 4,96%
  - Enersis: 9.59%
- **Leverage<sup>(1)</sup>:**
  - Net debt/equity: 1.19x
- **Average life of debt: 4.6 years**
- **Liquidity at Endesa:**
  - Endesa excl. Enersis: €4,583M
  - Enersis: €1,161M

### Debt structure



(1) Stripping out regulatory receivables, fixed rate or hedged debt represents 67% of the total with leverage of 0.98x.

## Installed capacity and output<sup>(1)</sup> 1Q 2008

MW at 31/03/08		Spain and Portugal <sup>(2)</sup>	Latam	International Development <sup>(3)</sup>	Total
<b>Installed capacity</b>	<b>Total</b>	<b>24,003</b>	<b>15,184</b>	<b>140</b>	<b>39,327</b>
	Hydro	5,368	8,633	-	14,001
	Nuclear	3,642	-	-	3,642
	Coal	5,804	562	-	6,366
	Gas Natural	2,025	3,903	123	6,051
	Fuel oil	5,534	2,068	-	7,602
	Renewables and CHP	1,630	18	17	1,665
	TWh 1Q 2008 % Chg vs 1Q07		Spain and Portugal <sup>(2)</sup>	Latam	International Development <sup>(3)</sup>
<b>Output</b>	<b>Total</b>	<b>22.7 +3%</b>	<b>15.5 -3%</b>	<b>0.2 -14%</b>	<b>38.4 +1%</b>
	Hydro	1.0 -45%	7.9 -19%	- -	8.9 -23%
	Nuclear	7.6 +10%	- -	- -	7.6 +10%
	Coal	8.3 +0%	0.6 +11%	- -	8.9 +1%
	Gas Natural	2.1 +65%	4.8 +10%	0.2 -18%	7.1 +21%
	Fuel oil	2.8 -2%	2.2 +80%	- -	5.2 +22%
	Renewables and CHP	0.9 +5%	0.006 n.a.	0.01 n.a.	0.9 +7%

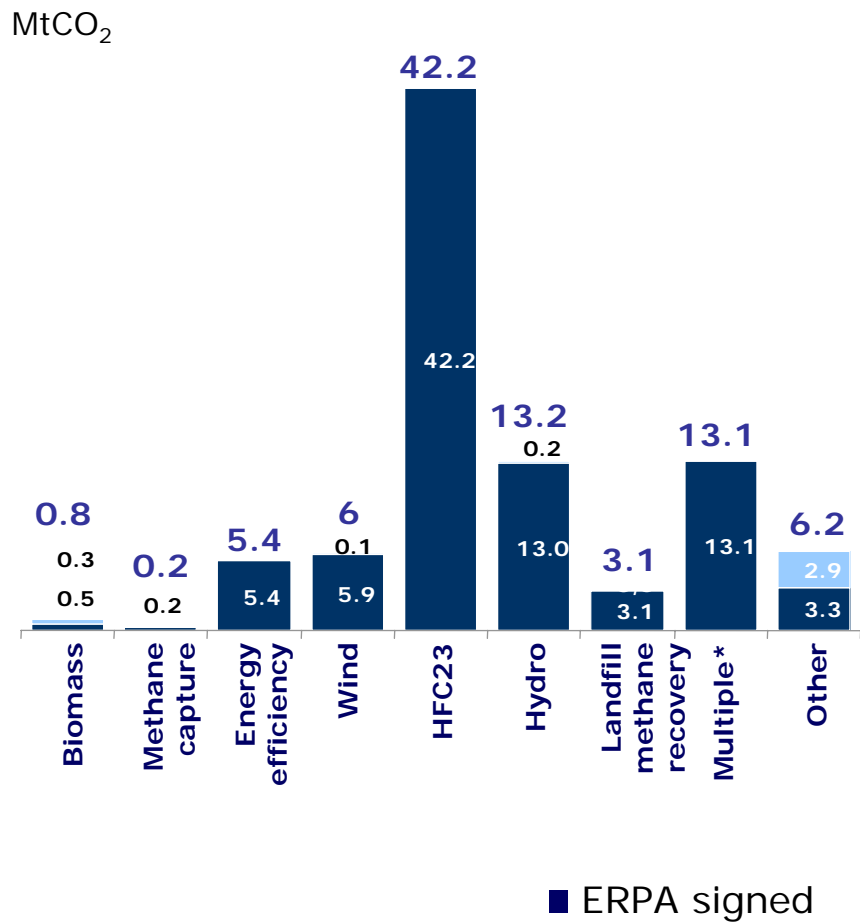
(1) Includes data for fully consolidated companies and jointly controlled investments using proportionate consolidation

(2) Does not include plants to be sold. Includes 533GWh of energy tested at the Puentes CCGT

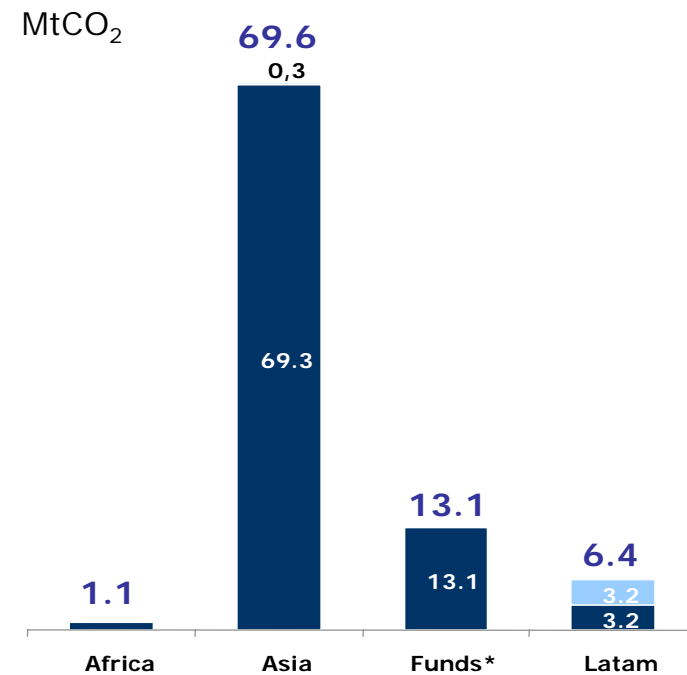
(3) Includes Endesa Hellas and companies under proportionate consolidation

## Endesa's CDM Projects: 90.2 Mt CO<sub>2</sub>

Technological breakdown  
(41 projects)



Geographic breakdown  
(41 projects)

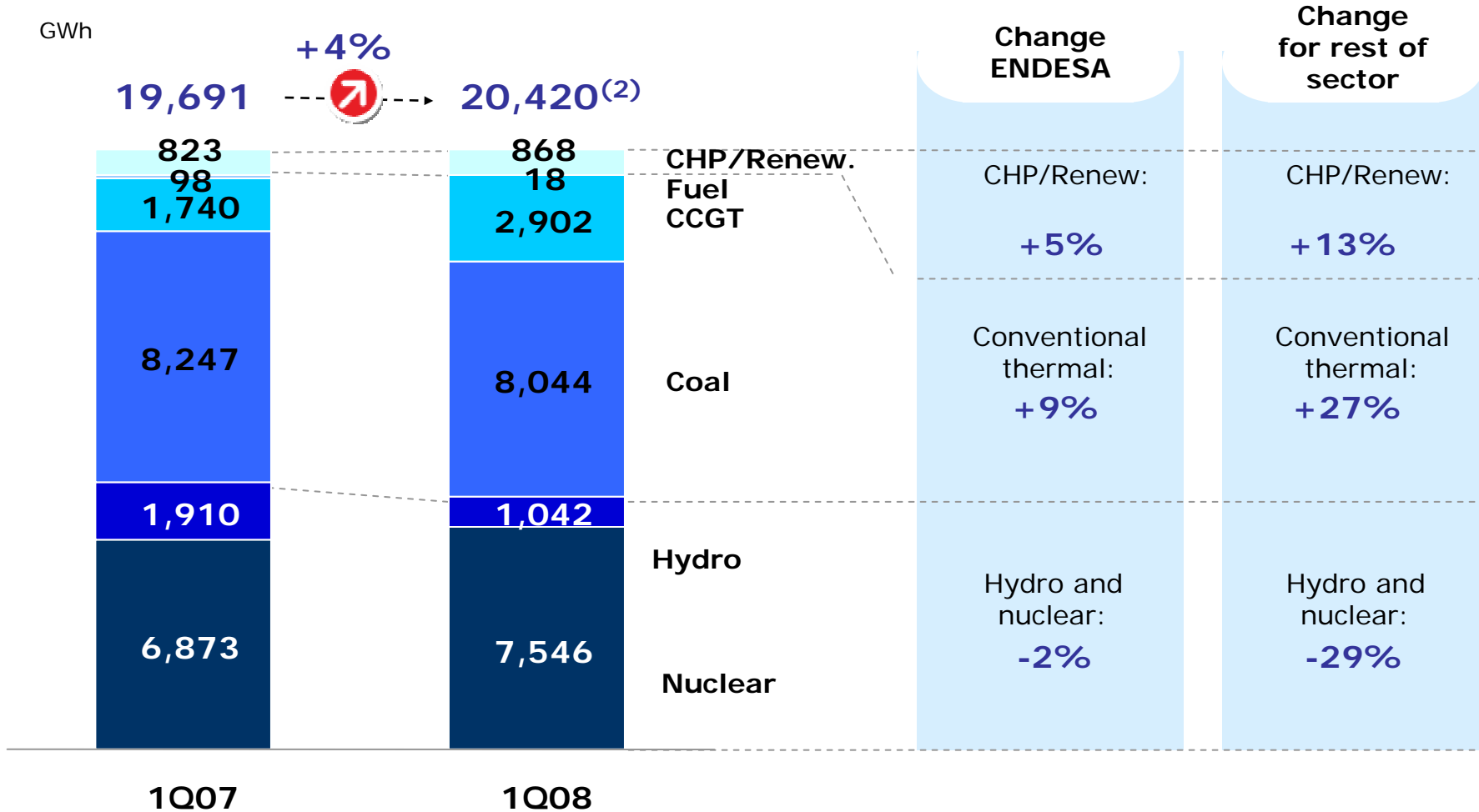


\*Each fund is accounted for as a discrete project

## Generation output in Spain

### Endesa mainland generation<sup>(1)</sup>

GWh



(1) Includes assets for sale

(2) Includes 533 GWh of energy tested at the Puentes CCGT.

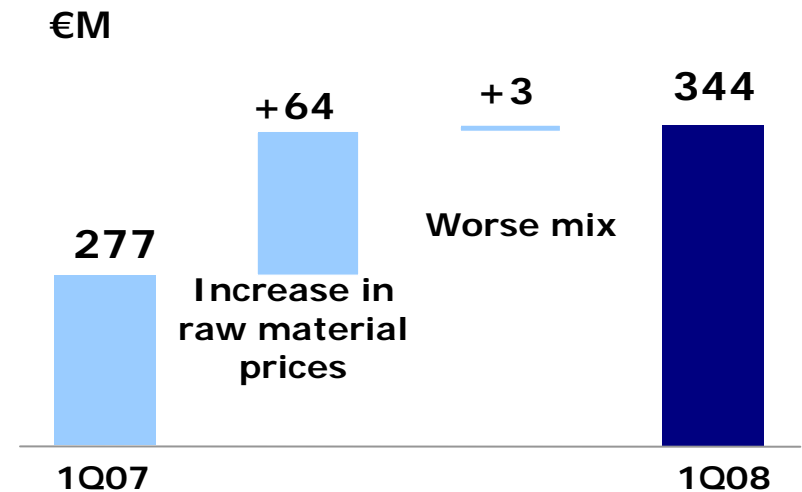
## Mainland fuel costs by technology

Breakdown of mainland unit fuel costs<sup>(1)</sup>

€/MWh

	1Q07	1Q08	Change
CCGT <sup>(2)</sup>	37.5	38.5	2.9%
Domestic coal <sup>(3)</sup>	25.1	29.4	17.4%
Imported coal	18.6	28.7	54.5%
Fuel	154.7	128.7	-16.8%
<b>Avg. conventional thermal output</b>	<b>17.7</b>	<b>20.5</b>	<b>15.7%</b>
<b>Total average</b>	<b>16.2</b>	<b>20.3</b>	<b>25.3%</b>

Breakdown of impact on fuel costs



(1) Excluding emission rights costs and comparison with 2007 proforma

(2) €34.9/MWh in 2008 and 32.6 in 2007 ex-ATR.

(3) Net of coal premiums. The gross cost was €29.4/MWh in 1Q08 and €25.1/MWh in 1Q07. Includes imported coal consumed by domestic coal plants.

## CHP/Renewables: operating indicators






		1Q07			1Q08		
MW		Net	Accounting	Gross	Net	Accounting	Gross
<b>Installed capacity<sup>(1)</sup></b>	<b>Total</b>	<b>1,589</b>	<b>1,286</b>	<b>2,381</b>	<b>1,886</b>	<b>1,630</b>	<b>2,857</b>
	Cogeneration	211	39	452	200	39	423
	Wind	1,136	1,038	1,548	1,444	1,382	2,054
	Mini-hydro	196	187	240	196	187	240
	Other	46	22	140	46	22	140
		1Q07			1Q08		
GWh		Net	Accounting	Gross	Net	Accounting	Gross
<b>Output</b>	<b>Total</b>	<b>1,057</b>	<b>823</b>	<b>1,676</b>	<b>1,094</b>	<b>868</b>	<b>1,720</b>
	CHP	159	34	393	189	34	419
	Wind	723	639	996	783	735	1,077
	Mini-hydro	121	117	130	75	72	79
	Other	54	33	157	47	27	145

(1) Wind: 504 MW under construction

## EBITDA breakdown by business line and country






### EBITDA Generation and Transmission

€M

	1Q07	1Q08	change
 Chile	171	172	0.6%
 Colombia	48	72	50.0%
 Brazil	38	76	100%
 Peru	42	35	(16.7%)
 Argentina	38	58	52.6%
<b>TOTAL GENERATION</b>	<b>337</b>	<b>413</b>	<b>22.6%</b>
Interconnection Brazil-Argentina		(2)	n.a.
<b>TOTAL GENERATION AND TRANSMISSION</b>	<b>337</b>	<b>411</b>	<b>22%</b>

### EBITDA Distribution

€M

	1Q07	1Q08	change
 Chile	51	48	(5.9%)
 Colombia	58	67	15.5%
 Brazil	154	94	(39%)
 Peru	25	25	-
 Argentina	61	24	(60.7%)
<b>TOTAL DISTRIBUTION</b>	<b>349</b>	<b>258</b>	<b>(26.1%)</b>

## Highlights by country

### EBITDA 1Q08 (vs 1Q07)

### Highlights



**Chile**

**Gx: €172M (+2%)**

**Dx: €48M (-6%)**

**Total EBITDA:  
€220M (-1%)**

- Low rainfall and gas stoppages from Argentina persist
- Average spot price: 282.3 USD/MWh 1Q08(vs 108.2 USD/MWh 1Q07)
- Nudo price: 104.1 USD/MWh 1Q08(vs 67.3 USD/MWh 1Q07)
- Further increase in the nudo price as of 1 April to US\$118/MWh
- 100 MW of new capacity (San Isidro II)
- Chilectra tender and GasAtacama agreement
- Rationing Decree already published
- The Unconventional Renewable Energy Law came into effect on 1 April



**Brazil**

**Gx: €76M (+100%)**

**Dx: €94M (-39%)**

**Tx: €-2M**

**Total EBITDA:  
€168M (-13%)**

- High spot prices during Jan-Feb in all systems (due to low rainfall)
- Cachoeira benefitted from high prices in the spot market
- Ampla's tariff review: VAD +6.5%, which recognizes higher energy purchases cost
- Tariff review at Coelce in April (TRI 8.43%)
- Cien awaiting definitive toll contract.

## Highlights by country

### Highlights

#### EBITDA 1Q08 (vs 1Q07)



Gx: €72M (+50%)

Dx: €67M (+16%)

Total EBITDA:

€139M (+31%)

- Higher hydro output in the system
- Recognition of lower wealth tax compared to previous year (positive effect of €14M at EBITDA level)



Gen: €58M (+53%)

Dist: €24M (-61%)

Total EBITDA:

€82M (-17%)

- Lower rainfall persist in the system
- More gas available due to weather conditions
- €11M corresponds to Dock Sud additional revenues (damages recognition from insurance co.)
- ITF delay at Edesur
- 1Q07 EBITDA includes €40M of retroactive effect at Edesur



Gen: €35M (-17%)

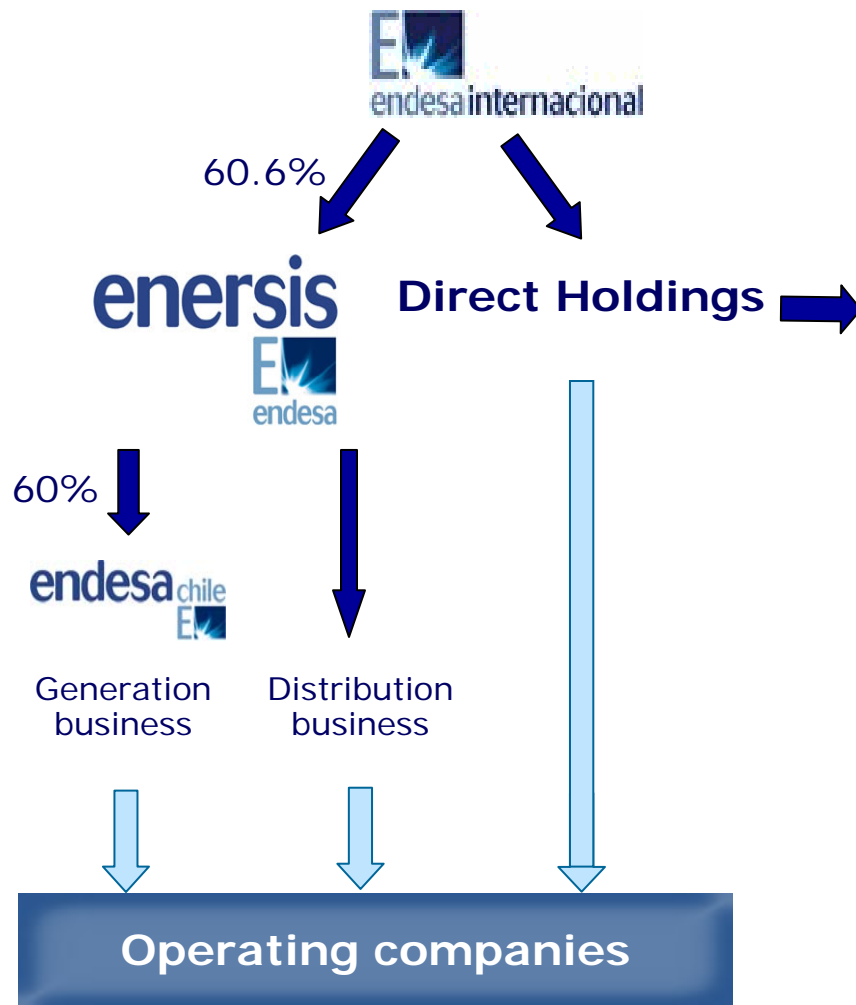
Dist: €25M (0%)








Total EBITDA:

€60M (-10%)

- Monomial barra price up 3.6% for May 08-April 09 (US\$40.55/MWh)
- Electricity energy supply tender for distribution companies
- Santa Rosa (189 MW) financing agreement already signed

## Endesa Internacional has major direct holdings in companies other than Enersis



	€M	% direct stake	Total EBITDA 1Q08	Net Debt 31/03/08 *
 Codensa:		27%	67	368
 Emgesa:		21.6%	72	516
EEB:		4.7%	N/A	N/A
 Endesa Brasil:		28.5%	163	1,033
 Edesur:		6.2%	24	16
 DockSud:		40%	29	104
Edelnor:		18%	25	188
 Edegel:		5.6%	31	310
Piura:		48%	4	-7
 Panguel:		5%	1	2
<b>Proportionate Total</b>			<b>101</b>	<b>595</b>

\* Includes intercompany debt

## Disclaimer

This document contains certain "forward-looking" statements regarding anticipated financial and operating results and statistics and other future events. These statements are not guarantees of future performance and they are subject to material risks, uncertainties, changes and other factors that may be beyond ENDESA's control or may be difficult to predict.

Forward-looking statements include, but are not limited to, information regarding: estimated future earnings; anticipated increases in wind and CCGTs generation and market share; expected increases in demand for gas and gas sourcing; management strategy and goals; estimated cost reductions; tariffs and pricing structure; estimated capital expenditures and other investments; estimated asset disposals; estimated increases in capacity and output and changes in capacity mix; repowering of capacity and macroeconomic conditions. [For example, the 2007-2009 EBITDA (gross operating profit as per ENDESA's consolidated income statement) targets included in this document are forward-looking statements and are based on certain assumptions which may or may not prove correct.] The main assumptions on which these expectations and targets are based are related to the regulatory setting, exchange rates, divestments, increases in production and installed capacity in markets where ENDESA operates, increases in demand in these markets, assigning of production amongst different technologies, increases in costs associated with higher activity that do not exceed certain limits, electricity prices not below certain levels, the cost of CCGT plants, and the availability and cost of the gas, coal, fuel oil and emission rights necessary to run our business at the desired levels.

In these statements we avail ourselves of the protection provided by the Private Securities Litigation Reform Act of 1995 of the United States of America with respect to forward-looking statements.

The following important factors, in addition to those discussed elsewhere in this document, could cause actual financial and operating results and statistics to differ materially from those expressed in our forward-looking statements:

**Economic and industry conditions:** significant adverse changes in the conditions of the industry, the general economy or our markets; the effect of the prevailing regulations or changes in them; tariff reductions; the impact of interest rate fluctuations; the impact of exchange rate fluctuations; natural disasters; the impact of more restrictive environmental regulations and the environmental risks inherent to our activity; potential liabilities relating to our nuclear facilities.

**Transaction or commercial factors:** any delays in or failure to obtain necessary regulatory, antitrust and other approvals for our proposed acquisitions or asset disposals, or any conditions imposed in connection with such approvals; our ability to integrate acquired businesses successfully; the challenges inherent in diverting management's focus and resources from other strategic opportunities and from operational matters during the process of integrating acquired businesses; the outcome of any negotiations with partners and governments. Delays in or impossibility of obtaining the pertinent permits and rezoning orders in relation to real estate assets. Delays in or impossibility of obtaining regulatory authorisation, including that related to the environment, for the construction of new facilities, repowering or improvement of existing facilities; shortage of or changes in the price of equipment, material or labour; opposition of political or ethnic groups; adverse changes of a political or regulatory nature in the countries where we or our companies operate; adverse weather conditions, natural disasters, accidents or other unforeseen events, and the impossibility of obtaining financing at what we consider satisfactory interest rates.

**Political/governmental factors:** political conditions in Latin America; changes in Spanish, European and foreign laws, regulations and taxes.

**Operating factors:** technical problems; changes in operating conditions and costs; capacity to execute cost-reduction plans; capacity to maintain a stable supply of coal, fuel and gas and the impact of the price fluctuations of coal, fuel and gas; acquisitions or restructuring; capacity to successfully execute a strategy of internationalisation and diversification.

**Competitive factors:** the actions of competitors; changes in competition and pricing environments; the entry of new competitors in our markets.

Further details on the factors that may cause actual results and other developments to differ significantly from the expectations implied or explicitly contained in this document are given in the Risk Factors section of the current ENDESA Share Registration Statement filed with the Comisión Nacional del Mercado de Valores (the Spanish securities regulator or the "CNMV" for its initials in Spanish).

No assurance can be given that the forward-looking statements in this document will be realised. Except as may be required by applicable law, neither Endesa nor any of its affiliates intends to update these forward-looking statements.

1H07 Results  
Strong growth across all businesses



## *1Q08 Results*



**12 May 2008**