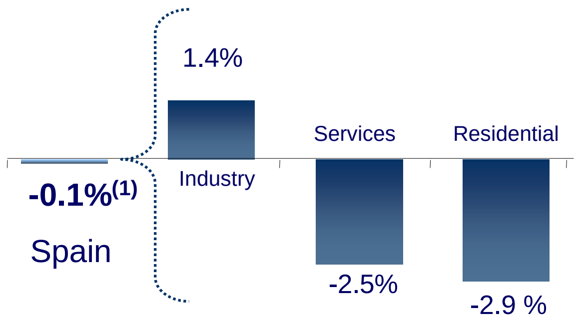
08 | 11 | 2011

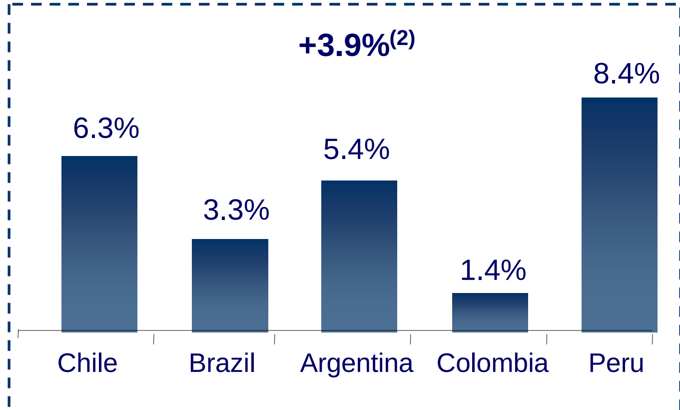
endesa 9M 2011 results

Market context in 9M 2011

Demand

Spain: demand slowing down affected by residential and small & medium enterprises





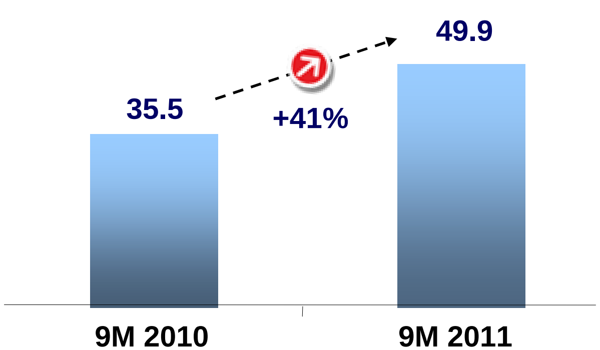
Latin America: solid growth in the region with outstanding performance in Chile, Peru and Argentina

(1) Mainland. Adjusted for weather and working days. (-1.0% not adjusted). Source: REE
(2) Gross. Countries where Endesa operates weighted by TWh (demand by country)

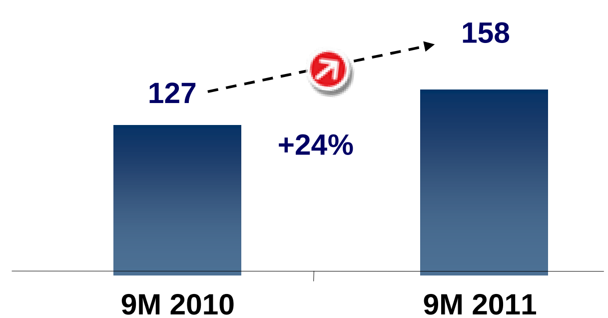
Electricity prices

Spain: higher prices due to lower hydro output and higher fuel costs

Average pool prices[1] Spain
(€/MWh)



Average spot prices Chile-SIC
(US$/MWh)



Chile: higher prices due to drought and higher commodity prices

(1) Does not include ancillary services nor capacity payments

Operating results affected by non-recurrent effects

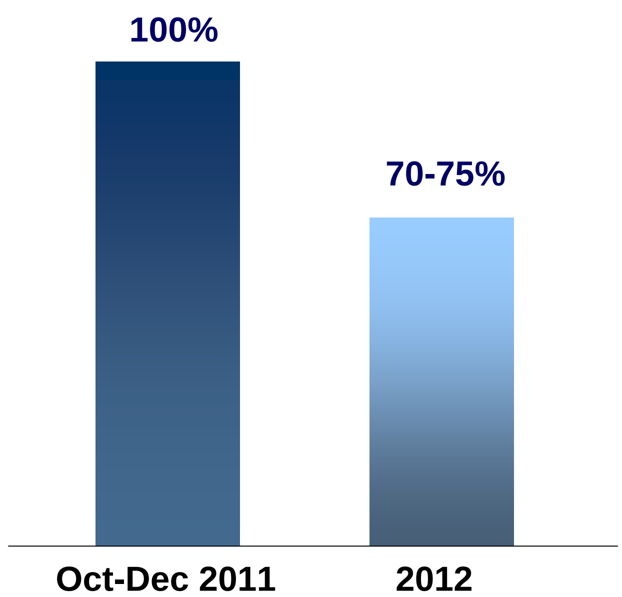
€M	9M 2011	9M 2010	Change	Like-for-like
Revenues	24,604	22,972	**+7%**	
Gross margin	8,157	8,400	**-3%**	
EBITDA	5,449	5,810	**-6%**	**-1%**
Spain&Portugal&Others	3,124	3,337	**-6%**	**0%**(1)
Endesa Latin America	2,325	2,473	**-6%**	**-1%**(2)
EBIT	3,843	4,196	**-8%**	
Net finance expenses(3)	576	824	**-30%**	
Net attributable income	1,978	2,722	**-27%**	
Net attributable income adjusted by disposals(4)	1,861	1,812	**+3%**	

Consolidated EBITDA -1% when considering the change in perimeter & the one-off tax in Colombia

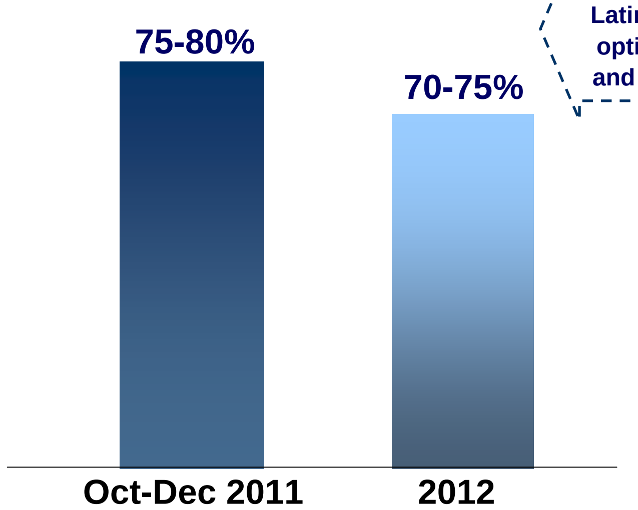
(1) Adjusted by perimeter (renewables, Endesa gas, transmission, endesa hellas and IT with €199 M in 9M 2010 vs. -€2 M in 9M 2011)
(2) Adjusted by net worth tax in Colombia (€109 M in 9M 2011) and perimeter (CAM&Synapsis €6 M in 9M 2010 vs. -€1 M in 9M 2011).
(3) Negative one-off in 9M 2010 (-€77 M) and ruling on appeal regarding previous years' income tax (+€63 M)
(4) Net capital gains (€117 M in 9M 2011 & €910 M in 9M 2010 mainly renewables divestment)

Forward sales strategy

Spain & Portugal
(% estimated mainland output hedged)



Latin America
(% estimated output hedged)



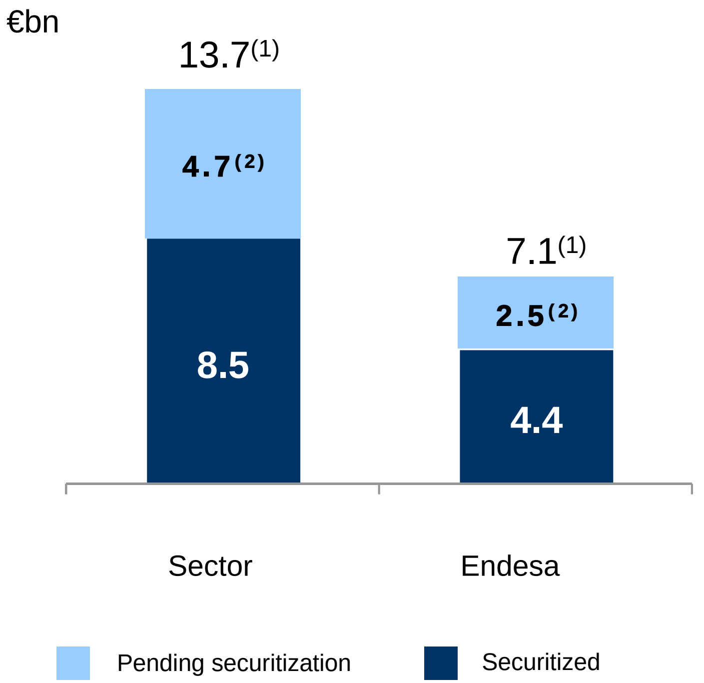
Contracting level in Latin America that optimizes margin and risk exposure

Consistent commercial policy

36% of the generation sold via contracts > 5 yrs and 23% via contracts > 10 yrs

Spain: tariff deficit securitization process advancing despite challenging market conditions

Balance of rights committed to FADE for securitization



(1) Rights valued at 31.12.2010

(2) Rights pending securitization valued at 30.09.2011 (difference vs. 31.12.2010 due to cash in from tariff)

5th securitization tranche

- Issue date: September 26th 2011
- Amount: €1.5 bn
- Coupon: 4.4% (+98bp over Spanish bond)
- Maturity: 2.0 years
- Settlement date: October 5th 2011

- Additionally, RD 1307/2011 allows for private placement, bringing further flexibility to the securitization process.

- **Success of the securitization process: ~65% of the rights committed to FADE already sold**
- **Political support and commitment despite challenging market environment**

Regulation update in Spain

4Q Tariff Review

- Freeze of last resort tariff: -12% TPA component in order to compensate for the increase of the energy component
- CNE report on 4Q tariff review proposal: *"…improper use of TPA component…"*
- Ministerial order to be appealed at the Supreme Court

Measures to address tariff deficit

- TPA increase
- An economically rational policy on renewables:
  - European targets need not to be exceeded
  - Favor more mature technologies vs. less mature (solar)
  - Use proceeds from CO_2 rights auctions to finance renewables
- Replace LRT with a special tariff in favor of socially vulnerable clients
- Clean TPA of costs components not directly related to system costs and arising out of general political decisions

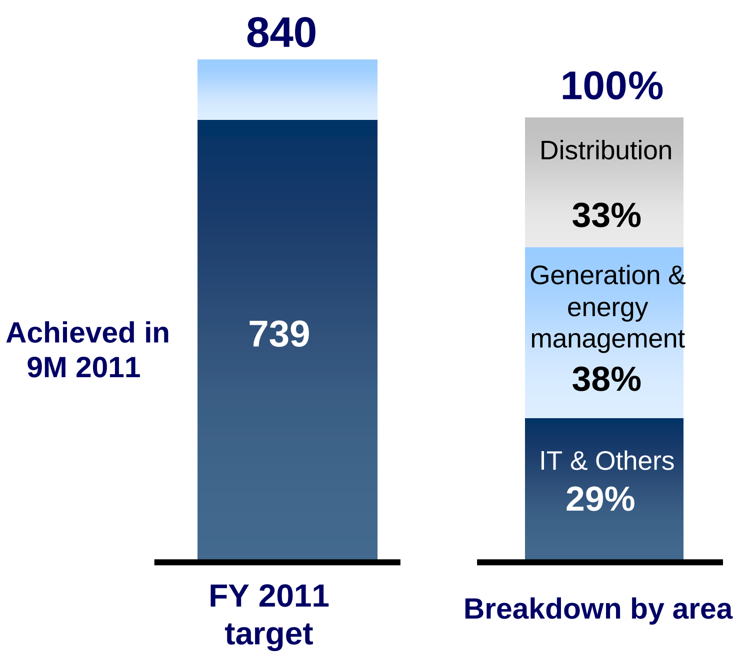
Regulation update in Latam

- **Brazil:** 3rd cycle distribution tariff review (Coelce):
  - Revised values were published by ANEEL:
    - WACC: 7.5% (real post tax) and 11.4% (real pre tax)
    - Gross RAB: US$1.8 bn (US$ 1.1bn net)
    - O&M: US$250 M per year
    - Factor X: 1.6% per year
- **Chile:** Experts Committee (CADE) to finalize sector study in November:
    - "Electric Road" (transmission) under analysis to strengthen the system and allow interconnection of new generation projects
    - Possible recommendations on:
      - Improvement of environment permitting of generation projects
      - TPA to LNG facilities
    - No major changes are expected in liberalization, renewables or energy planning
- **Argentina:** after elections:
  - Gradual elimination of generation subsidies after the elections
  - Recognition of PUREE

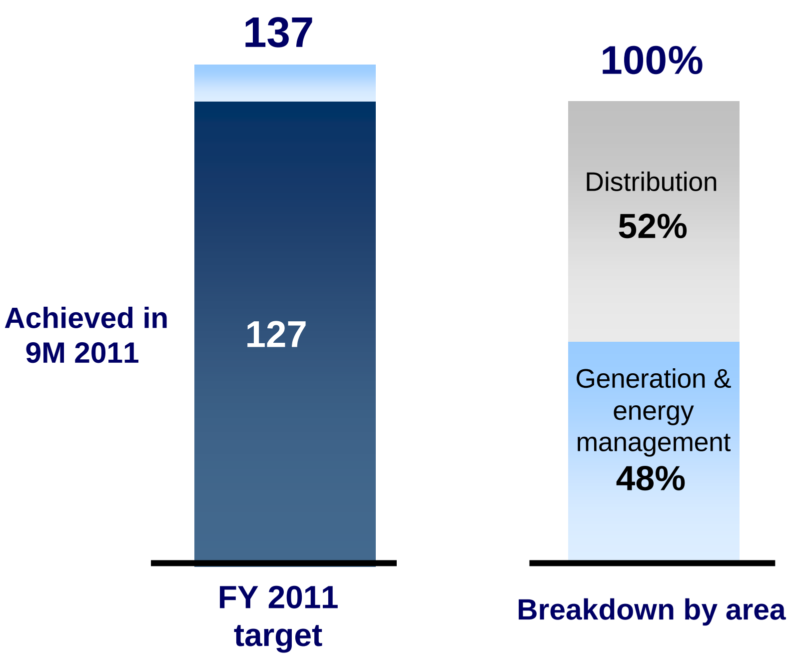
On track to achieve efficiency and synergy targets for FY 2011

€M

Endesa Synergy Plan



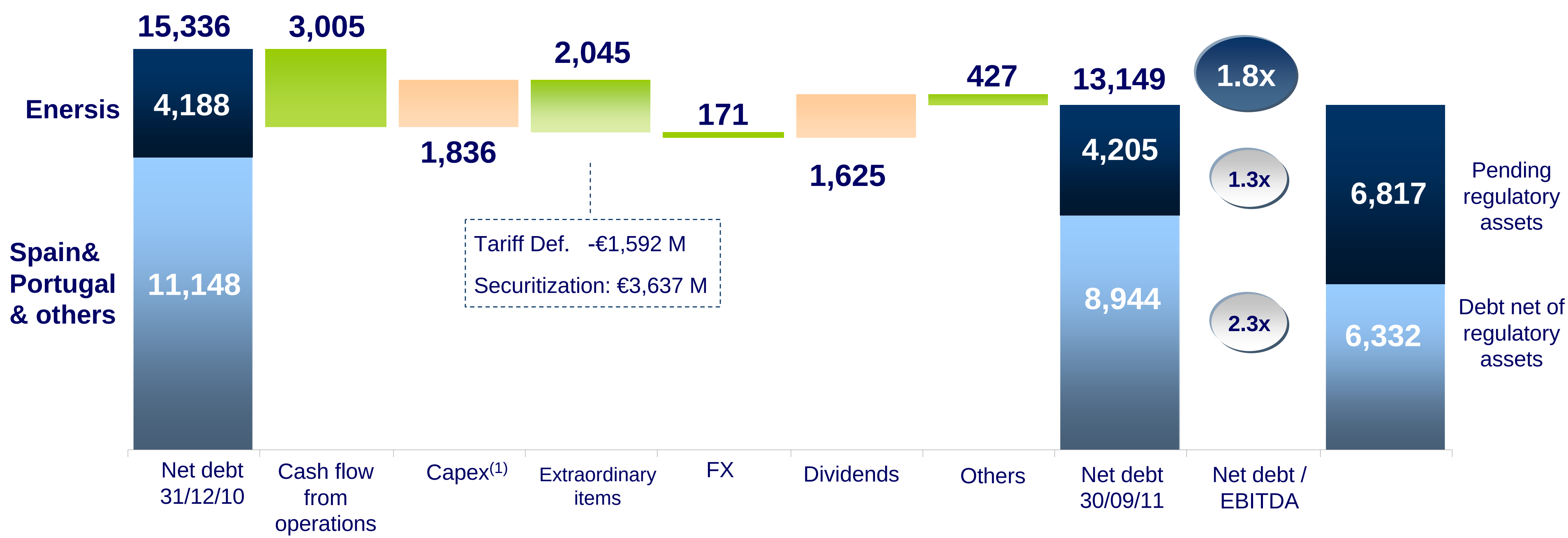
Endesa Zenith Plan



- **Well on track to achieve 2011 Synergy plan target (88% in 9M 2011) and Zenith plan target (93% in 9M 2011)**

A sound financial position

Net debt evolution in 9M 2011 (€M)



Solid financial leverage

	31/12/10	30/09/11
Leverage (Net debt/Equity)	0.7	0.5

(1) Cash outflow

spain&portugal&others 9M 2011

Highlights in 9M 2011

Economy slowdown resulting in flat demand (1)

16% increase in output(2): lower nuclear and hydro resulted in higher thermal gap

Margin normalization continues in liberalized business

Increasing contribution from regulated activities

Fixed costs reduction from efficiency programs

Despite competitive pressure, outstanding and profitable leadership in supply

(1) Mainland: -0.1% adjusted for weather and working days. (-1.0% not adjusted). Source: REE
(2) Endesa. Mainland Ordinary Regime

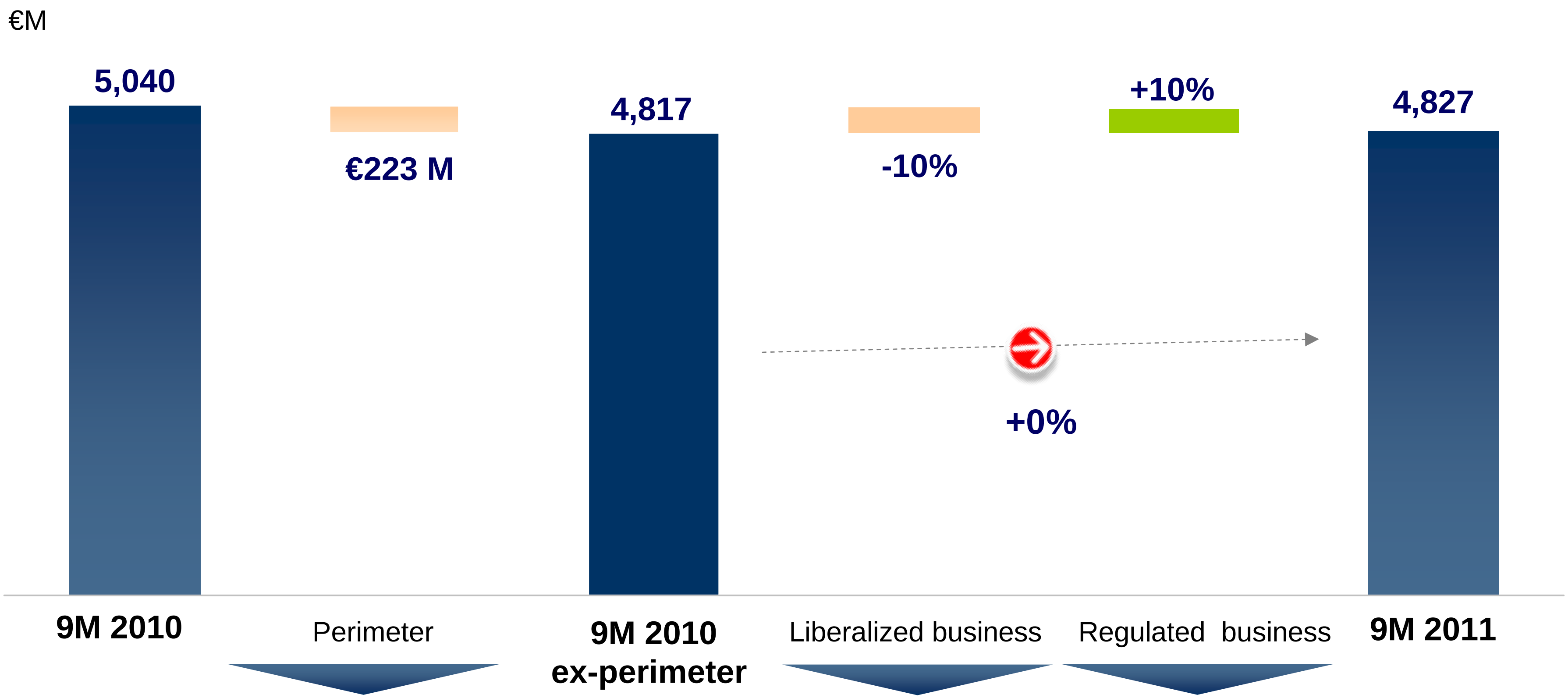
Resilient results despite disposals & margin normalization

€M	9M 2011	9M 2010	Change	Like-for-like (3)
Revenues	17,074	15,739	**+8%**	
Gross margin	4,827	5,040	**-4%**	
EBITDA	3,124	3,337	**-6%**	**0%**
EBIT	1,993	2,294	**-13%**	
Net finance expenses(1)	318	468	**-32%**	
Net attributable income	1,465	2,252	**-35%**	
Net attributable income adjusted by disposals(2)	1,357	1,347	**+1%**	

- **+1% Net attributable income despite lower perimeter**
- **Efficiency improvement: Fixed costs 2.2% lower**

(1) Negative one-off in 9M 2010 (-€77 M) and ruling over Endesa's appeal regarding previous years' income tax (+€27 M)
(2) Net capital gains (€108 M in 9M 2011 & €905 M in 9M 2010 mainly from renewables divestment)
(3) Adjusted by perimeter (renewables, Endesa gas, transmission, endesa hellas and IT with EBITDA: €199 M in 9M 2010 vs. -€2 M in 9M 2011)

Gross margin impacted by energy costs & perimeter



Perimeter

- ↓ Perimeter (renewables, gas, transmission, endesa hellas & IT)

Liberalized business

- ↑ Higher production & sales to final customers
- ↓ Higher unit fuel costs
- ↓ Higher costs in energy purchases

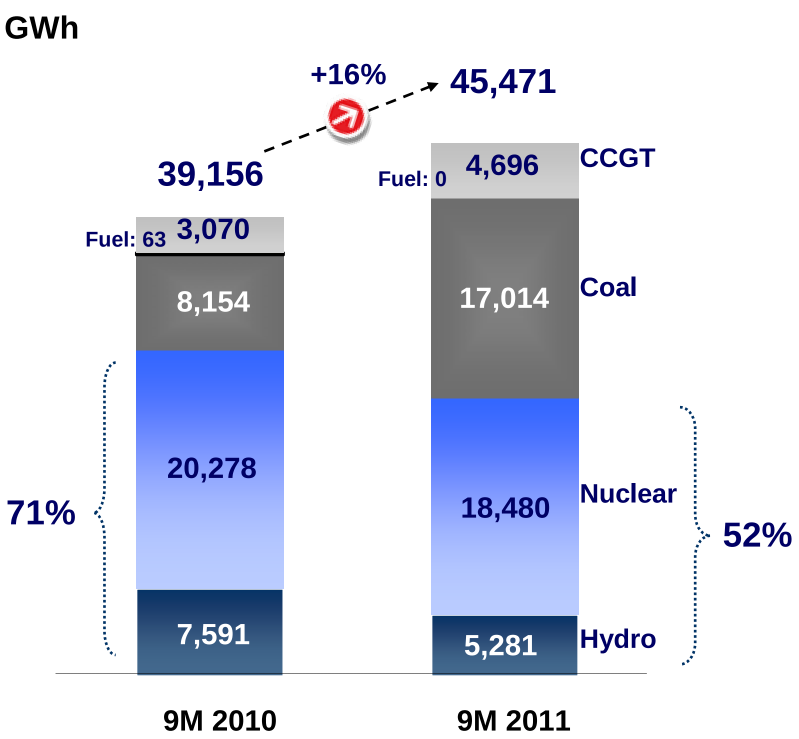
Regulated business

- ↑ Distribution
- ↑ Non-mainland systems
- ↓ Mining & others

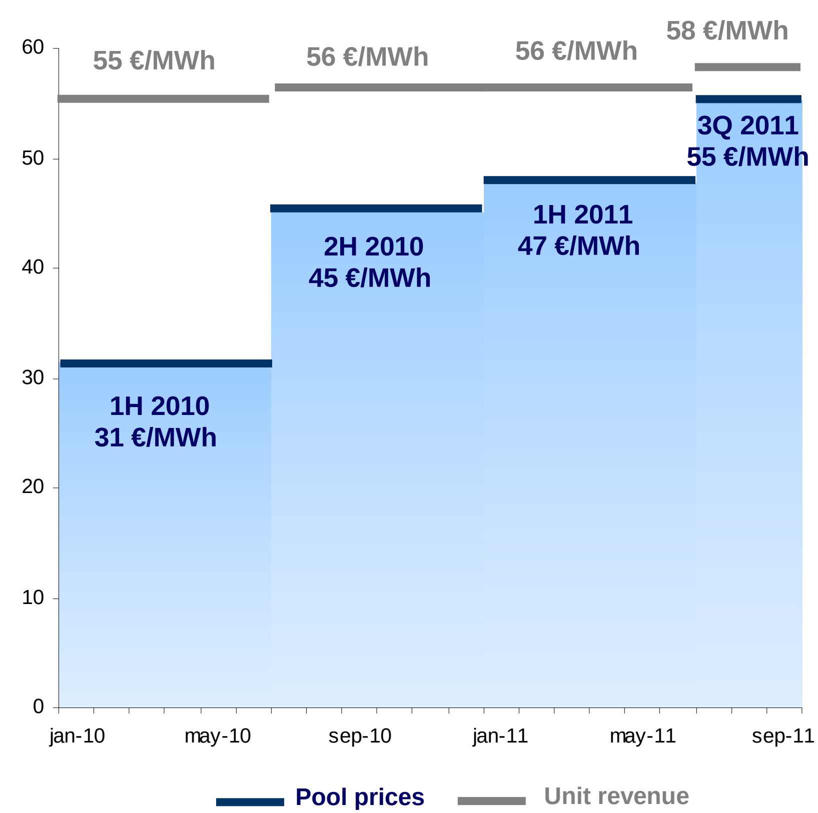
Stable gross margin adjusted by perimeter

Lower liberalized margins despite higher generation volumes

Endesa mainland output[1]



Market margins evolution: wholesale price vs. price to final customers

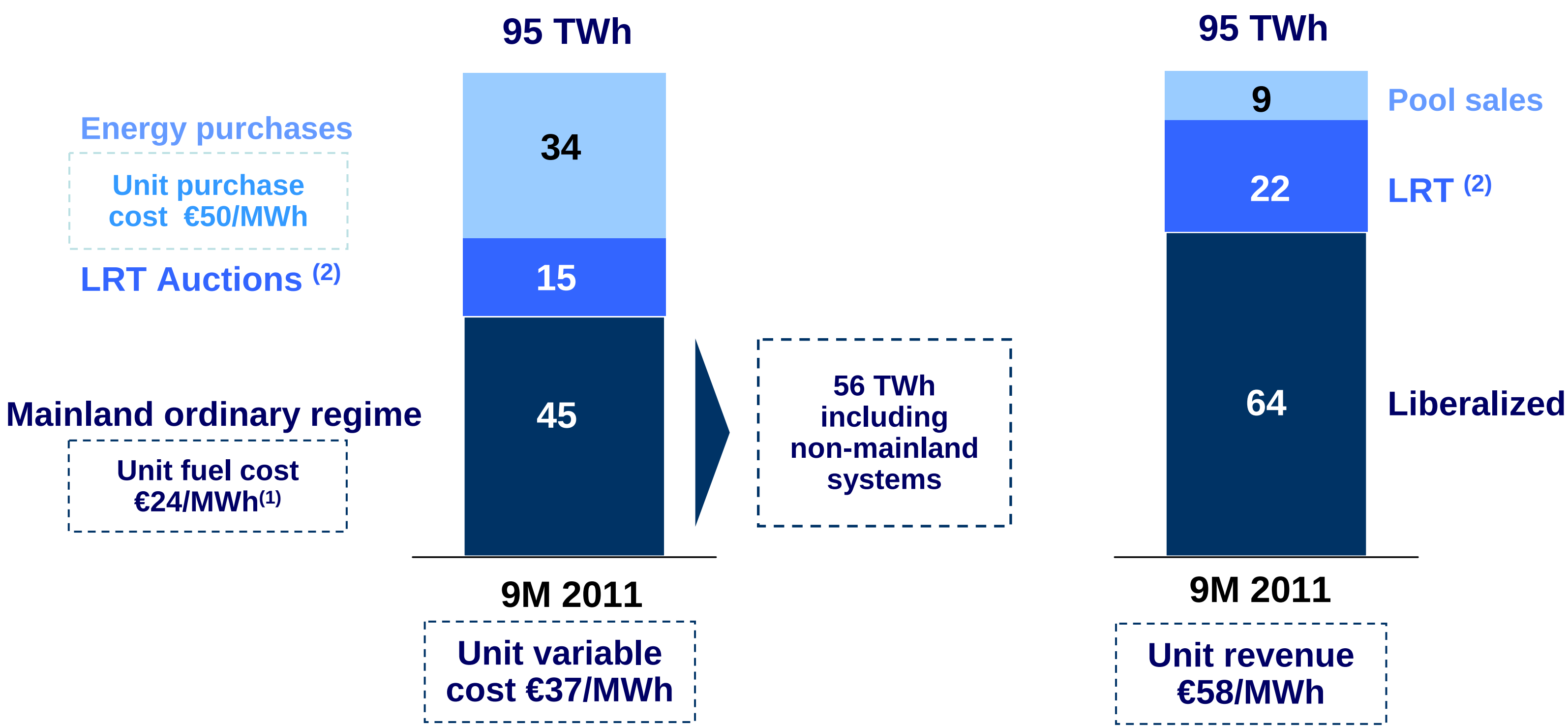


- Increase in fuel cost due to lower hydro and nuclear (fuel recharges)
- Market margins normalization

(1) Does not include Portugal
(2) Continuous monitoring of portfolio value at risk considered

Margin optimization thanks to competitive generation mix and leadership in supply activity

Gross electricity sources   Gross electricity sales



Stable integrated electricity unit margin throughout the year despite rise in pool prices

(1) Includes fuel cost and CO_2
(2) LRT: Last resort tariff not considered in calculations for unit cost and unit revenue

latin america 9M 2011

Highlights in 9M 2011

Generation volumes affected by drought in Chile compensated by Peru and Argentina

Chile: still impacted from drought

Distribution sales: +3.8% with outstanding performance in Peru (+7.6%) and Chile (+4.9%)

Argentina: higher costs due to inflation with no increase in tariffs

Colombia: one-off net worth tax (€109 M)

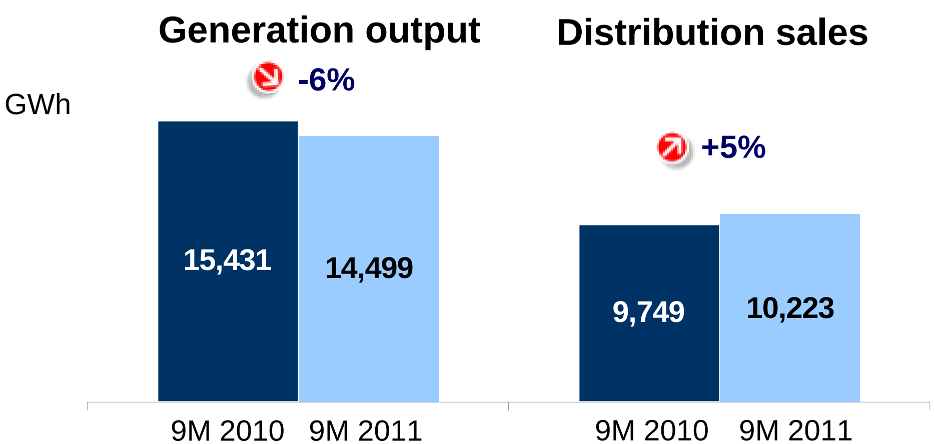
Operating results affected by non recurrent items and drought

€M	9M 2011	9M 2010	Change	Like-for-like
Revenues	7,530	7,233	**+4%**	
Gross margin	3,330	3,360	**-1%**	
EBITDA	2,325	2,473	**-6%**	**-1%(1)**
EBIT	1,850	1,902	**-3%**	
Net finance expenses(2)	258	356	**-28%**	
Net income	1,153	1,168	**-1%**	
Net attributable income	513	470	**+9%**	

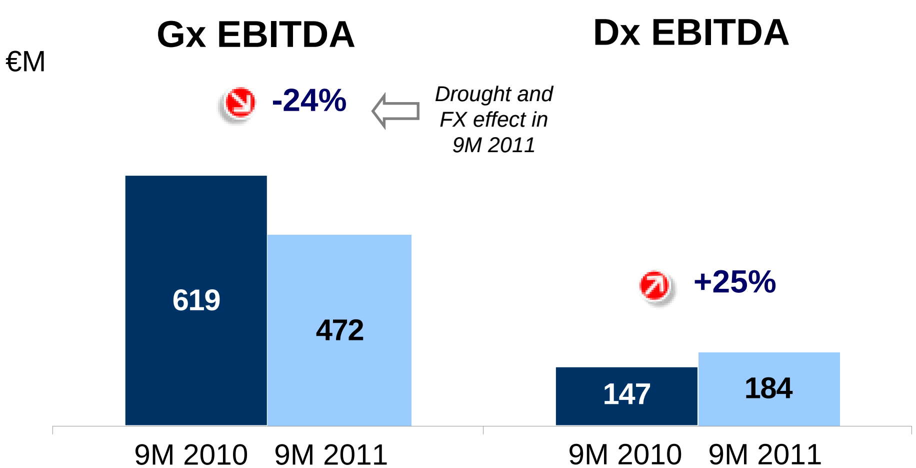
- **Stripping out net worth tax in Colombia and perimeter EBITDA fell 1%**
- **-€62 M FX EBITDA impact from dollar/euro effect**
- **€414 M of attributable EBITDA came from direct holdings**

(1) Adjusted by net worth tax in Colombia (€109 M in 9M 2011) and perimeter (CAM&Synapsis €6 M in 9M 2010 vs. -€1 M in 9M 2011)
(2) €36 M Positive impact of the National Court decision on Endesa's fiscal group income tax .

Chile: generation margins affected by drought



- Lower generation due to drought (-14% hydro), partially compensated by higher thermal generation
- Growth in distribution sales after 2010 earthquake



Unit margin	€36.6/MWh -18%	€27.2/MWh +8%

- Gx:

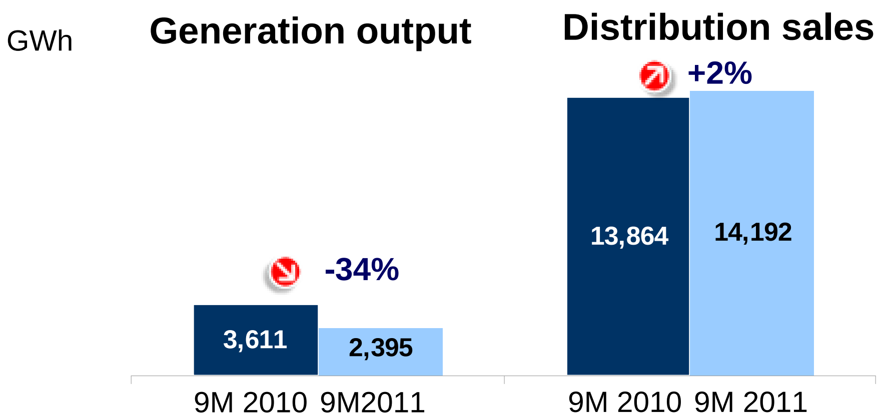
  - Drought and delay in Bocamina II (earthquake) results in higher energy costs

  - FX -€35 M
- Dx: higher volumes and prices due to improvement of indexation factors

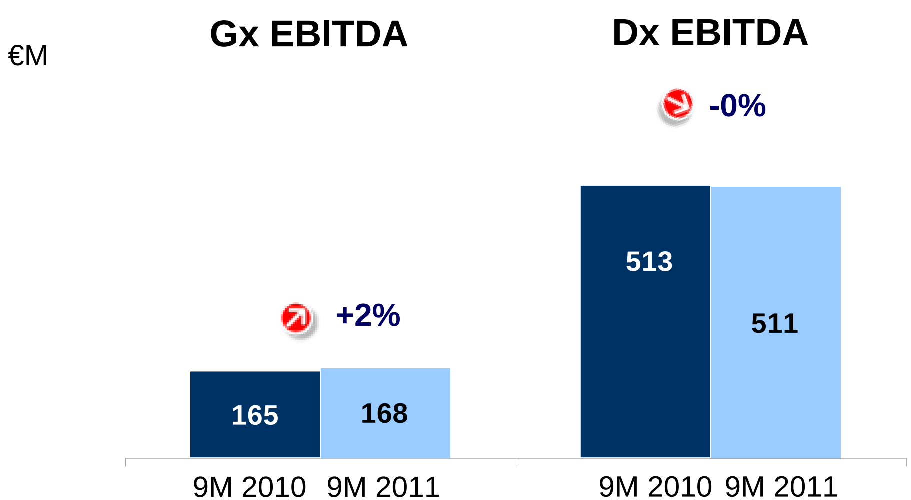
Total EBITDA €656 M (-14%) (1)

(1) Does not include holding

Brazil: positive results despite unfavourable conditions



- **Lower generation (-34%) due to lower hydro in Cachoeira and lower dispatch in Fortaleza**
- **Good performance in Ampla (+4%) compensates Coelce (+0%) due to extraordinary high temperatures in 9M 2010**



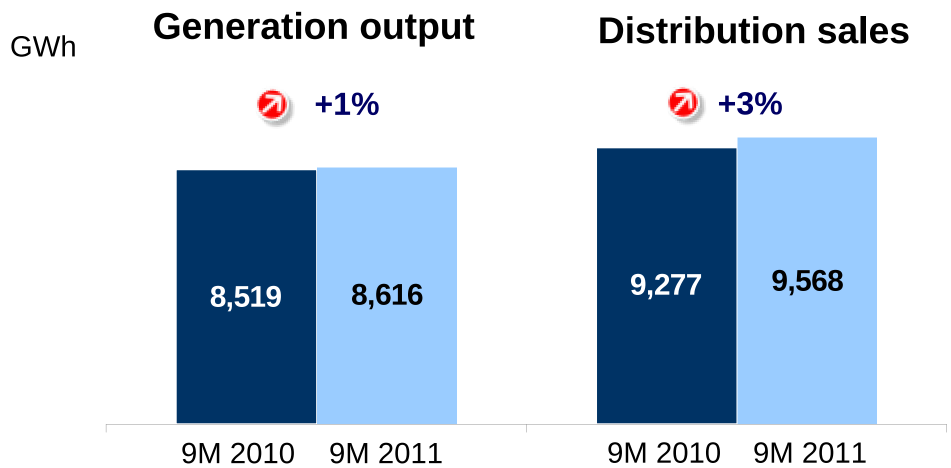
Unit margin	€37.5/MWh +7%	€53.7/MWh -3%

- **Gx: market purchases at lower cost offset lower volumes**
- **Dx: RTE (€26 M) fully accrued in 1H 2010[(1)] and worse sales mix. Positive yearly tariff adjustment and lower network losses in Ampla**

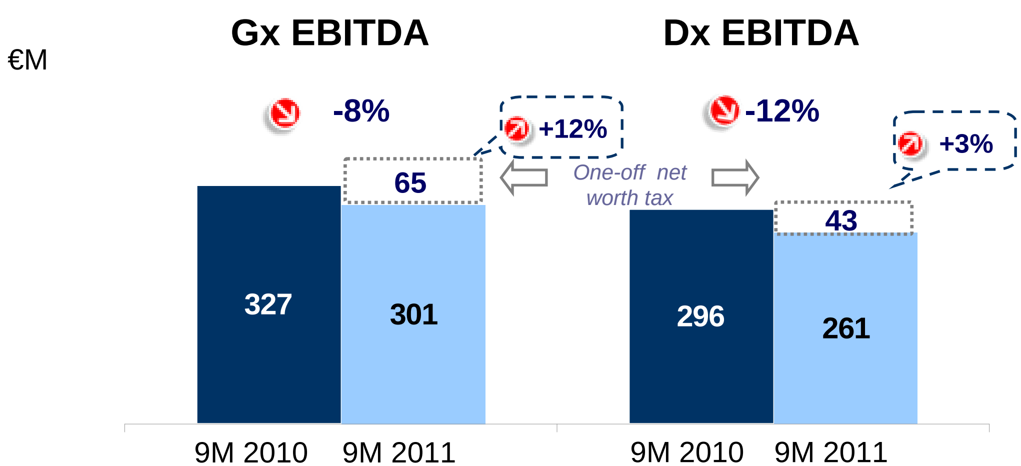
Total EBITDA €762 M (+5%) [(2)]

(1) "Recomposición tarifaria extraordinaria": Pending revenues that distributors had been receiving until 1 H2010 due to 2001 energy rationing
(2) Includes Brazil-Argentina interconnection. Does not include holding

Colombia: net worth tax offsets higher margins



- Increase in generation due to wet hydro conditions
- Increase in distribution sales



Unit margin	€35.9/MWh +11%	€42.0/MWh -0%

- Gx:

  - Better output mix and lower energy purchases.

  - Net worth tax one off impact (-€65 M)

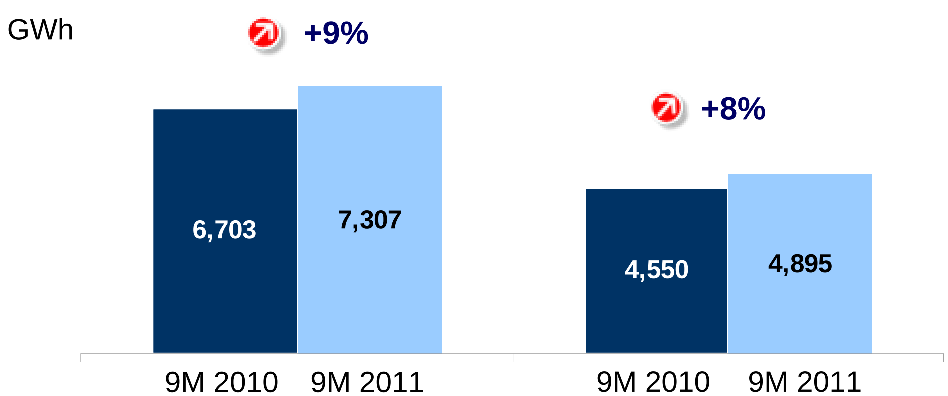
  - FX -€10 M

- Dx: decrease due to net worth tax (-€43 M)

Total EBITDA €562 M (-10%)

Peru: higher activity and lower fixed costs

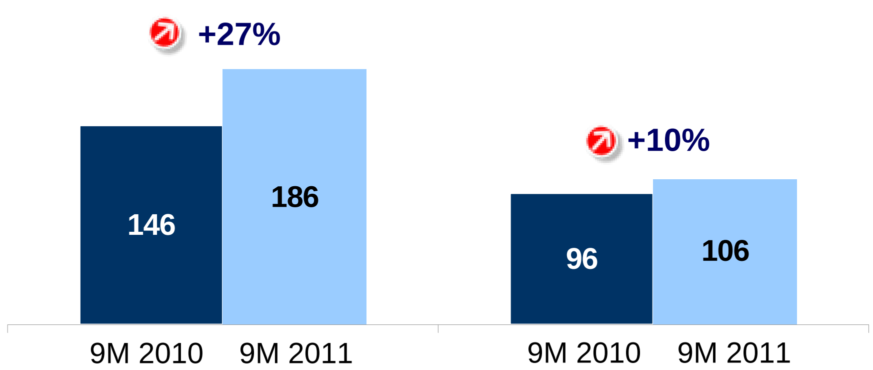
Generation output **Distribution sales**



- **Higher generation due to better hydro conditions, grid restrictions in the north and higher availability**
- **Strong economic growth led to 8% increase in demand**

Gx EBITDA **Dx EBITDA**

€M

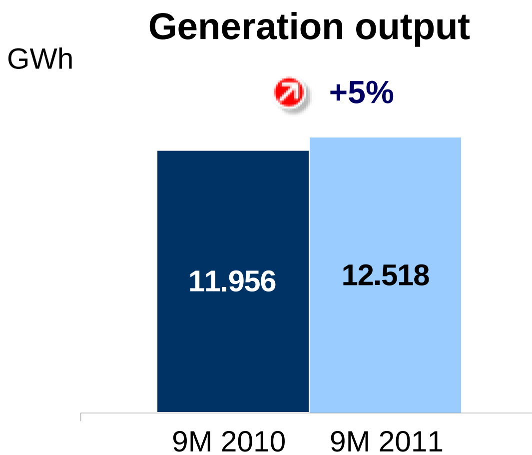


- **Higher sale prices and volumes, and lower fixed costs boosted EBITDA in generation and distribution**

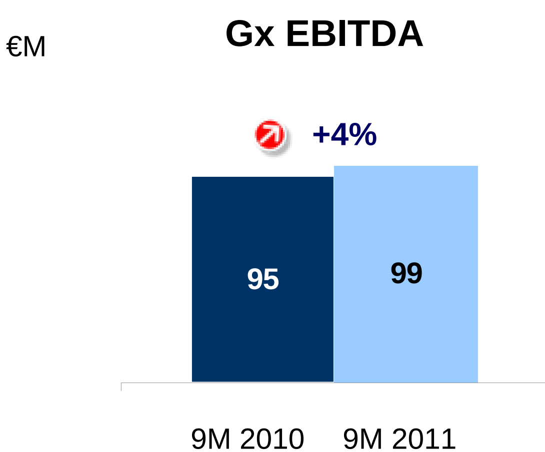
Unit margin	€26.3/MWh +4%	€27.1/MWh -6%

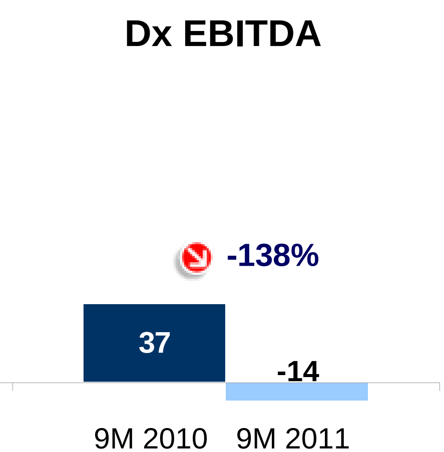
Total EBITDA €292 M (+21%)

Argentina: solid operations but pending tariff review



- **Strong output increase (decrease in hydro offset by thermal production)**
- **Slight increase in demand due to mild temperatures**





Unit margin	€10.2/MWh +1%	€11.7/MWh -12%

- **Gx: regulatory agreement to increase capacity payments and O&M remuneration. FX -€9 M**
- **Dx: personnel cost increased (+43%) along with higher O&M costs (+16%) due to inflation coupled with no increase in tariffs**

Total EBITDA €85 M (-36%)

conclusions 9M 2011

Final remarks

Deficit securitization process advances despite market conditions

Need to continue working towards a sustainable regulatory framework in Spain

Resilient results in Iberia despite loss in perimeter and liberalized margins normalization

Latin America strong 3Q shows region strength and potential

Business optimization: purchase of 7.7% stake in Ampla

Effective delivery from efficiency and synergies programs

Financial strength

appendices 9M 2011

endesa

Installed capacity and output(1)

Installed capacity

MW at 30/09/11	Spain& Portugal&Others	Endesa Latin America	Total
Total	**24,267**	**15,832**	**40,099**
Hydro	4,716	8,666	13,382
Nuclear	3,681	-	3,681
Coal	5,804	522	6,326
Natural gas	4,857	3,966	8,823
Oil-gas	5,209	2,592	7,801
CHP/Renewables	na	87	87

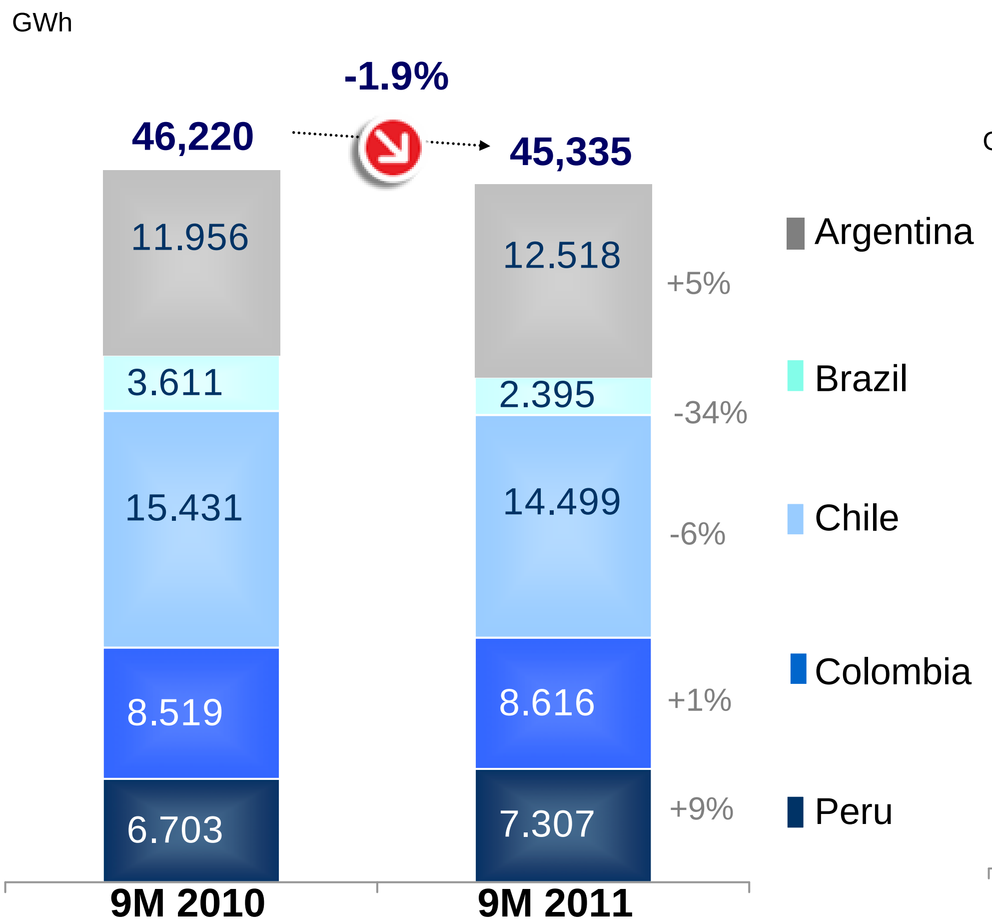
Output

TWh 9M 2011 (chg. vs. 9M 2010)	Spain& Portugal&Others		Endesa Latin America		Total	
Total	**57.3**	**+11.0%**	**45.3**	**-1.9%**	**102.6**	**+4.9%**
Hydro	5.3	-30%	23.2	-7%	28.4	-12%
Nuclear	18.5	-9%	-	-	18.5	-9%
Coal	19.8	+79%	1.6	-3%	21.3	+68%
Natural gas	6.3	+79%	16.1	+1%	22.4	+15%
Oil-gas	7.4	-13%	4.4	+20%	11.8	-3%
CHP/Renewables	na	na	0.1	-6%	0.1	-6%

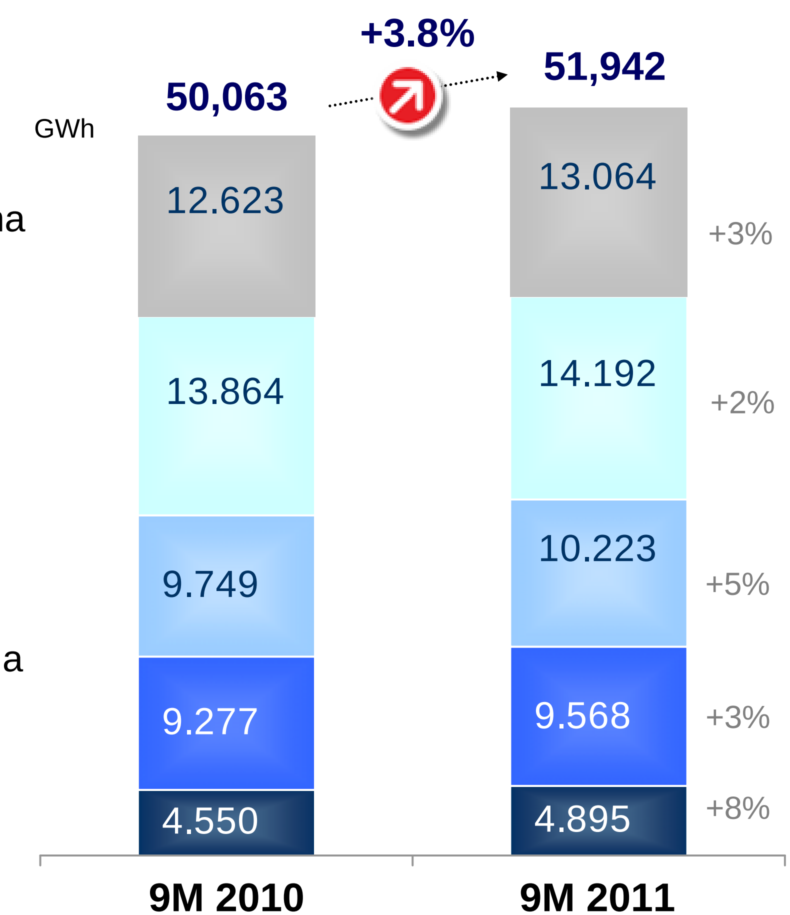
(1) Includes data for fully consolidated companies and jointly-controlled companies accounted for using proportionate consolidation

Latin America: generation and distribution figures

Generation Output

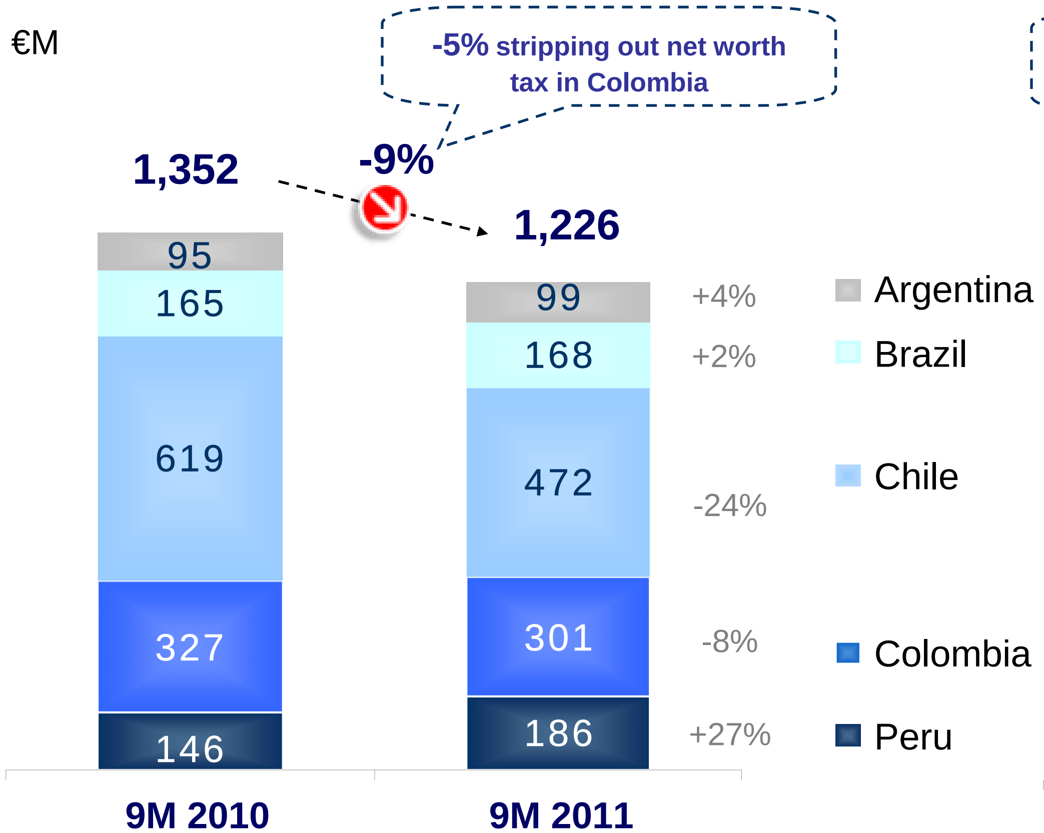


Distribution Sales

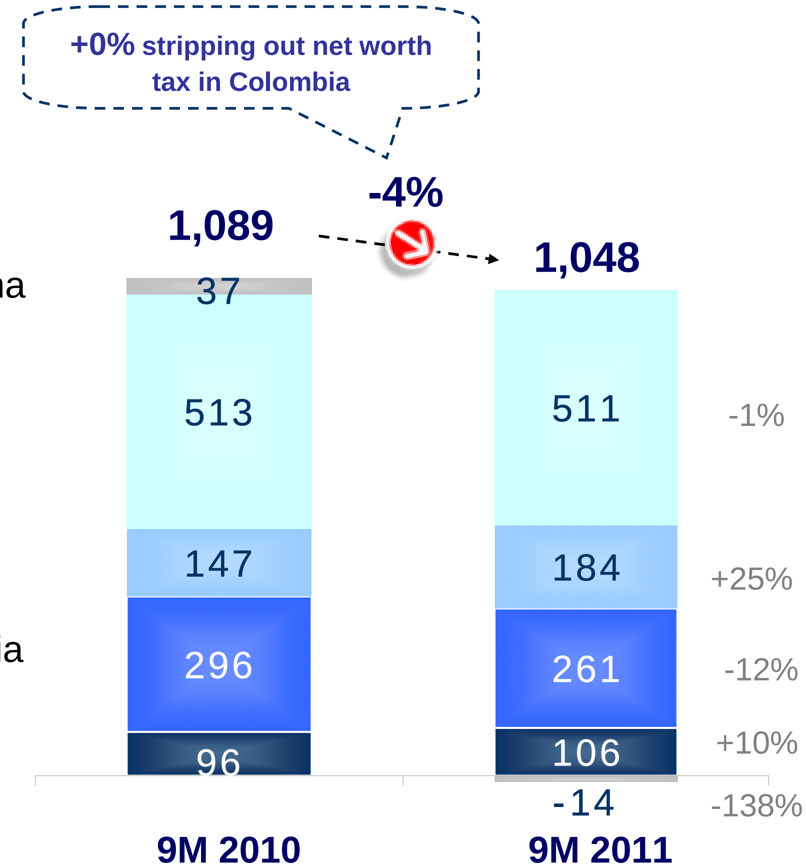


Gx & Dx EBITDA affected by Chilean drought, Colombian net-worth tax and Fx

Ebitda Generation



Ebitda Distribution

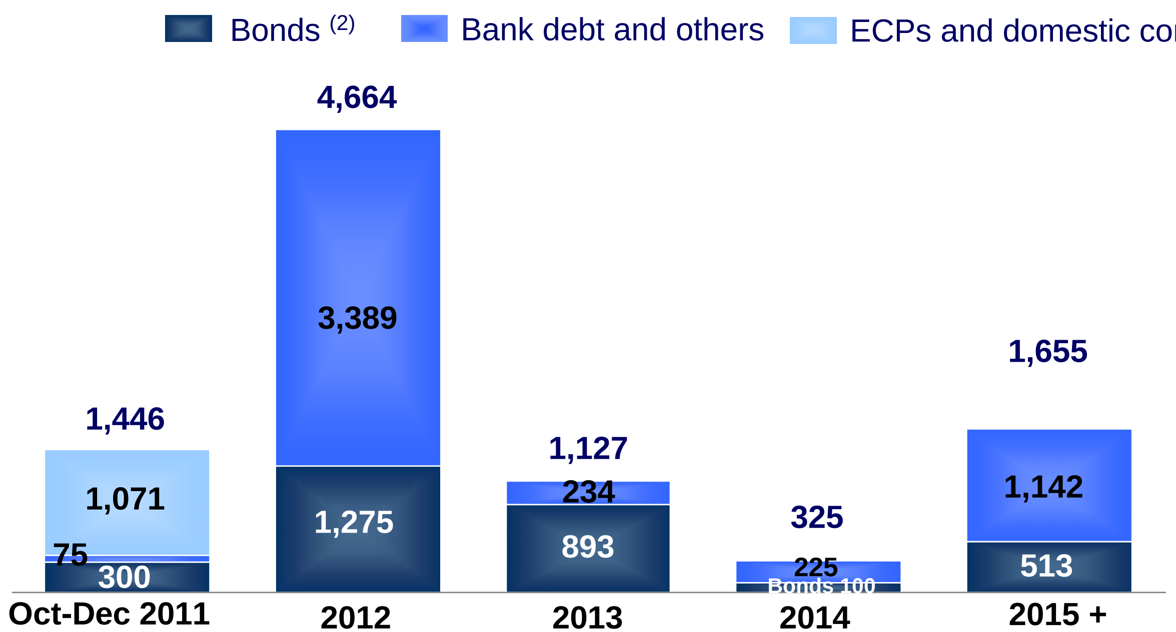


Unit margin €30.2/MWh → -6% → €28.5/MWh

Unit margin €34.0/MWh → -2% → €33.3/MWh

Endesa (excl. Enersis): financial debt maturity calendar

Gross balance of maturities outstanding at 30 September 2011: €9,217 M(1)



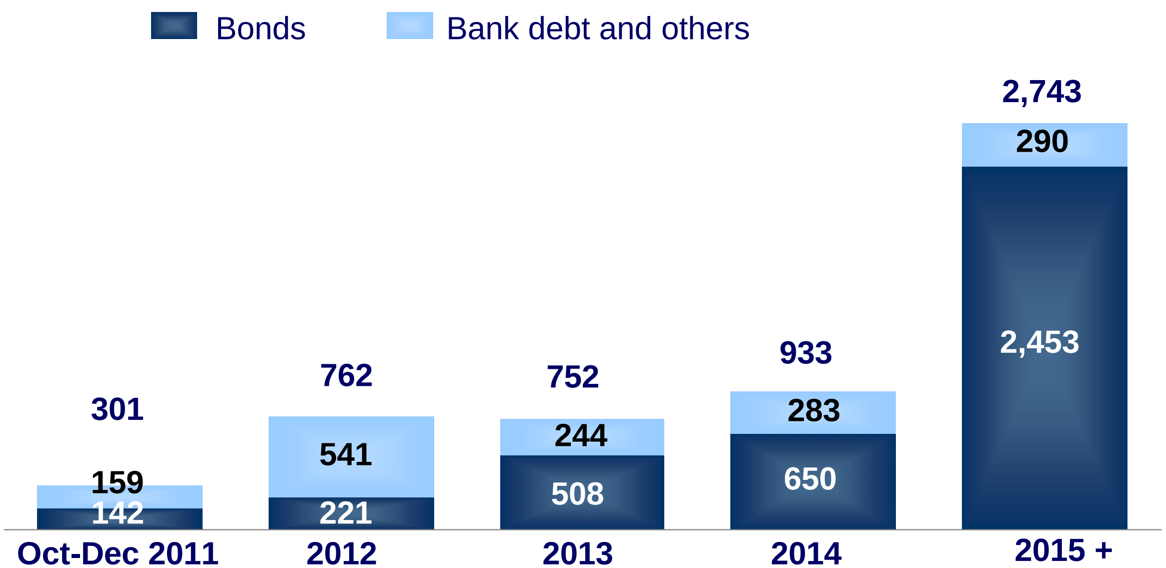
Endesa's liquidity excl. Enersis covers 6 months of debt maturities

- **Liquidity €4,100 M**
  - **€353 M in cash**
  - **€3,747 M available in credit lines**
- **Average life of debt: 2.9 years**

(1) This gross balance differs from the total financial debt figure as it does not include outstanding execution costs or the market value of derivatives which do not involve any cash payment.
(2) Includes preference shares
(3) Notes issued are backed by long-term credit lines and are renewed on a regular basis.

Enersis: financial debt maturity calendar

Gross balance of maturities outstanding at 30 September 2011: €5,491 M(1)



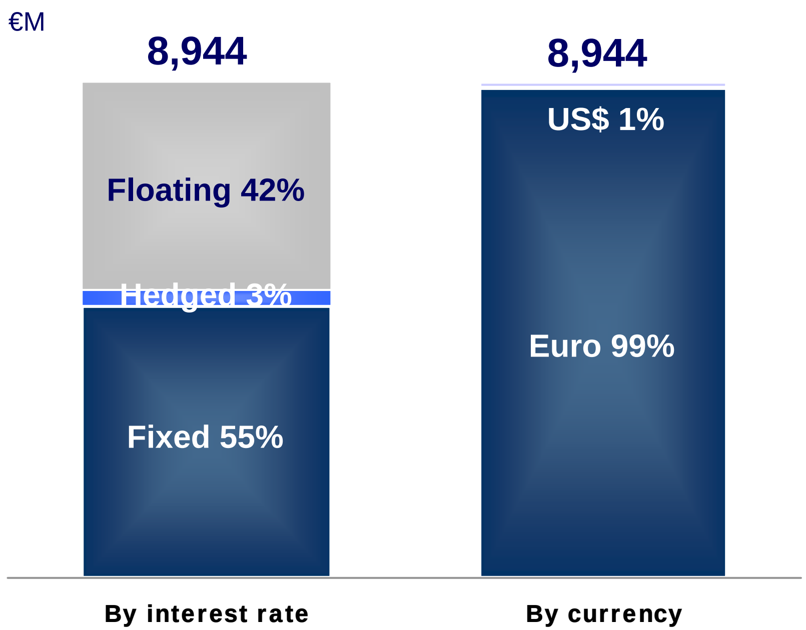
Enersis has sufficient liquidity to cover 24 months of debt maturities

- Liquidity €1,920 M:
  - €1,333 M in cash
  - €587 M of syndicated loans available
- Average life of debt: 5.4 years

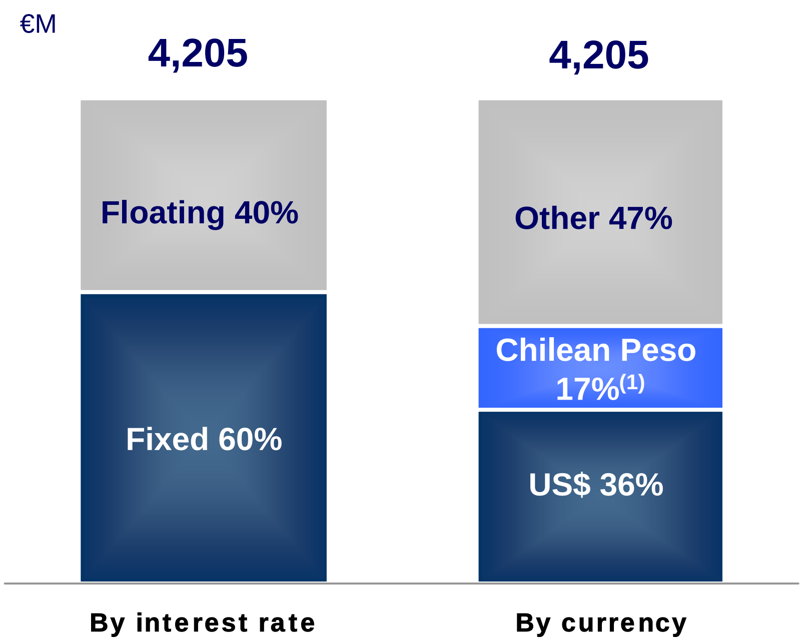
(1) This gross balance differs from the total financial debt figure as it does not include outstanding execution costs or the market value of derivatives which do not involve any cash payment.

Financial policy and debt structure

Structure of Endesa's debt ex-Enersis



Enersis debt structure

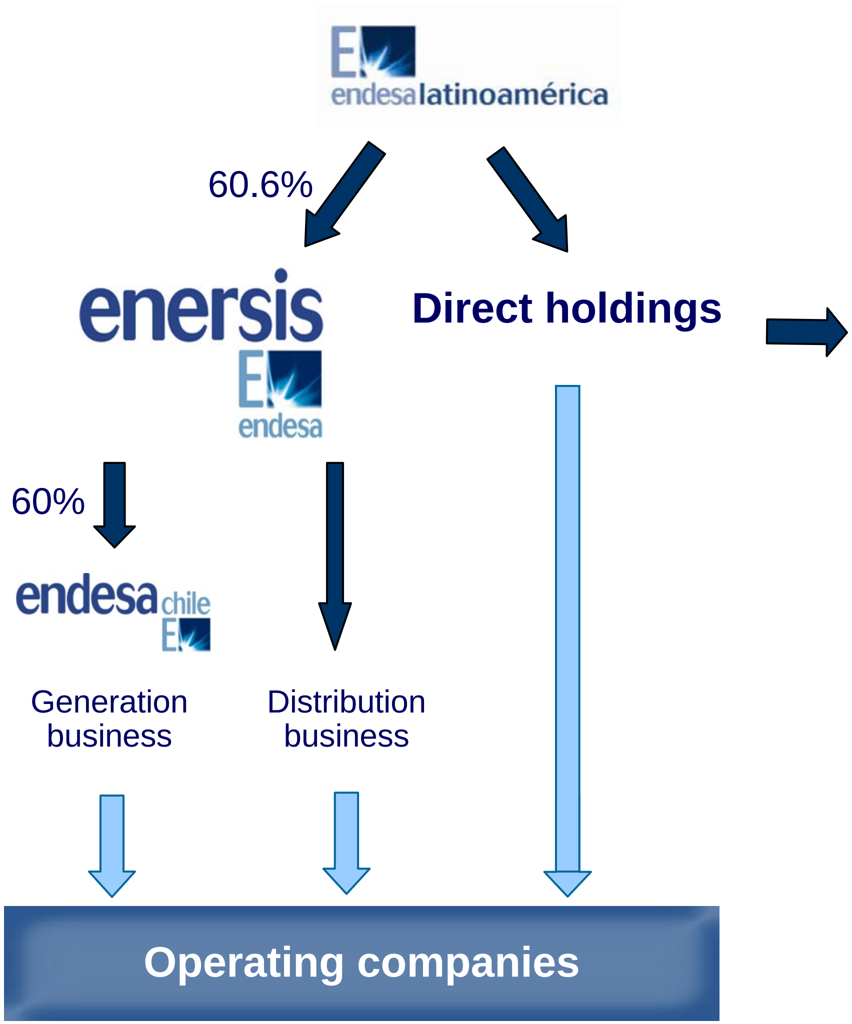


Average cost of debt	4.2%	9.3%

- **Debt structure: Debt in currency in which operating cash flow is generated**
- **Policy of self-financing: Latin America subsidiaries are financed on a stand-alone basis**

Data as at 30 September 2011
(1) Includes "Unidades de Fomento"

Endesa has major direct holdings in companies other than Enersis in Latin America



€M	% direct stake	Proportionate 9M 2011 EBITDA	Proportionate 30.09.2011 Net debt
Codensa	26.7%	67	90
Emgesa	21.6%	65	151
Endesa Brasil	28.5%	215	178
Edesur	6.2%	-1	1
DockSud	40%	16	18
Edelnor	18%	19	43
Piura	96.5%	27	-6
Pangue	5%	4	0
Proportionate total		**414**	**475**

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. 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.

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