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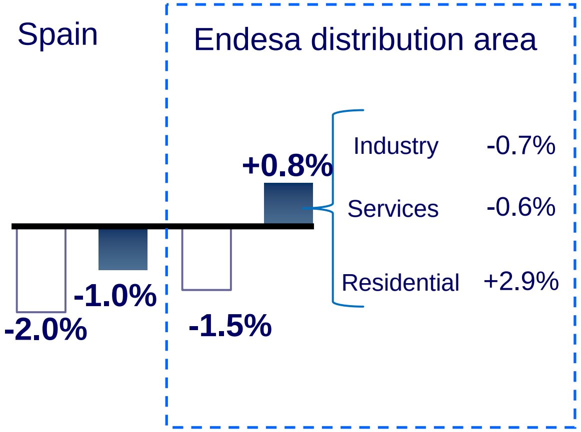
endesa 1Q 2012 results

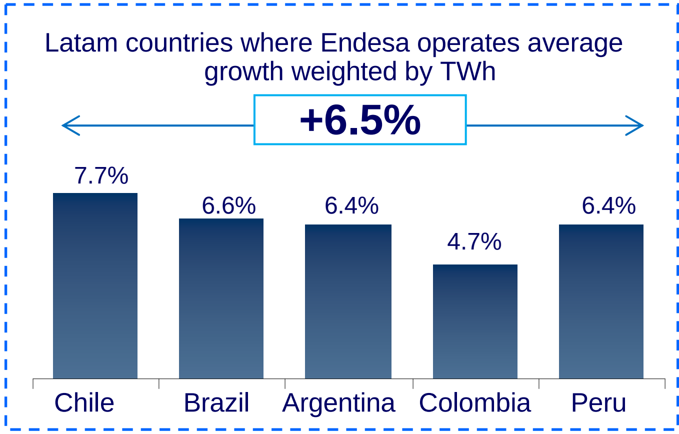
endesa

Market context in 1Q 2012

Demand

Spain: demand decrease mainly due to industry and services



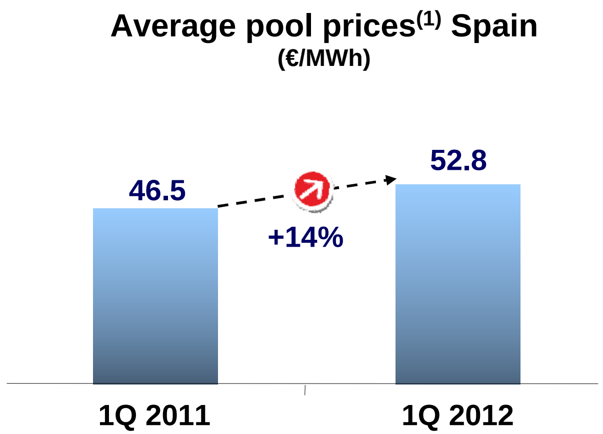


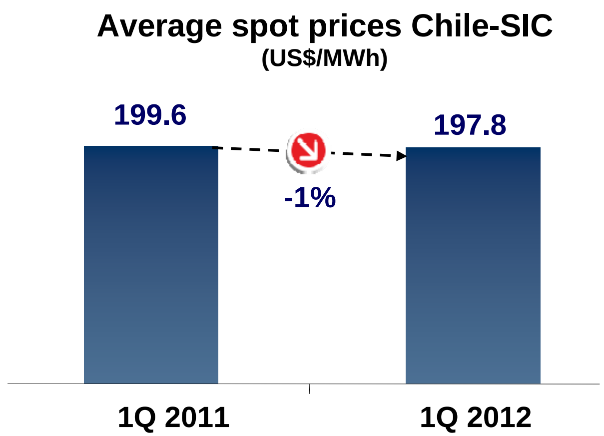
Adjusted for weather and working days — Not adjusted

Latin America: solid growth in all countries mainly in Chile, Peru, Brazil and Argentina

Electricity wholesale prices

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





Chile: stable prices due to higher hydro output partially offset by higher fuel costs

(1) Do not include ancillary services or capacity payments

Stable operating results despite market conditions

€M

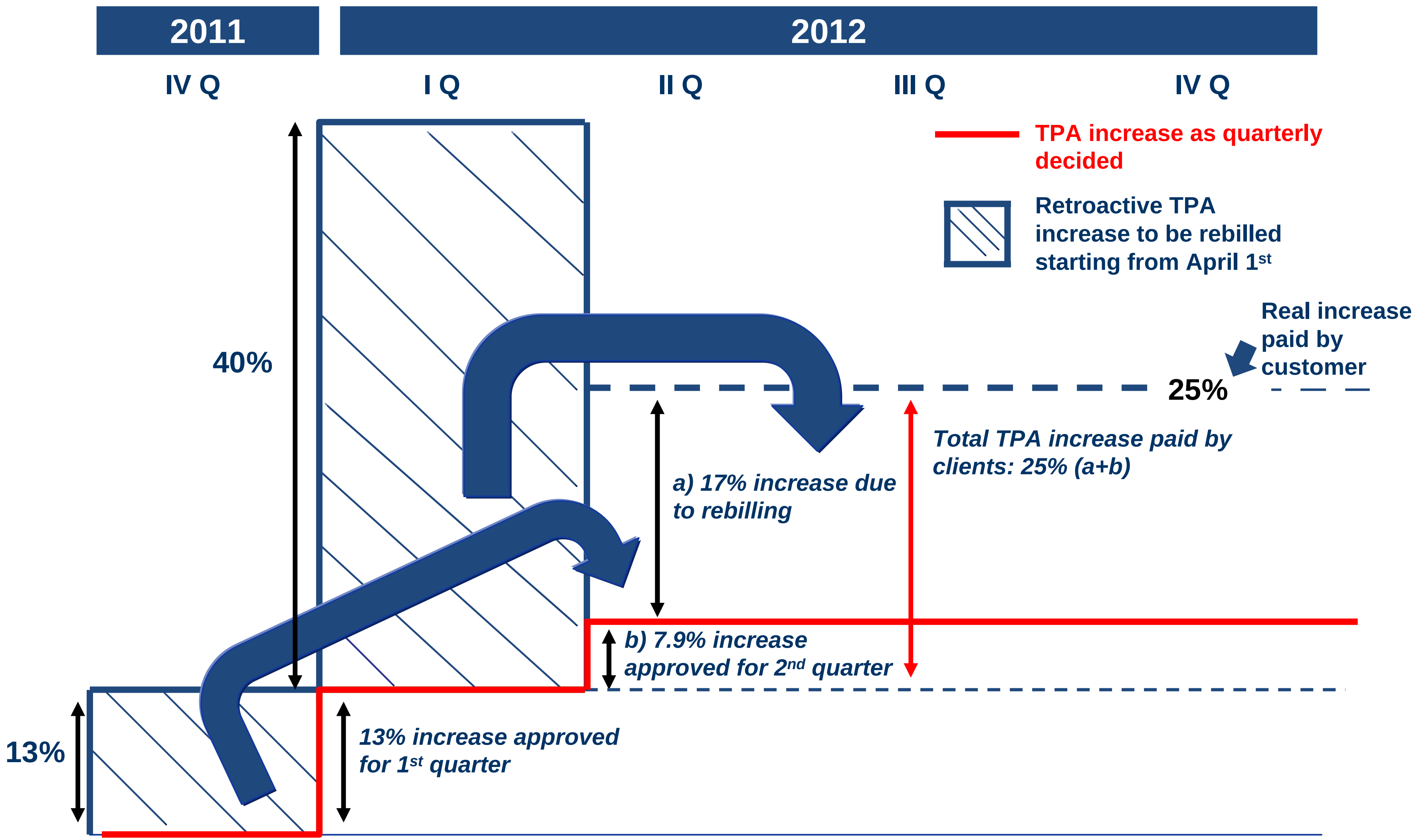
	1Q 2012	1Q 2011	Change
Revenues	8,647	8,363	**+3%**
Gross margin	2,708	2,735	**-1%**
EBITDA	1,827	1,775	**+3%**
Spain&Portugal&Others	1,040	1,094	**-5%**
Endesa Latin America[1]	787	681	**+16%**
EBIT[2]	1,256	1,318	**-5%**
Net finance expenses[3]	187	153	**+22%**
Net attributable income	621	669	**-7%**

- **Iberia: weak demand and regulatory measures partially offset by fixed costs performance**
- **Latam: non-recurrent items and cost performance more than offset drop in Chilean generation margin**

(1) 2011 EBITDA included €109 M negative one off from net worth tax in Colombia.
(2) 2011 D&A included €31 M of provision reversion from CIEN. 2012 D&A includes CO_2 adjustment: -€ 20 M in 1Q 2012 and +€ 20 M in 1Q 2011.
(3) Update provisions to cover obligations relating the workforce reduction programme in force: -€ 30 M in 1Q 2012 and +€33 M in 1Q 2011.

Regulation update in Spain

LR TPA evolution



Regulation update in Spain

Tariff deficit securitization

Securitized in 1Q 2012

- €3.3 bn securitized in 1Q 2012:
  - €1.7 bn for Endesa

FADE

- Presently first tranche transferred to FADE in July 2010 (€13.7 bn) completely securitized (€7.1 bn for Endesa)
- Irrevocable procedure to transfer to FADE second tranche (€7 bn [(1)]) successfully completed (€3.1 bn for Endesa)
- On March 1st CNE Board granted rights transfer certificate
- Pending of prospectus update and approval by CNMV

(1) 2010 ex post deficit and 2011&2012 ex ante deficit.

Regulation update in Spain

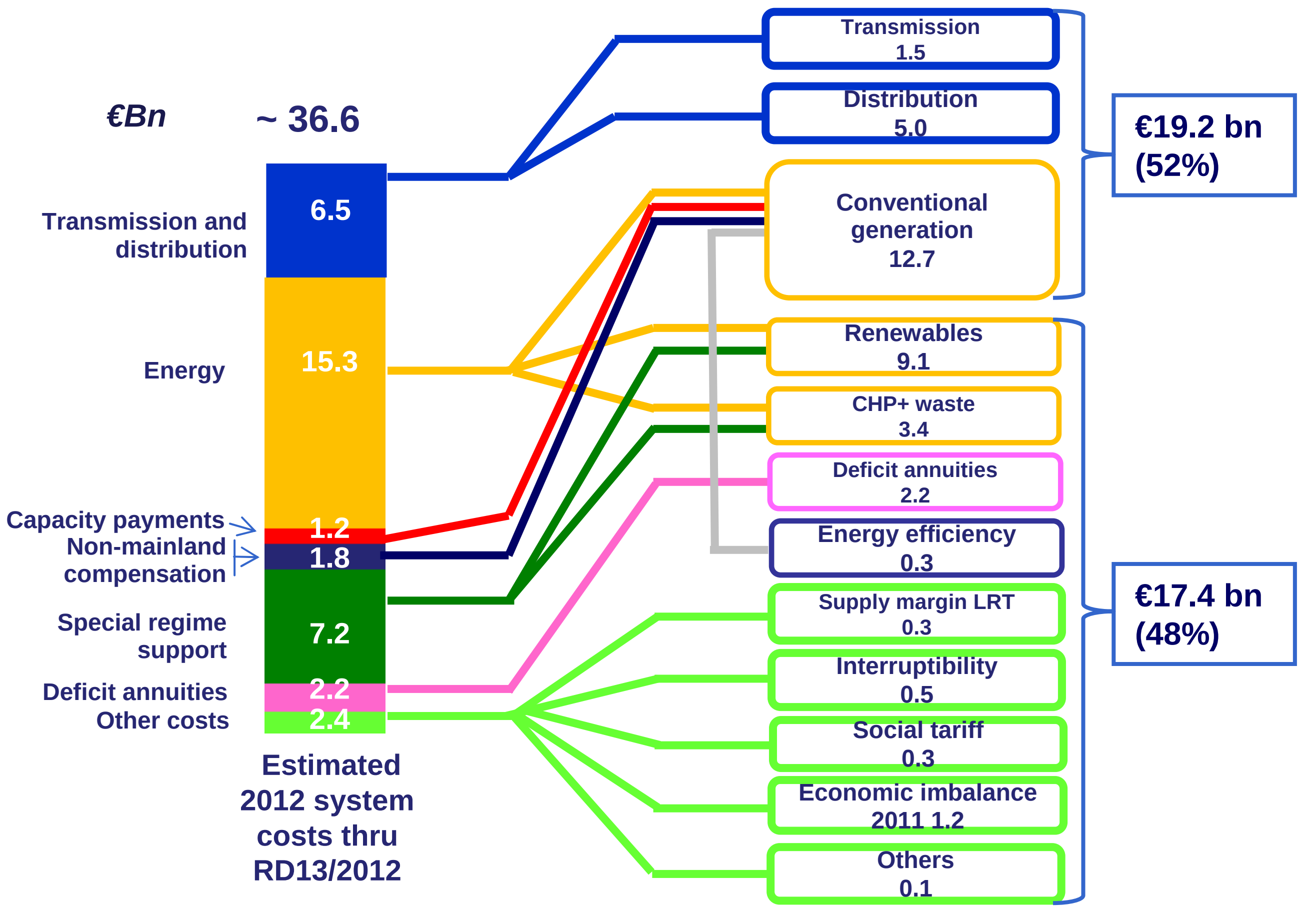
Measures decided on 30/03/2012 to reduce the tariff deficit

(€M)	IMPACT
Distribution	689
National coal	46
Capacity payments	84
Transmission	197
CNE and IDAE	673
Others[1]	76
Total	**1,765**

(1) Total impact under evaluation

Regulation update in Spain

Structural and balanced measures needed to eliminate tariff deficit



- Structural and balanced measures should be focused on:
  - Non discrimination (segment technologies and operators)
  - Reasonable returns: activities with similar risk profile should have similar returns (starting with solar thermal technologies)
  - Finance generation extra-cost on non-mainland activities thru the State budget
  - Improve current distribution remuneration scheme
  - Implement carbon tax for all sectors as foreseen by EU Commission Directive
  - Use CO_2 auctions proceeds to finance renewable, energy efficiency plan and tariffs for vulnerable customers

Note: Costs include Non-mainland compensation paid by State Budget, access tariffs charged to generators, social tariff and energy efficiency plan (both paid by generators)

Estimated social tariff in 2012: € 250 M.

Latam Regulation update

Brazil

- Tariff review and readjustment in Coelce:
  - Concluded in April 2012: 14% reduction in distribution value added mainly influenced by the reduction of WACC, for lower country risk, and economies of scale
  - Effects will apply retroactively from April 2011
  - Amounts collected in excess to be returned in 2013 and 2014
  - Coelce has submitted claims that could result in improvement of the tariff
  - After tariff review, the company maintains an attractive return.
- Annual tariff readjustment in Ampla: +4.02%

Chile

- Energy National Strategy presented. Among others guidelines: support of the development of hydro projects, energy efficiency, renewables, electric highway
- Chilectra: tariff review ongoing. New tariff expected Nov-2012.
- HidroAysen: Supreme Court dismissed recourses against power plants license

Latam Regulation update: Argentina

Asset portfolio

- Generation:
  - Hydro: 1,328 MW (Chocon)
  - Thermal: 3,194 MW (Costanera & Docksud)
- Distribution: 2.3 million clients in Buenos Aires (Edesur)

Limited exposure

- Total risk: 130 € M after 166 € M value adjustment in Dec. 2011:
  - 29 € M of book value and goodwill
  - 87 € M intercompany loans
  - 14 € M trade receivables and guarantees

Financing policy

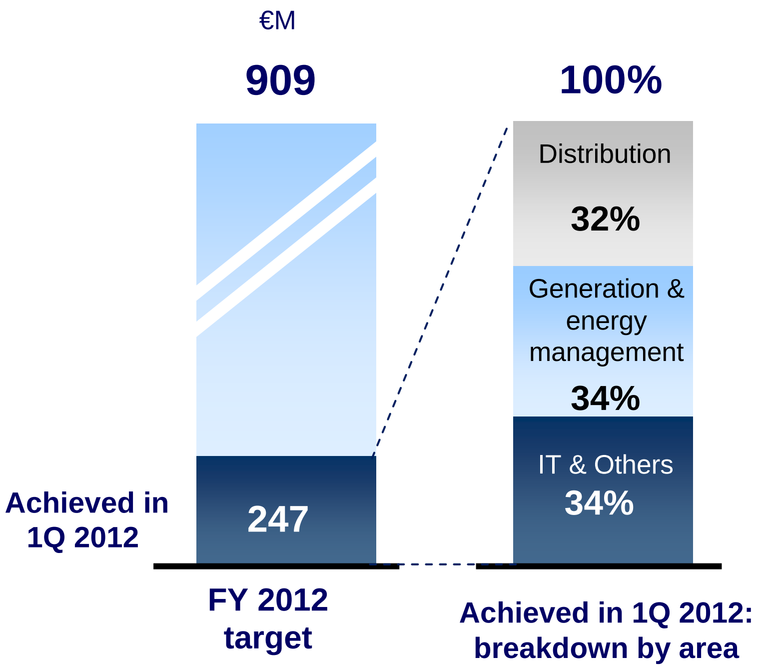
- No-cross default or covenant clauses with any other subsidiary nor parent company

Regulatory measures are needed

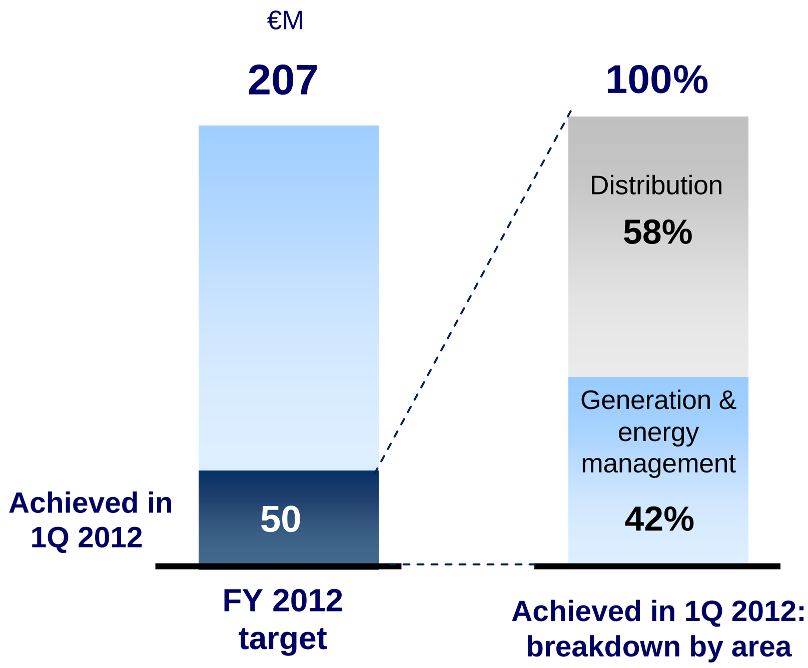
- Short term urgent measures are required to guarantee the continuity of normal operations and the security of supply:
  - Generation: extension of 2010 agreement and recovery of pending payments
  - Distribution: inflation recognition in tariff
- Medium term structural regulatory measures

On track to achieve efficiency and synergy targets for FY 2012

Synergy plan



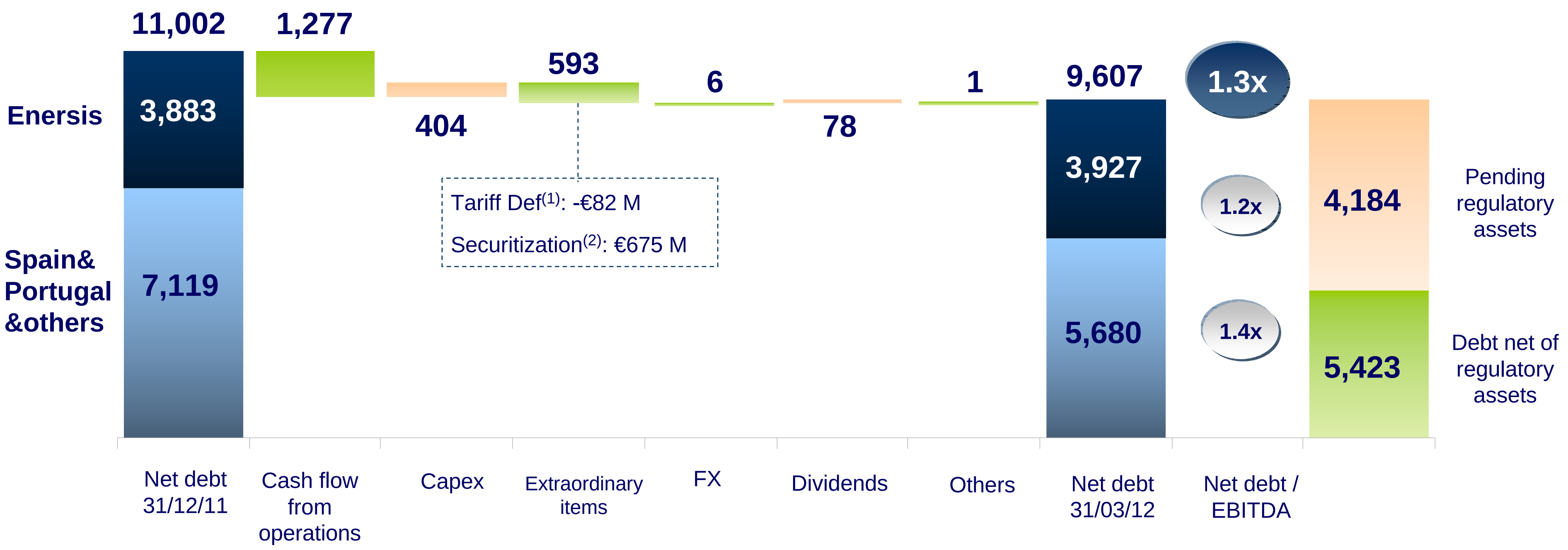
Zenith plan



- **Well on track to achieve 2012 Synergy plan target (27% in 1Q 2012) and Zenith plan target (24% in 1Q 2012)**

Strengthening our financial position

Net debt evolution in 1Q 2012 (€M)



	31/12/11	31/03/12
Leverage (Net debt/Equity)	0.4	0.4

Solid financial leverage and strong liquidity position

Endesa liquidity excluding Enersis covers 48 months of debt maturities

Enersis liquidity covers 25 months of debt maturities

(1) Includes payments/collections from 11th, 12th and 13th 2011 CNE settlements. 1st and 2nd 2012 CNE settlements do not have cash-effect in 1Q 2012. Deficit generated in 1Q2012 € 340M

(2) Mainland tariff deficit securitization. €1,030 M securitized during 1Q 2012 correspond to non-mainland systems are included as cash flow from operations

spain&portugal&others 1Q 2012

Highlights in 1Q 2012

Weak electricity demand[1] based on current economic environment

Higher generation output (+20%)[2] with lower hydro (-55%) compensated by higher thermal output (+41%)

Liberalized business: higher generation output and selling prices mitigate higher energy costs

Regulated business: already reflecting latest regulatory measures on distribution

Gas client portfolio: end of acquisition process from Gas Natural

Leadership in supply and ordinary regime generation

(1) Mainland: -2.0% adjusted for weather and working days. (-1.0% not adjusted). Source: REE

(2) Endesa. Mainland Ordinary Regime. Does not include Portugal

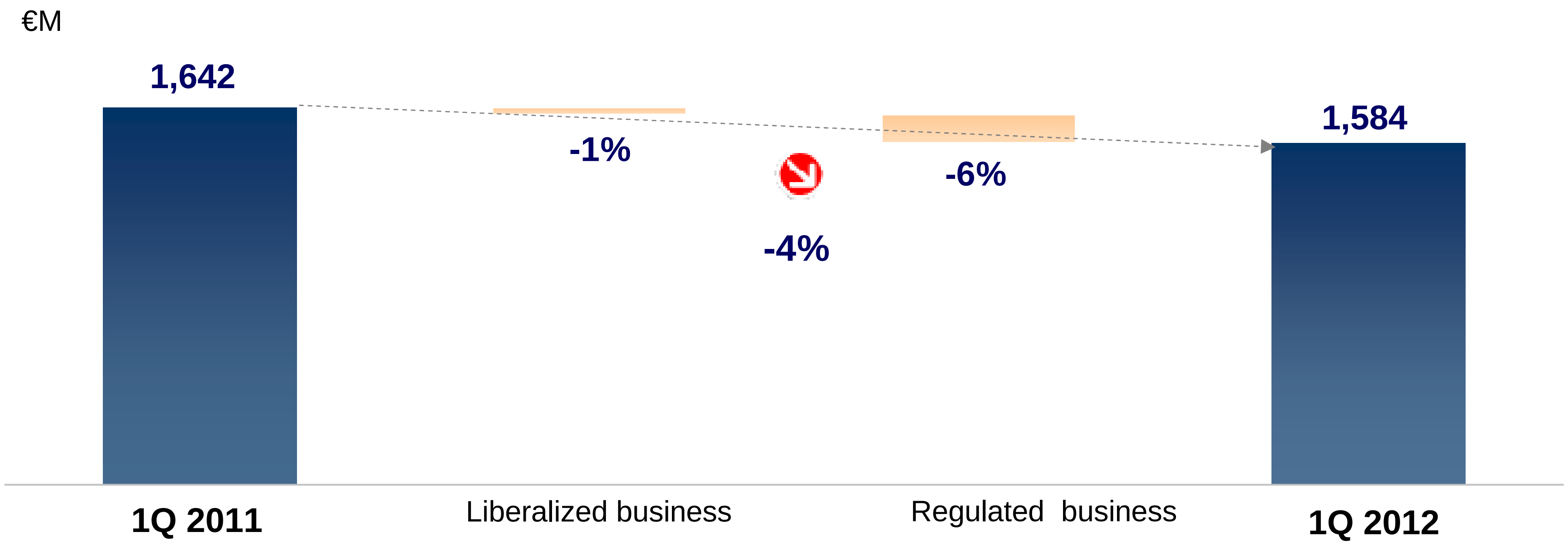
Stable operating results despite economic environment and new regulatory measures

€M	1Q 2012	1Q 2011	Change
Revenues	6,031	5,922	**+2%**
Gross margin	1,584	1,642	**-4%**
EBITDA	1,040	1,094	**-5%**
EBIT(1)	658	767	**-14%**
Net finance expenses	61	53	**+15%**
Net attributable income	475	524	**-9%**

- **Distribution already accounts for €70 M lower revenues from RDL 13/2012**

(1) D&A includes CO_2 adjustment: -€ 20 M in 1Q 2012 and +€ 20 M in 1Q 2011

Resilient margins



Liberalized business

- ↑ Higher sale prices to final customer
- ↑ Social bonus (Supreme Court ruling)
- ↑ Domestic coal vs. 1Q 2011 (only March)
- ↓ Higher energy cost
- ↓ LRT margin
- ↓ Generation mix (production/energy purchases)

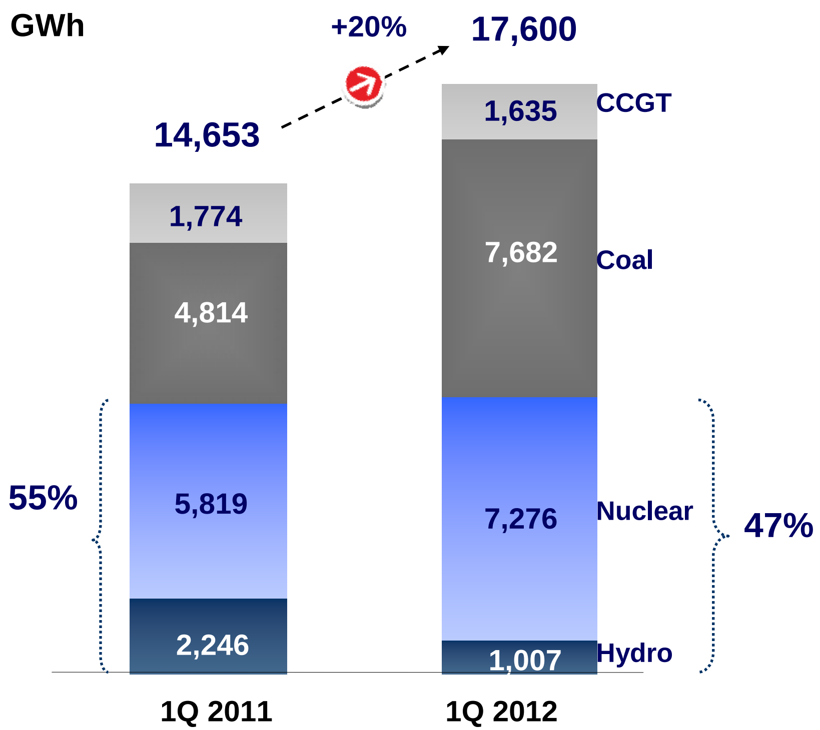
Regulated business

- ↓ Distribution (Impact of RDL 13/2012)
- ↑ Mining & others

Resilient liberalized business and new regulatory measures already reflected

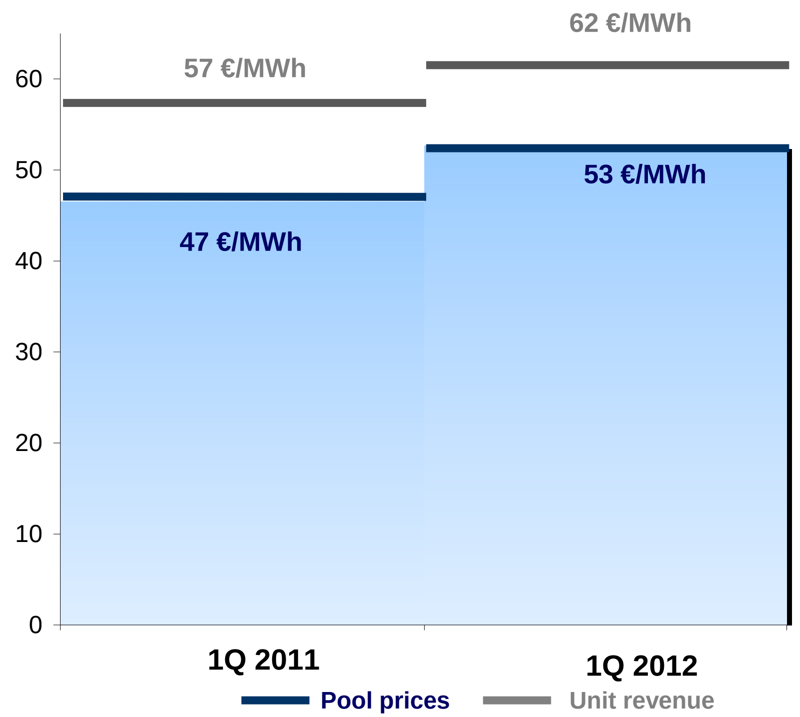
Higher generation output reduces energy purchases needs

Strong increase in mainland output[1]



- National Coal RD in force since end February 2011
- Low CO_2 prices make coal more competitive

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

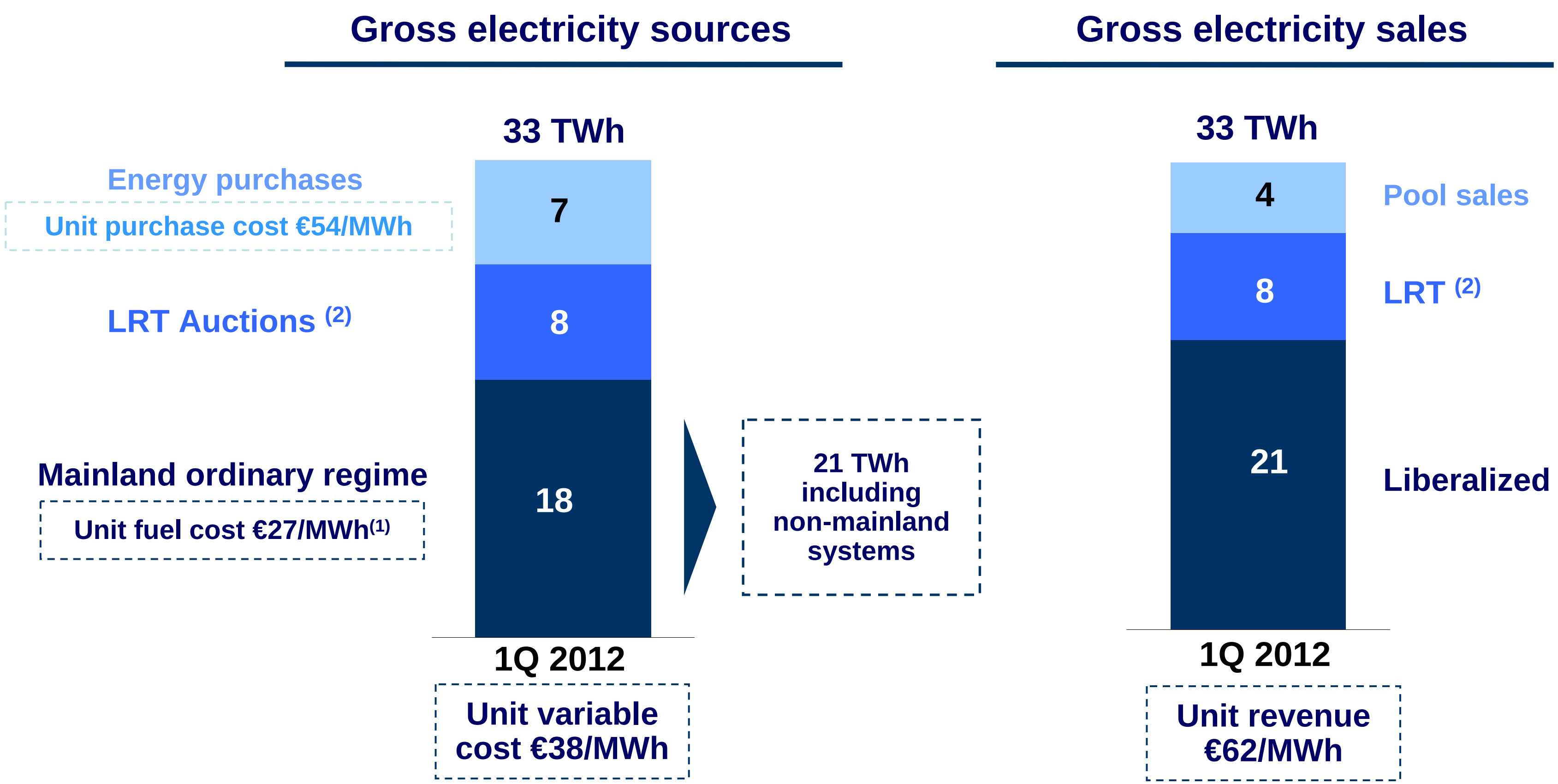


- Margin normalization due to higher energy purchasing cost

Strong increase in generation output offset lower margin from energy management

(1) Does not include Portugal

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



Increase in electricity unitary margin (+3%) supported by higher generation output

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

latin america 1Q 2012

Highlights in 1Q 2012

Strong increase in distribution sales (+6%) with outstanding performance in Chile (+7%), Brazil (+6%)(1) & Peru (+6%)

Increase in generation output (+4%) with strong hydro recovery in Brazil and Colombia

Generation in Chile: still affected by dry conditions and non recurrent items in 1Q 11

2011 fixed cost included €109 M negative one-off impact from Colombian net worth tax

CIEN EBITDA: +€22 M from new remuneration scheme in 1Q 2012

(1) Ampla +2% and Coelce +12%

Solid operating results supported by balanced & diversified portfolio

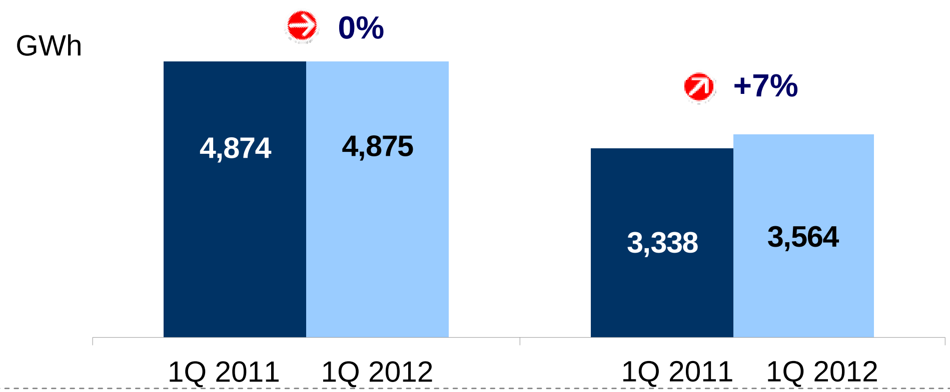
€M	1Q 2012	1Q 2011	Change
Revenues	2,616	2,441	**+7%**
Gross margin	1,124	1,093	**+3%**
EBITDA	787	681	**+16%**
EBIT(1)	598	551	**+9%**
Net finance expenses	126	100	**+26%**
Net income	328	324	**+1%**
Net attributable income	146	145	**+1%**

- **1Q2011 EBITDA included €109 M negative one-off from Colombian net worth tax**
- **FX positive effect in EBITDA (+ €21 M)**
- **€164 M of attributable EBITDA from direct holdings**

(1) CIEN reversal provision in 1Q 2011 for € 31 M

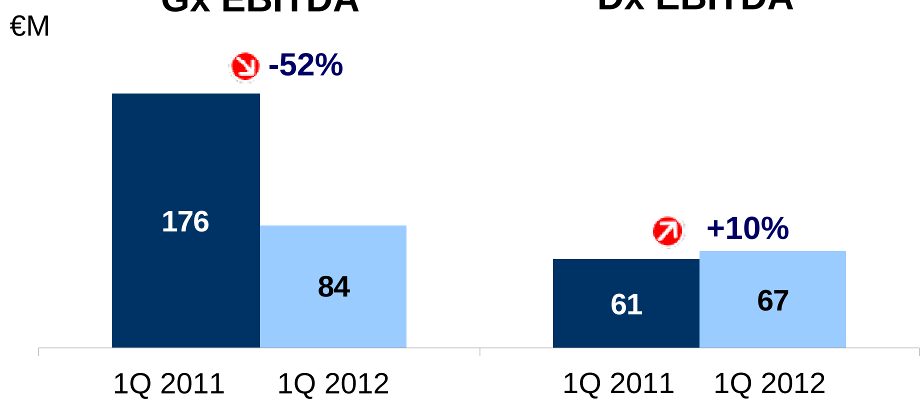
Chile: margins affected by negative one-offs in generation & higher distribution sales

Generation output **Distribution sales**



- **Stable generation with higher hydro output (+7%) but still below average**
- **Outstanding growth in distribution sales**

Gx EBITDA **Dx EBITDA**



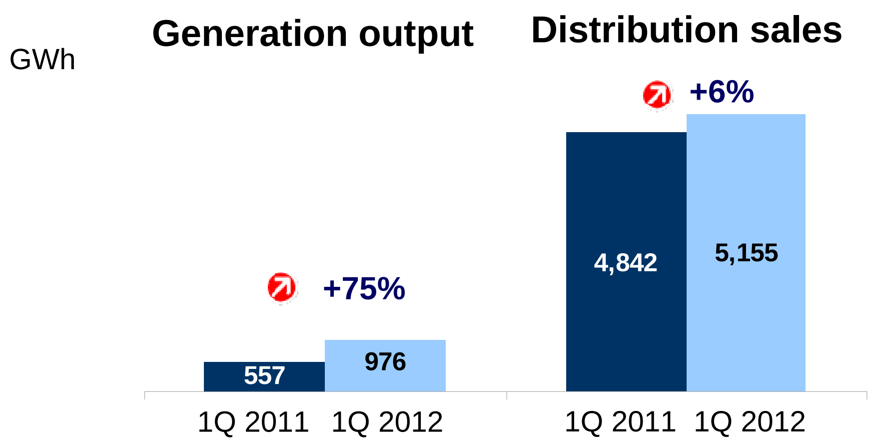
Unit margin	**€25.0**/MWh **-38%**	**€26.8**/MWh **+1%**

- **Gx:**
  - **- Worse generation and energy purchases mix**
  - **- 1Q 11 included €29 M from RM 88**
  - **- Lower selling price as 1Q 2011 included €23 M from risks clauses in contracts**
  - **- Includes CMPC favourable settlement**
- **Dx: higher volumes and better clients mix**

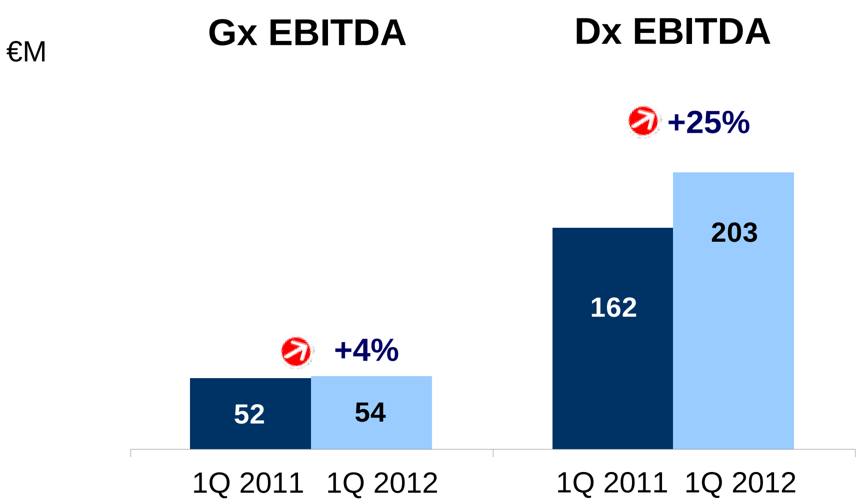
Total EBITDA €151 M (-36%) (1)

(1) Does not include holding and services.

Brazil: good results supported by regulated activities



- **Higher generation (+75%) due to higher hydro in Cachoeira and higher dispatch in Fortaleza**
- **Extraordinary demand in Coelce (+12%). Ampla (+2%)**



Unit margin	€33.6/MWh -13%	€57.6/MWh +12%

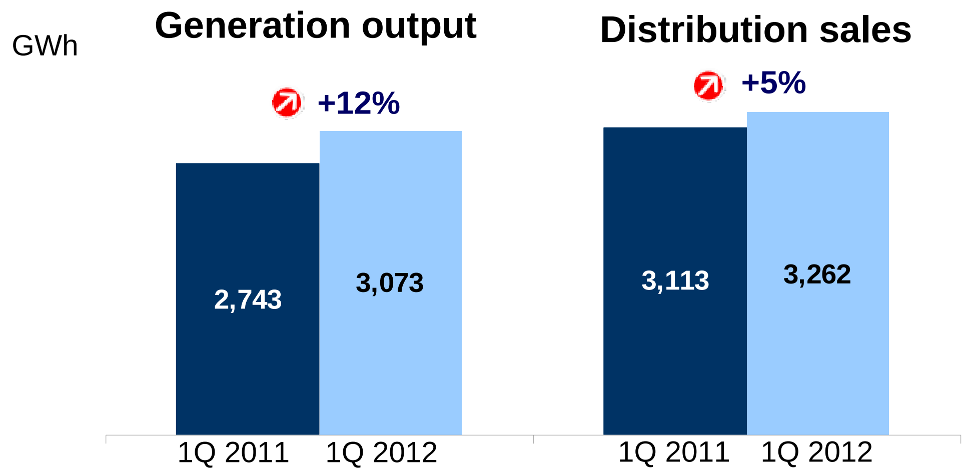
- **Gx: strong increase in output offset by lower unitary revenues**
- **Dx: increase in sales and higher unitary margin**

- **CIEN. New remuneration scheme: +€22 M vs. 1Q 11**

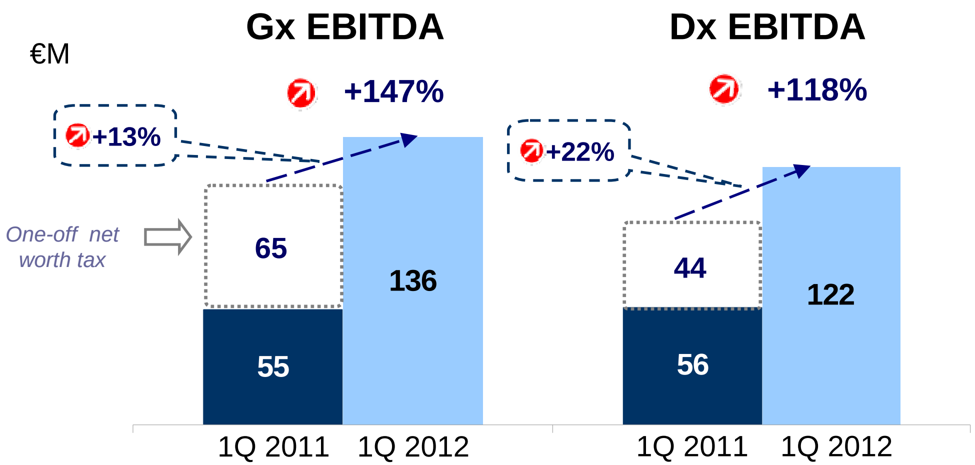
Total EBITDA €278 M (+31%)(1)

(1) Includes Brazil-Argentina interconnection recognized as regulatory asset in April 2011. Does not include holding

Colombia: outstanding performance stripping out last year net worth tax negative effect



- **Increase in generation due to better hydro conditions**
- **Higher distribution sales**



Unit margin	€39.3/MWh +10%	€48.3/MWh +18%

- **Gx:**

  - Higher volumes and higher unitary margin and capacity payments

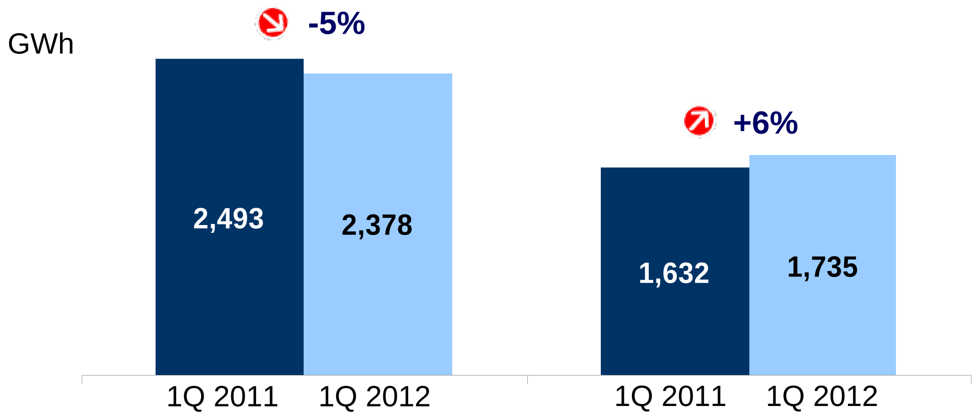
  - 1Q 11 net worth tax: -€65 M
- **Dx: higher distribution sales & 1Q 11 net worth tax: -€44 M**

Total EBITDA € 258 M (+132%)(1)

(1) +17% stripping out net worth tax

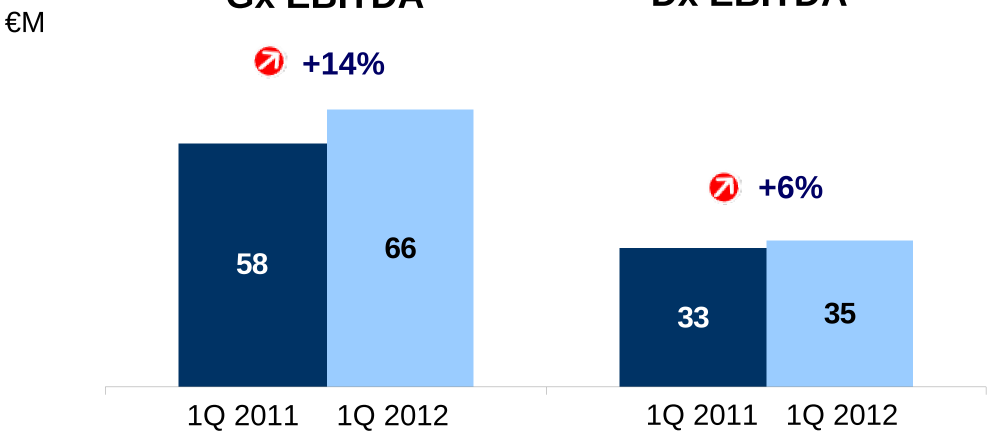
Peru: higher sale prices in generation and higher activity in distribution

Generation output **Distribution sales**



- **Stable hydro output and lower thermal generation (Ventanilla)**
- **Strong economic growth led to 6% increase in demand**

Gx EBITDA **Dx EBITDA**

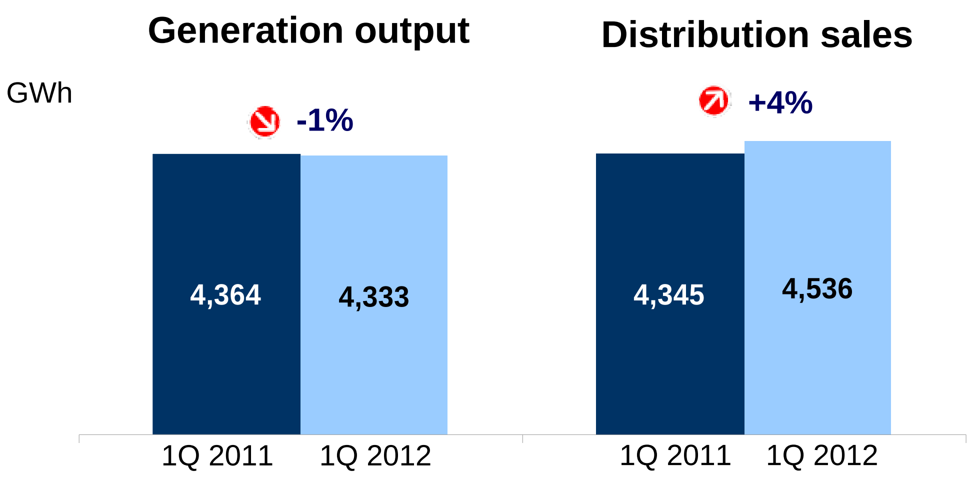


- **Gx: higher sales volume with higher selling price and capacity payments**
- **Dx: higher unitary margin**

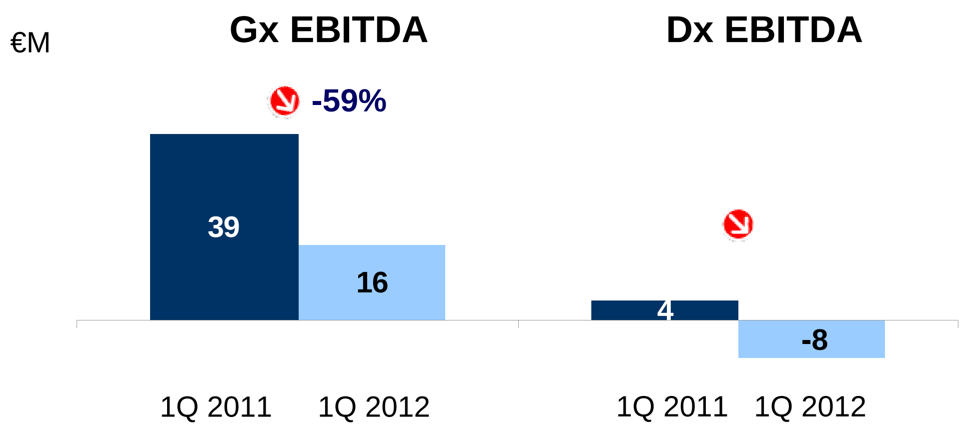
Unit margin	€30.6/MWh +16%	€28.9/MWh +8%

Total EBITDA €101 M (+11%)

Argentina: unsustainable regulatory conditions



- **Output in line with 1Q 2011**
- **Increase in distribution sales**



Unit margin	**€7.0**/MWh	**-35%**	**€13.0**/MWh	**+6%**

- **Gx: pending capacity payments and O&M remuneration. Higher fixed costs (-€5M).**
- **Dx: better unitary margin not enough to offset increase in personnel costs due to inflation and higher O&M costs (from storms) coupled with no increase in tariffs**

Total EBITDA (1) €8 M (-81%)

(1) Does not include Brazil-Argentina interconnection

conclusions 1Q 2012

Final remarks

- Focus on regulatory matters remains a priority
- Structural, balanced, transparent, non discriminatory, technically sound measures needed in Spain to eliminate tariff deficit
- Solid operating results in Iberia considering weak demand and regulatory measures
- Strong results in Latin America despite operating matters in Chile and regulatory matters in Argentina
- Effective delivery from efficiency and synergies programs
- Strong financial and liquidity position

appendices 1Q 2012

Installed capacity and output[1]

Installed capacity

MW at 31/03/12	Spain& Portugal&Others	Endesa Latin America	Total
Total	**24,262**	**15,817**	**40,079**
Hydro	4,716	8,666	13,382
Nuclear	3,681	-	3,681
Coal	5,804	522	6,326
Natural gas	4,856	4,395	9,251
Oil-gas	5,204	2,148	7,352
CHP/Renewables	na	87	87

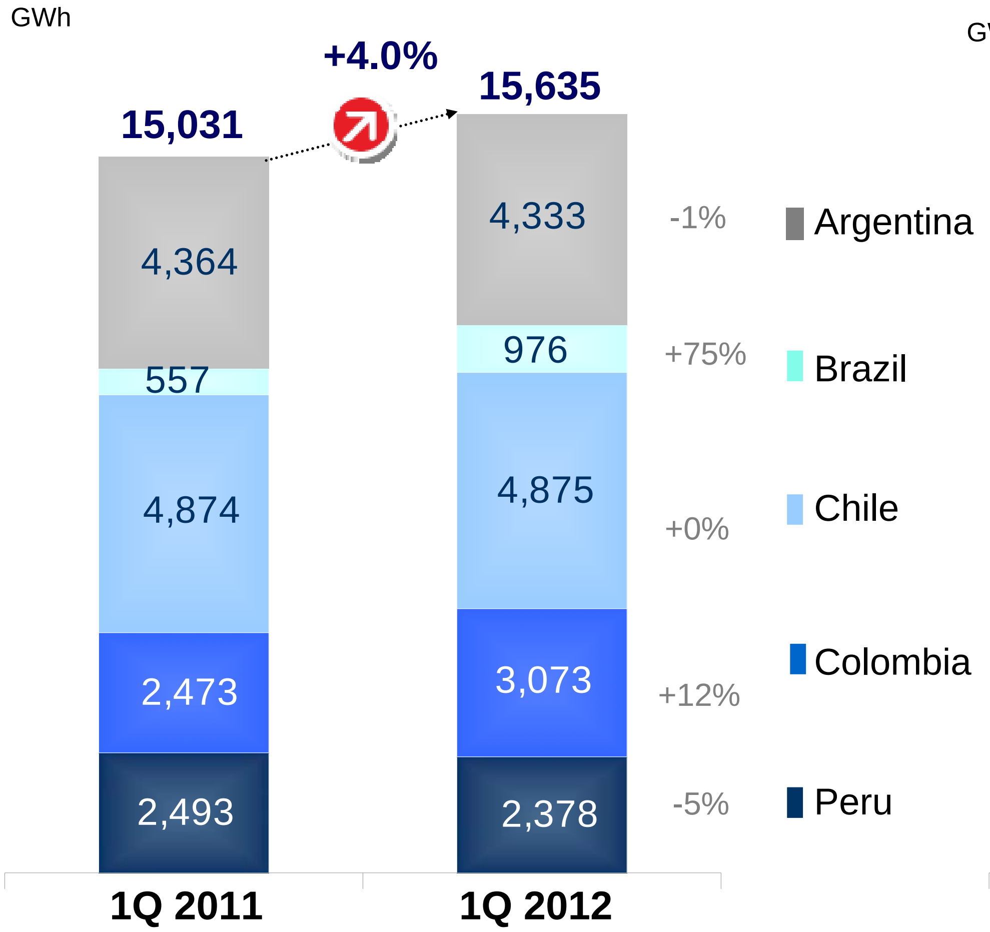
Output

TWh 1Q 2012 (chg. vs. 1Q 2011)	Spain& Portugal&Others		Endesa Latin America		Total	
Total	**21.6**	**+17.2%**	**15.6**	**+4.0%**	**37.2**	**+11.3%**
Hydro	1.0	-55%	8.4	+11%	9.4	-4%
Nuclear	7.3	+25%	-	-	7.3	+25%
Coal	8.7	+59%	0.5	-6%	9.3	+53%
Natural gas	2.1	-11%	5.7	+6%	7.8	+1%
Oil-gas	2.4	-1%	1.0	-33%	3.4	-13%
CHP/Renewables	na	na	0.05	+11%	0.05	+11%

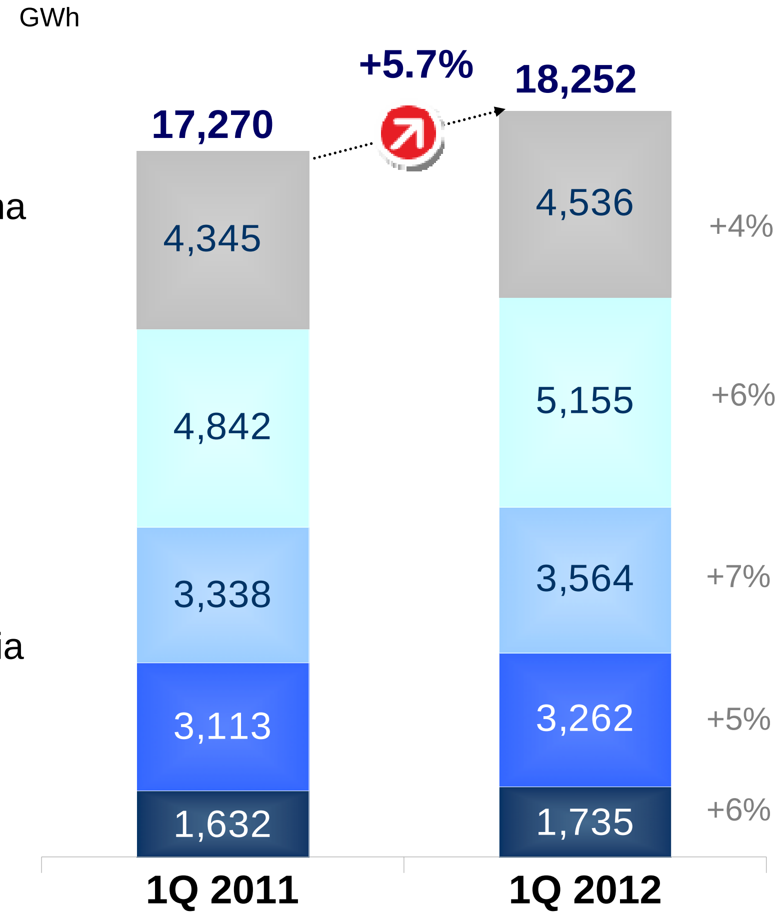
(1) Includes data for fully consolidated companies and jointly-controlled companies accounted for using proportionate consolidation

Latin America: generation and distribution figures

Generation Output

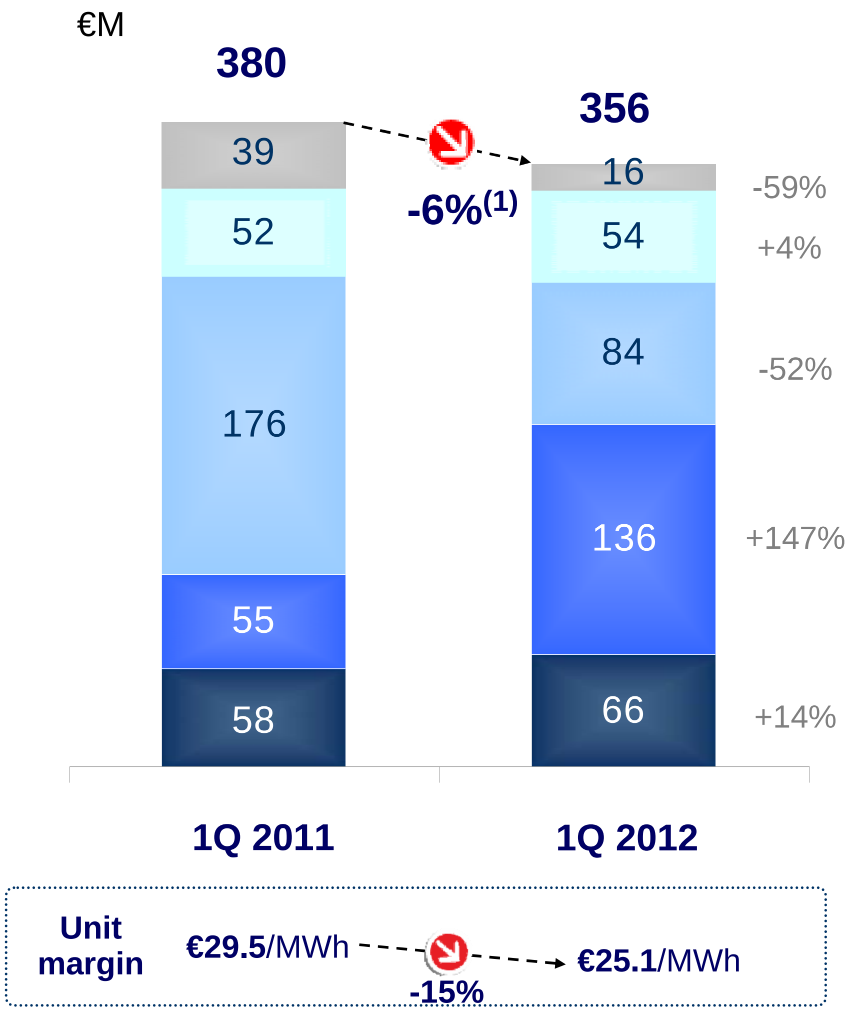


Distribution Sales

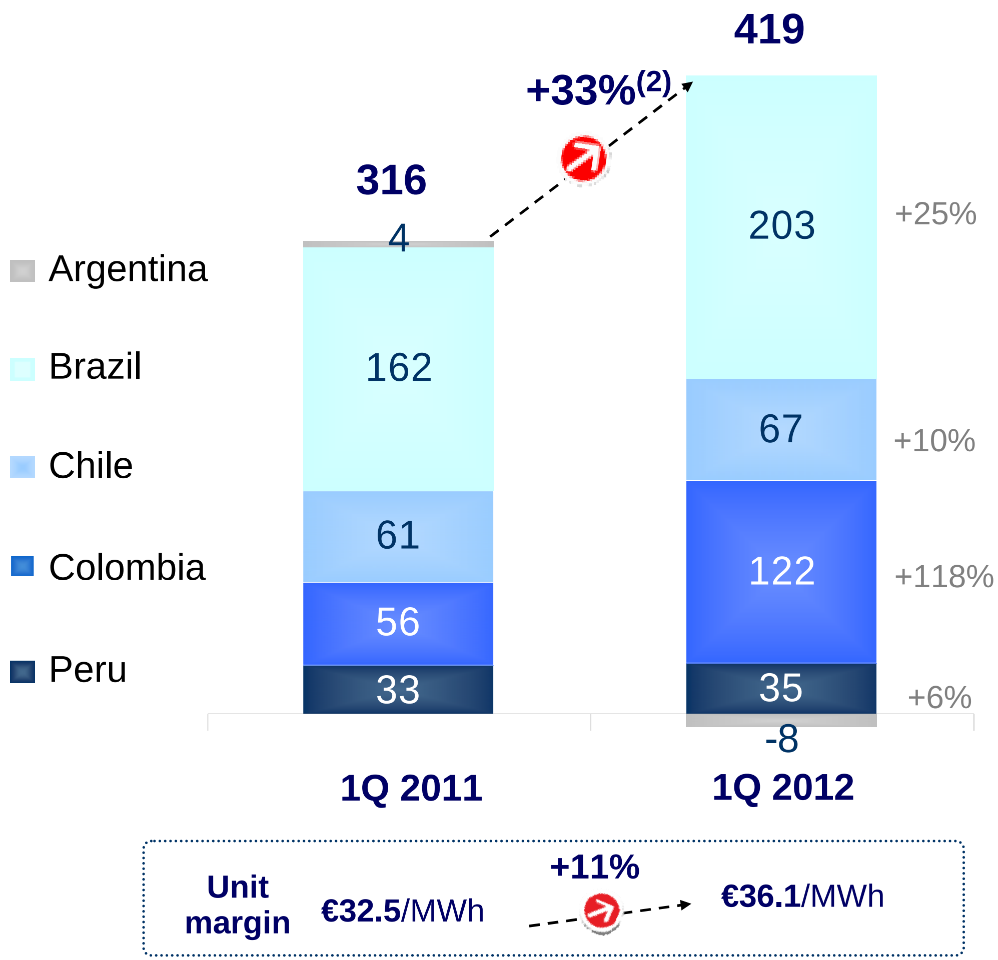


Chile: 1Q12 Gx affected by non-recurrent items. Colombia: 1Q11 net-worth tax

Ebitda Generation



Ebitda Distribution

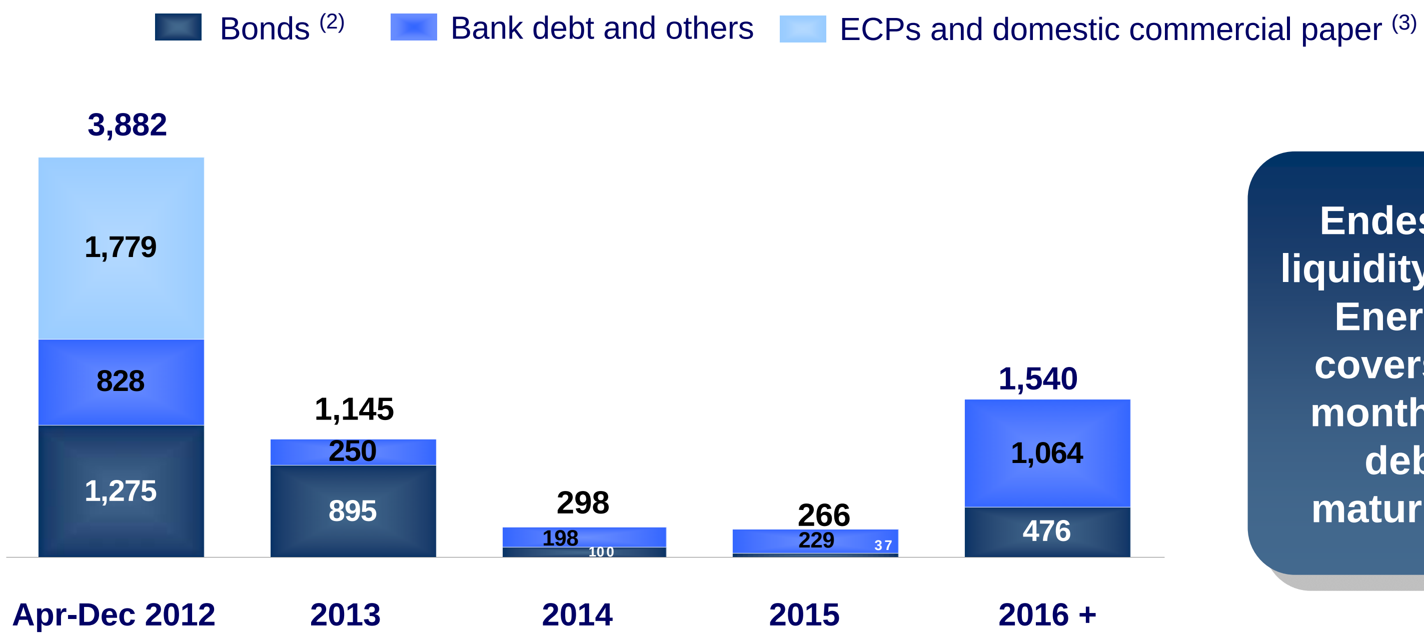


(1) -20% stripping out Colombian net worth tax

(2) +16% stripping out Colombian net worth tax

Endesa (excl. Enersis): financial debt maturity calendar

Gross balance of maturities outstanding at 31 March 2012: €7,131 M[(1)]



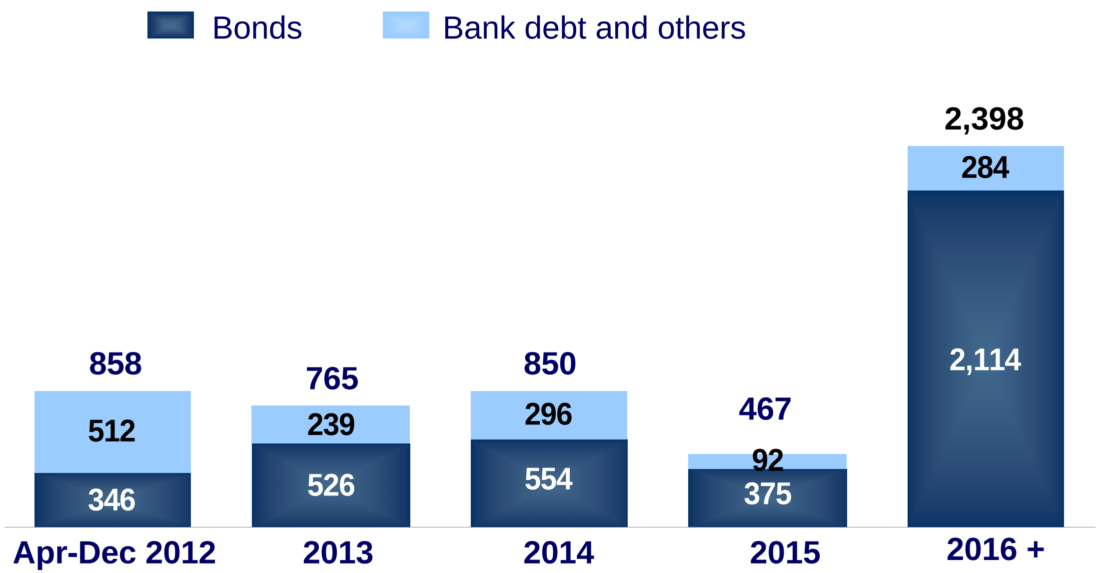
Endesa's liquidity excl. Enersis covers 48 months of debt maturities

- **Liquidity €9,838 M**
  - **€1,521 M in cash**
  - **€8,317 M available in credit lines**
- **Average life of debt: 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.
(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 31 March 2012: €5,338 M[(1)]



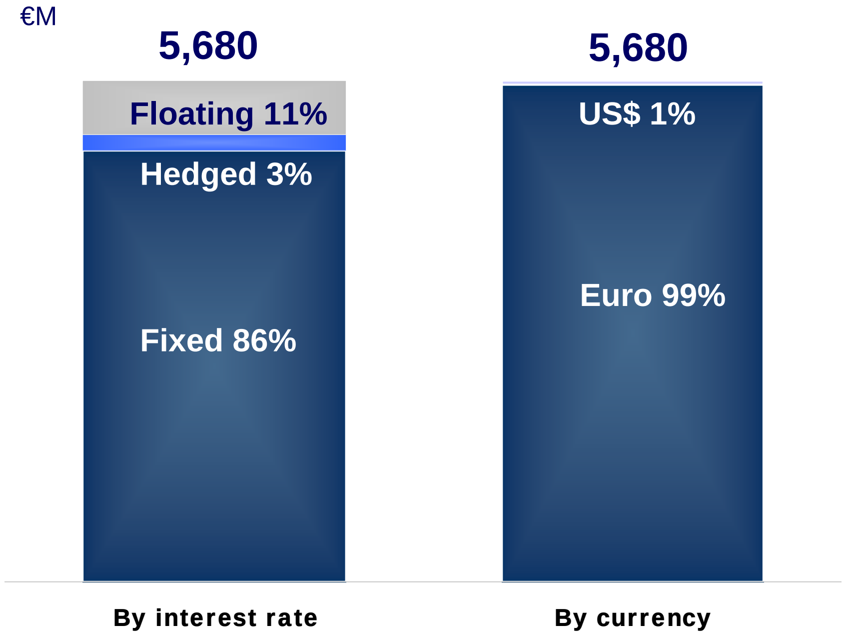
Enersis has sufficient liquidity to cover 25 months of debt maturities

- **Liquidity €2,394 M:**
  - **€1,716 M in cash**
  - **€678 M of syndicated loans available**
- **Average life of debt: 5.3 years**

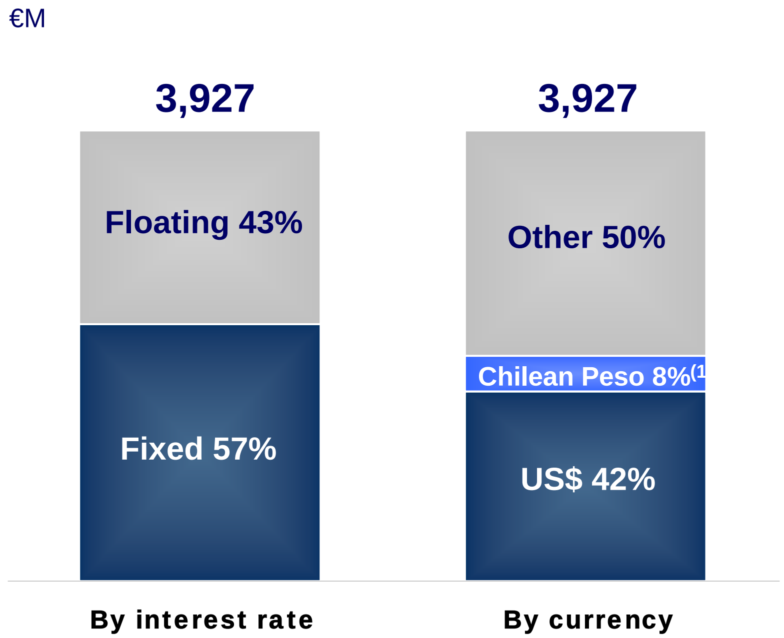
(1) This gross balance differs from the total financial debt figure as it does not include outstanding execution costs or the market value of derivatives which do not involve any cash payment.

Financial policy and net debt structure

Structure of Endesa's net debt ex-Enersis



Enersis net debt structure



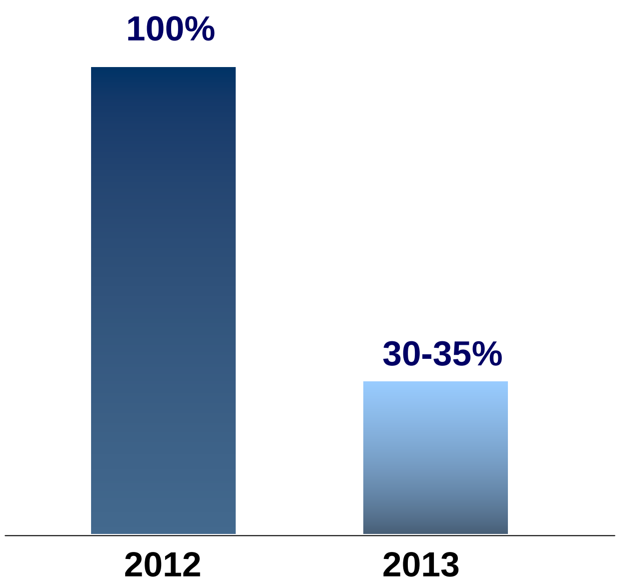
Average cost of debt	4.6%	9.6%

- Net 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

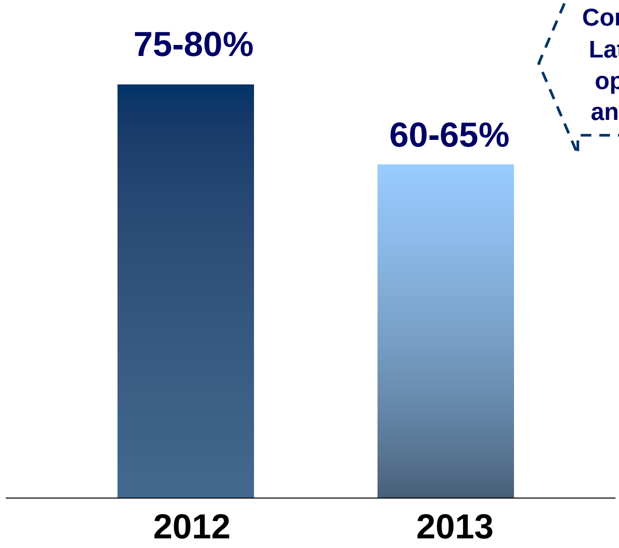
Data at 31 march 2012
(1) Includes "Unidades de Fomento"

Well on track on forward sales strategy

Spain & Portugal
(% estimated mainland output hedged)



Latin America
(% estimated output hedged)

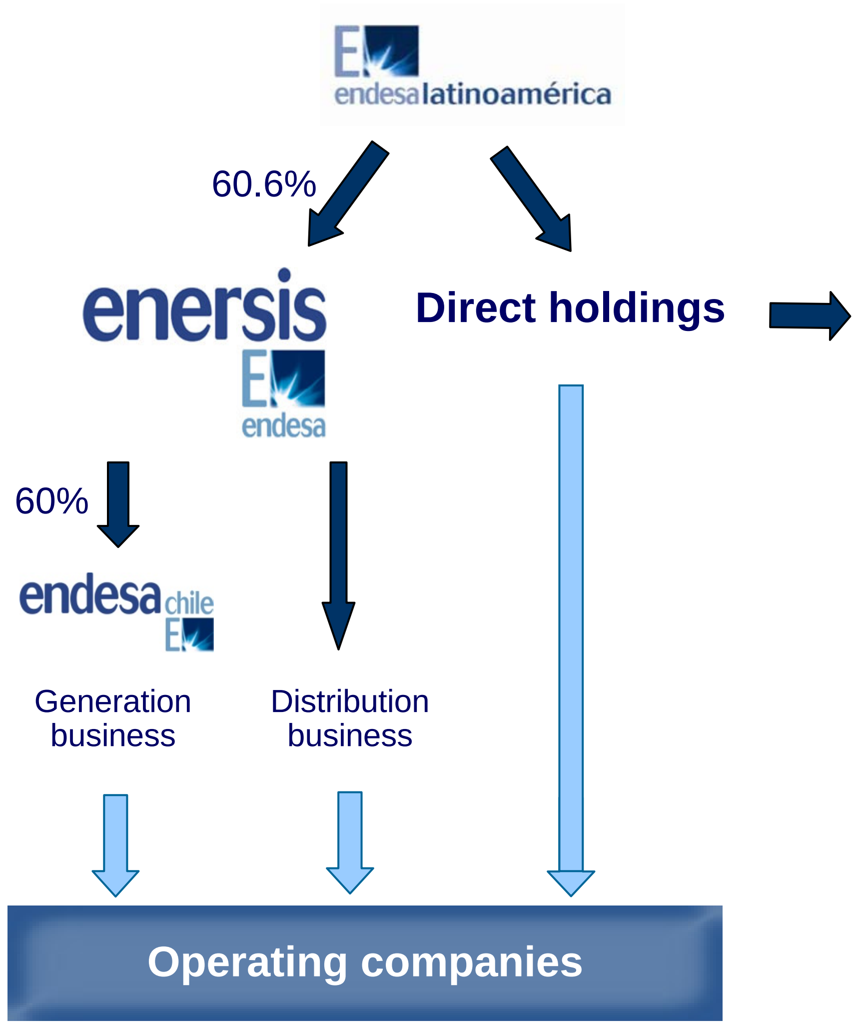


Contracting level in Latin America that optimizes margin and risk exposure

Consistent commercial policy

34% of the generation sold via contracts > 5 yrs and 21% via contracts > 10 yrs

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



€M		% direct stake	Proportionate 1Q 2012 EBITDA	Proportionate 31.03.2012 Net debt
	Codensa	26.7%	32	71
	Emgesa	21.6%	29	150
	Endesa Brasil	28.5%	78	-11
	Ampla(1)	7.7%	8	41
	Edesur	6.2%	-1	3
	DockSud	40%	3	19
	Edelnor	18%	6	39
	Piura	96.5%	8	13
	Pangue	5%	1	0
Proportionate total			**164**	**326**

(1) Includes Ampla & Ampla Investimentos (both acquired in October 2011)

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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