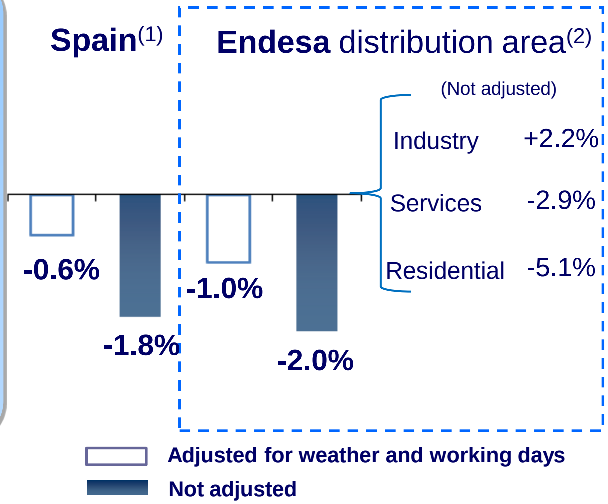
07 | 05 | 2014

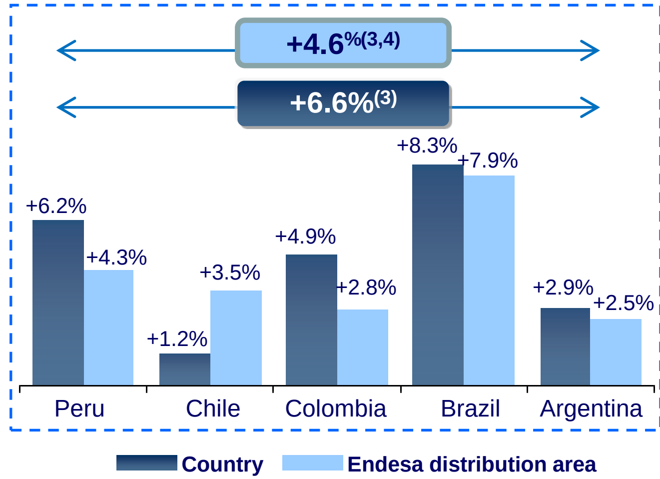
endesa 1Q 2014 results

Business context in 1Q 2014

Demand

Spain: residential clients demand decrease partially mitigated by significant industry demand recovery





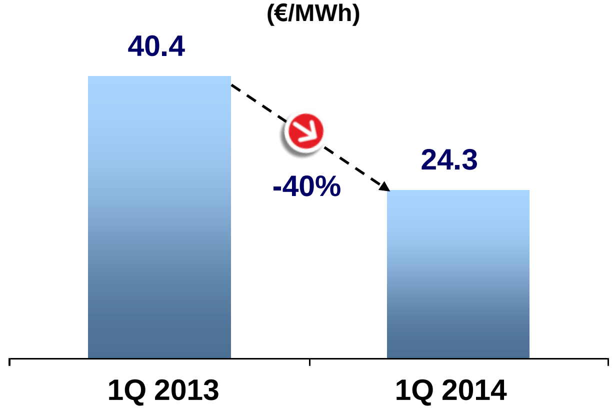
Latin America: healthy growth in both Endesa distribution areas and countries

(1) Mainland. Source: REE
(2) Mainland. Source: Endesa's own estimates
(3) Average growth weighted by TWh (not adjusted)
(4) Tolls and unbilled consumption not included (net of losses)

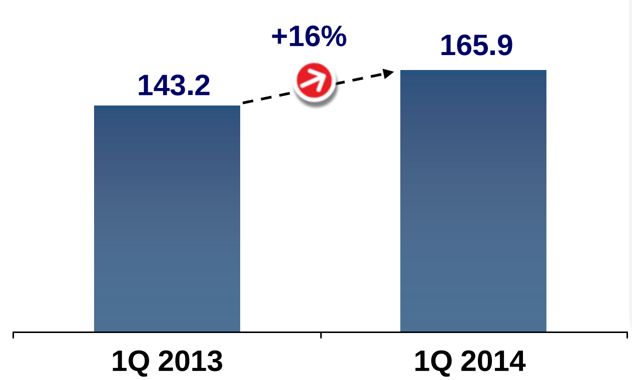
Electricity wholesale prices

Spain: strong decline in power prices following lower thermal gap due to extraordinary hydro and wind conditions

Weighted average pool prices Spain(1)
(€/MWh)



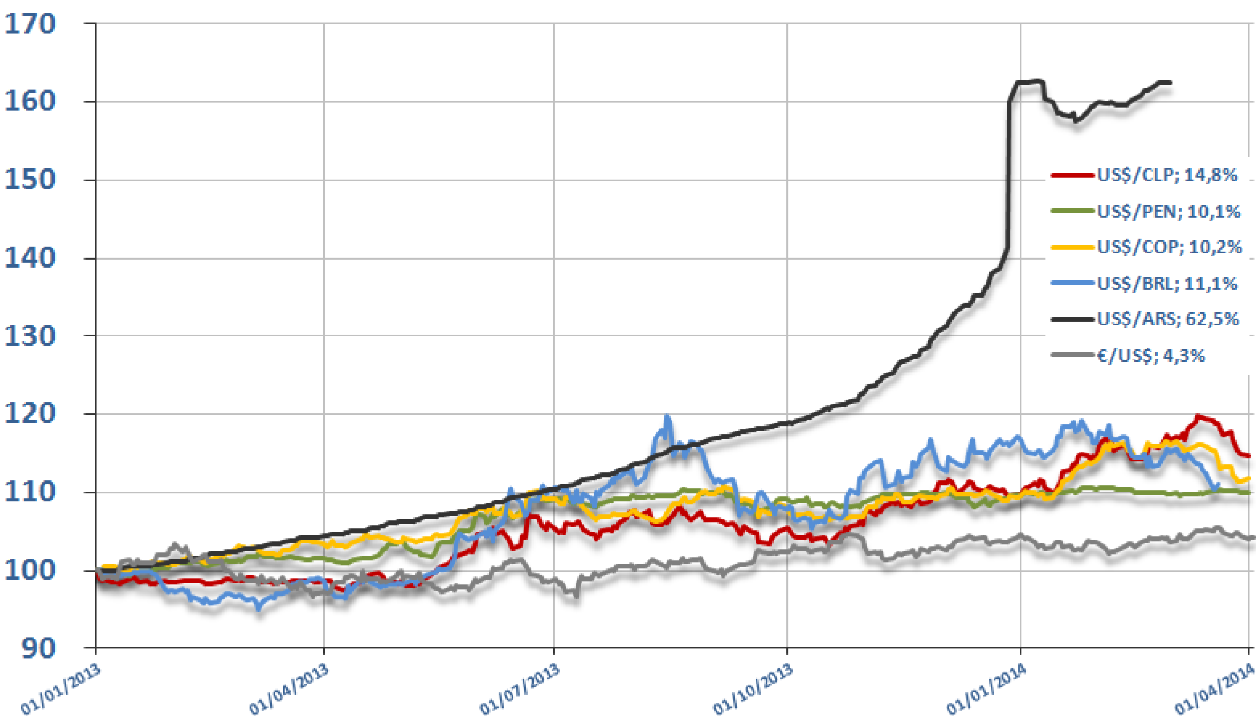
Average spot prices Chile-SIC(2)
(US$/MWh)



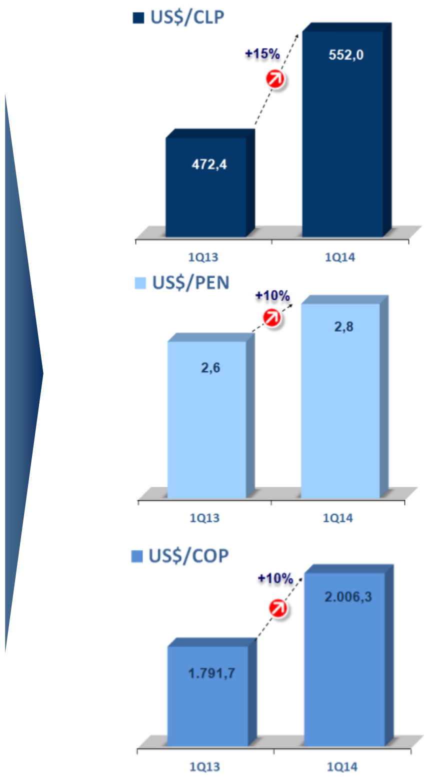
Chile: higher contribution from diesel setting the marginal price as a result of lower coal and gas output

(1) Excluding ancillary services and capacity payments. €26.1/MWh average baseload equivalent (1Q 2014).
(2) Alto Jahuel node price

Latin America: EBITDA in Euro negatively impacted by translation currency exchange rates



GENERATION DOLLARIZED BUSINESS



- **Important depreciation of local currencies exchange against euro and dollar**
- **Impact in Chile, Colombia and Peru partially neutralized thanks to dollarization of Gx businesses (42% of Latam EBITDA)**

US$ depreciation against euro plus Latam currencies weakness

Level of margins in Spain maintained in spite of strong negative regulatory impact. Extremely adverse external circumstances in Latam

€M	1Q 2014	1Q 2013(1)	Change
Revenues	7,523	8,109	**-7%**
Gross margin	2,266	2,518	**-10%**
EBITDA	1,499	1,658	**-10%**
Spain&Portugal	953	958	**-1%**
Latin America	546	700	**-22%**
EBIT(2)	948	1,020	**-7%**
Net finance expenses	74	146	**-49%**
Net attributable income	448	476	**-6%**
Spain&Portugal	350	338	**+4%**
Latin America	98	138	**-29%**

Iberia:

- **Additional regulatory impact in 1Q 2014 (vs. 1Q 2013): €117 M (RDL 9/2013)**
- **Accumulated regulatory impact 1Q 2014: ~ €390 M (RDL 13/2012, RDL 20/2012, Law 15/2012, RDL 2/2013 & RDL 9/2013)**

LatAm:

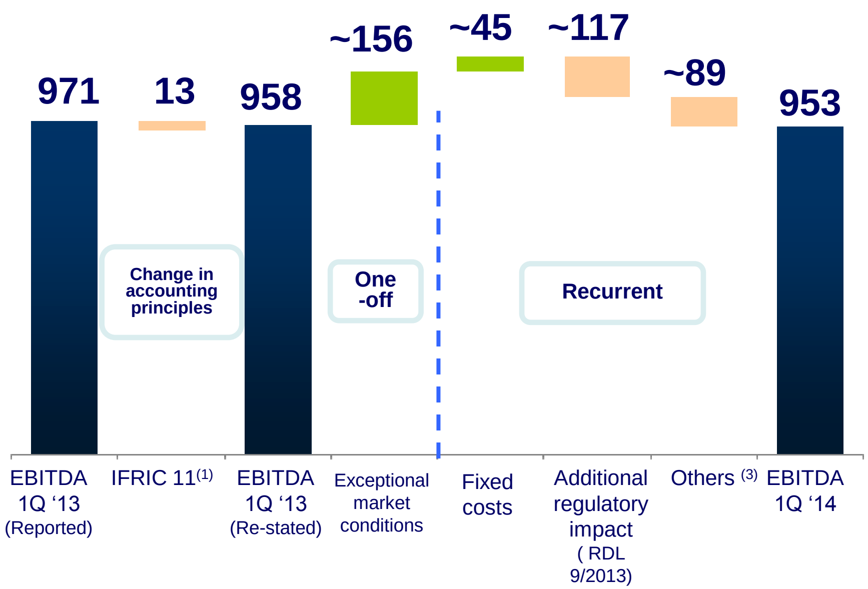
- **Fx negative impact: -€79 M**
- **One-off negative effects from Bocamina II temporary shutdown (in parallel with continuing drought), heat wave effects in Argentinean Dx business**

(1) 1Q 2013 P&L restated following the application of IFRIC 11

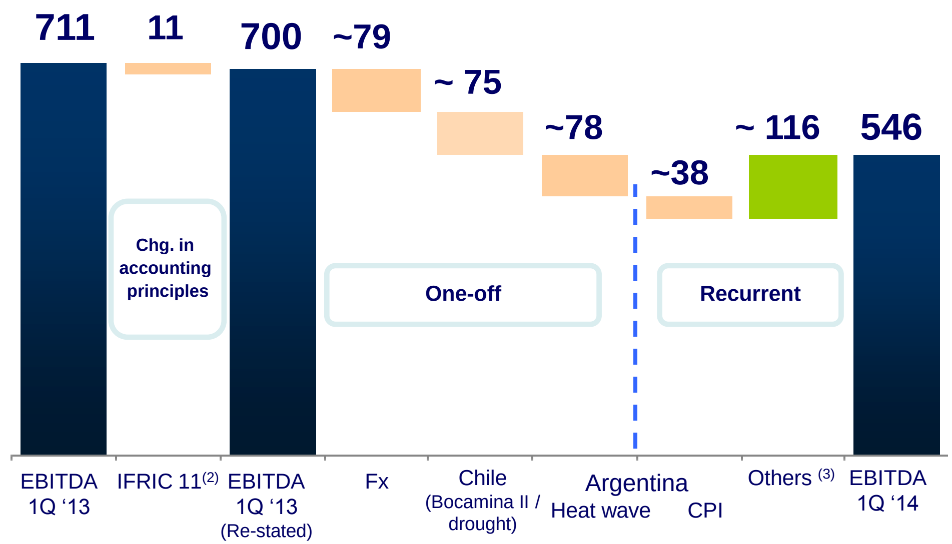
(2) 1Q 2014 D&A includes €19 M from EUAs write-off while 1Q 2013 D&A includes €92 M

Exceptional effects incorporated in 1Q 2014

Spain&Portugal (€M)



Latam (€M)



One-offs (Spain&Portugal)

- Exceptional market conditions: mainly lower fuel cost (high hydro production) and lower energy purchase cost

Recurrent (Spain&Portugal)

- Fixed cost reduction
- Additional regulatory impact

One-offs (Latam)

- Significant FX impact
- Chile: Bocamina II
- Argentina: heat wave

Recurrent (Latam)

- Argentina: CPI

Several one-off effects, mitigated by managerial actions, do not allow for a lineal extrapolation of the quarterly result into the FY

(1) Nuclenor, Portugal (Gx) and Morocco (Gx)
(2) GasAtacama(to be fully consolidated from May 1st, 2014), EEC (Empresa Eléctrica de Cundinamarca) and HidroAysen
(3) Mainly recurrent

Spain: regulation update

SCVP(1) new mechanism

(RD 216/2014)

- New mechanism based on pool price
- By July 1st, 2014 invoices to use the average price calculated by Red Eléctrica for 3 categories of clients
- No date fixed for invoicing based on digital meters measurements

Social bonus financing

(Order IET/350/2014)

- Obligation for Endesa to fund 41.61% of social bonus cost
- Transitory methodology until new RD of Supply sets new eligibility criteria

Interruptibility new mechanism

(Order IET/346/2014)

- Auction mechanism to be implemented.
- No longer financed by access fees(2)

2nd CNMC settlement on Year 2014

- Provisional tariff deficit amounting to €1.7 bn
- Coverage ratio(3): 44.8%
- Endesa has financed 16.3% of tariff deficit (normalized level ca. 20% vs. 44.2% in previous scheme)

(1) Small consumer voluntary price

(2) Once auction mechanism applies.

(3) Coverage ratio = (Total revenues – costs not affected by coverage ratio) / Costs affected by coverage ratio

LatAm: regulation update

Chile

- Gx:
  - ✓ New Government energy policy to be based on 6 pillars: strengthening of the state role, reorganization of land-use, renewables, energy efficiency, increase sector competition, boost interconnection projects
- Fiscal reform Bill being discussed in the Congress:
  - ✓ Gradual increase of corporates' income tax advance payment by companies from current 20% to 25% by 2017
  - ✓ Disappearance of FUT ("Fondo de Utilidades Tributarias")
  - ✓ New emissions tax applying from 2017 to thermal facilities >50MW (5 US$/t for CO_2 and 1 US$/t for NO_x and SO_2)

Brazil

- Dx:
  - ✓ Negative impact on Ampla and Coelce due to involuntary exposure to high energy spot prices recovered thru:
    - System compensation: a total of €25 M (out of which €13 M are to be recovered thru next tariff adjustment)
    - Decree 8.221 of CCEE: a total of €150 M
  - ✓ Ampla: 2014-2018 3rd cycle tariff review with positive outcome, despite lower WACC following country risk improvement. Final tariff increase: +2.64% (retroactive from April, 8th)
  - ✓ Coelce annual tariff adjustment: +16.8% final tariff increase (retroactive from April, 22nd)
  - ✓ ICMS[1] paid since 2003 that were not translated into higher tariff for Coelce (€45 M), recognized as deductible taxes

Argentina

- Dx:
  - ✓ "Acuerdo Instrumental": progress in negotiations with the Government related to level of tariff allowing higher level of investments
- Gx:
  - ✓ Progress in reviewing standards foreseen in Resolution 95/2013

(1) *Impuesto sobre circulación de mercancías y servicios*

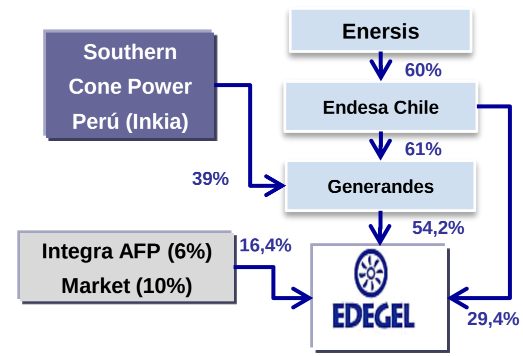
LatAm: purchase of additional 21.14%(1) of Edegel from Inkia

Edegel

Company description

- Leading generation company in Peru with 1,668 MWs(2) of installed capacity
- 25% Peruvian market share (installed capacity and output)

Ownership structure pre-agreement



Rationale

- Benefits from the acquisition:
  - ✓ Higher economic interest from Edegel (from current 37.5% to 58.6%)[1] in line with the Group Strategy
  - ✓ Full control: potential savings and possibility of new capacity development thru Edegel
  - ✓ Streamlining the shareholder structure
  - ✓ Inkia, a member of Edegel's BoD, is a direct competitor in the Peruvian market through Kallpa Power

Purchase agreement and valuation

- Price: US$ 413M (~ €300 M) for 21.14% stake(1)
- Implicit valuation:
  - ✓ EV/EBITDA 2013: 6.6x
  - ✓ PER 2013: 11.6x (vs. 16.1x Peruvian electricity sector)
- Accretive transaction

(1) Enersis perimeter
(2) It includes Chinango (Edegel's 80%-owned subsidiary) installed capacity

LatAm: purchase of additional 50% of GasAtacama

GasAtacama assets

- 781MW CCGT operating in the SING
- 1,163 km long gas pipeline in northern Chile and gas interconnection with Argentina

Rationale

- Increase economic interest
- Exclusive control and consolidation
- Streamlining shareholders structure
- Possibility to become base energy supplier in a strong demand market

2013 YE economic figures

- EBITDA: US$ 114 M
- Net profit: US$ 69 M
- Cash position: US$ 222 M
- Net debt: US$ 57 M

Purchase agreement terms

- Transaction completed on 22nd April 2014
- Purchase price: US$ 309 M
- 3.5x EV/EBITDA

As a result of the acquisition, Endesa Chile will consolidate in its income statement 100% of GasAtacama from May 1st, 2014

Other relevant events during the period

New gas supply contract with Cheniere

- 2 bcm LNG contract with supply starting in 2018 delivered at Cheniere's Corpus Christi facility
- 20 year contract (with possible extension to 30) linked to H.Hub index
- Flexibility in destination and use
- Gradual renewal of current gas portfolio, diversifying gas sources

Los Condores power plant final investment decision by Endesa Chile's BoD

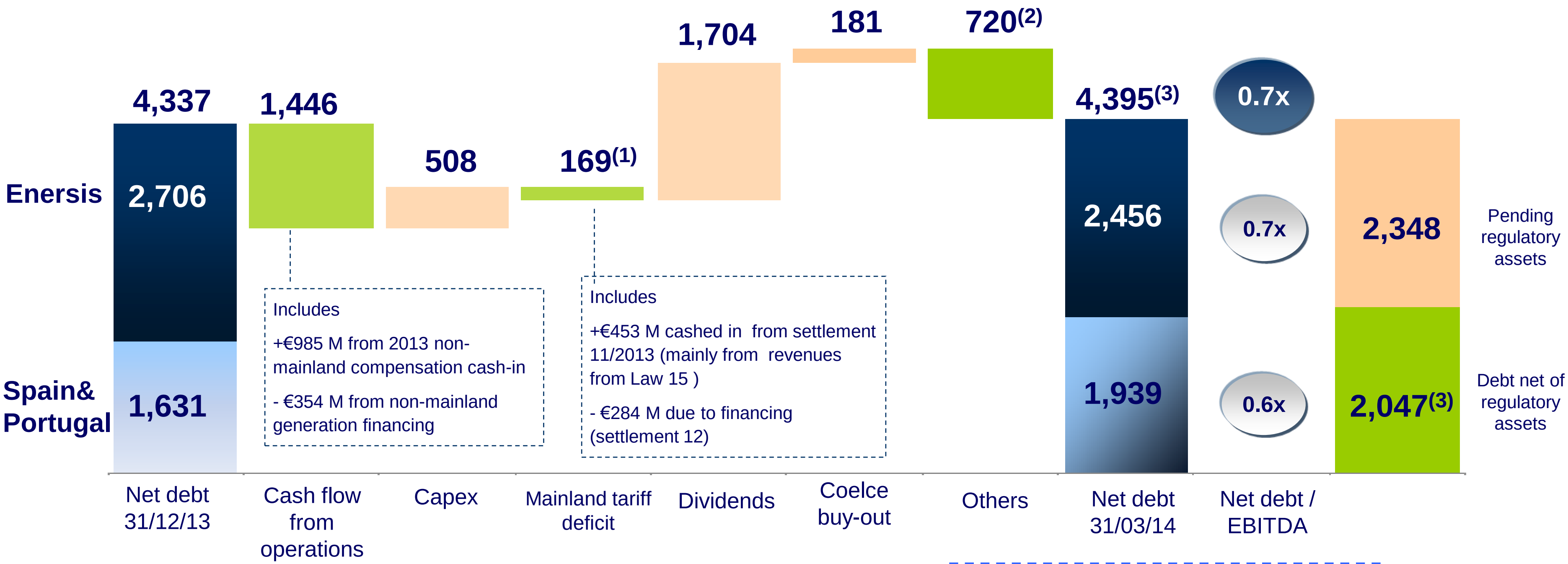
- 150 MW hydro power plant in Chile
- 48% load factor
- Capex: US$661.5 M (ca. €480 M). Civil works contract already awarded
- Expected to come on stream by end of year 2018

Bocamina II: status update

- Temporarily shut down
- Pending resolution from the Corte de Concepción in the short term

Sound financial position

Net debt evolution in 1Q 2014 (€M)



Solid financial leverage and strong liquidity position

	31/12/13	31/03/14
Leverage (net debt/equity)[4]	0.2	0.2

Endesa liquidity excluding Enersis covers 31 months of debt maturities

Enersis liquidity covers 39 months of debt maturities

(1) Includes payments/collections from CNMC settlements in 1Q 2014

(2) Mainly financial investments with maturity over 3 months coming from Enersis capital increase that were made in previous quarters and matured during 1Q 2014 (€ 591M)

(3) This figure does not include financial assets with maturity > 3 months for an amount of €304 M coming from Enersis capital increase

(4) Net debt figure includes pending regulatory assets

spain&portugal 1Q 2014

Highlights in 1Q 2014

Margin negatively affected by RDL 9/2013 in both regulated and liberalized businesses partially compensated by exceptional market conditions

Output generation (-8%)(1): lower demand and lower thermal gap. 79% of total output from nuclear & hydro (71% in 1Q 13)

Significant and ongoing fixed costs reduction: -9%

New deficit funding mechanism

Focus on IT to implement new SVCP mechanism

(1) Mainland

Results negatively affected by regulatory measures partially offset by management actions

€M	*1Q 2014*	*1Q 2013*[(1)]	*Change*
Revenues	5,443	5,732	**-5%**
Gross margin	1,402	1,460	**-4%**
EBITDA	953	958	**-1%**
EBIT[(2)]	560	498	**+12%**
Net finance expenses	32	49	**-35%**
Net attributable income	350	338	**+4%**

Regulatory impacts

- **Additional regulatory impact in 1Q 2014 (vs. 1Q 2013): -€117 M (RDL 9/2013)**
- **Accumulated regulatory impact 1Q 2014: ~ €390 M (RDL 13/2012, RDL 20/2012, Law 15/2012, RDL 2/2013 & RDL 9/2013)**

- D&A: significant decrease 1Q'14 vs 1Q'13

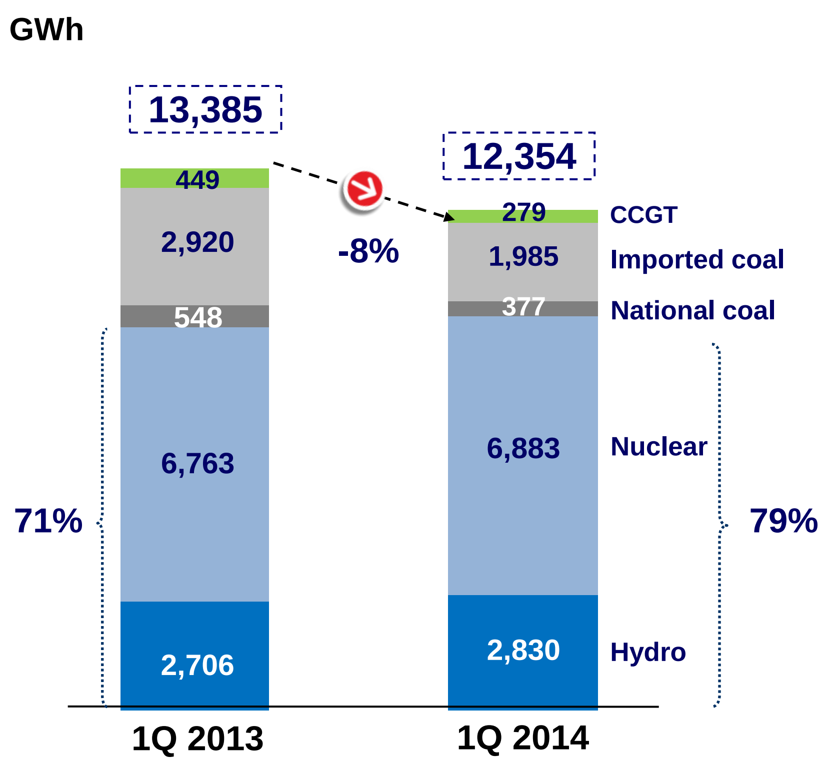
Partially compensated by

- **Management actions: 9% fixed costs reduction**
- **Better energy management performance vs. 1Q '13 despite similar energy conditions**

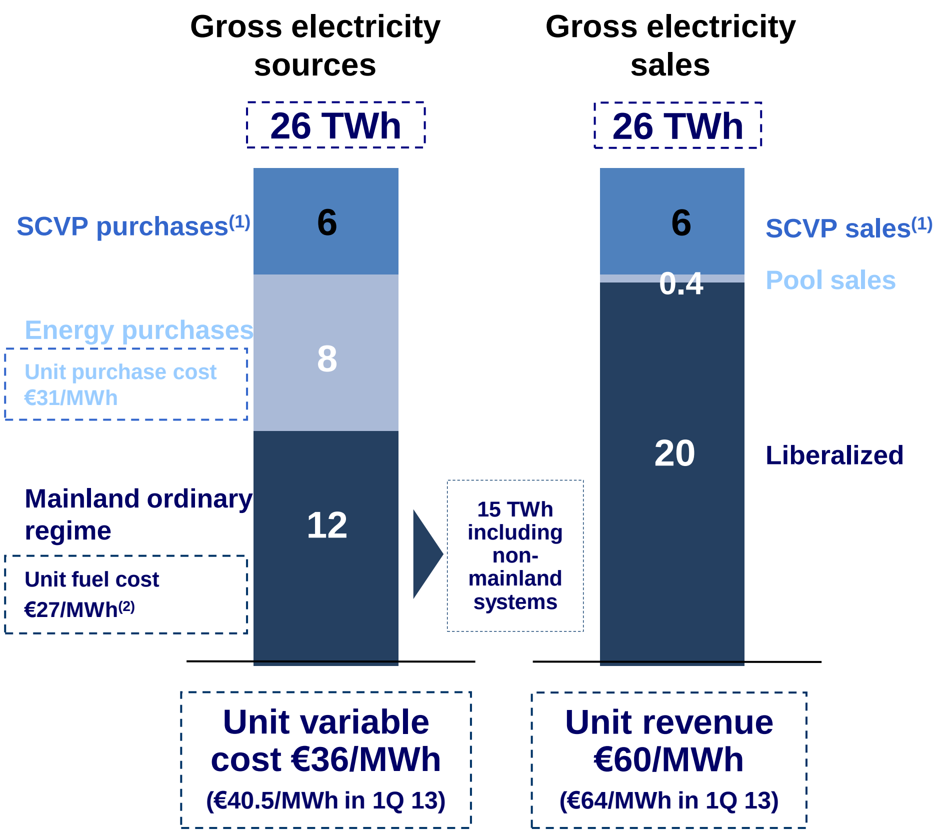
(1) 1Q 2013 P&L restated following the application of IFRIC 11
(2) 1Q 2014 D&A includes €19 M from EUAs write-off while 1Q 2013 D&A includes €92 M

Mainland output and energy management optimization

Decrease in mainland output



1Q 2014 energy management



- Lower demand and thermal gap
- Extraordinary hydro and wind production (as in 1Q 13)

- Electricity unitary margin increased by 2% (3)

(1) SCVP not considered in calculations for unit cost and unit revenue
(2) Includes fuel cost, CO_2 and taxes from Law 15/2012
(3) Unitary margin ex SCVP energy

latin america 1Q 2014

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Highlights in 1Q 2014

4.6%[1] growth in LatAm Dx demand: Brazil and Peru outperformance

-8.5% drop in Gx output: planned and unplanned outages in thermal plants (Argentina and Chile) in spite of slight hydro recovery

Argentina Dx EBITDA: affected by heat wave effects

Fx impact: -€79 M

Shaping Groups' growth platform: minorities buy-outs (Edegel, GasAtacama and Coelce) and Gx portfolio deployment (Salaco, Los Condores)

(1) *Tolls and unbilled consumption not included (Endesa distribution area)*

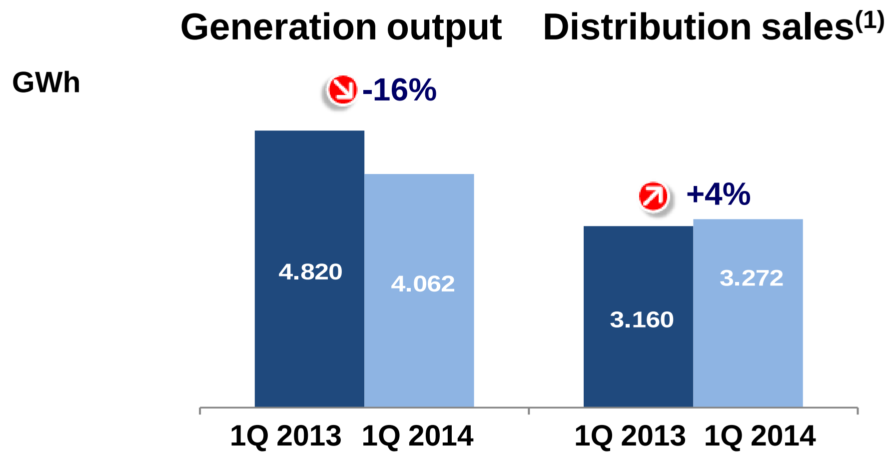
EBITDA negatively affected by Fx, worse energy mix (lower Gx output in Chile) and one-offs in Dx (Argentina)

€M	1Q 2014	1Q 2013[1]	Change
Revenues	2,080	2,377	**-12%**
Gross margin	864	1,058	**-18%**
EBITDA	546	700	**-22%**
EBIT	388	522	**-26%**
Net finance expenses	42	97	**-57%**
Net income	218	299	**-27%**
Net attributable income	98	138	**-29%**

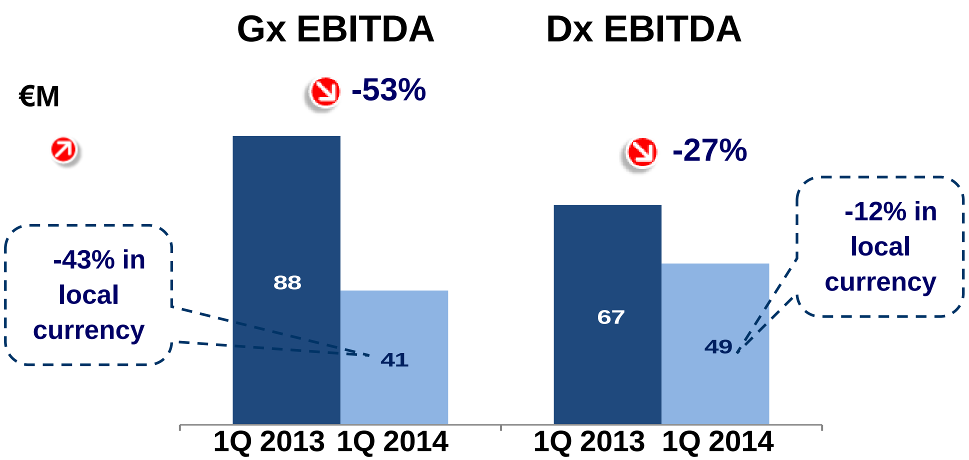
- **EBITDA impacted by worse energy mix** (drought in most of the countries, Bocamina II shutdown, planned and unplanned outages), **heat wave effects in Dx Argentina**
- **Negative FX effect at EBITDA level: -€79 M** (from Brazilian, Chile and Colombian operations)

(1) 1Q 2013 P&L restated following the application of IFRIC 11

Chile: results affected by Gx planned and unplanned outages, drought and Fx



- **Lower thermal output due to Bocamina II shutdown and CCGT's planned outages not compensated by marginally higher hydro conditions**
- **Demand performing better than at country level**



- **Gx:** lower volumes, worst energy mix (Bocamina II stoppage and higher spot purchases) and Fx could not be compensated by better sale prices and sales mix

  Dx: higher volumes not able to compensate lower STx revenues and Fx
- **Total Fx impact: -€19 M**

Unit margin	€15.9/MWh -39%	€20.7/MWh -25%

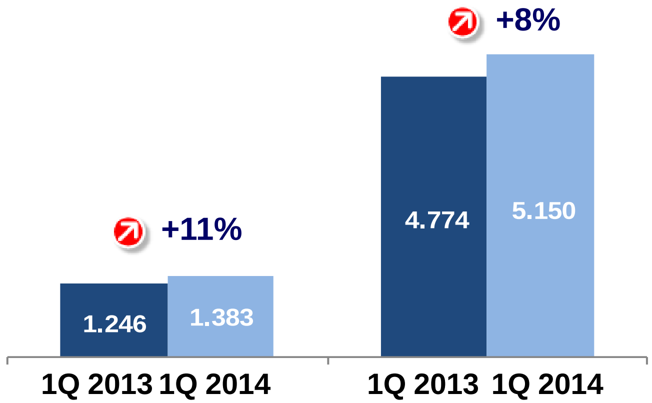
Total EBITDA €90 M (-42%)(2)

(1) Tolls and unbilled consumption not included (2) Does not include holding and services

Brazil: EBITDA affected by drought effects in Dx, Coelce 3rd tariff revision effects and FX impact partially offset by better Gx results

Generation output Distribution sales(1)

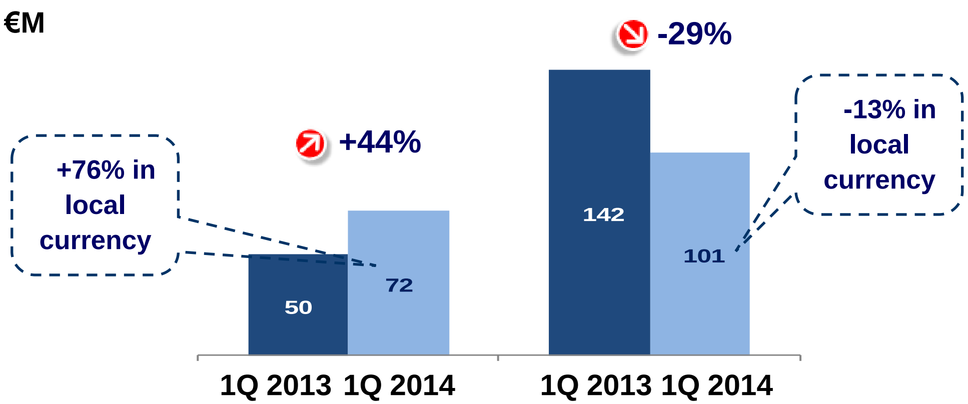
GWh



- **Higher hydro volumes from Cachoeira**
- **Higher Dx volumes due to weather conditions in Ampla concession area**

Gx EBITDA Dx EBITDA

€M



- **Gx:** higher selling prices and volumes
- **Dx:** tariff reimbursement (related to 3rd Cycle Tariff review in Coelce), pending 2013 extra-cost compensation, and FX (-€23 M) partially offset by higher volumes and sales mix
- **Total Fx impact:** -€43 M(2)

Unit margin	€40.6/MWh +26%	€29.8/MWh -30%

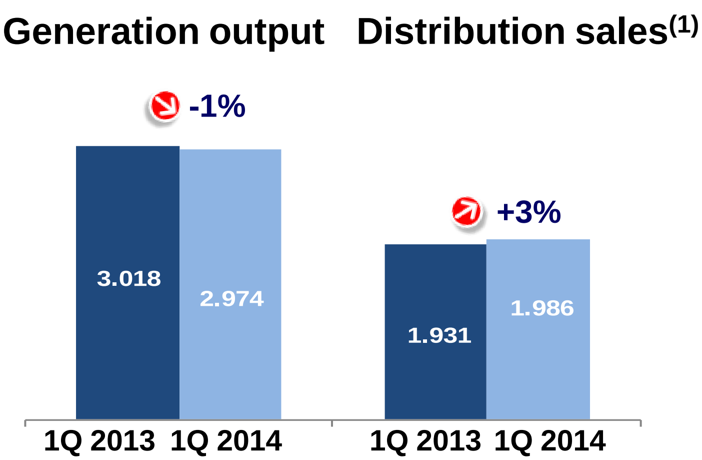
- **CIEN:** EBITDA €15 M

Total EBITDA €188 M (-11%)(3)

(1)Tolls and unbilled consumption not included (2) Includes CIEN interconnection (3) Includes CIEN interconnection: €15 M in 1Q 2014 and does not include Holding and Services.

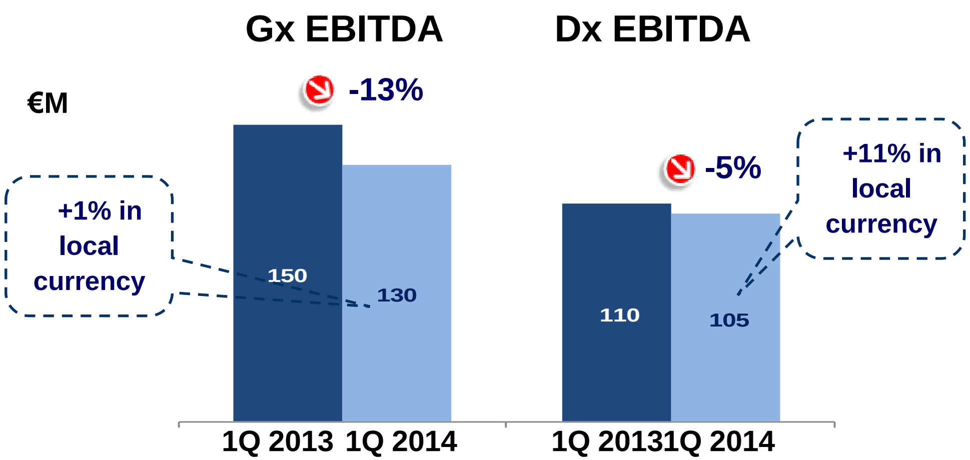
Colombia: good operating performance more than compensated by Fx

GWh



- **Increase in hydro generation does not compensate decrease in thermal dispatch**
- **Urban areas demand increase lower than in the country**

€M



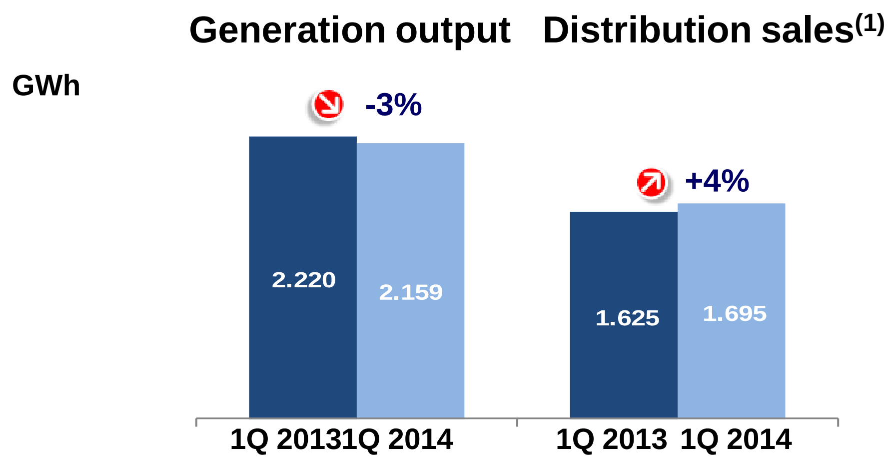
- **Gx:** better energy mix does not offset Fx impact
- **Dx:** higher volumes and higher index reference price not able to offset Fx impact
- **Total Fx impact:** -€38 M

Unit margin	€38.0/MWh -9%	€39.4/MWh -10%

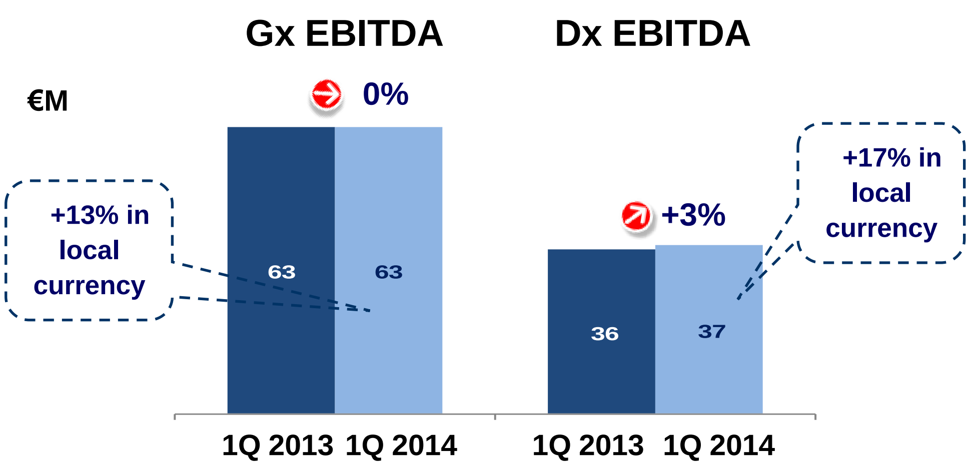
Total EBITDA €235 M (-10%)

(1) Tolls and unbilled consumption not included

Peru: stable results



- **Hydro output decrease due to Chimay unavailability, partially offset by higher thermal dispatch**
- **Higher volumes due to seasonal effect and better performance of industrial and commercial segments**



- **Gx:** worse energy mix and lower volumes more than neutralized by higher sale price
- **Dx:** higher volumes more than offset Fx negative impact
- **Total Fx impact:** -€13 M

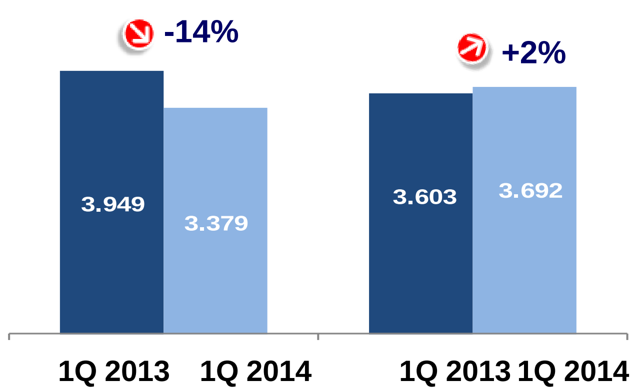
Unit margin	€32.4/MWh +4%	€27.7/MWh -6%

Total EBITDA €100 M (+1%)

(1) Tolls and unbilled consumption not included

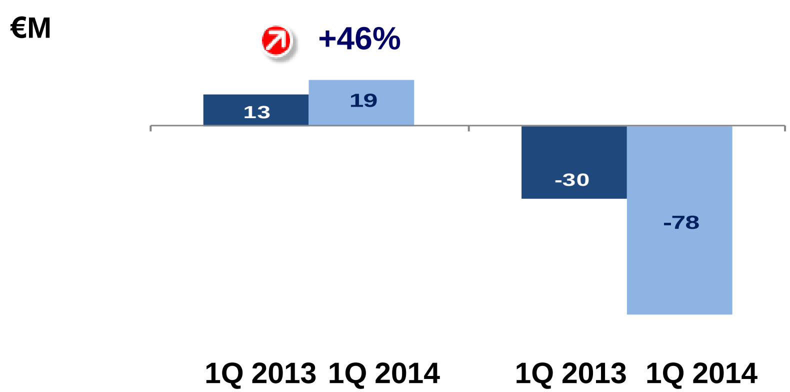
Argentina: EBITDA negatively impacted by effects from extraordinary heat wave. Pending MMC recognition in Dx

Generation output **Distribution sales(1)**



- **Slight hydro recovery not able to offset thermal output decrease due to unplanned outages**
- **Recovering demand**

Gx EBITDA **Dx EBITDA**



- **Gx:** higher availability revenues from Resolution 95/2013 more than compensates higher fixed costs
- **Dx:** heat wave effects (indemnities and higher O&M) and higher fixed costs following CPI
- **Total Fx impact:** +€34 M

Unit margin	€9.2/MWh +33%	€0.6/MWh -95%

Total EBITDA €-59 M (2)

(1) Tolls and unbilled consumption not included *(2) Does not include CIEN interconnection*

final remarks 1Q 2014

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Final remarks

Spain & Portugal

- Solid results with margins in line with 1Q 2013 in spite of negative regulatory impact and with low demand and prices
- Results due to effective managerial actions and high hydro production

Latin America

- Operating margins negatively impacted by local currencies translation rates and by the drought together with other non recurrent events
- Important steps forward in consolidating this growth platform thru purchase of minorities

appendices 1Q 2014

Net installed capacity and output(1)

Installed net capacity

MW at 31/03/14	Spain&Portugal	Latin America	Total
Total	**21,673**	**15,645**	**37,318**
Hydro	4,679	8,696	13,375
Nuclear	3,318	-	3,318
Coal	5,306	836	6,142
Natural gas	5,445	3,486	8,931
Oil-gas	2,925	2,540	5,465
CHP/Renewables	na	87	87

Net output

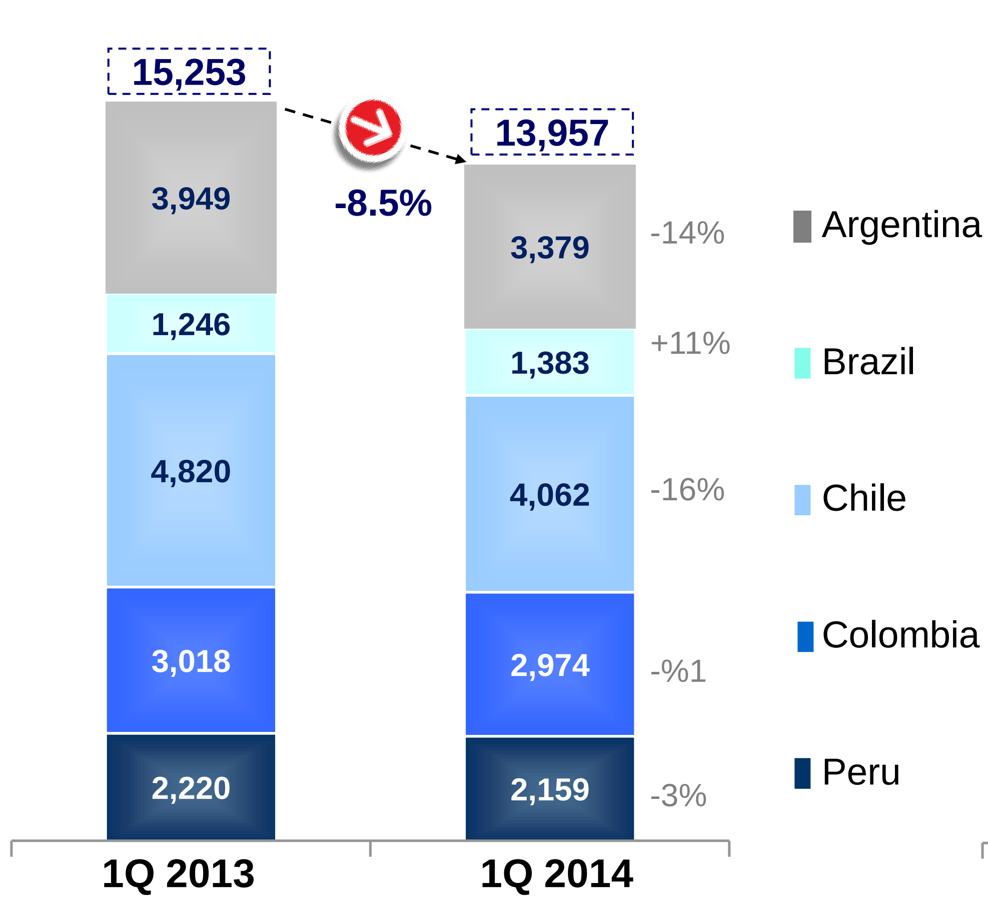
TWh 1Q 2014 (chg. vs. 1Q 2013)	Spain&Portugal		Latin America		Total	
Total	**15.2**	**-7%**	**14.0**	**-8%**	**29.2**	**-8%**
Hydro	2.8	+5%	7.4	+3%	10.2	+4%
Nuclear	6.9	+2%	-	-	6.9	+2%
Coal	2.9	-29%	0.7	-53%	3.5	-35%
Natural gas	1.2	-12%	4.7	-17%	5.9	-16%
Oil-gas	1.5	-5%	1.1	+21%	2.6	+5%
CHP/Renewables	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

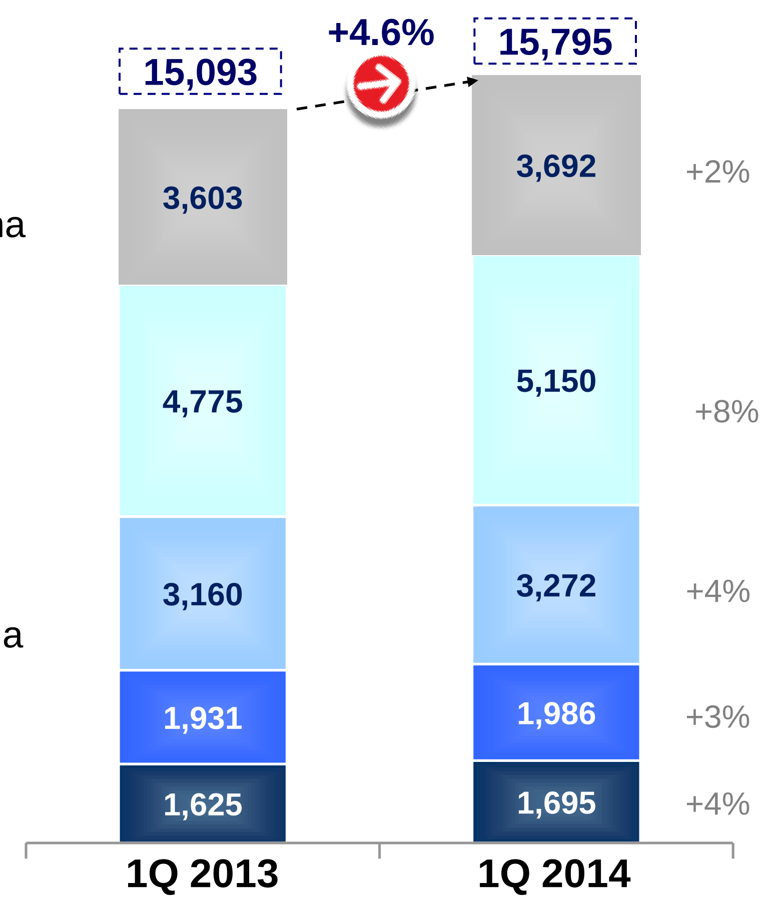
Generation Output

GWh



Distribution Sales[1]

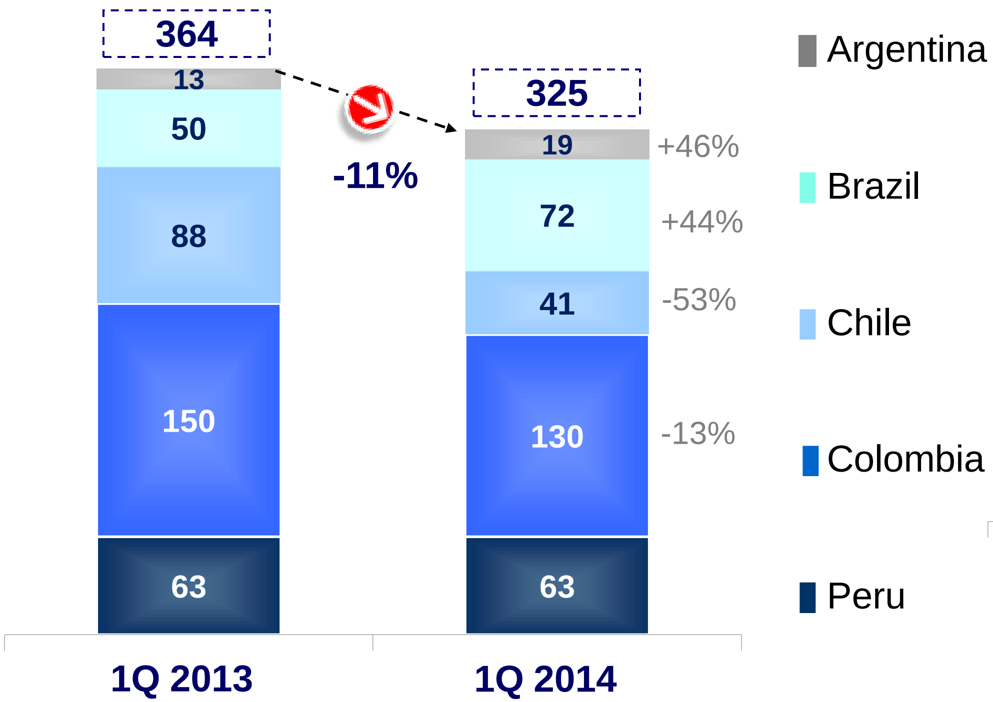
GWh



(1) Tolls and unbilled consumption not included

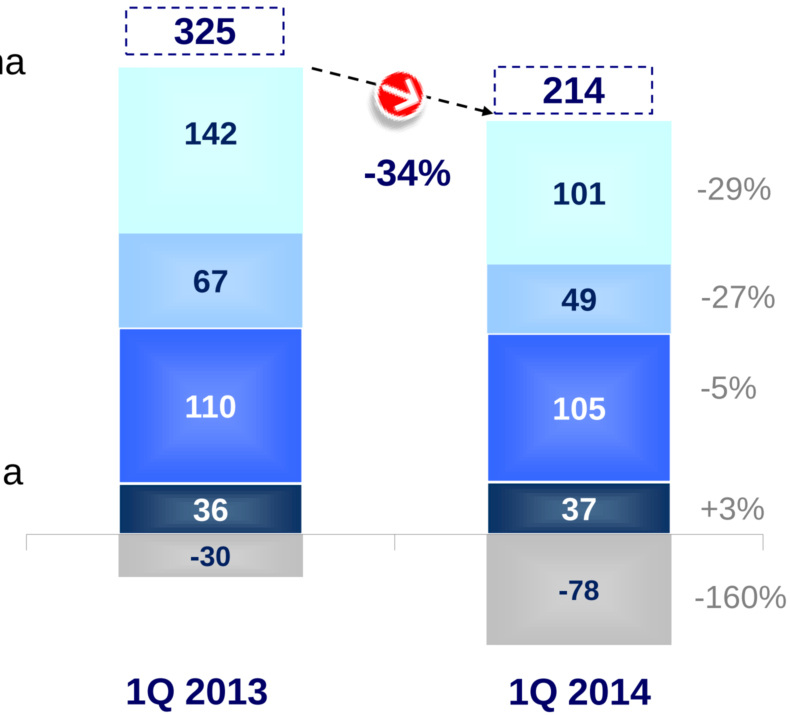
Latin America: Ebitda break down by country and business nature

Ebitda Generation[1]
€M



Unit margin €26.2/MWh → €24.5/MWh -6%

Ebitda Distribution
€M

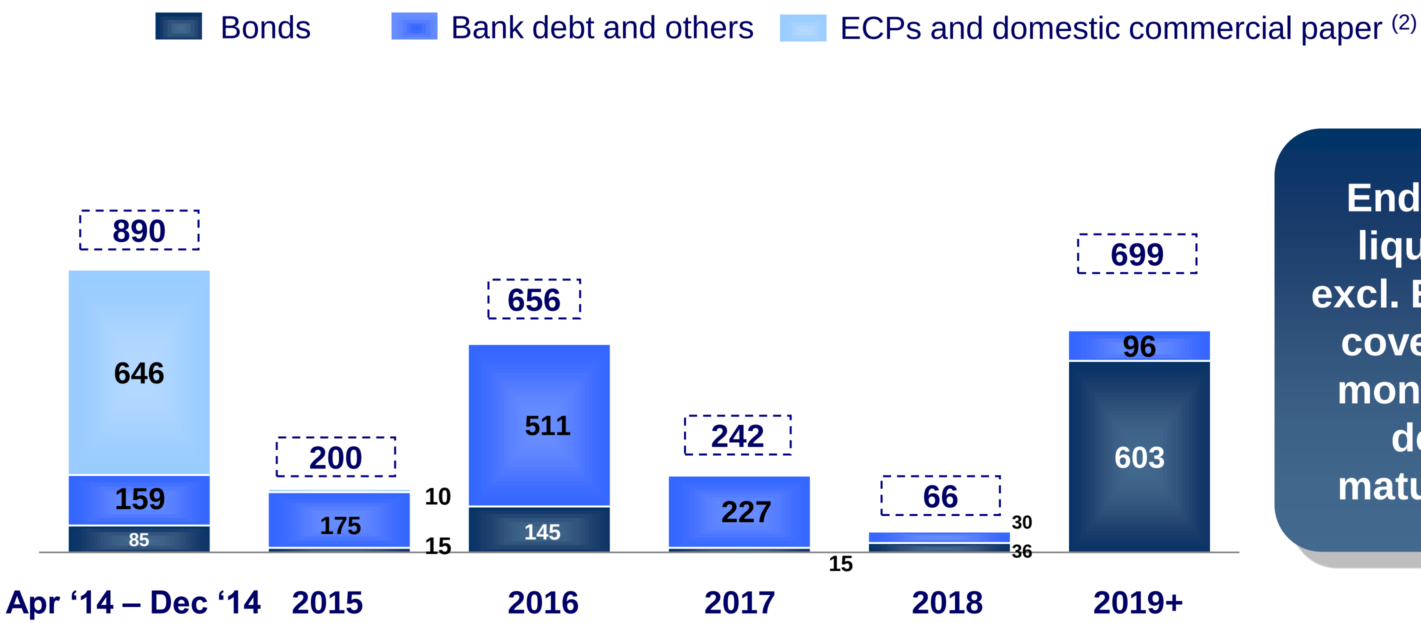


Unit margin €31.8MWh → €22.7/MWh -29%

(1) *Does not include CIEN interconnection: €15M*

Endesa (excl. Enersis): financial debt maturity calendar

Gross balance of maturities outstanding at 31 March 2014: €2,753 M(1)



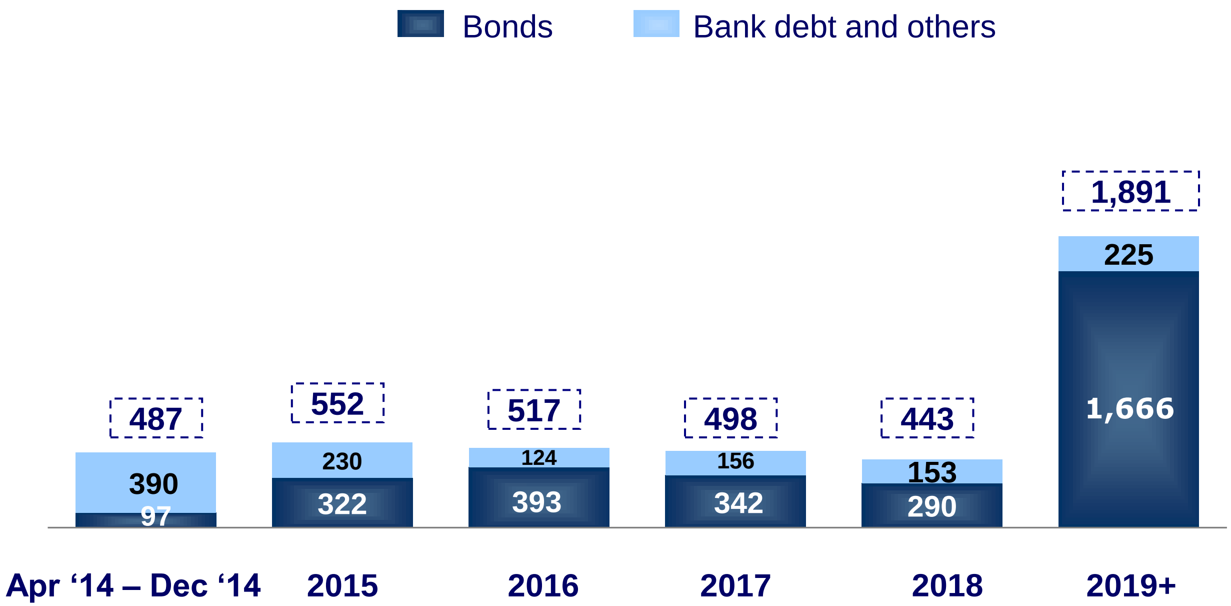
Endesa's liquidity excl. Enersis covers 31 months of debt maturities

- **Liquidity €7,435 M**
  - **€815 M in cash**
  - **€6,620 M available in credit lines**
- **Average life of debt: 4.7 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) 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 2014: €4,388 M(1)



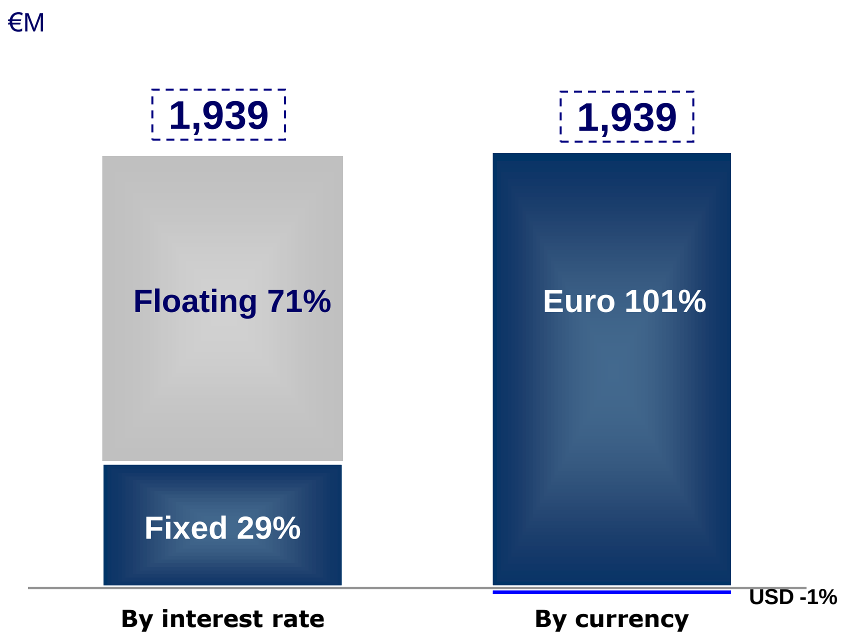
Enersis has sufficient liquidity to cover 39 months of debt maturities

- **Liquidity €2,509 M:**
  - **€1,936 M in cash**
  - **€573 M available in credit lines**
- **Average life of debt: 6.0 years**

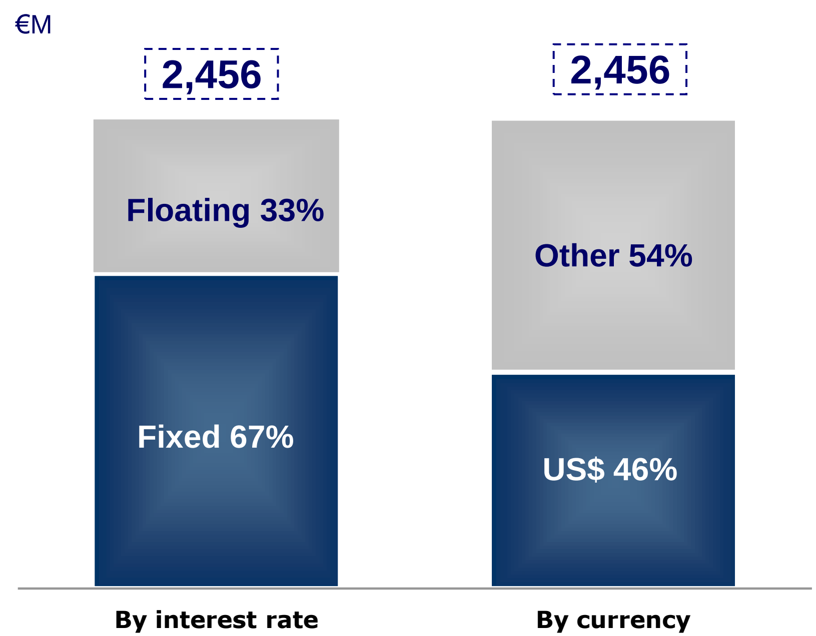
(1) This gross balance differs from the total financial debt figure as it does not include outstanding execution costs or the market value of derivatives which do not involve any cash payment.

Financial policy and net debt structure

Structure of Endesa's net debt ex-Enersis



Enersis net debt structure



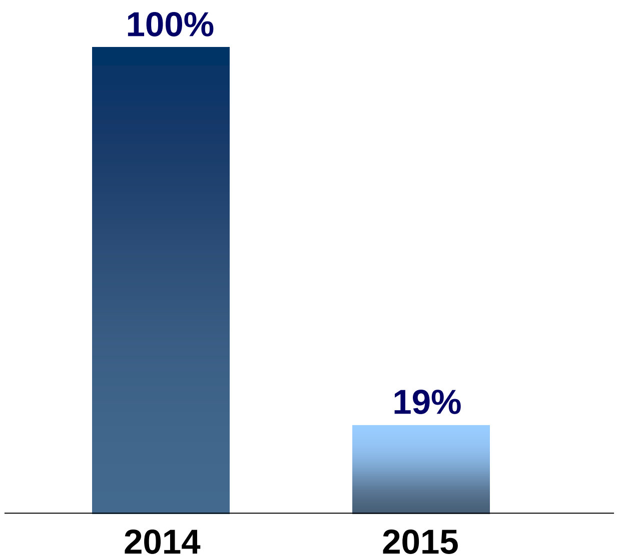
Average cost of debt	**3.2%**	**8.5%**

- **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**

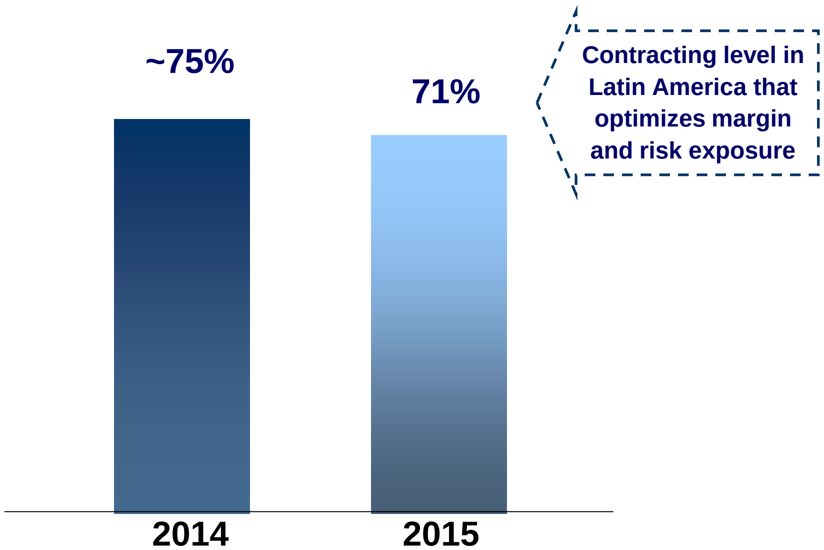
Data as of 31 March 2014

Well on track on forward sales strategy

Spain & Portugal
(% estimated mainland output hedged)



Latin America
(% estimated output hedged)



Consistent commercial policy

54% of the generation sold via contracts > 5 yrs and 46% via contracts > 10 yrs

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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