Agenda

1. Endesa’s successful Public Offering
2. Market context and regulatory update
3. Financial results and net debt analysis
4. Business analysis
5. Final remarks
1. Endesa’s successful Public Offering

2. Market context and regulatory update

3. Financial results and net debt analysis

4. Business analysis

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Endesa’s successful Public Offering

25th Nov. 2014: Successful placement of 232 m. shares at €13.5 per share

- 85% Institutional tranche: 2.2x oversubscription
- 15% Retail tranche: 1.7x oversubscription
- Includes full exercise of green shoe option

New Free Float of 29.86% (vs. former 7.94%) (1)

- Diversified shareholder base
- ~234,000 shareholders (vs. former ~170,000 shareholders)

Decision taken by IBEX-35’s Technical Advisory Committee on 10th Dec. 2014 (effective from 22nd Dec.)

- Endesa represents around 1.4% (2) of IBEX 35’s overall market capitalization and currently ranks in 19th(2) position

Endesa’s return to IBEX 35

21.92% Public Offering

~ €3,133 M

- 2nd largest Public Offering in Spain since late 2007
- Total shareholder return for a subscriber amounts to 29.5% (3)

FY 2014 Results
Madrid, 25 February 2015
(1) Based on figures just after the closing of the allocation period
(2) As of 24th February 2015
(3) As of 24th February 2015. Includes €0.38/share of gross dividend distributed on 2nd January 2015
1. Endesa’s successful Public Offering

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Market context in 2014

**Demand**

- **Spain**
  - Adjusted for weather and working days: -0.2%
  - Not adjusted: -1.2%

- **Endesa distribution area**
  - Adjusted for weather and working days: +0.0%
  - Not adjusted: -1.1%

**Electricity wholesale prices**

- **Spain**
  - Adjusted for weather and working days: +2.8%
  - Not adjusted: -1.6%
  - Residential: -4.1%

- **Industry**
  - Adjusted for weather and working days: +2.8%
  - Not adjusted: -1.6%

- **Services**
  - Adjusted for weather and working days: +2.8%
  - Not adjusted: -1.6%

**Price recovery since June 2014 due to lower renewable output**

**Change of demand trend on adjusted basis**
- -2.2% in FY 2013

**Strong industrial demand performance**

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1Q 14: 24.3
2Q 14: 41.1
3Q 14: 53.2
4Q 14: 51.2

<table>
<thead>
<tr>
<th>Year</th>
<th>1Q 14</th>
<th>2Q 14</th>
<th>3Q 14</th>
<th>4Q 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>44.1</td>
<td>42.0</td>
<td>52.0</td>
<td>51.2</td>
</tr>
<tr>
<td>2014</td>
<td>24.3</td>
<td>41.1</td>
<td>53.2</td>
<td>51.2</td>
</tr>
</tbody>
</table>

**Weighted average pool prices**

- **Spain**
  - (€/MWh)

- **FY 2014 Results**
  - Madrid, 25 February 2015

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(1) Mainland. Source: REE
(2) Mainland. Source: Endesa’s own estimates
(3) Excluding ancillary services and capacity payments.
€42.1/MWh average baseload equivalent (2014).
Following CNMC recommendations (October 2014 Report):

- Taxes from Law 15/2012 are recognized as variable costs (retroactively –years 2013 and 2014- and from 2015 onwards)
- Some retroactive negative measures are removed
- Final text to be released shortly
Regulatory update (II)
Latest regulatory news

2015 access tariff
(Order IET/2444/2014)

- Frozen access tariffs:
  - Dx continues to be remunerated according to an implicit RAB-based framework until unitary investment and O&M values are approved
  - Interruptibility cost removed from access tariff
  - End of domestic coal framework

RD 968/2014 setting the mechanism to fund social bonus

- CNMC will calculate annually the percentage to be borne by every parent company
- Endesa has borne 41.61% of the social cost fund in 2014
- Final RD on Supply will set the income criteria to be eligible for the Last Resort tariff
Regulatory update (III)
Tariff deficit related issues

2013 tariff deficit securitization
- €3,540 M of tariff deficit according to CNMC final settlement
- RD 1054/2014 allowed Endesa to transfer tariff deficit to a group of financial institutions
- €1.47 bn of total proceeds for Endesa cashed-in in Dec. 2014 with no economic impact
- No historic tariff deficit remains in Endesa’s Balance Sheet

2014 non-mainland compensation borne by State Budget
- Following RD 680/2014:
  - State Budget paid €0.5 bn in December 2014 and €0.36 bn in January 2015
  - Stated Budget commitment fulfilled

12th CNMC settlement for Year 2014
- €2.6 bn of provisional tariff deficit
  - Endesa is confident tariff sufficiency will be reached
- Coverage ratio: 84.1%
- Endesa has financed 18.7% of provisional tariff deficit
1. Endesa’s successful Public Offering

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## Financial results

<table>
<thead>
<tr>
<th></th>
<th>2014&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>2013&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>21,512</td>
<td>21,515</td>
<td>+0%</td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>5,538</td>
<td>5,500</td>
<td>+1%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>3,090</td>
<td>3,216</td>
<td>-4%</td>
</tr>
<tr>
<td><strong>EBIT&lt;sup&gt;(2)&lt;/sup&gt;</strong></td>
<td>1,472</td>
<td>1,615</td>
<td>-9%</td>
</tr>
<tr>
<td><strong>Net finance expenses</strong></td>
<td>166</td>
<td>106</td>
<td>+57%</td>
</tr>
<tr>
<td><strong>Share of profit from associates&lt;sup&gt;(3)&lt;/sup&gt;</strong></td>
<td>-44</td>
<td>57</td>
<td>-177%</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>3,988</td>
<td>2,943</td>
<td>+36%</td>
</tr>
<tr>
<td>From continued operations</td>
<td>943</td>
<td>1,176</td>
<td>-20%</td>
</tr>
<tr>
<td>From discontinued operations</td>
<td>3,045</td>
<td>1,767</td>
<td>+72%</td>
</tr>
<tr>
<td><strong>Net attributable income</strong></td>
<td>3,337</td>
<td>1,879</td>
<td>+78%</td>
</tr>
</tbody>
</table>

- **Gross margin** positively impacted by new draft RD on non-mainland Gx
- **EBITDA** is impacted by early retirement provision one-off effect
- **Net attributable income** includes net capital gain (€1.76 bn) from Enersis’ divestment

<sup>(1)</sup> 2013 P&L restated following IFRS 11. 2014 and 2013: Latam business results are included in the Net Income from Discontinued Operations line following IFRS 5

<sup>(2)</sup> Higher D&A due to land and assets write-off (€210 M). €71 M of lower D&A due to assets life extension and EUAs evolution Y-o-Y (€49 M reversal provision in 2014 and -€87 M in 2013)

<sup>(3)</sup> 2014: -€51 M from Elcogas and -€56 M from Nuclenor
Net debt analysis

Net debt evolution

- Healthy financial leverage and strong liquidity position
- Endesa liquidity covers 39 months of debt maturities

Net debt (1)/EBITDA ratio

<table>
<thead>
<tr>
<th>Net debt (1)/EBITDA ratio</th>
<th>0.4x (2)</th>
<th>1.8x</th>
</tr>
</thead>
</table>

€M

- 16,194
- 8,198
- 2,869
- 1,987
- 5,420 (1)

FY 2014 Results
Madrid, 25 February 2015

(1) Net debt figure includes pending regulatory assets
(2) Referred to New Endesa's perimeter
1. Endesa’s successful Public Offering

2. Market context and regulatory update

3. Financial results and net debt analysis

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5. Final remarks
Highlights

Sound EBITDA evolution in 2014

Regulated business positively impacted by latest draft RD on non mainland generation and solid performance of Dx business

Resilient underlying performance in the liberalized business ex-social bonus

2% output increase due to higher thermal output [+16%] (1)

One-off item negatively affecting personnel fixed costs evolution. 4% fixed costs reduction on like-for-like basis
FY 2014 EBITDA breakdown

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th></th>
<th>Change (%)</th>
<th>FY 2014</th>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generation &amp; Supply</td>
<td>% 39</td>
<td>€M 1,252</td>
<td>-31%</td>
<td>% 28</td>
<td>€M 861</td>
<td></td>
</tr>
<tr>
<td>Non-mainland</td>
<td>% 10</td>
<td>€M 328</td>
<td>+64%</td>
<td>% 17</td>
<td>€M 538</td>
<td></td>
</tr>
<tr>
<td>generation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td>% 51</td>
<td>€M 1,636</td>
<td>+3%</td>
<td>% 55</td>
<td>€M 1,691</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL (1)</strong></td>
<td></td>
<td><strong>€M 3,216</strong></td>
<td><strong>-4%</strong></td>
<td><strong>€M 3,090</strong></td>
<td><strong>TOTAL (1)</strong></td>
<td></td>
</tr>
</tbody>
</table>

FY 2014 Results
Madrid, 25 February 2015

(1) Corporate Structure, Services and Adjustments EBITDA figure is allocated within the Generation & Supply business.
Regulated business

Gross margin evolution of non-mainland Gx and Dx

€M

2013 Gross margin

Non-mainland Gx

Distribution

2014 Gross margin

Non-mainland generation

Distribution

- **Non-mainland Gx**: Law 15/2012 taxes recognized as variable costs retroactively and removal of some retroactive measures
- **Distribution**: stable results

Latest draft RD (Law 15/2012 taxes recognized as variable costs retroactively and removal of retroactive measures)

Slightly higher regulated revenues and Others

FY 2014 Results

Madrid, 25 February 2015
Liberalized business
Gross margin evolution

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€M</td>
<td></td>
</tr>
<tr>
<td>2013 Gross margin (1)</td>
<td>2,507</td>
<td>-229</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-9%</td>
</tr>
<tr>
<td>2014 Gross margin (1)</td>
<td>2,278</td>
<td></td>
</tr>
</tbody>
</table>

- Social Bonus (positive in 2013 and negative in 2014)
- Lower hydro and nuclear output
- Gas business
- VAS

• Resilient underlying performance in the liberalized business ex-social bonus effect (-1%)

FY 2014 Results
Madrid, 25 February 2015

(1) Corporate Structure, Services and Adjustments gross margin figure is allocated within the Liberalized business
Fixed costs evolution

- Sound evolution of recurrent fixed costs

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2014 Reported</th>
<th>FY 2014 Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Costs</td>
<td>1.356</td>
<td>1.316</td>
<td>1.316</td>
</tr>
<tr>
<td>O&amp;M Costs</td>
<td>1.030</td>
<td>1.245</td>
<td>1.316</td>
</tr>
<tr>
<td>WCFA</td>
<td>-102</td>
<td>-113</td>
<td>-113</td>
</tr>
<tr>
<td>(\text{€M})</td>
<td>2,284</td>
<td>2,448</td>
<td>2,195</td>
</tr>
</tbody>
</table>

- Personnel costs one-off effects change: Higher early retirement provision and lower indemnities
- Work Carried out for Fixed Assets
## Liberalized business

### Energy management

### Mainland output

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>GWh</td>
<td>56,104</td>
<td>57,502</td>
<td>+2.5%</td>
</tr>
<tr>
<td>Hydro</td>
<td>9,511</td>
<td>8,778</td>
<td></td>
</tr>
<tr>
<td>National coal</td>
<td>6,178</td>
<td>9,257</td>
<td></td>
</tr>
<tr>
<td>Hydro</td>
<td>25,892</td>
<td>24,762</td>
<td></td>
</tr>
<tr>
<td>CCGT</td>
<td>12,918</td>
<td>12,919</td>
<td></td>
</tr>
<tr>
<td>Imported coal</td>
<td>1,605</td>
<td>1,786</td>
<td></td>
</tr>
</tbody>
</table>

- Thermal output increase led by higher thermal gap
- Hydro and nuclear represented 58% of total output (vs. 63% in 2013)

### 2014 energy management

#### Electricity sources

<table>
<thead>
<tr>
<th>Energy purchases</th>
<th>SCVP purchases(1)</th>
<th>19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit purchase cost</td>
<td>€44/MWh</td>
<td>33</td>
</tr>
<tr>
<td>Mainland ordinary regime</td>
<td>Unit fuel cost</td>
<td>€34/MWh(2)</td>
</tr>
</tbody>
</table>

#### Electricity sales

| SCVP sales(1) | 19 |
| Pool sales (Domestic Coal) | 9 |
| Liberalized | 82 |

- Electricity unitary margin decreased by 21%(3,4) or 11%(4) excluding social bonus effect
- 70-75% of 2015 estimated output hedged as of Year End 2014

(1) SCVP not considered in calculations for unit cost and unit revenue
(2) Includes fuel cost, CO₂ and taxes from Law 15/2012
(3) Includes social bonus financing effect in 2014 (vs. positive impact in 2013)
(4) Unitary margin ex SCVP energy.
1. Endesa’s successful Public Offering

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5. Final remarks
## Final remarks

2014 Shareholder remuneration

- Shareholders have received a **record extraordinary cash dividend** of €13.8 per share
- **2014 Ordinary DPS**: €0.76 per share
- **2015-2016 DPS**: minimum of 5% annual increase. In case Net Income higher than resulting minimum: 100% pay-out ratio\(^{(1)}\)

### 2014 Extraordinary Dividends

<table>
<thead>
<tr>
<th>Gross amount (€/share)</th>
<th>Related item</th>
<th>Payment date</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.795</td>
<td>Enersis’ divestment</td>
<td>29 October 2014</td>
</tr>
<tr>
<td>6.0</td>
<td>Optimizing capital structure</td>
<td>29 October 2014</td>
</tr>
<tr>
<td>0.38</td>
<td>2014 Results</td>
<td>2 January 2015</td>
</tr>
<tr>
<td>0.38</td>
<td>2014 Results</td>
<td>July 2015</td>
</tr>
</tbody>
</table>

\(1\) Subject to Shareholder General Meeting approval
Final remarks

1. Regulated business positively affected by 3rd draft RD on non-mainland generation
2. Resilience of the liberalized business margin (excluding social bonus effect)
3. Sound evolution of recurrent fixed costs
4. Strong recurrent cash flow generation
5. Attractive dividend policy
6. Remarkable success of Endesa’s Public Offering
### Installed capacity and output\(^{(1)}\)

<table>
<thead>
<tr>
<th>Total</th>
<th>GWh FY2014 (and chg. vs. 2013)</th>
<th>Installed capacity(^{(2)})</th>
<th>Output(^{(3)})</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>21.7</td>
<td>69,681</td>
</tr>
<tr>
<td>Hydro</td>
<td></td>
<td>4.7</td>
<td>8,778</td>
</tr>
<tr>
<td>Nuclear</td>
<td></td>
<td>3.3</td>
<td>24,762</td>
</tr>
<tr>
<td>Coal</td>
<td></td>
<td>5.3</td>
<td>24,365</td>
</tr>
<tr>
<td>Natural gas</td>
<td></td>
<td>5.4</td>
<td>5,539</td>
</tr>
<tr>
<td>Oil-gas</td>
<td></td>
<td>2.9</td>
<td>6,237</td>
</tr>
</tbody>
</table>

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

\(^{(2)}\) Net Capacity

\(^{(3)}\) Output at power plant bus bars  (Gross output minus self-consumption)
Gross balance of maturities outstanding at 31 December 2014: €6,068 M (1)

- Bonds
- Bank debt and others
- ECPs and domestic commercial paper (2)

<table>
<thead>
<tr>
<th>Year</th>
<th>Bonds</th>
<th>Bank debt and others</th>
<th>ECPs and domestic commercial paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>199</td>
<td>235</td>
<td>470</td>
</tr>
<tr>
<td>2016</td>
<td>277</td>
<td>292</td>
<td>117</td>
</tr>
<tr>
<td>2017</td>
<td>81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>39</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019+</td>
<td>5,150</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Liquidity €4,167 M
- €648 M in cash
- €3,519 M available in credit lines
- Average life of debt: 8.9 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) Notes issued are backed by long-term credit lines and are renewed on a regular basis.

Endesa’s liquidity covers 39 months of debt maturities.
Gross debt structure as of December 31st 2014

Structure of Endesa’s net debt

By interest rate

- Fixed 83%
- Floating 17%

By currency

- Euro 100%

Average cost of debt 3.0%
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Forward-looking statements include, but are not limited to, information regarding: estimated future earnings; anticipated increases in 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 Spain and Europe generally; 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 regulated information filed with the Comisión Nacional del Mercado de Valores (the Spanish securities regulator or the “CNMV” for its initials in Spanish).

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