Endesa FY 2014 Results

Madrid, 25 February 2015

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**

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Endesa's successful Public Offering

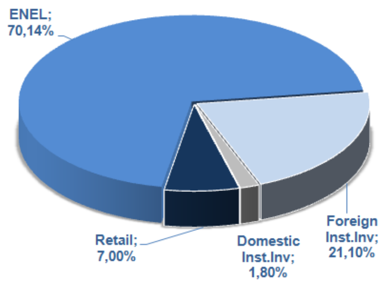
21.92% Public Offering

~ €3,133 M

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)

Endesa's return to IBEX 35®

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**

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

(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

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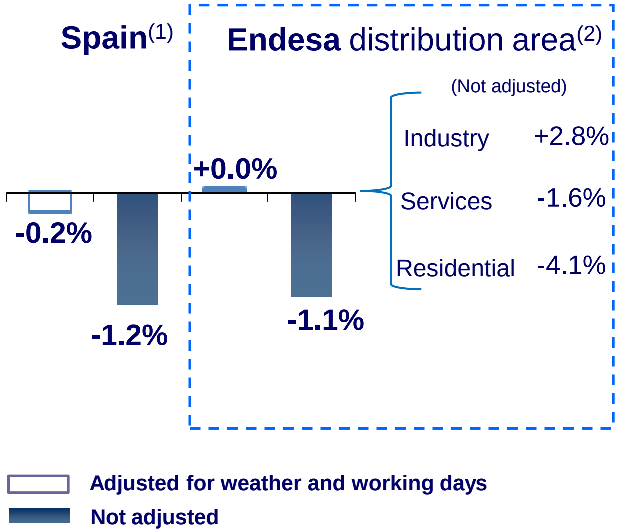
Market context in 2014

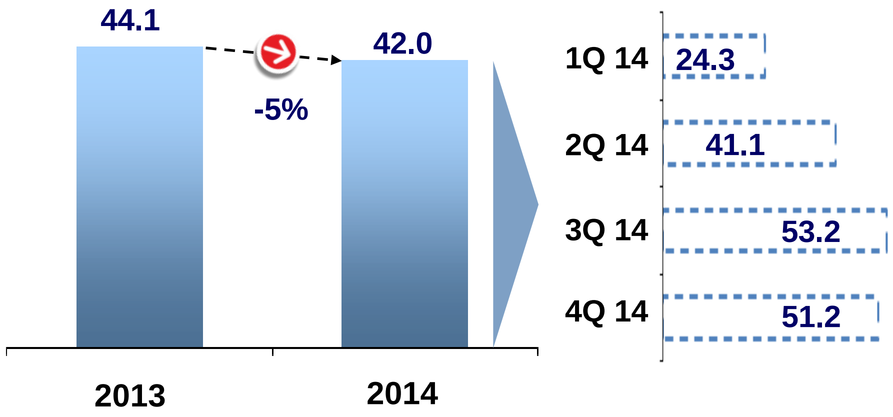
Demand



- Change of demand trend on adjusted basis (-2.2% in FY 2013)
- Strong industrial demand performance

Electricity wholesale prices

Weighted average pool prices Spain(3) (€/MWh)



- Price recovery since June 2014 due to lower renewable output

(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).

Regulatory update (I)

Latest regulatory news

New (3rd) draft RD on non-mainland generation

- 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

ECONOMIC ASSESMENT SUMMARY

		Items booked in 2013 P&L		Items booked in 2014 P&L			TOTAL
		Economic impact	Item	Measures affecting 2012 and 2013	Measures affecting 2014	Item	
Drafts RD measures	1st draft	-€97 M	One-off provision for retroactive measures applying in 2012-2013 (booked in 4Q' 13)				-€327 M
	2nd draft			-€162 M		One-off provision for additional retroactive measures in 2012-2013 (booked in 1H' 14)	
					-€196 M	Additional recurrent measures applying since 2014 (booked through the year)	
	3rd draft			+€46 M	+€82 M	Removal of some retroactive negative measures (2012-2014). Booked in 4Q' 14	
Law 15/2012 taxes		-€192 M	Law 15/2012 taxes		-€168 M	Law 15/2012 taxes	€0 M
	3rd draft			+€192 M	+€168 M	One-off recognition of 2013-2014 taxes from Law 15/2012 (booked in 4Q' 14)	
Net impact		-€289 M		+€76 M	-€114 M		-€327 M

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

12^{th} 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

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Financial results

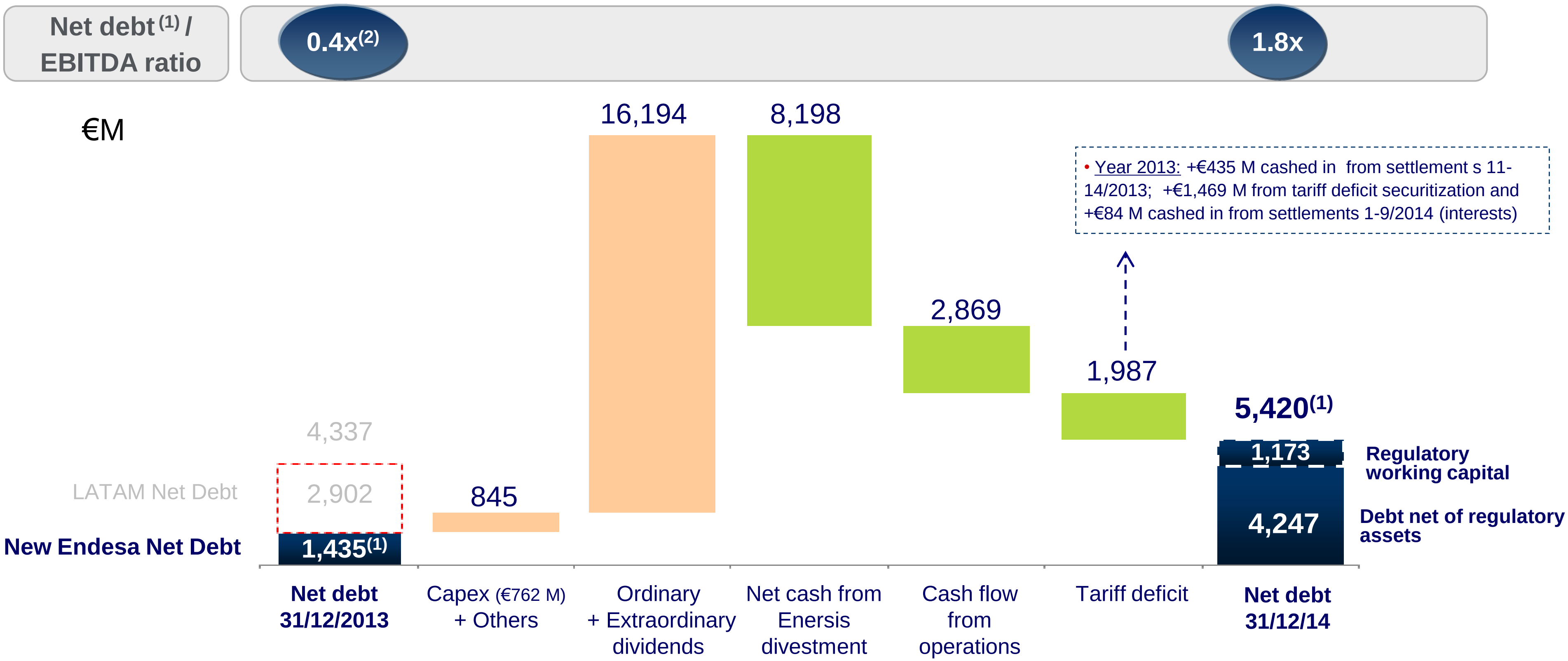
€M

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

- **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**

(1) 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
(2) 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)
(3) 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**

(1) *Net debt figure includes pending regulatory assets*
(2) *Referred to New Endesa's perimeter*

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

(1) Information is referred to Mainland

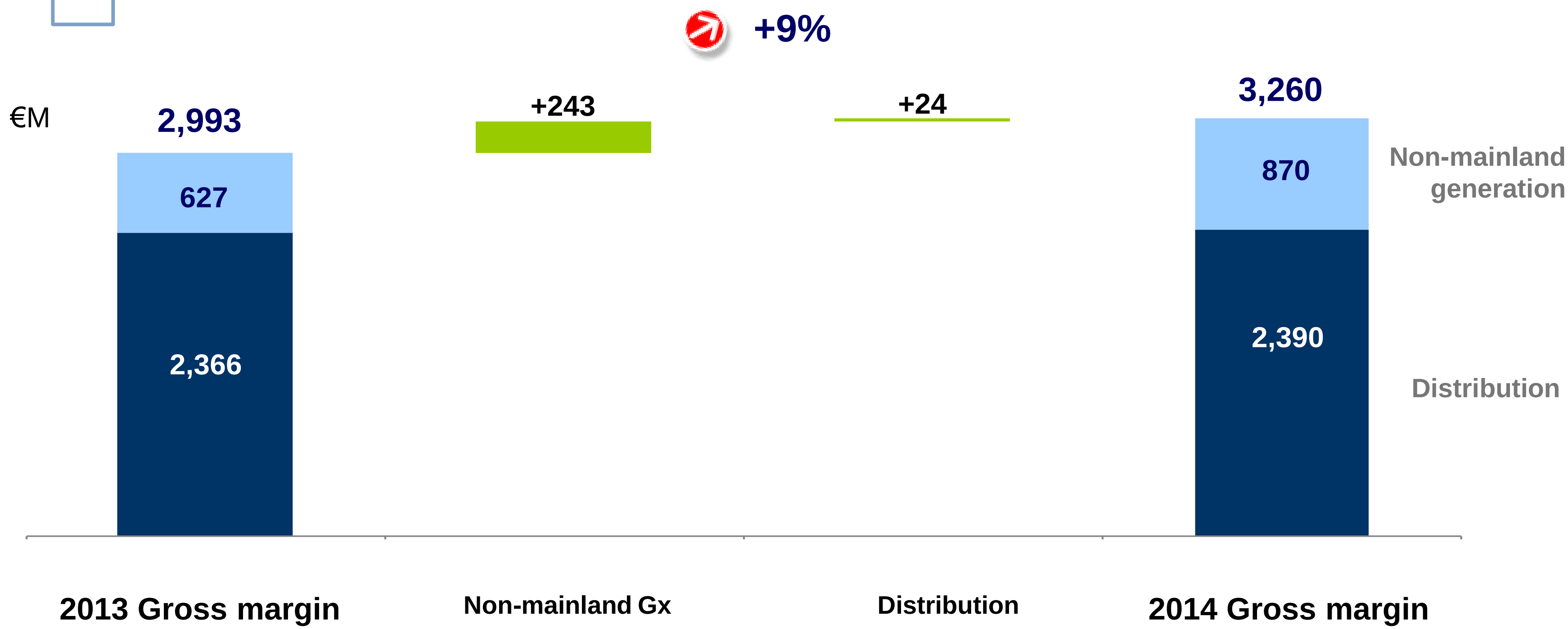
FY 2014 EBITDA breakdown

	FY 2013 %	FY 2013 €M	Change (%)	FY 2014 €M	FY 2014 %
Generation & Supply	39%	1,252	-31%	861	28%
Non-mainland generation	10%	328	+64%	538	17%
Distribution	51%	1,636	+3%	1,691	55%
TOTAL(1)		**3,216**	**-4%**	**3,090**	

(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

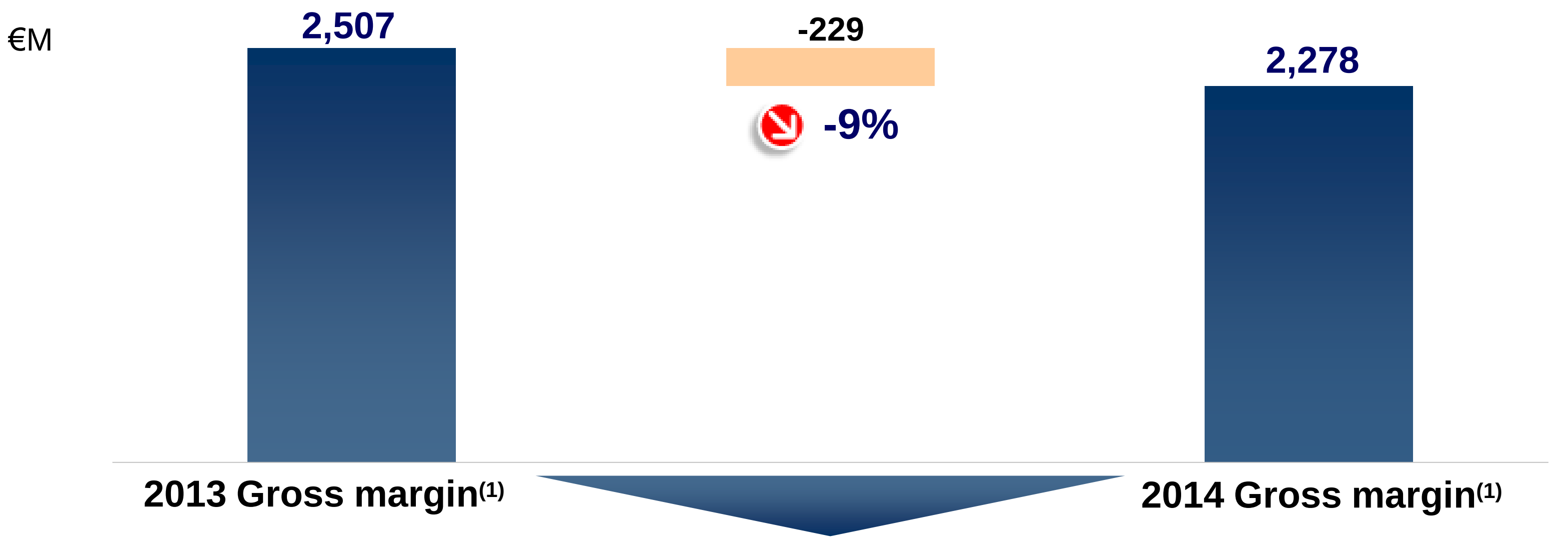


- Latest draft RD (Law 15/2012 taxes recognized as variable costs retroactively and removal of retroactive measures)
- Slightly higher regulated revenues and Others

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

Liberalized business

Gross margin evolution

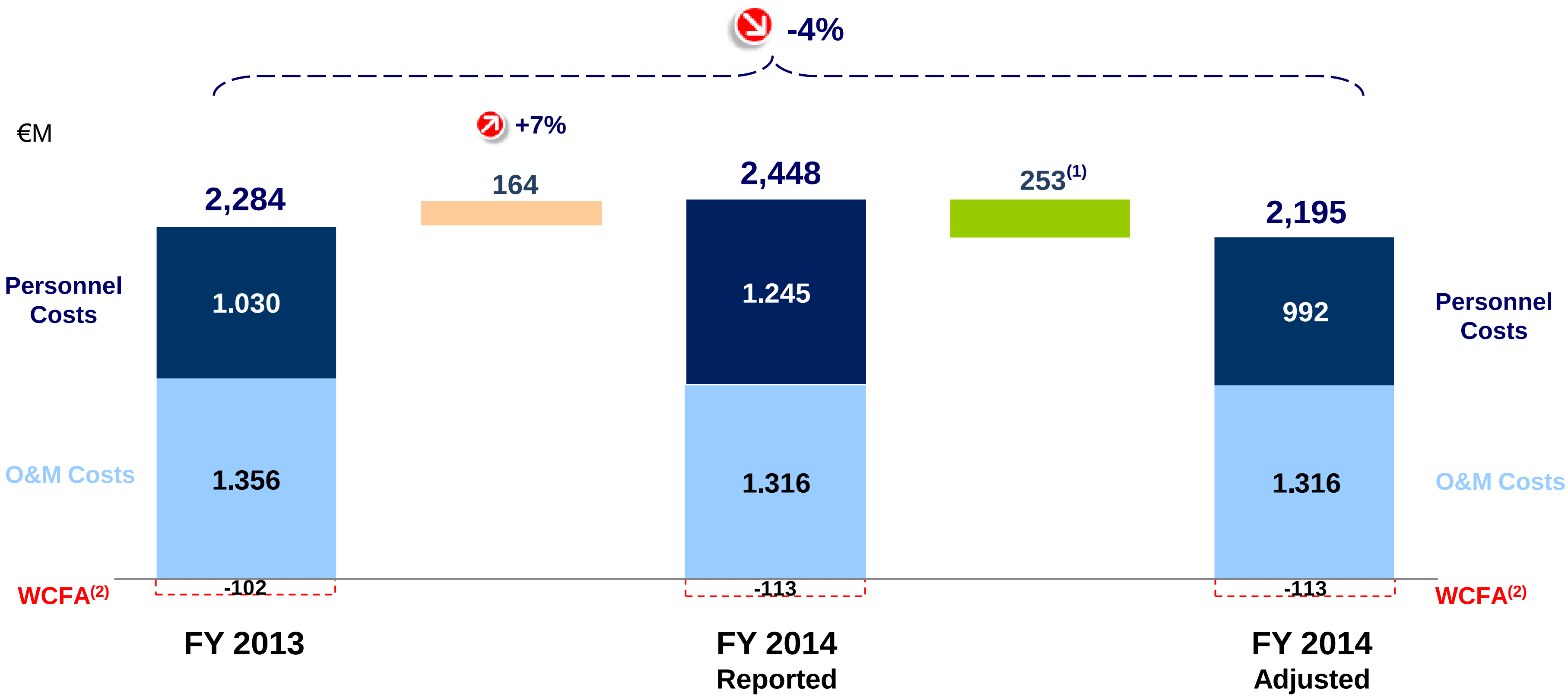


- Social Bonus (positive in 2013 and negative in 2014)
- Lower hydro and nuclear output
- Gas business
- VAS

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

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

Fixed costs evolution

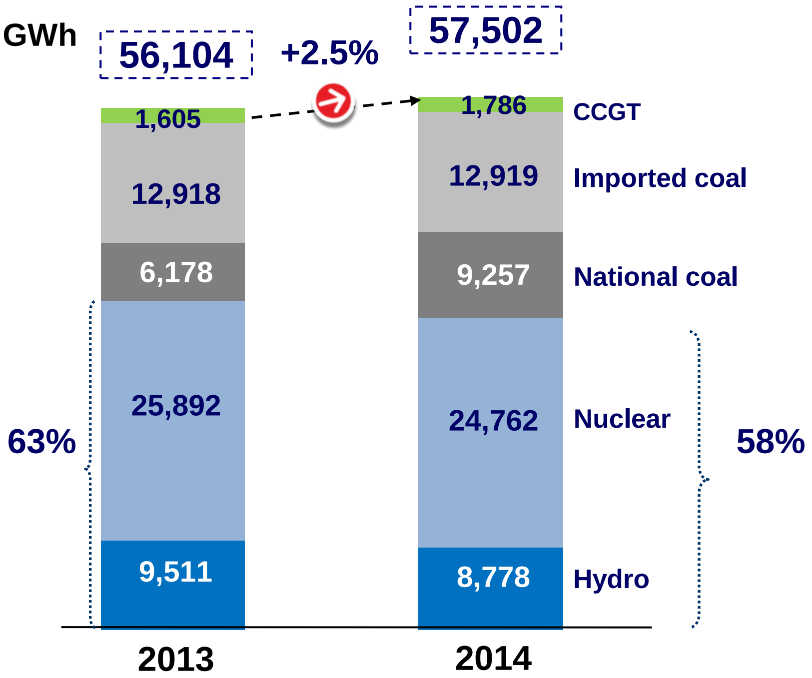


- **Sound evolution of recurrent fixed costs**

(1) Personnel costs one-off effects change: Higher early retirement provision and lower indemnities
(2) Work Carried out for Fixed Assets

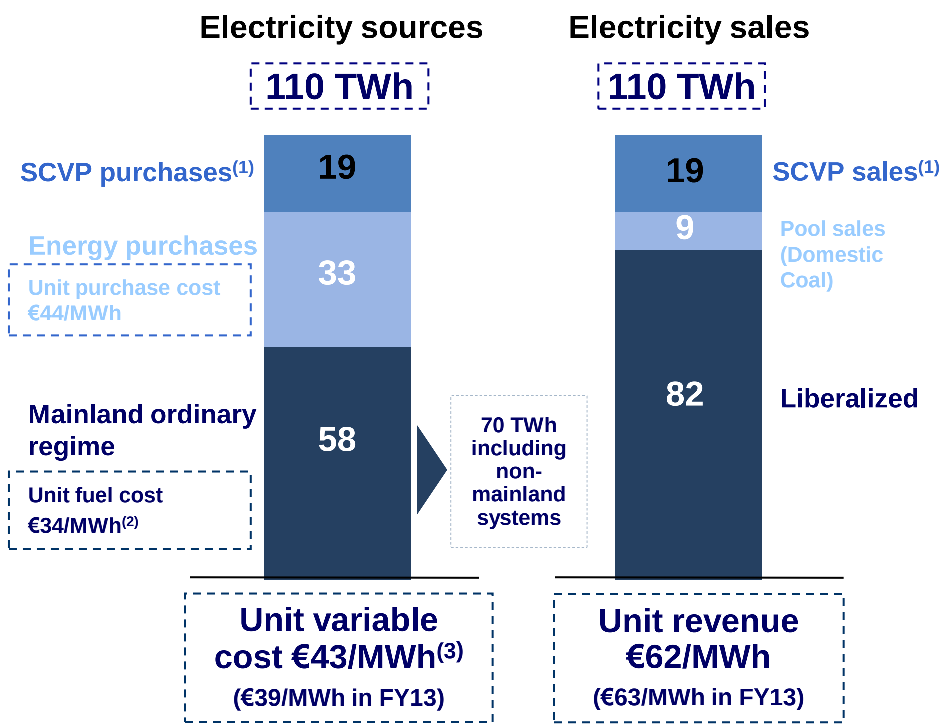
Liberalized business
Energy management

Mainland output



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

2014 energy management

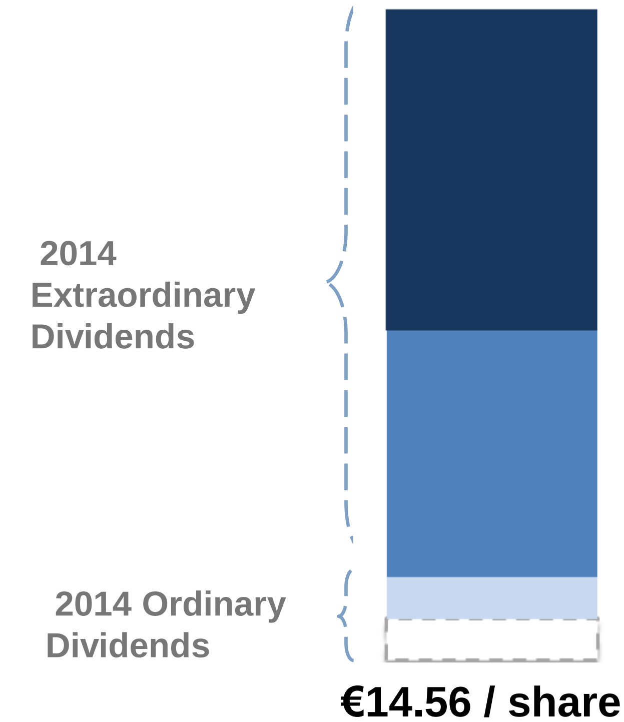


- Electricity unitary margin decreased by 21%[3,4] or 11%[4] excluding social bonus effect
- 70-75% of 2015 estimated output hedged as of Year End 2014

(1) *SCVP not considered in calculations for unit cost and unit revenue*
(2) *Includes fuel cost, CO_2 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.*

Final remarks

2014 Shareholder remuneration



Gross amount (€/share)	Related item	Payment date
7.795	Enersis' divestment	29 October 2014
6.0	Optimizing capital structure	29 October 2014
0.38	2014 Results	2 January 2015
0.38	2014 Results	July 2015

- 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)

(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

Appendix

Endesa FY 2014 Results

Installed capacity and output(1)

GW at 31/12/14
(and chg. vs. 2013)

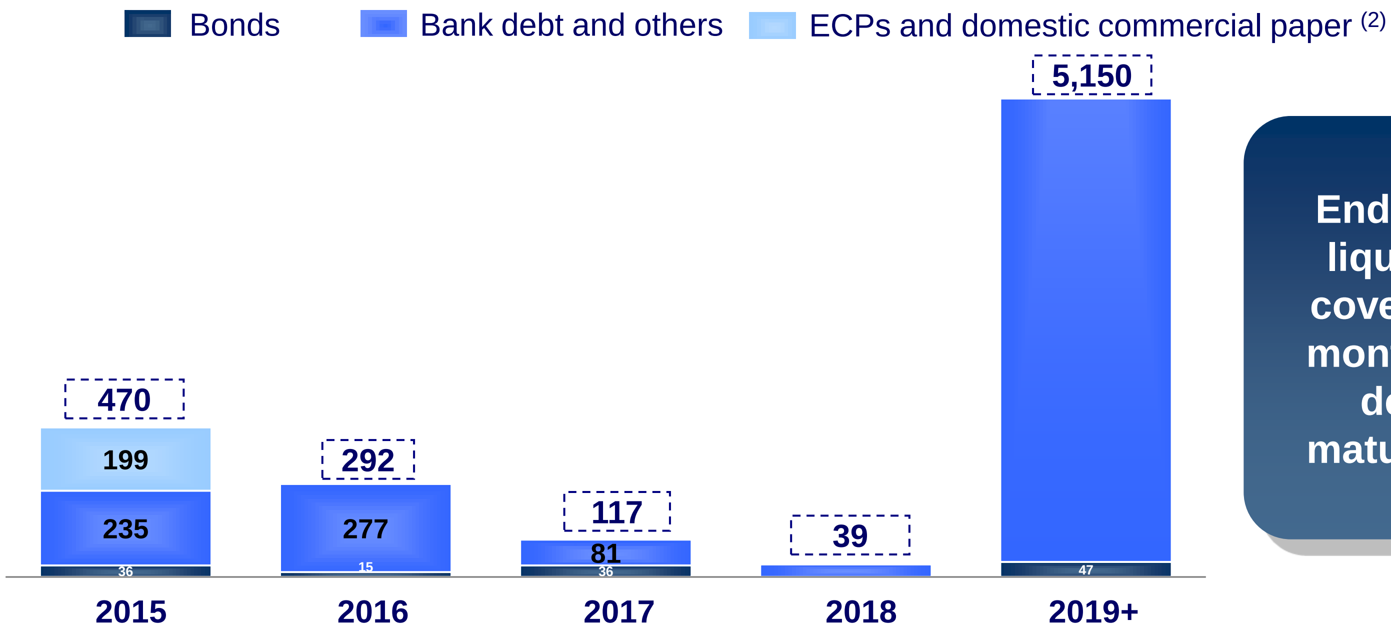
GWh FY2014
(and chg. vs. 2013)

	Installed capacity(2)		Output(3)	
Total	**21.7**	**+1%**	**69,681**	**+1.8%**
Hydro	4.7	+1%	8,778	-8%
Nuclear	3.3	0%	24,762	-4%
Coal	5.3	0%	24,365	+14%
Natural gas	5.4	0%	5,539	+2%
Oil-gas	2.9	0%	6,237	-4%

(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)

Endesa: financial debt maturity calendar

Gross balance of maturities outstanding at 31 December 2014: €6,068 M[(1)]



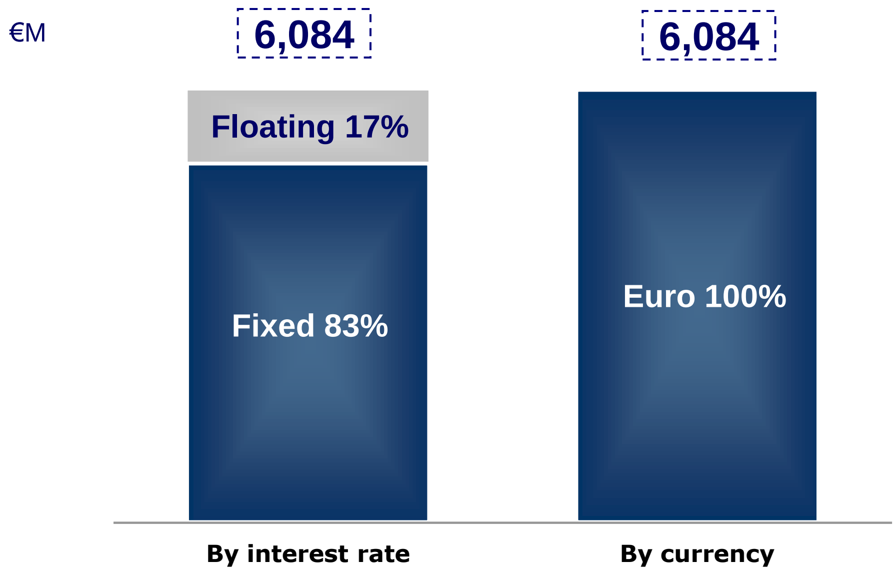
Endesa's liquidity covers 39 months of debt maturities

- **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.

Gross debt structure
as of December 31st 2014

Structure of Endesa's net debt



Average cost of debt	**3.0%**

Data as of 31 December 2014

Endesa is an Enel Group Company

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 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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