



Endesa 1Q 2016 Results

09/05/2016



endesa

Agenda

- 1. Highlights and key financial figures**
- 2. Endesa's performance in 1Q 2016 market context**
- 3. Financial results**
- 4. Final remarks**

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Highlights

Regulated business: stable gross margin evolution

Liberalized business: +6% gross margin net of 1Q 2015 CO₂ swap transaction

7% decrease in personnel costs with flat fixed costs

Sound underlying EBITDA evolution supported by successful energy management

Endesa, fully committed with social-related energy policy topics

Key financial figures



€M	1Q 2016	1Q 2015	Change	Like-for-like
EBITDA	801	952	-16%	+3% ⁽¹⁾
Net attributable income	342	435	-21%	+10% ⁽²⁾
Cash flow from operations	665	907	-27%	
	1Q 2016	FY 2015	Change	
Net financial debt ⁽³⁾	4,482	4,323	+4%	

■ Like-for-like⁽¹⁾ EBITDA grew by 3%

(1) Excluding +€173 M of CO₂ swap transaction in 1Q 2015

(2) Excluding +€125 M of CO₂ swap transaction in 1Q 2015

(3) Gross financial debt (€4,706 M) - Cash and cash equivalents (€213 M) - Derivatives recognized as financial assets (€11 M)

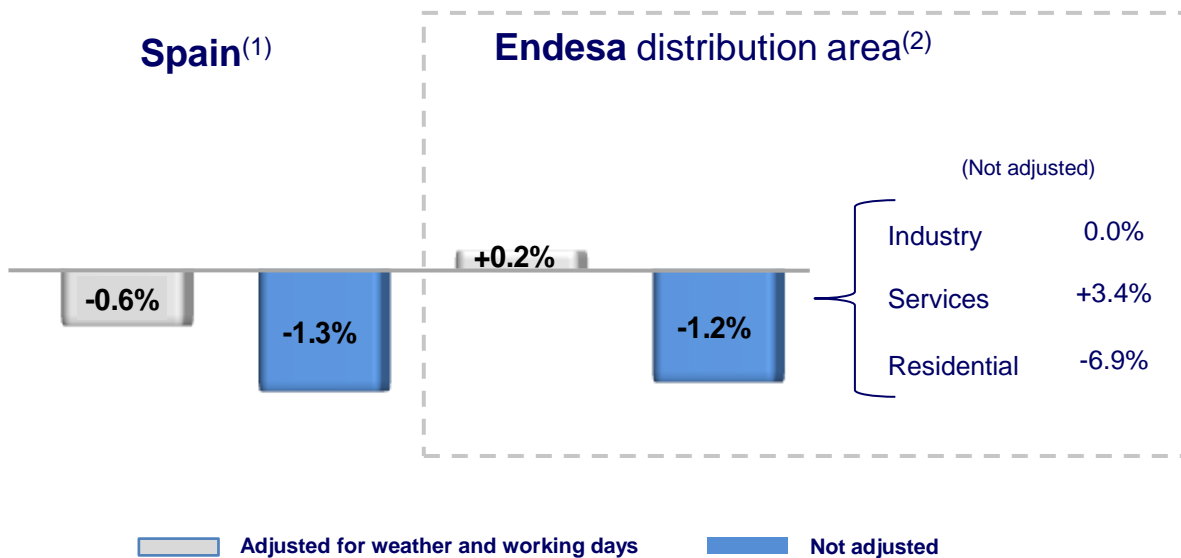
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Market context in 1Q 2016



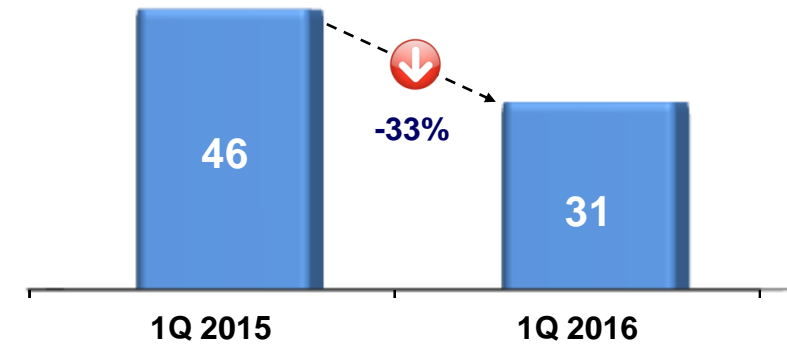
Demand



- 1Q '16 sluggish demand: Jan-Feb affected by mild winter season while March showed good performance (+1.5% unadjusted)

Electricity wholesale prices

Average pool prices Spain (€/MWh)



- Pool price decrease due to hydro and wind conditions along with drop in commodity prices

(1) Mainland. Source: REE

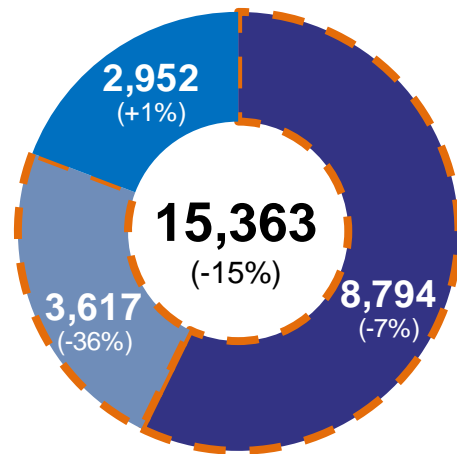
(2) Mainland. Source: Endesa's own estimates

Endesa's performance in 1Q 2016 market context (I/II)



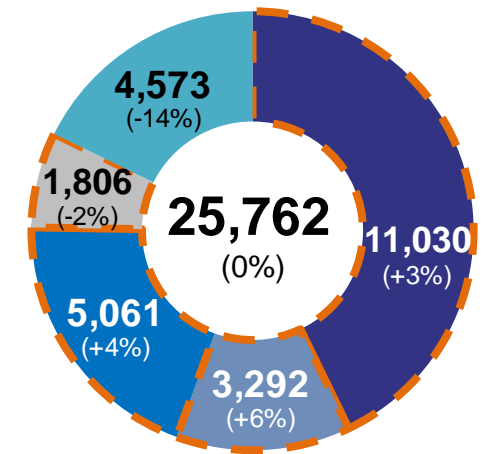
Energy management

Output (TWh)



- Mainland (hydro and nuke)
- Mainland (thermal)
- Non-mainland (regulated)

Electricity sales⁽¹⁾ (TWh)



- Industrial
- Residential
- SCVP
- SMEs
- Portugal

Unitary integrated margin⁽²⁾:
€23.2/MWh
(+11% vs. 1Q 2015)

■ **~100% of 2016 estimated output already hedged**

(1) Energy at power plant busbars

(2) Unitary margin is only referred to energy in the deregulated market (SCVP energy not considered)

Endesa's performance in 1Q 2016 market context (II/II)



Regulated business: Distribution and non-mainland generation

Dx: Regulatory news flow

- ✓ 2016 remuneration proposal in line with Endesa's assumptions:
 - 2015 estimated RAB: €11.1 bn
 - Regulated revenues: €2,004 M (€1,205 M for assets remuneration and €799 M for O&M)
 - Endesa has filed allegations

Dx: Other operational topics



>600.000 new smart meters installed in 1Q 16 totaling 7.4 million



1Q 2016 Interruption Time figure show high quality standards [48 minutes in last 12 months (0.4% improvement)]

- **Stable regulated gross margin in both Dx and non-mainland generation**

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Financial results



€M	1Q 2016	1Q 2015	Change	Like-for-Like
Revenues	4.878	5.451	-11%	
Gross Margin	1.310	1.460	-10%	
EBITDA	801	952	-16%	3% ⁽¹⁾
EBIT	468	628	-25%	
Net Financial Expenses	(51)	(83)	-39%	
Share of profit from associates	28	24	17%	
Net attributable income	342	435	-21%	10% ⁽²⁾
Net Capex ⁽³⁾	135	98	39%	

P&L evolution:

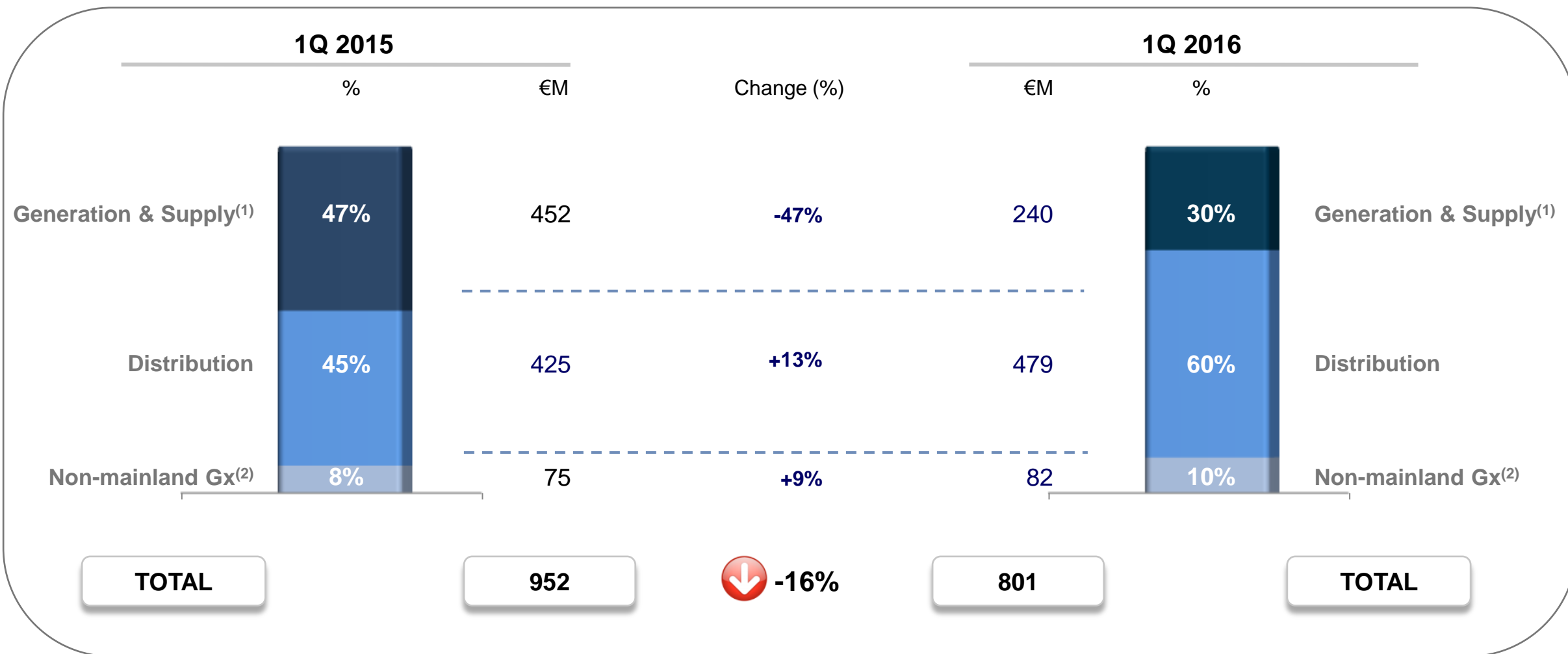
- (+) Underlying EBITDA increase (+3%) thanks to the good performance of liberalized business
- (+) Efficiency plans are driving fixed costs containment
- (+) 39% improvement in net financial expenses

(1) Excluding +€173 M of CO₂ swap transaction in 1Q 2015

(2) Excluding +€125 M of CO₂ swap transaction in 1Q 2015

(3) Accounting figure that excludes the amount of assets from clients' contributions and subsidies

1Q 2016 EBITDA breakdown



(1) Generation & Supply business EBITDA figure also includes Corporate Structure, Services and Adjustments and does not include Non-mainland generation EBITDA
 (2) Non-mainland generation EBITDA figure includes Canary and Balearic Islands, Ceuta and Melilla

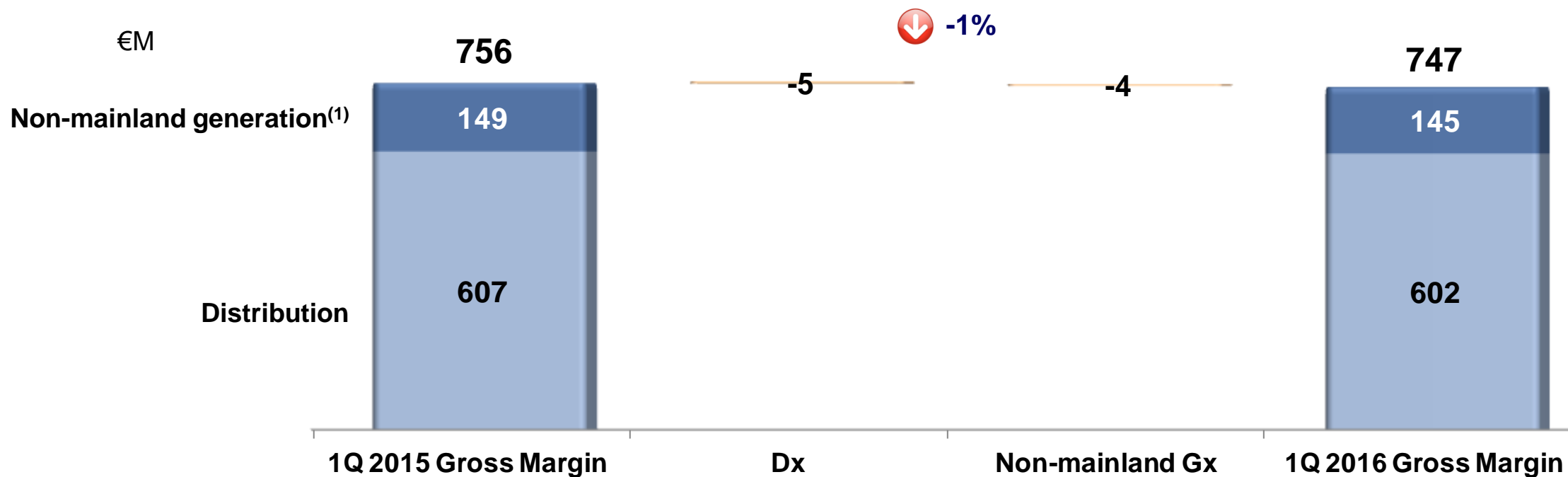


Regulated business

Gross margin evolution



€M

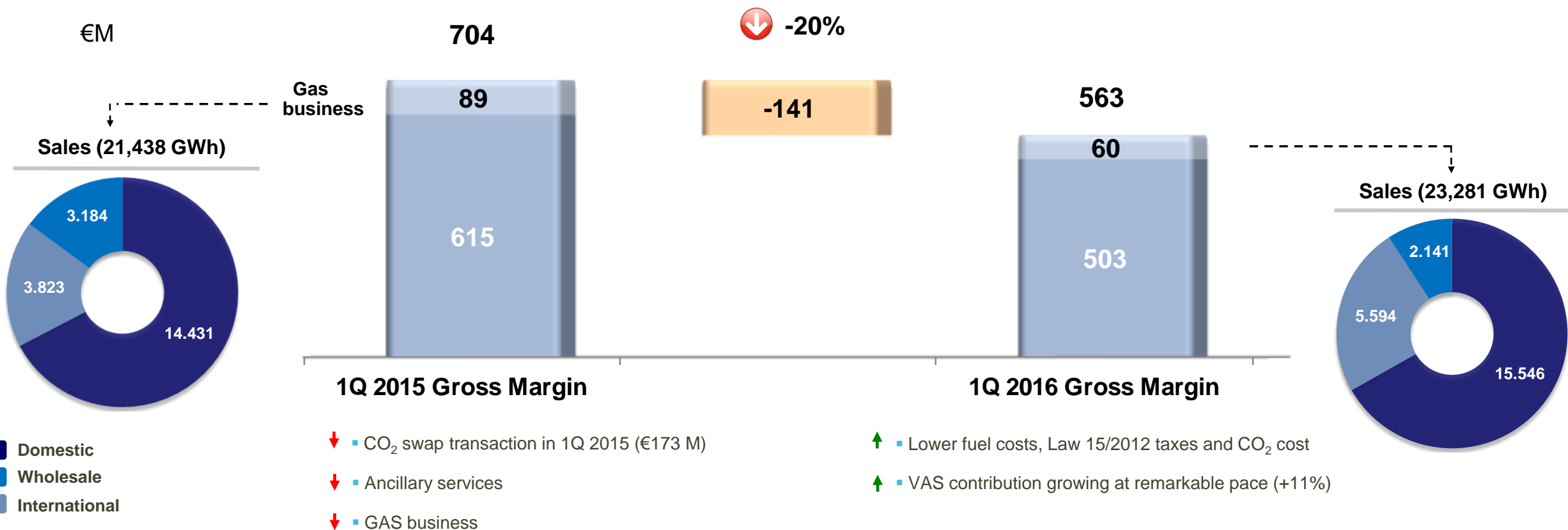


■ **Stable gross margin (-1%)**

(1) Non-mainland generation Gross Margin figure includes Canary and Balearic Islands, Ceuta and Melilla

Liberalized business ⁽¹⁾

Gross margin evolution



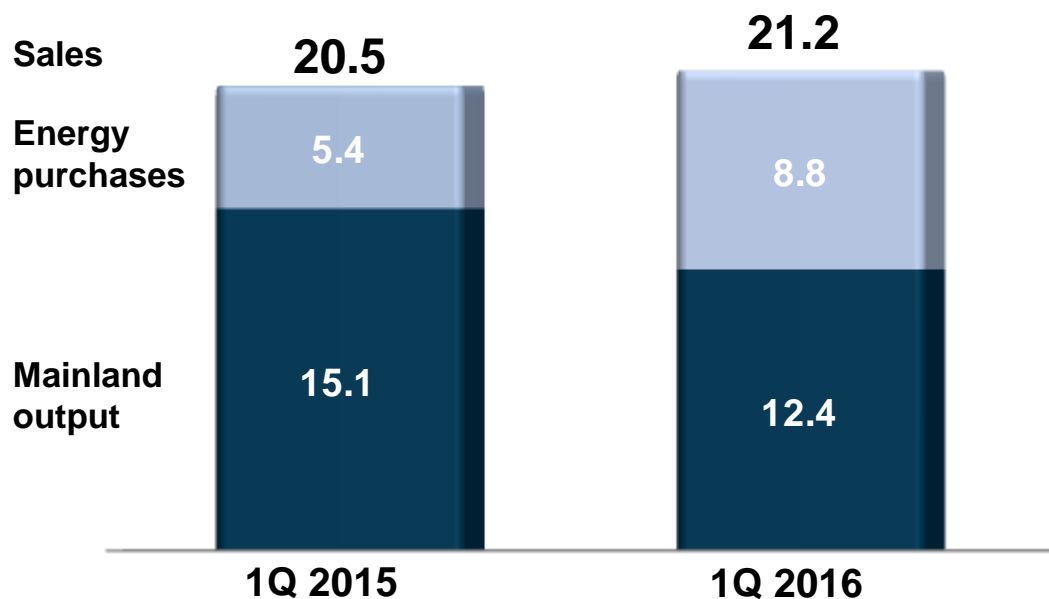
▪ Increase in underlying gross margin (+6%) supported by successful energy management

Liberalized business

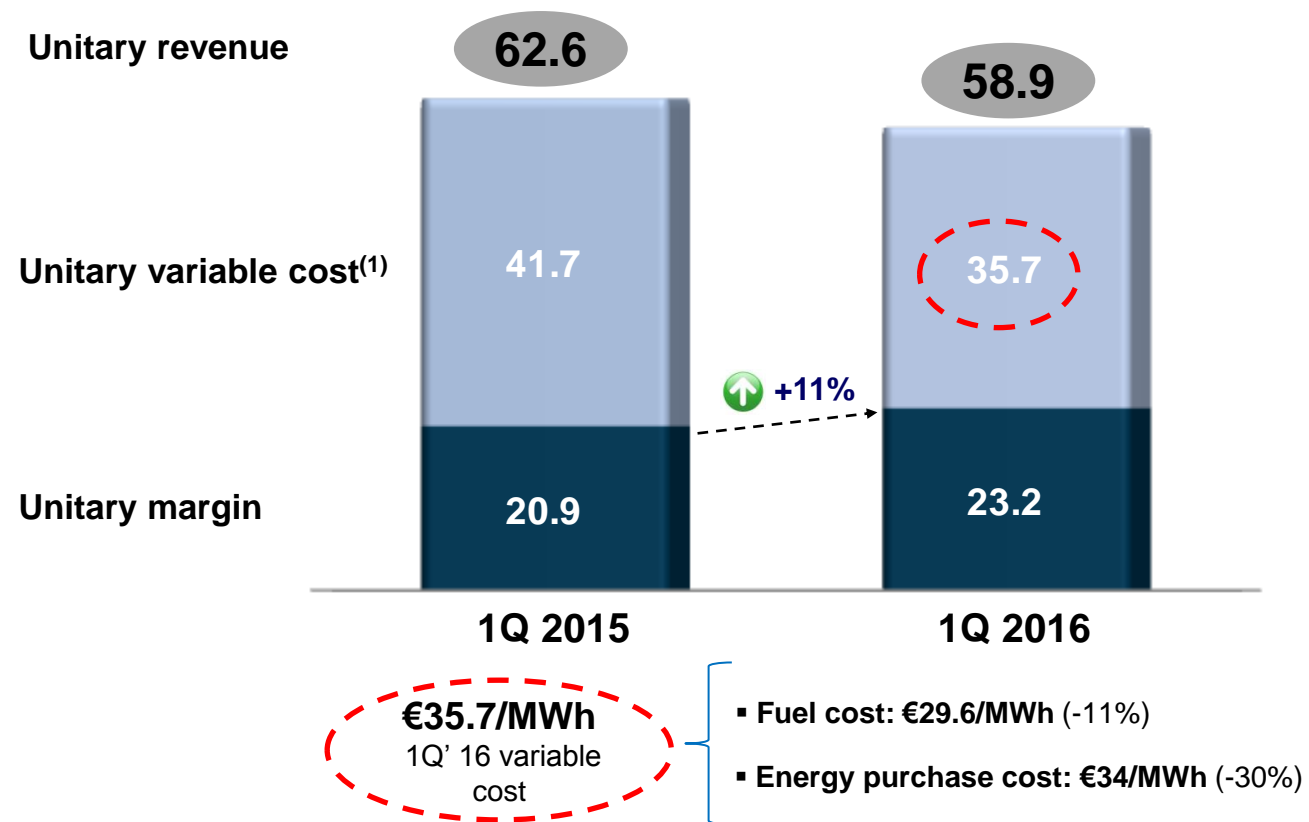
1Q 2016 energy management



Energy (TWh)

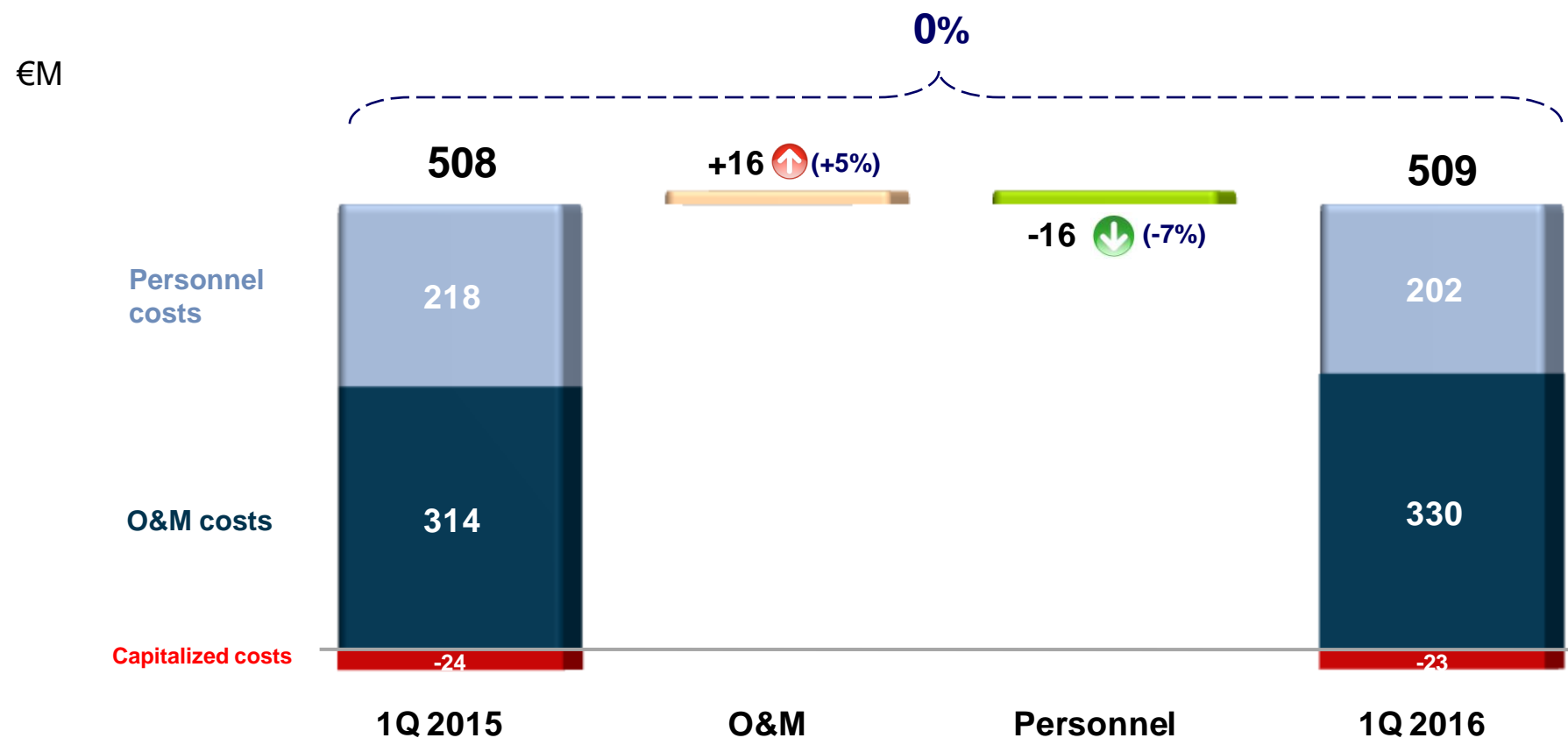


Unitary values breakdown (€/MWh)



▪ **+11% electricity unitary margin (€23.2/MWh) supported by successful energy management strategy**

Fixed costs evolution

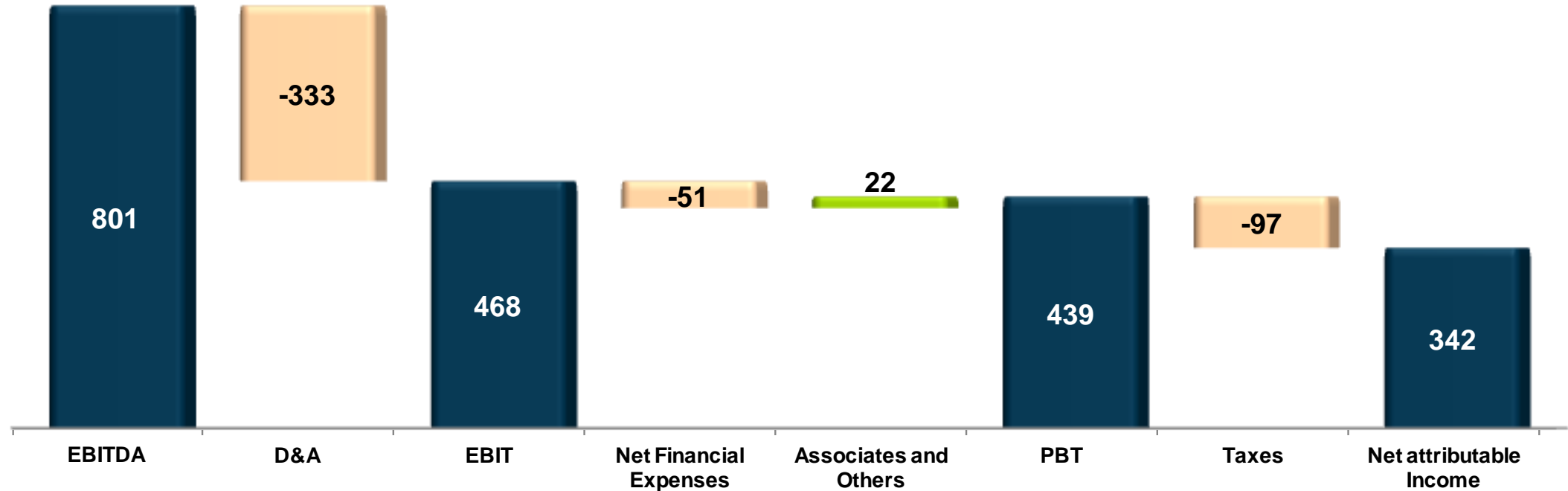


- Flat fixed costs
- Personnel costs decrease supported by 2014 and 2015 workforce restructuring plans

From EBITDA to Net Income



€M

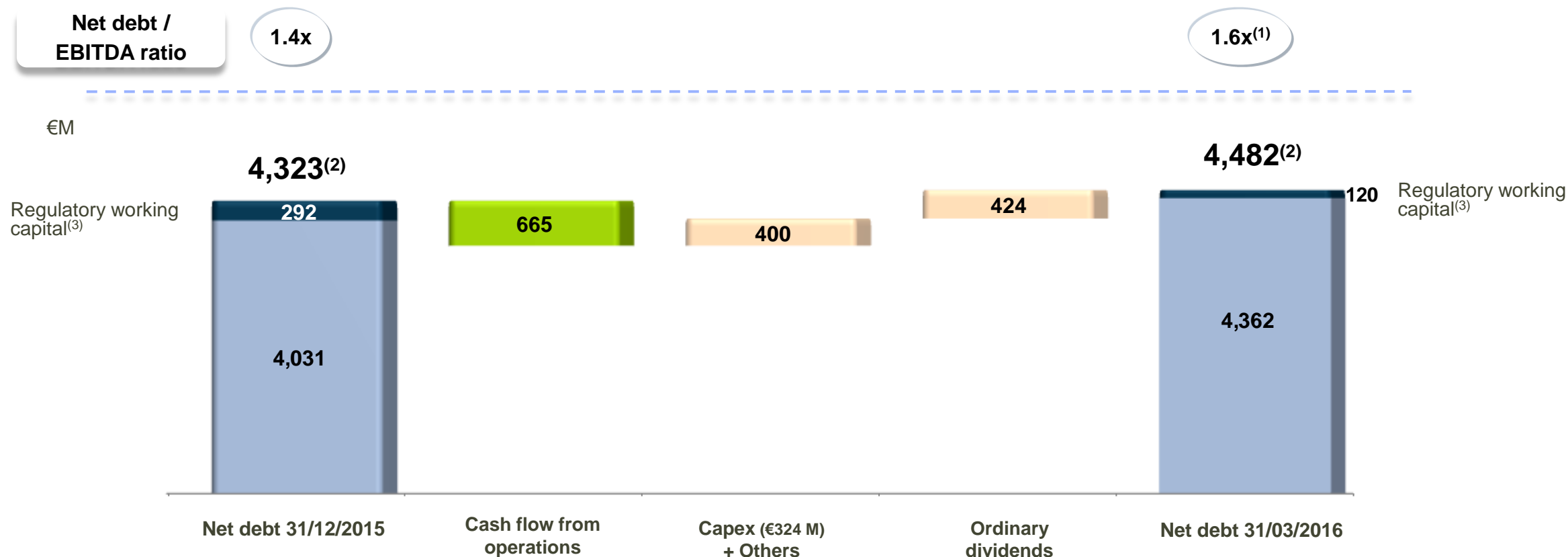


1Q 2015
Change (%)

EBITDA	952	-324	628	-83	31	576	-140	435
	-16%	+3%	-25%	-39%	-29%	-24%	-31%	-21%

Net financial debt analysis

Net financial debt evolution



- **Healthy financial leverage and strong liquidity position**
- **Endesa liquidity covers 26 months of debt maturities**

(1) Last 12 months EBITDA

(2) Gross financial debt - Cash and cash equivalents - Derivatives recognized as financial assets

(3) Mainland and non-mainland deficit

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Social commitment

Fuel poverty initiatives

- ✓ Already signed 107 agreements with local and regional governments
- ✓ 75% household coverage at national level
- ✓ 95% household coverage in Endesa distribution territories

Regulatory proposal for vulnerable groups of customers



Proposal

- ✓ Social bonus: income criteria must be considered
- ✓ Fund for customers suffering energy poverty certified by social services:
- ✓ Energy efficiency fund: building rehabilitation for customers suffering fuel poverty

Advantages

- ✓ Effective coverage of disadvantaged households
- ✓ Equal conditions throughout the entire national territory
- ✓ Financing mechanism according to the recommendations of the European Commission

Final remarks

Stable results in the regulated business

Sound underlying results in the liberalized business supported by successful energy management strategy

Fixed costs containment underpinned by efficiency plans

2016 AGM approved €1.026 DPS against 2015 Results

Appendix

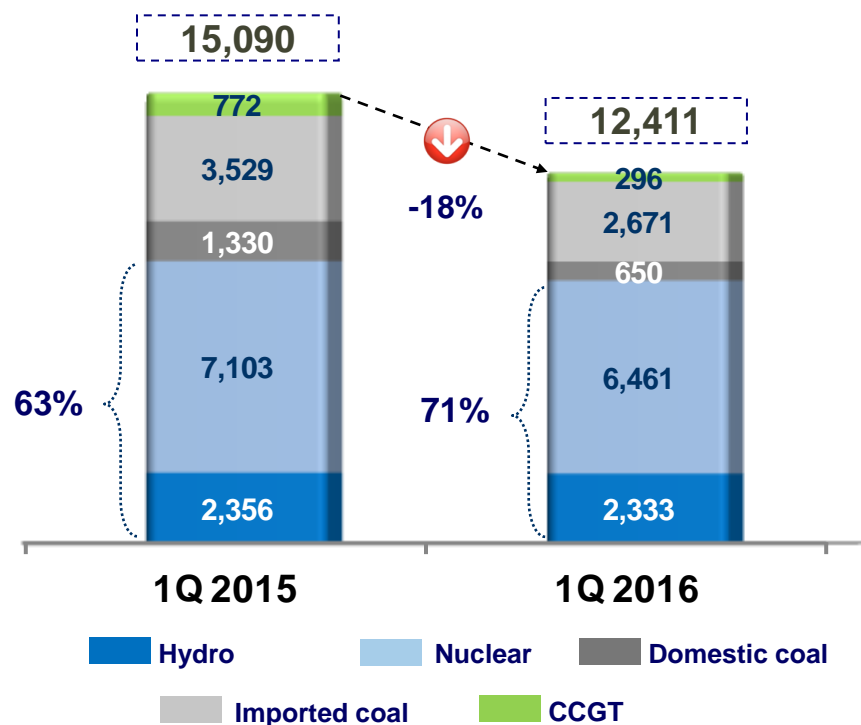
Endesa 1Q 2016 Results

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Installed capacity and output



Mainland output (GWh)



- 35% thermal output decrease
- Hydro and nuclear represented 71% of total output (vs. 63% in 1Q 15)

Total output (GWh)

GWh 1Q2016
(and chg. vs. 1Q 2016)

	Total Output ⁽¹⁾	
Total	15.363	-15%
Hydro	2.333	-1%
Nuclear	6.461	-9%
Coal	3.641	-32%
Natural gas	1.304	-20%
Oil-gas	1.624	5%

GW at 31/03/16
(and chg. vs. 31/03/15)

	Total Installed capacity ⁽²⁾	
Total	21,1	-3%
Hydro	4,7	0%
Nuclear	3,3	0%
Coal	5,2	-3%
Natural gas	5,4	0%
Oil-gas	2,4	-17%

(1) Output at power plant bus bars (Gross output minus self-consumption)

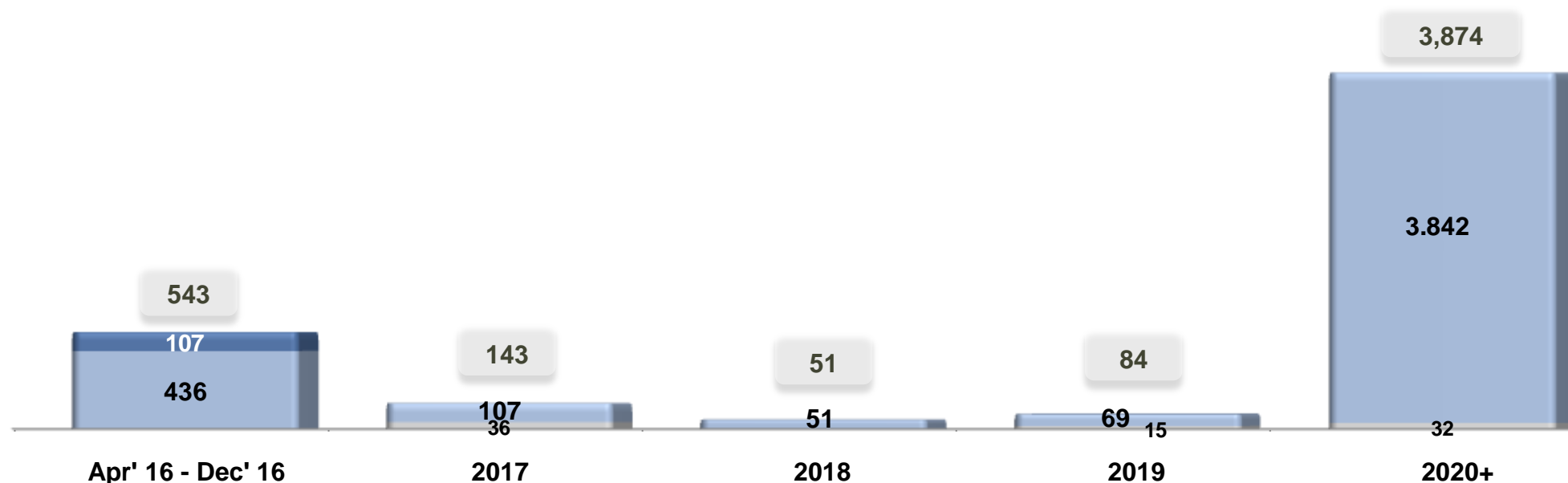
(2) Net Capacity

Endesa: financial debt maturity calendar



Gross balance of maturities outstanding at 31 March 2016: €4,706 M⁽¹⁾

Legend: Bonds (light blue), Bank debt and others (medium blue), ECPs and domestic commercial paper⁽²⁾ (dark blue)



Endesa's liquidity covers 26 months of debt maturities

- Liquidity €3,394 M
 - €213 M in cash
 - €3,181 M available in credit lines
- Average life of debt: 8 years

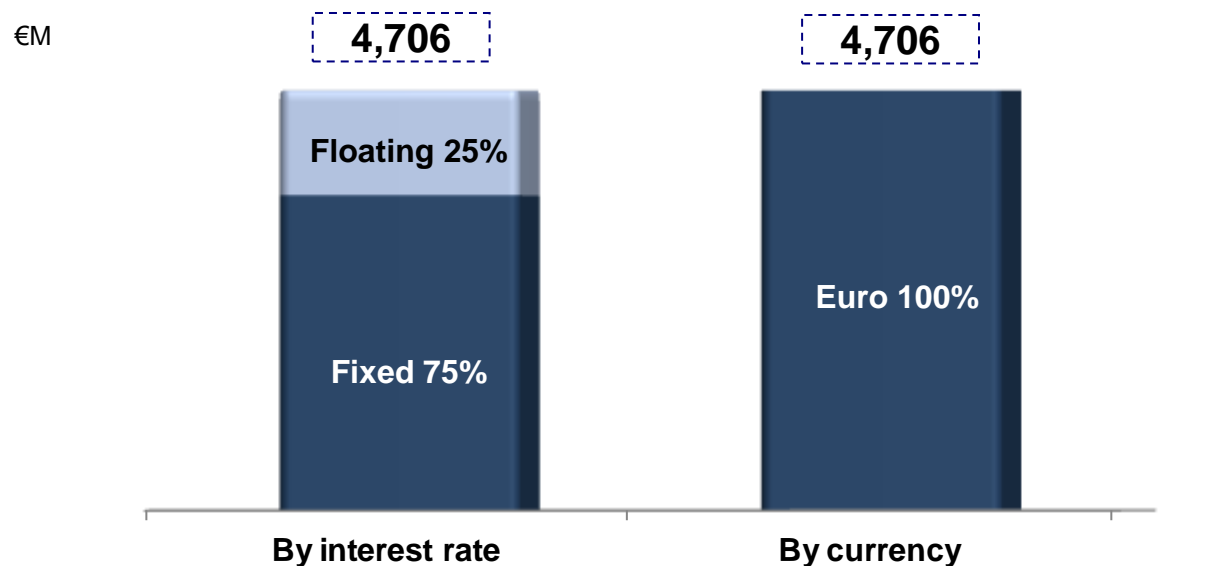
(1) This gross balance includes the outstanding amounts of debt and does not include the mark-to-market of derivatives or fair value debt as they do not involve any cash payment (it amounted to €11 M as of 31.03.2016)
 (2) Notes issued are backed by long-term credit lines and are renewed on a regular basis.

Gross financial debt structure

as of March 31st 2016



Structure of Endesa's gross debt



▪ Average cost of debt 2.6%

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; the impact of energy commodities price 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 or its closure or decommissioning; 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, defaults quantifiable of monetary obligations by the counterparties to which the Company has effectively granted net credit and the impossibility of obtaining financing at what we consider satisfactory interest rates.

Regulatory, environmental and 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; 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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Endesa Corporate

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