1. Highlights and key financial figures

2. Endesa’s performance in 9M 2016 market context

3. Financial results

4. Final remarks
1. Highlights and key financial figures

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EGPE fully consolidated since end-July 2016

Sound underlying\(^{(1)}\) EBITDA evolution supported by successful energy management strategy and cost containment

Strong Net Income figure (+22% like-for-like)

Solid cash flow generation

\(^{(1)}\) Net of 9M15 CO\(_2\) swap transaction (+€184 M) and EGPE contribution in 2016 (+€24 M)
### Key financial figures

<table>
<thead>
<tr>
<th></th>
<th>9M 2016</th>
<th>9M 2015</th>
<th>Change</th>
<th>Like-for-like</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA</strong></td>
<td>2,869</td>
<td>2,752</td>
<td>+4%</td>
<td>+11%&lt;sup&gt;(1)&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Net attributable income</strong></td>
<td>1,305</td>
<td>1,206</td>
<td>+8%</td>
<td>+22%&lt;sup&gt;(2)&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Cash flow from operations</strong></td>
<td>2,554</td>
<td>1,693</td>
<td>+51%</td>
<td></td>
</tr>
<tr>
<td><strong>Net financial debt&lt;sup&gt;(3)&lt;/sup&gt;</strong></td>
<td>4,964</td>
<td>4,323</td>
<td>+15%</td>
<td></td>
</tr>
</tbody>
</table>

- **Like-for-like**<sup>(1)</sup> EBITDA grew by 11%

---

*Notes:

1. Excluding +€184 M of CO₂ swap transaction in 9M 2015 and EGPE contribution in 2016 (+€24 M)
2. Excluding +€132 M of CO₂ swap transaction in 9M 2015 and EGPE Net Income both in 2015 and 2016
3. Gross financial debt (€5,639 M) - Cash and cash equivalents (€663 M) – Derivatives recognized as financial assets (€12 M)*
1. Highlights and key financial figures

2. Endesa’s performance in 9M 2016 market context

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### Market context in 9M 2016

**Demand**

- **Spain**
  - +0.1%

- **Endesa distribution area**
  - Industry: +0.6%
  - Services: +3.3%
  - Residential: -2.1%

  - Adjusted for weather and working days
  - Not adjusted

- **Demand recovery**: Services segment steady growth trend more than offsets poor residential demand

**Electricity wholesale prices**

- **Average pool prices Spain** (€/MWh)
  - 9M 2015: 50
  - 9M 2016: 34
  - -32%

- **Pool price decrease** due to better 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 9M 2016 market context (I/II)

Energy management

Output (GWh)

<table>
<thead>
<tr>
<th>Category</th>
<th>Output (GWh)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland (hydro and nuke)</td>
<td>14,245</td>
<td>-32%</td>
</tr>
<tr>
<td>Mainland (thermal)</td>
<td>9,449</td>
<td>+1%</td>
</tr>
<tr>
<td>Non-mainland (regulated)</td>
<td>26,206</td>
<td>+2%</td>
</tr>
<tr>
<td>RW</td>
<td>506</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>50,406</td>
<td>-10%</td>
</tr>
</tbody>
</table>

Electricity sales\(^{(1)}\) (GWh)

<table>
<thead>
<tr>
<th>Category</th>
<th>Electricity sales (GWh)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>13,768</td>
<td>+7%</td>
</tr>
<tr>
<td>Residential</td>
<td>34,281</td>
<td>+2%</td>
</tr>
<tr>
<td>SMEs</td>
<td>5,465</td>
<td>-6%</td>
</tr>
<tr>
<td>Portugal</td>
<td>12,319</td>
<td>-8%</td>
</tr>
<tr>
<td>Non-mainland (regulated)</td>
<td>10,171</td>
<td>+3%</td>
</tr>
<tr>
<td>RW</td>
<td>76,004</td>
<td>+1%</td>
</tr>
</tbody>
</table>

Unitary integrated margin\(^{(2)}\):

€23.2/MWh
(+10% vs. 9M 2015)

~100% of 2016 and ~45% of 2017 estimated output already hedged

---

\(^{(1)}\) Energy at power plant busbars

\(^{(2)}\) Unitary margin is only referred to energy in the deregulated market (SCVP nor EGPE energy not considered)
Endesa’s performance in 9M 2016 market context (II/II)

Regulatory update

✅ Latest regulatory developments

✅ Social tariff:
  ▪ Supreme Court rules against the current financing scheme in force since 2014
  ▪ Legal proceedings still to be completed

✅ Domestic coal:
  ▪ €70 M of positive impact in 9M2016 from 2012-13 settlements
  ▪ Year 2014 final cost revision included in 2015 final settlement proposal

⚠ Pending regulatory issues

✅ Renewables:
  ▪ Deviation adjustment related to 2014-16 wholesale price
  ▪ 2017-19 and 2020 – onwards price estimate (vs. €52/MWh previously estimated)
  ▪ Next challenge: designing a technology neutral auction (1,000 MW before year end + 2,000 in 2017)
1. Highlights and key financial figures

2. Endesa’s performance in 9M 2016 market context

3. Financial results

4. Final remarks
## Financial results

<table>
<thead>
<tr>
<th>€M</th>
<th>9M 2016</th>
<th>9M 2015</th>
<th>Change</th>
<th>Like-for-Like</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>14,107</td>
<td>15,412</td>
<td>-8%</td>
<td></td>
</tr>
<tr>
<td>Gross Margin</td>
<td>4,338</td>
<td>4,210</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>2,869</td>
<td>2,752</td>
<td>4%</td>
<td>11%</td>
</tr>
<tr>
<td>EBIT</td>
<td>1,811</td>
<td>1,735</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Net Financial Results</td>
<td>(158)</td>
<td>(142)</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Share of profit from associates</td>
<td>(35)</td>
<td>1</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Income tax</td>
<td>(296)</td>
<td>(379)</td>
<td>-22%</td>
<td></td>
</tr>
<tr>
<td>Net attributable income</td>
<td>1,305</td>
<td>1,206</td>
<td>8%</td>
<td>22%</td>
</tr>
<tr>
<td>Net Capex</td>
<td>515</td>
<td>453</td>
<td>14%</td>
<td></td>
</tr>
</tbody>
</table>

### P&L evolution:

- **(+)** Underlying EBITDA increase (+11%): good performance of liberalized business
- **(-)** Share of profit from associates impacted by write-down on 40% EGPE (-€72 M)
- **(+)** Income tax positively impacted by reversal of deferred tax liabilities generated by EGPE acquisition (+€81 M)

(1) Excluding +€184 M of CO\(_2\) swap transaction in 9M 2015 and EGPE contribution in 2016 (+€24 M)
(2) Excluding +€132 M of CO\(_2\) swap transaction in 9M 2015 and EGPE Net Income both in 2015 and 2016
(3) Gross Capex - assets from clients' contributions - subsidies
### 9M 2016 EBITDA Breakdown

<table>
<thead>
<tr>
<th></th>
<th>9M 2015</th>
<th>Change (%)</th>
<th>9M 2016</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Generation &amp; Supply</strong>&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>41%</td>
<td>+2%</td>
<td>40%</td>
<td>1,116</td>
</tr>
<tr>
<td><strong>Non-mainland Gx</strong>&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>11%</td>
<td>-1%</td>
<td>11%</td>
<td>313</td>
</tr>
<tr>
<td><strong>Distribution</strong></td>
<td>48%</td>
<td>+6%</td>
<td>49%</td>
<td>1,323</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td>2,752</td>
</tr>
</tbody>
</table>

**EBITDA 9M 2015**

- **48%**
- **11%**
- **41%**

**EBITDA 9M 2016**

- **1%**
- **49%**
- **40%**

*Generation & Supply business EBITDA figure also includes Corporate Structure, Services and Adjustments and does not include Non-mainland generation nor EGPE EBITDA*

*Non-mainland generation EBITDA figure includes Canary and Balearic Islands, Ceuta and Melilla*
Regulated business
Gross margin evolution

- Non-mainland generation
- Distribution
- Regulated renewables

\[ \begin{array}{c|c|c|c}
\text{Regulated renewables} & 2,320 & 33 & +1.3\% (2) \\
\text{Non-mainland generation} & 513 & -31 & \\
\text{Distribution} & 1,807 & 28 & 2,350 \\
\end{array} \]

- Stable gross margin

(1) Non-mainland generation Gross Margin figure includes Canary and Balearic Islands, Ceuta and Melilla
(2) +0.1% on a like-for-like basis excluding EGPE contribution in 9M2016
Liberalized business (1)

Gross margin evolution

€M

9M 2015 Gross Margin

1,890

232

1,658

Electricity Business

Gas Business

Merchant RW

9M 2016 Gross Margin

1,988

177

1,803

Gas business

Lower fuel costs, Law 15/2012 taxes and CO₂ cost

Favorable Constitutional Court ruling on Catalonia nuclear tax

Domestic Coal settlements (from Years 2012-13)

Increase in underlying gross margin (2) (+16%) supported by successful energy management

(1) Generation & Supply business Gross Margin figure also includes Corporate Structure, Services and Adjustments and does not include Non-mainland generation nor regulated RW gross margin

(2) Excluding CO₂ swap transaction in 9M2015 and EGPE contribution in 9M2016
+10% electricity unitary margin (€23.2/MWh) supported by successful energy management strategy

- Fuel cost: €30/MWh (-15%)
- Energy purchase cost: €37/MWh (-29%)

[Diagram showing energy (TWh) sales, energy purchases, and unitary values breakdown (€/MWh) for 9M 2015 and 9M 2016]

Fuel costs (including CO₂ and taxes from Law 15/2012), energy purchase costs and ancillary services
Fixed costs evolution

- 3% decrease in like-for-like fixed costs
- New workforce restructuring provision booked in 3Q 2016 (-€30 M)
From EBITDA to Net Income

€M

- EBITDA: 2,869
- D&A: -1,058
- EBIT: 1,811
- Net Financial Results: -158
- Associates and Others: -51
- PBT: 1,602
- Taxes: -296
- Net attributable Income: 1,305

9M 2015

Change (%)

- EBITDA: 2,752 (+4%)
- D&A: -1,017 (+4%)
- EBIT: 1,735 (+4%)
- Net Financial Results: -142 (+11%)
- Associates and Others: -5 (+920%)
- PBT: 1,588 (+1%)
- Taxes: -379 (-22%)
- Net attributable Income: 1,206 (+8%)
Net financial debt analysis

Net financial debt evolution

- Healthy financial leverage and strong liquidity position
- Endesa liquidity covers 20 months of debt maturities

<table>
<thead>
<tr>
<th>€M</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt</td>
<td>4,031</td>
<td>4,795</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>2,554</td>
<td>2,554</td>
</tr>
<tr>
<td>Capex (€686 M) + Others</td>
<td>713</td>
<td>713</td>
</tr>
<tr>
<td>60% EGPE acquisition</td>
<td>1,207</td>
<td>1,207</td>
</tr>
<tr>
<td>EGPE net debt consolidation</td>
<td>188 (4)</td>
<td>188 (4)</td>
</tr>
<tr>
<td>Ordinary dividends</td>
<td>1,087</td>
<td>1,087</td>
</tr>
<tr>
<td>Net debt (30/09/2016)</td>
<td>4,795</td>
<td>4,795</td>
</tr>
</tbody>
</table>

- Last 12 months EBITDA
- Gross financial debt (€5,639 M) - Cash and cash equivalents (€663 M) – Derivatives recognized as financial assets (€12 M)
- Mainland and non-mainland deficit
- Net debt at the time of EGPE acquisition was €196 M
Agenda

1. Highlights and key financial figures
2. Endesa’s performance in 9M 2016 market context
3. Financial results
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Stable results in the regulated business

Increasing results in the liberalized business supported by successful energy management strategy

3% like-for-like fixed costs reduction

Renewables business fully consolidated since end July 2016

As of 9M 16, Endesa is close to meet FY 2016 financial guidance
Appendix
Endesa 9M 2016 Results
## Installed capacity and output

### Mainland output (GWh)

<table>
<thead>
<tr>
<th>9M2015</th>
<th>9M2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>46,564</td>
<td>40,451</td>
</tr>
<tr>
<td>2,778</td>
<td>2,445</td>
</tr>
<tr>
<td>11,508</td>
<td>11,508</td>
</tr>
<tr>
<td>6,510</td>
<td>8,790</td>
</tr>
<tr>
<td>19,760</td>
<td>3,010</td>
</tr>
<tr>
<td>6,009</td>
<td>19,983</td>
</tr>
</tbody>
</table>

#### Notes:
- **13%** thermal output decrease
- Hydro and nuclear represented **65%** of total output (vs. **55%** in 9M 15)

### Total output (GWh)

<table>
<thead>
<tr>
<th>GWh 9M2016</th>
<th>Total Output (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>50,406</td>
</tr>
<tr>
<td>Hydro</td>
<td>6,223</td>
</tr>
<tr>
<td>Nuclear</td>
<td>19,983</td>
</tr>
<tr>
<td>Coal</td>
<td>13,502</td>
</tr>
<tr>
<td>Natural gas</td>
<td>5,086</td>
</tr>
<tr>
<td>Oil-gas</td>
<td>5,106</td>
</tr>
<tr>
<td>Renewables</td>
<td>506</td>
</tr>
</tbody>
</table>

#### Notes:
- **4%** (Hydro)
- **1%** (Nuclear)
- **-31%** (Coal)
- **-9%** (Natural gas)
- **3%** (Oil-gas)
- **n/a** (Renewables)

### Total installed capacity (GW)

<table>
<thead>
<tr>
<th>GW at 9M2016</th>
<th>Total Installed capacity (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>22.8</td>
</tr>
<tr>
<td>Hydro</td>
<td>4.7</td>
</tr>
<tr>
<td>Nuclear</td>
<td>3.3</td>
</tr>
<tr>
<td>Coal</td>
<td>5.2</td>
</tr>
<tr>
<td>Natural gas</td>
<td>5.4</td>
</tr>
<tr>
<td>Oil-gas</td>
<td>2.4</td>
</tr>
<tr>
<td>Renewables</td>
<td>1.7</td>
</tr>
</tbody>
</table>

#### Notes:
- **7%** (Total)
- **0%** (Hydro, Nuclear, Natural gas, Oil-gas, Renewables)
- **-3%** (Coal)

---

(1) Does not include EGPE output of 506GWh (consolidation since 27 July 2016)
(2) Output at power plant bus bars (Gross output minus self-consumption)
(3) Net Capacity
Endesa: financial debt maturity calendar

Gross balance of maturities outstanding at 30 September 2016: €5,639 M

- Bonds
- Bank debt and others
- ECPs

Endesa’s liquidity covers 20 months of debt maturities

Liquidity 3.869 M€
€663 M in cash
€3,206 M available in credit lines
Average life of debt: 6.6 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 €31 M as of 30.09.2016)
(2) Notes issued are backed by long-term credit lines and are renewed on a regular basis.
Gross financial debt structure
as of September 30th 2016

Structure of Endesa’s gross debt

- **€M:** 5,639
- **Floating 35%**
- **Fixed 65%**
- **Euro 100%**

By interest rate

By currency

Average cost of debt 2.6%
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 changes in generation and market share; expected changes in demand for gas and gas sourcing; management strategy and goals; estimated cost reductions; tariffs and pricing structure; estimated capital expenditures; estimated asset disposals; estimated changes in capacity and capacity mix; repowering of capacity and macroeconomic conditions. The main assumptions on which these expectations and targets are related to the regulatory framework, exchange rates, commodities, divestments, increases in production and installed capacity in markets where ENDESA operates, increases in demand in these markets, allocation 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, ENDESA avails itself 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 financial and operating results and statistics to differ materially from those expressed in our forward-looking statements:

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