



Endesa 9M 2016 Results

08/11/2016



endesa

Agenda

- 1. Highlights and key financial figures**
- 2. Endesa's performance in 9M 2016 market context**
- 3. Financial results**
- 4. Final remarks**

Agenda

- 1. Highlights and key financial figures**
2. Endesa's performance in 9M 2016 market context
3. Financial results
4. Final remarks

Highlights

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

Key financial figures



€M	9M 2016	9M 2015	Change	Like-for-like
EBITDA	2,869	2,752	+4%	+11% ⁽¹⁾
Net attributable income	1,305	1,206	+8%	+22% ⁽²⁾
Cash flow from operations	2,554	1,693	+51%	
	9M 2016	FY 2015	Change	
Net financial debt ⁽³⁾	4,964	4,323	+15%	

■ Like-for-like⁽¹⁾ EBITDA grew by 11%

(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)

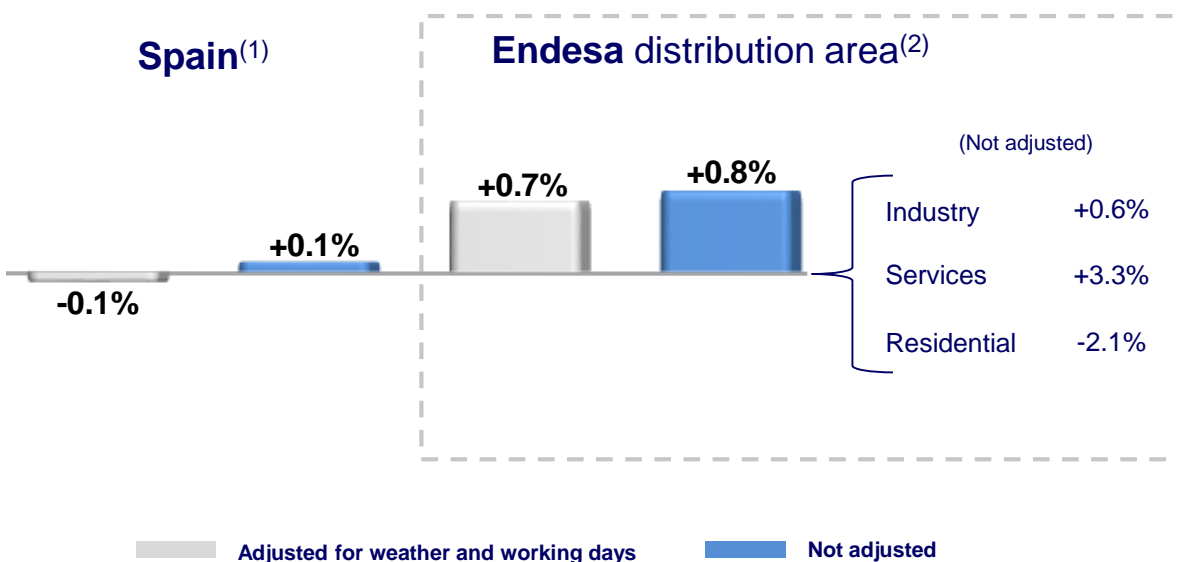
Agenda

1. Highlights and key financial figures
- 2. Endesa's performance in 9M 2016 market context**
3. Financial results
4. Final remarks

Market context in 9M 2016



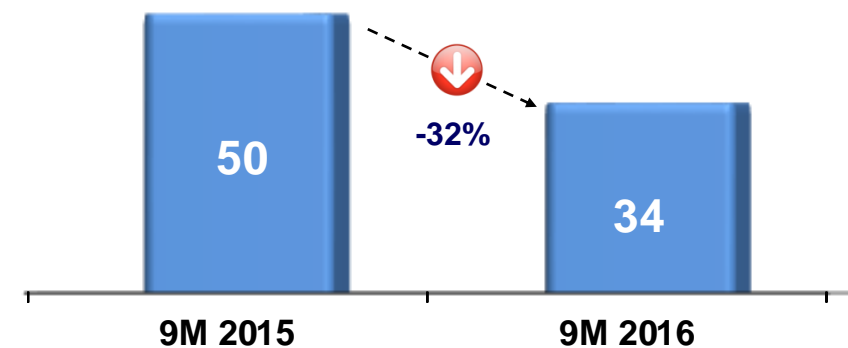
Demand



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

Electricity wholesale prices

Average pool prices Spain (€/MWh)



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

(1) Mainland. Source: REE

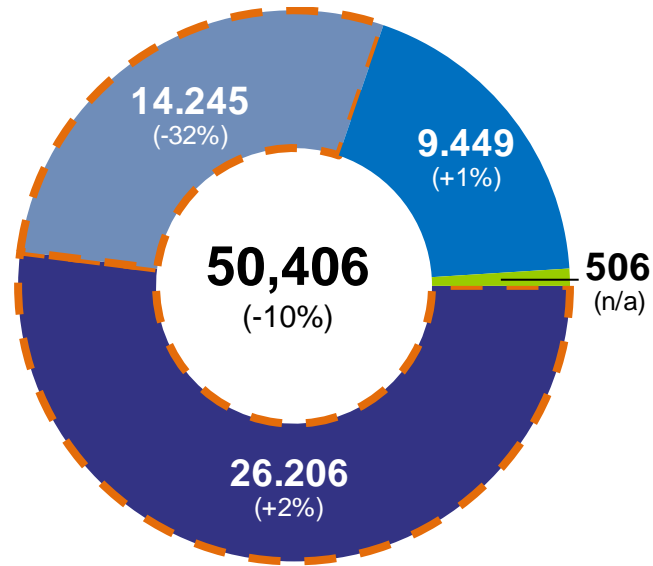
(2) Mainland. Source: Endesa's own estimates

Endesa's performance in 9M 2016 market context (I/II)



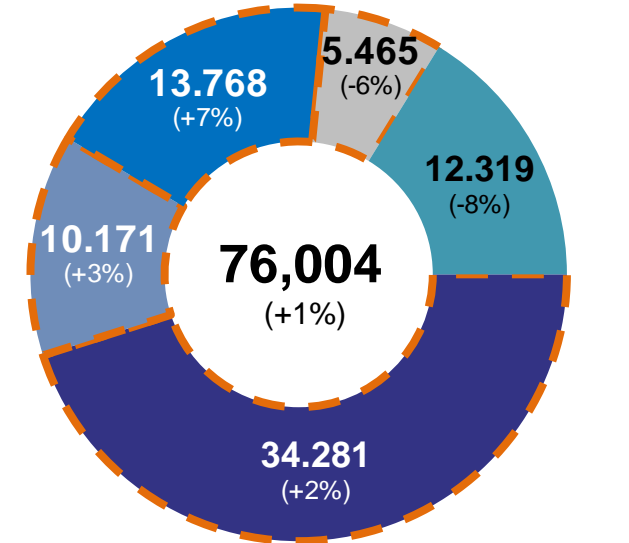
Energy management

Output (GWh)



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

Electricity sales⁽¹⁾ (GWh)



- Industrial
- Residential
- SMEs
- Portugal
- SCVP

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)

Agenda

1. Highlights and key financial figures
2. Endesa's performance in 9M 2016 market context
- 3. Financial results**
4. Final remarks

Financial results



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

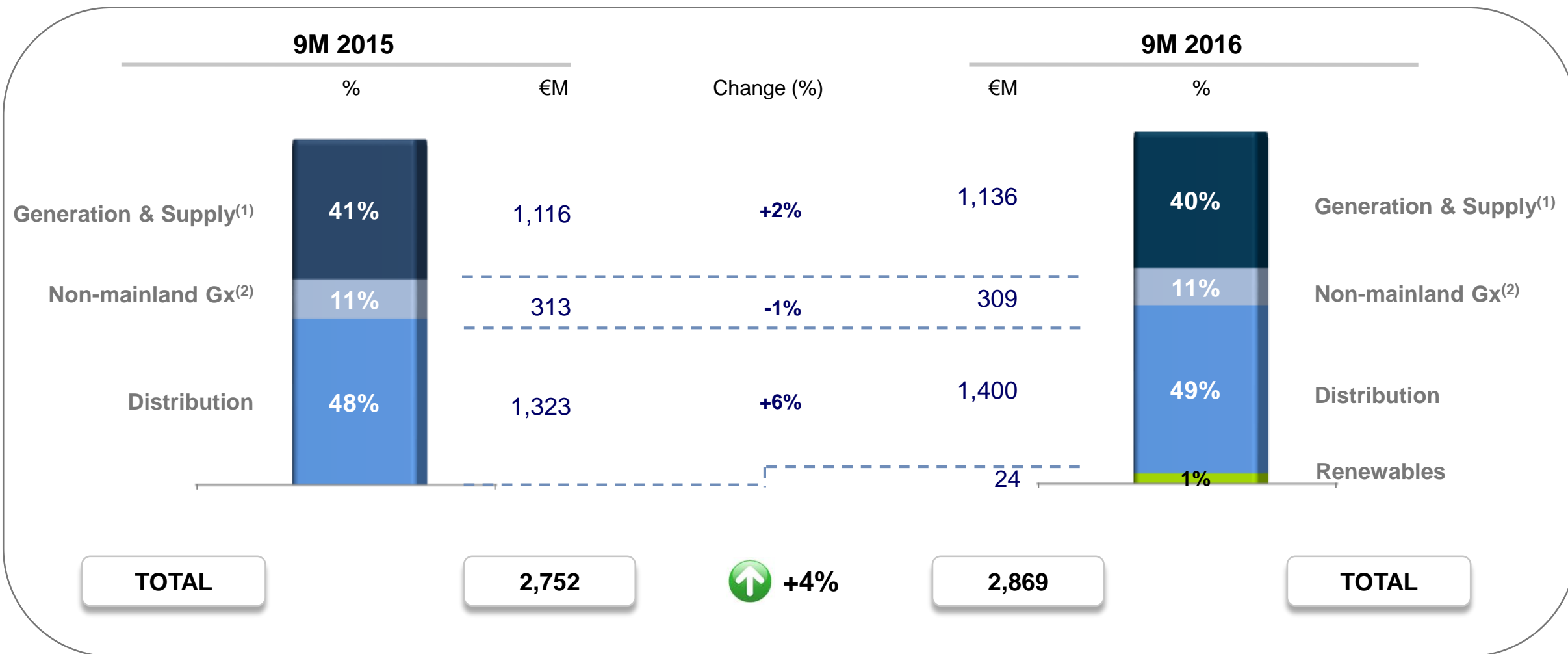
P&L evolution:

- (+) 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 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 Capex - assets from clients' contributions - subsidies

9M 2016 EBITDA breakdown



(1) Generation & Supply business EBITDA figure also includes Corporate Structure, Services and Adjustments and does not include Non-mainland generation nor EGPE EBITDA
 (2) Non-mainland generation EBITDA figure includes Canary and Balearic Islands, Ceuta and Melilla



Regulated business

Gross margin evolution



€M

↑ +1.3%⁽²⁾

Regulated renewables

2,320

33

-31

28

2,350

28

513

482

Non-mainland generation⁽¹⁾

Distribution

1,807

1,840

9M 2015 Gross Margin

Dx

Non-mainland Gx

Regulated renewables

9M 2016 Gross Margin

■ Stable gross margin

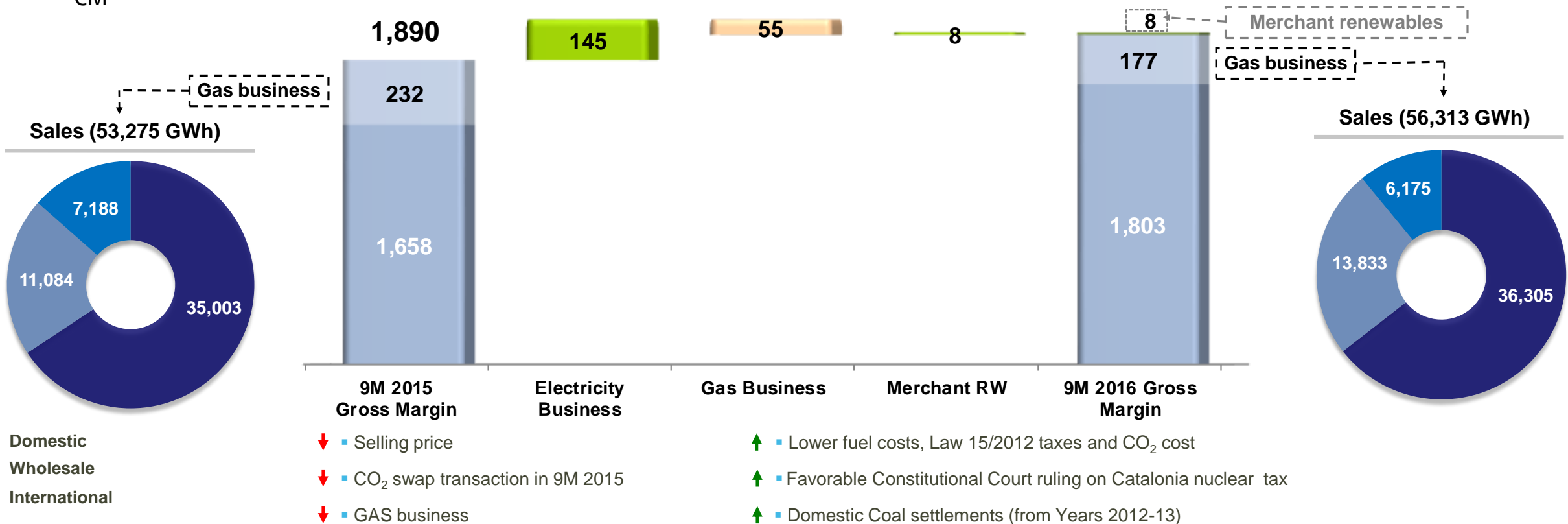
(1) Non-mainland generation Gross Margin figure includes Canary and Balearic Islands, Ceuta and Melilla

(2) +0.1% on a like for like basis excluding EGPE contribution in 9M2016

Liberalized business (1)

Gross margin evolution

€M



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

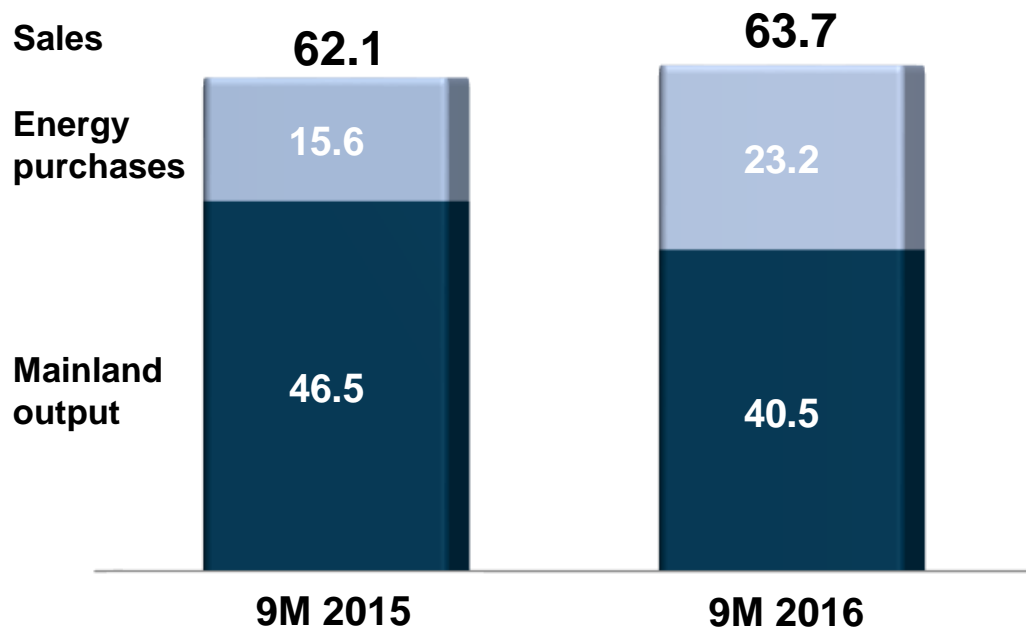
(1) Generation & Supply business Gross Margin figure also includes Corporate Structure, Services and Adjustments and does not include Non-mainland generation nor regulated RW gross margin
 (2) Excluding CO₂ swap transaction in 9M2015 and EGPE contribution in 9M2016

Liberalized business

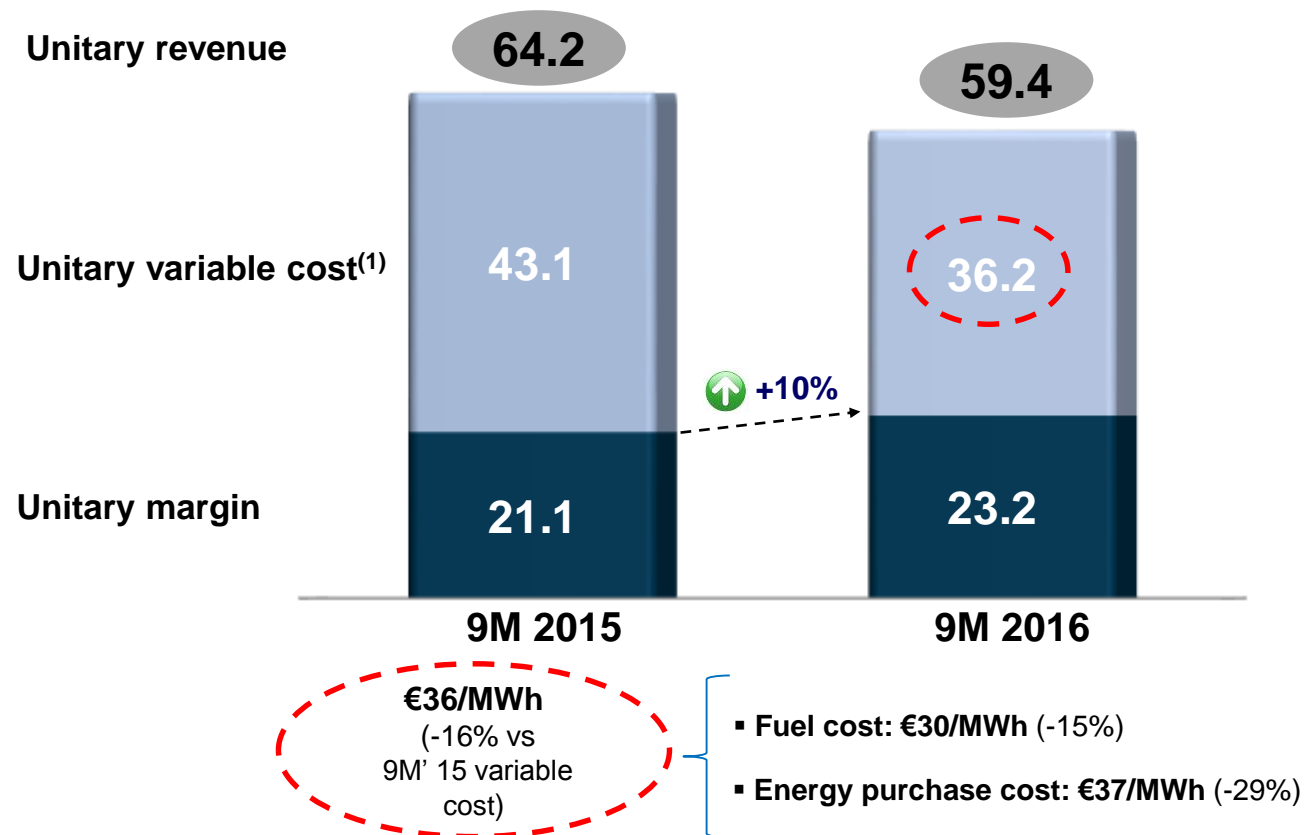
9M 2016 energy management



Energy (TWh)



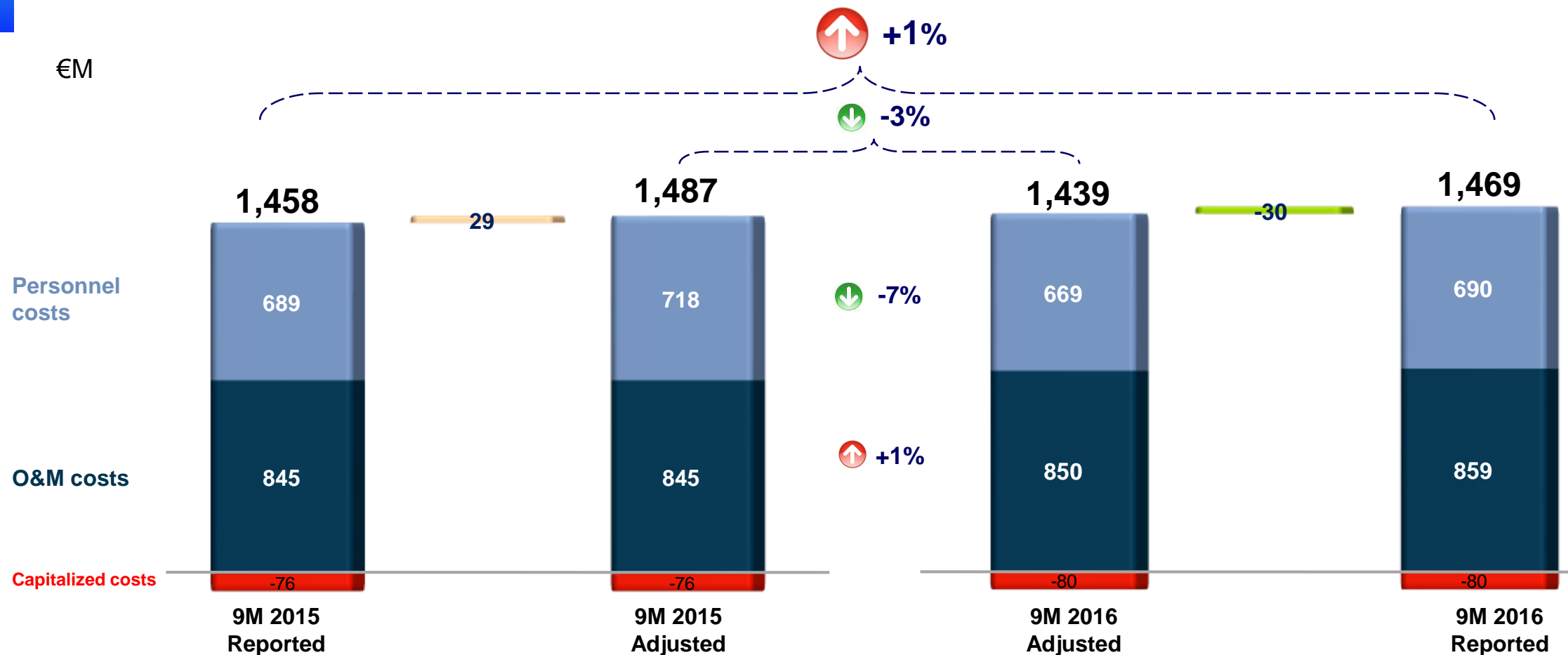
Unitary values breakdown (€/MWh)



▪ **+10% electricity unitary margin (€23.2/MWh) supported by successful energy management strategy**

Fixed costs evolution

€M

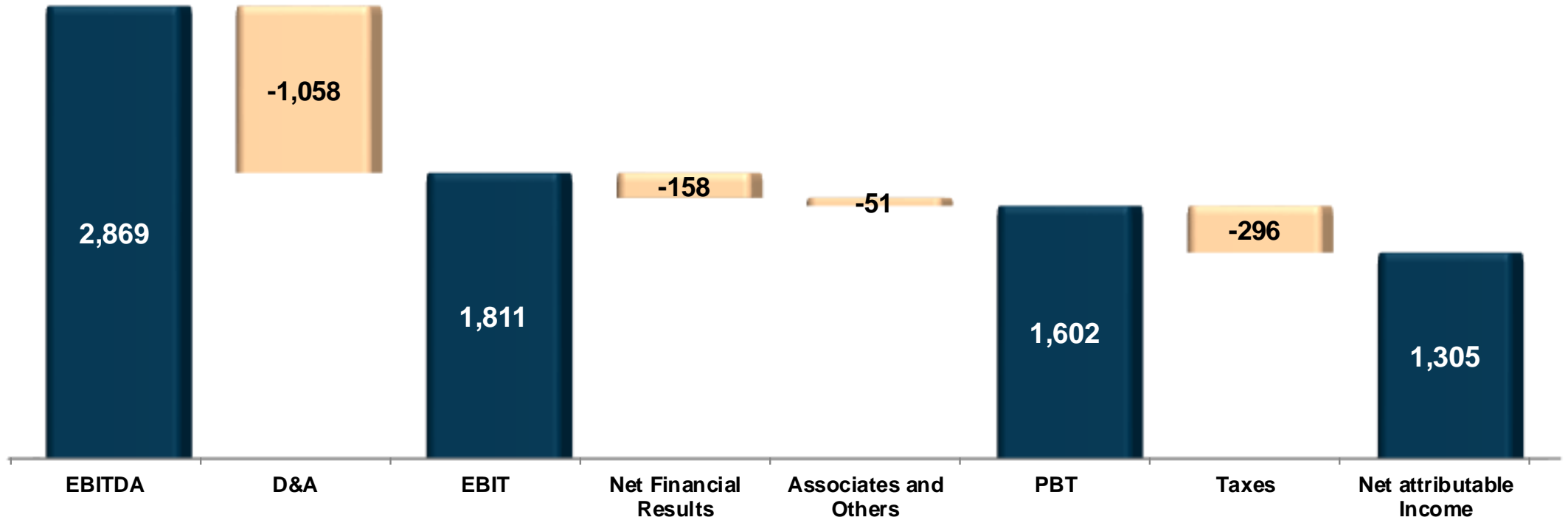


- 3% decrease in like-for-like fixed costs
- New workforce restructuring provision booked in 3Q 2016 (-€30 M)

From EBITDA to Net Income



€M



9M 2015

Change (%)

2,752

+4%

-1,017

+4%

1,735

+4%

-142

+11%

-5

+920%

1,588

+1%

-379

-22%

1,206

+8%

Net financial debt analysis

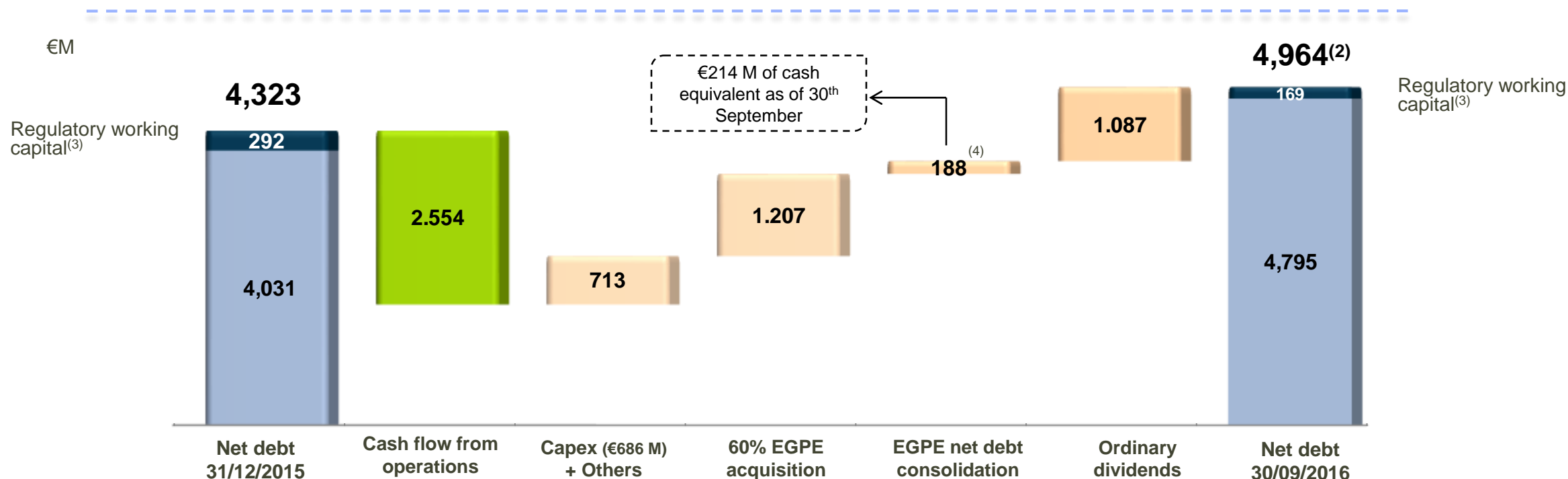
Net financial debt evolution



Net debt / EBITDA ratio

1.4x

1.6x⁽¹⁾



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

(1) Last 12 months EBITDA

(2) Gross financial debt (€5,639 M) - Cash and cash equivalents (€663 M) - Derivatives recognized as financial assets (€12 M)

(3) Mainland and non-mainland deficit

(4) 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
- 4. Final remarks**

Final remarks

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

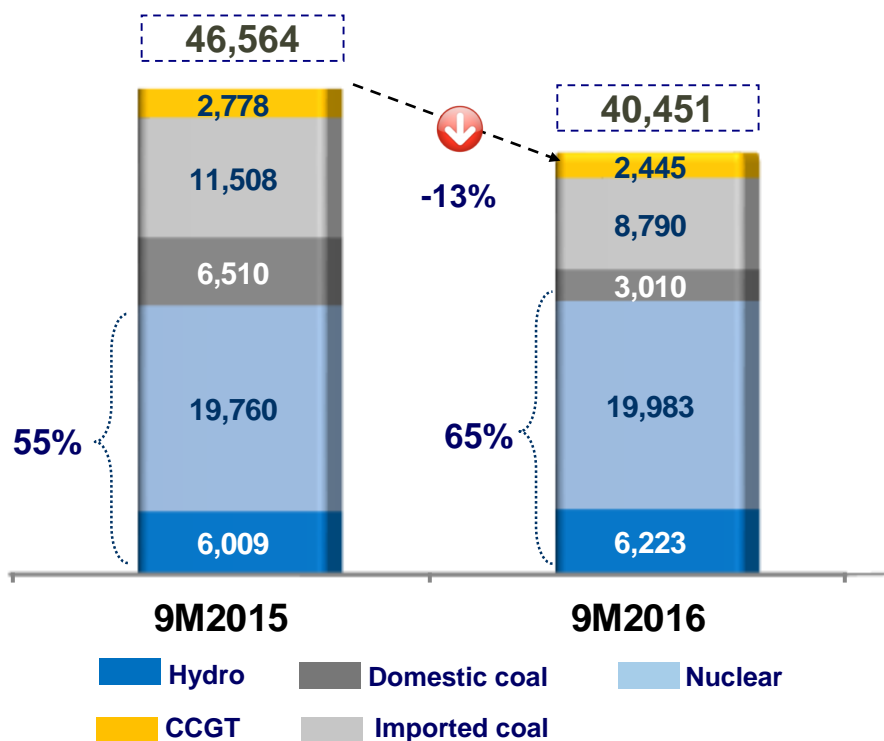
Endesa 9M 2016 Results

endesa

Installed capacity and output



Mainland output⁽¹⁾ (GWh)



- 31% thermal output decrease
- Hydro and nuclear represented 65% of total output (vs. 55% in 9M 15)

Total output (GWh)

GWh 9M2016
(and chg. vs. 9M2015)

	Total Output ⁽²⁾	
Total	50,406	-10%
Hydro	6,223	4%
Nuclear	19,983	1%
Coal	13,502	-31%
Natural gas	5,086	-9%
Oil-gas	5,106	3%
Renewables	506	n/a

Total installed capacity (GW)

GW at 9M2016
(and chg. vs. 9M2015)

	Total Installed capacity ⁽³⁾	
Total	22,8	7%
Hydro	4,7	0%
Nuclear	3,3	0%
Coal	5,2	-3%
Natural gas	5,4	0%
Oil-gas	2,4	0%
Renewables	1,7	n/a

(1) Does not include EGPE output of 506GWh (consolidation since 27 July 2016)

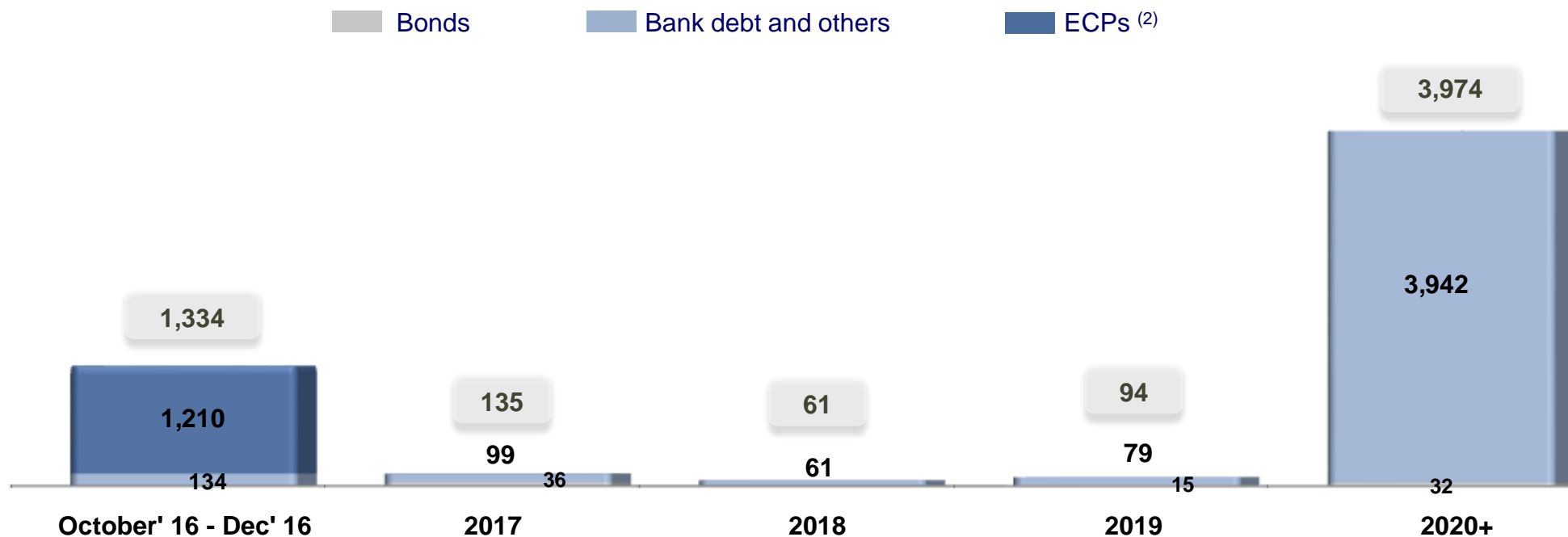
(2) Output at power plant bus bars (Gross output minus self-consumption)

(3) Net Capacity

Endesa: financial debt maturity calendar



Gross balance of maturities outstanding at 30 September 2016: €5,639 M⁽¹⁾



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

5,639

Floating 35%

Fixed 65%

Euro 100%

By interest rate

By currency

▪ 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 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:

Economic and industry conditions; factors related to liquidity and financing; operating factors; strategic and regulatory, legal, fiscal, environmental, political and governmental factors; reputational factors and transaction and commercial factors.

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).

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.

Endesa Corporate

Get full information of the company on [Endesa Corporate](#), the Endesa App for iPhone, iPad and Android devices.



Download from App Store



Download from Google Play

