Endesa FY 2016 Results

23/02/2017
1. Highlights and key financial figures

2. Endesa’s performance in 2016 market context

3. Financial results

4. Final remarks
1. Highlights and key financial figures

2. Endesa’s performance in 2016 market context

3. Financial results

4. Final remarks
Highlights

2016 financial targets exceeded

Strong Net Income figure (+30%) up to €1,411 M

Proposal to pay €1.333 gross DPS (+30%) against 2016 Results

Sound underlying\(^{(1)}\) EBITDA evolution (+11%) supported by the liberalized business

3% like-for-like\(^{(2)}\) drop in fixed costs

---

\(^{(1)}\) Net of 2015 CO\(_2\) swap transaction (+€184 M), EGPE contribution in 2016 (+€75 M) and workforce restructuring provision in 2015 (-€380 M) and 2016 (-€226 M)

\(^{(2)}\) Includes pension plans obligations provision update (+€19 M in 2015 and +€17 M in 2016), infringement proceedings provision (-€42 M in 2015 and -€14 M in 2016), workforce restructuring plans provisions (-€380 M in 2015 and -€226 M in 2016) and EGPE fixed costs in 2016 (-€29 M)
## Key financial figures

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Change</th>
<th>Like-for-like</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA</strong></td>
<td>3,432</td>
<td>3,039</td>
<td>+13%</td>
<td>+11%&lt;sup&gt;(1)&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Net attributable income</strong></td>
<td>1,411</td>
<td>1,086</td>
<td>+30%</td>
<td>+27%&lt;sup&gt;(2)&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Cash flow from operations</strong></td>
<td>2,995</td>
<td>2,656</td>
<td>+13%</td>
<td></td>
</tr>
<tr>
<td><strong>Net financial debt</strong></td>
<td>4,938</td>
<td>4,323</td>
<td>+14%</td>
<td></td>
</tr>
</tbody>
</table>

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

- Net of 2015 CO2 swap transaction (+€194 M), EGPE contribution in 2016 (+€75 M) and workforce restructuring provision in 2015 (-€380 M) and 2016 (-€226 M)
- Net of 2015 CO2 swap transaction (+€132 M), EGPE contribution in 2015 (+€10 M) and 2016 (+€38 M) and workforce restructuring provision in 2015 (-€274 M) and 2016 (-€170 M)
- Gross financial debt (€5,367 M) - Cash and cash equivalents (€418 M) - Derivatives recognized as financial assets (€11 M)

---

**FY 2016 Results - Madrid, 23 February 2017**
1. Highlights and key financial figures

2. Endesa’s performance in 2016 market context

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4. Final remarks
Market context in 2016

Demand

- Demand recovery: Services and industry upward trend more than offsets weak residential demand

Electricity wholesale prices

- Pool price decrease due to better hydro and wind conditions partially offset by commodity prices recovery in 4Q 2016

Spain (1)

-0.1%

Endesa distribution area (2)

Industry +0.9%

Services +3.5%

Residential -0.8%

Adjusted for weather and working days

Not adjusted

Average pool prices Spain (€/MWh)

2015: 50
2016: 40
2017e (3): 50

-21%

(1) Mainland. Source: REE
(2) Mainland. Source: Endesa’s own estimates
(3) Own elaboration: weighted average of real data (1 Jan 2017 – 21 Feb 2017) and 2017 Balance forwards
Endesa’s performance in 2016 market context (I/II)

Energy management

Output\(^{(1)}\) (GWh)

<table>
<thead>
<tr>
<th>Category</th>
<th>GWh</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland (hydro and nuke)</td>
<td>69,831</td>
<td>(-4%)</td>
</tr>
<tr>
<td>Mainland (thermal)</td>
<td>33,094</td>
<td>(0%)</td>
</tr>
<tr>
<td>Non-mainland (regulated)</td>
<td>22,891</td>
<td>(-18%)</td>
</tr>
<tr>
<td>EGPE</td>
<td>1,212</td>
<td>(n/a)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Category</th>
<th>GWh</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>45,347</td>
<td>(+1%)</td>
</tr>
<tr>
<td>Residential</td>
<td>18,439</td>
<td>(+7%)</td>
</tr>
<tr>
<td>SMEs</td>
<td>13,367</td>
<td>(+2%)</td>
</tr>
<tr>
<td>Portugal</td>
<td>7,373</td>
<td>(-5%)</td>
</tr>
<tr>
<td>Mainland (thermal)</td>
<td>16,297</td>
<td>(-7%)</td>
</tr>
<tr>
<td>Non-mainland (regulated)</td>
<td>12,634</td>
<td>(+2%)</td>
</tr>
<tr>
<td>EGPE</td>
<td>1,212</td>
<td>(n/a)</td>
</tr>
</tbody>
</table>

Unitary integrated margin:

- €21.8/MWh (+8% vs. 2015)

- ~80% of 2017 estimated output already hedged

FY 2016 Results - Madrid, 23 February 2017

(1) Energy at power plant busbars
Endesa’s performance in 2016 market context (II/II)

Regulatory update

✓ Latest main regulatory developments

✓ 2017 access tariffs:
  ▪ Access tariffs remained unchanged
  ▪ Access costs include additional ~€600 M renewables remuneration related to 2nd regulatory semi period revision
  ▪ €9 M of tariff surplus according to Ministry of Industry estimates

✓ Social tariff:
  ▪ RDL 7/2016 sets a new financing scheme applying from end 2016
    o Endesa to fund 37.7% of social tariff cost
    o Government working on pending details (income and degree of vulnerability criteria)
  ▪ Concerning 2014-2016 amounts, legal proceedings still to be completed

✓ Renewables:
  ▪ Capacity auctions expected by mid 2017

✓ Garoña nuclear power plant:
  ▪ Nuclear Security Council sets conditions related to the renewal’ authorization request
  ▪ Ministry of Industry authorization is needed before the nuclear operator takes its final decision
Agenda

1. Highlights and key financial figures
2. Endesa’s performance in 2016 market context
3. Financial results
4. Final remarks
## Financial results

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Change</th>
<th>Like-for-Like</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>€18,979</td>
<td>€20,299</td>
<td>-7%</td>
<td></td>
</tr>
<tr>
<td>Gross Margin</td>
<td>€5,652</td>
<td>€5,481</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>€3,432</td>
<td>€3,039</td>
<td>13%</td>
<td>11%</td>
</tr>
<tr>
<td>EBIT</td>
<td>€1,965</td>
<td>€1,598</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td>Net Financial Results</td>
<td>(€182)</td>
<td>(€186)</td>
<td>-2%</td>
<td></td>
</tr>
<tr>
<td>Share of profit from associates</td>
<td>(€59)</td>
<td>(€15)</td>
<td>293%</td>
<td></td>
</tr>
<tr>
<td>Income tax</td>
<td>(€298)</td>
<td>(€301)</td>
<td>-1%</td>
<td></td>
</tr>
<tr>
<td>Net attributable income</td>
<td>€1,411</td>
<td>€1,086</td>
<td>30%</td>
<td>27%</td>
</tr>
<tr>
<td>Net Capex</td>
<td>€934</td>
<td>€786</td>
<td>19%</td>
<td></td>
</tr>
</tbody>
</table>

**P&L evolution:**

(+): Underlying\(^{(1)}\) EBITDA increase (+11%): good performance of liberalized business
(-): 2016 Share of profit from associates impacted by write-down on 40% EGPE (-€72 M) and new provision related to Nuclenor (-€38 M)
(+): Income tax positively impacted by reversal of deferred tax liabilities generated by EGPE acquisition (+€81 M)

---

\(^{(1)}\) Net of 2015 CO2 swap transaction (+€184 M), EGPE contribution in 2016 (+€75 M) and workforce restructuring provision in 2015 (+€380 M) and 2016 (+€226 M)

\(^{(2)}\) Net of 2015 CO2 swap transaction (+€132 M), EGPE contribution in 2015 (+€10 M) and 2016 (+€38 M) and workforce restructuring provision in 2015 (-€274 M) and 2016 (-€170 M)

\(^{(3)}\) Gross tangible and intangible Capex (€1,128 M) - assets from clients' contributions (€191 M) - subsidies and others (€3 M). It does not include 60% EGPE nor Electrica del Ebro acquisitions
FY 2016 Results- Madrid, 23 February 2017

2016 EBITDA breakdown

<table>
<thead>
<tr>
<th>2015</th>
<th>%</th>
<th>€M</th>
<th>Reported Change (%)</th>
<th>Like-for-Like Change (%)</th>
<th>2016</th>
<th>%</th>
<th>€M</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generation &amp; Supply&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>37%</td>
<td>1,131</td>
<td>+4%</td>
<td>+25%</td>
<td>35%</td>
<td></td>
<td>1,180</td>
</tr>
<tr>
<td>Non-mainland Gx&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>11%</td>
<td>339</td>
<td>+15%</td>
<td>+13%</td>
<td>11%</td>
<td></td>
<td>389</td>
</tr>
<tr>
<td>Distribution</td>
<td>52%</td>
<td>1,569</td>
<td>+14%</td>
<td>+2%</td>
<td>52%</td>
<td></td>
<td>1,788</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>3,039</strong></td>
<td></td>
<td></td>
<td><strong>3,432</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Generation & Supply business EBITDA figure 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
(3) EBITDA coming from EGPE and its controlled affiliates since 27.07.2016
Regulated business
Gross margin evolution

\[ \begin{align*}
\text{€M} & \\
\text{Non-mainland generation}^{(1)} & \\
\text{Distribution} & \\
2015 \text{ Gross Margin} & \\
\text{Dx} & \\
\text{Non-mainland Gx}^{(1)} & \\
2016 \text{ Gross Margin} & \\
\end{align*} \]

\[ \begin{align*}
3,065 & \\
620,0 & -46 & 18 & 3,037 \\
2,445 & 638 & 2,399 & \\
\end{align*} \]

- Stable gross margin

\((1)\) Non-mainland generation Gross Margin figure includes Canary and Balearic Islands, Ceuta and Melilla
Liberalized business\(^{(1)}\)

Gross margin evolution

€M

2015 Gas sales
(71,587 GWh)

2,416
285
120
-25
104

2016 Gas sales
(78,129 GWh)

2,615
260
104

Increase in underlying gross margin\(^{(2)}\) (+13%) supported by successful energy management

- Higher unitary margin in the liberalized electricity business
- Favorable Constitutional Court ruling on Catalonia nuclear tax
- Domestic Coal settlements (Years 2012-14)
- EGPE contribution
- CO\(_2\) swap transaction in 2015
- GAS business (partially offset by gas derivatives mark-to-market and others)

\(^{(1)}\) Liberalized business Gross Margin figure includes Generation and Supply business, Corporate Structure, Services and Adjustments and does not include Non-mainland generation
\(^{(2)}\) Excluding CO\(_2\) swap transaction in 2015 (+€184 M) and EGPE contribution in 2016 (+€104 M)
\(^{(3)}\) Gas business gross margin relates to that obtained in the gas supply activity
+8% electricity unitary margin (€21.8/MWh) supported by successful energy management strategy

- Production cost(2): €32.4/MWh (-€3.1/MWh)
- Energy purchase cost: €38.8/MWh (-€12.4/MWh)

FY 2016 Results - Madrid, 23 February 2017

(1) Production cost + energy purchase costs + ancillary services
(2) Production cost = fuel cost + CO₂ + taxes from Law 15/2012
Liberalized business
Value added services

**VAS Margin evolution**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (€M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>79</td>
</tr>
<tr>
<td>2016</td>
<td>90</td>
</tr>
</tbody>
</table>

+14% growth from 2015 to 2016.

**2016 VAS Margin breakdown**

- **€90 M**
  - **Maintenance services**: €39 M
  - **Monitoring, control and energy consultancy**: €15 M
  - **Energy Efficiency Solutions and Renewables**: €6 M
  - **Alliances: Insurance and Finance Projects**: €11 M
  - **Equipment solutions**: €5 M

**Contribution from VAS categories (€M)**

- Maintenance services: €39 M
- Monitoring, control and energy consultancy: €15 M
- Energy Efficiency Solutions and Renewables: €6 M
- Alliances: Insurance and Finance Projects: €11 M
- Equipment solutions: €5 M

**FY 2016 Results - Madrid, 23 February 2017**

- **VAS gross margin in line with targets**
Fixed costs evolution (I/III)

- Personnel costs:
  - 2015 Reported: €1,332
  - 2015 Adjusted: €929
  - 2016 Adjusted: €898
  - 2016 Reported: €1,128

- O&M costs:
  - 2015 Reported: €1,212
  - 2015 Adjusted: €1,212
  - 2016 Adjusted: €1,187
  - 2016 Reported: €1,209

- Capitalized costs:
  - 2015 Reported: €403
  - 2015 Adjusted: €-102
  - 2016 Adjusted: €-117
  - 2016 Reported: €-117

3% decrease in like-for-like\(^{(1)}\) fixed costs

\(^{(1)}\) Includes pension plans obligations provision update (€19 M in 2015 and €17 M in 2016), infringement proceedings provision (€-42 M in 2015 and €-14 M in 2016), workforce restructuring plans provisions (€-380 M in 2015 and €-226 M in 2016) and EGPE fixed costs in 2016 (€-29 M)
Fixed costs evolution (II/III)
Latest workforce restructuring plans(1)

- Provision amount: €349 M
- People involved: 473
- Annual average savings: ~ €45M

- Provision amount: €380 M
- People involved: 612
- Annual average savings: ~ €55M

- Provision amount: €226 M
- People involved: 325
- Annual average savings: ~ €29M

- 2014-2016 workforce restructuring plans allow for an average annual decrease of ~ €~130 M in personnel costs

FY 2016 Results- Madrid, 23 February 2017
(1) It is booked within the Personnel expenses line of the P&L
Fixed costs evolution (III/III)
Monitoring cash cost and key performance indicators

Cash Cost evolution

KPI’s evolution and degree of fulfilment

- Already ahead of 2019 targets in some KPIs

- Distribution
  - Unitary cost (3)
  - €/customer

- Generation
  - Unitary cost (3)
  - k€/MW

- Supply
  - Cost to Serve (3)
  - €/customer

- EGPE
  - Unitary cost (3)
  - k€/MW

FY 2016 Results - Madrid, 23 February 2017

(1) Excludes workforce restructuring plan provision in 2016 (€226 M) and EGPE fixed costs since 27.07.2016 (€29 M)
(2) Includes EGPE cash costs
(3) Includes corporate fees
2016 Capex breakdown

2016 Net CAPEX by business (€bn)

- Distribution: 49%
- Mainland Generation: 37%
- Non-Mainland generation: 6%
- EGPE: 6%
- Supply: 2%

2016 Net CAPEX by nature (€bn)

- Maintenance: 60%
- Growth: 40%

Main projects

- Smart meters and remote control: ~€0.2 bn
- IED Imported Coal: ~€0.1 bn
- Nuclear fleet Maintenance: ~€0.1 bn

~€1.6 bn devoted to organic and inorganic (2) growth

(1) Gross tangible and intangible Capex (€1,128 M) - assets from clients’ contributions (€191 M) – subsidies and others (€3 M). It does not include 60% EGPE nor Electrica del Ebro acquisitions
(2) €1.2 bn for 60% EGPE and Electrica del Ebro acquisitions

FY 2016 Results- Madrid, 23 February 2017
From EBITDA to Net Income

€M

EBITDA: 3,432
Depreciation and amortization: -1,467
EBIT: 1,965
Net Financial Results: -182
Associates and Others: -73
Profit before taxes: 1,710
Taxes and minorities: -299
Net attributable Income: 1,411

2015 Change (%)

3,039 +13%
-1,441 +2%
1,598 +23%
-186 -2%
-21 +248%
1,391 +23%
-305 -2%
1,086 +30%
Net financial debt analysis

Net financial debt evolution

Healthy financial leverage and strong liquidity position

Endesa liquidity covers 17 months of debt maturities
1. Highlights and key financial figures

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4. Final remarks
### Sustainability

Monitoring Endesa’s contribution to UN Sustainable Development Goals

#### Energy mix decarbonization by 2050

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂ Mt</th>
<th>2016 Target</th>
<th>2016 YE</th>
<th>2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>~34%</td>
<td>51</td>
<td>34</td>
<td>29</td>
</tr>
<tr>
<td>2016</td>
<td>43%</td>
<td>34</td>
<td>29</td>
<td>27</td>
</tr>
<tr>
<td>2020</td>
<td>~47%</td>
<td>29</td>
<td>27</td>
<td></td>
</tr>
</tbody>
</table>

2016 CO₂ emissions well below target

% = reduction vs. 2005 data

#### Digitalization + VAS

<table>
<thead>
<tr>
<th>YE 2016</th>
<th>2019 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>YE 2016</td>
<td>2019 Target</td>
</tr>
</tbody>
</table>

- **Grid Automation**
  - Smart Meters (M)
  - Remotes (K)
  - YE 2016: ~9.2 M, 12.3 K
  - 2019 Target: ~12.5 M, 18 K

- **Quality of supply interruption time improvement (vs 2015)**
  - YE 2016: 9.3%
  - 2019 Target: 8% (1)

- **Digitalization**
  - Digital customers (M)
  - Digital sales (%)
  - YE 2016: ~1.6 M, 8%
  - 2019 Target: ~3.7 M, 15%

- **VAS Gross Margin**
  - YE 2016: ~€90 M
  - 2019 Target: ~€200 M

(1) Target updated to 12.5%

#### Electricity access to all vulnerable customers

- **166 agreements to tackle fuel poverty**
- **Covering > 10 MM households, in 26 provinces**

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FY 2016 Results - Madrid, 23 February 2017

Note: achievements on SDGs 4, 7, 8 and 13 is the contribution of Endesa to Enel public commitments to UN SDGs
Shareholder remuneration

100% pay-out of 2016 Results

- 2016 gross DPS: €1.333\(^{(1)}\) (100% pay-out), an increase of 30% vs. 2015

\[\text{Gross DPS evolution}\]

\[\begin{array}{c|c|c}
\text{Payment date} & \text{Jan 2016} & \text{Jul 2016} \\
\hline
\text{€/Share} & 0.40 & 0.626 \\
\hline
\end{array}\]

\[\begin{array}{c|c|c}
\text{Jan 2017} & \text{Jul 2017} \\
\hline
0.70 & 0.633 \quad \text{\(^{(1)}\)} \\
\end{array}\]

\(100\%\) pay-out of 2016 Results

(1) Subject to AGM approval to be held in 2017

FY 2016 Results- Madrid, 23 February 2017
Delivering and exceeding 2016 targets

<table>
<thead>
<tr>
<th>EBITDA</th>
<th>~ 3.2</th>
<th>3.4</th>
<th>✓</th>
<th>✓</th>
<th>✓</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 target (€bn)</td>
<td>2016 reported (€bn)</td>
<td>2017e (€bn)</td>
<td>2018e (€bn)</td>
<td>2019e (€bn)</td>
<td>CAGR 2016-2019</td>
</tr>
<tr>
<td>Net Income</td>
<td>~ 1.3</td>
<td>1.4</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>DPS (€/share)(1)</td>
<td>~ 1.26</td>
<td>1.333</td>
<td>1.37</td>
<td>1.42</td>
<td>1.57</td>
</tr>
<tr>
<td>Cumulative FCF(2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Minimum DPS for 2017: 1.32

3.2 billion euro

100% Pay-out on ordinary net income in 2017(3)-19

(1) Gross DPS calculated according to Net Income guidance
(2) FCF = Funds from Operations (FFO) – Maintenance & Growth Net investments
(3) €1.32/share as minimum DPS for 2017
Exceeding financial targets

Outstanding Net income increase (+30%)

Adjusted EBITDA\(^{(1)}\) increases by +11% thanks to the liberalized business

3% like-for-like\(^{(2)}\) fixed costs reduction

EGPE consolidation provides solid growth platform

High cash flow generation supports Endesa’s growth strategy and attractive dividend policy

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(1) Net of 2015 CO\(_2\) swap transaction (+€184 M), EGPE contribution in 2016 (+€75 M) and workforce restructuring provision in 2015 (-€380 M) and 2016 (-€226 M)

(2) See slide 4 and 17 for further details
Installed capacity and output

Mainland output (GWh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Hydro</th>
<th>Domestic coal</th>
<th>Imported coal</th>
<th>CCGT</th>
<th>Nuclear</th>
<th>Domestic coal</th>
<th>Imported coal</th>
<th>CCGT</th>
<th>Nuclear</th>
</tr>
</thead>
</table>

- 8% thermal output decrease
- Hydro and nuclear represented 59% of total output (vs. 54% in 2015)

Total output (GWh)

<table>
<thead>
<tr>
<th>Source</th>
<th>GWh FY 2016 (and chg. vs. FY 2015)</th>
<th>Total Output (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hydro</td>
<td>7,173 (0%)</td>
<td>69,831 (-4%)</td>
</tr>
<tr>
<td>Nuclear</td>
<td>25,921 (1%)</td>
<td></td>
</tr>
<tr>
<td>Coal</td>
<td>21,336 (-18%)</td>
<td></td>
</tr>
<tr>
<td>Natural gas</td>
<td>7,425 (-1%)</td>
<td></td>
</tr>
<tr>
<td>Oil-gas</td>
<td>6,764 (4%)</td>
<td></td>
</tr>
<tr>
<td>Renewables</td>
<td>1.212 (n/a)</td>
<td></td>
</tr>
</tbody>
</table>

Total installed capacity (GW)

<table>
<thead>
<tr>
<th>Source</th>
<th>GW at FY 2016 (and chg. vs. FY 2015)</th>
<th>Total Installed capacity (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hydro</td>
<td>4.7 (0%)</td>
<td>22.7 (7%)</td>
</tr>
<tr>
<td>Nuclear</td>
<td>3.3 (0%)</td>
<td></td>
</tr>
<tr>
<td>Coal</td>
<td>5.2 (-3%)</td>
<td></td>
</tr>
<tr>
<td>Natural gas</td>
<td>5.4 (0%)</td>
<td></td>
</tr>
<tr>
<td>Oil-gas</td>
<td>2.4 (0%)</td>
<td></td>
</tr>
<tr>
<td>Renewables</td>
<td>1.7 (n/a)</td>
<td></td>
</tr>
</tbody>
</table>

FY 2016 Results- Madrid, 23 February 2017

(1) Does not include EGPE output of 1,212GWh (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 31 December 2016: €5,367 M(1)

- **Bonds**
- **Bank debt and others**
- **ECPs (2)**

Endesa’s liquidity covers 17 months of debt maturities

- **Liquidity €3,620 M**
- **€418 M in cash**
- **€3,202 M available in credit lines**
- **Average life of debt: 6.5 years**

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(1) This gross balance includes the outstanding amounts of debt (€5,339 M) and the mark-to-market of derivatives or fair value debt as they do not involve any cash payment (it amounted to €28 M as of 31.12.2016)

(2) Notes issued are backed by long-term credit lines and are renewed on a regular basis.

FY 2016 Results- Madrid, 23 February 2017
Gross financial debt structure
as of December 31\textsuperscript{st} 2016

Structure of Endesa’s gross debt

\begin{itemize}
\item €M
\item 5,367
\item Floating 32%
\item Fixed 68%
\item 5,367
\item Euro 100%
\end{itemize}

By interest rate
By currency

Average cost of debt 2.5%
Glossary of terms (I/II)

- **Average cost of debt (%):** (cost of financial debt) / gross average financial debt
- **Average life of debt:** (principal x number of days of term) / (principal in force at 31 December x 365 days)
- **Cash flow from operations:** Net cash provided by operating activities
- **Debt maturities coverage:** maturity period (months) for vegetative debt that could be covered with the liquidity available
- **DPS:** Dividend per Share. Total gross dividend divided by number of outstanding shares as of year end.
- **EBIT:** EBITDA - Depreciation and amortization
- **EBITDA:** Revenues – Purchases and Services + Work performed by the entity and capitalized – Personnel expenses – Other fixed operating expenses
- **Fixed costs / Opex:** Personnel expenses + Other fixed operating expenses - Work performed by the entity and capitalized
- **Gross margin:** Revenues – Purchases and Services
- **Maintenance Capex:** Investment that improves the useful life of an existing capital asset
- **Net Capex:** Gross tangible and intangible Capex - assets from clients’ contributions – subsidies
- **Net financial debt:** Gross financial debt - Cash and cash equivalents – Derivatives recognized as financial assets
Glossary of terms (II/II)

- **Net financial results**: Financial Revenues - Financial Expenses + Foreign Exchanges
- **Regulatory working capital**: part of the working capital that is specifically related to the balances of CNMC settlements
- **Revenues**: Sales + Other operating revenues
- **Unitary revenue**: Revenues obtained from (i) generating electricity in ordinary regime in mainland Spain and (ii) selling electricity in the liberalized market in Spain and Portugal. All of the above divided by physical electricity sales in the liberalized market in Spain and Portugal
- **Unitary variable cost**: (i) Fuel cost from generating electricity in ordinary regime in mainland Spain (divided by generation output) + (ii) energy cost related to energy purchases to meet electricity sales in the liberalized market in Spain and Portugal (divided by physical sales not covered with own generation)
- **Unitary integrated margin**: Unitary revenue - Unitary variable cost
- **VAS Business**: in the context of the liberalized retail business, it is referred to energy-related products and services apart from the pure electricity or gas commodity.
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.