endesa strategic plan update 2014-18
Market context

Spain: demand evolution\(^{(1)}\)

- \(\text{2013-18 CAGR: 1.8\%}\)
  - 2014: 0.1\%
  - 2016: 2.8\%
  - 2018: 2.3\%

Latin America: demand evolution\(^{(2)}\)

- \(\text{2013-18 CAGR: 4.2\%}\)
  - 2014: 4.1\%
  - 2016: 4.5\%
  - 2018: 4.2\%

Commodities

<table>
<thead>
<tr>
<th>Brent ($/bbl)</th>
<th>2014</th>
<th>2016</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>100</td>
<td>107</td>
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<table>
<thead>
<tr>
<th>Coal(^{(3)}) ($/ton)</th>
<th>2014</th>
<th>2016</th>
<th>2018</th>
</tr>
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<tbody>
<tr>
<td>95</td>
<td>110</td>
<td>117</td>
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<table>
<thead>
<tr>
<th>CO\textsubscript{2} (\€/ton)</th>
<th>2014</th>
<th>2016</th>
<th>2018</th>
</tr>
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<tr>
<td>5</td>
<td>12</td>
<td>20</td>
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</table>

(1) Mainland (gross)
(2) Country demand where Endesa operates (gross).
(3) NWE CIF
Strategic guidelines

**Actions**

**Generation & supply activities**
- a. Tight control on Opex & Maintenance Capex
- b. Focus on supply activities leveraged on our increasing VAS portfolio
- c. Environmental investments in Gx will be subject to profitability

**Distribution activities**
- a. Focus on improvement of operational efficiency together with tight control on Opex and Maintenance Capex
- b. Rollout of new technology projects
- c. New added value services

**Targets**
- a. Further Opex and Maintenance Capex reduction
- b. Progressive SCVP threshold reduction ending with full liberalization (except for vulnerable customers)
- c. Investments under strict hurdle rate criteria

Further opex and capex re-sizing to cope with severe regulation
### Strategic guidelines

#### Actions

- **Generation & supply activities**
  - a. Demand supported by solid economic dynamics
  - b. Increase of installed capacity
  - c. Increasing business efficiency
  - d. Launch of new business

- **Distribution activities**
  - a. Development of new connections
  - b. Development and expansion of VAS portfolio
  - c. Quality service improvement
  - d. Electricity losses reduction
  - e. Increasing business efficiency

#### Targets

- **Countries demand growing at 4.2% CAGR (2013-18)**
- b. 834 MW of new capacity during the plan (Chile and Colombia)
- c. 15% cash-cost (€/MWh\(^1\)) reduction by 2018
- d. Exploit opportunities in gas

- **> 400,000 new customers / year**
- b. Increasing Contribution Margin
- c. Ambitious SAIDI\(^{(2)}\) reduction targets
- d. Focus on Brazil
- e. 6% cash-cost (€/customer\(^1\)) reduction by 2018

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**Group’s solid growth platform**

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\(1\) In real terms and considering 2013 Fx

\(2\) SAIDI: System Average Interruption Duration Index
Overall targets

CAPEX program (€Bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2016</th>
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<tbody>
<tr>
<td>~2.0</td>
<td>0.6</td>
<td>1.4</td>
</tr>
<tr>
<td>~2.2</td>
<td>0.8</td>
<td>1.5</td>
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EBITDA (€Bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>~6.4</td>
<td>~2.8</td>
<td>~3.6</td>
</tr>
<tr>
<td>~7.5</td>
<td>~3.3</td>
<td>~4.2</td>
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Latam
Spain&Portugal
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 wind and CCGT's 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 Latin America; 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 Share Registration Statement 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.