



Endesa 2017-2019 Strategic Plan Update

23/11/2016



Agenda

- 1. Endesa's latest successful restructuring equity story**
- 2. New energy paradigm and transitional period**
- 3. 2017-2019 strategic pillars to lead energy transformation**
- 4. 2017-2019 main financial metrics**
- 5. Final remarks**

Agenda

1. **Endesa's latest successful restructuring equity story**
2. New energy paradigm and transitional period
3. 2017-2019 strategic pillars to lead energy transformation
4. 2017-2019 main financial metrics
5. Final remarks

Endesa's recent and successful restructuring equity story



	2014	2016
Gx mix	✓ Gx mix with no presence in renewables	✓ Fully diversified Gx portfolio
Growth opportunities	✓ Limited growth opportunities	✓ Higher growth opportunities: EGPE, VAS and Dx
Efficiency plans	✓ Launch of Efficiency Plan	✓ 2017 targets achieved in 2016 <ul style="list-style-type: none">▪ Cash costs⁽¹⁾ decrease by 14%
Regulatory outlook and visibility	✓ Energy reform in process ✓ Tariff deficit problem pending solution	✓ Regulatory framework stability ✓ Financially balanced electricity sector
Optimizing Gx & Sx value	✓ Margin volatility perception	✓ Stability of liberalized margin

Endesa ready for the future

(1) It includes OPEX and maintenance investments

Financial targets 2014-2016



	Last target	Accomplishment	Status
Financial Guidance	EBITDA communicated: 2014: €2.9 bn 2015: €3.0 bn 2016: €3.2 bn	EBITDA achieved 2014: €3.1 bn 2015: €3.0 bn 2016e: ≥€3.2 bn	
	Net Income communicated 2015: €1 bn 2016: €1.3 bn	Net Income achieved: 2015: €1.1 bn 2016e: ≥€1.3 bn	
Cash Flow Generation	2015-2017 cumulative FCF ⁽¹⁾ ~€3.8 bn	Target already achieved as of 9M2016	
Dividend policy	100% pay-out		

Beating consistently our commitments since 2014

(1) FCF =Funds from Operations (FFO) – Maintenance & Growth Net investments

Agenda

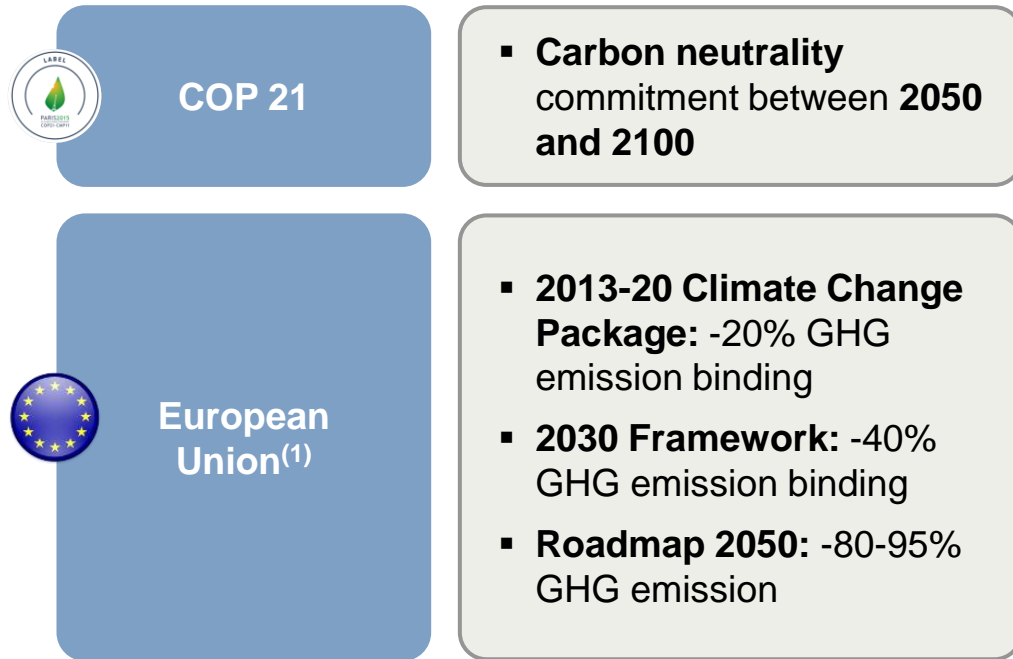
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New energy paradigm and transitional period

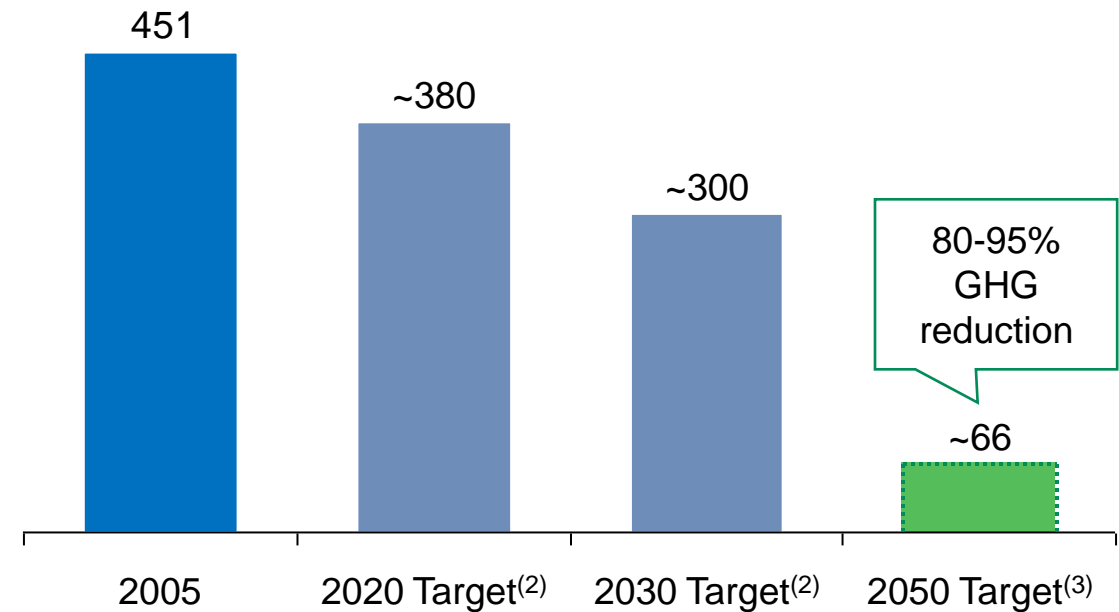


European Union: leading the fight to global warming

GHG emission reduction targets



Emission targets for Spain according to European policies (MtCO₂ equiv.)



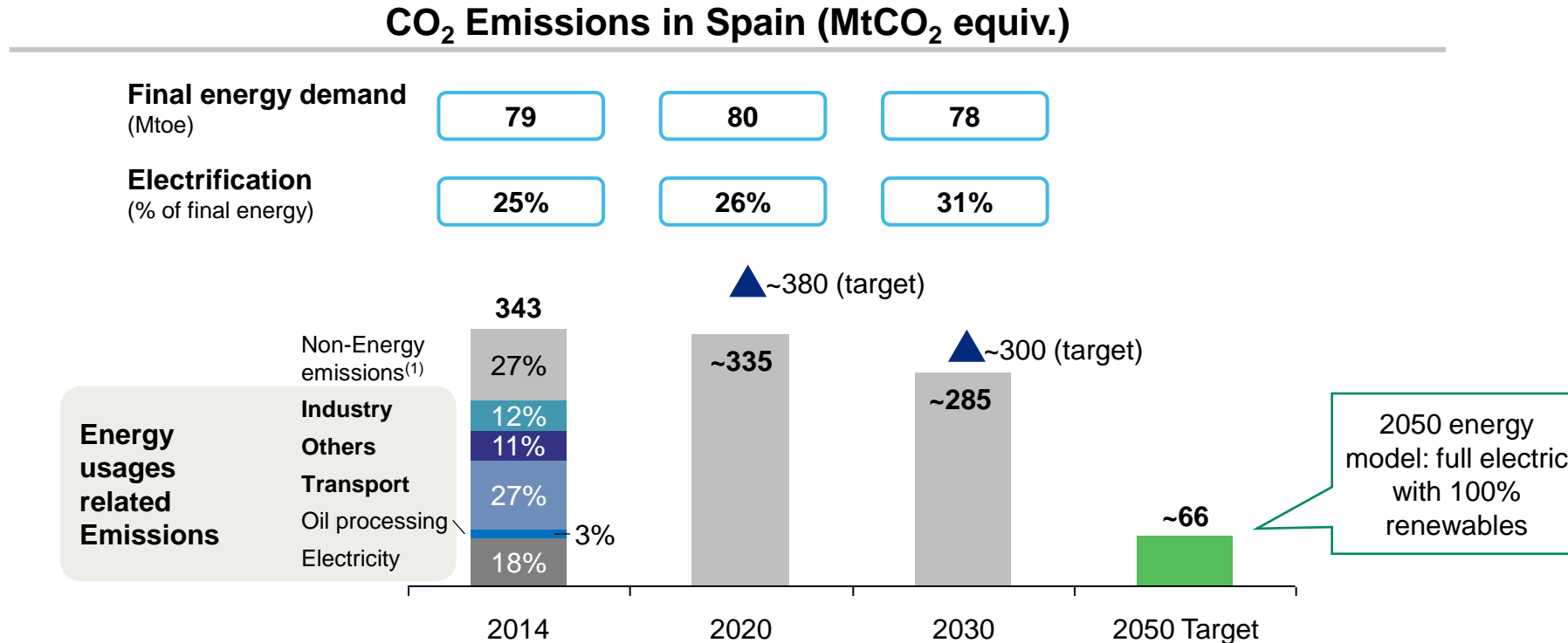
EU and Spain aim to decarbonization of the economy by 2050

(1) Reduction targets EU compared to 1990 levels; (2) Reduction targets compared to 2005. Non-ETS targets: -10% as for 2020 and -26% as for 2030. ETS targets: -21% y -43% as defined in the UE's scheme. In 2030, target range estimated: 285 y 300 depending on final Non-ETS target (-26%-30%); (3) It assumes convergence related to tCO₂eq per capita with UE
Source: European Commission, Eurostat, EEA, MAGRAMA, UNFCCC, internal analyses

New energy paradigm and transitional period



Electrification with renewables: the feasible path toward an efficient and sustainable energy model



Transport electrification not only enables full decarbonization, but also energy efficiency gains. Energy efficiency and electrification are key to comply with targets

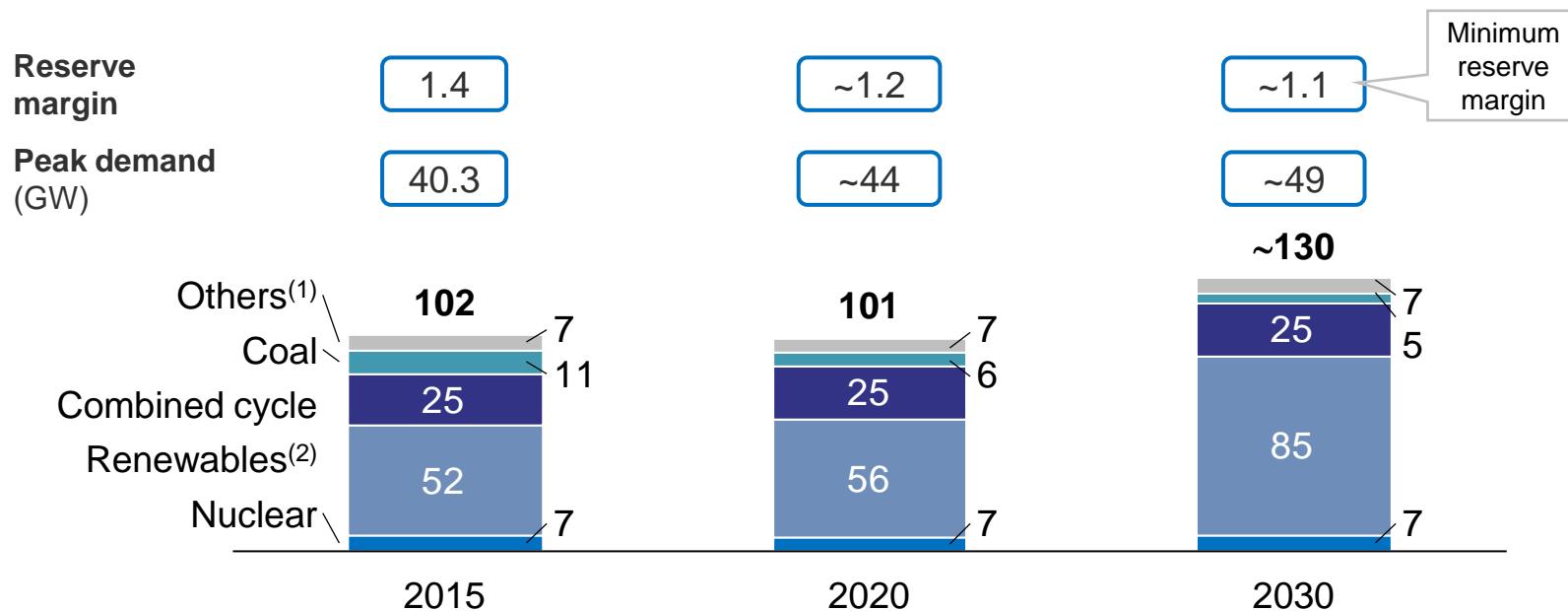
(1) It includes agriculture, waste and non-energy industrial processes.
Source: European Commission, Eurostat, EEA, MAGRAMA, UNFCCC, internal analysis

New energy paradigm and transitional period

Generation fleet transition: avoid inefficient investments



Spain mainland Power capacity projections (GW)



Path for an efficient generation mix transition

- **Renewable generation:** +30 GW of new capacity to comply with the EU's 2030 targets
- **Storage:** it is likely to be technological immature as system back-up in next few years
- **Conventional generation** is key to secure a successful and smooth transition

Keep nuclear and efficient thermal plants beyond 2030 to secure a smooth transition avoiding new inefficient fossil investments

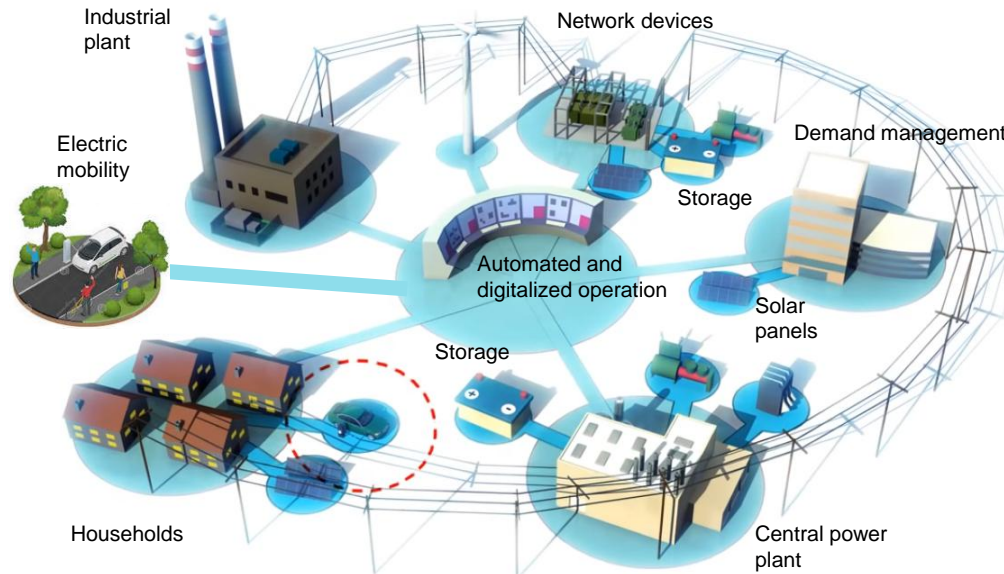
(1) Includes cogeneration and others; (2) Includes hydro and pumping generation as well as centralized and decentralized generation. Includes distributed generation
Note: average values are shown. Spanish mainland data
Source: REE, European Commission, Eurostat, internal analysis

New energy paradigm and transitional period

Networks: Smart grid as a pivotal enabler in a decarbonized economy



Smart Grids



Services enabled by an smart grid

- **Massive scale renewables:** integration of additional capacity
- **Distributed generation:** integration of renewables and storage, manage bi-directional flows
- **Electric mobility:** manage charging infrastructure
- **Energy efficiency:** manage demand-side management and other active devices

Grid automation and digitalization, key drivers to optimize power related investments and system operation

New energy paradigm and transitional period

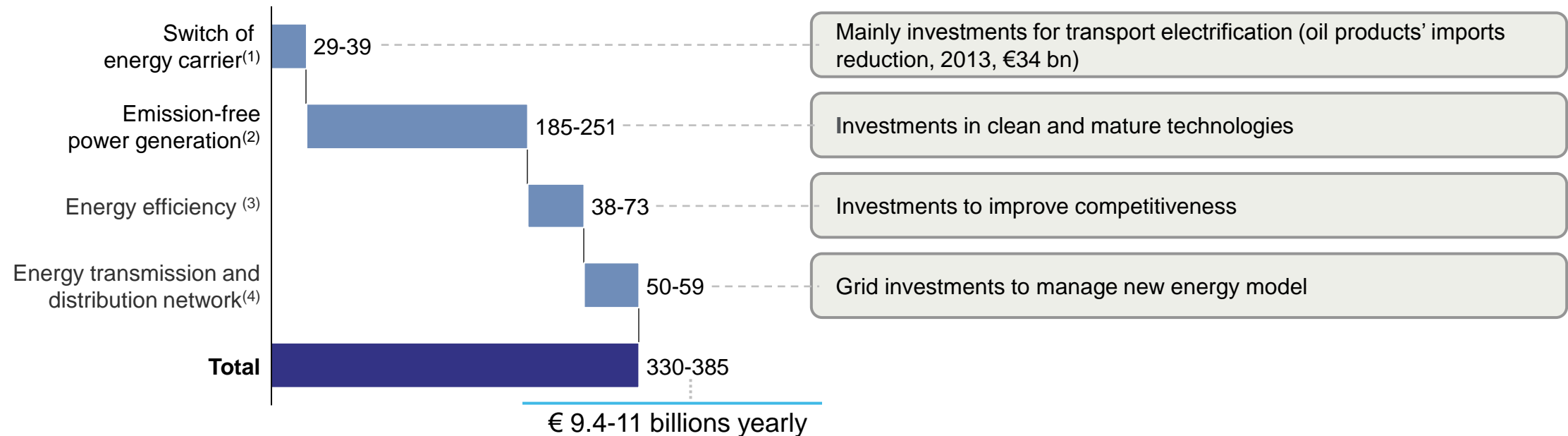


New Investment cycle to decarbonize the economy

Estimated investments in Spain to meet EU's 2050

Climate targets (€₂₀₁₅ bn)

Levers for an efficient model transition



New energy model based on demand electrification increases competitiveness and security of supply

(1) This refers to switch from oil, coal or gas to an energy carrier with lower emissions (i.e., electricity or gas), it includes mainly costs of electrical mobility (i.e., electric vehicles). It does not include investments in modal shift (for railway transportation), green ports and electrification of agricultural and fishery sectors; (2) It includes centralized and decentralized power generation; (3) It includes investments in industry sector; (4) It includes power and gas network

Source: "A Sustainable Energy Model in Spain in 2050", March 2016, Monitor Deloitte

New energy paradigm and transitional period



Key actions to reach decarbonisation targets

Levers for an efficient model transition

Demand electrification

Emission-free power generation

Energy efficiency improvement

Smart Grids deployment

Key actions to reach decarbonisation targets

- GHG emitting sectors Internalize CO₂ cost and set ambitious targets for diffuse sectors⁽¹⁾ by 2030
- Electric Mobility and charging infrastructure development plan
- Rationalization of the electricity tariff

- No new fossil fuel generation capacity and gradual closure of current fleet
- Extend the authorization to operate nuclear power plants up to 60 years
- Renewable National Plan that follows demand growth

- Energy Efficiency and Electrification plan
- Incentives for energy efficiency measures associated to electrification

- Remuneration framework incentives and plan for Smart Grids deployment
- Ensuring interoperability as key for Smart Grids concept definition

(1) Non – ETS: road transport, buildings, etc.

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Strategic pillars to lead the transformation

New energy paradigm fuelling growth and sustainable targets



- 1 Decarbonization of energy mix by 2050
- 2 Reinforcing our position in smart grids and preparing for growth
- 3 Profitable and innovative customer excellence
- 4 Continuous commitment to efficiency

Leadership in digitalization, as a main transformation driver of the company

Strategic pillars to lead the transformation

New energy paradigm fuelling growth and sustainable targets



1 Decarbonization of energy mix by 2050

Emission reduction plan for decarbonization of energy mix

EGPE: New Endesa's renewable platform

Conventional generation: enabling the transitional period

2 Reinforcing our position in smart grids and preparing for growth

3 Profitable and innovative customer excellence

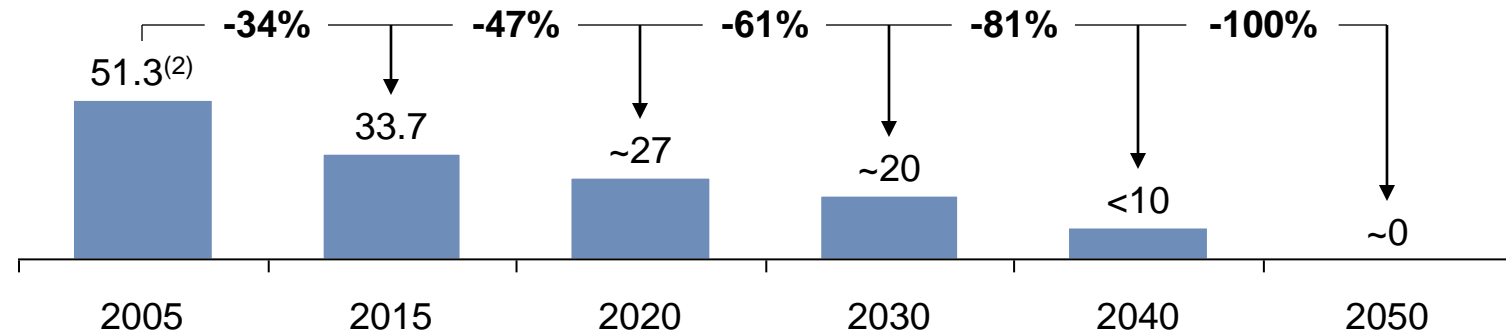
4 Continuous commitment to efficiency

Strategic pillars to lead the transformation

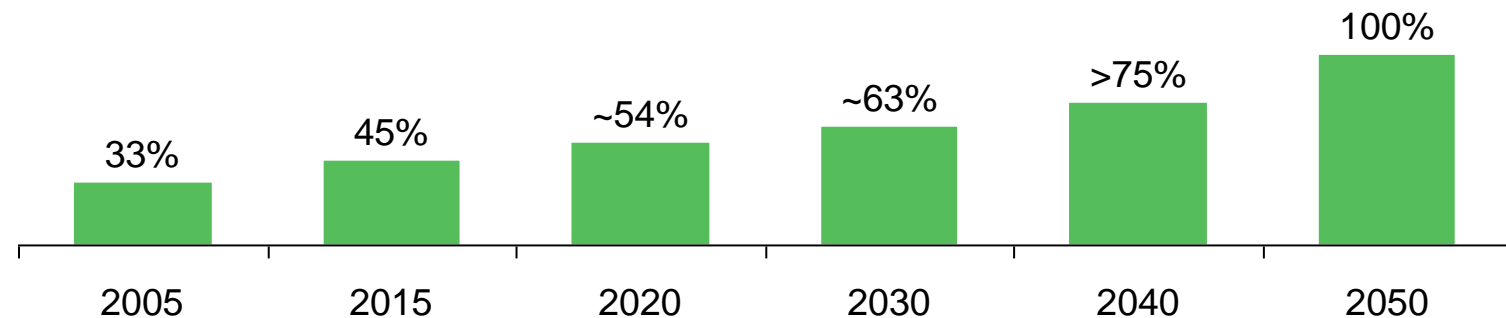


1 Ambitious emission reduction plan for decarbonisation of the energy mix by 2050

Endesa's CO₂ emissions⁽¹⁾
(MtCO₂; % reduction vs.
2005)



Endesa's CO₂ emission
free generation (%)



Fully decarbonization of energy mix before COP 21 deadline

(1) Estimated considering net production. Total Endesa (mainland and non mainland)

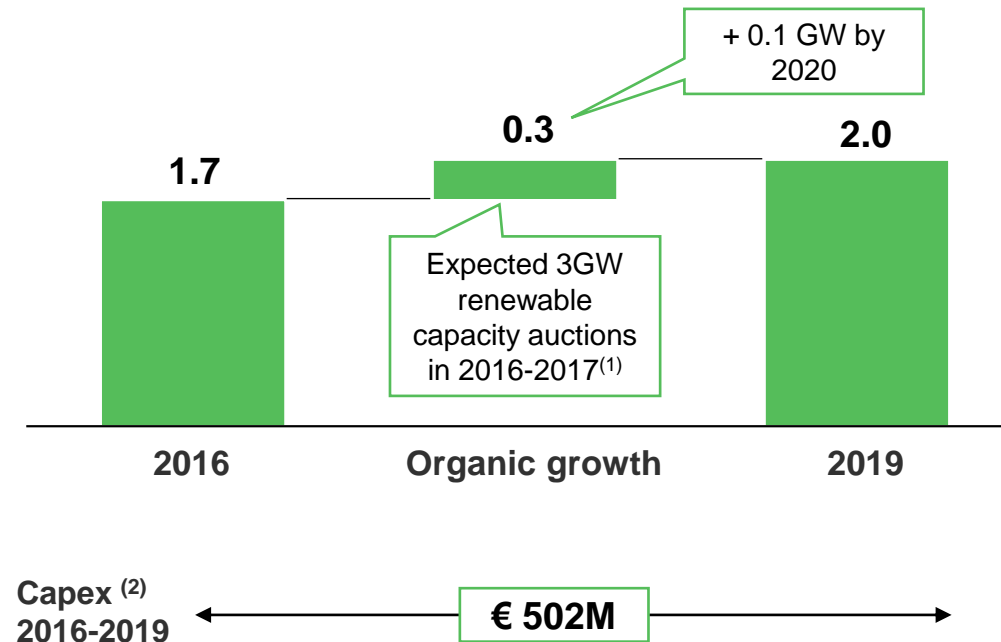
(2) 48.1 MtCO₂ in 2007

Strategic pillars to lead the transformation

1 EGPE: Endesa's efficient and sustainable renewable platform



EGPE generation installed capacity outlook (GW)



Actions to develop a renewable platform

- Operating life extension of wind plants > 25 years
- Capture synergies through portfolio optimization by energy EGPE integration

Additional growth opportunities through M&A in Iberia




(1) According non-official government announcements

(2) Gross investments

Strategic pillars to lead the transformation



1 Conventional generation: key to guarantee security of supply

		Objectives	Key actions	Capex ⁽¹⁾ 2016 - 2019
	Nuclear	<ul style="list-style-type: none"> Guarantee long-term, safe and cost-effective operation of nuclear power plants 	<ul style="list-style-type: none"> Continuous improvement of plant safety and efficiency 	<p>Safety and long term operation: €0.5 bn</p>
	Coal	<ul style="list-style-type: none"> Adapt coal to best-in-class environmental practices 	<ul style="list-style-type: none"> IED⁽²⁾/BREF⁽³⁾ investments in imported coal plants Domestic coal investments are not foreseen because of market conditions 	<p>Environmental investments: €0.3 bn</p> <ul style="list-style-type: none"> Litoral €0.1 bn Puentes: €0.2 bn
	Non mainland	<ul style="list-style-type: none"> Preserve security of supply while complying with regulation and environmental standards 	<ul style="list-style-type: none"> IED⁽²⁾ investments in 1.0 GW Closure of less efficient groups (31 groups, 450 MW)⁽⁴⁾ Refurbishment of 20 groups (290 MW) in the Canary Islands⁽⁴⁾ 	<p>IED Capex: €0.1 bn</p> <p>Refurbishment: €0.3 bn</p>

Preserving profitability and sustainability of generation thermal fleet

(1) Gross investments

(2) Industrial Emissions Directive; (3) BREF, Best Available Techniques Reference; (4) By 2021

Strategic pillars to lead the transformation

New energy paradigm fuelling growth and sustainable targets



1 Decarbonization of energy mix by 2050

2 Reinforcing our position in smart grids and preparing for growth

Main initiatives to prepare the grid for the future

Focused on efficiency

Levers for value capture from remuneration framework

3 Profitable and innovative customer excellence






4 Continuous commitment to efficiency

Strategic pillars to lead the transformation



2 Main initiatives to prepare the grid for the future

**Capex ⁽¹⁾
2016-2019**

DIGITALIZATION (CAPEX 2016-19: € 0.7 bn)	 Smart Meters	<ul style="list-style-type: none"> ▪ Acceleration of implementation program in 2017 implying full deployment ahead of legal deadline in 2018 (~ 12 M of devices) ▪ Remote reading of all households consumption (<15KW) ▪ Allows non technical losses reduction and development of new services ▪ Overall cost improvement of €50 M/year 	€ 0.4bn until 2018
	 Automation of the network (Quality Plan)	<ul style="list-style-type: none"> ▪ Increase remote control devices in medium voltage grid (7,800 new devices in 2019) ▪ Interruption time improvement 	€ 0.2bn
	 SIMON Project	<ul style="list-style-type: none"> ▪ High voltage grid remote control system technological upgrade ▪ Communications development and enhancement, fostering optic fiber technologies 	€0.1 bn
GRID EXTENSION	 Structural Network increase	<ul style="list-style-type: none"> ▪ Investment plan focused on the development and improvement of the grid structure ▪ More than 1,000km of new HV & MV grid ▪ Interruption time improvement 	€0.1 bn
GRID UPGRADE	 Network improvement	<ul style="list-style-type: none"> ▪ Other investments for replacement and upgrade 	€1 bn

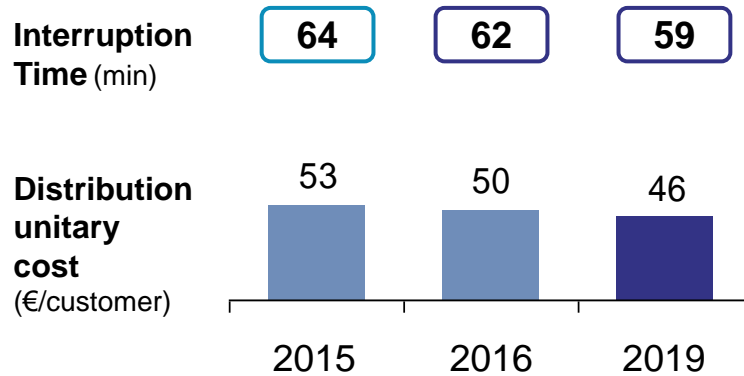
Future grid extension will be driven by demand electrification and renewable integration

Strategic pillars to lead the transformation

2 Growth through efficiency and digitalization

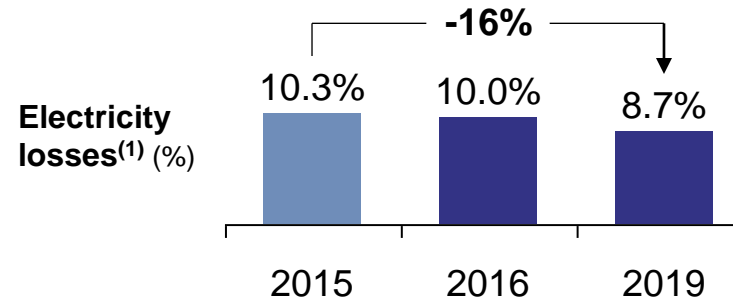


Efficiency improvement initiatives



- Workforce optimization
- Efficiency and process redesigning
- Systems & Equipment convergence
- Investment oriented to innovative technologies, efficiency and grid upgrade

Losses improvement plan



- Grid configuration optimization to improve technical losses
- Incentive 2016: - €40 M
- Gradual recovery to positive figures by 2019

Antifraud plans

- Antifraud measures have allowed an energy recovery in 2016 of 2 TWh (x2 vs. 2015):
 - Special campaigns against fraud and illegal households and development of data tools to maximize fraud detection.
 - Legal actions
- Investment 2016-19: €13 M

Capturing the maximum value of the current remuneration model

(1) According to System Operator criteria

Strategic pillars to lead the transformation



2 Grid innovation projects



Mobility integrated infrastructure and efficient neighbourhoods



FLEXICIENCY

Demand and generation management of 1000+ connection points



Zero Emission Urban Bus System: Electrical bus demonstrator at European level



RES



Storage



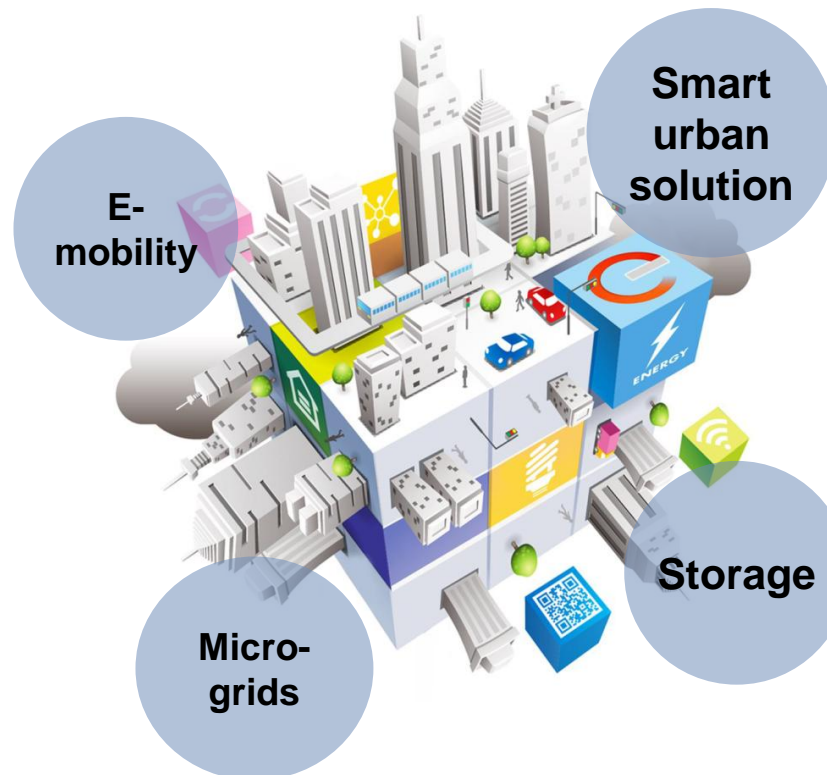
Metering



EV



Remote Control Automation



MONICA

LV and MV network status simulator using real time information



GRACIOSA

Renewable generation with storage and smart demand for distribution network operation with distributed generation



Grid enables an array of new services

Strategic pillars to lead the transformation

New energy paradigm fuelling growth and sustainable targets



1 Decarbonization of energy mix by 2050

2 Reinforcing our position in smart grids and preparing for growth

3 Profitable and innovative customer excellence

Sustainable leadership and growth in retail business

Leadership in digitalization and portfolio value maximization

Value-Added Services growth

4 Continuous commitment to efficiency

Strategic pillars to lead the transformation



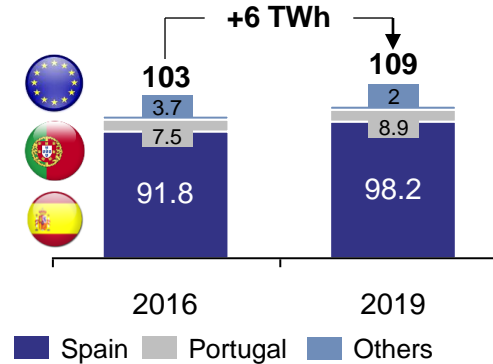
3 Sustainable leadership and growth in retail business

Power

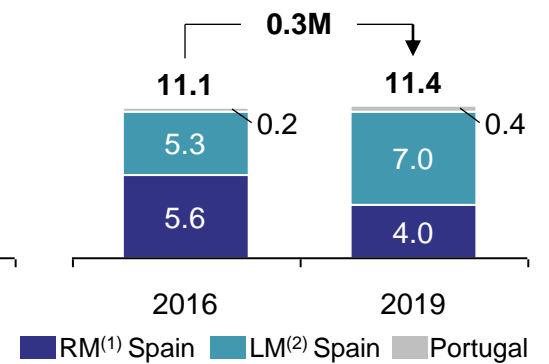


- Consolidation of leadership in the Spanish market
- Development of sophisticated and flexible products
- Growth in Portugal in the B2C and B2B segments

Electricity (TWh bus bars)



Electricity (#M Customers)

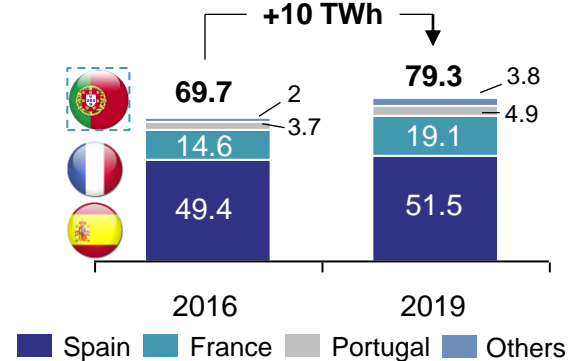


Gas

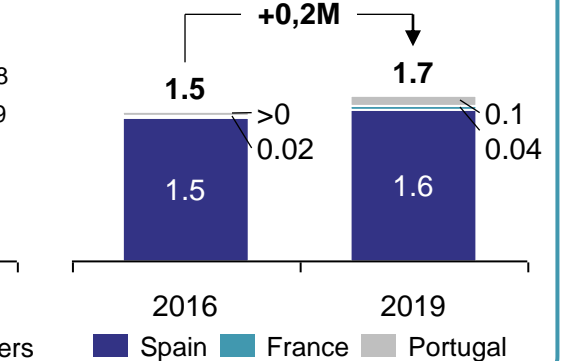


- Strengthening the 2nd position, in Spain through new sales channels and products
- Growth in Portugal (B2C / B2B) and in France (B2B): dual value proposal in Portugal and focus on SME in France

Gas (TWh)



Gas (#M Customers)



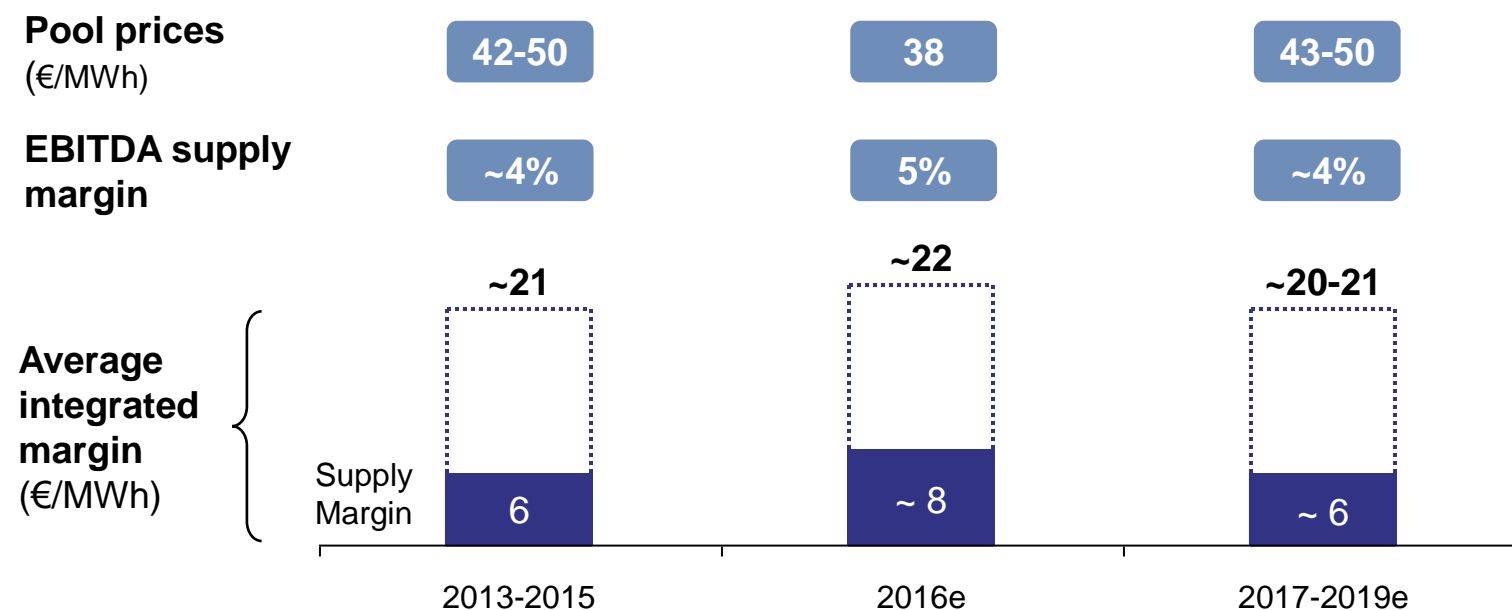
(1) RM: Regulated Market
(2) LM: Liberalized Market

Strategic pillars to lead the transformation



3 Sustainable leadership and growth in retail business

Endesa's retail margin ⁽¹⁾ (current and estimated)



- Delivering strong results under all market scenarios
- Very limited weight of supply EBITDA on customer electricity bill (e.g. 4-5% of a residential customer invoice)
- Sustainable supply margins

Resilience of our liberalized electricity margin thanks to our long customer position

(1) Power liberalized retail margin

Strategic pillars to lead the transformation



3 Leadership in portfolio value maximization

B2C: value segmentation model

- ✓ Value model development
- ✓ Client segmentation
- ✓ Development of an analytical model and management methodology
- ✓ Potential market analysis

Action plans per segment and targets

Value management for pricing

Reduction of bad debt risk

Differentiated Service Levels:
Smart Contact Center

Reorientation of commercial
action



Increased loyalty
of Customer base



Largest value
clients retained



Customer focused
selling campaigns



Capture new
customers

Maximizing value through improved customer experience

Strategic pillars to lead the transformation

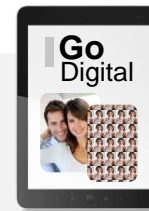


3 Leadership in digitalization

Digitalization initiatives



- Digitalization of processes
- Customer insights, e.g. value management
- Customer experience, etc.
- Digital Culture

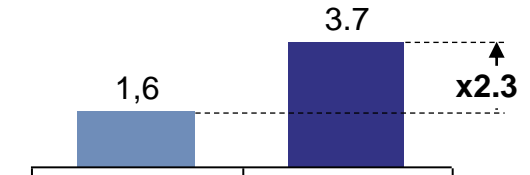


- Transfer of customers to digital channels
- Digital Sales
- Electronic bill (Infoenergia)
- Innovation in products and services
- Promoting digital communication through online platform and App

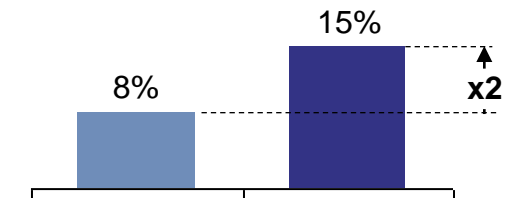
Targets



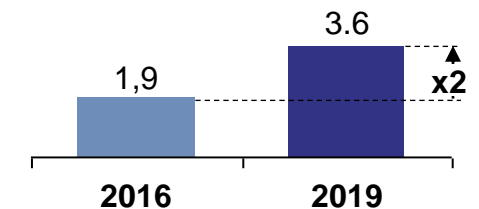
Digital customers
(million)



Digital sales
(% of total)



E-factura
(million customers)



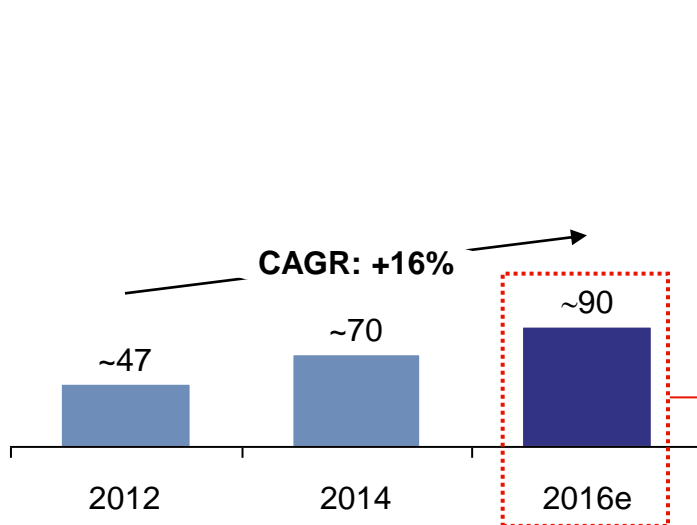
Digitalization as a driver of quality of service and new customer experience

Strategic pillars to lead the transformation

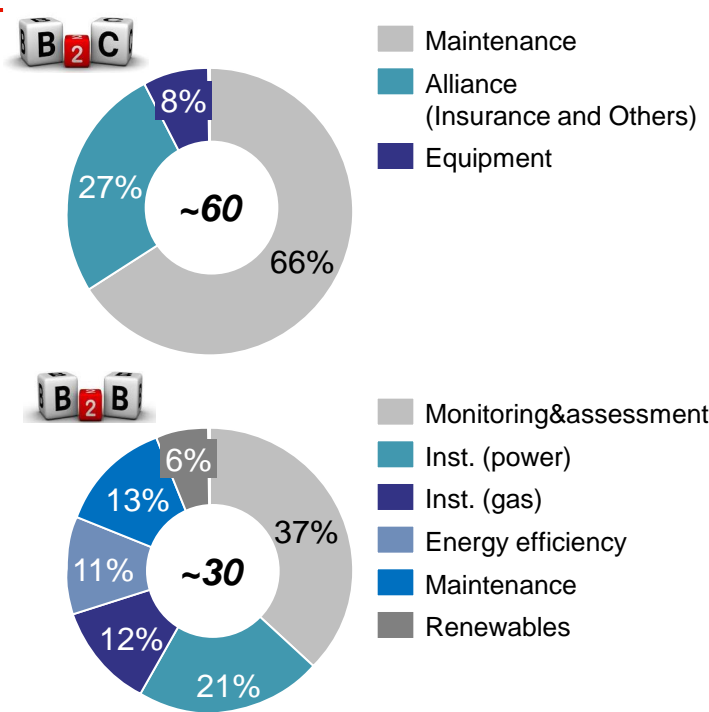


3 Value-Added Services growth

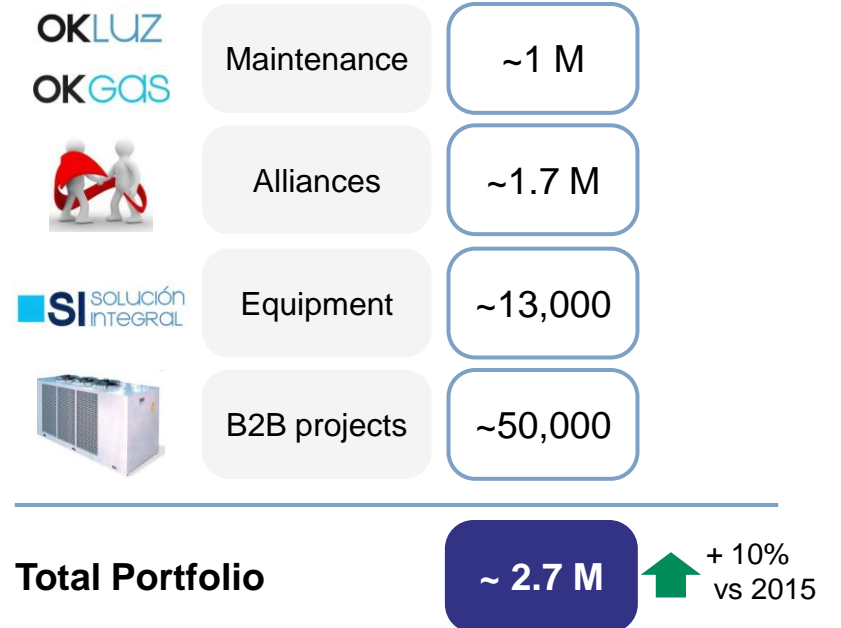
VAS Margin⁽¹⁾ 2012-2016e (€M)



Margin⁽¹⁾ 2016e (€M)



Contracts 2016e (#)



Proven track record after more than 10 years of experience leveraging on Endesa's brand

Strategic pillars to lead the transformation



3 Value-Added Services growth: Strategic pillars

Maximize current business



- Development of new sales channels
- Geographical growth in other territories in Spain
- Focus on high potential investments linked to VAS (Gas, Energy Efficiency and Renewable energies)

Portfolio evolution and development of new VAS



- Current portfolio evolution
- Development of new lines of products and services
- Positioning in emerging & innovative markets (e-mobility, storage, smart homes...)

Growth in other geographies

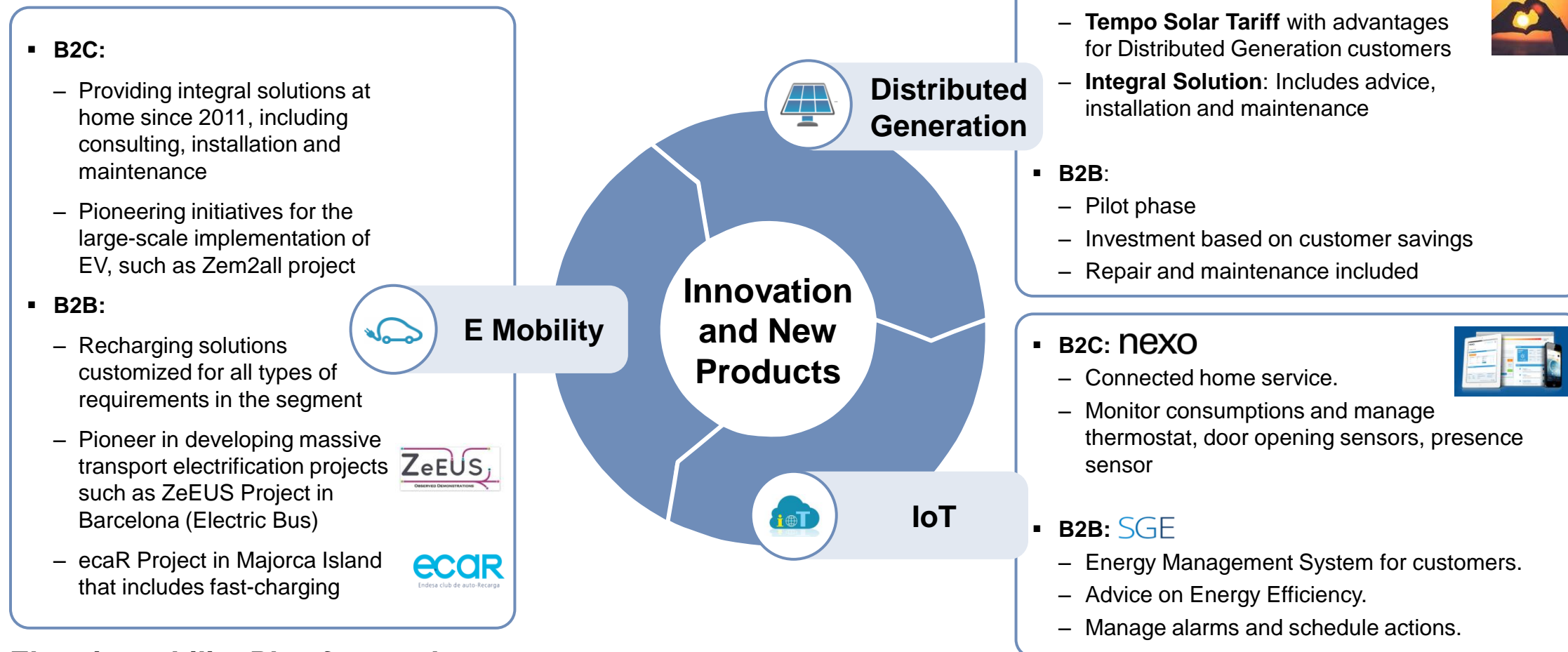


- Focus on development of VAS Business in B2C and B2B
- Focus on development of Gas VAS for B2B customers

Innovation and development of new products and services as a driver of growth

Strategic pillars to lead the transformation

3 Value-Added Services growth: Innovation and development of new products as growth lever



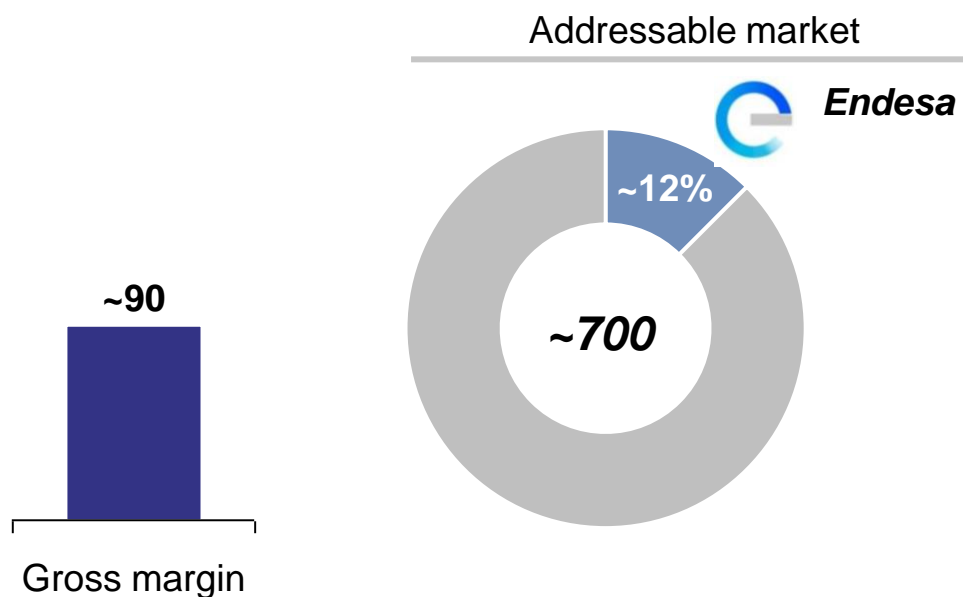
Electric mobility Plan for employees

Strategic pillars to lead the transformation

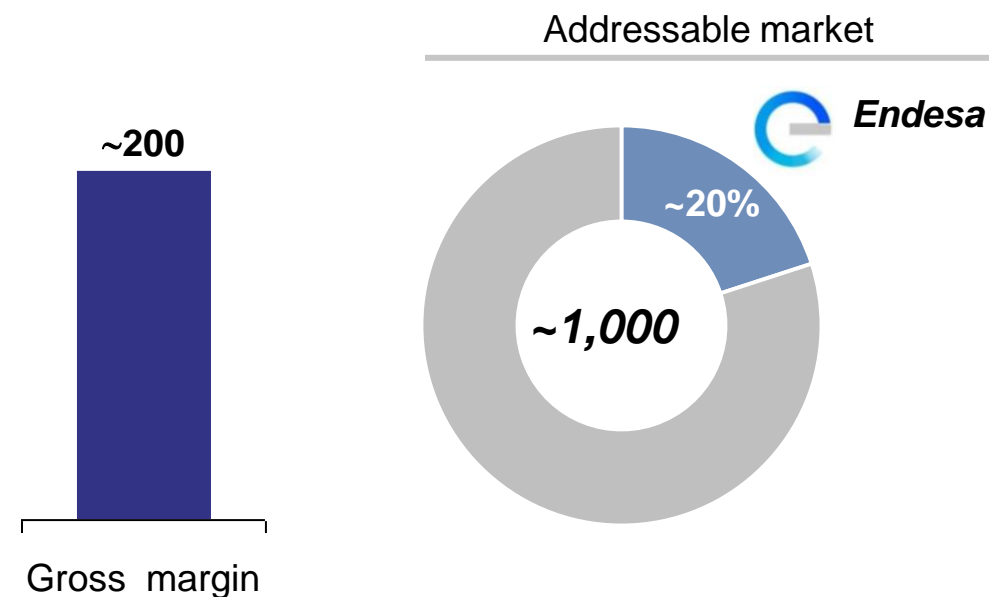


③ Value-Added Services growth: Market and financial targets

2016e (€M)



2019 forecast (€M)



Capex⁽¹⁾ 2016-2019: €242 M

Ambitious target growth

(1) Gross margin

Strategic pillars to lead the transformation

New energy paradigm fuelling growth and sustainable targets

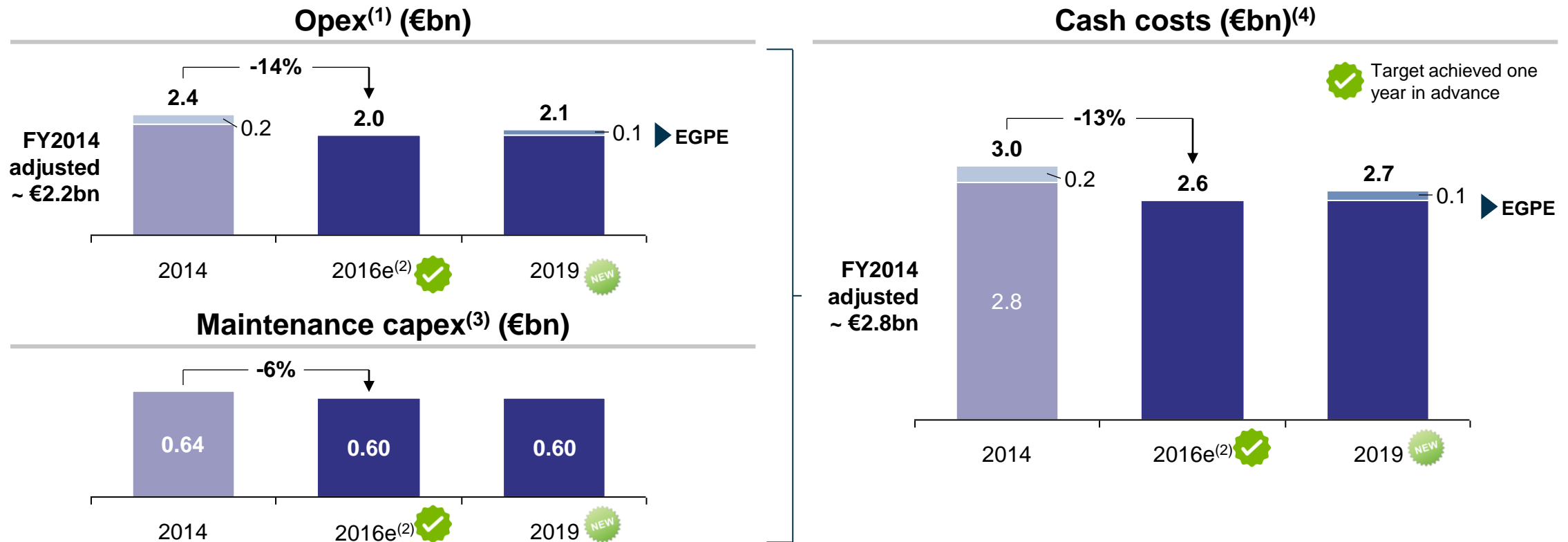


- 1 Decarbonization of energy mix by 2050
- 2 Reinforcing our position in smart grids and preparing for growth
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- 4 Continuous commitment to efficiency

Strategic pillars to lead the transformation



4 Efficiency Plan with strong focus on cash cost reduction



Efficiency Plan on track: significant cash costs reduction since 2014

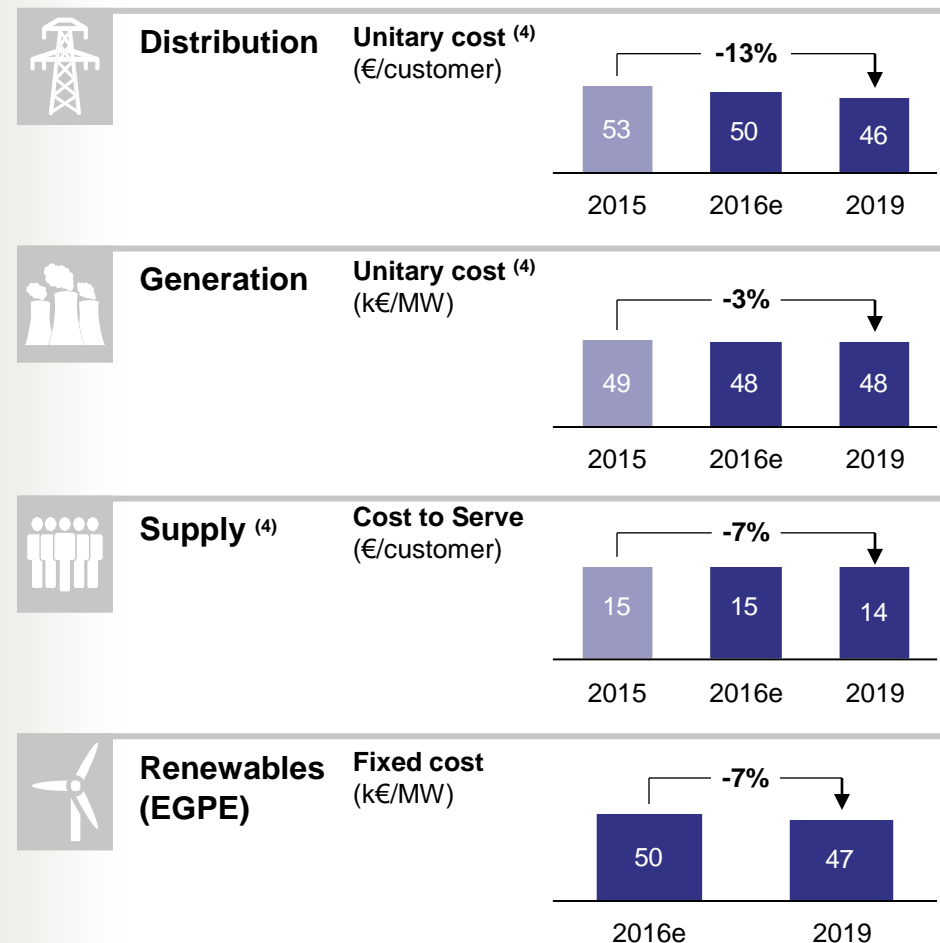
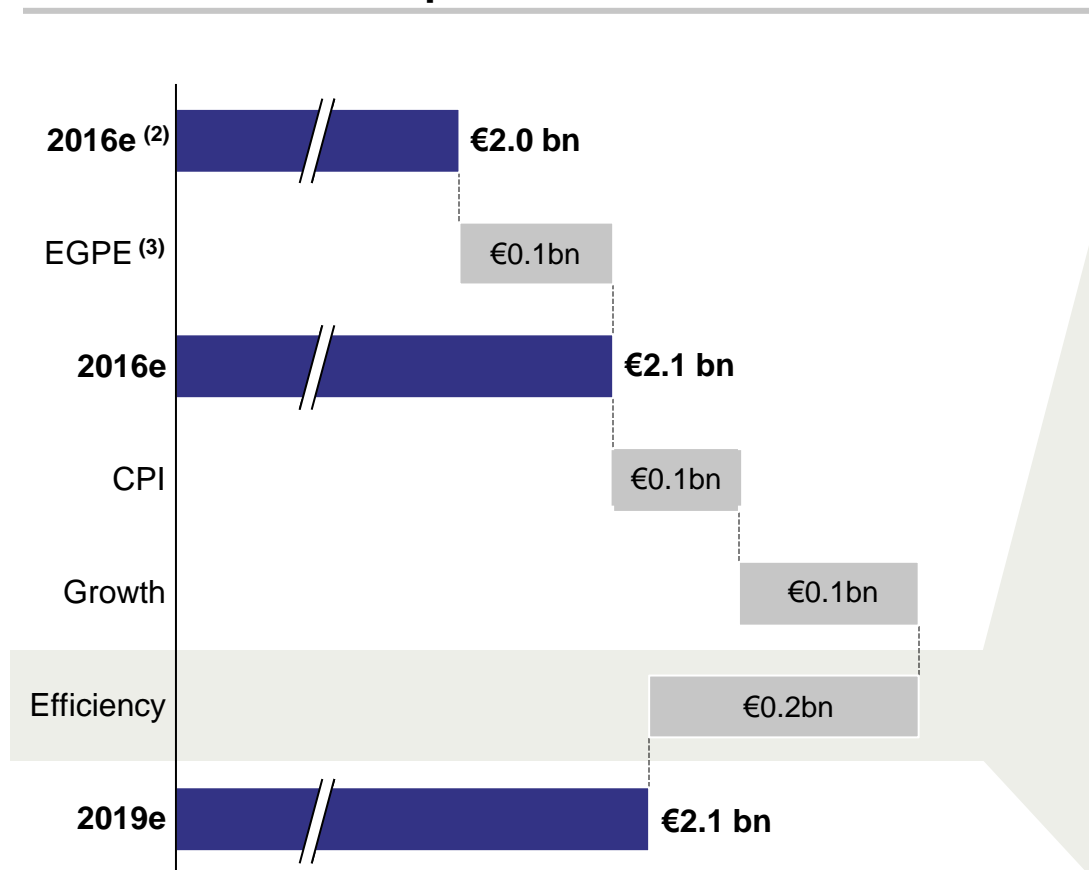
(1) Total fixed costs in nominal terms (net of capitalizations); (2) Excluding EGPE; (3) Net capex (4) Opex + maintenance capex

Strategic pillars to lead the transformation



4 Action Plan per business line

Opex⁽¹⁾ evolution



(1) Opex Total fixed costs in nominal terms (net of capitalizations);

(2) Excluding EGPE



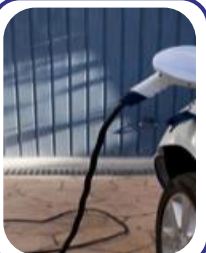
(3) Full year EGPE costs

(4) Includes Corporate fees

Strategic pillars to lead the transformation

4 Efficiency plan through digitalization: Digitalization plan



Digital initiatives			Capex ⁽¹⁾ 2016-19 (€ M)	Margin&savings 2016-19 (€ M)
	Generation	<ul style="list-style-type: none"> Digital transformation on industrial assets (Industry 4.0) Internet of Things: pilot at Besos plant for digital transformation in maintenance, safety and operation Big Data Analytics in thermal generation 	~ 10	~ 7
	Distribution	<ul style="list-style-type: none"> Smart Meters Automation of the network HV grid remote control system Technological innovation 	~ 760	~ 80
	Supply	<ul style="list-style-type: none"> Accelerate use of electronic bill Digital communication with our customer Digital channels (Endesa Clientes website) Digital sales 	~ 60	~ 23

More than €0.8 bn of digital investment in 2016- 2019...
...that will provide savings of ~ €110 M

(1) Gross investments (It does not include capex referred to VAS)

Strategic pillars to lead the transformation

New energy paradigm fuelling growth and sustainable targets



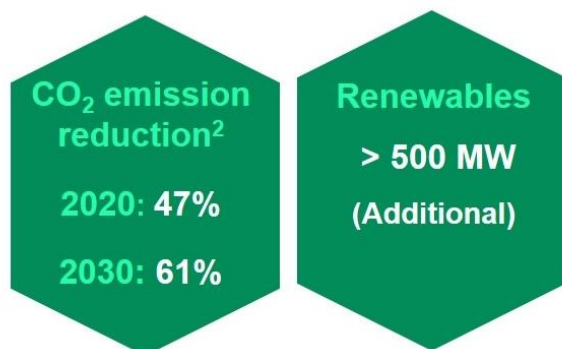
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Commitment to sustainable development objectives

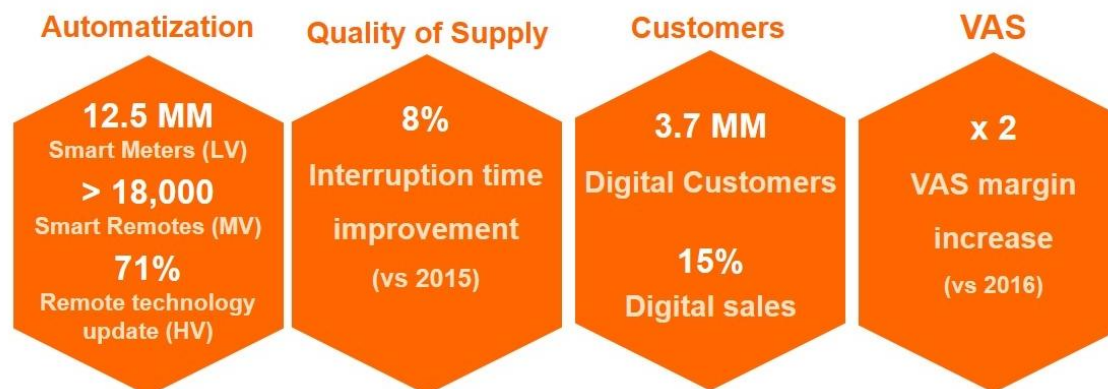
ENDESA and the UN Sustainable Development Goals



Energy mix
decarbonization by 2050



> € 1,000 Million
to transform the future of energy: Digitalization + VAS



Electricity access to all
vulnerable customers¹



MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Renewed in Sep 2016
Score: 86/100



Renewed in October 2016
Score: B



Included in Sep 2016
Leaders in Social dimension



Renewed in Nov 2016
(World, Europe and Eurozone)



Renewed in
January 2016

Our outstanding performance enables us to be included in the main Sustainability indexes

1: Vulnerable customers certified by the corresponding Departments of Social Services of the Public Authorities

2: % reduction vs. 2005)

Note: Endesa also contributes to commitments set out by Enel on SDG 4 (Education) and SDG 8 (socioeconomic development) through the social initiatives performed by the Company and its Foundation

Note: Data referred to 2016-2019 period

Agenda

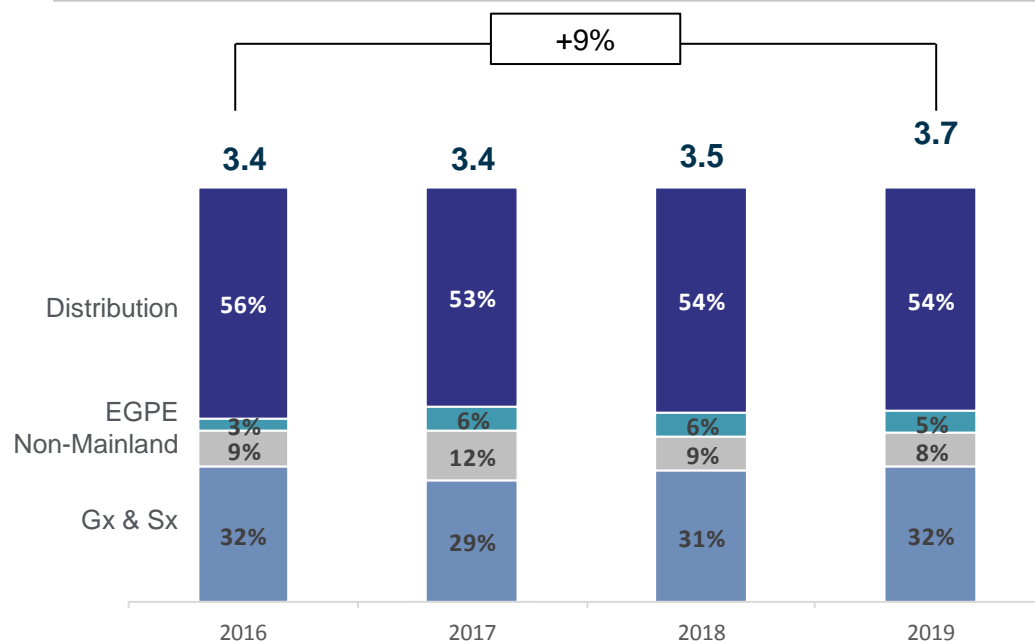
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Main financial metrics

EBITDA breakdown by business and drivers



EBITDA by business (€bn)



Main drivers

2017

- **EGPE:** Full year consolidation
- **Non mainland:** Positive one-off from capacity payments
- **Gx & Sx:** Weather conditions normalization and lower positive impact from non recurrent items

2018

- **Distribution:** Improvement of incentives and efficiencies
- **Gx & Sx:** increase in sales at higher prices . VAS margin increase. Absence of non recurrent items
- **Non mainland:** absence of regulatory one-off booked in 2017

2019

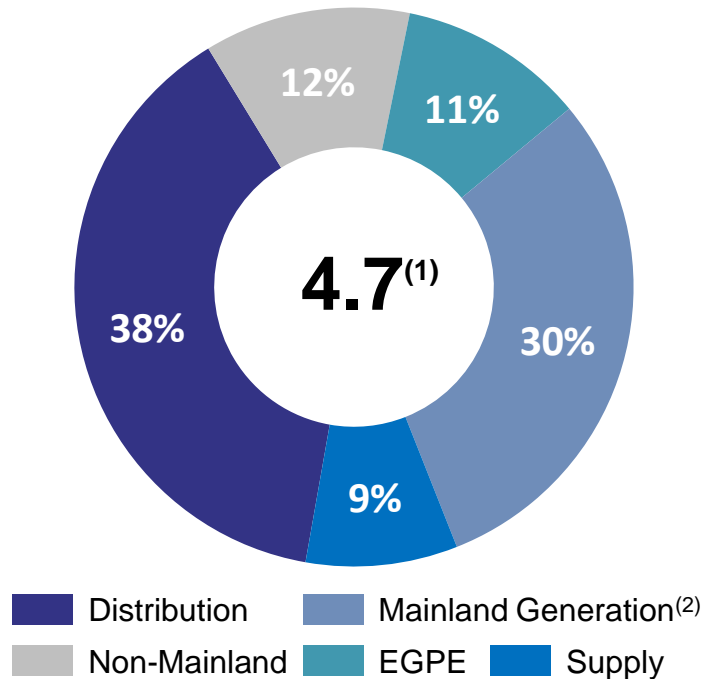
- **Distribution:** Improvement of incentives and new efficiencies
- **Gx & Sx:** higher power prices. VAS margin increase

- **CAGR 16-19: ~3%**
- **~70% regulated EBITDA**

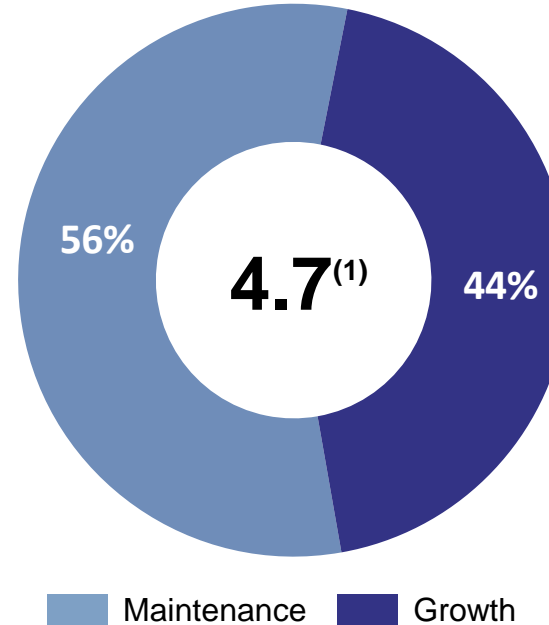
Capex program focused on growth



2016-2019
Net CAPEX by business (€bn)



2016-2019
Net CAPEX by nature (€bn)



Strong Investment increase vs previous Plan:

- +€1 bn (+27%):
 - Renewables: € +0.5bn
 - Dx: € +0.2bn
 - Non mainland: € 0.3bn
- 44% devoted to growth (33% in previous Plan)

Investment Plan devoted to growth

(1) Gross capex amounts to 5.6 bn€. Net Capex = Gross Capex - assets from clients' contributions - subsidies. ; (2) Other + Corporate Capex included in Generation

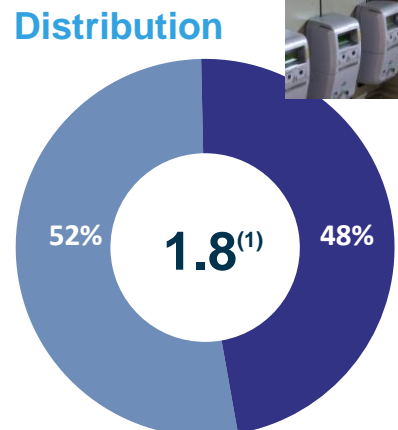
Main financial metrics

Net Capex breakdown by business

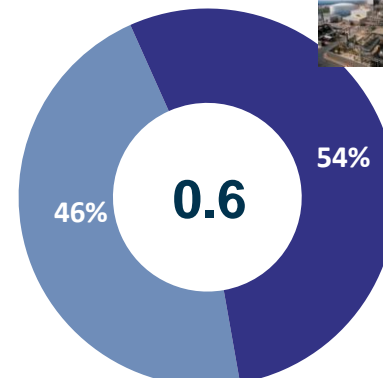


Maintenance Growth

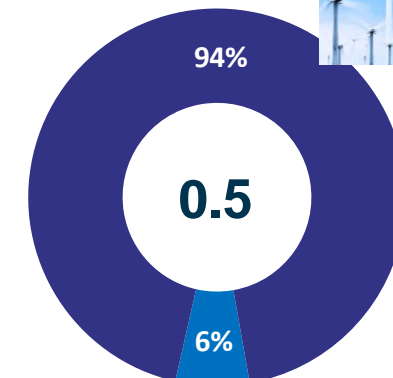
Regulated Business (€bn)



Non-Mainland Gx 

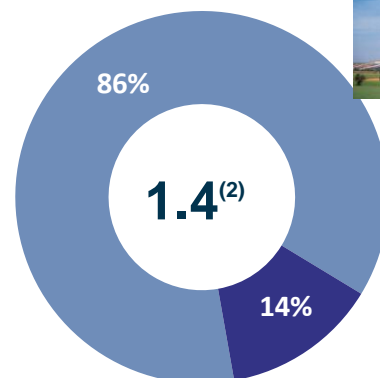


EGPE 

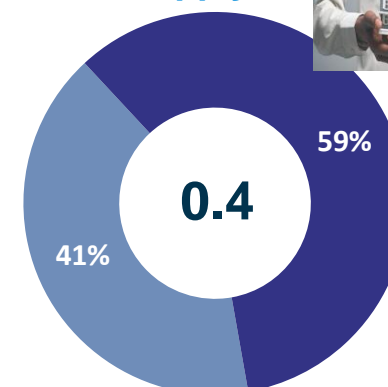


Liberalized Business (€bn)

Mainland Generation 



Supply 






~80% of Growth Capex devoted to regulated business

(1) Gross capex amounts to 2.7 bn€. Net Capex = Gross Capex - assets from clients' contributions - subsidies; (2) Other + Corporate Capex included in Generation

Searching for inorganic growth opportunities

Selected opportunities per business



		Main interest	Description
	Renewables	<ul style="list-style-type: none">EGPE: Consolidation opportunities in a highly fragmented market	<ul style="list-style-type: none">Deep market scouting to identify possible deals:<ul style="list-style-type: none">Potential market 6,500 MW
	Distribution	<ul style="list-style-type: none">Small distribution companiesInterest in distribution concessions in Portugal (2017-2019)	<ul style="list-style-type: none">Small Distribution companies<ul style="list-style-type: none">360 companies with less than 100,000 customers (~ 6% market share)Successful acquisition of Electrica del Ebro as first stepPortugal: end of LV distribution concessions
	Supply	<ul style="list-style-type: none">Potential acquisition of gas and electricity customer portfolioPotential acquisition in VAS business	<ul style="list-style-type: none">Targets of electrical and gas retail companies in Spain, France, PortugalVAS main targets: ESCOs, gas or electric maintenance services companies, home services companies,...

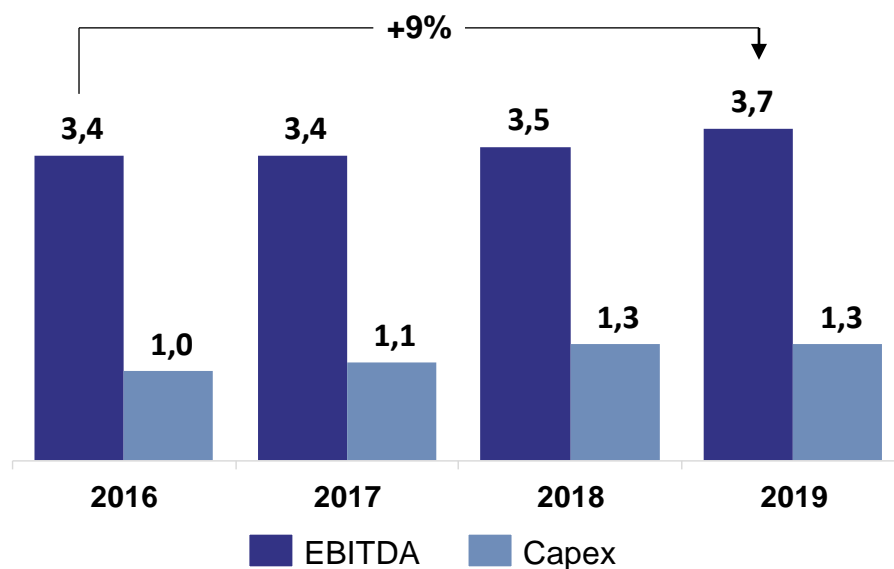
Excellent position to capture growth opportunities

Main financial metrics

Cash flow generation



EBITDA and Capex⁽¹⁾ (€bn)



Net
income

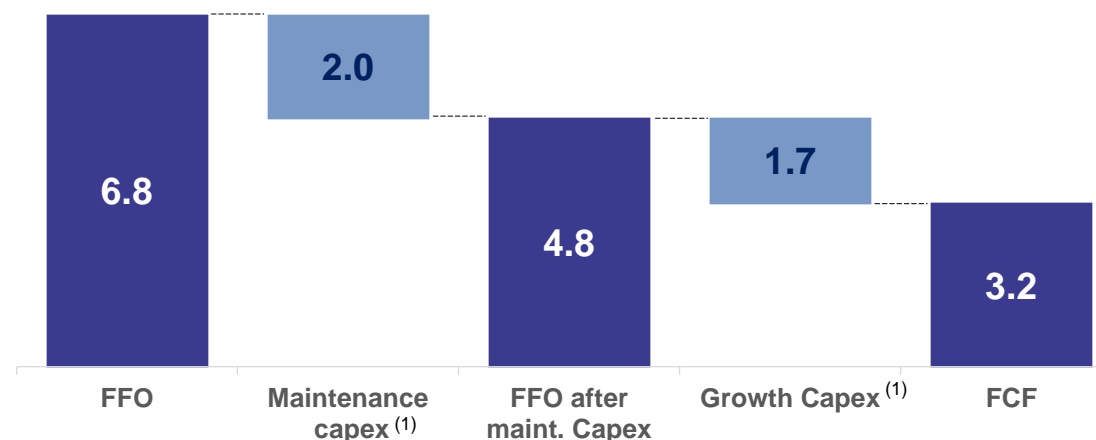
1.4

1.4

1.5

1.7

2017-2019 Cash flow generation (€bn)



Strong cash flow generation will support dividend policy and future growth

(1) Net Capex = Gross Capex - assets from clients' contributions - subsidies

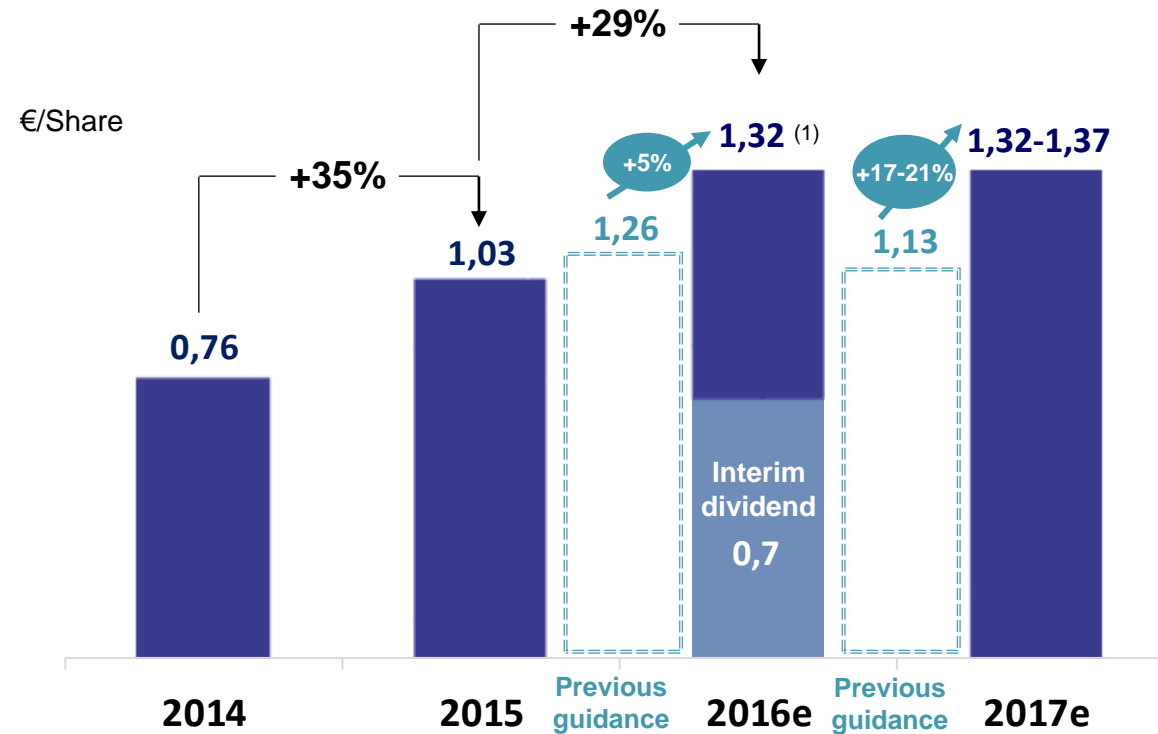
Agenda



1. Endesa's latest successful restructuring equity story
2. New energy paradigm and transitional period
3. 2017-2019 strategic pillars to lead energy transformation
4. 2017-2019 main financial metrics
- 5. Final remarks**

Shareholder remuneration

Ordinary DPS evolution



2017-2019

- 100% Pay-out on ordinary net income

2017

- Minimum DPS of 1.32 euro per share (+17% vs. previous guidance)

**One of the most attractive dividend policy in the sector...
...providing more visibility**

(1) According to last estimate 2016 Net Income

Key financial metrics



	2016e	2016 underlying	2017	2018	2019	CAGR 2016-2019
EBITDA (€bn)	~ 3.4	~ 3.2	3.4	3.5	3.7	~ +3%
Net Income (€bn)	~ 1.4	~ 1.3	1.4	1.5	1.7	~ +6%
DPS (€/share) ⁽¹⁾	~ 1.32	~ 1.26	1.37	1.42	1.57	~ +6%
	Minimum DPS for 2017		1.32			
Cumulative FCF ⁽²⁾	3,2 billion euro					

One of the most attractive dividend policies in the utility sector

(1) DPS calculated according to Net Income guidance

(2) FCF = Funds from Operations (FFO) – Maintenance & Growth Net investments

Closing remarks



1

Endesa is committed to the decarbonisation of the economy

2

New energy paradigm will bring new opportunities for growth

3

Best position to capture innovative client-centric business

4

Digitalization as a driver for efficiency and quality of service

5

Financial targets upgraded on the back of business growth

6

Attractive and visible shareholder remuneration

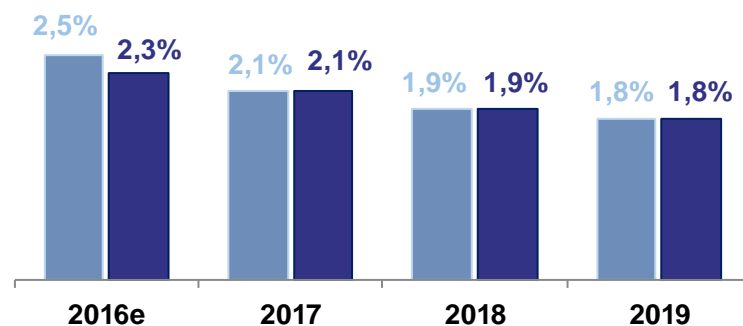
Appendix

endesa

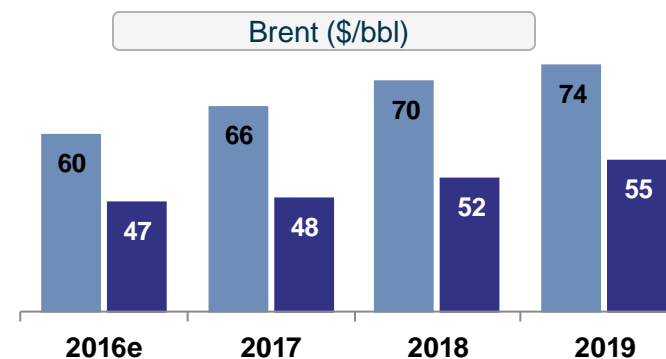
Macro assumptions



Spanish GDP evolution

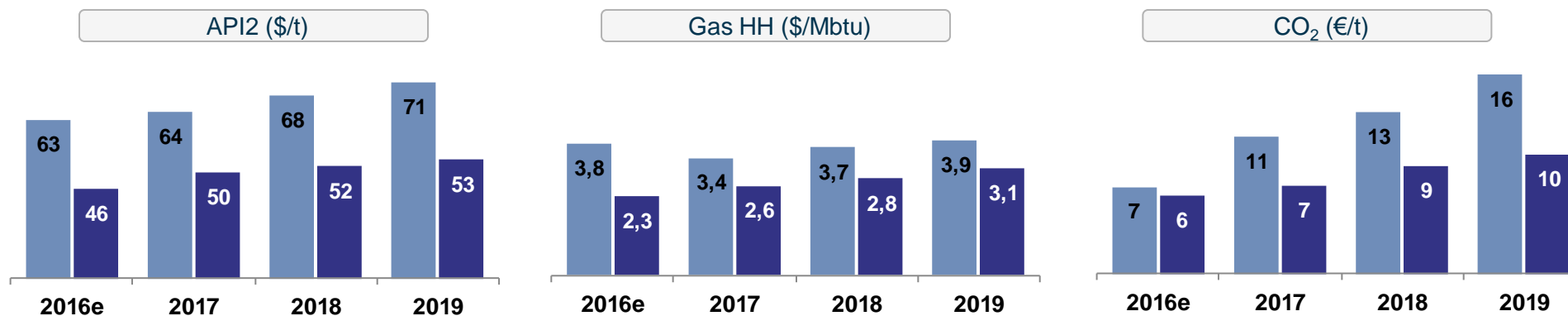


Commodities (I)



Commodities (II)

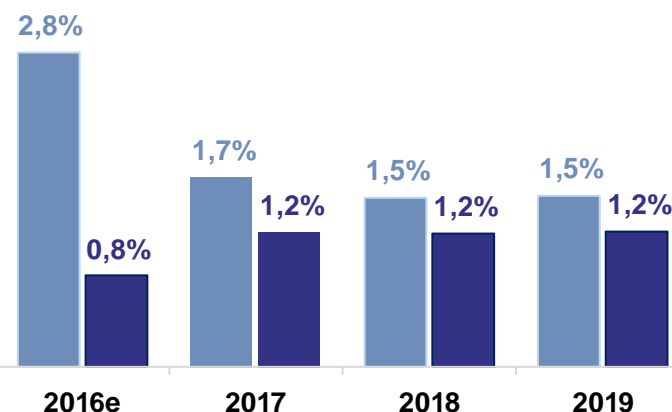
■ Old assumptions
■ New assumptions



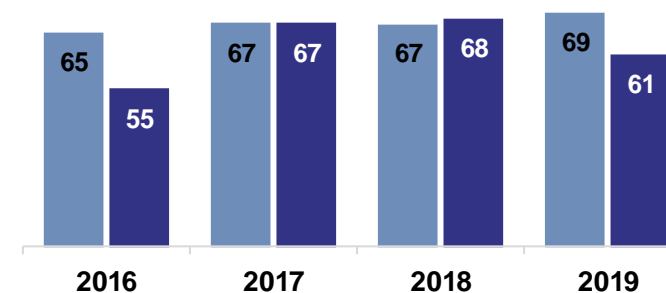
Electricity market assumptions in Spain



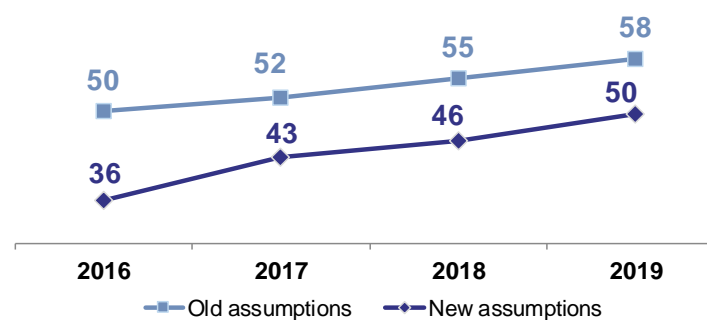
Mainland electricity demand (%)



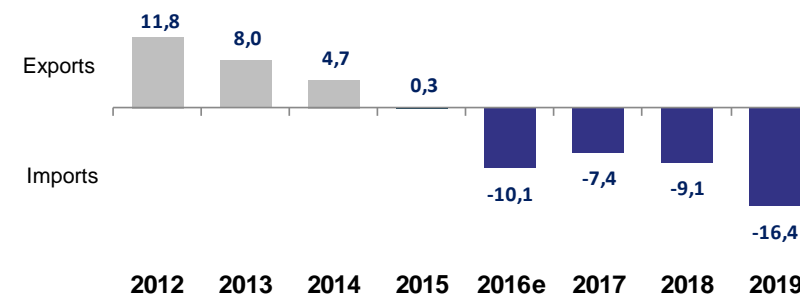
Thermal Gap (TWh)



Wholesale electricity prices (€/MWh)



Interconnections (TWh)



Old assumptions
New assumptions



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Iberia

November 22, 2016

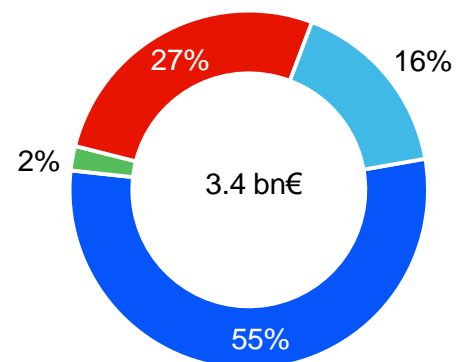


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Positioning and key figures

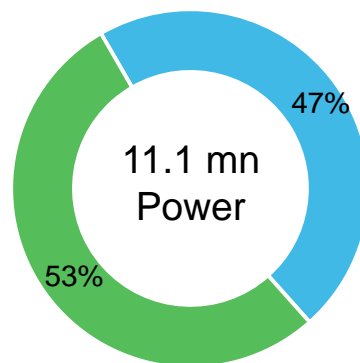


2016E EBITDA



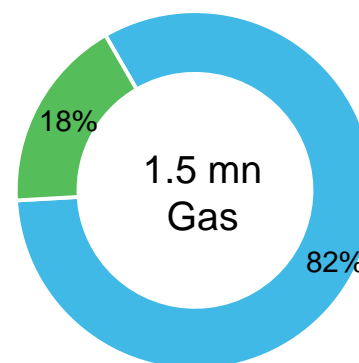
■ Distribution ■ EGPE ■ Generation ■ Supply

2016E Power and gas customers



■ Liberalized market

■ SCVP tariff



■ Liberalized market

■ Last resort tariff

Key figures

2016

Capacity (GW)	22.8
Dx RAB (€bn)	11.2
Customers (million)	12.6
Net production (GWh)	70

Financials (€bn)

EBITDA	3.4
Opex	2.1
Maintenance capex	0.6
Growth capex	0.4
Total Capex	1.0

5

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Regulatory scenario



Social tariff

Current financing considered discriminatory according to Supreme Court rules.

2014-16 contributions to be reimbursed

Wide consensus on social tariff amendment. A proposal including vulnerability criteria already sent to authorities

New financing scheme will have to be defined for 2017 onwards

Renewables

Parameters for the 2nd regulatory semi-period have to be defined

Next challenge: designing a technology neutral auction (1,000 MW before year end + 2,000 MW in 2017)

Other topics

New SCVP supply margin approved, in line with previous one.

Domestic coal: ~€120 M of positive net impact in 2016e from 2012-14 settlements.

Government formation

Pending regulatory topics to be addressed

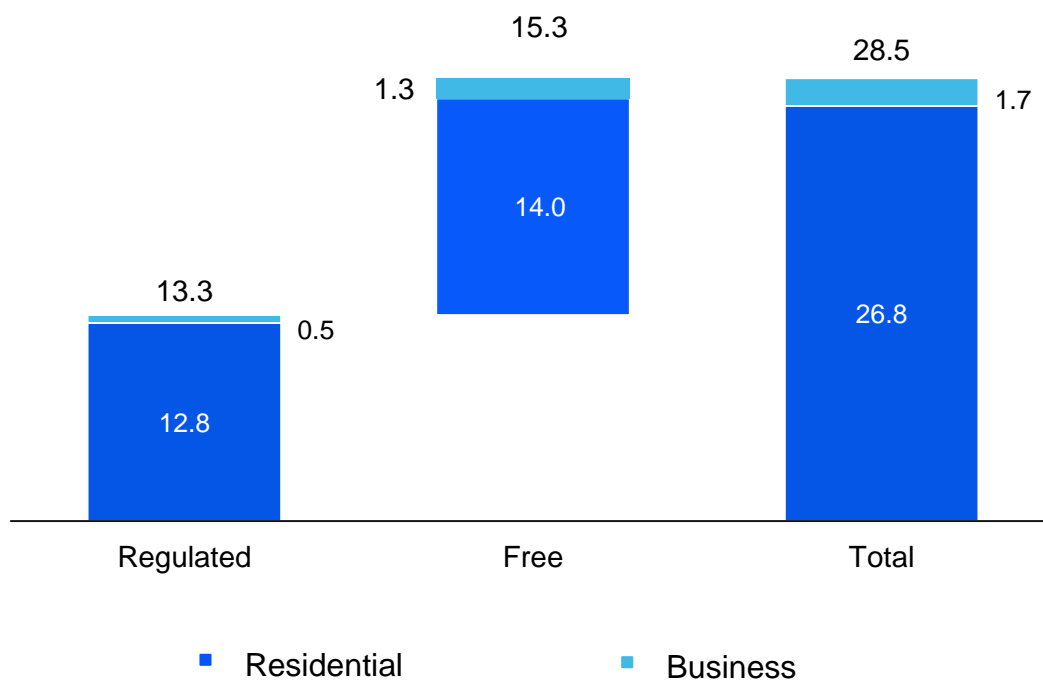
Regulatory framework stability and financially balanced electricity sector

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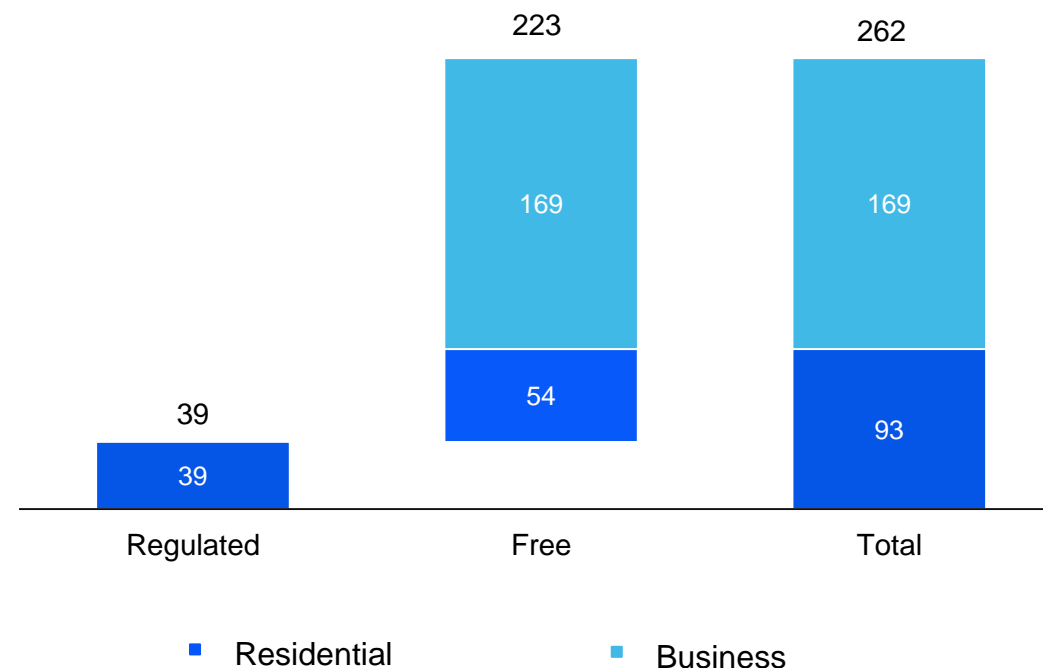
Retail: Spanish power market description¹



Customers (mn)



Energy sold (TWh. Bus bars)



Leadership position in the spanish liberalized market both in customer base and energy sold

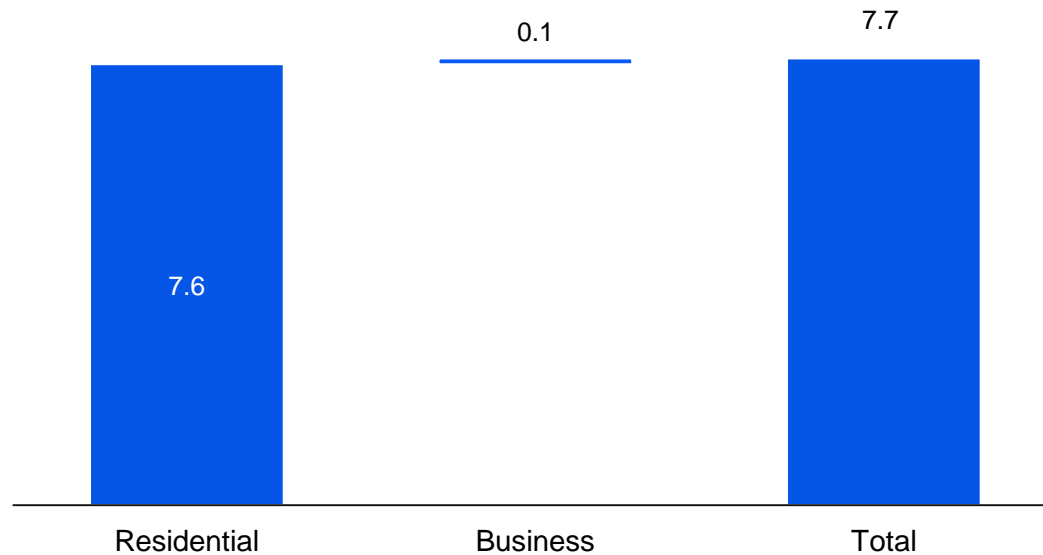
1. 2016 figures

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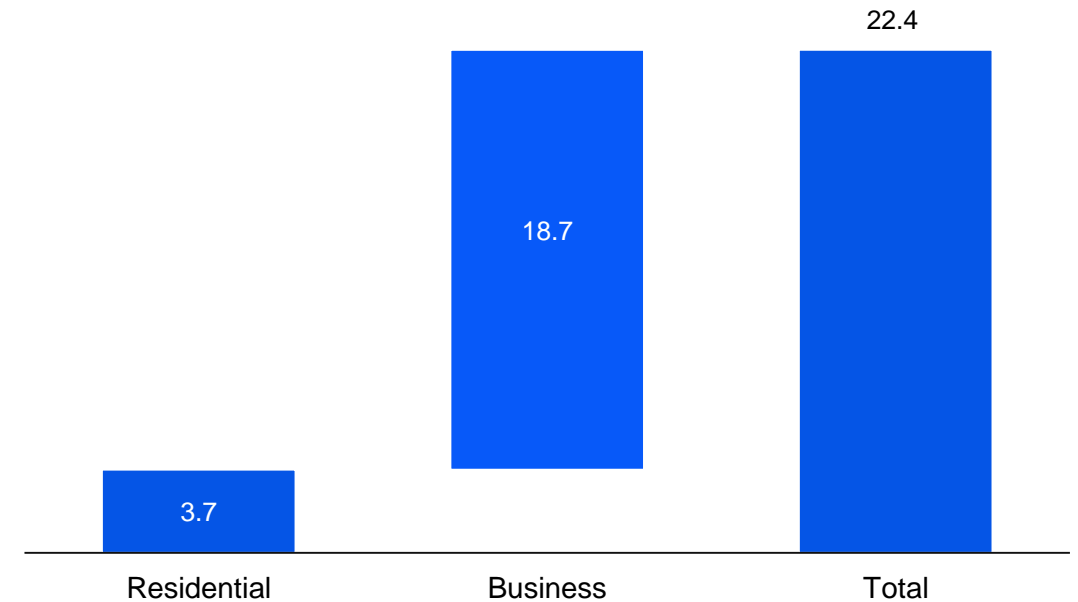
Retail: Spanish market description¹: Gas



Customers (mn)



Gas sold (bcm)



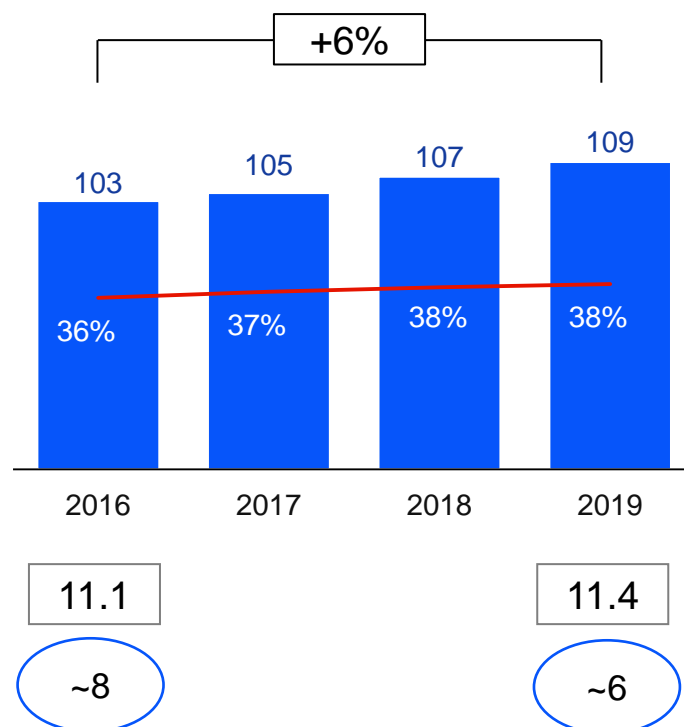
First non incumbent player in Spain

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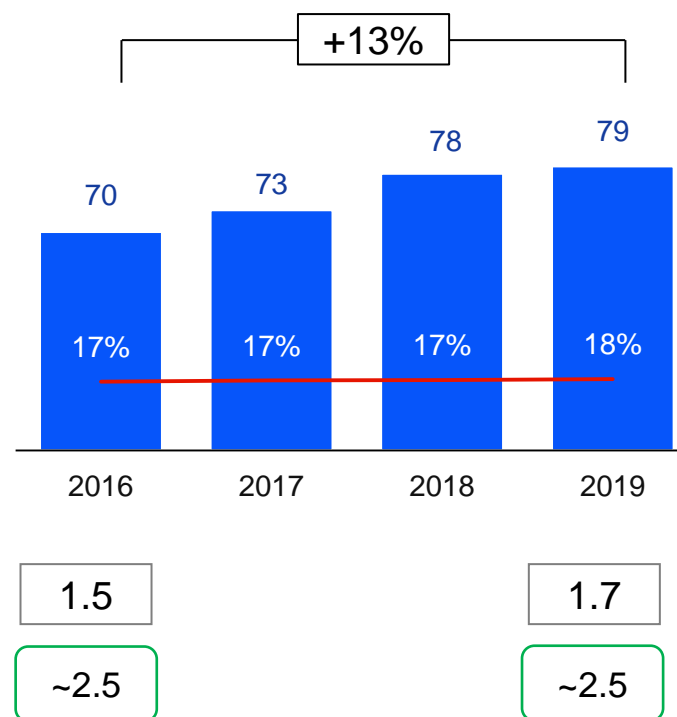
Retail: customer base and unitary margin evolution



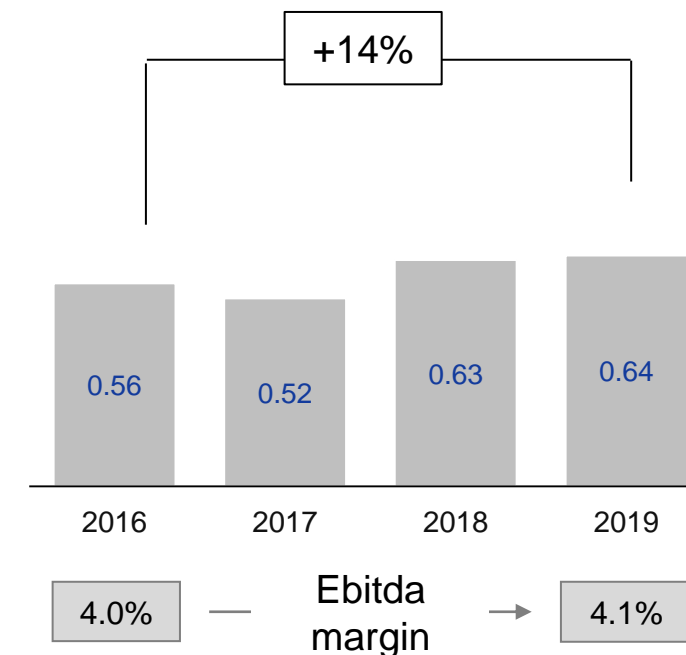
Power market¹



Gas market²



Ebitda evolution³ (€bn)



■ Volumes (TWh).
Bus bars for power

— Market share %

□ Conventional gas margin (€/MWh)

□ # million customers

○ Liberalized supply margin (€/MWh)

1. Volumes include Spain, Portugal and other international sales
Market share is referred to liberalized demand in Spain

2. Volumes include Spain, Portugal and other international sales (excluding gas consumption in thermal power plants and diversions)
Market share is referred to Spain (excluding gas consumption in thermal power plants and diversions)

3. Includes electricity, gas and VAS business line

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Digitalization as a driver for efficiency, quality of service and VAS



Key drivers

Accelerate use of electronic bill (e-factura) to achieve digital engagement and reduce postal service cost

Promoting digital communication with our customer base: online platform and App

Favouring customers migration from traditional towards digital channels (customer' website) reducing customer service cost

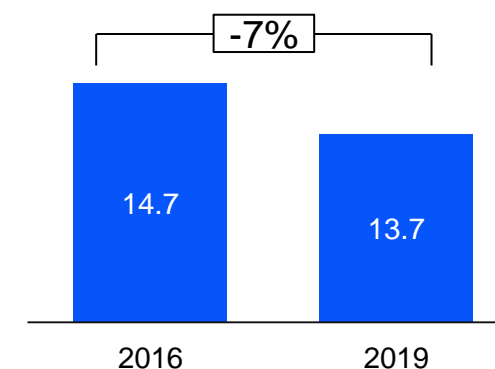
Develop advanced digital sales abilities to maximize value and volumes sales through Digital channels

Leverage

- 3.7 million digital customers in 2019 (from 1.6 million in 2016)
- 15% digital sales in 2019 (from 8% in 2016)
- 3.6 million customers with e-factura in 2019 (from 1.9 million in 2016)



Cost to Serve (€/customer)¹



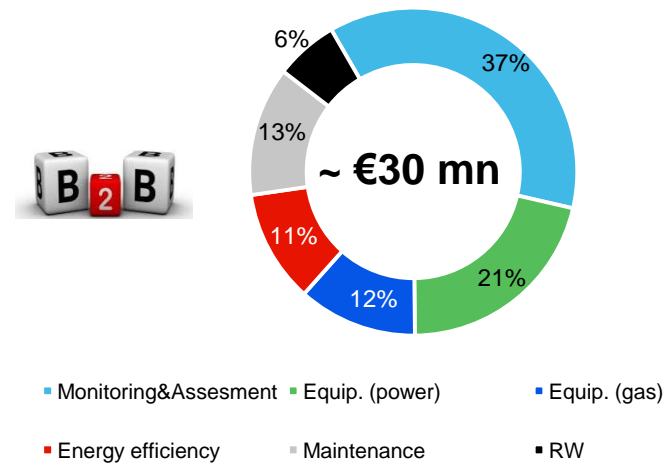
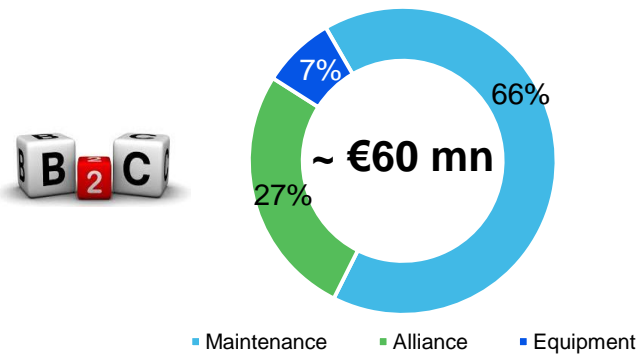
- ✓ Better quality of service
- ✓ New services development

1. Includes Corporate and Structure costs

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Digitalization: new services

2016 VAS Margin breakdown



Key drivers

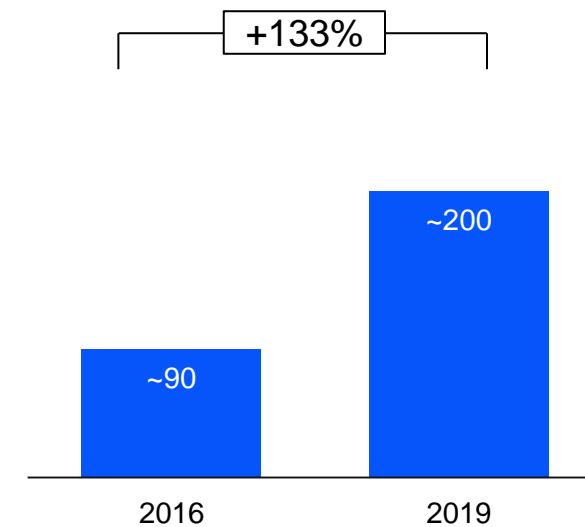
Maximize current business
(~2.7 million VAS contracts portfolio in 2016)

Portfolio evolution and development of
new VAS

Growth in other geographies



VAS Margin (€mn)

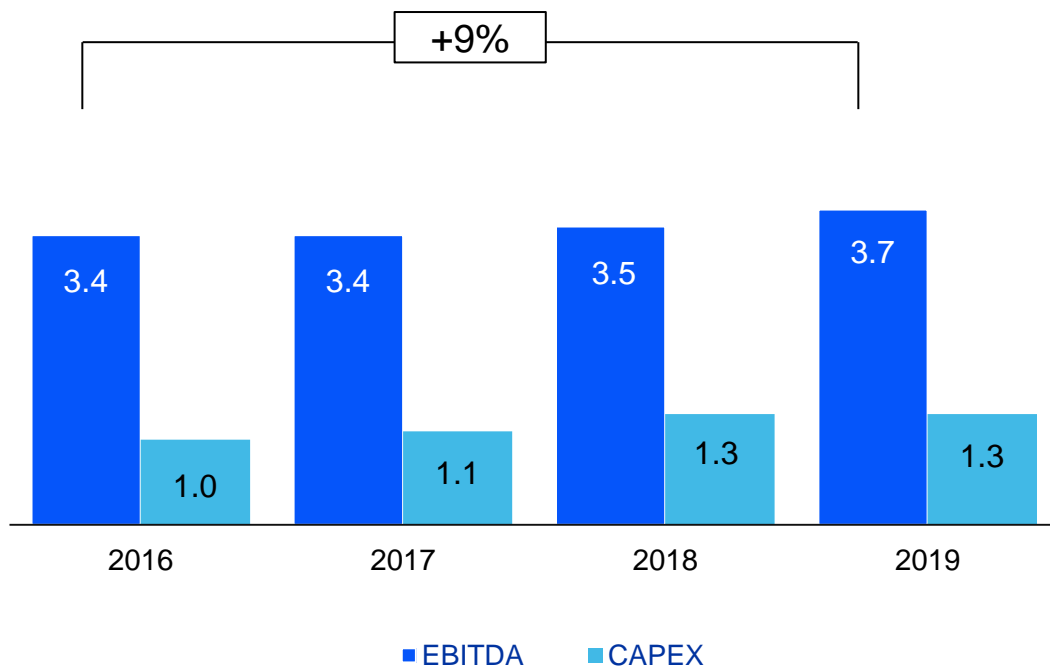


Capital Markets Day

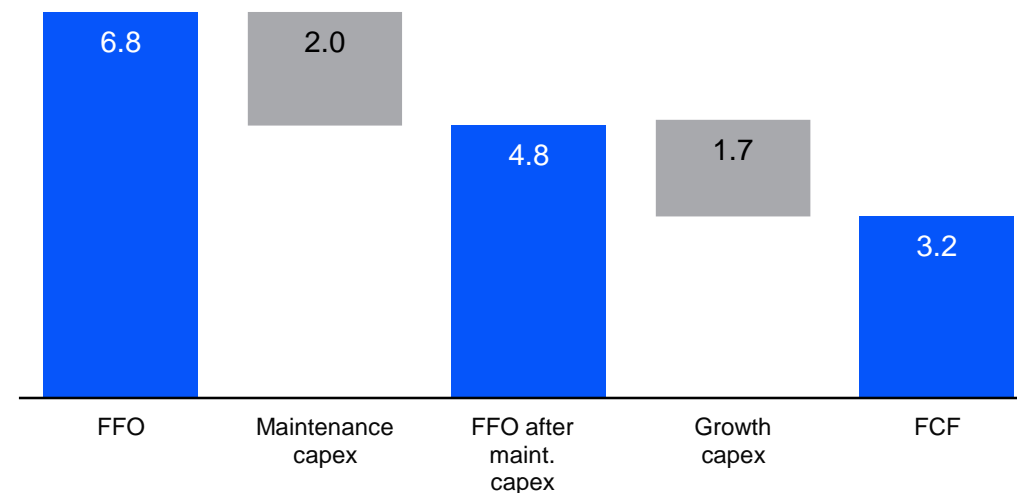
Asset profitability



EBITDA and CAPEX (€bn)



2017-19 Cash flow generation (€bn)



Strong cash flow generation will support future growth

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).

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.