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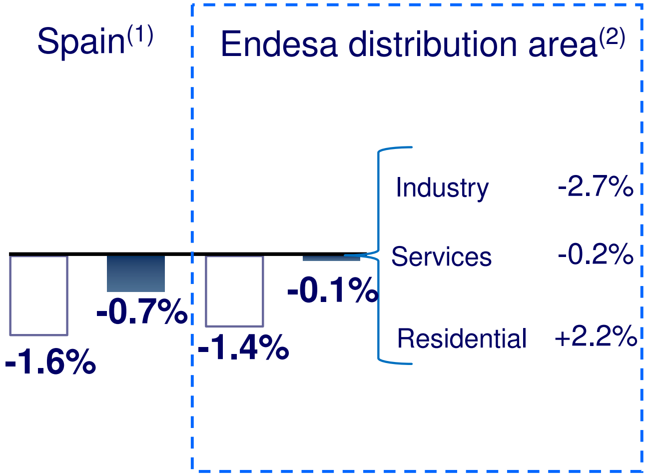
endesa 9M 2012 results

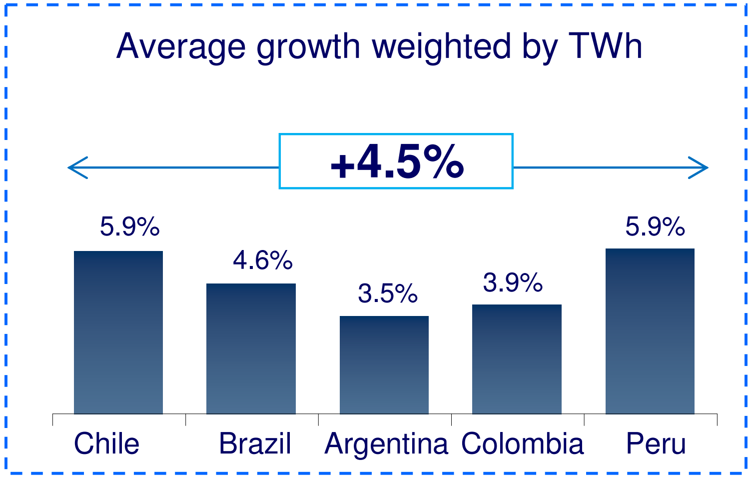
endesa

Business context 9M 2012

Demand

Spain: demand decrease due to lower industrial activity





Latin America: solid growth in all countries mainly in Chile and Peru

Adjusted for weather and working days | Not adjusted

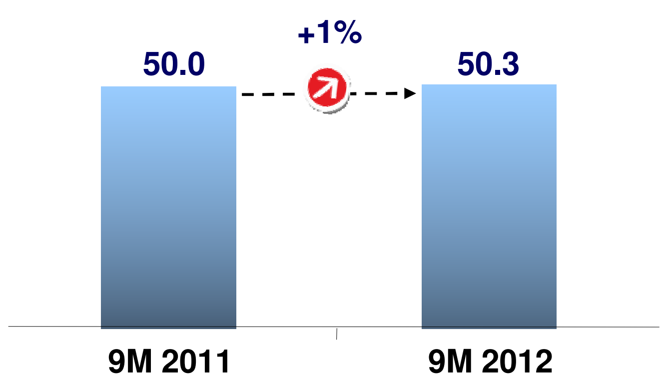
(1) Mainland. Source: REE

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

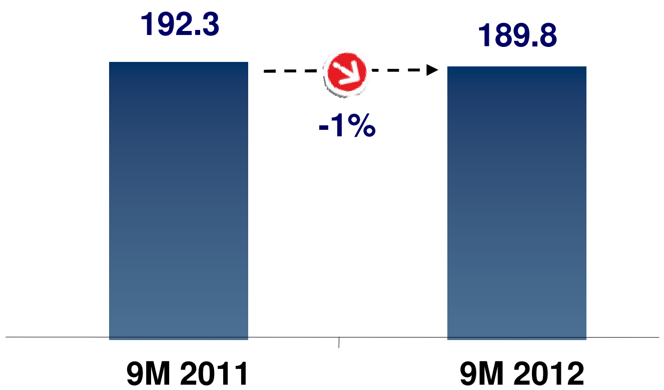
Electricity wholesale prices

Spain: stable prices due to weak demand despite lower hydro

Average pool prices[3] Spain
(€/MWh)



Average spot prices Chile-SIC
(US$/MWh)



Chile: stable prices with higher thermal contribution

(3) Excluding ancillary services and capacity payments

Stable operating results despite regulatory and economic conditions

€M

	9M 2012	9M 2011	Change
Revenues	25,463	24,604	**+3%**
Gross margin	8,182	8,157	**+0%**
EBITDA	5,457	5,449	**+0%**
Spain&Portugal&Others	3,073	3,124	**-2%**
Endesa Latin America	2,384	2,325	**+3%**
EBIT(1)	3,648	3,843	**-5%**
Net finance expenses	596	576	**+3%**
Net attributable income(2)	1,662	1,978	**-16%**

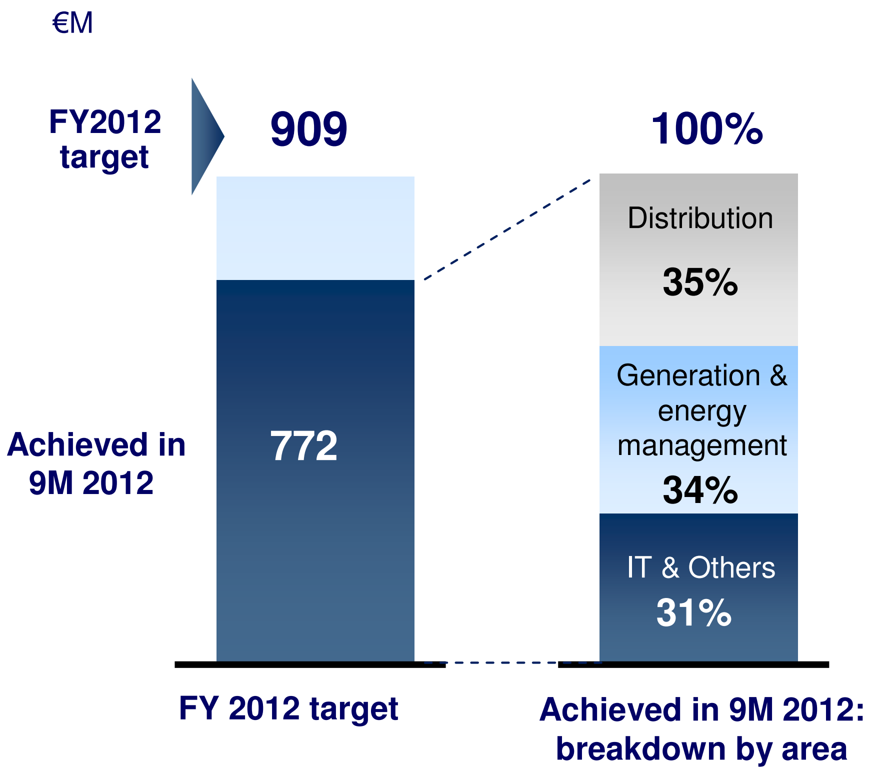
- **Iberia: €234 M negative impact from regulatory measures partially offset by better results in the liberalized business and non recurrent items**
- **Latam: EBITDA supported by solid demand growth despite Chilean drought and Argentina**
- **Colombian net worth tax recorded in 9M 2011**

(1) *2011 D&A includes + €31 M of provision reversion from CIEN*
2012 D&A includes Endesa Ireland value adjustment (- €67 M), CDM write-off (- €21M) in Spain
(2) *9M 2011: €123 M of capital gain from the sale of Endesa Servicios*

On track to achieve efficiency and synergy targets with Enel for FY 2012

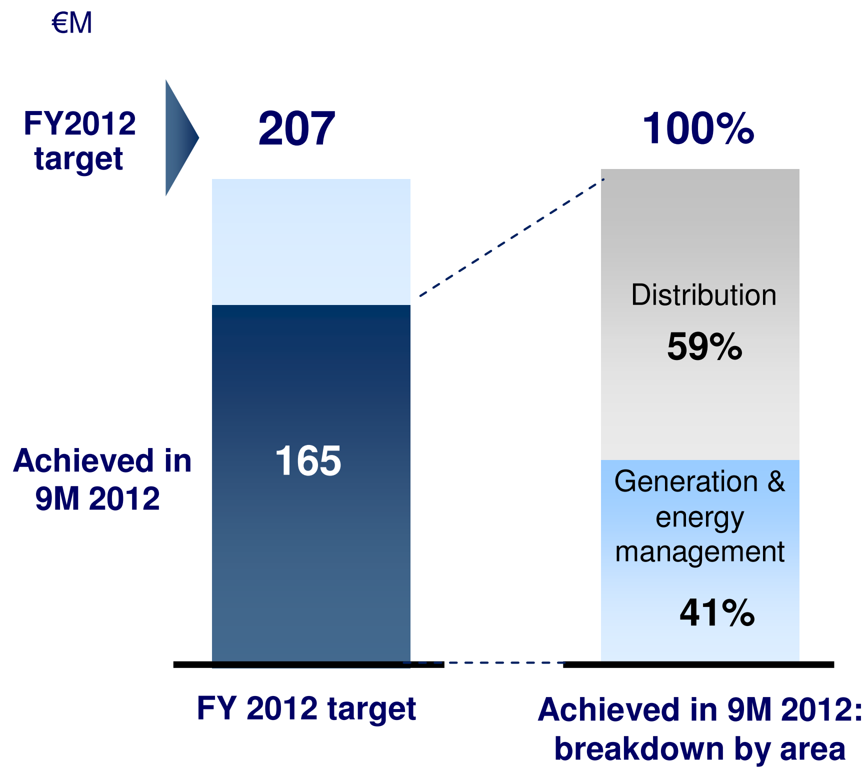
Synergy plan with Enel

Savings for Endesa



Zenith plan with Enel

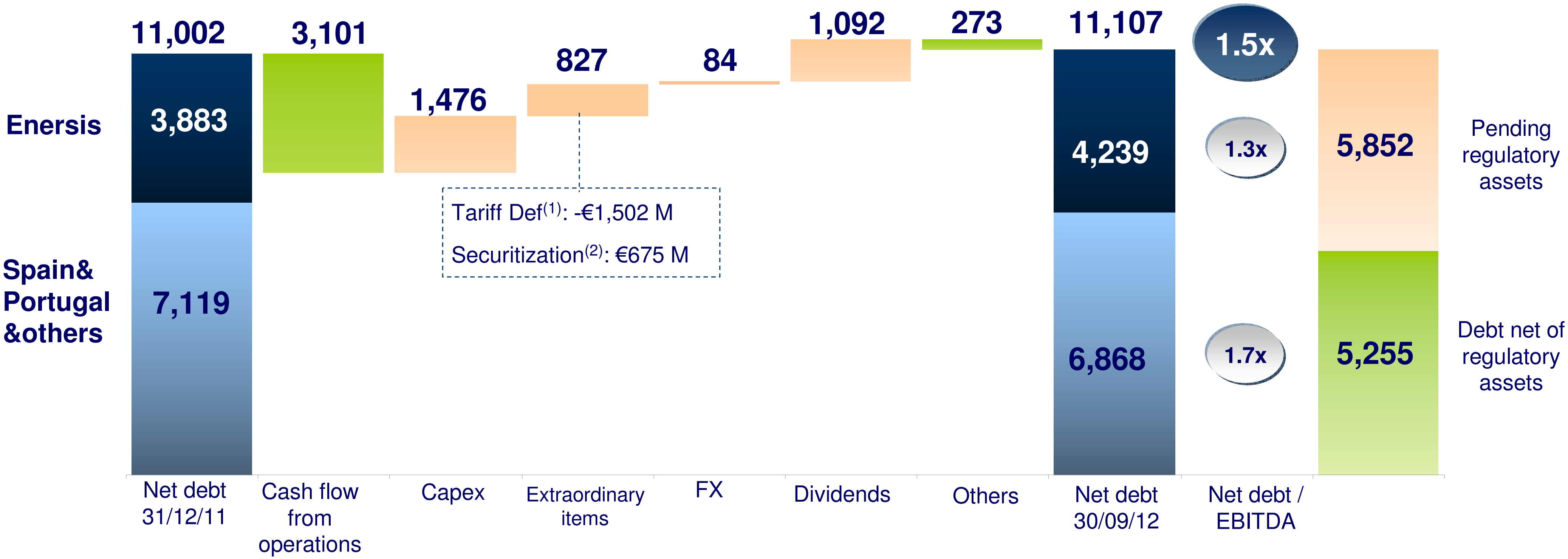
Savings for Endesa



- **Well on track to achieve 2012 Synergy Plan target (85% in 9M 2012) and Zenith Plan target (80% in 9M 2012)**
- **Leveraging from being part of a leading utility Group**

Sound financial position

Net debt evolution in 9M 2012 (€M)



Solid financial leverage and strong liquidity position

	31/12/11	30/09/12
Leverage (net debt/equity)	0.4	0.4

Endesa liquidity excluding Enersis covers 41 months of debt maturities

Enersis liquidity covers 15 months of debt maturities

(1) *Includes payments/collections from CNE settlements in 9M 2012.*

(2) *Includes only Mainland tariff deficit securitization*

Spain: regulation update (I)

Full year impact

RDL 13/2012 and RDL 20/2012

- Decrease of distribution remuneration
- 10% reduction on national coal volumes and capacity payments
- Decrease of non-mainland generation remuneration

≈ - €396 M

Supreme Court resolution on social bonus

- Direct impact — **+ €112 M**
- Potential claim of historical financing (non-recurring) — **≈ + €80 M / €100 M**

Tariff deficit

- Latest 2012 CNE settlement: €3.6 bn tariff deficit (renewable subsidies: +24%(1))
- All technical procedures completed to securitize €7 bn(2) transferred to FADE
- Private placement: €77 M in October (€34 M for Endesa)
- Private placement: €112 M in November (€44 M for Endesa)
- Total securitization in 2012: €3.5 bn (€1.8 bn for Endesa)

(1) Compared to same CNE settlement of previous year

(2) Includes €2.5 bn 2010, €3 bn 2011 and €1.5 bn ex-ante 2012 deficit.

Spain: regulation update (II)

Measures announced on September 14th to eliminate tariff deficit

		System (estimated impact)	Endesa (estimated impact)
	6% tax on electricity generation	≈ - €1.4 bn	≈ - €0.3 bn
	"Green cent" tax on coal, fuel-oil and natural gas	≈ - €1.3 bn	≈ - €0.3 bn
	Tax on nuclear waste	≈ - €0.3 bn	≈ - €0.1 bn
	Tax on mainland hydro generation	≈ - €0.2 bn	≈ - €0.1 bn
	Thermo solar: no premiums for fossil fuel generation	≈ - €0.3 bn	n/a
Other system revenues	CO_2 auction proceeds(1)	≈ - €0.5 bn	n/a
Other system revenues	Externalization of tariff deficit annuities(1)	≈ - €2.1 bn	n/a
	TOTAL	**≈ - €6.0 bn**	**≈ - €0.8 bn**

(1) Not included within the text proposal sent to the Parliament

Spain: regulation update (III)

A number of improvements to the announced measures are needed according to our opinion

- **Non-mainland generation**: consider the new taxes as costs, to be taken into account in the calculation of its regulated return
- **Domestic coal generation**: consider the new taxes as variable generation costs also to be taken into account in the calculation of its regulated price
- Make the **new taxes temporary** to help resolve the present critical situation
- Introduce a mechanism in order to make sure that new taxes collected are **100% used against tariff deficit**
- Apply taxes also to **electricity imports** and do not apply them to electricity exports
- **Reduce taxes** on nuclear and hydro, while properly addressing excessive costs of certain renewable technologies (solar)

Latam: regulation update

Brazil

- Regulatory changes in concessions and industry tax charges aiming to reduce the tariffs up to 20%
- No expected impact for Endesa's subsidiaries: concessions to be renewed after 2020

Chile

- President signed and sent to the Senate the "Electrical Highway" and "SIC-SING Interconnection" bills.
- Renewables: Government suggested to maintain "10/2024" targets

Argentina

- Government outlined new regulatory model:
  - No nationalization of the sector
  - "Cost plus": ROE-based tariff setting process
  - Higher involvement of the Government in monitoring electrical services quality level
  - CAMMESA only fuel supplier

Enersis capital increase update: progress to date and tentative calendar

Recent milestones achieved

1. Independent appraisers issue their report
2. Independent Directors Committee issue its report on the transaction
3. Directors individually give their opinion about the transaction
4. Board calls Extraordinary General Meeting of shareholders

Next milestones

5. Extraordinary shareholders's meeting (December 20th 2012)
6. New shares record date for SVS and SEC
7. Enersis Board of Director extraordinary meeting
8. Preemptive rights offering period
9. Book building (within March 2013)

spain&portugal&others 9M 2012

endesa

Highlights in 9M 2012

Regulated business: negatively impacted by latest regulatory measures partially compensated by non-recurrent items

Generation (+7%)[1] with outstanding performance of imported coal (+46%) and nuclear (+14%)

Better liberalized margins supported by higher selling prices and better production / purchases mix

Leadership in supply (39% market share) and ordinary regime generation (38%) and 2nd player in gas supply market (16%)

(1) Mainland. Does not include Portugal

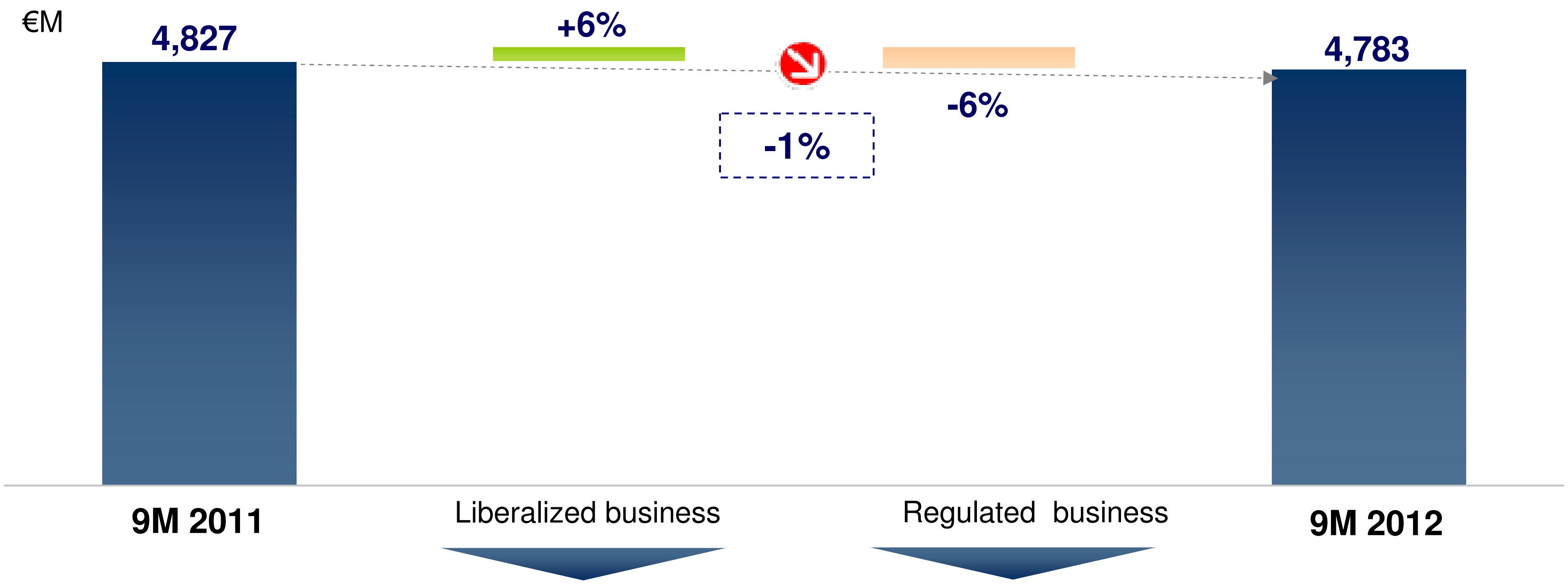
Resilient results despite challenging business context

€M	9M 2012	9M 2011	Change
Revenues	17,442	17,074	**+2%**
Gross margin	4,783	4,827	**-1%**
EBITDA	3,073	3,124	**-2%**
EBIT(1)	1,836	1,993	**-8%**
Net finance expenses	224	318	**-30%**
Net attributable income(2)	1,269	1,465	**-13%**

Impact of latest regulatory measures and non recurrent items on depreciation and lower debt

(1) 2012 D&A includes Endesa Ireland value adjustment (- €67 M), CDM write-off (- €21M)
(2) 9M 2011: €123 M of capital gain from the sale of Endesa Servicios

Positive performance of liberalised margins



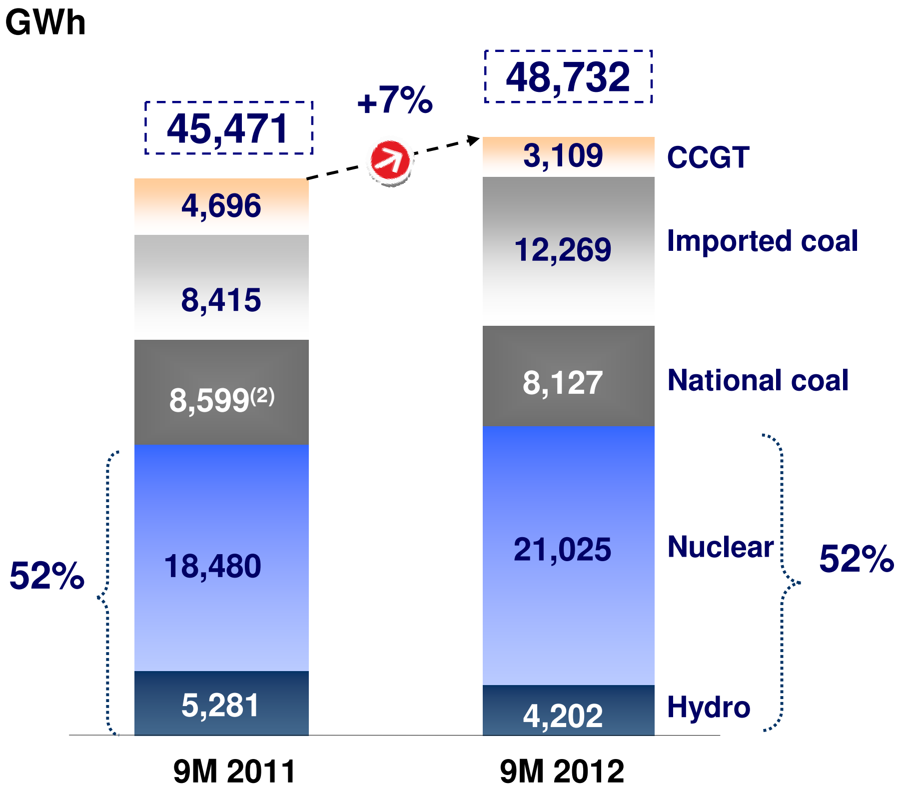
- ↑ Higher sale price to final customer
- ↑ Social bonus (Supreme Court ruling)
- ↑ Generation mix (production/energy purchases)
- ↓ LRT margin

- ↓ Impact of RDL 13/2012 and RDL 20/2012 in Dx and non-mainland generation

€234 M impact of the latest regulatory measures

Liberalized business supported by higher generation and selling prices

Strong increase in mainland output[1]



- National Coal RD in force since end February 2011
- Low CO_2 prices make coal more competitive

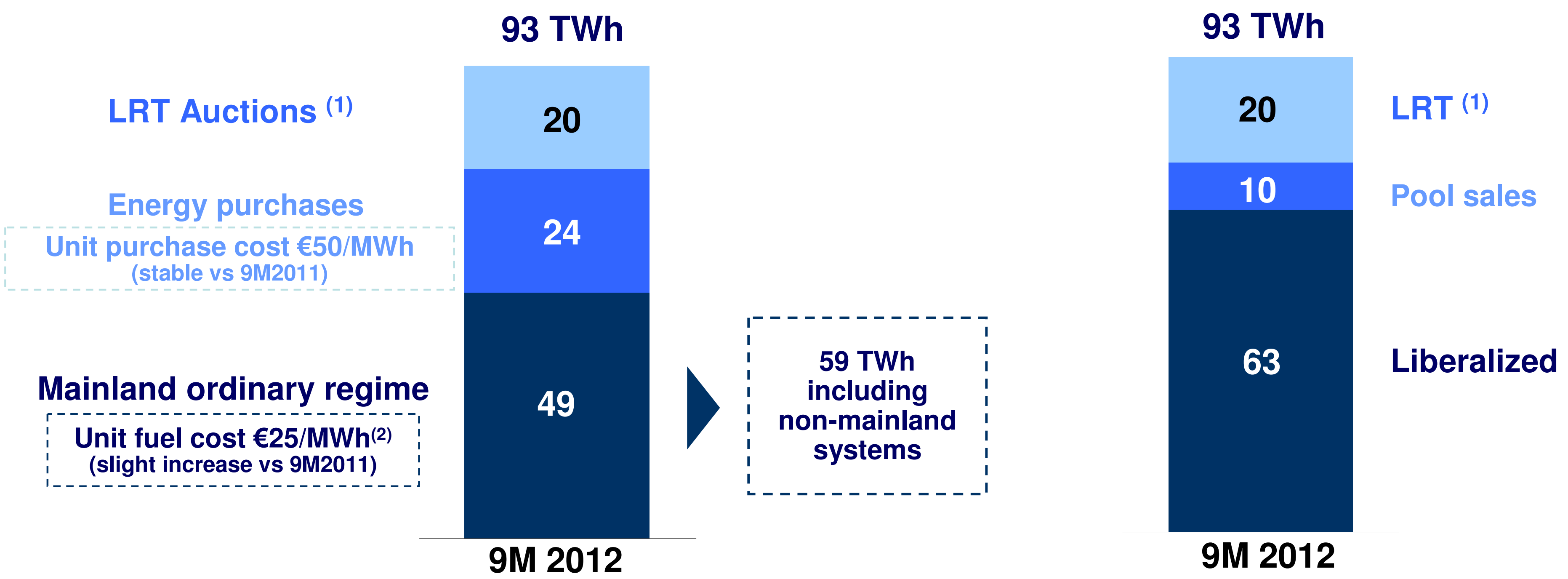
Market margins evolution: wholesale price vs. price to end customers

- **Margin expansion due to higher selling prices and better energy mix** (production/energy purchases)

(1) Does not include Portugal
(2) 7,382 GWh under RD promoting national coal generation

Energy management optimization

Gross electricity sources / Gross electricity sales



Unit variable cost €37/MWh
(stable vs 9M2011)

Unit revenue €62/MWh
(>4 €/MWh vs 9M2011)

- **Increase in electricity unitary margin (+16%) supported by higher generation output and higher underlying selling price**

(1) *LRT: Last resort tariff not considered in calculations for unit cost and unit revenue*
(2) *Includes fuel cost and CO_2*

Focus on core business and portfolio optimization

Endesa Ireland disposal

- Closing of Endesa Ireland sale on 9th October 2012
- Price: €286 M (equity) + €75 M (intercompany loan)

Acquisition of gas customers in Madrid

- Closing of acquisition of 224 thousand gas customers in Madrid
- Price: €34 M

Sale of gas distribution assets in Extremadura

- Sale agreement signed with Cristian Lay subject to approval by authorities
- Transaction to be completed in 4Q'12 – 1Q'13
- Price: €37 M

Sale of 10.6% stake in Euskaltel

- Sale agreement signed with 2 investment funds subject to, among others, approval by regulatory & antitrust authorities
- Transaction to be completed in 4Q 12 – 1Q 13. Base price: €34 M + adjustments/deferred payments

latin america 9M 2012

Highlights in 9M 2012

Resilient to global economic slowdown: distribution sales (+4.6%)(1)

Increase in generation output (+5%) explained by Brazil (+48%), Colombia (+19%) and Chile (+5%)

Generation in Chile: 3rd year of consecutive drought

Brazil: no expected impact from new regulatory proposal

Argentina: worsening results due to unsustainable regulation

(1) Outstanding performance in Brazil (+7%) [Ampla +4% and Coelce +11%], Chile (+5%) and Peru (+5%)

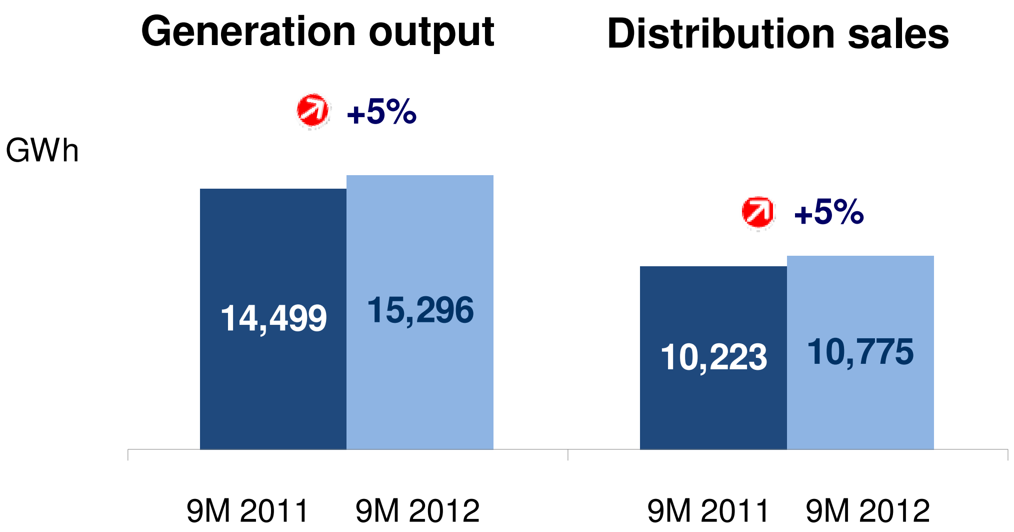
Solid operating results despite difficult business environment

€M	9M 2012	9M 2011	Change
Revenues	8,021	7,530	**+7%**
Gross margin	3,399	3,330	**+2%**
EBITDA	2,384	2,325	**+3%**
EBIT(1)	1,812	1,850	**-2%**
Net finance expenses(2)	372	258	**+44%**
Net income	918	1,153	**-20%**
Net attributable income	393	513	**-23%**

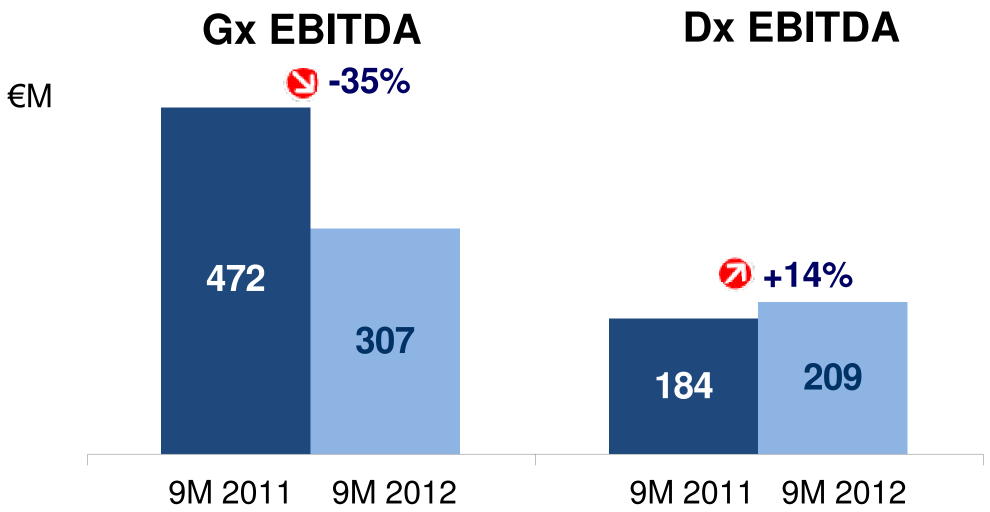
- **€472 M of attributable EBITDA from direct holdings to be contributed to Enersis capital increase**
- **2011 fixed costs: €109 M negative one off from Colombian net worth tax**
- **Positive Fx effect in EBITDA (+ €104 M)**

(1) *2011 D&A includes €31 M of provision reversion from CIEN*
(2) *9M 2011 includes + €36 M from ruling on appeal regarding previous years income tax*

Chile: Severe drought impacting generation results



- **Generation output increased, although hydro still below average**
- **Solid growth in distribution sales**



Unit margin	€28.1/MWh -27%	€28.5/MWh +5%

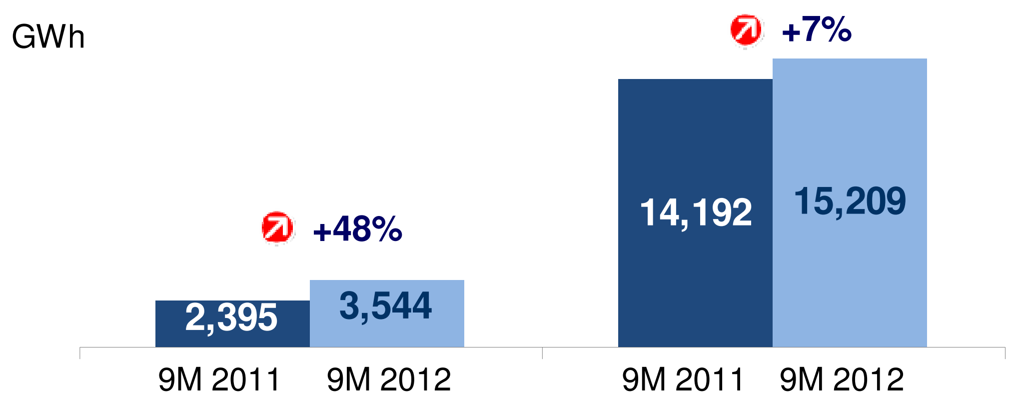
- **Gx:**
  - Operating margin affected by drought and lower selling prices from risk transfer clauses in contracts
  - 9M 11 included €95 M from RM 88
  - Partially compensated by higher sales volume
- **Dx: higher volumes**
- **Fx impact: + €33 M**

Total EBITDA €516 M (-21%) (1)

(1) Does not include holding and services.

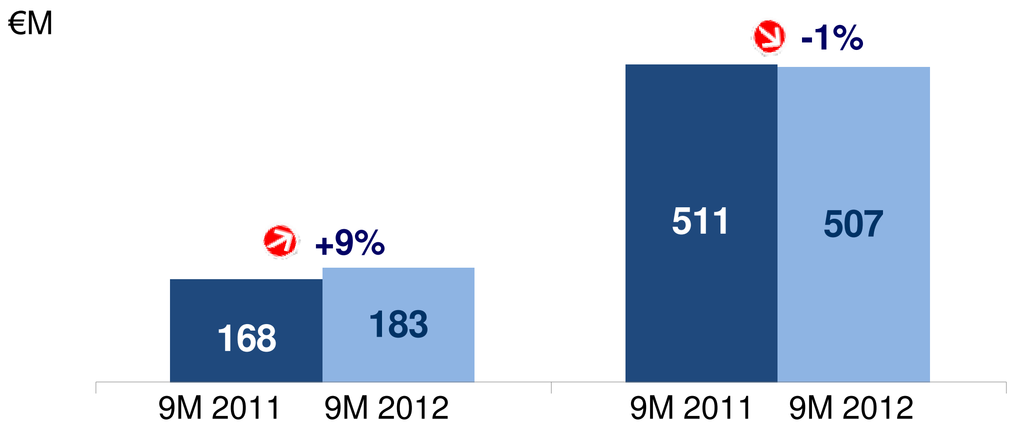
Brazil: better results despite Coelce tariff revision and CIEN one off in 2011

Generation output | **Distribution sales**



- **Higher generation (+48%) supported by higher hydro output (+35%) and thermal dispatch**
- **Higher distribution volumes due to weather conditions and increased client base**

Gx EBITDA | **Dx EBITDA**



Unit margin	€37.3/MWh	-1%	€50.2/MWh	-7%

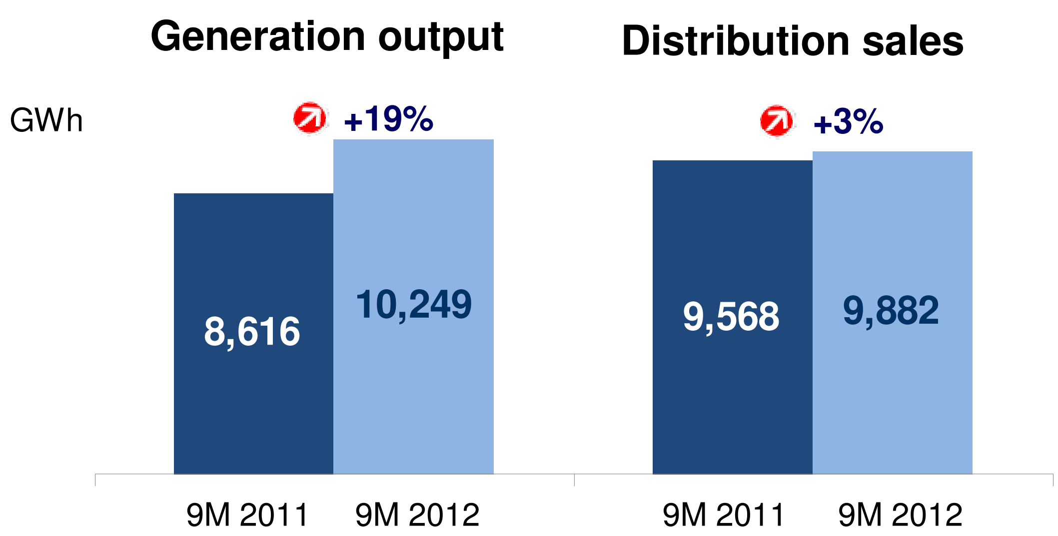
- **Gx: higher volumes and prices in Cachoeira offsets lower prices and higher fuel costs in Fortaleza.**
- **Dx: Higher volumes and better clients mix offset by tariff revision in Coelce**
- **Fx impact: - €53 M**

- **CIEN: New remuneration scheme (+ €28 M)(1) offset by reversal provision in 9M 2011 (- €39 M)**

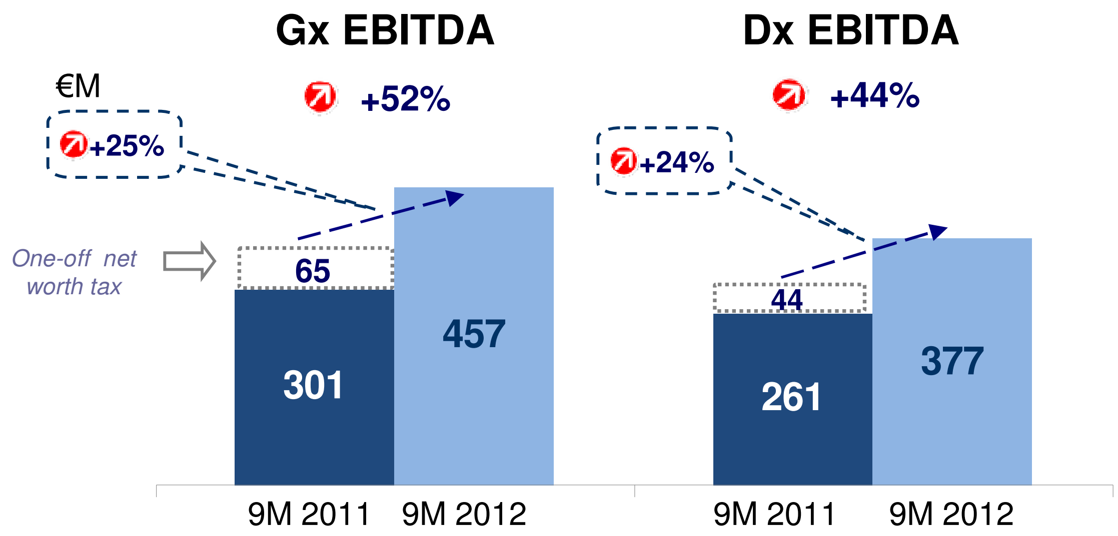
Total EBITDA €786 M (+3%)(2)

(1) CIEN interconnection recognized as regulatory asset in April 2011. (2) Includes CIEN interconnection

Colombia: outstanding performance even stripping out net worth tax in 2011



- **Strong increase in generation due to better hydro conditions**
- **Higher sales due to increase in demand**



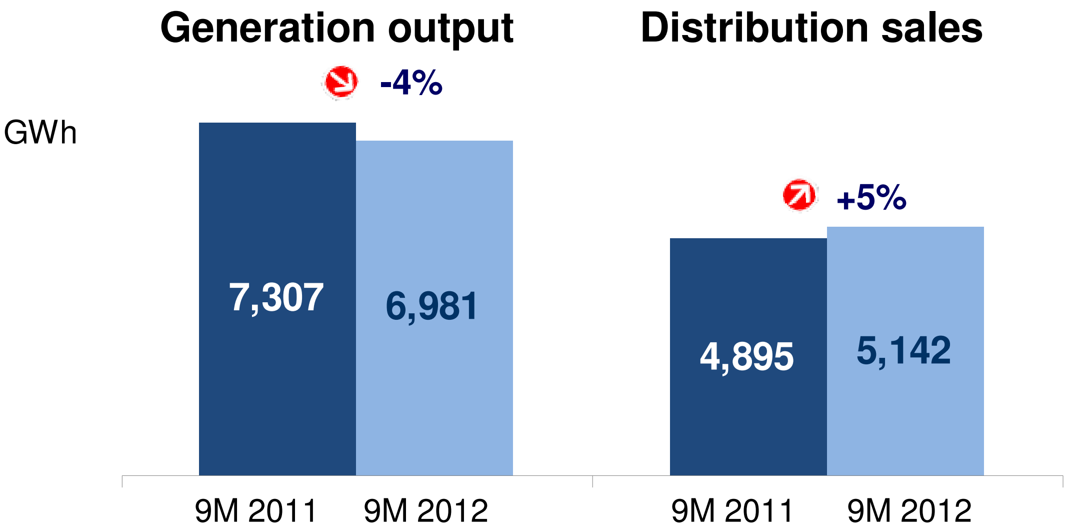
Unit margin	€40.1/MWh +12%	€49.2/MWh +17%

- **Gx:**
  - Higher output, higher capacity payments and positive Fx (€47 M)
  - 9M 11 net worth tax: - €65 M
- **Dx:**
  - Higher volumes, lower energy purchase cost
  - 9M 11 net worth tax: - €44 M
- **Fx impact: + €86 M**

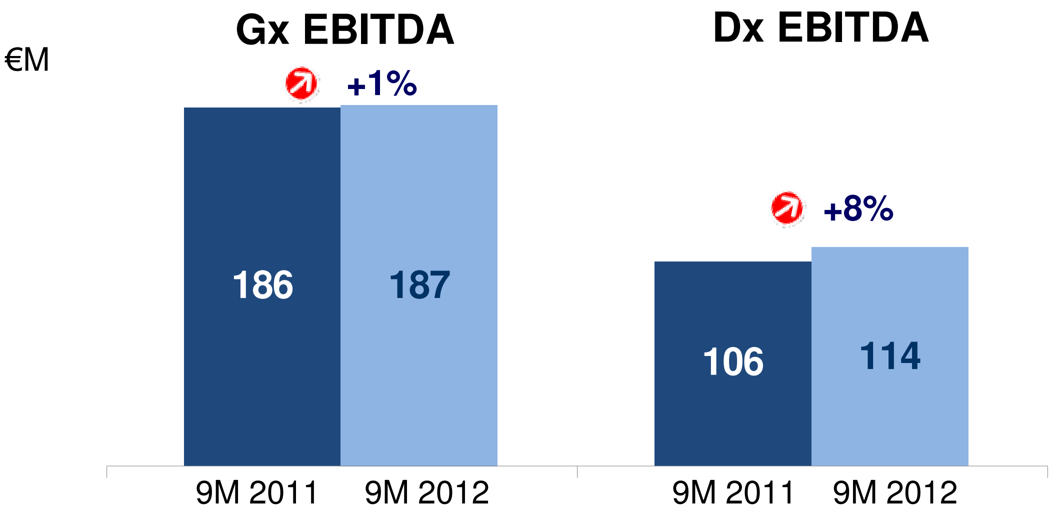
Total EBITDA €834 M (+48%)(1)

(1) +24% stripping out net worth tax

Peru: stable results



- Stable hydro output and lower thermal generation
- Higher sales supported by economic growth

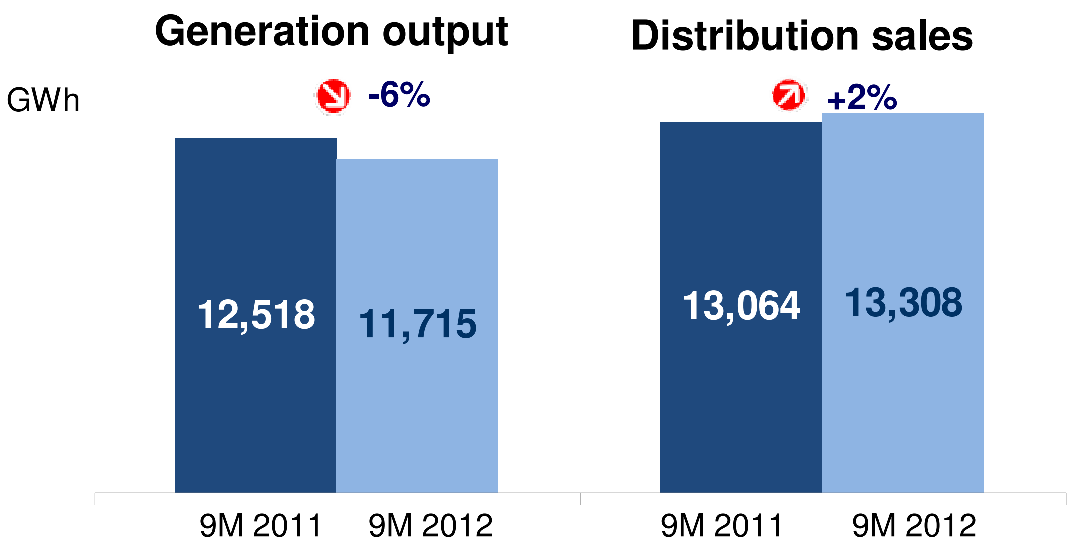


- Gx: higher selling prices and capacity payments offset by lower gas revenues
- Dx: higher volume
- Fx impact: + €38 M
- Positive one-off in 9M 11

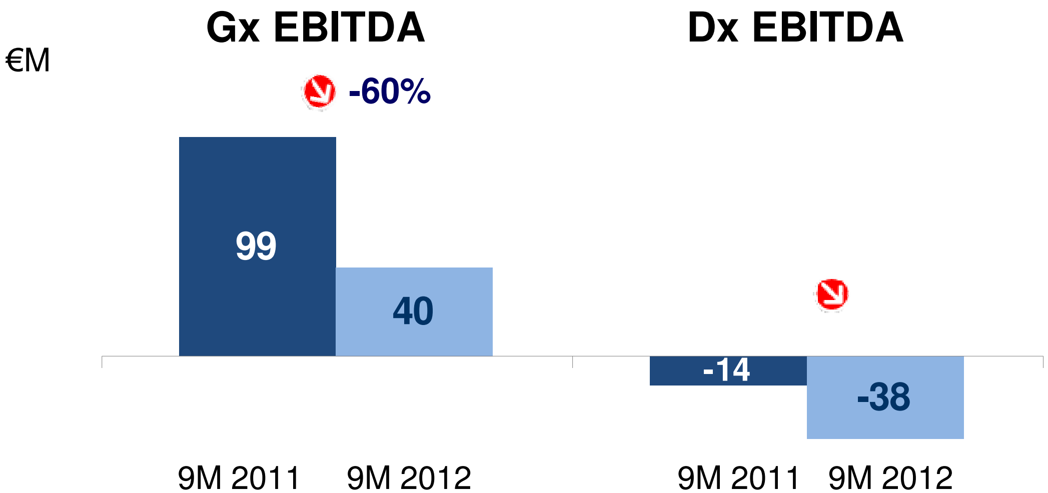
Unit margin €29.4/MWh +12% €30.7/MWh +13%

Total EBITDA €301 M (+3%)

Argentina: worsening situation due to unsustainable conditions



- Thermal output decreases due to planned outages and lower dispatch
- Slowdown in distribution volumes



Unit margin	€7.1/MWh -31%	€12.9/MWh +11%

- Gx: lower output and higher fixed costs due to inflation coupled with non-extension in 2012 of regulatory agreements
- Dx: higher personnel and maintenance costs
- No material Fx impact

Total EBITDA (1) €2 M (-98%)

(1) Does not include CIEN interconnection

final remarks 9M 2012

Final remarks

Spain

Stable operating results in Spain & Portugal despite negative impact from regulatory measures and weak market conditions

A number of improvements to the announced regulatory measures are needed

Latin America

Solid operating results in Latin America

Progress achieved in the proposed transaction to consolidate the group investment platform

appendices 9M 2012

Installed capacity and output(1)

Installed capacity

MW at 30/09/12	Spain& Portugal&Others	Endesa Latin America	Total
Total	**24,306**	**15,810**	**40,116**
Hydro	4,716	8,666	13,382
Nuclear	3,681	-	3,681
Coal	5,805	522	6,327
Natural gas	4,878	3,960	8,838
Oil-gas	5,226	2,575	7,801
CHP/Renewables	na	87	87

Output

TWh 9M 2012 (chg. vs. 9M 2011)	Spain& Portugal&Others		Endesa Latin America		Total	
Total	**60.8**	**+6%**	**47.8**	**+5%**	**108.6**	**+6%**
Hydro	4.2	-20%	26.9	+17%	31.2	+10%
Nuclear	21.0	+14%	-	-	21.0	+14%
Coal	23.6	+20%	1.7	+13%	25.4	+19%
Natural gas	4.6	-28%	14.4	-11%	18.9	-16%
Oil-gas	7.4	-1%	4.5	+2%	11.9	+0%
CHP/Renewables	na	na	0.2	+26%	0.2	+26%

(1) Includes data for fully consolidated companies and jointly-controlled companies accounted for using proportionate consolidation

Latin America: generation and distribution figures

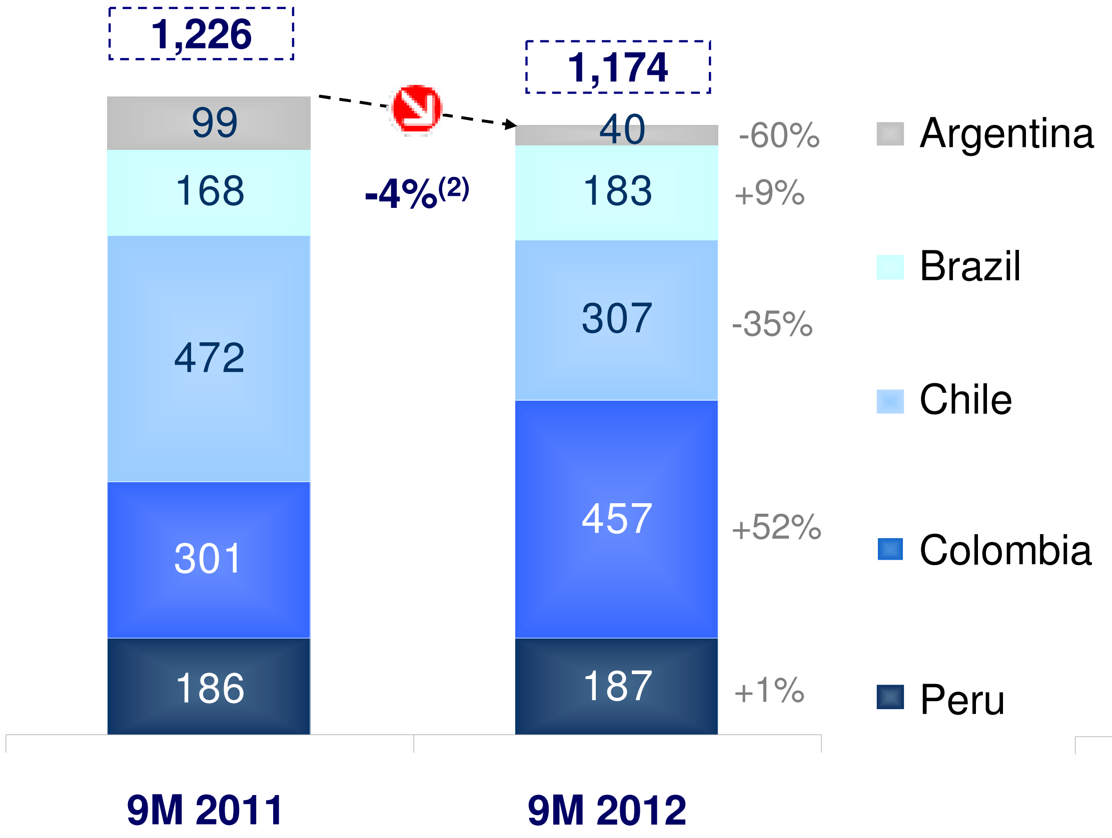
Generation Output
GWh

Distribution Sales
GWh

Latin America: Ebitda break down by country and business nature

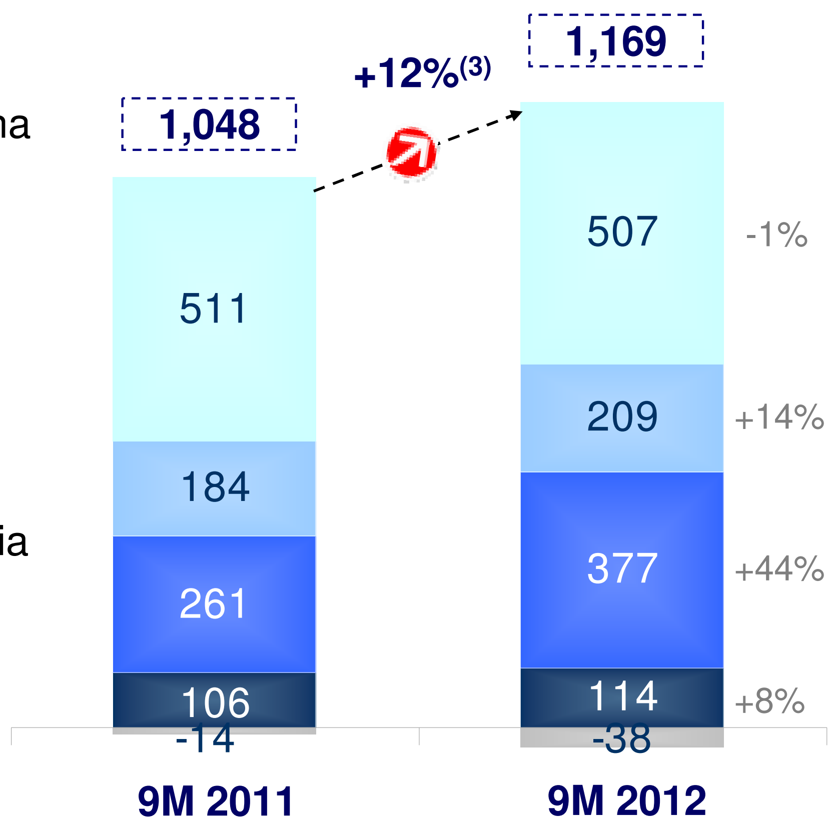
Ebitda Generation(1)

€M



Ebitda Distribution

€M



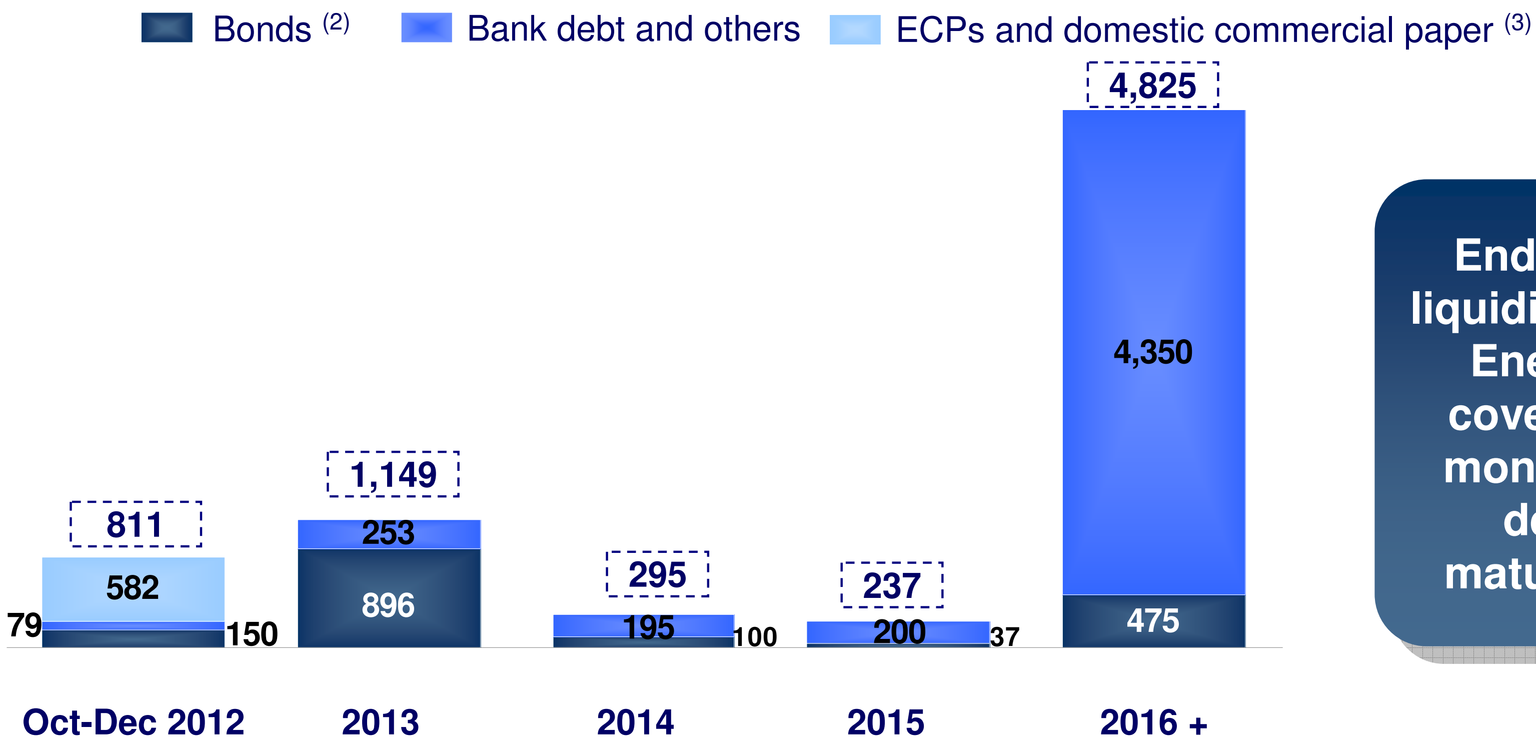
Unit margin **€29.0**/MWh → **€27.1**/MWh **-6%**

Unit margin **€33.3**/MWh → **€34.7**/MWh **+4%**

(1) Does not include CIEN interconnection
(2) -9% stripping out Colombian net worth tax
(3) +7% stripping out Colombian net worth tax

Endesa (excl. Enersis): financial debt maturity calendar

Gross balance of maturities outstanding at 30 September 2012: €7,317 M(1)



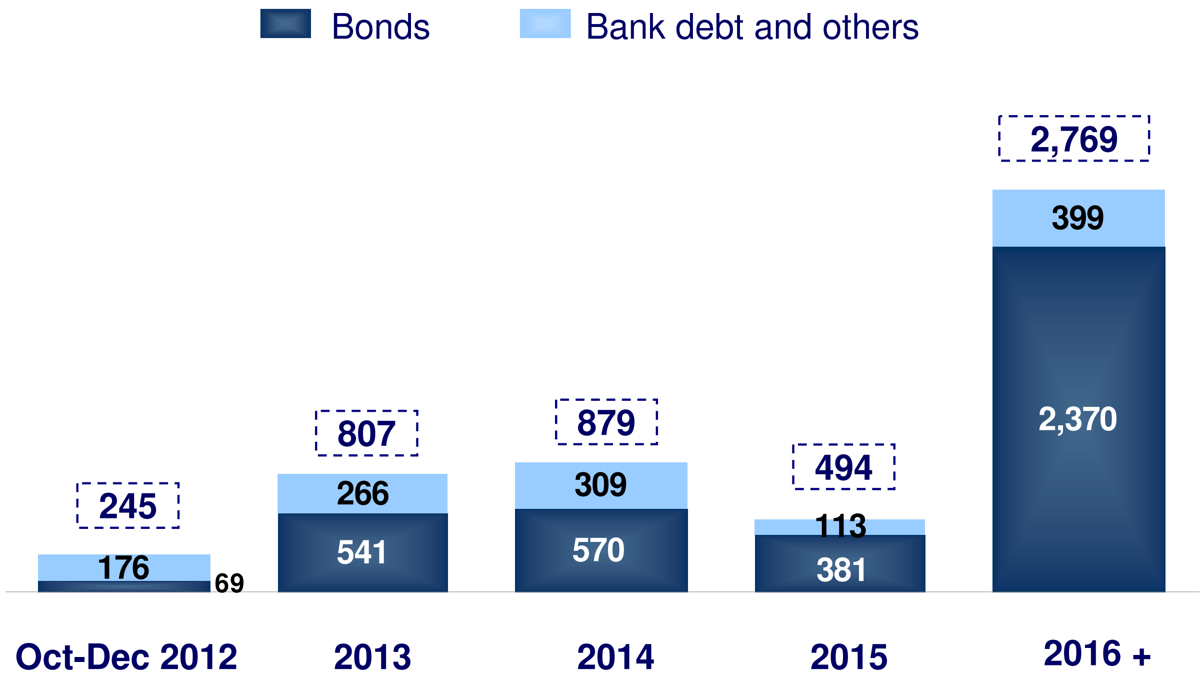
Endesa's liquidity excl. Enersis covers 41 months of debt maturities

- **Liquidity €3,994 M**
  - **€524 M in cash**
  - **€3,470 M available in credit lines**
- **Average life of debt: 4.5 years**

(1) This gross balance differs from the total financial debt figure as it does not include outstanding execution costs or the market value of derivatives which do not involve any cash payment.
(2) Includes preference shares
(3) Notes issued are backed by long-term credit lines and are renewed on a regular basis.

Enersis: financial debt maturity calendar

Gross balance of maturities outstanding at 30 September 2012: €5,194 M[1]



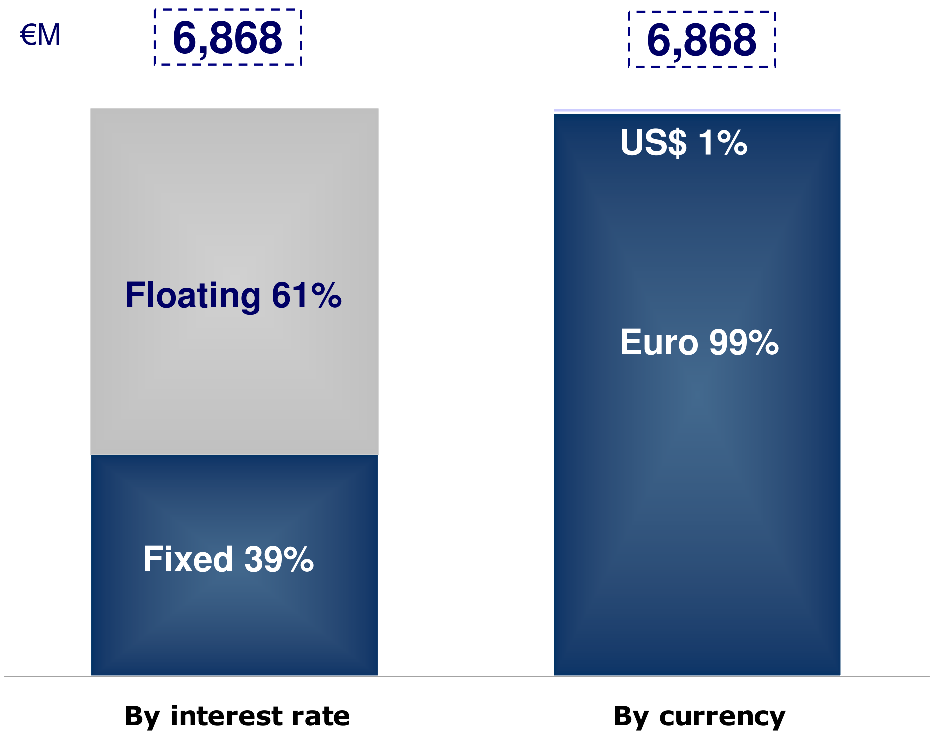
Enersis has sufficient liquidity to cover 15 months of debt maturities

- **Liquidity €1,977 M:**
  - **€1,282 M in cash**
  - **€695 M of syndicated loans available**
- **Average life of debt: 5.3 years**

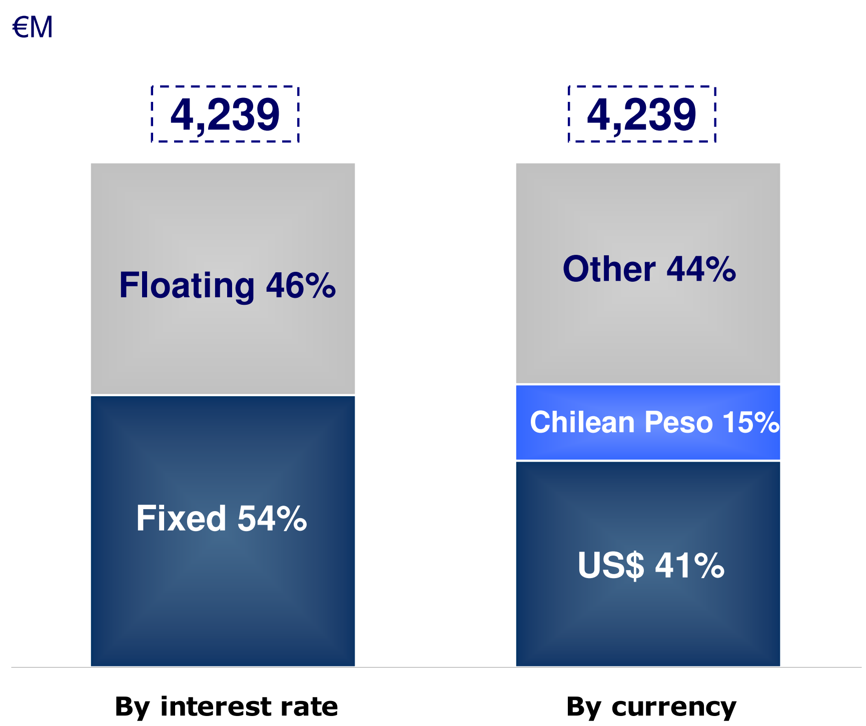
(1) This gross balance differs from the total financial debt figure as it does not include outstanding execution costs or the market value of derivatives which do not involve any cash payment.

Financial policy and net debt structure

Structure of Endesa's net debt ex-Enersis



Enersis net debt structure



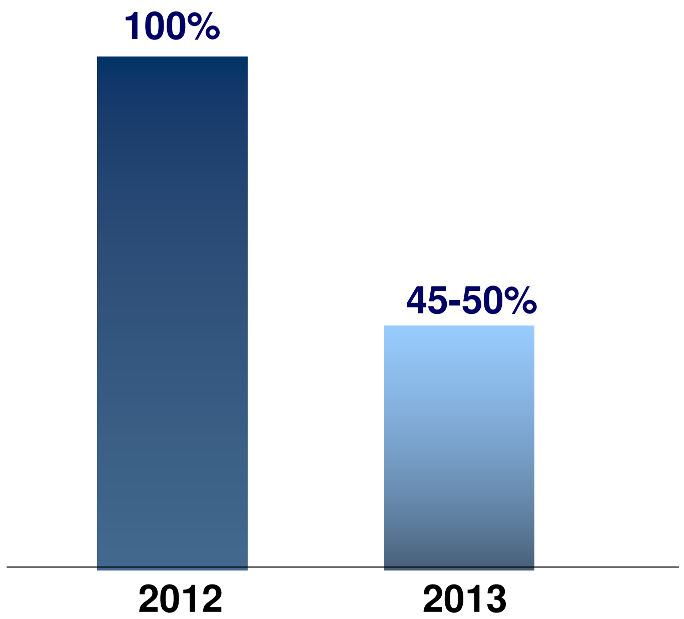
Average cost of debt	3.8%	8.5%

- Net debt structure: debt in currency in which operating cash flow is generated
- Policy of self-financing: Latin America subsidiaries are financed on a stand-alone basis

Data as of 30 September 2012
(1) Includes "Unidades de Fomento"

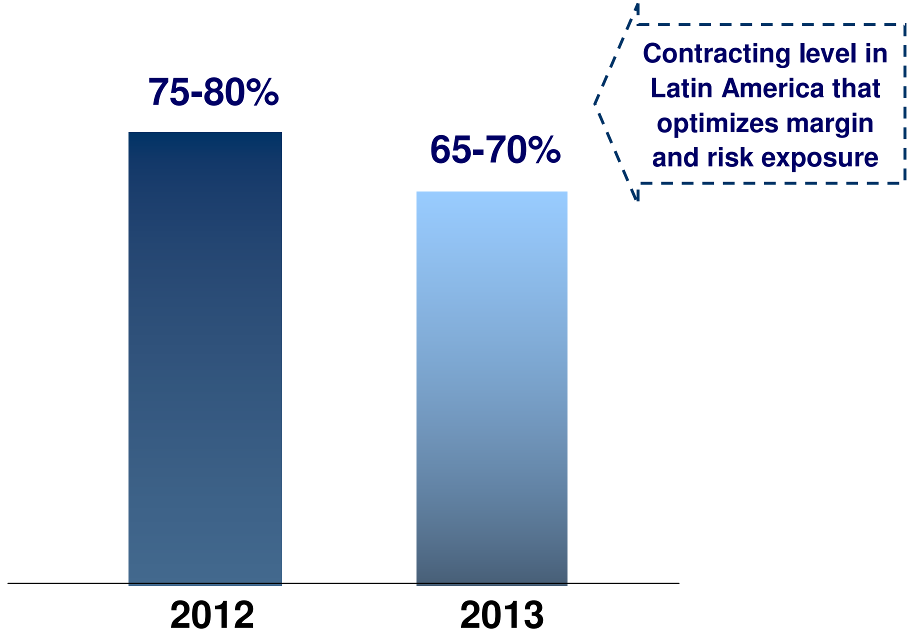
Well on track on forward sales strategy

Spain & Portugal
(% estimated mainland output hedged)



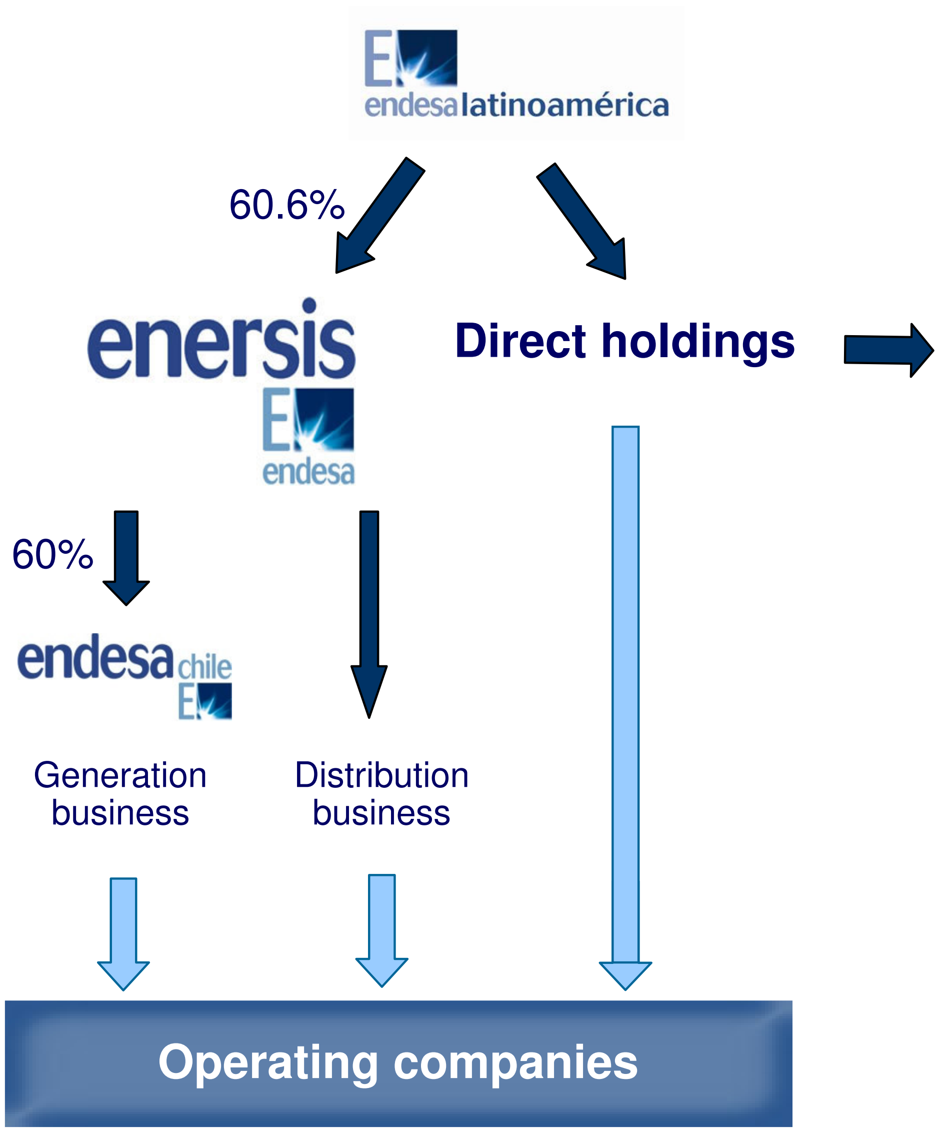
Consistent commercial policy

Latin America
(% estimated output hedged)



32% of the generation sold via contracts > 5 yrs and 22% via contracts > 10 yrs

Endesa has major direct holdings in companies other than Enersis in Latin America



€M	% direct stake	Proportionate 9M 2012 EBITDA	Proportionate 30.09.2012 Net debt
Codensa	26.7%	98	84
Emgesa	21.6%	99	175
Endesa Brasil	28.5%	213	-30
Ampla(1)	7.7%	22	38
Edesur	6.2%	-2	2
DockSud	40%	3	19
Cemsa	55%	0	-6
Edelnor	18%	21	45
Piura	96.5%	20	22
S.Isidro	4.4%	0	0
Proportionate total		**472(2)**	**350(2)**

(1) Includes Ampla & Ampla Investimentos (both acquired in October 2011)
(2) Differences between single company data and aggregate data is due to rounding error

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 CCGTs 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.

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