

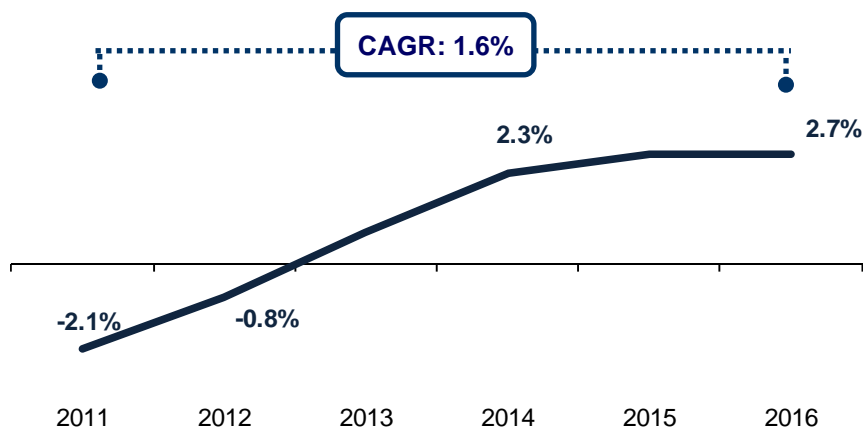
08 | 03 | 2012

# endesa strategic plan update 2012-16

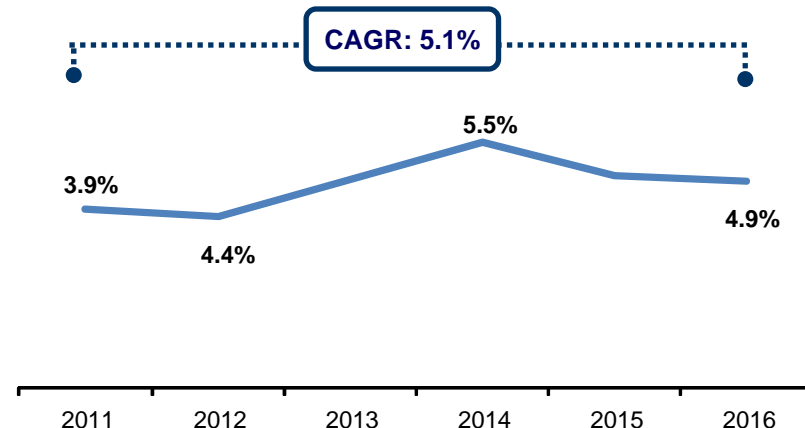


## Market context

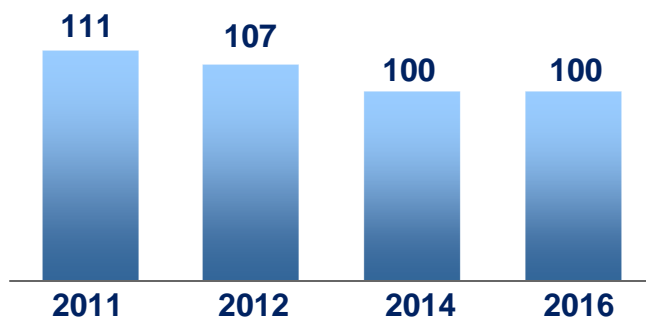
### Spain: demand evolution<sup>(1)</sup>



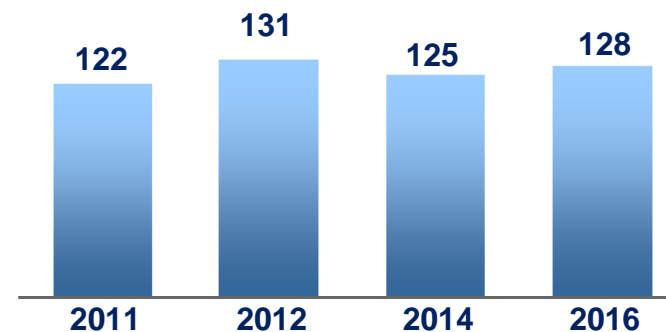
### Latin America: demand evolution<sup>(2)</sup>



### Commodities: brent (US\$/bbl)



### Commodities: coal<sup>(3)</sup> (US\$/ton)



(1) Includes non-mainland systems

(2) Brazil, Chile (CIS), Colombia, Peru & Argentina. Country demand where Endesa operates average growth weighted by Endesa's production

(3) CIF ARA

## Strategic guidelines

**Operational  
excellence**

**Tight control in  
capex**

**Leadership in free  
market**

**Margins resilience**

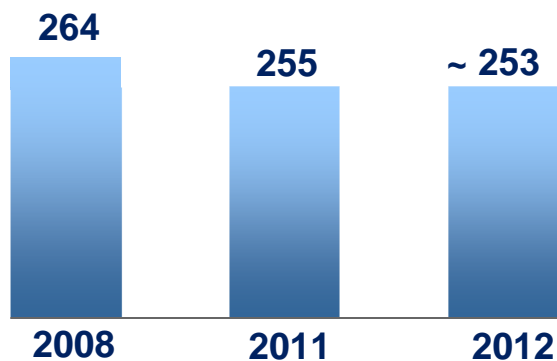
- Proactive with regulation
- Synergies & Zenith plan
- Cash optimization: Selective “just in time” investments
- Energy management: leverage on “short position” strategy with limited risk exposure
- Complete reorganization in distribution
- Maintain quality of service and grid modernization

**Focus on profitability and leadership consolidation**

## 2012 outlook

### Electricity demand<sup>(1)</sup> (TWh)

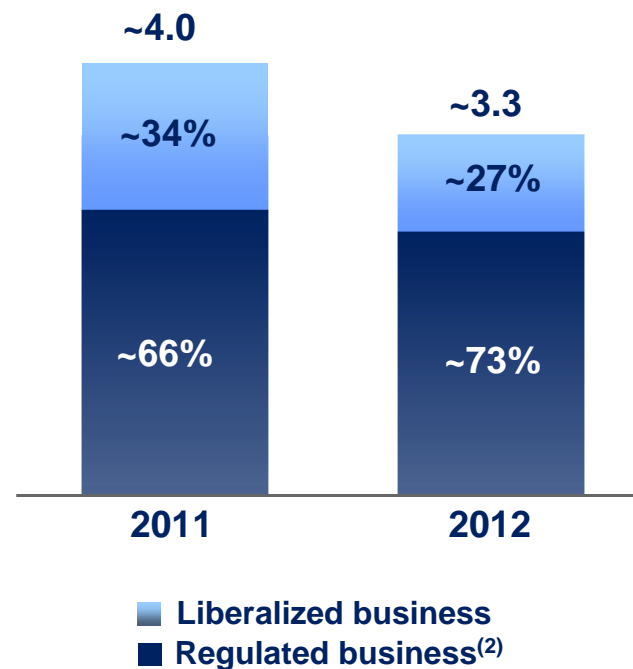
CAGR 2008-2012: -1.1%



### Endesa's 2012 main parameters

- LRT + social bonus
- Lower Islands margin
- Gas supply

### EBITDA (€Bn)



**Demand decline and increasing commodities prices**

(1) Includes non-mainland systems

(2) Regulated activities include also non-mainland operations


## Strategic guidelines

**Organic growth opportunities**

**Cash optimization**

**Structure optimization**

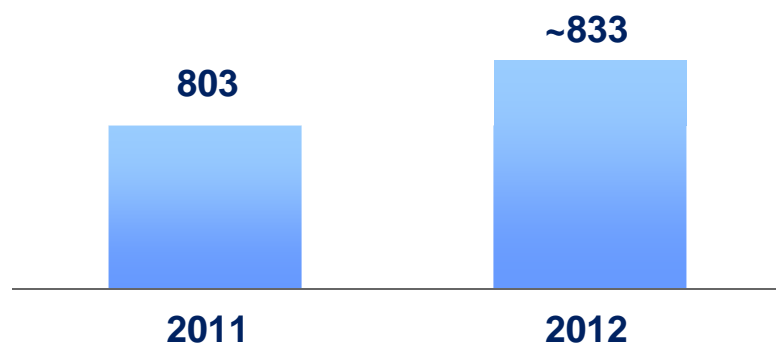
**Operational excellence**

- 
- Generation: ~1.1 GW additional capacity (Bocamina II 370 MW, Quimbo 400 MW, Talara 183 MW, Casalaco 144 MW) & increasing pipeline Distribution: ~1.8 mn new clients over the period
  - Optimize companies tariffs reviews
  - Pursue new regulatory model in Argentina
  - Capture opportunities to optimize current structure
  - Synergies & Zenith plan, Operational excellence
  - Cash optimization: Selective “just in time” investments

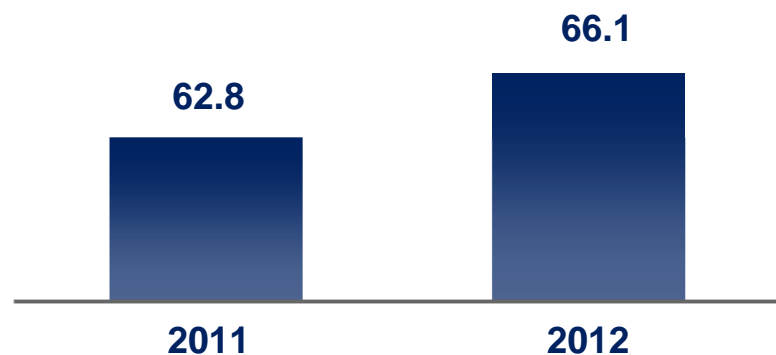
**Consolidate leadership position**

## 2012 outlook

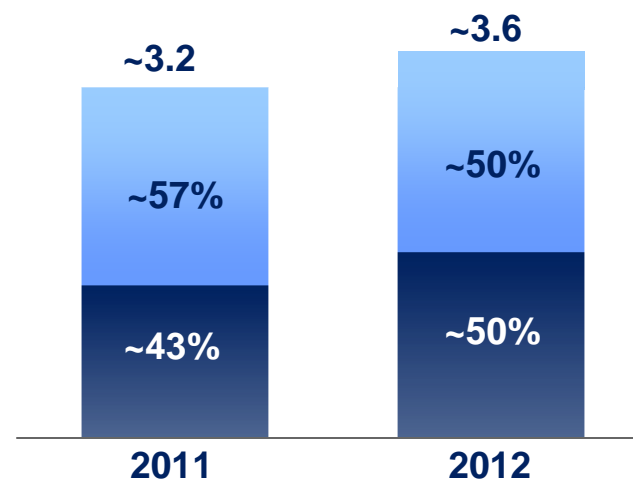
### Electricity demand<sup>(1)</sup> (TWh)



### Endesa output (TWh)



### EBITDA (€Bn)

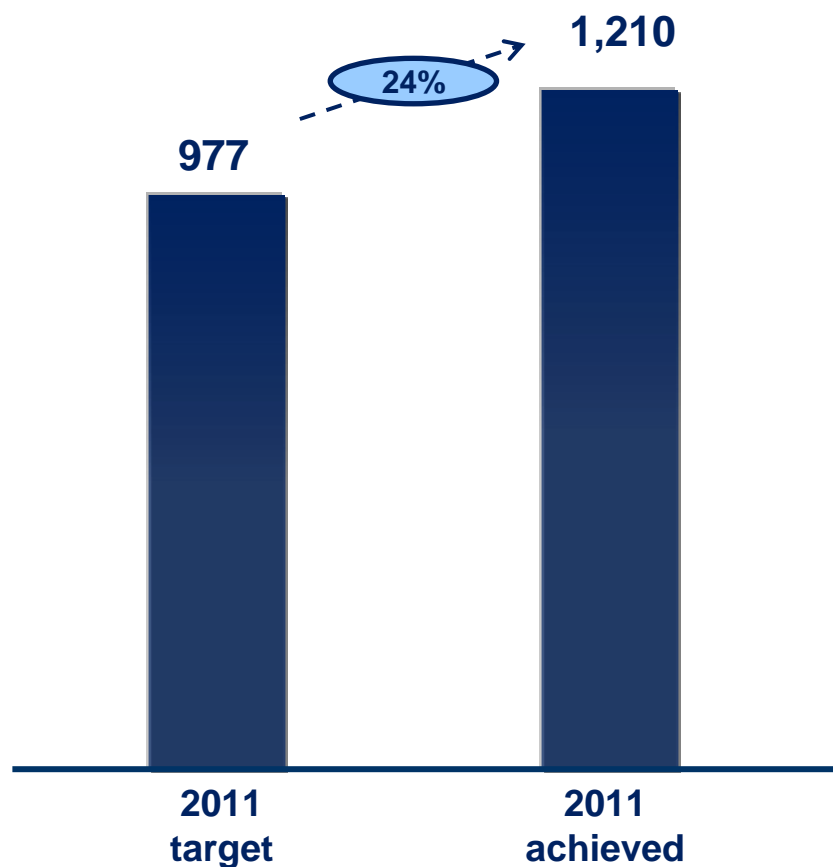


■ Liberalized business  
■ Regulated business

**Organic growth to boost profitability**

(1) Countries where Endesa operates

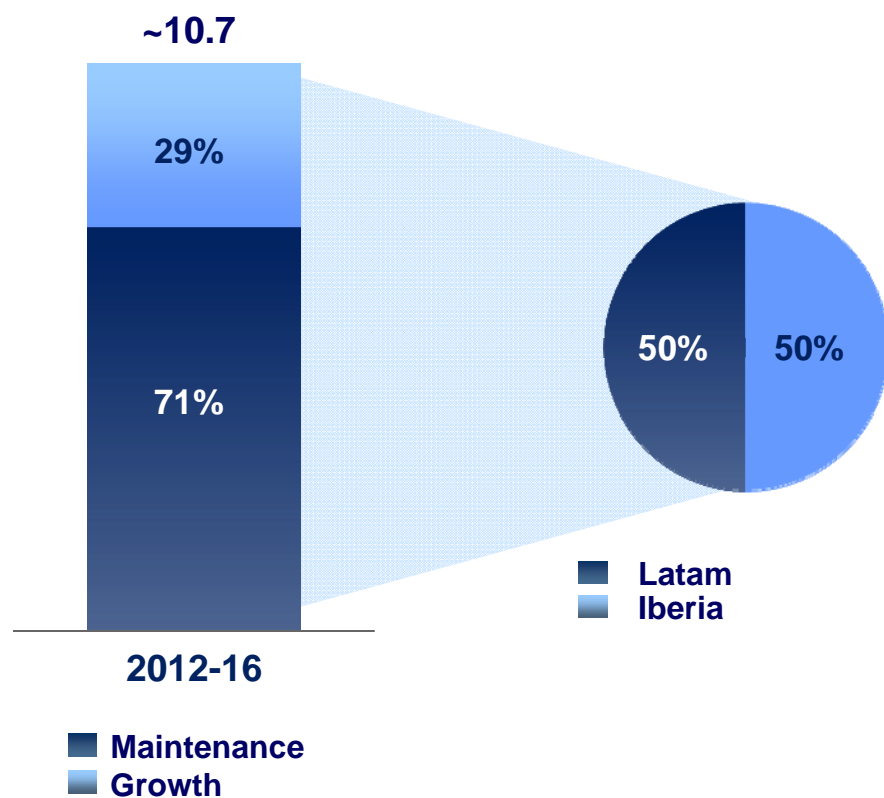
## Recurring 2012 synergy + zenith target



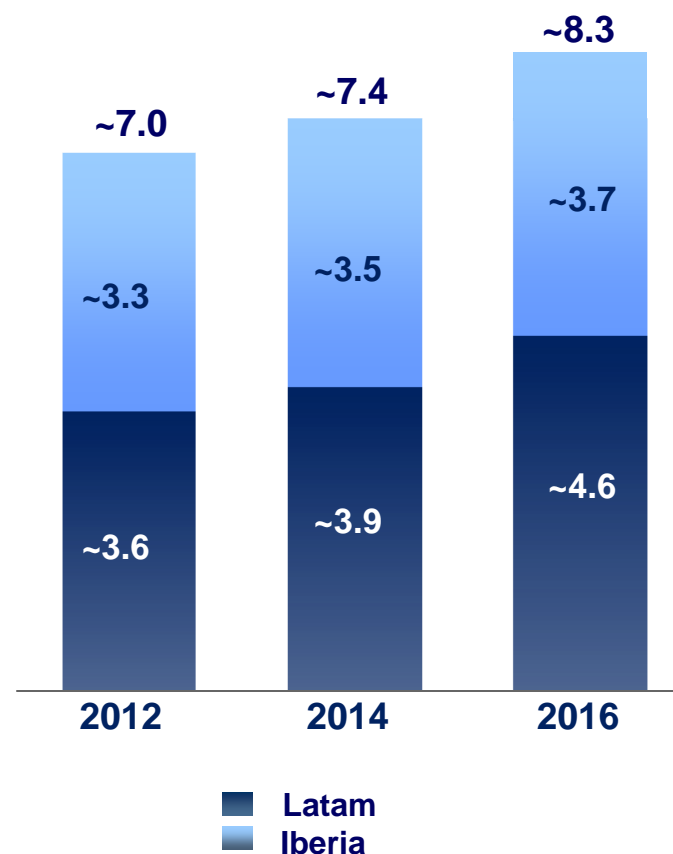
- 2011: exceeding target by 24%
- 2012: 2012 onwards recurring approx. at same value 2011 achieved

## Overall targets

### Capex programme<sup>(1)</sup> (€Bn)



### EBITDA (€Bn)



- **Conservative investment profile with a 2.6% EBITDA CAGR 2011-16**
- **Dividends<sup>(2)</sup>** (30% pay-out against 2011 results & to be decided year on year against 2012-2016 results)

(1) Net of connection fees  
(2) To be paid once a year

## 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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