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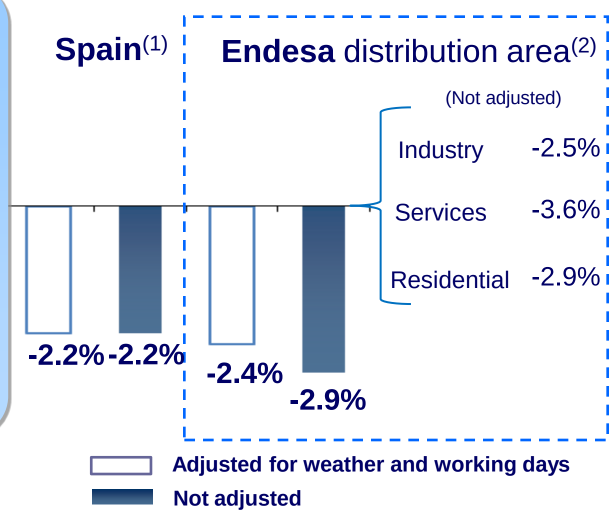
endesa FY 2013 results

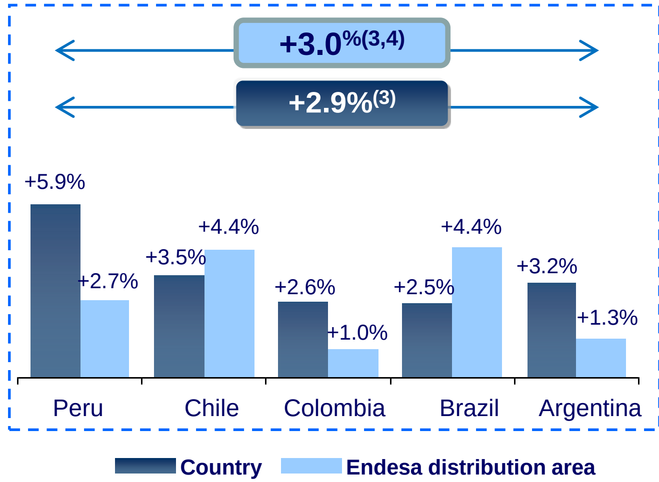
endesa

Business context in 2013

Demand

Spain: demand decrease in all client categories, particularly in the services segment



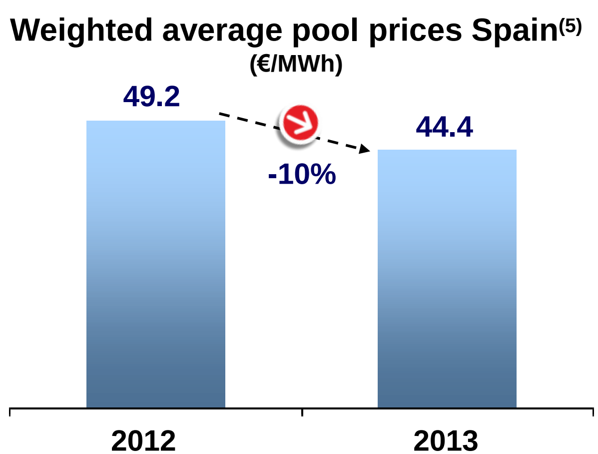


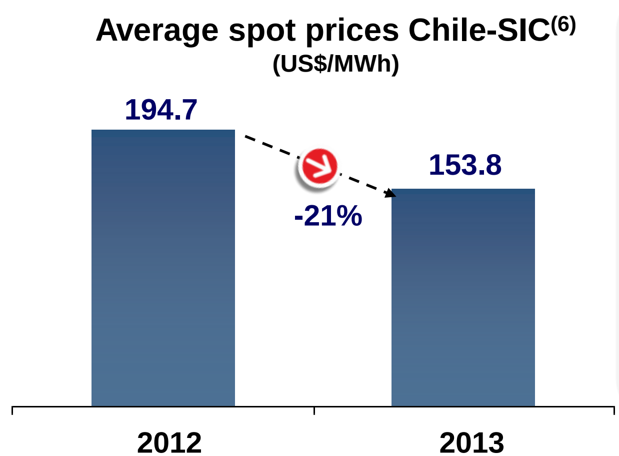
Latin America: healthy growth in both Endesa distribution area and country demand

(1) Mainland. Source: REE
(2) Mainland. Source: Endesa's own estimates
(3) Average growth weighted by TWh (not adjusted)
(4) Tolls and unbilled consumption not included (net of losses)

Electricity wholesale prices

Spain: decrease in prices due to weak demand and exceptional weather conditions





Chile: despite 4th consecutive dry year, significant price decrease due to new coal-fired plants in the system and anticipated melting season

(5) Excluding ancillary services and capacity payments. €44.3 /MWh average baseload equivalent (2013).
(6) Alto Jahuel node price

endesa

Operating results affected by regulatory measures in Spain while improving in LatAm in spite of unfavourable evolution of exchange rates and of drought

€M	2013	2012	Change
Revenues	31,203	33,933	**-8%**
Gross margin	10,414	10,828	**-4%**
EBITDA	6,720	7,005	**-4%**
Spain&Portugal	3,277	3,796	**-14%**
Latin America	3,443	3,209	**+7%**
EBIT	4,302	4,418	**-3%**
Net finance expenses(1)	344	599	**-43%**
Net attributable income	1,879	2,034	**-8%**
Spain&Portugal	1,176	1,410	**-17%**
Latin America	703	624	**+13%**

Iberia:

- **Regulatory impact (measures taken in 2012 & 2013): -€1,329 M**
- **Retroactive social bonus (July 2009 – Dec 2011) with positive EBITDA impact : +€102 M**
- **Retroactive Non-mainland generation (2012–13) with negative EBITDA impact : -€97 M**

LatAm:

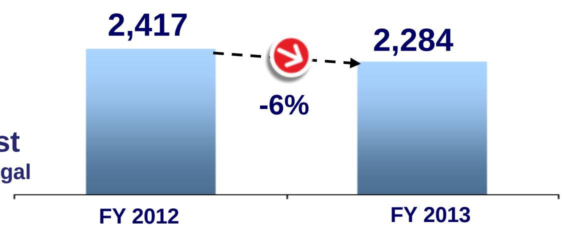
- **Fx negative impact: -€349 M**
- **Retroactive (2007-12) and ordinary MMC (inflation index) recognition in Argentina: +€381 M**

(1) - Update provisions to cover obligations relating the workforce reduction programme in force: -€76 M in 2012 and +€11 M in 2013
- 2013 includes +€40 M from MMC retroactive booking in Argentina
- Update of the valuation of assets associated to distribution concessions in Brazil after enactment of Law 12,783/13 +€180 M in 2012 and +€83 M in 2013

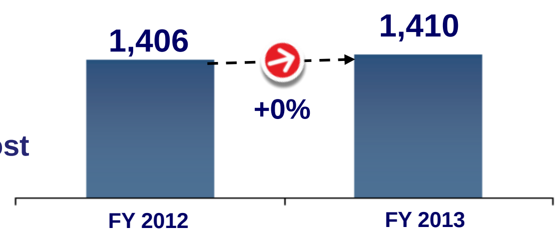
Managerial actions put in place in order to preserve cash flow in 2013

Cash flow preservation as a priority driver

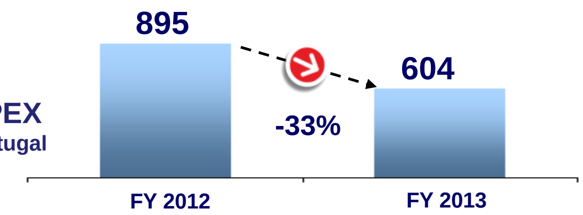
- **Fixed Cost**
  Spain&Portugal



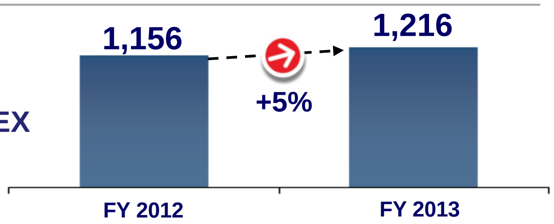
- **Fixed Cost**
  LatAm



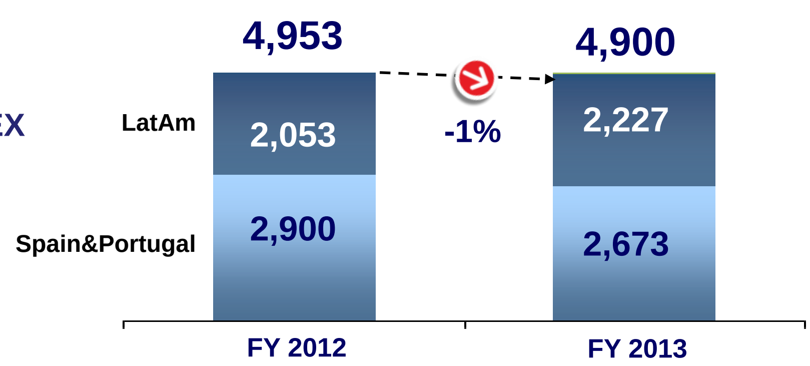
- **Net CAPEX**
  Spain&Portugal



- **Net CAPEX**
  LatAm



- **EBITDA-CAPEX**



- **Spain: further reduction in fixed costs and CAPEX**
- **LatAm: fixed costs and CAPEX contention in a growth context**

Spain: regulation update

1. Current status

2. Impacts summary

3. Measures approved so far (regulated activities):
   - Non-mainland generation
   - Distribution

4. Focus on liberalized activities:
   - Spanish wholesale prices among the lowest in EU
   - Energy bill cost structure (EU vs. US & Australia)
   - Spanish energy bill cost structure
   - Competition development in the electricity retail market
   - New methodology for voluntary price for small customers (SCVP)

Spain: regulation update -current status-

1

	Legal disposition	Allegations	CNE/CNMC report	State Council report	Date approval /publication	In force
Laws	1. RDL 9/2013	-	-	-	13/07/2013	In force
	2. New electricity sector Law (Law 24/2013)	-	✓	✓	30/12/2013	In force
Royal Decrees	1. Distribution (RD 1048/2013)	✓	✓	✓	30/12/2013	In force
	2. Transmission (RD 1047/2013)	✓	✓	✓	30/12/2013	In force
	3. Renewables and CHP	✓	✓	✓		
	4. Capacity, Mothballing and 2nd markets	✓	✓	X		
	5. Non-mainland generation	✓	✓	X		
	6. Net balance	✓	✓	X		
	7. Supply	✓	✓	X		
	8. PVPC (small customer voluntary price)	✓	X	X		
Ministe-rial Order	1. TPA review (Order IET 1491/2013)	✓	✓	-	03/08/2013	In force
	2. Dx & Tx for 2H '13 (Order IET 2442/2013)	✓	✓	-	28/12/2013	In force
	3. Fossil fuel for RES (solar thermal)	✓	✓	-		
	4. Interruptibility (Order IET 2013/2013)	✓	✓	-	01/11/2013	In force

✓ Received/submitted X Pending - N.A.

Spain: regulation update -regulatory impacts summary-

2

Endesa: Regulatory impacts

	2013 FY impact	Recurring Impact (FY basis)
Legislation issued in 2012		
▪ RDL 13/2012:		
✓ Decrease in distribution and transmission remuneration ✓ Other measures: capacity payments decrease, national coal, etc.	≈ - €0.3 bn	≈ - €0.3 bn
▪ RDL 20/2012:		
✓ Decrease in non-mainland generation	≈ - €0.1 bn	≈ - €0.1 bn
Legislation issued in 2013		
▪ Law 15/2012: ✓ Sets 4 kinds of taxes affecting generation	≈ - €0.7 bn	≈ - €0.9 bn
▪ RDL 2/2013: ✓ Sets a lower CPI reference for regulated activities	≈ - €0.1 bn(1)	≈ - €0.1 bn
▪ RDL 9/2013 & rest of regulatory developments: ✓ Retroactive measures for non-mainland systems ✓ New methodology for distribution ✓ Obligation to finance social bonus ✓ Capacity payments reduction	≈ - €0.2 bn(2)	≈ - €0.4 bn
	Σ ≈ - €1.3 bn	**Σ ≈ - €1.7 bn**

(1) €22 M impact for FY 2013

(2) €275 M impact for FY2013, since just applied to 2H2013

Measures approved so far (Regulated activities): non-mainland generation

3.1

Non-mainland generation

Regulatory impact on non-mainland generation

	Recurring Impact **(FY basis)**
▪ RDL 13/2012: ✓Reduction capacity payments >25 yrs [1]	N.A.
▪ RDL 20/2012: ✓Reduction of regulated remuneration level ✓10% reduction in O&M recognition ✓No recognition of recurrent investments	≈ - €100 M
▪ Law 15/2012: ✓Sets 4 kinds of taxes affecting generation	≈ - €200 M
▪ RDL 2/2013: ✓Sets a lower CPI reference for regulated activities	- €10 M
▪ Draft RD non-mainland systems: ✓Retroactive measures for non-mainland systems	- €115 M
	Σ ≈ - €425 M

(1): Finally enacted thru RDL 9/2013

Measures approved so far (Regulated activities): remuneration of distribution (I)

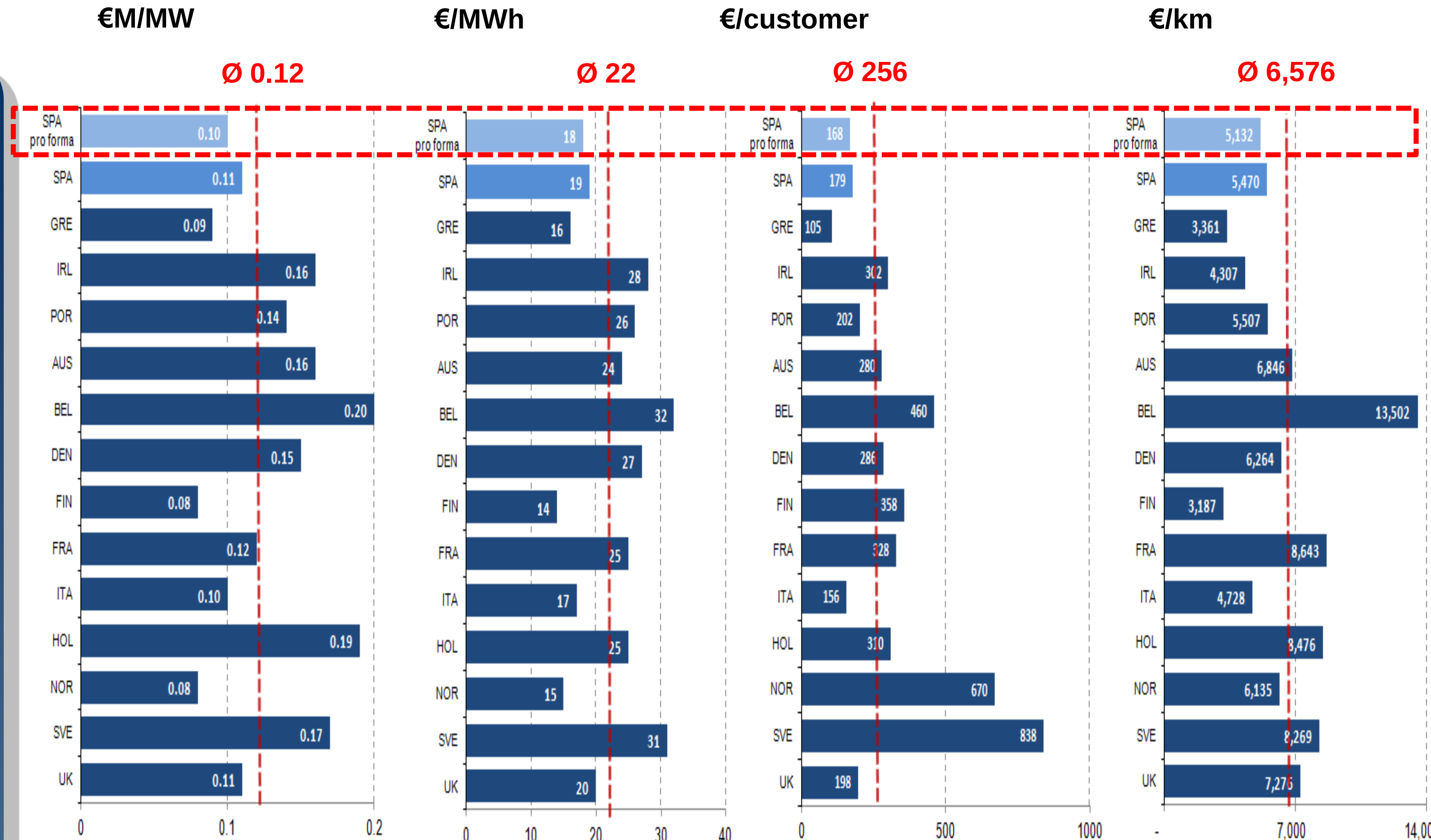
3.2

Former electricity distribution remuneration

(RD 222/2008)

& Proforma estimate for 2012

(RDL 2/2013 & RDL 9/2013)



Pro-forma calculus for Dx in Spain takes into account additional impacts from RDL 2/2013 & RDL 9/2013 as of 2012.

In 2012 Spanish Dx already showed below average remuneration in Europe. After latest regulatory developments the situation has worsened (pro-forma)

[1]: KPMG study "2012: Retribución comparada de la distribución eléctrica en Europa" (Dec, 2013)

Measures approved so far (Regulated activities): remuneration of distribution (II)

3.3

New electricity distribution remuneration framework

(RD 1048/2013)

- Regulatory period:
  - First regulatory period until Dec 31st 2019, based on standard values (investments and O&M) to be published in the next months
  - Subsequent regulatory periods will last 6 years
- Remuneration reference:
  - 10 Y Gov. bonds average 24 months prior (May year n-1)[1]+ spread
  - Rate of remuneration (10th additional disposition Law 24/2013): 6.5% for the first regulatory period (until Dec 31st 2019). Future modifications by law
  - A compensation for the delay in asset recognition has been included
- Investment plan:
  - Investments for all distributors limited to 0.13% of GDP
  - Ex-ante recognition of the investment plans once approved by the Minister of Industry. Penalties if plan is not approved or over investment
  - Monitoring of the investment plan execution
- Incentives:
  - Fraud, quality and losses

Although clearer and more transparent mechanisms, remuneration is below cost of capital

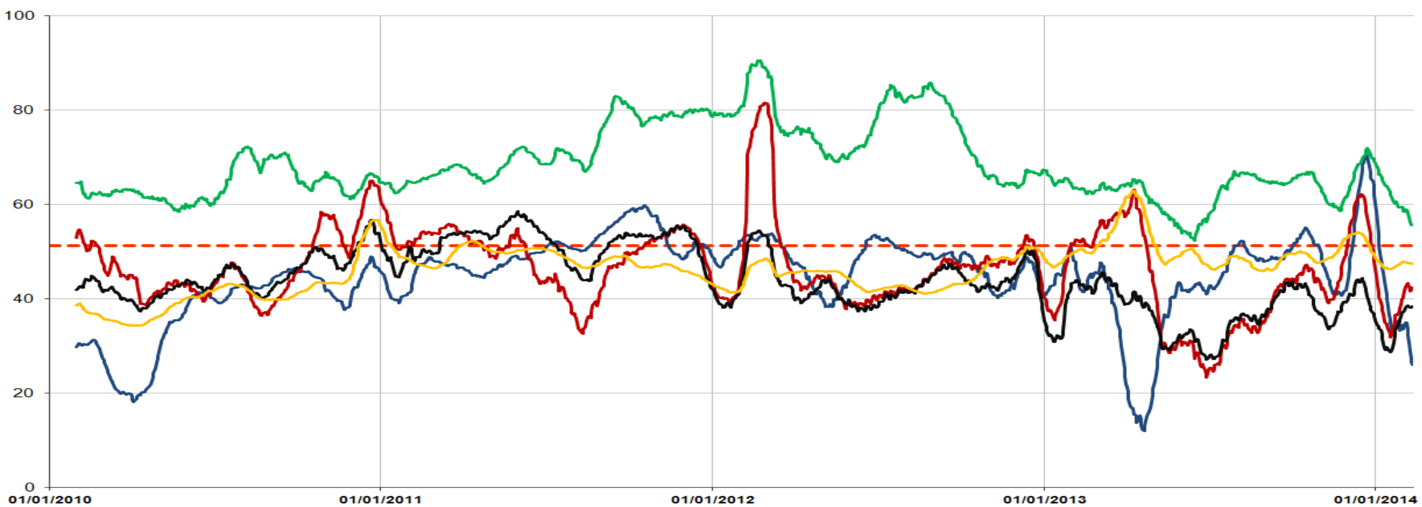
(1): n being the first year of the first regulatory period

Liberalized: Spanish wholesale prices among the lowest in EU

4.1

Competitive-ness of Spanish wholesale prices

Spanish wholesale prices comparison vs. EU (avg 2010-Feb 2014)



Source: Bloomberg

Spain	Avg exSpain	France	Germany	UK	Italy
44.1 €/MWh	51.2 €/MWh	46.5 €/MWh	43.8 €/MWh	46.2 €/MWh	68.4 €/MWh

- **Spanish wholesale prices –along with Germany- are among the lowest in EU comparables for the period (2010-14)**
- **Demand & supply have been the critical drivers for setting the wholesale electricity price**

Final price to households affected by political decisions in EU vs. other countries

4.2

Energy bill cost structure

Breakdown of household electricity prices (2012)

	United States *(2011)*	Australia	Turkey	Germany	France	United Kingdom	Spain
Cost to serve (Energy+Network)	10.0	18.6	11.7	14.4	10.3	17.0	11.4
Taxation	n/a		3.0	12.4	4.2	0.9	4.9
Other		5.2					6.5
Total		**23.9**	**14.7**	**26.8**	**14.5**	**17.8**	**22.8**

Source: Eurostat, EIA, Endesa. Other cost: In Spain includes RES and CHP support, deficit annuities and other energy policy costs. In Australia includes carbon costs, green costs and retail costs.

Industrial electricity cost-to-serve in Spain is among the most competitive while final bill to households is among the most expensive

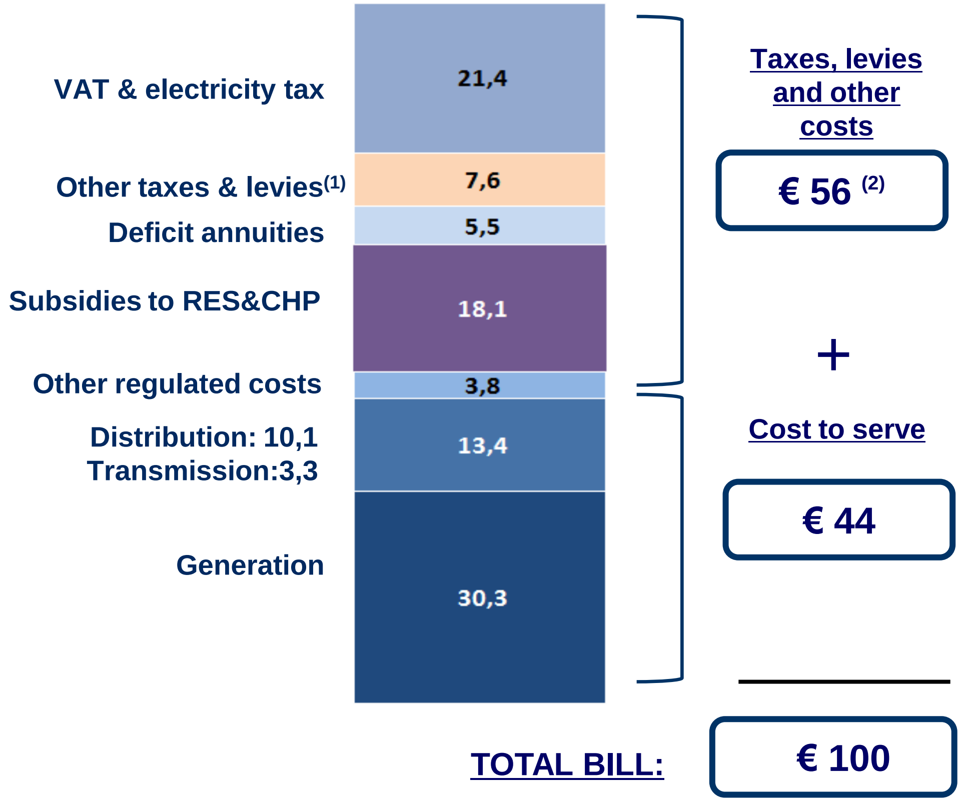
Despite having energy costs among the lowest in Europe, final prices to customers are among the highest in Spain

4.3

Spanish energy bill: cost structure

Energy bill structure in Spain

Average LRT client (example Base 100) (FY 2013)



More than half of the bill is not related to the industrial cost-to-serve of electricity

(1): includes Law 15, "Tasa de Ocupación de Vía Pública & Suplementos territoriales"
(2): based on data published by CNMC – when including also other components such as local taxes this percentage exceeds 60%

Liberalized activities: Competition is well developed in the Spanish electricity retail market

Supply activity: liberalization on good track

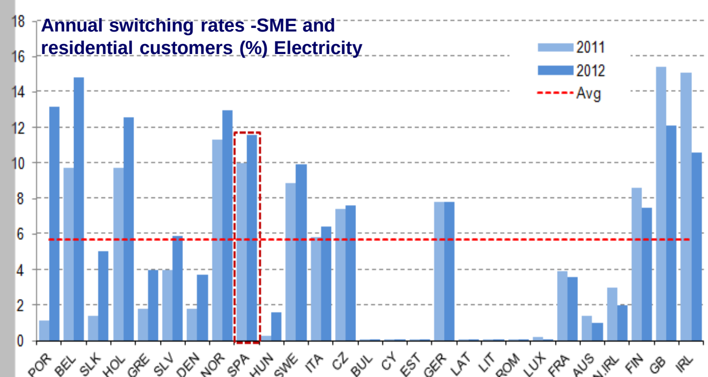
- A competitive market should fulfill certain major requirements:

1. Existence of a strong watchdog authority
2. Rules and measures to protect consumers
3. A developed competition model

- The Spanish liberalized market meets these requeriments:

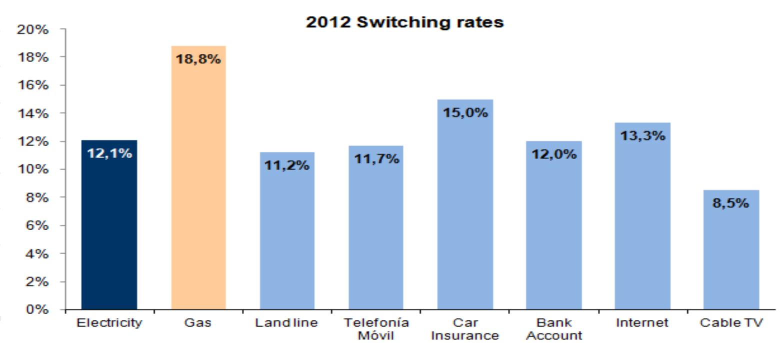
1. 25 million customers qualifying for the VPSC, out of which 16 million customers remain in the regulated tariff and 9 million customers are in the liberalized market
2. More than 220 companies competing in retail activities
3. System switching rates in the liberalized segment reaches 17%
4. More than 30% of the customers are not supplied by a company belonging to the same group of the electricity distributor in the area[2]

Spain: progress in liberalization (2009-2011)



Source: ACER based on CEER national indicators database as of 12/09/2013

Spain: switching rate in supply



Source: Endesa , data from supply change OCSUM office

- **Liberalization is increasing significantly: Spain[1] is ranking high among EU countries with largest switching rates into liberalized market**
- **The most visible obstacle for further liberalization of the market is the existence of a regulated tariff (LRT, SCVP)**

(1): 2nd European country amongst all with regulated tariff (2): Endesa data

Liberalized: new methodology for small customers voluntary price (SCVP)

Supply activity: elimination of CESUR auctions

RDL SCVP (Draft)

- Content:
  - SCVP energy component based on pool prices (weighted avg of hourly price)[1]
  - Possibility for the customers to contract a fixed price annual tariff
  - Starting on April 1st, with temporary period to adapt IT systems until May 1st

- Major concerns:
  - ✓ Customers choosing "pool price" indexed contract
  - ✓ Price will not be known an adequate time before consumption.
  - ✓ Price will be highly volatile.
  - ✓ Price will not be transparently comparable to other offers.
  - ✓ There will be cross subsidy between clients not having digital meters, as their actual consumption pattern will generally differ from the average pattern that will be used to calculate their price.

- In addition:
  - ✓ Telecommunication and invoicing systems cannot be modified within less than 12 to 18 months with pretty large investments.
  - ✓ When the new system will be implemented, not before 2015, a very high level of social claims is likely to occur.
  - ✓ We believe this methodology will work in the opposite direction to that of fostering higher degrees of market liberalization, reducing the competition space for retail companies.
  - ✓ Wholesale spot market is a short term physical market for residual daily adjustments and is not a proper reference for a forward retail price.

(1): Depending on availability of digital meter

LatAm: regulation update

Chile

- 2014-2023 electricity auction for regulated demand:
  - ✓ 1st round: 70% of auctioned volumes awarded to Endesa Chile
- Environmental process authorization:
  - ✓ Punta Alcalde: Supreme Court Resolution confirmed environmental authorization for the plant; decision is final
  - ✓ Los Cóndores fully authorized: agreement with the Ministry of Public Works on the use of water

Brazil

- Dx:
  - ✓ Involuntary exposure to spot prices not covered through CDE to be considered in next tariff adjustment (total of €63 M for Ampla and Coelce)
  - ✓ Ampla: 3rd Cycle Tariff Review process progressing as planned (Net RAB €1,410 M)

Argentina

- Gx: new regulatory framework based on Cost plus scheme
- Dx:
  - ✓ New recognition of MMC compensation (March to Sep 2013): additional €88 M positive impact on EBITDA
  - ✓ Working with the Government to define a regulatory framework that will allow to undertake the investments needed for grid improvement

Colombia

- 2014-2018 Codensa tariff review: progress according to schedule. New tariffs to be published during 2H 2014

LatAm: Coelce tender offer

Coelce 41% minority stake tender offer

Bid offer terms

- Voluntary tender offer for ordinary, preferred class A and preferred class B shares
- BRL 49 per share in cash for all kind of shares
  - ✓ 20.1% premium vs. VWAP of the 30 trading days previous to announcement
- Initial subscription period:
  - ✓ January, 16th - February 17th 2014
- 90 days subscription period extension in case acceptances higher than 2/3
- Independent appraisal report by PwC

Bid offer status

- Tender offer result after initial subscription period:
  - ✓ Ordinary shares: acceptance higher than 2/3 (extension of subscription period by 90 days)
  - ✓ A class shares: acceptance (>1/3,<2/3): prorata purchase of 1/3
  - ✓ B class shares: acceptance <1/3 (purchase of tendered shares)

Acquisition of 15.13% of additional stake (~US$242 M)[1], totaling 74% of Coelce's Equity

(1): 546 CLP/1 US$

LatAm: growth platform for the Group

Exogenous factors

Peru
- Dealing with exceptional thermal fleet outages
- 6% local currency depreciation(1)

Colombia
- Drought
- 7% local currency depreciation(1)

Brazil
- Drought and involuntary exposure of Dx companies to high spot prices
- 13% local currency depreciation(1)

Chile
- Drought
- Lack of definition in the environmental framework
- 5% local currency depreciation(1)

Argentina
- Local workforce cost increase due to the recruitment of external staff and new productivity-linked incentives
- Blackouts related with exceptional heat wave
- 20% local currency depreciation(1)

Competitive advantages

- Well diversified asset base
- Strong organic growth: 492,000 new customers added in 2013
- Financial strength to take advantage of growth opportunities

Managerial actions

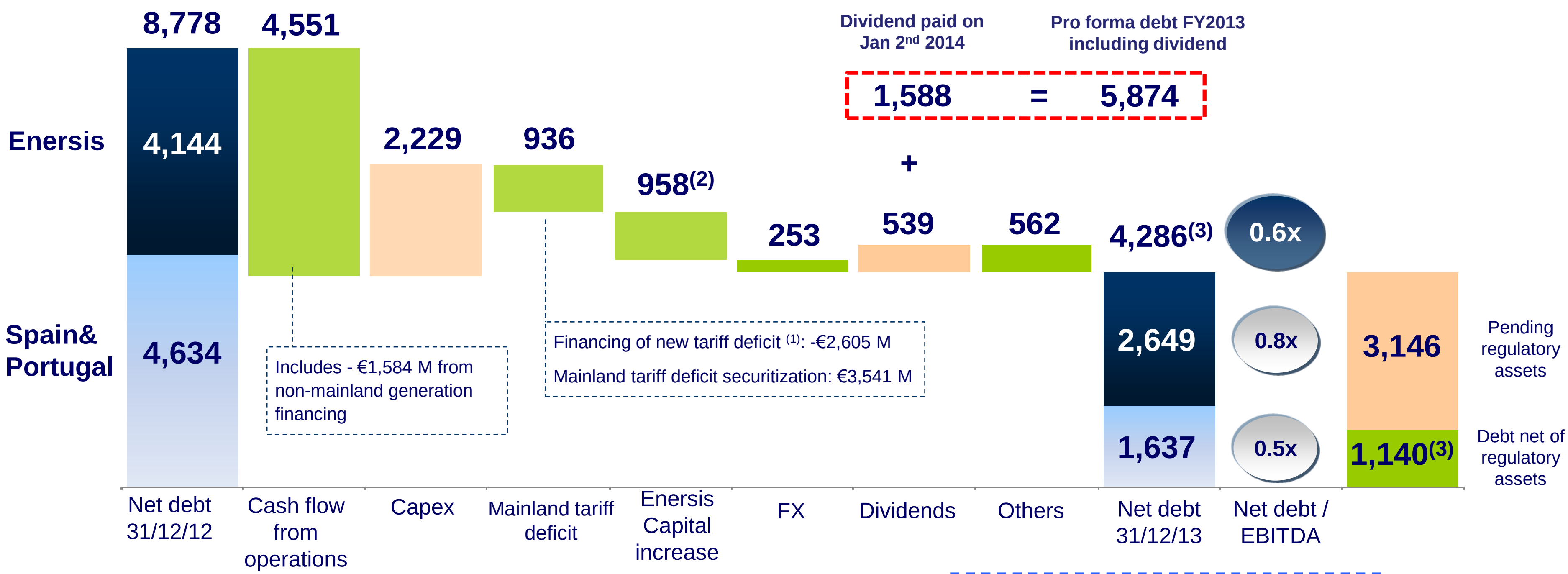
- **Commercial policy that minimizes impact from drought**
- **Regulatory management**
- **Tight costs control**

During FY'13 the Group has faced external difficulties, that have been overcome thanks to Enersis competitive advantages and managerial actions

(1) Local currency (avg) depreciation against €. 2013 vs 2012.

Sound financial position

Net debt evolution in 2013 (€M)



Solid financial leverage and strong liquidity position

	31/12/12	31/12/13
Leverage (net debt/equity)(4)	0.3	0.2

Endesa liquidity excluding Enersis covers 37 months of debt maturities

Enersis liquidity covers 42 months of debt maturities

(1) Includes payments/collections from CNE settlements in FY 2013

(2) Out of €1,730 M from Enersis capital increase, €772 M are invested in financial assets with maturity > 3 months and therefore are not considered "Cash or cash equivalent"

(3) This figure does not include financial assets with maturity > 3 months for an amount of €1,029 M (mainly €772 M from footnote 2)

(4) Net debt figure includes pending regulatory assets

spain&portugal FY 2013

Highlights in 2013

Margin negatively affected by many regulatory measures (RDL 13/2012, RDL 20/2012, Law 15/2012, RDL 2/2013 and RDL 9/2013)

Output generation (-10%)[1]: demand declined along with lower thermal gap. 63% of total output from nuclear & hydro (52% in 2012)

Significant fixed costs reduction: -6%

The sale of the 12% stake in Medgaz and the remaining stake (20%) in Endesa Gas T&D was concluded

Company and trade unions signed a new collective agreement

(1) Mainland. Does not include Tejo I (Portugal)

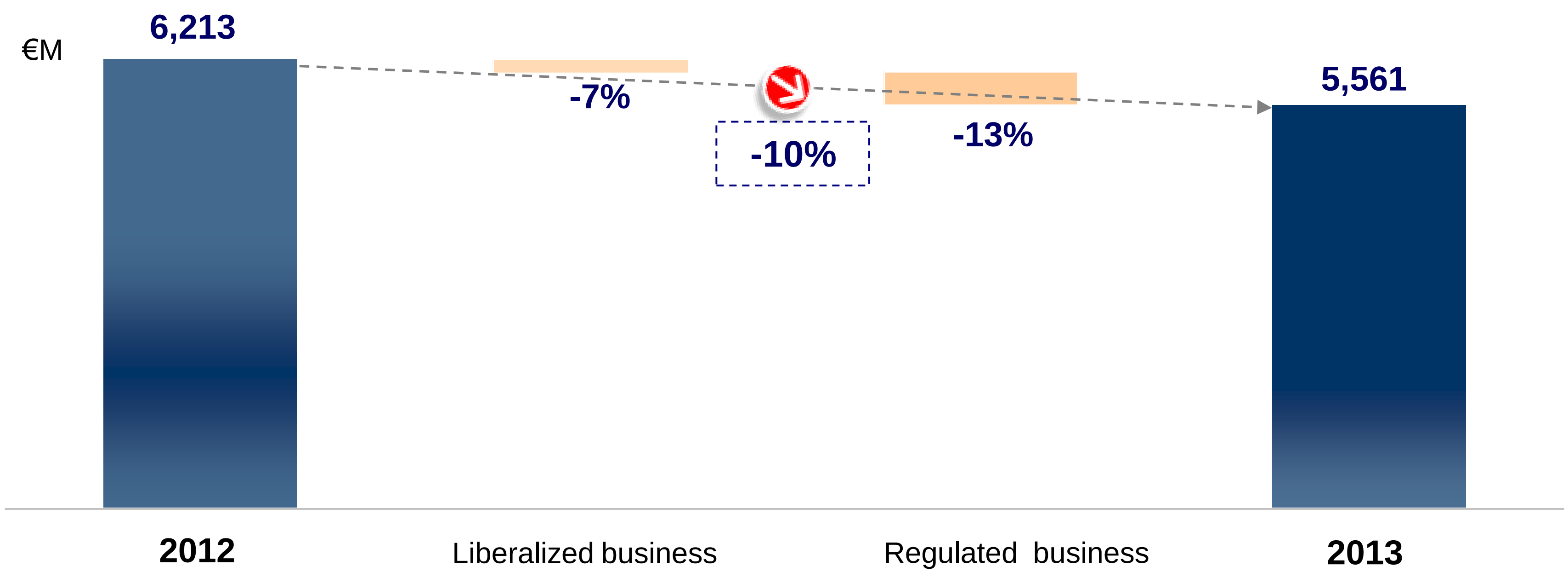
Results negatively affected by regulatory measures partially offset by management actions

€M	2013	2012	Change
Revenues	21,512	23,146	**-7%**
Gross margin	5,561	6,213	**-10%**
EBITDA	3,277	3,796	**-14%**
EBIT	1,651	1,998	**-17%**
Net finance expenses[(1)]	128	256	**-50%**
Net attributable income	1,176	1,410	**-17%**
Net CAPEX[(2)]	604	895	**-33%**

- **Regulatory impact (measures taken in 2012 & 2013): -€1,329 M**
- **Retroactive social bonus (July 2009 – Dec 2011) with positive EBITDA impact : +€102 M**
- **Retroactive Non-mainland generation (2012–13) with negative EBITDA impact : -€97 M**

(1) *Update provisions to cover obligations relating the workforce reduction programme in force: -€76 M in 2012 and +€11 M in 2013*
(2) *Net from 3rd parties cessions . Financial capex not included*

Regulatory measures impacting both liberalized and regulated business margins



Liberalized business

- ↓ Law 15/2012 and RDL 9/2013 (capacity payments)
- ↓ National coal (lower volumes and no pass through of Law 15/2012 taxes)
- ↓ LRT Margin and change of perimeter (E.Ireland)
- ↓ Lower energy sales
- ↑ Generation mix (production/energy purchases)
- ↑ Retroactive social bonus (one-off)

Regulated business

Non mainland generation:

- ↓ RDL 20/2012, Law 15/2012, RDL 2/2013 and RDL 9/2013
- ↓ Recurrent investments (2012 definitive compensation corresponding to 2010; 2011 pending)

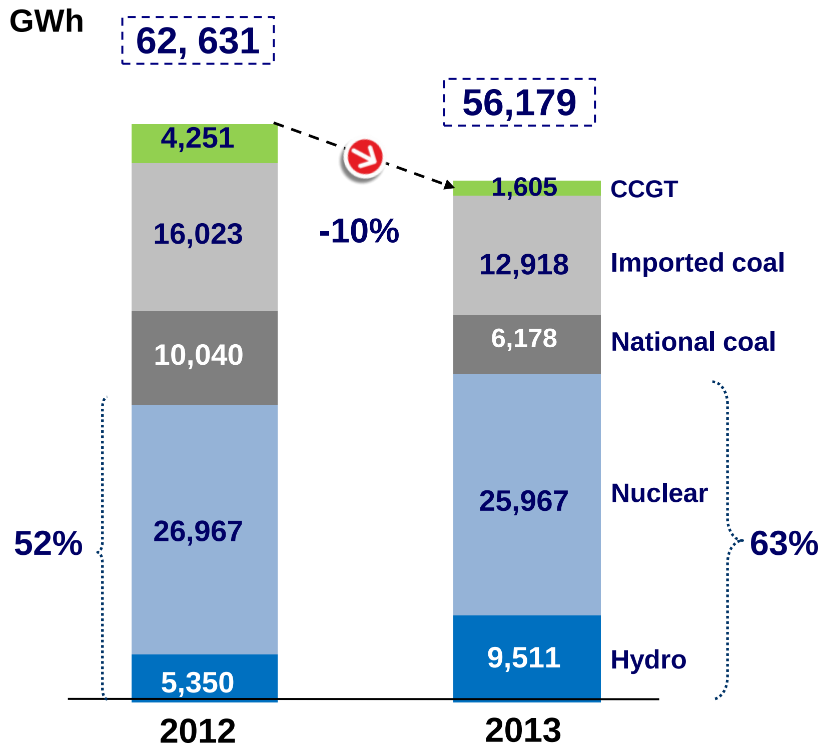
Distribution:

- ↓ RDL 2/2013 and RDL 9/2013

Better generation mix not able to offset regulatory measures

Mainland output and energy management optimization

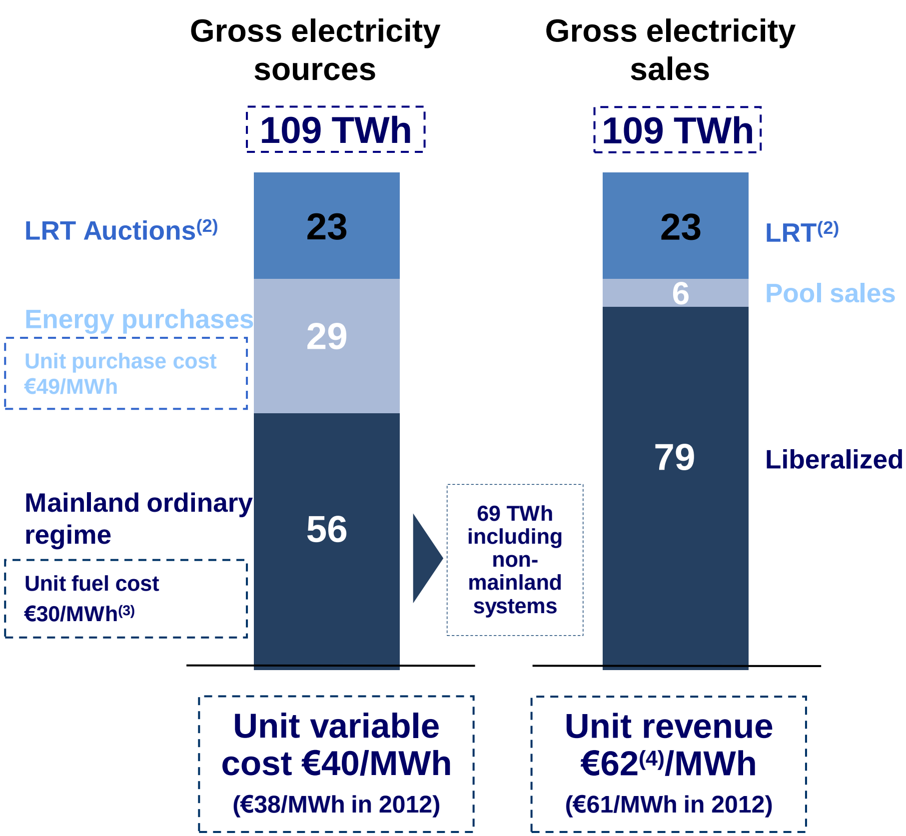
Decrease in mainland output[1]



- Lower demand and thermal gap
- 2013 National Coal RD in force since mid February with lower volumes vs 2013 Resolution
- Garoña closure and planned outages in nuclear power plants
- Thermal output normalization in 4Q 2013 after extraordinary hydro and wind production in 9M

(1) Does not include Tejo I (Portugal)

2013 energy management



- Electricity unitary margin remained flat[4,5]

(2) LRT not considered in calculations for unit cost and unit revenue
(3) Includes fuel cost, CO_2 and taxes from Law 15/2012
(4) 64 €/MWh including retroactive social bonus (Jul 2009 – Dec 2011)
(5) Unitary margin ex LRT energy

latin america FY 2013

Highlights in 2013

3.0%[1] growth in LatAm Dx demand: Brazil and Chile outperform

-2.0% drop in Gx output: lower hydro generation in most of the countries almost compensated by increase in thermal output

Positive performance of Chilean generation business despite persistent drought

Argentina: MMC (inflation index) recognition in Dx until Sept. 2013

Sound operating performance in local currencies that more than compensated FX impact

(1) Tolls and unbilled consumption not included (Endesa distribution area)

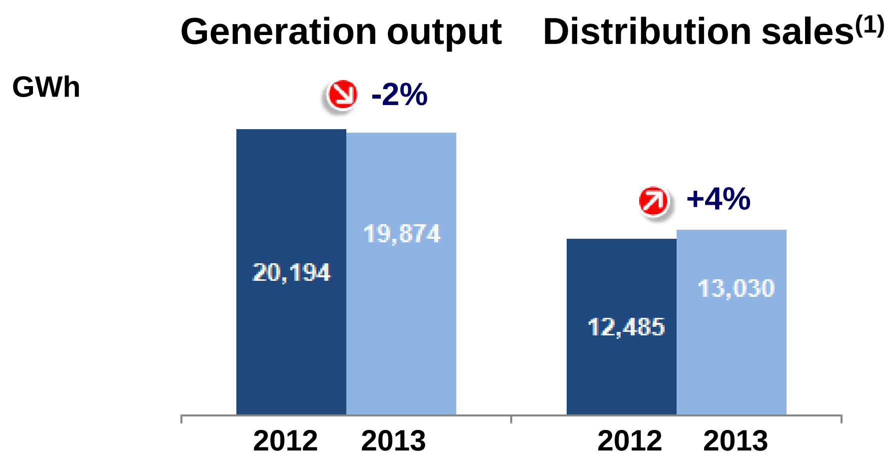
EBITDA positively affected by operative and non-operative drivers that more than offset FX

€M	2013	2012	Change
Revenues	9,691	10,787	**-10%**
Gross margin	4,853	4,615	**+5%**
EBITDA	3,443	3,209	**+7%**
EBIT	2,651	2,420	**+10%**
Net finance expenses(1)	216	343	**-37%**
Net income	1,767	1,376	**+28%**
Net attributable income	703	624	**+13%**
CAPEX(2)	1,216	1,156	**+5%**

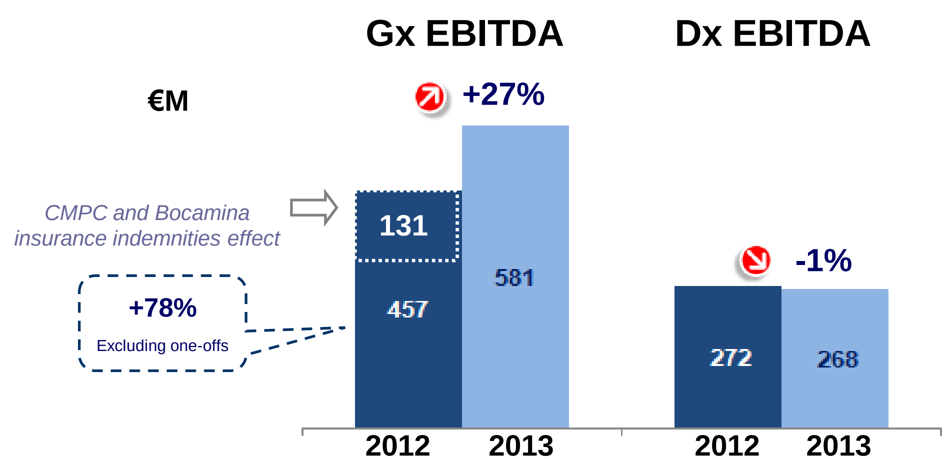
- **EBITDA increased mainly due to MMC recognition (Argentina Dx) and positive performance of Chilean Gx businesses**
- **Negative FX effect at EBITDA level: -€349 M (mainly from Brazilian and Colombian operations)**

(1) - 2013 includes +€40 M from MMC retroactive booking in Argentina
- Update of the valuation of assets associated to distribution concessions in Brazil after enactment of Law 12,783/13 +€180 M in 2012 and +€83 M in 2013
(2) Net from 3rd parties cessions . Financial capex not included

Chile: better results -new installed capacity, LNG supply flexibility, demand increase- despite positive one-offs in 2012



- **Poor hydro conditions partially compensated by higher thermal output** (Bocamina II)
- **Demand increase supported by temperature effect & SMEs**



Unit margin	€36.0/MWh +25%	€26.5/MWh -7%

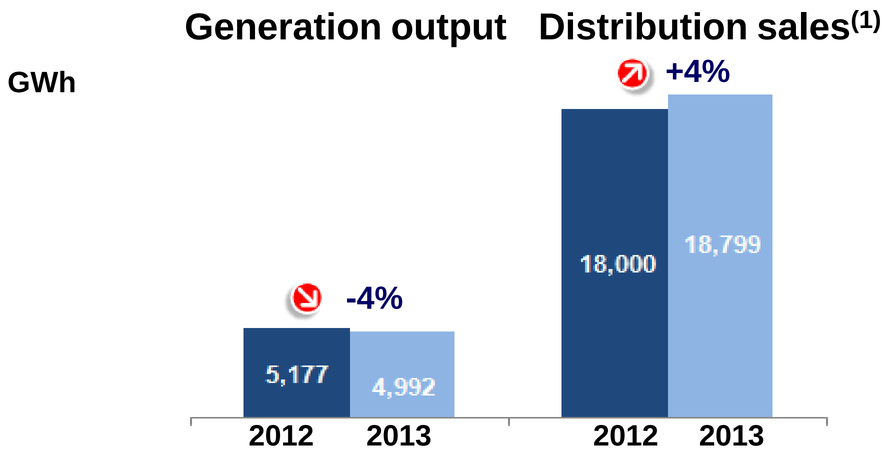
- **Gx:** lower transmission expenses, lower fuel costs, LNG supply flexibility and better energy mix more than offset lower sale price

  Positive one-off in 1Q 2012 (CMPC) and in 4Q 2012 (Bocamina I & II insurance indemnities)
- **Dx:** higher volumes not able to compensate lower VAD
- **Total Fx impact:** -€44 M

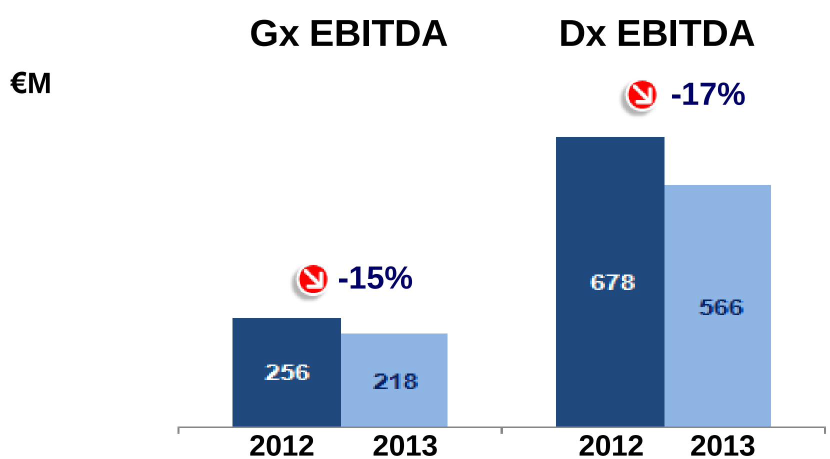
Total EBITDA €849 M (+16%)(2)

(1) Tolls and unbilled consumption not included (2) Does not include holding and services

Brazil: EBITDA impacted by drought, Coelce tariff revision in 2012



- **Higher thermal dispatch from Fortaleza does not offset worse hydro conditions due to drought**
- **Higher Dx volumes due to weather conditions**



Unit margin	€34.8/MWh -9%	€40.3/MWh -18%

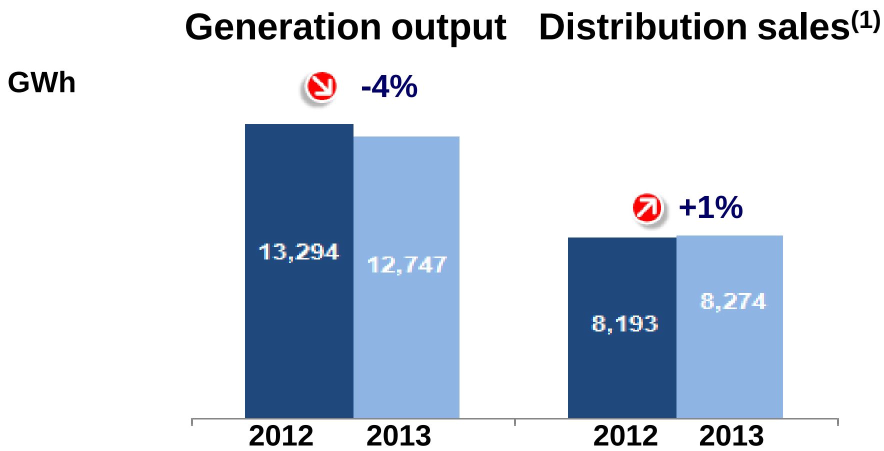
- **Gx:** lower volumes, worse energy mix and FX partially offset by higher prices
- **Dx:** tariff review (Coelce), higher energy purchases prices (as a result of drought) in spot market and FX (-€81 M) partially offset by higher volumes
- **Total Fx impact:** -€122 M(2)

- **CIEN:** EBITDA €68 M

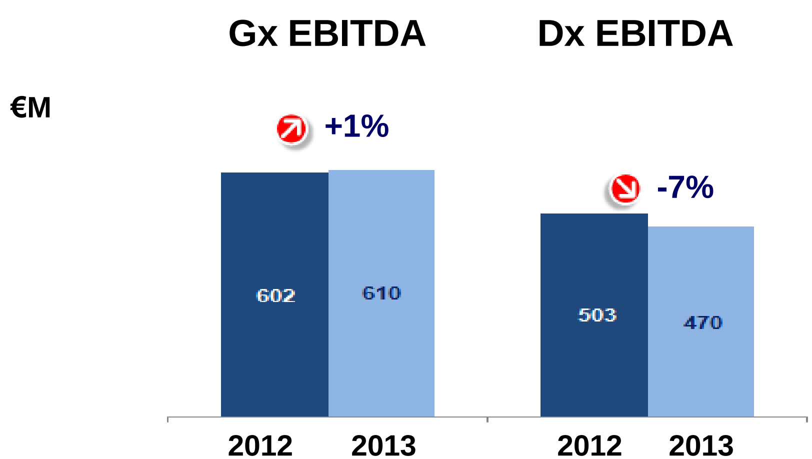
Total EBITDA €852 M (-16%)(3)

(1)Tolls and unbilled consumption not included (2) Includes CIEN interconnection (3) Includes CIEN interconnection: €68 M in 2013 and does not include Holding and Services.

Colombia: well-balanced asset portfolio



- **Decrease in hydro generation not fully compensated by thermal dispatch**
- **Small demand increase, lower than in the country**



Unit margin	€40.8/MWh +2%	€44.9MWh -8%

- **Gx:** higher sale prices to wholesale market due to lower hydro partially offset by worse energy mix, lower energy sales and FX (-€46 M)
- **Dx:** lower index reference price and Fx effect (-€35 M) partially offset by other distribution services
- **Total Fx impact:** -€81 M

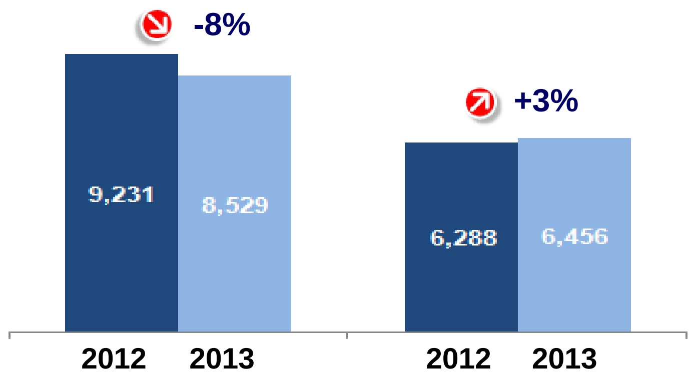
Total EBITDA €1,080 M (-2%)

(1) Tolls and unbilled consumption not included

Peru: operating results supported by positive one-off in Gx

Generation output **Distribution sales[1]**

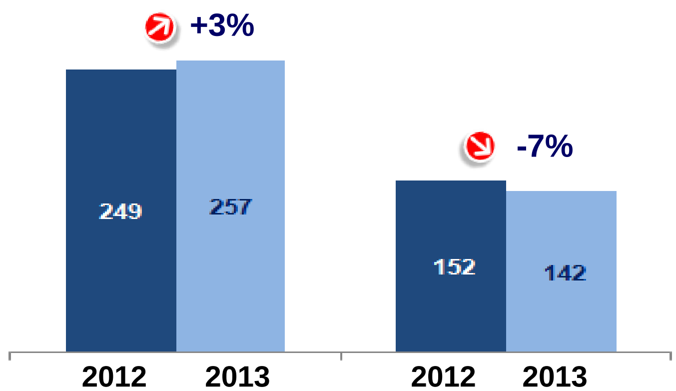
GWh



- **Output decrease due to lower thermal dispatch, planned and not planned outages**
- **Edelnor urban concession area not benefiting from increasing electricity demand in the mining sector**

Gx EBITDA **Dx EBITDA**

€M



- **Gx:** lower energy costs, better energy mix and insurance indemnities more than compensated lower sale prices and volumes
- **Dx:** lower index reference price partially offset by higher volumes and better sales mix
- **Total Fx impact:** -€23 M

Unit margin	€32.3/MWh +9%	€28.3/MWh -8%

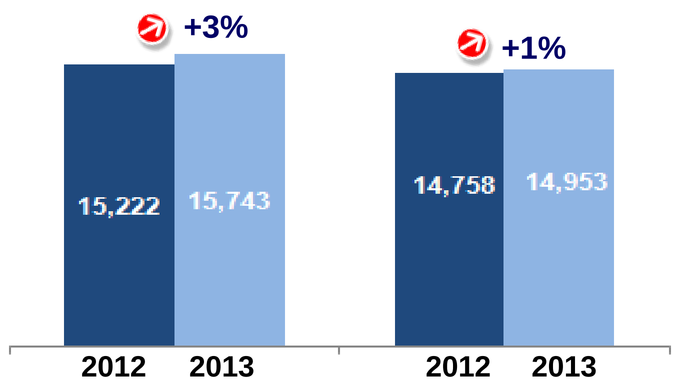
Total EBITDA €399 M (-1%)

(1) Tolls and unbilled consumption not included

Argentina: EBITDA impacted by MMC recognition in Dx and new remuneration scheme in Gx

Generation output **Distribution sales**[(1)]

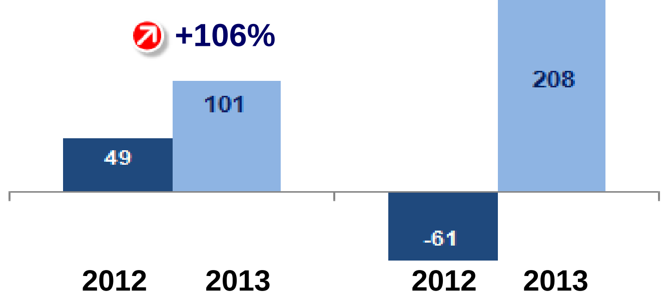
GWh



- **Generation increase due to lower outages in thermal plants that more than offset lower hydro dispatch**
- **Flat demand**

Gx EBITDA **Dx EBITDA**

€M



Unit margin	**€9.5/MWh** **+33%**	**€29.4/MWh** **+125%**

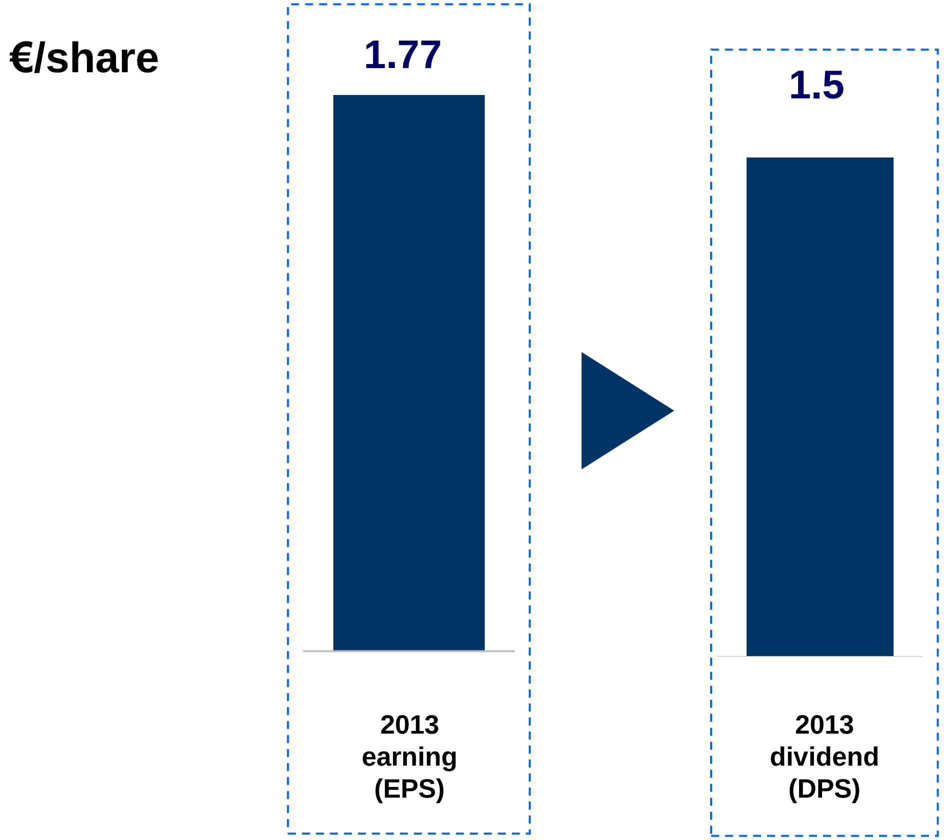
- **Gx:** new retroactive regulatory scheme and higher availability revenues that more than compensated lower prices
- **Dx:** MMC recognition partially mitigated by higher fixed costs, compensations to clients and quality penalties for service interruption related with latest heat wave
- **Total Fx impact:** -€77 M

Total EBITDA €309 M [(2)]

(1) Tolls and unbilled consumption not included *(2) Does not include CIEN interconnection*

final remarks FY 2013

Shareholder remuneration



2013 final dividend to be proposed to the AGM

DPS against 2013 Results: €1.5 (85% pay-out)

Focus on our customers needs. Developing Value Added Services (VAS)

ENDESA: long term commitment to customers

- **Spain:** **leading the change and keeping the focus on our customers while adapting to market and regulatory environment**

Gross Margin contribution (FY2013)

- VASs as a value creation initiative for the business:
  - CAGR margin of 18% in the last 12 years.
  - Higher customer satisfaction when a VAS is sold (7.48 vs. 6.59 in 2013)
  - Customer loyalty improvement and electricity/gas/VAS cross selling increase
  - Focus on traditional VAS while developing new opportunities (monitoring, electric mobility, energy efficiency)

+ €65 M

- **LatAm:** **promoting universal access to electricity while developing our customers' prosperity**

Gross Margin contribution (FY2013)

- Demand electrification to increase electricity access (cities and rural areas)
- VAS as a value creation initiative for the business
  - Focus on public lighting, infrastructure and new opportunities (electric mobility, energy efficiency)

+ €160 M

Customers at the core of our business

Final remarks

Spain & Portugal	Business results remarkably negatively impacted by regulatory measures
	A number of successful managerial actions put in place (among which a tight opex&capex control) in order to protect cash-flow generation levels
Latin America	Despite drought and significant FX negative impact, good overall operational performance
	Group's solid growth platform, leveraging also Enersis capital increase

appendices FY 2013

endesa

Installed capacity and output[(1)]

Installed capacity

MW at 31/12/13	Spain& Portugal	Latin America	Total
Total	**23,322**	**16,240**	**39,562**
Hydro	4,755	8,683	13,438
Nuclear	3,686	-	3,686
Coal	5,804	872	6,676
Natural gas	5,799	3,959	9,758
Oil-gas	3,278	2,639	5,917
CHP/Renewables	na	87	87

Output

TWh 2013 (chg. vs. 2012)	Spain&Portugal		Latin America		Total	
Total	**70.5**	**-10%**	**61.9**	**-2%**	**132.4**	**-6%**
Hydro	9.5	+78%	30.8	-12%	40.3	+0%
Nuclear	26.0	-4%	-	-	26.0	-4%
Coal	22.6	-25%	4.5	+64%	27.1	-17%
Natural gas	5.9	-2%	21.5	+8%	27.4	+6%
Oil-gas	6.5	-34%	4.9	-8%	11.4	-25%
CHP/Renewables	na	na	0.2	-10%	0.2	-10%

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

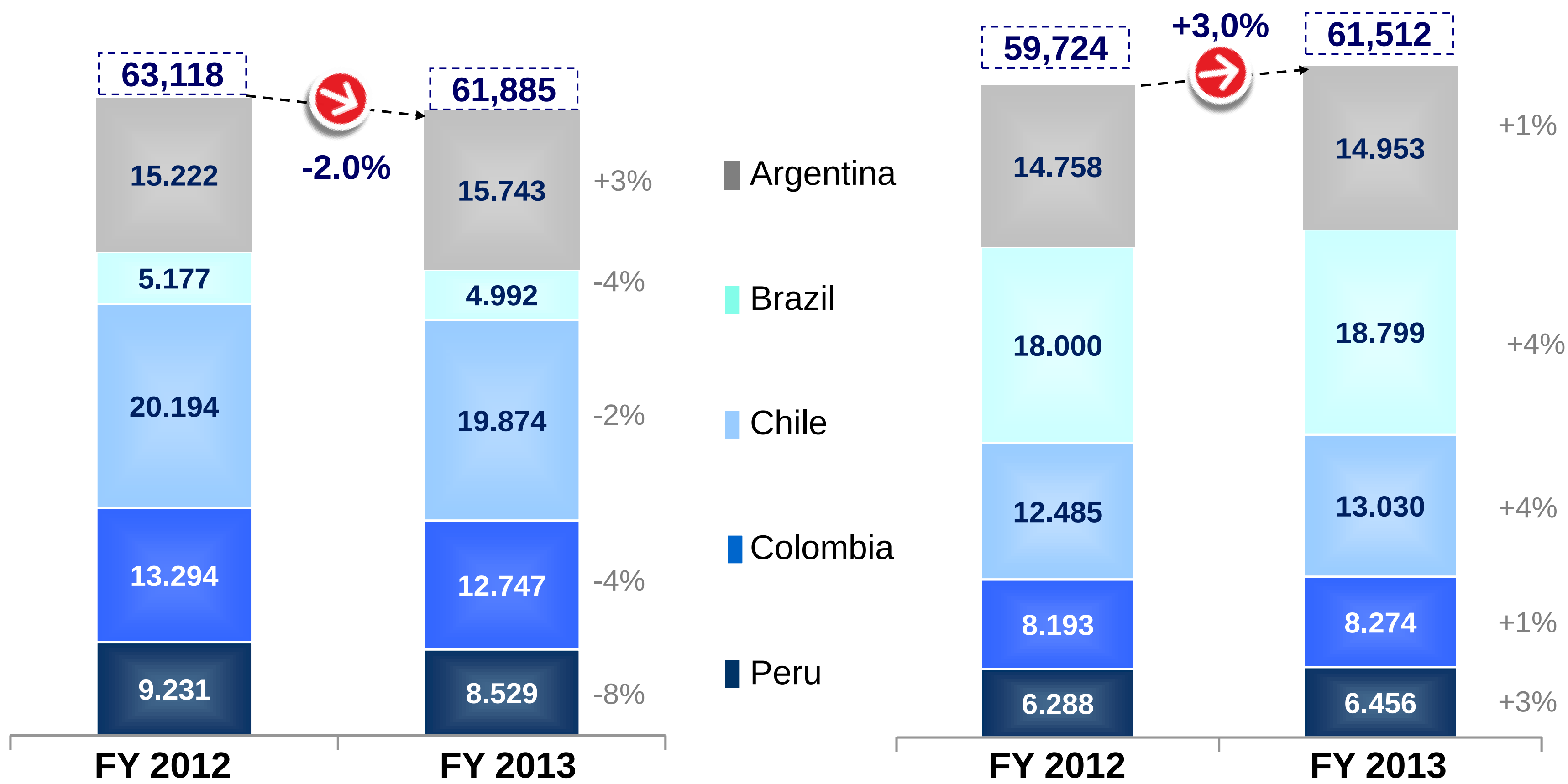
Latin America: generation and distribution figures

Generation Output

GWh

Distribution Sales[1]

GWh

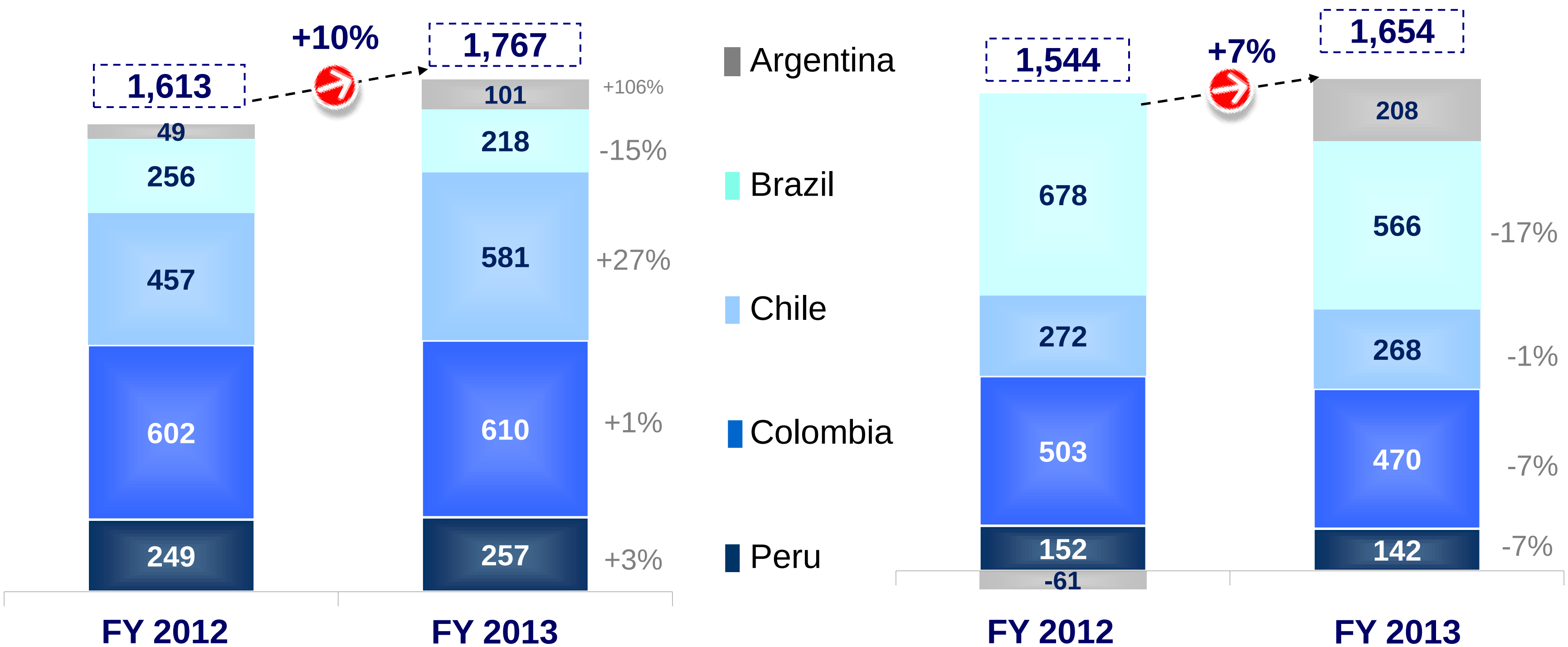


(1) *Tolls and unbilled consumption not included*

Latin America: Ebitda break down by country and business nature

Ebitda Generation[1] / Ebitda Distribution

€M



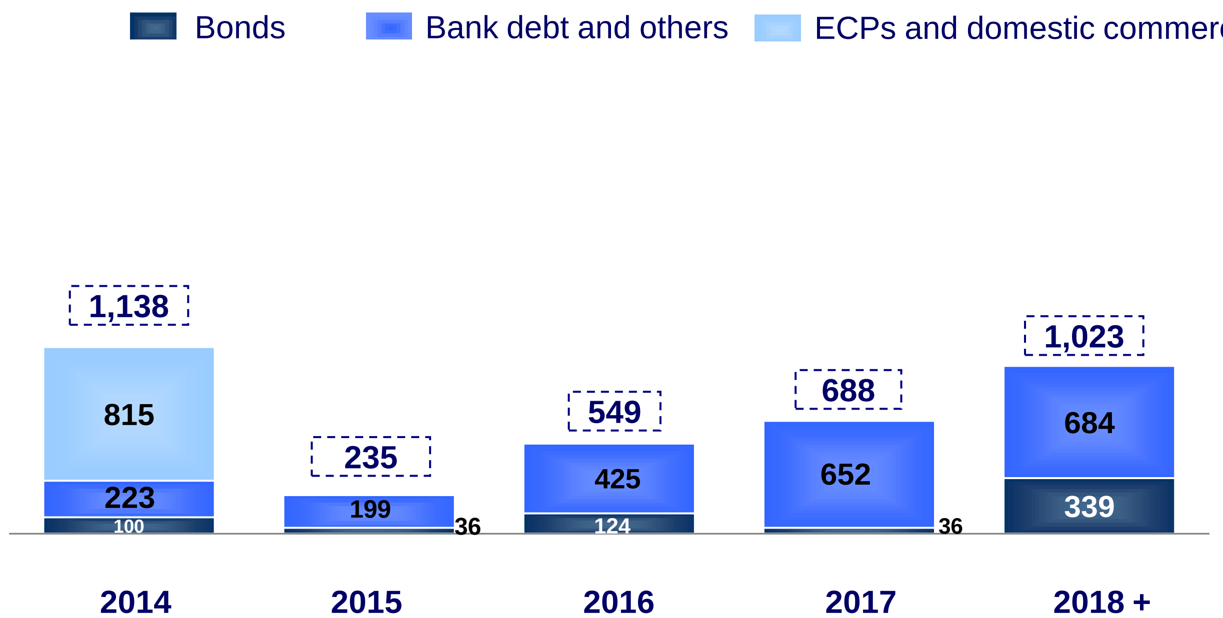
Unit margin €27.5/MWh → +8% → **€29.8**/MWh

Unit margin **€34.6**MWh → **€34.7**/MWh

(1) *Does not include CIEN interconnection: €68 M*

Endesa (excl. Enersis): financial debt maturity calendar

Gross balance of maturities outstanding at 31 December 2013: €3,633 M[1]



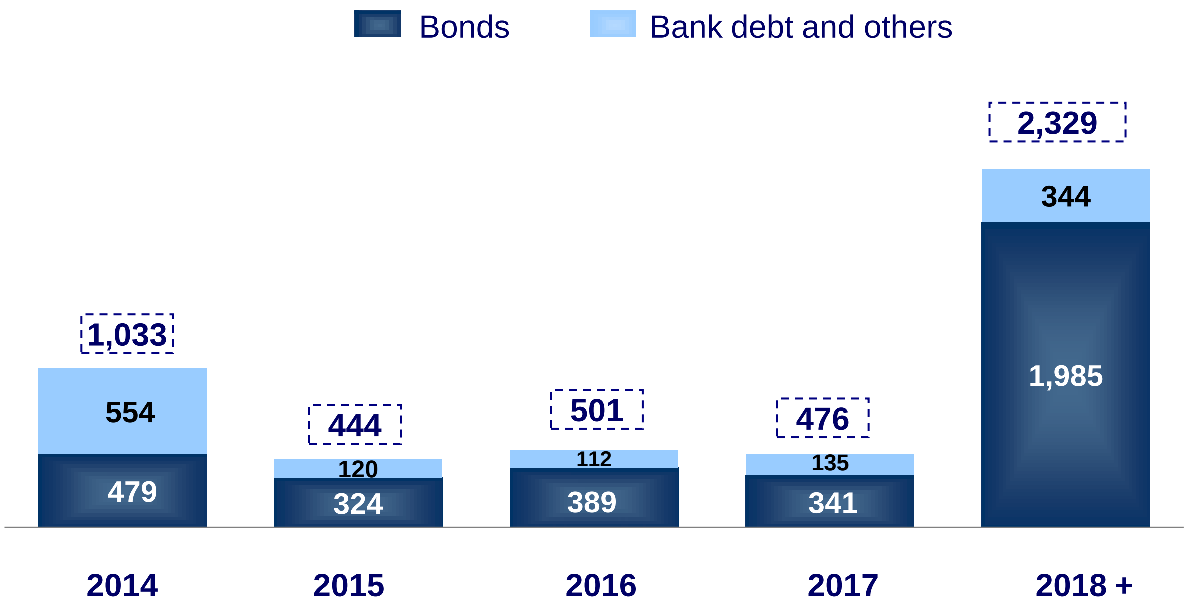
Endesa's liquidity excl. Enersis covers 37 months of debt maturities

- **Liquidity €8,719 M**
  - **€2,036 M in cash**
  - **€6,683 M available in credit lines**
- **Average life of debt: 6.1 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) 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 31 December 2013: €4,783 M[(1)]



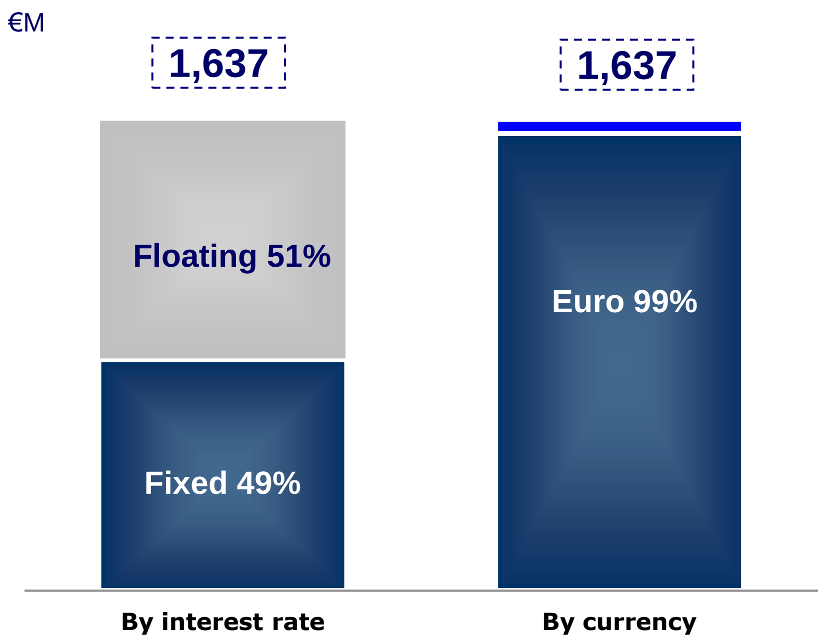
Enersis has sufficient liquidity to cover 42 months of debt maturities

- **Liquidity €2,848 M:**
  - **€2,299 M in cash**
  - **€549 M available in credit lines**
- **Average life of debt: 5.7 years**

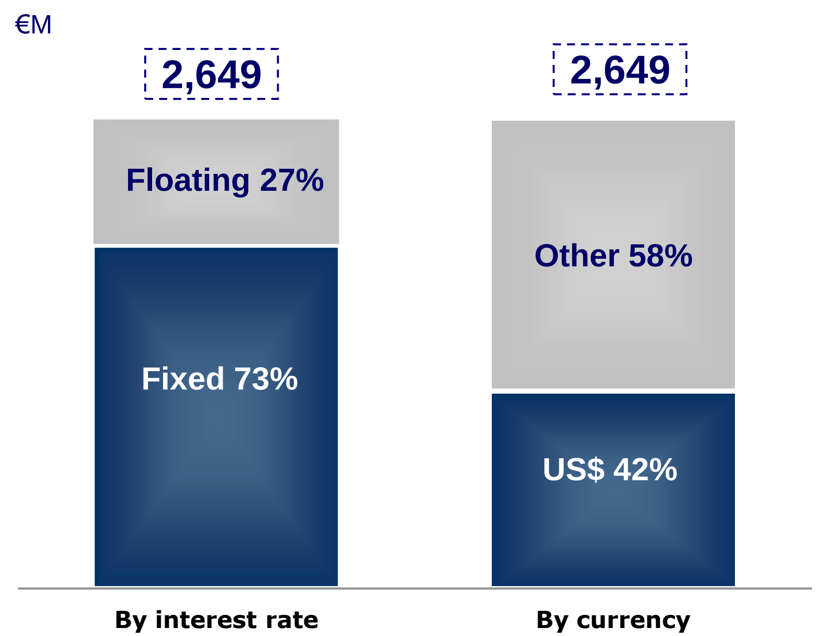
(1) This gross balance differs from the total financial debt figure as it does not include outstanding execution costs or the market value of derivatives which do not involve any cash payment.

Financial policy and net debt structure

Structure of Endesa's net debt ex-Enersis



Enersis net debt structure



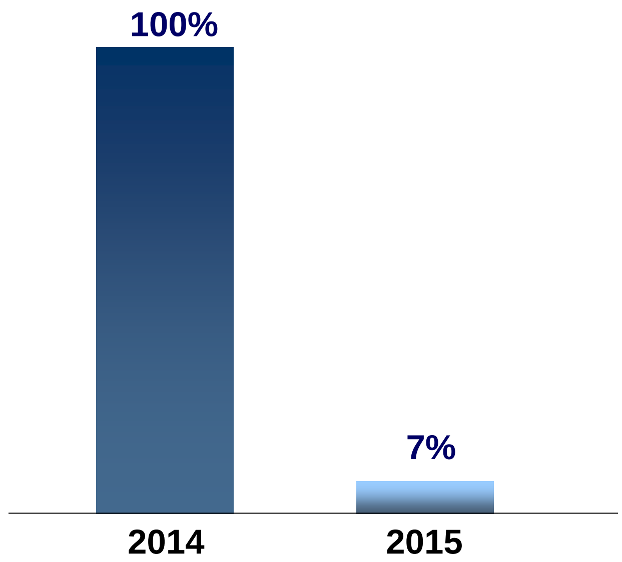
Average cost of debt	3.1%	8.1%

- 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

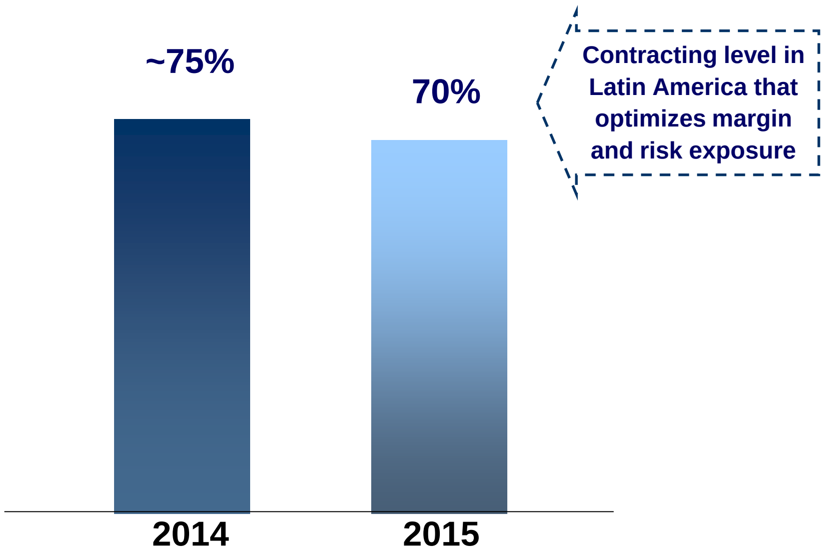
Data as of 31 December 2013

Well on track on forward sales strategy

Spain & Portugal
(% estimated mainland output hedged)



Latin America
(% estimated output hedged)



Consistent commercial policy

52% of the generation sold via contracts > 5 yrs and 46% via contracts > 10 yrs

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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