Endesa 1Q 2015 Results

Madrid, 7 May 2015

Agenda

1. **Market context and regulatory update**
2. **Financial results and net debt analysis**
3. **Business analysis**
4. **Final remarks**

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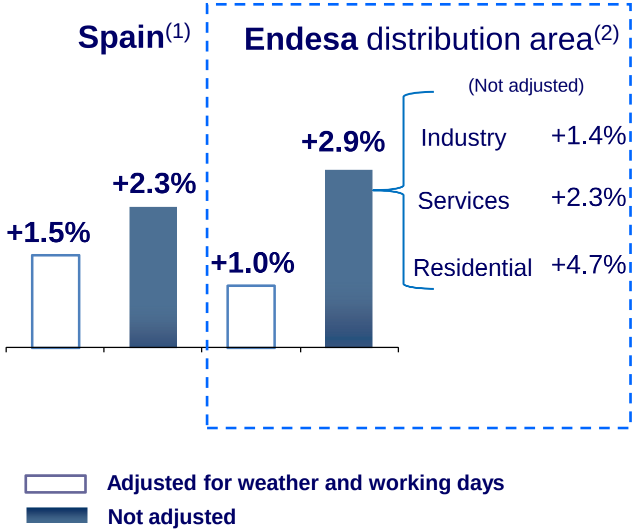
Market context in 1Q2015

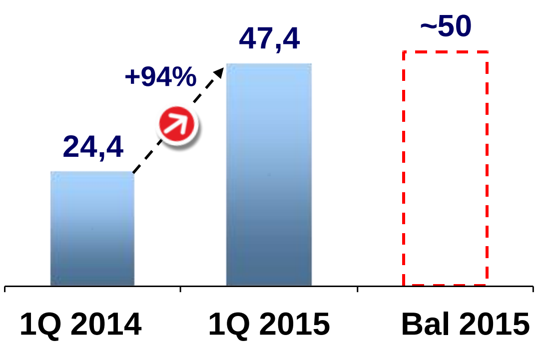
Demand



- Consolidation of positive demand trend
- Strong residential demand performance mainly driven by weather conditions

Electricity wholesale prices

Weighted average pool prices Spain(3) (€/MWh)



- Exceptional weather conditions characterized 1Q 2014 prices
- Thermal Gap increase: ~100% vs. 1Q 2014

(1) Mainland. Source: REE
(2) Mainland. Source: Endesa's own estimates
(3) Excluding ancillary services and capacity payments. €45.9/MWh average baseload equivalent (1Q 2015).

Regulatory update (I)

Latest regulatory news

REGULATORY UPDATE

Domestic Coal draft Ministerial Order

- Draft Ministerial Order introduces a capacity payment for generation plants using domestic coal consisting of a fix remuneration (72,000 €/MW), subject to:
  - ✓ 1) IED investments
  - ✓ 2) coal supply contract from 2015-18

Draft RD on non-mainland Gx

- Draft submitted to the State Council
- No significant changes with respect to the previous versions

Hydro Tax Development (RD 198/2015)

- Development required by art. 29 of Law 15/2012
- RD only applies to inter-communities river basins
- Revenues allocated to environmental uses, but State Budget will allocate an equivalent amount to compensate the tariff deficit
- No relevant economic impact: estimated amounts were accrued according to previous drafts

Plant closures

- Foix (520 MW fuel-gas): authorization granted
- Compostilla 2 (148 MW coal): authorization requested
- Colón (398 MW CCGT): authorization requested

Pending chapters

- DX explicit RAB
- Mothballing & capacity payments RD
- Supply RD
- Distributed generation RD

Regulatory update (II)

CNMC settlements

14th CNMC settlement for Year 2014

- €0.5 bn of provisional imbalance of regulated cost/revenues
  - ✓ Includes 2014 fuel costs final reference for non-mainland systems
- Coverage ratio: 97.05%
- Endesa owns 18.19% of regulatory working capital receivables
- Final settlement of 2014 expected to be balanced or with slight excess

2nd CNMC settlement for Year 2015

- €1.0 bn of provisional imbalance of regulated cost/revenues
- Coverage ratio: 60.2% (vs. 44.8% on settlement 2/2014)
- Endesa owns ~20.65% of regulatory working capital receivables

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Financial results

€M	1Q 2015	1Q 2014[1,2] re-stated	Change
Revenues	5,451	5,455	0%
Gross margin	1,460	1,402	+4%
EBITDA	952	909	+5%
EBIT[3]	628	516	+22%
Net finance expenses[4]	77	32	+141%
Share of profit from associates[5]	24	-33	n/a
Net attributable income	435	418	+4%
From continued operations	435	320	+36%
From discontinued operations	0	98	n/a

- **Average weather conditions lead to margin normalization**
- **Other Operating Results (CO_2 swap)**
- **EBITDA increases 5% while EBIT rises by 22%**
- **Significant increase of Net Attributable Income (+36%)**

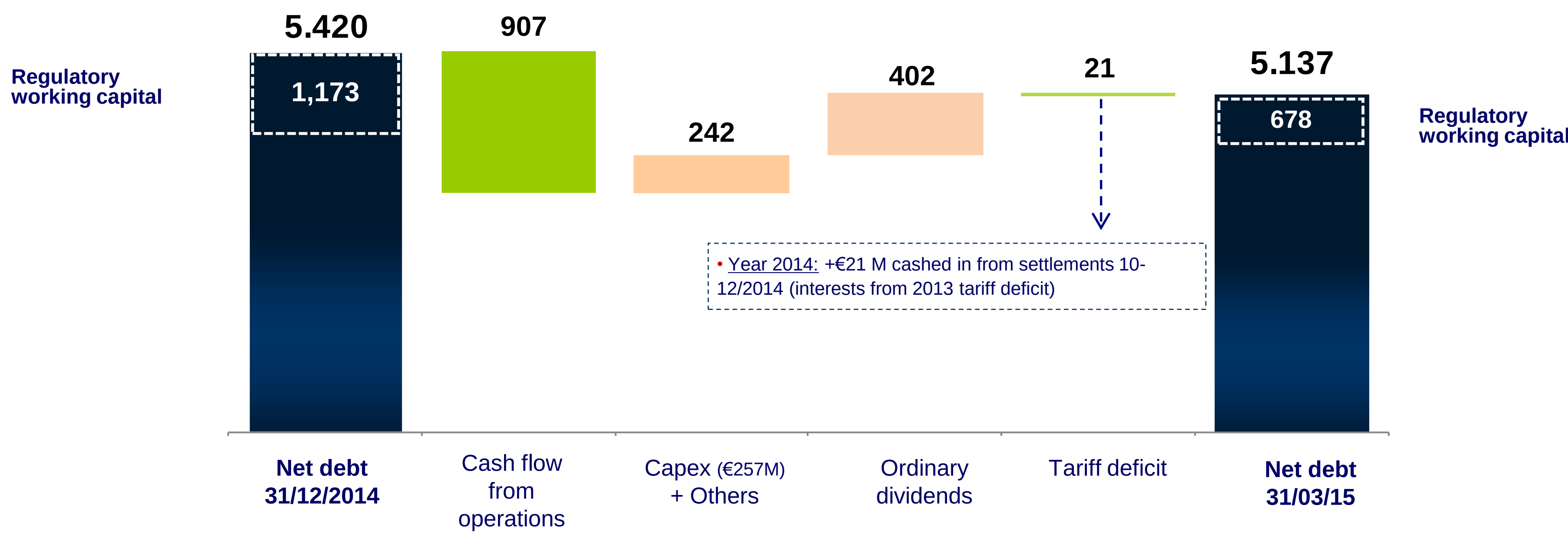
(1) 1Q 2014 re-stated following the application of IFRIC 21
(2) 1Q 2014: Latam business results are included in the Net Income from Discontinued Operations line following IFRS 5
(3) Lower D&A due to assets life extension
(4) Provision adjustment on workforce restructuring plans: -€24 M in 1Q2015 vs. -€7 M in 1Q 2014
(5) 1Q 2014: affected by Elcogas negative results (-€51 M)

Net debt analysis

Net debt evolution

Net debt (1) / EBITDA ratio: 1.8x — 1.6x

€M



- **Healthy financial leverage and strong liquidity position**
- **Endesa liquidity covers 50 months of debt maturities**

(1) Net debt figure includes regulatory working capital

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Highlights

Positive EBITDA and EBIT evolution (+5% and +22%)

Regulated business positively impacted by the recognition in non-mainland generation of taxes from Law 15/2012

22% output increase due to higher thermal output (+113%)[(1)]

Liberalized business margin normalization compensated by demand recovery consolidation and Other Operating Results

Fixed costs stability

(1) Information is referred to Mainland conventional thermal output

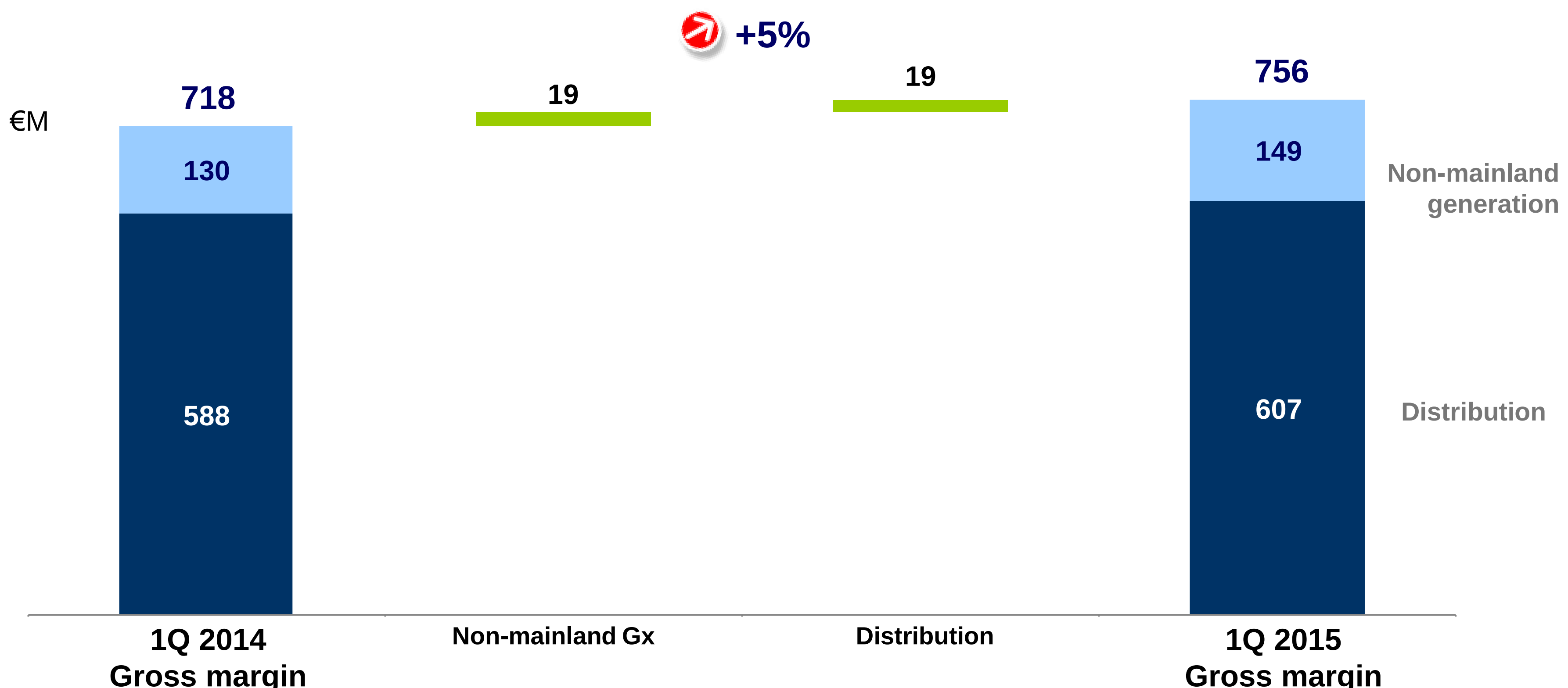
1Q 2015 EBITDA breakdown

	1Q 2014 %	1Q 2014 €M	Change (%)	1Q 2015 €M	1Q 2015 %	
Generation & Supply	46%	417	+8%	452	47%	Generation & Supply
Non-mainland generation	7%	63	+19%	75	8%	Non-mainland generation
Distribution	47%	429	-1%	425	45%	Distribution
TOTAL(1)		909	+5%	952		TOTAL(1)

(1) *Corporate Structure, Services and Adjustments EBITDA figure is allocated within the Generation & Supply business*

Regulated business

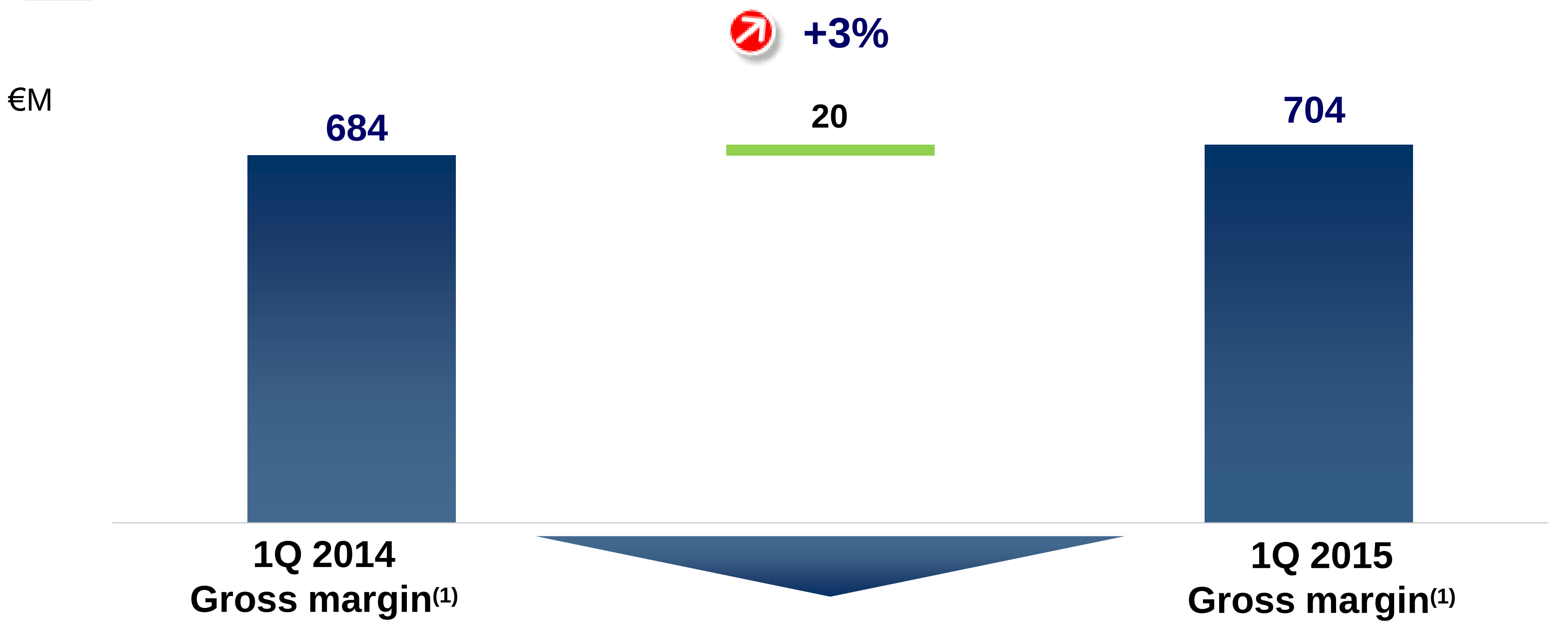
Gross margin evolution of non-mainland Gx and Dx



- Latest draft RD (Law 15/2012 taxes recognized as variable costs)
- Higher regulated revenues (previous years regularizations)

- **Non-mainland Gx:** Law 15/2012 taxes recognized as variable costs in 1Q 2015

Liberalized business
Gross margin evolution



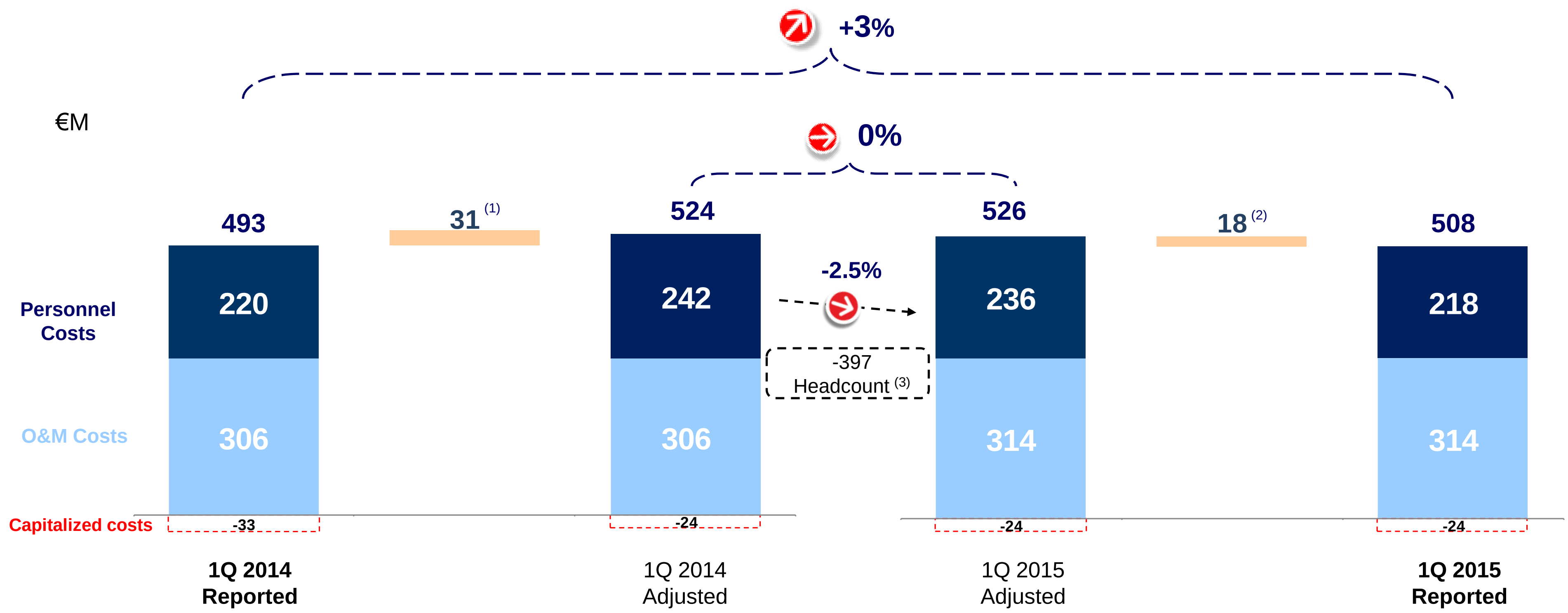
- Higher volumes and underlying selling price
- CO_2 swap transaction
- Gas Business

- Higher fuel costs (higher thermal gap)
- Higher energy purchase cost
- Higher Law 15/2012 taxes

- **Other Operating Results offset the expected normalization in the liberalized business**

(1) *Corporate Structure, Services and Adjustments gross margin figure is allocated within the Liberalized business*

Fixed costs evolution

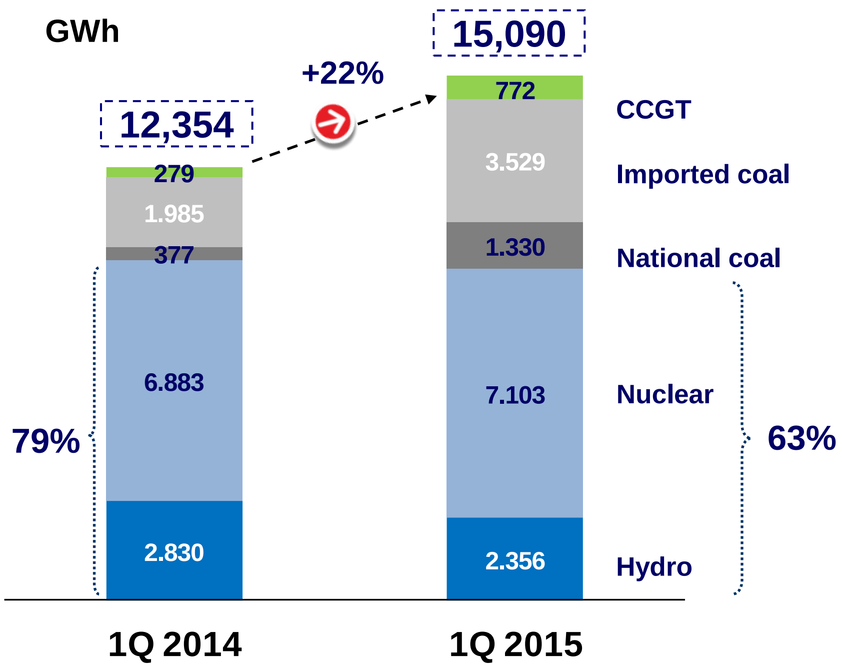


- **Flat recurrent fixed costs**
- **Adjusted by non-recurrent items personnel costs would have decreased by 2.5%**

(1) Work force provision adjustment (€22 M) and capitalized costs (€9 M)
(2) Work force provision adjustment (€18 M)
(3) Average headcount

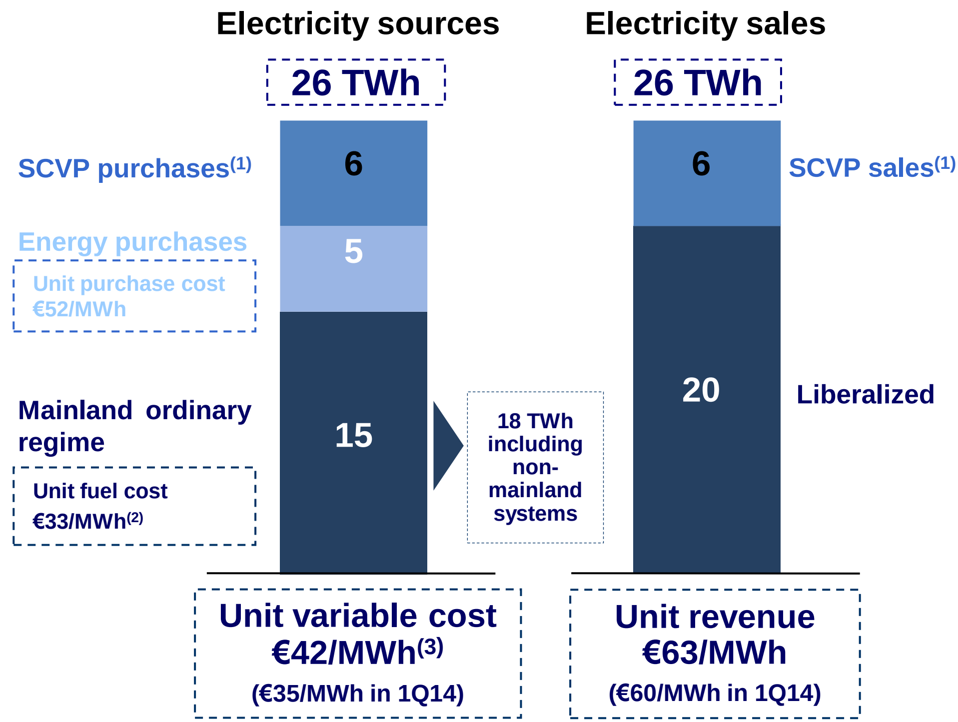
Liberalized business
Energy management

Mainland output



- Strong thermal output increase led by higher thermal gap due to hydro normalization
- Hydro and nuclear represented 63% of total output (vs. 79% in 1Q 2014)

1Q 2015 energy management



- Electricity unitary margin decreased by 18%
- 7% of 2016 estimated output hedged as of first quarter 2015

(1) SCVP not considered in calculations for unit variable cost, unit revenue and unitary margin
(2) Includes fuel cost, CO_2 and taxes from Law 15/2012
(3) Includes fuel costs as in footnote 2, energy purchase costs and ancillary services

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Final remarks

1. Regulated business positively affected by Law 15/2012 taxes recognition in non mainland generation
2. Liberalized business margin positive performance despite expected normalization of weather conditions
3. Overall fixed costs stability with lower personnel costs
4. Strong cash flow generation
5. AGM approved €6.76/share gross dividend against 2014 Results

5.1
- Extraordinary dividend of €6,00 (paid on 29th October '14)
- Ordinary dividend of €0.76 (€0.38 paid on 2nd January '15 and €0.38 to be paid on 1st July '15)

Appendix

Endesa 1Q 2015 Results

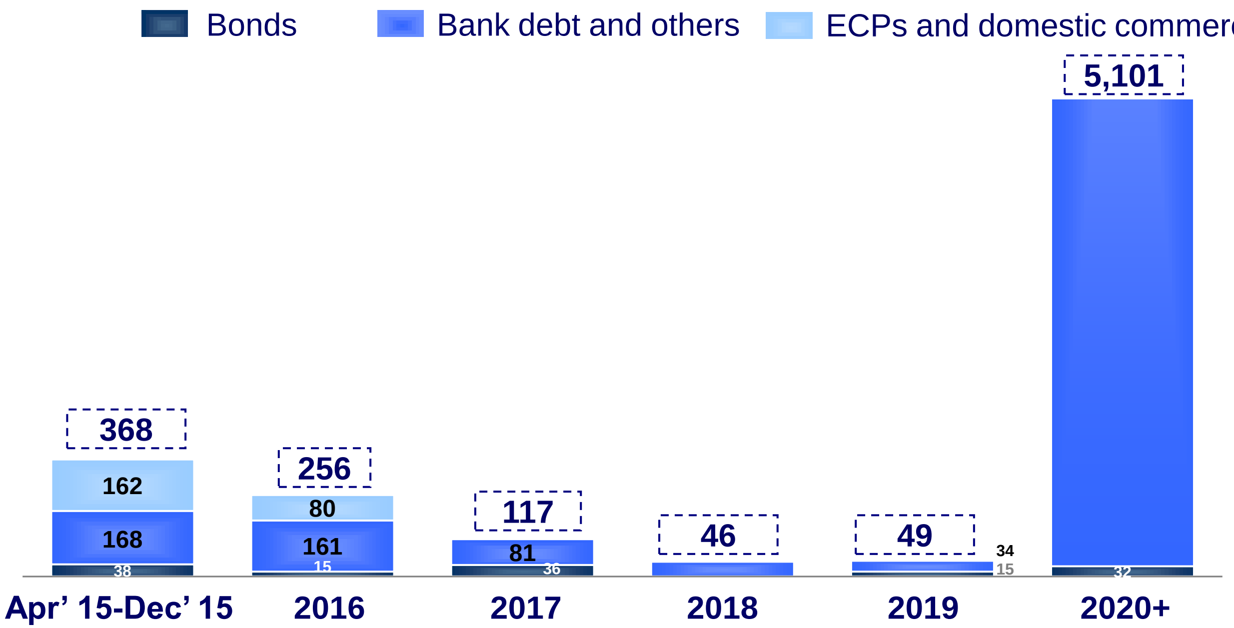
Installed capacity and output(1)

GW at 31/03/15 (and chg. vs. 31/03/14)	**Installed capacity(2)**		*GWh 1Q 2015 (and chg. vs. 1Q 2014)* **Output(3)**	
Total	**21.7**	**+0%**	**18,019**	**+18.3%**
Hydro	4.7	+1%	2,356	-17%
Nuclear	3.3	0%	7,103	+3%
Coal	5.3	0%	5,385	+89%
Natural gas	5.4	0%	1,626	+39%
Oil-gas	2.9	0%	1,548	+4%

(1) Includes data for fully consolidated companies and jointly-controlled companies accounted for using proportionate consolidation
(2) Net Capacity
(3) Output at power plant bus bars (Gross output minus self-consumption)

Endesa: financial debt maturity calendar

Gross balance of maturities outstanding at 31 March 2015: €5,937 M(1)



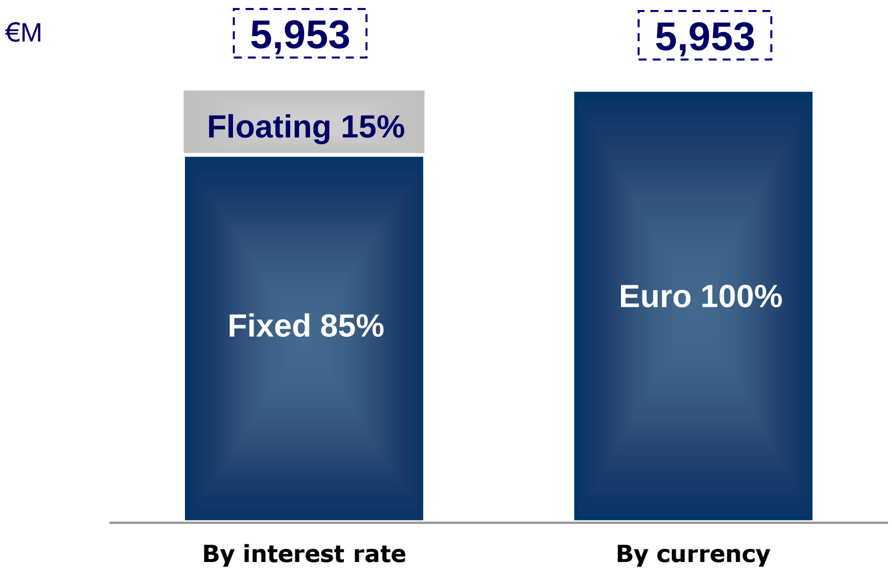
Endesa's liquidity covers 50 months of debt maturities

- **Liquidity €3,932 M**
  - **€799 M in cash**
  - **€3,133 M available in credit lines**
- **Average life of debt: 8.7 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.
(2) Notes issued are backed by long-term credit lines and are renewed on a regular basis.

Gross debt structure
as of March 31st 2015

Structure of Endesa's gross debt



Average cost of debt	**3.1%**

Data as of 31 March 2015

Endesa is an Enel Group Company

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; 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 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 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 regulated information filed with the Comisión Nacional del Mercado de Valores (the Spanish securities regulator or the "CNMV" for its initials in Spanish).

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