



Investor day

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MEMBER OF
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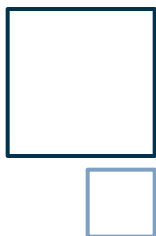
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Agenda



- | | |
|---|-------------------------------------|
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| 2. Market and sector trends | José D. Bogas |
| 3. Endesa key strengths | José D. Bogas |
| 4. New industrial plan | |
| 4.1. Regulated business – Distribution | José Luis Marín |
| 4.2. Regulated business – Non-mainland generation | Manuel Morán |
| 4.3. Liberalised business – Generation and Supply | J.Bogas/M. Morán/ J. Uriarte |
| 5. Financial overview | Paolo Bondi |
| 6. Guidance and closing remarks | José D. Bogas |

Today's presenters



Borja Prado
Chairman



José D. Bogas
CEO



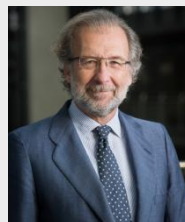
Paolo Bondi
CFO



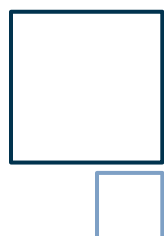
José Luis Marín
MD Endesa Red



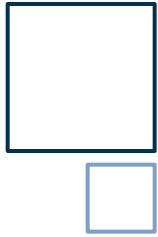
Manuel Morán
MD Endesa Generación



Javier Uriarte
MD Endesa Energía



1. Opening remarks



Key recent developments



Divestiture of Latin American business

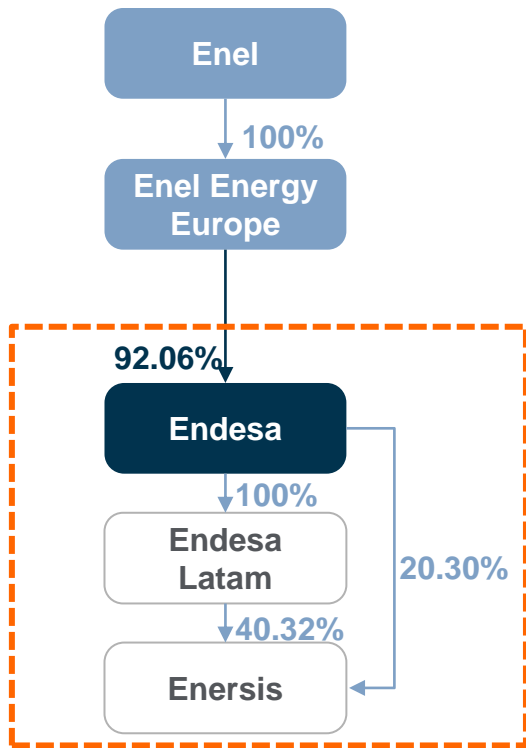
Re-focus on Iberian market

Distribution of extraordinary dividend

Endesa recently announced a reorganisation

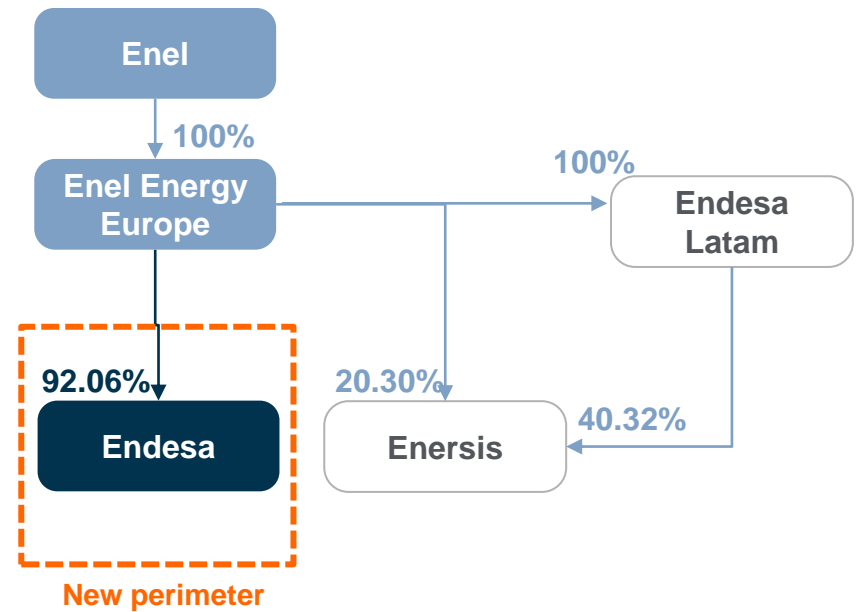


Today



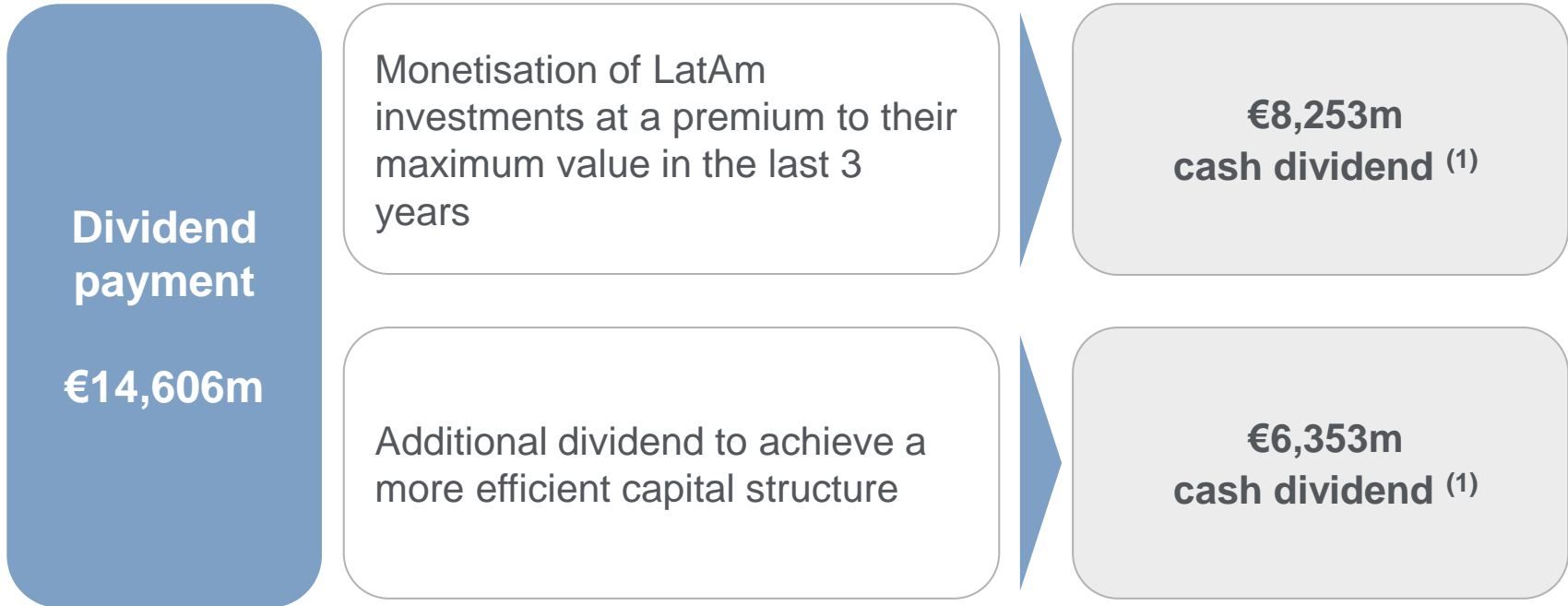
Current perimeter

Envisaged new structure



New perimeter

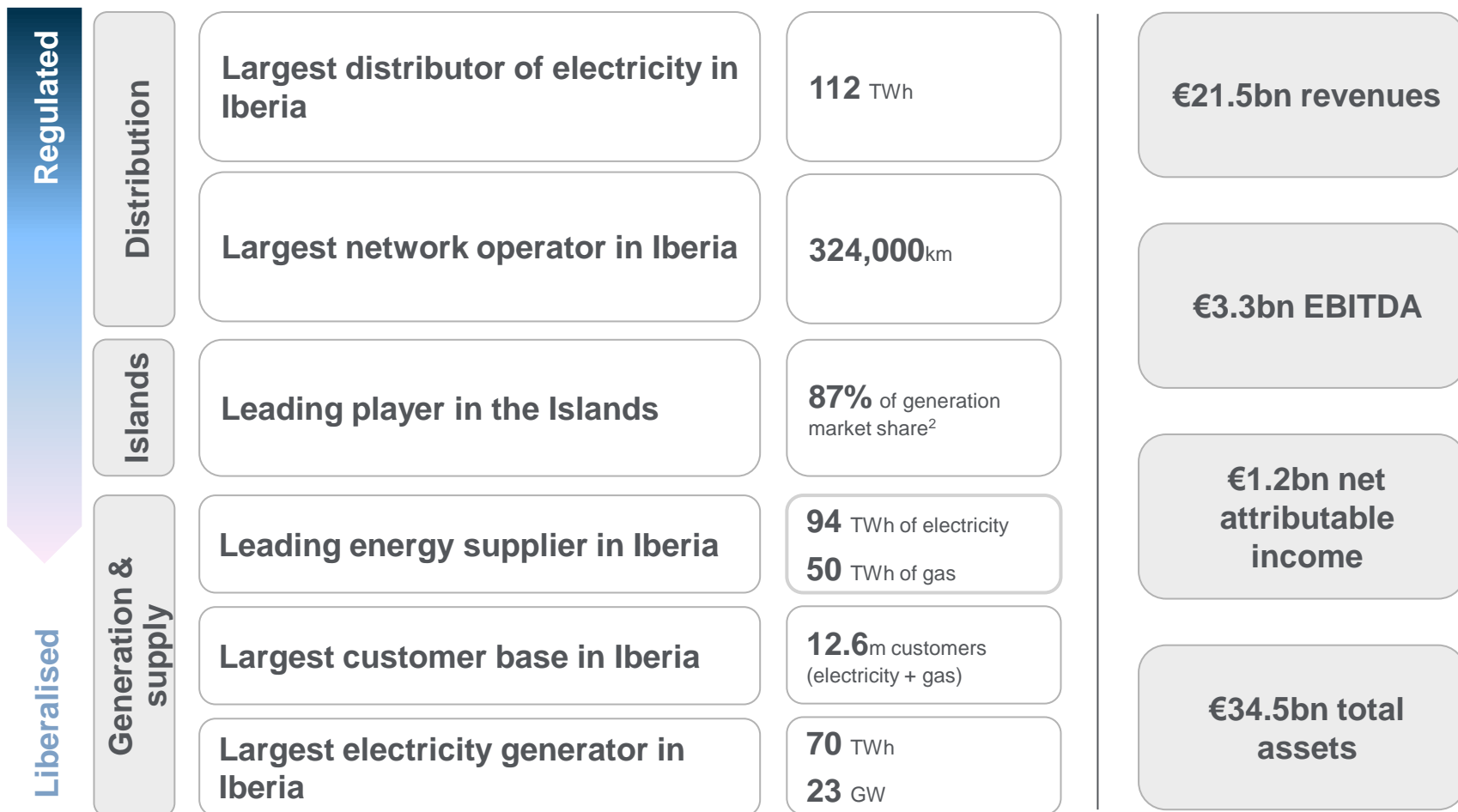
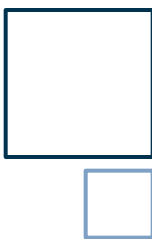
Shareholders will receive a record dividend



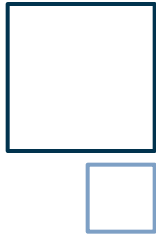
Total cash dividend of €13.8 per share

(1) €8.253bn dividend has been proposed by Endesa's BoD for EGM approval on October 21, 2014. €6.353bn dividend approved by Endesa's BoD on October 7, 2014. Both dividends payable on October 29, 2014.

Endesa refocused on its leading position in the Iberian market



(1) Figures for Spain and Portugal.
 (2) Calculated over total capacity in non mainland systems (incl. renewables).



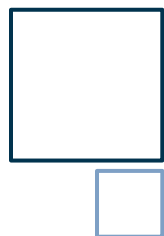
Endesa: a pure player in the Iberian market



Industrial plan focused on the Iberian market

More efficient capital structure

Visible and stable cash flow as a base for attractive dividend policy

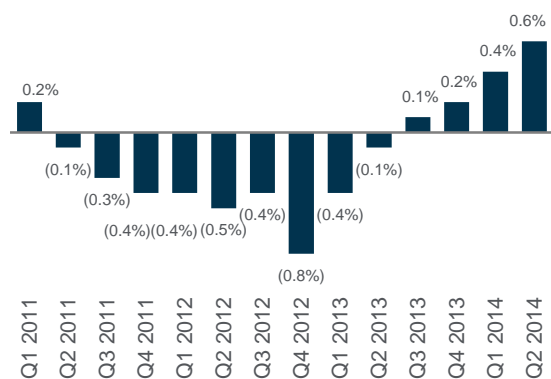


2. Market and sector trends

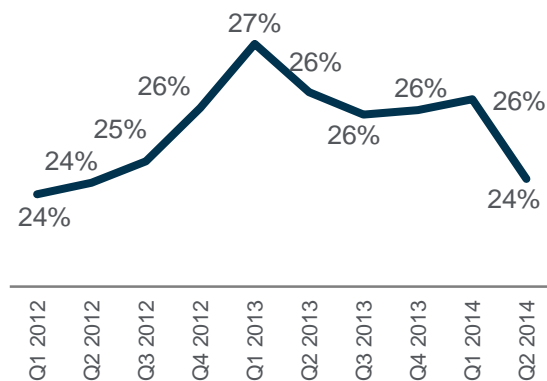


Improving macroeconomic environment with attractive prospects

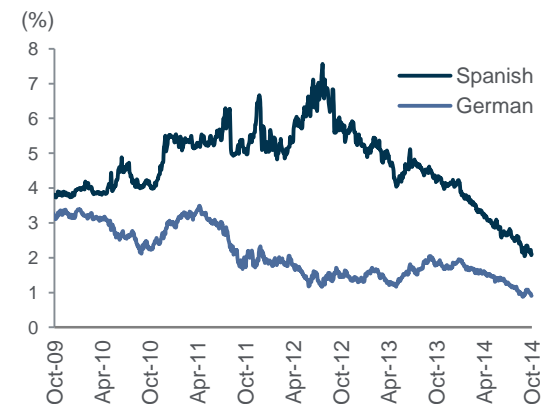
Spanish GDP



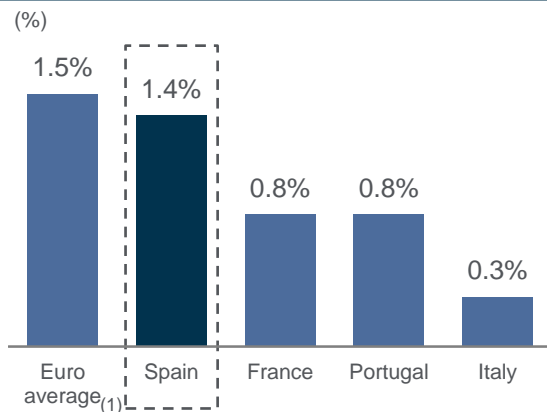
Spanish unemployment rate



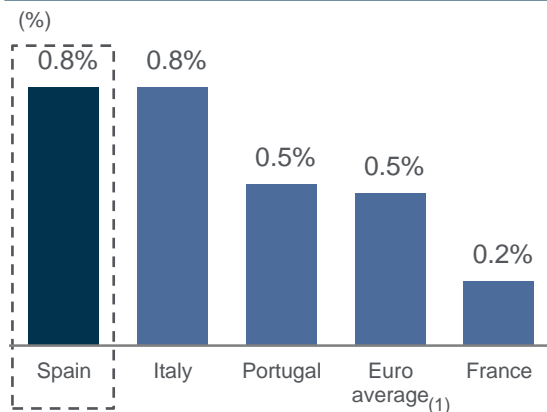
10Y bond yield



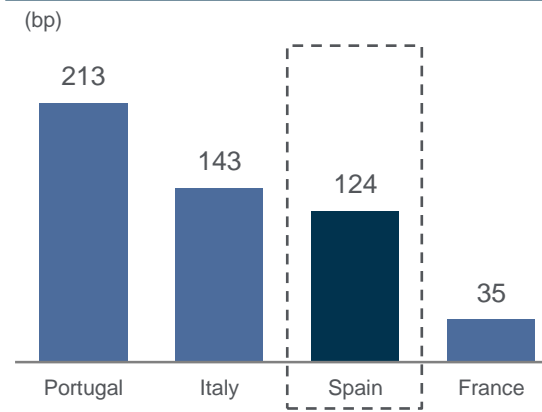
2015E GDP growth



2015E Employment growth



Spread vs. Bund



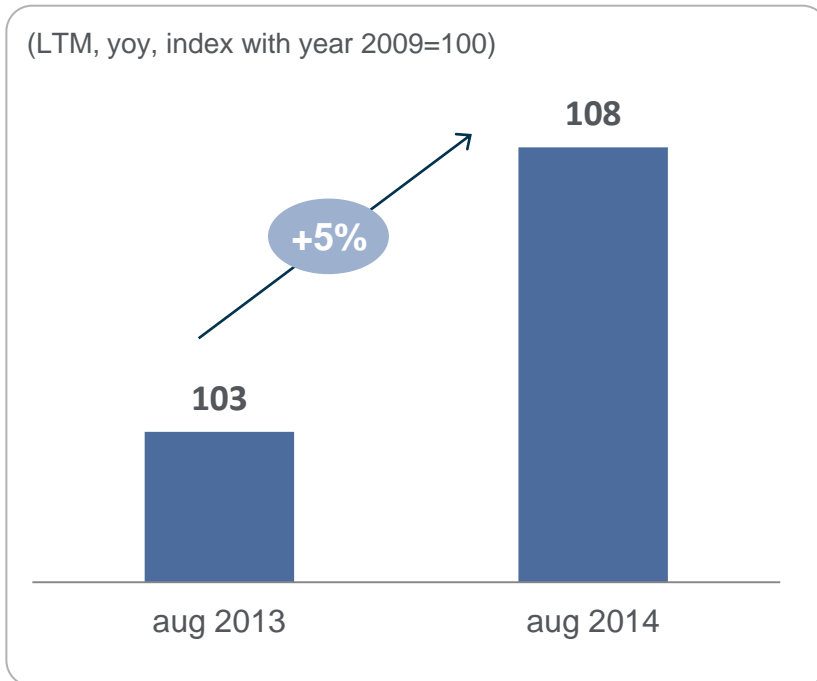
Source: INE, EPA, Economist Intelligence Unit's latest estimates as of October 2, 2014 (from August / September, 2014), and Bloomberg as of October 6, 2014.

(1) Euro average includes the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain, Sweden and the UK.



Significant signs of recovery in electricity demand

Accumulated electricity consumption index for industrial customers (12 months)



Total mainland demand growth September 2014

- **Monthly demand growth** (% , yoy) **+1.6%**
- **Accumulated demand growth** (9 months, % , yoy) **+0.3%**

Source: REE.

Note: Industrial customers with more than 450 kW contracted (~1/3 of total demand in 2012)

Total mainland demand is adjusted by weather conditions and seasonality



Stable and financially balanced electricity sector

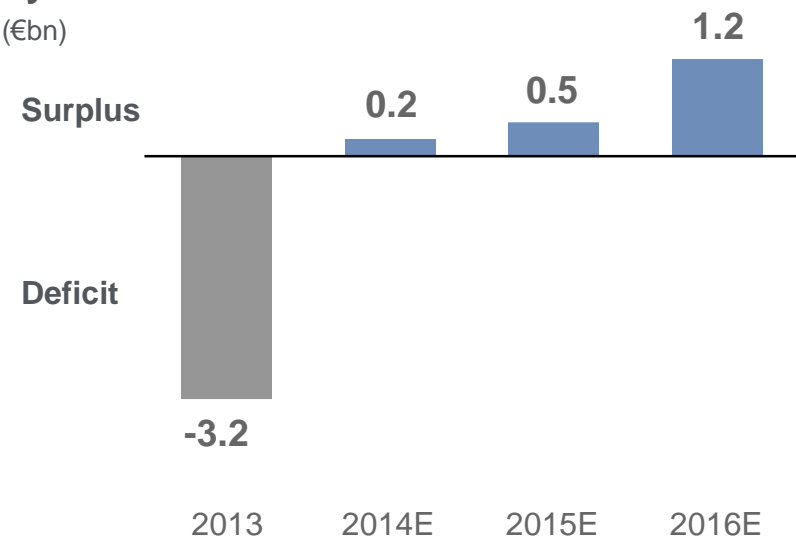
Energy reform virtually completed...

- ✓ No further tariff deficit expected
- ✓ Stable regulation

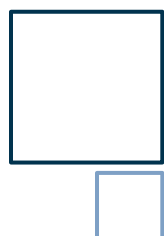
...with potential upsides

System revenues minus costs

(€bn)



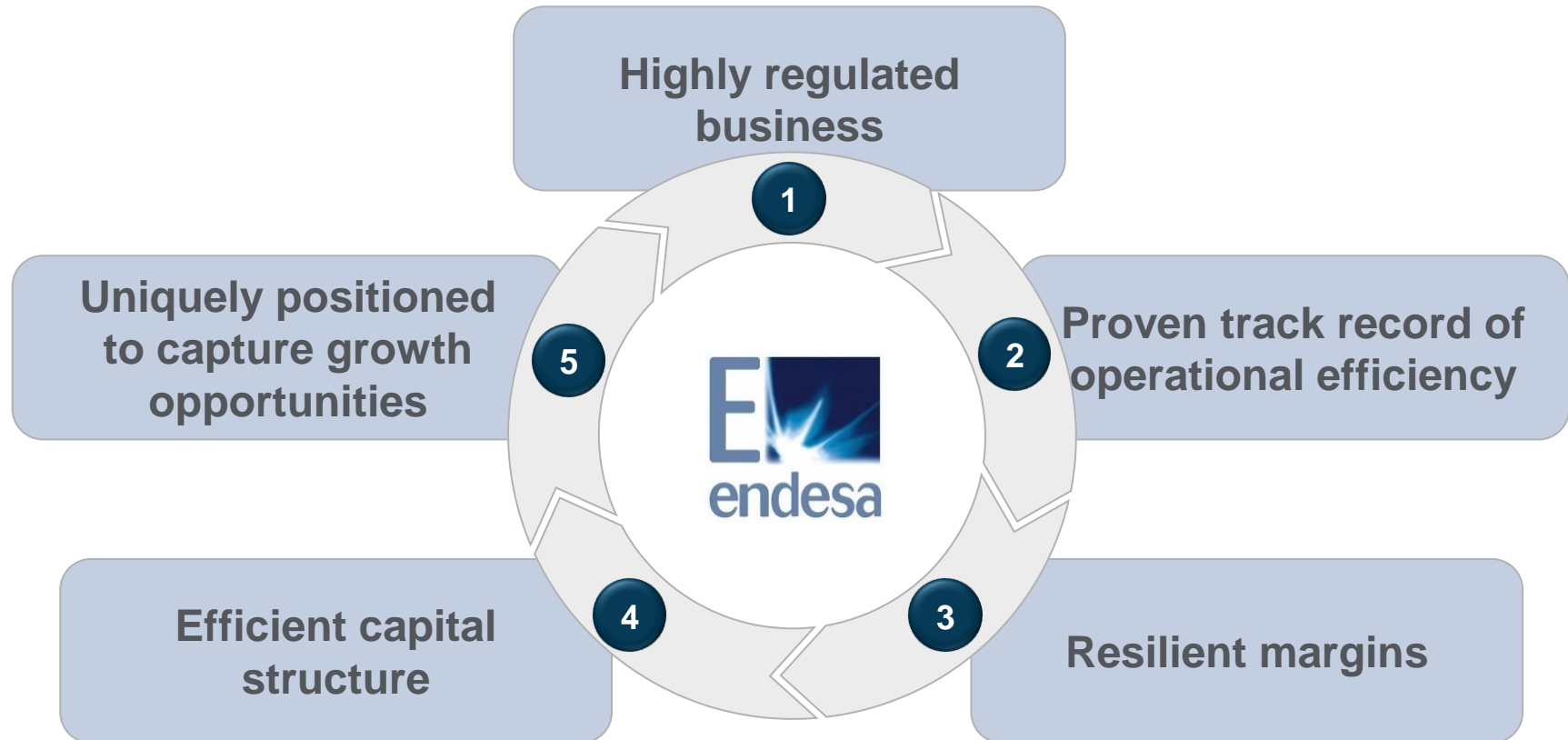
Expected accumulated system surplus of €1.9bn in the 2014–2016 period



3. Endesa key strengths



Endesa is focused on shareholder value leveraging 5 key distinctive strengths

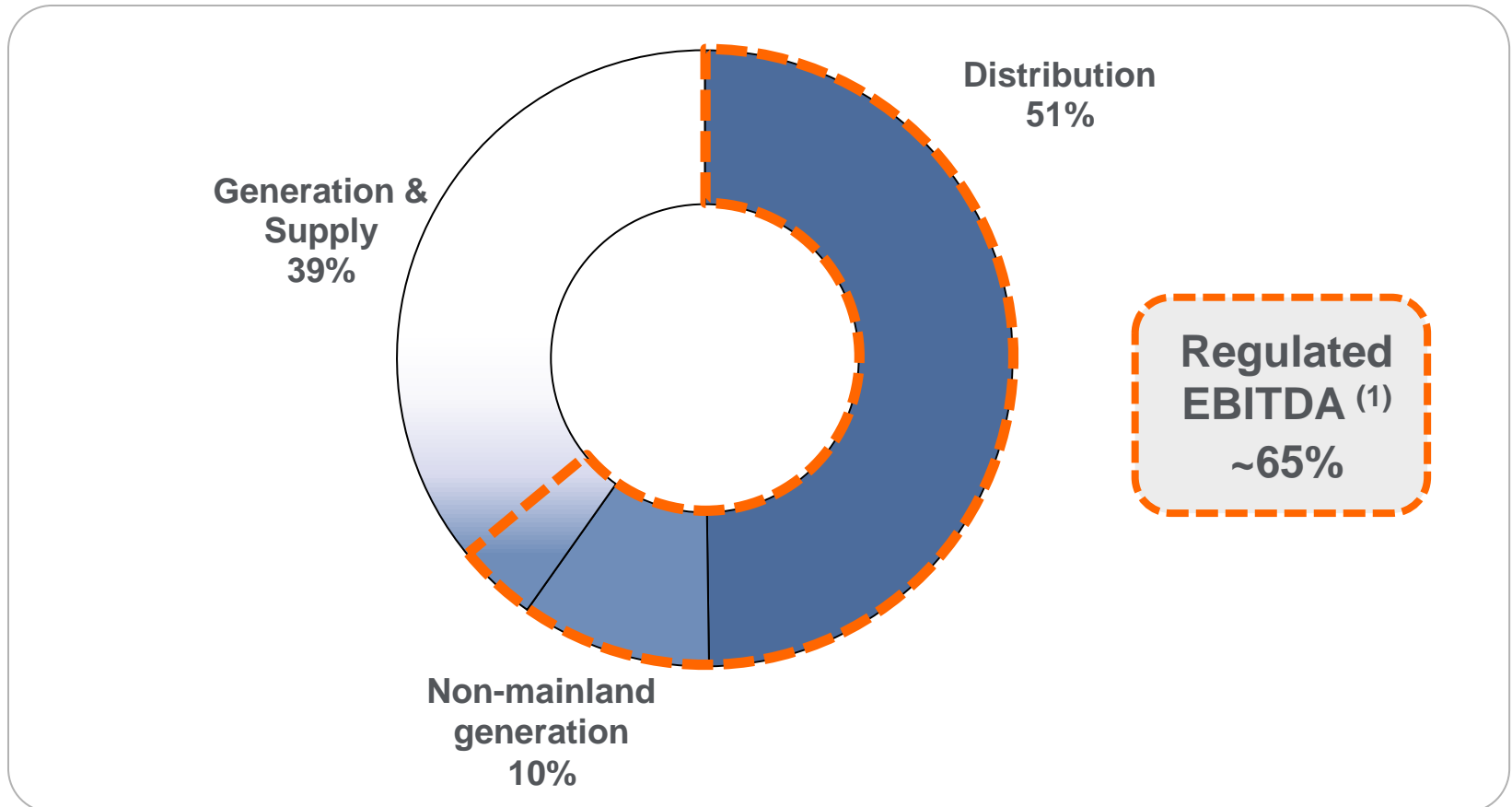


Strong Cash Flow generation



Significant portion of EBITDA from regulated activities

2013 EBITDA breakdown (1)



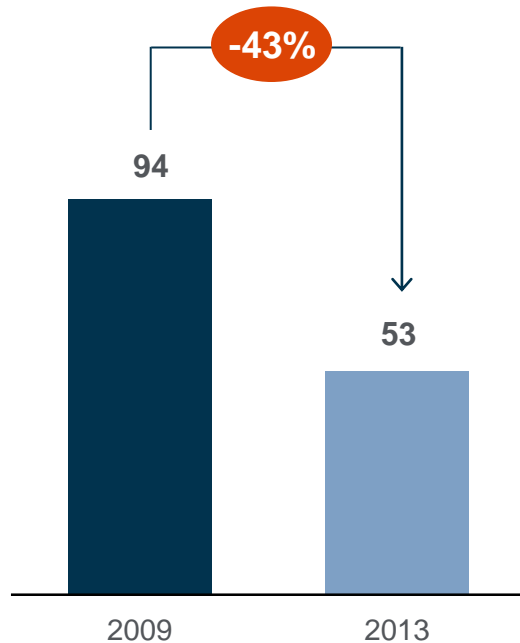
(1) 2013 Pro-forma. Regulated EBITDA includes distribution, non-mainland generation, capacity payments and mining.



Proven track record of operational efficiency

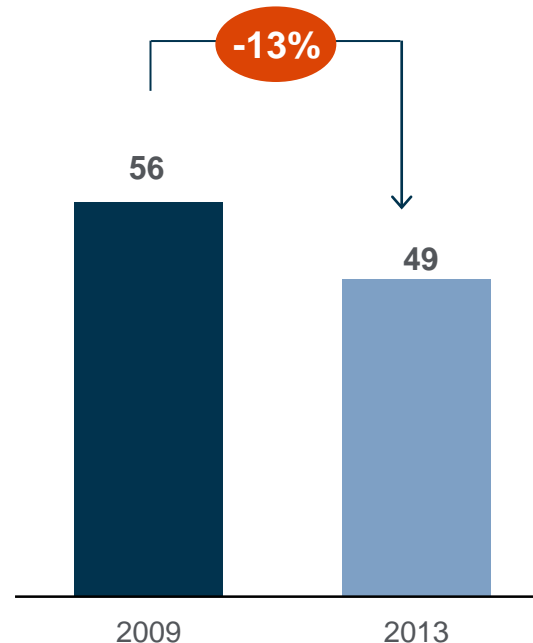
Distribution cash cost ⁽¹⁾

(€/customer)



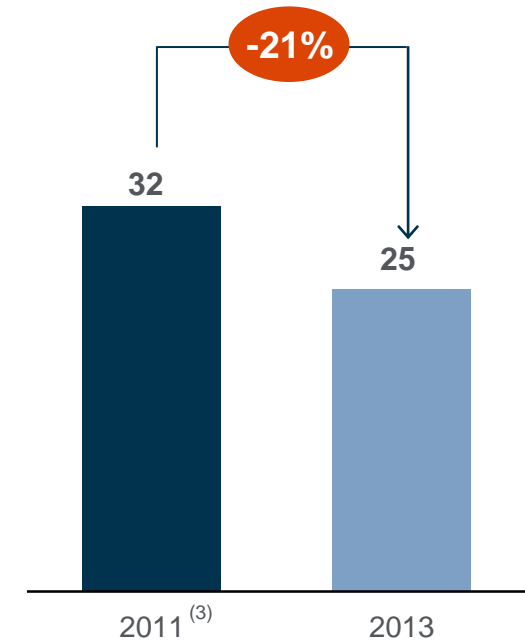
Generation cash cost ⁽²⁾

(k€/MW)



Supply cash cost

(€/customer)

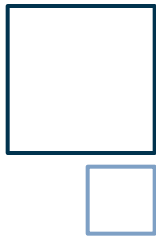


Note: Cash cost includes recurring O&M, personnel costs and maintenance capex in nominal terms. Excluding structure costs, fuel costs and adjusted by perimeter

(1) Net capex excluding smart meter. Perimeter: Endesa Distribución + DEPCSA + Endesa Red holding

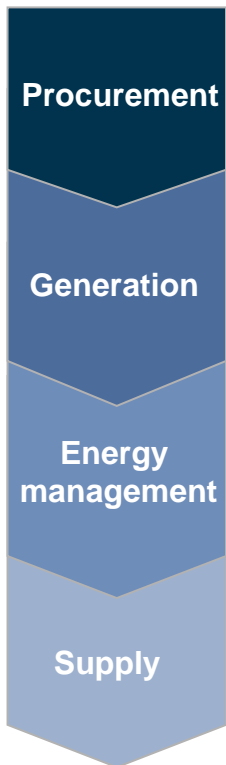
(2) Figures include mainland and non-mainland generation business, excluding logistics and mining business. Net recurrent capex.

(3) Compared to 2011 rather than 2009 due to the timing of the liberalisation of the sector. Includes acquisition costs



Integrated management of generation, purchases and supply

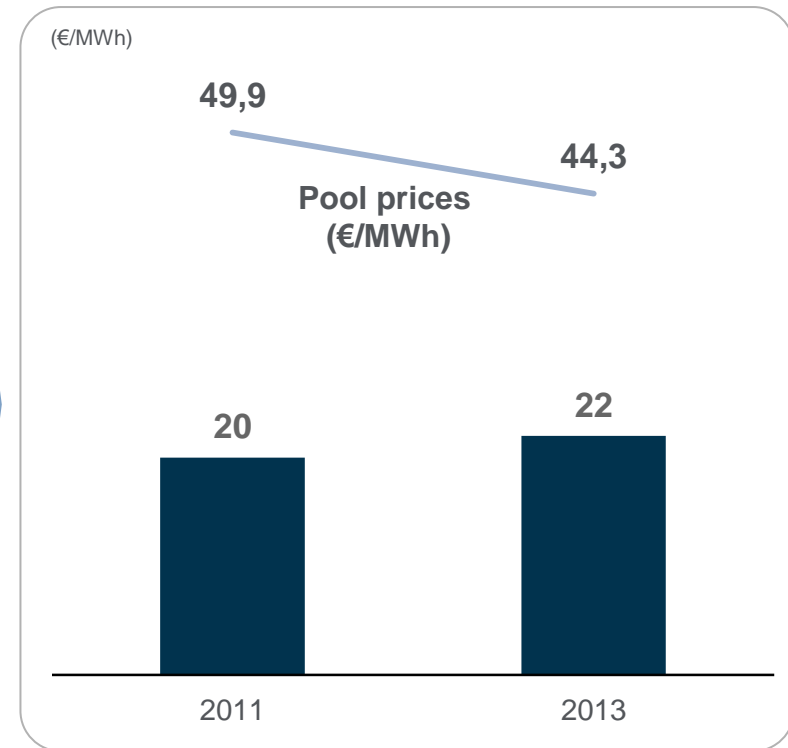
Integrated management



Key factors

Procurement	Diversified, flexible fuel procurement
Generation	Competitive generation mix 60% Hydro + Nuclear
Energy management	Limited risk exposure ⁽²⁾ ± 1TWh per month
Supply	Large customer base ⁽³⁾ 11.4m

Endesa's electricity unit margins ⁽¹⁾



Source: Pool prices from OMIE.

(1) Excluding SCVP unit margins.

(2) 2013 monthly average.

(3) Electricity customers.



Proven margin resilience even during an unprecedented adverse market context

Adverse market conditions

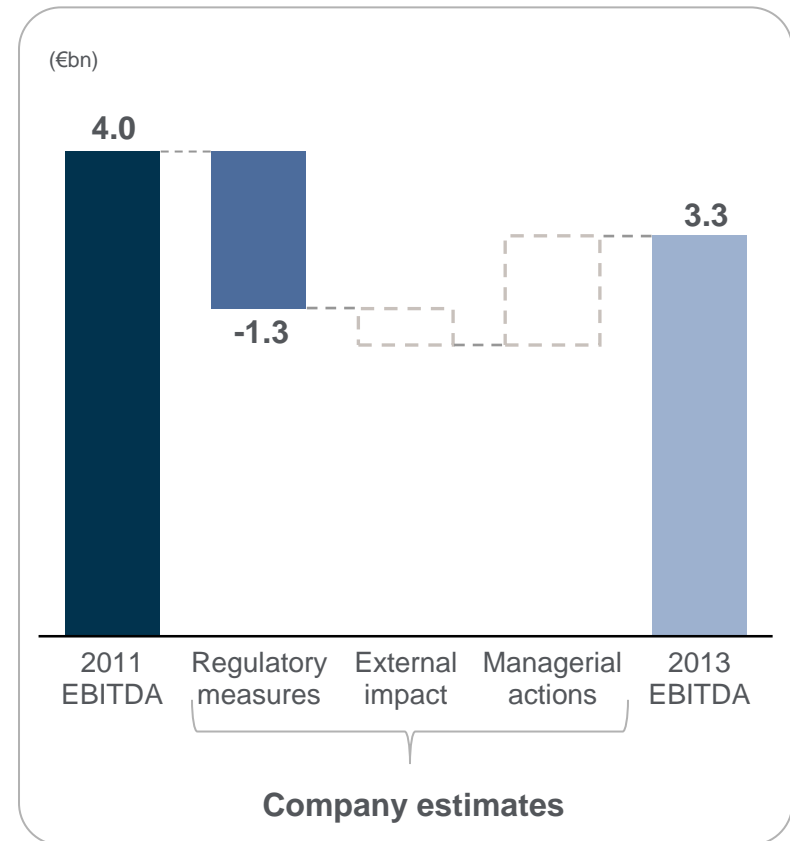
2011-2013 impact

Demand contraction ▼	-3.6%
Reduced thermal gap ▼	-31%
Lower electricity prices ▼	-11%
Regulatory reform ▼	-€10.5bn

Managerial actions

- Focus on efficiencies and synergies
- Active management of fuel procurement
- Effective integrated management of liberalised business

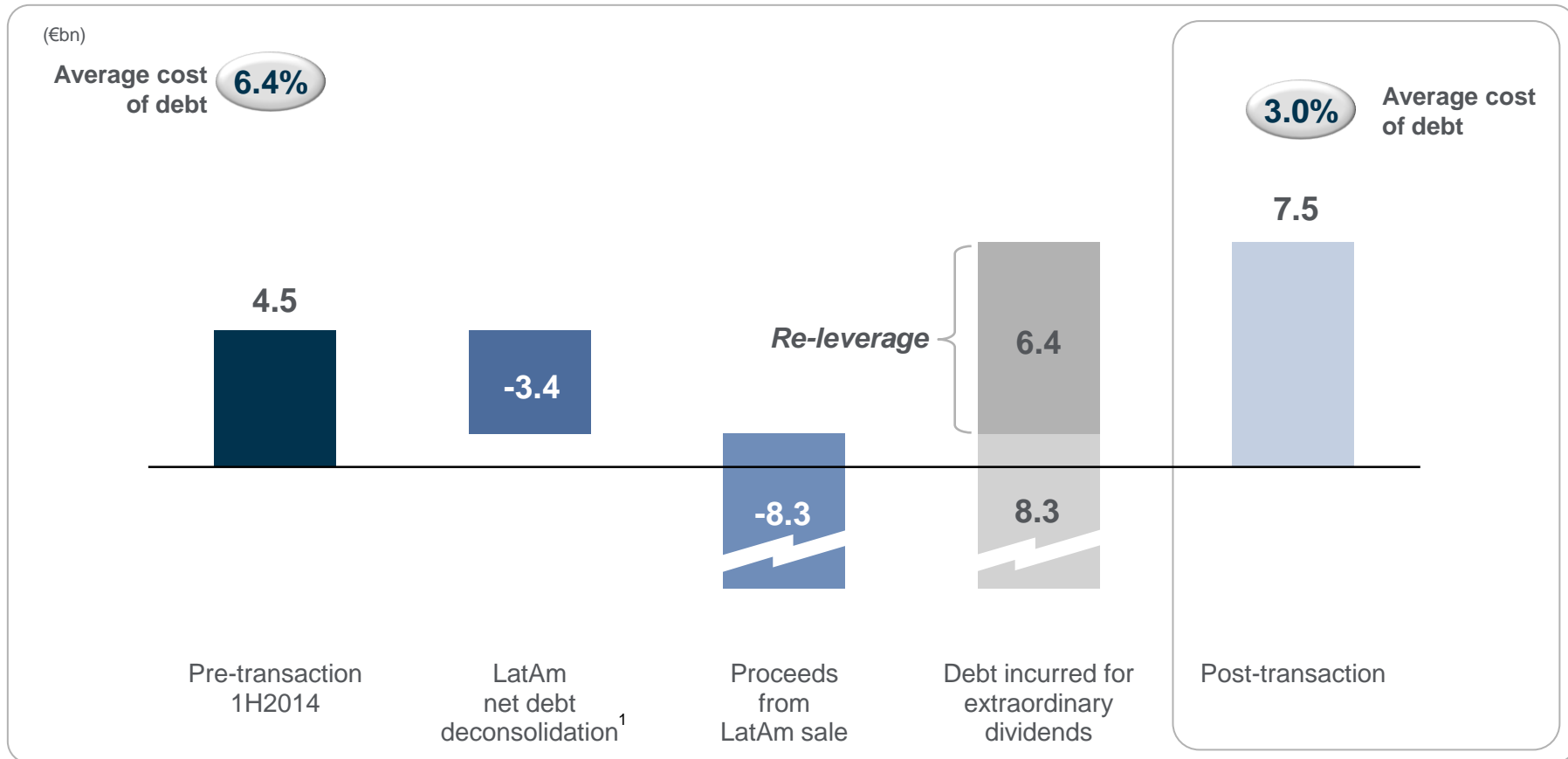
Endesa EBITDA evolution 2011-2013





Optimised capital structure

Net debt



1. including Endesa Latinoamerica SA debt. Net debt including tariff deficit.

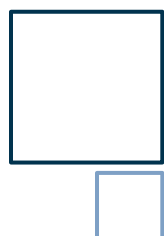


Uniquely positioned to capture growth opportunities in the Iberian market

Potential growth drivers

Endesa's position

<p>Increase in demand / prices</p>	<ul style="list-style-type: none"> ▪ Largest electricity supplier and distributor ▪ ~60% of generation from hydro and nuclear 	
<p>Increase in thermal gap</p>	<ul style="list-style-type: none"> ▪ Competitive thermal power generation portfolio in Iberia 	
<p>Opportunities in Portugal</p>	<ul style="list-style-type: none"> ▪ Second largest player in electricity sales ▪ Growing position in gas supply 	
<p>New products, services and innovation</p>	<ul style="list-style-type: none"> ▪ Proven track record in cross-selling ▪ Distributed generation leveraged on customer base ▪ Foster demand electrification and pioneer in new technologies 	
<p>Renewables</p>	<ul style="list-style-type: none"> ▪ Potential to capture additional growth opportunities in the renewable space alongside Enel Green Power España 	
<p>Further options</p>	<ul style="list-style-type: none"> ▪ Organic investment focus exclusively on Iberia, differentiating Endesa from its peers ▪ Review of selected non-organic growth avenues 	



4. New industrial plan

New trends are opening business opportunities in mature markets

Trends

Economy

Improving macroeconomic conditions

Environmental sustainability

Towards a low carbon economy

Regulation

Increasing focus on system costs and efficiencies

Technology

Innovation and cost reduction as a driver to change the energy trends

Consumer behaviour

Energy efficiency oriented driven by technology

Potential implications for Spain's energy industry

Recovery of electricity and gas demand

Demand electrification

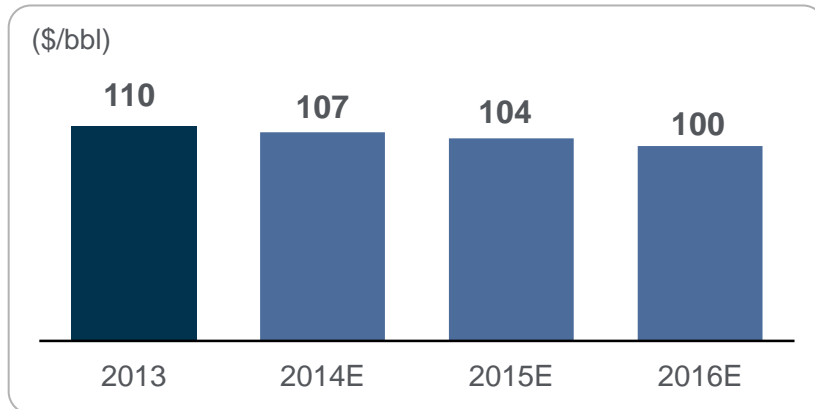
Sustainability of the system

Active role for distribution operators

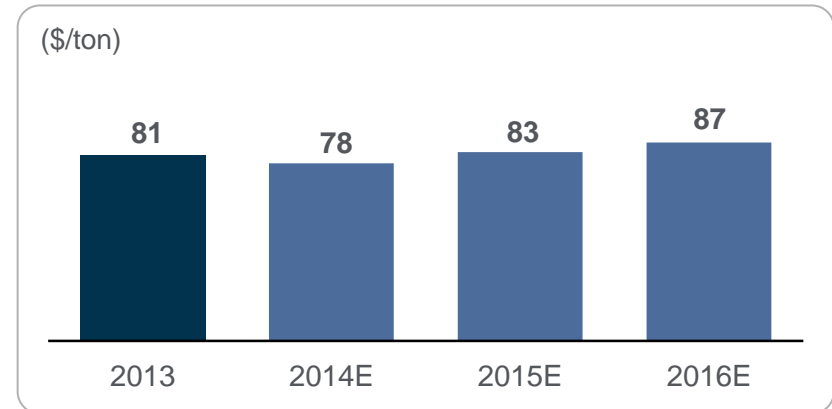
Key role of customers demanding more services and products

Commodities to remain stable throughout the plan period

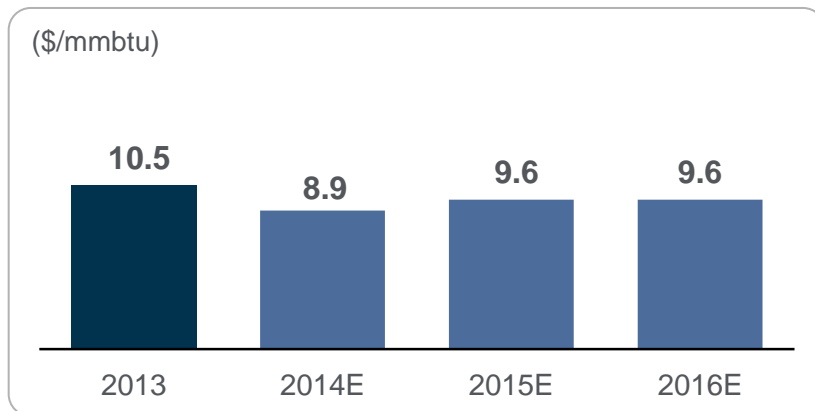
Brent



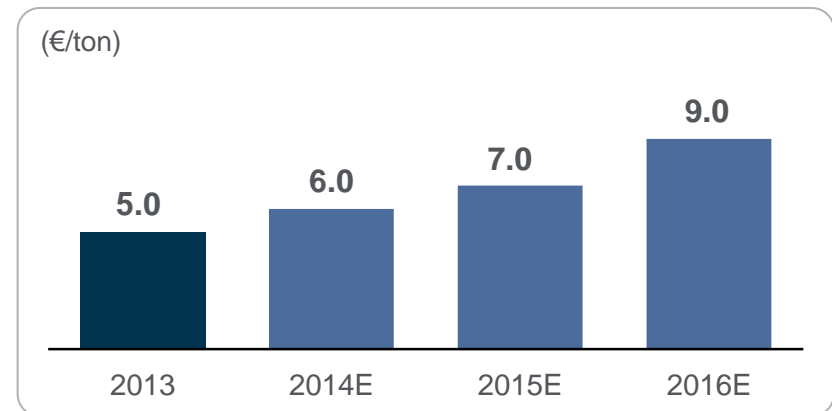
Coal – API2



Gas TTF



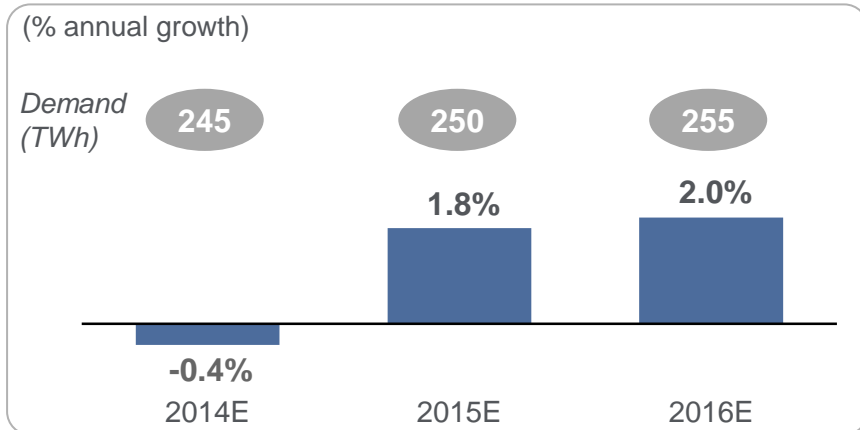
CO2 price



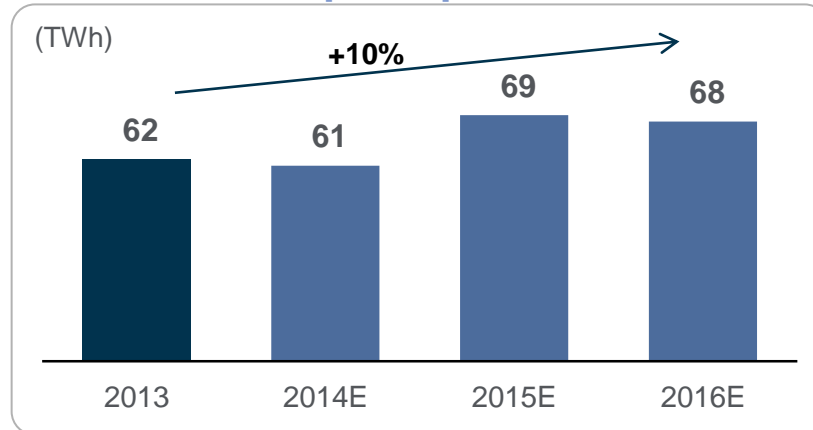


Slight improvement in market fundamentals

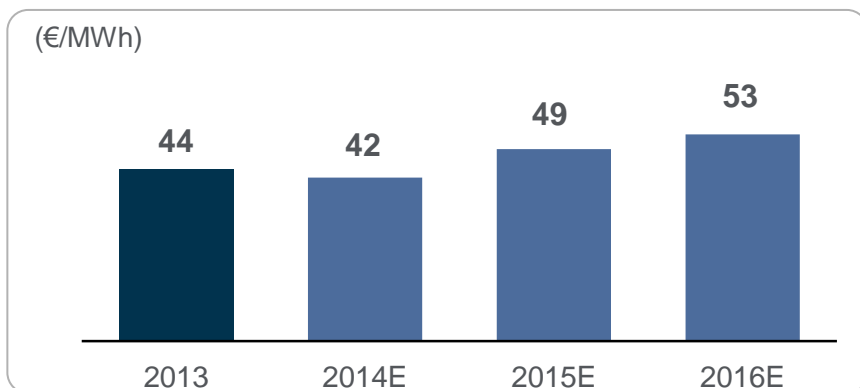
Electricity Demand in Spain – Mainland



Thermal Gap in Spain - Mainland



Spanish Pool Prices



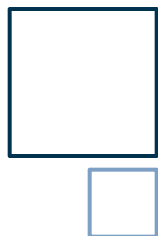
Reserve margin

Short Term
2014-2016

- Overcapacity
- Renewables slow down

Medium/ Long Term

- 11 GW (coal) subject to environmental investments or early retirement
- Need for environmental investments or new capacity



The new industrial plan is based on four key priorities

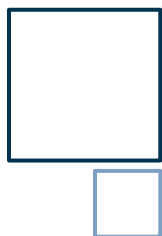
Key strategic priorities

Realise full potential of new regulation

Enhance operational efficiency

Maximise integrated generation-supply value

Develop new technologies and value added services



4.1. Regulated business: Distribution

Jose Luis Marín



Largest distributor in Iberia

Endesa's presence in distribution



Key operational figures (2013)

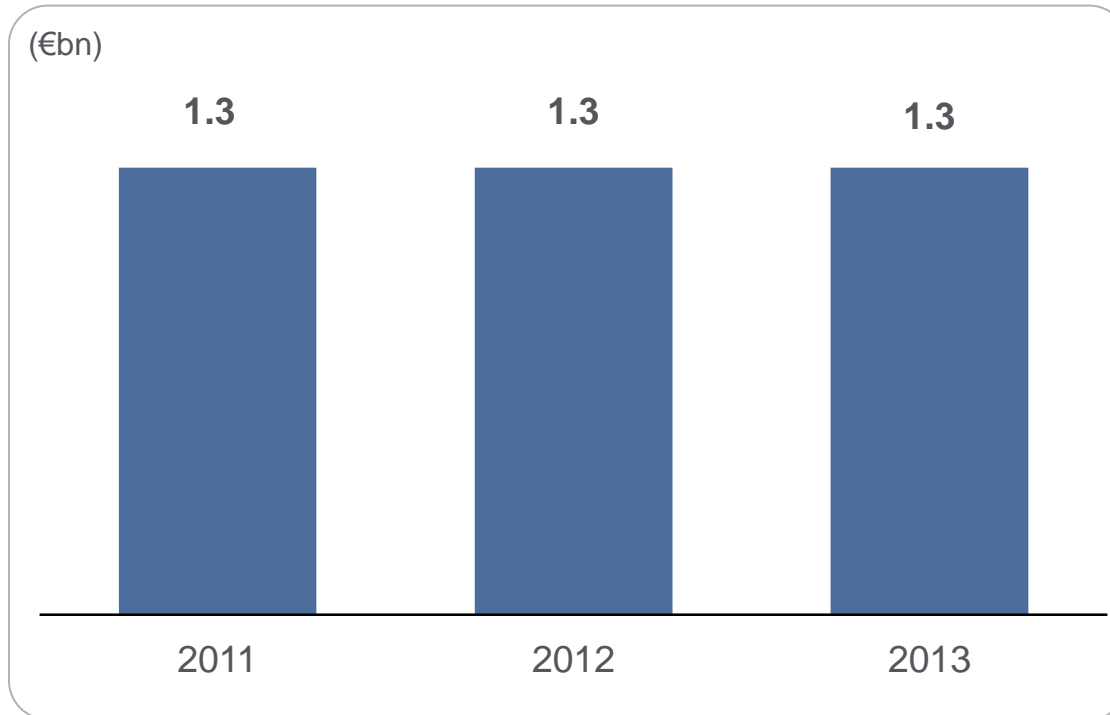
Distribution lines	323,631km
<i>High voltage (≥66 kV)</i>	19,566km
<i>Medium voltage (1-66 kV)</i>	117,543km
<i>Low voltage</i>	186,524km
Percentage of underground cables	40%
Substations (#)	1,244
Substations (MVA)	84,890
Secondary substations (#)	131,491

▪ Total end users	11.9m
▪ Total TWh distributed	112TWh
▪ Market Share (of total TWh)	43%
▪ Smart meters installed	4.2m

Uniquely positioned to benefit from economies of scale

Proven track record of stable cash flow generation

EBITDA minus NET CAPEX (2011–2013)



Robust cash flow generation

Resilience in adverse market conditions

A new regulatory framework has been established with a more stable and transparent remuneration

New regulatory framework

Key features

- RAB-based mechanism
- Standard costs for opex and capex
- Remuneration rate: 6.5% nominal pre-tax for the first period ⁽¹⁾
- Long regulatory periods: 6 years
- Ex-ante recognition of investments
- Specific cost structure for non-mainland systems

Outstanding items

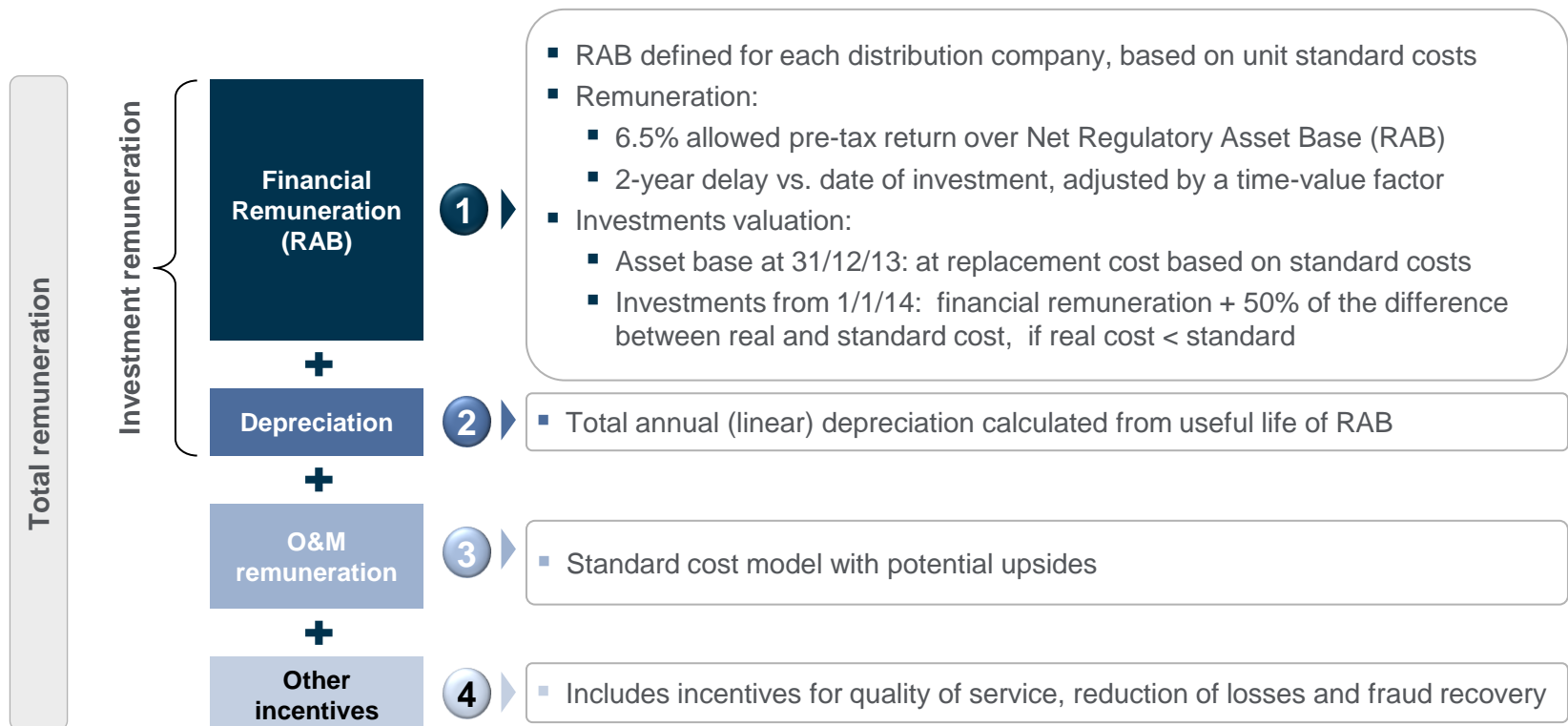
- Standard unit values proposed by CNMC pending approval

(1) First regulatory period expected to be 2015-2019

New regulation RAB-based with standard values and ex-ante recognition of investments

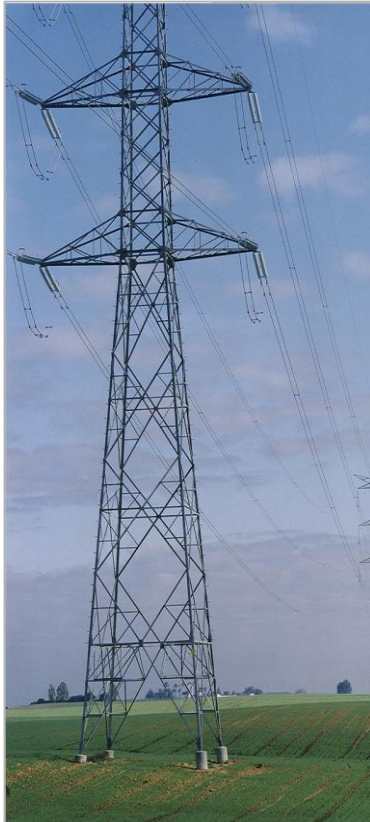
Overview of remuneration framework for distribution activities applicable from 2015

First regulatory period: 2015–2019 (6-year regulatory periods thereafter)



CNMC estimate of Endesa 2014 net RAB: €11.4bn

Action plan for Distribution



- 1 Realise full potential of new regulatory framework
- 2 Continuous focus on cost efficiencies
- 3 Full deployment of proven smart meter technology
- 4 Improve networks and develop new innovative technologies

Preparing network for the future



Realise full potential of new regulatory framework

Potential sources for incremental remuneration

Opportunity to outperform vs. standard unit costs

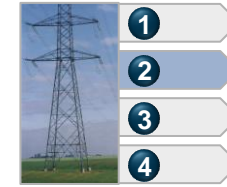


Incentives

- **Economies of scale:** the largest distributor in Spain
- **Cost efficiencies** achieved to date
- Further **potential optimisation** of opex and capex

- **Fraud and losses:** specific recovery plan in place for non-technical losses
- **Quality:** best-in-class position in quality indexes

Continuous focus on cost efficiencies



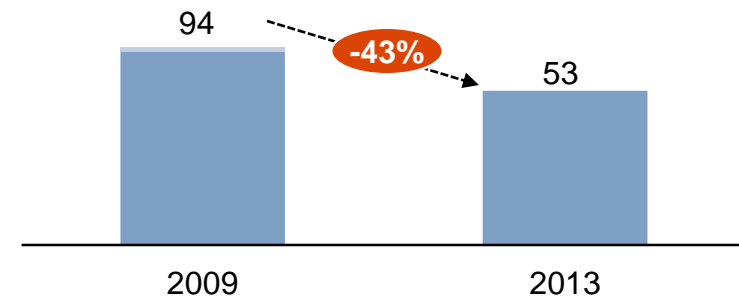
Key drivers

Continuous BPS leveraged on new Enel organisation

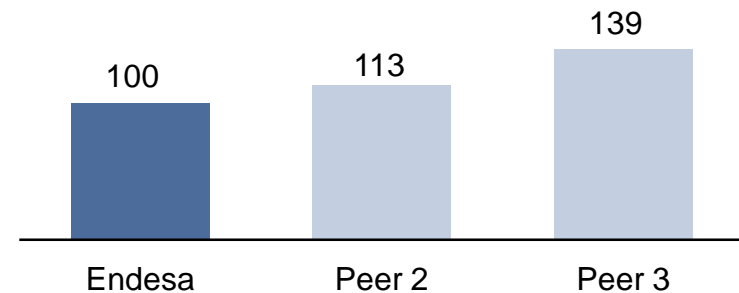
Flexible organisational structure based on outsourcing

Investments in efficiency-oriented innovative technologies

Cash cost ⁽¹⁾ (€/customer)



Benchmark ⁽²⁾ (Endesa = 100)



Note: BPS: Best Practice Sharing.

- (1) Cash cost refers to Endesa Distribucion + DEPSA + Endesa Red holding and includes recurring O&M, personnel costs and maintenance capex in nominal terms. Excluding structure costs and adjusted by perimeter.
- (2) Source: Cap Gemini Report based on 2013 published data of main distributor companies in Spain. Rebased to 100. Cash cost includes fixed costs and net capex as reported in Annual Reports.

Full deployment of proven smart meter technology



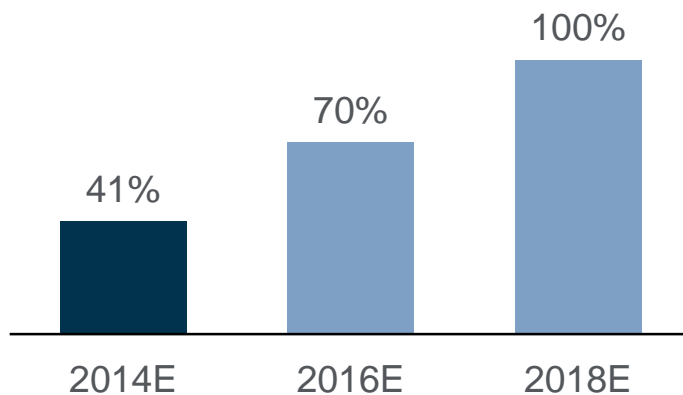
Rationale

Smart meters



- Enel-based technology with 39 million smart meters installed worldwide
- Fostering further value potential of smart grids and new services development
- Full implementation by 2018 in accordance with the regulatory deadlines

% total smart meters installed by Endesa in Spain



Main benefits

- Commercial service and customer service improvement
- Energy efficiency and savings
- Improvements in planning and network operation
- Reduction of energy losses



Improve networks and develop new innovative technologies

Description & Benefits

Timing

Network reliability improvement



- Network mesh improvement
- Enhanced reliability, safety and quality

Modular investment along 2015–2024

Network automation



- Increase number of remotely controlled units
- Upgrade communications networks
- Improve quality of service
- Savings in the operation of medium voltage grid

Modular investment along 2015–2024

Control Room integration



- Integrated system allows management of whole grid from any location
- Single system with distributed management
- Increased efficiency in operations, safety and security
- Update systems for development of smart-grids

2017–2024

Targeted investments with attractive return

Distribution capex for the action plan of €1.1bn over 3 years

**Distribution capex
plan**

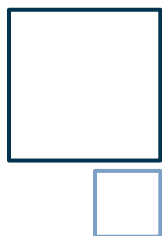
2014E–2016E

€1.1bn

- Network maintenance: approximately 50% of the plan
- The remainder will be primarily dedicated to:
 - ✓ Smart meters deployment and related services
 - ✓ Special projects: mainly network mesh improvement and increase in automation of networks
 - ✓ IT systems

**Additional
investment options**

- Additional projects for network automation
- Further improvement of network mesh
- Control rooms integration



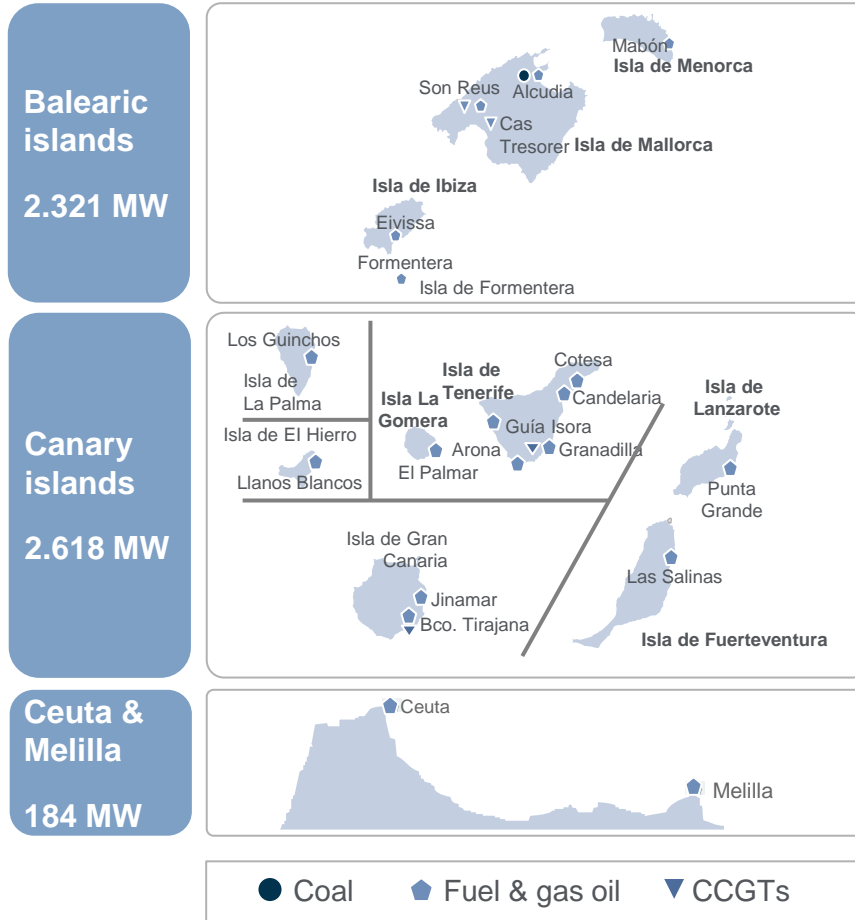
4.2. Regulated business: Non-mainland generation

Manuel Morán



Endesa is the market leader in non-mainland generation

Endesa's presence in non-mainland generation



Endesa's key operational figures (2013)

Total electricity production	12.3 TWh
Total installed capacity	5.1 GW
o/w coal	0.5 GW
o/w CCGT	1.9 GW
o/w fuel & gas oil	2.8 GW

Endesa's position

- Unique sites
- Economies of scale
- Best know-how and skills

#1 player in non-mainland generation

➔ 87% installed capacity ⁽¹⁾

➔ 84% electricity demand

(1) Calculated over total capacity in non-mainland systems (incl. renewables).



Continued focus on efficiency aligned with regulator's aim to reduce system costs

Key drivers

Optimisation of services contracts:

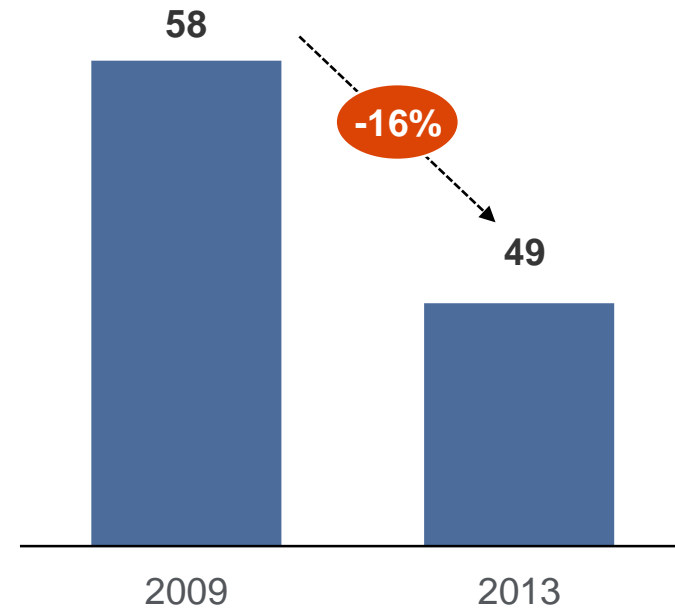
- ✓ In-sourcing
- ✓ Contracts renegotiation
- ✓ Moving from fixed to variable costs

Renegotiation of CCGT's Long-Term Service Agreements (LTSA)

Coal logistics improvement

More flexible organisation

Cash cost (k€/MW)



New regulation framework underway with a more stable and transparent remuneration...

Key features from the new regulatory framework

Key aspects

- RAB-based mechanism
- Remuneration rate: 6.5% pre-tax for the first period
- Long-term regulatory periods: 6 years
- More efficient standard costs
- No compensation on new investments if market share is greater than 40%
- Ownership of pumped hydro plants / regasification plants to be transferred to Red Electrica / Enagas

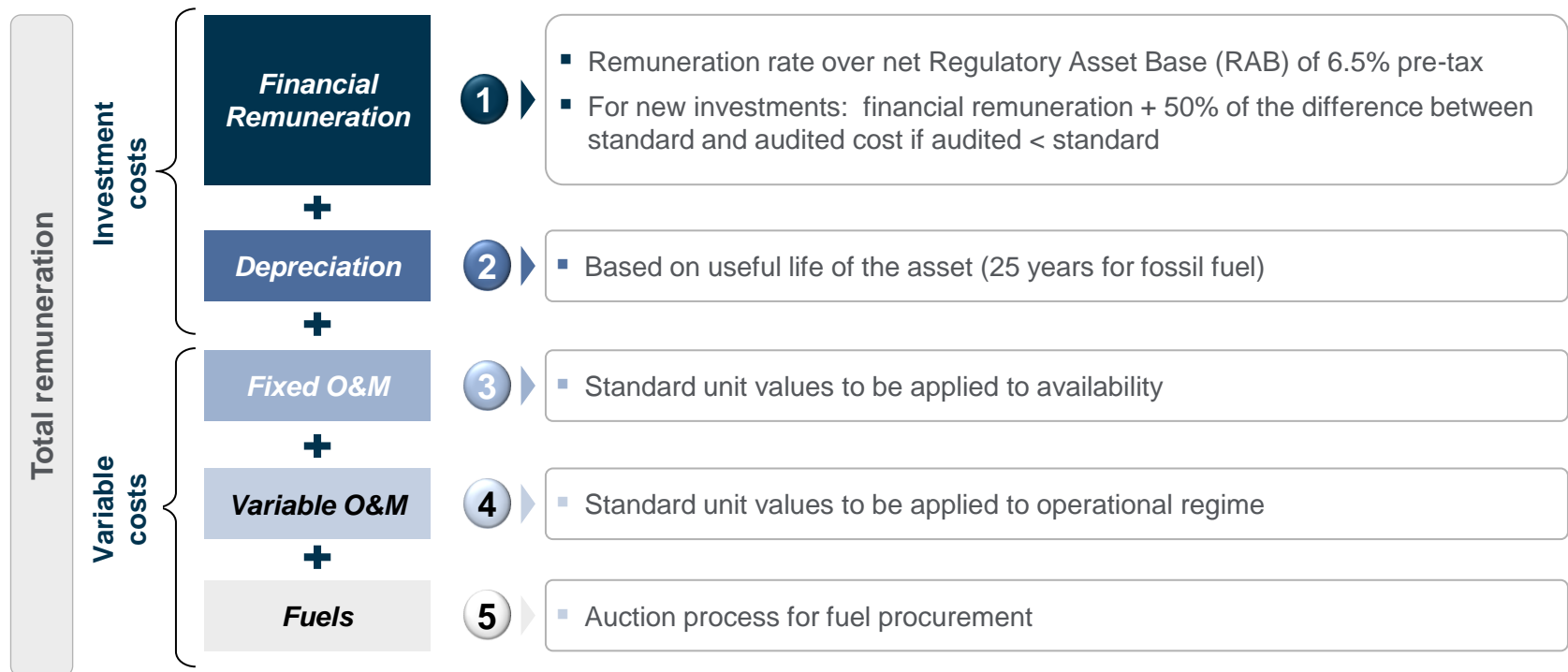
Outstanding item

- Green cent and 7% generation tax to be considered as recoverable costs

...that focuses on maximising efficiencies

Overview of remuneration framework applicable from 2015

First regulatory period valid until 2019



Estimated Net RAB for Endesa's non-mainland generation assets: €2.1bn

Action plan for non mainland generation



1

Promote a regulatory improvement

2

Continuous focus on operational efficiency

3

Optimise current generation portfolio

4

Position islands as a nest of innovation projects

Focus on preserving Endesa's position



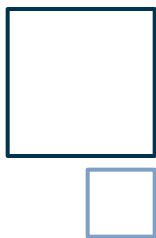
4.3. Liberalised business: Generation and supply

José Bogas



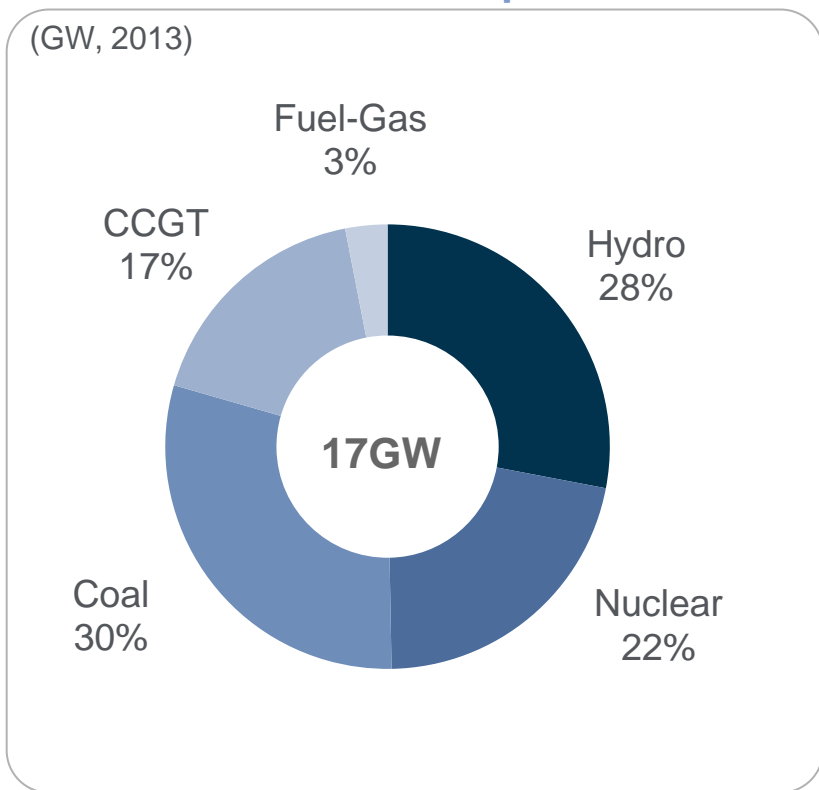
Endesa's liberalised business is uniquely positioned

- Leadership in generation with competitive mix
- Leadership in the supply market
- Integrated management of generation-supply portfolio
- Additional value from active fuel procurement
- Regulatory reform almost complete, with potential upsides

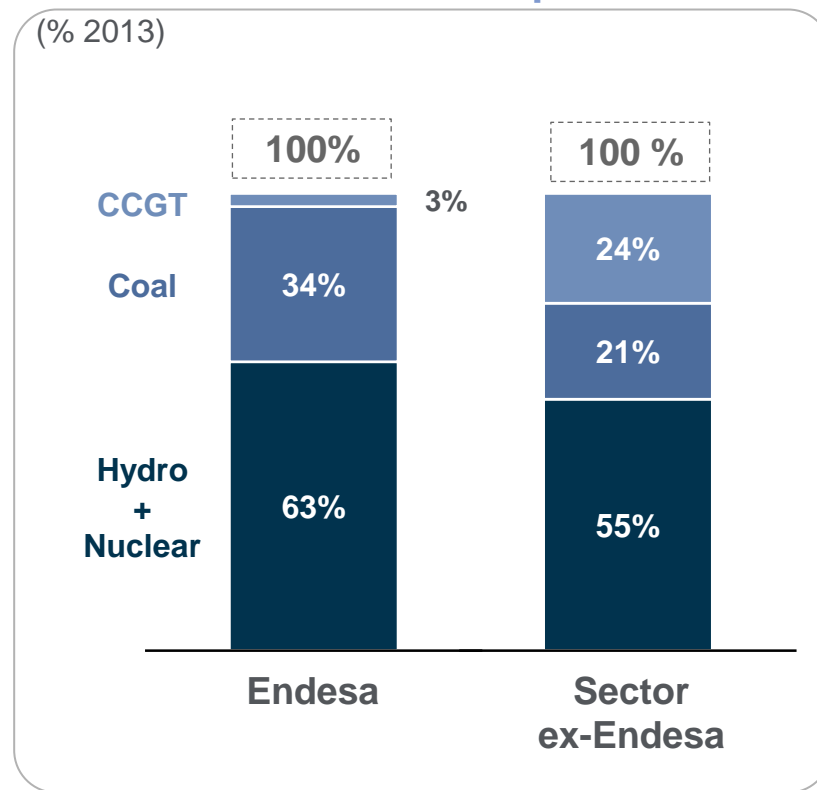


Market leader by generation output with competitive mix

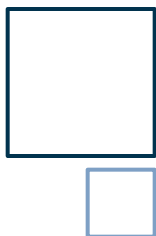
Endesa's installed capacity in mainland Spain



Endesa's generation mix in mainland Spain (1)



(1) Gross production, excluding renewables and cogeneration.



Market leader in supply

Endesa's position (2013)

Electricity



- 11.4 million electricity customer
- Leader in Spain
- 2nd player in Portugal

Gas



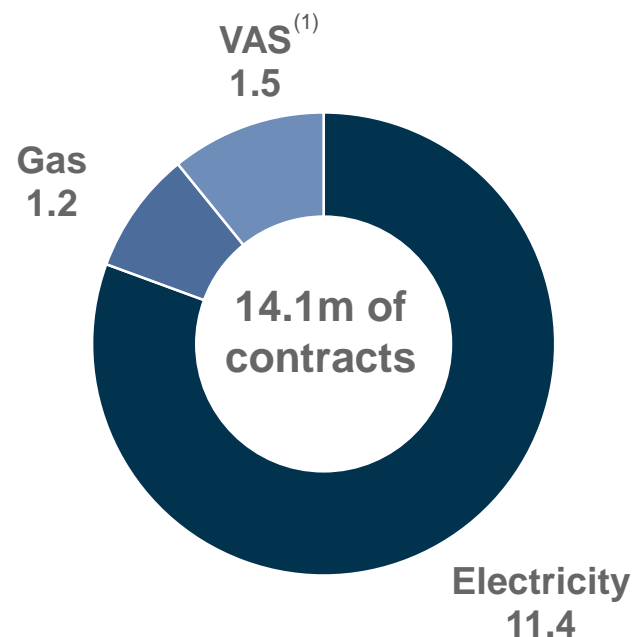
- 1.2 million gas customer
- Spain: First non-incumbent
- Growing presence in Portugal

VAS

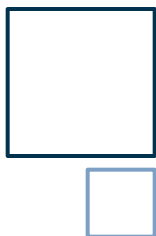


- >10 years experience
- Broad portfolio
- Innovative player

Endesa's number of contracts (2013)

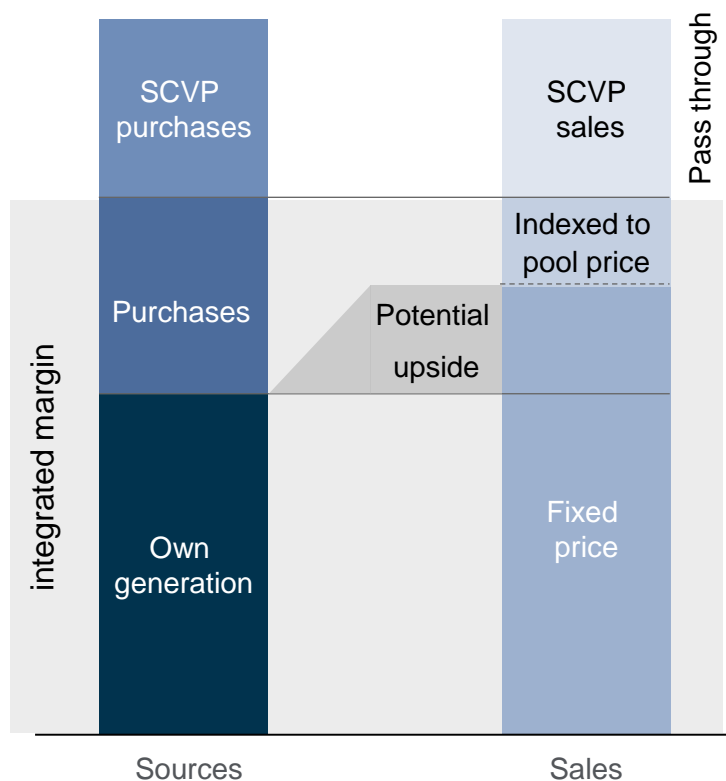


(1) Value Added Services.



The integrated management of the liberalised business optimises value and enables resilient margins

Energy management



Key success factors...

- Long term expertise in the liberalized market
- Know-how and skills in energy management
- Optimization of fuel procurement

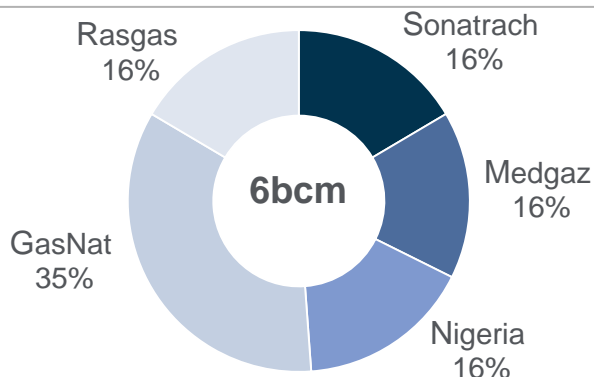
...beneficial under different scenarios

- **Increase price scenario:**
 - ✓ 60% of hydro + nuclear
 - ✓ Flexibility to increase thermal output
 - ✓ On-going renewals of customer contracts
- **Decrease price scenario:**
 - ✓ Option to purchase (spot or forward) vs. produce
 - ✓ Arbitrage between gas and electricity
 - ✓ On-going renewals of customer contracts



Active fuel procurement creates additional value

Gas procurement contracts (current portfolio)



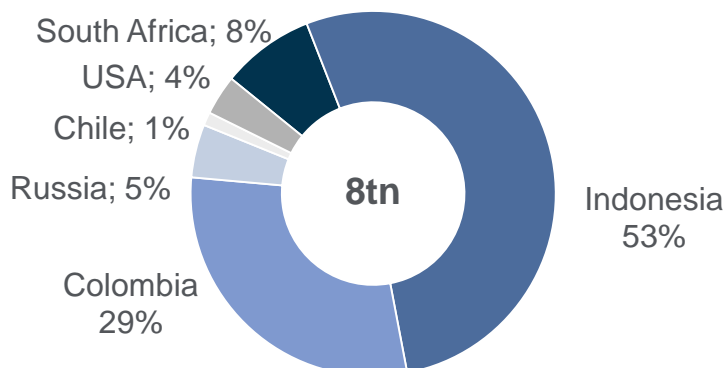
- 2/3 of LNG (year 2013)
- Recently signed 2 contracts with USA
- From 100% indexed to Brent to 50% indexed to HH by 2020

Main Actions

Active management of gas and coal to provide an additional source of margins:

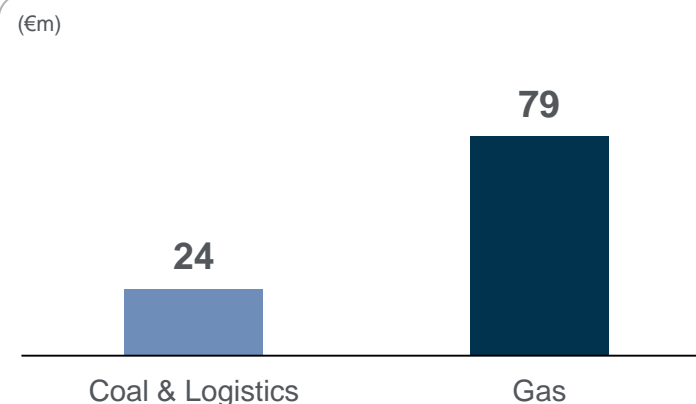
- Diversion
- Shipping
- Wholesale operations

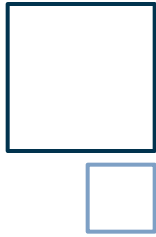
Coal procurement contracts (current portfolio)



- High geographical diversification

Wholesale market margins (2013)





Regulatory reform is almost complete, with potential upside from outstanding items

Outstanding items

Generation

- Mothballing mechanism to solve current market overcapacity
- New capacity payment scheme concerning additional capacity from 1/1/2016
- Domestic Coal:
 - ✓ Mining Plan 2015–2018
 - ✓ Environmental capacity payment
- Reform of the ancillary services market

Supply

- Social tariff: new threshold based on economic criteria
- Adoption of Energy Efficiency Directive
- Distributed Generation
- New regulated tariff based on hourly billing



Action plan for generation



1 Continuous focus on cost efficiencies

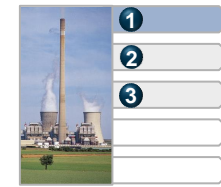
2 Nuclear plants useful life extension

3 Environmental investment on selective coal generation plants

Maintain options for further investments

Capture opportunities in renewables alongside EGPE (40% Endesa)

Focus on maintaining competitive portfolio

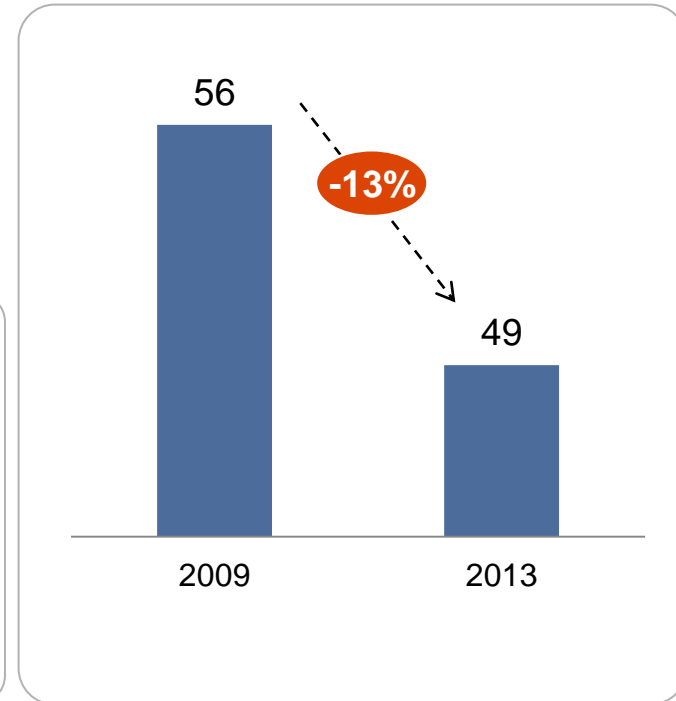


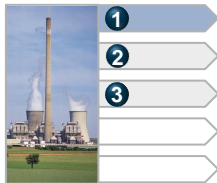
Continuous focus on cost efficiencies



Nuclear	Hydro	Coal	CCGTs
			
<ul style="list-style-type: none"> Prepare the plants for long term operation Flexible organization 	<ul style="list-style-type: none"> Continuous improvement program Disciplined investment process 	<ul style="list-style-type: none"> Contracts renegotiation Fuel mix optimisation Logistics improvements 	<ul style="list-style-type: none"> Staff flexibility LTSA renegotiation Virtual mothball TPA gas reduction Potential decommission

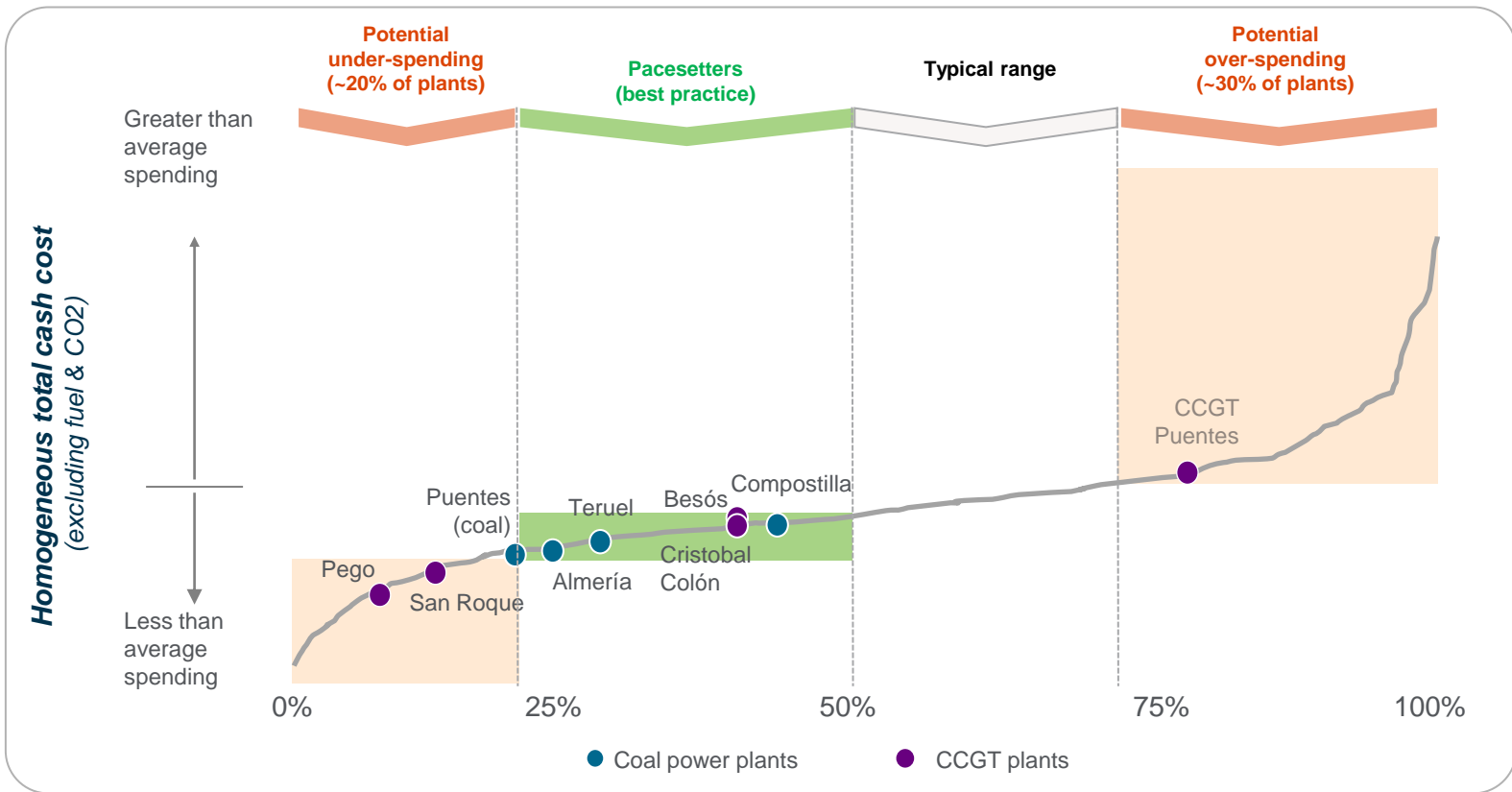
Unit Cash cost (k€/MW)





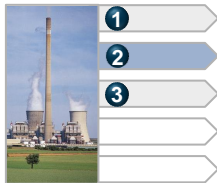
Continuous focus on cost efficiencies

Coal power and CCGT plants (Solomon Associates)



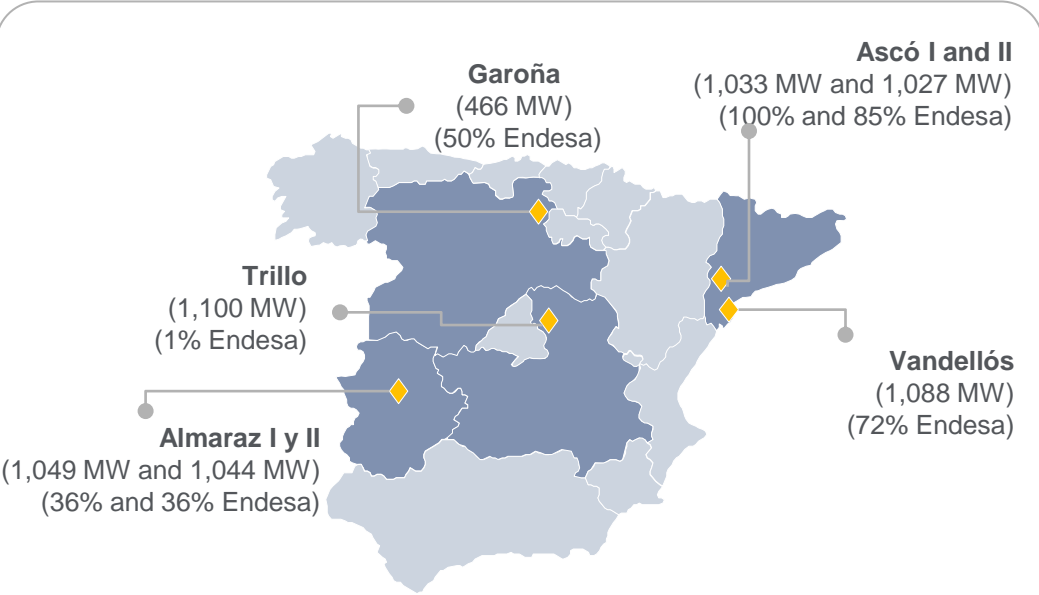
Coal plants among the pacesetters and CCGTs aligned to market conditions

Notes: Solomon Associates benchmark composition: 450 thermal groups (coal, CCGT and fuel oil) worldwide. Based on "equivalent generation complexity" (EGC), driver used to compare the plants in an homogeneous way. Each power plant, with its characteristics, has a different EGC. Configuration, utilization of fuel factors are analysed. Cash cost includes O&M & personnel costs and maintenance capex in nominal terms. Excluding structure costs. Data from year 2012 for Compostilla, Teruel, Besós and Pego; year 2011 for Almería, Puentes (coal), Colón and Puentes(CCGT).



Nuclear plants useful life extension

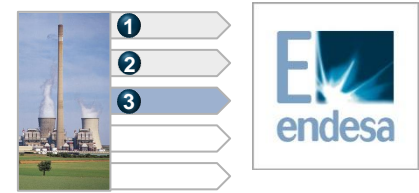
2013 Endesa's nuclear position



- **3.7 GW: 47% of total nuclear capacity in Spain**
- **26 TWh: 46% of total Endesa's mainland production**

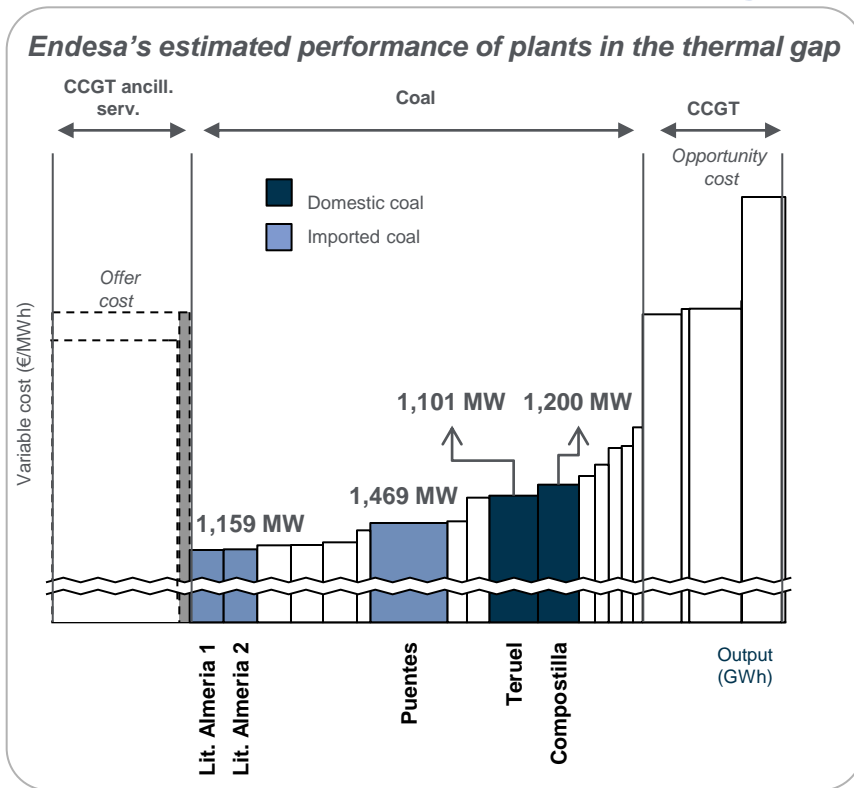
Action Plan

- Promote the extension of useful life ≥ 50 years; Endesa prepared to invest
- Maintain high levels of safety and reliability
- Maintain maximum fleet availability
- Generational changeover



Environmental investment in selective coal generation plants

Endesa's coal plants enjoy the most competitive position in the thermal gap



Action Plan

Invest in imported coal plants

- Most competitive technology in the thermal gap
- Attractive returns for environmental investments

Option to invest in domestic coal plants

- Competitive generation technology
- Environmental investments are an open option

Note: Company estimation for 2015.



Generation capex for the action plan of €1bn over 3 years



Generation capex
2014E-2016E
€1.0bn

- Around 80% is equally split between to nuclear (stress test completed by 2016) and maintenance for the rest of technologies
- The remainder investment is allocated to selective environmental investments in imported coal plants

Additional investment options

- Environmental investments in domestic coal plants
- Develop pumping portfolio (3.6GW) with different development phases.



Action plan for supply

Trends

Action plan

Short term

Long term

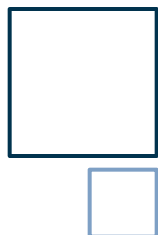
- Increased sophistication of customer base:
- New entrants: ESCOs ⁽¹⁾
- Regulatory push for energy efficiency and distributed generation
- Technology improvement and digitalization



- 1 Reinforce leading position in electricity and grow in gas
- 2 Continuous focus on cost efficiencies
- 3 Further development of new products and services
- 4 Create value from future growth opportunities

Significant opportunities in supply business

(1) Energy Services Companies.



Reinforce leading position in electricity and grow in gas

Objectives by market

Spain

Reinforce leadership in electricity and grow in gas

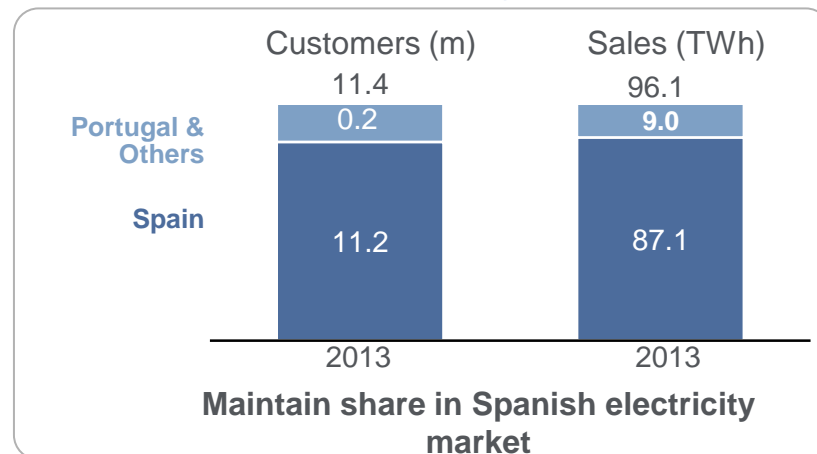
Portugal

Grow in electricity and gas

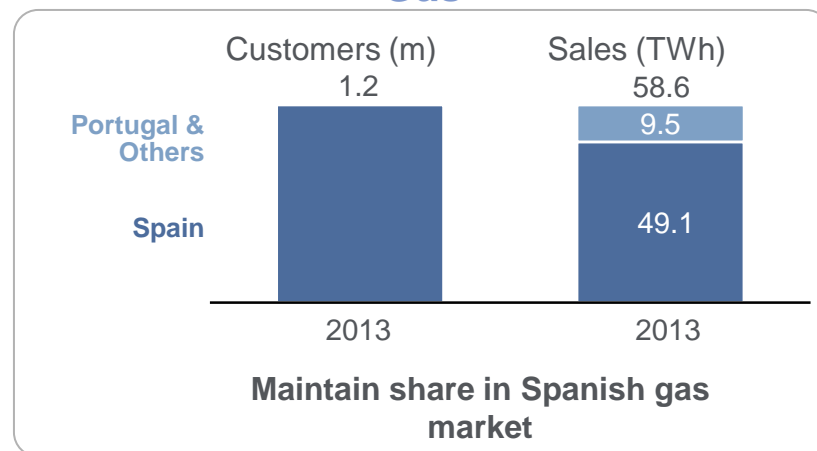
Other adjacent countries

Expand in electricity and gas, mainly in France

Electricity



Gas





Continuous focus on cost efficiencies

Main actions

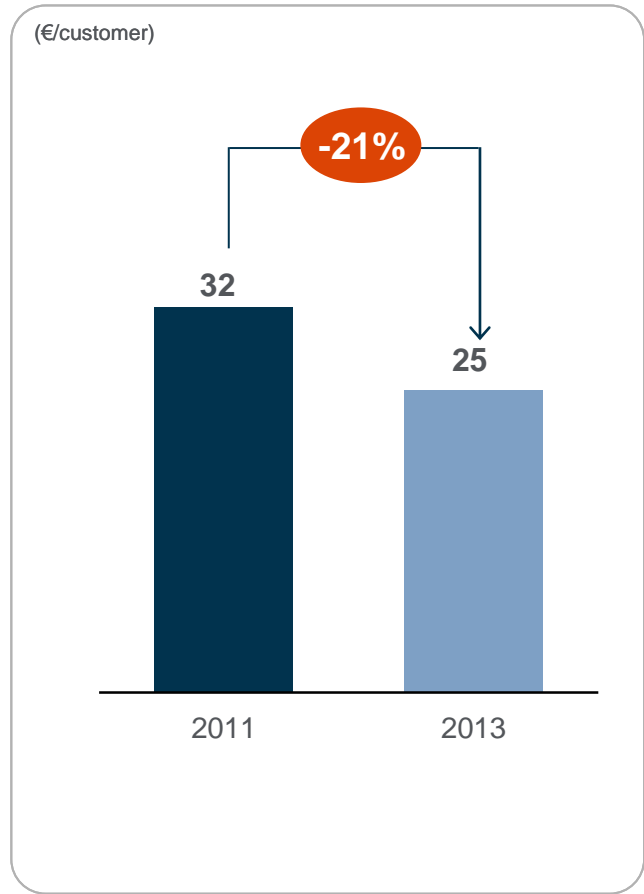
Cost-to-Serve

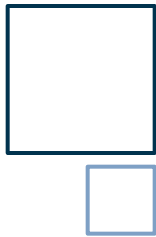
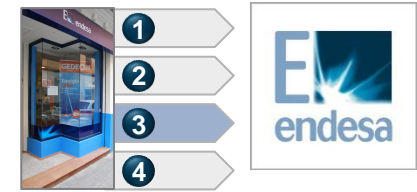
Customer service	<ul style="list-style-type: none"> Call centers (integration and full call recording) Externalisation of offices Digitalization
Back office	<ul style="list-style-type: none"> Electronic billing Collection Process reengineering

Acquisition Costs

Processes efficiency	<ul style="list-style-type: none"> Increase contract activation rate End-to-end process digitalisation and tele-selling technological platform
Sales strategy	<ul style="list-style-type: none"> Channel Mix optimisation Plan to increase customer loyalty Cross-sales enhancement

Unit Cash Cost (€/customer)





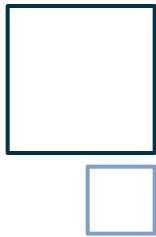
Further development of new products and services

VAS portfolio

B2C (<50,000 kWh/year)	Energy related maintenance services	
	Equipment solutions	
	Insurance/Financed products	€
	Connected home products	
B2B (>50,000 kWh/year)	Electric & gas projects	
	Energy efficiency solutions (ESCO model)	
	Monitoring, control and energy consultancy	
	Maintenance services	

VAS Action Plan

Gross margin (€m)	65	Significant increase expected
	2013	
Key actions	Development of new products portfolio (ESCO Model)	
	Further development of existing services	
	Monitoring and control services deployment	
	Potential non-organic growth	



Create value from future growth opportunities

Action Plan

Innovation

Energy efficiency

Further **develop technological multi service platform**



360° services based on Internet of Things

Distributed energy plan
(pending regulatory scheme)



Capture cost reduction

Microgrid pilot project



New services definition & testing

Demand electrification

Pilot projects
(e.g. Zem2All)



Customer use & acceptance of EVs

Participate along the electric vehicle's value chain

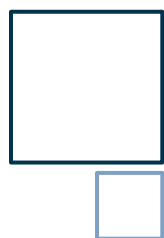


New charging technologies

“Ciudad y Energía”



Demand electrification (cities)



5. Financial overview

Paolo Bondi

2013 Endesa pro forma financials reflects impacts of 2014 for comparison purposes



€m	Reported Spain & Portugal 2013	2013 Pro Forma Endesa	Change	Most relevant impacts		
				IFRS 11	LatAm restructuring	Extr. dividend
Revenues	21,512	21,525	+13	✓		
EBITDA	3,277	3,217	(60)	✓		
D&A	(1,626)	(1,601)	+25	✓		
EBIT	1,651	1,616	(35)	✓		
Net financial expenses	(100)	(259)	(159)	✓		✓
Net income continued operations	1,176	1,069 ⁽¹⁾	(107)			✓
Net debt	1,440	7,858	+6,418		✓	✓

(1) Total pro forma net income of €4,142m. LatAm figures presented as discontinued operations.

Relevant factors to be considered for adequate comparisons from 2014 onwards

EBITDA 2014 (E): ~€ 2.9bn

D&A

- Extended D&A life to reflect the expected useful life of plants



Capital Structure

- Releveraging



Associates Consolidation

- IFRS 11



Tax

- New tax draft

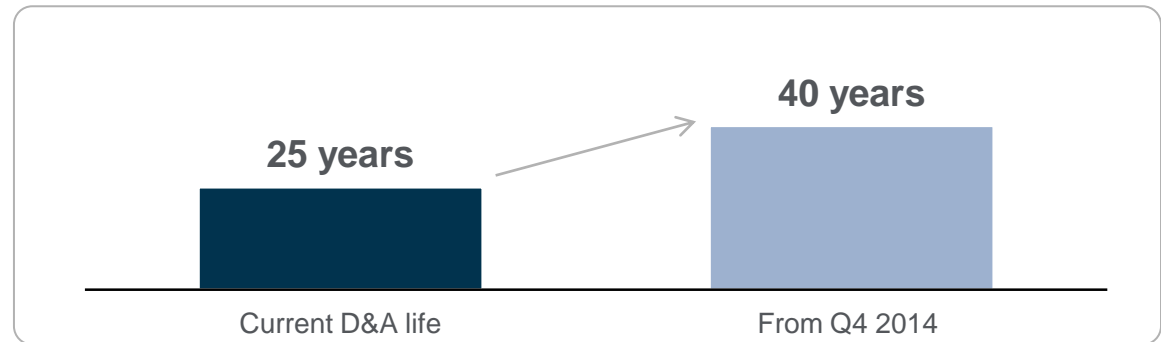


Modification of D&A reflects expected useful life extension of Nuclear and CCGT plants

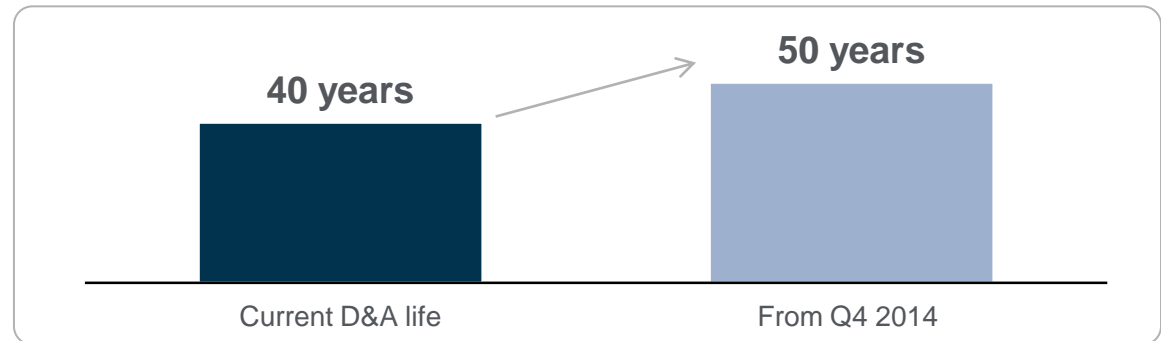
CCGTs



D&A life



Nuclear



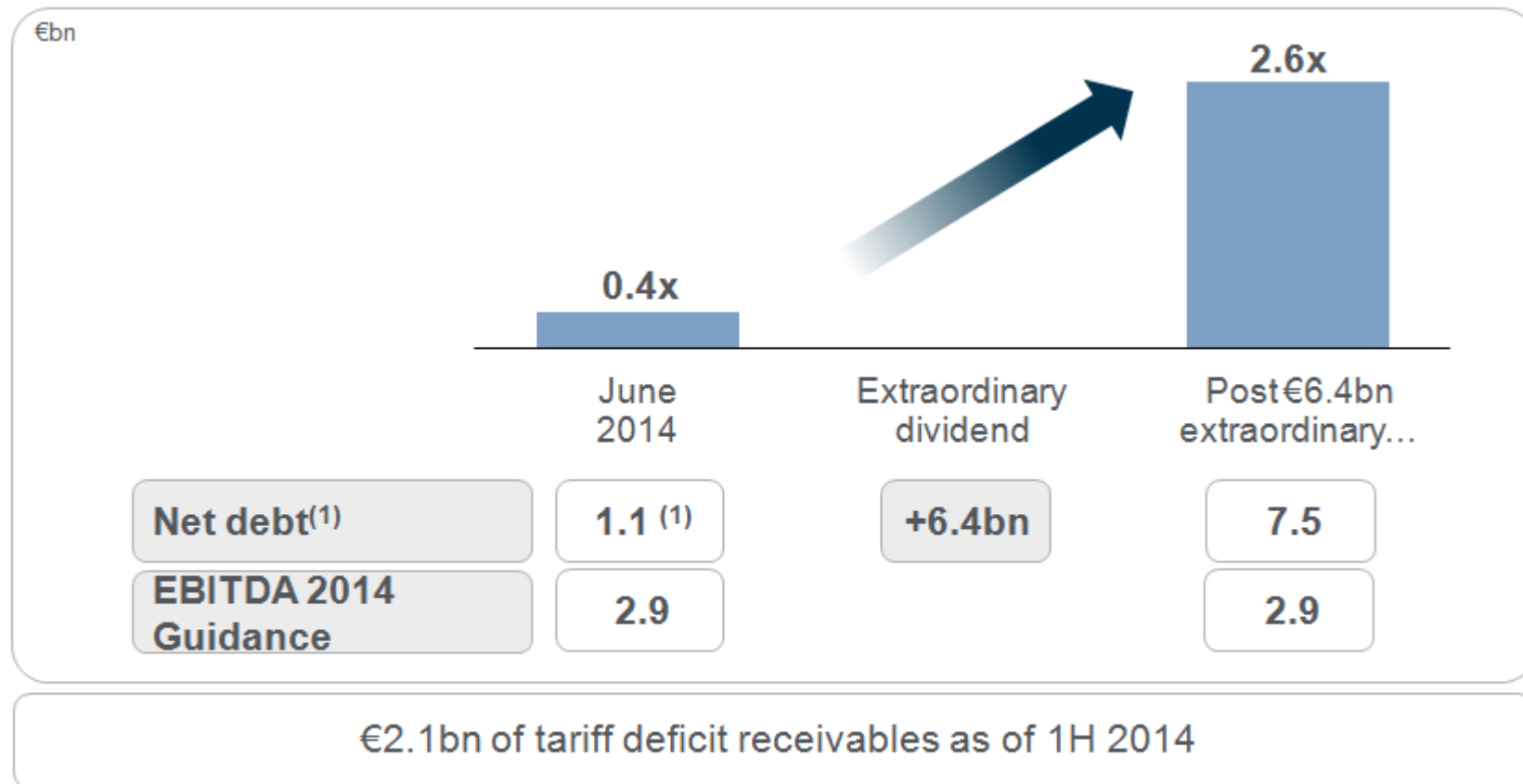
Coal



- Imported coal plants useful life extended until 2035 starting from July 1, 2014 (as a result of Environmental Investments and Life Extension investments)

A more efficient capital structure derived from releveraging the company

1H 2014 Net debt / EBITDA



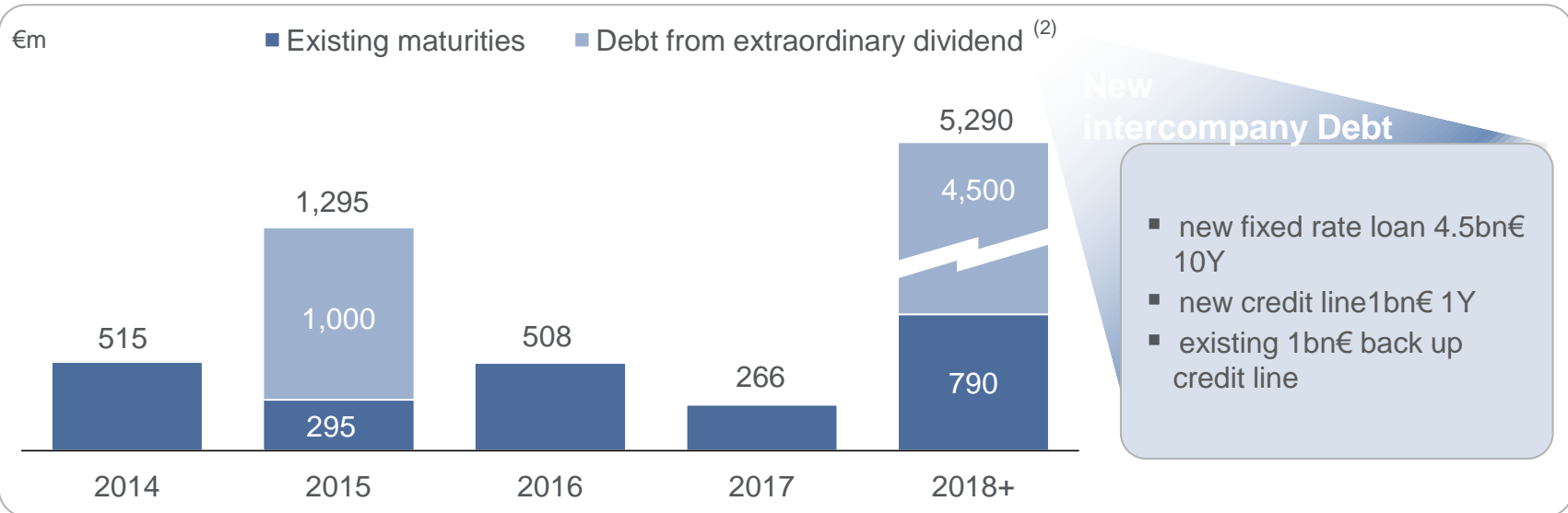
Note: Net debt defined as Non-current financial liabilities + Current financial liabilities – Cash and cash equivalents – Financial derivatives recognised under assets, as per Annual Report.

(1) Endesa Spain & Portugal Net debt as of June 30, 2014 (Endesa ex-Enersis minus deconsolidation of Endesa Latinoamerica SA Net Debt).

New debt conditions allows Endesa to have the lowest cost of debt amongst peers with a comfortable debt maturity



Gross balance of maturities outstanding at June 30, 2014
adjusted for €6.4bn extraordinary dividend: €7,874m ⁽¹⁾



- Resulting average cost of debt: 3.0%
- Average life of debt: 7.2 years
- 64% fixed and 36% floating rate
- Liquidity of €4,566m, covering 21 months of maturities
 - ✓ €371m in cash
 - ✓ €4,195m available in credit lines

(1) Does not include outstanding execution costs or the market value of derivatives which do not involve any cash payment.

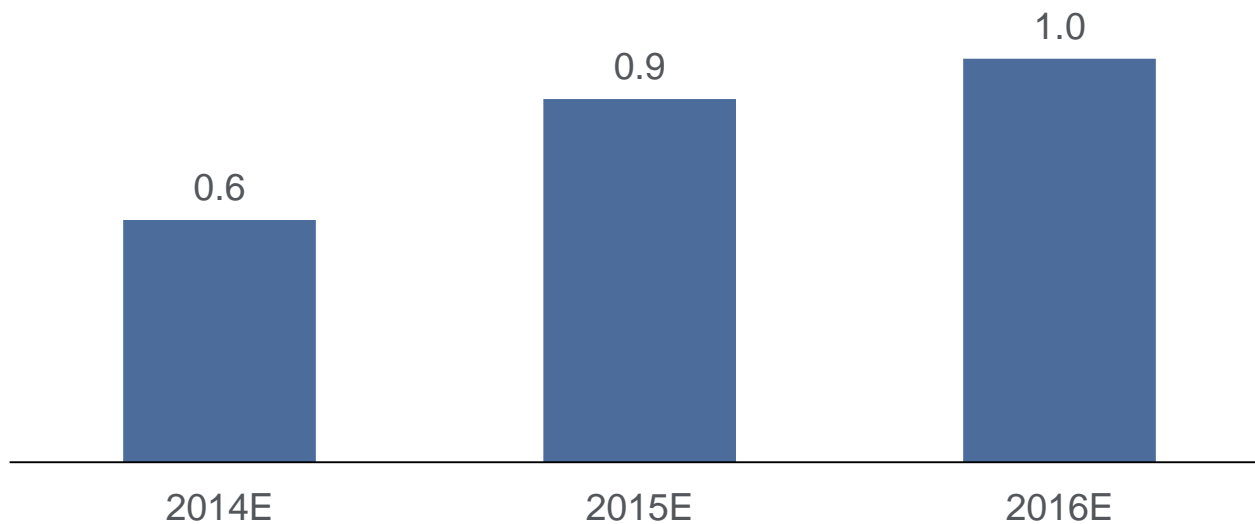
(2) Notes issued are backed by long-term credit lines and are renewed on a regular basis.

Capex plan of €2.5bn over 3 years with more than 50% devoted to regulated businesses



Investment plan

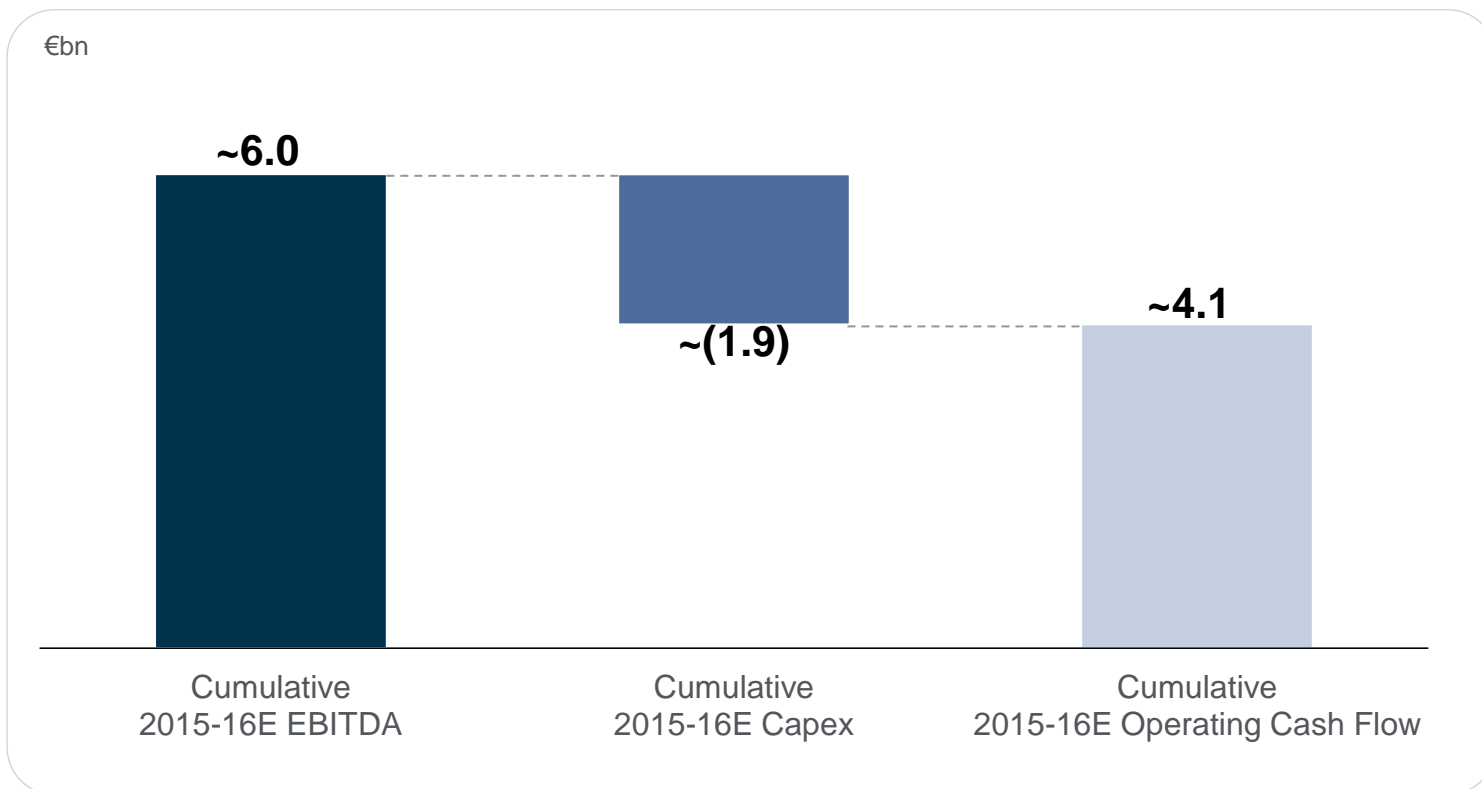
Annual Capex
(€bn)

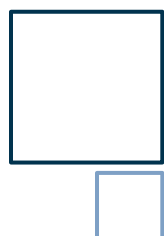


Strong cash flow generation will support dividend distribution and future growth



2015–2016 cumulative operating cash flow generation





6. Guidance and closing remarks

A very attractive dividend policy with a minimum annual DPS growth target of 5%

New dividend policy

Amount

- 2014 ordinary dividend of 0.76€/share ⁽¹⁾
- **Minimum annual DPS growth target of 5%**

Timing

- **Bi-annual dividend payment**
- Interim dividend payable in January and final dividend payable in July

Consideration

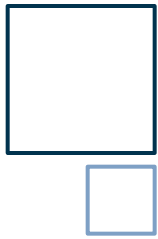
- **100% cash pay dividend**

(1) Dividend policy approved for the industrial plan period and dividend distribution subject to corporate approvals.

Guidance 2014–2016: creating value for shareholders



	2014	2015	2016
EBITDA	~€2.9bn	~€2.9bn	~€3.1bn
Net Income	<i>n.m.</i>	~€1.0bn	~€1.1bn
DPS	€0.76/share	Minimum 5.0% annual growth	



Closing remarks



- 1 An industry leader in the Iberian market
- 2 Highly regulated business / resilient margins
- 3 Efficient capital structure
- 4 Best positioned to capture growth
- 5 Strong cash flow generation
- 6 Attractive dividend policy

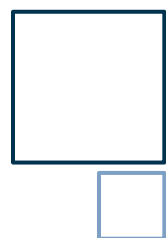


Investor day

8 October, 2014

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM





Annexes

Key assumptions



Key assumptions

General macro	Unit	2014E	2015E	2016E
Spain GDP growth	y-o-y %	0.8%	1.4%	1.6%
Portugal GDP growth	y-o-y %	0.9%	1.3%	1.5%
FX	US\$/€	1.34	1.32	1.31
Spain CPI	%	0.2	0.6	1.2
Portugal CPI	%	0.2	1.0	1.3

Energy market	Unit	2014E	2015E	2016E
Electricity demand - Spain	TWh	245	250	255
Gas final uses	bcm	23	23	24
Thermal gap	TWh	61	69	68

Key commodity prices	Unit	2014E	2015E	2016E
Brent	US\$/boe	107	104	100
Coal	US\$/t	78	83	87
Gas	US\$/mmbtu	8.9	9.6	9.6
CO2	€/t	6	7	9
Pool prices	€/MWh	42	49	53

Pro-forma Income Statement for 2013



	A	B	C: A+B	D	E	F: C+D+E
	Reported 2013	Adjustment for IFRS 11	Restated 2013	Adjustment for LatAm sale	Adjustment for extraordinary dividend	Pro-forma 2013
(€mm)						
Income	31,203	(263)	30,940	(9,415)	-	21,525
Revenue	29,677	(255)	29,422	(8,912)	-	20,510
Other operating income	1,526	(8)	1,518	(503)	-	1,015
Procurements and services	(20,789)	116	(20,673)	4,647	-	(16,026)
Power purchased	(8,063)	7	(8,056)	2,740	-	(5,316)
Cost of fuel consumed	(3,491)	100	(3,391)	538	-	(2,853)
Transmission costs	(6,711)	(4)	(6,715)	609	-	(6,106)
Other variable procurements and services	(2,524)	13	(2,511)	760	-	(1,751)
Contribution margin	10,414	(147)	10,267	(4,768)	-	5,499
Self-constructed assets	197	-	197	(95)	-	102
Personnel expenses	(1,770)	24	(1,746)	718	-	(1,028)
Other fixed operating expenses	(2,121)	11	(2,110)	754	-	(1,356)
Gross profit from operations (EBITDA)	6,720	(112)	6,608	(3,391)	-	3,217
Depreciation and amortization, and impairment losses	(2,418)	39	(2,379)	778	-	(1,601)
Profit from operations (EBIT)	4,302	(73)	4,229	(2,613)	-	1,616
Net financial loss	(350)	(2)	(352)	244	(151)	(259)
Financial income	552	(4)	548	(409)	(5)	134
Financial expense	(896)	-	(896)	620	(146)	(422)
Net exchange differences	(6)	2	(4)	33	-	29
Net profit of companies accounted for using equity method	29	66	95	(38)	-	57
Gains/(losses) from other investments	13	(1)	12	(2)	-	10
Gains/(losses) on disposal of assets	24	-	24	(28)	-	(4)
Profit before tax	4,018	(10)	4,008	(2,437)	(151)	1,420
Income tax expense	(1,075)	10	(1,065)	669	45	(351)
Profit after tax for the year from continuing operations	2,943	-	2,943	(1,768)	(106)	1,069
Profit after tax for the year from discontinued operations	-	-	-	3,073	-	3,073
Profit/(loss) for the year	2,943	-	2,943	1,305	(106)	4,142
Parent company	1,879	-	1,879	2,369	(106)	4,142
Non-controlling interests	1,064	-	1,064	(1,064)	-	-

Pro-forma Balance Sheet as of December 31, 2013



(€mm)

	A	B	C: A+B	D	E	F: C+D+E
	Reported 2013	Adjustment for IFRS 11	Restated 2013	Adjustment for LatAm sale	Adjustment for extraordinary dividend	Pro-forma 2013
Assets						
Non-Current Assets	42,851	(156)	42,695	(16,452)	-	26,243
Property, plant and equipment	32,053	(462)	31,591	(10,252)	-	21,339
Investment property	77	-	77	(62)	-	15
Intangible assets	2,290	(65)	2,225	(1,620)	-	605
Goodwill	2,313	(11)	2,302	(2,302)	-	-
Investments accounted for using the equity method	903	505	1,408	(343)	-	1,065
Non-current financial assets	3,303	(79)	3,224	(1,108)	-	2,116
Deferred tax assets	1,912	(44)	1,868	(765)	-	1,103
Current Assets	13,606	(344)	13,262	2,994	(9,105)	7,151
Inventories	1,126	(23)	1,103	(107)	-	996
Trade and other receivables	5,031	(99)	4,932	(1,794)	-	3,138
Other financial assets	3,110	(32)	3,078	(1,266)	-	1,812
Cash and cash equivalents	4,335	(190)	4,145	6,161	(9,105)	1,201
Non-current assets held for sale and discontinued operations	4	-	4	-	-	4
Total Assets	56,457	(500)	55,957	(13,458)	(9,105)	33,394
Equity and Liabilities						
Equity	26,769	(7)	26,762	(3,914)	(14,605)	8,243
Of the Parent	20,521	-	20,521	2,327	(14,605)	8,243
Of non-controlling interests	6,248	(7)	6,241	(6,241)	-	-
Non-Current Liabilities	18,474	(321)	18,153	(5,650)	4,500	17,003
Deferred income	4,582	(9)	4,573	(25)	-	4,548
Non-current Provisions	3,627	(131)	3,496	(605)	-	2,891
Non-current interest-bearing loans and borrowings	7,551	(114)	7,437	(3,849)	4,500	8,088
Other non-current liabilities	601	(4)	597	(96)	-	501
Deferred tax liabilities	2,113	(63)	2,050	(1,075)	-	975
Current Liabilities	11,214	(172)	11,042	(3,894)	1,000	8,148
Current interest-bearing loans and borrowings	1,152	(25)	1,127	(1,113)	1,000	1,014
Current provisions	723	(34)	689	(127)	-	562
Trade payables and other current liabilities	9,339	(113)	9,226	(2,654)	-	6,572
Total Equity and Liabilities	56,457	(500)	55,957	(13,458)	(9,105)	33,394

Focus on Associates – equity method consolidation



Company	Stake	Description	Installed capacity (MW)	Book value 2013 (€m) ⁽¹⁾	Change in 2014 due to IFRS11
Enel Green Power España	40%	Renewable capacity	1,900	825	
Endes Gas T&D	20%	Gas transmission & distribution	-	-	
Elcogas	41%	IGCC ⁽³⁾ plant	334	-	
Tecnatom	45%	Nuclear Engineering Co. ⁽⁴⁾	-	30	
AYESA Advanced Technologies	22%	Engineering and IT services	-	4	
Suministradora Electrica de Cadiz	34%	Electricity supply	-	17	
Electricidad de Puerto Real	50%	Electricity supply	-	6	
Gorona del Viento El Hierro	30%	Hydro + wind combined plant project	-	-	
Nuclenor ⁽²⁾	50%	Nuclear plant	466	12	✓
Tejo Energía	39%	Coal-fired power plant (Portugal)	628	58	✓
Pegop	50%	Maintenance and operations (Portugal)	-	3	✓
Carbopego	50%	Fuel supplier (Portugal)	-	3	✓
Tahaddart	32%	CCGT plant (Morocco)	380	30	✓
Compostilla	50%	Reinsurance	-	41	
ENEL Insurance	50%	Insurance	-	49	
Elecgas	50%	Financing company	-	(12)	✓
Total				1,065	

(1) Book value has been restated in order to reflect IFRS11 changes.

(2) Garoña plant has not been operating during 2013.

(3) Integrated Gasification Combined Cycle.

(4) €100m sales in 2013.

Revenues and Costs of the System



€m	2014E	2015E	2016E
Revenues	19,374	19,423	19,984
Access Revenues	14,641	14,677	14,781
Capacity Payments Balance	705	691	1,045
Capacity payments revenues	1,462	1,470	1,483
Capacity payments	757	779	438
Taxes & CO2 (Law 15/2012 proceeds)	3,125	3,147	3,238
Non-Mainland compensation (50% financed by State Budget)	903	908	920
Regulated Costs	19,138	18,891	18,810
Transmission & Distribution	6,606	6,870	6,964
Interruptibility	550	0	0
Non-Mainland Compensations	1,806	1,815	1,840
Renewables Premiums	6,950	6,950	6,950
Tariff Deficit Amortisation Annuities	2,967	2,967	2,967
Other costs	259	289	89
Deficit (-) / Surplus (+)	236	532	1,174