

ENDESA EUROPA

Results and Challenges



Barcelona, June 3rd 2004

Strong Position in the Euro-Mediterranean Area

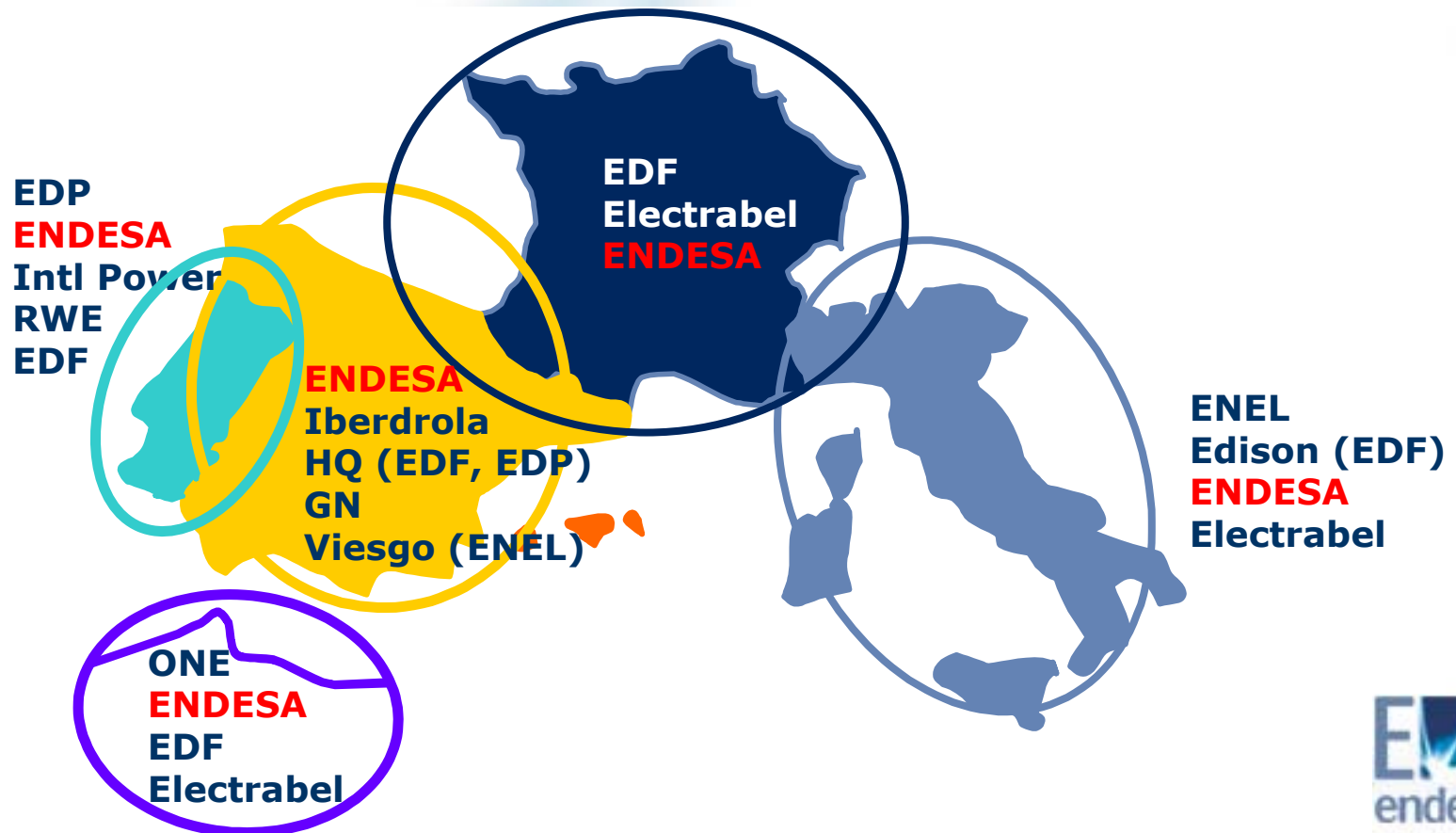
ENDESA is one of the main European Electric Utilities with a relevant position in the Euro-Mediterranean markets

Spain

- Installed Capacity 21 GW
- Sales 86 TWh

Other European Markets

- Installed Capacity 9.2 GW
- Sales 28 TWh



ENDESA ITALIA

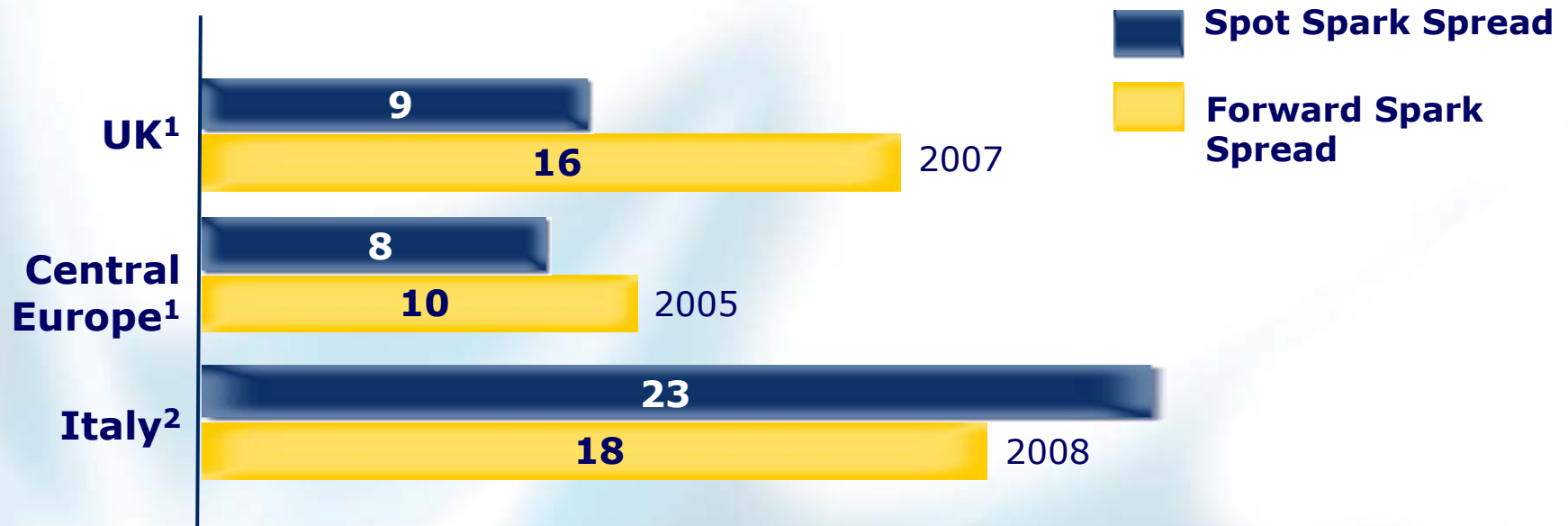
Results and Challenges



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Italy: an Attractive Generation Market

Spark spread base load: current (2003) & future (€/MWh)



Among largest European markets, Italy is currently the market with most attractive generation prices

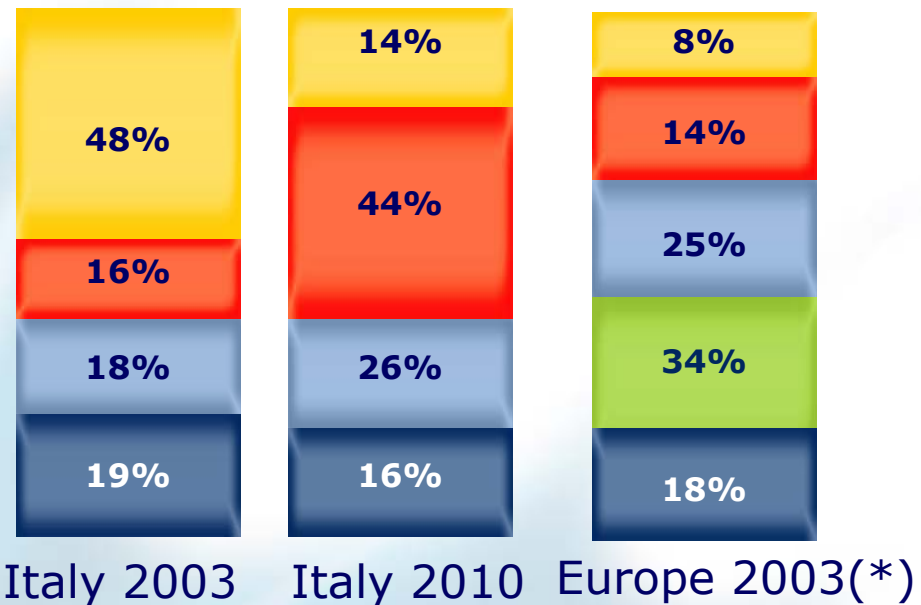
¹ According to forward curve in the pool
² Estimation Endesa Italia

Italy: Electricity Prices are Structurally High

PRODUCTION MIX



Technology



WEIGHTED VAR COST (€/MWh)

33

27

15

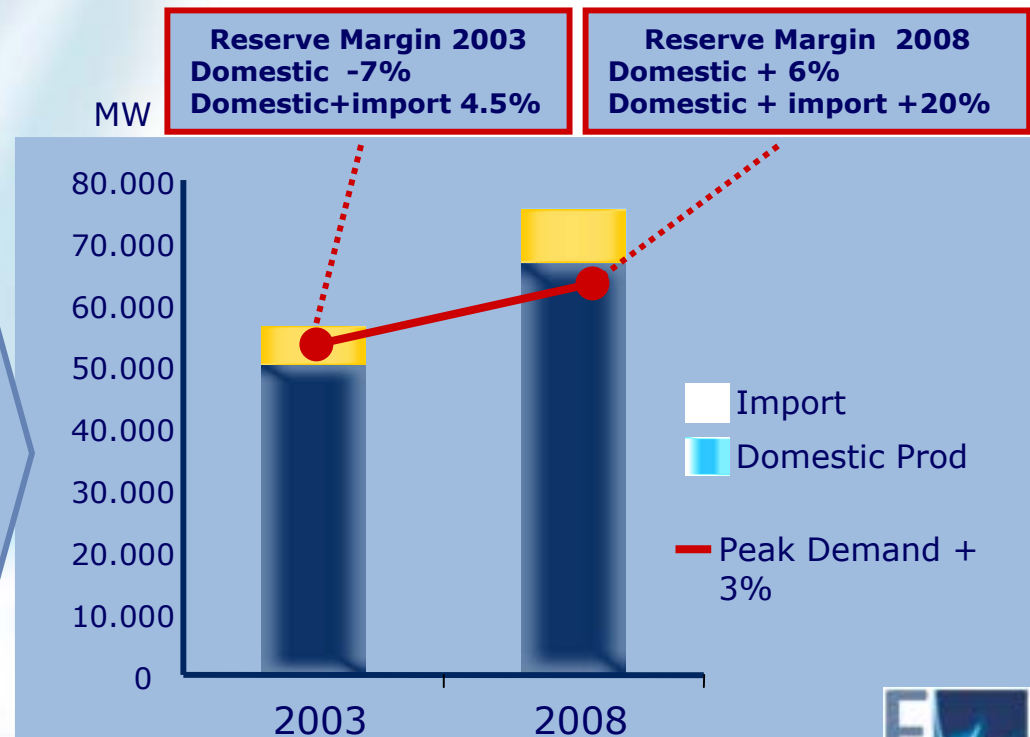
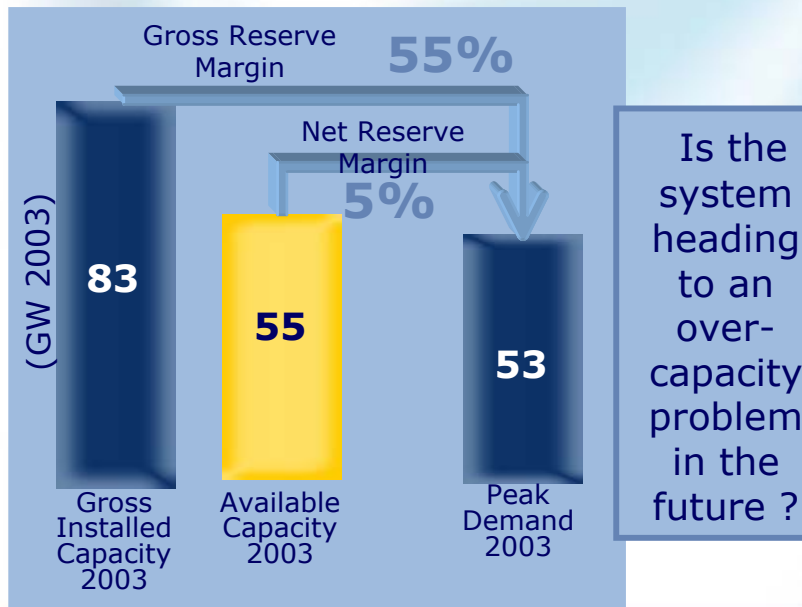
(*) France, Germany, UK, Italy, Nord Pool, Spain

Italy: Reserve Margin

Available capacity has obviously not been enough to cover peak demand in 2002/2003

New Capacity

- 12,000 MW new CCGT
- 16,600 MW (5,000 MW net increase) repowering as of 2008
- Increase in Import Capacity 2,300 MW

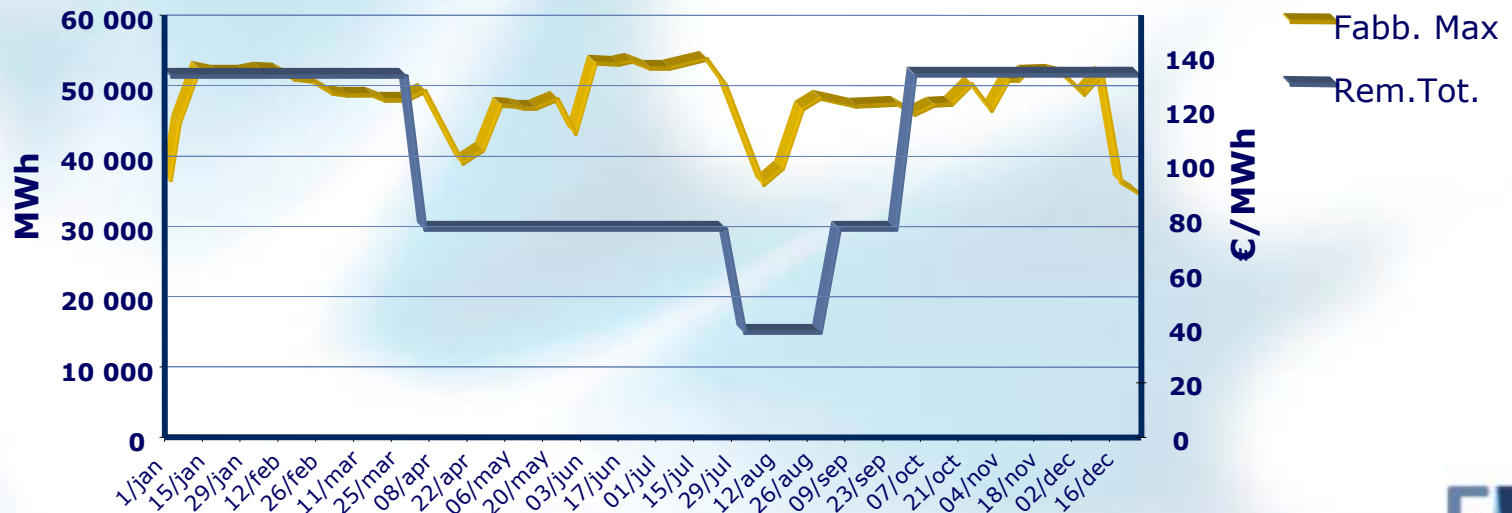


Italy: Wholesale Market Started on 1st April

- Marginal wholesale market similar to Spain
- Overall system revenues expected to remain at current levels
- Endesa Italia has hedged a significant part of its production through:
 - Physical bilateral contracts
 - AU contracts: physical and by differences
 - Only 7% output to be sold in the pool
- Prices since 1st April around 45.9 €/MWh (baseload) against 44.8 €/MWh in tariff

Current tariff system and effective demand

Demand and Remuneration



Endesa Italia: Asset Base

5,860 MW Installed Capacity
17.9 TW produced in 2003

Balanced Mix (18% Hydro, 17%
Coal, 14% CCGT, 51% Fuel)

Capacity 100% available

6 new CCGT in 2005
Ostiglia-Tavazzano

Coal conversion of Fiume Santo
(640 MW)

Sites with optionality



Endesa Italia: Repowering Milestones



Fiumesanto: Conversion to Coal

- August 2003 (G3) October 2003 (G4)
- Availability (75% --> 95%)
- Emissions Average reduction dust and SO2 50%
- Security of Fuel procurement



Ostiglia: First 800 MW CCGT Nov 2003

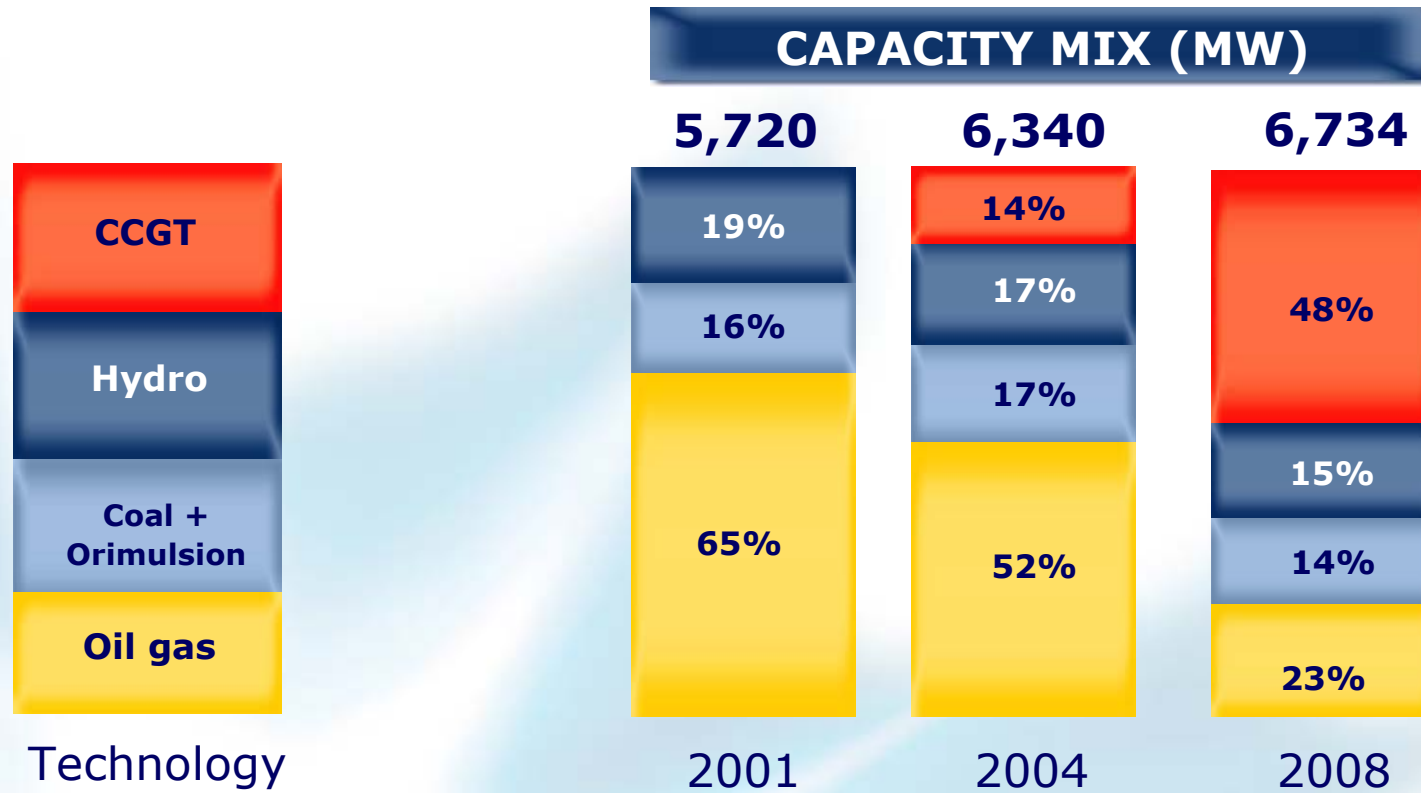
- Plan to repower to CCGT units 1-2-3. Unit 4 to remain fuel/gas.
- G 1-2 in service (800 MW total) 2 months earlier than plan
- Investment €396 M (330 €/KW)
- Performance up to now 56.5%
- G3 operative in 2005 (400 MW)



Tavazzano: First 800 MW CCGT in 2004

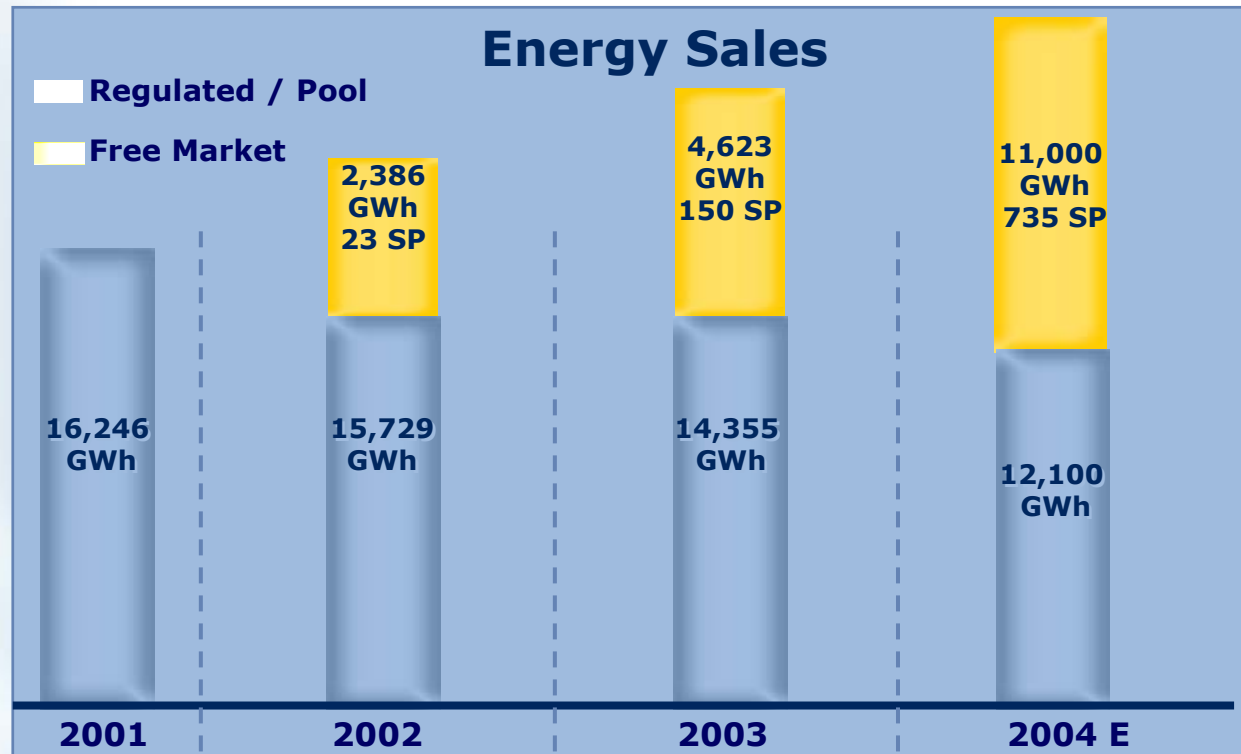
- 2 units to repower to CCGT (1,200 MW) and two to remain fuel/gas
- Group 5: 800 MW in 2004, Group 6: 400 MW in 2005
- Installed Capacity in site grows by 560 MW
- Off line time reduced from 29 to 12 Months
- Investment: €385 M (321 €/KW)

Endesa Italia: Repowering Improving Mix



Endesa Italia: Strategy in Supply to Liberalised Market

Agreement with high profile industrial customers and supply companies



Strategy aimed to:

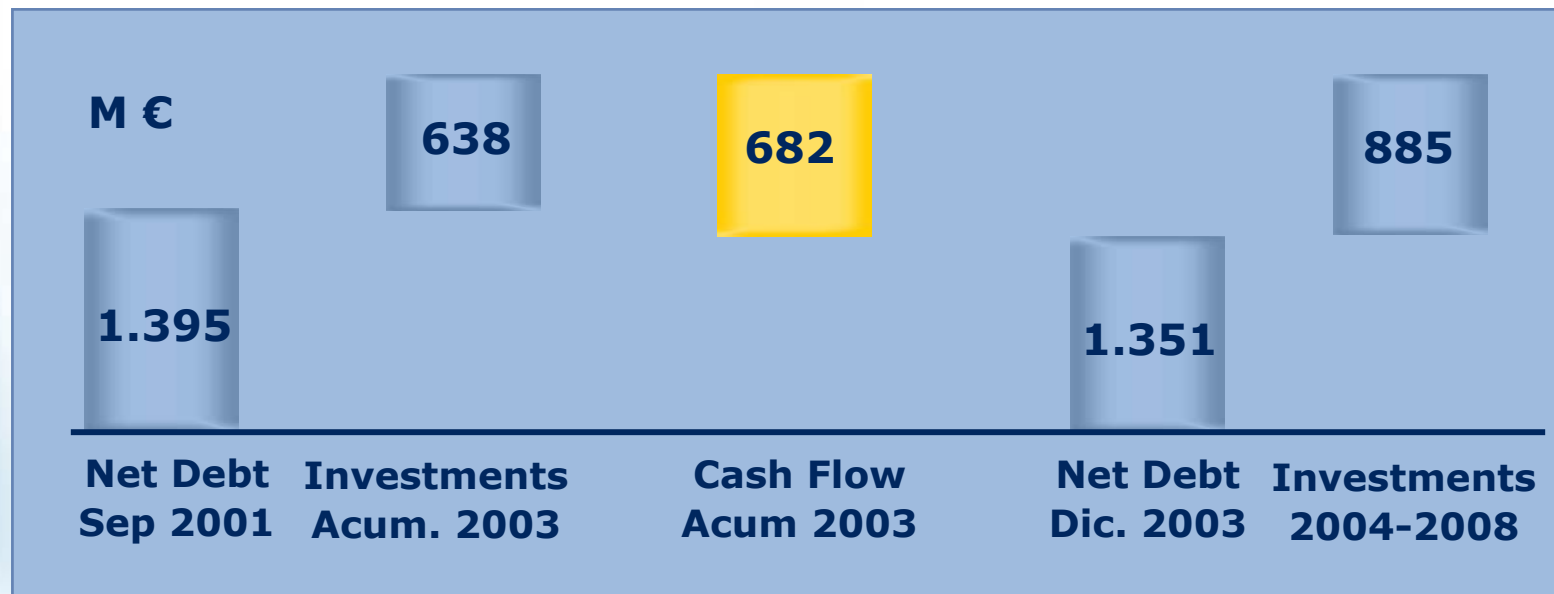
- Hedge market risk
 - Spot, 1 Year, 3 year
- Diversify sales channels
 - Pool
 - Single Buyer
 - Large Industrial
 - Retail (Ergon)

50/50 partnership ASM Brescia - Endesa to supply eligible customers

- Already 2.9 TWh sales in 2004
- 717 Customers in 2004

Endesa Italia: Self Financing Investment Plan

Since acquisition Endesa Italia has self-finance its investment plan, reduced debt and paid dividend

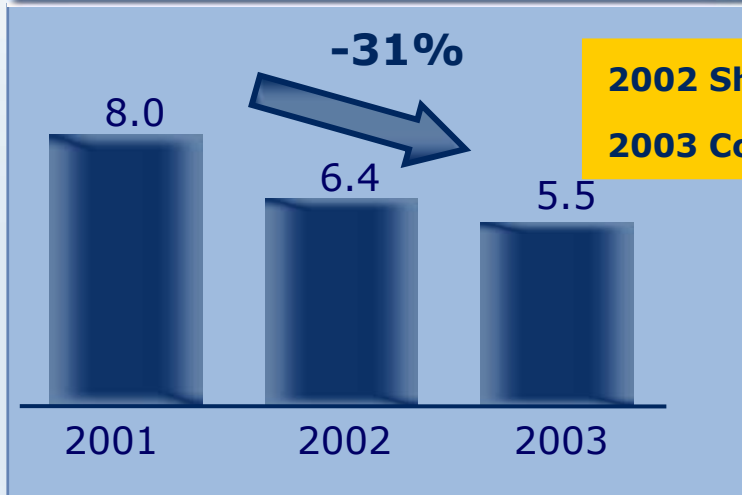


2003 Dividend: €30.6 M

- First dividend paid in 2 years after acquisition
- Priority to investment plan

Endesa Italia: Efficiency Improvements

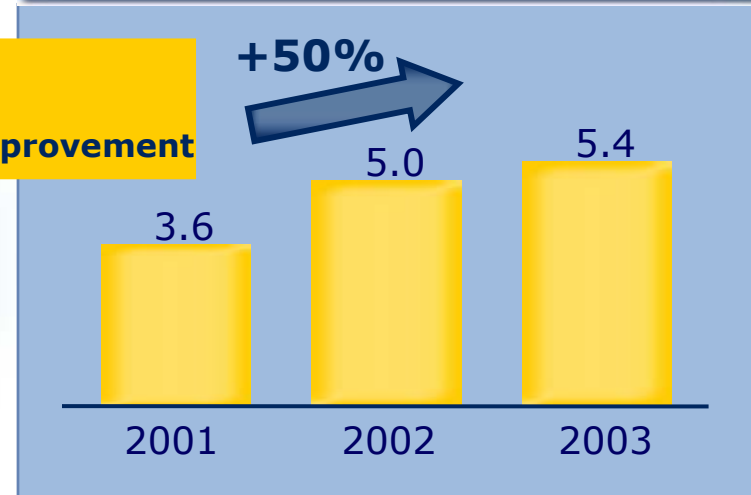
O&M €/MWh



2002 Shock Plan

2003 Continuous improvement

Productivity MW/Emp



Workforce Reduction

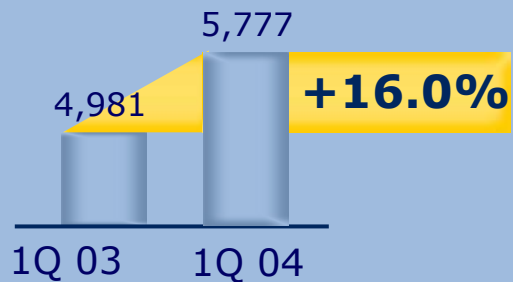


Agreement on Restructuring plan and voluntary exits

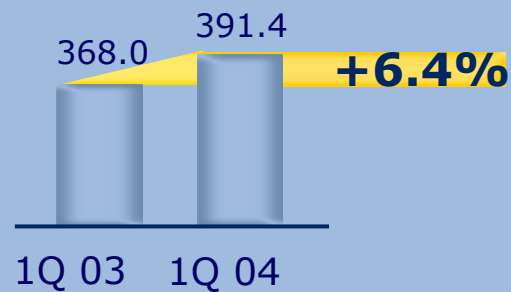
Quick and smooth process almost finished

Endesa Italia: 1Q 2004 Financial Performance

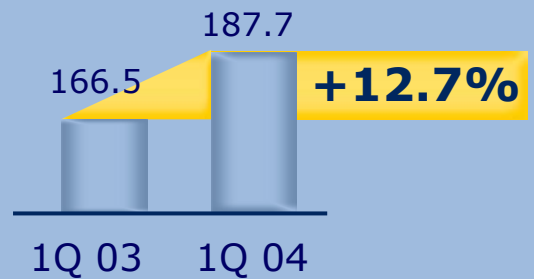
Sales (GWh)



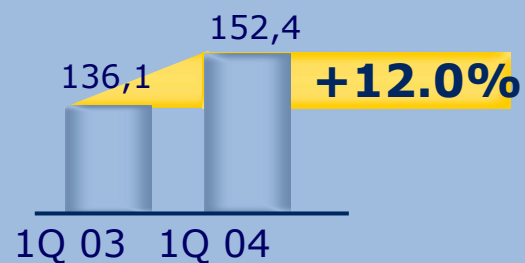
Revenues (M €)



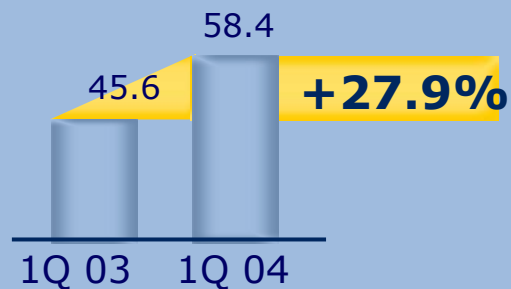
Contribution Margin (M €)



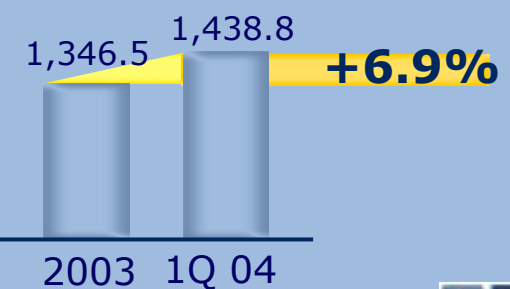
EBITDA (M€)



Net Income (M €)



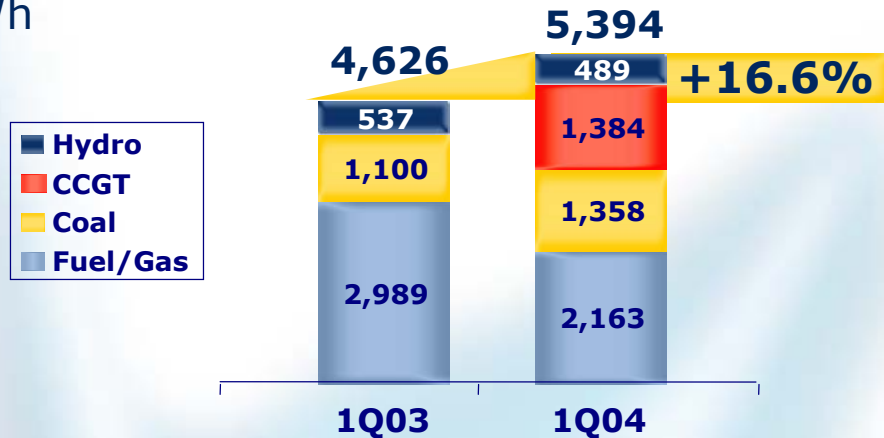
Financial Debt (M €)



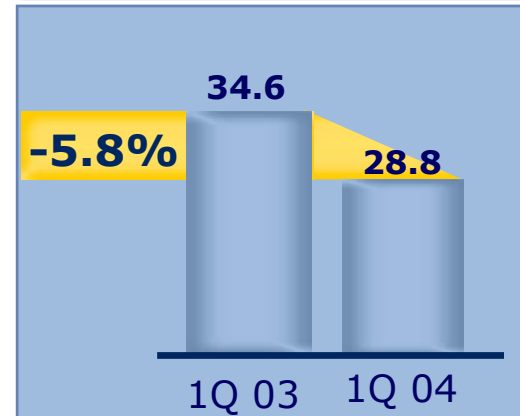
Endesa Italia: 1 Q 2004 Prices and Margin (Eur/MWh)

Improvement in fuel cost --> + 5 €/MWh

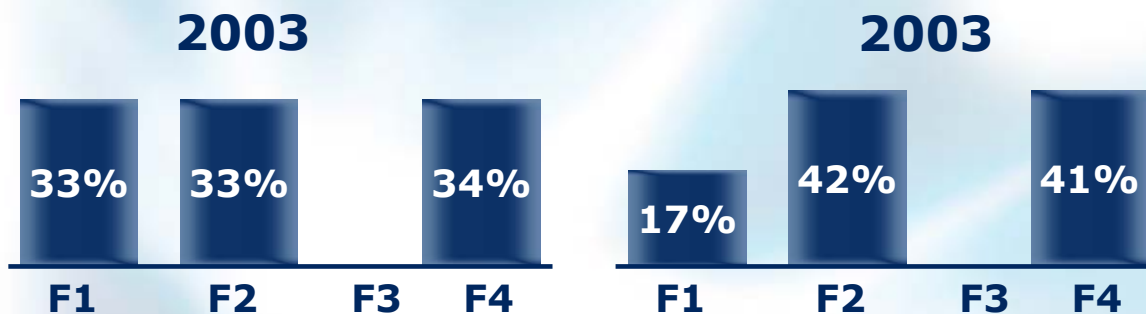
GWh



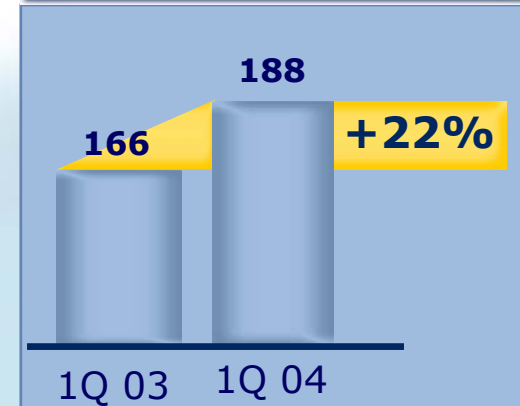
Margin (Eur/MWh)



Reduction in generation price - 5 €/MWh



Margin (M€)



Decree 20/04 (Delibera) --> - 5.5 €/MWh

Future challenges

Maintain growth in the medium and long term

Address the Environmental Challenge

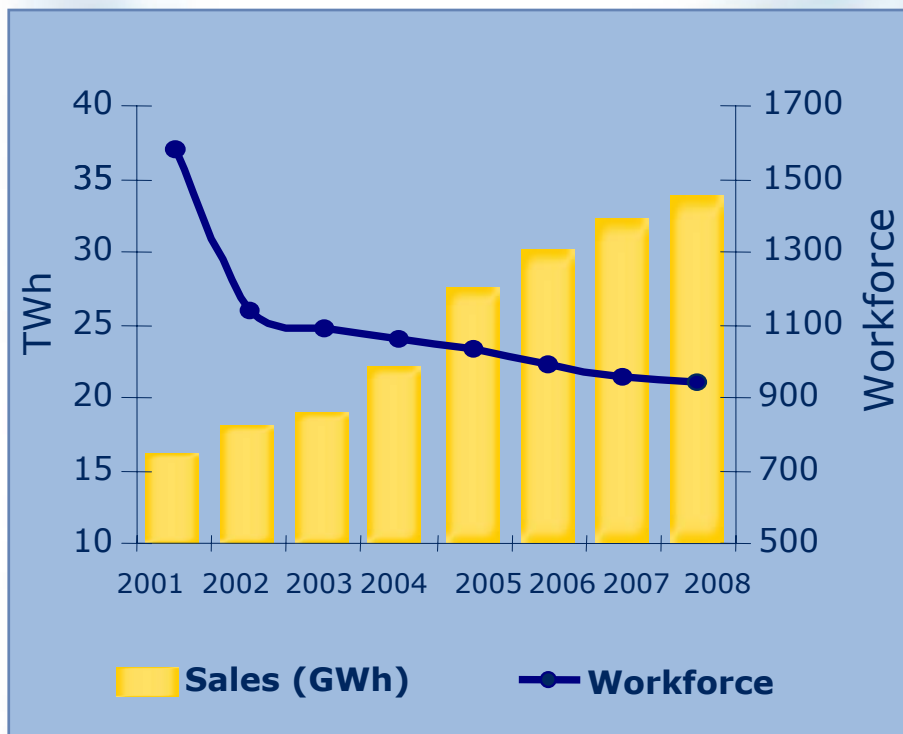
Ensure a competitive gas procurement for the long term

Manage market risk

Maintain growth: Continue enhancing efficiency

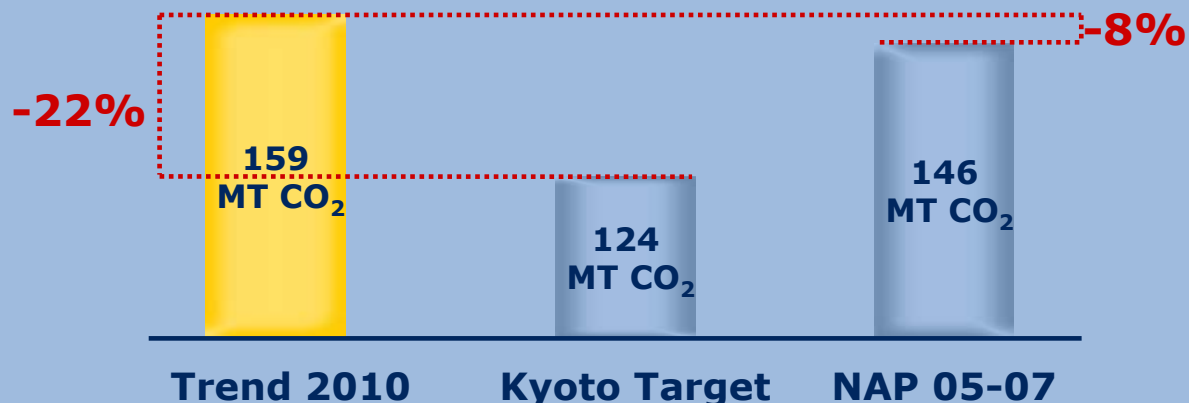
Two stages of the efficiency process

- ▶ Costs and workforce reduction (2001-2003)
- ▶ Increase in output without higher costs
- ▶ Finished
- ▶ 2004-2008



Addressing the Environmental Challenge

Kyoto



- NAP foresees an emission limit of 146 MT Co₂ for the thermoelectric sector
- Generators expect the definition of the NAP that will influence investments and mix decisions for the future

Green Certificates

- Once the complete Repowering Plan is completed Endesa Italia will require 900 GWh in Green Certificates per year
 - Equivalent to 450 MW of Wind Capacity
- Diversified renewable investment strategy (Wind, Minihydro, Biomass, GC Purchases) in place
 - First 20 MW Wind park in Sardinia (Florinas)
 - Current production with biomass in Monfalcone (90 GWh in 2003)

Conclusions

Delivering Demanding Targets and positive outlook

	Announced Target	Current Status
EARNINGS 2002	Neutral	✓
EARNINGS 2003	2%	✓
EBITDA CAGR 5 years	> 12%	+14.5% EBITDA 2001-2003
Workforce (2005)	-18.5 %	-31.4*
ENDESA EFFICIENCY RATIOS BY 2007 (O&M €/MWh)	From 8.0 to 4.3	5.5
SELF FINANCING	Positive Free Cash Flow allowing dividend payment	

* 2003 vs 2001

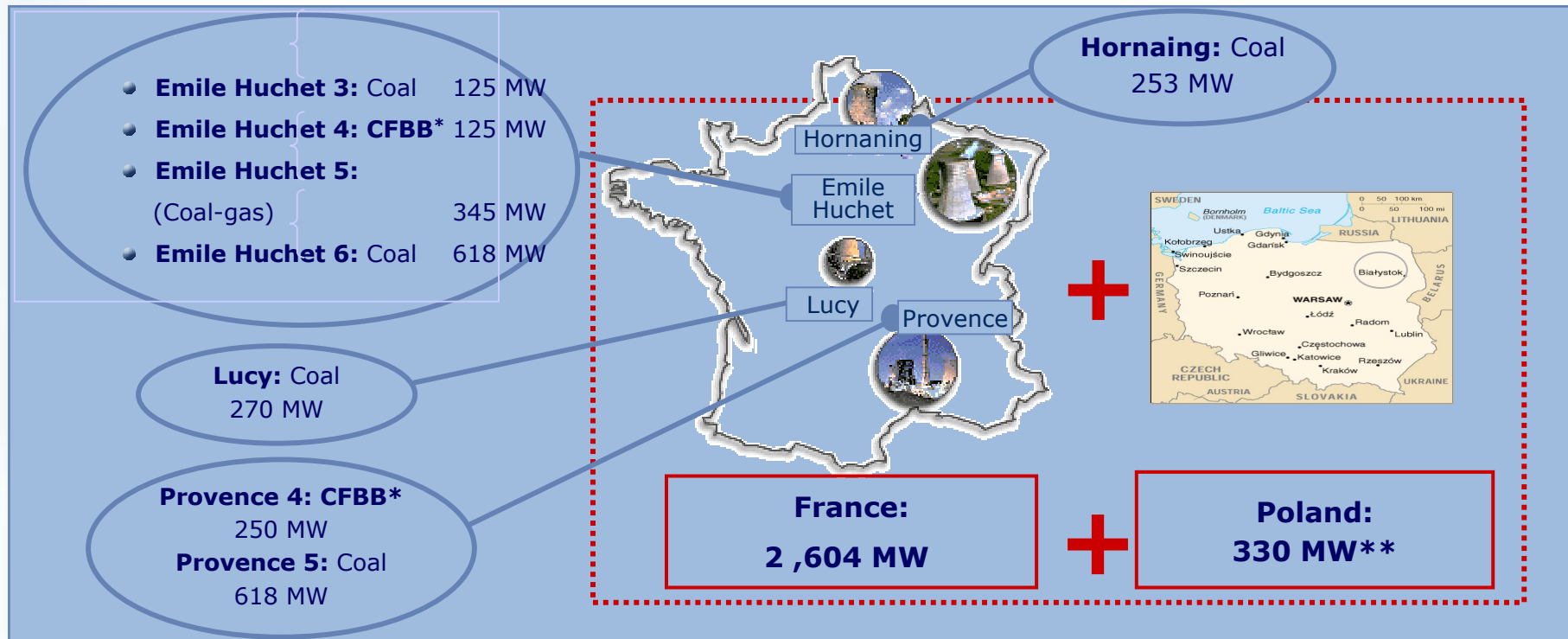


SNET
Société
Nationale d'Electricité
et de Thermique



Barcelona, June 3rd 2004

Overview of SNET



Total Snet

- Total Gross Installed Capacity: 2,604 MW (2.5 % of the French system)
- Total workforce: 1,373

• Main Financial Magnitudes

M Euros	2003
Revenues	703.4
EBITDA	127.7
Net income	12.5
Net cash	228.5



(*) Circulating Fluidised Bed Boiler



Purchase of additional interest in Snet

- Purchase of 35% for €121.2 M ▷ Endesa 's total investment: €571.2 M (65%)

- Agreed payment schedule:

- €3.4 M initial payment at closing of transaction
- Rest Dec.06 (30% depending on EBITDA 2003-2005)

- IRR for Additional investment 19.5%
- Total IRR > 8%
- Full control and consolidation
- Debt reduction (SNET net cash position of €254 M as of march 04)

- Entrance of GdF in SNET with the rest of shareholding (35%) :

- Knowledge of French market
- Industrial complementarities with Endesa

	Total	Additional 35%
EV/EBITDA (03)	4.9	1.4
€/kW*	239	51



* Excluding international installed capacity

SNET: Strategic Rationale

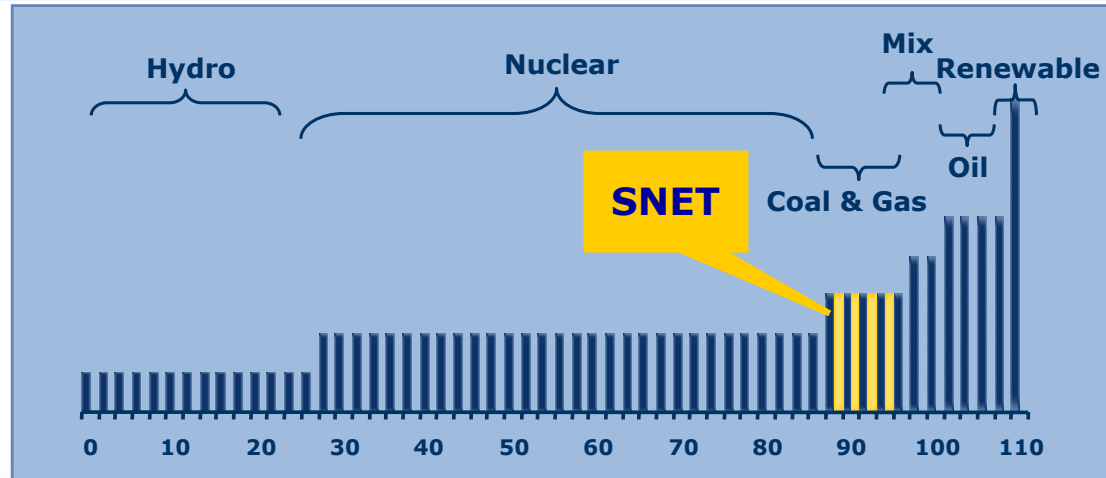
Generation

- **Strategic position in the market**
 - Mid-merit and peak asset portfolio (average utilization 3000-3500 hrs)
 - Valuable assets in intraday transactions and “balancing” supply
 - Relevant markets for supply and energy management
 - Capacity needs in France are concentrated on peak merit (utilization <4,000 h)
 - EDF contract until 2009: stability in revenues while efficiency targets are achieved
- **Optimal Sites for new capacity**
 - Repowering of current assets
 - Potential growth through CCGTs

Supply

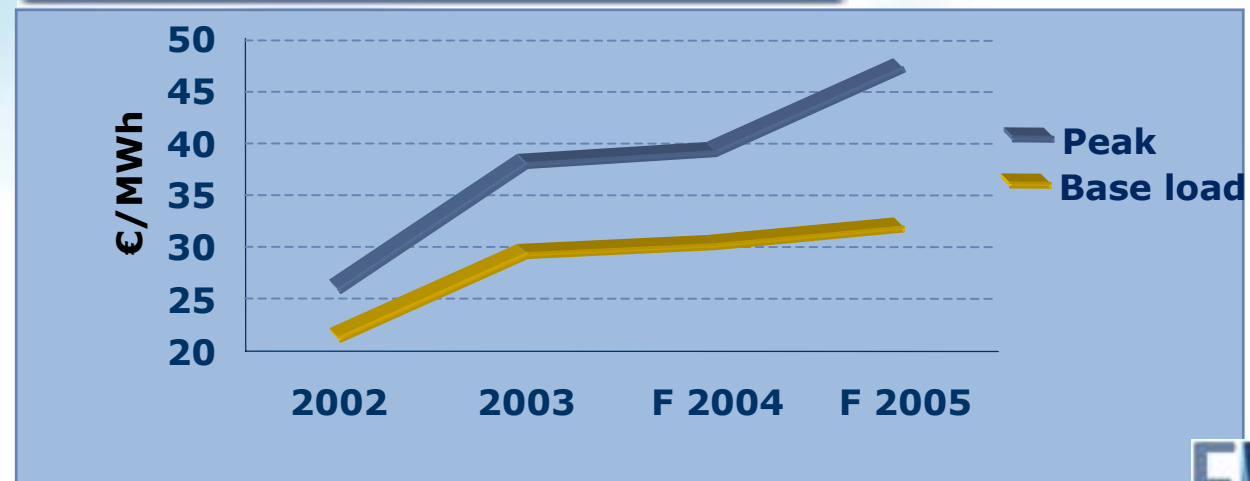
- **2nd player in supply in France**
 - 2003 Supply sales 5,633 GWh
 - Risk hedging and profitable strategy
- **International investments**
 - Poland and Turkey

Position in the Generation System in France and Neighbouring Countries



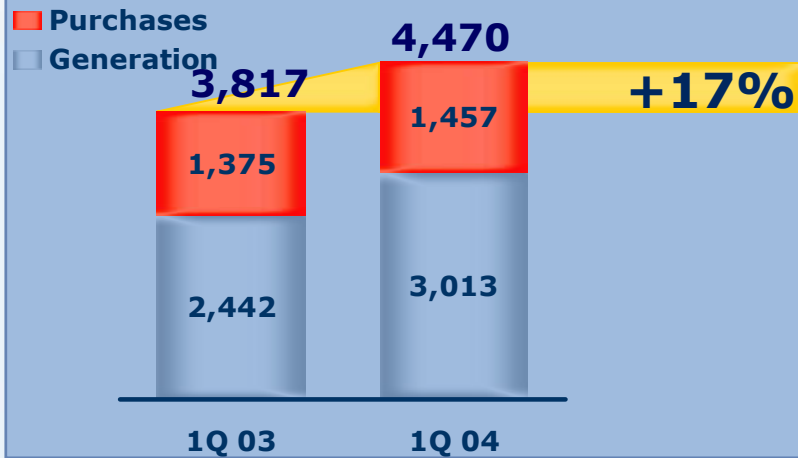
Evolution of Prices: Powernext

Trend indicates that Peak prices are increasing relatively more than base load

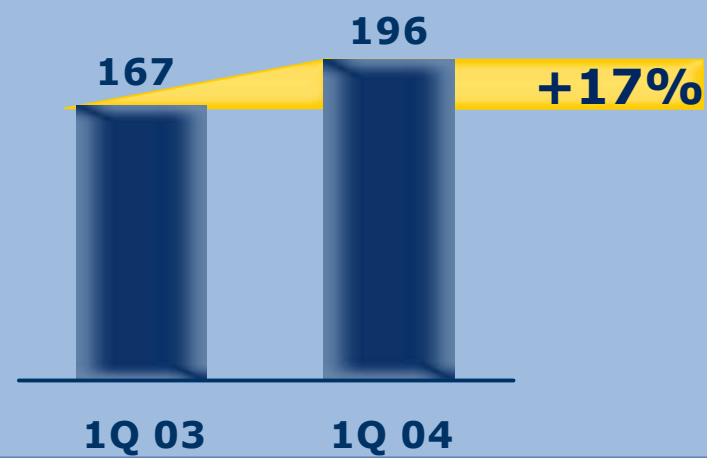


1 Q 2004 Performance

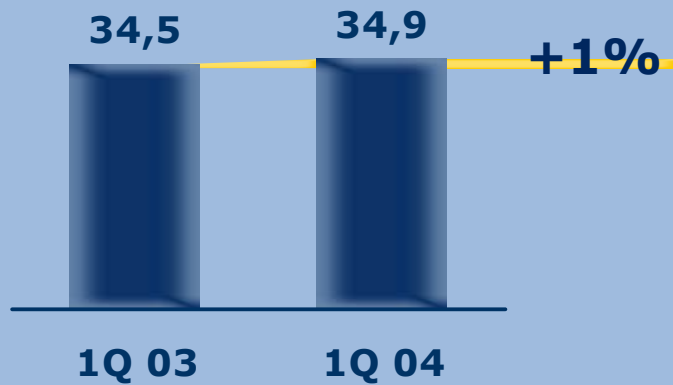
Generation and Purchases (GWh)



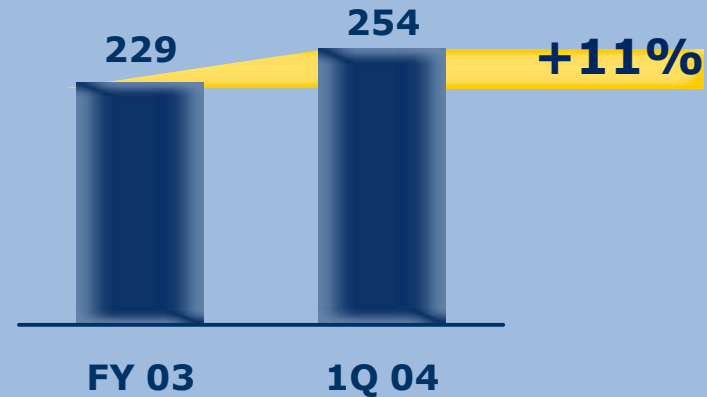
Revenues (Eur M)



EBITDA (Eur M)



Net Cash Position (Eur M)



Strategy for Snet

Strategy Similar to the one applied in Italy

EFFICIENCY

Reach a level of operating efficiency guaranteeing the competitiveness in the French market

Key issues

- **Improvement of the contribution margin**
 - Energy management
 - Unbalance risk
- **Cost control**
- **Cash management**

CONSOLIDATION +

Consolidate Snet as a player with guarantees of long term sustainability

Key issues

- **Environment adaptation**
- **Capacity plan development**
- **Commercial development**

GROWTH

Develop Snet on the basis of a profitable growth

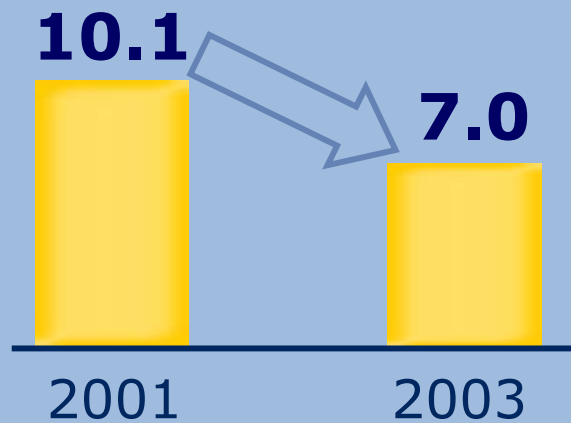
Key issues

- **French market**
- **International market**

Efficiency Improvement Potential

Endesa Italia

Total Fixed Costs / MWh



SNET

Total Fixed Costs / MWh

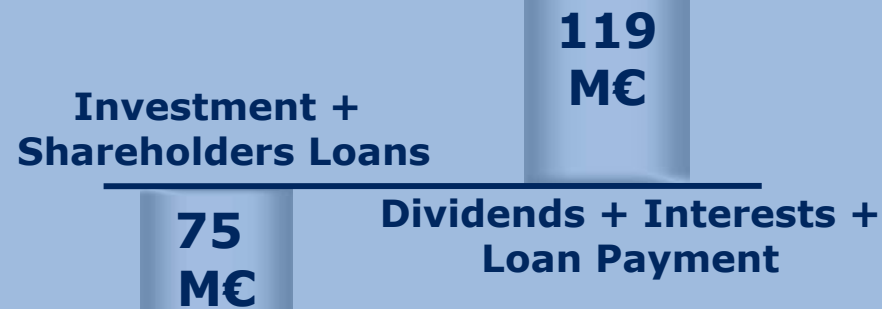


Portugal

Tejo

- 600 MW Coal Plant
- Endesa 35% (45% IP, 10% EDP, 10% EDF)
- PPA with REN
 - End of PPA's because of Mibel
 - PPA's profile foresees a decrease by 2005 anyway

- Profitability



- Site Optionality ▷ 800 MW CCGT

Morocco

Tahaddart

- **400 MW CCGT under construction**
- **Endesa 32%, ONE 48%, Siemens 20%**
- **PPA with ONE for 20 years**
- **Option to build another 400 MW CCGT**

Lydec

- **460.000 electricity and 400.000 water customers**
- **18% Equity stake**

Summary and Conclusions

Endesa has achieved a unique position in its target European markets

Endesa Italia is performing better than expected

- **Market**
- **Repowering**
- **Efficiency**

Endesa is well positioned to extract value from its position in Snet

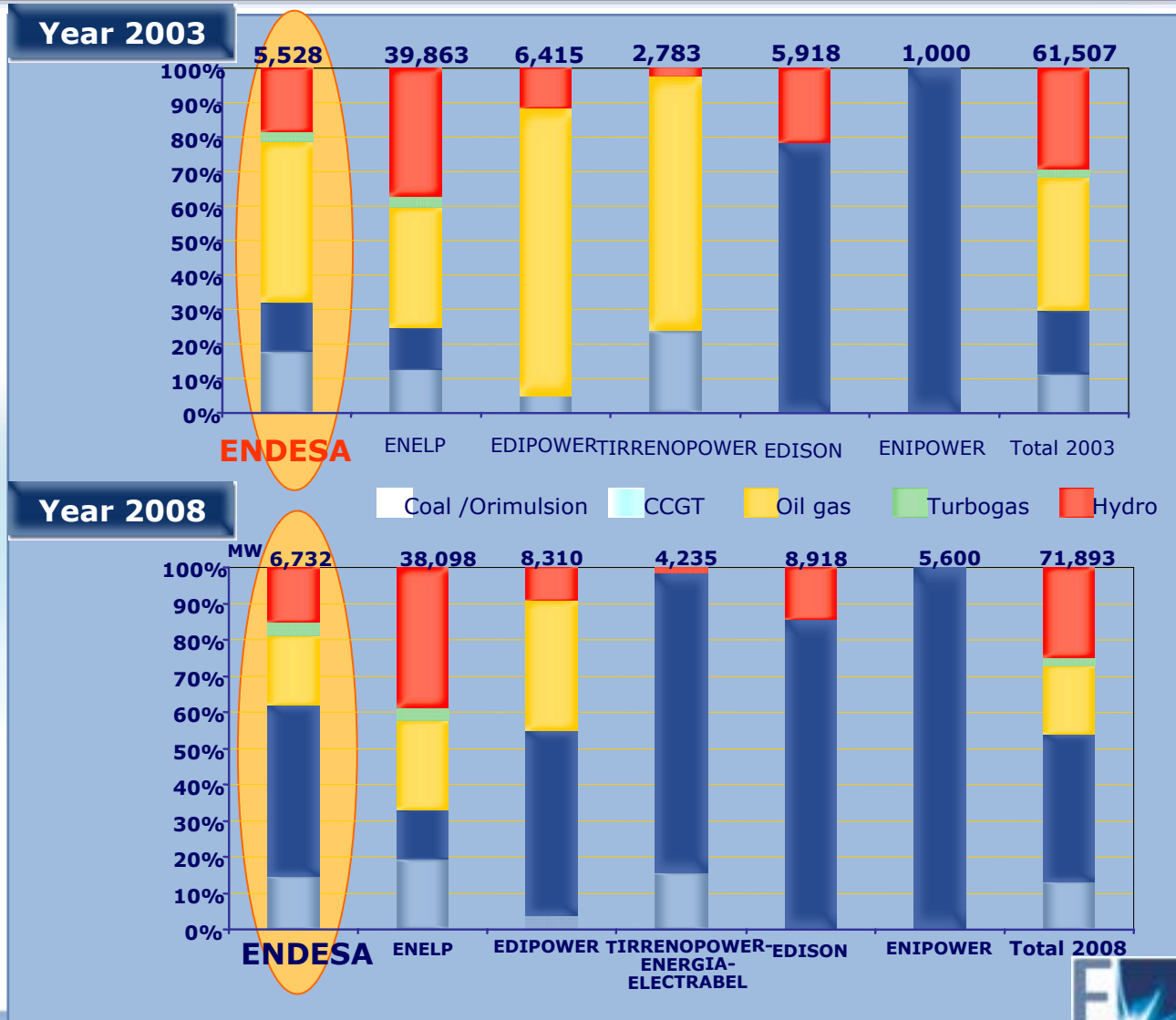
Profitable investments and growth opportunities in Portugal and Morocco

Endesa's European operations have been profitable since the beginning and have been able to self finance its investment plan

Appendix

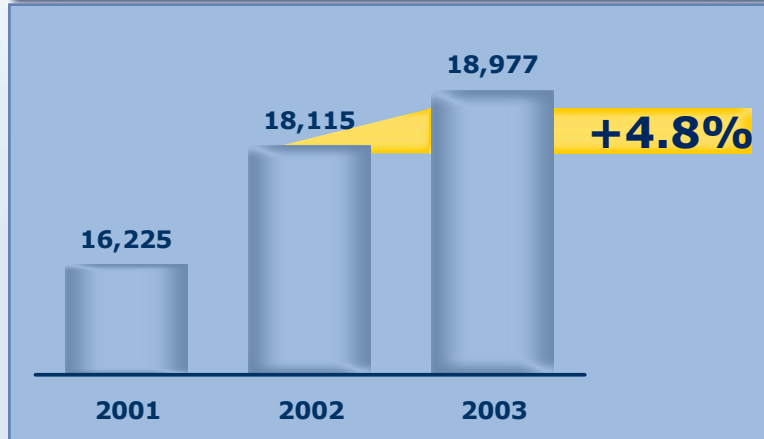
Italy: Market structure

- 6 players accounts for 80% of the system installed capacity
- Only with repowering plan Endesa Italia will increased from 7.2% to 7.5% market share
- Endesa Italia has a well balanced mix similar to the industry average

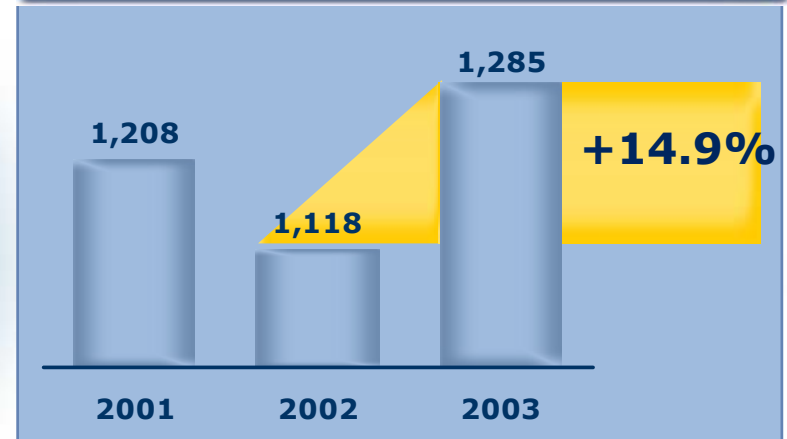


2003 Financial performance

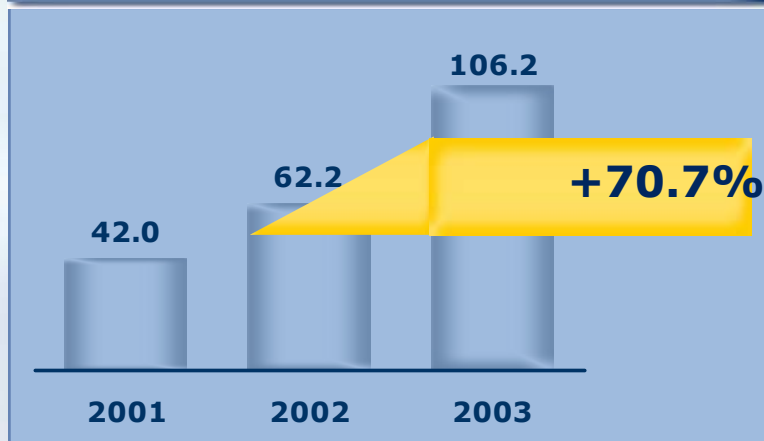
Sales (GWh)



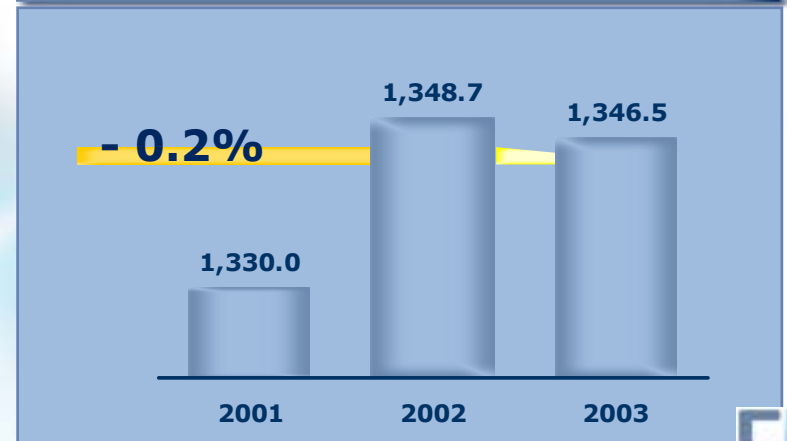
Revenues (€ M)



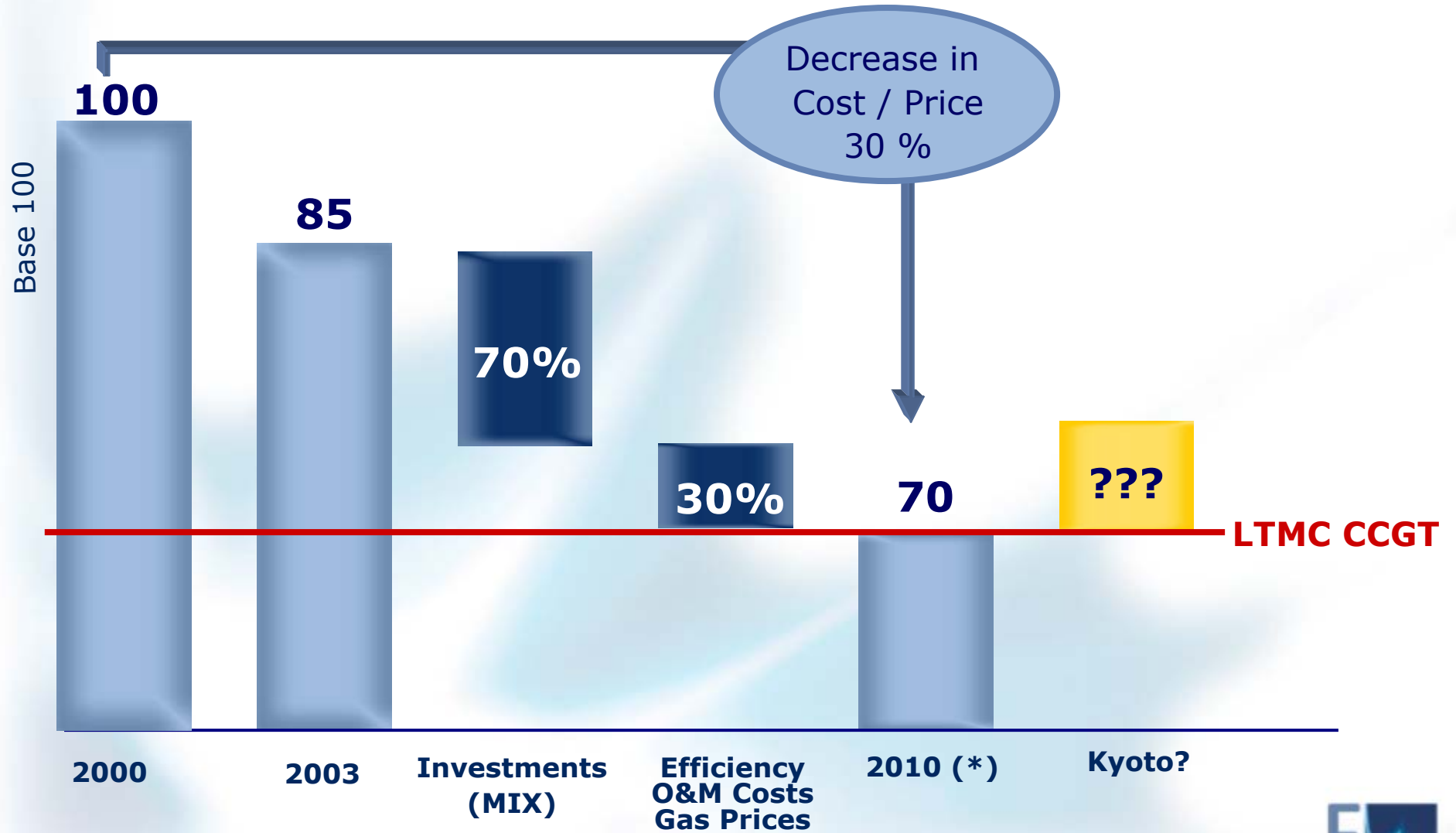
Net Income (€ M)



Financial Debt (€ M)



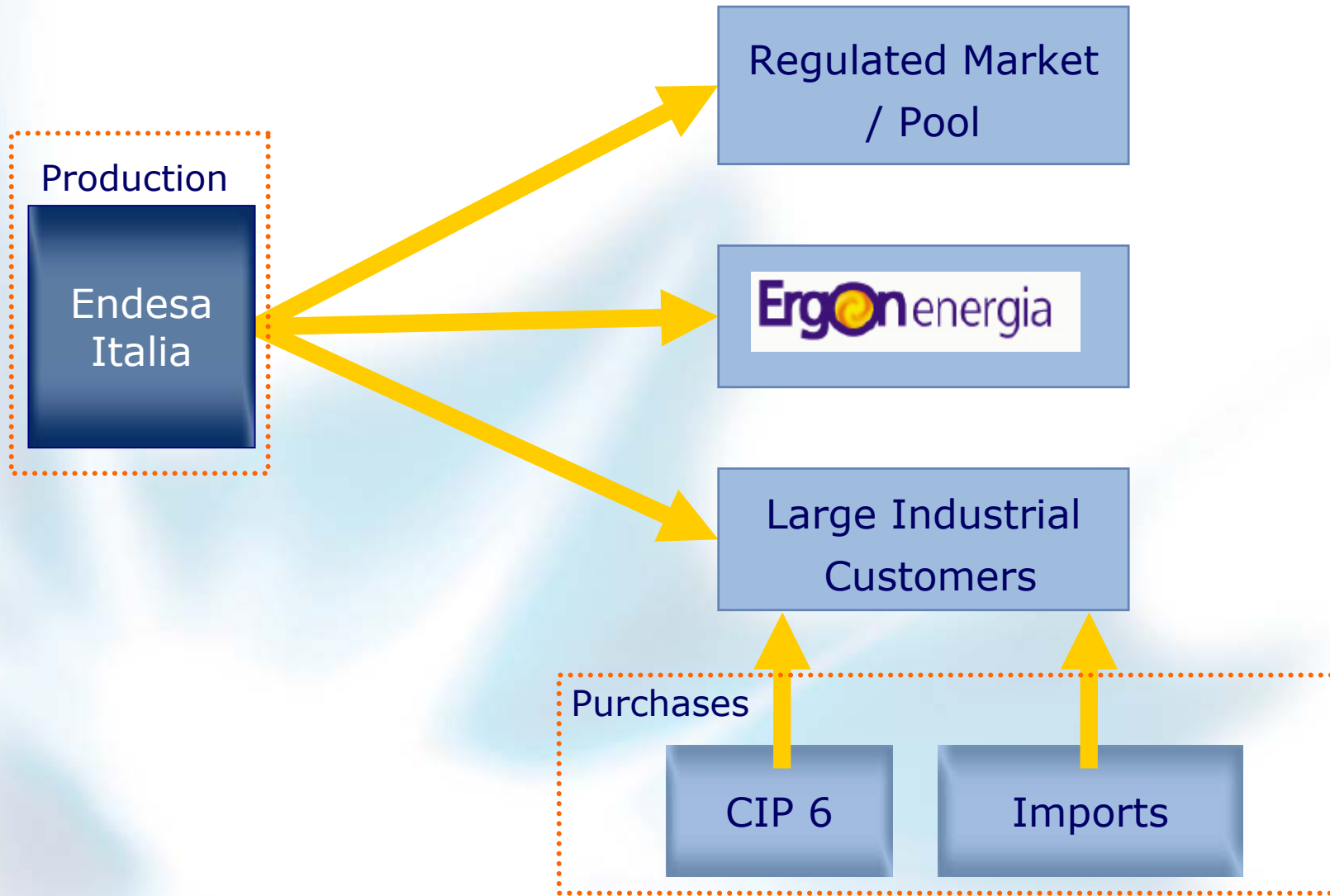
Electricity prices outlook



Future growth: Repowering plan

Plant	Before Repowering	After Repowering
Ostiglia	4x330 MW Fuel/gas	2x400 MW CCGT 1x400 MW CCGT (2005) 1x330 MW Fuel/gas
Tavazzano	4x320 MW Fuel/gas	2x400 MW CCGT 1x400 MW CCGT (2005) 2x320 MW Fuel/gas
Monfalcone	1x165 MW+1x171MW Coal 2x320 MW Fuel/gas	1x165MW+1x171MW Coal 2x400 MW CCGT (2007)
Fiume Santo	2x160 MW Fuel 2x320 MW orimulsion	2x160 MW Fuel 2x320 MW Coal

Manage market risk



Forward Looking Statements:

Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the United States Private Securities Litigation Reform Act of 1995. The U.S. Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. This presentation contains certain forward-looking statements regarding: anticipated financial and operating results and statistics that are subject to risks and uncertainties. Forward-looking statements could include, but are not limited to, information regarding: estimated future earnings, costs, EBITDA and debt, leverage and other ratios; anticipated increases market share; expected increases in demand for gas and gas sourcing; operational efficiencies; management strategy and goals; tariffs and pricing structure; estimated evolution of electricity prices; estimated capital expenditures and other investments; expected asset disposals and acquisitions; estimated increases in capacity, output and sales and changes in their mix; repowering of capacity; estimated number of clients; anticipated work force levels, estimated reduction of specific CO2 emissions, potential impact of the IAS implementation on our financial statements and macroeconomic conditions.

For all of these forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors, in addition to those discussed elsewhere in this presentation, could cause actual financial and operating results and statistics to differ materially from those expressed in our forward-looking statements:

Economic and Industry Conditions: materially adverse changes in economic or industry conditions generally or in our markets; the effect of existing regulations and regulatory changes; tariff reductions; the impact of any fluctuations in interest rates; the impact of fluctuations in exchange rates; natural disasters; the impact of more stringent environmental regulations and the inherent environmental risks relating to our business operations; the 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.

Political/Governmental Factors: political conditions in Latin America; changes in Spanish and foreign laws, regulations and tax.

Operating Factors: technical difficulties; changes in operating conditions and costs; the ability to implement cost reduction plans; the ability to maintain a stable supply of fuel and the impact of fluctuations on fuel prices; acquisitions or restructurings; the ability to implement an international and diversification strategy successfully.

Competitive Factors: the actions of competitors; changes in competition and pricing environments; the entry of new competitors in our markets.

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Results and Challenges



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