



Driving Value Beyond our Traditional Boundaries

*Presentation to Financial Analysts
Madrid, 8 March 2000*



FORWARD-LOOKING STATEMENTS

This presentation contains statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements that include the words “expect”, “project”, “anticipate”, “believe”, “plan”, “intend”, “probability”, “risk”, “target”, “goal”, “objective”, “estimate”, “future” and similar expressions or variations on such expressions. These statements appear in a number of places in this presentation and include statements regarding our belief, objectives, plans or current expectations with respect to, among other things: (1) our cost reduction and investment plans in our Spanish core operations, (2) our plans and objectives for our Latin American subsidiaries which we call Project Génesis and includes cost-reduction and investment plans, (3) our plans and objectives for our non-core operations including, among others, water, gas, telecommunications and internet-based activities, both in domestic and international markets.

Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of various factors. These factors include: inability to access the capital markets of the United States, Spain, Chile or other countries in which members of our Group operate in a timely manner and under favorable market conditions; an increase in the market rates of interest in the United States, the United Kingdom or elsewhere; adverse decisions by government regulators in Spain or Chile; potential adverse economic conditions in Chile or other countries in which our Group operates the inability of achieving significant physical loss reductions due to higher than expected capital expenditures required to achieve such reductions; potentially lower than anticipated savings of personnel expenses, including as a result of Group’s inability to achieve targeted headcount reductions; the potential need to engage in higher outsourcing; the possibility that the Company may not find interested buyers at an acceptable price for an asset that is expected to be sold, or that regulators may interfere adversely in the sale of such asset; (or other countries in which members of our Group operate in a timely manner and under favorable market conditions that adversely affect our revenues or expenses); our ability to manage the risks involved in the foregoing; and other factors described in our Annual Report on Form 20-F or in that of our subsidiaries Enersis S.A. or Endesa Chile. You are cautioned not to place undue reliance on those forward-looking statements, which speak only as of their dates. We undertake no obligation to release publicly the result of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the dates thereof, including, without limitation, changes in Project Génesis, our business strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

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- ☰ **Key Issues in 1999**
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- ☰ **Conclusions**

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Our New Vision

 **Key Issues in 1999**

 **Energy Business**

 **Telecommunications**

 **New Technologies: E-commerce**

 **Financial Performance**

 **Conclusions**

Our Vision

Much more than a utility

**Building a new
Business portfolio...
based on our**

-  **>27M customers**
-  **Proven skills**

Energy and
related business

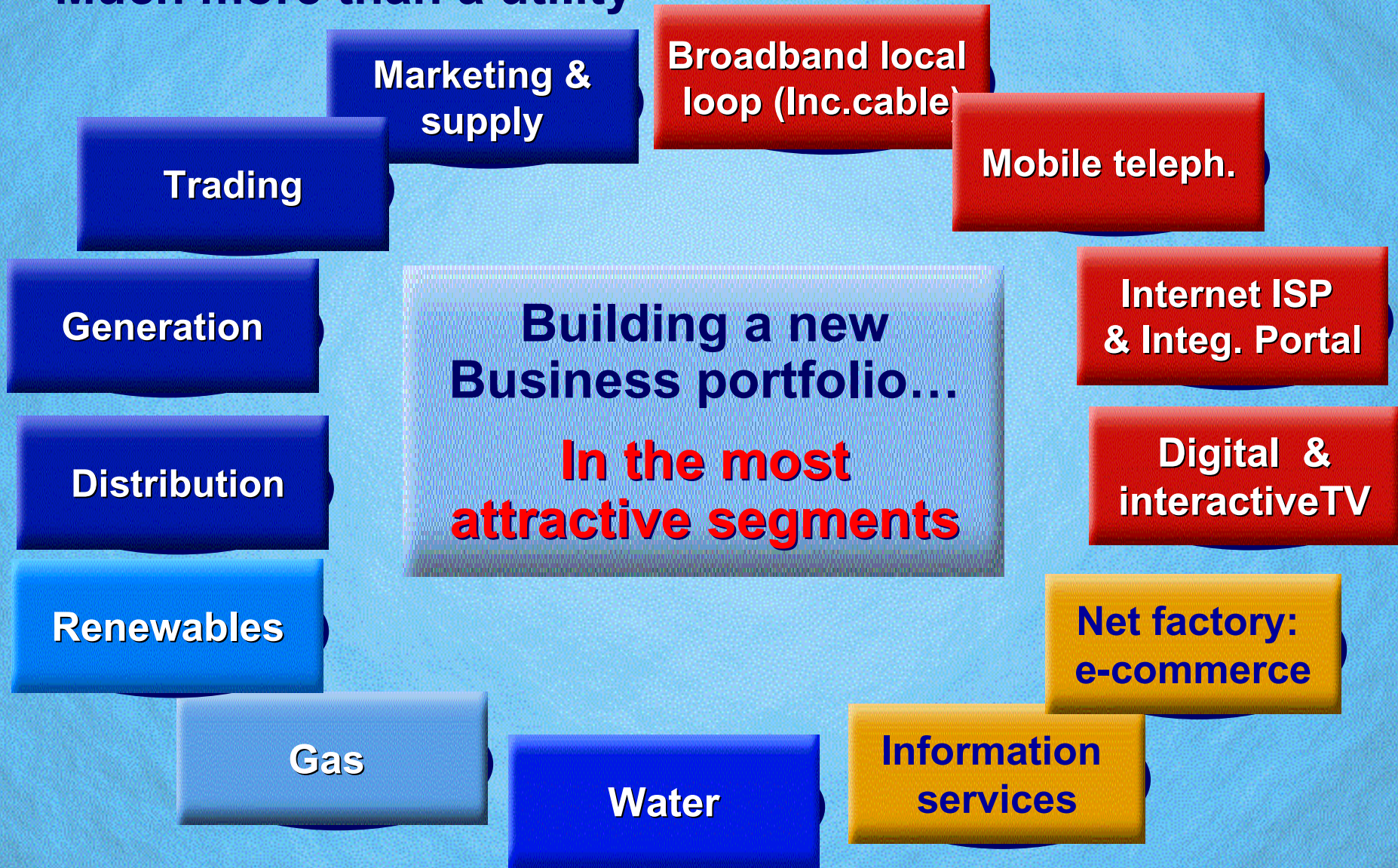
Telecoms

**New
Technologies**



Our Vision

Much more than a utility



Building a new business portfolio... beyond our traditional boundaries

Energy

Telecoms

New
technologies

☰ Europe

Spain/Portugal	X	X	X
Europe	X	X	X

☰ Latin America	X	X	X
☰ North Africa	X		
☰ US	X		X

Adopting a clear but flexible strategic positioning

☰ Leadership

Electricity: Iberia & LatAm.
Significant presence in Europe
2nd Telecom Spanish operator

☰ Specialist/Niche Player

Trading in Europe/LatAmerica
Telecoms in Europe/LatAmerica

☰ “Shaper”

Net factory: E-commerce
B2B, B2C Value-added services

Endesa will be

☰ **Global energy operator**

☰ **Focused on intangibles & skills**

☰ **More telecoms involved**

☰ **Customer driven**

☰ **More European oriented**

☰ **With a balanced country risk exposure**

Our medium term objectives

Business

- **Leading electricity industry consolidation:**
 - >50,000 MW capacity;**
 - >30 million customers**
- **Telecoms >30% corporate equity value**
 - > 7 million customers**
- **New technologies: e-commerce, PLC**
- **Multi-utility: gas&water**

Our medium term objectives

Financial

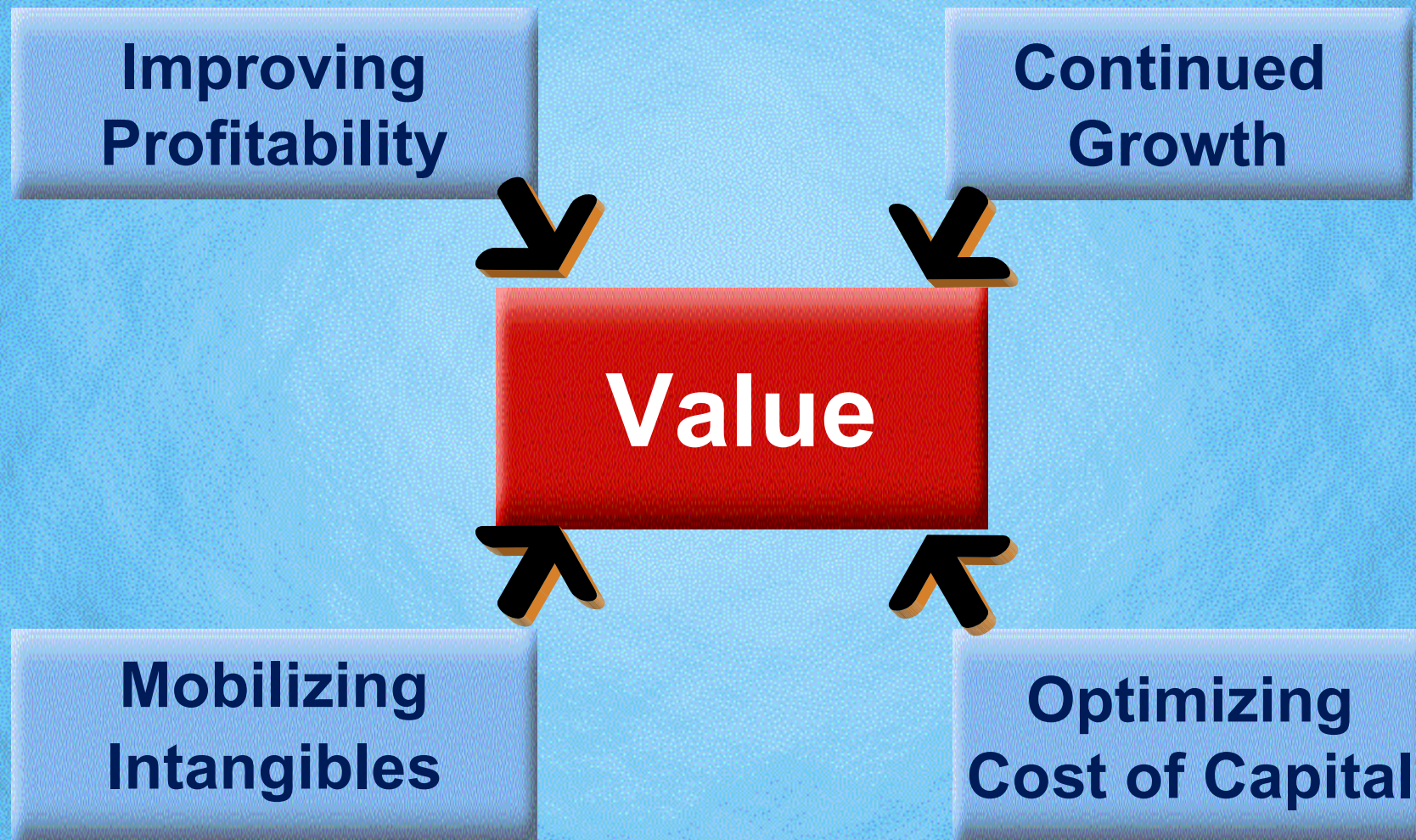
Doubling the company's intrinsic value in less than 5 years

EPS >10% CAGR

ROE >15%

Optimizing WACC

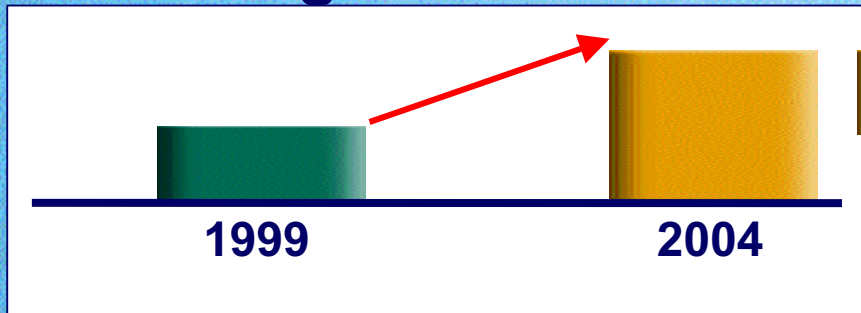
Our mission is to drive the value forward



Profitability is our duty

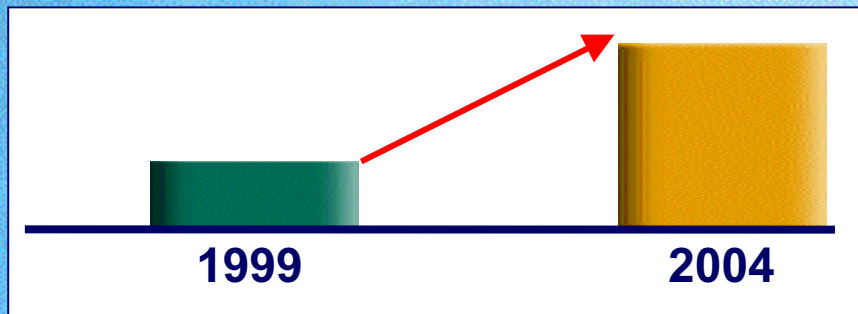
Change in
pctg. points

Increasing ROIC



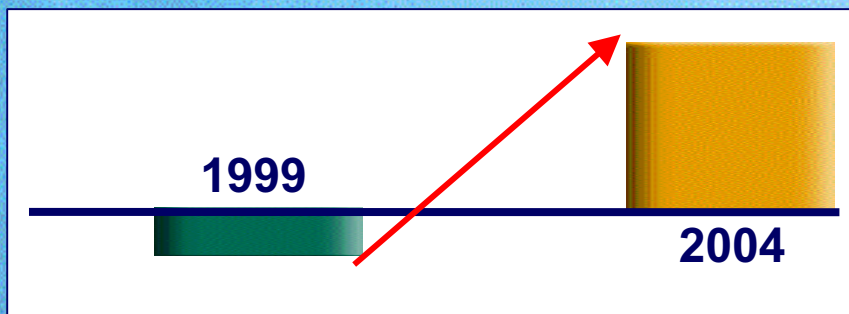
+4

- Electricity in Spain:**
- . Leadership
 - . Cost cutting
 - . Focus on margins
 - . Optimised cost of capital



+7

- Electricity in Latin America:**
- . Genesis Project: \$845 Mill.
 - . Demand growth



+28

- Telecom:**
- . Demand growth
 - . No. Customers
 - . Share increase
 - . Holding Effect

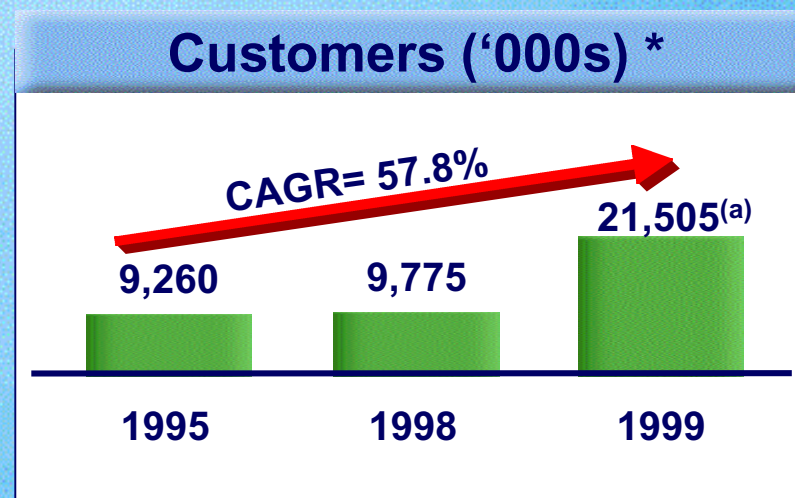
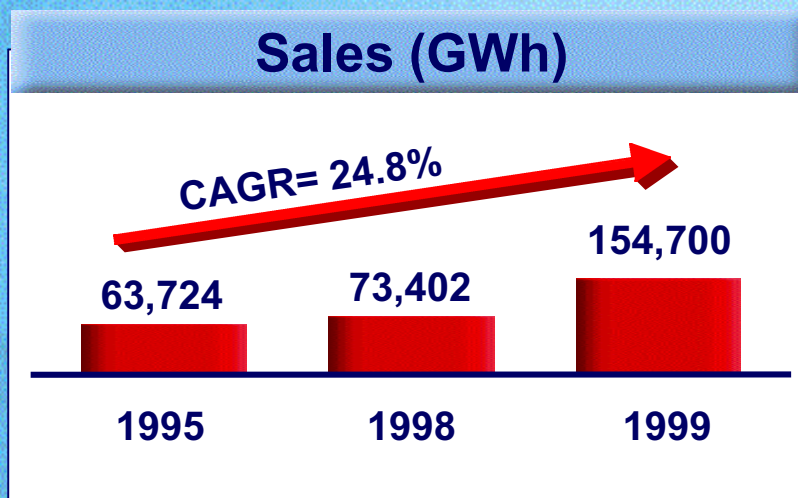
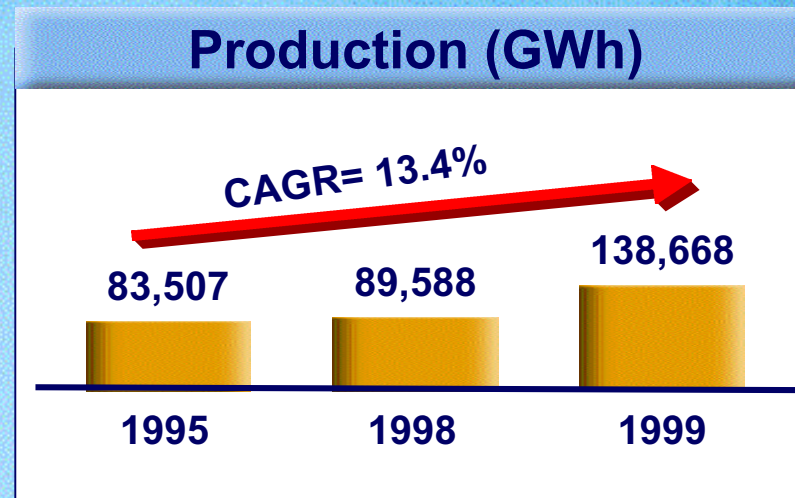
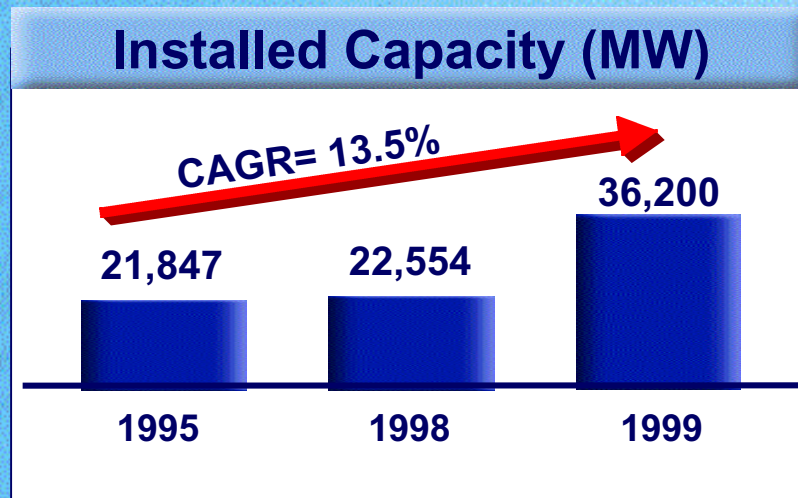
Profitability is our duty We will manage our strategic portfolio

- ☐ **Proactively checking each business unit vs. strategic fit and value creation**
- ☐ **Concentrating on core competences and competitive skills**
- ☐ **Making decisions on buying, selling, sharing, or keeping business units**



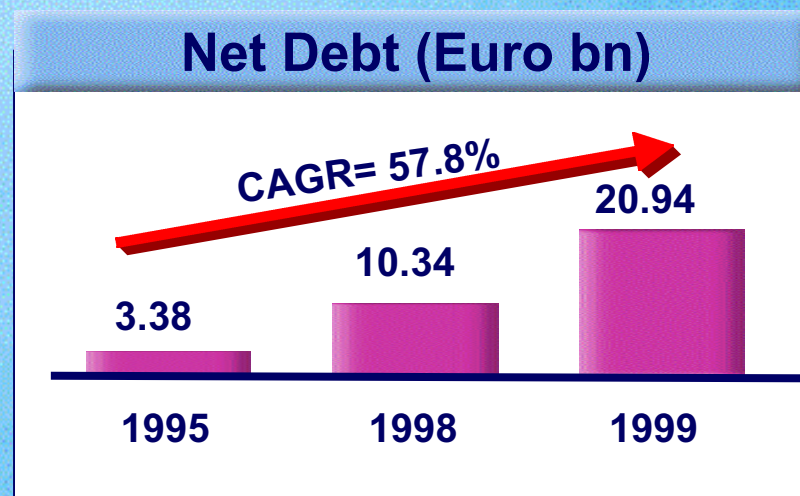
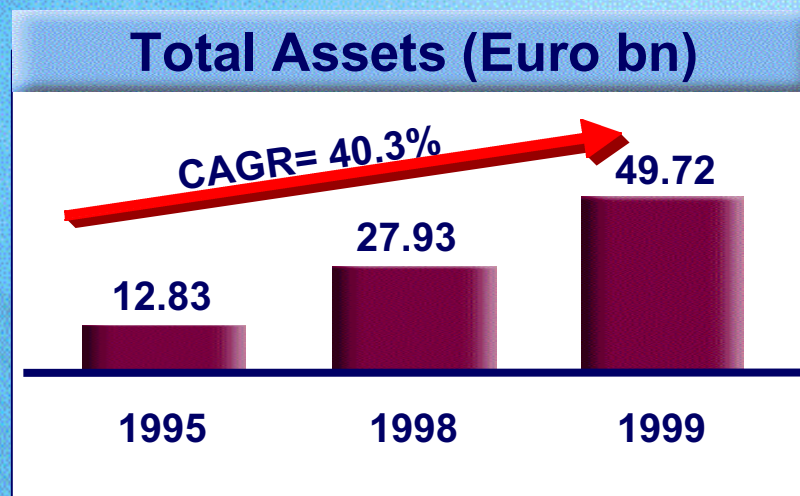
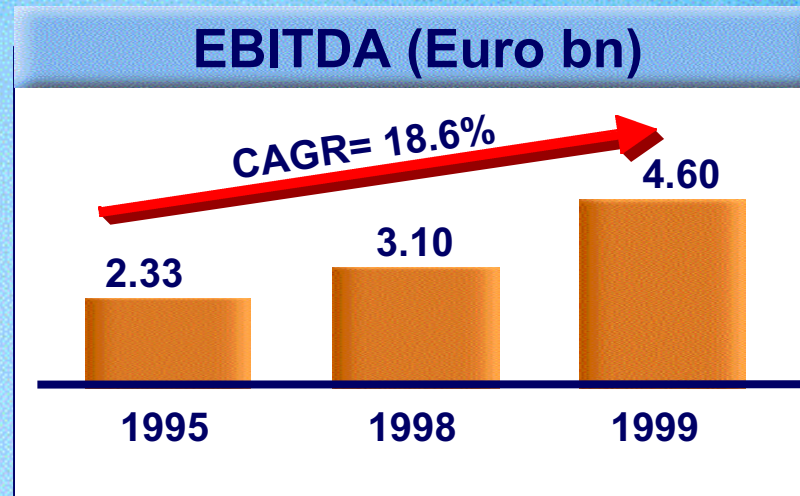
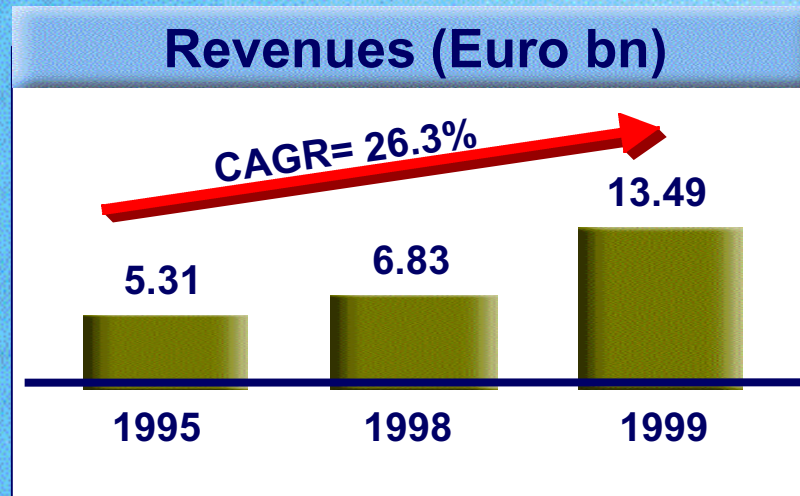
Divestitures: Euro 3 billion

Growth is our commitment strong track record

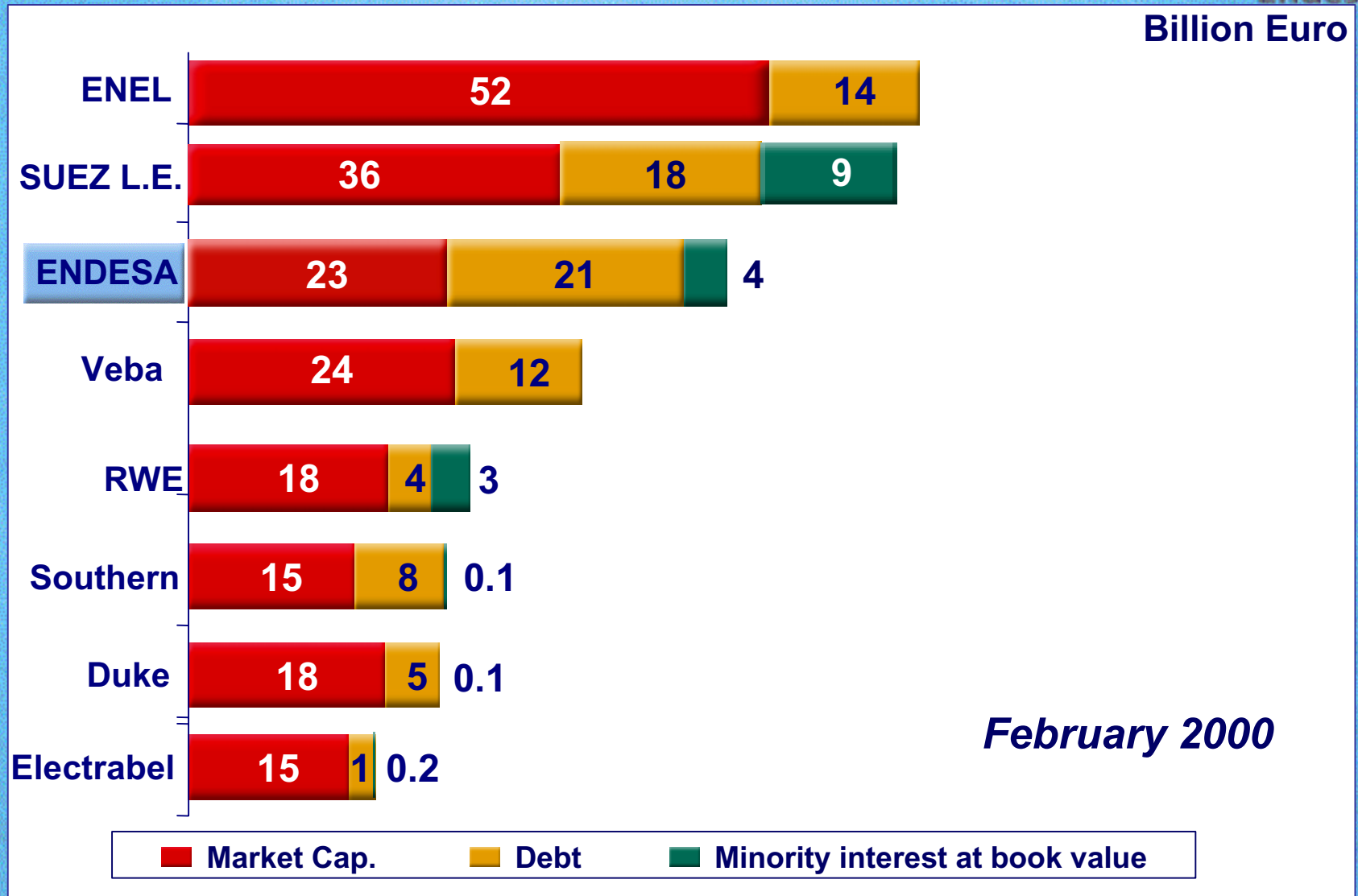


* Electricity business

Growth is our commitment strong track record



Growth is our commitment



Growth is our commitment

Strategies for expansion plan

Expansion Plan 00-04: Euro 10.4 Billion

Euro billion

- 3.7 Gaining relevant energy share in Europe
- 1.4 Reinforcing Leadership in Domestic Electric Business
- 3.0 Keeping 10% energy market share in Lat.America
- 1.6 Telecoms
- 0.4 New technologies (e-commerce)
- 0.3 Renewables and co-generation

IRR = WACC (project) + 4.5 %

Putting our intangibles to work

Endesa has an extraordinary intangible base

- ☐ Electricity leader in 5 countries
- ☐ Strong Customer base : >27 Million customers
- ☐ Strong supplier base : annual purchases Euro 3 billion
- ☐ High managerial skills: energy and telecoms
- ☐ Proven skills in turning around companies

**We are going to leverage this intangible base
in specific new business initiatives**

**Trading; e-commerce; value added services;
multienergy services; new tech utility**

Optimizing cost of capital is a must

Balancing Credit Rating vs. WACC



**Our Mission is to
drive the value forward**

**Our medium term goal:
>Euro 50 billion
intrinsic value**

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☰ **Key Issues in 1999**

☰ Energy Business

☰ Telecommunications

☰ New Technologies: E-commerce

☰ Financial Performance

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1999: strategic steps under our new vision

Spanish Business: Merger with affiliates

- ☐ Minority interests acquisition
- ☐ Euro 174 million of higher results
- ☐ Euro 1.49 billion of higher equity

International business

- ☐ Restructuring Enersis as an industrial group, along business units.

Enhancing value of telecoms

- ☐ Promoting the Global Operator
- ☐ Market value = 4.5 times investments

1999: driving value with profitability

Cost cutting plans

Spanish electricity business


- ▣ Progress ahead of schedule: 56% attained in 43% of time
- ▣ Euro 132 million in 1999 of lower operating cost
- ▣ Generation: O & M cost of 1 pta/kWh (-10%)
- ▣ Distribution: O & M cost and Capex of 1.8 pta/kWh (-10.8%)

Implementation of the Genesis Project

- ▣ US\$ 845 Million of cash-out cost reductions from 1998 to 2003
- ▣ 2,400 redundancies from June to December 99
- ▣ Decrease in distribution losses of 3.1 points in 1999
- ▣ Debt refinancing: US\$ 75 Million annual savings

1999: driving value with growth

 **Investing Euro 6 billion in business expansion**

 **Acquiring controlling stakes in Enersis and Endesa Chile**

 **Growing in Europe**

 **Growing in non-power businesses**

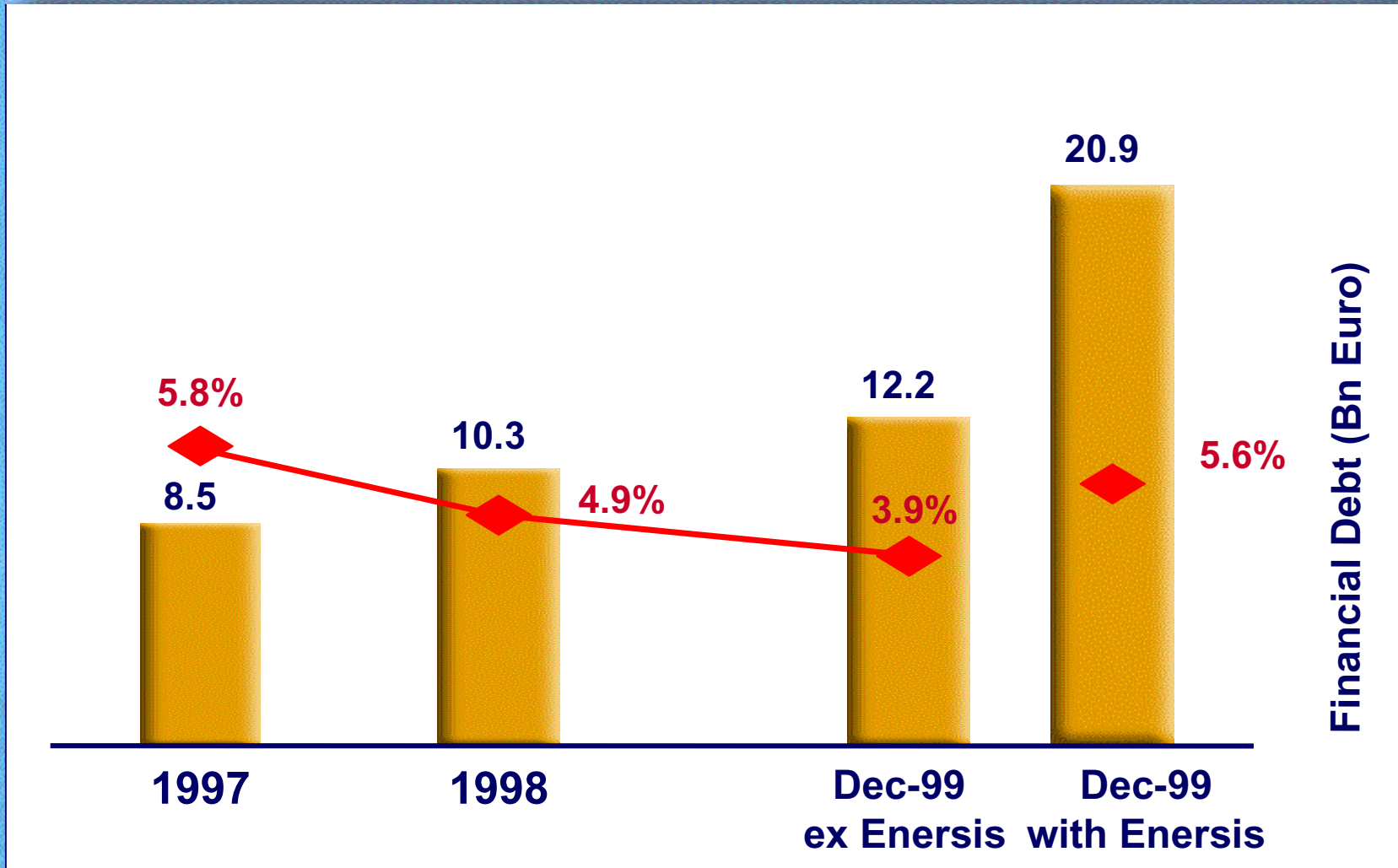
1999: driving value by mobilizing intangibles assets

- ▣ **Developing strategy in new technologies:**
 - ▣ **E-commerce, B2B, B2C, Power Line Carrier**
- ▣ **Structuring value-added services to a customer base of 27 million**
 - ▣ **Multienergy services**
- ▣ **Shaping the new energy business:**
 - ▣ **Entering trading business in Europe: JV with MSDW**
 - ▣ **Structuring APX & Poland PX**



1999: driving value by lowering the cost of capital

Evolution of debt and average cost interest of debt



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Energy



Europe

 Latin America

 Cogeneration and Renewables
and others

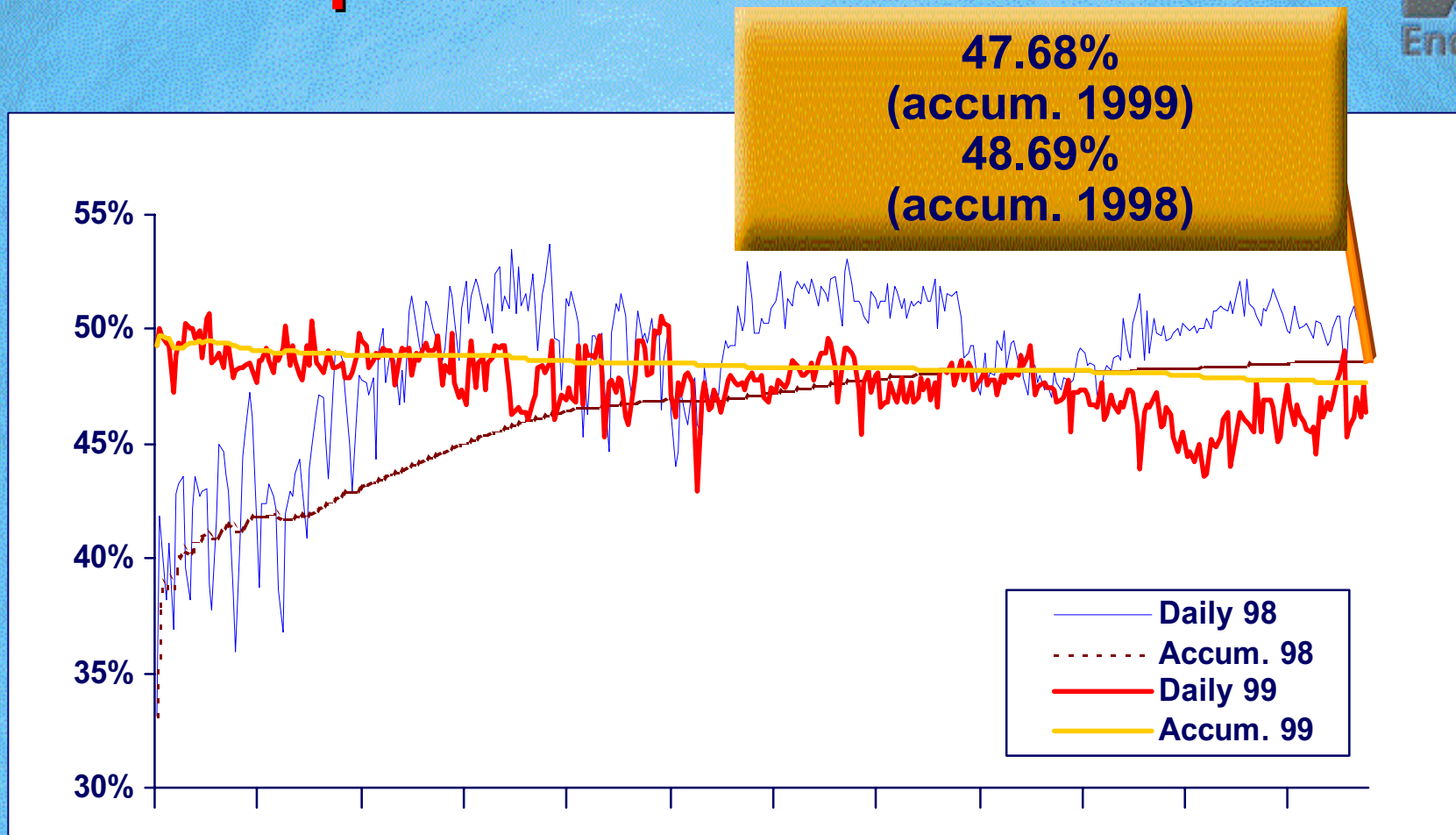
Outlook for the European electricity market

Energy Business



- ☐ A Europe-wide market is expected in the short term
- ☐ Today, regional markets are a fact in Europe, from a wholesale and retail point of view
- ☐ Endesa starts from a leadership position in the Iberian market

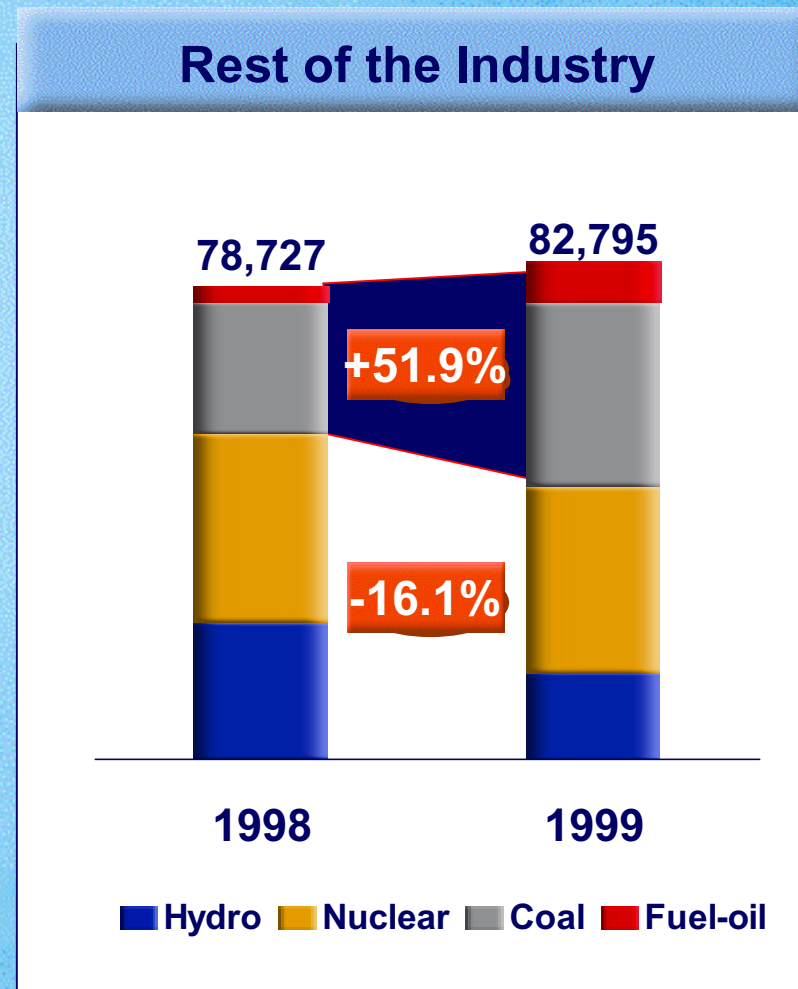
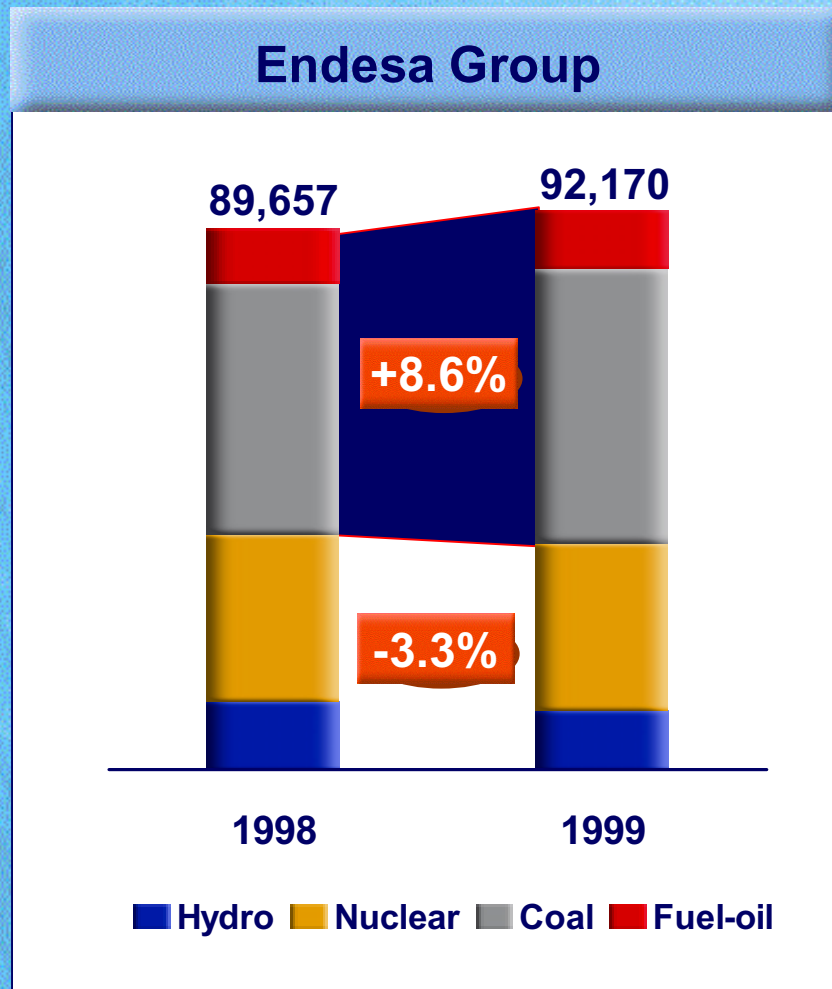
Leadership in the wholesale market



The decline in market share in 1999 is fully explained by the disposal of a generation plant (Soto de Ribera) and by the increase in the participation of importers (mainly EDF)

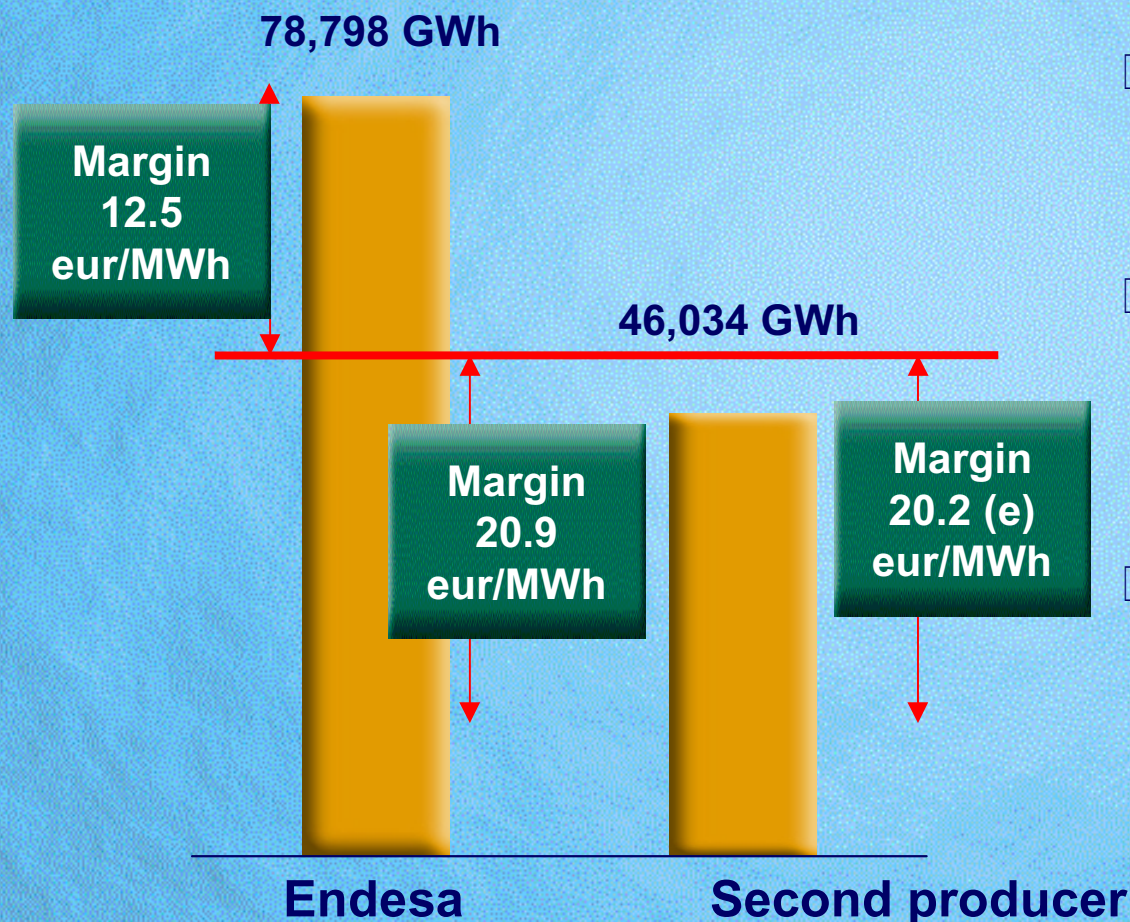
Balanced generation mix

Electricity Generation. GWh 1999



Balanced generation mix provides optimal margin

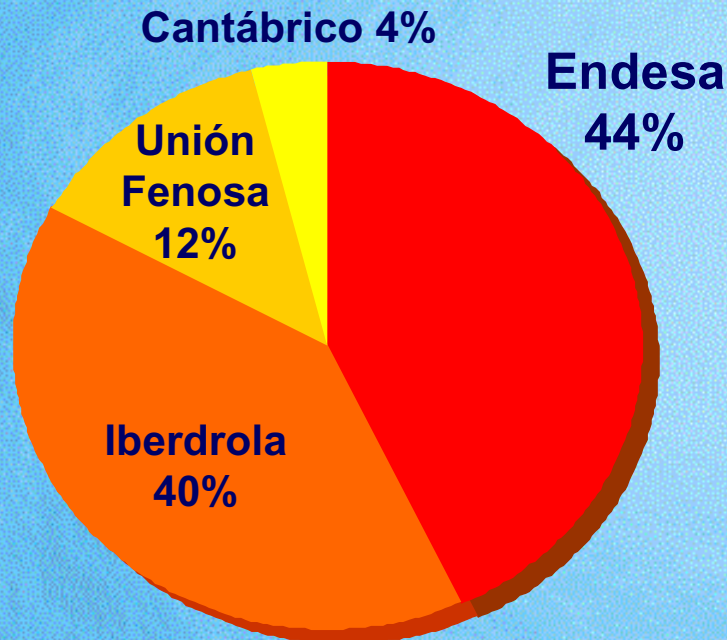
Electricity Generation in the Peninsula. GWh 1999



- ☐ Optimal margin for total production level: 17.4 eur/MWh
- ☐ Competitive base-load generation, with margins (20.9 eur/MWh) higher than our competitors
- ☐ Mid-merit generation with healthy margins (12.5 eur/MWh) and production flexibility

Leadership in supply business

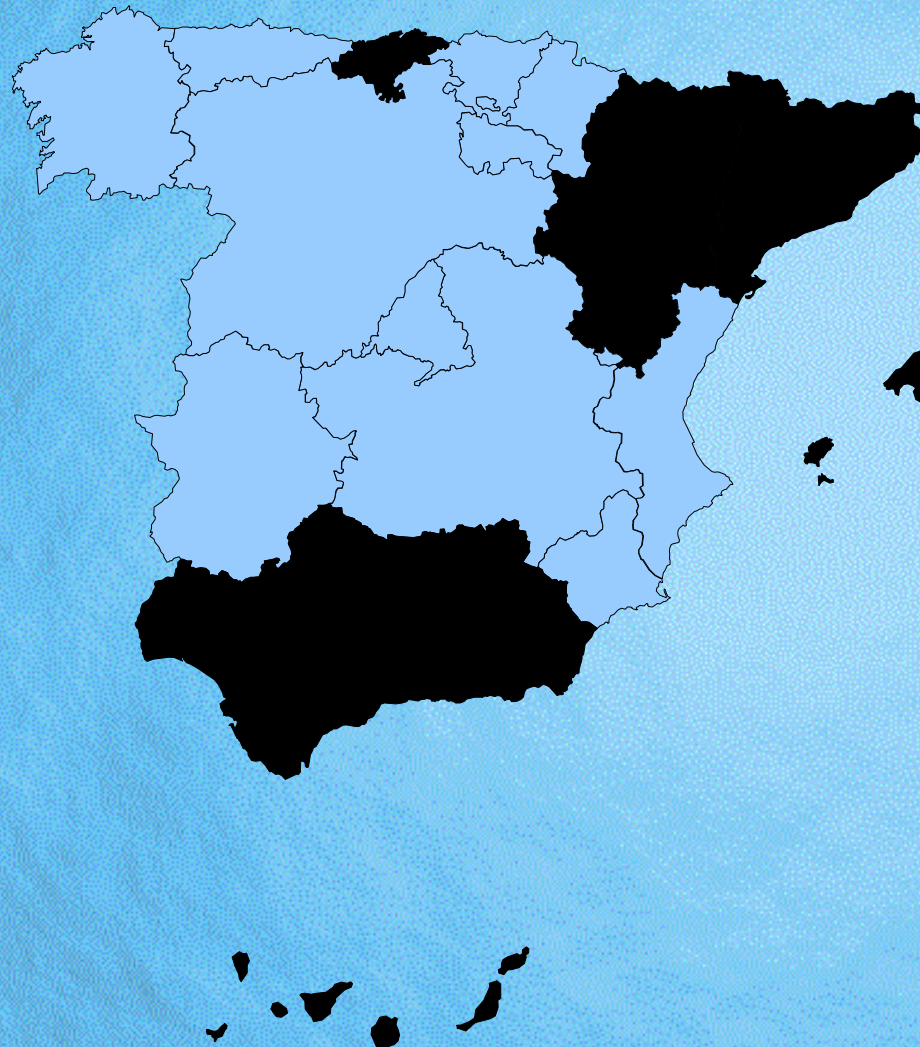
Market Share in the Supply Business 1999



- 101% retention rate for Endesa
 - 95.8% in Endesa distribution area
 - 2.2% in competitors' distribution areas
 - 3.5% out of Spain
- Endesa most active exporter (Morocco, Andorra and Portugal)
 - 62.7% market share
- First entrants in direct supply to final customers in Portugal
- Endesa leader in margin

Eligible customers now account for 22% of the purchases in the wholesale market (Jan. 2000)

Leadership in distribution business



- 44.6% of total distribution market in Spain
- 9,850,000 customers
- Consumption per capita, 30% lower than the average in Europe
- Demand growth 7% (5% higher than the rest of Spain)

Power Business in Spain

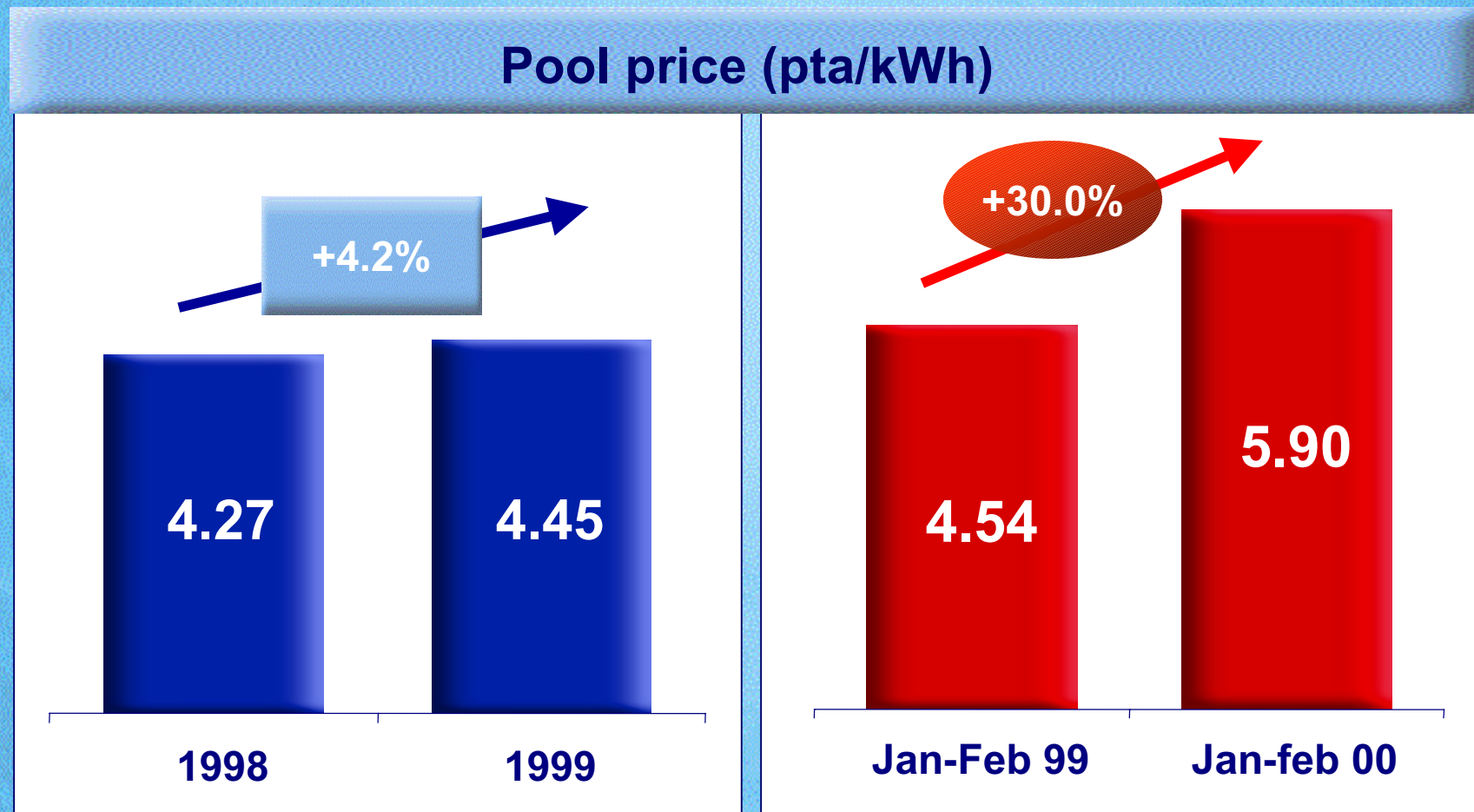
Activity level

Activity Data	1998	1999	(%)
☰ Production (GWh)	89,657	92,170	3%
☰ Total sales to customers (GWh)	74,044	78,975	7%
☰ Sales to liberalized customers (GWh)	744	12,780	1,618%

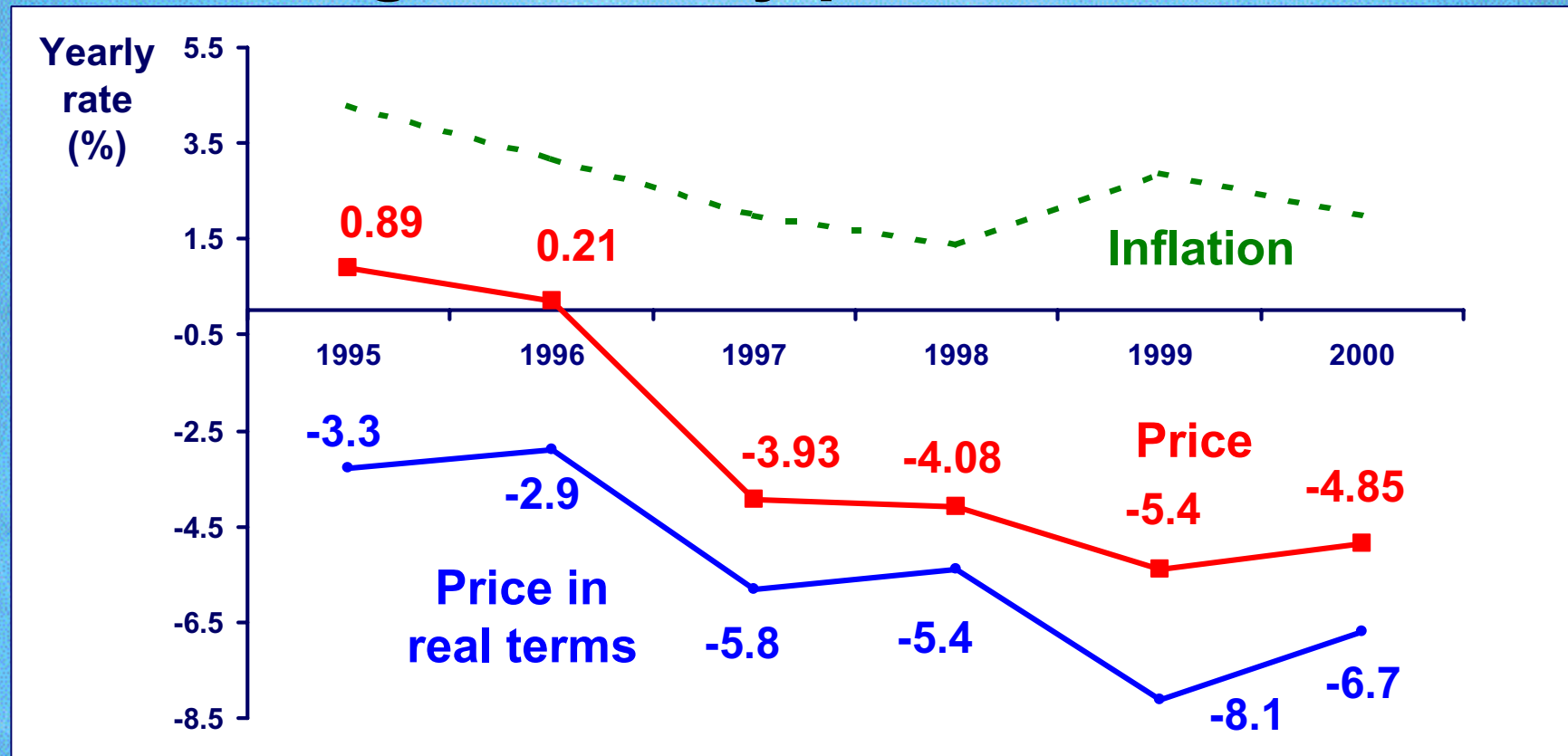
**Growth continues
in 2000**

**Demand growth of 8.7%
in Jan-Feb 2000 vs. same
period of 1999**

Evolution of wholesale electricity price for Endesa

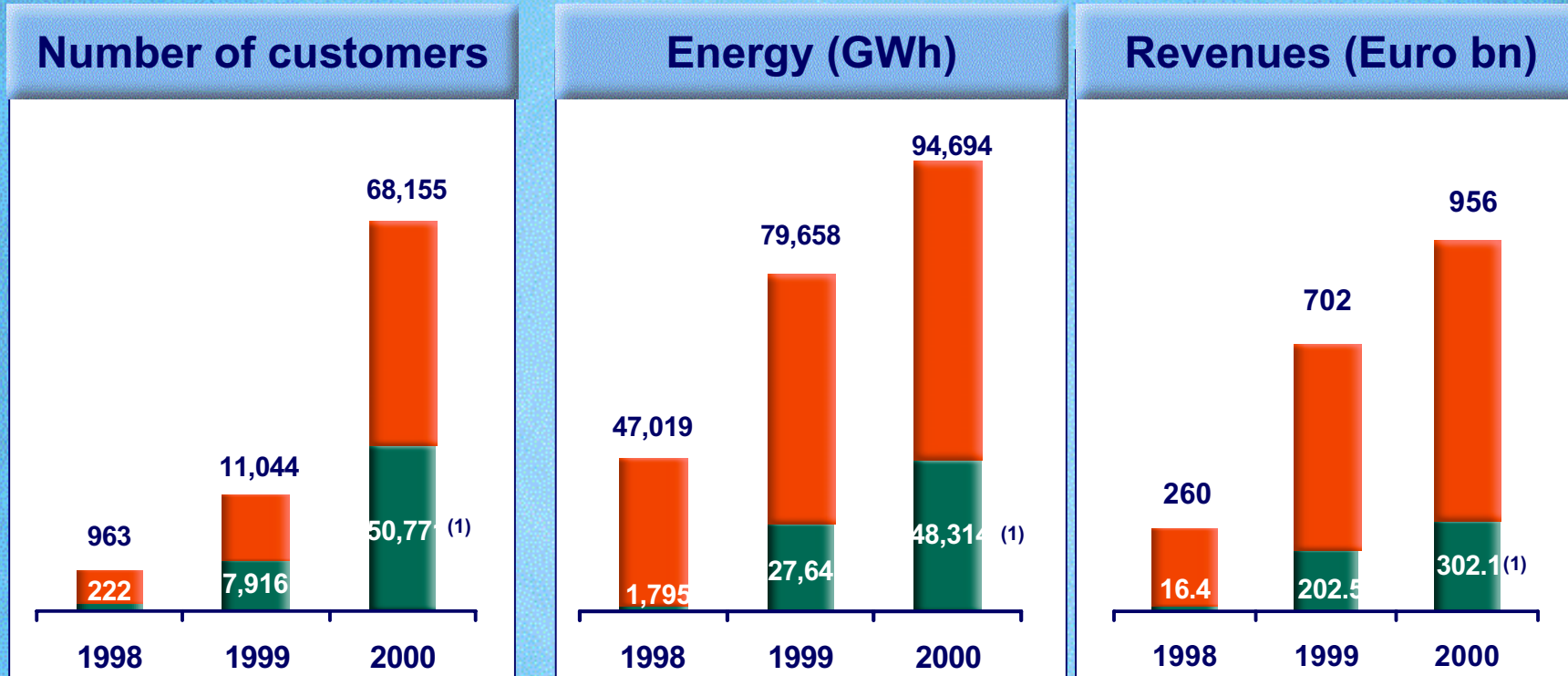


Despite a tough regulatory environment with falling electricity prices ...



Cumulative price decrease in 6 years (1995-2000)
 Nominal: 16.1%
 Real: 28.2%

... and an accelerated liberalization ...



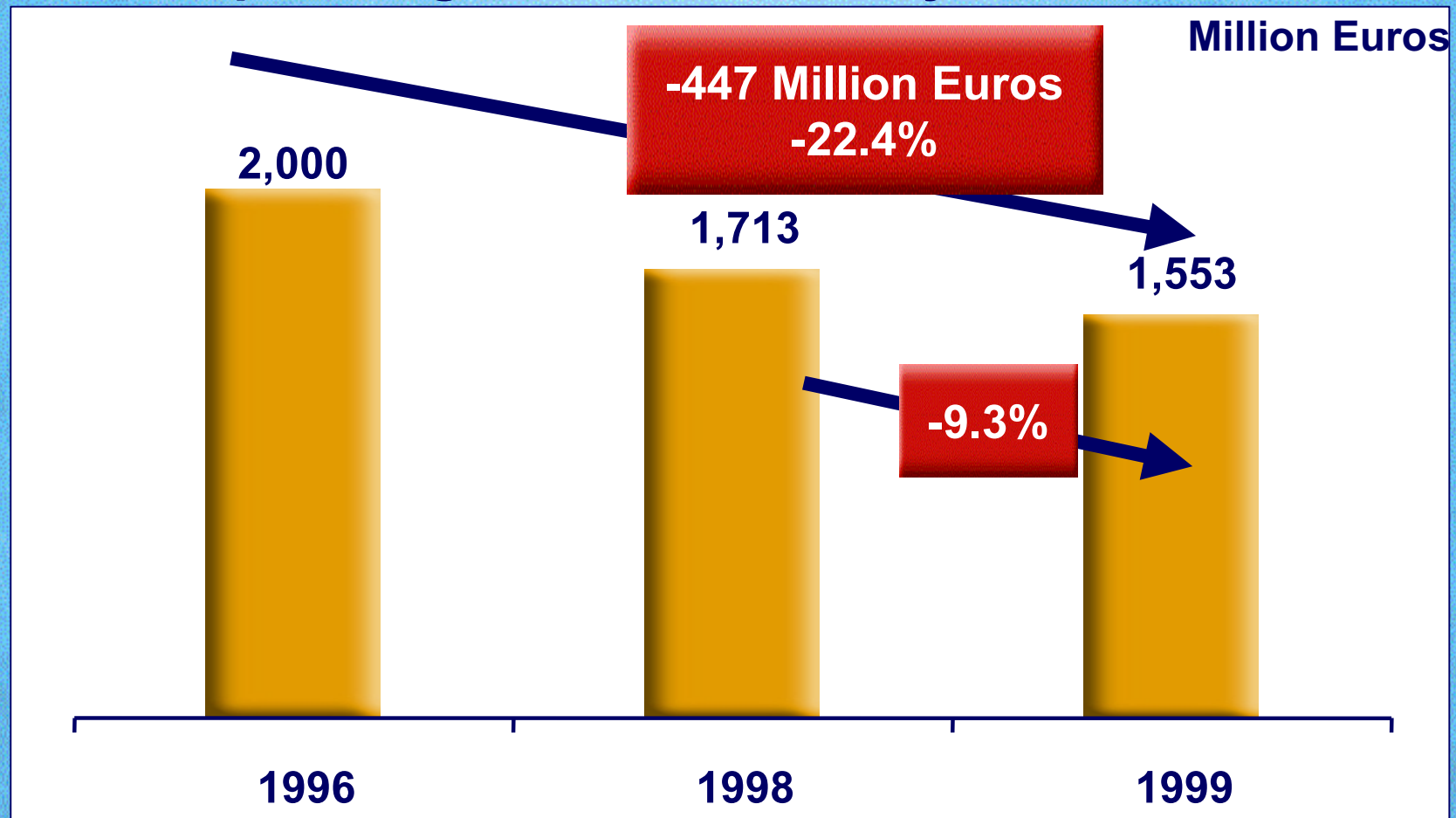
% of market eligible	23%	41%	51%	11%	31%	42%
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% of market that actually leave tariff	1.15%	15.4%	26.3%	0.8%	10.3%	15.0%
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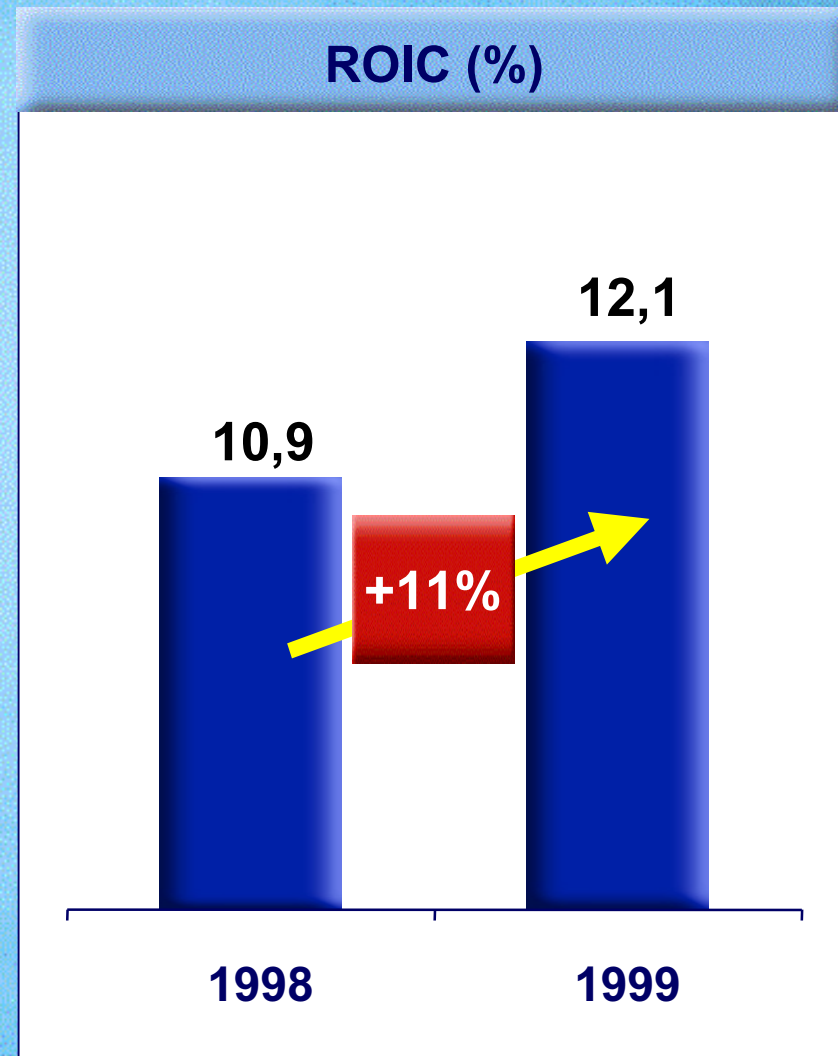
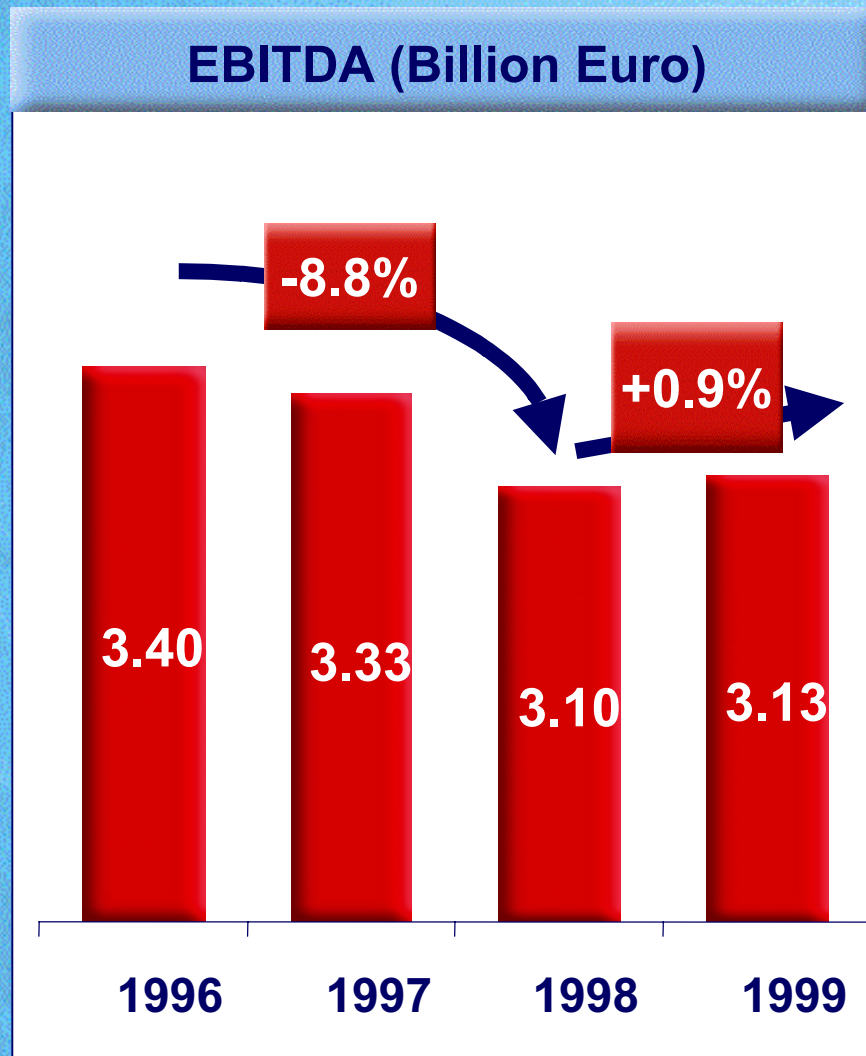
⁽¹⁾ Estimated

... Endesa has responded swiftly by lowering costs ...

Operating cost in electricity business

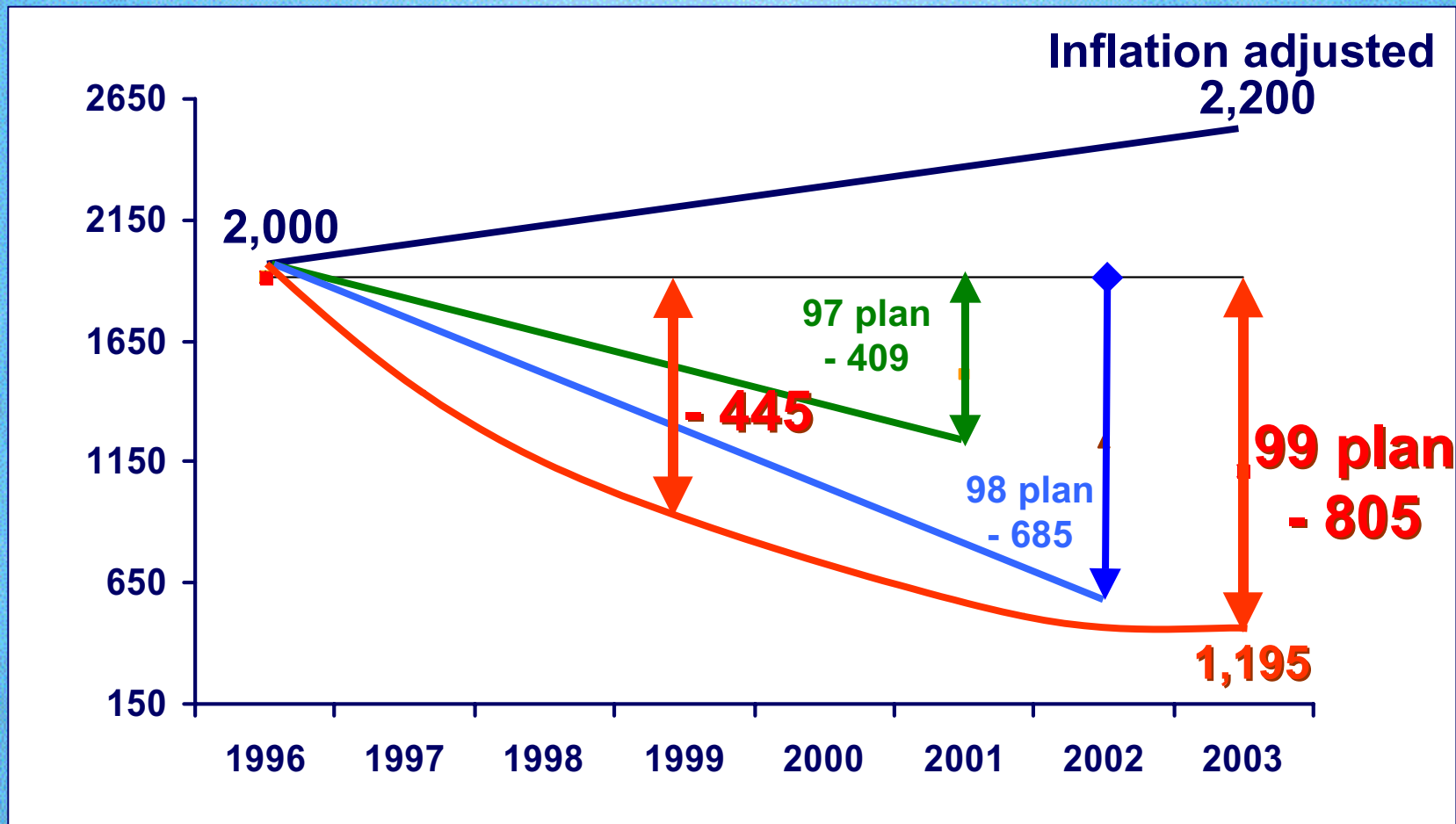


... reversing the EBITDA trend and improving profitability



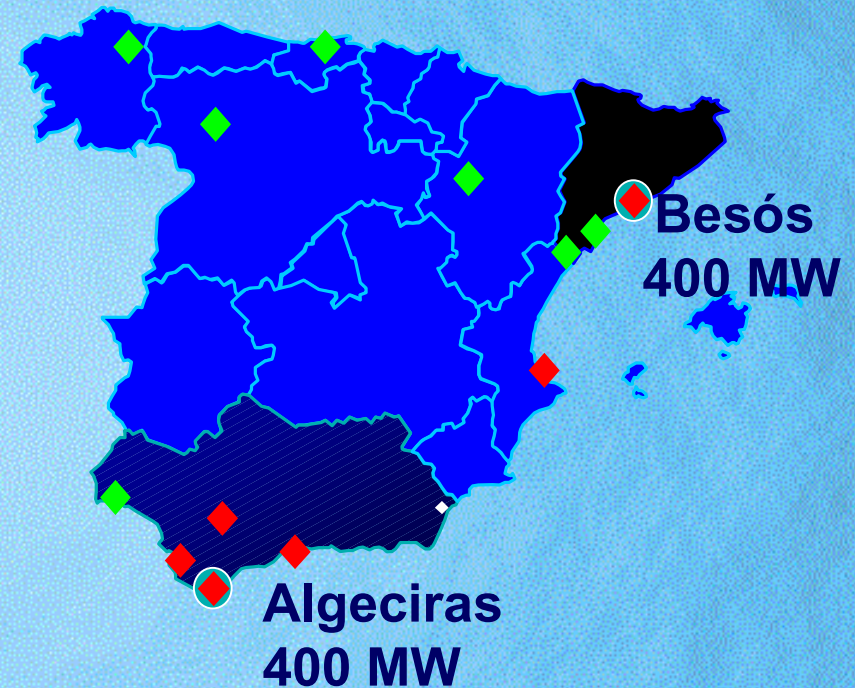
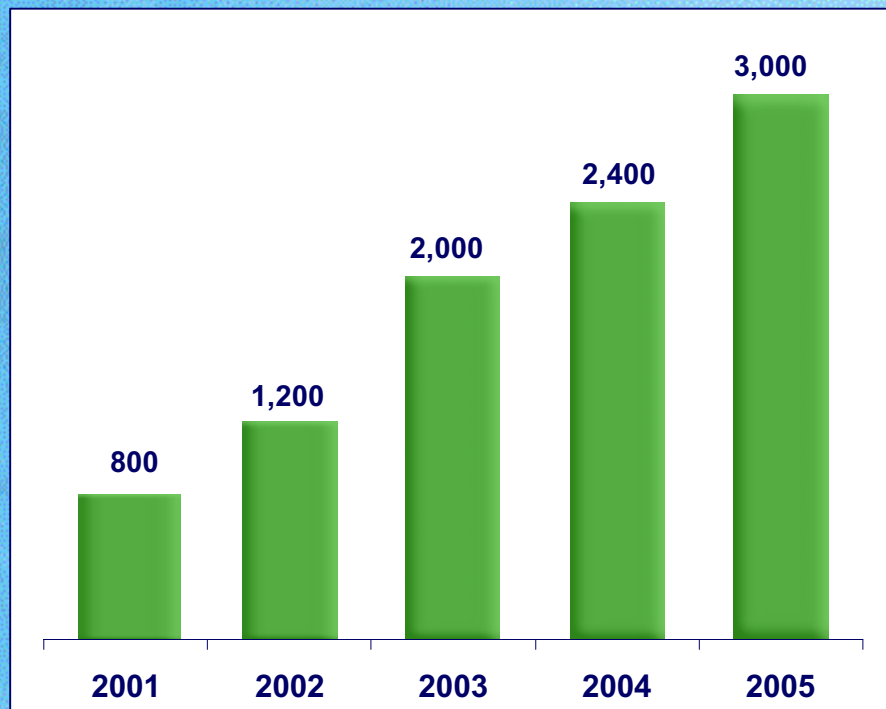
Our strategy calls for a continued cost reduction effort ...

Million Euros



... and new competitive capacity additions ...

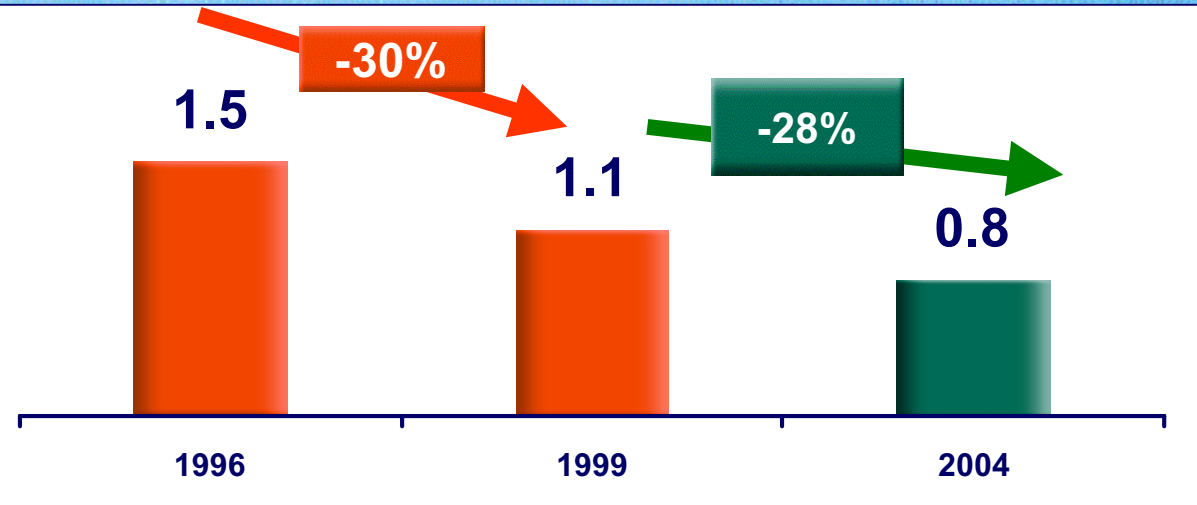
MW of CCGT



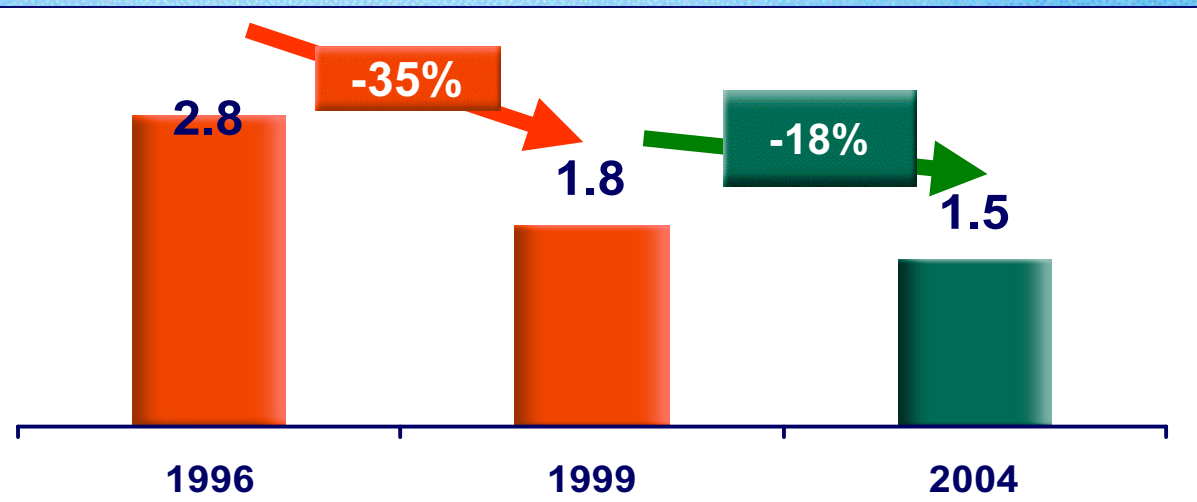
The first two units are already under construction, and sites and permits are ready for the rest

... to become leader in efficiency...

Generation
Fixed costs
(pta/kWh)



Distribution
Fixed costs +
capex
(pta/kWh)



... and the most innovative commercial supplier

Big industrial customers

- Personalized customer service
- Facilities management and other value-added services
- Risk management for customers
- On-line information system

Medium sized industrial

- Specialized sales force
- Sector specific initiatives: i.e. Website for real estate developments
- Value added services

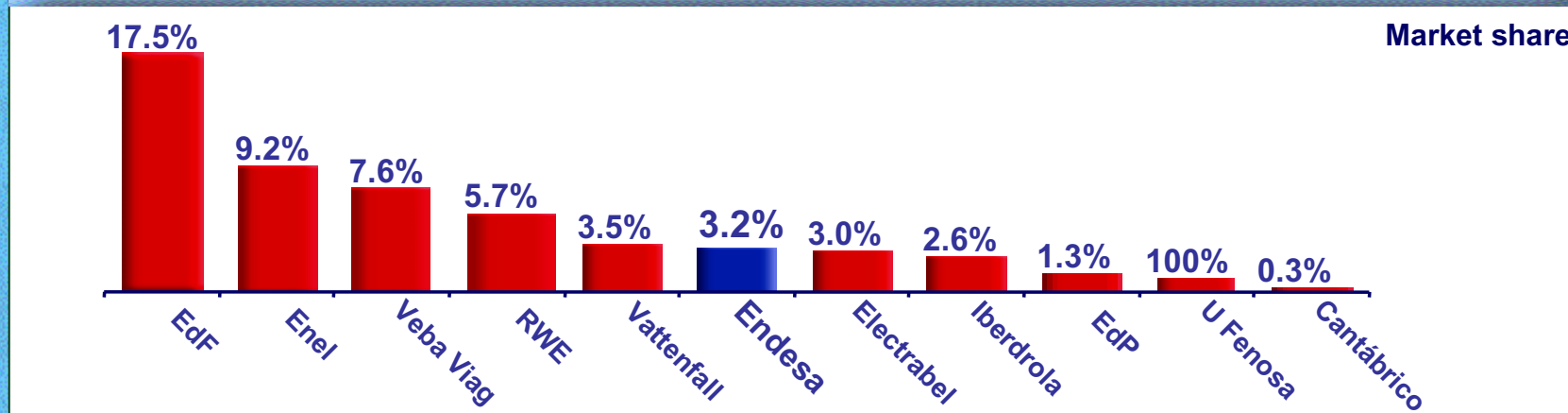
Mass market

- Call centers
- Franchised sales points
- Internet services
- Multiservice approach

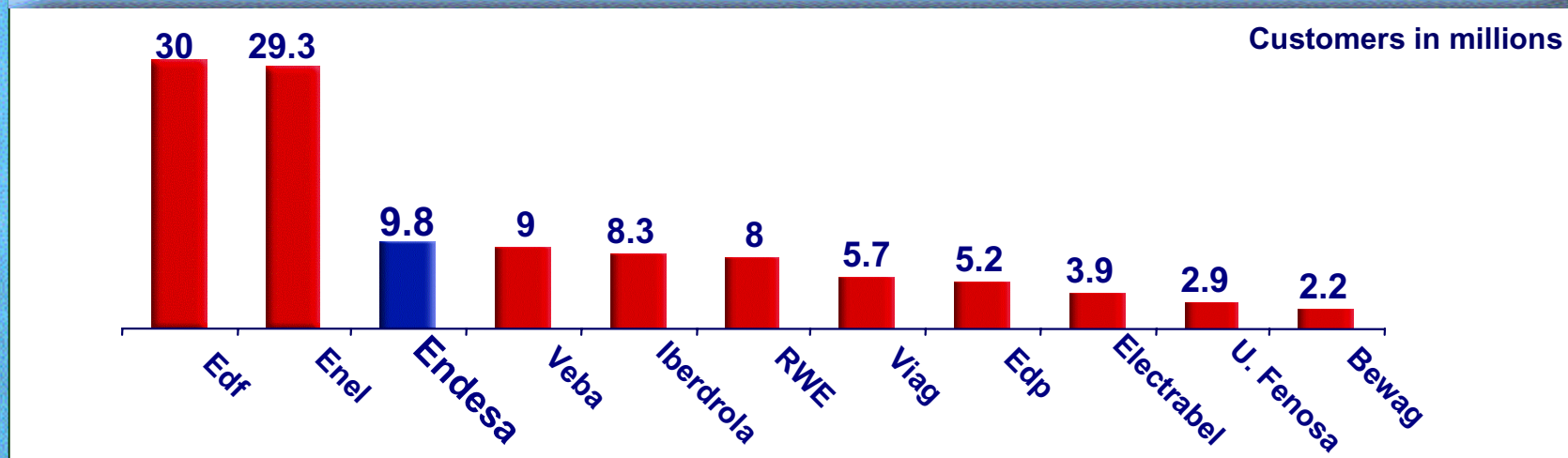


The new market: Europe

In terms of production, we are still behind of important players, but...



in terms of clients, we are better positioned



Source: IEA Monthly Electricity Survey. Annual Reports; CSFB.

Our strategy in Europe

Europe-wide energy market

- **Customer demand for single Europe-wide supplier**
- **Increasingly liquid wholesale physical and financial markets**
- **Pressure from regulators**
- **Corporate consolidation**

Three-axis strategy

- **Direct commercial and supply activities**
- **Participation in Europe-wide energy trading**
- **Acquisition of assets to support trading and marketing activities**

Opening of operational branches in Europe

Three activities:
supply &
marketing, trading
and business
development.



Joint venture with MSDW

Features of the alliance

- **Joint 50/50 trading operation for Europe**
- **Exclusivity for both parts**
- **Initial time-frame: 5 years**
- **No cost for Endesa**
- **Access to trading and risk management systems and procedures**

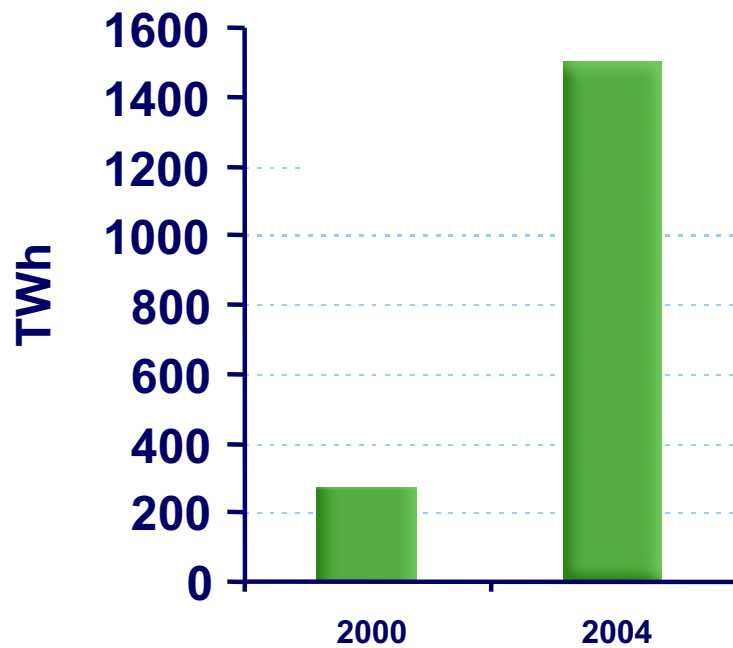
Business lines

- **Structured transactions in physical and financial markets**
 - **Sourcing energy for supply businesses**
 - **Wholesale management for generation assets**
- **Client services: Delivering risk management services**
- **Arbitrage activity: Taking advantage of market knowledge**

Joint venture with MSDW

Expected volume of activity

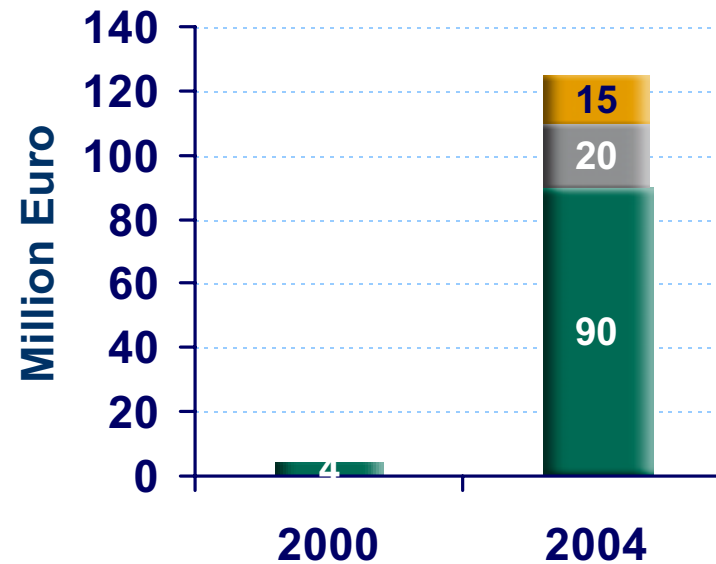
The relevant European market



Reachable liberalised markets, physical and financial

Expected operational margin

Objective: 5% of the relevant market



- Arbitrage
- Client services
- Structured and asset-based transactions

Continue to increase the asset base in Europe

UK:

- Cogeneration
- Selected acquisitions

Norway: IMN

- CCGT 2x400 MW
- Construction to start in 2001

Poland:

- OPOLE: 2.500 MW
- PAK, Belchatow
- Cogeneration

France:

- Liberalized customers
- Distribution
- Generation
- Privatization

Germany:

- Liberalized customers
- Distribution
- Generation

Italy:

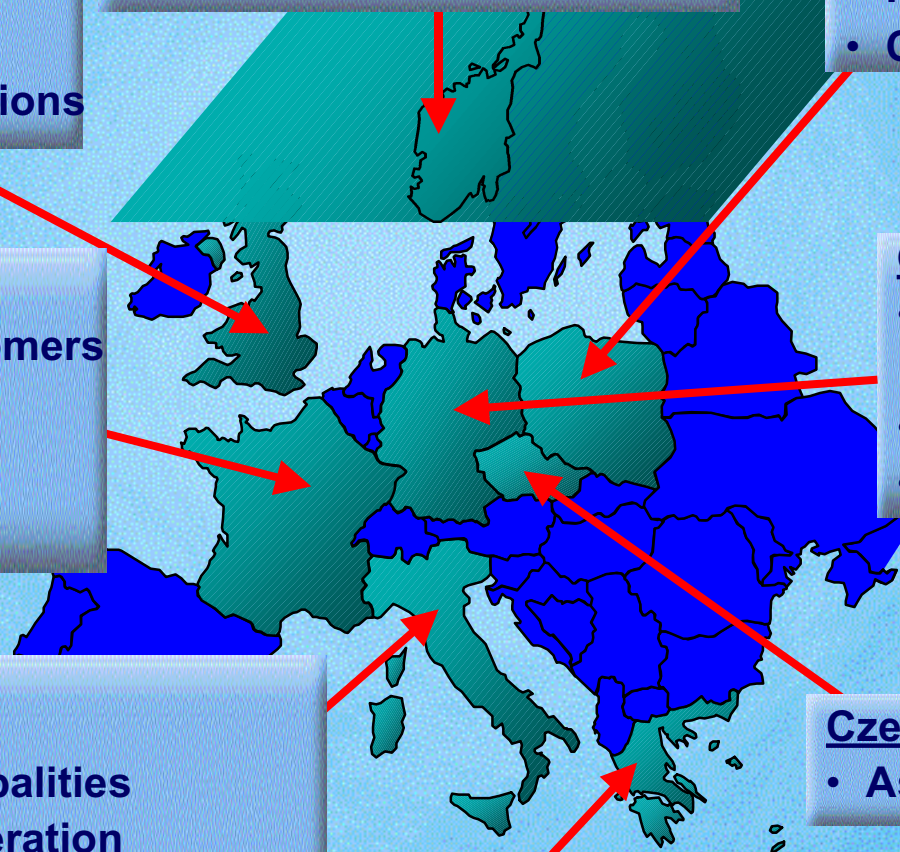
- ENEL
- Municipalities
- Cogeneration
- Liberalized customers

Czech Rep.:

- Asset privatization

Greece:

- Asset privatization



Energy

Energy Business



☰ Europe

☰ **Latin America**

☰ Cogeneration and Renewables
and others

Our Strategy for Latin America

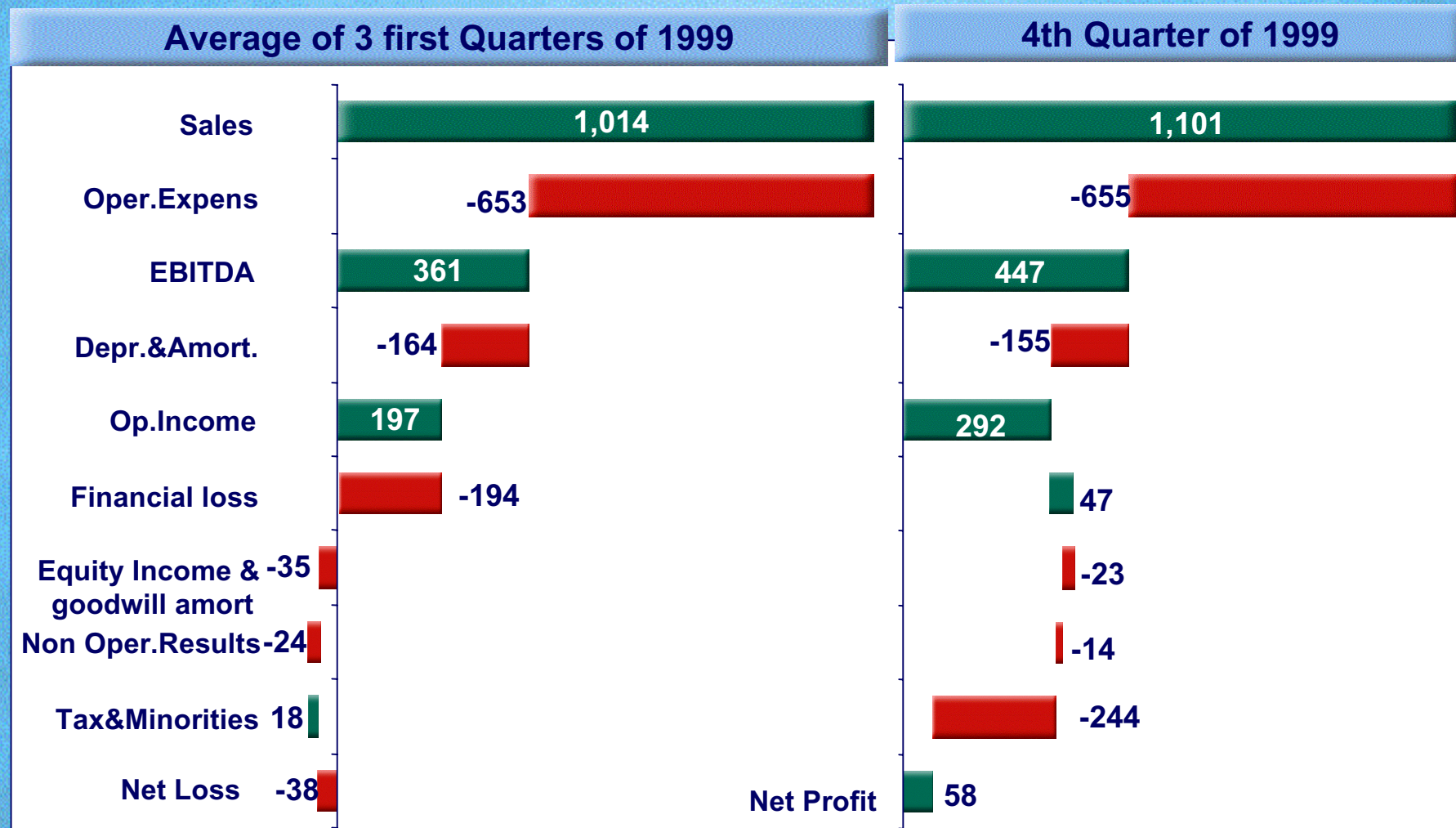
- ☐ Continuing to put in value our current assets through Genesis Project.
- ☐ Maintaining a 10% market share in Latin America:
 - ☐ Increasing presence in Brazil and Mexico
- ☐ Set up wholesale marketing and trading operations
 - ☐ Participate in cross-border interconnection projects
- ☐ Develop the Multiutility concept in most Latin American major cities
 - ☐ Secure access to gas via alliances or acquisitions



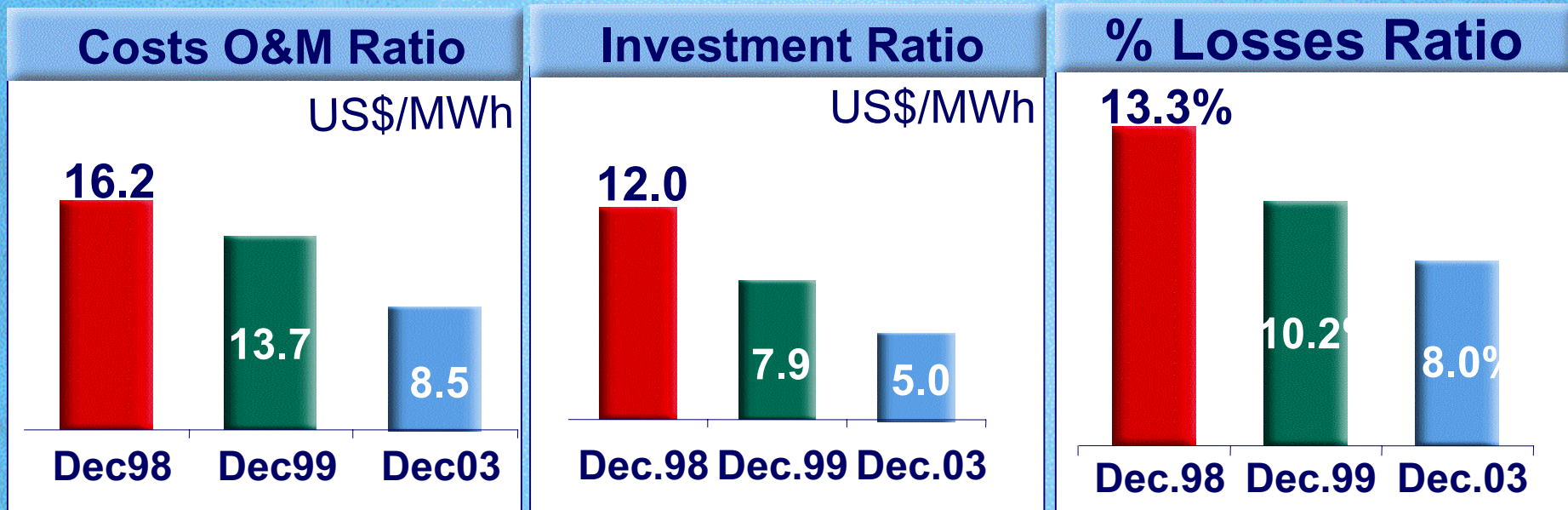
International Activity Results

Fourth Quarter 1999: A strong recovery

Euro million



Genesis Project : Operating Improvement Targets for Distribution



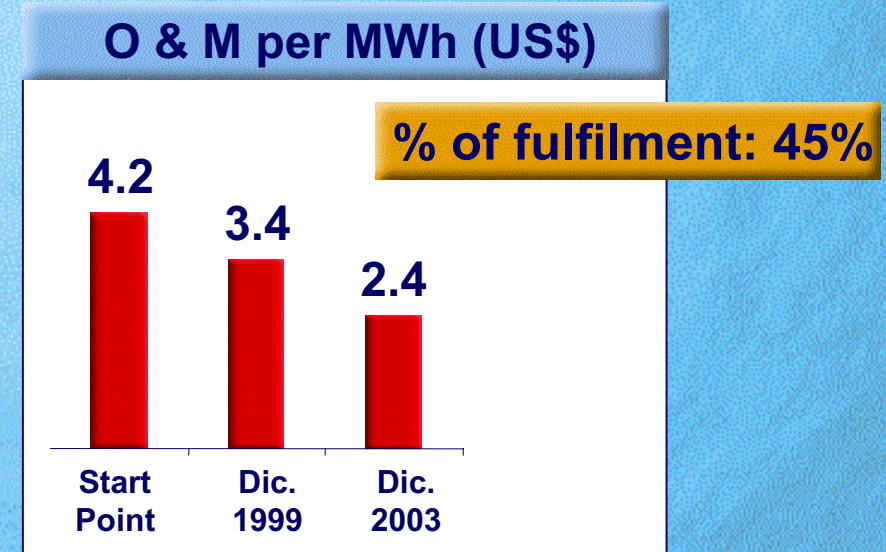
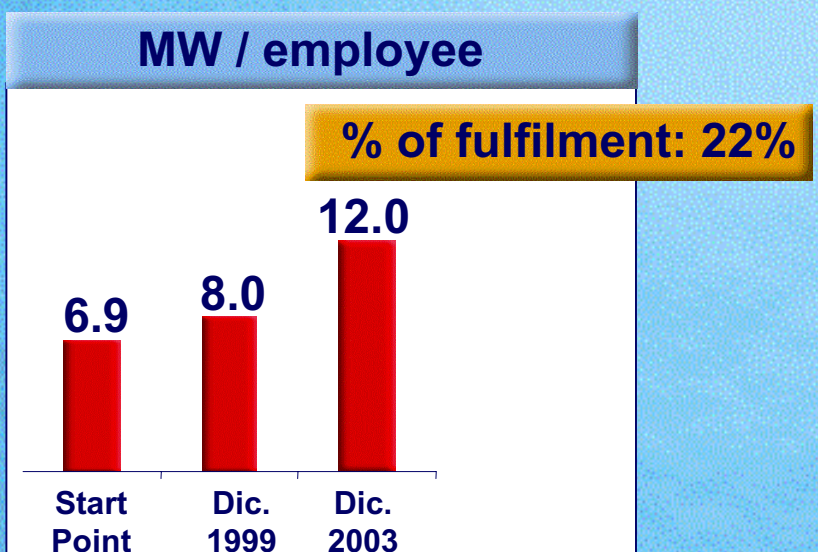
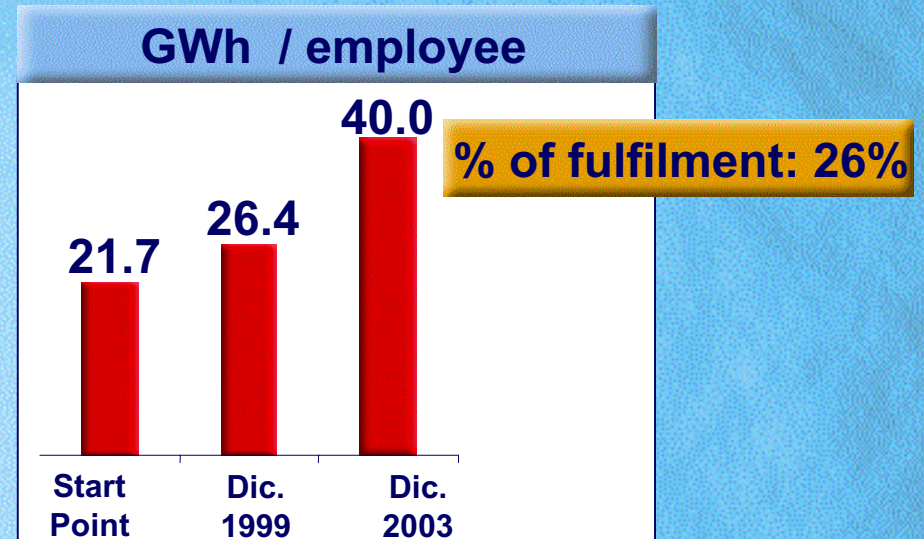
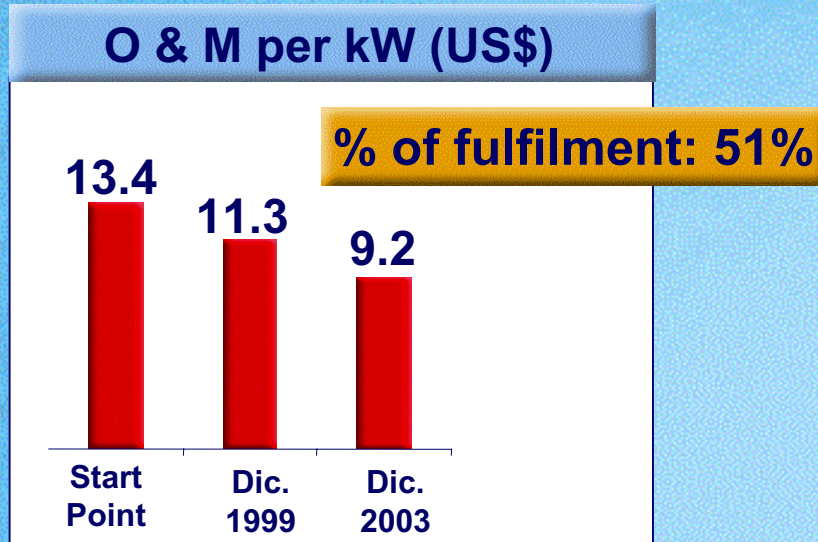
% Fulfilment Dec.99:

32.5%

58.4%

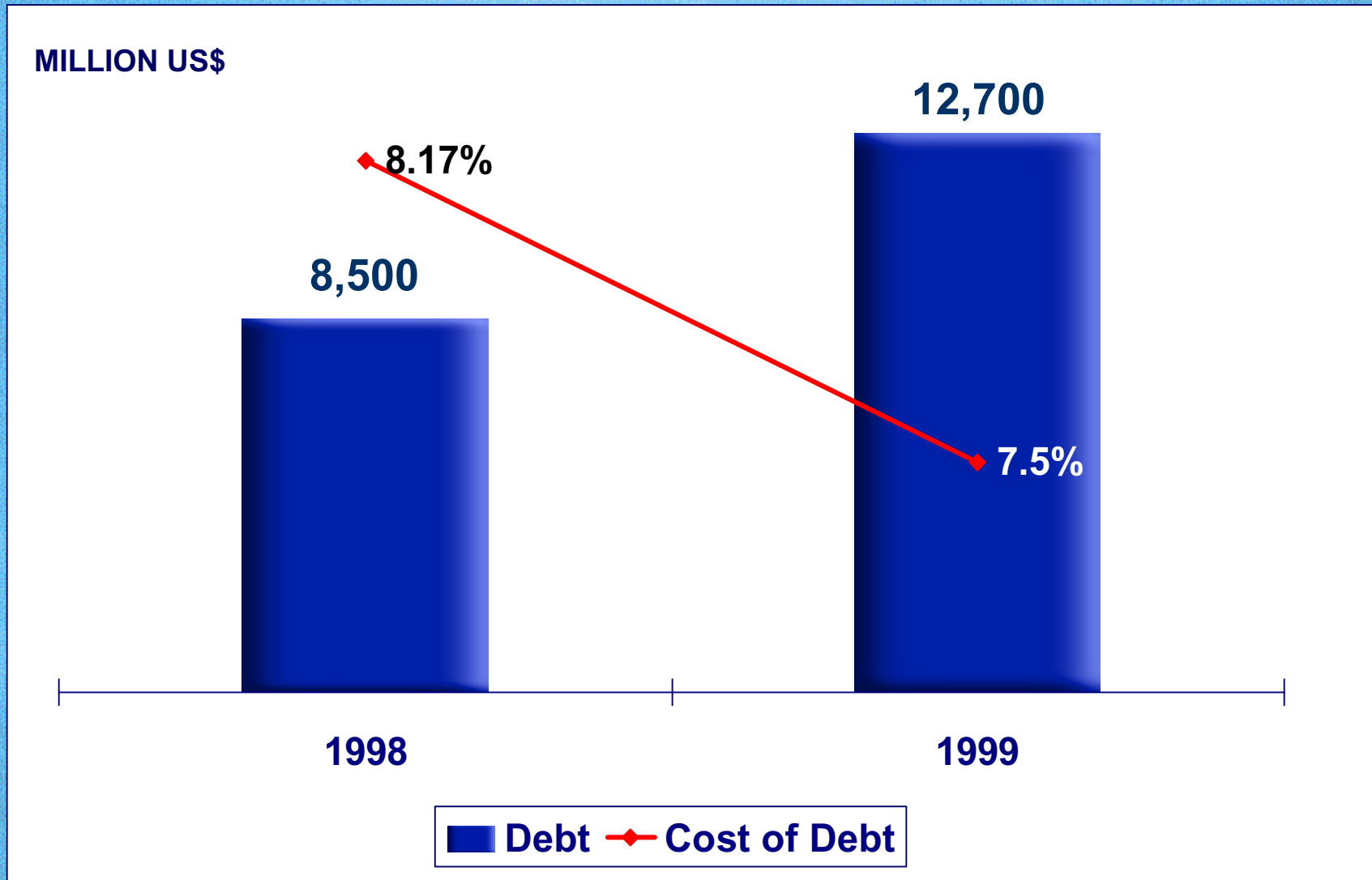
55.5%

Genesis Project: Operating Improvement Targets for Generation



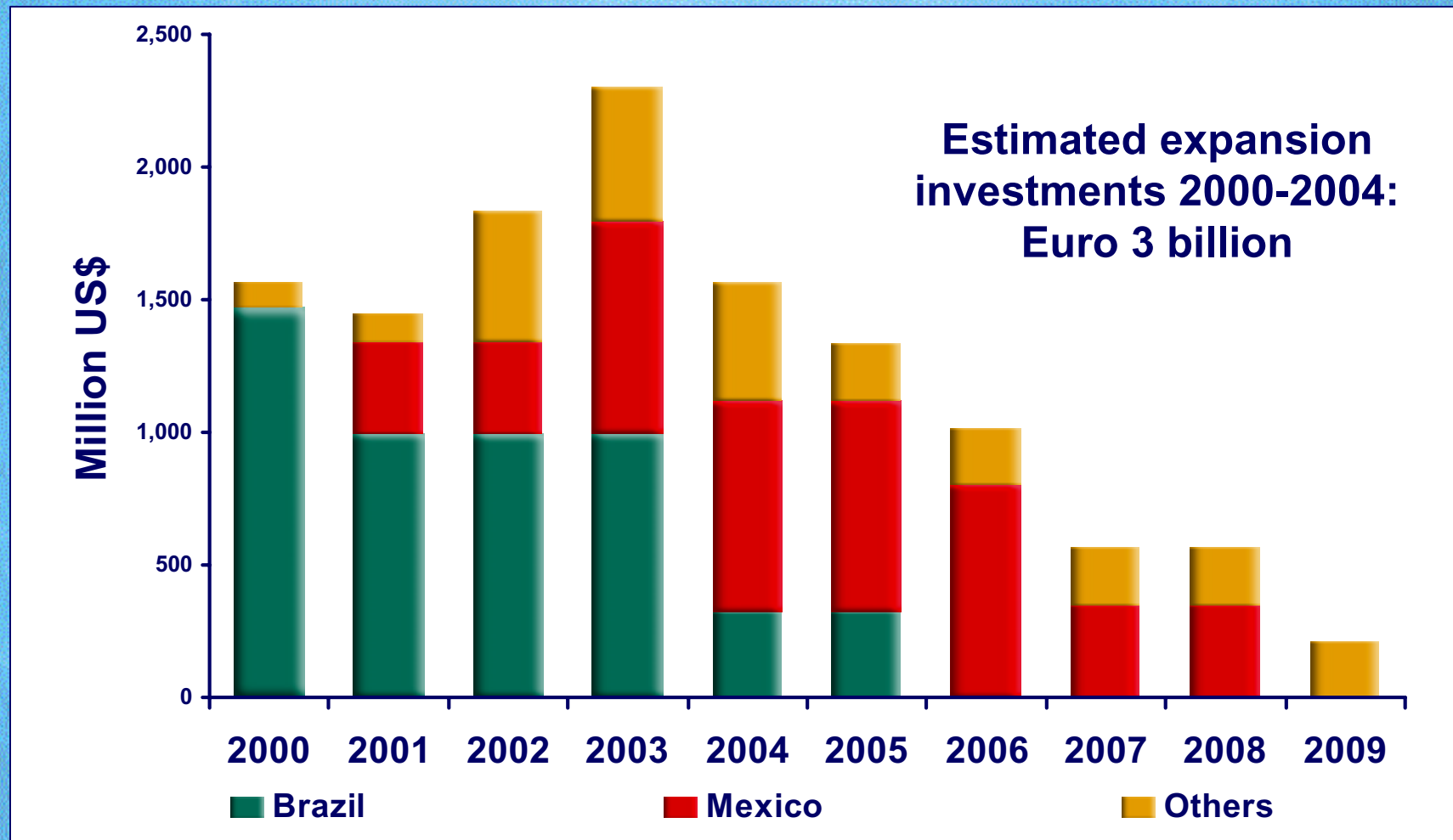


Cost of Debt and Consolidated Liabilities



Increase presence in Brazil and Mexico

Evaluating projects worth over US\$ 10 billion (*)

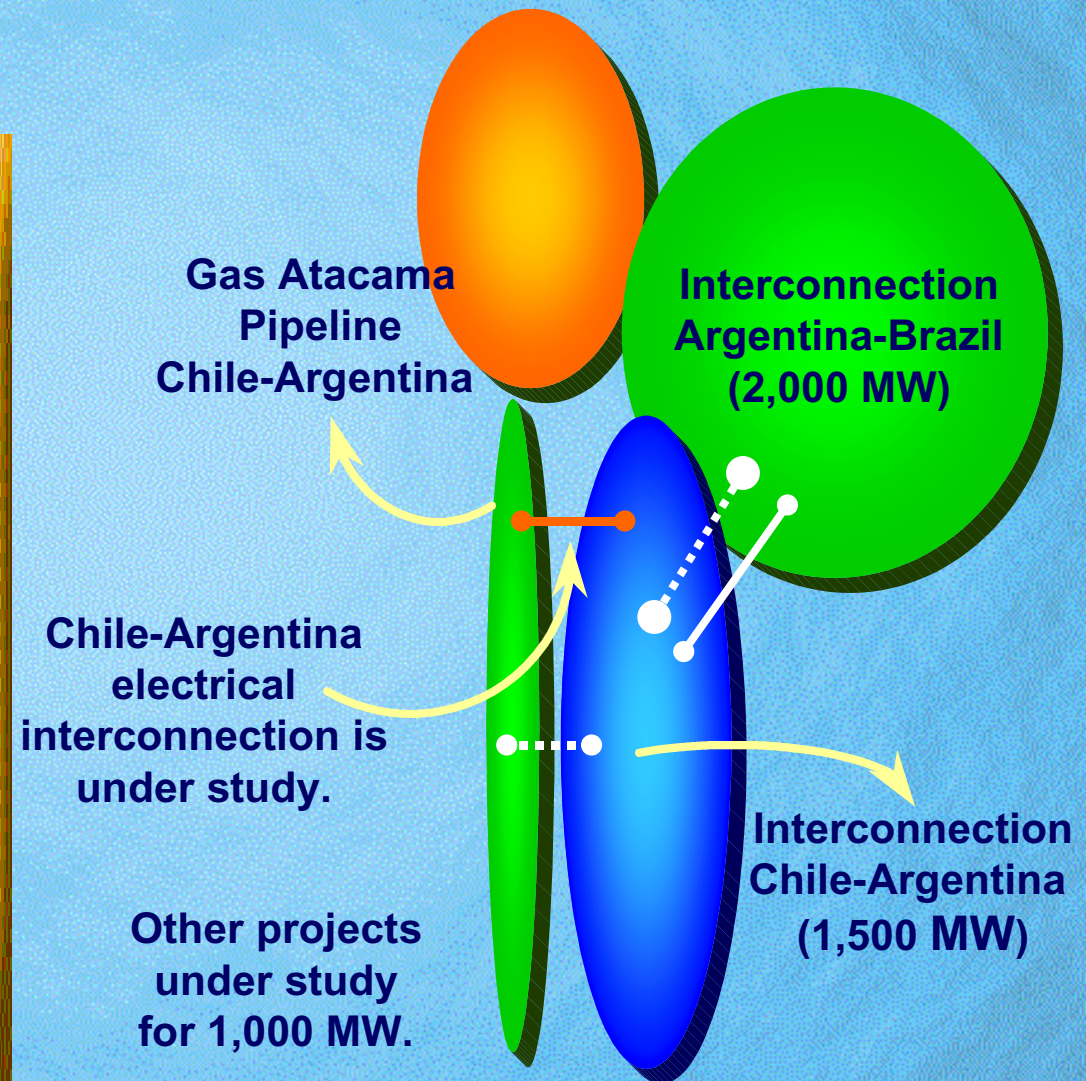


(*) Equity investments

Setting up wholesale Energy Marketing and Trading Activities

Liberalization and cross-border interconnection is an ongoing process all over the region:

- Price arbitrage
- Complementary capacity peaks
- Complementary generation mix.
- Hydrologic complementation



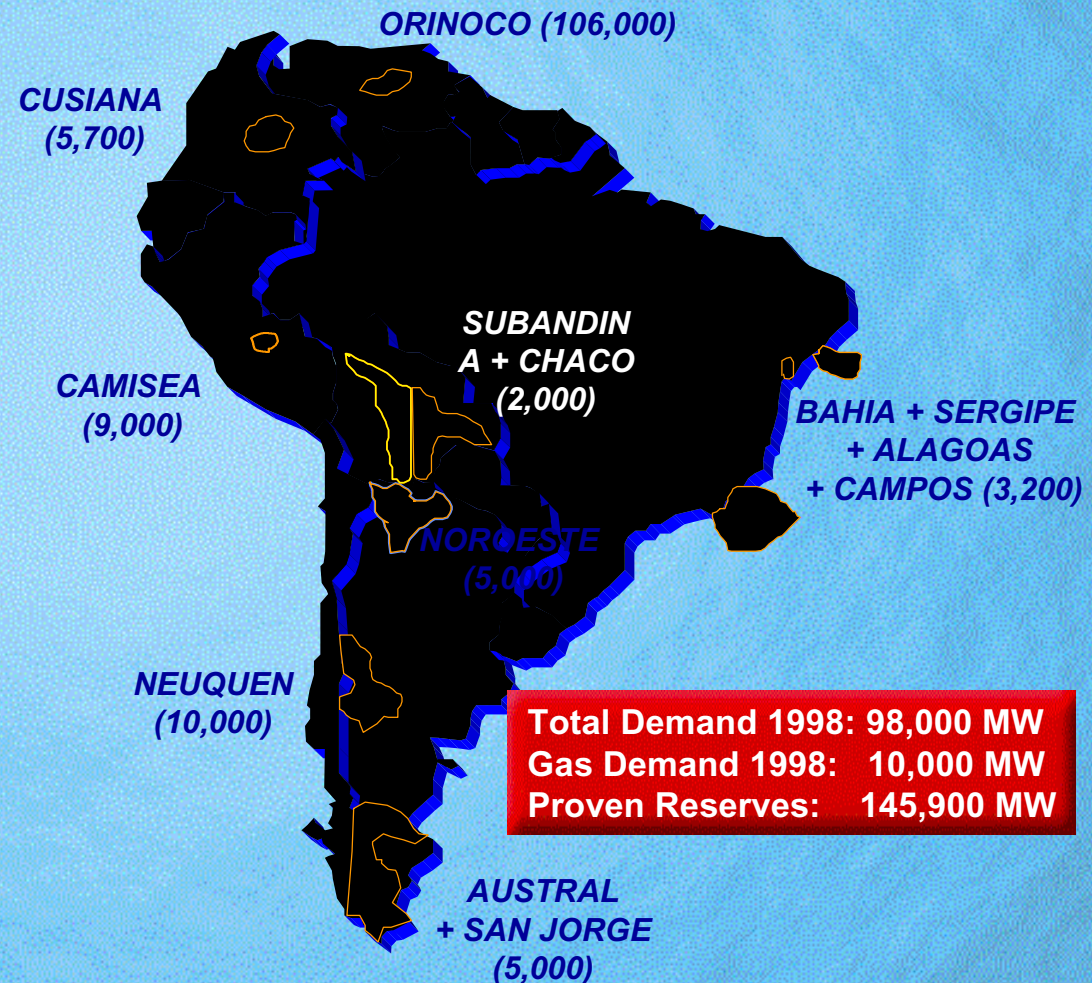
Leveraging its 12 million client base to become a Latin American Multiutility



Secure access to gas reserves in Latin America

- ☐ Capacity growth mostly through CCGT plants.
- ☐ Accessing gas reserves to reduce price volatility and availability.
- ☐ Access via acquisitions or strategic alliances
- ☐ Gas Distribution

Proven Gas Reserves (MW)



Energy

Energy Business



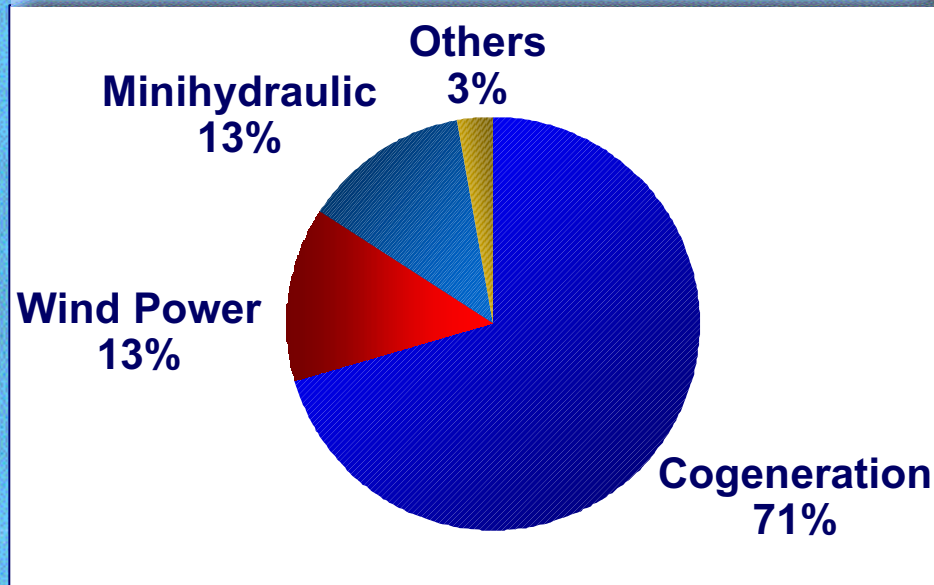
☰ Europe

☰ Latin America

☰ **Cogeneration and
Renewables and Others**

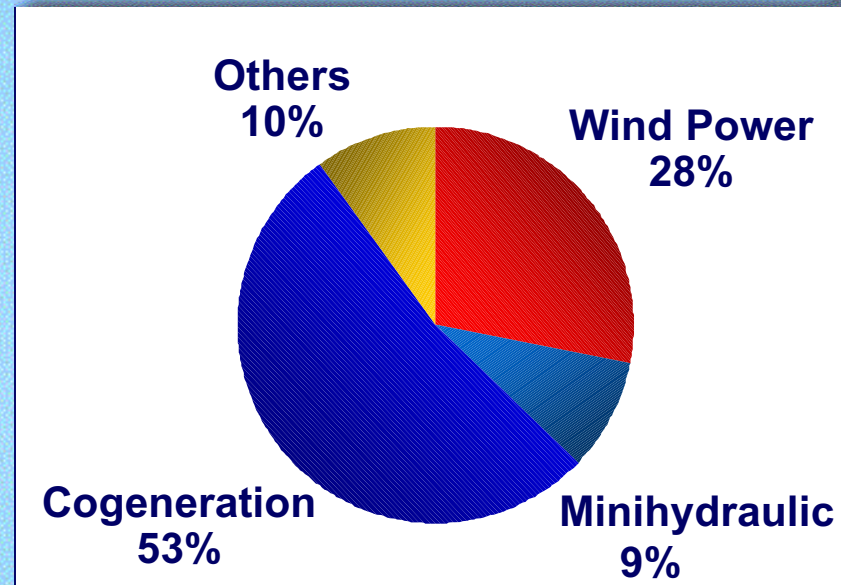
Cogeneration & Renewable Energies 1999 data

Domestic market



☐ Cogen and renewable energies represent 15% share of installed capacity and 17% share of power generation

Endesa Cogeneración y Renovables



☐ ECYR with 1,550 MW installed (and 430 MW under construction) has a 23% market share

Cogeneration & Renewable Energies

Recent developments and investment plans

1999

Investment as of December 31, 1999: Eu 238 Mill.
1999 Net Income: Eu 12 Mill.

2000-2004

New power in 2000-2004: + 2,500 MW
54% wind power
472 MW International
Market share in 2004: 29%

Endesa's Projected Investment: Eu 432 Mill.

- Estimated market value of Eu 900 Mill.
- Unrealised capital gains of Eu 775 Mill.



Endesa Gas

Data as of December 31, 1999

- ☐ Clients: 260,300 (19%)
- ☐ Operating Profit: Eu 21.5 Mill.
- ☐ Sales: 0.23 Bcm (46%)

Endesa's Investment as of December 31, 1999

ESP 29 Bln.

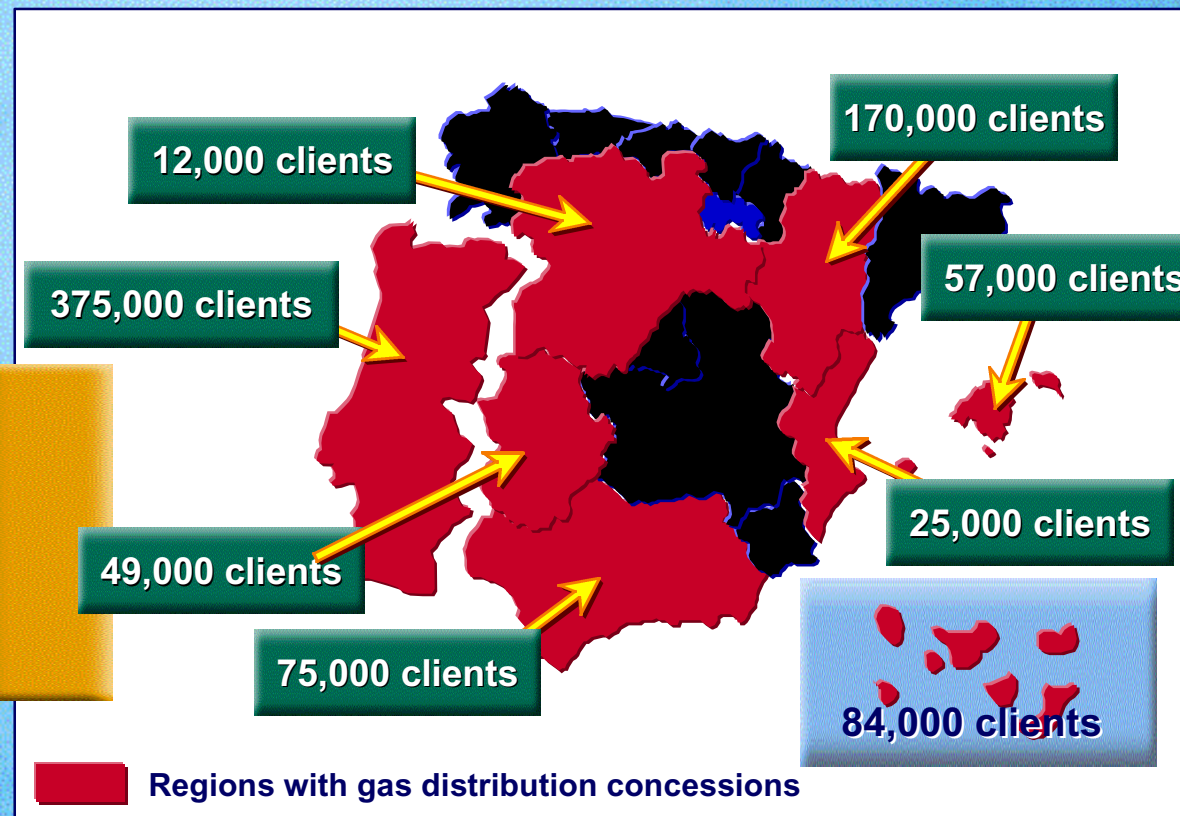
Endesa's Projected Investment 2000-2004

ESP 15 Bln.

10 Year Objectives

- ☐ Client base: 847,000
- ☐ Market share: 10%
- ☐ Sales: 0.68 Bcm

(Projections refer only to existing concessions)





Water & Environmental

**International Markets Population
supplied (as of Dec.31 '99):
4,880,000**

**Domestic Market
Customers (as of Dec.31 '99): 525,000**

(Through Interagua)

- ☐ Santa Fe (Argentina): 1,700,000
- ☐ Aguas Costa (Uruguay): 60,000
- ☐ Barranquilla (Colombia): 1,420,000
- ☐ Santa Marta (Colombia): 400,000
- ☐ La Habana (Cuba): 1,300,000



**Leader in the Desalination Business
in Spain: 8 Desalination Plants with a
total capacity of 290.000 m³/day**

Contents



☐ New Mission and Vision

☐ Key Issues in 1999

☐ Energy Business

☐ **Telecommunications**

☐ New Technologies: E-commerce

☐ Financial Performance

☐ Conclusions

Three-legged telecoms strategy:

SPAIN

- Global integrated operator: fixed, mobile, internet and DTT
- Own local-loop and broadband access network
- Internet and interactive services orientation



GLOBAL OPERATOR

LATIN AMERICA

- Exploit client base through internet
- Interactive services
- New WLL and mobile licenses
- Power line / transmission networks



EXPLOIT CLIENT BASE

EUROPE

- UMTS licenses
- Grow along Endesa "core" business
- Data and broadband



SEIZE OPPORTUNITIES



Spain's second global telecom operator



- ☐ Advanced Broadband Telecoms (Retevisión & 7 Cable Operators)
- ☐ Mobile Telephony (Amena-DCS 1800 & UMTS)
- ☐ Internet (Alehop for residential market / Iddeo for business market)
- ☐ Digital Terrestrial TV (Quiero Televisión)

Current enterprise value: Euro 16 - 20 Billion



Spain: fixed telephony



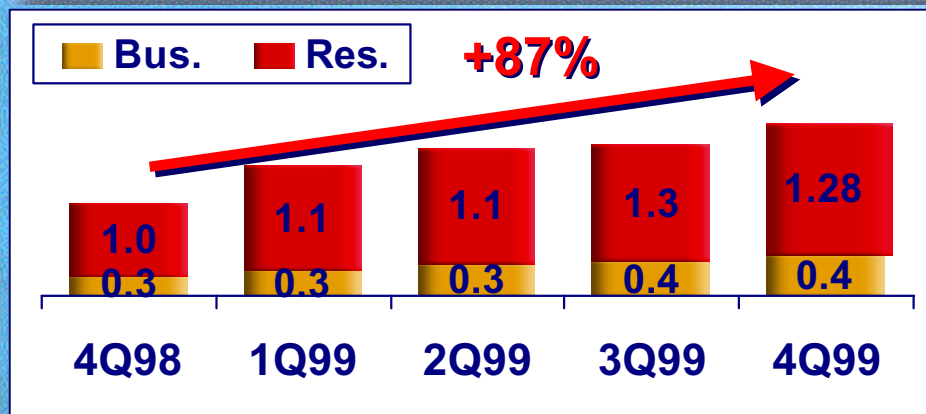
ret9VISION



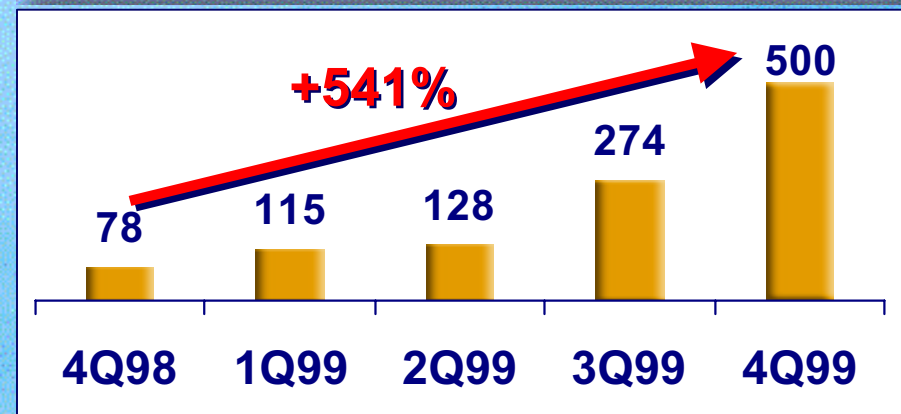
- 2nd long-distance fixed telephony operator
- Internet ISP & Portal
- Digital terrestrial TV

		1998	1999	D %
Total Lines	(Mill.)	1.54	3.05	+98%
Total traffic	(Mill. min.)	791	3,174	+301%
Market share	(% of total traffic)	0.1%	4.0%	-

Fixed Telephony subscribers (million)



Internet subscribers ('000)





Spain: mobile telephony



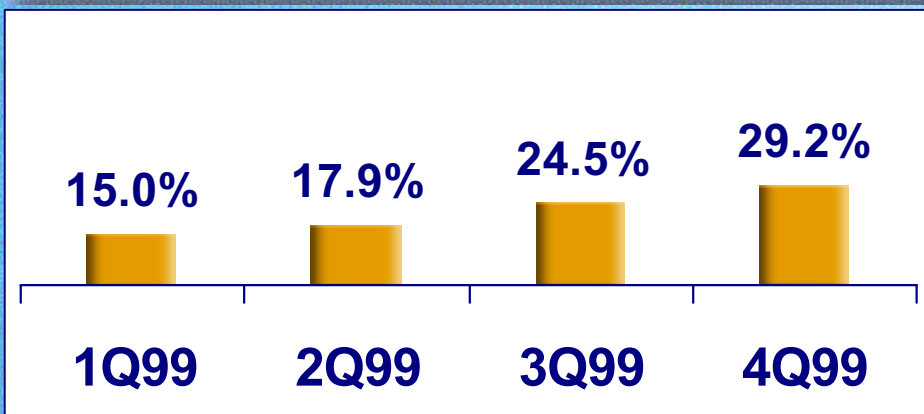
3rd mobile operator in Spain (DCS-1800)

Endesa stake: 23%

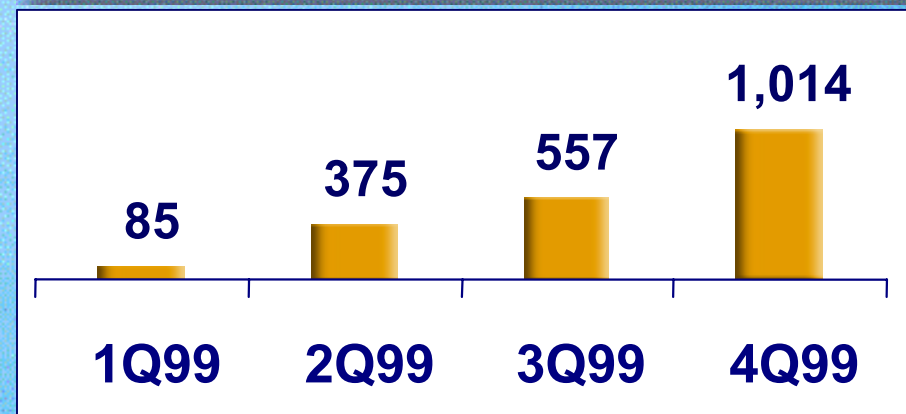
Outstanding roll-out and commercial success:

- 📈 Market share of 6.8% and over 1 Million clients.
- 📈 Amena has done in 11 months what it took more than 2 years for 2nd operator.

Mk. share of new subscribers in accessible market



Total customers ('000)





Spain: cable operators

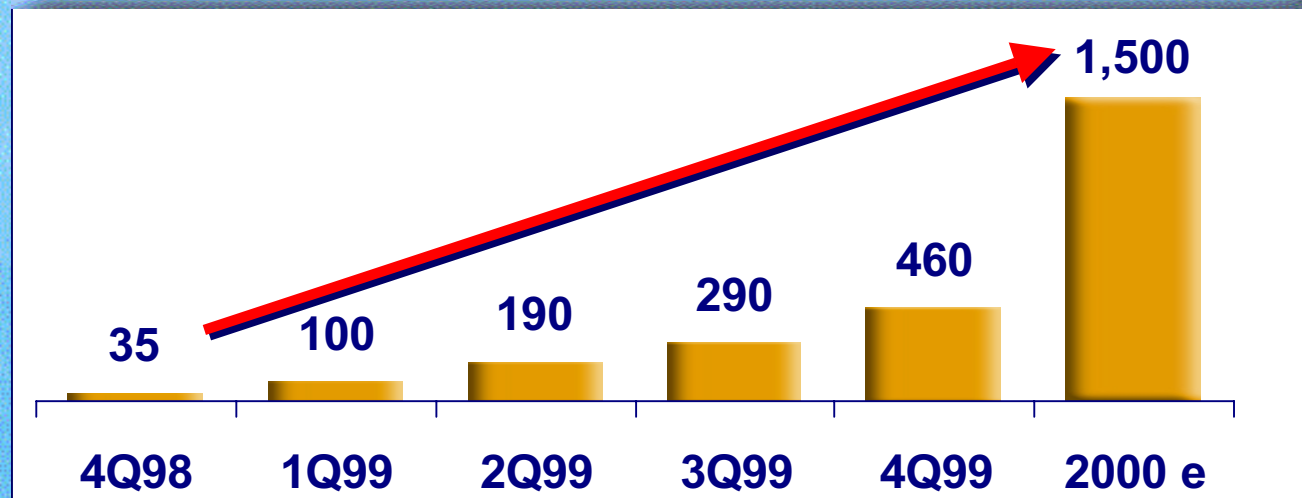
CABLE OPERATORS →

7 cable operators (broadband local-loop)

- Madridtel
- Menta
- Supercable
- Canarias Telecom
- Able
- Grupo R
- Euskaltel

- 6.5 Million franchised homes
- 460,000 homes passed
- 70% of Spanish population
- 80% of Spanish G.D.P.

Total homes passed ('000)



Internet platform: Alehop

Telecommunications



ISP	PORTAL	B2C Commerce	INTERNATIONAL
<ul style="list-style-type: none"> ☐ First combined ISP & portal in Spain ☐ More than 500,000 registered users ☐ IPO in 2000 	<ul style="list-style-type: none"> ☐ Access to local content delivered by regional franchises. ☐ Alliances with Spanish content providers 	<ul style="list-style-type: none"> ☐ Consumer focused business ☐ Service alliances 	<ul style="list-style-type: none"> ☐ Hispanic World ☐ Shareholders' franchises in Latin America and Spain.

Telecoms Group 1999 & 2000E

Total customers ('000)	1999	2000E	Δ %	Market share (revenues)	1999	2000E
Direct Access	30	275	+733	Fixed Telephony	4.3%	8.0%
Indirect Access (1050)	1,700	2,200	+29%	Mobile Tel. (custom.)	6.8%	10.9%
Mobile telephony	1,000	2,100	+110%	Internet (subscr.)	26.8%	--
Internet	500	--	--	Pay-TV	0.5%	6.5%
Pay-TV (DTT includ.)	20	250	+1,400%			

By the end of 2000 ...

- ✓ Total investments of Eu 3.7 Bn.
- ✓ Aggregated revenues: 8% of the total domestic market

Telecoms Group 2004E

Total customers ('000)		Market share (revenues)	
	2004		2004
Direct Access	1,100	Fixed Telephony	13%
Indirect Access (1,050)	1,100	Mobile Tel. (customers)	18%
Mobile telephony	5,100	Pay-TV	27%
Pay TV (DTT Included)	900		

By the end of 2004 ...

- ✓ Total investments of Eu 7 Bn.
- ✓ Aggregated revenues: 16% of the total domestic market



Expansion in Latin America

Replicating our Spanish telecom strategy

Focus on Mobile, Internet & Wireless Local Loop (WLL) Power Line Carrier (PLC) Oportunities

Liberalization, License Bids, Acquisitions & Strategic Alliances

Colombia
Fixed
Mobile
Internet

Peru
Internet
WLL

Brazil
Mobile
Internet
WLL

Chile
Internet
WLL
Carrier

Argentina
WLL
Internet
Carrier



12 Million customers and electrical facilities to exploit

Expansion in Europe

Telecommunications



Seizing opportunities in telecommunications

Focusing on

☐ UMTS

☐ Data and broadband sector

- More than 20 million high speed access customer by 2005

- Cable, LMDS, ADSL alternatives

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☰ New Mission and Vision

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☰ Telecommunications

☰ **New Technologies: E-commerce**

☰ Financial Performance

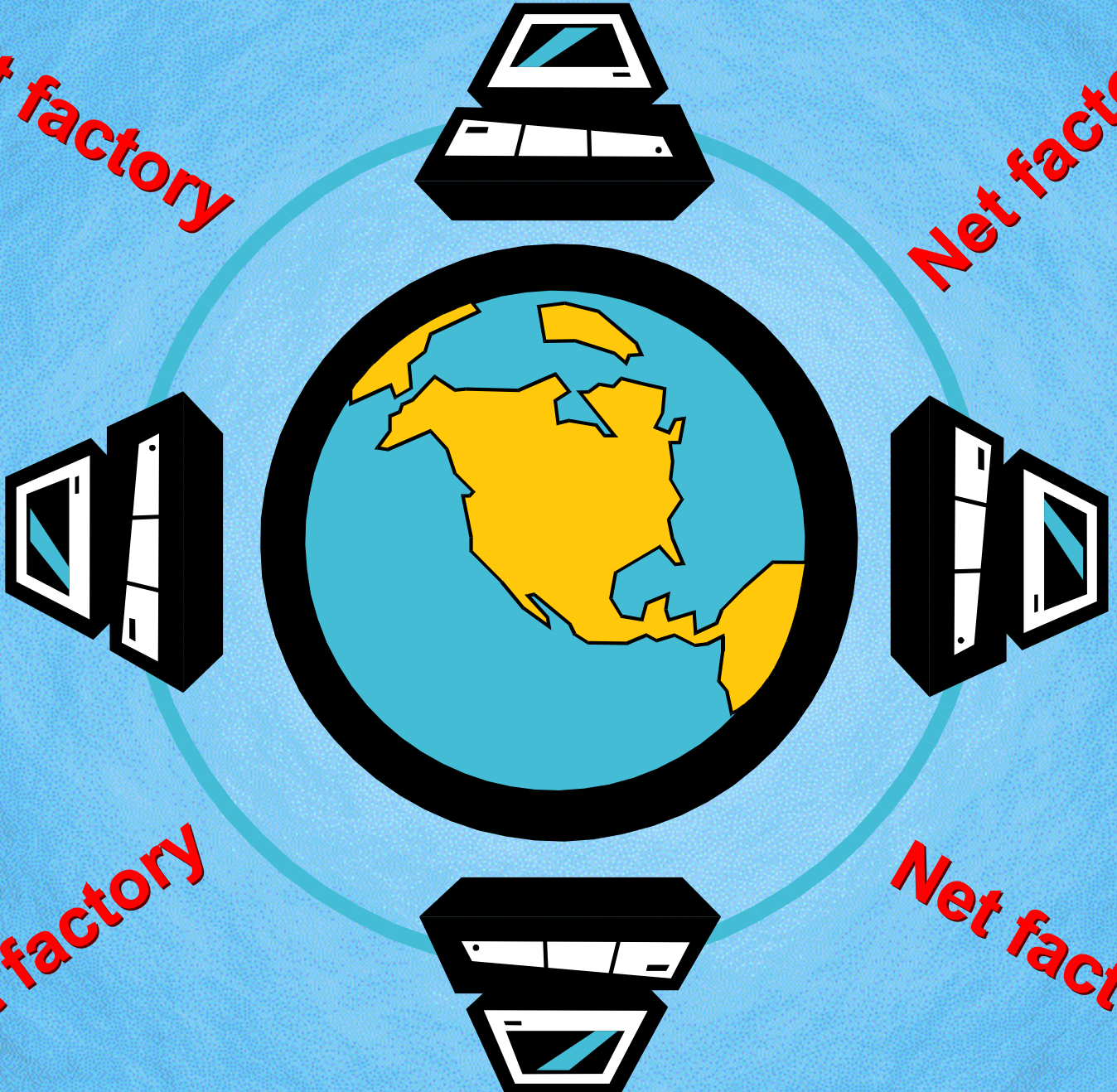
☰ Conclusions

Net factory

Net factory

Net factory

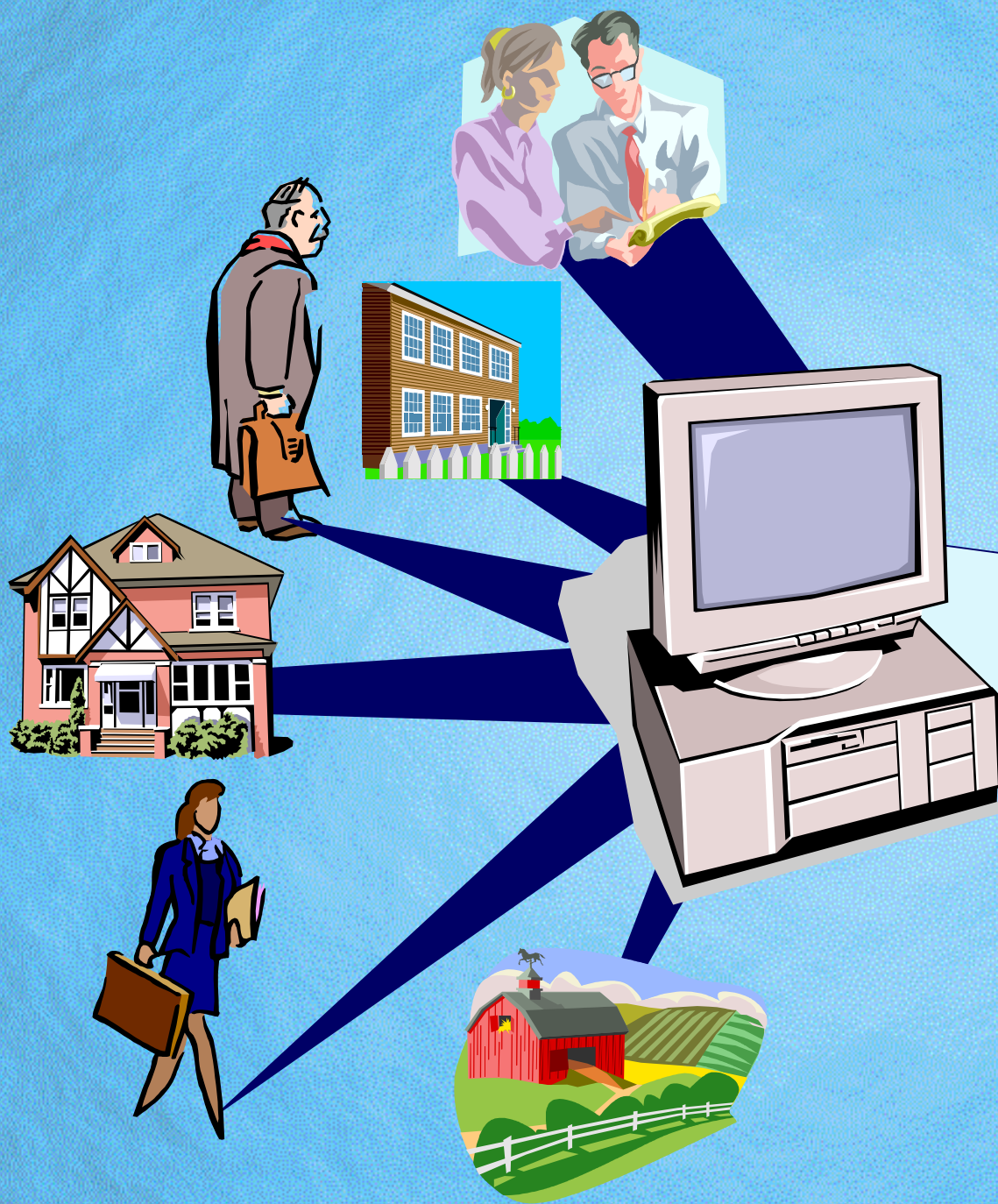
Net factory



B2B



B2C





New technologies:

Three lines of action

B2B

Endesa, Commerce-One and PWC are creating a wide electronic business-trade community initially based in Spain, Chile, Argentina, Brazil, Colombia and Peru

B2C

Endesa will enhance and extend services to its broad customer base of 22 million households and corporations using the Net as a main distribution channel

Principal Investments

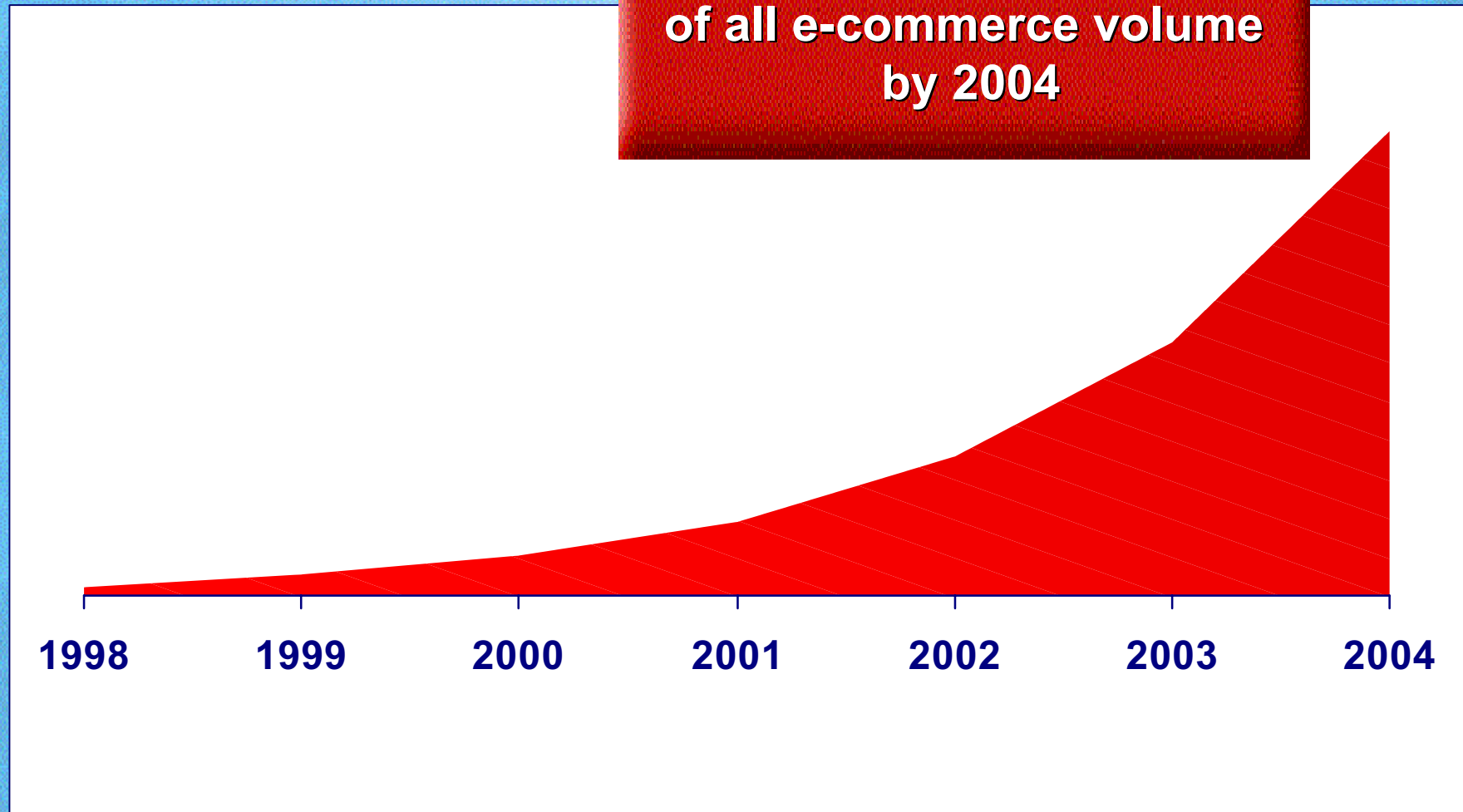
Endesa will invest Euro 400 m during the next five years in Internet-related initiatives close to our core business (PWL, Electronic, metering services, WAP services, ...)

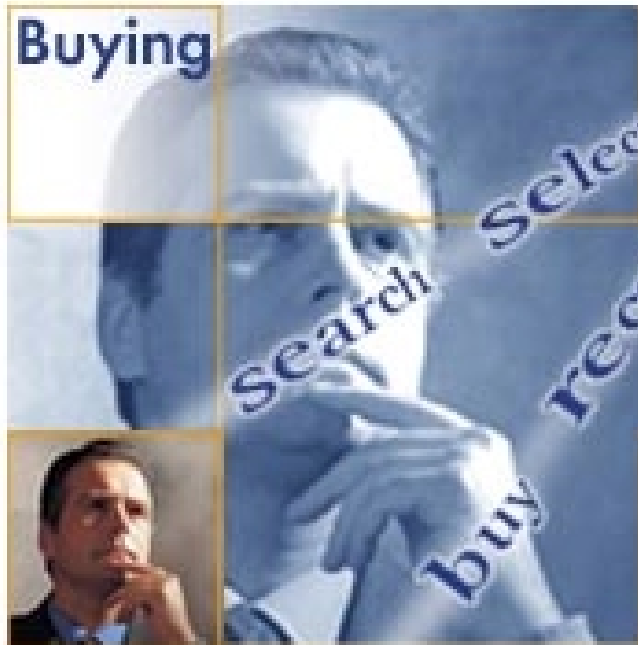
Endesa
Net
Factory



E-COMMERCE Development

B2B will account for 9/10ths of all e-commerce volume by 2004





Endesa
marketplace

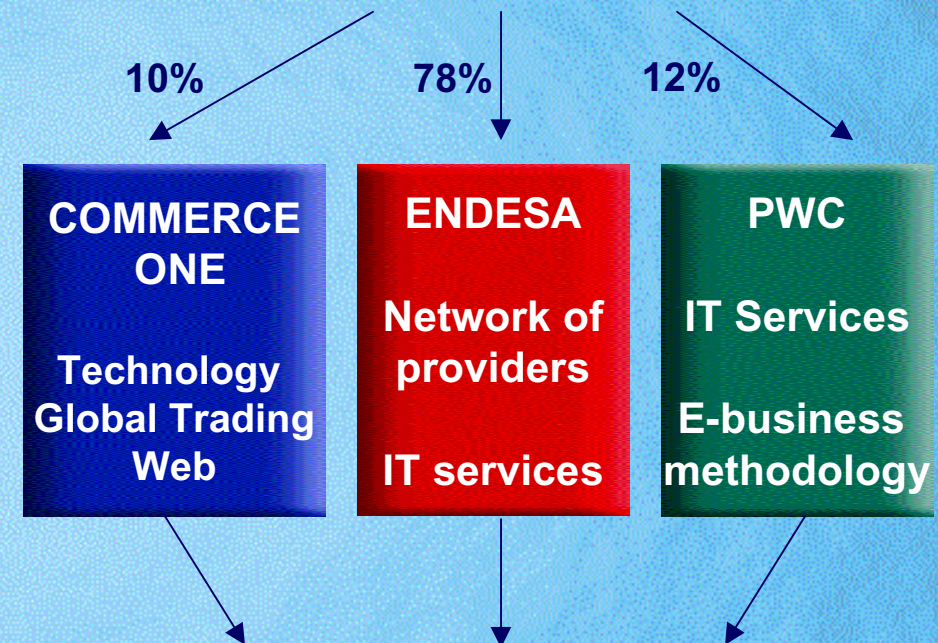


Business to Business: Current Initiatives

What we leverage upon

- First utility company to offer our providers and other companies a sophisticated e-commerce solution
- Currently linked through the Net with our 1.000 main providers (VIPWEB)
- \$2bn/year trade with suppliers in Spain and Latin America

Endesa.Marketplace Co.



A leading business community, substantial trade volume in the net, initially around and among utilities in Spain, Chile, Brazil, Argentina, Colombia and Peru



Endesa.Marketplace: Expectations

- ☐ **IPO during 2000**

- ☐ **Linked through Commerce-One Global Trading Web (Shell, GM, DT, BT and other leading companies)**

- ☐ **Economic Expectations:**

 - \$2+ billion of managed procurement volume to start with**

 - \$60-120 million in savings along our procurement chain**

 - \$200 million revenues in year 3**

- ☐ **New logistic and financial services to be added**



Endesa.Marketplace: Sources of Revenues

Already considered

- Procurement savings
- Transaction fees
- License fees

Potential

- Logistics and financial services
- Advertising
- Content management
- Certification
- Capital gains...



B2C: Main Initiatives on the Works

OFINET

- ☐ **Internet-ization of our Commercial systems to provide full interaction with customers**
- ☐ **Lower the cost of serving final customer (front office and back office)**
- ☐ **New channel with new services**
- ☐ **Ready early 2001**

**Real state Website
(with US Web)**

**Value added
services**

**Middle market
Website**

Main investments

Volume

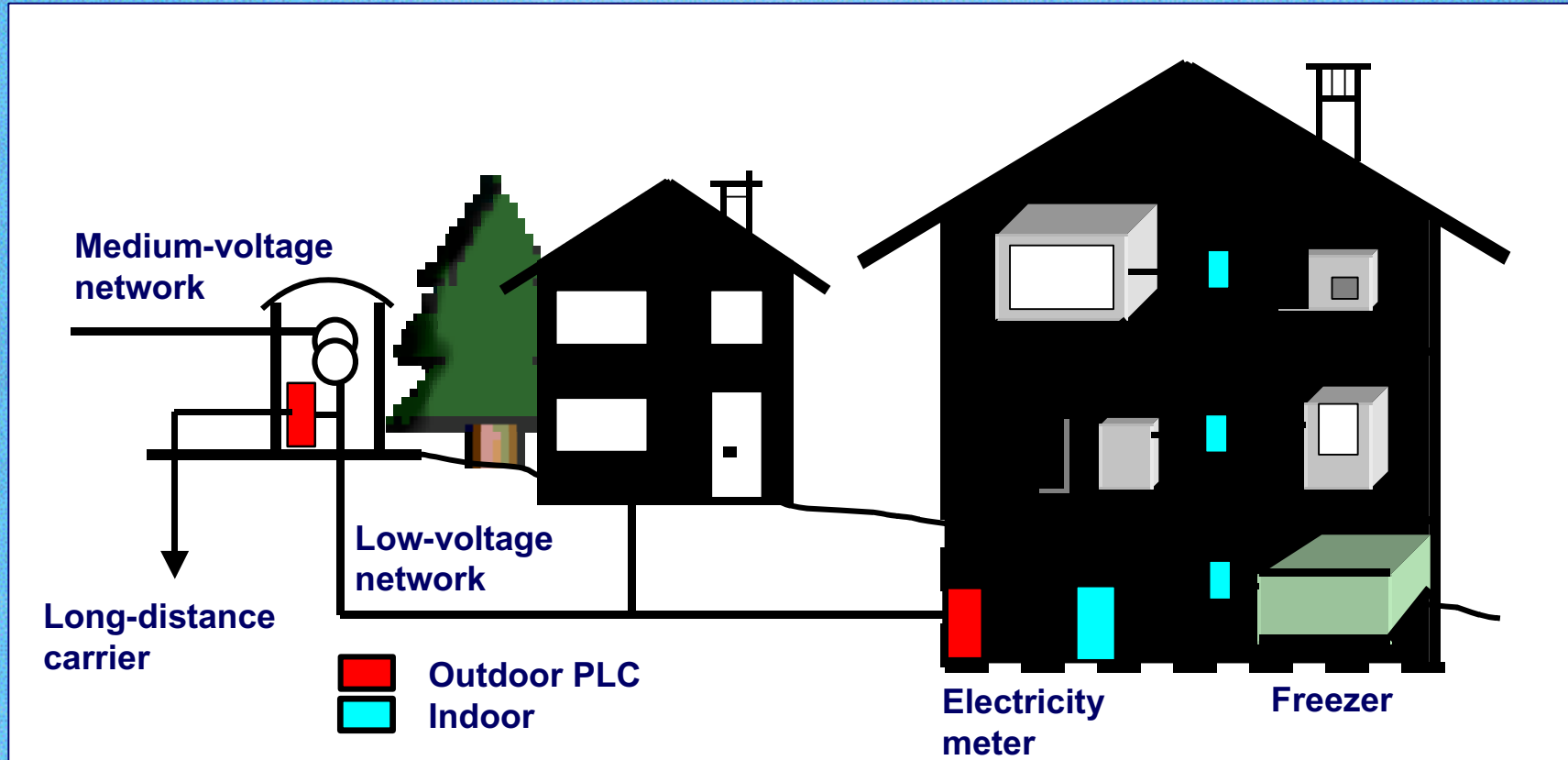
Committed funds: Euro 400 million in 5 years

Investment
Guidelines

- ☐ New Net-related business initiatives close to our core business. Examples:
 - Powerline
 - Electronic metering related services
 - Mobile Net services
 - Additional B2B and B2C...

- ☐ The Endesa Net factory will manage the knowledge and skill transfer between the new initiatives and our core business

Powerline: Data & Voice Through the Electric Network



- Testing two technologies (1.5 and 50 Mbits/s)
- Considering equity position in Powerline R&D companies

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- ☰ **Financial Performance**
- ☰ Conclusions

Financial issues about '99

- ▣ **6% increase in operating income in domestic business**
- ▣ **International results turnaround in the fourth quarter**
- ▣ **Euro 8.4 billion invested, financed 55% with cash flow**

1999 Results Pro-forma Comparison

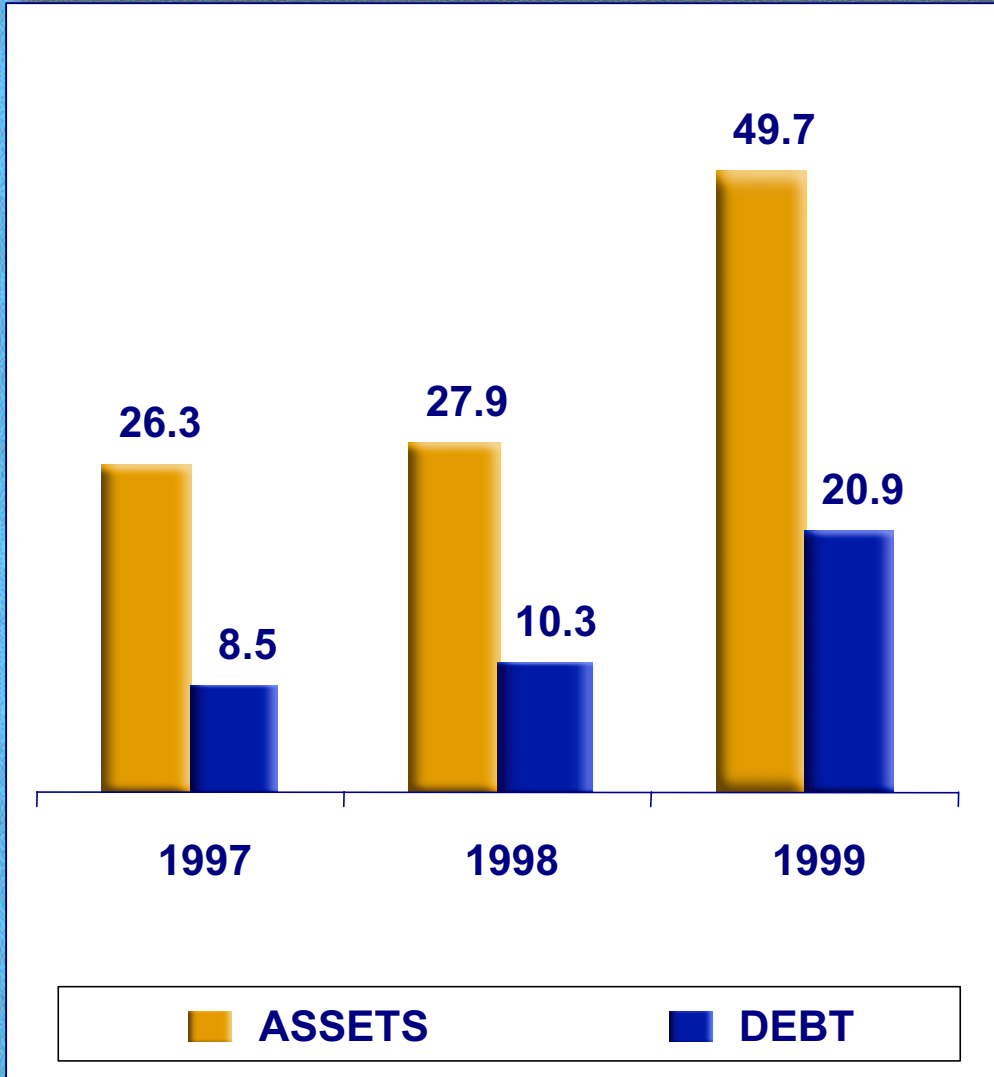
Euro billion	1999	1999 Proforma ⁽¹⁾	1998	'99/'98 %
Net Sales (2)	8.9	5.9	5.8	54%
Operating Income	2.9	2.0	1.9	52%
Net Income	1.3	1.3	1.1	16%
Earnings per Share (Euro)	1.21	1.21	1.10	10%
Cash Flow	4.4	3.6	2.9	50%
EBITDA	4.6	3.1	3.1	48%
Total Assets	49.7	49.7	27.9	78%

(1) For the comparison, Enersis Group is included by equity method

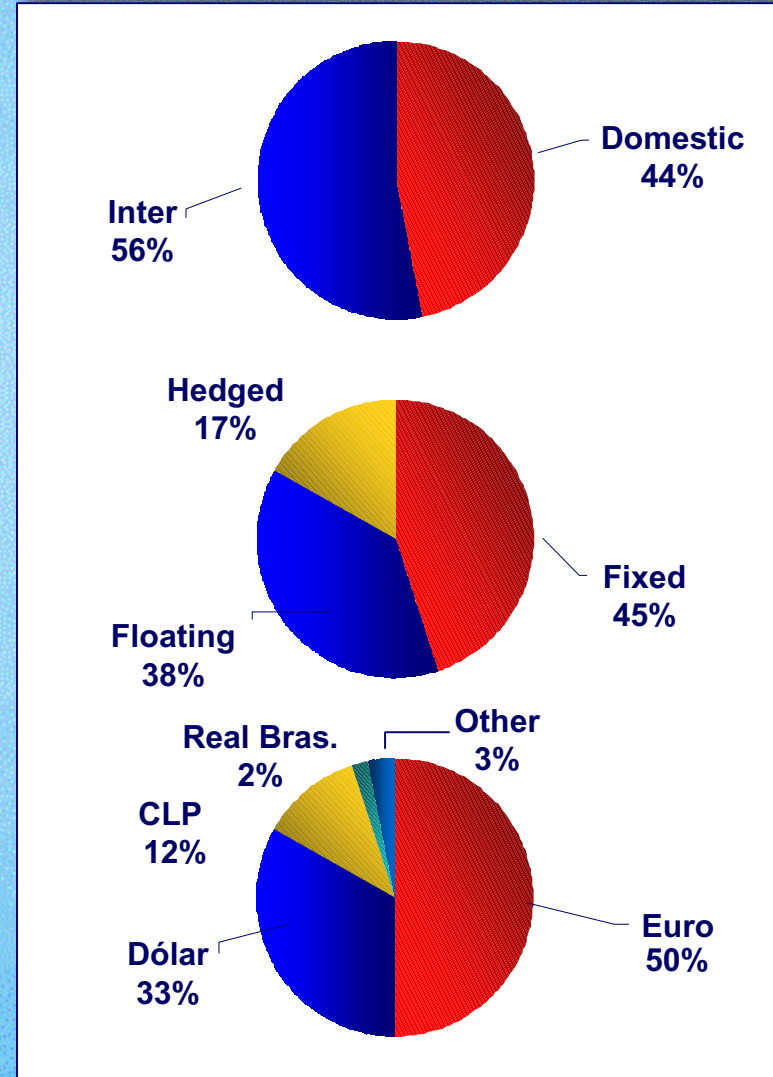
(2) Sales net of electricity purchases

Debt Structure

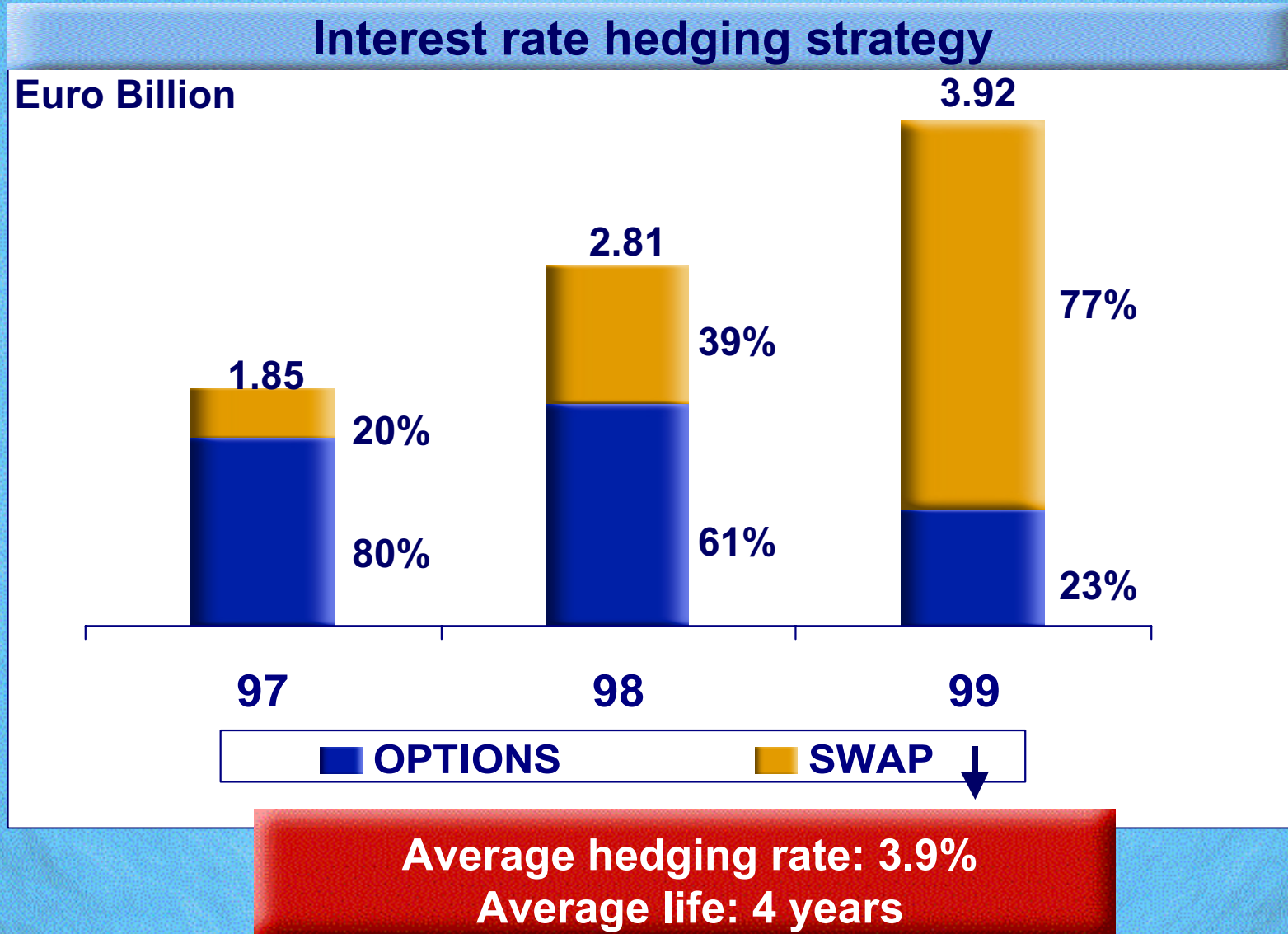
Assets/Net Debt (Euro bn)



Breakdown of Debt



Financial Structure



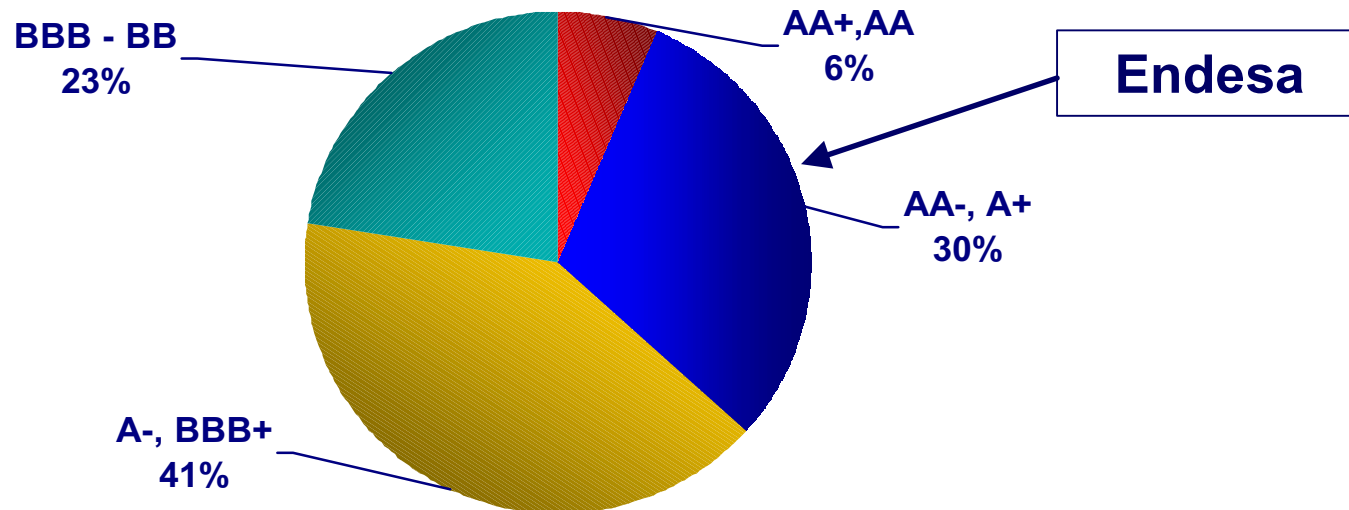


Financial Strategy. Credit Quality

Corporate Risk Rating

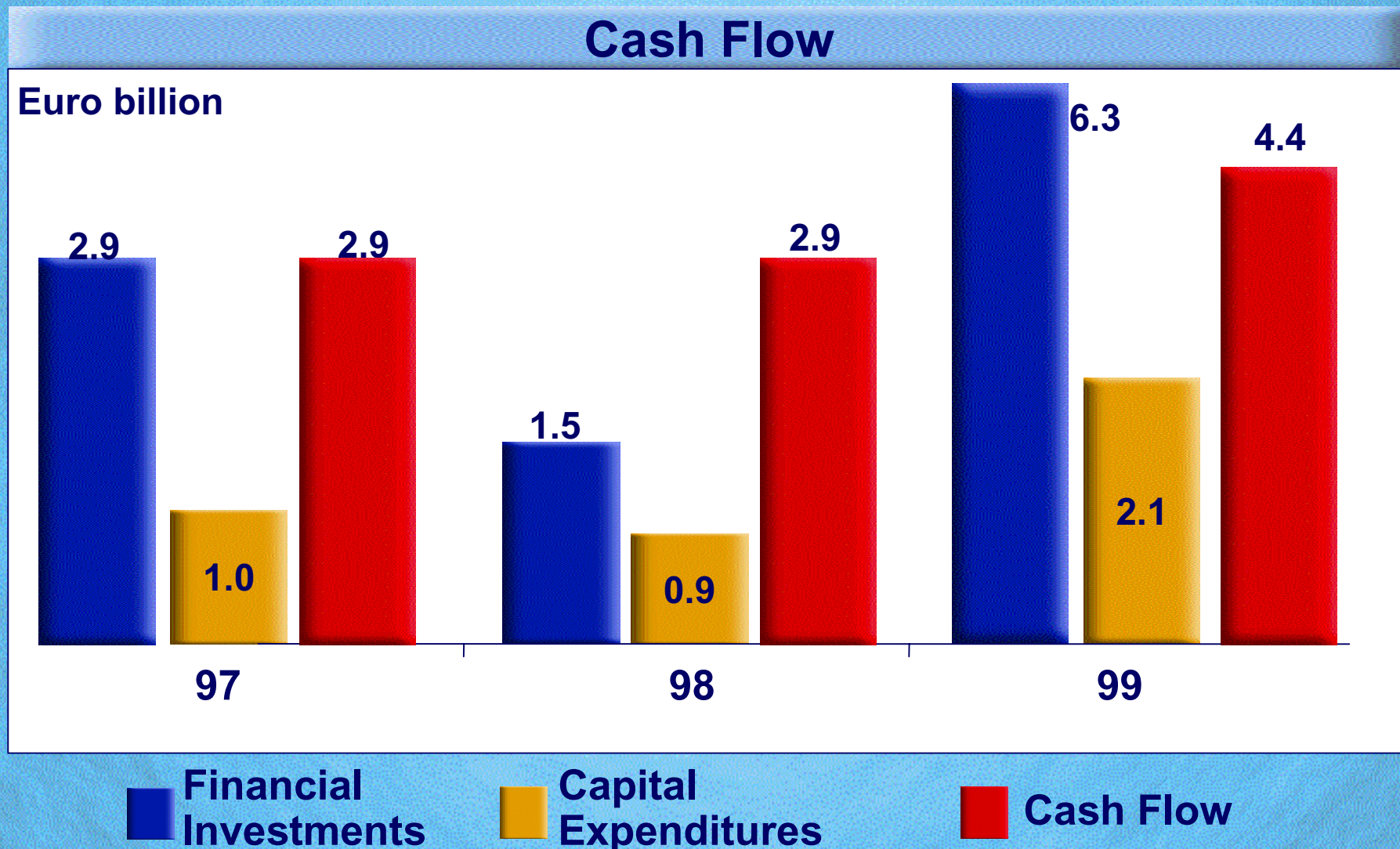
	<u>Standard & Poor's</u>	<u>Moody's</u>	<u>IBCA</u>
ELE	A+	Aa3	AA-
ENI	A-	Baa1	NR
EOC	A-	Baa1	NR

Endesa's vs. European and US utilities's S&P rating





Strong Cash Flow Generation has allowed self-finance of investments on growth





Cash Flow Ratios

Cash Flow / Financial Expenses 3.0 x

Debt / EBITDA 4.5 x

Cash Flow / CAPEX 2.1 x

Dec, 31 1999

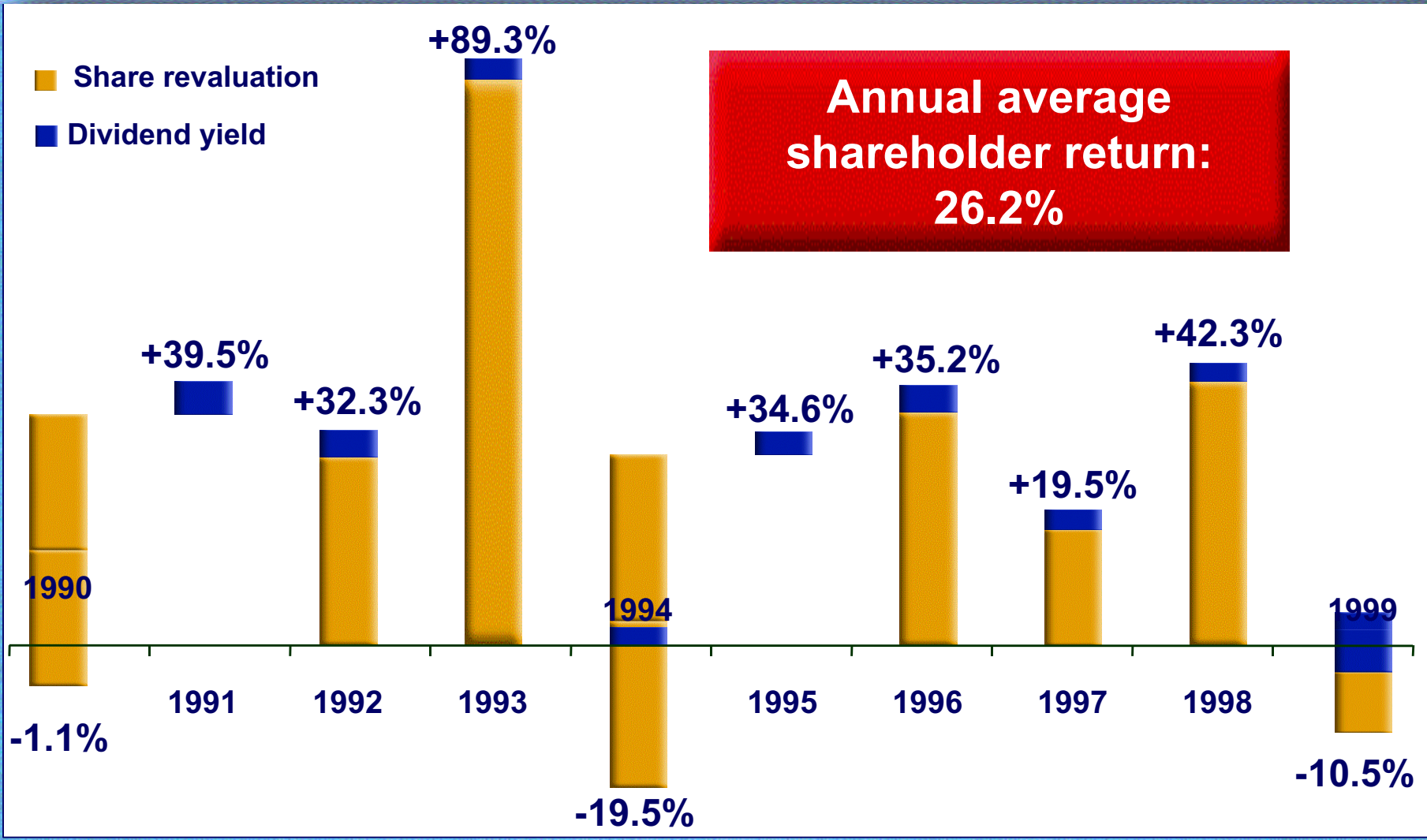
Investment Plan 2000 - 2004

Euro Billion	2000	2000-2004
Total Identified Investments	2.5	9.7
Capital expenditures	1.2	5.2
Domestic Business	0.8	3.1
International	0.5	2.1
Expansion Investments	1.3	4.5
New capacity Spain	0.3	1.4
International	0.7	1.3
Telecom & Others	0.3	1.7
Strategic expansion	2.3	6.0
Total Investments	4.8	15.7



Shareholder Remuneration

Total shareholder return



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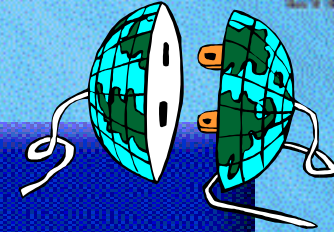
☰ Conclusions



Driving the value forward



Much more than a utility

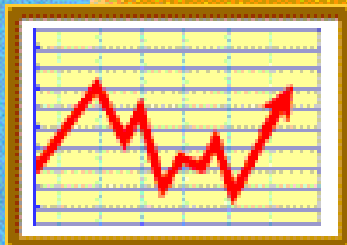


Beyond our traditional boundaries



GDF	↓	HJK	1.25	RTY	1.23	IDP	.05	BNM	12.0	XCV	.20	QEW	↓
	.15		↑				↑		↑		↑		.65

Medium term goal:
50 Euro billion intrinsic value





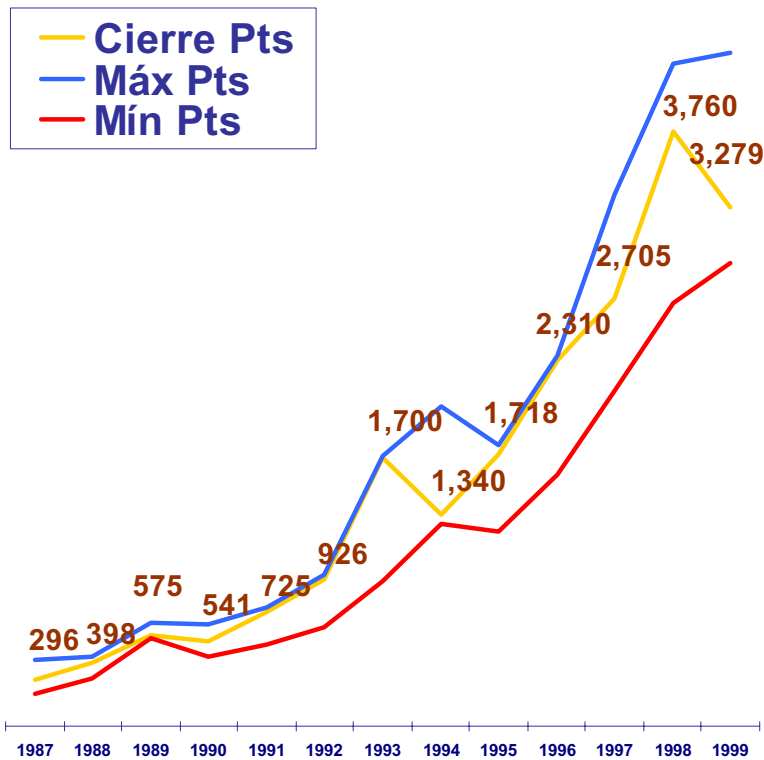
Driving Value Beyond our Traditional Boundaries

*Presentation to Financial Analysts
Madrid, 8 March 2000*

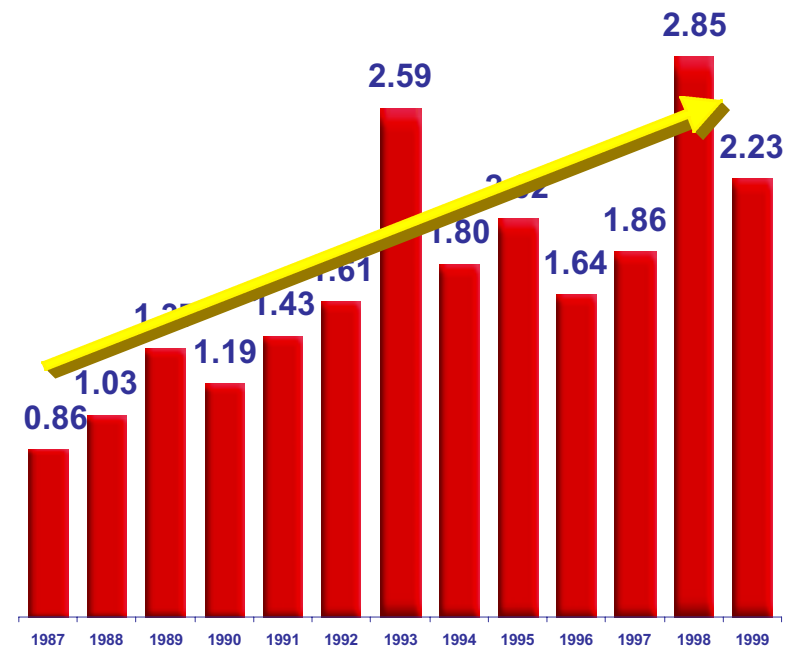
Back Up Slides

Growth is our commitment strong track record

Market cap

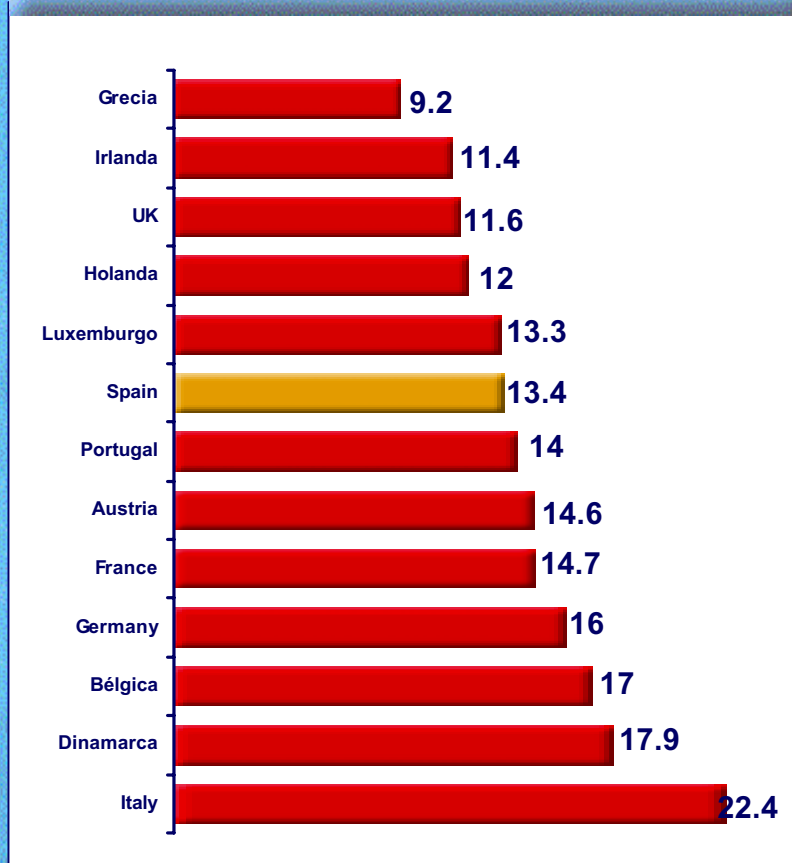


Market to book

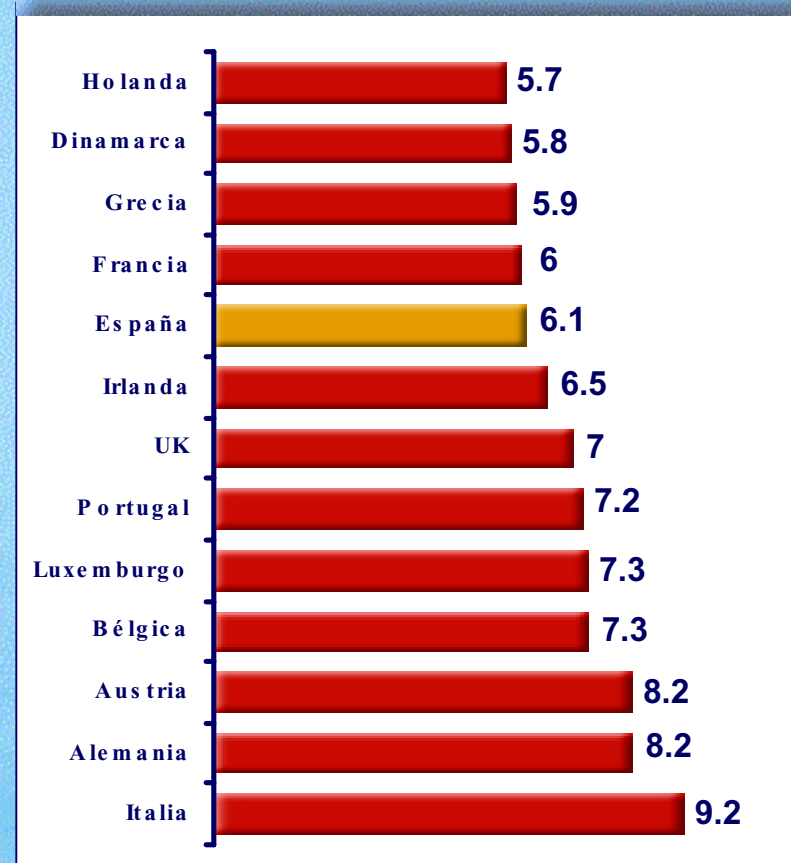


Spanish electricity prices in the European context

Retail Prices 1999
Euro cents/Kwh



Industrial Prices 1999
Euro cents/Kwh



Source: Eurostat, Unipede. Average prices

Power Business in Spain

Performance in the market

Performance Data	1998	1999	(%)
<u>GENERATION</u>			
☐ Wholesale price (pta/kWh)	4.27	4.45	4.22%
☐ Total sale price (pta/kWh)	5.67	5.73	1.06%
☐ Market share in the Peninsula (%)	48.9%	47.5%	1.4%
<u>DISTRIBUTION</u>			
☐ Customers (number 000)	9,626	9,840	2.2%
☐ Losses (%)	9.0%	8.8%	-0.2%
☐ Customers/employee	1,084	1,259	-0.8%
<u>SUPPLY</u>			
☐ Market share (%)	42.3%	44.0%	1.7%
☐ Retention rate (%)	95% (101.6% int'l incl.)		
☐ Margin (pta/kWh)	0.23%	0.53%	130%

Joint venture with MSDW

Reasons for the alliance

- To acquire capacities and experience
 - To use the resources of an experienced *trading* company
 - A bet for the European strategy
- ☐ Joint 50/50 trading operation for Europe
 - Excluded: MSDW proprietary trading in the UK and ordPool, and Endesa's physical operations in Spain
 - ☐ Exclusivity for both parts
 - ☐ Initial time-frame: 5 years
 - ☐ No cost for Endesa
 - ☐ Access to trading and risk management systems

Our strategy in the US



First Step (Short Term): Invest in Utility-Related-Hi-Tech Companies:

- obtain local knowledge of the industry
- get access to strategic know-how
- achieve attractive financial returns

Second Step (Medium Term) Invest in a Utility

- continue international expansion into deregulated markets
- platform for growth potential (world largest energy market)
- achieve attractive financial returns

MARKET TRENDS

- “Utility-related-hi-tech” redefines utility business. Creating growth potential.

Utility-Related Hi Tech Co.

- Mostly headquartered in US.
- They lack financial or commercial resources to develop a successful business plan.

Endesa will actively participate in this market trend.

Endesa is an attractive strategic partner given its financial and commercial (>22m clients) strength.

Supply activities in Portugal

- ☐ 1st new entrant in the eligible market
- ☐ 9 final customers with consumption of 150 GWh/year
 - 100% of eligible customers in the market
 - 5% of potential eligible customers
- ☐ Sales to the Portuguese Single Buyer (REN): 250 GWh/year
- ☐ Commercial office in Lisbon
- ☐ Mass market: a joint venture with SONAE to participate in the retail market