2003 Financial Results and Business Update

February 4th 2004

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1. 2003 Results

2. Outlook for 2004 and Strategy Review

2003: Strong Organic Growth in All Businesses

Generation: 162.2 TWh, +4.1%

Spain: +2.4% to 97.8 TWh

Italy: + 1.8% to 17.9 TWh

Latam: +8.9% to 46.5 TWh

New capacity in 2003: 1,757 MW to 40.7 GW

Electricity Sales: 161.5 TWH, +6.7%

Spain: +8.6% to 93.0 TWh

Italy: +4.8% to 19.0 TWh

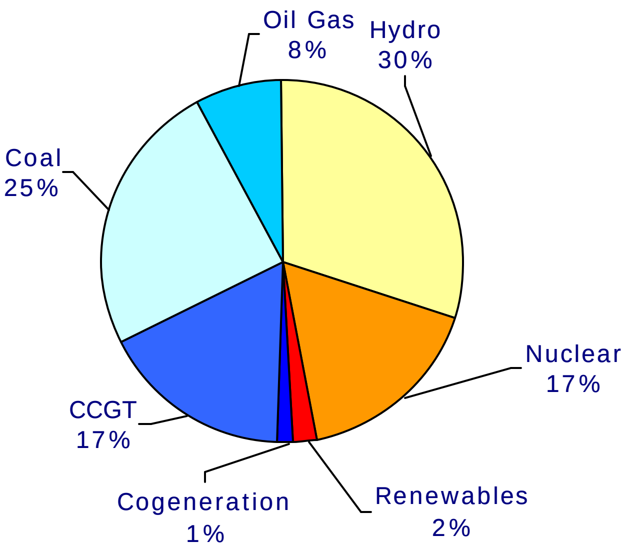
Latam: +4.0% to 49.5 TWh

Electricity customers: 20.9 M, +1.8%

Gas Sales: 10.75 GWh, +41%

Mobile Customers: 9.3 Million, +26%
Fixed Telephony Customers: 0.6 Million, +26%

2003 Generation Mix Breakdown



Results for Year 2003: Delivering the Strategic Plan

Improving operating performance

- Domestic underlying[1] EBIT +10.8%
- European EBIT +78.7%
- Total EBIT underlying[1] +2.8% to €3.1 bn

Improving profitability

- Ordinary income + 43% to €2.15 bn
- Net income +3.3% to €1,312 M
- Latam earnings improved by €365 M and Telecom and Other by €465 M
- Financial result improved by €899 M

Competitive dividend policy

- +3% total DPS to €0.703/ share

Much stronger balance sheet allowing focused growth

- Debt reduced by 24%, to €17,250 M
- Leverage improved to 125% from 203% in 2002

(1) Excluding tariff deficit revenues in 2002

endesa

Results for Year 2003: Effect of Tariff Deficit Accounting in 2002

Main parameters (€ Million)

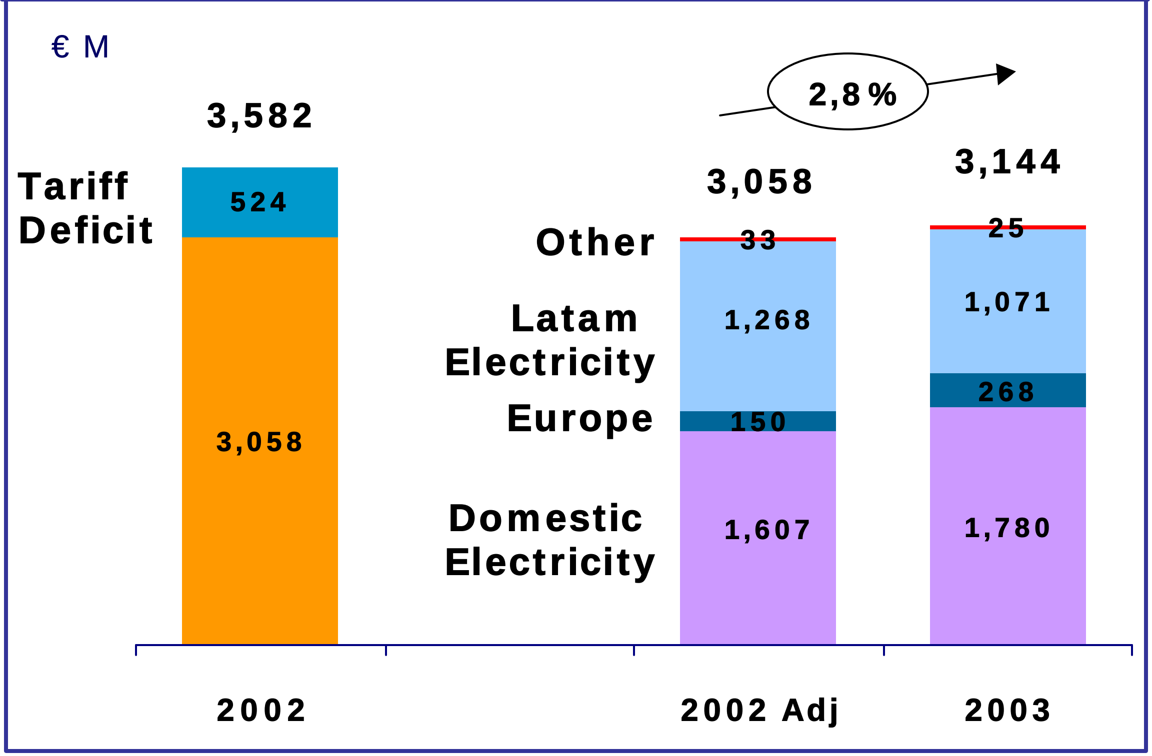
	2003	2002 Reported	Var. %	Var. % [1]
Sales	16,239	16,739	-3.0	+0.2
EBITDA	4,750	5,278	-10.0	-0.1
EBIT	3,144	3,582	-12.2	+2.8
Ordinary Income	2,150	1,500	+43.3	+120.3
Cash flow	3,815	4,285	-11.0	+9.2

(1) 2002 figures exclude the impact of the recognition of the regulated revenue deficit of € 524 M on EBIT and € 791 M on cash flow.

Year 2003 Consolidated EBIT

Adjusting tariff deficit impact on 4Q02, the underlying EBIT grew by 2.8% to € 3.14 bn

EBIT by Business



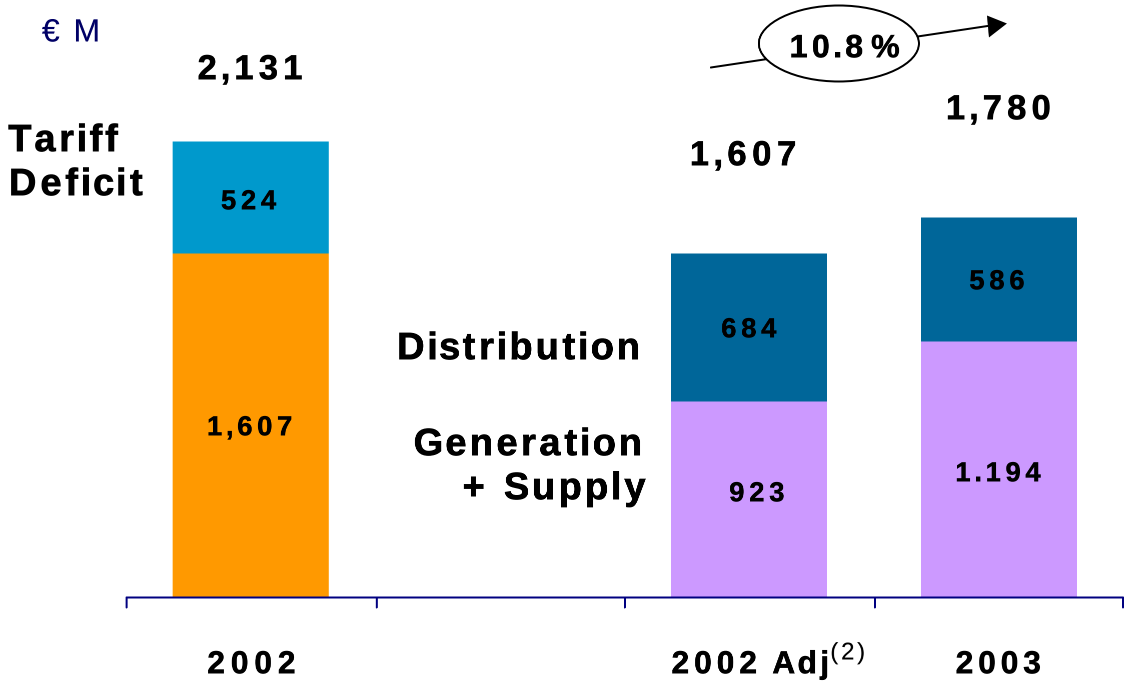
(1) Adjusted by 2002 tariff deficit: € 524 M

- **Domestic Business: EBIT +10.8% (underlying)**
  - Reinforced leadership in the Domestic Business with stable results under any market conditions
- **Europe: EBIT + 78.7%**
- **Latin America: EBIT–15.5%**
  - Growth in local currencies and in US$ but negatively affected by strong Euro

Domestic EBIT: Solid Performance

2003 EBIT +10.8%, ex- HV grid sale effect +14.3% (1)

EBIT by Business



Year 2003:

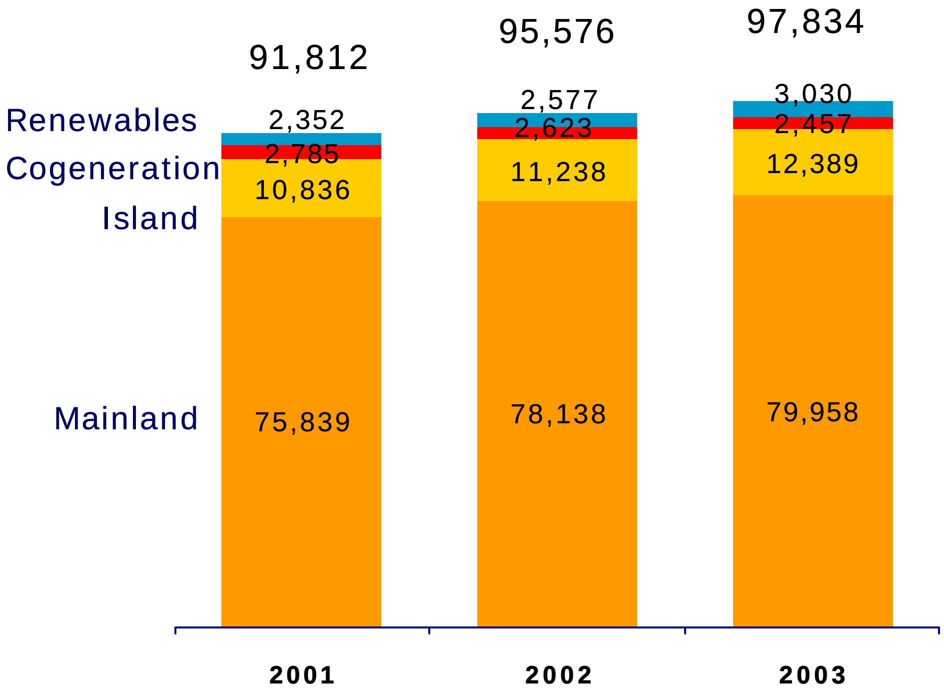
- +6.8% demand growth
- Higher hydro generation
- Generation output +3.5%, with similar fuel costs
- +1.65% tariff increase
- +7.3% average price in liberalised market, +11% more energy sold

(1) €57 M net impact on 2003 EBIT for the sale of HV grid
(2) Adjusted by 2002 tariff deficit: € 524 M

Reinforced Leadership in Generation Business

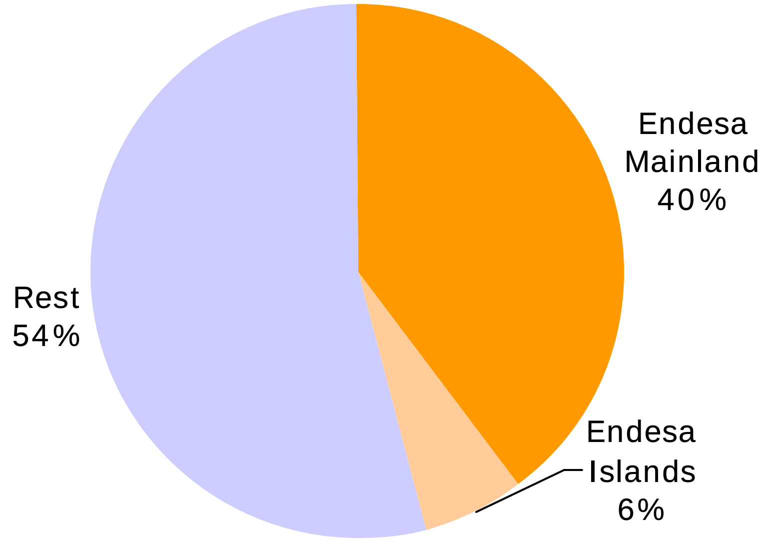
Spain

Generation Output (GWh)



Market Share in conventional generation

100% = 201,068 GWh



New capacity in Spain 2003: +902 MW to 23.0 GW

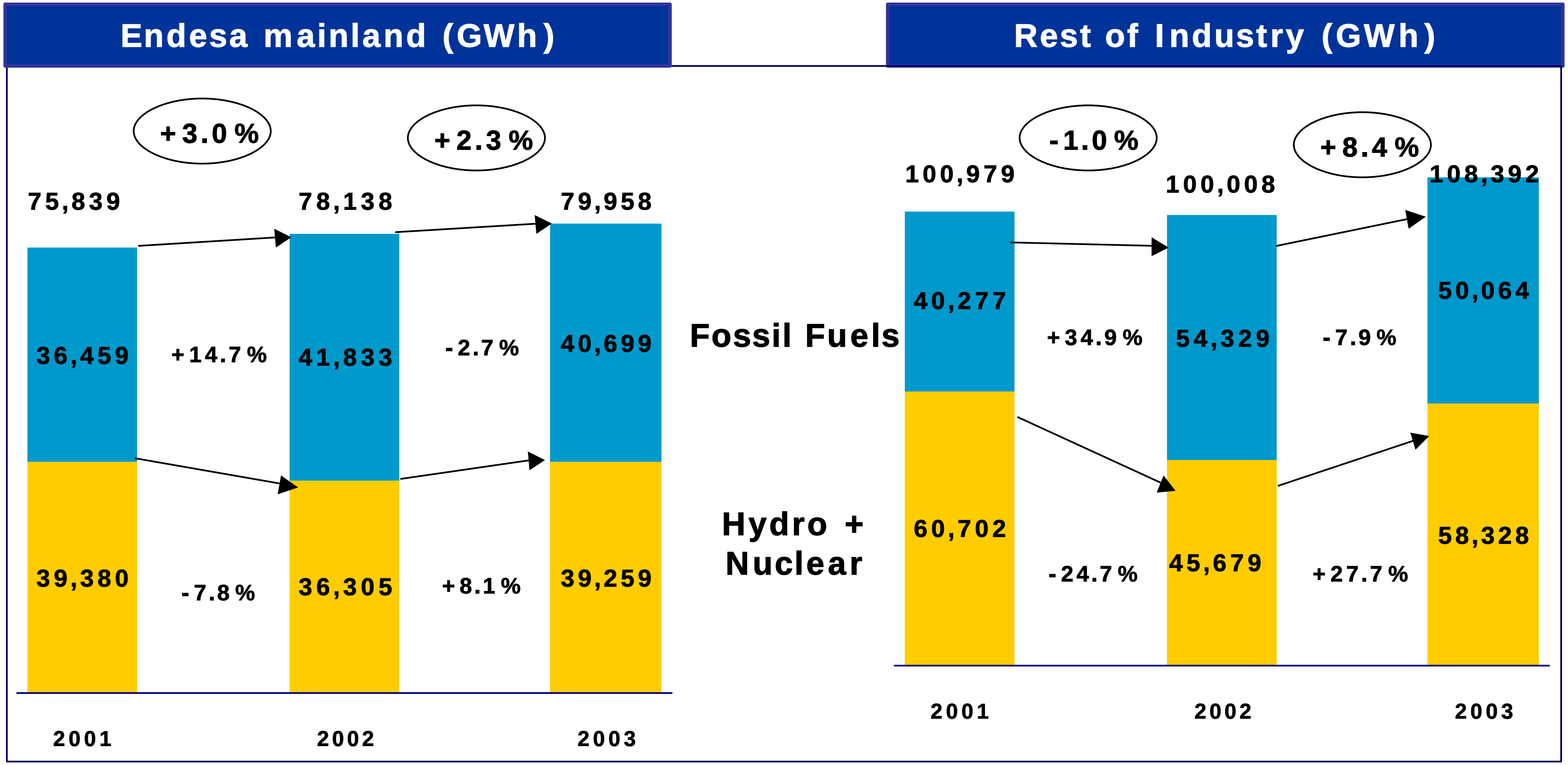
Mainland CCGT: +400 MW Tarragona

Wind: +142 MW; Cogen & Others: -89 MW

Islands: +412 MW

Stable Generation Output Under Any Market Condition

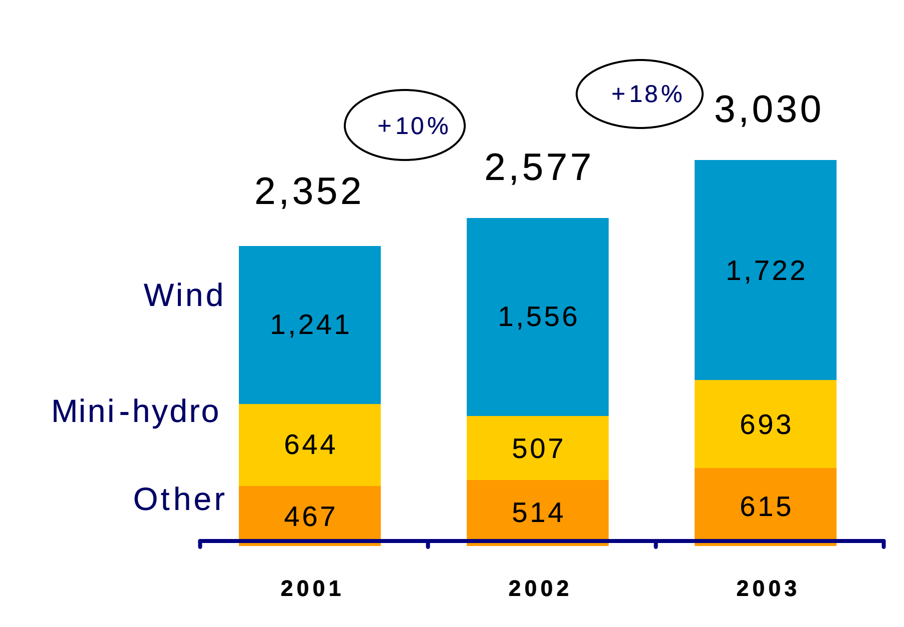
Spain



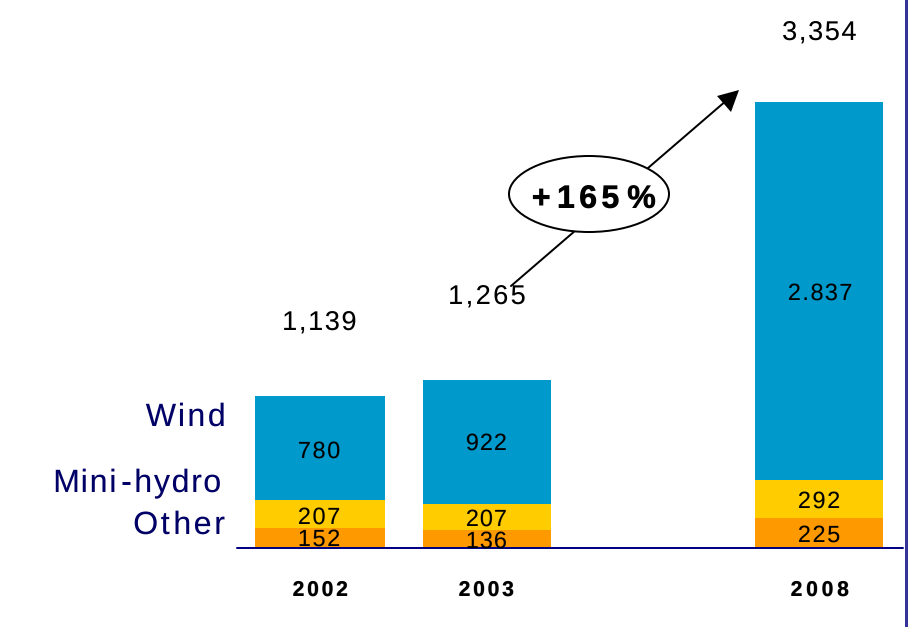
Balanced generation portfolio provides a natural hedge against volatility in pool prices and hydro conditions

Renewables: Growth and Flexibility

Renewable generation (GWh)



Endesa's installed capacity (MW)



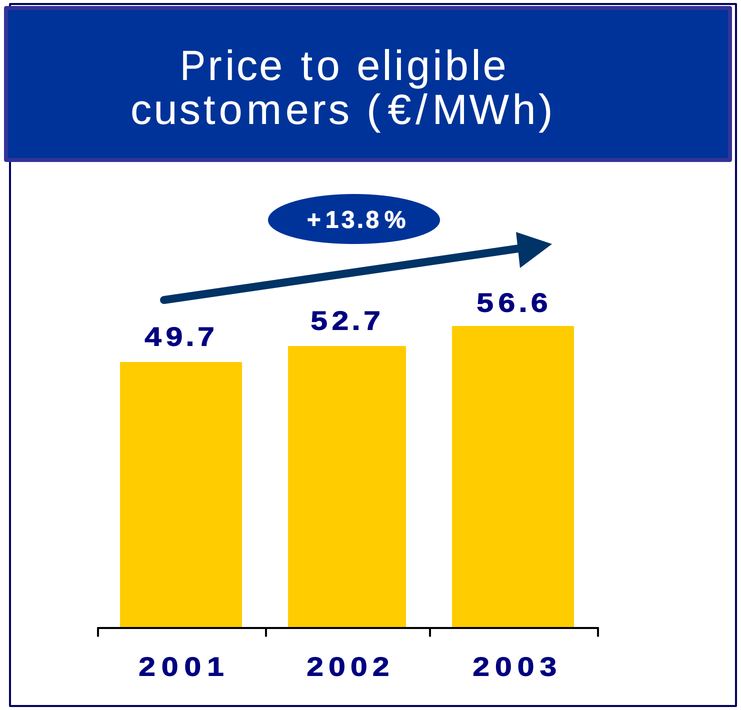
Continuous growth in renewables, particularly wind.

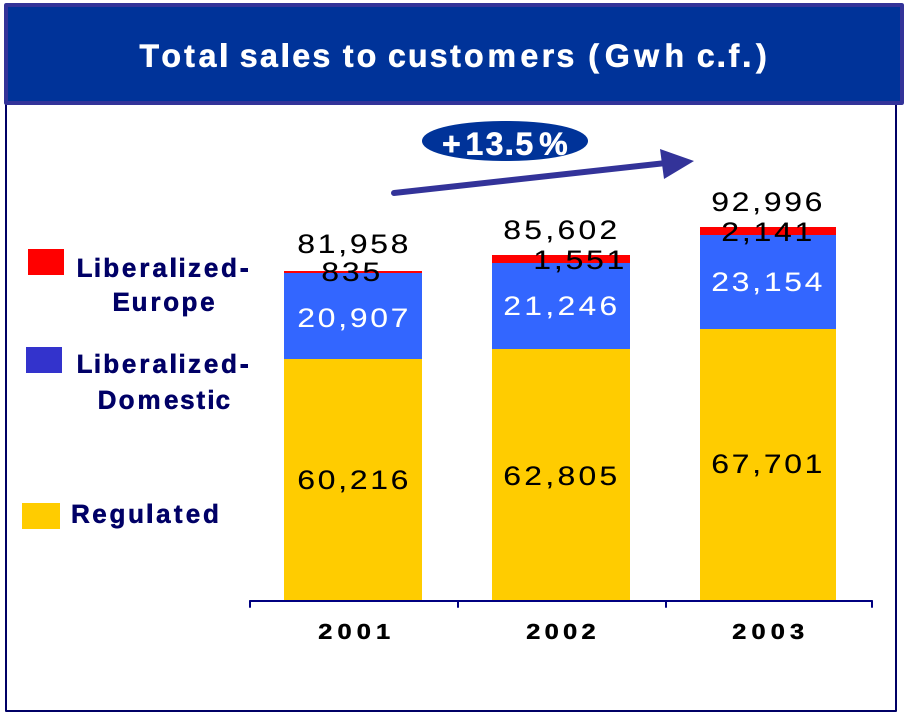
Growth through development of new projects (6 new wind farms - 150 MW)

2,089 MW of new renewable capacity

Supply Focused on Profitability

Spain

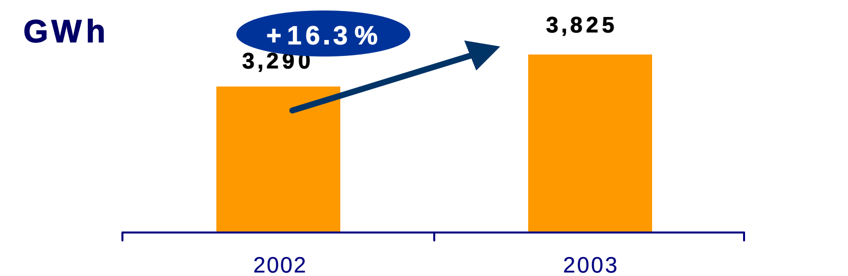




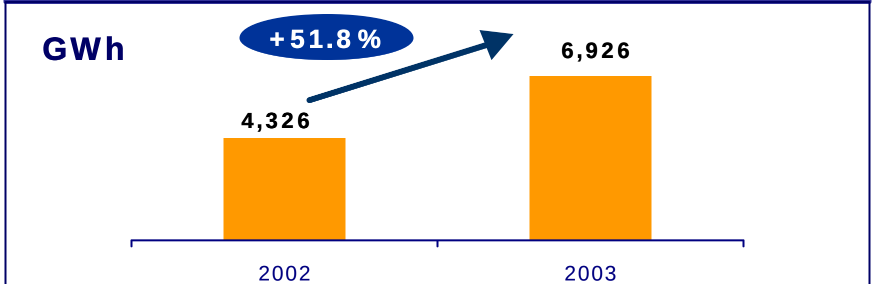
- ENDESA´s total sales (regulated+eligible) have increased steadily, allowing it to maintain its leadership position
- 98.5% retention rate in domestic market
- Demand growth total Spain +6.8%:
  - Endesa's markets +8%
  - Rest of industry +4.9%

Gas: Largest Electricity Player in the Gas Market

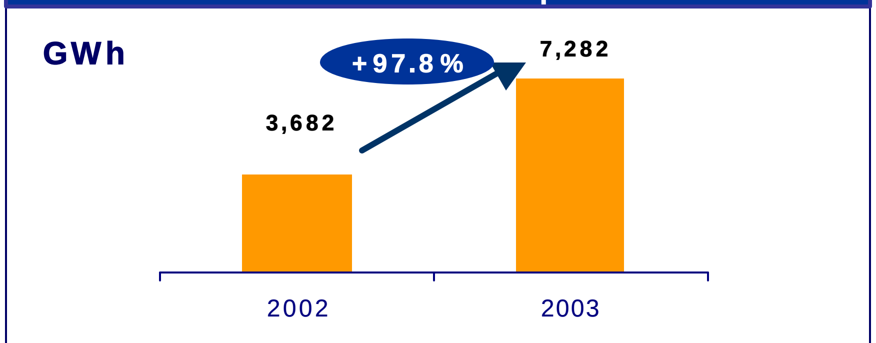
Sales to Regulated Market:



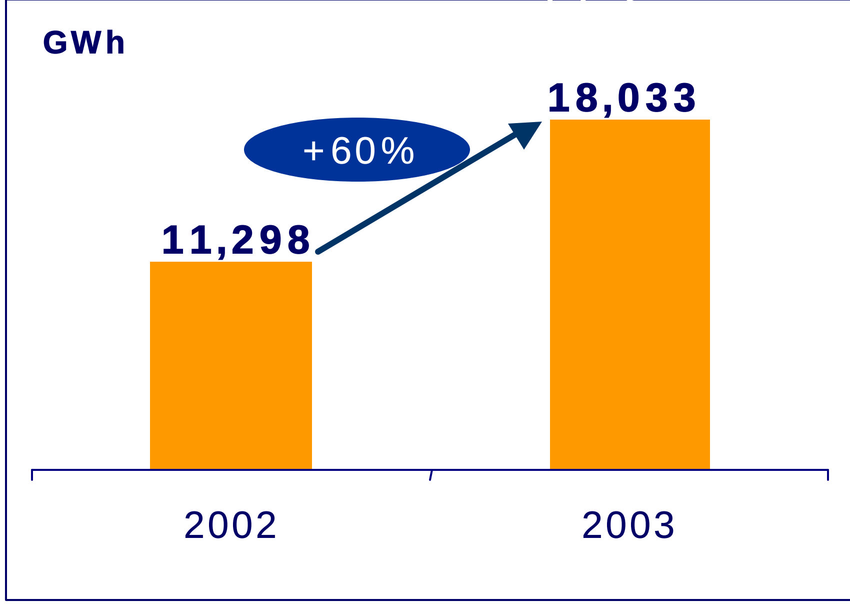
Sales to Liberalized Market:



CCGT consumption:

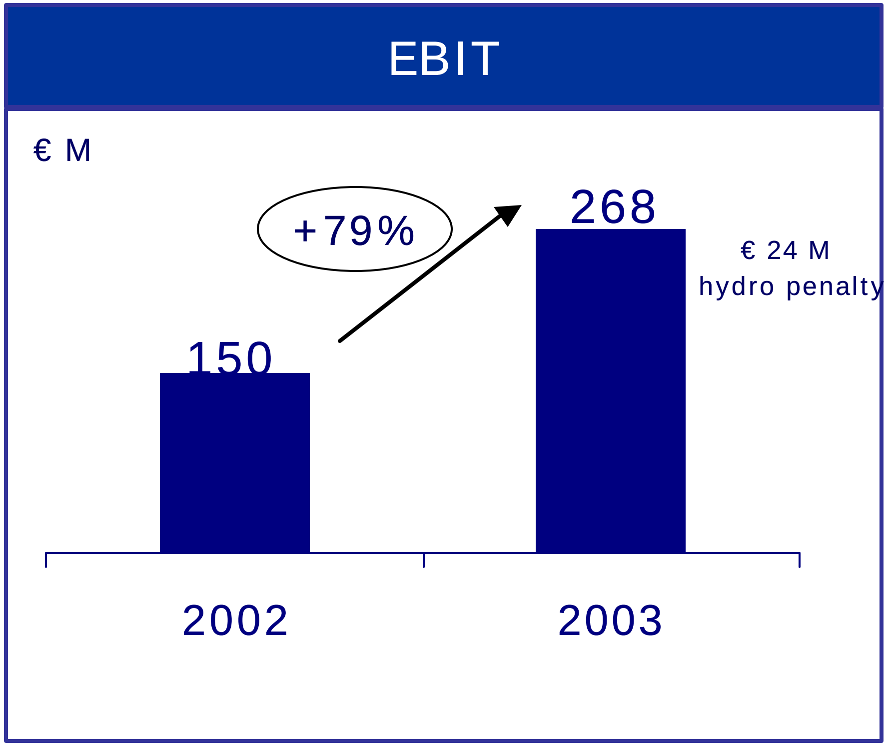


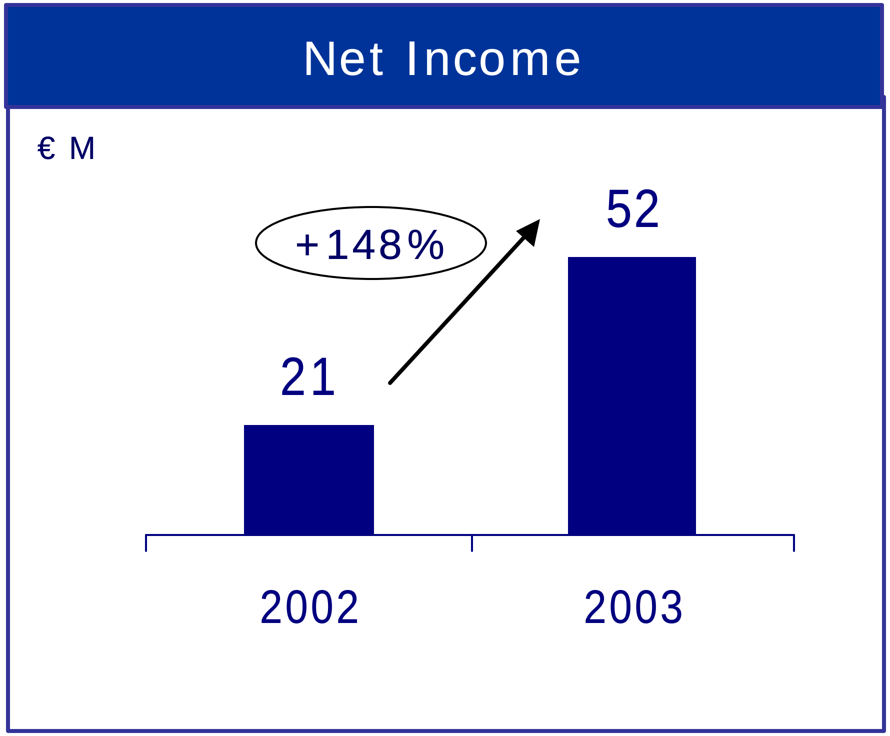
Total Gas Supply:



- Total gross margin € 45 M in gas sales
- Yielding positive margins from the start

European EBIT: Strong Operating Performance

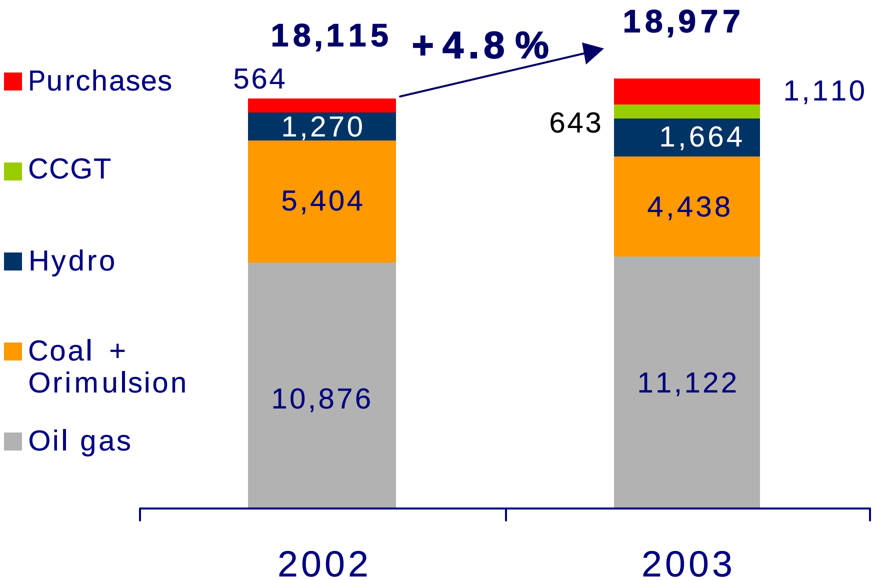




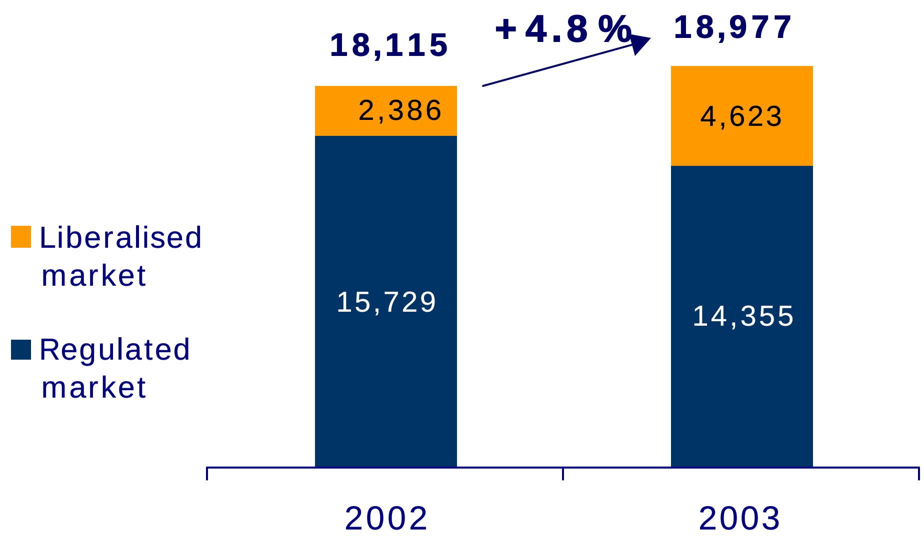
- Increase in margins, lower unit costs and reversal of hydro penalty
- Increased hydro generation offsets higher fuel prices

Endesa Italia: Strong Operating Performance

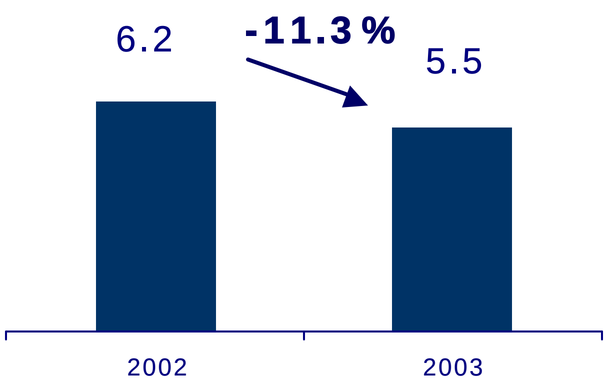
Generation and Purchases (GWh)



Sales (GWh)



O&M (Eur/MWh)

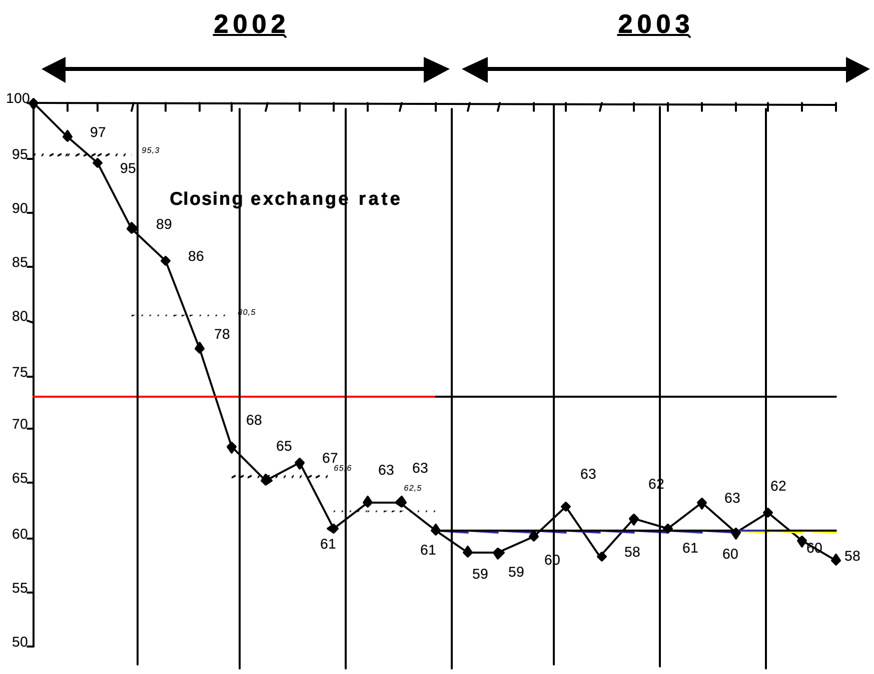


- +4.8% energy sold and +7% higher average price
- Repowering of 2 x 400 MW CCGTs and 2 x 330 MW coal
- Self-financing of repowering with internal cash flow
- First dividends against 2003 earnings

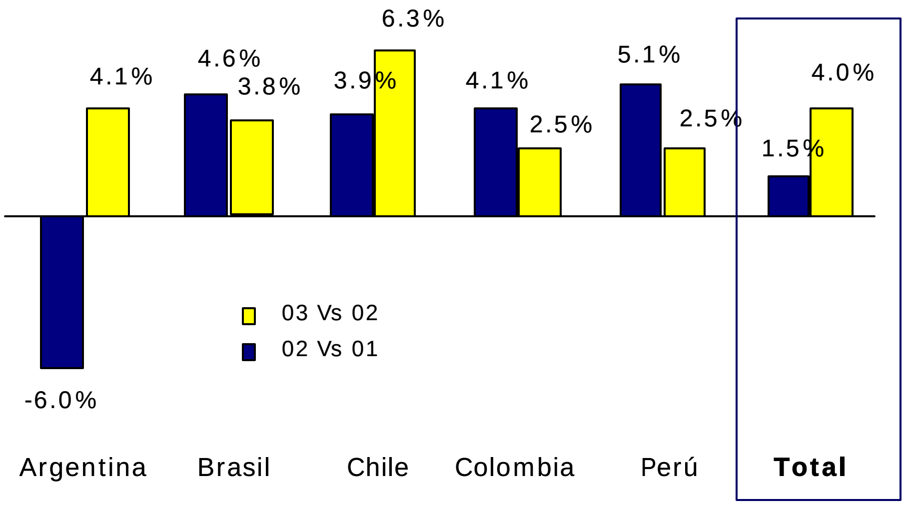
Latin America: Stable Situation with Clear Signs of Recovery

Currency Stabilization

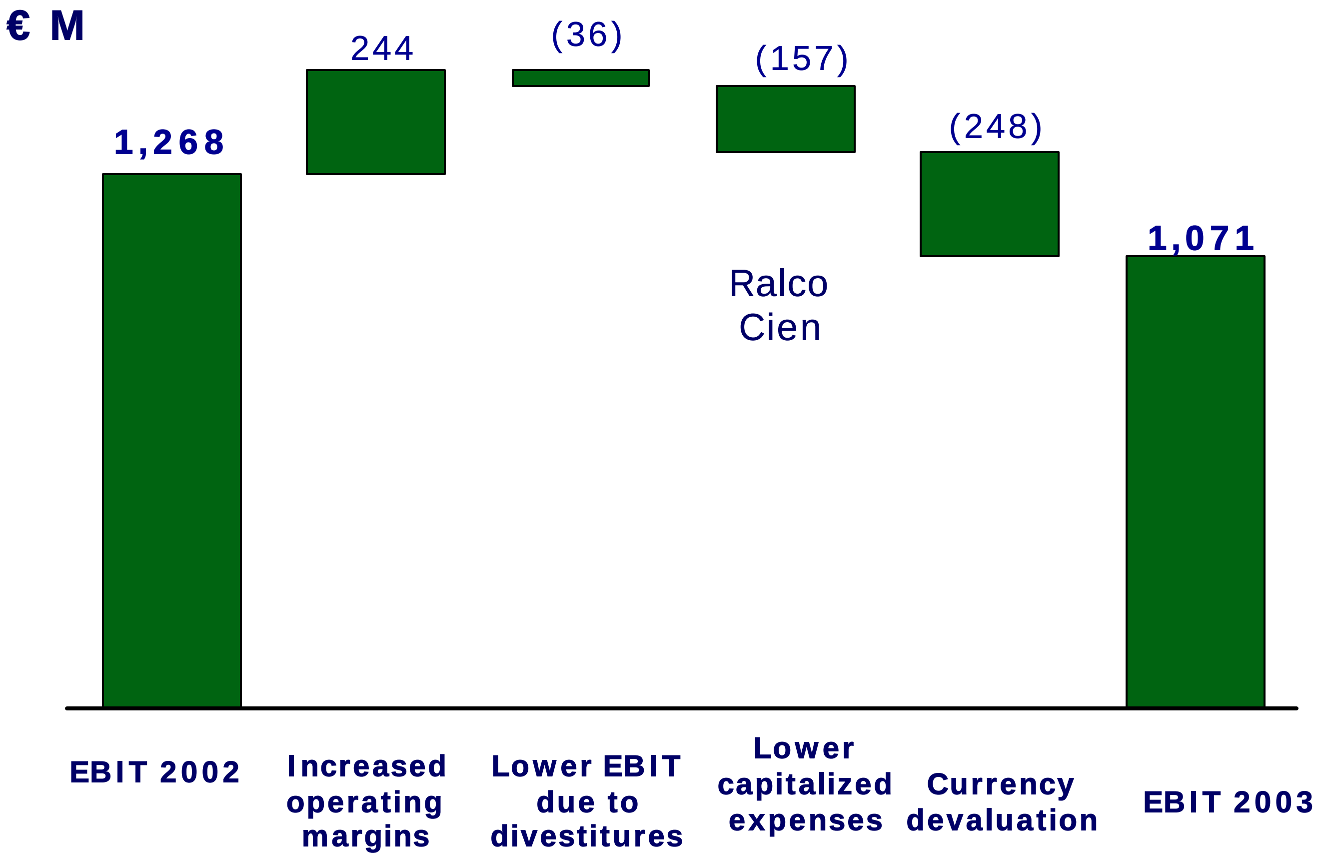
Evolution on average exchange rate against €
(Index 100=31/12/01)

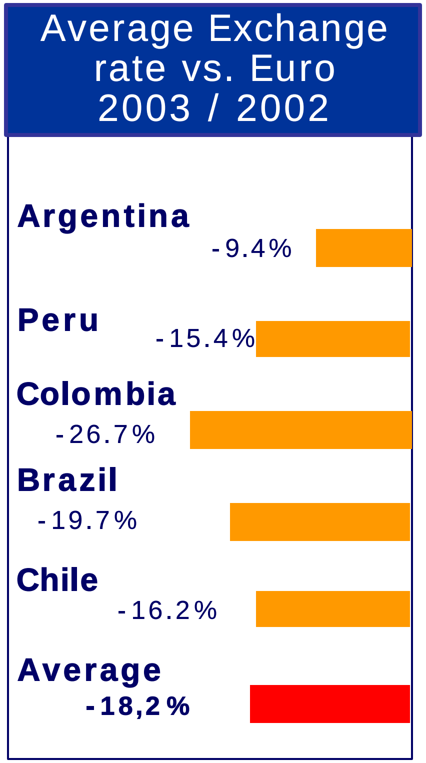


Strong recovery in electricity demand



EBIT Affected by Strong Euro and One-Off Issues

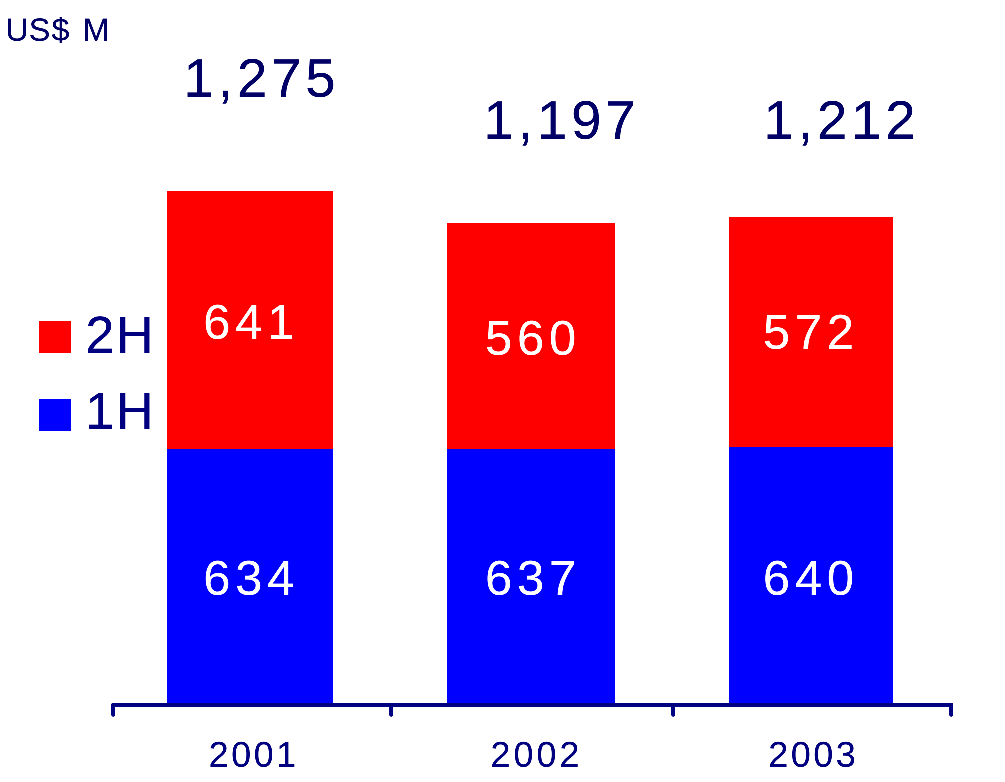




- EBIT –16% after local currency average devaluation of –18.2%
- EBIT increased in US$ by 1.3%, and by 4.0% in local currencies
- Improving quality of earnings: non cash items in EBIT from 12% to 0%

EBIT in Latin America Stable in US$

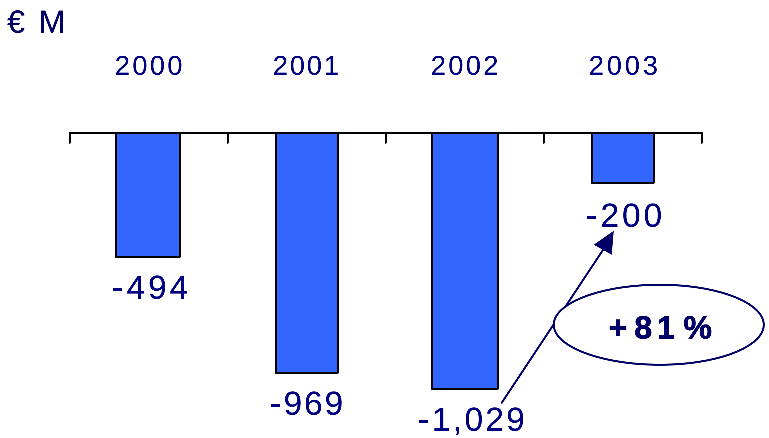
Yearly EBIT Evolution in US$



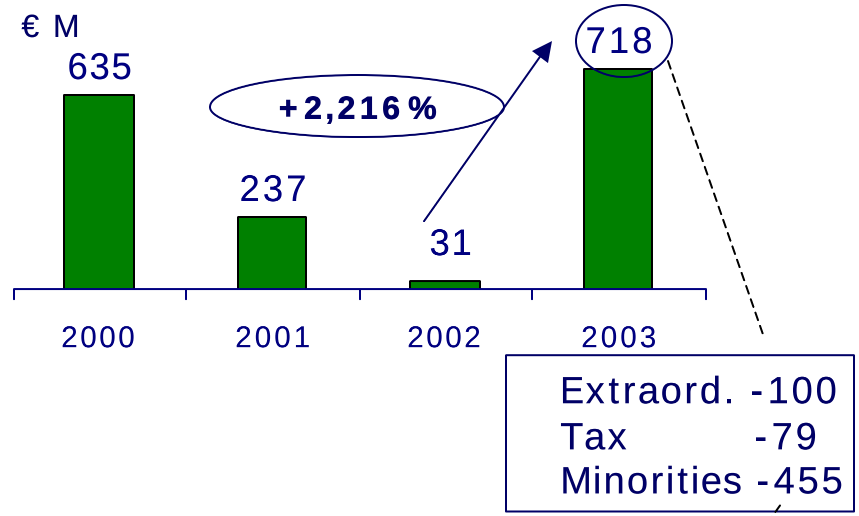
- Stable operating results in US$ under any currency condition
- Higher 2003 EBIT in US$ despite asset disposal
- In 2004 new capacity in operation (Ralco and Fortaleza)

Results Recovering From 2002 Crisis

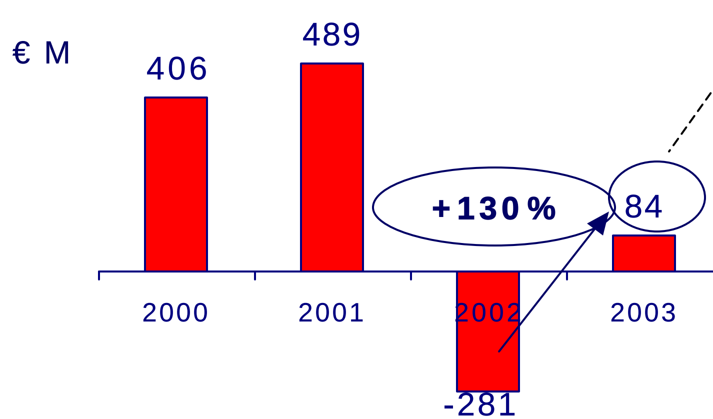
Financial result



Ordinary income



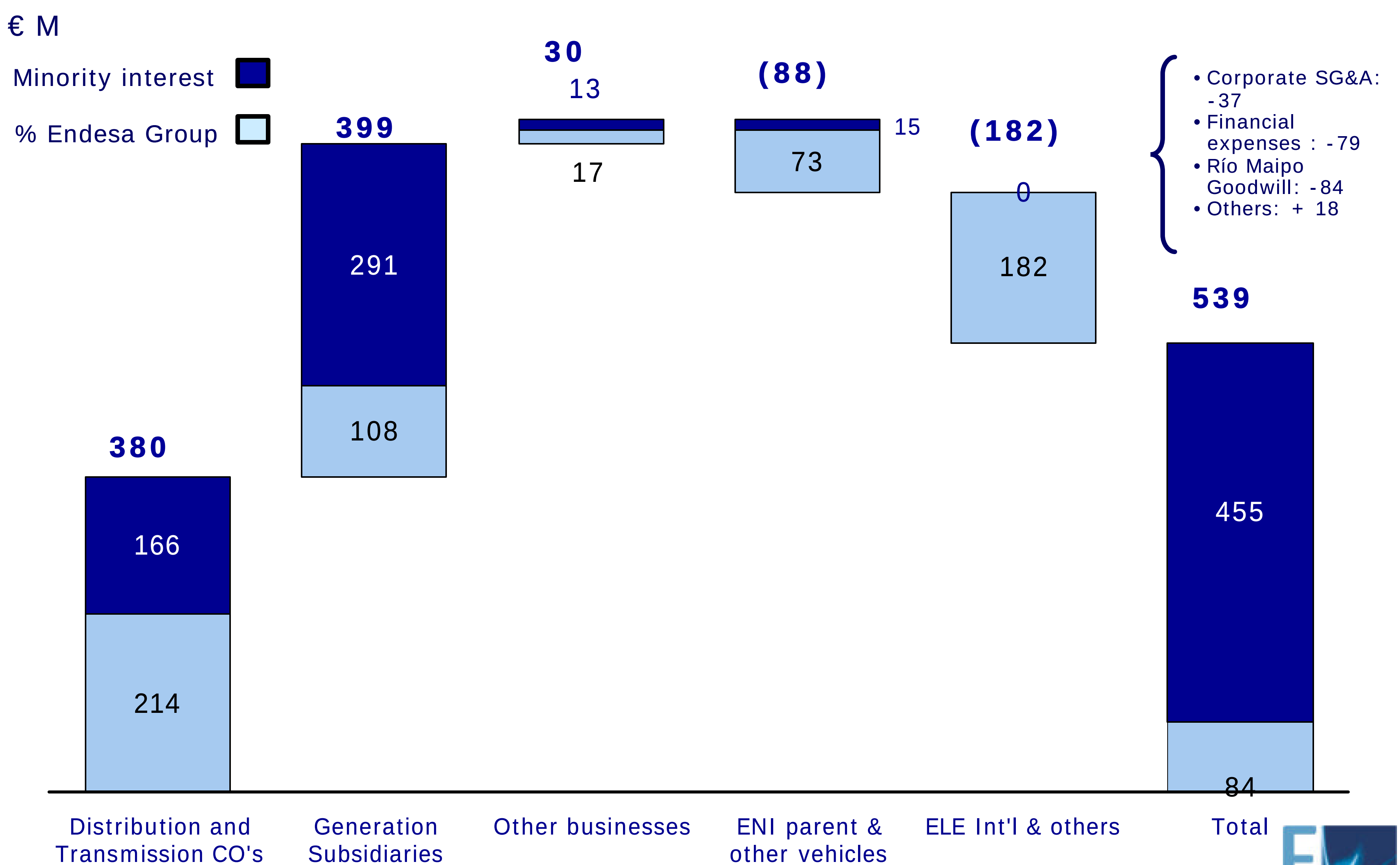
Net Income



- Net financial results significantly improved thanks to positive FX gains

- Net Income not fully reflecting recovery of Ordinary Income due to conservative provisions and minorities

Income after Taxes and before Minority Interests



Figures under Spanish GAAP

Enersis Financial Strengthening

Targets Achieved

Successful US$ 2.1 bn capital increase:

- US$ 1.25 bn: Intercompany loan capitalization
- US$ 0.9 bn: cash from minorities

Endesa's final stake in Enersis 60.62%

Divestment Plan completed (US$ 760 M)

- Distribution valuation: US$700/customer
- Hydro valuation: US$ 1,000/KW

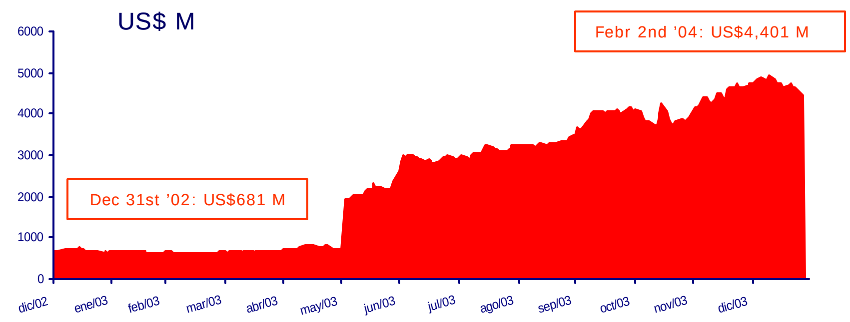
Enersis and Endesa Chile bond issues:

- Enersis: US$350 M yankee bonds
- Endesa: US$ 600 yankee and US$208 chilean bonds

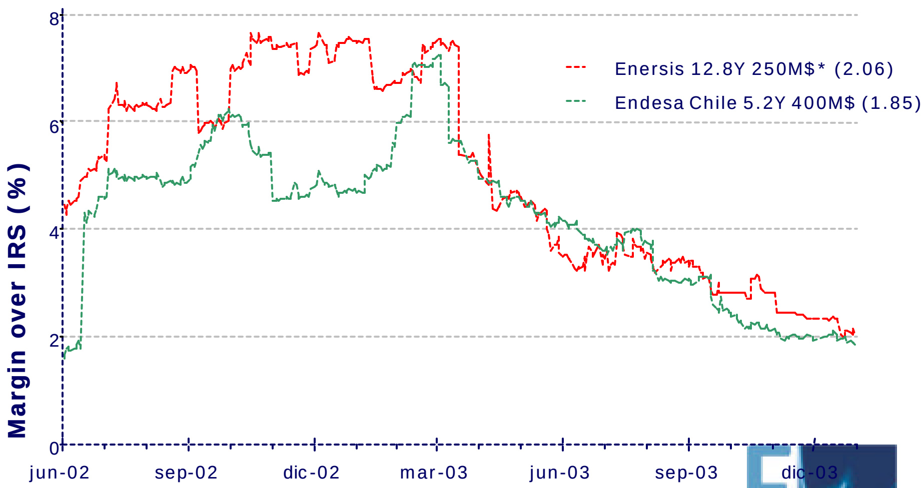
US$ 2.3 bn non-recourse debt refinanced

Positive impact on market sentiment

Enersis' market capitalization in 2003



Enersis debt spreads



Key Points on Electricity Regulation in Latin America - 2003

BRAZIL

- COELCE 4-year tariff review: +31.8% first year, inflation –X annual review
- CERJ 5-year tariff review: +15.5% first year, inflation – X annual review
- New Model for the Electricity Industry: Preliminary Discussions and First Draft

COLOMBIA

- CODENSA 5-year tariff review: +19.6% first year + inflation annual review

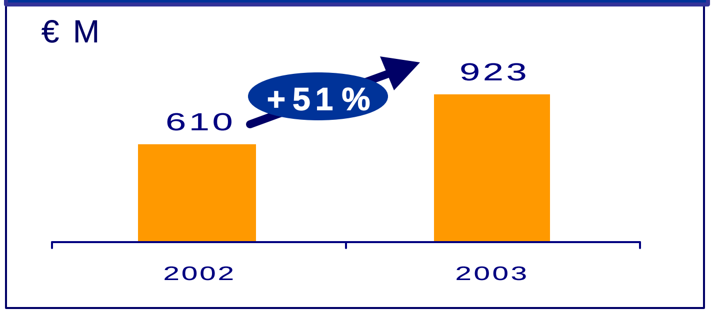
CIEN - COPEL

- Settlement in December 2003.

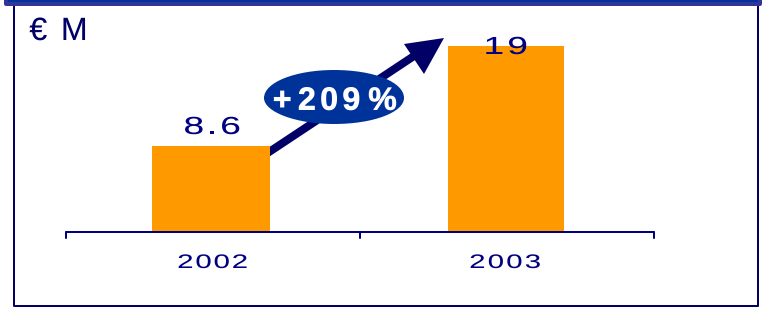
Telecoms: Strong Performance In 2003 In Line With Plan

Equity Income from Telecoms improved by € 163 M

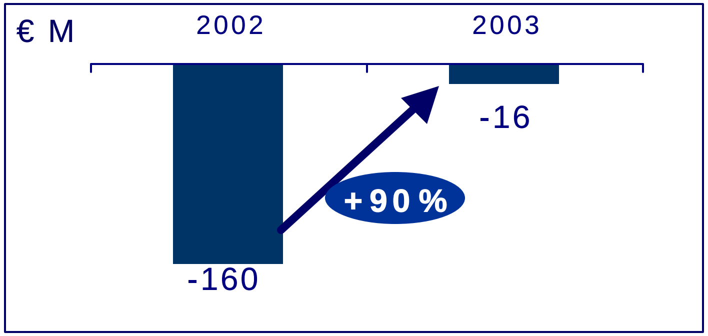
AUNA 2003 EBITDA



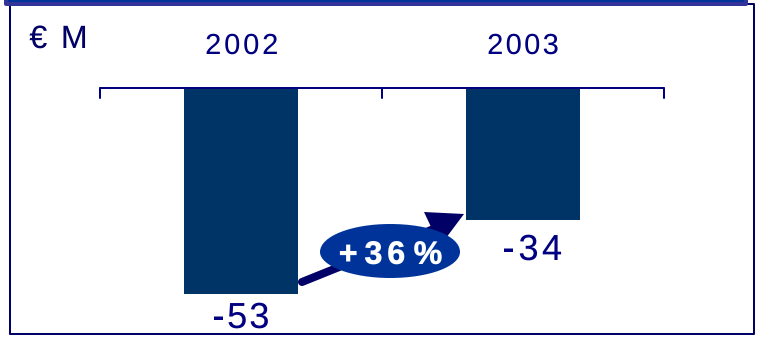
SMARTCOM 2003 EBITDA



AUNA 2003 INCOME CONTRIBUTION



SMARTCOM 2003 INCOME CONTRIBUTION



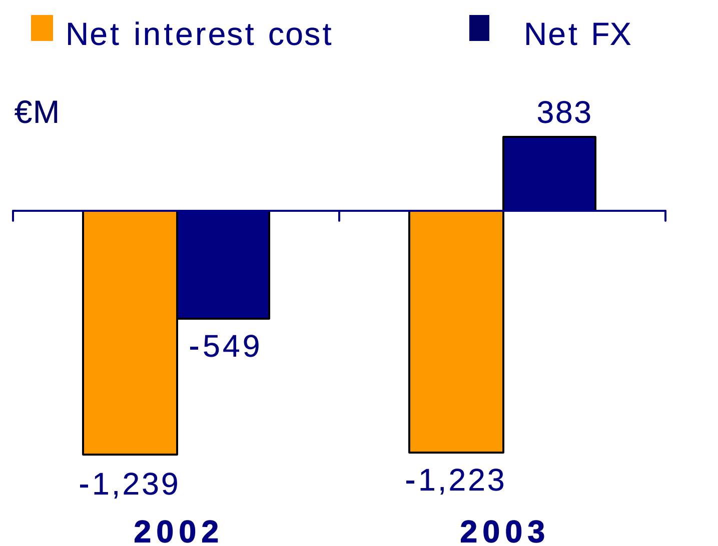
- 8.2 M mobile customers (+26%)
- 0.64 M cable customers (+26%)

- 1.17 M customers (+24%)

Strong Recovery Of Financial Results

Complete turnaround of FX impact

Financial Results

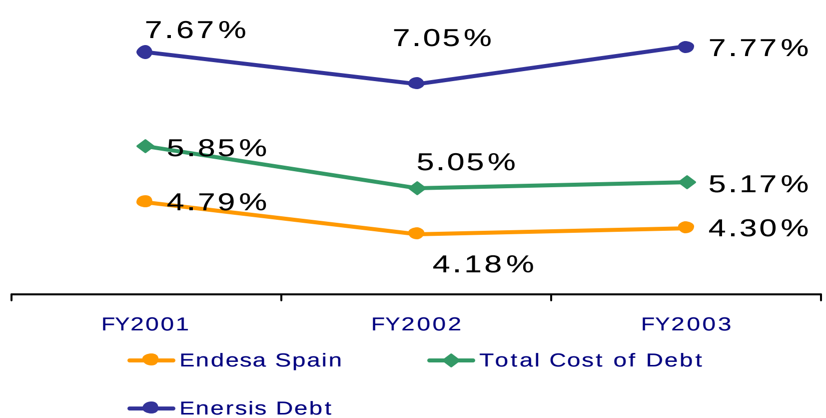


FX gains mainly due to:

- US$ denominated debt cancelled (€108 M)
- Arg$/US$ 14% appreciation (€76M)
- Further provisions to keep Argentina at zero

Stable net interest cost after lower debt and stable cost of debt

Cost of Debt



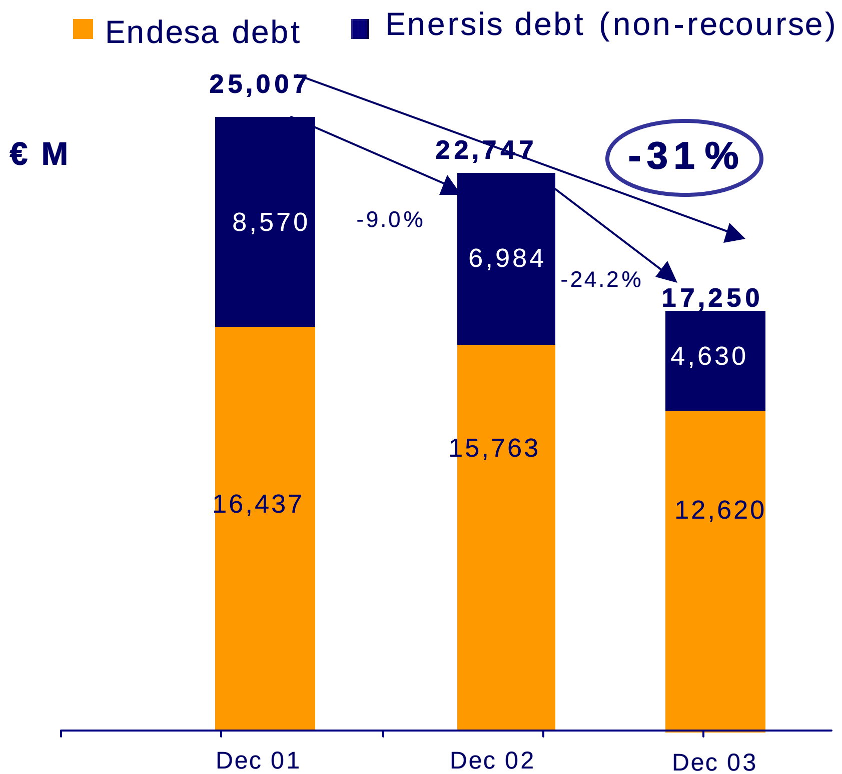
Average cost of debt has slightly increased to 5.17% due to:

- Extension of average debt maturity
- Higher weight of fixed and hedged debt

Successful Debt And Leverage Reduction

28% reduction in debt since Strategic Plan 02-06 was launched

Net Consolidated Financial Debt



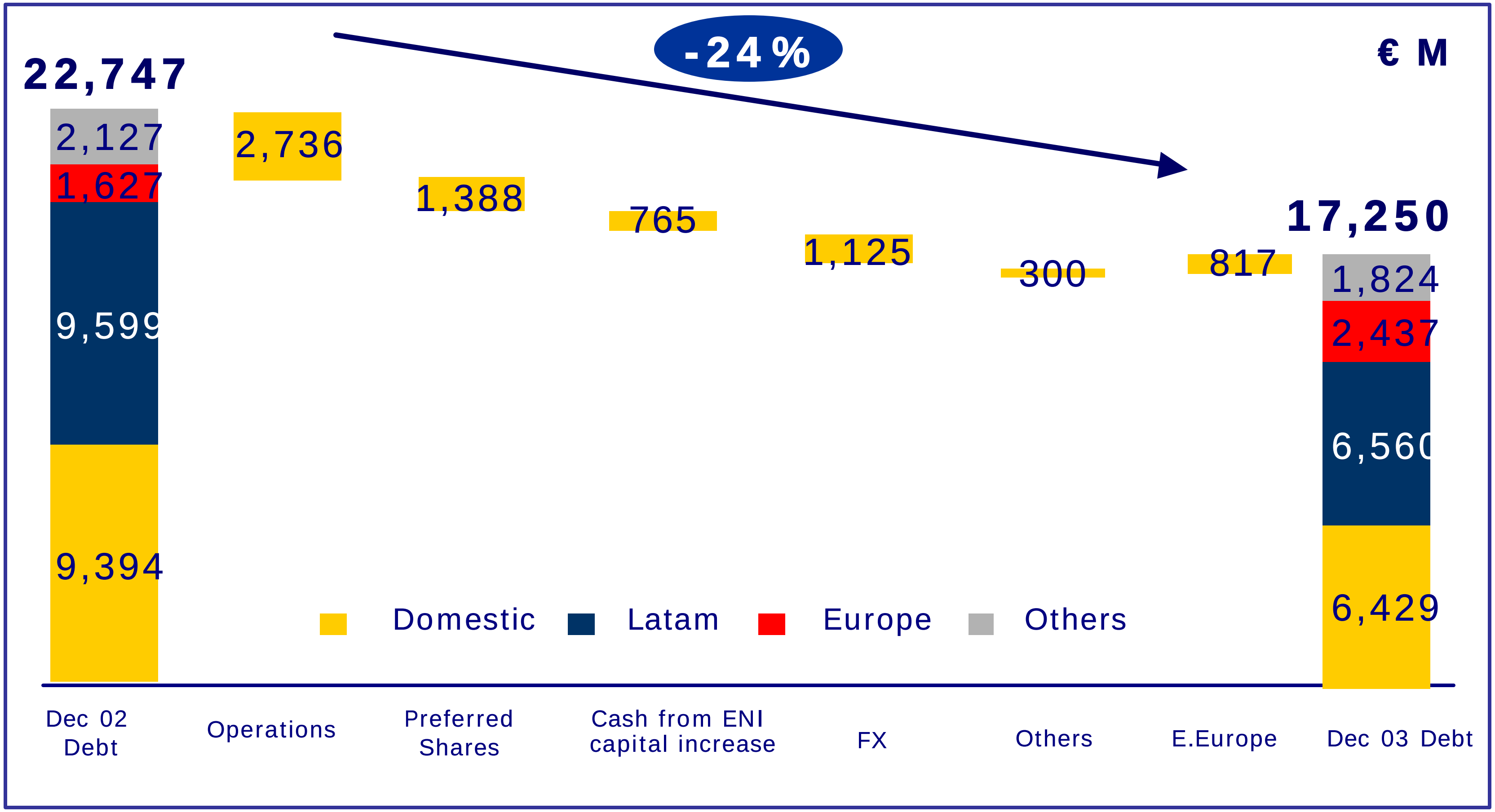
	Dec 01	Dec 02	Dec 03
Leverage	2.01	2.03	1.25 (1)

(1) 1.53x including Preferred Shares

- €1,500 M Preferred Securities issued by a 100% owned Endesa subsidiary
- 2003 debt includes € 817 M call option for 34% Endesa Italia
- Self-financing policy in all businesses
- Leverage below average of US & European utilities

Significant improvement resulting in a solid financial structure

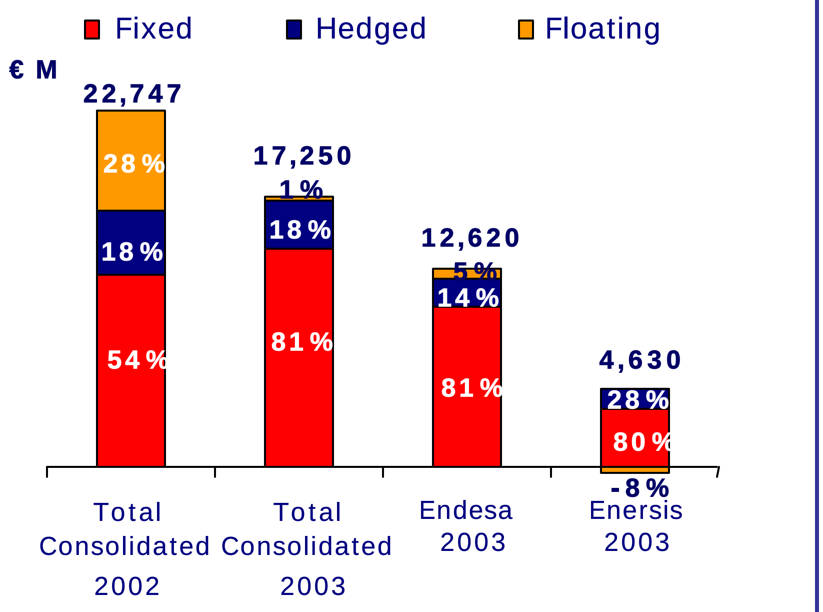
Lower Consolidated Debt Driven by Higher Cash Surplus and FX



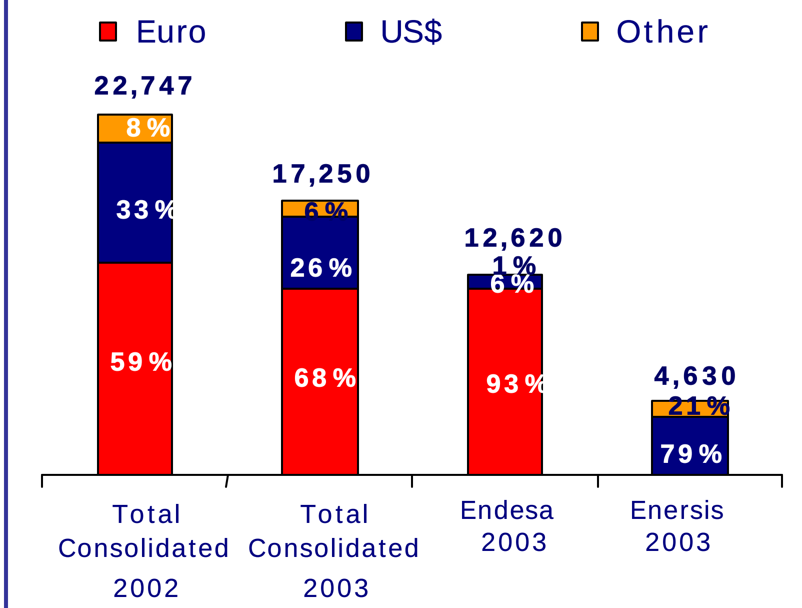
- Debt was reduced in Domestic and Latin American business by 32% and 32% respectively
- Debt increased in Europe after changes to consolidated group

Debt: Proactive Management Of Financial Risk

Breakdown by interest rate



Breakdown by currency



- Average life of debt extended to 5.30 from 4.60 years
- Domestic debt mainly in Euro
- Latam debt high hedging of interest and FX risk: Generation (US$) and Distribution (local currency)

€4.8 bn liquidity exceeds debt maturities in next 2 years

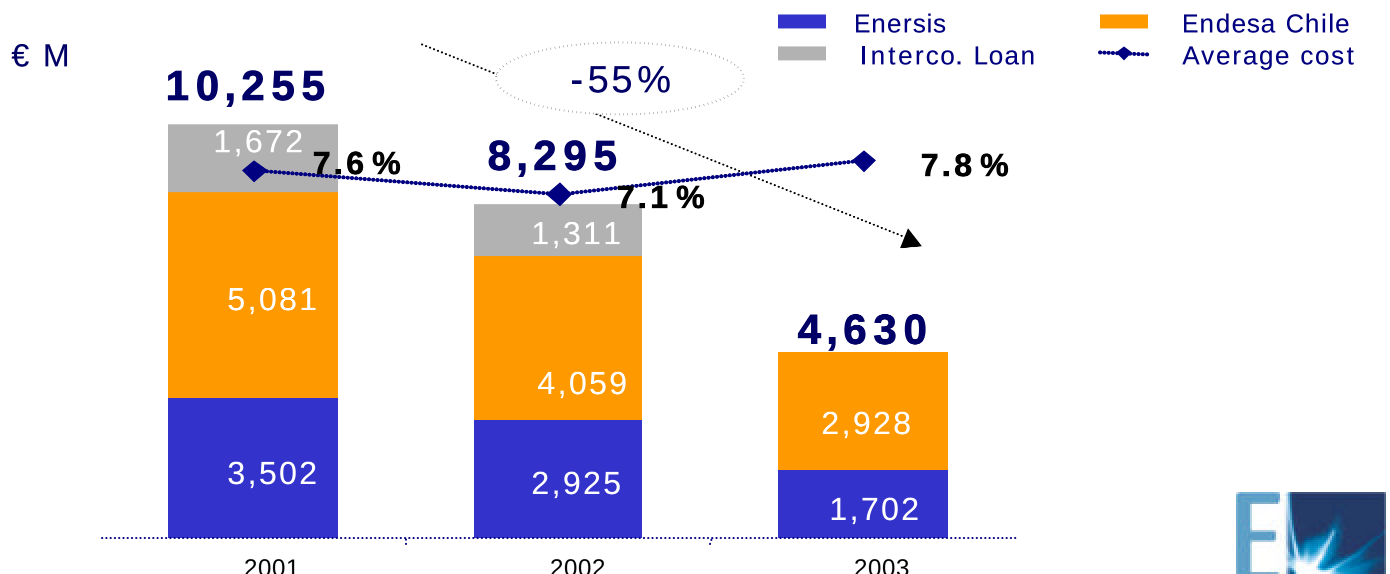
Enersis Financial Strengthening:
Enersis: Bank Debt Refinanced

- May-03: Enersis and Endesa de Chile US$ 2.33 bn debt refinanced (Jumbo II)
- 2H03: New financing transactions:

	Amount	Maturity
• 2 Yankee bonds (EOC):	US$ 600 M	10-12 years
• Yankee bond (ENI):	US$ 350 M	10 years
• 2 local bonds (EOC):	US$ 208 M	7-25 years
• Syndicated loan (ENI):	US$ 500 M	3.75 years
Total	US$ 1,658 M	

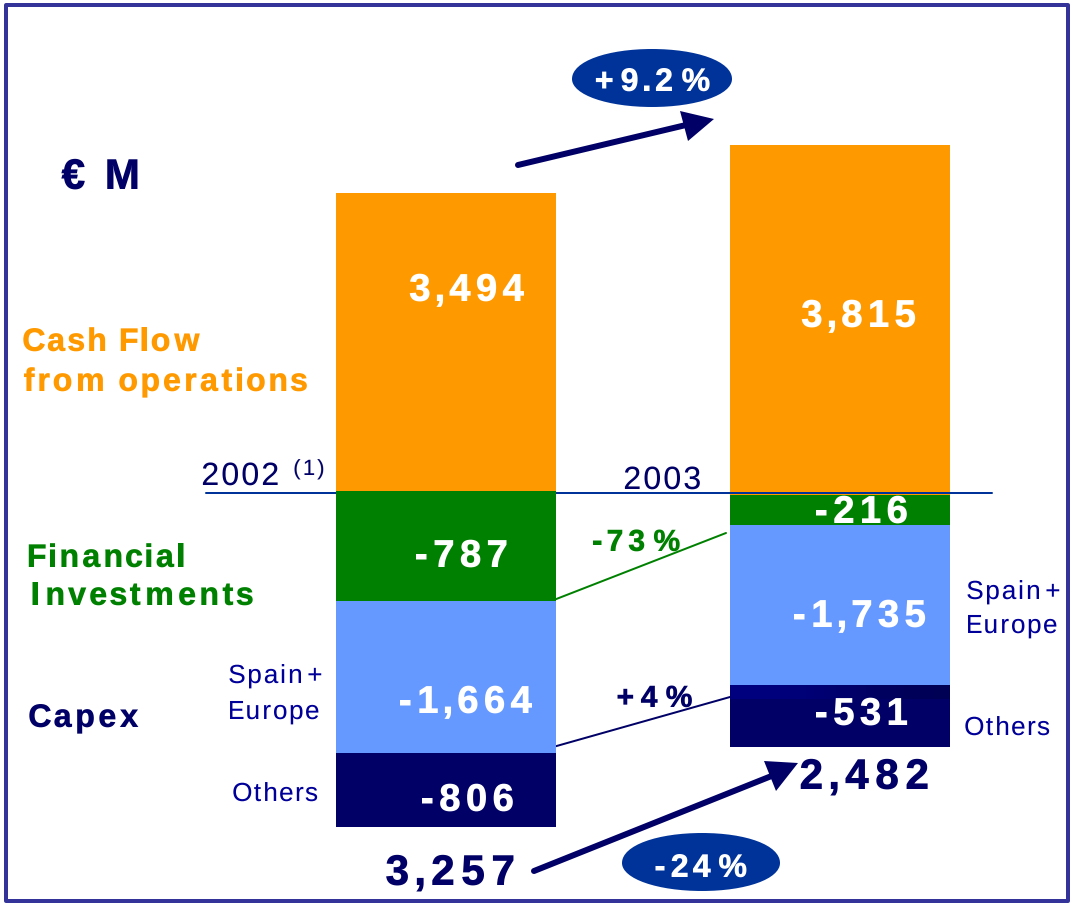
- Enersis Jumbo II 100% pre-paid
- Endesa Chile Jumbo II 62% pre-paid

Enersis Debt Evolution 1999 -2003



Higher Cash Flow / Investment Coverage

Cash position improved due to lower investments

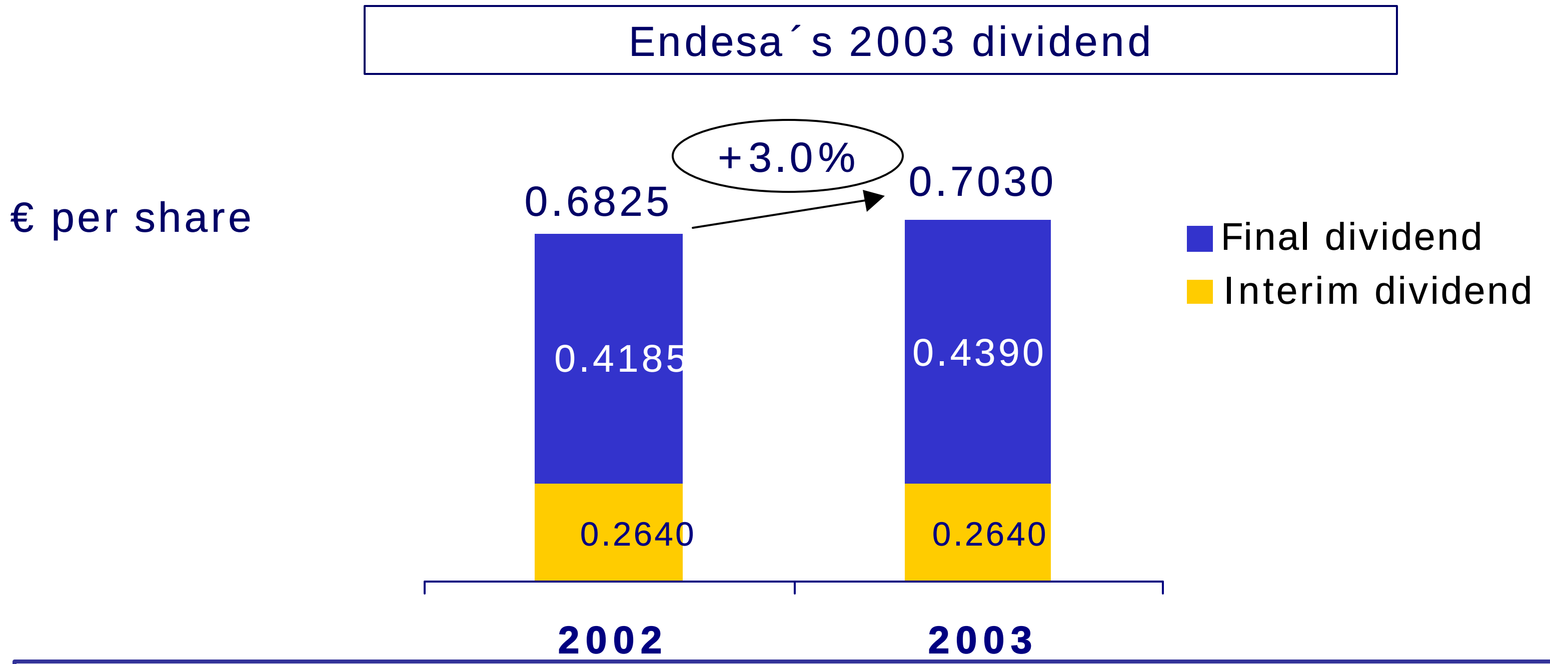


- €3,815 M cash flow covered €2,482 M investments, €866 M dividend payments and €457 M provisions payments
- Capex increased in Spain + Europe by 4%, focused on growth
- Total investment reduced by 24%
- Financial investments –73%

2003 Investments: aligned with Strategic Priorities

(1) CF and Financial Investments excluding tariff deficit revenues in 2002

Announcement of 2003 Dividend



- The Board of Directors has submitted for approval in the AGM a total dividend against 2003 of €0.7030 per share, a 3% increase over 2002.
- Final dividend up to €0.439 per share, +4.9%. To be paid on July 1st, 2004.
- 2003 Pay-out at 56.7%

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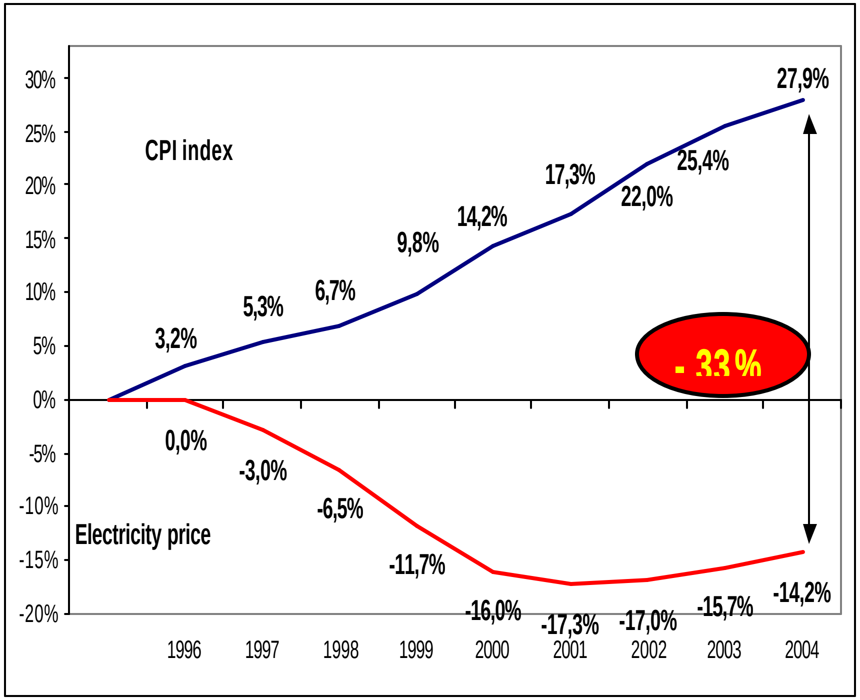
2. Outlook for 2004 and Strategy Review

Spain: 2004 Tariff Confirms Change in Trend

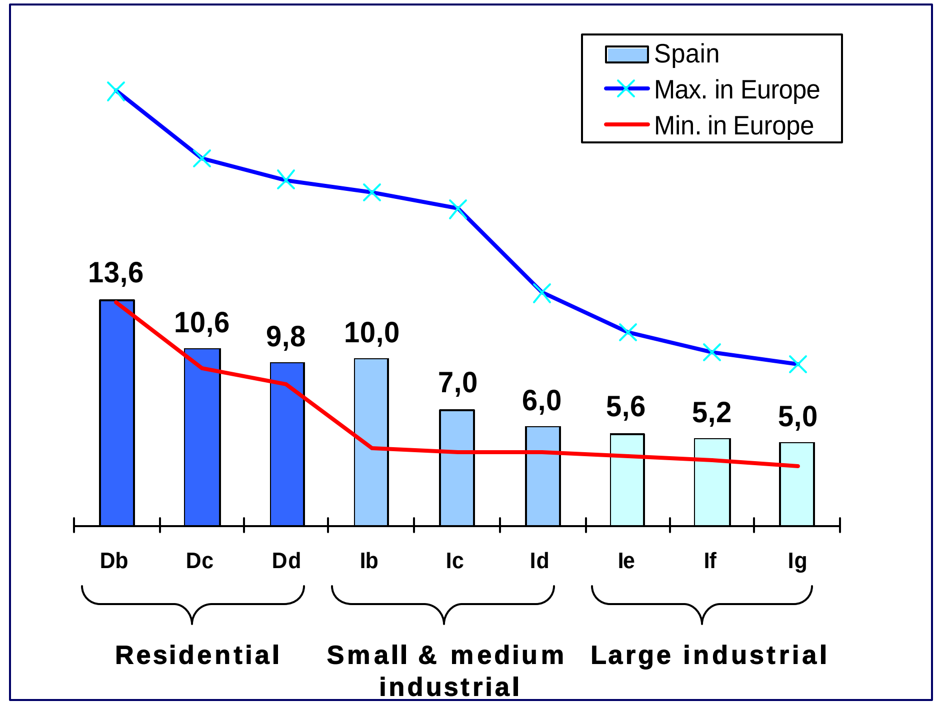
Price evolution in Spain



Competitive prices within the EU

EU electricity prices as of July 2003

Source: Eurostat (Eur/100kWh)



Despite moderate price increases in 2003 and 2004, Spanish electricity prices remain among the lowest in Europe

Spain: New Regulation for the Islands Approved

R.D. 1747/2003 approved in December 19th 2003

Main aspects

• Backdated to 2001

• Pass-through of fuel costs with 6- monthly reviews

• Maintenance of single tariff throughout the country

• Current Generation assets to be remunerated as a regulated activity.

• Contracts for the construction of new capacity to be auctioned with fixed terms and conditions

•Same remuneration scheme for transmission and distribution as mainland Spain

Higher visibility in 15% of Endesa's domestic business

Reduced uncertainty

Previous years compensation claims recognised, but still pending payment

European Framework: Burden Sharing Agreement

Calendar set by European Emissions Trading Directive

<u>December 2003</u>
- Transposition of Directive into national law (1)
- European Commission Guidelines on National Allocation Plans (NAP) (2)

2003 | 2004 | 2005-2007 | 2008-2012

<u>March 2004</u>

NAP Draft submission to EC

<u>June 2004</u>

NAP's approval by EC

<u>September 2004</u>

NAP's publication

<u>Directive's First Period</u>

"TEST PHASE"

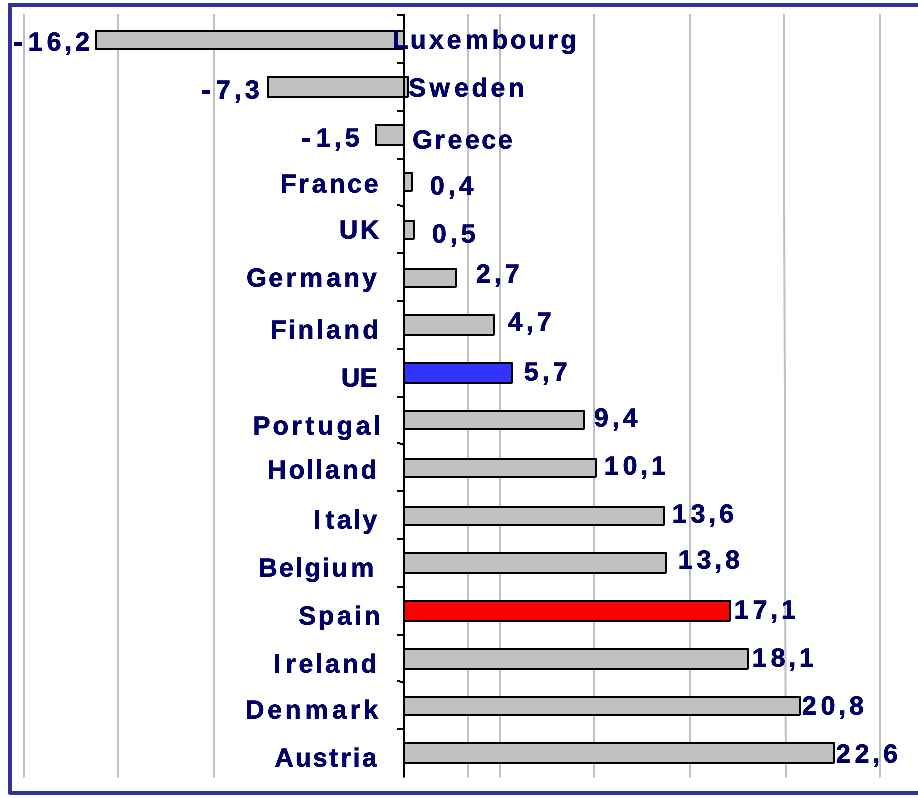
- No Member State has maximum quantitative emission commitment
- Power sector is on trend line towards achieving KP target

<u>Directive's Second Period</u>

<u>KP's First Period (once ratified)</u>

- Member States have committed to BSA goals

Distance (%) to BSA target relative to real 2001 emissions

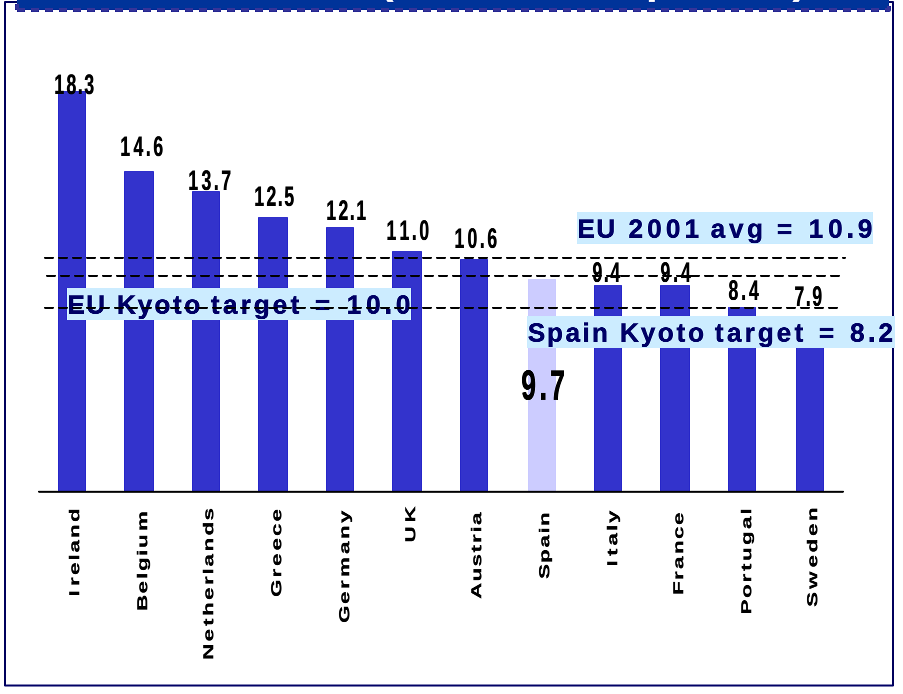


Compliance with BSA and European Directive has proven to be a challenge for most European countries, including Spain

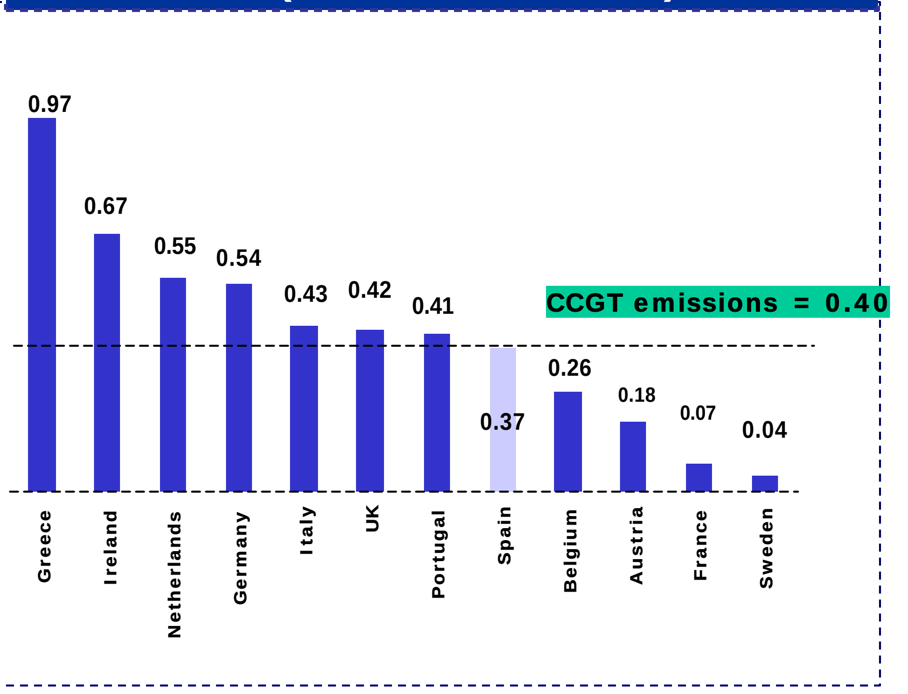
(1) So far, only Austria and UK have complied with transposition.
(2) EC's Guidelines released on 7th January 2004

Spanish Electricity Industry Likely not be Penalized by the Implementation of ETS

Level of GHG emissions by country in the UE (2001 tCO2/person)



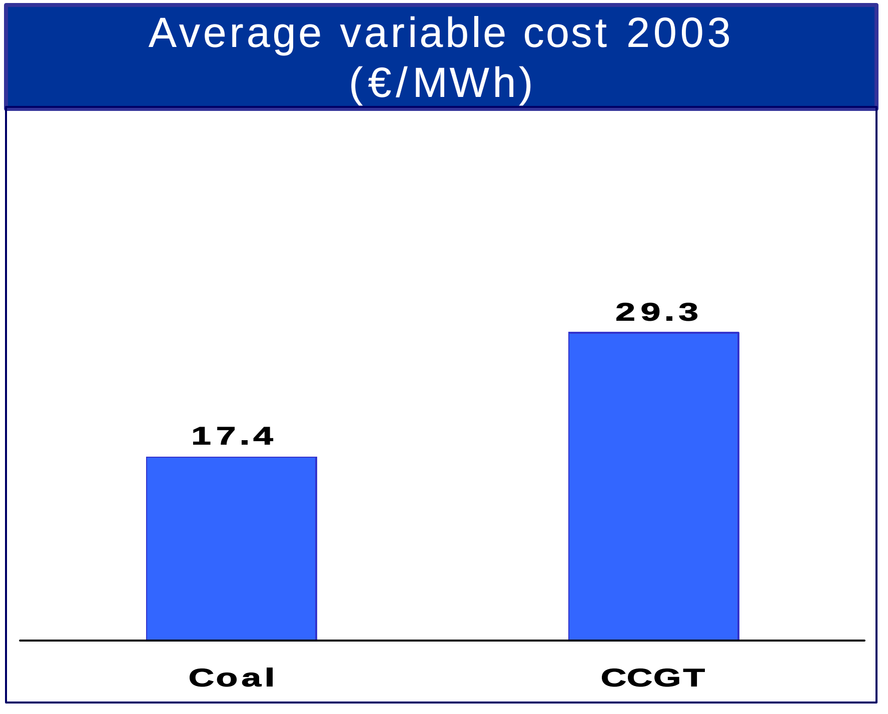
Emissions of the electricity sector (2001 t CO2/MWh)

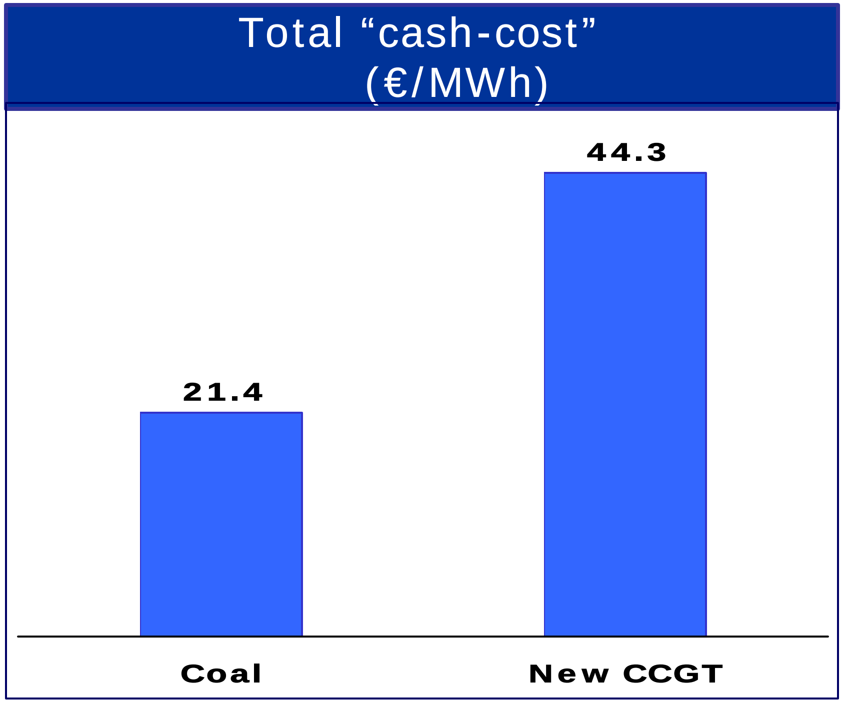


Emission levels of Spain are below the EU average and even below the EU target for Kyoto

Also, Spanish electricity sector emissions are below most EU countries and even below benchmark emissions (CCGT)

Coal Generation will Remain Competitive under Most Scenarios in the Medium Term



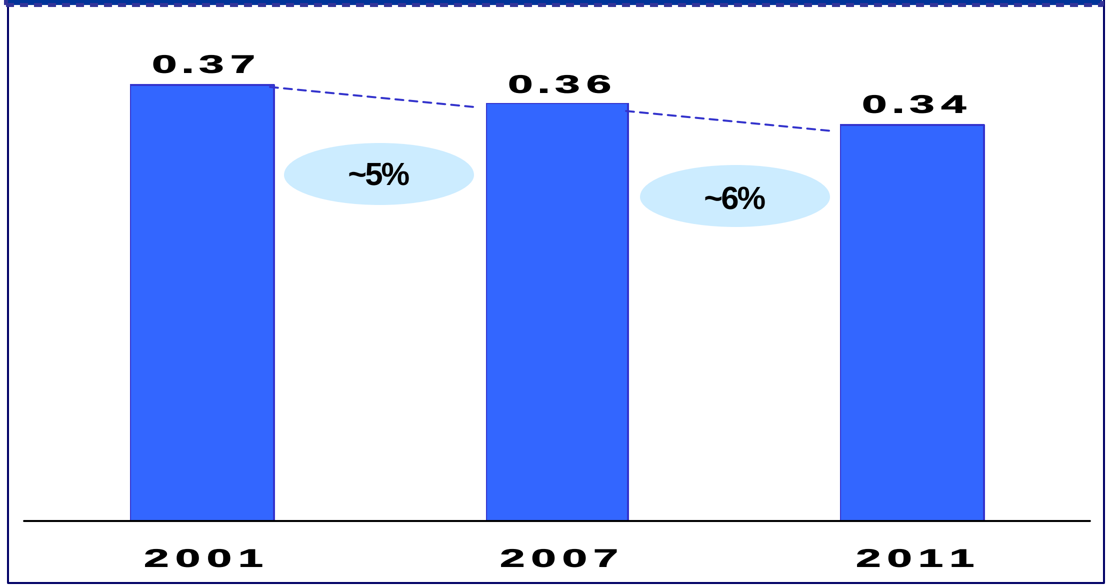


Given the difference in variable costs and in total "cash-costs", coal generation will remain competitive under most scenarios of costs of emissions

The Spanish Electricity Industry Proposal 's would Allow a Significant Reduction in GHG Emissions in the Sector

1. The electricity sector would reduce by 5% its GHG emissions by 2007, and by an additional 6% by 2011
2. Allocation of 290 M tn CO_2 emission rights in 2005-2007 coherent with trend line towards Kyoto targets.
3. Power companies offer the possibility of managing the allocated emissions through a "pooling" in the test period 2005-2007 in order to avoid undue speculation and "windfall profits"

Expected evolution of GHG emissions of the electricity sector (t CO2/MWh)



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Europe: Outlook for 2004

- **New shareholder agreement in Endesa Italia:**
  - SCH 34% voting rights in Endesa Italia transferred to Endesa Europa effective from Jan 1st 2004:
    - 817 M from minorities transferred to debt
    - 85% of Endesa Italia Net income consolidated
  - Repowering in Italy to continue with another 800MW on stream by year end 2004

- **Repositioning of Snet´s investment:**
  - Proposal to acquire an additional 35% with a new valuation
  - Limited exposure with full control of operations
  - Limited additional payments
  - Full consolidation would have a net cash contribution of €200 M in 2004

Latin America: Outlook for 2004

- Positive Impact from the **tariffs negotiated in 2003**
- Approval of **Ley Corta in Chile** provides regulatory stability to the sector
- **Chilectra:** Tariff Revision Process for 2005-2008 (due November 04)
- **Argentina** ongoing negotiations over Tariff increase
- Higher EBITDA coming from completion of **new generation capacity:**
    - Fortaleza; 310 MW CCGT Brazil in operation in Dec.2003
    - Ralco; 570 MW Hydro Chile in operation in 2004
- **Peru:** Etevensa to switch to open gas cycle and increase its EBITDA. Conversion to CCGT expected for 2006.
- **Brazil:** New Model for the Electricity Sector

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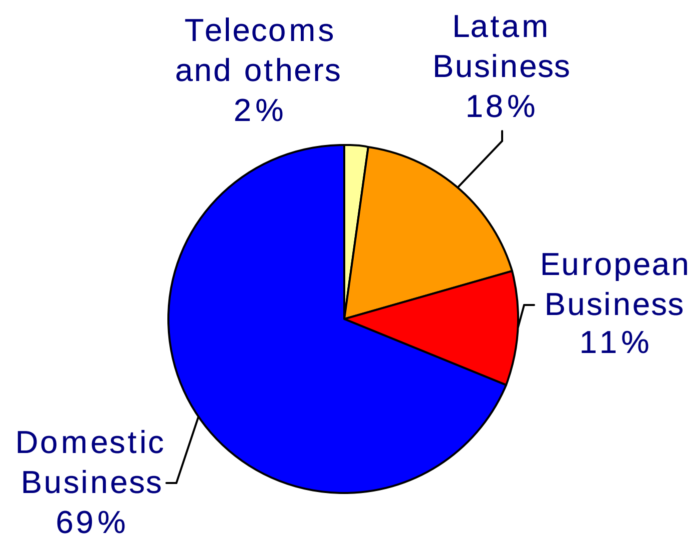
Investment Plan

€ bn

	2003	2004	2004-08
Domestic Business	**1.3**	**1.6**	**9.0**
New capacity	0.3	0.3	2.4
Renewables	0.1	0.2	1.3
Maintenance capex	0.9	1.1	5.3
European Business	**0.4**	**0.5**	**1.4**
New capacity	0.4	0.4	1.0
Maintenance capex	0.0	0.1	0.4
Latam Business	**0.5**	**0.4**	**2.4**
New capacity	0.2	0.1	0.5
Maintenance capex	0.2	0.3	1.9
Telecoms and others	**0.1**	**0.3**	**0.3**
TOTAL	**2.3**	**2.8**	**13.1**

Total Investment Plan: 13.1 Euro bn.(1)



(1) Investments net of subsidies, surrender and contributions in distribution

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Strategic Priorities

Spain and Europe	Latam	Telecom
• Address strong demand growth and environmental challenge with new capacity, both in CCGTs and renewable, maintaining balanced mix and vertical integration • Ensure best service to our customers • Exploit links between gas and electricity • Consolidate current privileged position in Mediterranean Europe	• Continue financial strengthening of Enersis to effectively manage volatility of the region • Improve profitability through regulation and efficiency management • Realise growth potential organically	• Improved results with a positive contribution from 2004 onwards • Ensure self-financing • Extract value when market conditions approach optimal level
Sustain leadership	Improve profitability with limited financial risk	Materialise value

Maintain a solid financial structure that provides flexibility to address strategic challenges and allows rating improvement

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Conclusions

- **2003: Continued achievement of strategic targets**
  - ✓ Improved Profitability
  - ✓ Financial Strengthening
  - ✓ Solid organic growth
- **Positive outlook for the future:**
  - ✓ Businesses growth to continue:
    - Focus on core business and European markets
    - Financially balanced and solid Latin American platform
    - Flexible and Sound financial position
- **Competitive remuneration to shareholders**

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 include, but are not limited to, information regarding: estimated future revenues, costs, EBITDA, earnings, leverage and other ratios, return on invested capital, return on equity and other financial targets; anticipated increases in demand and market share; implementation of cost control measures and the anticipated benefits thereof; anticipated work force levels; management strategy and goals; synergies; operational efficiencies; cost and tax savings; tariffs and pricing structure; estimated capital expenditures and other investments; expected asset disposals; estimated increases in capacity and output and changes in capacity mix; estimated increases in customers and consumption per customer; anticipated supply needs; 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 taxe.

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.

2003 Financial Results and Business Update

February 4th 2004

Member of Dow Jones Sustainability Indexes 04

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Appendix

February 2004

Highlights For Year 2003
Consolidated Results

€M	2003	2002	Change (%)
Net Revenues (1)	10,154	10,518	-3.5%
EBITDA	4,750	5,278	-10.0%
EBIT	3,144	3,582	-12.2%
Ordinary Income	2,150	1,500	+43.3%
Net Income	1,312	1,270	+3.3%
EPS	1.24	1.20	+3.3%
Cash Flow	3,815	4,285	-11.0%
Financial Debt	17,250	22,747	-24.2%
Employees	26,777	26,354	+1.6%

(1) Sales – energy purchases

Highlights For Year 2003
Consolidated Results – Breakdown By Line Of Business

€M	Domestic Electr.	Europe Electr.	LatAm Electr.	Other Businesses
Net Revenues (1)	6,277	1,191	2,539	147
EBITDA	2,824	384	1,484	58
EBIT	1,780	268	1,071	25
Ordinary Income	1,314	154	718	-36
Net Income	1,207	52	84	-31
Cash Flow	2,019	352	1,391	53
Financial Debt	7,196	1,735	7,239	1,808
Employees	13,651	1,143	11,796	187

(1) Sales – energy purchases