



Acquisition of 10% stake in Endesa, S.A.

September 26, 2006

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## Key Transaction Terms

- Market acquisition of 10% stake in **Endesa** at €32 per share, representing a total investment of €3,388 million
- Acciona to become one of the reference shareholders of Endesa
- Acquisition cost of €3,388 million financed through a bridge facility to be refinanced on a non recourse structure:
  - Non recourse debt 80%
  - Equity 20%
  - In addition Acciona has committed up to €435 million, as additional contingent equity, in order to secure the long term financing
- Cost of debt after tax 3.15%

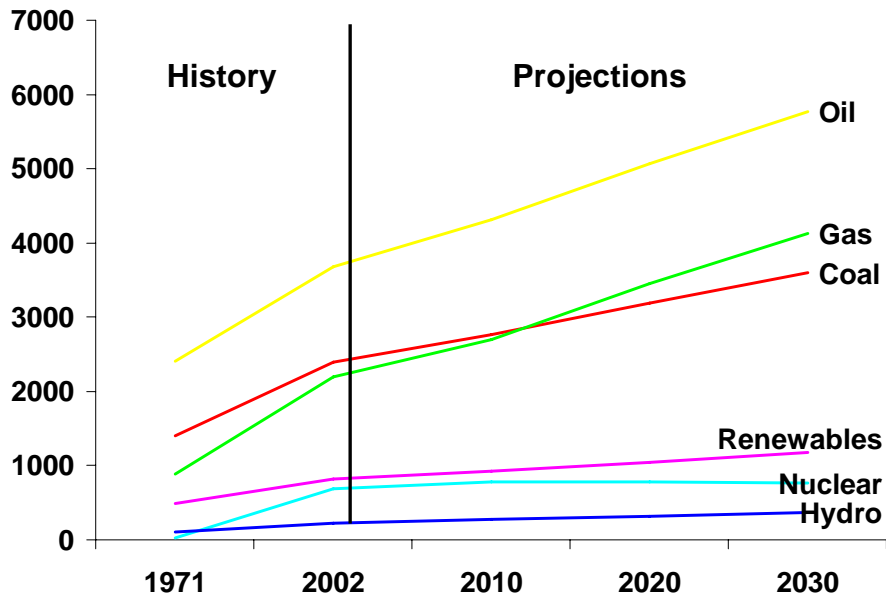
## Transaction Rationale

- Acciona: a global leader in renewable energies
- Strategic acquisition, strong commitment with energy sector
- Attractive growth prospects for global power sector
- Strong fundamentals for Spanish electricity demand and tariff increases
- **Endesa**: a global leader
- Business Plan 2005-2009: strong recurrent growth with upside potential
- Strong commitment to value creation and shareholder return- proven track record

## Attractive Growth Prospects

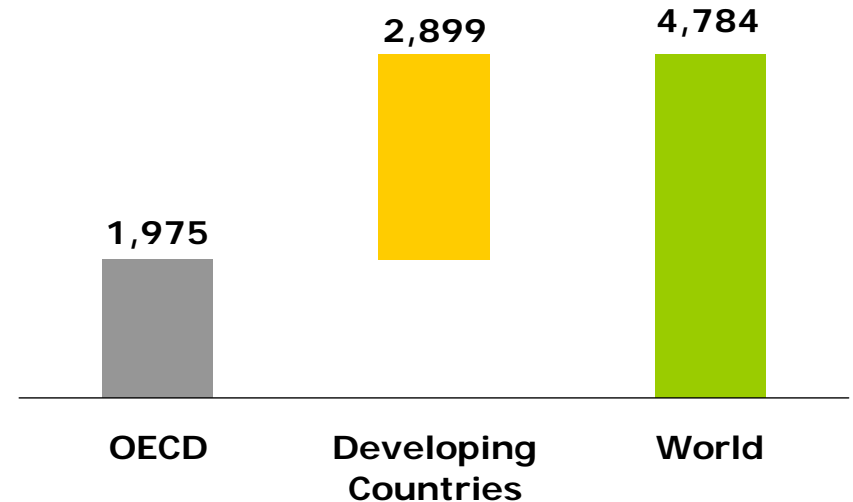
- World primary energy demand is projected to expand by 60% by 2030
- Global power sector will need 4,800 GW of new capacity by 2030 representing investments above \$9.0 trillion

World Primary Energy Demand (Mtoe)



Source: IEA World Energy Outlook 2004

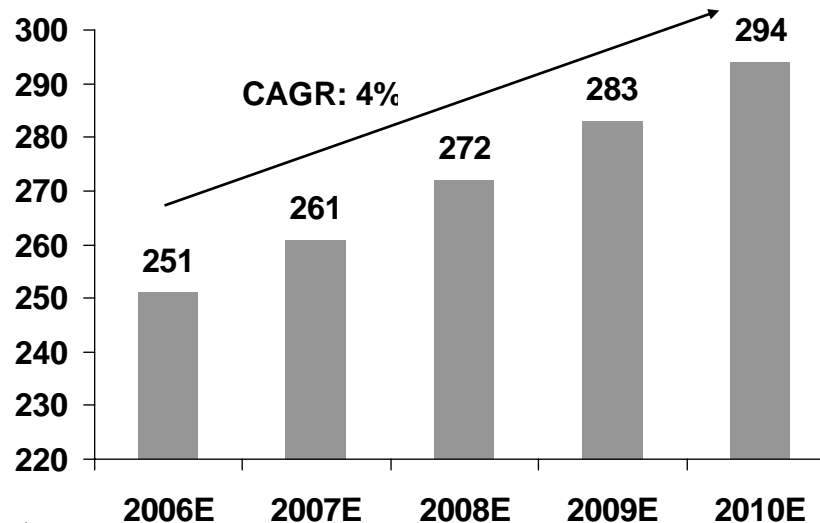
Generation Capacity (GW) 2003-2030



## Spanish Power Sector Fundamentals

- Spain is the 5th largest power market in Europe
- Electricity demand CAGR 4% forecast for 2006 - 2010
- To eliminate tariff deficit electricity prices should increase 3% - 6% CAGR in 2006 -2010
- Full tariff liberalisation by 2011

Spanish electricity market demand (TWh)



Source: Santander Investment Bolsa estimates

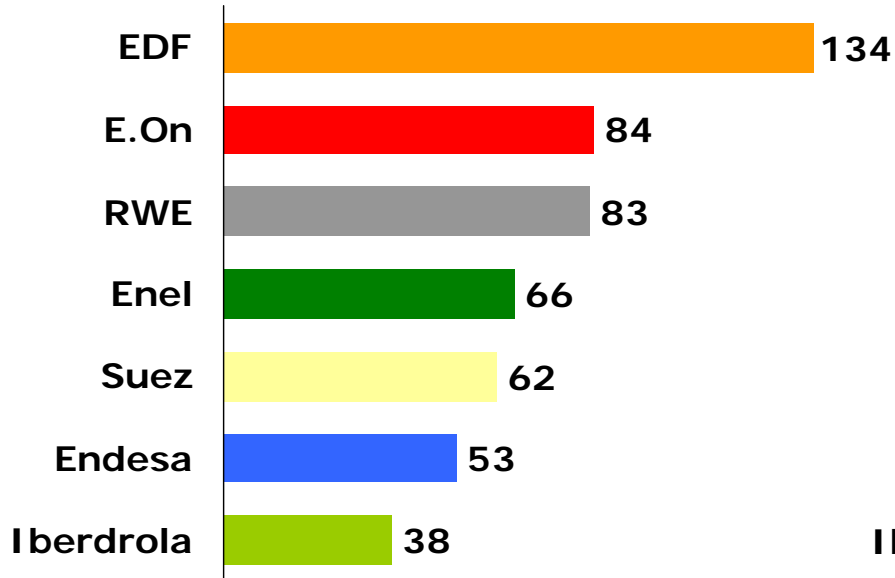
## Endesa Company Overview

- **Endesa** is a global leader in the electricity sector:
  - #1 in Spanish
  - #3 in Italian
  - #3 in French
  - #1 in Latam
  - 46GW of total installed capacity
  - 185,264 GWh produced
  - 23 million of costumers
- **Endesa** holds a privileged position in the Spanish utility market:
  - 38% share in electricity generation
  - 43% share in distribution
  - 41% share in sales to end customers
- Most competitive and efficient generation portfolio in the sector
- Diversified generation mix
- Positive cash flow generation in all businesses
- Strong commitment to value creation and shareholder return
- Business Plan 2005-2009: strong recurrent growth with upside potential

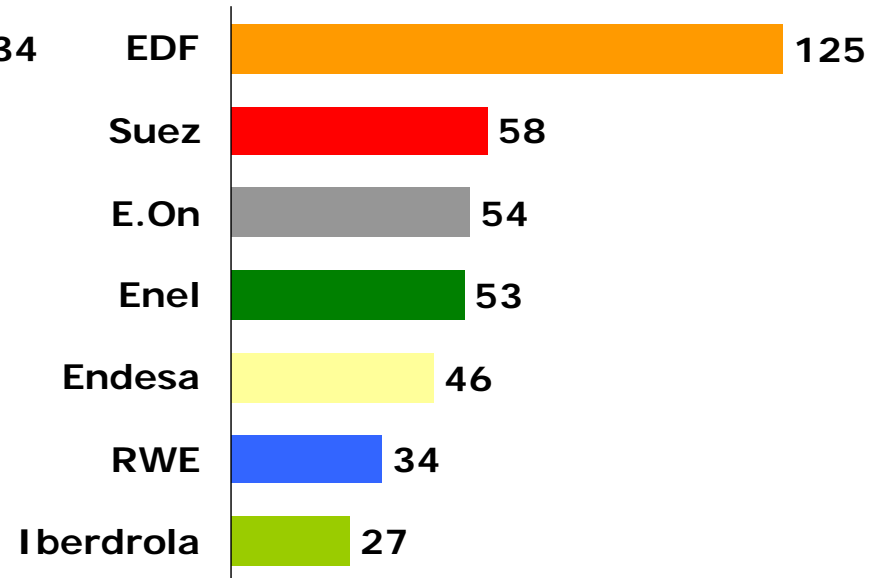


# Global Leader

## EV(€ billion)

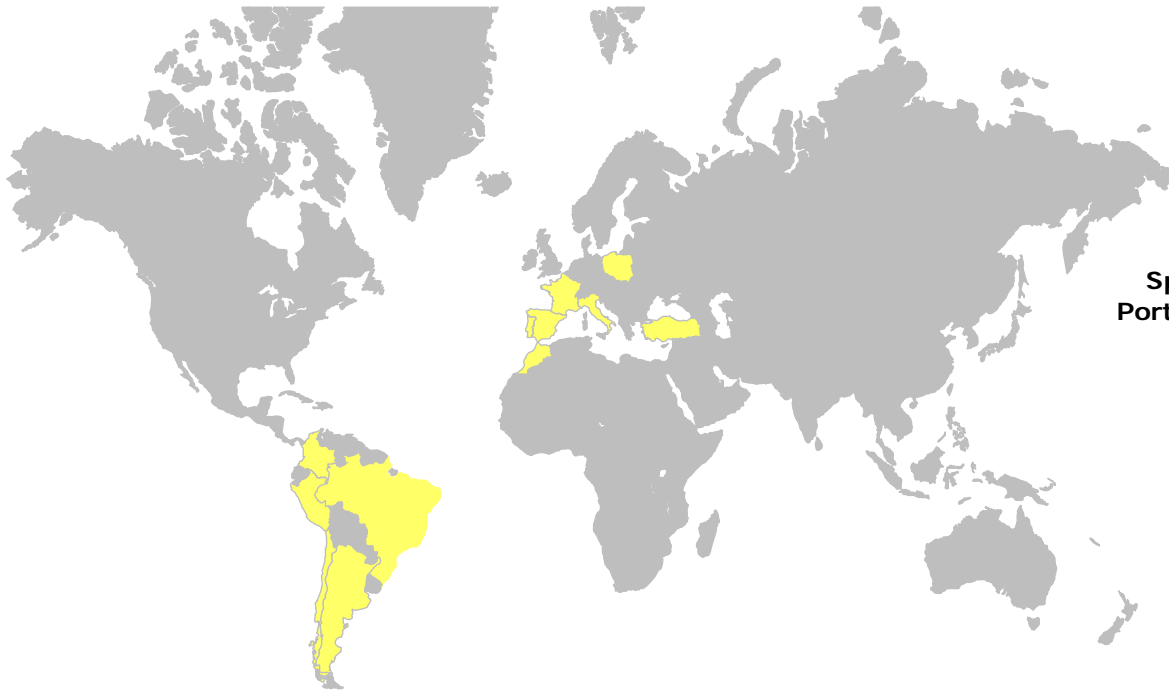


## Global installed capacity (GW)

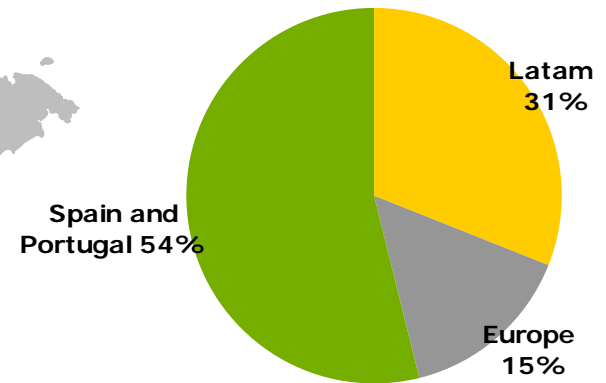


# Global Leader

## Geographic presence



## EBITDA 2005



# Endesa Company Overview

## Iberia Electricity

### Generation (Capacity)

Hydro	5,379 MW
Conventional fossil-fuel	12,632 MW
Nuclear	3,397 MW
Renewables & Co-gen	1,007 MW
<b>Total</b>	<b>22,416 MW</b>

<b>Production</b>	<b>100,868 GWh</b>
<b>Energy distr.</b>	<b>101,258 GWh</b>

**Total Customers** 12 mn

## Spain Gas

### Commercialization

12% market share  
18,558 GWh sold

### Supply

6 bcm supply contracts  
Shares in new re-gasification terminals (10bcm)

## Other Business

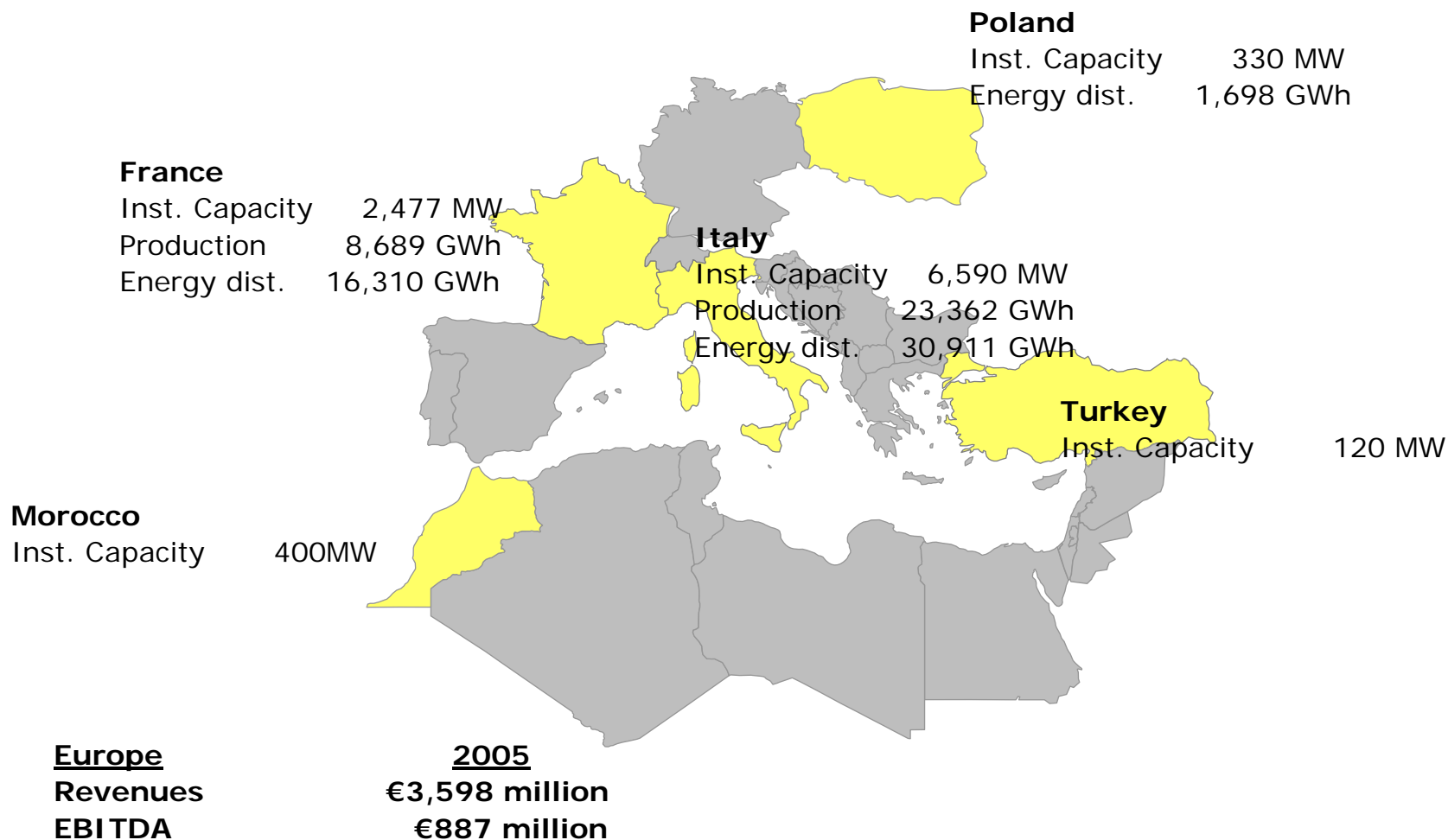
Bolonia Real Estate

**Iberia**  
**Revenues**  
**EBITDA**

**2005**  
**€8,761 million**  
**€3,266 million**

# Endesa Company Overview

## Europe



# Endesa Company Overview

## Latin America

### Colombia

Inst. Capacity 2,657 MW  
Customers 2.1 mn

### Peru

Inst. Capacity 1,429 MW  
Customers 0.9 mn

### Brazil

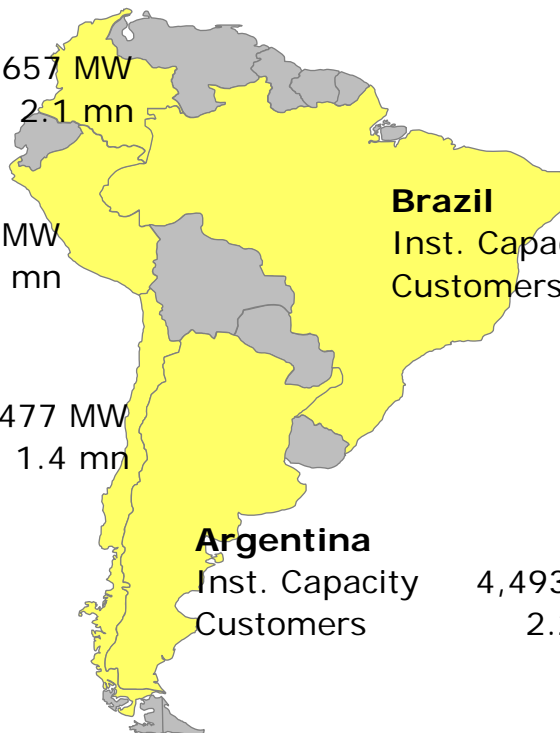
Inst. Capacity 1,039 MW  
Customers 4.6 mn

### Chile

Inst. Capacity 4,477 MW  
Customers 1.4 mn

### Argentina

Inst. Capacity 4,493 MW  
Customers 2.2 mn



### Latam

Revenues  
EBITDA

### 2005

€5,149 million  
€1,878 million

## Business Plan 2005 - 2009

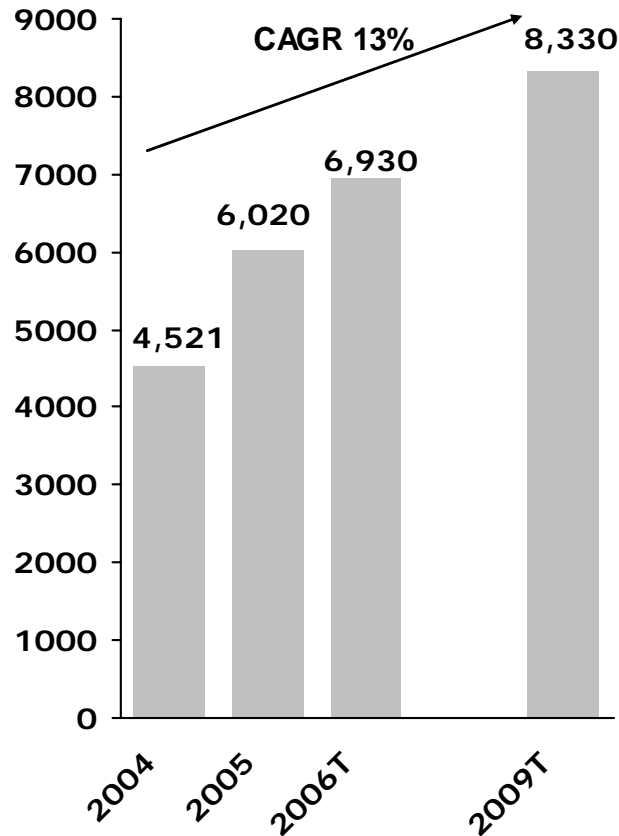
- Key financial targets:
  - EBITDA: CAGR 10-11%
  - Net Income: CAGR 12%
  - Dividend policy:
    - Ordinary 12% CAGR
    - 100% of capital gains from disposals
  - Gearing: < 1,4x
- Investment Plan of €14,600 million:
  - Spain and Portugal €10,300 million
  - Latin America €2,500 million
  - Europe €1,800 million
- Increase in generation capacity:
  - Spain and Portugal: 6,250 MWs (+28%)
  - Latin America 589 MWs (+4%)
  - Europe 1,755 MWs (+18%)

Source: Endesa 1H 2006 results management presentation

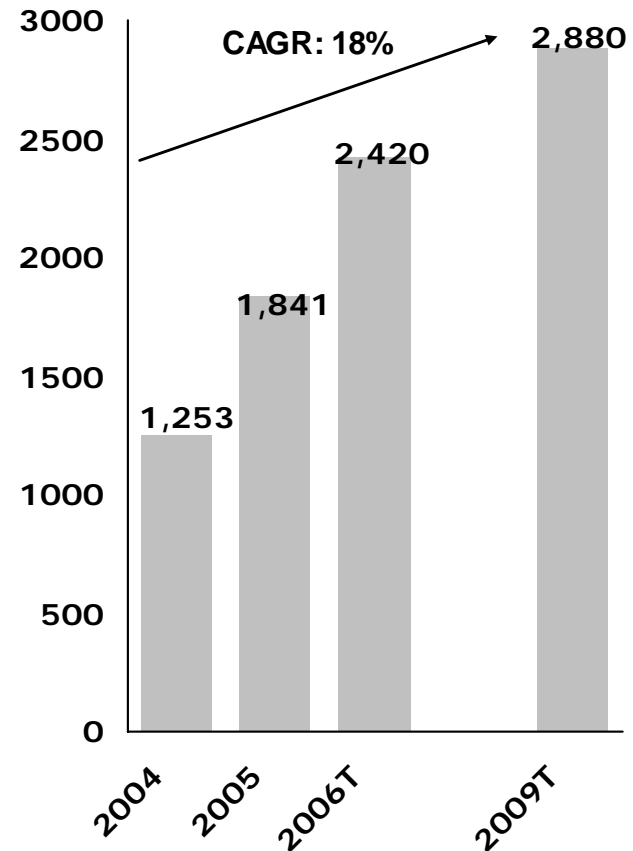
2005 Annual Report

## Business Plan 2005 - 2009

### EBITDA (€m)

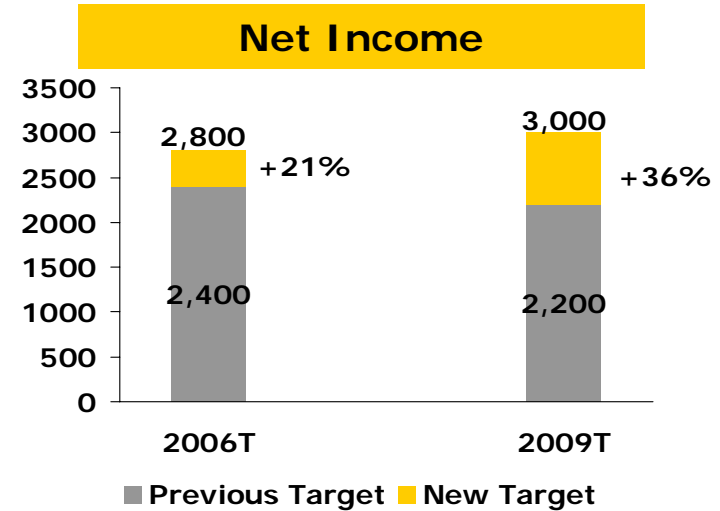
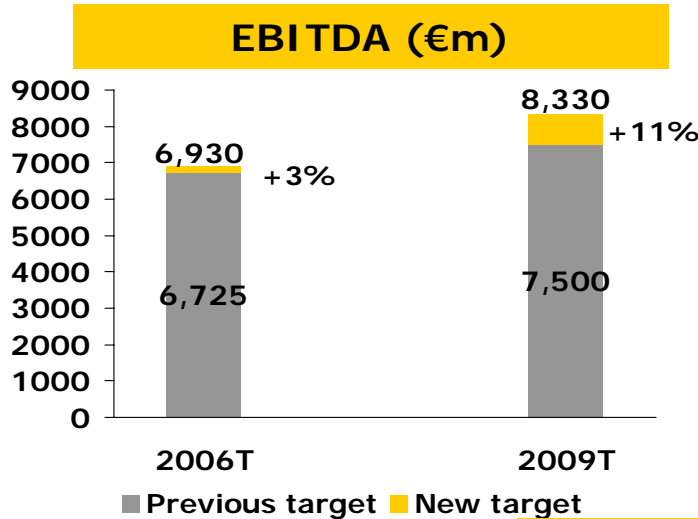


### Net Income (€m) \*

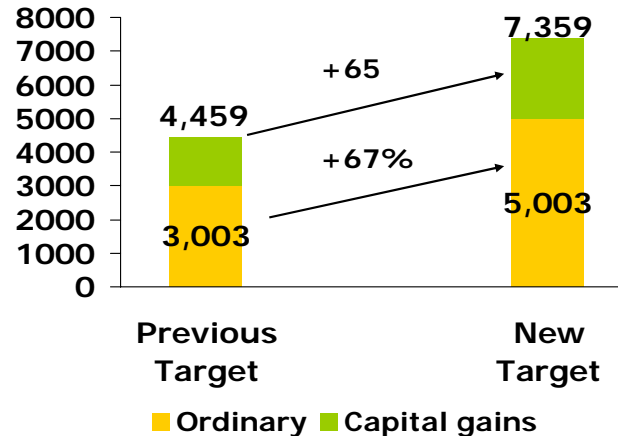


\*Excludes capital gains from asset sales: €1,341 M in 2005, €480 M in 2006, €120 M in 2009  
2006T-2009T: Endesa management targets

# New Financial Targets



## Dividend payment 06 -09\*



\*Total dividends 2005-2009: €9,900 m; 2005 dividend paid: €2,541 million  
 2006T-2009T: Endesa management targets

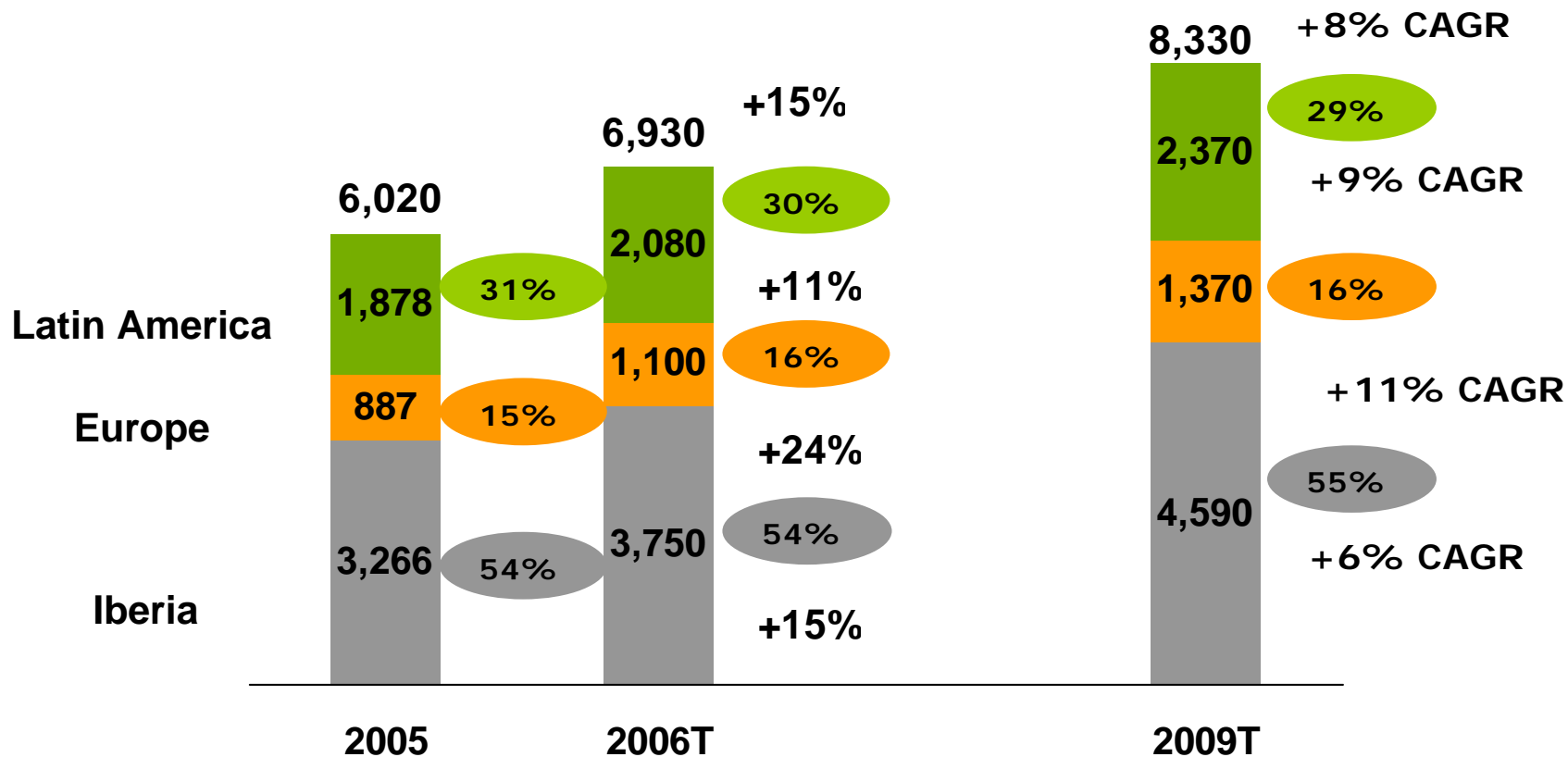


## Business Plan 2005 - 2009

- Key financial targets to be achieved through:
  - Increased activity:
    - Generation (+19%)
    - Distribution
    - Supply
  - Increased margins
  - Improved operating efficiency
    - Contribution margin
    - Cost improvement
  - Regulatory improvement

# Business Plan 2005 - 2009

## EBITDA (€m)



Source: Endesa 1H 2006 results management presentation

2005 Annual Report

2006T-2009T: Endesa management targets

## Strong Commitment to Value Creation

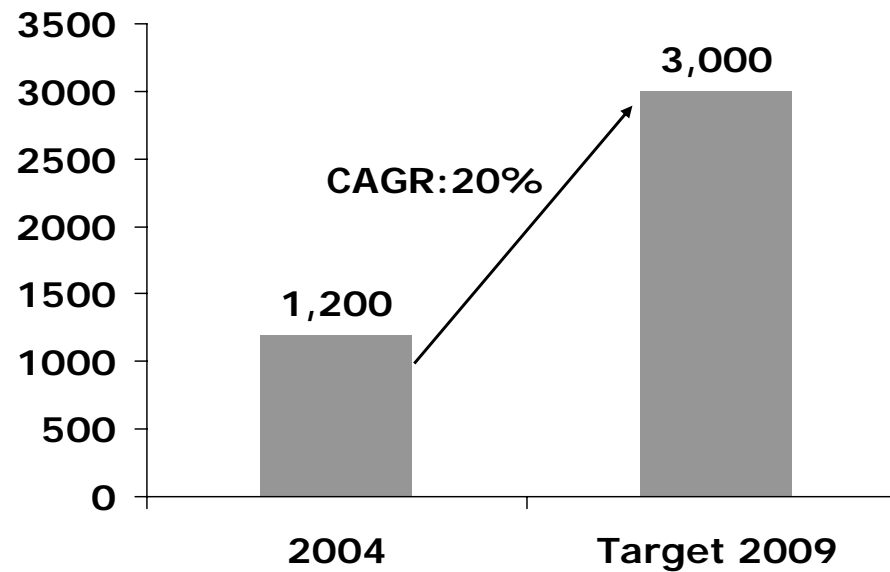
- EBITDA CAGR 10-11%
  - Net income CAGR 12%
  - Ordinary dividend growth
- + €7,000 million**
- Conservative gearing ratio < 1.4x
  - Management team highly aligned with share price performance

## Business Plan 2005 - 2009

### Endesa Growth in renewables

- 462 MW under construction
- 1,365 MW with concluded administrative proceedings
- 2,688 MW under administrative proceedings

### Endesa Spanish Renewables Plan (MW)



# Acciona Energía

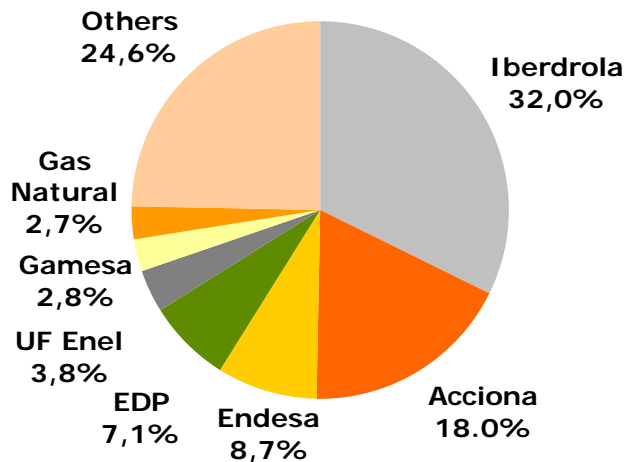
30 June 2006

(Total Installed MW)

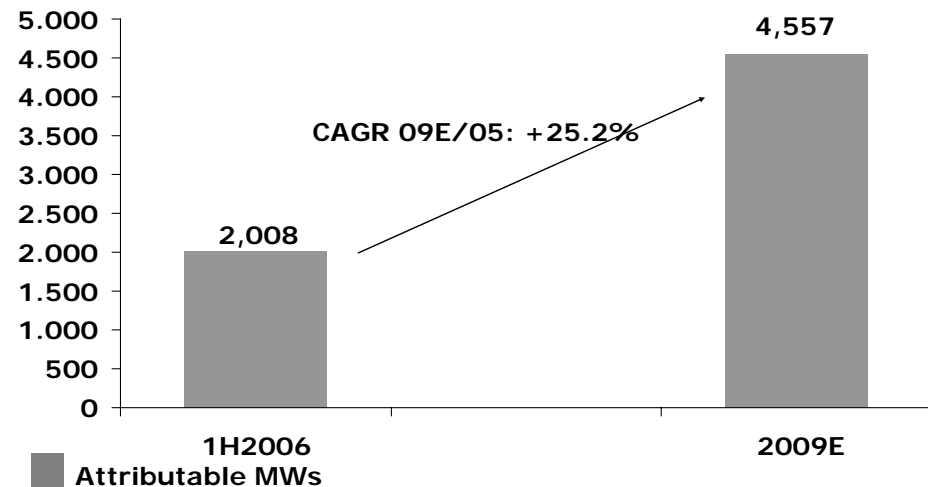
Spanish Wind Power	2,221
International Wind Power	415
<b>Total Wind Power</b>	<b>2,636</b>
Mini-hydro	59
Biomass	33
Solar	3
Cogeneration	115
<b>Total Other Energies</b>	<b>210</b>
<b>Total Energy</b>	<b>2,846</b>

P&L (€ m)	2004	2005	Δ (%)
Sales	317	531	67.5%
EBITDA	122	238	94.9%
<i>Margin</i>	38.5%	44.8%	
EBT	49	139	183.1%
<i>Margin</i>	15.5%	26.2%	

## 2005 Wind Market Share



## Acciona Wind development plan



## Transaction Rationale: Strategic Investment

- A key shareholder of **Endesa**
- Global Energy market with very attractive growth prospects
- Attractive fundamentals of Spanish electricity market:
  - Demand growth rates
  - Significant tariff increases
  - Full liberalisation by 2011
  - Strong growth in renewables
  - Increase of remuneration to distribution
- Acciona is a world leader in renewable energy
- The transaction is consistent with Acciona´s growth in the sector
- The acquisition strengthens our industrial project for the transition to a sustainable energy model

## Financial Analysis

Nº of shares	105.9 million
Price per share	€ 32
Total investment	€ 3,388
% acquired	10 %
Average cost of LT debt	4.85 %
After tax cost LT debt	3.15 %

### Implied multiples\*

#### EV/EBITDA

8.3 x

6.9 x

06T

09T

#### P/E

11.7 x

11.3 x

06T

09T

#### Yearly Div. Yield 05-09 (%)

3.7%

1.7%

5.4%

Ordinary

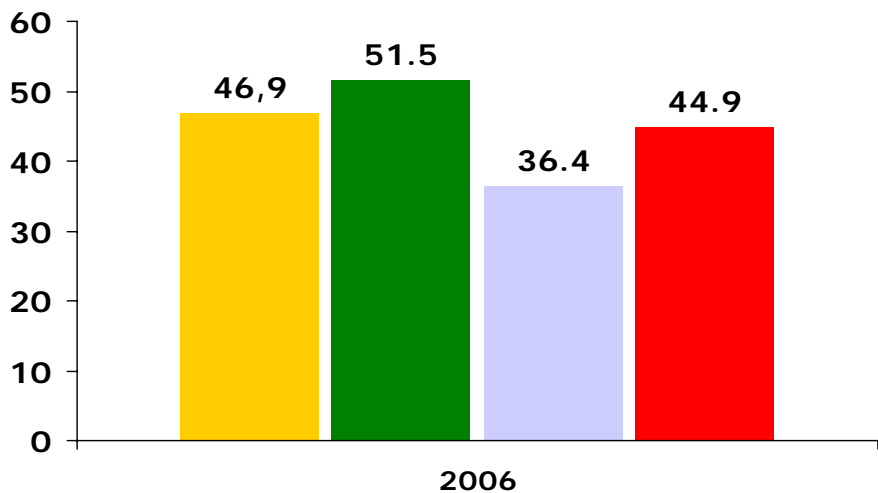
Extraordinary

Total

\* According to Endesa's business plan  
2006T-2009T: Endesa management targets

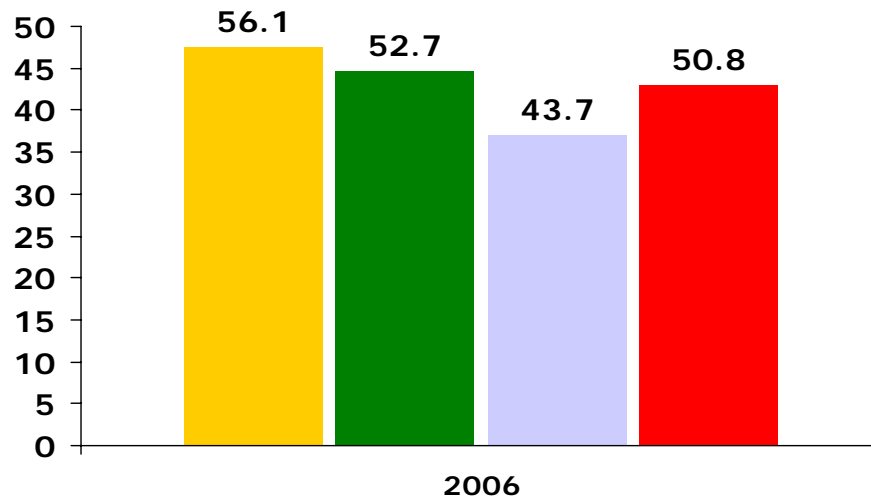
## Comparable multiples analysis in Iberian market

Implicit Endesa price in terms of EV/EBITDA



■ Union Fenosa ■ Iberdrola ■ EDP ■ Average

Implicit Endesa price in terms of P/E



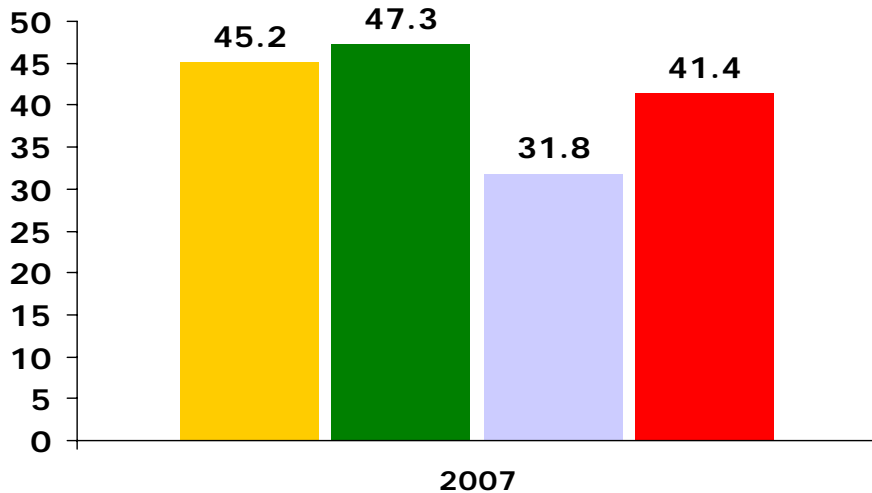
■ Union Fenosa ■ Iberdrola ■ EDP ■ Average

\*Source: Average estimates of Citigroup, UBS and Credit Suisse



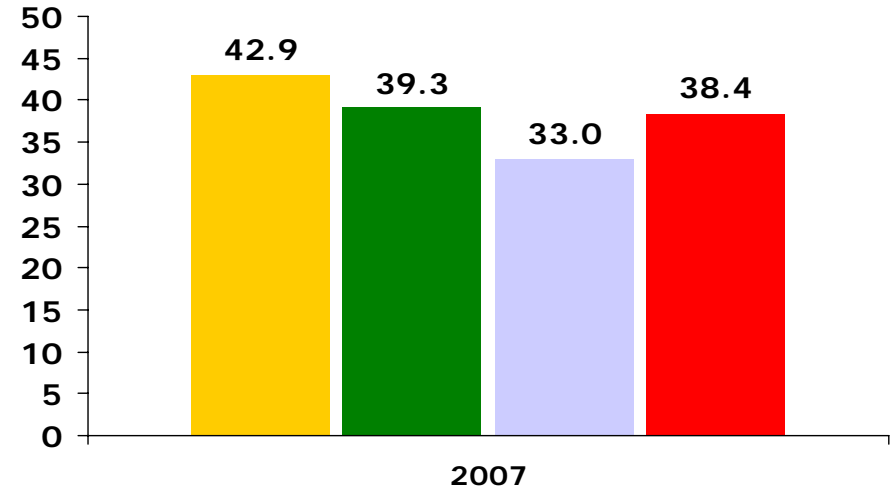
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Implicit Endesa price in terms of P/E

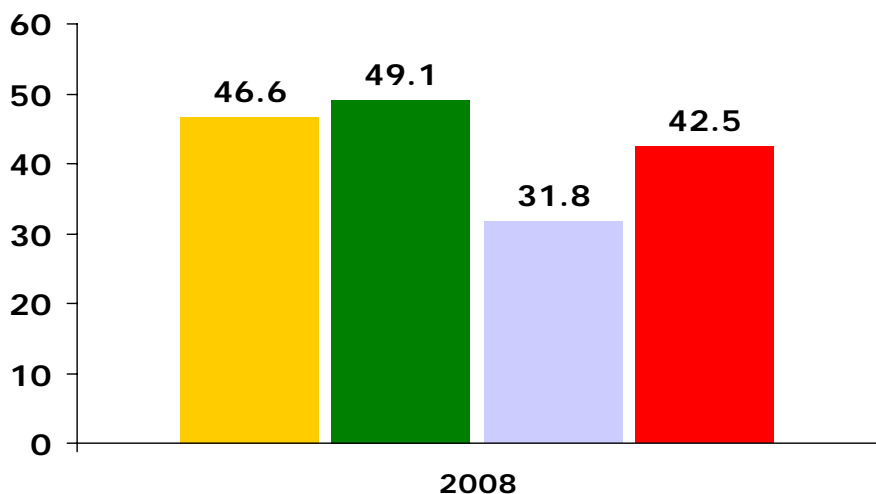


■ Union Fenosa ■ Iberdrola ■ EDP ■ Average

\*Source: Average estimates of Citigroup, UBS and Credit Suisse

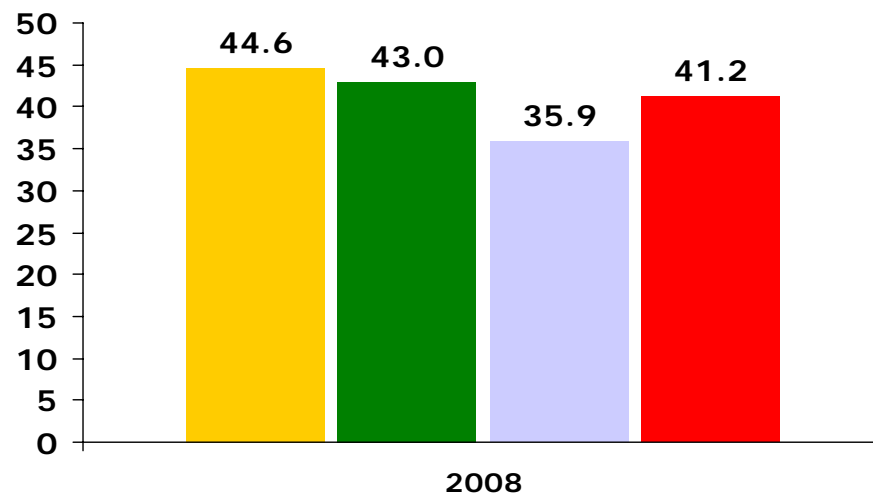
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Implicit Endesa price in terms of P/E



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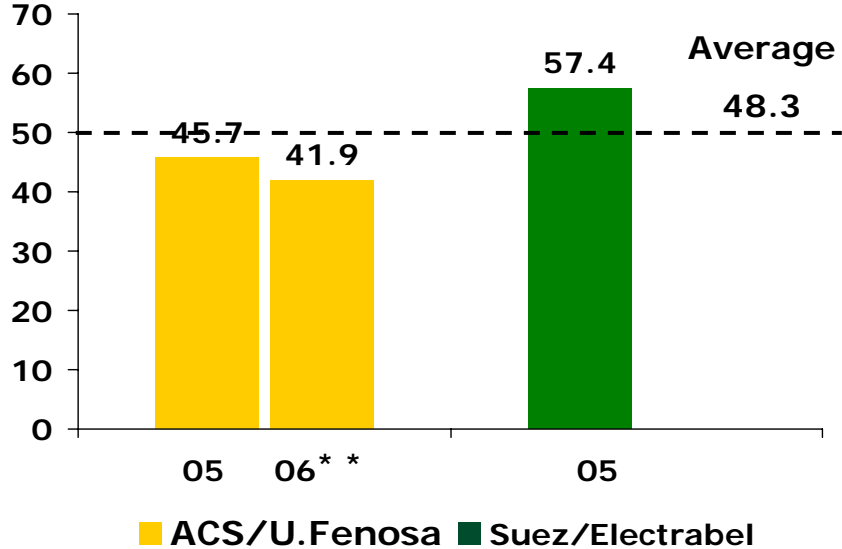
	Ordinary Dividend	Dividend Yield* (%)	Implied XX share price
2006E	€1.27/share	3.2%	€39.7/share
2007E	€1.46/share	3.6%	€40.5/share

\*Average dividend yield estimate of Union Fenosa, Iberdrola, EDP

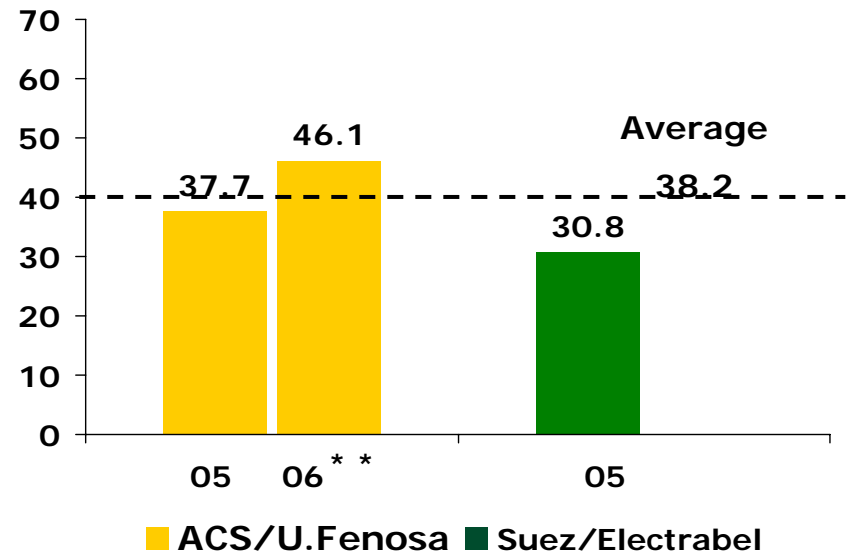
\*Source: Average estimates of Citigroup, UBS and Credit Suisse

## Comparable transactions analysis

Implicit Endesa price in terms of  
EV/EBITDA



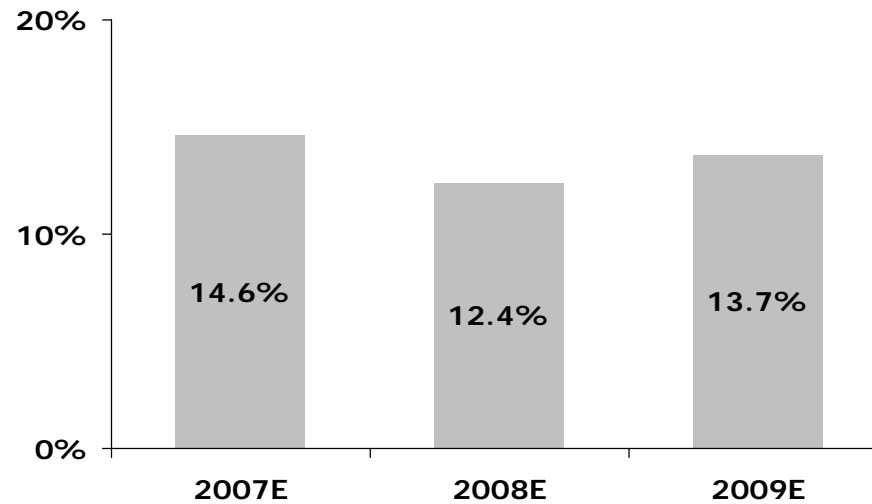
Implicit Endesa price in terms of  
P/E \*



\* Net income adjusted by capital gains  
 \*\* Unión Fenosa IBES Consensus Estimates

## Financial Impact

### EPS Accretion/ Dilution \*



\* No synergies nor goodwill considered. Consolidation per Dividend accounting method

Source: Dividends according to Endesa's Business Plan on an avg yearly basis

The statement as to financial accretion/dilution is not intended to mean that Acciona's future cash earnings per share will necessarily exceed/decrease or match those of any prior year

## Financial Impact

### Balance sheet

(€million)	Acciona pre- Endesa 30.06.06	Acciona post- Endesa 30.06.06
<b>Net Equity</b>	<b>3,647</b>	<b>3,647</b>
<b>Total Assets</b>	<b>13,031</b>	<b>16,419</b>
Corporate debt	2,551	3,207
Non recourse debt	1,918	4,650
Cash	1,199	1,199
Total Net Debt	3,270	6,658
Corporate Net Gearing	0.37x	0.55x
Total Net Debt Gearing	0.90x	1.82x

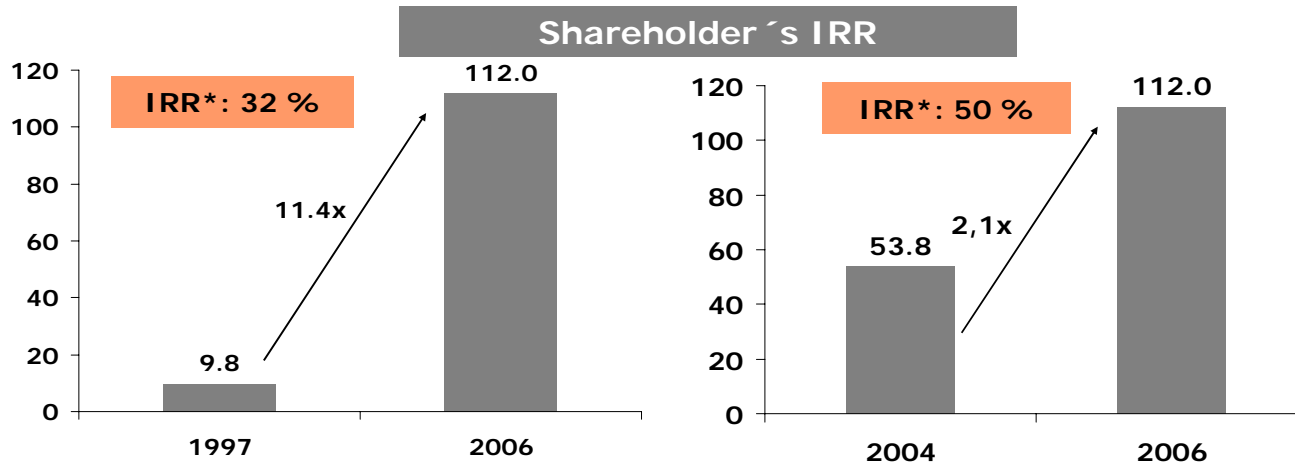
No synergies considered

Dividend accounting

Research reports average 2006 estimated EBITDA

In addition Acciona has committed up to €435 million, as additional contingent equity in order to secure the long term financing

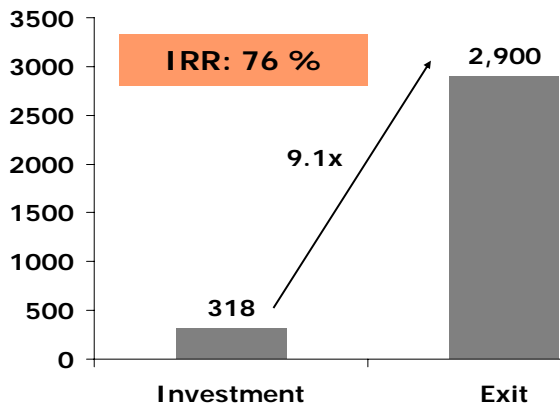
# ACCIONA's Value Creation Track Record



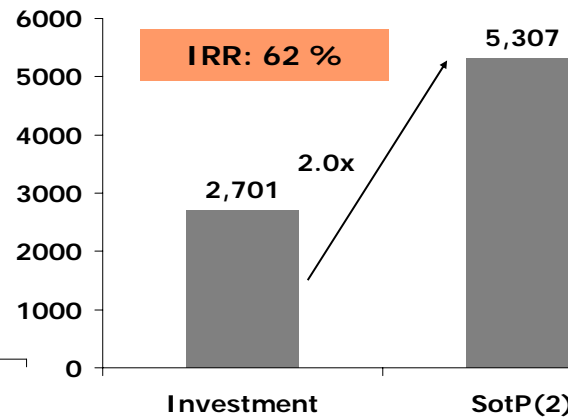
\* Including dividends

### Value created

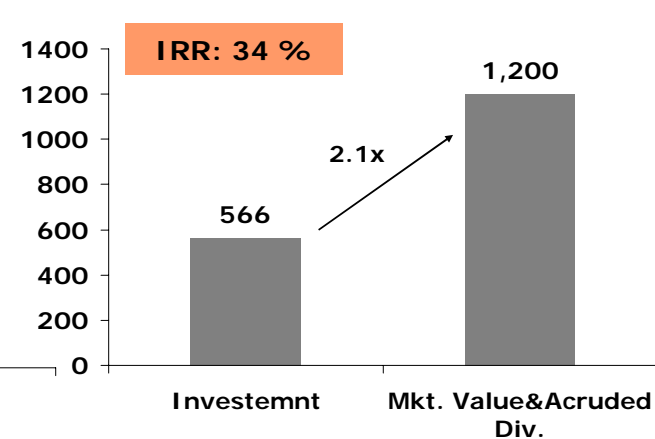
#### Airtel (€m)



#### Acciona Energy (€m)\*



#### FCC (€m)



\*Acquisition of EHN and CESA and capex invested to date

(2)Average valuation of ANA Energía of: Merrill Lynch, Deutsche Bank, Fidentiis and Kepler

## Conclusions

- A unique opportunity to invest in excellent energy assets in a leading company
  - Strategic acquisition:
  - Key shareholder in a global utility
  - Significant step in Acciona´s strategy to become a key player in the energy market
  - Consistent with our growth strategy in the electricity sector
  - Unique platform to lead the transition to a sustainable energy model
- 
- Creates value for Acciona shareholders



**Accretive EPS transaction from the first year**  
**Positive net cash flow from the first year**