

Endesa 2019-2021 Strategic Plan Update

21/11/2018



endesa

Agenda



- 1. Endesa's Outstanding Position**
- 2. Energy Transition context in Spain**
- 3. Strategic Plan Update: 2019-2021**
- 4. Key Financial Indicators**
- 5. Closing remarks**

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- 1. Endesa's Outstanding Position**
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5. Final remarks

Endesa's outstanding position

A portfolio of strategic assets ⁽¹⁾



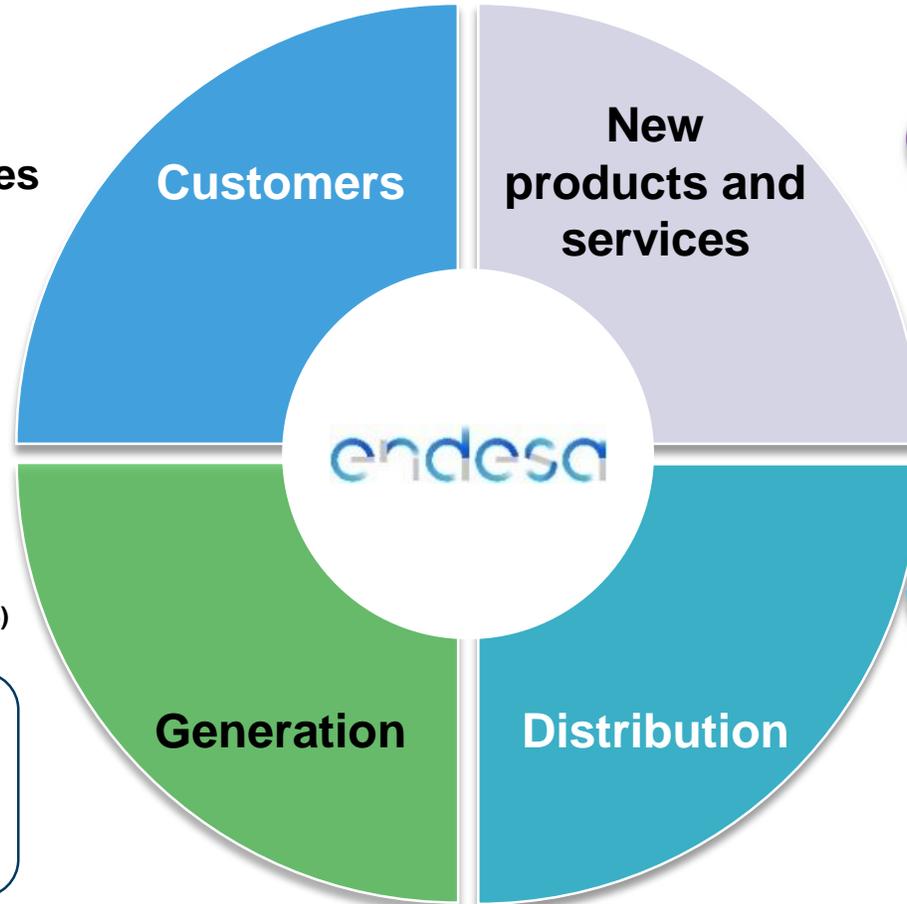
1st player in electricity sales and 2nd in gas sales

- Electricity sales: ~103 TWh⁽²⁾
- Gas sales: ~95 TWh
- Total customers: 12.4 M⁽³⁾



1st player in generation⁽⁴⁾

- Output: ~75 TWh
- ~50% CO₂ emission-free production



Early mover in Iberia

- 2,000 charging points
- 1.8 M maintenance and repair clients e-Home



1st player in distribution

- RAB ~ €11.7 bn
- Distributed energy: ~ 114 TWh
- ~12 M Smart meters

First integrated player leading energy transition in Iberia

(1) 2018 estimated figures
(2) Bus bars

(3) Electricity and gas
(4) As of 31 December 2017

Strategic Plan Update

Endesa updated strategic vision to reinforce our leading position in Iberia



Customer focus

Maximized customer value and leadership with Endesa-X

Smart grids

Smart networks and best-in-class operations

Generation mix

Decarbonization and security of supply

Digitalization

Efficiency

Sustainable long-term shareholder profitability

Endesa's outstanding position

Delivery on strategic plan: operating targets



		Target 2017-2020	2018e	
Customer focus	Integrated Margin (€/MWh)	~20-24	~ 23	✓
	Gas Margin (€/MWh)	~0.7-2	~2	✓
	Endesa X: e-home clients (M)	~1.2	~1.8	✓
Smart grids	Smart Meters (nº meters M)	~12	~12	✓
	Growth opportunities	—	Acquisition of EAEC ⁽¹⁾	✓
Decarbonisation	Growth opportunities	+939 MW	Developing 879 MW awarded in auctions + Gestinver (132 MW)	✓
	CO ₂ emission free generation (%)	54%	~50%	✓
Digitalization	Digital Capex (€M)	1,300	>50%	✓

Sound progress on all strategic pillars

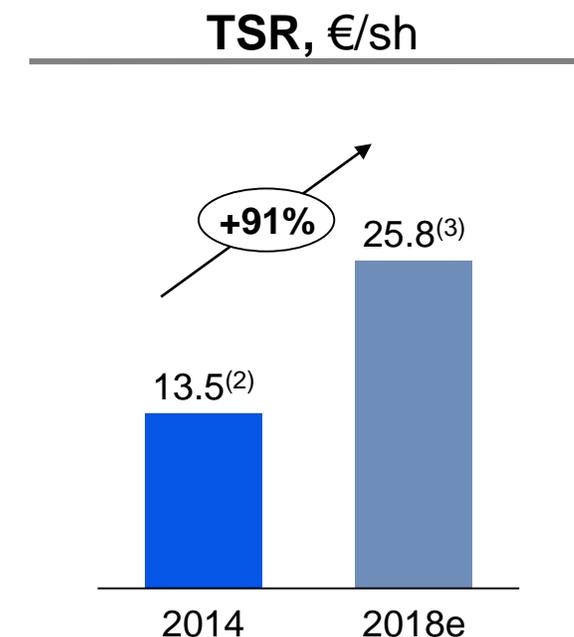
(1) EAEC: Empresa de Alumbrado Eléctrico de Ceuta

Endesa's outstanding position

Delivery on strategic plan: financial targets



	2014	2018 target	2018e	CAGR 2014-18
CAPEX (€bn)	0.8	1.3	1.4 ✓	+13%
OPEX ⁽¹⁾ (€bn)	2.4	2.0	2.0 ✓	-4%
EBITDA (€bn)	3.1	3.4	3.5 ✓	+2%
Net ordinary income (€bn)	0.9	1.4	1.4 ✓	+12%
Gross DPS (€/sh)	0.76	1.33 ⁽⁴⁾	≥1.33 ✓	+15%



Delivering on all financial targets

(1) Recurrent OPEX
 (2) Preferential subscription share price on November 20th, 2014 (latest IPO)

(3) Includes dividends assumed to be re-invested (2018 share price as of Nov 19th: 20.22 €/sh). Calculated with Bloomberg data
 (4) 2018 DPS floor according to BP 2017-2020

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Energy Transition context in Spain

Main challenges of the energy transition in Spain



Invest in new **renewable capacity** while maintaining **enough thermal capacity** fleet to provide a **competitive and low-emission backup**

**~55-60 GW⁽¹⁾
2018-2030**



Support **intelligent electrification** of transport, buildings and cities through suitable and attractive **products and services for final clients**

**From 24% to
~33% in 2030⁽²⁾**



Ensure **grid digitalization and modernization** to allow the integration of **distributed resources**, enable **demand participation**, ensure proper **system operation** and **optimize investments**

**Capex ~€30 bn
2018-30**

(1) New renewable capacity addition
(2) % of electricity in the final energy mix

Energy Transition context in Spain

Energy policies acceleration towards a zero-carbon economy



2030 UE energy policy targets update

Energy policy targets view in Spain

GHG⁽¹⁾ emissions

- A **40% cut vs 1990 levels**
 - **43% vs 2005 in ETS sectors**
 - **30% vs 2005 in non-ETS sectors (-26% in Spain)**

Renewables

- 32% of RES penetration** over final energy consumption

Energy Efficiency

- 32.5% of savings** in primary and final energy vs trend

GHG emissions, MteqCO₂

Category	Current situation (2016)	Likely proposal (2030E)
ETS	143	230 ⁽³⁾ -248
Non-ETS	198	
Total	341⁽²⁾	230⁽³⁾-248

-20% vs 1990⁽³⁾

RES over final energy consumption, %

Year	Percentage
2016	17%
2030E	35%

Final energy consumption (expected vs. trend), Mtoe

Year	Consumption (Mtoe)
2016	82.5
2030E	126
2030E (Target)	82

-35%

In Spain, reduction of ~100 MteqCO₂ and 55-60 GW of new RES capacity by 2030

(1) GHG: Greenhouse gases
 (2) Include international aviation in ETS (+16 MtCO₂)
 (3) Excluding international aviation. Current level (339 MteqCO₂ in 2017). This target could imply vs 2005 a 33% reduction in non ETS sectors and a 62% reduction in ETS sectors

Energy Transition context in Spain

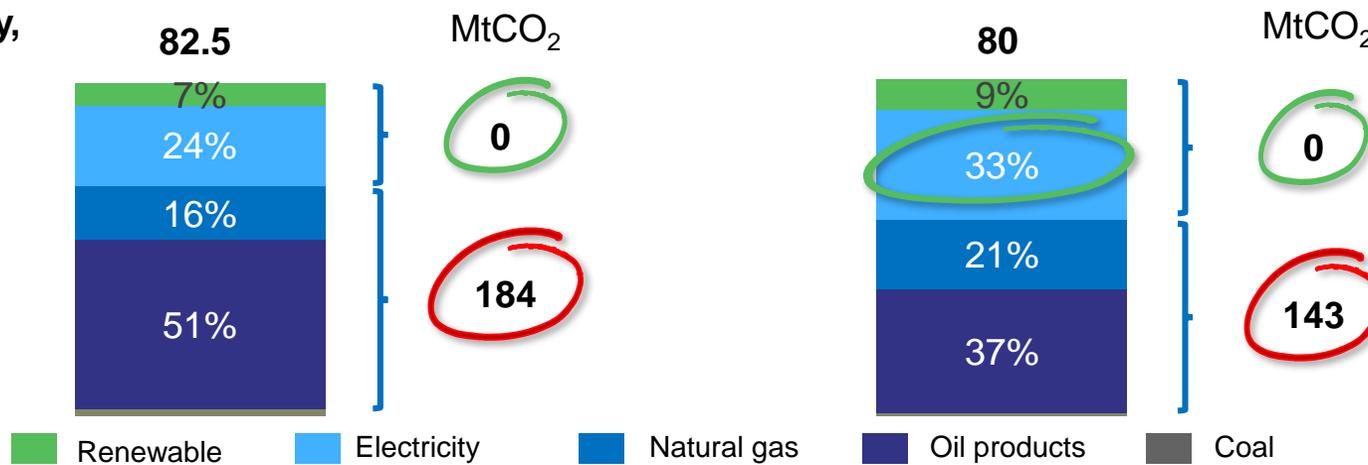
Spanish energy and emission balances



2016

2030: proposal for the fulfillment of targets

Final energy, Mtoe



CO₂ emissions vs 2005

- 35% in non ETS
- 66% in ETS⁽¹⁾
- 86% in electricity

Category	2016 Final Energy (Mtoe)	2016 CO2 Emissions (MtCO2)	2030 Final Energy (Mtoe)	2030 CO2 Emissions (MtCO2)	Notes
Refining and others	12	17	10	11	
Electricity	22	59	16	<20	Renewable ~70%
Non energy	--	81	--	70	
Total	117	341	106	223⁽¹⁾-240	Emission target -23%⁽¹⁾ ✓

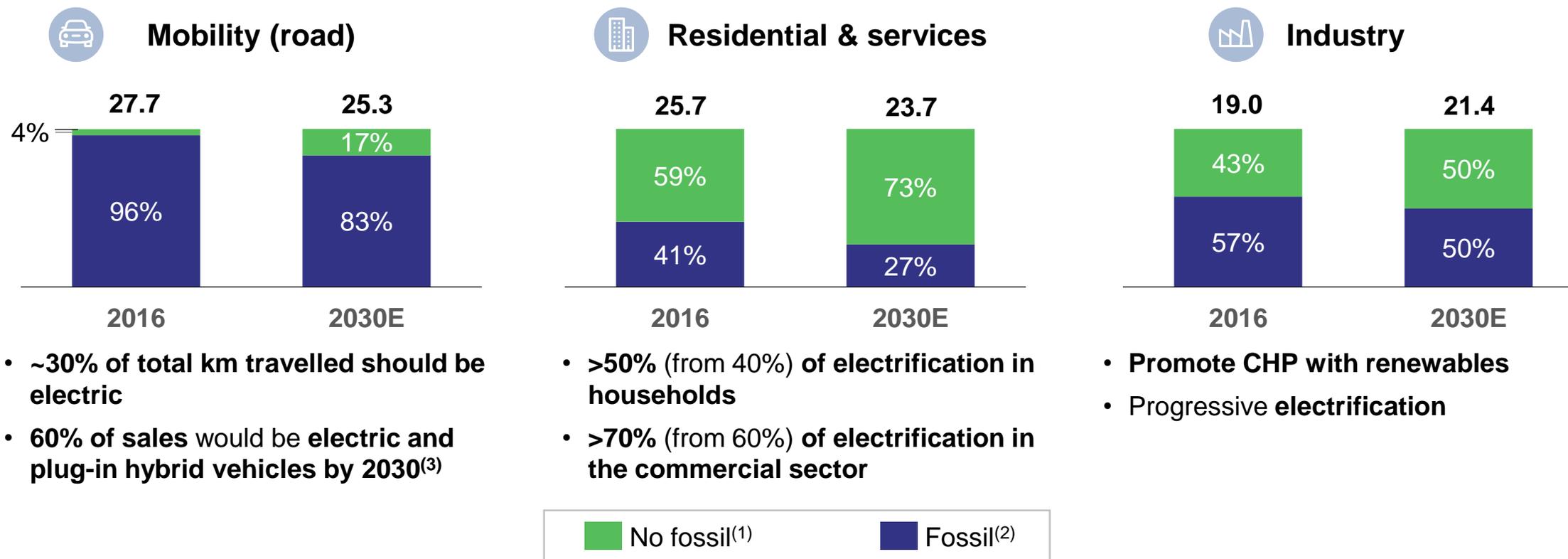
Electrification of final energy and emission-free electricity generation

(1) Excluding international aviation

Energy Transition context in Spain

Spanish electrification across customer segments

Main final energy consumption by segment, Mtoe



Increase of final renewable and electricity demand in all sectors

(1) Includes electricity and renewable final energy

(2) Includes coal, oil and gas

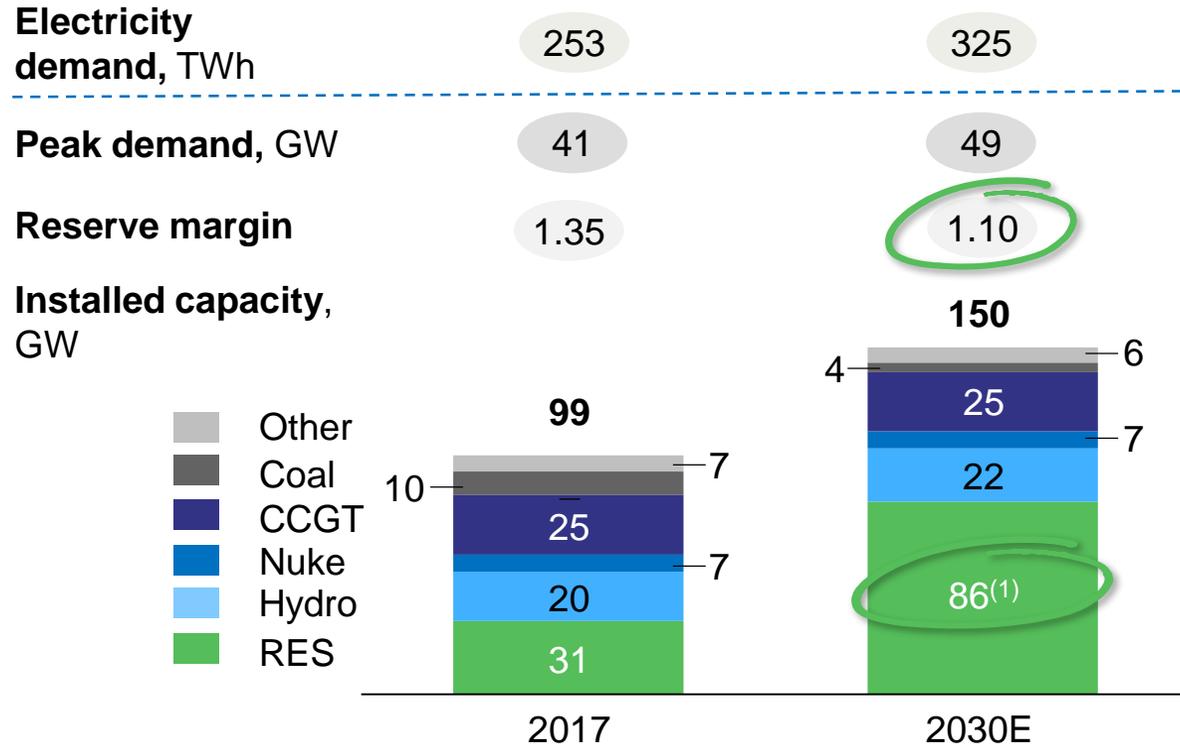
(3) 4-6 million of EVs in 2030

Energy Transition context in Spain

Spanish capacity mix



Spanish electric mainland system



Requirements

- Smart tariffs** to promote **intelligent electrification** (minimize increase in peak demand)
- Thermal generation post 2020 is required to stay⁽²⁾**; otherwise system would require **~11 GW⁽³⁾** of new **backup capacity**
- Capacity mechanisms** needed to maintain security of supply

Increase renewable capacity, guaranteeing security of supply and competitiveness

(1) Considering new renewable 2/3 solar FV (2.000 h) 1/3 wind (3.000 h)

(2) With low load factor

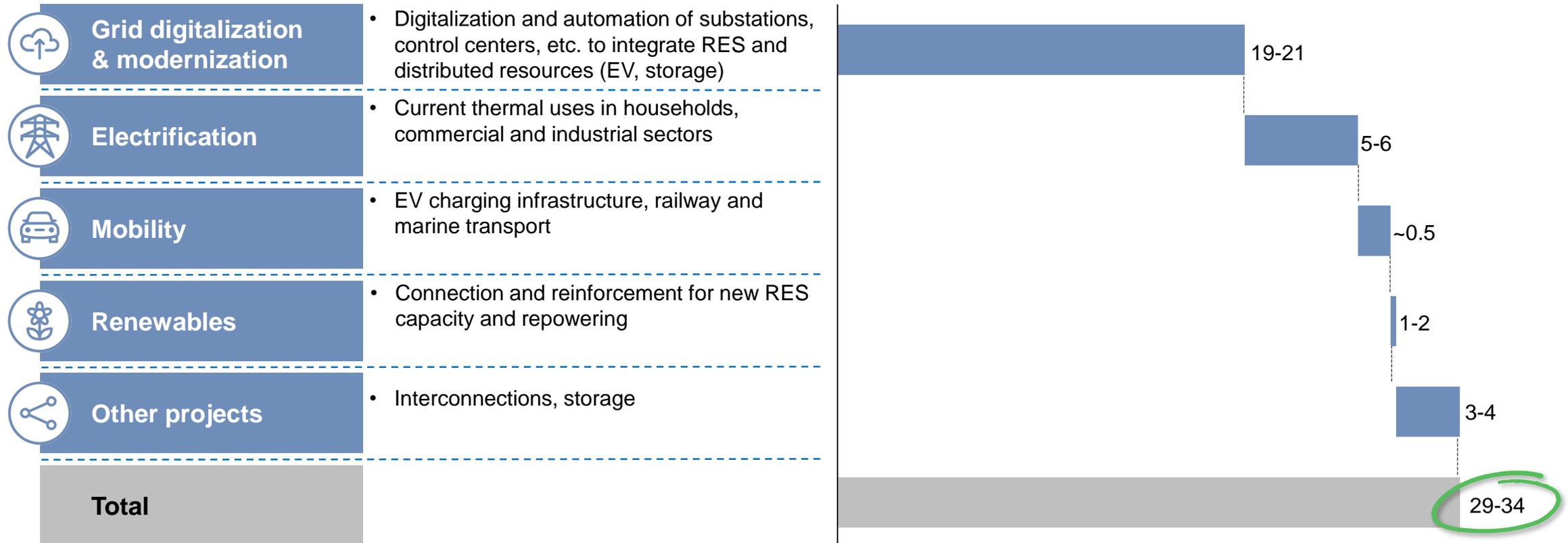
(3) From 2025 to 2030

Energy Transition context in Spain



A smarter and more resilient grid to support Spanish electrification and new services

Investments in power grid 2017-2030E⁽¹⁾, nominal €bn



In order to foster necessary investments in the grid, regulation will have to be attractive

(1) Investments carried out by grid operators in transmission and distribution
 Source: "Towards a zero carbon economy: power grids contribution during the energy transition", Monitor Deloitte analysis

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Strategic pillars



Decarbonization



Smart networks



Customer value



Efficiency through digitalization



Growth oriented business plan

Strategic pillars



Decarbonization



- **Significant growth** in renewables
- Keep emission free generation guaranteeing **security of supply**
- **Environmental investments**

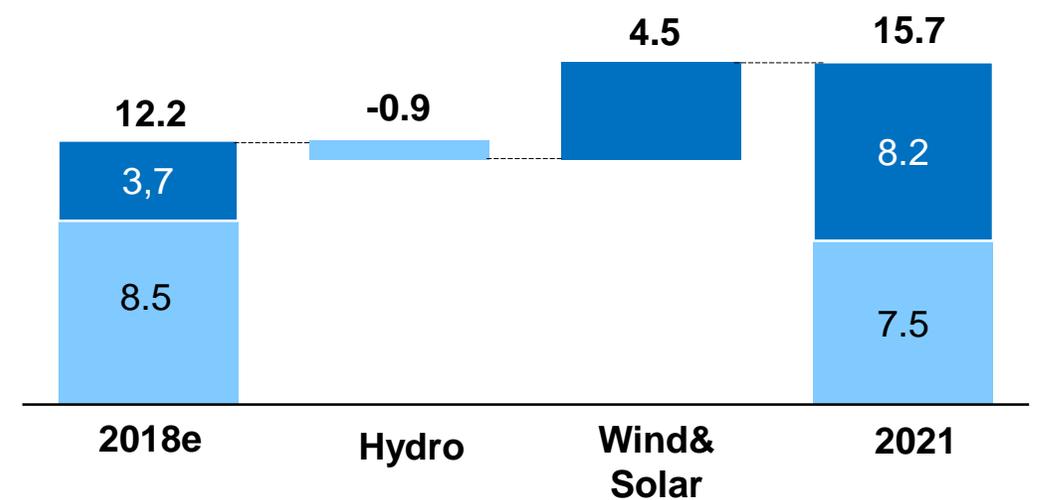
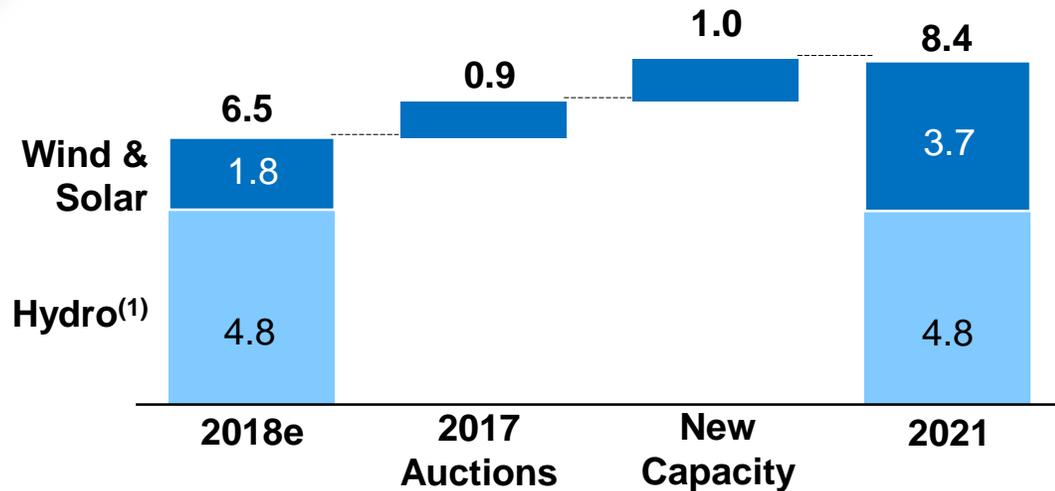
Decarbonisation of the generation mix

Renewable generation 2018-2021: our main growth platform



Installed capacity, GW

Output by technology, TWh



More than 30% increase of renewable installed capacity in 2021

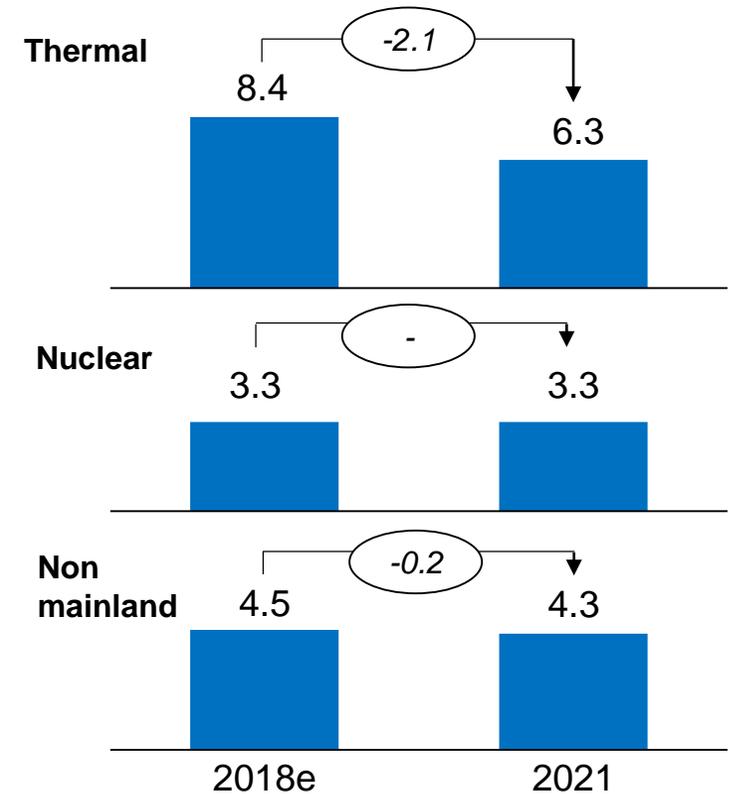
(1) Includes mini-hydro
 (2) Includes €0.2bn large Hydro Capex

Decarbonisation of the generation mix

Conventional generation: sustainable and efficient operation



Installed capacity, GW



>90% average availability in 2021

Thermal

- **Domestic coal:**
 - No BREF⁽¹⁾ investment
 - Planned closure of Compostilla and Teruel in 2020⁽³⁾
- **Imported coal:**
 - Litoral BREF investment completed
 - As Pontes BREF implementation during the Plan
- **Storage:**
 - Litoral storage pilot project completed in 2018
 - New storage project in As Pontes

Nuclear

- Long-term, safe and cost-effective operation

Non mainland

- IED/BREF^(1,2) investments in Balearic and Canary islands
- New storage project in Canary Islands

Environmental upgrade and improving fleet availability

(1) BREF: Best Available Techniques Reference

(2) IED: Industrial Emission Directive (Directive 2010/75/EU)

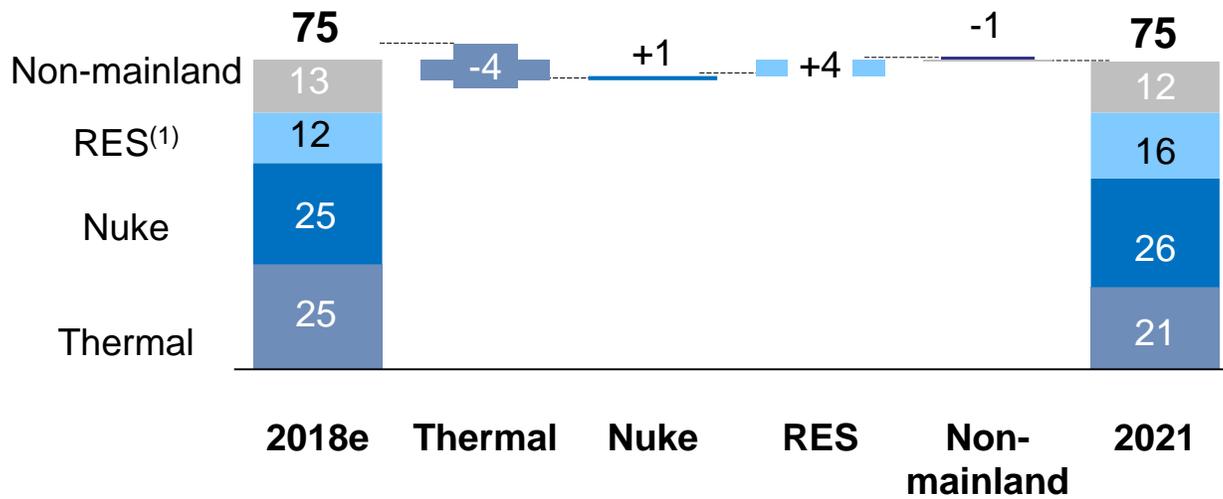
(3) The net book value of the Compostilla and Andorra Thermal Power Plants at 31 October 2018 was €108 M and €93 M, respectively. At 31 October 2018 there was a provision for the dismantling of these plants amounting to €178 M

Decarbonisation of the generation mix

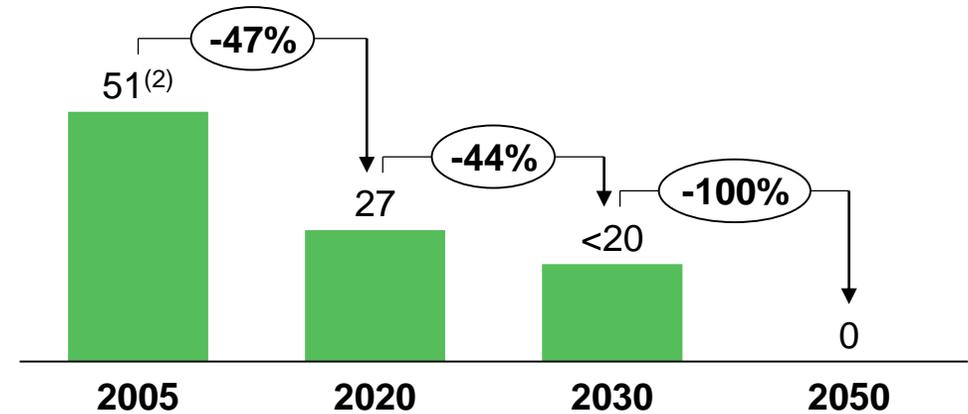
Progressing towards total decarbonisation in 2050



Total output, TWh



Endesa CO₂ emissions⁽¹⁾, MtCO₂, % reduction vs. 2005



CO₂ free generation



Well on track to meet decarbonisation objectives

(1) Renewables and Large Hydro
 (2) Estimated considering net Endesa production (mainland and non mainland)

Strategic pillars

Smart networks



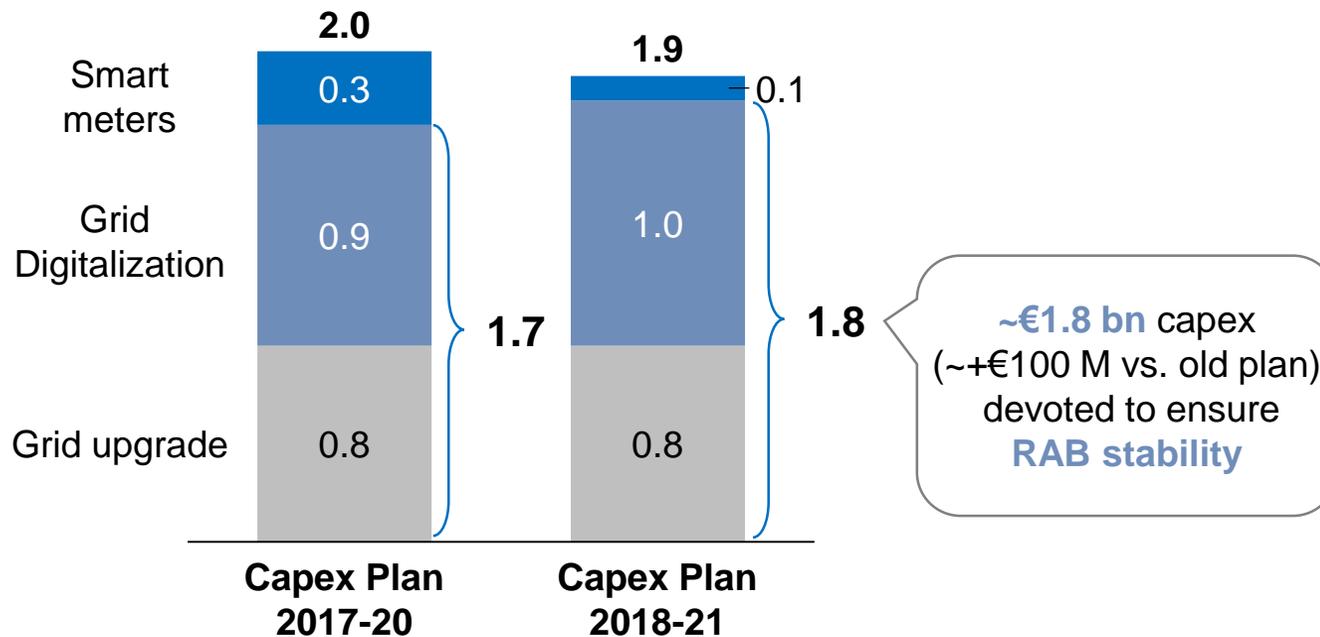
- **New investment opportunities** towards energy transition
- Becoming a **digital network operator**
- Increasing efficiency towards **best in class excellence**

Smart networks

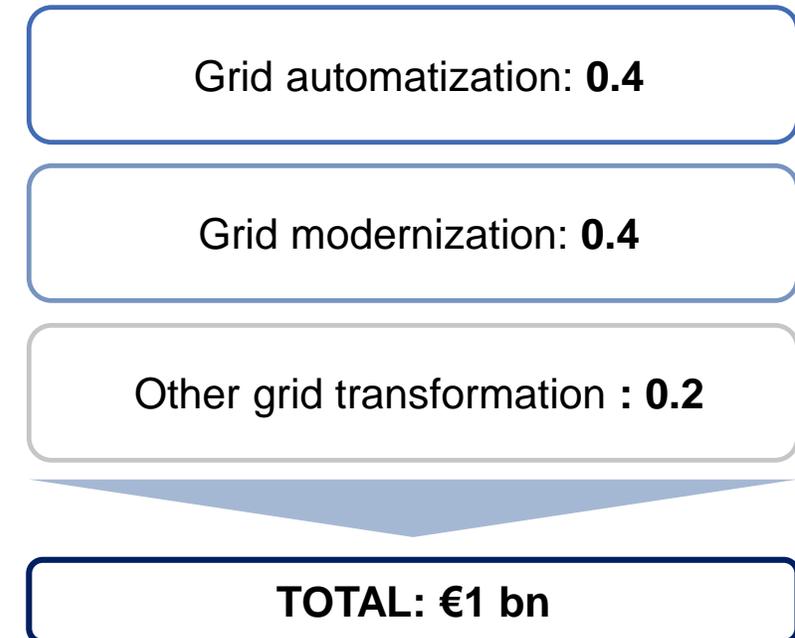
Investments in digitalization of networks



Net Capex ⁽¹⁾ 2018-2021, €bn



Digital Capex, €bn



Enhanced investment plan, beyond Smart Meters deployment

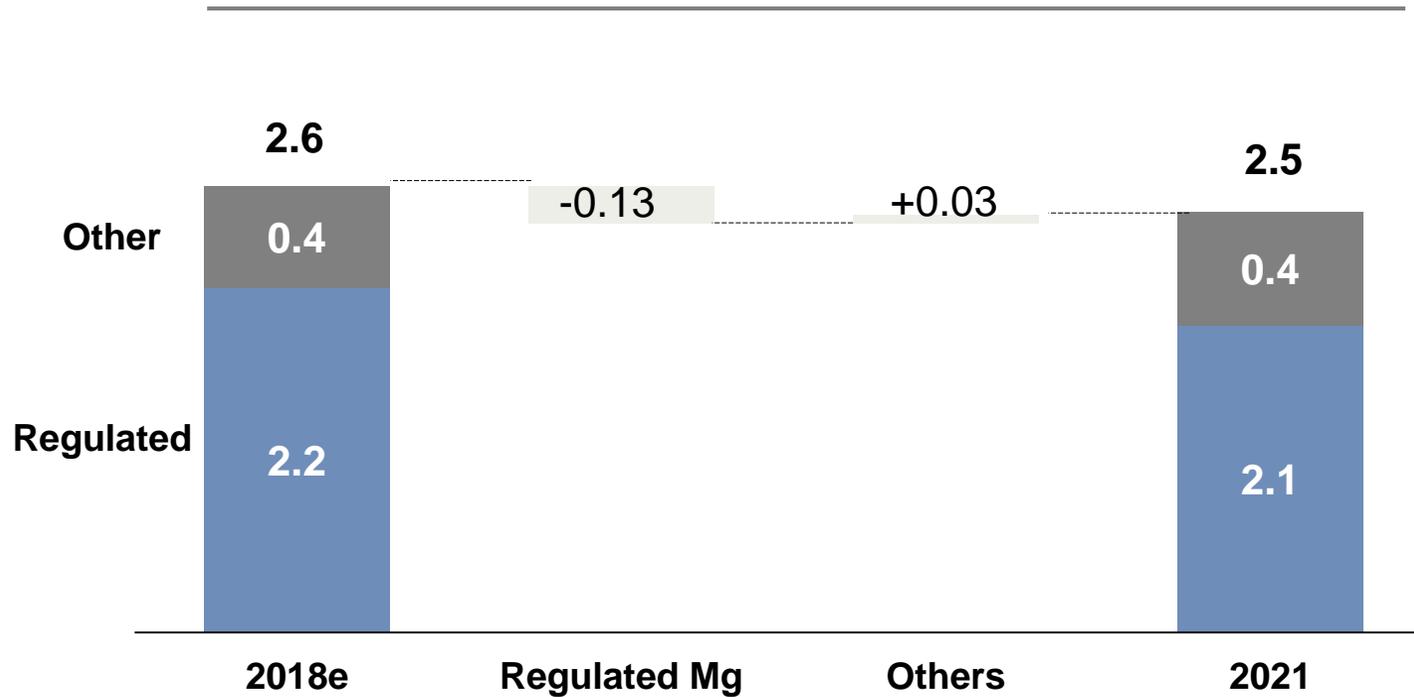
(1) 2018-2021 Gross capex €2.6bn (includes client contributions)

Smart networks

Margin evolution



Distribution margin, €bn



- Remuneration reduction partially compensated by:
 - New investments
 - Incentives
- Improvement in **other revenues**: Connections and others



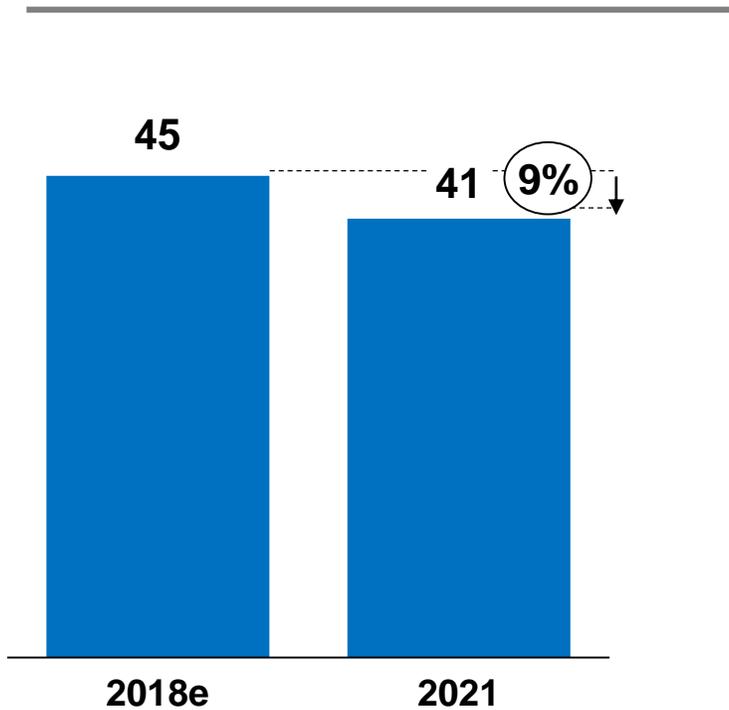
Distribution margin evolution stable in a new regulatory context

Smart networks

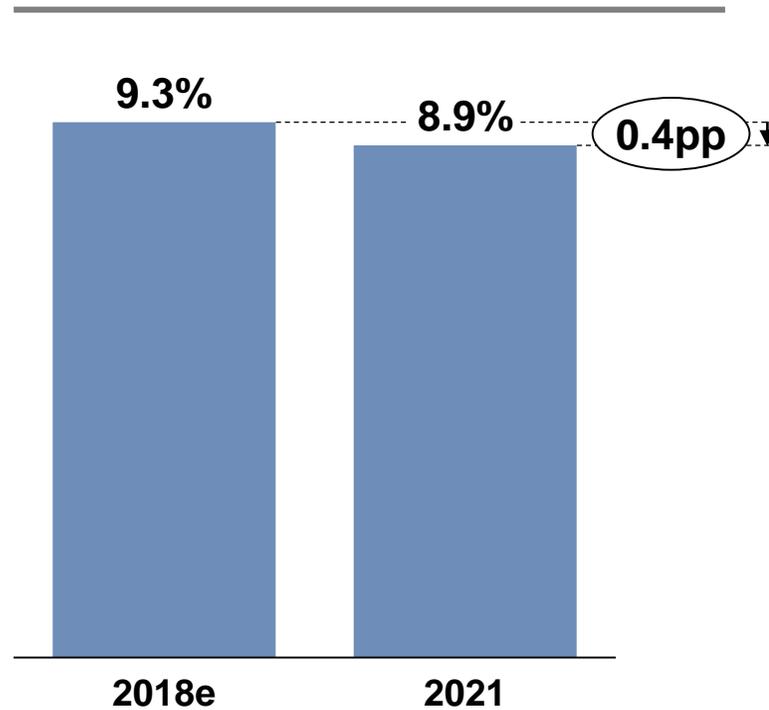
Continuous focus on operational efficiency



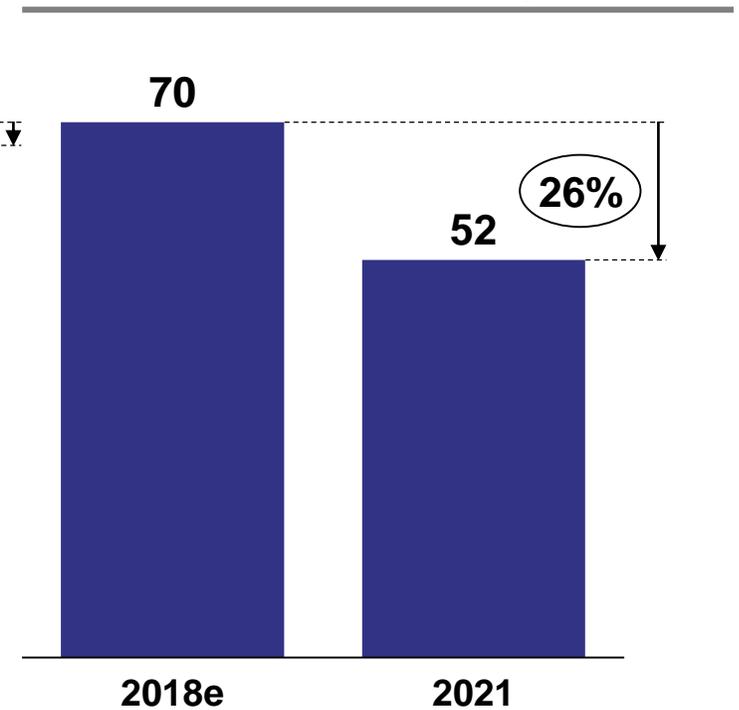
OPEX, €/customer



Losses⁽¹⁾, %



Minutes of interruption



Better service quality reducing interruptions, losses and improving efficiency

(1) SO criteria

Strategic pillars

Customer value



- Consolidate **power and gas** businesses
- **Customer value-based** strategy
- **Innovation, new business models and digital platforms**
- **Digitalization** of customer-related processes

Customer value

Strategic guidelines to lead the energy transformation



Power and Gas

Customer Value

Margin improvement through a **value-based management** of the client.

Customer Base

- **B2C:** Plan of excellence in **clients acquisition, retention** and **operational efficiency**
- **B2B:** Evolution of **commercial strategy**

Efficiency

Reduction of cost to serve through digitalization, automation and processes



Endesa-X

Maximizing consolidated businesses

- Integral Home Solutions
- Cost saving and energy efficiency-based industry solutions
- Wholesale **Fiber Optic** Operator

Promote key businesses for decarbonization

- **Distributed Generation**
- **Smart Lighting**
- **Electric mobility**

New business leveraged in Enel X Global

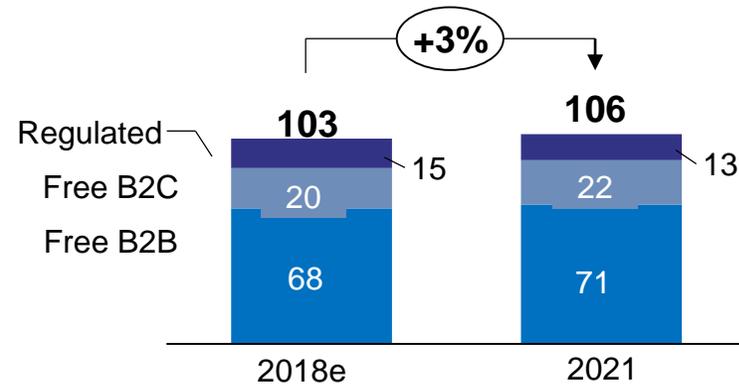
- **Smart Home Solutions**
- **Flexibility Services** (Demand Response)
- **Smart city** solutions
- **Vehicle Grid Integration**

Customer value

Maintaining leadership in the electricity business



Sales Liberalized Business 2018-21⁽¹⁾, TWh



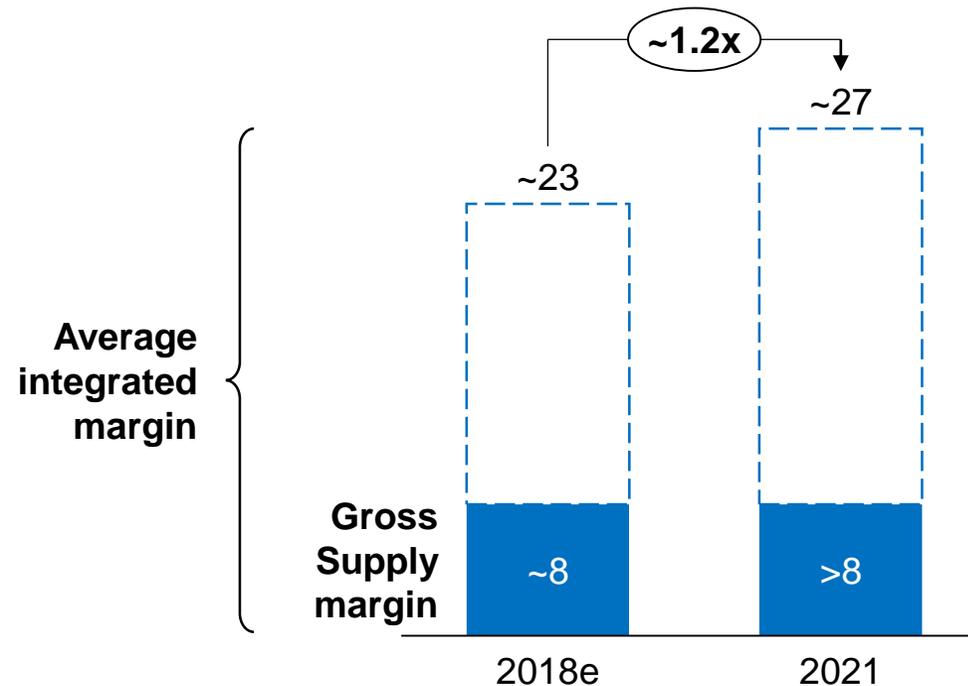
Market share ⁽³⁾

35%

Customer base evolution 2018-21, M



Power margin⁽²⁾, €/MWh



Sustainable integrated margin growth

(1) Total liberalized sales include international sales (~3TWh in 2018e and 2021) not considered in the integrated margin.

(2) Power liberalized retail margin

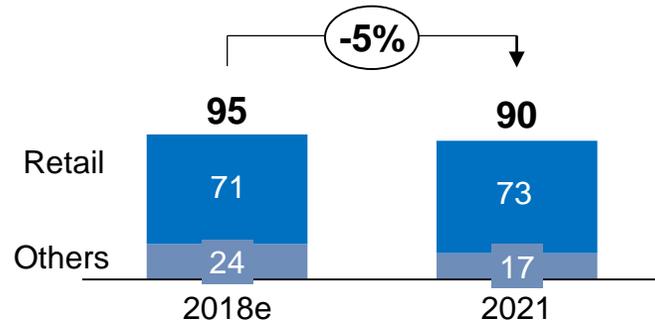
(3) Market share in Spain

Customer value

Consolidating as the 2nd gas operator



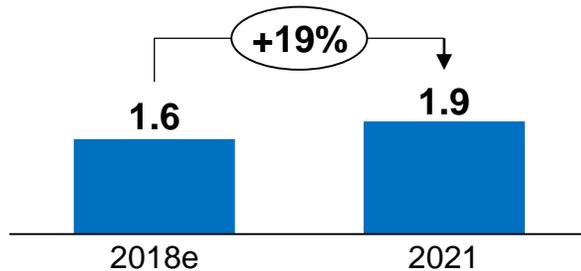
Sales 2018-21⁽¹⁾, TWh



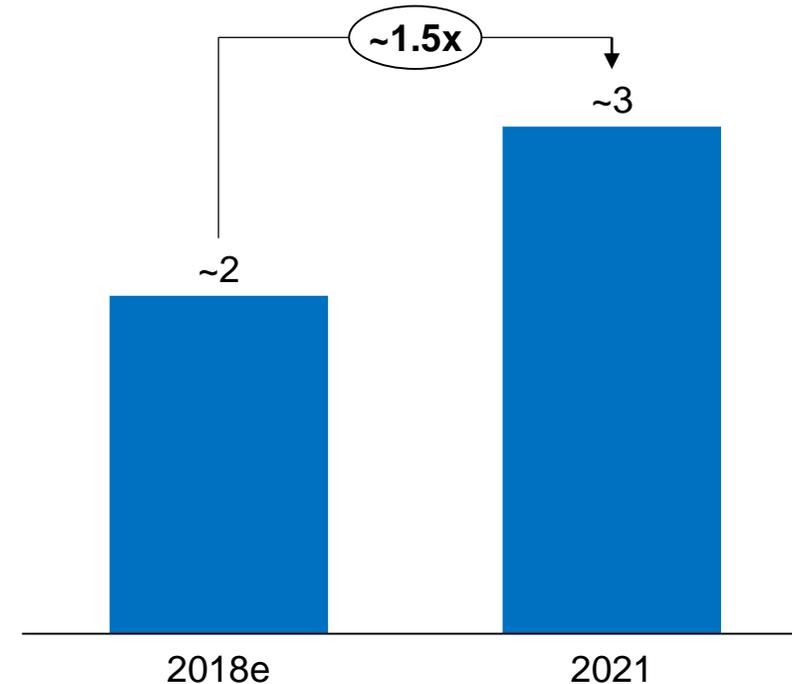
Market share ⁽²⁾

16%

Customer base evolution 2018-21, M



Gas retail margin, €/MWh



Substantial recovery in gas market fundamentals drives margin increase

(1) Total liberalized sales include international sales (~24TWh in 2018e and ~24TWh in 2021)

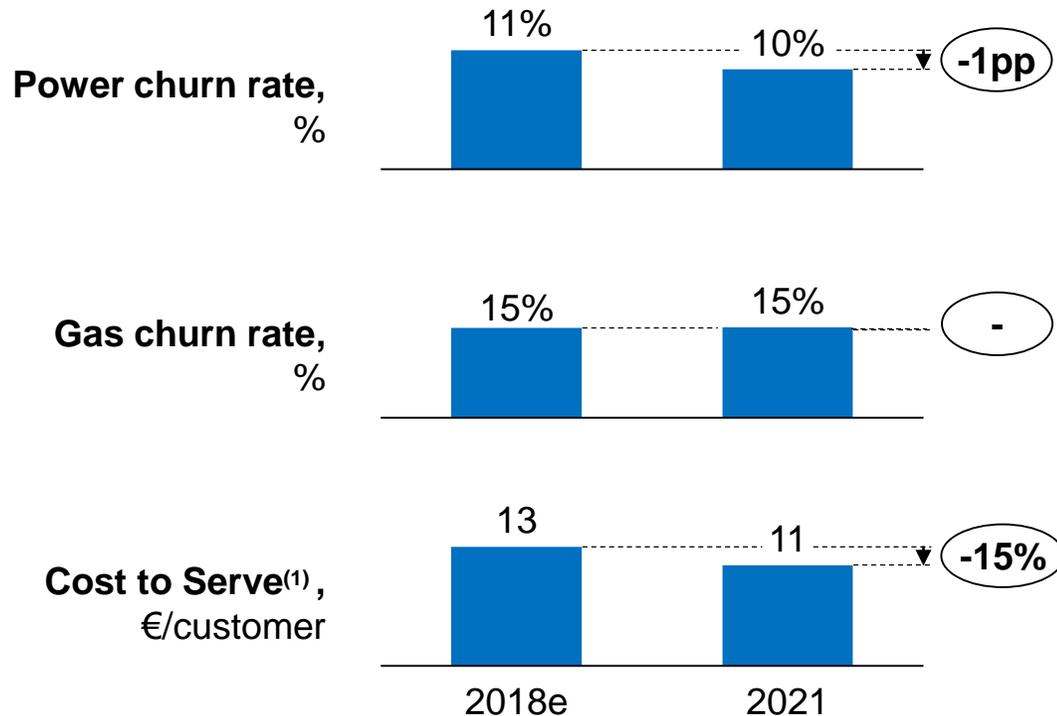
(2) Market share in Spain

Customer value

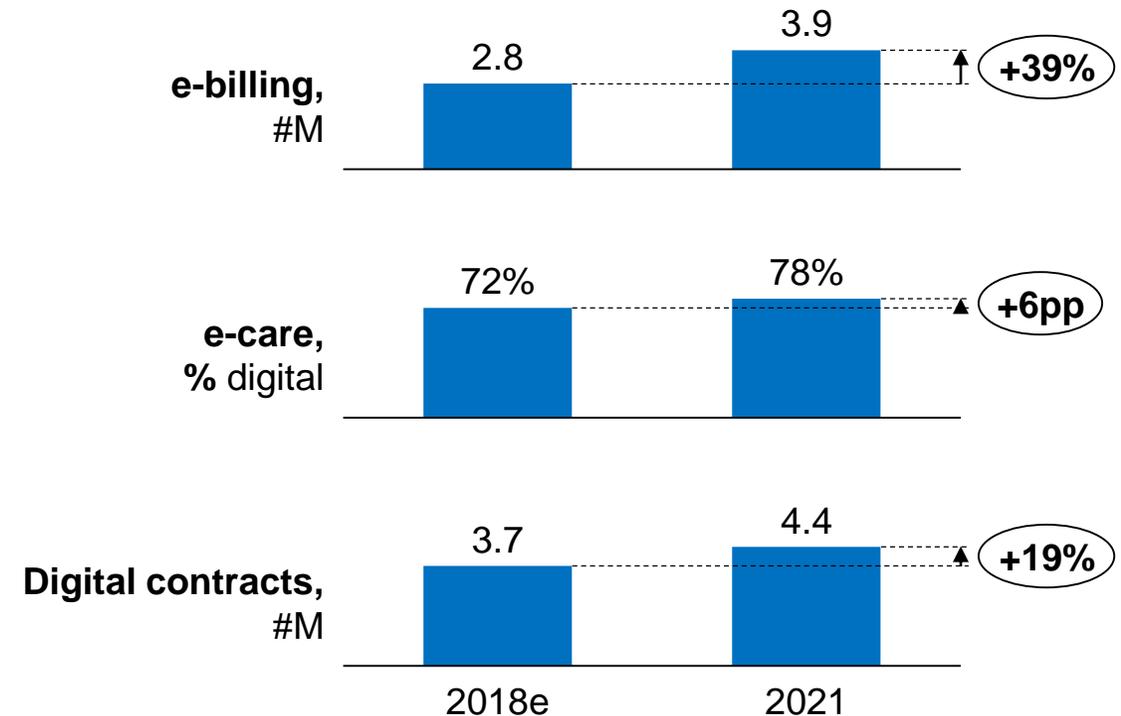
Improving efficiency and digitalization



Business indicators



Digital KPIs⁽¹⁾



Improving efficiency and customer experience

(1) Power and gas

Customer value

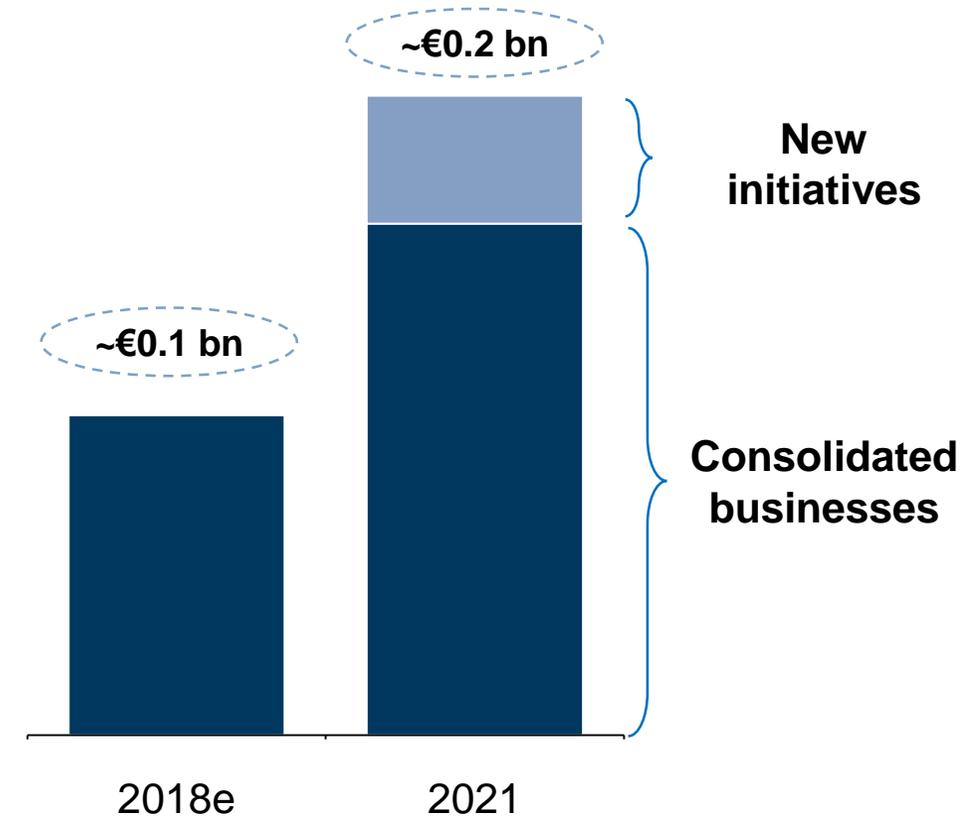
Endesa X delivery



Main KPIs

	2018e	2021
 e-Home	Maintenance and repair clients, #M 1.8	2.5
 e-Industries	Energy Infrastructure, k# 1.1	1.3
 e-City	Public lighting, k# 95	130
 e-Mobility	Charging points, k# 2	41

Gross margin



Leveraging existing businesses to support growth in e-Mobility and e-City

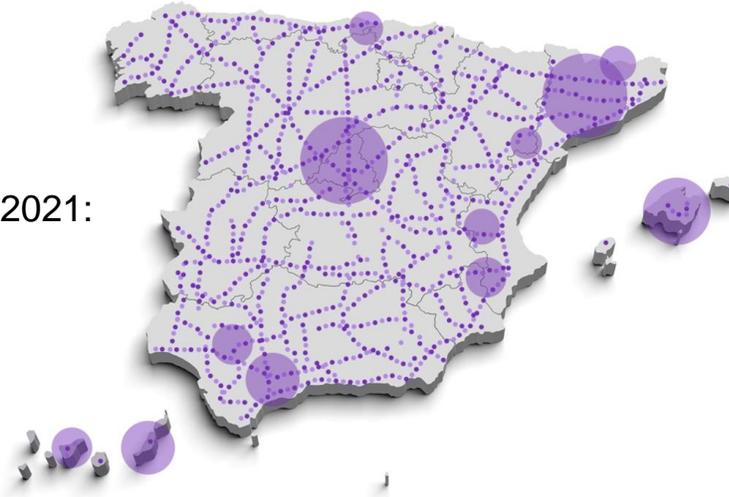
Customer value

e-Mobility



Public charging points

Charging points map 2023

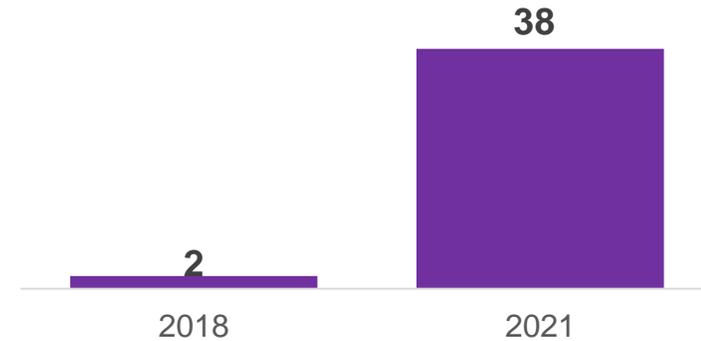


Total charging points 2021:
~3,300

Deployment of charging points

Private charging points

k# Accum. charging points



Opportunity to provide flexibility services through aggregation

Platform & Charging points developed



Fully connected to a digital platform

Total 41,000 charging points will be deployed by 2021

Strategic pillars



Efficiency through digitalization



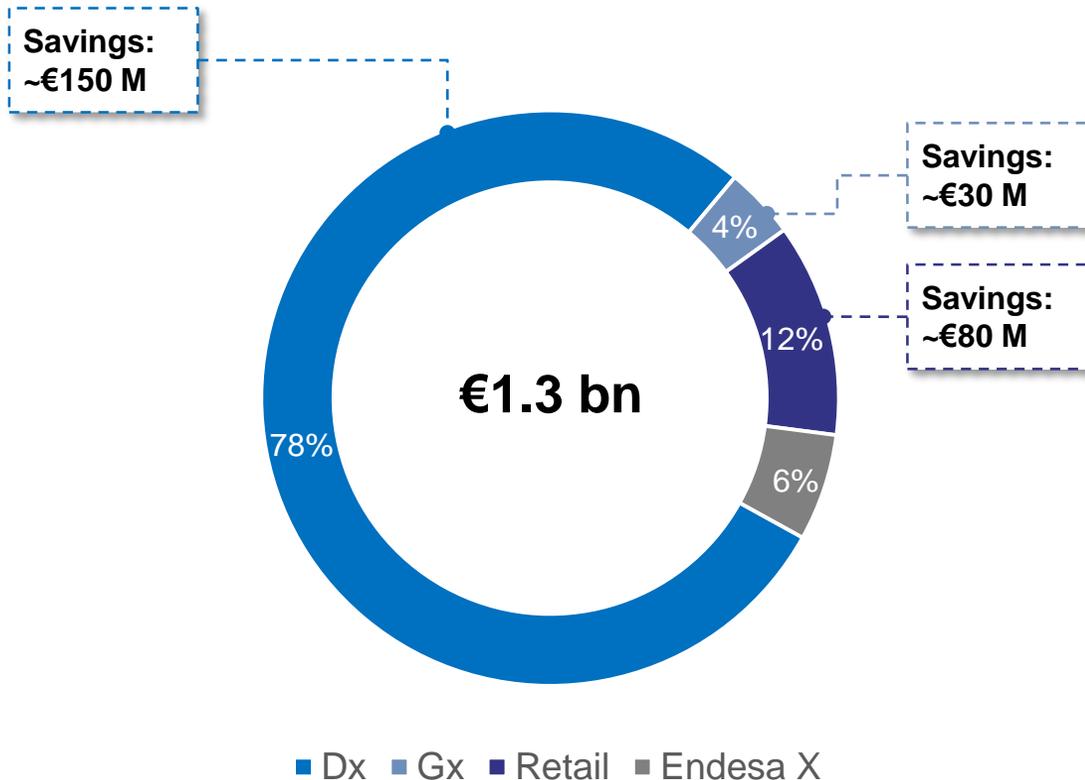
- **Digitalization** as a **key driver** for efficiency enhancing
- **€1.3 bn investments in digitalization**
- Continuous **focus on efficiencies** following **cost-reduction track record**

Efficiency through digitalization

Efficiency through digitalization: main initiatives



2018-21 Digitalization Net Capex



Total Net Capex: €1.3 bn

Savings cumulated: ~€260 M

Key highlights

- 

Disruptive efficiency: process digitalization and system integration
 Data driven networks: quality plan, loss reduction, remote control.
 Smart meters
- 

Advanced analytics
 New Platforms (New CRM)
 Channel digitalization (e-billing, e-care, etc.)
 New billing digital platform
 A.I. in customer care
- 


Predictive diagnostics
 Digital worker transformation (Process Digitalization & management flexibility)
 Control system response
- 

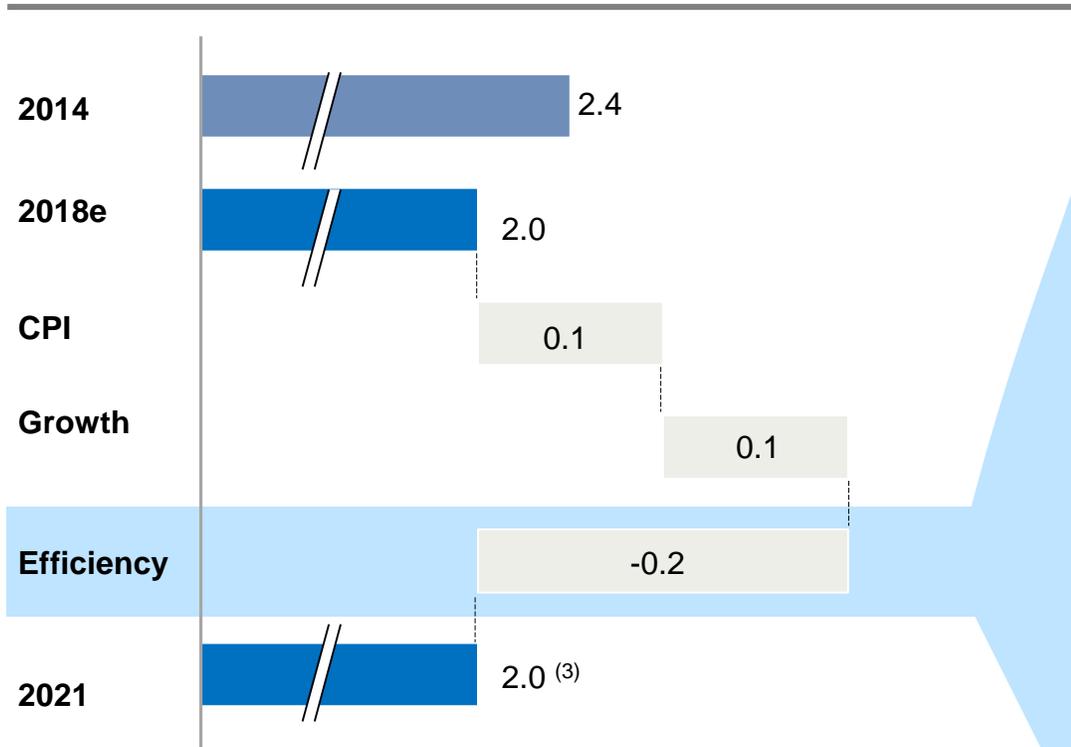
Digital platforms development

Efficiency through digitalization

Unitary KPIs of the Efficiency Plan per area

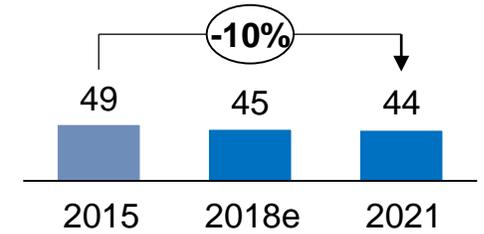


Opex⁽¹⁾ evolution, €bn



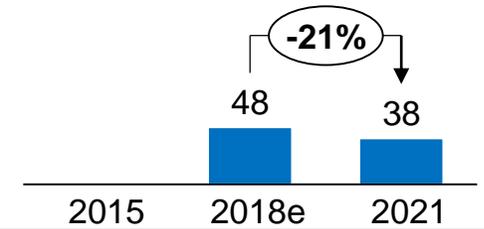
Generation

Unitary cost⁽²⁾,
k€/MW



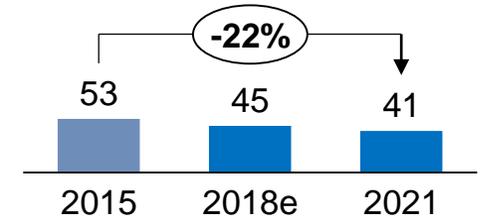
EGPE

Fixed cost,
k€/MW



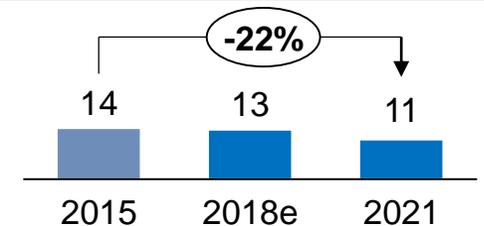
Distribution

Unitary cost,
€/customer



Supply

Cost to Serve,
€/customer



(1) Opex Total fixed costs in nominal terms (net of capitalizations);
 (2) Includes Large Hydro and Corporate fees
 (3) Not including non-recurrent expenses

A strategy with a sustainable approach



Endesa's contribution to UN SDGs



100% Energy mix decarbonization by 2050



~ **€1.3 bn** to lead the energy future through digitalization & Endesa X



Electricity supply to all vulnerable customers

Commitment to local communities

- Sustainable approach at **local level**:
 - **Deployment of CSV methodology** in power plants
 - **Sustainable construction site & plant model**
- **Accompaniment plan** for a Fair Transition on plants closure – Futur E

Commitment to our employees

 Diversity	 Appraisal performance	 Sustainable Mobility	 Health & Safety
40% women in new hires	100% participation on new methodology Open Feedback	10% employees own an electric vehicle	0,98 combined rate of accident frequency

Sustainable Supply Chain

K sustainability integration on tender phase and vendor rating

Agenda



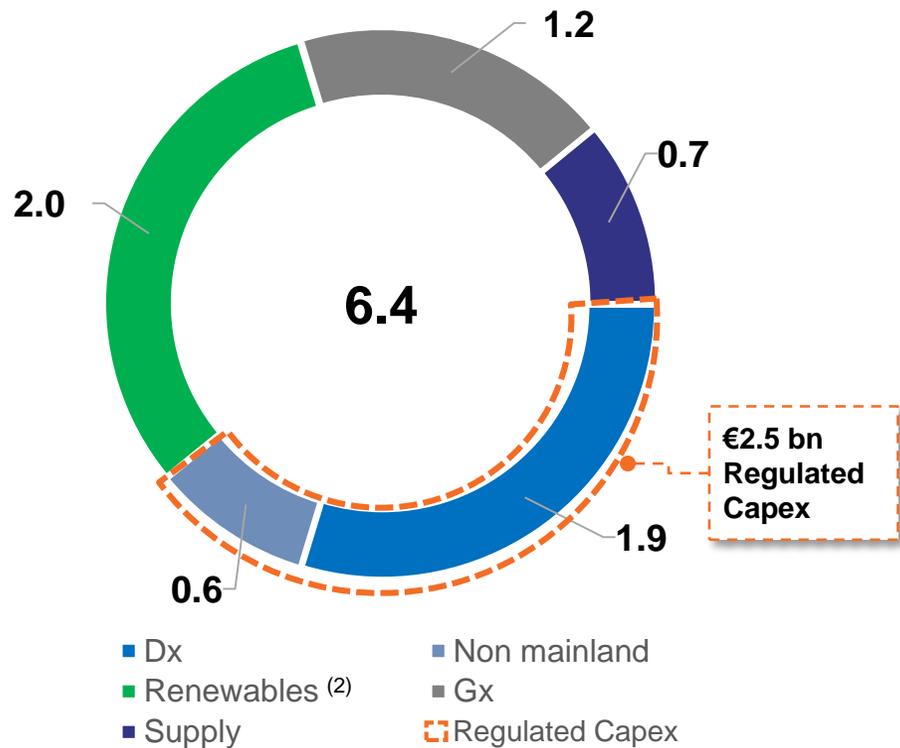
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Key Financial Indicators

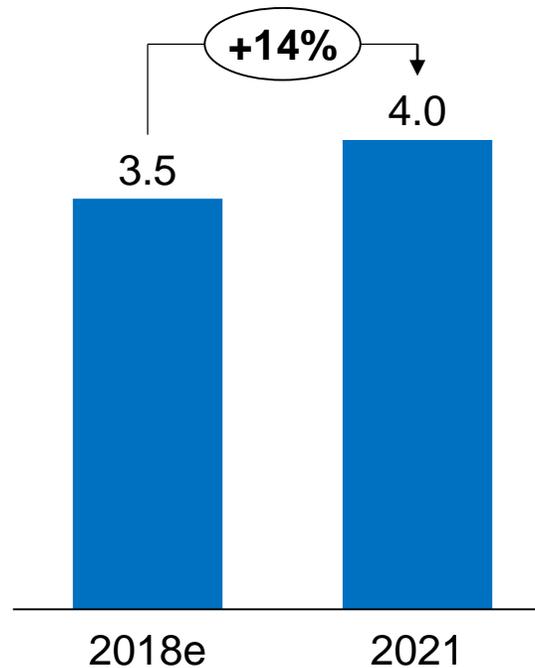


Main financial figures

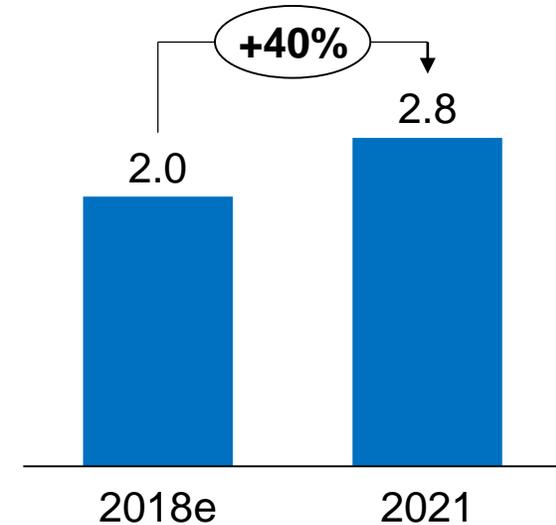
Net Capex Plan⁽¹⁾ 2018-2021, €bn



EBITDA, €bn



Funds from Operations, €bn



Capex increase drives EBITDA improvement and FFO generation

(1) 2018-2021 Gross capex €7.1bn (includes client contributions)

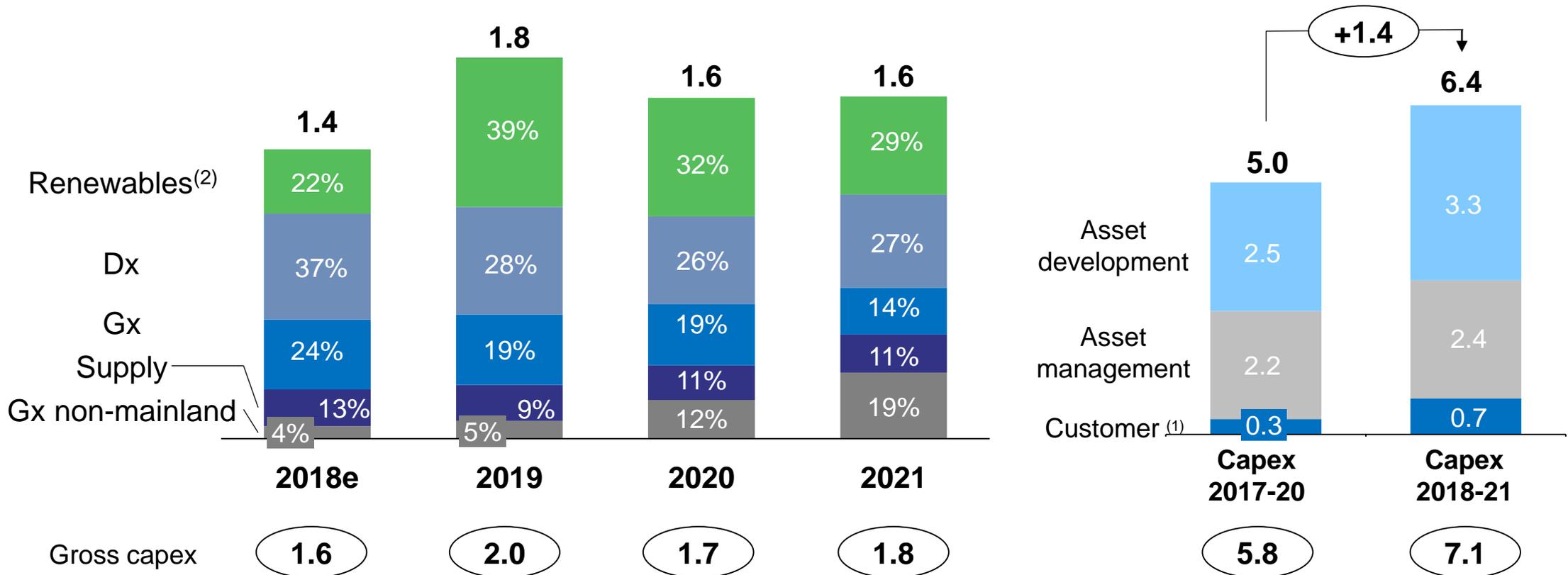
(2) Renewables capex includes €0.2 bn devoted to Hydro

Key Financial Indicators

Net Capex analysis



Net Capex by business line, €bn



Capex plan focused on growth

(1) Customer capex includes Cost to Acquire new customers, Connections and Investments associated with new services.

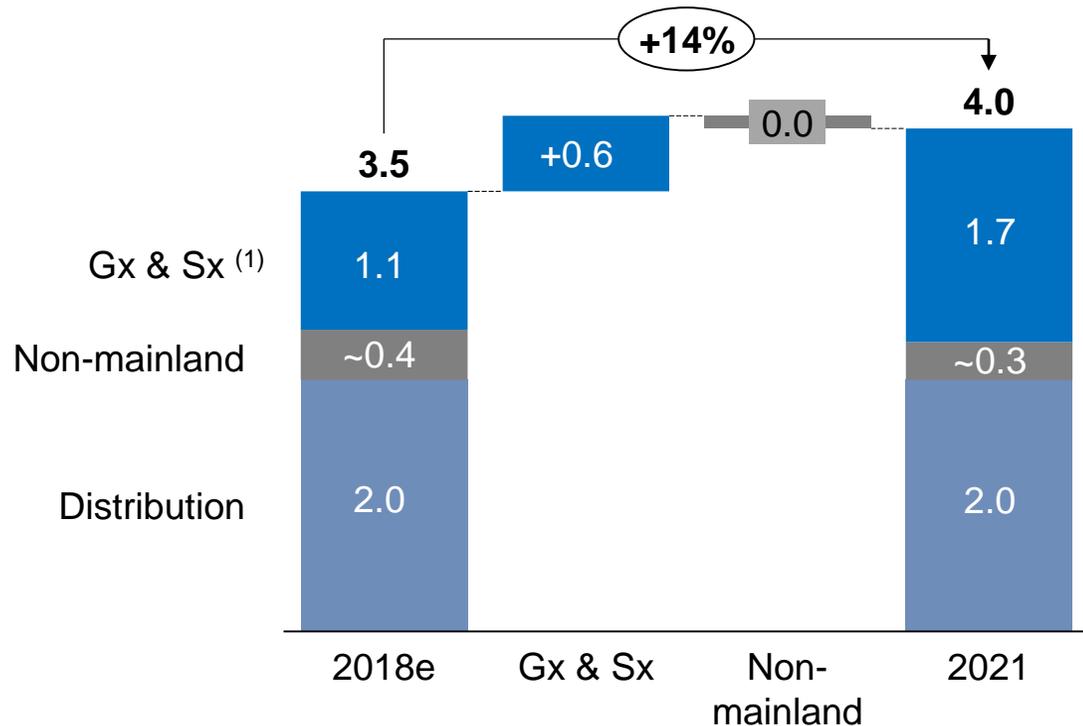
(2) Renewables capex includes Hydro investments

Key Financial Indicators

EBITDA analysis



EBITDA by business, €bn



Main drivers 2021 vs. 2018e

Generation & Supply

- Higher integrated margin: improvement of pool prices, new renewables capacity (+1.9GW) and higher Supply margin, offset by lower thermal spreads
- Better gas margins and higher contribution from Endesa X

Non-mainland

- Slightly RAB decline in 2020-21

Distribution

- Regulatory revision in 2020 compensated by other revenues increase and ongoing efficiencies

EBITDA growth driven by liberalized business

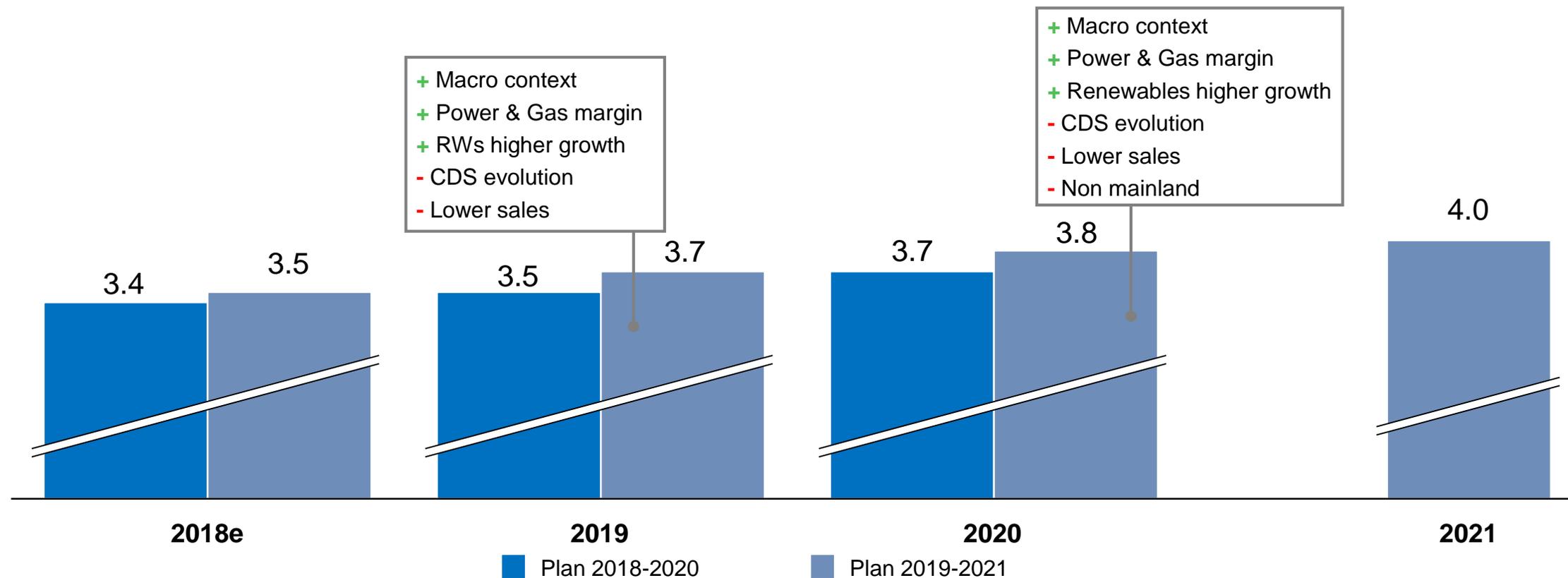
(1) Gx & Sx EBITDA figure includes Generation and Supply business, Corporate Structure, Services and Adjustments and does not include Non-mainland generation

Key Financial Indicators

Comparison of old plan vs. updated plan



EBITDA, €bn



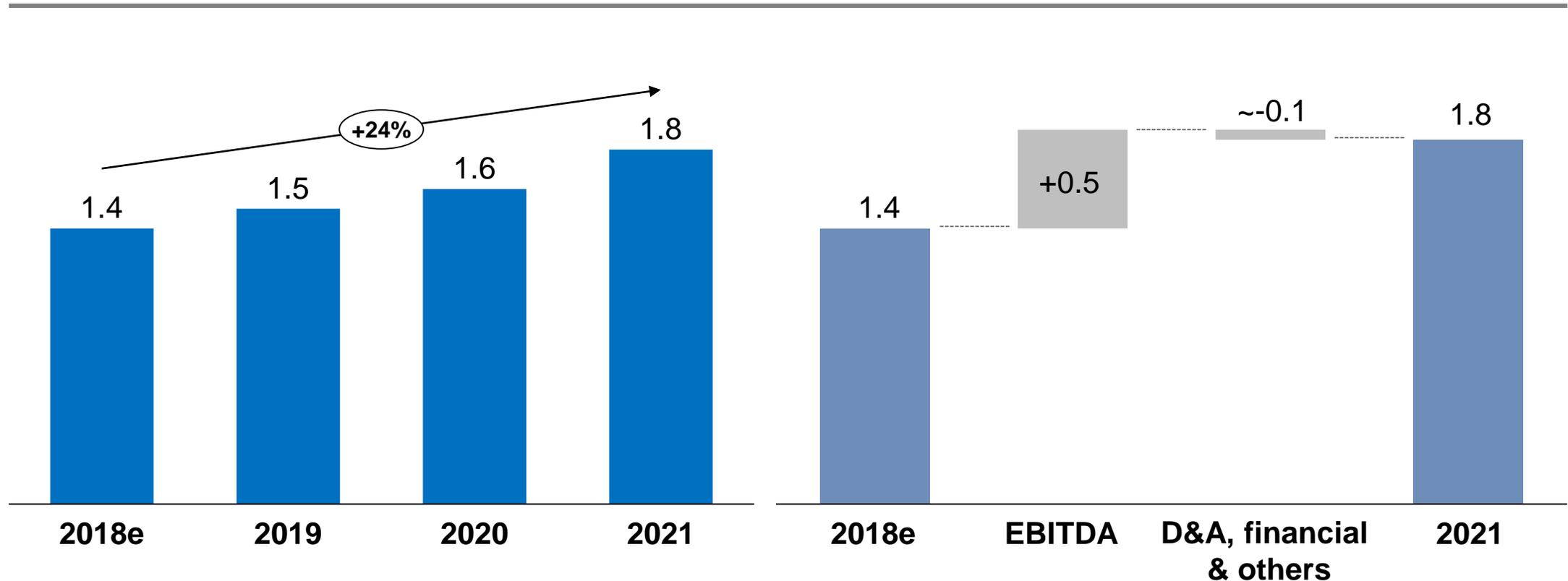
Growth leads to higher expected EBITDA

Key Financial Indicators

Net income evolution



Net Income⁽¹⁾, €bn



Net income⁽¹⁾ sound increase

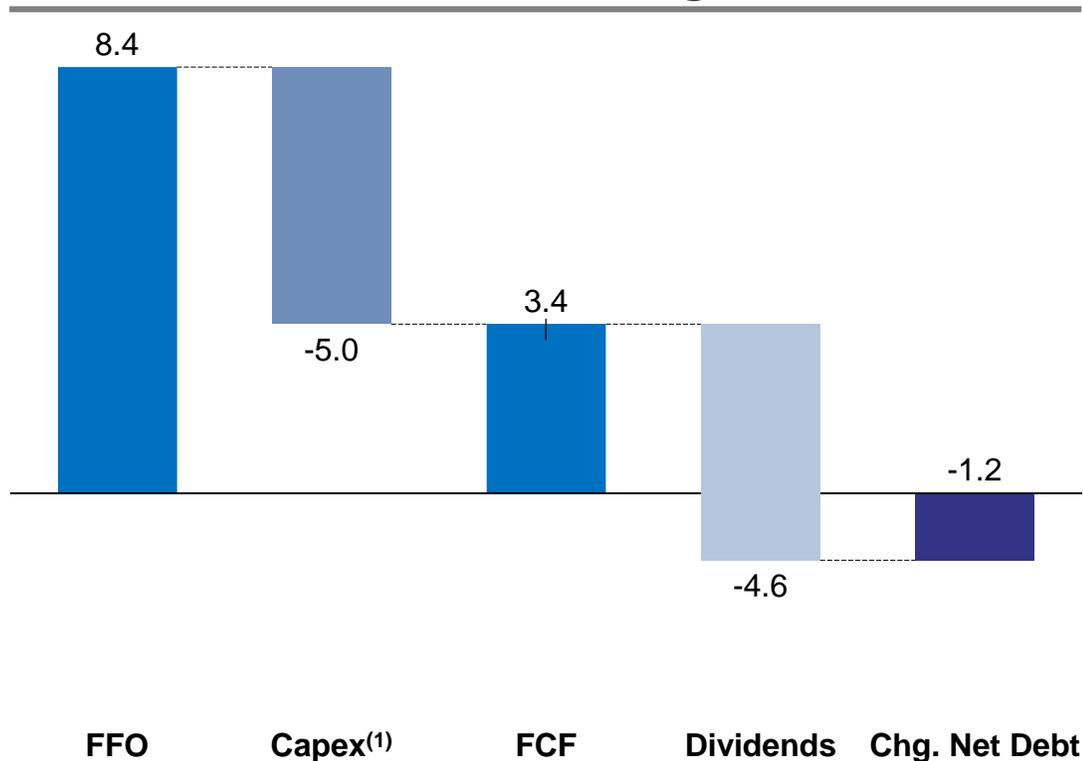
(1) Ordinary Net Income

Key Financial Indicators

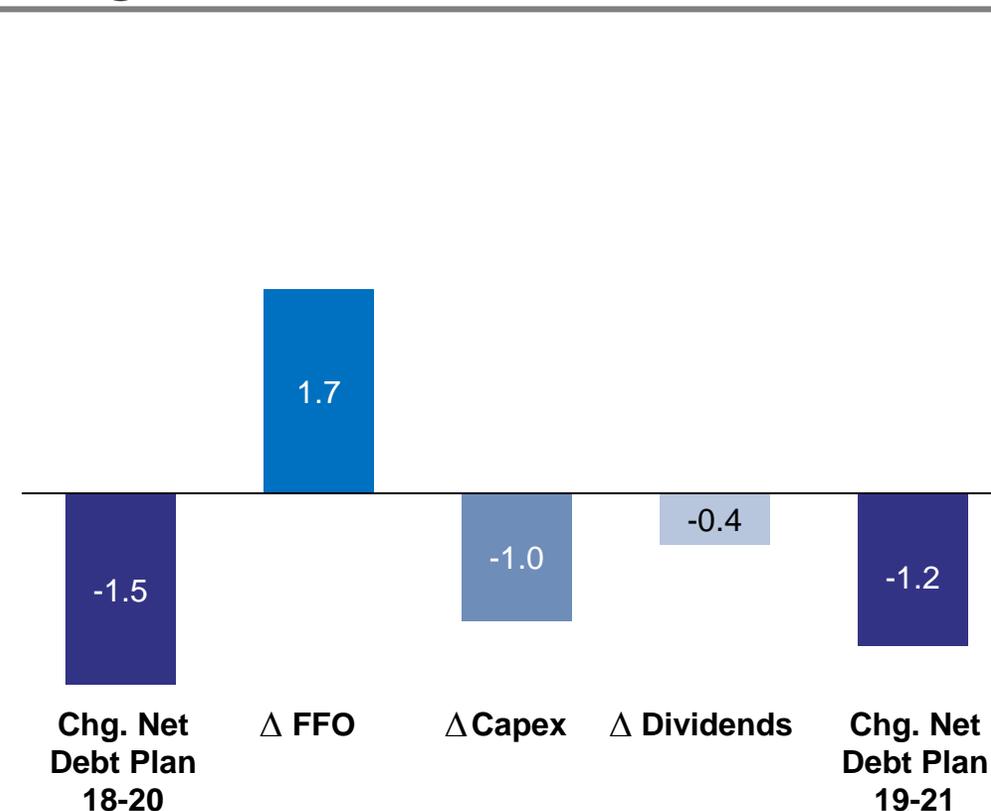
Cash flow generation



Plan 2019-2021: Cash flow generation, €bn



Change Net Debt Plan 19-21 vs. Plan 18-20, €bn



Strong cash flow generation is expected to support future growth

(1) Net Capex = Gross Capex - assets from clients' contributions – subsidies

Key Financial Indicators

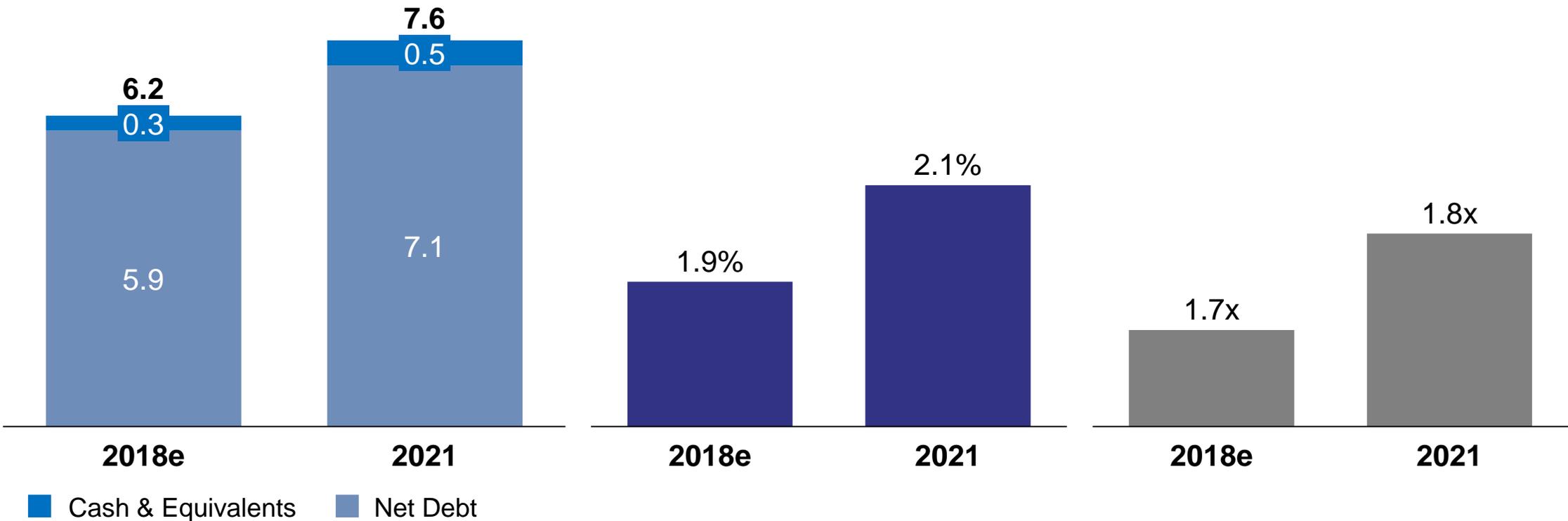
Debt analysis



2018-21 Gross debt evolution, €bn

Cost of Debt (%)

Net Debt/EBITDA (times)



Higher debt to finance growth but leverage contained

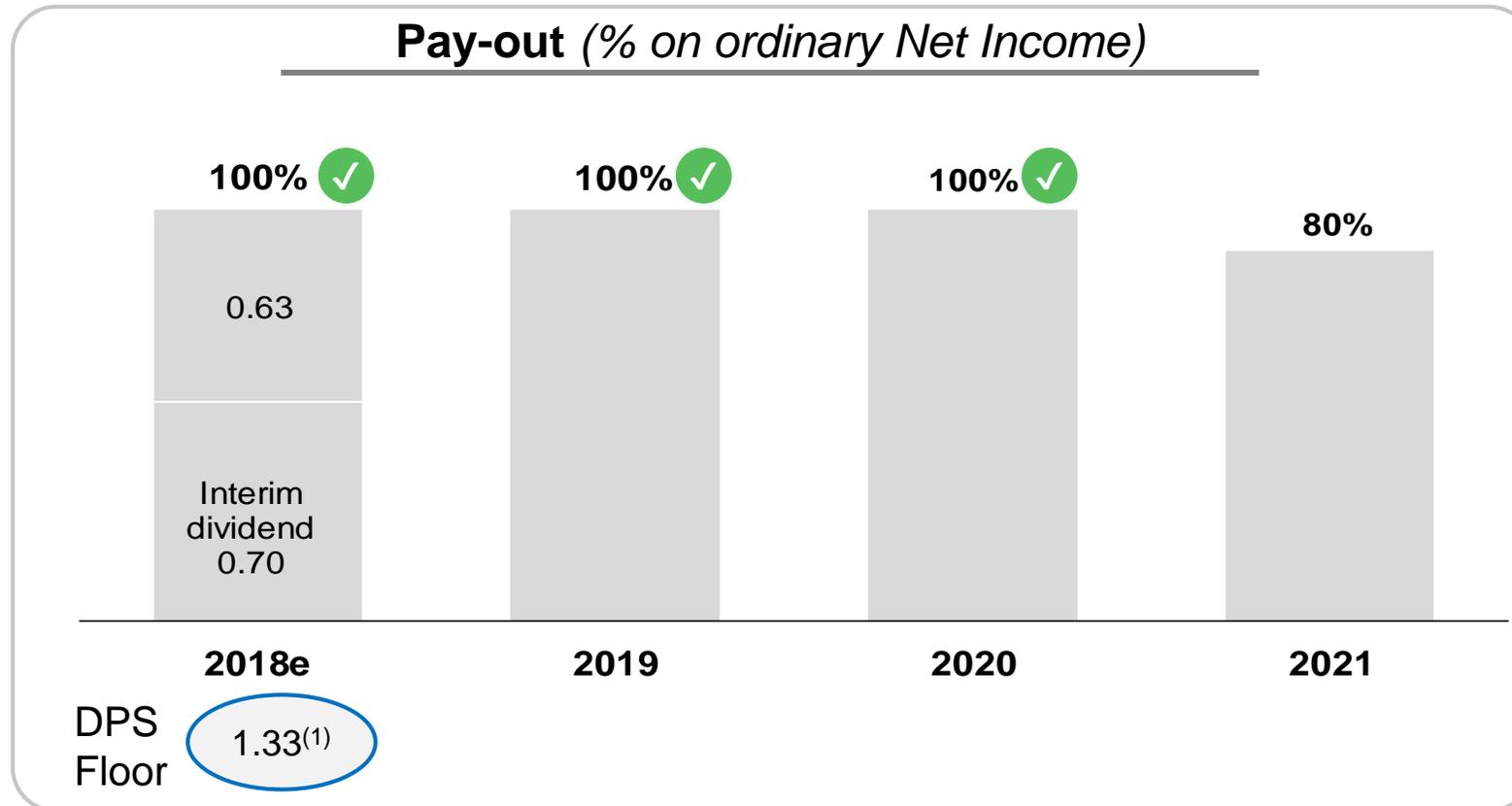
Agenda



1. Endesa's Outstanding Position
2. Energy Transition context in Spain
3. Strategic Plan Update: 2019-2021
4. Key Financial Indicators
- 5. Final remarks**

Final remarks

Endesa dividend policy



New dividend policy supporting new growth profile

✓ Dividend policy of previous year confirmed

Previous plans commitments confirmed, adjustment to future growth

(1) Gross dividend

Final remarks

Closing overview



	2018e	2019	2020	2021	CAGR 2018-2021
EBITDA, €bn	~ 3.5	~ 3.7	~ 3.8	~ 4.0	~ +5%
Net Income⁽¹⁾, €bn	~ 1.4	~ 1.5	~ 1.6	~ 1.8	~ +7%
Minimum DPS, €/sh	1.33 ⁽²⁾				
Capex, €bn	1.4	1.8	1.6	1.6	Σ 2018-2021 6.4
Cummulative FCF⁽³⁾, €bn		3.4			

(1) Ordinary Net Income

(2) Gross dividend

(3) FCF = Funds from Operations (FFO) – Maintenance & Growth Net investments

Final remarks



1

First-class integrated player in Iberia

2

Sound delivery track record

3

Multiple growth opportunities in the energy transition

4

Strategic vision reaffirmed and growth path enhanced

5

Sustainable value creation over the long term



Back-up



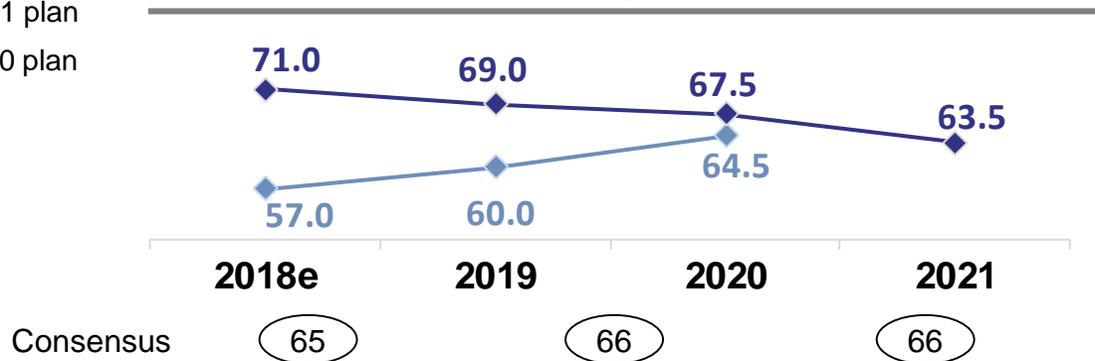
Key Financial Indicators

Commodity overview and update to latest market consensus

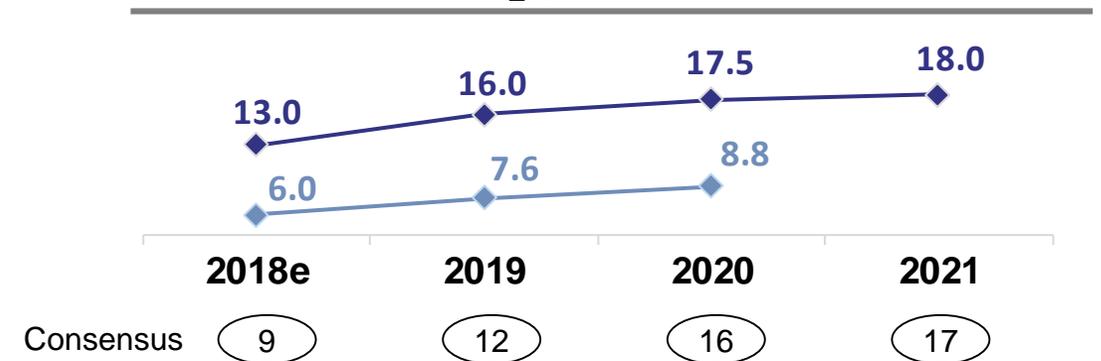


◆ 2019-21 plan
◆ 2018-20 plan

Brent price, \$/bbl



CO₂ price, €/ton



Coal API2, \$/ton



TTF, €/MWh



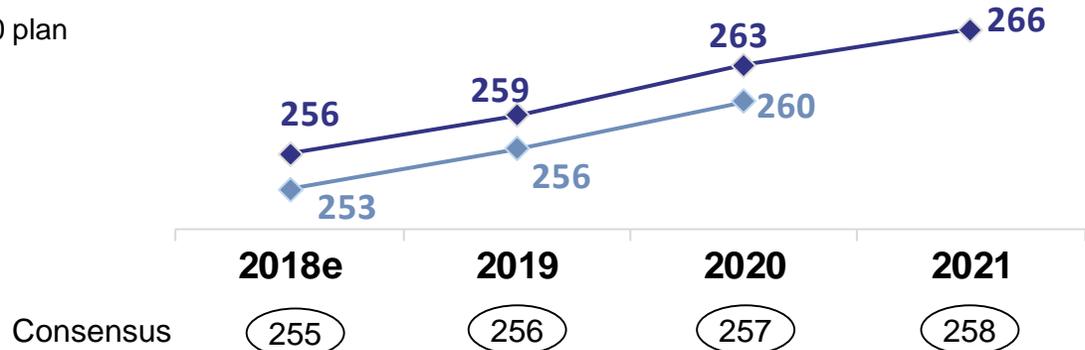
Key Financial Indicators

Power market overview and update to latest market consensus

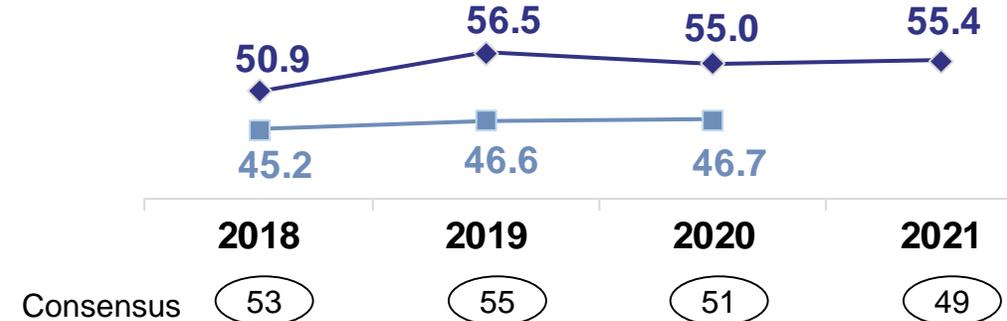


◆ 2019-21 plan
◆ 2018-20 plan

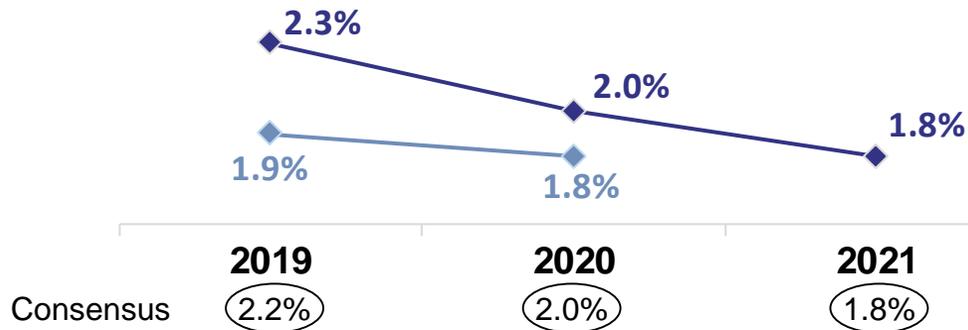
Mainland Spain demand⁽¹⁾, TWh



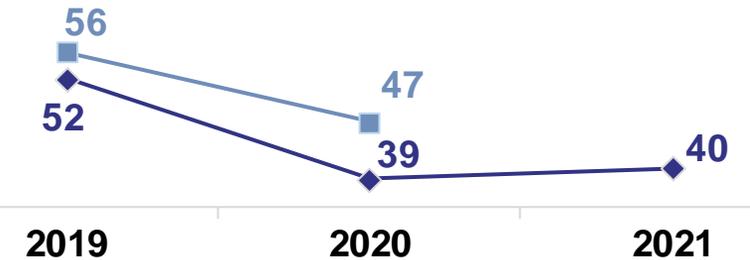
Average daily market price⁽²⁾, €/MWh



Spain GDP growth, %



Thermal gap, TWh



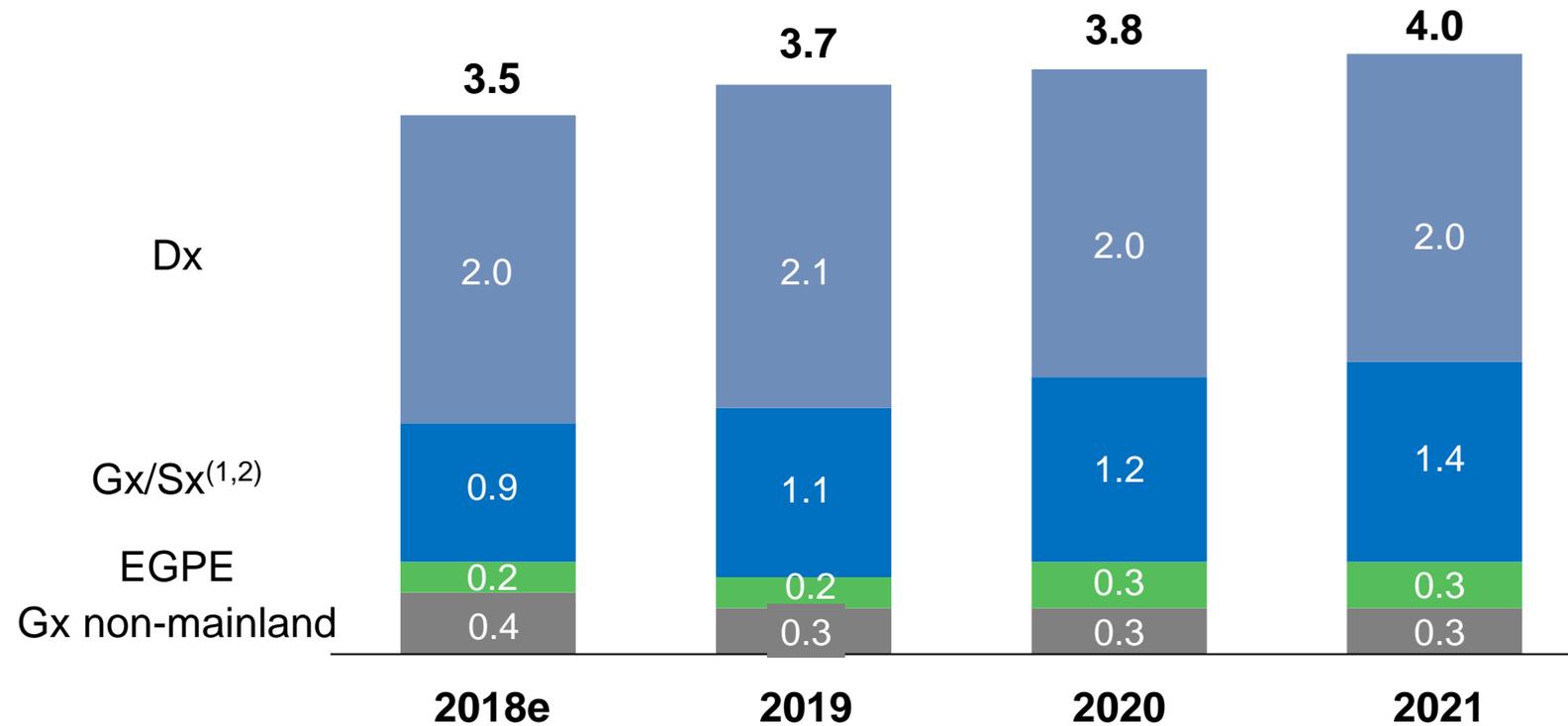
(1) In bus bars
(2) Arithmetic power prices

Key Financial Indicators

EBITDA analysis



EBITDA by business line, €bn



(1) Includes Hydro EBITDA

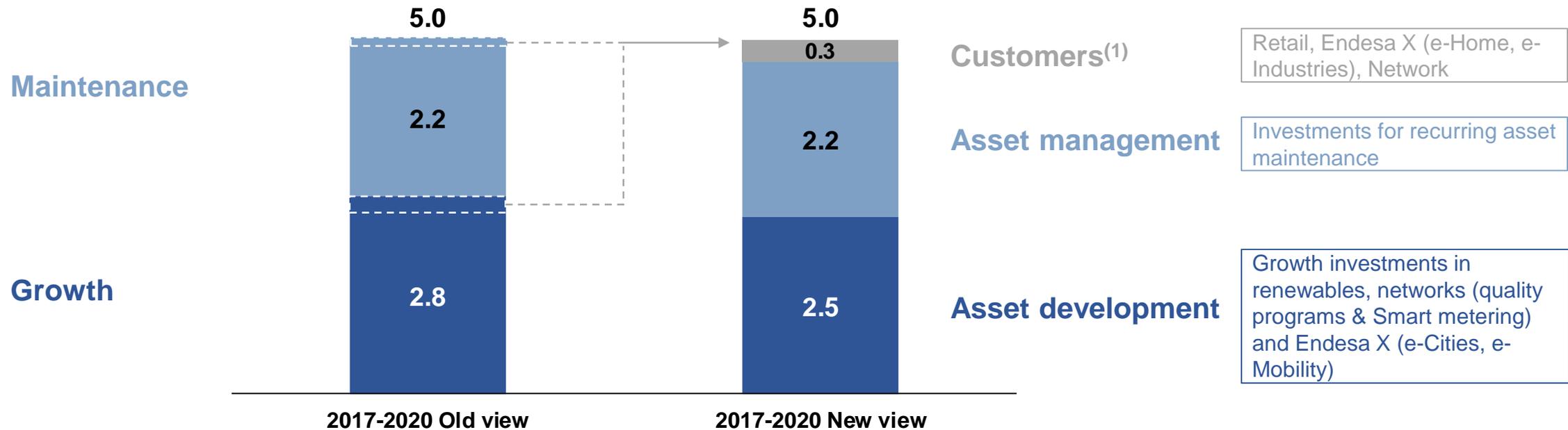
(2) Gx & Sx EBITDA figure includes Generation and Supply business, Corporate Structure, Services and Adjustments and does not include Non-mainland generation

Old Plan Capex reconciliation

Net Capex 2017-2020



Net Capex by category, €bn



(1) Customer capex includes Cost to Acquire new customers, Connections and Investments associated with new services.

Glossary of terms (I/II)



Item	Definition
Average cost of debt (%)	Cost of gross financial debt / gross average financial debt
Average life of debt (number of years)	(Principal x number of days of term) / (Principal in force at the end of the period x number of days of the period)
Cash flow from operations (€M)	Net cash provided by operating activities
Debt maturities coverage (months)	Maturity period (months) for vegetative debt that could be covered with the liquidity available
EBITDA (€M)	Revenues – Purchases and Services + Work performed by the entity and capitalized – Personnel expenses – Other fixed operating expenses
EBIT (€M)	EBITDA - Depreciation and amortization
Fixed costs (Opex) (€M)	Personnel expenses + Other fixed operating expenses - Work performed by the entity and capitalized
Gross margin (€M)	Revenues – Purchases and Services
Leverage (times)	Net financial debt / EBITDA
Net Capex (€M)	Gross tangible and intangible Capex - assets from clients' contributions and subsidies
Funds from Operations (FFO, €M)	The higher profit before tax and non-controlling interests net of depreciation and amortisation and other adjustments + Change in Net Working Capital + Variation in the payment of the Income Tax

Glossary of terms (II/II)



Item	Definition
Net financial debt (€M)	Long and short term financial debt - Cash and cash equivalents – Derivatives recognized as financial assets
Net financial results (€M)	Financial Revenues - Financial Expenses - Foreign Exchanges
Revenues (€M)	Sales + Other operating revenues
Electric Integrated Margin (€M)	Contribution margin Gx+Sx - Margin SENP - Margin SCVP - Margin gas - Margin Endesa X - Others
Unitary electric integrated margin (€/MWh)	Electric Integrated Margin / Electric sales in the liberalized market in Spain and Portugal
Gas retail unitary margin (€/MWh)	Gas margin from retail sales / Gas Retail sales
Endesa X Gross Margin (€M)	Gross margin generated by the added value products and services commercialized by the Endesa X unit

Disclaimer



This document contains certain "forward-looking" statements regarding anticipated financial and operating results and statistics and other future events. These statements are not guarantees of future performance and they are subject to material risks, uncertainties, changes and other factors that may be beyond ENDESA's control or may be difficult to predict.

Forward-looking statements include, but are not limited to, information regarding: estimated future earnings; anticipated increases in generation and market share; management strategy and goals; estimated cost reductions; tariffs and pricing structure; estimated capital expenditures and other investments; estimated increases in capacity and output and changes in capacity mix; repowering of capacity and macroeconomic conditions. The main assumptions on which these expectations and targets are based are related to the regulatory setting, exchange rates, increases in production and installed capacity in markets where ENDESA operates, increases in demand in these markets, assigning of production amongst different technologies, and the availability and cost of the gas, coal, fuel oil and emission rights necessary to run our business at the desired levels.

In these statements we avail ourselves of the protection provided by the Private Securities Litigation Reform Act of 1995 of the United States of America with respect to forward-looking statements.

The following important factors, in addition to those discussed elsewhere in this document, could cause actual financial and operating results and statistics to differ materially from those expressed in our forward-looking statements:

Economic and industry conditions: significant adverse changes in the conditions of the industry, the general economy or our markets; the effect of the prevailing regulations or changes in them; tariff reductions; the impact of interest rate fluctuations; the impact of exchange rate fluctuations; the impact of energy commodities price fluctuations; natural disasters; the impact of more restrictive environmental regulations and the environmental risks inherent to our activity; 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. Delays in or impossibility of obtaining the pertinent permits and rezoning orders in relation to real estate assets. Delays in or impossibility of obtaining regulatory authorisation, including that related to the environment, for the construction of new facilities, repowering or improvement of existing facilities or its closure or decommissioning; shortage of or changes in the price of equipment, material or labour; opposition of political or ethnic groups; adverse changes of a political or regulatory nature in the countries where we or our companies operate; adverse weather conditions, natural disasters, accidents or other unforeseen events, defaults quantifiable of monetary obligations by the counterparties to which the Company has effectively granted net credit and the impossibility of obtaining financing at what we consider satisfactory interest rates.

Regulatory, environmental and political/governmental factors: political conditions in Spain and Europe generally; changes in Spanish, European and foreign laws, regulations and taxes.

Operating factors: technical problems; changes in operating conditions and costs; capacity to execute cost-reduction plans; capacity to maintain a stable supply of coal, fuel and gas; acquisitions or restructuring; capacity to successfully execute a strategy of internationalisation and diversification.

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

Further details on the factors that may cause actual results and other developments to differ significantly from the expectations implied or explicitly contained in this document are given in the Risk Factors section of the current ENDESA regulated information filed with the Comisión Nacional del Mercado de Valores (the Spanish securities regulator or the "CNMV" for its initials in Spanish).

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