

Endesa 2020-22 Strategic Plan Update

November 27, 2019



endesa

Agenda



José Bogas
CEO

Our Positioning

Our vision

Luca Passa
CFO

Strategic Plan
Update: 2020-22

Strategic plan

Key Financial Indicators

José Bogas

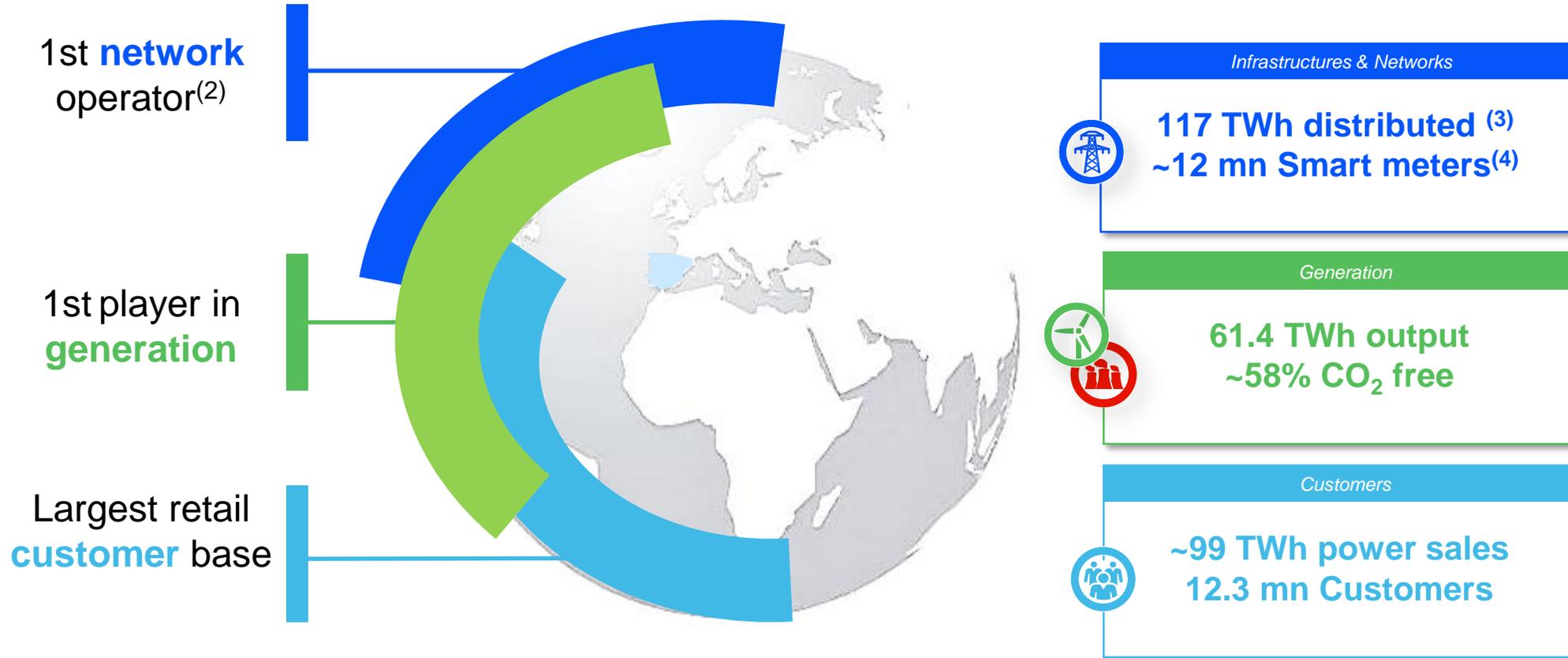
Closing Remarks



Endesa 2020-22 Strategic Plan Update

Our positioning

A portfolio of strategic assets⁽¹⁾

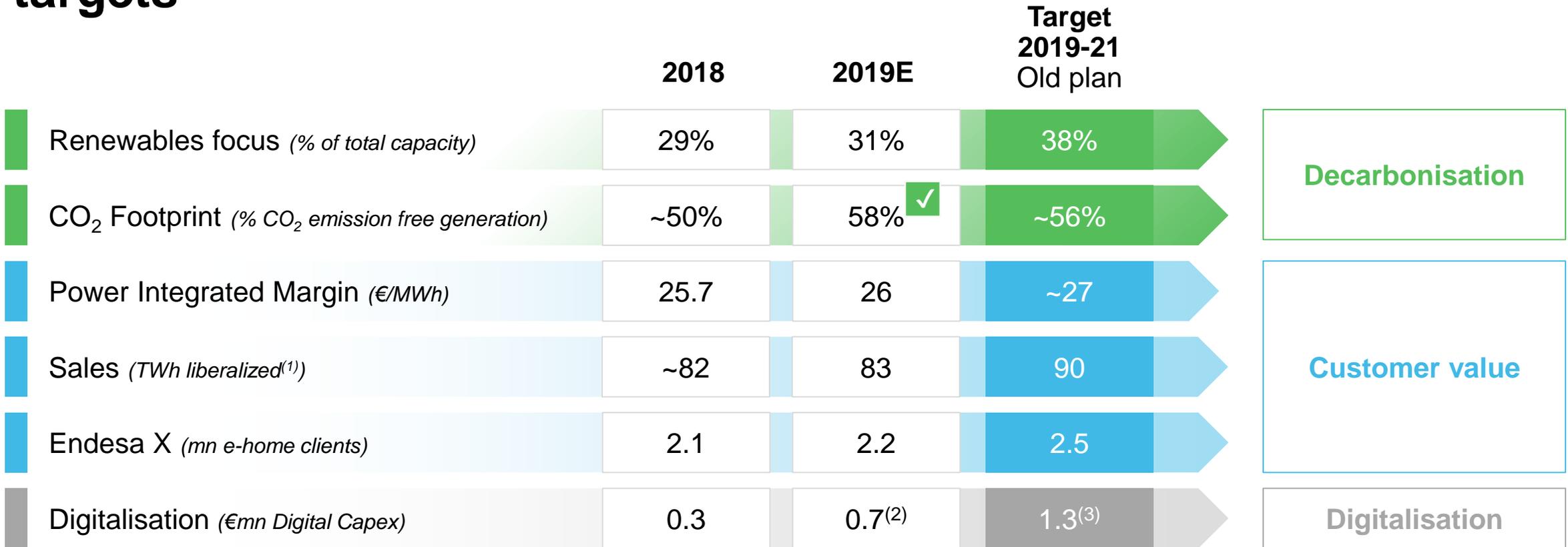


First integrated player leading energy transition in Iberia

(1) 2019E
(2) By distributed energy

(3) Net distributed energy
(4) Includes LV and HV full deployment

Delivery on 2019-21 Strategic Plan: operating targets



✓ Ahead of target

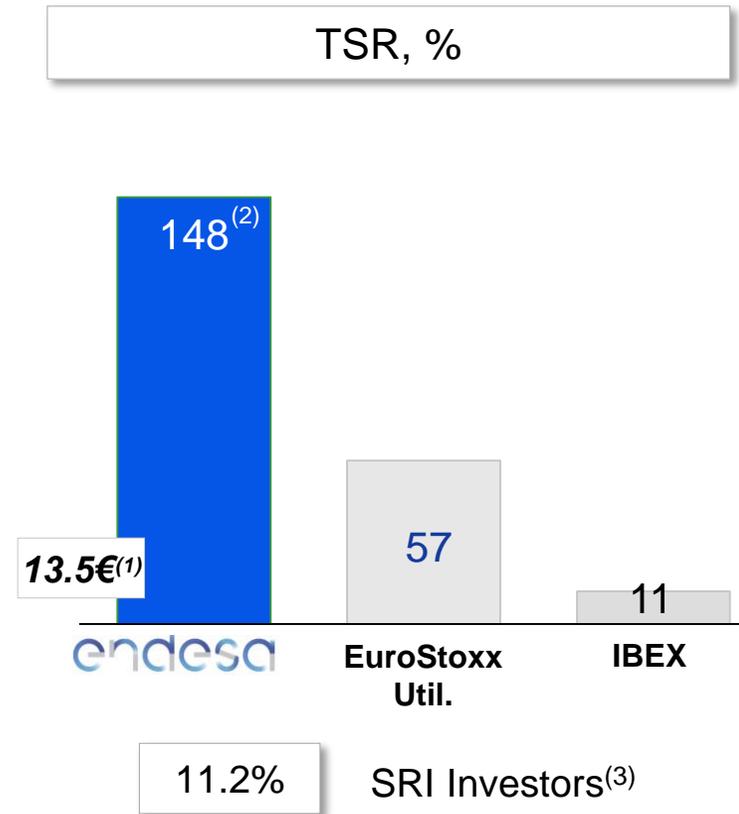
Sound progress on all strategic pillars

(1) Excluding international sales and Small Consumer Voluntary Price (SCVP)
 (2) Cumulated figure 2018-2019E
 (3) Cumulated figure 2018-2021

Delivery on 2019-21 Strategic Plan: financial targets



	2014	2019E ✓	CAGR 2014-19E
CAPEX (€bn)	0.8	1.9 Above target 2019: €1.8 bn	+19%
EBITDA (€bn)	3.1	3.7	+4%
Net ordinary income (€bn)	0.9	1.5	+11%
Gross DPS (€/sh)	0.76	~1.4	+13%
Net ordinary income / EBITDA	29%	41%	



✓ In line with targets

Improved economic results driven by repositioning through a sustainable strategy

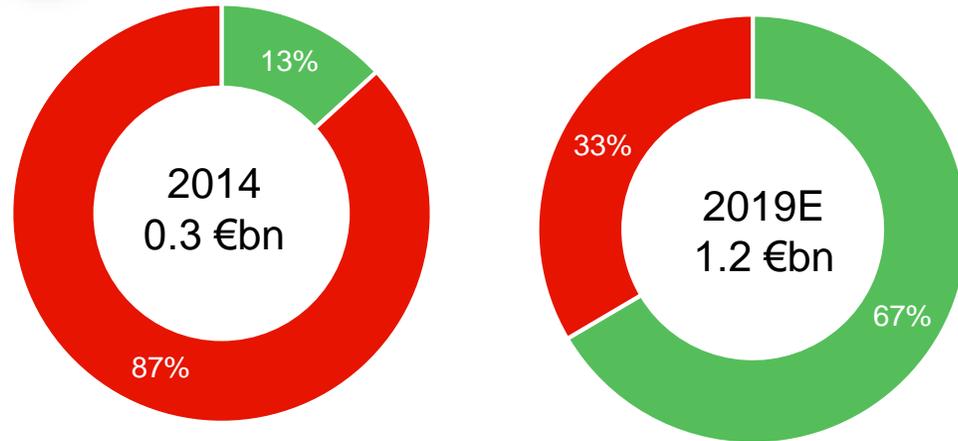
(1) Preferential subscription share price on November 20th, 2014 (latest IPO)
 (2) Includes dividends assumed to be re-invested (2019 share price as of Nov 25th: 24.62 €/sh). Calculated with Bloomberg data

(3) Socially Responsible Investors over total Capital as of December 2018

Repositioning capital allocation on renewables



Generation capex: 2014 vs 2019E



20x capex increase in decarbonizing our generation mix

Mainland installed capacity, GW



28%

RES on mainland capacity

~40%

Renewables Conventional Generation

Reshape of our business model focusing on decarbonisation

Enabling platforms for the Energy Transition



Infrastructure & Networks

Net Capex
(€bn)



Smart meters
(mn)

2014	2019E
5	~12 ⁽¹⁾

Net distributed energy
(TWh)

2014	2019E
111	117

Unitary Opex
(€/end user)

2014	2019E
59	43



Retail (Power)

Free clients
(mn)

	2014	2019E
Free clients (mn)	4.5	5.9

Unitary integrated margin⁽²⁾
(€/MWh)

	2014	2019E
Unitary integrated margin ⁽²⁾ (€/MWh)	19	26



Endesa X

E-Home clients
(mn)

	2014	2019E
E-Home clients (mn)	1.3	2.2

Charging points⁽³⁾
(k#)

	2014	2019E
Charging points ⁽³⁾ (k#)	-	5

Established a leading position in infrastructures and new services

(1) Includes LV and HV full deployment
(2) Includes Generation margin + Supply margin

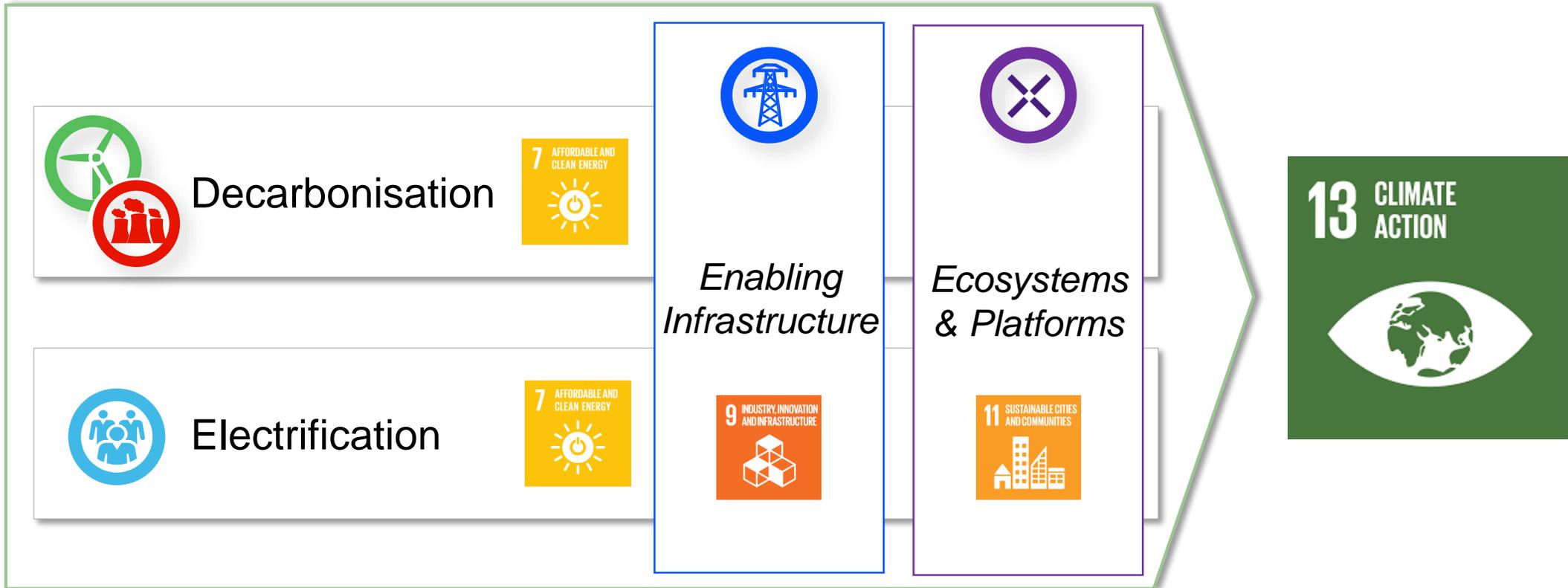
(3) Public (1k) and private (4k) charging points



Endesa 2020-22 Strategic Plan Update

Our vision

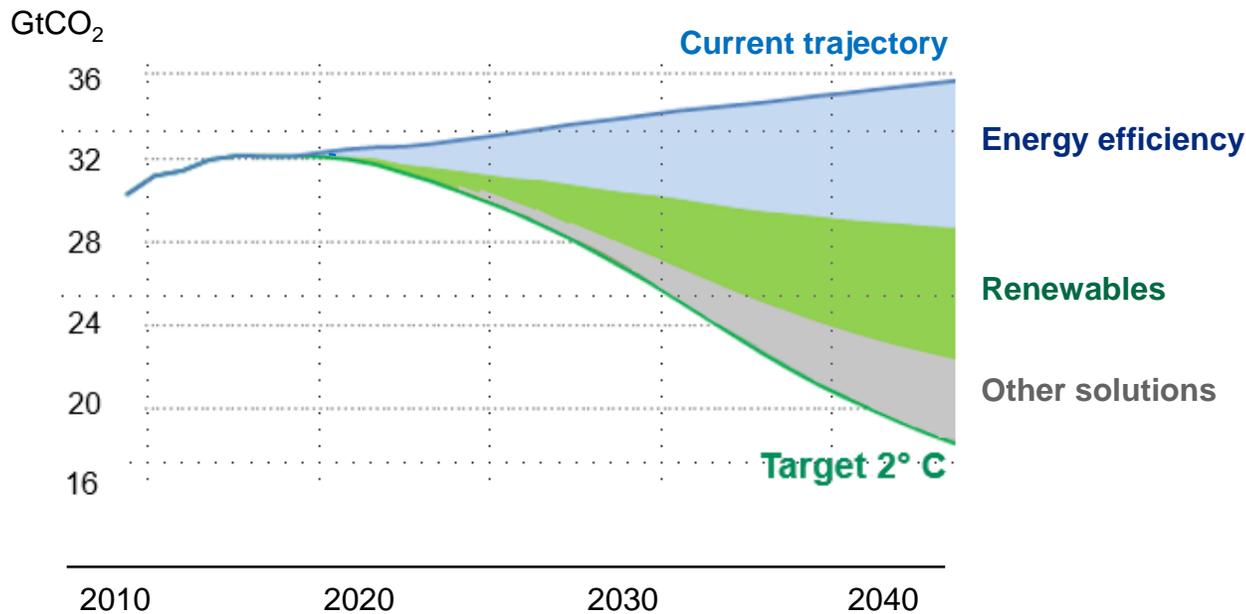
Sector trends shaping our capital allocation



New opportunities arising from decarbonisation



CO₂ emissions and actions needed to achieve Paris' goals



1. IEA WEO 2018 SDS Scenario

*Revolution of the energy paradigm towards non-fossil sources. **Electricity is the key element:***

- **Increases efficiency in final energy consumption**
- **Clean energy: zero CO₂ and other emissions**
- **Allows to increase renewable energy**

Electrification as key element to achieve the Paris' goals

Integrated National Energy and Climate Plans 2021-30



GHG emissions
reduction

Renewables

Energy
efficiency

Interconnection

2030 EU targets

40% vs. 1990 level

>32% on final
energy consumption

32.5%⁽¹⁾

15%

Spain

Energy and
Climate
strategic
framework

Energy and Climate Integrated National Plan (PNIEC)

21% vs. 1990
(48% vs. 2005)

42% on final
energy use
74% on power
generation

39.6%⁽¹⁾

15%

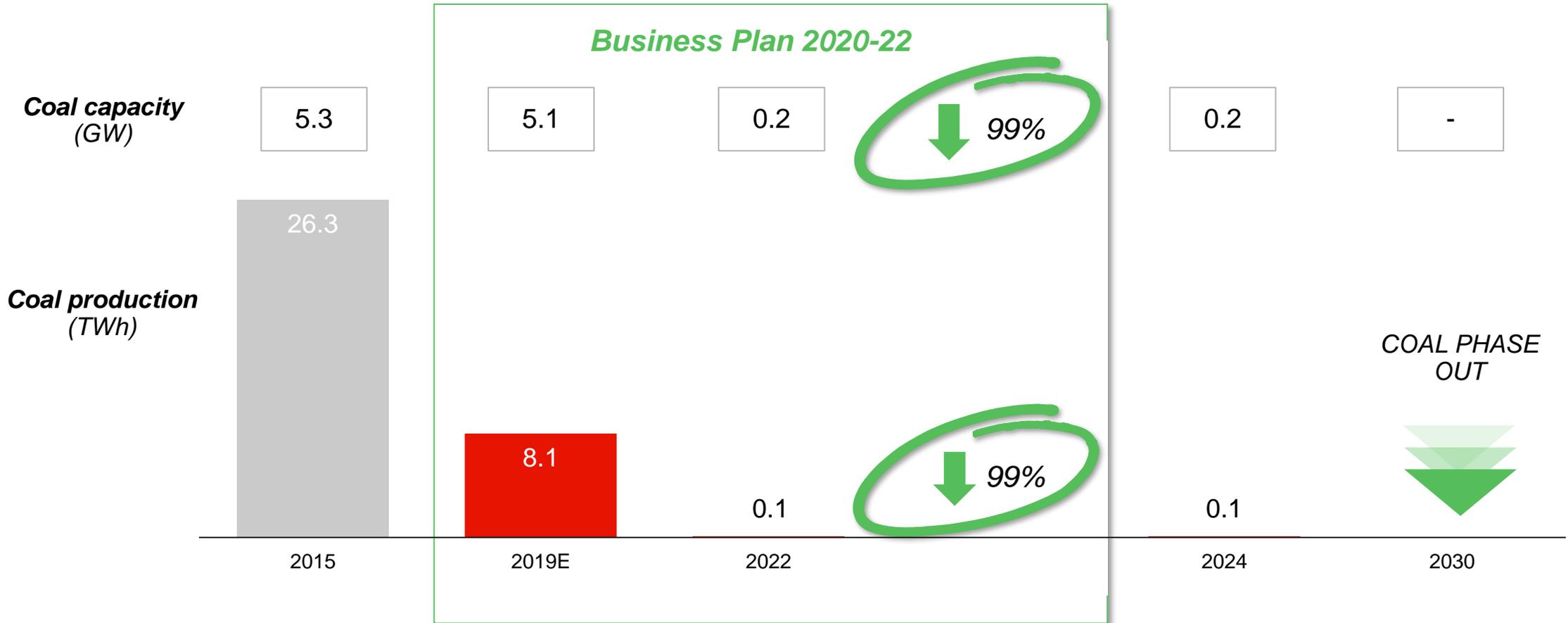
Draft on Climate Change and Energy Transition Law

Fair Transition Strategy

236 €bn investments' opportunities from the Energy Transition in Spain

(1) Savings in primary energy consumption vs. reference level

Accelerated coal phase out over the plan period and beyond



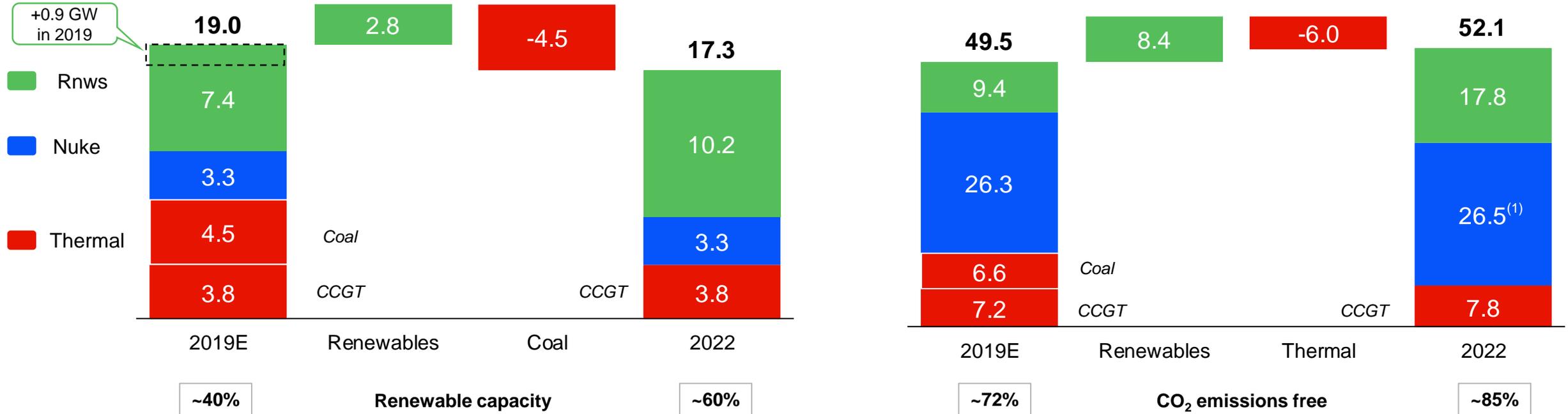
Mainland coal phase out by 2022

Progressing towards total decarbonisation in 2050



Total mainland capacity, GW

Total mainland output, TWh



Generation mix fully reshaped

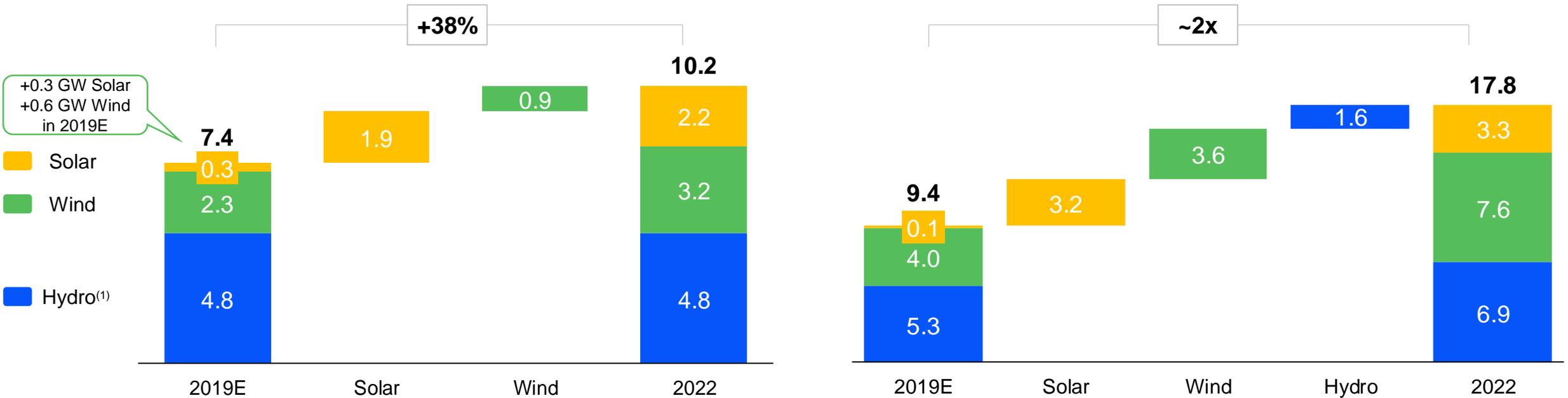
(1) Load factors increase

Renewable generation 2019-22: our main growth platform



Installed capacity, GW

Output by technology, TWh



~40% increase of renewable installed capacity in 2022

(1) Includes mini-hydro

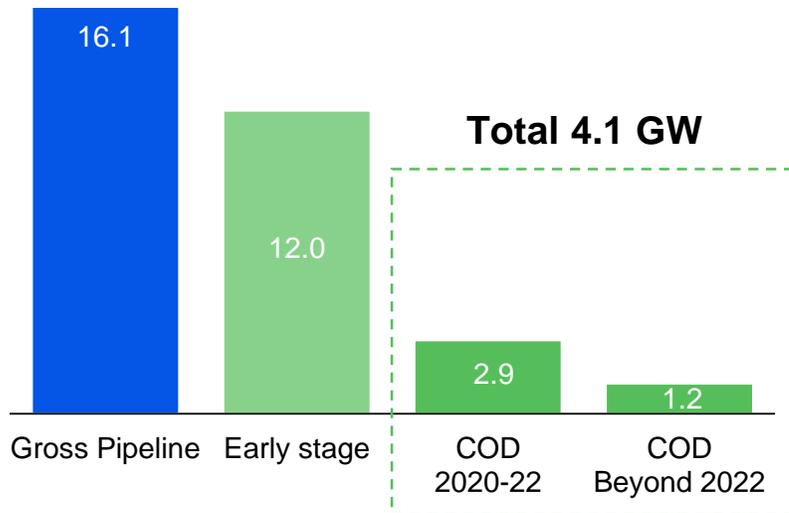
Strategy in Renewables



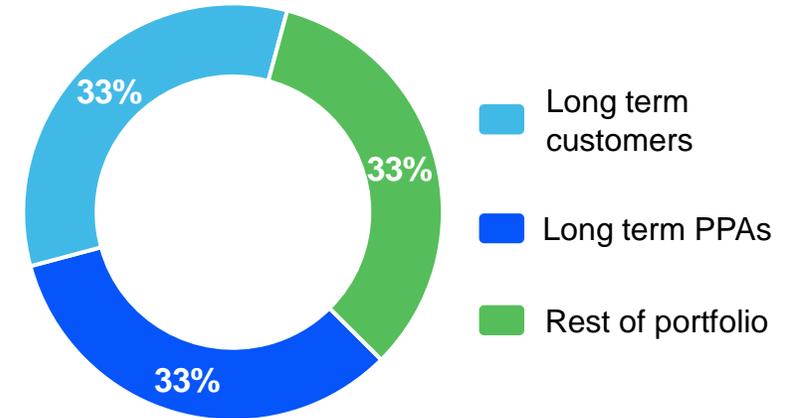
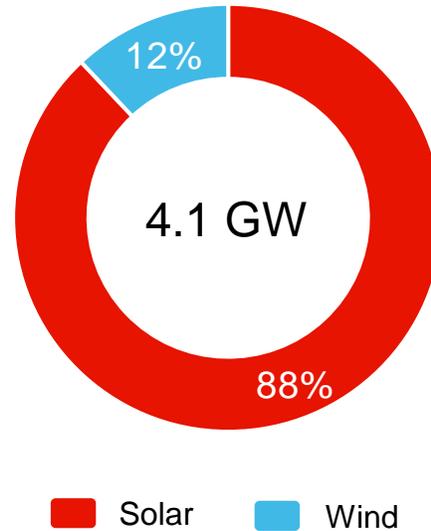
Renewables pipeline⁽¹⁾ (GW)

Pipeline by technology

Indicative hedging strategy



4.6 GW⁽²⁾ with awarded connecting points



IRR-WACC spread >200bps

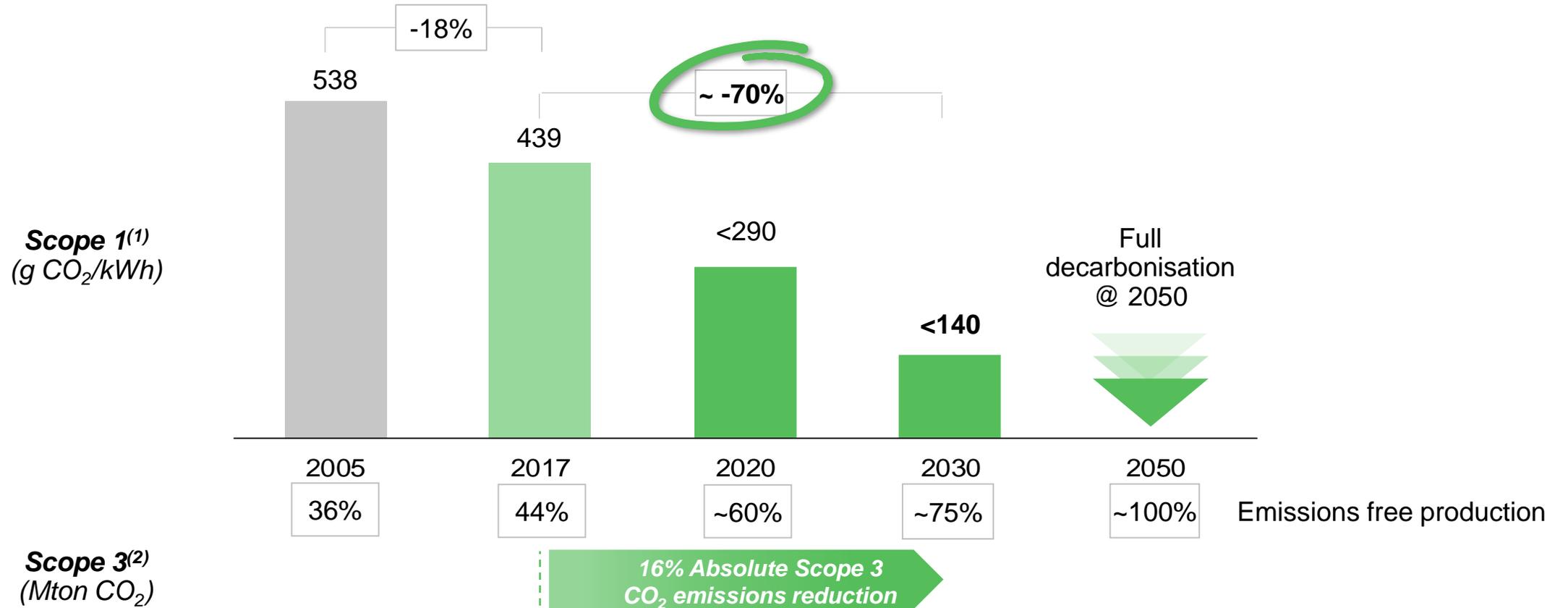
Leveraging on our customer base to accelerate renewables development

(1) As of October 2019
 (2) Includes 0.5 GW in early stage

Progressing towards total decarbonisation in 2050



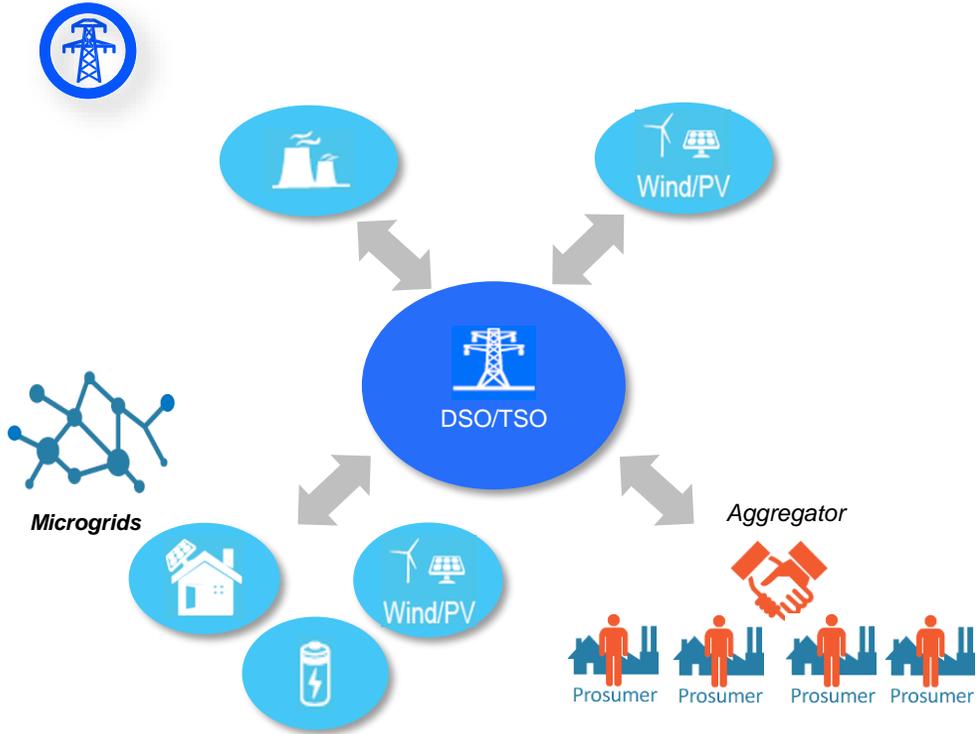
CO₂ specific emissions⁽¹⁾, g CO₂/kWh



Speed up in our fully decarbonisation objectives

(1) Scope 1, direct emissions
 (2) Scope 3, non direct emission (gas sales and others)

Enabling Infrastructure



Energy system evolution

Pivotal role in the Energy Transition

Grid Edge Transformation enabling platformization of the sector

Innovation and resilience required in a changing environment

Engagement of customers for a more active role

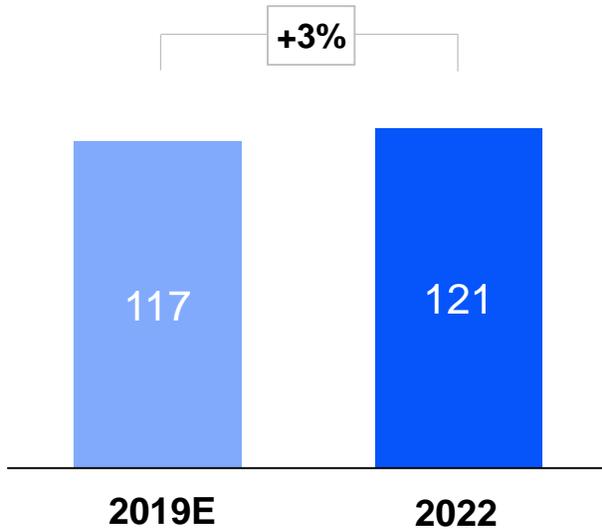
Infrastructures to enable integration of new renewables and electric vehicle

Enabling Infrastructure

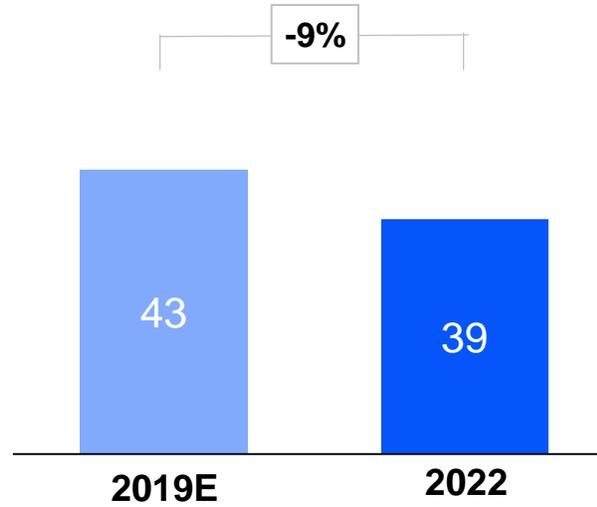
Continuous focus on operational efficiency



Net distributed energy, TWh



OPEX, €/end user



Resiliency and flexibility

Service quality improvement

Deployment of smart meters and smart grids

Losses⁽¹⁾ (%)

2019E	9.5	2022	9.2
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Minutes of interruption⁽²⁾

2019E	64	2022	52
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Better service quality reducing interruptions, losses and improving efficiency

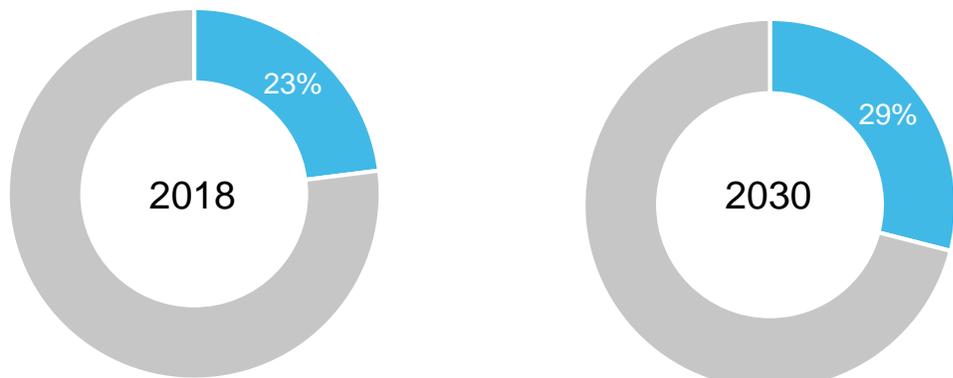
(1) System Operator (S.O) criteria
 (2) Own + Programmed + Transport

Ecosystems and platforms



Share of power on total energy consumption⁽¹⁾, %

Endesa X: Acceleration of electrification

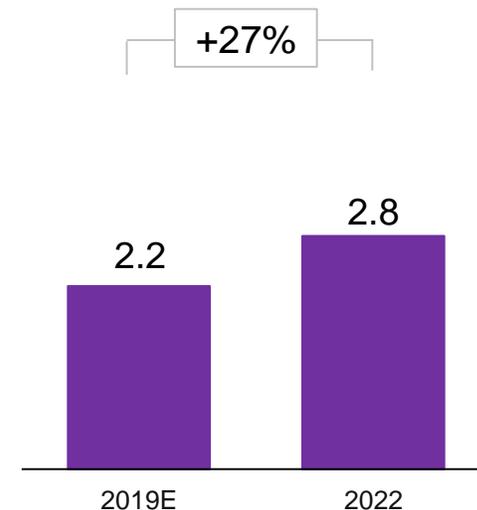
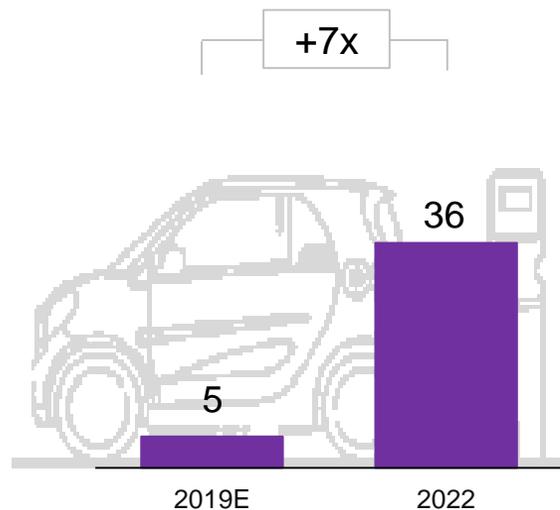


Charging points⁽²⁾ (th.)

e-Home clients (mn)

Electric vehicles (mn)	0
Transport (TWh)	7
Residential share of power	38%

Electric vehicles (mn)	5
Transport (TWh)	24
Residential share of power	45%



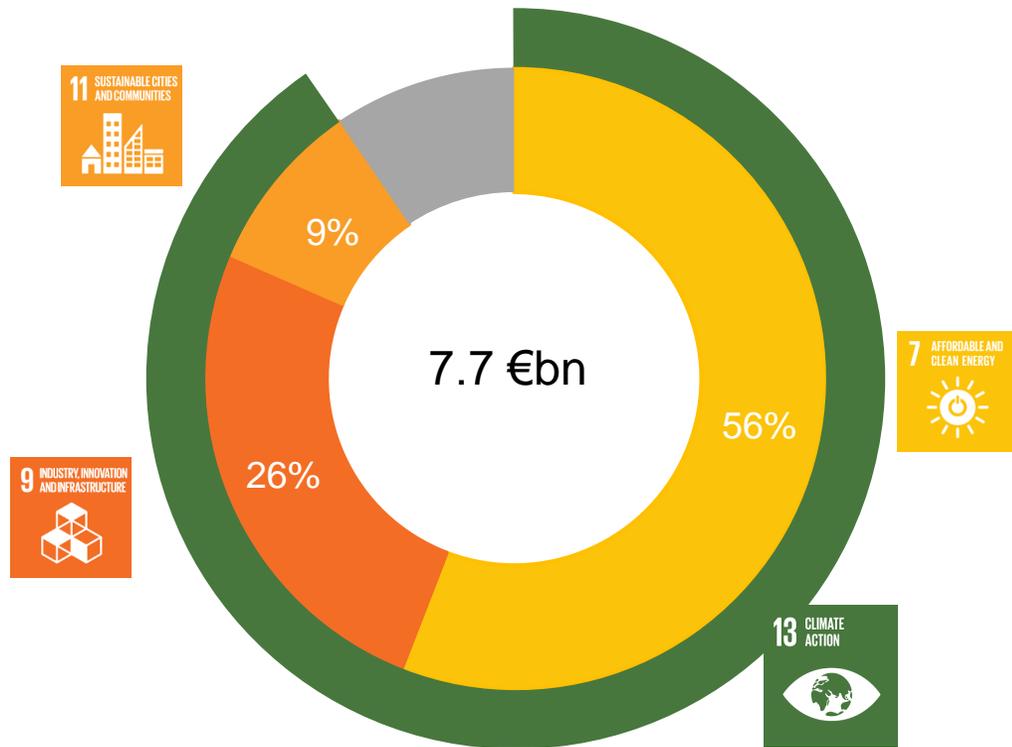
Platforms development to support demand electrification

(1) Source: Spanish PNIEC
 (2) Public and private charging points

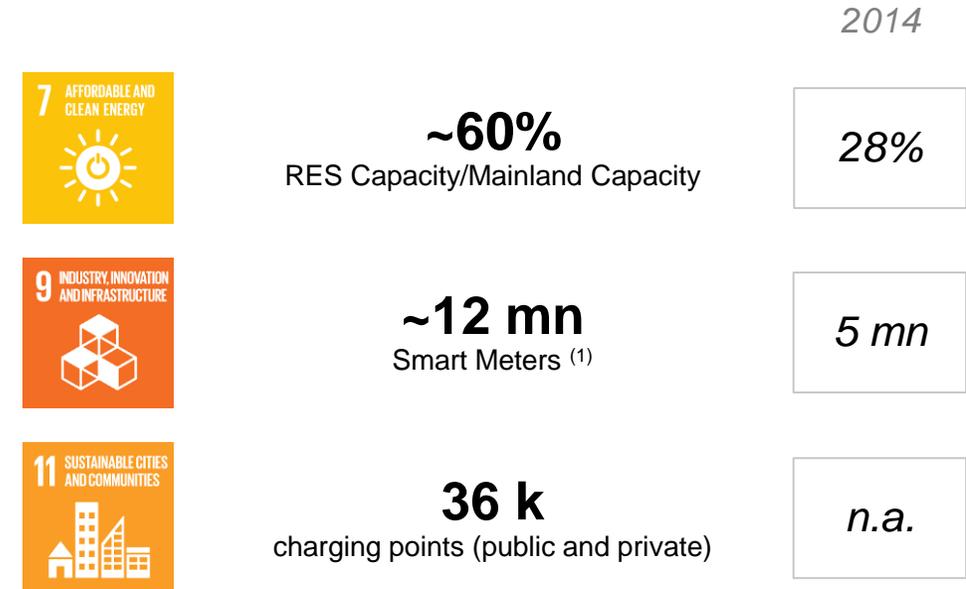
A fully sustainable capex plan reflected in SDGs impacts



Capital allocation by SDG 2019E-22



SDGs impacts at 2022



~90% allocated to climate action (SDG 13)

(1) Includes LV and HV full deployment



Endesa 2020-22 Strategic Plan Update

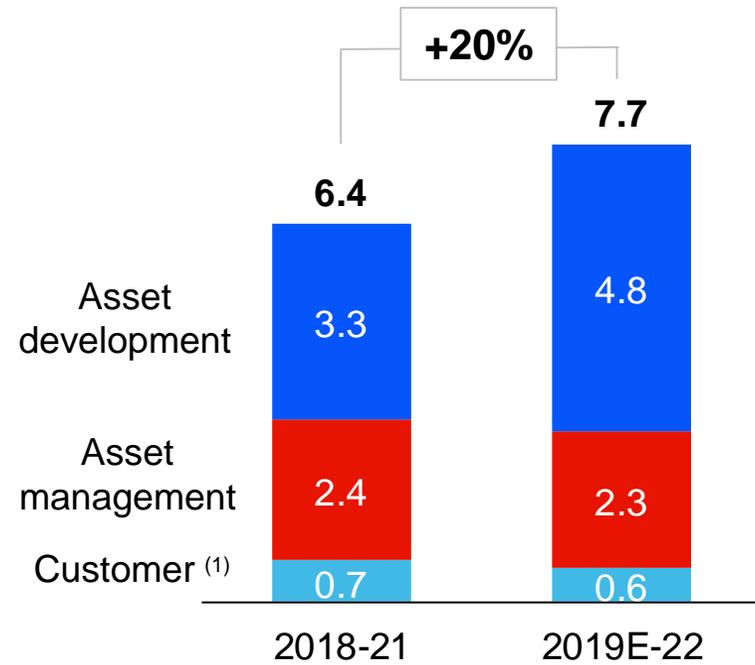
Strategic plan

Key Financial Indicators

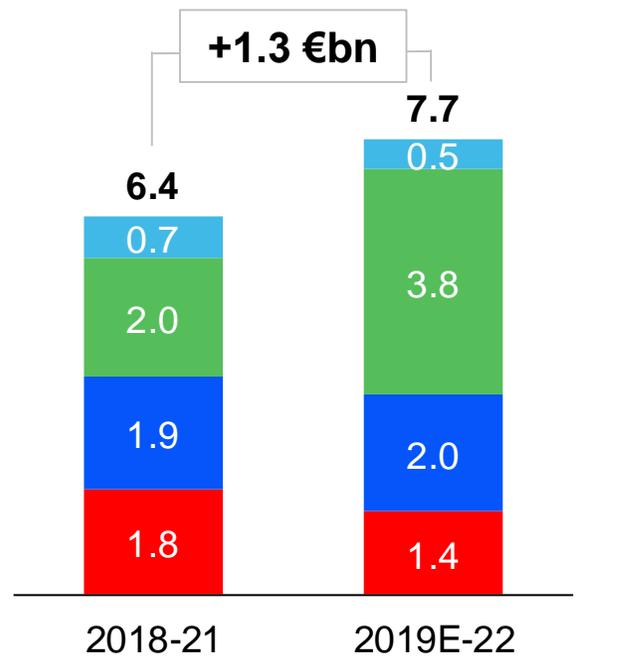
Net Capex analysis, €bn



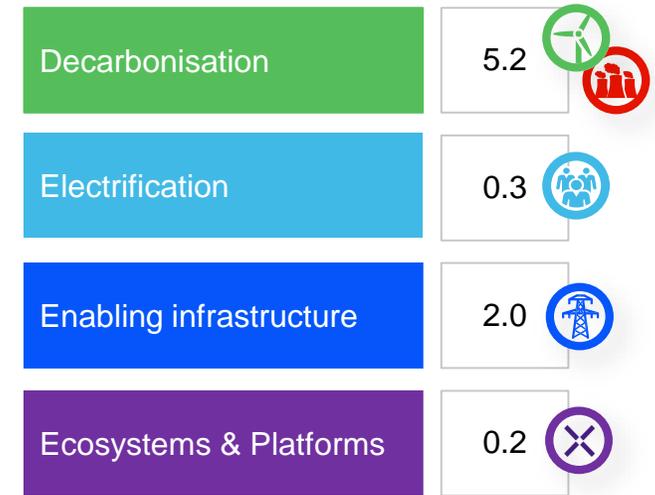
By nature



By business



By strategic pillar



Gross capex **7.1** **8.4**

■ Conventional Generation⁽²⁾ ■ Networks
■ Retail + Endesa X ■ Renewables⁽³⁾

More than 20% increase in total capex and 45% increase in asset development

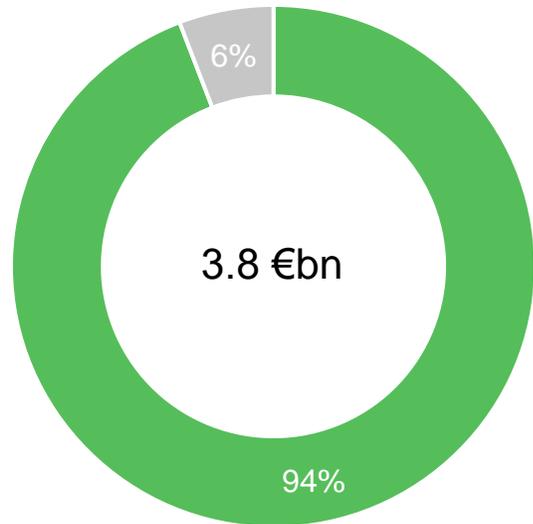
(1) Customer capex includes Cost to Acquire new customers, Connections and Investments associated with new services.
 (2) Includes Net Capex in non mainland
 (3) Renewables capex includes Hydro investments

Decarbonisation

Renewables



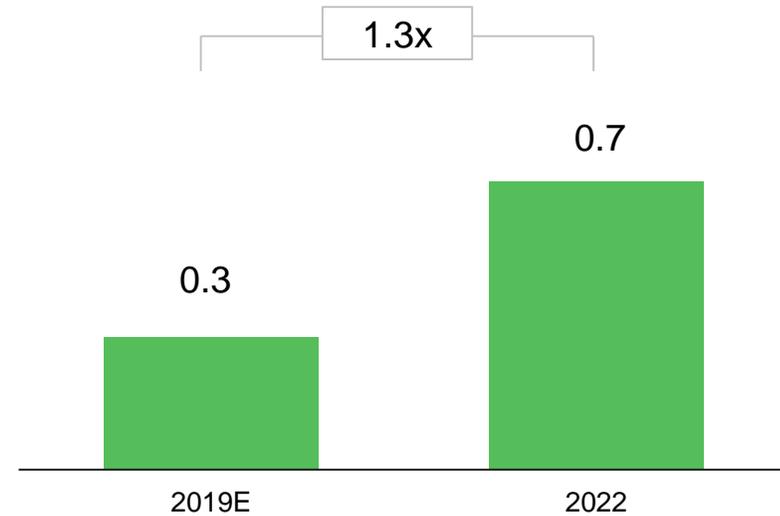
Renewables net capex 2019E-22



■ Asset development
 ■ Asset management



EGPE⁽¹⁾ gross margin evolution, €bn



Doubling renewable capex drives gross margin growth

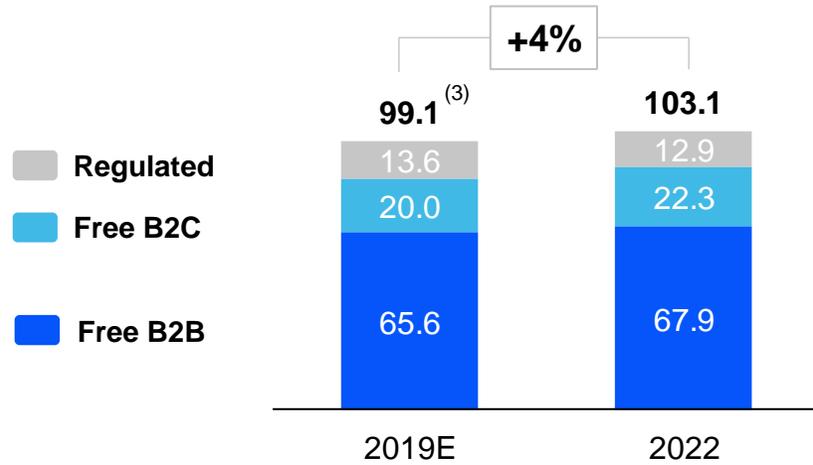
(1) EGPE includes wind, solar and mini hydro. It excludes large hydro

Electrification

Maintaining leadership in the power business

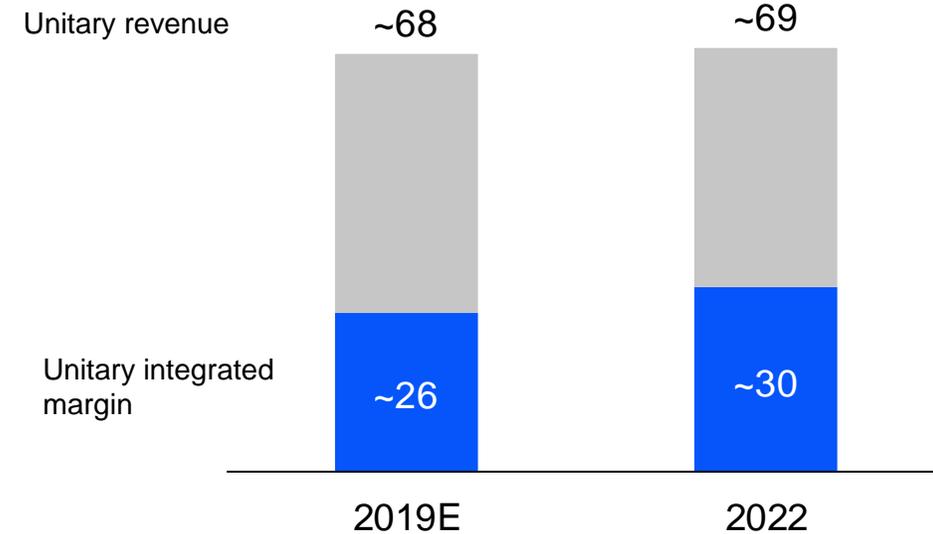


Total energy sold 2019E-22⁽¹⁾, TWh



Free customers mn	5.9	6.6	+12%
Regulated customers mn	4.8	4.1	-14%
Churn rate ⁽⁴⁾ %	9.6%	8.9%	-7%

Power integrated margin⁽²⁾, €/MWh



Consolidating integrated margin growth

(1) Total liberalized sales include international sales (2.7 TWh in 2019E and 3.0 TWh in 2022), not considered in the integrated margin.

(2) Includes Generation and Supply margin

(3) Rounded figures

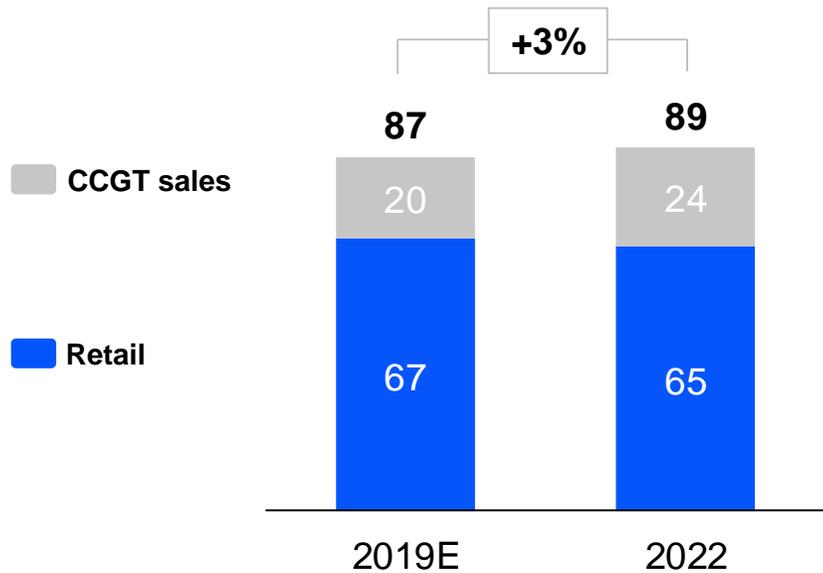
(4) Churn rate B2C free

Electrification

Consolidating as the 2nd gas operator



Volumes sold 2019E-22⁽¹⁾, TWh



Churn rate (%)

8.7%

8.2%

Key figures

	2019E	2022	Var. 2019E-22
Free customers mn	1.4	1.6	+14%
Regulated customers mn	0.2	0.2	+0%
Total customers⁽²⁾ mn	1.7	1.8	+6%
Unitary margin⁽³⁾ €/MWh	~3	~3	

Lower sales in retail due to progressive electrification of demand

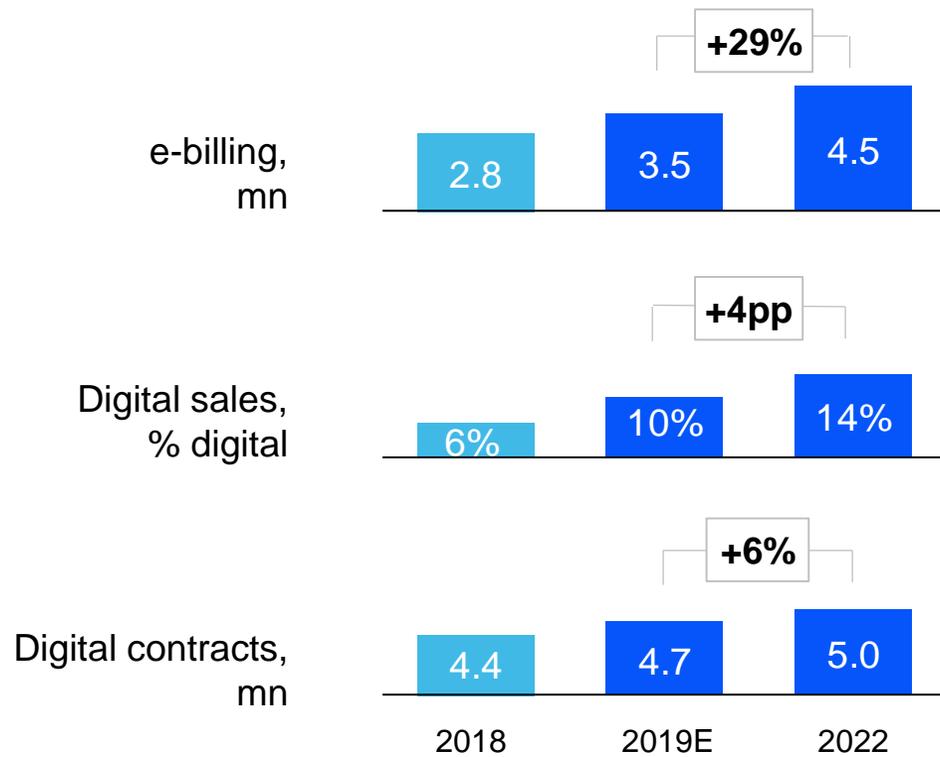
- (1) Not included Wholesale business
 (2) Rounded figures
 (3) Gas unitary margin does not include CCGT sales

Electrification

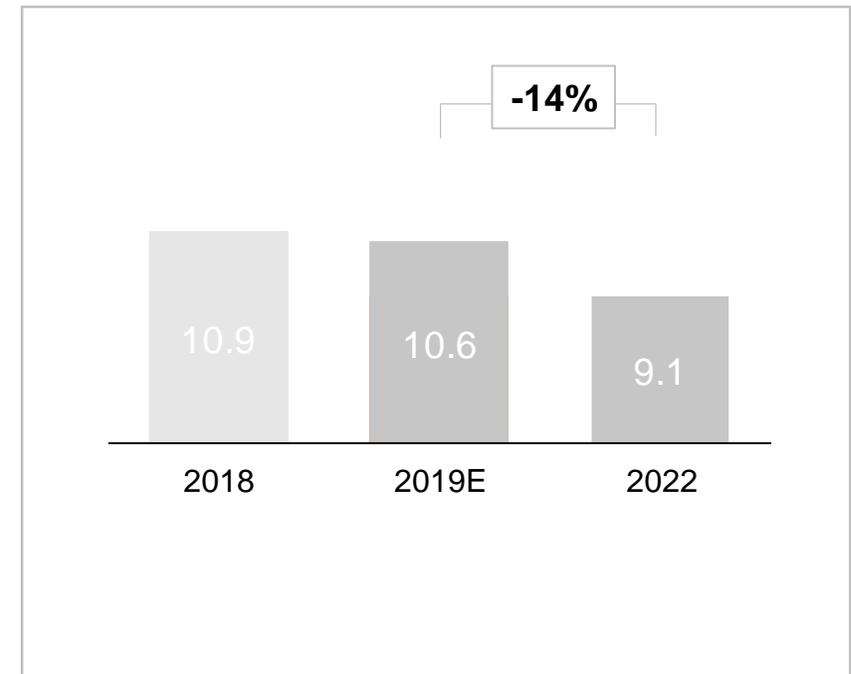
Improving efficiency and digitalisation



Digital KPIs⁽¹⁾



Cost to Serve⁽¹⁾, €/customer



Digitalisation driving cost to serve reduction

(1) Power and gas. Not including Social Bonus

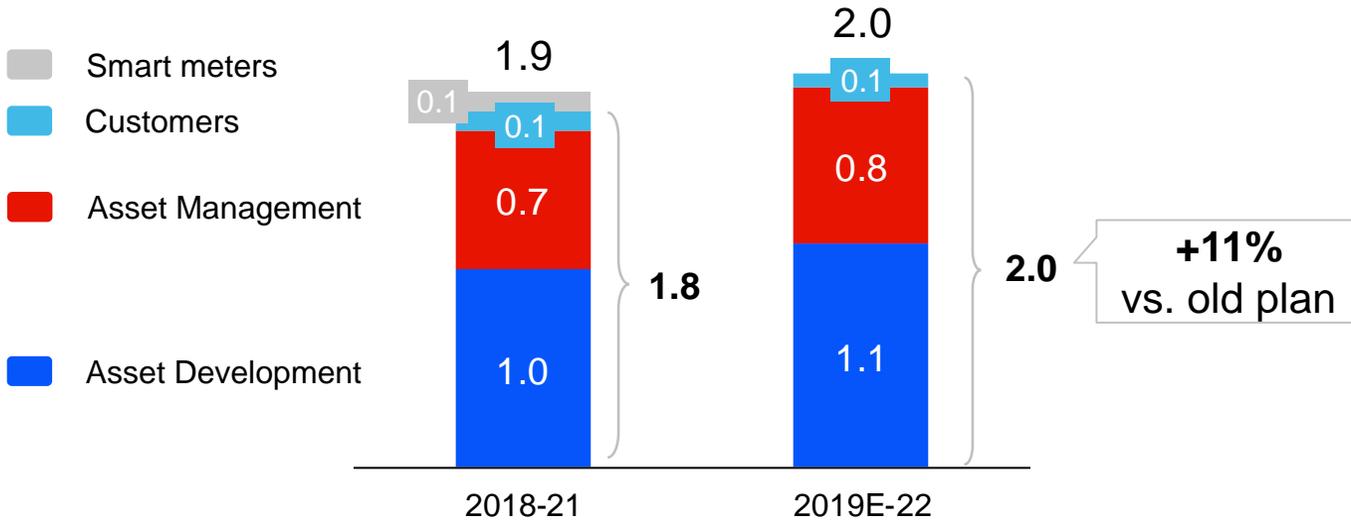


Enabling infrastructures

Investments in networks



Net Capex⁽¹⁾ 2019E-22, €bn



Resiliency and flexibility in grids facing the Energy Transition

1.1 €bn (~50%) capex in digitalisation to promote efficiencies

100% capex devoted to RAB

Double digit growth in Networks capex

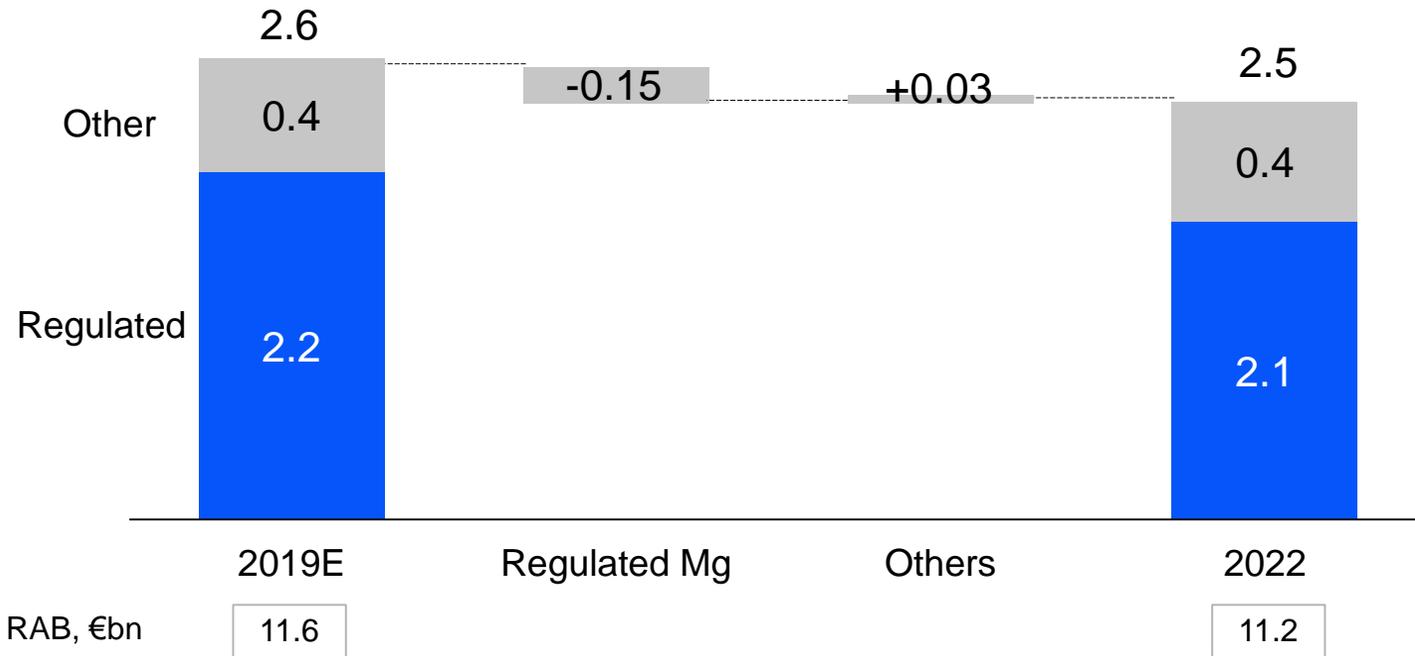
(1) 2019E-2022 Gross capex 2.6€bn (includes client contributions)

Enabling infrastructures

Margin evolution



Networks margin, €bn



2020-25 New remuneration draft

Confirms 5.58% RoR (6.003% in 2020)

Remuneration of digitalisation investments, confirming our expectations.

New incentive scheme

New regulatory framework draft in line with expectations

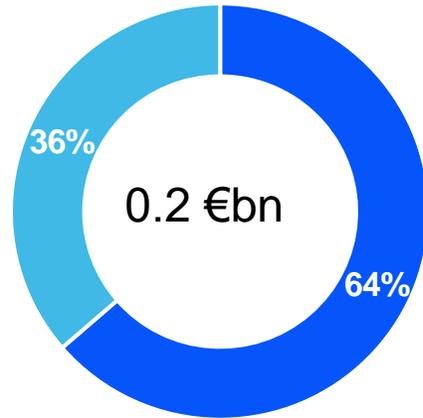


Ecosystems and Platforms

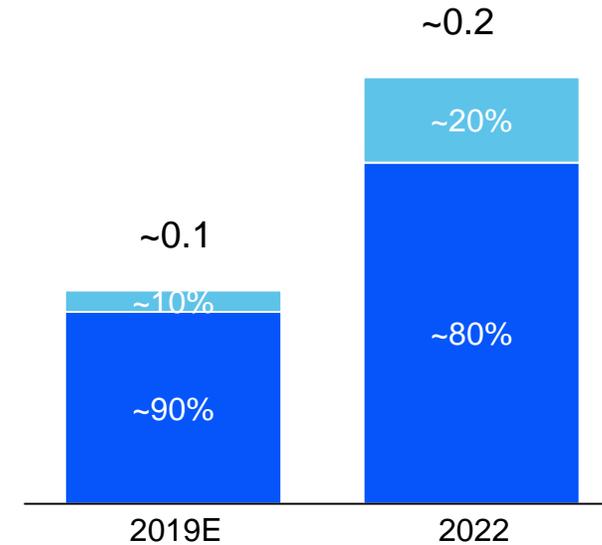
Endesa X



Net Capex 2019E-22



Gross margin, €bn



■ New business⁽¹⁾
■ Mature business⁽²⁾

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

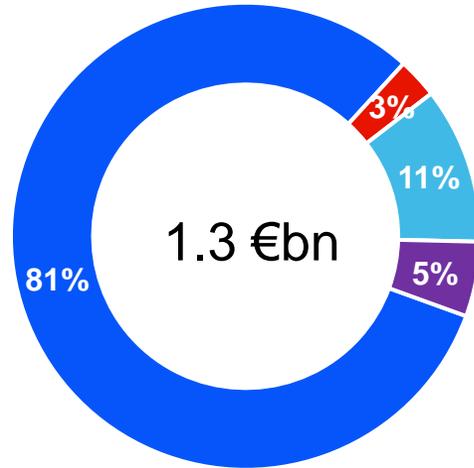
(1) New business: e-city, e-mobility and e-finance

(2) Mature business: e-home and e-industry

Efficiency through digitalisation



2019E-22 Digitalisation Net Capex



■ Generation
 ■ Networks
 ■ Retail
 ■ Endesa X

2022 EBITDA contribution: ~150 €mn

Key highlights



Networks: ~1.1 €bn for digitalisation

- Quality Plan & remote control
- Digl&N and Digital Hub



Renewables: Advanced automation of construction and O&M

- Wind & Solar maintenance

Thermal Gx: Increased flexibility and automation

- Drones & augmented reality with Smart Glasses



Customers: Process automation and increased offering

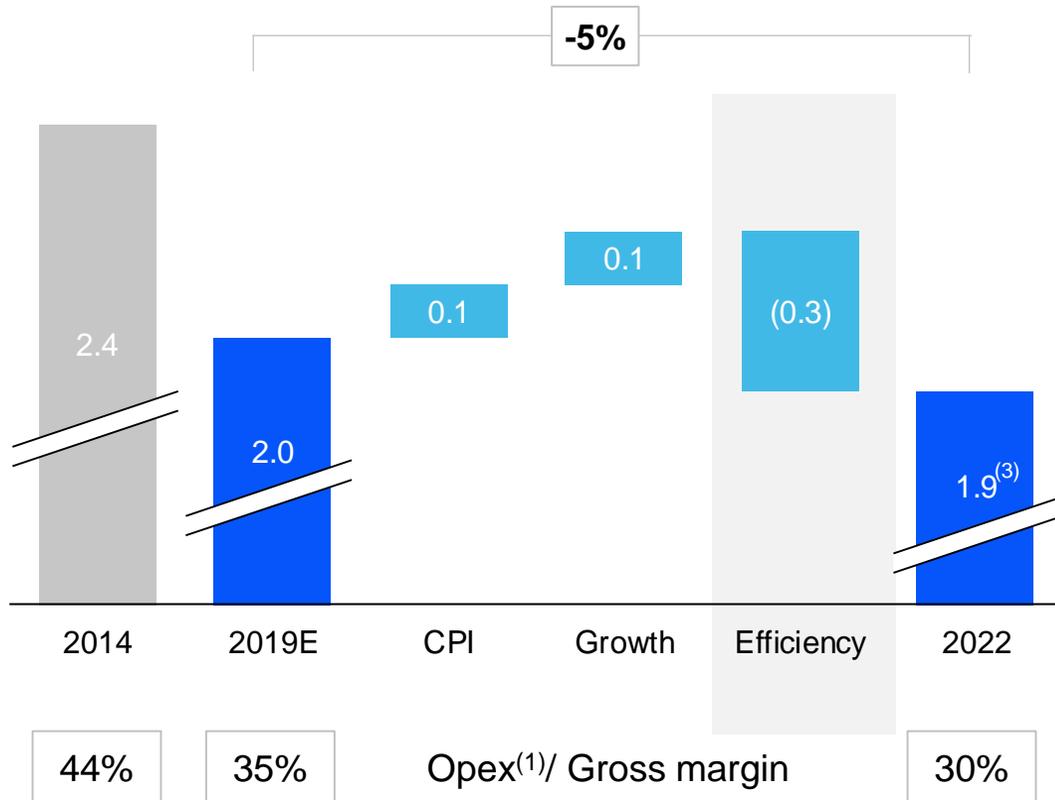
- B2B and B2C CRM
- Channels and internal process digitalisation

Digitalisation contributes with 25% to EBITDA growth

Efficiency through digitalisation

Unitary KPIs of the Efficiency Plan per area

Opex⁽¹⁾ evolution, €bn



	2014	2019E	2022	Var. 2019E-22
Unitary cost ⁽²⁾ k€/MW	51	45	45	-
Unitary cost €/end user	59	43	39	-9%
Cost to Serve €/customer	13	11	9	-18%

Efficiency more than compensate the increase of inflation and growth

(1) Opex: Total fixed costs in nominal terms (net of capitalizations)
 (2) Thermal and renewable costs combined. Includes Corporate fees
 (3) Not including non-recurrent expenses



Endesa 2020-22 Strategic Plan Update

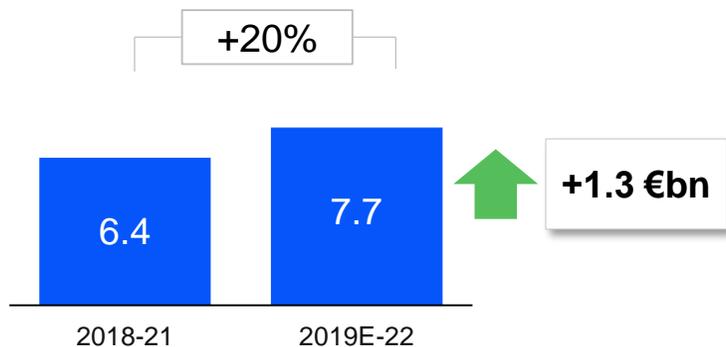
Key Financial Indicators

Strategic plan at a glance

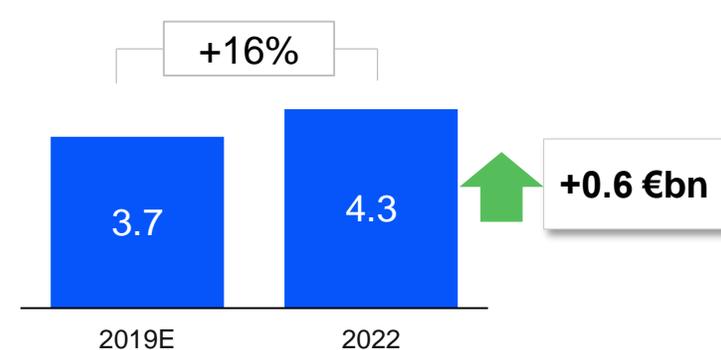
€bn



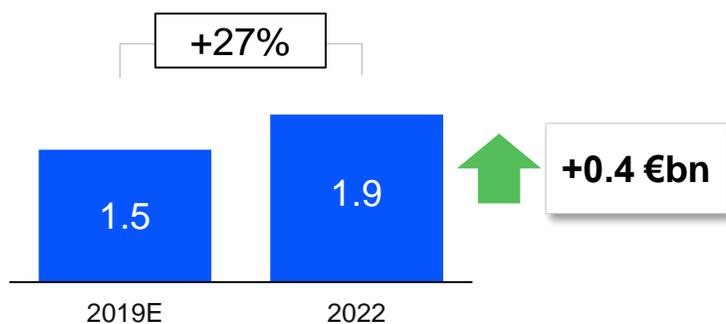
Cumulated net capex vs previous plan



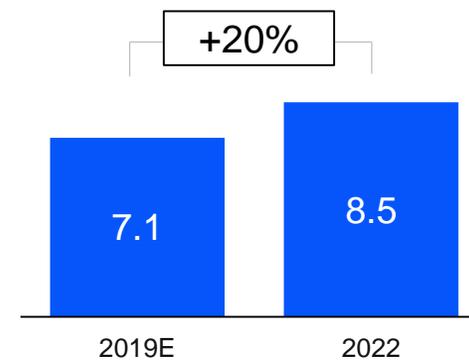
EBITDA



Net Ordinary Income⁽¹⁾



Net Debt

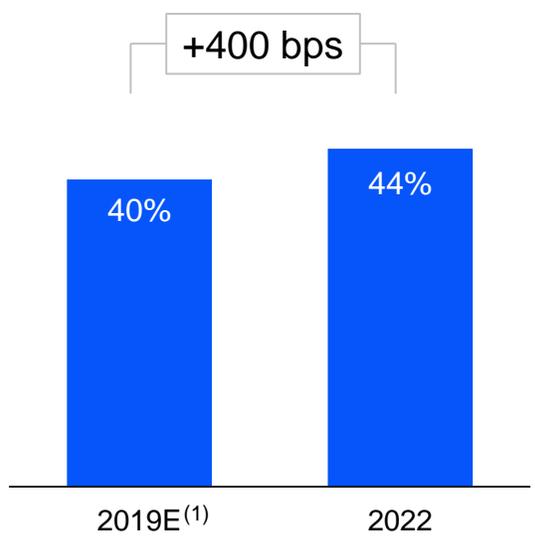


(1) Reported Net Income – Net Result on Disposals of Non-Financial Assets (over 10€M) - Net Results on Impairment of Non-Financial Assets (over 10 €M)

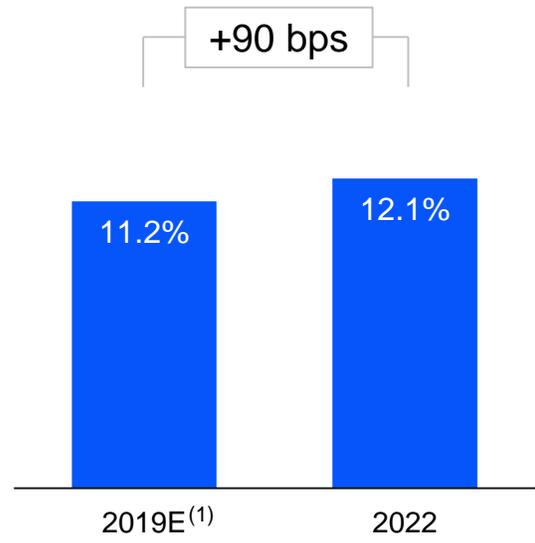
Profitability and credit metrics



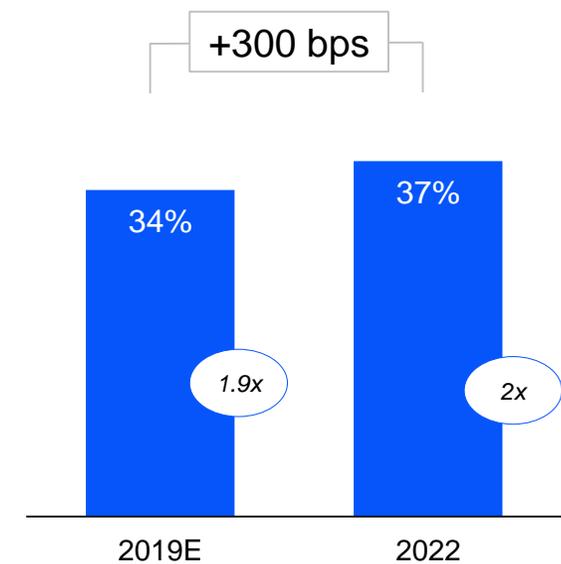
Profitability



Return on invested capital



Credit metrics



■ Net Income/EBITDA

■ ROIC

■ FFO/Net Debt ○ Net debt/EBITDA

Focus on profitability and value creation

(1) Calculated on Net Ordinary Income

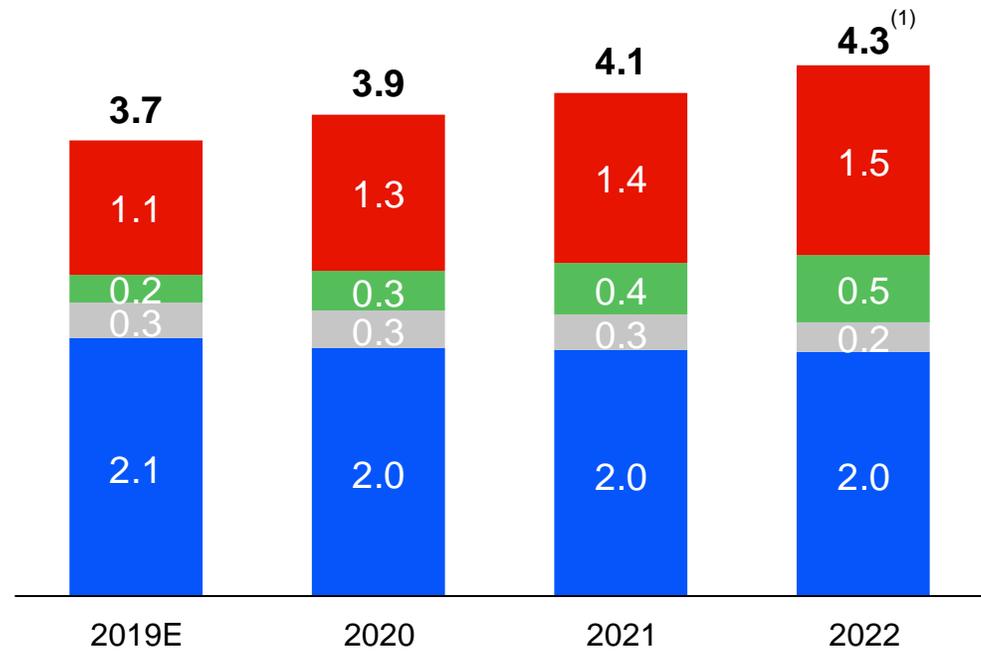
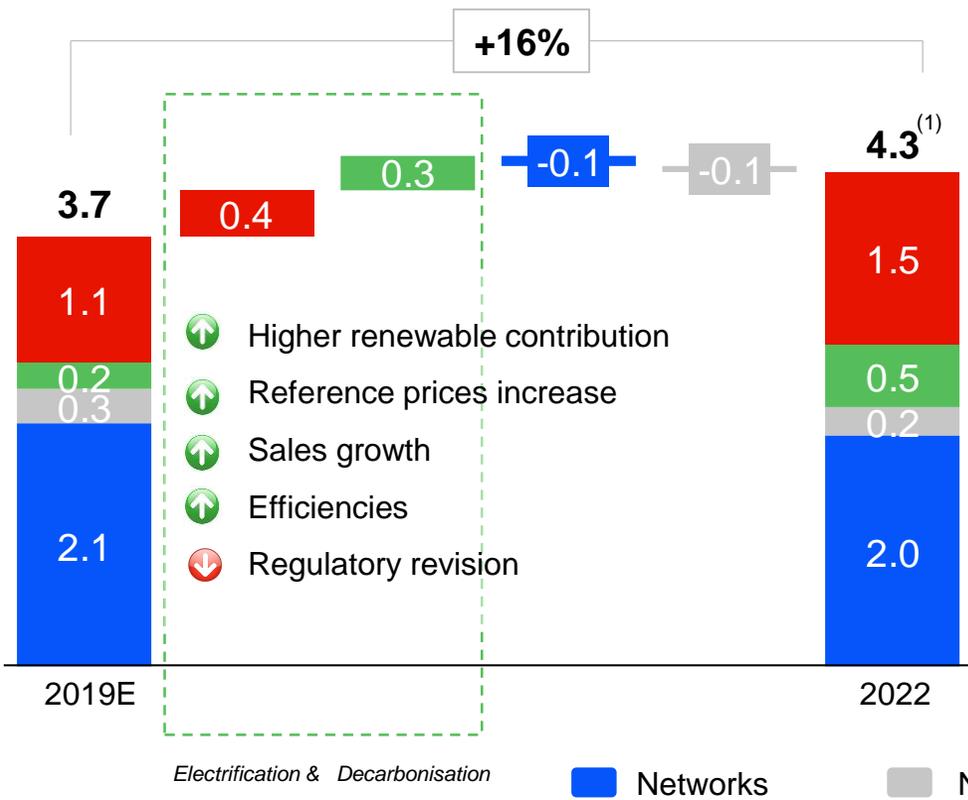


Key Financial Indicators

EBITDA analysis

EBITDA by business, €bn

EBITDA per year, €bn



EBITDA growth driven by liberalized business and renewables

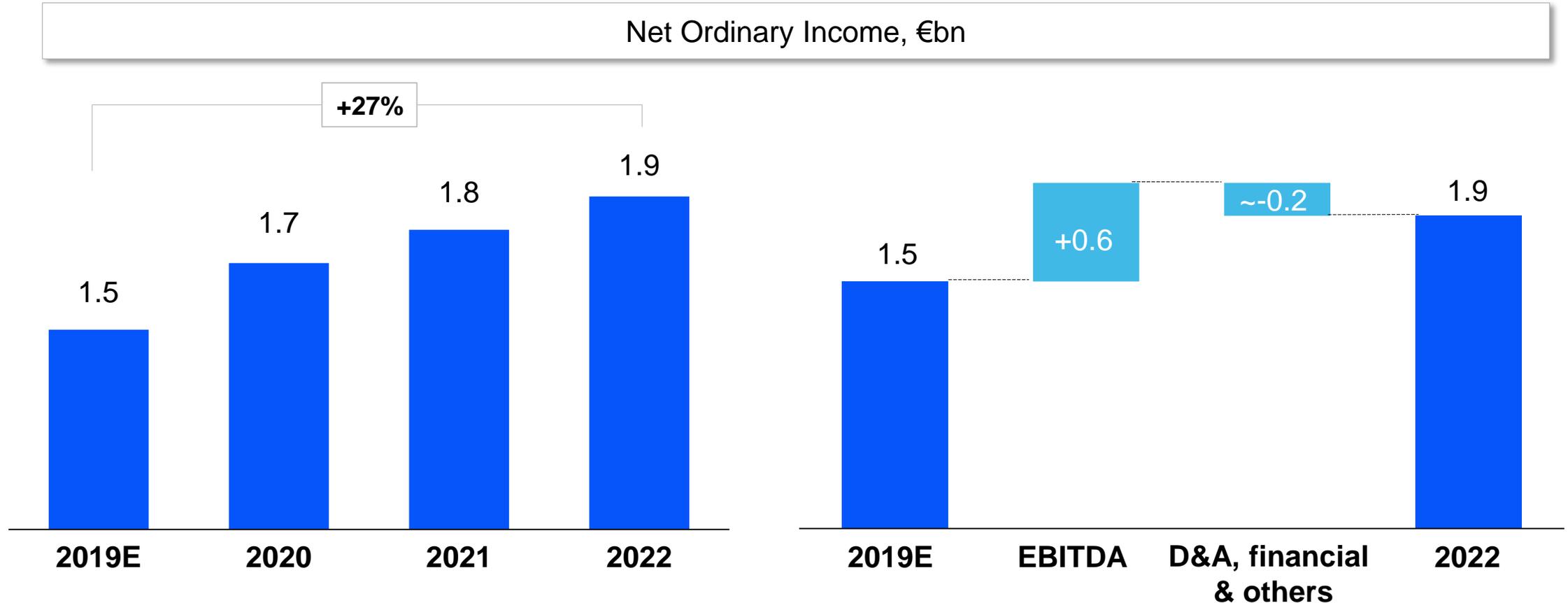
(1) Rounded figures

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

Key Financial Indicators



Net ordinary income evolution



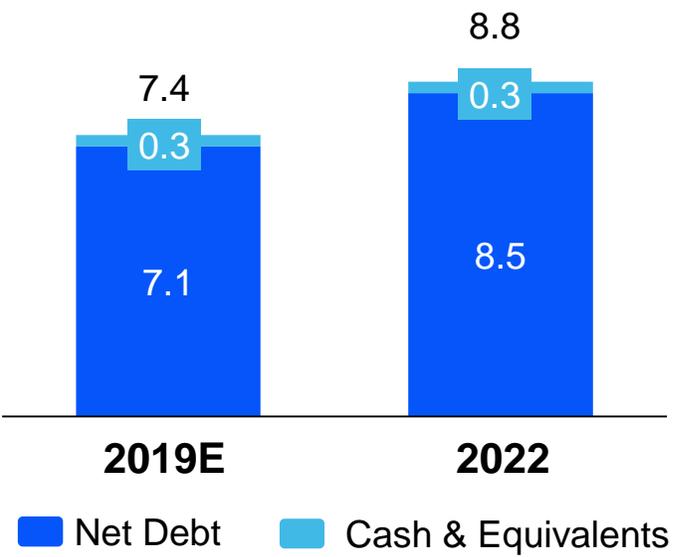
27% increase in Net Ordinary Income vs. 16% in EBITDA



Key Financial Indicators

Debt analysis

Gross debt, €bn

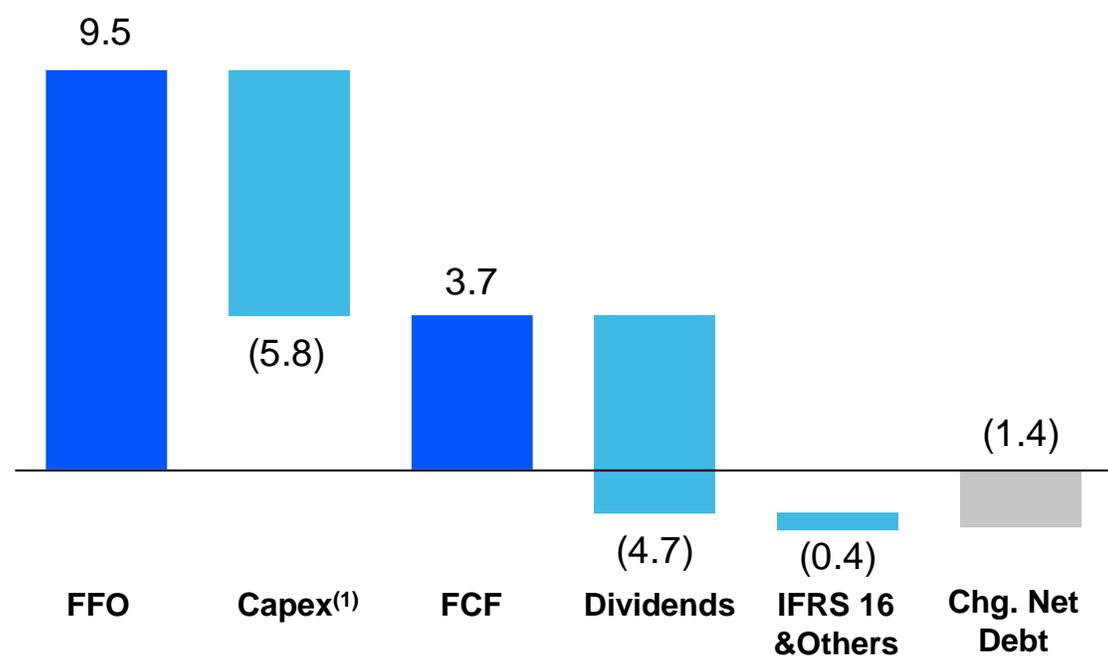


Cost of debt (%)

1.8%

2.1%

Source of funds allocation 2020-22, €bn



Increase in net debt to boost growth

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

Sustainable finance

Key financing with sustainability instruments



Sustainable debt 2019E, %



New green loans linked to renewable investments: 635 €mn

<p>Banco Europeo de Inversiones el banco de la UE</p>	
March, 2019	
EIB first Green Loan, 335 €mn	
15 years	
<p>Instituto de Crédito Oficial</p>	
May, 2019	
ICO first Green Loan, 300 €mn	
12 years	

Path to **100% Sustainable Debt**

Debt increase by 1.4 €bn will rise the sustainable finance ratio

Sustainable criteria across all financial tools will be pursued

Promoting sustainability criteria among financial counterparties

Sustainable finance plays a key role in promoting sustainable development over the long term



Endesa 2020-22 Strategic Plan Update

Closing Remarks

Closing Remarks

Financial Targets



	2019E	2020	2021	2022	CAGR 2019E-22
EBITDA (€bn)	~ 3.7	~ 3.9	~ 4.1	~ 4.3	+5%
Net Ordinary Income⁽¹⁾ (€bn)	~ 1.5	~ 1.7	~ 1.8	~ 1.9	+8%
Pay out⁽²⁾ (%)	100%	100%	80%	70%	
Implicit DPS (€/share)	~1.4	~1.6	~1.4	~1.3	
Net Capex (€bn)	1.9	1.6	2.0	2.2	<u>Σ 2019E-22</u> 7.7

(1) Reported Net Income – Net Result on Disposals of Non-Financial Assets (over 10 €mn) - Net Results on Impairment of Non-Financial Assets (over 10 €mn)

(2) 70% pay out long term perspective

Closing Remarks



First-class integrated player in Iberia

Outstanding delivery track record

Decarbonisation and electrification driving ample opportunities

Strategy aimed at sustainable growth path

Long term value creation for all stakeholders



Endesa 2020-22 Strategic Plan Update

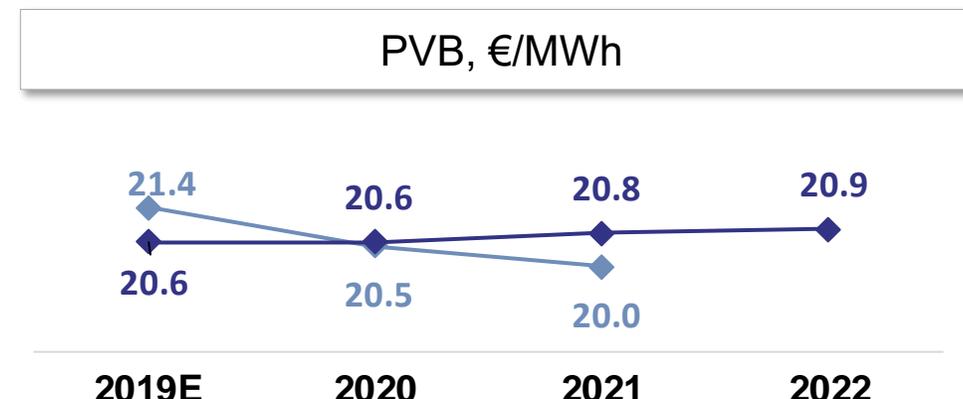
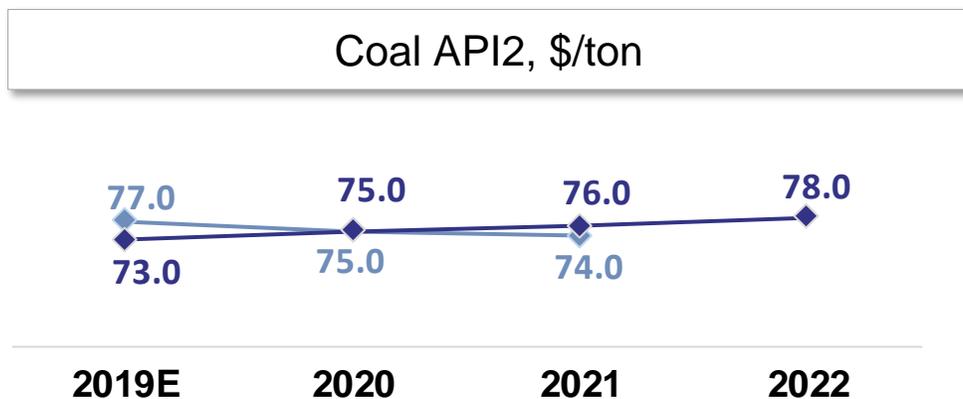
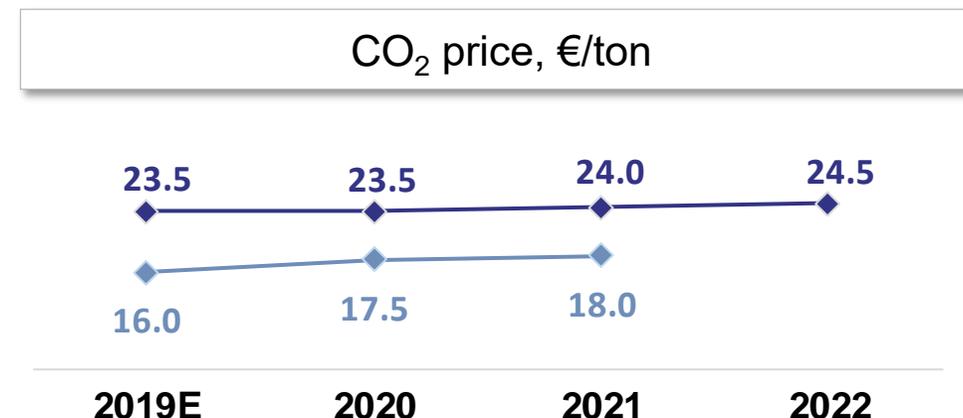
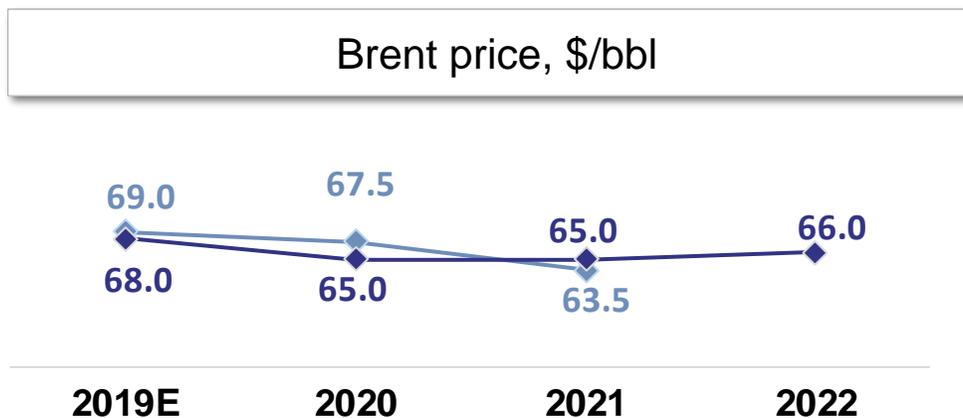
Appendix

Key Financial Indicators

Commodity overview and update to latest market consensus



◆ 2020-22 plan
◆ 2019-21 plan

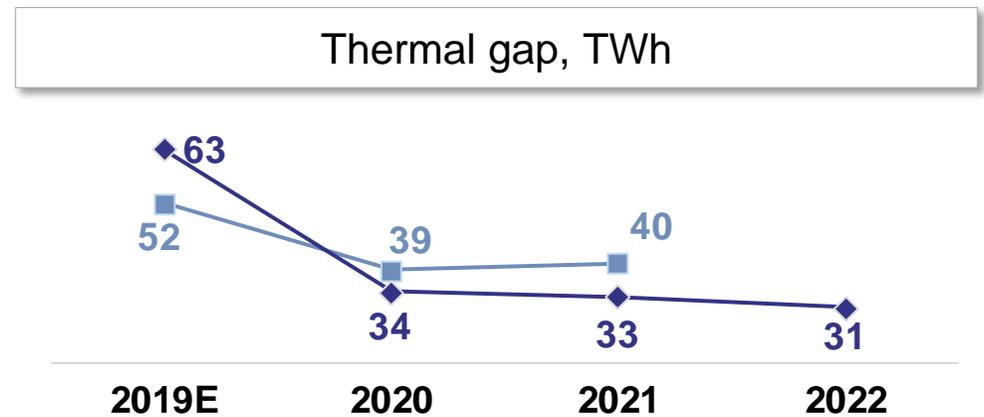
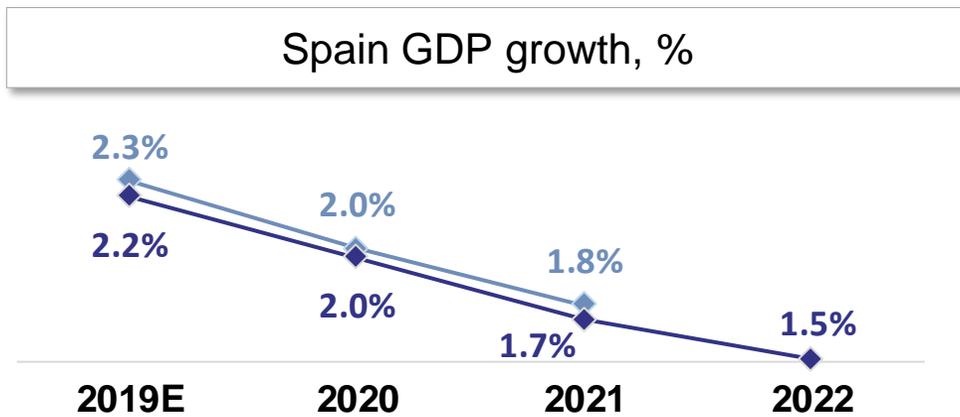
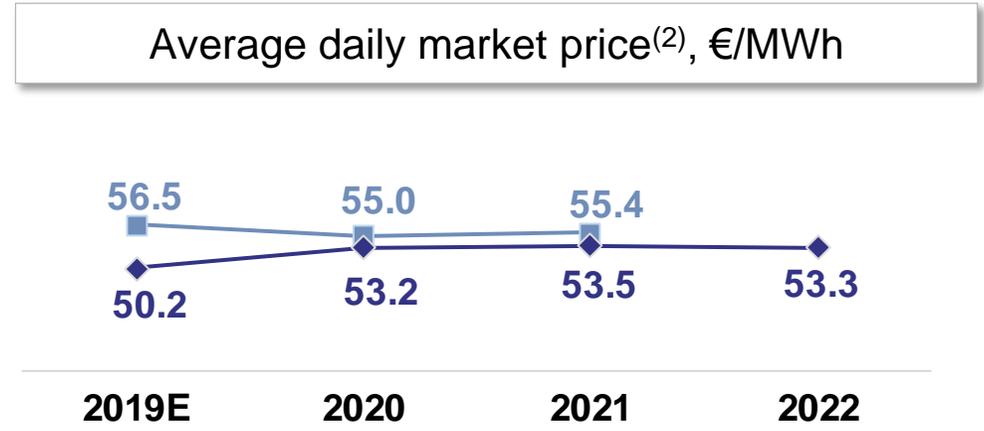
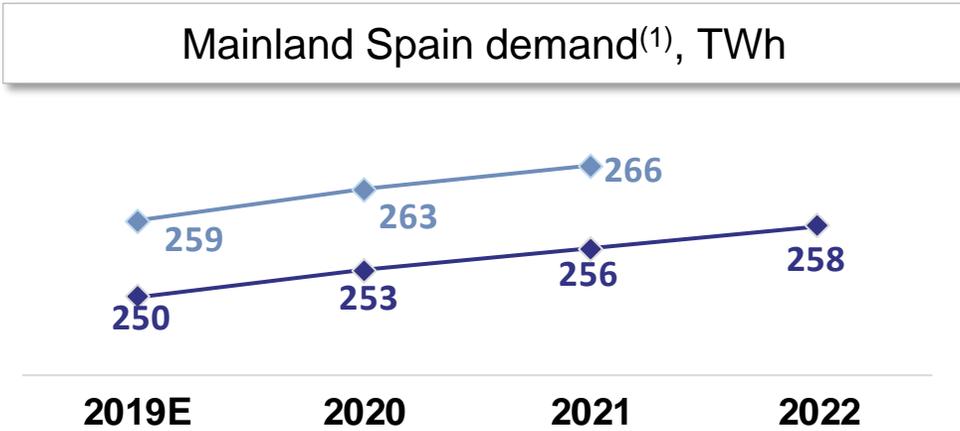


Key Financial Indicators

Power market overview and update to latest market consensus



◆ 2019-22 plan
◆ 2018-21 plan



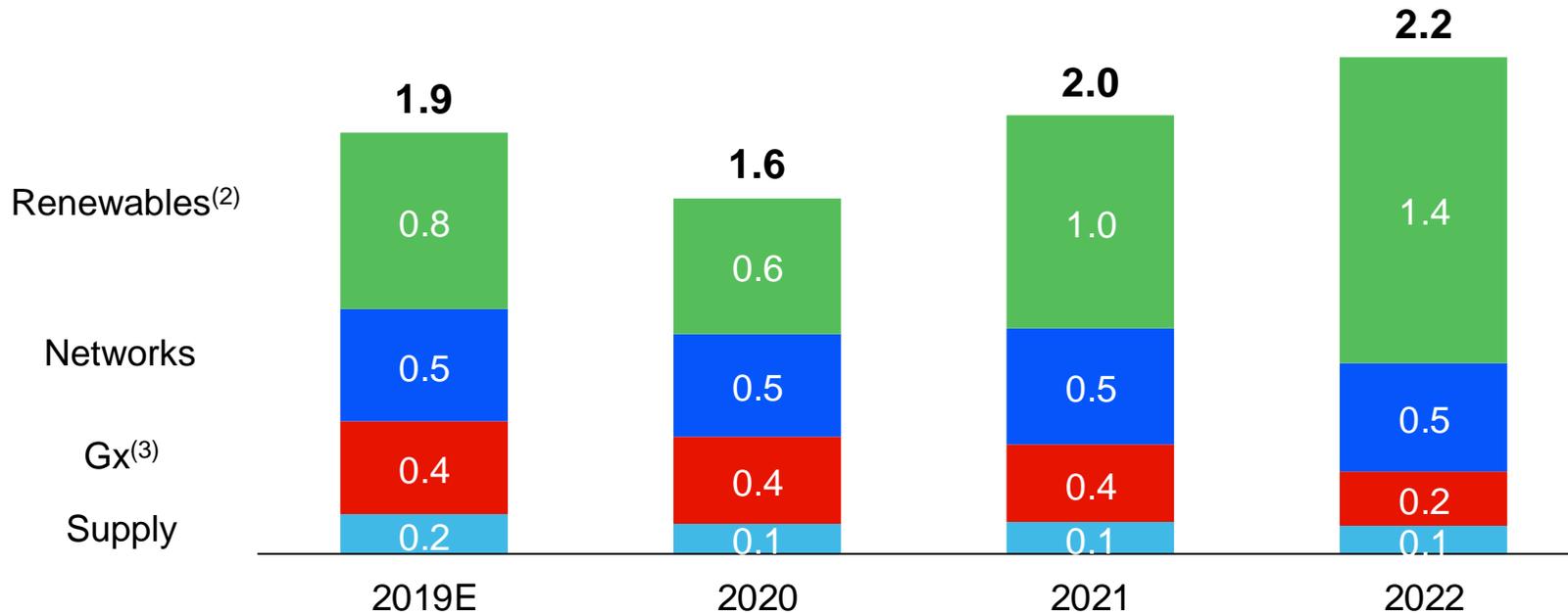
(1) In bus bars
(2) Arithmetic power prices

Key Financial Indicators

Net⁽¹⁾ Capex analysis



Net Capex, €bn



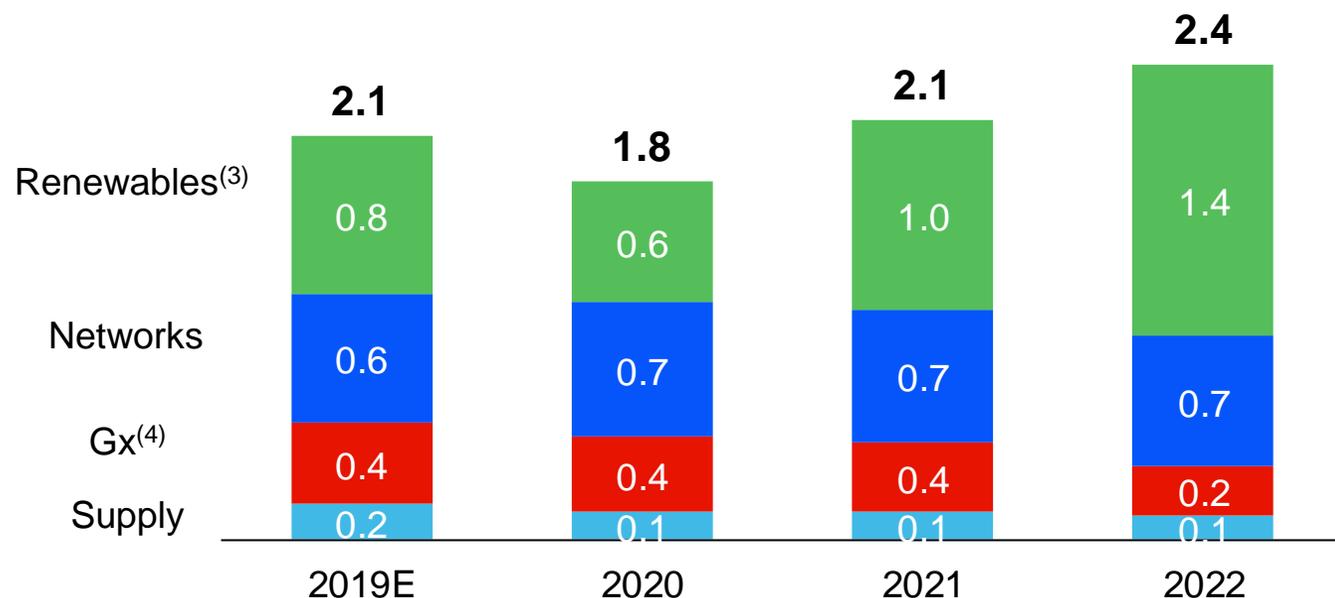
(1) Exclude client contributions
(2) Renewables capex includes Hydro investments
(3) Includes Net Capex in non mainland

Key Financial Indicators

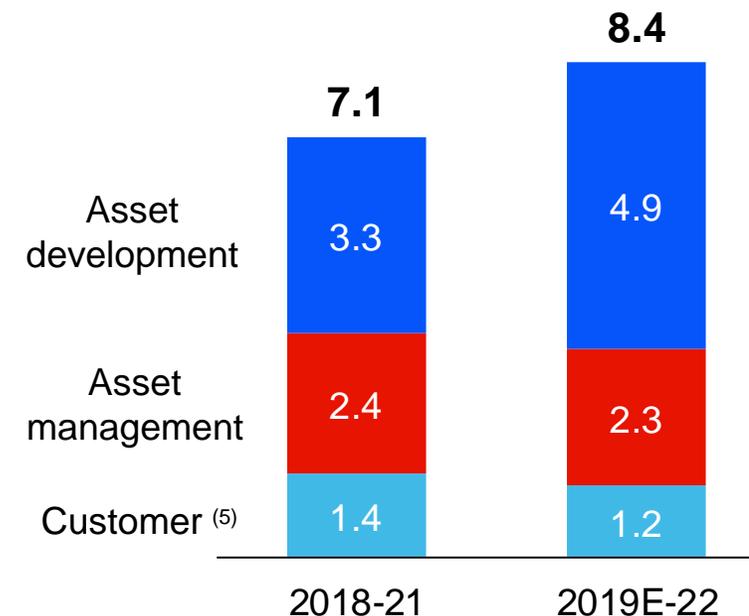
Gross⁽¹⁾ Capex analysis



Gross Capex⁽²⁾, €bn



Gross Capex by nature, €bn



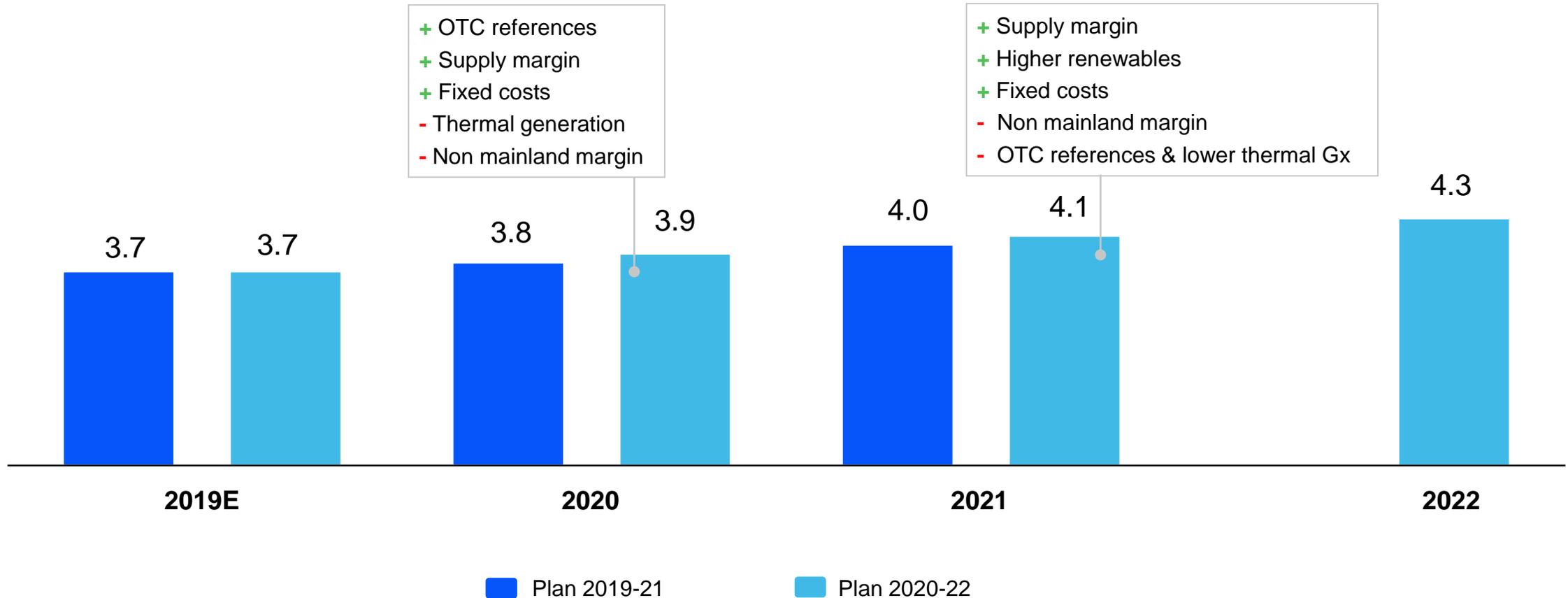
(1) Includes client contributions
 (2) Rounded figures
 (3) Renewables capex includes Hydro investments
 (4) Includes Net Capex in non mainland
 (5) Customer capex includes Cost to Acquire new customers, Connections and Investments associated with new services.

Key Financial Indicators

Comparison of old plan vs. updated plan



EBITDA, €bn





**Endesa 2020-22
Strategic Plan Update**

**Environmental, Social and Governance
annexes**



**Endesa 2020-22
Strategic Plan Update**

Sustainability Plan

Sustainable business model driving change through innovation

2020-22 Sustainability Plan





Endesa 2020-22 Strategic Plan Update

Focus on People Centricity

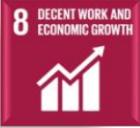
Engaging people we work with



	Plan actions	2019E	2020-22 targets
	Open Feedback Evaluation	<ul style="list-style-type: none"> 8,566 people involved 100% of eligible people 	<ul style="list-style-type: none"> 100% of people involved
	Climate survey ⁽¹⁾	<ul style="list-style-type: none"> 100% of people involved 83% of people participating 	<ul style="list-style-type: none"> 100% of people involved 87% of people participating
	Gender - % of women in selection processes ⁽²⁾	29% women involved in recruiting processes	45% women involved in recruiting processes
	Promotion of digital skills' dissemination among all employees	40% of people involved in digital skills training ³	100% of people involved in digital skills training ⁽³⁾

Engaging local communities



	Plan actions	2019E ⁽¹⁾	2020-22 targets
 <p>4 QUALITY EDUCATION</p>	High-quality, inclusive and fair education	0.17 mn beneficiaries	0.7 mn beneficiaries in 2030 ¹
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	Access to affordable and clean energy	1.6 mn beneficiaries	4.8 mn beneficiaries in 2030 ¹
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Employment and sustainable and inclusive economic growth	0.5 mn beneficiaries	1.7 mn beneficiaries in 2030 ¹

1. Cumulated figures since 2015



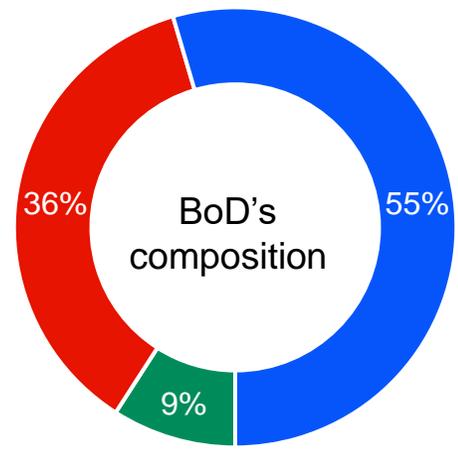
Endesa 2020-22 Strategic Plan Update

Focus on Corporate Governance

Corporate governance structure

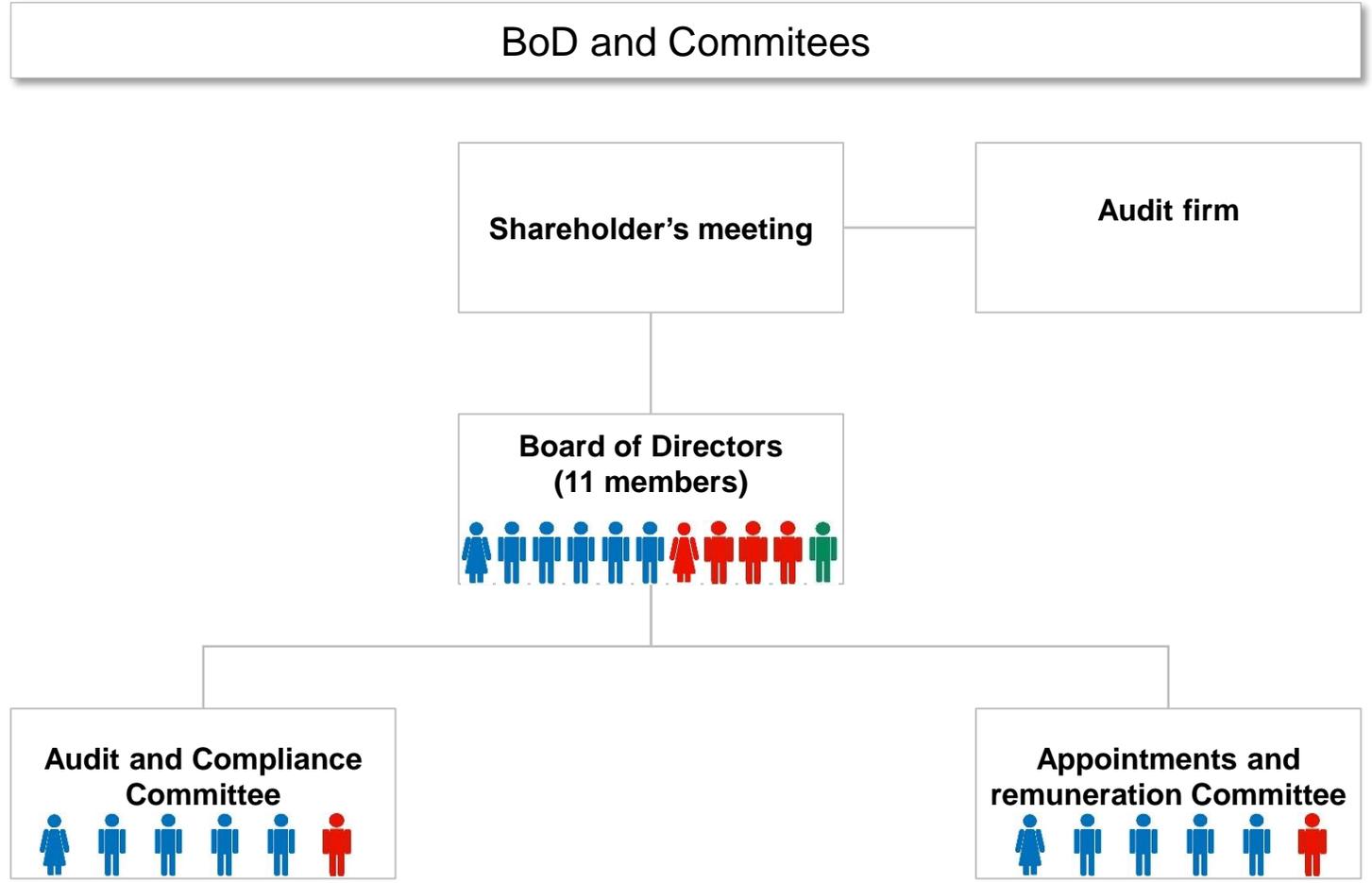


Composition



■ Executive ■ Proprietary ■ Independent

BoD and Committees



Board of Directors composition



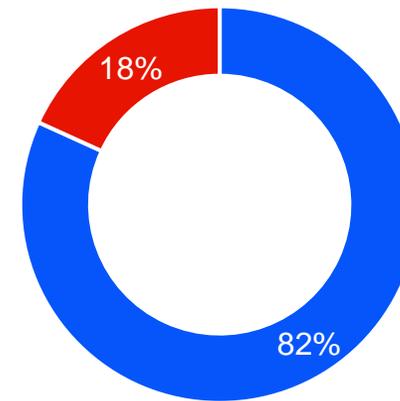
Board of Directors

J. Sánchez-Calero	Chairman
J. Bogas	CEO
P. Grieco	Proprietary Director
F. Starace	Vice Chairman
A. de Paoli	Audit & Compliance C. Appointments & Remuneration C.
A. Cammisecra	Proprietary Director
M. Roca	Audit & Compliance C. Appointments & Remuneration C.
A. Echevarría	Audit & Compliance C. Appointments & Remuneration C.
H. Revoredo	Audit & Compliance C. Appointments & Remuneration C.
I. Garralda	Audit & Compliance C. Appointments & Remuneration C.
F. de Lacerda	Audit & Compliance C. Appointments & Remuneration C.

■ Proprietary
 ■ Executive
 ■ Independent

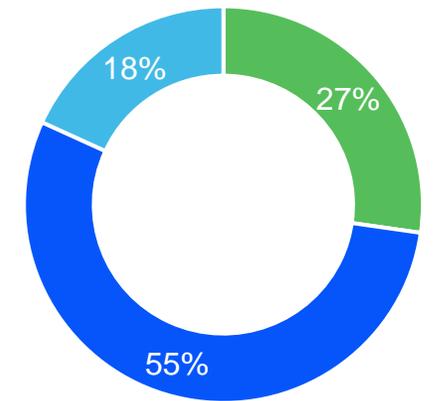
Board of Directors' diversity

By gender



■ Male
 ■ Female

By tenure



■ 1-3 years
 ■ 4-6 years
 ■ Over 6 years

Short-term variable remuneration⁽¹⁾



2019 Objective

Type of target

Macro objective

	Range	Weight	Type of target	Macro objective
Net ordinary income	Maximum 120%	25%	Economic	Profitability
FFO	Maximum 120%	15%	Financial	Cash and debt management
Fixed costs	Maximum 120%	20%	Economic	Efficiency
Decarbonisation	Maximum 120%	20%	Business	Environmental
Safety in the workplace	Maximum 120%	20%	ESG	Safety

(1) 2019 executive director variable remuneration

Long-term variable remuneration⁽¹⁾



	Objective				Type of target	
	<u>Entry (50%)</u>	<u>Target (100%)</u>	<u>Over I (150%)</u>	<u>Over II (180%)</u>		
<div style="background-color: #0056b3; color: white; padding: 10px; text-align: center;">TSR⁽²⁾</div> <div style="text-align: right; font-size: small;">50%⁽³⁾</div>	Endesa's TSR from 90 % to 100% of TSR	Endesa's TSR from 100 % to 110% of TSR	Endesa's TSR from 110 % to 115% of TSR	Endesa's TSR > 115% of TSR	Market	Performance
<div style="background-color: #d62728; color: white; padding: 10px; text-align: center;">ROACE⁽⁴⁾</div> <div style="text-align: right; font-size: small;">40%⁽³⁾</div>	-3% Target	Target	+1.5% Target	+3% Target	Financial	Profitability
<div style="background-color: #2ca02c; color: white; padding: 10px; text-align: center;">CO₂ emissions reduction (gCO₂ /KWh)</div> <div style="text-align: right; font-size: small;">10%⁽³⁾</div>	+3% Target	Target	-3% Target	<=-5% Target	ESG	Environmental

(1) Executive director Long Term Incentive Plan (LTI) 2019 2021. 30 % payment (if any) in the 4th year. 70% payment (if any) in the 5th year (deferred payment)

(2) Average TSR Endesa compared to average TSR EUROSTOXX Utilities Index EMU. In case of negative absolute TSR of Endesa, the incentive (if any) is reduced on the basis of a regressive scale of the same negative percentage of the absolute TSR of Endesa share, multiplied for a constant value equal to 1.5

(3) (%) Weight in the variable remuneration

(4) Cumulative for the period 2019 2021



Endesa 2020-22 Strategic Plan Update

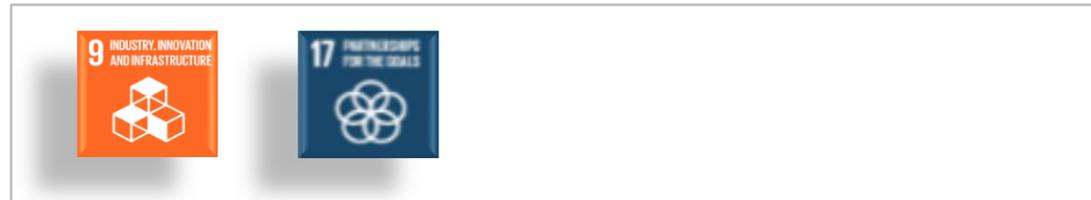
Focus on Innovation & Cybersecurity

Innovation & Cyber security



Innovation

Plan actions	2020-22 targets
Promoting innovation culture	1000 people involved in promotional innovation actions (workshops, trainings, intrapreneurship)
	5 innovation events per year



Cibersecurity

Plan actions	2020-22 targets
Coverage of web applications exposed to internet with advanced cyber security application solutions	100% of internet web applications protected through advanced cyber security solutions
Disseminating the information security culture and changing people's behavior in order to reduce risks	15 cyber security knowledge sharing events per year



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 (€mn)	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 (€mn)	Revenues – Purchases and Services + Work performed by the entity and capitalized – Personnel expenses – Other fixed operating expenses
EBIT (€mn)	EBITDA - Depreciation and amortization
Fixed costs (Opex) (€mn)	Personnel expenses + Other fixed operating expenses - Work performed by the entity and capitalized
Gross margin (€mn)	Revenues – Purchases and Services
Leverage (times)	Net financial debt / EBITDA
Net Capex (€mn)	Gross tangible and intangible Capex - assets from clients' contributions and subsidies
Funds from Operations (FFO, €mn)	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 (€mn)	Long and short term financial debt - Cash and cash equivalents – Derivatives recognized as financial assets
Net financial results (€mn)	Financial Revenues - Financial Expenses - Foreign Exchanges
Revenues (€mn)	Sales + Other operating revenues
Electric Integrated Margin (€mn)	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 (€mn)	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).

No assurance can be given that the forward-looking statements in this document will be realised. Except as may be required by applicable law, neither Endesa nor any of its affiliates intends to update these forward-looking statements.

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