

Lowering special dividend; down to Hold

- **EPS slashed as power prices in a spin:** Watching the power price fall is like trying to catch the proverbial falling knife. Iberian power prices are down by 12% this year alone (and 45% from their peak in 2008). The forward curve now sits at €41/MWh. As such, we slash our EPS forecasts by -14%/-24%/-25% for 2017/18/19 as we mark to market power prices and commodities (currencies too) across the board, including carbon where we are no longer bulls. Despite Endesa's exceptionally strong balance sheet, we believe the size of a potential special dividend is now much smaller. We now find the shares fully valued and downgrade our recommendation to Hold with a new price target of €17.00 per share.
- **Special dividend down to €1.00/share for 2016 from €4.0 for 2015:** We now believe that Endesa will find substantial acquisitions in Iberia and France. Most notorious of these will likely be the Spanish assets of Enel Green Power, owned 60:40 by EGP:Endesa. Once EGP is merged into Enel, we believe the 60% stake of the 1.6GW of capacity could be swallowed by Endesa for €€1.5bn. We have assumed management will make other acquisitions for a total of €500m. Together with the impact of lower power prices, we believe this leaves headroom to pay a €1 per share special dividend in 2017 on 2016 earnings. This is a fraction of our previous estimate of €4, payable in 2016 on 2015 earnings.
- **Ordinary dividend policy to be maintained:** Endesa's ordinary dividend policy is for the dividend to grow at least by 5% pa, paying at least 100% of earnings for 2015-16 and 100% for 2017-19. That implies a 10% fall in the 2017 dividend, according to our estimates.
- **Distribution cash cow:** The new regulation has cut remuneration, but we believe it provides earnings certainty and visibility until 2019. The initial regulatory period will run from 2016 to 2019; thereafter the periods will last for six years. The RAB should decline marginally over this period as depreciation will exceed capex. But cost efficiencies should counteract this decline in profitability. Consequently, we see EBITDA remaining flattish throughout the first regulatory period.
- **Relatively in-line with consensus:** We are +3%/+3%/-5% versus consensus for the next three years.
- **Valuation looks full:** The company is trading at 2016 P/E of 13.5x versus the sector at 15.3x. The discount is warranted as Endesa's EPS growth is much lower than that of the sector. On the other hand, the company's 2016 yield is 7.4% versus the sector at 5.3%. But we note that, due to Endesa's payout policy, its dividend growth lags behind the sector.

Y/E 31/12, EURm	2013	2014	2015E	2016E	2017E
EBITDA	3,216	3,090	3,162	3,271	3,085
EBIT	1,615	1,472	1,812	1,871	1,737
EPS	1.77	3.15	1.12	1.20	1.08
DPS	1.50	0.76	1.12	1.20	1.08
FCF per share	2.0	1.8	1.3	1.6	1.5
Y/E net debt (net cash)	1,435	5,420	4,845	5,882	7,121
EBITDA Growth	-54.1%	-3.9%	2.3%	3.4%	-5.7%
EPS Growth	-6.8%	78.0%	-64.5%	7.1%	-9.7%
DPS Growth	0.0%	-49.3%	47.3%	7.1%	-9.7%
ROCE	3.6%	6.1%	7.6%	8.0%	7.5%
EV/EBITDA	9.0x	7.7x	7.3x	7.4x	8.2x
P/E	9.1x	5.1x	14.4x	13.5x	14.9x
Dividend Yield	9.3%	4.7%	6.9%	7.4%	6.7%
FCF Yield	12.5%	10.9%	7.9%	9.6%	9.3%

Source: Company data, Berenberg

Lawson Steele
Analyst
+44 20 3207 7887
lawson.steele@berenberg.com

Andrew Fisher
Analyst
+44 20 3207 7937
andrew.fisher@berenberg.com

Mehul Mahatma
Analyst
+44 20 3465 2698
mehul.mahatma@berenberg.com

Robin Abrams
Analyst
+44 20 3465 2635
robin.abrams@berenberg.com

10 February 2016

HOLD

Current price EUR16.18
Price target EUR17.00

09/02/2016 Madrid Close

Market cap (EURm) 17,125
Reuters ELE.MC
Bloomberg ELE SM

Changes made in this note

Rating: Hold (Buy)
Price target: EUR17.00 (21.50)

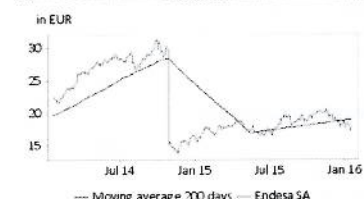
Estimates changes

	2015E		2016E		2017E	
	old	Δ %	old	Δ %	old	Δ %
EBITDA	3,107	1.8	3,060	6.9	3,332	-7.4
A						
EBIT	1,757	3.1	1,723	8.6	2,009	-13.5
EPS	1.13	-0.7	1.05	14.8	1.26	-13.8

Source: Berenberg estimates

Share data

Shares outstanding (m) 1,059
Enterprise value (EURm) 23,125
Daily trading volume 892,127



Endesa SA

Utilities – Energy/Integrated



HOLD

10 February 2016

Current price **Price target**
EUR16.18 **EUR17.00**

09/02/2016 Madrid Close

Market cap (EURm) 17,125
 EV (EURm) 23,125
 Trading volume 892,127
 Free float 29.9%

Non-institutional shareholders

Enel (70%)

Share performance

High 52 weeks EUR20.59
 Low 52 weeks EUR16.18

Business description

Endesa generates and distributes electricity in Iberia. It recently sold its Latin American business to Enel, the company's parent.

Performance relative to

	SXXP	SX6P
1mth	-1.8%	-5.8%
3mth	1.0%	-8.2%
12mth	14.0%	9.0%

Investment thesis

- With oversupply rife in the Spanish electricity market, we see little need for investment. Therefore, we believe that Enel will run the business as a cash cow. However, potential acquisitions (EGP assets in Spain plus others) may limit the opportunity for a special dividend.
- Endesa has guided to a maximum dividend of either 100% payout ratio or at least 5% growth for 2015-16 and 100% for 2017-19. The company would still be cash flow positive under that scenario and the balance sheet would continue to be one of the strongest in the sector.
- Like the generation business, the distribution unit does not require much investment. In fact, we forecast that the RAB will fall yoy. In addition, the new regulation offers transparency and visibility over earnings.
- We value Endesa on a blend of multiples and our sum-of-the-parts model.

Profit and loss summary

EURm	2013	2014	2015E	2016E	2017E
Revenues	21,515	21,512	21,762	21,493	21,436
EBITDA	3,216	3,090	3,162	3,271	3,085
EBITA	1,615	1,472	1,812	1,871	1,737
EBIT	1,615	1,472	1,812	1,871	1,737
Associates contribution	0	0	0	0	0
Net interest	106	166	166	178	208
Tax	396	296	461	423	382
Minorities	1,064	651	0	0	0
Net income adj.	1,879	3,337	1,185	1,270	1,146
EPS reported	0.10	0.29	1.12	1.20	1.08
EPS adjusted	1.77	3.15	1.12	1.20	1.08
Year end shares	1,059	1,059	1,059	1,059	1,059
Average shares	1,059	1,059	1,059	1,059	1,059
DPS	1.50	0.76	1.12	1.20	1.08

Cash flow summary

EURm	2013	2014	2015E	2016E	2017E
Net income	1,879	3,337	1,185	1,270	1,146
Depreciation	1,601	1,618	1,350	1,401	1,348
Working capital changes	-555	-1,228	21	-22	-5
Other non-cash items	1,584	-13	-400	0	0
Operating cash flow	4,509	3,714	2,156	2,648	2,490
Capex	-2,376	-1,853	-800	-1,000	-900
FCFE	2,133	1,861	1,356	1,648	1,590
Acquisitions, disposals	519	9,036	24	-1,500	-500
Other investment CF	-219	-172	0	0	0
Dividends paid	539	16,686	805	1,185	2,328
Buybacks, issuance	1,747	-507	0	0	0
Change in net debt	2,326	-3,497	575	-575	0
Net debt	1,435	5,420	4,845	5,882	7,121
FCF per share	2.01	1.76	1.28	1.56	1.50

Growth and margins

	2013	2014	2015E	2016E	2017E
Revenue growth	-36.6%	0.0%	1.2%	-1.2%	-0.3%
EBITDA growth	-54.1%	-3.9%	2.3%	3.4%	-5.7%
EBIT growth	-63.4%	-8.9%	23.1%	3.2%	-7.1%
EPS adj growth	-6.8%	78.0%	-64.5%	7.1%	-9.7%
FCF growth	-28.9%	-12.8%	-27.1%	21.5%	-3.5%
EBITDA margin	14.9%	14.4%	14.5%	15.2%	14.4%
EBIT margin	7.5%	6.8%	8.3%	8.7%	8.1%
Net income margin	8.7%	15.5%	5.4%	5.9%	5.3%
FCF margin	9.9%	8.7%	6.2%	7.7%	7.4%

Key ratios

	2013	2014	2015E	2016E	2017E
Net debt / equity	5.4%	63.2%	56.7%	68.1%	95.6%
Net debt / EBITDA	0.4x	1.8x	1.5x	1.8x	2.3x
Avg cost of debt	2.0%	4.8%	3.2%	3.3%	3.2%
Tax rate	25.2%	23.9%	28.0%	25.0%	25.0%
Interest cover	15.2x	8.9x	10.9x	10.5x	8.3x
Payout ratio	84.7%	24.1%	100.0%	100.0%	100.0%
ROCE	3.6%	6.1%	7.6%	8.0%	7.5%
Capex / sales	11.0%	8.6%	3.7%	4.7%	4.2%
Capex / depreciation	148.4%	114.5%	59.3%	71.4%	66.8%

Valuation metrics

	2013	2014	2015E	2016E	2017E
P / adjusted EPS	9.1x	5.1x	14.4x	13.5x	14.9x
P / book value	0.6x	2.0x	2.0x	2.0x	2.3x
FCF yield	12.5%	10.9%	7.9%	9.6%	9.3%
Dividend yield	9.3%	4.7%	6.9%	7.4%	6.7%
EV / sales	1.3x	1.1x	1.1x	1.1x	1.2x
EV / EBITDA	9.0x	7.7x	7.3x	7.4x	8.2x
EV / EBIT	17.9x	16.1x	12.8x	12.9x	14.6x
EV / FCF	13.6x	12.7x	17.1x	14.7x	16.0x
EV / cap. employed	0.6x	1.0x	1.0x	1.0x	1.0x

Key risks to our investment thesis

- Weakness in the commodity market, driving down power prices
- Increase in interest rates
- Economic recovery in Spain slows

Lawson Steele
 Analyst
 +44 20 3207 7887
 lawson.steele@berenberg.com

Andrew Fisher
 Analyst
 +44 20 3207 7937
 andrew.fisher@berenberg.com

Mehul Mahatma
 Analyst
 +44 20 3465 2698
 mehul.mahatma@berenberg.com

Robin Abrams
 Analyst
 +44 20 3465 2635
 robin.abrams@berenberg.com

Endesa SA – key investment points

Key investment point one: generation is geared to power prices

- **Key stat:** Generation accounts for c40% of group EBITDA and a +/-€5/MWh change in the power price affects EPS by c10%, with a similar change in spreads moving EPS by c9%.
- Mark to market commodities and power prices (down by 12% in January 2016) have lowered our forecasts.
- There are no visible signs of recovery: coal is over supplied and carbon is faring little better.
- Investigation into Spanish power prices provides a potential risk

Key investment point two: special dividend of €1.00 per share for 2016

- **Key stat:** €1.00 per share equates to a €1bn special dividend payout.
- Balance sheet headroom and distributable reserves allow for a €3bn payout.
- But Endesa is likely to buy Enel Green Power's Spanish assets (€1.5bn) and other assets in Spain and France (€0.5bn)
- The ordinary dividend policy results in a 100% payout ratio from 2015-19.
- The cash flow and balance sheet can easily accommodate a high dividend

Key investment point three: distribution is a cash cow

- **Key stat:** Distribution accounts for c60% of group EBITDA
- The new regulation has cut remuneration, but we believe it provides earnings certainty and visibility until 2019. The initial regulatory period will run from 2016 to 2019; thereafter the periods will last for six years.
- The RAB should decline marginally over this period as depreciation will exceed capex. But cost efficiencies should counteract this decline in profitability. Consequently, we see EBITDA remaining flattish throughout the first regulatory period.

Other key investment points

- Hydro conditions will, we assume, begin to decline towards the 2007-14 average
- Improved free float of 30%
- Spanish tariff deficit solved

Endesa SA
Utilities – Energy/Integrated



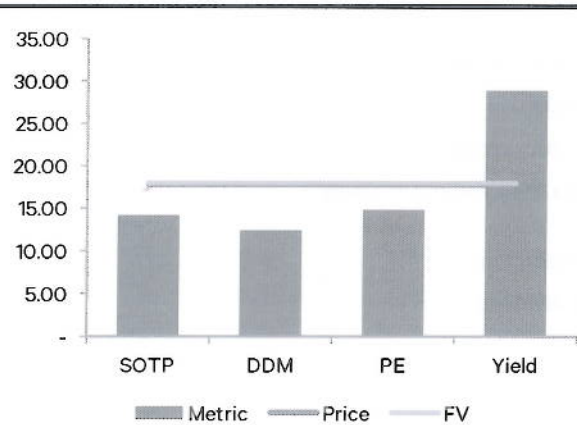
Valuation

- Our price target is €17.00/share (5% upside).
- We use a blended valuation approach for Endesa, utilising SOTP (DCF/EVA), DDM, P/E and yield valuations.

Summary

The charts below illustrate our valuation under each metric and the upside/downside to the current share price.

Valuation under different metrics (€/share)



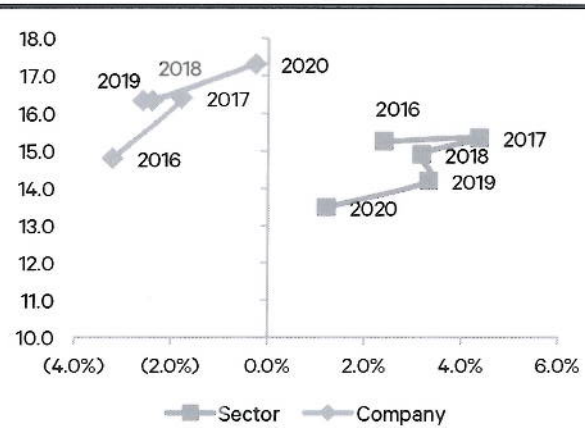
Source: Berenberg estimates

SOTP valuation (€/share)

	Value	€/Share	2016 EV/ EBITDA	Method
Iberia Generation & Supply	7,047	6.66	5.0	DCF
Iberia Distribution	13,209	12.48	7.6	DCF
	-	-	-	DCF
Other	627	0.59	4.6	DCF
Enterprise Value	20,882	19.72	6.4	
Debt	(5,898)	(5.57)	(1.8)	2016E
Provisions	(1,140)	(1.08)	(0.3)	2016E
Other	1,156	1.09	0.4	2016E
Minorities	1	0.00	0.0	2016E
Liabilities	(5,881)	(5.55)	(1.8)	
Equity	15,001	14.17		
NOSH	1,059			2016E
Equity per Share	14.17			
DPS	-			
Sum of the Parts	14.17			

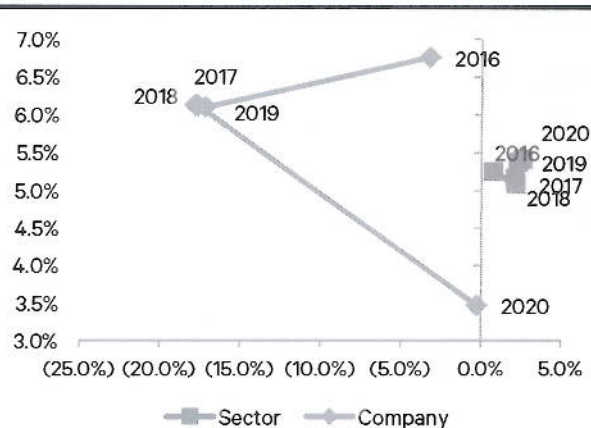
Source: Berenberg estimates

P/E versus EPS growth



Source: Berenberg estimates using three-year forward EPS CAGR

Dividend yield versus DPS growth



Source: Berenberg estimates using three-year forward DPS CAGR

Sensitivity analysis

Sensitivity analysis								
Sensitivities	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA Sensitivity* to								
+/- 5 €/MWh Iberian power price	6%	5%	5%	5%	5%	6%	6%	6%
+/- 5 €/MWh Iberian spreads	3%	4%	4%	4%	4%	5%	5%	3%
+/- 10 % Hydro output	2%	2%	2%	2%	2%	2%	2%	2%
+/- 5 €/t Carbon Price impact on Power	5%	5%	5%	5%	5%	5%	5%	5%
+/- 5 \$/t Coal Price impact on Power Pri	1%	1%	1%	1%	1%	1%	1%	1%
Net Income Sensitivity* to								
+/- 5 €/MWh Iberian power price	7%	4%	10%	10%	11%	11%	11%	12%
+/- 5 €/MWh Iberian spreads	4%	3%	9%	8%	9%	9%	9%	7%
+/- 10 % Hydro output	2%	1%	3%	3%	3%	3%	3%	3%
+/- 5 €/t Carbon Price Impact on Power	6%	3%	9%	9%	10%	10%	10%	10%
+/- 5 \$/t Coal Price impact on Power Pri	2%	1%	2%	2%	3%	3%	3%	3%

* Ceteris Paribus; e.g. does not take account of hedged positions.

Source: Berenberg

Changes to numbers: Berenberg versus consensus

We have made the following changes to our forecasts:

Estimate changes

Estimate Changes	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA (New - as reported; € m)	3,216	3,090	3,162	3,271	3,085	3,045	3,027	2,920
EBITDA (Old - as reported; € m)	3,216	3,090	3,107	3,060	3,332	3,531	3,531	3,532
Change	+0%	+0%	+2%	+7%	-7%	-14%	-14%	-17%
EBIT (New - as reported; € m)	1,615	1,472	1,812	1,871	1,737	1,733	1,723	1,627
EBIT (Old - as reported; € m)	1,615	1,472	1,757	1,723	2,009	2,247	2,257	2,267
Change	+0%	+0%	+3%	+9%	-14%	-23%	-24%	-28%
EPS (New - as reported; €)	1.77	3.15	1.12	1.20	1.08	1.09	1.09	1.03
EPS (Old - as reported; €)	1.77	3.15	1.13	1.05	1.26	1.44	1.45	1.46
Change	+0%	+0%	-1%	+15%	-14%	-24%	-25%	-30%
DPS (New - as reported; €)	1.50	0.76	1.12	1.20	1.08	1.09	1.09	0.62
DPS (Old - as reported; €)	1.50	0.76	1.13	1.18	1.24	1.44	1.45	1.46
Change	+0%	+0%	-1%	+1%	-13%	-24%	-25%	-58%

Source: Berenberg

Berenberg versus consensus

Berenberg Forecasts vs Consensus	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA* (€ m)	3,216	3,090	3,162	3,271	3,085	3,045	3,027	2,920
Consensus (Average)	6,620	3,087	3,162	3,181	3,141	3,154	3,212	2,960
Berenberg +/- vs Cons	-51%	+0%	+0%	+3%	-2%	-3%	-6%	-1%
EBIT* (€ m)	1,615	1,472	1,812	1,871	1,737	1,733	1,723	1,627
Consensus (Average)	4,129	1,585	1,766	1,781	1,755	1,770	1,807	1,468
Berenberg +/- vs Cons	-61%	-7%	+3%	+5%	-1%	-2%	-5%	+11%
Net Income* (€ m)	1,879	3,337	1,185	1,270	1,146	1,151	1,151	1,086
Consensus (Average)	1,754	1,017	1,168	1,243	1,218	1,238	1,277	1,053
Berenberg +/- vs Cons	+7%	+228%	+2%	+2%	-6%	-7%	-10%	+3%
EPS* (€)	1.77	3.15	1.12	1.20	1.08	1.09	1.09	1.03
Consensus (Average)	1.67	0.94	1.09	1.17	1.14	1.18	1.21	#N/A N/A
Berenberg +/- vs Cons	+6%	+234%	+3%	+3%	-5%	-8%	-10%	#VALUE!
DPS (€)	1.50	0.76	1.12	1.20	1.08	1.09	1.09	0.62
Consensus (Average)	0.96	14.56	1.09	1.18	1.15	1.18	1.21	#N/A N/A
Berenberg +/- vs Cons	+57%	-95%	+3%	+1%	-6%	-8%	-10%	#VALUE!

* Based on company's definition of metric

Source: Berenberg estimates, Bloomberg

Key assumptions

Key assumptions

Power Price Forecasts		2014A	2015E	2016E	2017E	2018E	2019E	2020E
Country	Unit							
UK (Local)	£/MWh	47.0	47.0	42.7	42.9	43.0	44.0	44.0
UK (EUR)	EUR/MWh	58.5	62.1	56.6	55.4	55.1	56.4	56.4
Germany	EUR/MWh	35.0	30.5	24.0	23.6	22.8	22.6	22.6
Nordic	EUR/MWh	33.1	32.8	20.0	20.2	22.0	21.9	21.9
Italy	EUR/MWh	52.9	46.0	38.5	38.2	38.1	41.5	41.5
Benelux	EUR/MWh	47.0	40.0	32.0	31.5	31.5	31.4	31.4
France	EUR/MWh	47.0	38.0	30.0	29.2	28.6	30.2	30.2
Spain/Portugal	EUR/MWh	47.0	47.0	42.0	41.0	41.0	40.9	40.9

Fuel Price Forecasts		2014A	2015E	2016E	2017E	2018E	2019E	2020E
Fuel	Unit							
Oil (Brent)	\$/bbl	101.9	53.5	32.8	38.5	38.5	38.5	38.5
Coal	\$/t	78.3	53.3	42.4	37.7	37.7	37.7	37.7
Gas (Europe LTC)	EUR/MWh	26.4	21.9	14.6	14.2	14.2	14.9	14.9
Gas (Italy)	EUR/MWh	23.2	20.0	12.6	12.2	12.2	12.9	12.9
Gas (UK) £	£/MWh	14.1	12.0	9.1	8.9	8.9	9.4	9.4
Carbon UK floor	£/t	14.3	20.0	22.0	23.1	23.1	23.1	23.1
US Gas Henry Hub	\$/MWh	14.7	8.7	8.6	9.4	9.8	10.3	10.7
Uranium	EUR/MWh	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Carbon	EUR/t	6.0	7.8	6.6	6.6	6.6	6.6	6.6

Year end currency rates		2014A	2015E	2016E	2017E	2018E	2019E	2020E
EURGBP		0.78	0.74	0.77	0.78	0.78	0.78	0.78
EURTRY		2.83	3.17	3.68	4.11	4.11	4.11	4.11
EURSEK		9.44	9.17	9.33	9.35	9.35	9.35	9.35
EURUSD		1.21	1.09	1.10	1.12	1.12	1.12	1.12
EURRUB		73.50	80.00	94.76	104.70	104.70	104.70	104.70
EURMXN		17.84	18.75	20.53	21.49	21.49	21.49	21.49
USDBRL		2.66	4.00	4.47	4.99	4.99	4.99	4.99

Inflation		2014A	2015E	2016E	2017E	2018E	2019E	2020E
Central Europe		0.8%	0.1%	0.8%	1.3%	1.3%	1.3%	1.3%
Eastern Europe		5.7%	9.6%	6.0%	5.2%	5.2%	5.2%	5.2%
UK		1.5%	0.0%	1.2%	1.9%	1.9%	1.9%	1.9%
Nordic		0.4%	-0.1%	1.1%	1.6%	1.6%	1.6%	1.6%
Spain/Portugal		-0.2%	0.0%	1.0%	1.4%	1.4%	1.4%	1.4%
US		1.6%	0.1%	2.0%	2.3%	2.3%	2.3%	2.3%

Industrial production		2014A	2015E	2016E	2017E	2018E	2019E	2020E
Eurozone		0.8%	1.4%	1.2%	1.8%	1.8%	1.8%	1.8%
China		8.3%	5.9%	5.7%	5.1%	5.1%	5.1%	5.1%
France		-1.0%	1.5%	2.1%	1.7%	1.7%	1.7%	1.7%
Germany		1.3%	0.8%	0.2%	2.2%	2.2%	2.2%	2.2%
Italy		-0.5%	1.1%	1.8%	1.6%	1.6%	1.6%	1.6%
Portugal		1.8%	2.5%	3.8%	2.4%	2.4%	2.4%	2.4%
Spain		1.3%	3.3%	3.0%	2.4%	2.4%	2.4%	2.4%
UK		1.3%	1.4%	1.8%	1.5%	1.5%	1.5%	1.5%

Source: Berenberg

Endesa SA

Utilities – Energy/Integrated



Financials

Income statement

Income Statement (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Revenue	21,515	21,512	21,762	21,493	21,436	21,466	21,494	21,204
Reported EBITDA	3,216	3,090	3,162	3,271	3,085	3,045	3,027	2,920
Change	-54%	-4%	+2%	+3%	-6%	-1%	-1%	-4%
Margin	+15%	+14%	+15%	+15%	+14%	+14%	+14%	+14%
Depreciation	(1,601)	(1,618)	(1,350)	(1,401)	(1,348)	(1,312)	(1,303)	(1,293)
Other OPEX	-	-	-	-	-	-	-	-
Reported EBIT	1,615	1,472	1,812	1,871	1,737	1,733	1,723	1,627
Change	-63%	-9%	+23%	+3%	-7%	-0%	-1%	-6%
Margin	+8%	+7%	+8%	+9%	+8%	+8%	+8%	+8%
Net Financial Expenses	(106)	(166)	(166)	(178)	(208)	(198)	(188)	(179)
Tax	(396)	(296)	(461)	(423)	(382)	(384)	(384)	(362)
Other	1,830	2,978	-	-	-	-	-	-
Minorities	(1,064)	(651)	-	-	-	-	-	-
Reported Net Income	1,879	3,337	1,185	1,270	1,146	1,151	1,151	1,086
Change	-8%	+78%	-64%	+7%	-10%	+0%	-0%	-6%
Margin	+9%	+16%	+5%	+6%	+5%	+5%	+5%	+5%
Number of Shares	1,059	1,059	1,059	1,059	1,059	1,059	1,059	1,059
Per Share:								
Basic EPS	0.10	0.29	1.12	1.20	1.08	1.09	1.09	1.03
Change	-95%	+190%	+286%	+7%	-10%	+0%	-0%	-6%
Reported EPS	1.77	3.15	1.12	1.20	1.08	1.09	1.09	1.03
Change	-7%	+78%	-64%	+7%	-10%	+0%	-0%	-6%
DPS	1.50	0.76	1.12	1.20	1.08	1.09	1.09	0.62
Change	+0%	-49%	+47%	+7%	-10%	+0%	-0%	-43%
Payout	85%	24%	100%	100%	100%	100%	100%	60%

Source: Berenberg

Divisional EBITDA

Iberla Generation & Supply (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Revenue	19,214	19,149	19,291	19,023	18,966	19,000	19,032	18,745
Change	-8%	-0%	+1%	-1%	-0%	+0%	+0%	-2%
% Group	+89%	+89%	+89%	+89%	+88%	+89%	+89%	+88%
EBITDA	1,580	1,399	1,470	1,406	1,183	1,160	1,158	1,069
Change	-26%	-11%	+5%	-4%	-16%	-2%	-0%	-8%
Margin	+8%	+7%	+8%	+7%	+6%	+6%	+6%	+6%
% Group	+49%	+45%	+46%	+43%	+38%	+38%	+38%	+37%
EBIT	607	692	754	698	513	495	497	412
Change	-35%	+14%	+9%	-7%	-26%	-4%	+0%	-17%
Margin	+3%	+4%	+4%	+4%	+3%	+3%	+3%	+2%
% Group	+38%	+47%	+42%	+37%	+30%	+29%	+29%	+25%

Iberla Distribution (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Revenue	2,500	2,531	2,641	2,637	2,637	2,633	2,630	2,625
Change	-1%	+1%	+4%	-0%	+0%	-0%	-0%	-0%
% Group	+12%	+12%	+12%	+12%	+12%	+12%	+12%	+12%
EBITDA	1,636	1,691	1,707	1,730	1,717	1,700	1,684	1,666
Change	-3%	+3%	+1%	+1%	-1%	-1%	-1%	-1%
Margin	+65%	+67%	+65%	+66%	+65%	+65%	+64%	+63%
% Group	+51%	+55%	+54%	+53%	+56%	+56%	+56%	+57%
EBIT	1,019	967	1,103	1,132	1,152	1,139	1,127	1,116
Change	-10%	-5%	+14%	+3%	+2%	-1%	-1%	-1%
Margin	+41%	+38%	+42%	+43%	+44%	+43%	+43%	+42%
% Group	+63%	+66%	+61%	+61%	+66%	+66%	+65%	+69%

Other* (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA	-	-	(15)	135	185	185	185	185
o/w Unallocated Cost Savings	-	-	-	-	-	-	-	-
o/w Unallocated Aqn / Disp	-	-	-	150	200	200	200	200
% Group	+0%	+0%	-0%	+4%	+6%	+6%	+6%	+6%
EBIT	(11)	(187)	(45)	41	71	100	100	100
o/w Unallocated Cost Savings	-	-	-	-	-	-	-	-
o/w Unallocated Aqn / Disp	-	-	-	86	115	115	115	115
% Group	-1%	-13%	-2%	+2%	+4%	+6%	+6%	+6%

* Includes, if applicable, other group income/costs and unallocated cost savings, CAPEX returns and acquisitions and disposals

Source: Berenberg

Endesa SA

Utilities – Energy/Integrated



Cash flow statement

Cash Flow (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Net Income	1,879	3,337	1,185	1,270	1,146	1,151	1,151	1,086
Depreciation	1,601	1,618	1,350	1,401	1,348	1,312	1,303	1,293
Working Capital	(555)	(1,228)	21	(22)	(5)	2	2	(24)
Other Operating Cash Flow (inc tariff defic	1,584	(13)	(400)	-	-	-	-	-
Operating Cash Flow	4,509	3,714	2,156	2,648	2,490	2,465	2,457	2,355
CAPEX	(2,376)	(1,853)	(800)	(1,000)	(900)	(900)	(900)	(800)
FCF (Post CAPEX)	2,133	1,861	1,356	1,648	1,590	1,565	1,557	1,555
Acquisitions and Disposals	519	9,036	24	(1,500)	(500)	-	-	-
FCF (p. CAPEX, Aq&D)	2,652	10,897	1,380	148	1,090	1,565	1,557	1,555
Other Investment Cash Flow	219	172	-	-	-	-	-	-
Dividends	(539)	(16,686)	(805)	(1,185)	(2,328)	(1,146)	(1,151)	(1,151)
FCF (p. CAPEX, Aq&D, Divs)	2,332	(5,617)	575	(1,037)	(1,239)	419	406	404
Buybacks and Equity Issuance	1,747	(507)	-	-	-	-	-	-
Borrowings	(133)	4,470	-	462	1,239	-	-	-
Other Financing, Disc and FX	(1,620)	(1,843)	-	-	-	-	-	-
Net Change in Group Cash	2,326	(3,497)	575	(575)	-	419	406	404

Source: Berenberg

Balance sheet statement

Balance Sheet (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Intangible Fixed Assets	4,527	627	627	627	627	627	627	627
PP&E	31,591	21,104	20,530	21,629	21,681	21,270	20,866	20,373
Other Non-Current Assets	6,577	3,020	3,020	3,020	3,020	3,020	3,020	3,020
Total Non-Current Assets	42,695	24,751	24,177	25,276	25,328	24,917	24,513	24,020
Inventories and Receivables	6,035	4,079	4,126	4,075	4,065	4,070	4,076	4,021
Cash	4,145	648	1,223	648	648	1,067	1,472	1,877
Other Liquid Assets	3,078	1,210	1,210	1,210	1,210	1,210	1,210	1,210
Other Current Assets	-	-	-	-	-	-	-	-
Assets Held for Sale	4	8	-	-	-	-	-	-
Total Current Assets	13,262	5,945	6,560	5,933	5,923	6,347	6,758	7,107
Total Assets	55,957	30,696	30,737	31,210	31,251	31,264	31,271	31,127
Short-Term Debt	(1,127)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Payables	(9,226)	(5,861)	(5,929)	(5,856)	(5,840)	(5,848)	(5,856)	(5,777)
Provisions	(689)	(544)	(544)	(544)	(544)	(544)	(544)	(544)
o/w Nuclear Liabilities	-	-	-	-	-	-	-	-
o/w Pensions	-	-	-	-	-	-	-	-
o/w Other Provisions	(689)	(544)	(544)	(544)	(544)	(544)	(544)	(544)
Other Current Liabilities	-	-	-	-	-	-	-	-
Liabilities of Businesses Held for Sale	-	-	-	-	-	-	-	-
Total Current Liabilities	(11,042)	(6,406)	(6,474)	(6,401)	(6,385)	(6,393)	(6,401)	(6,322)
Long-Term Debt	(7,437)	(6,083)	(6,083)	(6,545)	(7,784)	(7,784)	(7,784)	(7,784)
Provisions	(3,496)	(3,591)	(3,591)	(3,591)	(3,591)	(3,591)	(3,591)	(3,591)
o/w Nuclear Liabilities	-	-	-	-	-	-	-	-
o/w Pensions	(1,120)	(1,140)	(1,140)	(1,140)	(1,140)	(1,140)	(1,140)	(1,140)
o/w Other Provisions	(2,376)	(2,451)	(2,451)	(2,451)	(2,451)	(2,451)	(2,451)	(2,451)
Other Non-Current Liabilities	(7,220)	(6,041)	(6,041)	(6,041)	(6,041)	(6,041)	(6,041)	(6,041)
Total Non-Current Liabilities	(18,153)	(15,715)	(15,715)	(16,177)	(17,416)	(17,416)	(17,416)	(17,416)
Shareholders' Equity	(20,521)	(8,576)	(8,548)	(8,633)	(7,451)	(7,456)	(7,456)	(7,391)
Minorities	(6,241)	1	1	1	1	1	1	1
Total Equity	(26,762)	(8,575)	(8,547)	(8,632)	(7,450)	(7,455)	(7,455)	(7,390)
Total Liabilities and Equity	(55,957)	(30,696)	(30,737)	(31,210)	(31,251)	(31,264)	(31,271)	(31,127)
Net Debt (As Reported)	1,435	5,420	4,845	5,882	7,121	6,702	6,296	5,892
Economic Net Debt	1,435	5,420	4,845	5,882	7,121	6,702	6,296	5,892
Net Debt / EBITDA (As Reported)	0.4	1.8	1.5	1.8	2.3	2.2	2.1	2.0
Economic Net Debt / EBITDA	0.4	1.8	1.5	1.8	2.3	2.2	2.1	2.0

Source: Berenberg

