



UNION FENOSA

# UNION FENOSA

February 2008



UNION FENOSA

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UNION FENOSA Overview

Business lines

Renewables Strategy

Plan BIGGER

UNION FENOSA is an integrated energy group that operates in power generation, transport, distribution and supply, and in the gas and electricity markets

### GENERATION

- Operating capacity of 11,125 MW + CCGT 1,250 MW under construction in the world

11,125 MW

2,773 (25%)

8,352 (75%)

### DISTRIBUTION

- 8.8 million clients, of which more than 5 million are outside of Spain

8.8 mill. clients

5.3 (60%)

3.5 (40%)

### GAS

- Gas supply of 5.3 bcm
- Over €2 billion invested throughout the entire chain

■ National ■ International

UNION FENOSA is the 12<sup>th</sup> largest Spanish company of IBEX 35 in terms of market capitalization (€12.8 billion, \$17.9 billion) and the third largest electricity company

Investments in 14 countries worldwide with a strong presence in Latin America

Sales of 81 TWh of gas and electricity in 2006

Attributable Net Income of €635 M (\$901 M), and Operating Income of €1.3 billion (\$1.9 billion)

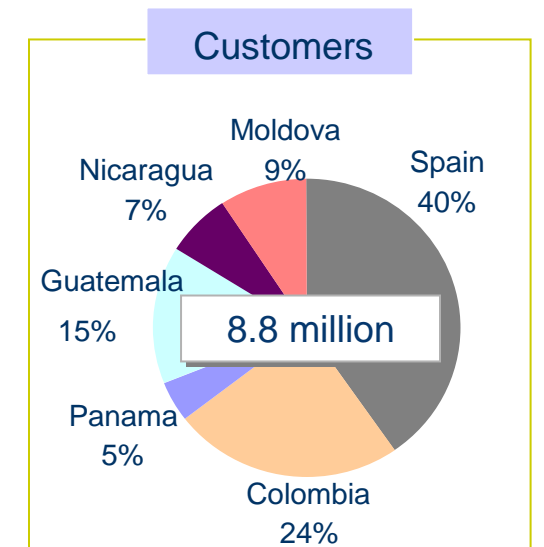
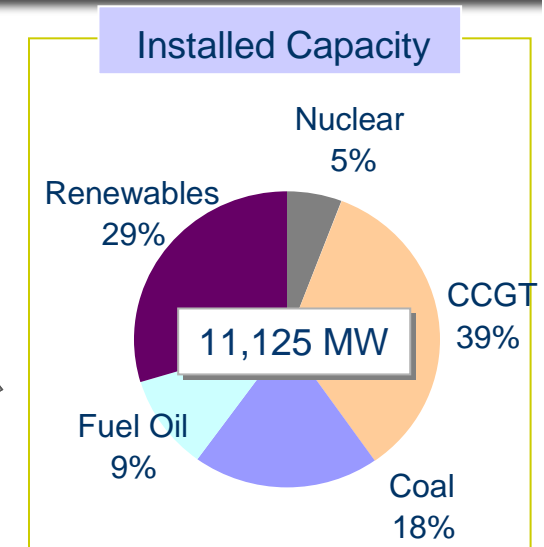
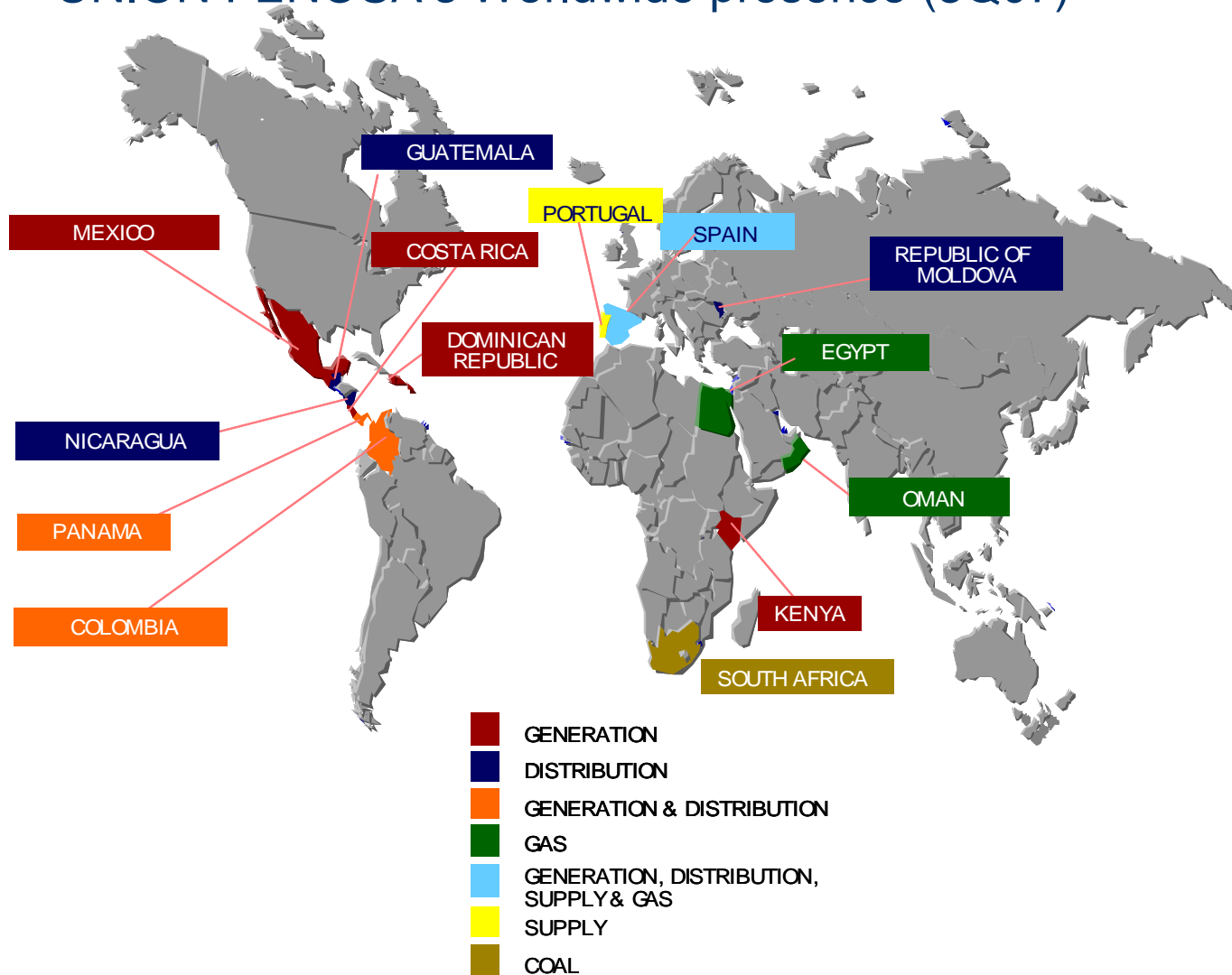
UNION FENOSA's has over 12,000 employees

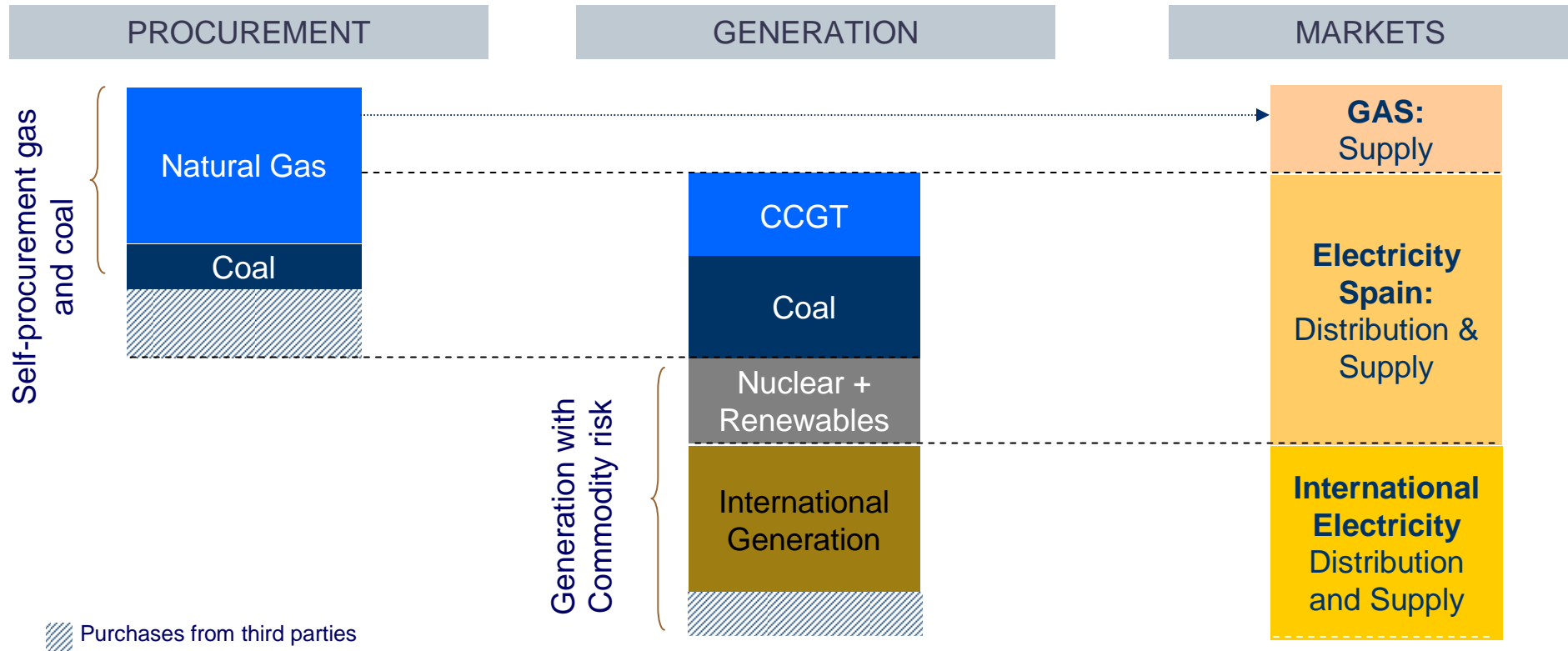
Rating

Moody's: Baa1

S&P: BBB+

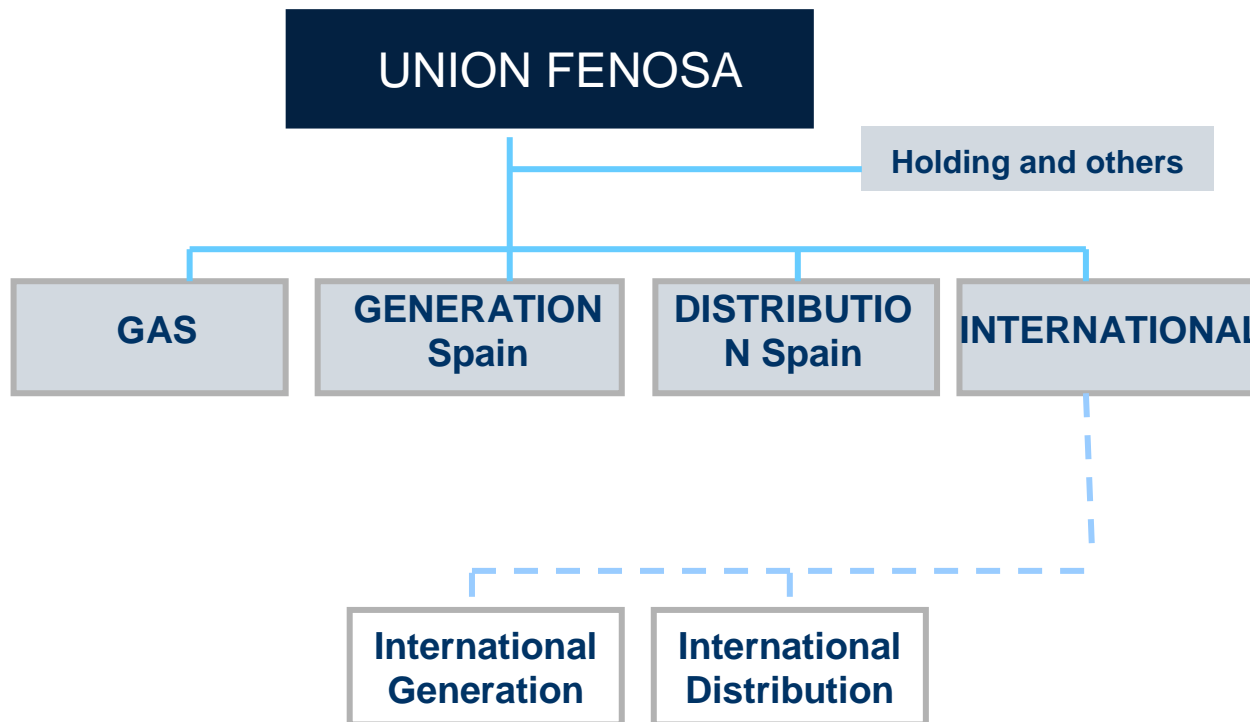
### UNION FENOSA's Worldwide presence (3Q07)





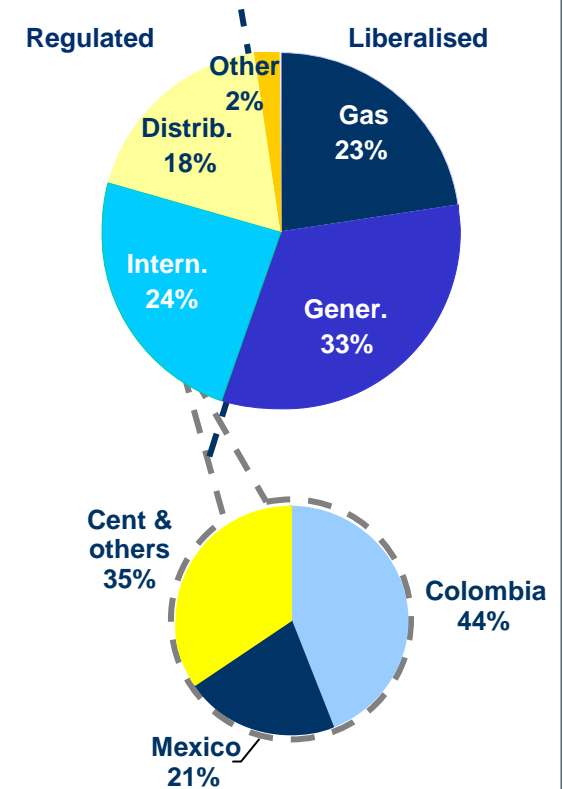
UNION FENOSA will underpin its unique positioning in the near future by strengthening its supply of gas and coal at source

Vertical integration allows for value creation through the economies of scale gained by the different businesses, activities and countries



**Total EBIT (06): 1,306.8 M€**

**Breakdown**

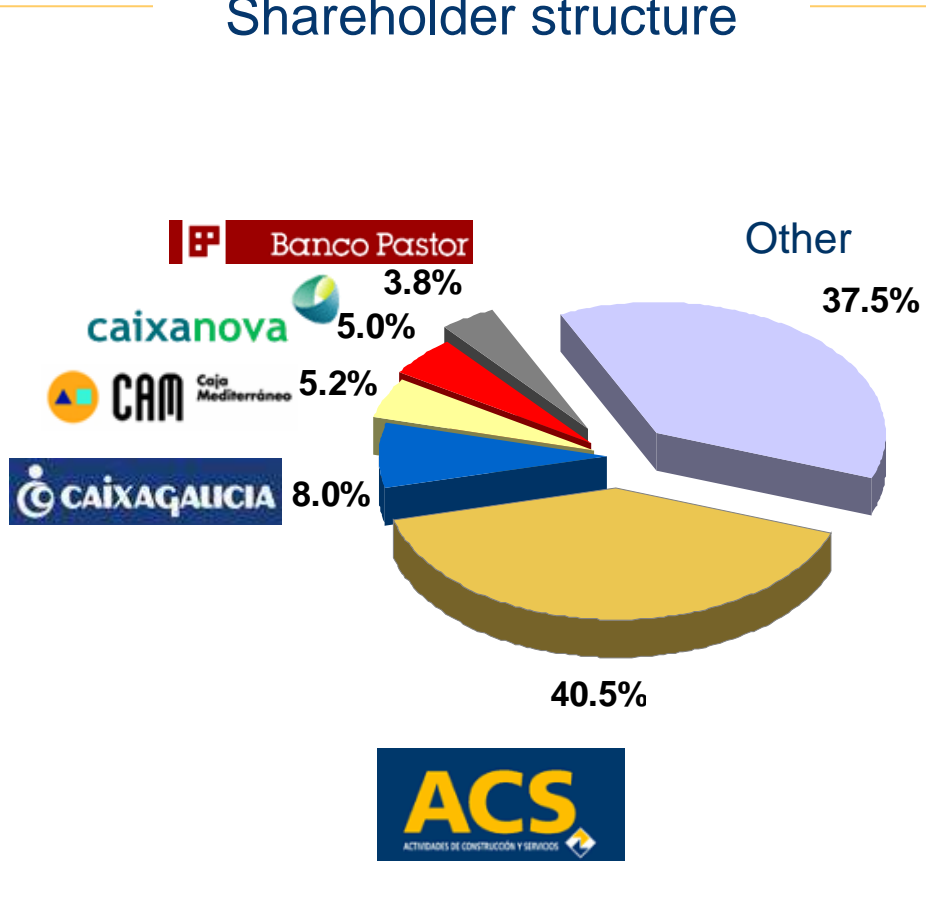


Partner



Solid shareholder structure that contributes stability to growth

Shareholder structure



Worldwide reference in the construction and services activities and present in the infrastructures and energy sector

- One of the three major companies in its sector worldwide
- Over €14.2 billion of market capitalization
- Presence in over 70 countries worldwide
- 2006 pro-forma sales of c. €20 billion and EBITDA of €3.3 billion
- Over 80 years of experience in the construction, maintenance and engineering of energy installations
- Workforce of over 123,000 employees worldwide

About **two-thirds** of the shareholders are represented on the **Board of Directors**



Our main shareholder is a worldwide reference in the construction and services activities

- ACS takes part in the development of key sectors for the economy such as infrastructures and energy
- It has a proven track record and reputation of profitability, ability to innovate and guaranteed success
- Dragados is the leading general contractor in Spain with specialized services in the civil, construction and building areas
- Through Grupo Cobra and Dragados Industrial, ACS Group covers the entire value chain, from the development, applied engineering and construction of new projects to the maintenance of industrial infrastructures in the energy, communications and control system sectors



UNION FENOSA's corporate values & focus

- Focus on the promotion of sustainability and respect for the environment
- Obligation with stakeholders
- Culture of alliances
- Focused on the motivation, development and training of the Human Resources. UF CORPORATE UNIVERSITY (UCUF) as a distinctive component
- Focused on the development and application of new technologies
- Committed to the integration of, and obligations to, the communities in which the Company operates
- International track record
- Quality and Operational Excellence



## UNION FENOSA Overview

### Business lines

- Basic Strategies
- Generation
- International
- Gas
- Engineering Capabilities

### Renewables Strategy

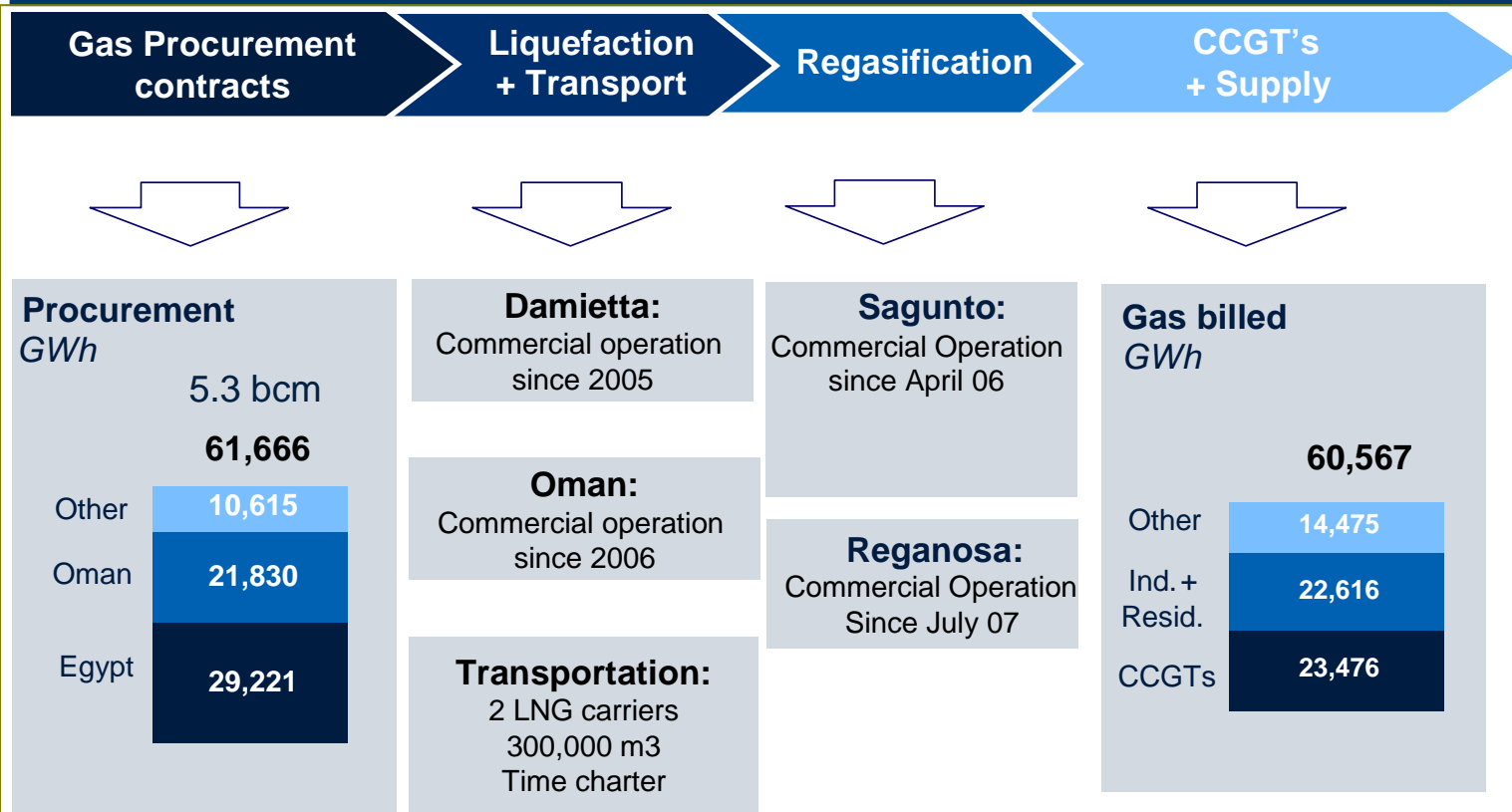
### Plan BIGGER

# UNION FENOSA

## Gas & Power Strategy

## Business Lines

2<sup>nd</sup> largest integrated gas company in Spain with presence throughout the entire chain



- Presence throughout the entire chain from procurement to commercialization and supply to the final client (gas liquefaction plant at source and owns a fleet under time charter regime)
- Strength and consolidation of the gas business through the alliance with Eni (50% of activity)

UNION FENOSA has a unique standard setting platform in the production of electricity with coal

STRATEGY: to replicate its unique positioning in the gas business and expand its presence throughout the entire coal chain

OBJECTIVE: to ensure the supply to thermal plants at stable and competitive prices

### UNDERTAKINGS

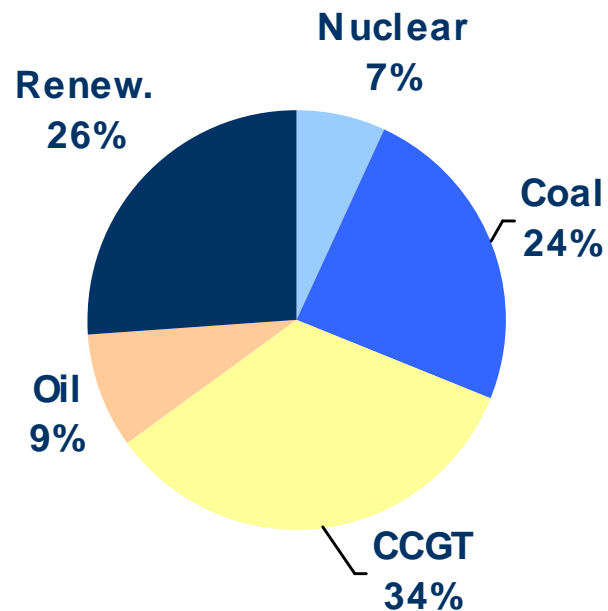
In 2006, UNION FENOSA acquired a 64% stake in a South African coal mine with over 80 million tons of black coal and glance coal reserves

Commitment to clean fuels, emission reductions and more efficient generation technologies for coal plants

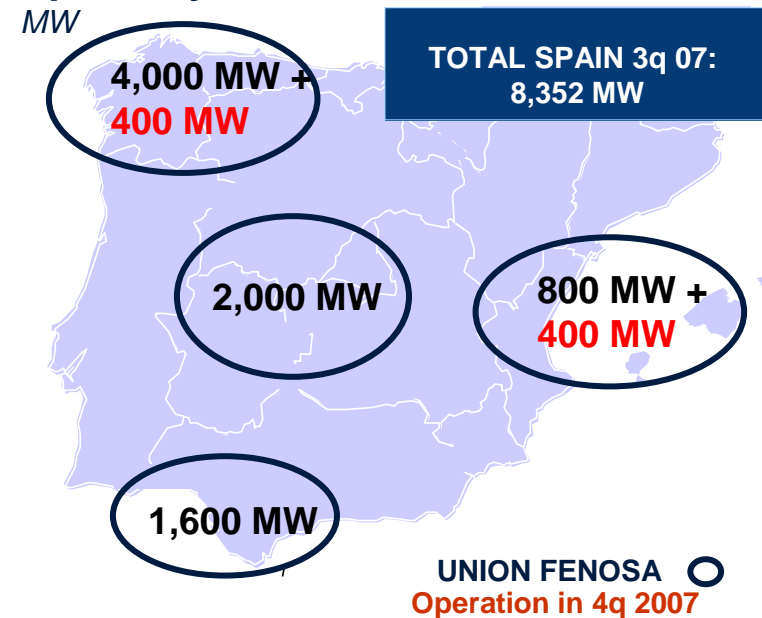
Plans in motion for the improvement of current thermal plants and the search for sites for super-critical plants required in Spain



**3Q07 UF's generation capacity in Spain: breakdown**  
 %



**3Q07 UF's generation capacity in Spain: by area**  
 MW



Balanced power generation mix



# UNION FENOSA Generation in Spain - CCGTs

## Business Lines

CCGT Palos - 1.200 MW



+4.000 MW CCGTs in  
2004-2007

Most aggressive  
development by a  
company in Spain

CCGT ACECA - 400  
MW



CCGT NGS - 800 MW<sup>1</sup>



CCGT SABON - 400 MW



CCGT SAGUNTO 1.200  
MW



<sup>1</sup> Share of UNION FENOSA: 400 MW

UNION FENOSA is one of the leading coal power producers in Spain with more than 2,150 MW of capacity installed

Energy produced by coal power plants (24% of installed capacity) represents 35% of total UNION FENOSA energy produced in Spain

La Robla - 655 MW



Anllares - 365 MW<sup>1</sup>



<sup>1</sup> Share of UNION FENOSA: 244 MW



Strong positioning in the nuclear power industry in Spain: total participated capacity of 3,038 MW



Almaraz - 1.970 MW<sup>1</sup>



Trillo - 1.068 MW<sup>2</sup>

In 2006, after 38 years of continuous operation, nuclear power plant of Jose Cabrera finished its production. Dismantling it is expected from 2009



<sup>1</sup> Share of UNION FENOSA: 221 MW

<sup>2</sup> Share of UNION FENOSA: 368 MW

UNION FENOSA operates 28 hydro plants with 1,820 MW installed capacity in Spain representing 22% of total installed capacity

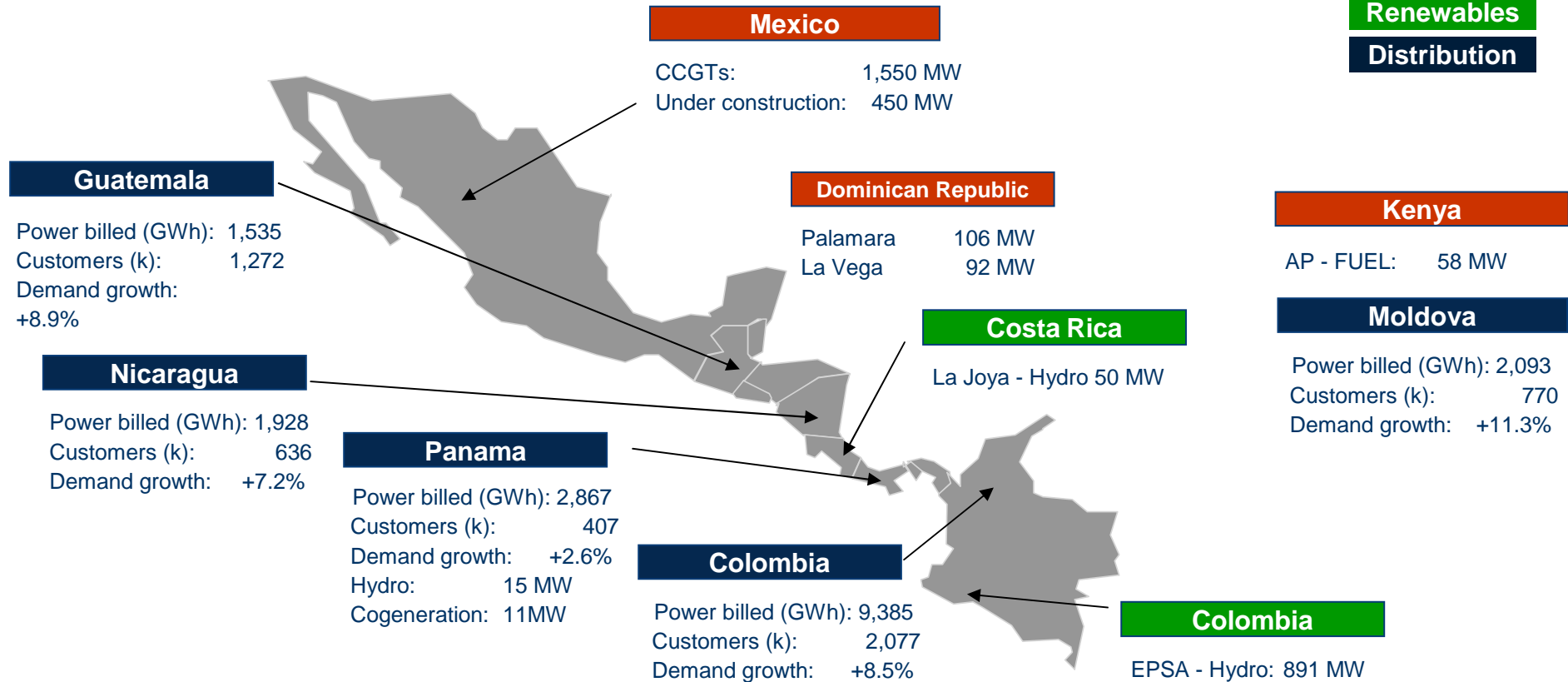
**Bolarque - 215 MW**



**Belesar - 258 MW**



**Generation**  
**Renewables**  
**Distribution**



Organic growth potential whilst lowering exposure



Tuxpan, México - 1,000 MW



Naco Nogales, México - 300 MW



UNION FENOSA has a portfolio of 2,773 MW mainly in Mexico and Colombia

On 5<sup>th</sup> March 2007, UNION FENOSA won the bid for the construction and operation of the combined cycle Norte I, in the state of Durango.

Construction of this plant (450 MW) will increase generation capacity in Mexico to 2,000 MW.

Calima - 132 MW





**UNION FENOSA's DISTRIBUTION FACILITIES (2006)**

|                      | Step-Down Transformers |               | Length of Lines (Km) |
|----------------------|------------------------|---------------|----------------------|
|                      | Number                 | MVA Capacity  |                      |
| Spain                | 32.533                 | 10.536        | 102.422              |
| International        | 210.116                | 12.359        | 165.725              |
| <b>TOTAL LV + MV</b> | <b>242.649</b>         | <b>22.895</b> | <b>268.147</b>       |
| Spain                | 723                    | 22.283        | 8.319                |
| International        | 320                    | 8.108         | 3.353                |
| <b>TOTAL HV</b>      | <b>1.043</b>           | <b>30.391</b> | <b>11.672</b>        |
| <b>TOTAL</b>         | <b>243.692</b>         | <b>53.286</b> | <b>279.819</b>       |

UNION FENOSA has strong international expertise in the operation and development of high voltage and armoured facilities

Qalhat- Overview



4.4 bcm/year

Damietta- Overview



7.6 bcm/year

UNION FENOSA has agreements at source locations, liquefaction plants in Egypt and Oman and transportation vessels



Sagunto  
SAGGAS- Overview



6.7 bcm/year

REGANOSA- Overview



3.6 bcm/year

UNION FENOSA also holds important stakes in re-gasification facilities at the entrance to the Spanish system

### Engineering



- Engineering activities of UNION FENOSA : SOCOIN
- SOCOIN offers complex engineering solutions in the electrical generation and distribution businesses and in the gas industry
- SOCOIN is one of the reference companies in the engineering sector
- SOCOIN has provided its services to most thermal plants in Spain
- SOCOIN's nuclear division conducts support works for the nuclear power plants operations, as well as specific projects in different areas: safety, engineering, X-ray protection, radioactive waste and dismantling.
- SOCOIN employs 400 engineers and professionals

### Nuclear capabilities



- Through Ghesa and Empresarios Agrupados, UNION FENOSA has a distinctive know-how which enables it to develop engineering projects in the nuclear field
- Through Empresarios Agrupados it has been the main engineering company in all the Spanish nuclear power plants having also worked in more than 20 countries
- GHESA is participating in the ITER international reactor (International Thermonuclear Experimental Reactor of nuclear fusion) being developed in France
- Together these companies employ more than 1,100 qualified professionals





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UNION FENOSA has interests in Special Regime power plants totaling 603 MW in Spain and an aggressive plan to double this amount in the following years

## Renewables Iberia



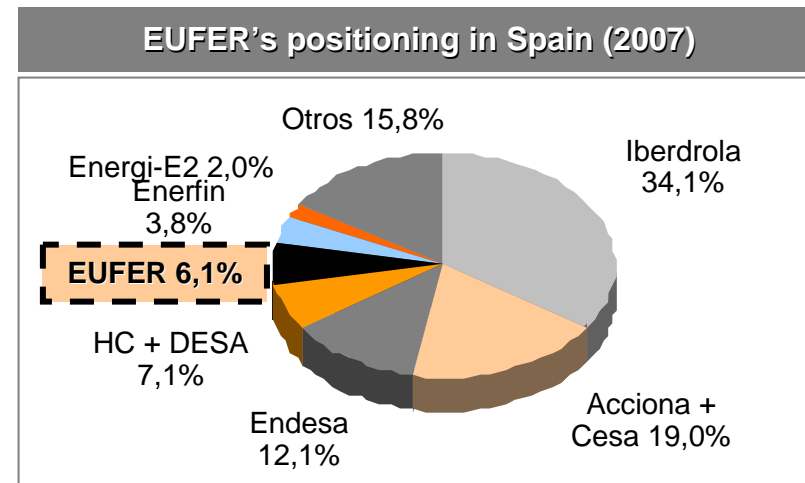
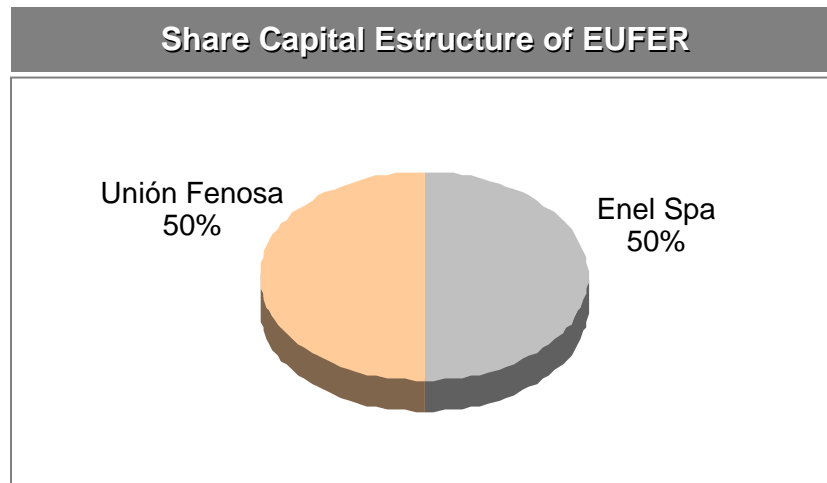
- UNION FENOSA is also pursuing to reinforce its portfolio of renewable power plants outside Spain (through its entirely owned company Generación Peninsular S.L.)
- UNION FENOSA has set in motion a new plan for developing new renewable energy capacity in Latin America in addition to the 900 MW it has at present (mainly Hydro)



|                                 |           |
|---------------------------------|-----------|
| México                          | 55% Wind  |
| 800-1.300 MW<br>Capex: € 1.2 Bn |           |
| Central America                 | 45% Hydro |
| 200 MW<br>Capex: € 0.2 Bn       |           |
| Latinoamerica                   |           |
| 400 MW<br>Capex: € 0.4 Bn       |           |

## EUFER: Understanding of the Company

- Enel Union Fenosa Renovables was created in 2003 as a consequence of Enel's acquisition of the 80% of Union Fenosa's renewables and cogeneration affiliate, Union Fenosa Energías Especiales, which was constituted in 1994.
- This operation also includes a call option for Union Fenosa to repurchase 30% of Enel Union Fenosa Renovables up to 2007. This call option was executed in may 2006.
- EUFER is focused in the activities of facilities promotion based in renewable energy, with an ambitious Business Plan with the aim to increase it installed capacity from 900 MW (2005) to more than 1.600 MW (2010) and represents the exclusive vehicle of renewables development for Enel and Union Fenosa in the Iberian market.

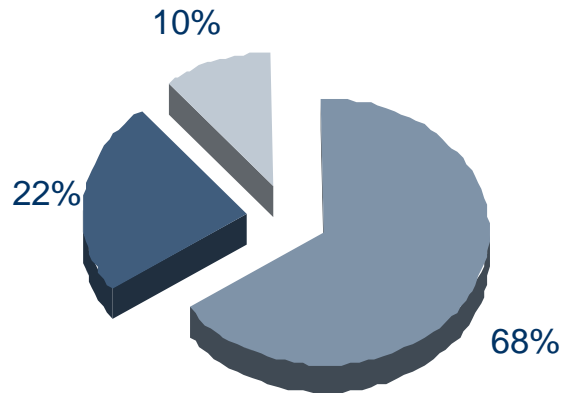


Source: AEE.

**Total Installed capacity\* & Energy generated\***

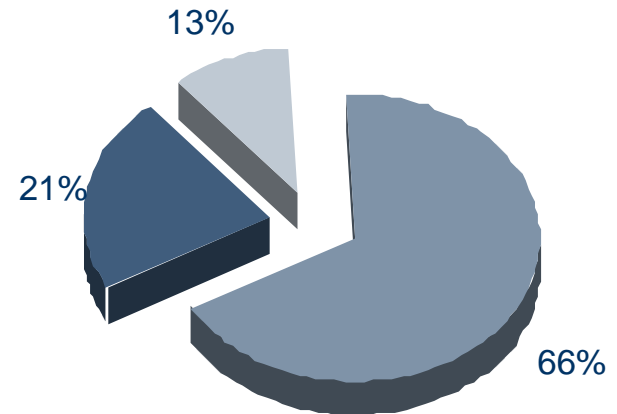
CAPACITY 2005: 878 MW

(+5.2% 06/05)



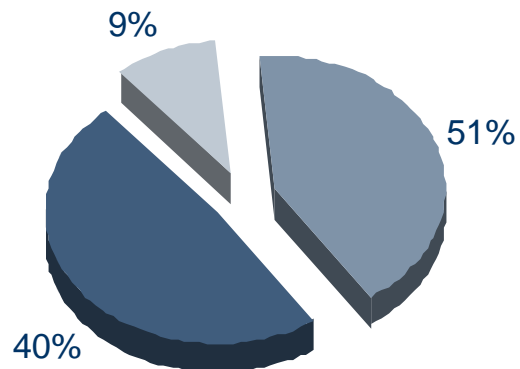
- Small hydro
- Wind Power
- Thermal

CAPACITY 2006: 924 MW



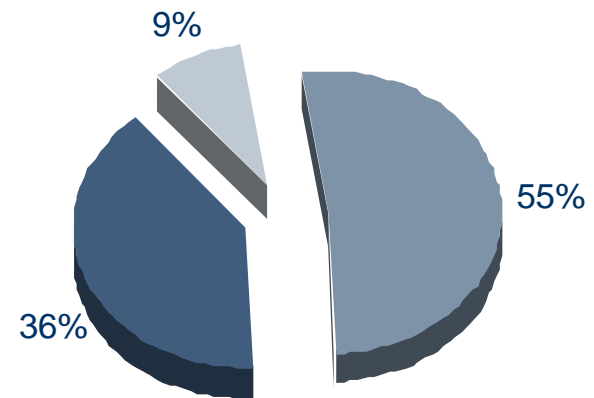
PRODUCTION 2005: 2,713 GWh

(-8.9% 06/05)



- Small hydro
- Wind Power
- Thermal

PRODUCTION 2006: 2,472 GWh



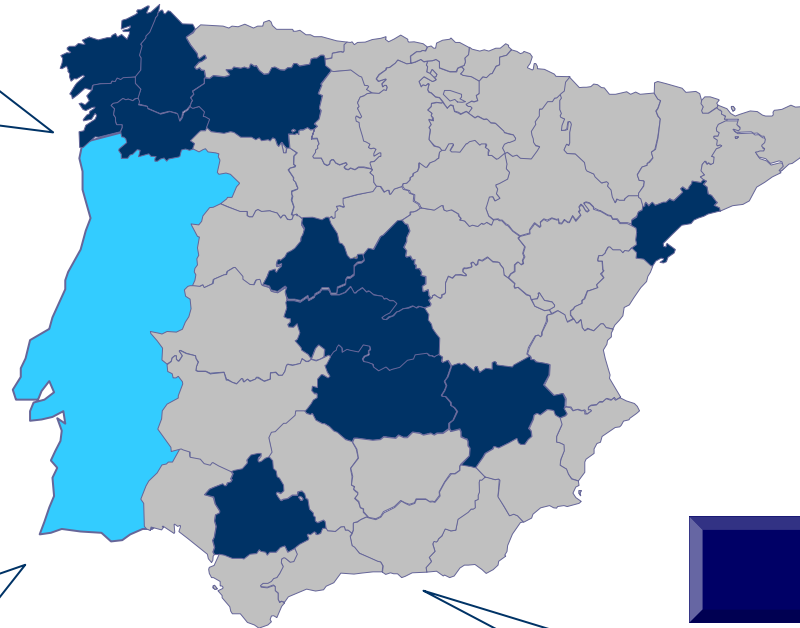
\*\*Aprox 60% is attributable to EUFER

Wind Farms

31 Wind farms in operation in Galicia, Castilla-La Mancha, Castilla y León and Cataluña regions (610 MW)

~213 MW in construction

*EUFER portfolio*



MiniHydro plants

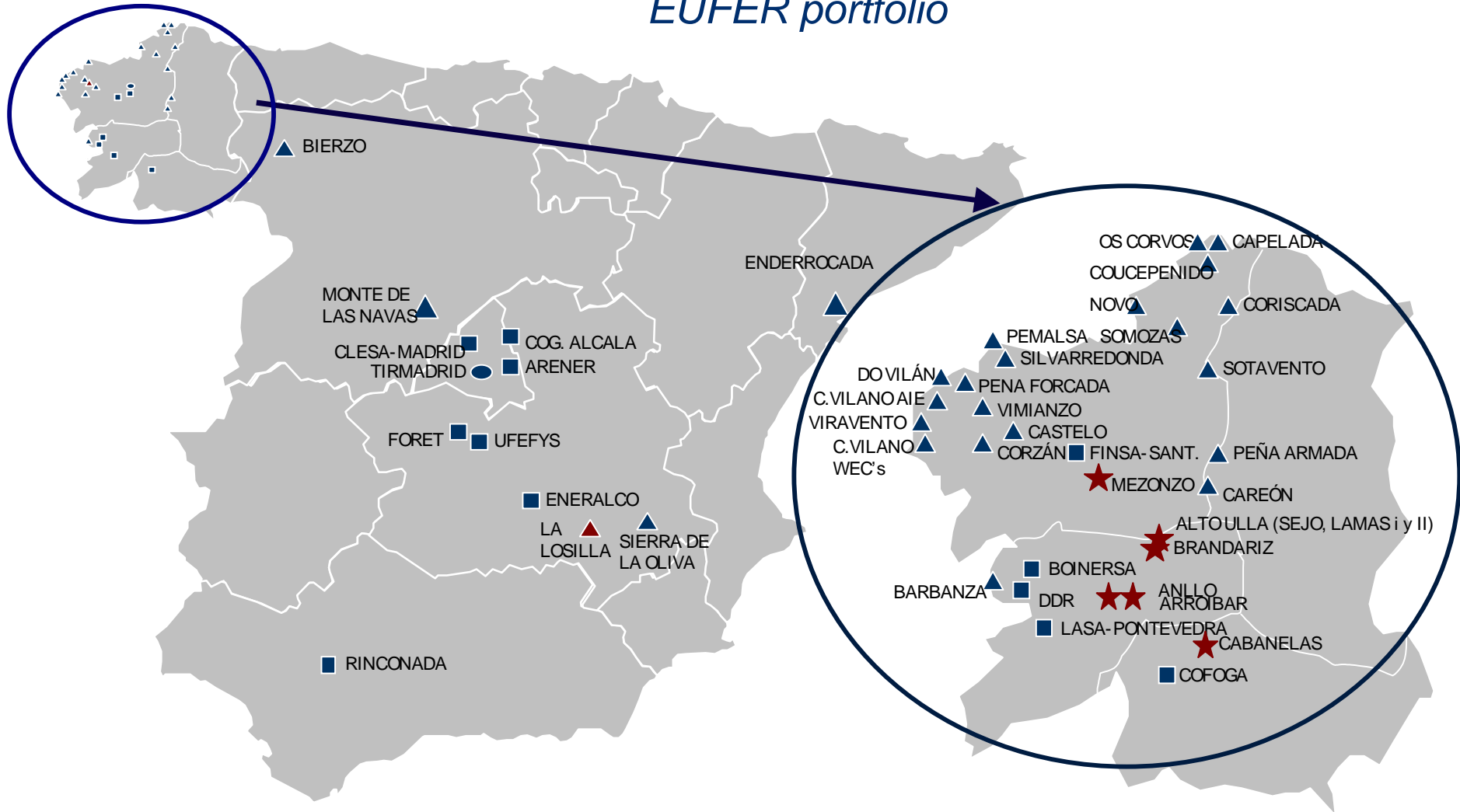
5 minihydro plants owned by EUFER in operation or under construction/development (31 MW)

34 minihydro leased plants in operation in Galicia, Castilla-La Mancha and Castilla y León regions (89 MW)

Cogeneration

12 plants in operation in Galicia, Madrid, Castilla-La Mancha and Andalucía regions (194 MW)

*EUFER portfolio*



Careón (Galicia)- 18 MW



Somozas (Galicia)- 48 MW



UNION FENOSA has interests in almost 400 MW of wind power in Spain





Example of fotovoltaic power plant



Example of thermoelectric power plant

- The Renewable Energy Plan in Spain targets to achieve more than 860 MW of solar energy in 2010
- Approximately 500 MW of new developments will be thermoelectric solar projects
- UNION FENOSA plans to contribute to this Plan through putting into service more than 30 MW of new fotovoltaic projects before 2010
- Besides that we will pursue to put into service 150 MW of thermoelectric power plants by 2011

UNION FENOSA is developing an important portfolio of solar energy projects in Spain



## Renewable international

- Bigger's new strategic plan for Renewables in the International area establishes a target above 700 MW of new installed capacity.
- Breakdown is the following:

|              |        |                      |
|--------------|--------|----------------------|
| ➤ Mexico     | 128 MW | Wind                 |
| ➤ Costa Rica | 130 MW | Hydraulic            |
| ➤ Panama     | 90 MW  | 50% wind & 50% hydro |
| ➤ Guatemala  | 40 MW  | Hydro                |
| ➤ Colombia   | 315 MW | Hydro                |

- TACC Ebitda 2007-2011: 20-25%

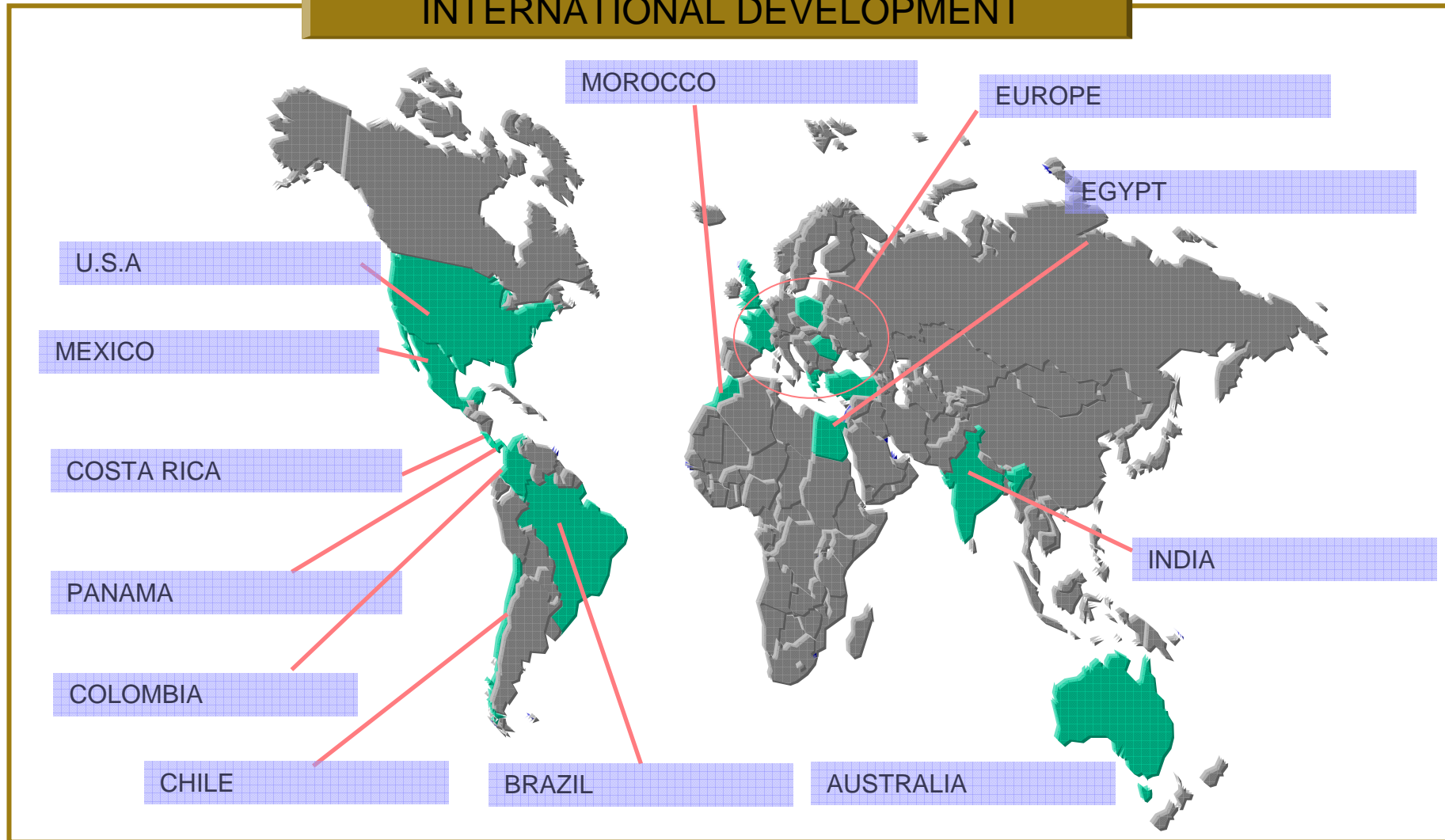
Investments

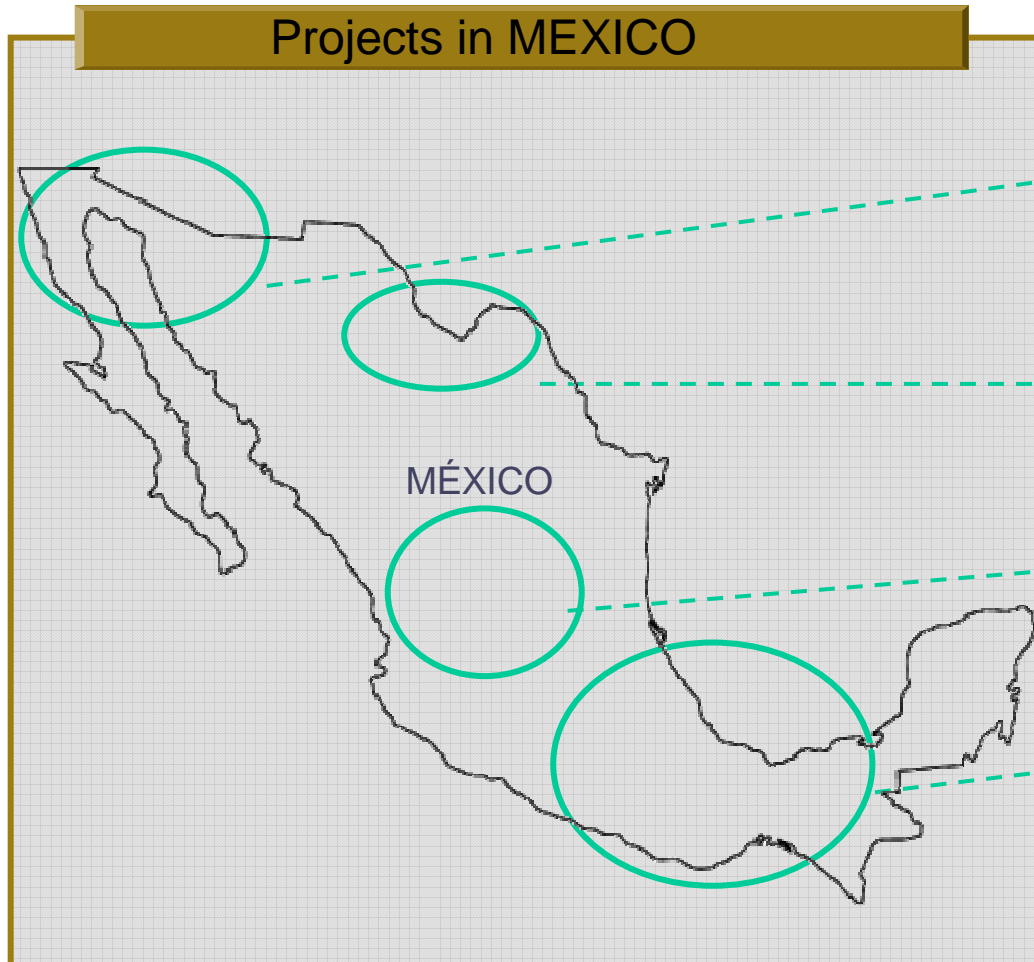
850 M€

## Renewable International

- In addition to the target assumed by the Bigger's plan, there is a scenario of high growth
- On that high growth scenario, new opportunities arising are reviewed and then incorporated to the pipeline of new projects or rejected
- This high growth scenario has not been released to the investment community yet

INTERNATIONAL DEVELOPMENT





| CAPACITY (MW) | TECHNOLOGY |                                       |
|---------------|------------|---------------------------------------|
| 500-1.000     | wind       | Export to U.S.A<br>Self supply scheme |
| CAPACITY (MW) | TECHNOLOGY |                                       |
| 100           | wind       | Self supply scheme                    |
| CAPACITY (MW) | TECHNOLOGY |                                       |
| 50            | wind       | Self supply scheme                    |
| CAPACITY (MW) | TECHNOLOGY |                                       |
| 600           | wind (IPP) | PPA´s with CFE                        |
| 200-300       | wind       | Self supply scheme                    |
| 100           | minihydro  | New developments through CNA          |

CENTRAL AMERICA projects



| CAPACITY (MW) | TECHNOLOGY |              |
|---------------|------------|--------------|
| 50            | wind       | BOT with ICE |
| 130           | minihydro  | BOT with ICE |

| CAPACITY (MW) | TECHNOLOGY |                   |
|---------------|------------|-------------------|
| 10            | wind       | PPA Edemet/Edechi |
| 10*           | minihydro  | PPA Edemet/Edechi |

\* In construction

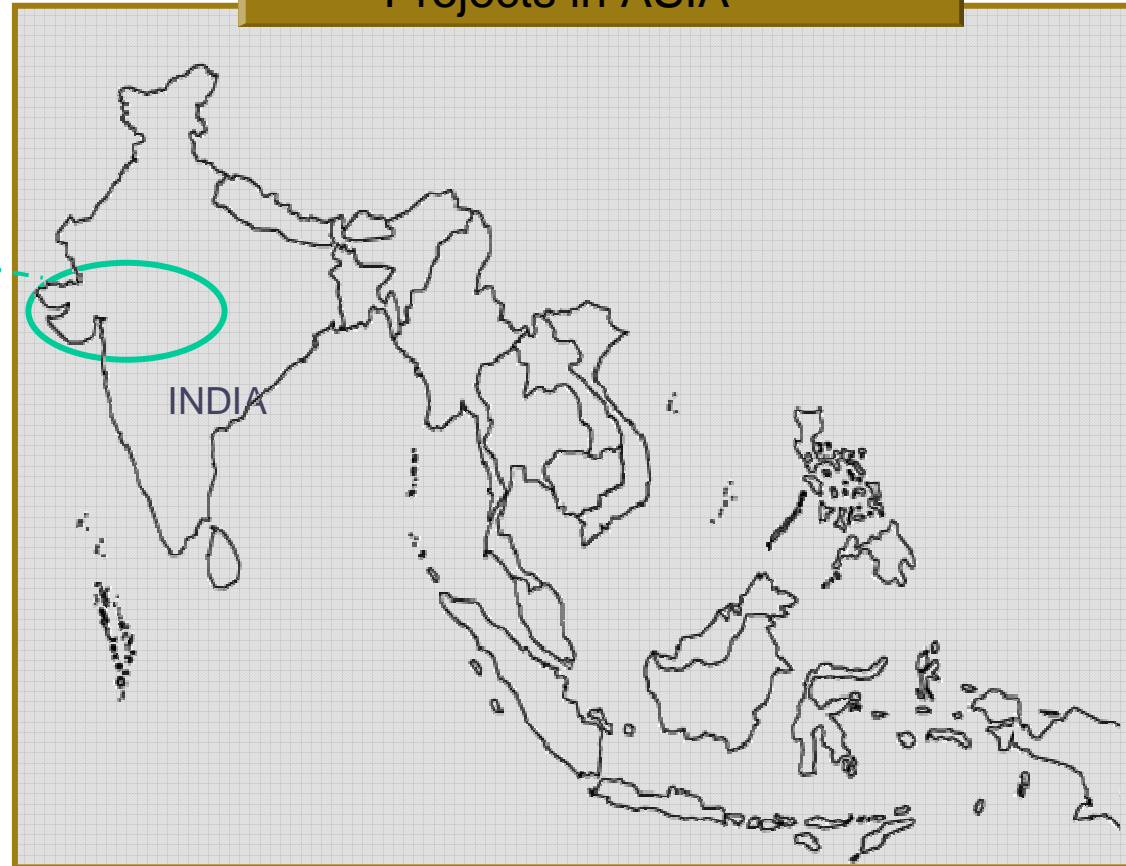
SOUTH AMERICA projects



| CAPACITY (MW) | TECHNOLOGY |         |
|---------------|------------|---------|
| 400           | minihydro  | PPAs    |
| CAPACITY (MW) | TECHNOLOGY |         |
| 60            | wind       | PROINFA |
| 80            | minihydro  | PROINFA |
| CAPACITY (MW) | TECHNOLOGY |         |
| 75            | wind       | PPAs    |
| 50            | minihydro  | PPAs    |

Projects in ASIA

| CAPACITY (MW)                        | TECHNOLOGY |
|--------------------------------------|------------|
| 100                                  | wind       |
| PPA's States Electricity Commissions |            |



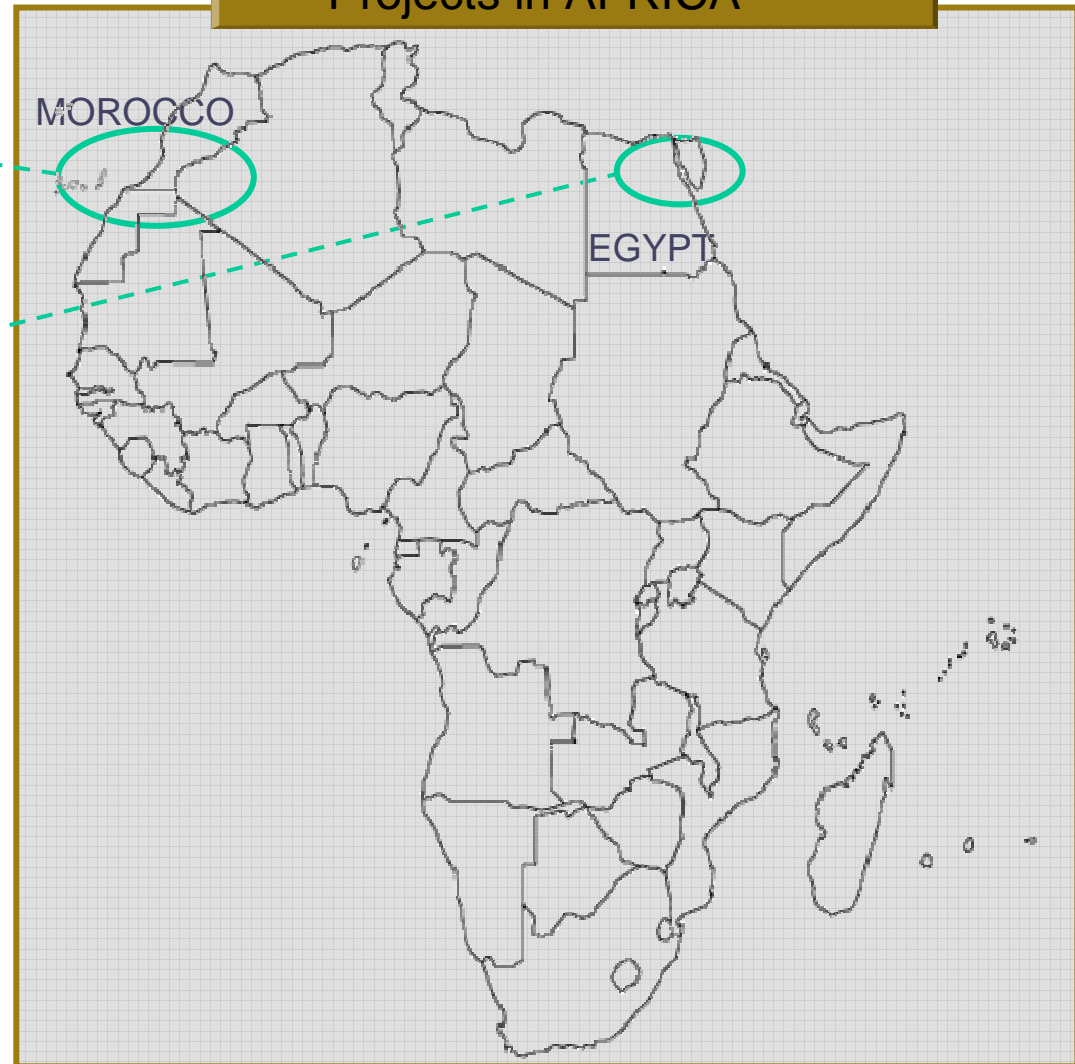
Projects in AFRICA

| CAPACITY (MW) | TECHNOLOGY |
|---------------|------------|
| 200-300       | wind       |

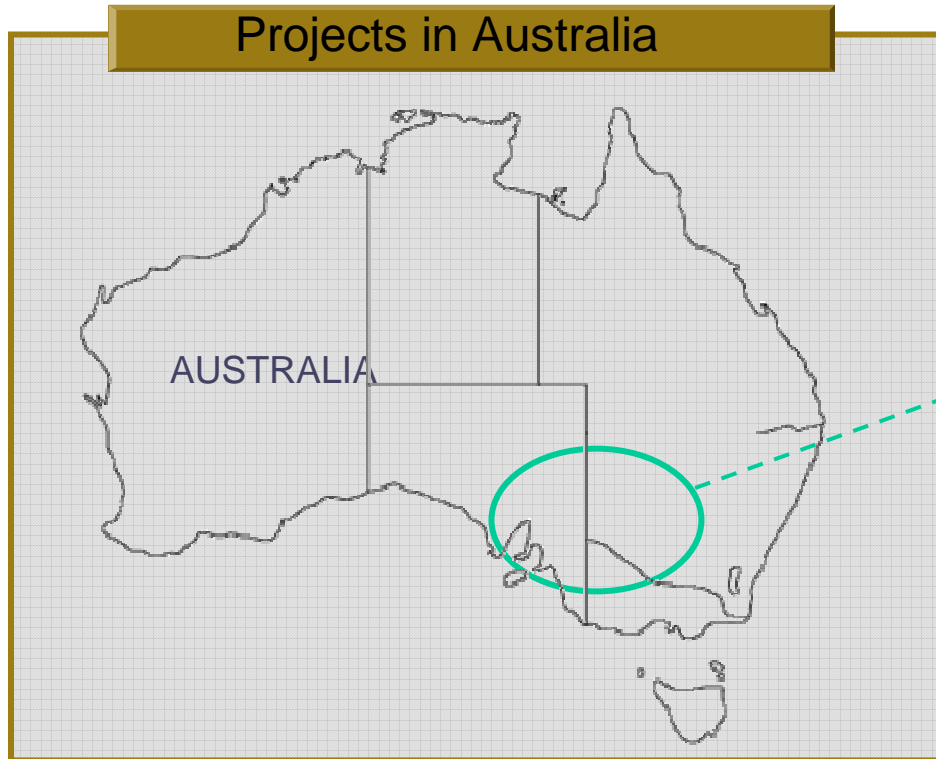
ONE international tenders/ own consumption

| CAPACITY (MW) | TECHNOLOGY |
|---------------|------------|
| 200-300       | wind       |

NREA international tenders







| CAPACITY (MW)         | TECHNOLOGY |
|-----------------------|------------|
| 450-750               | wind       |
| PPA's local utilities |            |

Projects in EUROPE



**Under review several opportunities in different stages of development as well as purchase of assets**



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Business lines

Renewables Strategy

Plan BIGGER

## Current positioning - Sound starting platform

## Integrated Energy Business

- Own gas sourcing
- Competitive advantage in the cost of gas
- Balanced generation with all technologies
- Integrated position in generation / distribution

## Capacity to Develop Energy Infrastructures

- Technical teams with knowledge of CCGT, coal, nuclear, hydro and renewable generation
- Experience in planning, building and operation of new gas plants
- Experience in development and operation of transmission and distribution networks

## International Experience

- Diversification
- Significant experience in identifying opportunities abroad
- Good position to seize future opportunities

Balance sheet strength and stable shareholding structure facilitate the fulfillment of the new Strategic Plan

UNION FENOSA recently launched a new strategic plan, Plan BIGGER, with the objective of doubling the size of the Company in 5 years



Current  
Positioning



Partners



Organic Growth

Acquisitions

Alliances Push



PLAN  
"BIGGER"

- Businesses
- Investments
- Growth x 2
- Efficiency
- Returns

OBJECTIVE: EPS= 4 €/shr

Year 2011 = Year 2006 x 2

- Strength and stability of shareholder structure
- Integrated energy business
- Capacity to develop infrastructure
- International experience

The Plan has been well received by the market, with positive rating revisions and target prices

Energy business

- Fuel strategy: gas, coal (low commodity risk)
- Further development of the gas and renewable businesses
- New generation with fossil fuels based on clean technologies

Investment plan

- Low execution risk
- High FFO growth
- Balanced businesses

Managing innovation

- Technological solutions: applied to business lines
- Maintain current financial structure
- Human resources: Agility, autonomy, talent

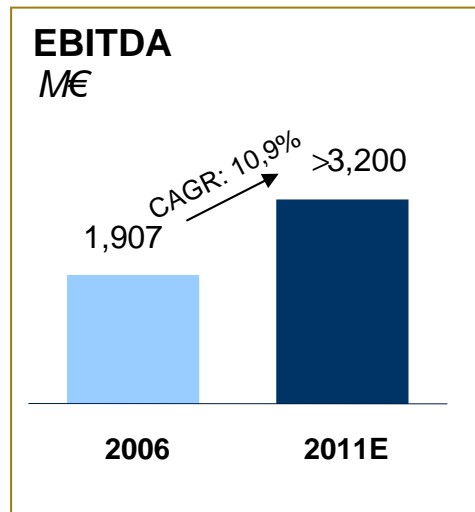
Shareholders

- Support from shareholder base
- Improve shareholder's remuneration

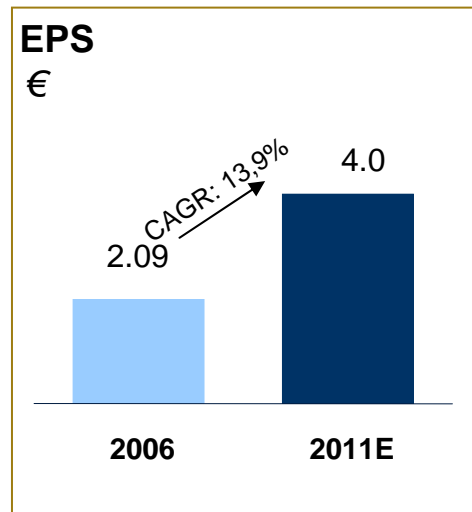
Ebitda 2011: 3,200 M €

EPS 2011: 4€/share

**EBITDA Targets**



**EPS Targets**



Double digit growth

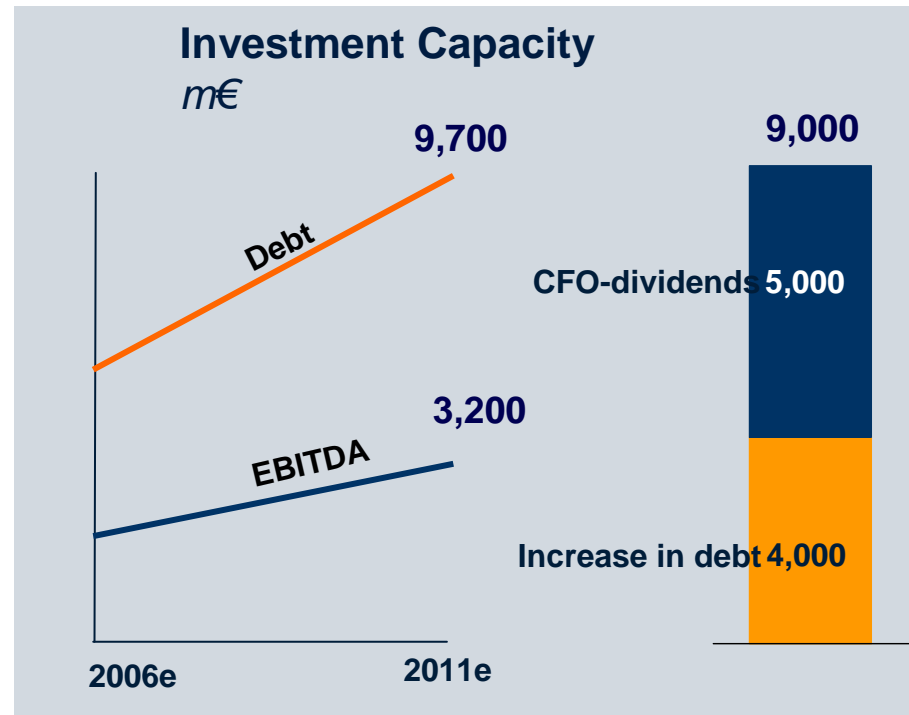
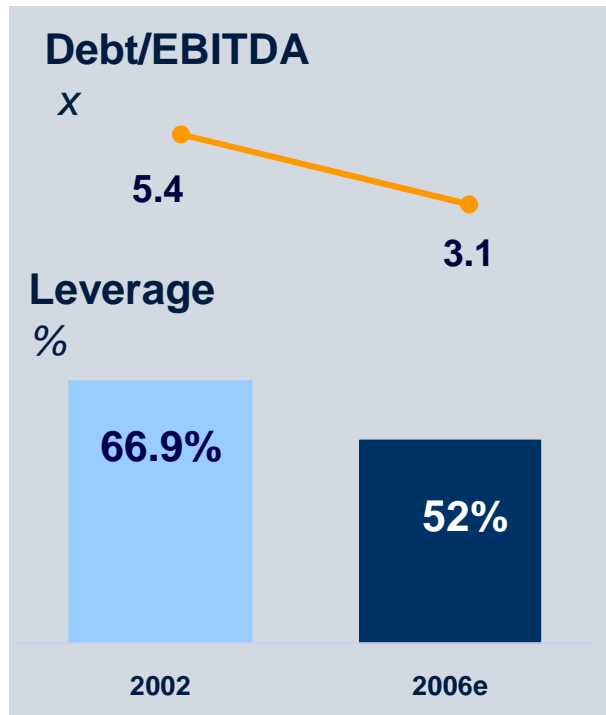
Maintaining financial strength

Higher operating efficiency

Dividends:  
Growing payout, in line with the sector



Financial strength & cash flow generated provides investing capacity



**Investment capacity 9,000 m€**

Note: Investment capacity for Recurrent & Project development plan

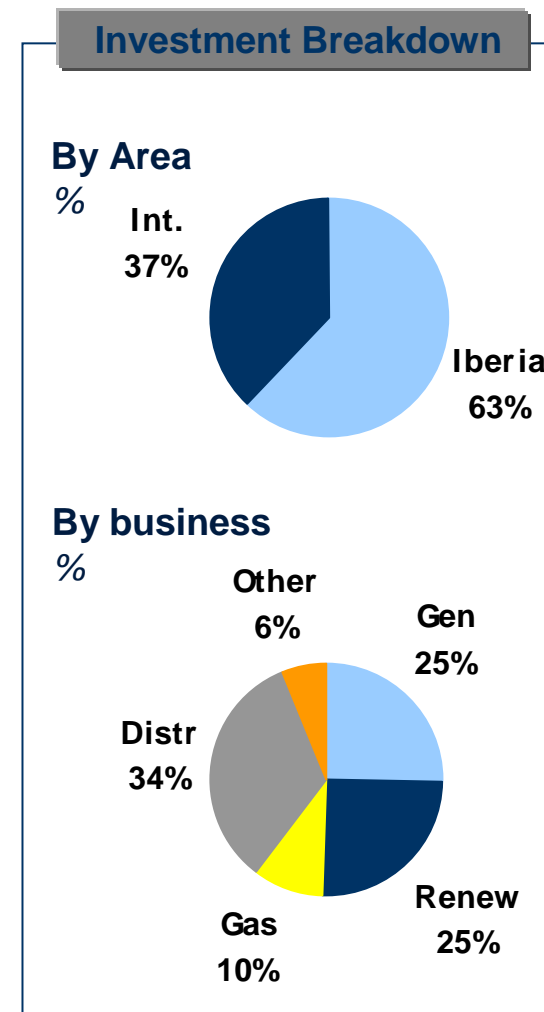
# UNION FENOSA

## Recurrent and project development CAPEX

Plan BIGGER

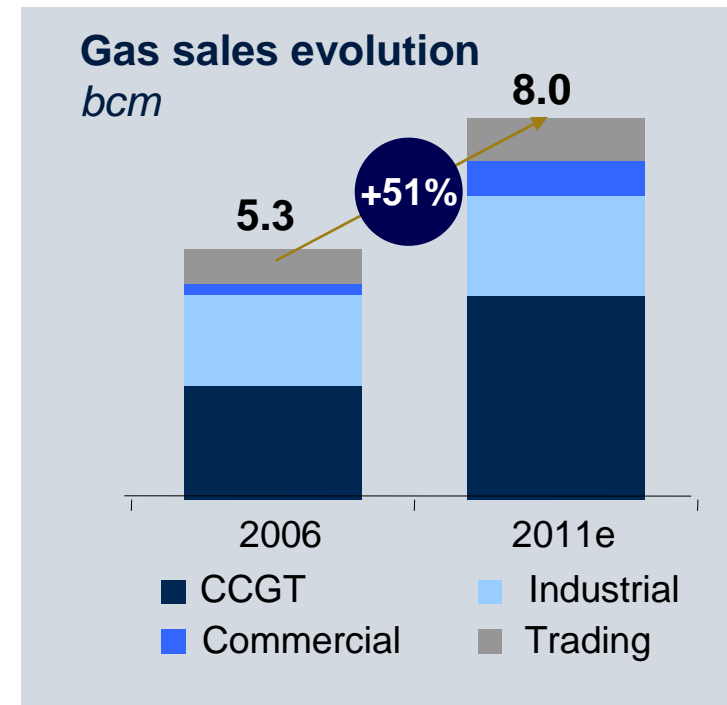
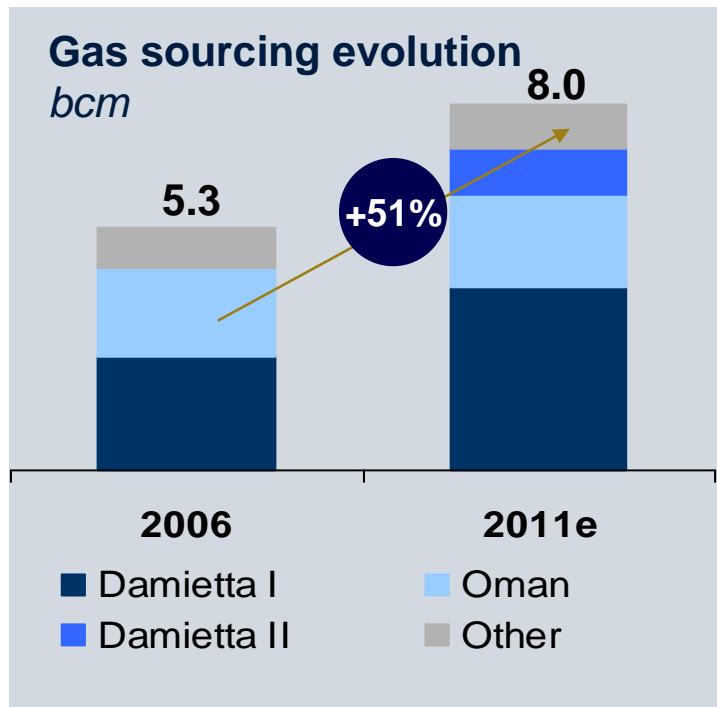
| Investments                | million €    |               |
|----------------------------|--------------|---------------|
|                            | 2007E-2011E  | %             |
| Generation Iberia          | 1,515        | 28.1%         |
| Recurrent Investments      | 222          | 4.1%          |
| Environmental              | 380          | 7.0%          |
| 2003-2007 Plan CCGT        | 156          | 2.9%          |
| New Assets                 |              |               |
| New CCGT                   | 250          | 4.6%          |
| Renewables                 | 506          | 9.4%          |
| Distribution Iberia        | 1,300        | 24.1%         |
| Growth demand              | 521          | 9.6%          |
| Quality of service         | 419          | 7.8%          |
| Transmission & Metering    | 360          | 6.7%          |
| Gas                        | 535          | 9.9%          |
| Damietta LNGtrain 1        | 95           | 1.8%          |
| Damietta LNGtrain 2        | 419          | 7.8%          |
| Second phase Sagunto       | 20           | 0.4%          |
| Generation International   | 1,210        | 22.4%         |
| Recurrent investments      |              |               |
| Mexico                     | 109          | 2.0%          |
| Others                     | 5            | 0.1%          |
| New Assets                 |              |               |
| New Mexican CCGT           | 247          | 4.6%          |
| Renewables                 | 848          | 15.7%         |
| Distribution International | 503          | 9.3%          |
| Recurrent investments      | 503          | 9.3%          |
| Holding & Other            | 337          | 6.2%          |
| Coal & Others              | 337          | 6.2%          |
| <b>UF Group</b>            | <b>5,400</b> | <b>100.0%</b> |

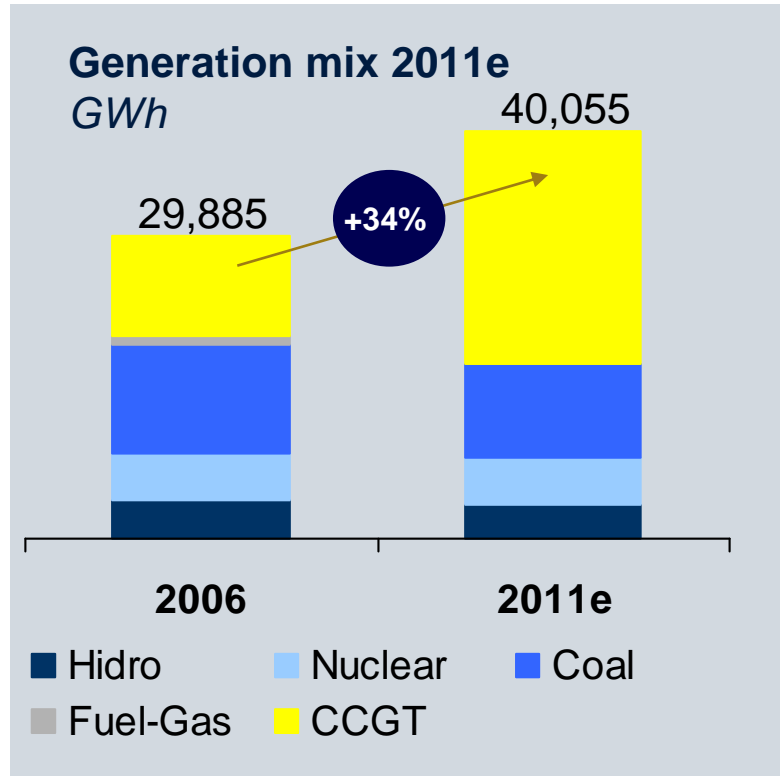
Note: Gas included in Iberia



**UNION FENOSA GAS: Operating Targets**

- Increase sourcing diversification (+2 bcm)
- 15% domestic market share





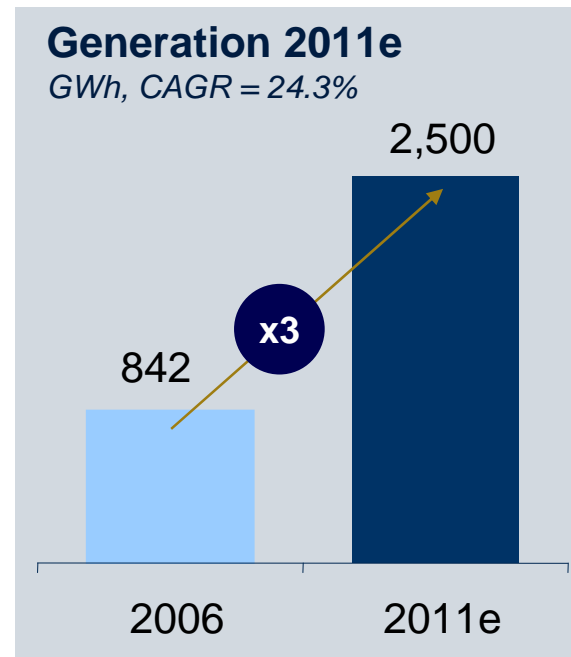
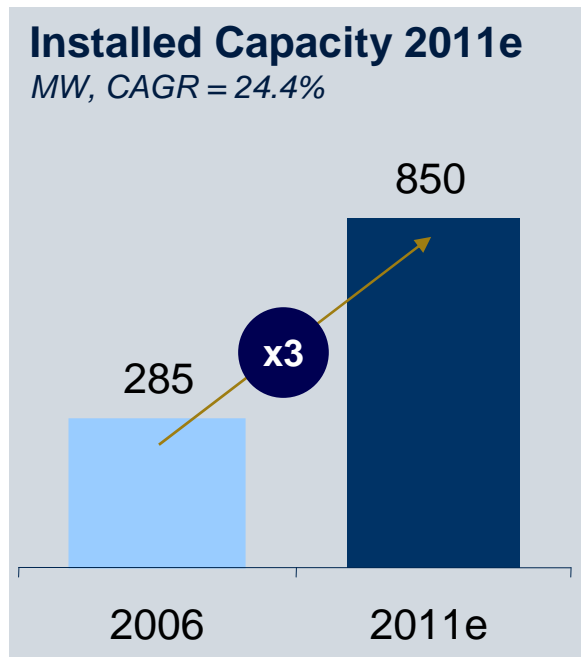
Plan 2007-2011

- 1,600 MW CCGT in operation in 2007
- 400 MW in the period to be built in an already operating CCGT site, thus obtaining significant synergies

Investments



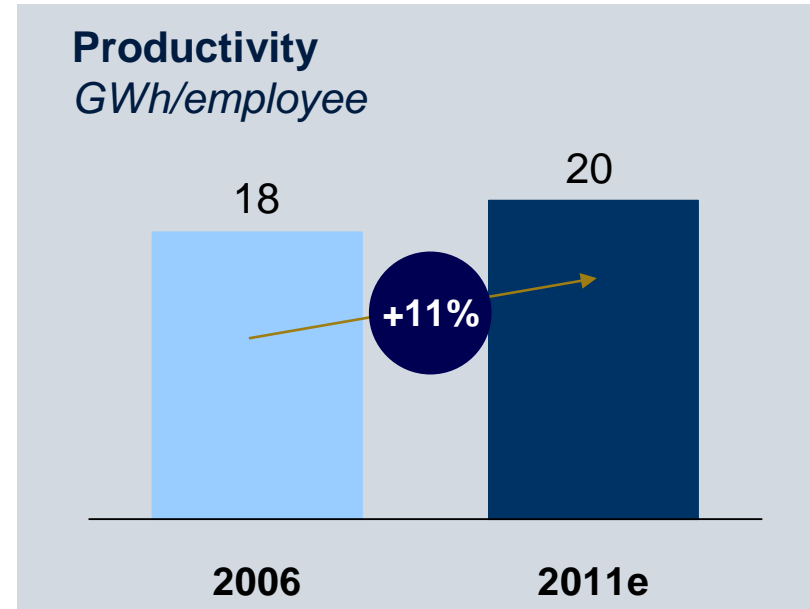
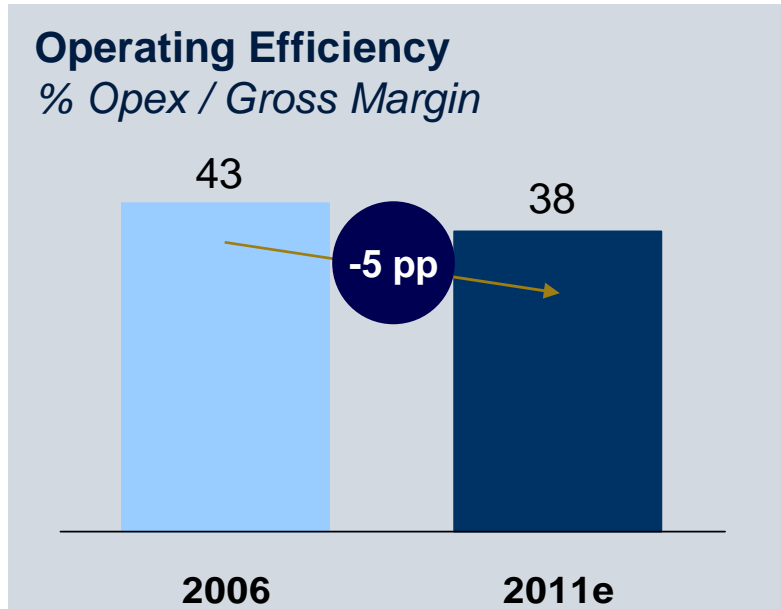
1,000 M€



**Plan 2007-2011**

- Organic growth: EUFER, Generación Peninsular and SOGAMA
  - +67% under construction or very advanced permitting stage (2007-2009)
  - EUFER project portfolio under permitting stage from 2009: 1,500 MW

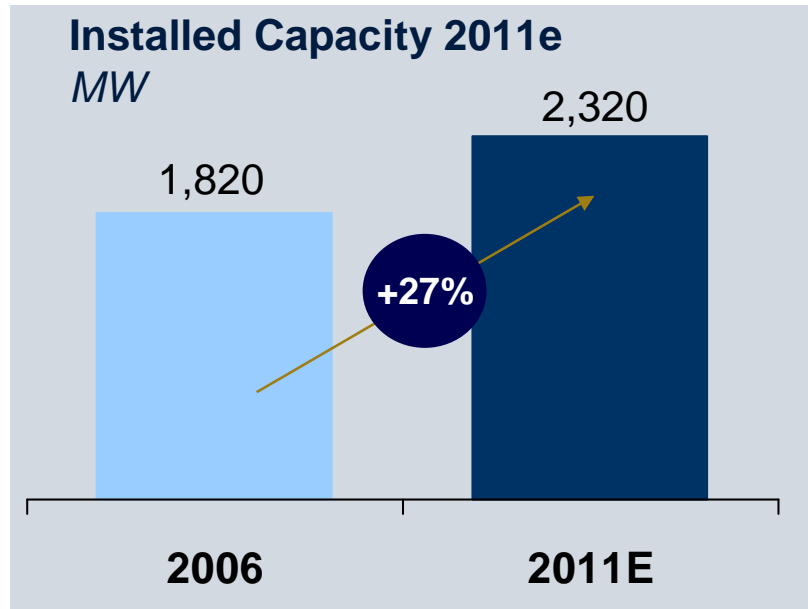




- Guaranteeing demand growth and quality of supply
- Prominence in Transport and Measurement businesses







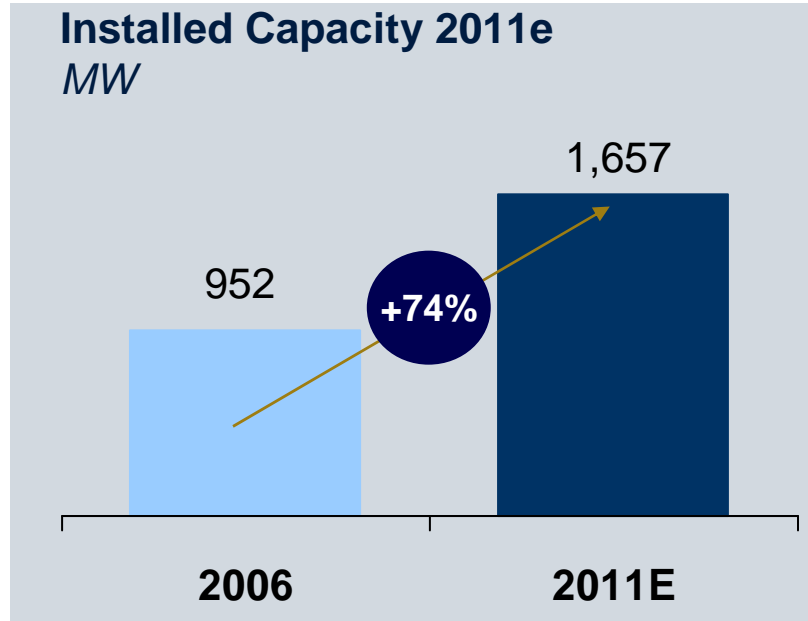
Plan 2007-2011

- Increase by 450 MW in Durango (Mexico)
  - Duration: 25 years
  - Construction begins: October 2007
  - Commercial operation commences: 1Q 10
  - Gas and electricity PPA signed with CFE

Investments



350 M€



Plan 2007-2011

- Studying possible investments in countries where UNION FENOSA is present: (Mexico, Colombia and Central America)
- Covering risks in domestic activities through the generation of CO<sub>2</sub> emission rights (MDL)

Investments



850 M€

- Demand: 4% CAGR growth driven by macroeconomic dynamism and technical management of energy
- Financial exposure: remaining at current levels
- Operating ratios: continuing efficiency and losses improvement
- Capture opportunities in renewable and conventional generation to produce a natural hedge for our distribution
- No additional expansion investments considered



Strong demand with high prices outlook

Target: Ensure Thermal Plants physical coverage at stable and competitive prices

- Coal is a base fuel in UNION FENOSA generation
- Coal represents 40% worldwide electricity generation and has a positive trend
- Increasing demand and concentration of the offer: little business opportunities are left
- Future scenarios of high coal prices
- Fossil fuels (coal-gas) > 80% electricity production
- UF has a strong position in domestic gas and will maintain its position with coal: domestic + international
- Future electricity prices will be the result of continuous arbitrage between coal and gas

### UNION FENOSA has a Strategic Plan for coal

- 60-80% of the strategic needs covered with a significant lower cost
- Competitive product in market
- Leverage our know-how of the mining activity

Investments



300-350 M€



**Dow Jones  
Sustainability Indexes**  
Member 2006/07

# Gracias por su atención

**Por favor, no olvide apagar la  
luz cuando salga de la sala**

  
UNION FENOSA



**UNION FENOSA**

Una pequeña ayuda para un mundo mejor