Strategic Update 2013-15 and Vision 2017
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Market Environment
Market Environment

A. Macroeconomic situation recovery in Spain
B. Continued growth prospects in Latin America
C. Attractive evolution of the global gas market
D. Power generation investment needs in emerging markets
Reaching stability in Spain

**Macroeconomic indicators**

**GDP % change**

-2009: -3.7
-2010: -0.3
-2011: 0.4
-2012: -1.4
-2013: -1.5
-2014: 0.0
-2015: 0.9
-2016: 1.6
-2017: 2.5

**Public Deficit (% GDP)**

-2009: -10.2
-2010: -9.8
-2011: -4.2
-2012: -7.0
-2013: -5.8
-2014: -4.2
-2015: -2.8
-2016: 0.0

**Energy demand**

**Electricity demand in Spain (TWh)**

-2009: 252
-2010: 261
-2011: 271
-2012: 267
-2013: 247
-2014: 247
-2015: 249
-2016: 252
-2017: 258

**Gas demand in Spain (TWh)**

-2009: 402
-2010: 401
-2011: 373
-2012: 361
-2013: 330
-2014: 332
-2015: 343
-2016: 350
-2017: 361

*Source: Consensus derived from various sources including IMF, Spanish Government, and GNF’s estimates.*
Continued growth prospects in Latin America (1/2)

Real GDP Growth

Mexico

Brazil

Colombia

Inflation

FX Exchange Rate (lcl vs €)

Source: EIU and Business Monitor International.
## Continued growth prospects in Latin America (2/2)

<table>
<thead>
<tr>
<th>Country</th>
<th>Demand</th>
<th>Gas</th>
<th>Growth</th>
<th>Electricity</th>
<th>Power</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colombia</td>
<td>9bcm</td>
<td>Gas</td>
<td>2.7%¹</td>
<td>46TWh</td>
<td>3.6%²</td>
</tr>
<tr>
<td>Mexico</td>
<td>67bcm</td>
<td>Gas</td>
<td>2.6%¹</td>
<td>202TWh</td>
<td>3.4%²</td>
</tr>
<tr>
<td>Brazil</td>
<td>25bcm</td>
<td>Gas</td>
<td>7.3%¹</td>
<td>457TWh</td>
<td>4.1%²</td>
</tr>
<tr>
<td>Peru</td>
<td>6bcm</td>
<td>Gas</td>
<td>6.3%¹</td>
<td>33TWh</td>
<td>4.8%²</td>
</tr>
<tr>
<td>Chile</td>
<td>5bcm</td>
<td>Gas</td>
<td>7.2%¹</td>
<td>58TWh</td>
<td>3.8%²</td>
</tr>
</tbody>
</table>


**Significant growth potential in the region**
Attractive perspectives in the global gas market (1/3)

- **North America**
  - 2010: 777 bcm
  - 2030: 1,150 bcm
  - CAGR: 1.98%

- **Latin America**
  - 2010: 129 bcm
  - 2030: 206 bcm
  - CAGR: 2.37%

- **Europe**
  - 2010: 555 bcm
  - 2030: 600 bcm
  - CAGR: 0.39%

- **FSU**
  - 2010: 596 bcm
  - 2030: 666 bcm
  - CAGR: 0.56%

- **Africa**
  - 2010: 97 bcm
  - 2030: 202 bcm
  - CAGR: 3.74%

- **China**
  - 2010: 379 bcm
  - 2030: 725 bcm
  - CAGR: 3.30%

- **Middle East**
  - 2010: 108 bcm
  - 2030: 644 bcm
  - CAGR: 9.34%

- **Asia Pacific (ex-China)**
  - 2010: 434 bcm
  - 2030: 661 bcm
  - CAGR: 2.13%

Size of bubbles represents gas demand (bcm)

Attractive perspectives in the global gas market (2/3)

**LNG Demand (MTpa)**

**Asian LNG Demand (MTpa)**

- **China**: 2012: 12, 2013: 12, 2014: 12, 2015: 12, 2016: 12, 2017: 12

**% over LNG worldwide demand**: 2012: 69% 2013: 69% 2014: 71% 2015: 72% 2016: 71% 2017: 69%

**LatAm LNG Demand (MTpa)**

**Southern Cone LNG Imports Outlook**

Source: IHS CERA, Wood Mackenzie LNG Service.

1. Includes: Malaysia, Indonesia, Thailand and Singapore.
2. Includes: Taiwan, Vietnam, Pakistan, Bangladesh, Philippines and others.
There will continue to be opportunities in the LNG market

Source: Argus, Datastream, NYMEX, Wood Mackenzie.
Note: Europe Oil Indexed Contract Price based on pre renegotiation average formula of (11.4%Brent(9,1,1) + 0.24) in nominal terms between 2005 and 2011. From 2012 onwards average renegotiated formula of (11.4%Brent(9,1,1) - 1.70) assumed.
Power generation investment needs in emerging markets

Total electricity demand (TWh) by region in 2012 - 2035

Total generation capacity additions (GW) by region\(^1\) in 2012 - 2035

More than 3,000 GW of new capacity estimated to be commissioned on the back of rising demand


1. Includes all types of generation technologies.
Spanish Regulatory Update
The electricity tariff deficit problem is being addressed

Spanish Government July 2013 proposal to eliminate tariff deficit

Key measures to guarantee financial stability in the sector (RDL 9/2013)

- 50% of extrapeninsular cost to be absorbed by the State budget

Electricity tariff

- Increase in access tariffs
- Reduction in interruptibility service payments
- Reduction in self-consumption incentives

Electrical companies

- New remuneration regime for electricity transmission and distribution
- New remuneration regime for Renewables and CHP
- Reduction / extension of capacity payments
- Introduction of capacity management mechanisms (tenders and mothballing)
- Social voucher to be financed by the electric utilities parent companies

Source: Ministry of Industry.
Impact of Government measures in electricity sector companies

Adjustment associated to RDL published in 2012 y 2013

<table>
<thead>
<tr>
<th>Type of Measure</th>
<th>Amount (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidies reduction</td>
<td>€2,410m</td>
</tr>
<tr>
<td>Special Regime</td>
<td>€2,000m</td>
</tr>
<tr>
<td>Extrapeninsular</td>
<td>€210m</td>
</tr>
<tr>
<td>Interruptibility</td>
<td>€200m</td>
</tr>
<tr>
<td>Paid by the State</td>
<td>€900m</td>
</tr>
<tr>
<td>Paid by “traditional companies”</td>
<td>€2,240m</td>
</tr>
<tr>
<td>Transport</td>
<td>€330m</td>
</tr>
<tr>
<td>Distribution</td>
<td>€1,240m</td>
</tr>
<tr>
<td>CCGTs</td>
<td>€430m</td>
</tr>
<tr>
<td>Social voucher</td>
<td>€240m</td>
</tr>
<tr>
<td>New taxes and rates</td>
<td>€3,100m</td>
</tr>
<tr>
<td>Tariff increase</td>
<td>€2,050m</td>
</tr>
<tr>
<td>TOTAL</td>
<td>€10,700m</td>
</tr>
</tbody>
</table>

Measures approved during the last two years have had a total impact of €10.7bn
What this means for GNF

Our view on the reform

Positive aspects

- Provides a structural solution to the existing electricity tariff deficit issue introducing an automatic adjustment mechanism to avoid new Tariff Deficit being generated and keep the system balanced
- No new costs can be introduced into the system without an equivalent revenue increase or cost reduction
- Deviations below a threshold will be financed by all companies receiving regulated revenues in 5 years
- New compensation scheme for regulated activities based on “reasonable returns”
- A regulatory framework for distributed generation (self-consumption)

Negative aspects

- Unfair share of the burden created by historical political decisions borne by integrated utilities
- Regulated tariffs that impedes electricity liberalization forward
- Lower capacity payments significantly impact CCGTs
- Discriminatory funding for the social voucher
- Uncertain final outcome regarding several pending aspects of the reform

In 2014, there will be an impact of c.€180m in GNF’s EBITDA due to RDL 9/2013
Gross impact estimated in GNF’s EBITDA due to regulatory measures approved and known 2012-2013

<table>
<thead>
<tr>
<th>Estimation</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>RDL 13/2012</td>
<td>~80</td>
</tr>
<tr>
<td>RDL 15/2012</td>
<td>~340</td>
</tr>
<tr>
<td>RDL 9/2013</td>
<td>~180</td>
</tr>
<tr>
<td>Total</td>
<td>~600</td>
</tr>
</tbody>
</table>
Gas and electricity tariff deficit

Accumulated deficit (€m)

The gas sector does not have a tariff deficit issue comparable to that of the electricity sector

Source: Spanish Ministry of Economy, GNF.
Key characteristics of gas distribution vs. electricity distribution

**A** Gas distribution is not a universal service and an important gasification potential still exists

**B** Gas distribution activity has remuneration risks

**C** The increased investment in gas distribution contributes to reduce the tariff deficit issue

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**Notes:**
1. Annual consumption of clients that subscribe / unsubscribe. Additionally, there has been a consumption increase of 6.5 TWh attributable to temperature, because 2011 was a very warm year.
2. Example average consumption 6 MWh/years.
Gas sector: evolution of costs and demand

<table>
<thead>
<tr>
<th>€m</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs</td>
<td>1,976</td>
<td>2,187</td>
<td>2,323</td>
<td>2,608</td>
<td>2,553</td>
<td>2,752</td>
<td>2,987</td>
<td>3,233</td>
</tr>
<tr>
<td>Basic infrastructure</td>
<td>710</td>
<td>929</td>
<td>1,051</td>
<td>1,160</td>
<td>1,226</td>
<td>1,269</td>
<td>1,457</td>
<td>1,758</td>
</tr>
<tr>
<td>Regasification</td>
<td>214</td>
<td>321</td>
<td>376</td>
<td>392</td>
<td>439</td>
<td>463</td>
<td>477</td>
<td>562</td>
</tr>
<tr>
<td>Underground storage</td>
<td>68</td>
<td>41</td>
<td>50</td>
<td>52</td>
<td>45</td>
<td>45</td>
<td>176</td>
<td>233</td>
</tr>
<tr>
<td>Transport</td>
<td>428</td>
<td>567</td>
<td>625</td>
<td>716</td>
<td>742</td>
<td>761</td>
<td>804</td>
<td>963</td>
</tr>
<tr>
<td>Distribution</td>
<td>1,267</td>
<td>1,259</td>
<td>1,273</td>
<td>1,449</td>
<td>1,328</td>
<td>1,484</td>
<td>1,529</td>
<td>1,475</td>
</tr>
</tbody>
</table>

% change 2006-2013

- Basic infrastructure: +148%
- Regasification: +163%
- Underground storage: +264%
- Transport: +125%
- Distribution: +16%

Source: liquidaciones, memorias de ordenes de la CNE

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Demand (TWh)

<table>
<thead>
<tr>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013E</th>
</tr>
</thead>
<tbody>
<tr>
<td>392</td>
<td>408</td>
<td>449</td>
<td>402</td>
<td>401</td>
<td>373</td>
<td>363</td>
<td>342</td>
</tr>
</tbody>
</table>

Conventional demand (TWh)

<table>
<thead>
<tr>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013E</th>
</tr>
</thead>
<tbody>
<tr>
<td>257</td>
<td>266</td>
<td>262</td>
<td>241</td>
<td>265</td>
<td>263</td>
<td>278</td>
<td>281</td>
</tr>
</tbody>
</table>

The costs associated to the basic infrastructure have increased substantially above gas demand

Source: Spanish Ministry of Economy, IMF, GNF.
Gas sector: evolution of distribution revenue and demand

Evolution of gas distribution revenue per connection point in Spain 2000-2012
in **nominal terms**
(€/connection points)

Evolution of gas distribution revenue per connection point in Spain 2000-2012
in **real terms**
(€year 2002/connection points)

During the last years, gas distribution revenue per connection point in nominal terms have been stable, having dropped 21% in real terms.
3 Strategic Priorities
2013 – 2015 Strategic priorities

1. Execution of efficiency plan

2. Manage each business according to market conditions

3. Manage business portfolio based on strategic fit
Strategic Priorities

1. Execution of efficiency Plan
GNF has launched a new cost efficiency plan to target savings of €300m by 2015.

Expected savings (€m)

- Implementation of 90 projects (+300 initiatives)
- Key areas:
  - Operations & maintenance
  - Commercialization
  - Corporate

1. €76 million achieved as of 3Q 2013
1. **Efficiency plan (2/2)**

- **€300m**
  - 35%
    - Operating and maintenance costs
  - 30%
    - Commercialization costs\(^{(1)}\)
  - 35%
    - Corporate costs

**Areas**

**Key initiatives**

- Redefinition of the optimal parameters for predictive and corrective maintenance
- Improve control and supervision of gas and electricity networks
- Automation and rationalization of administrative processes
- Optimization and simplicity of the commercial process
- Increased importance of client’s self-managed channels
- Creation of shared corporate services centers
- Selective insourcing / outsourcing
- Reduction of discretional support services
- Evolution of management model and prioritization of investments in IT

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1. Includes commercialization costs in gas distribution activities in Spain and Latam.
3

Strategic Priorities

2. Manage each business according to market conditions
### 2013-2015 Priorities by Business

<table>
<thead>
<tr>
<th>Business</th>
<th>Key Priorities</th>
<th>EBITDA</th>
<th>Capex</th>
</tr>
</thead>
</table>
| **A** Gas distribution Europe | - Capture organic growth potential  
- Continue to manage regulatory aspects | ![↑]  | ![↑] |
| **B** Electricity distribution Europe | - Offset regulatory impact with efficiency plan  
- Manage investment plan according to actual returns achieved | ![↔]  | ![↓] |
| **C** Electricity | - Offset regulatory impact with efficiency plan  
- Manage hedging of electricity generation and commercialization | ![↓]  | ![↓] |
| **D** Gas | - Increase share of international business  
- Continue to leverage LNG platform to capture growth opportunities | ![↑]  | ![↑] |
| **E** Retail | - Continue to capture opportunities in dual fuel, energy services and energy efficiency  
- Manage efficiency in the commercial process | ![↑]  | ![↑] |
| **F** LatAm | - Exploit strong organic growth potential  
- Manage upcoming regulatory reviews  
- Develop services and energetic efficiency  
- Develop new opportunities in generation and gas distribution | ![↑]  | ![↑] |
Gas distribution Europe (1/3)

Spain has lower gasification than other European markets

Historical customer growth expected to continue

Growth levers:
- Gas more competitive than substitutive fuels
- Oil boilers substitution
- Saturation of matures zones
- Access to new urban centres
- Remuneration model

Attractive market dynamics to achieve steady growth

Source: CNL and Sedigas.
Gas distribution Europe (2/3)

Italy

Geographical presence

- Lazio
- Puglia
- Basilicata
- Campania
- Calabria
- Sicily

Manage the ‘Ambiti’ merging process

- Italian regulator is implementing a process to consolidate the current gas distribution concession into 177 ‘Ambiti’
  - There are currently c. 6,500 concessions contracts and 220 operators
  - Objective to reduce the number of operators to simplify operations and increase overall system efficiency
- Current concession owners would have a competitive advantage for the ‘Ambiti’ within their regions
- GNF is currently present in 225 municipalities, which will be ascribed to 24 ‘Ambiti’
- Increase of gas and electricity commercialization activity

EBITDA(1)

<table>
<thead>
<tr>
<th>Year</th>
<th>€m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010A</td>
<td>70</td>
</tr>
<tr>
<td>2011A</td>
<td>70</td>
</tr>
<tr>
<td>2012A</td>
<td>83</td>
</tr>
</tbody>
</table>

Customers and network

- Customer connections ('000)
- Grid Length (km)

<table>
<thead>
<tr>
<th>Year</th>
<th>Customer connections</th>
<th>Grid Length (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010A</td>
<td>422</td>
<td>646</td>
</tr>
<tr>
<td>2011A</td>
<td>440</td>
<td>848</td>
</tr>
<tr>
<td>2012A</td>
<td>449</td>
<td>893</td>
</tr>
</tbody>
</table>

Gas activity sales and TPA

<table>
<thead>
<tr>
<th>Year</th>
<th>Gas sales (GWh)</th>
<th>TPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010A</td>
<td>3,4</td>
<td></td>
</tr>
<tr>
<td>2011A</td>
<td>3,6</td>
<td></td>
</tr>
<tr>
<td>2012A</td>
<td>3,7</td>
<td></td>
</tr>
</tbody>
</table>

Source: Company information.
1. Includes supply.
Gas distribution Europe (3/3)

2013–2015E targets

Key metrics

Connection points

Key value drivers

- Connection points
- Penetration
- Opex
- Capex / Connection points

2013 – 2015 highlights

- Investment in gas distribution in Spain creates additional demand, which reduces the tariff deficit
- Moderate capex programme continued
- Conservative estimate of c.100k net additions per year until 2015
- Organic growth resulting in expected modest EBITDA uplift
- Estimates include regulatory adjustments known as of this date

1. No impact from new accounting rules (IFRS 11).
Electricity distribution Europe (1/5)

Market Share in Spain

- e-on: 41%
- Endesa: 38%
- Iberdrola: 13%
- Gas Natural Fenosa: 2%
- Others: 2%

Total connection points: 28.6m

Historical financial performance in Spain

- EBITDA
  - 2009: 577 (€m)
  - 2010: 645 (€m)
  - 2011: 680 (€m)
  - 2012: 613 (€m)

- Capex
  - 2009: 236 (€m)
  - 2010: 313 (€m)
  - 2011: 340 (€m)
  - 2012: 269 (€m)

Energy distributed in Spain

- GWh
  - 2009: 33.105
  - 2010: 34.465
  - 2011: 33.916
  - 2012: 33.763

1. Royal Decree – Act 13/2012, of 30 March 2012, adopting measures to correct imbalances between costs and revenues in the electricity and gas sectors, establishes a reduction in regulated revenues amounting to approximately €110.
Key changes in the Spanish remuneration scheme for electricity distribution

<table>
<thead>
<tr>
<th>Remuneration (year n)</th>
<th>Situation prior to RDL 9/2013</th>
<th>Situation after RDL 9/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration (year n-1)</td>
<td>Indexed to inflation</td>
<td>Only O&amp;M is updated</td>
</tr>
<tr>
<td>Price indexes</td>
<td>Investments recognized after investment</td>
<td></td>
</tr>
<tr>
<td>Amortisation</td>
<td>Financial remuneration</td>
<td>Previous approval of the annual investment plan</td>
</tr>
<tr>
<td>Financial remuneration</td>
<td>Return on assets rate = 7.43% (based on WACC)</td>
<td>Return on assets rate = ~6.5% Treasury bonds(^1) + 200 b.p.</td>
</tr>
<tr>
<td>O&amp;M ratio</td>
<td>Ratio on new investments</td>
<td>Average unit values per physical unit to be defined</td>
</tr>
<tr>
<td>O&amp;M efficiency factors</td>
<td>No efficiency factor</td>
<td>Efficiency factor (\alpha_{O&amp;M} \leq 0.97)</td>
</tr>
</tbody>
</table>

Note: All average unit values will be defined according to the costs audited for the 2 previous years at the beginning of the regulatory period.

1. Average of 10-year bonds on the ancillary market for the 24 months prior to the month of June of the year prior to that of the beginning of the regulatory period.
GNF is among the most efficient operators in Spain

Opex/Gross assets\(^{(1)}\)

GNF will aim to offset the regulatory impact with a new efficiency plan

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1. Gross assets excluding TTE and meters. For GNF, accounting gross assets adjusted by goodwill and fixed assets revaluation.
B Electricity distribution Europe (4/5)
Moldova

Location

Operating and financial performance
Key operating data

- Customer connections ('000)
- Network loss ratio (%)

EBITDA (€m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2009A</th>
<th>2010A</th>
<th>2011A</th>
<th>2012A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>24</td>
<td>27</td>
<td>30</td>
<td>35</td>
</tr>
</tbody>
</table>

Electricity activity sales (GWh)

<table>
<thead>
<tr>
<th>Year</th>
<th>2009A</th>
<th>2010A</th>
<th>2011A</th>
<th>2012A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.288</td>
<td>2.366</td>
<td>2.445</td>
<td>2.525</td>
</tr>
</tbody>
</table>

Source: Company information.

Leading electricity distribution company in Moldova
Electricity distribution Europe (5/5)

2013–2015E targets

Key value drivers

- Electricity demand
- RAB basis
- Capex and opex efficiencies
- New future developments (smart metering…)

2013 – 2015 highlights

- Contributing solid and recurrent cash flows
- Overall stable financial performance despite the economic environment
- Efficiency plan in progress to offset regulatory impact
- Manage investment level to maintain network quality and consistent with real returns achieved

Electricity sales (TWh)

![Electricity sales chart](chart1)

Annual capex

![Annual capex chart](chart2)

EBITDA

![EBITDA chart](chart3)
Net installed capacity mix (2012)

- Special regime: 38%
- Nuclear: 8%
- Coal: 11%
- Gas: 25%
- Hydro: 17%

Flexible generation portfolio ideally suited to the new challenges and system requirements

Procurement contracts provide flexibility to optimise results in a high volatility scenario

Ability to capture the most attractive prices in different markets

Necessary backing for intermittent renewable technologies

Strategic CCGT position in the Iberian Peninsula

Highly competitive asset mix
Federal and competitive gas supply allowing for highly efficient management of GNF’s CCGT fleet.
## Electricity (3/5)

### Main changes in the Spanish remuneration scheme for electricity generation

<table>
<thead>
<tr>
<th></th>
<th>Situation prior to RDL 9 / 2013</th>
<th>Situation after RDL 9 / 2013 and Draft Regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Special Regime</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy price</td>
<td></td>
<td>Elimination of the Special Regime (Draft Electricity Act)</td>
</tr>
<tr>
<td>Return on investment</td>
<td></td>
<td>Special Regime technologies must compete on the pool market with conventional technologies</td>
</tr>
<tr>
<td><strong>Ordinary Regime</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity Payments (investment)</td>
<td>~ €26k / MW / year during the first 10 years of operation</td>
<td>€10k /MW/year for twice as long as the time remaining until reaching 10 years of operation</td>
</tr>
<tr>
<td>Long-term capacity mechanism</td>
<td></td>
<td>Mothballing mechanism for 1-year periods</td>
</tr>
<tr>
<td>Capacity payments Availability Service</td>
<td>Conventional power plants ~€4.7k /MW/year Hydro plants ~€1.2k /MW/year</td>
<td>Based on the cost of opportunity of the most efficient technology (CCGTs) and backup capacity forecasts Hydro plants receive no payments</td>
</tr>
<tr>
<td>Technical restriction</td>
<td></td>
<td>Regulated Price based on variable cost recovery using standard values for each type of technology on non-competitive markets (less than 3 competitors)</td>
</tr>
</tbody>
</table>

1. IRR before taxes based on 10-year Treasury Bonds + 300 b.p.
Electricity (4/5)

Wholesale electricity

- The integrated business model for generation and commercialization optimizes our hedging position through the arbitrage of different markets mechanisms
- Maintaining leadership in the electricity markets with the highest value and margin contribution
- Optimize our participation in the interconnections, taking advantage of the development of the interior market
- Client portfolio segmentation and focus on most valuable segment (multiconnection,..)
- Continuous improvement of operating excellence, process standardization and simplification that allows to develop new sales structures
- Costs optimization and efficiency associated to operations and sales schemes defined by market development

Main figures evolution

Electricity demand in Spain (TWh)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand (TWh)</td>
<td>252</td>
<td>261</td>
<td>271</td>
<td>267</td>
<td>247</td>
<td>247</td>
<td>249</td>
<td>252</td>
<td>258</td>
</tr>
</tbody>
</table>
Electricity (5/5)
2013–2015E targets

Key value drivers

- Expected energy demand evolution in Spain following recovery of economy
- CCGT / Hydro load factors and Spark Spreads
- Evolution of pool prices and capacity payments
- Impact of new regulation

2013 – 2015 highlights

- Tariff deficit issue solved
- Efficiency plan in progress to offset regulatory impact
- Maintenance policy optimization
- Strong competitive position to benefit from expected market recovery
- Entry into operation of Belesar 2 (21 MW COD 4Q13) and Peares (18 MW COD 4Q13)

Key metrics(1)

Net installed capacity (GW)

<table>
<thead>
<tr>
<th>Year</th>
<th>Ordinary Regime</th>
<th>Special Regime</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>12.6</td>
<td>1.1</td>
</tr>
<tr>
<td>2015E</td>
<td>12.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Annual capex (€m)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>182</td>
<td>~125</td>
<td>177</td>
<td>~125</td>
</tr>
<tr>
<td>(Under IFRS 11)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EBITDA (€m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2015E</th>
<th>2012</th>
<th>2015E</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>919</td>
<td>~630</td>
<td>873</td>
<td>~600</td>
</tr>
<tr>
<td>(Under IFRS 11)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Note: Figures include Kenya.
D Gas (1/4)

Diversified portfolio of NG and LNG…

- LNG provides flexibility of destination given majority of FOB vs. DES
- Diversifying indexation in procurement contracts
- No extraordinary price reviews expected in 2013-2015
- Cheniere contract coming on line in 2016

...complemented with a diversified array of end markets

- Fleet optimization in 2014-2015
- Medgaz ramp-up
- New tanker operational in 2014

- Ability to implement combined gas and electricity strategy on a daily / weekly basis

A business model which provides a commodity hedge, allowing optimisation
### GNF’s gas sales in 2012

<table>
<thead>
<tr>
<th>Year</th>
<th>International</th>
<th>Domestic</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>21%</td>
<td>79%</td>
<td>100%</td>
</tr>
<tr>
<td>2010</td>
<td>24%</td>
<td>76%</td>
<td>100%</td>
</tr>
<tr>
<td>2011</td>
<td>37%</td>
<td>63%</td>
<td>100%</td>
</tr>
<tr>
<td>2012</td>
<td>42%</td>
<td>58%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### GNF’s LNG sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Flexible</th>
<th>Non-flexible</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>22%</td>
<td>78%</td>
<td>100%</td>
</tr>
<tr>
<td>2012</td>
<td>35%</td>
<td>65%</td>
<td>100%</td>
</tr>
<tr>
<td>2015</td>
<td>39%</td>
<td>61%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### LNG destination flexibility (world markets)

<table>
<thead>
<tr>
<th>Year</th>
<th>Flexible</th>
<th>Non-flexible</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>22%</td>
<td>78%</td>
<td>100%</td>
</tr>
<tr>
<td>2012</td>
<td>35%</td>
<td>65%</td>
<td>100%</td>
</tr>
<tr>
<td>2015</td>
<td>39%</td>
<td>61%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: CERA, Stream

Flexibility allows to adapt to market changes and continue to increase the share of international sales.
Integrated gas & LNG platform to compete globally

Key highlights

- Diversified, competitive and flexible portfolio of LNG and NG contracts
- Main LNG player in the Atlantic Basin, with significant optionality to exploit opportunities in attractive markets such as Asia
- Unique access to markets: more than 11m customers and gas sales in over 10 countries
- Cheniere contract coming on line in 2016

Ability to leverage the potential of the LNG platform to capture value creating opportunities
Gas (4/4)
2013–2015E targets

Key value drivers
- Long-term contract duration, origin / destination identification and new contracts
- International gas index prices (Henry Hub, Brent, NBP, coal) vs contract indexation
- Long-term volume demand (particularly Pacific region)
- Shipping availability, contract flexibility and price renegotiation

2013 – 2015 highlights
- Diversified, competitive and flexible gas portfolio
- Integrated gas infrastructure position and access to markets
- Continue internalization of business to capture global opportunities
- Special emphasis on opportunities in Asia and the Southern Cone
- New contracts coming on stream in 2016

Key metrics
Gas sales (bcm)

<table>
<thead>
<tr>
<th>Year</th>
<th>International 28%</th>
<th>International 35%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015E</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Annual capex

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(€m)</td>
<td></td>
<td>(~150)</td>
<td></td>
<td>(~145)</td>
</tr>
</tbody>
</table>

EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2015E</th>
</tr>
</thead>
<tbody>
<tr>
<td>(€bn)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>1,2</td>
<td>1,0</td>
</tr>
<tr>
<td>2015</td>
<td>1,2</td>
<td>1,2</td>
</tr>
</tbody>
</table>
Dual fuel customers present important advantages for utilities

### Lower service cost
- Single invoicing for power and gas
- Integrated customer service
- Lower acquisition costs

### Integrated offers with higher retention
- Higher brand affinity resulting in lower churn

GNF’s leading position in natural gas commercialization offers an important competitive advantage for dual fuel customers

Source: CNE.
The Spanish energy service market still has growth potential vs. other countries

The Spanish energy services market has increased by 16% p.a. and still shows growth potential vs. other countries

Source: Orbis; Sabi; Innobasque; companies registry office.
The Spanish energy services market has increased by 16% p.a. and still shows growth potential vs. other countries.

Source: Orbis; Sabi; Innobasque; companies registry office.
Diversified asset base…

- Mexico
  - Generation: 2.0GW
  - Gas distribution: 1.3m connections
- Puerto Rico
  - Generation: 263MW
- Dominican Republic
  - Generation: 198MW
- Costa Rica
  - Generation: 51MW
- Panama
  - Generation: 33MW
  - Electricity distribution: 0.5m connections
- Peru
  - Gas distribution: gasification starting
- Colombia
  - Generation: 2.4m connections
  - Electricity distribution: 2.3m connections
- Brazil
  - Gas distribution: 0.9m connections
- Argentina
  - Gas distribution: 1.5m connections
- Costa Rica
  - Generation: 263MW
  - Gas distribution: 1.3m connections
- Dominican Republic
  - Generation: 198MW
- Panama
  - Generation: 33MW
  - Electricity distribution: 0.5m connections
- Peru
  - Gas distribution: gasification starting
- Colombia
  - Gas distribution: 2.4m connections
  - Electricity distribution: 2.3m connections

Ideally positioned in LatAm by geographies and segments

2012 EBITDA by activity
€1,267 million

- Gas distribution: 263 (20.7%)
- Generation: 640 (50.4%)
- Electricity dist.: 366 (28.8%)

2012 EBITDA by country
€1,267 million

- Colombia: 310 (24.5%)
- Mexico: 277 (21.9%)
- Brazil: 240 (18.9%)
- Rest (1): 440 (34.7%)

---

1. Figure as disclosed in our annual results, not adjusted to reflect the sale of the Electricity Distribution business in Nicaragua sold during 2013.
**High growth potential for residential markets in our main gas distribution markets**

1. Considering the total number of registered houses.

---

### Gasification penetration\(^{(1)}\) ('000)

<table>
<thead>
<tr>
<th>Country</th>
<th>Gasification penetration ('000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>4,894</td>
</tr>
<tr>
<td>Brazil</td>
<td>4,255</td>
</tr>
<tr>
<td>Colombia</td>
<td>2,402</td>
</tr>
<tr>
<td>Argentina</td>
<td>1,523</td>
</tr>
</tbody>
</table>

### Population in main urban areas (millions)

<table>
<thead>
<tr>
<th>City</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico DF</td>
<td>22</td>
</tr>
<tr>
<td>Sao Paulo</td>
<td>19</td>
</tr>
<tr>
<td>Buenos Aires</td>
<td>13</td>
</tr>
<tr>
<td>Rio de Janeiro</td>
<td>12</td>
</tr>
<tr>
<td>Bogota</td>
<td>9</td>
</tr>
<tr>
<td>Lima</td>
<td>8</td>
</tr>
<tr>
<td>Caracas</td>
<td>6</td>
</tr>
<tr>
<td>Santiago de Chile</td>
<td>5</td>
</tr>
<tr>
<td>Monterrey</td>
<td>4</td>
</tr>
</tbody>
</table>

---

\(^{(1)}\) Considering the total number of registered houses.
## LatAm (3/6)
### Regulation

<table>
<thead>
<tr>
<th>Country</th>
<th>Gas Distribution</th>
<th>Electricity Distribution</th>
<th>No commodity price risk</th>
<th>No transport risk</th>
<th>No local inflation risk</th>
<th>No legal framework risk</th>
<th>Tariff Period / Next expected Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colombia</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>5 years/2014 (Cundiboyacense in 2015)</td>
</tr>
<tr>
<td>Panama</td>
<td></td>
<td></td>
<td>–</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>4 years / 2014</td>
</tr>
<tr>
<td>Colombia</td>
<td></td>
<td></td>
<td>–</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>5 years / 2014</td>
</tr>
</tbody>
</table>

Stable regulatory regimes in LatAm, allowing for safe and visible cash flows
## LatAm (4/6)

### 2013 – 2015E targets (I)

<table>
<thead>
<tr>
<th>Key value drivers</th>
<th>Gas distribution</th>
<th>Electricity distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drivers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Penetration</td>
<td>• Penetration based on energy competitiveness</td>
<td>• Demand growth</td>
</tr>
<tr>
<td></td>
<td>• Population growth / Middle class</td>
<td>• RAB</td>
</tr>
<tr>
<td></td>
<td>• Capex programme</td>
<td>• Capex and Opex</td>
</tr>
<tr>
<td></td>
<td>• Regulatory regime</td>
<td>• Energy losses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Energy losses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Collection management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2013 – 2015 highlights</th>
<th>Gas distribution</th>
<th>Electricity distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highlights</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Significant organic growth potential in the key GNF market</td>
<td>• Significant organic growth potential in the key GNF market</td>
<td>• Capture growth leveraging on organic potential in the regulated businesses</td>
</tr>
<tr>
<td>Leading gas distributor in LatAm, with presence in the key urban centers</td>
<td>• Leading gas distributor in LatAm, with presence in the key urban centers</td>
<td>• Knowledge of markets with potential growth in electricity consumption</td>
</tr>
<tr>
<td>Favourable and stable regulatory regime</td>
<td>• Favourable and stable regulatory regime</td>
<td>• Important effort to reduce energy losses and defaulters in Colombia</td>
</tr>
<tr>
<td>Opportunities to grow inorganically on a selective basis in gas distribution</td>
<td>• Opportunities to grow inorganically on a selective basis in gas distribution</td>
<td></td>
</tr>
<tr>
<td>Planned investments in Peru</td>
<td>• Planned investments in Peru</td>
<td></td>
</tr>
</tbody>
</table>
**LatAm (5/6)**

**2013 – 2015E targets (II)**

### Key value drivers

#### Electricity
- Regulatory items (capacity payments, minimum prices…)
- Efficiencies
- Availability
- Development of new greenfield projects
- Additional upsides with partial non-regulated sales

#### Liberalised retail & SME business
- Number of connection points
- Macroeconomic evolution
- Evolution of social habits

### 2013 – 2015 highlights

#### Electricity
- Strong know-how across all technologies
- International business model: IPP with PPA
- Operating in markets that guarantee 100% of fixed costs
- Presence across the value chain (development, construction and O&M)
- Growth opportunities owing to growth in demand and installed capacity
- Bii Hioxo (234 MW wind COD 2S14) and Torito (50 MW hydro COD 1S15)

#### Liberalised retail & SME business
- Export into the Latin American markets the multiproduct/services business model developed in Spain
- Capture growth on the back of increased connection points and evolution of expected social behaviour
- Type of services: Energy Services, Servigas, Sale of appliances, Third party collection, Third party marketing and other
**LatAm (6/6)**

Key metrics

### Gas and electricity distribution connection points

<table>
<thead>
<tr>
<th></th>
<th>Gas distribution</th>
<th>Electricity distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>8.9</td>
<td>6.1</td>
</tr>
<tr>
<td>2015E</td>
<td>10.0</td>
<td>6.9</td>
</tr>
</tbody>
</table>

### EBITDA

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas distr</td>
<td>1.2</td>
<td>1.2</td>
<td>1.2</td>
<td>1.3</td>
</tr>
<tr>
<td>Electr. distr</td>
<td>~21%</td>
<td>~24%</td>
<td>~17%</td>
<td>~20%</td>
</tr>
<tr>
<td>Gen</td>
<td>52%</td>
<td>~45%</td>
<td>54%</td>
<td>~47%</td>
</tr>
</tbody>
</table>

### Net installed capacity

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2015E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas</td>
<td>2.5</td>
<td>2.7</td>
</tr>
</tbody>
</table>

### Annual Capex

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas distr</td>
<td>397</td>
<td>~600</td>
<td>390</td>
<td>~600</td>
</tr>
<tr>
<td>Electr. distr</td>
<td>~22%</td>
<td>~33%</td>
<td>~21%</td>
<td>~32%</td>
</tr>
<tr>
<td>Gen</td>
<td>33%</td>
<td>~43%</td>
<td>45%</td>
<td>~44%</td>
</tr>
</tbody>
</table>

---

1. Pro forma figure to reflect the sale of the Electricity Distribution business in Nicaragua during 2013.
Strategic Priorities

3 Manage business portfolio based on strategic fit
Manage business portfolio based on strategic fit

- GNF has executed a divestments process of over €5bn since Unión Fenosa’s acquisition
- The Net Debt / EBITDA ratio currently stands at ~3.0x, fulfilling the commitment announced to the market in the 2010-2012 Strategic Plan
- Currently, there is no need to sell further assets to reduce debt
- The strategic fit of GNF’s business portfolio will continue to be analysed during the 2013-2015 period
Financial priorities
Financial policy compatible with growth and dividend targets

- Strategic guidelines aligned with financial discipline
- Flexibility to increase investment for future growth if appropriate
- Commitment to cash dividend
- No real impact from change in JV consolidation rules
GNF has executed its deleveraging strategy 3 years ahead of peers

Net debt (€ billion)

- Successful deleveraging plan
  - All the commitments have been fulfilled
  - €10 billion debt reduction as of 2012, as committed in 2008
  - €1.3 billion debt reduction in 2012 achieved without extraordinary items
  - Net debt/EBITDA ratio of 3.1x in 2012 (2.9x deducting tariff deficit)
  - Target 2.5-3.0x ND / EBITDA by 2015, providing flexibility to exploit attractive growth opportunities

- Net debt/EBITDA
Efficient net debt structure and ample liquidity available

Comfortable debt maturity profile

Efficient net debt structure

Ample liquidity available

As of September 30, 2015

Net debt €91.3 billion
Gross debt €113.3 billion


Example pie chart labeled "Significant source of cash flow obtained at only competitive rates".

Example pie chart labeled "Currency exposure consistent with business plan".

Example table:

<table>
<thead>
<tr>
<th></th>
<th>Limit</th>
<th>Drawn</th>
<th>Undrawn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committed lines of credit</td>
<td>7,007</td>
<td>546</td>
<td>6,461</td>
</tr>
<tr>
<td>Uncommitted lines of credit</td>
<td>178</td>
<td>92</td>
<td>86</td>
</tr>
<tr>
<td>Undrawn ECB loan</td>
<td>225</td>
<td>-</td>
<td>220</td>
</tr>
<tr>
<td>Cash</td>
<td>-</td>
<td>-</td>
<td>4,048</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>7,410</td>
<td>541</td>
<td>15,117</td>
</tr>
</tbody>
</table>

Enough liquidity available to cover all the needs for the period 2013-2015

Additional cushions with...
- Structural free cash after capex and dividends
- Tariff deficit collection
  ... allows to cover all the maturities up to 2017
A sound capital structure

Solid cash flow and leverage ratios...

- **FFO/Net Debt**
  - 2012: 21.5%
  - 2015: ~28.0%

- **Net Debt/EBITDA**
  - 2012: 3.1x
  - 2015: ~2.5x

... supported by a strong capital structure...

- Diversified debt maturity profile
- 80% fixed interest rate and next years’ rates fixed in a low scenario: predictable and stable cost of debt
- No FX risk: subsidiaries financed in local/denominated currency

... and a competitive cost of debt (current (4.2%) and expected for the period until 2015)
Solid track record

Solid track record in all real challenging scenarios...

1. Refinancing €19,000 million Union Fenosa acquisition loan in the middle of Lehman crisis

2. Continued capital market access (and in different geographies) with a competitive cost and long tenors

3. Successful deleveraging and lengthening of average life of debt achieved within a short time frame

4. Strong and continued support from banks independent of sovereign crisis

... proving GNF resilience and solid business model
Flexibility to undertake new investments if favourable conditions materialise

Gross Capex\(^{(1)}\) as \% of EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>Gas Natural standalone</th>
<th>GNF</th>
<th>Accum 13-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007A</td>
<td>53.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008A</td>
<td>47.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009A</td>
<td>41.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010A</td>
<td>34.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011A</td>
<td>30.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012A</td>
<td>26.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accum</td>
<td>~34%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(\text{\$m / year}\)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GNF</td>
<td>1,211</td>
<td>1,209</td>
<td>1,884</td>
<td>1,543</td>
<td>1,406</td>
<td>1,357</td>
<td>~1,700</td>
</tr>
<tr>
<td>ND / EBITDA</td>
<td>1.5x</td>
<td>1.9x</td>
<td>4.6x</td>
<td>4.3x</td>
<td>3.7x</td>
<td>3.1x</td>
<td>~2.5x</td>
</tr>
</tbody>
</table>

1. Investments intangible and intangible assets. Excludes financial investments.
Committed to a solid cash dividend policy

Recent payout ratios

- 2009: 61.1%
- 2010: 61.4%
- 2011: 62.0%
- 2012: 62.1%

Key priorities

- Dividend policy: payout of c.62%
- Dividend policy fully compatible with GNF's growth and deleveraging target
Meaningful cash flow generation underpinning dividend

(€bn)

Net Debt / EBITDA

~3x

~2.5x

Cash flow potential underpinning dividend policy
No significant impact from change in JV consolidation methods

New accounting regulation

- As from 1 January 2014, IFRS 11 will be mandatory. Joint Ventures will be accounted for using the equity method instead of the proportionate consolidation method.

- The impacts arise mainly from changing the consolidation method for:
  - Unión Fenosa Gas
  - Ecoeléctrica (CCGT Puerto Rico)
  - Nueva Generadora del Sur (CCGT in Spain)

Accounting impacts (proforma 2012)

<table>
<thead>
<tr>
<th></th>
<th>2012A</th>
<th>Accounting impact</th>
<th>2012A PF</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA (€m)</td>
<td>5.080</td>
<td>(378)</td>
<td>4.702</td>
</tr>
<tr>
<td>Net debt (€m)</td>
<td>15.995</td>
<td>(501)</td>
<td>15.494</td>
</tr>
</tbody>
</table>

No change at Net Income level
Bases for growth post 2015
Bases for growth post 2015

GNF’s position in 2015

A. Full macroeconomic recovery
B. Medium-term growth vectors
C. Projects under development

GNF’s aspirations for 2017
A GDP evolution in Spain
Possible scenarios

The economic recovery in Spain is expected post 2015, consequently driving the recovery of electricity demand.

Source: Spanish Ministry of Economy (Stabilization Program Update 2013-2016); IMF (WEO April 2013; update July 2013); EIU.
Growth drivers

Growth vectors and context

Midstream gas

International generation

International gas distribution

Partnership Strategy

- Access to larger project portfolio vs a stand-alone scenario
- Access to higher investment capacity in the short-term, which may have an impact in the Plan’s horizon
- Access to complementary capabilities
- Risk management and diversification (country, project and technology)
Midstream gas

LNG demand in Asia will grow by 5% annually between 2012 and 2017

LNG demand (MTpa)

- India, Southeast Asia and other countries in the region show a very significant growth in LNG demand (x2,5)
  - Markets open to international players and investors
- Japan and Korea are markets with a strong linkage to nuclear energy, which can imply an upside or downside
  - LNG demand in Japan is expected to decrease slightly and in Korea to stay flat for the period 2012-2017
- China’s demand increases significantly (x2-2,5)
  - High entry barriers as an end market for international operators

Asia shows a significant demand growth for LNG and represents ~ 70% of worldwide demand

---

1. Includes: Malaysia, Indonesia, Thailand and Singapore.
2. Includes: Taiwan, Vietnam, Pakistan, Bangladesh, the Philippines and others.
Source: IHS CERA, November 2012 (Global Redesign); Wood Mackenzie LNG Service.
International generation

Additional thermal conventional capacity between 2010 and 2030\(^1\) of \(~1,300\) GW

- The installed capacity of conventional thermal generation in developed countries - OECD countries - will not increase
- The \(~70\)% increase in installed capacity will be carried out in Asian developing countries
  - \(~40\)% China
  - \(~30\)% Rest of Asia
- Latin America and Africa will contribute 4\% and 6\% of the increase

The \(~70\)% increase in capacity will be deployed in Asian developing countries

---

\(^1\)Generation of coal, fuel, oil and gas, not including repositions.
New industrial and residential gas demand between 2010 and 2030 expected to reach ~450bcm

China accounts for almost 40% of the growth in gas demand in the industrial and residential sectors

The rest of the developing countries in Asia represent a 17% of the increase in global demand

LatAm will account for nearly a 7% of the new demand

~ 57% of the new demand for industrial and residential gas will come from Asian countries

Note: Calorific power assumed ~1,100 Btu/ft³
GNF is well positioned to capture international growth

**Development of projects**
- Identifying opportunities and developing new projects

**LNG Operator**
- Access to infrastructures and competitive gas supplies
- Global commercialisation capacity

**Assets operator**
- Assets operator of generation and distribution assets, obtaining maximum value from each of them

**Value creation**
- Capture value in the development of greenfield projects
- Capture synergies between businesses (integrated operator)
Projects under development: Midstream gas

Upcoming projects and volumes

Cheniere plant

- GNF will purchase 4.5 bcm per annum of LNG
- 20 year duration contract, with a potential extension of 12 years
- Contract to be sourced from train 2 at Sabine Pass LNG terminal
- LNG deliveries are expected to commence in 2016
- Full destination flexibility

Cheniere’s fleet

- 4 newly built tankers contracted + 1 already existent ("Ribera del Duero") with capacity of 170,000 m³

New contract with Cheniere providing additional volume growth and flexibility post 2016
Projects under development: Midstream gas

Upcoming projects and volumes

Shah Deniz II volumes

- GNF has contracted 1 bcm, which would be delivered in the Italian market by 2019
- Gas with origin Shah Deniz II (16 bcm of gas with destiny Turkey, Italy, Bulgaria and Greece)
- Length of the contract is 25 years

Yamal LNG volumes

- Yamal LNG will exploit the reserves in South Tambey (estimated at 25 Tcf), in the Yamal peninsula – Russia
- Limit date FID: 31-12-2013. Start of operations estimated for 2019-20
- Contract (~2.5 MTPA) for 23 years

Additional volumes by 2019 at Shah Deniz II and Yamal
Projects under development: International generation

Projects with full EBITDA contribution post 2015

- **Bií Hioxo (Mexico)**
  - Bií Hioxo project under development
  - 234MW wind generation
  - COD during 2H 2014
  - In-house project development
  - Following completion, GNF would be positioned as the only dual fuel player in Mexico
    - Complements the generation position in Mexico - 2.0GW CCGTs portfolio

- **Torito (Costa Rica)**
  - Torito project under development
  - 50MW hydro generation
  - COD during 1H 2015
  - In-house project development
  - Consolidates GNF as the first private generator in Costa Rica
  - Offtake with ICE (Government body)
  - Limited hydrologic risk
Projects under development: LatAm
Gas distribution in Peru

In July 2013 GNF entered the Peruvian market to distribute gas.

The company won a tender for natural gas distribution in 4 southern cities in the South-West of the country:

- Arequipa, Peru's second largest city, and the cities of Moquegua, Tacna and Ilo
- Covering a population of over 1.4 million

Planned investment of c. 60 million US$ by 2020

Expected to distribute and sell gas to more than 60,000 homes

Tender concession period for 20 years (possibility to extend)

The business will be operated through a “virtual transport” system, bringing liquefied natural gas from the Peru LNG plant to regasification systems in the cities.
Setting the bases for growth post 2015

**EBITDA growth** (not considering IFRS 11)

<table>
<thead>
<tr>
<th>Sector</th>
<th>2015E</th>
<th>2017E Aspirations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas</td>
<td>26%</td>
<td>26%</td>
</tr>
<tr>
<td>Electricity Distribution Europe</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Gas Distribution Europe</td>
<td>21%</td>
<td>12%</td>
</tr>
<tr>
<td>Other</td>
<td>5,2</td>
<td>6,0</td>
</tr>
</tbody>
</table>

**Accumulated Capex** (not considering IFRS 11)

<table>
<thead>
<tr>
<th>Year</th>
<th>Accum. 2013-15E</th>
<th>Accum. 2013-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under IFRS 11 (€bn)</td>
<td>~5.0</td>
<td>~5.7</td>
</tr>
<tr>
<td>~9.2</td>
<td>~8%</td>
<td>~20%</td>
</tr>
<tr>
<td>~5.2</td>
<td>~10%</td>
<td>~20%</td>
</tr>
<tr>
<td>~36%</td>
<td>~7%</td>
<td>~20%</td>
</tr>
<tr>
<td>~31%</td>
<td>~7%</td>
<td>~7%</td>
</tr>
</tbody>
</table>

**Growth vectors**
- Macroeconomic recovery in Spain
- Increase of gasification level
- Macroeconomic recovery in Spain
- Spanish electricity market recovery
- Cheniere contract onstream
- UF Gas activity recovery
- Context following regulatory review
- Organic growth
- New generation projects

GNF has an additional investment capacity of c.€7bn in the 2013-2017 period (under IFRS 11), staying within the 3.0x ND / EBITDA ratio
Conclusions
We delivered on our previous Strategic Plan

<table>
<thead>
<tr>
<th>metric</th>
<th>2012A</th>
<th>2012 targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA FY12</td>
<td>€5.1bn</td>
<td>&gt; €5bn</td>
</tr>
<tr>
<td>Net income</td>
<td>€1.4bn</td>
<td>~ €1.5bn</td>
</tr>
<tr>
<td>Net debt as of 31/12/12</td>
<td>€16.0bn</td>
<td>€15-16bn</td>
</tr>
<tr>
<td>Net debt/EBITDA</td>
<td>3.1x</td>
<td>~ 3x</td>
</tr>
</tbody>
</table>

Achieving targets set for 2010-2012
## Achievable financial targets

<table>
<thead>
<tr>
<th></th>
<th>2012A</th>
<th>2015E</th>
<th>Aspiration 2017E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA</strong></td>
<td>€5.1</td>
<td>&gt;€5.2</td>
<td>~€6.0</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>€1.4</td>
<td>~€1.5</td>
<td>~€1.9</td>
</tr>
<tr>
<td><strong>Dividend (payout)</strong></td>
<td>62%</td>
<td>~62%</td>
<td>~62%</td>
</tr>
<tr>
<td><strong>Capex</strong> 2010-2012</td>
<td>€4.5</td>
<td>€4.5</td>
<td>€5.1</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>€16.0</td>
<td>€13.0</td>
<td>~€10.6</td>
</tr>
<tr>
<td><strong>Net debt / EBITDA</strong></td>
<td>3.1x</td>
<td>2.5x</td>
<td>~1.8x</td>
</tr>
</tbody>
</table>

GNF has an additional investment capacity of c.€7bn in the 2013-2017 period (under IFRS 11), staying within the 3.0x ND / EBITDA ratio.
### Increasing regulated and international profile

#### EBITDA strength

<table>
<thead>
<tr>
<th>Year</th>
<th>Pre-IFRS 11 (€bn)</th>
<th>2009PF</th>
<th>2012</th>
<th>2015</th>
<th>2017</th>
<th>Aspirational</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
<td>5.1</td>
<td>5.2</td>
<td>6.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>54%</td>
<td>52%</td>
<td>55%</td>
<td>52%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>29%</td>
<td>24%</td>
<td>19%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>17%</td>
<td>24%</td>
<td>26%</td>
<td>28%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Maintaining regulated profile

<table>
<thead>
<tr>
<th>Year</th>
<th>Pre-IFRS 11 (€bn)</th>
<th>2009PF</th>
<th>2012</th>
<th>2015</th>
<th>2017</th>
<th>Aspirational</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
<td>5.1</td>
<td>5.2</td>
<td>6.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>40%</td>
<td>35%</td>
<td>32%</td>
<td>36%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>60%</td>
<td>65%</td>
<td>68%</td>
<td>64%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Geographic diversity

<table>
<thead>
<tr>
<th>Year</th>
<th>Pre-IFRS 11 (€bn)</th>
<th>2009PF</th>
<th>2012</th>
<th>2015</th>
<th>2017</th>
<th>Aspirational</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
<td>5.1</td>
<td>5.2</td>
<td>6.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>33%</td>
<td>42%</td>
<td>45%</td>
<td>44%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>67%</td>
<td>58%</td>
<td>55%</td>
<td>56%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Under IFRS 11 (€bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Pre-IFRS 11 (€bn)</th>
<th>4.7</th>
<th>~5.0</th>
<th>~5.7</th>
<th>4.7</th>
<th>~5.0</th>
<th>~5.7</th>
<th>4.7</th>
<th>~5.0</th>
<th>~5.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009PF</td>
<td>4.5</td>
<td></td>
<td></td>
<td></td>
<td>4.7</td>
<td>~5.0</td>
<td>~5.7</td>
<td>4.7</td>
<td>~5.0</td>
<td>~5.7</td>
</tr>
<tr>
<td>2012</td>
<td>5.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.7</td>
<td>~5.0</td>
<td>~5.7</td>
</tr>
<tr>
<td>2015</td>
<td>5.2</td>
<td></td>
<td></td>
<td></td>
<td>4.7</td>
<td>~5.0</td>
<td>~5.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>6.0</td>
<td></td>
<td></td>
<td></td>
<td>4.7</td>
<td>~5.0</td>
<td>~5.7</td>
<td>4.7</td>
<td>~5.0</td>
<td>~5.7</td>
</tr>
</tbody>
</table>

1. Includes gas and electricity distribution, regulated generation, PPAs and generation in special regime.
Investment plan consistent with market conditions and GNF’s strategy

Capex by business (€bn)

<table>
<thead>
<tr>
<th>Business</th>
<th>Pre-IFRS 11 (€bn)</th>
<th>Average 10-12</th>
<th>Average 13-15</th>
<th>Average 13-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>~1.7</td>
<td>~1.5</td>
<td>~1.5</td>
<td>~1.8</td>
</tr>
<tr>
<td>Gas</td>
<td>~10%</td>
<td>~10%</td>
<td>~10%</td>
<td>~8%</td>
</tr>
<tr>
<td>LatAm</td>
<td>~31%</td>
<td>~35%</td>
<td>~20%</td>
<td>~20%</td>
</tr>
<tr>
<td>Distribution</td>
<td>~19%</td>
<td>~19%</td>
<td>~19%</td>
<td>~15%</td>
</tr>
<tr>
<td>Europe Gas</td>
<td>~15%</td>
<td>~15%</td>
<td>~12%</td>
<td>~8%</td>
</tr>
<tr>
<td>Other</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
<td>~8%</td>
</tr>
<tr>
<td>Average 10-12</td>
<td>~1.5</td>
<td>~1.5</td>
<td>~1.5</td>
<td>~1.8</td>
</tr>
<tr>
<td>Average 13-15</td>
<td>~10%</td>
<td>~10%</td>
<td>~10%</td>
<td>~8%</td>
</tr>
<tr>
<td>Average 13-17</td>
<td>~8%</td>
<td>~8%</td>
<td>~8%</td>
<td>~7%</td>
</tr>
</tbody>
</table>

Capex vs. Electricity (€bn)

<table>
<thead>
<tr>
<th>Period</th>
<th>Pre-IFRS 11 (€bn)</th>
<th>Average 10-12</th>
<th>Average 13-15</th>
<th>Average 13-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>~1.5</td>
<td>~1.5</td>
<td>~1.5</td>
<td>~1.8</td>
</tr>
<tr>
<td>Gas</td>
<td>~10%</td>
<td>~10%</td>
<td>~10%</td>
<td>~8%</td>
</tr>
<tr>
<td>Other (mining, financial, corporation)</td>
<td>~8%</td>
<td>~8%</td>
<td>~8%</td>
<td>~7%</td>
</tr>
<tr>
<td>Average 10-12</td>
<td>~1.5</td>
<td>~1.5</td>
<td>~1.5</td>
<td>~1.8</td>
</tr>
<tr>
<td>Average 13-15</td>
<td>~10%</td>
<td>~10%</td>
<td>~10%</td>
<td>~8%</td>
</tr>
<tr>
<td>Average 13-17</td>
<td>~8%</td>
<td>~8%</td>
<td>~8%</td>
<td>~7%</td>
</tr>
</tbody>
</table>

Capex by geography (€bn)

<table>
<thead>
<tr>
<th>Geography</th>
<th>Pre-IFRS 11 (€bn)</th>
<th>Average 10-12</th>
<th>Average 13-15</th>
<th>Average 13-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>~1.5</td>
<td>~1.5</td>
<td>~1.5</td>
<td>~1.8</td>
</tr>
<tr>
<td>Gas</td>
<td>~10%</td>
<td>~10%</td>
<td>~10%</td>
<td>~8%</td>
</tr>
<tr>
<td>Other (inc. tankers)</td>
<td>~8%</td>
<td>~8%</td>
<td>~8%</td>
<td>~7%</td>
</tr>
<tr>
<td>Average 10-12</td>
<td>~1.5</td>
<td>~1.5</td>
<td>~1.5</td>
<td>~1.8</td>
</tr>
<tr>
<td>Average 13-15</td>
<td>~10%</td>
<td>~10%</td>
<td>~10%</td>
<td>~8%</td>
</tr>
<tr>
<td>Average 13-17</td>
<td>~8%</td>
<td>~8%</td>
<td>~8%</td>
<td>~7%</td>
</tr>
</tbody>
</table>

Under IFRS 11 (€bn) ~1.5 ~1.7 ~1.8 ~1.5 ~1.7 ~1.8 ~1.5 ~1.7 ~1.8

Distribution and gas at the centre of GNF strategy, with intention to increase share of investment in the international markets

83
Conclusions

| Resilient business model allowing us to continue to deliver on our Strategic Plan |
| Clear and realistic business expectations for the 2013-2015 period |
| Ability to reduce regulatory impact through efficiency plan |
| Market dynamics and our position in gas and Latin America provide opportunities for growth |
| Strong commitment to financial discipline and shareholder remuneration |
| Setting the foundations to accelerate growth post 2015 |