



# **January - September 2014 Results**

**4 November 2014**

## NET PROFIT IN THE FIRST NINE MONTHS OF 2014 AMOUNTS TO €1,239 MILLION

- Net profit in the first nine months of 2014 amounted to €1,239 million, up 10.6%. This figure includes €252 million in capital gains on the sale of GNF Telecomunicaciones and €47 million (€23 million in 3Q14) in impairments of fixed assets and equity-accounted investments, and the corresponding tax effect. Adjusting for those effects, net profit declined by 2.6% due to the impact of Royal Decree Laws 9/2013 and 8/2014 and translation losses on Latin American currencies.
- Consolidated EBITDA in 9M14 totalled €3,606 million, a decline of 2.3% with respect to the same period of 2013, despite significant cost containment, in a very tough macroeconomic, energy and regulatory context due to the impacts of Royal Decree Law 9/2013 on the electricity business in Spain and to the depreciation of foreign currencies against the euro.
- The impact on EBITDA, with respect to the same period last year, of regulatory measures under Royal Decree Law 9/2013, which affected the electricity distribution and generation activities in Spain and entered into force on 14 July 2013 (and, therefore, did not have an impact in 1H13), and Royal Decree Law 8/2014, which affected regulated gas activities, effective since 5 July 2014, amounted to €151 million euro
- The impact on EBITDA of foreign currency depreciation against the euro is €80 million more than in the same period of 2013, due mainly to depreciation by the Brazilian real and the Colombian peso.
- Excluding these two effects, manageable EBITDA in the first nine months of 2014 would have been €3,837 million euro, i.e. 4.0% more than in the same period of 2013.
- On 1 October 2014, Gas Natural Fenosa created the company Global Power Generation to promote its power generation business outside Europe, in line with the objectives in the strategic plan, through generation projects mainly in Latin America and Asia.
- Gas Natural Fenosa reached an agreement with the main shareholders of Chilean company Compañía General de Electricidad, S.A. (CGE) to acquire it through a takeover bid for 100% of its capital, offering 4,700 Chilean pesos per share, i.e. a maximum total payment of €2,600 million, in cash. The process is expected to be completed in the second half of November.
- In line with the company's plans to expand in Mexico, that country's Comisión Reguladora de Energía (CRE) awarded Gas Natural Fenosa the natural gas service in a new distribution area in two states in northwest Mexico, with a potential market of 500,000 customers.
- The leverage ratio was 46.4% and the net interest-bearing debt/EBITDA ratio was 2.9 at 30 September 2014. Progressive restructuring of financial debt allows for optimal adaptation to the profile of the businesses, and is now a key element in sustained value creation.

## 1.- MAIN AGGREGATES

### 1.1.- Main financial aggregates

(unaudited)						
3Q14	3Q13	%	(€Mn)	9M14	9M13	%
6,069	5,742	5.7	Net sales	18,223	18,273	-0.3
1,185	1,193	-0.7	EBITDA	3,606	3,690	-2.3
728	747	-2.5	Operating income	2,490	2,331	6.8
307	340	-9.7	Net profit	1,239	1,120	10.6
656	752	-12.8	Cash flow from ordinary activities	2,069	2,508	-17.5
-	-	-	Average number of shares (million)	1,001	1,001	-
-	-	-	Price at 30/09 (€)	23,31	15,43	51.1
-	-	-	Market capitalisation at 30/09	23,333	15,445	51.1
-	-	-	Net profit per share (€)	1.24	1.12	10.6
363	353	2.8	Investments	1,056	1,008	4.8
548	254	-	Equity	15,985	15,198	5.2
371	29	-	Net interest-bearing debt (30/9)	13,843	14,772	-6.3

### 1.2.- Ratios

(unaudited)		
	9M14	9M13
Leverage <sup>1</sup>	46.4%	49.3%
EBITDA/ Financial result	6.6x	6.3x
Net interest-bearing debt /EBITDA	2.9x	3.0x
P/E	14.9x	10.7x
EV/EBITDA	7.8x	6.1x

Share performance and balance sheet at 30 September.

<sup>1</sup> Net interest-bearing debt/(Net interest-bearing debt+Net equity).

### 1.3.- Main physical aggregates

Gas and electricity distribution:

3Q14	3Q13	%		9M14	9M13	%
99,696	95,344	4.6	Gas distribution (GWh):	310,987	315,786	-1.5
34,808	39,394	-11.6	Europe:	124,212	143,573	-13.5
350	332	5.4	Tariff gas sales	2,542	2,726	-6.7
34,458	39,062	-11.8	TPA <sup>2</sup>	121,670	140,847	-13.6
64,888	55,950	16.0	Latin America:	186,775	172,213	8.5
42,505	39,863	6.6	Tariff gas sales	119,033	111,896	6.4
22,383	16,087	39.1	TPA	67,742	60,317	12.3
12,935	12,920	0.1	Electricity distribution (GWh):	38,649	38,723	-0.2
8,515	8,808	-3.3	Europe:	25,857	26,448	-2.2
615	579	6.2	Tariff gas sales	1,919	1,858	3.3
7,900	8,229	-4.0	TPA	23,938	24,590	-2.7
4,420	4,112	7.5	Latin America:	12,792	12,275	4.2
4,157	3,854	7.9	Tariff gas sales	12,011	11,515	4.3
263	258	1.9	TPA	781	760	2.8
-	-	-	Gas distribution connections, ('000) (30/09):	12,185	11,857	2.8
-	-	-	Europe	5,664	5,604	1.1
-	-	-	Latin America	6,521	6,253	4.3
-	-	-	Electricity distribution connections ('000)	7,528	7,414	1.5
-	-	-	(30/09):			
-	-	-	Europe	4,526	4,514	0.3
-	-	-	Latin America	3,002	2,900	3.5
-	-	-	ICEIT in Spain (minutes)	37	33	12.1

Gas business:

3Q14	3Q13	%		9M14	9M13	%
71,765	62,450	14.9	Wholesale supply (GWh):	214,007	201,393	6.3
44,039	39,563	11.3	Spain	128,618	132,510	-2.9
27,726	22,887	21.1	Rest	85,389	68,883	24.0
1,998	2,173	-8.1	Retail supply (GWh)	19,220	22,591	-14.9
30,354	25,476	19.1	Gas transportation - EMPL (GWh)	91,901	90,779	1.2

<sup>2</sup> Also includes TPA services in the secondary network.

## Electricity business:

3Q14	3Q13	%		9M14	9M13	%
13,732	14,135	-2.9	Electricity generated (GWh):	36,307	37,595	-3.4
9,101	9,468	-3.9	Spain:	22,815	23,817	-4.2
427	461	-7.4	Generation:			
1,082	1,182	-8.5	Hydroelectric	3,410	3,659	-6.8
2,677	2,216	20.8	Nuclear	3,169	3,181	-0.4
4,550	5,186	-12.3	Coal	4,174	3,552	17.5
365	423	-13.7	CCGT	10,490	11,759	-10.8
			Renewables and Cogeneration	1,572	1,666	-5.6
4,631	4,667	-0.8	Global Power Generation:	13,492	13,778	-2.1
4,187	4,136	1.2	Mexico (CCGT)	12,301	12,224	0.6
47	74	-36.5	Costa Rica (hydroelectric)	118	164	-28.0
16	23	-30.4	Panama (hydroelectric)	43	50	-14.0
4	2	-	Panama (oil-fired)	28	11	-
275	295	-6.8	Dominican Republic (oil-fired)	628	923	-32.0
102	137	-25.5	Kenya (oil-fired)	374	406	-7.9
-	-	-	Installed capacity (MW):	14,551	15,119	-3.8
-	-	-	Spain:	12,122	12,690	-4.5
-	-	-	Generation:			
-	-	-	Hydroelectric	1,948	1,914	1.8
-	-	-	Nuclear	604	604	-
-	-	-	Coal	2,065	2,065	-
-	-	-	CCGT	6,603	6,603	-
-	-	-	Renewables and Cogeneration	902	864	4.4
-	-	-	Global Power Generation:	2,429	2,429	-
-	-	-	Mexico (CCGT)	2,035	2,035	-
-	-	-	Costa Rica (hydroelectric)	51	51	-
-	-	-	Panama (hydroelectric)	22	22	-
-	-	-	Panama (oil-fired)	11	11	-
-	-	-	Dominican Republic (oil-fired)	198	198	-
-	-	-	Kenya (oil-fired)	112	112	-

## **Acquisition of Compañía General de Electricidad, S.A.**

Gas Natural Fenosa and the majority shareholders of Chilean company Compañía General de Electricidad, S.A. (CGE), comprising Grupo Familia Marín, Grupo Almería and Grupo Familia Pérez Cruz, which account for approximately 54.19% of capital, signed an agreement whereby Gas Natural Fenosa will make a takeover bid for 100% of CGE's capital and the sellers agree irrevocably to sell their shares as part of that bid.

The bid for 100% of CGE's shares will be for cash, at a price of 4,700 Chilean pesos per share, and is subject to the other standard conditions in this type of transaction. It is expected to be completed in the second half of November.

If the bid achieves a 100% acceptance rate, the transaction will cost approximately €2,600 million. The total size of the operation, including CGE's consolidated debt and minority interests in its subsidiaries, is approximately €6,000 million.

This acquisition by Gas Natural Fenosa will be its largest international operation ever and the largest ever acquisition of a utility in Latin America.

For Gas Natural Fenosa, this transaction is a strategic milestone, since it will enable the company to enter Chile's energy market with a leading position through that country's largest electricity and gas distribution company, with 2.5 million customers and a 40% share of the electricity market, including part of the capital city, Santiago de Chile.

The deal will enable Gas Natural Fenosa to advance towards its growth objectives by strengthening its position in gas and electricity distribution in Latin America.

The operation will not affect the company's sound financial position and it will accelerate attainment of the objectives set out in its 2013-2015 strategic plan, by adding top-quality assets and businesses.

## **About Grupo CGE**

Compañía General de Electricidad, S.A. (CGE) is the parent company of one of Chile's largest energy groups. Almost all of its activity revolves around electricity and gas in Chile (from Arica to Puerto Williams), Argentina (four provinces) and Colombia (26 of the 32 liquefied gas distribution districts).

In the electricity market, the company is responsible for the distribution of 40% of all electricity in Chile, serving 43% of users; it has over 2.5 million customers. It is also the leading high-tension grid operator with a market share of 35% and over 3,400 kilometres of power lines.

The company also holds a direct stake in Gasco, one of the three main LPG distributors with a market share of 27%; in turn, Gasco has a stake in Metrogas, the country's main gas distributor with over 580,000 customers, which has a sound position in the liquefied natural gas (LNG) market through its stake in the Quintero terminal.

CGE obtained \$743 million in EBITDA in 2013, of which 96% corresponds to its activity in Chile's energy market.

## 2.- ANALYSIS OF CONSOLIDATED RESULTS

### 2.1.- Changes in group size

The main changes in consolidated group size in 2014 with respect to 2013 are as follows:

- In February 2013, Gas Natural Fenosa sold its stakes in Nicaraguan electricity distribution companies Distribuidora de Electricidad del Norte, S.A. (83.7%) and Distribuidora de Electricidad del Sur, S.A. (83.7%).
- In August 2013, it established Gas Natural Fenosa Perú, S.A., which is fully consolidated.
- Telecoms company Gas Natural Fenosa Telecomunicaciones and its investees were sold in June 2014.

From 1 January 2014, the obligatory application of IFRS 11 "Joint Arrangements" led to a change in the method of recognition basically of Unión Fenosa Gas, Ecoeléctrica (CCGT in Puerto Rico) and Nueva Generadora del Sur (CCGT in Spain) and several joint ventures which operate renewable and cogeneration power generation facilities in Spain, which are now recognised by the equity method instead of the proportionate consolidation method.

As a result of applying that standard, the balance sheet as of 1 January 2013 and 30 September 2013 and P&L for the first nine months of 2013 have been re-stated for comparison purposes.

The impact on key figures in 9M13 is as follows:

(unaudited)			
(€Mn)	9M13	IFRS 11 9M13	Variation
Net interest-bearing debt	15,168	14,772	396
Property, plant and equipment and intangible assets	1,035	1,008	27
EBITDA	3,865	3,690	175

### 2.2.- Analysis of results

#### 2.2.1.- Net sales

Net sales in the first nine months of 2014 amounted to €18,223 million, i.e. 0.3% less than in 9M13, broadly due to the negative currency effect resulting from the devaluation of Latin America currencies and to the decline in revenues from power generation in Spain.

#### 2.2.2.- EBITDA and operating income

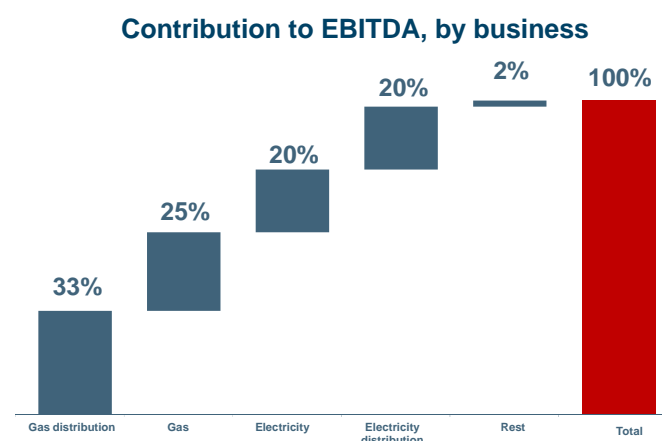
Consolidated EBITDA in 9M14 totalled €3,606 million, a decline of 2,3% with respect to 9M13, despite significant cost containment, in a very tough macroeconomic, energy and regulatory context due to the impacts of Royal Decree Law 9/2013 on the electricity business in Spain and of Royal Decree Law 8/2014 on the gas distribution business, and to translation losses.

The impact on EBITDA with respect to the same period last year of regulatory measures under Royal Decree Law 9/2013 (which affects the electricity and distribution business in Spain, entered into force

on 14 July 2014 and, therefore, did not have an impact on 1H13), and of Royal Decree Law 8/2014 (which affects the regulated gas business, effective 5 July 2014) amounted to €151 million.

The impact on EBITDA of foreign currency depreciation against the euro is €80 million more than in 2013, due mainly to depreciation by the Brazilian real and the Colombian peso.

Excluding these two effects, manageable EBITDA in the first nine months of 2014 would have been €3,837 million euro, i.e. 4.0% more than in the same period of 2013.



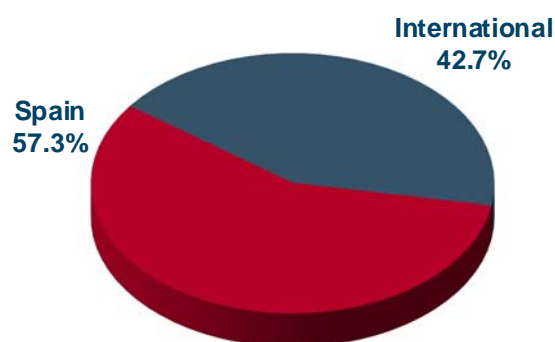
The chart illustrates the business lines' contributions to EBITDA, showing an appropriate degree of diversification, including a notable contribution by gas distribution (32.9%), followed by gas (24.7%), and electricity (mainly in Spain) 20.0%.

Regulated gas and electricity activities in Europe accounted for 33.0% of the total.

EBITDA in Gas Natural Fenosa's international activities, which declined by 3.6% due to translation losses, accounted for 42.7% of the consolidated total, compared with 43.3% in the same period of last year. In contrast, EBITDA from operations in Spain fell by 1.2%, and accounted for 57.3% of the consolidated total.

Depreciation and amortisation charges and impairment losses in the first nine months declined by 1.2% to €1,184 million. Provisions for bad debts amounted to €185 million, compared with €169 million in 2013. Gains from asset disposals totalled €253 million (€8 million in 9M13), providing operating profit of €2,490 million, i.e. 6.8% higher than the same period last year.

#### Contribution to EBITDA, by geographic area



### 2.2.3.- Financial results

The breakdown of financial results is as follows:

(unaudited)

3Q14	3Q13	(€Mn)	9M14	9M13
-171	-194	Cost of net interest-bearing debt	-550	-586
-19	-13	Other financial expenses/revenues	-41	-10
2	1	Financial income - Costa Rica	4	4
<b>-188</b>	<b>-206</b>	<b>Financial result</b>	<b>-587</b>	<b>-592</b>

The cost of net interest-bearing debt in 9M14 was €550 million, i.e. lower than in 9M13 due to the significant decline in gross debt (albeit at a slightly higher cost) together with a smaller volume of cash remunerated at lower interest rates.



The financial result includes €4 million in financial revenues (€4 million in the same period last year) from recognising the value of the concessions in Costa Rica in line with the services concession model established under IFRIC 12.

#### 2.2.4.- Equity-accounted affiliates

From 1 January 2014, the obligatory application of IFRS 11 "Joint Arrangements" led to a change in the method of recognition basically of Unión Fenosa Gas, Ecoeléctrica (CCGT in Puerto Rico) and Nueva Generadora del Sur (CCGT in Spain) and several joint ventures which operate renewable power generation and cogeneration facilities in Spain.

The result is -€75 million in 9M14, compared with -€54 million in 9M13. Ecoeléctrica provided a positive contribution of €30 million (the same amount as in 2013), and the Unión Fenosa Gas sub-group contributed -€77 million (-€82 million in the same period last year).

In September 2014, €25 million was booked corresponding to 50% of the impairment of property, plant & equipment at Nueva Generadora del Sur, S.A. That company runs a CCGT in Campo de Gibraltar, which is unavailable due to the court order requiring that that power off-take line be dismantled. In 2014, Nueva Generadora del Sur commenced administrative actions to obtain authorisation for an alternative route for that line.

Output by Ecoeléctrica's CCGT in Puerto Rico was 3.0% higher than in the same period last year due to greater dispatching by that country's power authority.

Gas supplied in Spain by Unión Fenosa Gas<sup>3</sup> amounted to 28,651 GWh in 9M14, compared with 29,450 GWh in 9M13. A total of 16,335 GWh of energy was traded in international markets, an increase of 11.32% with respect to the same period last year.

#### 2.2.5.- Corporate income tax

Gas Natural Fenosa is taxed in Spain under the consolidated taxation system, in which the tax group is viewed as the taxpayer and its tax base is determined by aggregating the tax bases of its component companies. The other Spanish-resident companies that are not part of the tax group file individual returns, and those not resident in Spain are taxed in their respective countries; the rate for corporate income tax (or the equivalent tax) applicable to income for the period is applied.

The income tax expense is recognised based on the effective tax rate envisaged for the year as a whole. The estimated effective tax rate in the first nine months of 2014 was 24.5%, compared with 23.5% in the same period last year. The difference between the theoretical tax rate and the effective tax rate was mainly due to the application of tax credits and, for the first nine months of 2014, to the effect of updating the balance sheet.

#### 2.2.6.- Minority interest

The main items in this account are the minority shareholders of: EMPL; gas distribution companies in Brazil and Colombia and electricity generation and distribution companies in Panama and Colombia.

Income attributed to minority interest amounted to €141 million in 9M14, i.e. €28 million less than in 9M13.

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<sup>3</sup> Assuming 100%.

### 3. BALANCE SHEET

#### 3.1.- Investments

The breakdown of investments by type is as follows:

(unaudited)			
(€Mn)	9M14	9M13	%
Capital expenditure and intangible assets	1,015	881	15.2
Financial investments	41	127	-67.6
<b>Total investments</b>	<b>1,056</b>	<b>1,008</b>	<b>4.8</b>

Investments in property, plant & equipment and intangible assets amounted to €1,015 million in the first nine months, an increase of 15.2% year-on-year. This growth is mainly due to the finance lease of the Ribera del Duero LNG carrier ship (170,000 m<sup>3</sup> capacity) for €177 million, arranged in March 2014. Adjusting for that figure, other investment in property, plant and equipment and intangible assets declined by 4.9%.

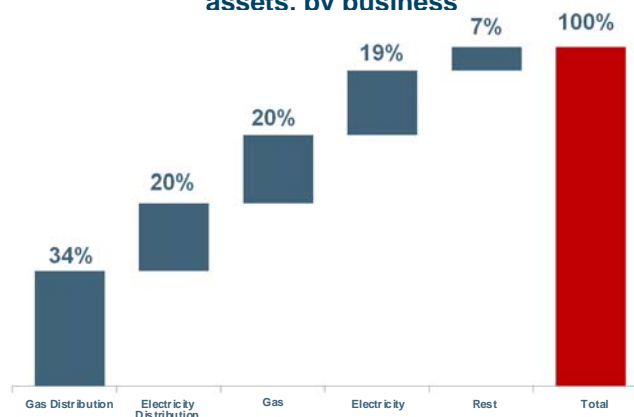
Financial assets added in 2014 correspond mainly to capital expenditure in Costa Rica to build the 50 MW Torito hydroelectric plant, recognised in accordance with the service concession model established under IFRIC 12.

Financial assets added in 2013 are mainly attributable to the acquisition of 14.9% of Medgaz (together with the proportional percentage of the shareholder loan) for €101 million and to investments in Costa Rica amounting to €23 million that are recognised in accordance with the service concession model established under IFRIC 12.

The breakdown of investment in property, plant and equipment and intangible assets by line of business is as follows:

(unaudited)			
(€Mn)	9M14	9M13	%
Gas distribution:	342	300	14.0
Spain	191	169	13.0
Italy	15	13	15.4
Latin America	136	118	15.3
Electricity distribution:	207	241	-14.1
Spain	117	145	-19.3
Moldova	9	7	28.6
Latin America	81	89	-9.0
Gas:	203	20	-
Infrastructure	185	6	-
Procurement and Supply	18	14	28.6
Electricity:	193	261	-26.1
Spain	87	115	-24.3
Global Power Generation	106	146	-27.4
Rest	70	59	18.6
<b>Total capital expenditure and intangible assets</b>	<b>1,015</b>	<b>881</b>	<b>15.2</b>

### Total capital expenditure and intangible assets. by business

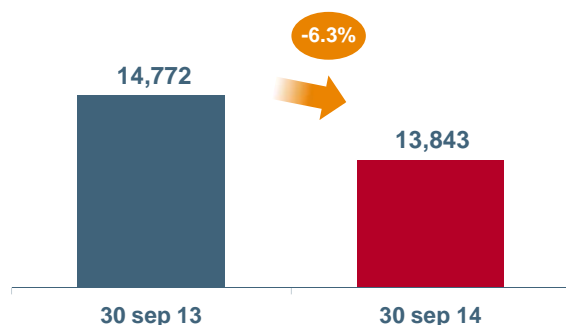


Capital expenditure in the gas distribution business increased by 14.0% and accounted for 33.7% of the consolidated total. Capex in electricity distribution activities in Spain declined by 19.3%. Gas accounted for 20% of the consolidated total due to the addition of a new LNG carrier ship to Gas Natural Fenosa's fleet.

Excluding the LNG carrier, capital expenditure in Spain declined by 3.6%.

## 3.2.- Debt

### Evolution of net interest-bearing (€Mn)



At 30 September 2014, net interest-bearing debt amounted to €13,843 million and leverage was 46.4%. Excluding the outstanding tariff deficit (€428 million) and withholdings by the Spanish National Markets & Competition Commission in 2014 (€194 million), net debt amounted to €13,221 million, i.e. 45.3% leverage.

The net debt/EBITDA ratio was 2.9 (2.8 if the tariff deficit is excluded from net debt) and interest cover (ratio of EBITDA to the cost of net interest-bearing debt ratio) was 6.6 at 30 September 2014.

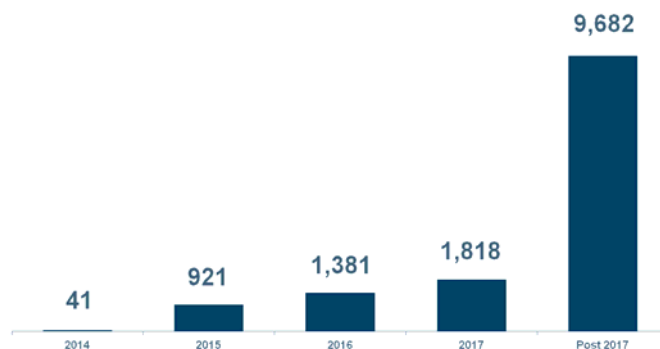
A total of 92.9% of the net interest-bearing debt matures in or after 2016. The average term of net debt is around 5 years.

Having consideration for the impact of financial hedges, a total of 82.4% of the net interest-bearing debt is at fixed interest rates and the other 17.6% is at floating rates. Of the net interest-bearing debt, 6.0% is short term and 94.0% is long term.

The figure shows Gas Natural Fenosa's net debt maturity calendar at 30 September 2014.

At 30 September 2014, cash and cash equivalents together with available bank finance totalled over €10,802 million, providing the company with sufficient liquidity to cover its debt maturities for more than 24 months, with the following breakdown:

### Net interest-bearing debt maturity (€Mn)



(unaudited)

Liquidity (€Mn)	Available in 09/2014
Committed credit lines	6,808
Uncommitted credit lines	89
Cash and cash equivalents	3,905
<b>Total</b>	<b>10,802</b>

Additionally, at 30 September 2014, the company had €3,986 million available in the form of shelf registrations for financial instruments, including €3,245 million in the Euro Medium Term Notes (EMTN) programme following its expansion by €2,000 million to €14,000 million on 30 May 2013; €312 million in the Euro Commercial Paper (ECP) programme; and a total of €429 million in the stock market certificates programmes on the Mexico Stock Exchange, the commercial paper programme on the Panama Exchange, and the Straight Bonds programme in Colombia.

The company placed a 10-year €500 million bond issue with an annual coupon of 2.875% in March 2014.

The total amount issued under the EMTN programme is €10,755 million.

Additional bank credit lines were arranged during the first nine months of the year, which allowed the company to maintain available liquidity.

On 9 July 2013, Gas Natural Fenosa signed the first tranche of a loan totalling €475 million from the European Investment Bank (EIB), to finance part of the investment plan in Unión Fenosa Distribución's transmission and distribution business between 2012 and 2015. The loan is distributed in two tranches: €250 million for 8 years, guaranteed by Unión Fenosa Distribución and which was drawn down in July, and €225 million, drawn down in September 2014.

The European Investment Bank's loan is a reflection of the soundness of Gas Natural Fenosa's project, which meets the Bank's standards on viability, quality and the environment.

The breakdown of the net financial debt by currency at 30 September 2014, in absolute and relative terms, is as follows:

(unaudited)

(€Mn)	30/09/14	%
EUR	12,065	87.2
USD	741	5.4
COP	593	4.3
MXN	284	2.0
BRL	160	1.1
<b>Total net interest-bearing debt</b>	<b>13,843</b>	<b>100.0</b>

The credit ratings of Gas Natural Fenosa's short- and long-term debt are as follows:

Agency	Long term	Short term
Fitch	BBB+	F2
Moody's	Baa2	P-2
Standard & Poor's	BBB	A-2

### 3.3.- Shareholders' equity

The allocation of 2013 income approved by the Ordinary Shareholders' Meeting on 11 April 2014 included the payment of a dividend amounting to €898 million. That represents a payout of 62.1% and a dividend yield of more than 4.8% based on the share price at 31 December 2013 (€18.695).

Consequently, given the number of outstanding shares (1,000,689,341), the total dividend amounts to €0.897 gross per share. The company paid an interim dividend of €0.393 per share on 8 January 2014, and a supplementary dividend of €0.504 per share on 1 July 2014, both in cash.

At 30 September 2014, Gas Natural Fenosa's shareholders' equity totalled €15,985 million. Of that figure, €14,420 million is attributable to Gas Natural Fenosa, i.e. an increase of 5.7% with respect to 30 September 2013.

## 4.- ANALYSIS OF RESULTS BY ACTIVITY

The criteria used to assign amounts to the activities are as follows:

- All revenues and expenses relating directly and exclusively to a specific business activity are allocated directly to it.
- The margin on intercompany transactions is allocated on the basis of the market which is the final destination of the sale.
- Corporate expenses and revenues are assigned on the basis of their use by the individual business lines.

Gas Natural Fenosa created the company Global Power Generation to grow the international power generation business and to enter new markets, as set out in the growth lines of the current strategic plan. The new company encompasses all of the group's international power generation assets: in Mexico (4 CCGTs and the Bii-Hioxo wind farm); Costa Rica (La Joya and Torito hydroelectric plants); Puerto Rico (CCGT); the Dominican Republic (thermal power plant); Panama (hydroelectric and thermal power plants); Kenya (thermal power plant); and Australia (wind projects under development).

As a result, Gas Natural Fenosa is involved in the following activities:

- Gas distribution (Spain, Italy and Latin America).
- Electricity distribution (Spain, Moldova and Latin America).
- Gas (Infrastructure, Procurement and Supply).
- Electricity (Spain and Global Power Generation).

## 4.1.- GAS DISTRIBUTION

### 4.1.1.- Spain

This area includes gas distribution, third-party access (TPA) and secondary transportation, as well as the distribution activities that are charged for outside the regulated remuneration (meter rentals, customer connections, etc.) in Spain.

#### 4.1.1.1.- Results

(unaudited)						
3Q14	3Q13	%	(€Mn)	9M14	9M13	%
296	335	-11.6	Net sales	926	969	-4.4
-5	-3	66.7	Purchases	-15	-17	-11.8
-19	-18	5.6	Personnel costs, net	-57	-57	-
-48	-65	-26.2	Other revenues and expenses	-178	-194	-8.2
<b>224</b>	<b>249</b>	<b>-10.0</b>	<b>EBITDA</b>	<b>676</b>	<b>701</b>	<b>-3.6</b>
-70	-73	-4.1	Depreciation & amortization, and impairment losses	-214	-215	-0.5
-2	-1	-	Change in operating provisions	-6	-1	-
<b>152</b>	<b>175</b>	<b>-13.1</b>	<b>Operating profit</b>	<b>456</b>	<b>485</b>	<b>-6.0</b>

Net sales in the gas distribution business totalled €926 million, i.e. €43 million less than in the same period last year due mainly to redesign of the remuneration model and to slack demand for gas.

EBITDA amounted to €676 million, i.e. €25 million less than in 2013.

#### 4.1.1.2.- Main aggregates

The main aggregates in gas distribution in Spain were as follows:

3Q14	3Q13	%		9M14	9M13	%
34,458	39,062	-11.8	Gas TPA sales (GWh):	121,670	140,847	-13.6
298	272	9.6	Distribution network (km)	48,556	47,415	2.4
10	9	11.1	Change in connection points ('000)	36	28	28.6
-	-	-	Connection points ('000) (at 30/09)	5,208	5,152	1.1

Gas Natural Fenosa's regulated gas sales in Spain declined by 13.6% overall (-19,177 GWh).

Demand for gas which is covered by remuneration for the distribution activity (less than 60 bar) decreased by 14.9% (-15,878 GWh) due to warmer weather, since 2014 is proving to be the warmest year in the last fifteen years, with a differential of 178 degree-days, and also due to the decline in demand in the cogeneration market, affected by new regulations.

Gas Natural Fenosa continues to expand its distribution network and to increase the number of supply connections despite scant activity in the new building market.

The distribution network expanded by 805 km in 9M14, connecting 32 new municipalities to reach a total of 1,131 municipalities with access to natural gas and a total of 5,208,000 distribution points.

On 5 July 2014, Royal Decree Law 8/2014, of 4 July, on the approval of urgent measures for growth, competitiveness and efficiency was published in the Official State Gazette. It includes a series of adjustments in remuneration for regulated gas activities, effective as of 5 July 2014. The text modified the regulations applicable to the natural gas sector with the goal of updating various parameters and resolving the incipient tariff deficit in this sector.

The adjustments include a modification in remuneration for gas distribution and transportation activities which, in the case of Gas Natural Fenosa, will reduce remuneration by approximately €45 million in 2014.

The announced adjustments also include the establishment of a stable regulatory framework, until 2020, which includes a remuneration mechanism for gas distribution that will match remuneration to system revenues and, therefore, maintain the incentive to grow the distribution network and acquire new customers.

#### 4.1.2.- Italy

This area refers to regulated gas distribution in Italy.

##### 4.1.2.1.- Results

(unaudited)						
3Q14	3Q13	%	(€Mn)	9M14	9M13	%
21	22	-4.5	Net sales	67	68	-1.5
-	-	-	Purchases	-	-	-
-3	-3	-	Personnel costs, net	-8	-8	-
-2	-1	-	Other revenues and expenses	-9	-7	28.6
<b>16</b>	<b>18</b>	<b>-11.1</b>	<b>EBITDA</b>	<b>50</b>	<b>53</b>	<b>-5.7</b>
-8	-6	33.3	Depreciation & amortisation, and impairment losses	-20	-19	5.3
-	-	-	Change in operating provisions	-	-	-
<b>8</b>	<b>12</b>	<b>-33.3</b>	<b>Operating profit</b>	<b>30</b>	<b>34</b>	<b>-11.8</b>

EBITDA amounted to €50 million, i.e. a decline of 5.7% compared with the same period last year.

The reduction is mainly due to lower remuneration under the new remuneration model for 2014-2019, which considers the reduction in the country's tax rate (-4%) and assumes a corresponding improvement in net profit.

#### 4.1.2.2.- Main aggregates

3Q14	3Q13	%		9M14	9M13	%
350	332	5.4	Gas TPA sales (GWh)	2,542	2,726	-6.7
33	12	-	Distribution network (km)	7,038	6,913	1.8
-	-	-	Connection points ('000) (at 30/09)	456	452	0.9

A total of 2,542 GWh of gas were distributed, i.e. 6.7% less than in 2013, mainly due to warmer weather at the beginning of the year.

The distribution grid expanded by 125 km in the last 12 months, to 7,038 km at 30 September 2014.

Gas Natural Fenosa has 455,827 gas connection points in Italy, a 0.9% increase with respect to 30 September 2013.

#### 4.1.3- Latin America

This division involves regulated gas distribution in Argentina, Brazil, Colombia, Mexico and Peru.

On 25 July 2013, the government of Peru awarded Gas Natural Fenosa a contract to extend natural gas service to four cities in south-west Peru. This is the company's first project in Peru and expands its presence in Latin America.

As a result of the adjudication, Gas Natural Fenosa will supply energy to an area that is not yet connected to the gas grid and expects to supply natural gas to over 60,000 households. There are four large cities in the area: Arequipa (Peru's second-largest city), Moquegua, Tacna and Ilo.

The concession period is 20 years, with the possibility of an extension, to develop the gas grid in the southeast part of the country, including the transportation system and local gas distribution in four cities.

#### 4.1.3.1.- Results

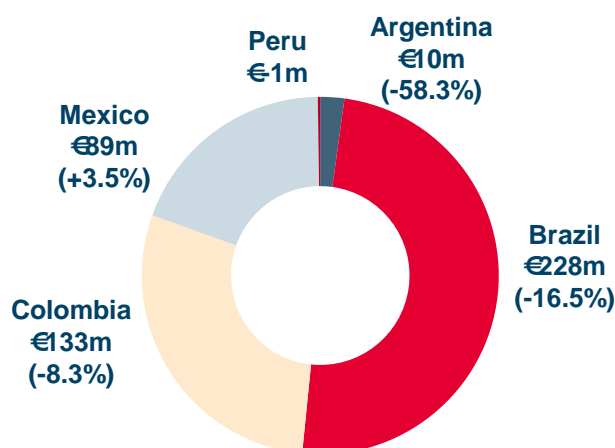
(unaudited)						
3Q14	3Q13	%	(€Mn)	9M14	9M13	%
893	771	15.8	Net sales	2,493	2,479	0.6
-644	-513	25.5	Purchases	-1,789	-1,699	5.3
-22	-23	-4.3	Personnel costs, net	-67	-75	-10.7
-67	-62	8.1	Other revenues and expenses	-178	-177	0.6
<b>160</b>	<b>173</b>	<b>-7.5</b>	<b>EBITDA</b>	<b>459</b>	<b>528</b>	<b>-13.1</b>
-27	-26	3.8	Depreciation & amortisation, and impairment losses	-78	-82	-4.9
-5	-5	-	Change in operating provisions	-12	-14	-14.3
<b>128</b>	<b>142</b>	<b>-9.9</b>	<b>Operating profit</b>	<b>369</b>	<b>432</b>	<b>-14.6</b>

Revenues increased by 0.6% to €2,493 million, on 8.5% growth in volume year-on-year.



EBITDA amounted to €459 million, 13.1% lower than in the same period of 2013, due largely to the negative impact of depreciation of local currencies in Brazil (-7.9%), Argentina (-34.1%), Colombia (-5.0%), and Mexico (-4.6%). Excluding the effect of currency fluctuations, EBITDA would have declined by 4.2%.

#### EBITDA in Latin America, by country



The figure shows gas distribution EBITDA in Latin America, by country, and the variation with respect to the same period of 2013.

Brazil contributed 49.7% of EBITDA, and revenues increased by 13.5% with respect to the same period last year.

Colombia accounted for 29.0% of EBITDA and increased sales by 31.0%, due primarily to growth in the industrial market. EBITDA in Mexico accounted for 19.4% of the total, up 3.5% with respect to the same period last year, and the energy margin increased by 11.5% due to higher margins in the residential/commercial, industrial and automotive natural gas markets.

#### 4.1.3.2.- Main aggregates

The main physical aggregates in gas distribution in Latin America are as follows:

3Q14	3Q13	%		9M14	9M13	%
64,888	55,950	16.0	Gas activity sales (GWh)	186,775	172,213	8.5
42,505	39,863	6.6	Tariff gas sales	119,033	111,896	6.4
22,383	16,087	39.1	TPA	67,742	60,317	12.3
524	252	-	Distribution network (km)	70,285	68,508	2.6
74	56	32.1	Change in connection points ('000)	200	163	22.7
-	-	-	Connection points ('000) (at 30/09)	6,521	6,253	4.3

The key physical aggregates by country in 2014 are as follows:

	Argentina	Brazil	Colombia	Mexico	Total
Gas activity sales (GWh)	55,802	78,201	18,142	34,630	186,775
Change vs. 9M2013 (%)	3.1	13.5	31.0	-1.9	8.5
Distribution network (km)	24,286	6,657	20,589	18,753	70,285
Change vs. 30/09/2013 (km)	367	230	446	734	1,777
Connection points ('000) (at 30/09)	1,580	927	2,605	1,409	6,521
Change vs. 30/09/2013 ('000)	34	38	119	77	268

There were a total of 6,521,000 gas distribution connections in 2014. Year-on-year growth remains high, as the company added 268,000 distribution connections (of which 119,000 in Colombia alone).

Sales in the gas activity in Latin America, which include both gas sales and TPA (third-party access) services, totalled 186,775 GWh, an 8.5% increase with respect to 2013.

The distribution grid expanded by 1,777 km (+2.6%) in the last 12 months, to 70,285 km at the end of September 2014. Mexico made a notable contribution, adding 734 km.

Highlights in Latin America:

- In Argentina, the energy margin increased in all markets with respect to 2013, due mainly to the application of new tariff sheets authorised by the regulator (ENARGAS) as from 1 April 2014. This move was intended to restore the economic balance of the sector. However, the tariff increases envisioned for the various components (gas, transportation and distribution) are focused primarily on gas, which is a pass-through, whereas the increase established for distribution is insufficient to cover the needs of the business or actual inflation. The margin also improved due to the exchange rate effect in sales to industrial clients on the deregulated market and due to the penalties applied to transportation and distribution clients with interruptible contracts for consumption during cut-off periods. The company continued to contain expenditure in a complex economic situation with high inflation (around 40%).
- The business continued to perform well in Brazil, with a 14.6% net increase in residential/commercial customer numbers and an increase in TPA sales in 3Q14. Sales in the power generation market remained in line with levels in the same period of 2013 due to ongoing scant precipitation and low reservoir levels. Reservoir levels in September 2014 stood at 25.3%, i.e. 46.5 percentage points below the historical average (71.8% on average over 8 years) in the southeast/west-central region, which holds 70% of the country's water reserves. The new tariff associated with the 3rd Five-Year Tariff Revision for CEG and CEG Rio entered into force on 1 January 2014, with a recognised WACC of 9.76%. These new tariffs will have a positive impact on the company's earnings.

Gas Natural Fenosa and Brazilian company CEMIG signed an agreement to strengthen the development of the natural gas distribution grid in Brazil. Under this agreement, which is subject to certain conditions precedent, both companies will make the necessary efforts in the coming months to create a gas distribution holding company in Brazil with a view to undertaking additional capital expenditure. The holding company, which will have a shareholders' agreement and will be majority owned by Gas Natural Fenosa, will not affect the company's control of investees in Rio de Janeiro and Sao Paulo.

In due time, the agreement will require regulatory and administrative authorisation by the corresponding authorities.

- In Colombia, gas and TPA sales expanded by a notable 31.0% due primarily to the greater industrial volume (+72.3%) after signing a new sales contract with major industrial clients and also due to the larger customer base. Net residential/commercial customer numbers increased by 3.5%, to around 87,286 customers in the first nine months of the year; this pace is expected to continue in the years to come despite the current high degree of penetration. As for non-regulated businesses, sales of appliances expanded by 58.5% (particularly space heaters, +48.1%, and water heaters, +30.9%).
- In Mexico, the acceleration plan continues, focusing primarily on Mexico City and the Bajíos area with a view to maintaining sustained growth. The net increase in customer numbers expanded by a notable 65.0% in 3Q14, while new installations increased by 18.5% with respect to the same period last year, due mainly to greater penetration in the Bajíos area and containment of customer churn. There was an 11.4% increase in gas and TPA sales due to growth in the residential/commercial as a result of higher unit consumption in the residential market and the broader customer base, and an 8.3% increase in the industrial sector due to greater consumption by large industrial companies in the northern Bajío area and Monterrey.

In line with the company's plans to expand in Mexico, on 22 October 2014, Mexico's Comisión Reguladora de Energía (CRE) awarded Gas Natural Fenosa the natural gas service in a new distribution area in two states in northwest Mexico, with a potential market of 500,000 customers.

The new distribution area includes the towns of Cajeme and Navojoa, in Sonora; and Ahome, Choix, El Fuerte, Guasave and Salvador Alvarado, in Sinaloa. There are all located in one of the country's richest agricultural regions, where energy consumption by food companies is high.

- In Peru, progress continues to be made in line with the business plan which served as the basis for the adjudication, with a view to begin providing services from 2H15 onwards.

## 4.2.- ELECTRICITY DISTRIBUTION

### 4.2.1. Spain

The electricity distribution business in Spain includes regulated distribution of electricity and network services for customers, basically connections and hook-ups, metering and other actions associated with third-party access to Gas Natural Fenosa's distribution network.

#### 4.2.1.1.- Results

(unaudited)						
3Q14	3Q13	%	(€ Mn)	9M14	9M13	%
206	206	-	Net sales	615	624	-1.4
-1	1	-	Purchases	-1	1	-
-23	-23	-	Personnel costs, net	-76	-76	-
-30	-38	-21.1	Other revenues and expenses	-99	-107	-7.5
<b>152</b>	<b>146</b>	<b>4.1</b>	<b>EBITDA</b>	<b>439</b>	<b>442</b>	<b>-0.7</b>
-53	-51	3.9	Depreciation & amortization, and impairment losses	-155	-156	-0.6
1	-1	-	Change in operating provisions	-1	-2	-50.0
<b>100</b>	<b>94</b>	<b>6.4</b>	<b>Operating profit</b>	<b>283</b>	<b>284</b>	<b>-0.4</b>

Order IET/107221/2014, of 1 February, established the remuneration for electricity transmission, distribution and customer management for the electricity distribution company owned by Gas Natural Fenosa and the other industry players. This remuneration includes the modifications established in Act 24/2013, of 26 December, on the Electricity Sector, to recognise investments undertaken in 2012.

EBITDA amounted to €439 million in 9M14, i.e. a decline of 0.7% with respect to the same period last year. Net sales declined by 1.4% as a result of the new regulation. Sales performance was offset in part by the improvement in operating and personnel expenses.

#### 4.2.1.2.- Main aggregates

3Q14	3Q13	%		9M14	9M13	%
7,900	8,229	-4.0	Electric TPA sales (GWh)	23,938	24,590	-2.7
-	-	-	Connection ('000) (at 30/09)	3,672	3,670	0.1
-	-	-	ICEIT (minutes)	37	33	12.1

Electricity supplied fell by 2.7%, i.e. by more than the decline in demand in the Spanish distribution network as a whole, which amounted to 180,167 GWh in 9M14 (182,029 GWh in 9M13), i.e. a 1.0% reduction, according to Red Eléctrica de España (REE).

The number of distribution connections increased slightly with respect to the previous year (2,640), reflecting a return to growth.

As for supply quality, the ICEIT (installed capacity equivalent interrupt time) index was higher than in the same period of 2013 because of adverse weather conditions at the beginning of the year; however, the index is in line with the average of the last few years.

#### 4.2.2.- Moldova

The business in Moldova includes regulated distribution of electricity and the supply of electricity at the bundled tariff in the capital city and the central and southern regions. Gas Natural Fenosa is responsible for 70% of electricity distribution in Moldova.

#### 4.2.2.1.- Results

(unaudited)

3Q14	3Q13	%	(€ Mn)	9M14	9M13	%
50	51	-2.0	Net sales	166	178	-6.7
-38	-40	-5.0	Purchases	-127	-138	-8.0
-2	-1	-	Personnel costs, net	-5	-5	-
-2	-3	-33.3	Other revenues and expenses	-8	-8	-
<b>8</b>	<b>7</b>	<b>14.3</b>	<b>EBITDA</b>	<b>26</b>	<b>27</b>	<b>-3.7</b>
-1	-2	-50.0	Depreciation & amortisation, and impairment losses	-4	-5	-20.0
-	-	-	Other operating provisions	-	-	-
<b>7</b>	<b>5</b>	<b>40.0</b>	<b>Operating profit</b>	<b>22</b>	<b>22</b>	<b>-</b>

Net revenues reflect the pass-through effect of procurement costs together with the past capital expenditure and operation and maintenance performed in accordance with the country's current regulations.

The decline in EBITDA in the first nine months of 2014 compared with the same period last year is due to depreciation of the local currency against the euro. The average exchange rate for the period was 18.59 Lei/€, compared with 16.39 Lei/€ in the same period last year. Excluding the currency effect, EBITDA expanded by 8.2% due to the improvement in grid loss indicators and in efficiency and to cost containment.

#### 4.2.2.2.- Main aggregates

3Q14	3Q13	%		9M14	9M13	%
615	579	6.2	Electricity activity sales (GWh)	1,919	1,858	3.3
-	-	-	Connection points ('000) (at 30/09)	854	844	1.2
-	-	-	Network loss ratio (%)	9,1	11,1	-18.0

Gas Natural Fenosa continues to implement its plan to improve operations in Moldova, focusing on processes linked to energy control in the distribution networks, operating processes associated with the entire customer management cycle, and optimisation of facility O&M; the plan is achieving its objectives and providing an ongoing improvement in basic operating indicators:

- Electricity supplied increased by 3.3%, due to the positive effect of loss reduction campaigns and the 0.8% increase in demand compared with 2013.
- Supply connections totalled 854,107, i.e. up 1.2% with respect to 30 September 2013, due primarily to growth in the real estate sector.

#### 4.2.3- Latin America

This division involves regulated electricity distribution in Colombia and Panama.

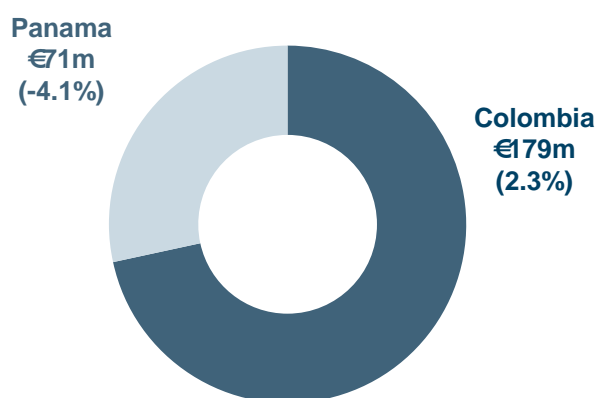
The sale of the electricity distribution business in Nicaragua led to its deconsolidation on 1 February 2013.

Gas Natural Fenosa will continue to operate its two electricity distribution companies in Panama (Edemet and Edechi) for the next 15 years. On 14 August 2013, Panama's Autoridad Nacional de los Servicios Públicos (ASEP) awarded Gas Natural Fenosa 51% of Edemet and Edechi as it was the sole bidder for the two companies. The Panamanian government owns 48%, and minority shareholders the remainder.

#### 4.2.3.1.- Results

(unaudited)						
3Q14	3Q13	%	(€Mn)	9M14	9M13	%
582	512	13.7	Net Sales	1,657	1,619	2.3
-420	-369	13.8	Purchases	-1,234	-1,189	3.8
-12	-13	-7.7	Personnel costs, net	-38	-44	-13.6
-51	-43	18.6	Other revenues and expenses	-135	-134	0.7
<b>99</b>	<b>87</b>	<b>13.8</b>	<b>EBITDA</b>	<b>250</b>	<b>252</b>	<b>-0.8</b>
-16	-15	6.7	Depreciation & amortisation, and impairment losses	-46	-47	-2.1
-23	-13	76.9	Change in operating provisions	-74	-71	4.2
<b>60</b>	<b>59</b>	<b>1.7</b>	<b>Operating profit</b>	<b>130</b>	<b>134</b>	<b>-3.0</b>

### EBITDA in Latin America, by country



EBITDA from electricity distribution in Latin America totalled €250 million, an 0.8% decline compared with the same period last year.

Excluding the effect of currency fluctuations and of the divestment in Nicaragua, EBITDA would have expanded by 6.5%.

The distribution business in Colombia contributed €179 million to EBITDA, i.e. a 9.7% increase excluding the currency effect. This increase is mainly due to growth in demand and the decline in energy losses.

Distribution companies in Panama contributed €71 million to EBITDA in 9M14.

### 4.2.3.2.- Main aggregates

3Q14	3Q13	%		9M14	9M13	%
4,420	4,112	7.5	Electric activity sales (GWh):	12,792	12,275	4.2
4,157	3,854	7.9	Tariff electricity sales:	12,011	11,515	4.3
263	258	1.9	TPA	781	760	2.8
-	-	-	Connection points ('000) (at 30/09)	3,002	2,900	3.5

Electricity sales totalled 12,792 GWh, up 4.2% despite the fact that the figure for the first quarter of 2013 included 239 GWh in sales by the distribution companies in Nicaragua (1 month). Excluding operations in Nicaragua in that period, sales increased by 6.3% due to growth in demand in Colombia and Panama.

In line with the positive demand performance, customer numbers increased in both countries, by 3.5% overall.

The key physical aggregates by country in 2014 are as follows:

	Colombia	Panama	Total
Electric activity sales (GWh)	9,427	3,365	12,792
Change vs. 9M2013 (%)	6.6	5.4	4.2
Connection points ('000) (at 30/09)	2,455	547	3,002
Change vs. 30/09/2013, ('000)	80	22	102
Network loss ratio (%)	16.7	9.9	14.8

The performance of basic operating indicators reflects good business management and growth, as envisioned in the plan to reduce grid losses and bad debts.

Power loss indicators in Colombia and Panama continue to improve compared with previous quarters.

## 4.3.- GAS

### 4.3.1.- Infrastructure

This area includes operation of the Maghreb-Europe gas pipeline, maritime transportation, the development of integrated liquefied natural gas (LNG) projects, and hydrocarbon exploration, development, production and storage.

#### 4.3.1.1.- Results

(unaudited)						
3Q14	3Q13	%	(€Mn)	9M14	9M13	%
77	78	-1.3	Net sales	231	238	-2.9
-1	-14	-92.9	Purchases	-6	-27	-77.8
-1	-1	-	Personnel costs, net	-3	-3	-
-4	-6	-33.3	Other revenues and expenses	-11	-16	-31.3
<b>71</b>	<b>57</b>	<b>24.6</b>	<b>EBITDA</b>	<b>211</b>	<b>192</b>	<b>9.9</b>
-22	-20	10.0	Depreciation & amortisation, and impairment losses	-61	-64	-4.7
-	-	-	Change in operating provisions	-	-	-
<b>49</b>	<b>37</b>	<b>32.4</b>	<b>Operating profit</b>	<b>150</b>	<b>128</b>	<b>17.2</b>

Net sales in the Infrastructure business totalled €231 million in 9M14, a 2.9% decline.

EBITDA in 2014 amounted to €211 million, i.e. 9.9% more than in the same period last year, due mainly to greater use of the company's own fleet.

#### 4.3.1.2.- Main aggregates

The main aggregates in international gas transportation are as follows:

3Q14	3Q13	%		9M14	9M13	%
30,354	25,476	19.1	Gas transportation-EMPL (GWh):	91,901	90,779	1.2
8,599	8,880	-3.2	Portugal-Morocco	26,281	27,509	-4.5
21,755	16,596	31.1	Spain-Morocco (Gas Natural Fenosa)	65,620	63,270	3.7

The gas transportation activity conducted in Morocco through companies EMPL and Metragaz represented a total volume of 91,901 GWh, 1.2% more than in the previous year, reflecting a return to growth due to the higher volume of gas shipped to Spain. Of that figure, 65,620 GWh were shipped for Gas Natural Fenosa through Sagane and 26,281 GWh for Portugal and Morocco.

In 2013, Gas Natural Fenosa acquired a 14.95% stake in Medgaz, S.A. Medgaz operates the Algeria-Europe subsea gas pipeline connecting Beni Saf with the Almería coast (capacity: 8 bcm/year). The corresponding capacity is attributable to a new supply contract amounting to 0.8 bcm/year. A total of 6,357 GWh were shipped via the Medgaz pipeline for Gas Natural Fenosa in 9M14.

The company continues to advance the paperwork for the five exploration, production and storage projects planned for the coming years in the Guadalquivir Valley (Marismas, Aznalcázar and Romeral

areas). In January 2013, the Secretary of State for the Environment granted the Environmental Impact Assessments (EIA) for the Saladillo, Eastern Marismas and Aznalcázar projects; the company had previously obtained an EIA for the Western Marismas project. Subsequently, the Government of Andalucía suspended processing of a Combined Environmental Authorisation for the Eastern Marismas and Aznalcázar projects, expressing doubts as to whether the synergistic effects between the projects had been evaluated and requesting that the Ministry of the Environment complete that evaluation prior to issuing the remaining EIAs. The European Commission completed the corresponding pilot project in July 2014, which confirms that the paperwork was completed in accordance with European regulations.

### 4.3.2.- Procurement and Supply

This area includes gas procurement and supply (wholesale and retail) in the liberalised market in Spain and other countries, retail gas supply and the sale of other products and services related to retail supply in the liberalised market in Spain and Italy, and supply of gas at the last-resort tariff in Spain.

#### 4.3.2.1.- Results

(unaudited)						
3Q14	3Q13	%	(€Mn)	9M14	9M13	%
2,716	2,490	9.1	Net sales	8,822	8,710	1.3
-2,467	-2,219	11.2	Purchases	-7,940	-7,849	1.2
-15	-13	15.4	Personnel costs, net	-47	-42	11.9
-48	-50	-4.0	Other revenues and expenses	-155	-150	3.3
<b>186</b>	<b>208</b>	<b>-10.6</b>	<b>EBITDA</b>	<b>680</b>	<b>669</b>	<b>1.6</b>
-5	-5	-	Depreciation & amortisation, and impairment losses	-16	-14	14.3
-30	-27	11.1	Change in operating provisions	-69	-55	25.5
<b>151</b>	<b>176</b>	<b>-14.2</b>	<b>Operating profit</b>	<b>595</b>	<b>600</b>	<b>-0.8</b>

Net revenues amounted to €8,822 million, i.e. 1.3% more than in the same period last year. EBITDA increased by 1.6% to €680 million, mainly due to greater sales outside Spain and to lower supply costs, primarily in the third quarter of 2014.



### 4.3.2.2.- Main aggregates

The main aggregates in the wholesale gas procurement and supply activity are as follows:

3Q14	3Q13	%		9M14	9M13	%
71,765	62,450	14.9	Wholesale supply	214,007	201,393	6.3
44,039	39,563	11.3	Spain:	128,618	132,510	-2.9
28,153	26,999	4.3	Gas Natural Fenosa supply <sup>4</sup>	84,742	87,339	-3.0
15,886	12,564	26.4	Supply to third parties	43,876	45,171	-2.9
27,726	22,887	21.1	International:	85,389	68,883	24.0
8,831	5,345	65.2	Supply in Europe	30,596	20,620	48.4
18,895	17,542	7.7	Other	54,793	48,263	13.5

In a situation of weak demand, Gas Natural Fenosa's supply business recovered in the third quarter, with the result that supplies in the Spanish gas market in the first nine months of 2014 amounted to 128,618 GWh, a 2.9% decline with respect to the same period last year, due to lower sales to final customers of Gas Natural Fenosa (-3.0%), mainly as a result of a decline in gas consumption by CCGT plants and in supply to third parties (-2.9%).

Gas sales outside Spain maintained the trend from previous quarters and increased by 24.0% with respect to the same period last year, to 85,389 GWh.

Gas Natural Fenosa, through its subsidiary Gas Natural Comercializadora, attained a 17% share of the gas market in Portugal, according to data from ERSE, the Portuguese regulator, maintaining its position as that country's second-largest operator. Its activities are focused in the industrial market, where it has an estimated share of over 20%. This strengthens its leading position in the Iberian Peninsula as the official creation of the Iberian Gas Market (MIBGAS) approaches.

The company is also the leading foreign operator in Portugal, with industrial contracts amounting to 6.5 TWh/year.

Gas Natural Fenosa, through its subsidiary Gas Natural Comercializadora, was awarded an additional 48% of underground storage capacity made available in the market by the System Operator.

Gas Natural Europe (the French subsidiary for supply in Europe) currently has a contracted portfolio of 22.4 TWh per year in France in a range of sectors, from industrial companies (chemicals, paper mills, etc.) to local governments and the public sector.

The French subsidiary strengthened its position in Belgium and Luxembourg with a contracted portfolio of 6.4 TWh per year. In The Netherlands, the company strengthened its position, attaining a portfolio of 5.3 TWh per year. The company began operations in Germany at the end of 2012 and already has a portfolio of 1.6 TWh/year.

Gas Natural Fenosa is also considering an entry into other central European markets in the short term by offering a combination of customised energy consulting with the advantage of a diversified, secure supply.

Gas Natural Vendita had a portfolio under contract in the Italian wholesale market amounting to 7.1 TWh/year at 30 September 2014.

The company continues to diversify into international markets, having sold gas in the Americas (Caribbean and South America) and Asia (Japan, India and South Korea). This strengthens our

<sup>4</sup> Does not include exchange transactions.

presence in the main international LNG markets, providing us with a medium-term position in countries with growth potential and those which are large consumers of LNG.

Gas Natural Fenosa signed a new LNG supply contract with US company Cheniere in June 2014 under which the latter will provide GNF with 2 bcm/year, on an FOB basis, from its liquefaction plant under construction in Corpus Christi, Texas. The 20-year contract can be extended for an additional 10 years, and the first delivery is expected in 2019, once the second train at the liquefaction plant is built and operational. This agreement is conditional on the obtainment of regulatory authorisation and the funding required to build the plant.

The main aggregates in the retail gas procurement and supply activity are as follows:

3Q14	3Q13	%		9M14	9M13	%
-	-	-	Retail contracts (at 30/09):	11,958,039	11,424,499	4.7
-	-	-	Energy contracts	9,228,553	9,014,180	2.4
-	-	-	Energy services contracts	2,729,486	2,410,319	13.2
-	-	-	Contracts per customer	1.5	1.4	7.1
-	-	-	Market share of gas contracts (Spain)	57.9%	57.9%	-
1,998	2,173	-8.1	Retail supply (GWh):	19,220	22,591	-14.9
1,767	1,938	-8.8	Spain	17,208	20,519	-16.1
231	235	-1.7	Italy	2,012	2,072	-2.9
-	-	-	Multiutility contracts (Spain) (at 30/09)	2,456,171	2,108,636	16.5

Gas Natural Fenosa aims to meet the energy needs of its retail clients by providing quality products and services. As a result of this commitment, it has 12 million active gas, electricity and maintenance service contracts, of which 521,874 are in Italy.

The company, a pioneer in the combined supply of gas and electricity, serves more than 1.4 million homes, most of which (79%) have also contracted the maintenance service, which offers an excellent, quick and effective response.

With a strong focus on continued growth in the retail business, the company has sold products and services throughout Spain, obtaining 1,272,000 new contracts in 2014.

The company continues to promote its Capacity Optimisation Service for SMEs in portfolio, whereby it provides custom advisory services to each client. The company continues to expand market share in Portugal, and had more than 31,000 contracts there at 30 September 2014.

Gas Natural Fenosa remains committed to innovation to meet the expectations of its clients as efficiently as possible, including new functionalities in all digital channels, such as the ability to buy services and receive customer care online; its online platform receives 6 million queries per year.

The company is committed to continuous improvement; to that end, it focuses on developing and enhancing new and traditional maintenance service products. The broad, diversified portfolio of services for residential clients and SMEs has enabled the company to increase its active contracts to 2.5 million, managed with the group's own operating platform with 158 associated firms connected via an online system, which has enabled it to maximise service quality and customer satisfaction. As a result of this performance, energy and services contracts in the retail segment increased by 5% in like-for-like terms with respect to 30 September 2013.

Gas Natural Fenosa promotes the use of natural gas for road transport in Spain. A plan has been approved to initially build eight new service stations on the main road corridors of the Iberian

Peninsula in approximately two years. Those service stations will be in addition to the seven that are currently operational on those corridors and two in the development phase. These stations will serve the routes with the greatest amount of heavy vehicle traffic, supplying LNG for long-distance trucking.

The Energy Solutions area continues to expand the portfolio of new value-added products and services: and two new energy services were launched in 2014.

## 4.4.- ELECTRICITY

### 4.4.1. Spain

This area basically includes power generation in Spain, wholesale and retail electricity supply in the liberalised market in Spain, and electricity supply at the Small Consumer Voluntary Price.

#### 4.4.1.1.- Results

(unaudited)						
3Q14	3Q13	%	(€Mn)	9M14	9M13	%
1,555	1,339	16.1	Net sales	4,319	4,247	1.7
-1,142	-944	21.0	Purchases	-3,143	-3,017	4.2
-37	-39	-5.1	Personnel costs, net	-109	-118	-7.6
-184	-197	-6.6	Other revenues and expenses	-503	-531	-5.3
<b>192</b>	<b>159</b>	<b>20.8</b>	<b>EBITDA</b>	<b>564</b>	<b>581</b>	<b>-2.9</b>
-125	-120	5.0	Depreciation & amortisation, and impairment losses	-399	-400	-
-9	-9	-	Change in operating provisions	-22	-32	-31.3
<b>58</b>	<b>30</b>	<b>90.0</b>	<b>Operating profit</b>	<b>143</b>	<b>149</b>	<b>-4.7</b>

Net sales in the electricity business amounted to €4,319 million in the first nine months of 2014, 1.7% more than in the same period of 2013.

The recovery in electricity prices in the quarter boosted EBITDA, although in the first nine months of 2014 it declined by 2.9% year-on-year to €564 million.

This decline is attributable mainly to the adverse performance by fuel prices, lower wholesale electricity prices as a result of the change in the electricity production mix (greater hydroelectric output) and the impact on power generation of fiscal and regulatory measures approved under Act 15/2012 and RDL 9/2013.

Electricity demand in mainland Spain amounted to 61,558 GWh in the third quarter of 2014, a decline of 0.6% with respect to the same period last year, in line with the trend of quarter-on-quarter declines which began in 2010, broken only in the fourth quarter of 2013. During the quarter, demand increased only in September, by 3.3%, and declined in July by -2.6% and in August by -2.2%, although both figures were affected sharply by unusually moderate summer temperatures.

Demand totalled 182,669 GWh in the first nine months of 2014, a decline of 0.9% year-on-year. Adjusting for the different number of working days and for temperatures, demand actually increased by 0.3%.

Peak capacity usage in one hour in 3Q14 was registered on 17 July: 37,229 MW, i.e. lower than the 37,570 MW attained in the same quarter last year (10 July 2013).

The balance of international power flows was a net export in physical terms in the third quarter of 2014, amounting to 1.1 TWh (down 55.6% with respect to 3Q13), and the total was 2.9 TWh in 9M14, 37.8% less than the amount exported in 9M13. Consumption for pumped storage amounted to 722 GWh in 3Q14, i.e. 3.0% more than in 3Q13.

Consumption for pumped storage amounted to 4,005 GWh in 9M14, i.e. 15.2% less than in 9M13.

Net electricity output in Spain declined by 2.5% in 3Q14 and by 2.1% in 9M14.

Renewable output declined by 5.5% and non-renewable output by 1.0% compared with 3Q13. Renewable output increased by 1.0% while non-renewable output declined by 4.4% compared with 9M13.

Wind power output fell by 9.3% with respect to the same period last year. Output increased only in July (26.2%) while September registered the worst monthly performance in the quarter (a decline of 33.4%). Wind covered 13.9% of demand, 1.4 percentage points less than in the same quarter in 2013. Overall, wind covered 19.6% of demand in 9M14, 0.4 percentage points less than in 9M13.

Output by other renewables declined by 2.6% in the quarter but increased by 5.5% in the first nine months, with solar thermal increasing notably in that period (18.5%).

Renewable output as a whole covered 33.4% of demand in 3Q14, 1.8 percentage points less than in 3Q13. It covered 45.6% of total demand in 9M14, i.e. 0.9 percentage points more than in the same period last year.

Non-renewable output in 3Q14 declined by 1.0% compared with 3Q13. It declined by 4.4% in 9M14, with a decline in all technologies, except for hydroelectric and coal.

Hydroelectric output declined by 8.1% in the quarter. In terms of hydroelectric energy capability, 2014 is proving to be a wet year, with an exceedance probability of 24% when compared with the historical average; i.e. statistically, only 24 out of every 100 years would be wetter than 2014. Output increased by 6.2% in 9M14.

Nuclear output declined by 10.9% in the quarter and by 3.1% in 9M14, affected by changes in the dates of scheduled shut-downs.

The thermal gap increased by almost 2 TWh in the quarter, accounting for 37.2% of demand, compared with 33.9% in the same quarter of 2013. The thermal gap increased by 4.4% in 9M14 compared with 9M13, with coverage of 24.7%, i.e. 1.3 points more than in 2013.

Coal-fired output increased sharply in 3Q14, by 14.1%, and covered 26.2% of demand, 3.3 points more than in the same period of 2013. In the first nine months of 2014, coal-fired output increased by 13.9% and covered 15.5% of demand, compared with 13.4% in the same period last year.

In the third quarter of 2014, CCGTs decreased output by 0.8% with respect to the same period of 2013, resulting in a decline of 9.9% in 9M14. CCGT output covered 11.1% of demand in the quarter, in line with the figure in 3Q13. CCGTs covered 8.1% of demand in 9M14, 0.7 percentage points less than in 9M13.

The weighted average price in the daily power generation market was €53.02/MWh in the third quarter of 2014, i.e. €2 higher than in 3Q13 (€51.02/MWh) and 29% higher than in 2Q14 (€41.07/MWh). In 9M14, the weighted average price in the electricity pool was €39.10/MWh, i.e. €2.0/MWh less than in 9M13. Average daily prices during the quarter ranged from €36.29/MWh (20 July 2014) to €67.25/MWh (4 September 2014), maintaining an upward trend throughout the quarter.

The Brent crude price declined from an average of \$109.6/bbl in the second quarter of 2014 to \$101.9/bbl (-7.1%) in the third quarter of 2014, as monthly averages declined throughout the quarter. API 2, Europe's main coal price indicator, increased by 0.6%, from an average of \$74.7/tonne in the

second quarter of 2014 to \$75.2/tonne in the third quarter of 2014, ending the downward trend that began over two years ago following the hiatus in 4Q13. The price of CO<sub>2</sub> emission rights (EUAs on Bluenext) averaged €6.1/tonne (maturing in 2014), up from the average of €5.3/tonne in the previous quarter.

#### 4.4.1.2.- Main aggregates

The main aggregates in Gas Natural Fenosa's electricity business in Spain were as follows:

Power generation capacity:

3Q14	3Q13	%		9M14	9M13	%
-	-	-	Installed capacity (MW):	12,122	12,050	0.6
-	-	-	Generation:	11,220	11,186	0.3
-	-	-	Hydroelectric	1,948	1,914	1.8
-	-	-	Nuclear	604	604	-
-	-	-	Coal	2,065	2,065	-
-	-	-	Oil/gas	6,603	6,603	-
-	-	-	Renewables and Cogeneration	902	864	4.4
-	-	-	Wind	738	738	-
-	-	-	Small hydroelectric	107	69	55.1
-	-	-	Cogeneration and other	57	57	-

Electricity generated and sold:

3Q14	3Q13	%		9M14	9M13	%
9,101	9,468	-3.9	Electric energy produced (GWh):	22,815	23,817	-4.2
8,736	9,045	-3.4	Generation	21,243	22,151	-4.1
427	461	-7.4	Hydroelectric	3,410	3,659	-6.8
1,082	1,182	-8.5	Nuclear	3,169	3,181	-0.4
2,677	2,216	20.8	Coal	4,174	3,552	17.5
4,550	5,186	-12.3	CCGT	10,490	11,759	-10.8
365	423	-13.7	Renewables and cogeneration:	1,572	1,666	-5.6
272	273	-0.4	Wind	1,161	1,136	2.2
80	64	25.0	Small hydroelectric	335	271	23.6
13	86	-84.9	Cogeneration and others	76	259	-70.7
8,904	8,294	7.4	Electricity sales (GWh):	25,788	24,892	3.6
7,624	6,770	12.6	Liberalised market	21,220	19,615	8.2
1,280	1,524	-16.0	Last resort tariff	4,568	5,277	-13.4
-	-	-	Generation market share (%)	12.0	12.2	-1.6

Gas Natural Fenosa generated 9,101 GWh of electricity in mainland Spain in the third quarter of 2014, i.e. 3.9% less than in the same period of 2013. Of that figure, 8,736 GWh were ordinary regime, a 3.4% decline year-on-year due to lower output by all technologies (except coal). Electricity generated by Gas Natural Fenosa in mainland Spain declined by 4.2% in 9M14, basically due to the decline in ordinary regime output.

Wind, other hydroelectric and cogeneration output fell by 13.7% in the quarter and by 5.6% in the first nine months.

Hydroelectric output amounted to 427 GWh in 3Q14, i.e. 7.4% less than in 3Q13 (461 GWh), due to lower precipitation in the quarter. Hydroelectric output declined by 6.8% in 9M14 compared with 9M13.

Although 2014 was initially classified as "wet", the low precipitation in the third quarter resulted in it being reclassified as "average", with an exceedance probability of 51% at 30 September 2014 (i.e. probability that this year's energy capability will be exceeded, based on the historical record of average energy capability). Reservoirs in the Gas Natural Fenosa watersheds were at 28.7% of capacity, compared with 31.8% at the end of September 2013.

Nuclear output declined by 8.5% in 3Q14 compared with 3Q13, and by 0.4% in 9M14, although these figures were affected by the change in the dates of scheduled shut-downs.

Gas Natural Fenosa's output using Spanish coal under the Royal Decree on Security of Supply amounted to 1,375 GWh in 3Q14. Coal-fired output in the third quarter of 2014 totalled 2,677 GWh, i.e. 20.8% more than in 3Q13. Coal-fired output in 9M14 amounted to 4,174 GWh, 17.5% higher than in 9M13.

The company's CCGT output in the third quarter of 2014 totalled 4,550 GWh, 12.3% less compared with 3Q13. CCGT output amounted to 10,490 GWh in 9M14, i.e. 10.8% less than in 9M13.

The company attained an 18.6% share of the power generation market in 9M14, i.e. less than the 19.8% registered in 9M13.

The electricity supply area sold 25,788 GWh in 9M14, including supply to the liberalised market and under the last-resort tariff. The electricity supply portfolio is in line with Gas Natural Fenosa's strategy of maximising margins, optimising market share, and hedging against price variations in the electricity market.

Emissions of CO<sub>2</sub> in the third quarter of 2014 from Gas Natural Fenosa's thermal power plants and CCGTs that are affected by the regulation governing greenhouse gas emission trading totalled 4.5 million tonnes (vs. 4.1 million tonnes in the same period of 2013). Emissions amounted to 8.3 million tonnes in 9M14, 0.4 million tonnes more than in the same period in 2013.

Gas Natural Fenosa applies a comprehensive approach to its portfolio of CO<sub>2</sub> emission rights for the post-Kyoto (2013-2020) period, acquiring the emission rights and credits needed through active participation in the secondary market as well as through primary projects and carbon funds.

### GNF Renewables

At 30 September 2014, Gas Natural Fenosa Renewables (GNF Renewables) had a consolidable total operational capacity of 902 MW, of which 738 MW are wind, 107 MW are small hydroelectric and 57 MW are cogeneration.

Output was 5.6% lower than in 2013 (1,572 GWh vs. 1,666 GWh). This decline was mainly due to lower output by cogeneration plants (cogeneration + slurry), which fell by 70.7% as a result of the temporary shut-down of cogeneration plants associated with slurry treatment after publication of a draft Ministerial Order to modify the remuneration parameters for their exported electricity. Wind output expanded by 2.2%, due to stronger winds compared with the same period last year. Small hydroelectric output increased by 23.6% because the Belesar II and Peares II power plants became operational and provided 103 GWh in the first nine months of 2014.

The definitive Ministerial Order IET/1045/2014 on the new remuneration scheme applicable to electricity generation facilities based on renewable energy, cogeneration and waste was published on 16 June 2014. Although the parameters envisioned in previously published drafts were modified, no major changes are expected in GNF Renewables results with respect to those projected on the basis of the early drafts.

Ministerial Order IET/1459/2014 was published on 1 August, approving the remuneration scheme and establishing the mechanism for assigning the specific remuneration regime for new wind and photovoltaic facilities in electric systems not in mainland Spain and establishing the remuneration framework that will apply to the wind projects in the Canary Islands for which GNFR is bidding.

Construction continued in the third quarter on the Cordal de Montouto Wind Farm (14 MW) in Galicia, which is expected to become operational at the end of 2014.

#### 4.4.2.- Global Power Generation

On 1 October 2014, Gas Natural Fenosa created the company Global Power Generation to develop its international power generation business. The new company encompasses Gas Natural Fenosa's power generation assets and businesses outside Europe, and it was created in line with the objectives set out in the company's current strategic plan, which include international growth through the development of power generation projects, especially in Latin America and Asia.

This item includes all of the Group's international power generation assets and stakes in Mexico, Puerto Rico, the Dominican Republic, Panama, Kenya and Australia (wind projects), and the assets operated for third parties via O&M Energy.

##### 4.4.2.1.- Results

(unaudited)						
3Q14	3Q13	%	(€Mn)	9M14	9M13	%
225	225	-	Net Sales	708	705	0.4
-149	-149	-	Purchases	-489	-475	2.9
-6	-5	20.0	Personnel costs, net	-15	-14	7.1
-13	-15	-13.3	Other revenues and expenses	-45	-52	-13.5
<b>57</b>	<b>56</b>	<b>1.8</b>	<b>EBITDA</b>	<b>159</b>	<b>164</b>	<b>-3.0</b>
-26	-25	4.0	Depreciation & amortisation, and impairment losses	-74	-74	-
-	-	-	Change in operating provisions	-	-	-
<b>31</b>	<b>31</b>	<b>-</b>	<b>Operating profit</b>	<b>85</b>	<b>90</b>	<b>-5.6</b>

Global Power Generation's EBITDA in 9M14 totalled €159 million, down 3.0% compared with the same period last year.

In Mexico, EBITDA increased by 3.2% (by 6% excluding the currency effect), due mainly to higher capacity revenues associated with a different maintenance calendar compared with last year.

EBITDA in the Dominican Republic declined by 17.7% year-on-year (-15.2% excluding the currency effect) as a result of comparison with the extraordinarily high output levels in the first half of 2013 due to more efficient plants dropping out of the system and to lower hydroelectric output.

EBITDA in Panama declined by 64.5% (63.4% excluding the currency effect) due to scant precipitation in the areas where the hydroelectric plants are located. As a result, the cost of energy increased due to purchases in the market and to the higher cost of fuel as a result of increased thermal output to fulfil contractual capacity commitments.

EBITDA declined by 13.5% in Kenya (11.2% excluding the currency effect). The decline is mainly due to fluctuations in fuel prices, lower energy sales (due to lower plant usage) and the moderate increase in expenses as a result of rescheduling maintenance.

#### 4.4.2.2.- Main aggregates

3Q14	3Q13	%		9M14	9M13	%
-	-	-	Installed capacity (MW):	2,429	2,429	-
-	-	-	Mexico (CCGT)	2,035	2,035	-
-	-	-	Costa Rica (hydroelectric)	51	51	-
-	-	-	Panama (hydroelectric)	22	22	-
-	-	-	Panama (oil-fired)	11	11	-
-	-	-	Dominican Republic (oil-fired)	198	198	-
-	-	-	Kenya (oil-fired)	112	112	-
4,631	4,667	-0.8	Electricity generated (GWh):	13,492	13,778	-2.1
4,187	4,136	1.2	Mexico (CCGT)	12,301	12,224	0.6
47	74	-36.5	Costa Rica (hydroelectric)	118	164	-28.0
16	23	-30.4	Panama (hydroelectric)	43	50	-14.0
4	2	-	Panama (oil-fired)	28	11	-
275	295	-6.8	Dominican Republic (oil-fired)	628	923	-32.0
102	137	-25.5	Kenya (oil-fired)	374	406	-7.9
-	-	-	Availability factor (%):			
-	-	-	Mexico (CCGT)	98.0	95.3	2.8
-	-	-	Costa Rica (hydroelectric)	93.1	97.4	-4.4
-	-	-	Panama (hydroelectric and oil-fired)	90.9	93.4	-2.7
-	-	-	Dominican Republic (oil-fired)	89.5	90.1	-0.7
-	-	-	Kenya (oil-fired)	86.9	87.0	-0.1

Output in Mexico increased slightly compared with last year due to the different schedule of maintenance and reviews between the two years, and to greater sales of surplus energy.

Hydroelectric output in Costa Rica was impacted by the scant precipitation early in the year, to low dispatching, and to the scheduled shut-down in September of the Cachí plant, which provides water. Lower availability with respect to the previous year is attributable to the shut-down of the Cachí plant.

The increase in output in Panama is due to greater production by thermal plants, which were dispatched to compensate for lower hydro output as a result of scant precipitation. Greater utilisation of thermal plants resulted in lower availability due to increased maintenance work on hydroelectric facilities.

Output in the Dominican Republic declined by 32.0% due to comparison with the extraordinarily high output in 2013, caused by other, more efficient plants dropping out of system and by lower hydroelectric output.

Diesel-fired output in Kenya (374 GWh) was 7.9% lower than in the same period of 2013. That decline is due to lower dispatching of plant 1 as a result of the entry into service of facilities with more efficient technology.



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Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since 1 January 2014:

- Gas Natural Fenosa announces the payment of a dividend on 8 January 2014 (disclosed 3 January 2014, registration number 198312).
- Fitch Ratings withdraws Rating Watch Negative (RWN) on Gas Natural Fenosa and assigns it a stable outlook (disclosed 10 January 2014, registration number 198544).
- Gas Natural Fenosa publishes the invitation to the conference call to discuss its 4Q13 earnings (disclosed 24 January 2014, registration number 198978).
- Gas Natural Fenosa announces the reorganisation of its power generation business in Spain (disclosed 31 January 2014, registration number 199325).
- Gas Natural Fenosa publishes its 4Q13 results (disclosed 18 February 2014, registration number 200558).
- Gas Natural Fenosa files the presentation of earnings for the fourth quarter of 2013 (disclosed 18 February 2014, registration number 200561).
- Gas Natural Fenosa announces its employee stock ownership plan for 2014 (disclosed 19 February 2014, registration number 200643).
- Gas Natural Fenosa discloses information on earnings for the second half of 2013 (disclosed 21 February 2014, registration number 200729).
- Gas Natural Fenosa publishes its Annual Corporate Governance Report for 2013 (disclosed 21 February 2014, registration number 200739).
- Gas Natural Fenosa completes a €500 million bond issue (disclosed 27 February 2014, registration number 201064).
- Gas Natural Fenosa calls an Ordinary Shareholders' Meeting for 11 April 2014 (disclosed 7 March 2014, registration number 201670).
- Gas Natural Fenosa publishes its Annual report on director remuneration for 2013 (disclosed 7 March 2014, registration number 201671).
- Gas Natural Fenosa files the presentation used at the press conference before the Ordinary Shareholders' Meeting (disclosed 11 April 2014, registration number 203328).
- Gas Natural Fenosa discloses that the Ordinary Shareholders' Meeting has approved all proposals contained in the Agenda submitted by the Board of Directors (disclosed 11 April 2014, registration number 203403).
- Gas Natural Fenosa publishes the invitation to the conference call to discuss its 1Q14 earnings (disclosed 16 April 2014, registration number 203767).
- Gas Natural Fenosa discloses information on earnings for the first quarter of 2014 (disclosed 6 May 2014, registration number 204677).

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- Gas Natural Fenosa files the presentation of earnings for the first quarter of 2014 (disclosed 6 May 2014, registration number 204683).
  - Gas Natural discloses a decision by the Courts of Palermo to place certain companies in Italy under court intervention on a temporary basis (disclosed 6 May 2014, registration number 206261).
  - Gas Natural Fenosa discloses changes in the Executive Committee (disclosed 30 May 2014, registration number 206533).
  - Gas Natural Fenosa publishes a press release on the signature of a new LNG supply contract with US company Cheniere (disclosed 2 June 2014, registration number 206615).
  - Gas Natural Fenosa announces the agreement to sell its telecommunications subsidiary (disclosed 9 June 2014, registration number 206944).
  - Gas Natural Fenosa and Brazilian company Cemig sign an agreement to develop the natural gas distribution grid in Brazil (disclosed 16 June 2014, registration number 207242).
  - Gas Natural Fenosa discloses that the Board of Directors of Gas Natural Sdg, S.A. has resolved to amend its Internal Code of Conduct in connection with the Securities Markets (disclosed 27 June 2014, registration number 207725).
  - Gas Natural Fenosa publishes the invitation to the conference call to discuss its 1H14 earnings (disclosed 4 July 2014, registration number 208041).
  - Gas Natural Fenosa discloses comments on the regulatory review of the natural gas sector (disclosed 7 July 2014, registration number 208153).
  - Gas Natural Fenosa discloses information on earnings for the first half of 2014 (disclosed 24 July 2014, registration number 208898).
  - Gas Natural Fenosa files the presentation of earnings for the first half of 2014 (disclosed 24 July 2014, registration number 208908).
  - Gas Natural Fenosa discloses information on earnings for the first half of 2014 (disclosed 29 July 2014, registration number 209230).
  - Gas Natural Fenosa launches a bid for 100% of Chilean company Compañía General de Electricidad, S.A. (disclosed 12 October 2014, registration number 211827).
  - Gas Natural Fenosa announces a conference call on the bid for Chilean company Compañía General de Electricidad, S.A. (disclosed 12 October 2014, registration number 211828).
  - Gas Natural Fenosa publishes information about the conference call on the bid for Chilean company Compañía General de Electricidad, S.A. (disclosed 13 October 2014, registration number 211831).
  - Gas Natural Fenosa files the presentation on the bid for Chilean company Compañía General de Electricidad, S.A. (disclosed 13 October 2014, registration number 211835).
  - Gas Natural Fenosa publishes the invitation to the conference call to discuss its 9M14 earnings (disclosed 22 October 2014, registration number 212529).

- GAS NATURAL FENOSA: CONSOLIDATED PROFIT & LOSS ACCOUNT
- GAS NATURAL FENOSA: ANALYSIS OF RESULTS BY ACTIVITY
- GAS NATURAL FENOSA: CONSOLIDATED BALANCE SHEET
- GAS NATURAL FENOSA: CONSOLIDATED CASH FLOW STATEMENT

(€ Mn)	9M14	9M13(*)
Net sales	18,223	18,273
Other operating revenues	205	174
Purchases	-12,803	-12,654
Personnel costs	-617	-633
Other operating costs	-1,402	-1,470
<b>EBITDA</b>	<b>3,606</b>	<b>3,690</b>
Other results	253	8
Depreciation & amortisation, and impairment losses	-1,184	-1,198
Change in operating provisions	-185	-169
<b>OPERATING PROFIT</b>	<b>2,490</b>	<b>2,331</b>
Finance income	-587	-593
Income from disposal of financial instruments	-	1
Income from associates	-75	-54
<b>CONSOLIDATED PRE-TAX PROFIT</b>	<b>1,828</b>	<b>1,685</b>
Income tax expense	-448	-396
Minority interest	-141	-169
<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>1,239</b>	<b>1,120</b>

(\*) Restated under IFRS 11

**EBITDA**

(€Mn)	1Q14	2Q14	3Q14	4Q14	2014
<b>GAS DISTRIBUTION</b>	<b>390</b>	<b>395</b>	<b>400</b>		
Spain	227	225	224		
Italy	16	18	16		
Latin America	147	152	160		
<b>ELECTRICITY DISTRIBUTION</b>	<b>232</b>	<b>224</b>	<b>259</b>		
Spain	141	146	152		
Moldova	12	6	8		
Latin America	79	72	99		
<b>GAS</b>	<b>322</b>	<b>312</b>	<b>257</b>		
Infrastructure	71	69	71		
Procurement and Supply	251	243	186		
<b>ELECTRICITY</b>	<b>247</b>	<b>227</b>	<b>249</b>		
Spain	197	175	192		
Global Power Generation	50	52	57		
<b>REST</b>	<b>33</b>	<b>39</b>	<b>20</b>		
<b>TOTAL EBITDA</b>	<b>1,224</b>	<b>1,197</b>	<b>1,185</b>		

(€Mn)	1Q13	2Q13	3Q13	4Q13	2013(*)
<b>GAS DISTRIBUTION</b>	<b>414</b>	<b>428</b>	<b>440</b>	<b>390</b>	<b>1,672</b>
Spain	225	227	249	216	917
Italy	17	18	18	16	69
Latin America	172	183	173	158	686
<b>ELECTRICITY DISTRIBUTION</b>	<b>241</b>	<b>240</b>	<b>240</b>	<b>228</b>	<b>949</b>
Spain	147	149	146	132	574
Moldova	12	8	7	8	35
Latin America	82	83	87	88	340
<b>GAS</b>	<b>331</b>	<b>265</b>	<b>265</b>	<b>283</b>	<b>1,144</b>
Infrastructure	67	68	57	66	258
Procurement and Supply	264	197	208	217	886
<b>ELECTRICITY</b>	<b>284</b>	<b>246</b>	<b>215</b>	<b>235</b>	<b>980</b>
Spain	230	192	159	181	762
Global Power Generation	54	54	56	54	218
<b>REST</b>	<b>15</b>	<b>33</b>	<b>33</b>	<b>23</b>	<b>104</b>
<b>TOTAL EBITDA</b>	<b>1,285</b>	<b>1,212</b>	<b>1,193</b>	<b>1,159</b>	<b>4,849</b>

(\*) Restated under IFRS 11

## Investments in property, plant and equipment and intangible assets

(€Mn)	1Q14	2Q14	3Q14	4Q14	2014
<b>GAS DISTRIBUTION</b>	<b>82</b>	<b>118</b>	<b>142</b>		
Spain	48	68	75		
Italy	3	6	6		
Latin America	31	44	61		
<b>ELECTRICITY DISTRIBUTION</b>	<b>44</b>	<b>70</b>	<b>93</b>		
Spain	20	40	57		
Moldova	2	3	4		
Latin America	22	27	32		
<b>GAS</b>	<b>183</b>	<b>7</b>	<b>13</b>		
Infrastructure	178	2	5		
Procurement and Supply	5	5	8		
<b>ELECTRICITY</b>	<b>39</b>	<b>76</b>	<b>80</b>		
Spain	16	31	40		
Global Power Generation	23	45	40		
<b>REST</b>	<b>9</b>	<b>38</b>	<b>21</b>		
<b>TOTAL</b>	<b>357</b>	<b>309</b>	<b>349</b>		

(€Mn)	1Q13	2Q13	3Q13	4Q13	2013(*)
<b>GAS DISTRIBUTION</b>	<b>79</b>	<b>113</b>	<b>108</b>	<b>190</b>	<b>490</b>
Spain	44	66	59	110	279
Italy	3	5	5	17	30
Latin America	32	42	44	63	181
<b>ELECTRICITY DISTRIBUTION</b>	<b>40</b>	<b>97</b>	<b>104</b>	<b>116</b>	<b>357</b>
Spain	19	62	64	70	215
Moldova	1	2	4	7	14
Latin America	20	33	36	39	128
<b>GAS</b>	<b>5</b>	<b>8</b>	<b>7</b>	<b>17</b>	<b>37</b>
Infrastructure	2	3	1	6	12
Procurement and Supply	3	5	6	11	25
<b>ELECTRICITY</b>	<b>49</b>	<b>131</b>	<b>81</b>	<b>160</b>	<b>421</b>
Spain	36	47	32	60	175
Global Power Generation	13	84	49	100	246
<b>REST</b>	<b>21</b>	<b>34</b>	<b>4</b>	<b>91</b>	<b>150</b>
<b>TOTAL</b>	<b>194</b>	<b>383</b>	<b>304</b>	<b>574</b>	<b>1,455</b>

(\*) Restated under IFRS 11

(€ Mn)	30/09/14	30/09/13(*)
<b>Non-Current Assets</b>	<b>33,081</b>	<b>32,902</b>
Intangible assets	7,888	7,997
Tangible assets	20,218	20,406
Investment in associates	2,322	2,496
Non-current financial assets	1,562	987
Deferred tax assets	1,091	1,016
<b>Current Assets</b>	<b>9,967</b>	<b>11,794</b>
Inventories	937	820
Trade and other receivables	4,792	4,285
Other current financial assets	333	1,286
Cash and cash equivalents	3,905	5,403
<b>TOTAL ASSETS</b>	<b>43,048</b>	<b>44,696</b>

(€ Mn)	30/09/14	30/09/13(*)
<b>Equity-</b>	<b>15,985</b>	<b>15,198</b>
Net equity of Parent Company	14,420	13,648
Minority interest	1,565	1,550
<b>Non-current Liabilities-</b>	<b>20,054</b>	<b>22,070</b>
Deferred revenues	830	887
Non-current provisions	1,457	1,544
Non-current financial liabilities	14,884	16,956
Deferred tax liabilities	2,014	1,969
Other no-current liabilities	869	714
<b>Current Liabilities-</b>	<b>7,009</b>	<b>7,428</b>
Current provisions	108	89
Current financial liabilities	2,866	3,524
Trade and other payables	3,617	3,499
Other current liabilities	418	316
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>43,048</b>	<b>44,696</b>

(\*) Restated under IFRS 11

(€ Mn)	9M14	9M13(*)
<b>Cash flow from ordinary activities</b>	<b>2,069</b>	<b>2,508</b>
Income before taxes	1,828	1,685
Adjustments	1,401	1,767
<i>Operating Cash flow</i>	<b>3,229</b>	<b>3,452</b>
Changes in working capital	-261	-199
Other cash flows from operating activities	-899	-745
Interest	-616	-532
Dividends collects	37	25
Income tax expenses	-320	-238
<b>Investment cash flow</b>	<b>-422</b>	<b>-1,144</b>
Investments	-1,201	-1,895
Disposals	731	711
Other cash flows from investing activities	48	40
<b>Financing cash flow</b>	<b>-1,914</b>	<b>-243</b>
Increase of capital	-	-
Net proceeds from instruments representing financial liabilities	-816	814
Dividends paid	-1,047	-1,005
Other cash flows from financing activities	-51	-52
<b>Effect of Exchange rate variations</b>	<b>-</b>	<b>-41</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-267</b>	<b>1,080</b>
<b>Beginning cash and cash equivalents</b>	<b>4,172</b>	<b>4,323</b>
<b>Ending cash and cash equivalents</b>	<b>3,905</b>	<b>5,403</b>

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