



First Half Results 2013

23 July 2013

NET PROFIT IN THE FIRST HALF OF 2013 INCREASED BY 1.7% TO €780 MILLION

- Net profit amounted to €780 million in the first half of 2013, a year-on-year increase of 1.7%, supported by a sound business model with a growing international presence and by a strong capital position due to debt reduction in a context of regulatory tightening.
- Consolidated EBITDA in 2013 amounted to €2,634 million, a 2.9% increase with respect to 2012, supported by Gas Natural Fenosa's diversification, the growing contribution from the international business, and its balanced business profile, which offset the stagnation in the contribution from the regulated businesses in Spain and greater fiscal pressure due to the impact of Act 15/2012 on power generation in Spain.
- EBITDA from Gas Natural Fenosa's international activities increased by 6.2%, accounting for 43.4% of the consolidated total, compared with 42.1% the previous year.
- The pace of deleveraging is especially noteworthy, as net interest-bearing debt was reduced by €808 million in the second quarter. As a result, net debt totalled €15,136 million, the leverage ratio was 50.2% and the net interest-bearing debt/EBITDA ratio was 2.9 at 30 June 2013. Excluding the outstanding tariff deficit, net interest-bearing debt would be €14,221 million, i.e. leverage of 48.7% and net interest-bearing debt/EBITDA of 2.8.
- The General Shareholders' Meeting of Gas Natural SDG, held on 16 April 2013, approved shareholder remuneration of €895 million, i.e. 8.7% higher than the previous year, with a resulting payout of 62.1% and a dividend yield of more than 6.6% based on the share price at 31 December 2012 (€13.58). The supplementary dividend for 2012, which amounted to €0.503 per share, was paid on 1 July 2013.
- The Board of Directors of Gas Natural Fenosa authorised a tender offer in cash for the perpetual preference shares issued in 2003, which attained an 88.6% acceptance rate.
- On 9 July 2013, Gas Natural Fenosa and the European Investment Bank (EIB) signed a loan agreement for €475 million to finance part of the electricity distribution network business in Spain. The loan is divided into two tranches: €250 million at 8 years, guaranteed by group company Unión Fenosa Distribución, S.A., and €225 million at 15 years with a bank guarantee.
- On 12 July 2013, the Spanish Cabinet approved a packet of energy reform measures including Royal Decree-Act 9/2013, adopting Urgent Measures to guarantee the Financial Stability of the Electricity System, a Draft Law for the Electricity Sector, and several draft Royal Decrees. Based on the information available to date, and pending additional data, Gas Natural Fenosa is evaluating the economic impacts of those measures, which in any case would effect the company's figures in future periods.

1.- MAIN AGGREGATES

1.1.- Main financial aggregates

| 2Q13 | 2Q12 | % | (€Mn) | 1H13 | 1H12 | % |
|-------|-------|------|--|--------|--------|-------|
| 6,126 | 5,950 | 3.0 | Net sales | 12,895 | 12,439 | 3.7 |
| 1,305 | 1,259 | 3.7 | EBITDA | 2,634 | 2,559 | 2.9 |
| 714 | 763 | -6.4 | Operating income | 1,547 | 1,582 | -2.2 |
| 369 | 360 | 2.5 | Net profit | 780 | 767 | 1.7 |
| - | - | - | Average number of shares (million) ¹ | 1,001 | 992 | 0.9 |
| - | - | - | Net profit per share (€) | 0.78 | 0.77 | 1.3 |
| 405 | 325 | 24.6 | Investments | 674 | 551 | 22.3 |
| -808 | 187 | - | Net financial debt (at 30/06) | 15,136 | 16,939 | -10.6 |

1.2.- Ratios

| | 1H13 | 1H12 |
|-----------------------------------|-------|-------|
| Leverage ² | 50.2% | 53.3% |
| EBITDA/ Financial result | 6.6x | 6.5x |
| Net interest-bearing debt /EBITDA | 2.9x | 3.5x |
| P/E | 10.7x | 8.0x |
| EV/EBITDA | 5.9x | 5.6x |

Share performance and balance sheet at 30 June.

¹ Calculated in accordance with IAS 33.

² Net interest-bearing debt/(Net interest-bearing debt + Equity).

1.3.- Main physical aggregates

Gas and electricity distribution:

| 2Q13 | 2Q12 | % | (€Mn) | 1H13 | 1H12 | % |
|---------|--------|------|---|---------|---------|-------|
| 106,077 | 98,343 | 7.9 | Gas distribution (GWh): | 221,369 | 207,754 | 6.6 |
| 45,147 | 45,405 | -0.6 | Europe: | 104,179 | 108,028 | -3.6 |
| - | - | - | Tariff gas sales | - | - | - |
| 45,147 | 45,405 | -0.6 | TPA ³ | 104,179 | 108,028 | -3.6 |
| 60,930 | 52,938 | 15.1 | Latin America: | 117,190 | 99,726 | 17.5 |
| 39,640 | 33,072 | 19.9 | Tariff gas sales | 74,065 | 58,960 | 25.6 |
| 21,290 | 19,866 | 7.2 | TPA | 43,125 | 40,766 | 5.8 |
| 12,293 | 12,910 | -4.8 | Electricity distribution (GWh): | 26,052 | 27,404 | -4.9 |
| 8,203 | 8,462 | -3.1 | Europe: | 17,890 | 18,621 | -3.9 |
| 584 | 571 | 2.3 | Tariff gas sales | 1,278 | 1,268 | 0.8 |
| 7,619 | 7,891 | -3.4 | TPA | 16,612 | 17,353 | -4.3 |
| 4,090 | 4,448 | -8.0 | Latin America: | 8,162 | 8,783 | -7.1 |
| 3,828 | 4,213 | -9.1 | Tariff gas sales | 7,660 | 8,321 | -7.9 |
| 262 | 235 | 11.5 | TPA | 502 | 462 | 8.7 |
| - | - | - | Gas distribution connections, ('000) (at 30/06): | 11,790 | 11,509 | 2.4 |
| - | - | - | Europe | 5,594 | 5,524 | 1.3 |
| - | - | - | Latin America | 6,196 | 5,985 | 3.5 |
| - | - | - | Electricity distribution connections ('000) (at 30/06): | 7,486 | 8,221 | -8.9 |
| - | - | - | Europe | 4,617 | 4,586 | 0.7 |
| - | - | - | Latin America | 2,869 | 3,635 | -21.1 |
| - | - | - | ICEIT in Spain (minutes) | 23 | 15 | 53.3 |

³ Also includes TPA services in the secondary network.

Energy businesses:

| 2Q13 | 2Q12 | % | (€Mn) | 1H13 | 1H12 | % |
|--------|--------|-------|---------------------------------|---------|---------|-------|
| 11,239 | 13,425 | -16.3 | Electricity generated (GWh): | 24,718 | 28,002 | -11.7 |
| 6,290 | 8,423 | -25.3 | Spain: | 14,789 | 18,721 | -21.0 |
| 1,295 | 504 | - | Hydroelectric | 3,198 | 782 | - |
| 878 | 848 | 3.5 | Nuclear | 1,999 | 2,081 | -3.9 |
| 606 | 1,578 | -61.6 | Coal | 1,336 | 3,916 | -65.9 |
| - | - | - | Oil/gas | - | - | - |
| 2,831 | 4,805 | -41.1 | CCGT | 6,657 | 10,554 | -36.9 |
| 680 | 688 | -1.2 | Renewables | 1,599 | 1,388 | 15.2 |
| 4,949 | 5,002 | -1.1 | International: | 9,929 | 9,281 | 7.0 |
| 60 | 88 | -31.8 | Hydroelectric | 116 | 155 | -25.2 |
| 4,443 | 4,463 | -0.4 | CCGT | 8,906 | 8,274 | 7.6 |
| 446 | 451 | -1.1 | Oil-gas | 907 | 852 | 6.5 |
| - | - | - | Installed capacity (MW): | 15,364 | 15,496 | -0.9 |
| - | - | - | Spain: | 12,672 | 12,804 | -1.0 |
| - | - | - | Hydroelectric | 1,914 | 1,905 | 0.5 |
| - | - | - | Nuclear | 604 | 603 | 0.2 |
| - | - | - | Coal | 2,048 | 2,048 | - |
| - | - | - | Oil/gas | - | 157 | - |
| - | - | - | CCGT | 6,998 | 6,998 | - |
| - | - | - | Renewables | 1,108 | 1,093 | 1.4 |
| - | - | - | International: | 2,692 | 2,692 | - |
| - | - | - | Hydroelectric | 73 | 73 | - |
| - | - | - | CCGT | 2,298 | 2,298 | - |
| - | - | - | Oil-gas | 321 | 321 | - |
| 72,859 | 78,165 | -6.8 | Gas supply (GWh): | 166,994 | 173,406 | -3.7 |
| 52,595 | 56,901 | -7.6 | Supply in Spain | 119,160 | 125,920 | -5.4 |
| 277 | 352 | -21.3 | Retail sales in Italy | 1,838 | 1,908 | -3.7 |
| 19,987 | 20,912 | -4.4 | Rest | 45,996 | 45,578 | 0.9 |
| 15,306 | 22,117 | -30.8 | UF Gas ⁴ (GWh): | 33,538 | 44,517 | -24.7 |
| 10,410 | 13,820 | -24.7 | Gas supply in Spain | 23,762 | 29,619 | -19.8 |
| 4,896 | 8,297 | -41.0 | Rest | 9,776 | 14,898 | -34.4 |
| 30,292 | 31,364 | -3.4 | Gas transportation - EMPL (GWh) | 65,303 | 66,203 | -1.4 |

⁴ Assuming 100%.

2.- ANALYSIS OF CONSOLIDATED RESULTS

2.1.- Changes in group size

The main changes in consolidated group size in 2013 with respect to 2012 are as follows:

- In February 2012, the company sold certain gas clients and associated contracts in the Madrid region.
- In February 2013, Gas Natural Fenosa sold its stake in Nicaraguan electricity distribution companies Distribuidora de Electricidad del Norte, S.A. (83.7%) and Distribuidora de Electricidad del Sur, S.A. (83.7%).

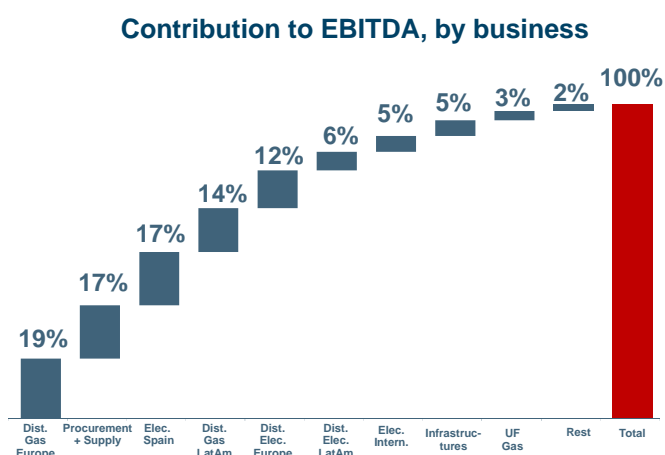
2.2.- Analysis of results

2.2.1.- Net sales

Net sales totalled €12,895 million in the first half of 2013, a 3.7% increase over 1H12, due basically to growth in the gas distribution business in Latin America and in the international wholesale gas business.

2.2.2.- EBITDA and operating income

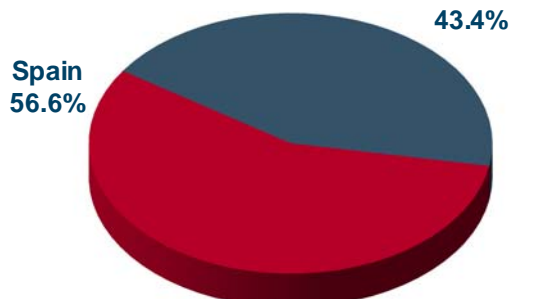
Consolidated EBITDA in the first half of 2013 amounted to €2,634 million, an increase of 2.9% with respect to the first half of 2012, in a very tough macroeconomic, energy and financial context; this result was achieved due to an appropriate balance of regulated and liberalised gas and electricity businesses, including a growing, diversified international presence, which offset the impact of Act 15/2012.



Regulated gas and electricity distribution accounts for 51.1% (31.3% in Europe and 19.8% in Latin America) of Gas Natural Fenosa's EBITDA.

The electricity business accounts for 22.0% and the gas business for 25.0% of consolidated EBITDA.

Contribution to EBITDA, by geographic area



EBITDA from Gas Natural Fenosa's international activities increased by 6.2% to €1,144 million, accounting for 43.4% of the consolidated total in 1H13 (42.1% in 1H12). This growth was attributable to a notable increase in gas supply and to expansion in Latin America. In contrast, EBITDA from operations in Spain were in line with the same period last year, increasing by 0.5% but declining as a share of the consolidated total to 56.6%.

Depreciation charges in the first half of 2013 increased by 10.2% to €981 million, mainly attributable to a €70 million impairment charge for the decline in the value assigned, in the business

combination with Unión Fenosa, to the gas processing rights held by Gas Natural Fenosa through subsidiary Unión Fenosa Gas in the Damietta liquefaction plant (Egypt), due to the temporary shutdown of the plant resulting from suspension of deliveries by the natural gas supplier. Provisions totalled €114 million, compared with €107 million in 1H12. Gains from asset disposals amounted to €8 million (+€20 million in 2012), providing operating profit of €1,547 million, i.e. 2.2% lower than in the same period last year.

2.2.3.- Financial results

The breakdown of financial results is as follows:

| 2Q13 | 2Q12 | (€Mn) | 1S13 | 1H12 |
|-------------|-------------|-----------------------------------|-------------|-------------|
| -203 | -194 | Cost of net interest-bearing debt | -401 | -394 |
| 13 | -18 | Other financial expenses/revenues | -4 | -37 |
| -190 | -212 | Financial result | -405 | -431 |

The cost of net interest-bearing debt in 1H13 was €401 million, i.e. slightly higher than in 1H12 due to the opportunity cost of maintaining gross debt in line with last year but at a slightly higher cost, together with a greater volume of cash. It's important to highlight that Gas Natural Fenosa has refinanced debt at longer terms (9 and 10 years) while short-term interest rates, to which the remuneration of cash surpluses is referenced, have declined.

2.2.4.- Corporate income tax

In June 2013, the AGM of some companies of the group resolved to update their balance sheets in accordance with Act 16/2012 of 27 December, providing a net tax credit of €109 million in the "Corporate income tax" item on the consolidated P&L for the first half.

As a result, the effective tax rate in 1H13, based on the best estimate of the effective rate for the year as a whole, is 22.0%, i.e. lower than in 1H12 (24.9%).

2.2.5.- Minority interest

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

Income attributed to minority interest in 2013 amounted to €114 million, i.e. €11 million more than in the same period of 2012.

3. BALANCE SHEET

3.1.- Investments

The breakdown of investments by type is as follows:

| (€Mn) | 1H13 | 1H12 | % |
|---|------------|------------|-------------|
| Capital expenditure and intangible assets | 596 | 535 | 11.4 |
| Financial investments | 78 | 16 | - |
| Total investments | 674 | 551 | 22.3 |

Capital expenditure (intangible assets and property, plant and equipment) amounted to €596 million, 11.4% more than in 2012, due primarily to increased international investments.

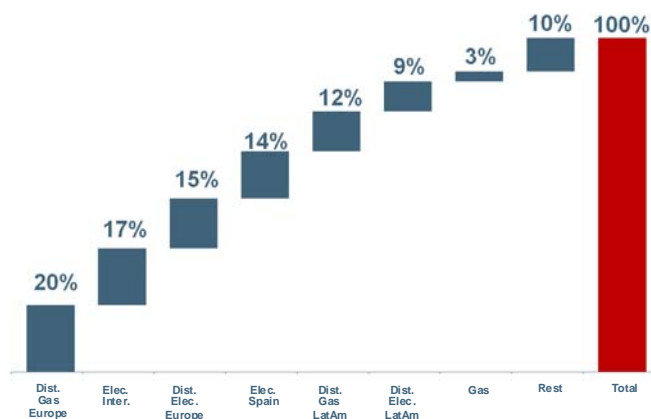
Financial investments in the first half of 2013 are mainly attributable to the acquisition of 10% of Medgaz for €62 million.

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

| (€Mn) | 1H13 | 1H12 | % |
|--|------------|------------|-------------|
| Gas distribution: | 193 | 190 | 1.6 |
| Spain | 110 | 108 | 1.9 |
| Latin America | 74 | 65 | 13.8 |
| Italy | 9 | 17 | -47.1 |
| Electricity distribution: | 139 | 169 | -17.8 |
| Spain | 83 | 121 | -31.4 |
| Latin America | 53 | 44 | 20.5 |
| Moldova | 3 | 4 | -25.0 |
| Electricity: | 184 | 112 | 64.3 |
| Spain | 84 | 80 | 5.0 |
| International | 100 | 32 | - |
| Gas: | 20 | 24 | -16.7 |
| Up + Midstream | 5 | 14 | -64.3 |
| Wholesale & Retail | 7 | 7 | - |
| UF Gas | 8 | 3 | - |
| Rest | 60 | 40 | 50.0 |
| Total capital expenditure and intangible assets | 596 | 535 | 11.4 |

Gas Natural Fenosa allocated 55.7% of capital expenditure to regulated gas and electricity distribution, which will strengthen their contribution to consolidated EBITDA.

Total capital expenditure and intangible assets, by activity



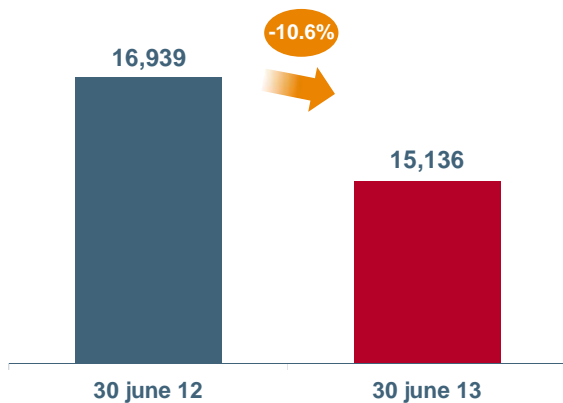
Capital expenditure fell 11.3% in Spain, which is still the largest single area of investment, accounting for 52.9% of the consolidated total (65.4% in 2012), whereas capex in other countries accounted for 47.1% of the total, having increased by 56.1% with respect to last year.

Capital expenditure in Latin America remains focused on Mexico, Brazil and Colombia, having expanded by a notable 76.6%. Construction of a 234 MW wind farm in Mexico has commenced, representing capital expenditure of €75 million in 1H13.

3.2.- Debt

At 30 June 2013, net interest-bearing debt amounted to €15,136 million and leverage was 50.2%.

Evolution of net interest-bearing debt (€million)



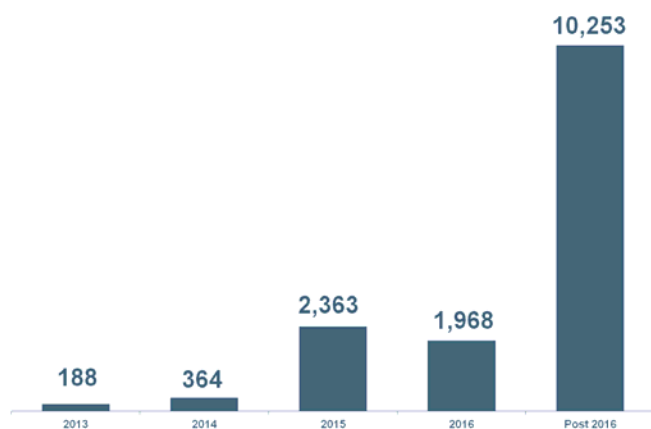
Excluding the outstanding tariff deficit (€915 million), net debt would be €14,221 million, i.e. leverage of 48.7%.

The net debt/EBITDA ratio was 2.9 (2.8 if the tariff deficit is excluded from net debt) and the EBITDA/net interest ratio was 6.6 at 30 June 2013.

Since the Fondo de Amortización del Déficit Eléctrico (FADE) launched an inaugural bond issue backed by rights assigned by Spain's electricity system on 11 January 2011, new issues and taps under previous issues have totalled €20,792 million, of which €5,153 were issued in 2013. Gas Natural Fenosa has received a total of €2,334 million, including

€540 million in the first half of 2013.

Net interest-bearing debt maturity (€Mn)



The figure shows Gas Natural Fenosa's net debt maturity calendar at 30 June 2013.

A total of 80.7% of the net interest-bearing debt matures in or after 2016. The average term of the debt is more than 5 years.

A total of 79.5% of net interest-bearing debt is at fixed interest rates and the other 20.5% is at floating rates. Of the net interest-bearing debt, 3.4% is short term and 96.6% is long term.

At 30 June 2013, cash and cash equivalents together with available bank

finance totalled over €11,100 million, providing the company with sufficient liquidity to cover its debt maturities for more than 24 months.

Additionally, at 30 June 2013 the company had €3,478 million available in the form of shelf registrations for financial instruments, including €2,546 million in the Euro Medium Terms Notes (EMTN) programme, after expanding it by another €2,000 million on 30 May, to €14,000 million; €488 million in the Euro Commercial Paper (ECP) programme, and a combined €444 million in the stock market certificate programmes on the Mexico and Panama Stock Exchanges and the Ordinary Bond Programme in Colombia.

In January 2013, the company placed a 10-year €600 million bond issue with an annual coupon of 3.875% under the EMTN programme. In February, under that same programme, it launched its first non-euro bond: a 6-year 250 million Swiss franc issue with an annual coupon of 2.125%. In April, the company returned to the capital markets with a 9-year €750 million public issue with a coupon of 3.875%.

The total amount issued under the EMTN programme is over €11,750 million, with an average coupon of 4.62% and an average maturity of over 6.8 years.

On 16 April, the Board of Directors of Gas Natural SDG, S.A. approved a cash tender offer for preference shares paying 93% of the nominal value. Those preference shares were issued by Unión Fenosa Financial Services USA, LLC in the amount of €609 million in 2003. The offer was accepted by 88.56%, equivalent to a nominal value of €539 million.

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 plan to upgrade Unión Fenosa Distribución's electricity transmission, distribution and supply business to regulated tariff customers between 2012 and 2015.

The loan will be distributed in two tranches: €250 million for 8 years, guaranteed by Unión Fenosa Distribución, and €225 million for 15 years, with a bank guarantee.

The EIB's loan reflects the soundness of Gas Natural Fenosa's project, which fulfils the Bank's standards on viability, quality and the environment.

The breakdown of net interest-bearing debt by currency at 30 June 2013, in absolute and relative terms, is as follows:

| (€ Mn) | 30/06/13 | % |
|--|---------------|--------------|
| EUR | 13,256 | 87.6 |
| US\$ | 891 | 5.9 |
| COP | 595 | 3.9 |
| MXN | 291 | 1.9 |
| BRL | 103 | 0.7 |
| Total net interest-bearing debt | 15,136 | 100.0 |

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

| Agency | l/t | s/t |
|-------------------|------|-----|
| Moody's | Baa2 | P-2 |
| Standard & Poor's | BBB | A-2 |
| Fitch | BBB+ | F2 |

3.3.- Shareholders' equity

The allocation of 2012 income approved by the Ordinary Shareholders' Meeting on 16 April 2013 includes the payment of a dividend amounting to €895 million. That represents a payout of 62.1% and a dividend yield of more than 6.6% based on the share price at 31 December 2012 (€13.58). The resolution also includes a supplementary dividend payment in cash.

Consequently, and having consideration for the number of outstanding shares (1,000,689,341), the total dividend amounts to €0.894 gross per share. An interim dividend of €0.391 per share was paid on 8 January 2013, and a supplementary dividend of €0.503 per share was paid on 1 July 2013.

At 30 June 2013, Gas Natural Fenosa's shareholders' equity totalled €14,987 million. Of that figure, €13,423 million is attributable to Gas Natural Fenosa, i.e. an increase of 1.6% with respect to 30 June 2012.

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.

4.1.- Gas distribution in 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.- Results

| 2Q13 | 2Q12 | % | (€Mn) | 1H13 | 1H12 | % |
|------------|------------|------------|--------------------------------|------------|------------|------------|
| 320 | 320 | - | Net sales | 634 | 631 | 0.5 |
| -6 | -6 | - | Purchases | -14 | -11 | 27.3 |
| -20 | -16 | 25.0 | Personnel costs, net | -39 | -36 | 8.3 |
| -67 | -71 | -5.6 | Other revenues and expenses | -129 | -133 | -3.0 |
| 227 | 227 | - | EBITDA | 452 | 451 | 0.2 |
| -71 | -71 | - | Depreciation and amortization | -142 | -141 | 0.7 |
| -1 | -3 | -66.7 | Change in operating provisions | - | -2 | - |
| 155 | 153 | 1.3 | Operating profit | 310 | 308 | 0.6 |

Net sales in the gas distribution business totalled €634 million and EBITDA €452 million, both in line with the same period last year.

4.1.2.- Main aggregates

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

| 2Q13 | 2Q12 | % | | 1H13 | 1H12 | % |
|--------|--------|-------|------------------------------------|---------|---------|-------|
| 44,695 | 44,897 | -0.4 | Gas TPA sales (GWh) | 101,785 | 105,518 | -3.5 |
| 280 | 324 | -13.6 | Distribution network (km) | 47,143 | 45,785 | 3.0 |
| 12 | 16 | -25.0 | Change in connection points ('000) | 19 | 31 | -38.7 |
| - | - | - | Connection points (000) (at 30/06) | 5,143 | 5,081 | 1.2 |

Revenues in the regulated gas business in Spain, which includes TPA (third-party access) services in the gas distribution network and secondary transportation, declined by 3.5% (-3,773 GWh) with respect to the same period of 2012, due to the decline in gas shipped by Gas Natural Fenosa for power generation.

Gas Natural Fenosa continues to expand its distribution network and to increase the number of supply connections. The low level of activity in the new building market, together with the current economic crisis, continues to impact growth in supply connections, which the company is offsetting by increasing connections in the existing building market.

The distribution network expanded by 1,358 km, connecting 18 new municipalities in the first half of 2013.

Order IET/2812/2012 was published on 31 December 2012, establishing the tolls and fees for third-party access to gas installations and remuneration for regulated gas activities for 2013. This Order established an efficiency factor of zero for updating remuneration assigned to the distribution and transport business. The remuneration recognised for Gas Natural Fenosa from distribution and transportation activities in 2013 is €1,107 million.

4.2.- Gas Distribution in Latin America

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

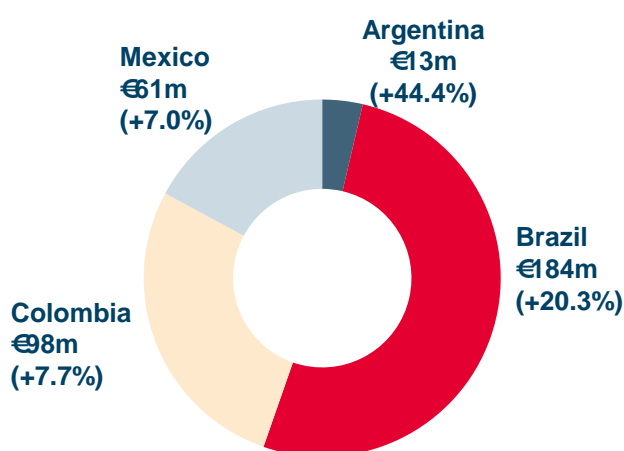
4.2.1.- Results

| 2Q13 | 2Q12 | % | (€Mn) | 1H13 | 1H12 | % |
|------------|------------|-------------|--------------------------------|------------|------------|-------------|
| 902 | 714 | 26.3 | Net sales | 1,726 | 1,377 | 25.3 |
| -629 | -466 | 35.0 | Purchases | -1,202 | -901 | 33.4 |
| -25 | -25 | - | Personnel costs, net | -51 | -51 | - |
| -64 | -59 | 8.5 | Other revenues and expenses | -117 | -115 | 1.7 |
| 184 | 164 | 12.2 | EBITDA | 356 | 310 | 14.8 |
| -28 | -29 | -3.4 | Depreciation and amortization | -56 | -58 | -3.4 |
| -5 | -5 | - | Change in operating provisions | -9 | -12 | -25.0 |
| 151 | 130 | 16.2 | Operating profit | 291 | 240 | 21.3 |

Revenues increased by 25.3% to €1,726 million, on 17.5% growth in volume year-on-year.

EBITDA amounted to €356 million, a 14.8% increase on 2012, despite the negative impact of devaluation of the Brazilian real (-10.3%), the Argentine peso (-20.3%) and the Colombian peso (-3.4%). The Mexican peso appreciated by 3.8% with respect to the same period last year.

EBITDA in Latin America, by country



The figure shows gas distribution EBITDA in Latin America, by country, and the variation with respect to 2012.

Brazil accounted for 51.7% of EBITDA; sales volume was 62.7% higher than in 2012, and the energy margin was 25.2% higher, mainly due to the combined effect of greater power generation sales and the Consumer Price Index update.

EBITDA from Colombia increased by 7.7% mainly due to greater sales volume in the industrial markets and to higher margins.

EBITDA in Mexico accounted for 17.1% of the total, and the energy margin rose 2.7% with respect to 2012, due to higher

margins in the residential/commercial and TPA markets.

4.2.2.- Main aggregates

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

| 2Q13 | 2Q12 | % | | 1H13 | 1H12 | % |
|--------|--------|------|------------------------------------|---------|--------|------|
| 60,930 | 52,938 | 15.1 | Gas activity sales (GWh): | 117,190 | 99,726 | 17.5 |
| 39,640 | 33,072 | 19.9 | Tariff gas sales | 74,065 | 58,960 | 25.6 |
| 21,290 | 19,866 | 7.2 | TPA | 43,125 | 40,766 | 5.8 |
| 554 | 346 | 60.1 | Distribution network (km) | 68,255 | 66,413 | 2.8 |
| 58 | 49 | 18.4 | Change in connection points ('000) | 107 | 103 | 3.9 |
| - | - | - | Connection points (000) (at 30/06) | 6,196 | 5,985 | 3.5 |

The key physical aggregates by country in 2013 are as follows:

| | Argentina | Brazil | Colombia | Mexico | Total |
|------------------------------------|-----------|--------|----------|--------|---------|
| Gas activity sales (GWh): | 35,852 | 47,631 | 9,094 | 24,613 | 117,190 |
| Change vs. 1H12 (%) | -5.6 | 62.7 | 6.6 | 2.8 | 17.5 |
| Distribution network (km) | 23,996 | 6,382 | 20,012 | 17,865 | 68,255 |
| Change vs. 30/06/2012 (km) | 590 | 202 | 380 | 670 | 1,842 |
| Connection points (000) (at 30/06) | 1,536 | 880 | 2,459 | 1,321 | 6,196 |
| Change vs. 30/06/2012 ('000) | 29 | 27 | 113 | 42 | 211 |

There were a total of 6,196,000 gas distribution connections in the first half of 2013. Year-on-year growth remains high, with the company adding 211,000 distribution connections (of which 113,000 in Colombia alone).

Sales in the gas activity in Latin America, which include both gas sales and TPA (third-party access) services, totalled 117,190 GWh, a 17.5% increase with respect to the same period in 2012.

The distribution grid expanded by 1,842 km (+2.8%) in the last 12 months, to 68,255 km at the end of June 2013. Mexico made a notable contribution, adding 670 km.

Highlights in Latin America:

- In Argentina, the energy margin increased by 43.9% with respect to the same period of 2012, due to the revenue from FOCEGAS (a fund for construction and expenses related to infrastructure expansion and maintenance), granted in December 2012. The company continued to contain expenditure in a complex economic situation with high inflation (around 25%).
- The business performed very well in Brazil, with a 17.4% net increase in residential/commercial customer numbers and a 62.7% increase in gas and TPA sales, especially in power generation. Dispatching of gas-fired thermal power plants in 2013 increased by 149% year-on-year, due to scant precipitation and low reservoir levels. Reservoir levels in June 2013 were 63.7%, i.e. 7.8 percentage points below the historical average (71.6% in June) in the southeast/central southwest region, which holds 70% of the country's water reserves.

- In Colombia, gas and TPA sales expanded by 6.6% in 1H13, due primarily to growth in industrial consumption (+14.5%) and in the customer base. Net growth in residential/commercial customer numbers increased by 2.2%, due to the high degree of penetration in Colombia (over 95%). As for non-regulated businesses, sales of appliances expanded by 30.7%, in particular water heaters (+21.0%).
- 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 +14.5%, while new installations increased by +10.5% with respect to the same period last year, due mainly to greater penetration in the Bajíos area. Gas and TPA sales increased by 2.8%, driven mainly by greater demand for TPA gas in Monterrey.

4.2.- Gas distribution in Italy

This area refers to regulated distribution and retail supply of gas in Italy.

4.3.1.- Results

| 2Q13 | 2Q12 | % | (€Mn) | 1H13 | 1H12 | % |
|-----------|-----------|-------------|--------------------------------|-----------|-----------|-------------|
| 65 | 57 | 14.0 | Net sales | 180 | 161 | 11.8 |
| -34 | -27 | 25.9 | Purchases | -107 | -93 | 15.1 |
| -4 | -4 | - | Personnel costs, net | -8 | -8 | - |
| -7 | -8 | -12.5 | Other revenues and expenses | -14 | -14 | - |
| 20 | 18 | 11.1 | EBITDA | 51 | 46 | 10.9 |
| -7 | -6 | 16.7 | Depreciation and amortization | -13 | -12 | 8.3 |
| - | -1 | - | Change in operating provisions | -2 | -2 | - |
| 13 | 11 | 18.2 | Operating profit | 36 | 32 | 12.5 |

The company strengthened its position in the regulated and liberalised gas and electricity businesses in Italy.

EBITDA totalled €51 million, i.e. 10.9% higher than in the same period of 2012, due to ongoing growth in regulated gas distribution and the growing contribution from the margin on gas sales.

EBITDA from liberalised sales to retail customers in Italy expanded by 7.2% to €16 million in 1H13.

4.3.2.- Main aggregates

| 2Q13 | 2Q12 | % | | 1H13 | 1H12 | % |
|------|------|-------|-------------------------------------|-------|-------|------|
| 452 | 508 | 11.0 | Gas activity sales (GWh): | 2,394 | 2,510 | -4.6 |
| - | - | - | Tariff gas sales | - | - | - |
| 452 | 508 | 11.0 | TPA | 2,394 | 2,510 | -4.6 |
| 13 | 41 | -68.3 | Distribution network (km) | 6,900 | 6,788 | 1.6 |
| - | - | - | Connection points ('000) (at 30/06) | 451 | 443 | 1.8 |
| 277 | 352 | -21.3 | Retail gas supply (GWh) | 1,838 | 1,908 | -3.7 |

A total of 2,394 GWh of gas were distributed, i.e. 4.6% less than in 2012. Sales to the retail market declined by 3.7% to 1,838 GWh.

The distribution grid expanded by 112 km in the last 12 months, to 6,900 km at 30 June 2013.

Gas Natural Fenosa has 451,000 gas distribution points in Italy, a 1.8% increase with respect to 2012.

4.4.- Electricity distribution in 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.

4.4.1.- Results

| 2Q13 | 2Q12 | % | (€Mn) | 1H13 | 1H12 | % |
|------------|------------|------------|--------------------------------|------------|------------|-------------|
| 216 | 212 | 1.9 | Net sales | 428 | 424 | 0.9 |
| - | - | - | Purchases | - | - | - |
| -24 | -23 | 4.3 | Personnel costs, net | -55 | -50 | 10.0 |
| -39 | -36 | 8.3 | Other revenues and expenses | -71 | -66 | 7.6 |
| 153 | 153 | - | EBITDA | 302 | 308 | -1.9 |
| -52 | -56 | -7.1 | Depreciation and amortization | -107 | -111 | -3.6 |
| -1 | - | - | Change in operating provisions | -1 | 1 | - |
| 100 | 97 | 3.1 | Operating profit | 194 | 198 | -2.0 |

Order IET/221/2013, of 14 February, establishes remuneration for electricity transmission, distribution and customer management for the electricity distribution companies owned by Gas Natural Fenosa and industry players. This remuneration reflects modifications established in Royal Decree-Act 13/2012, recognising investments undertaken in 2011 and resulting in an increase in revenues of 0.9%. EBITDA amounted to €302 million, i.e. a decline of 1.9%. Net operating costs also increased due mainly to efficiency measures applied during the half-year, which are expected to have a positive impact in subsequent years.

On 12 July 2013, the Spanish cabinet approved a packet of energy reform measures including Royal Decree-Act 9/2013, adopting Urgent Measures to guarantee the Financial Stability of the Electricity System, a Draft Law for the Electricity Sector, and several draft royal decrees that will affect electricity distribution activity.

4.4.2.- Main aggregates

| 2Q13 | 2Q12 | % | | 1H13 | 1H12 | % |
|-------|-------|------|------------------------------------|--------|--------|------|
| 7,619 | 7,891 | -3.4 | Electric activity sales (GWh): | 16,612 | 17,353 | -4.3 |
| - | - | - | Tariff electricity sales | - | - | - |
| 7,619 | 7,891 | -3.4 | TPA | 16,612 | 17,353 | -4.3 |
| - | - | - | Connection points (000) (at 30/06) | 3,776 | 3,760 | 0.4 |
| - | - | - | ICEIT (minutes) | 23 | 15 | 53.3 |

Energy supplied fell by 4.3% with respect to the same period of 2012, in line with the decline in domestic demand.

The number of distribution connections increased slightly, by 0.4%, to 3,776,000.

As for supply quality, the adverse winter weather compared with the previous year (which was exceptionally favourable) resulted in an ICEIT (installed capacity equivalent interrupt time) that was much higher than in 1H12, although still in line with the average of the last few years. This was attributable to the good functioning of the facilities due to the ongoing capital expenditure plans, the quality of the network architecture, and the systematic operation and maintenance plans. This effect was partly offset in June by the good weather.

4.5.- Electricity Distribution in Latin America

This division involves electricity distribution in Colombia and Panama.

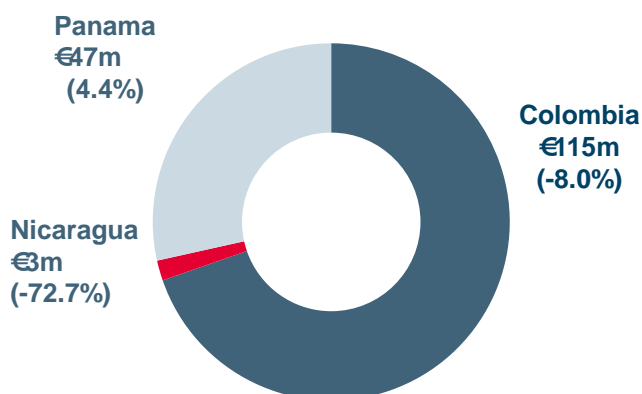
The sale of the electricity distribution business in Nicaragua led to its deconsolidation on 1 February 2013.

4.5.1.- Results

| 2Q13 | 2Q12 | % | (€Mn) | 1H13 | 1H12 | % |
|-----------|-----------|--------------|--------------------------------|------------|------------|-------------|
| 549 | 621 | -11.6 | Net sales | 1,107 | 1,230 | -10.0 |
| -404 | -461 | -12.4 | Purchases | -820 | -924 | -11.3 |
| -15 | -14 | 7.1 | Personnel costs, net | -31 | -28 | 10.7 |
| -47 | -50 | -6.0 | Other revenues and expenses | -91 | -97 | -6.2 |
| 83 | 96 | 13.5 | EBITDA | 165 | 181 | -8.8 |
| -16 | -18 | -11.1 | Depreciation and amortization | -32 | -35 | -8.6 |
| -28 | -33 | -15.2 | Change in operating provisions | -58 | -63 | -7.9 |
| 39 | 45 | -13.3 | Operating profit | 75 | 83 | -9.6 |

EBITDA from electricity distribution in Latin America totalled €165 million, an 8.8% decline compared with the same period last year.

EBITDA in Latin America, by country



Excluding the currency effect and the divestment in Nicaragua, EBITDA would have fallen by 1.2%.

The distribution business in Colombia contributed €115 million to EBITDA, i.e. a 5.0% decline excluding the currency effect. The decline is due primarily to exogenous factors such as the application of lower tariff update factors and to the effect of the delay in passing through the actual energy purchase cost to the tariff. Adjusting for this effect, the difference would have been a 5.7% increase.

EBITDA in the first half of 2013 includes results from January from the business in Nicaragua (€3 million) and the amount corresponding to distributors in Panama (€47 million).

4.5.2.- Main aggregates

| 2Q13 | 2Q12 | % | | 1H13 | 1H12 | % |
|-------|-------|------|------------------------------------|-------|-------|-------|
| 4,090 | 4,448 | -8.0 | Electric activity sales (GWh): | 8,162 | 8,783 | -7.1 |
| 3,828 | 4,213 | -9.1 | Tariff electricity sales: | 7,660 | 8,321 | -7.9 |
| 262 | 235 | 11.5 | TPA | 502 | 462 | 8.7 |
| - | - | - | Connection points (000) (at 30/06) | 2,869 | 3,635 | -21.1 |

Electricity sales totalled 8,162 GWh, a decrease of 7.1%, since figures from the first half of 2012 reflect the sale of 1,350 GWh (i.e. 6 months) by the distribution companies in Nicaragua, compared with 239 GWh (1 month) in 2013. Excluding operations in Nicaragua in both periods, sales increased by 6.6% due to growth in demand in Colombia and Panama.

Customer numbers fell by 21.1% due to the deconsolidation of the Nicaragua customers. Adjusting for this effect, the difference would have been a 3.7% increase.

The key physical aggregates by country in 2013 are as follows:

| | Colombia | Nicaragua | Panama | Total |
|------------------------------------|----------|-----------|--------|-------|
| Electric activity sales (GWh) | 5,806 | 239 | 2,117 | 8,162 |
| Change vs. 1H12 (%) | 7.2 | -82.3 | 5.0 | -7.1 |
| Connection points (000) (at 30/06) | 2,349 | - | 520 | 2,869 |
| Change vs. 30/06/2012 ('000) | 83 | -869 | 20 | -766 |
| Network loss ratio (%) | 17.0 | 19.9 | 10.3 | 16.1 |

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

Panama's network loss indicator was slightly affected by the notable increase in demand (+4% compared with the first half of 2012).

4.6.- Electricity distribution in Moldova

The business in Moldova consists of 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.

4.6.1.- Results

| 2Q13 | 2Q12 | % | (€Mn) | 1H13 | 1H12 | % |
|----------|----------|--------------|--------------------------------|-----------|-----------|-------------|
| 53 | 54 | -1.9 | Net sales | 127 | 125 | 1.6 |
| -41 | -41 | - | Purchases | -98 | -98 | - |
| -2 | -2 | - | Personnel costs, net | -4 | -4 | - |
| -2 | -3 | -33.3 | Other revenues and expenses | -5 | -6 | -16.7 |
| 8 | 8 | - | EBITDA | 20 | 17 | 17.6 |
| -2 | -1 | - | Depreciation and amortization | -3 | -3 | - |
| - | - | - | Change in operating provisions | - | - | - |
| 6 | 7 | -14.3 | Operating profit | 17 | 14 | 21.4 |

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

Excluding the currency effect, EBITDA expanded by 20% due to the increase in regulated remuneration for electricity distribution and supply at the bundled tariff and to the improvement in grid loss indicators.

4.6.2.- Main aggregates

| 2Q13 | 2Q12 | % | | 1H13 | 1H12 | % |
|------|------|-----|-------------------------------------|-------|-------|------|
| 584 | 571 | 2.3 | Electric activity sales (GWh): | 1,278 | 1,268 | 0.8 |
| 584 | 571 | 2.3 | Tariff electricity sales | 1,278 | 1,268 | 0.8 |
| - | - | - | TPA | - | - | - |
| - | - | - | Connection points ('000) (at 30/06) | 841 | 826 | 1.8 |
| - | - | - | Network loss ratio (%) | 11 | 12 | -8.3 |

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:

- Energy supplied increased by 0.8% due to the anti-fraud campaigns and an increase in home construction, offsetting the decline in consumption due to the warmer weather in 2013 compared with 2012.
- Supply connections totalled 841,000, i.e. up 1.8% with respect to 2012, due primarily to growth in the real estate sector.
- The network loss ratio performed very favourably, declining by 1 percentage point compared with 1H12, enabling the company to maximise regulated revenues.

4.7.- Electricity in 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 last-resort tariff.

4.7.1.- Results

| 2Q13 | 2Q12 | % | (€ Mn) | 1H13 | 1H12 | % |
|------------|------------|--------------|--------------------------------|------------|------------|--------------|
| 1,422 | 1,381 | 3.0 | Net sales | 2,955 | 2,989 | -1.1 |
| -1,019 | -1,012 | 0.7 | Purchases | -2,092 | -2,211 | -5.4 |
| -39 | -37 | 5.4 | Personnel costs, net | -78 | -73 | 6.8 |
| -165 | -132 | 25.0 | Other revenues and expenses | -347 | -254 | 36.6 |
| 199 | 200 | -0.5 | EBITDA | 438 | 451 | -2.9 |
| -165 | -149 | 10.7 | Depreciation and amortization | -293 | -289 | 1.4 |
| -10 | -6 | 66.7 | Change in operating provisions | -23 | -18 | 27.8 |
| 24 | 45 | -46.7 | Operating profit | 122 | 144 | -15.3 |

Net sales in the electricity business amounted to €2,955 million in 1H13, 1.1% less than in 1H12.

EBITDA amounted to €438 million in 2013, a 2.9% decline year-on-year.

The negative performance of fuel prices, the change in the electricity production mix (greater hydroelectric output) and their impact on generation costs was managed adequately, since the company was able to increase margins in a context of production prices in Spain in 1H13 that were on par with 1H12. This improvement in the margin was offset by the impact on power generation of fiscal measures, approved under Act 15/2012.

Electricity demand in mainland Spain amounted to 58,380 GWh in the second quarter of 2013, a decline of 3.2% with respect to 2Q12. The largest decline was in June 2013 (-7.3%), almost 5.5 percentage points of which are attributable to the calendar effect and weather. In 1H13, electricity demand declined by 3.8%; adjusting for the different number of working days and the temperature, demand actually declined by 2.7% in the first half of the year.

In 2Q13, hourly capacity utilisation peaked at 35,200 MW at the end of April, i.e. 4,000 MW lower than the high of 2Q12 (registered at the end of June) and almost 6,000 MW lower than the summer record high, registered in mid-July 2010 (40,934 MW).

In terms of daily demand, the quarterly high of 723 GWh was reached in early April, i.e. 70 GWh less than the high of 2Q12 and almost 100 GWh less than the summer record, set in July 2006.

Although the balance of international power flows was a net export of 0.9 TWh in 2Q13, that is barely one-third of the 2Q12 figure. In the first half of 2013, exports amounted to 2.4 TWh, i.e. 57.6% less than in 1H12.

Power consumption for pumped storage amounted to 1,746 GWh in 2Q13, i.e. 39.9% more than in the second quarter of 2012. April alone accounted for 873 GWh, i.e. the second-highest figure ever, after the record high of 1,035 GWh set in March. Consumption for pumped storage in 1H13 totalled 4.1 TWh, i.e. 57% more than in the same period last year.

Despite the sharp increase in pumped storage, the 3.2% decline in demand in mainland Spain and the 67.1% decrease in net exports led to a 4.8% decline in net power generation in Spain in the second quarter of 2013, maintaining the downward trend seen in 1Q13 (-4.4%).

Ordinary regime output fell by 12.4% in the quarter, whereas special regime output increased by 5.9% in the same period, with an especially notable performance in June (+13.0%).

Net output declined by 4.5% and ordinary regime output by 17% in 1H13, whereas special regime output increased by 14.3% with respect to the same period last year.

Wind power output in 2Q13 was 0.6% lower y/y, covering an average of 21.2% of demand in the quarter. In 1H13, wind output increased by 20.2%, covering 24.3% of demand (almost five points more than in 1H12).

Output from other special regime energies expanded by 11.6%. Special regime output increased in 1H13 by 8.9% to 5.8 TWh, including notable growth by hydro and solar; consequently, the special regime exceeded Spanish coal-fired output and amounted to more than half of CCGT production.

Special regime output as a whole covered 48.5% of total demand in 2Q13, i.e. 4 percentage points more than the second quarter of 2012. In 1H13, special regime output covered 48.7% of demand, i.e. almost 8 points higher than in 1H12.

Ordinary regime output declined by 11% in the quarter, exacerbating the negative trend observed since 2011 (despite a hiatus in the first quarter of 2012). This sharp quarterly decline (in line with the previous quarter), was noticeable in all technologies except for hydroelectric, which increased.

Hydroelectric output surged in the quarter, by 97.0% with respect to the second quarter of 2012 due to higher precipitation, especially in March and April. Hydroelectric output increased by 119.6% in 1H13.

The hydroelectric energy capacity in 1H13 marks the period as wet, with an exceedance probability of 17% when compared with the historical average: i.e. statistically, 17 out of every 100 years would be wetter than 2013; it is especially noteworthy that March's exceedance probability was 5% and April's was 3%.

Nuclear output fell by 2.9% in the quarter and by 7.1% in the first six months; this figure was affected by changes in the dates of scheduled shut-downs and the reduction in load factor at the end of March and the beginning of April, when market prices were very low, even reaching zero.

The thermal gap declined by almost 10 TWh in the quarter, resulting in demand coverage of 16.1%, compared with 31.6% in the second quarter of 2012. In 1H13, the thermal gap declined by more than 24 TWh, reducing demand coverage from 35.4% in 1H12 to 17.9% in the first half of 2013.

Coal-fired output declined by 53.7% in 2Q13 and by 55% in 1H13, despite the entry into force on 26 February 2011 of the Royal Decree on Security of Supply and its subsequent extensions. Spanish and

imported coal-fired output both declined by 2.8 TWh; together they covered 9.0% of Spanish demand, i.e. slightly less than half the 2Q12 figure. Spanish coal-fired output amounted to 5.5 TWh in 1H13, i.e. slightly less than imported coal-fired output, which totalled 7.1 TWh. Together they covered 9.6% of demand, 11 percentage points less than in 1H12.

There was no oil-fired output in 2013.

CCGT output in 2Q13 declined by 46.5% year-on-year, covering 7.1% of demand, compared with 12.9% in the second quarter of 2012. CCGT output amounted to 10.5 TWh in 1H13, far from the 1H12 figure of 19.1 TWh. Demand coverage by CCGTs declined from 14.9% in 2012 to 8.4% in 2013.

The ongoing decline in demand, together with sharp growth in hydroelectric and special regime output (wind in particular) and the effect of relatively low prices for crude and (especially) coal, provided a weighted average price in the electricity pool of €31.78/MWh in the quarter, i.e. €9/MWh less than in 1Q13 and €15/MWh less than in 1Q12.

In 1H13, the average price in the electricity pool was €36.5/MWh, i.e. €13/MWh lower than in 1H12. Average daily prices were €0 on 29 March and 1 April 2013 (both during the Easter holiday), a level not seen since the market opened in 1998.

Brent crude declined from \$112.5/bbl on average in the first quarter of 2013 to \$102.4/bbl (-9%) in the second quarter of 2013, while monthly figures within each quarter were relatively stable. API 2, Europe's main coal price indicator, declined by 7.7%, from an average of \$86.4/tonne in the first quarter of 2013 to \$79.7/tonne in the second quarter, maintaining the downward trend that began two years ago; prices are now in line with early 2010 levels. The price of CO₂ emission rights (EUAs on Bluenext) averaged €3.9/tonne (maturing in 2013), i.e. lower than the 1Q13 average (€4.6/tonne).

On 12 July 2013, the Spanish Cabinet approved a packet of energy reform measures including Royal Decree-Act 9/2013, adopting Urgent Measures to guarantee the Financial Stability of the Electricity System, a Draft Law for the Electricity Sector, and several draft Royal Decrees, all of which will affect electricity generation.

4.7.2.- Main aggregates

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

Power generation capacity:

| 2Q13 | 2Q12 | % | | 1H13 | 1H12 | % |
|------|------|---|--------------------------|--------|--------|------|
| - | - | - | Installed capacity (MW): | 12,672 | 12,804 | -1.0 |
| - | - | - | Ordinary Regime | 11,564 | 11,711 | -1.3 |
| - | - | - | Hydroelectric | 1,914 | 1,905 | 0.5 |
| - | - | - | Nuclear | 604 | 603 | 0.2 |
| - | - | - | Coal | 2,048 | 2,048 | - |
| - | - | - | Oil/gas | - | 157 | - |
| - | - | - | CCGT | 6,998 | 6,998 | - |
| - | - | - | Special Regime | 1,108 | 1,093 | 1.4 |
| - | - | - | Wind | 967 | 957 | 1.0 |
| - | - | - | Small hydroelectric | 69 | 69 | - |
| - | - | - | Cogeneration and others | 72 | 67 | 7.5 |

The change in ordinary regime installed capacity with respect to 2012 is due to a number of factors:

- The 9 MW increase as a result of re-rating several hydroelectric plants.
- The definitive closure of Unit 1 of the Aceca oil-fired power plant, with 157 MW of gross capacity attributable to Gas Natural Fenosa.

Electricity generated and sold:

| 2Q13 | 2Q12 | % | | 1H13 | 1H12 | % |
|-------|-------|-------|------------------------------|--------|--------|-------|
| 6,290 | 8,423 | -25.3 | Electricity generated (GWh): | 14,789 | 18,721 | -21.0 |
| 5,610 | 7,735 | -27.5 | Ordinary Regime | 13,190 | 17,333 | -23.9 |
| 1,295 | 504 | - | Hydroelectric | 3,198 | 782 | - |
| 878 | 848 | 3.5 | Nuclear | 1,999 | 2,081 | -3.9 |
| 606 | 1,578 | -61.6 | Coal | 1,336 | 3,916 | -65.9 |
| - | - | - | Oil/gas | - | - | - |
| 2,831 | 4,805 | -41.1 | CCGT | 6,657 | 10,554 | -36.9 |
| 680 | 688 | -1.2 | Special Regime ⁵ | 1,599 | 1,388 | 15.2 |
| 467 | 504 | -7.3 | Wind | 1,158 | 1,023 | 13.2 |
| 94 | 67 | 40.3 | Small hydroelectric | 207 | 135 | 53.3 |
| 119 | 117 | 1.7 | Cogeneration and others | 234 | 230 | 1.7 |
| 7,725 | 8,381 | -7.8 | Electricity sales (GWh): | 16,598 | 17,944 | -7.5 |
| 6,163 | 6,740 | -8.6 | Liberalised market | 12,845 | 13,924 | -7.7 |
| 1,562 | 1,641 | -4.8 | Last resort tariff | 3,753 | 4,020 | -6.6 |

Gas Natural Fenosa generated 6,290 GWh of electricity in mainland Spain in the second quarter of 2013, i.e. 25.3% less than in the same period of 2012. Of that figure, 5,610 GWh were ordinary regime, a 27.5% decline due to lower output from coal and CCGT and despite the sharp increase in hydroelectric output. Special regime power generation decreased by 1.2%, to 680 GWh.

Total output declined by 21.0% in 1H13, with ordinary regime falling by 23.9% and special regime rising by 15.2%.

In 2Q13, hydroelectric output amounted to 1,295 GWh, i.e. notably higher (+156.9%) than the 504 GWh in the same quarter of 2012, due to abundant precipitation. Hydroelectric output in 1H13 was four times the 1H12 figure.

This year started off wet and remained that way throughout the entire first and second quarters, with an exceedance probability of 31% in 2Q13 in terms of historical average energy capacity. Reservoirs in the Gas Natural Fenosa watersheds were at 60.0% of capacity, compared with 43.0% at the end of the second quarter of 2012.

Nuclear output increased by 3.5% in the quarter but declined by 3.9% in the first six months, affected by changes in scheduled shut-down dates and reductions in the load factor during the Easter holiday.

Spanish coal-fired output by Gas Natural Fenosa totalled 292 GWh in 2Q13 and 376 GWh in 1H13, evidencing the impact of the Royal Decree on Security of Supply in 2Q13. Coal-fired output in the second quarter of 2013 totalled 606 GWh, i.e. 61.6% less than in the second quarter of 2012, and the decline in terms of the first six months is similar: 65.9%.

The company's CCGT output in the second quarter of 2013 totalled 2,831 GWh, a 41.1% decline compared with 2Q12 (but less than the 46.5% decline registered nationwide). Gas Natural Fenosa's CCGT output in 1H13 declined by 36.9% with respect to the same period last year, 10 percentage points less than the decline nationwide.

The company attained an 18.8% share of the ordinary regime power generation market in 1H13, i.e. almost 2 percentage points less than in 1H12.

The electricity supply area sold 7.7 TWh in 2Q13, including supply to the liberalised market and under the social 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 CO₂ in the second quarter of 2013 from Gas Natural Fenosa's thermal power plants and CCGTs that are affected by the regulation governing greenhouse gas emission trading totalled 1.7 million tonnes, compared with 3.2 million tonnes in the same period of 2012. In cumulative terms, the company's CO₂ emissions totalled 3.8 million tonnes in 1H13, compared with 7.5 million tonnes in the same period of 2012. Gas Natural Fenosa applies a comprehensive approach to its CO₂ emission right hedges for the second commitment period of the Kyoto Protocol (2013-2020) and it acquired the emission rights and credits that it needs through active participation in the secondary market, primary projects and carbon funds.

Under its commitments, during April 2013 Gas Natural Fenosa supplied the Single European Union Registry with the rights equivalent to the CO₂ emissions certified at its conventional thermal and CCGT plants in 2012, a total of 14.9 million tonnes of CO₂, including emission rights from Clean Development and Joint Implementation mechanisms.

GNF Renovables

At 30 June 2013, Gas Natural Fenosa Renovables (GNF Renovables) had a consolidable total operational installed capacity of 1,108 MW, of which 967 MW are wind, 69 MW are small hydroelectric and 72 MW are cogeneration. Increases during the first half of 2013 are attributable to the commissioning of the García Carrión cogeneration plant in October 2012 and Les Forques II wind facility in December 2012.

Output was 15.2% higher than in 1H12 (1,599 GWh vs. 1,388 GWh). This is primarily attributable to the 13.2% increase in wind output due to stronger winds this year compared with the previous year. Small hydroelectric output increased notably, by 53.3%, due to heavier precipitation this year. Cogeneration output expanded by 1.7%. EBITDA increased by 7.5% to €86 million.

It's important to note that, between the two periods, a series of new regulations have entered into force (fiscal measures and Royal Decree-Act 2/2013) which have impacted the results of companies with special regime technology.

Work continues on schedule for the construction of the Peares II and Belesar II small hydroelectric plants in Galicia, which are scheduled to become operational in the third quarter of 2013.

4.8.- Electricity Latin America

This section includes electricity generation in Mexico, Puerto Rico, Costa Rica⁵, Panama and the Dominican Republic.

⁵ The results from power generation in Costa Rica are booked in accordance with IFRIC 12 "Service Concession Arrangements" under financial income.

4.8.1.- Results

| 2Q13 | 2Q12 | % | (€Mn) | 1H13 | 1H12 | % |
|-----------|-----------|-------------|--------------------------------|------------|------------|------------|
| 255 | 206 | 23.8 | Net sales | 485 | 399 | 21.6 |
| -169 | -118 | 43.2 | Purchases | -310 | -233 | 33.0 |
| -4 | -4 | - | Personnel costs, net | -8 | -8 | - |
| -18 | -16 | 12.5 | Other revenues and expenses | -33 | -33 | - |
| 64 | 68 | -5.9 | EBITDA | 134 | 125 | 7.2 |
| -27 | -28 | -3.6 | Depreciation and amortization | -57 | -53 | 7.5 |
| - | - | - | Change in operating provisions | - | - | - |
| 37 | 40 | -7.5 | Operating profit | 77 | 72 | 6.9 |

EBITDA totalled €134 million, 7.2% more than in the same period of 2012.

EBITDA in Mexico increased by 0.9%, basically because of the impact on 2012 income of the incident at the Tuxpan plant in October 2011, which affected operations until March 2012. Other factors were the higher sale of surplus capacity at the Naco Nogales plant and containment of operating expenses.

EBITDA in Puerto Rico increased by 19.4% because the reduction in the use of fuel acquired on the spot market, which is more expensive than forward purchases.

In the Dominican Republic, EBITDA increased by 31.2% because of higher output this year, boosted by the withdrawal from the system of more efficient assets owned by third parties and the fact that unit G2 of the La Vega plant was 100% operational (it was off line until February 2012 following the fire at the plant in September 2011).

4.8.2.- Main aggregates

| 2Q13 | 2Q12 | % | | 1H13 | 1H12 | % |
|-------|-------|-------|---------------------------------|-------|-------|-------|
| - | - | - | Installed capacity (MW): | 2,580 | 2,580 | - |
| - | - | - | Mexico (CCGT) | 2,035 | 2,035 | - |
| - | - | - | Puerto Rico (CCGT) ⁶ | 263 | 263 | - |
| - | - | - | Costa Rica (hydroelectric) | 51 | 51 | - |
| - | - | - | Panama (hydroelectric) | 22 | 22 | - |
| - | - | - | Panama (thermal) | 11 | 11 | - |
| - | - | - | Dominican Republic (oil-fired) | 198 | 198 | - |
| 4,822 | 4,842 | -0.4 | Electricity generated (GWh): | 9,659 | 8,959 | 7.8 |
| 3,950 | 4,019 | -1.7 | Mexico (CCGT) | 8,088 | 7,463 | 8.4 |
| 493 | 444 | 11.0 | Puerto Rico (CC) ⁶ | 818 | 811 | 0.9 |
| 48 | 63 | -23.8 | Costa Rica (hydroelectric) | 90 | 112 | -19.6 |
| 12 | 25 | -52.0 | Panama (hydroelectric) | 26 | 43 | -39.5 |
| 5 | 3 | 66.7 | Panama (thermal) | 9 | 9 | - |
| 314 | 288 | 9.0 | Dominican Republic (oil-fired) | 628 | 521 | 20.5 |

Output increased in Mexico because of more operating hours at the Tuxpan plant, a baseline effect caused by its non-availability until March 2012 because of the aforementioned incident. The increase

⁶ Figures at 50%.

in Mexico was also due to greater output at Naco Nogales compared with last year, when it was affected by water supply problems.

The 0.9% increase in output in Puerto Rico was due to higher availability and greater dispatching in the second quarter which offset the impact in the first quarter of the scheduled maintenance shut-down taking longer than expected.

Hydroelectric output in Costa Rica declined by 19.6% as a result of the low rainfall in the first half of the year.

Hydroelectric output declined by 39.5% in Panama with respect to the same period of 2012 because of low precipitation and adverse weather conditions in the first half of this year, offset partly by higher thermal output there.

Output in the Dominican Republic rose by 20.5% as a result of the withdrawal from the system of more third-party assets than last year and the fact that unit G2 of the La Vega plant was 100% operational.

4.9.- Rest of Electricity (Kenya)

This area refers to power generation in Kenya. The dominant weather conditions in the area (much greater precipitation) in the first half of 2013 led to a decline in the use of thermal power plants, which reduced electricity output.

4.9.1.- Results

| 2Q13 | 2Q12 | % | (€Mn) | 1H13 | 1H12 | % |
|----------|----------|-------------|--------------------------------|----------|----------|-------------|
| 25 | 35 | -28.6 | Net sales | 52 | 65 | -20.0 |
| -19 | -28 | -32.1 | Purchases | -39 | -52 | -25.0 |
| - | -1 | - | Personnel costs, net | -1 | -1 | - |
| -2 | -3 | -33.3 | Other revenues and expenses | -5 | -6 | -16.7 |
| 4 | 3 | 33.3 | EBITDA | 7 | 6 | 16.7 |
| -1 | -2 | -50.0 | Depreciation and amortization | -2 | -3 | -33.3 |
| - | - | - | Change in operating provisions | - | - | - |
| 3 | 1 | - | Operating profit | 5 | 3 | 66.7 |

EBITDA totalled €7 million in the first half of 2013. High availability (88.0%), the factor determining capacity revenues, together with easing in the rise of international fuel prices boosted EBITDA by 16.7% with respect to the same period of 2012.

4.9.2.- Main aggregates

| 2Q13 | 2Q12 | % | | 1H13 | 1H12 | % |
|------|------|-------|-----------------------------------|------|------|-------|
| - | - | - | Electric generation capacity (MW) | 112 | 112 | - |
| 127 | 160 | -20.6 | Electric energy production (GWh) | 270 | 322 | -16.1 |

Diesel-fired output in Kenya in 1H13 (270 GWh) was 16.1% lower than in the same period of 2012. This reduction is due to lower demand for thermal power in Kenya as a result of the greater precipitation in the first half and, consequently, the higher level of water in the hydroelectric reservoirs.

4.10.- GAS

4.10.1.- 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.

4.10.1.1.- Results

| 2Q13 | 2Q12 | % | (€Mn) | 1H13 | 1H12 | % |
|-----------|-----------|-------------|--------------------------------|------------|------------|-------------|
| 78 | 77 | 1.3 | Net sales | 160 | 153 | 4.6 |
| -3 | -17 | -82.4 | Purchases | -13 | -29 | -55.2 |
| -1 | -1 | - | Personnel costs, net | -2 | -3 | -33.3 |
| -6 | -7 | -14.3 | Other revenues and expenses | -10 | -11 | -9.1 |
| 68 | 52 | 30.8 | EBITDA | 135 | 110 | 22.7 |
| -20 | -24 | -16.7 | Depreciation and amortization | -44 | -39 | 12.8 |
| - | - | - | Change in operating provisions | - | - | - |
| 48 | 28 | 71.4 | Operating profit | 91 | 71 | 28.2 |

Net sales in the infrastructure business totalled €160 million in the first half of 2013, a 4.6% increase.

EBITDA in 2013 amounted to €135 million, i.e. 22.7% more than in 2012, due mainly to higher output as a result of the entry into service of the Montanazo (Tarragona) well in October 2012 and the increase in the fees for international shipping via the Maghreb-Europe gas pipeline in 2013.

4.10.1.2.- Main aggregates

The main aggregates in international gas transportation are as follows:

| 2Q13 | 2Q12 | % | | 1H13 | 1H12 | % |
|--------|--------|-------|--------------------------------|--------|--------|------|
| 30,292 | 31,364 | -3.4 | Gas transportation-EMPL (GWh): | 65,303 | 66,203 | -1.4 |
| 8,364 | 10,282 | -18.7 | Portugal-Morocco | 18,629 | 20,319 | -8.3 |
| 21,928 | 21,082 | 4.0 | Gas Natural Fenosa | 46,674 | 45,884 | 1.7 |

The gas transportation activity conducted in Morocco through companies EMPL and Metragaz represented a total volume of 65,303 GWh, 1.4% less than in the same period of 2012 as a result of the lower volume of gas shipped to Portugal and Morocco in the second quarter. Of that figure, 46,674 GWh were transported for Gas Natural Fenosa through Sagane and 18,629 GWh for Portugal and Morocco.

On 8 January 2013, Gas Natural Fenosa signed an agreement with Algerian company Sonatrach (Société Nationale pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures, S.p.A) to acquire 10% of Medgaz, S.A. (and 10% of the shareholder loan) for €62 million.

Medgaz operates the Algeria-Europe subsea gas pipeline connecting Beni Saf with the Almería coast (capacity: 8 bcm/year).

The corresponding capacity will be used for a new supply contract amounting to 0.8 bcm/year. The supply contract runs for 18 years and deliveries commenced on 1 February 2013. A total of 2,500 GWh were shipped via the Medgaz pipeline for Gas Natural Fenosa in the first half of 2013.

Gas Natural Fenosa performed geological and geophysical surveys in the Bages area (Barcelona province), having completed the technical feasibility study for underground natural gas storage in salt cavities. The administrative and environmental paperwork has commenced.

Additionally, preliminary research is being conducted to map prospectivity in the Bezana-Bigüenzo area (Cantabria and Castilla & León), where Gas Natural Fenosa owns 50% of the permit.

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). On 29 and 30 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. The Government of Andalucía subsequently expressed doubts that synergistic effects between the projects had been evaluated, and requested that the Ministry of the Environment complete an evaluation prior to issuing the remaining EIAs.

As regards Gas Natural Fenosa's regasification terminal project in Trieste in northern Italy (Zaule), the Environmental Impact Assessment (EIA) was suspended on 18 April 2013 for 180 days, during which Gas Natural Fenosa must present an alternative location for the terminal or amend its shipping traffic plans. On 13 June 2013, the company filed an appeal against the suspension before the administrative court.

4.10.2.- Procurement and Supply

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

4.10.2.1.- Results

| 2Q13 | 2Q12 | % | (€Mn) | 1H13 | 1H12 | % |
|------------|------------|-------------|--------------------------------|------------|------------|-------------|
| 2,687 | 2,576 | 4.3 | Net sales | 6,053 | 5,800 | 4.4 |
| -2,431 | -2,341 | 3.8 | Purchases | -5,490 | -5,312 | 3.4 |
| -13 | -13 | - | Personnel costs, net | -26 | -26 | - |
| -48 | -49 | -2.0 | Other revenues and expenses | -92 | -99 | -7.1 |
| 195 | 173 | 12.7 | EBITDA | 445 | 363 | 22.6 |
| -5 | -3 | 66.7 | Depreciation and amortization | -9 | -7 | 28.6 |
| -18 | -14 | 28.6 | Change in operating provisions | -26 | -27 | -3.7 |
| 172 | 156 | 10.3 | Operating profit | 410 | 329 | 24.6 |

Net sales amounted to €6,053 million, 4.4% more than in 2012. EBITDA increased by 22.6% to €445 million, mainly due to the increase in operations outside Spain.

Diversification of the portfolio of commodities, combined management of the commodity and dollar risks and greater sales outside Spain helped improve EBITDA in a context of significant volatility in the energy and currency markets.

4.10.2.2.- Main aggregates

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

| 2Q13 | 2Q12 | % | | 1H13 | 1H12 | % |
|--------|--------|-------|--|-----------|-----------|-------|
| 72,582 | 77,813 | -6.7 | Gas supply (GWh): | 165,156 | 171,498 | -3.7 |
| 52,595 | 56,901 | -7.6 | Spain: | 119,160 | 125,920 | -5.4 |
| 36,540 | 38,958 | -6.2 | Gas Natural Fenosa supply ⁷ | 86,554 | 94,376 | -8.3 |
| 16,055 | 17,943 | -10.5 | Supply to third parties | 32,606 | 31,544 | 3.4 |
| 19,987 | 20,912 | -4.4 | International: | 45,996 | 45,578 | 0.9 |
| 6,372 | 3,274 | 94.6 | Supply in Europe | 15,275 | 9,371 | 63.0 |
| 13,615 | 17,638 | -22.8 | Other | 30,721 | 36,207 | -15.2 |
| - | - | - | Multiutility contracts (at 30/06) | 1,984,588 | 1,788,191 | 11.0 |
| - | - | - | Contracts per customer (at 30/06) | 1.42 | 1.38 | 2.9 |

In a situation of weak demand, the company supplied 119,160 GWh in the Spanish gas market, a 5.4% decline with respect to 2012, due to lower sales to final customers of Gas Natural Fenosa (-8.3%), mainly as a result of lower gas consumption by CCGT plants, which was partly offset by higher supply to third parties (+3.4%).

Gas sales outside Spain amounted to 45,996 GWh, i.e. 0.9% more than in 2012.

Gas Natural Comercializadora won an international tender to fill an underground storage facility in Portugal. A total of 431 GWh were supplied, for €15 million, between April and May 2013.

Gas Natural Europe (the French subsidiary for supply in Europe) currently has 2,606 distribution connections in a range of sectors in France, from industrial companies (chemicals, paper mills, etc.) to local governments and the public sector, accounting for a total portfolio of 17.3 TWh per year.

The French subsidiary strengthened its position in Belgium and Luxembourg with 319 supply points, representing a contracted portfolio of 4.9 TWh per year. In The Netherlands, the company has 111 supply points and a portfolio of 1 TWh. The company began operations in Germany at the end of 2012 and has already signed its first clients.

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 3.97 TWh/year in the second quarter of 2013.

⁷ Does not include exchange transactions.

The company continues to diversify into international markets, having sold gas in the Americas (Caribbean and South America) and Asia.

Gas Natural Fenosa has over 10.7 million active retail gas, electricity and services contracts. More than 1.16 million residential customers have both electricity and gas supply contracts with Gas Natural Fenosa.

Products and services were marketed in all areas of Spain and a total of 739,000 new contracts were signed in the residential market, while the company continued to expand into the small and medium-sized enterprise market, where it signed over 45,000 new contracts. These efforts increased retail contracts by 3% in like-for-like terms with respect to 2Q12.

Gas Natural Fenosa continues to expand and strengthen its position in the SME market in Portugal, where it topped 8,000 electricity active contracts at mid-year, i.e. double the portfolio at 2012 year-end, representing an 8.8% share of the small business market.

The residential maintenance contract portfolio was expanded to more than 1.98 million contracts, with its own operating platform consisting of 158 associated firms connected via an online system, which has enabled it to improve service performance and quality.

Gas Natural Fenosa continues to add features and users to its online customer management system. In the second quarter of 2013, a feature was introduced to enable clients to buy products and services online.

Gas Natural Fenosa continues to develop alternative energies for transport in Spain (terrestrial, maritime and port transport).

Gas Natural Fenosa currently has 13 compressed natural gas (CNG) service stations open to the public in large Spanish cities, 6 public LNG and CNG service stations on the main transport routes, and 12 private stations for waste management vehicles, city buses, etc. The company maintains its plan to open additional fuelling stations in the main cities and on the principal highways; 13 new stations are under construction.

The Energy Solutions area continues to work on expanding the portfolio of products and services while seeking to provide end-to-end energy management through new value-added services. Our energy management services for centralised condominium boilers offer an improvement by enabling each home to pay just for what it uses, based on our individual metering and remote management solution. We are also working on integrated energy management and efficient lighting solutions to enable customers to make horizontal improvements to their facilities and obtain significant savings.

4.10.3.- Unión Fenosa Gas (UF Gas)

This area includes gas procurement and supply performed by Unión Fenosa Gas (UF Gas), including the liquefaction plant in Damietta (Egypt), the Sagunto regasification plant, and the gas carrier fleet.

4.10.3.1.- Results

This area includes gas procurement and supply performed by Unión Fenosa Gas (UF Gas), including the liquefaction plant in Damietta (Egypt), the Sagunto regasification plant, and the gas carrier fleet.

| 2Q13 | 2Q12 | % | (€Mn) | 1H13 | 1H12 | % |
|------------|-----------|--------------|--------------------------------|------------|------------|--------------|
| 282 | 330 | -14.5 | Net sales | 539 | 635 | -15.1 |
| -209 | -244 | -14.3 | Purchases | -450 | -445 | 1.1 |
| -2 | -3 | -33.3 | Personnel costs, net | -5 | -6 | -16.7 |
| -6 | -5 | 20.0 | Other revenues and expenses | -6 | -11 | -45.5 |
| 65 | 78 | -16.7 | EBITDA | 78 | 173 | -54.9 |
| -108 | -38 | - | Depreciation and amortization | -149 | -77 | 93.5 |
| -1 | - | - | Change in operating provisions | - | - | - |
| -44 | 40 | - | Operating profit | -71 | 96 | - |

EBITDA amounted to €78 million in the first half of the year, i.e. a decline with respect to the same period last year.

Procurement of gas for sale in Spain was affected significantly by the restrictions on gas supply from Egypt and the tensions in the LNG market, particularly in the early part of the year, which notably increased spot prices of gas.

In the gas supply business, the preponderance of renewable sources of electricity led to instability in CCGT demand and in the final pool price.

In contrast, international sales of LNG were stable, as were the revenues from group infrastructures.

The increase in depreciation and amortisation is due basically to a €70 million impairment charge for the decline in the value assigned in the business combination with Unión Fenosa to the gas processing rights held by Gas Natural Fenosa through subsidiary Unión Fenosa Gas at the Damietta (Egypt) liquefaction plant as a result of the temporary suspension of the plant's operations due to halting of deliveries by the natural gas supplier. In the first half of 2013, Unión Fenosa Gas commenced legal proceedings in defence of its contractual rights.

4.10.3.2.- Main aggregates ⁸

Gas supply in Spain amounted to 23,762 GWh in the first half of 2013, compared with 29,619 GWh in 2012. Demand from power generators declined very sharply (-31.2%) as a result of the aforementioned factors, whereas sales to industrial users fell much more moderately (-4.4%).

A total of 9,776 GWh of energy was traded in international transactions.

| 2Q13 | 2Q12 | % | | 1H13 | 1H12 | % |
|--------|--------|-------|---------------------------|--------|--------|-------|
| 10,410 | 13,820 | -24.7 | Gas supply in Spain (GWh) | 23,762 | 29,619 | -19.8 |
| 4,896 | 8,297 | -41.0 | Other gas sales (GWh) | 9,776 | 14,898 | -34.4 |

Several noteworthy events occurred in the period in connection with UF Gas:

⁸ Assuming 100%.

As regards gas infrastructure: the Sagunto regasification plant was adapted to be able to load LNG carriers. A major milestone was attained in March 2013, when the first LNG carrier, the WILGAS, with a capacity of 125,630 m³ was loaded from the plant.

Regarding the E&P project in La Rioja: the geophysical survey over an area of 232 square kilometres around Sotés was successfully completed in March 2013 using the latest 3D seismology; this will give a better picture of the field and a more precise definition of its shape and dimensions. The fieldwork took almost 5 months and involved over 150 people.

Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since 1 January 2013:

- Gas Natural Fenosa announces the payment of an interim dividend out of 2012 income (disclosed 2 January 2013, registration number 180673).
- Gas Natural Fenosa discloses the acquisition of 10% of Medgaz for €61.9 million (disclosed 8 January 2013, registration number 180835).
- Gas Natural Fenosa discloses completion of a 10-year bond issue in the euromarket amounting to €600 million (disclosed 9 January 2013, registration number 180881).
- Gas Natural Fenosa discloses completion of a 6-year bond issue in the Swiss market amounting to 250 million Swiss francs (disclosed 14 January 2013, registration number 181006).
- Gas Natural Fenosa publishes the invitation to the conference call to discuss its 4Q12 earnings (disclosed 29 January 2013, registration number 181568).
- Gas Natural Fenosa discloses the sale of its stakes in electricity distribution companies in Nicaragua (disclosed 12 February 2013, registration number 182157).
- Gas Natural Fenosa publishes its 4Q12 results (disclosed 19 February 2013, registration number 182405).
- Gas Natural Fenosa files the presentation of earnings for the fourth quarter of 2012 (disclosed 19 February 2013, registration number 182409).
- Gas Natural Fenosa discloses information on earnings for the second half of 2012 (disclosed 22 February 2013, registration number 182580).
- Gas Natural Fenosa publishes its Annual Corporate Governance Report for 2012 (disclosed 22 February 2013, registration number 182585).
- Gas Natural Fenosa calls an Ordinary Shareholders' Meeting for 16 April 2013 (disclosed 7 March 2013, registration number 183432).
- Gas Natural Fenosa discloses completion of a bond issue in the euromarket amounting to €750 million (disclosed 3 April 2013, registration number 184731).
- Gas Natural Fenosa files the presentation used at the press conference before the Ordinary Shareholders' Meeting (disclosed 16 April 2013, registration number 185212).
- Gas Natural Fenosa resolves to authorise its subsidiary Unión Fenosa Financial Services USA, LLC to launch a tender offer for perpetual preference shares of Unión Fenosa FSU issued in 2003 (disclosed 16 April 2013, registration number 185217).
- Gas Natural Fenosa discloses that the Ordinary Shareholders' Meeting has approved all proposals contained in the Agenda submitted by the Board of Directors (disclosed 16 April 2013, registration number 185232).
- Gas Natural Fenosa publishes the invitation to the conference call to discuss its 1Q13 earnings (disclosed 18 April 2013, registration number 185328).

- Gas Natural Fenosa announces the implementation of the 2013 employee stock ownership plan, part of the 2012-2014 Plan that was approved by the Shareholders' Meeting on 20 April 2012 (disclosed 24 April 2013, registration number 185671).
- Gas Natural Fenosa files the advance report of earnings for the first quarter of 2013 (disclosed 7 May 2013, registration number 186641).
- Gas Natural Fenosa files the presentation of earnings for the first quarter of 2013 (disclosed 7 May 2013, registration number 186655).
- Gas Natural Fenosa files the announcement on the payment of a supplementary dividend out of 2012 income (disclosed 25 June 2013, registration number 189492).
- Gas Natural Fenosa publishes the invitation to the conference call to discuss its 1H13 earnings (disclosed 8 July 2013, registration number 190241).
- Credit agency Fitch Ratings placed Gas Natural Fenosa's Issuer Default Rating (IDR) on Rating Watch Negative (RWN) (disclosed 16 July 2013, registration number 190646).

- 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) | 1H13 | 1H12 |
|--|--------------|--------------|
| Net sales | 12,895 | 12,439 |
| Other operating revenues | 120 | 120 |
| Purchases | -8,929 | -8,639 |
| Personnel costs | -451 | -423 |
| Other operating costs | -1,001 | -938 |
| EBITDA | 2,634 | 2,559 |
| Other results | 8 | 20 |
| Amortization and losses for deterioration | -981 | -890 |
| Change in operating provisions | -114 | -107 |
| OPERATING PROFIT | 1,547 | 1,582 |
| Finance income | -405 | -431 |
| Income from disposal of financial instruments | - | - |
| Income from associates | 4 | 7 |
| CONSOLIDATED PRE-TAX PROFIT | 1,146 | 1,158 |
| Income tax expense | -252 | -288 |
| Minority interest | -114 | -103 |
| PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | 780 | 767 |

EBITDA

| (€ Mn) | 1Q13 | 2Q13 | 3Q13 | 4Q13 | 2013 |
|---------------------------------|--------------|--------------|------|------|------|
| GAS DISTRIBUCIÓN | 428 | 431 | | | |
| Spain | 225 | 227 | | | |
| Latin America | 172 | 184 | | | |
| Italy | 31 | 20 | | | |
| ELECTRICITY DISTRIBUCIÓN | 243 | 244 | | | |
| Spain | 149 | 153 | | | |
| Latin America | 82 | 83 | | | |
| Moldova | 12 | 8 | | | |
| ELECTRICITY | 312 | 267 | | | |
| Spain | 239 | 199 | | | |
| Latin America | 70 | 64 | | | |
| Rest | 3 | 4 | | | |
| GAS | 330 | 328 | | | |
| Infrastructures | 67 | 68 | | | |
| Procurement and Supply | 250 | 195 | | | |
| UF Gas | 13 | 65 | | | |
| REST | 16 | 35 | | | |
| TOTAL EBITDA | 1,329 | 1,305 | | | |

| (€ Mn) | 1Q12 | 2Q12 | 3Q12 | 4Q12 | 2012 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| GAS DISTRIBUCIÓN | 398 | 409 | 421 | 395 | 1.623 |
| Spain | 224 | 227 | 239 | 210 | 900 |
| Latin America | 146 | 164 | 167 | 163 | 640 |
| Italy | 28 | 18 | 15 | 22 | 83 |
| ELECTRICITY DISTRIBUCIÓN | 249 | 257 | 261 | 247 | 1.014 |
| Spain | 155 | 153 | 157 | 148 | 613 |
| Latin America | 85 | 96 | 97 | 88 | 366 |
| Moldova | 9 | 8 | 7 | 11 | 35 |
| ELECTRICITY | 311 | 271 | 286 | 313 | 1.180 |
| Spain | 251 | 200 | 215 | 239 | 904 |
| Latin America | 57 | 68 | 67 | 69 | 261 |
| Rest | 3 | 3 | 4 | 5 | 15 |
| GAS | 343 | 303 | 266 | 305 | 1.217 |
| Infrastructures | 58 | 52 | 58 | 57 | 225 |
| Procurement and Supply | 190 | 173 | 163 | 210 | 736 |
| UF Gas | 95 | 78 | 45 | 38 | 256 |
| REST | -1 | 19 | 34 | -7 | 46 |
| TOTAL EBITDA | 1,300 | 1,259 | 1,268 | 1,253 | 5,080 |

Investments (tangible and intangible)

| (€ Mn) | 1Q13 | 2Q13 | 3Q13 | 4Q13 | 2013 |
|---------------------------------|------------|------------|------|------|------|
| GAS DISTRIBUCIÓN | 79 | 114 | | | |
| Spain | 44 | 66 | | | |
| Latin America | 32 | 42 | | | |
| Italy | 3 | 6 | | | |
| ELECTRICITY DISTRIBUCIÓN | 40 | 99 | | | |
| Spain | 19 | 64 | | | |
| Latin America | 20 | 33 | | | |
| Moldova | 1 | 2 | | | |
| ELECTRICITY | 55 | 129 | | | |
| Spain | 37 | 47 | | | |
| Latin America | 18 | 82 | | | |
| Rest | - | - | | | |
| GAS | 6 | 14 | | | |
| Infrastructures | 2 | 3 | | | |
| Procurement and Supply | 3 | 4 | | | |
| UF Gas | 1 | 7 | | | |
| REST | 26 | 34 | | | |
| TOTAL | 206 | 390 | | | |

| (€ Mn) | 1Q12 | 2Q12 | 3Q12 | 4Q12 | 2012 |
|---------------------------------|------------|------------|------------|------------|--------------|
| GAS DISTRIBUCIÓN | 75 | 115 | 116 | 171 | 477 |
| Spain | 41 | 67 | 62 | 87 | 257 |
| Latin America | 29 | 36 | 46 | 67 | 178 |
| Italy | 5 | 12 | 8 | 17 | 42 |
| ELECTRICITY DISTRIBUCIÓN | 64 | 105 | 93 | 153 | 415 |
| Spain | 43 | 78 | 58 | 89 | 268 |
| Latin America | 20 | 24 | 31 | 56 | 131 |
| Moldova | 1 | 3 | 4 | 8 | 16 |
| ELECTRICITY | 60 | 52 | 32 | 101 | 245 |
| Spain | 41 | 39 | 21 | 81 | 182 |
| Latin America | 19 | 13 | 11 | 20 | 63 |
| Rest | - | - | - | - | - |
| GAS | 9 | 15 | 10 | 29 | 63 |
| Infrastructures | 5 | 9 | - | 11 | 25 |
| Procurement and Supply | 3 | 4 | 7 | 13 | 27 |
| UF Gas | 1 | 2 | 3 | 5 | 11 |
| REST | 16 | 24 | 36 | 81 | 157 |
| TOTAL | 224 | 311 | 287 | 535 | 1,357 |

| (€ Mn) | 30/06/13 | 30/06/12 |
|--------------------------------|---------------|---------------|
| Non-Current Assets- | 34,321 | 35,649 |
| Intangible assets | 10,439 | 10,987 |
| Tangible assets | 21,773 | 22,614 |
| Investment in associates | 97 | 95 |
| Non-current financial assets | 1,007 | 1,012 |
| Deferred tax assets | 1,005 | 941 |
| Current Assets- | 12,689 | 11,173 |
| Inventories | 947 | 866 |
| Trade and other receivables | 4,872 | 4,734 |
| Other current financial assets | 1,113 | 1,245 |
| Cash and cash equivalents | 5,757 | 4,328 |
| TOTAL ASSETS | 47,010 | 46,822 |

| (€ Mn) | 30/06/13 | 30/06/12 |
|-------------------------------------|---------------|---------------|
| Equity- | 14,987 | 14,845 |
| Net equity of Parent Company | 13,423 | 13,214 |
| Minority interest | 1,564 | 1,631 |
| Non-Current Liabilities- | 25,063 | 23,030 |
| Deferred revenues | 885 | 829 |
| Non-current provisions | 1,670 | 1,635 |
| Non-current financial liabilities | 19,052 | 16,985 |
| Deferred tax liabilities | 2,588 | 2,641 |
| Other non-current liabilities | 868 | 940 |
| Current Liabilities- | 6,960 | 8,947 |
| Current provisions | 80 | 118 |
| Current financial liabilities | 1,858 | 4,284 |
| Trade and other payables | 4,083 | 4,137 |
| Other current liabilities | 939 | 408 |
| TOTAL EQUITY AND LIABILITIES | 47,010 | 46,822 |

| (€ Mn) | 1H13 | 1H12 |
|--|--------------|--------------|
| Cash flow from ordinary activities | 1,895 | 1,933 |
| Income before taxes | 1,146 | 1,158 |
| Adjustments | 1,324 | 1,232 |
| Operating Cash flow | 2,470 | 2,390 |
| Changes in working capital | -17 | 171 |
| Other cash flows from operating activities | -558 | -628 |
| Interests | -350 | -336 |
| Income tax expenses | -208 | -292 |
| Investment cash flow | -560 | -605 |
| Investments | -1,281 | -1,181 |
| Disposals | 697 | 513 |
| Other cash flows from investing activities | 24 | 63 |
| Financing cash flow | 13 | -113 |
| Increase of capital | - | -379 |
| Net proceeds from instruments representing financial liabilities | 506 | 717 |
| Dividends paid | -457 | -416 |
| Other cash flows from financing activities | -36 | -35 |
| Effect of exchange rate variations | -25 | 15 |
| Net increase/(decrease) in cash and cash equivalents | 1,323 | 1,230 |
| Beginning cash and cash equivalents | 4,434 | 3,098 |
| Ending cash and cash equivalents | 5,757 | 4,328 |

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