



First Half Results 2014

24 July 2014

NET PROFIT IN THE FIRST HALF OF 2014 AMOUNTS TO €932 MILLION

- Net profit in the first half of 2014 amounted to €932 million, up 19.5%. This figure includes capital gains on the sale of GNF Telecomunicaciones for €252 million and impairment of fixed assets for €22 million, and the corresponding tax effect. Adjusting for those effects, net profit declined by 2.7% due to the impact of Royal Decree Law 9/2013 and of currency depreciation, mainly in Latin America, when translating to euro during the consolidation process.
- Consolidated EBITDA in 1H14 totalled €2,421 million, a decline of 3.0% with respect to 1H13, 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 regulatory measures under Royal Decree Law 9/2013, which entered into force on 14 July 2013 (and, therefore, did not have an impact in 1H13) impacted EBITDA in the amount of €132 million and affected the electricity distribution and generation activities in Spain.
- Royal Decree Law 8/2014, which was published on 5 July 2014, includes a series of adjustments in remuneration for regulated gas activities, effective as from that date. 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; no significant changes are expected in the plans to expand gas distribution in Spain.
- The impact on EBITDA of foreign currency depreciation against the euro is €76 million more than in the first half of 2013, due mainly to depreciation by the Brazilian real and the Colombian peso.
- Excluding these two effects, EBITDA in the first half of 2014 would have been €2,629 million euro, i.e. 5.2% more than in the first half of 2013.
- As regards procurement and supply, Gas Natural Fenosa signed a contract to sell liquefied natural gas (LNG) to Chile as from 2016, thereby expanding our presence in the Pacific Rim. We also signed a new LNG procurement contract with Cheniere under which we are free to decide where to use the gas; the first delivery is expected in 2019.
- The company continues to deleverage: net interest-bearing debt totalled €13,472 million at 30 June 2014, the leverage ratio was 46.6% and the net interest-bearing debt/EBITDA ratio was 2.8. 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

2Q14	2Q13	%	(€Mn)	1H14	1H13	%
5,870	5,882	-0.2	Net sales	12,154	12,531	-3.0
1,197	1,212	-1.2	EBITDA	2,421	2,497	-3.0
972	743	30.8	Operating income	1,762	1,584	11.2
530	369	43.6	Net profit	932	780	19.5
586	1,003	-41.6	Cash flow from ordinary activities	1,413	1,756	-19.5
-	-	-	Average number of shares (million)	1,001	1,001	-
-	-	-	Price at 30/06 (€)	23.07	15.49	48.9
-	-	-	Market capitalisation at 30/06	23,086	15,501	48.9
-	-	-	Net profit per share (€)	0.93	0.78	19.5
326	398	-18.1	Investments	693	655	5.8
88	-412	-	Equity	15,437	14,944	3.3
-700	-697	0.4	Net interest-bearing debt (at 30/06)	13,472	14,743	-8.6

1.2.- Ratios

	1H14	1H13
Leverage ¹	46.6%	49.7%
EBITDA/ Financial result	6.4x	6.4x
Net interest-bearing debt /EBITDA	2.8x	3.0x
P/E	14.4x	10.7x
EV/EBITDA	7.7x	6.2x

Share performance and balance sheet at 30 June.

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

1.3.- Main physical aggregates

Distribution in Europe:

2Q14	2Q13	%		1H14	1H13	%
36,434	45,147	-19.3	Gas distribution (GWh):			
-	-	-	TPA sales (GWh)	89,404	104,179	-14.2
			Connection points ('000) (at 30/06)	5,654	5,594	1.1
8,237	8,079	2.0	Electricity distribution (GWh):			
-	-	-	TPA sales (GWh)	17,343	17,640	-1.7
			Connection points ('000) (at 30/06)	4,522	4,513	0.2
-	-	-	ICEIT in Spain (minutes)	27	23	17.4

Gas business:

2Q14	2Q13	%		1H14	1H13	%
73,352	70,182	4.5	Gas supply (GWh):	159,465	159,361	0.1
45,293	49,917	-9.3	Supply in Spain	100,021	111,527	-10.3
550	277	98.6	Retail sales in Italy	1,781	1,838	-3.1
27,509	19,988	37.6	Rest	57,663	45,996	25.4
28,260	30,292	-6.7	Gas transportation - EMPL (GWh)	61,547	65,303	-5.8

Electricity business:

2Q14	2Q13	%		1H14	1H13	%
6,644	6,251	6.3	Electricity generated (GWh):	13,988	14,619	-4.3
6,516	6,124	6.4	Spain:	13,716	14,349	-4.4
779	1,295	-39.8	Generation:			
923	879	5.0	Hydroelectric	2,984	3,198	-6.7
1,225	606	-	Nuclear	2,088	1,999	4.5
3,132	2,828	10.7	Coal	1,497	1,336	12.1
457	516	-11.4	CCGT	5,940	6,573	-9.6
			Renewables and Cogeneration	1,207	1,243	-2.9
128	127	0.8	International (Kenya)	272	270	0.7
-	-	-	Installed capacity (MW):	12,235	12,145	0.7
-	-	-	Spain:	12,123	12,033	0.7
-	-	-	Generation:			
-	-	-	Hydroelectric	1,949	1,914	1.8
-	-	-	Nuclear	604	604	-
-	-	-	Coal	2,065	2,048	0.8
-	-	-	CCGT	6,603	6,603	-
-	-	-	Renewables and Cogeneration	902	864	4.4
-	-	-	International (Kenya)	112	112	-

Business in Latin America:

2Q14	2Q13	%		1H14	1H13	%
69,321	64,712	7.1	Distribution, TPA sales (GWh)	130,259	124,425	4.7
65,023	60,622	7.3	Gas	121,887	116,263	4.8
4,298	4,090	5.1	Electricity	8,372	8,162	2.6
-	-	-	Connection points ('000) (at 30/06):	9,412	9,066	3.8
-	-	-	Gas	6,447	6,196	4.1
-	-	-	Electricity	2,965	2,869	3.3
-	-	-	Installed capacity (MW):	2,317	2,317	-
-	-	-	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	-
4,576	4,329	5.7	Electricity generated (GWh):	8,589	8,841	-2.9
4,283	3,950	8.4	Mexico (CCGT)	8,114	8,088	0.3
45	48	-6.3	Costa Rica (hydroelectric)	71	90	-21.1
12	12	-	Panama (hydroelectric)	27	26	3.8
13	5	-	Panama (oil-fired)	24	9	-
223	314	-29.0	Dominican Republic (oil-fired)	353	628	-43.8

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%).
- Gas Natural Fenosa Perú, S.A., created in August 2013, is fully consolidated.
- 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 June 2013 and P&L for the first half of 2013 have been re-stated for comparison purposes.

The impact on key figures in 1H13 is as follows:

(€Mn)	1H13	IFRS 11 1H13	Variation
Net interest-bearing debt	15,136	14,743	393
Property, plant and equipment and intangible assets	596	577	19
EBITDA	2,634	2,497	137

2.2.- Analysis of results

2.2.1.- Net sales

Net sales in the first half of 2014 amounted to €12,154 million, i.e. 3.0% less than in 1H13, 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

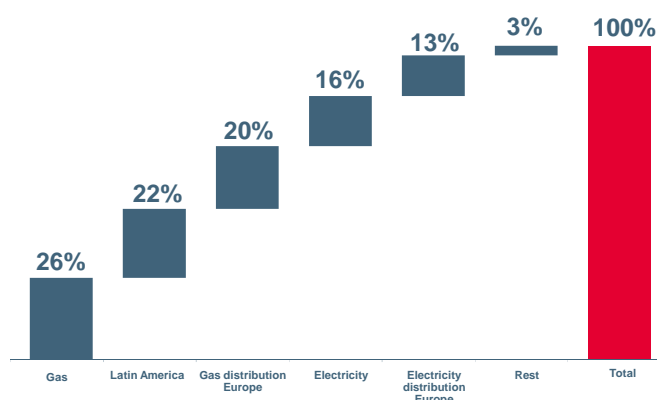
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The regulatory measures under Royal Decree Law 9/2013, which entered into force on 14 July 2013 (and, therefore, did not have an impact in 1H13) impacted EBITDA in the amount of €132 million and affected the electricity distribution and generation activities in Spain.

The impact on EBITDA of foreign currency depreciation against the euro is €76 million more than in the first half of 2013, due mainly to depreciation by the Brazilian real and the Colombian peso.

Excluding these two effects, EBITDA in the first half of 2014 would have been €2,629 million euro, i.e. 5.2% more than in the first half of 2013.

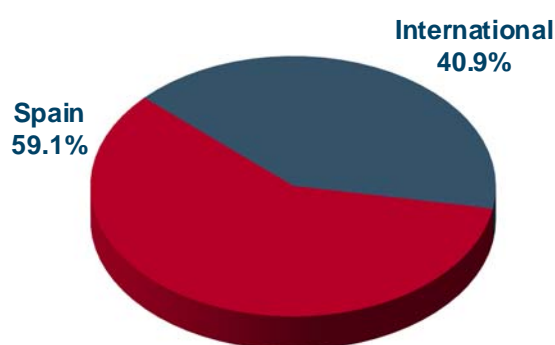
Contribution to EBITDA, by business



The chart illustrates the business lines' contributions to EBITDA, including a notable contribution by Gas (25.7%). Latin America accounts for 22.6% of the consolidated total, mainly from regulated gas and electricity distribution and from power generation (under power purchase agreements).

Regulated gas and electricity activities in Europe accounted for 33.2% of the total. Power generation, mainly in Spain, accounted for 15.6%.

Contribution to EBITDA, by geographic area



EBITDA in Gas Natural Fenosa's international activities, which declined by 6.5% due to translation losses, accounted for 40.9% of the consolidated total, compared with 42.3% in the same period of last year. In contrast, EBITDA from operations in Spain fell by 0.5%, and accounted for 59.1% of the consolidated total.

Depreciation and amortisation charges and impairment losses in the first half declined by 1.4% to €796 million. Provisions for bad debts amounted to €116 million, compared with €114 million in 2013. Gains from asset disposals totalled €253 million (€8 million in 1H13), providing operating profit of €1,762 million, i.e. 11.2% higher than the same period last year.

2.2.3.- Financial results

The breakdown of financial results is as follows:

2Q14	2Q13	(€Mn)	1H14	1H13
-194	-200	Cost of net interest-bearing debt	-379	-392
-4	20	Other financial expenses/revenues	-19	6
-198	-180	Financial result	-398	-386

The cost of net interest-bearing debt in 1H14 was €379 million, i.e. lower than in 1H13 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.

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 and cogeneration power generation facilities in Spain.

The result is -€12 million in 1H14, compared with -€35 million in 1H13. Ecoeléctrica provided a positive contribution of €26 million (€19 million in 2013), and the Unión Fenosa Gas sub-group contributed -€35 million (-€61 million in 1H13).

Output by Ecoeléctrica's CCGT in Puerto Rico was higher than in 1H13 due to greater dispatching by that country's power authority. In contrast, availability was lower compared with 1H13 because the scheduled shutdown lasted longer due to the repair of generator unit 2.

Gas supply in Spain by Unión Fenosa Gas amounted to 19,403 GWh in 1H14, compared with 23,762 GWh in 1H13. A total of 11,518 GWh of energy was traded in international markets, an increase of 17.8% with respect to the same period last year. In this context, the Unión Fenosa Gas subgroup's contribution to EBITDA in the first half of 2014, considering the attributable stake, amounted to €59 million (€78 million in the first half of 2013).

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 half 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 half 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 €89 million in 1H14, i.e. €21 million less than in 1H13.

3. BALANCE SHEET

3.1.- Investments

The breakdown of investments by type is as follows:

(€Mn)	1H14	1H13	%
Capital expenditure and intangible assets	666	577	15.4
Financial investments	27	78	-65.4
Total investments	693	655	5.8

Investments in property, plant & equipment and intangible assets amounted to €666 million in the first half, an increase of 15.4% year-on-year. This growth is mainly due to the finance lease of the Ribera del Duero LNG carrier ship (170,000 m³ capacity) for €177 million, arranged in March 2014. Adjusting for that figure, other investment in property, plant and equipment and intangible assets declined by 21.2%.

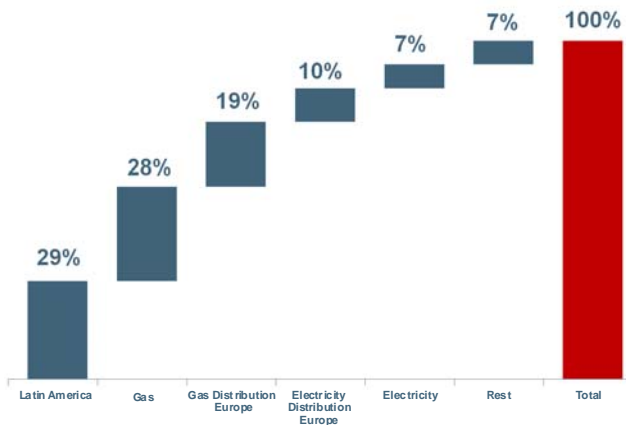
Financial assets added in 2014 correspond mainly to capital expenditure in Costa Rica to build the 50 MW Torito hydroelectric plant, in accordance with the service concession model established under IFRIC 12.

Financial assets added in 2013 are mainly attributable to the acquisition of 10.0% of Medgaz (together with the proportional percentage of the shareholder loan) for €62 million and to investments in Costa Rica amounting to €13 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:

(€Mn)	1H14	1H13	%
Gas distribution in Europe:	125	119	5.0
Spain	116	110	5.5
Italy	9	9	-
Electricity distribution in Europe:	65	84	-22.6
Spain	60	81	-25.9
Moldova	5	3	66.7
Gas:	190	12	-
Infrastructure	180	5	-
Procurement and Supply	10	7	42.9
Electricity:	47	83	-43.4
Spain	47	83	-43.4
International	-	-	-
Latin America:	191	220	-13.2
Gas distribution	75	74	1.4
Electricity distribution	49	53	-7.5
Electricity	67	93	-28.0
Rest	48	59	-18.6
Total capital expenditure and intangible assets	666	577	15.4

Total capital expenditure and intangible assets, by business



Latin America was the largest single destination for capital expenditure, accounting for 28.7% of the consolidated total, followed by gas infrastructure due to the addition of a new LNG carrier ship to Gas Natural Fenosa's fleet. In the regulated distribution business in Spain, capex increased by 5.5% in gas and decreased by 25.9% in electricity.

Excluding the LNG carrier, capital expenditure in Spain declined by 13.9%.

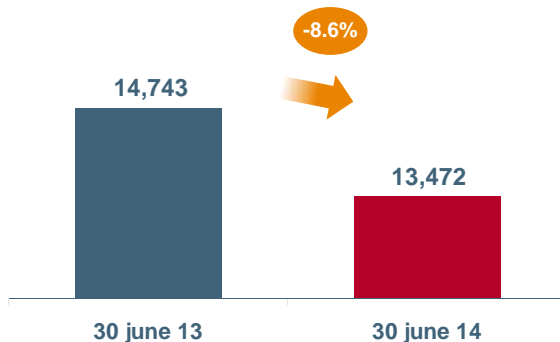
In Latin America, capex was concentrated in Mexico for the construction of the 234 MW Bií Hioxo wind farm, which is already complete, with part of the farm operating on a trial basis.

3.2.- Debt

At 30 June 2014, net interest-bearing debt amounted to €13,472 million and leverage was 46.6%.

Excluding the outstanding tariff deficit (€436 million) and withholdings by the Spanish National Competition Commission in 2014 (€155 million), net debt amounted to €12,881 million, i.e. 45.5% leverage.

Evolution of net interest-bearing (€Mn)

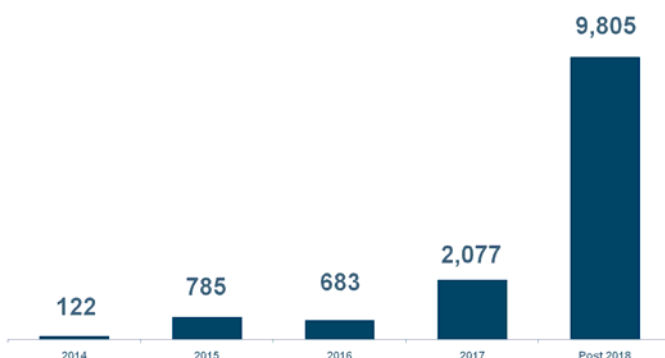


The net debt/EBITDA ratio was 2.8 at (2.7 if the tariff deficit is excluded from net debt) and the EBITDA/interest ratio was 6.4 at 30 June 2014.

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 €25,301 million. Gas Natural Fenosa has received a total of €2,873 million.

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

Net interest-bearing debt maturity (€Mn)



A total of 93.3% 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 79.5% of the net interest-bearing debt is at fixed interest rates and the other 20.5% is at floating rates. Of the net interest-bearing debt, 5.2% is short term and 94.8% is long term.

At 30 June 2014, cash and cash equivalents together with available bank finance totalled over €12,807 million, providing the company with sufficient liquidity to cover its debt maturities for more than 24 months, with the following breakdown:

	Liquidity (€Mn)	Available in 06/2014
Committed credit lines		6,919
Uncommitted credit lines		135
Loans not drawn		225
Cash and cash equivalents		5,528
Total		12,807

Additionally, at 30 June 2014, the company had €2,228 million available in the form of shelf registrations for financial instruments, including €1,245 million in the Euro Medium Term Notes (EMTN) programme following its expansion by €2,000 million to €14,000 million on 30 May 2013; €567 million in the Euro Commercial Paper (ECP) programme; and a total of €416 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 €12,755 million.

Additional bank credit lines were arranged during the first half 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, which is still undrawn.

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 interest-bearing debt by currency at 30 June 2014, in absolute and relative terms, is as follows:

(€Mn)	30/06/14	%
EUR	11,572	85.9
USD	994	7.4
COP	542	4.0
MXN	267	2.0
BRL	97	0.7
Total net interest-bearing debt	13,472	100.0

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 includes 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 June 2014, Gas Natural Fenosa's shareholders' equity totalled €15,437 million. Of that figure, €13,927 million is attributable to Gas Natural Fenosa, i.e. an increase of 3.8% with respect to 30 June 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.

4.1.- GAS DISTRIBUTION IN EUROPE

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

2Q14	2Q13	%	(€ Mn)	1H14	1H13	%
316	320	-1.3	Net sales	630	634	-0.6
-4	-6	-33.3	Purchases	-10	-14	-28.6
-18	-20	-10.0	Personnel costs, net	-38	-39	-2.6
-69	-67	3.0	Other revenues and expenses	-130	-129	0.8
225	227	-0.9	EBITDA	452	452	-
-70	-71	-1.4	Depreciation & amortization, and impairment losses	-144	-142	1.4
-4	-1	-	Change in operating provisions	-4	-	-
151	155	-2.6	Operating profit	304	310	-1.9

Net sales in the gas distribution business totalled €630 million, in line with the same period last year and with the increase in remuneration, because of slack demand for gas. EBITDA amounted to €452 million.

4.1.1.2.- Main aggregates

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

2Q14	2Q13	%		1H14	1H13	%
35,818	44,695	-19.9	Gas TPA sales (GWh):	87,212	101,785	-14.3
292	280	4.3	Distribution network (km)	48,258	47,143	2.4
14	12	16.7	Change in connection points ('000)	26	19	36.8
-	-	-	Connection points ('000) (at 30/06)	5,198	5,143	1.1

Gas Natural Fenosa's regulated gas sales in Spain declined by 14.3% overall (-14,573 GWh).

Demand for gas which is covered by remuneration for the distribution activity (less than 60 bar) decreased by 15.7% in the first quarter due to the impact of unfavourable weather on the residential market, since it was the warmest first quarter 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.

Secondary transportation sales declined by 43.4% due to the notable decline in consumption by CCGTs and greater renewable energy output.

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 422 km in 1H14, connecting 20 new municipalities to reach a total of 1,119 municipalities.

Order IET/2446/2013, published on 30 December 2013, established the tolls and fees for third-party access to gas installations and the remuneration for regulated gas activities for 2014. The remuneration recognised for Gas Natural Fenosa from distribution and transportation activities in 2014 is €1,108 million.

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 distribution and retail supply of gas in Italy.

4.1.2.1.- Results

2Q14	2Q13	%	(€Mn)	1H14	1H13	%
63	65	-3.1	Net sales	148	180	-17.8
-34	-34	-	Purchases	-80	-107	-25.2
-4	-4	-	Personnel costs, net	-8	-8	-
-5	-7	-28.6	Other revenues and expenses	-14	-14	-
20	20	-	EBITDA	46	51	-9.8
-7	-7	-	Depreciation & amortisation, and impairment losses	-13	-13	-
-3	-	-	Change in operating provisions	-4	-2	-
10	13	-23.1	Operating profit	29	36	-19.4

EBITDA amounted to €46 million in 1H14, i.e. a decline of 9.8% compared with the same period last year.

This decline in the first half is mainly attributable to two events in 1Q14: the introduction of new regulatory models for remuneration in 2014-2019, which reduce remuneration for distribution and supply, leading to a lower sales margin during periods of greatest consumption, and lower sales in the residential market, due to warm weather in the period.

4.1.2.2.- Main aggregates

2Q14	2Q13	%		1H14	1H13	%
616	452	36.3	Gas TPA sales (GWh)	2,192	2,394	-8.4
31	12	-	Distribution network (km)	7,005	6,900	1.5
-	-	-	Connection points ('000) (at 30/06)	456	451	1.1
550	277	98.6	Retail gas supply (GWh)	1,781	1,838	-3.1

A total of 2,192 GWh of gas were distributed, i.e. 8.4% less than in 2013, and supplies to the retail market declined by 3.1% to 1,781 GWh, mainly due to weather conditions.

The distribution grid expanded by 105 km in the last 12 months, to 7,005 km at 30 June 2014.

Gas Natural Fenosa has 455,662 gas connection points in Italy, a 1.1% increase with respect to 30 June 2013.

Gas Natural Fenosa has 518,410 active retail gas, electricity and services contracts in Italy, up 7.5% with respect to 30 June 2013.

4.2.- ELECTRICITY DISTRIBUTION IN EUROPE

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

2Q14	2Q13	%	(€Mn)	1H14	1H13	%
208	209	-0.5	Net sales	409	418	-2.2
-	-	-	Purchases	-	-	-
-24	-22	9.1	Personnel costs, net	-53	-53	-
-38	-38	-	Other revenues and expenses	-69	-69	-
146	149	-2.0	EBITDA	287	296	-3.0
-51	-51	-	Depreciation & amortization, and impairment losses	-102	-105	-2.9
-2	-1	-	Change in operating provisions	-2	-1	-
93	97	-4.1	Operating profit	183	190	-3.7

Order IET/107/2014, 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 Law 24/2013, of 26 December, on the Electricity Sector, to recognise investments undertaken in 2012.

EBITDA amounted to €287 million in 1H14, i.e. a decline of 3.0% with respect to the same period last year. Net sales declined by 2.2% as a result of the new regulation. Sales performance is attributable to flat operating and personnel expenses.

4.2.1.2.- Main aggregates

2Q14	2Q13	%		1H14	1H13	%
7,643	7,495	2.0	Electric TPA sales (GWh)	16,038	16,362	-2.0
-	-	-	Connection ('000) (at 30/06)	3,670	3,672	-0.1
-	-	-	ICEIT (minutes)	27	23	17.4

Electricity supplied fell by 2%, i.e. by more than the decline in demand in the Spanish distribution network as a whole, which amounted to 119,292 GWh in 1H14 (120,772 GWh in 1H13), i.e. a 1.2% reduction, according to Red Eléctrica de España (REE).

The number of distribution connections remained stable with respect to the previous year, at 3,670,000.

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, but was in line with the average of recent years because of good performance by the facilities due to the ongoing capital expenditure plans, the grid architecture, and the systematic operation and maintenance plans.

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

2Q14	2Q13	%	(€Mn)	1H14	1H13	%
48	53	-9.4	Net sales	116	127	-8.7
-37	-41	-9.8	Purchases	-89	-98	-9.2
-1	-2	-50.0	Personnel costs, net	-3	-4	-25.0
-4	-2	-	Other revenues and expenses	-6	-5	-20.0
6	8	-25.0	EBITDA	18	20	-10.0
-2	-2	-	Depreciation & amortisation, and impairment losses	-3	-3	-
-	-	-	Other operating provisions	-	-	-
4	6	-33.3	Operating profit	15	17	-11.8

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 half 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 18.55 Lei/€, compared with 16.13 Lei/€ in the same period last year. Excluding the currency effect, EBITDA expanded by 6.8% due to the improvement in grid loss ratio and in efficiency and to cost containment.

4.2.2.2.- Main aggregates

2Q14	2Q13	%		1H14	1H13	%
594	584	1.7	Electricity activity sales (GWh)	1,305	1,278	2.1
-	-	-	Connection points ('000) (at 30/06)	852	841	1.3
-	-	-	Network loss ratio (%)	9.5	10.9	-12.8

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 supply increased slightly, by 2.1%, since the positive effect of loss reduction campaigns was offset by lower consumption due to the milder weather in 2014 compared with 2013.
- Supply connections totalled 852,190, i.e. up 1.3% with respect to 30 June 2013, due primarily to growth in the real estate sector.
- In the second quarter of 2014, losses increased slightly compared with 2Q13 due to the lower amount of energy recovered through measures to combat fraud (1.7 GWh). The network loss ratio performed favourably in 1H14, enabling the company to maximise regulated revenues.

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

2Q14	2Q13	%	(€Mn)	1H14	1H13	%
76	78	-2.6	Net sales	154	160	-3.8
-1	-3	-66.7	Purchases	-5	-13	-61.5
-1	-1	-	Personnel costs, net	-2	-2	-
-5	-7	-28.6	Other revenues and expenses	-7	-10	-30.0
69	67	3.0	EBITDA	140	135	3.7
-20	-18	11.1	Depreciation & amortisation, and impairment losses	-39	-44	-11.4
-	-	-	Change in operating provisions	-	-	-
49	49	-	Operating profit	101	91	11.0

Net sales in the Infrastructure business totalled €154 million in 1H14, a 3.8% decline.

EBITDA in 2014 amounted to €140 million, i.e. 3.7% more than in 1H13, due mainly to the increase in fees for international shipping via the Maghreb-Europe gas pipeline in 2014, and to the logistical optimisation of the fleet.

4.3.1.2.- Main aggregates

The main aggregates in international gas transportation are as follows:

2Q14	2Q13	%		1H14	1H13	%
28,260	30,292	-6.7	Gas transportation-EMPL (GWh):	61,547	65,303	-5.8
7,869	8,364	-5.9	Portugal-Morocco	17,681	18,629	-5.1
20,391	21,928	-7.0	Spain-Morocco (Gas Natural Fenosa)	43,866	46,674	-6.0

The gas transportation activity conducted in Morocco through companies EMPL and Metragaz represented a total volume of 61,547 GWh, 5.8% less than in the previous year as a result of the lower volume of gas shipped to Spain due to lower deliveries by Algeria. Of that figure, 43,866 GWh were shipped for Gas Natural Fenosa through Sagane and 17,681 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 4,505 GWh were shipped via the Medgaz pipeline for Gas Natural Fenosa in 1H14.

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 products, 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.

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, the supply in Spain of other products and services related to retail supply, and supply of gas at the last-resort tariff in Spain.

4.3.2.1.- Results

2Q14	2Q13	%	(€Mn)	1H14	1H13	%
2,669	2,687	-0.7	Net sales	5,975	6,053	-1.3
-2,365	-2,431	-2.7	Purchases	-5,366	-5,490	-2.3
-15	-13	15.4	Personnel costs, net	-29	-26	11.5
-48	-48	-	Other revenues and expenses	-98	-92	6.5
241	195	23.6	EBITDA	482	445	8.3
-5	-5	-	Depreciation & amortisation, and impairment losses	-10	-9	11.1
-22	-18	22.2	Change in operating provisions	-35	-26	34.6
214	172	24.4	Operating profit	437	410	6.6

Net revenues amounted to €5,975 million, i.e. 1.3% less than in the same period last year. EBITDA increased by 8.3% to €482 million, mainly due to greater sales outside Spain.

4.3.2.2.- Main aggregates

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

2Q14	2Q13	%		1H14	1H13	%
72,802	69,905	4.1	Gas supply (GWh):	157,684	157,523	0.1
45,293	49,917	-9.3	Spain:	100,021	111,527	-10.3
30,609	33,862	-9.6	Gas Natural Fenosa supply ²	72,031	78,921	-8.7
14,684	16,055	-8.5	Supply to third parties	27,990	32,606	-14.2
27,509	19,988	37.6	International:	57,663	45,996	25.4
8,570	6,373	34.5	Supply in Europe	21,765	15,275	42.5
18,939	13,615	39.1	Other	35,898	30,721	16.9
-	-	-	Multiutility contracts (at 30/06)	2,391,020	1,984,588	20.5
-	-	-	Contracts per customer (at 30/06)	1.50	1.42	5.6

In a situation of weak demand, the company supplied 100,021 GWh in the Spanish gas market, a 10.3% decline with respect to 1H13, due to lower sales to final customers of Gas Natural Fenosa (-8.7%), mainly as a result of a decline in gas consumption by CCGT plants and in supply to third parties (-14.2%).

Gas sales outside Spain maintained the trend from previous quarters and increased by 25.4% with respect to the same period last year, to 57,663 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 arranged 14.0 TWh of underground storage for the period between April 2014 and March 2015, i.e. over 52% of the storage capacity available to the market. This contract highlights Gas Natural Fenosa's commitment to clients and the Spanish gas system.

Gas Natural Fenosa, through its subsidiary Gas Natural Comercializadora, participated in the Operation Gas auction and was awarded 550 GWh/year, equivalent to 55% of the total amount auctioned. It also participated in the buffer gas auction in June, when it was awarded 146 GWh/year, equivalent to 9.7% of the total amount auctioned.

Gas Natural Europe (the French subsidiary for supply in Europe) currently has 2,716 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 19.9 TWh per year.

² Does not include exchange transactions.

The French subsidiary strengthened its position in Belgium and Luxembourg with 462 supply points, representing a contracted portfolio of 6.3 TWh per year. In The Netherlands, the company has 284 supply points and a portfolio of 5.1 TWh. The company began operations in Germany at the end of 2012 and already has 145 supply points and a portfolio of 1.4 TWh.

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 6.4 TWh/year at 30 June 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 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.

Along these lines, a new LNG sales contract has been signed in Chile, expanding our presence in the Pacific Rim. The long-term contract, awarded by competitive tender, was signed with Chilean company Minera Escondida, operated by BHP Billiton, to which LNG will be supplied for the Kelar CCGT starting in 2016. The first deliveries of LNG to the Mejillones terminal will coincide with the commissioning of the Kelar CCGT, which is currently under construction.

Gas Natural Fenosa signed a new LNG supply contract with US company Cheniere, 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 Corpus Christi plant is built and operational. This agreement is conditional on the obtainment of regulatory authorisation and the funding required to build the plant in Texas.

Gas Natural Fenosa has over 11.3 million active retail gas, electricity and services contracts. More than 1.4 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 the group has signed 783,000 contracts in the residential market. The new tariff model for electricity customers that have opted for the Small Consumer Voluntary Price system (PVPC, previously known as the last-resort tariff), became effective on 1 April 2014. Gas Natural Fenosa, through its main distribution company, GNSur, has approximately 2.6 million customers using this tariff.

In Spain, the company launched the Capacity Optimisation Service for the SME market, whereby it provides custom advisory services to each client as to whether their contracted capacity is adapted to their needs. The company continues to expand market share in Portugal, and had more than 21,000 contracts at 30 June 2014.

Gas Natural Fenosa expanded its residential maintenance contract portfolio to include new services. That portfolio contains more than 2.4 million active contracts, managed with the group's own operating platform consisting of 136 associated firms connected via an online system, which has enabled it to improve service performance and quality.

These efforts increased retail contract numbers by 6% in like-for-like terms with respect to 30 June 2013.

Gas Natural Fenosa continues to add features and users to its online customer management system, enabling customers to acquire products and services online.

Gas Natural Fenosa continues to develop public service stations for compressed natural gas and LNG. The company presented the service station for city buses in Guadalajara, which is open to the

public and will supply all types of compressed natural gas vehicles, as well as other fuels. Gas Natural Fenosa now has 37 automotive gas service stations, the largest portfolio of company-owned LNG service stations in Europe.

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

2Q14	2Q13	%	(€Mn)	1H14	1H13	%
1,310	1,403	-6.6	Net sales	2,764	2,908	-5.0
-962	-1,013	-5.0	Purchases	-2,001	-2,073	-3.5
-37	-40	-7.5	Personnel costs, net	-72	-79	-8.9
-136	-158	-13.9	Other revenues and expenses	-319	-334	-4.5
175	192	-8.9	EBITDA	372	422	-11.8
-150	-157	-4.5	Depreciation & amortisation, and impairment losses	-274	-280	-2.1
-5	-10	-50.0	Change in operating provisions	-13	-23	-43.5
20	25	-20.0	Operating profit	85	119	-28.6

Net sales in the electricity business amounted to €2,764 million in the first half of 2014, 5.0% less than in the same period of 2013.

EBITDA amounted to €372 million in 1H14, an 11.8% decline year-on-year.

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 Law 15/2012 and RDL 9/2013.

Electricity demand in mainland Spain amounted to 57,720 GWh in the second 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 fell only in April, due in particular to the date of Easter this year. In contrast, demand increased in May and especially in June (+2.0%).

Demand totalled 120,988 GWh in the first half of 2014, a decline of 1.2% year-on-year. Adjusting for the different number of working days and for temperatures, demand actually increased by 0.1%.

Peak capacity usage in one hour in 2Q14 was registered on 13 June: 34,582 MW, i.e. lower than the 34,826 MW attained in the same period of last year (14 June 2013).

The balance of international power flows was a net export in physical terms in the second quarter of 2014, amounting to 1.2 TWh (up 33.0% with respect to 2Q13), and the total was 1.9 TWh in 1H14, 19.2% less than the amount exported in 1H13.

Consumption for pumped storage amounted to 1,310 GWh in 2Q14, i.e. 23.4% less than in 2Q13. Consumption for pumped storage amounted to 3,325 GWh in 1H14, i.e. 17.4% less than in 1H13.

Net electricity output in Spain declined by 0.8% in 2Q14 and by 2.0% in 1H14.

Output increased by 8.0% in the quarter, compared with a record quarterly decline in renewable and cogeneration output of -11.2% in the same period (the second consecutive quarterly decline).

Wind power output fell by 6.5% with respect to the same quarter last year. Output increased only in May (5.2%), while it declined by 14.2% in June, the worst monthly performance in the quarter. Wind covered 19.7% of demand, 1.2 percentage points less than in the same quarter in 2013. Overall, wind covered 23.8% of demand in 1H14, 0.3 percentage points less than in 1H13. Other renewable and cogeneration outputs declined by 14.8% in the quarter and by 14.5% in the first half, with the latter falling by 26.0%.

Renewable and cogeneration output as a whole covered 42.8% of demand in 2Q14, 5 percentage points less than in 2Q13. It covered 44.8% of total demand in 1H14, i.e. 3.5 percentage points less than in the same period last year.

Output increased by 8.0% in the quarter with respect to 2Q13, ending the negative trend observed since 2011 (apart from a hiatus in the first quarter of 2012), and mainly associated with CCGTs and (above all) coal-fired output. Output increased by 3.5% in 1H14, with an increase in all technologies, especially coal and hydro, coupled with a sharp decline in CCGT output (-16.2%).

Hydroelectric output decreased by 16.1% in the quarter due to lower precipitation, especially in May and June, which offset the good performance in April, which had an exceedance probability of 9%. In terms of hydroelectric energy capability, 2014 is proving to be a wet year, with an exceedance probability of 23% when compared with the historical average; i.e. statistically, only 23 out of every 100 years would be wetter than 2014.

Nuclear output increased by 0.6% in the quarter and by 1.4% in 1H14, affected by changes in the dates of scheduled shut-downs.

The thermal gap increased by slightly more than 4.3 TWh in the quarter, accounting for 24.0% of demand, compared with 16.4% in the same quarter of 2013. The thermal gap declined slightly (-0.5%) in 1H14 compared with 1H13, with coverage of 18.2%, i.e. 0.1 points more than in 2013.

Coal-fired output increased sharply in 2Q14, by 76.3%, and covered 16.2% of demand, seven points more than in the same period of 2013. In the first half of 2014, coal-fired output increased by 13.1% and covered 11.1% of demand, compared with 9.7% in the same period last year.

In the second quarter of 2014, CCGTs increased output by 6.7% with respect to the same period of 2013, resulting in a decline of 16.2% in 1H14. CCGT output covered 7.8% of demand in the quarter, 0.6 points more than in 2Q13. CCGTs covered 7.2% of demand in 1H14, 1.2 percentage points less than in 1H13.

The weighted average price in the daily power generation market was €41.07/MWh in the second quarter of 2014, i.e. notably higher than in 2Q13 (€31.78/MWh) and 65% higher than in 1Q14 (€24.88/MWh). In 1H14, the weighted average price in the electricity pool was €32.03/MWh, i.e. €4.5/MWh less than in 1H13. Average daily prices during the quarter ranged from €9.95/MWh (26 April 2014) to €64.63/MWh (24 June 2014), maintaining an upward trend throughout the quarter.

Brent crude increased from an average of \$108.2/bbl in the first quarter of 2014 to \$109.6/bbl (+1.3%) in the second quarter of 2014, as monthly averages rose throughout the quarter. API 2, Europe's main

coal price indicator, declined by 4.9%, from an average of \$78.5/tonne in the first quarter of 2014 to \$74.7/tonne in the second quarter of 2014, continuing the downward trend that began over two years ago following the hiatus in 4Q13. The price of CO₂ emission rights (EUAs on Bluenext) averaged €5.3/tonne (maturing in 2014), i.e. lower than the 1Q14 average (€5.9/tonne).

4.4.1.2.- Main aggregates

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

Power generation capacity:

2Q14	2Q13	%		1H14	1H13	%
-	-	-	Installed capacity (MW):	12,123	12,033	0.7
-	-	-	Generation:	11,221	11,169	0.5
-	-	-	Hydroelectric	1,949	1,914	1.8
-	-	-	Nuclear	604	604	-
-	-	-	Coal	2,065	2,048	0.8
-	-	-	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	-

The change in installed capacity with respect to the previous year is due to a number of factors:

- A 35 MW increase as a result of re-rating several hydroelectric plants.
- A 17 MW increase in gross capacity of the Meirama power plant, recognised in August 2013.

Electricity generated and sold:

2Q14	2Q13	%		1H14	1H13	%
6,516	6,124	6.4	Electric energy produced (GWh):	13,716	14,349	-4.4
6,059	5,608	8.0	Generation	12,509	13,106	-4.6
779	1,295	-39.8	Hydroelectric	2,984	3,198	-6.7
923	879	5.0	Nuclear	2,088	1,999	4.5
1,225	606	-	Coal	1,497	1,336	12.1
3,132	2,828	10.7	CCGT	5,940	6,573	-9.6
457	516	-11.4	Renewables and cogeneration:	1,207	1,243	-2.9
331	334	-0.9	Wind	890	864	3.0
111	94	18.1	Small hydroelectric	254	207	22.7
15	88	-83.0	Cogeneration and others	63	172	-63.4
8,142	7,725	5.4	Electricity sales (GWh):	16,884	16,598	1.7
6,797	6,163	10.3	Liberalised market	13,596	12,845	5.8
1,345	1,562	-13.9	Last resort tariff	3,288	3,753	-12.4
-	-	-	Generation market share (%)	17.0	18.6	-

Gas Natural Fenosa generated 6,516 GWh of electricity in mainland Spain in the second quarter of 2014, i.e. 6.4% more than in the same period of 2013. Of that figure, 6,059 GWh were ordinary regime (an 8% increase year-on-year), due to higher output by all technologies (except hydroelectricity).

Electricity generated by Gas Natural Fenosa in mainland Spain declined by 4.4% in 1H14, while its conventional power output declined by 4.6%.

Renewable and cogeneration output declined by 11.4% in the quarter and by 2.9% in the year.

Hydroelectric output amounted to 779 GWh in 2Q14, i.e. 39.8% less than in 2Q13 (1,295 GWh), due to lower precipitation in the quarter, especially in June. Hydroelectric output declined by 6.7% in 1H14 compared with 1H13.

Lower precipitation towards the end of the second quarter, in May and especially in June, resulted in the year first being classified as "wet" but then declining to "average", with an exceedance probability of 43% at 30 June 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 53.6% of capacity, compared with 60.3% at the end of 2Q13.

Nuclear output increased by 5.0% in 2Q14 compared with 2Q13, and by 4.5% in 1H14, although these figures were affected by the change in the dates of scheduled shut-downs.

Gas Natural Fenosa's output using Spanish coal amounted to 569 GWh in 2Q14, evidencing the impact of the Royal Decree on Security of Supply. Coal-fired output in the second quarter of 2014 totalled 1,225 GWh, i.e. twice the figure in 2Q13. Coal-fired output amounted to 1,497 GWh in 1H14, 12.1% higher than in 1H13.

The company's CCGT output in the second quarter of 2014 totalled 3,132 GWh, 10.7% more compared with 2Q13. CCGT output amounted to 5,940 GWh in 1H14, i.e. 9.6% less than in 1H13, accounting for close to 70% of Spain's total CCGT output.

The company attained a 17.0% share of the power generation market in 1H14, i.e. less than the 18.6% registered in 1H13.

The electricity supply area sold 16,884 GWh in 1H14, 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 CO₂ in the second 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 2.4 million tonnes (vs. 1.7 million tonnes in the same period of 2013). Emissions amounted to 3.8 million tonnes in 1H14, in line with the same period in 2013.

Under its commitments, during April 2014 Gas Natural Fenosa supplied the Spanish National Register of Greenhouse Gas Emission Rights (RENADE) with the rights equivalent to the CO₂ emissions certified at its conventional thermal and CCGT plants in 2013, a total of 11.5 million tonnes of CO₂, including emission rights from Clean Development and Joint Implementation mechanisms.

Gas Natural Fenosa applies a comprehensive approach to its portfolio of CO₂ 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 June 2014, Gas Natural Fenosa Renewables (GNF Renewables) had a consolidable total capacity of 902 MW, of which 738 MW are wind, 107 MW are small hydroelectric and 57 MW are cogeneration.

Output was 2.9% lower than in 2013 (1,207 GWh vs. 1,243 GWh). This decline was mainly due to lower output by cogeneration plants (cogeneration + slurry), which fell by 63.4% as a result of the

temporary shutdown of cogeneration plants associated with slurry treatment after publication of a draft Ministerial Order resetting the remuneration parameters for their exported electricity. Wind output expanded by 3.0%, due to stronger winds compared with the same period last year. Small hydroelectric output increased (+22.7%) because the Belesar II and Peares II power plants became operational and provided 78 GWh in the first half 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 Renovables results with respect to those projected on the basis of the early drafts.

4.4.2.- International Electricity (Kenya)

This area refers to power generation in Kenya. The energy conditions in the country during the first half of 2014 and the end of the rainy season (in June) led to an increase in the use of this thermal power plant, with the result that electricity output rose slightly.

4.4.2.1.- Results

2Q14	2Q13	%	(€Mn)	1H14	1H13	%
23	25	-8.0	Net sales	48	52	-7.7
-14	-19	-26.3	Purchases	-36	-39	-7.7
-	-	-	Personnel cost, net	-1	-1	-
-6	-2	-	Other revenues and expenses	-6	-5	20.0
3	4	-25.0	EBITDA	5	7	-28.6
-1	-1	-	Depreciation & amortisation, and impairment losses	-2	-2	-
-	-	-	Change in operating provisions	-	-	-
2	3	-33.3	Operating profit	3	5	-40.0

EBITDA amounted to €5 million in the first half of 2014. The decline is mainly due to fluctuations in exchange rates and to the moderate increase in expenses as a result of rescheduling maintenance. The increase in availability (the factor determining capacity revenues), to 87.4%, mitigated the decline in EBITDA.

4.4.2.2.- Main aggregates

2Q14	2Q13	%		1H14	1H13	%
-	-	-	Electric generation capacity (MW)	112	112	-
128	127	0.8	Electric energy production (GWh/year)	272	270	0.7

Diesel-fired output in Kenya increased by 0.7% in 1H14 compared with 1H13, to 272 GWh. This moderate improvement is due to greater dispatching of plant 2 in that country and its greater efficiency.

4.5 - LATIN AMERICA

4.5.1- Gas distribution

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.

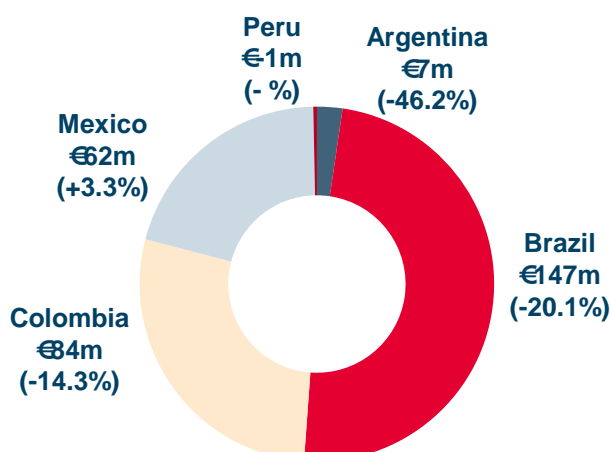
The concession period is 20 years, with the possibility of an extension, to develop the gas grid in the southeast part of the country, including the transportation system and local gas distribution in four cities.

4.5.1.1.- Results

2Q14	2Q13	%	(€Mn)	1H14	1H13	%
870	892	-2.5	Net sales	1,600	1,708	-6.3
-634	-621	2.1	Purchases	-1,145	-1,186	-3.5
-24	-26	-7.7	Personnel costs, net	-45	-52	-13.5
-60	-62	-3.2	Other revenues and expenses	-111	-115	-3.5
152	183	-16.9	EBITDA	299	355	-15.8
-27	-28	-3.6	Depreciation & amortisation, and impairment losses	-51	-56	-8.9
-3	-5	-40.0	Change in operating provisions	-7	-9	-22.2
122	150	-18.7	Operating profit	241	290	-16.9

Revenues declined by 6.3% to €1,600 million, on 4.8% growth in volume year-on-year.

EBITDA in Latin America, by country



EBITDA amounted to €299 million, 15.8% lower than in the same period of 2013, due largely to the negative impact of depreciation of local currencies in Brazil (-9.2%), Argentina (-33.7%), Colombia (-7.3%), and Mexico (-5.7%).

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

Brazil contributed 49.2% of EBITDA, and revenues increased by 6.7% with respect to the same period last year.

Colombia accounted for 28.1% of EBITDA and increased sales by 30.1%, due primarily to growth in the industrial market.

EBITDA in Mexico accounted for 20.7% of the total, up 3.3% with respect to the same period last year, and the energy margin increased by 15.0% due to higher margins in the residential/commercial, industrial and automotive natural gas markets.

4.5.1.2.- Main aggregates

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

2Q14	2Q13	%		1H14	1H13	%
65,023	60,622	7.3	Gas activity sales (GWh)	121,887	116,263	4.8
41,804	38,636	8.2	Tariff gas sales	76,528	72,034	6.2
23,219	21,986	5.6	TPA	45,359	44,229	2.6
350	553	-36.7	Distribution network (km)	69,761	68,255	2.2
68	59	15.3	Change in connection points ('000)	126	107	17.8
-	-	-	Connection points ('000) (at 30/06)	6,447	6,196	4.1

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

	Argentina	Brazil	Colombia	Mexico	Total
Gas activity sales (GWh)	36,195	50,817	11,833	23,042	121,887
Change vs. 1H2013 (%)	1.0	6.7	30.1	-2.7	4.8
Distribution network (km)	24,165	6,550	20,496	18,550	69,761
Change vs. 30/06/2013 (km)	169	168	484	685	1,506
Connection points ('000) (at 30/06)	1,570	915	2,576	1,386	6,447
Change vs. 30/06/2013 ('000)	34	35	117	65	251

There were a total of 6,447,000 gas distribution connections in 2014. Year-on-year growth remains high, as the company added 251,000 distribution connections (of which 117,000 in Colombia alone).

Sales in the gas activity in Latin America, which include both gas sales and TPA (third-party access) services, totalled 121,887 GWh, a 4.8% increase with respect to 2013.

The distribution grid expanded by 1,506 km (+2.2%) in the last 12 months, to 69,761 km at the end of June 2014. Mexico made a notable contribution, adding 685 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. This move was intended to restore the economic balance to the sector. However, the tariff increases envisioned in 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 38%).

- The business continued to perform well in Brazil, with an 11.9% net increase in residential/commercial customer numbers and an increase in TPA sales in 2Q14. Sales in the power generation market remained in line with 1Q13 levels due to ongoing scant precipitation and low reservoir levels. Reservoir levels in June 2014 stood at 36.3%, i.e. 40.4 percentage points below the historical average (76.7% 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 Río 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 30.1% with respect to last year, due primarily to the greater industrial volume (+73.6%) after signing a new sales contract with major industrial clients and also due to the larger customer base. Net growth in residential/commercial customer numbers increased by 1.8%, to around 57,188 customers; 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 56.7% (particularly space heaters, +44.0%, and water heaters, +42.4%).
- 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 48.1% in 2Q14, while new installations increased by 11.0% with respect to the same period last year, due mainly to greater penetration in the Bajíos area and containment of customer churn. There was a 13.4% 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 8.8% increase in the industrial sector due to greater consumption by large industrial companies in the northern Bajío area, Monterrey and Mexico City.
- 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.

4.5.2- Electricity distribution

This division involves regulated electricity distribution in Colombia and Panama.

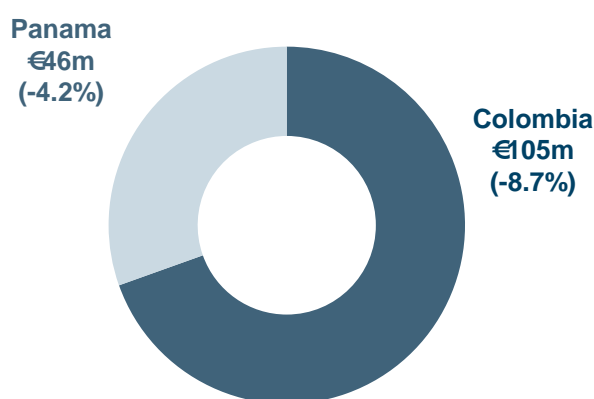
The sale of the electricity distribution business in Nicaragua led to its deconsolidation on 1 February 2013.

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.

4.5.2.1.- Results

2Q14	2Q13	%	(€Mn)	1H14	1H13	%
573	549	4.4	Net Sales	1,075	1,107	-2.9
-443	-404	9.7	Purchases	-814	-820	-0.7
-14	-15	-6.7	Personnel costs, net	-26	-31	-16.1
-44	-47	-6.4	Other revenues and expenses	-84	-91	-7.7
72	83	-13.3	EBITDA	151	165	-8.5
-15	-16	-6.3	Depreciation & amortisation, and impairment losses	-30	-32	-6.3
-32	-28	14.3	Change in operating provisions	-51	-58	-12.1
25	39	-35.9	Operating profit	70	75	-6.7

EBITDA in Latin America, by country



EBITDA from electricity distribution in Latin America totalled €151 million, an 8.5% 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 2.6%.

The distribution business in Colombia contributed €105 million to EBITDA, i.e. a 3.1% 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 €46 million to EBITDA in 1H14.

4.5.2.2.- Main aggregates

2Q14	2Q13	%		1H14	1H13	%
4,298	4,090	5.1	Electric activity sales (GWh):	8,372	8,162	2.6
4,035	3,828	5.4	Tariff electricity sales:	7,854	7,660	2.5
263	262	0.4	TPA	518	502	3.2
-	-	-	Connection points ('000) (at 30/06)	2,965	2,869	3.3

Electricity sales totalled 8,372 GWh, up 2.6% despite the fact that the first quarter of 2013 includes sales by the distribution companies in Nicaragua (239 GWh; 1 month). Excluding operations in Nicaragua in that period, sales increased by 5.7% due to growth in demand in Colombia and Panama.

In line with the positive demand performance, customer numbers increased in both countries, by 3.3% overall.

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

	Colombia	Panama	Total
Electric activity sales (GWh)	6,151	2,221	8,372
Change vs. 1H2013 (%)	5.9	4.9	2.6
Connection points ('000) (at 30/06)	2,425	540	2,965
Change vs. 30/06/2013, ('000)	76	20	96
Network loss ratio (%)	16.8	9.8	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.

4.5.3.- Electricity

This section includes electricity generation in Mexico, Costa Rica³, Panama and the Dominican Republic.

4.5.3.1.- Results

2Q14	2Q13	%	(€Mn)	1H14	1H13	%
215	214	0.5	Net Sales	428	409	4.6
-152	-146	4.1	Purchases	-303	-275	10.2
-3	-3	-	Personnel costs, net	-6	-6	-
-12	-16	-25.0	Other revenues and expenses	-23	-28	-17.9
48	49	-2.0	EBITDA	96	100	-4.0
-23	-22	4.5	Depreciation & amortisation, and impairment losses	-46	-47	-2.1
-	-	-	Change in operating provisions	-	-	-
25	27	-7.4	Operating profit	50	53	-5.7

EBITDA in the Electricity business amounted to €96 million, i.e. down 4.0% with respect to the same period last year. Excluding the effect of currency fluctuations, EBITDA would have increased by 0.3%.

In Mexico, EBITDA increased by 0.7% (by 5% 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 18.6% year-on-year as a result of the extraordinary increase in production in 1H13, which was due to more efficient plants dropping out of the system and to lower hydroelectric output.

³ The results from power generation in Costa Rica are booked under financial income in accordance with IFRIC 12 "Service Concession Arrangements".

Panama's EBITDA declined by 46.2% 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.

4.5.3.2.- Main aggregates

2Q14	2Q13	%		1H14	1H13	%
-	-	-	Installed capacity (MW):	2,317	2,317	-
-	-	-	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	-
4,576	4,329	5.7	Electricity generated (GWh):	8,589	8,841	-2.9
4,283	3,950	8.4	Mexico (CCGT)	8,114	8,088	0.3
45	48	-6.3	Costa Rica (hydroelectric)	71	90	-21.1
12	12	-	Panama (hydroelectric)	27	26	3.8
13	5	-	Panama (oil-fired)	24	9	-
223	314	-29.0	Dominican Republic (oil-fired)	353	628	-43.8
-	-	-	Availability factor (%):	97.6	94.9	2.8
-	-	-	Mexico (CCGT)	99.9	100.0	-0.1
-	-	-	Panama (hydro and oil-fired)	90.0	96.4	-6.6
-	-	-	Dominican Republic (oil-fired)	87.8	89.6	-2.0

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

Hydroelectric output in Costa Rica was impacted by the scant precipitation early in the year and to low dispatching.

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 those plants.

Output in the Dominican Republic declined by 43.8% due to the extraordinary output in 2013, caused by other plants dropping out of the system and by lower hydroelectric output.

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 implementation of the 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 bond issue amounting to €500 million (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 Director Remuneration Report 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 submitted by the Board of Directors that were on the Agenda (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).

- 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: 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)	1H14	1H13(*)
Net sales	12,154	12,531
Other operating revenues	102	101
Purchases	-8,522	-8,744
Personnel costs	-422	-436
Other operating costs	-891	-955
EBITDA	2,421	2,497
Other results	253	8
Depreciation & amortisation, and impairment losses	-796	-807
Change in operating provisions	-116	-114
OPERATING PROFIT	1,762	1,584
Finance income	-398	-386
Income from disposal of financial instruments	-	-
Income from associates	-12	-35
CONSOLIDATED PRE-TAX PROFIT	1,352	1,163
Income tax expense	-331	-273
Minority interest	-89	-110
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	932	780

(*) Restated under IFRS 11

EBITDA

(€ Mn)	1Q14	2Q14	3Q14	4Q14	2014
GAS DISTRIBUTION EUROPE	253	245			
Spain	227	225			
Italy	26	20			
ELECTRICITY DISTRIBUTION EUROPE	153	152			
Spain	141	146			
Moldova	12	6			
GAS	312	310			
Infrastructure	71	69			
Procurement and Supply	241	241			
ELECTRICITY	199	178			
Spain	197	175			
International	2	3			
LATIN AMERICA	274	272			
Gas distribution	147	152			
Electricity distribution	79	72			
Electricity	48	48			
REST	33	40			
TOTAL EBITDA	1,224	1,197			

(€ Mn)	1Q13	2Q13	3Q13	4Q13	2013(*)
GAS DISTRIBUTION EUROPE	256	247	268	238	1.009
Spain	225	227	249	216	917
Italy	31	20	19	22	92
ELECTRICITY DISTRIBUTION EUROPE	159	157	154	141	611
Spain	147	149	147	133	576
Moldova	12	8	7	8	35
GAS	317	263	265	276	1.121
Infrastructure	67	68	57	66	258
Procurement and Supply	250	195	208	210	863
ELECTRICITY	233	196	162	184	775
Spain	230	192	159	182	763
International	3	4	3	2	12
LATIN AMERICA	305	315	311	298	1.229
Gas distribution	172	183	172	157	684
Electricity distribution	82	83	87	88	340
Electricity	51	49	52	53	205
REST	15	34	32	23	104
TOTAL EBITDA	1,285	1,212	1,192	1,160	4,849

(*) Restated under IFRS 11

Property, plant and equipment and intangible assets

(€Mn)	1Q14	2Q14	3Q14	4Q14	2014
GAS DISTRIBUTION EUROPE	51	74			
Spain	48	68			
Italy	3	6			
ELECTRICITY DISTRIBUTION EUROPE	22	43			
Spain	20	40			
Moldova	2	3			
GAS	183	7			
Infrastructure	178	2			
Procurement and Supply	5	5			
ELECTRICITY	16	31			
Spain	16	31			
International	-	-			
LATIN AMERICA	75	116			
Gas distribution	31	44			
Electricity distribution	22	27			
Electricity	22	45			
REST	10	38			
TOTAL EBITDA	357	309			

(€Mn)	1Q13	2Q13	3Q13	4Q13	2013(*)
GAS DISTRIBUTION EUROPE	47	72	64	126	309
Spain	44	66	59	110	279
Italy	3	6	5	16	30
ELECTRICITY DISTRIBUTION EUROPE	20	64	66	79	229
Spain	19	62	62	72	215
Moldova	1	2	4	7	14
GAS	5	7	7	18	37
Infrastructure	2	3	1	6	12
Procurement and Supply	3	4	6	12	25
ELECTRICITY	36	47	32	60	175
Spain	36	47	32	60	175
International	-	-	-	-	-
LATIN AMERICA	61	159	131	198	549
Gas distribution	32	42	44	63	181
Electricity distribution	20	33	36	39	128
Electricity	9	84	51	96	240
REST	25	34	4	93	156
TOTAL EBITDA	194	383	304	574	1,455

(*) Restated under IFRS 11

(€ Mn)	30/06/14	30/06/13(*)
Non-Current Assets	32,788	33,209
Intangible assets	7,830	8,079
Tangible assets	20,049	20,671
Investment in associates	2,348	2,515
Non-current financial assets	1,469	952
Deferred tax assets	1,092	992
Current Assets	11,261	12,264
Inventories	857	842
Trade and other receivables	4,527	4,670
Other current financial assets	349	1,112
Cash and cash equivalents	5,528	5,640
TOTAL ASSETS	44,049	45,473

(€ Mn)	30/06/14	30/06/13(*)
Equity-	15,437	14,944
Net equity of Parent Company	13,927	13,423
Minority interest	1,510	1,521
Non-current Liabilities-	19,605	23,756
Deferred revenues	822	873
Non-current provisions	1,478	1,575
Non-current financial liabilities	14,484	18,578
Deferred tax liabilities	1,967	1,998
Other no-current liabilities	854	732
Current Liabilities-	9,007	6,773
Current provisions	93	80
Current financial liabilities	4,524	1,825
Trade and other payables	3,404	3,969
Other current liabilities	986	899
TOTAL EQUITY AND LIABILITIES	44,049	45,473

(*) Restated under IFRS 11

(€ Mn)	1H14	1H13(*)
Cash flow from ordinary activities	1,413	1,756
Income before taxes	1,352	1,163
Adjustments	862	1,170
<i>Operating Cash flow</i>	2,214	2,333
Changes in working capital	-82	-32
Other cash flows from operating activities	-719	-545
Interest	-423	-337
Income tax expenses	-296	-208
Investment cash flow	-90	-529
Investments	-835	-1,243
Disposals	712	691
Other cash flows from investing activities	33	23
Financing cash flow	31	115
Increase of capital	-	-
Net proceeds from instruments representing financial liabilities	547	611
Dividends paid	-488	-457
Other cash flows from financing activities	-28	-39
Effect of Exchange rate variations	2	-25
Net increase/(decrease) in cash and cash equivalents	1,356	1,317
Beginning cash and cash equivalents	4,172	4,323
Ending cash and cash equivalents	5,528	5,640

(*) Restated under IFRS 11

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