



Third Quarter 2013 Results

November 5, 2013



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Key financial indicators



Net income: €1,120 million (+0.4%)

EBITDA: €3,865 million (+1.0%)

Investments: €908 million¹ (+10.5%)

Net debt: €15,168 million² (-5.2% vs 31/12/12)

Notes:

- 1 Tangible and intangible
- 2 Net debt of €14,384 million excluding tariff deficit

Highlights (I): Gas markets



- **MoU signed for a 25-year, 1bcm p.a. gas procurement contract for Italy with the Shah Deniz project**

- **Korea added as new international gas market after a 2-year gas supply contract signed with Kogas**

- **Gas supply contracts signed with Repsol to cover the medium (2 bcm p.a. between 2015 and 2018) and long terms (1 bcm p.a. over 20 years from 2017)**

- **New LNG procurement contract signed with Yamal (Russia) for 3.2 bcm over 20 years starting in 2019**

Highlights (II): Latin America



- **Concessions for electricity distribution in Panama have been renewed for the next 15 years**

- **Concession awarded to distribute gas in Arequipa region in southern Peru**

- **Sustained growth in both network size and gas sales in LatAm**

- **New greenfield generation projects in construction (Bii Hioxo wind farm in Mexico, Torito hydro plant in Costa Rica)**

Highlights (III): Financial



- Issuance of a 7.5-year bond for €500 million with a 3.5% coupon on 8 October
-
- €2,250 million 5-year refinancing transaction of €3,000 million club deal loan maturing in March 2015 (€1,500 million revolving credit facility and €750 million loan)
-
- Tariff deficit securitisation back on track with new FADE issuances for ~€2,000 million in September and ~€2,100 million in October (€275 million and €290 million for GNF, respectively)

Highlights (IV): Regulatory issues



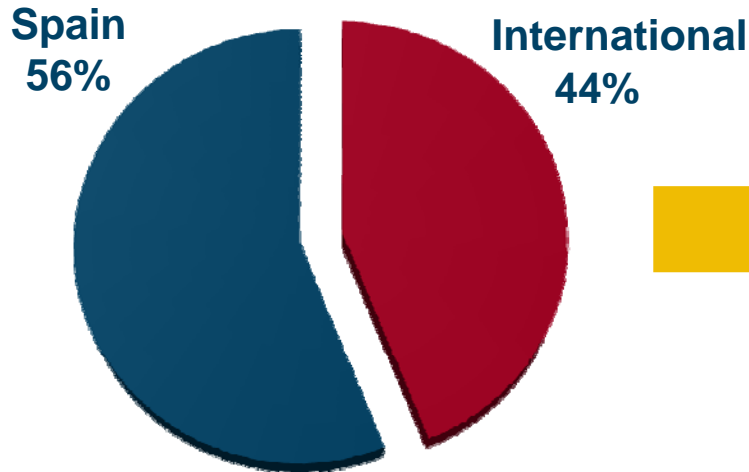
- **Royal Decree-Law 9/2013 of 12th July, with measures of urgency to guarantee the financial stability of the electricity industry**
 - **Impact in 3Q13: ~€50 million**
 - **The above is a preliminary estimate, pending final details on cuts on capacity payments, remuneration of electricity transmission and distribution, renewables and social voucher**
-
- **Other pending measures:**
 - **Draft law project on electricity sector**
 - **Several RD's on remuneration of regulated activities (T&D, non-mainland, RES&CHP), capacity payments, mothballing, interruptible loads, net metering and retailing & supply**

A higher share from international operations (I)



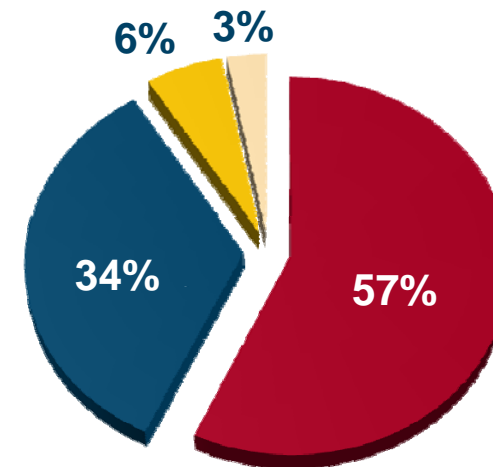
Geographical breakdown of 9M13 EBITDA

EBITDA: €3,865 million



EBITDA from international operations

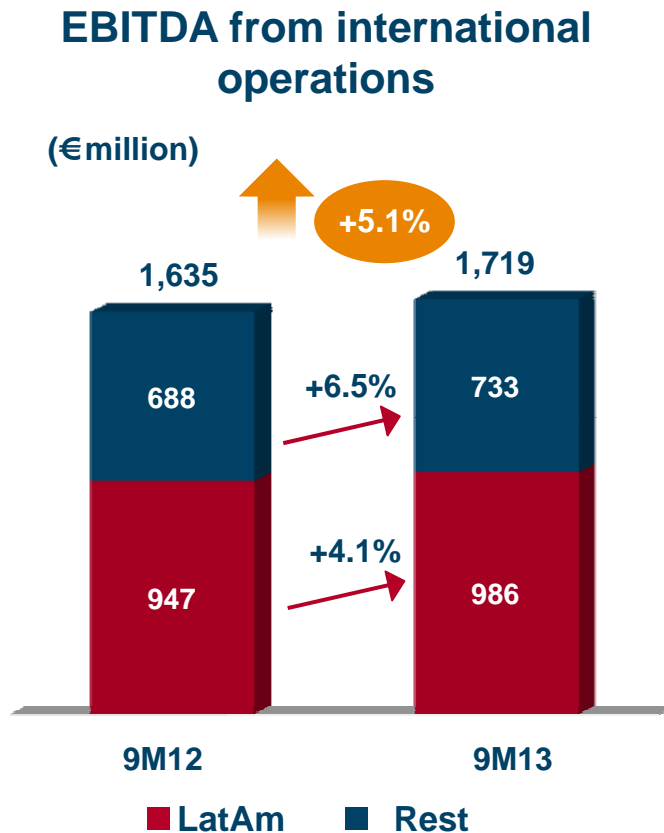
EBITDA: €1,719 million



■ LatAm ■ Gas (Infrastructures & Supply)
■ Distribution Europe ■ Rest

Increasing role of international operations enhances and improves the EBITDA diversification, both geographically and by line of business

A higher share from international operations (II)



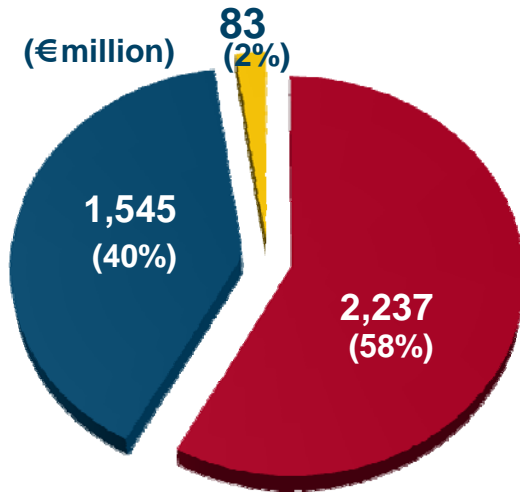
- LatAm activities continue to maintain a robust and sustained growth
- Gas wholesale operations in foreign markets enjoy a continuous and healthy expansion

The solid performance from international operations proves the soundness of GNF's business model

A higher share from gas activities

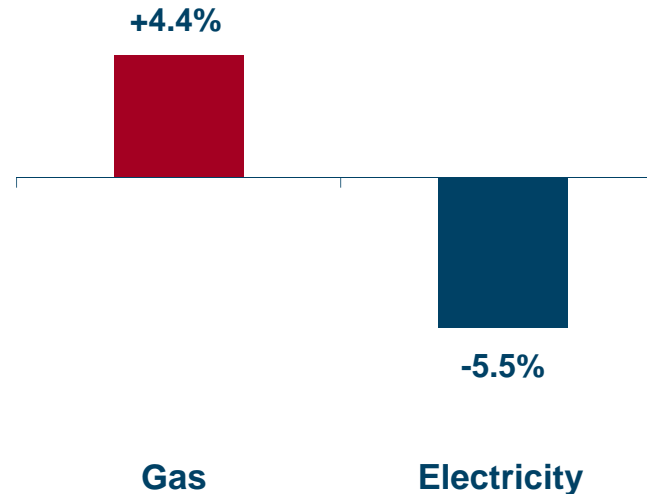


EBITDA: €3,865 million



■ Gas ■ Electricity ■ Other

EBITDA growth
9M13/9M12



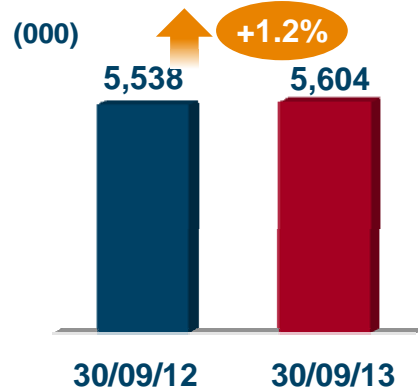
- Higher EBITDA from gas activities supported by:
 - growing liberalized activities despite lack of Egyptian gas
 - continued development of distribution networks in markets with still low penetration rates

Higher level of gas-power integration than peer companies

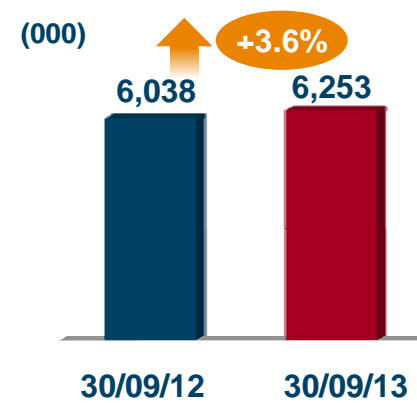
Organic growth in regulated activities



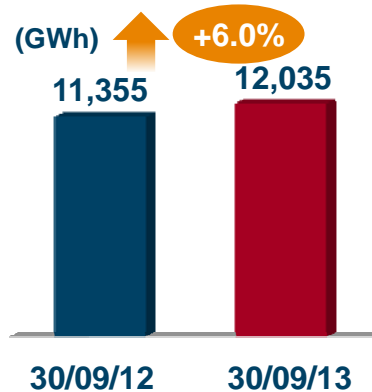
Gas distribution Europe
Connection points



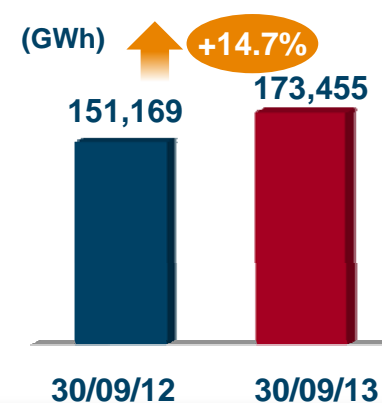
Gas distribution LatAm
Connection points



Electricity distribution LatAm
Sales¹



Gas distribution LatAm
Sales



Exploiting the growth potential from our core distribution markets

Note:

¹ Figures include Colombia and Panama and do not include Nicaragua

Consolidated income statement



(€million)	9M13	9M12	Change %
Net sales	18,675	18,418	1.4
Purchases	(12,817)	(12,750)	0.5
Gross Margin	5,858	5,668	3.4
Personnel, Net	(658)	(642)	2.5
Levies	(408)	(216)	88.9
Other expenses, Net	(927)	(983)	(5.7)
EBITDA	3,865	3,827	1.0
Depreciation and impairment losses	(1,430)	(1,334)	7.2
Provisions	(169)	(179)	(5.6)
Other	8	20	(60.0)
Operating Income	2,274	2,334	(2.6)
Financial results, Net	(620)	(648)	(4.3)
Equity income	6	10	(40.0)
Income Before Tax	1,660	1,696	(2.1)
Taxes	(365)	(422)	(13.5)
Minority interest	(175)	(159)	10.1
Net Income	1,120	1,115	0.4

EBITDA breakdown



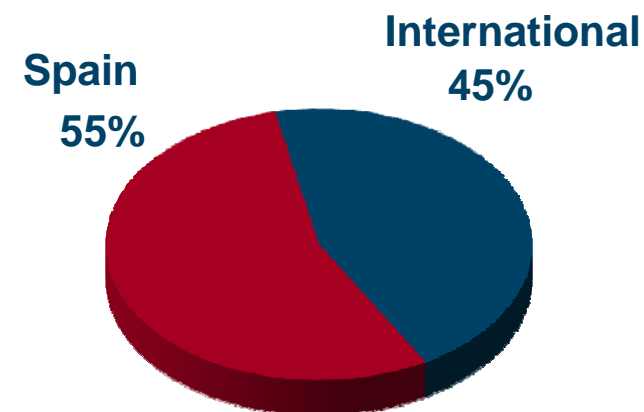
(€million)	9M13	9M12	Change	
			€m	%
Distribution Europe:	1,249	1,240	9	0.7
Electricity	478	489	(11)	(2.2)
Gas	771	751	20	2.7
Electricity:	610	676	(66)	(9.8)
Spain	494	555	(61)	(11.0)
Special Regime	106	111	(5)	(4.5)
Other	10	10	-	-
Gas:	937	912	25	2.7
Infrastructures	192	168	24	14.3
Supply	653	526	127	24.1
UF Gas	92	218	(126)	(57.8)
LatAm:	986	947	39	4.1
Electricity Distribution	252	278	(26)	(9.4)
Gas Distribution	529	477	52	10.9
Generation	205	192	13	6.8
Other	83	52	31	59.6
Total EBITDA	3,865	3,827	38	1.0

Consolidated investments

Tangible and intangible



(€million)	9M13	9M12
Distribution Europe:	339	382
Electricity	156	187
Gas	183	195
Electricity:	116	101
Spain	97	77
Special Regime	19	24
Gas:	31	34
Infrastructures	6	14
Supply	13	14
UF Gas	12	6
LatAm:	358	229
Generation	151	43
Gas Distribution	118	111
Electricity Distribution	89	75
Other	64	76
Total	908	822



Investment growth mainly focused on Latin American power generation and distribution markets

Note:

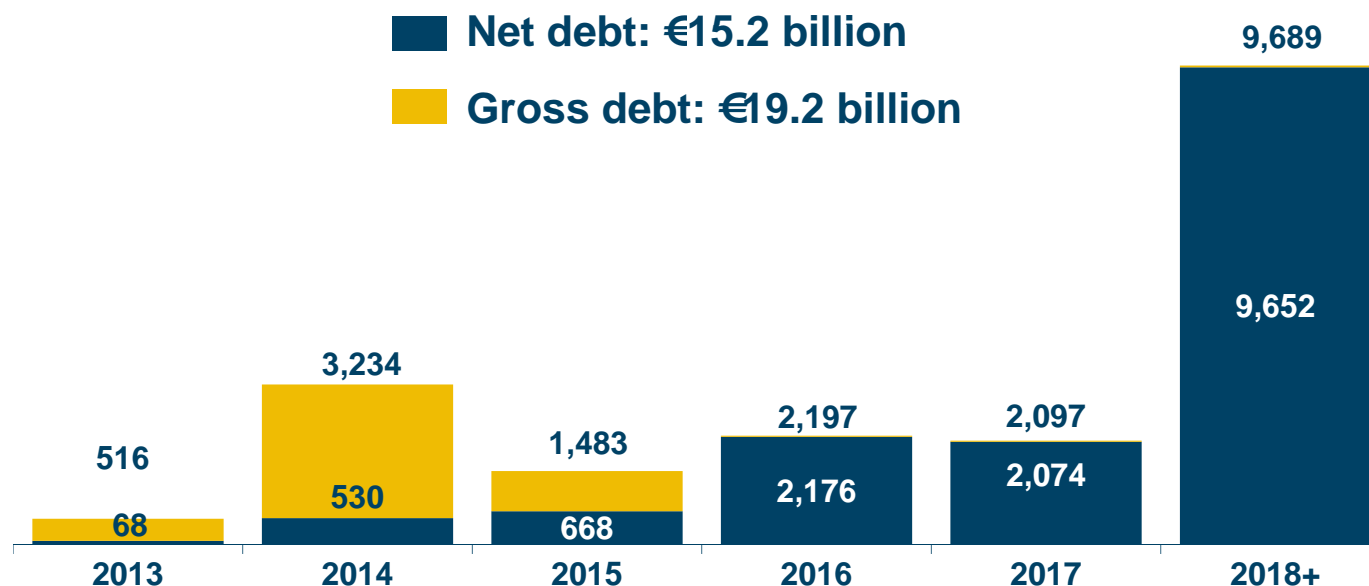
1 Distribution Europe, Special Regime in Spain, gas infrastructures and Latin America

A comfortable debt maturity profile

As of September 30, 2013¹



(€million)



- Average life of net debt >5 years
- 77% of net debt maturing from 2017 onwards

All financial needs from 2013 to 2015 already covered, currently focusing on 4Q 2016

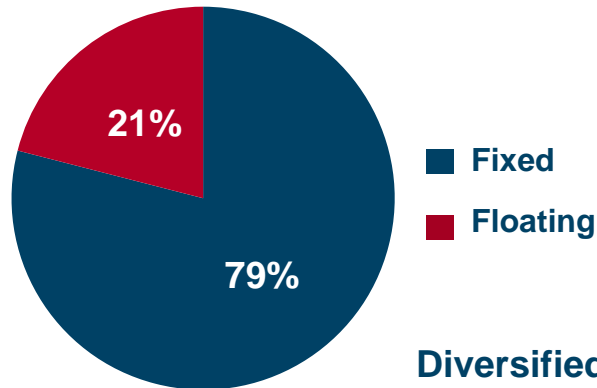
Note:

¹ Adjusted for €275 million from FADE issue of end September collected in October as well as the €500 million bond issue and a €2,250 million club deal refinancing, also in October

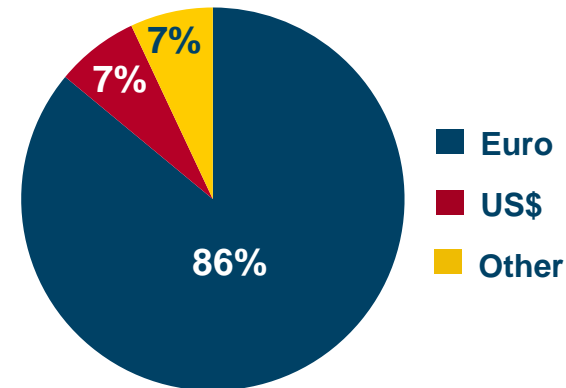
An efficient net debt structure¹



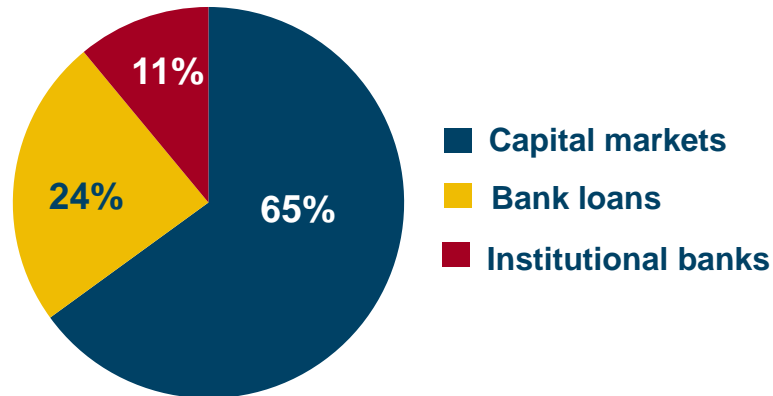
Significant level of fixed rate obtained at very competitive levels



Currency exposure consistent with business risk



Diversified financing sources



Efficiency of debt structure as key pillar for value creation despite a challenging financial environment

Note:

¹ Adjusted for €275 million from FADE issue of end September collected in October as well as the €500 million bond issue and a €2,250 million club deal refinancing, also in October

Ample liquidity available



As of September 30, 2013¹

(€million)	Limit	Drawn	Undrawn
Committed lines of credit	7,007	246	6,761
Uncommitted lines of credit	178	95	82
Undrawn EIB loan	225	-	225
Cash	-	-	4,048
TOTAL	7,410	341	11,117

- Additional capital market capabilities of around €3,000 million in both Euro and LatAm programmes (Mexico, Panama and Colombia)
- Additional liquidity with €290 million from recent FADE issuances in October

Enough liquidity available to cover needs above 24 months

Note:

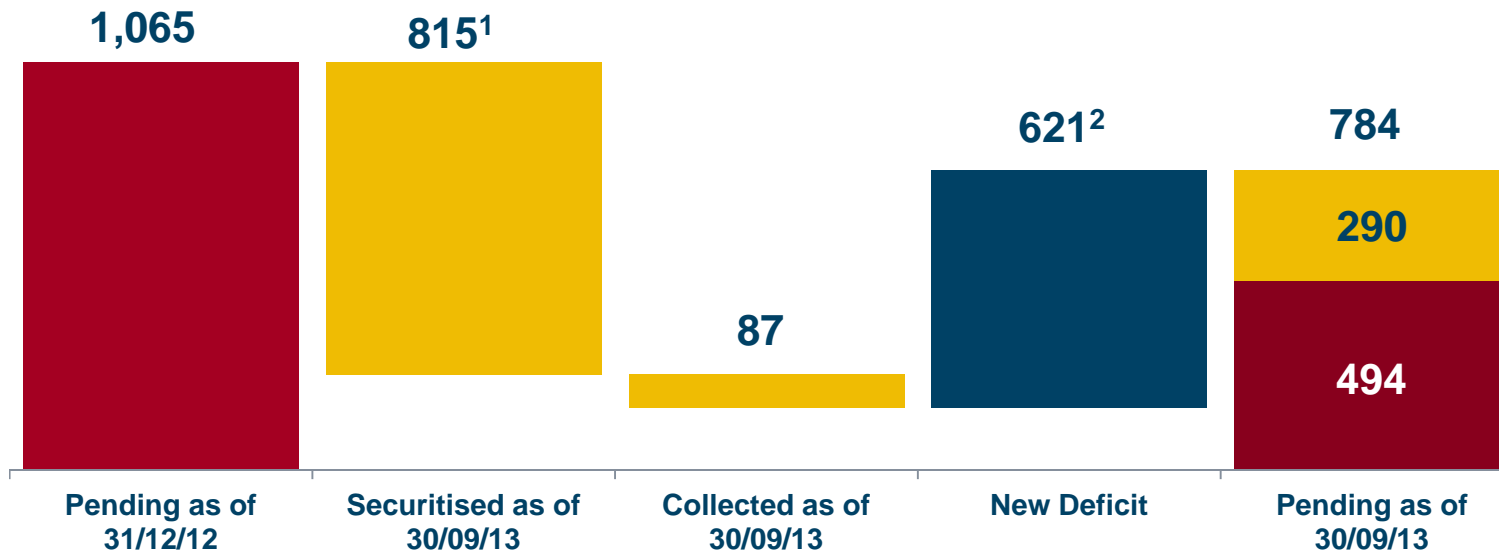
¹ Adjusted for €275 million from FADE issue of end September collected in October as well as the €500 million bond issue and a €2,250 million club deal refinancing, also in October

Securitisation of tariff deficit



Tariff deficit amounts for GNF

(€million)



- €815 million collected by GNF as of 30/09/13 through sales carried out by FADE
- Additional €290 million to be collected during 4Q13 from recent issuances

Pending to collect €494 million which correspond to the deficit for the year 2013

Notes:

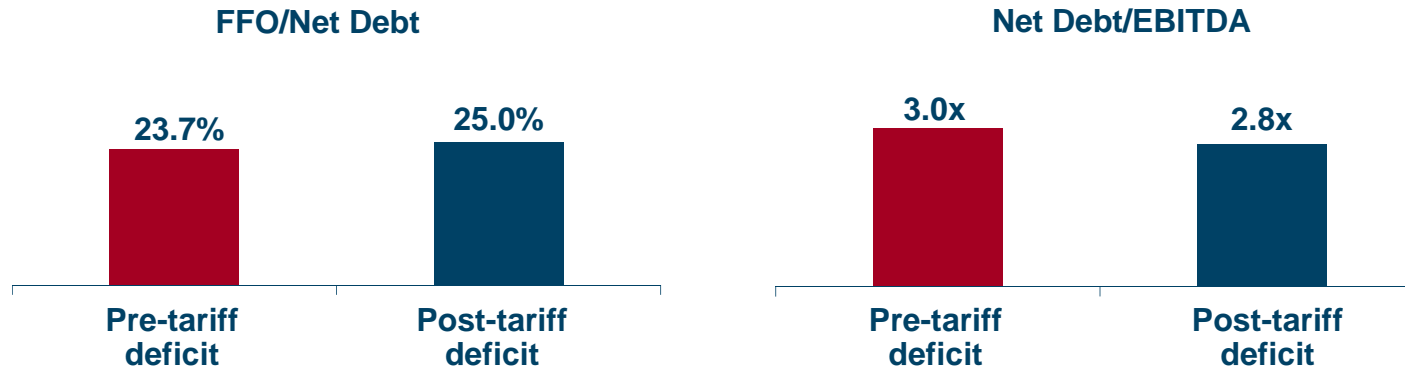
- 1 Includes €275 million from FADE issuance of end September
- 2 Includes €11 million of interest accrued on tariff deficit for past years

A sound capital structure



Solid cash flow and leverage ratios...

(September 30, 2013)



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

- Diversified debt maturity profile
- 79% fixed interest rate and next years' rates fixed in a low scenario: predictable and stable cost of debt
- No FX risk: subsidiaries financed in local/denominated currency

... and a competitive cost of debt (4.2%)

Impact from IFRS 11



- As from 1 January 2014, IFRS 11 will be mandatory. Joint Ventures will be accounted for using the equity method. Proportionate consolidation method will not be permitted for Joint Ventures so these will be accounted for using the equity method.
- Applying IFRS 11 in GNF's 3Q13 financial statements would have resulted in the following estimated impacts:

(€ million)	Actual	IFRS 11	Change
Net Debt	15,168	14,762	(406)
EBITDA	3,865	3,690	(175)
Investments	1,035	1,008	(27)
Net Income	1,120	1,120	-

- The above impacts arise basically from changing the consolidation method for UF Gas, Ecoeléctrica (CCGT in Puerto Rico) and NGS (CCGT in Spain)

Conclusions



Solid and reliable performance supported by international growth and despite regulatory changes

EBITDA +1.0% and Net Income +0.4% despite regulatory changes in Spain

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

Consolidating our presence in the international gas wholesale business with both new gas sources and end markets

Thank you

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