Third Quarter 2014 Results

November 4, 2014

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Agenda

1. Highlights
2. Financials
3. Analysis of operations
4. Conclusions

1 Highlights

Key financial indicators

gasNatural fenosa

Net Income: €1,239 million (+10.6%)[1]

EBITDA: €3,606 million (-2.3%)[1]

Investments: €1,015 million[2] (+15.2%)[1]

Net Debt: €13,843 million[3] (-2.9% vs 31/12/13)[1]

Notes:

1 Changes vs 9M13 after restatement of 9M13 figures to IFRS 11.

2 Tangible and intangible.

3 Net debt of €13,221 million excluding electricity tariff deficit for 2013 and withholdings on 2014 electricity payments made by CNMC.

IFRS 11

- As from 1 January 2014, IFRS 11 is mandatory, so the equity method is now used for the accounting of joint ventures
- The following table shows the restatement to IFRS 11 of GNF's 9M13 figures:

(€ million)	9M13 as reported	9M13 IFRS 11	Change
Net Income	1,120	1,120	-
EBITDA	3,865	3,690	(175)
Investments	1,035	1,008	(27)
Net Debt	15,168	14,772	(396)

EBITDA change breakdown

UF Gas	(92)
Ecoeléctrica	(53)
Renewables	(25)
Other	(5)

Regulation in Spain

Gas

- Measures included in Royal Decree-Law 8/2014, in effect as of 5 July 2014

- New regulation brings both higher stability and predictability
  - Financial stability: rules set to prevent future tariff deficits from arising, and current tariff deficit to be recovered over 15 years
  - Predictability: 6-year regulatory periods, first one to end in 2020

- Remuneration for distribution continues to be based on a parametric formula
  - Incentive on growth focused on higher volume customers and network expansion into new municipalities

- Impact on 2014 accounts of ~€45 million lower remuneration

Regulation in Spain

Electricity

	Proposals		Status
Networks	6.5% allowed return on assets, based on standard values, with a limit and ex ante definition of the maximum annual investment amount for the system	✓	Pending to define standards and parameters, foreseeably in force in 2015
CHP and renewables	Remuneration calculated on standards with an allowed return of 7.5% New facilities remunerated through competitive mechanisms	✓	Regulation in force Resettlements in progress
Generation	New mechanism of capacity payments Regulation on mothballing	X	Pending development
Supply	New definition of regulated tariffs (PVPC, TUR)	✓	In force
	New tariff structure	X	Pending development
	Plans on energy efficiency and savings	✓	In force but for energy certification
	Self-consumption	X	Pending development
Interruptibility	New remuneration based on competitive bids	✓	In force in 2015

Regulatory framework to guarantee the system's financial stability with measures to prevent new deficits

Acquisition of CGE (I)

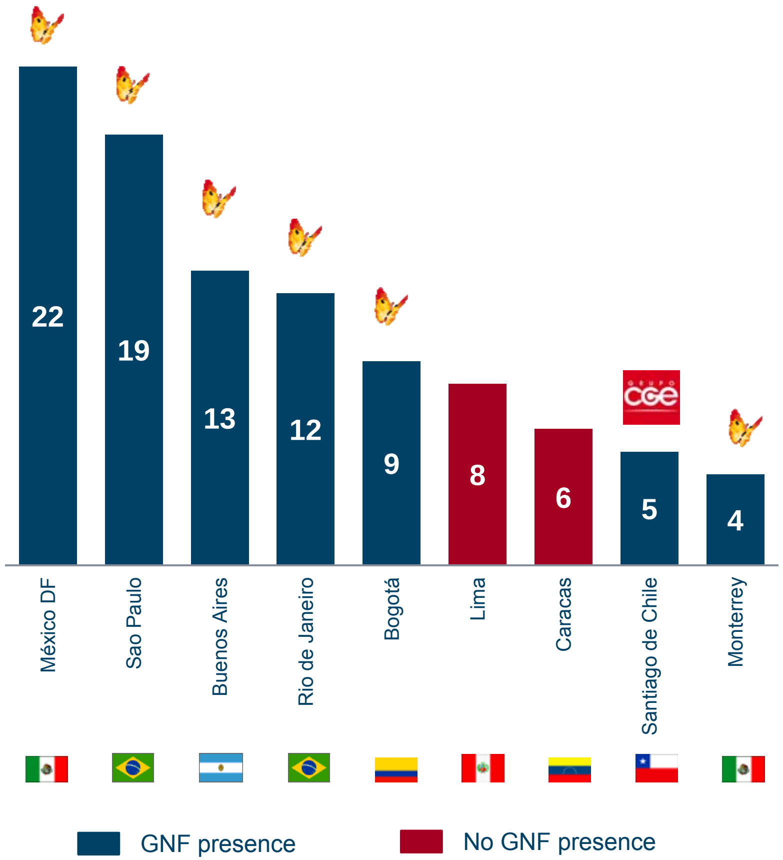
Strategic fit

1. Entry into a key new market in Latam with an immediate access to a leading market position
2. Transaction increases GNF's geographic diversification together with a contribution of a more balanced business/risk profile
3. Reinforces GNF's leadership in gas distribution in the major Latam population hubs
4. Significantly strengthens GNF's electricity distribution platform in Latam
5. Accelerates the integration of GNF's global LNG business within the Chilean market based on international pricing mechanisms
6. Supports the participation in electricity generation projects in Chile in the near future

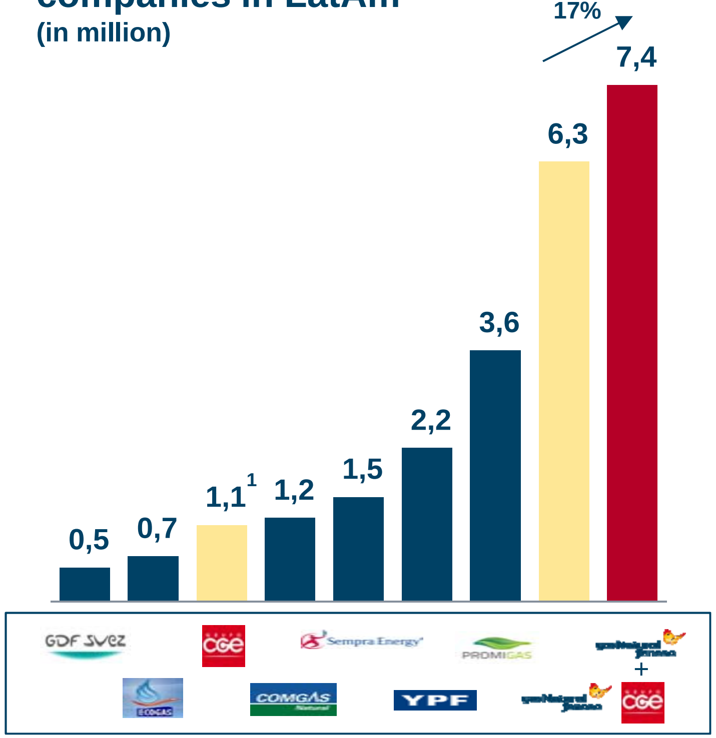
Acquisition of CGE (II)

Reinforces GNF's leadership in Latam gas distribution

Population of main urban areas
(in million)



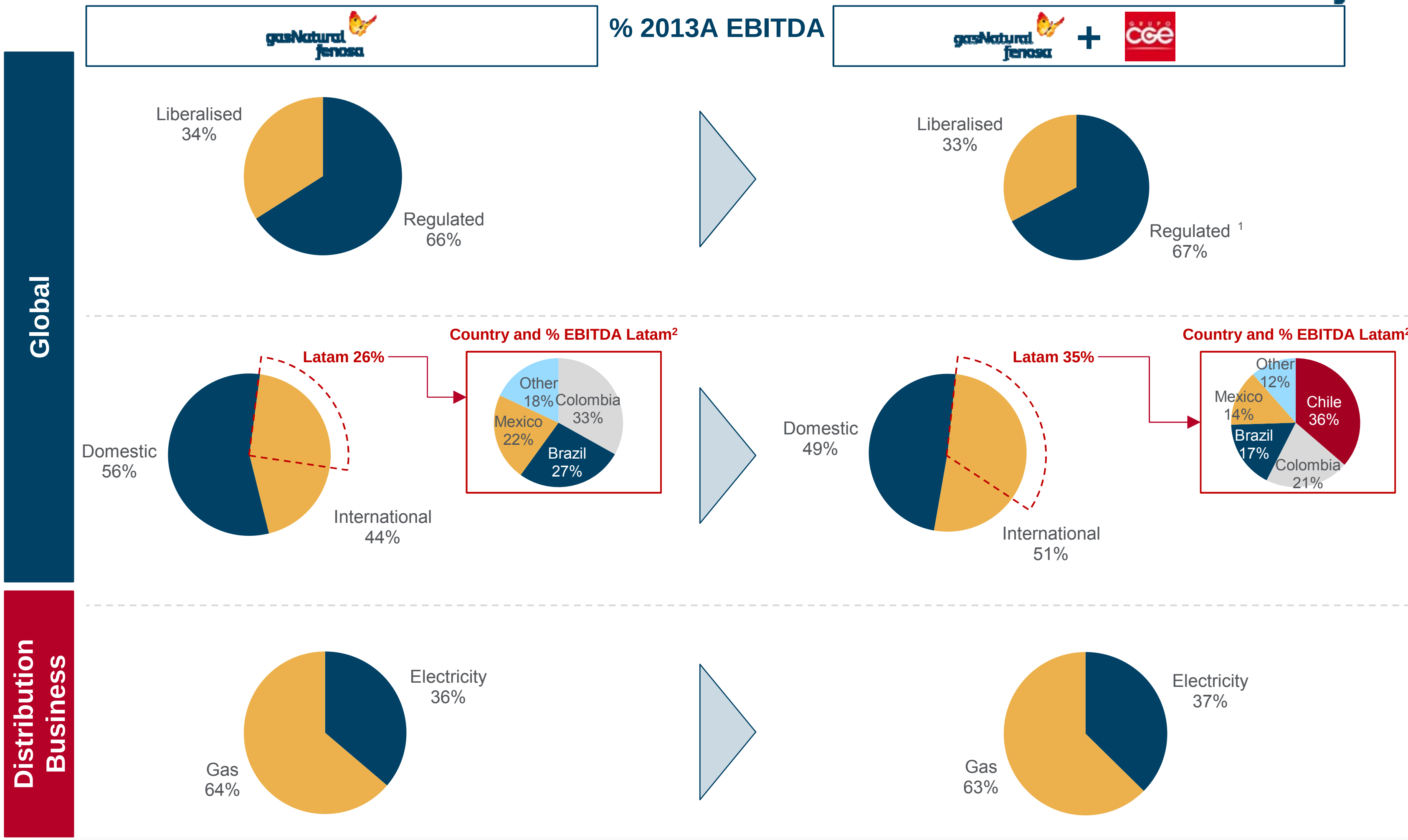
customers of top gas distribution companies in LatAm
(in million)



Note:
1 Includes gas distribution customers in Chile (664,116, Metrogas, GasSur and Gasco Magallanes) and in Argentina (474,198, Gasnor).

Acquisition of CGE (III)

Improves GNF's business risk profile



Rating Profile
Mexico: BBB+
Colombia: BBB
Brazil: BBB-
Chile: AA-

The acquisition increases GNF's presence in LatAm while improving the risk profile of the portfolio through exposure to Chile's high credit rating and the reliable historical performance of CGE

Notes: 1 Including CGE's EBITDA in electricity distribution & transmission and natural gas distribution. 2 Weight of each country in GNF's total LatAm EBITDA.

Acquisition of CGE (IV)

Estimated impact

Under IFRS 11 (€bn)	gasNatural fenosa 2012A	gasNatural fenosa 2015E	CGE 2013
EBITDA	€4.7	>€5.0	€0.6
Net Income	€1.4	~€1.5	€0.1
Net Debt / EBITDA	3.3x	2.5x – 3.0x	3.0x
Dividend Payout	62.1%	~62%	N/A

Maintains GNF's commitment to meet its 2013-2015E inorganic ambitions without diluting its shareholders

With this acquisition GNF maintains its commitment to accomplish the proposed financial targets announced in November 2013 without execution risk and low leverage impact

Source: Company Filings.
Note: FX CLP/€ 761. FX US$/€: 1.29.

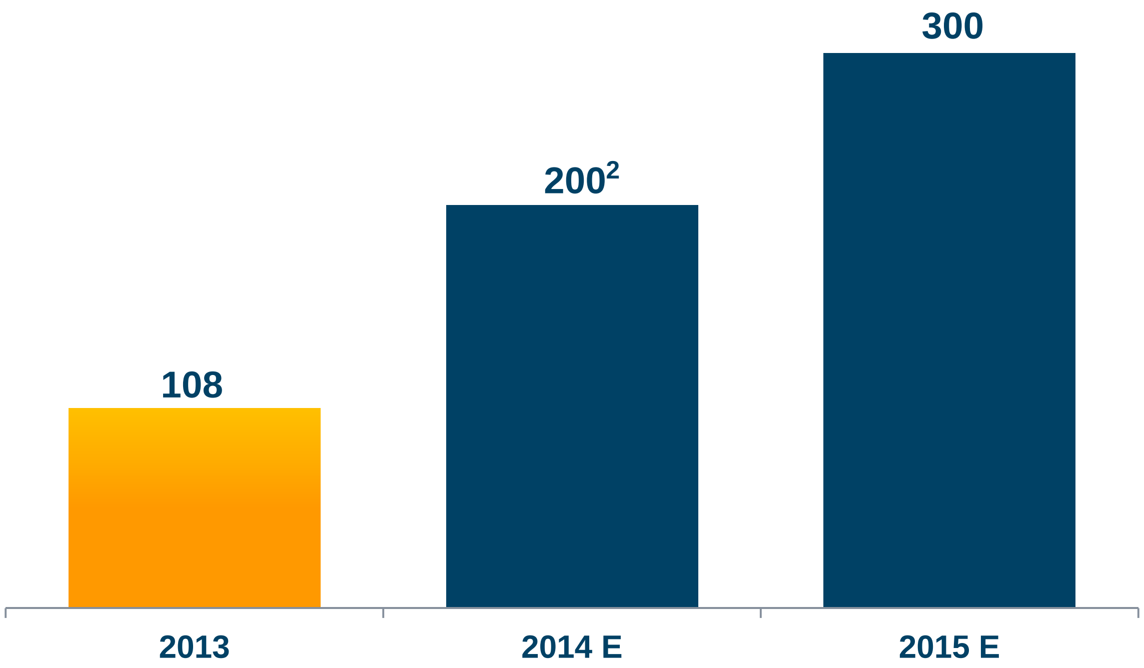
Acquisition of CGE (V)

Transaction calendar

12^{th} Oct	• Announcement of takeover bid for 100% of CGE
13^{th} Oct	• First day of acceptance period
11^{th} Nov	• End of acceptance period
14^{th} Nov	• Announcement of result of takeover bid (effective transfer of property)

2013-2015 Efficiency plan

Cost savings on EBITDA[1] (€ million)



Key initiatives in 2013-2014

- Reducing services and discretionary cost

- Streamline commercial and operational costs

- Cost optimization in corporate areas

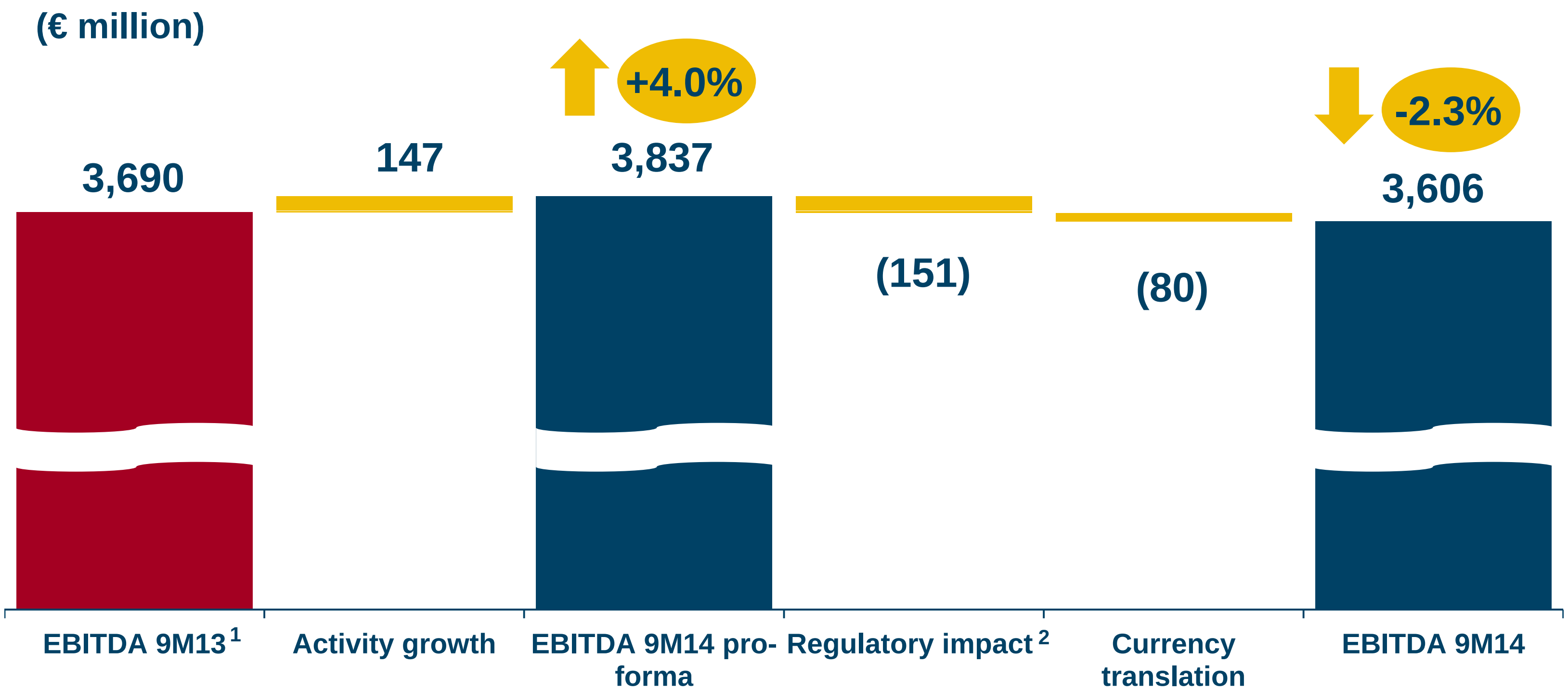
Achieved €188 million at end 3Q14, in line with targets set in the Strategic Plan 2013-2015

Notes:

1 Restated under IFRS 11.

2 €80 million achieved in 9M14.

EBITDA 9M14 vs 9M13 (I)



Operational improvements offset by translation of currency exchange differences and impact from RDL 9/2013 and RDL 8/2014[2]

Note:

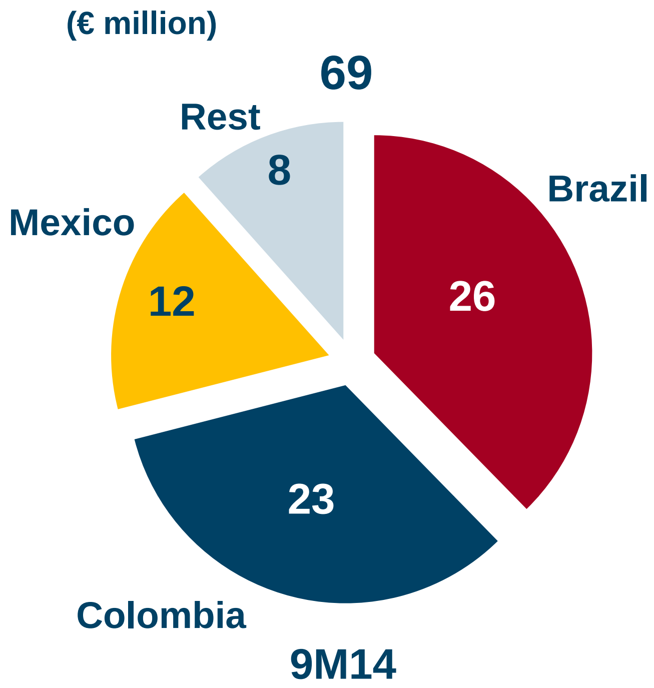
1 Restated for comparative purposes under IFRS 11.

2 Impacts on Electricity, both liberalized and regulated (formerly "Special Regime"), electricity distribution in Spain and gas distribution in Spain. RDL 9/2013 having been in effect from 14 July 2013 therefore without impact on 1H13. RDL8/2014 having been in effect from 5 July 2014 therefore without impact on 9M13.

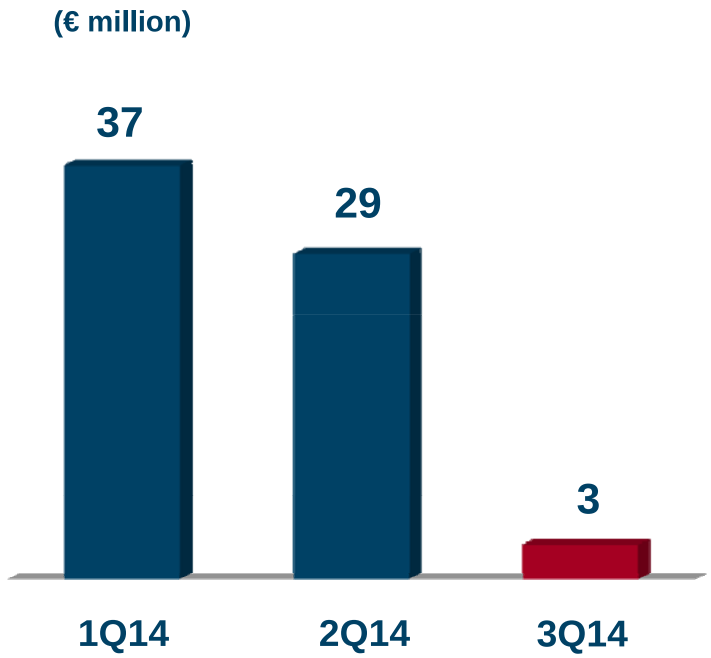
EBITDA 9M14 vs 9M13 (II)

Impact from LatAm currency exchange differences

By country

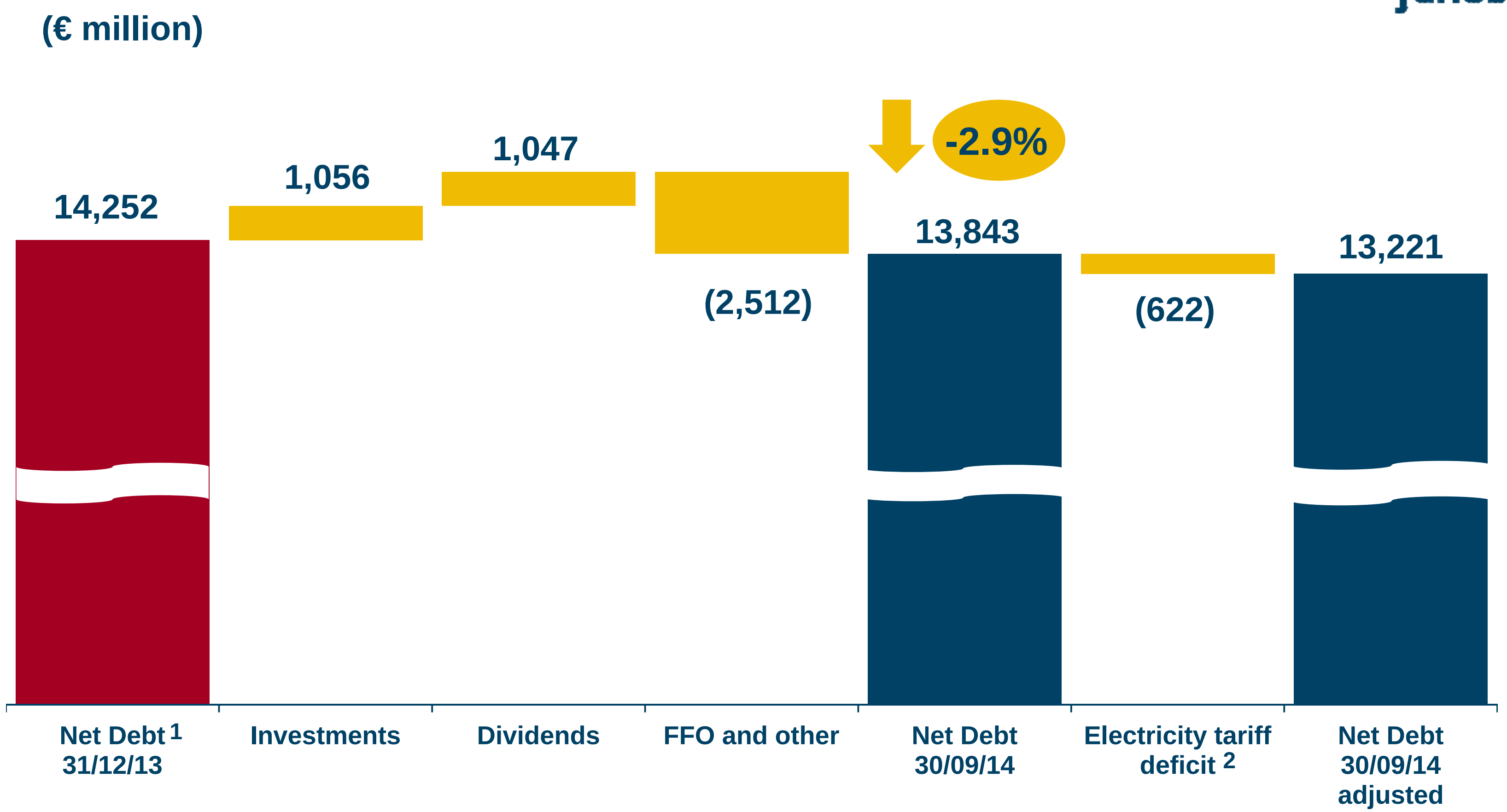


By quarter



LatAm currencies achieve stable performance in 3Q14

Net Debt evolution



Solid cash flow generation allows for steady Net Debt reduction despite investments, dividend payment and tariff deficit

Notes:

1 Restated for comparative purposes under IFRS 11.

2 €428 million electricity tariff deficit for 2013 and €194 million withheld by CNMC against 2014 electricity payments.

2 Financials

Consolidated Income Statement

(€ million)	9M14	9M13[1]	Change %
Net sales	18,223	18,273	(0.3)
Purchases	(12,803)	(12,654)	1.2
Gross Margin	**5,420**	**5,619**	**(3.5)**
Personnel, Net	(617)	(633)	(2.5)
Taxes	(359)	(399)	(10.0)
Other expenses, Net	(838)	(897)	(6.6)
EBITDA	**3,606**	**3,690**	**(2.3)**
Depreciation and impairment losses	(1,184)	(1.198)	(1.2)
Provisions	(185)	(169)	9.5
Other	253	8	-
Operating Income	**2,490**	**2,331**	**6.8**
Financial results, Net	(587)	(592)	(0.8)
Equity income	(75)	(54)	38.9
Income Before Tax	**1,828**	**1,685**	**8.5**
Corporate tax	(448)	(396)	13.1
Minority interest	(141)	(169)	(16.6)
Net Income	**1,239**	**1,120**	**10.6**

Note:

1 Restated for comparative purposes under IFRS 11.

EBITDA breakdown

(€ million)	9M14	9M13[1]	Change €m	Change %
Gas Distribution:	**1,185**	**1,282**	**(97)**	**(7.6)**
Europe	726	754	(28)	(3.7)
Latin America	459	528	(69)	(13.1)
Electricity Distribution:	**715**	**721**	**(6)**	**(0.8)**
Europe	465	469	(4)	(0.9)
Latin America	250	252	(2)	(0.8)
Gas:	**891**	**861**	**30**	**3.5**
Infrastructures	211	192	19	9.9
Supply [2]	680	669	11	1.6
Electricity:	**723**	**745**	**(22)**	**(3.0)**
Spain	564	581	(17)	(2.9)
Global Power Generation	159	164	(5)	(3.0)
Other	**92**	**81**	**11**	13.6
Total EBITDA	**3,606**	**3,690**	**(84)**	**(2.3)**

Notes:

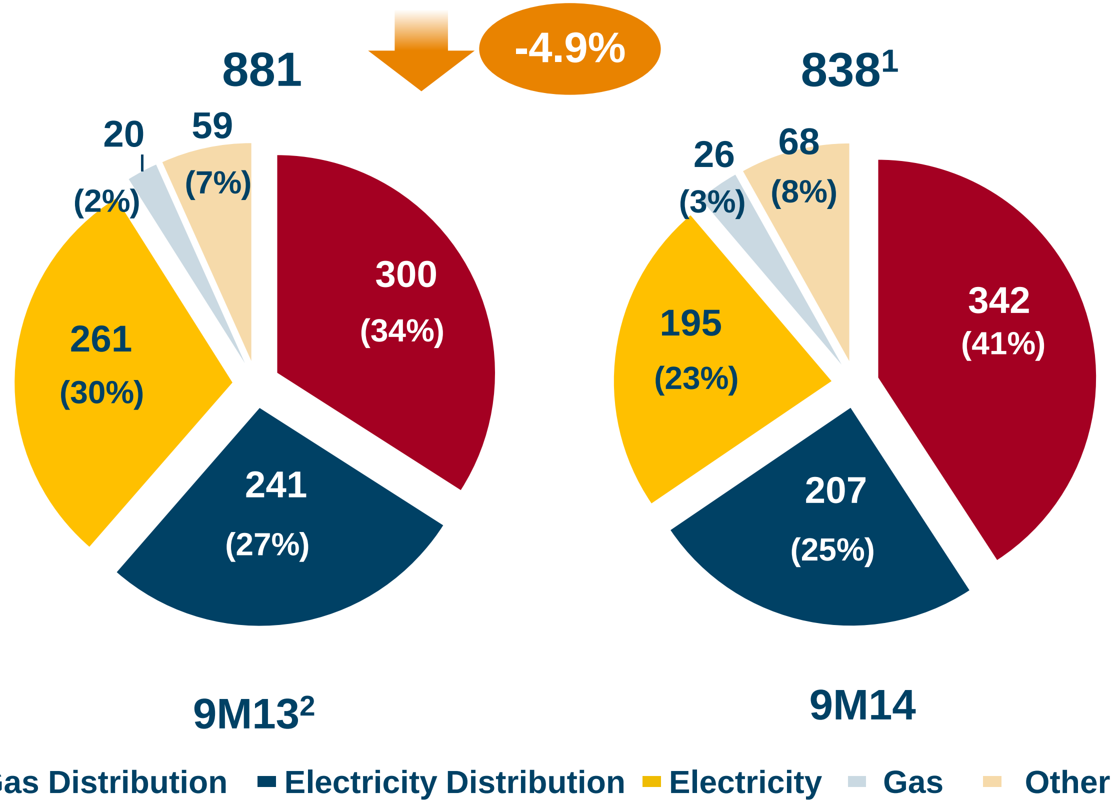
1 Restated for comparative purposes under IFRS 11.

2 Includes retail supply in Italy, formerly under Distribution Europe (gas).

Investments

Tangible and intangible

(€ million)



- In addition, €177 million corresponding to a new LNG tanker (under lease)

Capex focus on future growth vectors: gas distribution networks in Europe and LatAm

Notes:

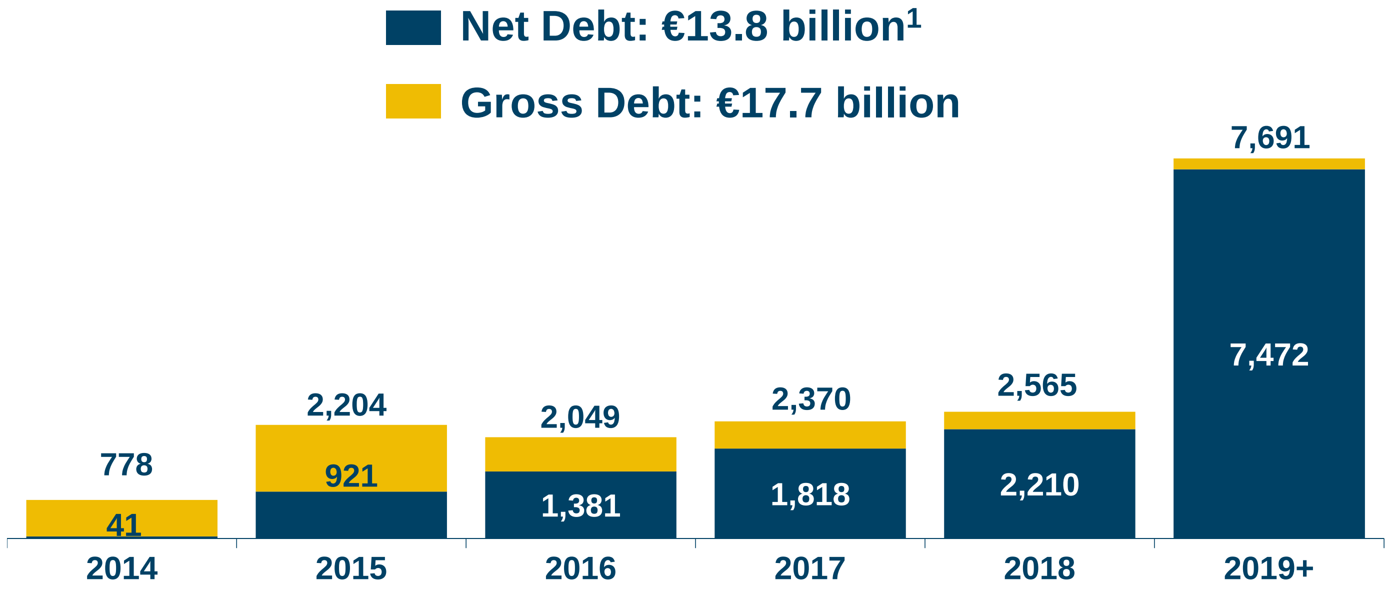
1 Tangible and intangible investments; total investments of €1,015 million after adding €177 million from new tanker under lease.

2 Restated under IFRS 11.

A comfortable debt maturity profile

As of September 30, 2014

(€ million)



- Average life of Net Debt ~5 years
- 90% of Net Debt maturing from 2017 onwards

All financial needs from 2014 to 2016 are already covered

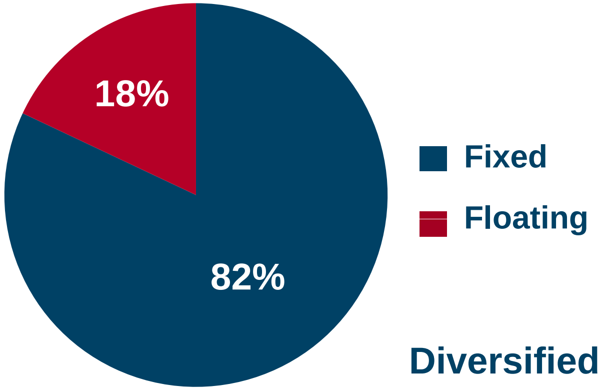
Note:

1 Net debt of €13,221 million excluding tariff deficit for 2013 and withholdings on 2014 payments made by CNMC.

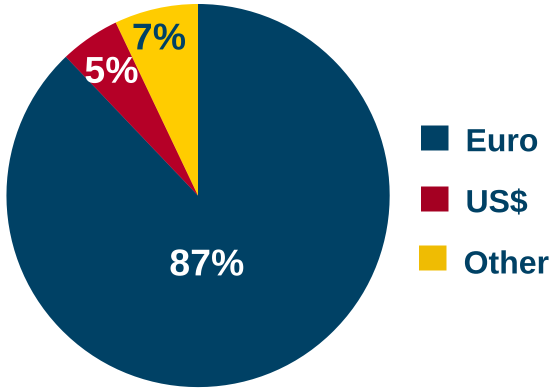
An efficient Net Debt structure

As of September 30, 2014

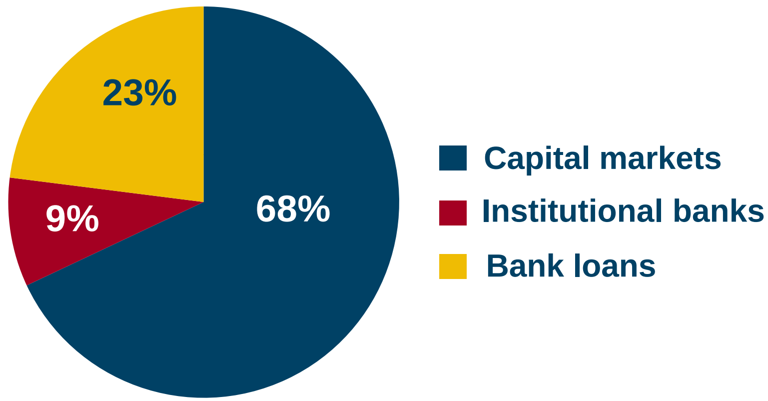
Majority of debt at fixed rate with very competitive cost



Conservative currency exposure policy



Diversified financing sources



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

Ample liquidity available

As of September 30, 2014

(€ million)	Limit	Drawn	Undrawn
Committed lines of credit	7,208	400	6,808
Uncommitted lines of credit	191	102	89
Cash	-	-	3,905
TOTAL	7,398	502	10,802

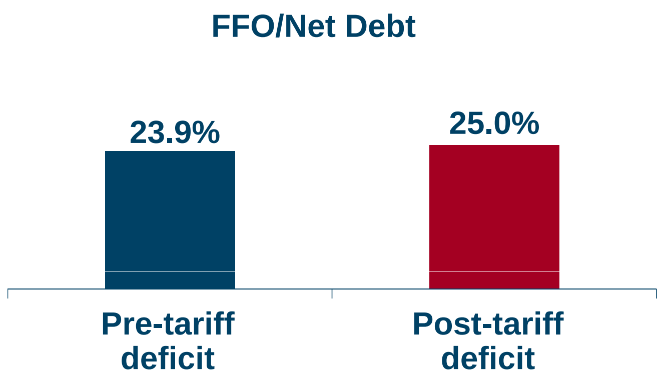
- Additional capital market capabilities of ~€4,000 million both in Euro and LatAm (Mexico, Panama and Colombia) programmes

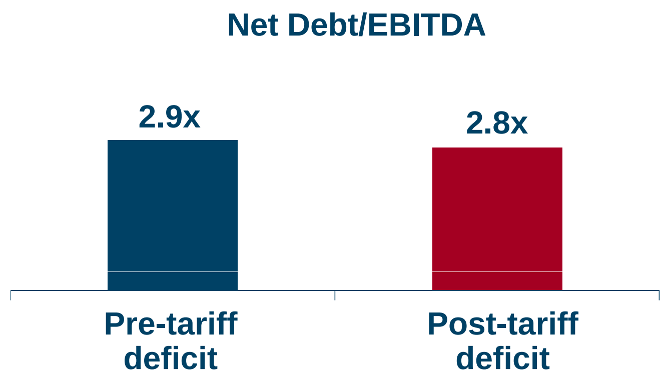
Enough liquidity available to cover needs for over 24 months

A sound capital structure

Solid cash flow and financial ratios…

(September 30, 2014)



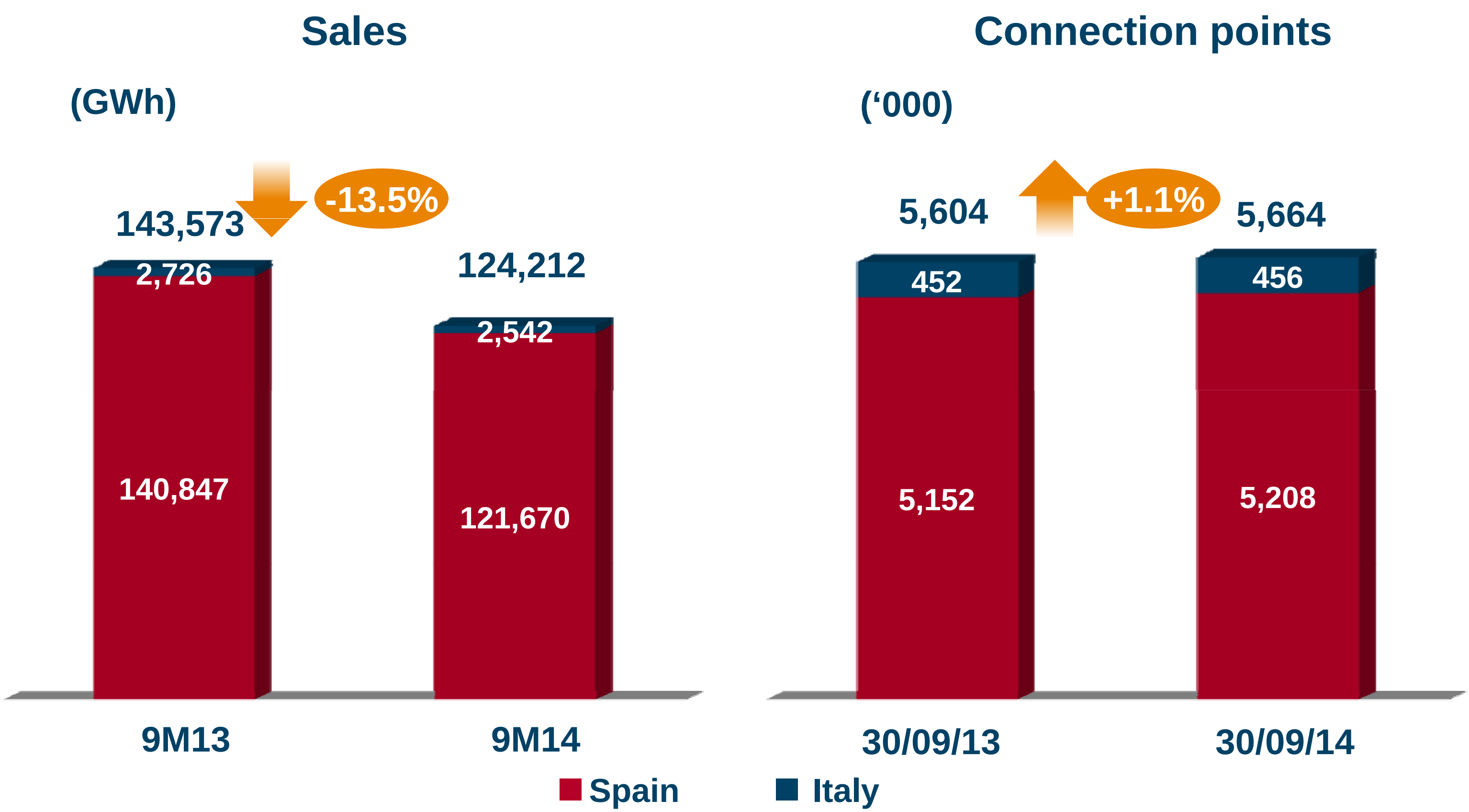


… supported by a strong capital structure

- Diversified debt maturity profile
- 82% at fixed interest plus next years' rates fixed in a low scenario bring a predictable and stable cost of debt
- No FX risk: subsidiaries financed in local/denominated currency

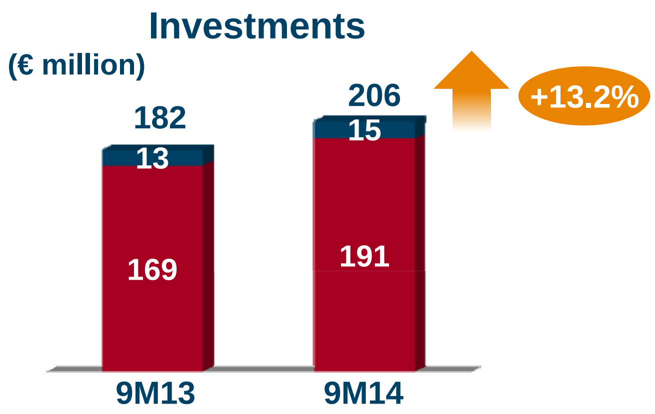
3 Analysis of operations

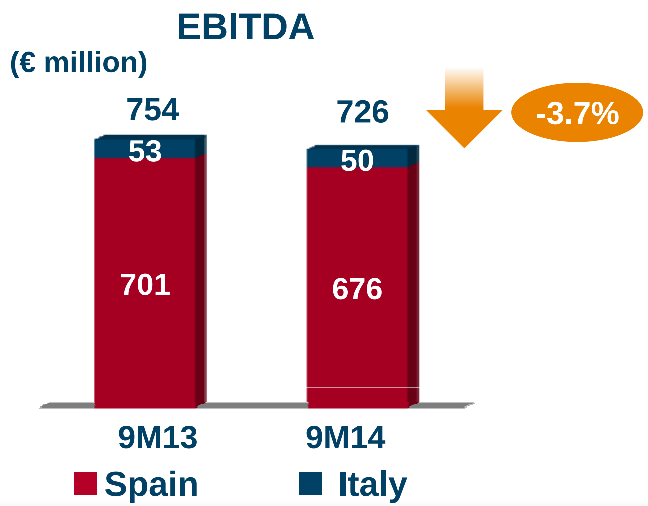
Gas Distribution
Europe (I)



Continued expansion of distribution networks

Gas Distribution
Europe (II)



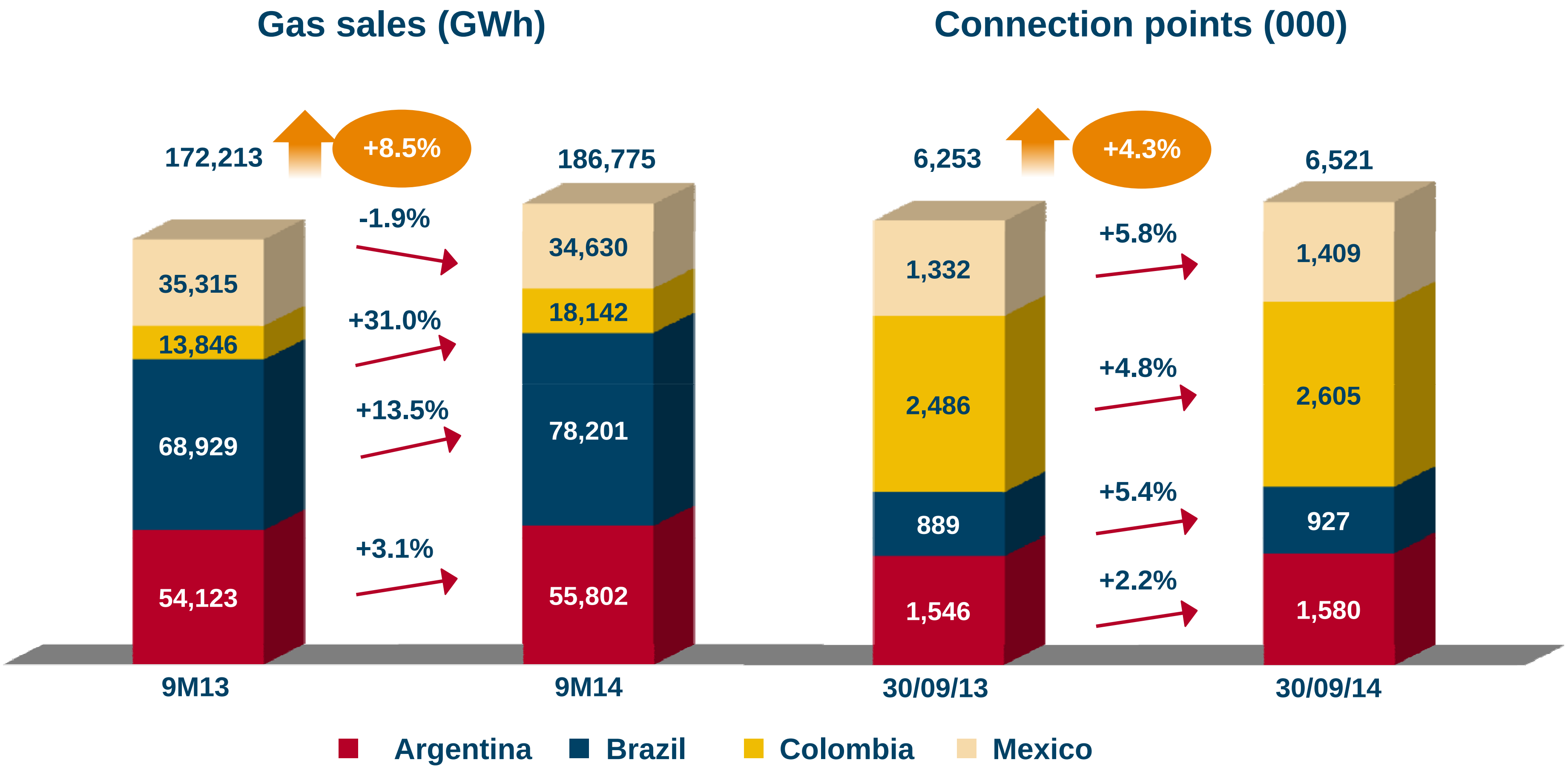


- Lower gas sales in both Spain and Italy due to very mild temperatures
- 3Q EBITDA in Spain reflects impact from RDL 8/2014
- 32 new municipalities connected in Spain in 9M14

EBITDA suffering from regulation and lower demand

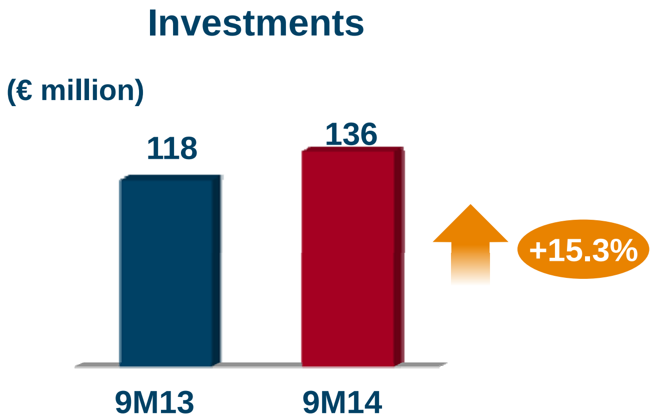
Gas Distribution

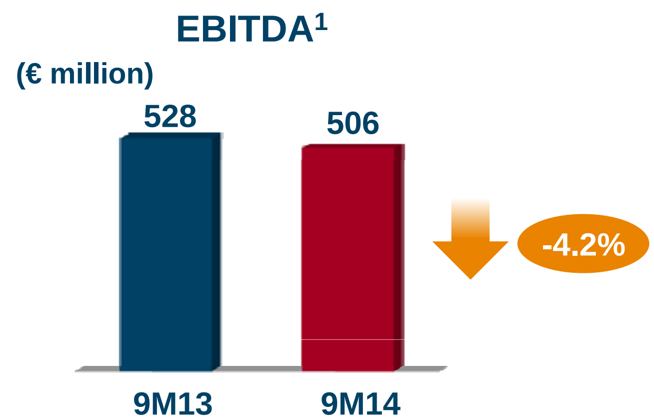
Latin America (I)



Activity growth benefited from higher Colombian industrial sales

Gas Distribution
Latin America (II)





- Growth capex leads to 268,000 new connection points vs end 9M13
- Argentina: higher margins after new tariff framework
- Brazil: regulatory review in Rio; strong sales to power generation and expanding in residential and SME markets
- Colombia: benefiting from growth in both industrial and retail customer portfolios
- Mexico: sustained network expansion with an emphasis in the capital; new concession awarded in the Northwest
- Peru: activity to be initiated in 2H15

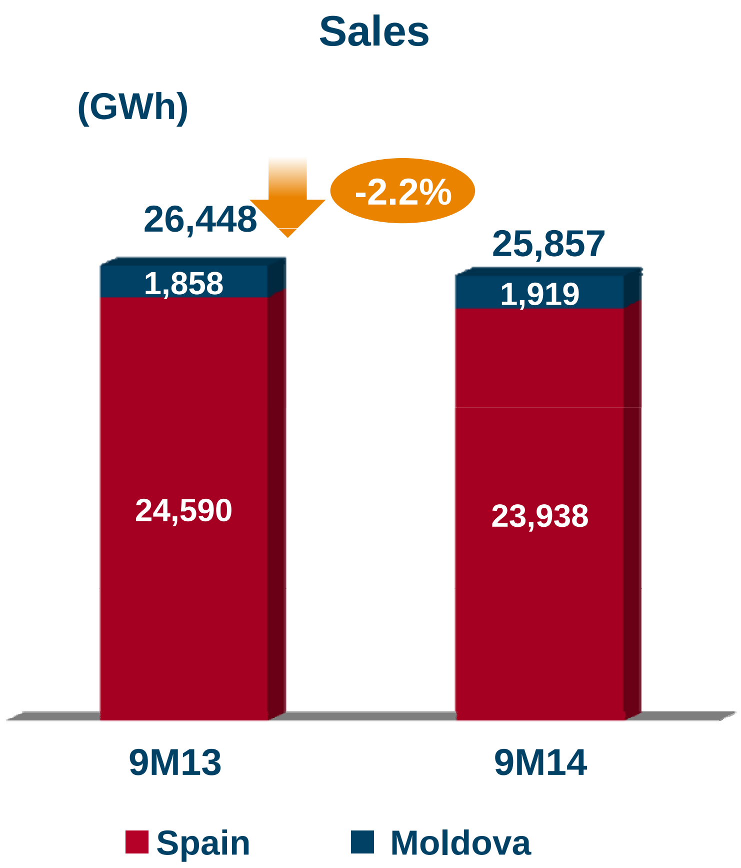
Region constitutes an important platform for growth

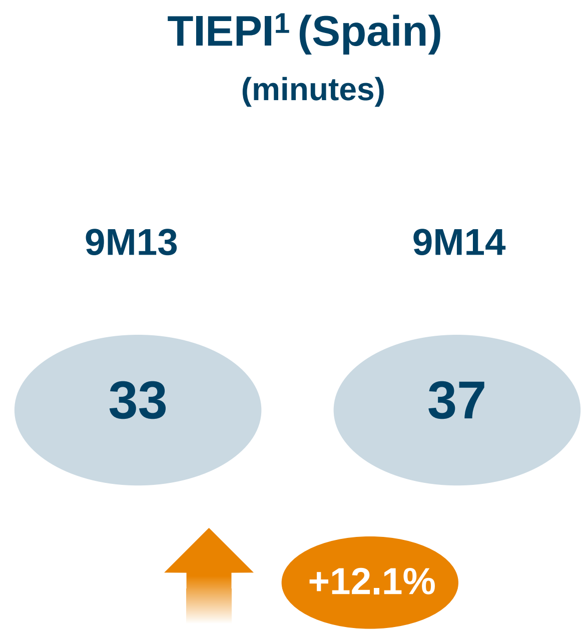
Note:

1 Disregarding impact from translation of currency exchange differences.

Electricity Distribution

Europe (I)

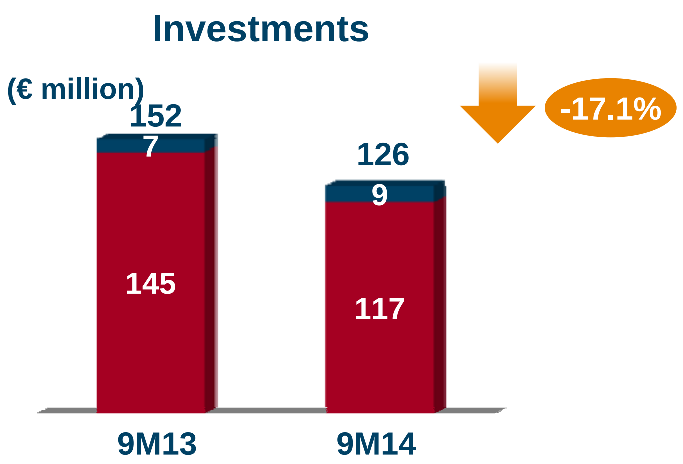


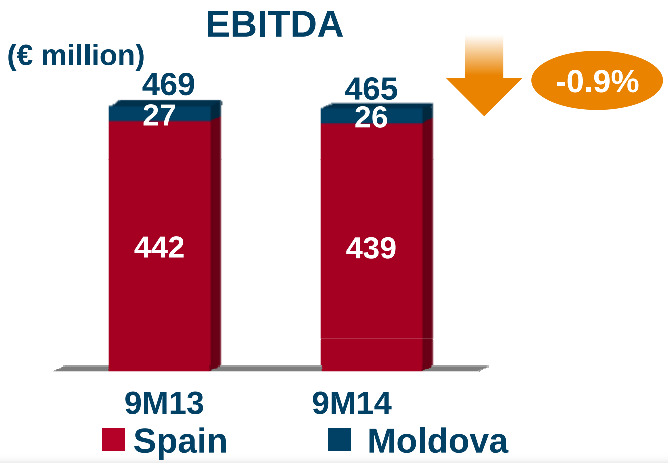


Lower electricity sales after falling demand in Spain due to mild winter weather and weaker markets

Note:
1 "Tiempo de interrupción equivalente de la potencia instalada" = Equivalent time of power supply interruption for the installed capacity.

Electricity Distribution
Europe (II)





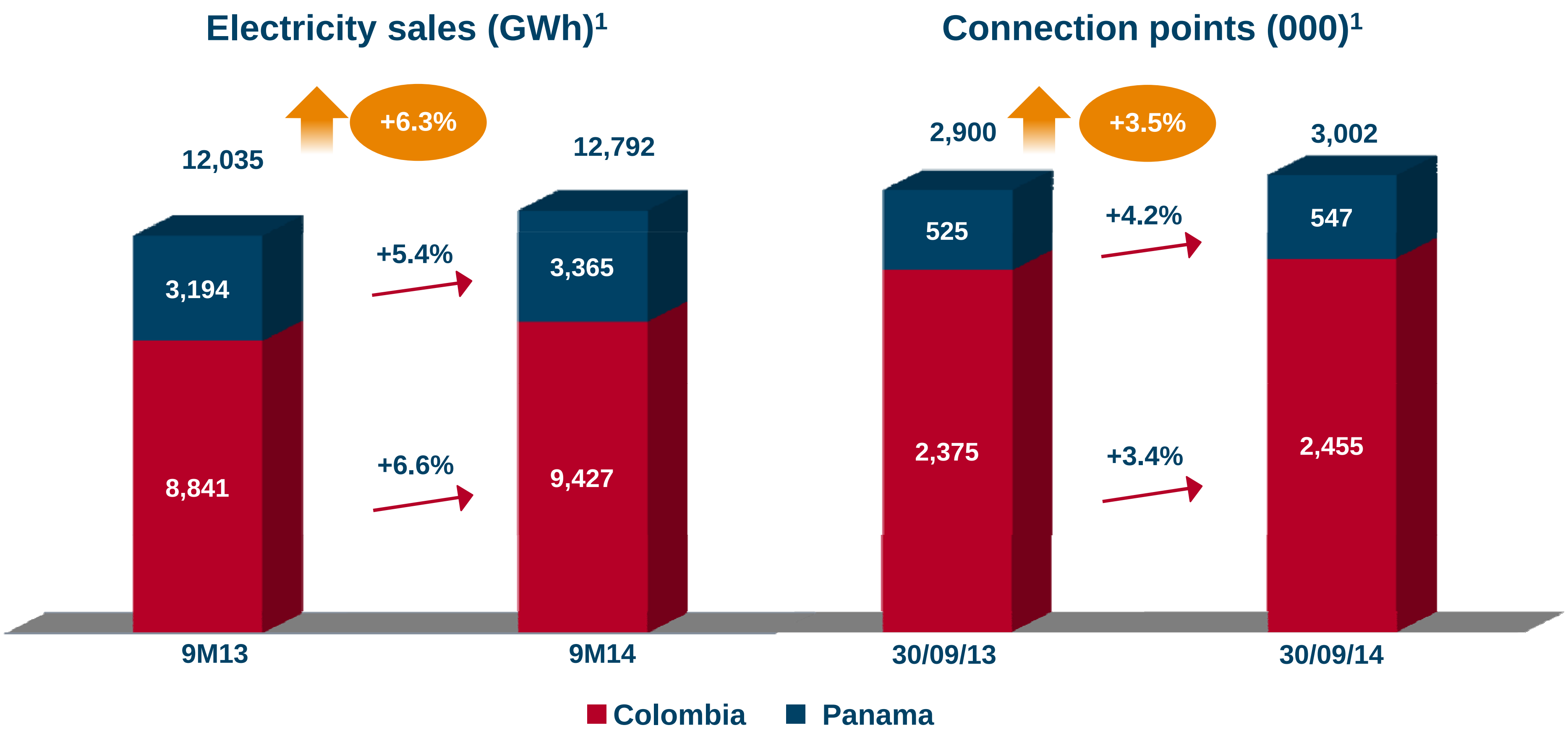
- Over 4.52 million connection points at end of 9M14
- Recent regulatory measures in Spain lead to lower opex and sharp containment in capex
- Efficiency plan with focus on electricity distribution

Results include impact from new regulation in Spain (RDL 9/2013)[1]

Note:
1 RDL 9/2013 having been in effect from 14 July 2013 therefore without impact on 1H13.

Electricity Distribution

Latin America (I)

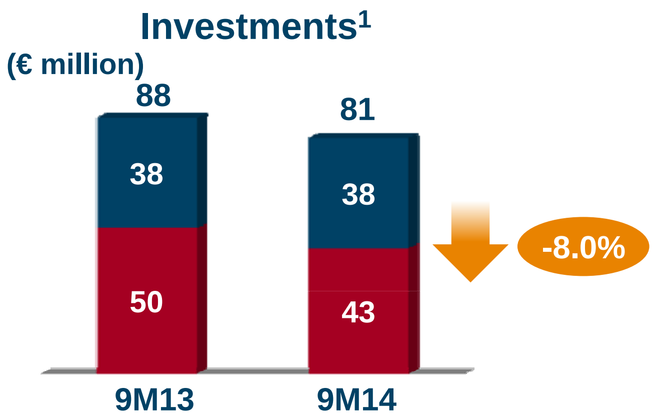


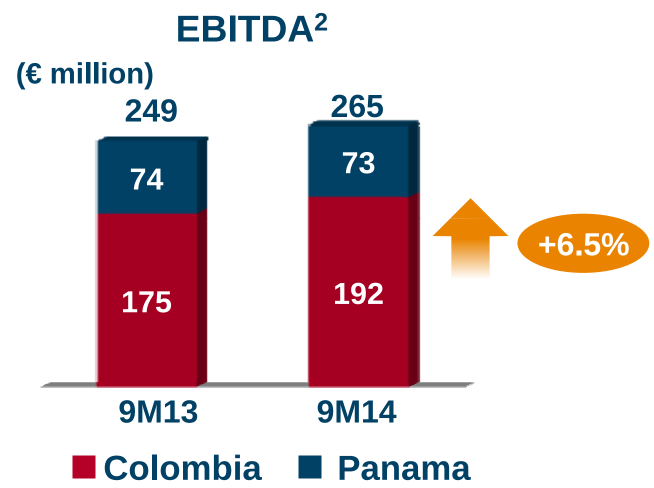
Current operations offer potential for both network growth and efficiency improvements

Note:
1 Excluding operations in Nicaragua, sold in February 2013.

Electricity Distribution

Latin America (II)





- **Performance helped by growth in demand and customer figures**
- **Reduction of energy losses and bad debt in line with plan**

Strong operating performance with EBITDA +6.5% disregarding disposals and translation of currency exchange differences

Notes:

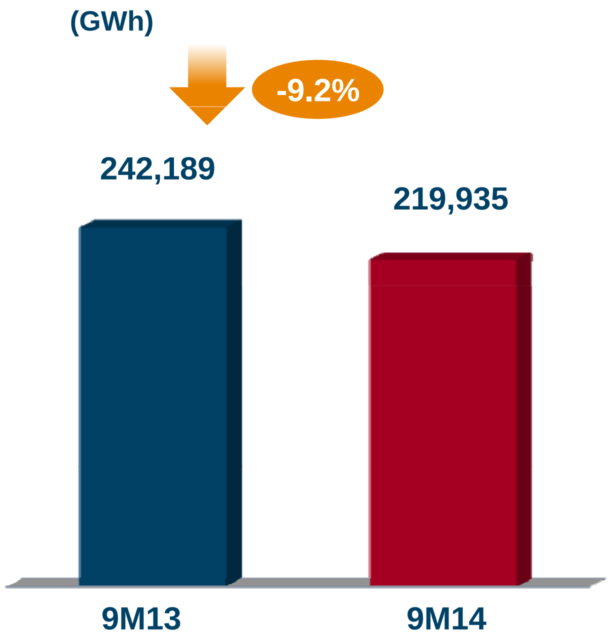
1 Disregarding disposal of Nicaraguan assets in 2013.

2 Disregarding disposal of Nicaraguan assets in 2013 and impact from translation of currency exchange differences.

Energy

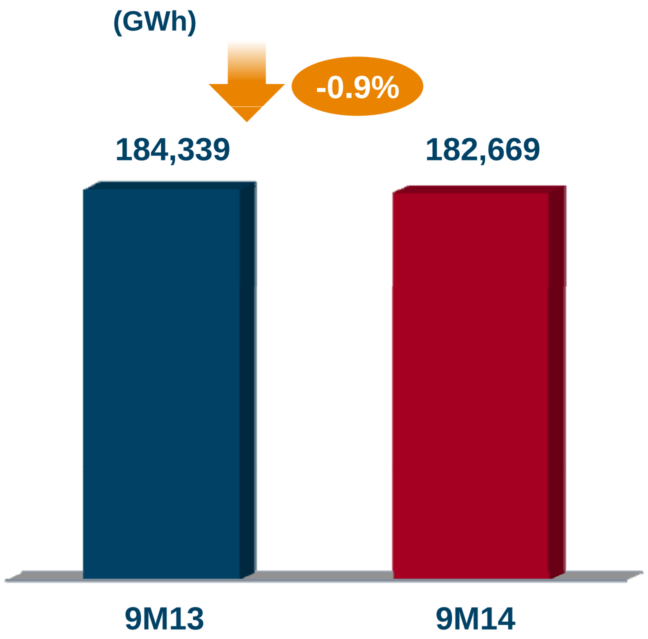
Gas and electricity demand in Spain

Conventional gas demand



Source: Enagas

Electricity demand

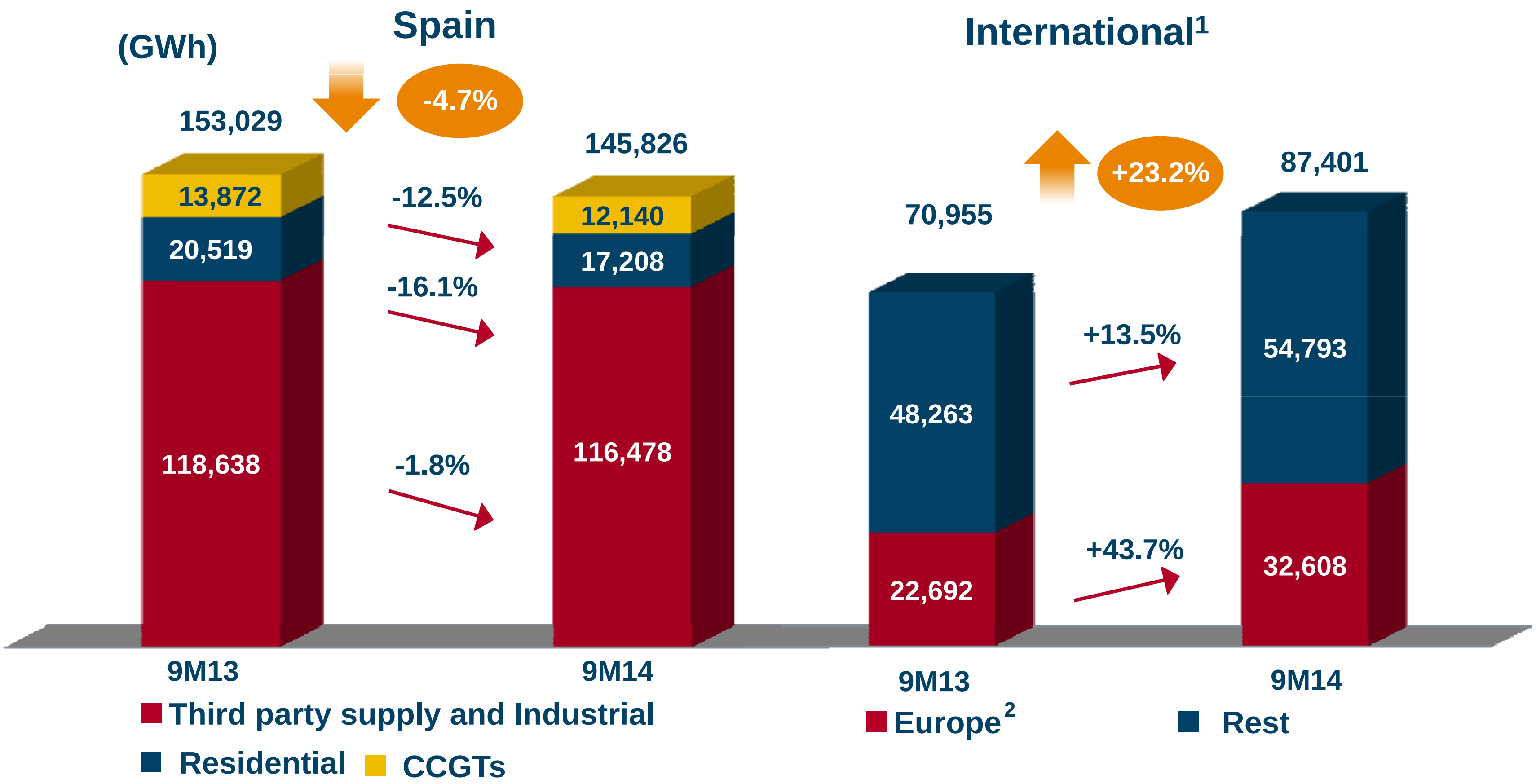


Source: REE

Gas demand depressed by milder winter which together with weaker markets also leads to lower electricity demand

Energy

Gas supply (I)



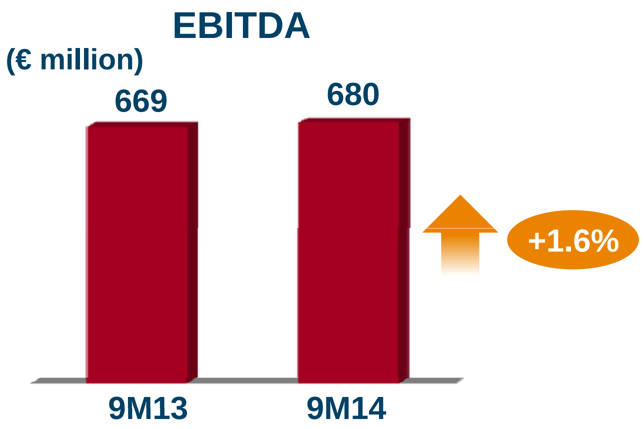
Spanish sales impacted by mild winter and lower sales to CCGTs; sustained growth in foreign markets

Notes:

1 Does not include UF Gas.

2 Sales to end customers.

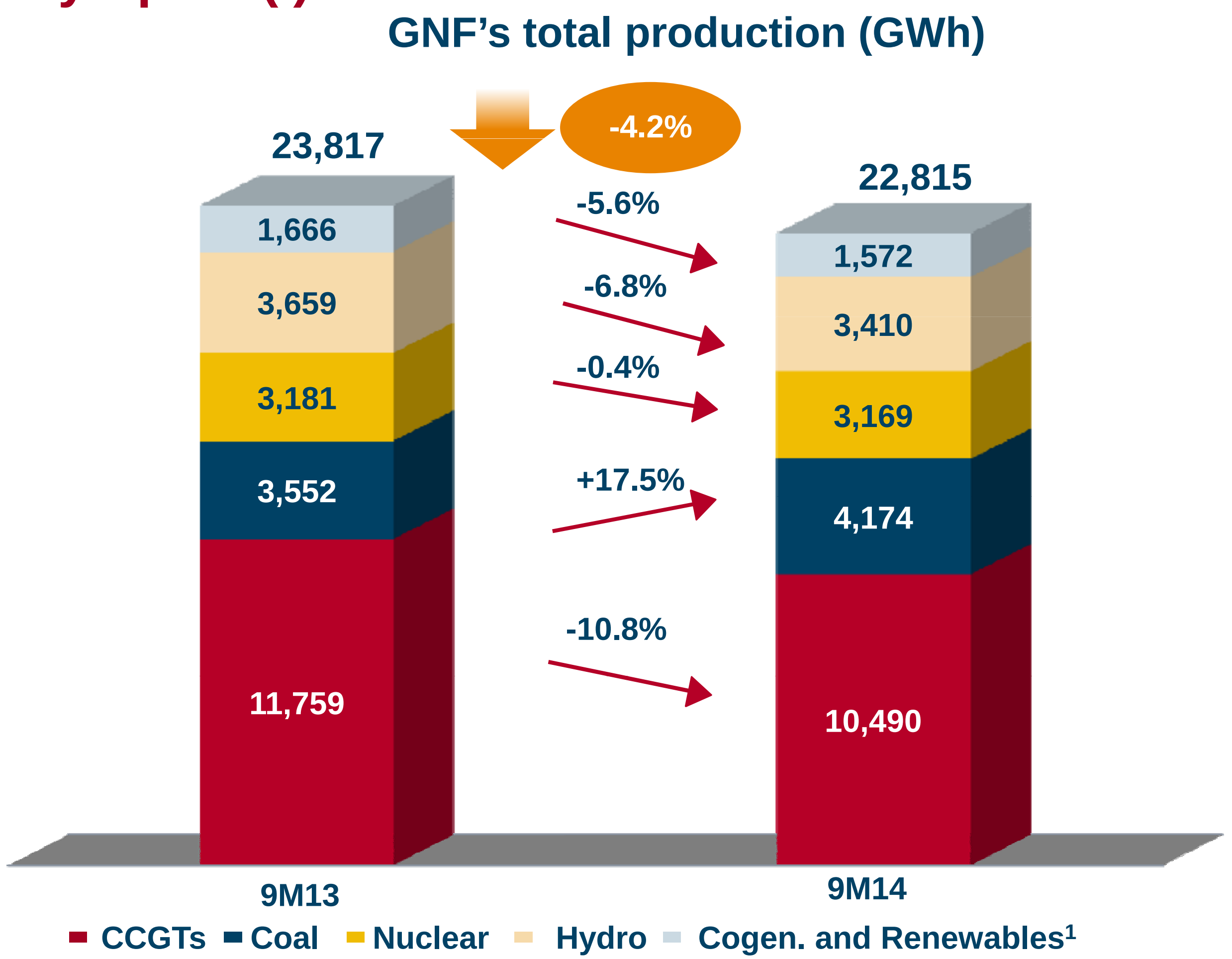
Energy
Gas supply (II)



- International sales represent 37% of total in 9M14
  - Consolidating presence in main international LNG markets in Asia and America (new contract in Chile from 2016)
  - Sustained sales growth in Europe with an aim to increase presence to new countries
- Expanding in retail liberalized markets in Europe with ~12 million active contracts (gas, power and services) with continuing expansion into residential and small and SME markets
  - Average contracts per customer increase 7.1% to 1.50 with a 16.5% growth in maintenance contracts
- New tanker added to LNG fleet will further enhance operating flexibility

Benefiting from balanced and well-diversified customer base

Energy
Electricity Spain (I)

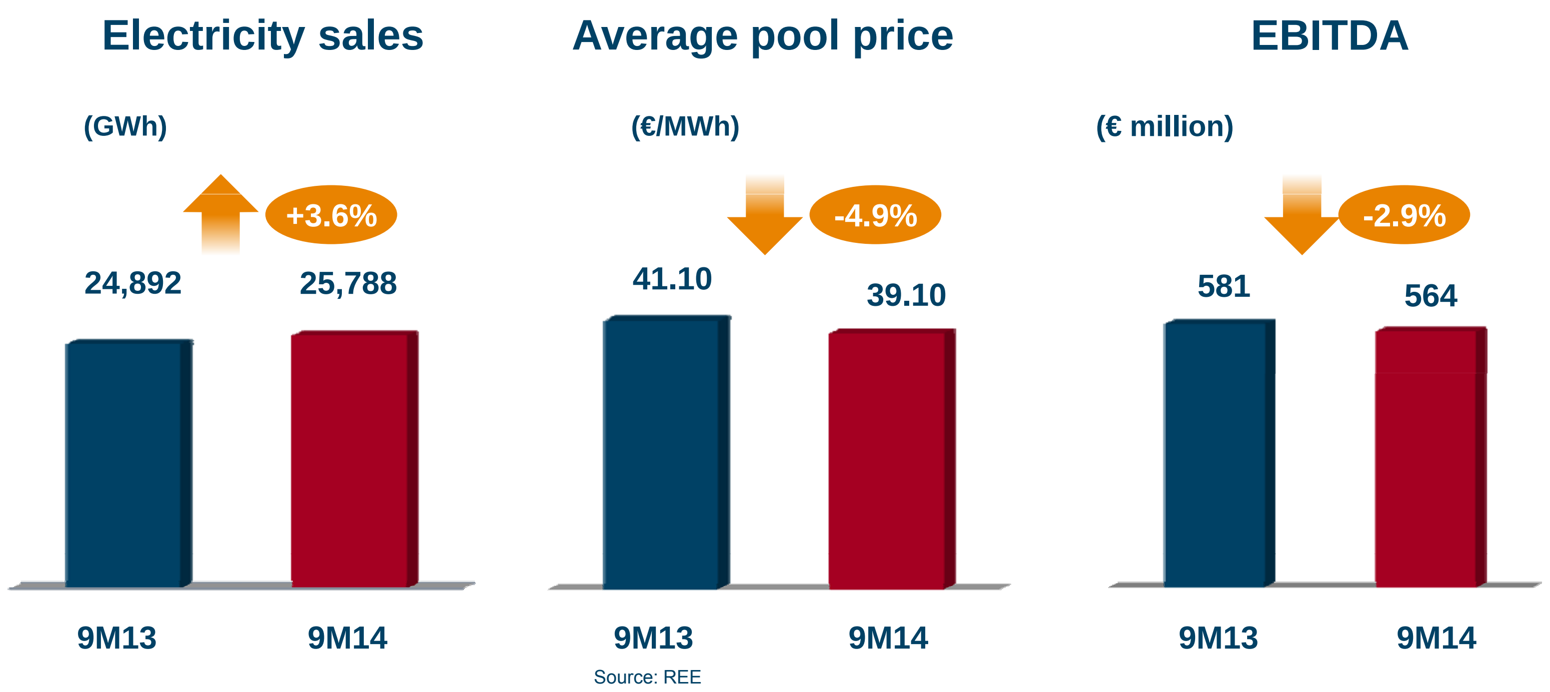


Thermal gap recovery continues in 3Q14 but still lower average pool prices vs 9M13

Note:

1 Formerly "Special Regime".

Energy
Electricity Spain (II)



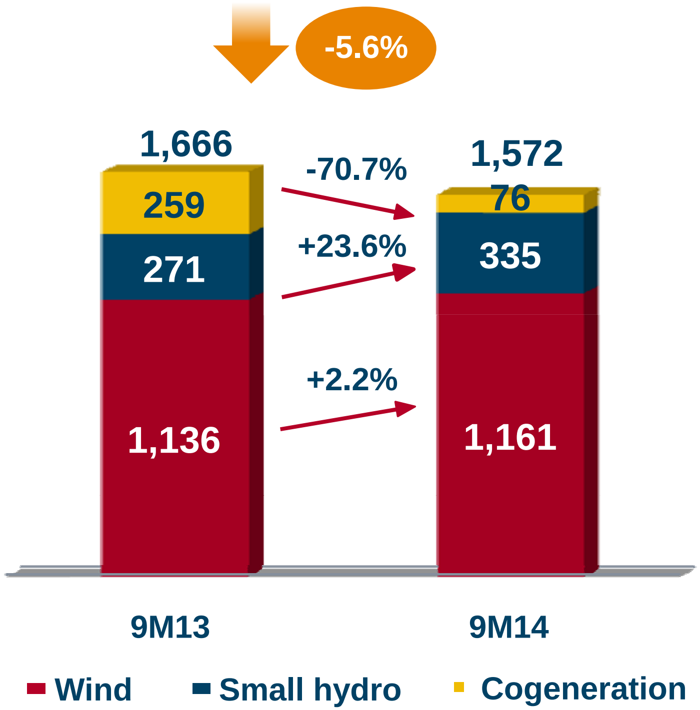
EBITDA impact from new regulatory measures (RDL 9/2013)[1] compensated with good performance from liberalized supply

Note:
1 RDL 9/2013 having been in effect from 14 July 2013 therefore without impact on 1H13.

Energy

Cogeneration and renewables[1]

Total production (GWh)



- **Commissioning of new small hydro plants leads to a significant growth in output**
- **Temporary halt of part of cogeneration capacity after new regulation**
- **Negative impact from low average pool prices for 9M14 despite recovery in 3Q**

Results include the impact from new regulatory measures (RDL 9/2013)[2]

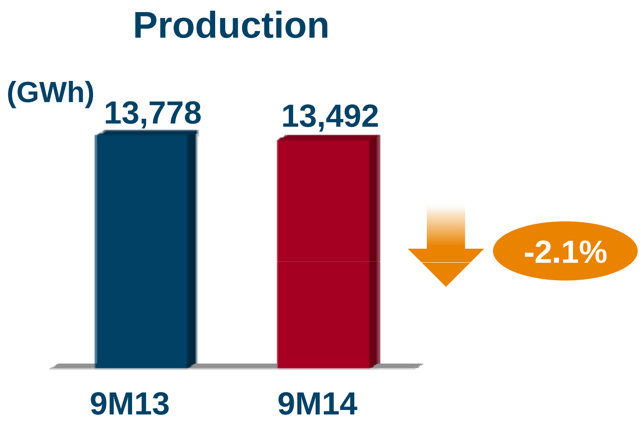
Notes:

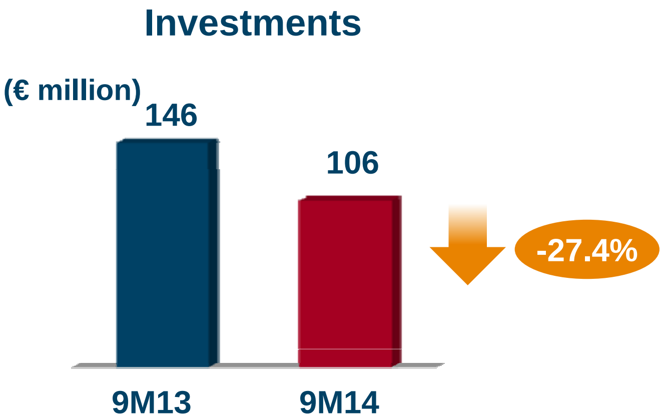
1 Formerly “Special Regime”.

2 RDL 9/2013 having been in effect from 14 July 2013 therefore without impact on 1H13.

Global Power Generation (GPG)

International generation





- **GPG includes electricity generation assets formerly under LatAm and other**
- **Lower generation activity in Central America and Caribbean**
- **Lower investments corresponding to higher concentration of capex for Bii Hioxo wind farm (Mexico) in 9M13**
- **EBITDA grows 1.2% to €166 million disregarding impact from translation of foreign exchange differences**

Maintaining a stable activity profile

4

Conclusions

Conclusions

EBITDA -2.3% after impact from regulation and translation, +4.0% disregarding the above impacts

Net income +10.6% after disposal of telecoms assets

Recent regulatory developments in electricity and gas in Spain help dispel uncertainty

CGE acquisition enhances GNF's international growth while maintaining a solid business model and risk profile

Confidence in fulfilling the targets set in the 2013-2015 Strategic Plan

Thank you

INVESTOR RELATIONS

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