Fourth Quarter 2014 Results (FY 2014)

February 17, 2015

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Agenda

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

1 Highlights

Key financial indicators

Net Income: €1,462 million (+1.2%)[1]

EBITDA: €4,853 million (+0.1%)[1]

Investments: €1,799 million[2] (+23.6%)[1]

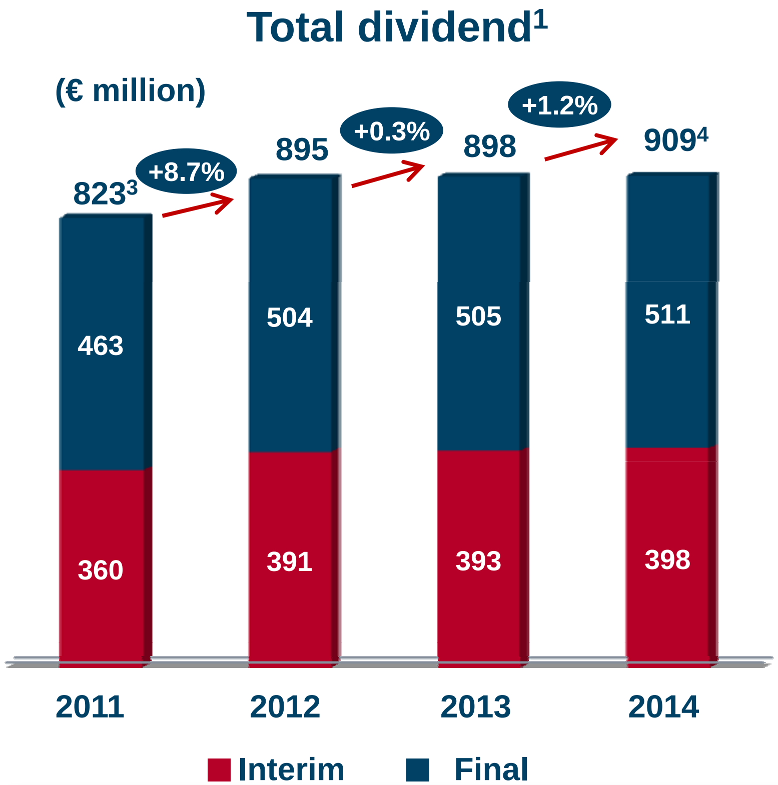
Net Debt: €16,942 million (+18.9% vs 31/12/13)[1]

Notes:

1 Changes vs FY13 after restatement of FY13 figures to IFRS 11.

2 Tangible and intangible

Shareholder remuneration



- 2014 dividend[1] resulting in a payout of 62.1% and a yield of 4.4%[2]
- Interim dividend paid on 8 January (€0.397/share in cash)
- Final dividend to be paid in cash (no scrip)
- Remuneration in accordance with Strategic Plan 2013-2015

Total shareholder return of +16.1% in 2014[5]

Notes:

1 Payable against year's results

2 As per closing market price on 31/12/14 of €20.81/share

3 Includes scrip dividend paid of ~€82 million for 2011

4 Pending approval from Shareholders' AGM

5 Corresponds to 11.3% from share price increase plus 4.8% dividend yield

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 FY13 figures:

(€ million)	FY13 as reported	FY13 IFRS 11	Change
Net Income	1,445	1,445	-
EBITDA	5,085	4,849	(236)
Investments	1,636	1,597	(39)
Net Debt	14,641	14,252	(389)

EBITDA change breakdown

UF Gas	(123)
Ecoeléctrica	(70)
Renewables	(34)
Other	(9)

Results of FY14 impairment analysis

- Impairment of €485 million after the Egyptian gas provider failed to meet its gas supply commitments
  - Recorded at UF Gas level (Equity income)
- Impairments of €47 million corresponding to other assets (NGS and other minor failed projects)
- No need for additional asset impairments as of December 31, 2014

The above accounting issues have no impact on cash flows

Regulation in Spain

Gas

- New regulation in effect as of 5 July 2014 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
  - Incentive on growth focused on higher volume customers and network expansion into new municipalities
  - Impact on 2014 accounts of ~€48 million lower remuneration

Electricity

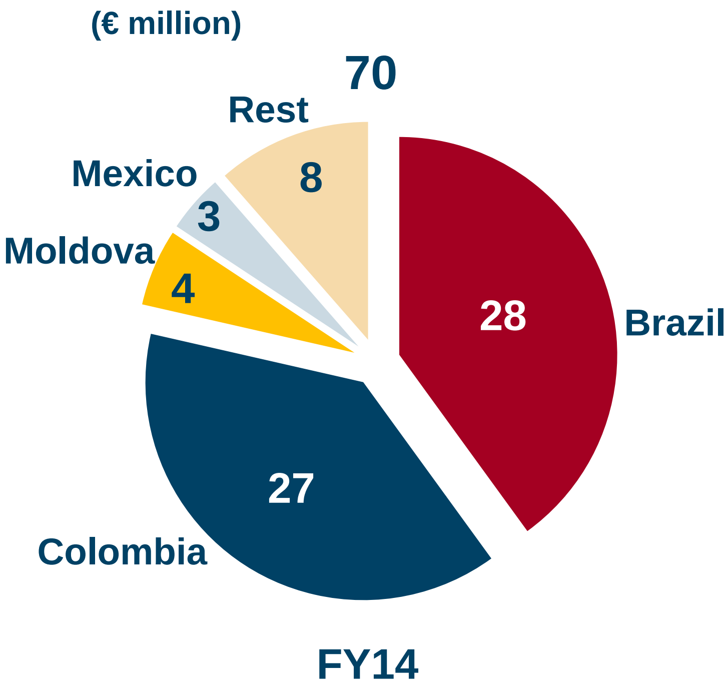
- Regulatory framework to guarantee the system's financial stability with measures to prevent future deficits
- Tariff deficit for 2013 securitised in December 2014 after Government approval

2014 should have brought an end to regulatory uncertainty in Spain

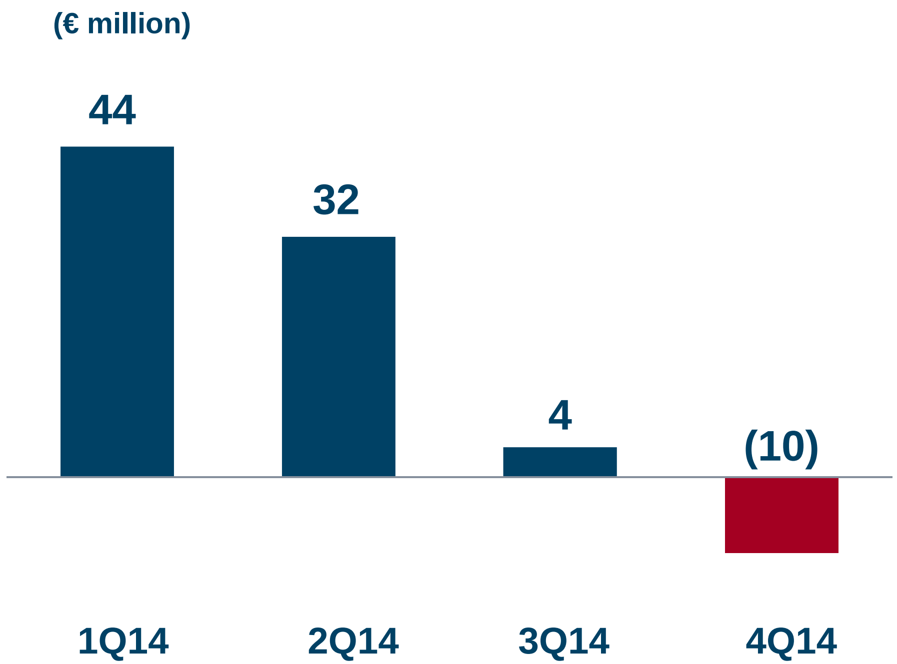
Currency exchange translation

Impact on EBITDA

By country



By quarter



Negative impact limited to 1H14

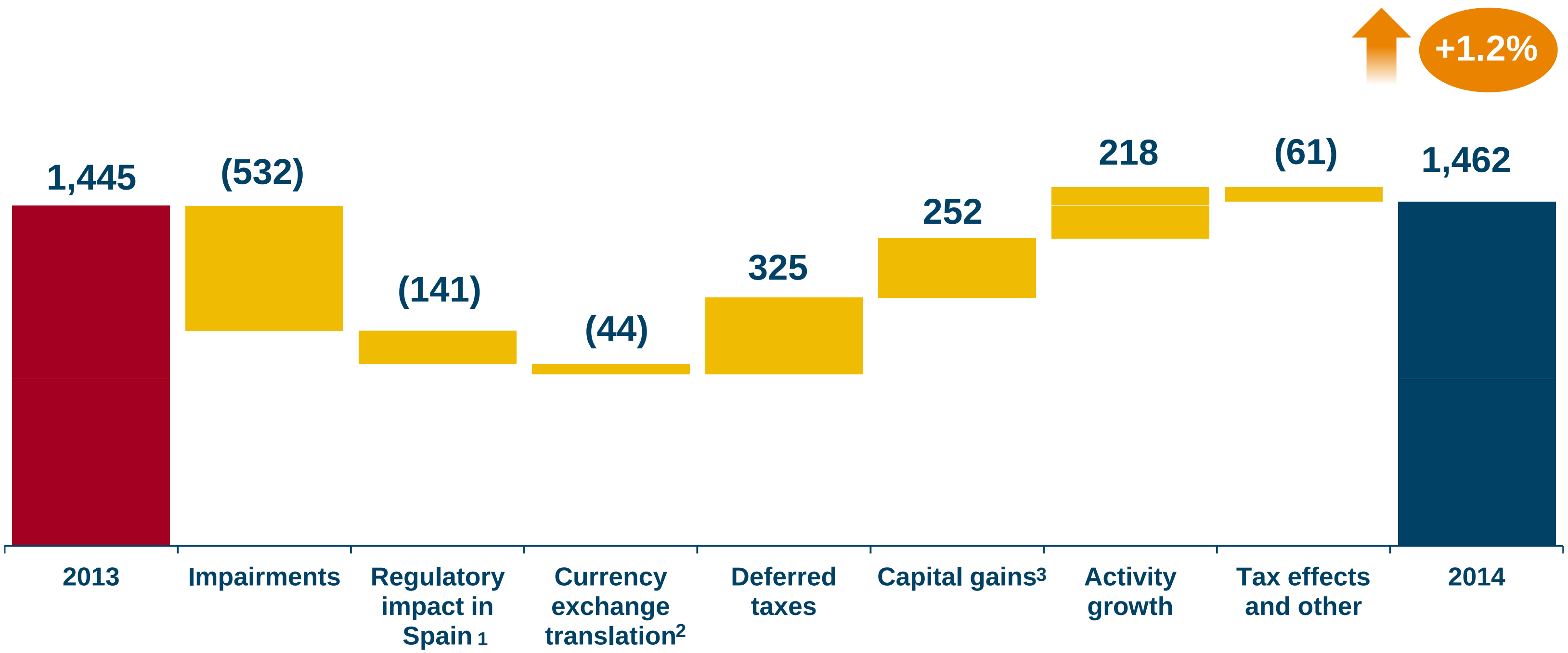
Tax reform in Spain

- **Law 27/2014 of 27 November reduces the corporate tax rate in Spain**
  - **2015: from 30% to 28% in 2015**
  - **2016 onwards: from 28% to 25%**
- **The subsequent restatement of deferred tax assets and liabilities resulted in a €325 million lower corporate tax expense for 2014**

The above accounting issue has no impact on cash flows

Net Income analysis

(€ million)



Disregarding impairments and deferred tax revaluations net income would grow ~15%

Notes:

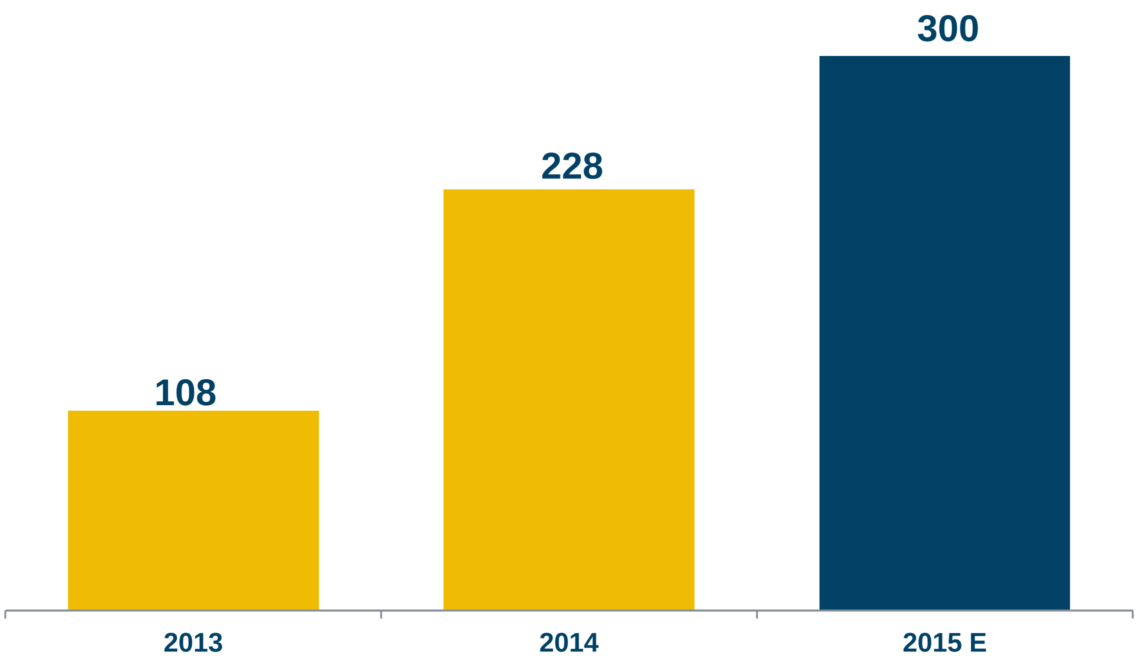
1 -€48 million for gas as per RDL 8/2014 and -€93 million for electricity as per RDL 9/2013

2 -€70 million at EBITDA level, +€26 million below EBITDA

3 Capital gains on sale of telecoms assets

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 €228 million at end 2014, in line with targets set in the Strategic Plan 2013-2015

Notes:

1 Restated under IFRS 11.

2 €120 million achieved in FY14.

Acquisition of CGE
Impact on the Strategic Plan 2013-2015 targets

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- Completing an investment initially not made explicit, but held as an option, as it fell within the targeted leverage range

- Advancing the achievement of aspirations for 2017:

  - An additional contribution to results which upholds the Plan's financial discipline
  - Further consolidating GNF's Latin American presence
  - A balanced development of two of the Plan's three future growth levers (networks and LNG)…
  - …while establishing an attractive growth platform for the third lever (power generation)

- GNF will work on a new Strategic Plan during 2015

GNF maintains its commitment to accomplish the targets under the 2013-2015 Strategic Plan

Other highlights for 2014

International power generation

- Establishment of GPG
- Commissioning in October 2014 of the 234 MW Bii Hioxo wind farm in Mexico
- Completing the Torito 50 MW mini hydro plant (Costa Rica) expected to be in operation in 1H15

International gas distribution

- Two new concessions awarded in Mexico (Sonora, Sinaloa) with 1,000,000 potential new customers

International LNG markets

- New 2 bcm p.a. LNG purchase contract signed with Cheniere starting deliveries in 2019

2 Financials

Consolidated Income Statement

(€ million)	FY14	FY13[1]	Change %
Net sales	24,742	24,322	1.7
Purchases	(17,368)	(16,892)	2.8
Gross Margin	**7,374**	**7,430**	**(0.8)**
Personnel, Net	(832)	(827)	0.6
Taxes	(481)	(510)	(5.7)
Other expenses, Net	(1,208)	(1,244)	(2.9)
EBITDA	**4,853**	**4,849**	**0.1**
Depreciation and impairment losses	(1,619)	(1,612)	0.4
Provisions	(302)	(226)	33.6
Other	258	11	-
Operating Income	**3,190**	**3,022**	**5.6**
Financial results, Net	(801)	(803)	(0.2)
Equity income	(474)	(62)	-
Income Before Tax	**1,915**	**2,157**	**(11.2)**
Corporate tax	(257)	(499)	(48.5)
Non-controlling interests	(196)	(213)	(10.3)
Net Income	**1,462**	**1,445**	**1.2**

Note:
1 Restated for comparative purposes under IFRS 11.

EBITDA breakdown

(€ million)	FY14	FY13[1]	Change €m	Change %
Gas Distribution:	**1,542**	**1,671**	**(129)**	**(7.7)**
Europe	937	986	(49)	(5.0)
Latin America	605	685	(80)	(11.7)
Electricity Distribution:	**970**	**950**	**20**	**2.1**
Europe	622	610	12	2.0
Latin America	348	340	8	2.4
Gas:	**1,190**	**1,145**	**45**	**3.9**
Infrastructures	288	258	30	11.6
Supply[2]	902	887	15	1.7
Electricity:	**1,003**	**982**	**21**	**2.1**
Spain	782	762	20	2.6
GPG	221	220	1	0.5
CGE	**36**	-	**36**	-
Other	**112**	**101**	**11**	10.9
Total EBITDA	**4,853**	**4,849**	**4**	**0.1**

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)	FY14	FY13[1]	Change €m	Change %
Gas Distribution:	**708**	**488**	**220**	**45.1**
Europe	360	307	53	17.3
Latin America	348	181	167	92.2
Electricity Distribution:	**356**	**357**	**(1)**	**(0.3)**
Europe	233	229	4	1.7
Latin America	123	128	(5)	(3.9)
Gas	**51**	**40**	**11**	**27.5**
Electricity:	**308**	**420**	**(112)**	**(26.7)**
Spain	142	175	(33)	(18.9)
GPG	166	245	(79)	(32.2)
Other[2]	**199**	**150**	**49**	**32.7**
TOTAL	**1,622[3]**	**1,455**	**167**	**11.5**

Spain

+4.4%

International

+20.9%

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

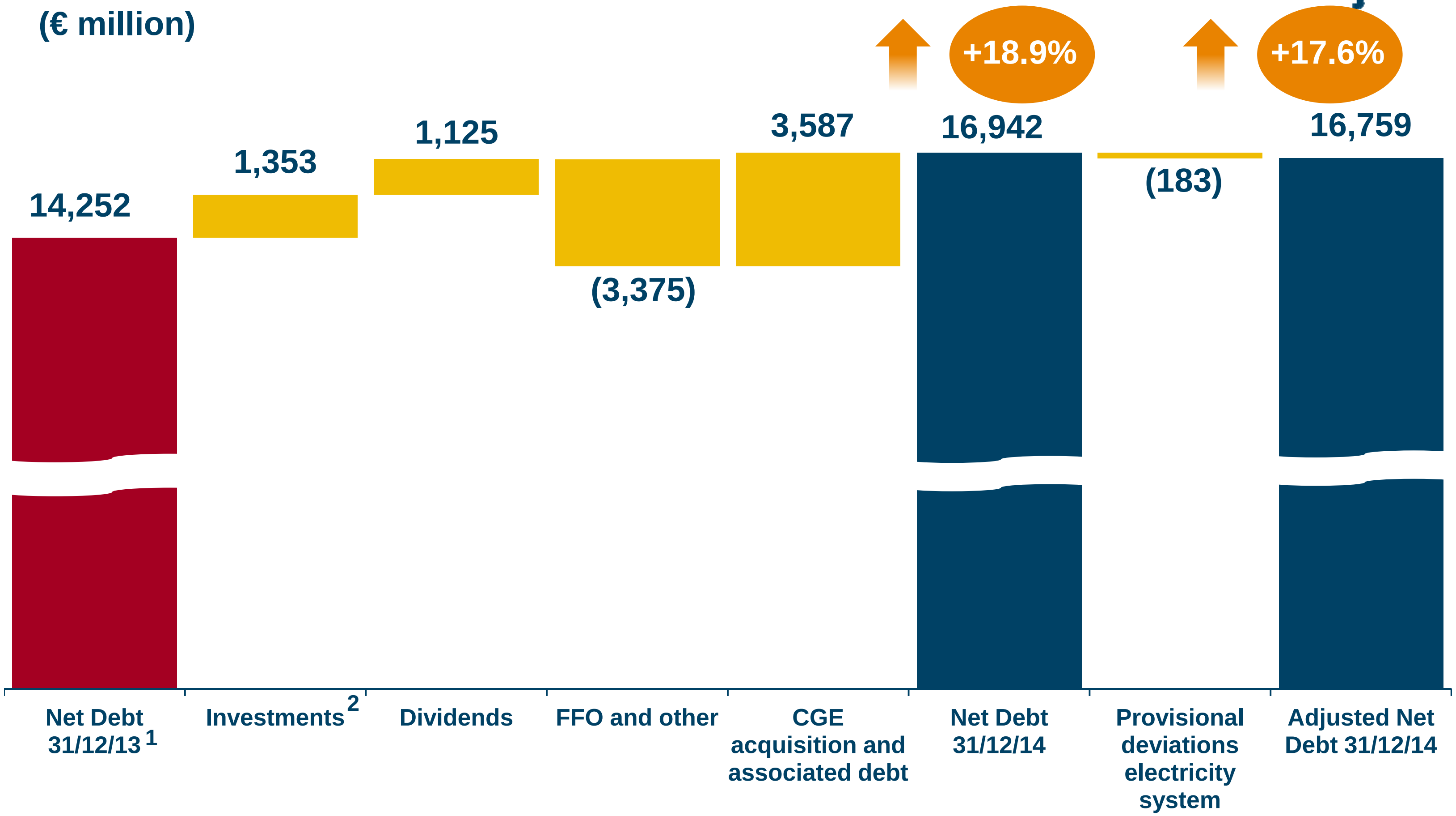
Notes:

1 Restated under IFRS 11.

2 Includes € 39 million from CGE in 2014

3 In adition, €177 million corresponding to a new LNG tanker (under lease)

Net Debt evolution



FYE14 leverage of 48.5% vs. 48.8% at FYE13 despite the higher debt after acquisition of CGE in Chile

Notes:

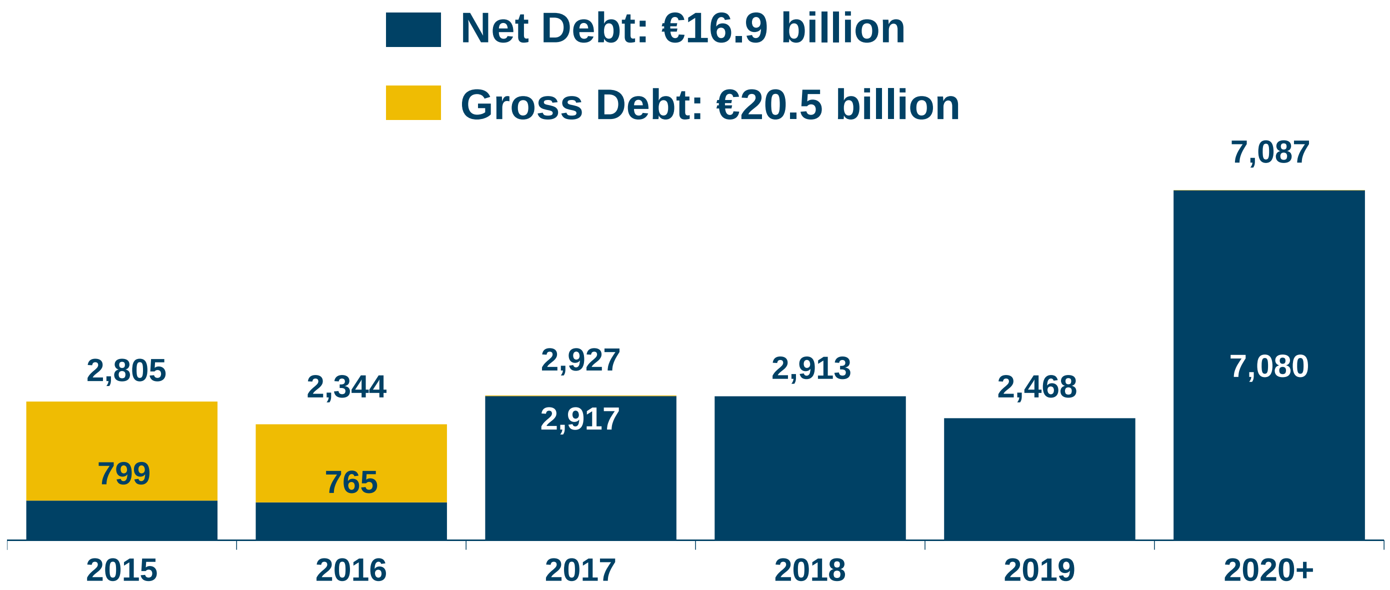
1 Restated for comparative purposes under IFRS 11.

2 Excluding CGE acquisition

A comfortable debt maturity profile

As of December 31, 2014

(€ million)



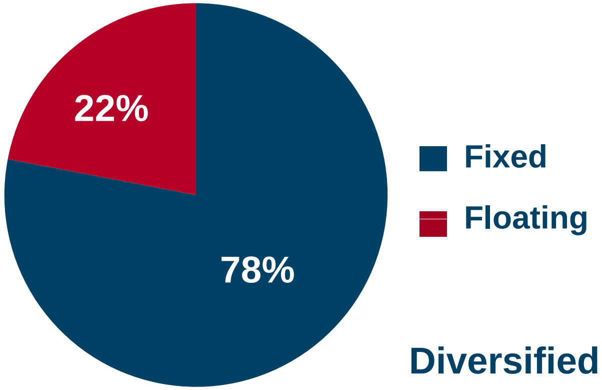
- Average life of Net Debt ~5 years
- 74% of Net Debt maturing from 2018 onwards

All financial needs for 2015 and 2016 are already covered

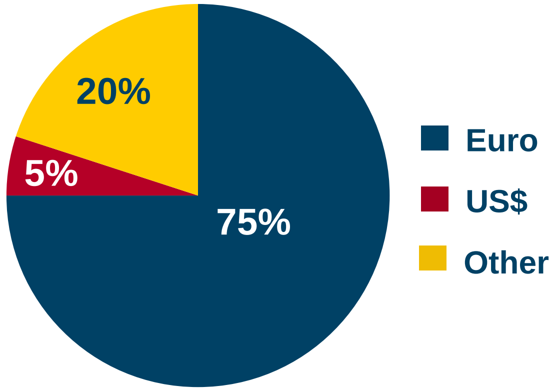
An efficient Net Debt structure

As of December 31, 2014

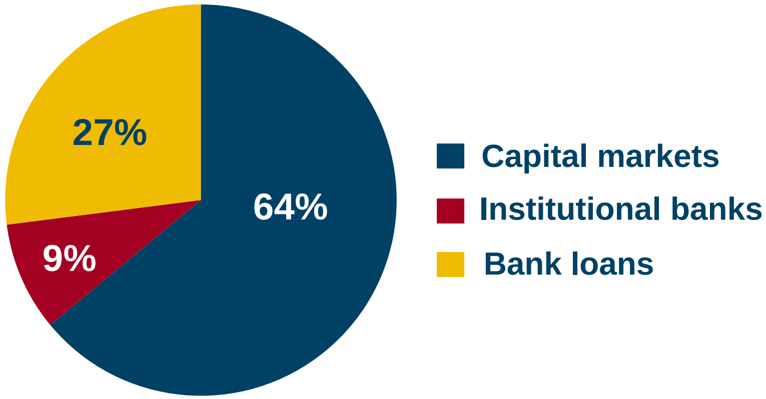
Majority of debt at fixed rates with very competitive cost



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 December 31, 2014

(€ million)	Limit	Drawn	Undrawn
Committed lines of credit	7,405	473	6,932
Uncommitted lines of credit	557	163	394
EIB loan	53	-	53
Cash	-	-	3,573
TOTAL	8,015	636	10,952

- Additional capital market capabilities of ~€5,300 million both in Euro and LatAm (Mexico, Chile, Panama and Colombia) programmes

Enough liquidity available to cover needs for over 24 months

A sound capital structure

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Achieving a strong capital structure…

- Positive structural free cash flow generation
- Capital structure further strengthened by recent €1,000 million 8-year hybrid (4.125% coupon)
- Acquisition of CGE completed for €2,519 million with own funds
- Successful issuance of a €500 million, 10-year bond in January 2015 (coupon: 1.375%)

... coupled with a strong debt profile

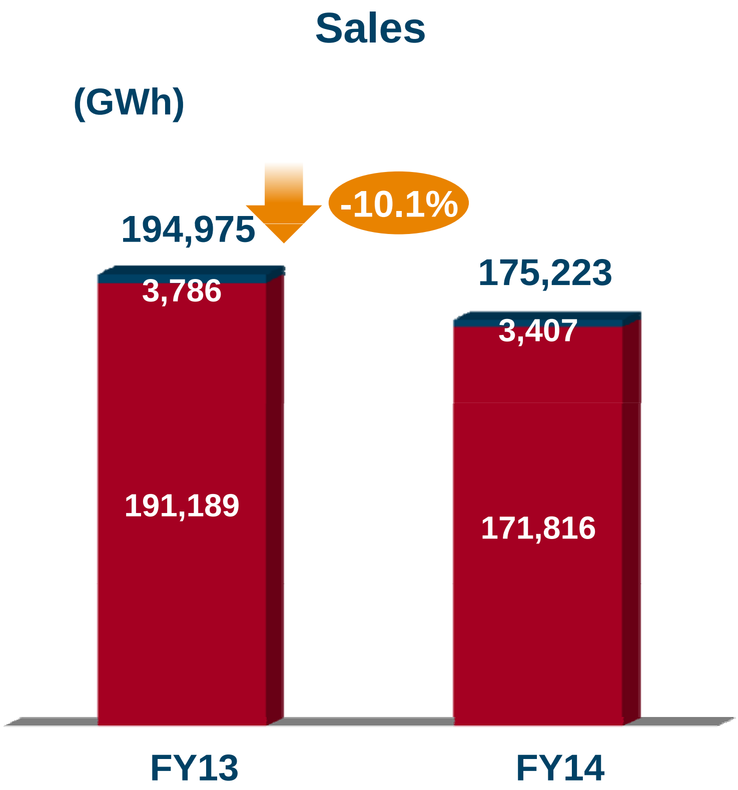
- Proforma Net Debt/EBITDA of 3.2x at Dec 31, 2014[1]
- Diversified maturity profile
- Predictable and stable cost of debt: 78% at fixed rates; rates for next coming years set in a low rate scenario
- No FX risk: subsidiaries financed in local/denominated currency

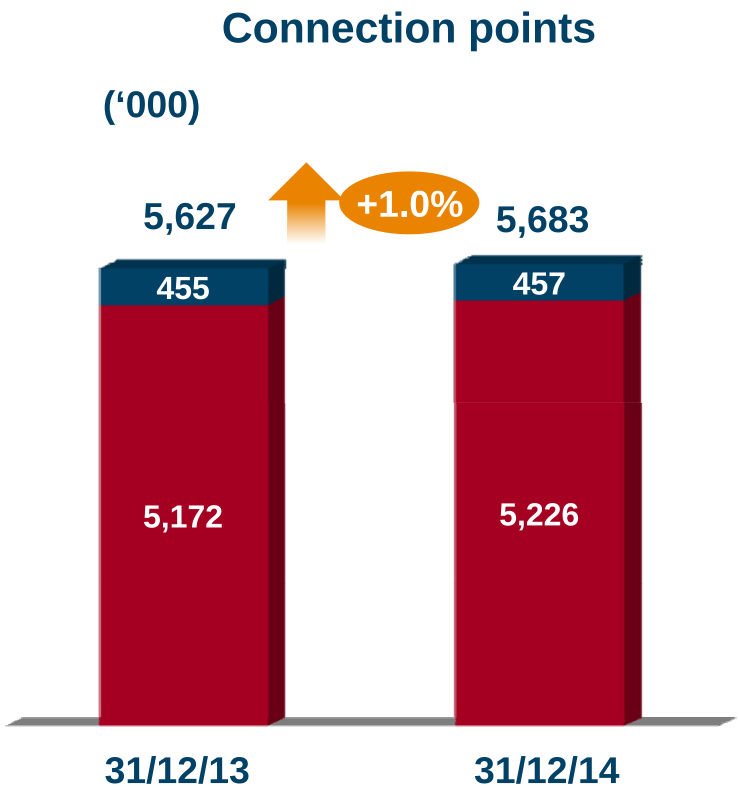
Note:

1 3.5x excluding EBITDA contribution from CGE for the period January-November 2014

3 Analysis of operations

Gas Distribution
Europe (I)

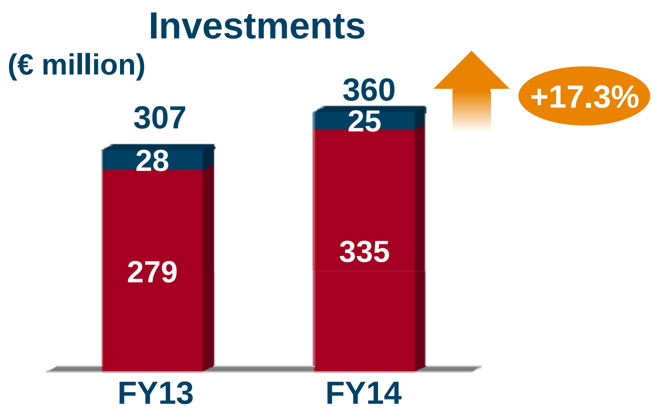


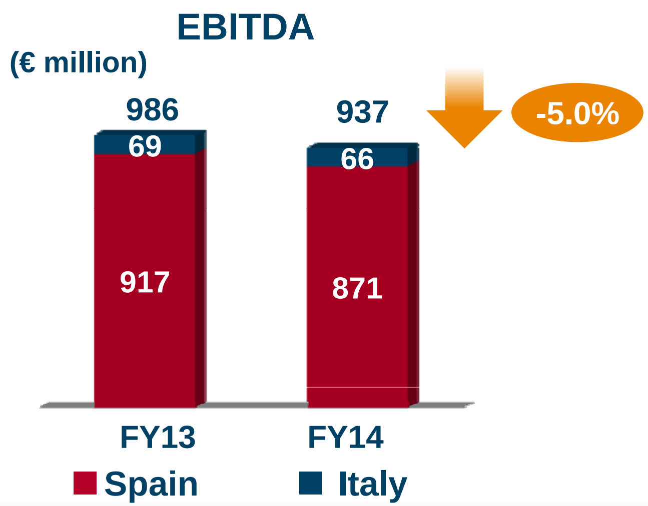


Spain Italy

Continued expansion of distribution networks in an unusually warm year

Gas Distribution
Europe (II)

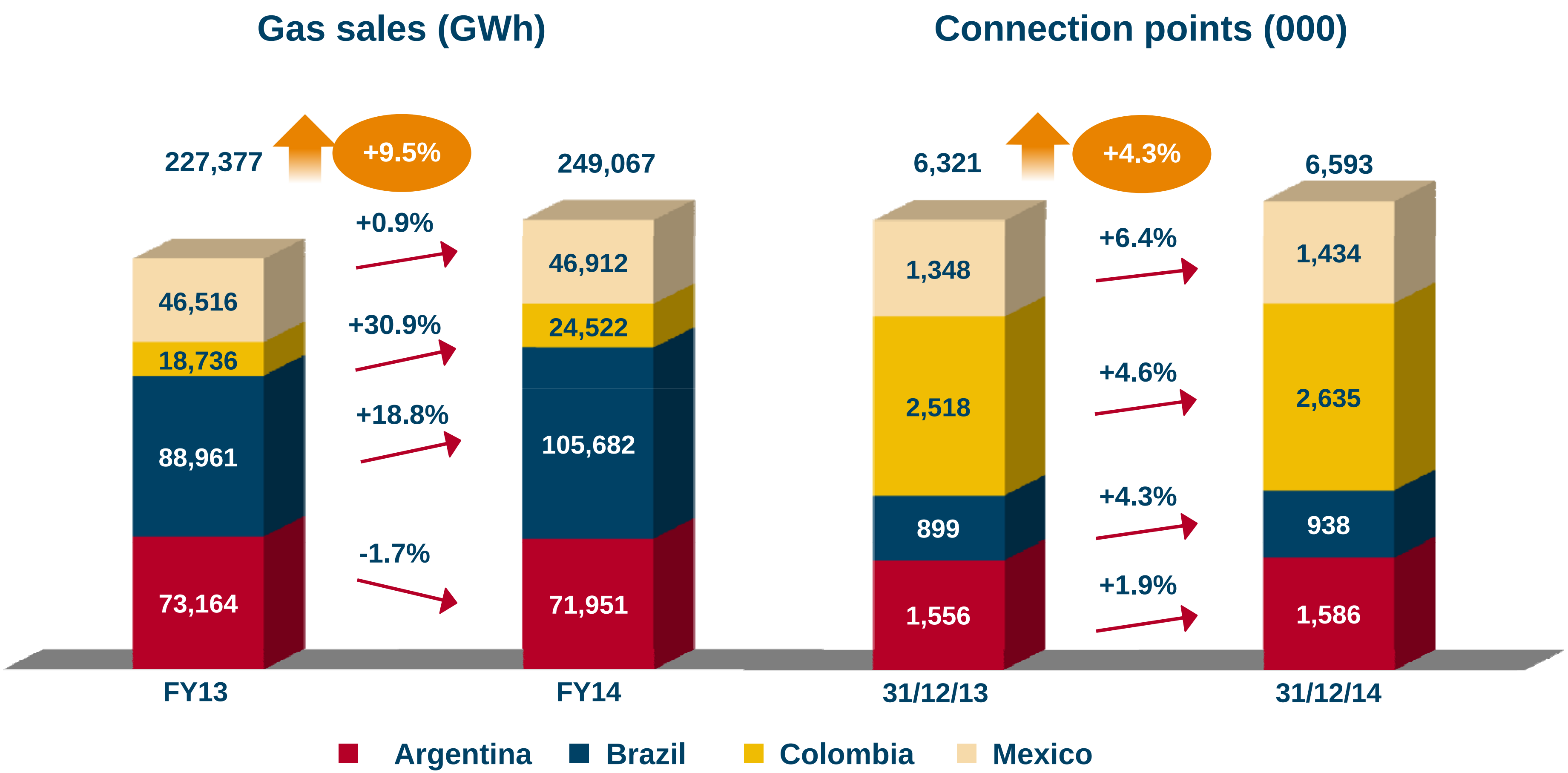




- Capex in network expansion in Spain consistent with new regulation that incentivises growth
  - 48 new municipalities connected in 2014
- Lower gas sales in both Spain and Italy due to very mild temperatures
- 2H14 EBITDA in Spain reflects impact from RDL 8/2014

EBITDA impacted by regulation and lower demand

Gas Distribution
Latin America (I)

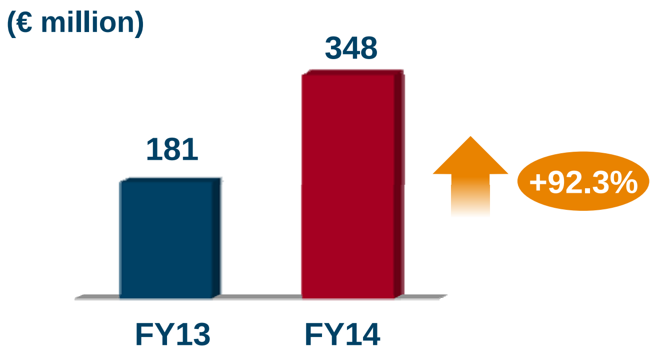


Benefiting from higher sales to industrial customers in Colombia and to power generation in Brazil

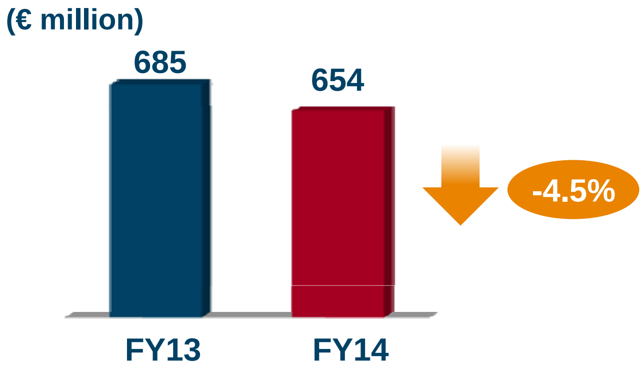
Gas Distribution

Latin America (II)

Investments



EBITDA[1]



- Growth capex leads to 272,000 new connection points vs end FY13
  - Brazil: recording in 2014 of part of commitments for 2014-2016 brings rise in capex growth
- Colombia: achieving growth mainly in industrial customer portfolios
- Mexico: sustained network expansion; new concessions awarded in the Northwest (Sonora, Sinaloa)
- EBITDA affected by Brazil (regulatory review in Rio) and Argentina (higher costs)

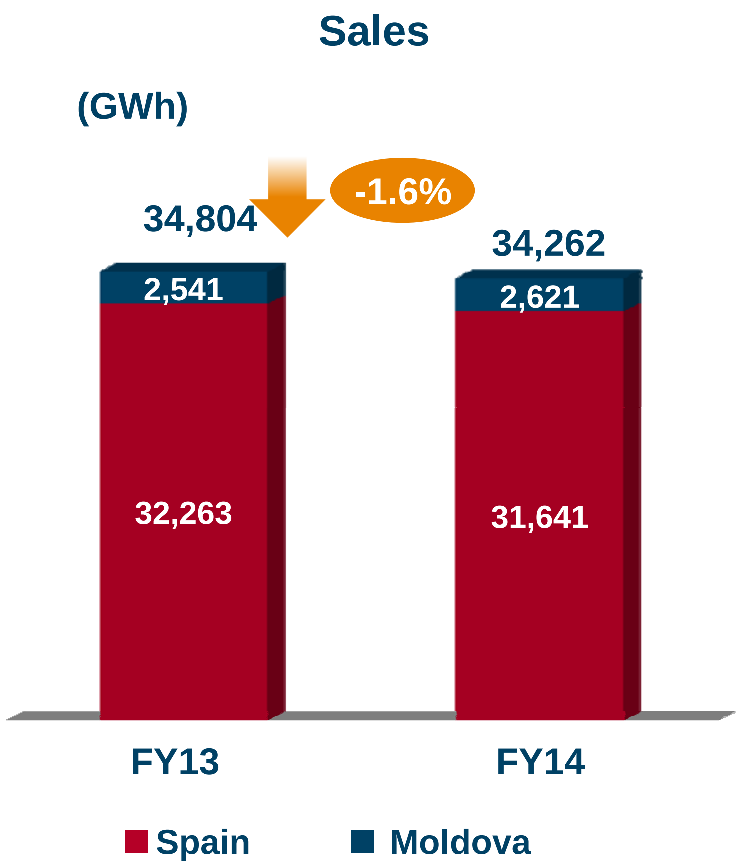
Region constitutes an important platform for growth

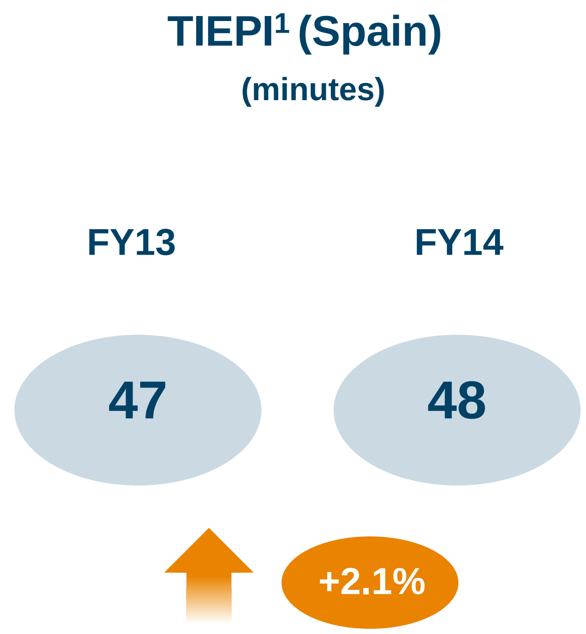
Note:

1 Disregarding impact from translation of currency exchange differences.

Electricity Distribution

Europe (I)



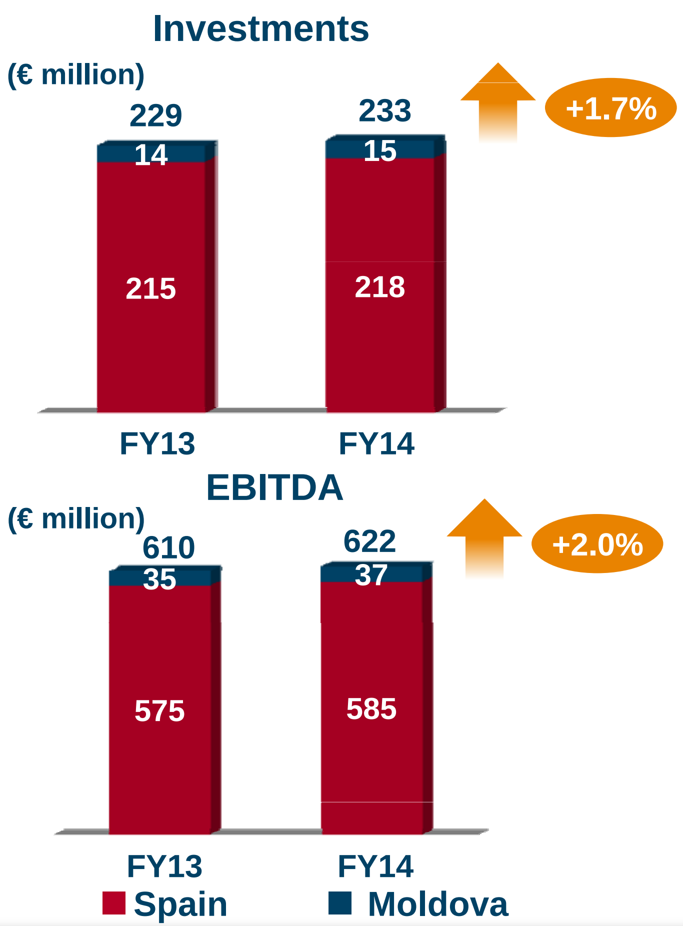


Lower electricity sales after falling demand in Spain due to mild winter weather and weaker markets

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

Electricity Distribution

Europe (II)

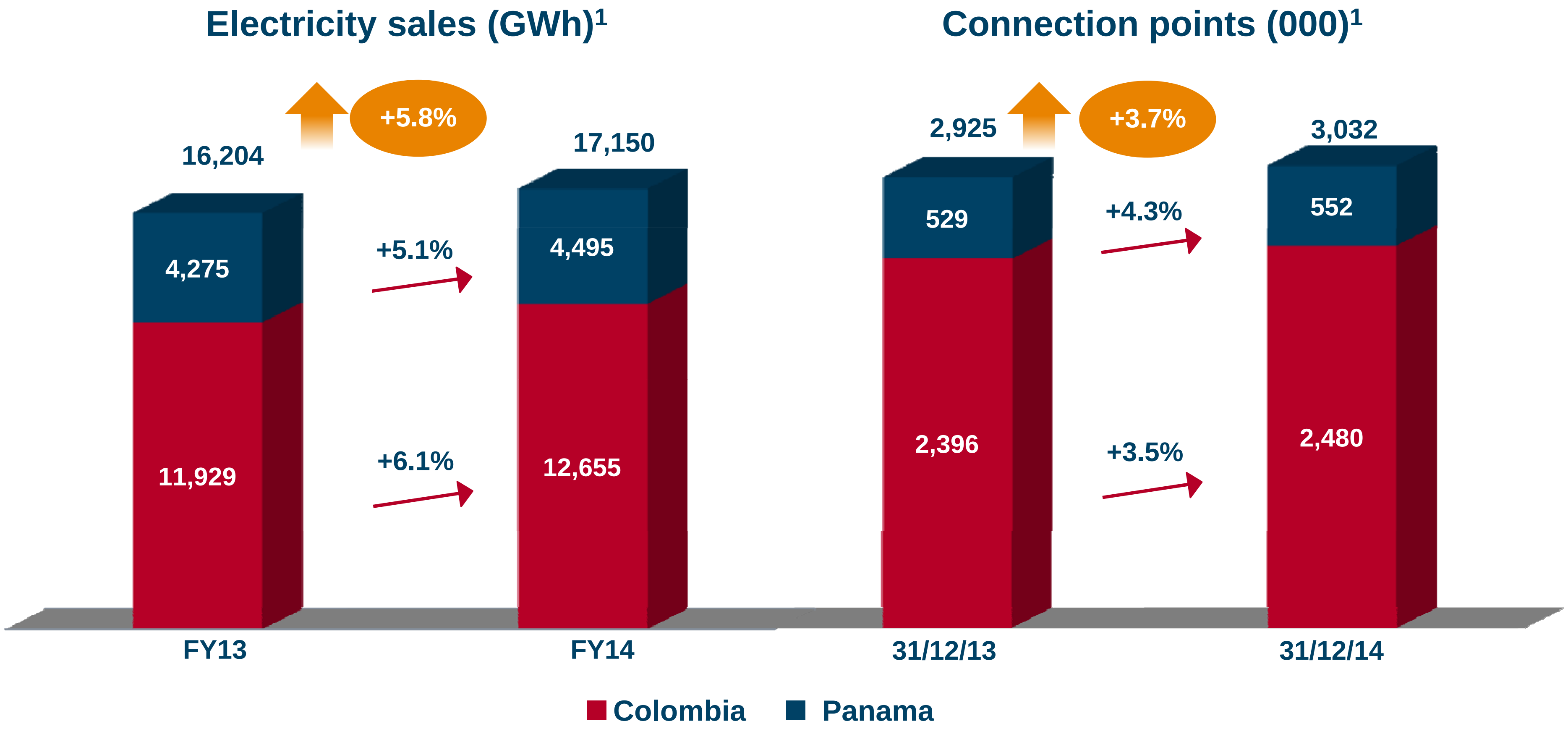


- Over 4.5 million connection points at end of FY14
- Recent regulatory measures in Spain lead to lower opex and a containment in capex
- Efficiency plan with focus on electricity distribution

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)

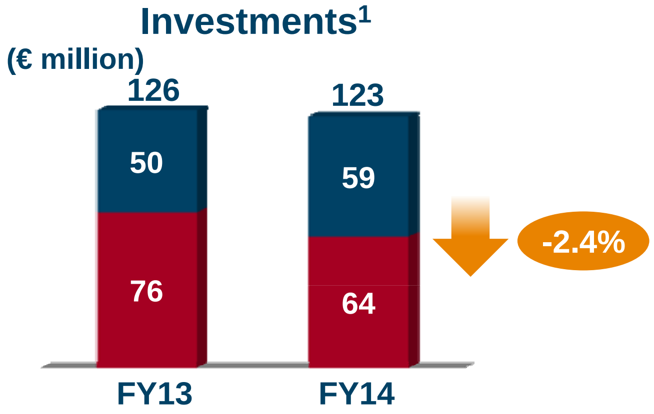


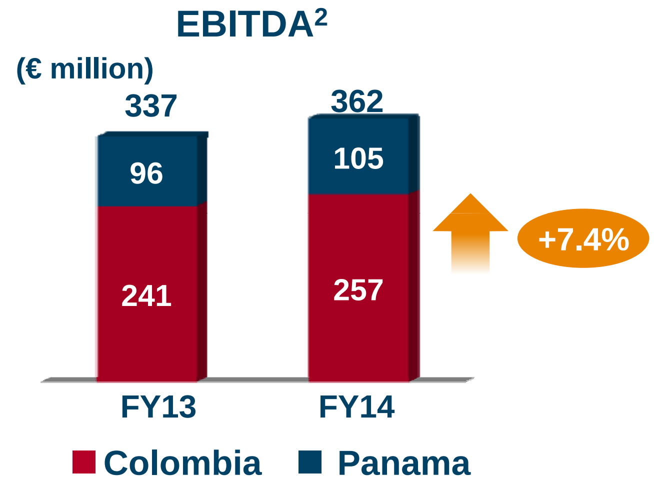
Current operations offer potential for both network growth and efficiency improvements

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

Electricity Distribution

Latin America (II)





- **Temporary slowdown of investments in Colombia while waiting for the consolidation of efforts made in the reduction of losses and bad debt**
- **Revenues additionally benefiting from lower energy losses in line with efficiency plan**

Strong operating performance with EBITDA +7.4% disregarding disposals and currency exchange translation

Notes:

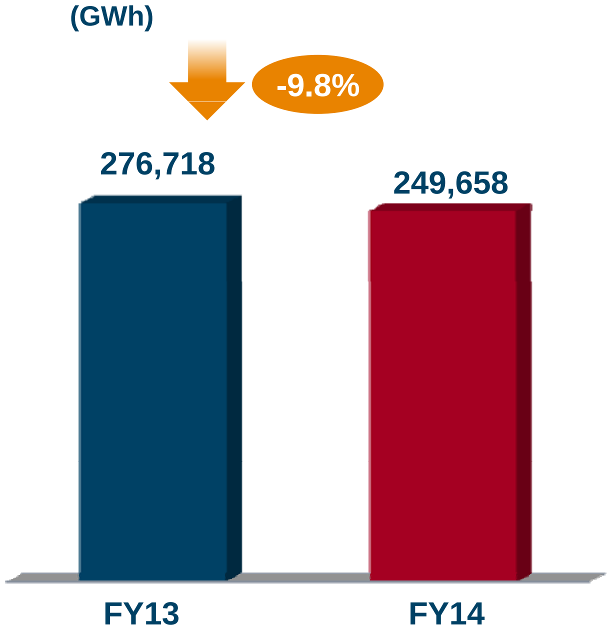
1 Disregarding disposal of Nicaraguan assets in 2013

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

Energy

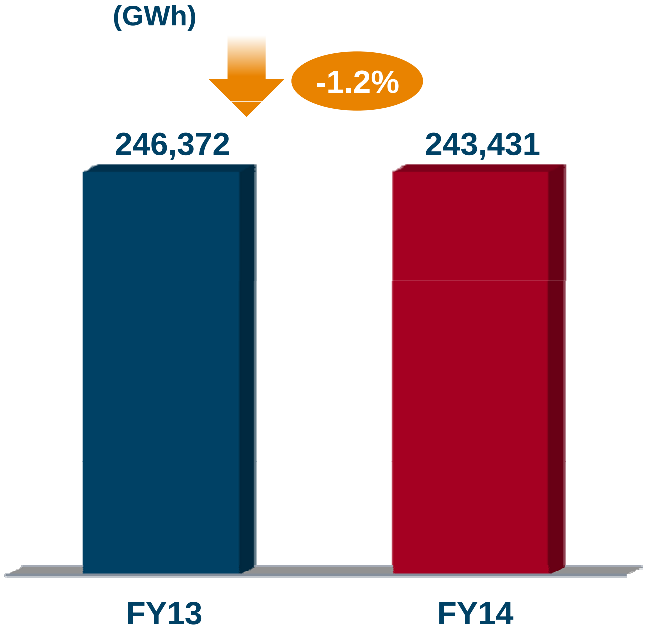
Gas and electricity demand in Spain

Conventional gas demand



Source: Enagas

Electricity demand

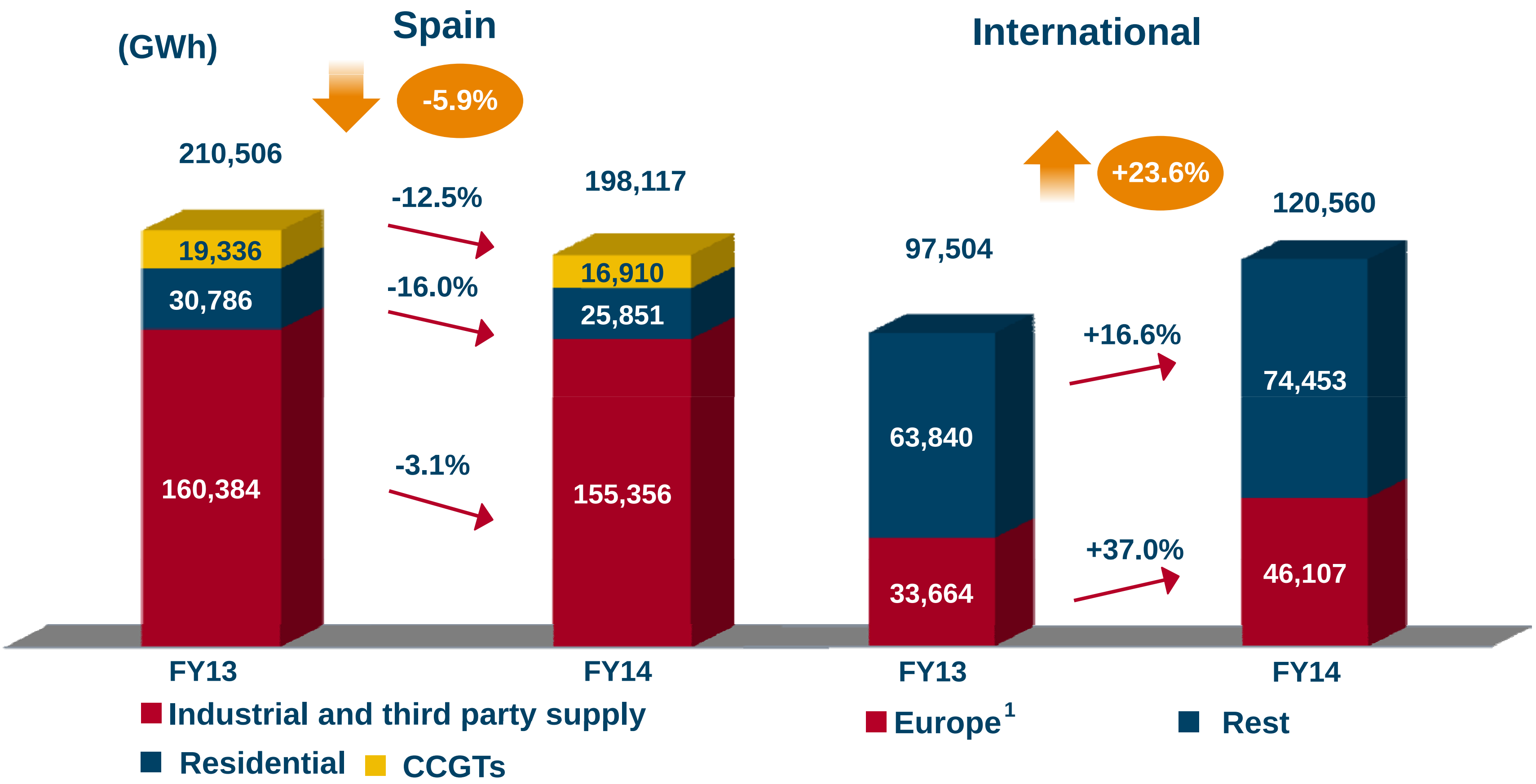


Source: REE

Gas demand reduced by milder winter which also leads to lower electricity demand

Energy

Gas supply (I)



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

Note:

1 Sales to end customers

Energy
Gas supply (II)

Wholesale

- International sales represent 38% of total in FY14 (vs 32% in FY13)
  - 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
- New tanker added to LNG fleet will further enhance operating flexibility

Retail

- Expanding in retail liberalized markets in Europe (Spain, Italy)
- Over 12 million active contracts (gas, power and services) with continuing expansion into residential and small and SME markets
  - Average contracts per customer increase 2.7% to 1.52
  - 14.3% growth in maintenance contracts

EBITDA FY14: €902 million (+1.7%)

Energy

An integrated and flexible gas business model

Procurement

Diverse origins

- Piped NG
- LNG

Infrastructures

Supply

Domestic market
- Retail
- Industrial & third party supply
- CCGTs

Foreign markets

Optionality

Procurement
- No equity gas exposure
- Volume flexibility
- Diversified indexation in contracts
- Price review clauses

Infrastructures
- Flexible management

Supply
- Diversified margin structure
- Different contract maturities
- Very limited spot exposure

GNF enjoys operating flexibility to manage commodity risk

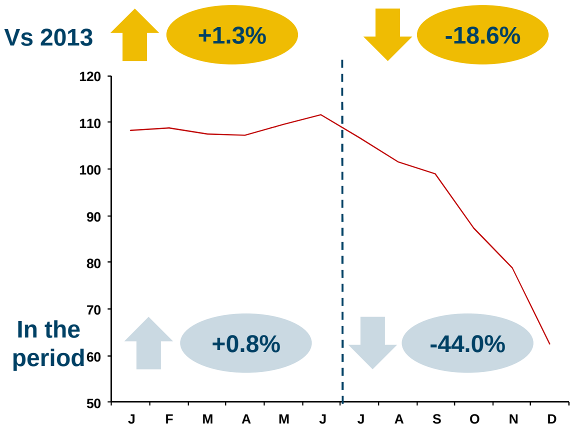
Energy

Impact on the short term

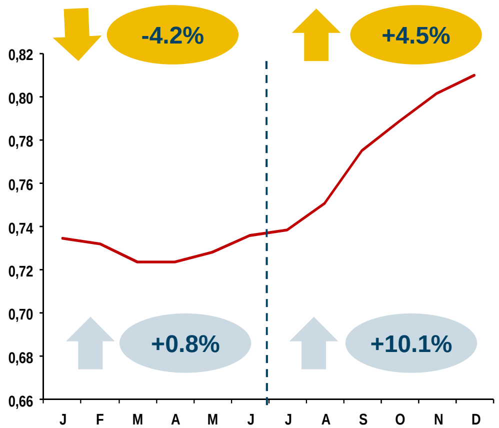
GNF's Business model hedge

- Most of GNF gas sales are to end customers and sales margins are fixed
- International LNG sales in 2015:
  - Hedged with procurement - same index- and negotiated in 2013
  - International LNG sales are in US$; historical correlation between fall in oil prices and US$ appreciation

Brent prices 2014
(USD/bbl)



€/US$ 2014



EBITDA Gas Supply

+7.2% -4.2%

(€ million)	1H	2H
2013	461	426
2014	494	408

GNF's business model and €/US$ evolution reduce the impact from the fall in oil prices

Energy

Long term vision

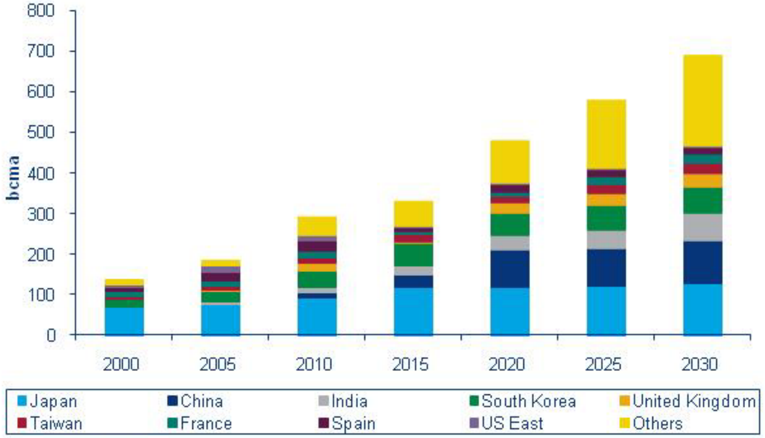
LNG demand/supply growth

- Emerging countries' economic growth relies on LNG demand growth
- New LNG projects (investment intensive) require attractive prices

GNF's business model flexibility

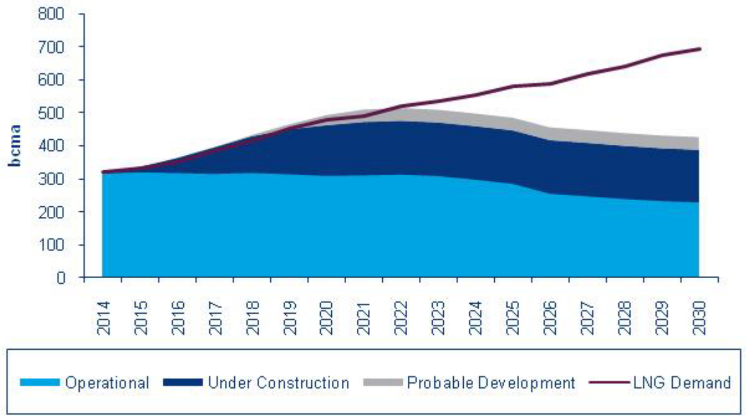
- Diversified and flexible supply, strong market position and own LNG fleet allow value creation under most market conditions
- Cheniere volumes covered with GNF's market position

LNG world demand estimates



Source: Wood Mackenzie

LNG supply/demand gap

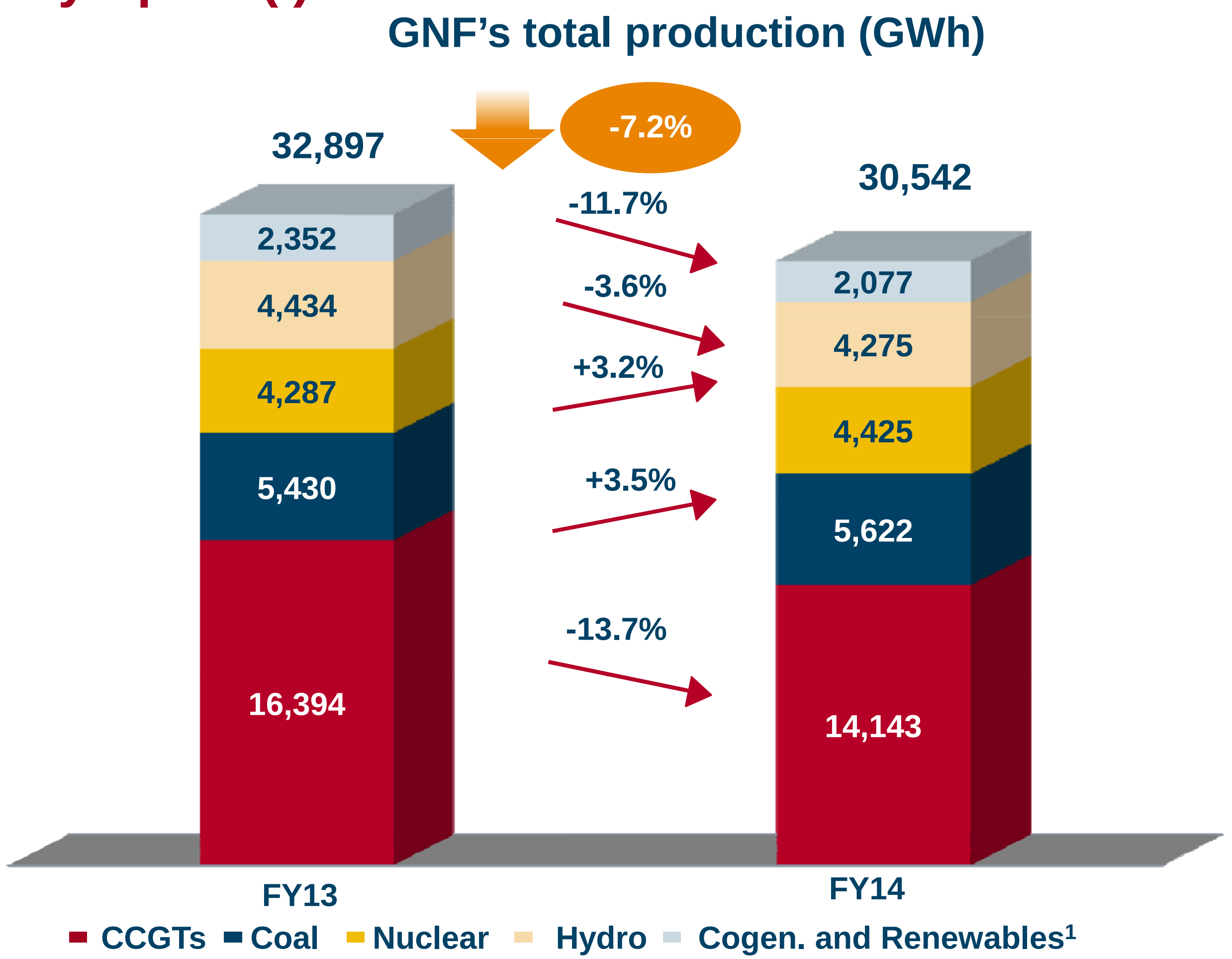


Source: WoodMackenzie

On the long term LNG business shows strong fundamentals

Energy

Electricity Spain (I)



Lower production compensated by +5.4% growth in supply sales

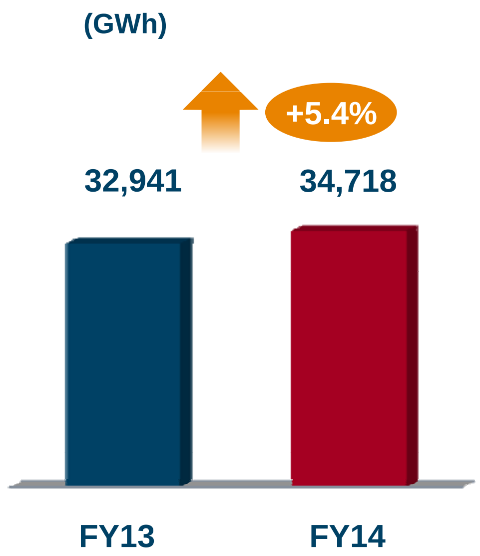
Note:

1 Formerly "Special Regime".

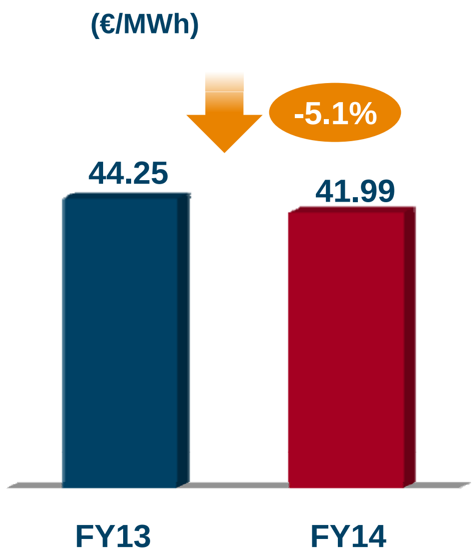
Energy

Electricity Spain (II)

Electricity sales

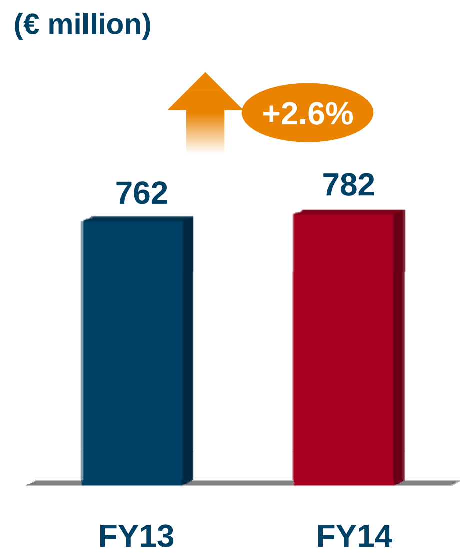


Average pool price



Source: REE

EBITDA



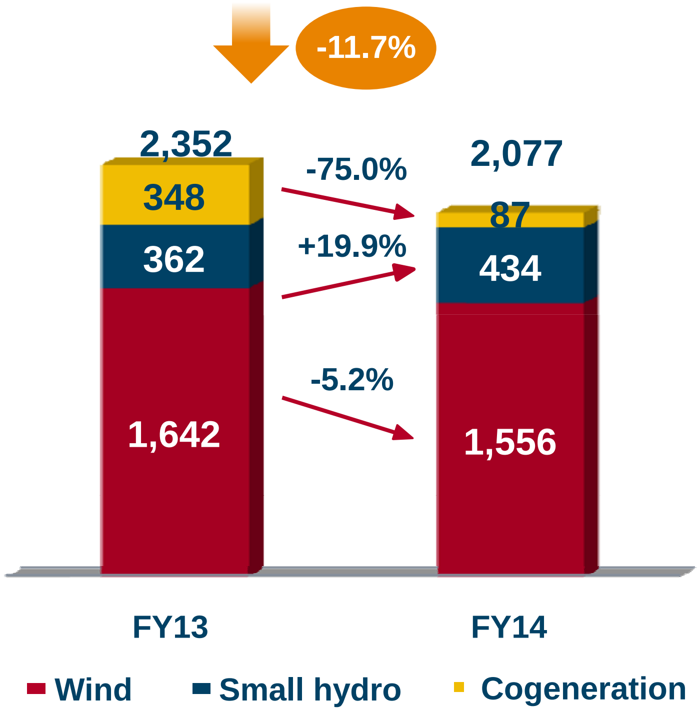
EBITDA impact from new regulatory measures (RDL 9/2013)[1] compensated with good performance from liberalized supply

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
- Cogeneration impacted by new regulation
- Low average pool prices for 2014 bring an additional negative impact

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

Notes:

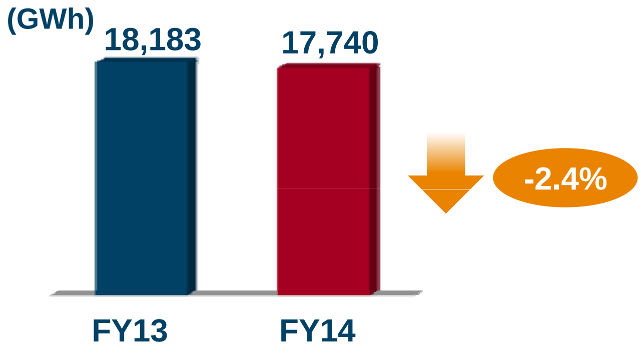
1 Formerly “Special Regime”.

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

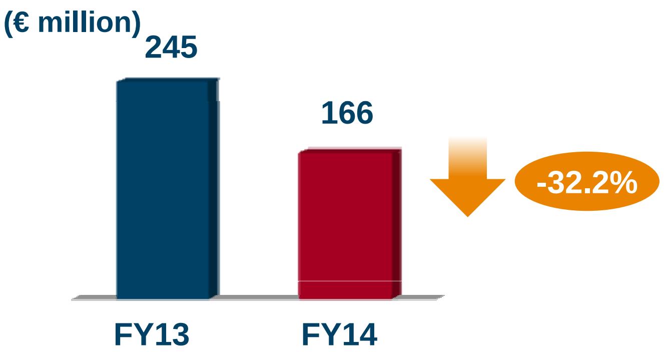
GPG

International power generation

Production



Investments



- GPG includes electricity generation assets (formerly Latin America and other)
- Lower generation activity in Central America and Caribbean
- Lower investments due to higher concentration of capex for Bii Hioxo wind farm (Mexico) in FY13
- Bii Hioxo (234 MW) already operational
- Torito (50 MW) to be operational in 1H15

EBITDA grows +0.5% to €221 million

CGE

Main magnitudes for 2014

	FY14	FY13	Change %
Gas Distribution:			
Gas sales (GWh)	43,668	39,314	11.1
Distribution network (km)	8,192	8,068	1.5
Connection points (000's)	593	573	3.5
Electricity Distribution:			
Electricity sales (GWh)	15,565	15,075	3.3
Connection points (000's)	2,854	2,777	2.8
Electricity transmission:			
Electricity transported (GWh)	15,902	15,194	4.7
Network length (km)	3,495	3,462	1.0
LPG:			
Procurement (GWh)	10,456	10,125	3.3
Sales to end customers (GWh)	5,611	5,660	(0.9)

Fully consolidated only from December 1st 2014, with a contribution to EBITDA of €36 million

4

Conclusions

Conclusions

EBITDA +0.1% and Net income +1.2% showing a resilient business model

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

LNG wholesale has good long term prospects

Cash dividend against 2014 results implies a payout of 62.1% resulting in a 4.4% dividend yield[1]

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

Note:
1 As per closing market price on 31/12/14 of €20.81/share

Thank you

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