



Fourth Quarter 2015 Results (FY15)

February 3, 2016



Disclaimer



This document may contain market assumptions, different sourced information and forward-looking statements with respect to the financial condition, results of operations, business, strategy and the plans of Gas Natural SDG, S.A. and its subsidiaries (GAS NATURAL FENOSA).

- Such assumptions, information and forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the assumptions and forward-looking statements as a result of various factors.
- No representation or warranty is given by GAS NATURAL FENOSA as to the accuracy, completeness or fairness of any information contained in this document and nothing in this report should be relied upon as a promise or representation as to the past, current situation or future of the company and its group.
- Analysts and investors are cautioned not to place undue reliance on forward-looking statements, which imply significant assumptions and subjective judgements, which may or may not prove to be correct. GAS NATURAL FENOSA does not undertake any obligation to update any of the information contained herein or to correct any inaccuracies it may include or to release publicly the results of any revisions to these forward-looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in GAS NATURAL FENOSA's business or acquisition strategy or to reflect the occurrence of unanticipated events or a variation of its evaluation or assumptions.

Agenda

1. 2013-15 Strategic Plan
2. FY 2015 results
3. Conclusions

Appendices

2013-15 Strategic Plan

1

2013-15 Strategic Plan

Key financial indicators 2015 (vs 2014)



✓ Net Income: €1,502 million (+2.7%)

✓ Non-restated EBITDA: €5,376 million (+10.8%)¹

✓ Net Investments: €1,422 million (-62.1%)

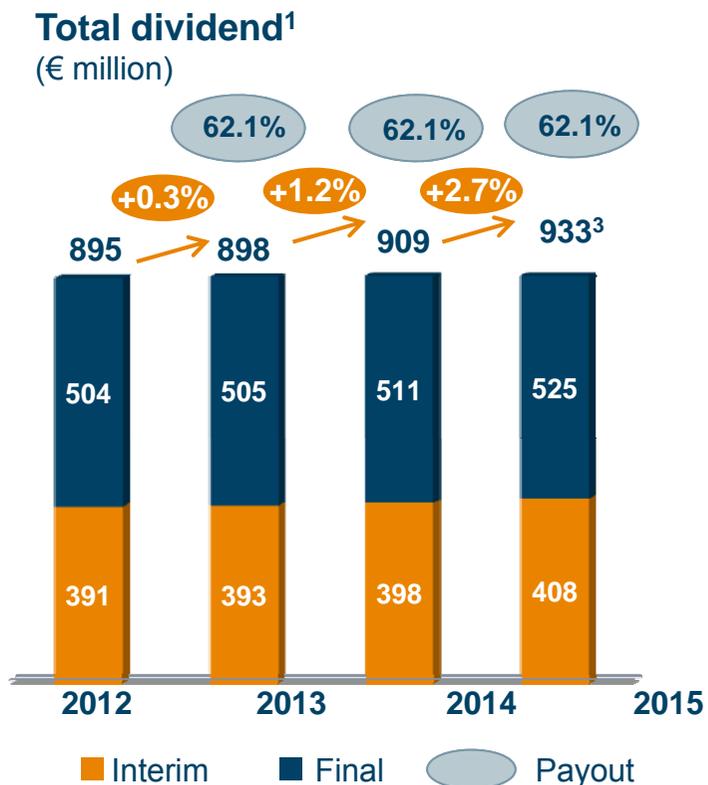
✓ Net Debt: €15,648 million (-7.6% vs 31/12/14)

Note:

¹ Once restated for discontinued operations of LPG Chile EBITDA stays at €5,264 million (+8.6%)

2013-15 Strategic Plan

Shareholder remuneration 2015



- 2015 dividend¹ resulting in a payout of 62.1% and a yield of 5.0%²
 - Interim dividend of €0.4078/share paid in cash on 8 January 2016
 - Final dividend of €0.5250/share to be paid in cash (no scrip) on 1 July 2016
- Remuneration in accordance with Strategic Plan 2013-2015

✓ 2015 dividend of €0.9328/share (+2.7%) paid in cash

Notes:

1 Payable against year's results

2 As per closing market price on 31/12/15 of €18.815/share

3 Pending approval from Shareholders' AGM

2013-15 Strategic Plan

Financial targets achieved



(€ billion)		Target	Actual 2015	
EBITDA	→	>5.0	5.3	✓
Net Income	→	~1.5	1.5	✓
Net Debt / EBITDA	→	~ 3.0x	3.0x	✓
Dividend Payout ¹	→	~ 62%	62.1%	✓

✓ **GNF has once again delivered on its commitment to accomplish the financial targets, this time for the Strategic Plan 2013-2015**

Note:

1 Dividend to be paid in cash

2013-15 Strategic Plan

Shareholder return for the period



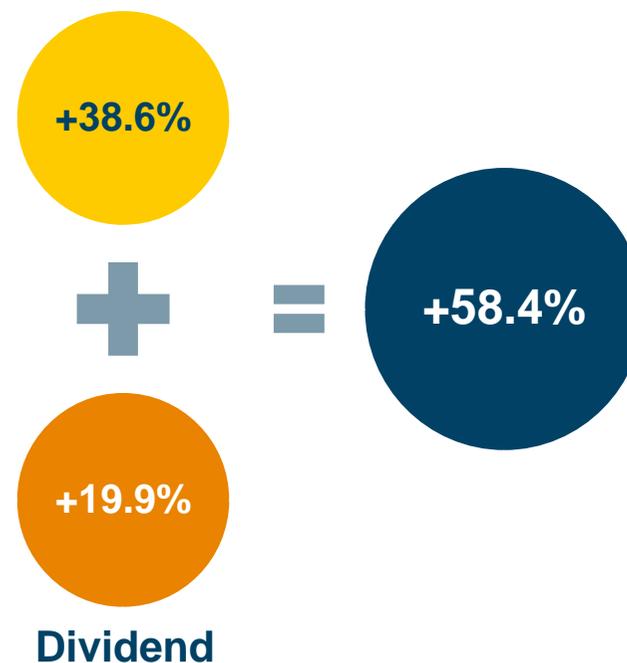
Shareholder return (%)

	31/12/15	31/12/12	Ret.
Share price	18.815€	13.580€	+38.6%
Dividend ¹	2.699€		+19.9% ²
TOTAL			+58.4%

¹ Dividend cashed in period (2013-2015)

² 2.699€/13.58€

Share price revaluation



✓ **Cumulative return of 58.4% for last 3 years (CAGR 16.6%)**

2013-15 Strategic Plan

Executing our strategy

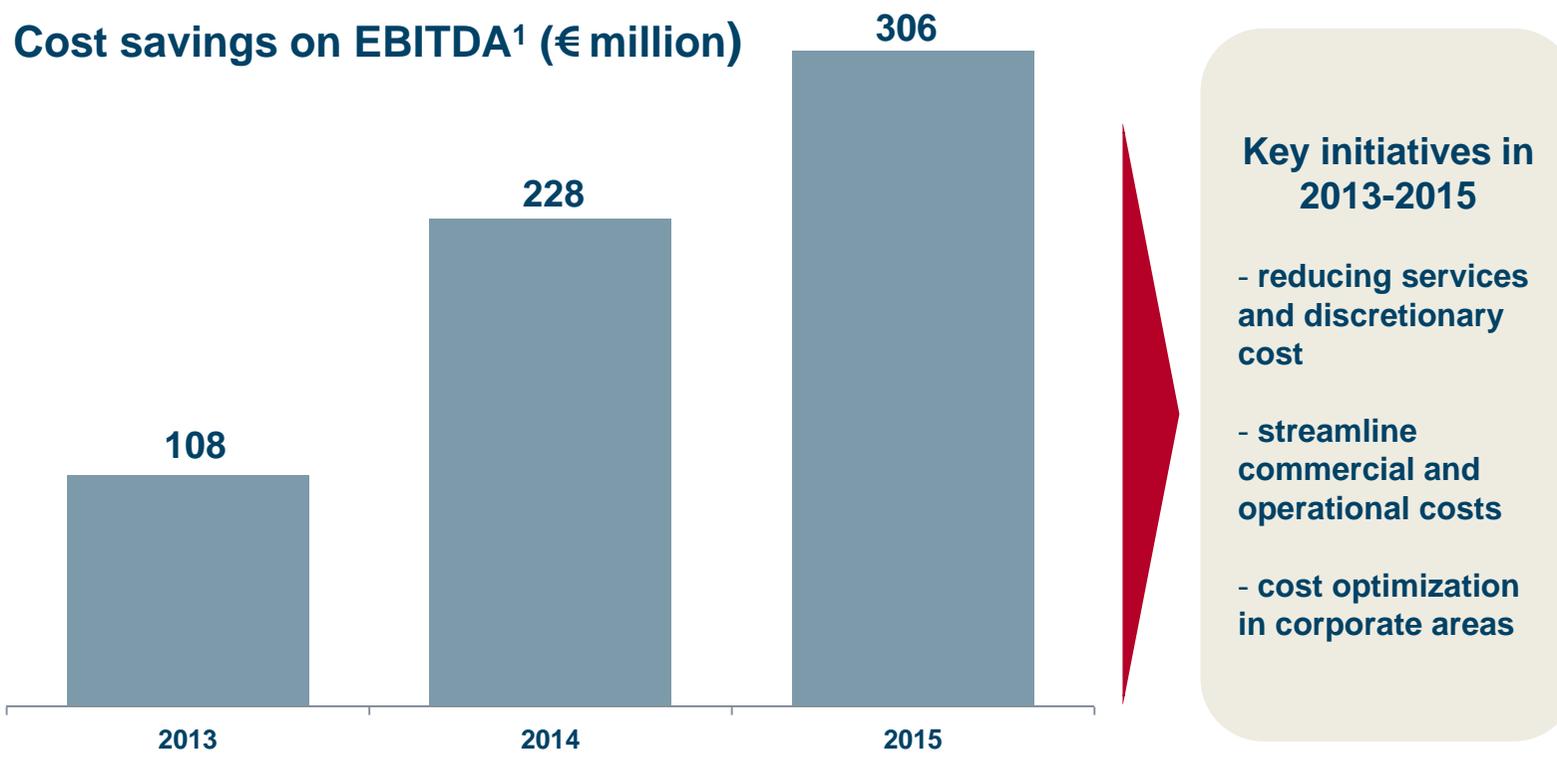


Advancing on our three lines of growth

Networks	Generation	Gas
Entry in gas distribution in Peru (Arequipa)	Bif-Hioxo (Mexico)	Cheniere
New gas concessions in Mexico (Sinaloa, Northwest)	Torito (Costa Rica)	Shah Deniz II
Acquisition of CGE in Chile	GPG; agreement with KIA	Yamal LNG
Gas distribution Spain (Gas Directo, new towns, Repsol LPG customers)	Gecalsa	Corpus Christi
New conn. pts. ~3.7 million Additional potential conn. pts. ~1.0 million In 2020	520 MW	11 bcm and doubling capacity of tanker fleet (5 new tankers contracted, +0.9Mm ³)

2013-15 Strategic Plan

Implementing the 2013-15 efficiency plan



✓ Achieved €306 million² by end FY15, above the target set in the Strategic Plan 2013-2015

Notes:

- 1 Restated under IFRS 11.
- 2 €78 million achieved in 2015.

FY 2015 results

2

Key messages



✓ **Good 2015 results despite challenging commodities scenario**

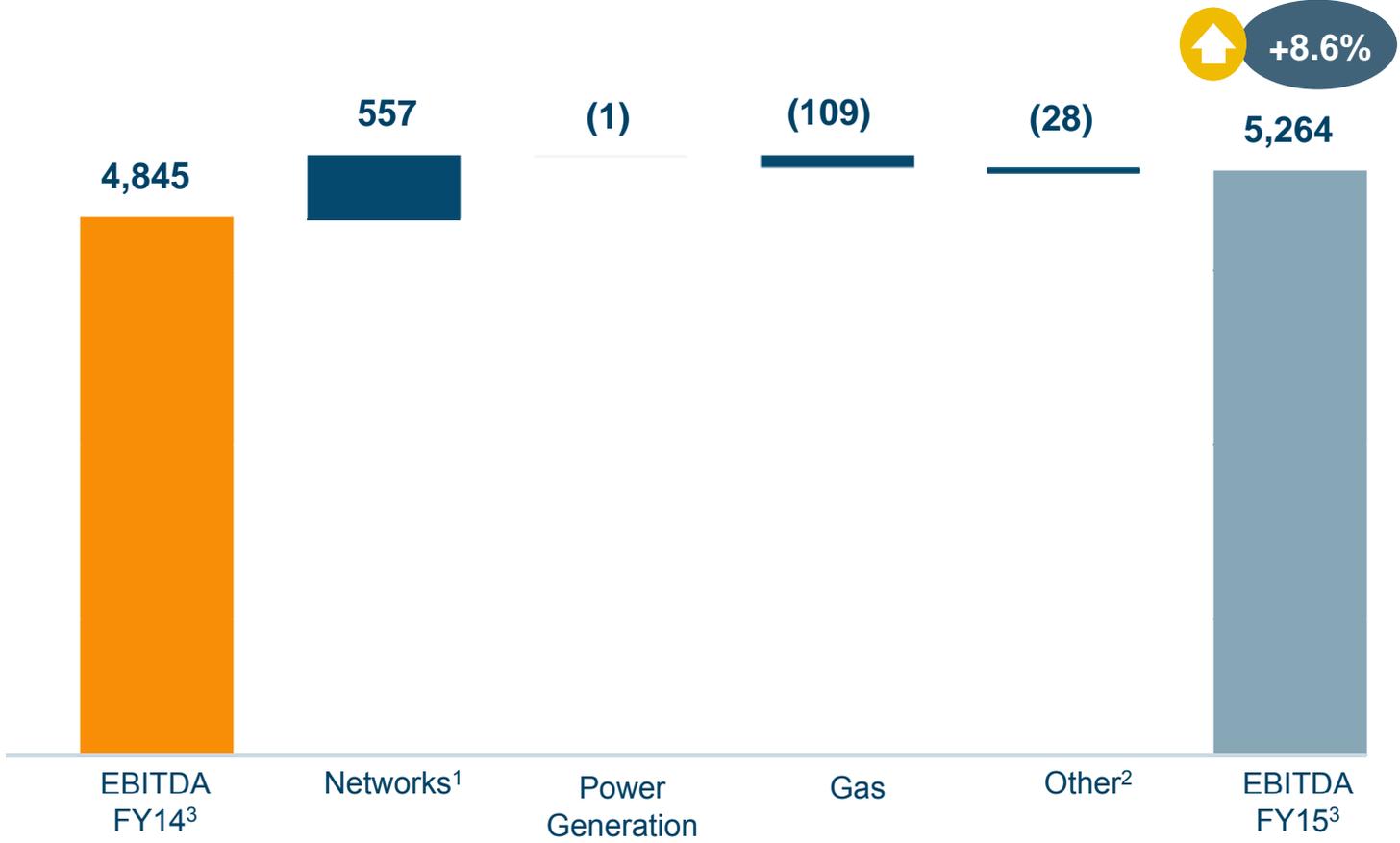
✓ **Strong performance of regulated activities among regulatory stability**

✓ **CGE acquisition proven to be accretive**

✓ **LatAm as growth engine despite currency depreciations**

FY 2015 results

EBITDA – by business line



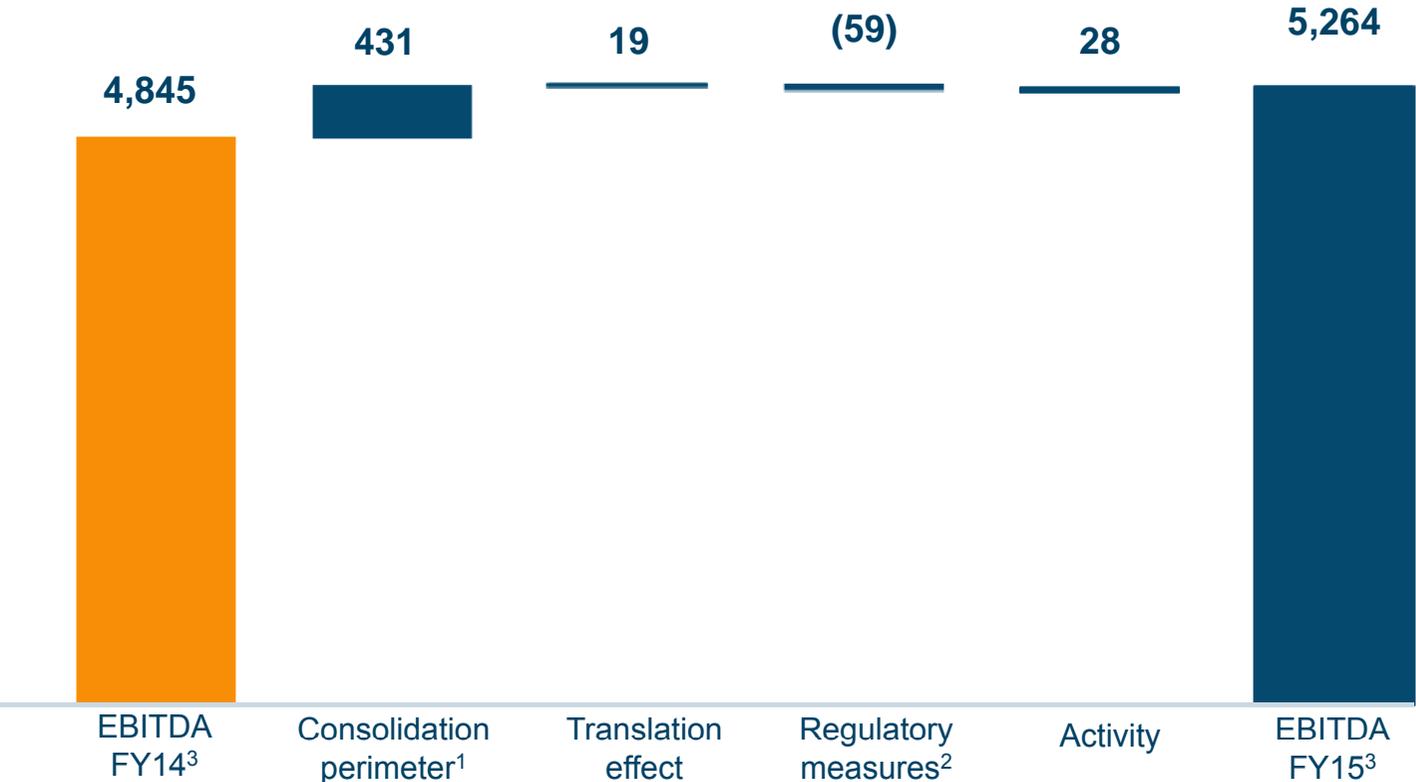
✓ Regulated activities provide strong growth (+3.4% ex-CGE)

Notes:

- 1 €471 million correspond to CGE
- 2 Includes -€32 million from telecommunications business in 2014, mining and other
- 3 Discontinued operations LPG Chile €112 million in 2015 and €8 million in 2014. Disregarding the latter EBITDA grows +10.8%

FY 2015 results

EBITDA – by main effect



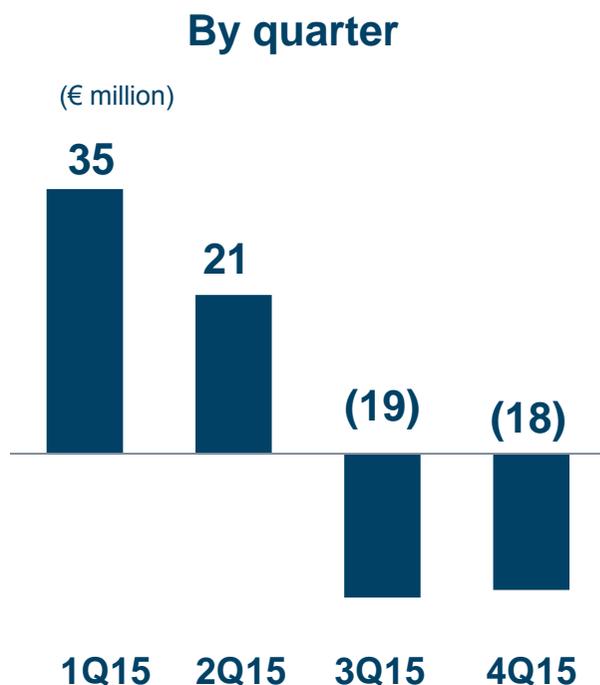
✓ **CGE contributes most to EBITDA growth**

Notes:

- 1 Includes +€456 million from CGE, -€32 million from telecommunications and +€7 million from GECALSA
- 2 New regulation of gas distribution in Spain
- 3 Discontinued operations LPG Chile €112 million in 2015 and €8 million in 2014. Disregarding the latter EBITDA grows +10.8%

FY 2015 results

Currencies - Translation effect impact on EBITDA



By currency

(€ million)

BRL	(40)
COP	(55)
MXN	2
US\$	100
Other ¹	12
TOTAL 2015	19

- Depreciation of LatAm currencies compensated in 2015 by US\$ appreciation, which was however weaker in the second half

✓ Trade-off between exchange rates and inflation will be a key issue in the medium term performance in LatAm activities

Note:

1 CLP, AR\$, MDL, DOP, CRC

FY 2015 results

Networks



59% of GNF EBITDA

- 48% Spain / 52% International
- 67% gas / 33% electricity

(€million)

Country	FY 2015	FY 2014	Currency translation	Regulation	Consolidation perimeter	Activity	Activity growth
Spain	1,480	1,457	-	(59)	-	82	5.6%
Chile ^{1,2}	499	28	2	-	456	13	46.4%
Colombia	425	415	(55)	-	-	65	15.7%
Brazil	263	300	(40)	-	-	3	1.0%
Mexico	163	124	2	-	-	37	29.8%
Rest ³	267	216	18	-	-	33	15.3%
TOTAL	3,097	2,540	(73)	(59)	456	233	9.2%

✓ Platform for growth amid stable regulatory regimes and profiting from high growth potential

Notes:

- 1 Discontinued operations LPG Chile €112 million in 2015 and €8 million in 2014. Disregarding the latter EBITDA grows +10.8%
- 2 Includes data for CGE's subsidiaries in Argentina (not meaningful)
- 3 Moldova & Panama electricity distribution, gas distribution Argentina, Peru & Italy

FY 2015 results

Acquisition in Chile



CGE EBITDA (in €)
FY15 / FY14

↑ +5.6%

CGE Net Income (in €)
FY15 / FY14

↑ +66.7%

CGE Equity Hedge
vs. FX

Range between 35-45%
in different maturities
(4 to 6 years)

- Despite positive extraordinary results in 2014, CGE is contributing significantly to GNF's results
 - with a substantial increase in Net Income (+66.7%), almost doubling 2014 figures
 - featuring a relevant Equity hedge vs. variations in the exchange rate
- Contributing with €63 million to consolidated net income: accretive acquisition

✓ CGE is showing a potential for growth expected to continue thanks to a stable and favorable regulatory environment and robust fundamentals in the energy sector

FY 2015 results

Power generation



19% of GNF EBITDA

- 74% Spain / 26% International

(€million)

Country	FY 2015	FY 2014	Currency translation	Consolidation perimeter	Activity	Activity growth
Spain	741	782	-	7	(48)	-6.1%
GPG	261	221	45	-	(5)	-2.3%
TOTAL	1,002	1,003	45	7	(53)	-5.3%

- GPG: mainly PPA contracts

✓ Stable business with growth outlook in foreign markets

FY 2015 results

Gas



21% of GNF EBITDA

- 35% Spain / 65% International
- 73% supply / 27% infrastructures

(€ million)

Activity	FY 2015	FY 2014	Currency translation	Activity	Activity growth
Infrastructures	293	288	47	(42)	-14.6%
Supply	788	902	-	(114)	-12.6%
TOTAL	1,081	1,190	47	(156)	-13.1%

- **Infrastructures: mainly fees from Europe-Maghreb pipeline**
- **Gas supply accounts for 15% of total EBITDA in 2015**

✓ **Solid business impacted by changes in commodity price environment**

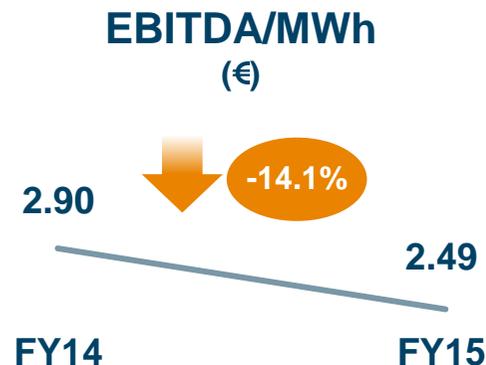
FY 2015 results

Gas supply: FY15 vs FY14



TWh sold

	FY14	FY15	Change
Retail	28.6	30.8	+7.7%
Industrial	141.4	148.5	+5.0%
CCGT	20.1	22.4	+11.3%
Global LNG	120.5	114.6	-4.9%
TOTAL	310.6	316.3	+1.8%



- EBITDA for gas supply only falls 12.6% in FY15 vs FY14 thanks to increase in sales
- Inverse US\$/oil price correlation with a lower slope for US\$

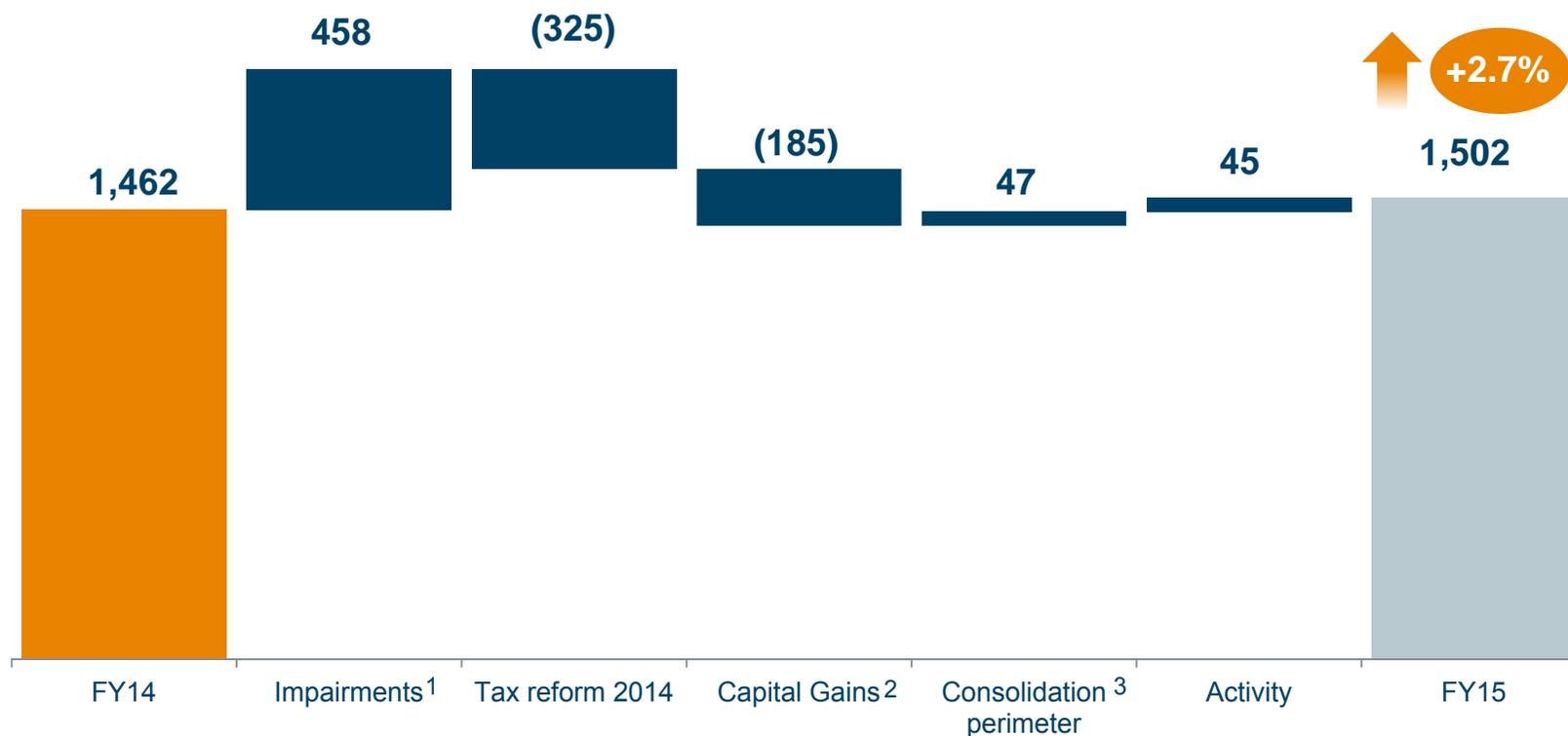
✓ EBITDA for the period impacted by scenario and different sales mix

FY 2015 results

Net income



(€million)



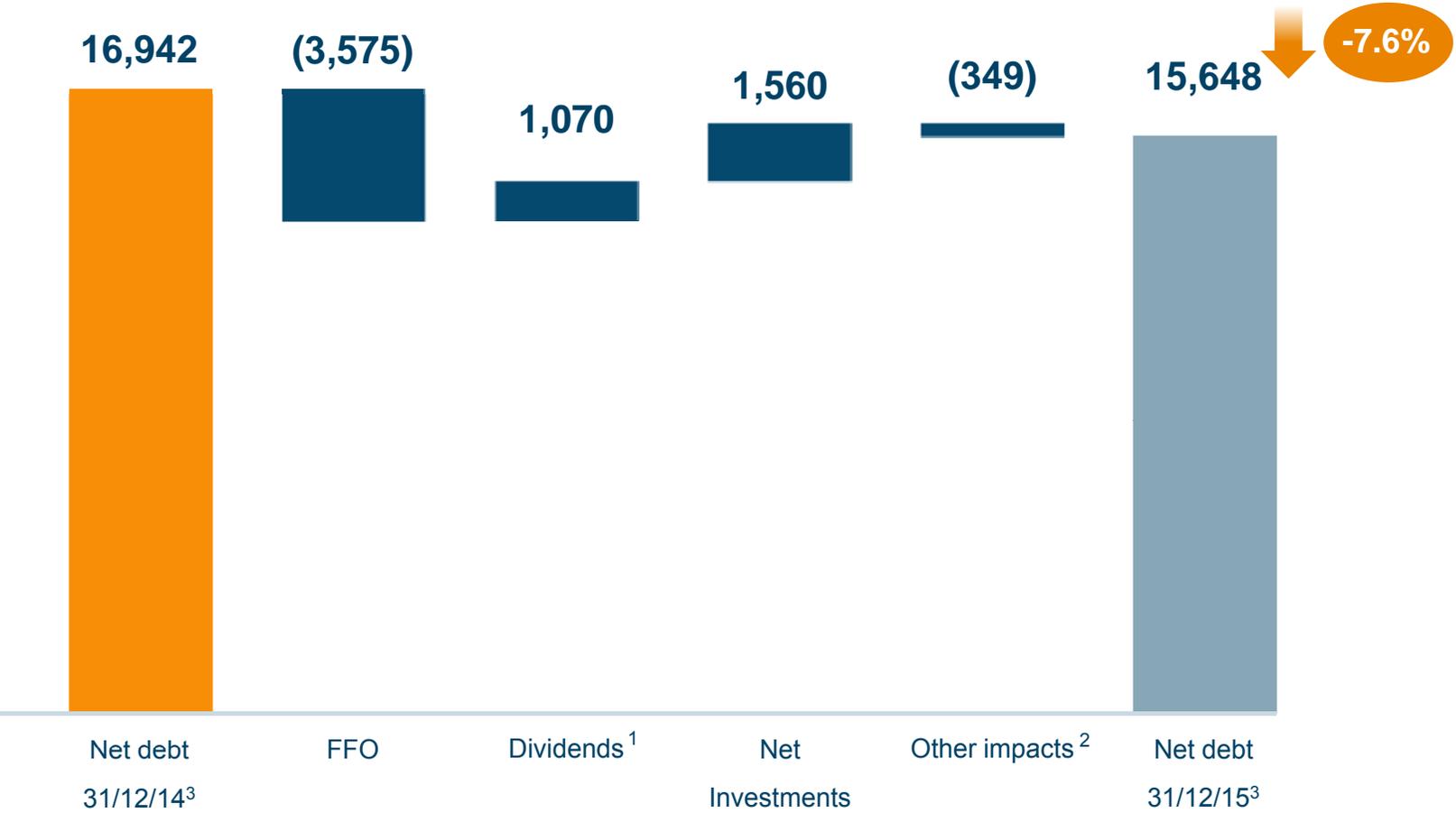
✓ **Solid Net Income despite unfavourable scenario**

Notes:

- 1 Corresponds to impairments made in 2014 : -€25 million on Nueva Generadora del Sur (NGS) and -€433 million in UF Gas
- 2 Includes -€190 million from sale of telecoms unit and +€5 million from sale of Begasa
- 3 Includes net effect of adding CGE (+€63 million) and subtracting disposals of telecoms (-€15 million) and Begasa (-€1 million)

FY 2015 results

Cash flow



✓ **Continued positive free cash flow generation**

Note:

- 1 Includes €933 million from dividend paid by gas Natural SDG plus €137 million corresponding to other subsidiaries
- 2 Includes currency translation effect, change in consolidation perimeter and other
- 3 Impact from deducting debt from discontinued operations LPG Chile -€315 million in 2015

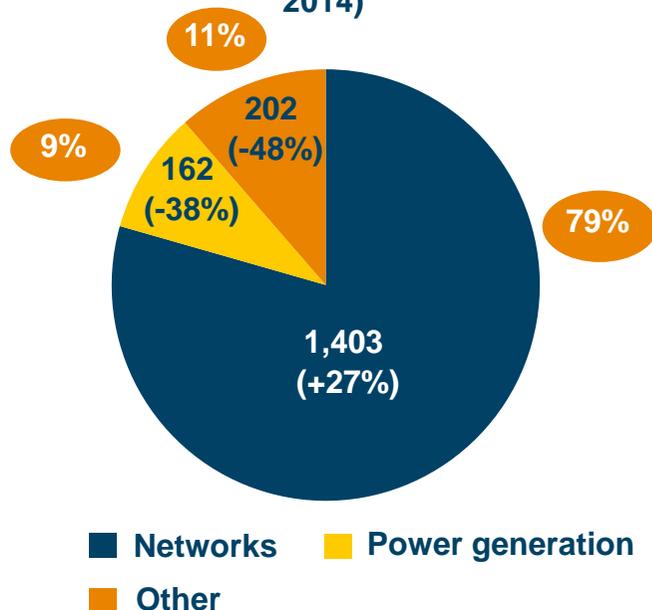
FY 2015 results

Investments

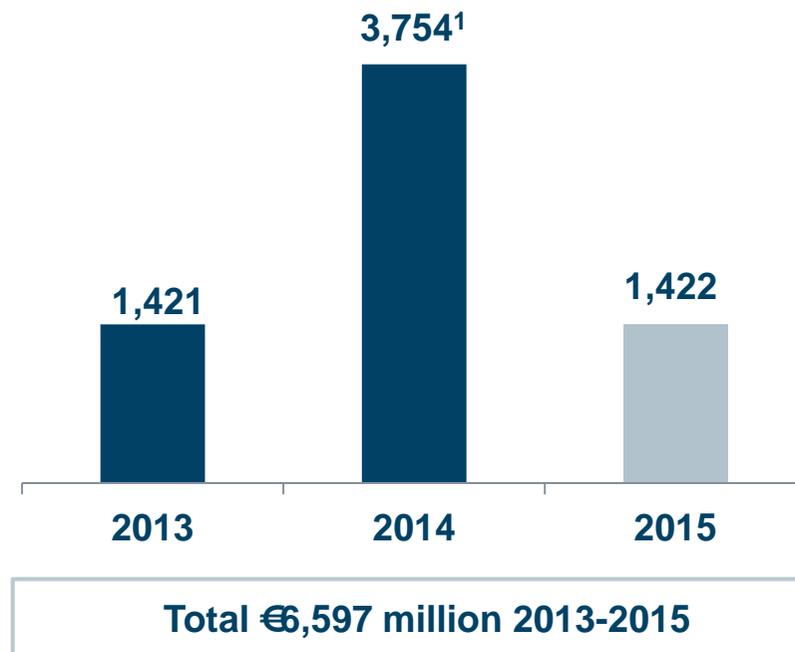


Total investments FY15:
€1,767 million²

(€ million, change over 2014)



Net Investments
(€ million)



- ✓ Proactive asset management: divesting non-strategic assets (Telecoms €10 million, Begasa €97 million), entry of strategic partners (GPG US\$ 550 million)
- ✓ Acquisition of an additional 8.3% in Metrogas; restructuring gas business in Chile (LPG)

Notes:

1 Includes acquisition of CGE (€2,519 million)

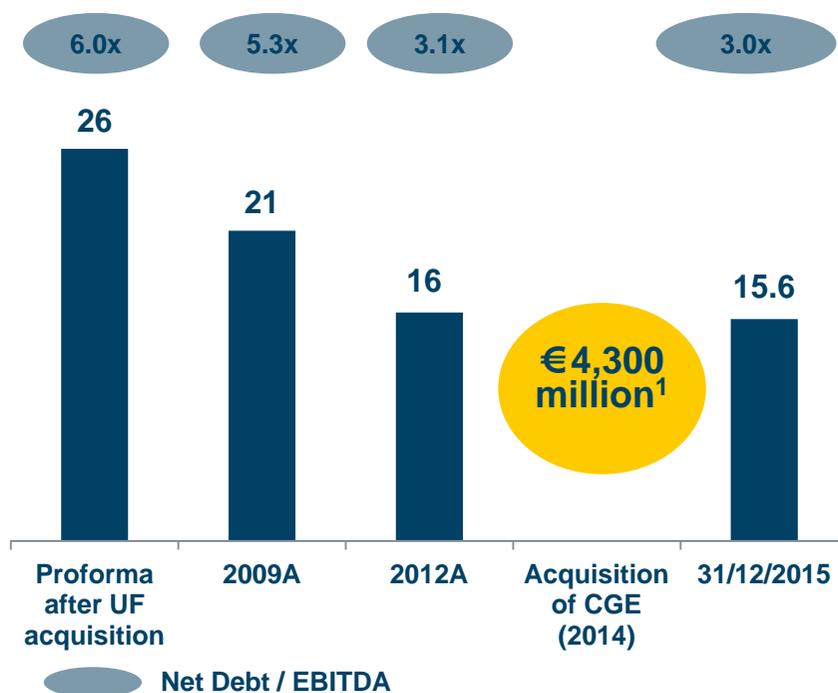
2 Tangible and intangible

FY 2015 results

Financial discipline with a solid business profile



Net debt
(€ bn)



- Swift improvement of financial profile post CGE acquisition
- Geographical and business diversification
- Regulated and quasi-regulated activities as main cash sources
- Strong credit metrics:
 - €10.6 bn liquidity
 - FFO/Net Debt of 22.8%
 - average cost of debt of 4.5%

✓ Financial strength anchored on a predominantly regulated profile of the cash flows

Note:

1 Corresponds to acquisition amount plus associated debt at CGE

Conclusions

3

Conclusions



✓ EBITDA +8.6% and Net Income +2.7% evidence a solid business model

✓ Business model strengthened by continuous optimization of asset portfolio

✓ Dividend +2.7%

✓ 2015 targets fully achieved

Appendices





1. Financials

Consolidated Income Statement



(€million)	FY15	FY14	Change %
Net sales	26,015	24,697	5.3
Purchases	(17,997)	(17,332)	3.8
Gross Margin	8,018	7,365	8.9
Personnel, Net	(973)	(828)	17.5
Taxes	(484)	(481)	0.6
Other expenses, Net	(1,297)	(1,211)	7.1
EBITDA	5,264	4,845	8.6
Depreciation and impairment losses	(1,750)	(1,616)	8.3
Provisions	(258)	(302)	-14.6
Other	5	258	98.1
Operating Income	3,261	3,185	2.4
Financial results, Net	(894)	(799)	11.9
Equity income	(4)	(474)	-99.2
Income Before Tax	2,363	1,912	23.6
Corporate tax	(573)	(256)	123.8
Discontinued operations results	34	2	-
Non-controlling interests	(322)	(196)	64.3
Net Income	1,502	1,462	2.7

EBITDA breakdown



(€million)	FY15	FY14	Change	
			€m	%
Networks:	3,097	2,540	557	21.9
Gas Distribution Europe	938	937	1	0.1
Gas Distribution LatAm	637	605	32	5.3
Electricity Distribution Europe	645	622	23	3.7
Electricity Distribution LatAm	378	348	30	8.6
CGE	499	28	471	-
Power Generation:	1,002	1,003	(1)	-0.1
Spain	741	782	(41)	-5.2
GPG	261	221	40	18.1
Gas:	1,081	1,190	(109)	-9.2
Infrastructures	293	288	5	1.7
Supply	788	902	(114)	-12.6
Other	84	112	(28)	-25.0
Total EBITDA	5,264	4,845	419	8.6

Investments

(€million)	FY15	FY14	Change	
			€m	%
Networks:	1,403	1,103	300	27.2
Gas Distribution Europe	461	360	101	28.1
Gas Distribution LatAm	275	348	(73)	-21.0
Elec Distrib Europe	259	233	26	11.2
Elec Dist LatAm	143	123	20	16.3
CGE	265	39	226	-
Power Generation:	162	261	(99)	-37.9
Spain	104	95	9	9.5
GPG	58	166	(108)	-65.1
Gas:	49	228	(178)	-78.5
Infrastructures	12	192	(180)	-93.8
Supply	37	36	1	2.8
Other	153	160	(7)	-4.4
Total tangible + intangible	1,767	1,752	15	0.9
Financial	315	2,590	(2,275)	-87.8
TOTAL GROSS	2,082	4,342	(2,260)	-52.0
Disposals and other	(660)	(588)	72	12.2
TOTAL NET	1,422	3,754	2,332	-62.1

Note:

1 Tangible and intangible.

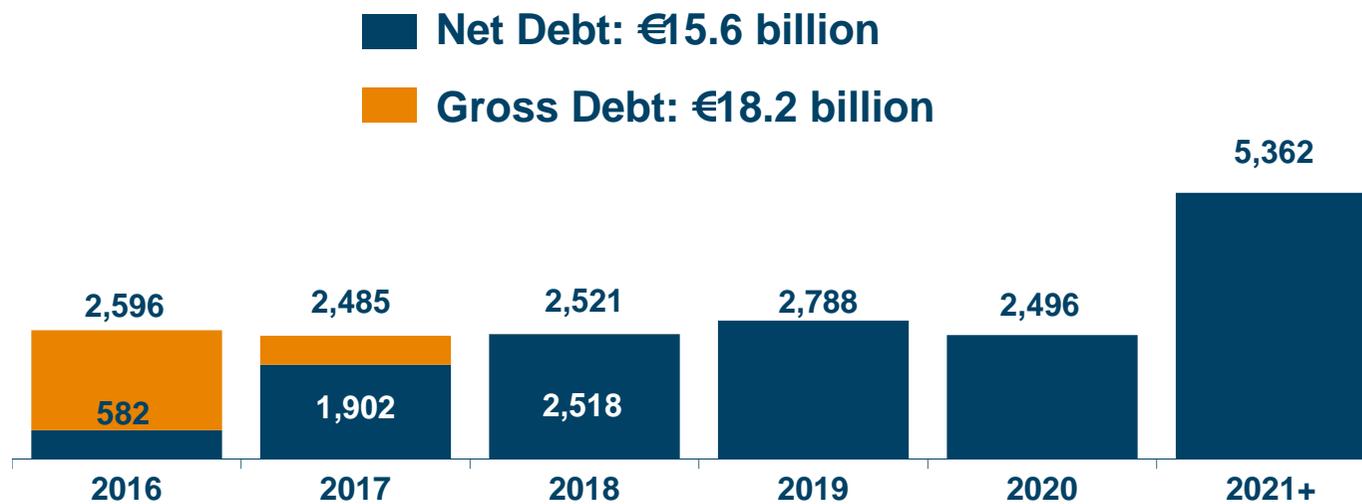


Financial structure (I)

A comfortable debt maturity profile



As of Dec 31, 2015
(€million)



- Average life of Net Debt ~5 years
- 84% of Net Debt maturing from 2018 onwards

✓ All financial needs covered through 1H18

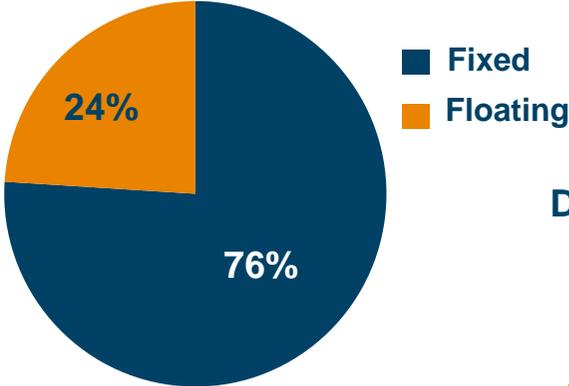
Financial structure (II)

An efficient net debt structure

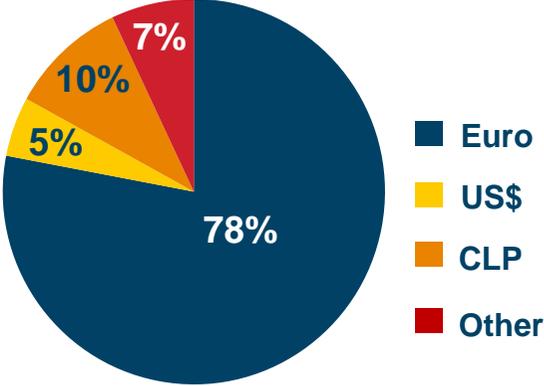


As of Dec 31, 2015

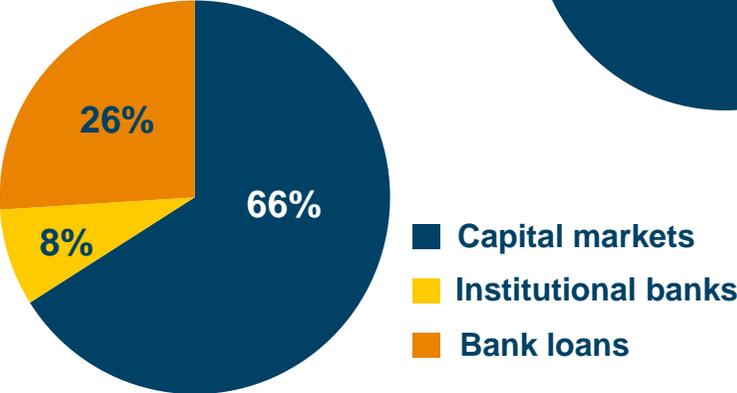
Majority of debt at fixed rates with very competitive cost



Conservative currency exposure policy



Diversified financing sources



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

Financial structure (III)

Strong liquidity position



As of Dec 31, 2015 (€million)	Limit	Drawn	Undrawn
Committed lines of credit	7,408	324	7,084
Uncommitted lines of credit	595	121	474
EIB loan	653	-	653
Cash	-	-	2,390
TOTAL	8,656	445	10,601

- Additional capital market capabilities of ~€5,800 million both in Euro and LatAm (Mexico, Chile, Panama and Colombia) programs
- First €600 million tranche of the €900 million EIB loan signed in December 2015

✓ Enough liquidity available to cover needs for over 24 months



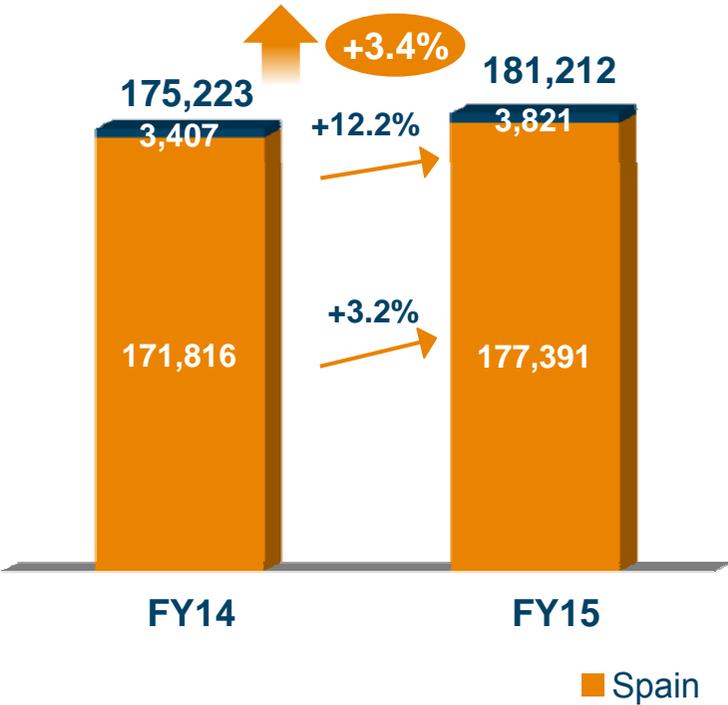
2. Operating figures

Networks

Gas Distribution Europe



Gas Sales (GWh)



Connection points ('000)



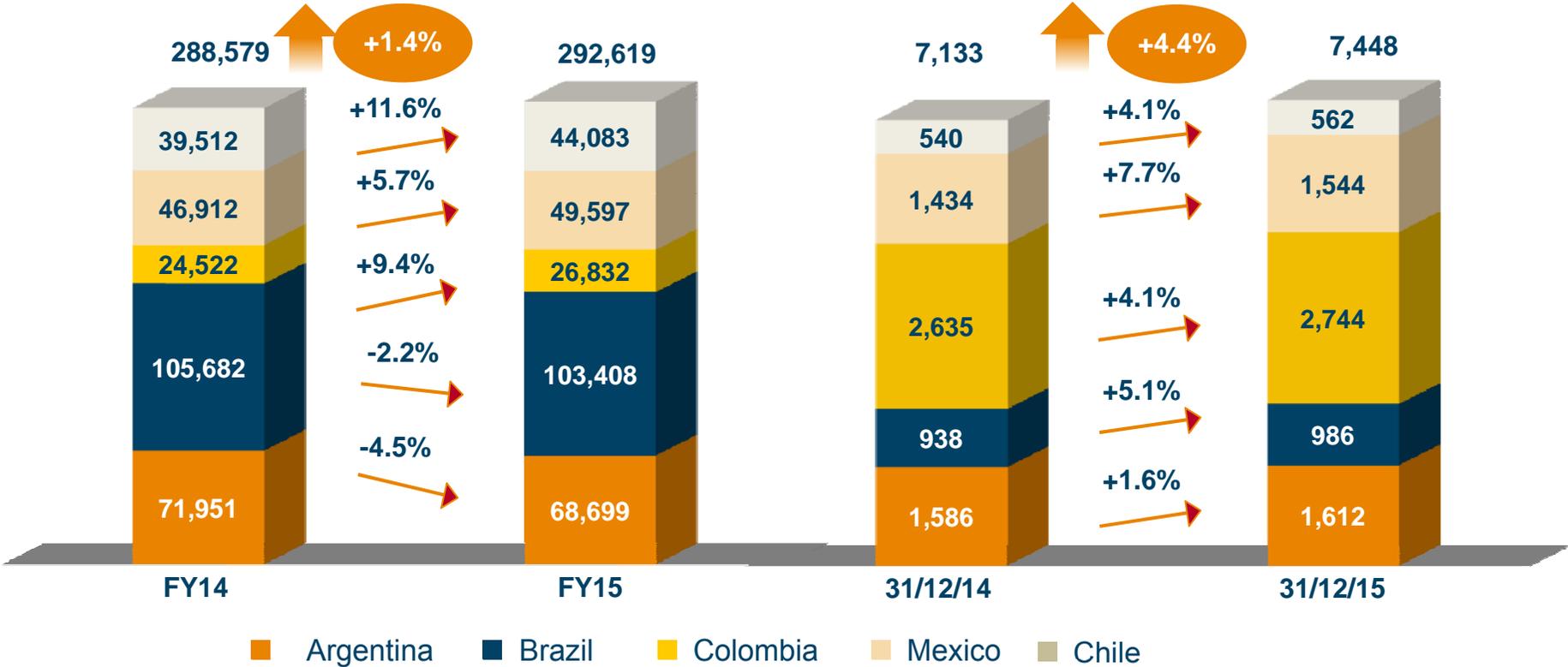
Networks

Gas Distribution Latin America



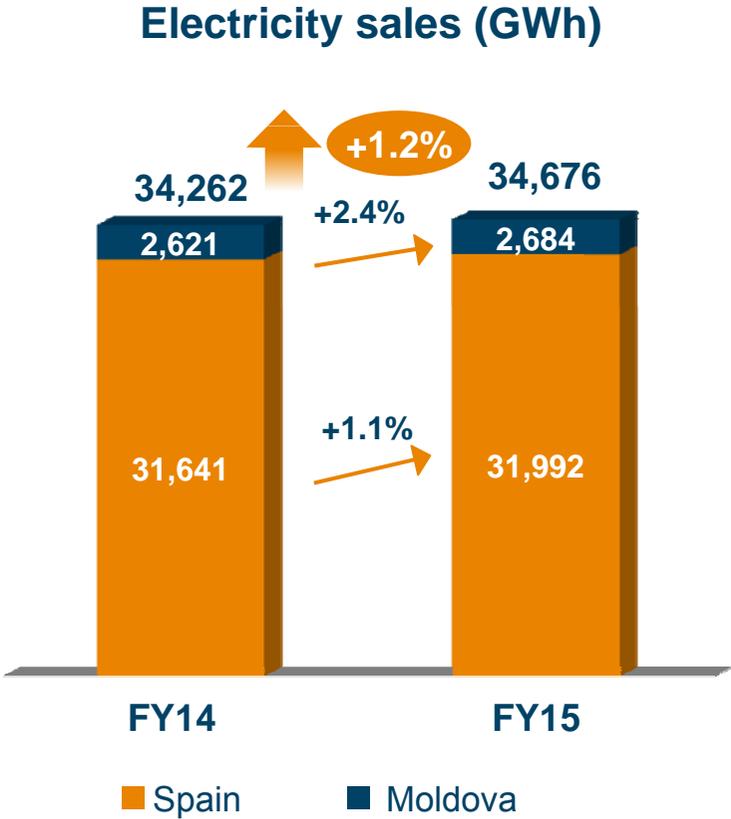
Gas sales (GWh)

Connection points ('000)



Networks

Electricity Distribution Europe



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

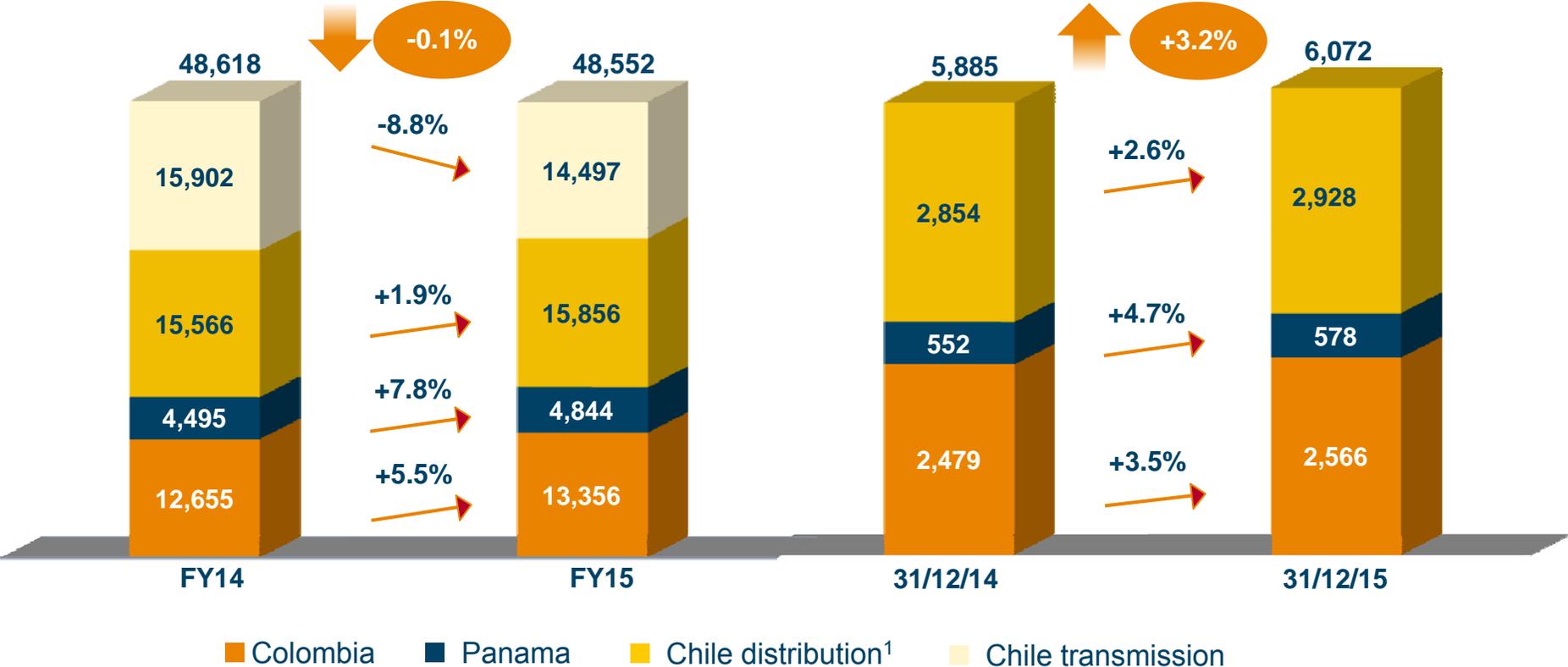
Networks

Electricity Distribution Latin America



Electricity sales (GWh)

Connection points ('000)

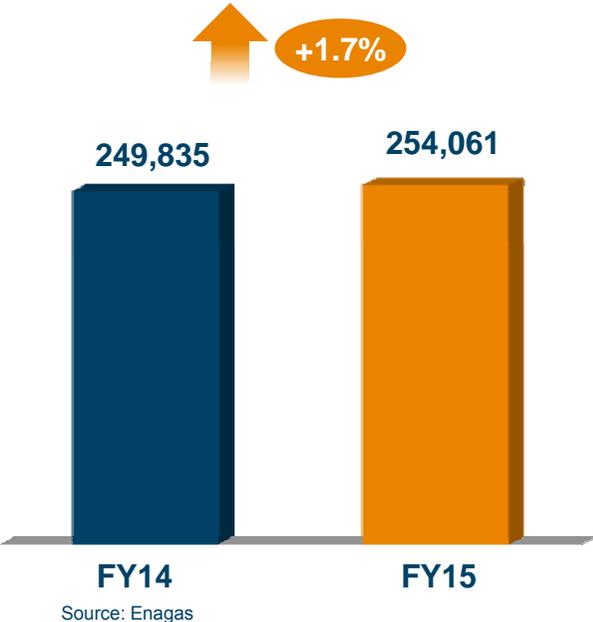


Note:
 1 Includes data for CGE's subsidiaries in Argentina (not meaningful)

Gas and electricity demand in Spain



Conventional gas demand (GWh)



Electricity demand (GWh)

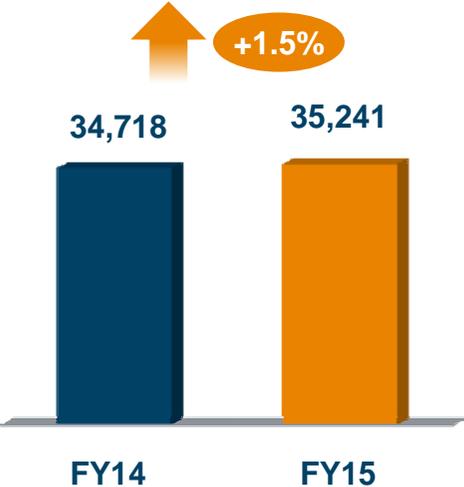


Power generation

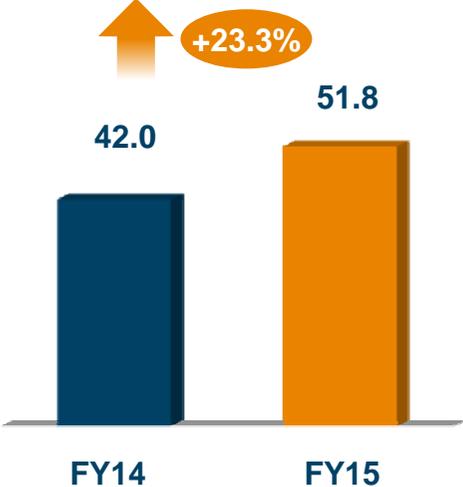
Electricity Spain (I)



Electricity sales (GWh)



Average pool price (€/MWh)

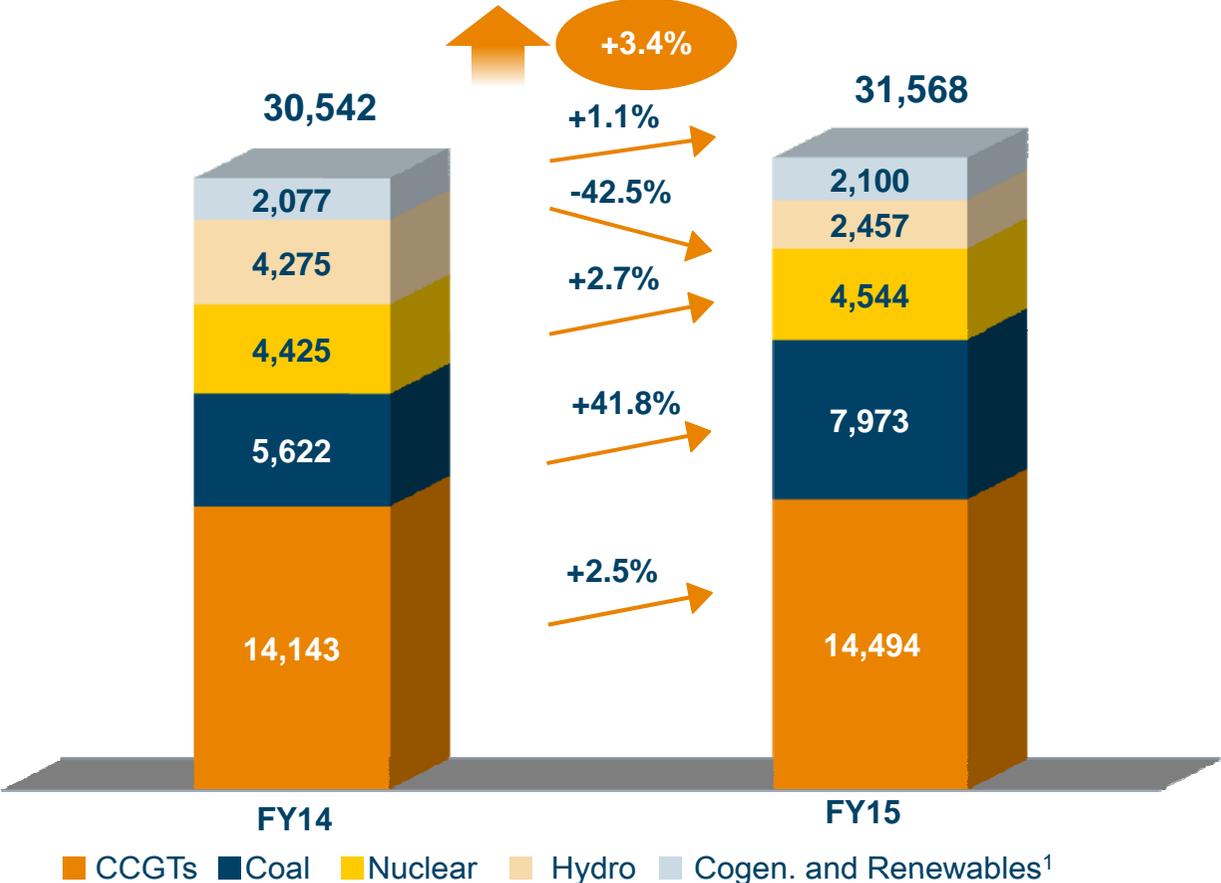


Source: REE

Power generation Electricity Spain (II)



GNF's total production (GWh)



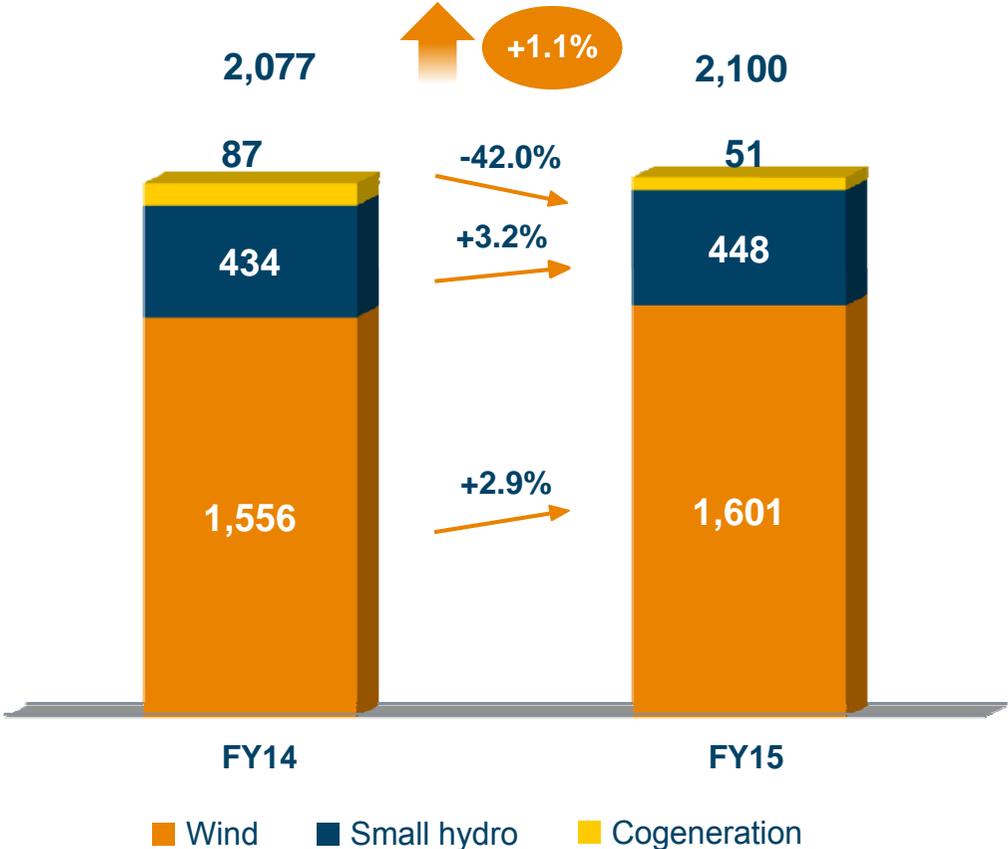
Note:

1 Formerly "Special Regime".

Power generation Electricity Spain (III)



GNF's total production in cogeneration and renewables¹ (GWh)



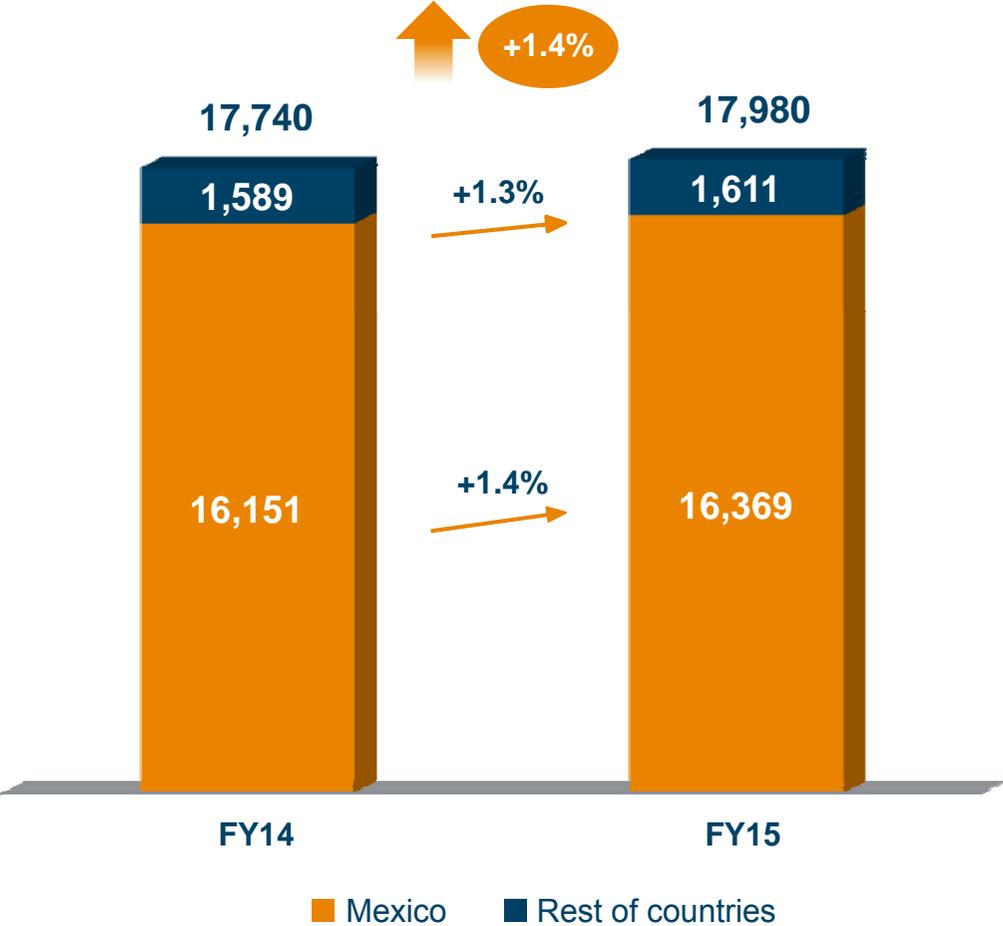
Note:
1 Formerly "Special Regime"

Power generation

GPG

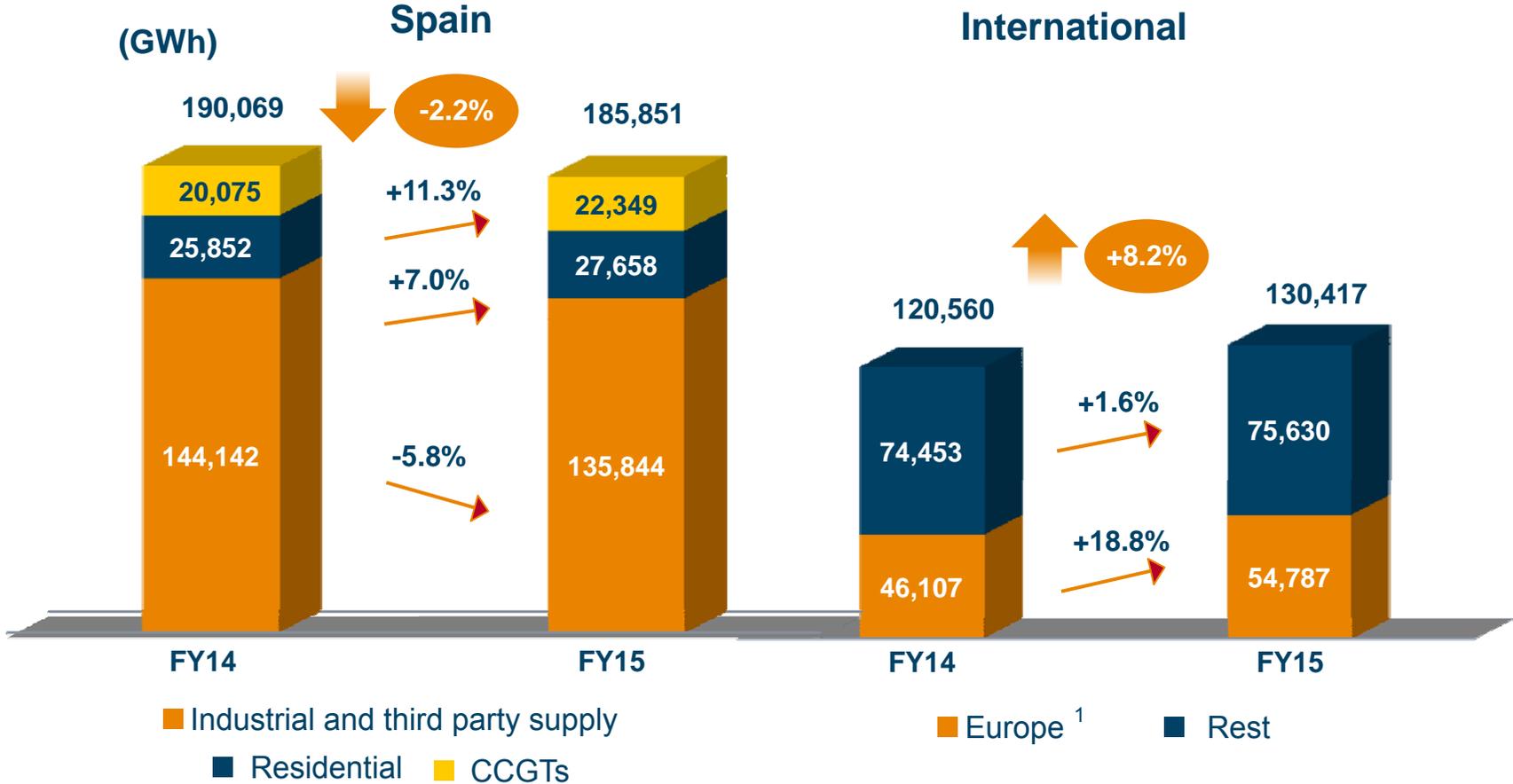


GPG's total production (GWh)



Gas supply

Gas sales by markets

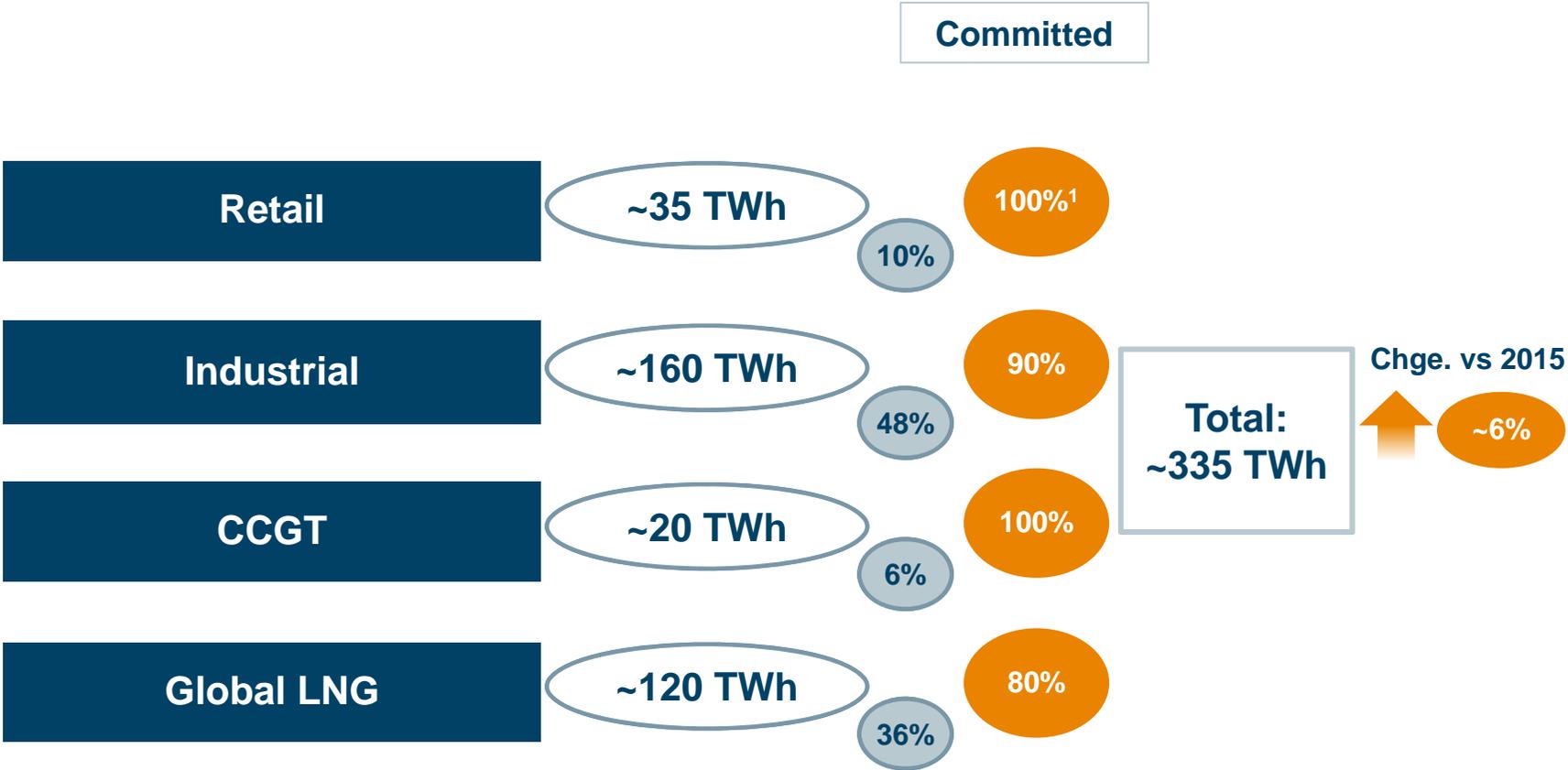


Note:

¹ Sales to end customers, including retail sales in Italy

Gas supply

Gas volumes for 2016



Note:

1 Retail contracts being open-ended automatic renewal is assumed – Demand linked to weather



Thank you

This presentation is the property of Gas Natural Fenosa. Both its subject matter and its graphic design is for the exclusive use of its staff.

©*Copyright* Gas Natural SDG, S.A.

INVESTOR RELATIONS

telf. 34 912 107 815

telf. 34 934 025 897

e-mail: relinversor@gasnaturalfenosa.com

website: www.gasnaturalfenosa.com

