First Quarter 2012 Results

May 8, 2012

gasNatural fenosa

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Agenda

1 Highlights

Key financial indicators

Net income 1Q12: €407 million (+5.2%)

EBITDA 1Q12: €1,300 million (+0.3%)

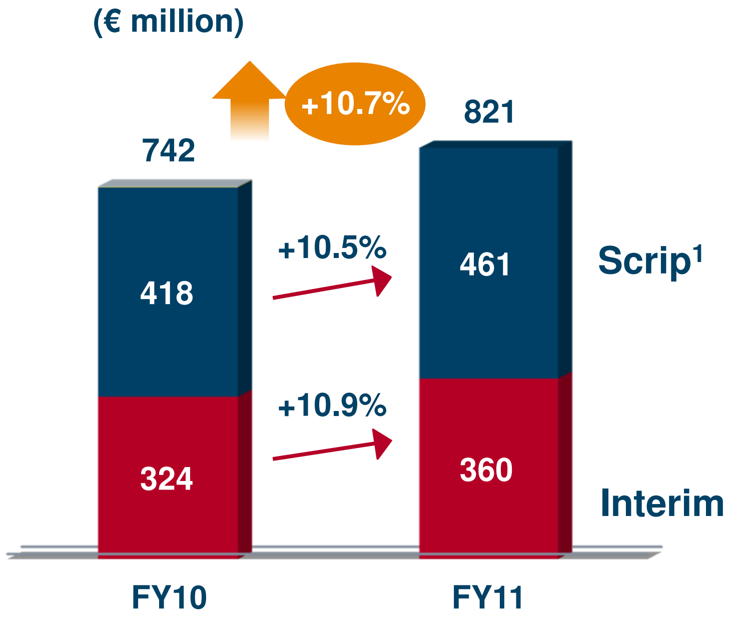
Investments[1] 1Q12: €223 million (-4.7%)

Net debt as of 31/03/2012: €16.8 billion (-7.8%)

Note:
1 Tangible and intangible investments

Shareholder remuneration

Total dividend



- Attractive shareholder remuneration policy in line with targets for 2010-2014 Strategic Plan, with a 2011 payout of 62% and a yield of 6.2%[2]
- Interim dividend paid on 09/01/12
- Scrip approved for final dividend in last AGM

Shareholder remuneration policy combining value creation and flexibility

Notes:

1 Corresponds to maximum reference market value of a capital increase approved by the AGM on 20/04/12

2 As per closing market price on 30/12/11 of €13.265/share

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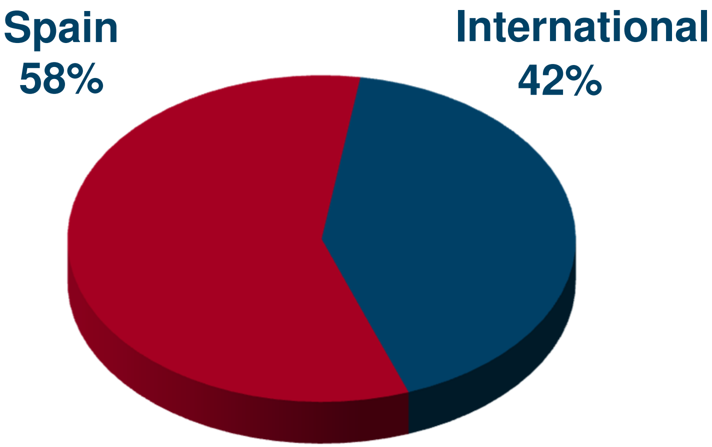
Growth of international operations

A higher share from international operations

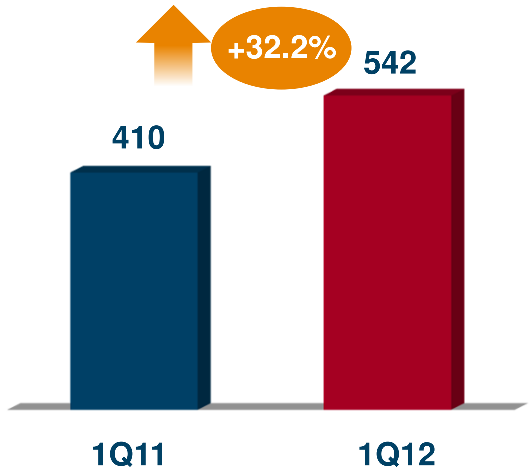
Geographical breakdown of 1Q12 EBITDA

EBITDA: € 1,300 million



EBITDA from international operations

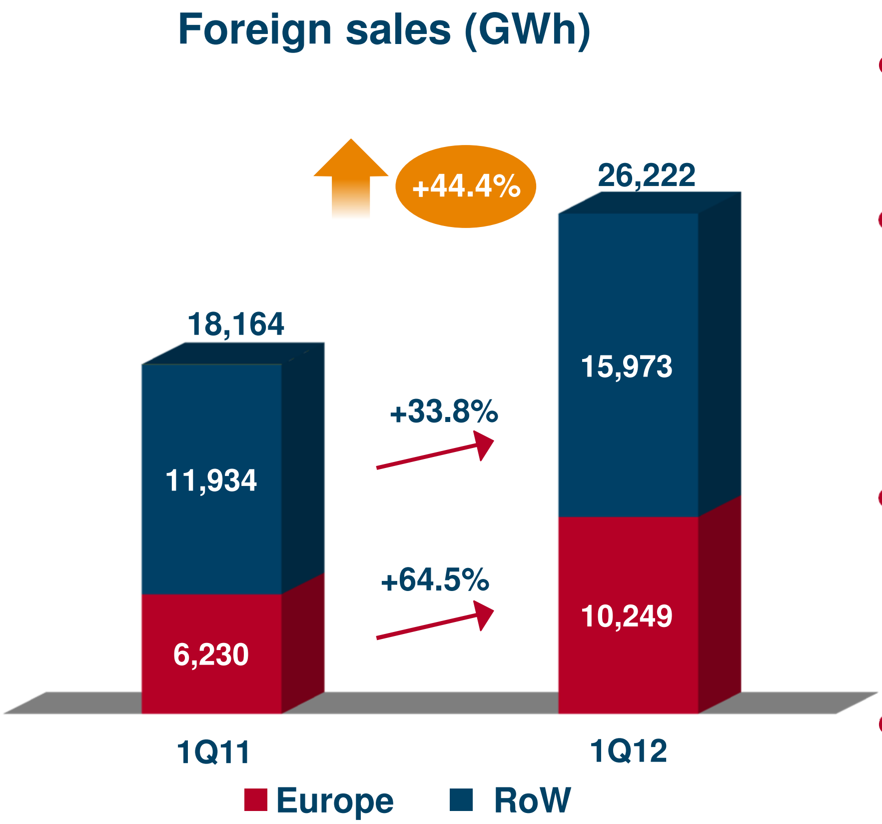
(€ million)



- Gas wholesale operations outside of Spain experience a significant increase
- Continued development and increase of activities in Latin America

International operations continue to play an increasing role, in accordance with the 2010-2014 Strategic Plan

Substantial growth from international gas sales



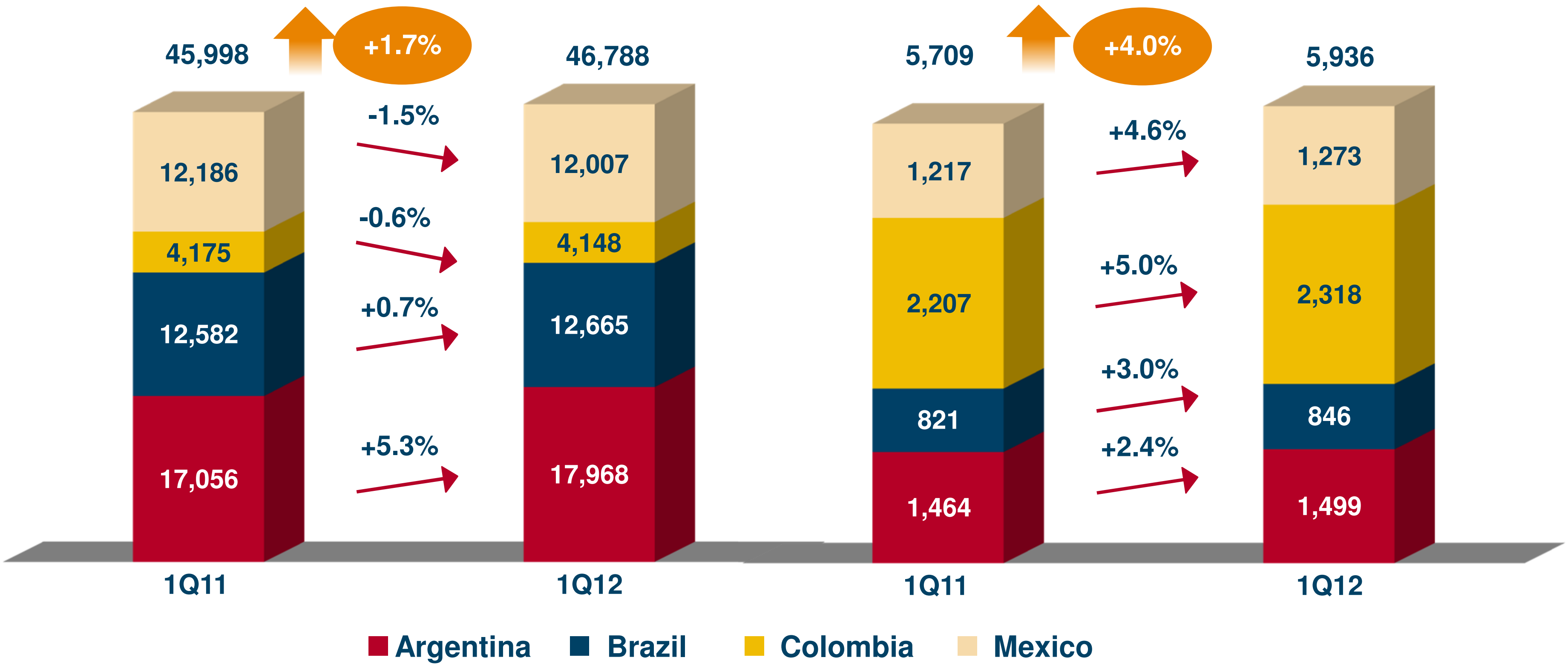
- **Successful development of commercial strategy in Europe**
- **Continuous increase in non-European sales consolidate GNF's position as a leading LNG operator in the Atlantic basin**
- **2 bcm LNG supply contract for 2 years recently signed in Puerto Rico**
- **International gas sales now represent ~30% of total**

Establishing GNF's position as a global LNG player

Latin America (I)

Gas distribution

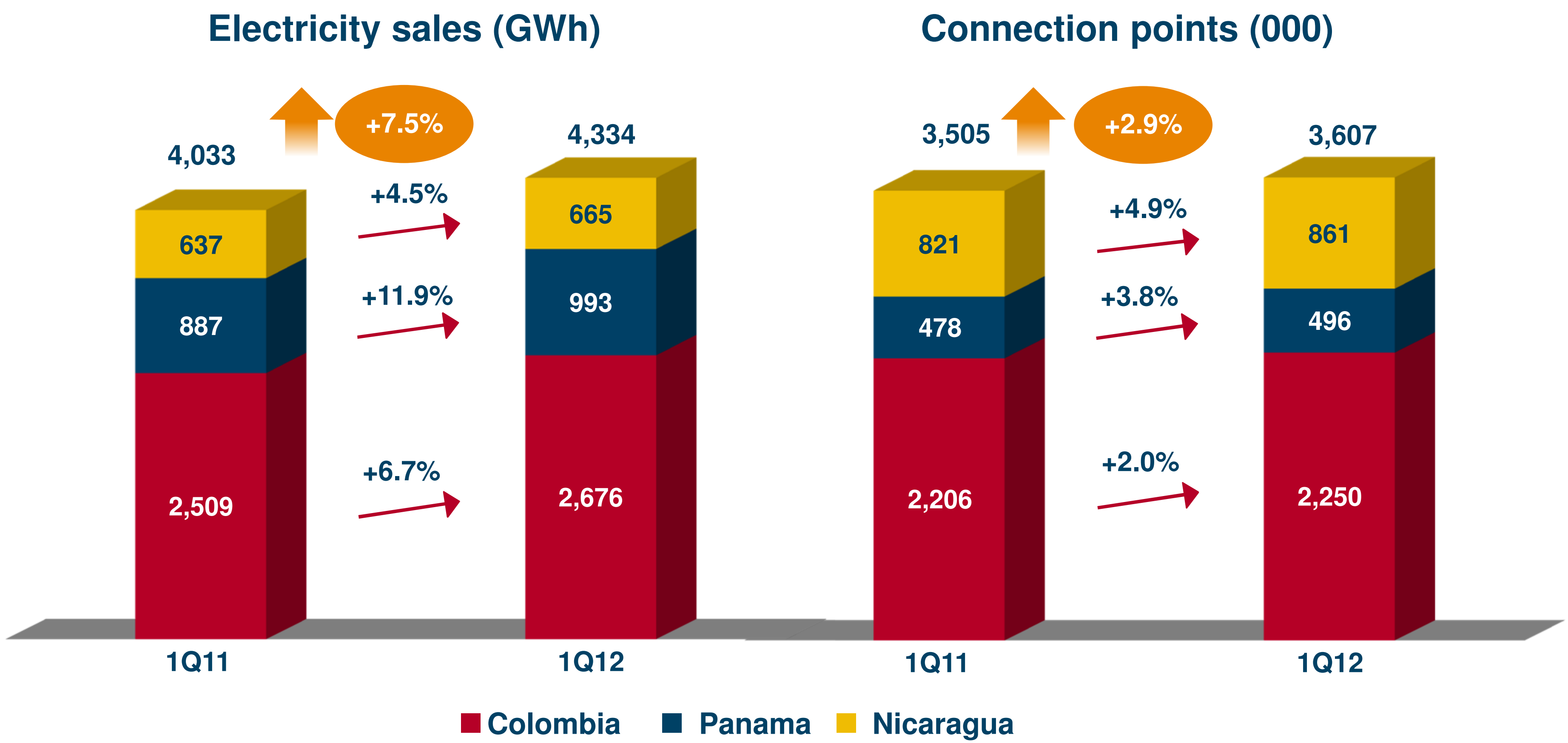
Gas sales (GWh) | Connection points (000)



EBITDA grows +3.5% to €146 million

Latin America (II)

Electricity distribution



EBITDA grows +46.6%[1] to €85 million

Notes:

1 Adjusted for FX and disposal of Guatemala in 2011

3 Spanish regulatory issues

Measures approved by the Ministry

Tariff deficit

- Royal Decree Law 1/2012
  - Temporary suspension of financial incentives for new facilities under the Special Regime (renewables and co-generation) not yet registered under the pre-filings
  - Its financial impact will not be immediate, as most of solar thermal capacity to be built in the next couple of years has been registered, leading to an increase in premia over the coming years
- Royal Decree Law 13/2012
  - Tariff increase (+€1,392 million) to comply with sentences from the Spanish Supreme Court
  - Reduction in costs (-€1,764 million) through cuts in remuneration to transportation and distribution, capacity charges and other
  - Expecting a series of new measures to achieve zero tariff deficit from the year 2013

1Q12 figures reflect impact from recent measures on the Spanish electricity sector

Estimated evolution of tariff deficit

(€ million)	Advance 2011	Initial forecast 2012 (1)	Forecast 2012 RDL 13/2012
Revenues from access charges	**12,962**	**13,871**	**15,450**
Own costs	**7,058**	**7,478**	6,573
Transportation	1,534	1,722	1,525
Distribution	5,462	5,693	5,005
Other	62	63	42
Associated costs	**9,749**	**10,567**	11,298
Premia to Special Regime	6,744	7,602	7,602
Debt service	1,816	2,200	2,200
Extrapeninsular (2)	1,296	473	1,893
Interruptibility	589	561	505
Other	37	(1)	(1)
Capacity payments, net	(733)	(268)	(478)
Remanent, CNE and IDAE	-	-	(673)
Social bonus	-	-	250
Tariff deficit	**3,845**	**4,174**	2,421
Extra deficit from previous years	54	899	1,235
Total deficit	**3,899**	**5,074**	3,656
Deficit limit RD 14/2010	***3,000***	***1,500***	***1,500***

(1) Prior to RDL 13/2012
(2) Under the assumption that this item will not be included in the State's Budget
Source: Proposal of M.O. on access charges Jan and Apr 2012, RDL 13 2012, proposal for State's Budget and Gas Natural Fenosa

Tariff Deficit

System costs

(after RDL 13/2012)

(€ million/year)

Transportation	**1,500**	**8.1%**
Distribution	**5,000**	**27.0%**
Capacity payments [(1)]	**(850)**	
Subsidies	**10,650**	**57.6%**
Tariff deficit [(2)]	**2,200**	**11.9%**
TOTAL	**18,500**	**100%**

Special regime [a]	**7,600**
Photovoltaic	2,400
Solar thermal	1,300
Wind	1,800
Cogeneration	1,200
Rest	900
Extrapeninsular [b]	**1,900**
Large consumers [c]	**500**
Domestic coal	**400**
Social bond	**250**

[(1)] Net, not including subsidies to domestic coal
[(2)] Annual payments of principal + interest of accumulated deficit

(a) Increase of €1,000 million/year in 2012 and 2013
(b) Balearics, Canary Islands, Ceuta and Melilla
(c) Payments for interruptibility

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Financials

Consolidated income statement

(€ million)	1Q12	1Q11	Change %
Net sales	6,489	5,357	21.1
Purchases	(4,595)	(3,487)	31.8
Gross Margin	**1,894**	**1,870**	**1.3**
Personnel, Net	(217)	(220)	(1.4)
Other expenses, Net	(377)	(354)	6.5
EBITDA	**1,300**	**1,296**	**0.3**
Depreciation	(443)	(439)	0.9
Provisions	(55)	(37)	48.6
Other	17	-	-
Operating Income	**819**	**820**	**(0.1)**
Financial results, Net	(219)	(246)	(11.0)
Equity income	4	2	-
Income Before Tax	**604**	**576**	**4.9**
Taxes	(150)	(144)	4.5
Minority interest	(47)	(45)	4.4
Net Income	**407**	**387**	**5.2**

EBITDA breakdown

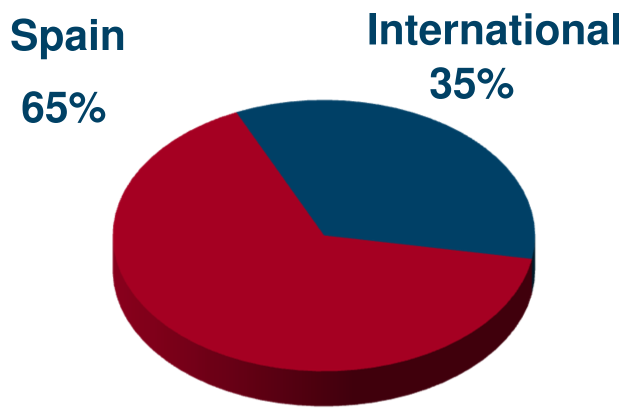
(€ million)	1Q12	1Q11	Change €m	Change %
Distribution Europe:	**416**	**434**	**-18**	**-4.1**
Electricity	164	173	-9	-5.1
Gas	252	261	-9	-3.4
Electricity:	**254**	**295**	**-41**	**-13.9**
Spain	208	251	-43	-17.1
Special Regime	43	40	3	7.5
Other	3	4	-1	-25.0
Gas:	**343**	**262**	**81**	**30.9**
Infrastructures	80	65	15	23.1
Supply	263	197	66	33.5
LatAm:	**288**	**275**	**13**	**4.7**
Electricity Distribution	85	71	14	19.7
Gas Distribution	146	141	5	3.5
Generation	57	63	-6	-9.5
Other	**-1**	**30**	**-31**	**-**
Total EBITDA	**1,300**	**1,296**	**4**	**0.3**

Consolidated investments

Tangible and intangible

(€ million)	1Q12	1Q11
Distribution Europe:	**90**	**97**
Electricity	44	33
Gas	46	64
Electricity:	**41**	**48**
Spain	33	43
Special Regime	8	5
Gas:	**9**	**7**
Infrastructures	6	5
Supply	3	2
LatAm:	**67**	**55**
Generation	19	14
Gas Distribution	28	22
Electricity Distribution	20	19
Other	**16**	**27**
Total	**223**	**234**

By geography

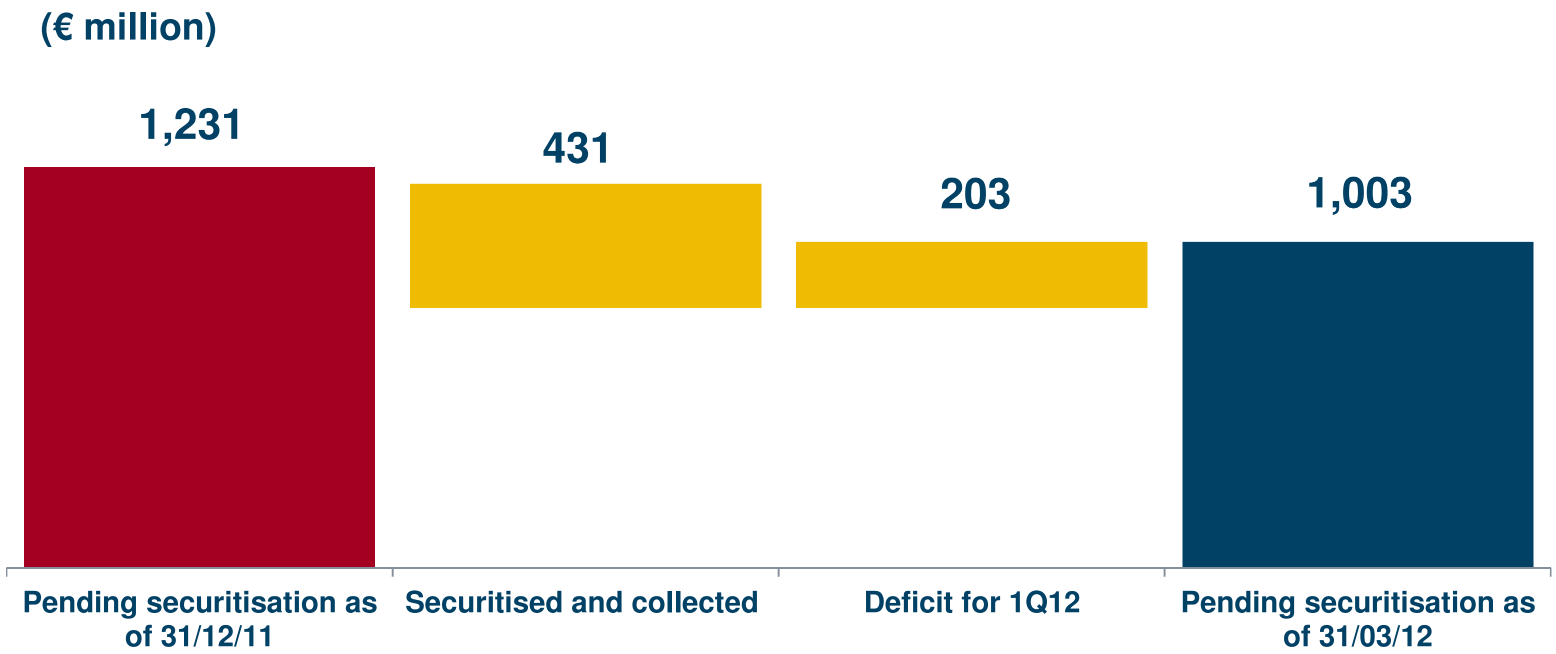


- **30% of the investments in Spain correspond to electricity distribution (€43 million), with an increase of 34.4% vs 1Q11**

Maintenance of financial discipline leads to a -4.7% lower CAPEX, keeping focus on higher returns and shorter payback periods

Securitisation of tariff deficit

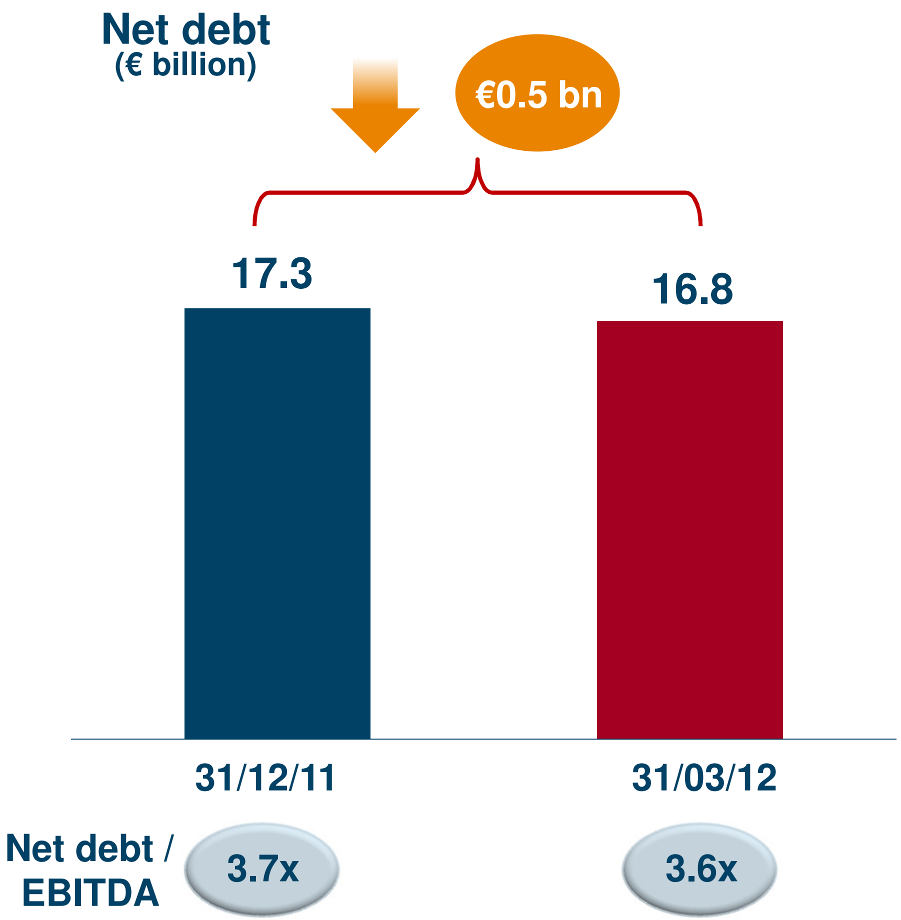
Tariff deficit amounts for GNF



- **€367 million collected by GNF through several private placements carried out by FADE**

Ongoing securitisation despite challenging market conditions, with several additional private placements executed to date

Ongoing debt reduction



- Interim dividend of €360 million paid in January
- Despite the above, debt was reduced in 1Q12 by €0.5 billion

Capacity to reduce debt further through positive structural free cash flow

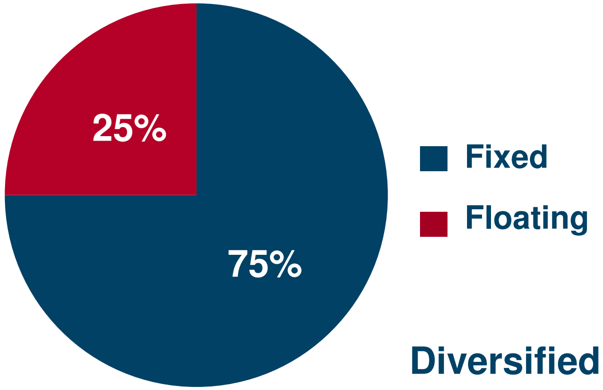
Deducting tariff deficit, net debt would be €15.7 billion[1] with a Net debt/EBITDA ratio[1] of 3.4x

Note:

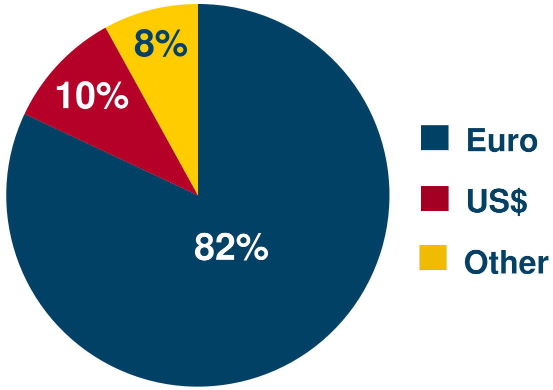
1 After deducting the tariff deficit pending securitisation as of 31/03/12

An efficient net debt structure

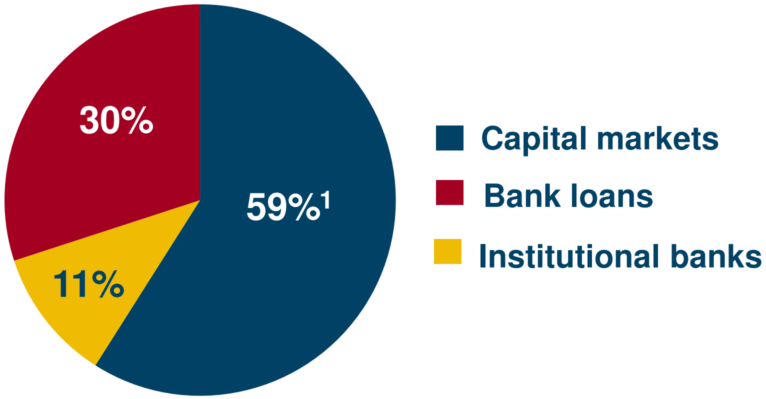
Significant level of fixed rate obtained at very competitive levels



Currency exposure consistent with business risk



Diversified financing sources



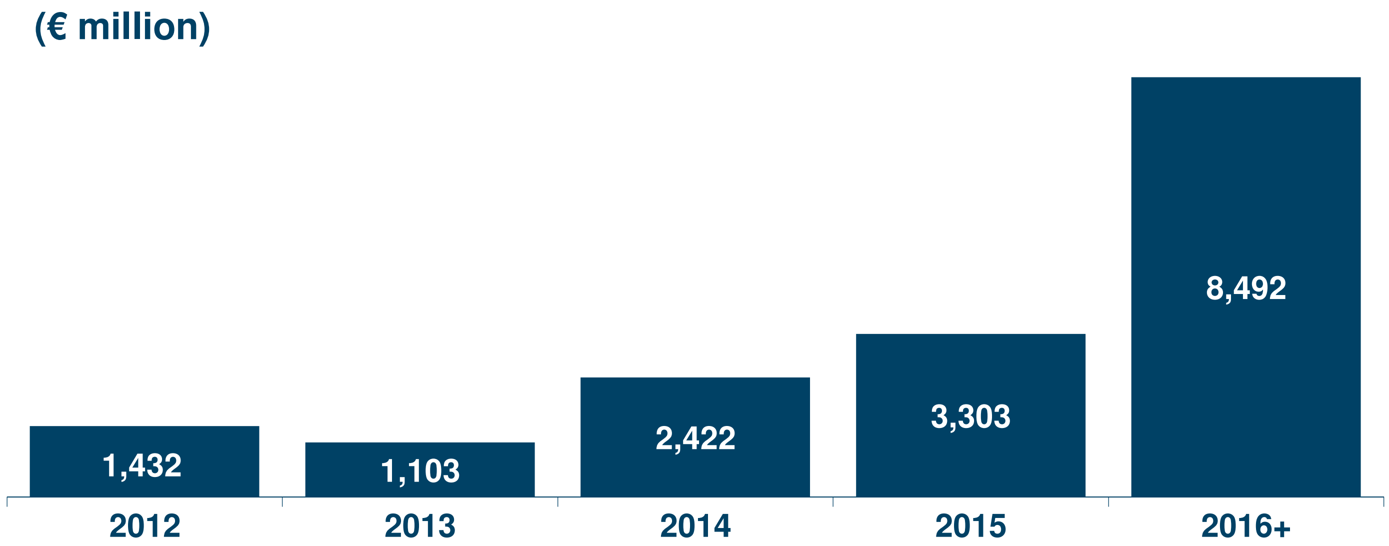
Efficiency of debt structure as key pillar for value creation despite a challenging financial environment

Note:

1 Adjusting net debt with pending tariff deficit securitisation, the weighting of capital markets would increase to 63%

A comfortable debt maturity profile

Net debt: €16.8 billion



- Average life of debt ~5 years
- 70% of net debt maturing from 2015 onwards
- €750 million, 6-year bond issue done on January 30, 2012

All financial needs for 2012 and 2013 already covered, currently focusing on 2014 and 2015

Ample liquidity available

(€ million)	Limit	Drawn	Undrawn
Committed lines of credit	4,762	690	4,072
Uncommitted lines of credit	144	56	88
Cash	-	-	4,969
TOTAL	4,907	746	9,130

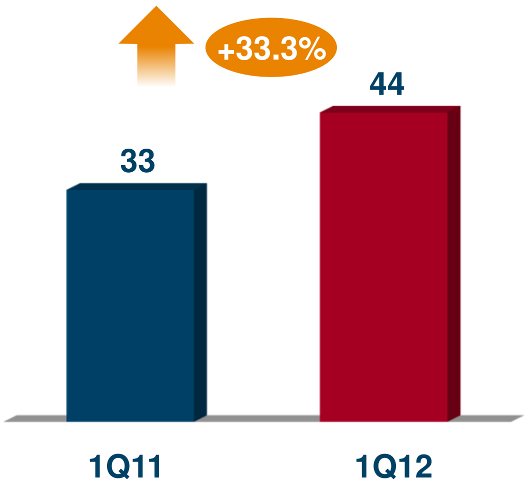
- Enough liquidity available to cover needs exceeding 24 months
- Available additional capital market capabilities of around €4,800 million both in Euro and LatAm programmes (Mexico, Argentina, Panama)

Proactively maintaining a healthy liquidity position

5 Analysis of operations

Distribution Europe
Electricity

Investments
(€ million)

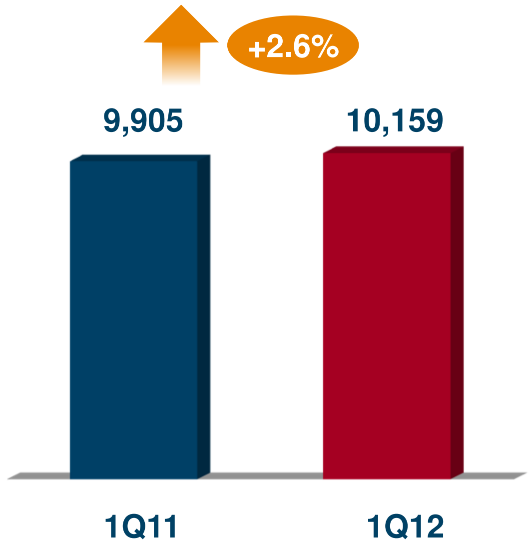


TIEPI[1] (Spain)
(minutes)

1Q11	1Q12
10.4	7.3

-29.8%

Sales
(GWh)



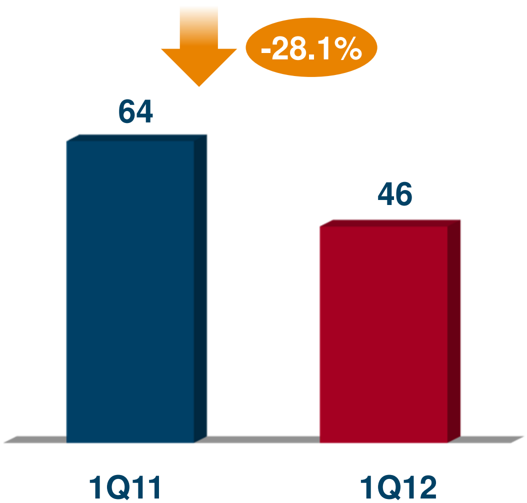
- A well-focused investment policy leads to an enhancement of service quality parameters

Higher operating efficiency mitigates effect of recent regulatory measures in Spain with 1Q12 EBITDA falling only 6.1%

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

Distribution Europe
Gas

Investments[1]
(€ million)

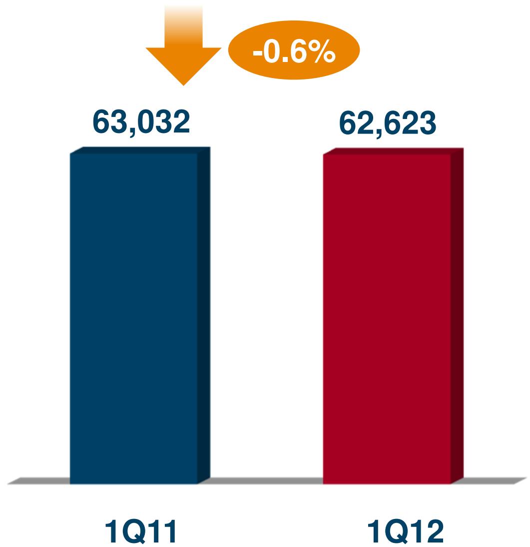


Connection points[2]
(thousands)

31/03/11	31/03/12
5,414	5,506

+1.7%

Sales
(GWh)



- **Recent regulatory measures in Spain have not impacted gas distribution**

Investments centered on expanding network - main driver for remuneration increase - thanks to low penetration levels in Spain

Notes:

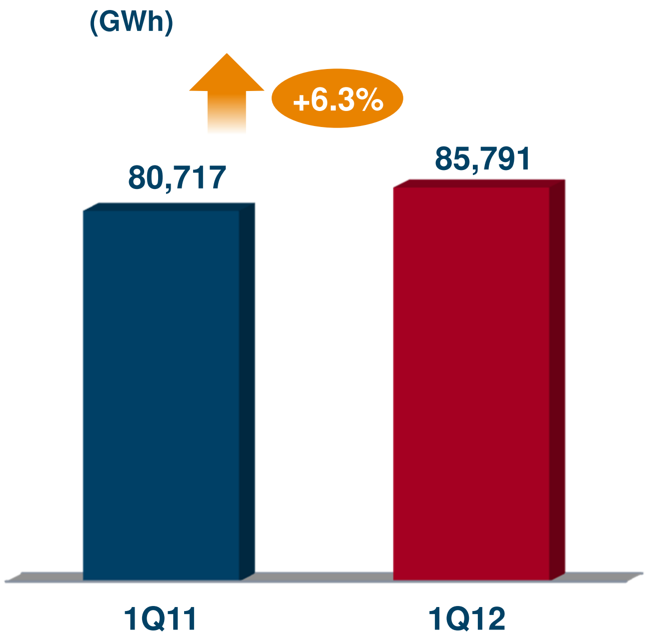
1 Tangible and intangible

2 Comparable figures for 31/03/11, after deducting the disposal of 304,000 connection points in June 2011

Energy

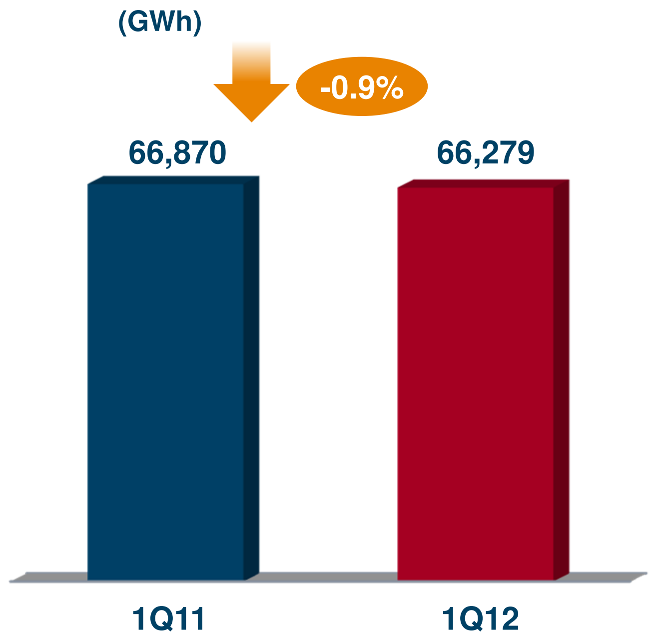
Gas and electricity demand in Spain

Conventional gas demand



Source: Enagas

Electricity demand



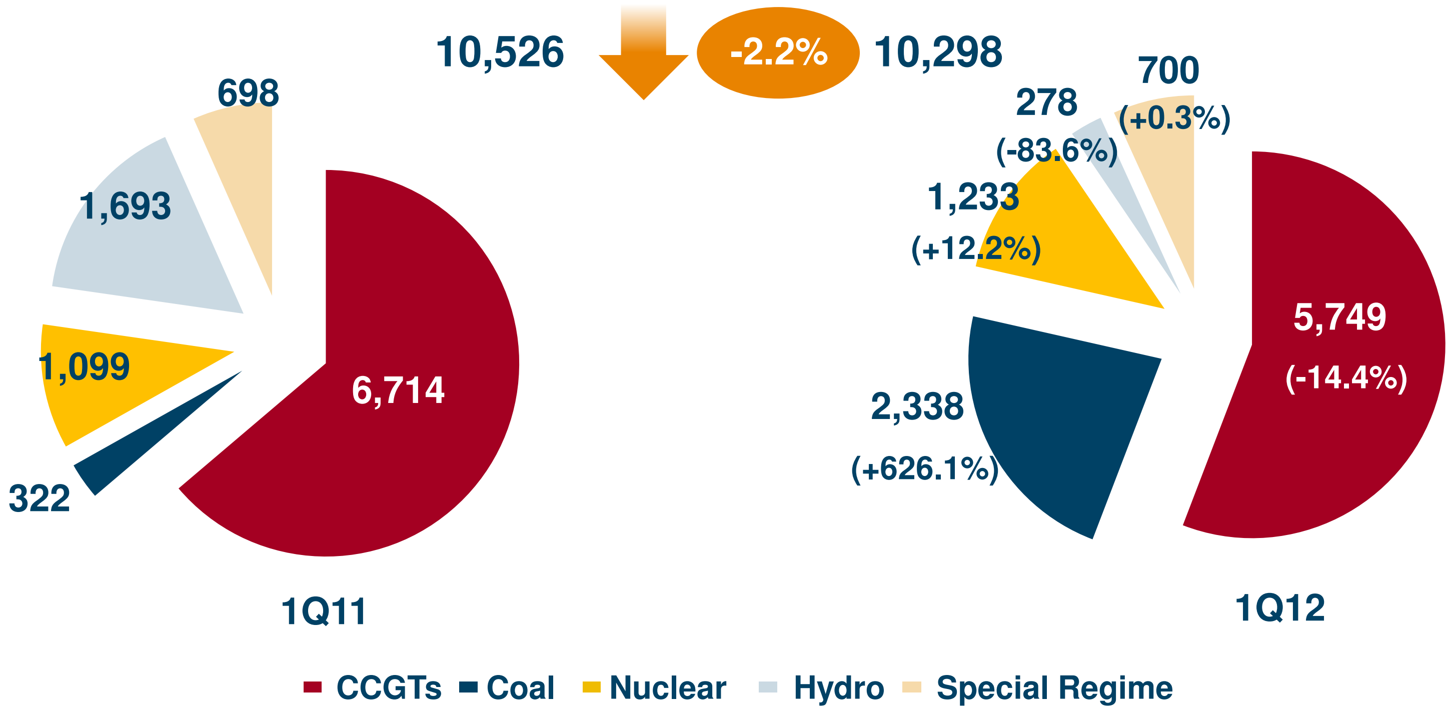
Source: REE

Higher gas sales underpinned by growing demand from industrial and residential segments

Energy

Electricity in Spain

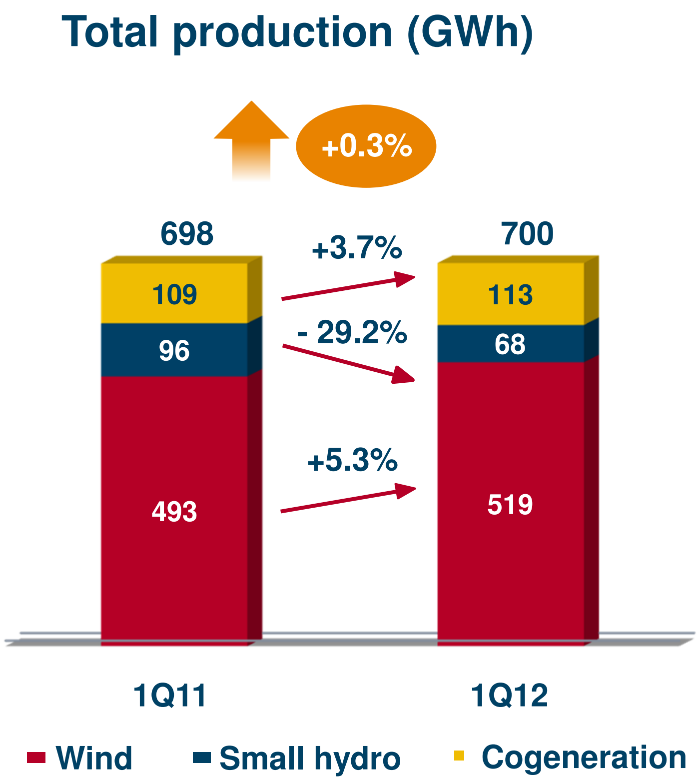
GNF's total production (GWh)



- Higher production from coal offsets lower production from CCGT and hydro as a result both of disposals in 2Q and 3Q11 and lower rainfall

Lower supply sales consistent with a risk management policy to maximize margins and optimize market share and exposure to volatility in pool prices

Energy
Special Regime

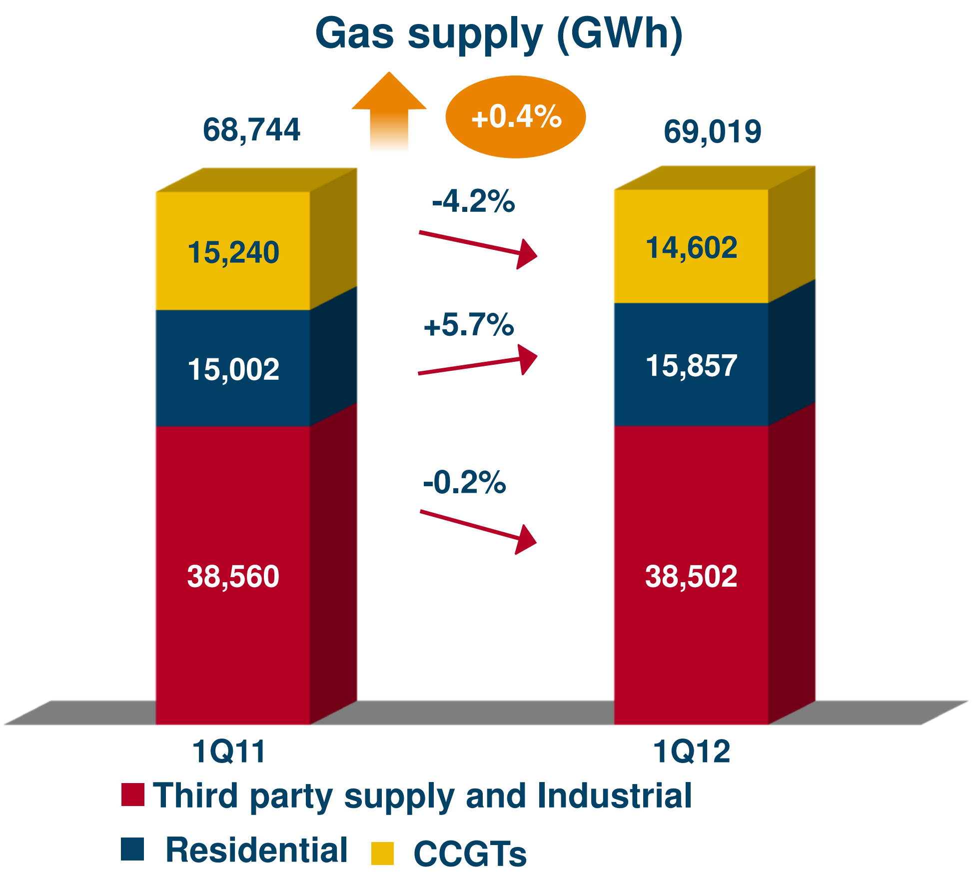


- Higher wind production after recent 30 MW net capacity increase in January 2012
- Lower rainfall in 1Q12 vs 1Q11 lead to a drop in small hydro production
- Continuing development of wind-powered capacity:
  - 97 MW awarded in Andalusia
  - 102 MW awarded in Canary Islands in permitting phase

No foreseeable impact expected in 2012 from recent regulatory measures

Energy

Gas supply Spain



- Higher demand in 1Q12 underpinned both by residential and industrial segments
- Growth in own end customer portfolio with 51% end customer share
- Higher activity of own CCGTs mitigate drop in sales to this segment

Benefiting from balanced and well-diversified customer base

Energy

An integrated gas wholesale business model

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Diversity in gas origins and procurement of both NG and LNG…

…complemented with a diversified array of end markets

Algeria
Norway
Qatar
T&T
Lybia
Nigeria
Egypt

Piped NG

LNG

EMPL

Fleet of 11 tankers

Retail Spain

Industrial Spain

CCGT Spain

Foreign markets

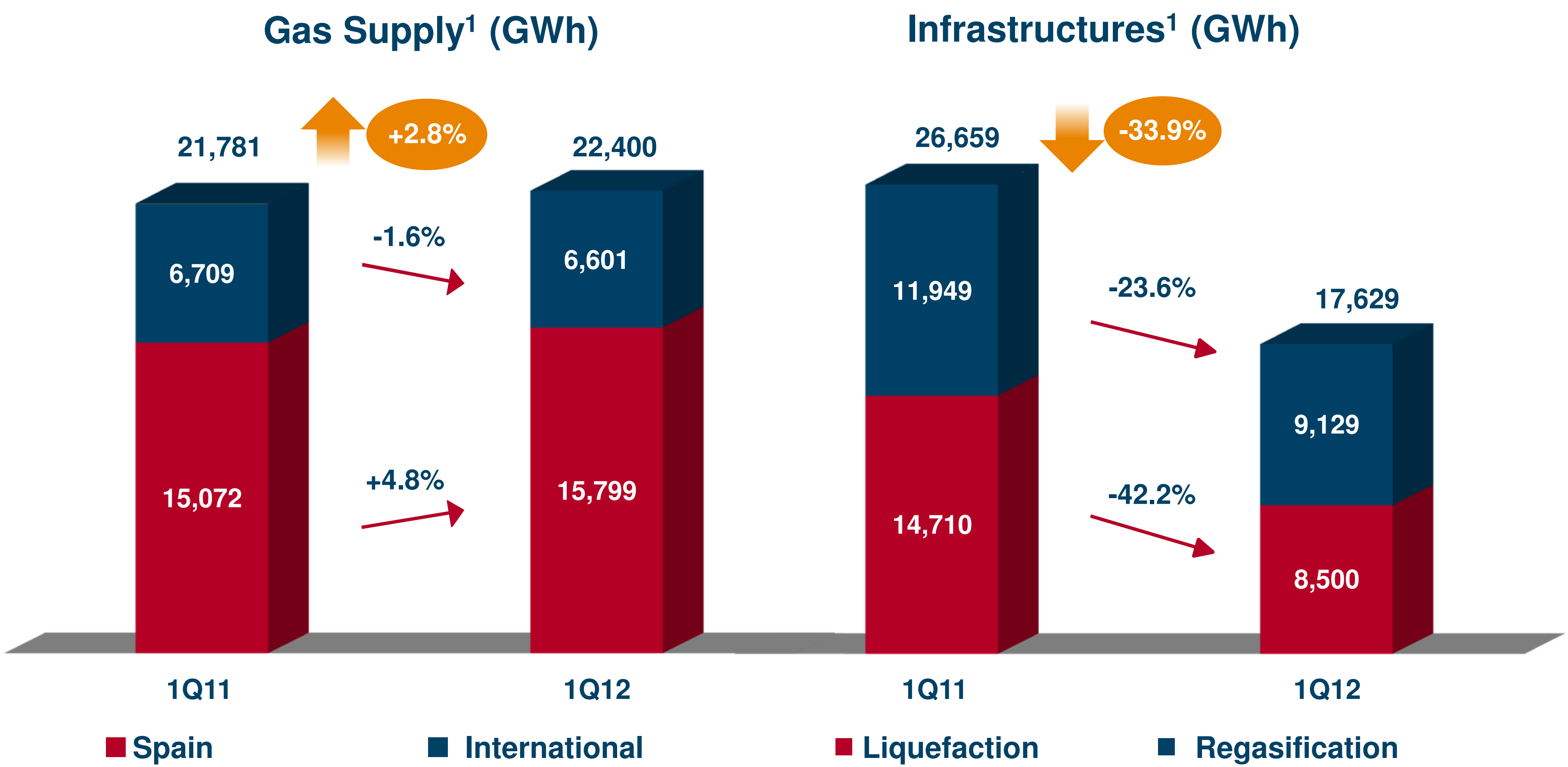
Spot

Optionality

- LNG provides flexibility of destination given majority of FOB vs. CIF
- Ability to implement combined gas and electricity strategy on a daily / weekly basis

A unique business model which provides an extremely efficient commodity hedge, allowing optimisation

UF Gas



EBITDA[2] (supply and infrastructures) grows 23.4% to €95 million

Notes:
1 100% attributable
2 50% attributable

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Conclusions

Conclusions (I)

EBITDA grows +0.3% despite asset disposals and regulatory changes

Net income grows +5.2%

Net debt decreases -7.8% to €16.8 billion[1]

An increasing contribution from international operations

Continuity of an attractive shareholder remuneration policy: +10.7% increase in 2011 and again the option of a scrip for final dividend

Notes:
1 €15.7 billion after deducting outstanding tariff deficit

Conclusions (II)

Working towards fulfillment of 2012 targets

	2012
EBITDA	>€5bn
Net income	~€1.5bn
Net debt	€15-16bn
Net debt / EBITDA (x)	~3x

- Offering an attractive shareholder remuneration, maintaining dividend policy

Results for 1Q12 supportive of the company's commitment to the fulfillment of the targets for 2012 as per the 2010-2014 Strategic Plan

Thank you

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