Third Quarter 2012 Results

November 6, 2012

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Agenda

1

Highlights

Key financial indicators

Net income 9M12: €1,115 million (+0.1%)

EBITDA 9M12: €3,827 million (+8.1%)[1]

Investments[2] 9M12: €822 million (-1.2%)

Net debt as of 30/09/12: €16.9 billion (-2.1%)[3]

Notes:
1 EBITDA +10.0% on a like for like basis disregarding disposals made in 2011 and 2012
2 Tangible and intangible investments
3 Change vs. 31/12/2011. €15.6 billion after deducting outstanding tariff deficit

Spanish regulatory issues (I)

Measures approved by the Ministry

- **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**
- **Royal Decree Law 13/2012**
  - **Tariff increase (+€1,392 million) to comply with rulings from the Spanish Supreme Court and reduction in costs (-€1,764 million) through cuts in remuneration to transportation and distribution, capacity charges and other**
- **Royal Decree Law 20/2012**
  - **Measures which include lower remuneration for extrapeninsulars and transmission, higher access charges for low voltage and territorial supplements to cover regional taxes**

Spanish regulatory issues (II)

Electricity system regulated costs

(after RDL 13/2012)

Access tariff costs

(€ million)

	2011	Est. 2012	% 2012
Transmission	1,534	1,477	8%
Distribution	5,091	5,005	26%
Capacity payments[1]	(550)	(750)	-4%
Subsidies	8,777	11,120	58%
Debt payments[2]	1,795	2,266	12%
TOTAL	16,647	19,118	100%

Notes:
1 Revenues collected by generators as capacity payments are also used to pay for the tariff deficit
2 Payments for the capital and interests of the accumulated deficit

Subsidies in access tariffs

(€ million)	2011	Est. 2012	% 2012
Special Regime	6,985	8,172	73%
Photovoltaic	2,400	2,457	22%
Concentrated Solar	426	951	9%
Wind	1,709	1,880	17%
Cogeneration	1,435	1,834	16%
Others	1,015	1,050	9%
Non-peninsular electricity systems[1]	719	1,793	16%
Interruptibility	497	505	5%
Domestic coal[2]	400	400	4%
Social voucher	176	250	2%
Total subsidies	8,777	11,120	100%

Notes:
1 Does not consider the amount included in the state budget
2 Part of the subsidy to domestic coal is included in the state budget
Source: CNE

Spanish regulatory issues (III)

Recent proposals

- Proposed fiscal measures:
  - 6% tax on power generation (both, conventional and special regime)
  - Taxes on nuclear fuel and nuclear waste production and storage
  - 22% levy on water used for hydro generation
  - €0.65/GJ tax on natural gas for residential and industrial consumption
  - €0.65/GJ tax on natural gas for power generation
  - €14.9/ton tax on domestic and imported coal
  - "Green cent" on oil-derivatives for power generation
  - No subsidies for the fossil fuel generated portion in renewable energy facilities (thermosolar premium cut)
  - Application of CO_2 auctioning revenues to reduce tariff deficit
  - Partial absorption of cost by state budget [1]
- Draft Law currently under discussion in Parliament

Note:
1 Developed by amendment introduced by PP: 38% of subsidies to special regime (€3,130 million in 2012)

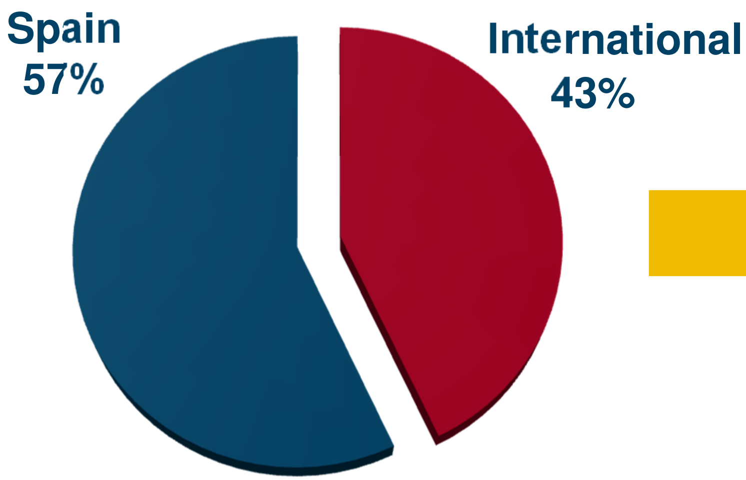
2

Growth of international operations

A higher share from international operations (I)

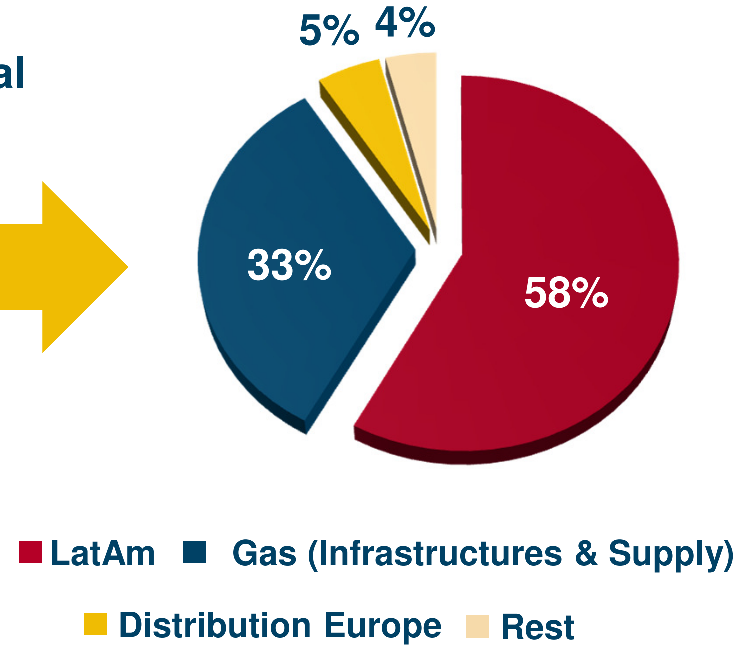
Geographical breakdown of 9M12 EBITDA

EBITDA: € 3,827 million



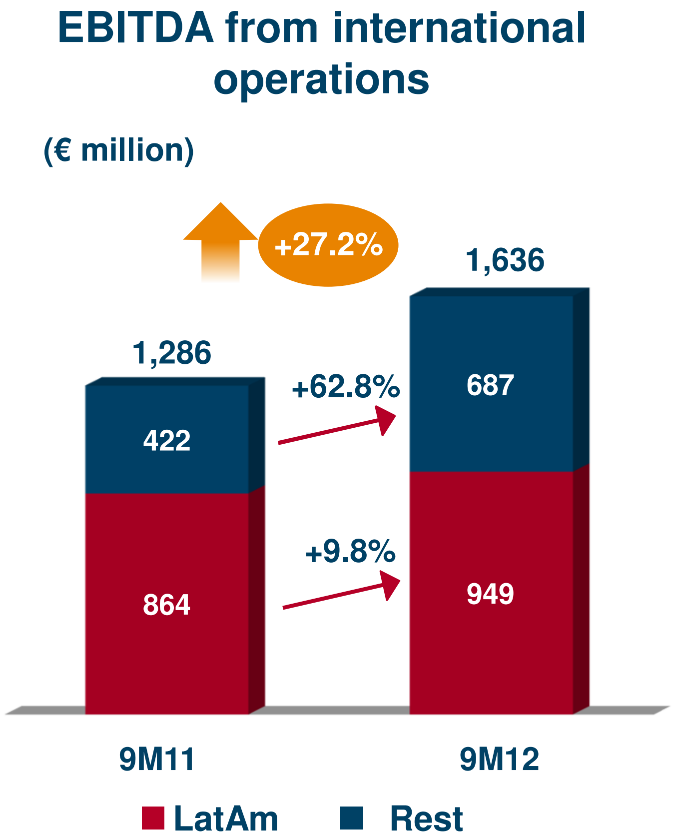
EBITDA from international operations

EBITDA: € 1,636 million



International operations continue to play an increasing role, in accordance with our strategic guidelines

A higher share from international operations (II)

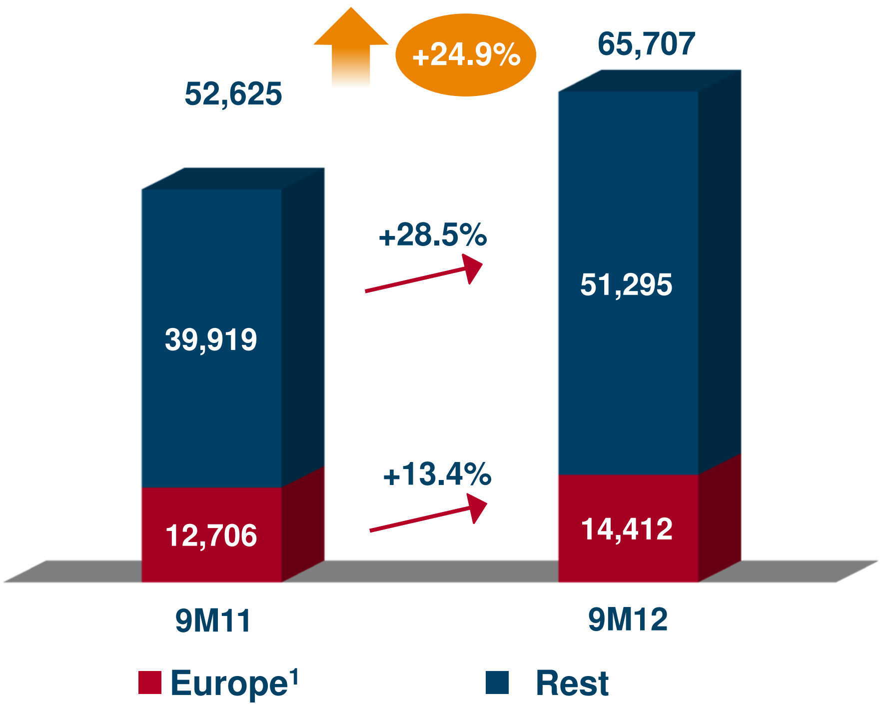


- Gas wholesale operations in foreign markets enjoy a continuous and healthy expansion
- Latin American activities continue to maintain a robust and sustained growth

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

International gas sales maintain growing trend

Foreign sales (GWh)



- International gas sales representing ~30% of total
  - Continuous increase in non-European LNG sales (Americas, Asia)
  - Expansion of commercial operations in Europe (France, BeNeLux, Germany) with a portfolio of 17.9 TWh p.a.

Consolidating GNF's strength in Europe and reinforcing its position as a global LNG player

Note:

1 Sales to end customers, includes retail supply in Italy

An integrated gas business model

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

Algeria
Norway
Qatar
T&T
Nigeria
Egypt
Oman

Piped NG

LNG

EMPL

Fleet of 11 tankers

…complemented with a diversified array of end markets

Retail Spain

Industrial Spain

CCGT Spain

Foreign markets

Spot

Optionality

- LNG provides flexibility of destination given majority of FOB vs. DES
- Diversifying indexation in procurement contracts

- 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

Future developments of international gas wholesales

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- GNF's balanced and consolidated position in the world's LNG markets
  - Balanced presence in Atlantic and Pacific basins (50/50)
  - Operating flexibility enables to optimize exposure to most profitable markets while minimizing risks

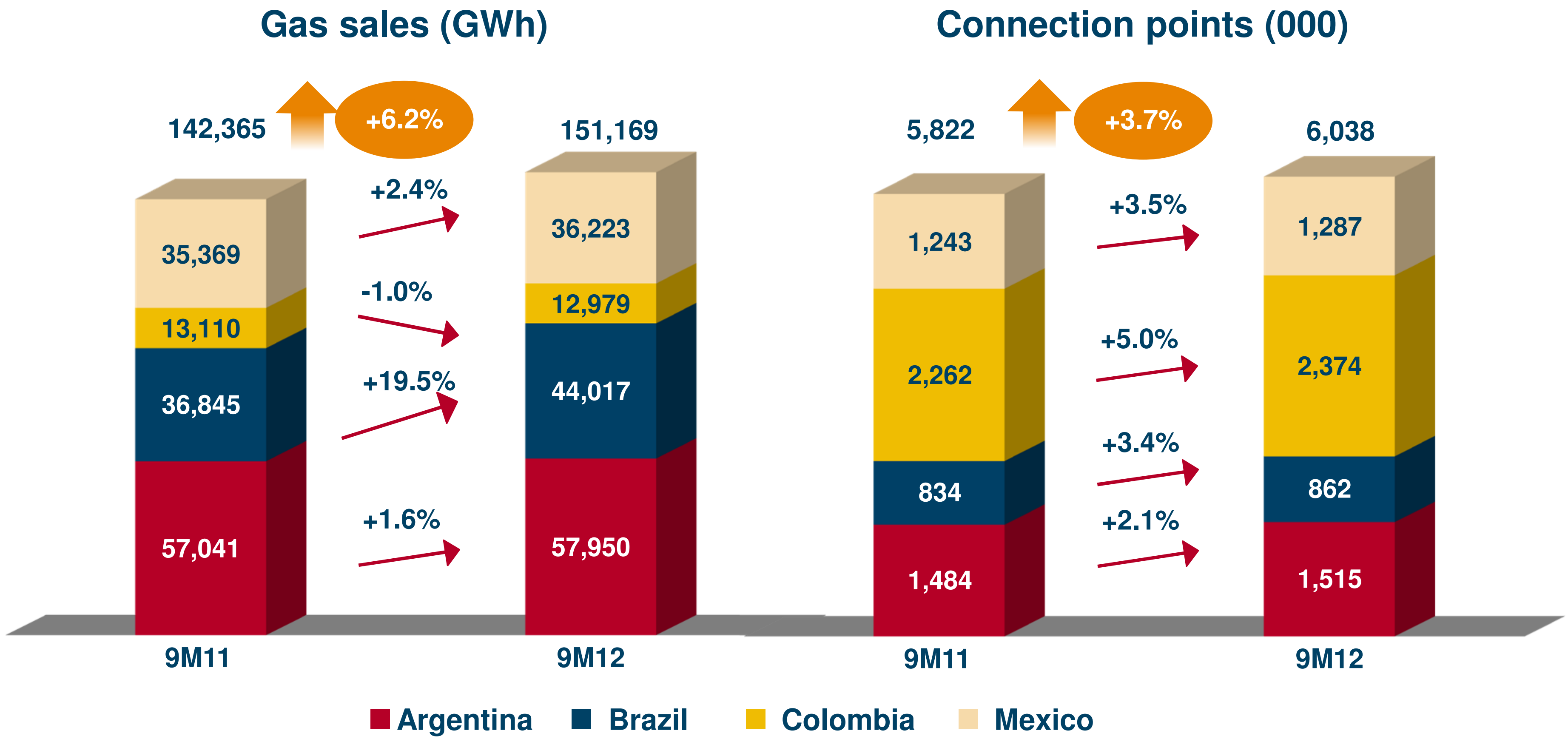
- Aiming to consolidate strategy through mid-term sales contracts (2-3 years)
  - Atlantic basin: Puerto Rico and South America
  - Pacific basin: India, Far East

- 5 bcm LNG contract signed with Cheniere without destination limits

Striving to maintain and strengthen GNF's LNG strategy in the future

Latin America (I)

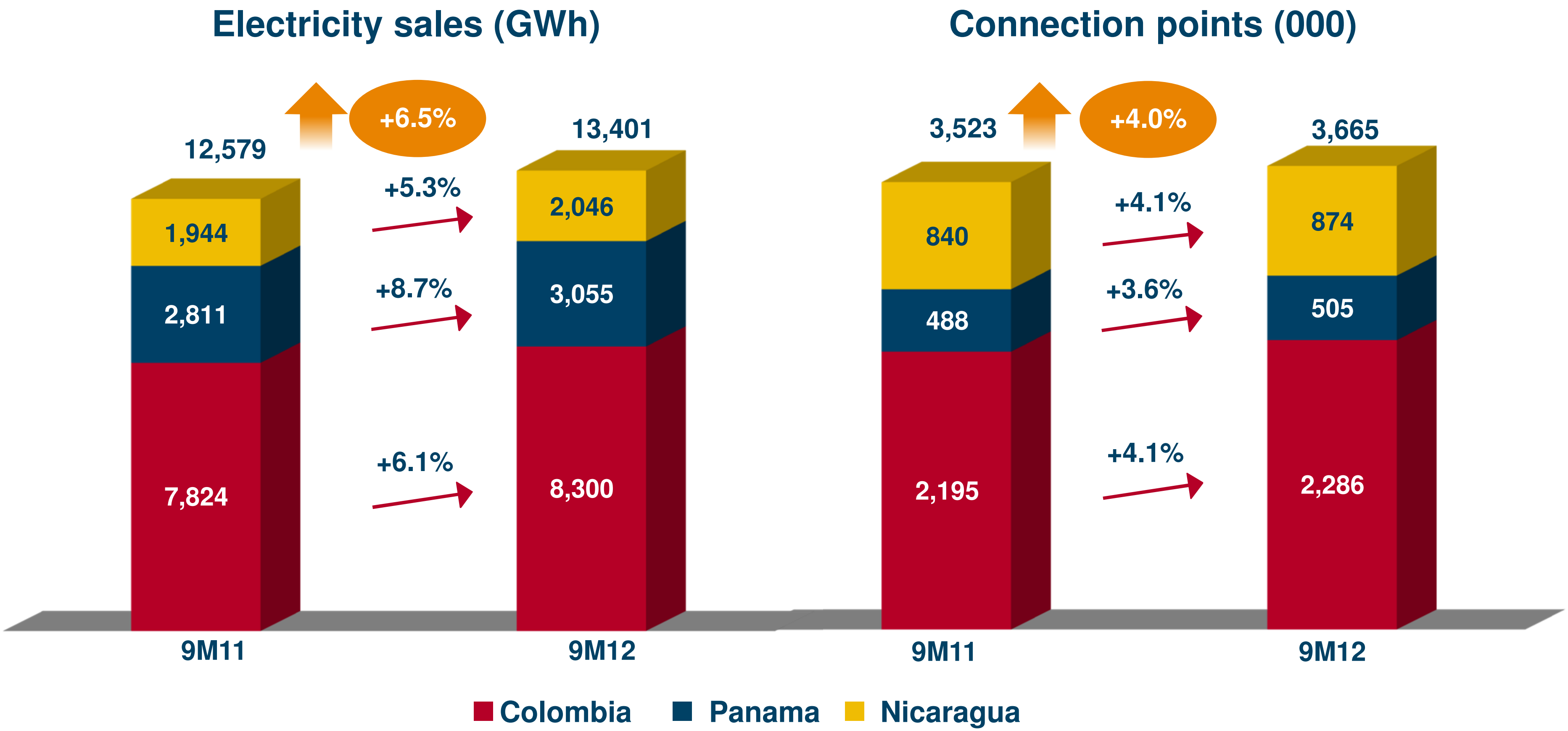
Gas distribution



The region still offers a substantial underlying growth potential

Latin America (II)

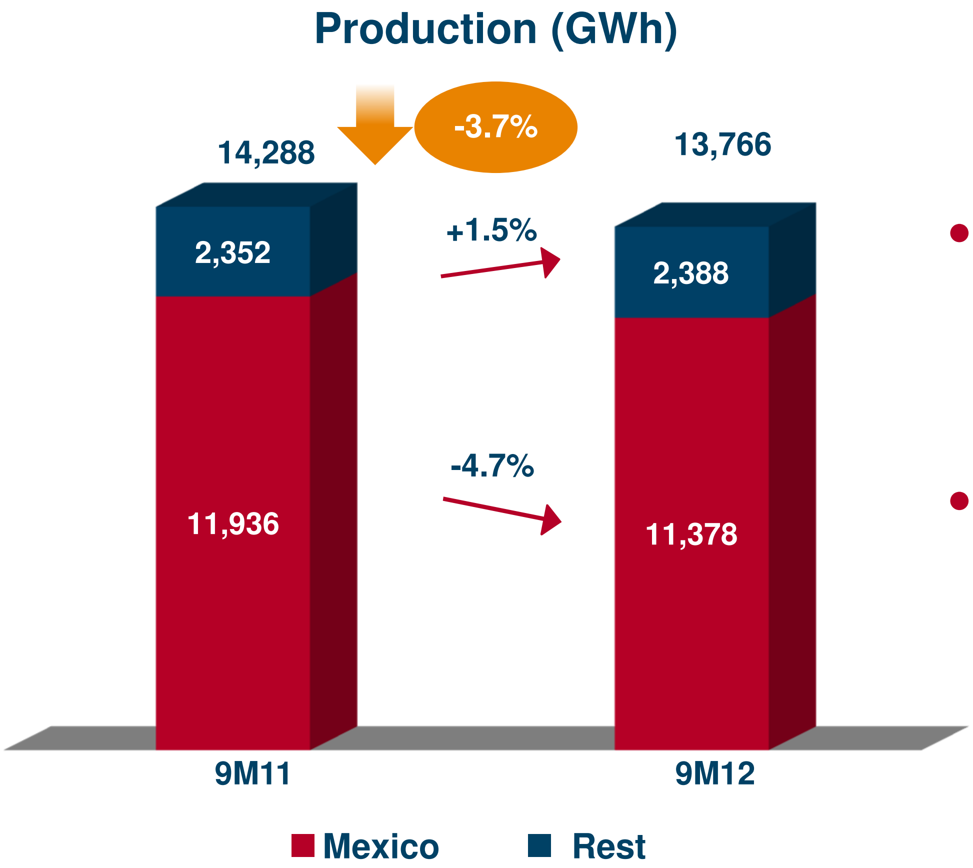
Electricity distribution



EBITDA grows +26.4% to €278 million

Latin America (III)

Generation



- Lower production in Mexico due to one CCGT's outage during 1Q12
- Higher dispatching levels in Puerto Rico and Dominican republic

EBITDA grows +4.9% to €192 million

3

Financials

Consolidated income statement

(€ million)	9M12	9M11	Change %
Net sales	18,418	15,315	20.3
Purchases	(12,750)	(10,099)	26.3
Gross Margin	**5,668**	**5,216**	**8.7**
Personnel, Net	(642)	(638)	0.6
Other expenses, Net	(1,199)	(1,039)	15.4
EBITDA	**3,827**	**3,539**	**8.1**
Depreciation	(1,334)	(1,300)	2.6
Provisions	(179)	(142)	26.1
Other	20	268	(92.5)
Operating Income	**2,334**	**2,365**	**(1.3)**
Financial results, Net	(648)	(701)	(7.7)
Equity income	10	6	66.7
Income Before Tax	**1,696**	**1,669**	**1.6**
Taxes	(422)	(416)	1.4
Minority interest	(159)	(139)	14.4
Net Income	**1,115**	**1,114**	**0.1**

EBITDA breakdown

(€ million)	9M12	9M11	Change €m	Change %
Distribution Europe:	**1,240**	**1,307**	**-67**	**-5.1**
Electricity	489	556	-67	-12.1
Gas	751	751	-	-
Electricity:	**676**	**640**	**36**	**5.6**
Spain	555	532	23	4.3
Special Regime	111	97	14	14.4
Other	10	11	-1	-9.1
Gas:	**912**	**632**	**280**	**44.3**
Infrastructures	227	173	54	31.2
Supply	685	459	226	49.2
LatAm:	**947**	**864**	**83**	**9.6**
Electricity Distribution	278	220	58	26.4
Gas Distribution	477	461	16	3.5
Generation	192	183	9	4.9
Other	**52**	**96**	**-44**	**-45.8**
Total EBITDA	**3,827**	**3,539**	**288**	**8.1** [1]

Note:

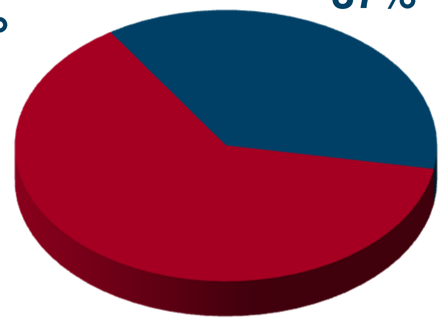
1 EBITDA +10.0% on a like-for-like basis disregarding disposals made in 2011 and 2012

Consolidated investments

Tangible and intangible

(€ million)	9M12	9M11
Distribution Europe:	**382**	**370**
Electricity	187	188
Gas	195	182
Electricity:	**101**	**141**
Spain	77	122
Special Regime	24	19
Gas:	**34**	**38**
Infrastructures	20	28
Supply	14	10
LatAm:	**229**	**199**
Generation	43	34
Gas Distribution	111	89
Electricity Distribution	75	76
Other	**76**	**84**
Total	**822**	**832**

By geography

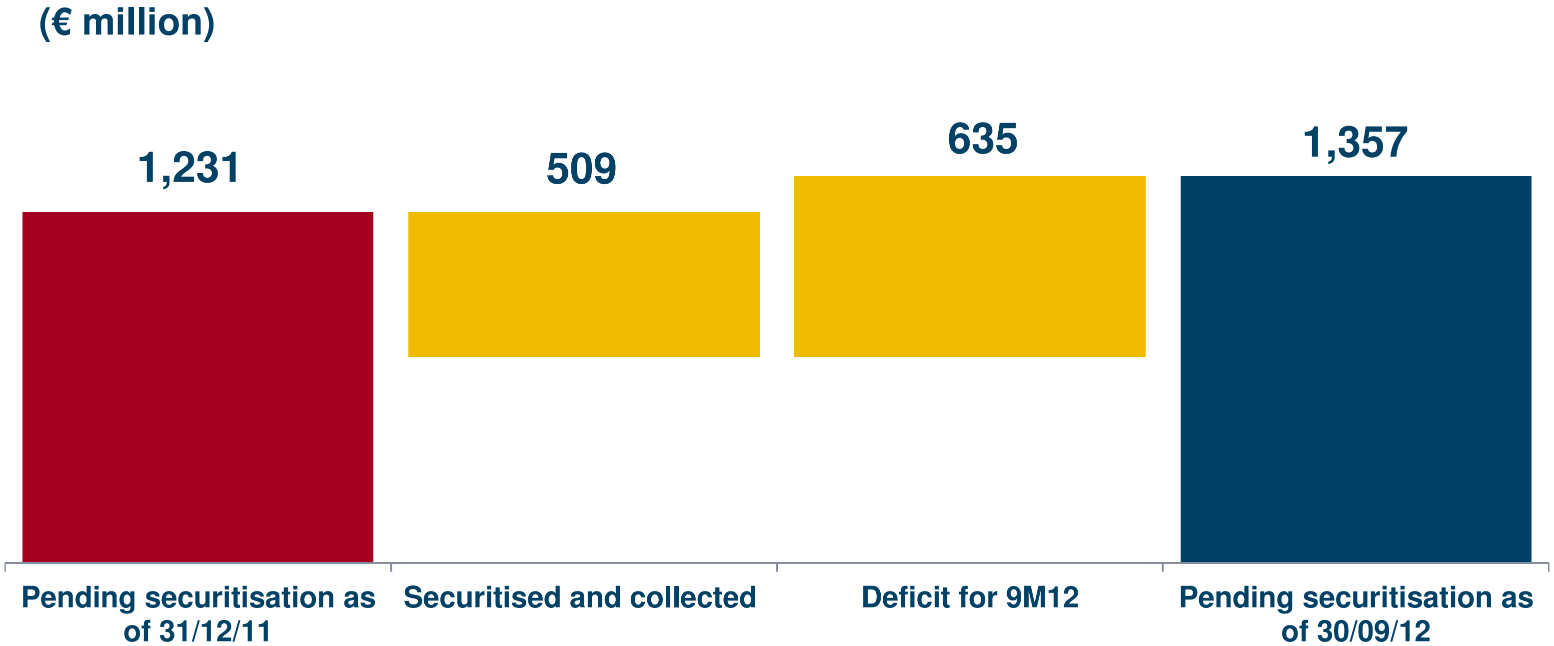


- **International investments grow +14.9% to €300 million**

Regulated activities account for 79.4% of total capex in 9M12

Securitisation of tariff deficit

Tariff deficit amounts for GNF

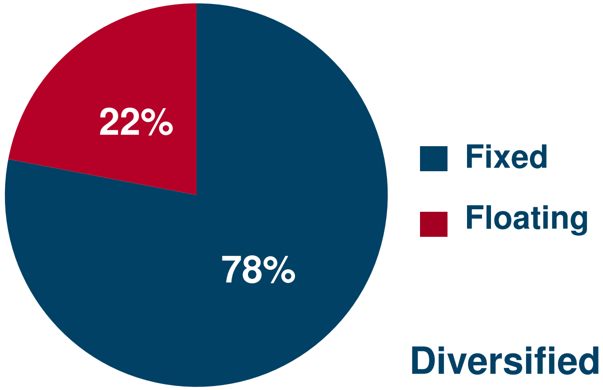


- **€367 million collected by GNF in 9M12 through sales carried out by FADE. Additional €11 million to be collected in 4Q12 from recent issuances.**

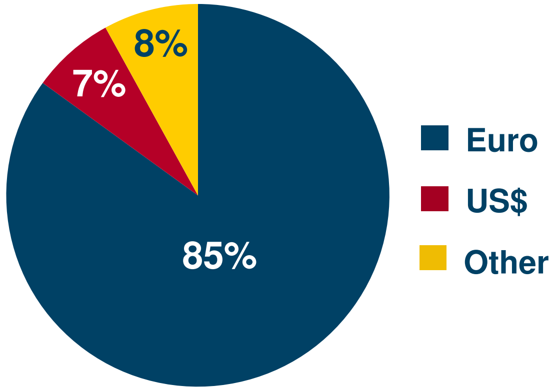
The tariff deficit generated to date in 2012 represents a €126 million net increase in GNF's debt

An efficient net debt structure

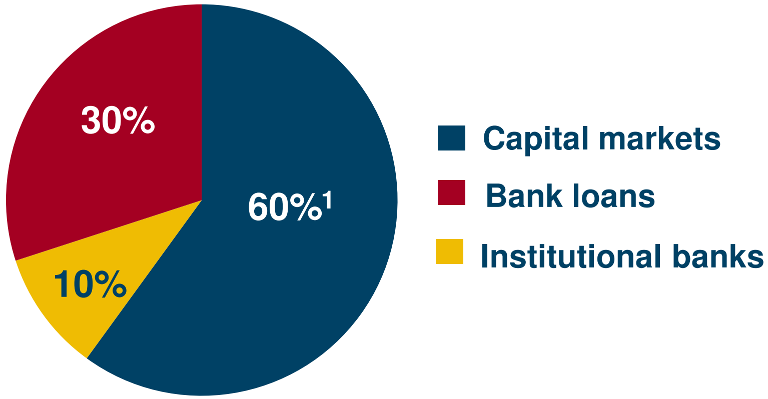
Significant level of fixed rate obtained at very competitive levels



Currency exposure consistent with business risk



Diversified financing sources

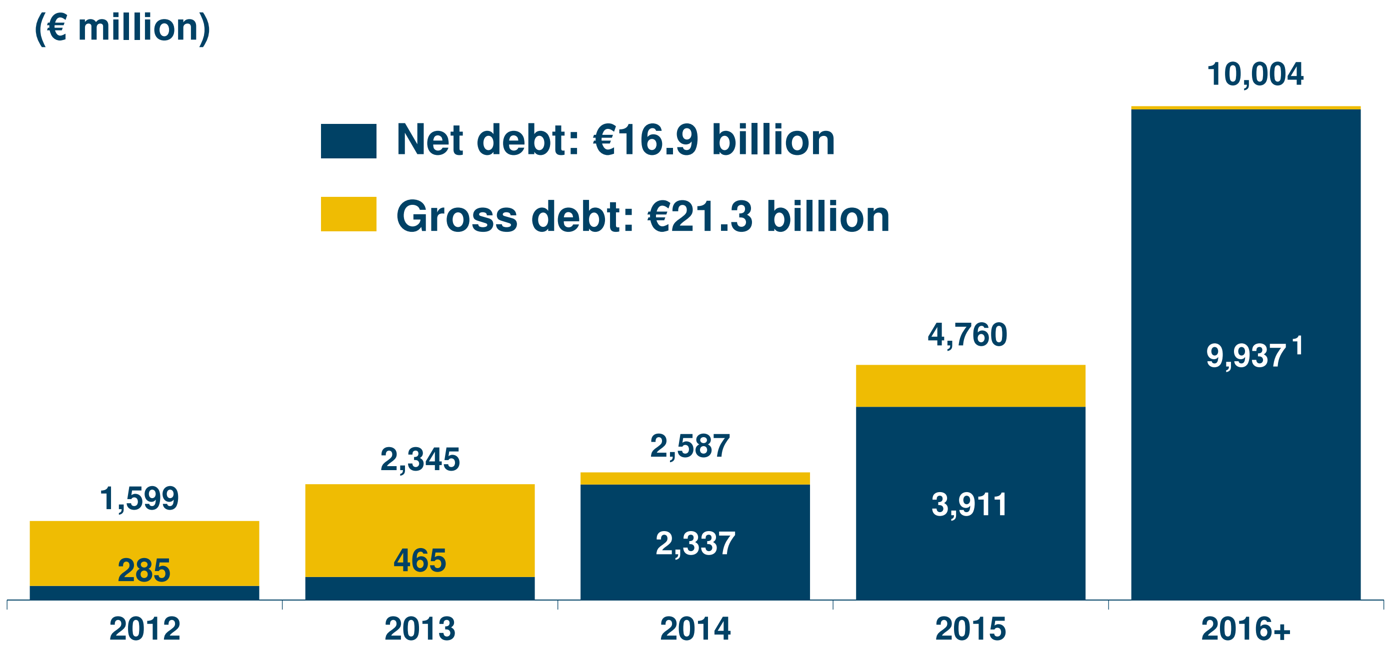


Efficiency of debt structure as key pillar for value creation despite a challenging financial environment

Note:

1 Adjusting net debt with pending tariff deficit securitisation, the weighting of capital markets would increase to 65%

A comfortable debt maturity profile



- Average life of net debt ~5 years
- 82% of net debt maturing from 2015 onwards

All financial needs from 2012 to 2014 already covered, currently focusing on 2015

Note:

1 Includes preference shares in the amount of €609 million

Ample liquidity available

As of September 30, 2012

(€ million)	Limit	Drawn	Undrawn
Committed lines of credit	5,298	650	4,648
Uncommitted lines of credit	213	71	142
Undrawn loan	150	-	150
Cash	-	-	4,361
TOTAL	5,661	721	9,301

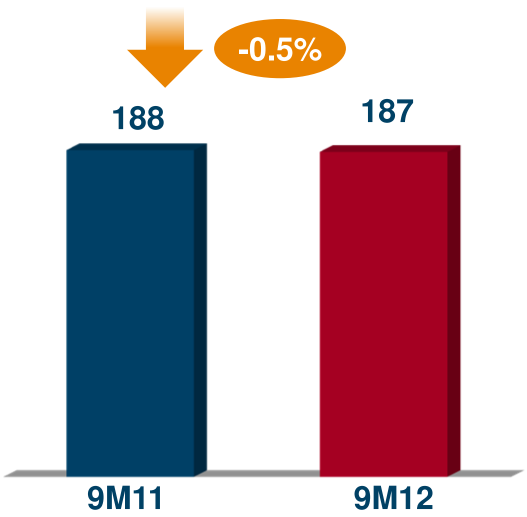
- Enough liquidity available to cover needs exceeding 24 months
- Available additional capital market capabilities of around €3,500 million both in Euro and LatAm programmes (Mexico, Argentina, Panama), complemented by recent 500 billion Colombian Peso programme implemented in October

Additional bond issues in Euros (€500 million on 9 October) and Colombia (~€130 million on 24 October)

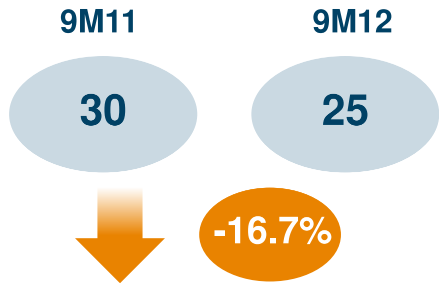
4 Analysis of operations

Distribution Europe
Electricity

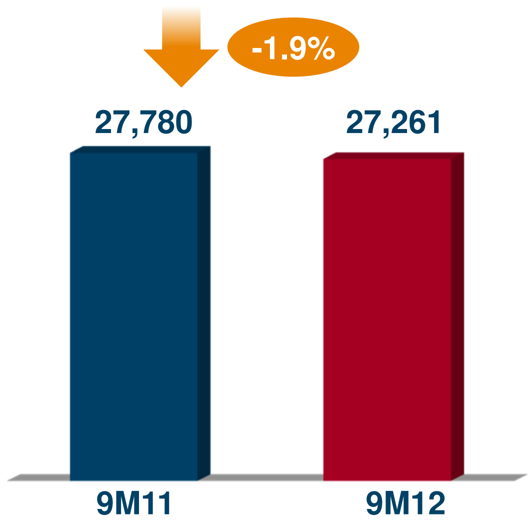
Investments
(€ million)



TIEPI[1] (Spain)
(minutes)



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 9M12 EBITDA falling 13.1%

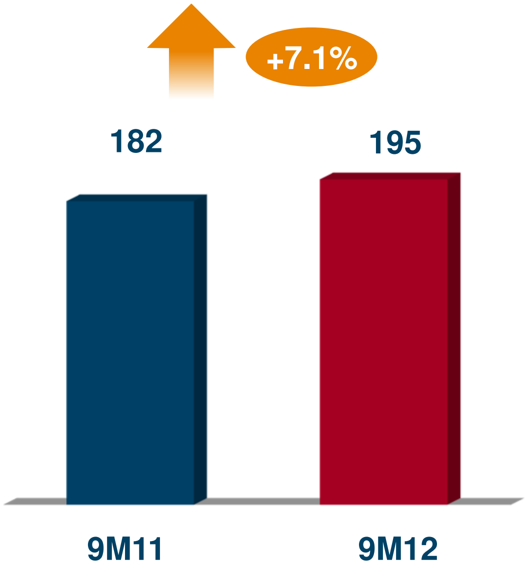
Note:
1 "Tiempo de interrupción equivalente de la potencia instalada" = Equivalent time of power supply interruption for the installed capacity

Distribution Europe

Gas

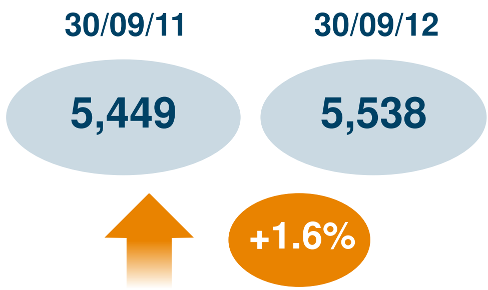
Investments[1]

(€ million)



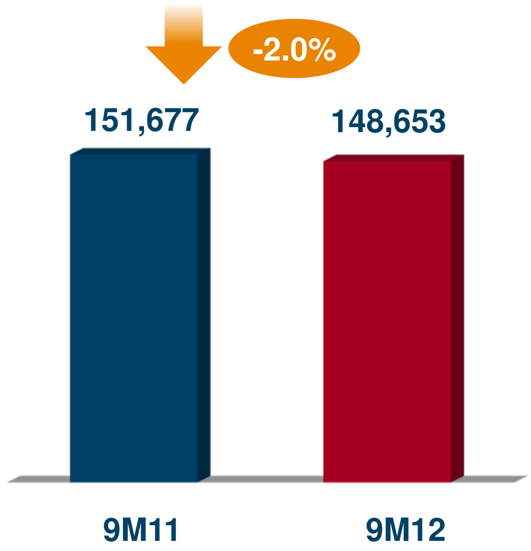
Connection points

(thousands)



Sales

(GWh)



Investment focus on efficient network expansion - main driver for remuneration increase – due to low penetration levels in Spain

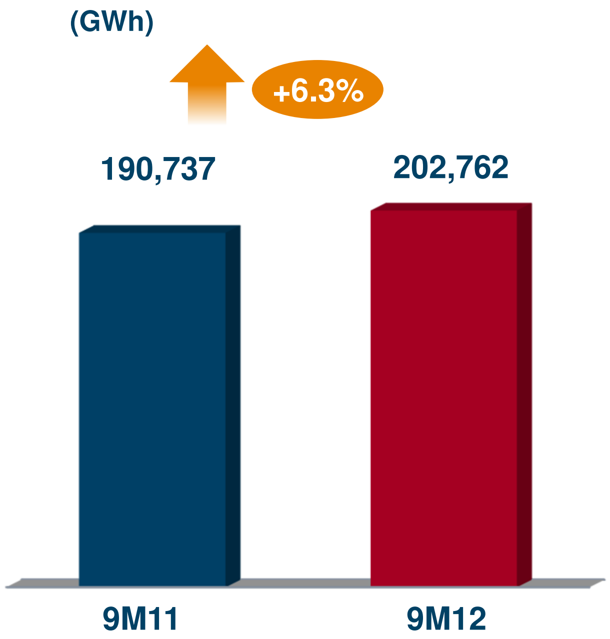
Note:

1 Tangible and intangible

Energy

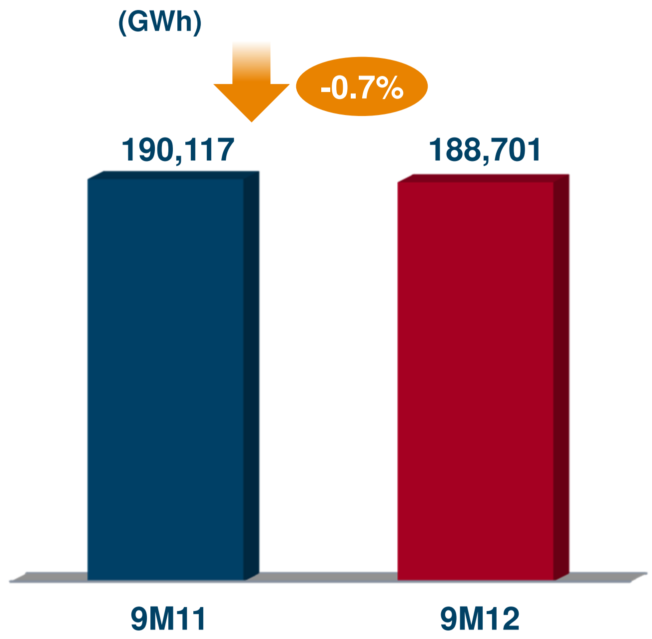
Gas and electricity demand in Spain

Conventional gas demand



Source: Enagas

Electricity demand

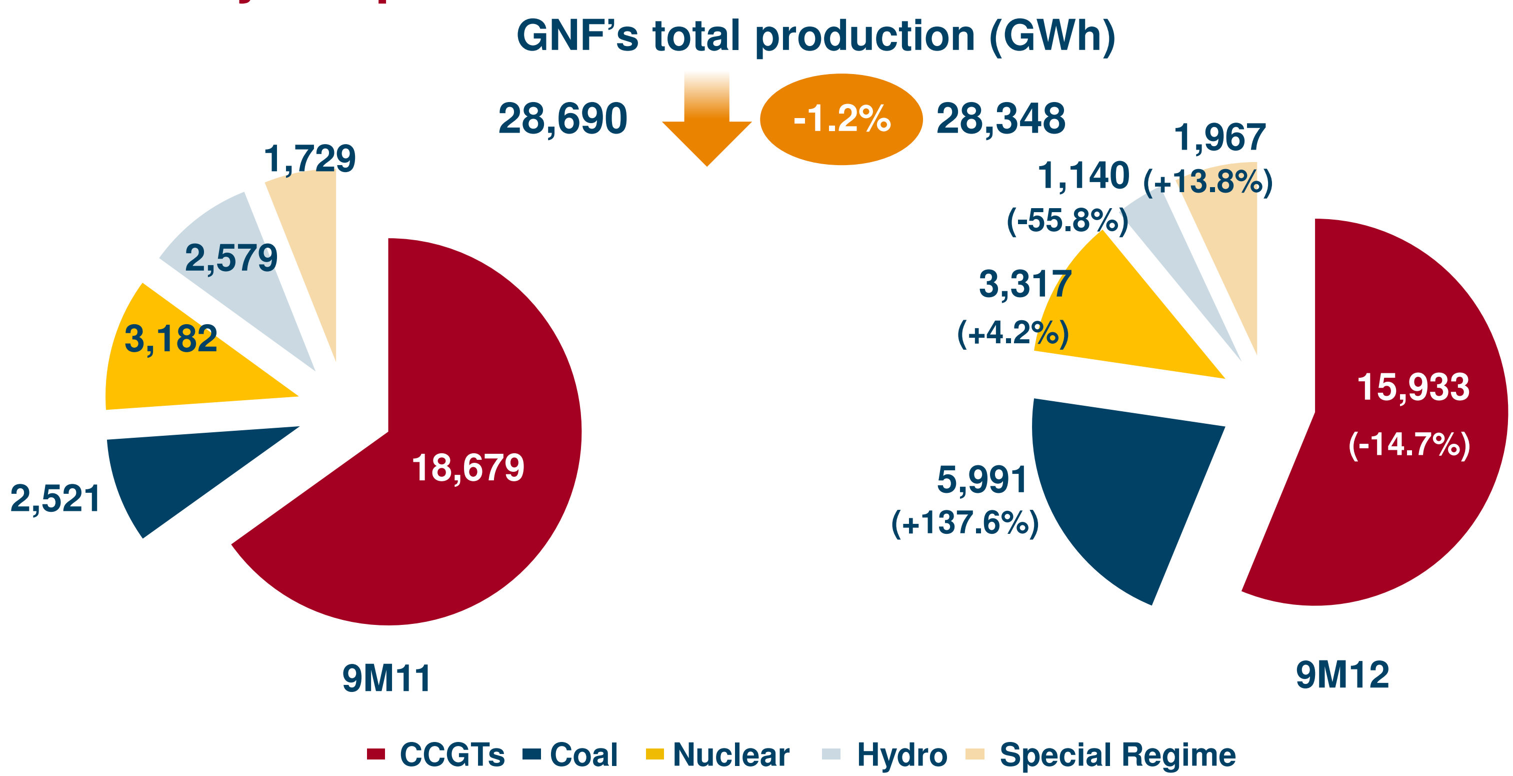


Source: REE

Growing demand from both industrial and residential segments lead to higher gas sales in 9M12

Energy

Electricity in Spain

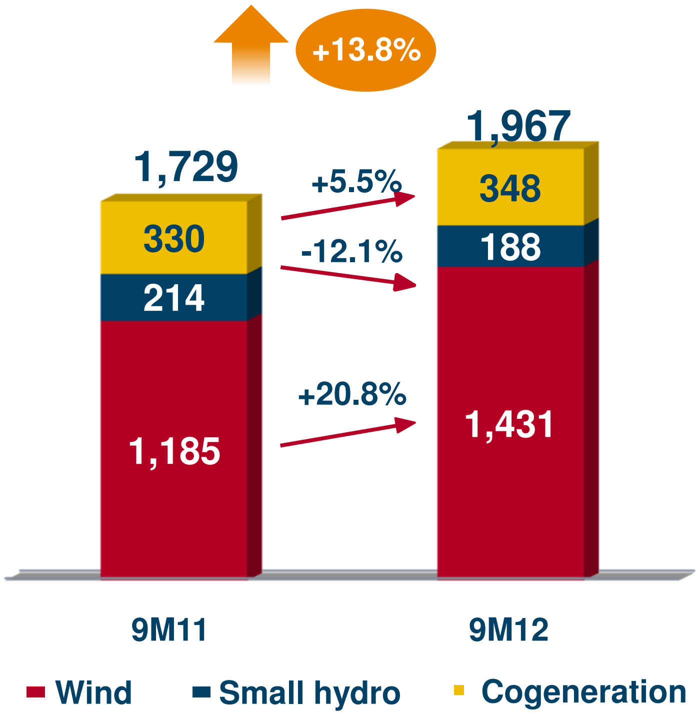


- Higher production from coal offsets lower production from CCGT and hydro as a result both lower rainfall and asset disposals in 2011

EBITDA + 5.9% to €666 million thanks to a selective commercial policy that maximizes margins through optimizing market share and hedging against pool price volatility

Energy
Special Regime

Total production (GWh)

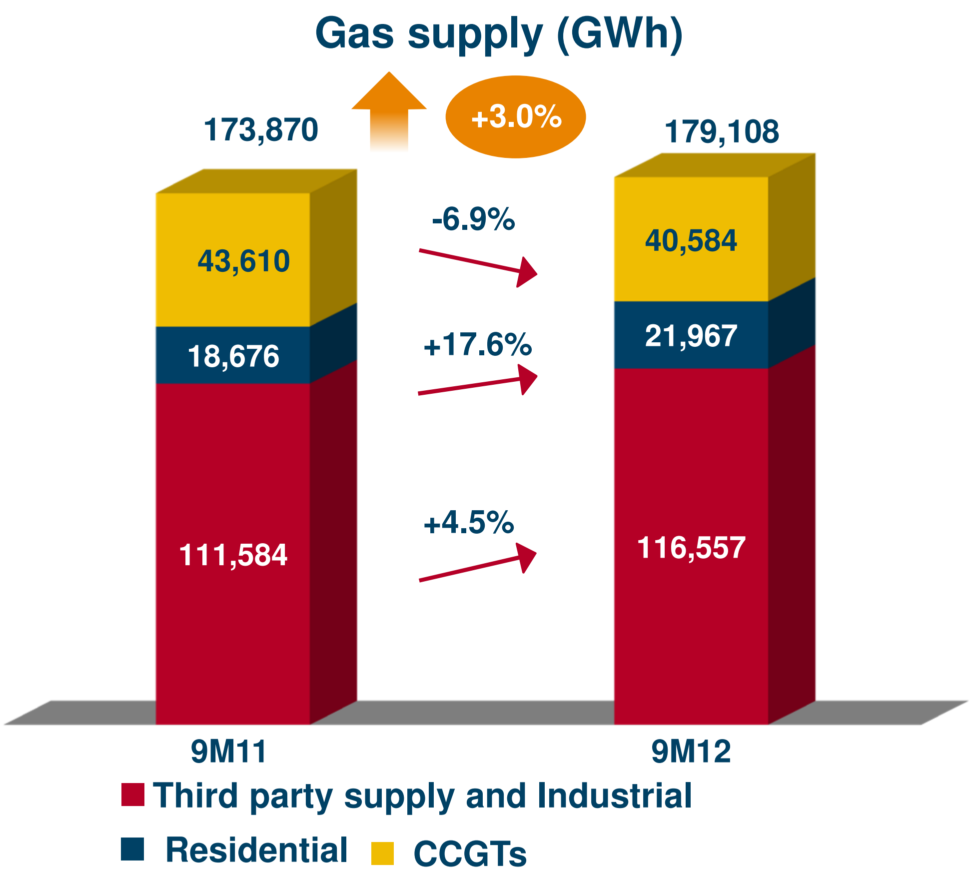


- Higher wind production after recent 30 MW net capacity increase
- Lower rainfall in 9M12 vs 9M11 leads to a drop in small hydro production
- Continuing development of wind-powered capacity in Mexico

Focus on development of several new wind power projects abroad (Mexico, Australia, UK)

Energy

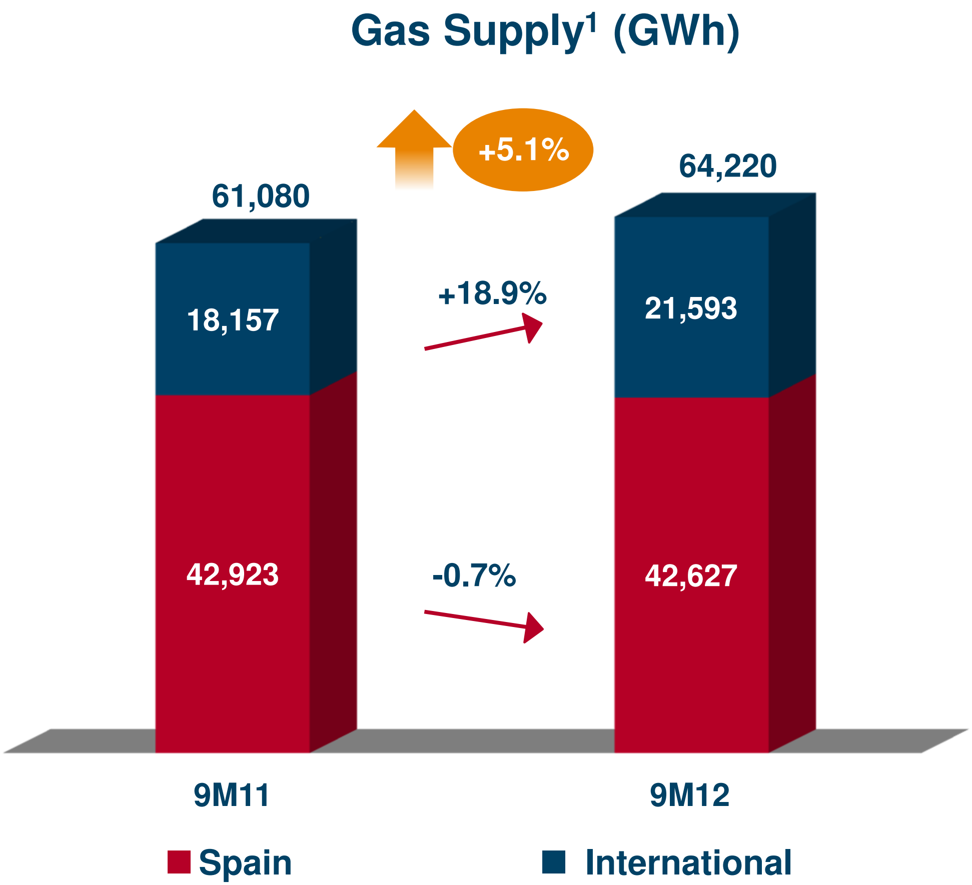
Gas supply Spain



- Higher demand in 9M12 underpinned both by residential and industrial segments (+6.3% rise in conventional gas demand)
- Growth in customer portfolio enables leadership in each end market segment

Benefiting from balanced and well-diversified customer base

Energy
UF Gas



- Developing an intense activity in international LNG sales profiting from trading opportunities arising in foreign markets
- Enjoying a stable contribution from infrastructures

EBITDA[2] (supply and infrastructures) grows 6.9% to €218 million

Notes:
1 100% attributable
2 50% attributable

5 Conclusions

Conclusions

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EBITDA grows +8.1%[1] despite asset disposals and regulatory changes

Adjusted net income grows +22.8% (reported net income +0.1%)

Net debt decreases to €16.9 billion[2]

3 benchmark issues in 2012 for over €2 billion despite challenging market environment

Striving to achieve the targets for 2012

Continuity of an attractive shareholder remuneration policy

Notes:
1 +10% on a like-for-like basis disregarding disposals made in 2011 and 2012
2 €15.6 billion after deducting outstanding tariff deficit

Thank you

INVESTOR RELATIONS

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