



Strategic vision 2016–2020

May 11, 2016



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Agenda

- 1. Strategic vision 2016–2020 (Rafael Villaseca)**
 - a. Global macro and energy scenario**
 - b. GNF’s business model**
 - c. Investments and management initiatives**
 - d. Financial targets 2016–2020**

- 2. Business unit perspectives 2016-2020 (Antonio Basolas)**
 - a. Country/business macro and energy scenario**
 - b. Business perspectives 2016–2020**
 - i. Networks
 - ii. International generation
 - iii. Spanish generation and electricity supply
 - iv. Gas
 - v. Services, retail and innovation
 - c. Consolidated view**

- 3. Financial outlook 2016–2020 (Carlos Alvarez)**

- 4. Closing remarks (Rafael Villaseca)**

**Strategic vision
2016–2020
(Rafael Villaseca)**

1



1.a. Global macro and energy scenario

Energy sector outlook

Three main trends define the future of the energy sector



1

Growth driven by emerging countries

2

Energy mix moving towards renewables and gas

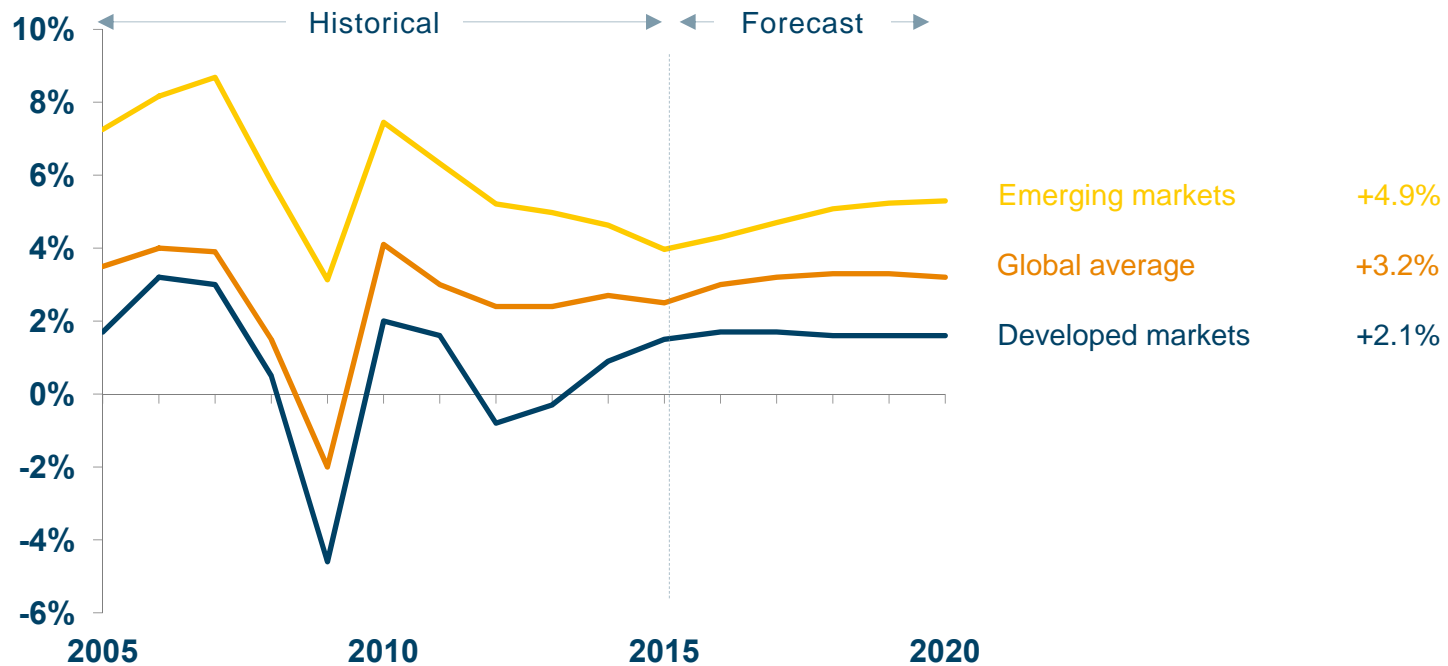
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Emergence of new business models in the energy sector

1 Emerging markets will drive economic growth



Global GDP growth
(Annual GDP % change in constant \$)



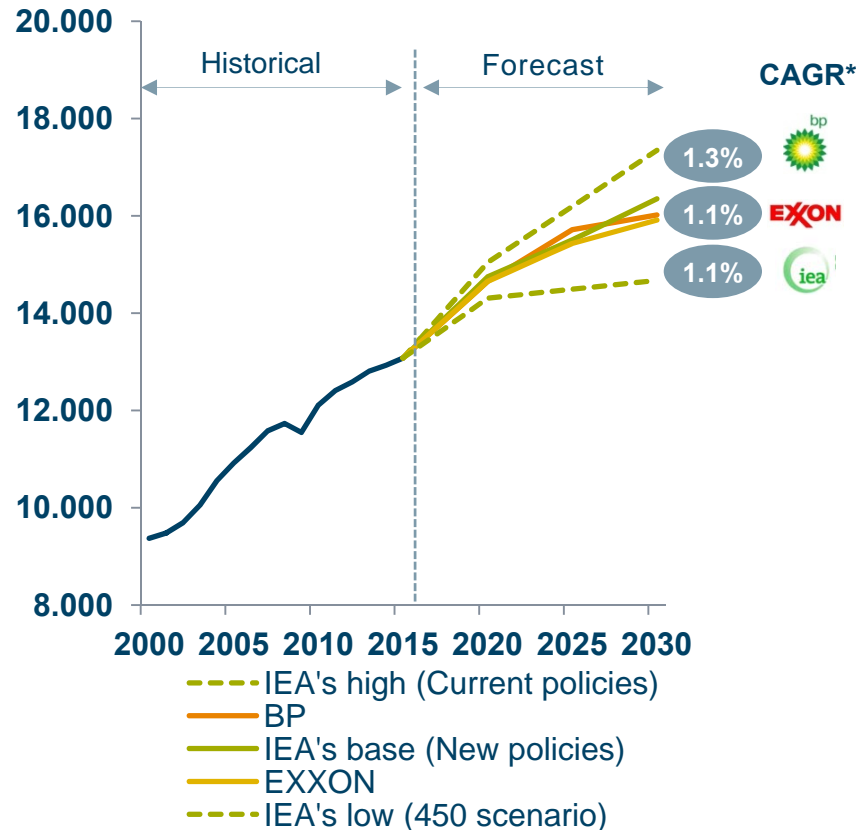
✓ Better outlook in coming years in developed markets

Source: IMF WEO

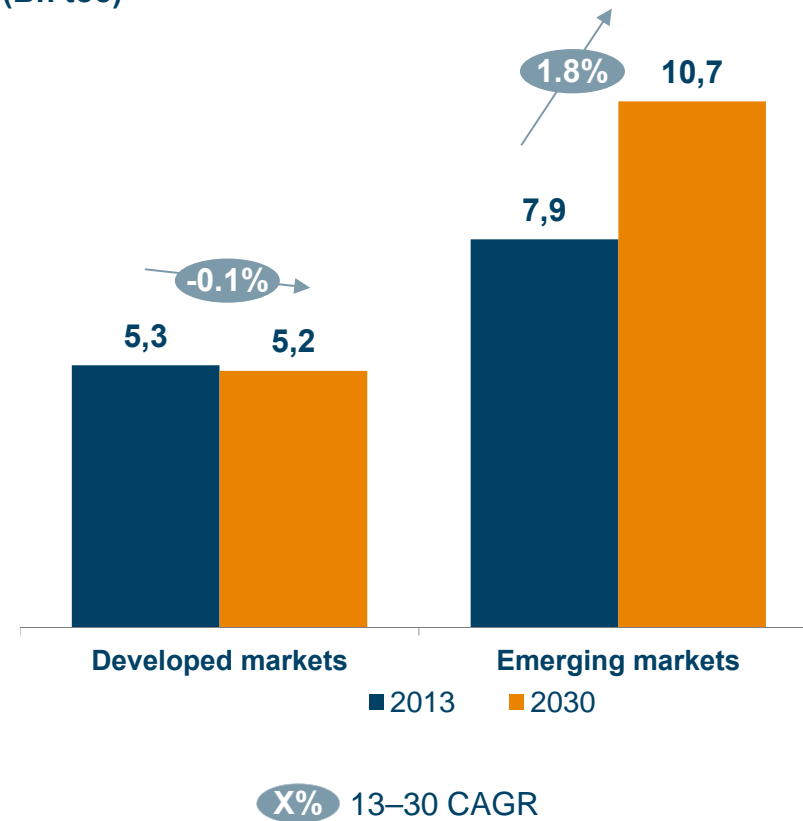
1 Energy demand will continue to increase



Global primary energy demand (Mtoe)



Evolution of global primary energy demand¹ (Bn toe)



✓ **Emerging markets will have great importance in the growth of global energy demand**

* CAGR BP and Exxon 2014-30; IEA 2013-30 (Different initial years are used as primary energy demand data is different depending on the analyst)

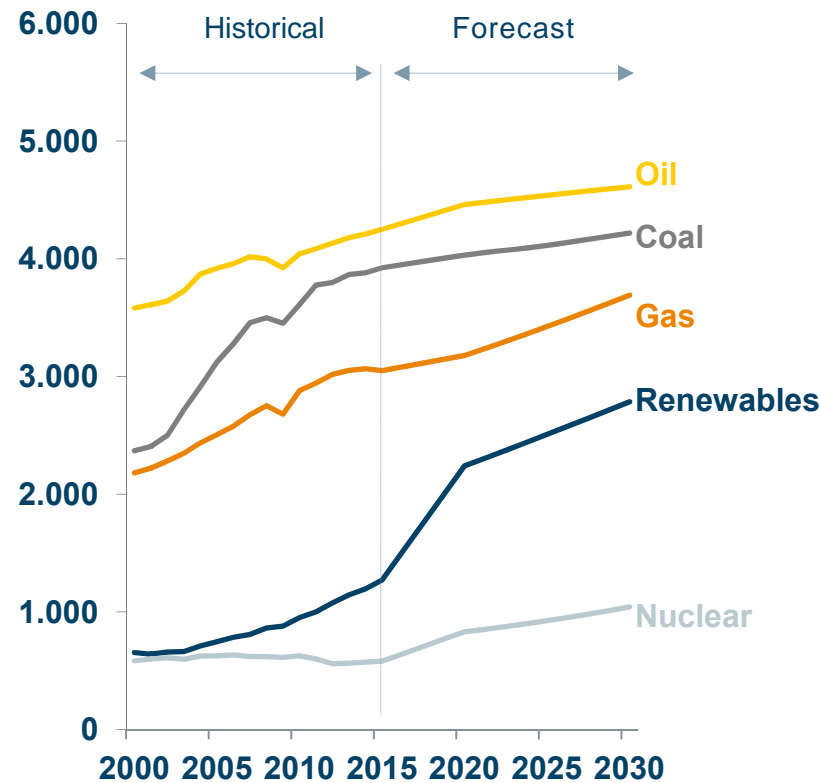
Source: BP statistics, IEA WEO 2015 forecasts, BP and Exxon

1. Source: IEA's 2015 WEO, New policies scenario

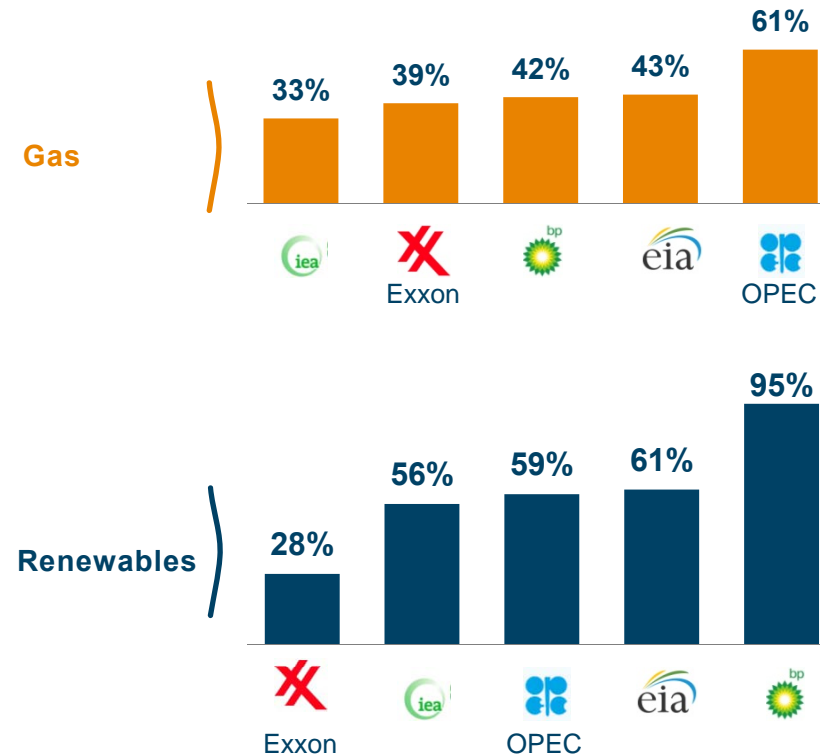
2 Higher growth in renewables and gas to meet demand increase



Primary energy demand forecast (Mtoe)



Gas and renewables demand growth by analyst (% 2015–2035)



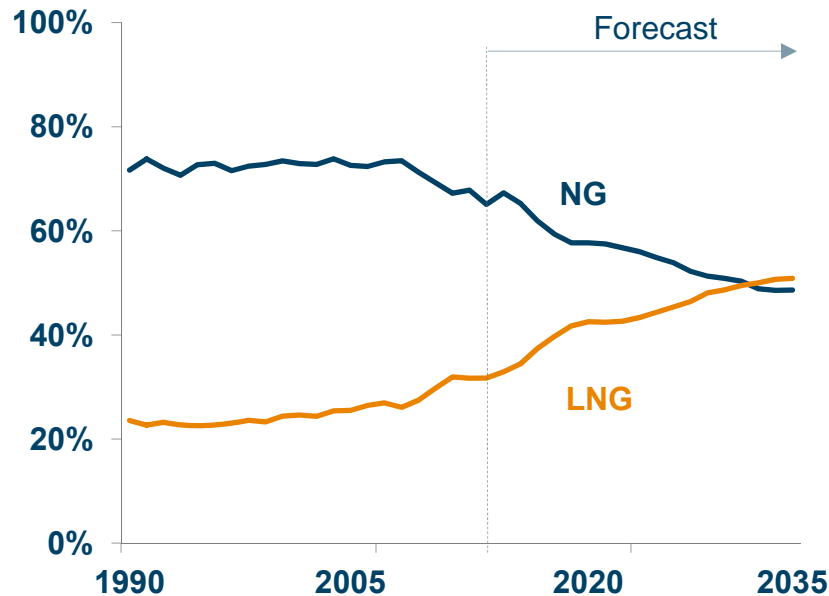
✓ Both renewables and gas will grow due to climate change initiatives specially fostered by COP21 agreement

Source: IEA WEO 2015 New policies scenario forecasts, BP statistics, Exxon, EIA and OPEC

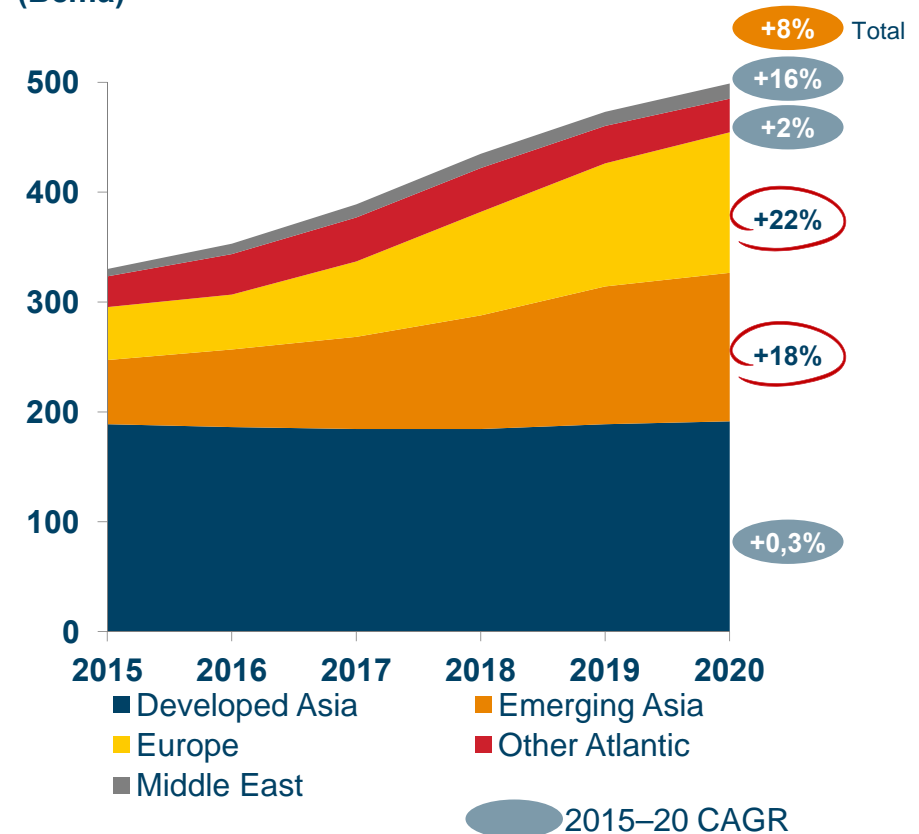
2 LNG market fundamentals in the medium and long term continue to be attractive



LNG's weight over global gas sales evolution
(% of total interregional gas sales)



Evolution of LNG demand by market
(Bcma)



✓ Increasing relevance of LNG in the future of the global gas market due to greater security of supply and reduced time-to-market

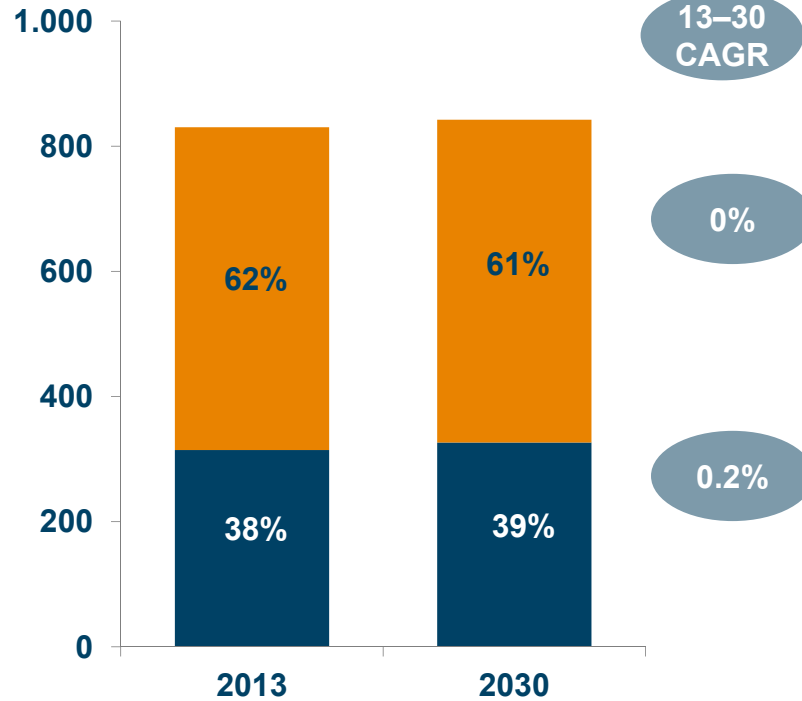
2 Gas networks' investment required to meet ~350 Bcm/year of additional demand



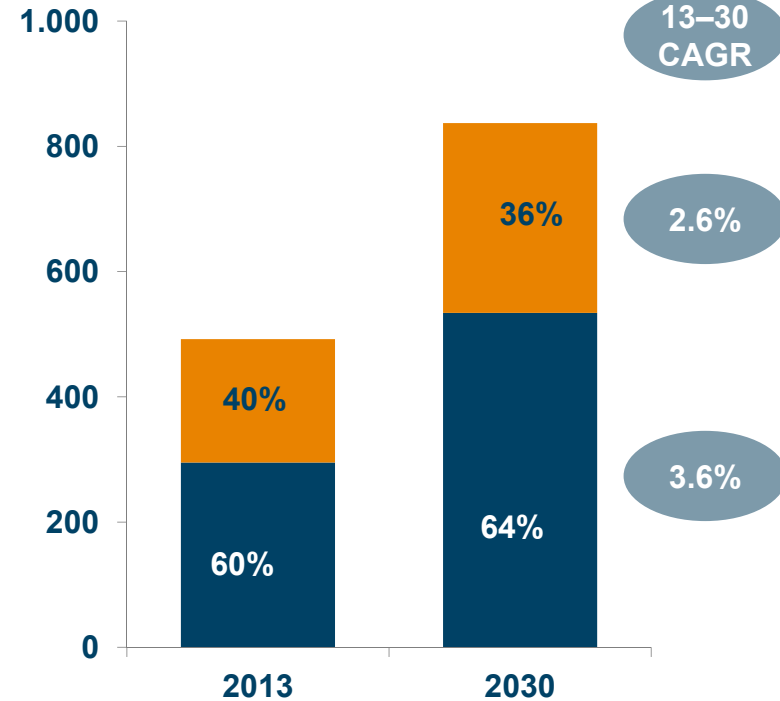
Residential and industrial gas demand forecast

(Bcm)

OECD



Non-OECD



■ Industrial ■ Domestic-Commercial

✓ New gas infrastructure worldwide will sustain the 25% demand increase

Source: IEA – World energy outlook 2015, New policies scenario

2 Strong investment needs in generation projects worldwide



Cumulative investment in electricity generation 2015–2040
(\$ trillion 2014)

	Conventional	Renewables	Total
Developed markets	1.5	2.9	4.3
<i>Europe</i>	0.5	1.3	1.8
<i>Rest</i>	0.9	1.6	2.5
Emerging markets	2.8	4.2	7.0
<i>Latam</i>	0.1	0.5	0.6
<i>Emerging Asia (excl. China)</i>	1.0	1.4	2.3
<i>China</i>	0.7	1.4	2.2
<i>Other Emerging Markets</i>	1.0	0.9	1.9
Total	4.3	7.0	11.3

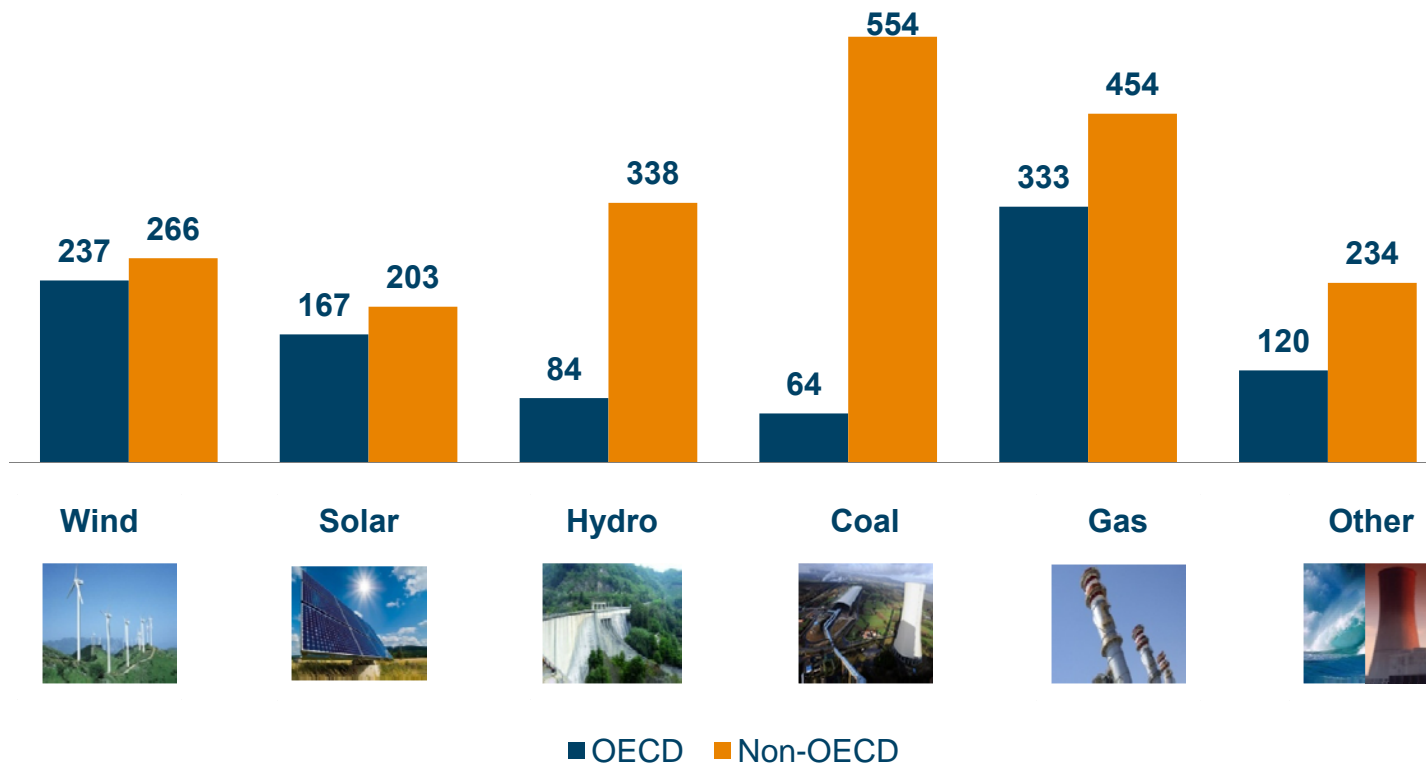
- > **Growth in emerging markets' energy demand** drive newbuilds
- > **Climate change and conventional capacity retirements** will support investment in developed countries
- > **Renewables increasingly competitive** in countries with high availability of relevant resource (wind and/or sun)

✓ **The electricity generation sector is expected to receive investments up to \$11 trillion until 2040; approximately 63% will be for renewables**

Source: IEA – World energy outlook 2015, new policies scenario

2 Significant share of international generation evolution to be based on wind, solar, hydro and CCGTs

New capacity to be installed between 2014 and 2025 (GW)



✓ Non-OECD countries will install 67% of new generation capacity (2TW); of which 40% are renewables, as compared to OECD countries, that will install 1 TW (55% are renewables)

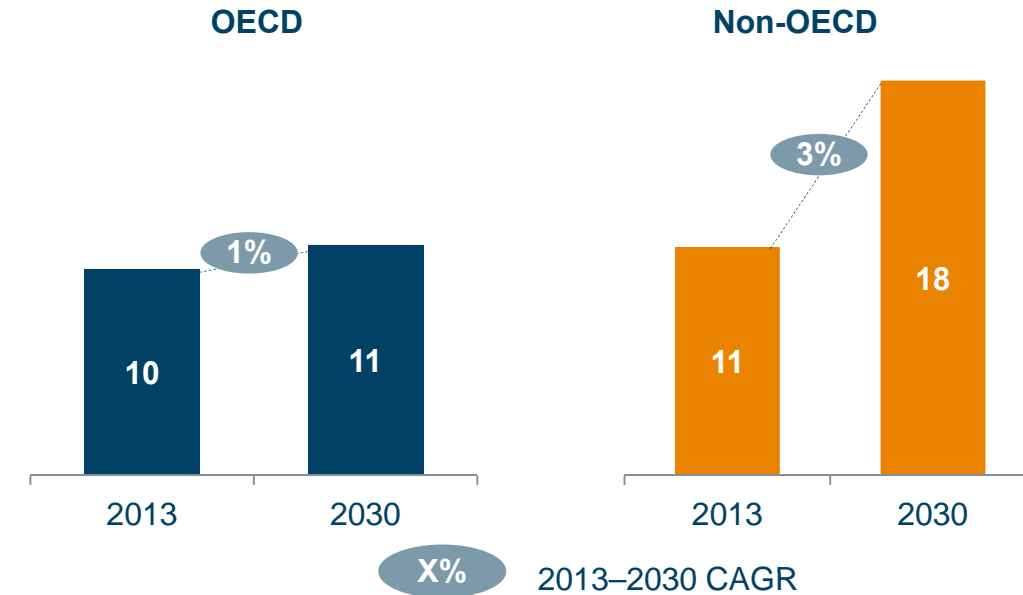
2 Over \$5 trillion investment in electricity networks will be necessary until 2030 to meet new demand and new technologies



Increased investment's drivers in electricity networks

Power demand evolution 2013–2030 ('000 TWh)

New technologies deployment



Network automatization (Smart meters / Smart grid)

Greater penetration of renewable energy

Distributed generation

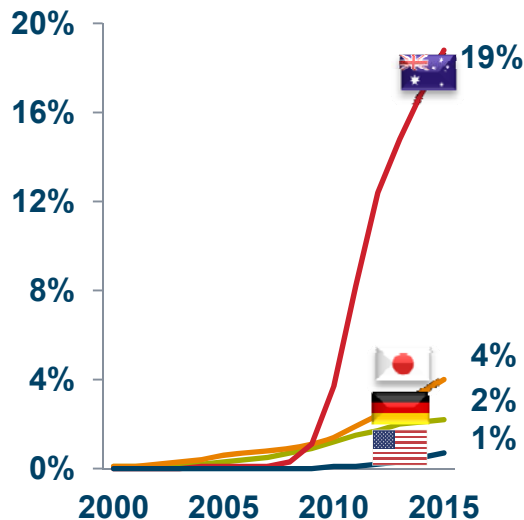
Source: IEA – World energy outlook 2015, New policies scenario

3 Emergence of new business models complementary to gas and power supply

Distributed generation

- New service with significant penetration rates in certain countries

PV residential penetration rates



Smart grids

- Automated management, live information flow, support integrating renewables



Smart applications

- Identify consumer tendencies and helps design products and services



✓ Innovation fosters decentralised energy, by creating new business models and services for utilities that maintain deep relationships with their clients

Trends redefining the energy sector



1

Growth driven by emerging countries

- > **Global energy demand will continue to grow** albeit decoupling from economic growth
- > **Growth will be focused** mainly in emerging markets

2

Energy mix moving towards renewables and gas

- > **Gas and renewables** are the **most attractive** given their growth and resiliency
- > **The weight of LNG** in the global gas market will **continue to increase**
- > **Renewable and gas generation**, especially in emerging markets, will be a very sizeable investment opportunity

3

Emergence of new business models

- > **Innovation in the energy sector** will be accelerated by the development of **new business models** and growth opportunities: distributed generation, smart grids, etc



1.b. GNF's business model

GNF's business model



GNF's successful track record in developing energy businesses

Leadership across the value chain and geographies

With attractive growth platforms

Differentiated business model that positions GNF strongly to capture future energy growth

Latam has experienced the highest energy demand growth worldwide



Primary energy demand
(Bn toe)

	1990	2013	Δ 1990–2013	
			CAGR	Bn Toe
World¹	8.8	13.6	1.9%	4.8
OECD	4.5	5.3	0.7%	0.8
Latam	0.3	0.6	3.2%	0.3
Rest of Non-OECD	3.7	7.3	3.0%	3.6
Conventional	8.6	13.1	1.9%	4.5
Renewables	0.2	0.5	3.5%	0.3

✓ GNF has captured growth within the region now accounting for over 30% of EBITDA

Source: IEA – World Energy Outlook 2015

1 Includes international marine and aviation bunkers (not included in regional totals)

GNF has a track record of capturing emerging markets growth in regulated networks



- › Since 1992, GNF has increased its client base in Latam to more than 13.5m clients
- › #1 Position in 5 out of the 6 Latam countries where GNF is present
- › Leadership in the largest metropolitan and industrial areas in Latin America

Gas distribution

	Entry year	# of clients (m)	Position	Market share ¹	15–20 CAGR
	1992	1.6	#2	19%	2%
	1997	1.0	#1	33%	5%
	1997	2.7	#1	36%	4%
	1997	1.5	#1	60%	8%
	2014	0.6 ³	#1	87%	9%

Electricity distribution

	Entry year	# of clients (m)	Position	Market share ¹	15–20 CAGR
	2000	2.6	#3	21%	3%
	1998	0.6	#1	60%	5%
Dx	2014	2.9 ²	#1	41%	3%
Tx	2014		#2	35%	

✓ **GNF’s leadership position allows it to keep on growing while generating stable and predictable cash flow**

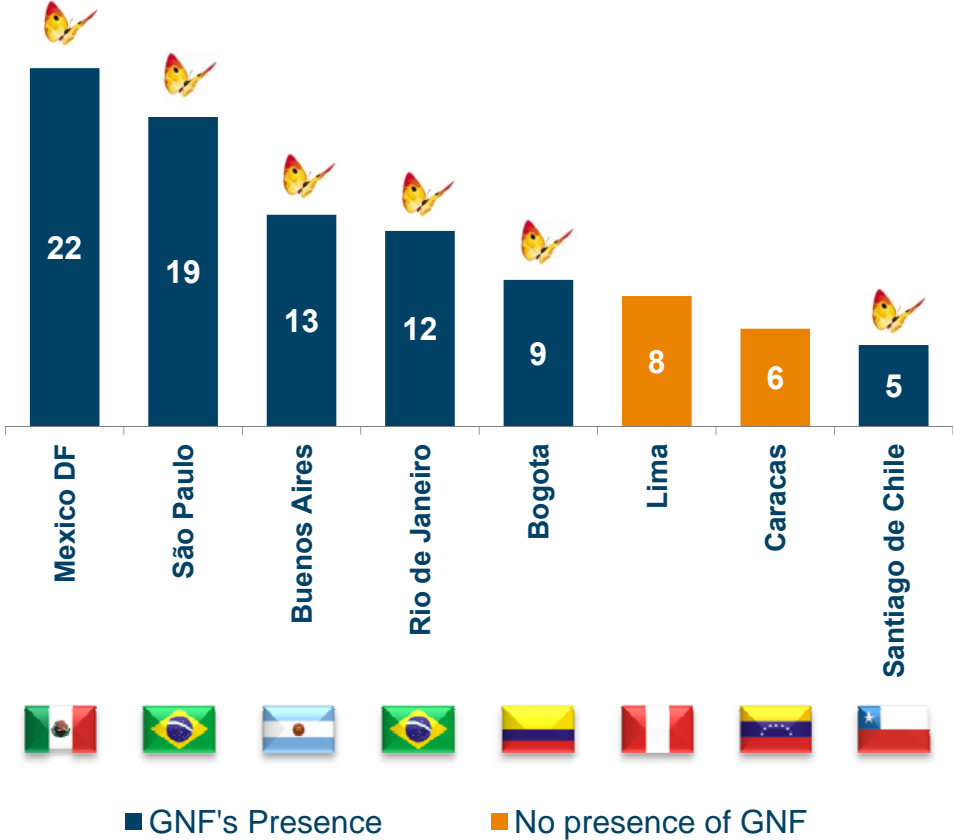
1 Source: BCG
 2 Included 0.2 Mill of electricity customers in Argentina
 3 Not included customers of Gasnor

GNF benefits from an unparalleled organic growth potential in Latam gas networks

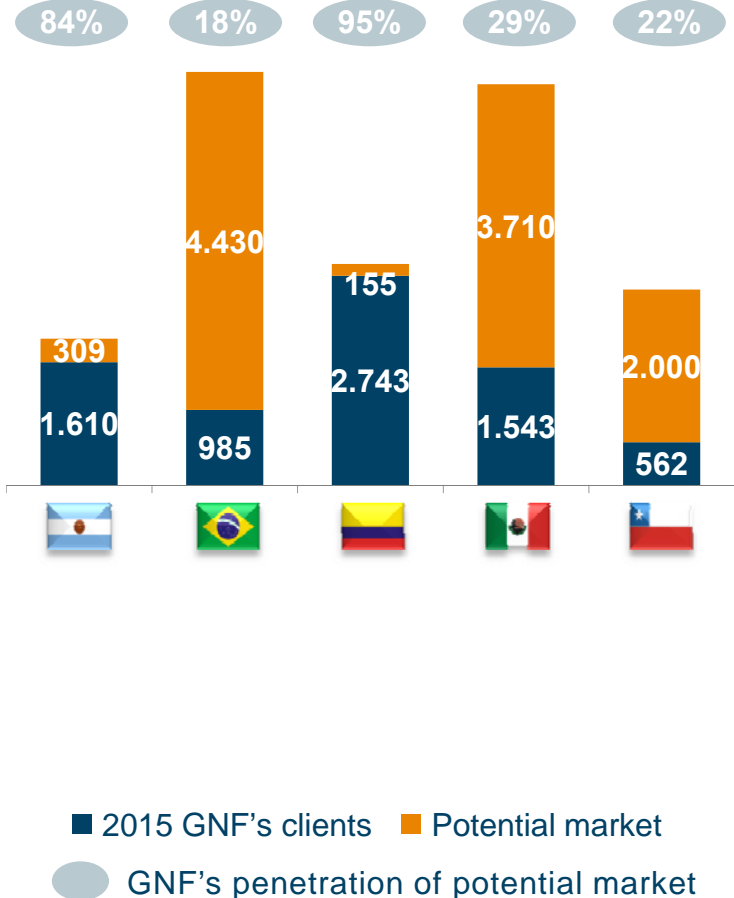


GNF has presence in the largest metropolitan areas of Latam

Population in main urban areas (Millions)



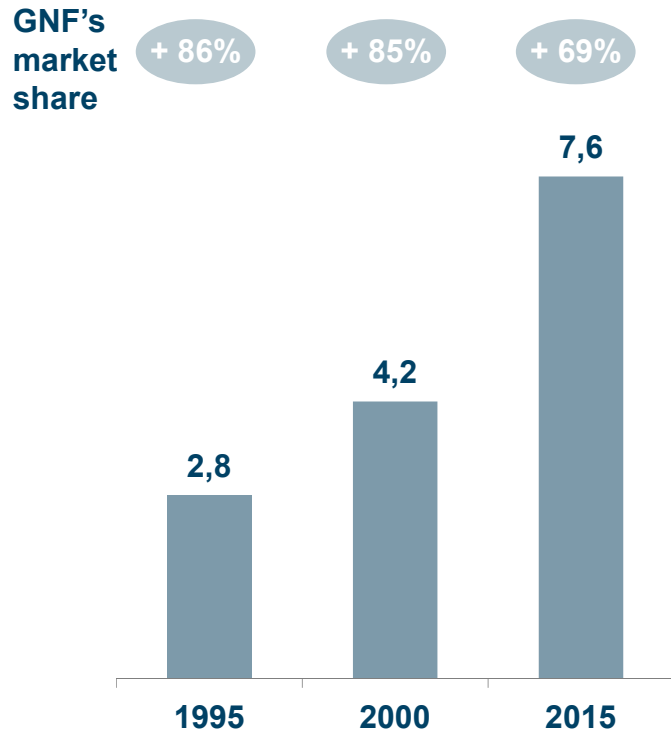
Latam holds a significant gasification potential and GNF is ideally positioned to exploit it



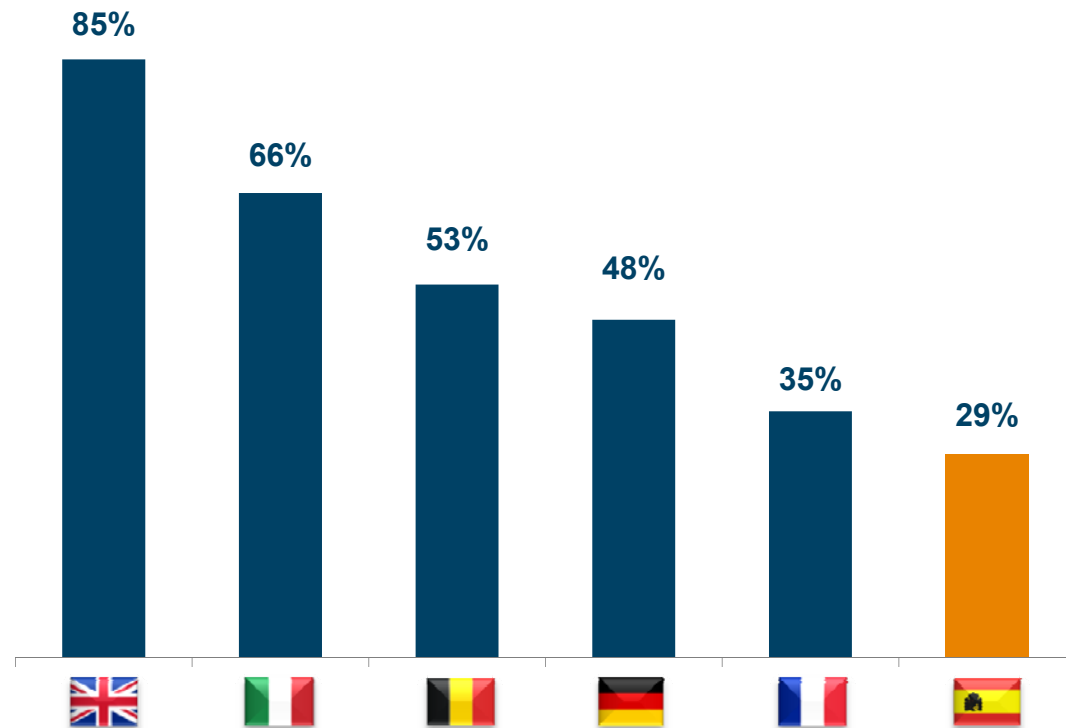
GNF keeps on leading gasification in Spain



Evolution of gasification in Spain (# of connections in millions)



Spanish gas penetration vs. other countries (% gas penetration)



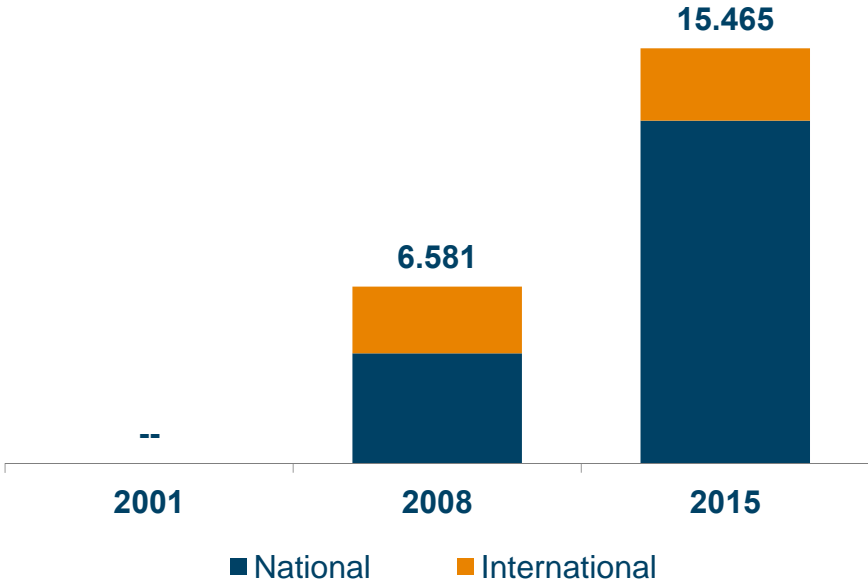
✓ Resulting in an exceptional asset base with unique cash contribution leaving room for further penetration

Source: Sedigas and BCG

GNF has been able to evolve successfully from a gas company to a gas & power utility



Installed Capacity Evolution (MW)



Future growth in Spain

- In order to meet 20-20-20 goals Spain must add at least 8 GW of new renewable capacity
- GNF has an attractive wind and PV portfolio in Spain to capture the opportunity offered by renewables

	2001	2008	2015
Electricity as % of GNF EBITDA ¹	~1%	~20%	~50%
Gas as % of GNF EBITDA ¹	~99%	~80%	~50%

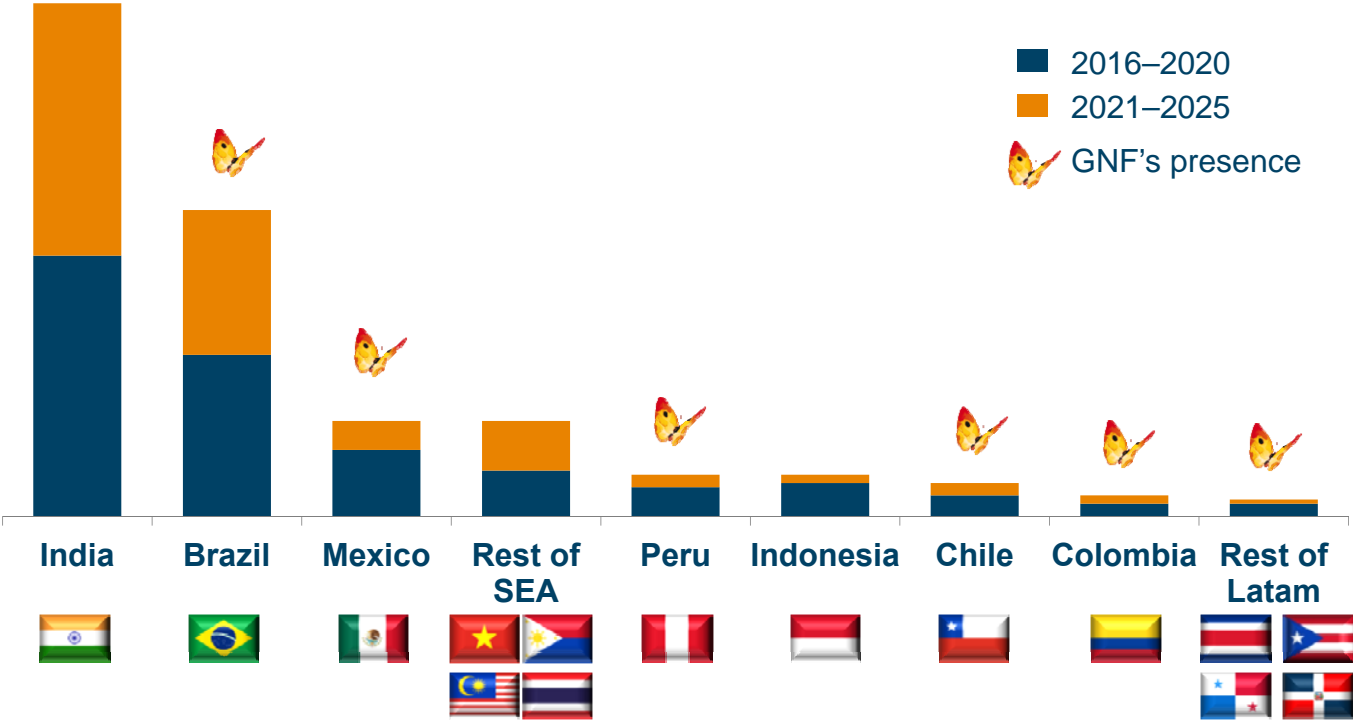
✓ **Setting the grounds for future growth in renewable and international generation**

Notes: Gas includes gas networks and gas, Electricity includes electricity networks, generation Europe, and International Generation
 1 Source: 2008 Financial Report. Includes UF financial data

GNF is already present in international markets with ~280 GW potential



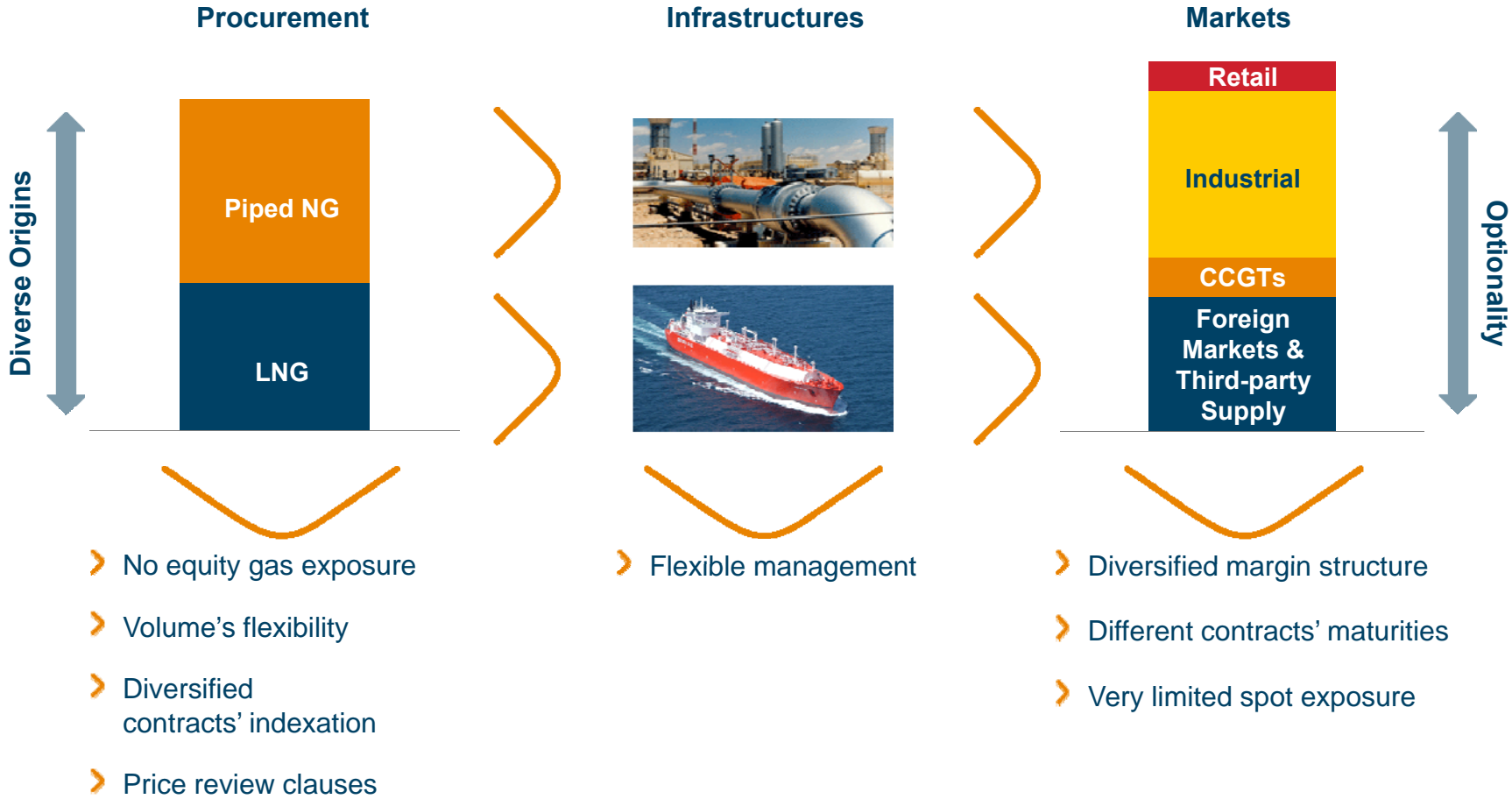
Expected capacity additions to be developed by private owners (GW)¹



✓ **GNF is building a generation portfolio of opportunities in some of the key countries where it is already present**

¹ Renewable (hydro, wind and solar) and gas in target markets and regardless of whether they are already under administrative procedure or have been already allocated

GNF has been developing and improving its gas and LNG business since 1967

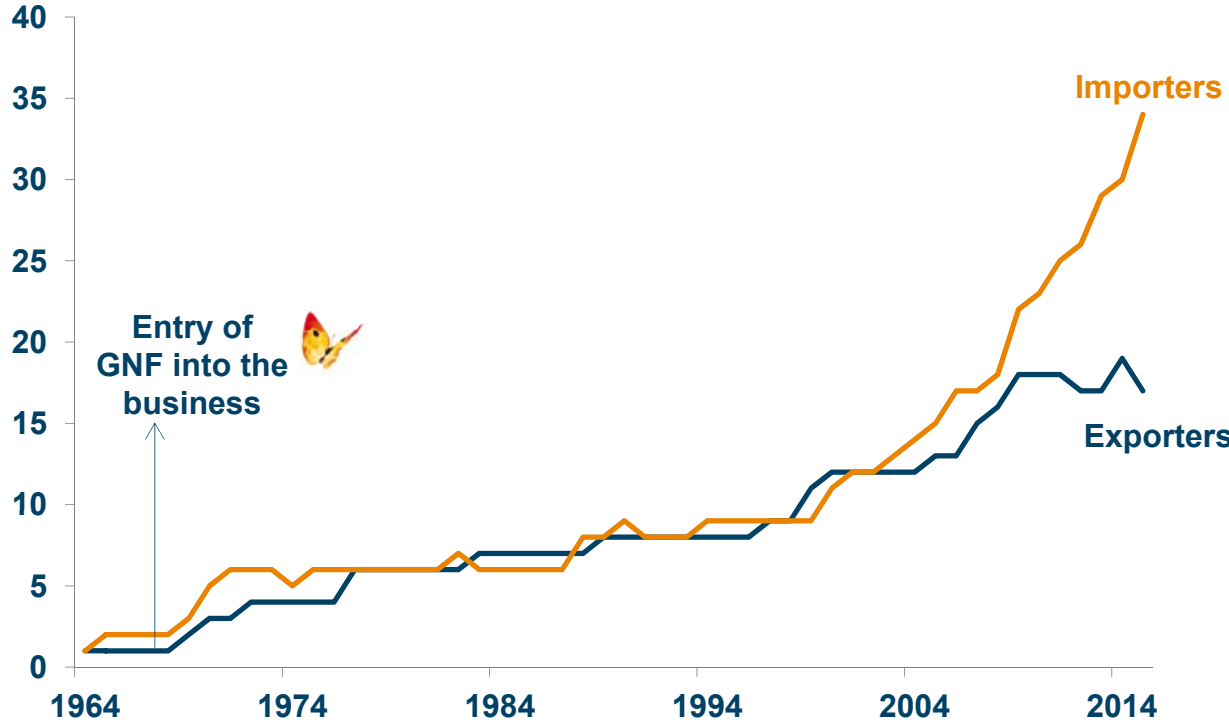


✓ **GNF has a unique position in a market with attractive medium and long term perspectives**

New LNG importers offer additional opportunities of gas downstream integration: generation, networks and retail



Number of countries importing / exporting LNG*



✓ **GNF has built a diversified, flexible and competitive portfolio, that allows it to profit from both future growth and to access new end markets**

*Countries that had import or export activity that year

GNF has a flexible and adaptable LNG business model with different levels of downstream market integration



GNF current and past LNG sales

Strong GNF downstream integration: gas networks, supply, power



Spain



Brazil



Mexico



Italy



Argentina



Chile



Puerto Rico- USA



Dominican Republic

Moderate GNF downstream integration: end customer supply or procurement



Portugal



Netherlands



France



Belgium

No downstream integration but intention to build a future downstream position



India



Turkey



Indonesia



UK

Others



South Korea



Japan



Egypt



Taiwan



Pakistan




Singapore

✓ Integration with downstream and generation provides potential for more stable, higher long term margins and less volatility

Value Creation in the provision of services to its clients arising from its 25 million contracts




Technological innovation




Smart meters



Smart home



Energy efficiency




Distributed generation



New business view

From a process view



To a "Client centric view"

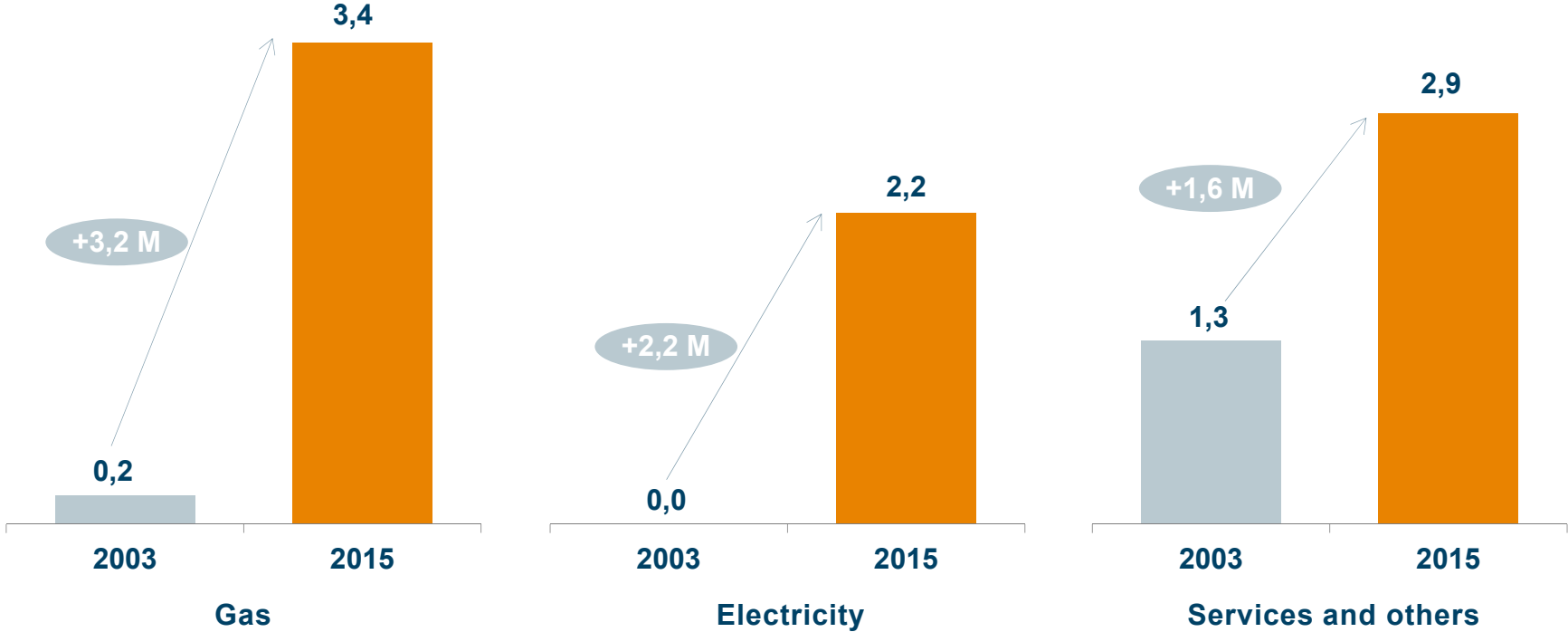


✓ **Unique position to capture new growth opportunities, associated to technological innovation in order to provide products and services to clients**

GNF has been able to increase its end customer base and offering



Evolution of the number of liberalized contracts in Spain and Italy¹
(Millions)



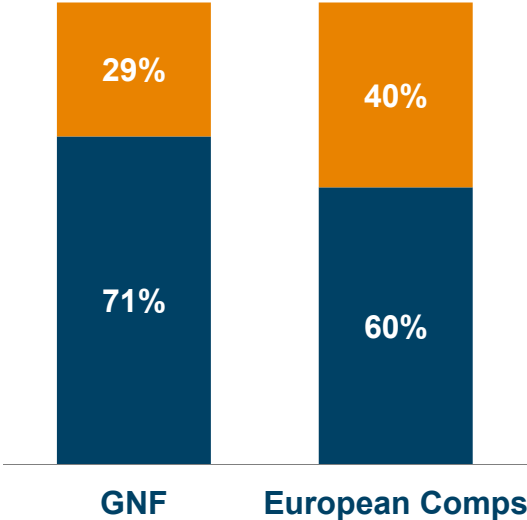
✓ **GNF’s liberalized customer portfolio has increased 6x during the 2003–2015 period and it plans on launching its successful Spanish business model in Latam**

¹ Only considers contracts from the liberalized market. Due to information unavailability, only year 2015 includes Italy’s ; Source: (a) 2003.- GNF’s Results Report and 2003 UF’s Annual Report; (b) 2015.- GNF

Up to date, GNF has a unique business model to capture growth from identified sector trends



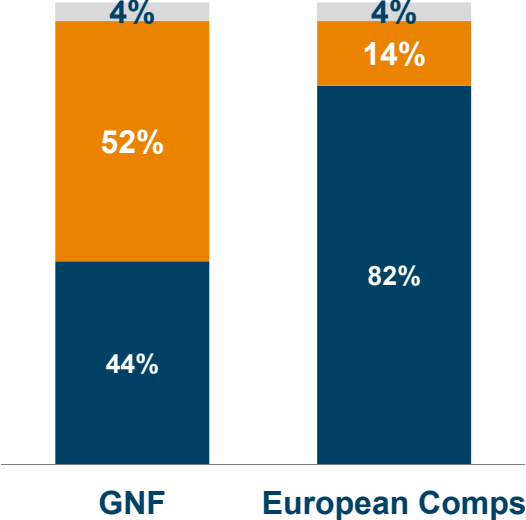
2015 EBITDA by activity



■ Regulated or quasi regulated
■ Liberalised

Significant contracted / regulated profile

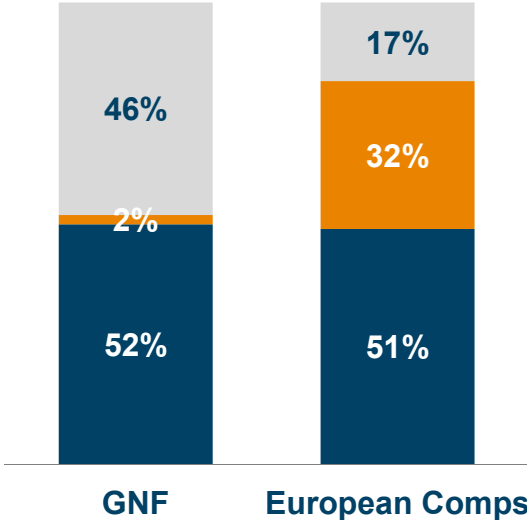
2015 EBITDA by market



■ Electricity ■ Gas ■ Other

Higher exposure to gas networks and wholesale

2015 EBITDA by geography



■ National ■ Rest of Europe ■ Other

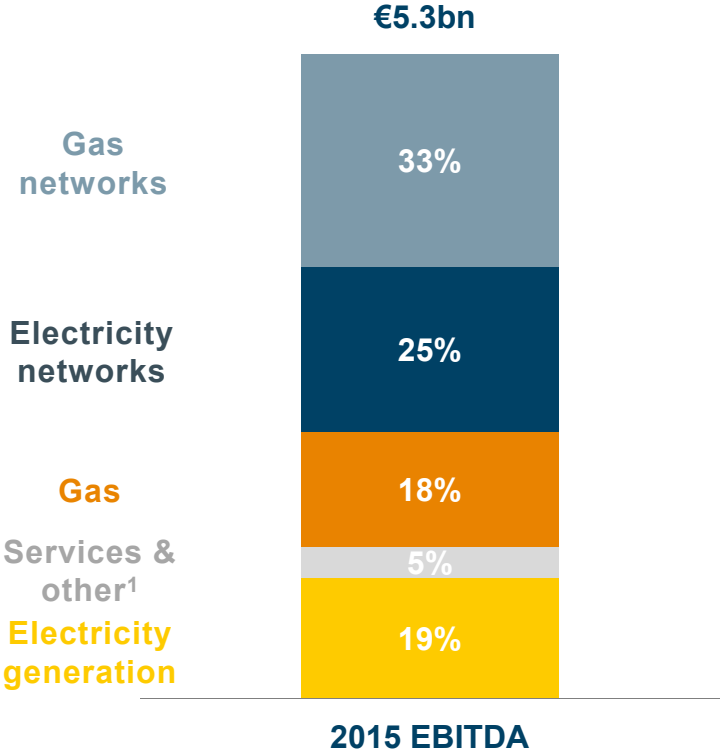
Higher emerging markets' exposure

Note: Other includes: Solutions Europe, Latam and Holding

GNF has achieved a balanced business mix in low-risk emerging economies



GNF's business portfolio



Rating



2015 EBITDA (%)



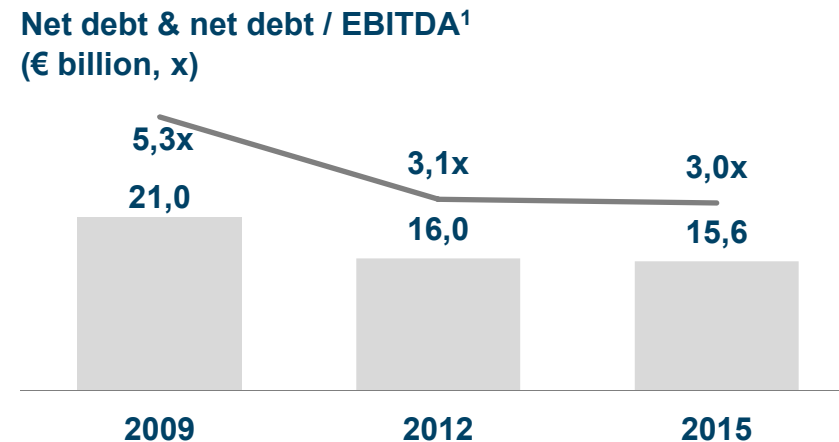
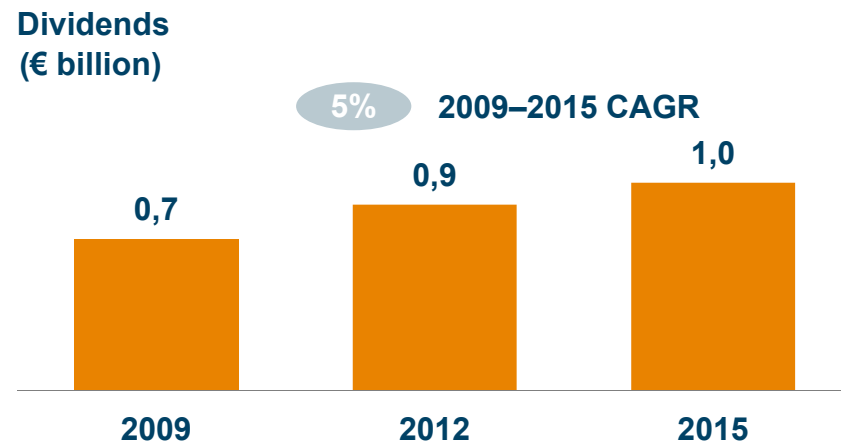
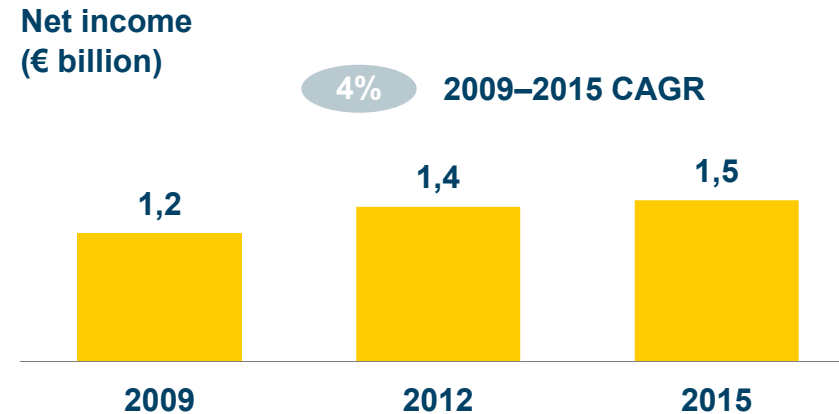
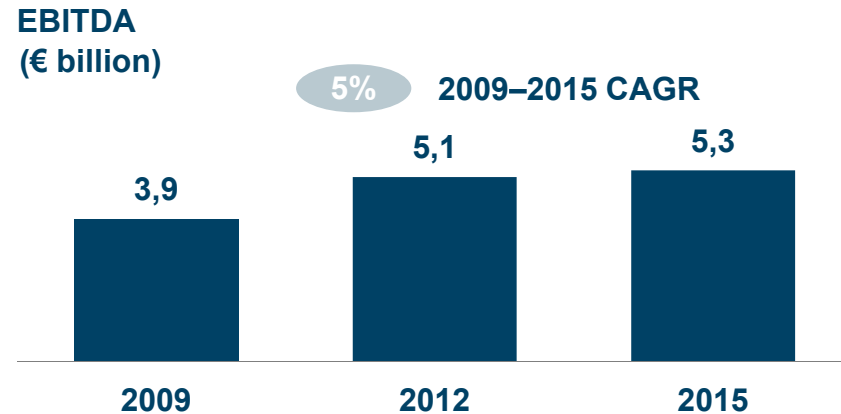
Countries



✓ ~80% of EBITDA concentrated in 5 countries (Chile, Mexico, Colombia, Brazil and Spain)

¹ Marketing including Holding and Others

GNF: Sustained growth since 2009 while maintaining financial discipline policy



✓ GNF has invested €11bn and offered a solid cash remuneration to shareholders based on its organic cash generation

¹ Year 2009: adjusted net debt due to electricity tariff deficit (€1.2bn) and impact from asset disposals agreed (€1.7bn)

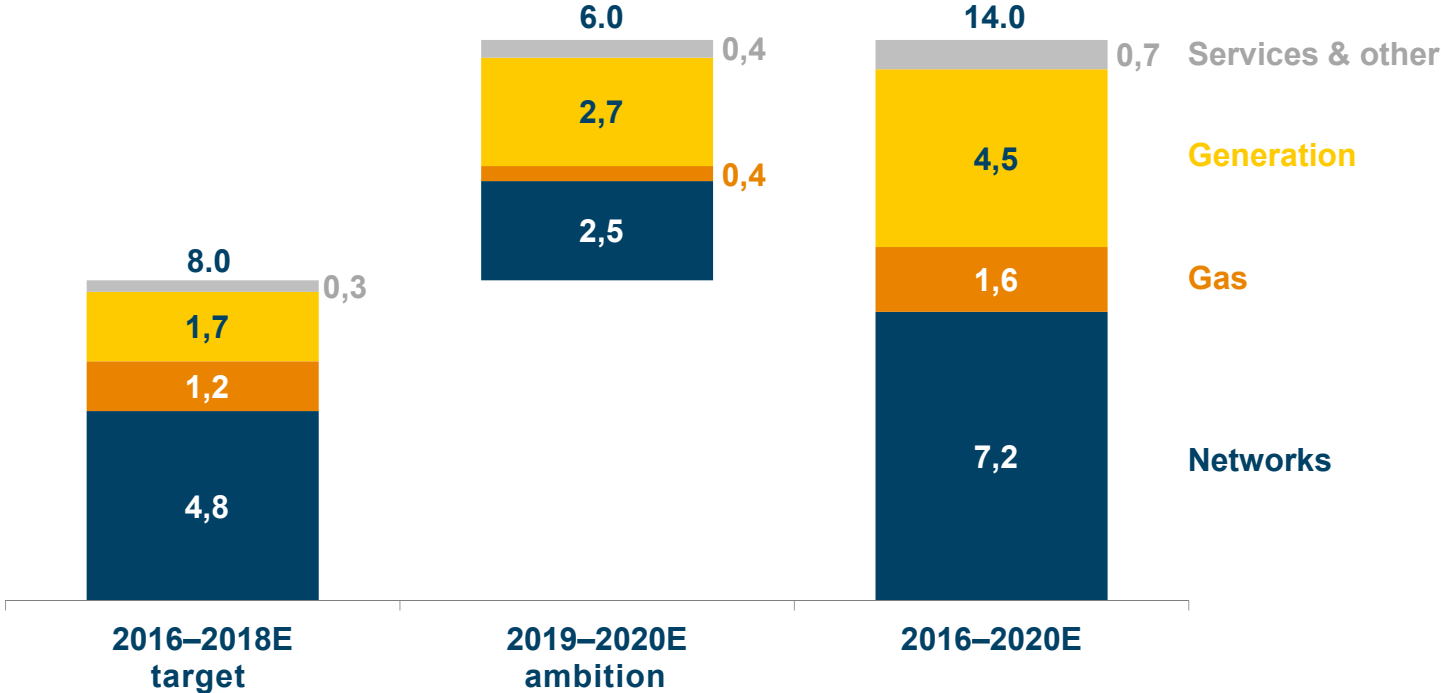


**1.c. Investment and
management
initiatives
2016–2020**

Networks and renewables will be the main focus of investment effort



2016–2020 net capex
(€ billion)



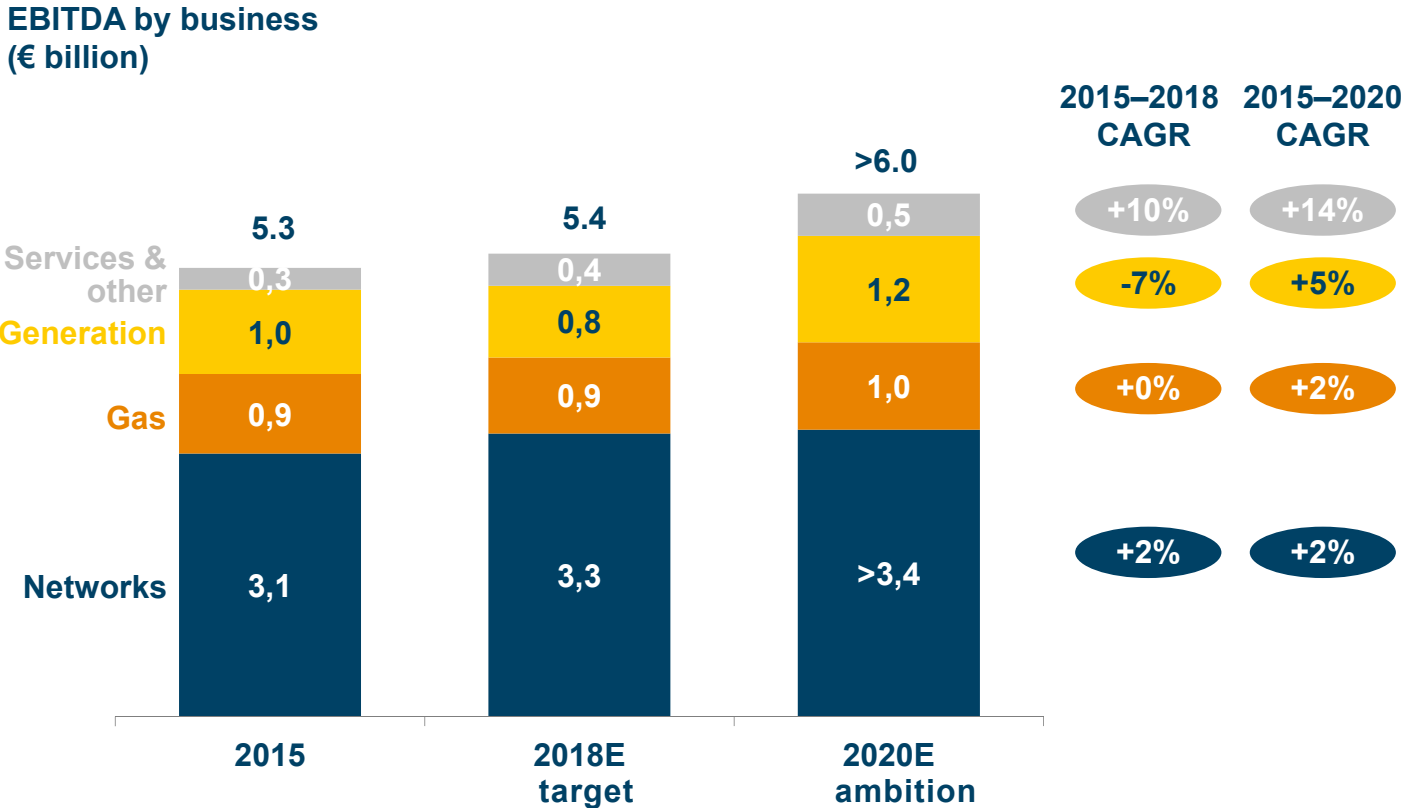
✓ Cumulative net €14 billion investment during the period, of which over 80% will be allocated to regulated or contracted assets

Key investment initiatives 2016–2020



Business unit	Initiatives	2016–2020 Net capex (€ billion)	As % of total
Generation	<ul style="list-style-type: none"> › ~3,500 MW of new generation capacity worldwide › ~2,500 MW in renewable energy (Spain and international) › 500–1,000 MW of CCGT projects that contribute to the downstream development of the LNG business 	4.5	32%
Networks	<p>Gas</p> <ul style="list-style-type: none"> › On-going investment for the gasification of Chile, Mexico and Colombia › Peru – gas Project › New licenses and additional growth derived from LPG conversion and adjacent areas in Spain 	5.1	36%
	<p>Electricity</p> <ul style="list-style-type: none"> › Investments to meet additional demand in Chile, Colombia and Panama › Electricity sub transmission in Chile driven by renewable new build › Investment in efficiency improvement in Colombia › Smart grids in Spain 		
Gas	<ul style="list-style-type: none"> › Investment in new fleet and floating terminals › Other midstream gas investment allowing access to premium LNG markets 	1.6	12%
Services & other	<ul style="list-style-type: none"> › Expand energy solutions' business to Latam › Digitalisation and innovation › Distributed Energy initiatives 	0.7	5%

2020 EBITDA breakdown to maintain GNF unique business features



✓ In 2020, regulated and contracted assets will amount to ~72% of GNF’s EBITDA while investment grade countries will account for 85%

Note: Other includes: Solutions Europe, Latam and Holding.

Key management initiatives 2016–2020 (1/2)



Business unit	Initiatives
Generation	<ul style="list-style-type: none">› Drafting of regulation to properly portray security of supply, diversification, economic efficiency and sustainability› Implementation of an efficiency program in Spain› Adjust capacity and investments to comply with new emissions regulation› Grow renewables platform in Spain› Grow and develop GPG's international platform
Networks	<ul style="list-style-type: none">› Focus on optimal outcome of forthcoming regulatory reviews to maximise growth› Efficient management of growth investments› Implementation of cost cutting initiatives in mature markets› Portfolio management to create synergies and value for shareholders

Key management initiatives 2016–2020 (2/2)



Business unit

Initiatives

Gas

- › Renegotiation of gas procurement contracts to reflect current condition of the reference markets
- › Optimisation of global sales
- › Development of new downstream markets, incorporating midstream assets when necessary
- › Fleet and additional flexibility optimisation adding new LNG tankers
- › Solve UFG's current situation in Egypt
- › Management of the different commodity risk in procurement and sales

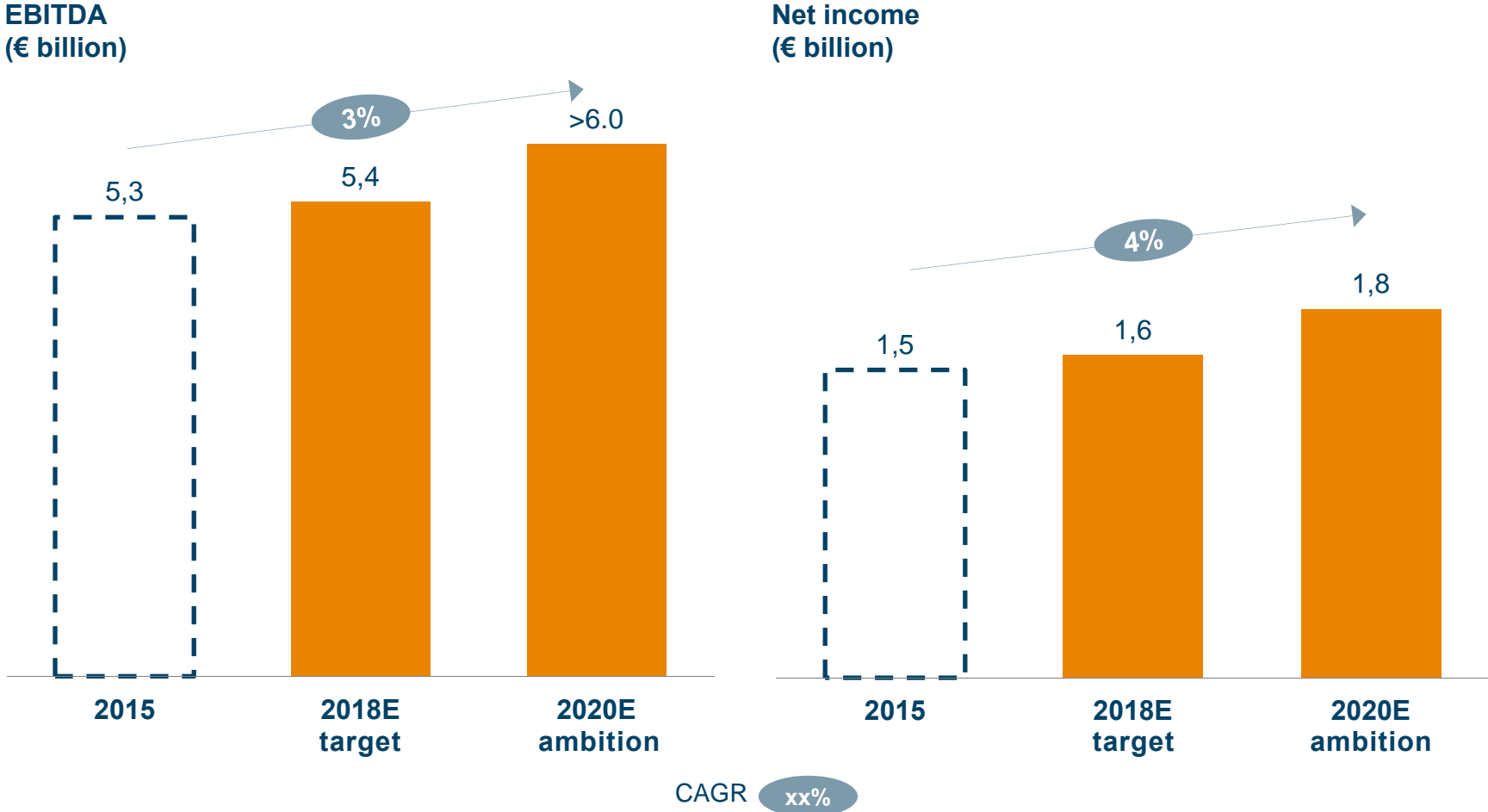
Services &
Others

- › Development of new products and services for end customers
- › Continue with the digitalisation of services and procedures
- › Expansion of services and energy solutions model to Latin America
- › Creation of a future platform for distributed energy and related services



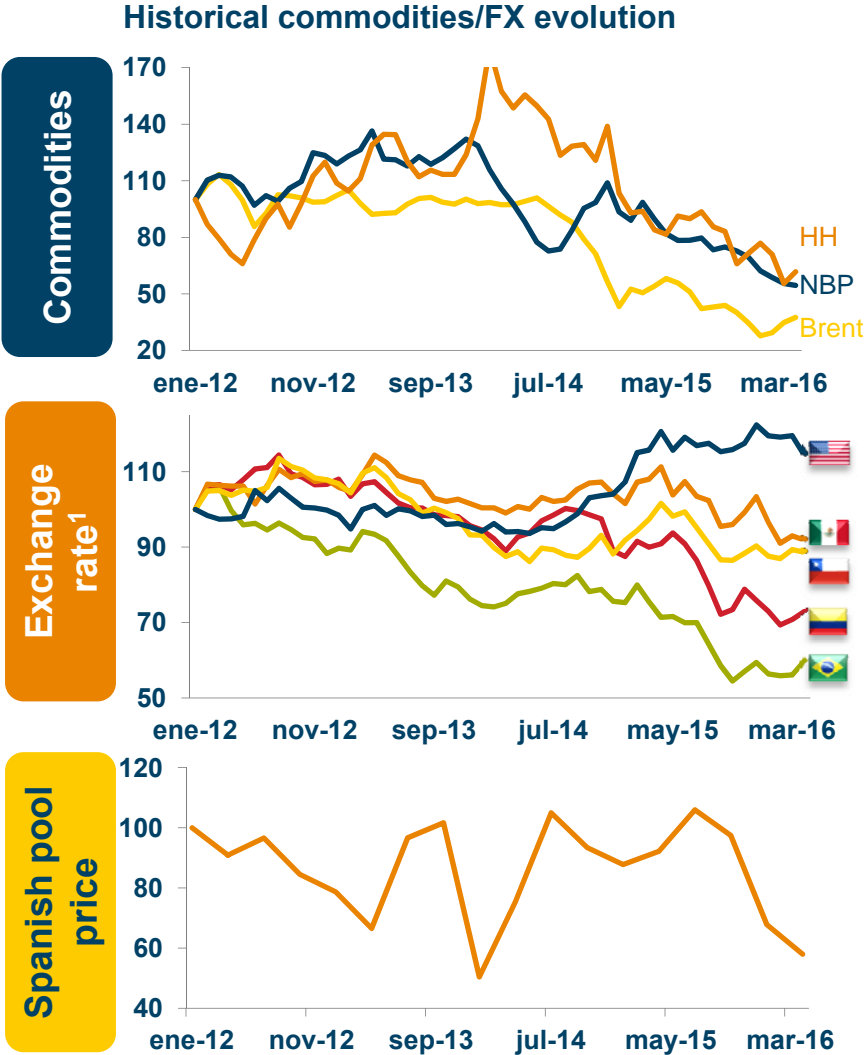
1.d. Financial targets 2016–2020

EBITDA and net income growth during 2018–2020



✓ Expected commodities and exchange scenario might erode 2015's financial results during 2016 and 2017

Macro and energy scenario could temporarily affect short term results



2016E / 2017E

EBITDA	~ 5.0 billion
Net income	1.3–1.4 billion

Current commodities' and exchange rate's volatility and outlook anticipate a challenging environment in 2016 and 2017, that might have an impact on GNF's results

Management initiatives already in place and new investments will start mitigating the scenario impacts during 2H2017

Source: bloomberg, factset, IHS
 1,- EUR vs local currency

Efficiency plan



Opex productivity savings from the strategic plan

Cost optimization of **~220**
€m until 2018

Further efficiencies for the
2019–2020 period
currently under analysis
that could be accelerated

Key productivity plan actions from the 2016–2018
strategic plan

Reduction of corporate costs

Optimization of commercial activity

Decrease in discretionary expenses

Reduction in O&M costs

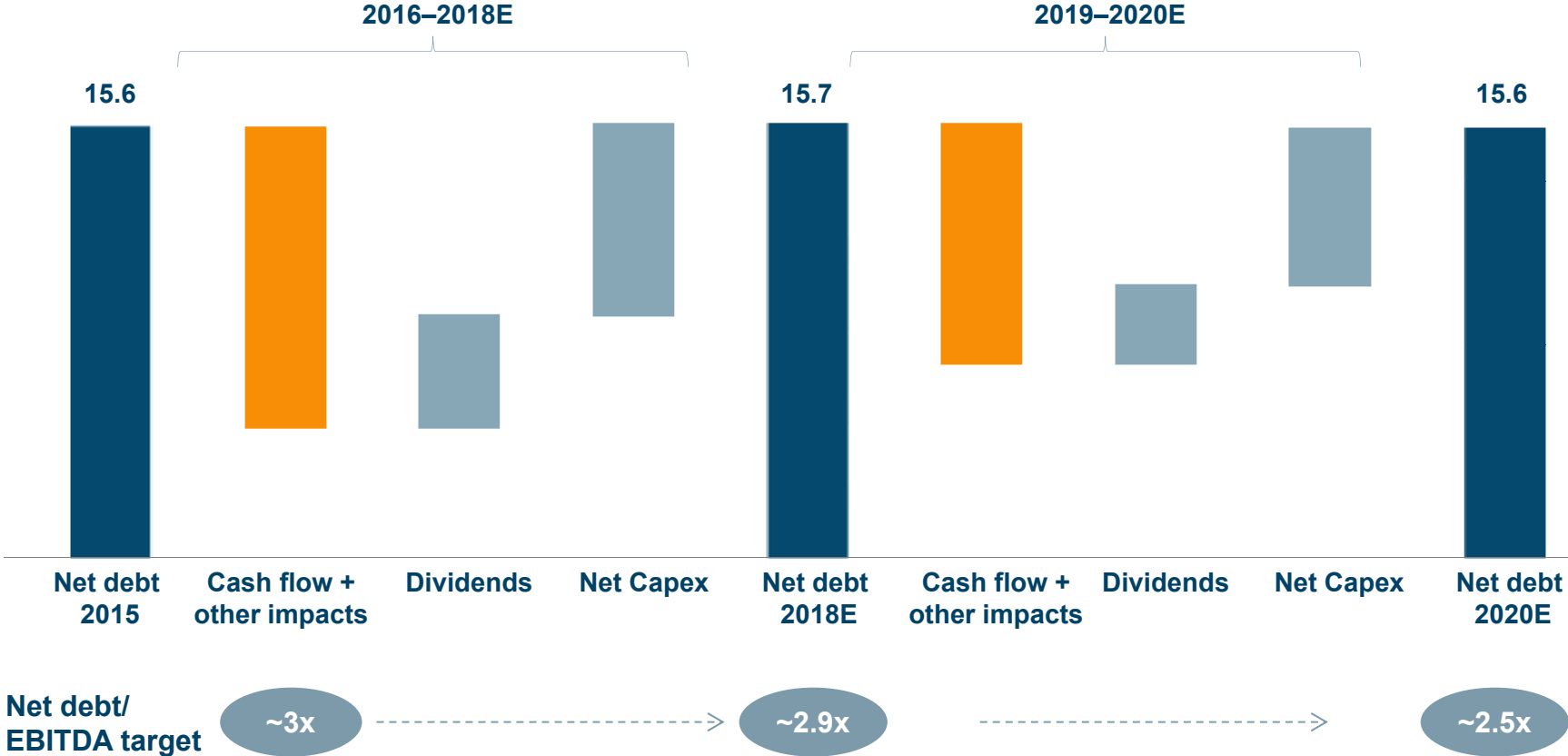
Process digitalisation and management of
IT systems

✓ The full effect of the efficiency plan will be materialised in 2018 given time and cost implementation through 2016 and 2017

Cash flow generation to continue reducing leverage ratios



Net debt evolution
(€ billion)



✓ Cash flow generation to cover the enhanced dividend payment and capex

Shareholder remuneration

New dividend policy



- ✓ **GNF's board of directors approved a new dividend policy for the period 2016–2018**

- ✓ **Main features of the new policy:**
 - **Payout of 70%**
 - **Minimum dividend of €1/share**

- ✓ **Payment of interim dividend, advanced to the month of september of the ongoing year, representing approximately 1/3 of total dividend**

- ✓ **Possibility of scrip dividend**

**Business unit
perspectives
2016–2020
(Antonio Basolas)**

2

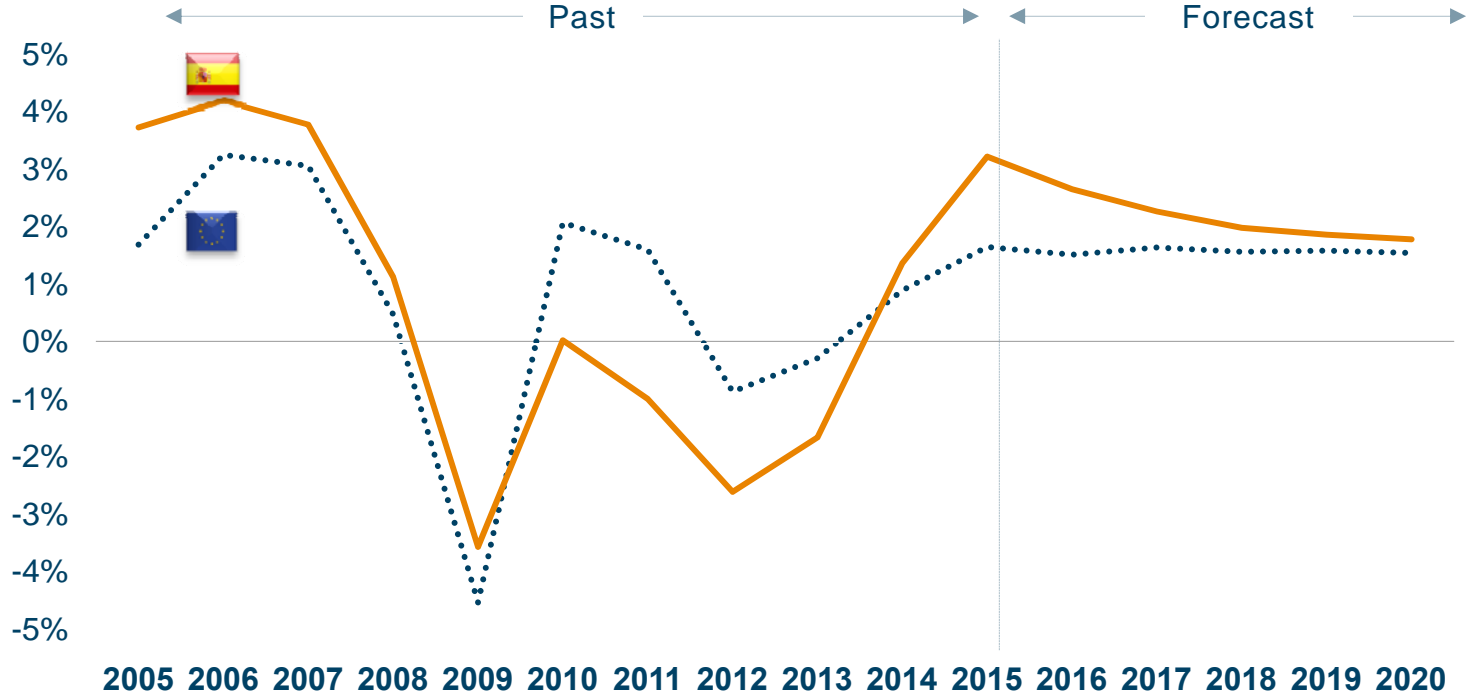


2.a. Macro and energy scenario

Spain's GDP outlook



GDP perspectives Spain and Eurozone (%)



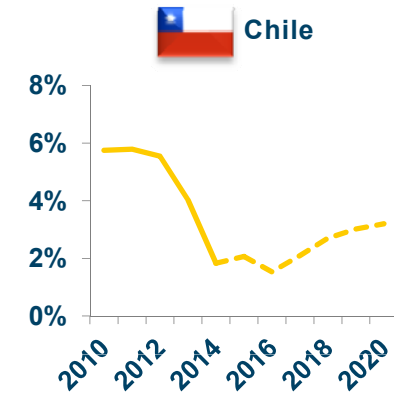
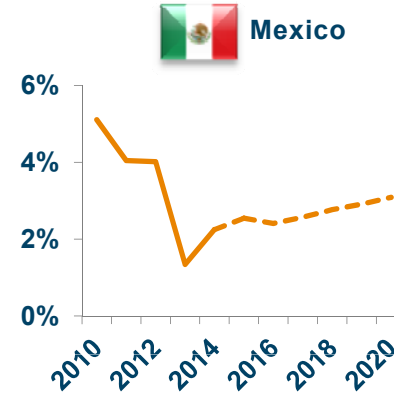
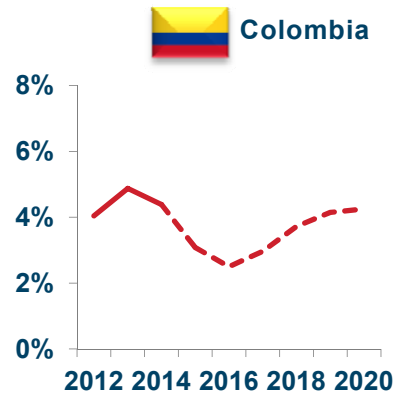
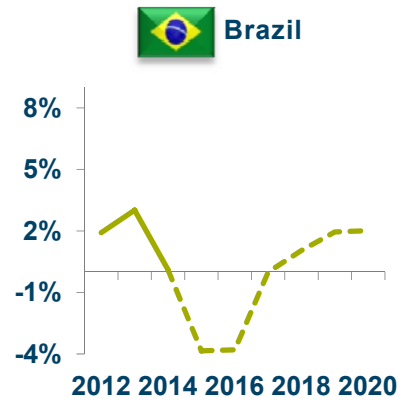
Outlook for Spain	2016	2017
European Commission	2.6%	2.5%
Spanish Government	2.7%	2.4%

Source: IMF Outlook Apr 2016

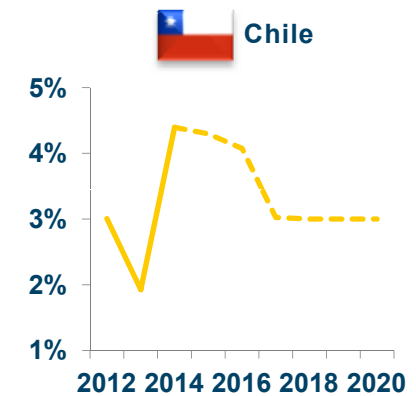
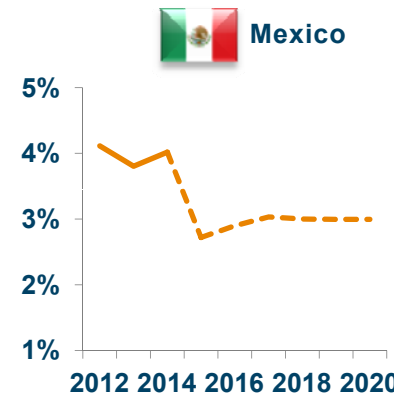
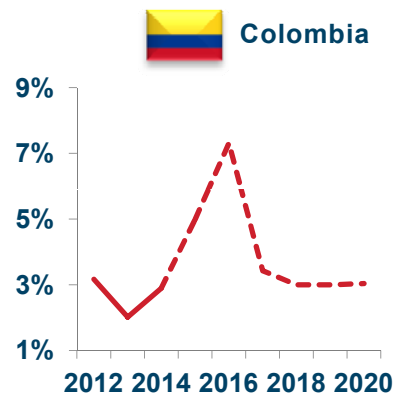
Latam's GDP and inflation outlook



GDP (% Annual change, constant prices)



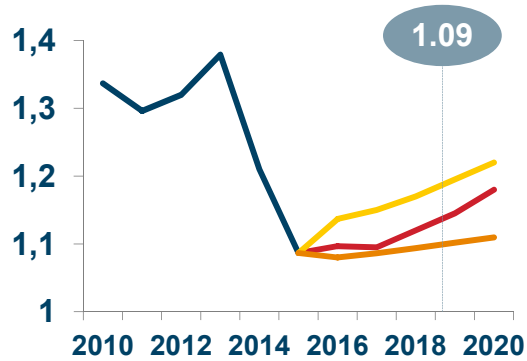
Inflation (% Annual change)



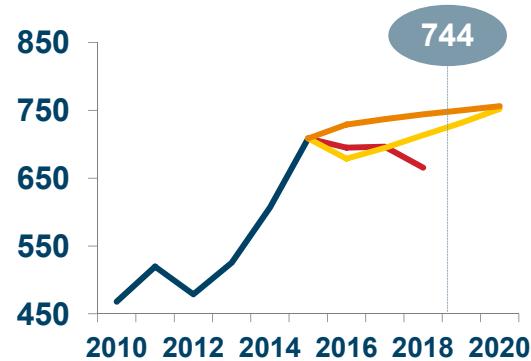
Latam's foreign exchange outlook



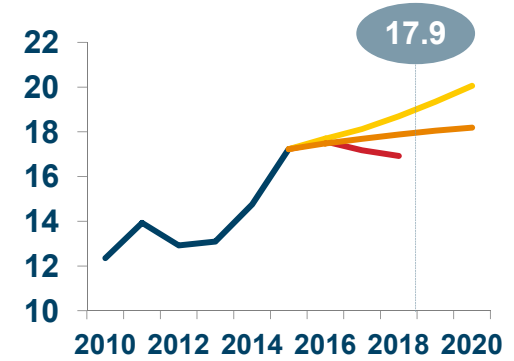
USD vs. Euro



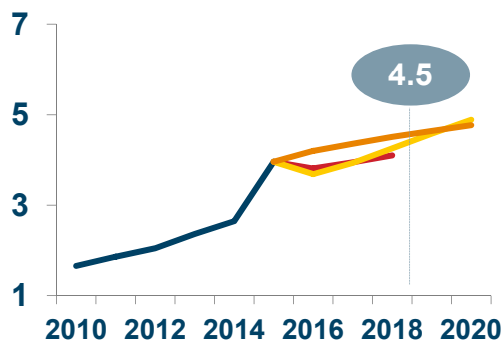
Chilean Peso vs. USD



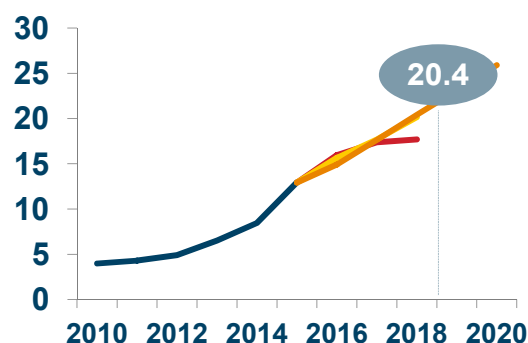
Mexican Peso vs. USD



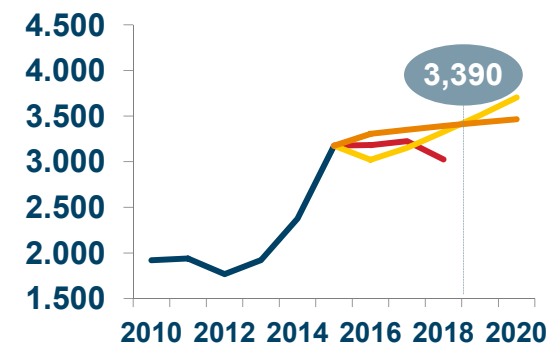
Brazilian Real vs. USD



Argentinian Peso vs. USD



Colombian Peso vs. USD



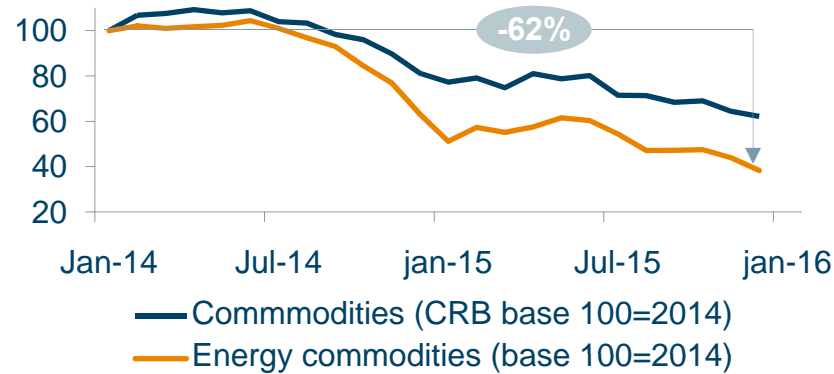
XX
Forecasted average exchange rate 2018
— Real
— GNF
— Forwards
— Consensus

Source: Bloomberg Apr-2016

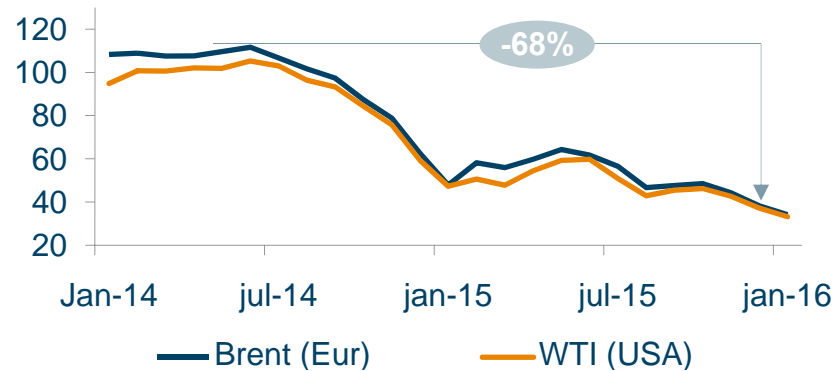
Downward cycle in commodities



Energy commodities evolution
(Base year 2014 = 100)



Oil price evolution
(\$/bbl)



Commodities forecast

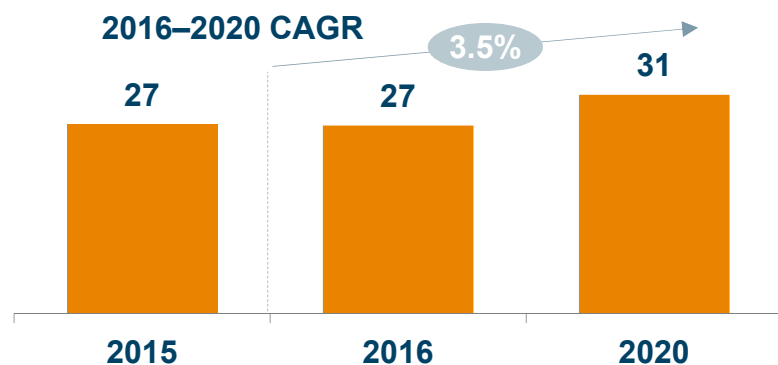
	Analysts		Forwards May 2 nd , 2015	GNF	
	High	Low			
Brent (\$/bbl)	2016	59	55	43	39
	2018E	76	71	51	65
	2020E	94	85	55	68
HH (\$/MBtu)	2016	3.2	2.3	2.3	2.2
	2018E	4.2	3.0	3.0	3.1
	2020E	4.2	3.0	3.1	3.2
NBP (\$/MBtu)	2016	5.4	3.9	4.5	4.3
	2018E	6.4	4.8	5.5	6.5
	2020E	6.0	5.6	5.9	7.1

Source: Reuters/Jefferies CRB Index and Energy Commodities Fuel Index (Oil, Natural Gas and Coal)

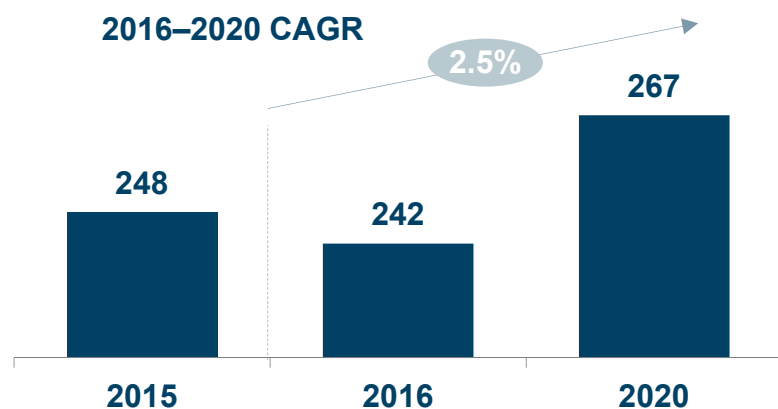
Demand growth in GNF geographies



Spanish gas demand – Ministry’s forecast (Bcma)



Spanish power demand – ministry’s forecast (TWh)



	Natural gas			Power		
	Bcm 2020	Δ Bcm 2016–2020	CAGR 2016–2020	TWh 2020	Δ TWh 2016–2020	CAGR 2016–2020
	31	4	4%	267	25	3%
	47	+4.5	2%	142	+13	2%
	31	-5	-3%	540	+51	3%
	5.5	+0.4	1.7%	83	+14	4%
	11.5	+2	3%	62	+7	2%
	86	+11	3%	283	+42	3%

Spain: Official Energy Planning 2015-20 by the Ministry of Industry and Energy Oct 2015
 Latam: IHS CERA

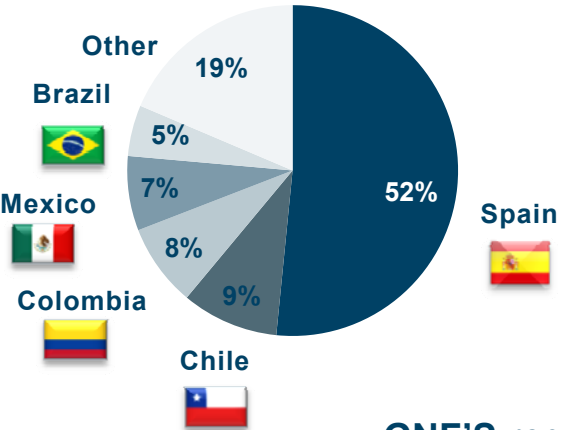


**2.b. Business
perspectives
2016 – 2020**

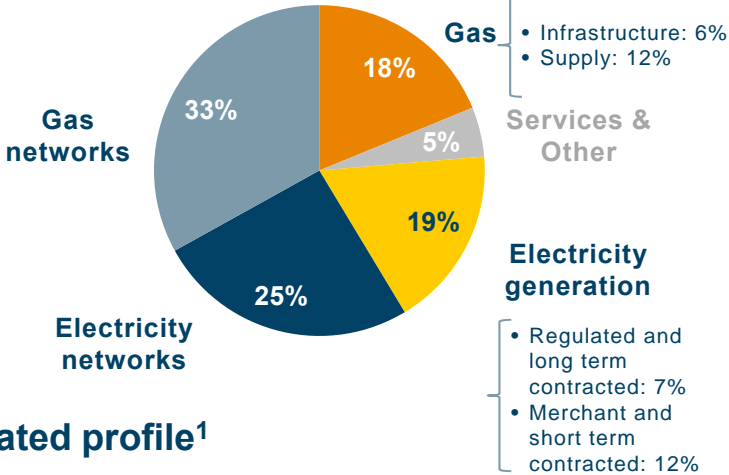
Balanced business mix mainly in Spain and low-risk emerging countries



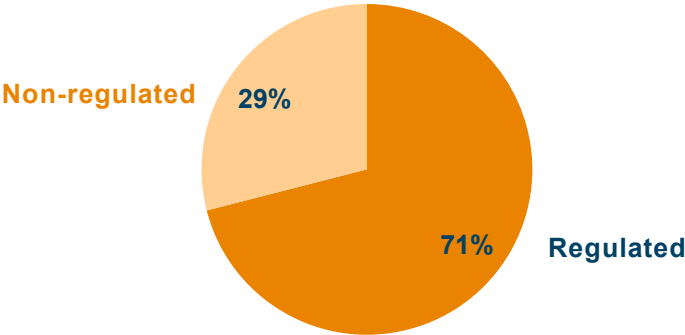
GNF'S EBITDA split by country¹



GNF'S business portfolio¹



GNF'S regulated/non-regulated profile¹



✓ ~80% of EBITDA in 5 countries (Chile, Mexico, Colombia, Brazil and Spain)

1. As % of 2015's EBITDA which equals €5.3bn




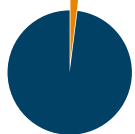






2.b. Business perspectives 2016 – 2020

i. Networks

Business overview: European networks



	Country	# of Clients (m)	Market share	Market position	2015's EBITDA (€m)
Gas	 Spain ¹	5.3	 69%	#1	872
	 Italy	0.5	 2%	NM	66
Electricity	 Spain	3.7	 13%	#3	607
	 Moldova	0.9	 74%	#1	38

✓ **GNF is a key player in the Spanish electricity and gas networks business**

1 Includes regulated transport pipelines and other energy planning activities

Business overview: Latam networks



	Country	# of Clients (m)	Market share	Market position	2015's EBITDA ² (€m)
Gas	Argentina	1.6	19%	#2	47
	Brazil	1	33%	#1	263
	Colombia	2.7	36%	#1	167
	Mexico	1.5	60%	#1	163
	Chile	0.6	87%	#1	176
	Peru	-	-	-	-3
Electricity	Colombia	2.6	21%	#3	258
	Panama	0.6	60%	#1	120
	Chile ¹	2.9	41%	#1	323

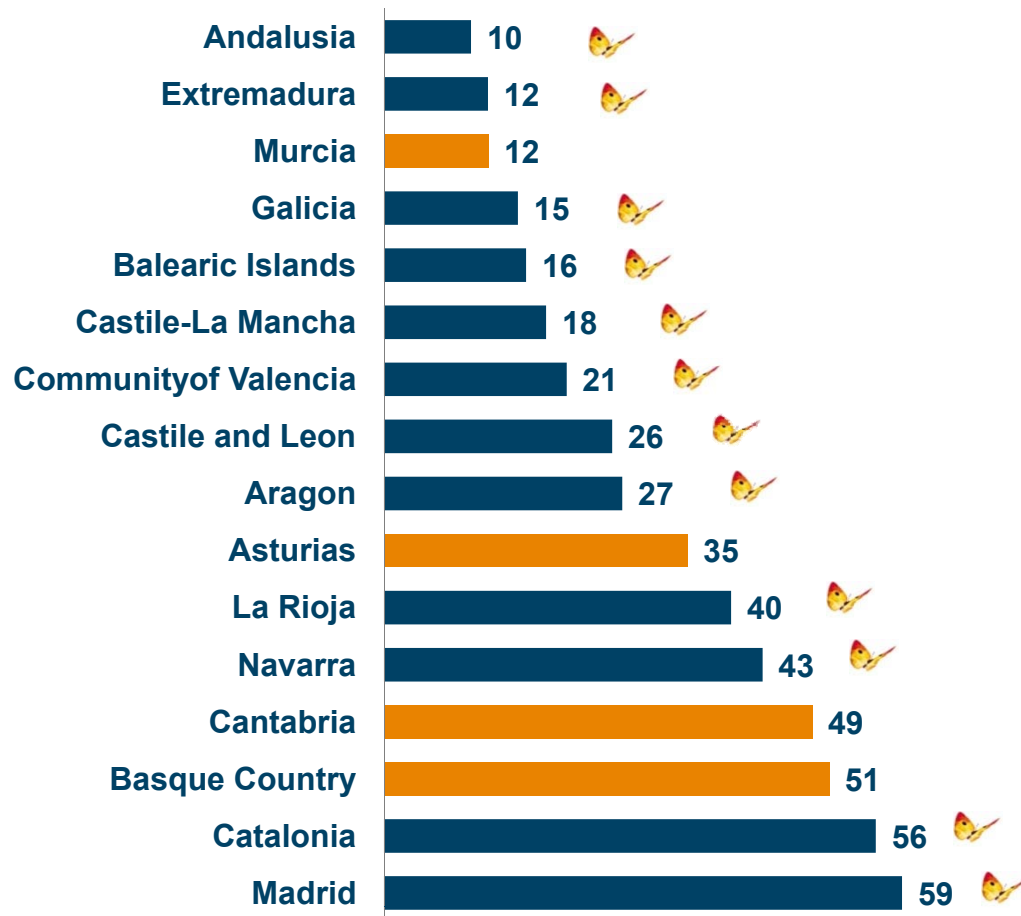
✓ GNF's leadership and diversified portfolio in Latam provide it a privileged position

1 Includes regulated transport pipelines and other energy planning activities
 2 Includes €12m for services activities

Key market trends: strong gasification potential in a favorable regulatory framework in Spain



Gas penetration by region (2014)
(% in penetration)

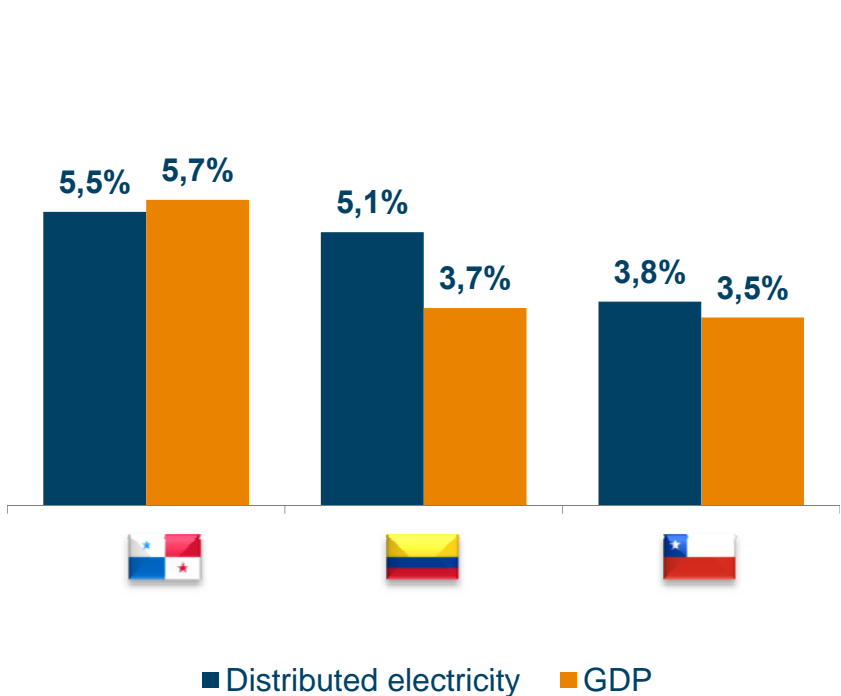


- › Parametric formula linking remuneration to growth
- › Growth measured in new connections and volumes
- › Higher remuneration granted to new municipalities during the first 5 years
- › Non-regulated returns (no RAB base) which allow for discretionary growth
- › Latest review: July 2014
- › Six-year regulatory periods
- › Currently in first regulatory period (2015–2020)

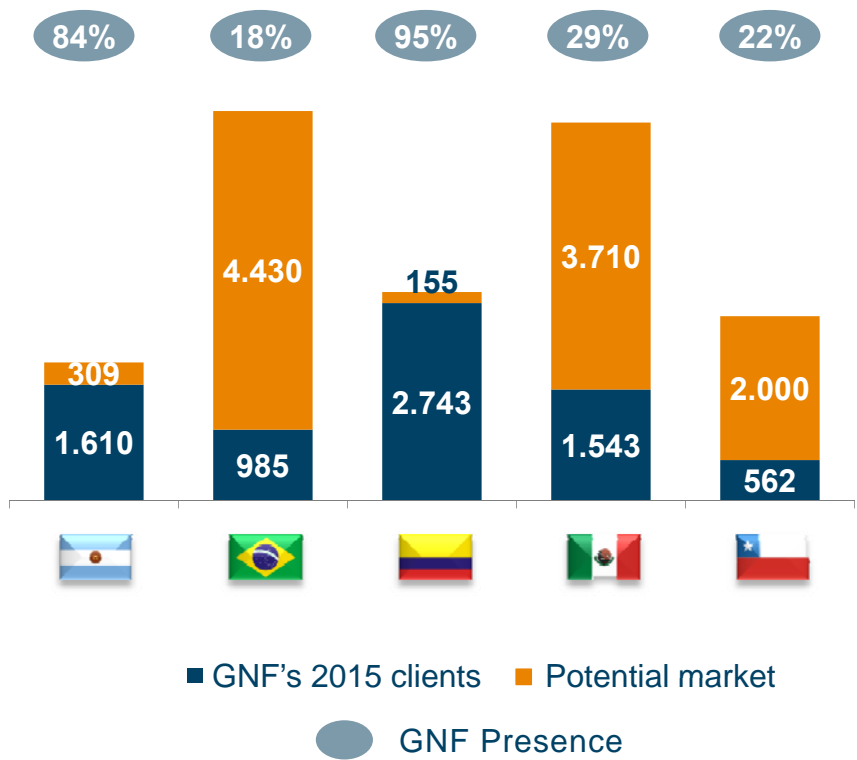
Key market trends: strong growth fundamentals in Latam networks



Evolution of electricity distributed by GNF vs. GDP growth (2016–2020 CAGR)



Latam shows significant gasification potential and GNF is ideally positioned to exploit it (Millions)

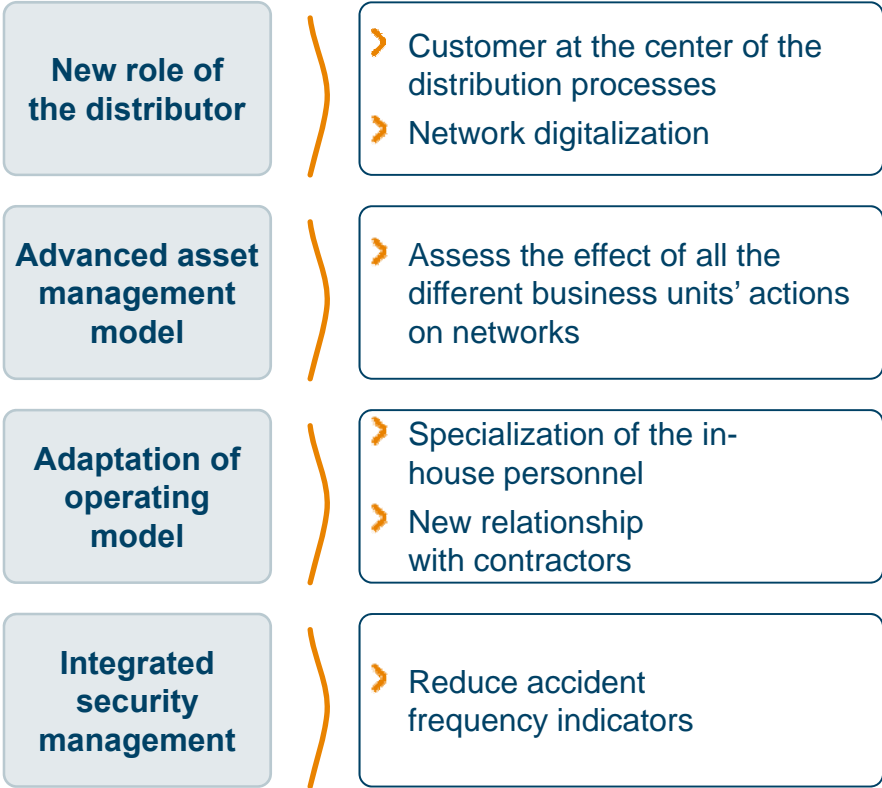
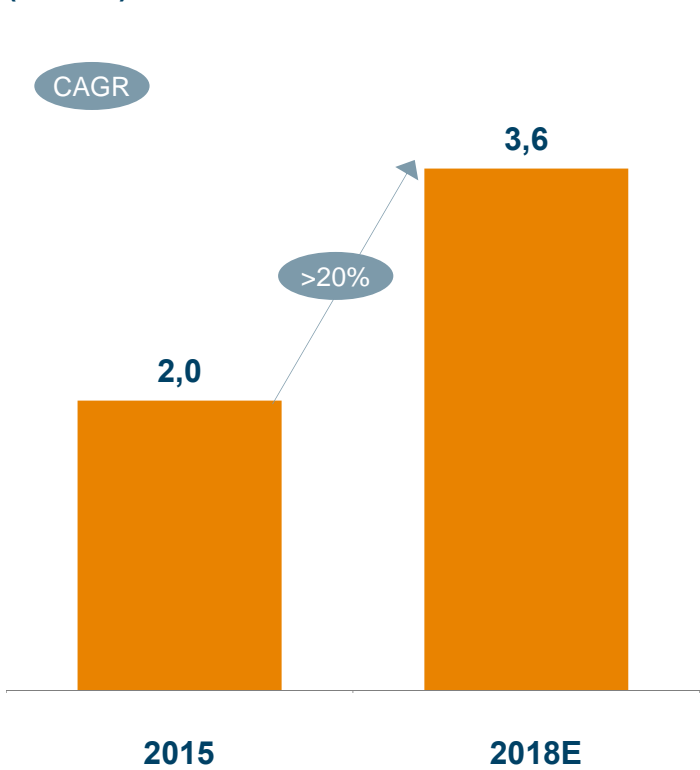


✓ The countries where GNF is present show strong fundamentals for organic growth

Key market trends: smart metering as the main driver behind the transformation of the electricity networks business



Smart meters deployment program (Million)



✓ **GNF closed 2015 with over 2 million smart meters installed and integrated in the tele management system**

Note: Replacement of the gas meters is also mandatory in Italy, and GNF has started with the roll out

Key regulatory issues: regulatory update & returns



	Tariff updates					Regulatory returns	
	2016	2017	2018	2019	2020	Power distribution	Gas distribution
					⁽³⁾	> 6.5% nominal pre-tax	
							> 6.1% real pre-tax
						> 14.6% nominal pre-tax in local currency	
						> 13.5% real pre-tax	> 16.1% real pre-tax ¹
	Sao Paulo		Rio de Janeiro				> 9.6% real post-tax
							> 13–14% real pre-tax
							> Pending regulatory tariff system review
						> 10% real pre-tax	> 11% real post-tax cap ²
						> 9.7% real pre-tax	

1. Expected to be reviewed to 13.51%
 2. Under review
 3. Gas distribution tariff review in Spain expected by 01/01/2021



Key regulatory and business issues: key actions 2016–2020 (1/2)



European gas networks

- > Continue with the gasification of new towns which are more attractive in terms of regulatory incentives
- > Execute the acquisition of piped LPG clients in Spain with a relevant potential market
- > Develop new concessions

Latam gas networks

- > Capture organic growth potential in Latam
- > Seize opportunities to consolidate new concessions
- > Grow in Puerto Rico, Peru and new concessions/areas in Mexico and Chile

✓ Portfolio management will depend on return, risks and value creation for shareholders. Additionally, portfolio restructuring is taking place in Chile

Key regulatory and business issues: key actions 2016–2020 (2/2)



European electricity networks

> Benefit from regulatory management and obtain operating efficiency

> Networks automatization and integration of new technologies in the grid

Latam electricity networks

> Development of networks to serve electricity demand growth in Panama, Chile and Colombia

> Regulatory management and operating efficiency

> Intensify Electricaribe’s turnover, with focus on regulatory and efficiency management

✓ Portfolio management depending on return, risks and value creation for shareholders

Key operational targets 2018 and 2020 ambition: Networks

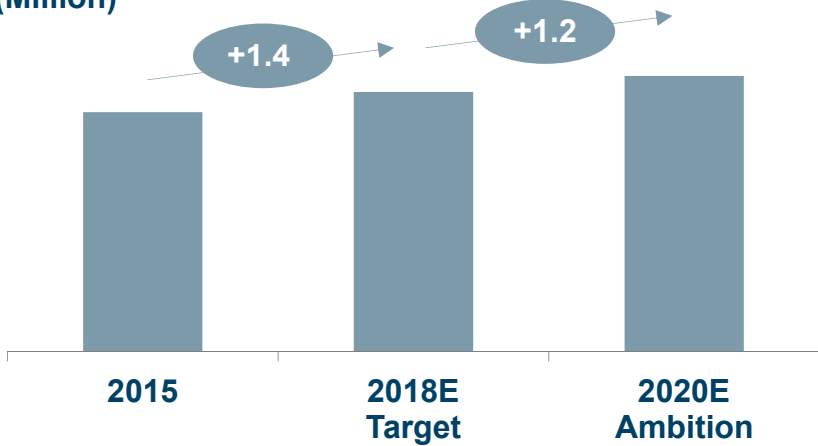


Gas distribution



# of clients 2015 (m)	2015–2020 CAGR
5.3	2%
0.5	1%
1.6	2%
1.0	5%
2.7	4%
1.5	8%
0.6	9%

Gas supply points target 2018 and 2020 ambition (Million)

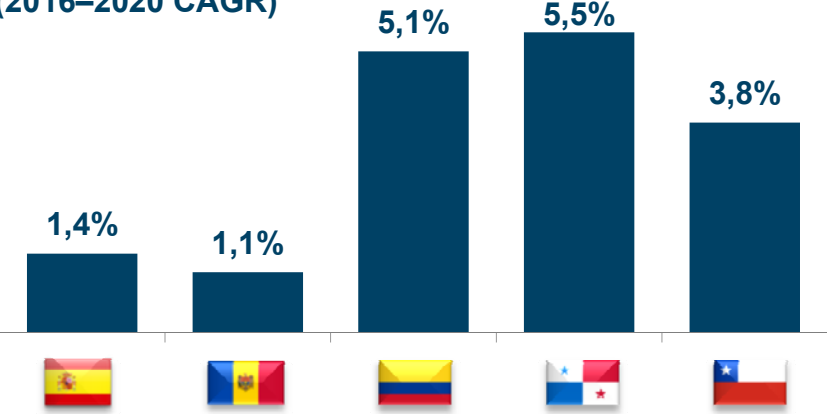


Electricity distribution



# of clients 2015 (m)	2015–2020 CAGR
3.7	0%
0.9	1%
2.6	3%
0.6	5%
2.9	3%

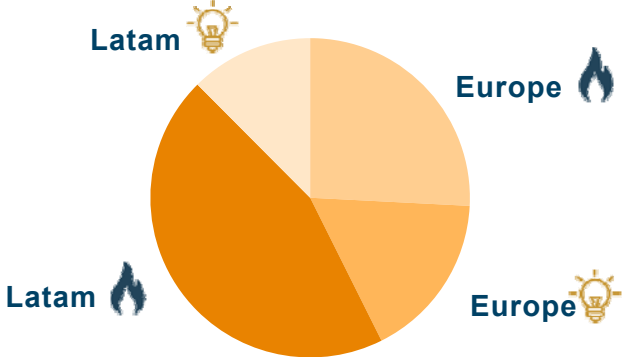
Electricity demand growth in GNF's electricity networks (2016–2020 CAGR)



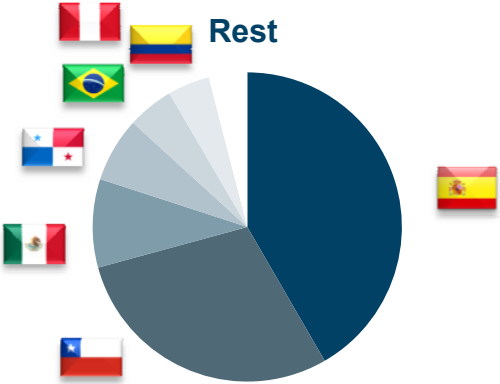
Key financial targets 2018 and ambition 2020



Net Capex by business 2016–2020 ambition (%)

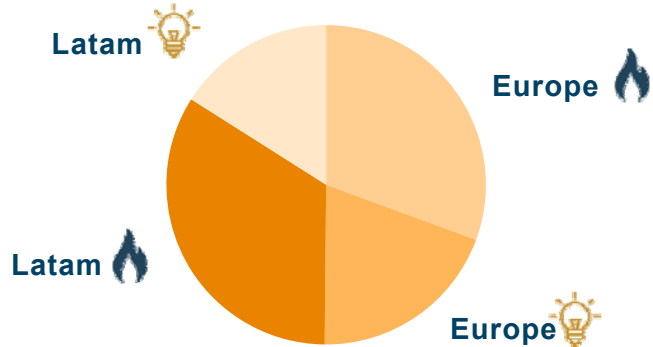


Net Capex by country 2016–2020 ambition (%)

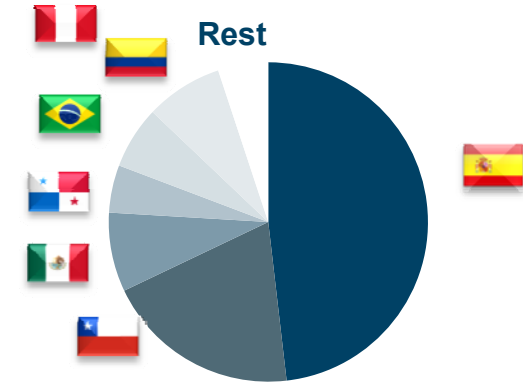


Cumulative net capex 2016–2020 of €7.2 billion

EBITDA by business: 2020 ambition (%)

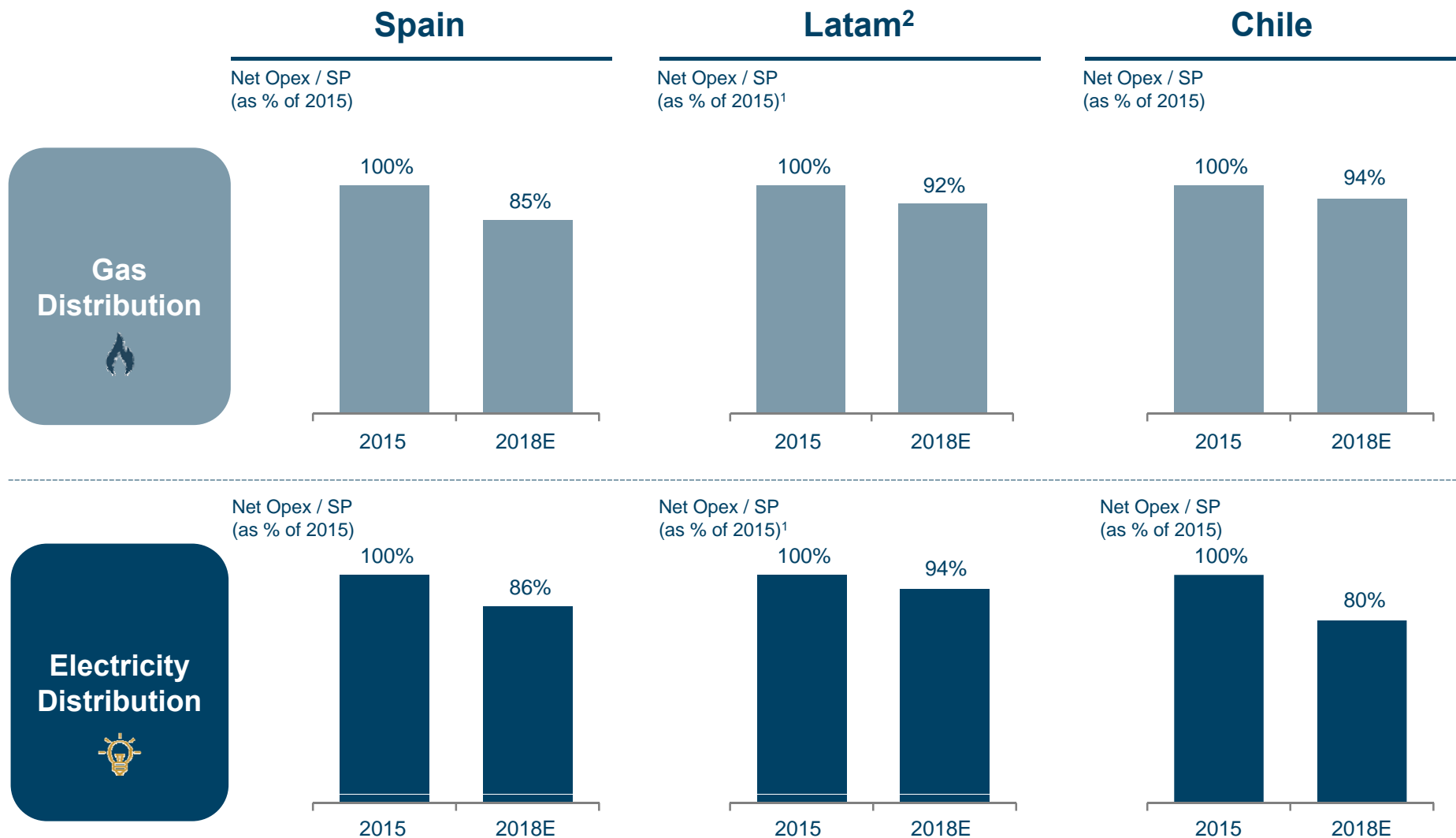


EBITDA by country: 2020 ambition (%)



EBITDA target 2018 (€3.3 billion) and ambition 2020 (>€3.4 billion)

Productivity plan in Gas and Electricity Distribution



1. Argentina excluded due to the tariff framework reform
 2. Chile excluded








2.b. Business perspectives 2016 – 2020

**ii. International
generation**

Business Overview



Country	Technology	Inst. Cap. (MW)	2015's EBITDA (€m) ¹
 Mexico	CCGT	2,035	220
	Wind	234	
 Costa Rica	Hydro	101	4 ²
 Panama	Hydro	22	6
 Dominican Rep	Oil-Fired	198	35
 Kenya	Oil-Fired	112	16

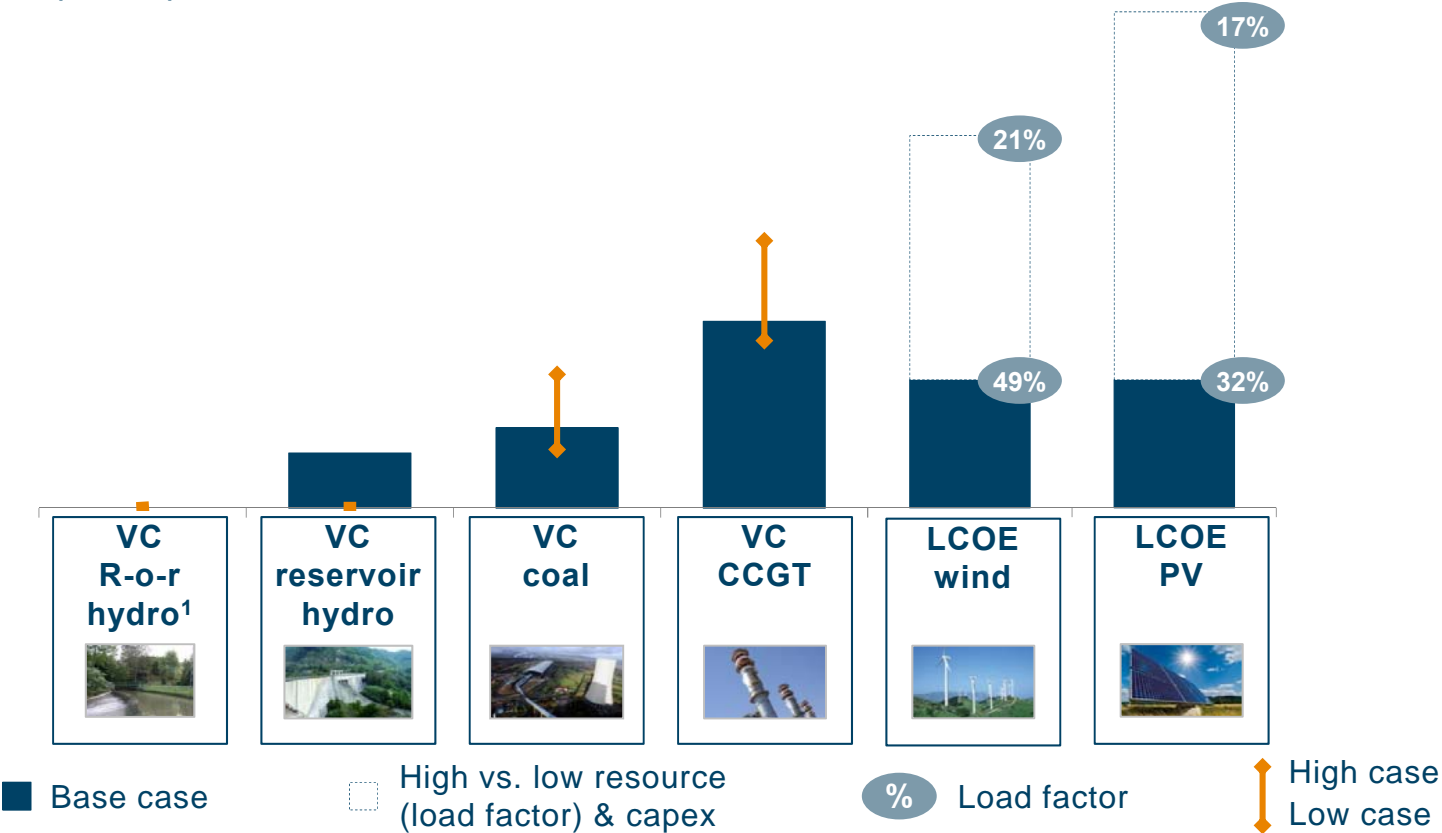
✓ Portfolio management depending on return, risks and value creation for shareholders

1. Excludes Australia & Other (-€21m)
 2. Torito (50 MW) was incorporated to the portfolio mid 2015

Key market trends: Renewables' cost competitiveness



LCOE or variable costs (VC)
(\$/MWh)



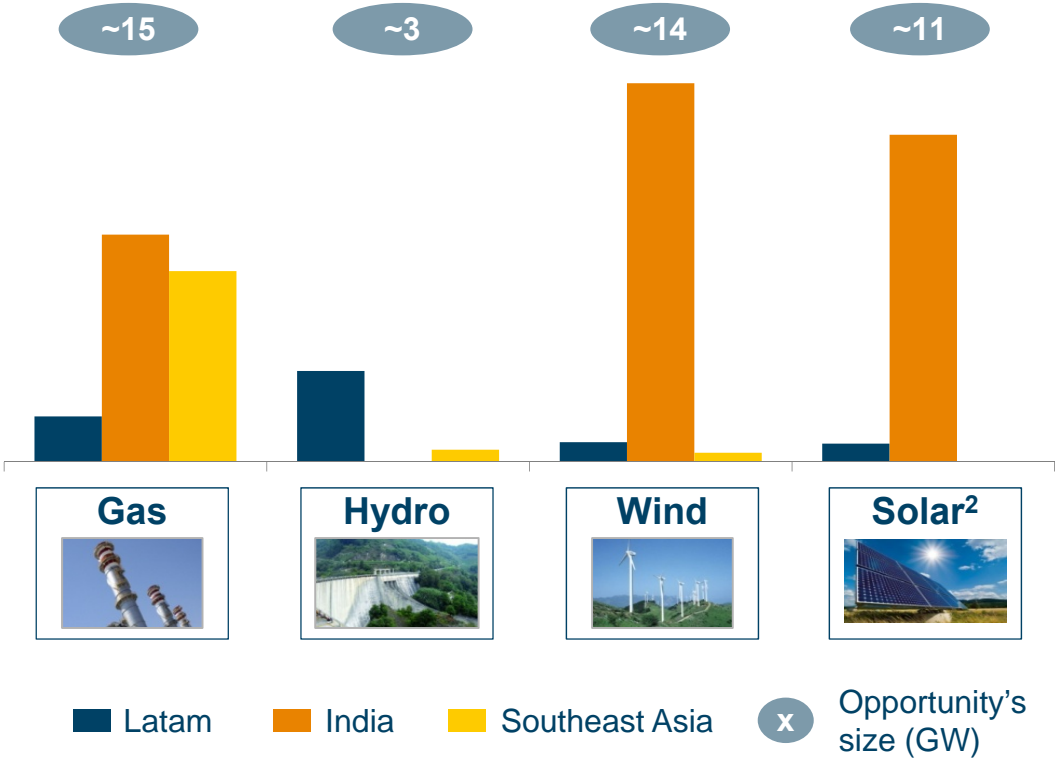
✓ A competitive and secure power supply environment requires a balanced technology mix between renewable energy technologies and CCGTs offering back-up

1. Run-of-the-river Hydro

Key market trends: Increase in generation capacity



Accessible capacity 2016–2020 (GW)¹



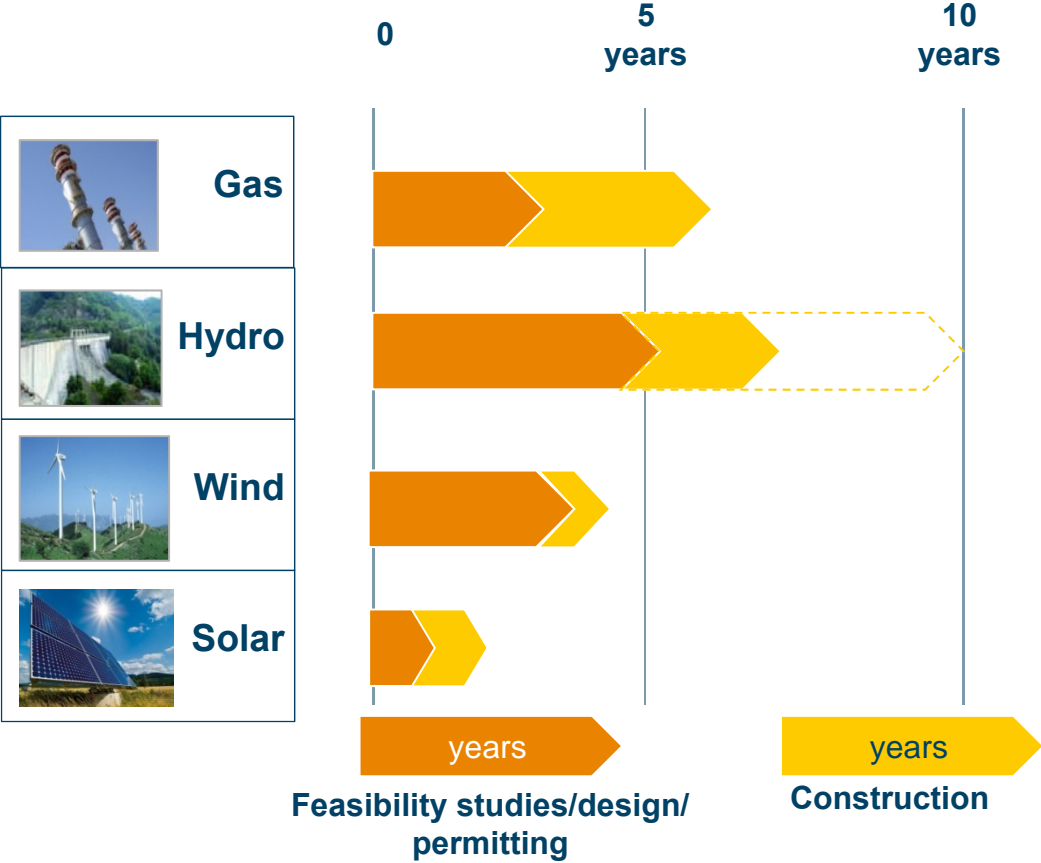
✓ **GPG will invest preferably in technologies where it possesses significant know-how**

1. Estimated capacity additions potential – Identified pipeline of projects
 2. Information concerning solar accessible is only related to Brazil, Chile, India and Mexico due to information unavailability,
 3. For instance, in: (i) India, regulation is uncertain regarding imported coal prices; (ii) Indonesia, the tender and permitting processes are unclear; (iii) Turkey, national coal is subsidized; (iv) Philippines, Vietnam and Malaysia, high competition exists with Asian players already present in the country; etc.

Key market trends & business issues

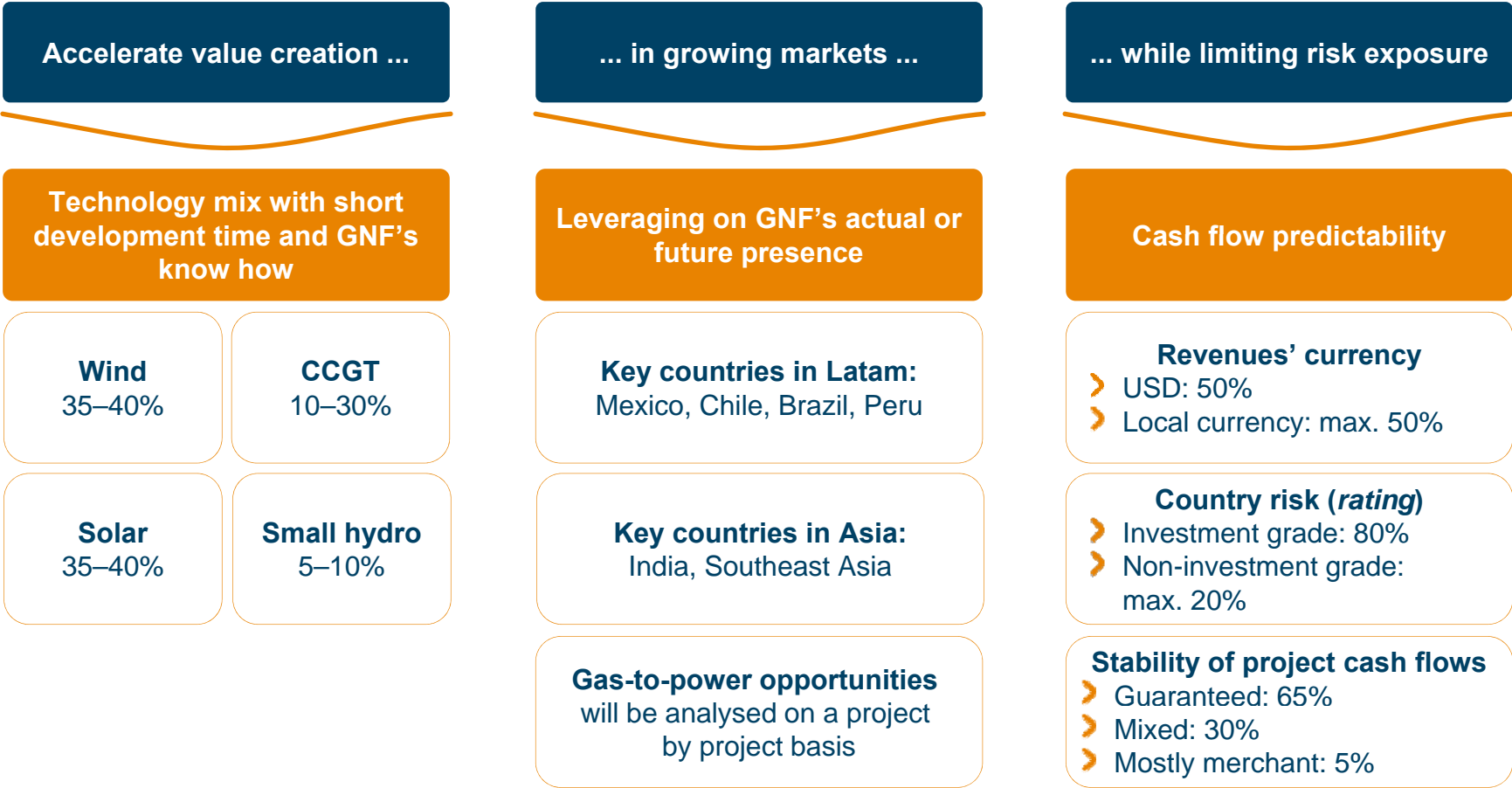


Greenfield projects development



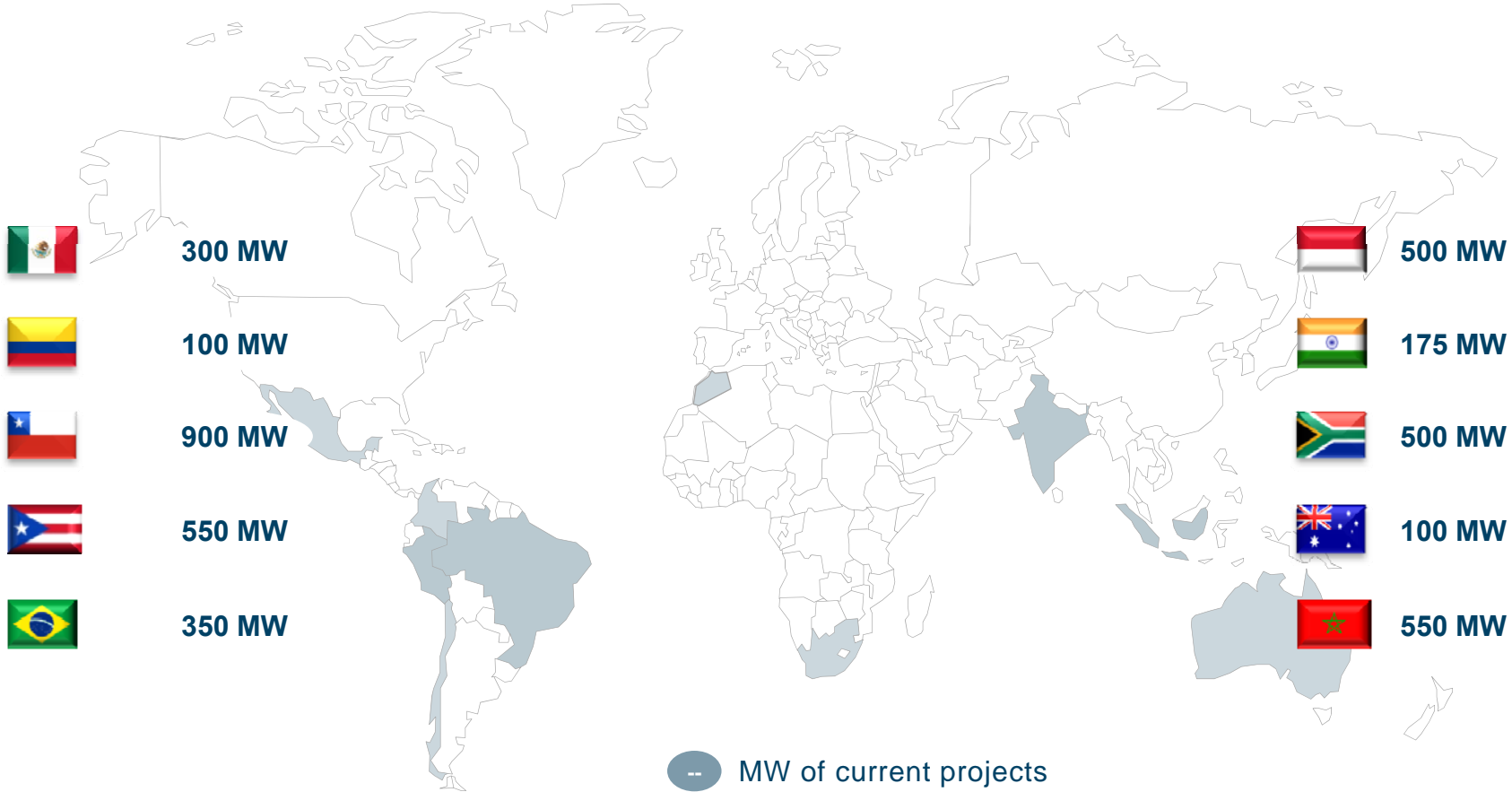
✓ Renewable energy requires shorter term to be developed

Key business issues: International generation goals



✓ The investment allocation decision will be adjusted following how events unfold with a view to achieve GPG's strategic guidelines

Countries with ongoing projects being developed by GPG at different stages

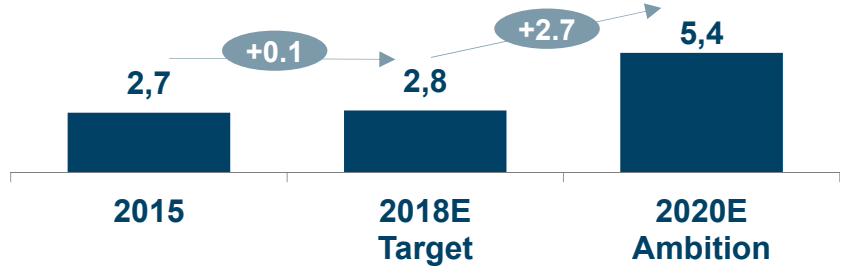


✓ Projects being developed by GPG, at different stages, add up to ~ 4 GW

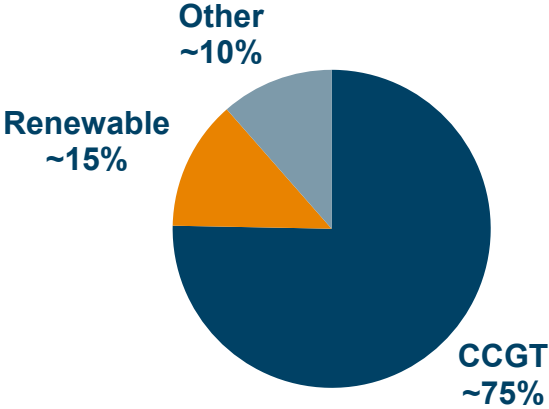
Key financial & operational targets 2018 and 2020 ambition



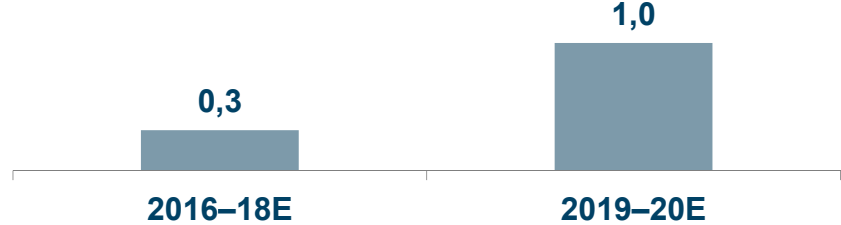
Installed capacity evolution
(GW)



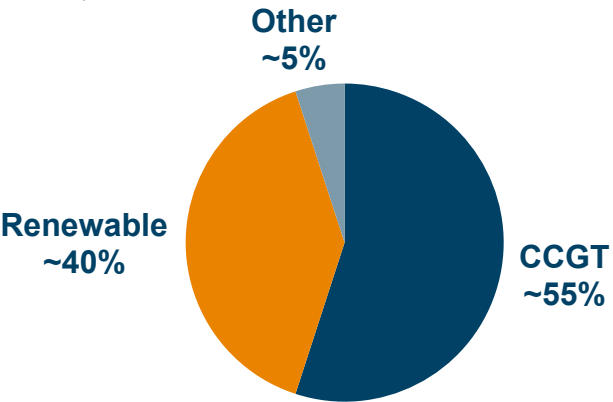
2018 installed capacity technology breakdown
(% of total GW)



Average annual net capex
(€billion)



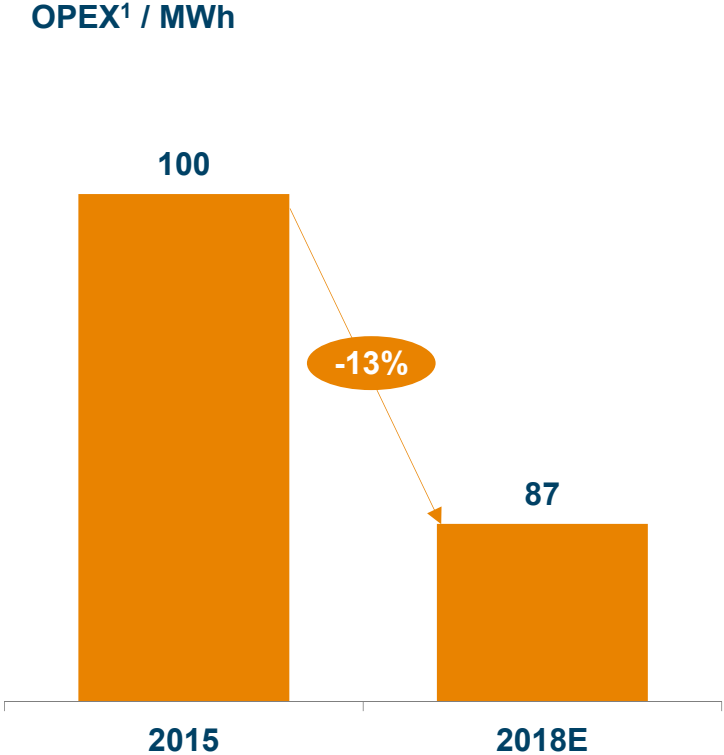
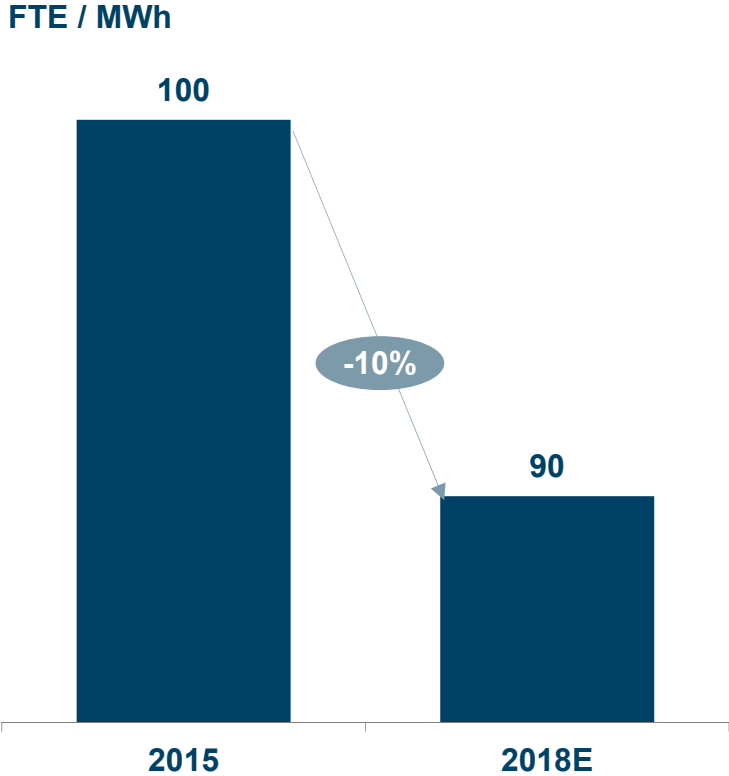
2020 installed capacity technology breakdown
(% of total GW)



EBITDA
(€billion)



Key business issues: Improving efficiency of the generation fleet



1. Actionable OPEX



2.b. Business perspectives 2016 – 2020

**iii. Spanish
generation &
electricity
supply**

Business overview: Electricity generation Spain



	Technology	Installed capacity (MW)	Market share (% of production)	Market position (#)	EBITDA 2015 ² (€m)
Conventional	Nuclear	604	8%	#3	635 ¹
	Coal	2,065	13%	#2	
	CCGT	7,001	57%	#1	
Renewables	Hydro	1,954	13%	#3	94
	Renewables	1,145	2%	#5 ³	

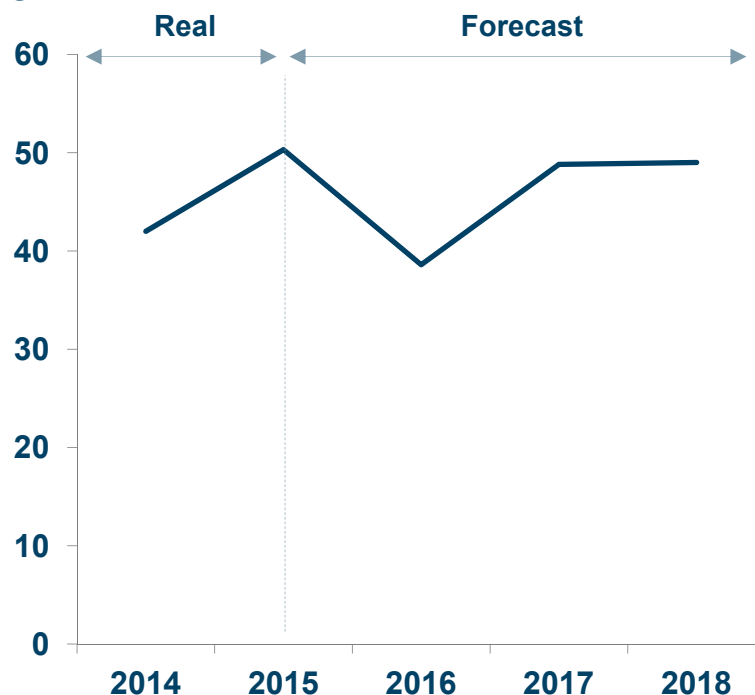
✓ **GNF is a key player in the Spanish electricity generation domain with over 12.8GW of installed capacity**

1. Includes wholesale electricity supply
2. Does not include EBITDA from retail
3. In terms of wind capacity

Key market trends: Electricity market



Arithmetic pool price 2014–2018
€/MWh



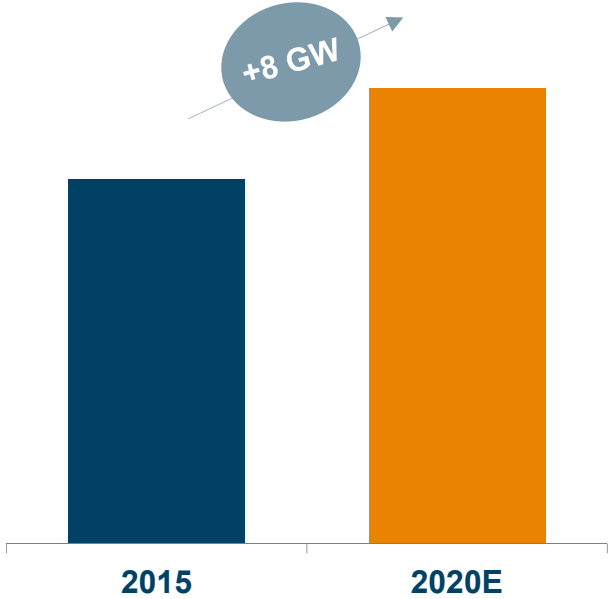
- > GNF's gas generation fleet has a greater capacity utilization due to:
 - > Premium location
 - > Competitive and flexible gas supply
 - > Greater operational efficiency
- > Potential to capture opportunities even under distress scenarios

✓ CCGTs plays a key backup role as well as guarantees firm capacity

Key market trends: Growth in Spanish renewables & changes in European power



Evolution of renewable installed capacity in Spain¹ (GW)



Relevant changes may occur in the European power market

- Wholesale market evolution**

 - > The current regulatory framework discourages new investment, both in renewables and firm capacity, and hinders the integration of European markets
- Reduction of coal's share in the generation mix**

 - > Coal relevance will decrease in OECD countries
- Penetration of distributed generation**

 - > At current prices, distributed generation still requires explicit and/or "shadow" subsidies to be economically sustainable, although costs will decrease and political support is high

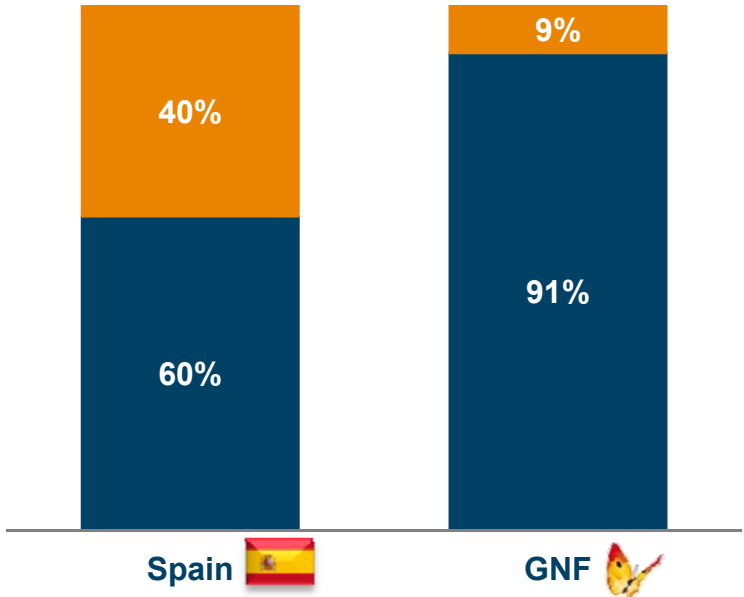
✓ **The next Spanish Government will need to put in place an incentive mechanism for renewables in order to meet the 20-20-20 objectives**

Source: Official energy planning 2015–2020 ministry of industry and energy (october 2015)
 1. Renewables includes wind, solar and biomass

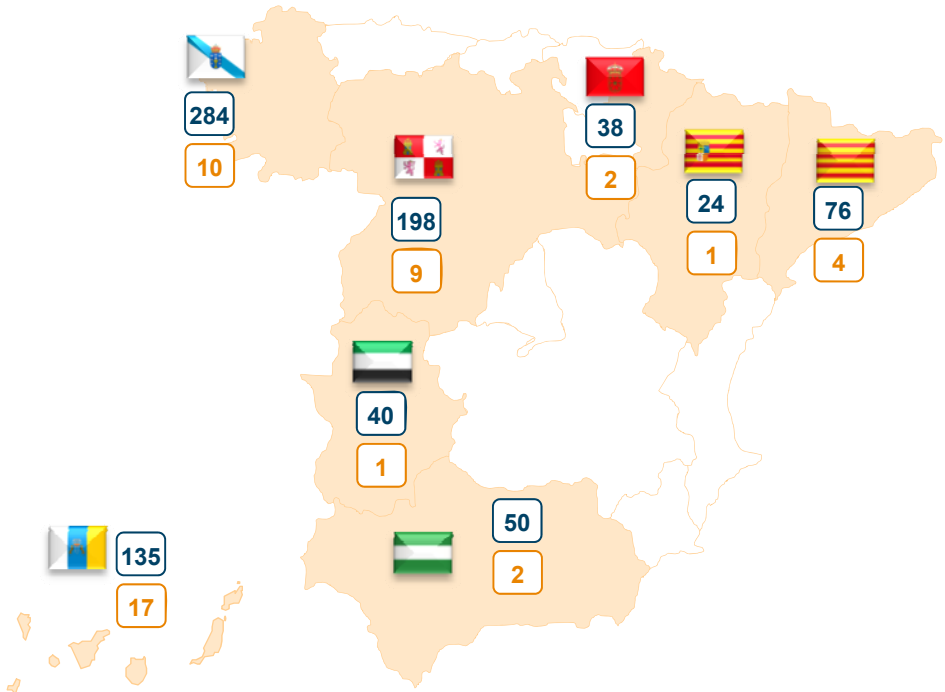
Key business issues: GNF's generation portfolio and diversification plan



GNF's generation portfolio in Spain (2015; % over total installed capacity)



GNF's Spanish renewable energy greenfield portfolio (MW)



Conventional
 Wind, PV, cogen. and others
 Attributable MW
 Number of projects

✓ **GNF has the opportunity to rebalance its Spanish portfolio mix during the 2016–2020 period**

Source: REE daily balance; GNF

Key regulatory and business issues: Key actions 2016–2020



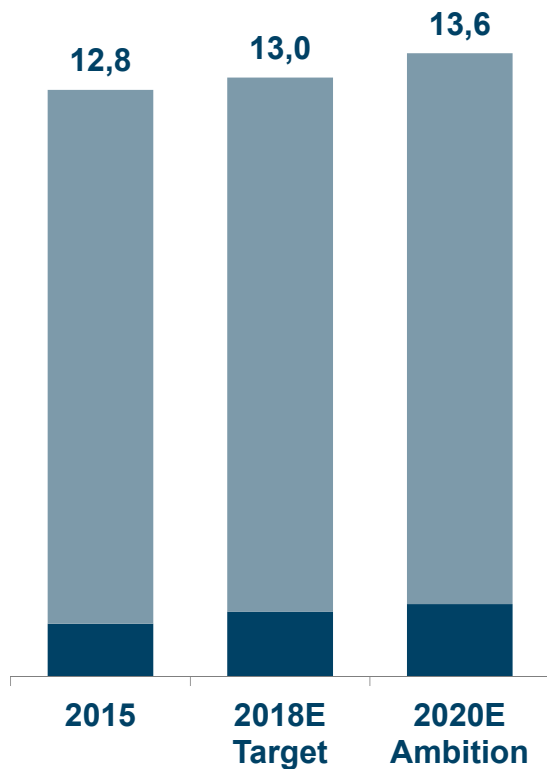
Generation & supply Europe

- > Regulatory management of the wholesale electricity market evolution
- > Develop the wind project pipeline located in Canary Islands where an incentive scheme is in place, while a new incentive scheme is implemented in the rest of Spain
- > Adapt Meirama Coal Plant to comply with the new Industrial Emissions Directive
- > Build a renewable platform growth in Europe and accelerate the addition of renewable energy to the Group's generation mix: ~200 MW by 2018 and another ~550 MW by 2020

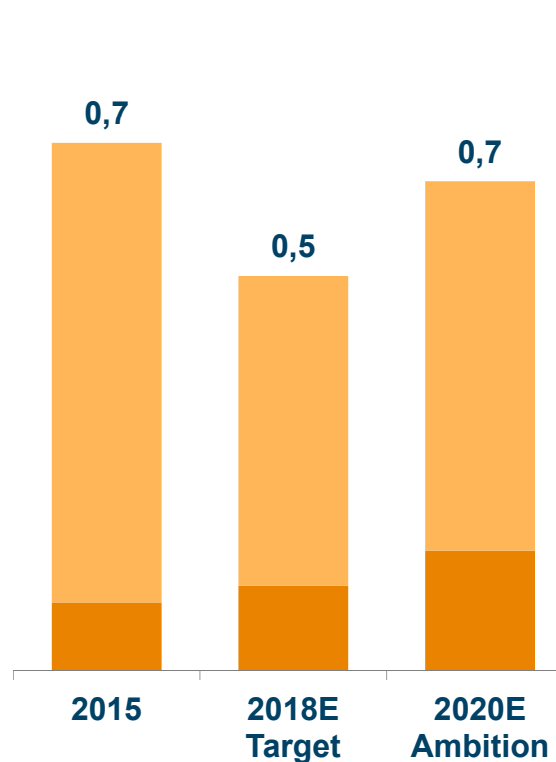
Key operational and financial targets 2018 and 2020 ambition



Installed capacity (GW)



EBITDA (€ billion)



Cumulative capex (€ billion)

- > 2016–2018 period:
 - > 0.8 € billion
 - > Incorporation of renewable generation: ~200 MW to 2018
- > 2019–2020 period:
 - > 0.7 € billion
 - > Additional capacity: ~550 MW to 2020

1. Conventional EBITDA includes Supply

■ Renewable ■ Conventional

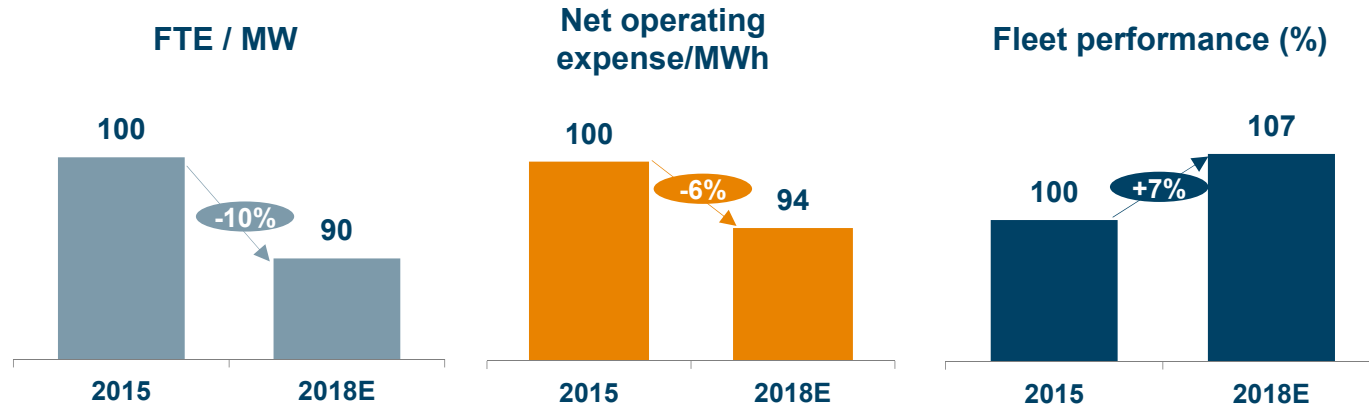
■ Renewable ■ Conventional¹

1. Conventional EBITDA includes Supply

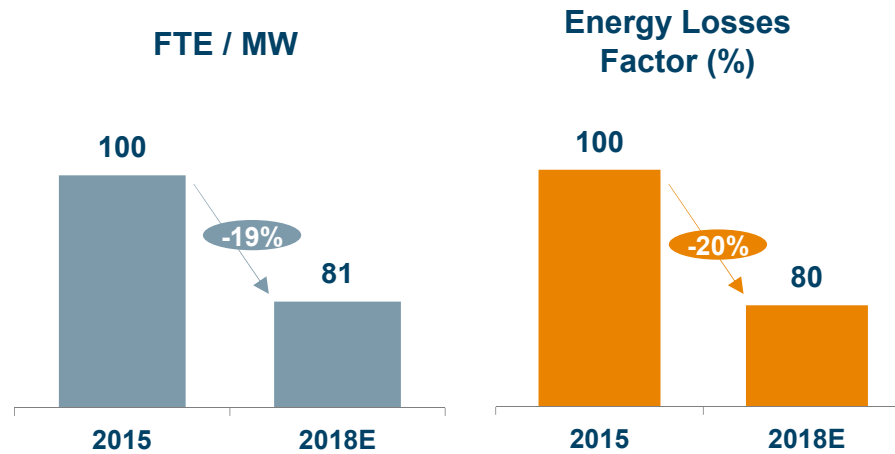
Key business issues: improving efficiency and performance in the generation fleet



Conventional Generation



Renewable Generation





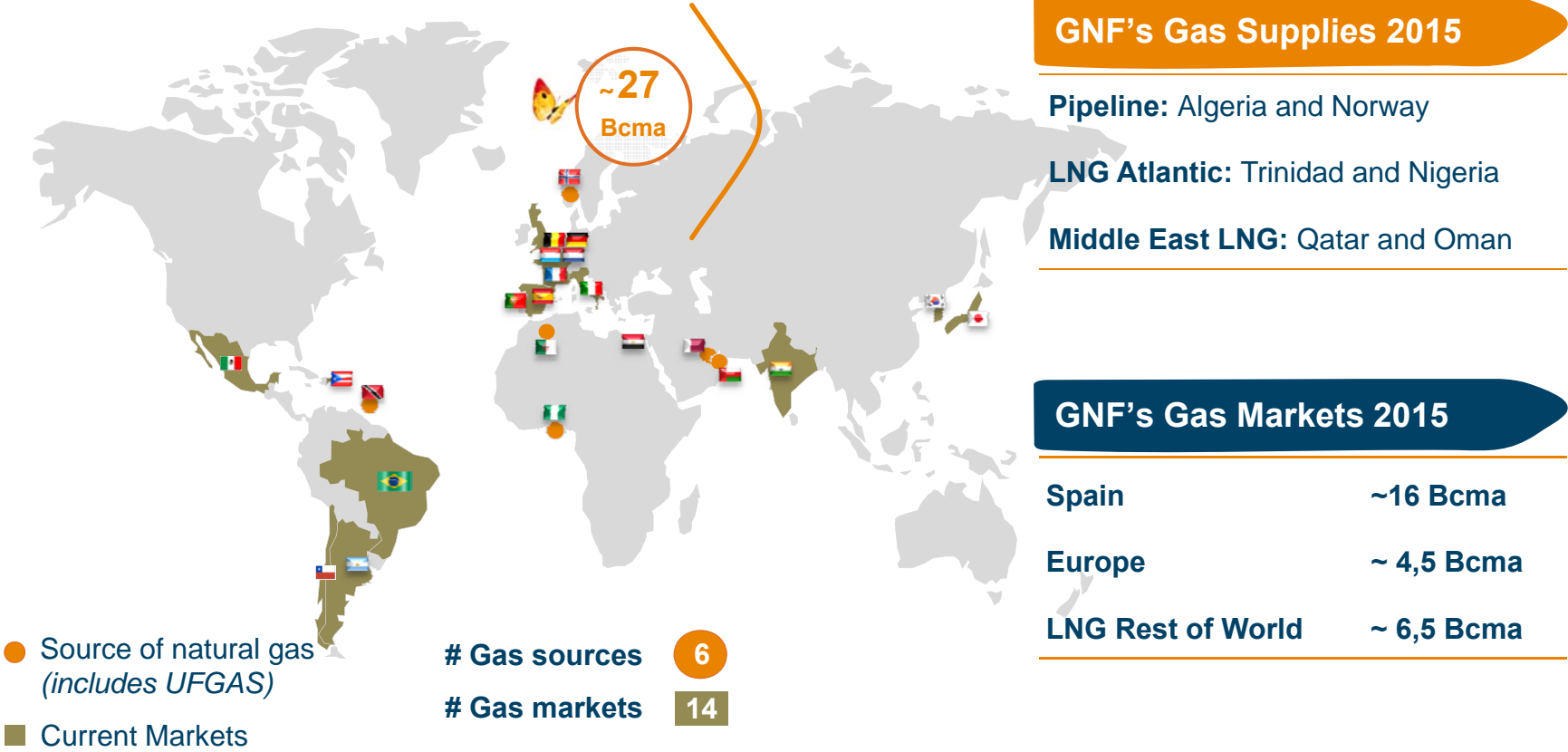
2.b. Business perspectives 2016 – 2020

iv. Gas

Business overview: Market leader in Spain and key LNG player worldwide



GNF's gas positions 2015



✓ Well diversified supply and demand portfolio, which maximizes its value

Business overview: Target market mix in the supply business



GNF target mix

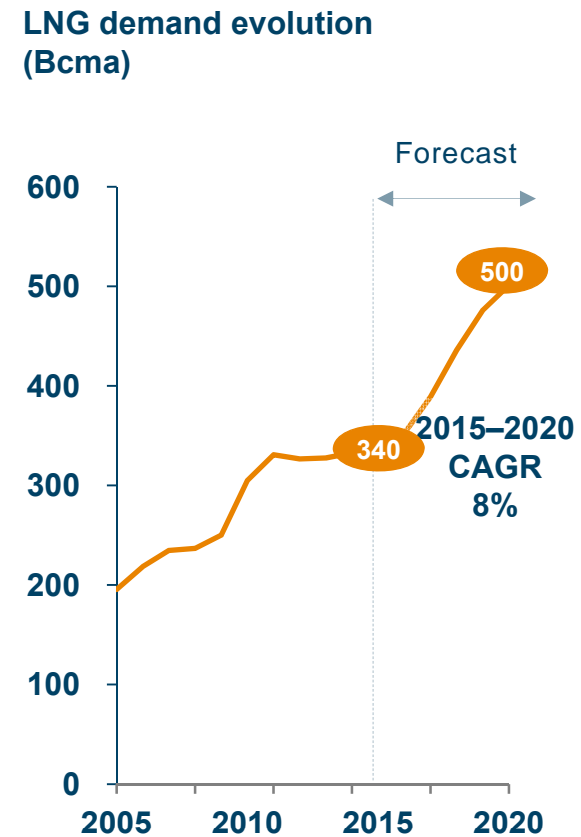
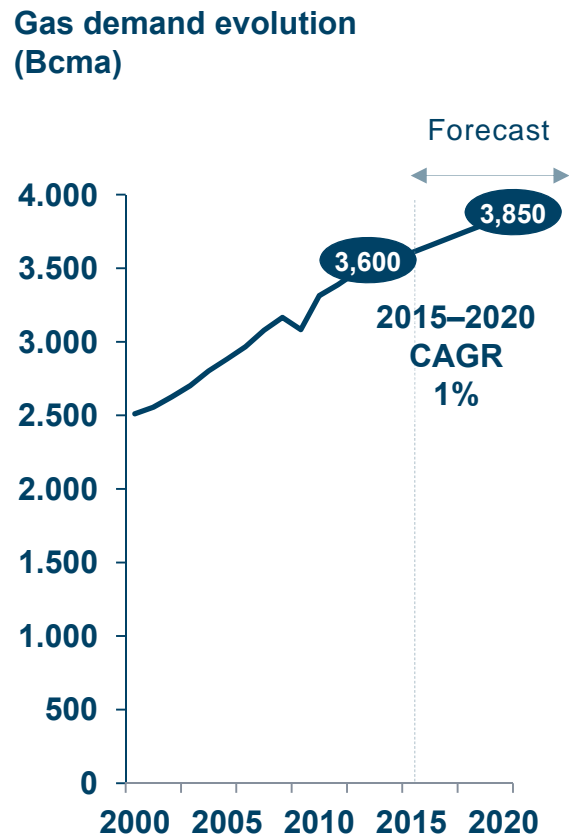


1. Sales in Spain and rest of Europe
 2. Includes supply of ex-ship gas to Iberian peninsula

Key market trends: Solid fundamentals for gas and LNG demand growth



- Growing energy needs in emerging economies
- Strong increase in non conventional gas resources
- Natural gas still produces less CO₂ than any other fossil fuel
- Global natural gas trade expansion and LNG growing at a faster pace than pipeline gas
 - Greater security of supply
 - Shorter time-to-market



✓ **Ample supply, low environmental impact and increased flexibility makes natural gas the world fastest-growing fossil fuel**

Source: Gas demand from IEA's WEO 2015, New Policies Scenario and LNG demand from Woodmackenzie

Key business issues: GNF existing gas contracts



Current procurement contracts

Origin	Expiry date	ACQ ¹	Review				
			2016	2017	2018	2019	2020
Algeria Sagane I	2021	6			✓		
Algeria Sagane II	2020	3			✓		
Algeria Medgaz	2030	1			✓		
Norway	2030	2		✓			✓
T&T	2018–2023	4			✓		
Qatar	2025	2	✓		✓		
Nigeria	2021–2023	4	✓		✓		
UFG	2030	4	✓				

NG

44%

LNG

56%

✓ **Highly diversified and flexible portfolio enabling to capture high value-added markets**

Note: Annual Contract Quantity (in bcm/year)

Key business issues: GNF procurement contracts – new volumes



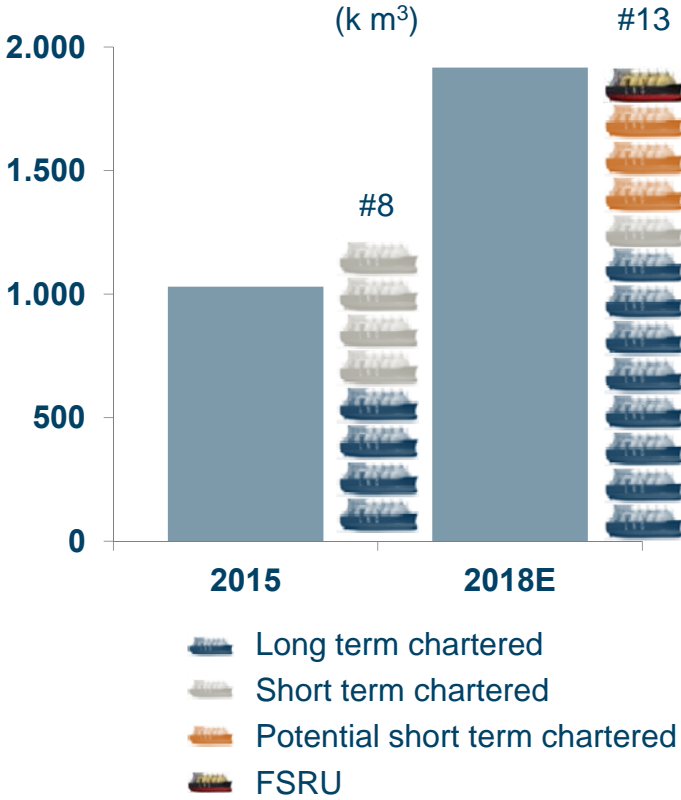
Future procurement contracts

Origin	Start date	Duration	ACQ ¹
Cheniere I (USA)	2017	20–30 Y	~5
Cheniere II (USA)	2020	20–30 Y	2.0
Yamal (Russia)	2018–2019	23 Y	3.2
Shah Deniz (Azerbaijan)	2019–2021	23–27 Y	1.0



- Cheniere I&II contracts includes indexation to Henry Hub
 - no restrictions on destination
- Yamal and Shah Deniz combine indexations to oil and indexes

GNF's fleet of LNG carriers (k m³)



✓ **New volumes will further increase the competitiveness and flexibility**

Note: Annual Contract Quantity (in bcm/year)

Key business and regulatory issues: Key actions 2016–2020



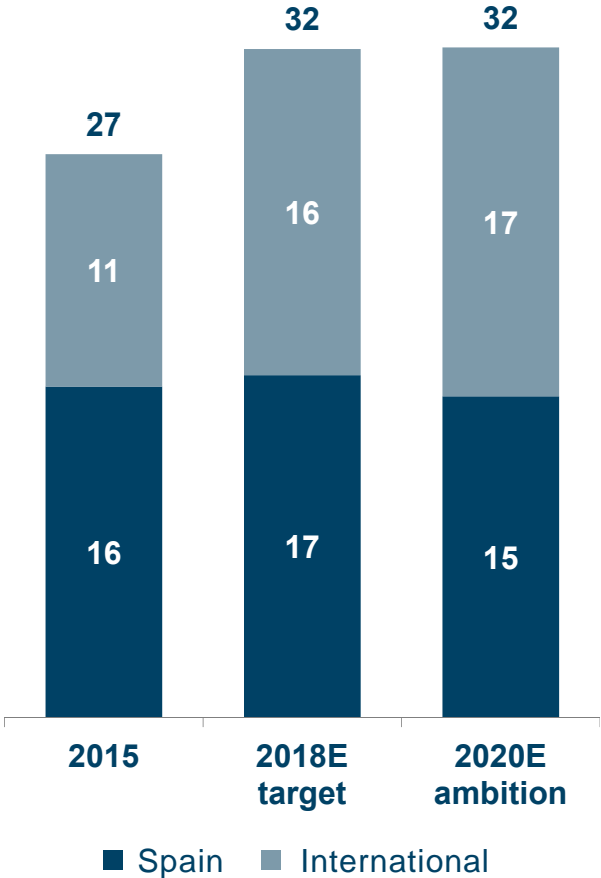
Wholesale gas & procurement

- › Optimize the global gas portfolio
- › Increase fleet flexibility, adding four new LNG vessels
- › Develop positions in LNG end-user markets
- › Adapt and renegotiate gas supply contracts
- › Maintain the European growth strategy that additionally enables GNF to capture arbitrage opportunities
- › Strengthen and leverage logistical competitive advantages
- › Solve UFG's current situation in Egypt

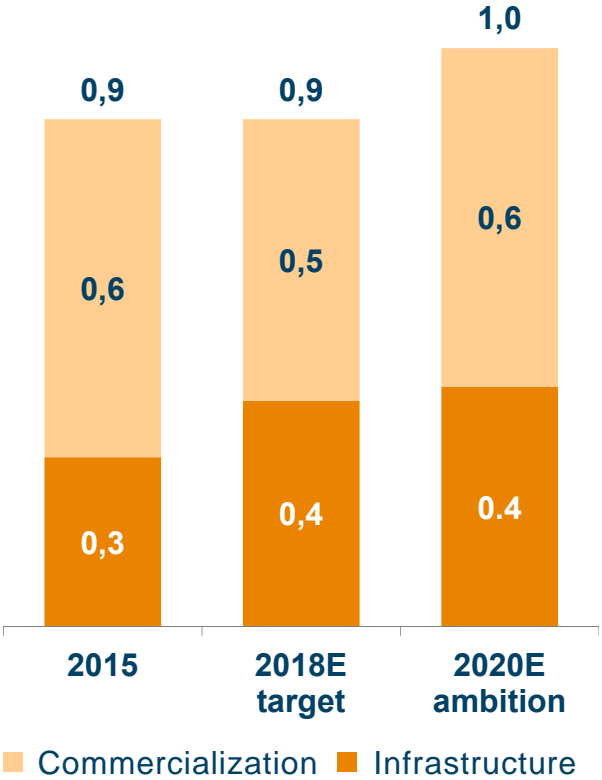
Key operational and financial targets 2018 and ambition 2020: Wholesale gas & procurement



Gas sales (Bcm)



EBITDA¹ (€ billion)



Cumulative capex (€ billion)

2016–2018 period:

- > €1.2 billion
- > Including 4 ships and 1 FSRU

2019–2020 period:

- > €0.4 billion
- > Including 1 FSRU

1. It does not include retail and services (€148m)



2.b. Business perspectives 2016 – 2020

**v. Services, retail and
innovation**

Business overview: Leadership in Spain's retail, energy services and solutions market



	Country	# of contracts (m)	Market share	Market position
Gas retail	Spain	~4.3	57%	#1
	Italy	~0.5 ¹	2%	-
Electricity retail	Spain	~4.6	16%	#3
Solutions	Spain	~0.01	20%	#1
Services	Spain	~2.9	--	#1

✓ GNF plans on launching its successful Spanish business model in other countries (i.e. Latam)

1. Number of clients in Italy (0.4 in thousands)

Business overview: GNF has more than 25 million contracts with a great cross selling potential of new services and products

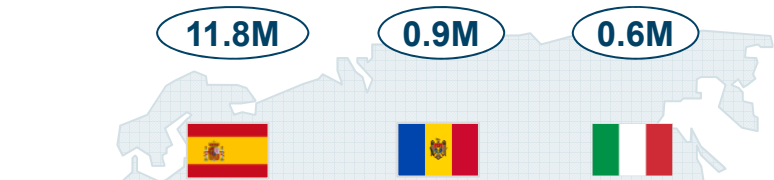


GNF's contracts by geography (gas, electricity & services)



Energy market liberalization and customer's sophistication

Larger penetration of non regulated products and services



More refined commercial offer due to market's evolution and technological developments

Demand response devices, smart home, distributed generation, energy efficiency, etc.

✓ **GNF can create additional value from its customers' portfolio as it benefits from a large and sound network of collaborating companies**

Source: GNF
 Note: Clients estimated as point of service being assisted by GNF or number of contracts (gas, electricity and services in liberalized countries)

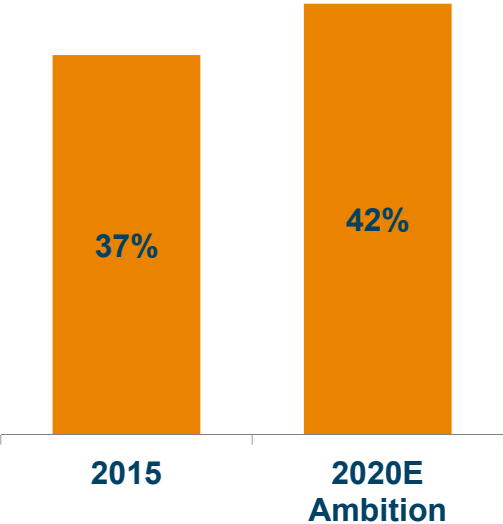
Business issues: efficiency increase in retail sales and greater share of wallet



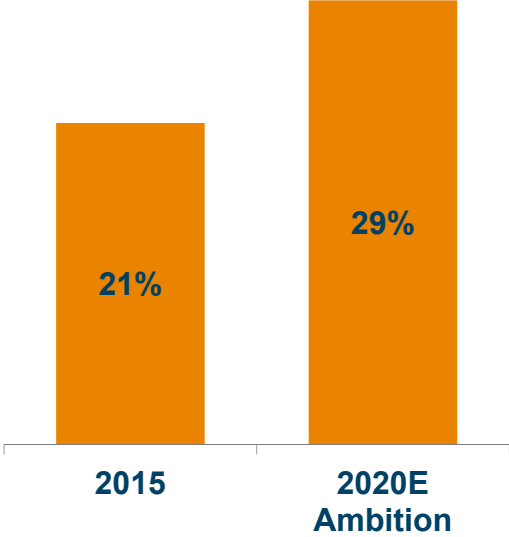
Unitary cost of customer acquisition
(€/customer)



Gas services penetration in spain
(%)



Electricity services penetration in spain
(%)



✓ **Additional room for growth in energy services in Latam**

Key market trends: technological innovations provide an opportunity to strengthen customer value and loyalty



Smart apps



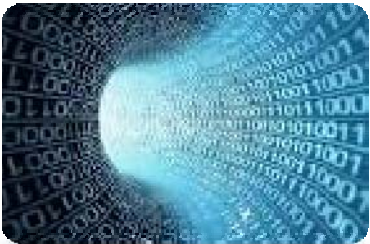
Connectivity and remote control



Mobility



Big Data



Distributed generation



Storage



✓ New technologies, like demand response and distributed generation, will result in more active and engaged customers, therefore increasing their empowerment and satisfaction

Key business and regulatory issues: key actions 2016–2020



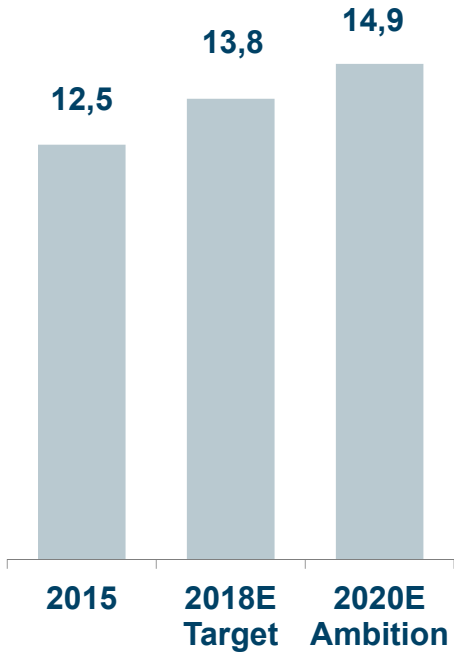
Marketing Services & Innovation

- **Grow the gas and electricity contracted portfolio**
- **Improve the residential gas margin through regulatory management**
- **Further increase services' and solutions' contracts**
- **Launch new services businesses in Latam**
- **Incorporate the full impact of digitalization by evolving GNF's product offering and customer relationship**
- **Actively drive new business models based on new technologies (digitalization, distributed generation, etc.)**

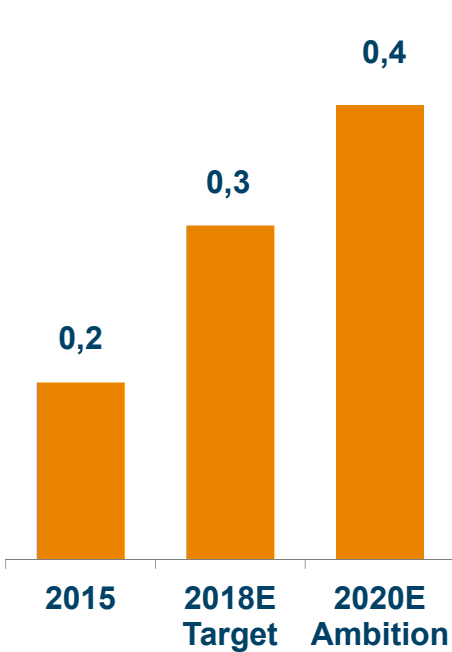
Key operational and financial targets 2018 and 2020 ambition: marketing, services and innovation



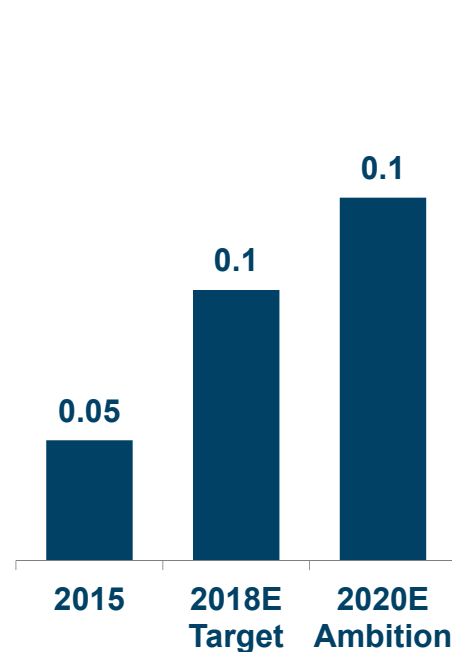
Numbers of contracts¹
(Million)



EBITDA²
(€ in billion)



Net annual average Capex
(€ in billion)



✓ Investments in digitalization and IT allows a more attractive offer of products and services

1. Includes contracts in Latam (146.000 by 2015)
2. Does not include Ebtida from holdco and others

2.c. Consolidated view

The background of the slide features a vertical gradient from yellow at the bottom to orange at the top. A large, white, curved shape, resembling a stylized 'C' or a partial circle, is positioned on the left side. This white shape is filled with a pattern of small, white, plus signs (+) arranged in a grid.

2016-18 average annual net capex



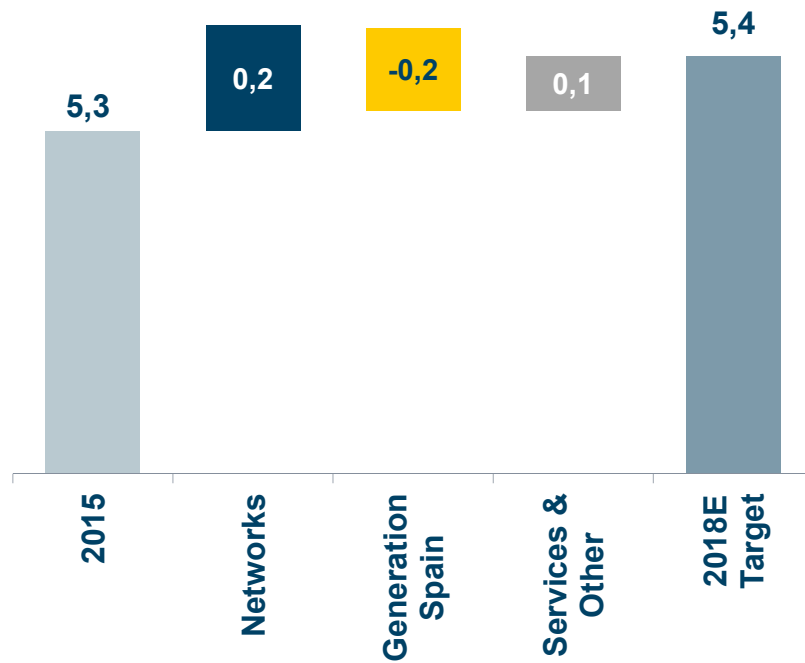
	Annual net capex		Change (€bn)	
	13-15 Average (€bn)	16-18 Average (€bn)		
Generation Spain	~0.1	~0.3	+0.2	> New renewables generation in Spain
International generation	~0.1	~0.3	+0.2	> Develop of international generation portfolio
Networks	~1.1	~1.6	+0.5	> Perimeter increase (Chile) and networks growth acceleration
Gas	~0	~0.4	+0.4	> New tankers and FSRUs
Services & Other	~0.1	~0.1	+0.0	> Continue digitalisation and development of new products and services
	~1.4	~2.7	+1.3	

✓ Net capex increase due to greater perimeter and the future growth foundations

EBITDA 2018 contribution mostly from networks



EBITDA evolution 2015–2018 (€ billion)



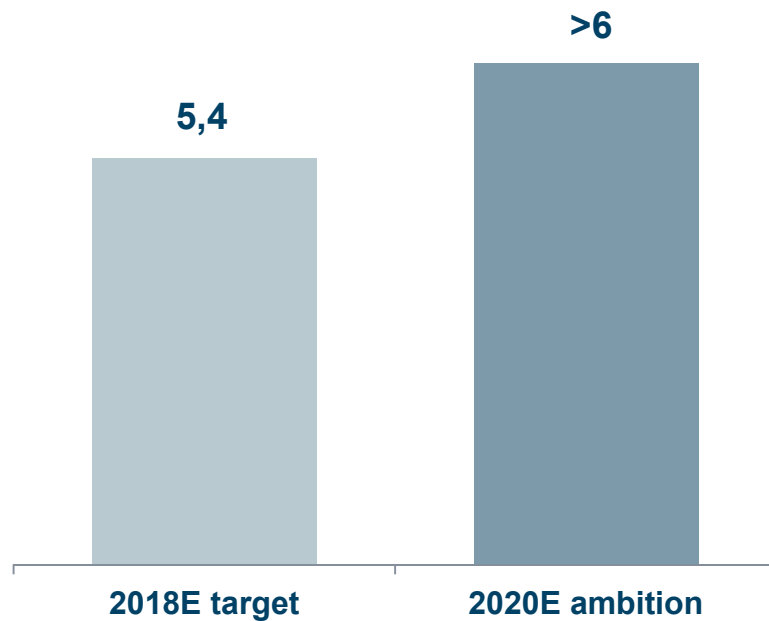
- Networks**
 - > Latam Growth in local currencies 9% CAGR in gas and 12% CAGR in electricity impaired by fx devaluation
 - > Growth in Chile and viability plan Electricaribe (ECA)
 - > Metrogas gasification plan
 - > Growth Plan in gas distribution Spain under new regulation
- Gas**
 - > Reduced margins affected by scenario partially offset by new volumes, increase in fleet and midstream assets contribution
- Generation**
 - > International generation and renewables will help to mitigate contraction in conventional generation in Spain
- Services & Other**
 - > Growth and margins in contracted gas and electricity portfolio
 - > Organic growth in Latam

✓ All businesses have a net improvement of ~220 M€ due to higher efficiencies in 2018
 ✓ Latam businesses are hit in translation to euros from local currencies by approx. ~100 M€ due to 2H 2015 devaluation

Increasing contribution from new renewable and international generation and services post 2018



EBITDA evolution 2018–2020
(€ billion)



- Networks**
 - Improvement of tariffs and macro scenario in Latam
 - Continue growth in Chile, Mexico and improvement in Brazil
 - Continue growth in gas distribution Spain in new villages
- Gas**
 - Improvement of the conditions of the procurement and supply contracts
 - Increase of midstream capabilities
- Generation**
 - International generation growth driven mainly by investments in renewables and gas-to-power projects
 - Growth in Spanish renewables
 - Progressive recovery of electricity pool price in Spain
- Services and other**
 - Increase in overall services and solutions contracts
 - Growth in contracted gas and electricity portfolio

✓ Further efficiencies for the 2019–2020 period currently under analysis that could be accelerated

**Financial Outlook
2016–2020
(Carlos Alvarez)**

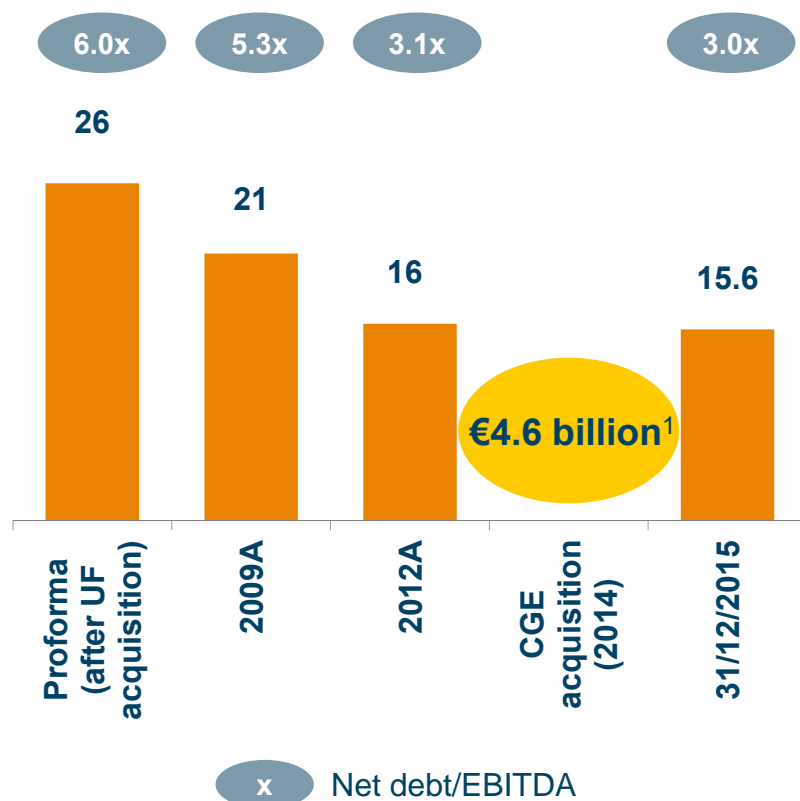
3

A history of growth and financial discipline



Net debt

(€ in billion)



- › Positive historical structural cash flow allowed
- › To reduce debt levels without recourse to extraordinary measures (sale of assets, ...)
- › To fund the dividend policy while investing in growing the business

✓ **Strong historical commitment to maintain financial strength**

1. Corresponds to the acquisition price plus debt associated with CGE

With a solid financial track record



✓ A solid history under difficult scenarios...

- 1 ✓ Refinancing of the €19 billion acquisition loan for Unión Fenosa in the middle of the global credit crisis
- 2 ✓ Successful deleveraging and extension of the average life of debt achieved in a short period of time
- 3 ✓ Continued access to capital markets at a competitive cost in different geographies
- 4 ✓ Reliable and continued support of relationship banks regardless of the economic momentum (euro, sovereign, energy crises, ...)
- 5 ✓ €1.5 billion issuance of hybrids with maturities of 8 and 9 years at a competitive cost (average coupon: 3.875 %)

✓ ... demonstrating GNF's strength and solid business model

2016–2020 plan based on four pillars



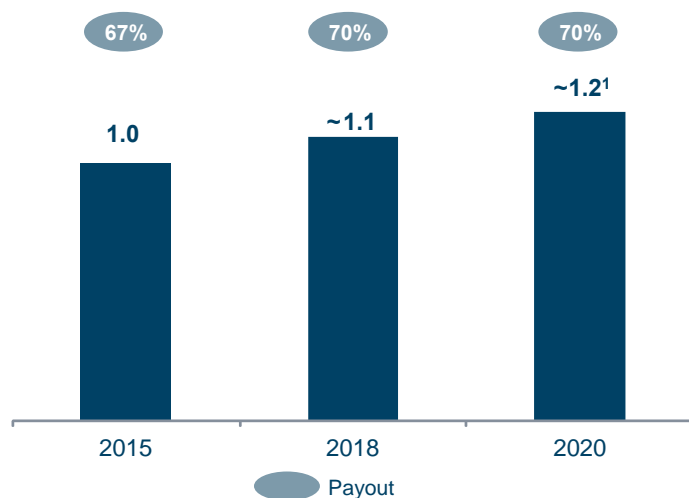
- 1** Cash generation supports the future dividend
- 2** Strict financial discipline
- 3** Efficiency plan
- 4** Portfolio management

Cash flow generation supports the future dividend



✓ Continuing historical strong cash flow generation (~ 20 € bn in 2016-2020), supported by a solid business profile, with >70% of EBITDA from regulated or contracted activities

Dividend — parent company
(€ in billion)



Capex

Net capex of ~13 €bn² in 2016-2020
> 80% of future capex in regulated or contracted activities

Total dividends of ~7 € bn. (including minorities) in 2016-2020¹

✓ Cash flow generation sustains dividend and capex while reducing leverage ratios

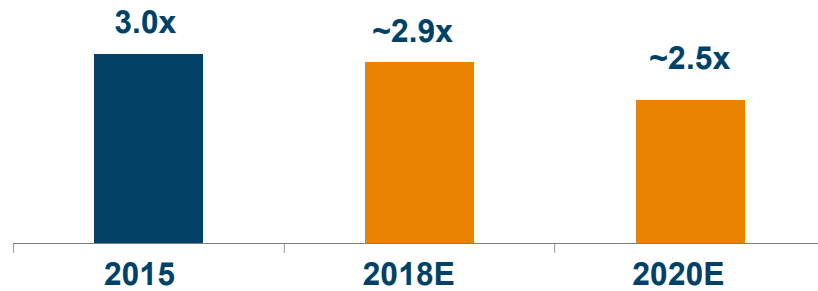
1. Assuming the continuation of current dividend policy in 2019 and 2020
2. ~€14 billion including LNG vessels

Strict financial discipline

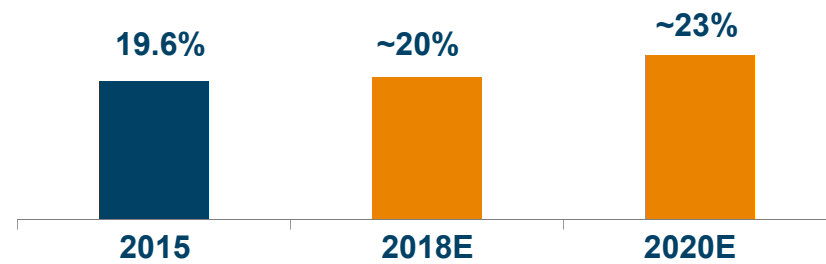
Solid capital structure



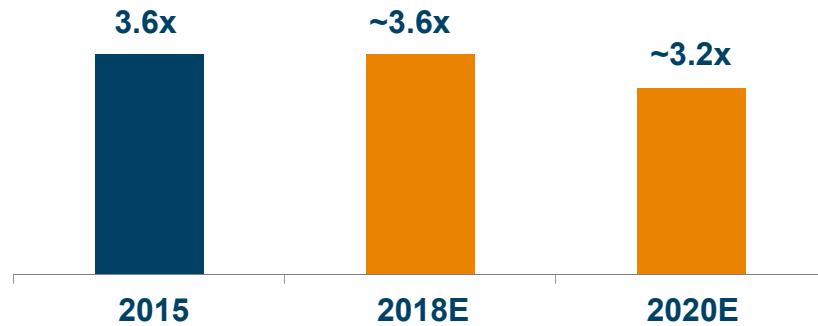
Net debt/EBITDA



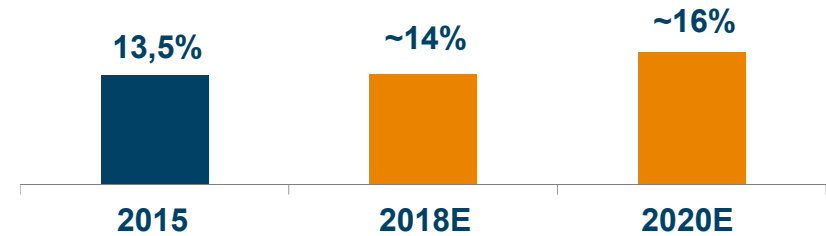
FFO/adjusted net debt¹



Net debt/adjusted EBITDA¹



RCF/adjusted net debt¹



✓ Solid cash flow ratios and leverage supported by a strong capital structure

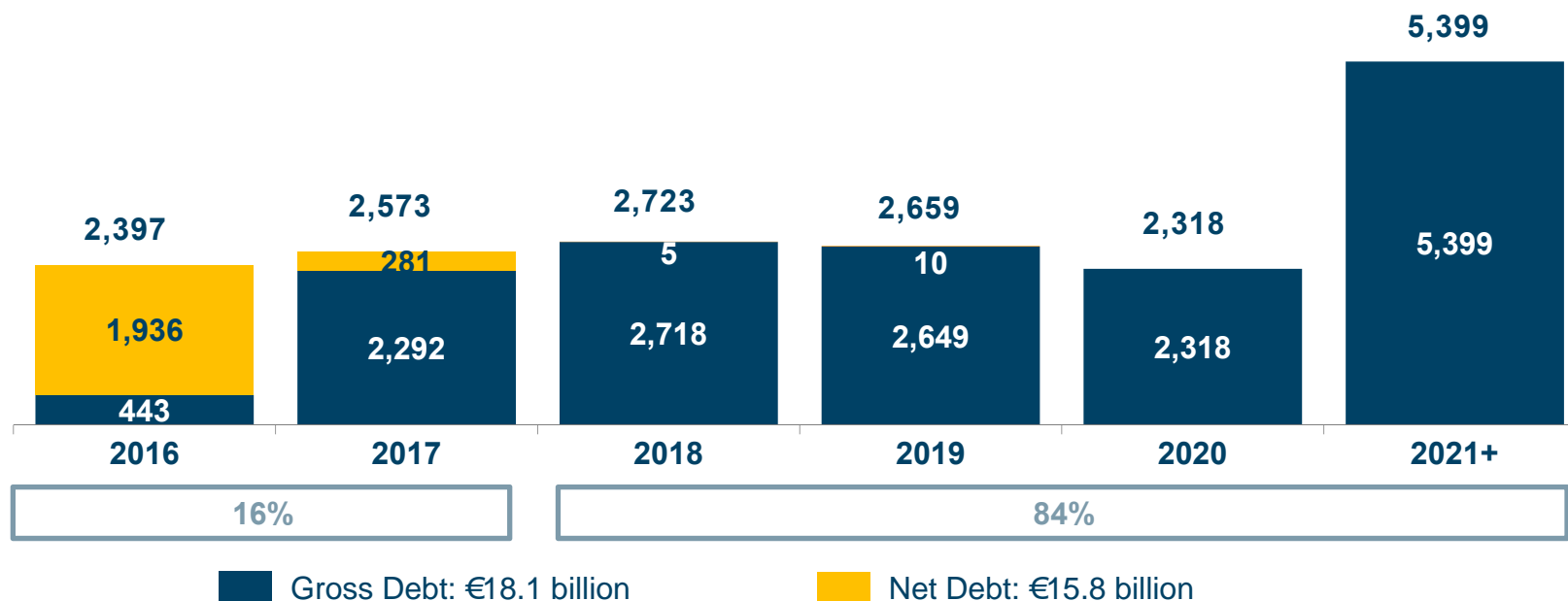
1. With rating agencies adjustments

Strict financial discipline

Comfortable debt maturity profile



As of march 31, 2016
(€m)



✓ Only 16% of debt maturing until the end of 2017

✓ Maintaining current debt structure (fixed/floating, funding sources and currency)

Strict financial discipline

Strong liquidity position



As of march 31, 2016 (€m)	Limit	Withdrawn	Available
Committed credit lines	7,415	321	7,094
Uncommitted credit lines	599	117	482
EIB loan	653	–	653
Cash	–	–	2,062
TOTAL	8,667	438	10,291

➤ Additional capacity in capital markets totalling ~€5,600m in Euro programs and Latam (Chile, Mexico, Panama and Colombia)

✓ **Enough liquidity to cover more than 24 months of financial needs → credit lines and EIB loans with term greater than 2016: >€7,500m**

Strict financial discipline

Financial policy targets



Liquidity	✓ Comfortable liquidity to face “stress” scenarios	
	Targets	<ul style="list-style-type: none"> ✓ Rated “strong” by S&P current criteria ✓ Coverage of 24 months financial needs
Debt average life and maturity	✓ Diversification of maturities and average life according to assets and businesses	
	Targets	<ul style="list-style-type: none"> ✓ Average debt life of 5 years ✓ Maximum debt maturing per year: €2,500–3,000m
Funding sources	✓ Diversification in products and markets	
	Targets	<ul style="list-style-type: none"> ✓ Preference for capital markets and institutional funding in the long end of the curve
Interest rate	✓ Stable cost of debt and predictable in the long-term	
	Targets	<ul style="list-style-type: none"> ✓ Reduce the cost of gross debt (~4.3% in 2020) by maintaining a minimum of 70% of fixed-rate debt
Exchange rate	✓ No risk of exchange rate (financing in local currency) or structural subordination	
	Targets	<ul style="list-style-type: none"> ✓ External financing subsidiaries to a maximum 25% of total debt

Efficiency plan



Opex productivity savings from the 2016–2020 Strategic Vision

- › **Cost optimization of ~220 €m**
 - › Adapt the cost structure and GNF's growth to the new macroeconomic and energy environment
 - › Complete the capture of efficiencies from the acquisition and reorganization of CGE
 - › Improvements identified on top of €100m already identified savings
 - › <€100m of implementation one-off costs

Accumulated savings estimated per year (€m) ¹		
2016	2017	2018
58	135	220

✓ **Working capital optimization not considered: evolution of best practices incorporating new technological developments**

✓ **The full effect of the efficiency plan will be materialised in 2018 given time and cost implementation through 2016 and 2017**

1. Only savings of this plan. Not considering additional plans in 2019/2020.

Portfolio management



✓ GNF has defined its strategy to respond to the challenges in the energy sector in the medium and long-term

Previous portfolio optimization processes

- GNF has proactively and successfully managed its business portfolio
- Recent disposals and acquisitions aligned with strategy
 - Increased exposure to networks / renewables
 - Investment in accretive assets

Transaction	Business
Sale of GASCO LPG Assets	LPG
Acquisition of GASCO Distribution	Networks
Sale of Begasa	Minority stake in electricity distribution
Acquisition of Gecalsa	Renewables
Sale of gasNatural fenosa Telecom	Telecom
Acquisition of Repsol piped LPG	Networks

Continued analysis of strategic fit

- GNF will continue to assess the strategic fit and profitability of its business portfolio with the aim of
 - Proactively managing its portfolio
 - Maximizing value creation for its shareholders

Financial targets and ambitions



€ billion	2015	2018E Target	2020E Ambitions
EBITDA	5.3	~5.4	>6.0
Net income	1.5	~1.6	~1.8
Dividends (pay out 70%)	1.0	~1.1	~1.2
Net debt	15.6	~15.7	~15.6
Net debt / EBITDA	3.0x	~3.0x	~3.0x

✓ Current commodities and exchange rate volatility and outlook anticipate a challenging environment in 2016 and 2017, that might have an impact on GNF's results (net income estimate for 2016 and 2017 in the range of 1,3–1,4 € billion)

Sensitivity analysis

Financial targets' sensitivity to commodity and exchange rate risk



The maximum variation (positive and negative) of the financial objectives due to commodities and exchange rate risk is within the following ranges:

€ billion	2018E Target	2020E Ambitions
EBITDA (variability range)	5.4 (+0.6/-0.5)	> 6.0 (+0.8/-0.7)
Net Debt (Accounting ND / EBITDA)	15.0–16.4 2.5x–3.4x	14.8–17.3 2.1x–3.1x

✓ EBITDA variability is significantly diversified. No risk factor alone contributes more than 11% to the total variability

✓ The impact from commodity and exchange rate risks is very similar, although with a slight predominance from the commodity risk

✓ Variability provided by the exchange rates is especially diversified between USD and performance of the most important Latam currencies

A solid financial and business profile



✓ Cash generation supports growth and future dividends (70% payout ratio commitment)

✓ Strict financial policy

✓ Reducing cost of debt with 70% of debt at fixed rates and despite expected rates increase in Latam

✓ Maintaining the solid business profile with > 70% of EBITDA in regulated or contracted activities and > 80% of future capex in regulated or contracted activities



Reinforcing the visibility and predictability of the business model

Closing remarks (Rafael Villaseca)

4

Closing remarks



Protect current business



Set the foundations for growth



Strong cash flow generation delivers growing dividends and accelerates investment plan while keeping net debt level

Protect current business (1/2)

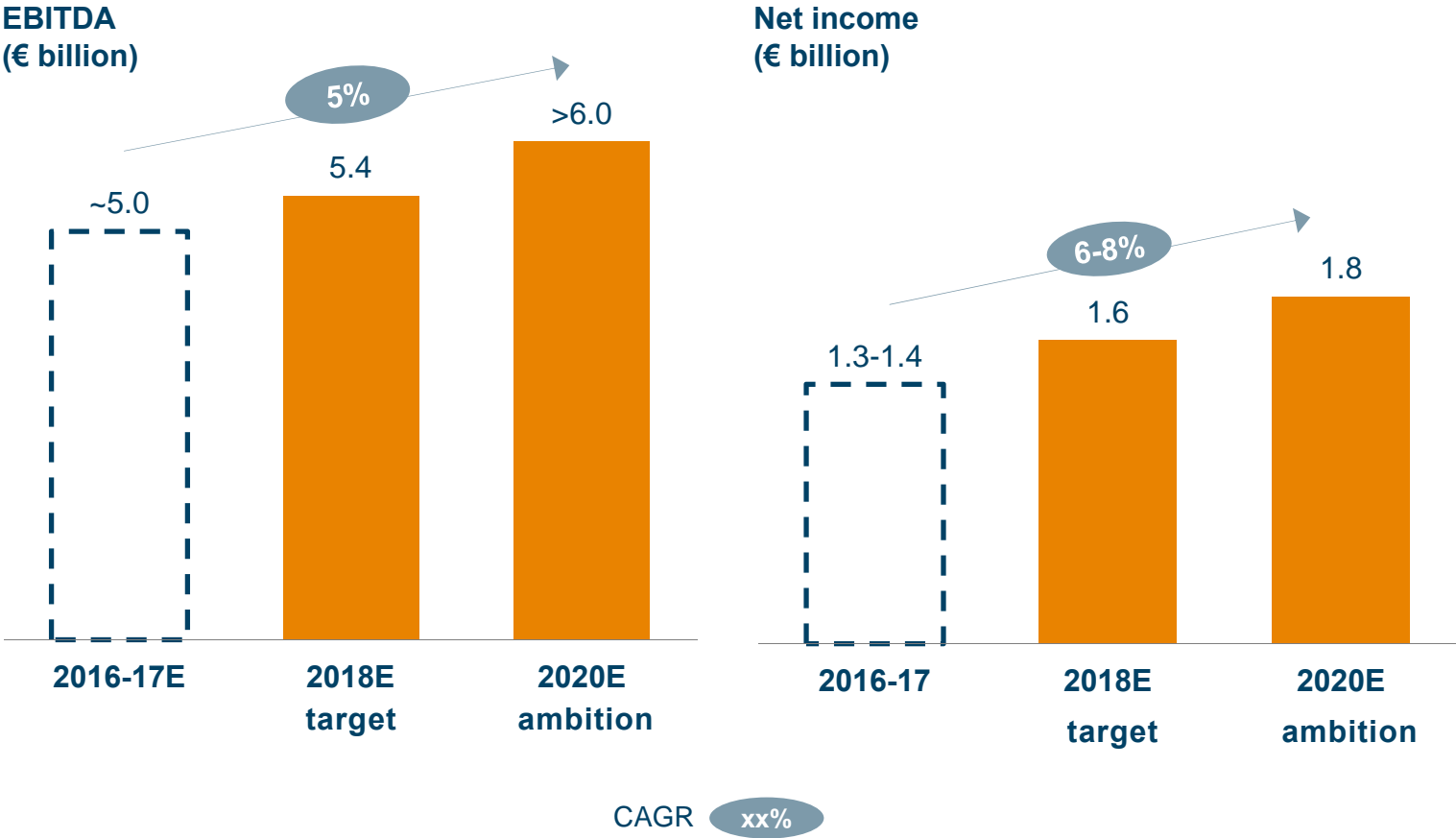


**Challenging environment
2016 -2017**



- ✓ **Active regulatory management: with a view to accomplish a secure and diversified supply, cost efficiency and energy sustainability**
- ✓ **Indexation mechanisms for emerging countries with dollarized tariffs or inflation / devaluation adjustments**
- ✓ **Revision of key gas procurement contracts to adapt them to evolving conditions of the reference markets**
- ✓ **Efficiency plan (~ €220 m of yearly savings)**
- ✓ **Active portfolio management**

Protect current business (2/2)



✓ Management initiatives will mitigate the scenario impact

Set the foundations for growth (1/2)

GNF's solid business model and proven track record in capturing growth opportunities

- ✓ **Growth of regulated distribution businesses with greenfield concessions (aprox +3.6 million supply points by 2020)**
- ✓ **Generation growth in renewables and internationally (~ 3,500 MW by 2020)**
- ✓ **Portfolio management and adaptation of the gas business to new market conditions, by developing end markets and integrating gas-to-power projects in the LNG chain**
- ✓ **Growth in energy solutions and services (+2.4 million new contracts by 2020)**

✓ Investing in strategic vectors will allow a 6% growth from 2018 to 2020

Set the foundations for growth (2/2)

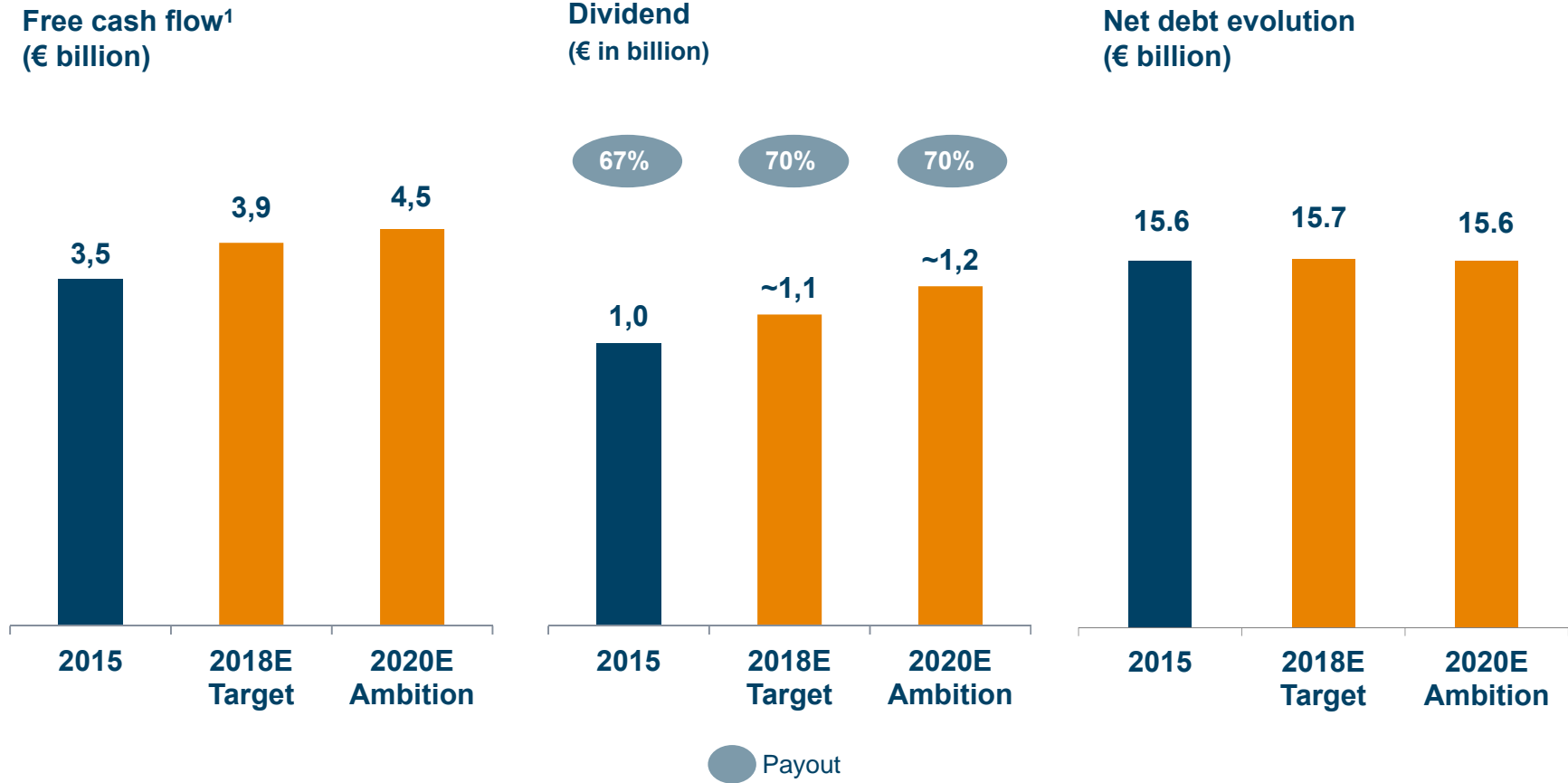


		2020 ambition	Growth 15-20
Networks*	> Gas connection points (million)	~16	+3
	> Electricity connection points (million)	~12	+1
International generation	> Installed capacity	5.4 GW	+2.7 GW**
Renewable Generation Spain	> Renewable capacity	1.8 GW	+0.8 GW
Wholesale gas & procurement	> Gas sales	32 Bcm	+5 Bcm
Marketing services & innovation	> Number of contracts (million)	14.6	+2.4

*Actual networks.

**Of which ~1.750 MW will be renewables.

Strong cash flow generation



✓ Strong cash flow generation between 2016-20 (€20bn) delivers growing dividends (€7bn) and accelerates investment plan (€13bn²) while keeping net debt level (~€15.6bn)

1. Cash Flow calculated as EBITDA – Change in WC – Taxes & Deferred Taxes – Net Interest – Other.
 2. €14bn including vessels.



Thank you

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INVESTOR RELATIONS

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