First Half 2017 Results
(1H17)

July 26, 2017

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Agenda

1. Highlights
2. Progress on Strategic vision 2016-2020
3. 1H17 consolidated results
4. 1H17 results by activity
5. Conclusions

Appendices

1. Highlights

Business performance and main figures

- ✓ 2Q17 results trends in line with 1Q17
  - Robust performance in Networks and International contracted generation
  - Stabilization in Gas supply
  - Continued headwinds in Electricity Spain
  - Ongoing liability management
- ✓ 2017 growth investment plan on track
- ✓ 2016 final dividend payment of €0.67/share on June 27, 2017 and approval of the 2017 interim dividend of €0.33/share for payment on September 27, 2017

(€m)	1H17	1H16	1H16 proforma[1]	1H17 vs. 1H16 proforma[1]
EBITDA	2,176[2]	2,457	2,330	-6.6%
Net income	550	645	647	-15.0%[3]
Net investments[4]	740	622	608	+21.7%
Net debt	15,818	15,423[5]	15,423[5]	+2.6%

✓ **Working towards delivery of 2017 Net Income target of €1.3-1.4bn despite first half Electricity Spain headwinds**

Note:
1 Proforma for Electricaribe deconsolidation (1H16 EBITDA and Net income of €127m and €-2m respectively; Net investments of €14m)
2 €45m positive currency translation effects in 1H17 EBITDA
3 Decline in Net income accentuated by non-controlling interests in growing businesses (e.g. Chile, International contracted generation)
4 Includes financial investments, divestments and others
5 As at 31/12/2016 Electricaribe already deconsolidated

Key highlights in 1H17

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1. Remarkable growth in regulated activities
2. Strong performance in International contracted generation
3. Growing renewable energy exposure in Spain
4. Successful renegotiation and extension of Puerto Rico LNG sales contract

1 Remarkable growth in regulated activities (I)

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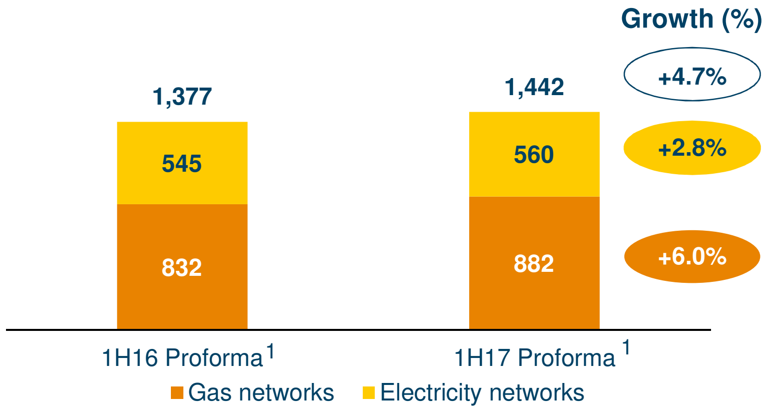
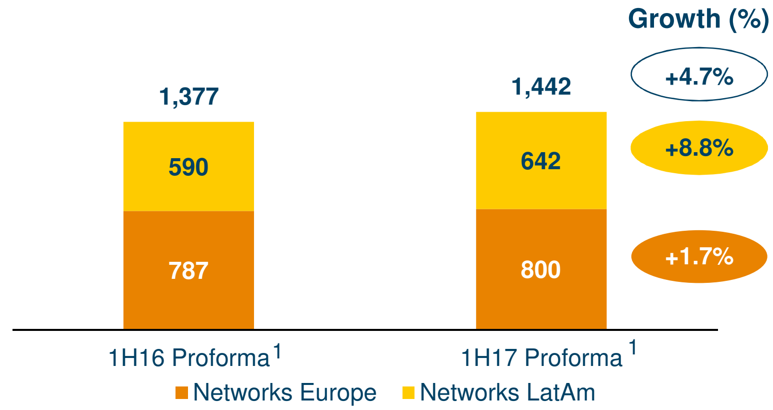
Networks EBITDA (€m)[1,2]



Networks EBITDA (€m)[1,2]



Gas networks

- ✓ **LatAm: +9.8% EBITDA growth supported by Chile, Mexico and Brazil**
- ✓ **Spain: +3.1%[1] EBITDA growth proforma of restructuring costs**

Electricity networks

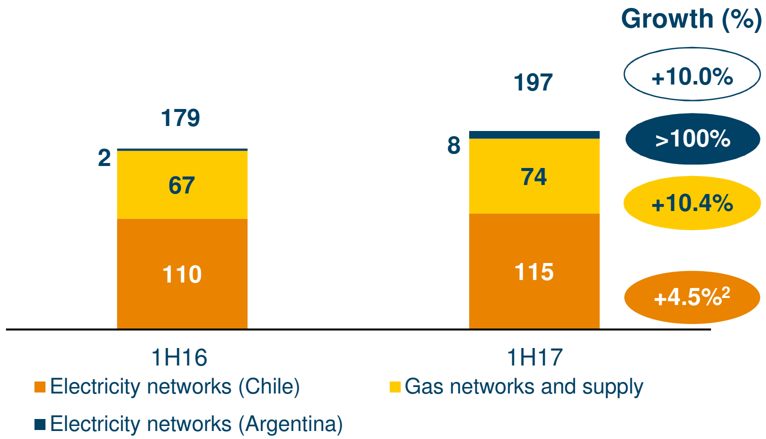
- ✓ **LatAm: +7.0% EBITDA growth ex-Electricaribe[1]**
- ✓ **Spain: +3.0%[1] EBITDA growth proforma of restructuring costs**

✓ **Robust growth in Networks, notably in LatAm**

Note:
1 Proforma for Electricaribe deconsolidation (1H16 EBITDA of €127m) and restructuring costs of €3.6m and €1.8m in Electricity and Gas networks in Spain respectively in 1H16 vs. €13.9m in Spain Electricity networks in 1H17, as part of the efficiency plan 2016-2018
2 Currency translation effects of +€37m

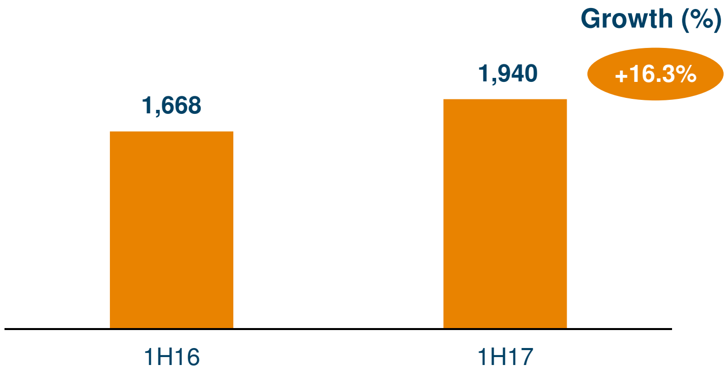
Remarkable growth in regulated activities (II)

CGE EBITDA[1] (CLP m)



- ✓ Increased sales in Electricity Chile
- ✓ Gas networks increased sales in the residential and commercial segments as well as net increase in connection points of ~24k vs. 1H16
- ✓ Electricity Argentina supported by positive impact of updated indexed tariffs
- ✓ Ongoing corporate structure optimisation

Mexico gas distribution EBITDA[1] (MXN m)



- ✓ Significant volume increase in industrial and third-party access segments (up +7.9% and +19.4% respectively vs. 1H16)
- ✓ Net increase in clients of ~57k (+5.4% higher than in 1H16)
- ✓ Higher margins underpinned by updated indexed tariffs

✓ Strong performance of CGE in Chile and gas networks in Mexico

Note:
1. Growth figures in local currency slightly differ from consolidated figures due to consolidation and other adjustments
2. +6.5% EBITDA growth excluding one-off expenses in 1H17 related to power outages after natural disasters in Chile

2 Strong performance in International contracted generation

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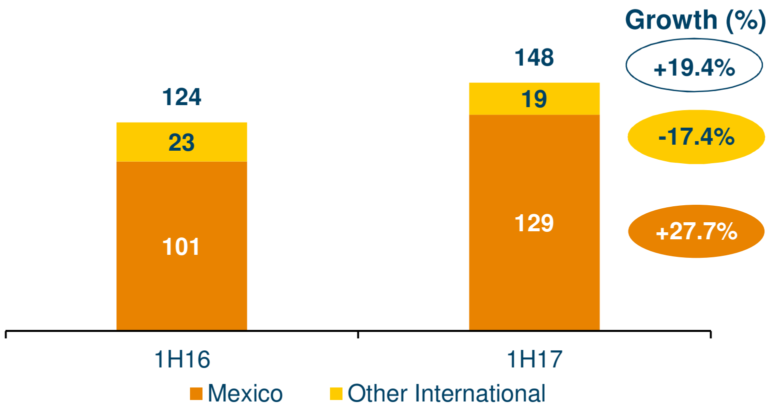
International contracted generation EBITDA (€m)[1]



International contracted generation growth mainly driven by Mexico

- ✓ **Improved availability due to favorable outage schedule in 2017**
- ✓ **Strong performance of excess energy due to higher volumes and better margins**

Update on Brazil PV

- ✓ **On track to launch operations in August 2017 through 2 plants of 30MW each**

Capacity	60 MW
Contracted PPA (20 years)	~ 95 €/MWh
Run-rate EBITDA	~ €12m
Investment	~ €95m
Project IRR (BRL)	~ 17.5%

✓ **Strong growth and secured activity expansion in International contracted generation**

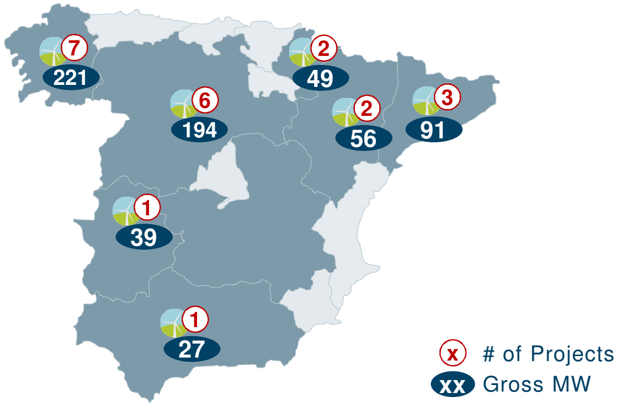
Note:
1 Currency translation effects of +€3m

3 Growing renewable energy exposure in Spain

Overview of Spanish renewable auction

- ✓ Awarded 667MW of wind power generation on May 17, 2017 (22% of the auctioned power)
- ✓ Opportunity to deploy a highly competitive and valuable portfolio of 22 projects, which GNF had been developing for years, located at particularly attractive sites
- ✓ New projects to be commissioned in 2018-2019

Project sites – Spanish renewable auction



Newly installed renewable capacity in Spain

	Capacity (MW)	Investment
1 Wind projects Canary Islands	65	~€95m
2 Spanish renewable auction	678[1]	Max. ~€700m

- ✓ **+60% increase in renewable capacity to ~1.8GW**
- ✓ **2020 new renewable capacity target defined in Strategic vision 2016-2020 already achieved**

✓ **High load factors, optimized design and procurement along with operational excellence, will allow to deliver attractive returns above cost of capital for the new projects**

Note:
1 Slightly above awarded 667MW given more advantageous machine configurations in terms of production, capex and opex

4 Successful renegotiation and extension of Puerto Rico LNG sales contract

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Overview

- ✓ **Renegotiation and extension** of LNG sales contract with PREPA (Puerto Rico Electric Power Authority) **doubling the current volume (1 to 2 bcm/year)**
- ✓ **Ensuring LNG contracted sales to end customers** in the medium term at **favorable conditions**
- ✓ **Attractive strategic and logistic fit** given GNF position in the area, allowing for **contractual optimizations and HH hedging optionality**
- ✓ This LNG contract **contributes very positively to Puerto Rico's economic and environmental targets**

Key terms

Start date	**Oct-2017**
Volume	**2 bcm/year**
Duration	**~ 3yrs**
Price formula	**50 / 50 HH / Brent**

✓ **GNF continues to lock in attractive mid to long term contracts in international LNG; on track with objective of securing 70-80% volume sales for 2018 by year-end**

2. Progress on Strategic vision 2016-2020

Key pillars of Strategic vision 2016-2020

2016–2020 plan based on four pillars

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

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✓ **Progressing on delivery against the key pillars of our Strategic vision 2016-2020 as presented on May 11, 2016**

1 Cash generation supports the future dividend
Approval of 2017 interim dividend

✓ **Aligned with dividend policy for the period 2016-2018**

- payout of 70%
- minimum dividend of €1/share
- payment of interim dividend in September

✓ **Interim dividend for 2017 of €0.33/share payable on September 27, 2017 approved by Board of directors**

- To be fully paid in cash

✓ **Total dividend of at least €1,001 million against 2017 results**

✓ **Committed to an attractive and sustainable shareholder remuneration**

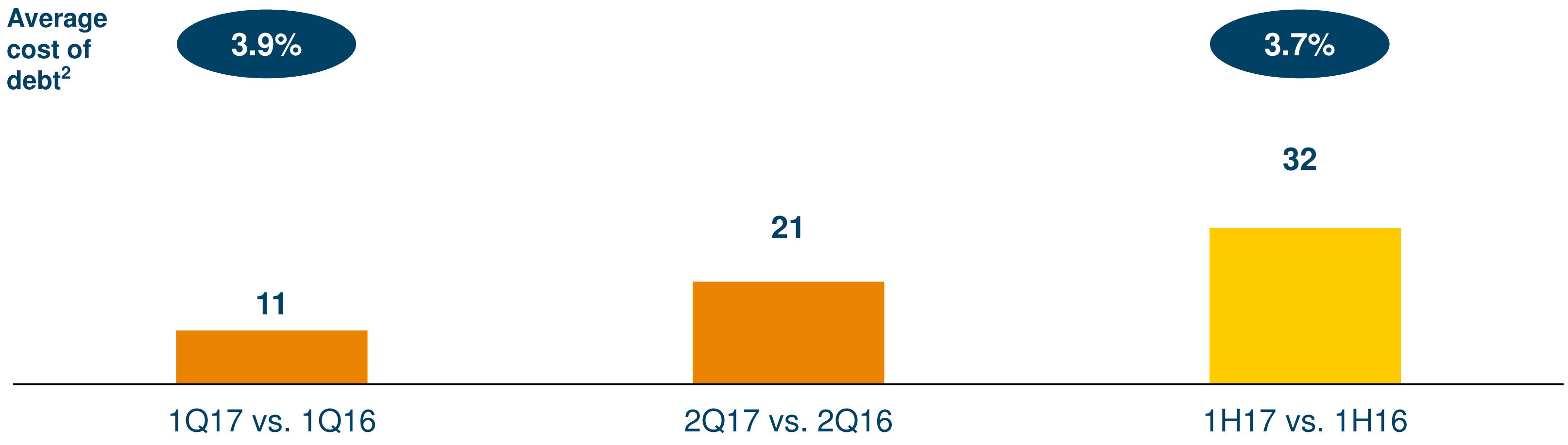
2 Strict financial discipline
Ongoing cost of debt optimisation

- ✓ **Successful closing of the liability management exercise in April 2017, with the issuance of €1,000m, 7-year bond with a coupon of 1.125% and a €1,000m notes repurchase**
- ✓ **New corporate long-term institutional loans (€650m)**
  - €450m loan facility (up to 20 years) with EIB
  - €200m loan facility (up to 11 years) with ICO
- ✓ **New corporate loans and credit facility optimization (€3,500m)**
  - > €2,800m long-term credit line extension
  - Approximately €700m long-term loan optimization
- ✓ **Ongoing debt optimisation in LatAm with €650m refinancing including:**
  - Mexico: new MXN4,000m credit facilities (of which MXN2,000m at fixed rate)
  - Panama: new USD120m loans at fixed rate
- ✓ **Proactive management of interest rate risk**
  - Currently 80% fixed debt rate (approx. 70% locked-in until the end of 2020)
  - Above €4,500m new long term fixed rate in 2017

✓ **Continued liability management efforts lead to lower cost of capital, higher proportion of fixed rates and extension of average life of debt > 5.5 years**

Strict financial discipline
Progressive impact on financial results

Evolution of financial results post-tax[1] (€m)



✓ **Expected average cost of gross financial debt of ~3.6% for the year 2017 (70 bps below 2016 average)**

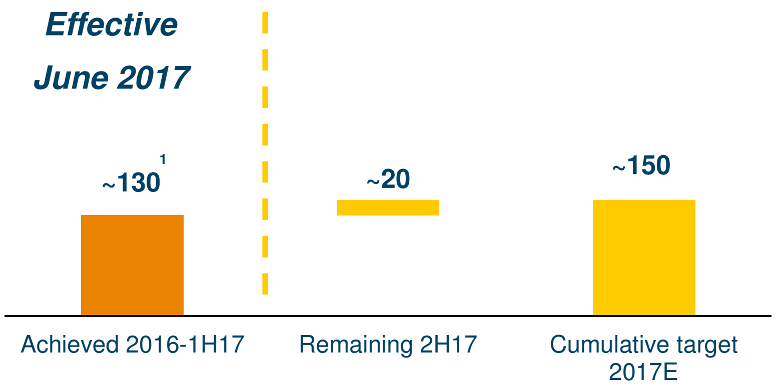
✓ **Liability management efforts progressively positively impacting financial results**

Notes:
1. Proforma for ECA deconsolidation
2. Pre-tax cost of financial debt

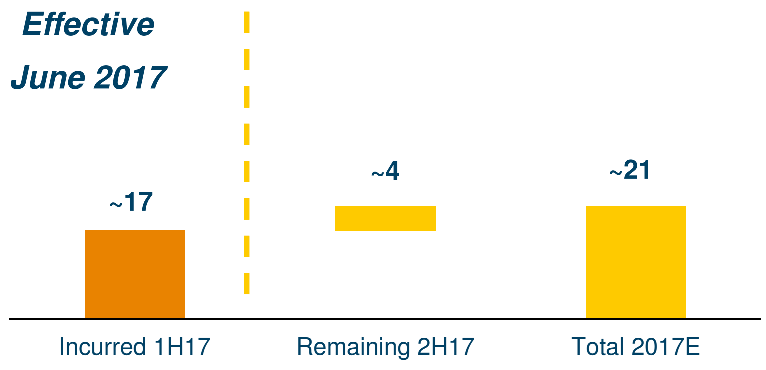
3 Efficiency plan

Efficiency plan 2016-2018

Cost savings (€m)



Restructuring costs (€m)



	Efficiency plan contribution[2]	
	1H17 vs. 1H16	**2017E vs. 2016**
EBITDA	~ +€32m	~ +€67m

✓ **By June 2017 all initiatives required to meet the targeted 2017E cumulative savings of €150m have been identified**

✓ **Efficiency plan 2016-2018 fully on track**

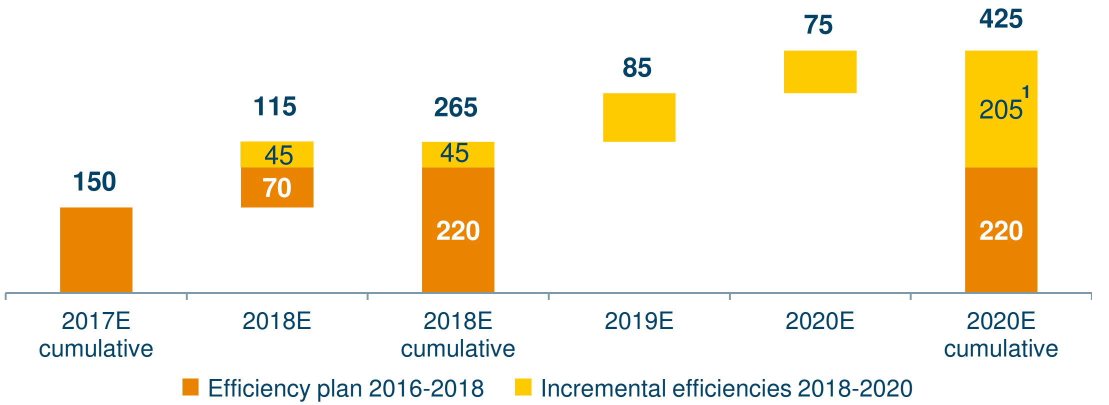
✓ **Identification of significant additional cost savings leading to launch of a new and more ambitious efficiency plan 2018-2020**

Note:
1. Cumulative savings of €130m since 2016 (€89m in 2016 and €41m in 1H17) already achieved
2. Considering incremental savings in the period against incremental restructuring costs (e.g. incremental savings of €61m for 2017E which cost €6m less to capture vs. 2016)

3 Efficiency plan

New efficiency plan 2018-2020 (I)

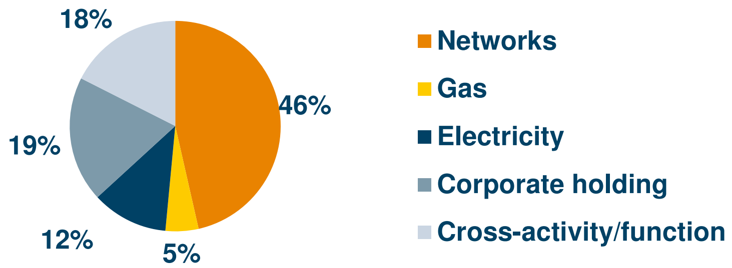
Phasing of cumulative gross savings and operational improvements (€m)



New efficiency plan 2018-2020 cumulative gross savings

~€275m[2]

Breakdown of gross savings and operational improvements by activity (%)



Total: ~ €275m[2]

- ✓ **Efficiencies most present in regulated activities as well as at the corporate holding; transversal efficiencies across activities also highly relevant**
- ✓ **Estimated restructuring costs of ~€170m[3] to be incurred primarily during 2018**

- ✓ **Comprehensive and more ambitious efficiency plan 2018-2020 (4th plan since 2009)**
- ✓ **Incremental efficiencies and operational improvements of ~€45m in 2018E on top of current efficiency plan 2016-2018**

Note:
1. Includes €35m additional operational improvements reducing energy losses in Electricity networks via use of advanced analytics and monitoring systems
2. Includes €70m savings from current efficiency plan 2016-2018 which will now be incorporated into the new efficiency plan 2018-2020
3. Restructuring costs of €170m and additional investments of €60m envisioned (mainly in technology) as part of the new efficiency plan 2018-2020

3

Efficiency plan

New efficiency plan 2018-2020 (II)

Breakdown of gross savings by initiative[1] (€m)	Gross cumulative savings
Digital & technology ✓ New technologies to transform processes, customer relationships management and asset maintenance and management	~€82m
New policies and management models ✓ Adapted to each activity, geography and energy / macro-environment ✓ Redefinition of expansion and maintenance commercial models	~€42m
Smart simplicity & stop doing ✓ Review of internal and external relationships including redefinition of BPO[2] models and review of contracts with external suppliers	~€32m
Workforce restructuring & optimisation	~€78m
Ongoing process and optimization measures ✓ Continued process optimization via digitalization of front and back-offices processes, improved logistics and other efficiencies	~€41m
Total gross savings	~€275m

✓ **Identified levers to deliver on the new efficiency plan 2018-2020**

Notes:

1. Including advanced analytics, robotic process automation, LEAN Six Sigma and Agile processes optimization, PDRI (Project Definition Rating Index) for renewables, and others
2. Business process outsourcing

4 Portfolio management

Previous portfolio optimization process		✓ 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 ✓ **Sales in 2016: €756m** • 20% GNL Quintero • Chile LPG • 21% UF Gas Mugardos • 42.5% UF Gas Sagunto ✓ **Acquisitions in 2016: €350m** • 37.9% GN Chile • Vayu Ltd. • International contracted generation *Greenfield projects*
Continued analysis of strategic fit and other strategic opportunities	**Review of non-core regions/ businesses**	✓ Regions/businesses under-performing or lacking critical mass to deliver return or growth criteria ✓ Regions/businesses with low integration / low synergies with the rest of our activities or in which GNF doesn´t have a competitive advantage ✓ GNF is evaluating strategic alternatives for a number of non-core assets with an aggregate book value of ~ €1bn, including Italy, real estate and other assets
	Other strategic/ M&A	✓ Pro-actively managing our portfolio ✓ Maximizing value creation for shareholders

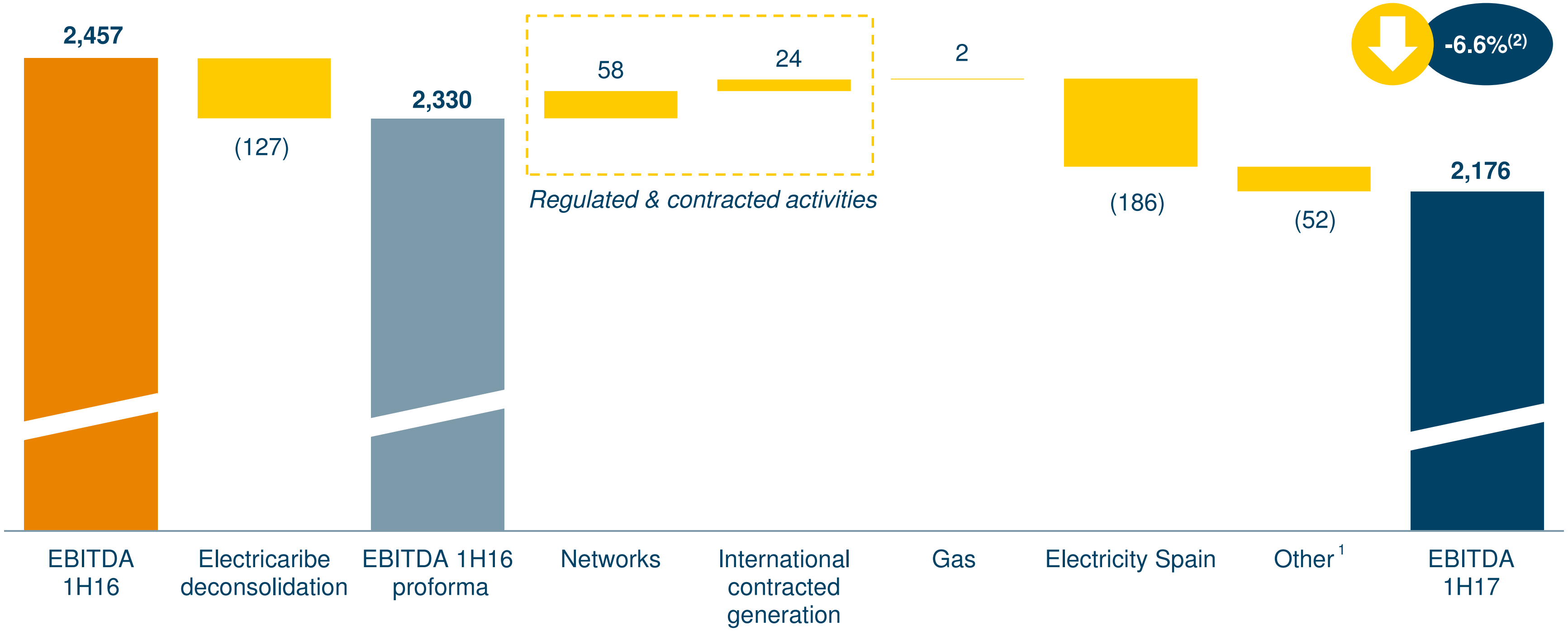
✓ **As a key pillar of our Strategic vision 2016-2020 GNF is continuously evaluating strategic alternatives with a view to maximize value creation**

3. 1H17 consolidated results

EBITDA evolution

1H17 vs. 1H16

EBITDA (€m)



✓ **Robust performance of regulated and contracted activities, and stable contribution from Gas business offset by Spanish Electricity headwinds, lower non-recurring revenues and Electricaribe deconsolidation**

Note:

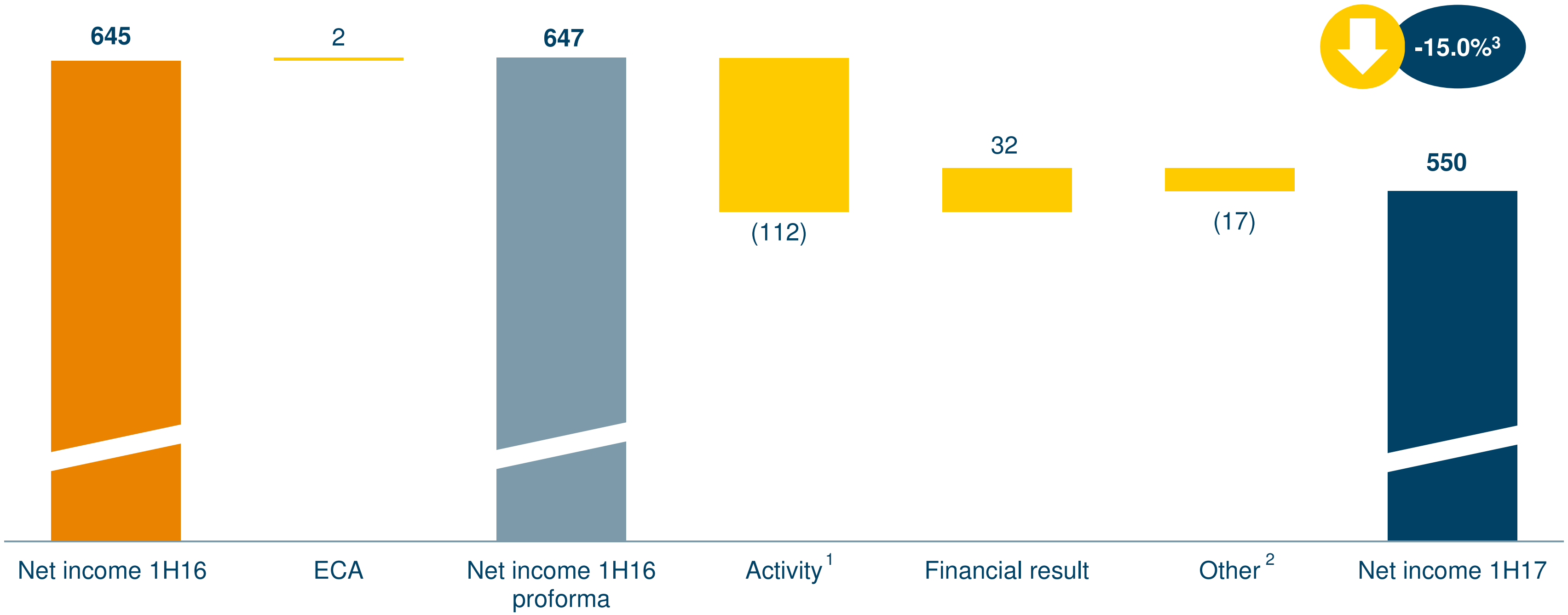
1 Includes corporate holding and other activities (mining, engineering, etc.); mainly affected by non-recurrent items: (i) one-off gains in 1H16 for real estate asset disposals and other positive non-recurring items, and (ii) one-off expenses in 1H17 due to power outages after natural disasters in Chile and the launch of the energy vulnerability plan in Spain

2 Pro-forma for Electricaribe deconsolidation

Net income evolution

1H17 vs. 1H16

Net income (€m)



✓ **Strong focus on financial management partially mitigating the negative impact of activity (mainly Electricity Spain) and discontinued operations**

Note:
1 Includes EBITDA (ex. Electricaribe), depreciation & amortization, provisions and tax effects; negative impact mainly due to Electricity Spain and non-recurrent items
2 Other includes equity income, discontinued operations results and non-controlling interests
3 Pro-forma for Electricaribe deconsolidation

Net debt evolution

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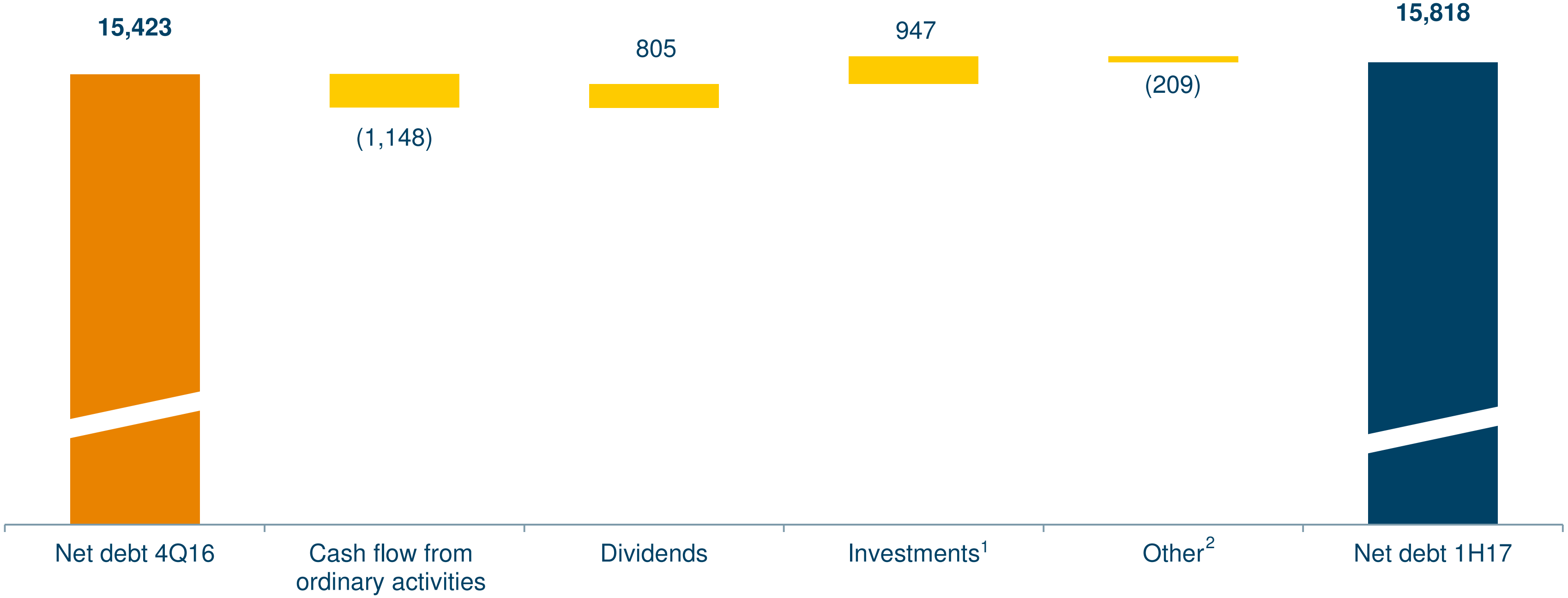
Net debt (€m)



✓ **Stable Net debt despite final cash dividend payment for 2016 in June 2017 and growth investments**

Notes:

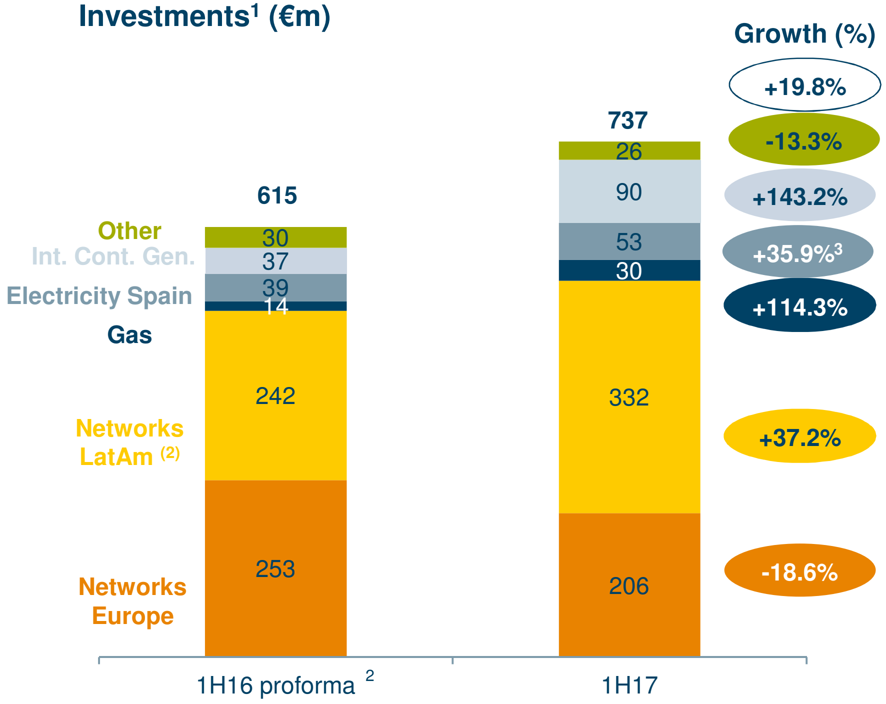
1 Refers to investments actually paid in the quarter

2 Mainly related to currency translation effect in consolidation and other cash flow items

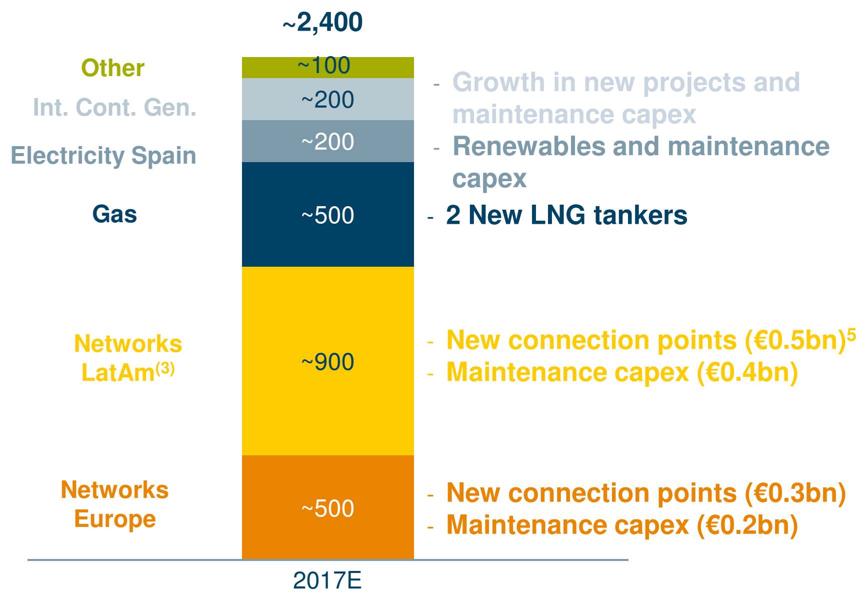
Investments

1H17 vs. 1H16

Investments[1] (€m)



Net investments 2017E[4] (€m)



- ✓ **Capex growth mainly driven by Networks LatAm and international contracted generation**
- ✓ **Growth capex of €392m (53% of overall capex)**
- ✓ **2017 targets on track and underpinning EBITDA growth as envisioned in the current Strategic vision 2016-2020**

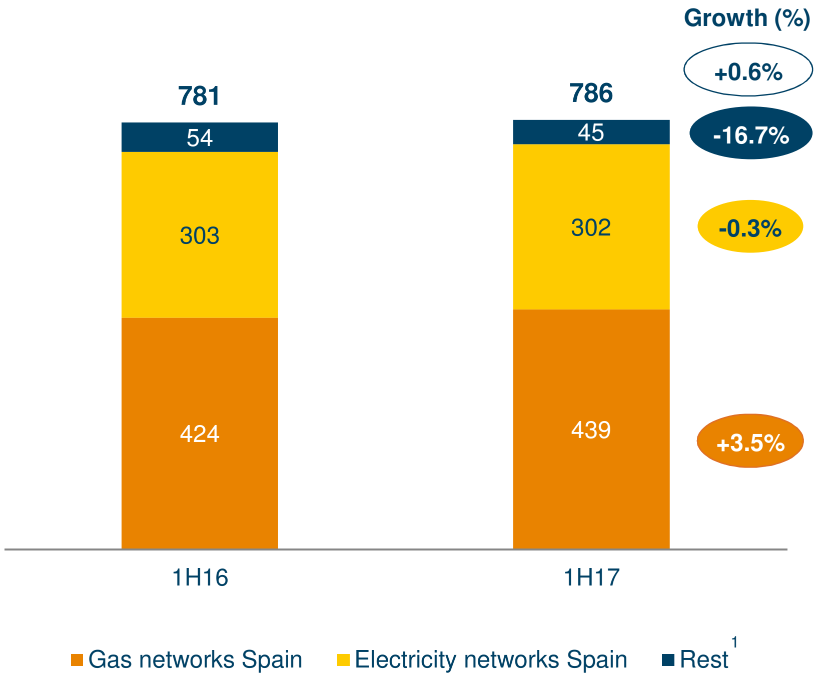
✓ Growth investment plan on track

Notes:
1. Material and intangible investments; excluding financial investments and divestments
2. Proforma for deconsolidation of Electricaribe (1H16 investments of €14m)
3. Mainly Canary Islands (wind projects)
4. Capex ~€0.3bn lower than envisioned in Strategic vision 2016-2020 partly due to Electricaribe deconsolidation
5. Of which ~€0.25m CGE Chile and ~€0.12m Mexico

4. 1H17 results by activity

Networks Europe

EBITDA (€m)



Electricity

- ✓ **Spain: +3.0% EBITDA growth excluding €10.3m incremental restructuring costs incurred in 1H17 as part of current efficiency plan**
- ✓ **Moldova down impacted by regulatory changes**
- ✓ **Investments underpin EBITDA growth: €109m in 1H17 (of which €23m growth capex)**

Gas

- ✓ **Spanish activity supported by the acquisition of ~230,000 LPG connection points in 4Q16 and a net increase in connection of points of ~ 23,000 in 1H17**
- ✓ **Investments underpin EBITDA growth: €97m in 1H17 (of which €69m growth capex) and more than ~36,000 new connection points vs. 1H16**

✓ **+1.7% EBITDA growth in a robust regulated activity, once restructuring costs from current efficiency plan are excluded**

Note:
1 Italy and Moldova; the latter with a €1m positive currency translation effect in 1H17

Networks LatAm

Gas distribution

EBITDA (€m)

Country	1H17	1H16	Variation	Change (%)	Net increase in connection points vs. 1H16 (´000)
Chile	103	88	15	+17.0%	~ 23
Colombia	72	84	(12)	-14.3%	~ 110
Brazil	130	103	27	+26.2%	~ 48
Mexico	92	84	8	+9.5%	~ 116
Other[1]	17	18	(1)	-5.6%	~ 22[2]
TOTAL	414	377	37[3]	+9.8%	~ 320

- ✓ Chile: Increased sales in the residential and commercial segments
- ✓ Colombia: Comparison affected by the atypical demand and dry semester in 1H16 "El Niño phenomenon"
- ✓ Brazil: Growth in volumes and updated inflation indexes (IGPM) along with positive translation effect
- ✓ Mexico: Significant volume increase and updated indexed tariffs
- ✓ Investments underpin EBITDA growth: €155m in 1H17 (of which €101m growth capex) and more than ~ 320,000 new connection points vs. 1H16

✓ **Strong growth supported by robust results in Chile, Mexico and Brazil**

Note:
1. Argentina & Peru Gas distribution
2. Argentina only
3. Currency translation effects of +€24m

Networks LatAm

Electricity distribution

EBITDA (€m)

Country	1H17	1H16	Variation	Change (%)	Sales growth (%)
Chile	162	147	15	+10.2%	+2.0%
Panama	55	64	(9)	-14.1%	+0.3%
Argentina	11	3	8	+267%	-2.0%
TOTAL[1] (excl. ECA)	228	213	15[2]	7.0%	+1.2%

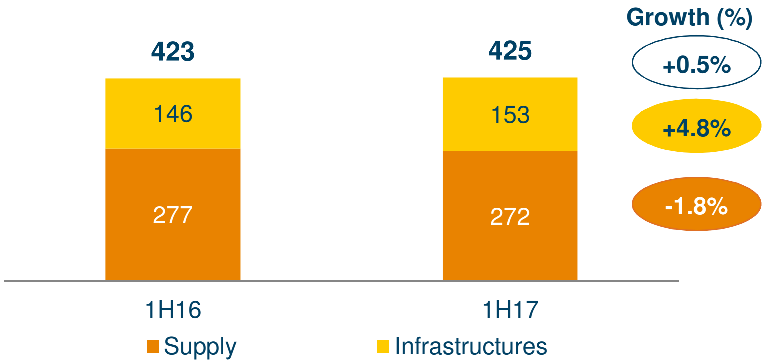
- ✓ **Chile: +6.5% EBITDA growth in local currency vs. 1H16 excluding one-off expenses[3]**
- ✓ **Panama: Mainly impacted by client refunds due in 1H17 as compensation for higher charges in the period 2002-06**
- ✓ **Argentina: Positive impact of updated indexed tariffs**
- ✓ **Investments underpin EBITDA growth: €177m in 1H17 (of which €82m growth capex)**

✓ **Strong performance of distribution in Electricity LatAm (+7.0% EBITDA growth ex-Electricaribe) supported by higher sales and recent investments**

Note:
1 Excluding Electricaribe for comparability purposes (1H16 EBITDA of €127m)
2 Currency translation effects of +€12m
3 One off expenses in 1H17 related to power outages after natural disasters in Chile

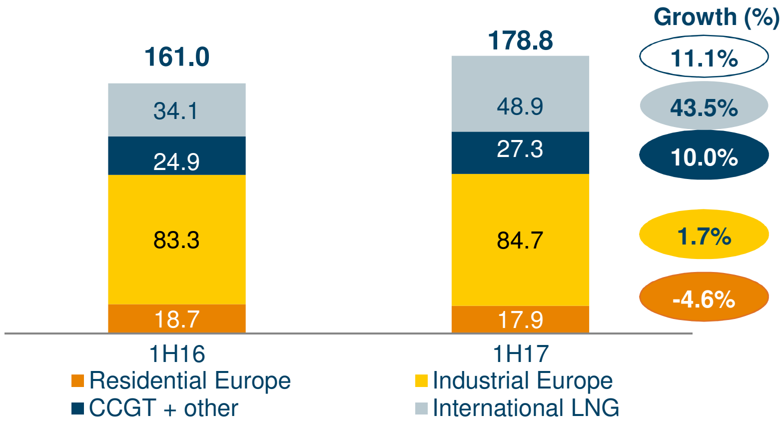
Gas

EBITDA (€m)[1]

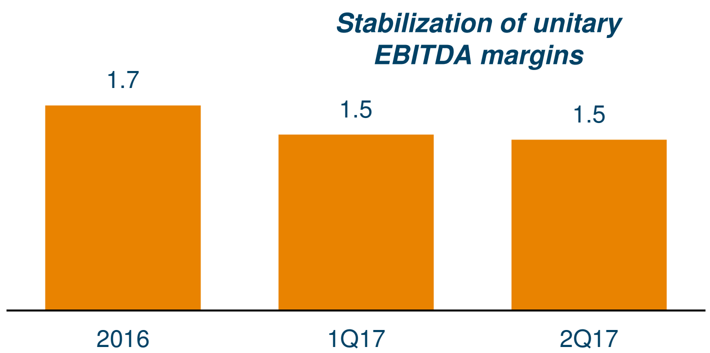


- ✓ **Infrastructures: Growth mainly driven by the 3% tariff increase on the Magreb-Europe pipeline**
- ✓ **Supply: Increase of international LNG supply in 1H17 (+43.5% GWh vs. 1H16)**

Gas sales (TWh)



Gas supply margin evolution EBITDA (€/MWh)



✓ **Resilient results vs. 1H16 driven by positive contribution of new volumes offsetting downward margin pressure on Spanish industrial market segment**

Note:
1 Currency translation effects of +€5m in infrastructures

Electricity Spain

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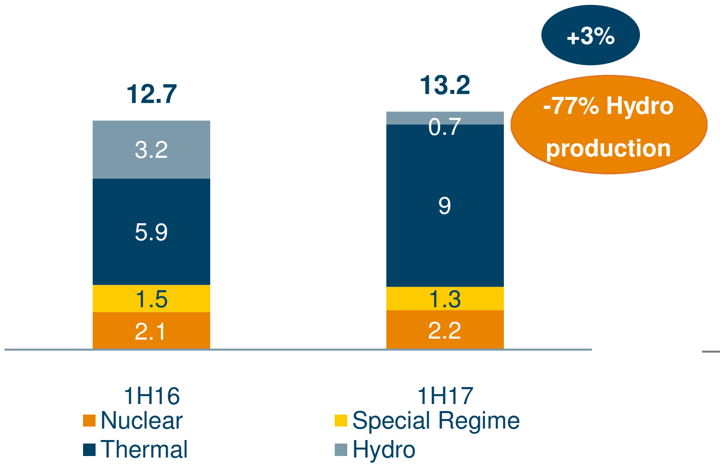
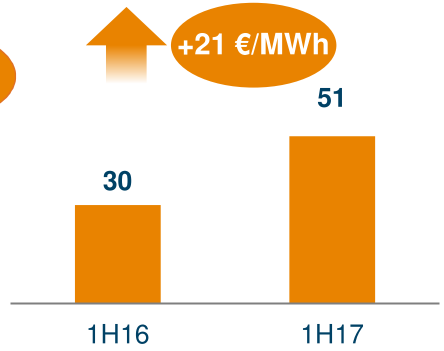
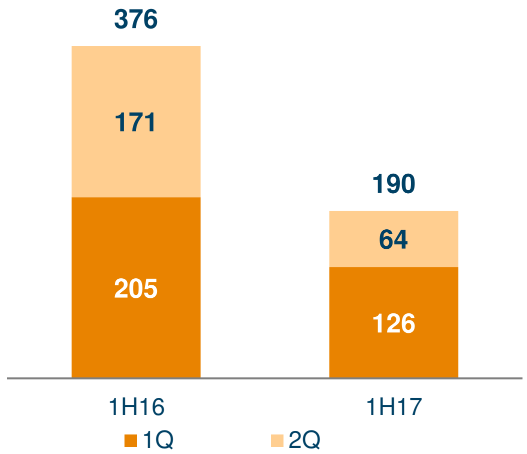
GNF production (TWh)



Pool price[1] (€/MWh)



EBITDA (€m)



EBITDA 2017E vs. 2016 impact

≤ -€200m

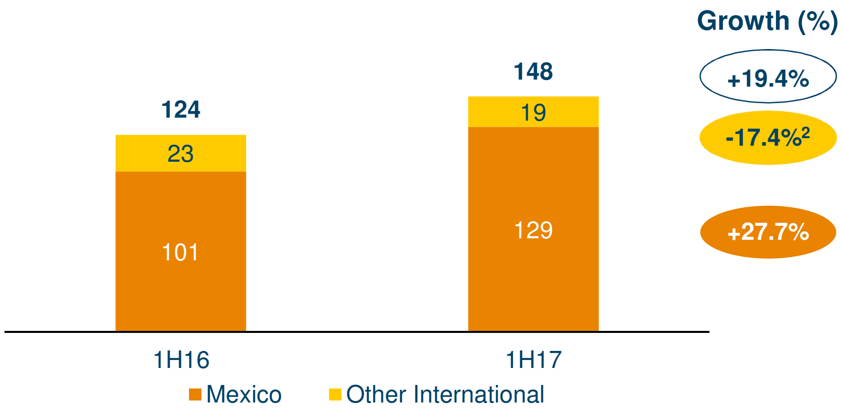
- ✓ **Higher generation costs:**
  - Hydro represented only 6% production in 1H17 vs. 25% 1H16
  - Higher commodity prices
- ✓ **Global excess in gas supply and higher imports compete in the increased thermal gap**
- ✓ **Supply margins affected by higher pool prices with sale prices at particularly low levels, given the exceptionally low forward prices[2] on which they were set in 1H16**

> ✓ **As in 1Q17 the lag effect between generation costs and commercialization prices prevents from translating the significantly higher generation costs to final customers**

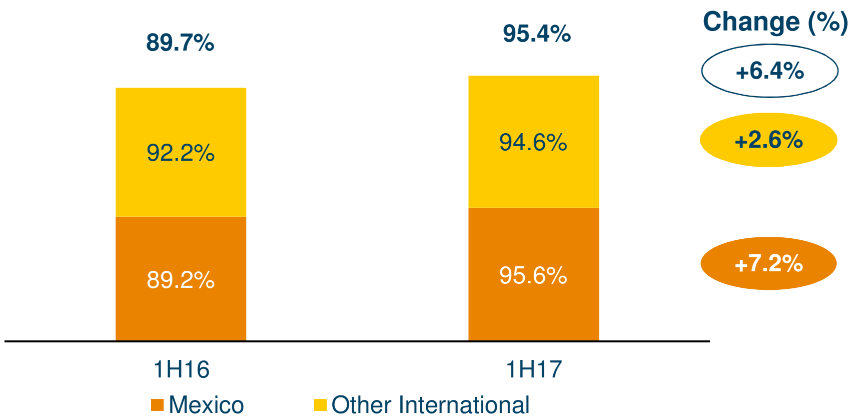
Note:
1 Average price in the daily power generation market
2 Average OMIP of 41.9 €/MWh in 1H16 vs. 47.0 €/MWh in 1H17 with particularly low prices in the period February to September 2016

International contracted generation

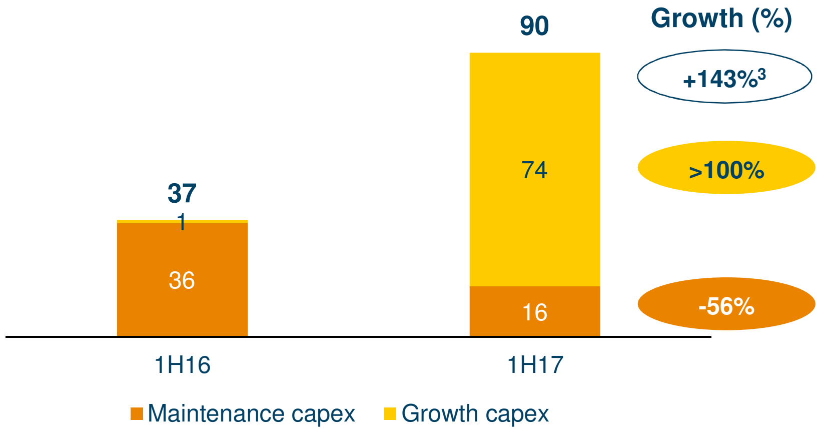
EBITDA (€m)[1]



Total availability (%)



Investments (€m)



International contracted generation growth mainly driven by Mexico

- ✓ **Improved availability due to favorable outage schedule in 2017**
- ✓ **Strong performance of excess energy due to higher volumes and better margins**

Brazil PV: on track to launch operations in August 2017

✓ **International contracted generation continues to deliver strong growth through profitable investments**

Note:
1 Currency translation effects of +€3m
2 Dominican Republic down due to lower production and lower prices in the spot market following end of (PPA) contract with distributors; Costa Rica declined due to the provisions for the possible (ICE) penalty for the delay in Torito plant; Kenia down due to extraordinary insurance income registered in 1H16
3 Mainly explained by +€59m growth capex in Brazil PV projects and +€15m in Australia wind

5. Conclusions

Summary and conclusions

- ✓ **All business activities performing well except for Spain Electricity**
- ✓ **Headwinds in Spain Electricity expected to slow down in 2H17, improving the overall outlook for 2H17**
- ✓ **Solid progress in the implementation of key pillars of our Strategic vision 2016-2020**
  - Continue to invest in profitable growth notably in regulated and contracted activities, which are performing very well and represent today around 80% of our EBITDA
  - Launch of a new and more ambitious efficiency plan 2018-2020
  - Focus on portfolio management
  - Ongoing cost of debt and tax optimization
  - Approval of 2017 interim dividend

✓ **Working towards delivery of 2017 Net Income target of €1.3-1.4bn**

Appendices

1. Financials

Consolidated income statement

(€m)	1H17	1H16	Change %
Net Sales	12,283	11,409	+7.7%
Purchases	(8,726)	(7,556)	+15.5%
Gross Margin	3,557	3,853	-7.7%
Personnel Costs, Net	(501)	(506)	-1.0%
Taxes	(234)	(236)	-0.8%
Other Expenses, Net	(646)	(654)	-1.2%
EBITDA	2,176	2,457	-11.4%
Depreciation and Impairment losses	(843)	(868)	-2.9%
Provisions	(64)	(142)	-54.9%
Other	-	-	-
Operating Income	1,269	1,447	-12.3%
Financial Results, Net	(347)	(415)	-16.4%
Equity Income	7	(11)	-163.6%
Income before tax	929	1,021	-9.0%
Corporate tax	(218)	(240)	-9.2%
Discontinued operations results	-	30	-100.0%
Non-Controlling Interests	(161)	(166)	-3.0%
Net Income	550	645	-14.7%

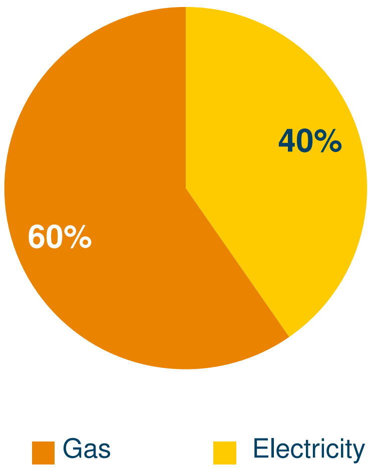
EBITDA breakdown

(€m)	1H17	1H16 proforma[1]	Change (€m)	Change (%)
Gas networks	882	830	52	+6.3%
Europe	468	453	15	+3.3%
LatAm	414	377	37	+9.8%
Electricity networks	546	541[1]	5[1]	+0.9%[1]
Europe	318	328	(10)	-3.0%
LatAm	228	213[1]	15[1]	+7.0%[1]
Gas	425	423	2	+0.5%
Infrastructure	153	146	7	+4.8%
Supply	272	277	(5)	-1.8%
Electricity	338	500	(162)	-32.4%
Spain	190	376	(186)	-49.5%
International	148	124	24	+19.4%
Other	(15)	36	(51)	-
Total EBITDA	2,176	2,330[1]	(154)[1]	-6.6%[1]

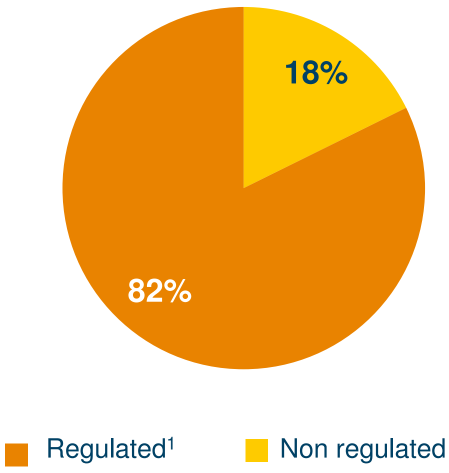
Note:
1 Proforma for deconsolidation of Electricaribe (1H16 EBITDA of €127m)

EBITDA analysis

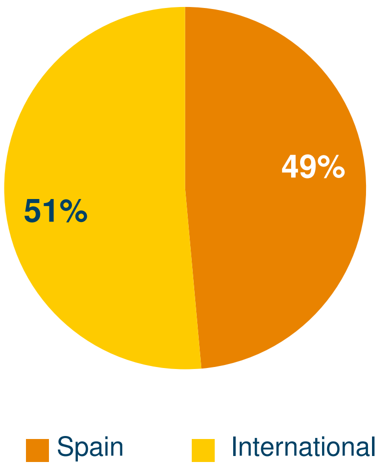
Gas/Electricity



Regulated[1]/Non regulated



Spain/International



Note:

1 Includes contracted activities (EMPL, International contracted generation, renewables)

Currency translation effect on EBITDA

Gas Distribution

EBITDA (€m)

Country	1H17	1H16	Currency translation	Activity
Argentina	19	19	(2)	2
Brazil	130	103	19	8
Chile	103	88	4	11
Colombia	72	84	8	(20)
Mexico	92	84	(5)	13
Peru	(2)	(1)	0	(1)
TOTAL	414	377	24	13

International contracted generation

EBITDA (€m)

Country	1H17	1H16	Currency translation	Activity
Mexico	129	101	2	26
Rest	19	23	1	(5)
TOTAL	148	124	3	21

Electricity Distribution

EBITDA (€m)

Country	1H17	1H16	Currency translation	Activity
Argentina	11	3	0	8
Chile	162	147	10	5
Panama	55	64	2	(11)
Moldova	16	25	1	(10)
TOTAL (excl. ECA)[1]	244	239	13	(8)

Gas

EBITDA (€m)

Country	1H17	1H16	Currency translation	Activity
Gas Infra	153	146	5	2
TOTAL	153	146	5	2

Total currency translation effect: +€45m

Note:

1 Excluding Electricaribe for comparability purposes (1H16 EBITDA of €127m)

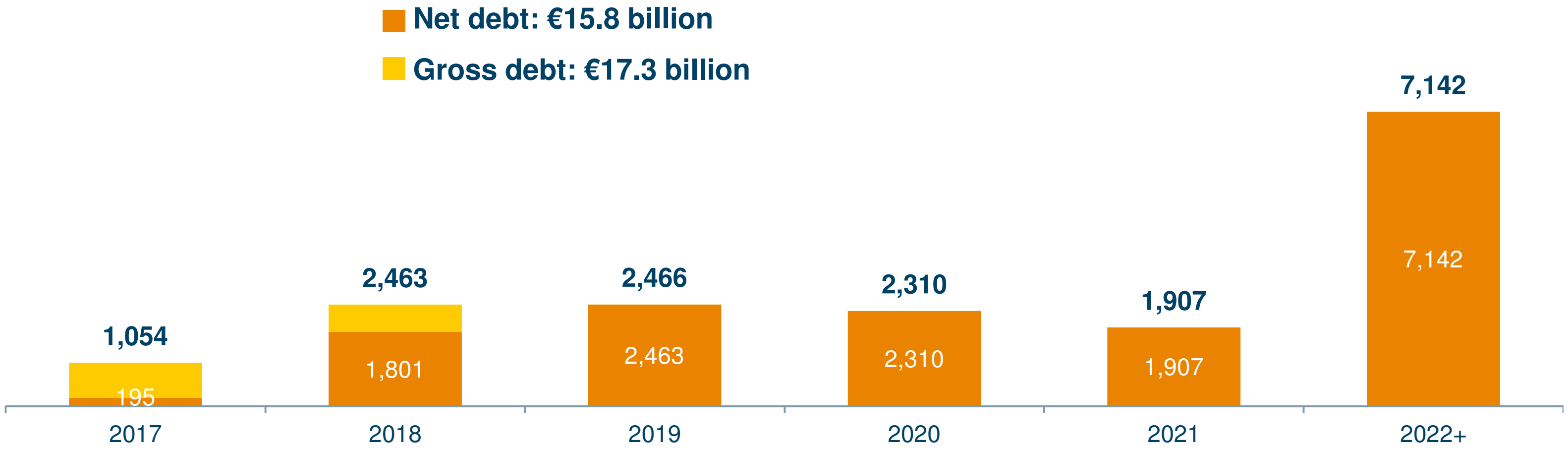
Net investments

(€m)	1H17	1H16	Change €m	Change %
Gas networks	252	257	(5)	-1.9%
Europe	97	145	(48)	-33.1%
LatAm	155	112	43	+38.4%
Electricity networks	286	252	34	+13.5%
Europe	109	108	1	+0.9%
LatAm	177	144	33	+22.9%
Gas	30	14	16	-
Infrastructures	5	2	3	-
Supply	25	12	13	+108.3%
Electricity	143	76	67	+88.2%
Spain	53	39	14	+35.9%
International	90	37	53	+143.2%
Other	26	30	(4)	-13.3%
Total tangible + intangible	**737**	**629**	**108**	**+17.2%**
Financial	27	26	1	+3.8%
Total gross investments	**764**	**655**	**109**	**+16.6%**
Disposals and other	(24)	(33)	9	-27.3%
Total net investments	**740**	**622**	**118**	**+19.0%**

Financial structure (I)

A comfortable debt maturity profile

As of June 30, 2017
(€m)



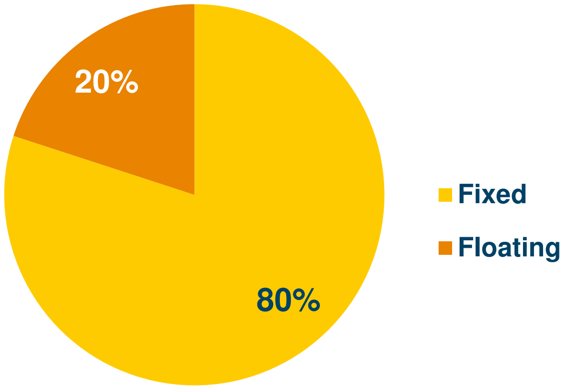
- New €1,000m 10-year bond in April (coupon 1.125%)
- Average life of Net debt > 5.5 years
- 87% of Net debt maturing from 2019 onwards

Financial structure (II)

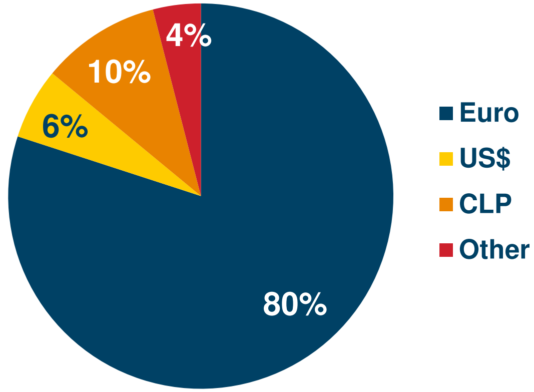
An efficient net debt structure

As of June 30, 2017

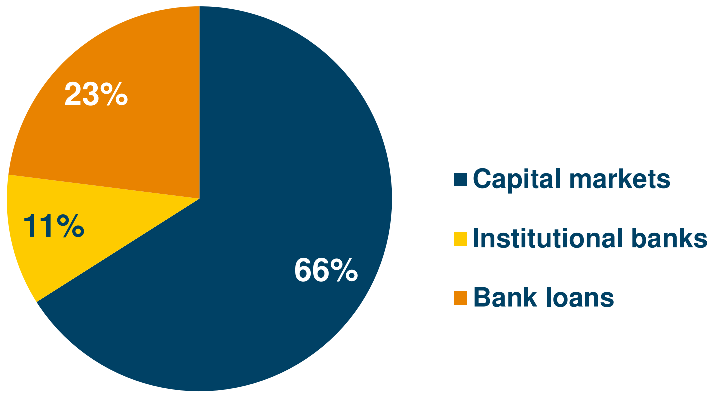
Majority of debt at fixed rates at a very competitive cost



Conservative currency exposure policy



Diversified financing sources



Financial structure (III)

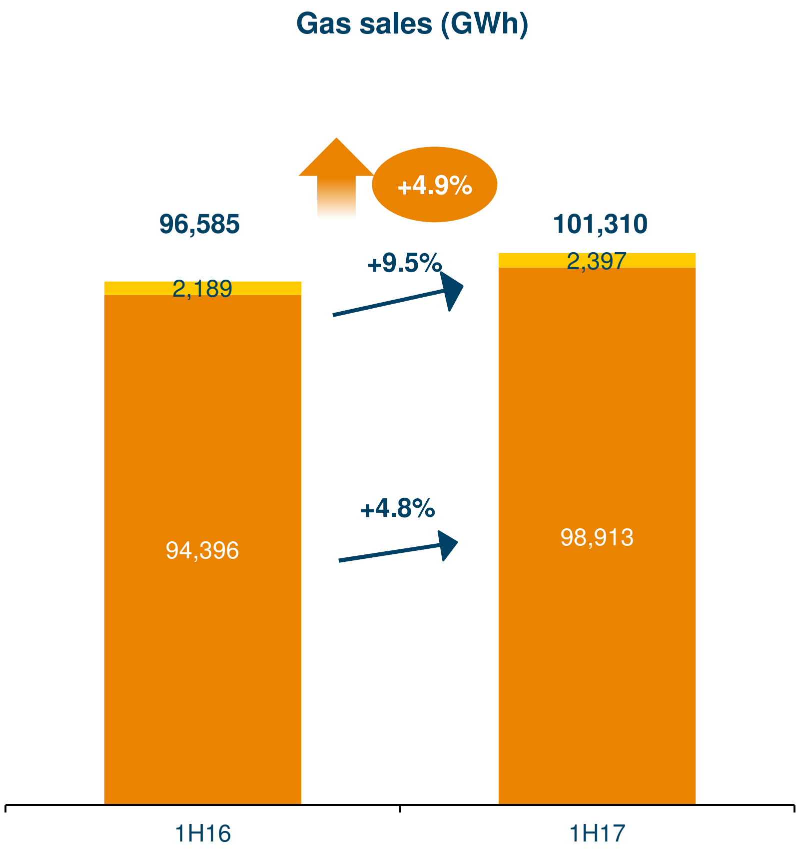
Strong liquidity position

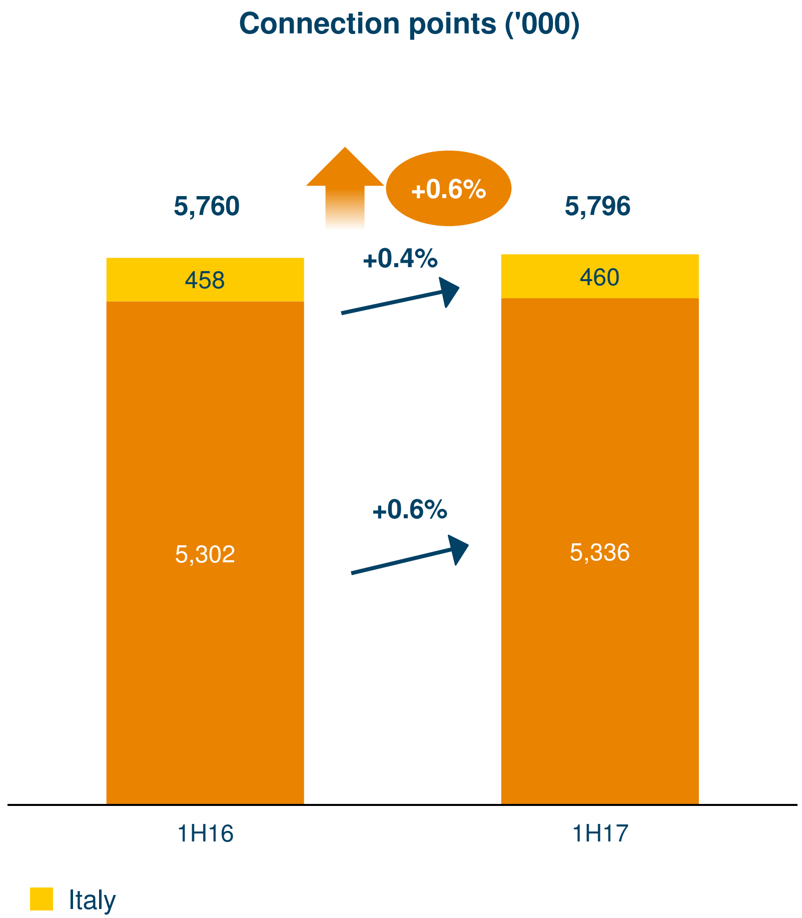
As of June 30, 2017 (€m)	Limit	Drawn	Undrawn
Committed lines of credit	7,656	469	7,187
Uncommitted lines of credit	506	43	463
EIB loan	502	-	502
Cash	-	-	1,455
TOTAL	8,664	512	9,607

- Additional capital market capabilities of ~€6,200m both in Euro and LatAm (Mexico, Chile, Panama and Colombia) programs

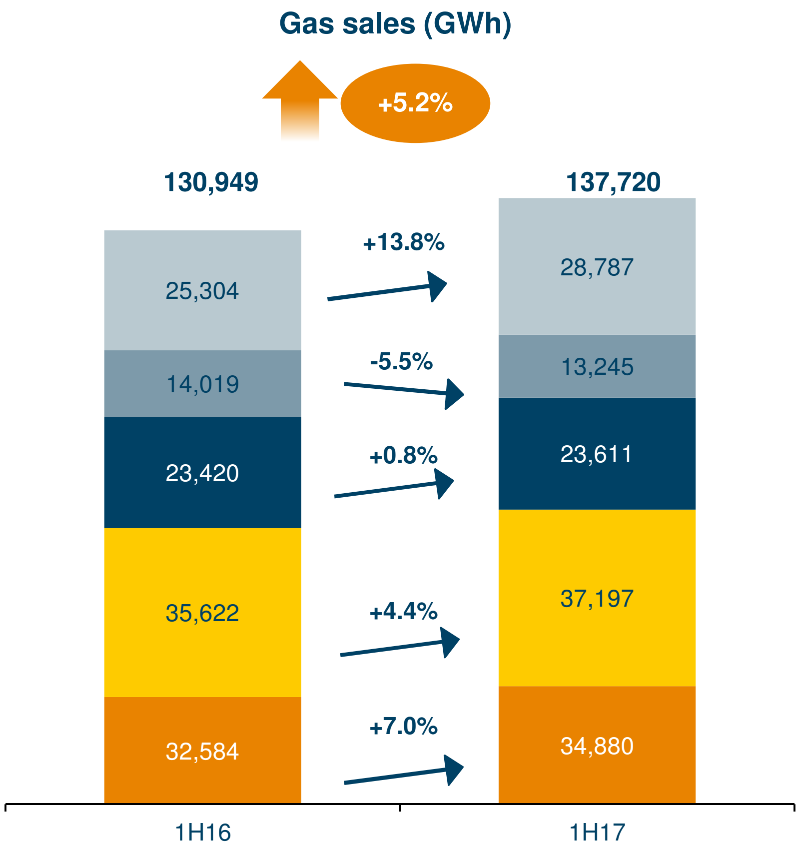
2. Operating figures

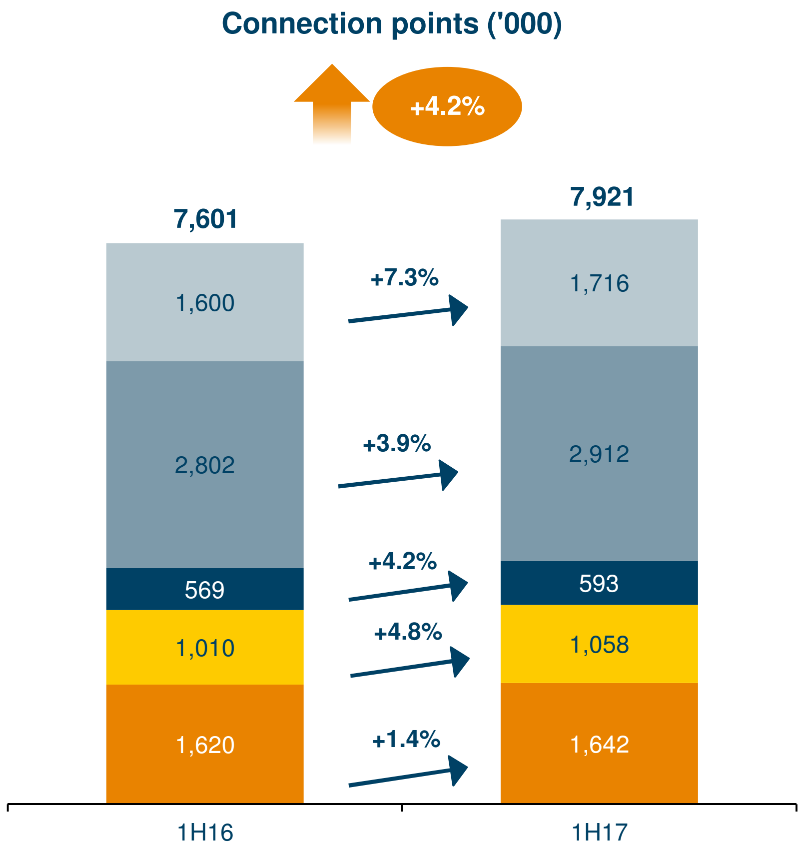
Networks
Gas distribution Europe





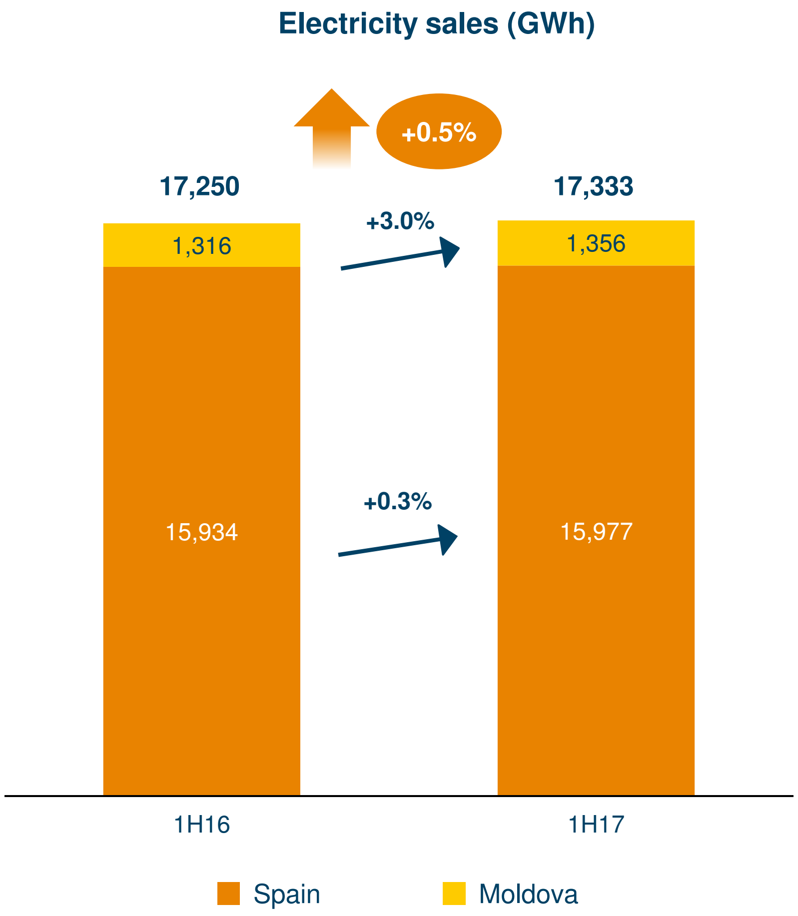
Networks
Gas distribution LatAm

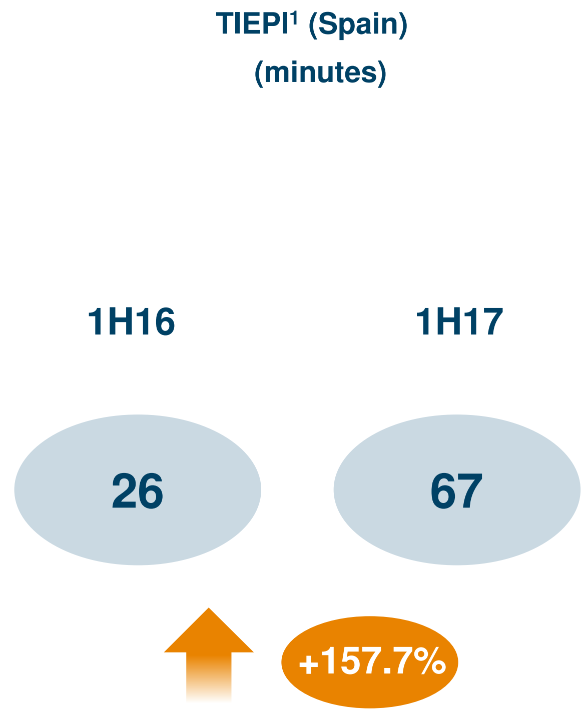




Argentina Brazil Chile Colombia Mexico

Networks
Electricity distribution Europe



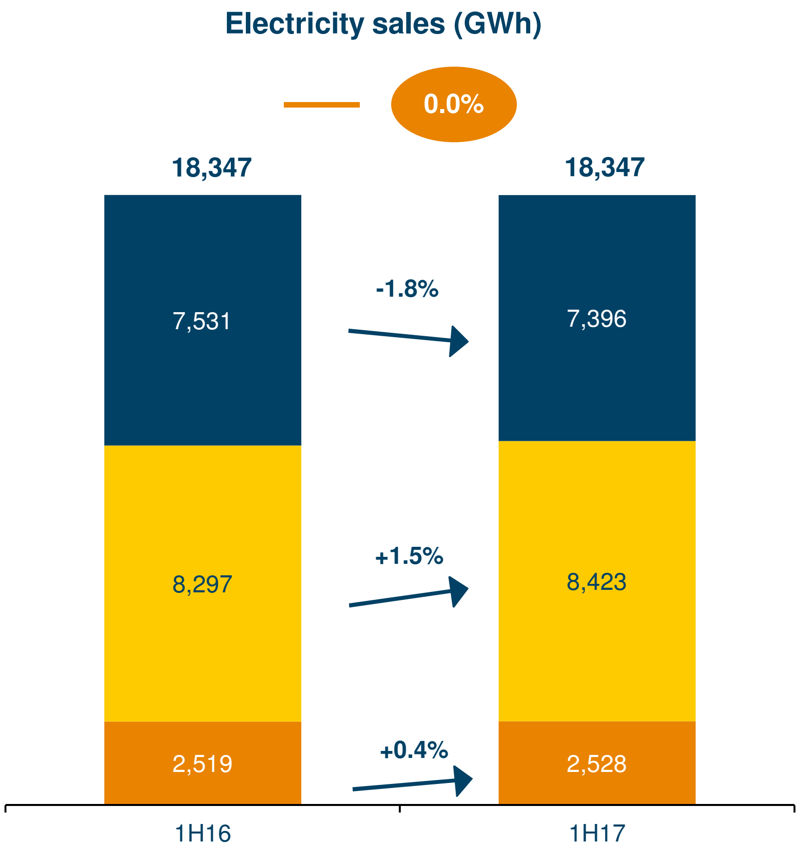


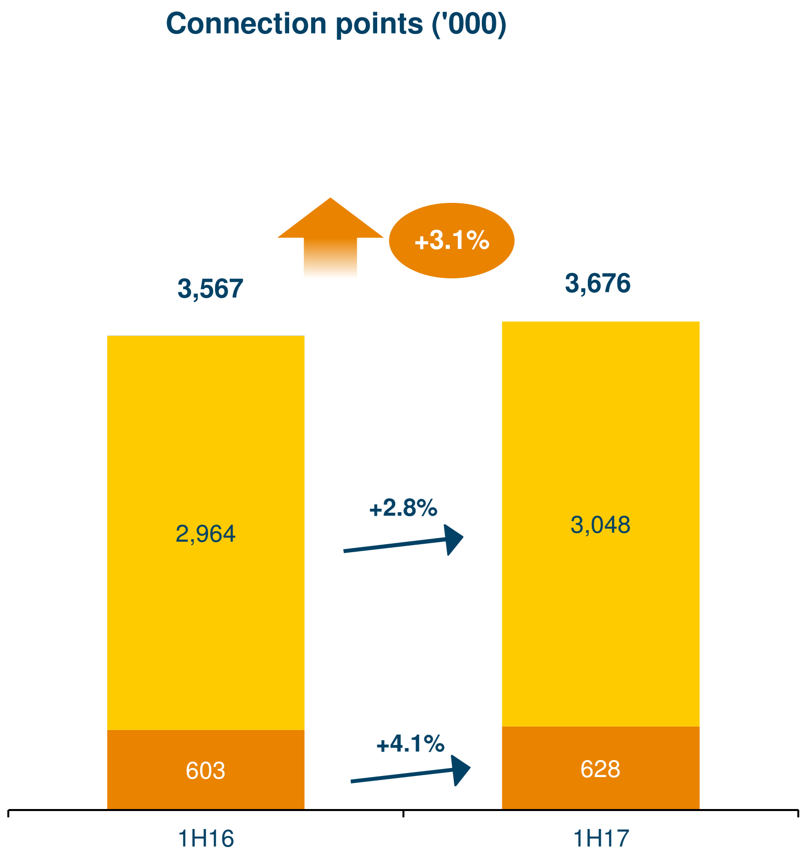
Note:

1. "Tiempo de interrupción equivalente de la potencia instalada" = Equivalent time of power supply interruption for the installed capacity (affected by the weather storms in Galicia in February 2017)

Networks

Electricity distribution LatAm[1]



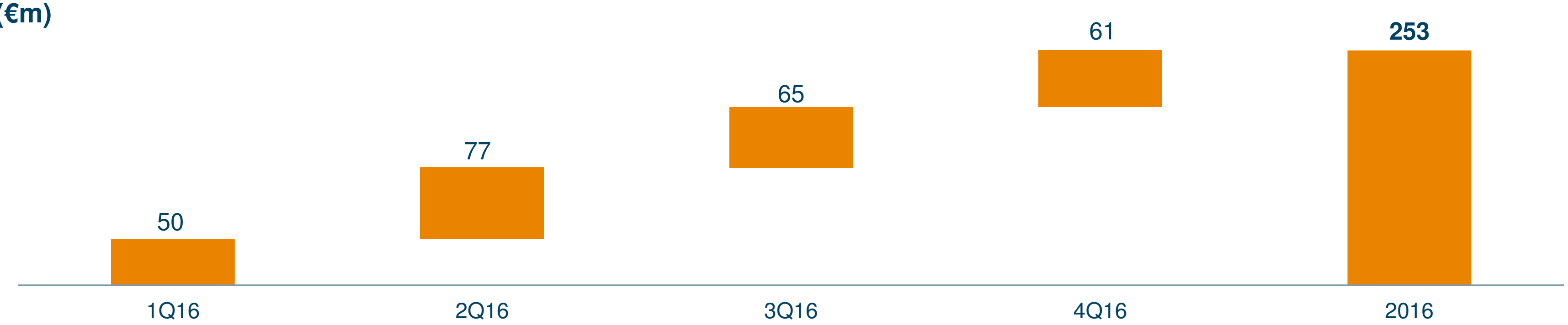


Panama | Chile distribution[2] | Chile transmission

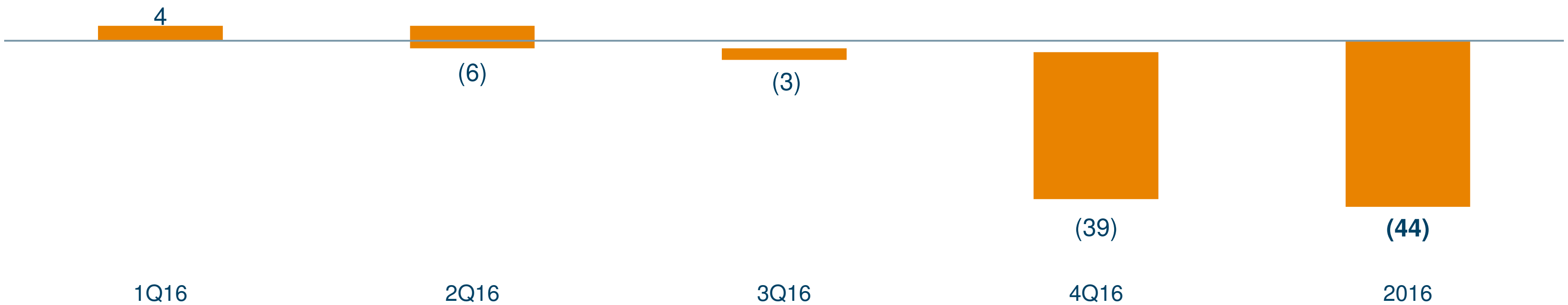
Note:
1 Proforma for Electricaribe in 1H16
2 Includes data for CGE's subsidiaries in Argentina

Networks
Electricaribe EBITDA & Net income contribution – 2016

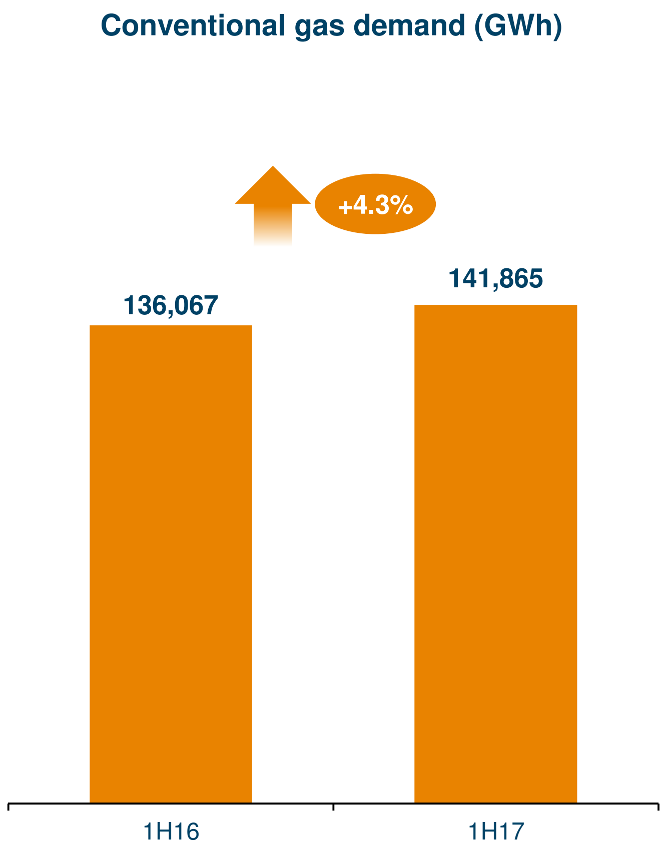
2016 EBITDA
(€m)



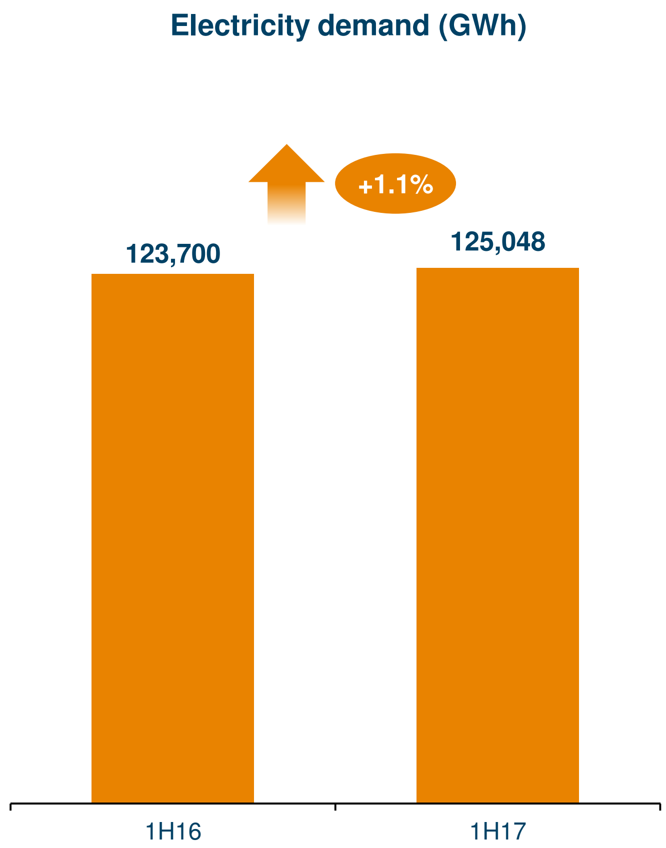
2016 Net income
(€m)



Gas and electricity demand in Spain



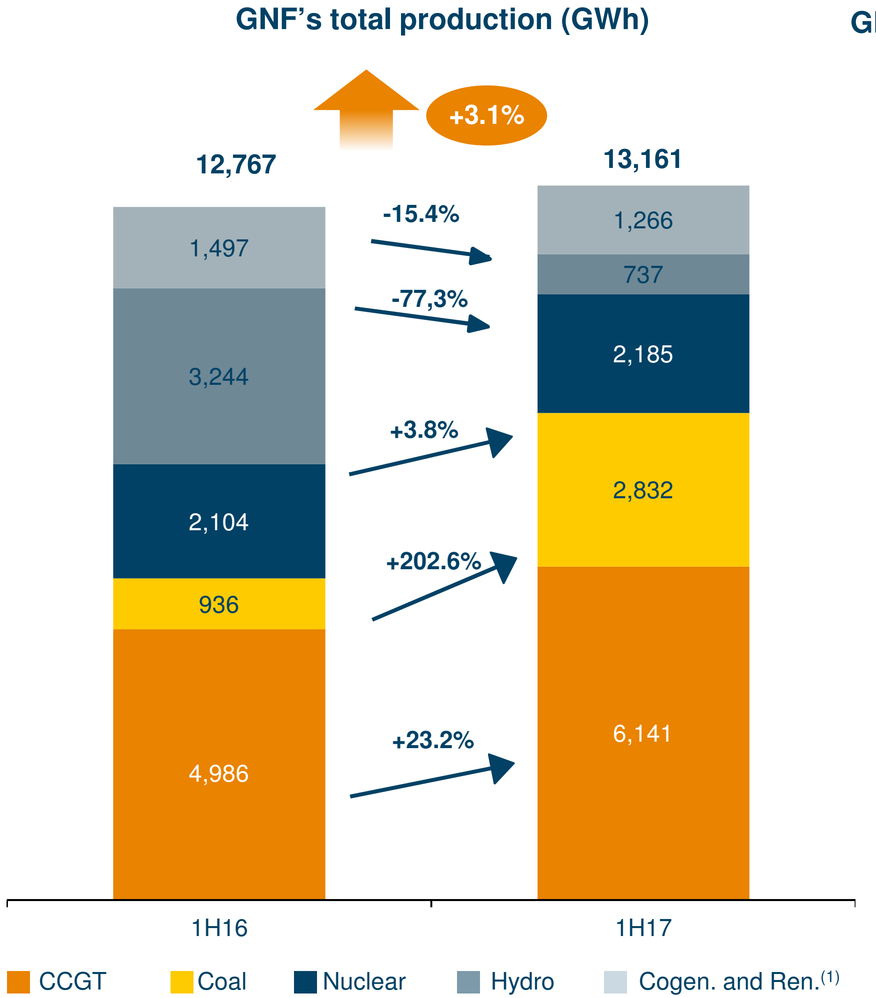
Source: Enagás

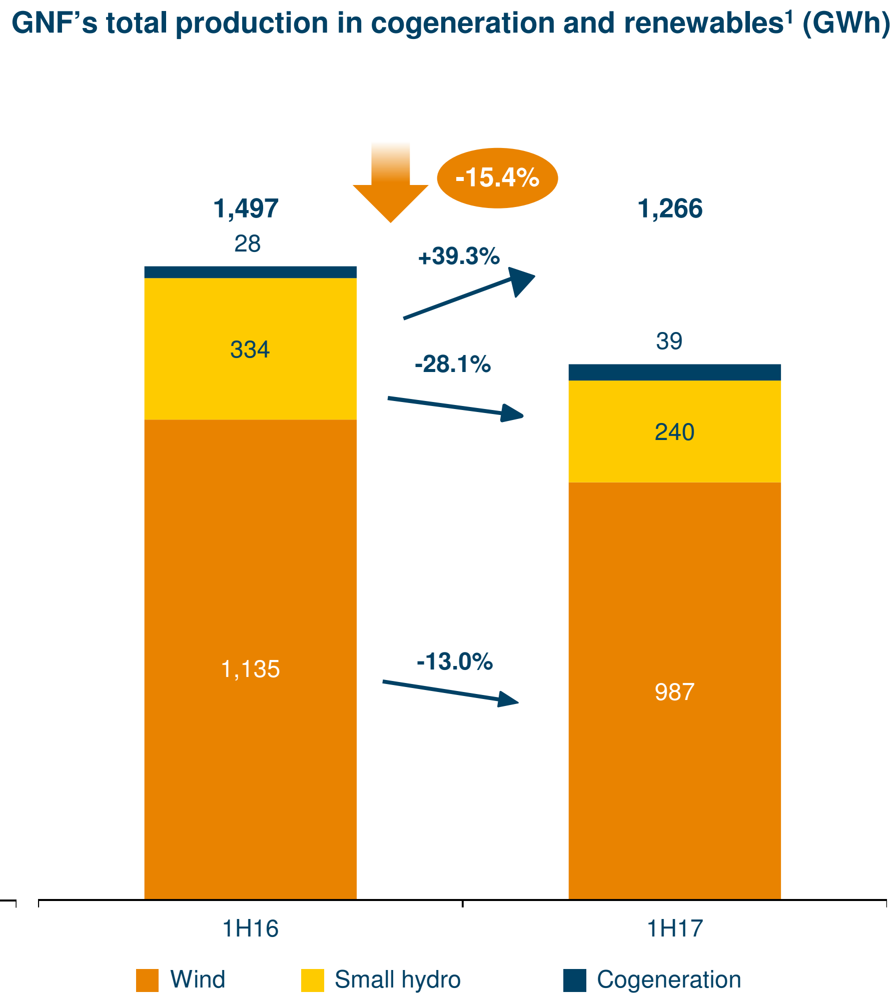


Source: REE

Electricity

Spain (I)



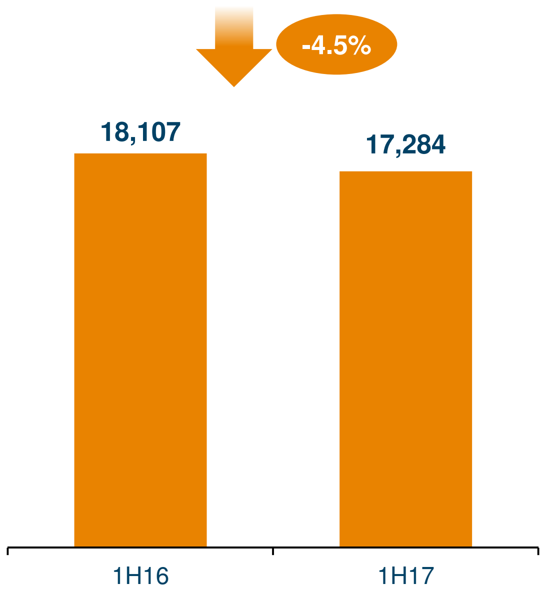


Note:

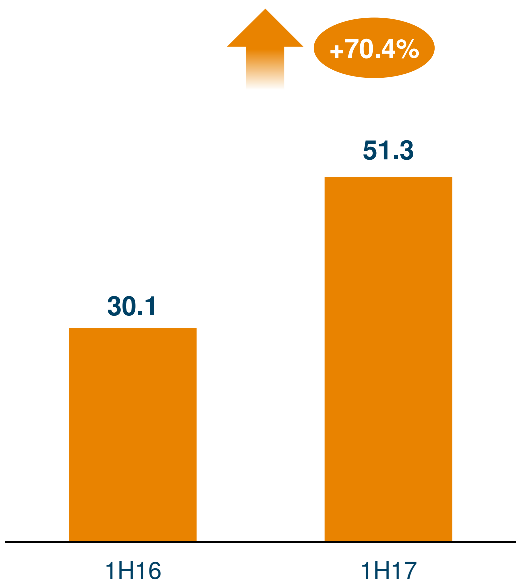
1 Formerly "Special Regime"

Electricity
Spain (II)

GNF electricity sales (GWh)

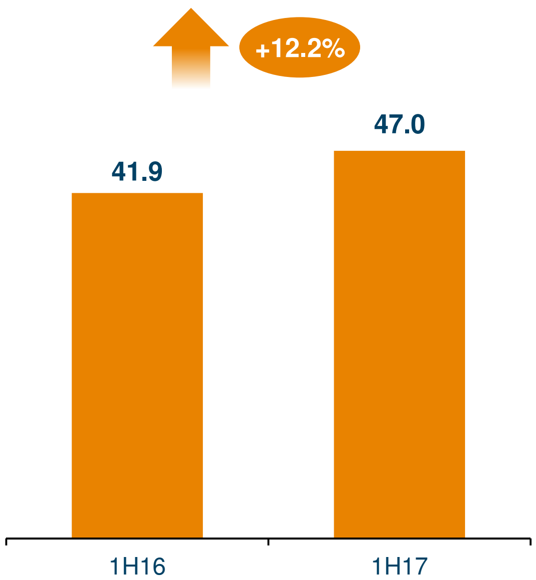


Average pool price[1] (€/MWh)



Source: REE

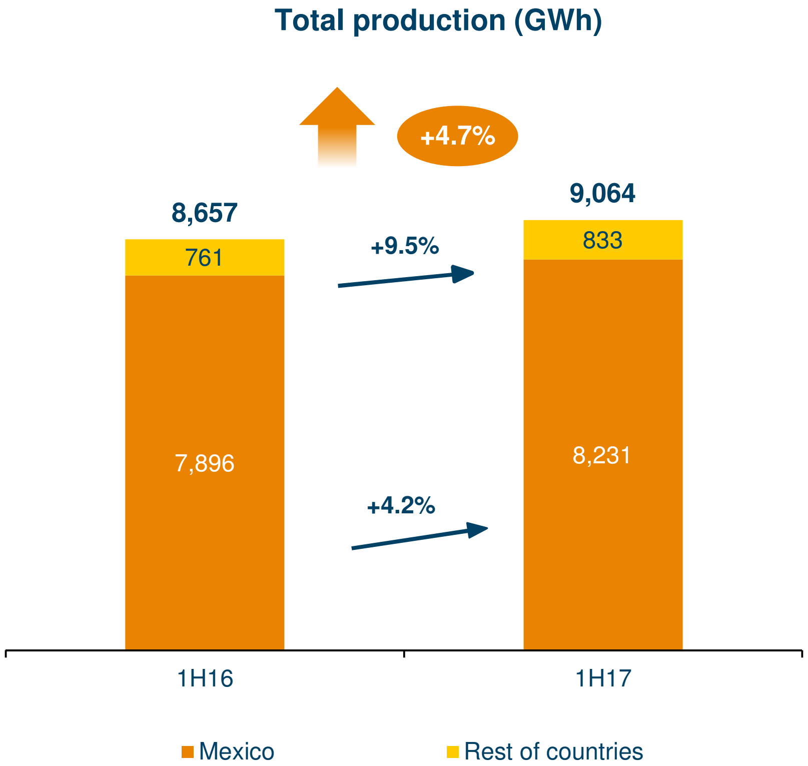
Average OMIP prices[2] (€/MWh)

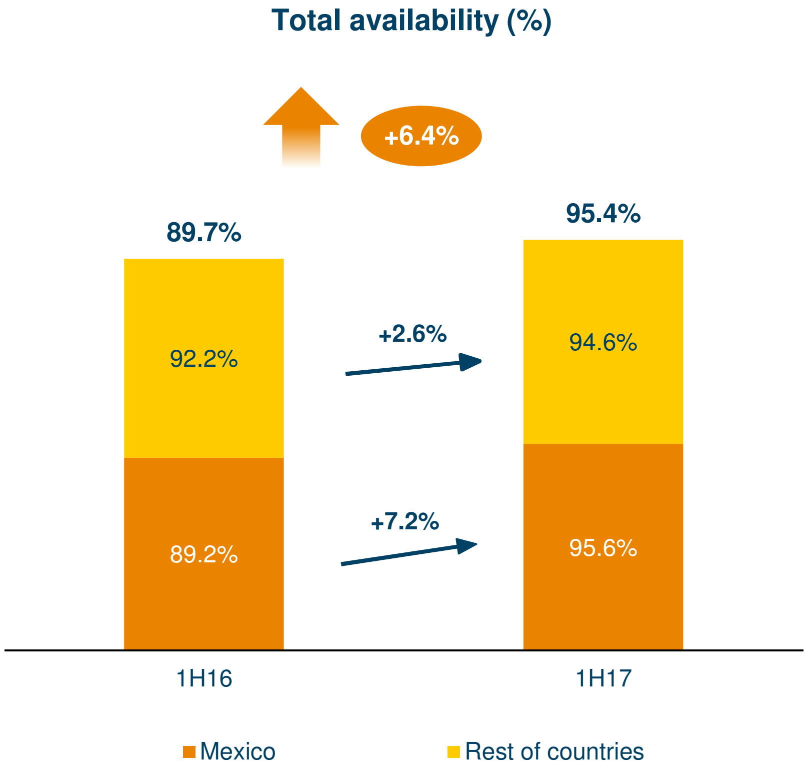


Source: OMIP

Note:
1 Average price in the daily power generation market
2 Monthly average of the 12-month forward Spanish base prices in the Iberian Energy Derivatives Exchange (OMIP) during the period

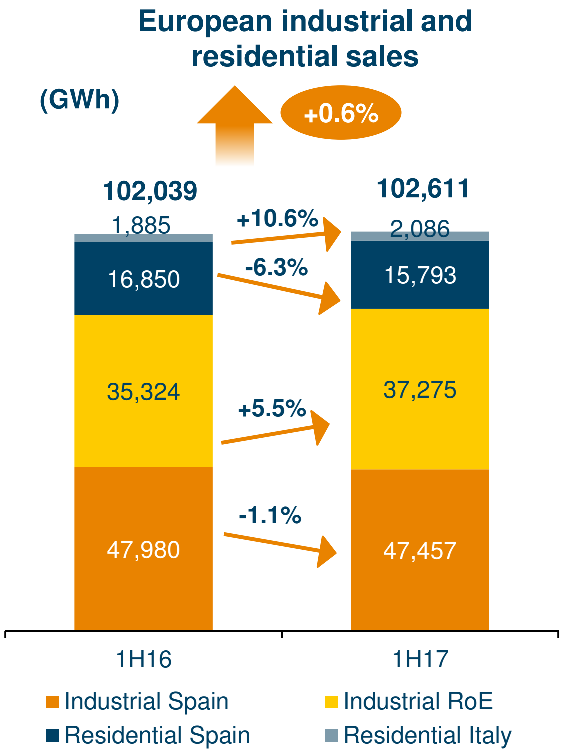
Electricity
International contracted generation

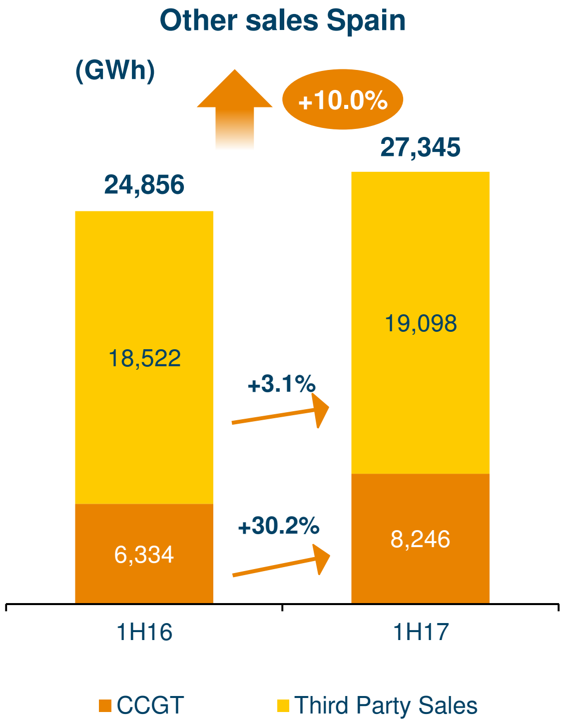


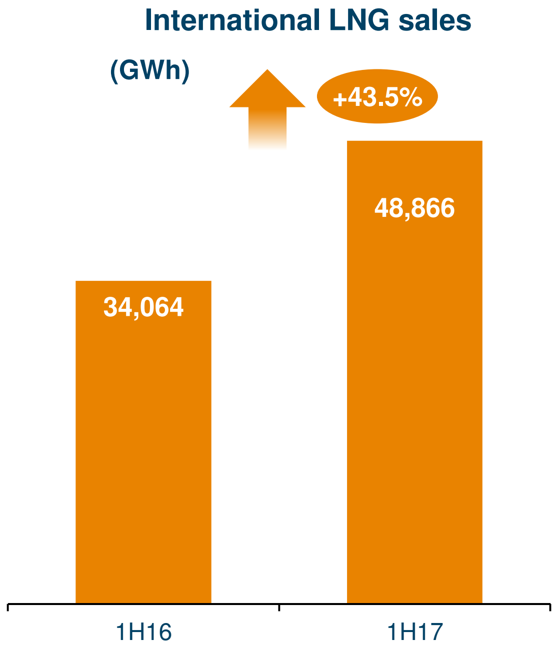


Note:
The average of net electric energy available in a period of time divided by electric energy calculated as the net capacity by the hours of the period

Gas
Gas sales by markets







Total sales +11.1%

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