



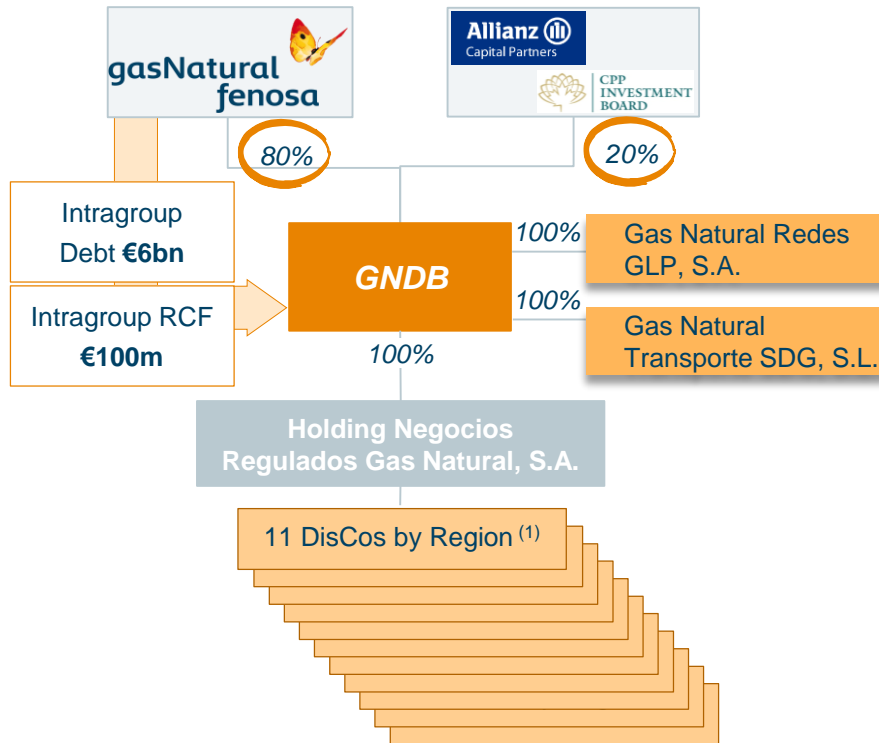
**Sale of a 20% minority equity
interest in GNF's Gas Distribution
business in Spain (GNDB)**

August 3, 2017



Sale of a 20% equity interest in GNDB to a consortium formed by Allianz and CPPIB

Transaction structure overview



Key transaction terms

- 1 GNF will retain 80% equity shareholding and will continue to manage and fully consolidate GNDB
- 2 GNF will provide a €6bn multi-tranche intercompany loan to GNDB, which will not impact GNF consolidated capital structure nor rating
- 3 Implied Enterprise value (100%) of €13,935m, equivalent to an EV/EBITDA multiple of 15.7x based on 2016 reported EBITDA
- 4 GNF will receive proceeds of €1,500 MM, 100% in cash, upon completion of the transaction
- 5 GNF expects that the transaction will complete on or prior to January 31, 2018

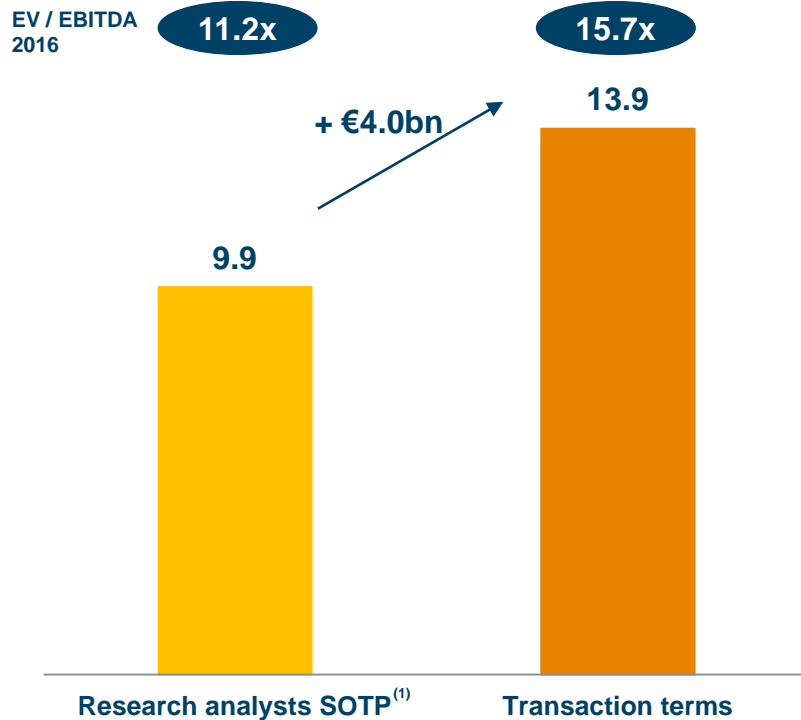
✓ Proceeds from the transaction will be used to support future investment needs on existing projects, with any excess to be used in future investments, leverage optimization or shareholder remuneration

Note

- 1 Distribution companies comprise Gas Natural Catalunya SDG, S.A., Gas Natural Madrid SDG, S.A., Gas Natural Castilla y León, S.A., Gas Natural Sociedad para el Desarrollo del Gas, S.A., Gas Natural Rioja, S.A., Gas Natural Balears, S.A., Gas Navarra, S.A., Gas Natural Aragón SDG, S.A., Gas Natural Cegas, S.A., Gas Natural Andalucía, S.A., Gas Natural Castilla la Mancha, S.A.

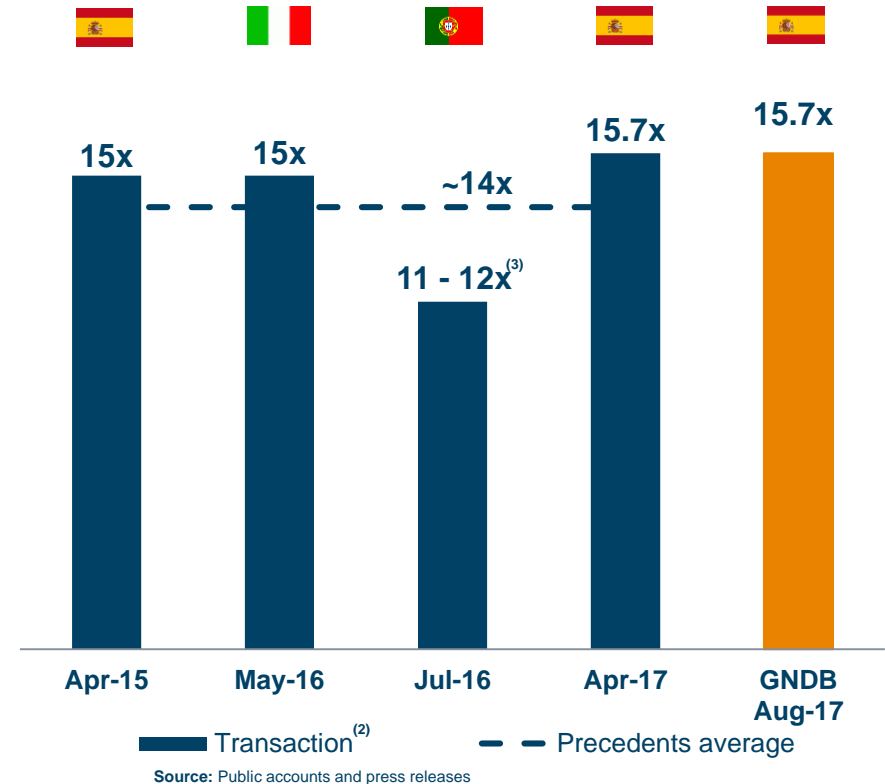
The transaction crystallizes significant value for GNF's shareholders

GNDB Enterprise value (€bn)



Southern European Gas Networks

Precedent transactions EV/EBITDA (x) based on last full year EBITDA



✓ Significant value crystallization of a cornerstone asset in GNF's portfolio

Notes

1. Based on broker notes from Morgan Stanley (July 2017), Citi (July 2017), Credit Suisse (June 2017), BAML (May 2017), Societe Generale (July 2017), and BPI (Apr 2017)
2. Transactions correspond only to publicly announced transactions
3. Based on next twelve months EBITDA

GNDB: The leader in the Spanish gas distribution market

Business description

- ✓ Gas Natural Distribution Business (GNDB) is the largest natural gas distribution company in Spain with a **market share of ~70% by network length and connection points**
- ✓ The company delivers natural gas to over **~5.3 million connection points** in more than **~1,100 municipalities** in Spain (over 2,000 including LPG) through a network of **~53,000 Km**
- ✓ The company also manages a gas transmission network of **~1,255 Km**

Key operating and financial metrics

| | | | |
|---|--------------|---|-----------------|
| Revenue (€MM) ⁽¹⁾ | 1,177 | Distribution network length Jun-17 LTM | ~ 53,000 |
| EBITDA (€MM) ⁽¹⁾ | 889 | Annual consumption (TWh) ⁽¹⁾ | ~185 |
| Natural Gas and LPG CPs (millions) ⁽¹⁾ | ~5.6 | Municipalities (Including LPG) (#) | ~2,000 |

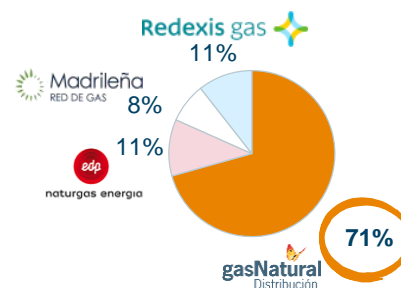
Note
1 2016 reported figures

Geographic footprint



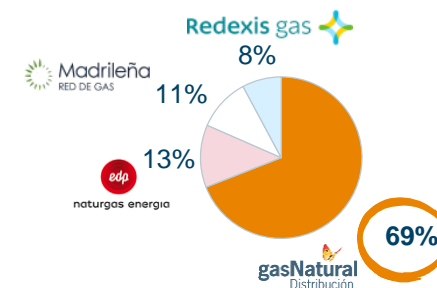
Market share (%)

by network length⁽¹⁾



Total Length: 73,537 km

by connection points⁽¹⁾

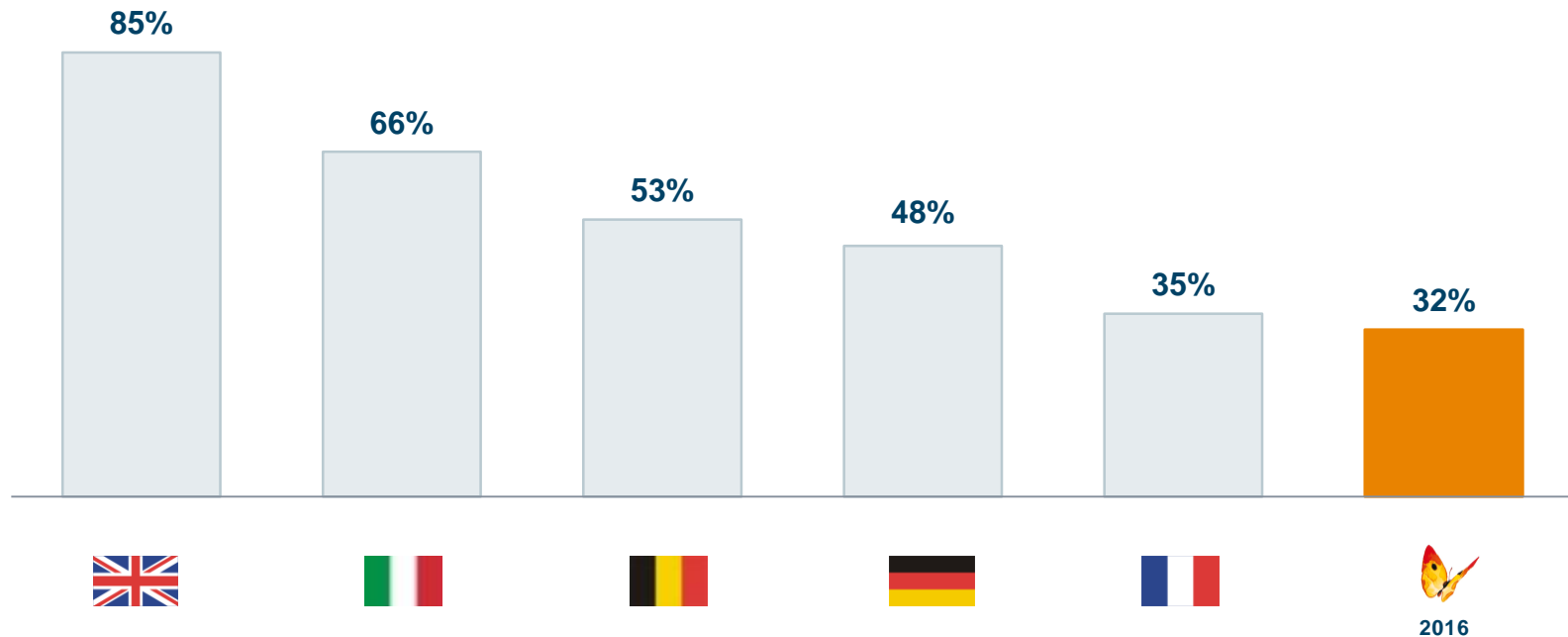


Total CPs: 8.0 million

GNDB: Room to increase natural gas penetration in Spain

Natural gas penetration rate by country (%)

Number of connection points over total number of households



- ✓ The expected increase of natural gas penetration in Spain should support the growing gas demand as well as the greater use of regasification and transportation infrastructures

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