

## **GAS NATURAL SDG, S.A.**

Gas Natural SDG, S.A. (“Gas Natural Fenosa”, “GNF” or the “Company”), in compliance with the provisions of article 228 of the consolidated text of Act 24/1988, of 28 July, on the Securities Market, hereby notifies the National Securities Market Commission of the following

### **REGULATORY DISCLOSURE**

Gas Natural Fenosa has entered into separate agreements regarding its operations in Italy with 2i Rete Gas, S.p.A (“2i Rete Gas”) and Edison, S.p.A (“Edison”).

In particular, GNF has reached an agreement with 2i Rete Gas for the sale of a 100% equity interest in Nedgia, S.p.A (“Nedgia”), GNF’s gas distribution company in Italy, together with the sale of 100% of Gas Natural Italia, S.p.A. (“GNI”), a services company rendering corporate services to GNF’s activities in Italy.

Furthermore, GNF has reached a separate agreement with Edison for the sale of a 100% equity interest in Gas Natural Vendita Italia, S.p.A. (“GNVI”), GNF’s gas and electricity commercialization company in Italy, including a long term gas supply contract securing 11 TWh/year from the end of 2020 (“Gas supply contract”).

- Gas Natural Fenosa has reached an agreement with 2i Rete Gas for the sale of 100% of its equity interest in Nedgia together with the sale of 100% equity interest in GNI, for a total consideration (Enterprise Value) of €727 million. GNI will continue to deliver corporate services to both Nedgia and GNVI.
- Furthermore, GNF has reached a separate agreement with Edison for the sale of 100% of its equity interest in GNVI for a total consideration (Enterprise Value) of €293 million. As part of the agreement and comprised in the total consideration payable, the Gas supply contract implies a consideration of €30 million, of which €20 million payable in 2021 following the expected start of operations of the Trans Adriatic Pipeline (TAP).
- The transactions represent a total amount (Enterprise value) of €1,020 million in aggregate, corresponding to a purchase price (equity value) of €759 million in aggregate, considering total net debt and minorities of €261 million, and subject to final customary adjustments prior to or at completion.
- Moreover, the transactions are expected to generate post-tax capital gains for Gas Natural Fenosa of approximately €190 million in aggregate.
- Completion of the transactions is expected between December 2017 and March 2018, subject to antitrust approvals from competition authorities and other regulatory approvals.

Headquartered in Acquaviva delle Fonti, (Bari), Nedgia is #7 operator in the Italian gas distribution market. Nedgia operates in 223 municipalities spread across 8 regions in Southern Italy (Abruzzo, Basilicata, Calabria, Campania, Lazio, Molise, Puglia and Sicilia) in addition to

26 awarded municipalities to be developed in the Cilento area (Campania region). Nedgia manages 459,000 redelivery points to final customers over a distribution network of 7,300km.

Based in San Donato Milanese, GNVI markets and commercializes natural gas and electricity across Italy. In 2016, GNVI had approximately 420k residential and 14,000 SME customers, for a total gas volume sold of c.3 TWh. The majority of its clients are located in Central-Southern Italy. In addition, GNVI also commercializes electricity to approximately 50,000 retail and SMEs customers.

Following a strategic review of its businesses and positioning in Italy in light of the upcoming retendering for local distribution licenses, GNF has decided to exit the Italian market and has therefore conducted a competitive sales process for all its operations in the country, resulting in the transactions described herein.

The transactions are part of GNF's portfolio management optimization efforts and ongoing review of non-core regions/businesses.

The completion of both transactions is subject to the required regulatory approvals and competition clearance. Subject to the satisfaction of these conditions, Gas Natural Fenosa expects that completion of both transactions will occur between December 2017 and March 2018.

### **About GNF**

Gas Natural Fenosa is a multinational leader in the energy sector, a pioneer in the integration of gas and electricity. Present in more than 30 countries, the company offers services to almost 22 million customers in five continents, and manages a total installed capacity of 15.5 GW with a diversified mix of electricity generation technologies.

### **About 2i Rete Gas**

2i Rete Gas is the second largest operator in the gas distribution sector in Italy with a market share of over 17% in terms of number of redelivery points. The Group could leverage on more than 58,000 kilometers of medium/low pressure network throughout Italy through a widespread and geographically diversified network of concessions across the whole Italian territory. In 2016 2i Rete Gas has distributed c. 5.5 bcm of natural gas, providing gas services to almost 2,000 municipalities with more than 3.9 million end users. The Group generated more than €930m revenues and c. €400m EBITDA in 2016.

### **About Edison**

Edison is a leading Italian and European player in the procurement, production and sale of electricity, in the provision of energy and environmental services also through its subsidiary Fenice and in the E&P sector. Founded over 130 years ago, Edison has contributed to the electrification and development of Italy. It now operates in Europe and the Mediterranean area,

employing 5,000 people. In the power generation sector, Edison has plants with total capacity of 6.5 GW.

Edison press office: <http://www.edison.it/en/contacts-2> / <http://www.edison.it/it/media>

**Barcelona, October 13, 2017**