Fourth Quarter 2017 Results

(FY 2017)

February 7, 2018

Agenda

1. Highlights
2. FY 2017 consolidated results
3. FY 2017 results by activity
4. Outlook 2018
5. Conclusions

Appendices

1. Highlights

Opening considerations

- ✓ In application of IFRS 5, businesses whose sale has been already agreed or is deemed as highly probable, have been reclassified as discontinued operations in the 2017 accounts and the figures for 2016 have been restated accordingly for comparative purposes
- ✓ The above circumstances apply to the following businesses: (i) gas distribution and supply in Italy, (ii) gas distribution in Colombia, (iii) electricity distribution in Moldova and (iv) power generation in Kenya, with an aggregated EBITDA 2017 and Net debt 2017 of €261m and €322m, respectively
- ✓ No impact on net income since all revenues and expenses of the reclassified businesses for the years 2017 and 2016 are presented under "Income from discontinued operations after taxes"
- ✓ As at 31 December 2017, only the sale of a 17.2% shareholding in the gas distribution business in Colombia has been completed (phase 1 of the transaction as described on regulatory disclosure as at 22 December 2017 for which proceeds of €134m have been received)

Business performance and main figures

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- ✓ Robust performance in Networks
- ✓ Strong growth in International generation
- ✓ Challenging year in gas supply with improving outlook
- ✓ Abnormal conditions persisted in Electricity Spain
- ✓ Natural disasters impacting results
- ✓ Acceleration on progress of efficiency plan 2018-2020
- ✓ Sale of gas distribution activities in Colombia with net capital gains of ~€350m

(€m)	FY16 proforma[1,2]	FY17[1]	FY16 recurrent (€bn)	FY17 recurrent (€bn)
EBITDA	4,411	3,915	~ 4.3	~ 4.3
Net income	1,391	1,360	~ 1.3	~ 1.2
Net investments[3]	2,185	1,597	-	-
Net debt	15,067[4]	15,154	-	-

✓ **Net income target of ~ €1.3-1.4bn for 2017 has been met despite the strong headwinds in Electricity Spain**

Notes:
1 Considering the reclassification of Italy, Colombia Gas, Kenya and Moldova as discontinued operations, which has no impact at net income level
2 Proforma for Electricaribe deconsolidation (FY16 EBITDA and Net income of €253m and €-44m respectively; Net investments of €40m)
3 Includes financial investments, divestments and others
4 As at 31/12/2016 Electricaribe already deconsolidated

Attractive shareholder remuneration

Board proposal on 2017 results

- ✓ **Board proposal of total dividend 2017 of €1.0/share in cash on 2017 results to be approved by AGM**
  - Interim dividend of €0.33/share paid fully in cash on September 27, 2017
  - Final dividend of €0.67/share to be paid fully in cash on June 27, 2018
- ✓ **Total dividend of at least €1,001m on 2017 results translating into a pay-out of 73.6%**

Cash dividend paid in 2017

- ✓ **Total dividend paid during 2017 of €1.0/share in cash**
  - 2016 final dividend of €0.67/share paid fully in cash on June 27, 2017
  - 2017 interim dividend of €0.33/share paid fully in cash on September 27, 2017
- ✓ **Total shareholder remuneration of +13.1% in 2017 estimated as +7.5% share price appreciation and +5.6%[1] dividend yield, comparing favorably vs. Iberian peers ~ +4.8%[2]**

✓ **GNF is committed to an attractive and sustainable shareholder remuneration**

Notes:
1. Versus share price as of 31/12/2016 (€17.91 share)
2. Average of Iberdrola, Endesa, REE, Enagas and EDP, estimated as average share price appreciation in the year + average dividend yield 2017 based on share prices as at 31/12/2016

Good progress on delivery against pillars of strategic plan 2016-2018

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	Pillars	Key targets	Delivered
1	Cash generation supports future dividend	✓ Minimum dividend of €1/share (min. payout of 70%)	✓
2	Strict financial discipline	✓ Ratings maintained S&P (BBB) and Moody´s (Baa2) ✓ Reduced cost of debt in 80bps to 3.5% ✓ Adjusted Net debt / EBTIDA ~3.2x[1] ✓ Disciplined capital allocation: 2017 ROACE ~ 7%	✓
3	Efficiency plan	✓ Cumulative savings of €150m in 2017 (vs. original target of €135m) ✓ Launch of new efficiency plan 2018-2020	✓
4	Portfolio management	✓ Disposal of GNDB (20%), Italy and Colombia ✓ Accretive investments in renewable projects in Spain, Brazil, Australia and Chile	✓
	Net income 2017	✓ Net income target of ~ €1.3-1.4bn has been met	✓

✓ **Good progress on delivery against pillars of strategic plan 2016-2018**

Note:

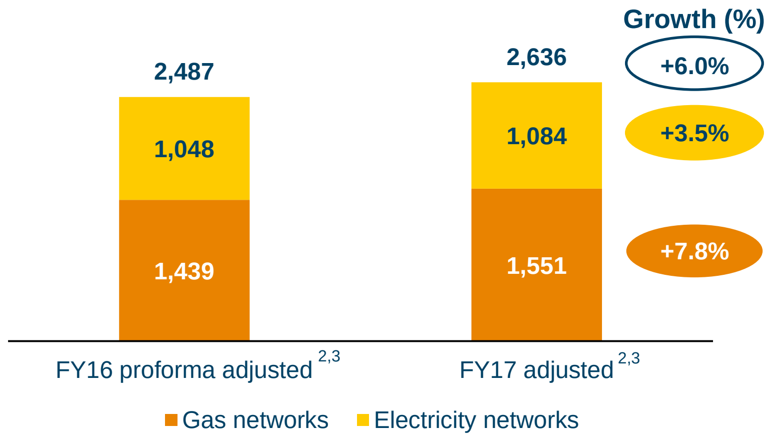
1 Adjusted for (i) €1,500m proceeds for GNDB 20% disposal, (ii) ~€739m proceeds for gas distribution and supply Italy disposal, and (iii) ~€334m proceeds for the remaining 41.9% of gas distribution Colombia to be disposed in 1H18

Business performance

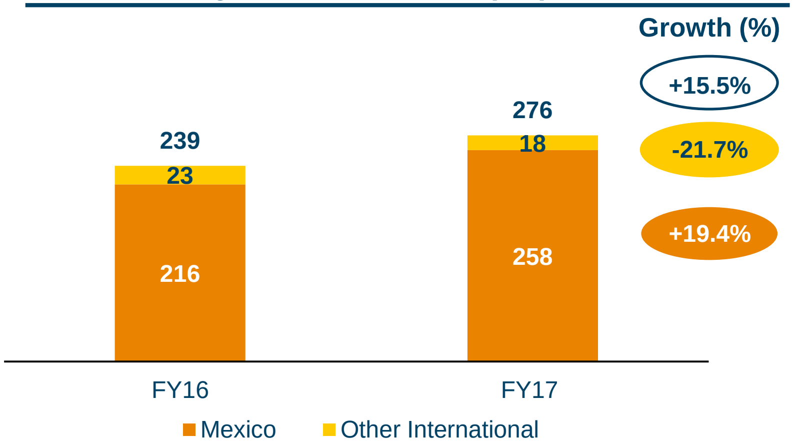
1. Strong performance in Networks and International generation continued
2. Accelerating progress on efficiency plan 2018-2020
3. Successful debt optimization drive continued reduction in cost of debt
4. Disposal of gas distribution business in Colombia
5. Active portfolio management

1 Strong performance in Networks and International generation continued

Networks EBITDA (€m)[1]



International generation EBITDA (€m)[4]



Gas networks[3]

- ✓ LatAm: +16.4% EBITDA growth supported by Chile, Mexico, Brazil and Argentina
- ✓ Spain: +2.5% EBITDA growth

Electricity networks[3]

- ✓ LatAm: +1.1% EBITDA growth ex-Electricaribe
- ✓ Spain: +5.2% EBITDA growth driven by accrued investments brought into operation and savings from efficiency plan

International 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 launch of operations in September 2017

✓ Robust growth in Networks, notably in Gas networks LatAm, and International generation mainly driven by Mexico

Notes:
1 Currency translation effects of €-3m
2 Proforma for Electricaribe deconsolidation (FY16 EBITDA of €253m); excludes €66m and €72m EBITDA from Chile for 2016 and 2017 respectively reclassified into gas supply
3 Adjusted for restructuring costs of €68m in FY17 (€15m and €53m in gas and electricity networks respectively) and €12m in FY16 (€3m and €9m in gas and electricity networks respectively)
4 Considering the reclassification of power generation Kenya as discontinued operations (EBITDA of €18m and €19m for 2016 and 2017 respectively)

2 Accelerating progress on efficiency plan 2018-2020

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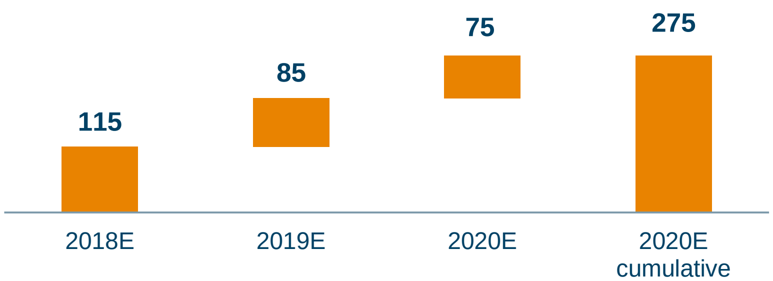
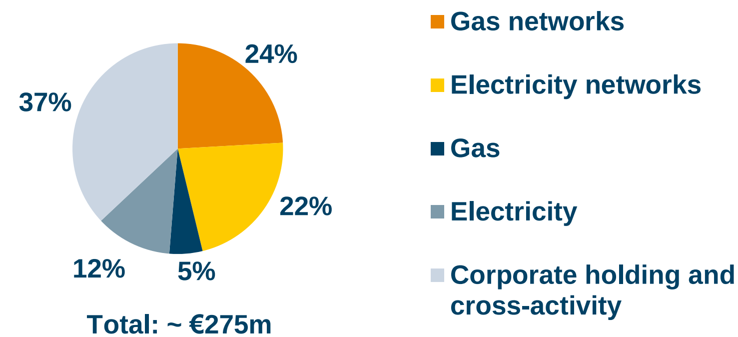
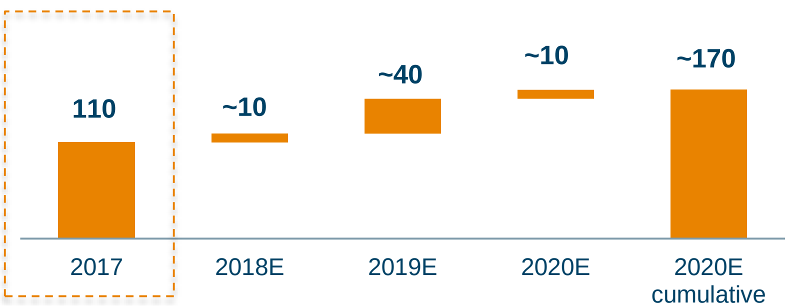
Phasing of cumulative gross savings[1] (€m)



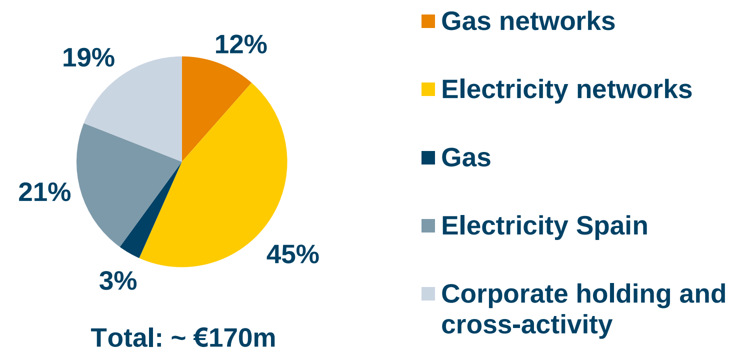
Breakdown of gross savings by activity (%)



Phasing of restructuring costs[2] (€m)



Breakdown of restructuring costs by activity (%)



✓ **Additional savings net of restructuring costs of ~€105m expected in 2018, following the ~€110m restructuring costs in 2017 anticipated from new efficiency plan 2018-2020**

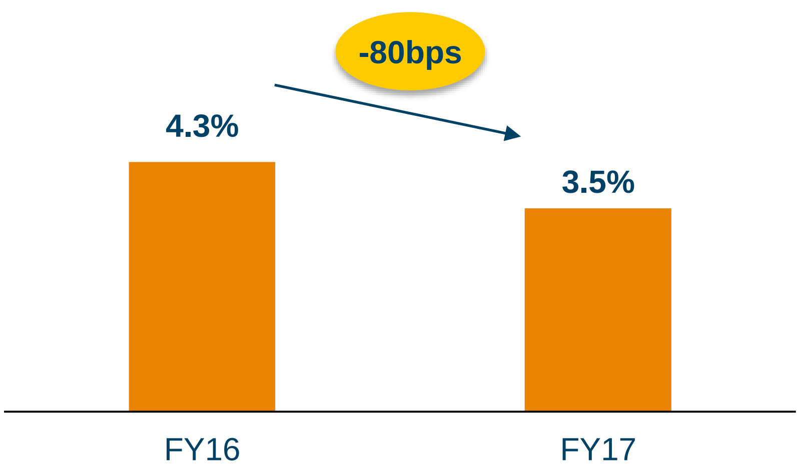
Notes:
1. Includes €35m additional operational improvements reducing energy losses in Electricity networks via use of advanced analytics and monitoring systems
2. Total restructuring costs incurred in 2017 of ~€125m of which ~€15m relating to old efficiency plan and ~€110m relating to the new efficiency plan 2018-2020 brought forward from 2018 into 2017

3 Successful debt optimization drive continued reduction in cost of debt

Key highlights 4Q17

- ✓ Successful inaugural €800m green bond issuance with 7.5-year maturity and a coupon of 0.875% (November 2017)
- ✓ Debt refinancing/extension in 2017 for a total amount of €7.1bn (of which €5.8bn credit facilities and €1.3bn loans)
- ✓ 87% fixed debt in euro denominated debt
- ✓ Successful closing of the liability management exercise launched in January 2018, with the issuance of €850m, 10-year bond with a coupon of 1.5% and €915m notes repurchase

Average cost of debt[1]



✓ **Debt optimization has led to lower gross financial expenses of €55m[2] in 2017 vs. 2016**

Notes:
1. Pre-tax cost of financial debt
2. Pre-tax and proforma for Electricaribe deconsolidation

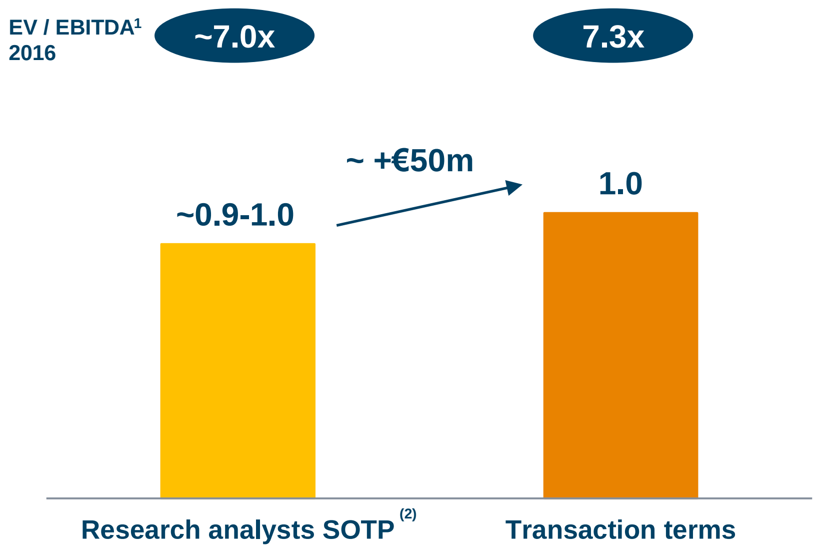
4

Disposal of gas distribution business in Colombia

Transaction description and rationale

- ✓ **Sale of 59.1% shareholding of gas distribution activities in Colombia to Brookfield Infrastructures**
  - Phase 1 completed with disposal of 17.2% for €134m
  - Phase 2 completion expected in 1H18 with disposal of remaining 41.9% for ~€334m
- ✓ **Mature business with a 90% commercial penetration rate**
  - Limited organic growth prospects nor consolidation opportunities
- ✓ **Ongoing tariff review process** with ECA backdrop perceived as additional risk
- ✓ **Positive impact on 2017 net income of ~ €350m**

Colombia gas distribution EV (€bn)



- ✓ **EV (100%) of €1,005m equivalent to 7.3x EBITDA and 13.8x earnings[1] (eq. value of €482m for GNF´s 59.1% shareholding)**

✓ **Exiting a business not meting return and growth criteria**

Notes:
1 Based on EBITDA and attributable net income after taxes for the last twelve months as at September 2017 of €138 million and €35 million respectively
2 Based on average broker valuation of GNF´s Latam gas distribution businesses

5 Active portfolio management

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	Transaction	Proceeds	Debt deconsolidation	Net debt impact	Capital gains (post-tax)	EBITDA 2017	Net income 2017
Signed	GNDB Spain (20%)	~ €1,500m	-	~ €1.5bn	~ €1.0bn[1] (1H18)	-	~ €77m
Signed	Gas distribution and supply activities Italy	~ €739m[2]	~ €220m	~ €1.0bn	~ €190m (1H18)	~ €82m	~ €37m
Signed	Gas distribution Colombia	~ €468m	~ €108m	~ €0.6bn	~ €350m (2017)	~ €142m	~ €43m
Ongoing	Moldova		~ -€43m			~ €18m	~ €12m
Ongoing	Kenya		~ €37m			~ €19m	~ €5m
	Total	**~ €2.7bn**	**~ €0.3bn**	**~ €3.1bn**		**~ €261m**	**~ €174m**

- ✓ **~10% rotation of GNF's capital employed only in 2017**
- ✓ **Significant value crystallization through active portfolio management**
- ✓ **Total proceeds of ~€2.7bn (ex. Moldova and Kenya) of which ~ €2.6bn expected in 2018**

Notes:

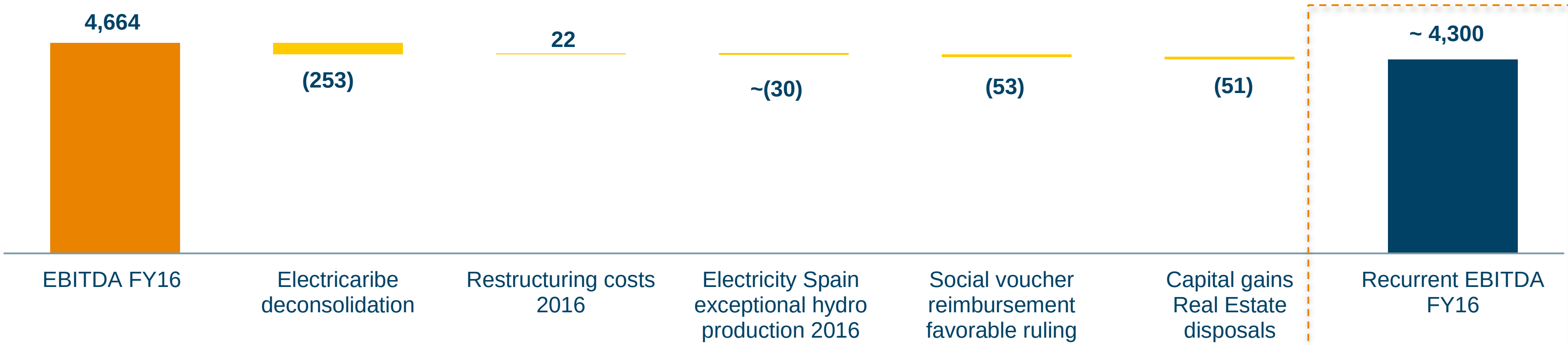
1 No P&L impact, capital gains with a positive impact on shareholder's equity of approximately €1.0bn

2 GNF completed the disposal of its gas distribution business to 2i Rete Gas on 1st February 2018, receiving proceeds of €541m

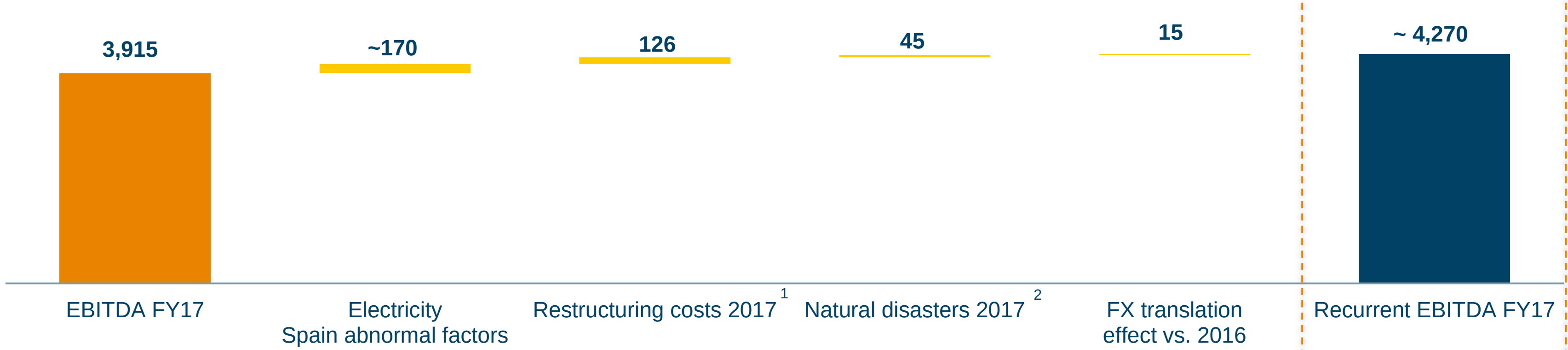
2. FY 2017 consolidated results

EBITDA analysis

2016 EBITDA: bridge to recurrent operations



2017 EBITDA: bridge to recurrent operations



✓ **Stable recurrent EBITDA thanks to the strong performance in networks and International generation**

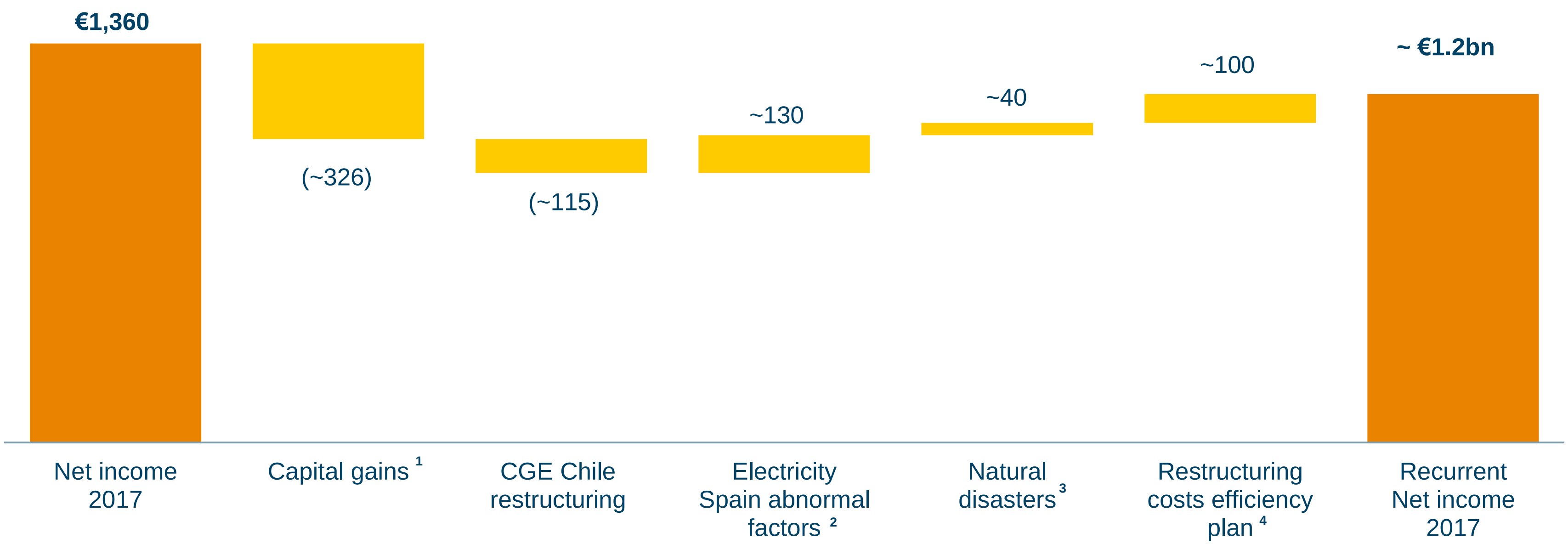
Notes:

1 Total restructuring costs incurred in 2017 of ~€126m of which ~€16m relating to old efficiency plan and ~€110m relating to the new efficiency plan 2018-2020 brought forward from 2018 into 2017

2 Related to (i) civil liabilities & property damages in Chile (snowstorms and fires) and Moldova (snowstorms), and (ii) income lost due to temporary halt in operations in Puerto Rico (hurricane) and Mexico (earthquake)

Net income analysis

2017 Net income: bridge to recurrent operations



✓ **The divestments on GNDB Spain (20%), Italy, Colombia, Moldova and Kenya, once completed, will have an impact on recurrent net income of approximately €175m on an annual basis; the impact in 2018 will depend on the moment in which these transactions are completed**

✓ **Net income 2017 vs. 2016: +1.0% (~€1.2bn recurrent net income 2017)**

Notes:

1 Including €350m from disposal of gas distribution Colombia and a mark to market of -€24m of Kenya's net asset value

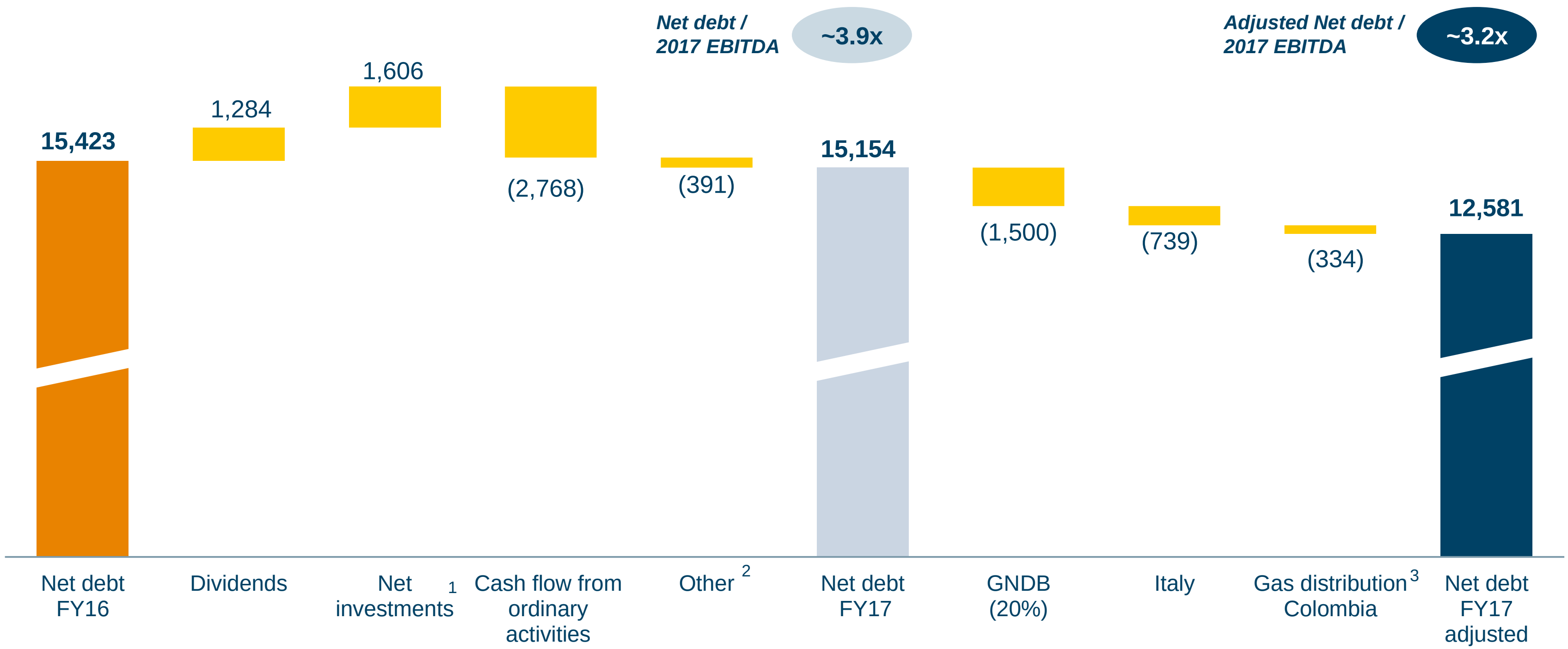
2 Based on ~€170m EBITDA impact in 2017 due to abnormal circumstances in Electricity Spain

3 Based on ~€45m EBITDA impact and write offs of ~€8m pre-tax

4 Based on total €126m restructuring costs in 2017, of which €110m brought forward from 2018 into 2017, as part of efficiency plan 2018-2020

Net debt evolution

Net debt (€m)



- ✓ **Net debt / 2017 EBITDA and adjusted Net debt / 2017 EBTIDA of 4.7x and 4.1x respectively under rating agency criteria[4]**

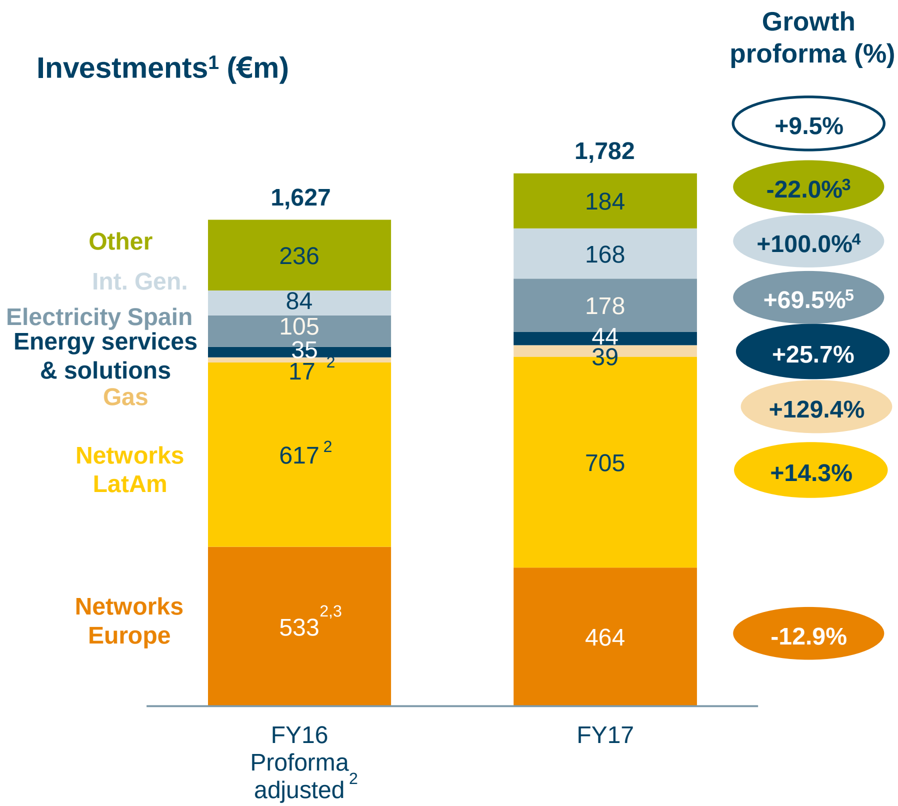
- ✓ **Adjusted leverage levels reflect the significant proceeds expected during 2018 but also the loss of EBITDA associated with recent portfolio management**

Notes:

1 Refers to investments actually paid in the period
2 Including net debt effect as a result of the transfer of Italian, Colombia Gas, Kenya and Moldova operations to available for sale non-current assets and liabilities respectively, currency translation effect in consolidation and other cash flow items
3 Phase 2 to be completed in 1H18 with expected proceeds of €334m for the remaining 41.9% shareholding (phase 1 completed with €134m proceeds received for 17.2%)
4 Adjusted mainly for hybrids (50%) and LNG tankers financial and operating leases

Investments

FY17 vs. FY16



- ✓ Total investments growth of +9.5% vs. FY16 excluding the investment in 2 LNG tankers in 2016 (~€425m), the one off acquisition of LPG connection points in 4Q16 (~€425m) and the deconsolidation of Electricaribe (€40m)
- ✓ Capex 2017E of c. ~€1.8bn (below budget) due to delayed delivery into 2018 of the 2 new LNG tankers expected this year
- ✓ Growth capex of €744m (47% of overall capex)
- ✓ Networks LatAm and International generation growth capex of €525m (59% of growth capex)

✓ Growth investments underpinning EBITDA growth, notably in Networks LatAm and International generation

Notes:

1 Material and intangible investments; excluding financial investments and divestments

2 Proforma for deconsolidation of Electricaribe (FY16 investments of €40m), the acquisition of LPG connection points in 4Q16 (~€425m) and 2 LNG tankers in FY16 (€425m)

3 Includes investments in Italy, Colombia Gas, Kenya and Moldova reclassified as discontinued operations of €81m and €55m in aggregate for 2016 and 2017 respectively. 2017 investments only accounted for until the date of reclassification of these operations.

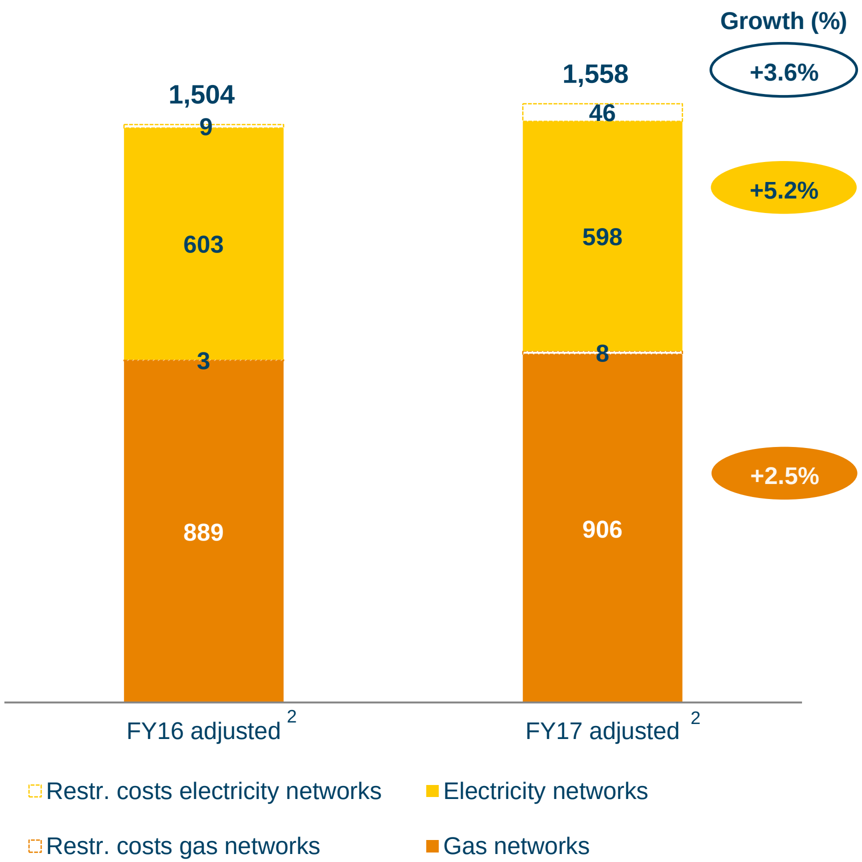
4 Mainly explained by +€81m growth capex in Brazil PV projects and +€38m in Australia wind

5 Mainly Canary Islands (wind projects)

3. FY 2017 results by activity

Networks Spain

EBITDA[1] (€m)



Electricity

- ✓ **EBITDA growth of +5.2%[2] driven by accrued investments brought into the regulated asset base and savings from efficiency plan**
- ✓ **Investments underpin EBITDA growth: €252m in FY17 (of which €59m growth capex)**

Gas

- ✓ **Supported by the acquisition of ~230,000 LPG connection points in 4Q16 and a net increase in natural gas connection points of ~ 58,000 vs. FY16**
- ✓ **Investments underpin EBITDA growth: €212m in FY17 (of which €171m growth capex)**

✓ **+3.6% EBITDA growth in a robust regulated activity, once adjusted for restructuring costs from efficiency plans**

Notes:

1 Considering the reclassification of Italian and Moldova operations as discontinued operations (Italy gas distribution EBITDA of €62m and €59m for FY16 and FY17 respectively; Moldova electricity distribution EBITDA of €42m and €18m for FY16 and FY17 respectively)

2 Adjusted for restructuring costs of €54m in FY17 (€8m and €46m in gas and electricity networks Spain respectively) and €12m in FY16 (€3m and €9m in gas and electricity networks Spain respectively)

Networks LatAm

Gas distribution

EBITDA (€m)

Country	FY17 adjusted[1]	FY17	FY16	Variation adjusted	Change (%)	Net increase in connection points vs. FY16 (´000)
Chile[2]	134	134	108	26	+24.1%	~19
Brazil	283	281	238	45	+18.9%	~53
Mexico	174	172	160	14	+8.8%	~115
Other[3]	46	43	41	5	+12.2%	~23
TOTAL[5]	637	630	547	90[4]	+16.4%	~ 210

- ✓ Chile: Increased sales in the residential and commercial segments driven by new customers and a harsher winter
- ✓ Brazil: Growth in volumes and updated inflation indexes (IGPM) along with positive translation effect
- ✓ Mexico: Significant volume increase and updated indexed tariffs
- ✓ Argentina: 2nd of 3-stage review application of the comprehensive regulatory review in Argentina; comparison affected by the one-off economic compensation in Dec. 2016 before approval of regulatory review
- ✓ Investments underpin EBITDA growth: €372m in FY17 (of which €244m growth capex) and more than ~210,000 new connection points vs. FY16

✓ **Strong growth supported by robust results in Chile, Mexico and Brazil as well as the 2nd of 3-stage review application of the comprehensive regulatory review in Argentina**

Notes:
1. Adjusted for restructuring costs of €7m in FY17
2. Considering the reclassification of €66m and €72m EBITDA for 2016 and 2017 respectively into Gas supply
3. Argentina & Peru Gas distribution
4. Currency translation effects of €-4m
5. Considering the reclassification of Colombia gas distribution as discontinued operations (EBITDA of €163m and €142m for FY16 and FY17 respectively)

Networks LatAm

Electricity distribution

EBITDA (€m)

Country	FY17 adjusted[1]	FY17	FY16	Variation adjusted	Change (%)	Sales growth (%)
Chile	314	308	304	10	+3.3%	+1.8%
Panama	107	106	118	(11)	-9.3%	+2.3%
Argentina	20	20	14	6	+42.9%	+0.3%
TOTAL[2] (excl. ECA)	441	434	436	5[3]	+1.1%	+1.8%

- ✓ Chile: Higher sales and operating efficiencies offset the lower margins of the tariff review, impact of natural disasters and perimeter changes[4]
- ✓ Panama: Impacted by atypical effects (i) customers refunds as compensation for higher charges in 2002-2006 period, and (ii) income in 1H16 following recognition of extraordinary generation costs
- ✓ Argentina: Positive impact of updated indexed tariffs despite almost flat demand due to higher tariffs across utilities

✓ **Solid performance in Electricity networks driven by Chile and Argentina**

Notes:

1 Adjusted for restructuring costs of €7m in FY17

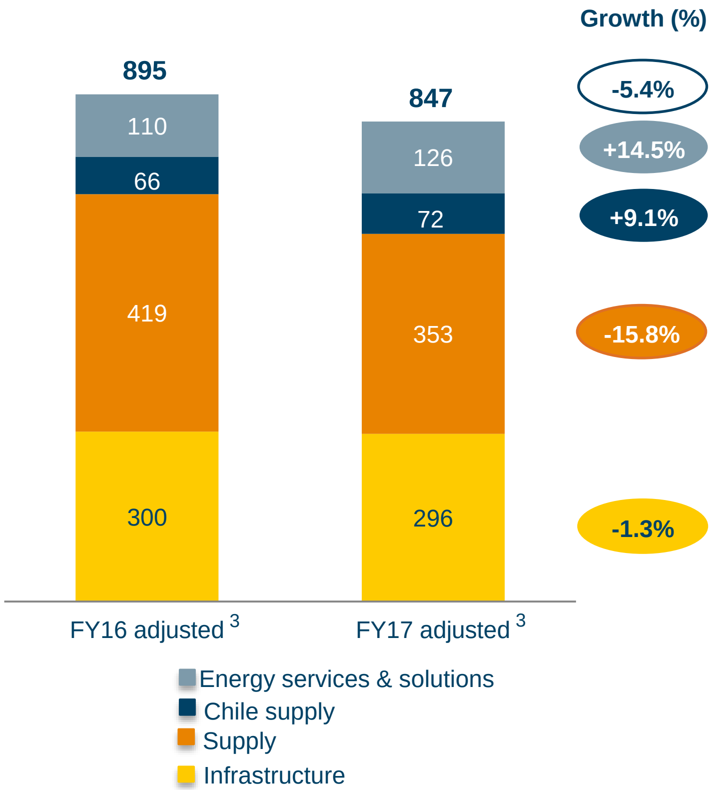
2 Excludes Electricaribe for comparability purposes (FY16 EBITDA of €253m)

3 Currency translation effects of +€1m

4 Disposal of small O&M electricity company (Tecnet) and small concrete builder for electricity networks company (Hornor) in 4Q16

Gas (I)

EBITDA (€m)[1,2]



Energy services & solutions

- ✓ Integrates comprehensive supply of gas and electricity services & solutions to residential clients and small enterprises in Spain and LatAm
- ✓ Spain represents 95% EBITDA and LatAm 5%, showing strong growth potential
- ✓ Market share of 17% in energy solutions in Spain with 11.7m contracts, of which 8.8m supply and 2.9m energy services & solutions, presenting strong penetration potential

Chile supply

- ✓ Previously reported as part of Chile gas networks and reclassified into gas
- ✓ Gas supply to Metrogas, and large industrial and power clients in Chile and LatAm
- ✓ Long term gas procurement contract with BG

Supply[4]

- ✓ Challenging year in gas supply affected by strong margin pressure on Spanish industrial segment during 2Q-3Q and lower residential sales in Spain
- ✓ Rising prices in international LNG support improving terms with our end-customers globally

Infrastructures

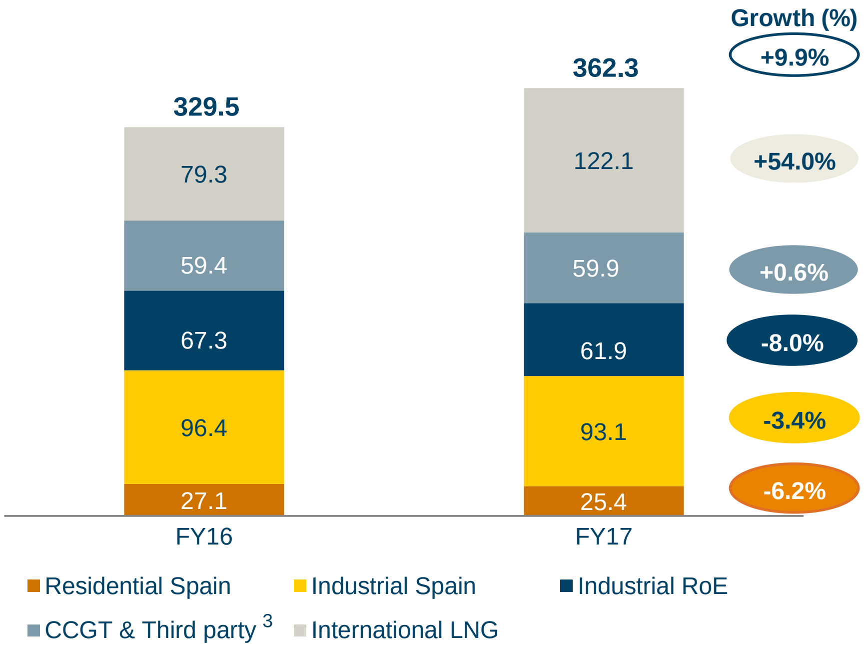
- ✓ Stable results once adjusted for FX translation effect

✓ Challenging year in gas supply with improving outlook

Notes:
1 Currency translation effects of €-6m in infrastructures
2 Includes €66m and €72m EBITDA from Chile for 2016 and 2017 respectively, previously classified under gas networks; separates Energy services & solutions, previously reported as part of supply
3 Adjusted for restructuring costs of €1m in FY17 and €0.5m in FY16 in supply activities and €1m in FY17 in Energy services & solutions
4 Former gas supply excluding energy services & solutions

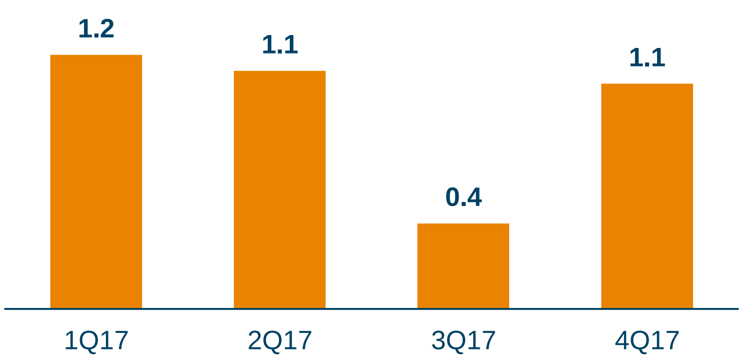
Gas (II)

Gas sales (TWh)[1]



- ✓ Positive contribution of new volumes partially offset margin pressure during the year
- ✓ Significant increase in international LNG (+54% vs. FY16) vs. lower industrial sales in Europe and residential sales in Spain

Gas supply 2017 unitary EBITDA[2] evolution (€/MWh)



- ✓ Rising LNG prices globally should gradually improve margins and play favorably on contract negotiations with our end-customers

✓ Margin recovery in 4Q17 expected to continue into 2018

Notes:
1 Excluding Chile gas sales of 16,585 GWh and 15,806 GWh for 2016 and 2017 respectively
2 Excluding Energy services & solutions and Chile supply
3 Includes gas sales to UF Gas

Electricity Spain (I)

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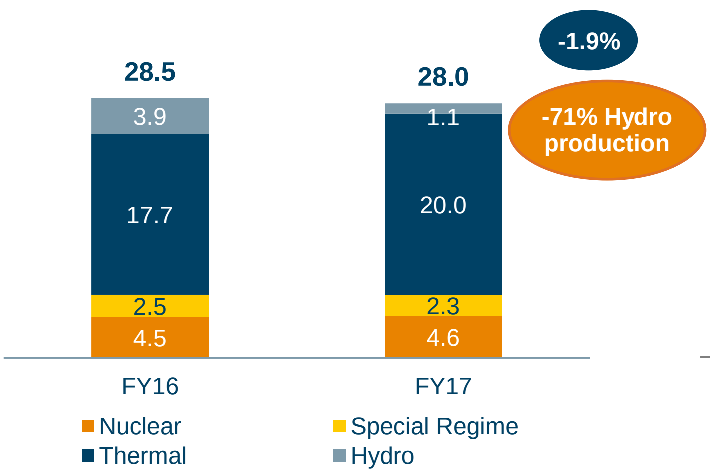
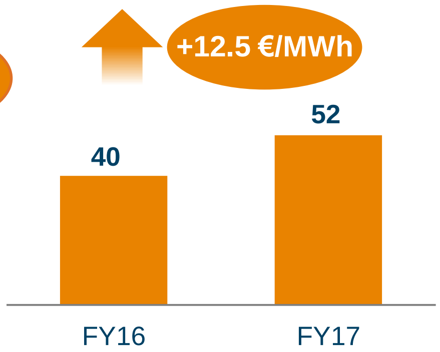
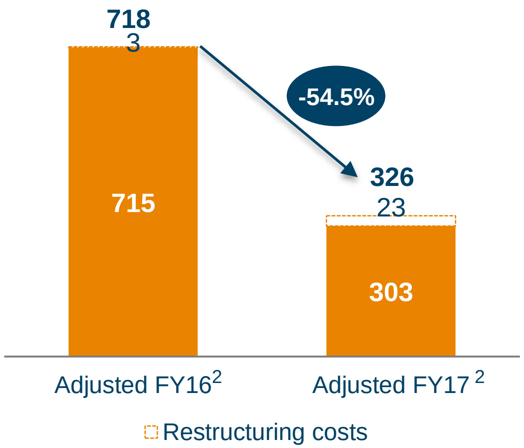
GNF production (TWh)



Pool price[1] (€/MWh)



EBITDA (€m)



- ✓ **Higher generation costs:**
  - Hydro represented only 4% production in FY17 vs. 14% FY16
  - Higher commodity prices
- ✓ **Supply margins affected by higher pool prices with sale prices at particularly low levels, given the exceptionally low forward prices on which they were set**
- ✓ **Lower profitability in ancillary markets caused by higher thermal production, mainly in 4Q17**

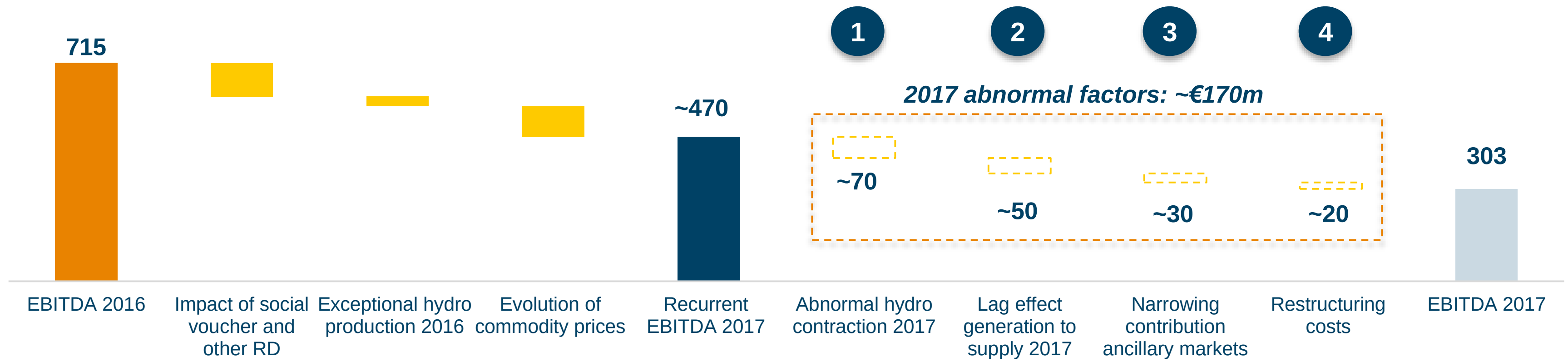
> ✓ **Abnormal conditions continued in 4Q17 impacting EBITDA 2017 in Electricity Spain**

Notes:
1 Average price in the daily power generation market
2 Adjusted for restructuring costs of €23m in FY17 and €3m in FY16

Electricity Spain (II)

Abnormal conditions persisted in Electricity Spain

Electricity Spain EBITDA 2017 (€m)

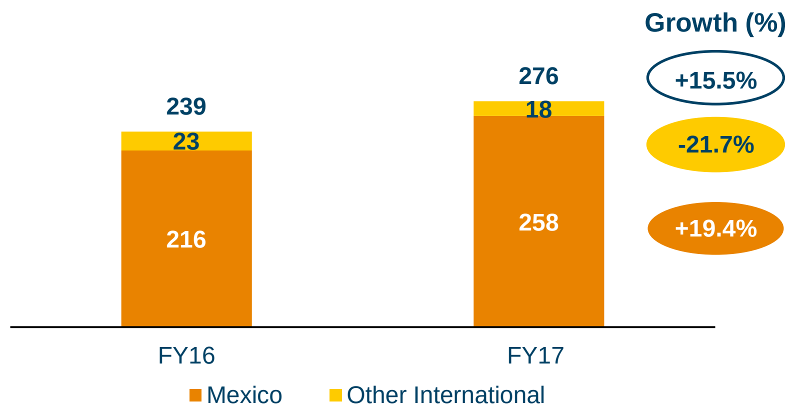


1. Exceptionally low hydro production extended into 4Q17
2. Previous year depressed reference prices for electricity supply
3. Narrowing of contribution in ancillary markets caused by higher thermal production, mainly in 4Q17
4. Restructuring costs as part of new efficiency plan

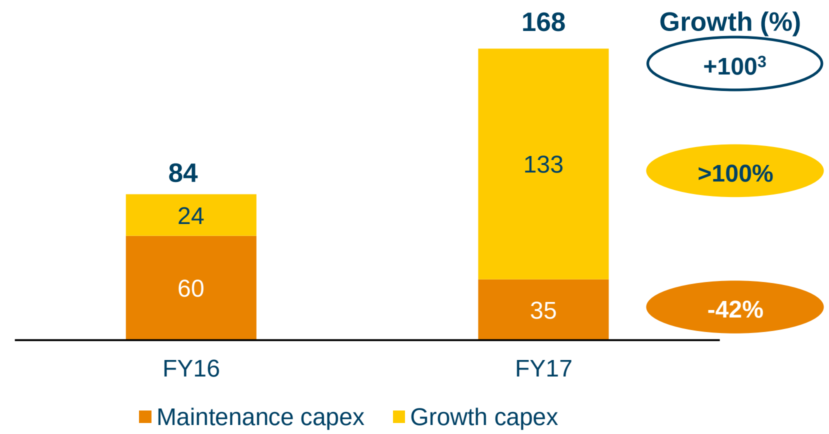
✓ **Electricity Spain recurrent EBITDA 2017 of ~€470m once adjusted for abnormal factors**

International generation

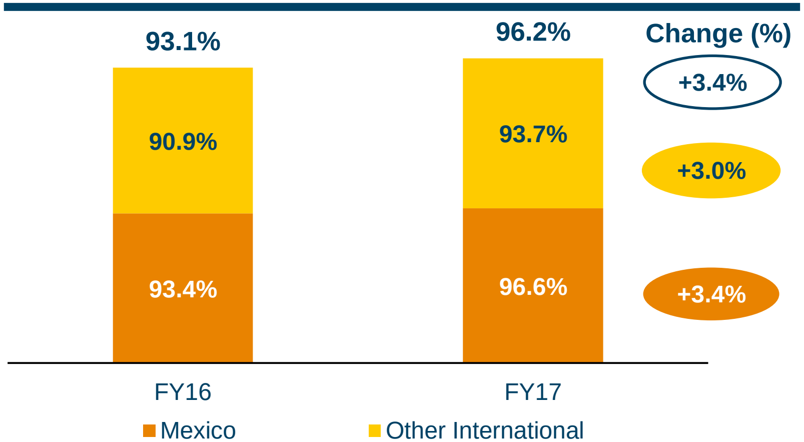
EBITDA (€m)[1,2]



Investments (€m)



Total availability (%)



International 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 launch of operations in September 2017

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

Notes:
1. Currency translation effects of €-6m
2. Considering the reclassification of power generation Kenya as discontinued operations (EBITDA of €18m and €19m for 2016 and 2017 respectively)
3. Mainly explained by +€81m growth capex in Brazil PV projects and +€38m in Australia wind

4. Outlook 2018

Outlook 2018
Focus on regulated activities

GNF activities	Outlook 2018	Key drivers
Networks	↑	✓ **3rd of 3-stage review application of the comprehensive regulatory review** in Argentina in April 2018 (full tariff) with an expected **positive EBITDA impact of +€100m** vs. 2017 ✓ Continued organic growth in Mexico, supported by **new gas distribution concessions awarded in Tabasco, Campeche and Yucatán** (Quintana in progress) ✓ Continued **organic growth in Chile natural gas business** supported by an increase of +30,000 net connection points **in current regions** and growing demand for heating ✓ Continued **organic growth in Chile electricity business** supported by an increase of +80,000 net connection points and improving macro-economic environment ✓ Continued growth in gas distribution Spain offset by the **negative impact on gas meters remuneration** with an expected impact of ~€40m according to the new meter rental prices published by law
International generation	↑	✓ **Secured growth** with the launch of Brazil PV (2H17) and Australia wind (2H18)

✓ **Continued organic growth in networks and secured growth in International generation**

Outlook 2018
Focus on liberalized activities

GNF activities	Outlook 2018	Key drivers
Gas supply	↑	✓ **Stable volumes** with sales for **2018 already contracted and secured >85%** ✓ Positive expectations in **ordinary review of procurement contracts** due in 2018 (~60% of GNF´s total procurement contracts) which were set in another market context ✓ **Positive trends in international LNG prices** play favorably on contract negotiations with our end-customers ✓ Progress in new business initiatives focused towards profitable mid-sized customers and attractive market segments (**FSRU, small scale solutions, bunkering**)
Electricity Spain	↑	✓ Expected **normalization of hydro production** levels to ~3.0TWh ✓ Progressive **recovery of OMIP** prices for 2018 to **52€/MWh** as at end of December 2017, used as reference for new contracts and renewals, reflecting the higher generation costs ✓ Reduced margins in PVPC[1] caused by increased regulatory requirements and higher impact of the social voucher in 2018

- ✓ **Positive outlook in gas supply driven by ordinary review of gas procurement contracts and improving prices in international LNG**
- ✓ **Expected recovery of Electricity Spain on the back of normalized hydro production and recovery of supply prices**

Note:
1 Small consumer voluntary price

Outlook 2018
Other

Others	Outlook 2018	Key drivers
Efficiency plan 2018-2020	↑	✓ Accelerating progress on efficiency plan 2018-2020 by bringing forward ~€110m restructuring costs from 2018 into 2017 ✓ Expected cumulative savings of ~€105m for 2018 net of restructuring costs
Cost of debt	↑	✓ Liability management efforts progressively positively impacting financial results ✓ Further reduction expected in cost for debt from current 3.5% in 2017
Tax rate	=	✓ Maintained at 21.5% (recurrent tax rate)
FX translation effect	↓	✓ Unfavorable foreign exchange outlook (USD, CLP, BRL, MXN, ARG)
Capital gains (Italy)	↑	✓ Post-tax capital gains of ~€190m expected on completion (1H18)

✓ **Significant positive contribution from operating and debt/tax efficiencies, only offset by a not so favorable foreign exchange outlook**

5. Conclusions

Summary and conclusions

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Results FY17

- ✓ Strong performance of regulated activities, notably in Gas networks and International generation
- ✓ Electricity Spain results, largely related to abnormal conditions, significantly weighed down GNF´s 2017 consolidated results
- ✓ Good progress on delivery against pillars of strategic plan 2016-2018
  - Minimum dividend of €1/share (min. payout of 70%) delivered
  - Strict financial discipline through highly active debt optimization
  - New and more ambitious efficiency plan 2018-2020 progressing swiftly
  - Significant value crystallization through active portfolio management
- ✓ Net income target of ~ €1.3-1.4bn for 2017 has been met

Strategic plan 2018-2020

- ✓ Positive outlook 2018 with significant expected growth in all activities and €110m restructuring costs as part of efficiency plan already incurred
- ✓ Release of new strategic plan 2018-2020
- ✓ GNF remains committed to an attractive and sustainable shareholder remuneration

✓ **New strategic plan 2018-2020 to drive medium / long-term shareholder value**

Fourth Quarter 2017 Results

(FY 2017)

Questions & Answers

Appendices

1. Financials

Consolidated income statement

(€m)	FY17	FY16	Change %
Energy margin	5,679	6,291	-9.7%
Other	948	1,006	-5.8%
Gross Margin	6,627	7,297	-9.2%
Personnel Costs, Net	(1,031)	(974)	+5.9%
Taxes	(451)	(465)	-3.0%
Other Expenses, Net	(1,230)	(1,194)	+3.0%
EBITDA	3,915	4,664	-16.1%
Depreciation and Impairment losses	(1,648)	(1,707)	-3.5%
Provisions	(155)	(315)	-50.8%
Other	-	122	-
Operating Income	2,112	2,764	-23.6%
Financial Results, Net	(699)	(815)	-14.2%
Equity Income	14	(98)	-
Income before tax	1,427	1,851	-22.9%
Corporate tax	(190)	(333)	-43.0%
Discontinued operations results	460	193	-
Non-Controlling Interests	(337)	(364)	-7.4%
Net Income	1,360	1,347	+1.0%

Consolidated income statement with the reclassification of discontinued operations and ECA deconsolidation (I)

(€m)	FY17	Italy	Gas Colombia	Moldova	Kenya	FY17 ex. Italy/Colombia/ Moldova/Kenya
Energy margin	6,082	131	201	43	28	5,679
Other	983	2	33	-	-	948
Gross Margin	7,065	133	234	41	28	6,627
Personnel Costs, Net	(1,071)	(18)	(14)	(7)	(2)	(1,031)
Taxes	(468)	(2)	(14)	(1)	-	(451)
Other Expenses, Net	(1,344)	(31)	(64)	(15)	(7)	(1,230)
EBITDA	4,182	82	142	18	19	3,915
Depreciation and Impairment losses	(1,695)	(20)	(13)	(6)	(8)	(1,648)
Provisions	(168)	(10)	(3)	-	-	(155)
Other results	320	-	350	-	(24)	-
Operating Income	2,639	52	476	12	(13)	2,112
Financial Results, Net	(697)	(2)	5	3	(4)	(699)
Equity Income	14	-	-	-	-	14
Income before tax	1,956	50	481	15	(17)	1,427
Corporate tax	(259)	(13)	(51)	(3)	(2)	(190)
Discontinued operations results	-	(37)	(430)	(12)	19	460
Non-Controlling Interests	(337)	-	-	-	-	(337)
Net Income	1,360	-	-	-	-	1,360

Consolidated income statement with the reclassification of discontinued operations and ECA deconsolidation (II)

(€m)	FY16	Italy	Gas Colombia	Moldova	Kenya	FY16 ex. Italy/Colombia/ Moldova/Kenya	ECA	FY16 ex. ECA	%2017/ 2016
Energy margin	6,727	132	220	57	27	6,291	453	5,838	(2.7)
Other	1,037	3	28	-	-	1,006	10	996	(4.8)
Gross Margin	7,764	135	248	57	27	7,297	463	6,834	(3.0)
Personnel Costs, Net	(1,013)	(18)	(13)	(6)	(2)	(974)	(53)	(921)	11.9
Taxes	(483)	(1)	(16)	(1)	-	(465)	(37)	(428)	5.4
Other Expenses, Net	(1,298)	(33)	(56)	(8)	(7)	(1,194)	(120)	(1,074)	14.5
EBITDA	4,970	83	163	42	18	4,664	253	4,411	(11.2)
Depreciation and Impairment losses	(1,759)	(26)	(13)	(5)	(8)	(1,707)	(39)	(1,668)	(1.2)
Provisions	(327)	(8)	(4)	-	-	(315)	(195)	(120)	29.2
Other results	122	-	-	-	-	122	-	122	(100.0)
Operating Income	3,006	49	146	37	10	2,764	19	2,745	(23.1)
Financial Results, Net	(825)	(2)	1	(3)	(6)	(815)	(61)	(754)	(7.3)
Equity Income	(98)	-	-	-	-	(98)	-	(98)	(114.3)
Income before tax	2,083	47	147	34	4	1,851	(42)	1,893	(24.6)
Corporate tax	(416)	(15)	(60)	(5)	(3)	(333)	(10)	(323)	(41.3)
Discontinued operations results	44	(32)	(87)	(29)	(1)	193	-	193	138.3
Non-Controlling Interests	(364)	-	-	-	-	(364)	8	(372)	(9.4)
Net Income	1,347	-	-	-	-	1,347	(44)	1,391	(2.2)

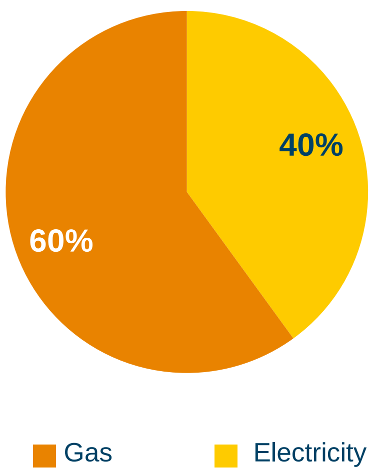
EBITDA breakdown[1]

(€m)	FY17 adjusted[2]	FY16 proforma adjusted[2,3]	FY17	FY16	FY17 vs. FY16 proforma (€m)	FY17 vs. FY16 proforma (%)
Gas networks	1,551	1,439	1,537	1,436	112	+7.8%
Spain	914	892	906	889	23	+2.5%
LatAm	637	547	631	547	90	+16.4%
Electricity networks	1,084	1,048[3]	1,031	1,292	37[2,3]	+3.5%[2,3]
Spain	644	612	598	603	32	+5.3%
LatAm	440	436[3]	433	689	5[2,3]	+1.1%[2,3]
Gas	847	895	845	893	(48)	-5.4%
Infrastructure	296	301	296	300	(5)	-1.6%
Supply[4]	425	485	424	484	(59)	-12.3%
Energy services & solutions	126	110	125	109	16	+14.8%
Electricity	602	957	578	954	(356)	-37.2%
Spain	326	718	302	715	(392)	-54.6%
International	276	240	276	239	36	+15.0%
Other	(43)	95	(75)	89	(138)	-
Total EBITDA	**4,041**	**4,433[3]**	**3,915**	**4,664**	**(393)[2,3]**	**-8.9%[2,3]**

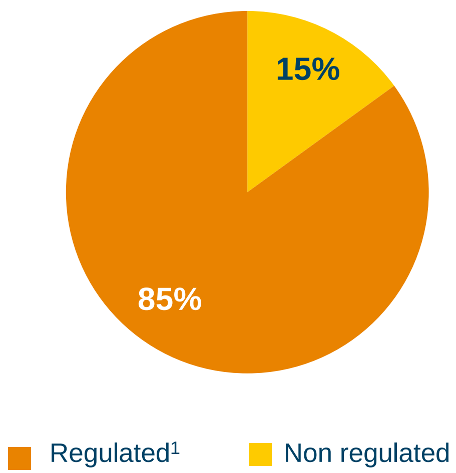
Notes:
1 Considering the reclassification of Italian, Colombia Gas, Kenya and Moldova operations as discontinued operations, which has no impact at Net income level
2 Adjusted for restructuring costs €126m in FY17 and €22m in FY16
3 Proforma for deconsolidation of Electricaribe (FY16 EBITDA of €253m)
4 Includes €66m and €72m EBITDA from Chile for 2016 and 2017 respectively, previously classified under gas networks

EBITDA analysis

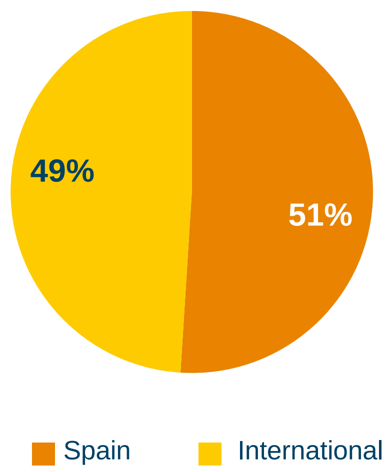
Gas/Electricity



Regulated[(1)]/Non regulated



Spain/International



Note:

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

Currency translation effect on EBITDA

Gas Distribution

EBITDA (€m)

Country	FY17	FY16	Currency translation	Activity
Argentina	47	44	(8)	11
Brazil	281	238	11	32
Chile	134	108	-	26
Mexico	172	160	(7)	19
Peru	(4)	(3)	-	(1)
TOTAL	630	547	(4)	87

International generation

EBITDA (€m)

Country	FY17	FY16	Currency translation	Activity
Mexico	258	216	(5)	47
Rest	18	23	(1)	(4)
TOTAL	276	239	(6)	43

Electricity Distribution - EBITDA (€m)

Country	FY17	FY16	Currency translation	Activity
Argentina	19	14	(2)	7
Chile	308	303	5	-
Panama	106	118	(2)	(10)
TOTAL (excl. ECA)[1]	433	435	1	(3)

Gas - EBITDA (€m)

Country	FY17	FY16	Currency translation	Activity
Gas Infra	296	300	(6)	2

Other - EBITDA (€m)

Country	FY17	FY16	Currency translation	Activity
Other	(75)	88	(1)	(162)

Total currency translation effect: -€15m

Note:

1 Excluding Electricaribe for comparability purposes (FY16 EBITDA of €253m)

Net investments

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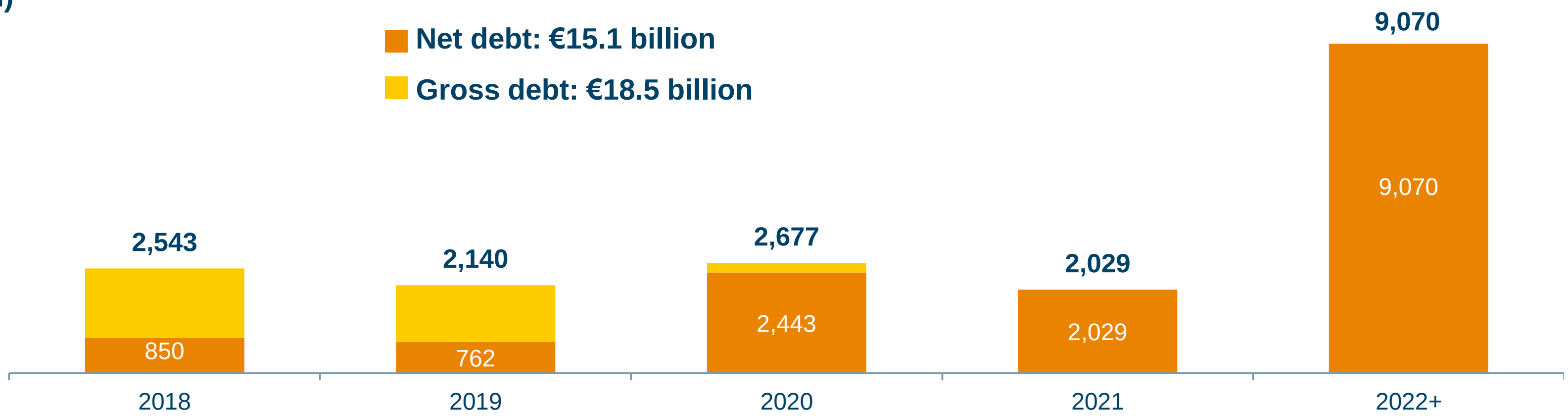
(€m)	FY17	FY16 Proforma[1]	FY16	Change Proforma €m	Change Proforma %
Gas networks	567	498	963	69	+13.9%
Europe	212	268[1]	693	(56)	-20.9%
LatAm	355	230	270	125	+54.3%
Electricity networks	602	652	652	(50)	-7.7%
Europe	252	265	265	(13)	-4.9%
LatAm	350	387[1]	387	(37)	-9.6%
Gas	39	17[1]	442	22	+129.4%
Energy services & solutions	44	35	35	9	+25.7%
Electricity	346	189	189	157	+83.1%
Spain	178	105	105	73	+69.5%
International	168	84	84	84	+100.0%
Other	184	236	236	(52)	-22.0%
Total tangible + intangible	**1,782**	**1,627**	**2,517**	**155**	**+9.5%**
Financial	44	384	384	(340)	-88.5%
Total gross investments	**1,826**	**2,011**	**2,901**	**(185)**	**-9.2%**
Disposals and other	(229)	(676)	(676)	447	+66.1%
Total net investments	**1,597**	**1,335**	**2,225**	**262**	**+19.6%**

Note:
1 Proforma for deconsolidation of Electricaribe (FY16 investments of €40m), and adjusted for the acquisition of LPG connection points in 4Q16 (~€425m) and 2 LNG tankers in FY16 (€425m)

Financial structure (I)

A comfortable debt maturity profile

As of December 31, 2017
(€m)



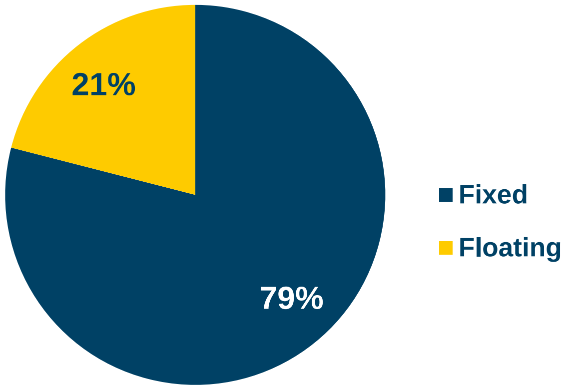
- **Average life of Net debt ~ 5.8 years**
- **94% of Net debt maturing from 2019 onwards**
- **Successful inaugural €800m green bond issuance with 7.5-year maturity and a coupon of 0.875% (November 2017)**
- **Debt refinancing/extension in 2017 for a total amount of €7.1 bn (of which €5.8 bn credit facilities and €1.3 bn loans)**
- **Successful closing of the liability management exercise launched in January 2018, with the issuance of €850m, 10-year bond with a coupon of 1.5% and €915m notes repurchase**

Financial structure (II)

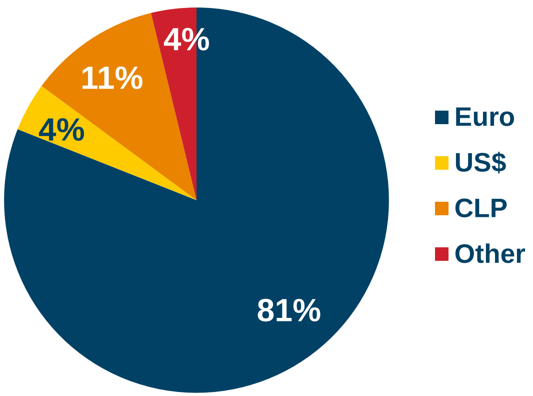
An efficient net debt structure

As of December 31, 2017

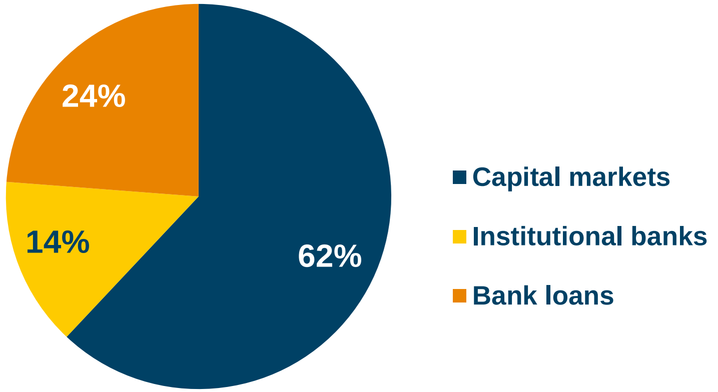
Majority of debt at fixed rates at a very competitive cost



Conservative currency exposure policy



Diversified financing sources



Financial structure (III)

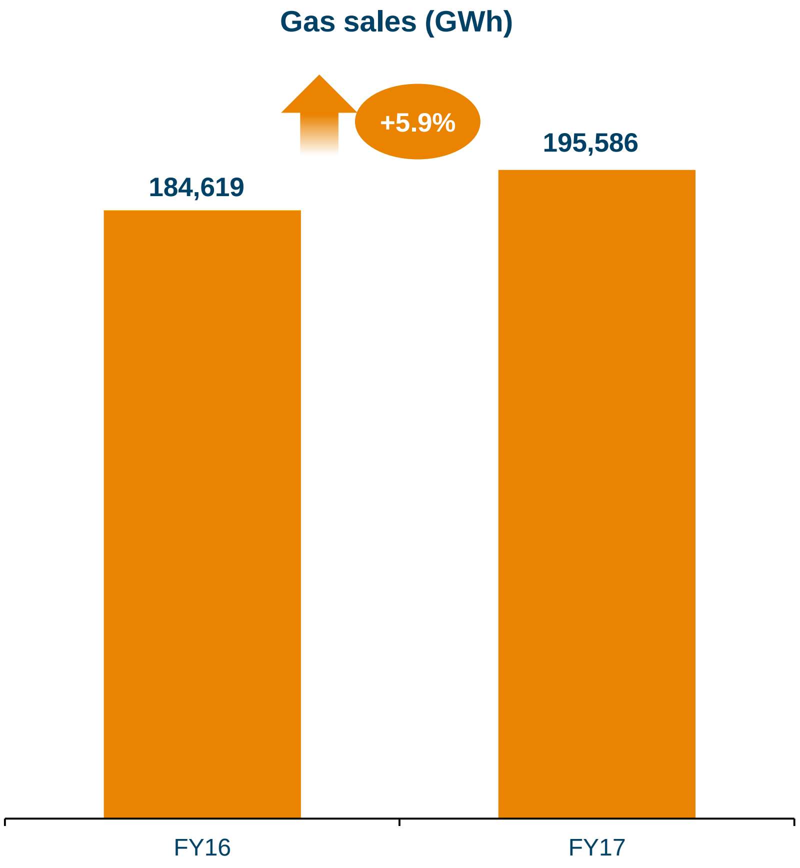
Strong liquidity position

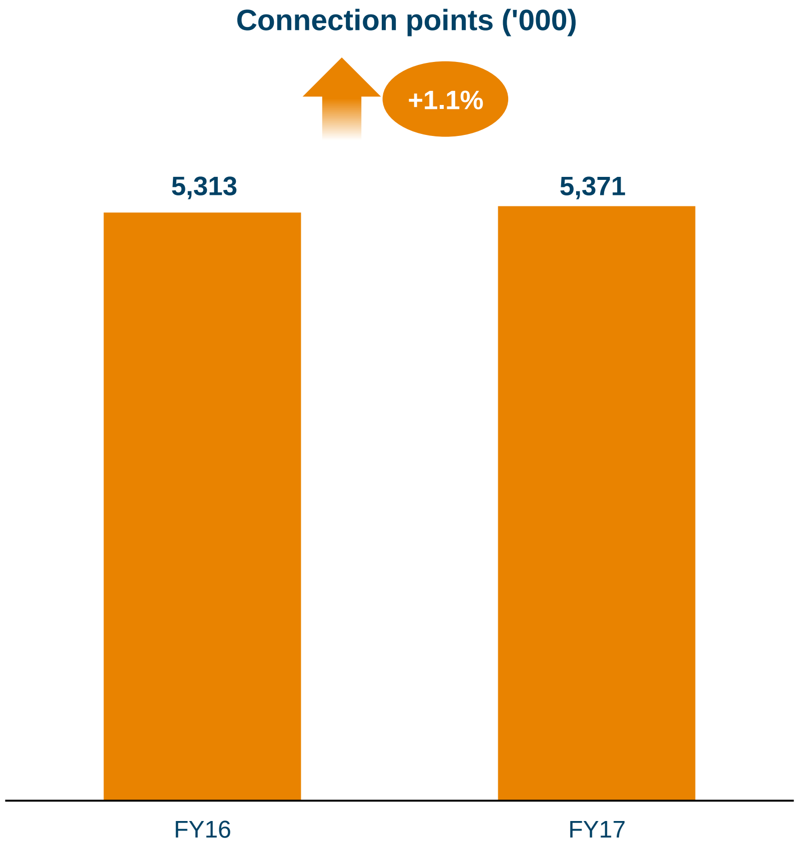
As of December 31, 2017 (€m)	Limit	Drawn	Undrawn
Committed lines of credit	7,215	254	6,961
Uncommitted lines of credit	539	217	322
EIB loan	42	-	42
Cash	-	-	3,225
TOTAL	7,796	471	10,550

- Additional capital market capabilities of ~€6,250m both in Euro and LatAm (Mexico, Chile, Panama and Colombia) programs

2. Operating figures

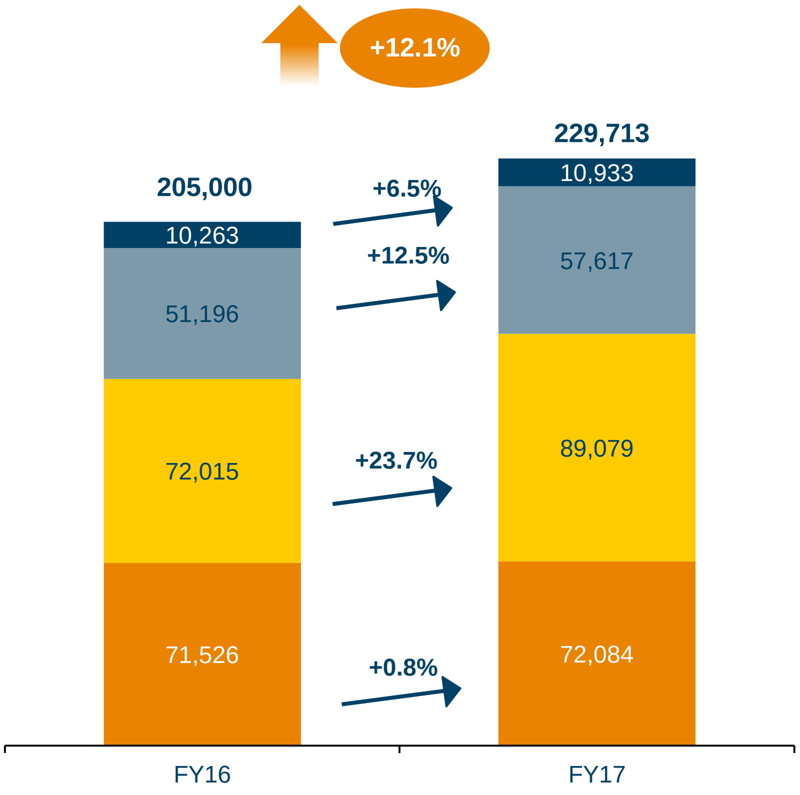
Networks
Gas distribution Spain



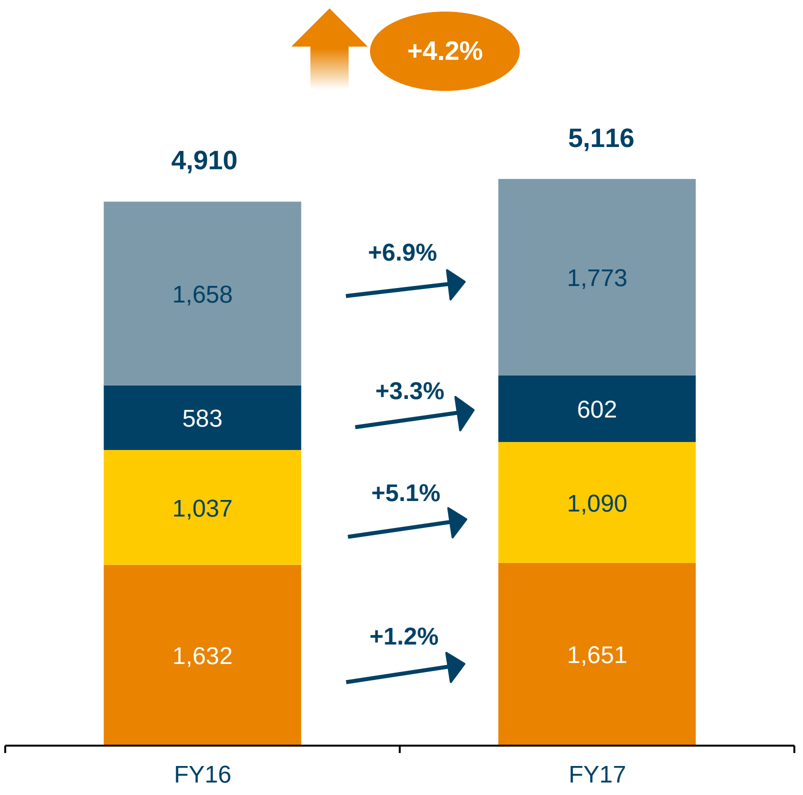


Networks
Gas distribution LatAm

Gas sales (GWh)



Connection points ('000)

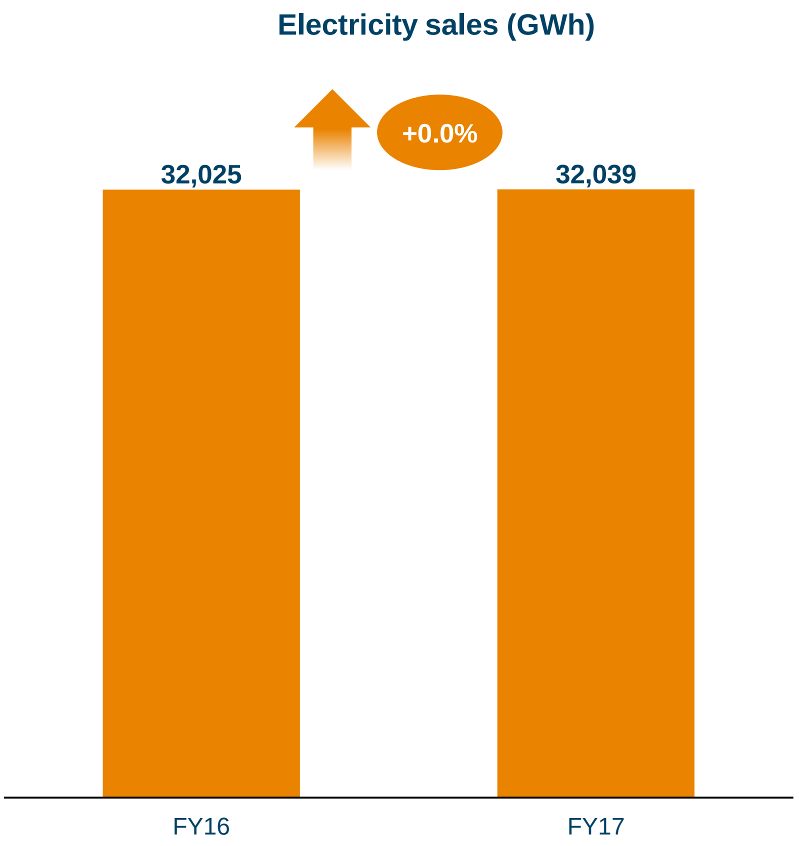


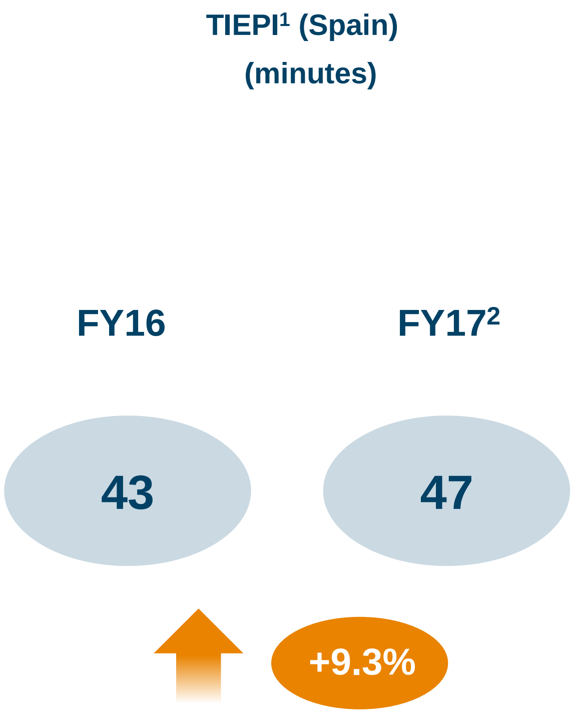
Argentina Brazil Mexico Chile[1]

Note:
1 Considering the reclassification of 16,585 GWh and 15,806 GWh for 2016 and 2017 respectively into Gas supply

Networks

Electricity distribution Spain



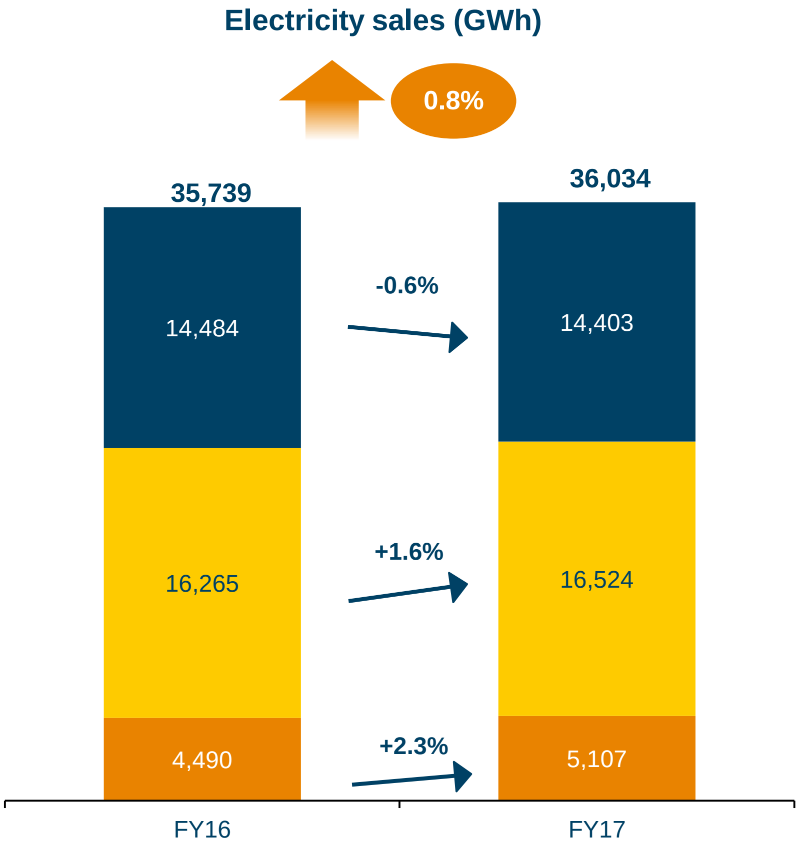


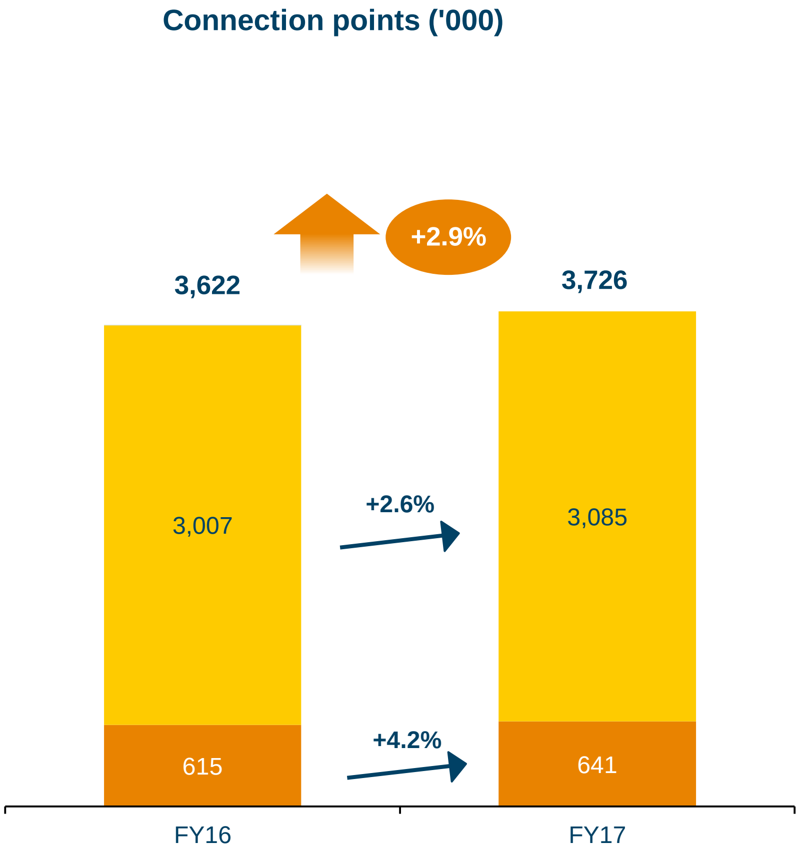
Notes:

1. "Tiempo de interrupción equivalente de la potencia instalada" = Equivalent time of power supply interruption for the installed capacity
2. Excluding impact of weather storms in Galicia in February 2017

Networks

Electricity distribution LatAm[1]

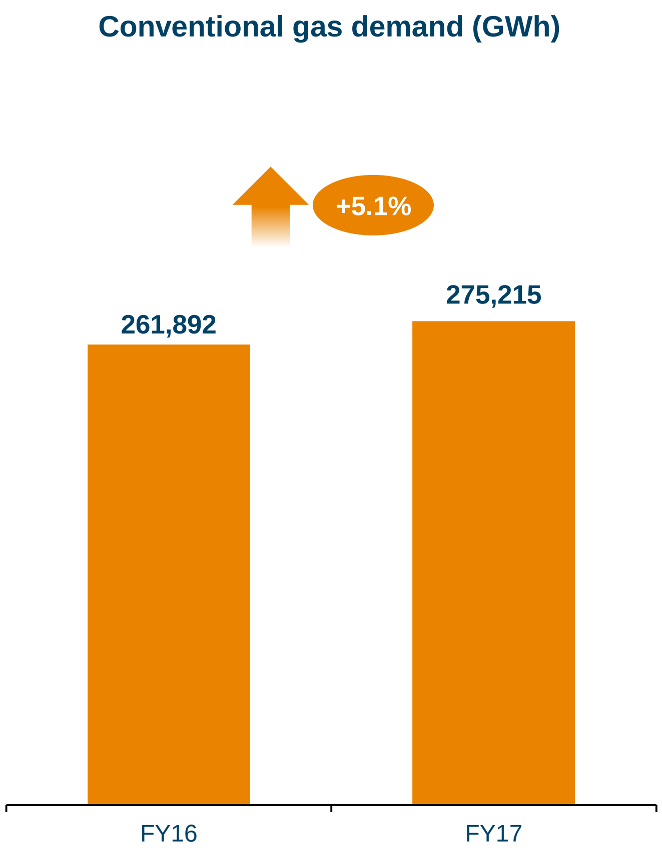




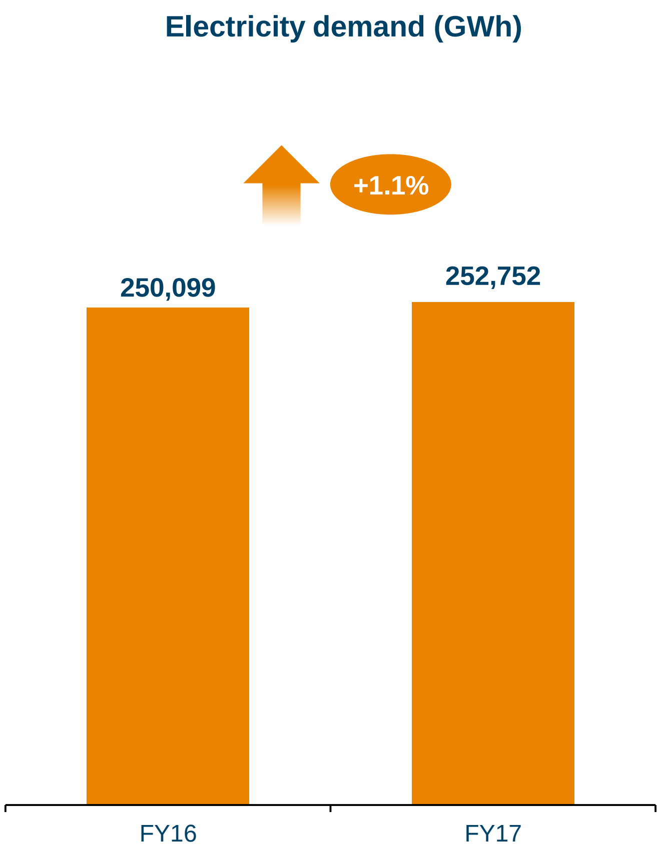
Panama   Chile distribution[2]   Chile transmission

Notes:
1 Proforma for Electricaribe in FY16
2 Includes data for CGE's subsidiaries in Argentina

Gas and electricity demand in Spain



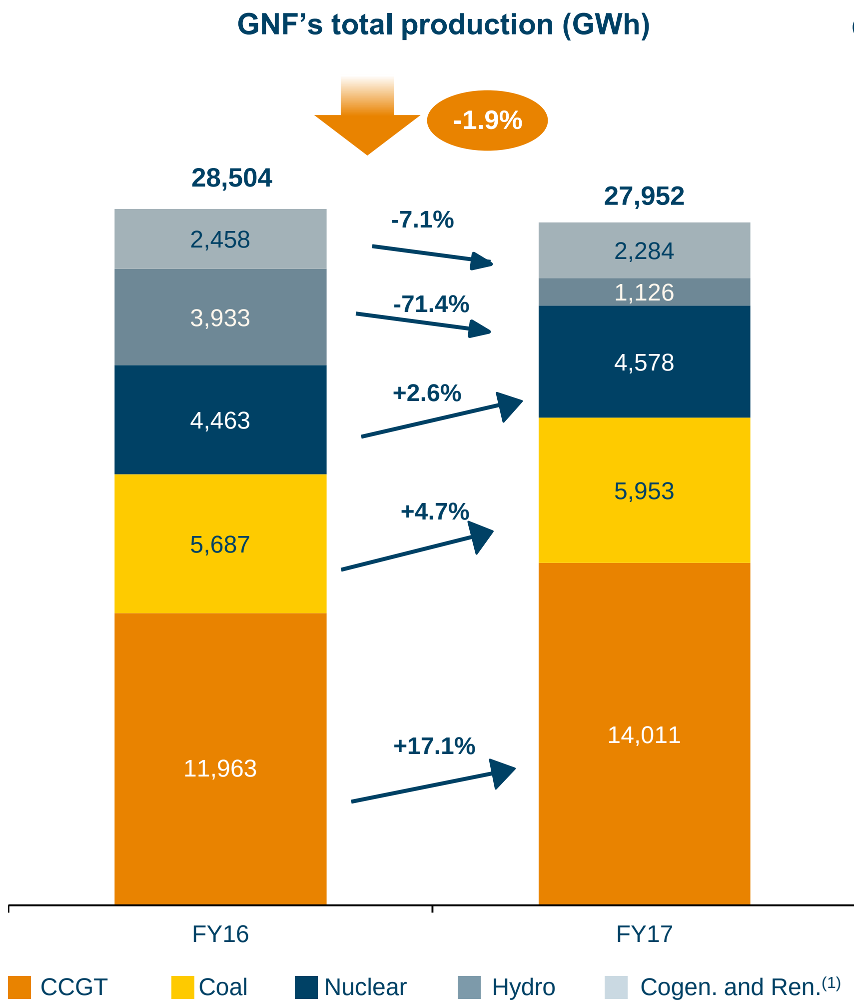
Source: Enagás

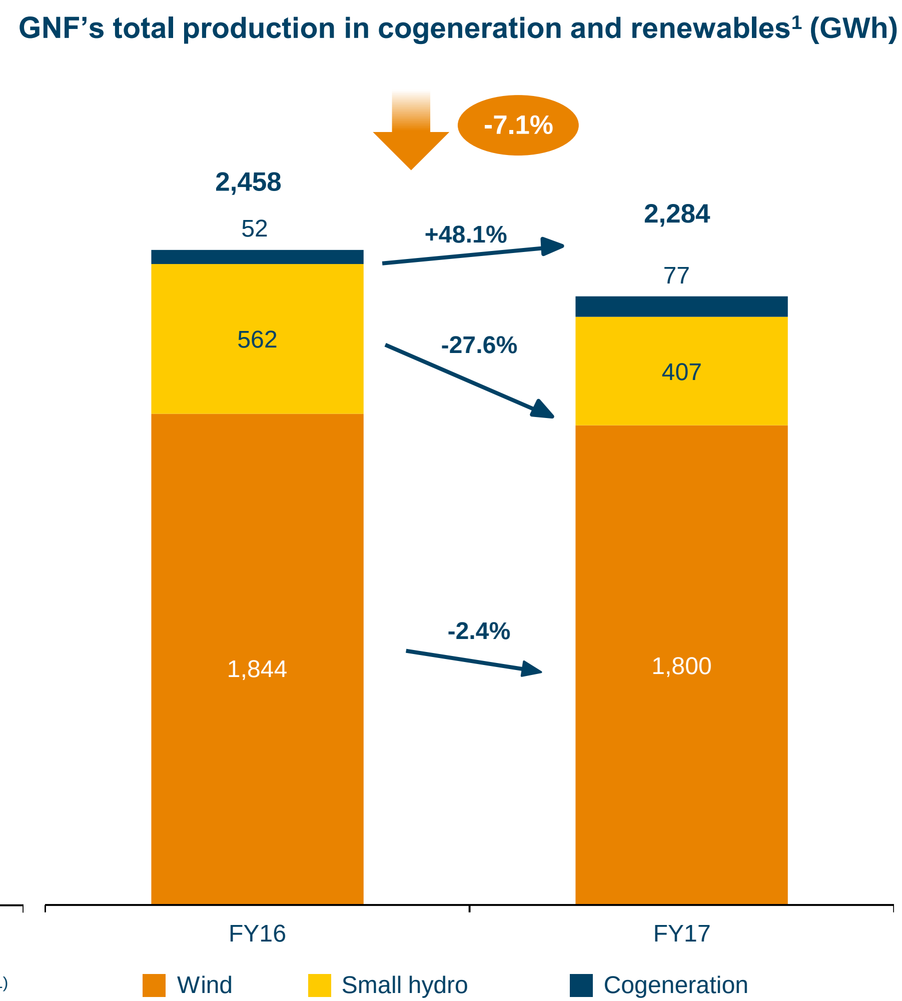


Source: REE

Electricity

Spain (I)





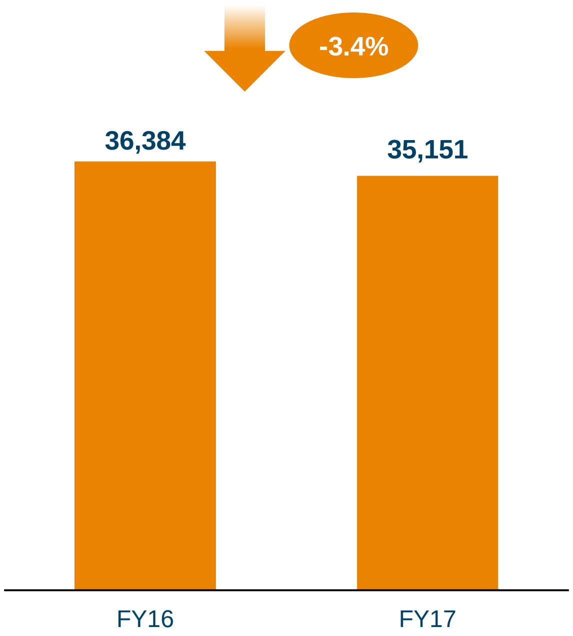
Note:

1 Formerly "Special Regime"

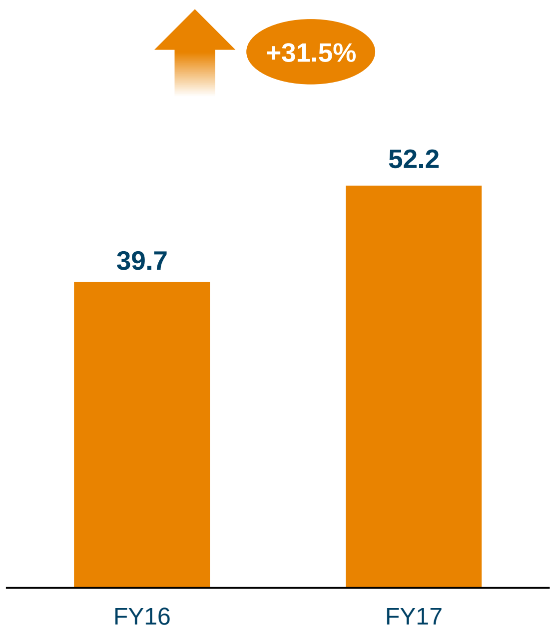
Electricity

Spain (II)

GNF electricity sales (GWh)

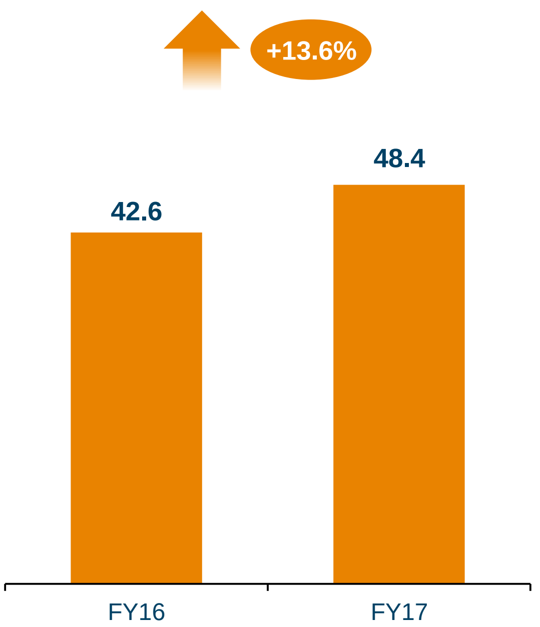


Average pool price[1] (€/MWh)



Source: REE

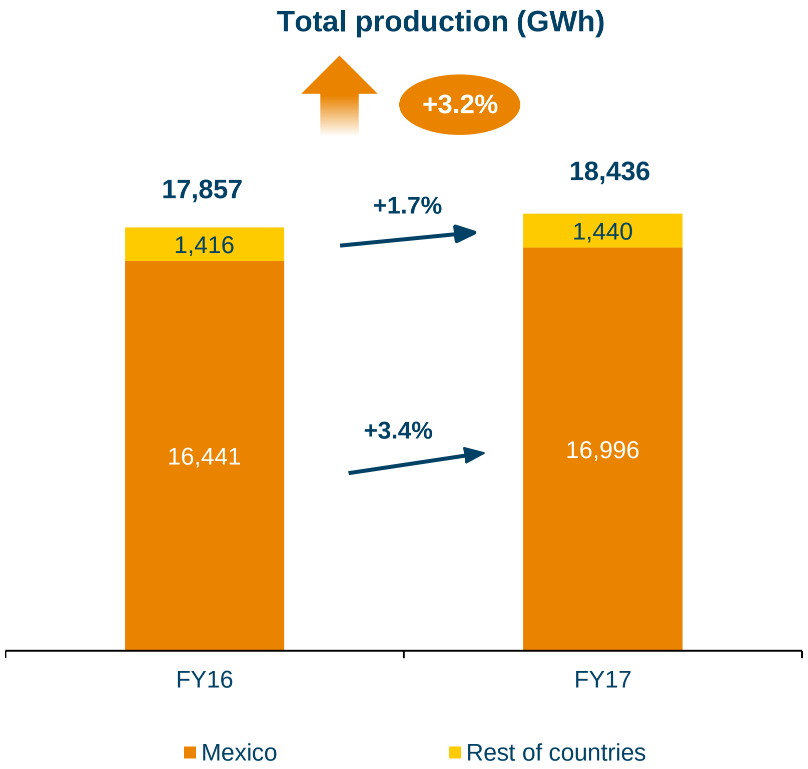
Average OMIP prices[2] (€/MWh)

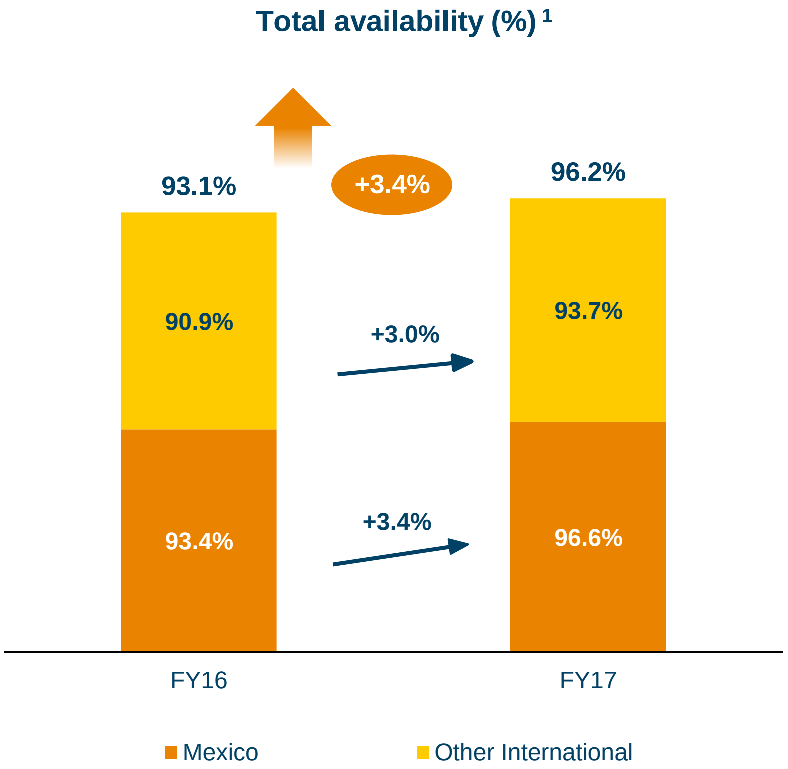


Source: OMIP

Notes:
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) in the period

Electricity
International generation

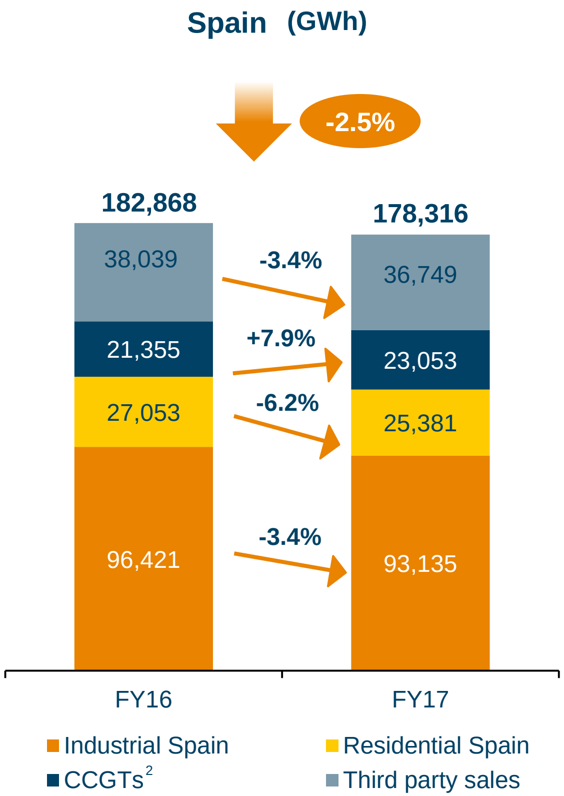


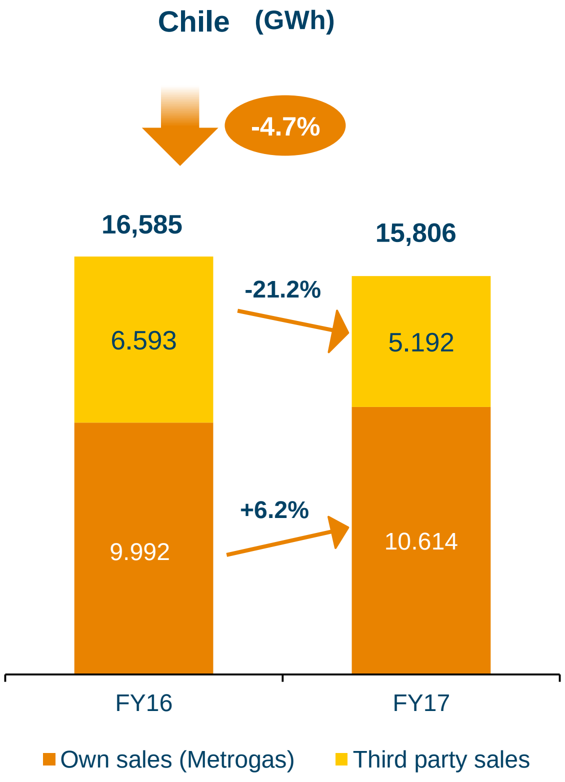


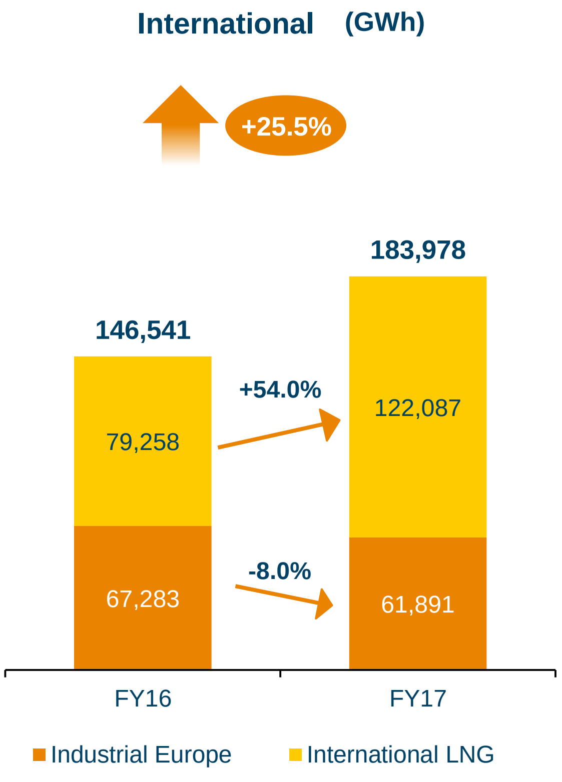
Note:
1. The average of net electric energy available in a period of time divided by electric energy calculated as the net capacity by the hours of the period

Gas

Gas sales by markets[1]







Notes:

1 Includes wholesale sales to Italy although excluding commercialization to end customer

2 Includes gas sales to UF Gas

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