2017 Full Year Results

1 March 2018

Contents

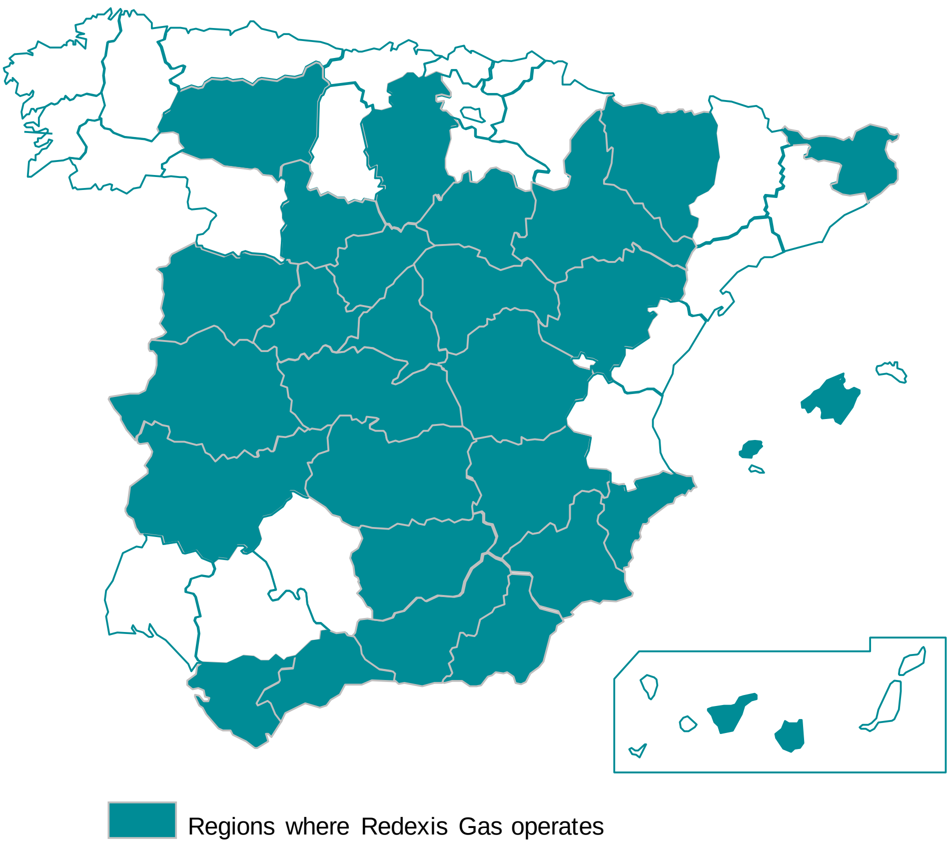
1. Redexis Gas at a glance

Redexis Gas, S.A. ("Redexis Gas" or "the Company" or "the Group") is a leading company in gas distribution and transmission, as well as in piped liquefied petroleum gas ("LPG") distribution and supply, which provides residential and industrial customers in Spain with access to natural gas and piped LPG. The Company is present in a country with a low penetration rate compared to European peers.

The Group's strategy is to continue expanding its network to create additional value in the regions where it operates. Redexis Gas provides its services to 649,653 connection points throughout Spain and manages a gas distribution and transmission network spanning 9,990 km.

The Company has licenses to operate in 576 municipalities across 11 Autonomous Communities in Spain, including: Aragon, Andalusia, the Balearic Islands, the Canary Islands, Castile and Leon, Castile-La Mancha, Valencia, Madrid, Murcia, Catalonia and Extremadura.

Redexis Gas is owned by Goldman Sachs Infrastructure Partners and two European pension funds, USS and ATP.



Key highlights

- **Delivery of growth plans, with 41 thousand new contracts, 40 thousand gross connection points added**
- **Energy distributed increased by 24% to reach 32,277 GWh**
- **Commissioning certificate of two transmission pipelines: 9.1 kilometres of "Yeles-Seseña" (May 2017) and 11.6 kilometres of "Villacarrillo-Villanueva del Arzobispo" (July 2017)**
- **Revenue up by 9.5% to €231.8 million**
- **EBITDA and Net Result for the period increased 3.2% and 2.1%, respectively**
- **Organic investments reached €128.6 million, an increase of 36.2%**
- **Exclusive authorization for gas distribution in 8 municipalities of the Canary Islands**
- **The European pension funds USS and ATP have jointly increased their investment in 2017 in Redexis Gas to own 49.9%**

OPERATING HIGHLIGHTS

Operating highlights	Unit	For the full year 2017	For the full year 2016	%change 2017 vs 2016
NG (P<4b)	#	570,097	544,348	4.7%
LPG	#	79,278	81,166	(2.3%)
NG (P>4b)	#	278	253	9.9%
Distribution Connection Points (CPs)	**#**	**649,653**	**625,767**	3.8%
Municipalities served	**#**	**485**	**484**	**n.a.**
Network length	Km	**9,990**	**9,411**	6.2%
Distribution network length	Km	8,348	7,789	7.2%
Transmission network length	Km	1,643	1,622	1.3%
Energy distributed	GWh	**32,277**	**26,026**	**24.0%**

FINANCIAL HIGHLIGHTS

Financial highlights	2017	2016	%change
Data in €million unless otherwise stated			
Revenues and other income	**231.8**	**211.7**	**9.5%**
Distribution - regulated	100.0	98.0	2.0%
Other regulated distribution income	28.3	25.2	12.3%
Transmission - regulated	63.0	61.5	2.4%
LPG regulated business	25.0	12.9	93.8%
Other operating income	3.3	3.9	(15.4%)
Self-constructed non-current assets	12.2	10.2	19.6%
EBITDA	**162.2**	**157.1**	**3.2%**
EBITDA margin (%)	*70.0%*	*74.2%*	*(4.2pp)*
EBITDA margin ex LPG dilution (%)	*75.0%*	*76.7%*	*(1.7pp)*
Net Result for the period	**49.7**	**48.7**	**2.1%**
Capex – Organic	128.6	94.4	36.2%
LPG acquisitions	0.7	126.7	(99.4%)
Capex	**129.3**	**221.1**	(41.5%)

Note: 2017 is the first full year with the LPG acquisitions. The lower margins in the LPG regulated business dilutes the overall EBITDA margin

1.1. Key events for the period

- **Continued to deliver on its growth distribution plans**

In 2017, Redexis Gas has added c. 24 thousand net connection points from its continued organic growth. In addition, during 2017, the Company has continued to deliver on its growth plans, securing 41 thousand new contracts, a 23.6% increase when compared to 2016, providing 40 thousand gross connection points. This performance reflects the implementation of a new expansion model based on advanced artificial intelligence tools and more efficient business processes. As part of its commitment to innovation, Redexis Gas is using newly developed computer algorithms to maximise natural gas penetration and efficient network deployment in the municipalities in which it operates.

The Company has increased its presence in municipalities where it was already operating and has expanded its activities to new regions and municipalities in accordance with its long-term investment plan. In this regards, in 2017, Redexis Gas has connected a new municipality in Andalusia (Villanueva del Arzobispo) thanks to the connection of an industrial client (Celvi); expanded its networks to 11 new municipalities in natural gas that were previously in LPG: Chiclana de la Frontera and Tarifa in Andalusia, Felanitx, Santa Eulalia des Riu and Sant Josep de sa Talaia in the Balearic Islands, Yepes in Castile–La Mancha, Candeleda in Castile and Leon, Pedreguer and Callosa de Segura in the Community of Valencia, Magallón and Ateca in Aragon; expanded its network in 2 urban areas that had an industrial client connected previously: Alloza and Ariño in Aragon; as well as expanded its network in LPG in two municipalities that had LPG installations: Blanca in Murcia and Torrevelilla in Aragon.

Moreover, the Company has transformed to Natural Gas from LPG c.3 thousand connection points, mainly in two municipalities in Castile and Leon: Ciudad Rodrigo and Cantalejo.

As of 31 December 2017, Redexis Gas operates 650 thousand connection points and has added 580 kilometres to its networks, reaching 9,990 kilometres throughout 485 municipalities of the Spanish territory.

At the same time, Redexis Gas focused on energy intensive industrial clients by implementing targeted offerings to capture new clients and increase the consumption of existing ones. Among others, the Company has successfully concluded gas supply with Celvi (Andalusia), Fudepor (Murcia), Energias Alternativas Murcianas (Murcia), Ladrillerías Mallorquinas (Balearic Islands), Jake (Murcia), Carnicas 5 Villas (Aragon) and Gasinera Emaya (Balearic Islands). The effort in this segment resulted in an increase of the P>4bar industrial consumption of 37.3% compared with 2016, reaching over 7TWh in 2017.

Redexis Gas' commitment to sustainability has also materialised in the development of different projects that support the roll out of natural gas stations, which bring a series of environmental, technical and economic advantages to the Spanish regions in which they are implemented. The Company supplies gas to different stations located in Mallorca, Ibiza, Cadiz and Murcia. At present, the development of a series of gas service station projects in Murcia, Zaragoza and Palma de Mallorca is being analysed and assessed.

- **Transmission pipeline commissioning**

On 5 May 2017, Redexis Gas obtained the commissioning certificate for the 9.1 kilometres transmission pipeline "Yeles-Seseña", located in Castile-La Mancha which will serve natural gas to more than 5,200 citizens and businesses in the area, and will promote the development of new industrial projects.

Additionally, on 7 July 2017, the Company obtained the commissioning certificate for the “Villacarrillo–Villanueva del Arzobispo" gas pipeline, located in Andalusia, covering a distance of 11.6 kilometres.

- **Canary Islands, exclusive authorization for gas distribution in 8 municipalities of the region after a competitive process**

In February 2017, Redexis Gas obtained exclusive authorizations for gas distribution in 8 municipalities of the region: Las Palmas de Gran Canaria, Telde, and Agüimes in Gran Canaria; and San Cristóbal de la Laguna, Arona, Granadilla de Abona, Puerto de la Cruz and Santa Cruz de Tenerife in Tenerife.

Thanks to this, the Company will be able to supply gas to more than one million residential and industrial customers in the Canary Islands in the future.

- **The European pension funds USS and ATP have increased their investment in Redexis Gas to own 49.9%**

On 28 May 2017, Redexis Gas announced that the European pension funds USS and ATP had agreed to acquire 18.8% of the share capital in Redexis Gas from GSIP. USS and ATP have both been indirect investors in Redexis Gas as partners of GSIP since its initial investment in 2010 and have been increasing their stake overtime.

As a consequence of the acquisition, the shareholder base of Redexis Gas will be the following: GSIP 50.1%, USS 30.0% and ATP 19.9%.

The closing of the transaction took place in July 2017.

- **€675 million raised in financing activities in the fourth quarter of the year**

- Redexis Gas signed a new bank facility of €300 million

On 2 November 2017, Redexis Gas signed a new bank facility of €300 million due 2022, extendable to 2024, with 9 Spanish and international financial institutions. This facility refinanced the existing one. The main characteristics of the new facility are:

- Extend tenor on a 5+1+1 basis to reach up to 2022/2024 for final maturity (bullet)
- RCF type of documentation for the full amount and available for GCP and Capex – single tranche
- *Pari passu* with the Bonds and the EIB loans

The new bank facility also includes better financial terms and ensures the Company’s future strategy and capex requirements

- Redexis Gas Finance BV issues €250 million tap to the existing 2027 Bonds

On Friday 24 November 2017, Redexis Gas Finance successfully priced a €250 million tap of their outstanding €250 million bond that matures in April 2027, upsizing it to a Benchmark reference. The main characteristics of this successful transaction are:

- The bond was issued at an implied yield of 2.021% with a fixed coupon of 1.875% paid annually (April) until maturity in 2027
- Same documentation as the existing bonds series issued under the €2 billion Programme

- The use of funds is general corporate purposes including financing of capex, refinancing outstanding debt facilities and dividend payment
- Rating for the bond and Redexis Gas at BBB- with S&P and BBB (RWN) with Fitch, both with stable outlook
- The bond issue was closed on 1 December 2017
- Listing of the bond in the Luxemburg Stock Exchange
- The Senior Unsecured Notes are guaranteed on an a *pari passu* basis with the other financing instruments at Redexis Gas

The bond tap enjoyed ample oversubscription providing additional funding sources diversification and widen the investor base.

- Redexis Gas signed two additional facilities totalling €125 million

In December 2017 Redexis Gas closed a new facility amounting to €50 million with the European Investment Bank. Moreover, in January 2018 Redexis Gas closed an additional facility of €75 million. Both facilities have the same documentation.

The loan, with a maximum term of 20 years and a repayment grace period of three years, is part of the support offered by the EIB under the European Fund for Strategic Investments (EFSI). The loan has an availability period of three years.

The facility will be used to fund investments in gas distribution assets in order to provide access to natural gas to households and industries across Spain and the launch of the operations and network development in the Canary Islands.

The transaction demonstrates the EIB's confidence in the Company and provides Redexis Gas with further financing at an efficient cost and on attractive terms.

With these financing instruments Redexis Gas has ample capacity to carry-over its growth plans and does not have any meaningful maturities until 2021, with an average life of debt of 7 years.

- **Redexis Gas supports corporate responsibility activities**

- Redexis Gas provided an LPG technical training course for its employees, included within the Training Plan defined for the year 2016-2017

From November 2016 to February 2017, Redexis Gas carried out the LPG technical training course for its employees, included within the Training Plan defined for the year 2016-2017. The main objective of the course was to support people's professional growth and contribute to the establishment of their capacities.

This training has been directed to more than 120 employees, in all work centres, performing LPG technique-related work.

- Redexis Gas supports the educational development of university students

To support the educational development of the students of the School of Engineering and Architecture of the University of Zaragoza, Redexis Gas arranged a visit to its facilities in Ateca (a plant and a LPG tank) in May 2017.

The objective of such visit was to explain the operation of the gas sector in Spain, as well as the operation and characteristics of the equipment and the different ways in which Redexis Gas distributes gas.

- **Redexis Gas participated in the gas facility safety campaign in the Community of Madrid**

Redexis Gas participated again this year in the gas facility safety campaign in the Community of Madrid. This initiative aims to provide users with a series of practical tips to use gas facilities and prevent possible accidents.

- **Redexis Gas took part in the Annual Meeting of the Balearic Business Federation of Transport**

For the second year in a row, Redexis Gas took part in the Annual Meeting of the Balearic Business Federation of Transport (FEBT), with the aim to highlight the benefits of Natural Gas for Vehicles (VNG), the key to the future of sustainable transport.

- **Collaboration with the Second National Competition on "Get points with Road Safety Education"**

In May 2017, Redexis Gas collaborated with the Second National Competition "Get points with Road Safety Education", which was attended by over 36 thousand school children from different Spanish educational centres.

The objective of this competition is to prevent traffic accidents through education, implementing road safety habits and positive attitudes.

- **Redexis Gas, new sponsor of the Royal Theatre**

In March 2017, Redexis Gas became a sponsor of the Royal Theatre, becoming a member of its Board of Patrons. This sponsorship reflects the company's commitment to support the promotion and development of culture.

As part of the sponsorship program, Redexis Gas co-sponsored the audio-visual broadcasting of the Madama Butterfly Opera organized by the Royal Theatre in the Plaza de Oriente in Madrid. It was also broadcasted in streaming and live via satellite to numerous institutions, cultural and artistic centres in more than 200 towns in Spain.

This event was attended by a representation of the Company and selected guests including the Government and industrial customers.

- **Gas System evolution**

In February 2018, the CNMC published the 12th interim report on the settlement of revenues and costs for the system for the year 2017, showing gas demand and economic figures billed up to December 2017. The main components were:

- the energy distributed totalled 314,1TWh, an increase of 4.5% versus the 12th interim report of 2016, mainly driven by:
  - A consumption of 126.6TWh in Group 1 (Power generation plants), representing an increase of 14.7% versus the same period of 2016.

- A consumption of 171.6TWh across Groups 2 and 3 (Industrial and Residential), representing a decrease of -1.3% versus the same period of 2016 due to milder weather.

- The number of consumers reached 7,809,934, an increase of 102,388 in the year.

Additionally, according to the information published by Enagas, the Spanish gas demand for 2017 reached 350.9TWh, up 9.1% year-on-year mainly due to the increase in conventional demand (+5.1%) and in power generation (+26.8%).

2. Key operating highlights

Operating highlights	Unit	For the full year 2017	For the full year 2016	%change 2017 vs. 2016
NG (P<4b)	#	570,097	544,348	4.7%
LPG	#	79,278	81,166	(2.3%)
NG (P>4b)	#	278	253	9.9%
Distribution Connection Points (CPs)	**#**	**649,653**	**625,767**	3.8%
Provinces served	**#**	**27**	**26**	**na**
Municipalities served	**#**	**485**	**484**	**0.2%**
Network length	Km	**9,990**	**9,411**	6.2%
Distribution network length	Km	8,348	7,789	7.2%
Transmission network length	Km	1,643	1,622	1.3%
Energy distributed	GWh	**32,277**	**26,026**	24.0%
P<4 bar	GWh	5,577	5,525	0.9%
LPG	GWh	415	253	64.4%
P >4 bar <60 bar	GWh	7,052	5,135	37.3%
P>60 bar	GWh	19,232	15,114	27.3%

As of 31 December 2017, the Company distributed natural gas and LPG in 485 municipalities (distribution of natural gas and LPG may co-exist in the same municipality), operated 8,348 kilometres of distribution network and 1,643 kilometres of transmission network and operated 570,375 connection points of natural gas and 79,278 LPG points in Spain.

In addition, during 2017, the Company has continued to deliver on its growth plans, securing 41 thousand new contracts, a 24% increase compared to 2016, providing 40 thousand gross connection points, representing a 17% increase compared to 2016. This performance reflects the implementation of a new expansion model based on advanced artificial intelligence tools and more efficient business processes. As part of its commitment to innovation, Redexis Gas is using newly developed computer algorithms to maximise natural gas penetration and efficient network deployment in the municipalities in which it operates.

In the last twelve months, the Company added c. 24 thousand net connection points from its continued organic growth, representing a 5.3% increase compared to the previous year. Disconnections had a one-off impact of c.3.5 thousand mainly due to the application of the new 5-day disconnections regulation. Without this impact, the growth in net connection points would have been 20.7% year-on-year.

Redexis Gas has strong growth prospects given its optimal presence in autonomous communities with gas penetration rates below the Spanish average. The Company aims to pursue organic growth by expanding its network in existing and new municipalities, increasing both technical penetration and commercial saturation. In 2017, Redexis Gas has expanded its networks to one new municipality, and has extended its natural gas network in 11 municipalities that already had LPG. Additionally, the Company has connected two urban areas which previously had natural gas supply to an industrial client and has extended its LPG network in two municipalities which had LPG installations.

At the same time, Redexis Gas focused on energy intensive industrial clients by implementing targeted offerings to capture new clients and increase the consumption of existing ones. Among others, the Company has successfully concluded gas supply with Celvi (Andalusia), Fudepor (Murcia), Energias Alternativas Murcianas (Murcia), Ladrillerías Mallorquinas (Balearic Islands), Jake (Murcia), Carnicas 5

Villas (Aragon) and Gasinera Emaya (Balearic Islands). This effort resulted in an increase of the P>4bar consumption of 37.3% compared with 2016, totalling 7,052 GWh in 2017.

In those places where there is no natural gas supply yet, Redexis Gas offers an alternative and supplementary solution, by developing facilities for the distribution of piped LPG and the supply of such fuel to the end customer. Just as other companies that develop their activity in the natural gas sector, Redexis Gas has increased its LPG customer portfolio through acquisitions from Repsol and Cepsa and further organic development of this segment.

In 2017, c.3 thousand LPG points have been migrated to natural gas from LPG, mainly in the municipalities of Ciudad Rodrigo and Cantalejo (Castile and Leon).

At present, the Company provides LPG service in 420 municipalities; it operates a 926 kilometres network and has 79 thousand LPG points.

With regard to our transmission network, the Company has continued rolling out the network. During the first half of 2017, Redexis Gas obtained the commissioning certificate for the "Yeles-Seseña" transmission pipeline located in Castile-La Mancha which has added 9.1 kilometres to its network.

On 7 July 2017, the Company obtained the commissioning certificate for the “Villacarrillo–Villanueva del Arzobispo" gas pipeline, located in Andalusia, covering a distance of 11.6 kilometres.

With the completion of these gas pipelines, the length of Redexis Gas’ transmission network reached 1,643 kilometres.

3. Analysis of Financial Results

3.1. Notes to the Consolidated Income Statement

Consolidated Income Statement

P&L account	2017	2016	%change
Data in € million			
Distribution - regulated	100.0	98.0	2.0%
Other regulated distribution income	28.3	25.2	12.3%
Transmission - regulated	63.0	61.5	2.4%
LPG regulated business	25.0	12.9	93.8%
Other Operating Income	3.3	3.9	(15.4%)
Self-constructed non-current assets	12.2	10.2	19.6%
Total Revenues and other income	**231.8**	**211.7**	**9.5%**
Supplies	(16.8)	(8.1)	107.4%
Personnel expenses	(25.7)	(22.7)	13.2%
Other Operating expenses	(27.1)	(23.8)	13.9%
EBITDA	**162.2**	**157.1**	**3.2%**
EBITDA margin (%)	*70.0%*	*74.2%*	*(4.2pp)*
EBITDA margin ex LPG dilution (%)	*75.0%*	*76.7%*	*(1.7pp)*
Depreciation and amortisation	(79.0)	(69.8)	13.2%
Impairment losses on non-current assets	(0.7)	(0.9)	(22.2%)
Other non-recurring operating expenses	(1.9)	(3.6)	(47.2%)
EBIT	**80.5**	**82.8**	**(2.8%)**
Finance income	0.5	0.3	66.7%
Finance costs	(30.7)	(28.9)	6.2%
Net financial result	**(30.2)**	**(28.5)**	**6.0%**
EBT	**50.3**	**54.3**	**(7.4%)**
Income tax	(0.6)	(5.6)	(89.3%)
Net result for the period	**49.7**	**48.7**	**2.1%**
Result for the period attributable to owners of the Parent	49.7	48.7	2.1%
Result for the period attributable to non-controlling interests	(0.0)	(0.0)	na

3.1.1. Revenues and other income

Redexis Gas is diversified across regulated business lines, the majority of its revenues coming from natural gas distribution and transmission activities. Other regulated distribution income includes activation and service line rights, meter rents, IRC rents, inspections, and other services such as connection and reconnection services.

The Company operates under a stable, supportive and transparent regulatory framework, which provides long-term visibility, while incentivising growth and operational outperformance.

The most important revenue source consists of regulated remuneration received from the gas system for transmission and distribution activities, acknowledged by the national regulatory authorities (Ministry of Energy, Tourism and the Digital Agenda and the National Commission for Markets and Competition), allowing the Group to recover investments made, obtain a reasonable return and promote efficient management.

The following table illustrates Redexis Gas' revenue split and the variation between the periods indicated:

Revenue Split	2017	2016	%change
Data in € million			
Distribution - regulated	100.0	98.0	2.0%
Other regulated distribution income	28.3	25.2	12.3%
Transmission - regulated	63.0	61.5	2.4%
LPG regulated business	25.0	12.9	93.8%
Other operating income	3.3	3.9	(15.4%)
Self-constructed non-current assets	12.2	10.2	19.6%
Total Revenues and other income	**231.8**	**211.7**	**9.5%**

In 2017, Redexis Gas recorded revenues of €231.8 million, representing an increase of 9.5% versus the same period of 2016, mainly due to the increase in the number of distribution connection points (as a result of organic growth in natural gas and the acquisition of the LPG points from Repsol).

Distribution revenues increased by 2.0%, reaching €100.0 million, mainly due to the increase in connection points in existing and new municipalities.

Other regulated distribution income increased by 12.3% reaching €28.3 million primarily as a result of the increased number of gross activations, and the Company's focus on increasing these revenues per connection point.

Transmission revenues increased by 2.4% reaching €63.0 million, due to the completion of two transmission pipelines in 2016, "Cas Tresorer-Manacor-Felanitx" in the Balearic Islands and "Villanueva del Arzobispo-Castellar" in Andalusia with 59 kilometres and 17 kilometres respectively and further 21 kilometres in two pipelines in 2017, "Yeles-Seseña" and "Villacarrillo–Villanueva del Arzobispo" pipelines.

The LPG points acquired represent an additional lever of growth, offering a unique opportunity to enhance the Company's competitive position and generate additional regulated revenues. LPG revenues reached €25.0 million, a 93.8% increase versus the previous year, due to the acquisition of LPG points during 2016 and 2017.

3.1.2. Operating expenses ("Opex")

The following table sets forth Redexis Gas Opex and the percentage change from period to period for each of the periods indicated:

Opex	2017	2016	%change
Data in €million unless otherwise stated			
Supplies	(16.8)	(8.1)	107.4%
Personnel expenses	(25.7)	(22.7)	13.2%
Other operating expenses	(27.1)	(23.8)	13.9%
Opex	**(69.6)**	**(54.6)**	**27.4%**

The addition of LPG points and networks acquired from Repsol is the main reason for the increase in supplies in correlation with the evolution of revenues from the LPG business.

The increase in Other operating expenses is the consequence of the increased asset base, including Operations and Maintenance of LPG facilities.

3.1.3.EBITDA

EBITDA for 2017 amounted to €162.2 million, representing a 3.2% increase as compared to the same period of 2016, and reaching a 70.0% margin (75.0% excluding the LPG margin dilution effect), due to the growth in the regulated revenues, the economies of scale and the operational initiatives, which have been partially offset by lower margins in the LPG business. 2017 is the first full year with the contribution of the LPG acquisitions. The lower margins in the LPG regulated business dilutes the overall EBITDA margin.

3.1.4.Net financial result

Net financial result includes the financial expenses from our debt instruments. For the 12-month period ended on 31 December 2017 it reached €30.2 million, an increase of 6% as a result of the interest and amortised costs of our existing financing and the refinancing carried out in the fourth quarter of the year (Please see note 3.3.1).

3.1.5.Income tax expenses

Income tax reached €0.6 million for the 12-month period ended 31 December 2017, a decrease of 89.3% versus the same period of 2016. Redexis Gas has recorded a reversal of deferred tax liabilities in the connection with its corporate reorganization and deductions for Research and Development, as a result of applying the tax benefit from the new expansion model based on advanced artificial intelligence tools.

3.1.6.Net result for the period

The net result for the first half of 2017 amounted to €49.7 million, representing a 2.1% increase versus the same period of 2016 driven by the growth in revenues and performance of the Company.

3.2. Notes to the Consolidated Cash Flow Statement

Consolidated Cash Flow Statement

Cash Flow	2017	2016	%change
Data in € million			
Earnings before tax (EBT)	**50.3**	**54.3**	**(7.4%)**
Adjustment for:			
Depreciation and amortisation	79.0	69.8	13.2%
Impairment losses on non-current assets	0.7	0.9	(22.2%)
Change in provisions	(0.1)	(1.5)	(93.3%)
Government grants taken to income	(0.7)	(1.5)	(53.3%)
Financial income	(0.5)	(0.3)	66.7%
Financial expenses	30.7	28.9	6.2%
Cash flow from operating activities (pre-working capital)	**159.5**	**150.5**	**6.0%**
Net change in working capital	**36.3**	**(20.3)**	**na**
Cash flow from operations	**195.8**	**130.2**	**50.4%**
Interest and commissions paid	(28.7)	(25.9)	10.8%
Interest received	0.5	0.3	66.7%
Income tax paid	(8.4)	(3.3)	154.6%
Net cash from operating activities	**159.1**	**101.3**	**57.1%**
Payments for purchases of distribution and LPG assets in service	(0.7)	(124.5)	(99.4%)
Current payments for acquisition of property, plant and equipment	(126.1)	(101.8)	23.9%
Investing Cash Flow	**(126.9)**	**(226.3)**	**(43.9%)**
Acquisition of financial assets	-	(16.2)	na
Proceeds of loans - banks (BEI)	-	160.0	na
Proceeds / (Repayment) of loans - banks (Capex Facility)	(30.0)	30.0	na
Proceeds from borrowings - Bonds	249.7	-	na
Payments of lease liabilities	(1.2)	**-**	**na**
Dividend paid	(0.4)	(70.3)	(99.4%)
Net cash from financing activities	**218.1**	**103.5**	**110.7%**
Net increase / decrease in cash and cash equivalents	**250.4**	**(21.6)**	**na**
Cash and cash equivalents BOP	39.0	60.6	(35.6%)
Cash and cash equivalents EOP	289.4	39.0	na

3.2.1. Net cash from operating activities

Cash flow from operating activities (pre-working capital) amounted to €159.5 million, an 6.0% increase compared to the same period of 2016, mainly due to the growth in the cash generated by regulated activities.

The impact of the net change in working capital was positive mainly due to the sale of the 2014 tariff deficit for €41.7 million outstanding in the balance sheet.

Net interest paid increased by 10.8% versus 2016, reaching €28.7 million as a consequence of the financing activities carried out in the fourth quarter of the year. (Please see note 3.3.1)

Income Tax payments increased versus the same period of 2016, reaching €8.4 million mainly as a result of the limitation to offset income tax payments with deferred tax assets which is set at 25% of the taxable income versus 60% in the previous year. Redexis Gas has outstanding deferred tax assets in the balance sheet to be used over the next several years.

Net cash from operating activities increased 57.1% compared to 2016, reaching €159.1 million for 2017.

3.2.2. Investing cash flow

The total Capex of Redexis Gas reached €129.3 million for the 12-months period ended 31 December 2017 which have been invested in the distribution and transmission networks for the addition of new connection points, the further roll out of our networks, the commissioning of natural gas in new areas, the transformation of 2 municipalities to natural gas from LPG, the completion of the "Yeles-Seseña" (Castile-La Mancha) and “Villacarrillo – Villanueva del Arzobispo” (Andalusia) transmission pipelines (which added 9.1 and 11.6 kilometres to our transmission network, respectively) and the continued deployment of our systems. The reduction in the total Capex amount is due to the meaningful one-off LPG networks acquisition in 2016. The increase in Distribution Capex is due to the increased activity in network expansion and the accelerated growth in the installation of connection points as compared to 2016.

Capex breakdown	2017	2016	%change
Data in €million unless otherwise stated			
Distribution	110.0	83.5	31.7%
Transmission	6.1	5.5	10.9%
Intangible assets	5.5	5.5	- %
Other (LPG acquisitions and other)	7.7	126.7	(93.9%)
Total Capex	**129.3**	**221.1**	**(41.5%)**

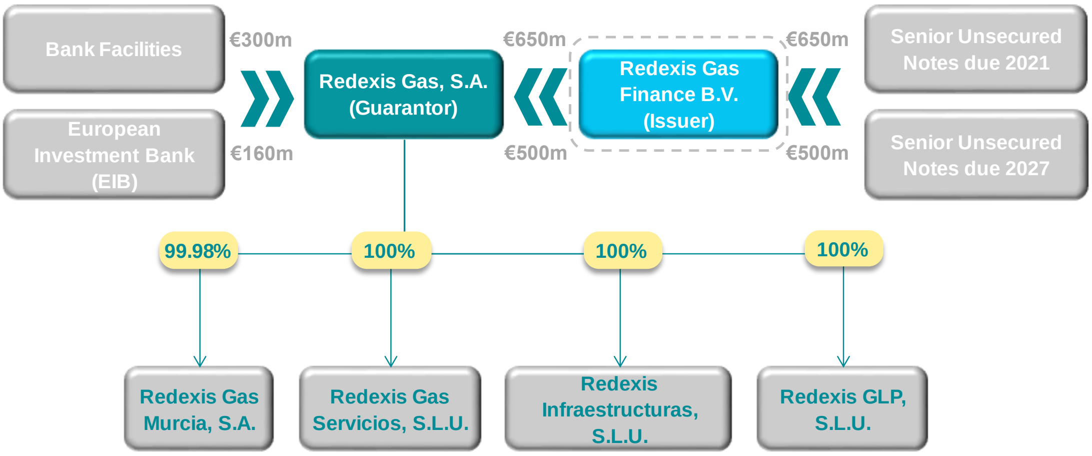
3.3. Notes to the Consolidated Balance Sheet

Consolidated Balance Sheet

Balance Sheet	Notes	For the full year 2017	For the full year 2016
Data in € million			
ASSETS			
Property, plant and equipment		**1,190.6**	**1,145.2**
Goodwill		**219.2**	**219.2**
Other intangible assets		**557.1**	**556.4**
Licenses		546.8	546.2
Others		10.3	10.2
Right of Use Assets		**3.3**	**n.a.**
Deferred tax assets		**52.4**	**57.8**
Deficit of the system		**11.1**	**11.5**
Non-current financial assets		**7.2**	**7.3**
TOTAL NON-CURRENT ASSETS		**2,040.9**	**1,997.3**
Inventories		**5.5**	**4.8**
Trade and other receivables		**66.2**	**58.3**
Other current financial assets		**0.6**	**45.0**
Other current assets		**17.8**	**4.6**
Cash and cash equivalents		**289.4**	**39.0**
TOTAL CURRENT ASSETS		**379.5**	**151.7**
TOTAL ASSETS		**2,420.5**	**2,149.0**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent		**844.3**	**795.3**
Share capital		100.0	100.0
Share premium		105.4	105.4
Other reserves		589.2	541.2
Other comprehensive income - P&L		49,7	48.7
Non-controlling interest		**0.0**	**0.0**
TOTAL EQUITY		**844.3**	**795.4**
Deferred income (Grants)		**22.9**	**18.8**
Long term liabilities (Notes)	3.3.1	**1,137.0**	**888.3**
Loans and borrowings - Banks	3.3.1	**158.1**	**189.8**
Other financial liabilities		**7.0**	**4.7**
Deferred tax liabilities		**105.1**	**120.0**
Provisions for employee benefits		**4,0**	**3.4**
Other provisions		**0.7**	**0.6**
TOTAL NON-CURRENT LIABILITIES		**1,434.8**	**1,225.7**
Short term liabilities (Accrued interests)		**19.4**	**16.5**
Loans and borrowings- Banks	3.3.1	**1.0**	**1.3**
Fixed asset suppliers		**74.5**	**66.0**
Trade and other payables		**42.2**	**38.2**
Current income tax liabilities		**0.3**	**3.4**
Provisions for employee benefits		**0,1**	**0.1**
Other current liabilities		**2.7**	**2.4**
Lease liabilities		**1.2**	**n.a.**
TOTAL CURRENT LIABILITIES		**141.3**	**128.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,420.5**	**2,149.0**

3.3.1.Debt structure

Corporate structure of Redexis Gas Group



Redexis Gas' financial structure is characterised by its flexibility and its long-term maturity, supporting the strategy of creating value for the Company.

Throughout recent years, the Company has demonstrated its ability to access the capital markets through issuances of investment grade notes of €650 million and €250 million, maturing in 2021 and 2027, respectively. On Friday 24 November 2017, Redexis Gas Finance successfully priced a €250 million tap of their outstanding €250 million bond that matures in April 2027, upsizing it to a total of €500 million.

Moreover, on 2 November 2017, Redexis Gas signed a new bank facility of €300 million due 2022, extendable to 2024, with 9 Spanish and international financial institutions. This facility refinanced the existing one. The main characteristics of the new facility are:

- Extend tenor on a 5+1+1 basis to reach up to 2022/2024 for final maturity (bullet)
- RCF type of documentation for the full amount and available for GCP and Capex – single tranche
- *Pari passu* with the Bonds and the EIB loans

The new bank facility also includes better financial terms and ensures the Company's future strategy and capex requirements

Redexis Gas is as well using the support received through the "Juncker Plan" provided by the European Investment Bank (EIB) for the development of gas infrastructures. Specifically, the entity granted the Company, in late 2015, a loan for an amount of EUR 160 million, within the framework of the EFSI (European Fund for Strategic Investments), whose funds were drawn down in July 2016 to roll out transmission and distribution networks throughout the municipalities in which the Company operates. The loan will be payable in 17 equal annual instalments between July 2020 and July 2036.

Additionally, in December 2017 Redexis Gas closed a new facility amounting to €50 million with the European Investment Bank. Moreover, in January 2018 Redexis Gas closed an additional facility of €75 million. Both facilities enjoy the same documentation.

The loan, with a maximum term of 20 years and a repayment grace period of three years, is part of the support offered by the EIB under the European Fund for Strategic Investments (EFSI). The loan has an availability period of three years.

The facility will be used to fund investments in gas distribution assets in order to provide access to natural gas to households and industries across Spain and the launch of the operations in the Canary Islands

The transaction demonstrates the EIB's confidence in the Company and provides Redexis Gas with further financing at an efficient cost and on attractive terms.

With these financing instruments Redexis Gas has ample capacity to carry-over its growth plans and does not have any meaningful maturities until 2021, with an average life of debt of 7 years.

In addition, the Company is one of the companies eligible under the Corporate Sector Purchase Programme ("CSPP") announced by the European Central Bank. On 18 July 2016, the Bank of Spain published that Redexis Gas was among relevant Spanish companies with bonds purchased under the CSPP. The bonds purchased represented a portion of the bonds maturing in 2021 and in 2027 issued by Redexis Gas Finance BV.

Redexis Gas is rated by S&P. The rating assigned is the following:

Agency	Corporate	Senior Unsecured Bonds	Outlook
S&P	BBB-	BBB-	Stable

Following a review of its solicited credit ratings, Redexis Gas decided, on 7 November 2017, to terminate its relationship with Fitch Ratings and requested that Fitch's solicited credit ratings for Redexis Gas and its debt obligations be withdrawn. The company remains rated on a solicited basis by S&P.

The table below illustrates the debt structure of the Group:

Tranche		Type	Issuance date	Principal (€m)	Drawn @ 31/12/2017 (€m)	Maturity	Coupon
EIB	Loan facility	Fixed	December 2015	160	160	2036	1.294%
EIB	Loan facilities	Fixed / Variable	December 2017 / January 2018	125	-	20 years from drawdown	
Capital market financing	Notes	Fixed	April 2015 /December 2017	500	500	2027	1.875%
		Fixed	April 2014	650	650	2021	2.75%
Bank financing	Revolving Capex Facility	Floating	November 2017	300	-	2022/24	
Total				**1,735**	**1,310**		
Cash and cash equivalents					289		
Net debt					**1,021**		

Net debt as of 30 June 2017 was €1,020.6 million, including the above-mentioned drawn debt and €289.4 million in cash and cash equivalents. At 31 December 2017, Redexis Gas had an additional €425 million of available undrawn facilities (including the additional €75 million facility signed with the EIB in January 2018).

Annex 1: Reporting structure

We are reporting the consolidated results of Redexis Gas, S.A. and subsidiaries as of and for the year ended 31 December 2017. The consolidated results of Redexis Gas, S.A. include Redexis Gas Finance B.V.

The financial information included in this document has been prepared under IFRS.

Certain numerical figures included in this document have been rounded-off. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding-off. The term “pp” means percentage points when describing the change in a percentage between two periods.

Annex 2: Important legal disclaimer

This document contains forward-looking statements (that is, statements relating to future, not past, events and those made solely with respect to historical facts) based upon management’s beliefs and data currently available to them. Because of their nature, these forward-looking statements address matters that are, to different degrees, uncertain, and are based on a variety of assumptions that may not be realised and are subject to significant business, economic, legal and competitive risks and uncertainties, including those set forth below, many of which are beyond Redexis Gas’ (“the Company”) control. The Company’s actual operations, financial condition or position, cash flows or operating results may differ materially from those expressed or implied by any such forward-looking statements contained in this document, and the Company undertakes no obligation to update or revise any such forward-looking statements.

All statements other than statements of historical fact included in this document, including, without limitation, those regarding any party’s intentions, beliefs, current expectations, targets and projections about future events, business strategy, management plans and objectives or future financial condition or position, operations and customers are forward-looking statements. These forward-looking statements involve known risks, uncertainties and other factors, which may cause the actual results, performance or achievements, or industry results of a transaction, project or relevant party, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions. Forward-looking statements are not guarantees of future performance and actual results may differ materially from those made in or suggested by the forward-looking statements contained in this document. As there is always uncertainty with respect to any forward-looking statement, potential investors must not rely on the forward-looking statements in making investment decisions in respect of any securities described in this document. Forward-looking statements speak only as of the date of this document and the Company expressly disclaims any obligation or undertaking to release any update of, or revisions to, any forward-looking statements in this document, any change in the Company’s expectations or any change in events, conditions or circumstances on which these forward-looking statements are based.

Given these and other uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements contained in this release.