



## First Half 2016 Results

28 July 2016

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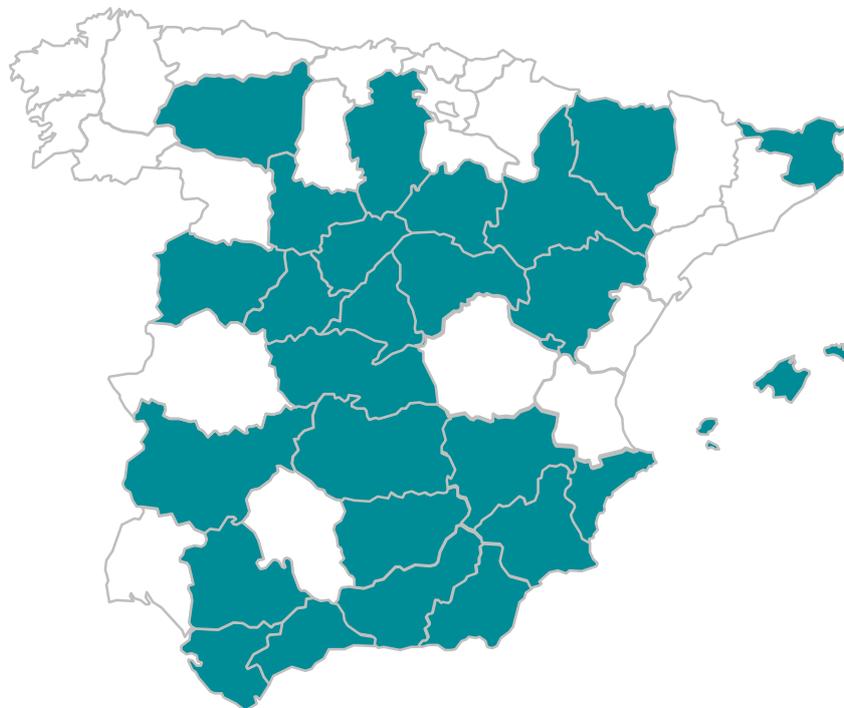
## 1. Redexis Gas at a glance

Redexis Gas, S.A. (“Redexis Gas” or “the Company” or “the Group”) is one of the leading players in the development and operation of natural gas transmission and distribution networks in Spain. It provides piped gas in regions covering more than six and a half million people and industries.

The Group’s strategy is to continue expanding its network for the purpose of creating additional value in the regions where it operates. Redexis Gas provides its services to over 600,000 connection points throughout Spain and manages a gas distribution and transmission network spanning almost 9,000 km.

The Company has licenses to operate in over 550 municipalities across 26 provinces in Aragon, the Balearic Islands, Andalusia, Castile and Leon, Castile-La Mancha, Valencia, Madrid, Murcia, Catalonia and Extremadura.

Redexis Gas is owned by Goldman Sachs Infrastructure Partners and co-investors.



 Areas where Redexis Gas operates

## 1.1. Key corporate and financial events

- **Redexis Gas has been included by the European Central Bank within the list of eligible companies in Spain under the CSPP program**

Redexis Gas is one of the companies eligible under the Corporate Sector Purchase Programme (“CSPP”) announced by the European Central Bank.

According to the release on 18 July 2016 published by the Bank of Spain, Redexis Gas was among the nine companies in Spain with bonds purchased under the CSPP. The communication issued by the Bank of Spain included the bonds maturing in 2021 issued by Redexis Gas Finance BV.

The Spanish companies included in the release were Abertis, Enagás, Gas Natural Fenosa, Iberdrola, Mapfre, Red Eléctrica, Redexis Gas, Repsol and Telefónica.

- **Redexis Gas has substantially completed the integration of assets acquired from Repsol**

Redexis Gas successfully integrated c.65 thousand piped Liquefied Petroleum Gas (“LPG”) connection points, as well as c.438km of gas distribution network that were acquired from Repsol to June 2016. The total number of connection points acquired from Repsol during 2015 were c.72 thousand. The integration of the remaining c.7 thousand connection points is expected to be completed in due course.

Additionally, in May 2016, Redexis Gas acquired an additional package of c.3.4 thousand LPG connection points and networks from Repsol. The acquisition valued at €6 million also includes a medium-term LPG supply agreement for the acquired connection points. The CNMC has already approved the transaction. The integration of these assets is expected to be completed during the last quarter of 2016.

The total number of LPG connection points from these transactions is around 75 thousand. Pro forma for this acquisitions, Redexis Gas would provide piped gas to a total of 482 municipalities.

- **€160 million loan with the European Investment Bank**

In December 2015, the European Investment Bank (“EIB”) and Redexis Gas signed a loan facility for up to €160 million to further develop the natural gas networks of Redexis Gas in Spain. 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 transmission and distribution assets in order to provide access to natural gas to households and industries across Spain.

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. [\(Please see note 3.3.1\)](#)

On 20 July 2016 Redexis Gas drew down the €160 million Facility in full. The final terms of the drawdown include a fixed interest rate of 1.294% until its maturity in July 2036, payable annually. The amortisations on the facility will start on 20 July 2020 with equal instalments until 20 July 2036.

The average life of this instrument is therefore 12 years and has enabled Redexis Gas to lengthen its debt maturity schedule, with the average life of debt outstanding extended from c.6 years to c.7.5 years.

- **Redexis Gas, new sponsor on the 'IV Century anniversary of the death of Miguel de Cervantes'**

Contributing to sustainable development of society and actively participating in the social life of municipalities and communities where Redexis Gas operates is one of the Company's key objectives. In this context, Redexis Gas has become sponsor of the tribute programme for the 400 anniversary of the Death of Miguel de Cervantes, one of the most famous writers of all time, known as the author of the novel Don Quixote.

The agreement was signed with the Fundación Impulsa of Castile-La Mancha, an entity dependent on the Regional Government of Castile-La Mancha. The activities organised include over 60 different events and will last until March 2017.

## 1.2. Key operating events

- **Strong organic growth in distribution**

Redexis Gas provides piped gas in regions covering more than 6.5 million people and industries in a total of 449 municipalities in 26 provinces in Spain.

In the first half of 2016, Redexis Gas added 9 thousand connection points from its continued organic growth, representing an increase of 34% in net organic additions versus the same period in 2015. Gross additions were 15 thousand in the first half of 2016.

In the last twelve months, Redexis Gas has grown organically (ex-acquisitions) almost four times faster than the Spanish gas sector in terms of number of points of supply (3.8% versus 1.0%), representing over 24% of the total net additions for the sector.

Additionally, 56 thousand connection points were added from the acquisition of assets from Repsol. Therefore, the total number of connection points added in the first half of 2016 were 65 thousand.

The investments in distribution increased as additional distribution pipelines were built in order to connect new municipalities to the network, the extension of networks where the Company operates and the contracting and installation of new connection points.

In the first half of 2016 Redexis Gas added organically four new municipalities in the regions of Andalusia and Castile-La Mancha.

- **Transmission pipeline commissioning**

On 27 April 2016, Redexis Gas obtained the commissioning certificate for the 51-kilometre transmission pipeline "Cas Tresorer-Manacor-Felanitx", phase II. This completes the pipeline after phase I of the project, including 8 kilometres, which was commissioned in November 2015.

This transmission pipeline located in the Balearic Islands, authorised in July 2015, will provide access to natural gas to more than 140 thousand inhabitants in new municipalities. With the end of phase II of

the transmission pipeline, which includes a total execution project of 59 kilometres, Redexis Gas surpassed the 1,600 kilometres transmission network length.

Previously, on 25 June 2015, Redexis Gas obtained the commissioning certificate for the 46-kilometre transmission pipeline “Son Reus-Inca-Alcudia” in the Balearic Islands providing access to natural gas to c. 134 thousand inhabitants in new municipalities.

- **Activation of the back-up Control Centre in Zaragoza**

In March 2016 the Back-up Control Centre of Redexis Gas in Zaragoza commenced operations. The objective of this Back-up Control Centre is to guarantee the full Management of the network in case of emergency within a short timeframe from the main control centre.

The Back-up Control Centre has fully redundant communications and systems with the objective to maintain active a 24x7 surveillance and control service of our network.

In 2015, the Company invested one million Euros in the main and back-up control centres.

- **Redexis Gas has extended its networks to new municipalities**

Redexis Gas continuously extends its networks to new municipalities in the regions where it operates. In this sense, the distribution networks have been extended to reach Villacarrillo and Arcos de la Frontera (Andalusia) and Calzada de Calatrava and Villanueva de los Infantes (Castile-La Mancha) in the first half of 2016.

In addition, Redexis Gas has signed several agreements to extend the promotion of the natural gas for vehicles and transportation, the entry into new ungasified industrial areas and has participated in several forums and conventions.

- **Gas System evolution**

In June 2016, the CNMC published the 5<sup>th</sup> interim report, covering up to the month of May, on settlement of revenues and costs for the system for the year 2016 showing gas demand and economic figures for the year to date. The main data points were:

- The energy distributed was 127.6TWh, a decrease of 1.5% versus the 5<sup>th</sup> interim report of 2015. The main components were:
  - Group 1 (Power generation plants): 36.7TWh, representing a decrease of 6.0% versus the same period of 2015.
  - Groups 2 and 3 (Industrial and Residential): 81.9TWh, representing a decrease of 0.4% versus the same period of 2015.
- The number of consumers reached 7,665,014, an increase of 47,428 in the year.

Additionally, according to the information published by Enagas, the Spanish gas demand in 1H16 reached 158.9 TWh, down 1.3% year-on-year mainly due to lower demand for gas for power generation resulting from increased hydroelectric generation.

- It is worth noting that industrial demand, which represents over half of consumption in Spain, remained robust, growing by 2% compared to the first half of 2015.
- The trend of industrial demand is consistent with the performance of the Spanish economy and forecasts for Spanish GDP for year-end 2016.

## 2. Key operating highlights

Operating highlights	Unit	For the six-months ended 30-Jun-2016	For the full year 2015	For the six-months ended 30-Jun-2015	%change 30-jun-2015 vs. 2016
<b>Distribution Connection Points (CPs)</b>	#	<b>602,944</b>	<b>537,992</b>	<b>516,898</b>	<b>16.6%</b>
<b>Provinces served</b>	#	<b>26</b>	<b>26</b>	<b>26</b>	-
<b>Municipalities served</b>	#	<b>449</b>	<b>243</b>	<b>234</b>	<b>91.9%</b>
<b>Network length</b>	Km	<b>8,928</b>	<b>8,338</b>	<b>8,086</b>	<b>10.4%</b>
Distribution network length	Km	7,324	6,784	6,541	12.0%
Transmission network length	Km	1,604	1,553	1,545	3.8%
<b>Energy distributed</b>	GWh	<b>12,551</b>	<b>28,446</b>	<b>14,462</b>	<b>(13.2%)</b>
P<4bar	GWh	3,258	5,170	3,197	1.9%
P>4bar	GWh	9,293	23,275	11,266	(17.5%)

Redexis Gas ended June 2016 with c.603 thousand connection points and 8,928 kilometres of gas transmission and distribution networks.

In the first half of 2016, 65 thousand connection points were added, of which 56 thousand correspond to the acquisition of LPG assets from Repsol and 9 thousand to organic growth, an increase of 34% in net organic additions versus the same period in 2015. The number of gross additions were 15 thousand in the first half of 2016. Additionally, the Company has also expanded its networks to 4 new municipalities in the regions where it operates.

In the last twelve months Redexis Gas had grown organically (ex-acquisitions) almost four times faster than the Spanish gas sector in number of points of supply (3.8% versus 1.0%), representing over 24% of the total net additions for the sector.

During the first six months of 2016, Redexis Gas acquired and fully integrated 56 thousand LPG connection points and its related gas distribution network from Repsol.

The ability of Redexis Gas to continuously acquire and successfully integrate assets has also been demonstrated with the integration in 2015 of Redexis Gas Murcia and the additional distribution assets, which added 35 new municipalities to its portfolio in 6 regions of Spain (Murcia, Extremadura, Madrid, Catalonia, Community of Valencia and Castile and Leon) from Naturgas Energía Distribución and the first stage of integration of gas distribution networks and LPG connection points from Repsol.

On 27 April 2016, Redexis Gas obtained the commissioning certificate for the 51 kilometres transmission pipeline "Cas Tresorer-Manacor-Felanitx", phase II. This completes the pipeline after phase I of the project, including 8 kilometres, which was commissioned in November 2015.

This transmission pipeline located in the Balearic Islands, authorised in July 2015, will provide access to natural gas to more than 140 thousand inhabitants in new municipalities. With the completion the transmission pipeline Redexis Gas surpasses 1,600 kilometres in transmission network length.

Previously, on 25 June 2015, Redexis Gas obtained the commissioning certificate for the 46-kilometre transmission pipeline "Son Reus-Inca-Alcudia" in the Balearic Islands providing access to natural gas to c. 134 thousand inhabitants in new municipalities.

### 3. Analysis of Financial Results

#### 3.1. Notes to the Consolidated Income Statement

##### Consolidated Income Statement

	For the six-months ended 30-Jun-2016	For the six-months ended 30-Jun-2015	%change
<i>Data in € million</i>			
Distribution - regulated	48.3	42.2	14.5%
Other regulated distribution income	10.5	9.7	8.2%
Transmission - regulated	30.6	28.1	8.9%
LPG regulated business	3.8	1.6	137.5%
Other Operating Income	2.0	1.7	17.6%
Self-constructed non-current assets	4.7	4.0	17.5%
<b>Total Revenues and other income</b>	<b>99.9</b>	<b>87.3</b>	<b>14.4%</b>
Supplies	(3.1)	(2.0)	55.0%
Personnel expenses	(10.5)	(10.0)	5.0%
Other Operating expenses	(11.6)	(13.1)	(11.5%)
<b>EBITDA</b>	<b>74.7</b>	<b>62.2</b>	<b>20.1%</b>
<i>EBITDA margin (%)</i>	<i>74.8%</i>	<i>71.2%</i>	<i>3.5pp</i>
Depreciation and amortisation	(33.3)	(24.6)	35.4%
Impairment losses_gains on non-current assets	(0.2)	-	na
Other non-recurring operating expenses	(1.8)	(0.7)	na
<b>EBIT</b>	<b>39.4</b>	<b>36.9</b>	<b>6.8%</b>
Finance income	0.1	0.1	na
Finance costs	(13.2)	(11.9)	10.9%
<b>Net financial result</b>	<b>(13.1)</b>	<b>(11.8)</b>	<b>11.0%</b>
<b>EBT</b>	<b>26.3</b>	<b>25.1</b>	<b>4.8%</b>
Income tax	(6.5)	(7.5)	(13.3%)
<b>Net result for the period</b>	<b>19.8</b>	<b>17.6</b>	<b>12.5%</b>

Note 1: The revenues and costs from Redexis Gas Murcia have been included in the consolidated Income Statement's Group from February 2015 and the revenues and costs from the additional distribution assets from June 2015. Regarding the LPG acquisitions, 10 thousand connection points were added in the fourth quarter of 2015 and an additional 56 thousand mainly at the end of the first half of 2016.

### 3.1.1. Revenues and other income

The revenues of Redexis Gas comprise the regulated remuneration from the gas system for the distribution and transmission activities. Other regulated distribution income primarily includes mandatory inspections, meter rentals and sign-up connection fees.

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 Industry, Energy and Tourism 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 sets forth Redexis Gas's revenue split and the percentage change from period to period for each of the periods indicated:

Revenue Split	For the six-months ended 30-Jun-2016	For the six-months ended 30-Jun-2015	%change
<i>Data in € million</i>			
Distribution - regulated	48.3	42.2	14.5%
Other regulated distribution income	10.5	9.7	8.2%
Transmission - regulated	30.6	28.1	8.9%
LPG regulated business	3.8	1.6	137.5%
Other operating income	2.0	1.7	17.6%
Self-constructed non-current assets	4.7	4.0	17.5%
<b>Total Revenues and other income</b>	<b>99.9</b>	<b>87.3</b>	<b>14.4%</b>

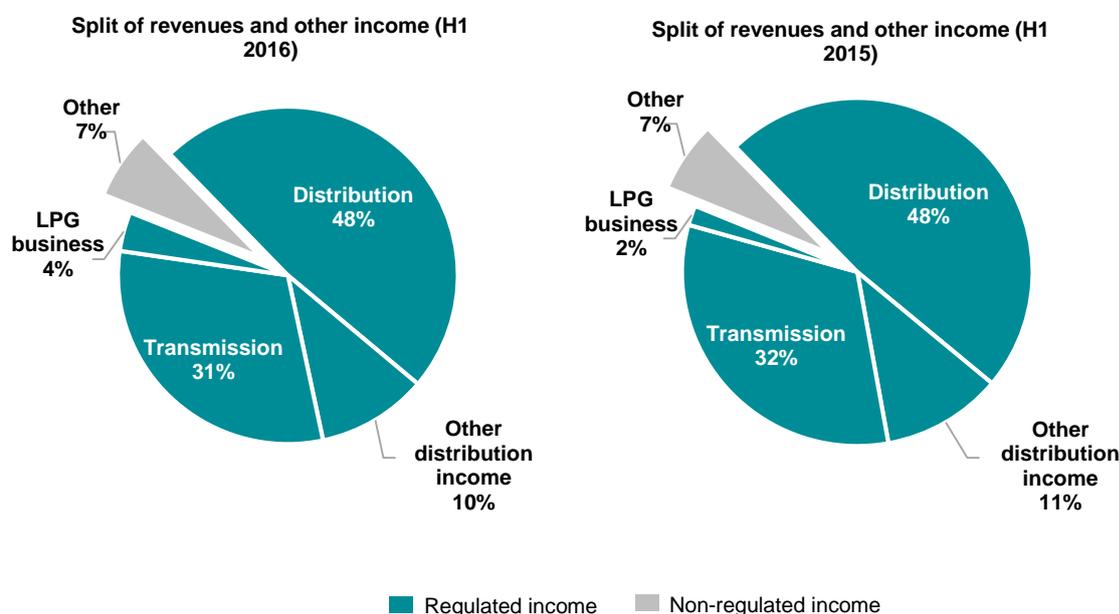
In the first half of 2016, Redexis Gas recorded revenues of €99.9 million, representing an increase of 14.4% versus the same period of 2015, mainly due to the growth in the regulated activity of the Group.

Distribution revenues increased 14.5%, reaching €48.3 million, mainly due to the increase in connection points versus the previous year in existing and new municipalities and the acquisition of Redexis Gas Murcia and the additional distribution assets from Naturgas.

The revenues from Redexis Gas Murcia have been included in the consolidated income statement of the Group since February 2015 and the revenues from the additional distribution assets since June 2015.

Transmission revenues increased 8.9% reaching €30.6 million, due to the commissioning of transmission pipelines in June 2015 ("Son Reus-Inca-Alcudia") and April 2016 ("Cas Tresorer-Manacor-Felanitx"), both in the Island of Mallorca (Balearic Islands)

Regarding the LPG acquisitions, 10 thousand connection points were added in the fourth quarter of 2015 and an additional 56 thousand mainly at the end of the first half of 2016; thus contributing marginally to the revenues for the first half of 2016 with respect to its full potential.



### 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	For the six-months ended 30-Jun-2016	For the six-months ended 30-Jun-2015	%change
<i>Data in €million unless otherwise stated</i>			
<b>Revenue and other income</b>	<b>99,9</b>	<b>87,3</b>	<b>14,4%</b>
Supplies	(3.1)	(2.0)	55.0%
Personnel expenses	(10.5)	(10.0)	5.0%
Other operating expenses	(11.6)	(13.1)	(11.5%)
<b>Opex</b>	<b>(25.2)</b>	<b>(25.1)</b>	<b>0.4%</b>

The addition of LPG points and networks acquired from Repsol included the increase in the Supplies caption in correlation with the evolution of revenues from the LPG business.

The increase in Personnel expenses is due to the growth in the average number of employees and the full consolidation of Redexis Gas Murcia and the assets acquired from Naturgas.

The lower amount in Other operating expenses is the consequence of the strict cost control, technological improvements, process excellence and the reduction in the costs as the acquired assets become fully integrated.

In summary, Opex as percentage of revenues dropped by 3.6 percentage points, down to 25.2% from 28.8% a year ago.

### 3.1.3. EBITDA

The EBITDA for the first half of 2016 amounted to €74.7 million, representing a 20.1% increase as compared to the same period of 2015, and reaching a 74.8% margin, due to the growth in the regulated revenues and the continued improvement in cost efficiencies.

The revenues and costs from Redexis Gas Murcia have been included in the consolidated income statement's Group since February 2015 and the revenues and costs from the additional distribution assets since June 2015.

The contribution to EBITDA of the connection points acquired from Repsol is limited in the first half of 2016 as the majority of the migrations have been effective in the second quarter of the year.

### 3.1.4. Net financial result

Net financial result includes the financial expense from our debt instruments. For the 6-month period ended on 30 June 2016 it reached €13.1 million, an increase of 11.0% due to the additional drawdowns on our facilities and hence the increase of the Group's net debt ([Please see note 3.3.1](#)).

The average cost of debt at Redexis Gas stands at 2.5% for the first half of 2016 and the average life of debt, after the drawdown of the facility from the European Investment Bank, stands at circa 7.5 years.

### 3.1.5. Income tax expenses

Income tax reached €6.5 million for the 6-month period ended 30 June 2016. This represents a 13.3% reduction versus the same period of 2015. The Corporate Income Tax rate was reduced to 25% for the year 2016 from 28% for the year 2015 as part of the Corporate Income Tax reform passed at the end of 2014.

### 3.1.6. Net result for the period

The net result for first half of the year 2016 amounted to €19.8 million, representing an increase of 12.5% versus the same period of 2015 driven by the growth in revenues and operating performance of the Company.

### 3.2. Notes to the Consolidated Cash Flow

#### Consolidated Cash Flow

	For the six-months ended 30-Jun-2016	For the six-months ended 30-Jun-2015	%change
<i>Data in € million</i>			
<b>Earnings before tax (EBT)</b>	<b>26.4</b>	<b>25.1</b>	<b>5.2%</b>
<b>Adjustment for:</b>			
Depreciation and amortization	33.3	24.6	35.4%
Impairment losses on non-current assets	0.2	-	na
Change in provisions	(0.1)	0.1	na
Government grants taken to income	(1.0)	(0.5)	100.0%
Financial income	(0.1)	(0.1)	-
Financial expenses	13.2	11.9	10.9%
<b>Cash flow from operating activities (pre-working capital)</b>	<b>71.9</b>	<b>61.1</b>	<b>17.7%</b>
<b>Net change in working capital</b>	<b>(1.6)</b>	<b>11.5</b>	<b>(113.8%)</b>
<b>Cash flow from operations</b>	<b>70.3</b>	<b>72.6</b>	<b>(3.1%)</b>
Interest and commissions paid	(23.6)	(20.4)	15.7%
Interest received	0.1	0.1	-
Income tax paid	(0.5)	(1.7)	(70.6%)
<b>Net cash from operating activities</b>	<b>46.3</b>	<b>50.6</b>	<b>(8.5%)</b>
Payments for acquisition of subsidiaries (Redexis Gas Murcia) and additional assets	-	(240.4)	na
Payments for purchases of distribution and LPG assets in service	(118.5)	-	na
Current payments for acquisition of property, plant and equipment	(55.6)	(44.0)	26.4%
<b>Investing Cash Flow</b>	<b>(174.1)</b>	<b>(284.4)</b>	<b>na</b>
Acquisition of financial assets	-	(2.3)	na
Proceeds from capex facility	190.0	(75.0)	na
Proceeds from the issue of Notes	-	247.3	na
Shareholders' contributions	-	100.0	na
Dividend paid	(70.3)	(40.0)	75.8%
<b>Net cash from financing activities</b>	<b>119.7</b>	<b>230.0</b>	<b>(47.9%)</b>
<b>Net increase / decrease in cash and cash equivalents</b>	<b>(8.1)</b>	<b>(3.8)</b>	<b>113.2%</b>
Cash and cash equivalents BOP	60.6	79.4	(23.7%)
Cash and cash equivalents EOP	52.5	75.6	(30.6%)

### 3.2.1. Net cash from operating activities

Cash flow from operating activities amounted to €71.9 million, a 17.7% increase compared to the same period of 2015, mainly due to the growth in the cash generated by regulated activities.

Interest paid increased 15.7% versus the same period of 2015, reaching €23.6 million as a consequence of the drawn down of debt despite the lower average cost of debt. The successful refinancing of the debt structure carried out in 2014 through a bond issuance, and the further bonds issuance in 2015, which delivers considerable savings in financing costs. The interests on the bonds are paid on an annual basis due in April, therefore the majority of our interest payments occur in the first half of the year. [\(Please see note 3.3.1\)](#)

Income Tax payments have been €0.5 million, representing a decrease of 70.6% vs. the same period of 2015 as a consequence of the amortisation of the tax goodwill, lower tax rate and the use of tax credits from previous years. The limitation to offset income tax payments with deferred tax assets has been raised from 25% of the taxable income for the year 2015 to 60% for the year 2016. Redexis Gas has deferred tax assets outstanding in the balance sheet to be used over the next several years.

As a result, the net cash from operating activities reached €46.3 million for the period ended on 30 June 2016.

### 3.2.2. Investing cash flow

#### 3.2.2.1. Capital expenditure (“Capex”)

The total Capex of Redexis Gas reached €161.4 million for the first half of 2016. Out of this amount, €118.5 million was used to acquire the LPG networks and connection points from Repsol, the remaining €42.9 million related to investments made in the distribution and transmission networks for the addition of new connection points, the further deployment of our networks, the commissioning of natural gas in 4 new municipalities, the completion of the “Cas Tresorer-Manacor-Felanitx” transmission pipeline (Balearic Islands), which added 59 kilometres to the transmission network and the continued deployment of our systems including, among others, the implementation of the CRM, the maintenance application (SAP PM), the project management application (SAP PS) and the integration of the LPG points acquired from Repsol.

Capex breakdown	For the six-months ended 30-Jun-2016	For the six-months ended 30-Jun-2015	%change
<i>Data in €million unless otherwise stated</i>			
Distribution	35.6	25.6	39.1%
Transmission	5.4	11.5	(53.0%)
Intangible assets	1.9	4.1	(53.7%)
Acquisition of Redexis Gas Murcia and additional assets	-	240.4	na
Other acquisitions (distribution assets and LPG points)	118.5	-	na
<b>Total Capex</b>	<b>161.4</b>	<b>281.6</b>	<b>na</b>

#### 3.2.2.2. Acquisition of LPG connection points

Redexis Gas successfully integrated c.65 thousand piped Liquefied Petroleum Gas (“LPG”) connection points, as well as c.438km of gas distribution network that were acquired from Repsol to June 2016.

The total number of connection points acquired from Repsol during 2015 were c.72 thousand. The integration of the remaining c.7 thousand connection points is expected to be completed in due course.

Additionally, in May 2016, Redexis Gas acquired an additional package of c.3.4 thousand LPG connection points and networks from Repsol. The acquisition valued at €6 million also includes a medium-term LPG supply agreement for the acquired connection points. The CNMC has already approved the transaction. The integration of these assets is expected to be completed during the last quarter of 2016.

The total number of LPG connection points from these transactions is around 75 thousand.

### **3.2.2.3. Acquisition of Redexis Gas Murcia and the additional distribution assets (2015)**

The Company successfully completed the acquisition and the integration of Redexis Gas Murcia, S.A. (formerly Gas Energía Distribución Murcia, S.A.) and the other natural gas distribution assets.

The transaction, amounting €240.6 million, included all of the shares held by Naturgas Energía Distribución, S.A. in Redexis Gas Murcia (99.98% of all of the company shares), the credit right held by NED in Redexis Gas Murcia and the additional distribution assets in Murcia, Extremadura, Madrid, Catalonia, Community of Valencia and Castile and Leon.

### **3.2.3. Net cash from financing activities**

A dividend of €70 million was paid in May 2016.

€190 million were drawn down from the revolving Capex Facility in the first half of 2016. Most of such amount will be repaid and become available again as the European Bank Facility is drawn.

In April 2015, Redexis Gas Finance, B.V. issued €250 million of bonds to refinance the capex facility already drawn for the ongoing capex of Redexis Gas and the partial funding of the acquisition of Redexis Gas Murcia and the additional assets and for general corporate purposes, including future investments.

For a discussion on our debt please see note 3.3.1

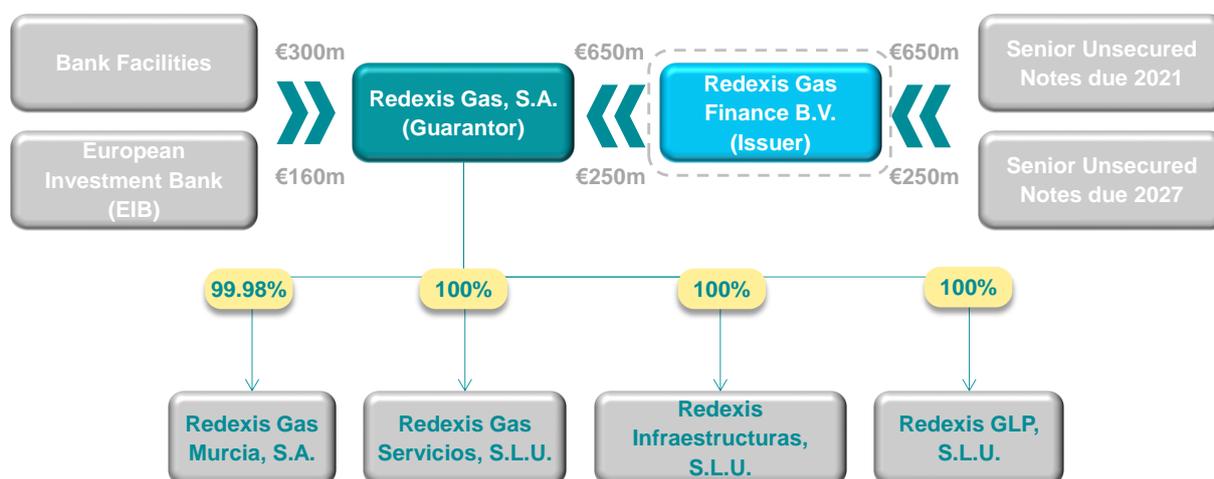
### 3.3. Notes to the Consolidated Balance Sheet

#### Consolidated Balance Sheet

	Notes	30-Jun-16	31-Dec-15	30-Jun-15
<i>Data in € million</i>				
<b>ASSETS</b>				
<b>Property, plant and equipment</b>		<b>1,110.8</b>	<b>983.4</b>	<b>891.0</b>
<b>Goodwill</b>		<b>219.2</b>	<b>219.2</b>	<b>253.1</b>
<b>Other intangible assets</b>		<b>556.1</b>	<b>555.5</b>	<b>531.2</b>
Licenses		546.4	542.9	523.3
Others		9.7	12.6	8.0
<b>Deferred tax assets</b>		<b>59.4</b>	<b>64.8</b>	<b>67.7</b>
<b>Deficit of the system</b>		<b>27.5</b>	<b>23.4</b>	<b>26.2</b>
<b>Non-current financial assets</b>		<b>8.0</b>	<b>7.1</b>	<b>9.0</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,981.0</b>	<b>1,853.4</b>	<b>1,778.3</b>
<b>Inventories</b>		<b>3.5</b>	<b>1.3</b>	<b>0.6</b>
<b>Trade and other receivables</b>		<b>38.6</b>	<b>44.5</b>	<b>32.1</b>
Clients		19.1	26.9	22.4
Settlements pending collection		18.3	16.4	9.0
Other		1.2	1.2	0.6
<b>Other current financial assets</b>		<b>2.1</b>	<b>2.3</b>	<b>0.3</b>
<b>Other current assets</b>		<b>16.9</b>	<b>5.8</b>	<b>11.5</b>
<b>Cash and cash equivalents</b>		<b>52.5</b>	<b>60.6</b>	<b>75.6</b>
<b>TOTAL CURRENT ASSETS</b>		<b>113.6</b>	<b>114.5</b>	<b>120.0</b>
<b>TOTAL ASSETS</b>		<b>2,094.6</b>	<b>1,967.9</b>	<b>1,898.3</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>		<b>766.9</b>	<b>817.4</b>	<b>800.2</b>
Share capital		100.0	100.0	100.0
Share premium		105.4	105.4	105.4
Other reserves		541.7	577.6	577.2
Other comprehensive income - P&L		19.8	34.4	17.6
<b>Non-controlling interest</b>		<b>-</b>	<b>0.0</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>766.9</b>	<b>817.4</b>	<b>800.2</b>
<b>Deferred income (Grants)</b>		<b>6.1</b>	<b>6.4</b>	<b>5.8</b>
<b>Long term liabilities (Notes)</b>	3.3.1	<b>887.3</b>	<b>886.4</b>	<b>884.8</b>
<b>Loans and borrowings - Banks</b>	3.3.1	<b>189.8</b>	<b>-</b>	<b>-</b>
<b>Other financial liabilities</b>		<b>4.7</b>	<b>4.5</b>	<b>4.3</b>
<b>Deferred tax liabilities</b>		<b>126.9</b>	<b>127.6</b>	<b>117.0</b>
<b>Provisions for employee benefits</b>		<b>2.9</b>	<b>2.9</b>	<b>4.1</b>
<b>Other provisions</b>		<b>2.6</b>	<b>2.6</b>	<b>3.0</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,220.3</b>	<b>1,030.4</b>	<b>1,019.0</b>
<b>Short term liabilities (Accrued interests)</b>	3.3.1	<b>5.0</b>	<b>16.2</b>	<b>5.1</b>
<b>Loans and borrowings- Banks</b>	3.3.1	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>
<b>Fixed asset suppliers</b>		<b>59.0</b>	<b>71.7</b>	<b>37.8</b>
<b>Trade and other payables</b>		<b>37.9</b>	<b>27.8</b>	<b>26.6</b>
<b>Current income tax liabilities</b>		<b>2.4</b>	<b>1.1</b>	<b>6.6</b>
<b>Provisions for employee benefits</b>		<b>0.2</b>	<b>0.8</b>	<b>0.3</b>
<b>Other current liabilities</b>		<b>2.5</b>	<b>2.2</b>	<b>2.4</b>
<b>TOTAL CURRENT LIABILITIES</b>		<b>107.4</b>	<b>120.1</b>	<b>79.1</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>2,094.6</b>	<b>1,967.9</b>	<b>1,898.3</b>

### 3.3.1. Debt structure

#### Corporate structure of Redexis Gas Group



On 27 April 2015, Redexis Gas, S.A. announced the completion of a €250 million issue of Senior Unsecured Notes due 2027. The Notes were issued by Redexis Gas Finance B.V. and are guaranteed by Redexis Gas, S.A. at a reoffer yield of 1.977% and an annual coupon of 1.875%. The rating on the bonds is Baa3 from Moody's and BBB from Fitch, both stable.

The proceeds from the offering were on-lent to Redexis Gas and used to refinance the capex facility of Redexis Gas, partially fund the acquisition of Redexis Gas Murcia and the additional assets, and for general corporate purposes, including investments.

The success of the placement, with respect to its redemption term and coupon, underpins the solid financial position of the Company and also diversifies its sources of financing. It also allows Redexis Gas to extend the maturity profile and lower the average cost of debt.

In addition, on 22 December 2015, Redexis Gas signed a loan facility with the European Investment Bank ("EIB") for up to €160 million to develop the natural gas networks of Redexis Gas in Spain. 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 transmission and distribution assets to provide access to natural gas to households and industries.

The transaction demonstrates the EIB's confidence in the Company and has a positive impact on the overall finance costs.

The bond and the loan refinancing provide a mature and stable funding structure for Redexis Gas, allowing continued growth and cash flow generation.

The debt structure of the Group is included in the table below:

Tranche		Type	Issuance date	Principal (€m)	Drawn @ 30/06/2016 (€m)	Maturity	Coupon
<b>EIB</b>	Loan facility	Fixed	December 2015	160	-	2036	1.294%
<b>Capital market financing</b>	Notes	Fixed	April 2015	250	250	2027	1.875%
		Fixed	April 2014	650	650	2021	2.75%
<b>Bank financing</b>	Revolving Credit Facility	Floating	March 2014	50	-	2019	
	Revolving Capex Facility	Floating	March 2014	250	190	2019	
<b>Total</b>				<b>1,360</b>	<b>1,090</b>		
<b>Cash and cash equivalents</b>					<b>52</b>		
<b>Net debt</b>					<b>1,038</b>		

Net debt as of 30 June 2016 was €1,038 million, including the above-mentioned drawn debt and €52 million in cash and cash equivalents.

At 30 June 2016, Redexis Gas had an additional €270 million of available undrawn facilities.

Moreover, Redexis Gas has drawn down the €160 million EIB Facility in full on 20 July 2016. The final terms include an interest rate of 1.294% fixed until its maturity in July 2036, payable annually. The amortisations on the facility will start on 20 July 2020 in equal instalments until 20 July 2036.

As a consequence the majority of the Revolving Capex Facility drawdowns will be repaid in the second half of 2016. The Revolving Capex Facility, which matures in 2019, becomes fully available on the amounts repaid for further use in the future.

## Annex 1: Reporting structure

We are reporting the consolidated results of Redexis Gas, S.A. and subsidiaries as of and for the six-months ended 30 June 2016, including Redexis Gas Murcia since February 2015, and the additional assets since June 2015. 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.