



## 2015 Full Year Results

22 March 2016

## Contents

1. Redexis Gas at a glance .....	3
1.1. Key corporate and financial events .....	4
1.2. Key operating events .....	5
2. Key operating highlights .....	8
3. Analysis of Financial Results.....	9
3.1. Notes to the Consolidated Income Statement.....	9
3.2. Notes to the Consolidated Cash Flow .....	14
3.3. Notes to the Consolidated Balance Sheet.....	17
Annex 1: Reporting structure.....	20
Annex 2: Important legal disclaimer .....	20

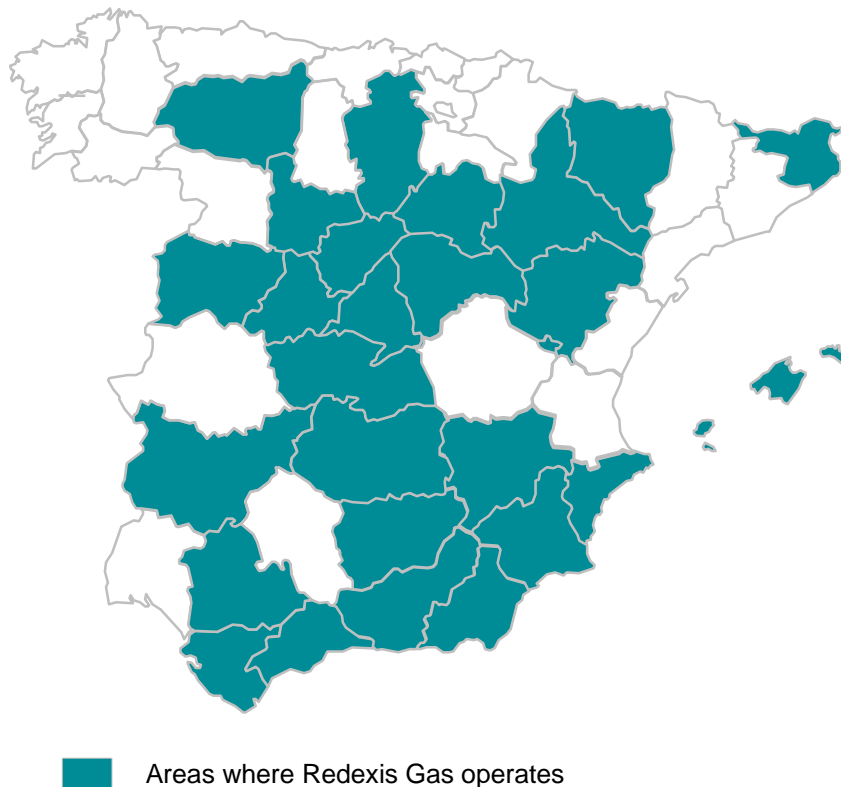
## 1. Redexis Gas at a glance

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, through which it provides piped gas in regions covering more than six and a half million residential and industrial clients.

The Group strategy is to continue expanding its network for the purpose of creating additional value in the regions where it operates. Redexis Gas supplies its services to approximately 600,000 connection points throughout Spain, including the recent acquisitions, and manage a gas distribution and transmission network spanning more than 8,500 km.

The Company has licenses to operate in 550 municipalities in 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.



## 1.1. Key corporate and financial events

- **Redexis Gas successfully completed the acquisition and the integration of Redexis Gas Murcia and additional distribution assets**

The company has successfully completed the acquisition of Gas Energía Distribución de Murcia, S.A. (renamed to Redexis Gas Murcia, S.A.), as well as other natural gas distribution assets in 6 regions of Spain (Murcia, Extremadura, Madrid, Catalonia, Community of Valencia and Castile and Leon), from Naturgas Energía Distribución, S.A. (NED), part of the EDP Group.

The transaction involved the acquisition of 99.98% of the shares in Redexis Gas Murcia, completed in January 2015, and other additional distribution assets, completed in June 2015, after having received the customary regulatory approvals.

Redexis Gas successfully completed the migration of Redexis Gas Murcia onto its systems, which is now a fully integrated subsidiary. The additional distribution assets acquired in June 2015 have also been migrated onto its systems.

This acquisition provides Redexis Gas with the opportunity to enter into new regions with high growth potential and realize synergies.

- **Redexis Gas acquired approximately 287 km of gas distribution network, including 72 thousand piped Liquefied Petroleum Gas (LPG) connection points from Repsol**

In September 2015, Redexis Gas acquired c.54 thousand piped Liquefied Petroleum Gas (LPG) connection points, included in the 215 km gas distribution network, from Repsol in the ten regions where the company operates.

With this transaction the total LPG connection points acquired from Repsol in 2015 amounted to approximately 72 thousand in addition to a gas distribution network spanning 287 km.

Including this acquisition, Redexis Gas provides its services to 600,000 connection points throughout Spain and manages a gas distribution and transmission network spanning more than 8,500 km.

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

The acquisitions, valued at €136 million, are linked to a medium-term LPG supply agreement with the storage facilities. 10 thousand connection points were added in the fourth quarter of 2015 and the remaining is expected to be completed during 2016.

- **Redexis Gas Finance successfully completed a bond issue of €250 million due 2027**

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

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.

- **Redexis Gas signed a €160 million loan with the European Investment Bank**

In December 2015, the Vice-President of the European Investment Bank (EIB), Román Escolano, and the Executive Chairman of Redexis Gas, Fernando Bergasa, 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. [\(Please see note 3.3.1\).](#)

- **Redexis Gas signed the 1<sup>st</sup> Collective Agreement**

Redexis Gas continues to improve the quality of life of its workforce. In September 2015, the Company signed its First Collective Agreement with representatives from the UGT and CCOO Trade Unions, which covers working conditions and labour relations for its employees that were in the companies conforming the Redexis Gas Group at 31 December 2014.

Through this Collective Agreement, the Company has worked to standardize basic working conditions of its employees and to determine the basis of an equality plan to assure the balancing of work and family life.

Additionally, in 2015, the Company launched a pension plan that benefits its employees.



## 1.2. Key operating events

- **Transmission pipeline commissioning**

On 25<sup>th</sup> June 2015, Redexis Gas obtained the commissioning certificate for the 45.6 kilometres transmission pipeline "Son Reus-Inca-Alcudia" in the Balearic Islands providing access to natural gas to c. 134 thousand inhabitants in new municipalities.

In addition, in July 2015, the Administration authorized the execution project of a 59 kilometres transmission pipeline "Cas Tresorer-Manacor-Felanitx" in the Balearic Islands. The phase I of the project, including 8 kilometres, has been commissioned in November 2015.

- **Strong organic growth in distribution**

Redexis Gas provides piped gas in regions covering more than 6.5 million users in a total of 455 municipalities of 26 provinces in Spain.

In 2015, 142 thousand connection points were added, of which 124 thousand correspond to the acquisition of assets and 17 thousand to organic growth, an increase of 38% in net additions versus 2014. Redexis Gas has grown organically (ex-acquisitions) over five times faster than the Spanish gas sector in the number of points of supply (4.3% versus 0.8%), representing over 27% of the total net additions for the sector.



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 of new connection points.

As of 31 December 2015, Redexis Gas distributes gas in 16 new municipalities in the regions of Aragon, Andalusia, Balearic Islands, Castile and Leon, Community of Valencia and Murcia.

- **Redexis Gas has become a member of CONAIF**

In September 2015, Redexis Gas joined CONAIF (National Confederation of Installers and Fluids) with the intention to enhance cooperation with the natural gas sector and to promote business development.

In October 2015, the Company was a sponsor of the XXVI CONAIF Conference, a national meeting between entrepreneurs and professionals, which aims to improve the way companies are managed.

- **Redexis Gas signed an agreement with CaixaBank and Banco Sabadell to enhance access to natural gas**

Redexis Gas has signed a collaboration agreement with two subsidiary companies of CaixaBank to enhance access to natural gas:

- An agreement with FinConsum, specializing in consumer finance products, to promote the adoption of natural gas by providing financing on favourable terms for retail consumers who wish to convert to natural gas.
- An agreement with CaixaRenting, specializing in leasing, to promote the conversion to natural gas of small and medium-sized enterprises (SME), using simple and flexible financing. In addition, through this agreement CaixaRenting will support Redexis Gas supplier companies to facilitate the financing of energy efficiency projects.

Additionally, Redexis Gas has signed an agreement with Banco Sabadell, through Sabadell Fincom and Sabadell Renting, to finance the adoption of natural gas for any household, small and medium companies that require the same. Such initiative will contribute to reduce the access barriers for those who wish to switch to natural gas, and therefore more users should be able to enjoy this clean, efficient and sustainable source of energy, and obtain significant savings.

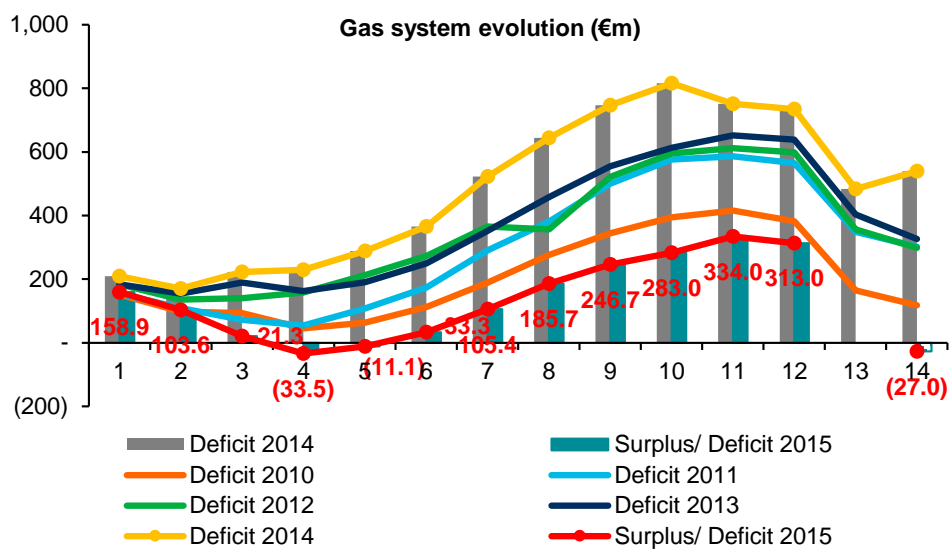
- **Gas system evolution**

The measures taken last year by the Spanish Government under the RDL 8/2014 in July and under Act 18/2014 in October to adjust remuneration in the gas transmission and distribution sector, are yielding results.

The objective of the reforms was to eliminate the gas tariff deficit and ensure an economically sustainable natural gas sector in Spain while enhancing growth parameters in the future.

In February 2016, the CNMC published the 12<sup>th</sup> interim report on settlement of revenues and costs for the system for the year 2015 showing an improvement in gas demand and economic figures for the year to date. The main data points were:

- The energy distributed was 295.1 TWh, an increase of 4.2% versus the 12<sup>th</sup> interim report of 2014. The main components driven:
  - Group 1 (Power generation plants): 108.9 TWh, an increase of 11.6% versus the same period in 2014.
  - Groups 2 and 3 (Industrial and Residential): 170.4 TWh, an increase of 0.8% versus the same period in 2014.
- The number of consumers reached 7,615,635, an increase of 62,024 compared to the same period in 2014.



Source: CNMC

Note: Until 2014, the deficit is shown on cumulative basis. According to the CNMC reporting, 2015 is shown on standalone basis

## 2. Key operating highlights

	Unit	2014	2015	2015PF	%change (14-15PF)
<b>Distribution Connection Points (CPs)</b>	#	<b>396,533</b>	<b>537,992</b>	<b>600,039</b>	<b>51.3%</b>
<b>Provinces served</b>	#	<b>20</b>	<b>26</b>	<b>26</b>	<b>30.0%</b>
<b>Municipalities served</b>	#	<b>193</b>	<b>243</b>	<b>455</b>	<b>135.8%</b>
<b>Network length</b>	Km	<b>5,873</b>	<b>8,338</b>	<b>8,588</b>	<b>46.2%</b>
Distribution network length	Km	4,439	6,784	7,035	58.5%
Transmission network length	Km	1,434	1,553	1,553	8.3%
<b>Energy distributed</b>	GWh	<b>8,615</b>	<b>28,446</b>	<b>na</b>	<b>na</b>

Note: 2015PF includes all networks and LPG points acquired from Repsol

Redexis Gas ended December 2015 with 538 thousand connection points and 8,338 kilometres of gas transmission and distribution networks.

In 2015, 142 thousand connection points were added, of which 124 thousand correspond to the acquisition of assets and 17 thousand to organic growth, an increase of 38% in net additions versus 2014. The Company has expanded to 16 new municipalities in the regions of Aragon, Andalusia, Balearic Islands, Castile and Leon, Community of Valencia and Murcia.

In the last twelve months, Redexis Gas has grown organically (ex-acquisitions) over five times faster than the Spanish gas sector in terms of number of points of supply (4.3% versus 0.8%) and over two and a half times faster in terms of number of new municipalities (8.3% versus 3.1%).

At the same time, the Company successfully completed the acquisition and the integration of Redexis Gas Murcia and the additional distribution assets, adding 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. The transaction involved the acquisition of 114 thousand connection points and c.2,000 kilometres of network length. This acquisition provides Redexis Gas with the opportunity to enter into new regions with high potential for growth and realize synergies.

In addition, during 2015, Redexis Gas acquired 287 km of gas distribution network from Repsol including approximately 72 thousand LPG connection points. As a result of this transaction (which is expected to be completed in 2016), Redexis Gas will manage a gas distribution network of more than 8,500 kilometres and have 600,000 connection points throughout Spain.

Regarding the Transmission activity, in June 2015 the Company commissioned a new transmission pipeline of 46 kilometres that joins the municipalities of “Son Reus-Inca-Alcudia” in the Balearic Islands.

A 65 kilometre transmission pipeline, “Moratalla-Mula” (Murcia) (included within the Redexis Gas Murcia assets acquired in January 2015) was also been added to its portfolio.

In addition, in July 2015, the Administration authorized the execution project of a 59 kilometres transmission pipeline in “Cas Tresorer-Manacor-Felanitx” (Balearic Islands), of which 8 kilometres were commissioned in November 2015. Additionally, deployment of the transmission pipeline continues in 2016.



### 3. Analysis of Financial Results

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

##### Consolidated Income Statement

P&L account	2015	2014	%change
<i>Data in € million</i>			
Distribution - regulated	92.3	78.3	17.9%
Other regulated distribution income	21.5	15.4	39.4%
Transmission - regulated	58.6	51.2	14.5%
LPG regulated business	2.8	2.7	2.5%
Other Operating Income	3.2	4.0	(18.8%)
Self-constructed non-current assets	9.4	6.7	41.2%
<b>Total Revenues and other income</b>	<b>187.8</b>	<b>158.3</b>	<b>18.7%</b>
Supplies	(3.7)	(3.9)	(5.3%)
Personnel expenses	(22.1)	(17.0)	29.8%
Other Operating expenses	(26.0)	(21.5)	21.4%
<b>EBITDA</b>	<b>136.0</b>	<b>115.9</b>	<b>17.3%</b>
<i>EBITDA margin (%)</i>	<i>72.4%</i>	<i>73.2%</i>	<i>(0.8pp)</i>
Depreciation and amortisation	(57.8)	(36.6)	58.0%
Impairment losses_gains on non-current assets	-	(3.0)	na
Other non-recurring operating expenses/income	(5.0)	(1.6)	na
<b>EBIT</b>	<b>73.1</b>	<b>74.6</b>	<b>(2.0%)</b>
Finance income	0.2	0.2	-
Finance costs	(25.0)	(88.9)	(71.9%)
<b>Net financial result</b>	<b>(24.8)</b>	<b>(88.7)</b>	<b>(72.0%)</b>
<b>EBT</b>	<b>48.3</b>	<b>(14.1)</b>	<b>na</b>
Income tax	(13.9)	121.6	(111.4%)
<b>Net result for the period</b>	<b>34.4</b>	<b>107.5</b>	<b>(68.0%)</b>

Note 1: The revenues and costs from Redexis Gas Murcia have been included in the consolidated Group from February 2015 and the revenues and costs from the additional distribution assets from June 2015.

### 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	2015	2014	%change
<i>Data in € million</i>			
Distribution - regulated	92.3	78.3	17.9%
Other regulated distribution income	21.5	15.4	39.4%
Transmission - regulated	58.6	51.2	14.5%
LPG regulated business	2.8	2.7	2.5%
Other operating income	3.2	4.0	(18.8%)
Self-constructed non-current assets	9.4	6.7	41.2%
<b>Total Revenues and other income</b>	<b>187.8</b>	<b>158.3</b>	<b>18.7%</b>

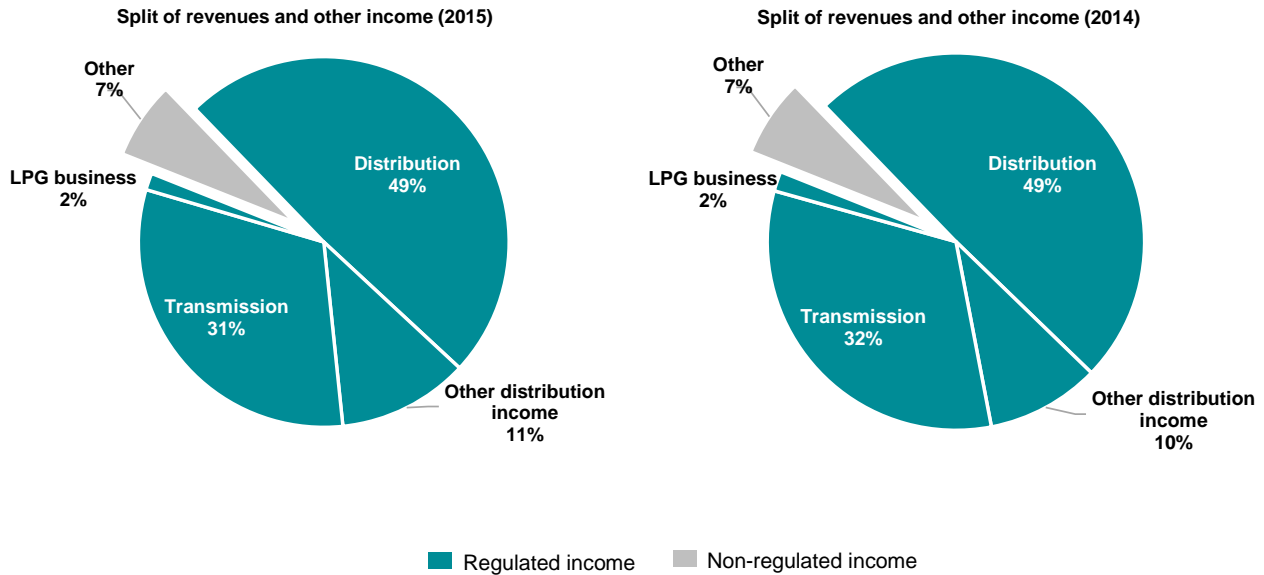
In 2015, Redexis Gas recorded revenues of €187.8 million, representing an increase of 18.7% versus 2014, due to the growth in the regulated activity of the Group.

Distribution revenues increased 17.9%, reaching €92.3 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 EDP as well as the assets acquired from Repsol.

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

Regarding the acquisition from Repsol, 10 thousand connection points were added in the fourth quarter of 2015 and the remaining is expected to be completed during 2016. Thus contributing marginally to the 2015 revenues.

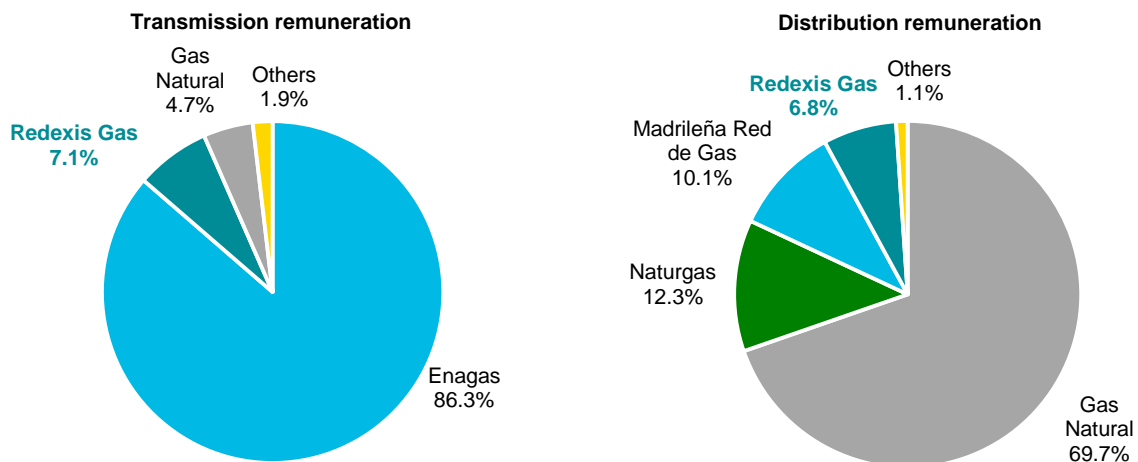
Transmission revenues increased 14.5% reaching €58.6 million, due to the commissioning of three and two transmission pipelines in Redexis Gas in 2014 and 2015, respectively, and the acquisition of a 65 kilometres transmission pipeline, "Moratalla-Mula" (Murcia), in 2015.



Regulated revenues as published by the Ministry of Industry in December 2015 (IET-2736-2015) are:

Data in € million

2016	Redexis Gas	Total	% of Redexis Gas
Distribution	96	1,399	6.8%
Transmission	58	827	7.1%
Regasification	-	427	-
Underground storage	-	165	-
<b>Total</b>	<b>154</b>	<b>2,818</b>	<b>5.5%</b>



### 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	2015	2014	%change
<i>Data in €million unless otherwise stated</i>			
<b>Revenue and other income</b>	<b>187.8</b>	<b>158.3</b>	<b>18.7%</b>
Supplies	(3.7)	(3.9)	(5.3%)
Personnel expenses	(22.1)	(17.0)	29.8%
Other operating expenses	(26.0)	(21.5)	21.4%
<b>Opex</b>	<b>(51.8)</b>	<b>(42.4)</b>	<b>22.3%</b>

### 3.1.3. EBITDA

The EBITDA for the full year 2015 amounted to €136.0 million, a 17.3% increase compared to the same period of 2014, representing a 72.4% 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 Group since February 2015 and the revenues and costs from the additional distribution assets from June 2015.

Regarding the acquisition from Repsol, 10 thousand connection points were added in the fourth quarter of 2015 and the remaining is expected to be completed during 2016. Thus contributing only marginally to the 2015 EBITDA.

### 3.1.4. Other non-recurring operating expenses/income

Other non-recurring expenses for the year 2015 mainly comprise:

- Non-recurrent workforce restructuring cost of €3.4 million, and
- Non-recurrent adjustment of transmission revenues for prior years due to the notification in 2015 of the definitive remuneration for gas pipelines that started operating between 2001 and 2012, inclusive. The adjustment represented a reduction of €1.6 million in revenues with regard to the total accrued amount.

### 3.1.5. Net financial result

Net financial result includes the financial expense from our debt instruments. For the full year 2015, net financial result reached €24.8 million, a decrease of 72.0% due to the significant financial cost savings ([Please, see note 3.3.1](#)) after the successful refinancing of the Group financial debt in the capital markets.

### **3.1.6. Income tax expenses**

Income tax reached €13.9 million for the period ended on 31 of December 2015. The Corporate Income Tax rate was reduced to 28% for the year 2015 from 30% for the year 2014 as part of the Corporate Income Tax reform passed at the end of 2014.

### **3.1.7. Net result for the period**

The net result for the year 2015 amounted to €34.4 million. For the first time, the Group enters into positive recurrent net profit as in 2014 the net result was driven by the booking of €121.6 million corporate income tax profit mainly as a consequence of the corporate reorganization.

### 3.2. Notes to the Consolidated Cash Flow

#### Consolidated Cash Flow

Cash Flow	2015	2014	%change
<i>Data in € million</i>			
<b>Earnings before tax (EBT)</b>	<b>48.3</b>	<b>(14.1)</b>	<b>na</b>
<b>Adjustment for:</b>			
Depreciation and amortization	57.8	36.6	58.0%
Change in provisions	(1.0)	(2.1)	(53.6%)
Government grants taken to income	(0.7)	(0.4)	101.0%
Financial income	(0.2)	(0.2)	-
Financial expenses	25.0	88.9	(71.9%)
Other adjustments	1.9	2.8	(31.1%)
<b>Cash flow from operating activities (pre-working capital)</b>	<b>131.2</b>	<b>111.7</b>	<b>17.5%</b>
<b>Net change in working capital</b>	<b>4.7</b>	<b>(5.6)</b>	<b>(184.8%)</b>
<b>Cash flow from operations</b>	<b>135.9</b>	<b>106.1</b>	<b>28.1%</b>
Interest and commissions paid	(21.3)	(62.5)	(65.9%)
Interest received	0.2	0.2	(13.9%)
Income tax paid	(11.5)	(13.1)	(12.1%)
<b>Net cash from operating activities</b>	<b>103.3</b>	<b>30.7</b>	<b>236.0%</b>
Payments for acquisition of subsidiaries (Redexis Gas Murcia)	(189.5)	-	na
Payments for purchases of distribution and LPG assets in service	(72.1)	-	na
Current payments for acquisition of property, plant and equipment	(93.7)	(73.7)	27.1%
<b>Investing Cash Flow</b>	<b>(355.3)</b>	<b>(73.7)</b>	<b>na</b>
Acquisition of subsidiaries (minorities)	-	(1.2)	na
Acquisition of financial assets	0.8	(2.1)	(140.0%)
Repayment of loans - former bank facility, net	-	(649.7)	na
Proceeds from new capex facility	(75.0)	75.0	na
Proceeds from the issue of Notes	247.3	645.9	(61.7%)
Shareholders' contribution	100.0	-	na
Dividend paid	(40.0)	(18.5)	116.2%
<b>Net cash from financing activities</b>	<b>233.1</b>	<b>49.4</b>	<b>na</b>
<b>Net increase / decrease in cash and cash equivalents</b>	<b>(18.8)</b>	<b>6.4</b>	<b>na</b>
Cash and cash equivalents BOP	79.4	73.0	8.8%
Cash and cash equivalents EOP	60.6	79.4	(23.7%)

### 3.2.1. Net cash from operating activities

Cash flow from operating activities amounted to €131.2 million, a 17.5% increase compared to the same period of 2014, due to the growth in cash generated by regulated activities.

Interest paid decreased 65.9% versus the same period of 2014, reaching €21.3 million. The successful refinancing of the debt structure carried out in 2014 through a bond issue, and the further bonds issue in 2015 have brought considerable savings in financing costs. [\(Please see note 3.3.1\)](#)

As a result, net cash from operating activities reached €103.3 million for the period ended on 31 December 2015, an increase of 236% versus 2014.

### 3.2.2. Investing cash flow

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

The total Capex of Redexis Gas reached €386.6 million in 2015. Of this amount, 31% 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 16 new municipalities, the completion of the “Son Reus-Inca-Alcudia” (Balearic Islands) which added 45.6 kilometres to the transmission network in June 2015 and the execution project of the first phase of the transmission pipeline “Cas Tresorer-Manacor-Felanitx” (Balearic Islands).

Capex breakdown	2015	2014	%change
<i>Data in €million unless otherwise stated</i>			
Distribution	72.0	44.0	63.7%
Transmission	47.0	39.4	19.3%
Intangible assets	6.0	7.8	(22.8%)
Acquisition of Redexis Gas Murcia and additional assets	240.6	-	na
Redexis Gas Murcia	189.5	-	na
Additional assets	51.1	-	na
LPG points purchase	21.0	-	na
<b>Total Capex</b>	<b>386.6</b>	<b>91.2</b>	<b>na</b>

#### 3.2.2.2. Acquisition of Redexis Gas Murcia and the additional distribution assets

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. (NED) 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.

#### 3.2.2.3. Acquisition of LPG connection points

During 2015, Redexis Gas acquired 287 km of gas distribution network from Repsol including approximately 72 thousand LPG connection points in the ten regions where the company operates.

The acquisitions, valued at €136 million, are linked to a medium-term LPG supply agreement with the storage facilities. The acquisitions are expected to be completed in 2016.



Including this acquisition, Redexis Gas provides its services to 600,000 connection points throughout Spain, and manage a gas distribution and transmission network spanning more than 8,500 km.

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

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

The shareholders contributed €100 million of equity to finance the acquisition of Redexis Gas Murcia in January 2015. Additionally, a dividend of €40 million was paid in May 2015.



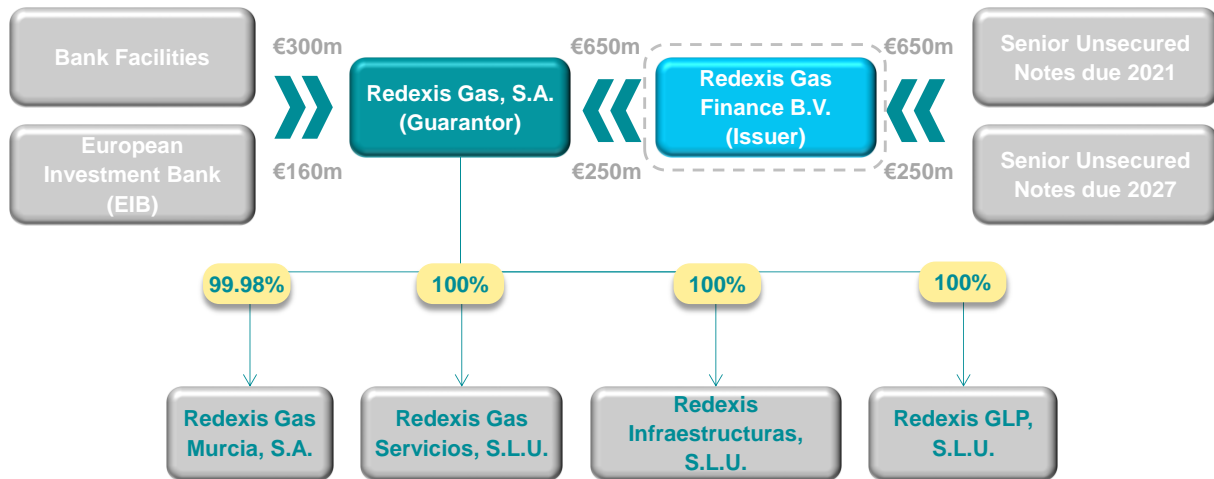
### 3.3. Notes to the Consolidated Balance Sheet

#### Consolidated Balance Sheet

Balance Sheet	Notes	2015	2014
<i>Data in € million</i>			
<b>ASSETS</b>			
Property, plant and equipment		983.4	677.9
Goodwill		219.2	213.1
Other intangible assets		555.5	529.5
Licenses		542.9	520.4
Others		12.6	9.1
Deferred tax assets		64.8	67.6
Deficit of the system		23.4	19.5
Non-current financial assets		7.1	6.7
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,853.4</b>	<b>1,514.2</b>
Inventories		1.3	0.4
Trade and other receivables		44.5	45.4
Clients		26.9	22.4
Settlements pending collection		16.4	22.2
Other		1.2	0.8
Other current financial assets		2.3	0.1
Other current assets		5.8	7.2
Cash and cash equivalents		60.6	79.4
<b>TOTAL CURRENT ASSETS</b>		<b>114.5</b>	<b>132.6</b>
<b>TOTAL ASSETS</b>		<b>1,967.9</b>	<b>1,646.8</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Equity attributable to equity holders of the parent		817.4	720.6
Share capital		100.0	100.0
Share premium		105.4	105.4
Other reserves	3.3.1	577.6	407.7
Other comprehensive income - P&L		34.4	107.5
Non-controlling interest		0.0	-
<b>TOTAL EQUITY</b>		<b>817.4</b>	<b>720.6</b>
Deferred income (Grants)		6.4	5.3
Long term liabilities (Notes)	3.3.1	886.4	640.9
Loans and borrowings - Banks	3.3.1	-	72.2
Other financial liabilities		4.5	4.3
Deferred tax liabilities		127.4	113.9
Provisions for employee benefits		2.9	4.1
Other provisions		2.6	2.4
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,030.4</b>	<b>843.2</b>
Short term liabilities (Accrued interests)		16.2	13.1
Loans and borrowings- Banks	3.3.1	0.3	0.4
Fixed asset suppliers		71.7	42.8
Trade and other payables		27.8	22.5
Current income tax liabilities		1.1	1.4
Provisions for employee benefits		0.8	0.9
Other current liabilities		2.2	2.0
<b>TOTAL CURRENT LIABILITIES</b>		<b>120.1</b>	<b>83.0</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,967.9</b>	<b>1,646.8</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 impacts positively 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 @ 31/12/2015 (€m)	Maturity	Coupon	
<b>EIB</b>	Loan facility	Fixed / Variable	December 2015	160	na	2035-2038	
<b>Capital market financing</b>	Notes	Fixed	April 2015	250	250	2027	1.875%
		Fixed	March 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	-	2019	
<b>Total</b>			<b>1,360</b>	<b>900</b>			
<b>Cash and cash equivalents</b>				<b>61</b>			
<b>Net debt</b>				<b>839</b>			

Net debt as of 31 December 2015 was €839.4 million, including the above-mentioned notes issue and €60.6 million in cash and cash equivalents.

At 31 December 2015, Redexis Gas had €460 million of undrawn facilities.

## 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<sup>st</sup> December 2015, including Redexis Gas Murcia since February 2015, and 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.

### Erratum

An erratum should be reported regarding the energy distributed in 2015 in the table in page 8 of this report. The actual figure is 28,446 GWh instead 20,517 GWh.