



FY19 Results

5 February 2020

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1. Executive summary

(€m)	reported			ordinary		
	FY19	FY18	Change	FY19	FY18	Change
EBITDA	4,562	4,019	13.5%	4,668	4,413	5.8%
Net income	1,401	-2,822	-	1,432	1,245	15.0%
Capex	1,685	2,321 ¹	-27.4%	-	-	-
Net debt	15,268	15,309 ²	-0.3%	-	-	-
Free cash flow after minorities	1,958	3,054 ³	-35.9%	-	-	-

Note:

1. Including €380m related to two LNG tankers in time-charter regime incorporated during 1H18 (non-cash investments)
2. IFRS16 adjusted
3. Including €2.6bn related to divestments

- Year 2019 has been marked by growth in international activities and efficiencies across businesses, which have compensated a more challenging energy scenario vs. last year. All in all, ordinary **EBITDA and Net income in the period reached €4,668m and €1,432m up 6% and 15% respectively vs. 2018.**
- Since the launch of the 2018-2022 Strategic Plan, **Naturgy has taken decisive steps towards supporting the energy transition.** We were the first Spanish energy group to request permission to shut down its coal plants in Spain in 2018, and we became one of the leading investors in clean technologies in the country in 2019, allocating over €400m to develop renewable projects, the highest in the company's history.
- **The company has also continued to invest in renewable projects** abroad, deploying €145m in projects in Australia and Chile. As a result, Naturgy's total installed renewable capacity increased to 2,580MW at the end of 2019, up 45% vs. 2018. The company's efforts have resulted in reduced direct GHG emissions (MtCO₂) and emission factor (tCO₂/GWh) down 16% and 12% respectively during the year. We expect additional reductions over the coming years.
- We also **support the ongoing energy transition through investments in our regulated businesses**, notably in electricity networks in Spain and internationally, with an approximate €500m investment during the year.
- All in all, over **60% of the company's total Capex has been deployed in renewables and electricity networks** over the period, vs. approximately 50% during 2018.
- Our continued efforts in environmental, sustainability and governance best practices (ESG), have not gone unnoticed, and **Naturgy has been recognized as a world leader in the gas utilities sector, for a third year running, in the Dow Jones Sustainability World Index (DJSI World)**, a global benchmark in measuring ESG's best corporate practices.
- **2019 has also been a year of important regulatory developments.** On July, the CNMC released a series of draft proposals covering electricity distribution and transportation activities (2020 – 2025), as well as gas distribution and transportation and regasification activities (2021 – 2026). Said proposals were amended before the end of the year following a period of allegations from all stakeholders. As of the date of this report, the new regulation for electricity distribution and transportation activities covering 2020 – 2025 has been approved and published. On the other hand, the process to approve the regulation for both gas distribution and transportation and regasification activities for the next regulatory period (2021 – 2026) is ongoing.

- › Throughout this process, **the company has undertaken a relentless effort to protect the interests of all its stakeholders**, advocating for a fair and objective regulatory methodology. A framework which provides visibility and adequate incentives to execute the investments needed to support the energy transition. The company remains firmly committed to adapt its business in order to protect the interests of all its stakeholders.
- › **Naturgy continues to implement its efficiency plan** with an acceleration which has delivered €270m cost savings in 2019, above the initial €100m commitment for the year. Efficiencies will remain a key driver of performance in the following years and the group reiterates its firm commitment to its 2022 efficiency targets. During 2019, the company has completed various outsourcing initiatives (Project Lean), including agreements with Telefonica, IBM or Everis and is working on more than 250 initiatives to further streamline our operations, including digitization and office relocations.
- › **Portfolio optimization is also a driver of the company's strategy**, and the latest corporate transactions demonstrate the ability to create value through portfolio management and asset rotation, simplifying our business positioning and geographic footprint.

 - During 2019, **Naturgy completed the sale of its Moldovan subsidiaries** for an equity valuation of €141m (including pre-closing dividends). Also during the year, Naturgy completed the disposal of Transemel, an electricity transmission subsidiary in Chile, for an equity consideration (100%) of €155m and an Enterprise Value of €182m, equivalent to approximately 23.5x EV/EBITDA 2018.
 - On the acquisition front, in October, **Naturgy reached an agreement to acquire a 34% stake in Medgaz** for €445m. The transaction allowed the company to reach a 49% stake in Medgaz, thus transforming its position into a strategic stake which will allow the joint control together with Sonatrach. The transaction was agreed at a multiple equivalent to 6.9x 2021E EBITDA, which includes the approved 2bcm expansion program of the current pipeline.
 - Finally and also during 2019, **CGE, Naturgy's subsidiary in Chile, completed an asset swap in Argentina** whereby CGE transferred its 50% stake in 2 electricity distribution subsidiaries in exchange for a 50% stake in a gas distribution subsidiary and the associated commercialization in the country. As a result, CGE now controls and consolidates 100% of the aforementioned subsidiary.
- › **The company will continue to analyze value creating opportunities which could include further asset rotation.**
- › **Naturgy has also worked on improving the risk profile of our merchant activities.** A good example of these efforts could be International LNG where we increased the amount of volumes secured for the year ahead to approximately 90% (up from 80% the previous year). In power supply, Naturgy has reduced its portfolio of fixed price sales marginal contracts with a view to reduce pool price risk by matching fixed contracts to the company's infra marginal production via PPA's.
- › **Net debt as of 31 December 2019**, under IFRS 16 criteria, **stood at €15,268m**, down from €15,309m as of year-end 2018. During the period, the company continued to **progress on its debt structure optimization**. Some of the transactions completed during 2019 include: a new syndicated loan in international power generation amounting to US\$1.5bn. We also executed a liability management exercise completed in November whereby Naturgy executed the repurchase of €653m in existing notes and issued a new bond of €750m with a tenor of 10 years and 0.75% cost. The company continues to optimize the financing allocated into each of the business units for greater accountability and funding autonomy, in the same currency where cash flows are originated, allowing for debt push down in the international business units.

- > Naturgy maintains a **balanced cash flow allocation and a sustainable dividend policy**. Its results and increased focus on cash flow generation have allowed it to maintain its net debt levels stable in the period, after the cash outflows related to shareholder remuneration.
- > **Naturgy delivers its shareholder remuneration policy** (€1.37/share dividend and potential €400m share buyback) with the last dividend against 2019 results to be distributed in March following the AGM's approval. In addition and as envisioned on its Strategic Plan 18-22, Naturgy completed the cancellation of 16,567,195 own shares on 5 August, 2019, equivalent to approximately 1.7% of the share capital of the company. The share capital of the Company resulting from the reduction was set at 984,122,146 shares. The company's share buyback program is ongoing and since July 2019 we have bought back €135m worth of shares and are on track to complete the second €400m tranche of its buyback by the end of June 2020.
- > In conclusion, **Naturgy continues to make steady progress on the implementation of its Strategic Plan** in order to become more predictable and less volatile, more focused on core businesses and geographies, as well as more electric and supportive of the energy transition, with the objective of generating long term and sustainable value of all its stakeholders.

Summary – FY19 results

- > FY 2019 has been marked by **growth in international activities and active operational management across businesses**, which have compensated for a **more challenging energy scenario**. All in all, **ordinary EBITDA and Net income reached €4,668m and €1,432m respectively in the period (up 6% and 15% vs. last year)**, delivering on the company's targets, despite the more challenging energy scenario.
- > On the **Infrastructure** side, the regulatory updates in Latin America recognizing prior FX and inflation movements, together with stability in the European operations, **contributed to an overall positive performance in the period**.
- > In **Gas & Power**, FY 2019 has been driven by a **notable improvement in G&P services sales**, which experienced margin recovery in power supply, **offsetting a challenging scenario in International LNG and Europe Power generation**. The company's new commercial policies and de-risking efforts, together with efficiencies, also helped offset the low gas prices in the period.
- > **Total capex** amounted to **€1,685m** in the year, mainly reflecting ongoing investments in renewable projects as well as investments in remunerated networks.
- > As of 31 December 2019, **net debt amounted to €15,268m**, stable vs. last year, thanks to the increased focus on cash flow generation of the company and despite the substantial investments for growth in energy transition assets and its shareholder remuneration commitments. As a result, **Net Debt / EBITDA declined to 3.3x** from 3.8x as of 31 December 2018.
- > All in all, **FY 2019 results continue to illustrate Naturgy's capacity to deliver on its commitments**, as well as its balanced capital allocation, pursuing profitable growth and an attractive shareholder remuneration, while maintaining stable debt levels.

2. Key comparability factors and non-ordinary items

Perimeter changes

- The **main transactions completed in 2019 with an impact in comparability** in the FY19 vs. FY18 results are the following:

 - On April 2019 Naturgy completed the **sale of 45% of its interests in its associated affiliate Torre Mareostrum, S.L.** to Inmobiliaria Colonial for €28m, generating capital gains of €20m.
 - On July 2019, **CGE**, Naturgy's subsidiary in Chile, **completed an asset swap in Argentina**, whereby CGE will now control and consolidate 100% of the gas distribution subsidiary and the associated commercialization, while formerly co-controlled electricity distribution subsidiaries are no longer within Naturgy's consolidation perimeter. The impact in FY19 EBITDA from this asset swap is €8m.
 - On July 2019 Naturgy completed the **disposal of 100% of its interests in its Moldova electricity distribution activities**. The transaction valued the company's equity at €141m (including pre-closing dividends) and did not generate significant capital gains for Naturgy. The contribution of this business in 2018 was -€56m, including a write-down of the investment for -€73m, recognised under "Income from discontinued operations" in the consolidated income statement.
 - On September 2019 Naturgy reached an agreement to **sell its entire stake in Iberafrica Power, in Kenya**. The contribution of this business in 2018 was -€5m, recognized under "Income from discontinued operations" in the consolidated income statement.
 - On October 2019, the group completed the **disposal of Transemel**, an electricity transmission subsidiary in Chile, for an equity consideration (100%) of €155m and an Enterprise Value of €182m, equivalent to approximately 23.5x EV/EBITDA 2018.
 - On October 2019, Naturgy and Sonatrach S.p.A. entered into an agreement with Mubadala for the **acquisition of the 42.09% stake that Cepsa holds in Medgaz, S.A.** This transaction will allow Naturgy to increase its stake in Medgaz from its current 14.95% to a 49.0%, becoming a strategic stake. Based on the transaction price, Naturgy revalued its former 14.95% stake with a non-ordinary impact of €101M in its 2019 P&L statement.
- The **main transactions completed in 2018 with an impact in comparability** in the FY19 vs. FY18 results are the following:

 - The **disposal of the gas distribution and supply business in Italy**, together with the transfer of the gas supply contract. The contribution of these businesses in 2018 was €194m recognised under "Income from discontinued operations" in the consolidated income statement.
 - The **disposal of the remaining 41.9% of the gas distribution business in Colombia**. The contribution of this business in 2018 was €7m recognised under "Income from discontinued operations" in the consolidated income statement.
 - The **sale of a 20% minority stake in the gas distribution business in Spain for €1,500m**, which resulted in an increase of €1,016m in the "Equity" caption in the consolidated balance sheet as of 30 June 2018.
 - In December 2018 the **sale of Kangra Coal** was completed for an equity value of €28m. The contribution of this business in 2018 was -€150m, including a write-down of the investment for -€141m, recognised under "Income from discontinued operations" in the consolidated income statement.

Non-ordinary items

Non-ordinary items are summarized below:

(€m)	EBITDA		Net income	
	FY19	FY18	FY19	FY18
Gas transport & procurement retroactivity	-	-50	-	-38
Chile extraordinary expenses	-	-44	-	-28
Restructuring costs	-168	-180	-126	-137
Asset write-down	-	-	-23	-3.824
CNMC CCGT fine	-20	-	-20	-
Provisions reversal	49	-	33	-
Discontinued operations and minority interests	-	-	-	49
Chile mergers tax effect	-	-	-	42
Sales of land and buildings	24	18	23	11
Liability management cost	-	-	-73	-
Medgaz valuation	-	-	101	-
Asset disposals	-	-	65	-
Other	9	-138	-11	-142
Total non ordinary items	-106	-394	-31	-4.067

- > **At the EBITDA level, non-ordinary impacts in FY19 amounted to -€106m**, the bulk of them corresponding to capture costs derived from the implementation of the efficiency plan and the CNMC CCGT fine. These are partially offset by the reversal of provisions and sales of land and buildings.
- > **At the Net income level, non-ordinary items in FY19 amounted to -€31m**. In addition to the impacts previously mentioned, the revaluation of the former Medgaz financial stake generated a positive impact of €101m. This has been partially offset by the costs of the liability management exercise (-€73m) completed in the fourth quarter of the year.

Foreign exchange impact

Exchange rate fluctuations in the period are summarized below:

	YTD Dec'19	Change (%)	FX effect (€m)	
			EBITDA	Net income
USD/€	1.12	-5.1%	47	17
MXN/€	21.56	-5.1%	13	3
BRL/€	4.41	2.3%	-7	-1
ARS/€ ¹	67.27	56.0%	-53	-28
CLP/€	786.70	3.9%	-19	-4
Other	-	-	1	0
Total	-	-	-18	-13

Note:

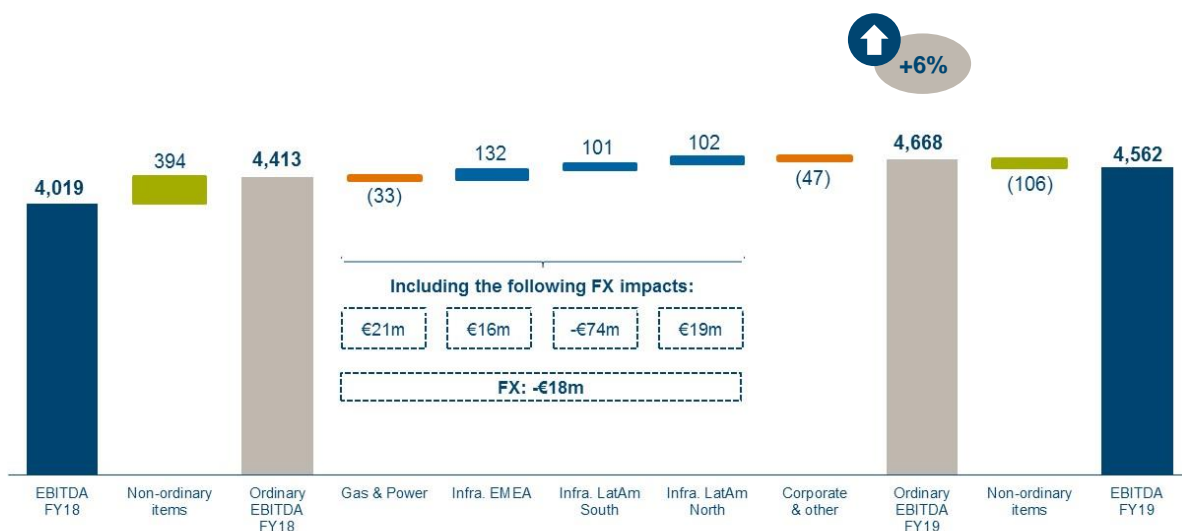
1. Exchange rate as at 31 December 2019 as a consequence of considering Argentina as an hyperinflationary economy

3. Consolidated results

(€m)	reported			ordinary		
	FY19	FY18	Change	FY19	FY18	Change
Net sales	23,035	24,339	-5.4%	23,013	24,373	-5.6%
EBITDA	4,562	4,019	13.5%	4,668	4,413	5.8%
Other results	93	-	-	-	-	-
Depreciation, amortisation and impairment expenses	-1,658	-6,007	-72.4%	-1,601	-1,581	1.3%
Impairment of credit losses	-134	-179	-25.1%	-134	-165	-18.8%
EBIT	2,863	-2,167	-	2,933	2,667	10.0%
Financial result	-666	-685	-2.8%	-604	-666	-9.3%
Profit/(loss) of companies measured under the equity method	75	-513	-	48	59	-18.6%
Income tax	-476	779	-	-510	-469	8.7%
Income from discontinued operations	-	-10	-	-	-	-
Non-controlling interest	-395	-226	74.8%	-435	-346	25.7%
Net income	1,401	-2,822	-	1,432	1,245	15.0%

- > **Net sales** totaled **€23,035m** in FY19, **5.4%** below 2018, mainly as a result of lower energy prices and volumes sold in the liberalized businesses that have not been offset by growth in the infrastructure businesses.
- > Consolidated **EBITDA** in the period amounted to **€4,562m**, a **13.5%** increase vs. 2018, supported by a positive performance in the infrastructure businesses, the new commercial strategy in supply activity and efficiency gains. **Stripping out non-ordinary effects, ordinary EBITDA grew by 5.8%.**

EBITDA evolution (€m)



(€m)	reported			ordinary		
	FY19	FY18	Change	FY19	FY18	Change
Gas & Power	1,441	1,360	6.0%	1,420	1,453	-2.3%
Infrastructure EMEA	1,923	1,802	6.7%	1,981	1,849	7.1%
Infrastructure LatAm South	938	791	18.6%	947	846	11.9%
Infrastructure LatAm North	376	232	62.1%	377	275	37.1%
Rest	-116	-166	-30.1%	-57	-10	-
Total	4,562	4,019	13.5%	4,668	4,413	5.8%

- > The **financial result amounted to -€666m**, down 2.8%. The slight increase in the cost of the net financial debt, and decrease in other financial expenses, is explained by the reclassification, following IFRS 16, of the cost of financial leases to the cost of net financial debt, previously registered as other financial expenses. In relation to this, IFRS 16 has increased the cost of net financial debt by €100m. FY 2019 results also include -€97m non-ordinary expenses caused by the liability management exercise completed in the last quarter of 2019 and +€101m from the revaluation of the former Medgaz financial stake.
- > The **average cost of gross financial debt** for FY19 **stands at 3.2%**¹ vs. 3.1% in 2018 and 86% of gross debt is at fixed rates.

Financial result (€m)	reported		
	FY19	FY18	Change
Cost of net financial debt	-626	-538	16.4%
Other financial expenses/income	-40	-147	-72.8%
Total	-666	-685	-2.8%

- > **Equity-accounted affiliates** contributed €75m in FY19 mostly as a result of the contributions from Ecoeléctrica (€73m), UF Gas subgroup (-€37m) and CGE subgroup affiliates (€22m).
- > The **effective tax rate** as of 31 December 2019 stood at **21.0%**, in line with 2018, estimated without considering the non-ordinary impacts from write-downs and the deferred taxes from mergers in Chile.
- > In FY 2019 there was no contributions from **discontinued operations**. Their impact in 2018 is detailed below:

Income from discontinued operations (€m)	reported
	FY18
Colombia gas	7
Italy	194
Kenya	-5
Moldova	-56
Kangra	-150
Total	-10

Note:

1. Cost from IFRS 16 debt not included

- > **Income attributed to non-controlling interests** amounted to -€395m in FY19 as detailed below:

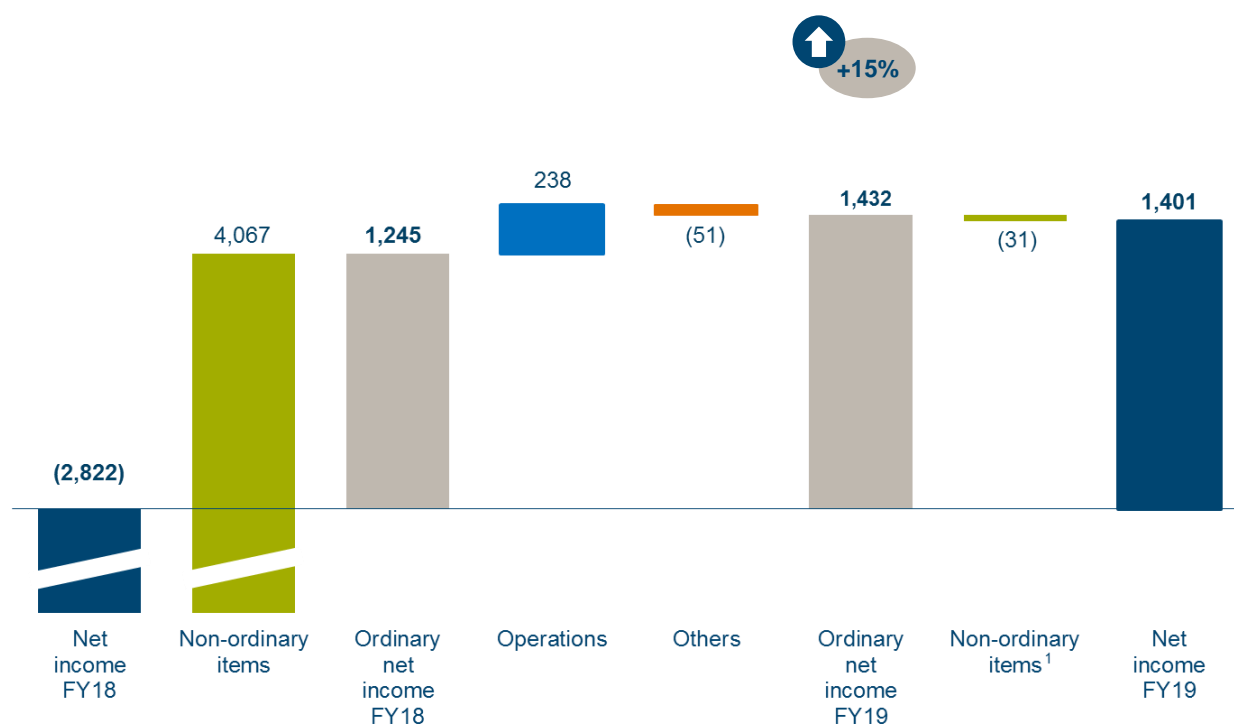
Income attributed to non-controlling interests (€m)	reported		
	FY19	FY18	Change
EMPL	-61	-54	13.0%
Nedgia	-83	-57	45.6%
Other affiliates ¹	-191	-55	-
Other equity instruments	-60	-60	-
Total	-395	-226	74.8%

Notes:

1. Including International Power Generation, gas distribution companies in Chile, Brazil, Mexico and Argentina, and the electricity distribution companies in Chile and Panama

- > The increase in other affiliates is mostly explained by the good evolution of the Latam activities in FY19 as well as the positive impact in this caption of the write-downs made in Kangra and Kenya in 2018.
- > The other equity instruments caption includes the accrued interest on perpetual subordinated notes (hybrids).
- > **Net ordinary income in FY19 amounted to €1,432m, up 15%.**

Net income evolution (€m)



4. Results by business unit



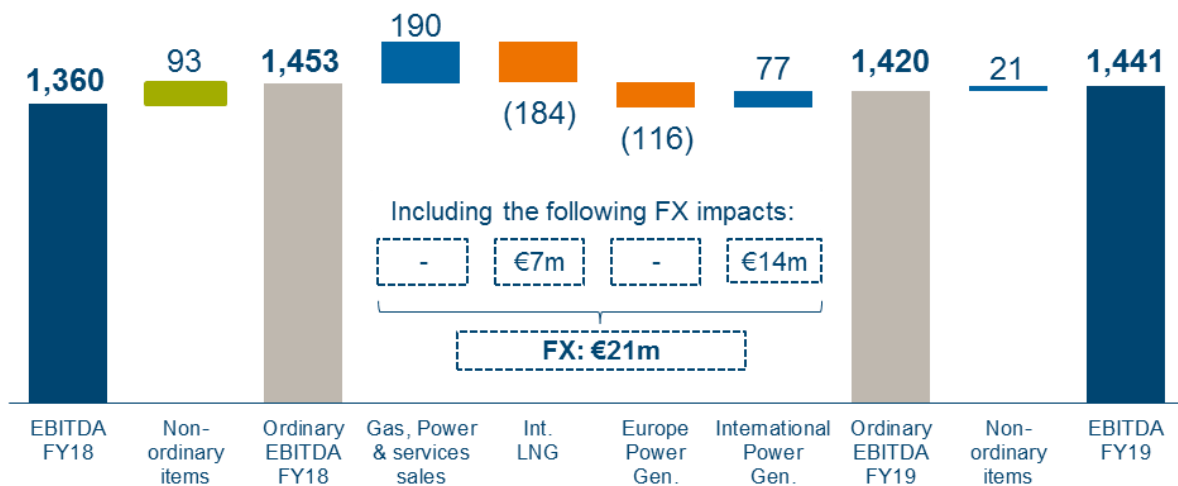
Gas & Power

EBITDA (€m)	reported			ordinary		
	FY19	FY18	Change	FY19	FY18	Change
Gas, power and services sales	447	164	-	428	238	79.8%
International LNG	344	496	-30.6%	312	496	-37.1%
Europe power generation	270	411	-34.3%	313	429	-27.0%
International power generation	380	289	31.5%	367	290	26.6%
Total	1,441	1,360	6.0%	1,420	1,453	-2.3%

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA declined 2.3% during the period, despite a strong performance in Gas, power and service sales as well as International power generation which could not compensate for the weak performance in International LNG and Europe power generation as a result of lower sales and margins during the period.

EBITDA evolution (€m)



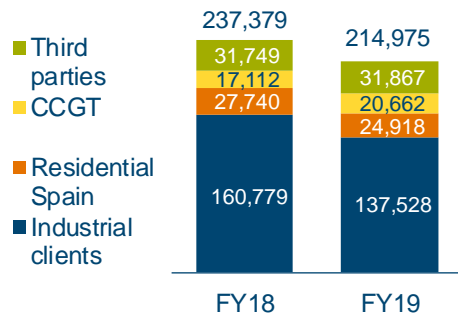
Gas, power & services sales

- > **Ordinary EBITDA reached €428m in FY19 up 79.8% vs. 2018** mainly as a result of higher margins in power supply, resulting from lower pool prices, the company's new commercial strategy and lower opex from efficiencies. These effects were partially offset by lower gas sales and margins, both in the industrial and retail segments.
- > Gas sales declined by 9.4% during the year, mainly as a result of lower sales in the Spanish industrial and residential segments (-14.5% and -10.2% respectively), as a result of increased competition and mild weather respectively. Those were partially compensated by higher sales to CCGTs (+20.7%) and third parties (+0.4%).
- > Power sales fell by 29.4% in the year mostly as a result of lower sales in the liberalized market (-33.9%), following our strategy to focus on margins and reduce fixed-price selling contracts to match our infra-marginal production. VPSC¹ sales declined by 2.3%.

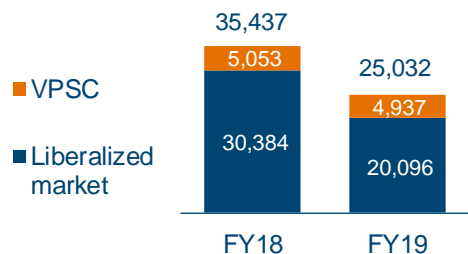
International LNG

- > **Ordinary EBITDA reached €312m, down 37.1% vs. 2018**, as a result of lower volumes and margins in the period. As mentioned in the past, market conditions in 2018 were of extraordinarily high gas prices and demand, and should not be considered as a point of reference for year 2019.
- > The contribution to EBITDA from the maritime transport activity amounted to €190m (€143m in 2018).
- > Volumes sold declined by 11.7% vs. 2018 because of the reduction in short-term sales (-49.9%). Long-term sales continue to show a healthy growth (+37.4%) supported by the commercial efforts intended to reduce margin volatility.
- > As of 31 December 2019, contracted sales for 2020 stand at 90%.

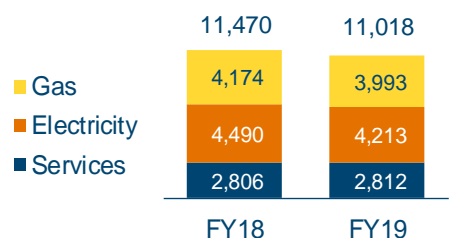
Gas sales (GWh) (-9.4%)



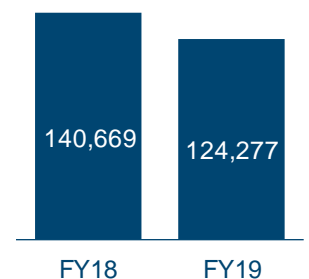
Power sales (GWh) (-29.4%)



Contracts ('000) (-3.9%)



International LNG sales (GWh) (-11.7%)



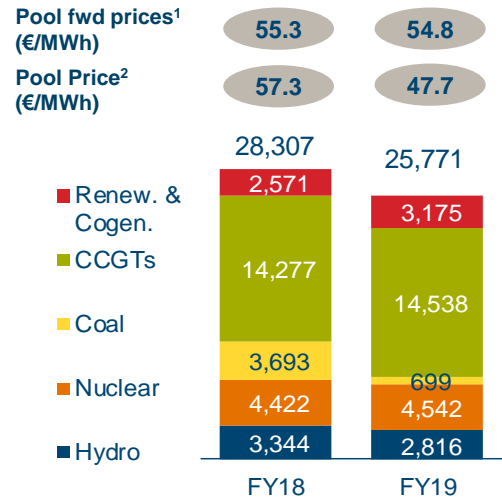
Note:

1. Voluntary Price for Small Consumers (in Spanish PVPC = Precio Voluntario al Pequeño Consumidor)

Europe Power Generation

- > **FY19 Ordinary EBITDA amounted to €313m, down 27.0% vs. 2018**, mainly driven by: i) higher competition due to excess gas and low gas prices, ii) suspension of CCGT availability payments (full year effect), and iii) low hydro production.
- > Total production declined by 9.0%, although unevenly split: coal and hydro production fell by 81.1% and 15.8% respectively, while renewable production (driven by new installed capacity) increased by 23.5%. CCGT's production grew slightly in the year (+1.8%).
- > Pool prices decreased vs. 2018, averaging €47.7/MWh in 2019, down 16.8% as a result of coal abatement and lower gas prices, most notably in 2H19.
- > Naturgy continued to increase its exposure to renewable through the development of 667MW of wind and 250MW of solar projects awarded in the Spanish auctions, of which close to 800 MW came into operation during 2019. As such, the operating installed capacity as of 31 December 2019 reached 1,973MW, a 67.4% increase over 2018.

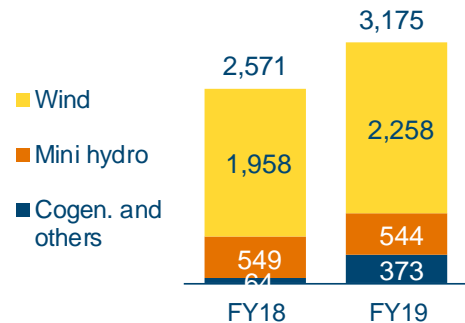
Europe power production (GWh) (-9.0%)



Notes:

1. Average price of 1Y ahead forward Spanish base prices in the Iberian Energy Derivatives Exchange (OMIP) in the period
2. Average price in the daily power generation market

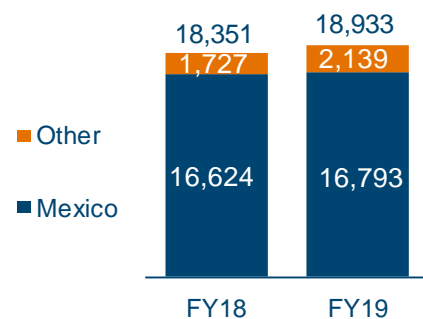
Europe renewable power production (GWh) (+23.5%)



International Power Generation

- > **Ordinary EBITDA in the period reached €367m, up 26.6% vs. 2018**. Growth was supported by i) new installed capacity put into operation in Brazil and Australia in 2018, ii) higher margins and sales, and iii) cost efficiencies. The above were also supported by the favourable FX evolution (+14M€).

International power production (GWh) (+3.2%)





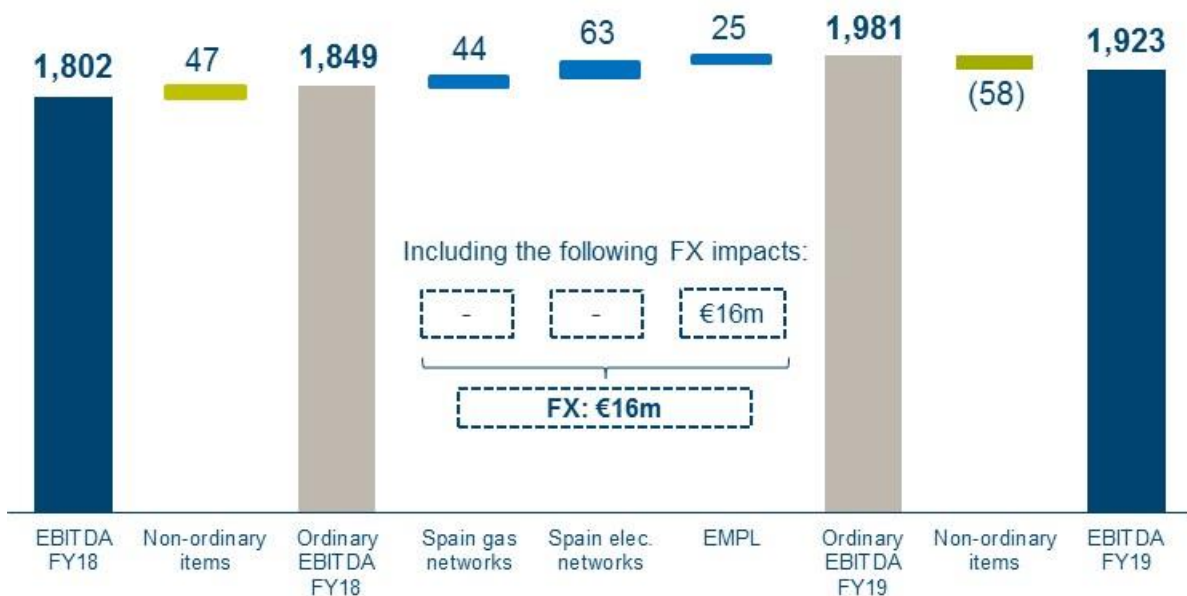
Infrastructure EMEA

EBITDA (€m)	reported			ordinary		
	FY19	FY18	Change	FY19	FY18	Change
Spain gas networks	935	884	5.8%	965	921	4.8%
Spain electricity networks	675	630	7.1%	703	640	9.8%
EMPL	313	288	8.7%	313	288	8.7%
Total	1,923	1,802	6.7%	1,981	1,849	7.1%

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA reached €1,981m (+7.1%) in 2019 as a result of a stable performance across all businesses together with operational improvements.

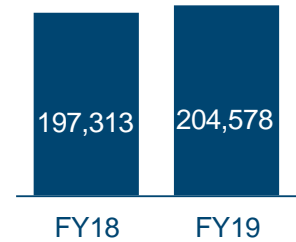
EBITDA evolution (€m)



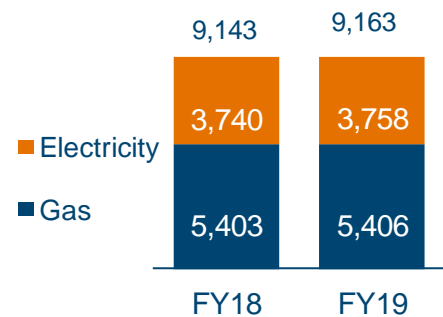
Spain gas networks

- > **Ordinary EBITDA in FY19 increased 4.8% vs. 2018 to €965m**, mainly driven by lower opex.
- > Total gas sales (excluding LPG) grew by 3.7%, while connection points remained stable (+0.1%) vs. 2018.

Gas sales Spain (GWh)
(+3.7%)



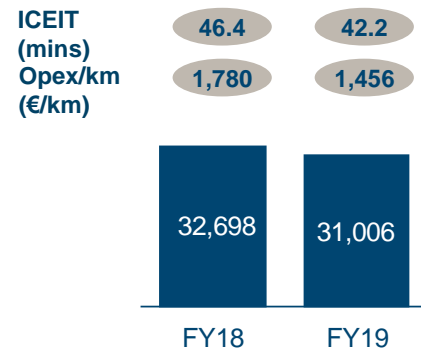
Connection points ('000)
(+0.2%)



Spain electricity networks

- > **FY19 Ordinary EBITDA amounted to €703m, a 9.8% increase vs. 2018** primarily due to the contribution of new investments and other regulated revenues along with lower interruption times vs. 2018.
- > Unitary opex per km of installed network continue to improve, decreasing 18.2% during the period to 1,456 €/km.

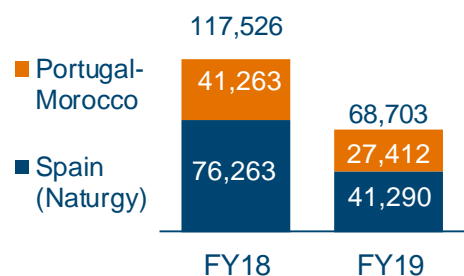
Electricity sales Spain (GWh)
(-5.2%)



EMPL

- > **FY19 Ordinary EBITDA increased by 8.7% to €313m.** Growth was mainly explained by the positive FX evolution (€16m) and the tariff update, despite the significant reduction in transported volumes.
- > The above illustrates the low sensitivity of EBITDA to transported volumes.

Gas transport (GWh)
(-41.5%)





Infrastructure South LatAm

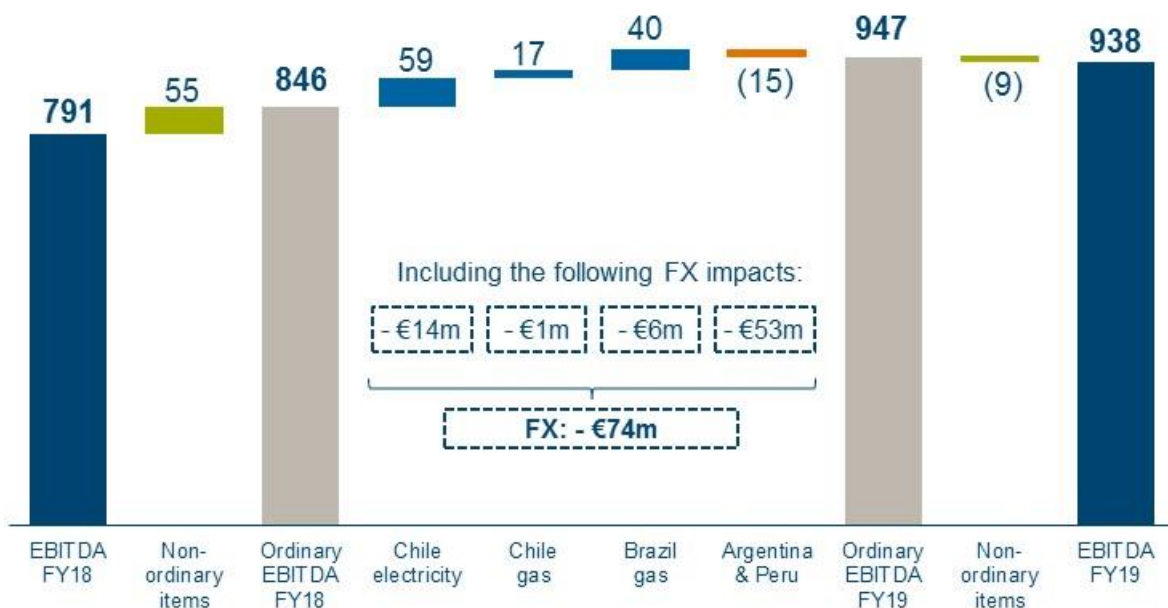
EBITDA (€m)	reported			ordinary		
	FY19	FY18	Change	FY19	FY18	Change
Chile electricity	353	243	45.3%	347	288	20.5%
Chile gas	238	211	12.8%	239	222	7.7%
Brazil gas	262	223	17.5%	263	223	17.9%
Argentina gas and electricity	87	118	-26.3%	100	117	-14.5%
Peru gas	-2	-4	-50.0%	-2	-4	-50.0%
Total	938	791	18.6%	947	846	11.9%

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA amounted to €947m in the period, 11.9% higher than the previous year, primarily driven by regulatory stability and efficiencies, and despite the negative FX evolution (-€74m), notably in Argentina.

According to the criteria established by IAS 29 "Financial Information in Hyperinflationary Economies", the Argentine economy should be considered as hyperinflationary. As a result, FX differences arising during the year have been applied to 2019 results, which have been as well updated by inflation rates.

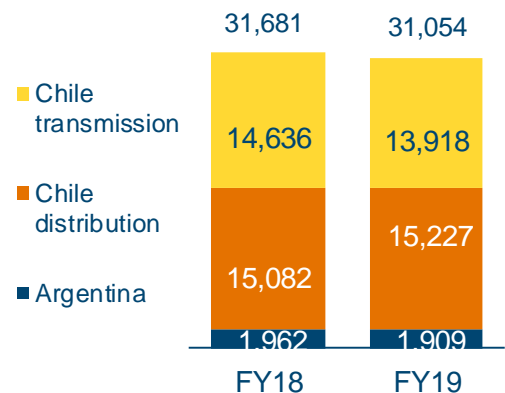
EBITDA evolution (€m)



Chile electricity

- > **FY19 Ordinary EBITDA reached €347m, up 20.5% vs. 2018**, mainly as a result of i) higher regulated revenues and ii) lower opex from efficiency improvements. On the flipside, the FX impact amounted to -€14m.
- > At the operating level, the business experienced growth in connection points (+2.5%) and electricity distributed (+1.0%); on the flipside, sales from the transmission activity decreased by 4.9%.

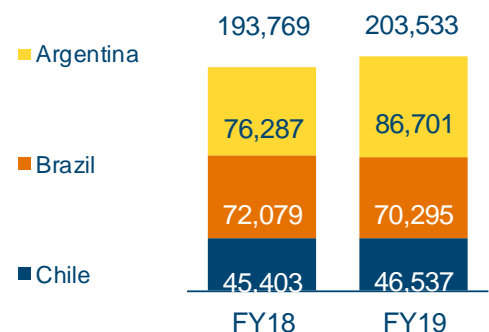
Electricity sales (GWh)
(-2.0%)



Chile gas

- > **Ordinary EBITDA totaled €239m, 7.7% more** than in 2018, driven by i) higher supply volumes, ii) higher unitary margins in distribution sales, and iii) efficiency improvements.
- > Total gas sales increased slightly (+2.5%), as higher sales in the supply activity were partially offset by a reduction in volumes distributed, mainly to the industrial segment.
- > Connection points increased by 2.9%.

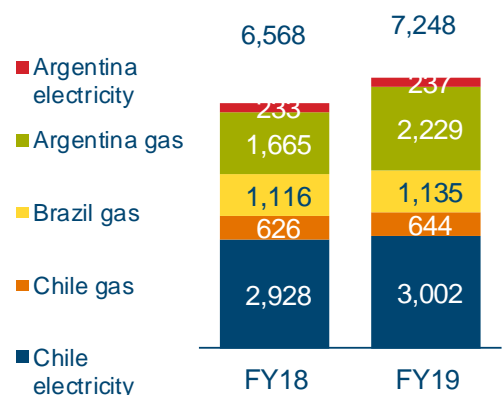
Gas sales (GWh)
(+5.0%)



Brazil gas

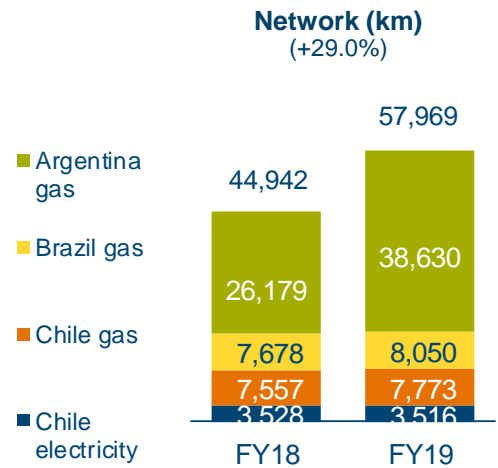
- > **FY19 Ordinary EBITDA increased 17.9% to €263m** on the back of efficiency improvements and tariff indexation, which were partially offset by negative FX impact (€6m) and lower sales, in particular for electricity generation.
- > Despite the good evolution in 4Q19, overall gas sales were down 2.5% driven by lower demand from power generation and lower sales to the retail segment due to high temperatures in FY19.
- > Connection points grew 1.7% in the period.

Connection points ('000)
(+10.4%)



Argentina gas and electricity

- > **FY19 Ordinary EBITDA amounted to €100m, a 14.5% decrease** over 2018 impacted by overdue tariff adjustments and negative FX impact (€53m). Excluding this impact, EBITDA would have grown over 30% on the back of i) the final application of the new tariff framework in April 2018, ii) tariff indexation, and iii) higher gas sales and margins.
- > In aggregate, sales and connection points for gas and electricity grew by 13.2% and 30.0% respectively in the year mainly as a consequence of the asset swap previously mentioned.





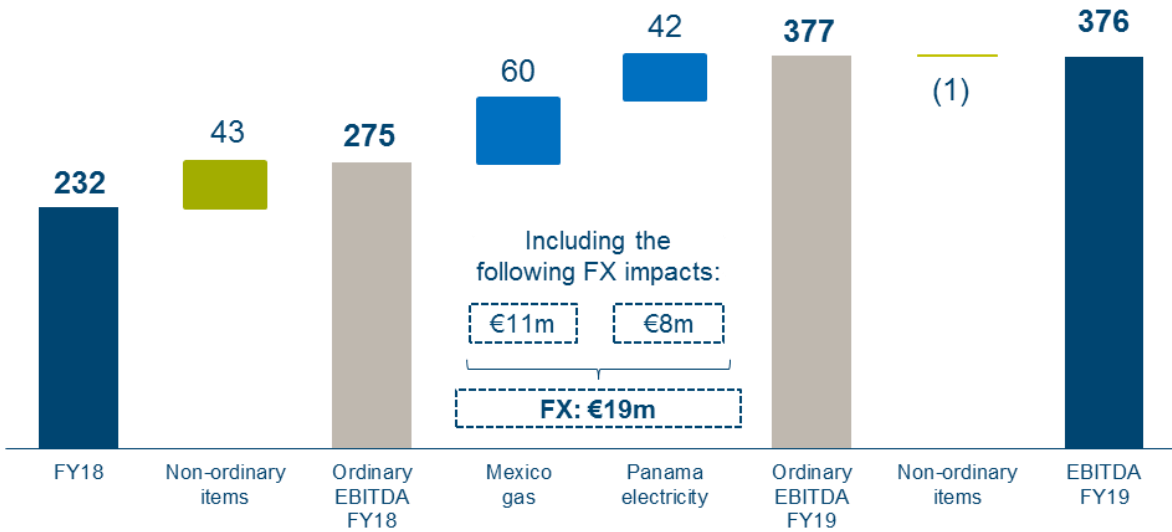
Infrastructure North LatAm

EBITDA (€m)	reported			ordinary		
	FY19	FY18	Change	FY19	FY18	Change
Mexico gas	229	161	42.2%	230	170	35.3%
Panama electricity	147	71	-	147	105	40.0%
Total	376	232	62.1%	377	275	37.1%

Please refer to Annex for additional P&L disclosure

FY19 Ordinary EBITDA amounted to €377m, up 37.1%, on the back of a good operational performance, higher demand and efficiency improvements, as well as a positive FX evolution (+€19m).

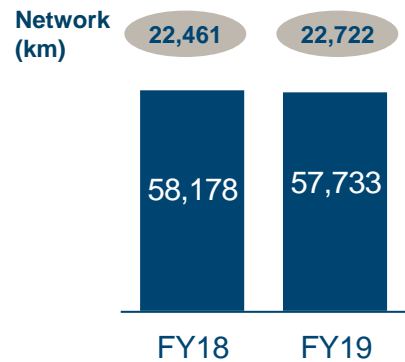
EBITDA evolution (€m)



Mexico gas

- > **FY19 Ordinary EBITDA increased 35.3% to €230m.**
- > The positive evolution of the business was driven mainly by i) tariff updates, (ii) higher capacity reservation revenues from industrial clients, iii) higher distribution margins, and iv) efficiency improvements. In addition, there was a positive €11m FX impact.
- > Connection points decreased by 7.5%, as a result of the new commercial strategy aimed at improving customer profitability.

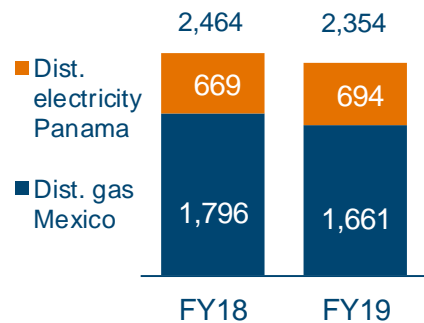
Gas sales Mexico (GWh)
(-0.8%)



Panama electricity

- > **FY19 Ordinary EBITDA amounted to €147m, 40.0% higher** than in 2018.
- > The positive evolution was due to the annual indexation under the new regulatory period (2019-2022), higher volumes sold and efficiency improvements, which more than compensated for slightly higher energy losses. A €8m positive FX impact added to the good operational performance.
- > Electricity sales and connection points grew by 3.9% and 3.7% respectively.

Connection points ('000)
(-4.5%)

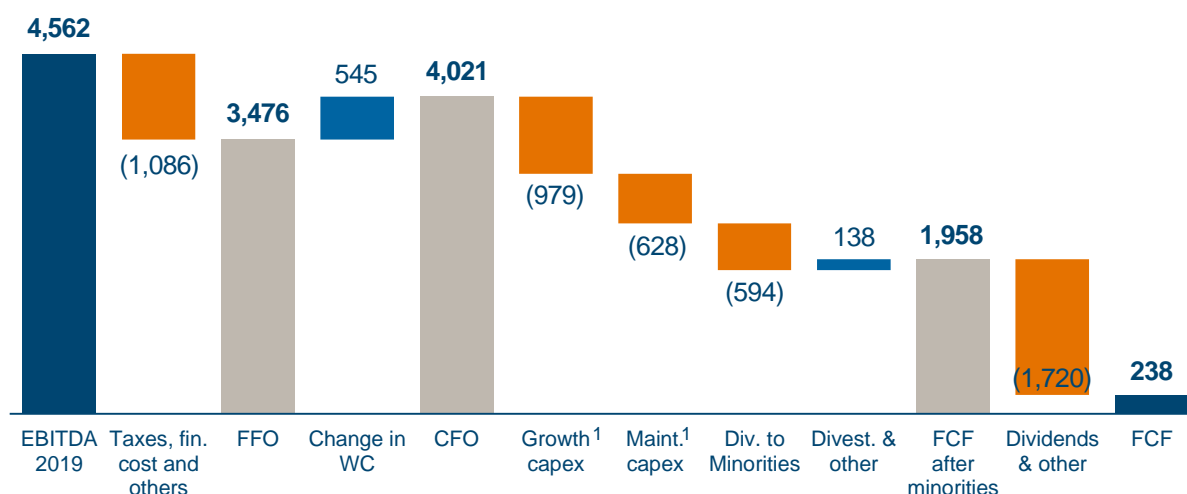


Electricity sales Panama (GWh)
(+3.9%)



5. Cash flow

Cash flow evolution (€m)



Notes:

1. Net of cessions and contributions

- > **FY19 free cash flow after minorities amounted to €1,958m.** In addition to the stronger operating results, the company experienced a positive evolution of its working capital, explained by an increased focus on working capital management as well as other seasonal circumstances occurring in the period.
- > **Free cash flow after minorities and capex** was mostly allocated to the payment of dividends (€1,307m) and the share buy back program (€405m), the balance being primarily devoted to the reduction in net debt and other effects in the period.

Capex

- > The breakdown of capex by type and business unit was as follows:

(€m)	Maintenance capex		
	FY19	FY18	Change
Gas & Power	155	137	13.1%
Infrastructures EMEA	253	225	12.4%
Infrastructures LatAm South	124	181	-31.5%
Infrastructures LatAm North	76	71	7.0%
Rest	25	69	-63.8%
Total investments	633	683	-7.3%

- > **Maintenance capex in FY19** amounted to €633m, compared to €683m in 2018, a 7.3% reduction resulting from the optimization of capex processes.

(€m)	Growth capex		
	FY19	FY18	Change
Gas & Power	623	998 ¹	-37.6%
Infrastructures EMEA	179	248	-27.8%
Infrastructures LatAm South	159	278	-42.8%
Infrastructures LatAm North	91	113	-19.5%
Rest	-	1	-
Total investments	1,052	1,638	-35.8%

Note:

1. Including €380m related to two LNG tankers in time-charter regime incorporated during 1H18 (non-cash investments)

- > **Growth capex** in the period represented over 60% of total capex and amounted to €1,052m.
- > Growth capex in FY19 includes the following:
 - A total of €418m invested during the period in the construction of different renewable projects in Spain (wind and solar), with close to 800 MW put in operation in FY19.
 - €155m invested in the development of 180 MW of wind capacity in Australia and 324 MW of wind and solar capacity in Chile that will come into operation before 3Q20 and 1Q21 respectively.

Wind farm in Extremadura (Spain)



PV plant in Toledo (Spain)



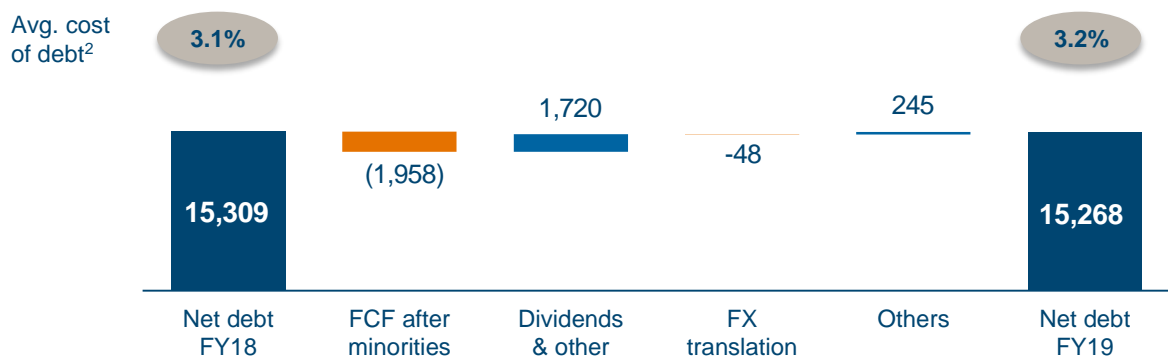
Divestments

- > On 30th July 2019, CGE, Naturgy's subsidiary in Chile, completed an asset swap in Argentina, whereby CGE transferred its 50% stake in 2 electricity distribution subsidiaries, in exchange for a 50% stake in a gas distribution company and the associated commercialization. As a result, CGE now controls and consolidates 100% of the gas distribution subsidiaries.
- > On 31 July 2019 Naturgy completed the disposal of 100% of its interests in its Moldova electricity distribution activities. The transaction valued the company's equity at €141m (including pre-closing dividends) and did not generate significant capital gains for Naturgy. The contribution of this business in 9M18 was -€56m, including a write-down of the investment for -€73m, recognized under "Income from discontinued operations" in the consolidated income statement.
- > On 1 October 2019, the group completed the disposal of Transemel, an electricity transmission subsidiary in Chile, for an equity consideration (100%) of €155m and an Enterprise Value of €182m, equivalent to approximately 23.5x EV/EBITDA 2018.

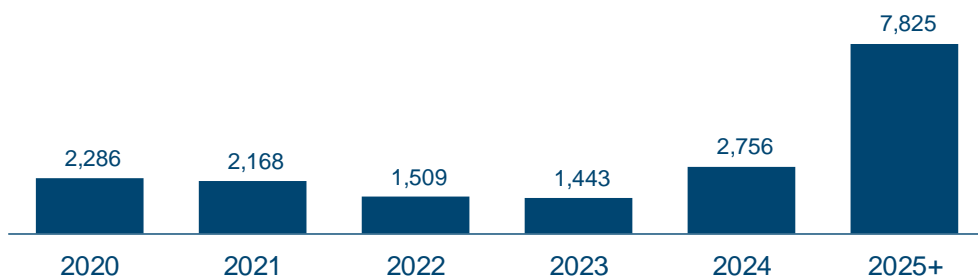
6. Financial position

- > Net debt as of 31 December 2019, under IFRS 16 criteria, stood at €15,268m, down €41m over the net debt figure as of year-end 2018¹, after the €1,712m allocated to dividend payment and share buy-back. As a result, Net Debt/LTM EBITDA declined to 3.3x from 3.8x as of 31 December 2018.
- > During FY19, the most relevant financing operations were the following:
 - A liability management exercise completed in November whereby Naturgy executed the repurchase of €653m in existing notes and simultaneously issued a new bond of €750m with a tenor of 10 years.
 - GPG formalized a new syndicated loan for USD1,5bn with 5 years maturity (extendable +2 years).
 - €500m green loan signed by Naturgy Renovables with a 7 year maturity, which has been supplemented by a €100m credit line.
 - A loan for €98m signed to finance renewable assets in Crockwell (Australia) with a 7 year maturity.
 - A credit line in Mexican pesos for an equivalent of €69m and withdrew loans for €92m with a 3 year maturity for Naturgy Mexico.
 - Renewal of different loans in Brazil and Chile for an equivalent of €74m with maturities between 2.5 and 5 years.

Net debt evolution (€m)



Gross debt maturities (€m)



Note:

1. Including debt from IFRS 16 application
2. Does not include cost from IFRS 16 debt

Credit metrics	FY19	FY18
EBITDA/Net financial debt cost	7.3	7.5
Net debt /LTM EBITDA	3.3	3.8

Financial debt by currency		Consolidated Group		Chile		Brazil	Argentina	Peru	Mexico	Panama	Holding & others
		Dic'19	Dec'18	CLP	USD	BRL	ARS	USD	MXN	USD	EUR/Others
Net financial debt	€m	15,268	15,309	1,796	27	271	(34)	63	416	611	12,118
Average cost of debt ¹	%	3.2	3.1	5.8	5.5	7.3	69.8	3.2	8.8	4.4	2.2
% fixed rated (gross debt)	%	86	87	73	48	8	17	6	48	66	96

Note:

1. Does not include cost from IFRS 16 debt

7. ESG metrics and highlights

		FY19	FY18	Change	Comments
Health and safety					
Lost time (LT) incidents (1)	units	14	16	-12,5%	Improving metric vs. FY18
LT Frequency rate (2)	units	0,12	0,12	0,0%	Stable vs. 2018 although with lower accidents and working hours and below sector average
Environment					
GHG Emissions	M tCO ₂ e	15,4	18,3	-15,8%	Coal abatement and increased renewables capacity and production vs. FY18
Emission factor	t CO ₂ /GWh	301	342	-12,0%	
Emissions-free installed capacity	%	30,1	27,5	9,5%	New renewable capacity coming into operation
Emissions-free net production	%	27,0	24,9	8,4%	
Interest in people					
Number of employees	persons	11.847	12.700	-6,7%	Perimeter changes and efficiencies
Training hours per employee	hours	25,2	49,9	-49,5%	Ratio reduction explained by the impact from a different mix of training methodologies (i.e. higher online training)
Women representation	%	32,4	31,0	4,5%	Commitment for diversity and gender equality policies
Society and integrity					
Economic value distributed	M€	21.533	23.413	-8,0%	Affected by lower purchases and external services
Notifications received by the ethics committee	units	194	199	-2,5%	Improved oversight and accountability

(1) In accordance to OSHA criteria

(2) Calculated for every 200,000 working hours

- The updated Corporate Responsibility Policy of Naturgy, approved by the BoD on January 2019, established the sustainability strategy of the group and has allowed it to position itself as a leader on key sustainability indexes and ratings.
- In addition to the mentioned policy, in may 2019 the new global Environment Policy was approved. This policy defines the principles and responsibilities for environment management through four key areas: climate change and energy transition, circular economy and Eco-efficiency, natural capital and biodiversity, and Governance and Environmental management.
- As already stated, Naturgy has continued to invest in its renewable projects. As a result, Naturgy's total installed renewable capacity has increased to 2,580MW as at the end of 2019 from 1,786MW in 2018, representing a 45% increase in renewable capacity over the period. Moreover, during the year Naturgy reduced its direct GHG emissions (CO₂) and emission factor (tCO₂/GWh) down 16% and 12% respectively, and expects additional reductions moving into the coming years.

- As already mentioned, in 2019 Naturgy has reaffirmed its position as a leader on key sustainability indexes and ratings:
 - During 2019, Naturgy has been recognized, for the third consecutive year, as the world leader by Dow Jones Sustainability World Index (DJSI) in the Gas Utilities sector, achieving the highest valuation in the three categories (economic, social and environmental) as well as in some of the specific criteria within each category, such as cybersecurity, risk management, supply chain, climate strategy, human rights and human capital development among others.
 - S&P Global and Robeco SAM have recently recognized Naturgy as Gold Class within the Gas Utilities sector in their Sustainability Yearbook 2020.
 - The company has also been recognized by the FTSE4GOOD Index, for the second year in a row, as the most sustainable company in the Utilities super sector, which encompasses gas, water and multi-utility companies.
 - Carbon Disclosure Project (CDP) has also recognized Naturgy as the world leader for its efforts against climate change and included the company in its Climate Change A List. Naturgy has obtained the highest valuation possible in this Index, recognizing its efforts towards emission reduction, mitigation of climate risk and the development of a low carbon emitting economy.
 - Moreover, Naturgy also holds leading positions in other relevant ratings and sustainability indices, including the MSCI, Euronext Vigeo, Sustainalytics and ISS-Oekom, among others.

Annexes

Annex I: Financial Statements

Consolidated income statement

(€m)	reported			ordinary		
	FY19	FY18	Change	FY19	FY18	Change
Net sales	23,035	24,339	-5.4%	23,013	24,373	-5.6%
Procurement	-16,311	-17,723	-8.0%	-16,314	-17,576	-7.2%
Gross margin	6,724	6,616	1.6%	6,699	6,797	-1.4%
Operating expenses	-1,116	-1,379	-19.1%	-1,096	-1,321	-17.0%
Personnel costs	-1,029	-1,125	-8.5%	-861	-945	-8.9%
Own work capitalised	105	115	-8.7%	105	115	-8.7%
Other operating income	238	229	3.9%	214	204	4.9%
Taxes	-360	-437	-17.6%	-393	-437	-10.1%
EBITDA	4,562	4,019	13.5%	4,668	4,413	5.8%
Other results	93	-	-	-	-	-
Depreciation, amortisation and impairment expenses	-1,658	-6,007	-72.4%	-1,601	-1,581	1.3%
Impairment of credit losses	-134	-179	-25.1%	-134	-165	-18.8%
EBIT	2,863	-2,167	-	2,933	2,667	10.0%
Financial result	-666	-685	-2.8%	-604	-666	-9.3%
Profit/(loss) of companies measured under the equity method	75	-513	-	48	59	-18.6%
Profit before taxes	2,272	-3,365	-	2,377	2,060	15.4%
Income tax	-476	779	-	-510	-469	8.7%
Income from discontinued operations	-	-10	-	-	-	-
Non-controlling interest	-395	-226	74.8%	-435	-346	25.7%
Net income	1,401	-2,822	-	1,432	1,245	15.0%

Consolidated Balance Sheet

(€m)	31/12/2019	31/12/2018
Non-current assets	32,351	32,301
Intangible assets	7,713	7,845
Property, plant and equipment	19,647	20,707
Right of use assets	1,416	-
Equity-accounted investments	731	816
Non-current financial assets	738	910
Other non-current assets	581	334
Deferred tax assets	1,525	1,689
Current assets	8,787	8,330
Non-current assets available for sale	73	202
Inventories	796	850
Trade and other accounts receivable	4,900	5,134
Other current financial assets	333	428
Cash and cash equivalents	2,685	1,716
TOTAL ASSETS	41,138	40,631

(€m)	31/12/2019	31/12/2018
Equity	13,976	14,595
Equity attributable to the parent company	10,551	10,948
Non-controlling interest	3,425	3,647
Non-current liabilities	20,439	19,029
Deferred revenues	898	863
Non-current provisions	1,264	1,125
Non-current financial liabilities	15,701	13,352
Deferred tax liabilities	2,084	2,149
Other non-current liabilities	492	1,540
Current liabilities	6,723	7,007
Liabilities linked to non-current assets available for sale	46	93
Current provisions	312	297
Current financial liabilities	2,286	2,079
Trade and other accounts payable	3,793	4,067
Other current liabilities	286	471
TOTAL LIABILITIES AND EQUITY	41,138	40,631

Summary cash flow statement

(€m)	FY19	FY18	Change
EBITDA	4,562	4,019	13.5%
Taxes	-393	-263	49.4%
Net interest cost	-666	-685	-2.8%
Other non-cash items	-27	18	-
Funds from operations	3,476	3,089	12.5%
Change in working capital	545	-208	-
Cash flow from operations	4,021	2,881	-
Growth capex	-979	-1,204	-18.7%
Maintenance capex	-628	-680	-7.6%
Divestments	303	2,607	-88.4%
Dividends to minorities	-594	-576	3.1%
Others	-165	26	-
Free cash flow after minorities	1,958	3,054	-35.9%
Dividends, share buy-back & other	-1,720	-1,736	-0.9%
Net free cash flow	238	1,318	-81.9%

Quarterly EBITDA by business unit

(€m)	1Q19	2Q19	3Q19	4Q19	2019
Gas & Power	401	239	300	501	1,441
Gas, powery and services sales	110	88	105	144	447
International LNG	109	49	38	148	344
Europe power generation	102	18	44	106	270
International power generation	80	84	113	103	380
Infrastructures EMEA	446	473	504	500	1,923
Spain gas networks	209	234	244	248	935
Spain electricity networks	159	163	180	173	675
EMPL	78	76	80	79	313
Infrastructures LatAm South	193	255	273	217	938
Chile electricity	87	76	94	96	353
Chile gas	38	80	74	46	238
Brazil gas	58	67	66	71	262
Argentina gas	10	29	35	-2	72
Argentina electricity	1	3	4	7	15
Peru gas	-1			-1	-2
Infrastructures LatAm North	101	88	91	96	376
Mexico gas	61	54	54	60	229
Panama electricity	40	34	37	36	147
Rest	-22	-24	-28	-42	-116
TOTAL EBITDA	1,119	1,031	1,140	1,272	4,562
(€m)	1Q18	2Q18	3Q18	4Q18	2018
Gas & Power	399	196	340	425	1,360
Gas, powery and services sales	81	-26	43	66	164
International LNG	156	77	114	149	496
Europe power generation	93	73	101	144	411
International power generation	69	72	82	66	289
Infrastructures EMEA	441	450	442	469	1,802
Spain gas networks	212	220	218	234	884
Spain electricity networks	157	159	154	160	630
EMPL	72	71	70	75	288
Infrastructures LatAm South	137	225	143	286	791
Chile electricity	55	69	73	46	243
Chile gas	18	69	78	46	211
Brazil gas	49	61	71	42	223
Argentina gas	11	24	-79	152	108
Argentina electricity	5	3	2		10
Peru gas	-1	-1	-1	-1	-4
Infrastructures LatAm North	60	63	71	38	232
Mexico gas	38	40	41	42	161
Panama electricity	22	23	30	-4	71
Rest	16	17	-24	-175	-166
TOTAL EBITDA	1,053	951	972	1,043	4,019

Accumulated EBITDA by business unit

(€m)	reported			ordinary			
	FY19	FY18	Change	FY19	FY18	Change	FX
Gas & Power	1,441	1,360	6.0%	1,420	1,453	-2.3%	21
Gas, pow erly and services sales	447	164	-	428	238	79.8%	-
International LNG	344	496	-30.6%	312	496	-37.1%	7
Europe pow er generation	270	411	-34.3%	313	429	-27.0%	-
International pow er generation	380	289	31.5%	367	290	26.6%	14
Infrastructures EMEA	1,923	1,802	6.7%	1,981	1,849	7.1%	16
Spain gas netw orks	935	884	5.8%	965	921	4.8%	-
Spain electricity netw orks	675	630	7.1%	703	640	9.8%	-
EMPL	313	288	8.7%	313	288	8.7%	16
Infrastructures LatAm South	938	791	18.6%	947	846	11.9%	-74
Chile electricity	353	243	45.3%	347	288	20.5%	-14
Chile gas	238	211	12.8%	239	222	7.7%	-1
Brazil gas	262	223	17.5%	263	223	17.9%	-6
Argentina gas and electricity	87	118	-26.3%	100	117	-14.5%	-53
Peru gas	-2	-4	-50.0%	-2	-4	-50.0%	-
Infrastructures LatAm North	376	232	62.1%	377	275	37.1%	19
Mexico gas	229	161	42.2%	230	170	35.3%	11
Panama electricity	147	71	-	147	105	40.0%	8
Rest	-116	-166	-30.1%	-57	-10	-	-
TOTAL EBITDA	4,562	4,019	13.5%	4,668	4,413	5.8%	-18

Results by business unit

1. Gas & Power

Gas, power & services sales (€m)	FY19	FY18	Change
Net sales	11,420	13,064	-12.6%
Procurement	-10,660	-12,428	-14.2%
Gross margin	760	636	19.5%
Other operating income	28	10	-
Personnel expenses	-118	-134	-11.9%
Taxes	-13	-63	-79.4%
Other operating expenses	-210	-285	-26.3%
EBITDA	447	164	-
Depreciation, provisions and other results	-142	-139	2.2%
EBIT	305	25	-

International LNG (€m)	FY19	FY18	Change
Net sales	3,018	3,529	-14.5%
Procurement	-2,652	-3,003	-11.7%
Gross margin	366	526	-30.4%
Other operating income	17	2	-
Personnel expenses	-25	-23	8.7%
Taxes	-1	-	-
Other operating expenses	-13	-9	44.4%
EBITDA	344	496	-30.6%
Depreciation, provisions and other results	-133	-75	77.3%
EBIT	211	421	-49.9%

Europe power generation (€m)	FY19	FY18	Change
Net sales	1,701	2,050	-17.0%
Procurement	-891	-1,091	-18.3%
Gross margin	810	959	-15.5%
Other operating income	14	16	-12.5%
Personnel expenses	-138	-140	-1.4%
Taxes	-222	-247	-10.1%
Other operating expenses	-194	-177	9.6%
EBITDA	270	411	-34.3%
Depreciation, provisions and other results	-282	-4,279	-93.4%
EBIT	-12	-3,868	-99.7%

International power generation (€m)	FY19	FY18	Change
Net sales	921	917	0.4%
Procurement	-449	-527	-14.8%
Gross margin	472	390	21.0%
Other operating income	13	10	30.0%
Personnel expenses	-38	-39	-2.6%
Taxes	-4	-3	33.3%
Other operating expenses	-63	-69	-8.7%
EBITDA	380	289	31.5%
Depreciation, provisions and other results	-158	-152	3.9%
EBIT	222	137	62.0%

2. Infrastructure EMEA

Spain gas networks (€m)	FY19	FY18	Change
Net sales	1,237	1,254	-1.4%
Procurement	-74	-75	-1.3%
Gross margin	1,163	1,179	-1.4%
Other operating income	38	40	-5.0%
Personnel expenses	-98	-118	-16.9%
Taxes	-25	-28	-10.7%
Other operating expenses	-143	-189	-24.3%
EBITDA	935	884	5.8%
Depreciation, provisions and other results	-301	-320	-5.9%
EBIT	634	564	12.4%

Spain electricity networks (€m)	FY19	FY18	Change
Net sales	880	855	2.9%
Procurement	-	-	-
Gross margin	880	855	2.9%
Other operating income	18	26	-30.8%
Personnel expenses	-92	-94	-2.1%
Taxes	-30	-30	-
Other operating expenses	-101	-127	-20.5%
EBITDA	675	630	7.1%
Depreciation, provisions and other results	-249	-252	-1.2%
EBIT	426	378	12.7%

EMPL (€m)	FY19	FY18	Change
Net sales	334	310	7.7%
Procurement	-	-	-
Gross margin	334	310	7.7%
Other operating income	-	-	-
Personnel expenses	-7	-6	16.7%
Taxes	-	-	-
Other operating expenses	-15	-16	-6.3%
EBITDA	313	288	8.7%
Depreciation, provisions and other results	-36	-44	-18.2%
EBIT	277	244	13.5%

3. Infrastructure LatAm South

Chile electricity (€m)	FY19	FY18	Change
Net sales	2,214	2,137	3.6%
Procurement	-1,649	-1,592	3.6%
Gross margin	565	545	3.7%
Other operating income	26	24	8.3%
Personnel expenses	-86	-128	-32.8%
Taxes	-6	-7	-14.3%
Other operating expenses	-146	-191	-23.6%
EBITDA	353	243	45.3%
Depreciation, provisions and other results	-64	-166	-61.4%
EBIT	289	77	-

Chile gas (€m)	FY19	FY18	Change
Net sales	746	738	1.1%
Procurement	-438	-441	-0.7%
Gross margin	308	297	3.7%
Other operating income	6	5	20.0%
Personnel expenses	-29	-29	-
Taxes	-3	-2	50.0%
Other operating expenses	-44	-60	-26.7%
EBITDA	238	211	12.8%
Depreciation, provisions and other results	-70	-57	22.8%
EBIT	168	154	9.1%

Brazil gas (€m)	FY19	FY18	Change
Net sales	1,815	1,565	16.0%
Procurement	-1,458	-1,217	19.8%
Gross margin	357	348	2.6%
Other operating income	35	39	-10.3%
Personnel expenses	-27	-31	-12.9%
Taxes	-5	-4	25.0%
Other operating expenses	-98	-129	-24.0%
EBITDA	262	223	17.5%
Depreciation, provisions and other results	-71	-75	-5.3%
EBIT	191	148	29.1%

Argentina gas (€m)	FY19	FY18	Change
Net sales	554	513	8.0%
Procurement	-385	-316	21.8%
Gross margin	169	197	-14.2%
Other operating income	35	31	12.9%
Personnel expenses	-22	-15	46.7%
Taxes	-31	-22	40.9%
Other operating expenses	-79	-83	-4.8%
EBITDA	72	108	-33.3%
Depreciation, provisions and other results	-24	-15	60.0%
EBIT	48	93	-48.4%

Argentina electricity (€m)	FY19	FY18	Change
Net sales	139	123	13.0%
Procurement	-89	-70	27.1%
Gross margin	50	53	-5.7%
Other operating income	5	-	-
Personnel expenses	-8	-9	-11.1%
Taxes	-15	-21	-28.6%
Other operating expenses	-17	-13	30.8%
EBITDA	15	10	50.0%
Depreciation, provisions and other results	0	-1	-
EBIT	15	9	66.7%

4. Infrastructure LatAm North

Mexico gas (€m)	FY19	FY18	Change
Net sales	635	596	6.5%
Procurement	-345	-352	-2.0%
Gross margin	290	244	18.9%
Other operating income	14	10	40.0%
Personnel expenses	-23	-28	-17.9%
Taxes	0	-1	-
Other operating expenses	-52	-64	-18.8%
EBITDA	229	161	42.2%
Depreciation, provisions and other results	-67	-79	-15.2%
EBIT	162	82	97.6%

Panama electricity (€m)	FY19	FY18	Change
Net sales	891	771	15.6%
Procurement	-695	-644	7.9%
Gross margin	196	127	54.3%
Other operating income	4	3	33.3%
Personnel expenses	-10	-13	-23.1%
Taxes	-4	-5	-20.0%
Other operating expenses	-47	-41	14.6%
EBITDA	147	71	-
Depreciation, provisions and other results	-47	-39	20.5%
EBIT	100	32	-

Capex

Growth capex (€m)	FY19	FY18	Change
Gas & Power	623	998	-37.6%
Gas, power & services sales	47	59	-20.3%
International LNG	1	380	-99.7%
Europe power generation	420	385	9.1%
International power generation	155	174	-10.9%
Infrastructures EMEA	179	248	-27.8%
Spain gas networks	119	194	-38.7%
Spain electricity networks	60	54	11.1%
EMPL	-	-	-
Infrastructures LatAm South	159	278	-42.8%
Chile electricity	62	97	-36.1%
Chile gas	69	114	-39.5%
Brazil gas	20	34	-41.2%
Argentina gas	6	15	-60.0%
Argentina electricity	-	5	-
Peru gas	2	13	-84.6%
Infrastructures LatAm North	91	113	-19.5%
Mexico gas	35	60	-41.7%
Panama electricity	56	53	5.7%
Rest	-	1	-
Total investments	1,052	1,638	-35.8%

Maintenance capex (€m)	FY19	FY18	Change
Gas & Power	155	137	13.1%
Gas, power & services sales	8	2	-
International LNG	1	-	-
Europe power generation	92	77	19.5%
International power generation	54	58	-6.9%
Infrastructures EMEA	253	225	12.4%
Spain gas networks	48	46	4.3%
Spain electricity networks	200	174	14.9%
EMPL	5	5	-
Infrastructures LatAm South	124	181	-31.5%
Chile electricity	49	110	-55.5%
Chile gas	7	17	-58.8%
Brazil gas	30	26	15.4%
Argentina gas	33	26	26.9%
Argentina electricity	5	2	-
Peru gas	-	-	-
Infrastructures LatAm North	76	71	7.0%
Mexico gas	23	21	9.5%
Panama electricity	53	50	6.0%
Rest	25	69	-63.8%
Total investments	633	683	-7.3%

Annex II: Regulatory disclosures

Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since 9M19 results' presentation:

- Naturgy discloses information on earnings for the third quarter of 2019 (disclosed 30 October 2019, registration number 283028).
- Naturgy files the presentation on earnings for the first nine months of 2019 (disclosed 30 October 2019, registration number 283037).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between October 28 and November 1, 2019 (disclosed 4 November 2019, registration number 283248).
- Criteria Caixa, G3T and BCN Godia shareholder's agreement resolution (disclosed 8 November 2019, registration number 283453).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between November 4 and 8, 2019 (disclosed 11 November 2019, registration number 283476).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between November 11 and 15, 2019 (disclosed 18 November 2019, registration number 283728).
- Naturgy discloses information on the tender offer for notes (disclosed 19 November 2019, registration number 283773 and 283776).
- Naturgy completes an €750 million bond issue (disclosed 19 November 2019, registration number 283782).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between November 18 and 22, 2019 (disclosed 25 November 2019, registration number 283889).
- Naturgy discloses the indicative results of the notes-repurchase offer (disclosed 27 November 2019, registration number 283945).
- Naturgy discloses the results of the notes-repurchase offer (disclosed 27 November 2019, registration number 283967).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between November 25 and 29, 2019 (disclosed 2 December 2019, registration number 284053).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between December 2 and 6, 2019 (disclosed 9 December 2019, registration number 284276).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between December 9 and 13, 2019 (disclosed 16 December 2019, registration number 284518).

Annex II: Regulatory disclosures

- > Naturgy reports the transactions carried out by the Company under its Share buy-back programme between December 16 and 20, 2019 (disclosed 23 December 2019, registration number 285193).
- > Naturgy reports the transactions carried out by the Company under its Share buy-back programme between December 23 and 27, 2019 (disclosed 30 December 2019, registration number 285525).
- > Naturgy reports the transactions carried out by the Company under its Share buy-back programme between December 30, 2019 and January 3, 2020 (disclosed 06 January 2020, registration number 285619).
- > Naturgy reports the transactions carried out by the Company under its Share buy-back programme between January 6 and 10, 2020 (disclosed 13 January 2020, registration number 285856).
- >
- > Naturgy communicates to Moody's Investors Service its decision not to renew its credit rating contract (disclosed 17 January 2020, registration number 285991).
- > Naturgy reports the transactions carried out by the Company under its Share buy-back programme between January 13 and 17, 2020 (disclosed 20 January 2020, registration number 285998).
- > Naturgy reports the transactions carried out by the Company under its Share buy-back programme between January 20 and 24, 2020 (disclosed 27 January 2020, registration number 286217).

Additional regulatory disclosures can be found at:

www.cnmv.es

www.naturgy.com

Annex III: Glossary of terms

Naturgy's financial disclosures contain magnitudes and metrics drafted in accordance with International Financial Reporting Standards (IFRS) and others that are based on the Group's disclosure model, referred to as Alternative Performance Metrics (APM), which are viewed as adjusted figures with respect to those presented in accordance with IFRS. Below is a glossary of terms with the definition of the APMs.

Alternative performance metrics	Definition and terms	Reconciliation of values		Relevance of use
		31 December 2019	31 December 2018	
Ebitda	Operating profit (2)	Euros 4,562 million	Euros 4,019 million	Measure of earnings before interest, taxes, depreciation and amortisation and provisions
Ordinary Ebitda	Ebitda - Non-ordinary items	Euros 4,668 million = Euros 4,562 million + 106	Euros 4,413 million = Euros 4,019 million + 394	Ebitda corrected of impacts like restructuring costs and other non-ordinary items considered relevant for a better understanding of the underlying results of the Group.
OPEX	Personal expenses ⁽⁴⁾ + Own work capitalised ⁽⁴⁾ + Other operating expenses (without Taxes) ⁽⁴⁾ . Concession construction or improvements services (IFRIC 12) that are also registered as an income ⁽⁴⁾	Euros 2,078 million = 924 + 105 + 1,476 - 360 - 67	Euros 2,436 million = 1,010 + 115 + 1,816 - 437 - 68	Amount registered in the income statement regarding to operating expenses, without considering the ones matched with income of the same amount and Taxes
Ordinary Net income	Attributable net income of the period (2) - Non-ordinary items	Euros 1,432 million = 1,401 + 31	Euros 1,245 million = 2,822 + 4,067	Attributable Net Income corrected of impacts like assets write-down, discontinued operations, restructuring costs and other non-ordinary items considered relevant for a better understanding of the underlying results of the Group.
Investments (CAPEX)	Investments in intangible assets (4) + Investments in property, plant & equipment (4)	Euros 1,685 million = 222 + 1,463	Euros 2,321 million = 281 + 2,040	Realised investments in property, plant & equipment and intangible assets.
Net Investments	CAPEX (5) + Financial investments net from divestments (6) - Other proceeds/(payments) of investments activities (6)	Euros 1,303 million = 1,685 - 303 - 79	Euros -284 million = 2,321 - 2,548 - 57	Total investments net of the cash received from divestments and other investing receipts.
Gross financial debt ⁽⁷⁾	Non-current financial liabilities (1) + "Current financial liabilities" (1)	Euros 17,987 million = 15,701 + 2,286	Euros 17,073 million = 13,352 + 2,079 + 1,642	Current and non-current financial debt
Net financial debt	Gross financial debt (5) - "Cash and cash equivalents" (1) - "Derivative financial assets" (4)	Euros 15,268 million = 17,987 - 2,685 - 34	Euros 15,309 million = 17,073 - 1,716 - 48	Current and non-current financial debt less cash and cash equivalents and derivative financial assets
Leverage (%)	Net financial debt (5) / (Net financial debt (5) + "Net equity" (1))	52.2% = 15,268 / (15,268 + 13,976)	51.2% = 15,309 / (15,309 + 14,595)	The ratio of external funds over total funds
Cost of net financial debt	Cost of financial debt (4) - "Interest revenue" (4)	Euros 626 million = 652 - 26	Euros 583 million = 557 - 19	Amount of expense relative to the cost of financial debt less interest revenue
Ebitda/Cost of net financial debt	Ebitda (5) / Cost of net financial debt (5)	7.3x = 4,562 / 626	7.5x = 4,019 / 538	Ratio between Ebitda and net financial debt
Net financial debt/LTM Ebitda	Net financial debt (5) / Ebitda in the last four quarters (5)	3.3x = 15,268 / 4,562	3.8x = 15,309 / 4,019	Ratio between net financial debt and Ebitda
Net financial debt/LTM Ordinary Ebitda	Net financial debt (5) / Ordinary Ebitda in the last four quarters (5)	3.3x = 15,268 / 4,668	3.5x = 15,309 / 4,413	Ratio between net financial debt and Ordinary Ebitda
Market capitalisation	Number of shares (in '000) outstanding at the end of period ⁽⁶⁾ * Market price at the end of period ⁽⁶⁾	Euros 22,044 million = 984,122 * euros 22.40	Euros 22,275 million = 1,000,689 * euros 22.26	Measure of the company's total value based on its share price
Free Cash Flow after minorities	Free Cash Flow (5) + Dividends and other (4) + Acquisitions of treasury shares (4) + Inorganic investments payments (4)	Euros 1,958 million = 238 + 1,307 + 405 + 8	Euros 3,054 million = 1,318 + 1,400 + 309 + 27	Cash flow generated by the Company available to pay to the shareholders (dividends or treasury shares), the payment of inorganic investments and debt payments.
Free Cash Flow	Cash flow generated from operating activities (3) + Cash flows from investing activities (3) + Cash flow generated from financing activities (3) - Receipts and payments on financial liability instruments (3)	Euros 238 million = 4,021 - 1,456 - 1,599 - 728	Euros 1,318 million = 2,881 - 617 - 3,759 + 2,813	Cash flow generated by the Company available to pay the debt.

(1) Consolidated balance sheet line item

(2) Consolidated income statement line item

(3) Consolidated statement of cash flows line item

(4) Figure detailed in the notes to the consolidated financial statements

(5) Figure detailed in the Alternative Performance Metrics (APM).

(6) Figure detailed in the Directors' Report

Annex IV: Contact details

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Annex V: Disclaimer

This document is the property of Naturgy Energy Group, S.A. (Naturgy) and has been prepared for information purposes only.

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This document includes certain alternative performance measures ("APMs"), as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority in October 2015. For further information about this matter please refer to this presentation and to the corporate website (www.naturgy.com).

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