9M20 Results

28 October 2020

Naturgy

Contents

1. Executive summary

	reported			ordinary		
(€m)	9M20	9M19	Change	9M20	9M19	Change
EBITDA	2,774	3,325[1]	-16.6%	3,002	3,416	-12.1%
Net income	490	901	-45.6%	696	1,007	-30.9%
Capex	827	1,120	-26.2%	-	-	-
Net debt	14,727	15,268[2]	-3.5%	-	-	-
Free cash flow after minorities	1,327	1,553	-14.6%	-	-	-

Note:
1. Restated. 2. As of 31/12/2019

Summary – 9M20 results

The COVID-19 has impacted the third quarter of 2020. Power and gas demand across geographies experienced a mild recovery compared to the second quarter but remained below comparable levels vs. the previous the year, and Latin American currencies continued to depreciate vs. the Euro.

The energy scenario remained challenging during the third quarter of 2020, with continued pressure on gas prices and the loss of competitiveness in gas procurement conditions in the liberalized activities which were also affected by one-off costs linked to the recent gas procurement contract renegotiations.

The 9M20 results were also impacted by the new regulatory framework and lower remuneration in electricity distribution Spain, as well as by the volume capacity step down in the EMPL, effective since February 2020.

As a result, ordinary EBITDA stood at €3,002m in 9M20, down 12.1% vs. previous year, while ordinary Net Income reached €696m in the period, down 30.9% vs. 9M19. The company is nevertheless on track to deliver on its €4.0bn ordinary EBITDA guidance for 2020.

Total capex amounted to €827m in the period, down 26.2% vs. previous year. This reduction was mainly due to the lower growth investments in Spanish gas networks as a result of months of confinement and a temporary slowdown in renewable developments in Spain.

As of 30 September 2020, Net debt amounted to €14,727m, after the €1,062m used for shareholder remuneration during the period. As a result Net debt / LTM EBITDA stood at 3.6x compared to 3.3x as of 31 December 2019.

Regaining competitiveness in gas procurement and supply

During the first 9 months of the year Naturgy progressed in its gas procurement contract renegotiations with its gas suppliers in order to reduce its risk profile, increase its flexibility and improve its price indexation parameters to bring the gas procurement contracts closer to the current market conditions and improve its commercial competitiveness.

Until today, contracts accounting for over 50% of committed volumes have already been reviewed. The company continues negotiations with the rest of its suppliers and expects new agreements before year end.

The improved gas procurement conditions, together with the recovery of gas demand primarily driven by China, should support the recent improvement of the outlook for gas demand and prices on a global scale.

Furthermore on the supply side, Naturgy has recently reached an agreement to extend its long term LNG supply contract with PREPA (Puerto Rico Electric Power Authority). The agreement reached extends the contract until 2032, increases the annual volumes to 2bcm, with the possibility of reaching up to 3bcm, and modifies its price formula to a 100% indexation to the Henry Hub. As a result, Naturgy's long-term open LNG exposure is reduced, achieving a more balanced procurement and supply indexation.

Further Steps in Renewables

Naturgy also made solid progress on its renewable development plans and recently reached two attractive agreements in Australia. First, a 218 MW wind farm located at Victoria State which will start operations in 2H22, consisting of a 15 year PPA contract with the retailer Snow Hydro. Second, the award of a 107 MW wind farm and a 20 MWh battery energy storage system by the Australian Capital Territory (ACT) at a regulated tariff, expected to start operations in 2H22. With the new projects, Naturgy increased its installed capacity in Australia by more than 50% above 600MW and confirmed its commitment to renewables growth.

Delivering on shareholder remuneration

During the third quarter of 2020, Naturgy completed the cash payment of its 1st interim dividend for 2020 amounting to €0.31/share and has established the payment of its 2nd interim dividend for 2020 of €0.50/share on 11 November 2020.

Moreover, and further to its commitment with shareholders, Naturgy completed the cancellation of 14,508,345 shares, with a nominal value of 1€ each. As of today, the share capital of the company stands at 969.613.801 shares of 1 euro of face value each.

COVID-19 update

Macroeconomic growth and energy demand

The COVID-19 has posed significant challenges to business activities and introduced a high degree of uncertainty on economic activity and energy demand on a global scale.

The evolution of GDP estimates for 2020 has gradually deteriorated as a result of the spread of COVID-19 and the subsequent economic lockdown measures undertaken on a global scale. According to the latest available consensus estimates, 2020 GDP growth is expected to experience a contraction of -3.9%, -8.0% and -4.0% for the World, the Eurozone and the USA respectively.

The slowdown in economic activity has had a significant impact on the evolution of electricity and gas demand globally and thereby on the various regions where the Group operates. In particular, electricity and gas demand in Spain decreased on average by 6.6% and 8.0% respectively during the first nine months of the year when compared to previous year. Similarly, electricity and gas demand across the Latin American regions where the Group operates experienced a decrease on average of 2.3% and 12.6% respectively, during the first nine months of the year compared to the previous year.

Furthermore and since the appearance of the COVID-19, LatAm currencies have significantly depreciated against EUR and its evolution from here remains uncertain. This had a negative effect of €151m and €38m on the consolidated Group ordinary EBITDA and Net Income respectively during the period and compared to the previous year.

Evolution of commodity prices

Lower energy consumption caused by the coronavirus pandemic and uncertainty around Brent production cuts of major producers globally has translated into significant volatility and an unprecedented decline of commodity prices across key references, including a decrease of gas prices on major gas hubs (HH and NBP have decreased on average by 30% and 46% respectively during 9M20 vs. 9M19) as well as a decrease in wholesale electricity prices (Spanish pool has decreased by 36% on average during the first nine months of the year compared to the average of 9M19).

2. Key comparability factors and non-ordinary items

Perimeter changes

Since 30 June 2020 the coal generation in Spain and gas distribution activity in Peru are reported as **discontinued operations**.

The **main transactions completed in 2020 with an impact in comparability** in the 9M20 vs. 9M19 results are the following:

- On January 2020 Naturgy completed the sale of 47.9% of Ghesa Ingeniería y Tecnología, S.A.
- On October 2019, Naturgy reached an agreement to acquire a 34.05% stake in Medgaz through a special purpose vehicle (SPV) opened to a financial partner. Naturgy signed an agreement with BlackRock's Global Energy & Power Infrastructure Fund (GEPIF) in which, at Naturgy's option, GEPIF would acquire a 50% stake in the SPV at the same price at which the Medgaz stake was agreed to be purchased. On 1 April 2020, following the authorization received from the CNMC for the acquisition of the 34.05% stake in Medgaz, Naturgy exercised the option it had arranged with GEPIF. After the acquisition of the aforementioned stake and the fulfillment of the rest of conditions, on July 2020 the transaction was completed.
- On April 2020, Naturgy completed the sale of Iberafrica Power in Kenya.

The **main transactions completed in 2019 with an impact in comparability** in the 9M20 vs. 9M19 results are the following:

- On April 2019 Naturgy completed the sale of 45% of its interests in its associated affiliate Torre Marenostrum, S.L. to Inmobiliaria Colonial, generating capital gains of €20m.
- On July 2019, CGE, Naturgy's subsidiary in Chile, completed an asset swap in Argentina, whereby CGE now controls and consolidates 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.
- On October 2019, the group completed the disposal of Transemel, an electricity transmission subsidiary in Chile.

Non-ordinary items

Non-ordinary items are summarized below:

	EBITDA		Net income	
(€m)	9M20	9M19	9M20	9M19
Restructuring costs	-177	-117	-129	-86
Asset write-down	-	-	-	-20
Regulatory fines	-7	-20	-4	-20
Provisions reversal	-	35	-	22
Sales of land and buildings	2	11	1	8
Procurement agreements	-29	-	-22	-
Discontinued operations	-	-	-49	-30
Other	-17	-	-3	20
Total non ordinary items	**-228**	**-91**	**-206**	**-106**

At the EBITDA level, non-ordinary impacts in 9M20 amounted to -€228m, corresponding mostly to restructuring costs derived from the implementation of the efficiency plan (-€177m) and upfront costs from gas contract renegotiations (-€29m).

At the Net Income level, non-ordinary items in 9M20 amounted to -€206m. In addition to the restructuring costs and renegotiation costs previously mentioned (-€129m and -€22m respectively), there was a -€49m impact in discontinued operations.

Foreign exchange impact

Exchange rate fluctuations in the period are summarized below:

	Avg. 9M20	Change (%)	FX effect (€m)	
			EBITDA	Net income
USD/€	1.12	-	-	-
MXN/€	24.38	12.7%	-19	-5
BRL/€	5.67	30.0%	-48	-12
ARS/€ [1]	89.12	42.8%	-30	-10
CLP/€	898.40	16.6%	-52	-10
Other	-	-	-2	-1
Total	**-**	**-**	**-151**	**-38**

Note:
1. Exchange rate as at 30 September 2020 as a consequence of considering Argentina as an hyperinflationary economy

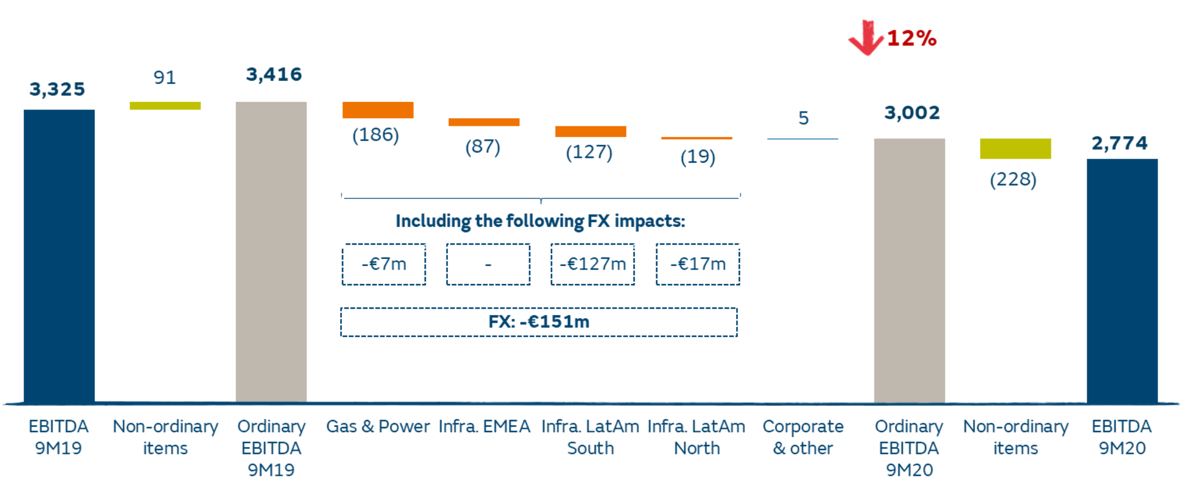
3. Consolidated results

(€m)	reported			ordinary		
	9M20	9M19	Change	9M20	9M19	Change
Net sales	12,795	17,052	-25.0%	12,795	17,052	-25.0%
EBITDA	**2,774**	**3,325**	**-16.6%**	**3,002**	**3,416**	**-12.1%**
Other results	12	20	-40.0%	-	-	-
Depreciation, amortisation and impairment expenses	-1,178	-1,189	-0.9%	-1,178	-1,169	0.8%
Impairment of credit losses	-151	-113	33.6%	-151	-113	33.6%
EBIT	**1,457**	**2,043**	**-28.7%**	**1,673**	**2,134**	**-21.6%**
Financial result	-423	-476	-11.1%	-423	-476	-11.1%
Profit/(loss) of companies measured under the equity method	19	34	-44.1%	19	34	-44.1%
Income tax	-242	-345	-29.9%	-294	-357	-17.6%
Income from discontinued operations	-49	-30	63.3%	-	-	-
Non-controlling interest	-272	-325	-16.3%	-279	-328	-14.9%
Net income	**490**	**901**	**-45.6%**	**696**	**1,007**	**-30.9%**

Net sales totaled **€12,795m** in 9M20, **25.0%** below 9M19, mainly as a result of lower energy demand caused by the COVID-19 outbreak, as well as lower energy prices in the period. Furthermore, macro uncertainty caused by COVID-19 continued to have a negative impact on the evolution of LatAm currencies as shown in the chart below.

As a result of the above, consolidated ordinary **EBITDA reached €3,002m** in 9M20, **down 12.1%**. On the positive side, Infrastructures EMEA showed resilience to the regulatory and lower activity impacts, Europe power generation continued to grow, supported by the higher contribution from renewable assets, and International power generation remained relatively stable despite lower sales in the merchant segment.

EBITDA evolution (€m)



Naturgy

	reported			ordinary		
(€m)	**9M20**	**9M19**	**Change**	**9M20**	**9M19**	**Change**
Gas & Power	696	974	-28.6%	796	982	-19.0%
Infrastructure EMEA	1,316	1,423	-7.5%	1,393	1,480	-5.9%
Infrastructure LatAm South	579	722	-19.8%	590	717	-17.7%
Infrastructure LatAm North	260	280	-7.1%	262	281	-6.8%
Rest	-77	-74	4.1%	-39	-44	-11.4%
Total	**2,774**	**3,325**	**-16.6%**	**3,002**	**3,416**	**-12.1%**

The **financial result amounted to -€423m,** down 11.1%. This reduction is mainly explained by the continued debt optimization efforts, liability management exercises carried out in the period, and FX. As a result, the **average cost of gross financial debt**[1] for 9M20 improved to **2.7%** vs. 3.2% in 9M19. **81%** of gross debt is at fixed rates and **30%** is denominated in foreign currency.

	reported		
Financial result (€m)	**9M20**	**9M19**	**Change**
Cost of net financial debt	-425	-468	-9.2%
Other financial expenses/income	2	-8	-
Total	**-423**	**-476**	**-11.1%**

Note:
1. Cost from IFRS 16 debt not included

Equity-accounted affiliates contributed €19m in 9M20 according to the following detail:

	reported		
Profit/(loss) of companies measured under the equity method	**9M20**	**9M19**	**Change**
UF Gas sub-group	-23	-35	-34.3%
Electricity Puerto Rico	32	37	-13.5%
CGE sub-group	7	20	-65.0%
Others	3	12	-75.0%
Total	**19**	**34**	**-44.1%**

The **effective tax rate** as of 30 September 2020, based on the best estimate for the full year, stood at **23.0%**, higher than in 9M19 (21.5%).

Contribution from **discontinued operations stood at -€49m in 9M20** following the restatement of gas distribution activities in Peru (-€12m) and coal generation in Spain (-€37m) into discontinued operations, as shown below:

	reported		
Income from discontinued operations (€m)	**9M20**	**9M19**	**Change**
Peru	-12	-5	-
Coal generation Spain	-37	-25	48.0%
Total	**-49**	**-30**	**63.3%**

Income attributed to non-controlling interests amounted to -€272m in 9M20 as detailed below:

	reported		
Income attributed to non-controlling interests (€m)	**9M20**	**9M19**	**Change**
EMPL	-31	-46	-32.6%
Nedgia	-55	-61	-9.8%
Other affiliates[1]	-141	-173	-18.5%
Other equity instruments	-45	-45	-
Total	**-272**	**-325**	**-16.3%**

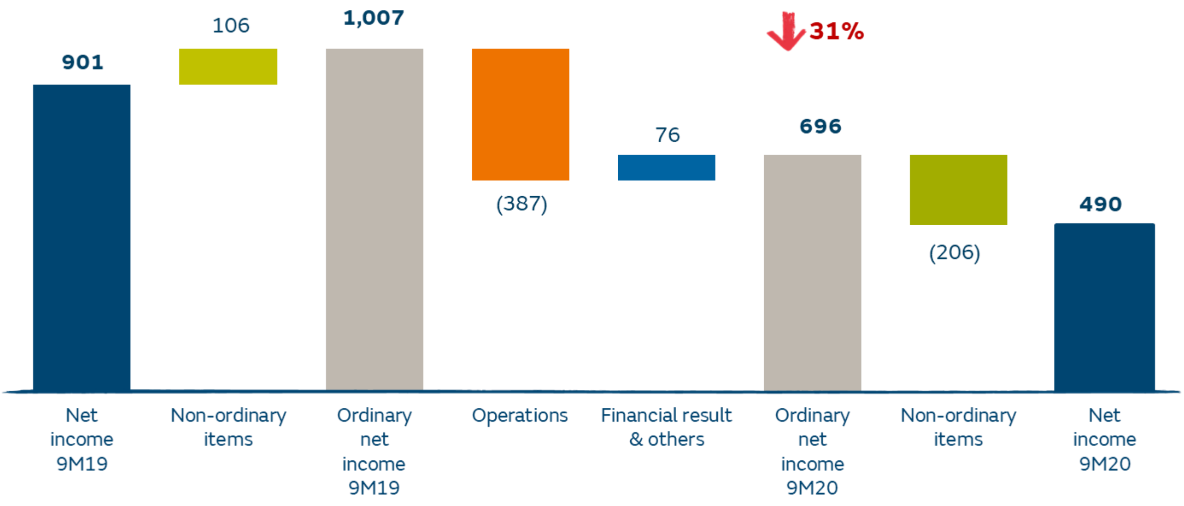
Notes:
1. Including International Power Generation, gas distribution companies in Chile, Brazil, Mexico and Argentina, and the electricity distribution companies in Chile and Panama

The decrease in EMPL and Nedgia followed the lower contribution of both activities during the period, i.e. the capacity step down effective since February 2020 in the EMPL, and the lower demand in gas distribution Spain, impacted by the COVID-19 pandemic.

The other equity instruments caption includes the accrued interest on perpetual subordinated notes (hybrids).

Net ordinary income in 9M20 amounted to €696m, down 30.9% compared to previous year.

Net Income evolution (€m)



4. Results by business unit

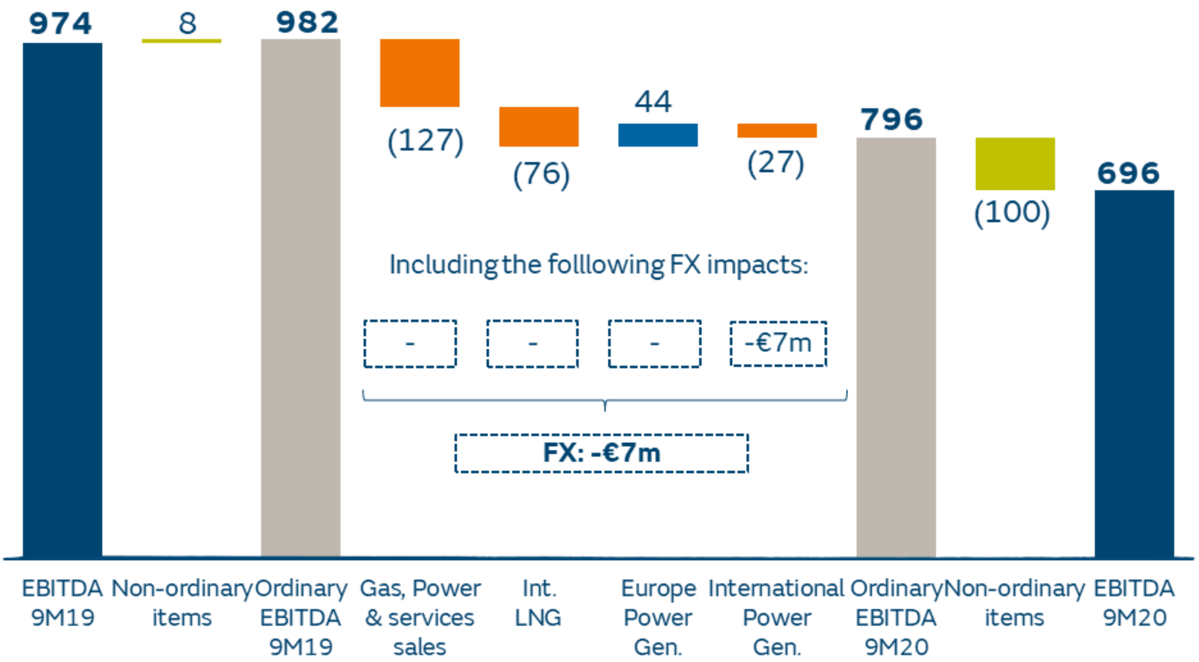
Gas & Power

	reported			ordinary		
EBITDA (€m)	**9M20**	**9M19**	**Change**	**9M20**	**9M19**	**Change**
Gas, power and services sales	115	303	-62.0%	170	297	-42.8%
International LNG	90	196	-54.1%	122	198	-38.4%
Europe power generation	255	198	28.7%	267	223	19.6%
International power generation	236	277	-14.8%	237	264	-10.2%
Total	**696**	**974**	**-28.6%**	**796**	**982**	**-19.0%**

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA declined 19.0% during the period, driven by lower demand and energy prices, impacting Gas, power and services sales, as well as International LNG. On the positive side, Europe power generation grew supported by the higher contribution from renewable assets, while International power generation has remained relatively stable despite lower sales in the merchant segment.

EBITDA evolution (€m)



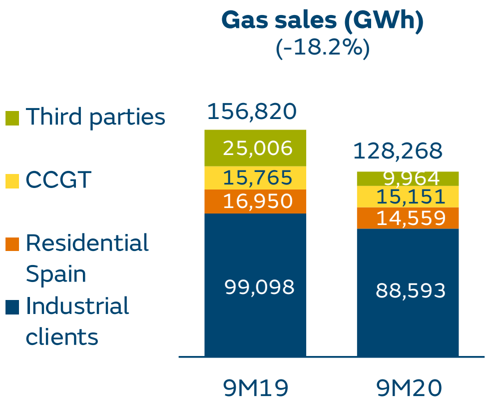
Gas, power & services sales

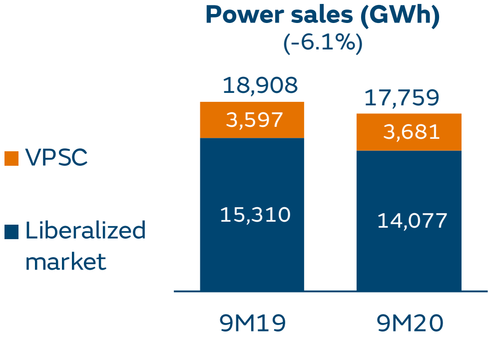
Ordinary EBITDA reached €170m in 9M20, 42.8% lower than in 9M19. Lower gas and electricity demand, and lower gas margins in all segments, affected by a very depressed gas price environment, were only partially compensated by higher margins in power supply on the back of lower pool prices, as well as by operational improvements.

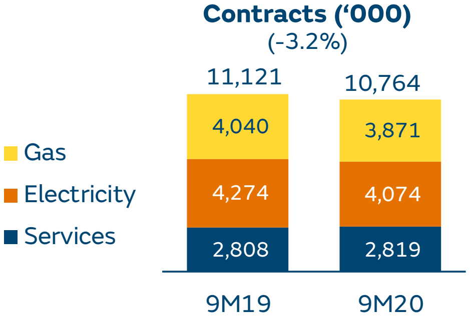
Gas sales declined by 18.2% in 9M20, notably in sales to third parties and industrial clients (-60.2% and -10.6% respectively) impacted by COVID-19, as well as retail sales (-14.1%) amid mild climate conditions compared to 9M19.

Power sales fell by 6.1% in 9M20 as a result of lower sales in the liberalized market (-8.1%), following our strategy to focus on margins and reduce fixed-price selling contracts to match our infra-marginal production. VPSC[1] sales increased by 2.3%.

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





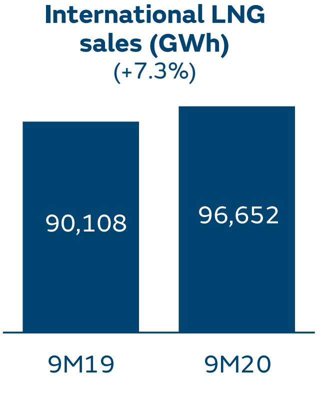


International LNG

Ordinary EBITDA reached €122m, down 38.4% vs. 9M19, as a result of a challenging scenario, with continued pressure on gas prices and the loss of competitiveness in gas procurement conditions.

As of 30 September 2020, contracted sales for 2020 and 2021/2022 stood at 97% and 84% respectively.

Naturgy has already announced renegotiation agreements for approximately 50% of its oil-linked gas procurement contracts, and continues to renegotiate with the rest. This renegotiations will allow us to better align our procurement costs with the prevailing market conditions.



Europe Power Generation

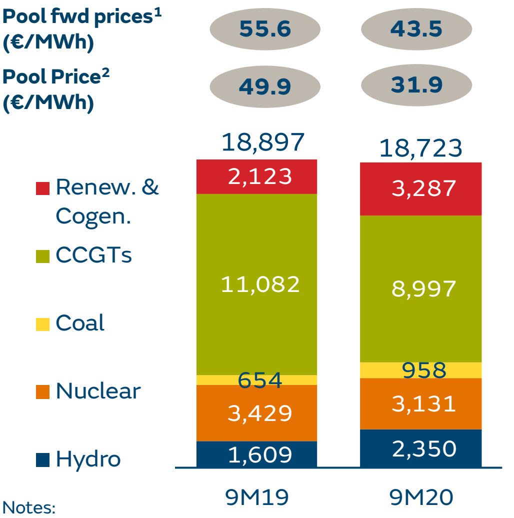
9M20 Ordinary EBITDA amounted to €267m, up 19.6% vs. 9M19 on the back of higher renewable and hydro production, together with additional efficiencies. These were offset by lower pool prices.

Total production decreased by 0.9%, although unevenly split: renewable and hydro production increased 54.8% and 46.1% respectively, while CCGT and nuclear production decreased by 18.8% and 8.7% respectively, the latter affected by programmed maintenance shutdowns in 2Q20. The coal production increase was explained by the burning of the remaining coal inventory in 1H20, prior to the final shutdown of operations and its restatement into discontinued operations.

Pool prices decreased 36.1% vs. 9M19, averaging €31.9/MWh in the period, as a result of higher hydro and renewable production, and lower gas prices.

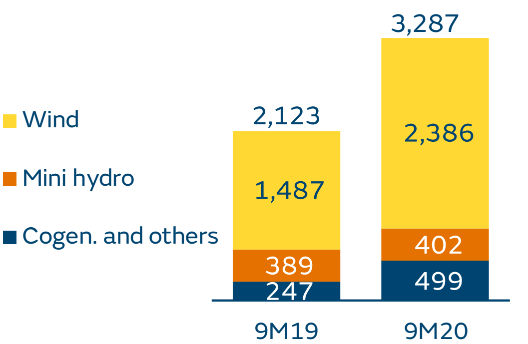
Naturgy continued to increase its exposure to renewables. As such, installed capacity as of 30 September 2020 reached 2,075 MW, a 41.3% increase over 9M19.

Europe power production (GWh)
(-0.9%)



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

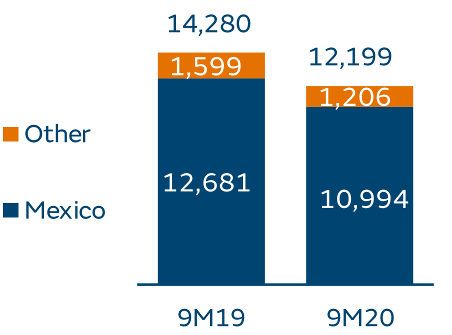
Europe renewable power production (GWh)
(+54.8%)



International Power Generation

Ordinary EBITDA in the period reached €237m, down 10.2% vs. 9M19. Cost efficiencies and higher margins in PPA sales were offset by lower merchant activity in the Dominican Republic and Mexico and negative FX impact (-€7m).

International power production (GWh)
(-14.6%)



Infrastructure EMEA

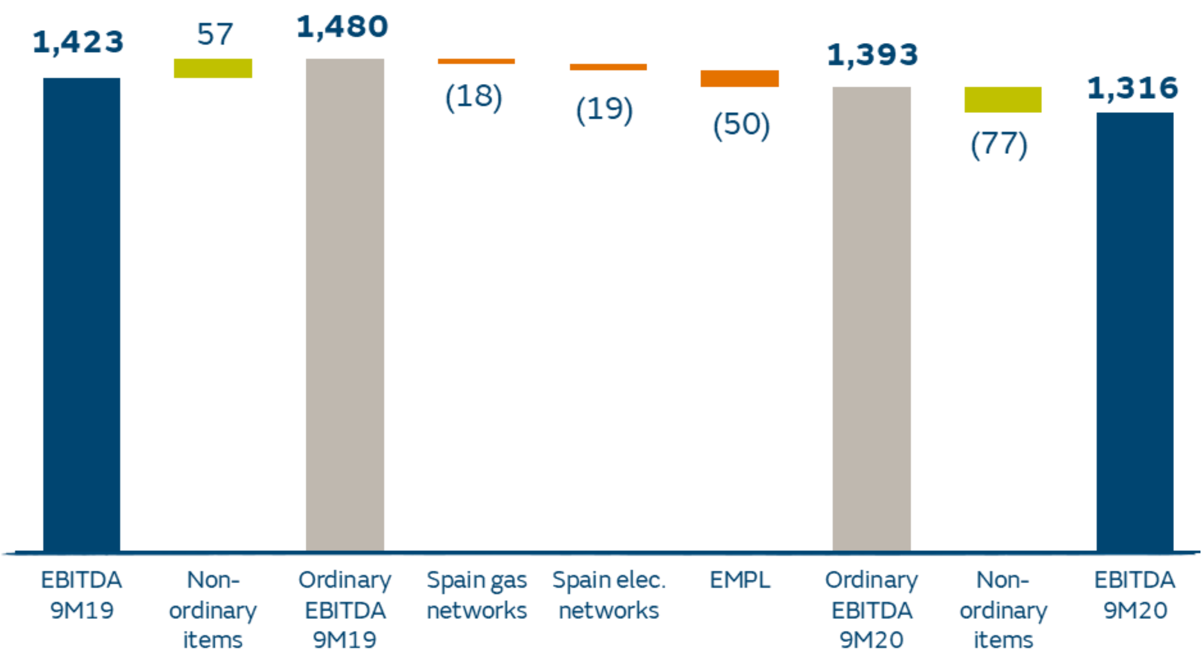
	reported			ordinary		
EBITDA (€m)	**9M20**	**9M19**	**Change**	**9M20**	**9M19**	**Change**
Spain gas networks	656	687	-4.5%	699	717	-2.5%
Spain electricity networks	476	502	-5.2%	510	529	-3.6%
EMPL	184	234	-21.4%	184	234	-21.4%
Total	**1,316**	**1,423**	**-7.5%**	**1,393**	**1,480**	**-5.9%**

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA reached €1,393m (-5.9%) in 9M20, mainly due to (i) lower volumes in gas distribution as a result of mild weather and slowdown in economic activity linked to COVID-19, notably in the industrial segment, (ii) lower regulated revenues in electricity distribution under the new regulatory framework started in 2020, and (iii) the already expected lower contribution from the EMPL following the capacity step-down.

Infrastructure EMEA results prove resilient despite the impact of COVID-19, regulation and EMPL step-down.

EBITDA evolution (€m)

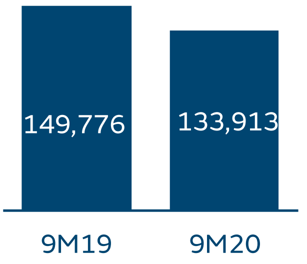


Spain gas networks

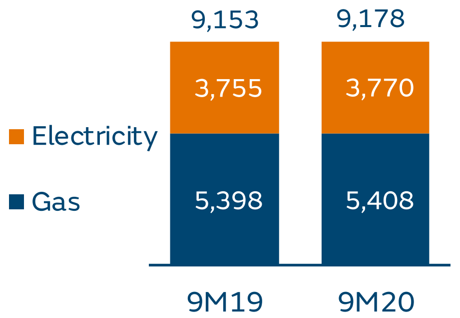
Ordinary EBITDA reached €699m, down 2.5% vs. 9M19. Lower sales during the period due to the impact of the COVID-19 in the industrial segment as well as mild weather on the retail segment were only partially compensated by efficiencies.

Total gas sales (excluding LPG) decreased by 10.6%, while connection points remained stable (+0.2%) vs. 9M19.

Gas sales Spain (GWh)
(-10.6%)



Connection points ('000)
(+0.3%)

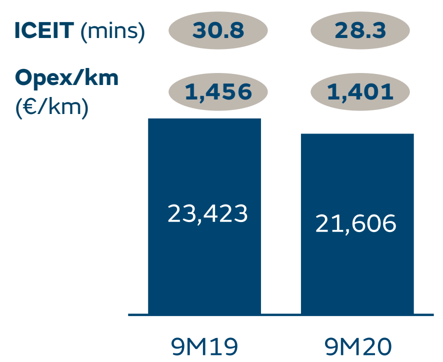


Spain electricity networks

9M20 Ordinary EBITDA amounted to €510m, a 3.6% decrease vs. 9M19 primarily due to the lower financial remuneration approved in the new regulatory period.

Connection points increased by 0.4% during the period, while unitary opex per km of installed network decreased by 3.8% vs 9M19.

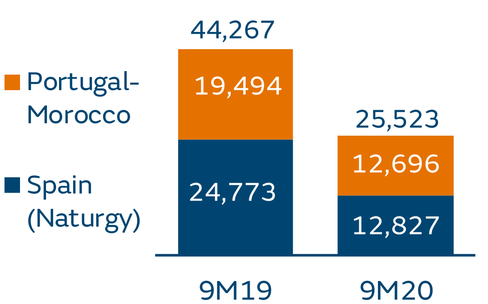
Electricity sales Spain (GWh)
(-7.8%)



EMPL

9M20 Ordinary EBITDA decreased by 21.4% to €184m. The decrease was mainly explained by the reduction in revenues following the lower contracted capacity after the expiration of one of the contracts. This was been partially offset by higher tariffs (€6m).

Gas transport (GWh)
(-42.3%)



Infrastructure South LatAm

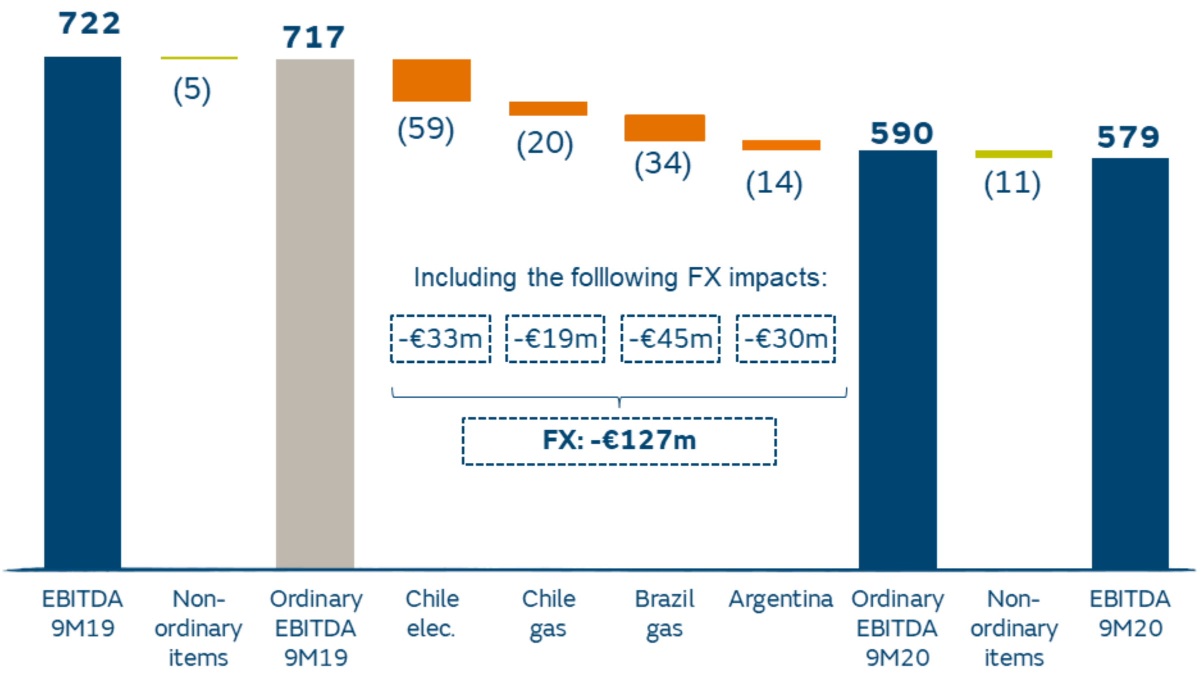
	reported			ordinary		
EBITDA (€m)	**9M20**	**9M19**	**Change**	**9M20**	**9M19**	**Change**
Chile electricity	182	257	-29.2%	191	250	-23.6%
Chile gas	172	192	-10.4%	173	193	-10.4%
Brazil gas	157	191	-17.8%	158	192	-17.7%
Argentina gas and electricity	68	82	-17.1%	68	82	-17.1%
Total	**579**	**722**	**-19.8%**	**590**	**717**	**-17.7%**

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA amounted to €590m in the period, 17.7% lower than 9M19, primarily driven by the negative FX evolution (-€127m) and lower energy demand due to the COVID-19 across LatAm regions.

According to the criteria established by IAS 29 "Financial Information in Hyperinflationary Economies", the Argentine economy should be considered as hyperinflationary. As a result, potential FX differences arising from 30 September 2020 will be applied to the accumulated 2020 results, which will also be updated by inflation rates.

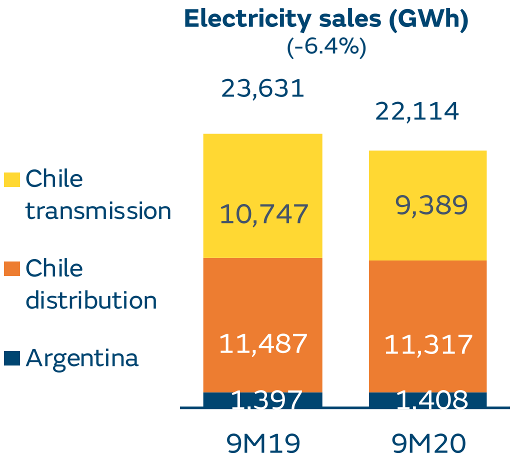
EBITDA evolution (€m)



Chile electricity

9M20 Ordinary EBITDA reached €191m, down 23.6% vs. 9M19. Higher margins from tariff indexation and efficiencies were offset by: i) FX impact (-€33m), ii) lower retribution rate in transmission, iii) lower activity from COVID-19 and perimeter changes, and iv) higher energy losses.

At the operating level, the business experienced growth in connection points (+2.2%). On the flipside, electricity distribution sales decreased by 1.5%, while sales from the transmission activity decreased by 12.6%, after divesting Transemel.

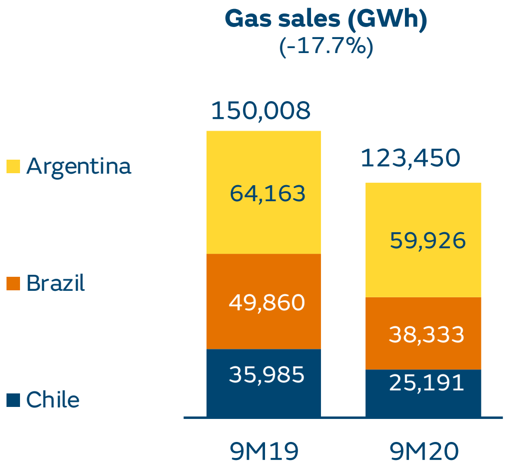


Chile gas

Ordinary EBITDA totaled €173m, 10.4% lower than in 9M19 following the negative impact of lower demand derived from COVID-19 and FX (-€19m), which were partially offset by the positive tariff indexation and efficiencies.

Total gas sales decreased (-30.0%), mainly as a result of the COVID-19 impact.

Connection points increased by 1.8%.

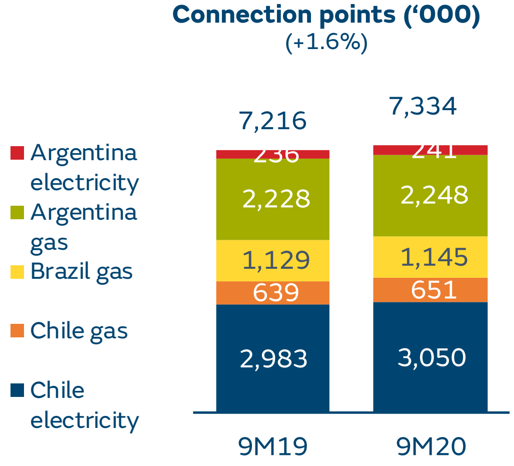


Brazil gas

Ordinary EBITDA totaled €158m, 17.7% lower than in 9M19, affected by a negative FX impact (-€45m), as well as lower demand following COVID-19 crisis; these negatives were partially compensated by tariff indexation and lower energy losses.

As stated above, overall gas sales decreased (-23.1%), affected by the COVID-19, particularly in the industrial, NGV and power generation + TPA segments (down -12.7% ,-18.0% and -30.9% respectively). On the contrary, retail sales grew 13.6% in the period, following quarantine measures and temperature effect.

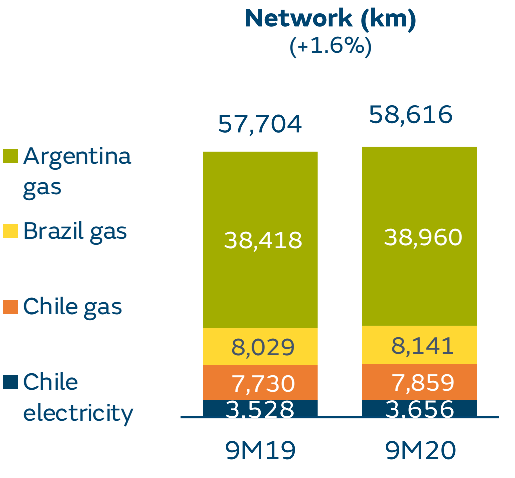
Connection points grew 1.4% in the period.



Argentina gas and electricity

9M20 Ordinary EBITDA amounted to €68m, down 17.1% vs 9M19. The higher contribution to EBITDA due to the April-19 electricity tariff update and Gasnor was offset by the negative FX impact (-€30m) and lower gas sales from April 2020, specially acute in the vehicle and industrial segments, impacted by COVID-19.

In aggregate, sales for gas and electricity decreased by 6.4%, while connection points increased by 1.0% vs. 9M19.



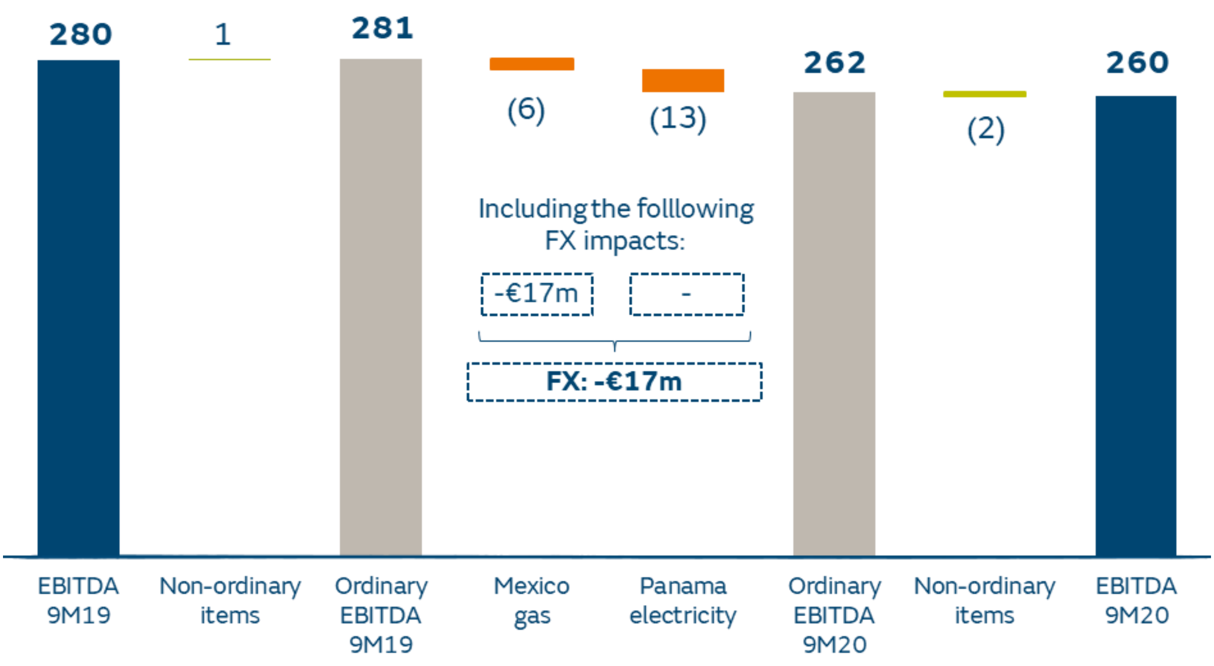
Infrastructure North LatAm

	reported			ordinary		
EBITDA (€m)	**9M20**	**9M19**	**Change**	**9M20**	**9M19**	**Change**
Mexico gas	163	169	-3.6%	164	170	-3.5%
Panama electricity	97	111	-12.6%	98	111	-11.7%
Total	**260**	**280**	**-7.1%**	**262**	**281**	**-6.8%**

Please refer to Annex for additional P&L disclosure

9M20 Ordinary EBITDA amounted to €262m, down 6.8% vs. 9M19, on the back of weak demand evolution in 2Q and 3Q following COVID-19 crisis and a negative FX impact (-€17m), partially compensated by tariff updates in Mexico and operational improvements in Mexico and Panama.

EBITDA evolution (€m)

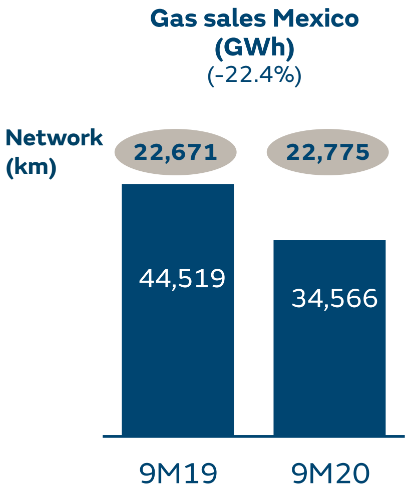


Mexico gas

9M20 Ordinary EBITDA decreased 3.5% to €164m.

Higher margins and tariff updates were not sufficient to compensate for the FX impact (-€17m) and sales reduction (-22.4%).

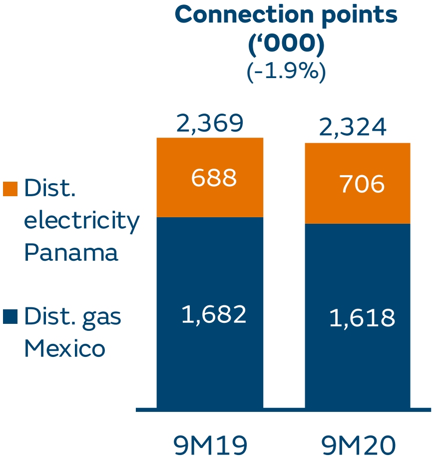
Connection points decreased by 3.8%, as a result of the commercial strategy aimed at improving customer profitability.

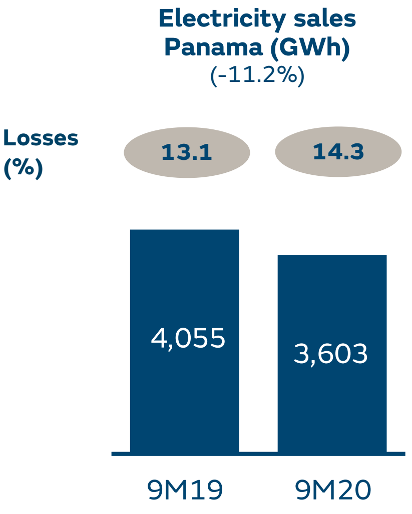


Panama electricity

9M20 Ordinary EBITDA amounted to €98m, down 11.7% vs. 9M19, driven by lower demand from COVID-19 impact, which was only partially compensated by efficiencies.

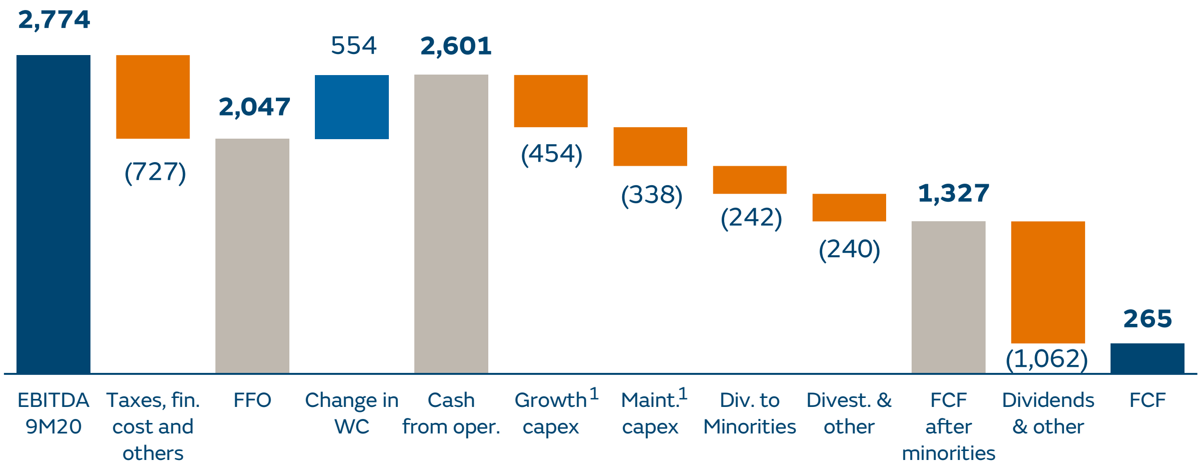
Electricity sales decreased by 11.2%, while connection points grew by 2.7%.





5. Cash flow

Cash flow evolution (€m)



Notes:

1. Net of cessions and contributions

9M20 free cash flow after minorities amounted to €1,327m. The contribution from operating results was complemented by a decrease in working capital, following lower sales and inventories, and optimization efforts. Proactive cash flow and liquidity management has remained a priority during COVID-19 crisis.

Free cash flow after minorities and capex was mostly allocated to the payment of dividends (€878m) and the share buy-back program (€184m).

Capex

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

	Maintenence capex		
(€m)	**9M20**	**9M19**	**Change**
Gas & Power	65	110	-40.9%
Infrastructures EMEA	120	125	-4.0%
Infrastructures LatAm South	84	89	-5.6%
Infrastructures LatAm North	47	47	-
Rest	24	10	-
Total investments	**340**	**381**	**-10.8%**

Maintenance capex in 9M20 amounted to €340m, compared to €381m in 9M19, a 10.8% reduction resulting from the optimization of capex processes and FX.

Growth capex			
(€m)	**9M20**	**9M19**	**Change**
Gas & Power	278	430	-35.3%
Infrastructures EMEA	70	136	-48.5%
Infrastructures LatAm South	95	115	-17.4%
Infrastructures LatAm North	44	58	-24.1%
Rest	-	-	-
Total investments	**487**	**739**	**-34.1%**

Growth capex in the period represented 60% of total capex and amounted to €487m in 9M20.

Growth capex in 9M20 included the following:

- A total of €72m invested in the construction of different renewable projects in Spain, with 102 MW put into operation in 9M20.
- €180m invested in the development of 181 MW of wind capacity in Australia and 307 MW of wind and solar capacity in Chile that will come into operation in the following months.

Wind farm in Lugo (Spain)

As already stated, Naturgy recently reached two additional attractive agreements in Australia, which will increase its current presence in the country by more than 50%, confirming its commitment to renewables growth.

Divestments

On 20 February, the partners in Ghesa Ingeniería y Tecnología, S.A. and Empresarios Agrupados AIE (Naturgy among them) sold their ownership to a company specialized in engineering activities for power generation assets. The net capital gain from this operation amounts to €13m.

On 1 April, and in relation with the agreement between Naturgy and Mubalada to acquire a 34.05% stake in Medgaz from CEPSA through an SPV, Naturgy exercised the option signed with BlackRock's Global Energy & Power Infrastructure Fund (GEPIF), whereby GEPIF will acquire a 50% stake in that said SPV at the same price at which the Medgaz stake was agreed to be purchased from Mubadala. After the acquisition of the aforementioned stake and the fulfillment of the rest of conditions, on July 2020 the transaction was completed.

Last, on 7 April, Naturgy announced the completion of the sale of its ownership in Iberafrica Power (Kenya) to AP Moller Capital for a total amount of USD62m. The operation has not contributed with significant capital gains.

6. Financial position

Net debt as of 30 September 2020 stood at €14,727m, down €541m over the Net debt figure as of year-end 2019, after the €1,062m allocated to dividend payment and share buy-back. Net debt/LTM EBITDA stood at 3.6x, slightly above the ratio as of 31 December 2019 (3.3x).

During 9M20, the most relevant financing operations were the following:

- Issue of a €1bn bond with a tenor of 5 years at a 1.25% coupon.
- New loans and credit lines in Spain for a total of €1,225m and €530m respectively. In the international businesses new loans and credit lines raised for a total equivalent of €534m and €66m respectively.
- Refinancing of credit lines in Spain for a total of €2,310m, and refinancing of loans and credit lines for a total equivalent of €255m and €103m respectively in the international businesses.
- €150m bond tap maturing on nov-29.
- CGE (Chile) issued two bonds in 3Q in the local market for €64m with a tenor of 5 years at a 1.2% coupon and for €62m with a tenor of 10 years at a 1.25% coupon, both being indexed to inflation.

Liquidity (€m)

Liquidity as of 30 September 2020 stood at €10,150m, including €4,581m in cash and equivalents and €5,569m in undrawn and fully committed credit lines. In addition, the ECP program is completely undrawn as of 30 September 2020.

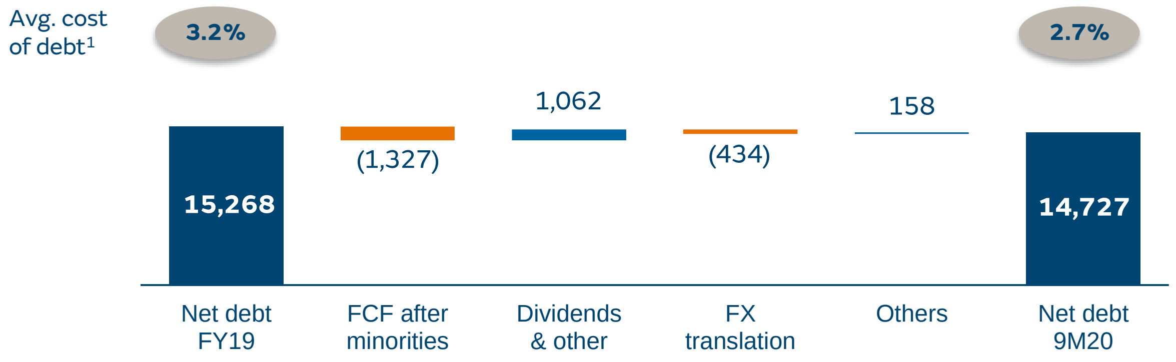
The detail of the group's current liquidity is as follows:

Liquidity		Consolidated Group		Chile		Brazil	Argentina	Mexico	Panama	Holding & others
		Sep'20	Dec'19	CLP	USD	BRL	ARS	MXN	USD	EUR/Others
Cash and equivalents	€m	4,581	2,685	462	82	115	54	118	94	3,656
Undrawn commited credit lines	€m	5,569	5,352	-	-	16	-	21	-	5,532
Total	€m	10,150	8,037	462	82	131	54	139	94	9,188

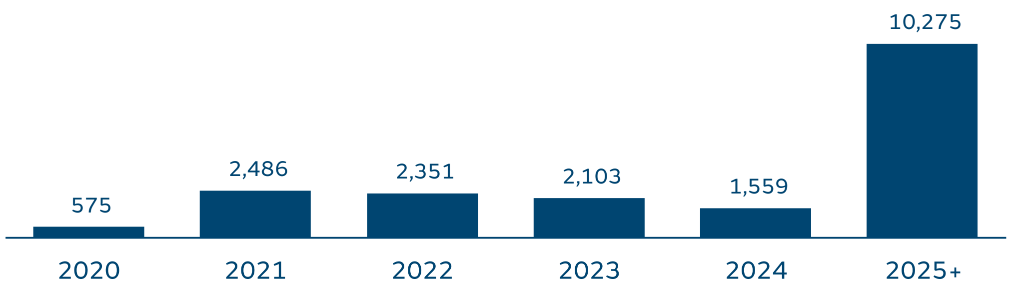
The weighted average maturity of the undrawn credit lines stands over 2 years, according to the following detail:

(€m)	2020	2021	2022	2023	2024	2025+
Undrawn commited credit lines	15	66	2,851	2,236	294	107

Net debt evolution (€m)



Gross debt maturities (€m)



Debt structure and credit metrics

Financial debt by currency		Consolidated Group		Chile		Brazil	Argentina	Mexico	Panama	Holding & others
		Sep'20	Dec'19	CLP	USD	BRL	ARS	MXN	USD	EUR/Others
Net financial debt	€m	14,727	15,268	1,645	-11	135	-37	313	670	12,012
Average cost of debt[1]	%	2.7	3.2	5.0	5.3	4.6	45.6	7.5	4.3	1.8
% fixed rated (gross debt)	%	81	86	67	32	12	40	37	56	89

Note:
1. Does not include cost from IFRS 16 debt

Credit metrics	9M20	FY19
EBITDA/Net financial debt cost	6.5	7.4
Net debt /LTM EBITDA	3.6	3.3

7. ESG metrics and highlights

		9M20	9M19	Change	Comments
Health and safety					
Accidents with lost time (1)	units	3	12	-75.0%	Significant improvement linked to he implementation of the *Plan Naturgy 2019*, as well as the impact from remote work during 2020
LT Frequency rate (2)	units	0.04	0.14	-71.4%	Reflects the reduction in accidents, altough slightly adjusted by a lower number of working hours
Environment					
GHG Emissions	M tCO2 e	11.2	11.6	-3.4%	Higher hydro and renewable production in the period
Emission factor	t CO2/GWh	291	308	-5.3%	
Emissions-free installed capacity	%	31.4	28.0	12.1%	New renewable capacity coming into operation in Spain, as well as the shutdown of the coal capacity
Emissions-free net production	%	31.7	24.9	27.3%	Higher wind and hydro production
Interest in people					
Number of employees	persons	10,799	11,908	-9.3%	Perimeter changes and efficiencies
Training hours per employee	hours	19.8	16.3	21.6%	Ratio increase shows growing relevance of on-line training, as well as the implementation during the period of specific training dedicated to facilitate the adaptation to post-COVID 19 situation
Women representation	%	32.9	32.1	2.4%	Commitment for diversity and gender equality policies
Society and integrity					
Economic value distributed	M€	11,812	15,607	-24.3%	Affected by lower purchases and external services due to optimization efforts
Complaints received by the ethics comittee	units	48	97	-50.5%	Improved oversight and accountability

(1) In accordance to OSHA criteria
(2) Calculated for every 200,000 working hours

Beyond the efforts undertaken to support and protect the interests of its stakeholders during the COVID-19 outbreak, Naturgy also took decisive steps during the first nine months of the year to further its ESG commitments.

In its recently issued New Global Environmental Policy Plan, Naturgy set new targets to reduce its greenhouse gas (GHG) emissions, reduce CO_2 intensity in power generation and ensure that it increases its generation capacity from renewable sources. The recent shutdown of the company's coal power plants and the plans to replace them with new renewable developments will contribute towards the above goals.

In addition, a Sustainability Committee has been created at the Board of Directors level to supervise the company's progress and role in the energy transition along with all its environmental, health and safety, and social responsibility aspects and indicators.

During the year, Naturgy also continued to progress on governance matters and particularly on gender parity, nominating Lucy Chadwick and Isabel Estapé as new Board members, representing GIP and Criteria respectively.

COVID-19 company initiatives

Naturgy has proactively taken a number of key measures to address and mitigate the impacts of the COVID-19 pandemic on their operations and performance, as well as to **support and protect the interests of all its stakeholders**.

On 25 February, less than 24 hours following the first confirmed COVID-19 case in the Iberian Peninsula, Naturgy activated its Crisis Committee and started taking steps to support its stakeholders.

Measures to **preserve employee health, safety and wellbeing** were quickly introduced, including the prompt suspension of travel and attendance to external events, the activation of resources to guarantee effective remote work, or individual protection and support by Naturgy's medical services. A comprehensive roadmap for return to work premises was implemented by the company, allowing for a gradual and safe return to work of our employees once the state of alert was finished.

Relevant measures were also introduced to **support society as well as customers and suppliers**, including the reinforcement of key infrastructures to ensure the stability and quality of electricity and gas supply, free gas and electricity supply to hotels, residences and other hospitalized centers, or free of charge repairs for health workers and security forces and bodies, armed forces and fire fighters, involved in supporting society during the pandemic.

Our **SMEs and self-employed customers are also benefiting** from the deferral of invoice payments for 12 months to support their short term financing needs, while some of our suppliers have benefited from cash payment advances in respect of their invoices.

Annexes

Annex I: Financial Statements

Consolidated income statement

	reported			ordinary		
(€m)	**9M20**	**9M19**	**Change**	**9M20**	**9M19**	**Change**
Net sales	12,795	17,052	-25.0%	12,795	17,052	-25.0%
Procurement	-8,529	-12,134	-29.7%	-8,483	-12,150	-30.2%
Gross margin	**4,266**	**4,918**	**-13.3%**	**4,312**	**4,902**	**-12.0%**
Operating expenses	-651	-798	-18.4%	-644	-778	-17.2%
Personnel costs	-754	-750	0.5%	-577	-633	-8.8%
Own work capitalised	55	78	-29.5%	55	78	-29.5%
Other operating income	131	146	-10.3%	129	135	-4.4%
Taxes	-273	-269	1.5%	-273	-288	-5.2%
EBITDA	**2,774**	**3,325**	**-16.6%**	**3,002**	**3,416**	**-12.1%**
Other results	12	20	-40.0%	-	-	-
Depreciation, amortisation and impairment expenses	-1,178	-1,189	-0.9%	-1,178	-1,169	0.8%
Impairment of credit losses	-151	-113	33.6%	-151	-113	33.6%
EBIT	**1,457**	**2,043**	**-28.7%**	**1,673**	**2,134**	**-21.6%**
Financial result	-423	-476	-11.1%	-423	-476	-11.1%
Profit/(loss) of companies measured under the equity method	19	34	-44.1%	19	34	-44.1%
Profit before taxes	**1,053**	**1,601**	**-34.2%**	**1,269**	**1,692**	**-25.0%**
Income tax	-242	-345	-29.9%	-294	-357	-17.6%
Income from discontinued operations	-49	-30	63.3%	-	-	-
Non-controlling interest	-272	-325	-16.3%	-279	-328	-14.9%
Net income	**490**	**901**	**-45.6%**	**696**	**1,007**	**-30.9%**

Consolidated Balance Sheet

(€m)	30/09/2020	31/12/2019
Non-current assets	**31,208**	**32,351**
Intangible assets	7,080	7,713
Property, plant and equipment	18,982	19,647
Right of use assets	1,376	1,416
Equity-accounted investments	861	731
Non-current financial assets	424	738
Other non-current assets	992	581
Deferred tax assets	1,493	1,525
Current assets	**9,443**	**8,787**
Non-current assets available for sale	-	73
Inventories	520	796
Trade and other accounts receivable	3,922	4,900
Other current financial assets	420	333
Cash and cash equivalents	4,581	2,685
TOTAL ASSETS	**40,651**	**41,138**

(€m)	30/09/2020	31/12/2019
Equity	**12,735**	**13,976**
Equity attributable to the parent company	9,413	10,551
Non-controlling interest	3,322	3,425
Non-current liabilities	**21,901**	**20,509**
Deferred revenues	886	898
Non-current provisions	1,139	1,169
Non-current financial liabilities	17,029	15,701
Deferred tax liabilities	2,196	2,249
Other non-current liabilities	651	492
Current liabilities	**6,015**	**6,653**
Liabilities linked to non-current assets available for sale	8	46
Current provisions	241	291
Current financial liabilities	2,320	2,286
Trade and other accounts payable	3,206	3,744
Other current liabilities	240	286
TOTAL LIABILITIES AND EQUITY	**40,651**	**41,138**

Summary cash flow statement

(€m)	9M20	9M19	Change
EBITDA	**2,774**	**3,325**	**-16.6%**
Taxes	-94	-150	-37.3%
Net interest cost	-423	-476	-11.1%
Other non-cash items	-210	-82	-
Funds from operations	**2,047**	**2,617**	**-21.8%**
Change in working capital	554	551	0.5%
Cash flow from operations	**2,601**	**3,168**	**-17.9%**
Growth capex	-454	-688	-34.0%
Maintenance capex	-338	-378	-10.6%
Divestments	-	108	-
Dividends to minorities	-242	-377	-35.8%
Others	-240	-280	-14.3%
Free cash flow after minorities	**1,327**	**1,553**	**-14.6%**
Dividends, share buy-back & other	-1,062	-1,176	-9.7%
Net free cash flow	**265**	**377**	**-29.7%**

Naturgy

Quarterly EBITDA by business unit

(€m)	1Q20	2Q20	3Q20	4Q20	2020
Gas & Power	**318**	**229**	**149**		**696**
Gas, power and services sales	79	48	-12		115
International LNG	52	38	-		90
Europe power generation	107	71	77		255
International power generation	80	72	84		236
Infrastructures EMEA	**390**	**432**	**494**		**1,316**
Spain gas networks	189	213	254		656
Spain electricity networks	133	162	181		476
EMPL	68	57	59		184
Infrastructures LatAm South	**175**	**196**	**208**		**579**
Chile electricity	62	63	57		182
Chile gas	33	66	73		172
Brazil gas	59	46	52		157
Argentina gas	14	15	21		50
Argentina electricity	7	6	5		18
Infrastructures LatAm North	**111**	**78**	**71**		**260**
Mexico gas	74	45	44		163
Panama electricity	37	33	27		97
Rest	**-38**	**-21**	**-18**		**-77**
TOTAL EBITDA	**956**	**914**	**904**		**2,774**

(€m)	1Q19	2Q19	3Q19	4Q19	2019
Gas & Power	**407**	**258**	**309**	**508**	**1,482**
Gas, power and services sales	110	88	105	144	447
International LNG	109	49	38	148	344
Europe power generation	108	37	53	113	311
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	**194**	**255**	**273**	**218**	**940**
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
Infrastructure LatAm North	**101**	**88**	**91**	**96**	**376**
Infrastructure LatAm North	61	54	54	60	229
Infrastructure LatAm North	40	34	37	36	147
Infrastructure LatAm North	**-22**	**-24**	**-28**	**-42**	**-116**
TOTAL EBITDA	**1,126**	**1,050**	**1,149**	**1,280**	**4,605**

Accumulated EBITDA by business unit

(€m)	reported 9M20	reported 9M19	reported Change	ordinary 9M20	ordinary 9M19	ordinary Change	FX
Gas & Power	**696**	**974**	**-28.6%**	**796**	**982**	**-19.0%**	**-7**
Gas, power and services sales	115	303	-62.0%	170	297	-42.8%	-
International LNG	90	196	-54.1%	122	198	-38.4%	-
Europe power generation	255	198	28.7%	267	223	19.6%	-
International power generation	236	277	-14.8%	237	264	-10.2%	-7
Infrastructure EMEA	**1,316**	**1,423**	**-7.5%**	**1,393**	**1,480**	**-5.9%**	**-**
Spain gas networks	656	687	-4.5%	699	717	-2.5%	-
Spain electricity networks	476	502	-5.2%	510	529	-3.6%	-
EMPL	184	234	-21.4%	184	234	-21.4%	-
Infrastructure LatAm South	**579**	**722**	**-19.8%**	**590**	**717**	**-17.7%**	**-127**
Chile electricity	182	257	-29.2%	191	250	-23.6%	-33
Chile gas	172	192	-10.4%	173	193	-10.4%	-19
Brazil gas	157	191	-17.8%	158	192	-17.7%	-45
Argentina gas and electricity	68	82	-17.1%	68	82	-17.1%	-30
Infrastructure LatAm North	**260**	**280**	**-7.1%**	**262**	**281**	**-6.8%**	**-17**
Mexico gas	163	169	-3.6%	164	170	-3.5%	-17
Panama electricity	97	111	-12.6%	98	111	-11.7%	-
Rest	**-77**	**-74**	**4.1%**	**-39**	**-44**	**-11.4%**	**-**
TOTAL EBITDA	**2,774**	**3,325**	**-16.6%**	**3,002**	**3,416**	**-12.1%**	**-151**

Results by business unit

1. Gas & Power

Gas, power & services sales (€m)	9M20	9M19	Change
Net sales	5,931	8,430	-29.6%
Procurement	-5,573	-7,871	-29.2%
Gross margin	**358**	**559**	**-36.0%**
Other operating income	14	20	-30.0%
Personnel expenses	-108	-90	20.0%
Taxes	-20	-25	-20.0%
Other operating expenses	-129	-161	-19.9%
EBITDA	**115**	**303**	**-62.0%**
Depreciation, provisions and other results	-127	-125	1.6%
EBIT	**-12**	**178**	**-**

International LNG (€m)	9M20	9M19	Change
Net sales	1,832	2,218	-17.4%
Procurement	-1,716	-1,996	-14.0%
Gross margin	**116**	**222**	**-47.7%**
Other operating income	1	3	-66.7%
Personnel expenses	-19	-19	-
Taxes	-	-1	-
Other operating expenses	-8	-9	-11.1%
EBITDA	**90**	**196**	**-54.1%**
Depreciation, provisions and other results	-95	-97	-2.1%
EBIT	**-5**	**99**	**-**

Europe power generation (€m)	9M20	9M19	Change
Net sales	1,068	1,143	-6.6%
Procurement	-473	-589	-19.7%
Gross margin	**595**	**554**	**7.4%**
Other operating income	17	6	-
Personnel expenses	-86	-78	10.3%
Taxes	-163	-151	7.9%
Other operating expenses	-108	-133	-18.7%
EBITDA	**255**	**198**	**28.7%**
Depreciation, provisions and other results	-237	-210	12.9%
EBIT	**18**	**-12**	**-**

International power generation (€m)	9M20	9M19	Change
Net sales	547	695	-21.3%
Procurement	-250	-345	-27.5%
Gross margin	**297**	**350**	**-15.1%**
Other operating income	-	8	-
Personnel expenses	-23	-30	-23.3%
Taxes	-2	-3	-33.3%
Other operating expenses	-36	-48	-25.0%
EBITDA	**236**	**277**	**-14.8%**
Depreciation, provisions and other results	-82	-91	-9.9%
EBIT	**154**	**186**	**-17.2%**

2. Infrastructure EMEA

Spain gas networks (€m)	9M20	9M19	Change
Net sales	869	919	-5.4%
Procurement	-45	-53	-15.1%
Gross margin	**824**	**866**	**-4.8%**
Other operating income	27	29	-6.9%
Personnel expenses	-91	-81	12.3%
Taxes	-18	-20	-10.0%
Other operating expenses	-86	-107	-19.6%
EBITDA	**656**	**687**	**-4.5%**
Depreciation, provisions and other results	-226	-224	0.9%
EBIT	**430**	**463**	**-7.1%**

Spain electricity networks (€m)	9M20	9M19	Change
Net sales	629	655	-4.0%
Procurement	-	-	-
Gross margin	**629**	**655**	**-4.0%**
Other operating income	14	12	16.7%
Personnel expenses	-72	-76	-5.3%
Taxes	-23	-22	4.5%
Other operating expenses	-72	-67	7.5%
EBITDA	**476**	**502**	**-5.2%**
Depreciation, provisions and other results	-183	-181	1.1%
EBIT	**293**	**321**	**-8.7%**

EMPL (€m)	9M20	9M19	Change
Net sales	199	250	-20.4%
Procurement	-	-	-
Gross margin	**199**	**250**	**-20.4%**
Other operating income	1	-	-
Personnel expenses	-4	-5	-20.0%
Taxes	-	-	-
Other operating expenses	-12	-11	9.1%
EBITDA	**184**	**234**	**-21.4%**
Depreciation, provisions and other results	-42	-23	82.6%
EBIT	**142**	**211**	**-32.7%**

3. Infrastructure LatAm South

Chile electricity (€m)	9M20	9M19	Change
Net sales	1,483	1,684	-11.9%
Procurement	-1,144	-1,258	-9.1%
Gross margin	**339**	**426**	**-20.4%**
Other operating income	10	15	-33.3%
Personnel expenses	-51	-66	-22.7%
Taxes	-5	-5	-
Other operating expenses	-111	-113	-1.8%
EBITDA	**182**	**257**	**-29.2%**
Depreciation, provisions and other results	-101	-86	17.4%
EBIT	**81**	**171**	**-52.6%**

Chile gas (€m)	9M20	9M19	Change
Net sales	413	599	-31.1%
Procurement	-200	-354	-43.5%
Gross margin	**213**	**245**	**-13.1%**
Other operating income	3	4	-25.0%
Personnel expenses	-18	-21	-14.3%
Taxes	-2	-2	-
Other operating expenses	-24	-34	-29.4%
EBITDA	**172**	**192**	**-10.4%**
Depreciation, provisions and other results	-47	-54	-13.0%
EBIT	**125**	**138**	**-9.4%**

Brazil gas (€m)	9M20	9M19	Change
Net sales	759	1,313	-42.2%
Procurement	-549	-1,051	-47.8%
Gross margin	**210**	**262**	**-19.8%**
Other operating income	17	20	-15.0%
Personnel expenses	-16	-21	-23.8%
Taxes	-3	-3	-
Other operating expenses	-51	-67	-23.9%
EBITDA	**157**	**191**	**-17.8%**
Depreciation, provisions and other results	-44	-54	-18.5%
EBIT	**113**	**137**	**-17.5%**

Argentina gas (€m)	9M20	9M19	Change
Net sales	363	425	-14.6%
Procurement	-242	-284	-14.8%
Gross margin	**121**	**141**	**-14.2%**
Other operating income	14	24	-41.7%
Personnel expenses	-23	-14	64.3%
Taxes	-22	-22	-
Other operating expenses	-40	-55	-27.3%
EBITDA	**50**	**74**	**-32.4%**
Depreciation, provisions and other results	-21	-16	31.3%
EBIT	**29**	**58**	**-50.0%**

Argentina electricity (€m)	9M20	9M19	Change
Net sales	84	94	-10.6%
Procurement	-40	-59	-32.2%
Gross margin	**44**	**35**	**25.7%**
Other operating income	3	4	-25.0%
Personnel expenses	-7	-6	16.7%
Taxes	-10	-11	-9.1%
Other operating expenses	-12	-14	-14.3%
EBITDA	**18**	**8**	**-**
Depreciation, provisions and other results	-1	-	-
EBIT	**17**	**8**	**-**

4. Infrastructure LatAm North

Mexico gas (€m)	9M20	9M19	Change
Net sales	401	470	-14.7%
Procurement	-209	-257	-18.7%
Gross margin	**192**	**213**	**-9.9%**
Other operating income	19	10	90.0%
Personnel expenses	-15	-15	-
Taxes	-1	-	-
Other operating expenses	-32	-39	-17.9%
EBITDA	**163**	**169**	**-3.6%**
Depreciation, provisions and other results	-42	-51	-17.6%
EBIT	**121**	**118**	**2.5%**

Panama electricity (€m)	9M20	9M19	Change
Net sales	581	671	-13.4%
Procurement	-451	-523	-13.8%
Gross margin	**130**	**148**	**-12.2%**
Other operating income	3	2	50.0%
Personnel expenses	-6	-7	-14.3%
Taxes	-3	-3	-
Other operating expenses	-27	-29	-6.9%
EBITDA	**97**	**111**	**-12.6%**
Depreciation, provisions and other results	-43	-33	30.3%
EBIT	**54**	**78**	**-30.8%**

Capex

Growth capex (€m)	9M20	9M19	Change
Gas & Power	**278**	**430**	**-35.3%**
Gas, power & services sales	23	26	-11.5%
International LNG	3	-	-
Europe power generation	72	334	-78.4%
International power generation	180	70	-
Infrastructure EMEA	**70**	**136**	**-48.5%**
Spain gas networks	30	97	-69.1%
Spain electricity networks	40	39	2.6%
EMPL	-	-	-
Infrastructure LatAm South	**95**	**115**	**-17.4%**
Chile electricity	55	37	48.6%
Chile gas	25	54	-53.7%
Brazil gas	9	13	-30.8%
Argentina gas	3	5	-40.0%
Argentina electricity	3	5	-40.0%
Infrastructure LatAm North	**44**	**58**	**-24.1%**
Mexico gas	12	20	-40.0%
Panama electricity	32	38	-15.8%
Rest	**-**	**-**	**-**
Total investments	**487**	**739**	**-34.1%**

Maintenance capex (€m)	9M20	9M19	Change
Gas & Power	**65**	**110**	**-40.9%**
Gas, power & services sales	8	4	100.0%
International LNG	2	2	-
Europe power generation	40	58	-31.0%
International power generation	15	46	-67.4%
Infrastructure EMEA	**120**	**125**	**-4.0%**
Spain gas networks	28	23	21.7%
Spain electricity networks	92	100	-8.0%
EMPL	-	2	-
Infrastructure LatAm South	**84**	**89**	**-5.6%**
Chile electricity	55	44	25.0%
Chile gas	4	5	-20.0%
Brazil gas	15	16	-6.3%
Argentina gas	10	24	-58.3%
Argentina electricity	-	-	-
Infrastructure LatAm North	**47**	**47**	**-**
Mexico gas	10	9	11.1%
Panama electricity	37	38	-2.6%
Rest	**24**	**10**	**-**
Total investments	**340**	**381**	**-10.8%**

Annex II: Communications to the CNMV

Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since 1H20 results' presentation:

Inside Information

There are no Inside Information releases this quarter.

Other Relevant Information

- Naturgy discloses the report on earnings for the first half of 2020 (disclosed 22 July 2020, registration number 3528).
- Naturgy files the presentation on earnings for the first half of 2020 (disclosed 22 July 2020, registration number 3535).
- The Board of Directors of the Company approves the execution of the share capital reduction resolution adopted by the Ordinary General Shareholders Meeting held on May 26, 2020 (disclosed 23 July 2020, registration number 3558).
- Naturgy files de General Shareholders´ Metting Regulation (disclosed 23 July 2020, registration number 3567).
- Naturgy discloses the first half 2020 financial information (disclosed 24 July 2020, registration number 3606).
- Snowy Hydro and GPG, the joint venture of Naturgy Energy Group, SA (75%) and the Kuwait Investment Authority (25%), announce an agreement to build a wind farm in Australia (disclosed 4 September 2020, registration number 4227).
- Naturgy, through its subsidiary GPG, increases its presence in Australia with the award of a 107 MW Wind Farm and a 20 MWh Battery Energy Storage System by the Australian Capital Territory (ACT) (disclosed 8 September 2020, registration number 2466).
- Naturgy informs that the share capital reduction was recorded with the Commercial Register of Madrid on August 10, 2020 (disclosed 9 September 2020, registration number 4327).
- Naturgy has reached an agreement with one of its main LNG long-tearm suppliers to review the commercial conditions of the different gas contracts existing between the parties (disclosed 29 September 2020, registration number 4671).
- Naturgy and Sonatrach have reached an agreement to review the commercial conditions of the different gas contracts existing between the parties (disclosed 8 October 2020, registration number 4930).
- Naturgy announces its 9M 2020 results release (disclosed 14 October 2020, registration number 4998).

Additional regulatory disclosures can be found at:

www.cnmv.es

www.naturgy.com

Annex III: Glossary of terms

Naturgys' 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
		30 September 2020	30 September 2019	
Ebitda	Operating profit	Euros 2,774 million	Euros 3,325 million	Measure of earnings before interest, taxes, depreciation and amortization and provisions
Ordinary Ebitda	Ebitda - Non-ordinary items	Euros 3,002 million = 2,774 + 228	Euros 3,416 million = 3,325 + 91	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.
Ordinary Net income	Attributable net income of the period - Non-ordinary items	Euros 696 million = 490 + 206	Euros 1,007 million = 901+ 106	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 + Investments in property, plant & equipment	Euros 827 million = 100 +727	Euros 1,120 million = 121 + 999	Realized investments in property, plant & equipment and intangible assets.
Net Investments	CAPEX - Other proceeds/(payments) of investments activities	Euros 792 million = 827 - 35	Euros 1,066 million = 1,120 – 54	Total investments net of the cash received from divestments and other investing receipts.
Gross financial debt	Non-current financial liabilities + "Current financial liabilities"	Euros 19,349 million = 17,029 + 2,320	Euros 17,987 million (1) = 15,701 + 2,286	Current and non-current financial debt
Net financial debt	Gross financial debt - "Cash and cash equivalents" - "Derivative financial assets"	Euros 14,727 million = 19,349 – 4,581 - 41	Euros 15,268 million (1) = 17,987 – 2,685 – 34	Current and non-current financial debt less cash and cash equivalents and derivative financial assets
Leverage (%)	Net financial debt / (Net financial debt + "Net equity")	53.6% = 14,727 / (14,727 + 12,735)	52.2% (1) = 15,268 / (15,268 + 13,976)	The ratio of external funds over total funds
Cost of net financial debt	Cost of financial debt - "Interest revenue"	Euros 425 million = 446 - 21	Euros 468 million = 489 - 21	Amount of expense relative to the cost of financial debt less interest revenue
Ebitda/Cost of net financial debt	Ebitda / Cost of net financial debt	6.5x = 2,774 / 425	7.4x (1) = 4,605 / 624	Ratio between Ebitda and net financial debt
Net financial debt/LTM Ebitda	Net financial debt / Last twelve months Ebitda	3.6x = 14,727 / 4,053	3.3x (1) = 15,268/ 4,605	Ratio between net financial debt and Ebitda
Free Cash Flow after minorities	Free Cash Flow + Dividends and other + Acquisitions of treasury shares + Inorganic investments payments	Euros 1,327 million = 265 + 878 + 184 + 0	Euros 1,553 million = 377 + 846 + 322 + 8	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 + Cash flows from investing activities + Cash flow generated from financing activities - Receipts and payments on financial liability instruments	Euros 265 million = 2,601 - 982 + 402 – 1,756	Euros 377 million = 3,168 - 1,232 – 915 – 644	Cash flow generated by the Company available to pay the debt.

(1) As of 31 December 2019

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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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Naturgy cautions that forward-looking information are subject to various risks and uncertainties, difficult to predict and generally beyond the control of Naturgy. These risks and uncertainties include those identified in the documents containing more comprehensive information filed by Naturgy and their subsidiaries before the different supervisory authorities of the securities markets in which their securities are listed and, in particular, the Spanish National Securities Market Commission.

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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).

This document does not constitute an offer or invitation to purchase or subscribe shares, in accordance with the provisions of the restated text of the Securities Market Law approved by Royal Legislative Decree 4/2015, of 23 October and their implementing regulations. In addition, this document does not constitute an offer of purchase, sale or exchange, nor a request for an offer of purchase, sale or exchange of securities, in any other jurisdiction.

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