

Annual General Meeting 2021



Francisco Reynés

Chairman



2020

1 Scenario

2 Highlights

3 Results

4 ESG

2021

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6 Management priorities

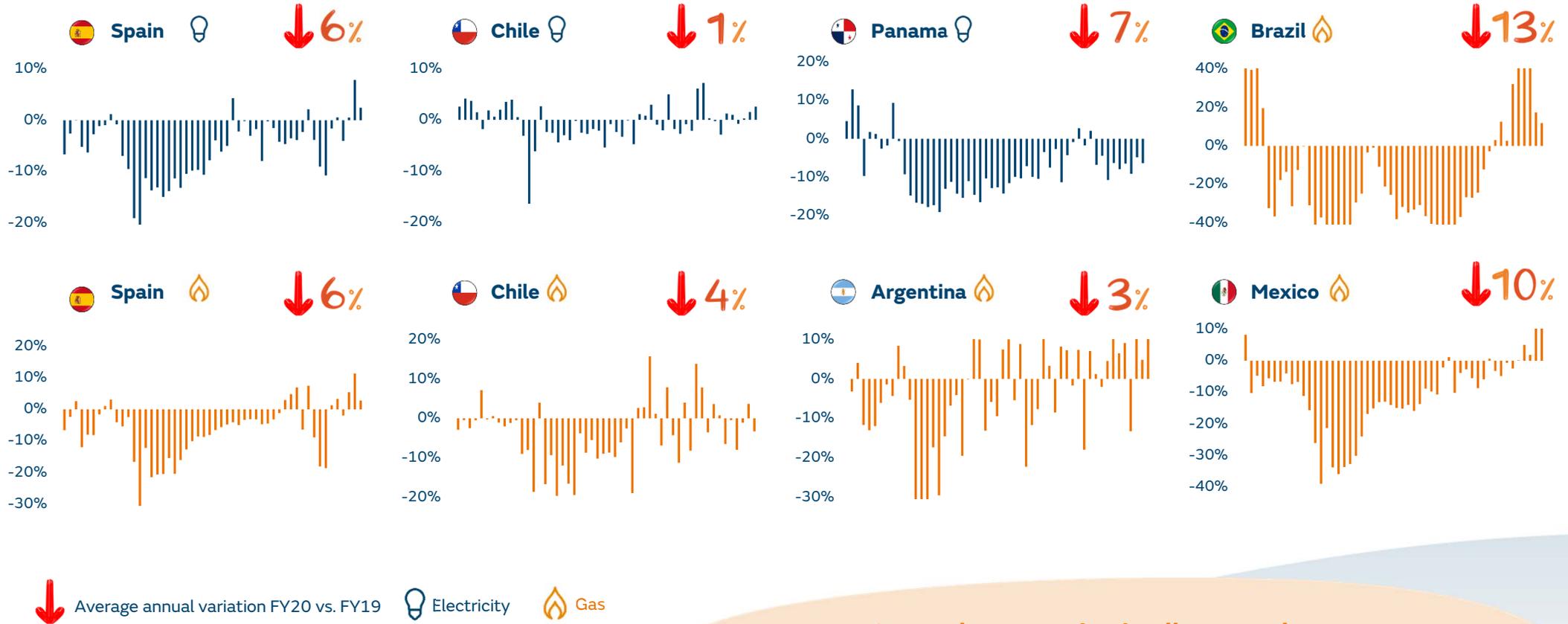


Scenario

2020



Demand evolution

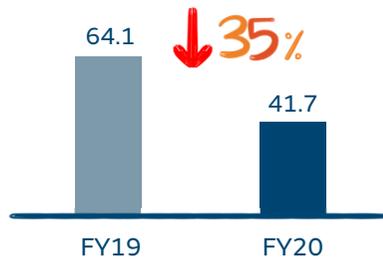


General contraction in all our markets

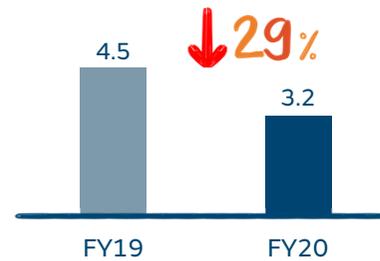
Energy markets evolution



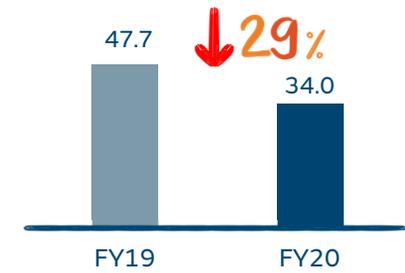
Brent (USD/bbl)



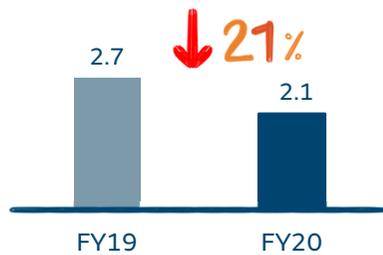
NBP (USD/MMBtu)



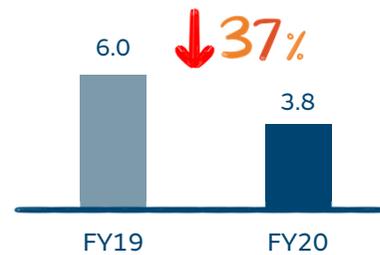
Spanish electricity market (Pool) (€/MWh)



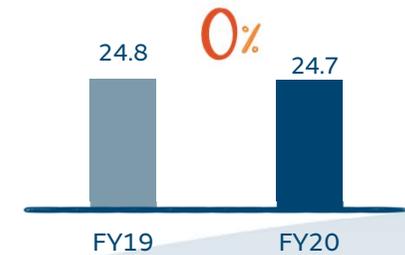
Henry Hub (USD/MMBtu)



JKM (USD/MMBtu)



CO₂ (€/t)



General declines in line with demand

FX evolution



 Chile



 Brazil



 Argentina



 Mexico



 Panama



Depreciation of our main markets' currencies

Highlights

2020



Main year's milestones

- 1** quarter
- COVID permanent **Crisis Committee**
 - **Initiatives** to protect stakeholders
 - **Spain networks:** new regulatory framework
 - **50/50 joint venture** with BlackRock in Medgaz (Algeria)

- 2** quarter
- Coal plants **shutdown**
 - Board of Directors' **Sustainability Committee**
 - **New organizational structure**

- 3** quarter
- **New renewable capacity** in Australia
 - **Gas procurement contract renegotiations** (Algeria, Norway, Nigeria, Trinidad)
 - **Amortization of own shares** (14,508,345)
 - **Proposals for the EU recovery fund** (Next Generation)

- 4** quarter
- **CGE Electricidad disposal agreement** (Chile)
 - **Agreement to resolve UFG** (Egypt)
 - **Asset valuation review** (mainly in combined-cycle power plants in Spain)

✓ **COVID Initiatives**

✓ **Efficiency plan achieved ahead of schedule**

✓ **Continued investment in renewables**

✓ **Acceleration of transformation**



COVID main company initiatives



1 Employees

- > Ensure safe **work environment**
- > Provide resources for **remote working**
- > Permanent access to company **medical services** for employees and their families



3 Customers

- > **Bill financing** to SMEs, self-employed individuals and municipalities
- > Free **telematic medical assistance**
- > **Continuity of energy supply** to all vulnerable clients



2 Society

- > Reinforcement of **critical infrastructures**
- > **Guarantee** energy supply
- > **Free energy supply** to hospitalized facilities
- > Free gas and electricity **inspections** to essential collectives



4 Suppliers

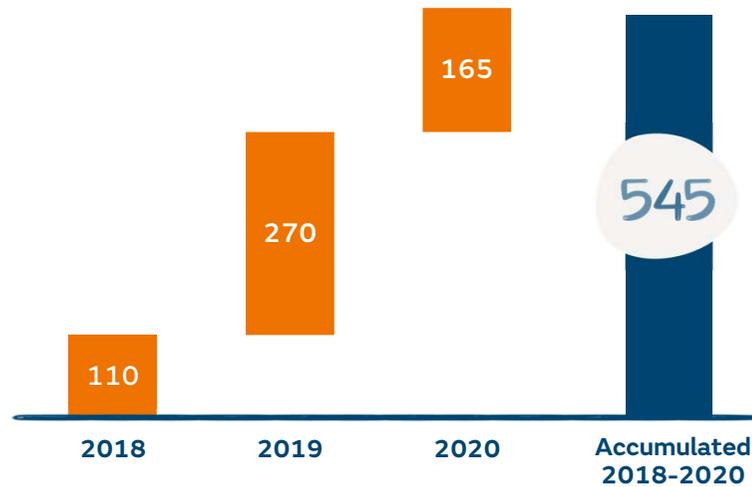
- > Cash payment **advances**

Committed to mitigating COVID impact and supporting all of society

Business optimization to increase competitiveness



Annual and recurrent efficiencies (€m)



Ordinary Opex evolution (€m) and as % of gross margin



Meeting efficiency target 2 years in advance

Gas procurement contracts renegotiations

Terms revised in 2020



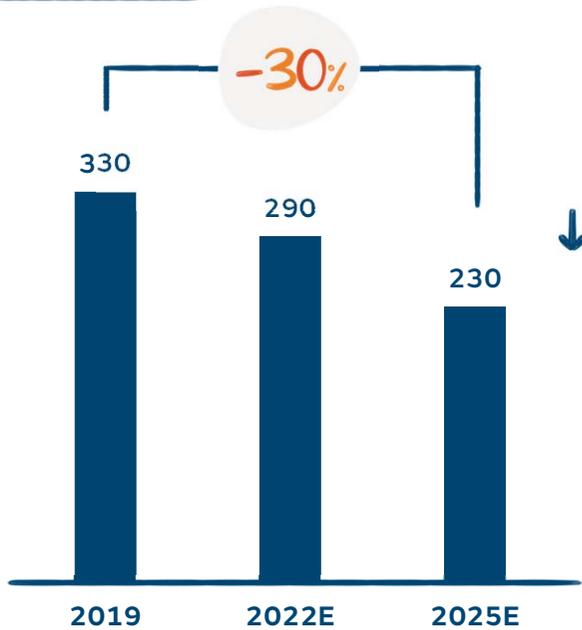
	Origin	2021 ACQ ¹ (TWh / yr)	Expiration	ACQ ¹	Flexibility	Prices & Indexation
Pipeline	Algeria Sagane I	50	2021	✓	✓	✓
	Algeria Sagane II	23	2029	✓	✓	✓
	Algeria Medgaz	9	2030		✓	✓
	ENI ²	16	2025	✓	✓	✓
LNG	Trinidad & Tobago	28	2023/24			
	Qatar	22	2025		✓	✓
	Oman	22	2025			
	Nigeria	22	2023	✓	✓	✓
	Yamal	38	2041			
	US Sabine	54	2037			
	US Corpus	23	2040			
Total		307				

Proactive management to increase competitiveness

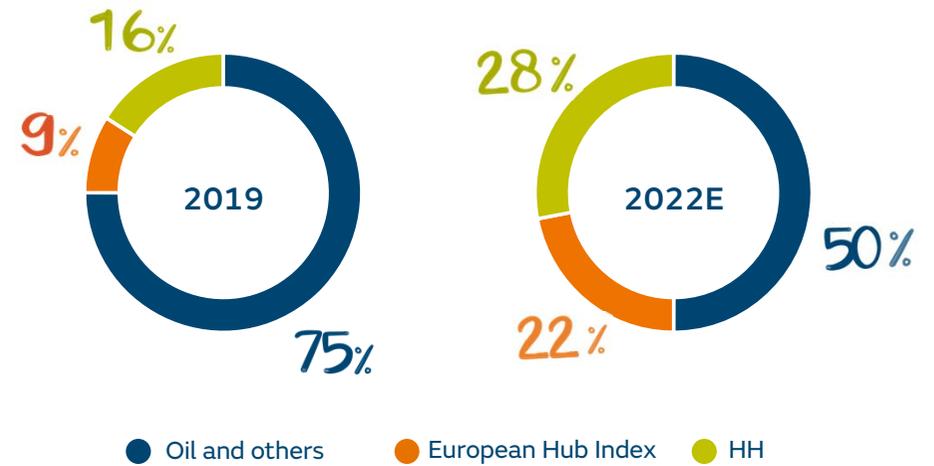
Notes:
 1. Annual Contract Quantity
 2. As part of UFG resolution agreement

Improvement in exposure and gas purchase agreements

Reducing procurement commitments (ACQ₁ - TWh)



Reduction in price indexation asymmetries



Downsizing and derisking of business profile to reduce volatility

Note:
1. Annual Contract Quantity

CGE Electricidad disposal agreement



- > Sale of Naturgy's entire equity shareholding (96.04%) to China State Grid
- > Enterprise value of 4,312€m
- > Pre-tax capital gains of approximately 400€m
- > Completion expected in 1H21

Consolidated impacts (€m)

Net debt



3,886

EBITDA



250

Discontinued operations result



74

Debt and EBITDA deconsolidation in 2020

Additional positive impacts in 2021

Solution to Union Fenosa Gas



- > Agreement reached in December 2020 between Naturgy, the Government of Egypt and ENI
- > Values UFG for a total consideration of US\$1.5bn
- > All conditions met. Closing expected this week.

Main implications for Naturgy

US\$600m cash proceeds

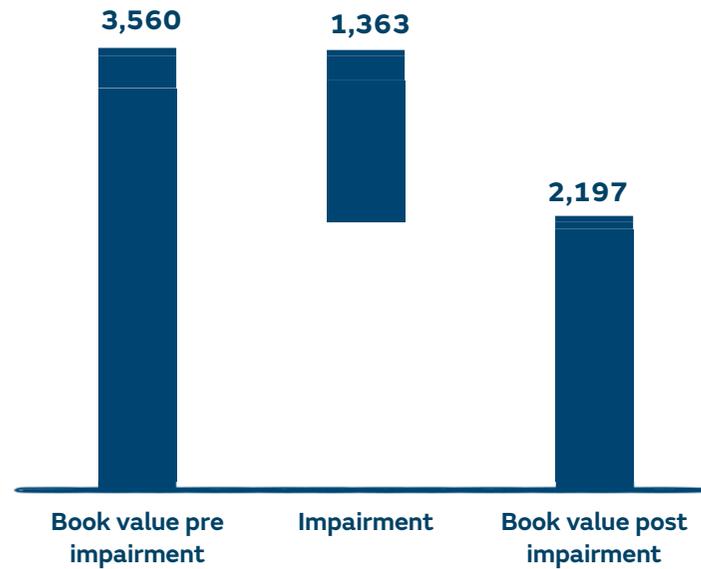
Maintains all assets outside Egypt (excluding commercial activities in Spain)

Maintains Oman's LNG gas supply

Solving a complex situation since 2012

Asset valuation review

Consistent with scenario for both Argentina and Spanish thermal generation (€m)



Main impacts

- > 2020
 - > No cash impact
 - > Negative impact of 1,019€m on net income
- > 2021 onwards:
 - > 75€m/year positive impact due to lower amortizations

Current asset valuation aligned with energy transition

Results

2020



Key figures (€m)

Ordinary EBITDA

3,714

Ordinary Net Income

872

Tax contribution to society

2,324

Cash flow from operations

3,432



Targets met despite an unfavorable environment

2020 Income statement

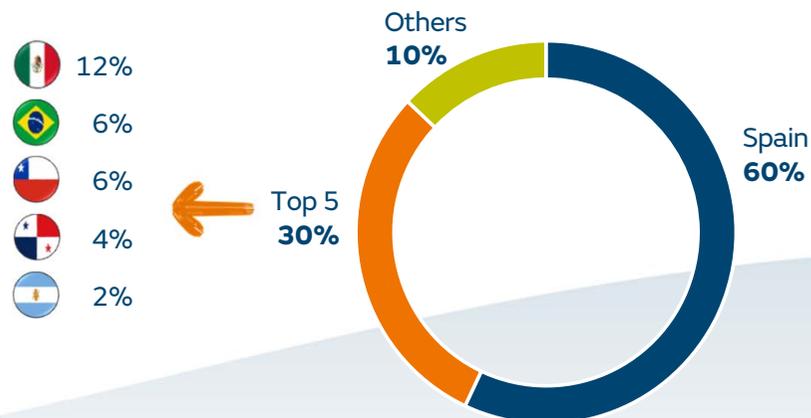
Profit and loss account (€m)

	Reported	Ordinary	vs. 2019
Net sales	15,345	15,345	-26%
Gross margin	5,207	5,312	-13%
Opex	-1,605	-1,401	-12%
EBITDA	3,449	3,714	-15%
Amortizations	-2,839	-1,478	0%
EBIT	466	2,080	-25%
Financial results	-538	-502	-4%
Taxes	-19	-374	-23%
Net profit	-347	872	-37%

Change in ordinary EBITDA by business

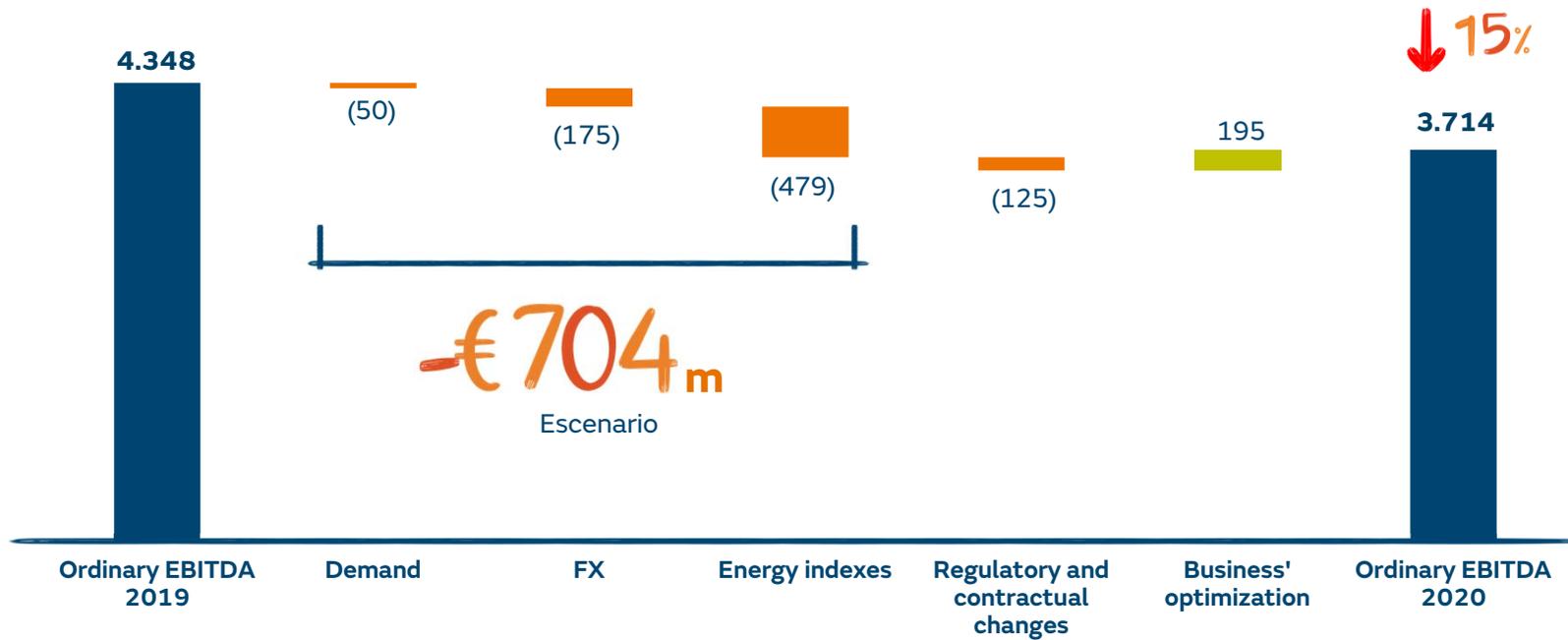


EBITDA by geographic area



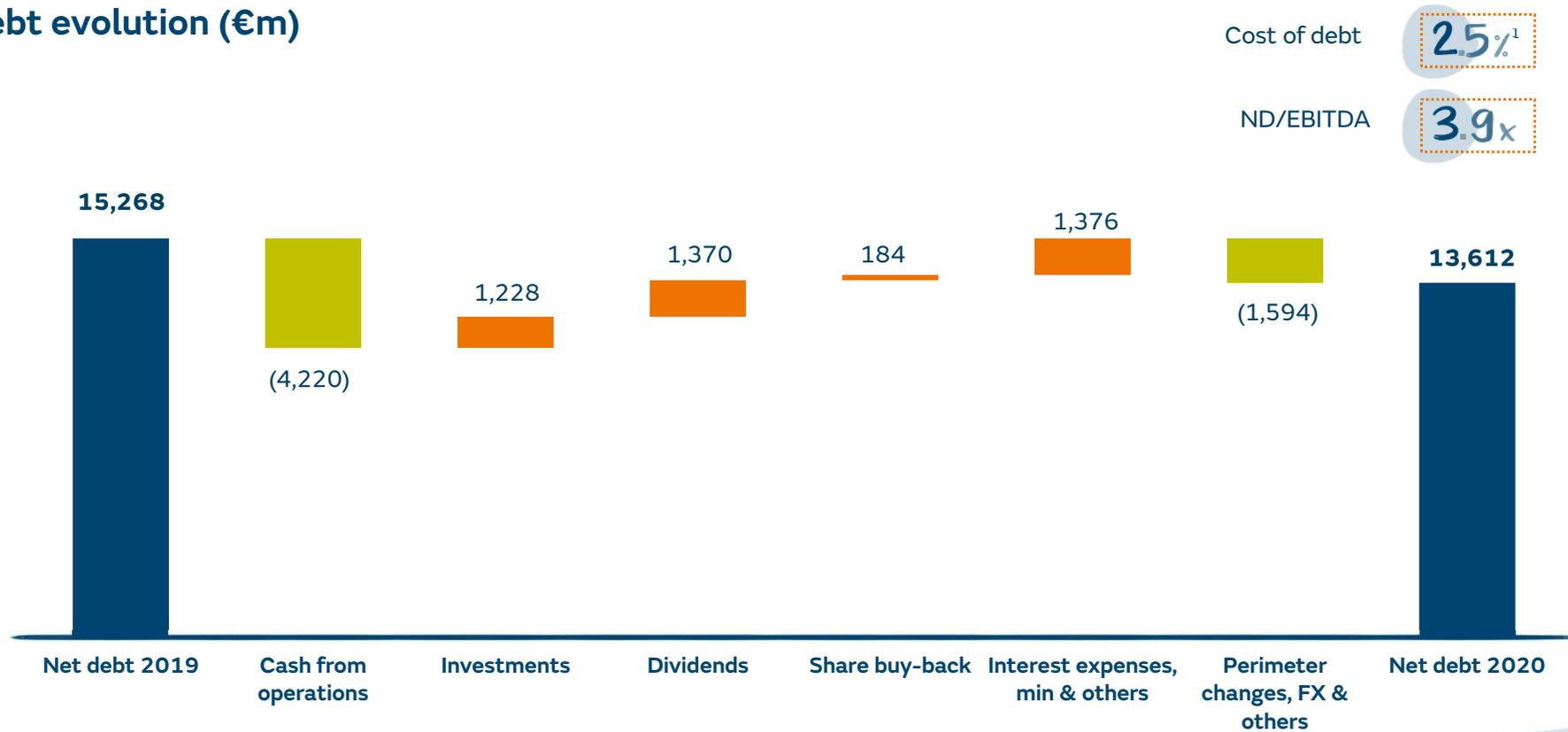
Results impacted by scenario and asset valuation review

Ordinary EBITDA evolution excluding CGE Electricidad (€m)



Negative headwinds partly offset with efficiencies and gas contracts renegotiations

Net debt evolution (€m)

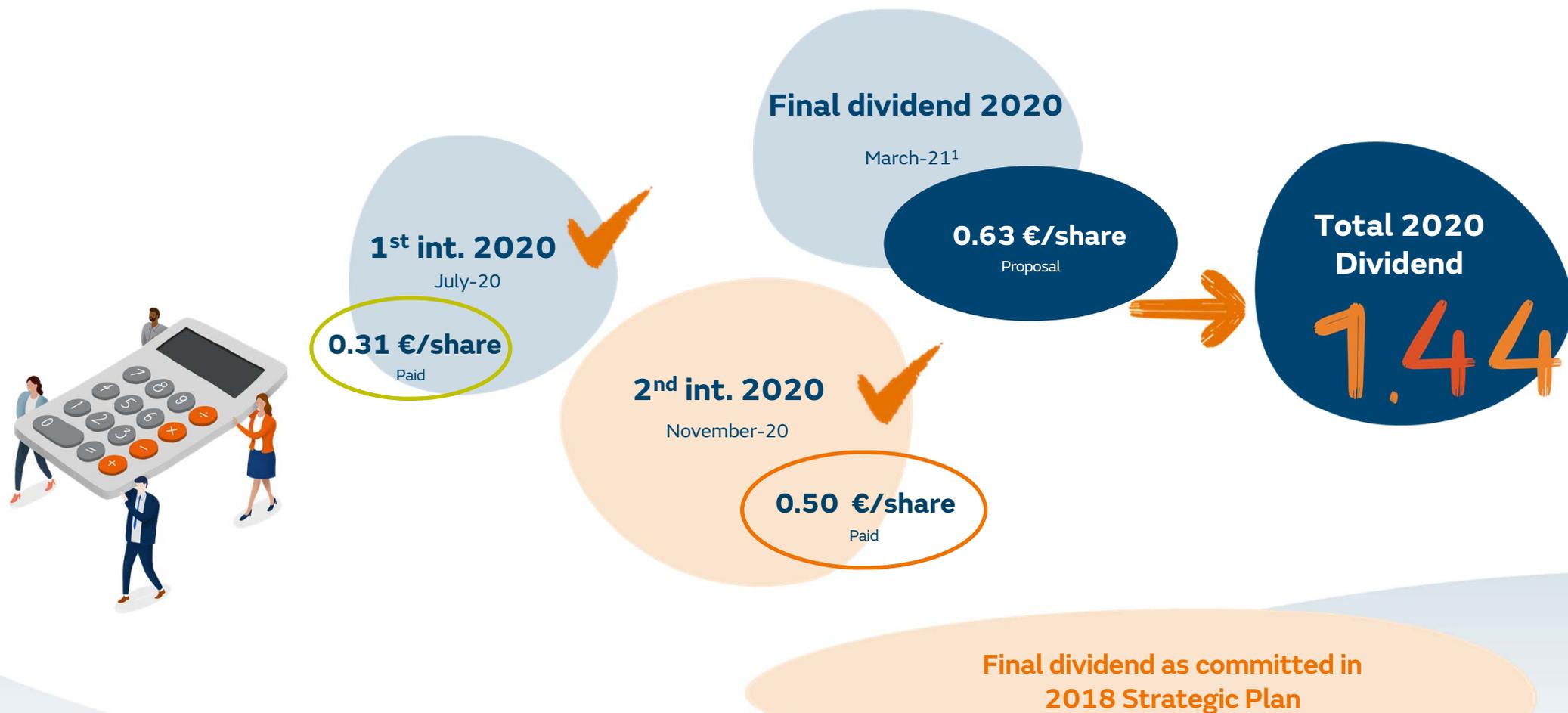


Lower net debt to invest in projects aligned with the energy transition

Note:

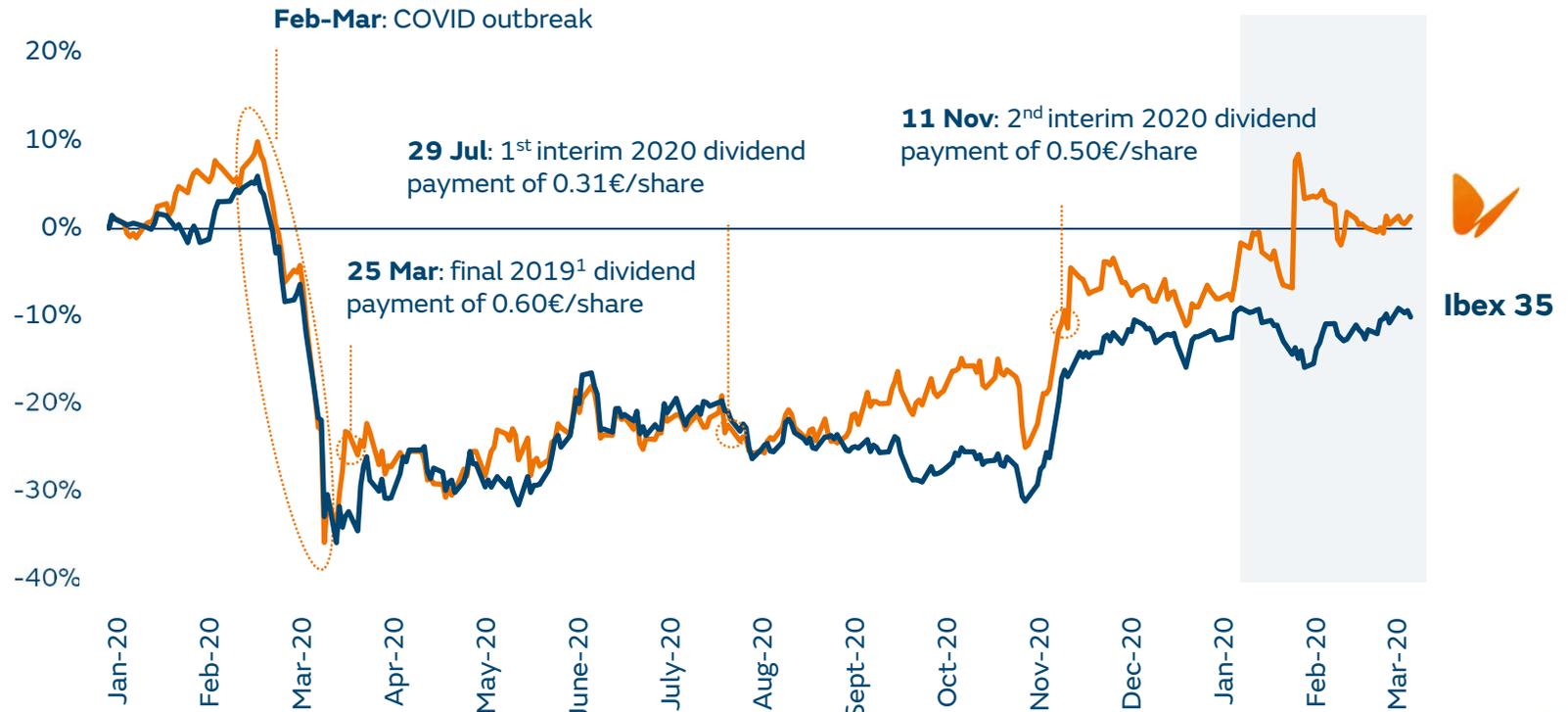
1. Average debt cost without including the impact of IFRS 16

Shareholders' remuneration



Note:
1. Subject to AGM approval

Total shareholder return (share price + dividend)



Index and Naturgy impacted by COVID

Note:

1. 0.593€/share paid on 25 March 2020 and remaining 0.01€/share paid on June 3th 2020

ESG

2020



Energy transition is an opportunity for a sustainable recovery

Worldwide Trends

Climate action

- > Net-zero emissions by 2050
- > Biodiversity protection

Social impact

- > Just Transition
- > Reduction of inequalities
- > Diversity and Education

Sustainable communities

- > Circular economy
- > Energy efficiency
- > Sustainable mobility

Governance

- > Transparency
- > Climate risks

Our Sustainability Master Plan



ESG 2020 achievements



<p>Environmental</p>	<p>- 30% CO₂ emissions vs. 2017</p>	<p>4,600 MW Renewable operational capacity</p>	<p>265 Biodiversity initiatives</p>
<p>Social</p>	<p>-71% Accidents own employees with lost time</p>	<p>70% Suppliers audited in ESG criteria</p>	<p>+700 Energy rehabilitation of vulnerable households</p>
<p>Governance</p>	<p>4 Sustainability Committee sessions</p>	<p>Winner 2021 The Management Award (Medium and Large Companies)</p> <p>European Business Awards for the Environment</p>	<p>Top 50 Sustainable companies</p> <p>SEAL AWARD WINNER</p>

Results demonstrate our commitment

Decarbonization progress in our activities

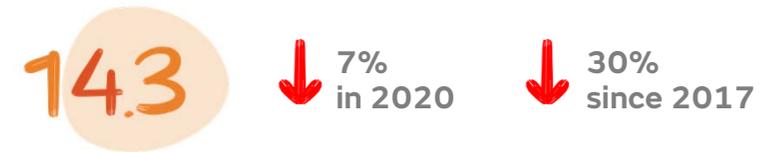


Direct CO₂ emissions (MtCO₂ eq)



- ➔ **Coal plants shutdown in Spain**
- Developing new renewables instead
 - Promoting Just Transition projects

GHG emissions (MtCO₂ eq)



Emissions-free installed capacity (% of total)



Environmental capex and opex (€m)

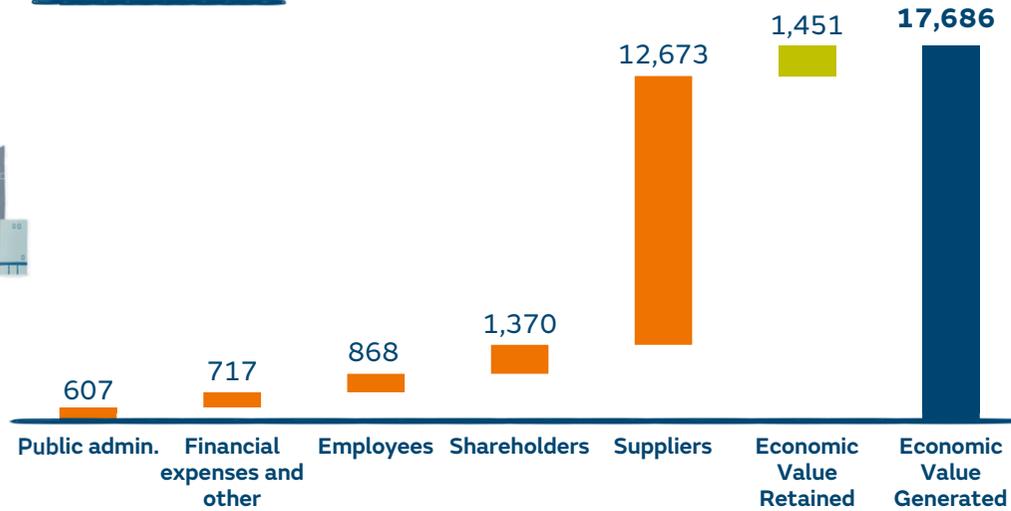


Firm commitment to reduce emissions and invest in renewable technologies

We contribute to the progress of society

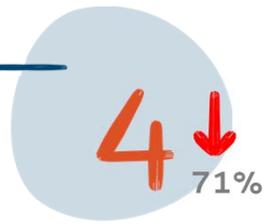


Economic value generated (€m)



Value creation for all our stakeholders

Accidents with lost time (units) Own employees



ESG audits (%)



Local purchases (%)



International recognition

	A list	CDP, in leadership positions since 2011	 FTSE4Good	4.9/5	Global leadership in the Multiutilities sector for 2 nd consecutive year
	86/100	Top positions in DJSI World and DJSI Europe of Gas utilities sector		AAA	Highest rating
 Now a Part of S&P Global	Gold class	Yearbook 2020		85/100	Linked to green financing
	B-	Within 20% of best companies of the sector		68/100	One of the 120 leading sustainable companies in the world, Europe and the Eurozone
	62/100	Golden medal			

Naturgy, highly rated within its sector and internationally valued

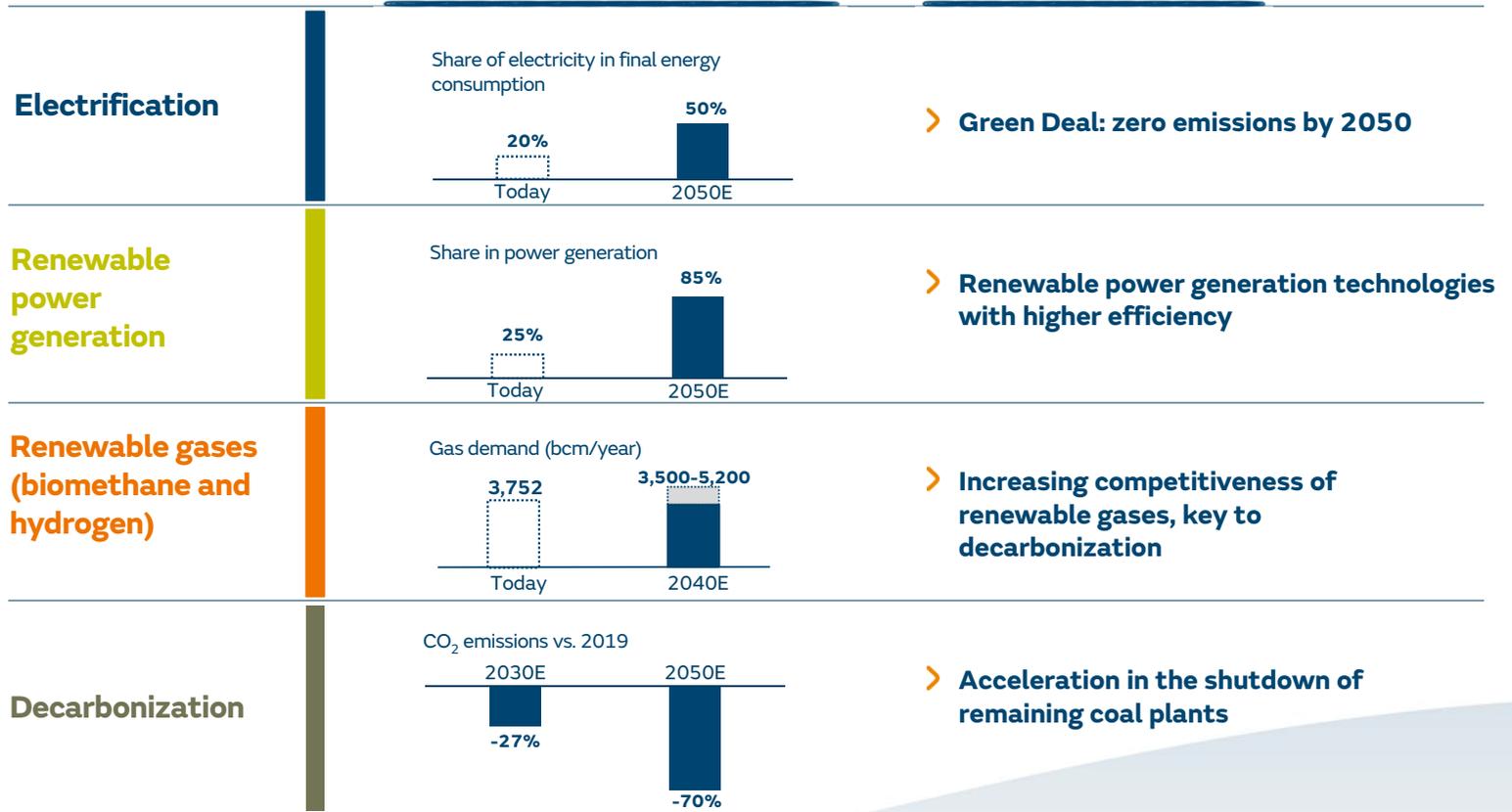


Energy trends

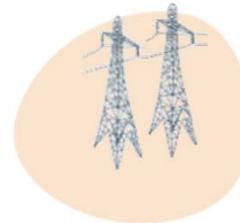
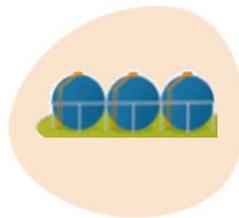
2021



Key energy sector trends



Energy value chain is transforming



Renewables

- > Renewable energy (power generation and renewable gas) dominates growth
- > Innovation will drive to lower costs
- > Digitalization will support remote operations

Storage

- > Batteries will support intermittent renewable generation

Smart grids

- > They will integrate renewables growth
- > Digitalization will allow full automation and remote/passive operation
- > Increased interconnection of electricity and gas networks

Customers

- > Customers will evolve to prosumers thanks to digitalization
- > Self-consumption of electricity

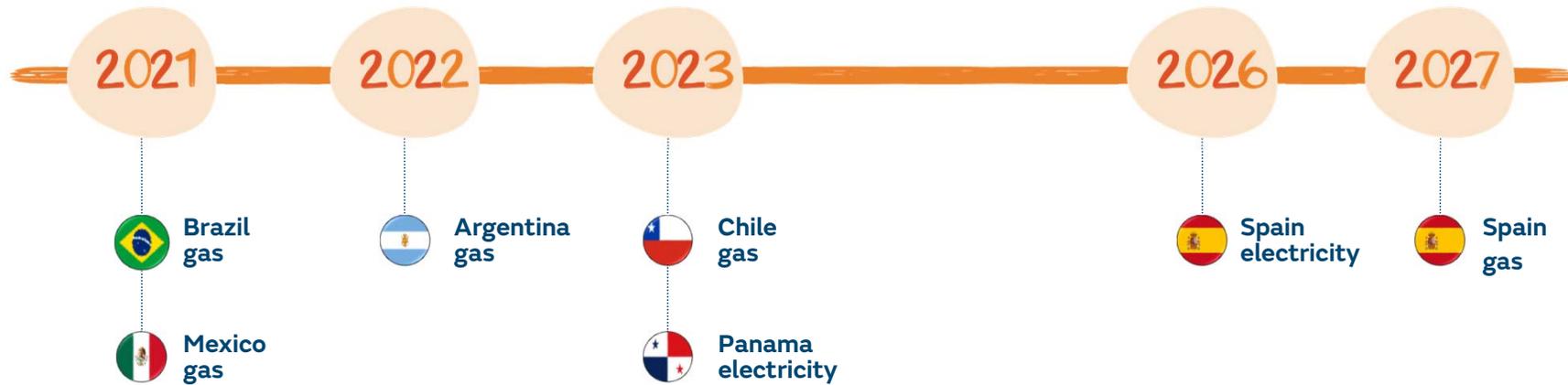
A new value chain which requires a deep transformation

Management priorities

2021



Upcoming regulatory review calendar



Regulatory reviews in LatAm
in the coming years



The future of electricity networks

Economic recovery plans foresees the need of investing over

23,000 €m

between 2021-2030 in Spain's electricity system

This opportunity would entail Naturgy investing, only in Spain, more than

3,500 €m

Digitalization



Smart grids



Energy Transition



The future of gas networks

By 2050, 100% of the gas that runs through the network must be from renewable sources (biogas and hydrogen)

*Use of renewable gas and electrification,
key energy vectors for a full decarbonization*

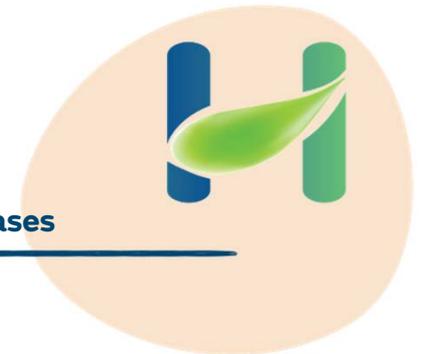
Digitalization



Networks



Renewable gases



Naturgy is currently working on biomethane and hydrogen projects valued at 4,000€m

Energy Transition leadership ambitions

 **14** bn €

Investment proposed
as part of the Next Generation
European program

	Investments €m	Projects
 Sustainable mobility	200	<ul style="list-style-type: none"> > Hydrogen stations network > Battery chargers (EV) > Gas stations network
 Just Transition	700	<ul style="list-style-type: none"> > Hydrogen > Biomethane > Recovery of areas
 Energy efficiency	1,400	<ul style="list-style-type: none"> > Rehabilitation of buildings > Self consumption > CO₂ capture
 Digitalization	1,500	<ul style="list-style-type: none"> > Network architecture > Operations transformation > Digital services with customers
 Renewable gases	3,900	<ul style="list-style-type: none"> > Hydrogen generation hub > Blending > Biomethane
 Renewable power generation	6,300	<ul style="list-style-type: none"> > Batteries (stand alone, hybridization) > Pumped hydro > Wind, Solar PV offshore, wave power

Promoting innovative hydrogen projects in Spain



4 Projects among which two stand out:

La Robla - Largest hydrogen plant in Spain

- > 9,000 Ton/year based on 400MW of solar capacity and 60MW electrolysis (scalable to 200MW)

Meirama

- > 7,500 Ton/year based on 150MW of onshore wind capacity and 50MW electrolysis (scalable to 200MW)

Uses

- > Blending of hydrogen into existing gas networks with origin certificates
- > Export to northern Europe in liquid form
- > Mobility and industry
- > Port infrastructure

Estimated Capex

Up to **2,5 bn€**

Network of hydrogen stations

Blending of hydrogen

- > Green hydrogen supply throughout key Spanish heavy transport routes
- > Blending of hydrogen and natural gas into turbines and CHP engines

Focused on supporting the Just Transition

Manuel García Cobaleda

General and Board Secretary



IFM tender offer status

2021



Offer on Naturgy's share capital by IFM

**Up to 220,000,000 shares at
€23/share**

- › Price will be adjusted for future dividend payments



**Required regulatory
approvals**

- › Spanish Council of Ministers
- › CNMV



Ongoing offer subject to authorization

**Naturgy's Board of Directors will comment
on the offer when appropriate**

IFM has informed Naturgy of its main intentions in the event the offer succeeds



- › Aim to remain as a long-term shareholder
- › To be represented in the Board of Directors
- › Support investments towards energy transition
- › Support a sustainable dividend policy
- › Keep the company listed in the stock market and headquartered in Spain

Proposed resolutions

2021



Proposed resolutions

- 1&2** Approval of the **Annual Accounts and Management Report** (individual and consolidated)
- 3** Approval of the **Non-Financial Information** (consolidated)
- 4** Approval of the **application of the results** of the financial year 2020 and remaining
- 5** Approval of the **management activities of the Board of Directors**
- 6** Approval of the **Policy on the Remuneration of Directors of Naturgy Energy Group, S.A.** for 2021, 2022 and 2023
- 7** Consultative vote in relation to the **Annual Report regarding the Remuneration** of the Members of the Board of Directors
- 8** **Appointment of the auditor** for the financial years 2021, 2022 and 2023
- 9** Information about modification to **Regulation on the organization and functioning of the Board of Directors of Naturgy Energy Group, S.A. and its Committees**
- 10** **Delegation of powers** for the execution of the resolutions adopted by the Annual General Meeting