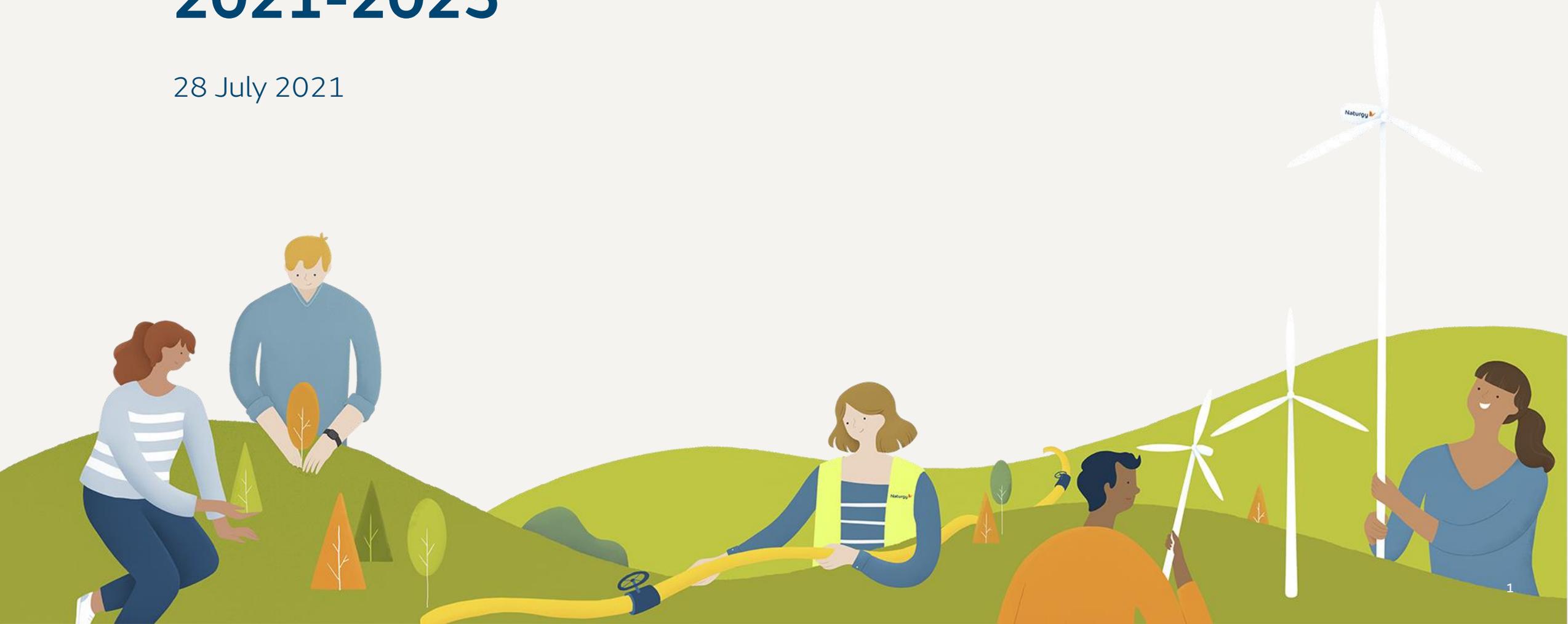


Strategic Plan 2021-2025

28 July 2021



Context / New Strategic Plan 2021-2025

1 New Strategic Plan initially planned for 4Q20

- Agreement to dispose CGE Electricidad in November amid COVID-19 uncertainty recommended postponement
- Ongoing uncertainty during 1H21 around COVID-19 developments

2 Increased visibility now allows for a new Strategic Plan to further the Company's transformation started in 2018

- Plan unanimously approved by Board of Directors on 27 July

3 The Plan strengthens the Company's commitment and alignment with all stakeholders

- Naturgy remains committed to continue providing visibility to financial markets, stakeholders and rating agencies



- 1 Vision
- 2 Roadmap
- 3 Summary



1 Vision



Vision / Strategic pillars

1 Growth

- › Mainly organic, maintaining capital discipline
- › Consistent with the energy transition
- › Opportunistic asset rotation to accelerate transformation



2 Focus

- › Renewables and Networks
- › Stable geographies and regulatory frameworks
- › Reducing volatility in procurement commitments

4 ESG

- › Embedded at the core
- › Aligned with SDGs
- › Tangible targets to meet commitments

3 Best-in-class

- › Continuous improvement
- › Increasing digital footprint
- › Reinventing customer relationships

5 Culture

- › Fueling passion on our employees
- › Solidifying core values
- › Aligned with stakeholders

Solid pillars to accelerate our transformation

Vision / Key investment objectives

Total Capex

€14.0bn

- > Focus on projects with predictable returns
- > Financial discipline as a cornerstone
- > 80% eligible investments according to Taxonomy



Renewables

€8.7bn



- > Proven generation technologies
- > Focus on attractive geographies
- > Commitment to innovation
 - Distributed generation
 - Biogas and hydrogen
 - Sustainable mobility

Networks

€4.1bn



- > Focus on solid frameworks with proactive regulatory management
- > Ongoing projects to achieve full automation and remote operation
- > Adapting existing infrastructures to play a key role in energy transition

Investments aligned with energy transition

Vision / ESG at the core of our vision



		2020	2025	
Environment	> Emissions reduction	16%	24%	Reduction of tCO ₂ , (scopes 1+2+3) ¹
	> Biodiversity	265	> 350	Projects (#)
Net Zero by 2050				
Social	> Enhance diversity	27%	>40%	Women in management positions
	> Extending ESG throughout supply chain	70%	95%	Suppliers ESG audited
Gender Parity by 2030				
Governance	> ESG targets as a part of management incentives	3%	10%	Variable pay ESG linked
	> Climate change risks and taxonomy reporting	Partial	100%	TCFD & Taxonomy implementation
Management compensation aligned with ESG				



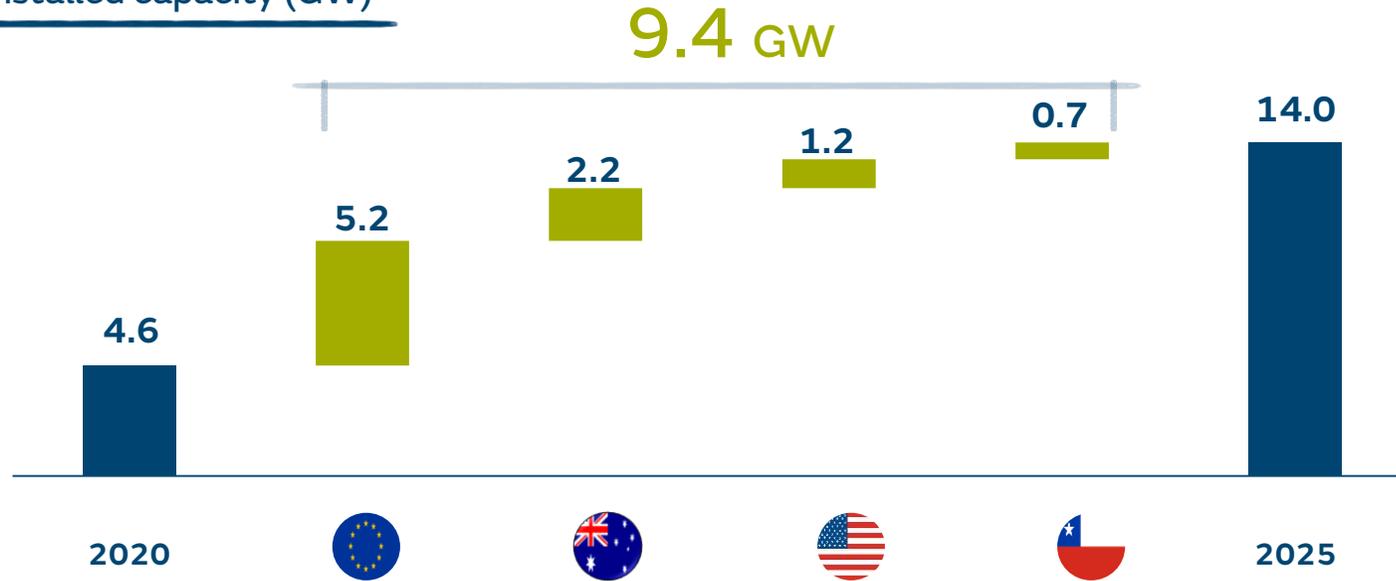
Note:
1. vs. 2017. Scopes 1+2 aligned with 1.5°C scenario and Scope 3 aligned with WB2D scenario

2 Roadmap



Roadmap / Renewables

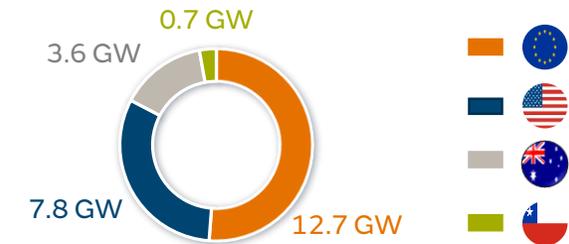
Installed capacity (GW)



Pipeline

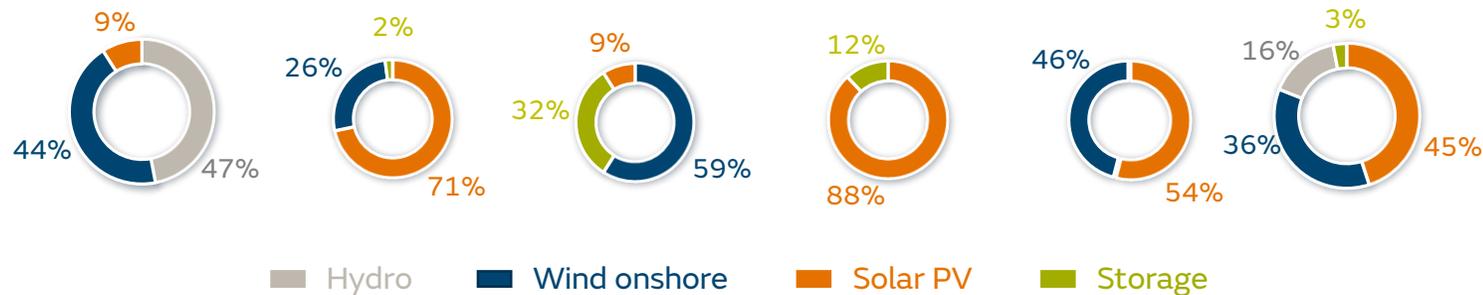
24.8 GW

By geography



By technology

By technology



8.7 GW



Roadmap / Renewables

Growth strategy focused on:

1 Stable geographies

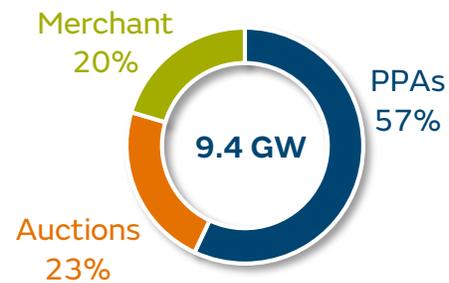
- > Low risk and hard currency
- > Solid regulatory frameworks
- > Long-term visibility

2 Proven technologies

- > Solar PV, onshore wind and storage
- > 14 GW in operation by 2025
- > Tangible pipeline with visibility

3 Customer base as a natural hedge

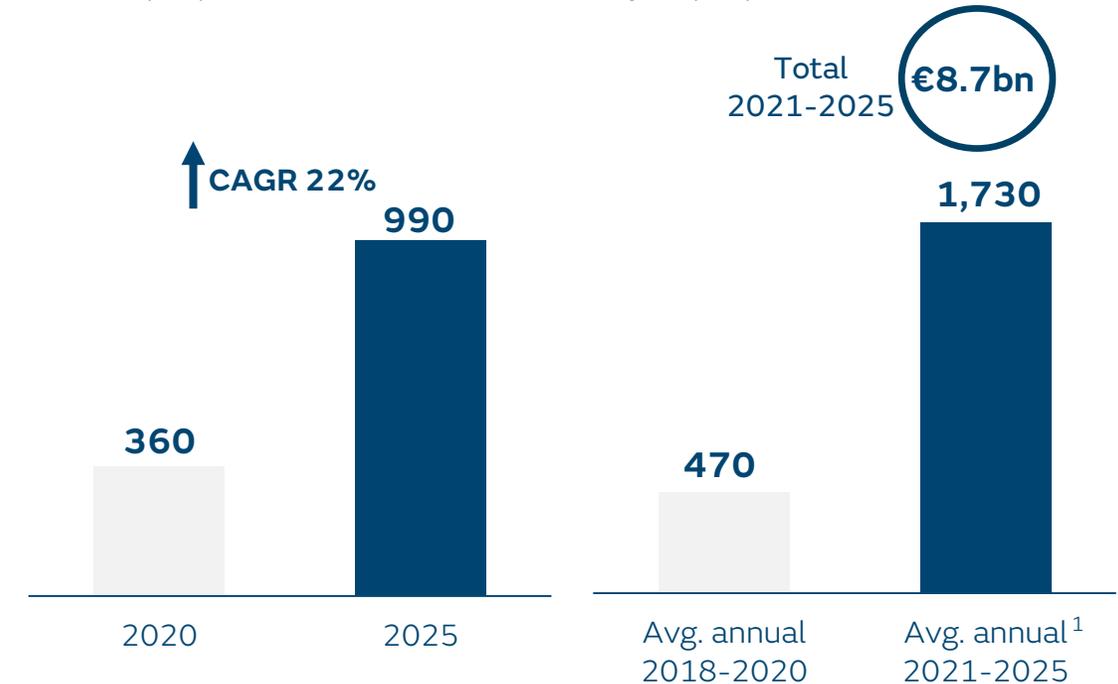
- > Balancing risks with new capacity



Financial estimates

EBITDA (€m)

Capex (€m)



A defined roadmap for renewables growth

Roadmap / Additional investment opportunities eligible under Next Gen EU program

€13.8bn



Sustainable mobility



Digitalization



Just Transition



Energy efficiency



Renewable linked opportunities

Renewable gases

Focus on renewable gases €3.0bn

Selected projects:

Developing renewable gas projects

- > Target of >1TWh by 2025

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)

Network of hydrogen stations

Blending of hydrogen

Uses:

- > Decarbonization and circular economy in Galicia, Asturias, Cantabria, Cataluña, Valencia and Castilla y León
- > Blending of hydrogen into existing gas networks with origin certificates
- > Export to northern Europe in liquid form
- > Mobility and industry
- > Port infrastructure
- > Green hydrogen supply throughout key Spanish heavy transport routes
- > Blending of hydrogen and natural gas into turbines and CHP engines

Taking firm steps in innovation

Roadmap / Networks

Key transformation initiatives

1 Spain electricity networks

- > At the forefront of electricity networks digitalization
- > Increasing investment commitments in line with sector requirements

2 Spain gas networks

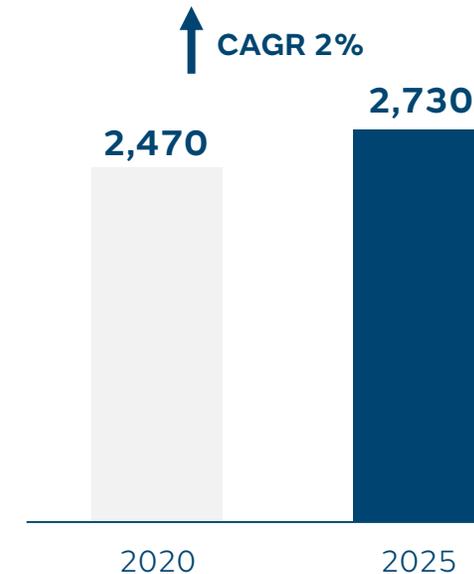
- > Networks digital transition to ensure best-in-class operations
- > Commercial repositioning
- > Accelerating contribution to decarbonization

3 LatAm networks

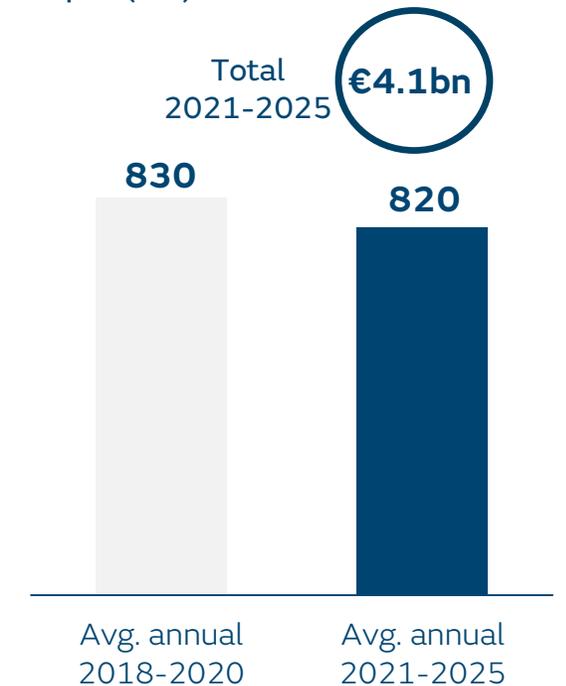
- > Portfolio management
- > Investments to guarantee maintenance and safety standards

Financial estimates

EBITDA (€m)



Capex (€m)



Regulatory management, digitalization and best-in-class operations to lower risk and increase cash flow predictability

Roadmap / Energy management

Key transformation initiatives

1 Markets and procurement

- › Progressive downsizing of procurement commitments
- › Ongoing review and optimization of procurement contracts (oil to hub indexation transition)

2 International LNG

- › Risk management to ensure predictable cash flows
- › Downsizing of LNG tanker fleet under time charter
- › Exploring value alternatives

3 Spain thermal generation

- › Remote operation and bottom-up process review of CCGT fleet
- › Mothballing of non-performing CCGTs
- › Working in hybridization alternatives
- › Proactive regulatory management (system back-up)

4 LatAm thermal generation

- › Cost and investment efficiency
- › New opportunities for excess capacity above PPA
- › Exploring value alternatives for Mexico CCGTs

Financial estimates

EBITDA (€m)

580

2020

470

2025

↓ CAGR 4%

Capex (€m)

310

Avg. annual
2018-2020

90

Avg. annual
2021-2025

Total
2021-2025
€0.5bn

Initiatives to improve competitiveness and reduce risk throughout the portfolio

Roadmap / Supply

Key transformation initiatives

1 Boost competitiveness

- › Market repositioning
- › Integrated energy offering
- › Refocusing of distribution channels strategy including additional third party agreements
- › Enhance profitability

2 Reinvent customer relationships

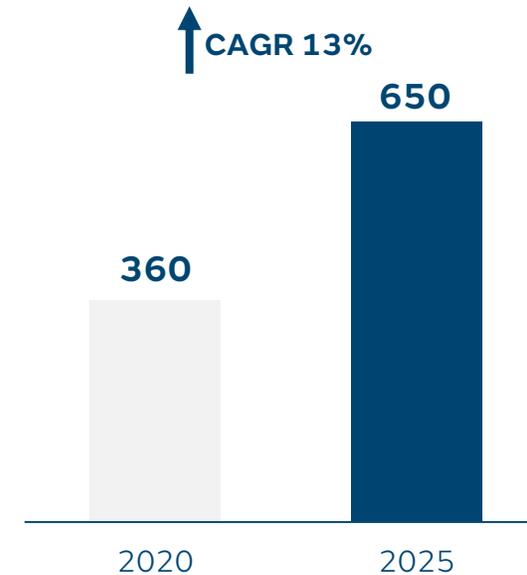
- › Redefined customer service
- › Enhanced data analytics and customer segmentation
- › Increased loyalty through customer value management

3 Accelerate digital transformation

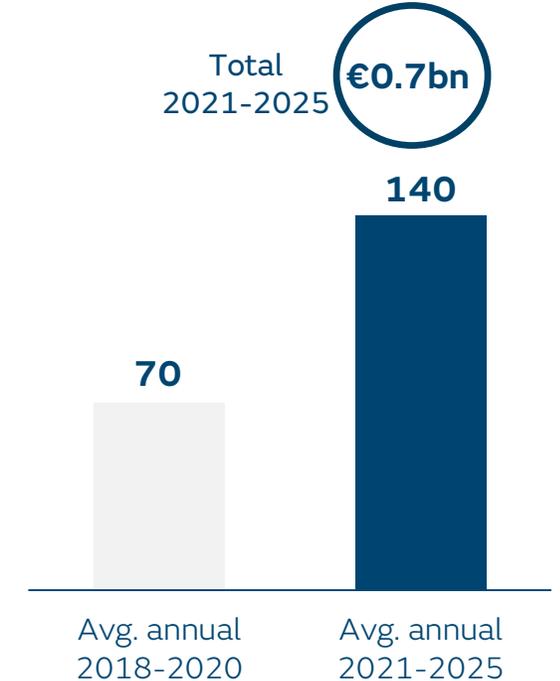
- › Transition to a new simpler and integrated digital platform
- › Enhanced efficiency in every single operating process

Financial estimates

EBITDA (€m)



Capex (€m)

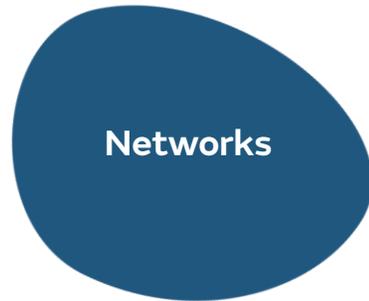
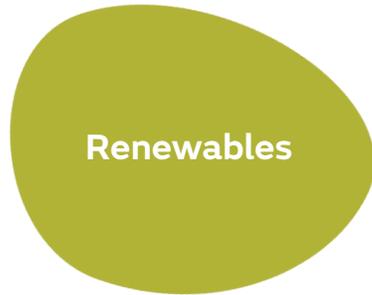


A clear roadmap for growth

3 Summary

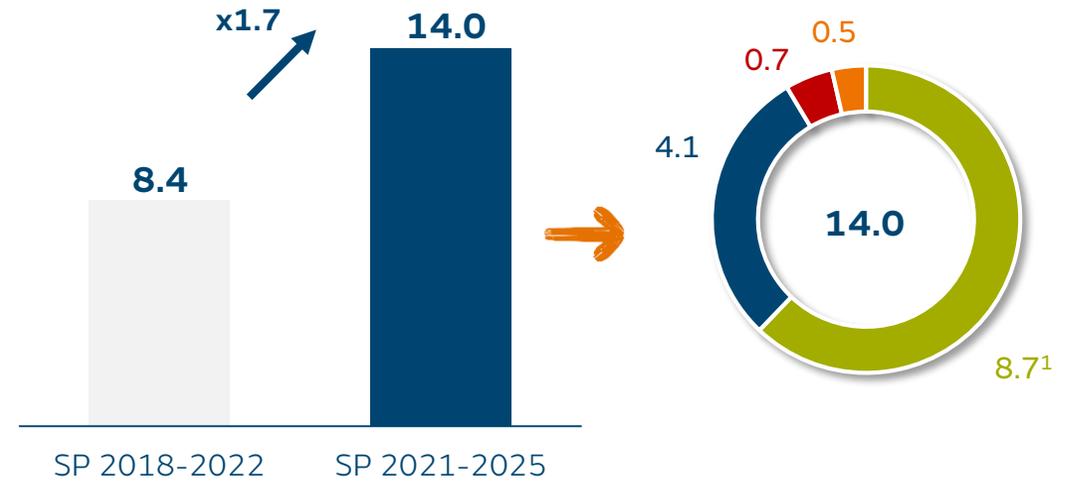
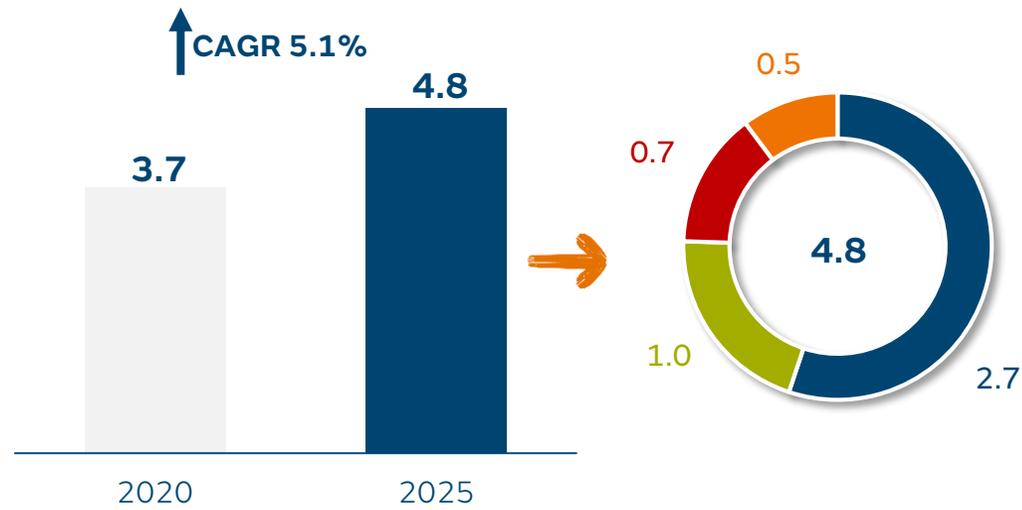


Summary / Business overview



Ordinary EBITDA (€bn)

Capex (€bn)



■ Renewables
 ■ Networks
 ■ Energy management
 ■ Supply

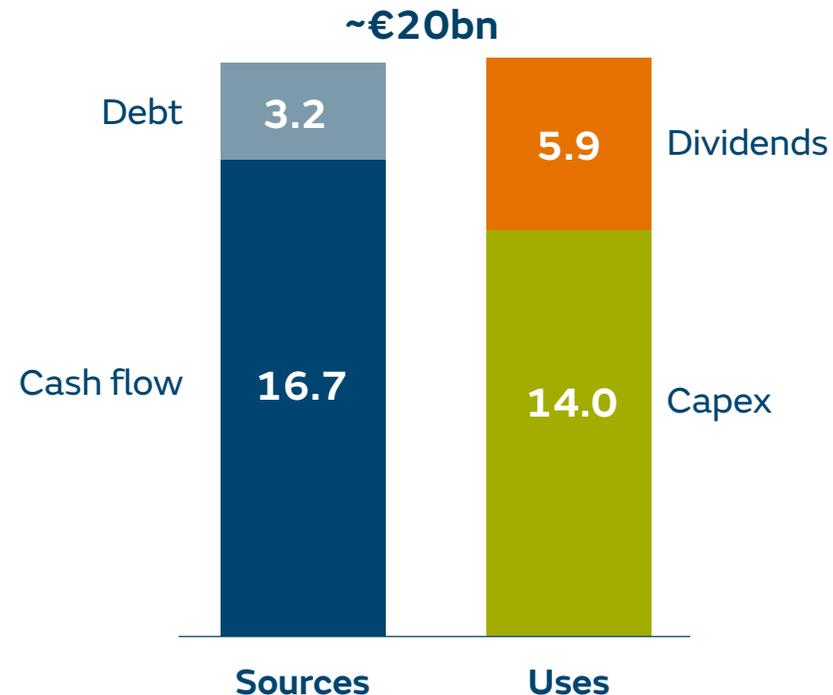
Note:
 1. Of which €7.7bn renewables growth capex, €0.2bn maintenance capex and €0.8bn new businesses

Summary / Dividend policy and capital allocation

Dividend policy

- > Solid BBB rating throughout the period
- > 1.20 €/share per year
- > To be reassessed in 2023 depending on performance and transformation execution
- > Calendar:
 - After 1H: 0.30 €/share
 - After 3Q: 0.40 €/share
 - After AGM: 0.50 €/share

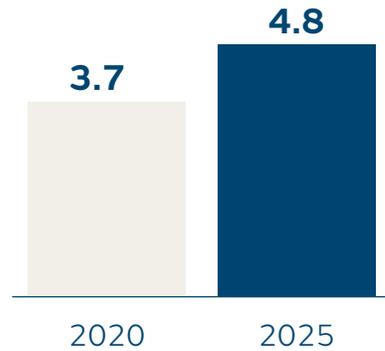
Capital allocation 2021-2025



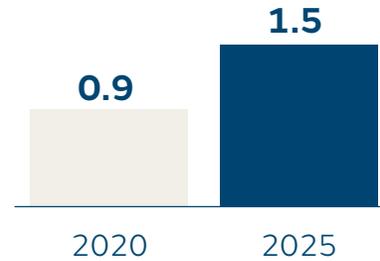
Sustainable capital allocation

Summary / Key figures (€bn)

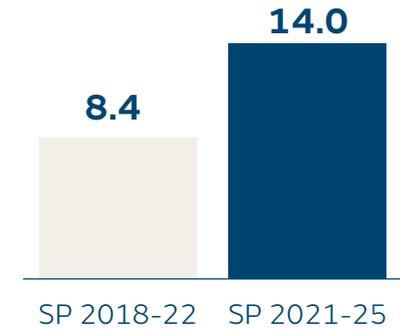
Ordinary EBITDA **CAGR 5.1%**



Ordinary Net income **CAGR 12.0%**

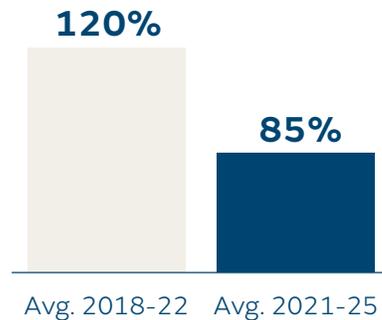


Capex **x1.7**



Dividends **1.20 €/sh.**

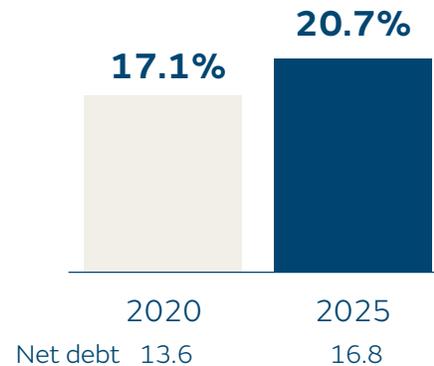
Pay-out on ordinary Net Income



Reassessment in 2023

Leverage **BBB rating**

FFO/ND



Net debt 13.6 16.8

ESG

Remuneration linked to ESG **2021**

Gender parity **2030**

CO₂ Neutrality **2050**

Summary / Closing remarks

Strategic Plan 2018-2022

- › Simplicity and accountability
- › Efficiency
- › Non core disposals
- › Financial discipline

Changes in environment

- › Energy scenario
- › Economic outlook
- › Energy transition acceleration
- › Regulatory changes
- › COVID-19 outbreak

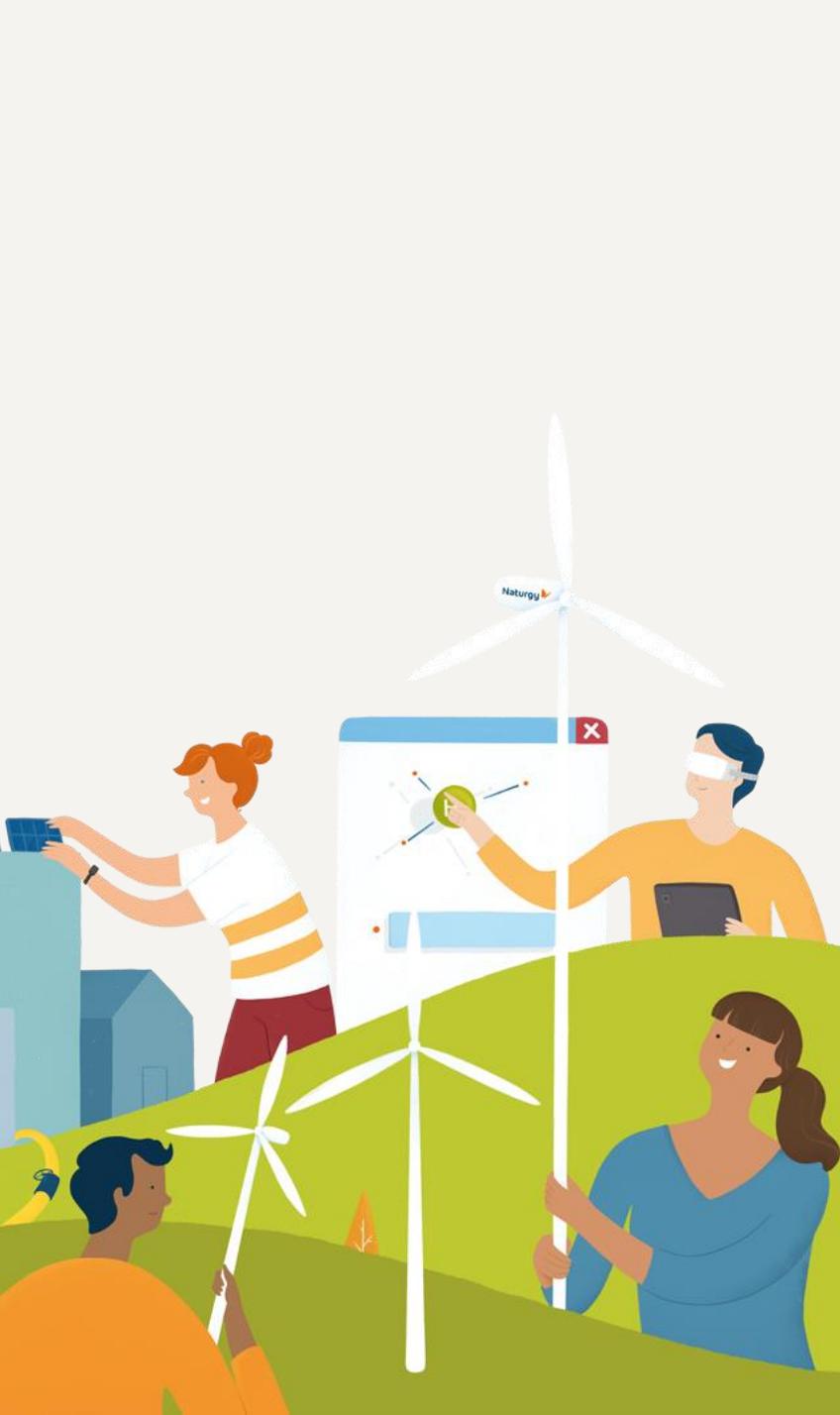
Strategic Plan 2021-2025

- › **Investment focus**
 - **Renewables and networks**
 - **Financial discipline**
 - **Hard currency markets**
- › **Opportunistic asset rotation**
- › **ESG**

Growth to accelerate transformation rebalancing capital allocation



Appendix



Appendix / FX and inflation evolution

Chile

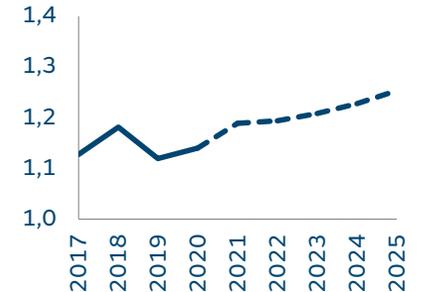
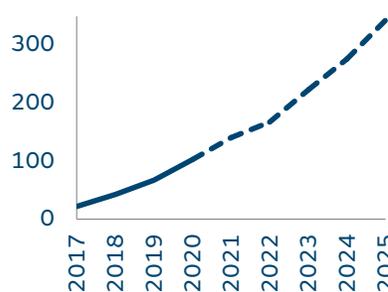
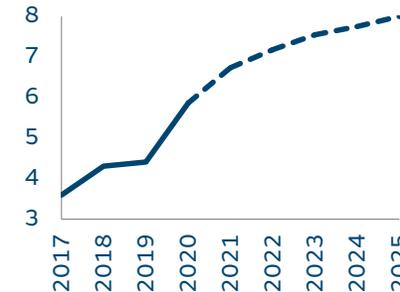
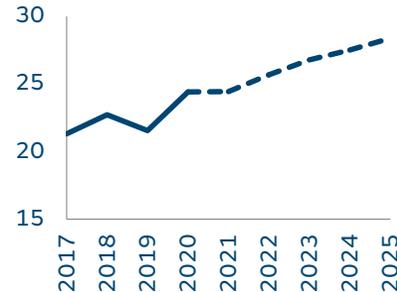
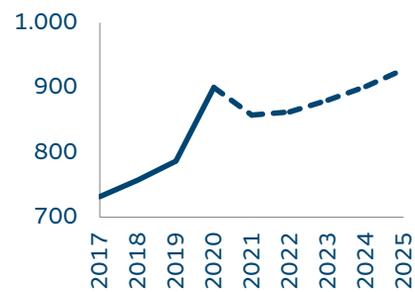
Mexico

Brazil

Argentina

United States

FX (vs. EUR, end of year)



Variation¹ **-23%** (17-20) **-3%** (2021-2025)

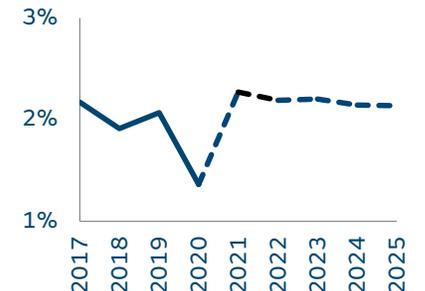
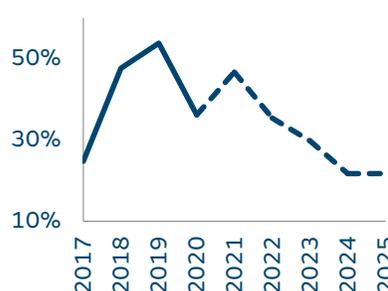
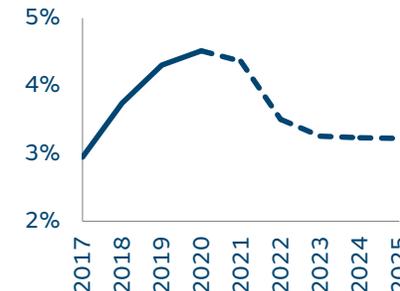
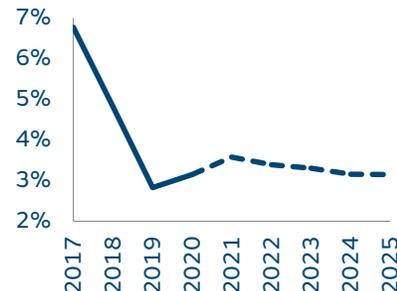
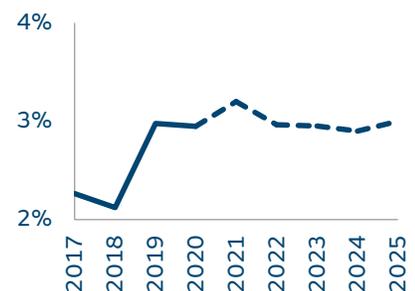
-14% **-16%**

-63% **-36%**

-361% **-234%**

-1% **-10%**

Inflation² (% , end of year)



Acum. **8%** (17-20) **16%** (2021-2025)

11% **18%**

13% **19%**

209% **282%**

5% **11%**

Source: Forwards, Bloomberg, FMI, EIU and others

Notes:

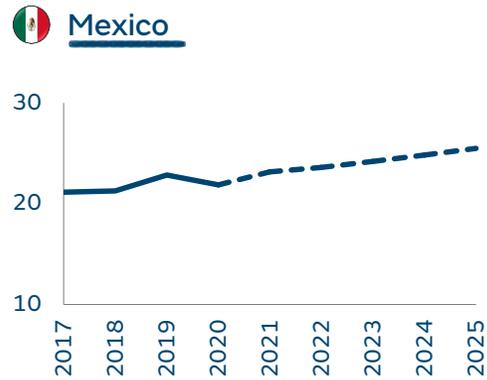
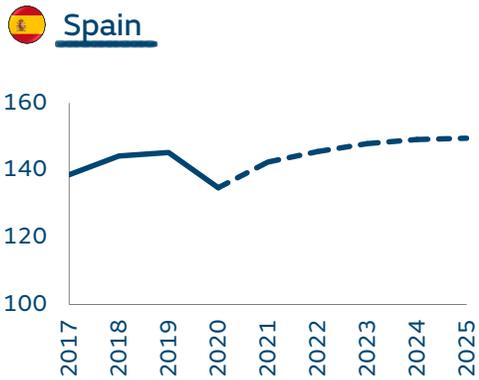
1. FX variation (2017-2020, 2021-2025) expressed with opposite sign to highlight currency devaluation

2. Inflation is used as a proxy of the tariff index used in each country (ex Brazil IGPM)

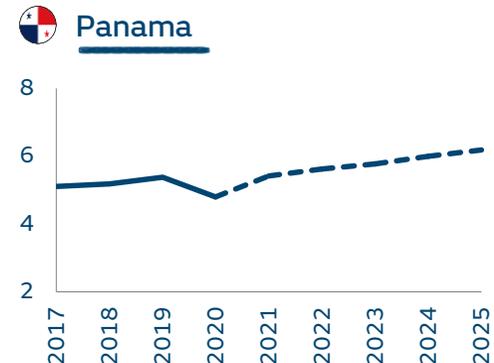
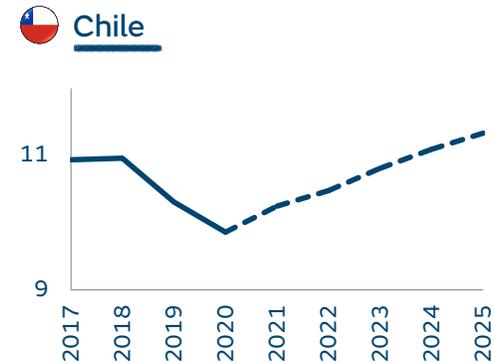
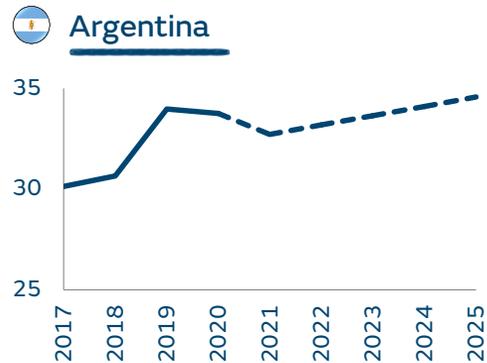
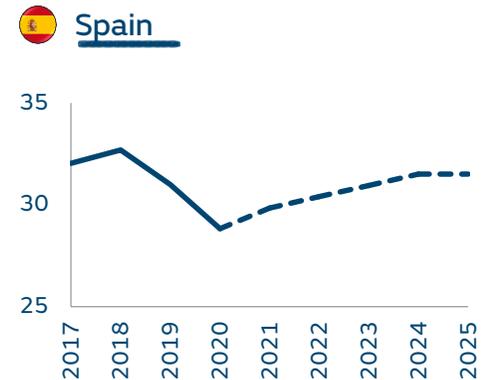
Relevant devaluation of LatAm currencies

Appendix / Networks demand evolution

Gas (TWh)



Electricity (TWh)



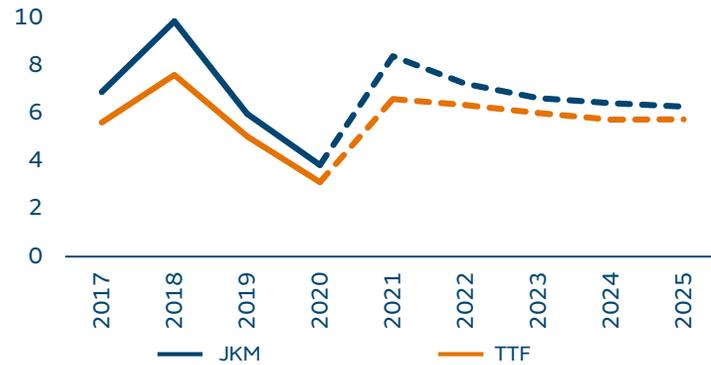
Note:

1. Demand in Naturgy's gas distributions networks in residential, commercial, NGV and industrial segments

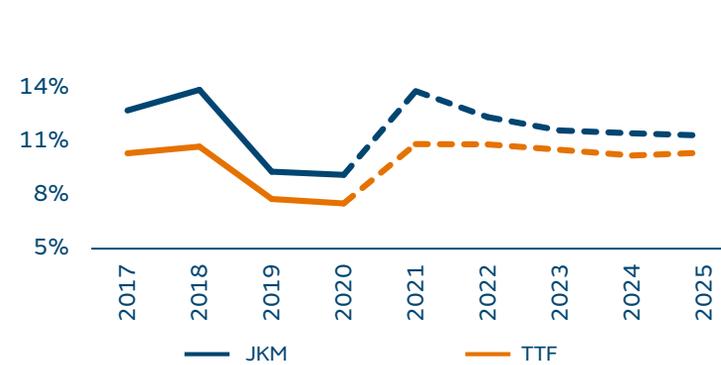
Recovery to levels prior to the COVID-19 crisis does not take place until 2022

Appendix / Energy markets evolution

Gas prices (USD/MBtu)



Hub as % of Brent gas prices



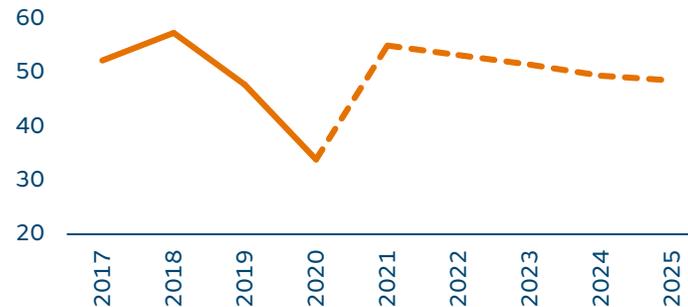
Henry Hub (USD/MBtu)



Brent (USD/bbl)



Spain Pool price average (EUR/MWh)



CO₂ (EUR/ton)



Recovery of commodity prices in 2021



Thank you

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