

1Q | 22

Results

12 May 2022



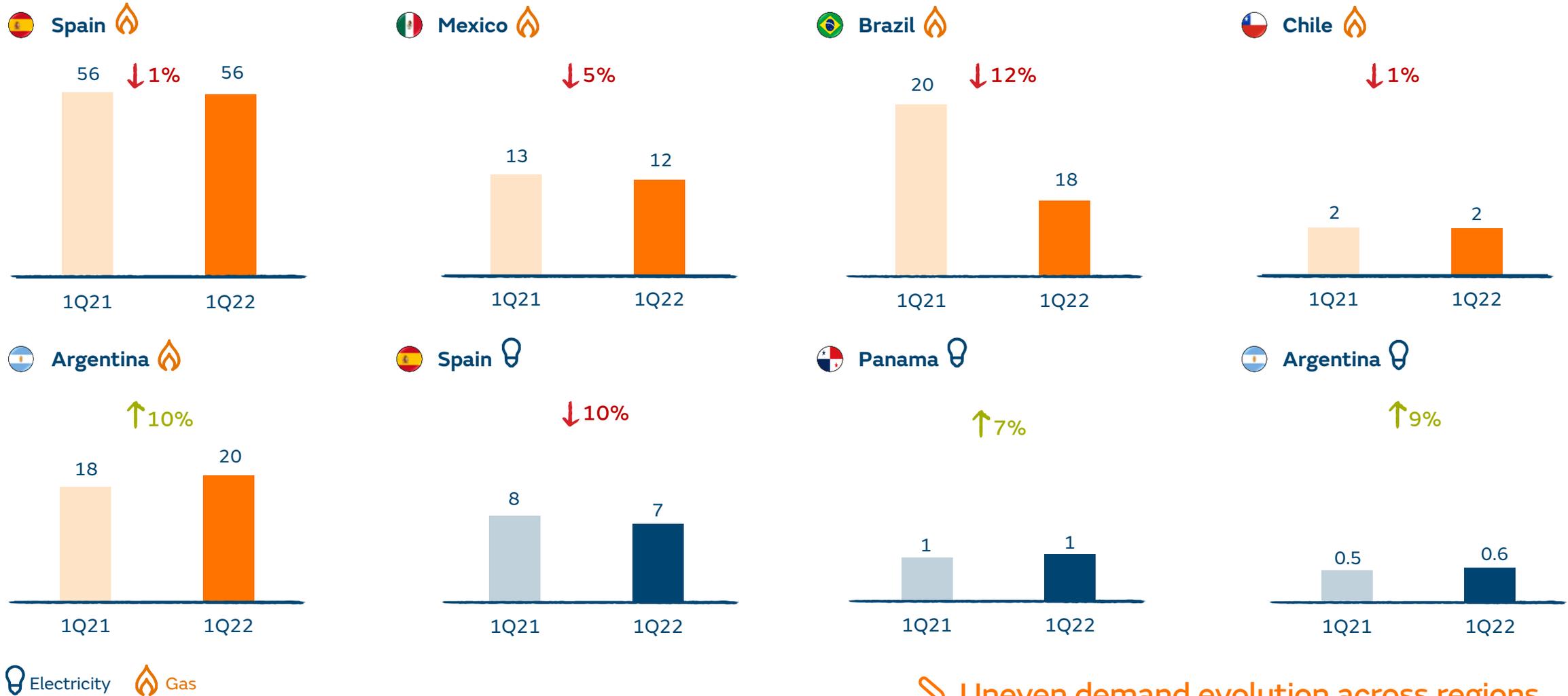
1. Scenario
 2. Consolidated results
 3. Summary
- Appendix



1. Scenario

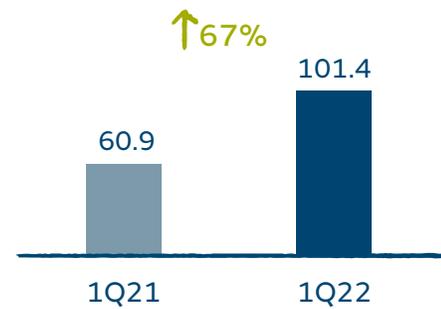
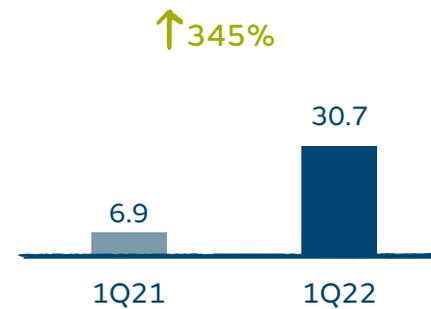
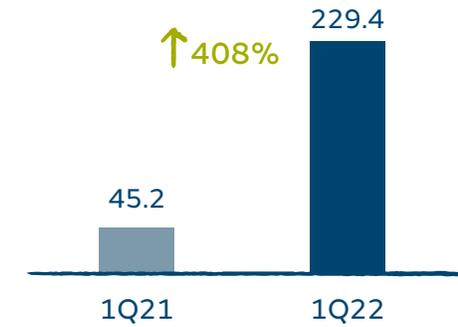
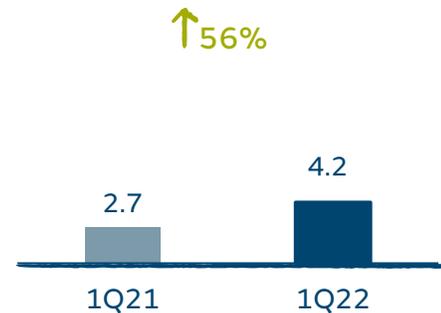
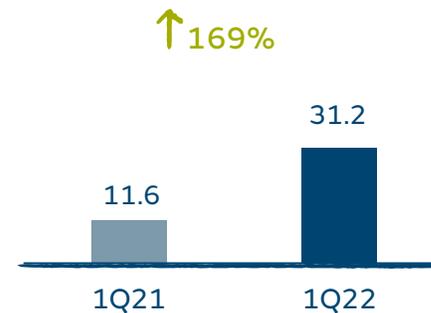


Naturgy's energy demand evolution (TWh)



➤ Uneven demand evolution across regions

Energy markets evolution

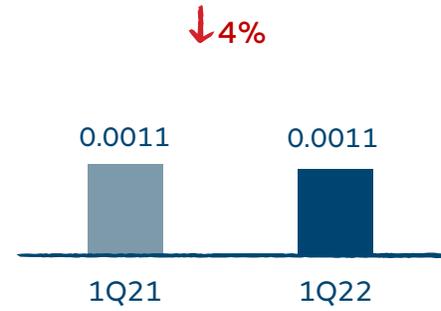
**Brent** (USD/bbl)**NBP** (USD/MMBtu)**Spanish electricity market (Pool)** (€/MWh)**Henry Hub** (USD/MMBtu)**JKM** (USD/MMBtu)**CO₂** (€/t)

➤ Unprecedented rise of commodity prices exacerbated by Russia-Ukraine conflict

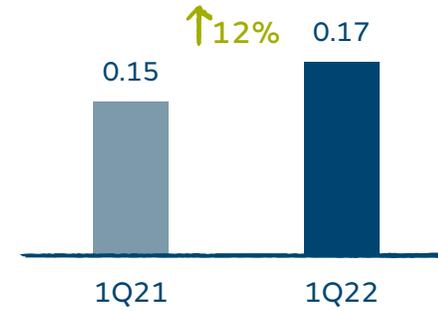
FX evolution



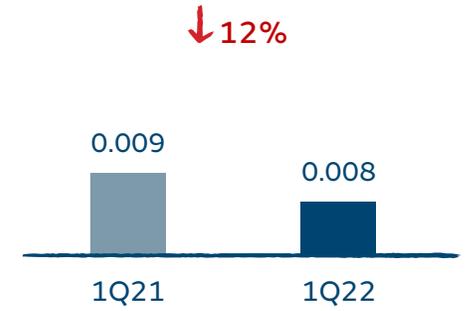
Chile



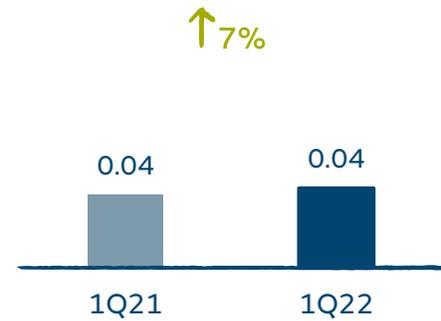
Brazil



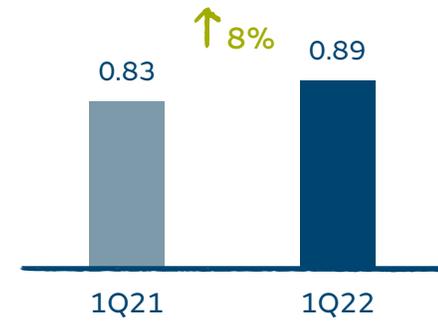
Argentina



Mexico



Panama



➤ Limited impact from FX variation vs. 1Q21

2. Consolidated results



Key highlights

- 1 Volatile energy scenario with unprecedented rise of commodity prices
- 2 Networks growth driven by LatAm operations
- 3 Performance in Markets supported by International LNG
- 4 Stable net debt after dividend payment supported by cash flow generation

Key figures (€m)

Ordinary EBITDA

€1,072m

Ordinary Net income

€354m

Capex

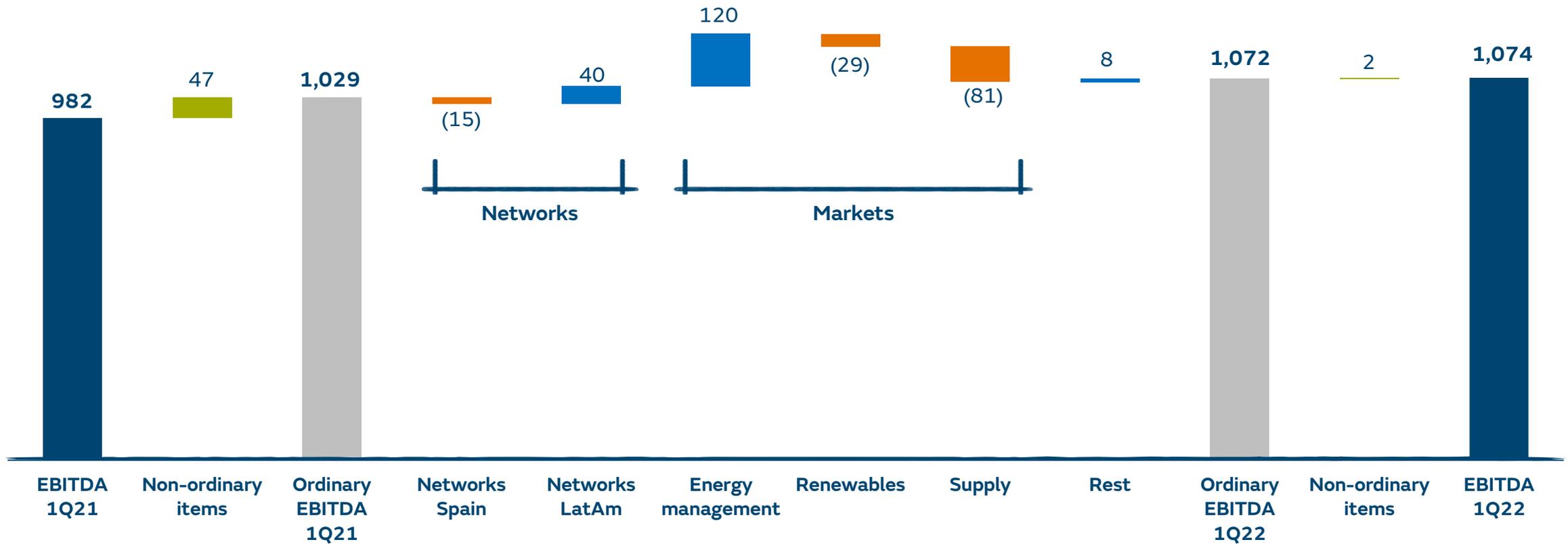
€259m

CF from operations

€748m

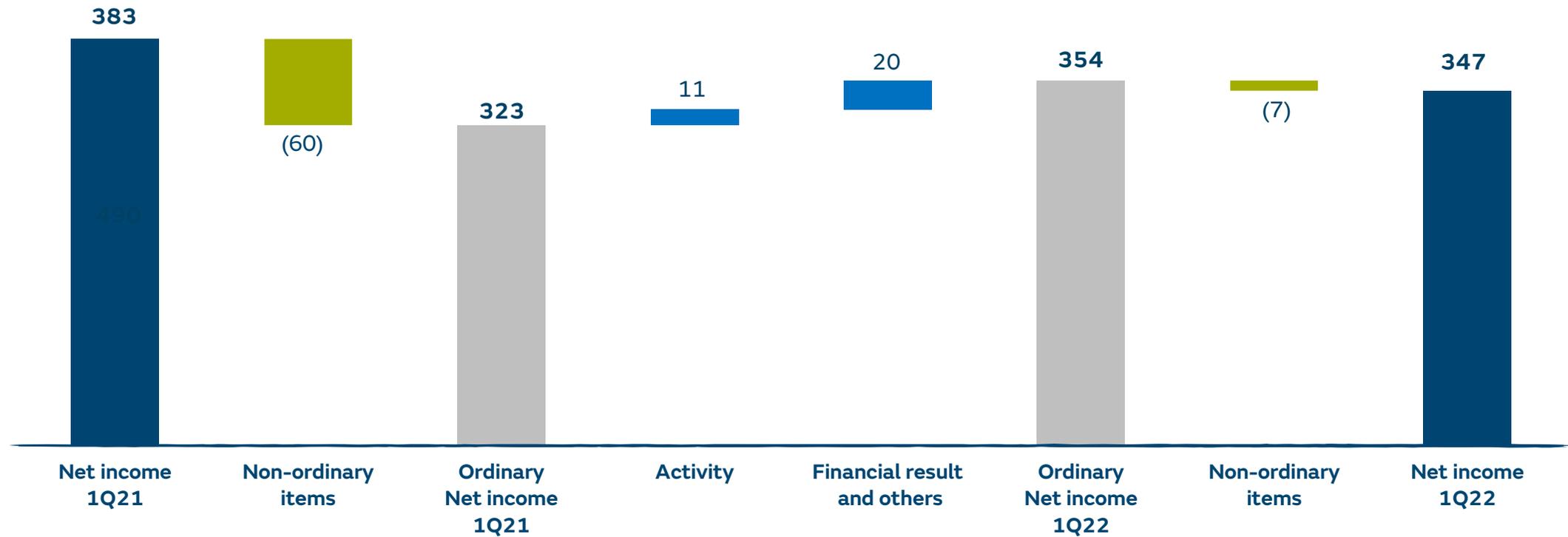
➤ International activities outweigh weakness in Spain

Ordinary EBITDA evolution (€m)



➤ International gas activities supported by scenario amid ongoing margin pressure in Spain

Net income evolution (€m)



➤ Net income growth driven by activity

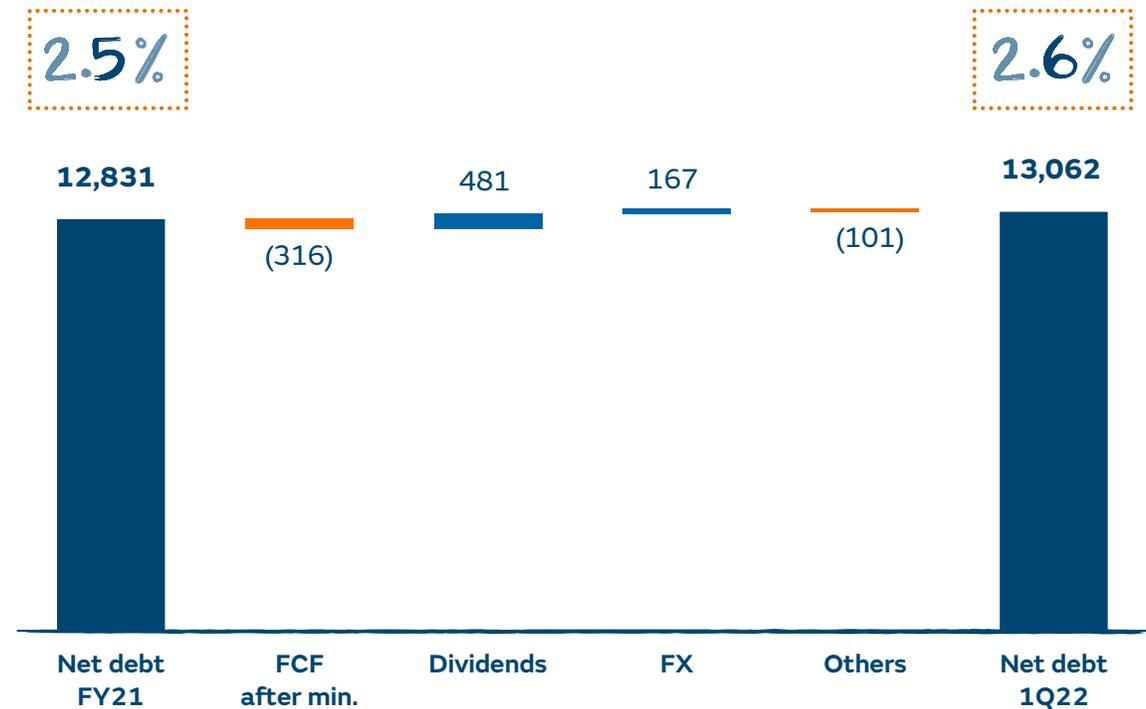
Cash flow and Net debt evolution (€m)

Cash flow

	1Q22
Ordinary EBITDA	1,072
Non-ordinary items	2
EBITDA	1,074
Taxes	(98)
Net interest cost	(123)
Other non-cash items	(121)
Funds from operations	732
Change in working capital	16
Cash flow from operations	748
Capex ¹	(248)
Dividends to minorities	(11)
Divestments ²	7
Other	(180)
Free cash flow after minorities	316

Net debt

(%): avg. cost of debt³



➤ Stable net debt after dividend payment supported by cash flow generation

Notes:

1. Net of cessions and contributions

2. Cash flows from disposals or divestments in group companies or business units

3. Does not include cost from IFRS 16 debt

3. Summary



Summary

- 1** Volatile energy scenario with unprecedented rise of commodity prices
- 2** Networks growth mainly driven by tariff updates in LatAm reflecting inflation and preceding FX depreciation
- 3** Performance in Markets mainly driven by International LNG
- 4** Margin pressure in Spain thermal generation amid growing demand and surging gas prices
- 5** Renewables impacted by low hydro, regulatory adjustments and bilateral contracts
- 6** Supply affected by contracts with end customers not reflecting the increase of gas and electricity prices in major hubs

➤ Committed to supporting our clients amid ongoing volatility

Appendix

1. Non-ordinary items & FX
2. Consolidated income statement
3. Consolidated balance sheet
4. Accumulated EBITDA by business unit
5. Capex
6. Financial position
7. Alternative Performance Metrics
8. ESG metrics

1. Non-ordinary items & FX

EBITDA

€m	1Q22	1Q21
Restructuring costs	-12	-34
Regulatory fines	-6	0
Provisions reversal	0	6
Sales of land and buildings	0	2
Procurement agreement	0	6
Lean transformation costs	-8	-28
UFGas agreement	40	0
Other	-12	1
Total	2	-47

FX impact

€m	1Q22
	21
	5
	6
	-2
	-1
Total	29

Net income

€m	1Q22	1Q21
Restructuring costs	-7	-24
Regulatory fines	-4	0
Provisions reversal	0	4
Sales of land and buildings	0	1
Procurement agreement	0	5
Lean transformation costs	-5	-19
UFGas agreement	30	65
Discontinued operations	-16	27
Other	-5	1
Total	-7	60

FX impact

€m	1Q22
	14
	1
	1
	-1
	0
Total	15

2. Consolidated income statement

€m	Reported			Ordinary		
	1Q22	1Q21	Change	1Q22	1Q21	Change
Net sales	8,141	4,686	73.7%	8,141	4,681	73.9%
Procurement	-6,660	-3,246	-	-6,660	-3,245	-
Gross margin	1,481	1,440	2.8%	1,481	1,436	3.1%
Operating expenses	-249	-222	12.2%	-220	-197	11.7%
Personnel costs	-153	-186	-17.7%	-141	-152	-7.2%
Own work capitalized	15	17	-11.8%	15	17	-11.8%
Other operating income	85	48	77.1%	45	40	12.5%
Taxes	-105	-115	-8.7%	-108	-115	-6.1%
EBITDA	1,074	982	9.4%	1,072	1,029	4.2%
Other results	6	65	-90.8%	0	0	-
Depreciation, amortization and impairment expenses	-350	-348	0.6%	-350	-348	0.6%
Impairment of credit losses	-61	-34	79.4%	-61	-34	79.4%
EBIT	669	665	0.6%	661	647	2.2%
Financial result	-123	-122	0.8%	-123	-122	0.8%
Profit/(loss) of companies measured under the equity method	33	14	-	33	14	-
Profit before taxes	579	557	3.9%	571	539	5.9%
Income tax	-145	-123	17.9%	-144	-135	6.7%
Income from discontinued operations	-16	29	-	0	0	-
Non-controlling interest	-71	-80	-11.3%	-73	-81	-9.9%
Net income	347	383	-9.4%	354	323	9.6%

3. Consolidated balance sheet

€m	31/03/2022	31/12/2021
Non-current assets	28,142	27,257
Intangible assets	5,950	5,734
Property, plant and equipment	16,811	16,587
Right of use assets	1,199	1,229
Equity-accounted investments	655	630
Non-current financial assets	459	394
Other non-current assets	460	416
Deferred tax assets	2,608	2,267
Current assets	11,893	10,992
Non-current assets available for sale	36	40
Inventories	943	878
Trade and other accounts receivable	6,896	5,714
Other current financial assets	394	395
Cash and cash equivalents	3,624	3,965
Total Assets	40,035	38,249

€m	31/03/2022	31/12/2021
Equity	7,499	8,873
Equity attributable to the parent company	4,392	5,889
Non-controlling interest	3,107	2,984
Non-current liabilities	20,895	20,054
Deferred revenues	892	889
Non-current provisions	1,169	1,146
Non-current financial liabilities	14,838	15,114
Deferred tax liabilities	1,946	1,787
Other non-current liabilities	2,050	1,118
Current liabilities	11,641	9,322
Liabilities linked to non-current assets available for sale	26	26
Current provisions	584	589
Current financial liabilities	1,900	1,698
Trade and other accounts payable	8,902	6,803
Other current liabilities	229	206
Total Liabilities and Equity	40,035	38,249

4. Accumulated EBITDA by business unit

€m	Reported			Ordinary		
	1Q22	1Q21	Change	1Q22	1Q21	Change
Networks	608	562	8.2%	615	590	4.2%
Networks Spain	392	381	2.9%	399	414	-3.6%
Networks LatAm	216	181	19.3%	216	176	22.7%
Markets	497	453	9.7%	473	463	2.2%
Energy management	363	223	62.8%	338	218	55.0%
Renewables and New businesses	87	114	-23.7%	89	118	-24.6%
Supply	47	116	-59.5%	46	127	-63.8%
Rest	-31	-33	-6.1%	-16	-24	-33.3%
Total	1,074	982	9.4%	1,072	1,029	4.2%

5. Capex

€m	Growth			Maintenance			Total		
	1Q22	1Q21	Change	1Q22	1Q21	Change	1Q22	1Q21	Change
Networks	48	42	14.3%	54	46	17.4%	102	88	15.9%
Networks Spain	26	20	30.0%	32	28	14.3%	58	48	20.8%
Networks LatAm	22	22	0.0%	22	18	22.2%	44	40	10.0%
Markets	95	85	11.8%	61	18	-	156	103	51.5%
Energy management	0	2	-100.0%	49	16	-	49	18	-
Renewables and New businesses	62	62	0.0%	3	1	-	65	63	3.2%
Supply	33	21	57.1%	9	1	-	42	22	90.9%
Rest	0	0	-	1	5	-80.0%	1	5	-80.0%
Total	143	127	12.6%	116	69	68.1%	259	196	32.1%

6. Financial position

€m	Consolidated Group		Chile		Brazil	Argentina	Mexico	Panama	Holding & others
	1Q22	FY21	CLP	USD	BRL	ARS	MXN	USD	EUR/Others
Net financial debt by currency									
Net financial debt (€m)	13,062	12,831	383	54	163	(46)	346	733	11,429
Average cost of debt (%)	2.6	2.5	8.9	3.8	11.5	41.5	7.7	4.6	1.6
% fixed rated (gross debt)	83	83	85	22	1	-	56	52	91
Liquidity									
Cash and equivalents	3,624	3,965	65	28	146	56	174	54	3,101
Undrawn committed credit lines	5,528	5,459	0	0	32	0	0	52	5,444
Total	9,152	9,424	65	28	178	56	174	106	8,545

€m	2022	2023	2024	2025	2026	2027+	times	1Q22	FY21
Maturity of financial debt							Credit metrics		
Gross debt	1,350	1,832	2,581	2,078	3,654	5,243	EBITDA/Net financial debt cost	8.9	7.2
Net debt	285	377	1,749	1,986	3,422	5,243	Net debt /LTM EBITDA	3.6	3.6
Maturity of credit lines									
Undrawn committed credit lines	186	2,155	3,074	0	113	0			

7. Alternative Performance Metrics (i/iii)

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

The chosen APMs are useful for persons consulting the financial information as they allow an analysis of the financial performance, cash flows and financial situation of Naturgy, and a comparison with other companies.

Below is a glossary of terms with the definition of the APMs. Generally, the APM terms are directly traceable to the relevant items of the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows or Notes to the Financial Statements of Naturgy. To enhance the traceability, a reconciliation is presented of the calculated values.

Alternative performance metrics	Definition and terms	Reconciliation of values		Relevance of use
		31 March 2022	31 March 2021	
EBITDA	Operating profit	Euros 1,074 million	Euros 982 million	Measure of earnings before interest, taxes, depreciation and amortization and provisions
Ordinary EBITDA	EBITDA - Non-ordinary items	Euros 1,072 million = 1,074 - 2	Euros 1,029 million = 982 + 47	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 354 million = 347 + 7	Euros 323 million = 383 - 60	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 259 million = 66 + 193	Euros 196 million = 39 + 157	Realized investments in property, plant & equipment and intangible assets
Net Investments (net CAPEX)	CAPEX - Other proceeds/(payments) of investments activities	Euros 248 million = 259 - 11	Euros 187 million = 196 - 9	Total investments net of the cash received from divestments and other investing receipts
Gross financial debt	Non-current financial liabilities + "Current financial liabilities"	Euros 16,738 million = 14,838 + 1,900	Euros 16,812 million ⁽¹⁾ = 15,114 + 1,698	Current and non-current financial debt

7. Alternative Performance Metrics (ii/iii)

Alternative performance metrics	Definition and terms	Reconciliation of values		Relevance of use
		31 March 2022	31 March 2021	
Net financial debt	Gross financial debt - "Cash and cash equivalents" - "Derivative financial assets"	Euros 13,062 million = 16,738 – 3,624 – 52	Euros 12,831 million ⁽¹⁾ = 16,812 – 3,965 – 16	Current and non-current financial debt less cash and cash equivalents and derivative financial assets
Leverage (%)	Net financial debt / (Net financial debt + "Net equity")	63.5% = 13,062 / (13,062 + 7,499)	59.1% ⁽¹⁾ = 12,831 / (12,831 + 8,873)	The ratio of external funds over total funds
Cost of net financial debt	Cost of financial debt - "Interest revenue"	Euros 121 million = 128 – 7	Euros 240 million ⁽¹⁾ = 246 – 6	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	8.9x = 1,074 / 121	7.2x ⁽¹⁾ = 3,529 / 491	Ratio between EBITDA and cost of net financial debt
Net financial debt/ EBITDA	Net financial debt / Last twelve months EBITDA	3.6x = 13,062 / 3,621	3.6x ⁽¹⁾ = 12,831 / 3,529	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 316 million = -171 + 481 + 0 + 6	Euros 535 million = 313 + 605 + 0 - 383	Cash flow generated by the Company available to pay to the shareholders (dividends or treasury shares), the payment of inorganic investments and debt payments
Net 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 -171 million = 748 - 419 - 728 + 228	Euros 313 million = 770 + 153 - 810 + 200	Cash flow generated by the Company available to pay the debt

7. Alternative Performance Metrics (iii/iii)

Alternative performance metrics	Definition and terms	Reconciliation of values		Relevance of use
		31 March 2022	31 March 2021	
Average cost of financial gross debt	Annualized financial expenses of the operations included in gross financial debt , except for those corresponding to IFRS16 debt and other refinancing expenses / weighted monthly average of the gross financial debt (including financial liabilities derivatives instruments and excluding IFRS16 debt)	$2,6\% = (128 - 21 - 8) * (365/90) / 15,334$	$2,5\%^{(1)} = (510 - 92 - 29) / 15,751$	Indicator of financing cost in interest rate
Liquidity	Cash and cash equivalents + Undrawn committed credit lines	Euros 9,152 million = 3,624 + 5,528	Euros 9,424 million ⁽¹⁾ = 3,965 + 5,459	Indicator of liquid resources available to meet any payment
Economic value distributed	Procurement + Other operating expenses (including Taxes) + Income tax payments + Personnel costs + Own work capitalized + Financial expenses + Dividend paid by parent company + Expenses from discontinued operations	Euros 7,892 million = 6,660 + 354 + 98 + 138 + 15 + 146 + 481 + 0	Euros 4,880 million = 3,246 + 337 -58 + 169 + 17 + 144 + 605 + 420	Provides a basic indication of the economic value generated by the activity of the Group for all stakeholders

8. ESG Metrics

		1Q22	1Q21	Change	Comments
Health and safety					
Accidents with lost time ¹	units	1	4	-75.0%	Significant reduction of accidents in the period, after an unusually high number of accidents in 1Q21.
LT Frequency rate ²	units	0.06	0.19	-68.4%	
Environment					
GHG Emissions	M tCO ₂ e	3.3	2.9	14.2%	Lower hydro production (-72%) has obliged to cover demand with higher CCGT production in the period.
Emission factor	t CO ₂ /GWh	263	229	14.9%	
Emissions-free installed capacity	%	36.3	35.3	2.8%	Higher wind capacity in Spain and Australia
Emissions-free net production	%	34.4	46.1	-25.4%	Lower hydro production in the period vs. 1Q21
Interest in people					
Number of employees	persons	7,249	8,372	-13.4%	Perimeter changes and workforce optimization
Training hours per employee	hours	6.3	3.8	65.8%	Significant growth explained by more training hours in risk prevention courses, as well as follow up campaigns and new specific platforms in operation.
Women representation	%	32.6	31.3	4.2%	Increase following group's policies to advance in gender parity
Society and integrity					
Economic value distributed	€m	7,892	4,880	61.7%	Increase derived from higher procurements
Notifications received by the ethics committee	units	12	29	-58.6%	Reduction mostly explained by the deconsolidation of CGE Chile in 2H21

Notes:

1. In accordance to OSHA criteria

2. Calculated for every 200,000 working hours

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