1Q21 Results

28 April 2021

Contents

Voluntary and unsolicited offer on 22,689% of Naturgy's share capital

On 26 January 2021, Global Infraco O (2) S.À.R.L., a wholly owned entity by IFM GIF, announced the terms and conditions of a voluntary partial takeover bid for a maximum of 220 million Naturgy Energy Group, S.A. shares, equivalent to 22.689% of Naturgy's share capital ("the Offer").

The Offer price of 23 €/share was subsequently adjusted downwards to 22.37 €/ share by the complementary dividend of 0.63 €/share that Naturgy paid on 17 March 2021, as already indicated in the Offer announcement.

The Offer was admitted for processing by the Spanish National Securities Market Commission (CNMV) on 18 February 2021.

On 18 March 2021, the Mexican Federal Economic Competition Commission (COFECE) authorized, unanimously and unconditionally, the business concentration that would result from the Offer, fulfilling one of the conditions to which the offer was subject.

The offer remains subject to the required regulatory approvals from the Spanish Council of Ministers and CNMV. The CNMV shall not authorize the takeover bid until the previous mandatory authorization required by the Council of Ministers is obtained. The Council of Ministers has a 6 months maximum timeline to rule on the offer since its filing.

1 Executive summary

	reported			ordinary		
(€m)	**1Q21**	**1Q20**	**Change**	**1Q21**	**1Q20**	**Change**
EBITDA	982	894[1]	9.8%	1,029	1,050[1]	-2.0%
Net income	383	199	92.5%	323	312	3.5%
Capex	196	201	-2.5%	-	-	-
Net debt	13,597	13,612[2]	-0.1%	-	-	-
Free cash flow after minorities	535	809	-33.9%	-	-	-

Note:
1. Restated
2. As of 31 December 2020

Summary – 1Q21 results

Despite the improving economic outlook and the gradual recovery of commodity prices, the COVID-19 has continued to negatively affect operating performance in the form of macro uncertainty and relevant FX depreciation in LatAm.

Ordinary EBITDA stood at €1,029m in the first quarter of 2021, down 2% vs. previous year, as the COVID-19 outbreak began at the end of February 2020, hence only partially impacting the first quarter of the year.

Ordinary Net income reached €323m in the first quarter of 2021, up 3.5% vs. 2020. On a reported basis, Net income reached €383m, mainly supported by the completion of the UFG agreement which had a positive non-ordinary impact of €65m in earnings.

Total capex amounted to €196m in the period, -2.5% vs. previous year. This reduction was mainly due to further optimization in maintenance capex and FX effect.

As of 31 March 2021, net debt amounted to €13,597m, in line with net debt levels as of the end of 2020 and after the €605m dividends paid on 17 March 2021, corresponding to the final dividend for 2020. Also worth noting current net debt levels do not yet reflect the pre-tax proceeds of €2,570m expected on completion of the disposal of CGE Electricidad. Net debt / LTM EBITDA stood at 3.8x compared to 3.9x as of 31 December 2020.

Other developments 1Q21

On 10 March 2021, Naturgy, ENI and The Arab Republic of Egypt completed the agreement reached on 1 December 2020, to amicably resolve the disputes affecting Union Fenosa Gas (UFG), the 50%/50% partnership between Naturgy and ENI.

The agreement valued UFG (100%) at a total consideration of US$1.5bn, of which US$1.2bn relate to its Egyptian assets (including the outstanding legal proceedings) and the remaining US$0.3bn for the assets outside of Egypt.

Naturgy's share includes cash payments adding up to approximately US$0.6bn, as well as most of the assets outside of Egypt, excluding UFG's commercial activities in Spain.

As part of the agreement, Naturgy terminated its gas procurement contract to supply its CCGTs in Spain which was due to end in 2029, while maintaining its contract with Oman which expires on 2025. This is an important step to reduce the Company's exposure to gas procurement contracts and solves a complex situation which had lingered since 2012, consuming significant time and resources.

The completion of the transaction results in Naturgy's departure from Egypt and the end of its joint-venture with ENI, demonstrating its ability to simplify and derisk its business positioning to maximise long-term value creation for its stakeholders.

Furthermore, Naturgy continues to progress on the completion of the agreement to sell its 96.04% equity shareholding in its Chilean electricity networks subsidiary, Compañía General de Electricidad S.A in Chile (CGE), to State Grid International Development Limited (SGID). The transaction implies an Enterprise value of €4,312m of which €2,570m correspond to purchase price (Equity value).

In this respect, on 31 March 2021, the Chilean National Economic Prosecutor's Office (FNE) unconditionally approved the concentration operation consisting of the transaction. Naturgy expects to complete the transaction during the second quarter of 2021.

On the investment side, on 15 January 2021, Naturgy, through its 100% owned subsidiary Naturgy Solar USA, LLC, acquired 100% of the economic interests of a pipeline holding a portfolio of 8GW solar projects together with 4.6GW of co-located energy storage projects spanning 9 states in the U.S., of which 25 projects totaling 3.2GW of solar and 2GW storage could be operational before 2026.

As part of the transaction, Naturgy also entered into a 5 year development agreement with Candela Renewables, a first in class team holding over 20 years of experience in the field, with a proven track record in the development of solar and energy storage projects in the U.S., including the development of many of the projects of the portfolio acquired by Naturgy.

Naturgy plans to have a capacity in operation of 1.6GW in 2025, while it also retains the option to develop the remaining pipeline of the acquired pipeline adding up to 8GW of solar energy projects by 2030. This transaction represents Naturgy's first investment in the U.S. renewable energy market and demonstrates Naturgy's commitment to growing in renewables, focusing on stable geographies and early stage of development projects.

COVID-19 update

Macroeconomic growth and energy demand

Despite energy demand has shown signs of recovery in the regions where the Group operates, the operating situation has remained challenging, with COVID-19 continuing to weigh on the macro situation in general and in the evolution of LatAm FX rates where the Company operates in particular.

For comparability purposes, note that the first confirmed COVID-19 case in the Iberian Peninsula dates from 24 February 2020 and hence the COVID-19 outbreak only began to materially affect operations in March 2020.

Electricity and gas demand in Spain compare on average 1.8% and 3.2% above respectively vs. the first quarter of 2020, while electricity and gas demand across the Latin American regions where the Group operates experienced on average an increase of 5.0% and 14.2% respectively during the same period.

Furthermore and since the appearance of the COVID-19, LatAm currencies have significantly depreciated against EUR. This had a negative effect of €46m and €14m on the consolidated Group ordinary EBITDA and Net income respectively during the first quarter of 2021 and compared to 2020.

Evolution of commodity prices

The beginning of 2021 has been marked by a gradual improvement in economic sentiment primarily driven by the ongoing COVID-19 vaccination occurring across the globe, which is progressing at different speeds by geography and hence causing heterogeneous recovery expectations by region.

The improving economic sentiment is also accompanied by increasing inflation expectations, particularly in the U.S., and a gradual recovery of commodity prices globally.

In particular, Brent prices have increased by 21% on average when compared to 1Q20, also gas prices on major gas hubs (HH and NBP have improved on average by 29% and 84% respectively during the first quarter of 2021 vs. 2020) as well as a wholesale electricity prices (Spanish pool has increased by 30% on average vs. the first quarter of 2020).

Company ongoing initiatives

Naturgy continues to support and protect the interests of all its stakeholders, including measures to preserve employee health, safety and wellbeing, resources to guarantee effective remote work, or individual protection and support by Naturgy's medical services.

Relevant measures remain in place 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 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.

2 Key comparability factors and non-ordinary items

Reporting structure

1Q21 results follow the new organizational structure i) Energy management and networks, ii) Renewables and new businesses, and iii) Supply. Accordingly:

- Networks includes all networks businesses including Spain gas and electricity networks as well as networks LatAm, including Chile Gas, Brazil gas, Mexico gas, Panama electricity and Argentina gas and electricity
- Energy management is composed of: i) Markets & procurement, ii) International LNG, iii) Pipelines (EMPL), iv) Spain thermal generation and v) LatAm thermal generation
- Markets and procurement includes all gas procurement and internal and external sales (except from International LNG and gas sales to end customers <500GWh in Spain)
- Renewables, new businesses and innovation includes all renewable generation activities (including hydro) previously reported as part of European power generation and International power generation, together with new businesses
- Supply includes all power sales to end customers in Spain as well as gas sales to end customers < 500GWh in Spain

Perimeter changes

The **main transactions completed in 1Q21 with an impact in comparability** in the 1Q21 vs. 1Q20 results are the following:

- On March 2021, Naturgy, ENI and the Arab Republic of Egypt completed the agreement reached on 1 December 2020 to amicably resolve the disputes affecting Union Fenosa Gas (UFG). As a result, a €65m capital gain has been recognized in 1Q21 as “Other results” and UFG assets assigned to Naturgy have been fully consolidated

The **main transactions completed in 2020 with an impact in comparability** in 1Q21 vs. 1Q20 results are the following:

- On April 2020, Naturgy completed the sale of its assets in Kenya
- On July 2020, Naturgy completed the transaction to acquire a 34.05% stake in Medgaz
- On November 2020, Naturgy reached an agreement to sell its 96.04% equity shareholding in its Chilean electricity networks subsidiary, Compañía General de Electricidad S.A. Following this agreement the activity has been classified as “Non-current assets available for sale” and results have been reported as "discontinued operations" for comparative purposes
- In addition, gas distribution activity in Peru and coal generation in Spain were reported as discontinued operations since April and June 2020 respectively. These activities have not contributed to 1Q21 consolidated results

Non-ordinary items

Non-ordinary items are summarized below:

	EBITDA		Net income	
(€m)	1Q21	1Q20	1Q21	1Q20
Restructuring costs	-34	-156	-24	-116
Provisions reversal	12	-	9	-
Sales of land and buildings	2	-	1	-
Lean transformation costs	-28	-	-19	-
UFG agreement	-	-	65	-
Interest in companies sales	-	-	-	13
Discontinued operations	-	-	27	-10
Other	1	-	1	-
Total non-ordinary items	**-47**	**-156**	**60**	**-113**

At the EBITDA level, non-ordinary impacts in 1Q21 amounted to -€47m, corresponding mostly to restructuring and transformation costs (-€34m and -€28m respectively), partially offset by provisions reversals (+12m€) and other minor impacts.

At the Net income level, non-ordinary items in 1Q21 amounted to €60m. In addition to the aforementioned items and its corresponding impact at Net income level (-€24m, -€19m and +9m€ respectively), capital gains from UFG agreement and discontinued operations had a positive impact of €65m and €27m respectively.

Foreign exchange impact

Exchange rate fluctuations in the period are summarized below:

	Avg. 1Q21	Change (%)	FX effect (€m)	
			EBITDA	Net income
USD/€	1.21	10.0%	-14	-6
MXN/€	24.52	12.6%	-10	-3
BRL/€	6.59	34.2%	-16	-3
ARS/€ [1]	108.00	53.1%	-6	-2
CLP/€	872.79	-1.2%	0	0
Total	**-**	**-**	**-46**	**-14**

Note:
1. Exchange rate as of 31 March 2021 as a consequence of considering Argentina as an hyperinflationary economy

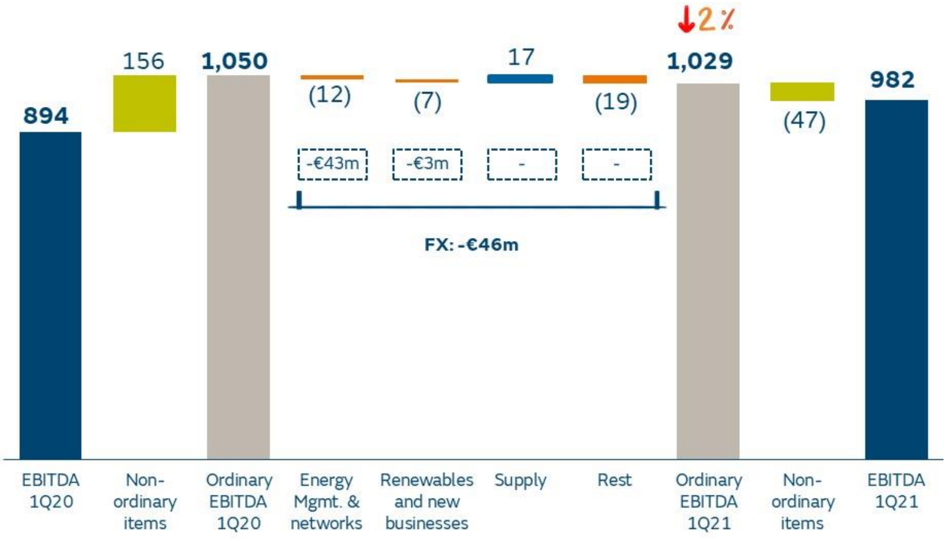
3 Consolidated results

(€m)	reported 1Q21	reported 1Q20	reported Change	ordinary 1Q21	ordinary 1Q20	ordinary Change
Net sales	4,686	4,491	4.3%	4,681	4,491	4.2%
EBITDA	**982**	**894**	**9.8%**	**1,029**	**1,050**	**-2.0%**
Other results	65	15	-	0	0	-
Depreciation, amortisation and impairment expenses	-348	-379	-8.2%	-348	-379	-8.2%
Impairment of credit losses	-34	-42	-19.0%	-34	-42	-19.0%
EBIT	**665**	**488**	**36.3%**	**647**	**629**	**2.9%**
Financial result	-122	-119	2.5%	-122	-119	2.5%
Profit/(loss) of companies measured under the equity method	14	-3	-	14	-3	-
Income tax	-123	-72	70.8%	-135	-104	29.8%
Income from discontinued operations	29	-9	-	0	0	-
Non-controlling interest	-80	-86	-7.0%	-81	-91	-11.0%
Net income	**383**	**199**	**92.5%**	**323**	**312**	**3.5%**

Ordinary Net sales totaled **€4,681m** in 1Q21, **4.2%** above 1Q20, mainly as a result of higher demand and energy prices in the period, with a positive impact in Energy management and networks and Supply activities. On the negative side, macro uncertainty and FX depreciation continued weighing in LatAm activities, mainly as a result of the COVID-19 crisis .

Consolidated ordinary **EBITDA reached €1,029m** in 1Q21, down 2.0% vs. 1Q20. The energy scenario and the good operational performance have translated into better results in both regulated and liberalized activities in Spain. However, LatAm activities (with the exception of Chile) continued to be affected by significant FX headwinds and modest demand recovery.

EBITDA evolution (€m)



	reported			ordinary		
(€m)	1Q21	1Q20	Change	1Q21	1Q20	Change
Energy management and networks	785	735	6.8%	808	820	-1.5%
Renewables and new businesses	114	120	-5.0%	118	125	-5.6%
Supply	116	77	50.6%	127	110	15.5%
Rest	-33	-38	-13.2%	-24	-5	-
Total	**982**	**894**	**9.8%**	**1,029**	**1,050**	**-2.0%**

Depreciation, amortization and impairment losses reached in the quarter **-€348m, 8.2%** lower than in 1Q20. This reduction is explained by the impairment completed in 4Q20, mainly affecting Spain conventional generation, which will translate into lower D&A of approximately €75m/year, compared to 2020.

Impairment and credit losses reached **-€34m** in 1Q21**, 19.0%** lower than in 1Q20, going back to the pre-COVID-19 credit losses levels.

The **financial result amounted to -€122m,** up 2.5%. The increase is mainly explained by other financial income registered in 1Q20. Cost of net financial debt decreased 2.4% in the quarter, following lower net debt in the period and an improvement in the **average cost of gross financial debt**[1] for 1Q21, reaching **2.4%** vs. 2.5% in 1Q20. As of 31 March 2021, **83%** of gross debt is at fixed rates and **26%** is denominated in foreign currency.

Financial result (€m)	1Q21	1Q20	Change
Cost of net financial debt[1]	-120	-123	-2.4%
Other financial expenses/income	-2	4	-
Total	**-122**	**-119**	**2.5%**

Equity-accounted affiliates contributed €14m in 1Q21 as detailed below:

Profit/(loss) of companies measured under the equity method	1Q21	1Q20	Change
UFG sub-group	-5	-14	-64.3%
Electricity Puerto Rico	13	6	-
CGE sub-group	1	3	-66.7%
Renewable Generation and Cogeneration	2	1	100.0%
Medgaz	2	0	-
Others	1	1	0.0%
Total	**14**	**-3**	**-**

The ordinary **effective tax rate** as of 31 March 2021 stood at **25.0%**, higher than in 1Q20 (20.5%).

Contribution from **discontinued operations stood at €29m in 1Q21,** fully contributed by electricity distribution activities in Chile, as shown below:

Income from discontinued operations (€m)	1Q21	1Q20	Change
Peru	0	-10	-100.0%
Coal generation Spain	0	-8	-100.0%
Electricity distribution Chile	29	9	-
Total	**29**	**-9**	**-**

Note:
1. Cost from IFRS 16 debt not included

Income attributed to non-controlling interests amounted to -€80m in 1Q21 as detailed below:

Income attributed to non-controlling interests (€m)	1Q21	1Q20	Change
EMPL	-10	-12	-16.7%
Nedgia	-20	-14	42.9%
Other affiliates [1]	-35	-45	-22.2%
Other equity instruments	-15	-15	0.0%
Total	**-80**	**-86**	**-7.0%**

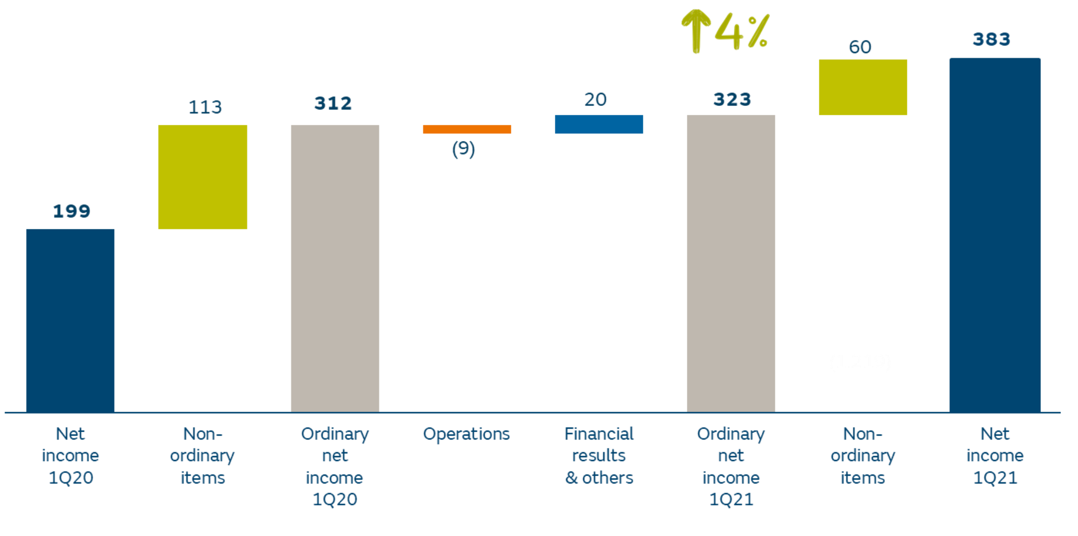
Note:
1. Including GPG, gas distribution companies in Chile, Brazil, Mexico and Argentina, and electricity distribution companies in Panama and Chile

The decrease of EMPL contribution and other affiliates follow the capacity step down effective since February 2020 and the lower contribution from LatAm activities respectively. These have been partially offset by the improvement in the performance of Nedgia during the quarter.

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

Net ordinary income in 1Q21 amounted to €323m, up 3.5% compared to the previous year.

Net income evolution (€m)



4 Results by business unit

4.1 Energy management and networks

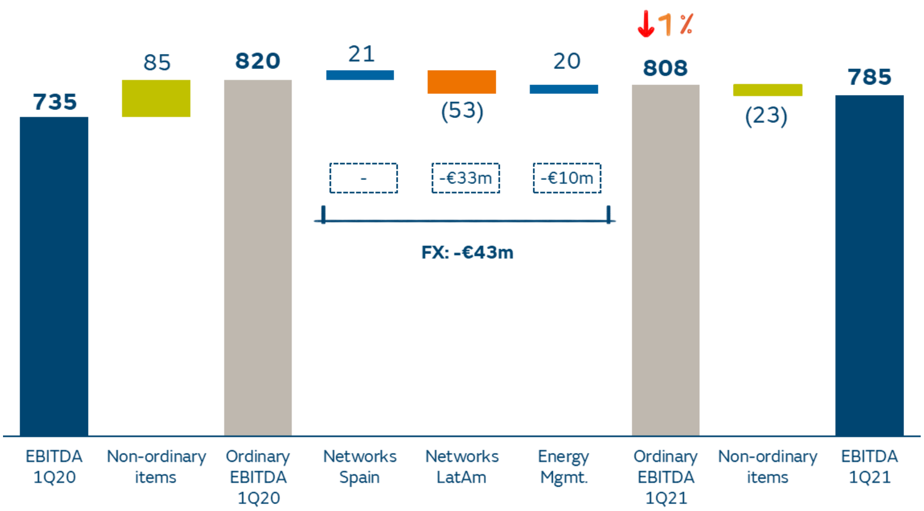
	reported			ordinary		
EBITDA (€m)	**1Q21**	**1Q20**	**Change**	**1Q21**	**1Q20**	**Change**
Networks Spain	**381**	**322**	**18.3%**	**414**	**393**	**5.3%**
Gas networks	224	189	18.5%	240	227	5.7%
Electricity networks	157	133	18.0%	174	166	4.8%
Networks LatAm	**181**	**225**	**-19.6%**	**176**	**229**	**-23.1%**
Chile gas	43	34	26.5%	37	34	8.8%
Brazil gas	42	59	-28.8%	42	60	-30.0%
Mexico gas	56	74	-24.3%	57	75	-24.0%
Panama electricity	31	37	-16.2%	31	38	-18.4%
Argentina gas	5	14	-64.3%	5	15	-66.7%
Argentina electricity	4	7	-42.9%	4	7	-42.9%
Energy management	**223**	**188**	**18.6%**	**218**	**198**	**10.1%**
Markets and procurement	0	-42	-100.0%	-6	-42	-85.7%
International LNG	61	97	-37.1%	61	99	-38.4%
Pipelines (EMPL)	58	68	-14.7%	58	68	-14.7%
Spain thermal generation	49	5	-	50	13	-
LatAm thermal generation	55	60	-8.3%	55	60	-8.3%
Total	**785**	**735**	**6.8%**	**808**	**820**	**-1.5%**

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA declined 1.5% during the period. The good performance in Networks and thermal generation activities in Spain have been offset by the negative FX evolution in LatAm, the declining contribution form the EMPL and the Company's gas balance, impacting the Markets & procurement and International LNG activities.

According to the criteria established by IAS 29 "Financial Information in Hyperinflationary Economies", the Argentine economy should be considered as hyperinflationary. As a result, FX differences arising from 31 March 2021 will be applied to the accumulated 2021 results, which will also be updated by inflation rates.

EBITDA evolution (€m)

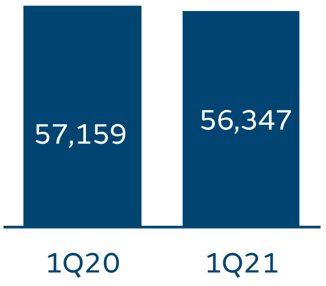


Spain gas networks

Ordinary EBITDA reached €240m, up 5.7% vs. 1Q20. Higher distributed sales following demand recovery and mild weather, as well as operational improvements, allow to compensate the lower remuneration under the new regulatory framework.

Total sales (excluding LPG) decreased by 1.4%, while connection points remained stable vs. 1Q20.

Gas sales Spain (GWh)
(-1.4%)

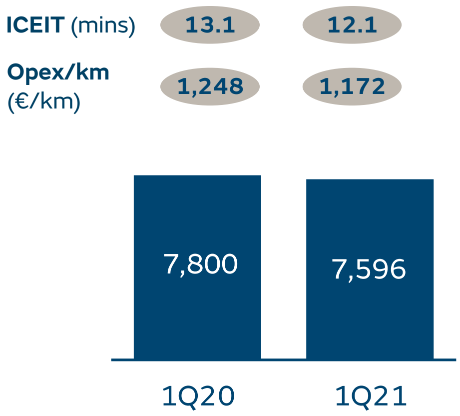


Spain electricity networks

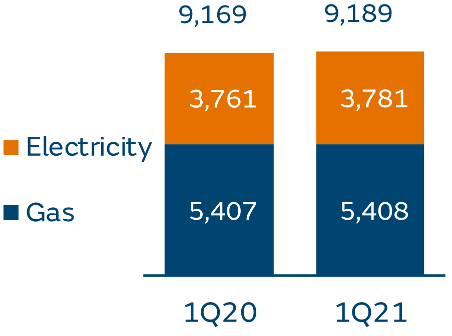
1Q21 Ordinary EBITDA amounted to €174m, a 4.8% increase vs. 1Q20 as a result of investments and additional efficiencies.

Connection points increased by 0.5% during the period, while unitary opex per km of installed network decreased by 6.1% vs. 1Q20.

Electricity sales Spain (GWh)
(-2.6%)



Connection points ('000)
(+0.2%)



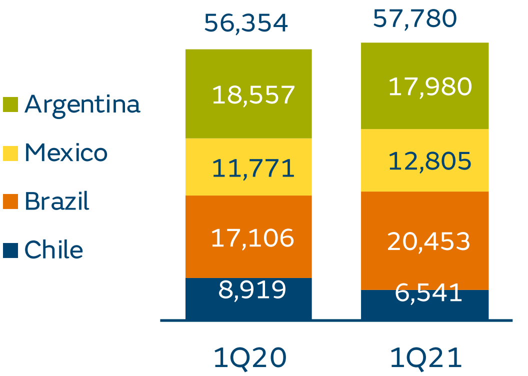
Chile gas

Ordinary EBITDA totaled €37m, 8.8% higher than in 1Q20. Higher distribution sales and energy margins were partially offset by lower margins in gas supply and FX impact (-€2m).

Total gas sales decreased (-26.7%), as a result of lower TPA sales. Distributed sales increased by 2.9%.

Connection points increased by 1.5%.

Gas sales (GWh)
(+2.5%)



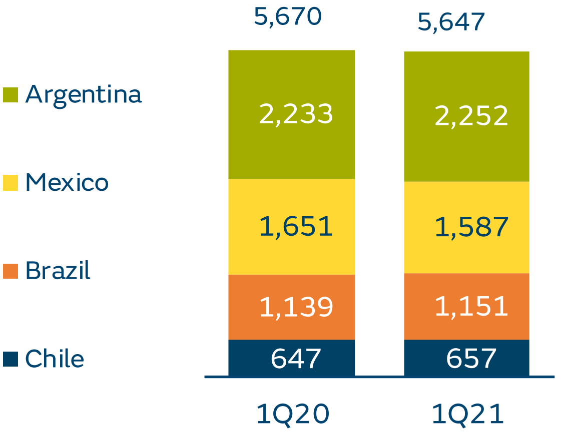
Brazil gas

Ordinary EBITDA totaled €42m, 30.0% lower than in 1Q20. Sales growth in the Generation + TPA and industrial segments were not sufficient to compensate from negative FX (-€15m) and the staggering of tariff updates throughout the year.

Overall gas sales increased 19.6%, and notably in in Generation + TPA, experiencing a 34.6% increase over 1Q20. This increase has been partially offset with lower sales in the commercial and NGV segments (-23.0% and -1.9% respectively), still affected by the COVID-19 crisis.

Connection points grew 1.0% in the period.

Gas connection points ('000)
(-0.4%)



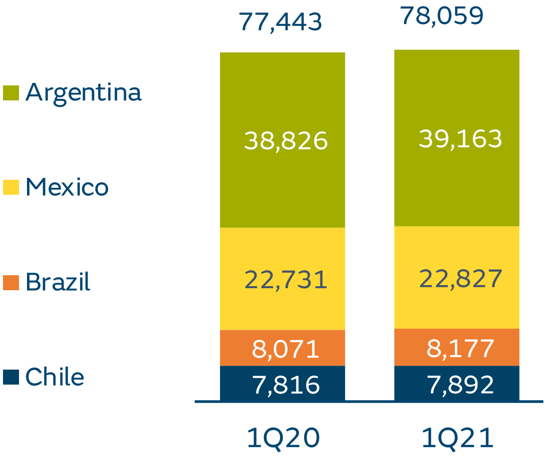
Mexico gas

1Q21 Ordinary EBITDA decreased 24.0% to €57m.

Higher sales in the Generation + TPA and industrial segments were not sufficient to compensate for negative FX impact (-€8m), lower margins and delayed tariff updates.

Connection points decreased by 3.9%, as a result of the commercial strategy aimed at improving customer profitability.

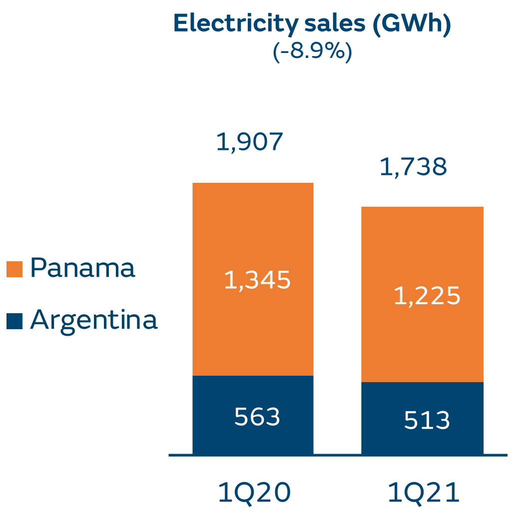
Gas network (km)
(+0.8%)



Panama electricity

1Q21 Ordinary EBITDA amounted to €31m, down 18.4% vs. 1Q20, driven by lower demand derived from extended COVID-19 confinement measures and mild temperatures, as well as negative FX impact (-€3m).

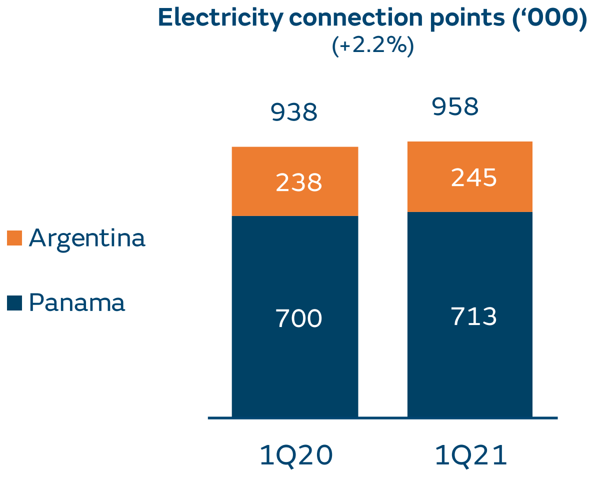
Electricity sales decreased by 8.9%, while connection points grew by 1.9%.



Argentina gas

1Q21 Ordinary EBITDA amounted to €5m, down 66.7% vs. 1Q20 as a result of lower demand in high consumption segments and negative FX impact (-€4m), not compensated by tariff updates.

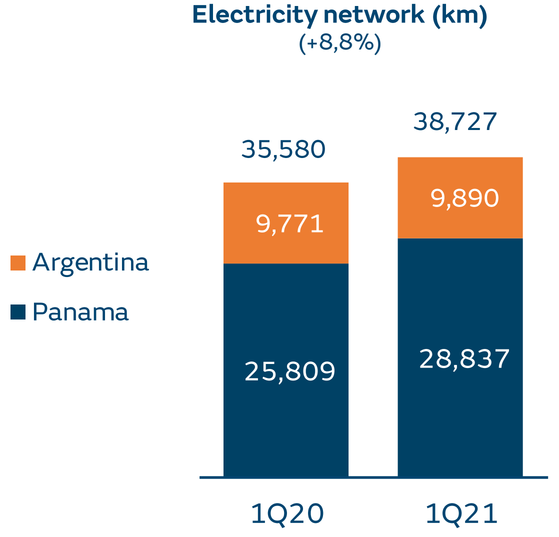
Gas sales decreased by 3.1%, while connection points increased by 0.8% vs. 1Q20.



Argentina electricity

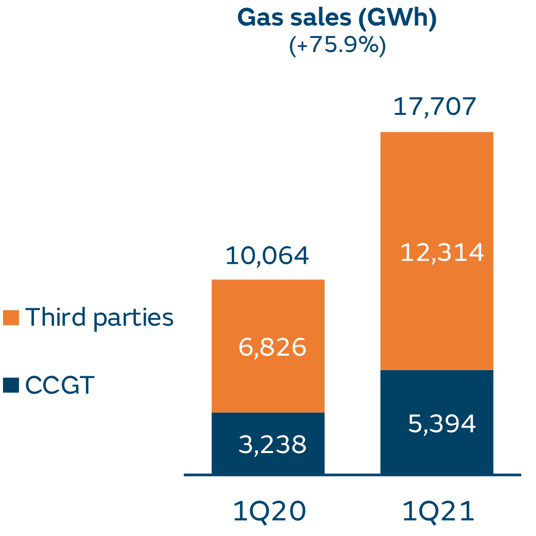
1Q21 Ordinary EBITDA amounted to €4m, 42.9% lower than in 1Q20, mainly explained by the negative FX impact (-€2m).

Electricity sales decreased 8.9%, while connection points increased by 2.9% in the period.



Markets and procurement

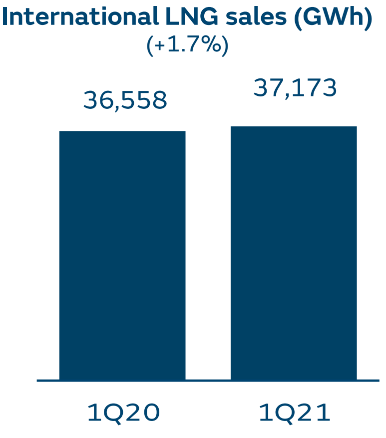
1Q21 Ordinary EBITDA reached €-6m vs. €-42m in 1Q20. This evolution is mainly explained by improved gas procurement conditions following the extensive gas contract renegotiation completed during 2020, allowing to better align our procurement costs with the prevailing market conditions.



International LNG

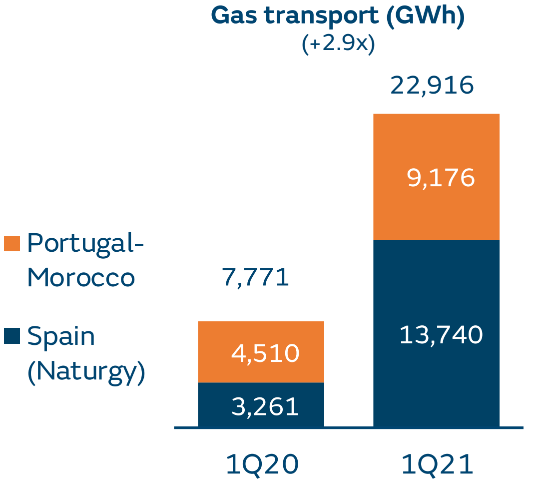
1Q21 Ordinary EBITDA reached €61m, down 38.4% vs. 1Q20, showing the significant weight of volumes already contracted that consequently do not translate into margins the recovery in gas prices scenario.

As of 31 March 2021, contracted sales for 2021 and 2022-23 stood at 81% and 57% respectively.



Pipelines (EMPL)

1Q21 Ordinary EBITDA decreased by 14.7% to €58m. Tariff updates were offset by the capacity step down and US$ depreciation (-€6m).

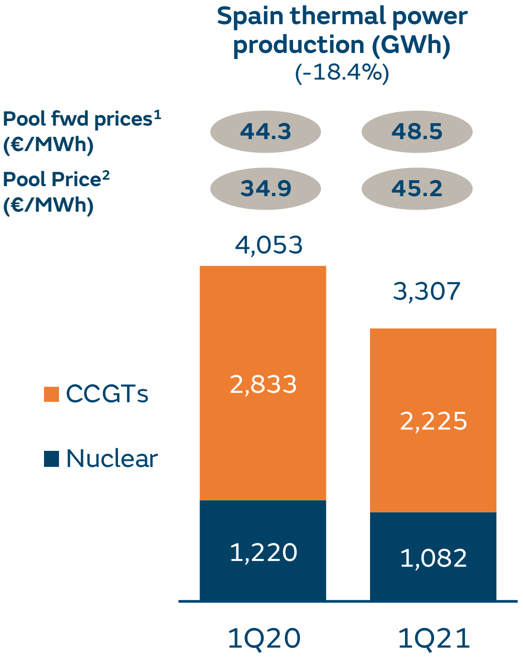


Spain thermal generation

1Q21 Ordinary EBITDA amounted to €50m, up from the €13m obtained in 1Q20 on the back of higher pool prices and CCGTs margins, despite lower thermal production.

Pool prices increased 29.5% vs. 1Q20, averaging €45.2/MWh in the period, as a result of higher gas and CO_2 prices.

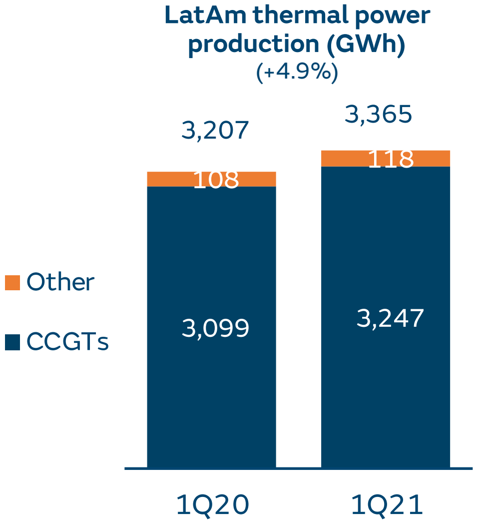
Total production decreased by 18.4%: CCGTs and nuclear production decreased by 21.5% and 11.3% respectively in the period, the latter affected by no programmed shutdown in February.

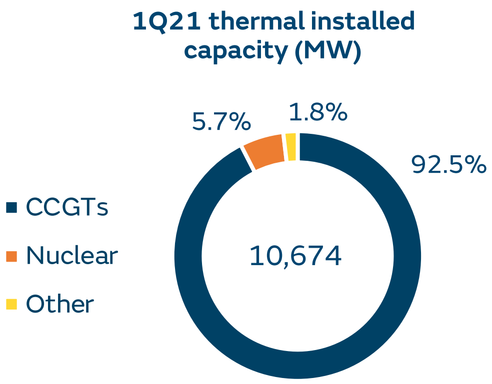


LatAm thermal generation

Ordinary EBITDA in the period reached €55m, down 8.3% vs. 1Q20 as a result of negative FX impact (-€5m), lower margins on PPA production due to lower availability in Mexican CCGTs, as well as lower excess sales.

Total production increased by 4.9%, with CCGTs production increasing 4.8% and the rest by 9.3%.





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

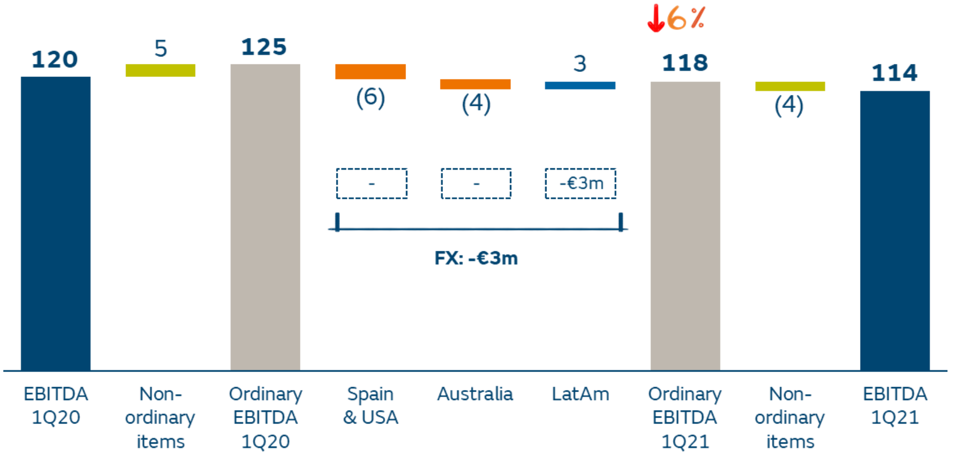
4.2 Renewables and new businesses

	reported			ordinary		
EBITDA (€m)	**1Q21**	**1Q20**	**Change**	**1Q21**	**1Q20**	**Change**
Spain & USA	98	101	-3.0%	99	105	-5.7%
Australia	-2	2	-	-2	2	-
LatAm	18	17	5.9%	21	18	16.7%
Total	**114**	**120**	**-5.0%**	**118**	**125**	**-5.6%**

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA reached €118m (-5.6%) in 1Q21. Higher wind and hydro production in Spain and new installed capacity in Chile have been offset by lower margins in Spain and Australia, as well as negative FX impact in LatAm and lower wind resource in Mexico. The Company currently operates 4,967MW.

EBITDA evolution (€m)

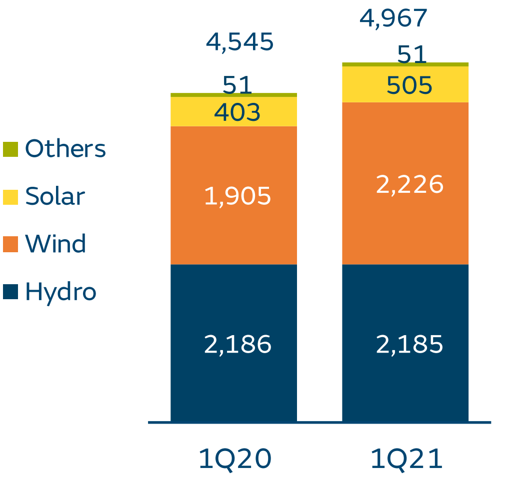


Spain & USA

1Q21 Ordinary EBITDA amounted to €99m, down 5.7% vs. 1Q20. Higher wind and hydro production in Spain were offset by lower margins and higher taxes.

Installed capacity as of end 1Q21 reached 4,054MW, 115MW higher compared to 1Q20, all of them wind capacity.

Total renewable installed capacity (MW)
(+9.3%)

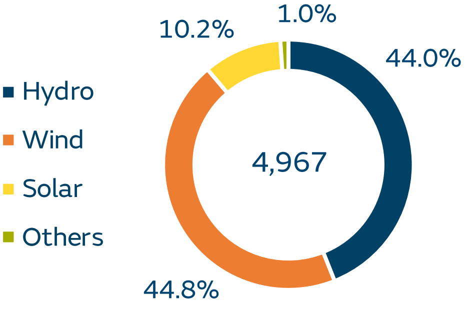


Australia

Ordinary EBITDA in the period reached -€2m vs. €4m in 1Q20.

The reduction is mainly explained by lower margins following the quarterly mark to market valuation of existing PPAs under contracts for differences regime.

1Q21 renewable installed capacity (MW)
(technology)

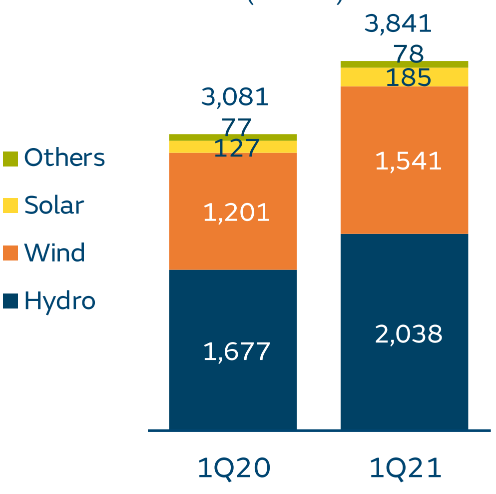


LatAm

Ordinary EBITDA in the period reached €21m, 16.7% higher than in 1Q20, mainly driven by new capacity coming into operation in Chile, which has been partially offset by FX impact (-€3m) and lower wind resource in Mexico.

Naturgy continued to progress developing renewable assets in Chile. Accordingly, installed capacity in LatAm as of end 1Q21 reached 818MW, 307MW higher compared to 1Q20, of which 206MW wind and 101MW solar.

Total renewable production (GWh)
(+24.7%)



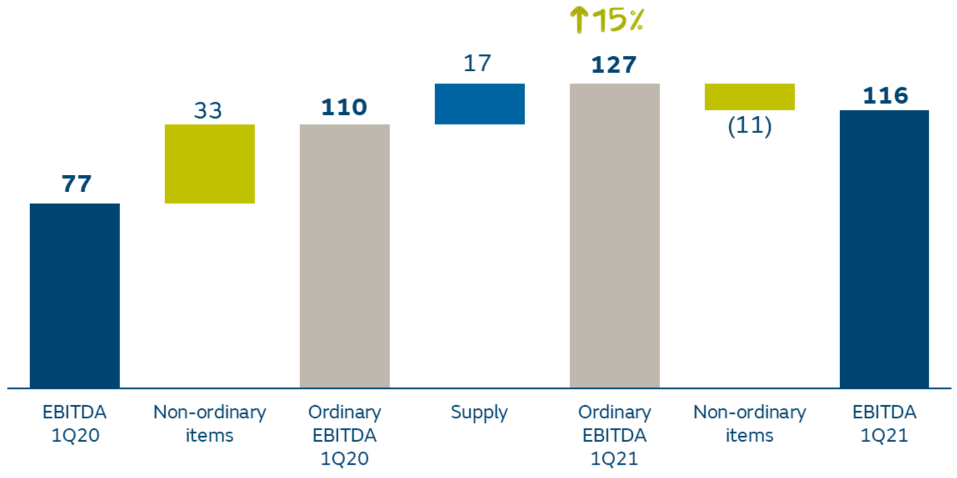
4.3 Supply

	reported			ordinary		
EBITDA (€m)	1Q21	1Q20	Change	1Q21	1Q20	Change
Total	116	77	50.6%	127	110	15.5%

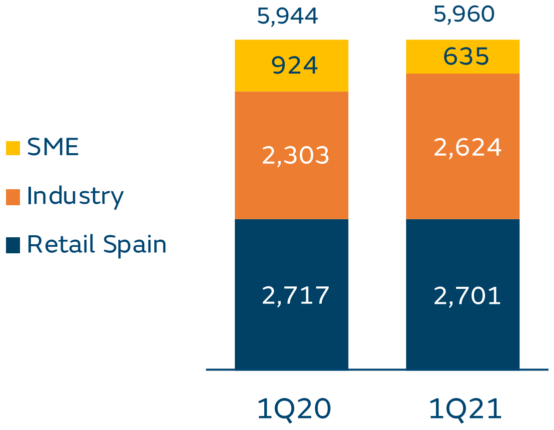
Please refer to Annex for additional P&L disclosure

Ordinary EBITDA amounted to €127m in the period, 15.5% higher than 1Q20, primarily driven by the improvement in gas supply supported by the recovery of gas prices, which was partially offset by increased margin pressure on power supply, notably in the industrial segment, and modest evolution of the services and solutions activities.

EBITDA evolution (€m)



Electricity sales (GWh)
(+0.3%)



Supply

Ordinary EBITDA reached €127m in 1Q21, +15.5% vs. 1Q20, driven by higher gas margins and sales in the Industrial Iberian and retail segments, which have been partially offset by lower sales and margins to wholesale Europe. With respect to electricity and Services and sales segments, sales growth have been offset by lower margins, notably in the electricity industrial segment.

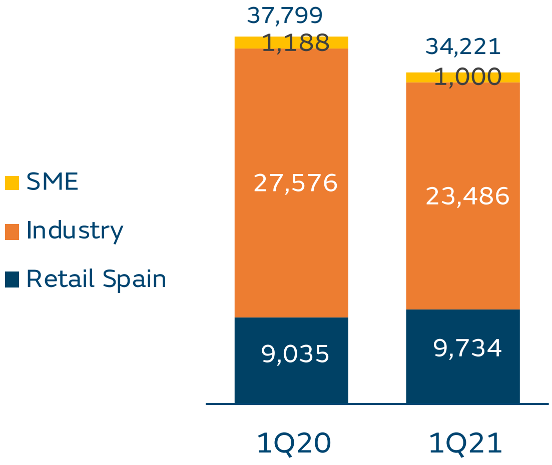
Gas sales declined by 9.5% in 1Q21, notably in the SME and industrial segments (-15.8% and -14.8% respectively) impacted by COVID-19 and mild climate conditions compared to 1Q20.

Power sales increased slightly by 0.3% in 1Q21 as a result of higher sales in the regulated market (+2.5%). Industry sales increased by 13.9%, while SME and retail sales decreased by 31.2% and 0.6% respectively.

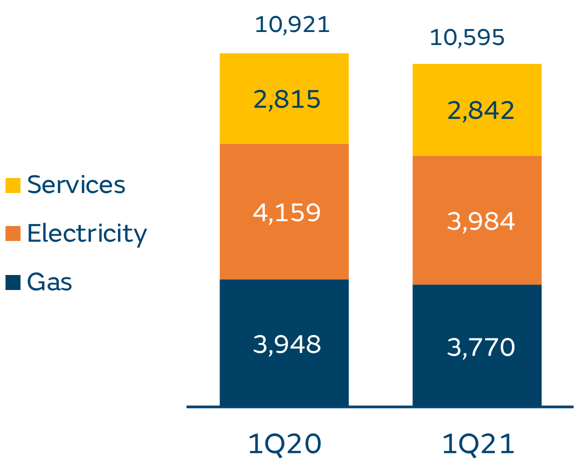
In addition, it is important to highlight that during 2021 Naturgy has signed several PPA contracts with different industrial clients to supply renewable electricity for a total of 584 GWh/year, all of them starting in 2022 and 10 years of duration.

Finally, the number of contracts experienced a decrease of 3.0% compared to 1Q20 figures.

Gas sales (GWh)
(-9.5%)



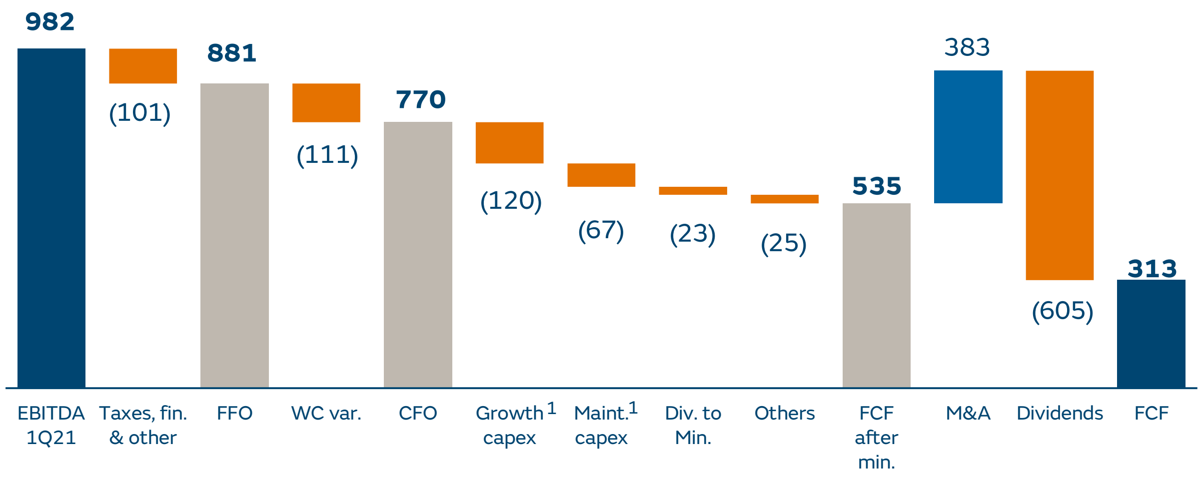
Contracts ('000)
(-3.0%)



Naturgy

5 Cash flow

Cash flow evolution (€m)



Note:

1. Net of cessions and contributions

1Q21 free cash flow after minorities amounted to €535m driven by operations and after investing €187m. As of 31 March 2021 net debt amounted to €13,597m, in line with net debt levels as of the end of 2020 despite the €605m paid as 2020 final dividend, supported by cash from operations and proceeds obtained from the completion of UFG agreement.

Capex

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

	Maintenence capex		
(€m)	**1Q21**	**1Q20**	**Change**
Energy management and networks	62	87	-28.7%
Renewables and new businesses	1	1	0.0%
Supply	1	0	-
Rest	5	2	-
Total investments	**69**	**90**	**-23.3%**

Maintenance capex in 1Q21 amounted to €69m, compared to €90m in 1Q20, a 23.3% reduction resulting from further optimization of capex processes and FX effect.

Growth capex			
(€m)	**1Q21**	**1Q20**	**Change**
Energy management and networks	44	79	-44.3%
Renewables and new businesses	62	25	-
Supply	21	7	-
Rest	0	0	-
Total investments	**127**	**111**	**14.4%**

Growth capex in the period was close to 65% of total capex and amounted to €127m in 1Q21.

Growth capex in 1Q21 included :

- A total of €16m invested in the construction of different renewable projects in Spain
- €46m invested in the development of 181MW of wind capacity in Australia and 307MW of wind and solar capacity in Chile, the latest coming into operation in 1Q21

Wind farm in Navarra (Spain)

In addition, in recent months Naturgy has reached several agreements that confirm its commitment to renewable growth:

- Naturgy reached several agreements in Australia which will increase its current presence in the country to over 700MW by 2022
- On 15 January 2021, Naturgy, through its 100% owned subsidiary Naturgy Solar USA, LLC, acquired 100% of the economic interests of a pipeline holding a portfolio of 8GW solar projects together with 4.6GW of co-located energy storage projects spanning 9 states in the U.S., of which 25 projects totaling 3.2GW of solar and 2GW storage could be operational before 2026. As part of the transaction, Naturgy also entered into a 5 year development agreement with Candela Renewables, a first in class team holding over 20 years of experience in the field, with a proven track record in the development of solar and energy storage projects in the U.S.
- On 26 January 2021, Naturgy was awarded with a total of 235MW of wind and solar projects within the Spanish renewable auction
- Lastly, on 15 March 2021, Naturgy was awarded with 45MW of solar capacity in the Canary Islands, which will allow the Group to double its current installed capacity in the region

Other transactions

On 10 March 2021, Naturgy, ENI and The Arab Republic of Egypt completed the agreement reached on 1 December 2020, to amicably resolve the disputes affecting Union Fenosa Gas (UFG). The agreement valued UFG (100%) at a total consideration of US$1.5bn, of which US$1.2bn relate to its Egyptian assets (including the outstanding legal proceedings) and the remaining US$0.3bn for the assets outside of Egypt.

Furthermore, Naturgy continues to progress on the completion of the agreement to sell its 96.04% equity shareholding in its Chilean electricity networks subsidiary, Compañía General de Electricidad S.A in Chile (CGE), to State Grid International Development Limited (SGID) for a total purchase price (equity value) of €2,570m. In this respect, on 31 March 2021, the Chilean National Economic Prosecutor's Office (FNE) unconditionally approved the concentration operation consisting of the transaction. Naturgy expects to complete the transaction in the following months.

6 Financial position

As of 31 March 2021, net debt amounted to €13,597m, in line with year-end 2020 figure despite not yet reflecting the pre-tax proceeds of €2,570m expected on completion of the disposal of CGE Electricidad. Net debt / LTM EBITDA stood at 3.8x compared to 3.9x as of 31 December 2020.

During 1Q21, the most relevant transactions and refinancing operations included:

- The issuance of two bonds in Mexico for €120m with a maturity of 3 years at a TIIE + 0.49% coupon and for €100m with a maturity of 9 years at a 8.21% coupon
- The issuance of project finance debt for wind projects of Cabo Leones II and San Pedro Solar for a total of €241m and €32m through Mini-Perm form and a revolving credit line respectively, with a tenor of 7 years at a Libor + 2.27%
- Closing by GPG Chile of a interest rate swap to hedge 85% of Cabo Leones II and San Pedro Solar project finance interest rate risk with a maturity of 20 years at 2.00%
- New loans in the international businesses for a total equivalent of €195m were closed
- Refinancing of loans in Spain and international businesses for a total of €500m and an equivalent of €59m respectively

Liquidity (€m)

Liquidity as of 31 March 2021 stood at €9,703m, including €4,036m in cash and equivalents and €5,667m in undrawn and fully committed credit lines. In addition, the ECP program is completely undrawn as of 31 March 2021.

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

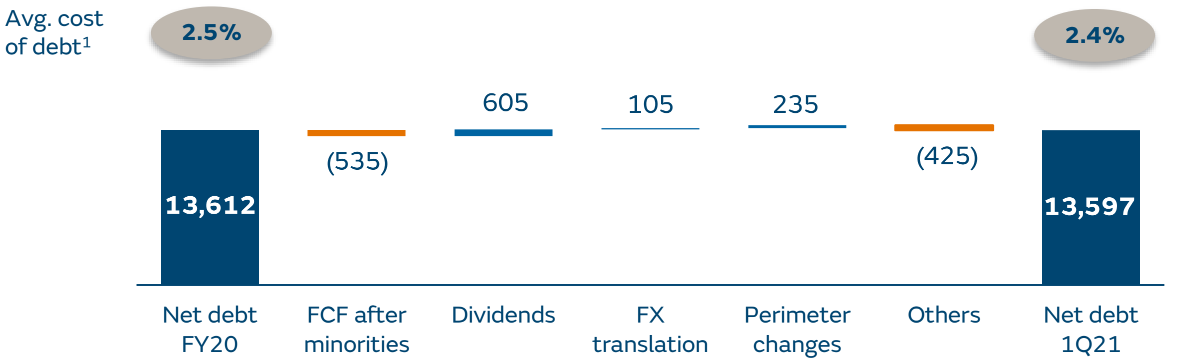
Liquidity		Consolidated Group		Chile		Brazil	Argentina	Mexico	Panama	Holding & others
		1Q21	FY20	CLP	USD	BRL	ARS	MXN	USD	EUR/Others
Cash and equivalents	€m	4,036	3,927	121	36	104	56	147	58	3,514
Undrawn commited credit lines	€m	5,667	5,548	-	-	23	-	118	-	5,526
Total	**€m**	**9,703**	**9,475**	**121**	**36**	**127**	**56**	**265**	**58**	**9,040**

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

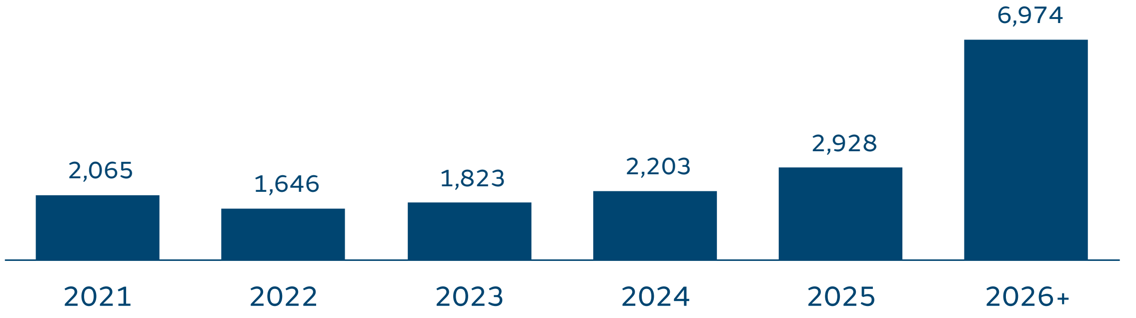
(€m)	2021	2022	2023	2024	2025
Undrawn commited credit lines	139	2,871	2,256	294	107

Naturgy

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
		1Q21	FY20	CLP	USD	BRL	ARS	MXN	USD	EUR/Others
Net financial debt	€m	13,597	13,612	338	33	136	-54	323	715	12,106
Average cost of debt[1]	%	2.4	2.5	6.4	4.5	3.7	43.5	6.5	4.6	1.8
% fixed rated (gross debt)	%	83	83	73	30	5	12	56	56	90

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

Credit metrics	1Q21	FY20
EBITDA/Net financial debt cost	8.2	6.9
Net debt /LTM EBITDA	3.8	3.9

7 ESG metrics and highlights

		1Q21	1Q20	Change	Comments
Health and safety					
Accidents with lost time[1]	units	4	1	-	Increase in accident ratio as a consequence of the exceptionally low 1Q20, but improving significantly from previous normalised quarters
LT Frequency rate[2]	units	0.19	0.04	-	
Environment					
GHG Emissions	M tCO2 e	2.9	3.8	-22.9%	Higher renewable and lower thermal production in the period
Emission factor	t CO2/GWh	229	294	-22.1%	
Emissions-free installed capacity	%	34.4%	30.2%	14.2%	New renewable capacity coming into operation in Chile, as well as the shutdown of the coal capacity in June 2020
Emissions-free net production	%	45.7%	37.8%	21.0%	Higher production in all renewable technologies
Interest in people					
Number of employees	persons	8,372	9,537	-12.2%	Perimeter changes and workforce optimization
Training hours per employee	hours	3.8	4.4	-15.0%	COVID-19 crisis has obliged to restruture the training programs, with a growing relevance of on-line training, with temporary impacts in workforce training
Women representation	%	31.3%	32.0%	-2.2%	Slight reduction as a consecuence of higher women representation in companies exiting the consoldation perimeter
Society and integrity					
Economic value distributed	€m	4,906	4,971	-1.3%	Economic value distributed in line with last year's figure, and equivalent to 4.8x ordinary EBITDA
Complaints received by the ethics comittee[3]	units	29	25	16.0%	Complaints within normal parameters

Notes:
1. In accordance to OSHA criteria
2. Calculated for every 200,000 working hours
3. Change of criteria in 2020 in order to make the metric more comparable with sector standards

On the quantitative side, it is worth to mention the increase both in emissions-free installed capacity and production, as well as the significant reduction in GHG emissions, consequence both of the new renewable capacity coming into operation and the closure of our coal plants.

COVID-19 Company initiatives

Naturgy continues to support and protect the interests of all its stakeholders, including measures to preserve employee health, safety and wellbeing, resources to guarantee effective remote work, or individual protection and support by Naturgy's medical services.

Relevant measures remain in place 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 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

Naturgy

Annex I: Financial Statements

Consolidated income statement

	reported			ordinary		
(€m)	**1Q21**	**1Q20**	**Change**	**1Q21**	**1Q20**	**Change**
Net sales	4,686	4,491	4.3%	4,681	4,491	4.2%
Procurement	-3,246	-3,036	6.9%	-3,245	-3,036	6.9%
Gross margin	**1,440**	**1,455**	**-1.0%**	**1,436**	**1,455**	**-1.3%**
Operating expenses	-222	-183	21.3%	-197	-183	7.7%
Personnel costs	-186	-337	-44.8%	-152	-181	-16.0%
Own work capitalised	17	18	-5.6%	17	18	-5.6%
Other operating income	48	45	6.7%	40	45	-11.1%
Taxes	-115	-104	10.6%	-115	-104	10.6%
EBITDA	**982**	**894**	**9.8%**	**1,029**	**1,050**	**-2.0%**
Other results	65	15	-	0	0	-
Depreciation, amortisation and impairment expenses	-348	-379	-8.2%	-348	-379	-8.2%
Impairment of credit losses	-34	-42	-19.0%	-34	-42	-19.0%
EBIT	**665**	**488**	**36.3%**	**647**	**629**	**2.9%**
Financial result	-122	-119	2.5%	-122	-119	2.5%
Profit/(loss) of companies measured under the equity method	14	-3	-	14	-3	-
Profit before taxes	**557**	**366**	**52.2%**	**539**	**507**	**6.3%**
Income tax	-123	-72	70.8%	-135	-104	29.8%
Income from discontinued operations	29	-9	-	0	0	-
Non-controlling interest	-80	-86	-7.0%	-81	-91	-11.0%
Net income	**383**	**199**	**92.5%**	**323**	**312**	**3.5%**

Consolidated balance sheet

(€m)	31/03/2021	31/12/2020
Non-current assets	**26,642**	**26,591**
Intangible assets	5,718	5,575
Property, plant and equipment	16,184	16,128
Right of use assets	1,442	1,388
Equity-accounted investments	583	813
Non-current financial assets	428	361
Other non-current assets	625	691
Deferred tax assets	1,662	1,635
Current assets	**13,094**	**12,954**
Non-current assets available for sale	4,904	4,835
Inventories	560	519
Trade and other accounts receivable	3,253	3,115
Other current financial assets	341	558
Cash and cash equivalents	4,036	3,927
TOTAL ASSETS	**39,736**	**39,545**

(€m)	31/03/2021	31/12/2020
Equity	**11,243**	**11,265**
Equity attributable to the parent company	7,912	8,028
Non-controlling interest	3,331	3,237
Non-current liabilities	**19,394**	**19,030**
Deferred revenues	869	871
Non-current provisions	1,060	1,052
Non-current financial liabilities	15,234	14,968
Deferred tax liabilities	1,857	1,793
Other non-current liabilities	374	346
Current liabilities	**9,099**	**9,250**
Liabilities linked to non-current assets available for sale	2,845	2,840
Current provisions	293	246
Current financial liabilities	2,405	2,571
Trade and other accounts payable	3,255	3,230
Other current liabilities	301	363
TOTAL LIABILITIES AND EQUITY	**39,736**	**39,545**

Summary cash flow statement

(€m)	1Q21	1Q20	Change
EBITDA	**982**	**894**	**9.8%**
Taxes	58	-8	-
Net interest cost	-122	-119	2.5%
Other non-cash items	-37	-108	-65.7%
Funds from operations	**881**	**659**	**33.7%**
Change in working capital	-111	616	-
Cash flow from operations	**770**	**1,275**	**-39.6%**
Growth capex	-120	-100	20.0%
Maintenance capex	-67	-90	-25.6%
Divestments	1	24	-95.8%
Dividends to minorities	-23	-48	-52.1%
Others	-26	-252	-89.7%
Free cash flow after minorities	**535**	**809**	**-33.9%**
Dividends, share buy-back & others	-605	-755	-19.9%
M&A	383	0	-
Net free cash flow	**313**	**54**	**-**

Quarterly EBITDA by business unit

(€m)	1Q21	2Q21	3Q21	4Q21	FY21
Energy management and networks	**785**	**-**	**-**	**-**	**785**
Networks Spain	**381**	**-**	**-**	**-**	**381**
Gas networks	224				224
Electricity networks	157				157
Networks LatAm	**181**	**-**	**-**	**-**	**181**
Chile gas	43				43
Brazil gas	42				42
Mexico gas	56				56
Panama electricity	31				31
Argentina gas	5				5
Argentina electricity	4				4
Energy management	**223**	**-**	**-**	**-**	**223**
Markets and procurement	0				0
International LNG	61				61
Pipelines (EMPL)	58				58
Spain thermal generation	49				49
LatAm thermal generation	55				55
Renewables and new businesses	**114**	**-**	**-**	**-**	**114**
Spain & USA	98				98
Australia	-2				-2
LatAm	18				18
Supply	**116**	**-**	**-**	**-**	**116**
Rest	**-33**	**-**	**-**	**-**	**-33**
TOTAL EBITDA	**982**	**-**	**-**	**-**	**982**

(€m)	1Q20	2Q20	3Q20	4Q20	FY20
Energy management and networks	**735**	**741**	**710**	**673**	**2,859**
Networks Spain	**322**	**374**	**435**	**407**	**1,538**
Gas networks	189	213	253	236	891
Electricity networks	133	161	182	171	647
Networks LatAm	**225**	**208**	**223**	**178**	**834**
Chile gas	34	65	73	34	206
Brazil gas	59	45	53	46	203
Mexico gas	74	45	44	59	222
Panama electricity	37	32	27	34	130
Argentina gas	14	15	21	2	52
Argentina electricity	7	6	5	3	21
Energy management	**188**	**159**	**52**	**88**	**487**
Markets and procurement	-42	-38	-97	-46	-223
International LNG	97	68	18	-54	129
Pipelines (EMPL)	68	58	58	56	240
Spain thermal generation	5	10	8	81	104
LatAm thermal generation	60	61	65	51	237
Renewables and new businesses	**120**	**73**	**84**	**75**	**352**
Spain & USA	101	61	65	45	272
Australia	2	-1	3	10	14
LatAm	17	13	16	20	66
Supply	**77**	**57**	**70**	**122**	**326**
Rest	**-38**	**-21**	**-16**	**-13**	**-88**
TOTAL EBITDA	**894**	**850**	**848**	**857**	**3,449**

Accumulated EBITDA by business unit

	reported			ordinary			
(€m)	1Q21	1Q20	Change	1Q21	1Q20	Change	FX
Energy management and networks	**785**	**735**	**6.8%**	**808**	**820**	**-1.5%**	**-43**
Networks Spain	**381**	**322**	**18.3%**	**414**	**393**	**5.3%**	**0**
Gas networks	224	189	18.5%	240	227	5.7%	0
Electricity networks	157	133	18.0%	174	166	4.8%	0
Networks LatAm	**181**	**225**	**-19.6%**	**176**	**229**	**-23.1%**	**-33**
Chile gas	43	34	26.5%	37	34	8.8%	-1
Brazil gas	42	59	-28.8%	42	60	-30.0%	-15
Mexico gas	56	74	-24.3%	57	75	-24.0%	-8
Panama electricity	31	37	-16.2%	31	38	-18.4%	-3
Argentina gas	5	14	-64.3%	5	15	-66.7%	-4
Argentina electricity	4	7	-42.9%	4	7	-42.9%	-2
Energy management	**223**	**188**	**18.6%**	**218**	**198**	**10.1%**	**-10**
Markets and procurement	0	-42	-100.0%	-6	-42	-85.7%	0
International LNG	61	97	-37.1%	61	99	-38.4%	1
Pipelines (EMPL)	58	68	-14.7%	58	68	-14.7%	-6
Spain thermal generation	49	5	-	50	13	-	0
LatAm thermal generation	55	60	-8.3%	55	60	-8.3%	-5
Renewables and new businesses	**114**	**120**	**-5.0%**	**118**	**125**	**-5.6%**	**-3**
Spain & USA	98	101	-3.0%	99	105	-5.7%	0
Australia	-2	2	-	-2	2	-	0
LatAm	18	17	5.9%	21	18	16.7%	-3
Supply	**116**	**77**	**50.6%**	**127**	**110**	**15.5%**	**0**
Rest	**-33**	**-38**	**-13.2%**	**-24**	**-5**	**-**	**0**
TOTAL EBITDA	**982**	**894**	**9.8%**	**1,029**	**1,050**	**-2.0%**	**-46**

Results by business unit

1. Energy management and networks

Spain gas networks

(€m)	1Q21	1Q20	Change
Net sales	308	298	3.4%
Procurement	-26	-23	13.0%
Gross margin	**282**	**275**	**2.5%**
Other operating income	10	9	11.1%
Personnel expenses	-22	-51	-56.9%
Taxes	-9	-9	0.0%
Other operating expenses	-37	-35	5.7%
EBITDA	**224**	**189**	**18.5%**
Depreciation, provisions and other results	-73	-74	-1.4%
EBIT	**151**	**115**	**31.3%**

Spain electricity networks

(€m)	1Q21	1Q20	Change
Net sales	207	208	-0.5%
Procurement	0	0	-
Gross margin	**207**	**208**	**-0.5%**
Other operating income	5	4	25.0%
Personnel expenses	-22	-45	-51.1%
Taxes	-8	-8	0.0%
Other operating expenses	-25	-26	-3.8%
EBITDA	**157**	**133**	**18.0%**
Depreciation, provisions and other results	-61	-61	0.0%
EBIT	**96**	**72**	**33.3%**

Chile gas

(€m)	1Q21	1Q20	Change
Net sales	115	118	-2.5%
Procurement	-65	-69	-5.8%
Gross margin	**50**	**49**	**2.0%**
Other operating income	7	1	-
Personnel expenses	-6	-6	0.0%
Taxes	-1	-1	0.0%
Other operating expenses	-7	-9	-22.2%
EBITDA	**43**	**34**	**26.5%**
Depreciation, provisions and other results	-15	-15	0.0%
EBIT	**28**	**19**	**47.4%**

Brazil gas

(€m)	1Q21	1Q20	Change
Net sales	239	335	-28.7%
Procurement	-182	-254	-28.3%
Gross margin	**57**	**81**	**-29.6%**
Other operating income	3	6	-50.0%
Personnel expenses	-5	-7	-28.6%
Taxes	-1	-2	-50.0%
Other operating expenses	-12	-19	-36.8%
EBITDA	**42**	**59**	**-28.8%**
Depreciation, provisions and other results	-14	-16	-12.5%
EBIT	**28**	**43**	**-34.9%**

Mexico gas

(€m)	1Q21	1Q20	Change
Net sales	174	158	10.1%
Procurement	-106	-77	37.7%
Gross margin	**68**	**81**	**-16.0%**
Other operating income	3	13	-76.9%
Personnel expenses	-5	-6	-16.7%
Taxes	0	-1	-100.0%
Other operating expenses	-10	-13	-23.1%
EBITDA	**56**	**74**	**-24.3%**
Depreciation, provisions and other results	-13	-15	-13.3%
EBIT	**43**	**59**	**-27.1%**

Panama electricity

(€m)	1Q21	1Q20	Change
Net sales	174	216	-19.4%
Procurement	-133	-167	-20.4%
Gross margin	**41**	**49**	**-16.3%**
Other operating income	1	1	0.0%
Personnel expenses	-2	-2	0.0%
Taxes	-1	-1	0.0%
Other operating expenses	-8	-10	-20.0%
EBITDA	**31**	**37**	**-16.2%**
Depreciation, provisions and other results	-13	-14	-7.1%
EBIT	**18**	**23**	**-21.7%**

Argentina gas

(€m)	1Q21	1Q20	Change
Net sales	69	97	-28.9%
Procurement	-41	-59	-30.5%
Gross margin	**28**	**38**	**-26.3%**
Other operating income	4	7	-42.9%
Personnel expenses	-8	-10	-20.0%
Taxes	-6	-7	-14.3%
Other operating expenses	-13	-14	-7.1%
EBITDA	**5**	**14**	**-64.3%**
Depreciation, provisions and other results	-4	-6	-33.3%
EBIT	**1**	**8**	**-87.5%**

Argentina electricity

(€m)	1Q21	1Q20	Change
Net sales	23	38	-39.5%
Procurement	-12	-20	-40.0%
Gross margin	**11**	**18**	**-38.9%**
Other operating income	1	1	0.0%
Personnel expenses	-2	-3	-33.3%
Taxes	-1	-5	-80.0%
Other operating expenses	-5	-4	25.0%
EBITDA	**4**	**7**	**-42.9%**
Depreciation, provisions and other results	0	0	-
EBIT	**4**	**7**	**-42.9%**

Markets and procurement

(€m)	1Q21	1Q20	Change
Net sales	1,423	1,167	21.9%
Procurement	-1,422	-1,203	18.2%
Gross margin	**1**	**-36**	**-**
Other operating income	5	5	0.0%
Personnel expenses	-5	-7	-28.6%
Taxes	0	0	-
Other operating expenses	-1	-4	-75.0%
EBITDA	**0**	**-42**	**-100.0%**
Depreciation, provisions and other results	63	-1	-
EBIT	**63**	**-43**	**-**

International LNG

(€m)	1Q21	1Q20	Change
Net sales	934	842	10.9%
Procurement	-866	-736	17.7%
Gross margin	**68**	**106**	**-35.8%**
Other operating income	0	0	-
Personnel expenses	-4	-6	-33.3%
Taxes	0	0	-
Other operating expenses	-3	-3	0.0%
EBITDA	**61**	**97**	**-37.1%**
Depreciation, provisions and other results	-35	-35	0.0%
EBIT	**26**	**62**	**-58.1%**

Pipelines (EMPL)

(€m)	1Q21	1Q20	Change
Net sales	63	73	-13.7%
Procurement	0	0	-
Gross margin	**63**	**73**	**-13.7%**
Other operating income	0	0	-
Personnel expenses	-2	-2	0.0%
Taxes	0	0	-
Other operating expenses	-3	-3	0.0%
EBITDA	**58**	**68**	**-14.7%**
Depreciation, provisions and other results	-14	-14	0.0%
EBIT	**44**	**54**	**-18.5%**

Spain thermal generation

(€m)	1Q21	1Q20	Change
Net sales	252	241	4.6%
Procurement	-125	-157	-20.4%
Gross margin	**127**	**84**	**51.2%**
Other operating income	1	1	0.0%
Personnel expenses	-16	-23	-30.4%
Taxes	-43	-40	7.5%
Other operating expenses	-20	-17	17.6%
EBITDA	**49**	**5**	**-**
Depreciation, provisions and other results	-19	-37	-48.6%
EBIT	**30**	**-32**	**-**

LatAm thermal generation

(€m)	1Q21	1Q20	Change
Net sales	370	142	-
Procurement	-306	-71	-
Gross margin	**64**	**71**	**-9.9%**
Other operating income	1	1	0.0%
Personnel expenses	-4	-4	0.0%
Taxes	0	0	-
Other operating expenses	-6	-8	-25.0%
EBITDA	**55**	**60**	**-8.3%**
Depreciation, provisions and other results	-18	-22	-18.2%
EBIT	**37**	**38**	**-2.6%**

2. Renewables and new businesses

Spain & USA

(€m)	1Q21	1Q20	Change
Net sales	170	168	1.2%
Procurement	-13	-16	-18.8%
Gross margin	**157**	**152**	**3.3%**
Other operating income	7	1	-
Personnel expenses	-13	-13	0.0%
Taxes	-33	-23	43.5%
Other operating expenses	-20	-16	25.0%
EBITDA	**98**	**101**	**-3.0%**
Depreciation, provisions and other results	-40	-41	-2.4%
EBIT	**58**	**60**	**-3.3%**

Australia

(€m)	1Q21	1Q20	Change
Net sales	0	3	-100.0%
Procurement	0	0	-
Gross margin	**0**	**3**	**-100.0%**
Other operating income	0	0	-
Personnel expenses	-1	0	-
Taxes	0	0	-
Other operating expenses	-1	-1	0.0%
EBITDA	**-2**	**2**	**-**
Depreciation, provisions and other results	-1	-1	0.0%
EBIT	**-3**	**1**	**-**

LatAm

(€m)	1Q21	1Q20	Change
Net sales	38	29	31.0%
Procurement	-9	-2	-
Gross margin	**29**	**27**	**7.4%**
Other operating income	2	1	100.0%
Personnel expenses	-6	-5	20.0%
Taxes	-1	-1	0.0%
Other operating expenses	-6	-5	20.0%
EBITDA	**18**	**17**	**5.9%**
Depreciation, provisions and other results	-9	-5	80.0%
EBIT	**9**	**12**	**-25.0%**

3. Supply

Supply

(€m)	1Q21	1Q20	Change
Net sales	2,003	2,203	-9.1%
Procurement	-1,814	-2,027	-10.5%
Gross margin	**189**	**176**	**7.4%**
Other operating income	2	0	-
Personnel expenses	-24	-52	-53.8%
Taxes	-10	-7	42.9%
Other operating expenses	-41	-40	2.5%
EBITDA	**116**	**77**	**50.6%**
Depreciation, provisions and other results	-40	-46	-13.0%
EBIT	**76**	**31**	**-**

Capex

Growth capex

(€m)	1Q21	1Q20	Change
Energy management and networks	**44**	**79**	**-44.3%**
Networks Spain	**20**	**22**	**-9.1%**
Gas networks	10	12	-16.7%
Electricity networks	10	10	0.0%
Networks LatAm	**22**	**54**	**-59.3%**
Chile gas	7	13	-46.2%
Chile electricity	0	18	-100.0%
Brazil gas	2	4	-50.0%
Mexico gas	3	3	0.0%
Panama electricity	8	14	-42.9%
Argentina gas	1	2	-50.0%
Argentina electricity	1	0	-
Peru gas	0	0	-
Energy management	**2**	**3**	**-33.3%**
Markets and procurement	0	0	-
International LNG	2	3	-
Pipelines (EMPL)	0	0	-
Spain thermal generation	0	0	-
LatAm thermal generation	0	0	-
Renewables and new businesses	**62**	**25**	**-**
Spain & USA	16	14	14.3%
Australia	34	5	-
LatAm	12	6	100.0%
Supply	**21**	**7**	**-**
Rest	**0**	**0**	**-**
TOTAL Growth Capex	**127**	**111**	**14.4%**

Maintenance capex

(€m)	1Q21	1Q20	Change
Energy management and networks	**62**	**87**	**-28.7%**
Networks Spain	**28**	**31**	**-9.7%**
Gas networks	8	8	0.0%
Electricity networks	20	23	-13.0%
Networks LatAm	**18**	**43**	**-58.1%**
Chile gas	1	1	0.0%
Chile electricity	0	17	-100.0%
Brazil gas	3	5	-40.0%
Mexico gas	2	3	-33.3%
Panama electricity	10	13	-23.1%
Argentina gas	2	4	-50.0%
Argentina electricity	0	0	-
Peru gas	0	0	-
Energy management	**16**	**13**	**23.1%**
Markets and procurement	0	0	-
International LNG	0	1	-100.0%
Pipelines (EMPL)	0	0	-
Spain thermal generation	9	8	12.5%
LatAm thermal generation	7	4	75.0%
Renewables and new businesses	**1**	**1**	**0.0%**
Spain & USA	1	1	0.0%
Australia	0	0	-
LatAm	0	0	-
Supply	**1**	**0**	**-**
Rest	**5**	**2**	**-**
TOTAL Maintenance Capex	**69**	**90**	**-23.3%**

Annex II: Communications to the CNMV

Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since FY20 results' presentation:

Inside Information

- There are no Inside Information releases this quarter

Other Relevant Information

- Naturgy publishes the FY 2020 results report (disclosed 4 February 2021, registration number 6950)
- Naturgy files the FY 2020 results presentation (disclosed 4 February 2021, registration number 6953)
- Naturgy announces that the Board of Directors has resolved to call the Ordinary General Shareholders' Meeting (disclosed 5 February 2021, registration number 7001)
- Naturgy publishes its 2020 Annual Report on Directors' Remuneration (disclosed 5 February 2021, registration number 7003)
- Naturgy discloses information on earnings for the year 2020 (disclosed 5 February 2021, registration number 7005)
- Naturgy publishes its 2020 Annual Corporate Governance Report (disclosed 5 February 2021, registration number 7009)
- Request for authorisation of the voluntary takeover offer for the shares of Naturgy Energy Group, S.A. launched by Global InfraCo O (2) S.à.r.l (disclosed 5 February 2021, registration number 7014)
- Naturgy publishes the Board of Directors Regulations (disclosed 8 February 2021, registration number 7035)
- Removal of the condition relating to the non-oposition notification from the Australian Treasurer, in connection with the voluntary takeover offer launched by Global InfraCo O (2) S.à.r.l (disclosed 12 February 2021, registration number 7085)
- On 18 February 2021 the CNMV admitted for processing the application for authorisation of the partial takeover bid submitted by Global InfraCo O (2) S.à.r.l (disclosed 18 February 2021, registration number 7153)
- Naturgy files the presentation of the 2021 Ordinary General Shareholders' Meeting (disclosed 9 March 2021, registration number 7849)
- Naturgy discloses the agreements approved by the 2021 Ordinary General Shareholders' Meeting (disclosed 9 March 2021, registration number 7853)
- Amendment of the price of the voluntary takeover offer for the shares of Naturgy Energy Group, S.A. launched by Global InfraCo O (2) S.à.r.l due to the dividend paid by Naturgy Energy Group, S.A. to its shareholders (disclosed 18 March 2021, registration number 8058)
- Fulfilment of the condition relating to the obtaining of the authorisation from the Mexican Federal Economic Competition Commission in connection with the partial voluntary takeover offer for the acquisition of shares launched by Global InfraCo O (2) S.à.r.l (disclosed 22 March 2021, registration number 8096)
- Naturgy announces its first quarter 2021 results release (disclosed 12 April 2021, registration number 8539)

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
		31 March 2021	31 March 2020	
EBITDA	Operating profit	Euros 982 million	Euros 894 million	Measure of earnings before interest, taxes, depreciation and amortization and provisions
Ordinary EBITDA	EBITDA - Non-ordinary items	Euros 1,029 million = 982 + 47	Euros 1,050 million = 894 + 156	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 323 million = 383 - 60	Euros 312 million = 199 + 113	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 196 million = 39 + 157	Euros 201 million = 26 + 175	Realized investments in property, plant & equipment and intangible assets
Net Investments (net CAPEX)	CAPEX - Other proceeds/(payments) of investments activities	Euros 187 million = 196 - 9	Euros 190 million = 201 – 11	Total investments net of the cash received from divestments and other investing receipts
Gross financial debt	Non-current financial liabilities + "Current financial liabilities"	Euros 17,639 million = 15,234 + 2,405	Euros 17,539 million(1) = 14,968 + 2,571	Current and non-current financial debt
Net financial debt	Gross financial debt - "Cash and cash equivalents" - "Derivative financial assets"	Euros 13,597 million = 17,639 – 4,036 - 6	Euros 13,612 million(1) = 17,539 – 3,927 – 0	Current and non-current financial debt less cash and cash equivalents and derivative financial assets
Leverage (%)	Net financial debt / (Net financial debt + "Net equity")	54.7% = 13,597 / (13,597 + 11,243)	54.7%(1) = 13,612 / (13,612 + 11,265)	The ratio of external funds over total funds
Cost of net financial debt	Cost of financial debt - "Interest revenue"	Euros 120 million = 122 - 2	Euros 123 million = 128 - 5	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	8.2x = 982 / 120	6.9x(1) = 3,449 / 498	Ratio between EBITDA and net financial debt
Net financial debt/LTM EBITDA	Net financial debt / Last twelve months EBITDA	3.8x = 13,597 / 3,537	3.9x(1) = 13,612 / 3,449	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 535 million = 313 + 605 + 0 - 383	Euros 809 million = 54 + 571 + 184 + 0	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 313 million = 770 + 153 - 810 + 200	Euros 54 million = 1,275 – 413 – 690 – 118	Cash flow generated by the Company available to pay the debt

Note:
1. As of 31 December 2020

Annex IV: Contact details

Capital Markets

Av. San Luis, 77
28033 Madrid
Spain
Phone numbers:

+34 912 107 815

+34 934 025 897

capitalmarkets@naturgy.com

Naturgy website:

www.naturgy.com

Annex V: Disclaimer

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

This communication contains forward-looking information and statements about Naturgy. Such information can include financial projections and estimates, statements regarding plans, objectives and expectations with respect to future operations, capital expenditures or strategy.

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.

Except as required by applicable law, Naturgy does not undertake any obligation to publicly update or revise any forward-looking information and statements, whether as a result of new information, future events or otherwise.

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.

The information and any opinions or statements made in this document have not been verified by independent third parties; therefore, no warranty is made as to the impartiality, accuracy, completeness or correctness of the information or the opinions or statements expressed herein.