



9M19 Results

30 October 2019

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1. Executive summary

(€m)	reported			ordinary		
	9M19	9M18	Change	9M19	9M18	Change
EBITDA	3,290	2,976	10.6%	3,397	3,248	4.6%
Net income	901	-3,040	-	991	877	13.0%
Capex	1,120	1,593 ¹	-29.7%	-	-	-
Net debt (at 30/09) ¹	15,133	15,309 ²	-1.1%	-	-	-
Free cash flow after minorities	1,553	2,470	-37.1%	-	-	-

Note:

1. Including €380m related to two LNG tankers in time-charter regime incorporated during 1H18 (non-cash investments)
2. As of 31/12/2018. IFRS16 adjusted.

- The first nine months of 2019 have been marked by growth in international activities and efficiencies across businesses, which have compensated for a more challenging energy scenario in liberalized activities vs. last year. All in all, ordinary EBITDA and Net income reached €3,397m and €991m respectively in the period (up 5% and 13% vs. last year).
- This period also marks a milestone for the company, which has invested close to €400m in the development of renewables projects, the highest of its history. Indeed Naturgy has become one of the leading investors in clean technologies in Spain in the year 2019, a testament of its commitment to support the energy transition.
- Overall, the company has invested more than €1,100m in the period, reinforcing its industrial positioning and future growth prospects, particularly in renewables, where it is worth noting the 290 MW of solar and wind farms put into operation in Spain during the period. As a result, Naturgy's installed renewable capacity in Spain has increased by 25% to approximately 1.5 GW. The company has also invested in the development of 180 MW of wind power in Australia and 324 MW of wind and solar capacity in Chile, which will be operational prior to the third quarter of 2020 and the first quarter of 2021, respectively.
- As a result of its continued efforts in environmental, sustainability and governance best practices (ESG), Naturgy has been recognized as a world leader in the gas utilities sector of the Dow Jones Sustainability Index World (DJSI World), a global benchmark in measuring ESG's best corporate practices, for the third consecutive year.
- Naturgy continues to progress on the implementation of its efficiency plan and the optimization of its business portfolio.
- On the one hand, the company has accelerated its efficiency plan and expects to reach at least €150m efficiencies in 2019, compared to its initial forecast of €100m. The group reiterates its firm commitment to its 2022 efficiency targets.
- On the other hand, Naturgy progresses in the optimization of its business portfolio and capital allocation. As such, the company will reinvest the resources generated by the sale of assets in Chile to achieve joint control of Medgaz at attractive multiples, confirming its capital discipline and long-term industrial positioning.
- On 1 October 2019, the group completed the disposal of Transemel, an electricity transmission subsidiary in Chile, for an equity consideration (100%) of €155m and an Enterprise Value of €182m, equivalent to approximately 23.5x EV/EBITDA 2018. As part of the transaction, CGE will receive proceeds of €116m.



- › On 15 October 2019, Naturgy reached an agreement for the acquisition of 34.05% of Medgaz for €445m. The transaction will allow Naturgy to transform its current 14.95% stake in Medgaz from a financial investment with very limited governance rights, into a strategic stake which will allow the joint control of the Medgaz together with Sonatrach. The acquisition has been agreed at a multiple equivalent to 6.9x the expected EBITDA in 2021, which includes the approved 2bcm expansion program of the current pipeline.
- › Also on 30th July 2019, CGE, Naturgy's subsidiary in Chile, completed an asset swap in Argentina, whereby CGE transferred its 50% stake in 2 electricity distribution subsidiaries to CECSA, in exchange for a 50% stake in 2 gas distribution and the associated commercialization subsidiaries held by CECSA. As a result, CGE will now control and consolidate 100% of the aforementioned gas distribution subsidiaries, while CECSA will own 100% of the formerly co-controlled electricity distribution subsidiaries.
- › The latest corporate transactions demonstrate Naturgy's ability to create value through portfolio management and asset rotation, simplifying its business positioning and geographical footprint.
- › Naturgy remains fully committed to shareholder remuneration. The Board has approved a dividend payment of 0.473 €/share on 12th of November 2019, corresponding to the 2nd interim dividend of 2019 out of the total 1.37 €/share dividend committed against 2019. Despite the significant investments made in renewables and electricity networks and its shareholder remuneration commitments, Naturgy has managed to reduce its net debt to €15,133m.
- › In addition and as envisioned on its Strategic Plan 18-22, Naturgy completed the cancellation of 16,567,195 own shares on 13 August, 2019, equivalent to approximately 1.7% of the share capital of the company, with the corresponding increase in earnings per share. The share capital of the Company resulting from the reduction was set at 984,122,146 shares, each of them of one euro of nominal value.
- › On August 8, Naturgy presented its allegations to the National Commission of Markets and Competition (CNMC) on the drafts of the circulars that will establish the new methodology for remuneration of the electricity and gas distribution activity from 2020 and 2021 respectively.

Summary – 9M19 results

- › The first nine months of 2019 have been marked by growth in international activities and active operational management across businesses, which have compensated for a more challenging energy scenario in liberalized activities vs. last year. All in all, ordinary EBITDA and Net income have reached €3,397m and €991m respectively in the period (up 5% and 13% vs. last year).
- › On the Infrastructure side, regulatory stability in Latin America, recognizing prior FX and inflation movements, together with stability in the European operations, have contributed to an overall positive performance in the period.
- › In Gas & Power, the first nine months have been driven by a notable improvement in G&P services sales, which has experienced margin recovery in power supply, offsetting a challenging scenario in International LNG and Europe Power generation. The company's new commercial policies and de-risking efforts, together with efficiencies, have also helped offset the low gas prices in recent months.
- › Total capex amounted to €1,120m in the period, mainly reflecting ongoing investments in renewable projects as well as investments in remunerated networks.
- › As of 30 September 2019, net debt amounted to €15,133m, down 1.1% vs. 31 December 2018, thanks to the increased focus on cash flow generation of the company and despite the €846m dividend payments and €322m in shares bought back during the first nine months of the year. As a result, Net Debt / LTM EBITDA declined to 3.5x from 3.8x as of 31 December 2018.
- › All in all, the 9M19 results continue to illustrate Naturgy's progress towards the successful implementation of its 2018-2022 Strategic Plan.

2. Key comparability factors and non-ordinary items

Perimeter changes

- The main transactions completed in 2018 with an impact in comparability in the 9M19 vs. 9M18 results are the following:

 - The disposal of the gas distribution and supply business in Italy, together with the transfer of the gas supply contract. The contribution of these businesses in 9M18 was €195m recognised under "Income from discontinued operations" in the consolidated income statement.
 - The disposal of the remaining 41.9% of the gas distribution business in Colombia. The contribution of this business in 9M18 was €7m recognised under "Income from discontinued operations" in the consolidated income statement.
 - The sale of a 20% minority stake in the gas distribution business in Spain for €1,500m, which resulted in an increase of €1,016m in the "Equity" caption in the consolidated balance sheet as of 30 June 2018.
 - In December 2018 the sale of Kangra Coal was completed for an equity value of €28m. The contribution of this business in 9M18 was -€150m, including a write-down of the investment for -€141m, recognised under "Income from discontinued operations" in the consolidated income statement.
- On April 2019 Naturgy completed the sale of 45% of its interests in its associated affiliate Torre Marenostrum, S.L. to Inmobiliaria Colonial for €28m, generating capital gains of €20m.
- On 30 July 2019, CGE, Naturgy's subsidiary in Chile, completed an asset swap in Argentina, whereby CGE will now control and consolidate 100% of the gas distribution subsidiaries, while formerly co-controlled electricity distribution subsidiaries are no longer within Naturgy's consolidation perimeter. The impact in 9M19 EBITDA from this asset swap is €4m.
- On 31 July 2019 Naturgy completed the disposal of 100% of its interests in its Moldova electricity distribution activities. The transaction valued the company's equity at €141m (including pre-closing dividends) and did not generate significant capital gains for Naturgy. The contribution of this business in 9M18 was -€58m, including a write-down of the investment for -€71m, recognised under "Income from discontinued operations" in the consolidated income statement.
- In addition, on 19 September 2019 Naturgy has reached an agreement to sell its entire stake in Iberafrica Power, in Kenya. The contribution of this business in 9M18 was -€5m, recognized under "Income from discontinued operations" in the consolidated income statement.
- Last, on 1 October 2019, the group completed the disposal of Transemel, an electricity transmission subsidiary in Chile, for an equity consideration (100%) of €155m and an Enterprise Value of €182m, equivalent to approximately 23.5x EV/EBITDA 2018. As part of the transaction, CGE will receive proceeds of €116m.

Non-ordinary items

Non-ordinary items are summarized below:

(€m)	EBITDA		Net income	
	9M19	9M18	9M19	9M18
Gas transport & procurement retroactivity	-	-47	-	-35
Chile extraordinary expenses	-	-33	-	-21
Restructuring costs	-133	-78	-100	-62
Asset write-down	-	-	-20	-3,824
CNMC CCGT fine	-20	-	-20	-
Provisions reversal	35	-	22	-
Discontinued operations and minority interests	-	-	-	44
Chile mergers tax effect	-	-	-	42
Sales of land and buildings	11	6	8	4
Torremarenostrom sale	-	-	20	-
Argentina pending pass-through	-	-116	-	-57
Other	-	-4	-	-8
Total non ordinary items	-107	-272	-90	-3,917

- > **At the EBITDA level, non-ordinary impacts in 9M19 amounted to -€107m**, the bulk of them corresponding to capture costs derived from the implementation of the efficiency plan and the CNMC CCGT fine. These are partially offset by the reversal of provisions and sales of land and buildings.
- > **At the Net income level, non-ordinary items in 9M19 amounted to -€90m**, mostly driven by the same concepts mentioned above.

Foreign exchange impact

Exchange rate fluctuations in the period are summarized below:

	YTD Sep'19	Change (%)	FX effect (€m)	
			EBITDA	Net income
USD/€	1.12	-5.9%	41	14
MXN/€	21.63	-4.9%	9	2
BRL/€	4.36	1.4%	-3	0
ARS/€ ¹	62.42	30.6%	-26	-5
CLP/€	770.34	2.6%	-10	-3
Other	-	-	1	0
Total	-	-	12	8

Note:

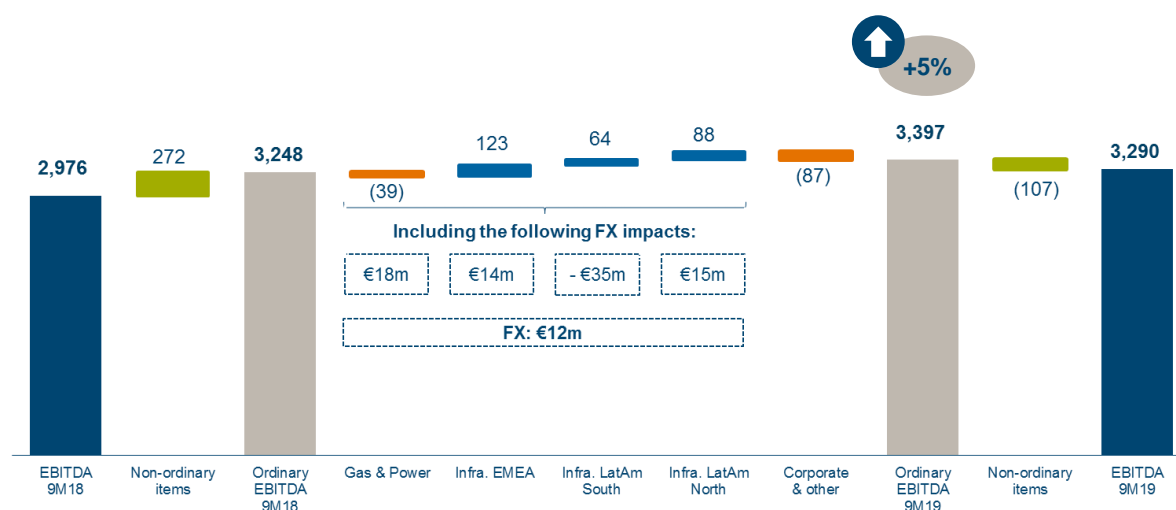
1. Exchange rate as at 30 September 2019 as a consequence of considering Argentina as an hyperinflationary economy

3. Consolidated results

(€m)	reported			ordinary		
	9M19	9M18	Change	9M19	9M18	Change
Net sales	17,106	17,670	-3.2%	17,106	17,786	-3.8%
EBITDA	3,290	2,976	10.6%	3,397	3,248	4.6%
Other results	20	-	-	-	-	-
Depreciation, amortisation and impairment expenses	-1,192	-5,537	-78.5%	-1,172	-1,204	-2.7%
Impairment of credit losses	-113	-119	-5.0%	-113	-107	5.6%
EBIT	2,005	-2,680	-	2,112	1,937	9.0%
Financial result	-478	-474	0.8%	-478	-480	-0.4%
Profit/(loss) of companies measured under the equity method	34	-547	-	34	25	36.0%
Income tax	-335	858	-	-360	-323	11.5%
Income from discontinued operations	-	-11	-	-	-	-
Non-controlling interest	-325	-186	74.7%	-317	-282	12.4%
Net income	901	-3,040	-	991	877	13.0%

- > **Net sales** totaled **€17,106m** in 9M19, **3.2%** below 9M18, mainly as a result of lower energy prices and volumes sold in the liberalized businesses that have not been offset by growth in the infrastructure businesses.
- > Consolidated **EBITDA** in the period amounted to **€3,290m**, a **10.6%** increase vs. 9M18, supported by a positive performance in the infrastructure businesses, the new commercial strategy in supply activity and efficiency gains. **Stripping out non-ordinary effects, ordinary EBITDA grew by 4.6%**.

EBITDA evolution (€m)



(€m)	reported			ordinary		
	9M19	9M18	Change	9M19	9M18	Change
Gas & Power	940	935	0.5%	964	1,003	-3.9%
Infrastructure EMEA	1,423	1,333	6.8%	1,480	1,357	9.1%
Infrastructure LatAm South	721	505	42.8%	716	652	9.8%
Infrastructure LatAm North	280	194	44.3%	281	193	45.6%
Rest	-74	9	-	-44	43	-
Total	3,290	2,976	10.6%	3,397	3,248	4.6%

- > The **financial result amounted to -€478m** (+0.8%). The increase in the cost of the net financial debt, and decrease in other financial expenses, is explained by the reclassification, following IFRS 16, of the cost of financial leases to the cost of net financial debt, previously registered as other financial expenses. In addition, IFRS 16 application has increased cost of net financial debt in €9m.
- > The average cost of gross financial debt for 9M19 stands at 3.2%¹ vs. 3.1% in 9M18, and 85% of gross debt is at fixed rates.

Financial result (€m)	reported		
	9M19	9M18	Change
Cost of net financial debt	-469	-404	16.1%
Other financial expenses/income	-9	-70	-87.1%
Total	-478	-474	0.8%

- > **Equity-accounted affiliates** contributed €34m in 9M19 mostly as a result of the contributions from Ecoeléctrica (€37m), UF Gas subgroup (-€35m) and CGE subgroup affiliates (€20m).
- > The **effective tax rate** as of 30 September 2019 stood at **21.5%**, flat vs. 9M18.
- > In 9M19 there was no contribution **from discontinued** operations. 9M18 discontinued operations contributed to the P&L as detailed below:

Income from discontinued operations (€m)	reported
	9M18
Colombia gas	7
Italy	195
Kenya	-5
Moldova	-58
Kangra	-150
Total	-11

Note:

1. Cost from IFRS 16 debt not included

- > **Income attributed to non-controlling interests** amounted to -€325m in 9M19 as detailed below:

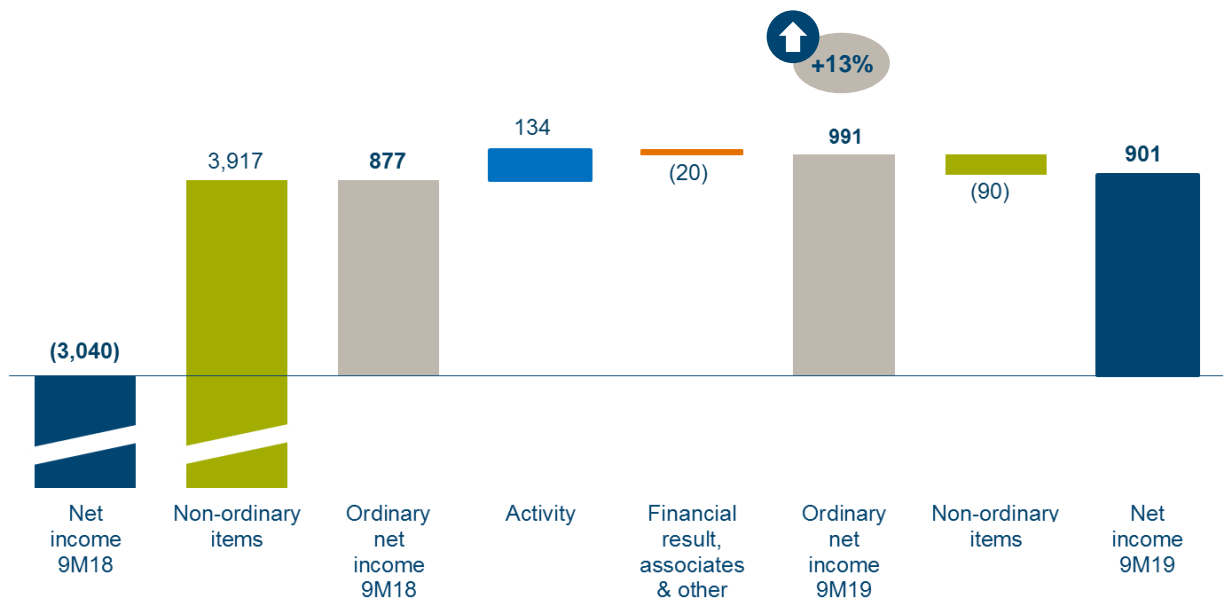
Income attributed to non-controlling interests (€m)	reported		
	9M19	9M18	Change
EMPL	-46	-39	17.9%
Nedgia	-60	-40	50.0%
Other affiliates ¹	-174	-62	-
Other equity instruments	-45	-45	0.0%
Total	-325	-186	74.7%

Notes:

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

- > The increase in other affiliates is mostly explained by the good evolution of the Latam activities in 9M19 as well as the positive impact in this caption of the write-downs made in Kangra and Kenya in 9M18.
- > The other equity instruments caption includes the accrued interest on perpetual subordinated notes (hybrid issues).
- > **Net ordinary income in 9M19 amounted to €991m, up 13.0%**, excluding non-ordinary items.

Net income evolution (€m)



4. Results by business unit



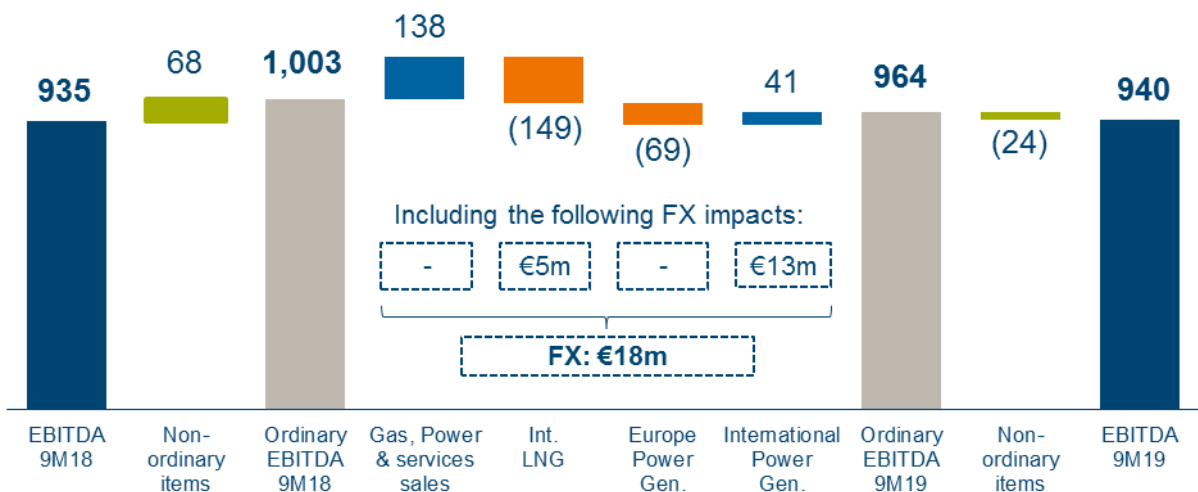
Gas & Power

EBITDA (€m)	reported			ordinary		
	9M19	9M18	Change	9M19	9M18	Change
Gas, power and services sales	303	98	-	297	159	86.8%
International LNG	196	347	-43.5%	198	347	-42.9%
Europe power generation	164	267	-38.6%	205	274	-25.2%
International power generation	277	223	24.2%	264	223	18.4%
Total	940	935	0.5%	964	1,003	-3.9%

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA declined 3.9% during the period, despite a strong performance from Gas, power and service sales as well as International power generation which could not offset a weak performance from International LNG and Europe power generation driven by lower sales and margins during the period.

EBITDA evolution (€m)



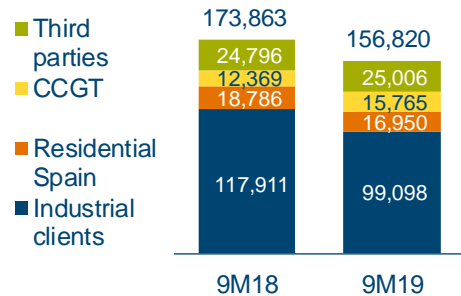
Gas, power & services sales

- > **Ordinary EBITDA reached €297m in 9M19 up 86.8% vs. 9M18** mainly as a result of higher margins in power supply, resulting from lower pool prices and the company's new commercial strategy, together with lower opex from efficiencies. These effects were partially offset by lower gas sales and margins, specially acute in the industrial segment.
- > Gas sales declined by 9.8% in the first nine months of the year mainly as a result of lower sales in the Spanish industrial and residential segments (-16.0% and -9.8% respectively), as a result of increased competition and mild weather respectively, which have been partially compensated by higher sales to CCGTs (+27.5%) and third parties (+0.8%).
- > Power sales fell by 30.5% in the period mostly resulting from lower sales in the liberalized market (-34.9%) following our strategy to focus on margins and reduce fixed-price selling contracts to match our infra-marginal production. PVPC sales declined by 3.0%.

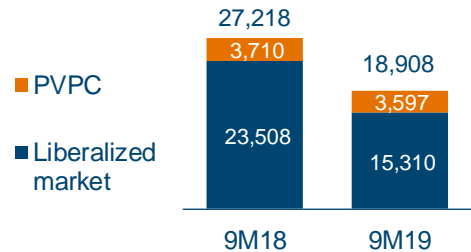
International LNG

- > **Ordinary EBITDA reached €198m, down 42.9% vs. 9M18**, as a result of lower volumes and margins in the period. As mentioned in the past, market conditions in 9M18 were extraordinary and should not be extrapolated for year 2019.
- > The contribution to EBITDA from the maritime transport activity amounted to €139m in 9M19 (€104m in 9M18).
- > Volumes sold declined by 18.4% vs. 9M18 because of the reduction in short-term sales (-52.7%). Long-term sales continue to show a healthy growth (+64.7%) supported by the commercial efforts intended to reduce margin volatility.
- > As of 30 September 2019, contracted sales for 2019 and 2020 stand at 95% and 74% respectively.

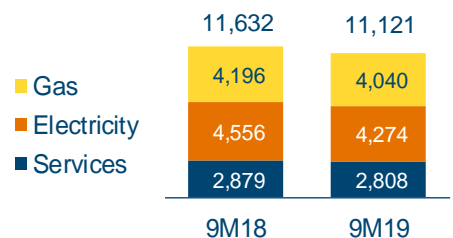
Gas sales (GWh) (-9.8%)



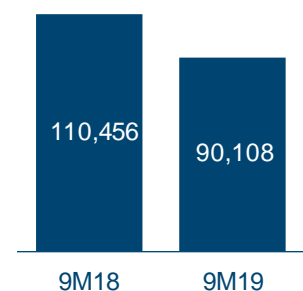
Power sales (GWh) (-30.5%)



Contracts ('000) (-4.4%)



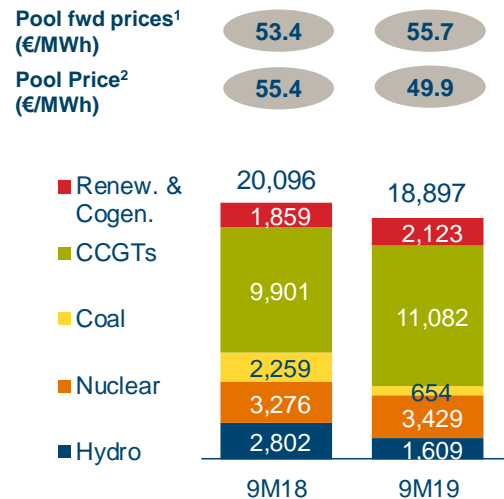
International LNG sales (GWh) (-18.4%)



Europe Power Generation

- > **9M19 Ordinary EBITDA amounted to €205m, down 25.2% vs. 9M18**, mainly driven by: i) reduced contribution from ancillary markets as CCGTs become the marginal technology (coal abatement), ii) higher competition following lower gas prices, iii) suspension of CCGT availability payments, and iv) subdued hydro production.
- > Total production declined by 6.0%, although unevenly split; hydro and coal production fell by 42.6% and 71.0% respectively, while CCGTs and renewable production (driven by new installed capacity) increased by 11.9% and 14.2% respectively.
- > Pool prices decreased vs. 9M18, averaging €49.9/MWh in the first nine months of the year, down 9.9% as a result of coal abatement and lower gas prices, most notably in 3Q19.
- > Naturgy continued to increase its renewable exposure through the development of 667MW of wind and 250MW of solar projects awarded in the Spanish auctions, all of which are expected to come into operation during 2019. As such, the operating installed capacity as of 30 September 2019 reached 1,469MW, a 27.8% increase over one year ago.

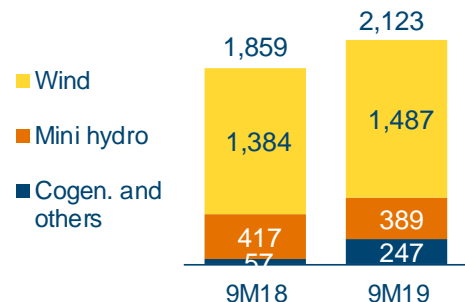
Europe power production (GWh) (-6.0%)



Notes:

1. Monthly average of Q3 forward Spanish base prices in the Iberian Energy Derivatives Exchange (OMIP) in the period
2. Average price in the daily power generation market

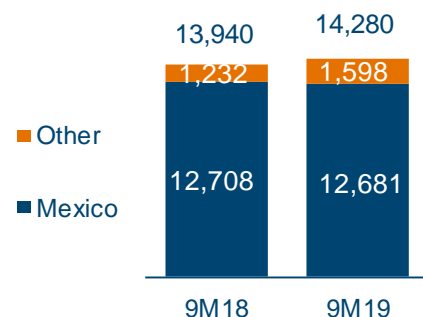
Europe renewable power production (GWh) (+14.2%)



International Power Generation

- > **Ordinary EBITDA in the period reached €264m, up 18.4% vs. 9M18**. Growth was supported by new installed capacity put into operation in Brazil and Australia in 2018, as well as by better margins in Mexico and the Dominican Republic. The above were also supported by a positive FX contribution (+13M€).

International power production (GWh) (+2.4%)





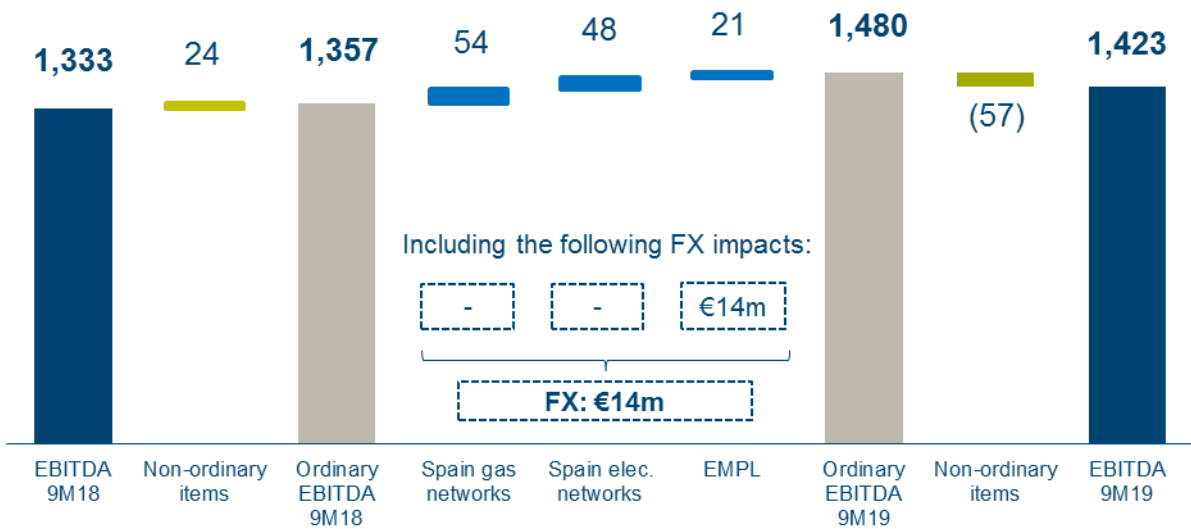
Infrastructure EMEA

EBITDA (€m)	reported			ordinary		
	9M19	9M18	Change	9M19	9M18	Change
Spain gas networks	687	650	5.7%	717	663	8.1%
Spain electricity networks	502	470	6.8%	529	481	10.0%
EMPL	234	213	9.9%	234	213	9.9%
Total	1,423	1,333	6.8%	1,480	1,357	9.1%

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA reached €1,480m (+9.1%) in the first nine months of the year as a result of stable performance across all businesses and operational improvements.

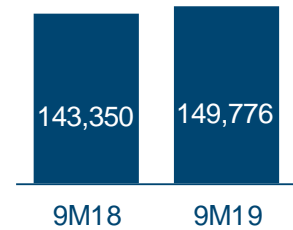
EBITDA evolution (€m)



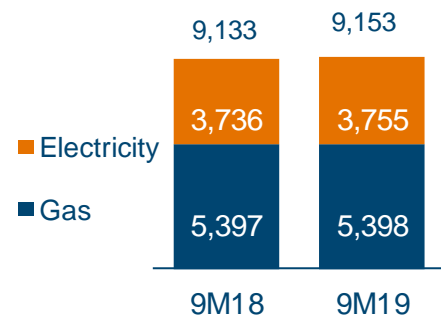
Spain gas networks

- > **Ordinary EBITDA in 9M19 increased 8.1% vs. 9M18 to €717m**, mainly driven by lower opex and higher volumes, particularly in the large consumption and/or high pressure segment (>4 bar).
- > Gas sales grew by 4.5%, while connection points remained stable vs. 9M18.

Gas sales Spain (GWh) (+4.5%)



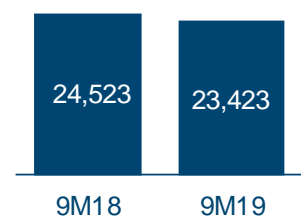
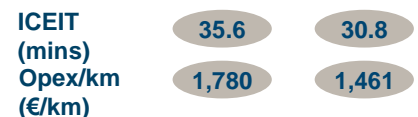
Connection points ('000) (+0.2%)



Spain electricity networks

- > **9M19 Ordinary EBITDA amounted to €529m, a 10.0% increase vs. 9M18** primarily due to the accrual of new investments brought into operation and lower interruption times vs. 9M18.
- > Unitary opex per km of installed network continue to improve, decreasing 17.9% during the period to 1,461 €/km, although this decline should be milder for year end.

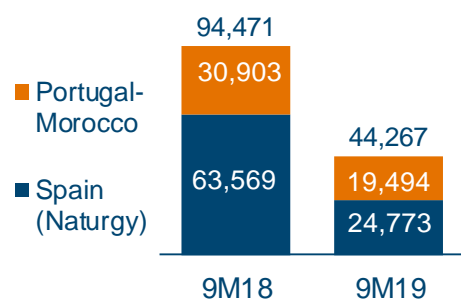
Electricity sales Spain (GWh) (-4.5%)



EMPL

- > **9M19 Ordinary EBITDA increased by 9.9% to €234m**. Growth was mainly explained by a positive FX impact (€14m) and tariff update, despite the significant reduction in transported volumes.
- > The above illustrates the low sensitivity of EBITDA to transported volumes.

Gas transport (GWh) (-53.1%)





Infrastructure South LatAm

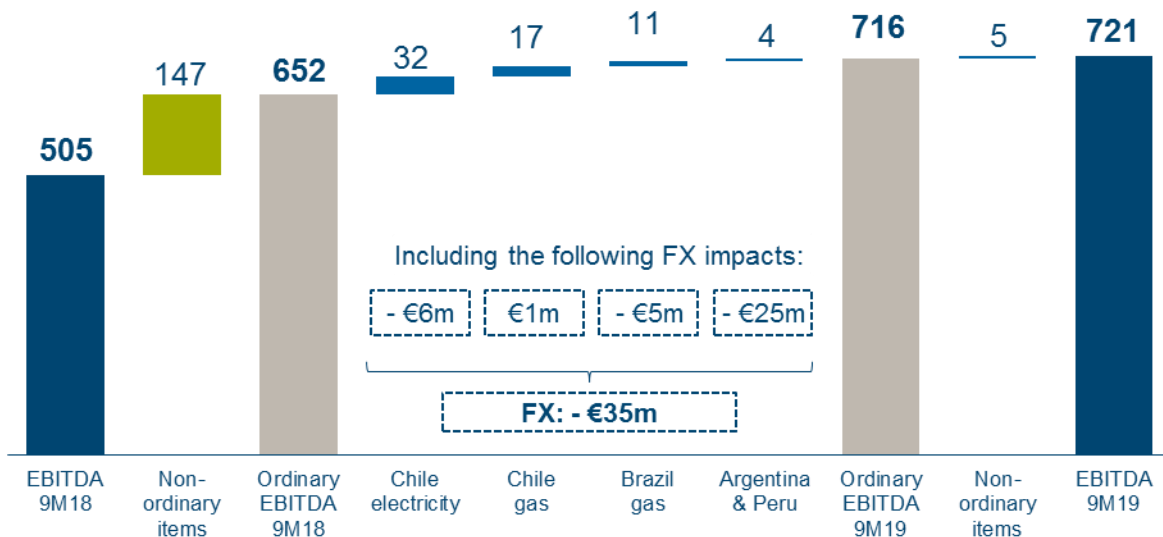
EBITDA (€m)	reported			ordinary		
	9M19	9M18	Change	9M19	9M18	Change
Chile electricity	257	197	30.5%	250	218	14.7%
Chile gas	192	165	16.4%	193	176	9.7%
Brazil gas	191	181	5.5%	192	181	6.1%
Argentina gas and electricity	82	-34	-	82	81	1.2%
Peru gas	-1	-3	-66.7%	-1	-3	-66.7%
Total	721	505	42.8%	716	652	9.8%

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA amounted to €716m in the period, 9.8% higher than the previous year, primarily driven by regulatory stability and efficiencies, and despite the negative FX evolution (-€35m), notably in Argentina.

According to the criteria established by IAS 29 "Financial Information in Hyperinflationary Economies", the Argentine economy should be considered as hyperinflationary. As a result, potential FX differences arising from 30 September 2019 will be applied to the accumulated 2019 results, which will also be updated by inflation rates.

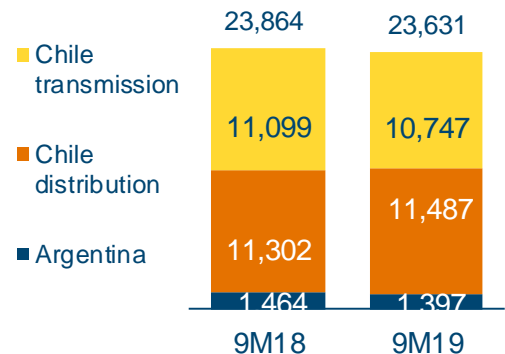
EBITDA evolution (€m)



Chile electricity

- > **9M19 Ordinary EBITDA reached €250m, up 14.7% vs. 9M18**, mainly as a result of i) higher regulated revenues and ii) lower opex from efficiency improvements. On the flipside, the FX impact amounted to -€6m.
- > At the operating level, the business experienced growth in connection points (+2.5%) and a slight decrease in overall electricity sales (-0.7%) coming mainly from the transmission activity.

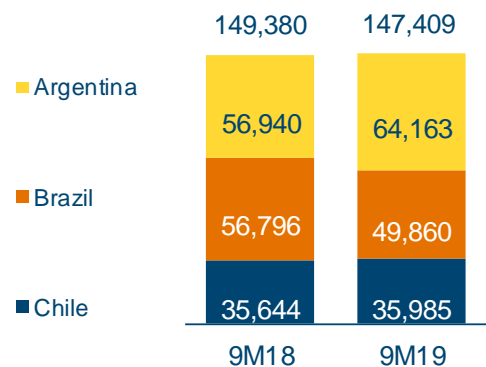
Electricity sales (GWh)
(-1.0%)



Chile gas

- > **Ordinary EBITDA totaled €193m, 9.7% more** than 9M18, driven by i) higher supply volumes, ii) higher unitary margins in distribution sales, and iii) efficiency improvements.
- > Total gas sales remained stable (+1.0%), as higher sales in the supply activity were partially offset by a reduction in volumes distributed, mostly to the industrial segment.
- > Connection points increased by 3.3%.

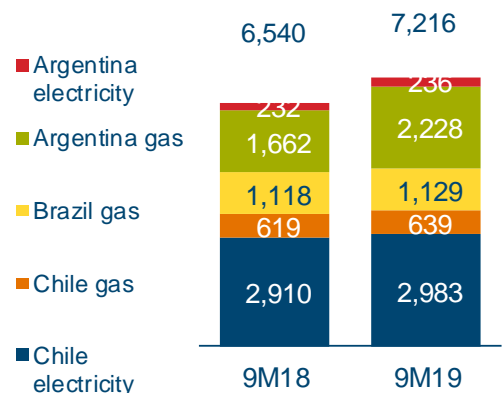
Gas sales (GWh)
(-1.3%)



Brazil gas

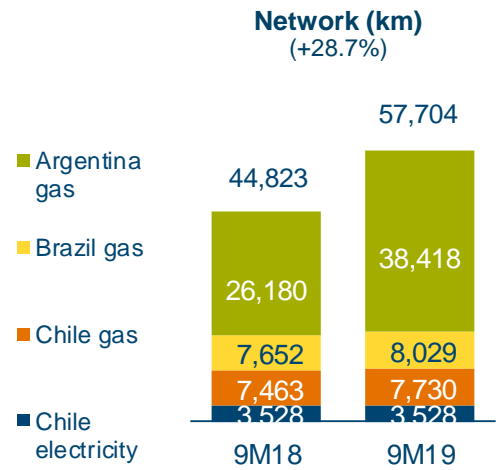
- > **9M19 Ordinary EBITDA increased 6.1% to €192m** on the back of tariff indexation and efficiency improvements, which were partially offset by negative FX impact (€5m) and lower demand, in particular for electricity generation.
- > Overall gas sales were down 12.2% driven by lower demand from power generation and industrial segments, and lower sales to the retail segment due to high temperatures in 9M19.
- > Connection points grew 1.1% in the period.

Connection points ('000)
(+10.3%)



Argentina gas and electricity

- > **9M19 Ordinary EBITDA amounted to €82m, a 1.2% increase** over 9M18 despite of the negative FX impact (€25m). Excluding this impact, EBITDA would have grown over 32% on the back of i) the final application of the new tariff framework in April 2018, ii) tariff indexation, and iii) higher gas sales and margins.
- > Overall sales and connection points grew by 12.3% and 30.1% respectively in the period.





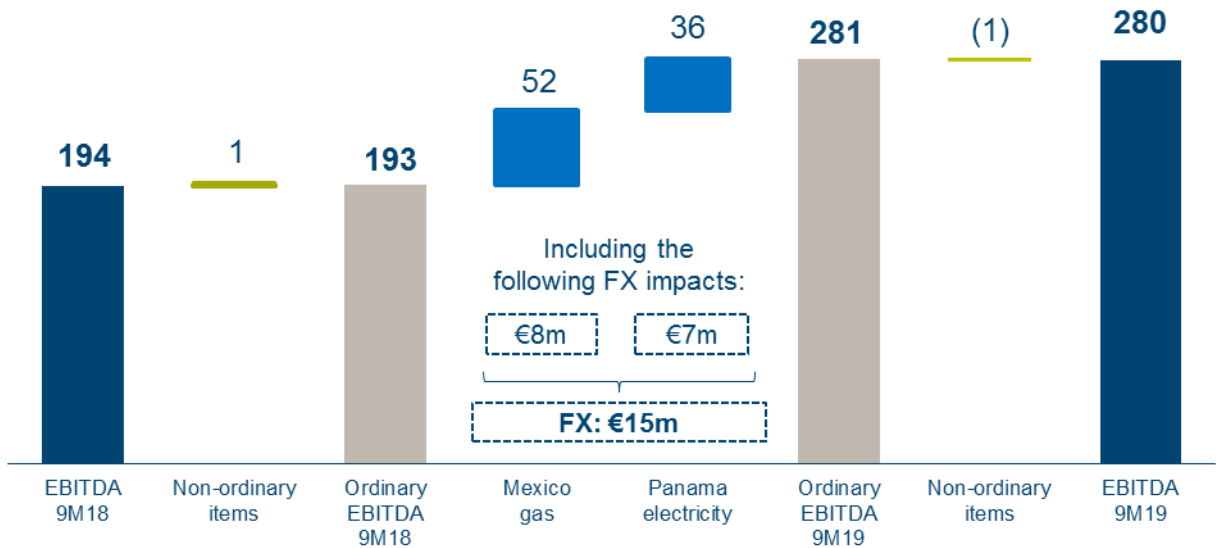
Infrastructure North LatAm

EBITDA (€m)	reported			ordinary		
	9M19	9M18	Change	9M19	9M18	Change
Mexico gas	169	119	42.0%	170	118	44.1%
Panama electricity	111	75	48.0%	111	75	48.0%
Total	280	194	44.3%	281	193	45.6%

Please refer to Annex for additional P&L disclosure

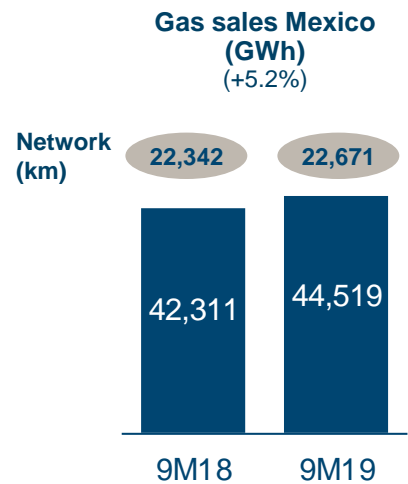
9M19 Ordinary EBITDA amounted to €281m, up 45.6%, on the back of good operational performance, higher demand and efficiency improvements, as well as positive FX evolution.

EBITDA evolution (€m)



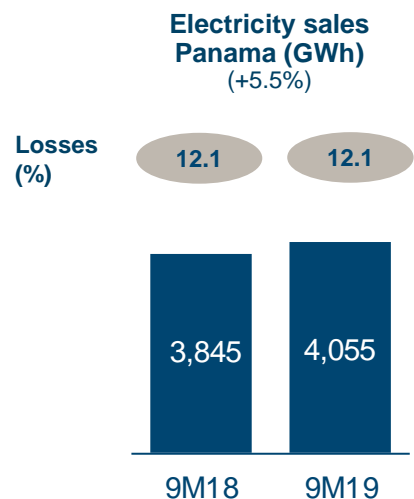
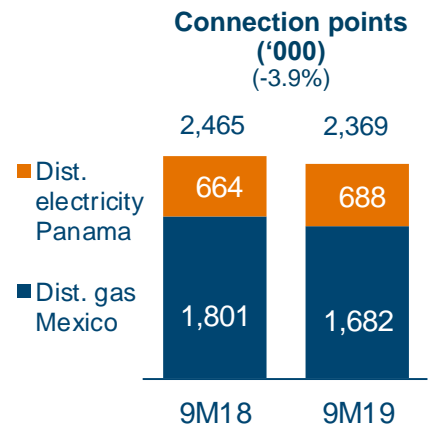
Mexico gas

- > **9M19 Ordinary EBITDA increased 44.1% to €170m.**
- > The positive evolution of the business was driven mainly by i) higher capacity reservation revenues from industrial clients and higher volumes and margins, and ii) efficiency improvements. In addition to these, there was a positive €8m FX impact.
- > The new commercial strategy, aimed at improving customer profitability, explains the reduction in connection points (-6.6%).



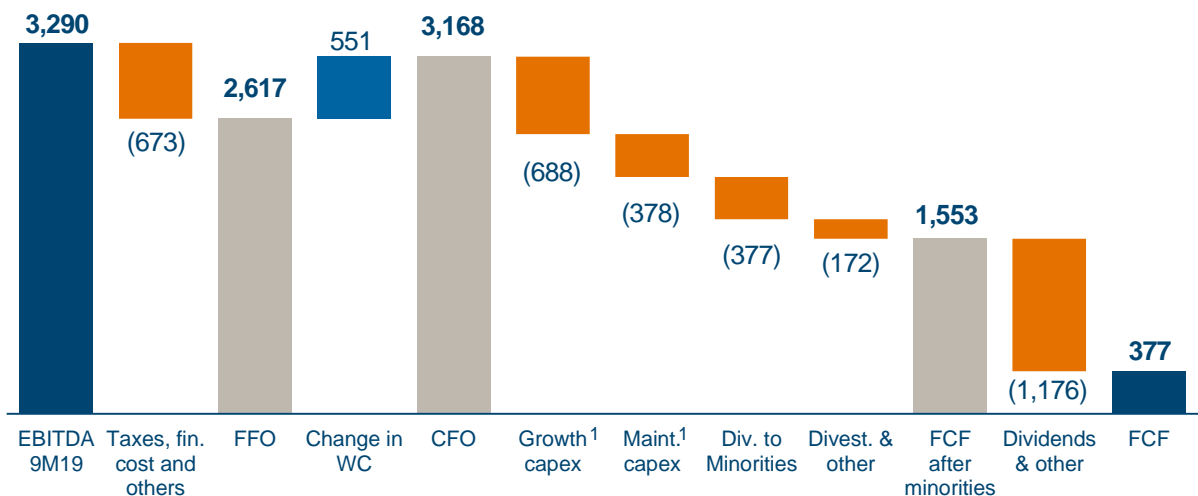
Panama electricity

- > **9M19 Ordinary EBITDA amounted to €111m, 48.0% higher** than in 9M18.
- > The positive evolution was due to the annual indexation under the new regulatory period and higher demand/temperatures as well as efficiency improvements. A €7m positive FX impact added to the good operational performance.
- > Electricity sales and connection points grew by 5.5% and 3.6% respectively.



5. Cash flow

Cash flow evolution (€m)



Notes:

1. Net of cessions and contributions

- > **9M19 free cash flow after minorities amounted to €1,553m.** In addition to the stronger operating results, the company experienced a positive evolution of its working capital, explained by an increased focus on working capital management as well as other seasonal circumstances occurring in the period.
- > **Free cash flow after minorities** was allocated to the payment of dividends (€846m) and the share buy back program (€322m); the remaining FCF (€377m), was primarily devoted to the reduction in net debt and other effects in the period.

Capex

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

(€m)	Maintenance capex		
	9M19	9M18	Change
Gas & Power	110	90	22.2%
Infrastructures EMEA	125	126	-0.8%
Infrastructures LatAm South	89	141	-36.9%
Infrastructures LatAm North	47	49	-4.1%
Rest	10	34	-70.6%
Total investments	381	440	-13.4%

- > **Maintenance capex in 9M19** amounted to €381m, compared to €440m in 9M18, a 13.4% reduction resulting from the optimization of capex processes and the timing of certain programs, notably in the infrastructure businesses.

(€m)	Growth capex		
	9M19	9M18	Change
Gas & Power	430	714 ¹	-39.8%
Infrastructures EMEA	136	167	-18.6%
Infrastructures LatAm South	115	192	-40.1%
Infrastructures LatAm North	58	79	-26.6%
Rest	-	1	-
Total investments	739	1,153	-35.9%

Note:

1. Including €380m related to two LNG tankers in time-charter regime incorporated during 1H18 (non-cash investments)

- **Growth capex** in the period represented close to 70% of total capex and amounted to €739m, only 5% below the prior year when excluding the acquisition of two gas carriers for €380m in 9M18.
- Growth capex in 9M19 includes the following:
 - A total of €334m invested during the period in the construction of different renewable projects in Spain (wind and solar), with 283 MW already put in operation in 9M19 and other 560 MW expected to come into operation during the year.
 - €62m invested in the development of 180 MW of wind capacity in Australia and 324 MW of wind and solar capacity in Chile that will come into operation before 3Q20 and 1Q21 respectively.

Wind farm in Cadiz (Spain)



PV plant in Ciudad Real (Spain)



Divestments

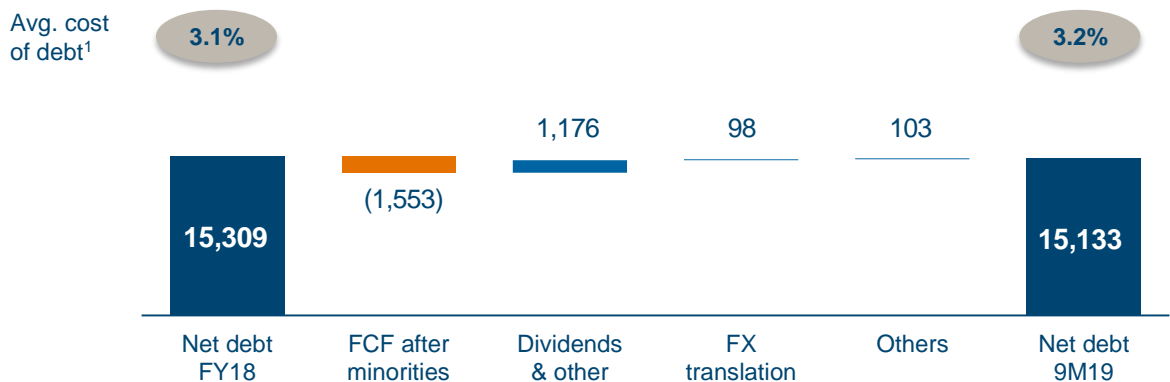
- On 30th July 2019, CGE, Naturgy's subsidiary in Chile, completed an asset swap in Argentina, whereby CGE transferred its 50% stake in 2 electricity distribution subsidiaries to CECSA, in exchange for a 50% stake in 2 gas distribution and the associated commercialization subsidiaries held by CECSA. As a result, CGE will now control and consolidate 100% of the gas distribution subsidiaries, while CECSA will own 100% of the formerly co-controlled electricity distribution subsidiaries.
- On 31 July 2019 Naturgy completed the disposal of 100% of its interests in its Moldova electricity distribution activities. The transaction valued the company's equity at €141m (including pre-closing dividends) and did not generate significant capital gains for Naturgy. The contribution of this business in 9M18 was -€58m, including a write-down of the investment for -€71m, recognised under "Income from discontinued operations" in the consolidated income statement.
- Last, on 1 October 2019, the group completed the disposal of Transemel, an electricity transmission subsidiary in Chile, for an equity consideration (100%) of €155m and an Enterprise Value of €182m, equivalent to approximately 23.5x EV/EBITDA 2018. As part of the transaction, CGE will receive proceeds of €116m.



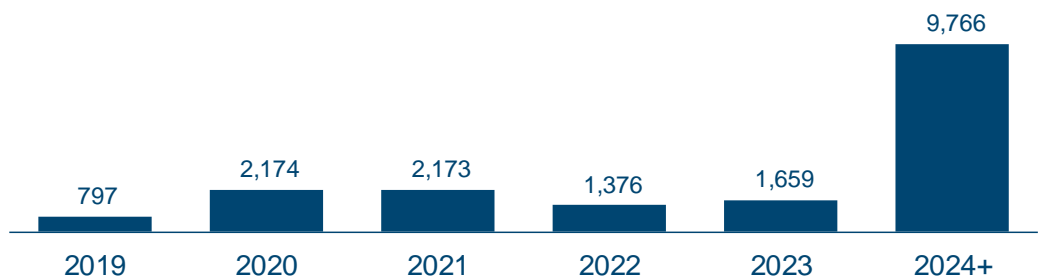
6. Financial position

- > Net debt as of 30 September 2019, after IFRS 16 adjustments, stood at €15,133m, down €173m over the net debt figure reported as of year-end 2018, and despite the €1,168m allocated to dividend payment and share buy-back, and the €98m increase due to FX translation impact. As a result, Net Debt/LTM EBITDA declined to 3.5x from 3.8x as of 31 December 2018.
- > During 9M19 the following financing operations took place:
 - GPG formalized a new syndicated loan for USD1,5bn with 5 years maturity (extendable +2 years) at a very competitive cost.
 - A loan for €98m was signed to finance renewable assets in Crockwell (Australia) with a 7 year maturity.
 - Naturgy Mexico signed a credit line in Mexican pesos for an equivalent of €69m and withdrew loans for €92m with a 3 year maturity.
 - A loan in BRL for an equivalent of €10m was renewed by CEG (Brazil) with a 3 year maturity.
 - Two loans in CLP for an equivalent of €25M and €39M were renewed by CGE (Chile) with 5 and 2.5 year maturity respectively.

Net debt evolution (€m)



Gross debt maturities (€m)



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



Credit metrics	9M19	FY18
EBITDA/Net financial debt cost	7.0	7.5
Net debt /LTM EBITDA	3.5	3.8

Financial debt by currency		Consolidated Group		Chile		Brazil	Argentina	Peru	Mexico	Panama	Holding & others
		Sep'19	Dec'18	CLP	USD	BRL	ARS	USD	MXN	USD	EUR/Others
Net financial debt	€m	15,133	15,309	1,888	17	191	(36)	63	348	609	12,053
Average cost of debt ¹	%	3.2	3.1	5.8	5.7	7.7	67.7	3.3	8.8	4.4	2.2
% fixed rated (gross debt)	%	85	87	76	48	9	11	7	51	68	93

Note:

1. Does not include cost from IFRS 16 debt

7. ESG metrics and highlights

ESG metrics		9M19	9M18	Change	Comments
Health and safety					
Lost time (LT) incidents (1)	units	11	14	-21.4%	Improving metrics vs. 9M18
LT Frequency rate (2)	units	0.13	0.14	-7.1%	Reduced accidents per hour in the period
Environment					
GHG Emissions	MtCO ₂ e	11.60	13.00	-10.8%	Coal abatement supporting lower emissions vs. 9M18
Emission factor	t CO ₂ /GWh	307.60	331.00	-7.1%	
Emissions-free installed capacity	%	28.0	26.1	7.3%	New wind and solar capacity coming into operation in Australia, Spain and Brazil
Emissions-free net production	%	24.9	25.9	-3.9%	Lower hydro production in Spain vs. 9M18
Interest in people					
Number of employees (3)	persons	11,880	13,352	-11.0%	Perimeter changes and efficiencies
Training hours per employee	hours	16.25	30.23	-46.2%	New methodologies allow for more efficient training
Women representation	%	32.1%	30.5%	5.1%	Commitment for diversity and gender equality policies
Society and integrity					
Economic value distributed	M€	15,690	16,786	-6.5%	Affected by lower purchases and external services
Notifications received by the ethics committee	units	97	112	-13.4%	Improved oversight and greater accountability

Notes:

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

- The updated Corporate Responsibility Policy of Naturgy, approved by the BoD on January 2019, established the sustainability strategy of the group and has allowed it to position itself as a leader on key sustainability indexes and ratings.
- During 2019, Naturgy has been recognized, for the third consecutive year, as the world leader by Dow Jones Sustainability Index (DJSI) in the Gas Utilities sector, achieving the highest valuation in the three categories (economic, social and environmental) as well as in some of the specific criteria within each category, such as cybersecurity, risk management, supply chain, climate strategy, human rights and human capital development among others.
- The company has also been recognized by the FTSE4GOOD Index, for the second year in a row, as the most sustainable company in the Utilities super sector, which encompasses gas, water and multi-utility companies.
- Carbon Disclosure Project (CDP) has also recognized Naturgy as the world leader for its efforts against climate change and included the company in its Climate Change A List. Naturgy has obtained the highest valuation possible in this Index, recognizing its efforts towards emission reduction, mitigation of climate risk and the development of a low carbon emitting economy.
- Moreover, Naturgy also holds leading positions in other relevant ratings and sustainability indices, including the MSCI, Euronext Vigeo, Sustainalytics and ISS-Oekom, among others.



Annexes

Annex I: Financial Statements

Consolidated income statement

(€m)	reported			ordinary		
	9M19	9M18	Change	9M19	9M18	Change
Net sales	17,106	17,670	-3.2%	17,106	17,786	-3.8%
Procurement	-12,186	-12,814	-4.9%	-12,202	-12,767	-4.4%
Gross margin	4,920	4,856	1.3%	4,904	5,019	-2.3%
Operating expenses	-805	-977	-17.6%	-785	-940	-16.5%
Personnel costs	-779	-800	-2.6%	-646	-722	-10.5%
Own work capitalised	78	85	-8.2%	78	85	-8.2%
Other operating income	149	158	-5.7%	138	152	-9.2%
Taxes	-273	-346	-21.1%	-292	-346	-15.6%
EBITDA	3,290	2,976	10.6%	3,397	3,248	4.6%
Other results	20	-	-	-	-	-
Depreciation, amortisation and impairment expenses	-1,192	-5,537	-78.5%	-1,172	-1,204	-2.7%
Impairment of credit losses	-113	-119	-5.0%	-113	-107	5.6%
EBIT	2,005	-2,680	-	2,112	1,937	9.0%
Financial result	-478	-474	0.8%	-478	-480	-0.4%
Profit/(loss) of companies measured under the equity method	34	-547	-	34	25	36.0%
Profit before taxes	1,561	-3,701	-	1,668	1,482	12.6%
Income tax	-335	858	-	-360	-323	11.5%
Income from discontinued operations	-	-11	-	-	-	-
Non-controlling interest	-325	-186	74.7%	-317	-282	12.4%
Net income	901	-3,040	-	991	877	13.0%

Consolidated Balance Sheet

(€m)	30/09/2019	31/12/2018
Non-current assets	32,797	32,301
Intangible assets	7,792	7,845
Property, plant and equipment	19,814	20,707
Right of use assets	1,392	-
Equity-accounted investments	771	816
Non-current financial assets	925	910
Other non-current assets	380	334
Deferred tax assets	1,723	1,689
Current assets	8,301	8,330
Non-current assets available for sale	176	202
Inventories	767	850
Trade and other accounts receivable	4,249	5,134
Other current financial assets	324	428
Cash and cash equivalents	2,785	1,716
TOTAL ASSETS	41,098	40,631

(€m)	30/09/2019	31/12/2018
Equity	14,520	14,595
Equity attributable to the parent company	10,851	10,948
Non-controlling interest	3,669	3,647
Non-current liabilities	20,026	19,029
Deferred revenues	905	863
Non-current provisions	1,124	1,125
Non-current financial liabilities	15,402	13,352
Deferred tax liabilities	2,263	2,149
Other non-current liabilities	332	1,540
Current liabilities	6,552	7,007
Liabilities linked to non-current assets available for sale	91	93
Current provisions	274	297
Current financial liabilities	2,543	2,079
Trade and other accounts payable	3,390	4,067
Other current liabilities	254	471
TOTAL LIABILITIES AND EQUITY	41,098	40,631

Summary cash flow statement

(€m)	9M19	9M18	Change
EBITDA	3,290	2,976	10.6%
Taxes	-150	-189	-20.6%
Net interest cost	-478	-474	0.8%
Other non-cash items	-45	-81	-44.4%
Funds from operations	2,617	2,232	17.2%
Change in working capital	551	-520	-
Cash flow from operations	3,168	1,712	-
Growth capex	-688	-735	-6.4%
Maintenance capex	-378	-437	-13.5%
Divestments	108	2,583	-95.8%
Dividends to minorities	-377	-418	-9.8%
Others	-280	-235	19.1%
Free cash flow after minorities	1,553	2,470	-37.1%
Dividends, share buy-back & other	-1,176	-1,095	7.4%
Net free cash flow	377	1,375	-72.6%

Quarterly EBITDA by business unit

(€m)	1Q19	2Q19	3Q19	4Q19	2019
Gas & Power	401	239	300	-	940
Gas, powery and services sales	110	88	105	-	303
International LNG	109	49	38	-	196
Europe power generation	102	18	44	-	164
International power generation	80	84	113	-	277
Infrastructures EMEA	446	473	504	-	1,423
Spain gas networks	209	234	244	-	687
Spain electricity networks	159	163	180	-	502
EMPL	78	76	80	-	234
Infrastructures LatAm South	193	255	273	-	721
Chile electricity	87	76	94	-	257
Chile gas	38	80	74	-	192
Brazil gas	58	67	66	-	191
Argentina gas	10	29	35	-	74
Argentina electricity	1	3	4	-	8
Peru gas	-1	-	-	-	-1
Infrastructures LatAm North	101	88	91	-	280
Mexico gas	61	54	54	-	169
Panama electricity	40	34	37	-	111
Rest	-22	-24	-28	-	-74
TOTAL EBITDA	1,119	1,031	1,140	-	3,290
(€m)	1Q18	2Q18	3Q18	4Q18	2018
Gas & Power	399	196	340	425	1,360
Gas, powery and services sales	81	-26	43	66	164
International LNG	156	77	114	149	496
Europe power generation	93	73	101	144	411
International power generation	69	72	82	66	289
Infrastructures EMEA	441	450	442	469	1,802
Spain gas networks	212	220	218	234	884
Spain electricity networks	157	159	154	160	630
EMPL	72	71	70	75	288
Infrastructures LatAm South	137	225	143	286	791
Chile electricity	55	69	73	46	243
Chile gas	18	69	78	46	211
Brazil gas	49	61	71	42	223
Argentina gas	11	24	-79	152	108
Argentina electricity	5	3	2		10
Peru gas	-1	-1	-1	-1	-4
Infrastructures LatAm North	60	63	71	38	232
Mexico gas	38	40	41	42	161
Panama electricity	22	23	30	-4	71
Rest	16	17	-24	-175	-166
TOTAL EBITDA	1,053	951	972	1,043	4,019

Accumulated EBITDA by business unit

(€m)	reported			ordinary			
	9M19	9M18	Change	9M19	9M18	Change	FX
Gas & Power	940	935	0.5%	964	1,003	-3.9%	18
Gas, pow ery and services sales	303	98	-	297	159	86.8%	-
International LNG	196	347	-43.5%	198	347	-42.9%	5
Europe pow er generation	164	267	-38.6%	205	274	-25.2%	-
International pow er generation	277	223	24.2%	264	223	18.4%	13
Infrastructures EMEA	1,423	1,333	6.8%	1,480	1,357	9.1%	14
Spain gas netw orks	687	650	5.7%	717	663	8.1%	-
Spain electricity netw orks	502	470	6.8%	529	481	10.0%	-
EMPL	234	213	9.9%	234	213	9.9%	14
Infrastructures LatAm South	721	505	42.8%	716	652	9.8%	-35
Chile electricity	257	197	30.5%	250	218	14.7%	-6
Chile gas	192	165	16.4%	193	176	9.7%	1
Brazil gas	191	181	5.5%	192	181	6.1%	-5
Argentina gas and electricity	82	-34	-	82	81	1.2%	-25
Peru gas	-1	-3	-66.7%	-1	-3	-66.7%	-
Infrastructures LatAm North	280	194	44.3%	281	193	45.6%	15
Mexico gas	169	119	42.0%	170	118	44.1%	8
Panama electricity	111	75	48.0%	111	75	48.0%	7
Rest	-74	9	-	-44	43	-	-
TOTAL EBITDA	3,290	2,976	10.6%	3,397	3,248	4.6%	12

Results by business unit

1. Gas & Power

Gas, power & services sales (€m)	9M19	9M18	Change
Net sales	8,430	9,473	-11.0%
Procurement	-7,871	-9,013	-12.7%
Gross margin	559	460	21.5%
Other operating income	20	9	-
Personnel expenses	-90	-92	-2.2%
Taxes	-25	-47	-46.8%
Other operating expenses	-161	-232	-30.6%
EBITDA	303	98	-
Depreciation and provisions	-125	-100	25.0%
EBIT	178	-2	-

International LNG (€m)	9M19	9M18	Change
Net sales	2,218	2,627	-15.6%
Procurement	-1,996	-2,255	-11.5%
Gross margin	222	372	-40.3%
Other operating income	3	2	50.0%
Personnel expenses	-19	-20	-5.0%
Taxes	-1	-	-
Other operating expenses	-9	-7	28.6%
EBITDA	196	347	-43.5%
Depreciation and provisions	-97	-56	73.2%
EBIT	99	291	-66.0%

Europe power generation (€m)	9M19	9M18	Change
Net sales	1,190	1,443	-17.5%
Procurement	-636	-750	-15.2%
Gross margin	554	693	-20.1%
Other operating income	8	13	-38.5%
Personnel expenses	-105	-96	9.4%
Taxes	-155	-210	-26.2%
Other operating expenses	-138	-133	3.8%
EBITDA	164	267	-38.6%
Depreciation and provisions	-210	-4,214	-95.0%
EBIT	-46	-3,947	-98.8%



International power generation (€m)	9M19	9M18	Change
Net sales	695	702	-1.0%
Procurement	-345	-406	-15.0%
Gross margin	350	296	18.2%
Other operating income	8	4	100.0%
Personnel expenses	-30	-28	7.1%
Taxes	-3	-3	0.0%
Other operating expenses	-48	-46	4.3%
EBITDA	277	223	24.2%
Depreciation and provisions	-91	-109	-16.5%
EBIT	186	114	63.2%

2. Infrastructure EMEA

Spain gas networks (€m)	9M19	9M18	Change
Net sales	919	918	0.1%
Procurement	-53	-57	-7.0%
Gross margin	866	861	0.6%
Other operating income	29	30	-3.3%
Personnel expenses	-81	-73	11.0%
Taxes	-20	-20	0.0%
Other operating expenses	-107	-148	-27.7%
EBITDA	687	650	5.7%
Depreciation and provisions	-224	-223	0.4%
EBIT	463	427	8.4%

Spain electricity networks (€m)	9M19	9M18	Change
Net sales	655	644	1.7%
Procurement	-	-	-
Gross margin	655	644	1.7%
Other operating income	12	11	9.1%
Personnel expenses	-76	-66	15.2%
Taxes	-22	-22	0.0%
Other operating expenses	-67	-97	-30.9%
EBITDA	502	470	6.8%
Depreciation and provisions	-181	-179	1.1%
EBIT	321	291	10.3%

EMPL (€m)	9M19	9M18	Change
Net sales	250	231	8.2%
Procurement	-	-	-
Gross margin	250	231	8.2%
Other operating income	-	-	-
Personnel expenses	-5	-4	25.0%
Taxes	-	-	-
Other operating expenses	-11	-14	-21.4%
EBITDA	234	213	9.9%
Depreciation and provisions	-23	-35	-34.3%
EBIT	211	178	18.5%

3. Infrastructure LatAm South

Chile electricity (€m)	9M19	9M18	Change
Net sales	1,684	1,607	4.8%
Procurement	-1,258	-1,187	6.0%
Gross margin	426	420	1.4%
Other operating income	15	9	66.7%
Personnel expenses	-66	-84	-21.4%
Taxes	-5	-6	-16.7%
Other operating expenses	-113	-142	-20.4%
EBITDA	257	197	30.5%
Depreciation and provisions	-86	-97	-11.3%
EBIT	171	100	71.0%

Chile gas (€m)	9M19	9M18	Change
Net sales	599	576	4.0%
Procurement	-354	-344	2.9%
Gross margin	245	232	5.6%
Other operating income	4	2	100.0%
Personnel expenses	-21	-23	-8.7%
Taxes	-2	-2	0.0%
Other operating expenses	-34	-44	-22.7%
EBITDA	192	165	16.4%
Depreciation and provisions	-54	-43	25.6%
EBIT	138	122	13.1%

Brazil gas (€m)	9M19	9M18	Change
Net sales	1,313	1,176	11.6%
Procurement	-1,051	-910	15.5%
Gross margin	262	266	-1.5%
Other operating income	20	42	-52.4%
Personnel expenses	-21	-26	-19.2%
Taxes	-3	-2	50.0%
Other operating expenses	-67	-99	-32.3%
EBITDA	191	181	5.5%
Depreciation and provisions	-54	-50	8.0%
EBIT	137	131	4.6%



Argentina gas (€m)	9M19	9M18	Change
Net sales	425	294	44.6%
Procurement	-284	-287	-1.0%
Gross margin	141	7	-
Other operating income	24	21	14.3%
Personnel expenses	-14	-10	40.0%
Taxes	-22	-15	46.7%
Other operating expenses	-55	-47	17.0%
EBITDA	74	-44	-
Depreciation and provisions	-16	-13	23.1%
EBIT	58	-57	-

Argentina electricity (€m)	9M19	9M18	Change
Net sales	94	93	1.1%
Procurement	-59	-53	11.3%
Gross margin	35	40	-12.5%
Other operating income	4	-	-
Personnel expenses	-6	-8	-25.0%
Taxes	-11	-13	-15.4%
Other operating expenses	-14	-9	55.6%
EBITDA	8	10	-20.0%
Depreciation and provisions	0	-1	-100.0%
EBIT	8	9	-11.1%



4. Infrastructure LatAm North

Mexico gas (€m)	9M19	9M18	Change
Net sales	470	408	15.2%
Procurement	-257	-230	11.7%
Gross margin	213	178	19.7%
Other operating income	10	7	42.9%
Personnel expenses	-15	-21	-28.6%
Taxes	0	-1	-100.0%
Other operating expenses	-39	-44	-11.4%
EBITDA	169	119	42.0%
Depreciation and provisions	-51	-56	-8.9%
EBIT	118	63	87.3%

Panama electricity (€m)	9M19	9M18	Change
Net sales	671	585	14.7%
Procurement	-523	-468	11.8%
Gross margin	148	117	26.5%
Other operating income	2	2	0.0%
Personnel expenses	-7	-9	-22.2%
Taxes	-3	-4	-25.0%
Other operating expenses	-29	-31	-6.5%
EBITDA	111	75	48.0%
Depreciation and provisions	-33	-30	10.0%
EBIT	78	45	73.3%

Capex

Growth capex (€m)	9M19	9M18	Change
Gas & Power	430	714	-39.8%
Gas, power & services sales	26	51	-49.0%
International LNG	-	380	-
Europe power generation	334	149	-
International power generation	70	134	-47.8%
Infrastructures EMEA	136	167	-18.6%
Spain gas networks	97	127	-23.6%
Spain electricity networks	39	38	2.6%
EMPL	-	2	-100.0%
Infrastructures LatAm South	115	192	-40.1%
Chile electricity	37	56	-33.9%
Chile gas	54	87	-37.9%
Brazil gas	13	27	-51.9%
Argentina gas	5	9	-44.4%
Argentina electricity	5	3	66.7%
Peru gas	1	10	-90.0%
Infrastructures LatAm North	58	79	-26.6%
Mexico gas	20	43	-53.5%
Panama electricity	38	36	5.6%
Rest	-	1	-100.0%
Total investments	739	1,153	-35.9%

Maintenance capex (€m)	9M19	9M18	Change
Gas & Power	110	90	22.2%
Gas, power & services sales	4	2	100.0%
International LNG	2	-	-
Europe power generation	58	45	28.9%
International power generation	46	43	7.0%
Infrastructures EMEA	125	126	-0.8%
Spain gas networks	23	20	15.0%
Spain electricity networks	100	106	-5.7%
EMPL	2	-	-
Infrastructures LatAm South	89	141	-36.9%
Chile electricity	44	96	-54.2%
Chile gas	5	11	-54.5%
Brazil gas	16	19	-15.8%
Argentina gas	24	14	71.4%
Argentina electricity	-	1	-100.0%
Peru gas	-	-	-
Infrastructures LatAm North	47	49	-4.1%
Mexico gas	9	11	-18.2%
Panama electricity	38	38	0.0%
Rest	10	34	-70.6%
Total investments	381	440	-13.4%

Annex II: Regulatory disclosures

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

- Naturgy discloses the report on earnings for the first half of 2019 (disclosed 24 July 2019, registration number 280488).
- Naturgy files the presentation on earnings for the first half of 2019 (disclosed 24 July 2019, registration number 280503).
- Naturgy reports the launching of a new Share buy-back programme (disclosed 24 July 2019, registration number 280517).
- The Board of Directors of the Company approves the execution of the share capital reduction resolution adopted by the Ordinary General Shareholders Meeting held on March 5, 2019 (disclosed 25 July 2019, registration number 280558).
- Naturgy discloses information on earnings for the first half of 2019 (disclosed 26 July 2019, registration number 280672).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between July 22 and 26, 2019 (disclosed 29 July 2019, registration number 280705).
- Naturgy reports changes in the Company Board of Directors (disclosed 1 August 2019, registration number 281039).
- CVC and Alba modify their shareholder's agreement in Naturgy (disclosed 2 August 2019, registration number 281047).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between July 29 and August 2, 2019 (disclosed 5 August 2019, registration number 281076).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between August 19 and 23, 2019 (disclosed 26 August 2019, registration number 281300).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between August 26 and 30, 2019 (disclosed 2 September 2019, registration number 281413).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between September 2 and 6, 2019 (disclosed 9 September 2019, registration number 281580).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between September 9 and 13, 2019 (disclosed 16 September 2019, registration number 281749).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between September 23 and 27, 2019 (disclosed 30 September 2019, registration number 282125).

Annex II: Regulatory disclosures

- Naturgy announces its 9M2019 results release (disclosed 3 October 2019, registration number 282252).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between September 30 and October 4, 2019 (disclosed 7 October 2019, registration number 282309).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between October 7 and 11, 2019 (disclosed 14 October 2019, registration number 282557).
- Naturgy and Sonatrach have entered into an agreement with Mubadala for the acquisition of its stake in Medgaz (disclosed 15 October 2019, registration number 282577).

Additional regulatory disclosures can be found at:

www.cnmv.es

www.naturgy.com

Annex III: Glossary of terms

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. Below is a glossary of terms with the definition of the APMs.

Alternative performance metrics	Definition and terms	Reconciliation of values		Relevance of use
		30 September 2019	30 September 2018	
Ebitda	Operating profit (2)	Euros 3,290 million	Euros 2,976 million	Measure of earnings before interest, taxes, depreciation and amortisation and provisions
Ordinary Ebitda	Ebitda - Non-ordinary items	3,397 = Euros 3,290 million + 107	3,248 = Euros 2,976 million + 272	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 (2) - Non-ordinary items	Euros 991 million = 901 + 90	Euros 877 million = -3,040 + 3,917	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 (4) + Investments in property, plant & equipment (4)	Euros 1,120 million = 121 + 999	Euros 1,593 million = 174 + 1,419	Realised investments in property, plant & equipment and intangible assets.
Net Investments	CAPEX (5) + Financial investments (6) - Proceeds from divestitures of PPE and intangible assets (6) - Other proceeds/(payments) of investments activities (6)	Euros 958 million = 1,120 + 36 - 144 - 54	Euros -997 million = 1,593 + 35 - 2,583 - 42	Total investments net of the cash received from divestments and other investing receipts.
Gross financial debt	Non-current financial liabilities (1) + "Current financial liabilities" (1)	Euros 17,945 million = 15,402 + 2,543	Euros 17,073 million (7) = 13,352 + 2,079 + 1,642	Current and non-current financial debt
Net financial debt	Gross financial debt (5) - "Cash and cash equivalents" (1) - "Derivative financial assets" (4)	Euros 15,133 million = 17,975 - 2,785 - 27	Euros 15,309 million (7) = 17,073 - 1,716 - 48	Current and non-current financial debt less cash and cash equivalents and derivative financial assets
Leverage (%)	Net financial debt (5) / (Net financial debt (5) + "Net equity" (1))	51.0% = 15,133 / (15,133 + 14,520)	51.2% (7) = 15,309 / (15,309 + 14,595)	The ratio of external funds over total funds
Cost of net financial debt	Cost of financial debt (4) - "Interest revenue" (4)	Euros 469 million = 493 - 24	Euros 404 million = 417 - 13	Amount of expense relative to the cost of financial debt less interest revenue
Ebitda/Cost of net financial debt	Ebitda (5) / Cost of net financial debt (5)	7.0x = 3,290 / 469	7.5x (7) = 4,019 / 538	Ratio between Ebitda and net financial debt
Net financial debt/LTM Ebitda	Net financial debt (5) / Ebitda in the last four quarters (5)	3.5x = 15,133 / 4,333	3.8x (7) = 15,309 / 4,019	Ratio between net financial debt and Ebitda
Free Cash Flow after minorities	Free Cash Flow (5) + Dividends and other (4) + Acquisitions of treasury shares (4) + Inorganic investments payments (4)	Euros 1,553 million = 377 + 846 + 322 + 8	Euros 2,470 million = 1,375 + 951 + 117 + 27	Cash flow generated by the Company available to pay to the shareholders (dividends or treasury shares), the payment of inorganic investments and debt payments.
Free Cash Flow	Cash flow generated from operating activities (3) + Cash flows from investing activities (3) + Cash flow generated from financing activities (3) - Receipts and payments on financial liability instruments (3)	Euros 377 million = 3,168 - 1,232 - 915 - 644	Euros 1,375 million = 1,712 - 228 - 2,589 + 2,480	Cash flow generated by the Company available to pay the debt.

(1) Consolidated balance sheet line item

(2) Consolidated income statement line item

(3) Consolidated statement of cash flows line item

(4) Figure detailed in the notes to the consolidated financial statements

(5) Figure detailed in the Alternative Performance Metrics (APM).

(6) Figure detailed in the Directors' Report

(7) As of 31/12/2018, proforma including the first impact from the application of NIF16 (Euros 1,643 million)

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Annex V: Disclaimer

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

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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).

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