



# 1Q20 Results

29 April 2020

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## 1. Executive summary

(€m)	reported			ordinary		
	1Q20	1Q19	Change	1Q20	1Q19	Change
EBITDA	944	1,119	-15.6%	1,102	1,167	-5.6%
Net income	199	341	-41.6%	305	377	-19.1%
Capex	201	301	-33.2%	-	-	-
Net debt	15,010	15,268 <sup>1</sup>	-1.7%	-	-	-
Free cash flow after minorities	809	983	-17.7%	-	-	-

Note:

1. As of 31/12/2019

In this document you will find a detailed account of the company's financial and operating performance during the first quarter of 2020, which includes some of the first impacts from COVID-19. What you will not find are forward-looking estimates or expectations given the lack of visibility linked to the development of the pandemic on a global scale.

We recognize the importance of tracking companies' performance on a quarterly basis, however, we believe that the value of a company extends beyond financial metrics, and especially in times of crisis such as the present one. It is in this spirit that we believe the main highlights of our first quarter relate to our engagement with our different stakeholders as we all take steps to manage the continuing COVID-19 crisis.

### COVID-19 company initiatives

On 25 February, less than 24 hours after the first confirmed COVID-19 case in the Iberian Peninsula, Naturgy activated its Crisis Committee and started taking steps to support its stakeholders. Some of these steps are summarized below:

Employee health, safety and wellbeing:

- Initial ban on international trips later extended to domestic ones.
- Facilitation of the necessary resources for effective remote working.
- Supply of personal protection equipment and access to the company medical services.

Clients and suppliers:

- 12-month bill financing to SMEs, self-employed individuals and municipalities, being one of the first energy groups in Spain to support the short term financing needs of its clients.
- Free telematic medical assistance.
- Cash payment advances corresponding to invoices in the second quarter of the year for SMEs and self-employed providers, in order to mitigate the impact of the current economic situation and strengthen their liquidity position.

Our contribution to society:

- Reinforcement of critical infrastructures, action protocols and protection measures to guarantee security and continuity of gas and power supply along with critical customer services, under the State of Alarm declared by the Government.

- Supply of free gas and power to hospitalized hotels and residences, and to IFEMA (Spain's largest field hospital with over 5,000 beds).
- Free gas and power appliances' inspections to Spain's medical workers, members of Spain's Police, Firemen and Armed Forces.
- No gas and power supply cuts to vulnerable customers during the duration of the state of alert.

Strong liquidity, comfortable balance sheet and flexibility:

- As at the end of 1Q20 Naturgy had €8.0bn available liquidity including cash and equivalents and committed undrawn credit facilities. This figure has increased to €9.6bn up to date, following among other the recent issuance of a long 5 year, fixed rate, €1,000m bond with a 1.25% annual coupon, demonstrating the company's capacity to access capital markets even at times of volatility and uncertainty.
- Naturgy has also a comfortable debt maturity profile and balance sheet position, in addition to capex and opex flexibility to navigate the current economic environment.

Commitment to shareholders:

- Naturgy remains committed to its shareholder remuneration and, during the quarter, approved a €0.593 per share third interim dividend paid on 25 March 2020, to replace the final dividend whose approval was postponed together with the AGM.
- The remaining €0.01 per share, bringing the 2019 total to the committed €1.37 per share, will be paid on 3 June subject to AGM's approval on 26 May.

Business & portfolio:

- Naturgy is also taking steps to activate the price review of its gas procurement contracts in view of the current environment. This process, which is contemplated in the contracts themselves, will result in the first arbitrage decisions being issued starting in 2020.
- The company is also accelerating its ongoing transformation initiatives, which include rethinking all operations in order to increase efficiency and flexibility (e.g. remote work, digitization, etc.) and adaptation of the organization, fostering internal talent and attracting external one.
- Naturgy continues to actively analyze portfolio rotation opportunities which maximize value and contribute to the company's derisking.

In summary, Naturgy is taking key initiatives to reinforce the company and support its stakeholders in these trying times. For this, we must acknowledge the relentless efforts and commitment from our employees.

### Other developments

During the first quarter of the year, Naturgy continued to progress on ESG matters and particularly on gender parity, nominating Lucy Chadwick and Isabel Estapé as new Board members, representing GIP and Criteria respectively.

At the end of March, the National Securities Market Commission (CNMC) approved the regulatory framework for gas distribution in Spain for the 2021-2026 period, substantially reducing the negative impact for the system compared to its initial proposal and based on a continuation of the existing activity based remuneration framework, but maintaining a significant reduction in allowed revenues. Throughout the process, Naturgy has firmly supported an objective methodology and a stable framework that provides visibility and incentives for investments in order to protect the interests of all its stakeholders and a balanced energy transition. Moving forward, Naturgy reserves the right to make use of its legal options to continue to defend its interests and those of its stakeholders.

On 27 February Naturgy announced an agreement with ENI and The Arab Republic of Egypt to amicably resolve the disputes affecting Union Fenosa Gas (UFG), the 50%/50% partnership between Naturgy and ENI. The agreement was subject to certain conditions precedent that eventually were not fulfilled, leaving the agreement without effect. The termination of this agreement will have no impact on the company's shareholder remuneration policy nor on its overall liquidity position.

Finally and despite the uncertainty generated by the COVID-19, Naturgy completed its exit from Iberafrica Power in Kenya. It also exercised the option signed with BlackRock's Global Energy & Power Infrastructure Fund (GEPIF), whereby GEPIF will acquire a 50% stake in the SPV at the same price at which the Medgaz stake was agreed to be purchased from Mubadala. The overall transaction will require no cash to be contributed by Naturgy thereby preserving its liquidity.

### Summary – 1Q20 results

The impact of the COVID-19 on the first quarter results has been mostly limited to the month of March, in the form of lower gas and power demand in Spain and LatAm, a more challenging scenario in International LNG and relevant FX depreciation in key LatAm regions.

1Q20 results have also been affected by the new regulatory framework and lower remuneration in electricity distribution Spain, as well as the volume capacity step down in the EMPL, effective since February 2020.

As a result, **ordinary EBITDA stood at €1,102m in 1Q20**, down 5.6% vs. previous year, while **ordinary Net income reached €305m** in the same period, down 19.1% vs. 1Q19, both excluding the gross €158m restructuring costs incurred in the period.

Total capex amounted to €201m in the quarter, down 33.2% vs. previous year. This reduction is mainly due to the lower growth investments in Spanish gas networks and a slowdown in Spanish renewable developments in Spain.

As of 31 March 2020, **net debt amounted to €15,010m**, after the €755m used for shareholder remuneration during the quarter. As a result Net Debt / LTM EBITDA stood at 3.4x compared to 3.3x as of 31 December 2019.

We expect the COVID-19 to have a more noticeable impact during the second quarter of the year.

## 2. Key comparability factors and non-ordinary items

### Perimeter changes

There has been no **transactions in 1Q20 with a relevant impact in comparability** in the 1Q20 vs. 1Q19 results.

The **main transactions completed in 2019 with an impact in comparability** in the 1Q20 vs. 1Q19 results are the following:

- On April 2019 Naturgy completed the sale of 45% of its interests in its associated affiliate Torre Marenstrum, S.L. to Inmobiliaria Colonial. The contribution of this asset to 1Q19 results was not material.
- On 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 subsidiary and the associated commercialization, while formerly co-controlled electricity distribution subsidiaries are no longer within Naturgy's consolidation perimeter. The incremental EBITDA from this asset swap in 1Q20 vs. 1Q19 is €2m.
- On October 2019, the group completed the disposal of Transemel, an electricity transmission subsidiary in Chile. The contribution of Transemel to 1Q19 EBITDA was €2m.

### Non-ordinary items

Non-ordinary items are summarized below:

(€m)	EBITDA		Net income	
	1Q20	1Q19	1Q20	1Q19
Restructuring costs	-158	-50	-119	-37
Interest in companies sales	-	-	13	-
Sales of land and buildings	-	2	-	1
<b>Total non ordinary items</b>	<b>-158</b>	<b>-48</b>	<b>-106</b>	<b>-36</b>

**At the EBITDA level, non-ordinary impacts in 1Q20 amounted to -€158m**, corresponding to capture costs derived from the implementation of the efficiency plan.

**At the Net income level, non-ordinary items in 1Q20 amounted to -€106m**. In addition to the capture costs previously mentioned, there has been a net capital gain from the sale of Ghesa, a partially owned engineering company, for a total of €13m.

## Foreign exchange impact

Exchange rate fluctuations in the period are summarized below:

	Avg. 1Q20	Change (%)	FX effect (€m)	
			EBITDA	Net income
USD/€	1.10	-3.5%	5	2
MXN/€	21.77	-0.1%	-	-
BRL/€	4.91	14.7%	-9	-2
ARS/€ <sup>1</sup>	70.55	45.0%	-11	-7
CLP/€	883.43	16.7%	-13	-1
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-28</b>	<b>-8</b>

Note:

1. Exchange rate as at 31 March 2020 as a consequence of considering Argentina as an hyperinflationary economy

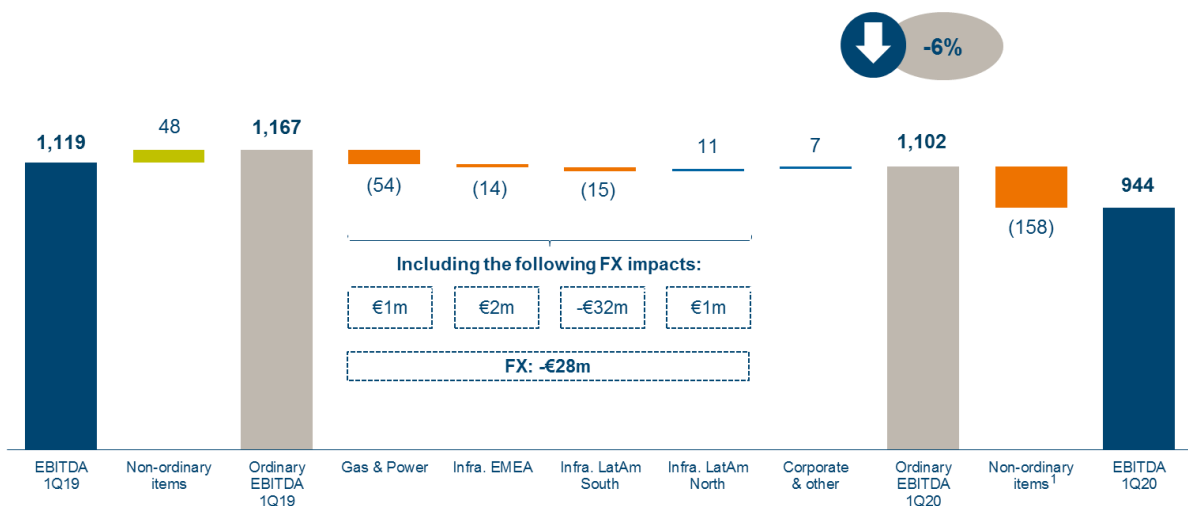
### 3. Consolidated results

(€m)	reported			ordinary		
	1Q20	1Q19	Change	1Q20	1Q19	Change
Net sales	5,067	6,349	-20.2%	5,067	6,349	-20.2%
<b>EBITDA</b>	<b>944</b>	<b>1,119</b>	<b>-15.6%</b>	<b>1,102</b>	<b>1,167</b>	<b>-5.6%</b>
Other results	15	-	-	-	-	-
Depreciation, amortisation and impairment expenses	-403	-389	3.6%	-403	-389	3.6%
Impairment of credit losses	-51	-33	54.5%	-51	-33	54.5%
<b>EBIT</b>	<b>505</b>	<b>697</b>	<b>-27.5%</b>	<b>648</b>	<b>745</b>	<b>-13.0%</b>
Financial result	-138	-167	-17.4%	-138	-167	-17.4%
Profit/(loss) of companies measured under the equity method	-3	21	-	-3	21	-
Income tax	-79	-119	-33.6%	-116	-131	-11.5%
Income from discontinued operations	-	-	-	-	-	-
Non-controlling interest	-86	-91	-5.5%	-86	-91	-5.5%
<b>Net income</b>	<b>199</b>	<b>341</b>	<b>-41.6%</b>	<b>305</b>	<b>377</b>	<b>-19.1%</b>

**Net sales** totaled **€5,067m** in 1Q20, **20.2%** below 1Q19, mainly as a result of lower energy prices and volumes sold in the liberalized businesses.

Consolidated **EBITDA** in the period amounted to **€944m**, a **15.6%** decrease vs. 1Q19, following the challenging scenario in International LNG, the already expected lower contribution from EMPL and Spanish electricity distribution activities, the FX impact in LatAm, and the €158m of capture costs. **Stripping out non-ordinary effects, ordinary EBITDA decreased by 5.6%.**

#### EBITDA evolution (€m)





(€m)	reported			ordinary		
	1Q20	1Q19	Change	1Q20	1Q19	Change
Gas & Power	307	401	-23.4%	355	409	-13.2%
Infrastructure EMEA	390	446	-12.6%	461	475	-2.9%
Infrastructure LatAm South	174	193	-9.8%	179	194	-7.7%
Infrastructure LatAm North	111	101	9.9%	112	101	10.9%
Rest	-38	-22	72.7%	-5	-12	-58.3%
<b>Total</b>	<b>944</b>	<b>1,119</b>	<b>-15.6%</b>	<b>1,102</b>	<b>1,167</b>	<b>-5.6%</b>

**Other results** include the sale of the engineering company Ghesa.

The **financial result amounted to -€138m**, down 17.4%. This reduction is explained both by the reduction in average net debt during the period, as well as the lower cost of financing.

The **average cost of gross financial debt<sup>1</sup>** for 1Q20 stands at **3.0%** vs. 3.2% in 1Q19 and 80% of gross debt is at fixed rates.

Financial result (€m)	reported		
	1Q20	1Q19	Change
Cost of net financial debt	-141	-156	-9.6%
Other financial expenses/income	3	-11	-
<b>Total</b>	<b>-138</b>	<b>-167</b>	<b>-17.4%</b>

**Equity-accounted affiliates** contributed -€3m in 1Q20 mostly as a result of the contributions from UF Gas subgroup (-€14m), Ecoeléctrica (€6m) and CGE subgroup affiliates (€3m).

The **effective tax rate** as of 31 March 2020, based on the best estimate for the full year, stood at **21.7%**, in line with 1Q19.

There has no been contributions from **discontinued operations in 1Q20, neither in 1Q19**.

**Income attributed to non-controlling interests** amounted to -€86m in 1Q20 as detailed below:

Income attributed to non-controlling interests (€m)	reported		
	1Q20	1Q19	Change
EMPL	-12	-14	-14.3%
Nedgia	-14	-17	-17.6%
Other affiliates <sup>1</sup>	-45	-45	-
Other equity instruments	-15	-15	-
<b>Total</b>	<b>-86</b>	<b>-91</b>	<b>-5.5%</b>

Notes:

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

Note:

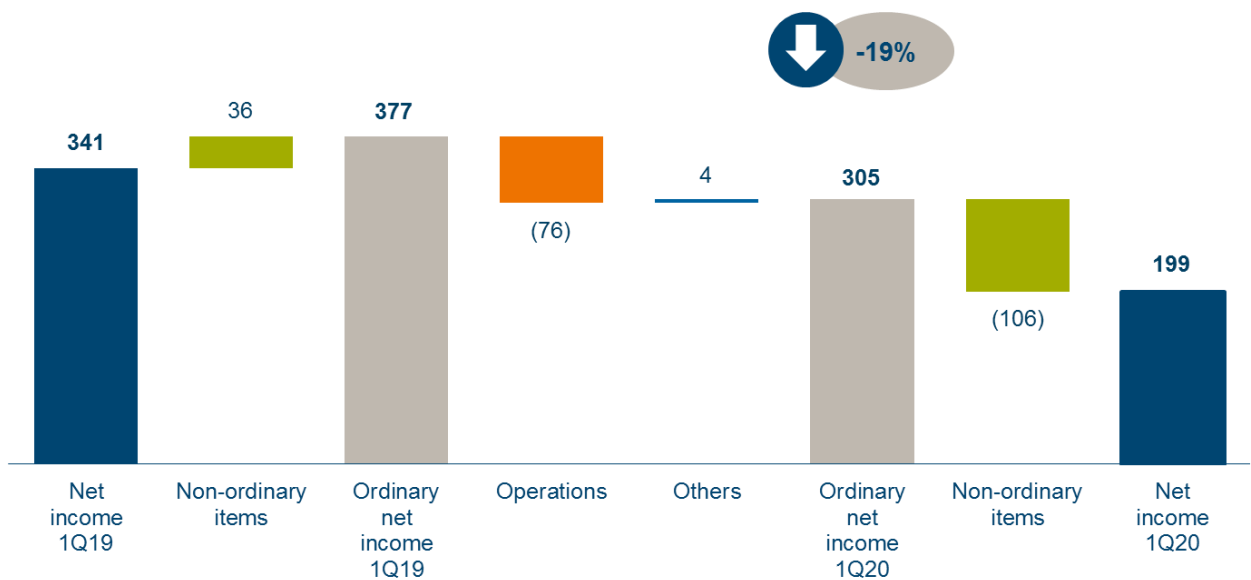
1. Cost from IFRS 16 debt not included

The decrease in EMPL and Nedgia follows the lower contribution of both activities during the period.

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

**Net ordinary income in 1Q20 amounted to €305m, down 19.1%.**

### Net income evolution (€m)



## 4. Results by business unit



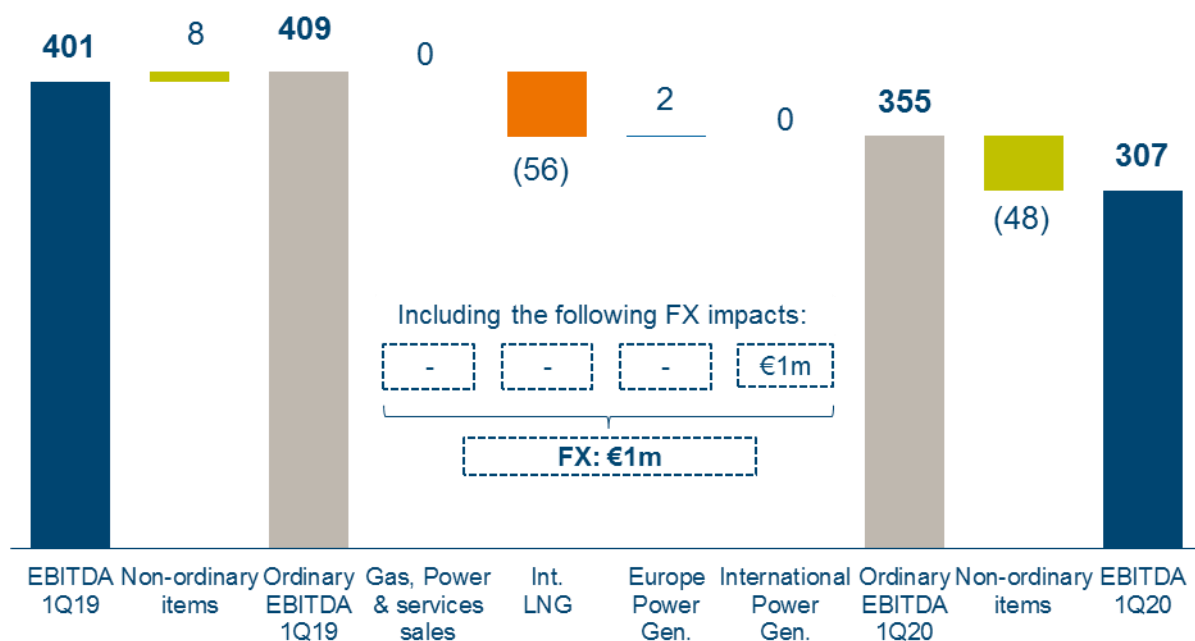
### Gas & Power

EBITDA (€m)	reported			ordinary		
	1Q20	1Q19	Change	1Q20	1Q19	Change
Gas, power and services sales	79	110	-28.2%	113	113	-
International LNG	52	109	-52.3%	54	110	-50.9%
Europe power generation	96	102	-5.9%	107	105	1.9%
International power generation	80	80	-	81	81	-
<b>Total</b>	<b>307</b>	<b>401</b>	<b>-23.4%</b>	<b>355</b>	<b>409</b>	<b>-13.2%</b>

Please refer to Annex for additional P&L disclosure

**Ordinary EBITDA declined 13.2%** during the period, following a weak performance in International LNG as a result of contract renegotiations which cause a transitory increase in shorter term sales in a depressed price environment. The other activities within the business unit have performed in line with the previous year.

### EBITDA evolution (€m)



## Gas, power & services sales

**Ordinary EBITDA reached €113m in 1Q20, in line with 1Q19.** Power supply shows significant margin increases, which, together with lower ordinary opex from efficiencies, help to more than offset lower sales. Lower gas sales and margins in all segments drive EBITDA in line with previous year.

Gas sales declined by 20.3% in 1Q20, as a result of lower sales in all the customer segments, notably in sales to third parties, CCGT and industrial (-52.9%, -16.4% and 15.3% respectively) as a result lower demand. Retail sales fall (-11.4%) on mild climate.

Power sales fell by 7.9% in 1Q20 as a result of lower sales in the liberalized market (-10.4%), following our strategy to focus on margins and reduce fixed-price selling contracts to match our infra-marginal production. VPSC<sup>1</sup> sales increased by 1.7%.

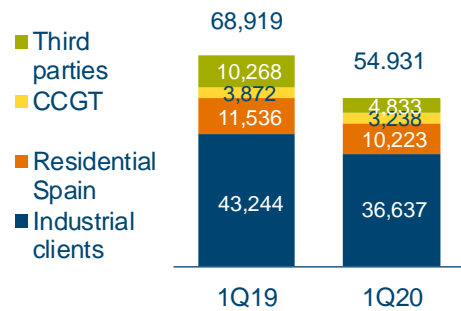
## International LNG

**Ordinary EBITDA reached €54m, down 50.9% vs. 1Q19,** as a result of of contract renegotiations which cause a transitory increase in shorter term sales in a depressed price environment.

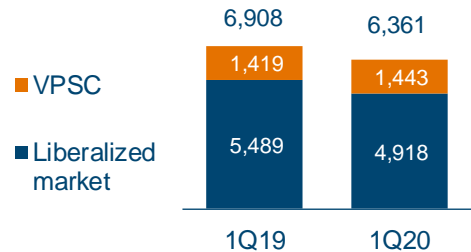
Volumes sold increased by 25.8% vs. 1Q19, driven by an increase in short term sales, following current market environment.

As of 31 March 2020, contracted sales for 2020 and 2021/2022 stand at 84% and 55% respectively.

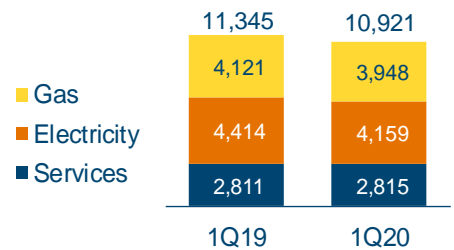
### Gas sales (GWh) (-20.3%)



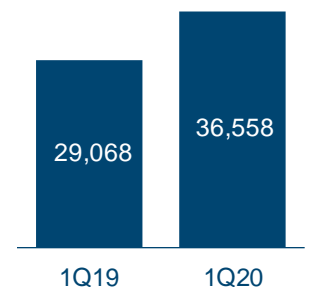
### Power sales (GWh) (-7.9%)



### Contracts ('000) (-3.7%)



### International LNG sales (GWh) (+25.8%)



Note:

1. Voluntary Price for Small Consumers (in Spanish PVPC = Precio Voluntario al Pequeño Consumidor)

## Europe Power Generation

**1Q20 Ordinary EBITDA amounted to €107m, up 1.9% vs. 1Q19.** On the positive side we find: i) higher renewable installed capacity and production, and ii) higher hydro production. On the negative side: i) higher generation taxes, and ii) the deteriorating profitability of CCGTs, following lower production and pool prices.

Total production increased by 7.1%, although unevenly split: renewable and hydro production increased 65.5% and 63.2% respectively, while CCGT production decreased by 20.0%. Coal production continues burning the remaining coal inventory, contributing just 833 GWh in the period.

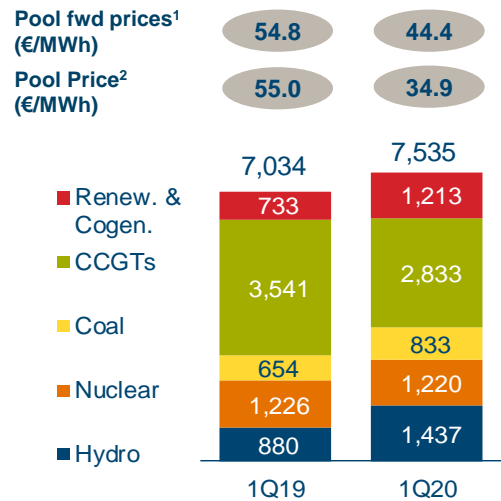
Pool prices decreased vs. 1Q19, averaging €34.9/MWh in 1Q20, down 36.5% as a result of higher hydro and renewable production and lower gas prices.

Naturgy continued to increase its exposure to renewables. As such, the operating installed capacity as of 31 March 2020 reached 1,987 MW, a 50.8% increase over 1Q19.

## International Power Generation

**Ordinary EBITDA in the period reached €81m, same vs. 1Q19.** Cost efficiencies and higher margins in PPA sales were offset by lower sales and margins in merchant production.

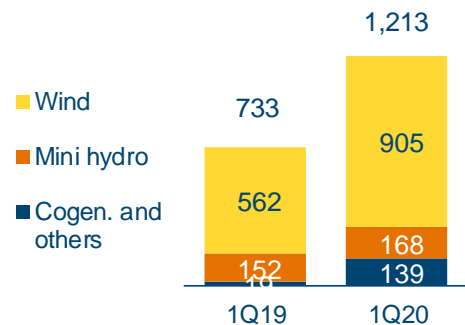
### Europe power production (GWh) (+7.1%)



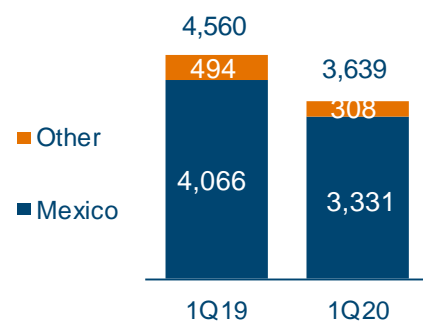
Notes:

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

### Europe renewable power production (GWh) (+65.5%)



### International power production (GWh) (-20.2%)





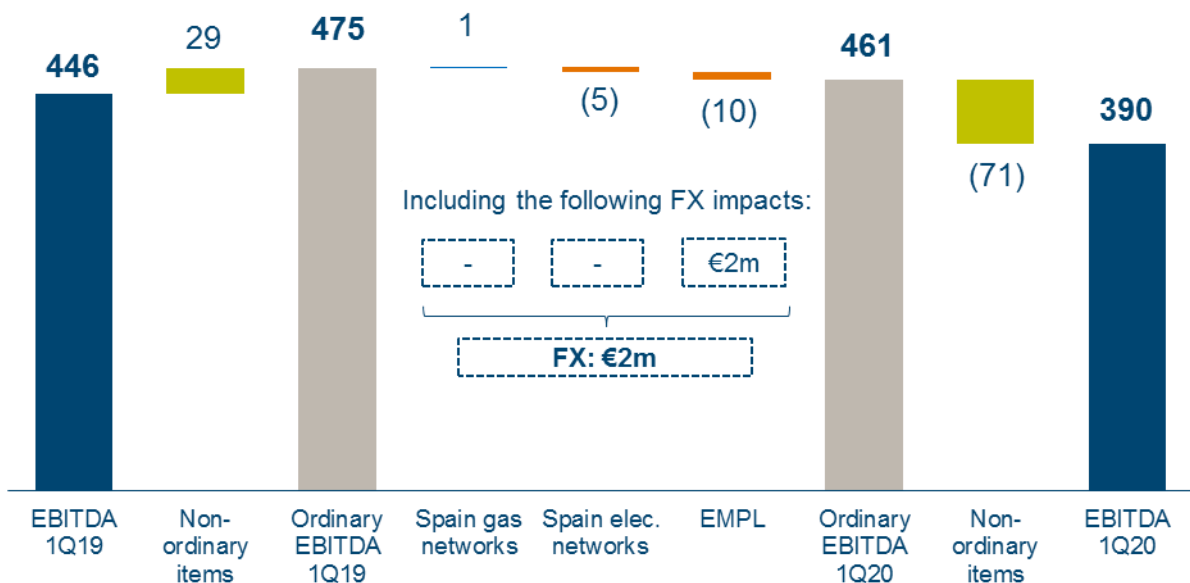
## Infrastructure EMEA

EBITDA (€m)	reported			ordinary		
	1Q20	1Q19	Change	1Q20	1Q19	Change
Spain gas networks	189	209	-9.6%	227	226	0.4%
Spain electricity networks	133	159	-16.4%	166	171	-2.9%
EMPL	68	78	-12.8%	68	78	-12.8%
<b>Total</b>	<b>390</b>	<b>446</b>	<b>-12.6%</b>	<b>461</b>	<b>475</b>	<b>-2.9%</b>

Please refer to Annex for additional P&L disclosure

**Ordinary EBITDA reached €461m (-2.9%)** in 1Q20, mainly as a result of the already expected lower contribution from EMPL and Spanish electricity distribution activities.

### EBITDA evolution (€m)



### Spain gas networks

**Ordinary EBITDA reached €227m, stable vs. 1Q19.** Lower opex were offset by lower sales during the period, the latter being explained both by mild climate and the initial impact of the State of Alert.

Total gas sales (excluding LPG) decreased by 4.3%, while connection points remained stable (+0.4%) vs. 1Q19.

### Spain electricity networks

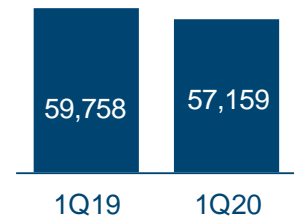
**1Q20 Ordinary EBITDA amounted to €166m, a 2.9% decrease vs. 1Q19** primarily due to the reduction in regulated revenues approved for the new regulatory period. This impact has been partially offset by lower opex.

Unitary opex per km of installed network continue to improve, decreasing 1.2% during the period to 1,438 €/km.

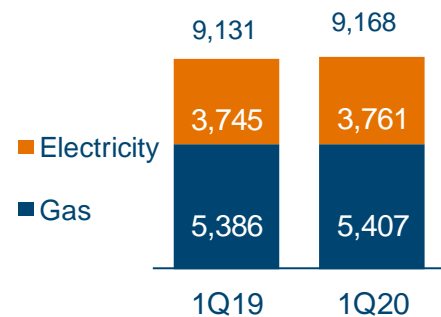
### EMPL

**1Q20 Ordinary EBITDA decreased by 12.8% to €68m.** The decreased is mainly explained by the reduction in revenues following the lower contracted capacity after the expiration of one of the contracts. This has been partially offset by higher tariffs and FX impact (€2m).

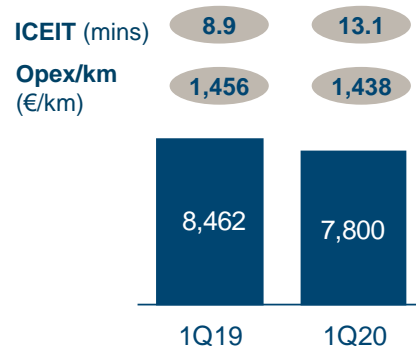
**Gas sales Spain (GWh)**  
(-4.3%)



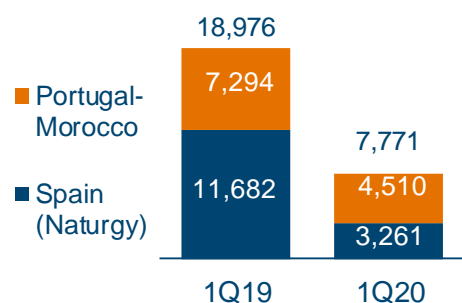
**Connection points ('000)**  
(+0.4%)



**Electricity sales Spain (GWh)**  
(-7.8%)



**Gas transport (GWh)**  
(-59.0%)





## Infrastructure South LatAm

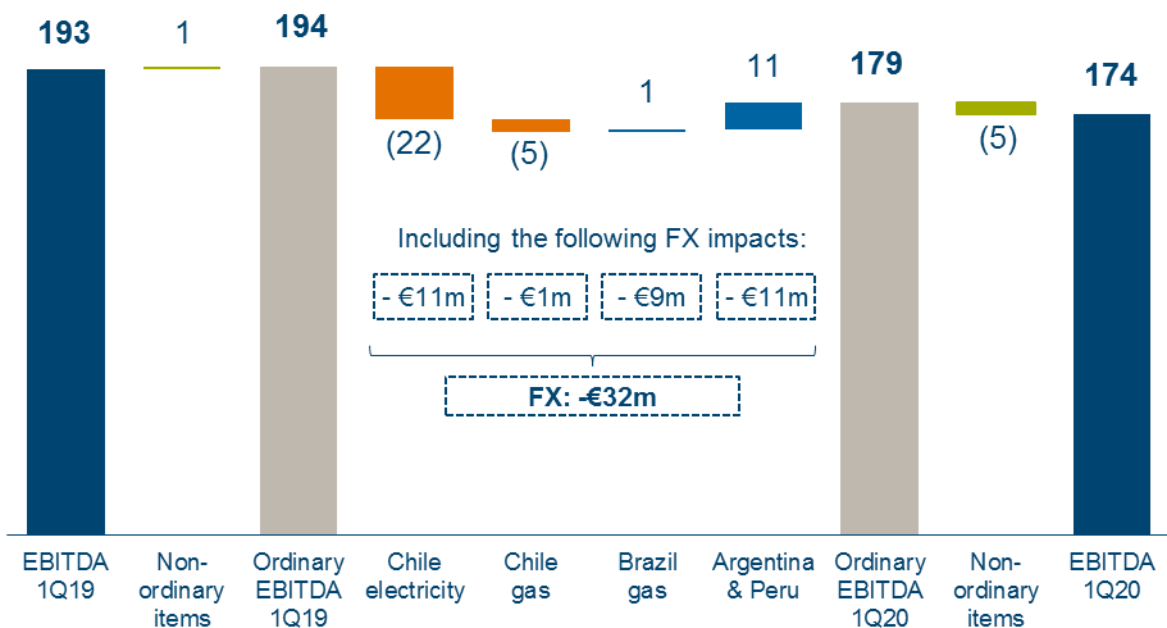
EBITDA (€m)	reported			ordinary		
	1Q20	1Q19	Change	1Q20	1Q19	Change
Chile electricity	62	87	-28.7%	65	87	-25.3%
Chile gas	33	38	-13.2%	33	38	-13.2%
Brazil gas	59	58	1.7%	60	59	1.7%
Argentina gas and electricity	21	11	90.9%	22	11	-
Peru gas	-1	-1	-	-1	-1	-
<b>Total</b>	<b>174</b>	<b>193</b>	<b>-9.8%</b>	<b>179</b>	<b>194</b>	<b>-7.7%</b>

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA amounted to €179m in the period, 7.7% lower than 1Q19, primarily driven by the negative FX evolution (-€32m), affecting all countries.

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 31 March 2020 will be applied to the accumulated 2020 results, which will also be updated by inflation rates.

### EBITDA evolution (€m)



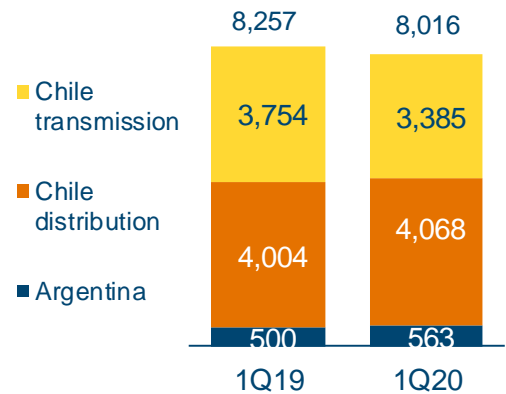


### Chile electricity

**1Q20 Ordinary EBITDA reached €65m, down 25.3% vs. 1Q19.** The negative performance is mainly as a result of i) FX impact (-€11m), ii) tariff fixation in transmission, iii) higher losses, and iv) lower revenues from perimeter changes.

At the operating level, the business experienced growth in connection points (+2.5%) and electricity distributed (+1.6%); on the flipside, sales from the transmission activity decreased by 9.8%, after divesting in Transemel.

**Electricity sales (GWh)**  
(-2.9%)



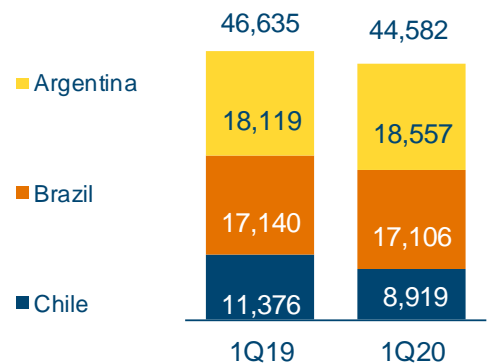
### Chile gas

**Ordinary EBITDA totaled €33m, 13.2% lower** than in 1Q19, mainly impacted by lower supply sales.

Total gas sales decreased (-21.6%), mostly focused in the supply for power generation.

Connection points increased by 2.7%.

**Gas sales (GWh)**  
(-4.4%)



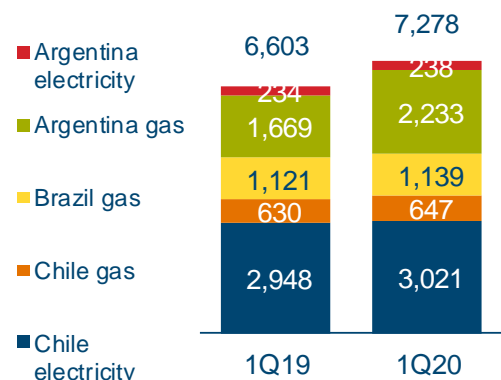
### Brazil gas

**1Q20 Ordinary EBITDA increased 1.7% to €60m** despite de negative FX impact (-€9m), on the back of tariff indexation in Rio and lower losses.

Overall gas sales were slightly down (-0.2%), with reduction in the commercial, industrial and VNG segments, and increases in retail and power generation.

Connection points grew 1.6% in the period.

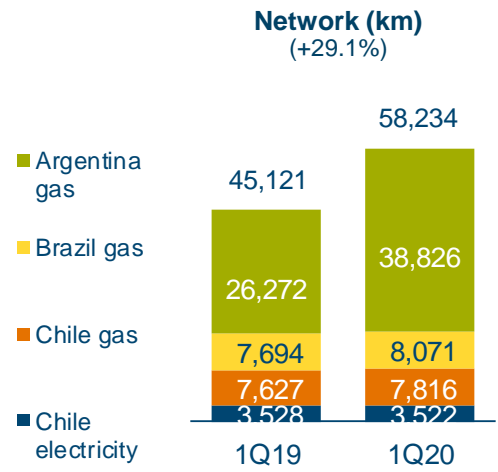
**Connection points ('000)**  
(+10.2%)



## Argentina gas and electricity

**1Q20 Ordinary EBITDA amounted to €22m, doubling** over 1Q19 following April '19 tariff update, being partially offset by the negative FX impact (-€11m) and lower sales for power generation.

In aggregate, sales and connection points for gas and electricity grew by 2.7% and 29.9% respectively vs. 1Q19. The strong increase in gas connections comes mainly as a consequence of the asset swap made in the last quarter of 2019.





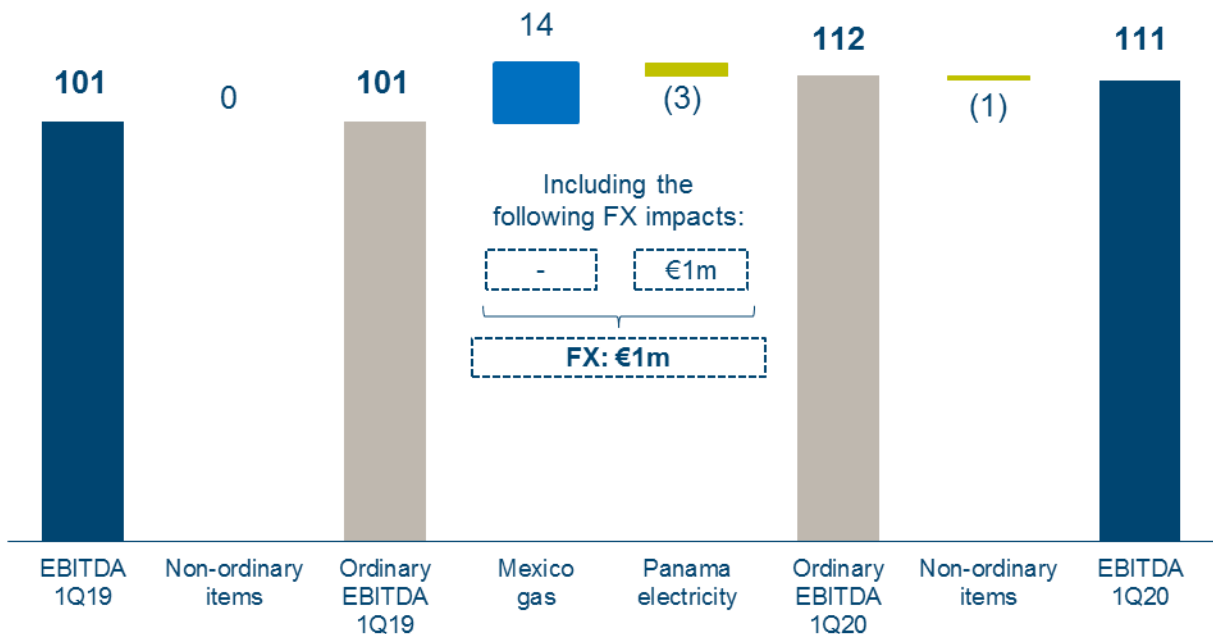
## Infrastructure North LatAm

EBITDA (€m)	reported			ordinary		
	1Q20	1Q19	Change	1Q20	1Q19	Change
Mexico gas	74	61	21.3%	75	61	23.0%
Panama electricity	37	40	-7.5%	37	40	-7.5%
<b>Total</b>	<b>111</b>	<b>101</b>	<b>9.9%</b>	<b>112</b>	<b>101</b>	<b>10.9%</b>

Please refer to Annex for additional P&L disclosure

**1Q20 Ordinary EBITDA amounted to €112m, up 10.9%**, on the back of a good operational performance, notably in Mexico, and efficiency improvements.

### EBITDA evolution (€m)



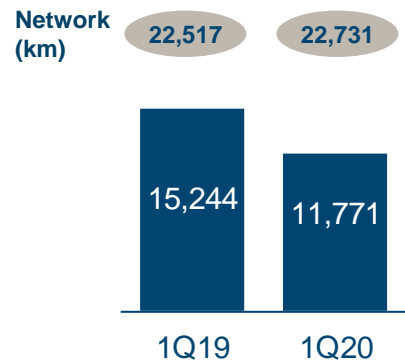
### Mexico gas

**1Q20 Ordinary EBITDA increased 23.0% to €75m.**

The positive evolution of the business was driven mainly by higher margins and tariff updates. On the negative side, sales for power generation decreased.

Connection points decreased by 6.1%, as a result of the commercial strategy aimed at improving customer profitability.

### Gas sales Mexico (GWh) (-22.8%)

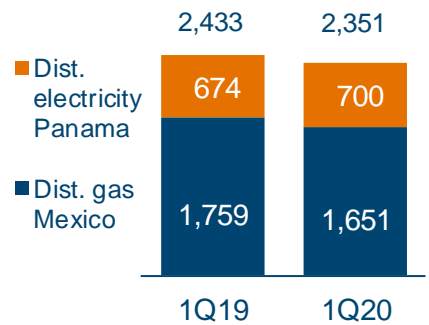


### Panama electricity

**1Q20 Ordinary EBITDA amounted to €37m, down 7.5% vs. 1Q19.** This reduction is due mainly to lower margins, being partially offset by higher sales.

Electricity sales and connection points grew by 0.8% and 3.8% respectively.

### Connection points ('000) (-3.4%)

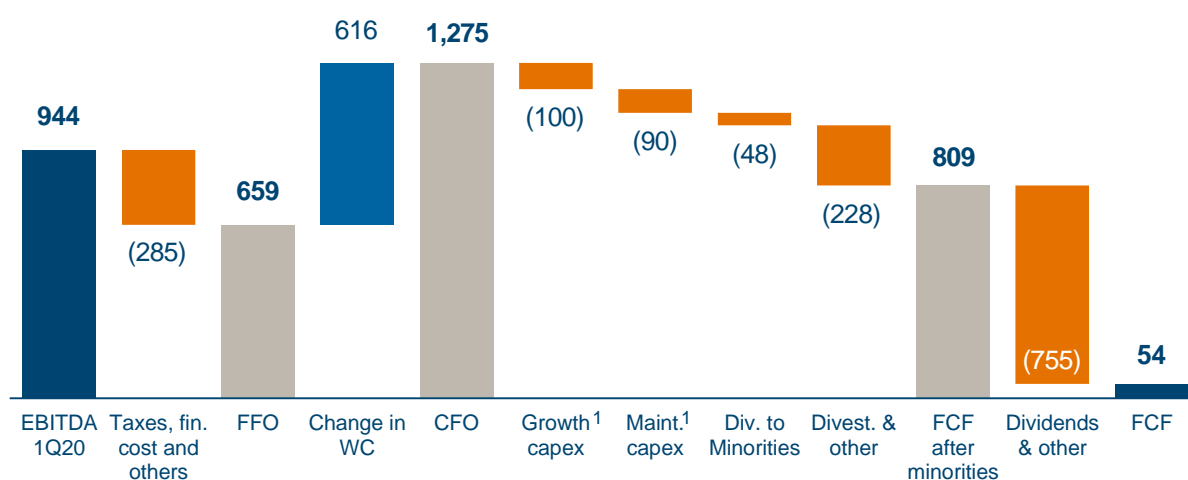


### Electricity sales Panama (GWh) (+0.8%)



## 5. Cash flow

### Cash flow evolution (€m)



Notes:

1. Net of cessions and contributions

**1Q20 free cash flow after minorities amounted to €809m.** The contribution from operating results was complemented by a decrease in working capital, following optimization efforts.

**Free cash flow after minorities and capex** was mostly allocated to the payment of dividends (€571m) and the share buy-back program (€184m).

### Capex

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

(€m)	Maintenance capex		
	1Q20	1Q19	Change
Gas & Power	14	31	-54.8%
Infrastructures EMEA	31	30	3.3%
Infrastructures LatAm South	27	24	12.5%
Infrastructures LatAm North	16	9	77.8%
Rest	2	2	-
<b>Total investments</b>	<b>90</b>	<b>96</b>	<b>-6.3%</b>

**Maintenance capex in 1Q20** amounted to €90m, compared to €96m in 1Q19, a 6.3% reduction resulting from the optimization of capex processes.

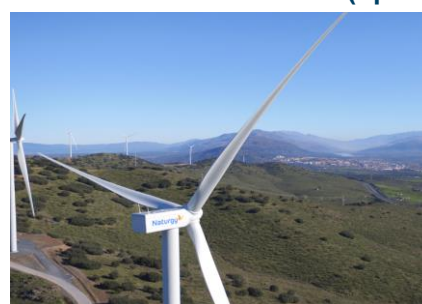
(€m)	Growth capex		
	1Q20	1Q19	Change
Gas & Power	35	110	-68.2%
Infrastructures EMEA	22	49	-55.1%
Infrastructures LatAm South	37	30	23.3%
Infrastructures LatAm North	17	16	6.3%
Rest	-	-	-
<b>Total investments</b>	<b>111</b>	<b>205</b>	<b>-45.9%</b>

**Growth capex** in the period represented over 55% of total capex and amounted to €111m in 1Q20.

Growth capex in 1Q20 includes the following:

- A total of €14m invested during the period in the construction of different renewable projects in Spain, with 14 MW put into operation in 1Q20.
- €11m 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 in the following months.

**Wind farm in Extremadura (Spain)**



## Divestments

On 20 February, the partners in Ghesa Ingeniería y Tecnología, S.A. and Empresarios Agrupados AIE (Naturgy among them) sold their ownership to a company specialized in engineering activities for power generation assets. Naturgy will continue as one of the main customers of those companies. The net capital gain from this operation amounts to €13m..

On 2 April, and in relation with the agreement between Naturgy and Mubalada to acquire a 34.05% stake in Medgaz from CEPSA through an SPV, Naturgy exercised the option signed with BlackRock's Global Energy & Power Infrastructure Fund (GEPIF), whereby GEPIF will acquire a 50% stake in that said SPV at the same price at which the Medgaz stake was agreed to be purchased from Mubadala.

Last, on 7 April, Naturgy announced the completion of the sale of its ownership in Iberafrica Power (Kenya) to AP Moller Capital for a total amount of USD62m. The operation will not contribute with significant capital gains.

## 6. Financial position

Net debt as of 31 March 2020 stood at €15,010m, down €258m over the net debt figure as of year-end 2019, after the €755m allocated to dividend payment and share buy-back. Net Debt/LTM EBITDA stands at 3.4x, in line with the ratio as of 31 December 2019 (3.3x).

During 1Q20, the most relevant financing operations were the following:

- New loans and credit lines in Spain for a total of €600m and €100m respectively. In the international businesses new loans raised for a total equivalent of €248m.
- Refinancing of loans and credit lines in Spain for a total of €58m and €195m respectively. In the international businesses, refinancing of loans and credit lines account for a total equivalent of €23m and €9m respectively.

The group continues working in reinforcing its financial profile; accordingly, the most relevant financing operations closed during the month of April are the following:

- Issue of a €1bn bond with a tenor of 5 years at a 1.25% coupon.
- New loans and credit lines in Spain for a total of €200m and €200m respectively. In the international businesses new loans and credit lines for a total equivalent of €134m and €38m respectively.
- Refinancing of credit lines in Spain and International for a total of €210m and €19m equivalent respectively.

### Liquidity (€m)

Liquidity as of 31 March 2020 stood at €8,035m, including €2,813 million in cash and cash equivalents and €5,222m in undrawn credit lines. Considering the €1,000m of the bond issued in April and other recent operations, liquidity currently stands at €9,590m.

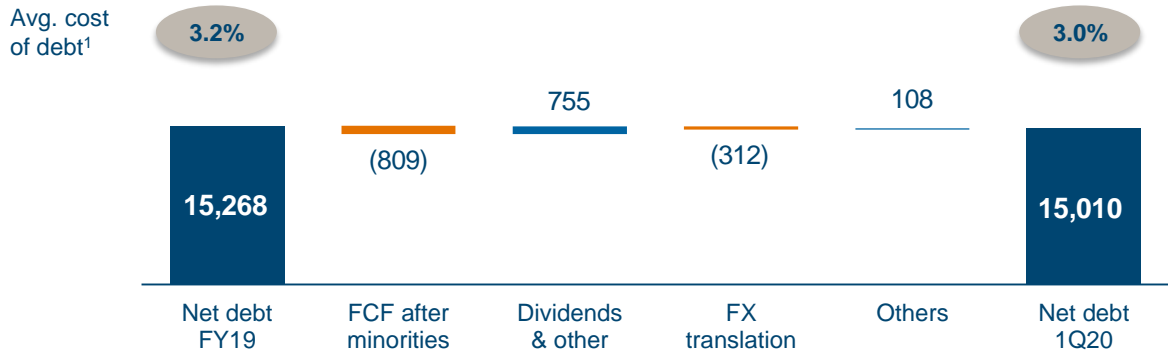
The detail of the group's current liquidity is as follows:

		Consolidated Group		Chile		Brazil	Argentina	Peru	Mexico	Panama	Holding & others
		Apr'20	Dec'19	CLP	USD	BRL	ARS	USD	MXN	USD	EUR/Others
Cash and equivalents	€m	4,151	2,685	629	55	144	39	-	99	11	3,175
Undrawn committed credit lines	€m	5,439	5,352	-	-	25	-	-	90	-	5,324
Total	€m	9,590	8,037	629	55	169	39	-	189	11	8,499

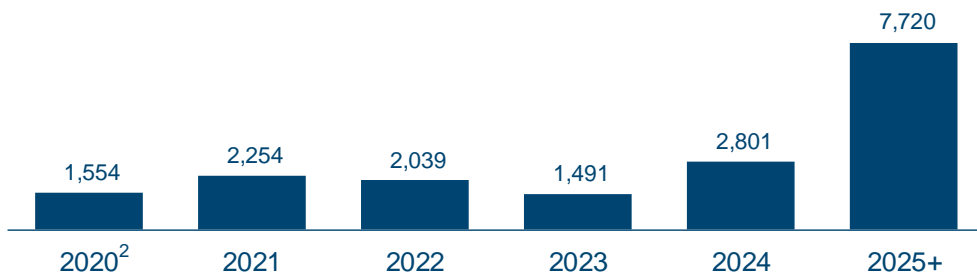
Weighted average maturity of the undrawn credit lines stands close to 2 years, according to the following detail:

(€m)	2020	2021	2022	2023
Undrawn committed credit lines	81	1,948	2,788	622

### Net debt evolution (€m)



### Gross debt maturities (€m)



### Debt structure and credit metrics

Financial debt by currency		Consolidated Group		Chile		Brazil	Argentina	Peru	Mexico	Panama	Holding & others
		Mar'20	Dec'19	CLP	USD	BRL	ARS	USD	MXN	USD	EUR/Others
Net financial debt	€m	15,010	15,268	1,612	5	200	(35)	67	307	622	12,232
Average cost of debt <sup>1</sup>	%	3.0	3.2	5.7	5.5	5.4	54.3	2.6	8.2	4.1	1.9
% fixed rated (gross debt)	%	80	86	65	45	7	13	6	47	58	88

Credit metrics	1Q20	FY19
EBITDA/Net financial debt cost	6.7	7.3
Net debt /LTM EBITDA	3.4	3.3

Note:

- Does not include cost from IFRS 16 debt
- Includes ECP for a total of €300m



## 7. ESG metrics and highlights

		1Q20	1Q19	Change	Comments
<b>Health and safety</b>					
Accidents with lost time (1)	units	1	8	-87.5%	Significant improvement following Plan Naturgy 2019
LT Frequency rate (2)	units	0.04	0.27	-85.2%	Reflects the reduction in accidents, although slightly adjusted by a lower number of working hours
<b>Environment</b>					
GHG Emissions	MtCO <sub>2</sub> e	3.8	4.3	-12.0%	Higher renewable and lower CCGT production in the period
Emission factor	t CO <sub>2</sub> /GWh	294	318	-7.6%	
Emissions-free installed capacity	%	30.1%	28.1%	7.1%	New renewable capacity coming into operation in Spain
Emissions-free net production	%	37.8%	28.1%	34.5%	Higher renewable and hydro production
<b>Interest in people</b>					
Number of employees	persons	11,081	12,330	-10.1%	Perimeter changes and efficiencies
Training hours per employee	hours	4.4	5.6	-21.5%	Reduction in ratio explained by need for a training itinerary overhaul, required after Business reorganization
Women representation	%	32.0%	30.0%	6.7%	Commitment for diversity and gender equality policies
<b>Society and integrity</b>					
Economic value distributed	M€	4,971	6,137	-19.0%	Affected by lower purchases and external services
Complaints received by the ethics committee	units	25	40	-37.5%	Improved oversight and accountability

(1) In accordance to OSHA criteria

(2) Calculated for every 200,000 working hours

Accidents with lost time have experienced a significant reduction in 1Q20 after the implementation in 2019 of the Plan Naturgy.

In the environmental side, the group continues with its good evolution in GEI emissions. The increase in hydro and other renewable generation, coupled with the reduction in CCGT production has led to a 12.0% decrease in GEI emissions. During 1Q20, more than one third of the group's production (34.5%) come from emissions-free technologies.

Women continues to increase their representation in the group, reaching 32.0% in 1Q20. In this regard, during the first quarter of the year, Naturgy nominated Lucy Chadwick and Isabel Estapé as new Board members, representing GIP and Criteria respectively.

The needed overhaul of the training programs, following the businesses' reorganization, has led to a reduction in training hours per employee.

Complaints received by the ethics committee have reduced. The reasons for this are the improved oversight and accountability.

As already mentioned, on 25 February, less than 24 hours after the first confirmed COVID-19 case in the Iberian Peninsula, Naturgy activated its Crisis Committee and started taking steps to support its stakeholders. Some of these steps are summarized below:

#### Employee health, safety and wellbeing:

- Initial ban on international trips later extended to domestic ones.
- Facilitation of the necessary resources for effective remote working.
- Supply of personal protection equipment and access to the company medical services.

#### Clients and suppliers:

- 12-month bill financing to SMEs, self-employed individuals and municipalities, being one of the first energy groups in Spain to support the short term financing needs of its clients.
- Free telematic medical assistance.
- Cash payment advances corresponding to invoices in the second quarter of the year for SMEs and self-employed providers, in order to mitigate the impact of the current economic situation and strengthen their liquidity position.

#### Our contribution to society:

- Reinforcement of critical infrastructures, action protocols and protection measures to guarantee security and continuity of gas and power supply along with critical customer services, under the State of Alarm declared by the Government.
- Supply of free gas and power to hospitalized hotels and residences, and to IFEMA (Spain's largest field hospital with over 5,000 beds).
- Free gas and power appliances' inspections to Spain's medical workers, members of Spain's Police, Firemen and Armed Forces.
- No gas and power supply cuts to vulnerable customers during the duration of the state of alert.

#### Strong liquidity, comfortable balance sheet and flexibility:

- As at the end of 1Q20 Naturgy had €8bn available liquidity including cash and equivalents and committed undrawn credit facilities. This figure has increased to €9.6bn, following among others the recent issuance of a long 5 year, fixed rate, €1,000m bond with a 1.25% annual coupon, demonstrating the company's capacity to access capital markets even at times of volatility and uncertainty.
- Naturgy has also a comfortable debt maturity profile and balance sheet position, in addition to capex and opex flexibility to navigate the current economic environment.

#### Commitment to shareholders:

- Naturgy remains committed to its shareholder remuneration and, during the quarter, approved a €0.593 per share third interim dividend paid on 25 March 2020, to replace the final dividend whose approval was postponed together with the AGM.
- The remaining €0.01 per share, bringing the 2019 total to the committed €1.37 per share, will be paid on 3 June subject to AGM's approval on 26 May.

In summary, Naturgy is taking key initiatives to support its stakeholders in this trying times. For this, we must acknowledge the relentless efforts and commitment from our employees.

# Annexes

## Annex I: Financial Statements

### Consolidated income statement

(€m)	reported			ordinary		
	1Q20	1Q19	Change	1Q20	1Q19	Change
Net sales	5,067	6,349	-20.2%	5,067	6,349	-20.2%
Procurement	-3,498	-4,677	-25.2%	-3,498	-4,677	-25.2%
<b>Gross margin</b>	<b>1,569</b>	<b>1,672</b>	<b>-6.2%</b>	<b>1,569</b>	<b>1,672</b>	<b>-6.2%</b>
Operating expenses	-223	-263	-15.2%	-223	-263	-15.2%
Personnel costs	-360	-272	32.4%	-202	-222	-9.0%
Own work capitalised	20	24	-16.7%	20	24	-16.7%
Other operating income	48	48	-	48	46	4.3%
Taxes	-110	-90	22.2%	-110	-90	22.2%
<b>EBITDA</b>	<b>944</b>	<b>1,119</b>	<b>-15.6%</b>	<b>1,102</b>	<b>1,167</b>	<b>-5.6%</b>
Other results	15	-	-	-	-	-
Depreciation, amortisation and impairment expenses	-403	-389	3.6%	-403	-389	3.6%
Impairment of credit losses	-51	-33	54.5%	-51	-33	54.5%
<b>EBIT</b>	<b>505</b>	<b>697</b>	<b>-</b>	<b>648</b>	<b>745</b>	<b>-13.0%</b>
Financial result	-138	-167	-17.4%	-138	-167	-17.4%
Profit/(loss) of companies measured under the equity method	-3	21	-	-3	21	-
<b>Profit before taxes</b>	<b>364</b>	<b>551</b>	<b>-</b>	<b>507</b>	<b>599</b>	<b>-15.4%</b>
Income tax	-79	-119	-33.6%	-116	-131	-11.5%
Income from discontinued operations	-	-	-	-	-	-
Non-controlling interest	-86	-91	-5.5%	-86	-91	-5.5%
<b>Net income</b>	<b>199</b>	<b>341</b>	<b>-41.6%</b>	<b>305</b>	<b>377</b>	<b>-19.1%</b>

## Consolidated Balance Sheet

(€m)	31/03/2020	31/12/2019
<b>Non-current assets</b>	<b>31,632</b>	<b>32,351</b>
Intangible assets	7,294	7,713
Property, plant and equipment	19,041	19,647
Right of use assets	1,433	1,416
Equity-accounted investments	737	731
Non-current financial assets	705	738
Other non-current assets	855	581
Deferred tax assets	1,567	1,525
<b>Current assets</b>	<b>8,466</b>	<b>8,787</b>
Non-current assets available for sale	62	73
Inventories	678	796
Trade and other accounts receivable	4,398	4,900
Other current financial assets	515	333
Cash and cash equivalents	2,813	2,685
<b>TOTAL ASSETS</b>	<b>40,098</b>	<b>41,138</b>

(€m)	31/03/2020	31/12/2019
<b>Equity</b>	<b>13,224</b>	<b>13,976</b>
Equity attributable to the parent company	9,833	10,551
Non-controlling interest	3,391	3,425
<b>Non-current liabilities</b>	<b>20,616</b>	<b>20,439</b>
Deferred revenues	894	898
Non-current provisions	1,123	1,264
Non-current financial liabilities	15,744	15,701
Deferred tax liabilities	2,256	2,084
Other non-current liabilities	599	492
<b>Current liabilities</b>	<b>6,258</b>	<b>6,723</b>
Liabilities linked to non-current assets available for sale	48	46
Current provisions	304	312
Current financial liabilities	2,115	2,286
Trade and other accounts payable	3,461	3,793
Other current liabilities	330	286
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>40,098</b>	<b>41,138</b>

## Summary cash flow statement

(€m)	1Q20	1Q19	Change
<b>EBITDA</b>	<b>944</b>	<b>1,119</b>	<b>-15.6%</b>
Taxes	-8	-46	-82.6%
Net interest cost	-138	-167	-17.4%
Other non-cash items	-139	-56	-
<b>Funds from operations</b>	<b>659</b>	<b>850</b>	<b>-22.5%</b>
Change in working capital	616	778	-20.8%
<b>Cash flow from operations</b>	<b>1,275</b>	<b>1,628</b>	<b>-21.7%</b>
Growth capex	-100	-194	-48.5%
Maintenance capex	-90	-95	-5.3%
Divestments	24	24	-
Dividends to minorities	-48	-24	-
Others	-252	-356	-29.2%
<b>Free cash flow after minorities</b>	<b>809</b>	<b>983</b>	<b>-17.7%</b>
Dividends, share buy-back & other	-755	-703	7.4%
<b>Net free cash flow</b>	<b>54</b>	<b>280</b>	<b>-80.7%</b>

## Quarterly EBITDA by business unit

(€m)	1Q20	2Q20	3Q20	4Q20	2020
<b>Gas &amp; Power</b>	<b>307</b>				<b>307</b>
Gas, powery and services sales	79				79
International LNG	52				52
Europe power generation	96				96
International power generation	80				80
<b>Infrastructures EMEA</b>	<b>390</b>				<b>390</b>
Spain gas networks	189				189
Spain electricity networks	133				133
EMPL	68				68
<b>Infrastructures LatAm South</b>	<b>174</b>				<b>174</b>
Chile electricity	62				62
Chile gas	33				33
Brazil gas	59				59
Argentina gas	14				14
Argentina electricity	7				7
Peru gas	-1				-1
<b>Infrastructures LatAm North</b>	<b>111</b>				<b>111</b>
Mexico gas	74				74
Panama electricity	37				37
<b>Rest</b>	<b>-38</b>				<b>-38</b>
<b>TOTAL EBITDA</b>	<b>944</b>				<b>944</b>

(€m)	1Q19	2Q19	3Q19	4Q19	2019
<b>Gas &amp; Power</b>	<b>401</b>	<b>239</b>	<b>300</b>	<b>501</b>	<b>1,360</b>
Gas, powery and services sales	110	88	105	144	164
International LNG	109	49	38	148	496
Europe power generation	102	18	44	106	411
International power generation	80	84	113	103	289
<b>Infrastructures EMEA</b>	<b>446</b>	<b>473</b>	<b>504</b>	<b>500</b>	<b>1,802</b>
Spain gas networks	209	234	244	248	884
Spain electricity networks	159	163	180	173	630
EMPL	78	76	80	79	288
<b>Infrastructures LatAm South</b>	<b>193</b>	<b>255</b>	<b>273</b>	<b>217</b>	<b>791</b>
Chile electricity	87	76	94	96	243
Chile gas	38	80	74	46	211
Brazil gas	58	67	66	71	223
Argentina gas	10	29	35	-2	108
Argentina electricity	1	3	4	7	10
Peru gas	-1			-1	-4
<b>Infrastructures LatAm North</b>	<b>101</b>	<b>88</b>	<b>91</b>	<b>96</b>	<b>232</b>
Mexico gas	61	54	54	60	161
Panama electricity	40	34	37	36	71
<b>Rest</b>	<b>-22</b>	<b>-24</b>	<b>-28</b>	<b>-42</b>	<b>-166</b>
<b>TOTAL EBITDA</b>	<b>1,119</b>	<b>1,031</b>	<b>1,140</b>	<b>1,272</b>	<b>4,019</b>

## Accumulated EBITDA by business unit

(€m)	reported			ordinary			
	1Q20	1Q19	Change	1Q20	1Q19	Change	FX
<b>Gas &amp; Power</b>	<b>307</b>	<b>401</b>	<b>-23.4%</b>	<b>355</b>	<b>409</b>	<b>-13.2%</b>	<b>1</b>
Gas, pow ery and services sales	79	110	-28.2%	113	113	-	-
International LNG	52	109	-52.3%	54	110	-50.9%	-
Europe pow er generation	96	102	-5.9%	107	105	1.9%	-
International pow er generation	80	80	-	81	81	-	1
<b>Infrastructures EMEA</b>	<b>390</b>	<b>446</b>	<b>-12.6%</b>	<b>461</b>	<b>475</b>	<b>-2.9%</b>	<b>2</b>
Spain gas netw orks	189	209	-9.6%	227	226	0.4%	-
Spain electricity netw orks	133	159	-16.4%	166	171	-2.9%	-
EMPL	68	78	-12.8%	68	78	-12.8%	2
<b>Infrastructures LatAm South</b>	<b>174</b>	<b>193</b>	<b>-9.8%</b>	<b>179</b>	<b>194</b>	<b>-7.7%</b>	<b>-32</b>
Chile electricity	62	87	-28.7%	65	87	-25.3%	-11
Chile gas	33	38	-13.2%	33	38	-13.2%	-1
Brazil gas	59	58	1.7%	60	59	1.7%	-9
Argentina gas and electricity	21	11	90.9%	22	11	-	-11
Peru gas	-1	-1	-	-1	-1	-	-
<b>Infrastructures LatAm North</b>	<b>111</b>	<b>101</b>	<b>9.9%</b>	<b>112</b>	<b>101</b>	<b>10.9%</b>	<b>1</b>
Mexico gas	74	61	21.3%	75	61	23.0%	0
Panama electricity	37	40	-7.5%	37	40	-7.5%	1
<b>Rest</b>	<b>-38</b>	<b>-22</b>	<b>72.7%</b>	<b>-5</b>	<b>-12</b>	<b>-58.3%</b>	<b>-</b>
<b>TOTAL EBITDA</b>	<b>944</b>	<b>1,119</b>	<b>-15.6%</b>	<b>1,102</b>	<b>1,167</b>	<b>-5.6%</b>	<b>-28</b>



## Results by business unit

### 1. Gas & Power

Gas, power & services sales (€m)	1Q20	1Q19	Change
Net sales	2,633	3,498	-24.7%
Procurement	-2,451	-3,296	-25.6%
<b>Gross margin</b>	<b>182</b>	<b>202</b>	<b>-9.9%</b>
Other operating income	4	5	-20.0%
Personnel expenses	-58	-29	-
Taxes	-7	-18	-61.1%
Other operating expenses	-42	-50	-16.0%
<b>EBITDA</b>	<b>79</b>	<b>110</b>	<b>-28.2%</b>
Depreciation, provisions and other results	-47	-41	14.6%
<b>EBIT</b>	<b>32</b>	<b>69</b>	<b>-53.6%</b>

International LNG (€m)	1Q20	1Q19	Change
Net sales	717	837	-14.3%
Procurement	-654	-719	-9.0%
<b>Gross margin</b>	<b>63</b>	<b>118</b>	<b>-46.6%</b>
Other operating income	1	1	-
Personnel expenses	-8	-7	14.3%
Taxes	-	-	-
Other operating expenses	-4	-3	33.3%
<b>EBITDA</b>	<b>52</b>	<b>109</b>	<b>-52.3%</b>
Depreciation, provisions and other results	-35	-28	25.0%
<b>EBIT</b>	<b>17</b>	<b>81</b>	<b>-79.0%</b>

Europe power generation (€m)	1Q20	1Q19	Change
Net sales	446	492	-9.3%
Procurement	-212	-280	-24.3%
<b>Gross margin</b>	<b>234</b>	<b>212</b>	<b>10.4%</b>
Other operating income	2	4	-50.0%
Personnel expenses	-39	-33	18.2%
Taxes	-67	-40	67.5%
Other operating expenses	-34	-41	-17.1%
<b>EBITDA</b>	<b>96</b>	<b>102</b>	<b>-5.9%</b>
Depreciation, provisions and other results	-80	-71	12.7%
<b>EBIT</b>	<b>16</b>	<b>31</b>	<b>-48.4%</b>

International power generation (€m)	1Q20	1Q19	Change
Net sales	174	232	-25.0%
Procurement	-72	-128	-43.8%
<b>Gross margin</b>	<b>102</b>	<b>104</b>	<b>-1.9%</b>
Other operating income	-	2	-
Personnel expenses	-9	-10	-10.0%
Taxes	1	-1	-
Other operating expenses	-14	-15	-6.7%
<b>EBITDA</b>	<b>80</b>	<b>80</b>	<b>-</b>
Depreciation, provisions and other results	-28	-29	-3.4%
<b>EBIT</b>	<b>52</b>	<b>51</b>	<b>2.0%</b>

## 2. Infrastructure EMEA

Spain gas networks (€m)	1Q20	1Q19	Change
Net sales	298	304	-2.0%
Procurement	-23	-26	-11.5%
<b>Gross margin</b>	<b>275</b>	<b>278</b>	<b>-1.1%</b>
Other operating income	9	12	-25.0%
Personnel expenses	-51	-35	45.7%
Taxes	-9	-10	-10.0%
Other operating expenses	-35	-36	-2.8%
<b>EBITDA</b>	<b>189</b>	<b>209</b>	<b>-9.6%</b>
Depreciation, provisions and other results	-74	-74	-
<b>EBIT</b>	<b>115</b>	<b>135</b>	<b>-14.8%</b>

Spain electricity networks (€m)	1Q20	1Q19	Change
Net sales	208	216	-3.7%
Procurement	-	-	-
<b>Gross margin</b>	<b>208</b>	<b>216</b>	<b>-3.7%</b>
Other operating income	4	4	-
Personnel expenses	-45	-30	50.0%
Taxes	-8	-8	-
Other operating expenses	-26	-23	13.0%
<b>EBITDA</b>	<b>133</b>	<b>159</b>	<b>-16.4%</b>
Depreciation, provisions and other results	-61	-60	1.7%
<b>EBIT</b>	<b>72</b>	<b>99</b>	<b>-27.3%</b>

EMPL (€m)	1Q20	1Q19	Change
Net sales	73	82	-11.0%
Procurement	-	-	-
<b>Gross margin</b>	<b>73</b>	<b>82</b>	<b>-11.0%</b>
Other operating income	-	-	-
Personnel expenses	-2	-1	-
Taxes	-	-	-
Other operating expenses	-3	-3	-
<b>EBITDA</b>	<b>68</b>	<b>78</b>	<b>-12.8%</b>
Depreciation, provisions and other results	-14	-10	40.0%
<b>EBIT</b>	<b>54</b>	<b>68</b>	<b>-20.6%</b>

### 3. Infrastructure LatAm South

Chile electricity (€m)	1Q20	1Q19	Change
Net sales	527	568	-7.2%
Procurement	-409	-421	-2.9%
<b>Gross margin</b>	<b>118</b>	<b>147</b>	<b>-19.7%</b>
Other operating income	3	2	50.0%
Personnel expenses	-18	-23	-21.7%
Taxes	-1	-2	-50.0%
Other operating expenses	-40	-37	8.1%
<b>EBITDA</b>	<b>62</b>	<b>87</b>	<b>-28.7%</b>
Depreciation, provisions and other results	-32	-28	14.3%
<b>EBIT</b>	<b>30</b>	<b>59</b>	<b>-49.2%</b>

Chile gas (€m)	1Q20	1Q19	Change
Net sales	118	181	-34.8%
Procurement	-69	-125	-44.8%
<b>Gross margin</b>	<b>49</b>	<b>56</b>	<b>-12.5%</b>
Other operating income	1	1	-
Personnel expenses	-6	-7	-14.3%
Taxes	-1	-1	-
Other operating expenses	-10	-11	-9.1%
<b>EBITDA</b>	<b>33</b>	<b>38</b>	<b>-13.2%</b>
Depreciation, provisions and other results	-15	-15	-
<b>EBIT</b>	<b>18</b>	<b>23</b>	<b>-21.7%</b>

Brazil gas (€m)	1Q20	1Q19	Change
Net sales	335	472	-29.0%
Procurement	-254	-391	-35.0%
<b>Gross margin</b>	<b>81</b>	<b>81</b>	-
Other operating income	6	4	50.0%
Personnel expenses	-7	-8	-12.5%
Taxes	-2	-	-
Other operating expenses	-19	-19	-
<b>EBITDA</b>	<b>59</b>	<b>58</b>	<b>1.7%</b>
Depreciation, provisions and other results	-16	-17	-5.9%
<b>EBIT</b>	<b>43</b>	<b>41</b>	<b>4.9%</b>

Argentina gas (€m)	1Q20	1Q19	Change
Net sales	97	77	26.0%
Procurement	-59	-48	22.9%
<b>Gross margin</b>	<b>38</b>	<b>29</b>	<b>31.0%</b>
Other operating income	7	8	-12.5%
Personnel expenses	-10	-5	-
Taxes	-7	-5	40.0%
Other operating expenses	-14	-17	-17.6%
<b>EBITDA</b>	<b>14</b>	<b>10</b>	<b>40.0%</b>
Depreciation, provisions and other results	-6	-4	50.0%
<b>EBIT</b>	<b>8</b>	<b>7</b>	<b>14.3%</b>

Argentina electricity (€m)	1Q20	1Q19	Change
Net sales	38	33	15.2%
Procurement	-20	-23	-13.0%
<b>Gross margin</b>	<b>18</b>	<b>10</b>	<b>80.0%</b>
Other operating income	1	-	-
Personnel expenses	-3	-2	50.0%
Taxes	-5	-4	25.0%
Other operating expenses	-4	-3	33.3%
<b>EBITDA</b>	<b>7</b>	<b>1</b>	<b>-</b>
Depreciation, provisions and other results	-	-1	-
<b>EBIT</b>	<b>7</b>	<b>-</b>	<b>-</b>

#### 4. Infrastructure LatAm North

<b>Mexico gas (€m)</b>	<b>1Q20</b>	<b>1Q19</b>	<b>Change</b>
Net sales	158	175	-9.7%
Procurement	-77	-99	-22.2%
<b>Gross margin</b>	<b>81</b>	<b>76</b>	<b>6.6%</b>
Other operating income	13	3	-
Personnel expenses	-6	-5	20.0%
Taxes	-1	-	-
Other operating expenses	-13	-13	-
<b>EBITDA</b>	<b>74</b>	<b>61</b>	<b>21.3%</b>
Depreciation, provisions and other results	-15	-17	-11.8%
<b>EBIT</b>	<b>59</b>	<b>44</b>	<b>34.1%</b>

<b>Panama electricity (€m)</b>	<b>1Q20</b>	<b>1Q19</b>	<b>Change</b>
Net sales	216	223	-3.1%
Procurement	-167	-171	-2.3%
<b>Gross margin</b>	<b>49</b>	<b>52</b>	<b>-5.8%</b>
Other operating income	1	1	-
Personnel expenses	-2	-2	-
Taxes	-1	-1	-
Other operating expenses	-10	-10	-
<b>EBITDA</b>	<b>37</b>	<b>40</b>	<b>-7.5%</b>
Depreciation, provisions and other results	-14	-11	27.3%
<b>EBIT</b>	<b>23</b>	<b>29</b>	<b>-20.7%</b>

## Capex

Growth capex (€m)	1Q20	1Q19	Change
<b>Gas &amp; Power</b>	<b>35</b>	<b>110</b>	<b>-68.2%</b>
Gas, power & services sales	7	12	-41.7%
International LNG	3	1	-
Europe power generation	14	94	-85.1%
International power generation	11	3	-
<b>Infrastructures EMEA</b>	<b>22</b>	<b>49</b>	<b>-55.1%</b>
Spain gas networks	12	37	-67.6%
Spain electricity networks	10	12	-16.7%
EMPL	-	-	-
<b>Infrastructures LatAm South</b>	<b>37</b>	<b>30</b>	<b>23.3%</b>
Chile electricity	18	8	-
Chile gas	13	17	-23.5%
Brazil gas	4	3	33.3%
Argentina gas	2	1	.
Argentina electricity	-	1	-
Peru gas	-	-	-
<b>Infrastructures LatAm North</b>	<b>17</b>	<b>16</b>	<b>6.3%</b>
Mexico gas	3	7	-57.1%
Panama electricity	14	9	55.6%
<b>Rest</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total investments</b>	<b>111</b>	<b>205</b>	<b>-45.9%</b>

Maintenance capex (€m)	1Q20	1Q19	Change
<b>Gas &amp; Power</b>	<b>14</b>	<b>31</b>	<b>-54.8%</b>
Gas, power & services sales	-	-	-
International LNG	1	-	-
Europe power generation	9	12	-25.0%
International power generation	4	19	-78.9%
<b>Infrastructures EMEA</b>	<b>31</b>	<b>30</b>	<b>3.3%</b>
Spain gas networks	8	5	60.0%
Spain electricity networks	23	25	-8.0%
EMPL	-	-	-
<b>Infrastructures LatAm South</b>	<b>27</b>	<b>24</b>	<b>12.5%</b>
Chile electricity	17	11	54.5%
Chile gas	1	3	-66.7%
Brazil gas	5	4	25.0%
Argentina gas	4	6	-33.3%
Argentina electricity	-	-	-
Peru gas	-	-	-
<b>Infrastructures LatAm North</b>	<b>16</b>	<b>9</b>	<b>77.8%</b>
Mexico gas	3	1	-
Panama electricity	13	8	62.5%
<b>Rest</b>	<b>2</b>	<b>2</b>	<b>-</b>
<b>Total investments</b>	<b>90</b>	<b>96</b>	<b>-6.3%</b>

## Annex II: Regulatory Information

Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since FY19 results' presentation:

### Regulatory Disclosures

- Naturgy publishes the FY 2019 results report (disclosed 5 February 2020, registration number 286476).
- Naturgy files the FY 2019 results presentation (disclosed 5 February 2020, registration number 286480).
- Naturgy announces that the Board of Directors has resolved to call the Ordinary General Shareholders' Meeting (disclosed 5 February 2020, registration number 286481).
- Naturgy discloses information on earnings for the year 2019 (disclosed 7 February 2020, registration number 286718).
- Naturgy publishes its 2019 Annual Report on Director Remuneration (disclosed 7 February 2020, registration number 286731).
- Naturgy publishes its 2019 Annual Corporate Governance Report (disclosed 7 February 2020, registration number 286732).

### Inside Information

- Naturgy updates the situation related to the negotiations with the Egyptian Government (disclosed 13 February 2020, registration number 10).
- Naturgy, ENI and The Arab Republic of Egypt have agreed the terms to amicably resolve the disputes affecting Union Fenosa Gas (disclosed 27 February 2020, registration number 59).
- Naturgy announces its third interim dividend against 2019 results (disclosed 16 March 2020, registration number 97).
- Communication regarding the agreement with ENI and The Arab Republic of Egypt (disclosed 23 April 2020, registration number 176).

### Other Relevant Information

- Naturgy announces the place where will take place the General Shareholders' Meeting (disclosed 8 February 2020, registration number 3).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between February 3 and 7, 2020 (disclosed 10 February 2020, registration number 5).
- Naturgy calls the Ordinary General Shareholders' Meeting (disclosed 16 February 2020, registration number 90).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between February 10 and 14, 2020 (disclosed 17 February 2020, registration number 93).



## Annex II: Regulatory Information

- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between February 17 and 21, 2020 (disclosed 24 February 2020, registration number 210).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between February 24 and 28, 2020 (disclosed 2 March 2020, registration number 682).
- Agreement with BlackRock's Global Energy & Power Infrastructure Fund (GEPIF) about Medgaz acquisition (disclosed 5 March 2020, registration number 763).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between March 2 and 6, 2020 (disclosed 9 March 2020, registration number 787).
- Naturgy reports a statement on the holding of the General Shareholders' Meeting (disclosed 11 March 2020, registration number 889).
- Naturgy Board of Directors agrees to cancel the AGM scheduled for Tuesday, March 17, 2020 (disclosed 15 March 2020, registration number 996).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between March 9 and 13, 2020 (disclosed 16 March 2020, registration number 1005).
- Naturgy discloses appointments on the Board of Director (disclosed 16 March 2020, registration number 1010).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between March 16 and 20, 2020 (disclosed 23 March 2020, registration number 1113).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between March 23 and 27, 2020 (disclosed 30 March 2020, registration number 1282).
- Naturgy has decided to exercise the option signed with BlackRock's GEPIF for the acquisition of the 34.05% stake in Medgaz (disclosed 2 April 2020, registration number 1344).
- Naturgy reports the transactions carried out by the Company under its Share buy-back programme between March 30 and April 3, 2020 (disclosed 6 April 2020, registration number 1403).
- Naturgy discloses that it has issued a €1,000m bond (disclosed 6 April 2020, registration number 1416).
- Naturgy announces its first quarter 2020 results release (disclosed 20 April 2020, registration number 1634).
- Naturgy reports the new proposal for the application of the 2019 results (disclosed 22 April 2020, registration number 1685).
- Naturgy announces that the Board of Directors has resolved to call the Ordinary General Shareholders' Meeting (disclosed 22 April 2020, registration number 1686).
- Naturgy calls the Ordinary General Shareholders' Meeting (disclosed 24 April 2020, registration number 1721).

Additional regulatory disclosures can be found at:

[www.cnmv.es](http://www.cnmv.es)

[www.naturgy.com](http://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
		31 March 2020	31 March 2019	
Ebitda	Gross operating profit = Net sales – Procurement + Other operating income – Personnel costs – Operating expenses + Own work capitalised – Taxes	944 million euro	1,119 million euro	Measure of operating profitability before interest, taxes, depreciation and amortisation and provisions
Ordinary Ebitda	Ebitda - Non-ordinary items	1,102 million euro = 944 + 158	1,167 million euro = 1,119 + 48	Ebitda corrected of impacts relating to 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	305 million euro = 199 + 106	377 million euro = 341 + 36	Attributable Net Income corrected of impacts relating to 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	201 million euro = 26 + 175	301 million euro = 31 + 270	Realised investments in property, plant & equipment and intangible assets.
Net Investments	CAPEX + Financial investments net from divestments - Other proceeds/(payments) from investment activities	166 million euro = 201 – 24 – 11	289 million euro = 301 – 0 – 12	Total investments net of the cash received from divestments and other investing receipts.
Gross financial debt	"Non-current financial liabilities" + "Current financial liabilities"	17,859 million euro = 15,744 + 2,115	17,987 million euro (1) = 15,701 + 2,286	Current and non-current financial debt
Net financial debt	Gross financial debt - "Cash and cash equivalents" - "Derivative financial assets"	15,010 million euro = 17,859 - 2,813 - 36	15,268 million euro (1) = 17,987 - 2,685 - 34	Current and non-current financial debt less cash and cash equivalents and derivative financial assets
Leverage (%)	Net financial debt / (Net financial debt + "Equity")	53.2% = 15,010 / (15,010 + 13,224)	52.2% (1) = 15,268 / (15,268 + 13,976)	The ratio of external resources over total resources
Cost of net financial debt	"Cost of financial debt" - "Interest revenue"	141 million euro = 147 - 6	156 million euro = 161 - 5	Amount of expense related to the cost of financial debt less interest revenue
Ebitda/Cost of net financial debt	Ebitda / Cost of net financial debt	6.7x = 944 / 141	7.3x (1) = 4,562 / 626	Ratio between Ebitda and net financial debt
Net financial debt/LTM Ebitda	Net financial debt / Last twelve months Ebitda	3.4x = 15,010 / 4,387	3.3x (1) = 15,268 / 4,562	Ratio between net financial debt and Ebitda
Free Cash Flow after minorities	Free Cash Flow + Dividends from the parent company + Acquisitions of treasury shares + Inorganic investments payments	809 million euro = 54 + 571 + 184 + 0	983 million euro = 280 + 560 + 135 + 8	Cash flow generated by the Company available for payment to shareholders (dividends or treasury shares), the payment of inorganic investments and debt payments.
Free Cash Flow	Cash flow from operating activities + Cash flows from investing activities + Cash flow from financing activities - Receipts/payments on financial liability instruments	54 million euro = 1,275 - 413 - 690 - 118	280 million euro = 1,628 – 625 – 493 - 230	Cash flow generated by the Company available for debt payment.

(1) As of 31 December 2019

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## Annex V: Disclaimer

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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.

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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](http://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.

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