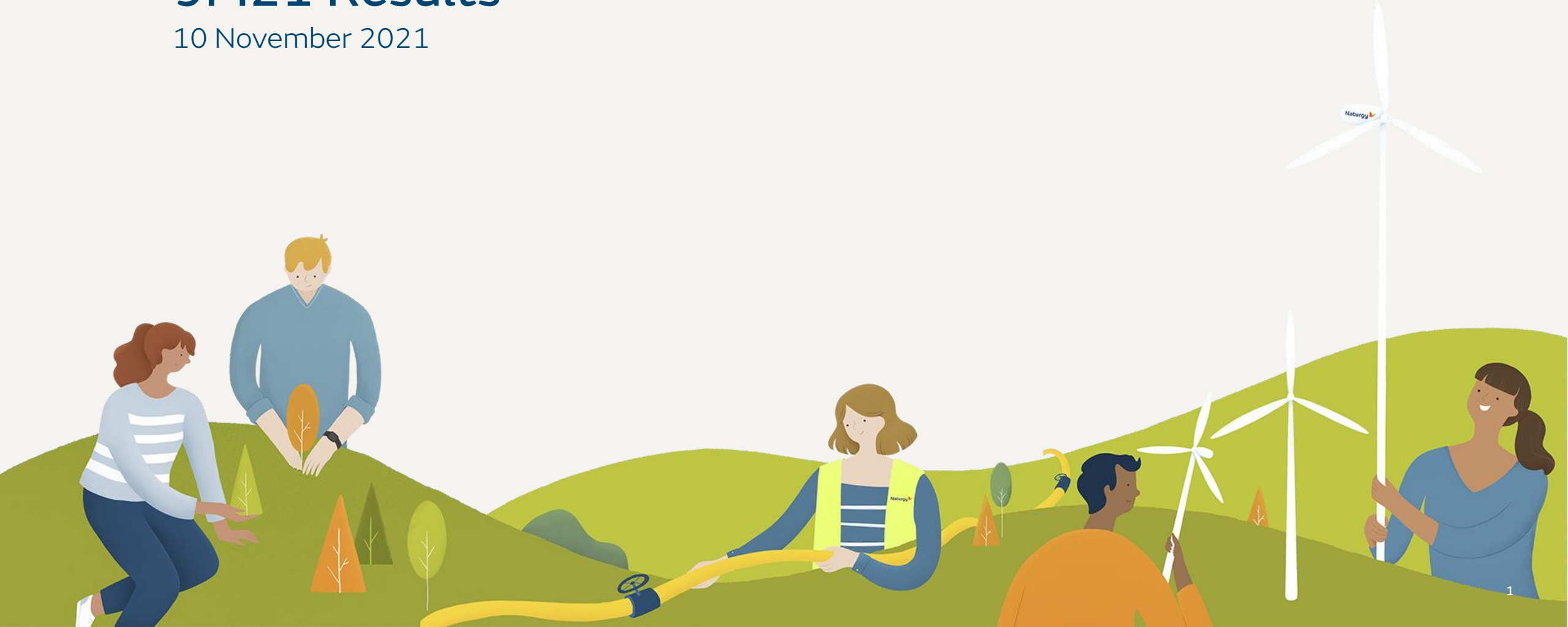


# 9M21 Results

10 November 2021



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

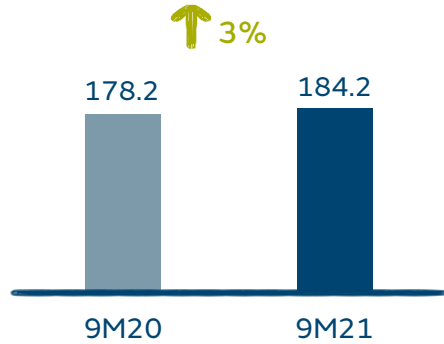
# Scenario

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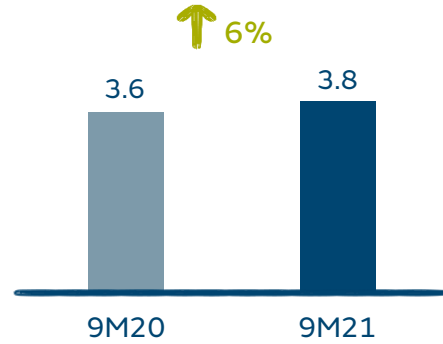


# Energy demand evolution (TWh)

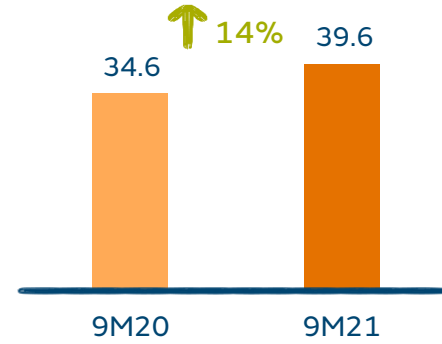
Spain<sup>1</sup>



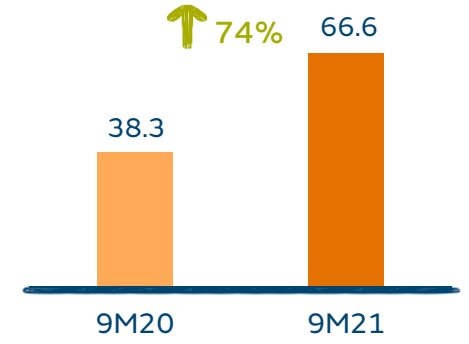
Panama



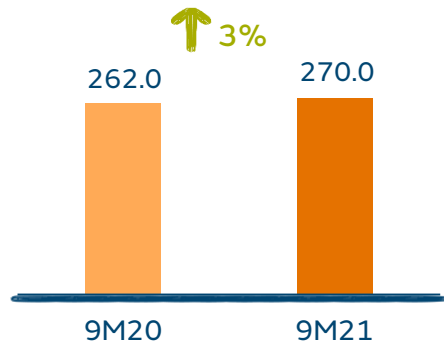
Mexico



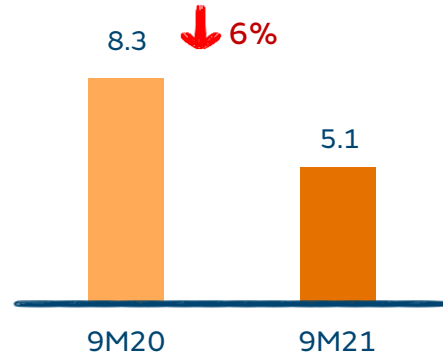
Brazil



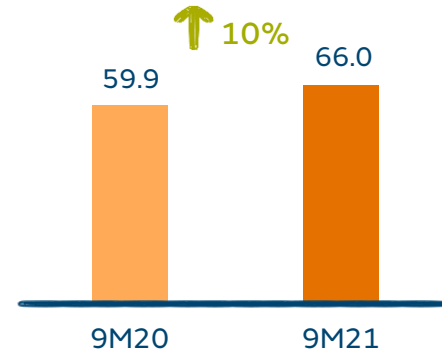
Spain<sup>1</sup>



Chile



Argentina



Variation 9M21 vs. 9M20

Electricity

Gas

**Gradual recovery of energy demand in our markets**

Source: Company data

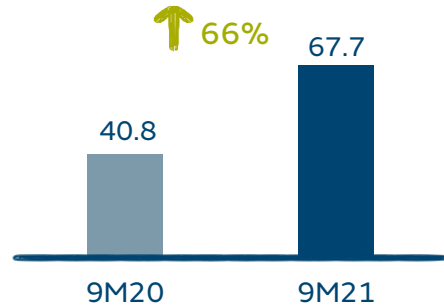
Note:

1. Based on total demand of the country

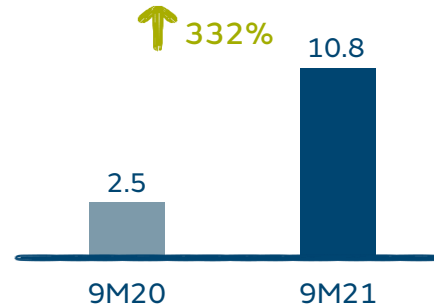
# Energy markets evolution



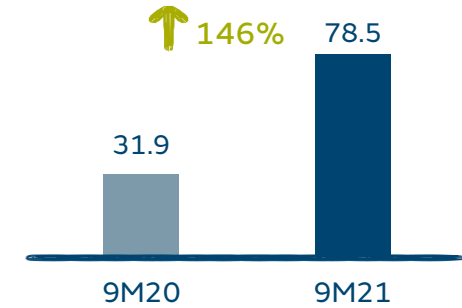
**Brent (USD/bbl)**



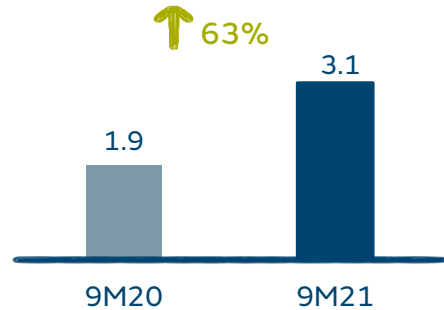
**NBP (USD/MMBtu)**



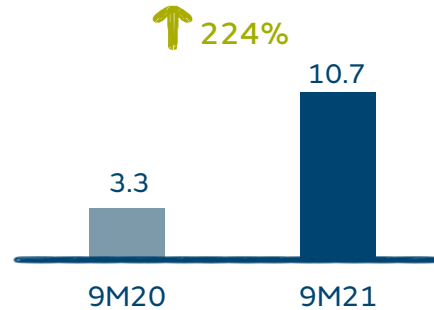
**Spanish electricity market (Pool) (€/MWh)**



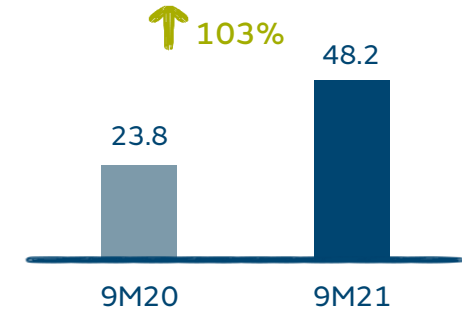
**Henry Hub (USD/MMBtu)**



**JKM (USD/MMBtu)**

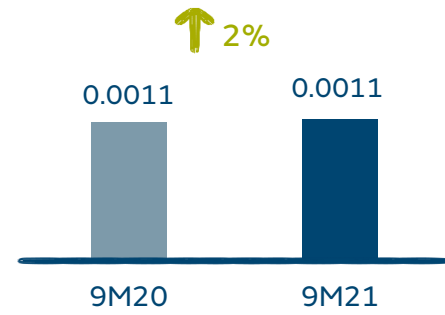
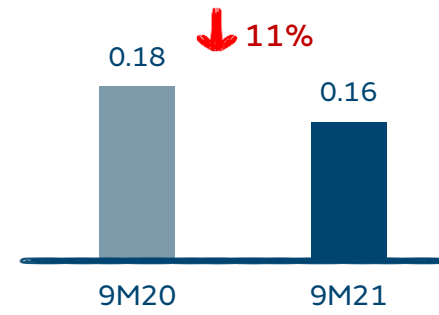
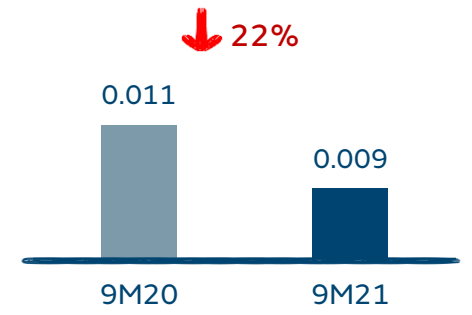
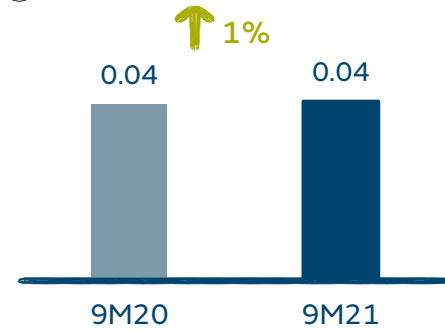
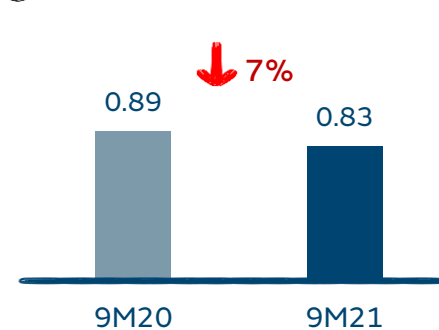


**CO<sub>2</sub> (€/t)**



**Significant rise of commodity prices**

## FX evolution

 Chile Brazil Argentina Mexico Panama

FX depreciation pace easing

# Consolidated results

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## Key highlights

- 1 9M21 results include results for the 3Q21 which are not indicative of the expected evolution of the business for the remainder of the year and should not be extrapolated as a result of regulatory changes in Spain and volatility in international gas markets
- 2 Networks remained resilient, while Energy management and merchant activities were affected by the volatile energy scenario experienced in 3Q21
- 3 Renewables results mainly impacted by sector changes to the accounting treatment of regulatory revenues in Spain and higher taxes linked to the pool
- 4 Supply impacted by contracts with end customers which do not always reflect the increase of gas and electricity prices in major hubs
- 5 Net debt reduction and deleveraging following the disposal of CGE Chile and the exit of UFG. BBB rating reconfirmed by rating agencies with stable outlook

## Key figures (€m)

### Ordinary EBITDA

2,990

### Ordinary Net income

865

### Capex

890

### CF from operations

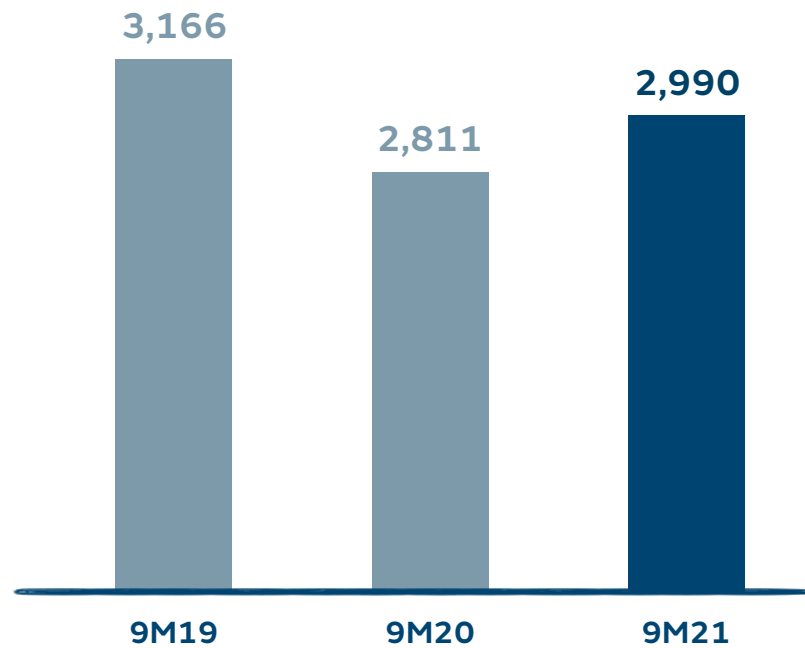
1,611

**Expected ordinary EBITDA for the year in the range of €3.8-3.9bn**

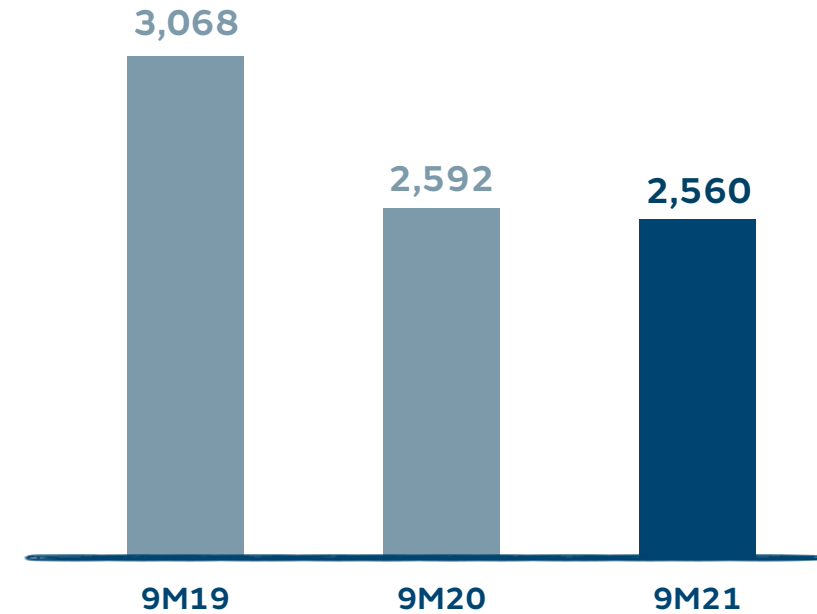


## EBITDA evolution<sup>1</sup> (€m)

### Ordinary EBITDA

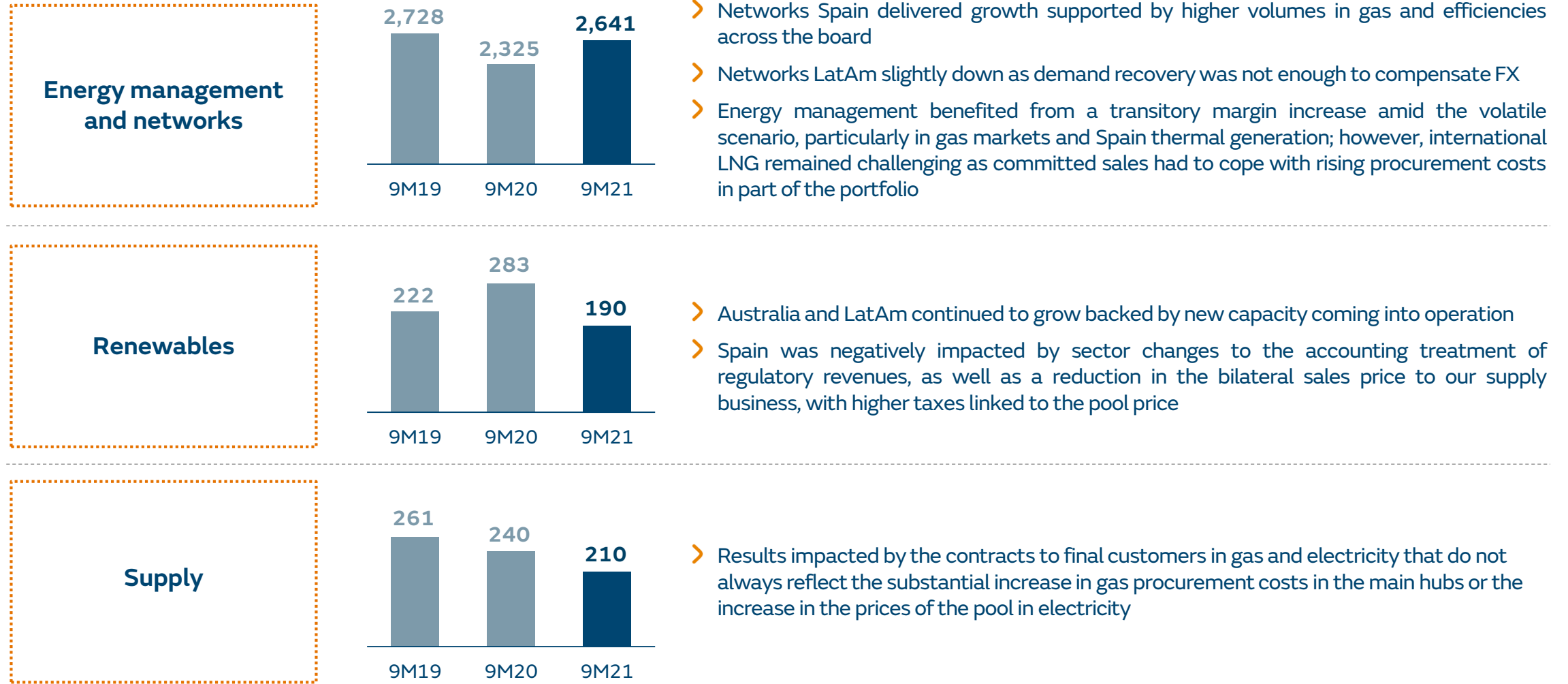


### Reported EBITDA



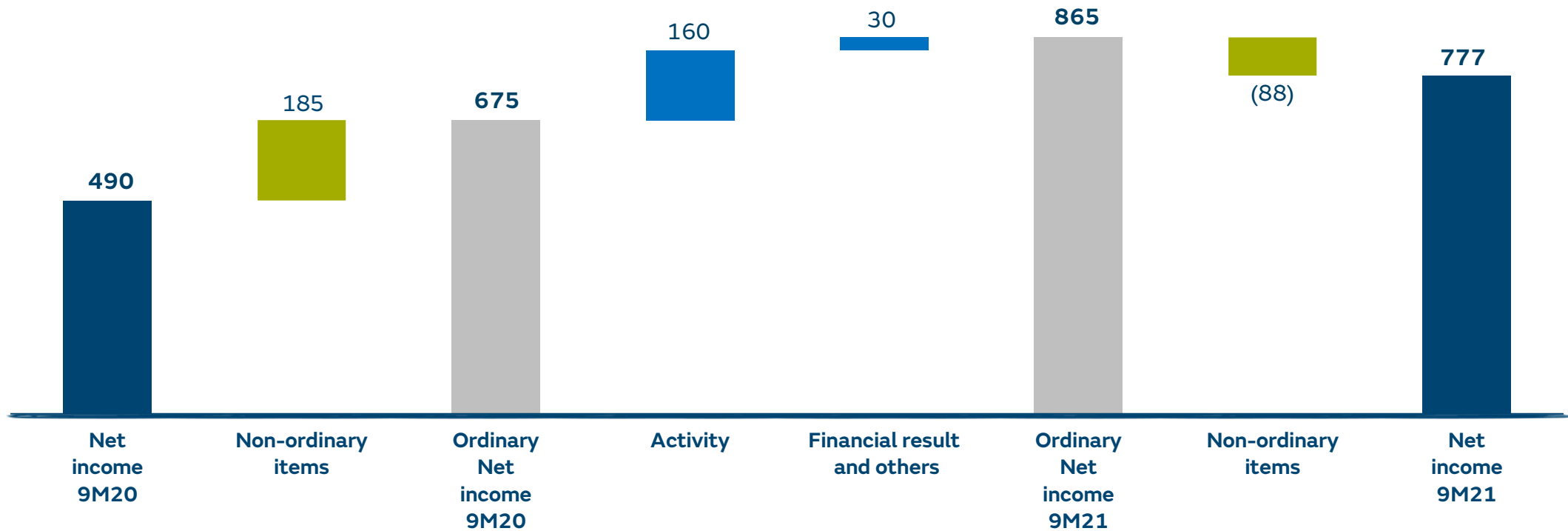
*Still upside to recover pre-pandemic levels*

## Ordinary EBITDA evolution by business unit<sup>1</sup> (€m)



**Transitory impacts in energy management amid volatile scenario**

## Net income evolution (€m)



**Net income growth driven by activity**

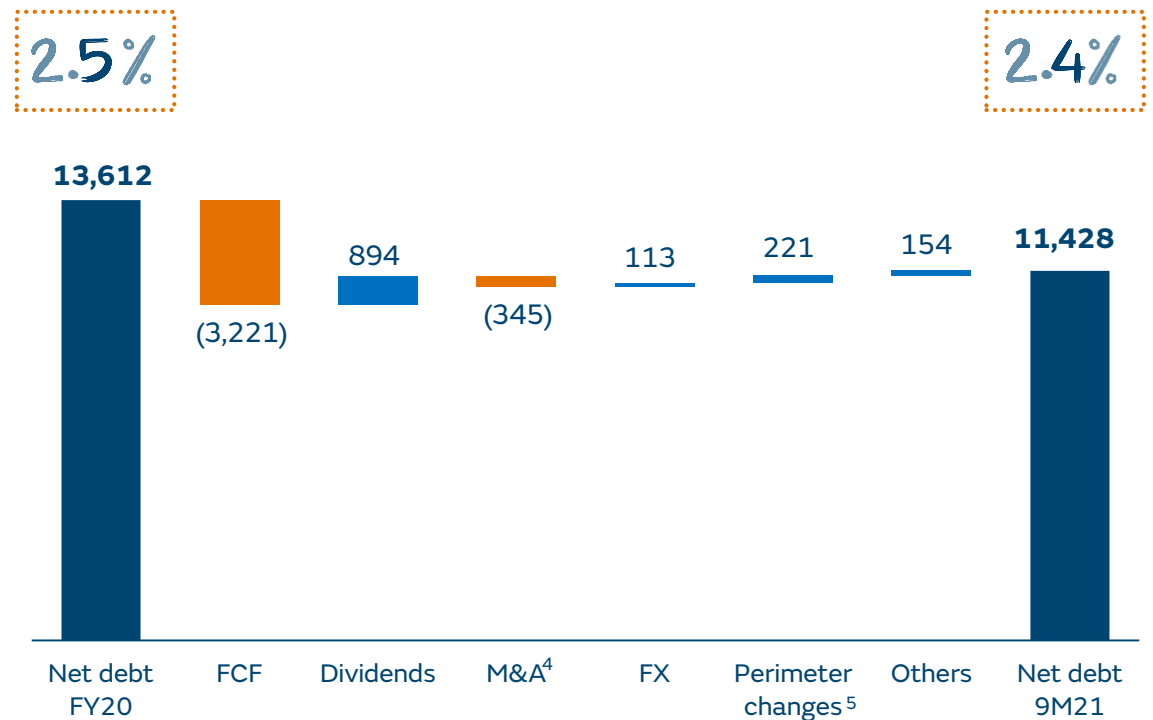
## Cash flow and Net debt evolution (€m)

### Cash flow

	9M21
<b>Ordinary EBITDA</b>	<b>2,990</b>
Non-ordinary items	(430)
<b>EBITDA</b>	<b>2,560</b>
Taxes	(343)
Net interest cost	(323)
Other non-cash items	(66)
<b>Funds from operations</b>	<b>1,828</b>
Change in working capital	(217)
<b>Cash flow from operations</b>	<b>1,611</b>
Capex <sup>1</sup>	(850)
Dividends to minorities	(305)
Divestments & Other <sup>2</sup>	2,765
<b>Free cash flow</b>	<b>3,221</b>

### Net debt

(%): avg. cost of debt<sup>3</sup>



#### Notes:

1. Net of cessions and contributions
2. Including the disposal of CGE Chile
3. Does not include cost from IFRS 16 debt
4. Includes the acquisition of Renewables US (€49m) and the proceeds from the agreement on UFG (-€394m)
5. Mainly related to UFG agreement completion

**Significant net debt reduction reflecting CGE disposal**

# Summary



# Summary

- 1** Results still remain below pre-pandemic levels on a constant perimeter
- 2** Ordinary EBITDA 9M21 reached €2,990m, mainly supported from gradual recovery of energy demand and the transitory impacts from open positions in energy markets
- 3** 9M21 performance in Energy management in particular, not indicative of the expected evolution of the business for the remainder of the year
- 4** Payment of second interim dividend for 2021 of €0.40/share on 15 November 2021
- 5** Ordinary EBITDA 2021E in the range of €3.8-3.9bn

# Appendix

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



# 1 Non-ordinary items & FX

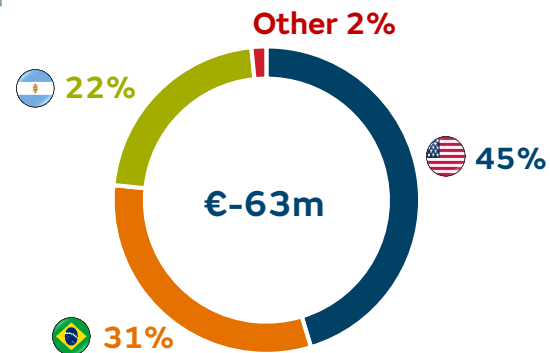
## EBITDA

€m	9M21	9M20
Restructuring costs	-433	-174
Provisions reversal	12	-
Sales of land and buildings	8	2
Procurement agreement	2	-29
Lean transformation costs	-38	-
Generation taxes	28	-
Other	-9	-18
<b>Total</b>	<b>-430</b>	<b>-219</b>

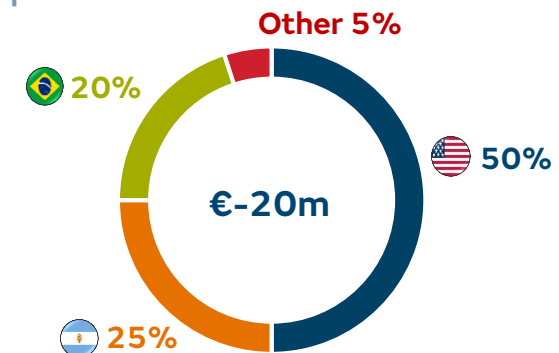
## Net income

€m	9M21	9M20
Restructuring costs	-304	-127
Asset write-down	-16	-
Provisions reversal	33	-
Sales of land and buildings	5	1
Procurement agreement	2	-22
Lean transformation costs	-26	-
Generation taxes	25	-
UFGas agreement	103	-
Interest sales and corporate transactions <sup>1</sup>	50	10
Discontinued operations	47	-34
Other	-7	-13
<b>Total</b>	<b>-88</b>	<b>-185</b>

### FX impact



### FX impact



Note:  
1. Including the disposal of CGE Chile (€65m)

## 2 Consolidated income statement

€m	Reported			Ordinary		
	9M21	9M20	Change	9M21	9M20	Change
Net sales	14,558	11,320	28.6%	14,553	11,320	28.6%
Procurement	-10,376	-7,385	40.5%	-10,377	-7,339	41.4%
<b>Gross margin</b>	<b>4,182</b>	<b>3,935</b>	<b>6.3%</b>	<b>4,176</b>	<b>3,981</b>	<b>4.9%</b>
Operating expenses	-659	-549	20.0%	-614	-548	12.0%
Personnel costs	-887	-695	27.6%	-454	-521	-12.9%
Own work capitalized	57	47	21.3%	57	47	21.3%
Other operating income	127	123	3.3%	113	121	-6.6%
Taxes	-260	-269	-3.3%	-288	-269	7.1%
<b>EBITDA</b>	<b>2,560</b>	<b>2,592</b>	<b>-1.2%</b>	<b>2,990</b>	<b>2,811</b>	<b>6.4%</b>
Other results	111	12	-	0	0	-
Depreciation, amortization and impairment expenses	-1,098	-1,111	-1.2%	-1,076	-1,111	-3.2%
Impairment of credit losses	-76	-118	-35.6%	-76	-118	-35.6%
<b>EBIT</b>	<b>1,497</b>	<b>1,375</b>	<b>8.9%</b>	<b>1,838</b>	<b>1,582</b>	<b>16.2%</b>
Financial result	-323	-369	-12.5%	-360	-369	-2.4%
Profit/(loss) of companies measured under the equity method	53	19	-	53	19	-
<b>Profit before taxes</b>	<b>1,227</b>	<b>1,025</b>	<b>19.7%</b>	<b>1,531</b>	<b>1,232</b>	<b>24.3%</b>
Income tax	-305	-232	31.5%	-388	-281	38.1%
Income from discontinued operations	116	-31	-	0	0	-
Non-controlling interest	-261	-272	-4.0%	-278	-276	0.7%
<b>Net income</b>	<b>777</b>	<b>490</b>	<b>58.6%</b>	<b>865</b>	<b>675</b>	<b>28.1%</b>

### 3 Consolidated balance sheet

€m	30/09/2021	31/12/2020
<b>Non-current assets</b>	<b>27,031</b>	<b>26,591</b>
Intangible assets	5,691	5,575
Property, plant and equipment	16,165	16,128
Right of use assets	1,386	1,388
Equity-accounted investments	570	813
Non-current financial assets	385	361
Other non-current assets	583	691
Deferred tax assets	2,251	1,635
<b>Current assets</b>	<b>11,367</b>	<b>12,954</b>
Non-current assets available for sale	0	4,835
Inventories	574	519
Trade and other accounts receivable	4,279	3,115
Other current financial assets	309	558
Cash and cash equivalents	6,205	3,927
<b>Total Assets</b>	<b>38,398</b>	<b>39,545</b>

€m	30/09/2021	31/12/2020
<b>Equity</b>	<b>9,564</b>	<b>11,265</b>
Equity attributable to the parent company	6,495	8,028
Non-controlling interest	3,069	3,237
<b>Non-current liabilities</b>	<b>20,059</b>	<b>19,030</b>
Deferred revenues	869	871
Non-current provisions	1,068	1,052
Non-current financial liabilities	15,185	14,968
Deferred tax liabilities	1,939	1,793
Other non-current liabilities	998	346
<b>Current liabilities</b>	<b>8,775</b>	<b>9,250</b>
Liabilities linked to non-current assets available for sale	8	2,840
Current provisions	276	246
Current financial liabilities	2,457	2,571
Trade and other accounts payable	5,825	3,230
Other current liabilities	209	363
<b>Total Liabilities and Equity</b>	<b>38,398</b>	<b>39,545</b>

## 4 Accumulated EBITDA by business unit<sup>1</sup>

€m	Reported				Ordinary			
	9M21	9M20	Change	9M19	9M21	9M20	Change	9M19
<b>Energy management and Networks</b>	<b>2,365</b>	<b>2,186</b>	<b>8.2%</b>	<b>2,652</b>	<b>2,641</b>	<b>2,325</b>	<b>13.6%</b>	<b>2,728</b>
Networks Spain	1,043	1,131	-7.8%	1,187	1,258	1,208	4.1%	1,247
Networks LatAm	635	656	-3.2%	744	639	661	-3.3%	747
Energy management	687	399	72.2%	721	744	456	63.2%	734
<b>Renewables and New businesses</b>	<b>175</b>	<b>277</b>	<b>-36.8%</b>	<b>221</b>	<b>190</b>	<b>283</b>	<b>-32.9%</b>	<b>222</b>
<b>Supply</b>	<b>130</b>	<b>204</b>	<b>-36.3%</b>	<b>267</b>	<b>210</b>	<b>240</b>	<b>-12.5%</b>	<b>261</b>
<b>Rest</b>	<b>-110</b>	<b>-75</b>	<b>46.7%</b>	<b>-72</b>	<b>-51</b>	<b>-37</b>	<b>37.8%</b>	<b>-45</b>
<b>Total</b>	<b>2,560</b>	<b>2,592</b>	<b>-1.2%</b>	<b>3,068</b>	<b>2,990</b>	<b>2,811</b>	<b>6.4%</b>	<b>3,166</b>

Note:  
1. EBITDA on a constant perimeter

## 5 Capex

€m	Growth			Maintenance			Total		
	9M21	9M20	Change	9M21	9M20	Change	9M21	9M20	Change
<b>Energy management and Networks</b>	<b>165</b>	<b>213</b>	<b>-22.5%</b>	<b>270</b>	<b>298</b>	<b>-9.4%</b>	<b>435</b>	<b>511</b>	<b>-14.9%</b>
Networks Spain	80	70	14.3%	137	120	14.2%	217	190	14.2%
Networks LatAm	77	140	-45.0%	80	130	-38.5%	157	270	-41.9%
Energy management	8	3	-	53	48	10.4%	61	51	19.6%
<b>Renewables and New businesses</b>	<b>350</b>	<b>252</b>	<b>38.9%</b>	<b>11</b>	<b>9</b>	<b>22.2%</b>	<b>361</b>	<b>261</b>	<b>38.3%</b>
<b>Supply</b>	<b>71</b>	<b>22</b>	<b>-</b>	<b>9</b>	<b>9</b>	<b>0.0%</b>	<b>80</b>	<b>31</b>	<b>-</b>
<b>Rest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>24</b>	<b>-41.7%</b>	<b>14</b>	<b>24</b>	<b>-41.7%</b>
<b>Total</b>	<b>586</b>	<b>487</b>	<b>20.3%</b>	<b>304</b>	<b>340</b>	<b>-10.6%</b>	<b>890</b>	<b>827</b>	<b>7.6%</b>

## 6 Financial position

€m	Consolidated Group		Chile		Brazil	Argentina	Mexico	Panama	Holding & others
	9M21	FY20	CLP	USD	BRL	ARS	MXN	USD	EUR/Others
<b>Net financial debt by currency</b>									
<b>Net financial debt (€m)</b>	11,428	13,612	320	52	117	-81	313	712	9,995
<b>Average cost of debt (%)</b>	2.4	2.5	6.2	4.4	4.9	42.2	6.8	4.5	1.8
<b>% fixed rated (gross debt)</b>	82	83	84	24	1	2	55	51	90
<b>Liquidity</b>									
<b>Cash and equivalents</b>	6,205	3,927	92	29	144	86	170	60	5,624
<b>Undrawn committed credit lines</b>	5,747	5,548	0	0	22	0	0	44	5,681
<b>Total</b>	11,952	9,475	92	29	166	86	170	104	11,305

€m	2021	2022	2023	2024	2025	2026+
<b>Maturity of financial debt</b>						
<b>Gross debt</b>	864	1,779	1,804	2,444	1,986	8,765
<b>Net debt</b>	63	502	465	639	1,180	8,579
<b>Maturity of credit lines</b>						
<b>Undrawn committed credit lines</b>	60	1,154	2,131	2,294	108	0

times	9M21	FY20
<b>Credit metrics</b>		
<b>EBITDA/Net financial debt cost</b>	7.0	6.9
<b>Net debt /LTM EBITDA</b>	3.3	3.9

## 7 Alternative Performance Metrics (i/ii)

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

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

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

Alternative performance metrics	Definition and terms	Reconciliation of values		Relevance of use
		30 September 2021	30 September 2020	
EBITDA	Operating profit	Euros 2,560 million	Euros 2,592 million	Measure of earnings before interest, taxes, depreciation and amortization and provisions
Ordinary EBITDA	EBITDA - Non-ordinary items	Euros 2,990 million = 2,560 + 430	Euros 2,811 million = 2,592 + 219	EBITDA corrected of impacts like restructuring costs and other non-ordinary items considered relevant for a better understanding of the underlying results of the Group
Ordinary Net income	Attributable net income of the period - Non-ordinary items	Euros 865 million = 777 + 88	Euros 675 million = 490 + 185	Attributable Net Income corrected of impacts like assets write-down, discontinued operations, restructuring costs and other non-ordinary items considered relevant for a better understanding of the underlying results of the Group
Investments (CAPEX)	Investments in intangible assets + Investments in property, plant & equipment	Euros 890 million = 168 + 722	Euros 827 million = 100 + 727	Realized investments in property, plant & equipment and intangible assets
Net Investments (net CAPEX)	CAPEX - Other proceeds/(payments) of investments activities	Euros 850 million = 890 - 40	Euros 792 million = 827 - 35	Total investments net of the cash received from divestments and other investing receipts
Gross financial debt	Non-current financial liabilities + "Current financial liabilities"	Euros 17,642 million = 15,185 + 2,457	Euros 17,539 million <sup>(1)</sup> = 14,968 + 2,571	Current and non-current financial debt

Note:

1. As of 31/12/2020

## 7 Alternative Performance Metrics (ii/ii)

Alternative performance metrics	Definition and terms	Reconciliation of values		Relevance of use
		30 September 2021	30 September 2020	
Net financial debt	Gross financial debt - "Cash and cash equivalents" - "Derivative financial assets"	Euros 11,428 million = 17,642 – 6,205 – 9	Euros 13,612 million <sup>(1)</sup> = 17,539 – 3,927 – 0	Current and non-current financial debt less cash and cash equivalents and derivative financial assets
Leverage (%)	Net financial debt / (Net financial debt + "Net equity")	54.4% = 11,428 / (11,428 + 9,564)	54.7% <sup>(1)</sup> = 13,612 / (13,612 + 11,265)	The ratio of external funds over total funds
Cost of net financial debt	Cost of financial debt - "Interest revenue"	Euros 366 million = 377 – 11	Euros 372 million = 386 – 14	Amount of expense relative to the cost of financial debt less interest revenue
EBITDA/Cost of net financial debt	EBITDA / Cost of net financial debt	7.0x = 2,560 / 366	6.9x <sup>(1)</sup> = 3,449 / 498	Ratio between EBITDA and cost of net financial debt
Net financial debt/LTM EBITDA	Net financial debt / Last twelve months EBITDA	3.3x = 11,428 / 3,417	3.9x <sup>(1)</sup> = 13,612 / 3,449	Ratio between net financial debt and EBITDA
Free Cash Flow after minorities	Free Cash Flow + Dividends and other + Acquisitions of treasury shares + Inorganic investments payments	Euros 3,221 million = 2,672 + 894 + 0 – 345	Euros 1,327 million = 265 + 878 + 184 + 0	Cash flow generated by the Company available to pay to the shareholders (dividends or treasury shares), the payment of inorganic investments and debt payments
Net Free Cash Flow	Cash flow generated from operating activities + Cash flows from investing activities + Cash flow generated from financing activities - Receipts and payments on financial liability instruments	Euros 2,672 million = 1,611 + 2,269 – 1,602 + 394	Euros 265 million = 2,601 – 982 + 402 – 1,756	Cash flow generated by the Company available to pay the debt

Note:

1. As of 31/12/2020



# 8 ESG Metrics

		9M21	9M20	Change	Comments
<b>Health and safety</b>					
Accidents with lost time <sup>1</sup>	units	8	3	-	Increase in accident ratio as a consequence of the exceptionally low 1Q20, but improving significantly from previous normalized quarters
LT Frequency rate <sup>2</sup>	units	0.14	0.04	-	
<b>Environment</b>					
GHG Emissions	M tCO <sub>2</sub> e	9.6	10.8	-11.1%	Growing renewable production (+20.3%) coupled with lower thermal (-1.3%) production in the period
Emission factor	t CO <sub>2</sub> /GWh	260	291	-10.7%	
Emissions-free installed capacity	%	36.1	31.4	15.0%	New renewable capacity coming into operation in Chile, as well as the shutdown of the coal capacity in June 2020
Emissions-free net production	%	36.1	31.7	13.9%	Higher renewable production
<b>Interest in people</b>					
Number of employees	persons	7,627	9,442	-19.2%	Perimeter changes and workforce optimization
Training hours per employee	hours	19.3	19.8	-2.5%	Organizational changes have required to overhaul training programs, with a growing relevance of on-line format and temporary impacts in ratio evolution
Women representation	%	32.3	32.9	-2.0%	Slight reduction as a consequence of higher women representation in companies exiting the consolidation perimeter
<b>Society and integrity</b>					
Economic value distributed	€m	14,671	11,812	24.2%	Increase in Economic value distributed following higher activity and taxes
Notifications received by the ethics committee <sup>3</sup>	units	50	48	4.2%	Complaints within normal parameters

## Notes:

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

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