



AGM | 2022

Annual General Meeting 2022

15 March 2022



Francisco Reynés

Chairman



1. Scenario
2. Results
3. ESG
4. Project Gemini
5. Proposed resolutions

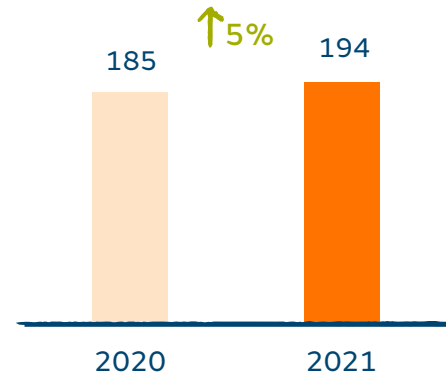


1. Scenario

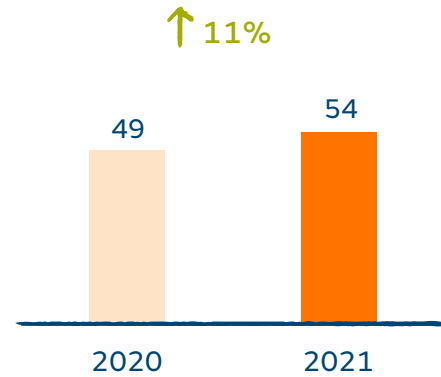


Naturgy's energy demand evolution (TWh)

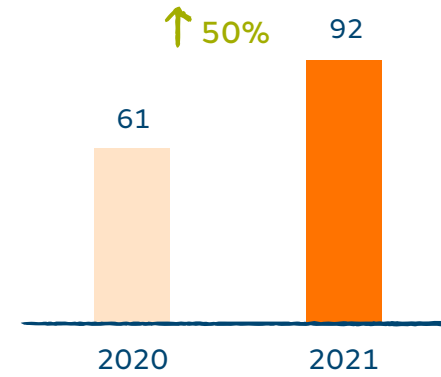
 Spain 



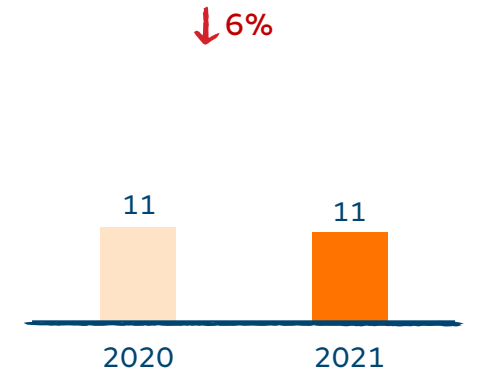
 Mexico 



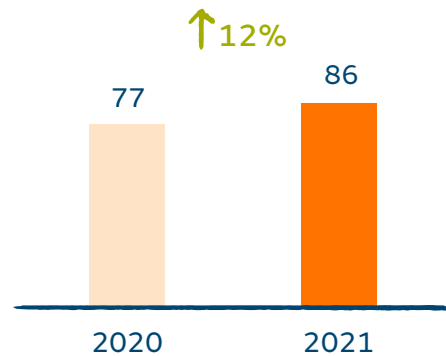
 Brazil 



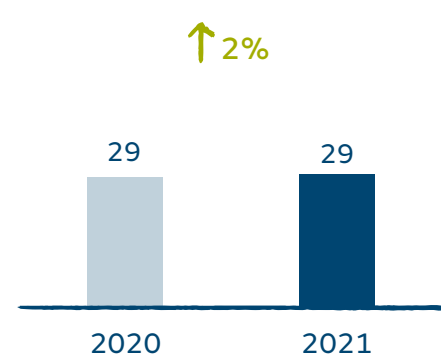
 Chile 



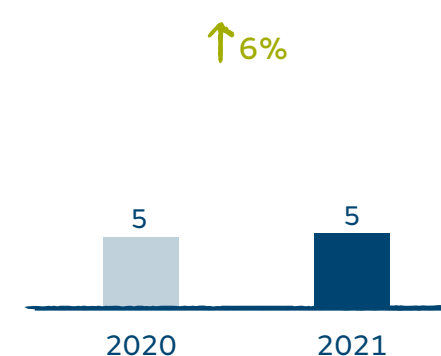
 Argentina 



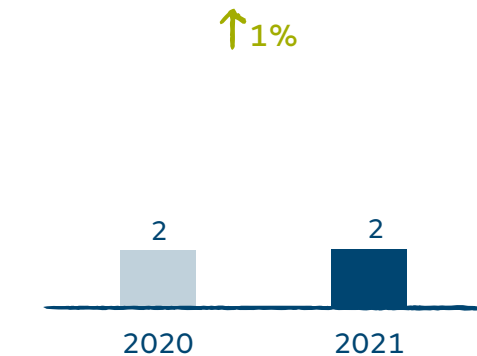
 Spain 



 Panama 



 Argentina 



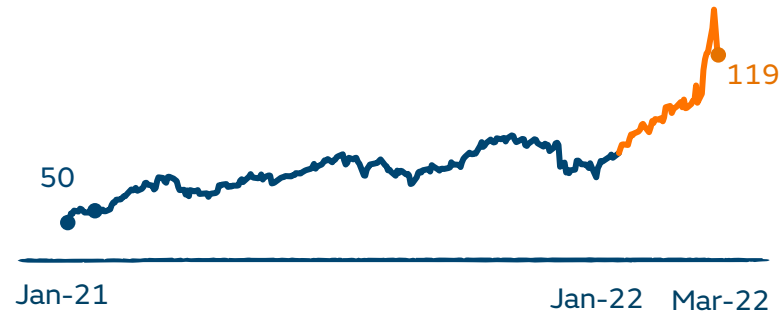
 Electricity  Gas

➤ Gradual recovery of energy demand towards pre-covid levels

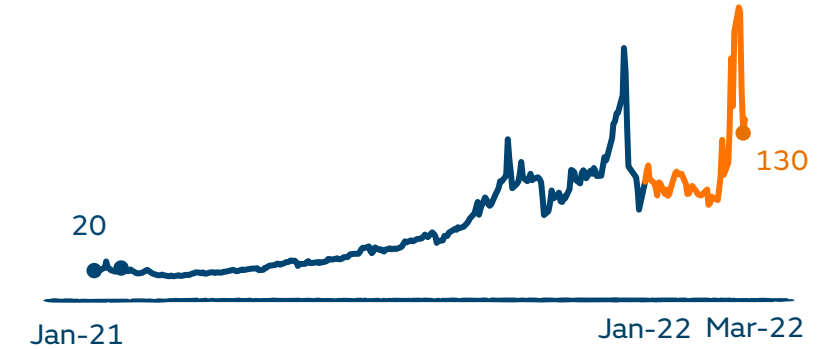
Energy markets evolution



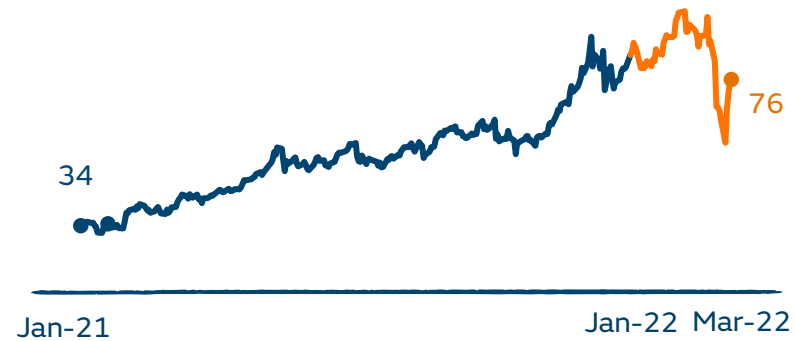
Brent (USD/bbl, daily avg.)



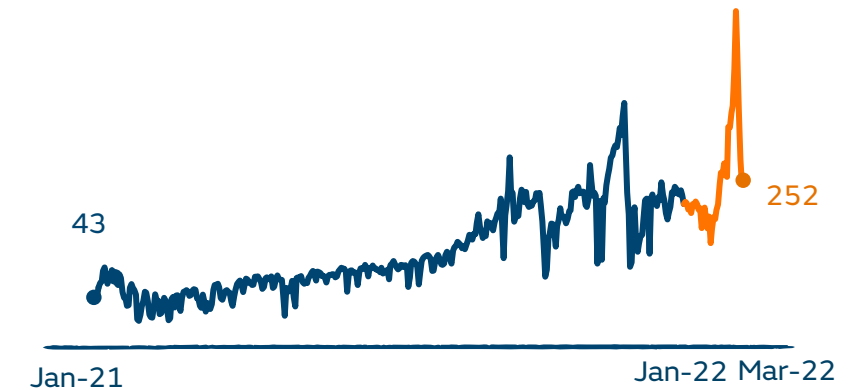
TTF (€/MWh, day ahead)



CO₂ (€/t, daily avg.)



Spanish electricity market (Pool) (€/MWh, daily avg.)

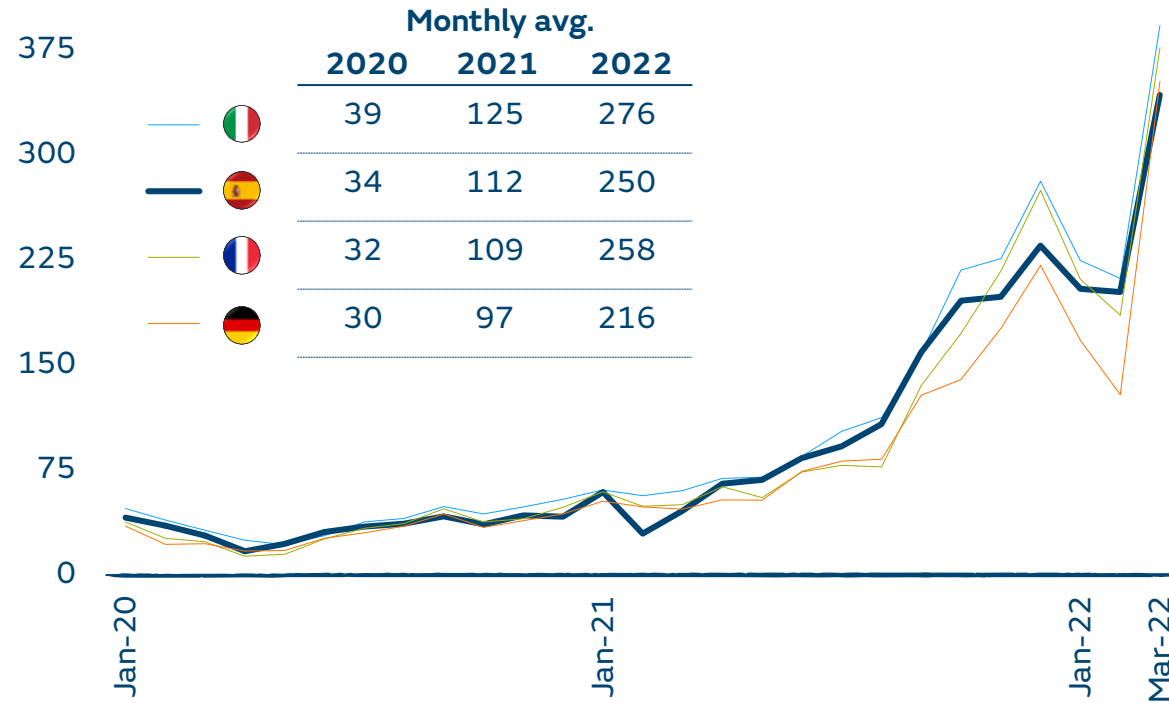


➤ Sharp price increases, specially after Russia-Ukraine conflict scalation, with peak prices of 345 and 700 €/MWh, ~45% and ~70% higher than 2021 in gas and electricity respectively

Wholesale electricity prices evolution in Europe

Wholesale electricity prices experienced a similar evolution in the main European countries

€/MWh, monthly avg.

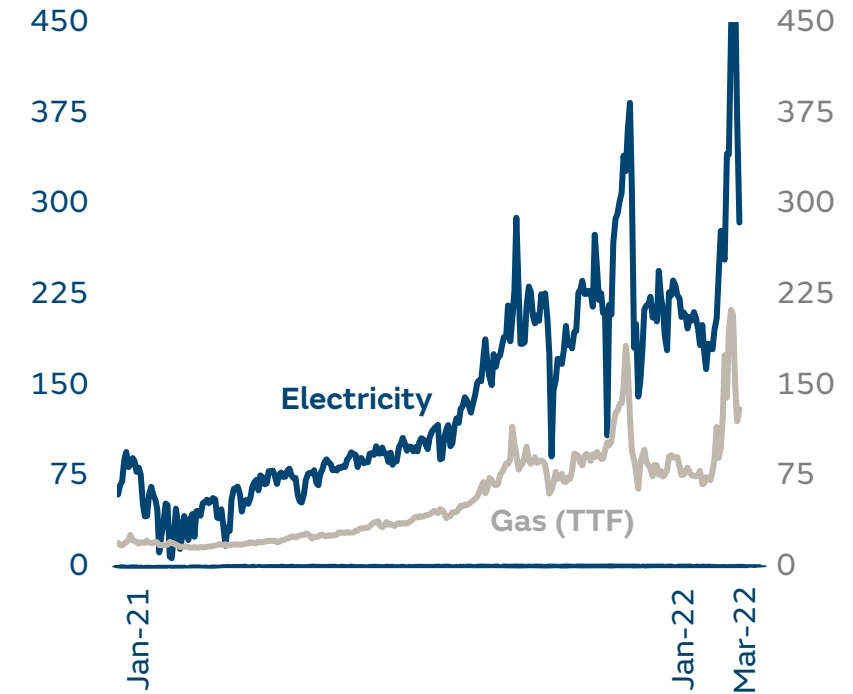


Spain

€/MWh

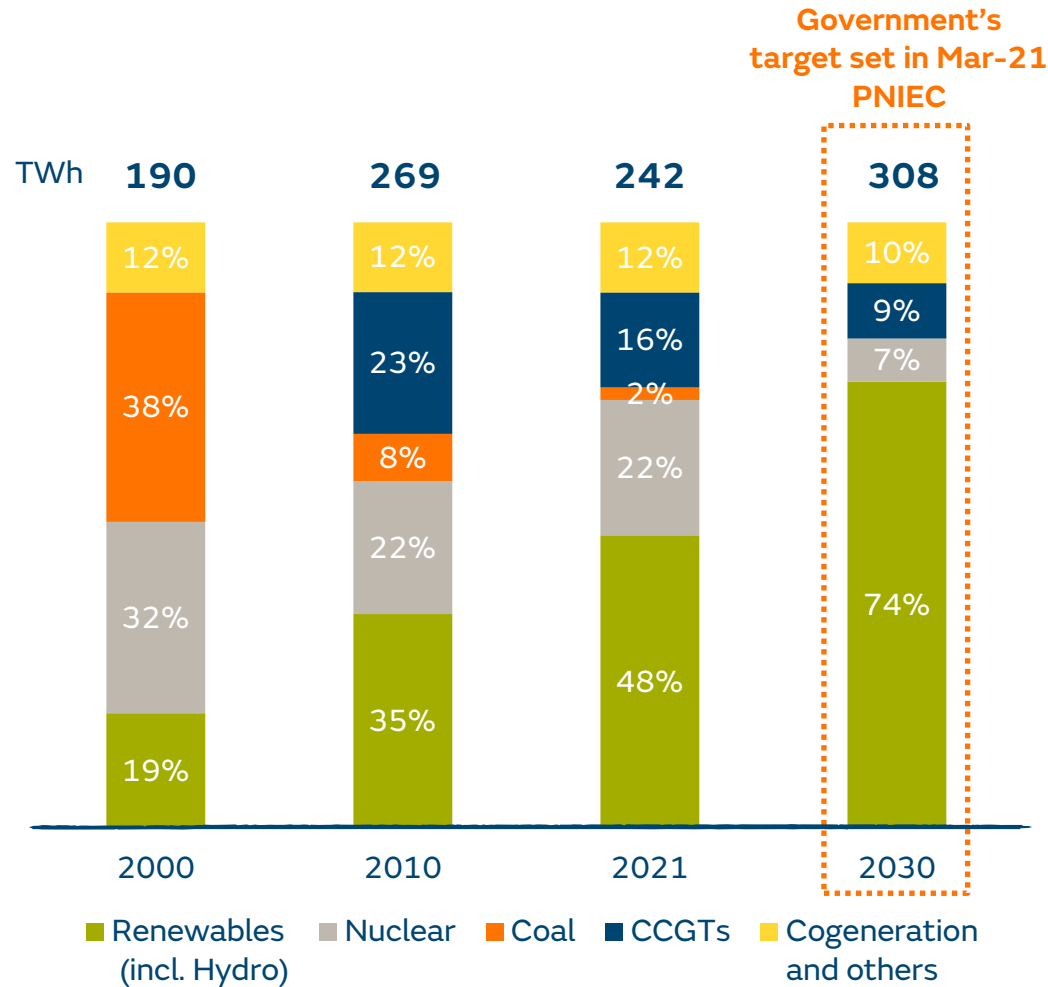
Elec., daily avg.

Gas, day ahead



In Spain, electricity prices follow mainly the evolution of international spot gas prices

Electricity generation mix in Spain shows a very relevant evolution



> The role of CCGTs as generation technology and backup for the system will be key beyond 2030

- Growing renewable penetration requires backup generation support
- Natural resources, especially water and wind, are intermittent and non-programmable
- Coal plants are no longer part of the generation offer
- Progressive phase out calendar for nuclear plants (between 2027 and 2035) will remove a significant amount of the offer
- An increased use of renewable gases in CCGTs will allow for lower external energy dependence



> CCGTs key to guarantee security of supply

2. Results



Key figures for the year

Ordinary EBITDA

€3,983m

Ordinary Net Income

€1,231m

Total investments

€1,801m

Net debt

€12,831m

Cash flow from operations

€1,001m

Tax contribution to society

€2,769m

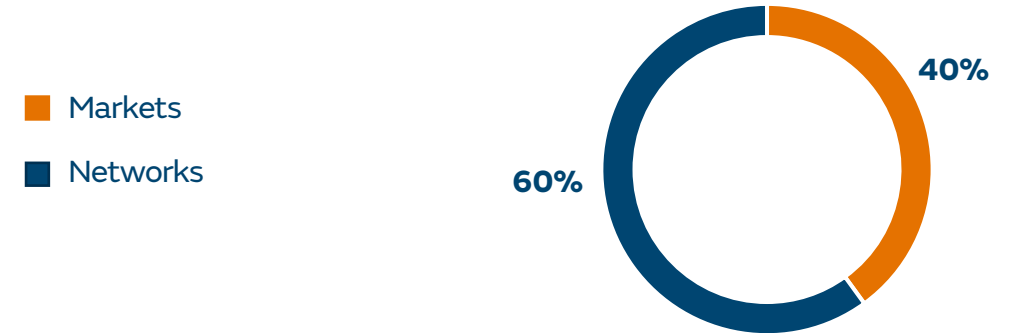


➤ Solid operating performance in 2021

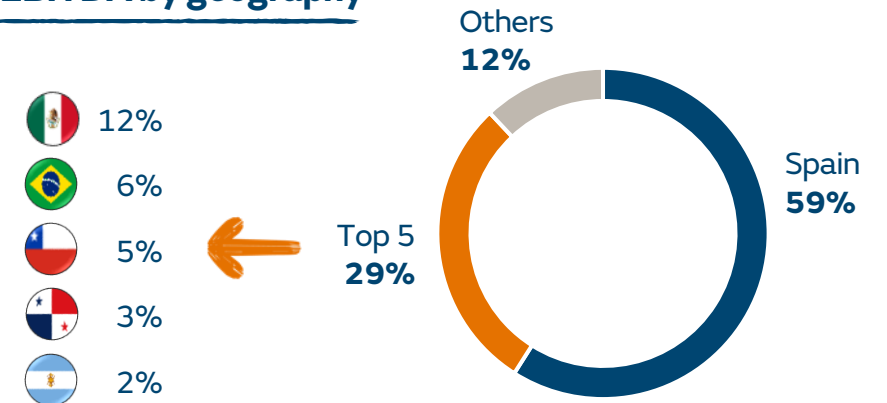
Income statement (€m)

	2021 Reported	2021 Ordinary	2020 Ordinary
Net sales	22,140	22,130	15,345
Gross margin	5,611	5,579	5,312
Opex	-2,094	-1,409	-1,401
EBITDA	3,529	3,983	3,714
Amortization	-1,462	-1,446	-1,478
Financial result	-394	-486	-502
Income tax	-358	-459	-374
Net income	1,214	1,231	872

Ordinary EBITDA by business

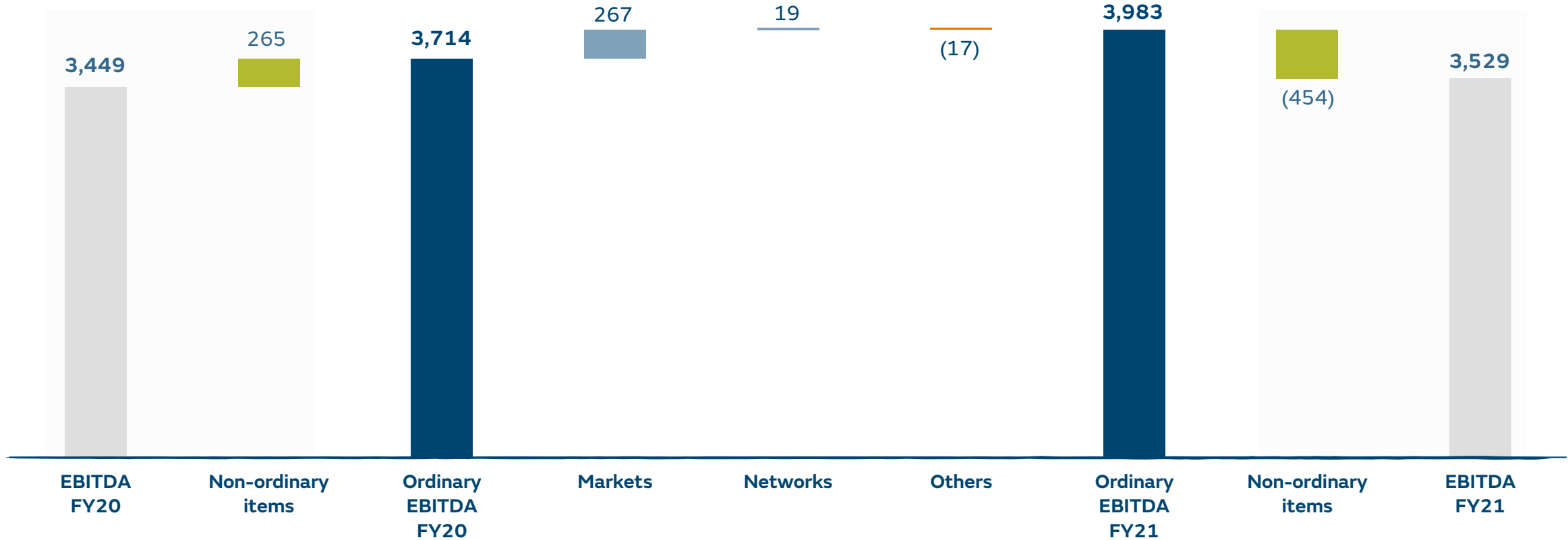


Ordinary EBITDA by geography



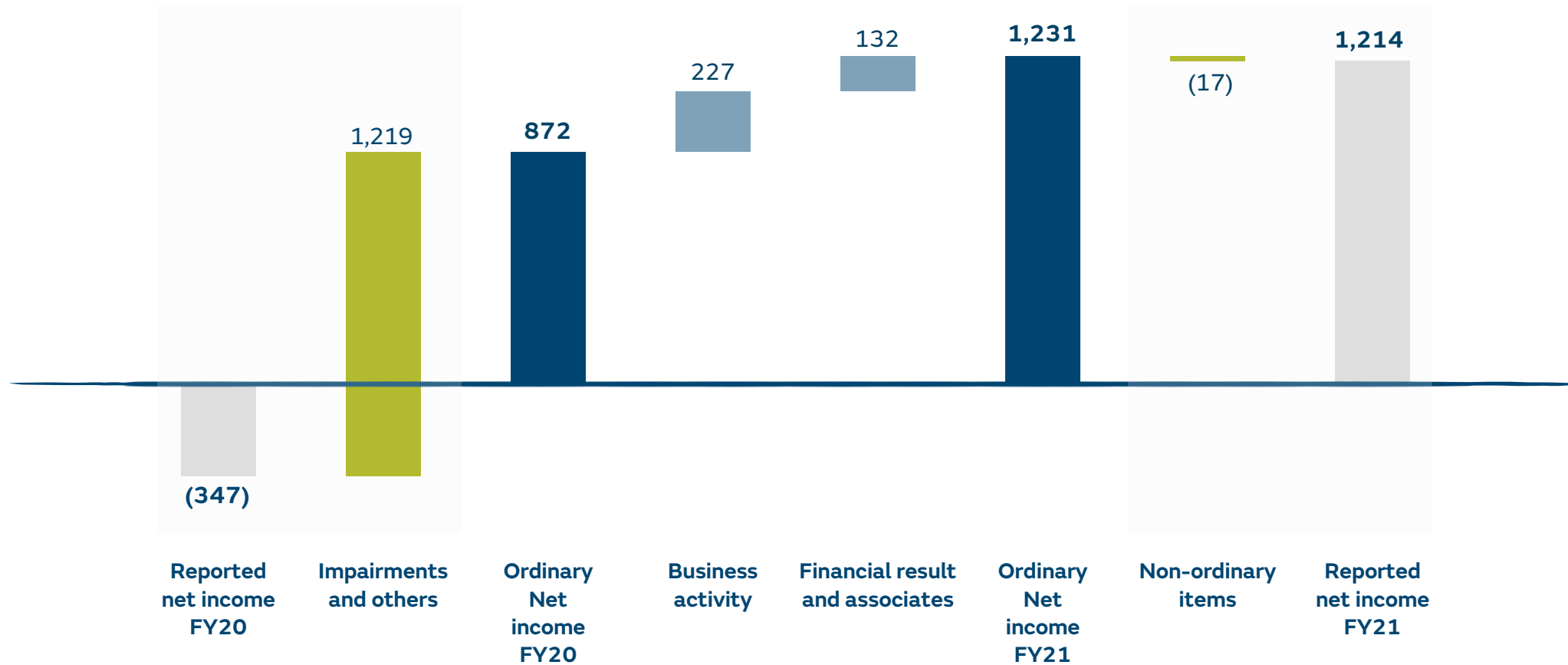
➤ Risk management was key to mitigate ongoing volatility and its impacts on the various activities

Gross operating income evolution (EBITDA, €m)



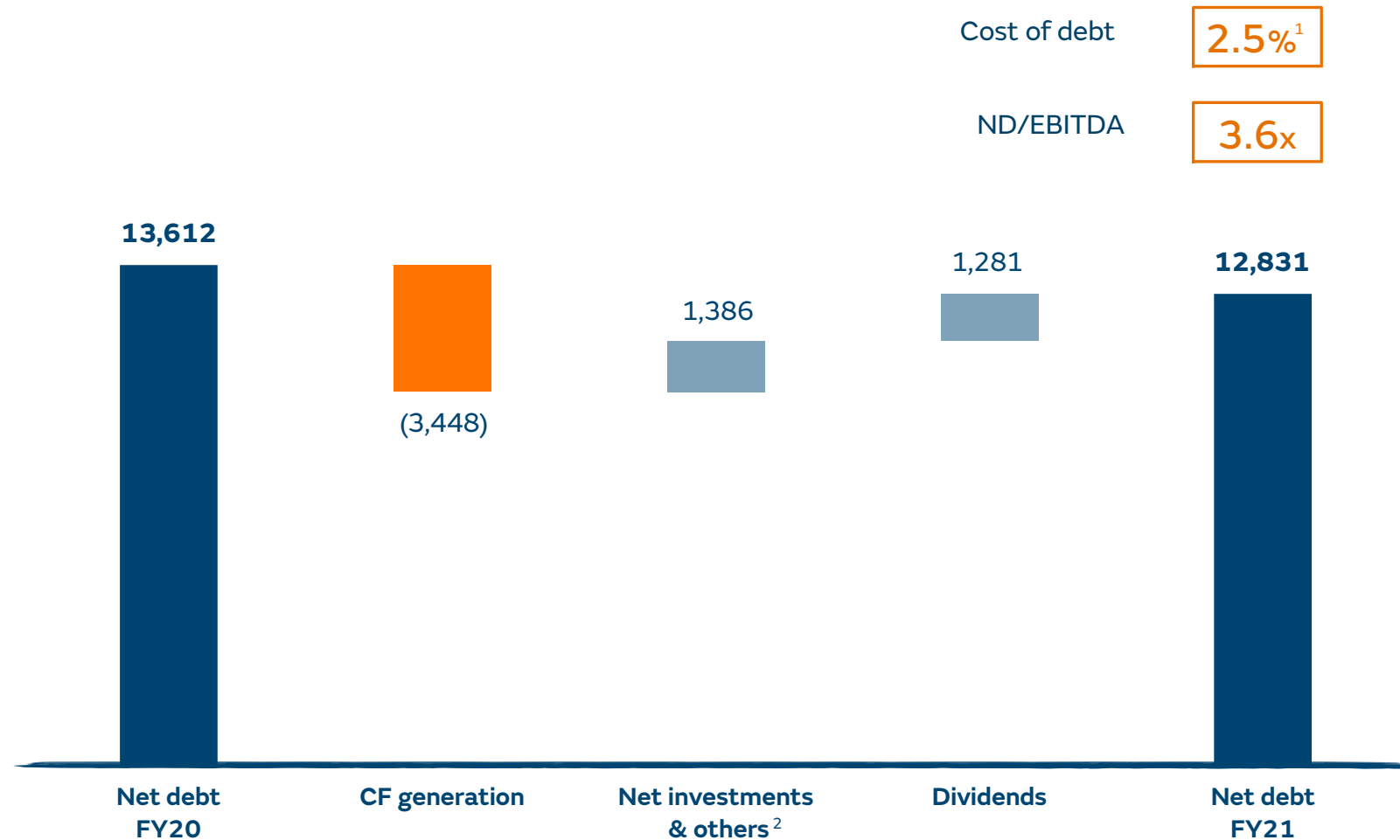
➤ Solid growth yet below pre-covid levels

Net income evolution (€m)



➤ Net income improvement following a 2020 impacted by accounting impairments

Net debt evolution (€m)



Notes:

1. Does not include cost from IFRS 16 debt

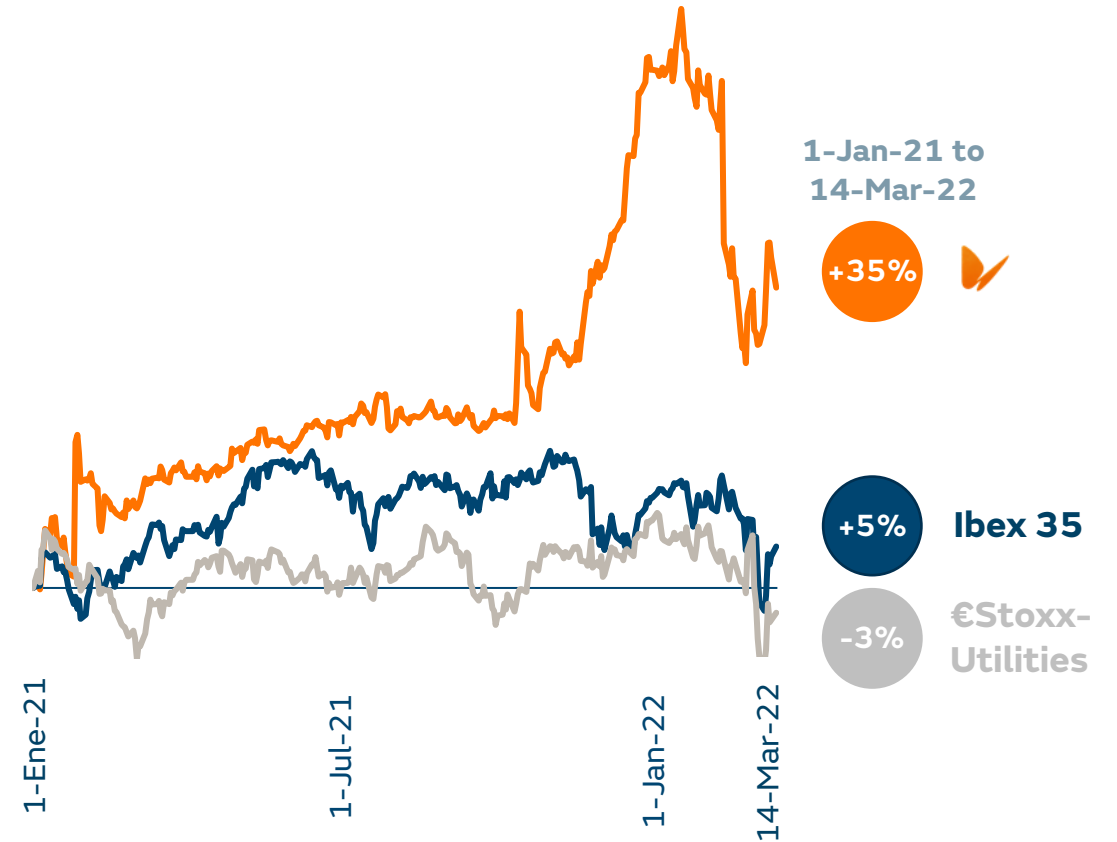
2. Includes net proceeds from UFG agreement and acquisition of Renewables US

➤ Debt reduction supported by cash from operations

Shareholder remuneration and total return evolution



Total return evolution (share price and dividend)



➤ Final dividend as committed

Note:
1. Subject to AGM approval

Main conclusions of a transition year

Markets

1 Risk management and security of supply key to manage volatility

Networks

2 Demand recovery and operational improvements

Grupo

3 Net debt reduction and liquidity reinforcement

➤ Solid operating performance in 2021 in a very volatile scenario

3. ESG



2021 achievements

Environmental

- 9%

CO₂ direct emissions vs. 2020

5.2 GW

Renewable operational capacity

+300

Biodiversity initiatives

Social

-37%

Severity rate in accidents of own employees vs. 2020

72%

Suppliers audited according to ESG criteria

80%

Of new hirings are women with an average age of 25 years

Governance



Approval of the new Sustainability Master Plan



S&P Global Platts
Global Energy Awards
2021 Winner

Best energy company 2021



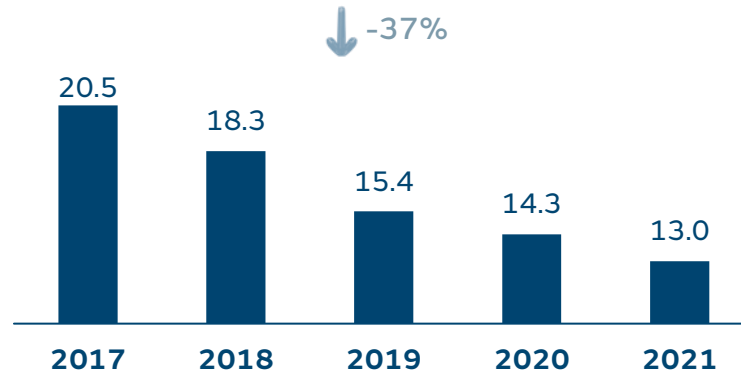
Climate change A-
Water A



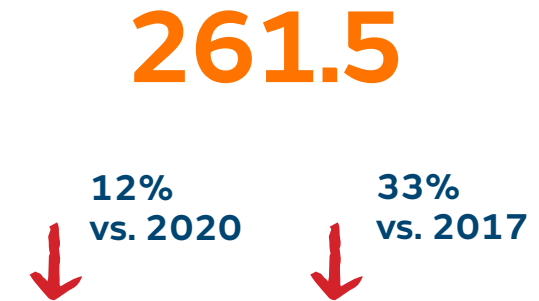
➤ Long-term commitments: Net Zero emissions by 2050 and Gender parity by 2030

Decarbonization progress in our activities

Direct CO₂ emissions (MtCO₂ eq)



Emissions intensity (tCO₂/GWh)



Environmental Capex and Opex (€m)

759 ↑ 11%

Emissions-free installed capacity (% of total)

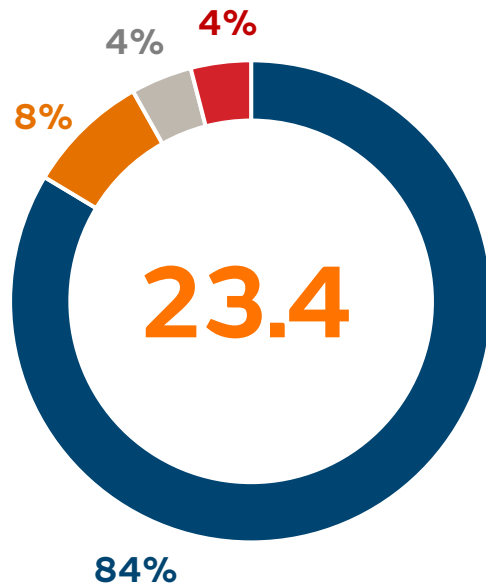
33% ↑ 14%



➤ Firm commitment to reduce emissions and invest in clean technologies

We contribute to the progress of society

Economic value generated (€bn)



- Suppliers and public administrations
- Investors and other
- Employees
- Value Retained

Energy volunteer program (vulnerable families attended)

>2,100

ESG audits (as % of suppliers)

72 ↑
3 p.p. vs. 2020

New electricity supply contracts under “Commitment initiative”

~ 400,000 Naturgy’s inframarginal generation sold at fix price

➤ Positive impacts in social dimension

4. Project Gemini



Key considerations

- Progress on the analysis confirms project's suitability
- Calendar decision subject to:
 - 1 Market conditions and regulatory visibility
 - 2 Ratings
 - 3 Authorizations and administrative permits



➤ Execution timing adjustable to uncertainties

Another step in the necessary Company's transformation

Key sector themes

- Capex super cycle with unprecedented investments into energy transition activities
- Simplification and refocusing of utilities business models
- Energy crisis and the need to rethink design of our energy systems: importance of security of supply and flexible generation
- Synergies of integrating customers and generation as market volatility rises
- Growing importance of ESG and EU taxonomy alignment

Gemini Rationale

- 1 Limited synergies between MarketsCo and NetworksCo and without significant increase in operating costs due to the demerger
- 2 Deliver profitable growth opportunities due to better capital structure alignment
- 3 Create two organizations more agile and focused in their differentiated competences
- 4 Mobilize management and employees around a clearer and more sustainable project over time
- 5 Meet interest of all stakeholders

➤ Dynamizes the future of both Groups, enhancing their attractiveness for all stakeholders

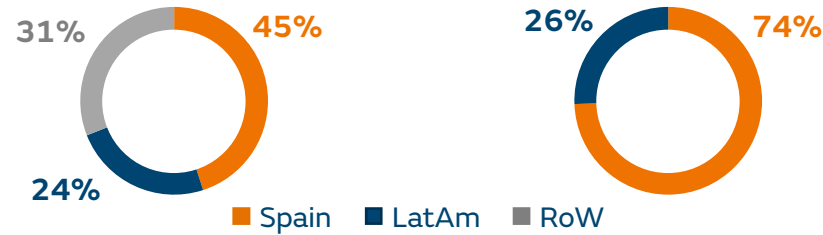
Differentiated financial profiles for the demerged entities

2021 ordinary EBITDA¹

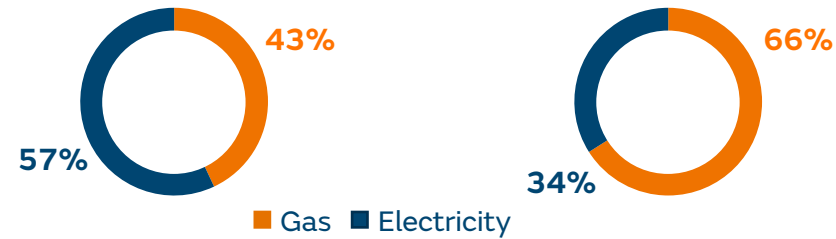
MarketsCo

NetworksCo

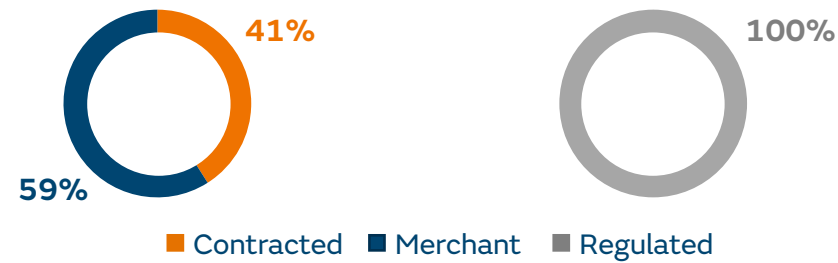
Geography



Activity mix



Business risk profile



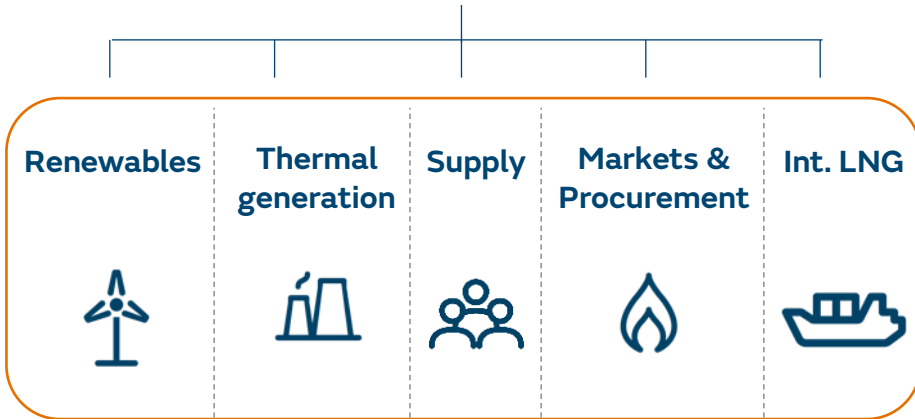
➤ Sizeable businesses with differentiated business profiles and opportunities

Note:
1. Split does not include EMPL as it will not contribute to EBITDA from 2021

Demerger structure



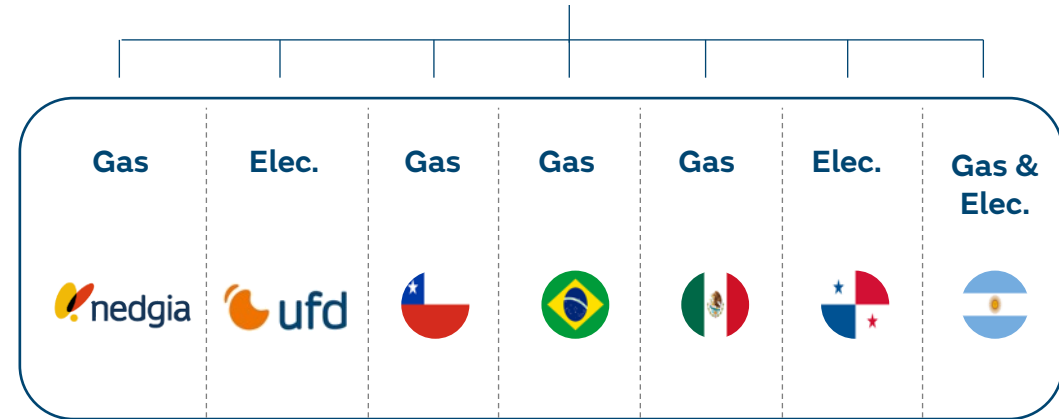
MarketsCo



Commitment to capture energy transition opportunities



NetworksCo



Adaptation of infrastructures through investments and digitization

➤ All shareholders will be able to benefit from Project Gemini

5. Proposed resolutions



Summary of proposed resolutions

1 to 8 Approvals of the Annual Accounts, activities and remuneration

9 Appointments of the Board of Directors

10 to 13 Modification of the regulations

14 & 15 Delegations

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