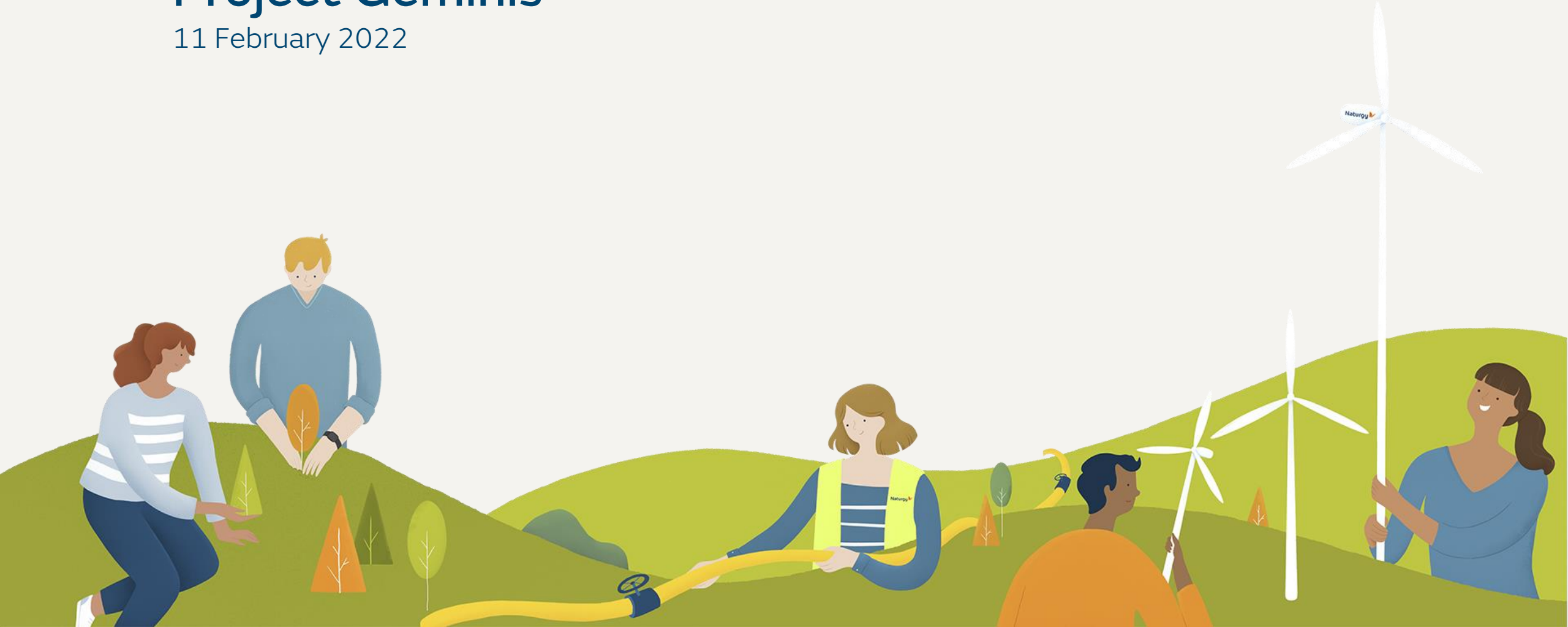


# Project Geminis

11 February 2022



# Geminis: a new phase in the Company's transformation (i/ii)

## Simplicity

### > Demerger into two leading energy groups (Liberalized businesses and Networks businesses)

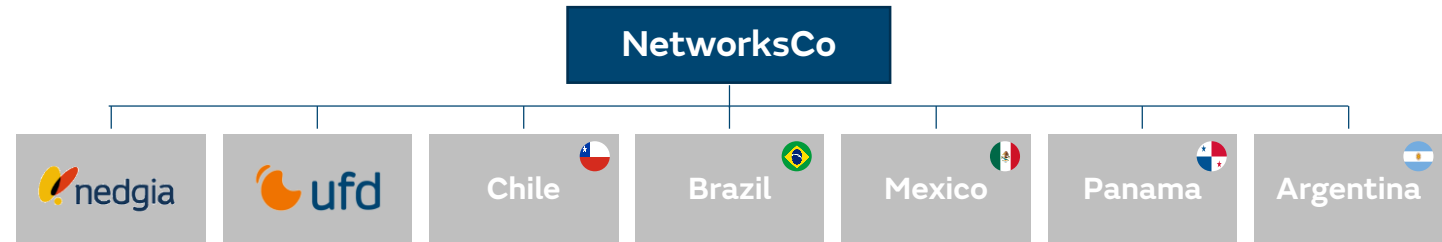
- More focused, attractive and sustainable equity stories
- Enhanced value creation potential in each company, facilitating growth opportunities, and increasing optionality
- Both companies will be listed with the same shareholder base

### > Pragmatic and efficient process

- Leaves room for further optimizations
- Limited execution risk and tax neutral for company and shareholders
- Company has now entered a detailed analysis phase which should be completed quickly with a view of executing the Project within 2022



- > 14GW renewable installed capacity by 2025
- > 11GW thermal generation capacity
- > 11m clients
- > 290TWh gas procurement contracts



- > 155k km electricity network
- > 135k km gas network
- > 16m connection points

**Profound sector changes call to move more decisively in Naturgy's transformation process started in 2018**

## Geminis: a new phase in the Company's transformation (ii/ii)

### Rationale

#### › Boosts the implementation of Naturgy's current Strategic Plan

- Adapting to the acceleration of industry trends and the energy transition plans in the past few months
- Intensifies unbundling efforts, increasing transparency and accountability
- Focused and scalable groups vs. traditional multi focused integrated utilities

#### › Increases growth potential

- Higher flexibility in MarketsCo to explore new projects
- Lower required cost of capital in NetworksCo
- Allows for broader M&A opportunities with a clearer strategic fit

#### › Optimizes leverage and dividends

- Improves debt allocation and cost
- Increases dividend sustainability
- Eliminates cross-subsidies

#### › Reinforces ESG credentials

- Differentiated paths to meet stringent ESG goals
- Increases transparency and accountability

#### › Motivates and empowers teams

- Revalues professional skills as a result of greater focus
- Enhances career development
- Improves clarity over value-creation path

*Dynamizes the future of both Groups, enhancing their attractiveness for employees, shareholders and regulators*

## Strong and attractive equity stories

### MarketsCo

- Renewables and New Businesses, Energy Management, Supply (liberalized)
- Focused on capturing energy transition opportunities
  - Renewables
  - New Businesses focused on innovation (renewable gases, hydrogen, distributed generation...)
  - Digitization as a driver for customer satisfaction and competitiveness
- Integrated approach leveraging presence in attractive geographies (Europe, Australia, US) with thermal generation providing back-up services
- Proactive management of gas procurement contracts to secure competitive advantages providing a higher risk/reward profile
- Investment grade target and flexibility for growth

### NetworksCo

- Regulated Gas & Power distribution networks
- Unique asset base serving as the backbone of energy transition efforts (electricity, renewable gases)
- Focused on best-in-class operations with proactive regulatory management
- Lower cost of capital increases growth optionality
- High and resilient cash flow generation allowing for a stable dividend policy
- Optimized balance sheet maintaining an investment grade and core investment plan

**Two leading Energy Groups with compelling equity stories**

## A win-win proposition

### Investors

- › Highlights Group value as a sum of two clearly differentiated parts, derisking both equity and debt
- › Enhances shareholder liquidity by broadening the potential investor base as separate listed entities
- › Increases optionalities for the companies and investors
- › Steps up long-term value creation potential for both groups
- › Execution plan designed to achieve tax neutrality for both the company and its shareholders

### Stakeholders

- › Reorganization creates two Spanish leading Energy Groups with a clear focus on customers and security of supply
- › Accelerates energy transition and better aligns the Groups with European energy plans
- › Increases focus on client service and satisfaction
- › Intensifies unbundling efforts, increasing transparency and accountability
- › Allows for a better allocation of risk perception
- › Opens increased opportunities for current Naturgy's employees and service providers

**Management proposal addresses the interests of the Company and its stakeholders**

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