1Q19 Results

30 April 2019

Agenda

1. 1Q19 consolidated results
2. 1Q19 results by business unit
3. Conclusions

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1Q19 consolidated results

Key highlights

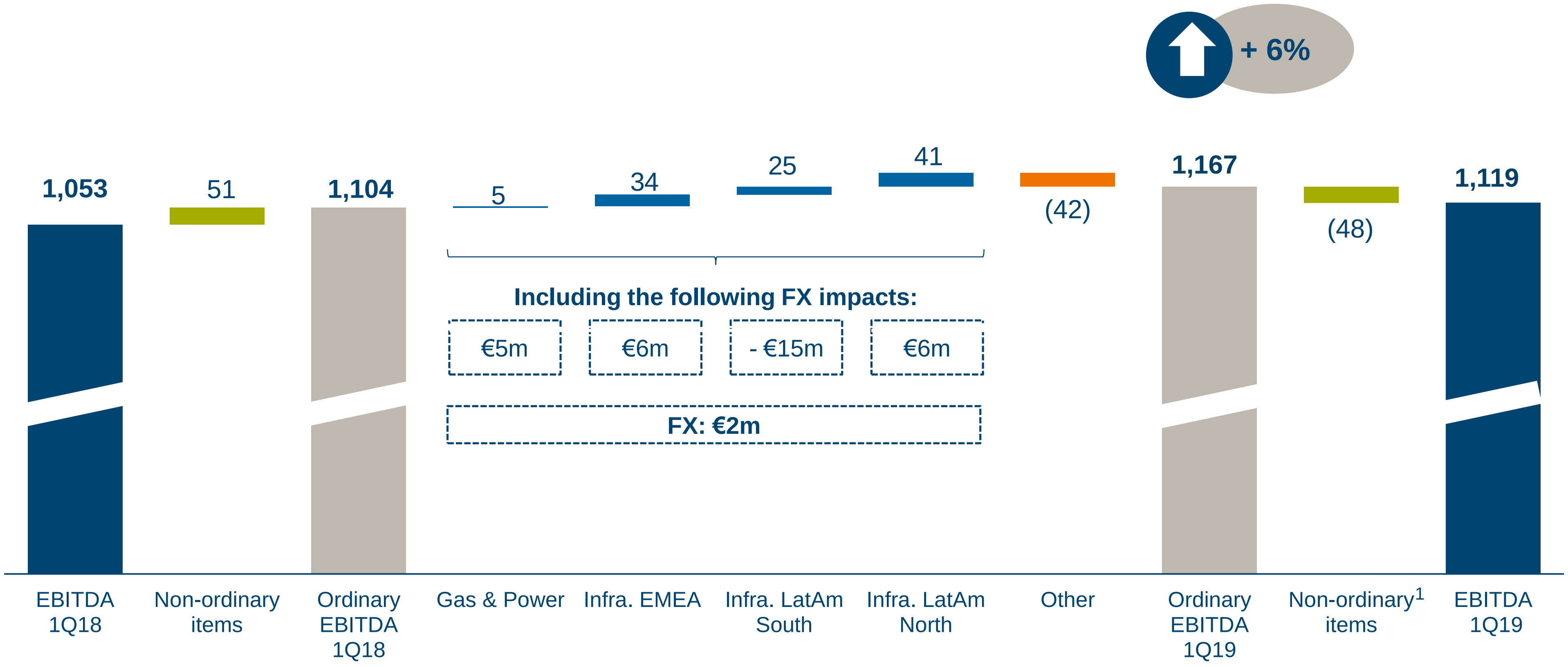
1. **Solid performance of the Infra businesses and stability in Gas & Power**
2. **Progress on efficiencies and de-risking**
3. **Investments in renewables and remunerated networks**
4. **Net debt reduction**
5. **Delivery of shareholder remuneration**

Key figures (€m, % vs. 1Q18)

Ordinary EBITDA	1,167	+ 6%
Ordinary Net Income	377	+ 16%
Capex	301	- 44%
Net Debt (€bn)	15.1	- 1%

Solid Q1 results

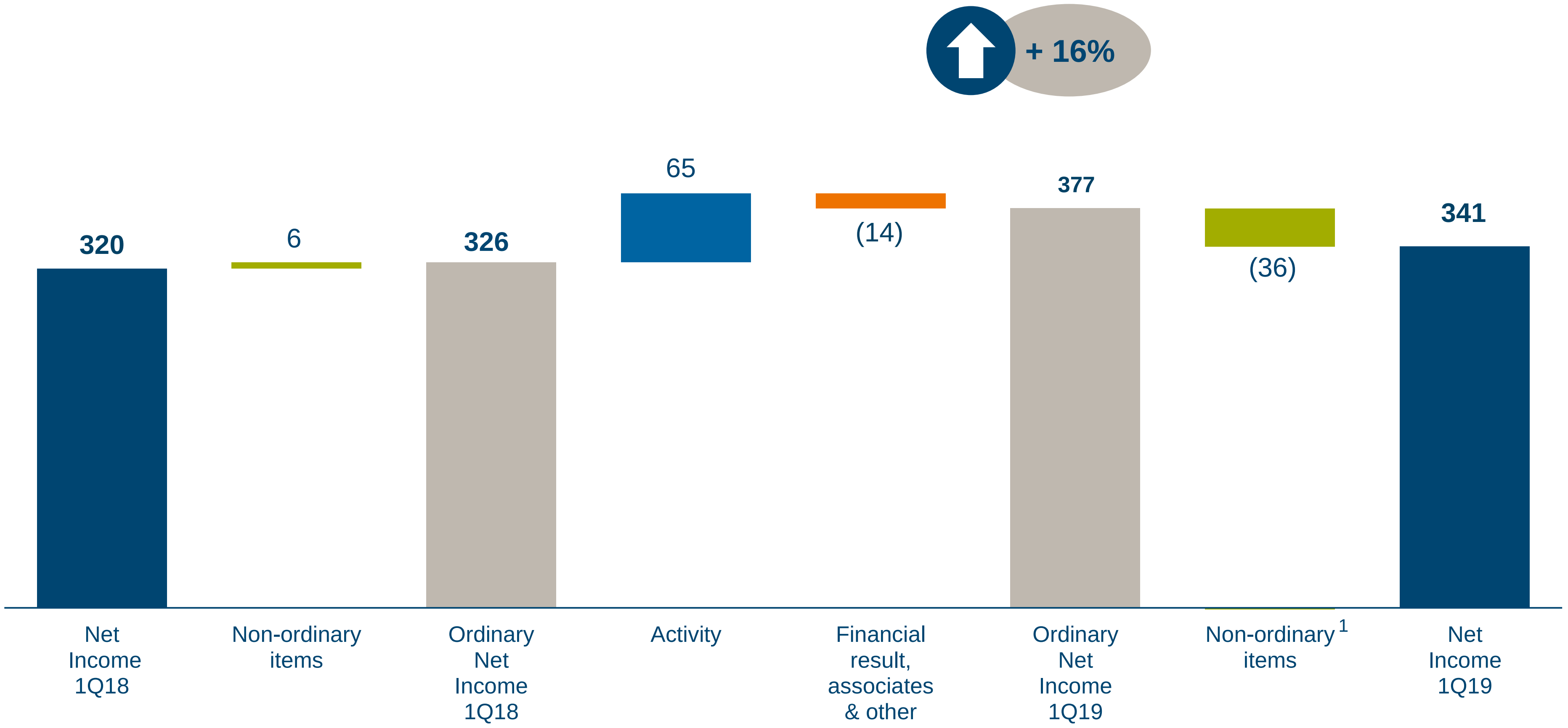
EBITDA evolution (€m)



Solid performance of the Infrastructure businesses and stability in Gas & Power

Note:
1. Of which: (€50m) corresponding to restructuring costs and €2m to sales of land and buildings.

Net Income evolution (€m)



Solid ordinary Net income supported by the activity improvement and lower D&A

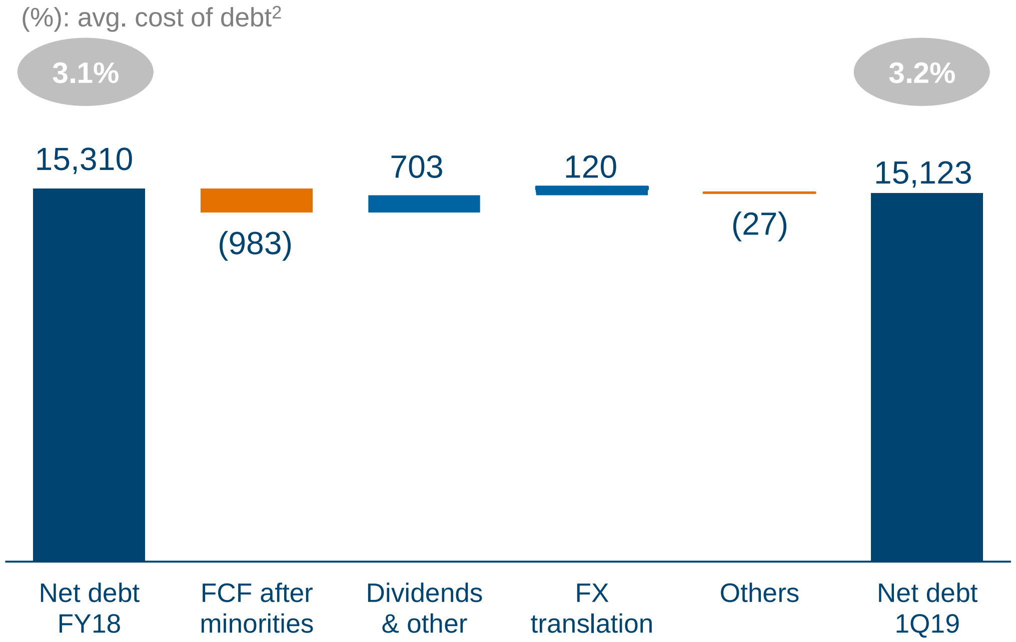
Note:
1. Of which: (€37m) corresponding to restructuring costs and €1m to sales of land and buildings.

Cash flow and Net debt evolution (€m)

Cash flow

	1Q19	vs. 1Q18
EBITDA	**1,119**	**6%**
Growth capex[1]	(194)	-9%
Maintenance capex[1]	(95)	-21%
Change in working capital	321	-
Gross cash flow	**1,151**	**269%**
Taxes	(46)	92%
Net interest cost	(167)	4%
Dividends to minorities	(24)	-
Other	69	-
Free cash flow after minorities	**983**	**-51%**
Dividends and other	(703)	-
Free cash flow	**280**	**-86%**

Net debt



Ratings re-affirmed with stable outlook
(S&P: BBB / Moody's: Baa2)

Focus on cash flow generation allows for net debt reduction

Note:
1. Net of cessions and contributions.
2. Does not include cost from IFRS 16 debt.

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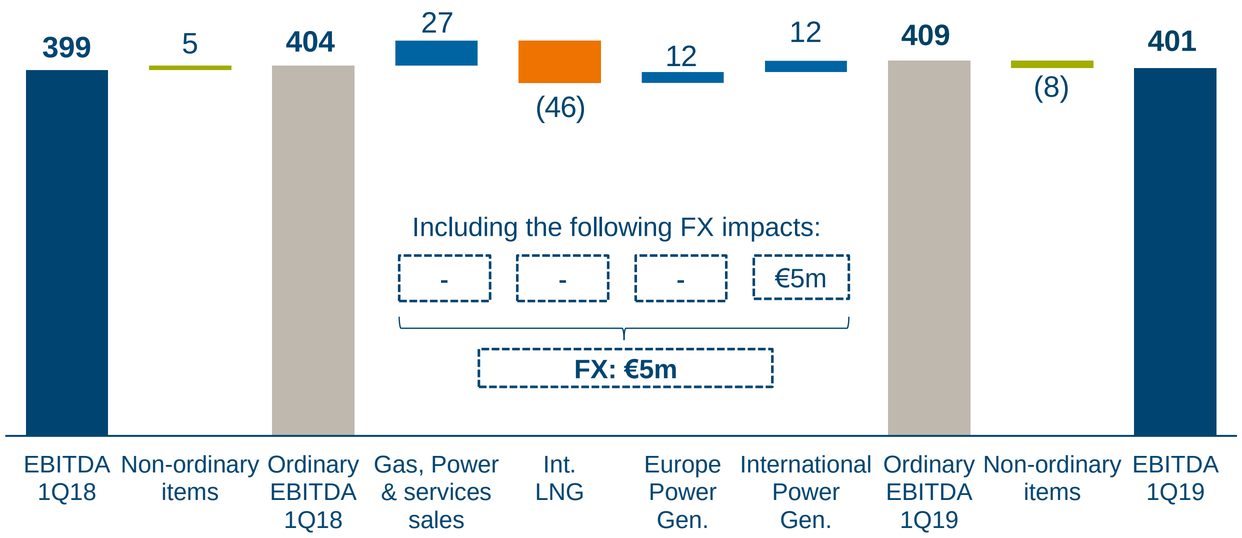
1Q19 results by business unit

Gas & Power

EBITDA evolution (€m)



Highlights

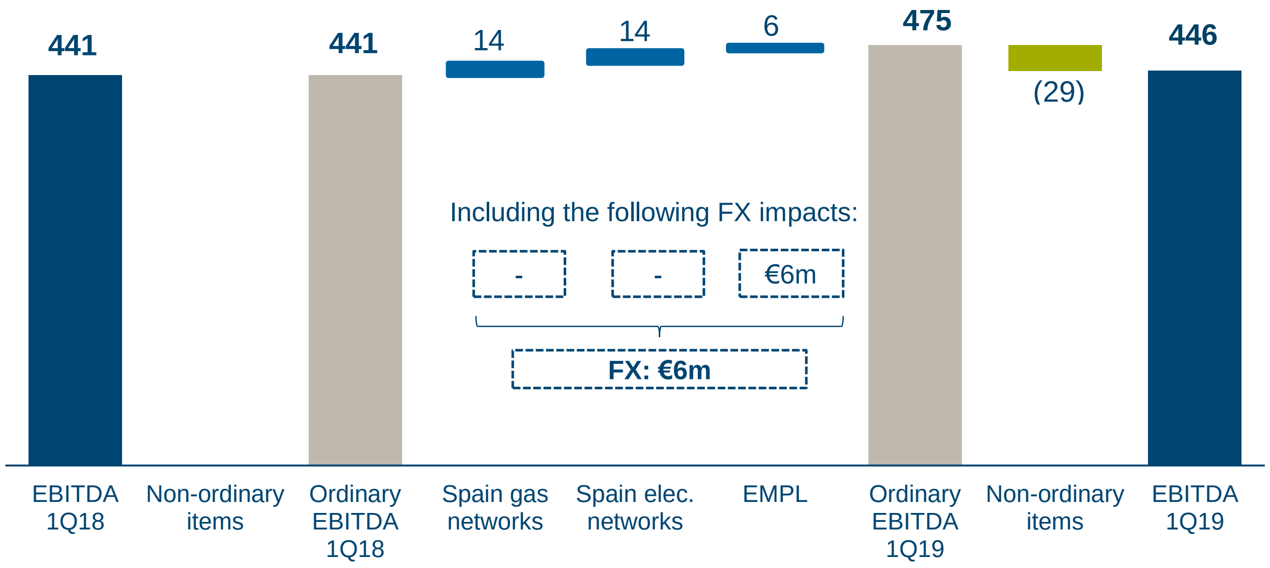
- **Gas, Power & services sales**: efficiencies partially offset by lower sales and reduced margins in power supply
- **International LNG:** lower sales and margins impacted by scenario
- **Europe Power Generation:** higher pool and temporary tax suspension offset by lower hydro, higher CO2 costs and suspension of CCGTs availability capacity payments
- **International Power Generation:** higher margins, new installed capacity in 2018 and favorable FX

~€141m of total capex, of which **~80%** growth

Efficiencies and de-risking counter a more challenging scenario

Infrastructure EMEA

EBITDA evolution (€m)



Highlights

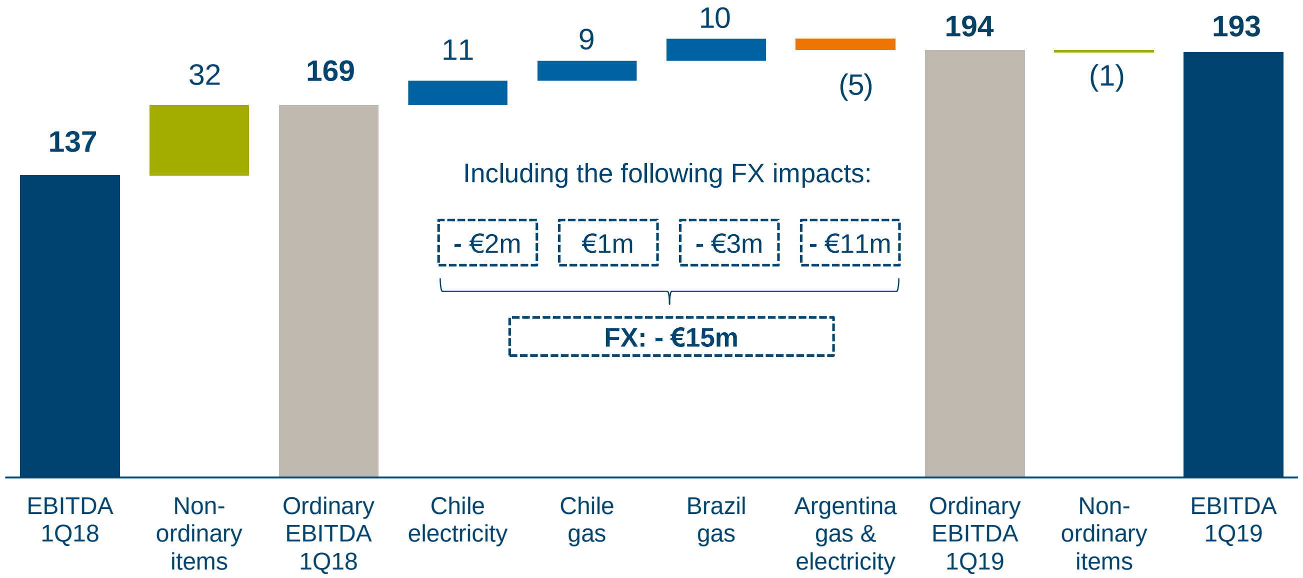
- ✓ **Spain gas networks:** lower opex coming from efficiency improvements more than compensate for a mild winter
- ✓ **Spain electricity networks:** efficiencies, investment and lower interruption times vs. 1Q18
- ✓ **EMPL:** tariff increase and favorable FX

~€80m of total capex, of which **~60%** growth

Robust ordinary growth and efficiencies across businesses

Infrastructure South LatAm

EBITDA evolution (€m)



Highlights

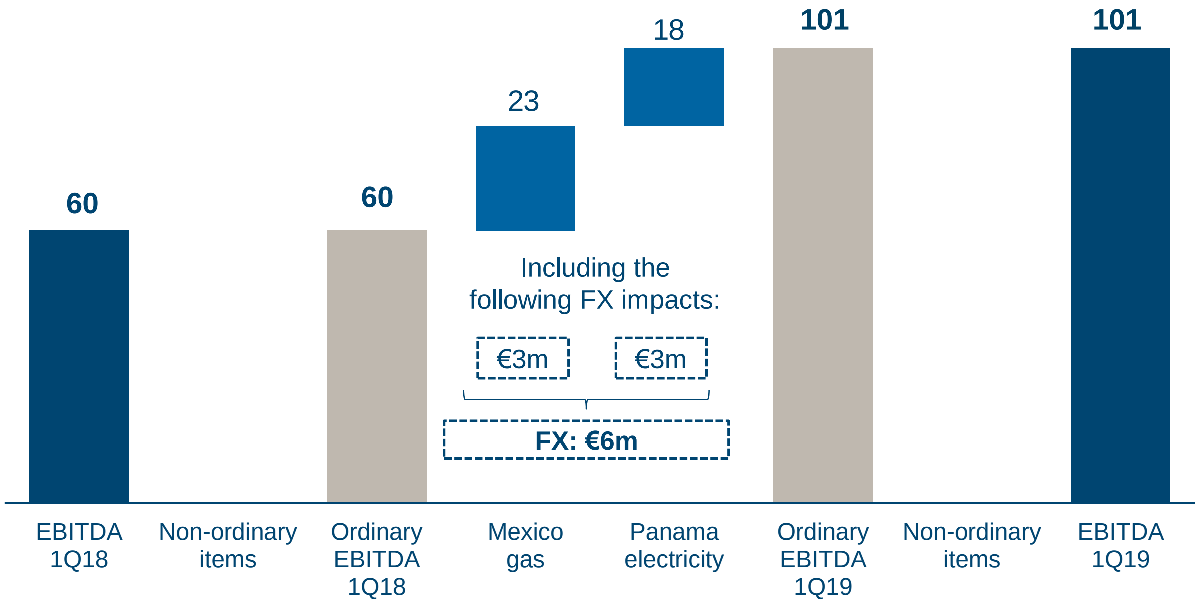
- ✓ **Chile electricity:** tariff indexation and efficiencies partially countered by lower activity
- ✓ **Chile gas:** tariff indexation and higher margins in gas sales
- ✓ **Brazil gas:** tariff indexation and efficiencies partially offset by FX
- ✓ **Argentina:** tariff indexation offset by FX

~€55m of total capex, of which **~60%** growth

Strong improvement driven by tariff indexation and efficiencies

Infrastructure North LatAm

EBITDA evolution (€m)



Highlights

- ✓ **Mexico gas:** annual tariff increase, commercial repositioning and efficiencies
- ✓ **Panama electricity:** new regulatory period and higher demand/temperatures vs. last year

€25m of total capex, of which **~65%** growth

Substantial improvement supported by regulatory updates and efficiencies

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Conclusions

Summary 1Q19 results

- Robust performance of Infra businesses and stability in Gas & Power despite a more challenging scenario
- Continued progress on de-risking of merchant activities
- On track to deliver €100m additional efficiencies in 2019 as committed
- Strong cash flow generation through disciplined investing and optimization of WC management
- Payment of 2018 final dividend and €237m shares bought back since the launch of Strategic Plan

Steady progress in the Strategic Plan

1Q19 results

Q&A

Appendix

Alternative Performance Metrics

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	1Q19 reconciliation of values	1Q18 reconciliation of values	Relevance
Ebitda	Operating gross profit = Net sales - Procurement + Other operating income - Personnel costs - Operating expenses + Own work capitalized - Taxes	1,119 million euros	1,053 million euros	Measure of earnings before interest, taxes, depreciation and amortization and provisions.
Ordinary Ebitda	Ebitda - Non-ordinary items	1,167 million euros= 1,119 + 48	1,104 million euros=1,053+51	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	377 million euros= 341+36	326 million euros= 320+6	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)	“Investment in intangible assets” + “Investment in property, plant and equipment”	301 million euros = 31 + 270	533 million euros = 50 + 483	Total investments net of the cash received from divestments and other investing receipts
Gross financial debt	“Non-current financial liabilities”+ “Current financial liabilities”	17,386 million euros = 13,924 + 3,462	17,074 million euros[1] = 13,352 + 2,079 + 1,643	Current and non-current financial debt
Net financial debt	Gross financial debt – “Cash and cash equivalents” – “Derivative financial assets”	15,123 million euros = 17,386 - 2,237 – 26	15,310 million euros[1] = 17,074 - 1,716 - 48	Current and non-current financial debt less cash and cash equivalents and derivative financial assets
Net financial debt cost	“Cost of financial debt” – “Interest revenue”	156 million euros = 161 - 5	138 million euros[1] = 143 – 5	Amount of expense relative to the cost of financial debt less interest revenue

Alternative Performance Metrics

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Alternative performance metrics	Definition and terms	1Q19 reconciliation of values	1Q18 reconciliation of values	Relevance
Ebitda/Net financial debt cost	Ebitda/ Cost of net financial debt	7.2x =1,119 / 156	7.6x = 1,053 / 138	Ratio between Ebitda and net financial debt
Net financial debt/LTM Ebitda	Net financial debt / Last Twelve Months Ebitda	3.7x = 15,123 / 4,085	3.8x[1] = 15,310 / 4,019	Ratio between net financial debt and Ebitda

Notes:

(1) As at 31/12/2018, proforma including first application impact IFRS 16 (1,643 million euros).

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