

Francisco Reynés

Chairman & CEO

1. 2018 key corporate events

2. 2018 Results

3. Corporate Social Responsibility

4. 2018-22 Strategic Plan

5. Future perspectives

6. Proposed agreements

1. 2018 key corporate events

Key corporate events

2018 Results

Corporate Social Responsibility

Strategic Plan

Future perspectives

Proposed agreements

Application of Strategic Plan

February



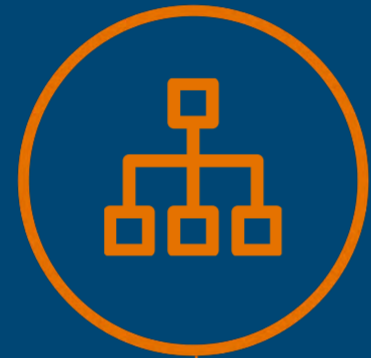
- New Chairman & CEO
- Sale of Italian gas business

March



- Sale of 20% of Nedgia

May



- New stock structure
- New organisation

June



- Strategic Plan
- New brand
- New corporate government
- Renewal of Sonatrach contract
- Sale of Colombian gas business

July



- Start of application of Strategic Plan
- Roadshow
- Supplementary 2017 dividend
- First 2018 dividend

September



- Adjudication of Australian wind farm
- Favourable arbitration Egypt

November



- Second 2018 dividend
- Start of share buy back programme
- Tariff review Argentina

December



- Application for closure of coal plants
- Start of photovoltaic operations in Brazil
- Bond issue in Chile
- Sale of South African coal mine

A year of hard work that sets the roadmap for the future

2. Results

2. Key figures

- Ordinary **growth** despite unfavourable exchange rates
- Significant **extraordinary** impacts
- **Deterioration** of assets, primarily linked to generation
- **70%** of investments aimed at growth

Solid business evolution and stronger balance sheet

Ordinary EBITDA

4.4
€bn ↑ 12%

Ordinary net income

1.2
€bn ↑ 57%

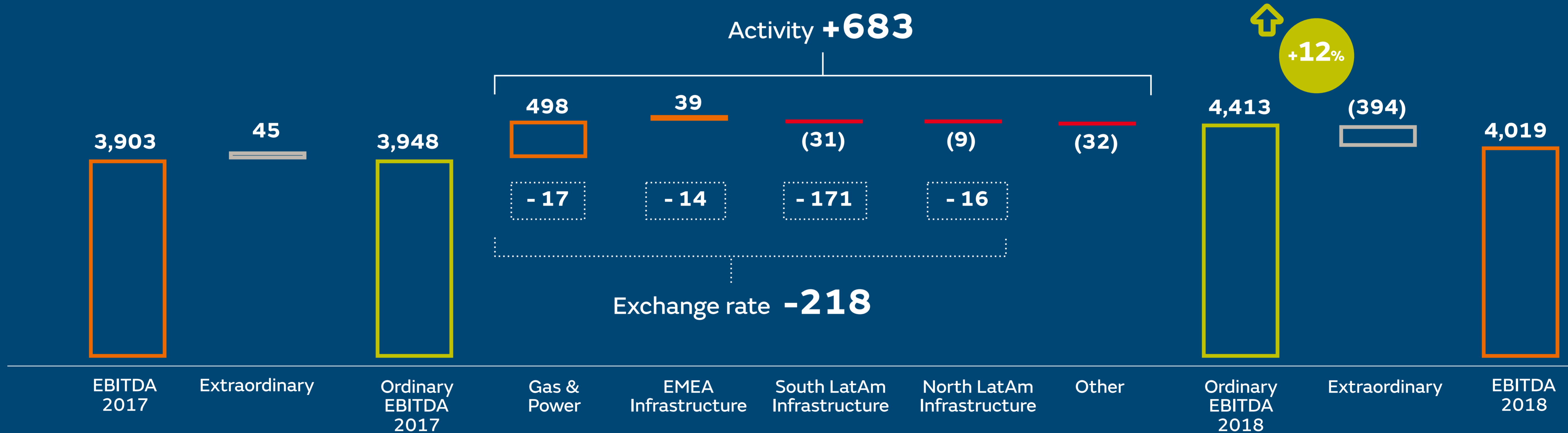
Investments

2.3
€bn ↑ 30%

Net debt

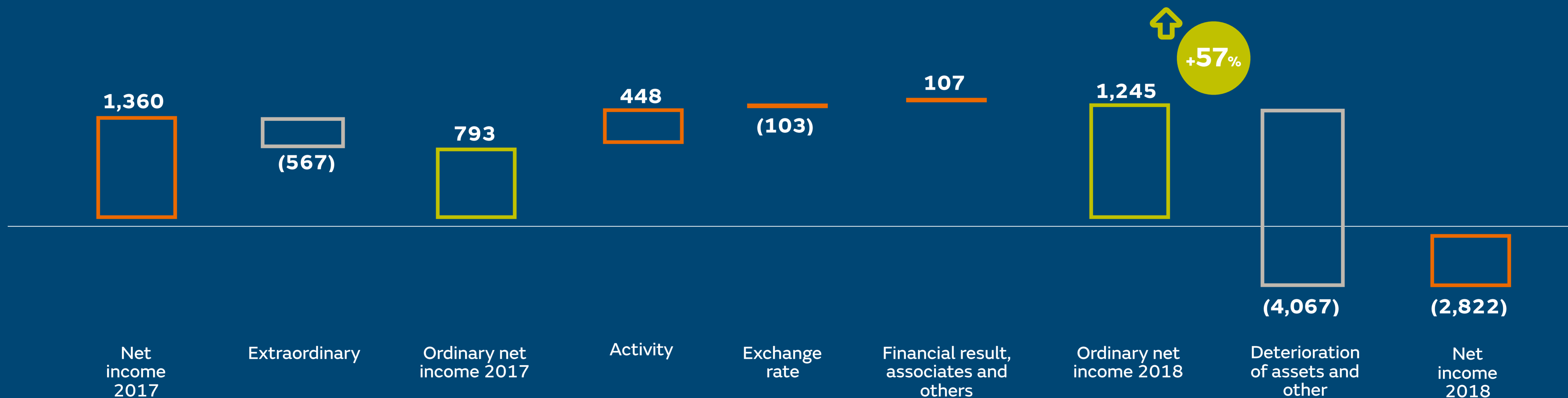
13.7
€bn ↓ 10%

2. EBITDA evolution (€m)



Growth despite currency devaluation

2. Net income evolution (€m)

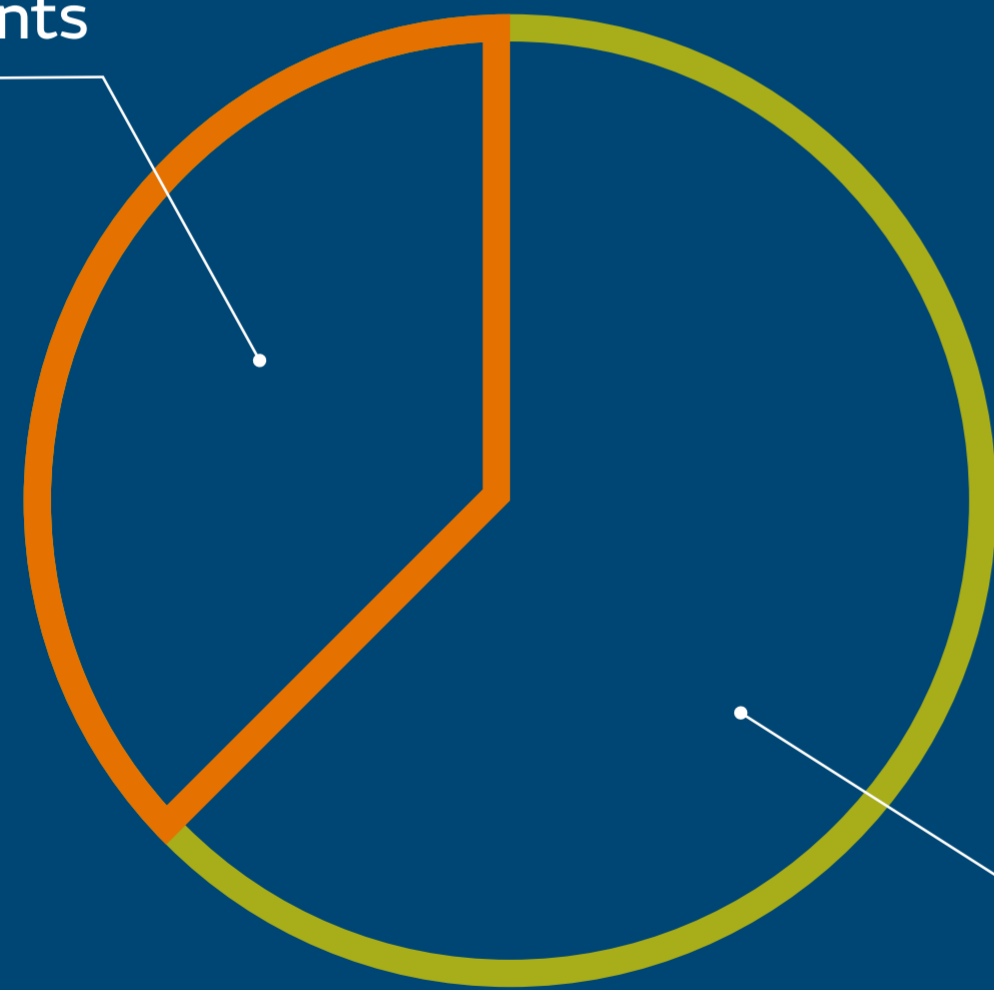


Solid ordinary net profit

2. Generation of resources (€bn)

Origin

2.6
Disinvestments



3.5
Ordinary activity and efficiencies

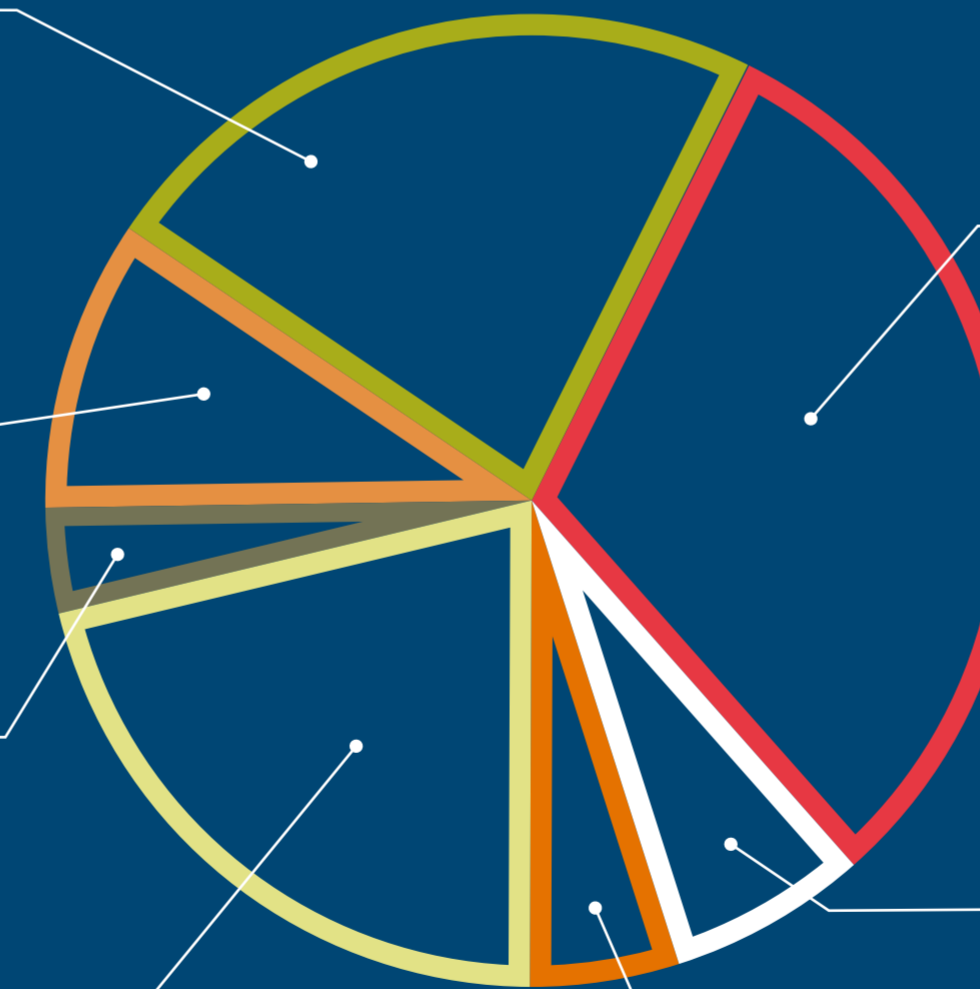
Destination

1.4
Shareholder remuneration

0.6
Payment to minority shareholders

0.2
Capture costs

1.3
Debt reduction



1.9
Capex

0.4
Methane

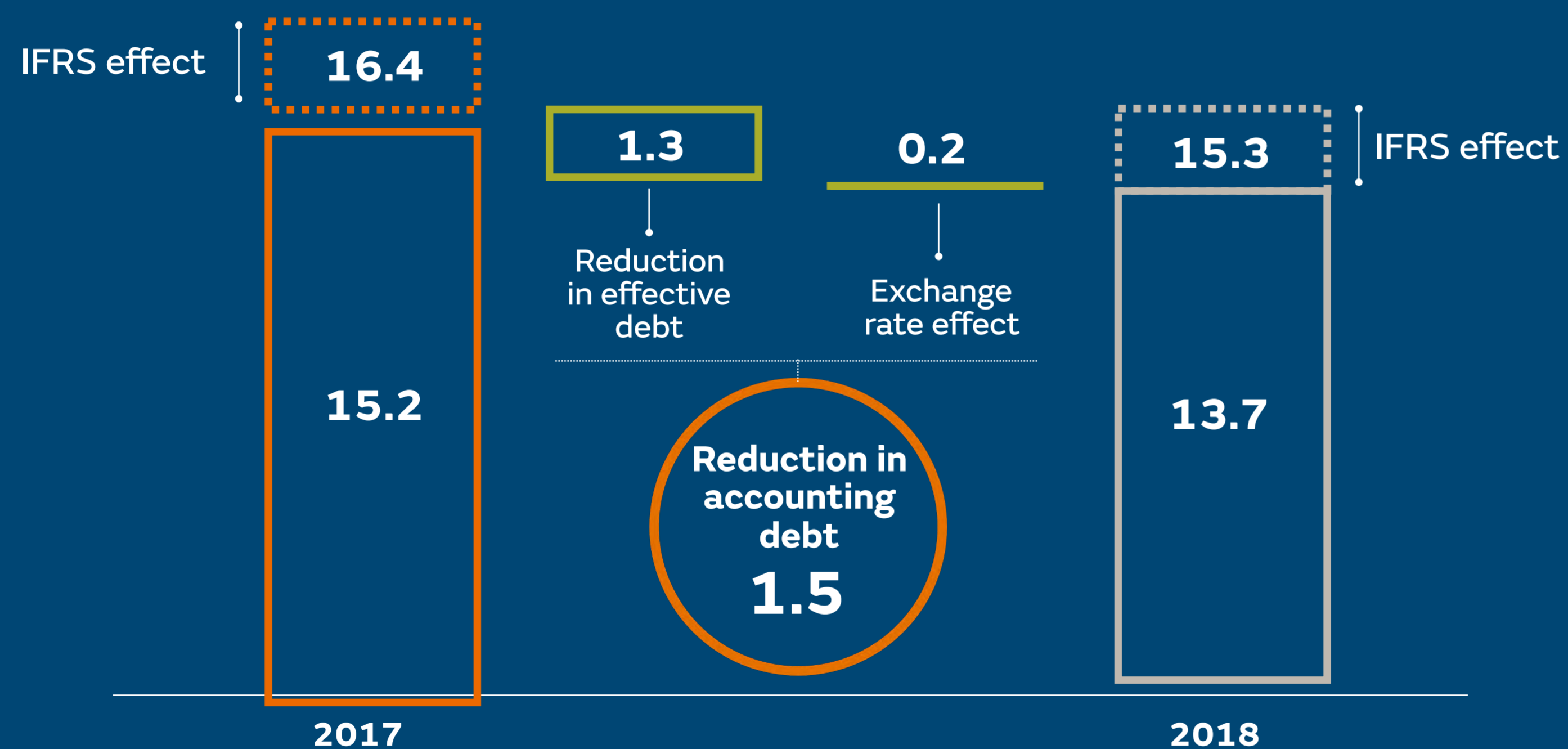
0.3
Purchase of company shares and other financial investments

2.3
Investments

70%

Growth investment

2. Evolution of accounting net debt (€bn)



Net debt/EBITDA	3.9x	3.4x
Corporate debt	84%	78%

Liability management

- Repurchase of corporate bonds
- Optimisation of liquidity
- New financing in Latin America
- Amortization of corporate bank debt

Reduction of net debt and liability management to improve the financial profile

2. Gas and power

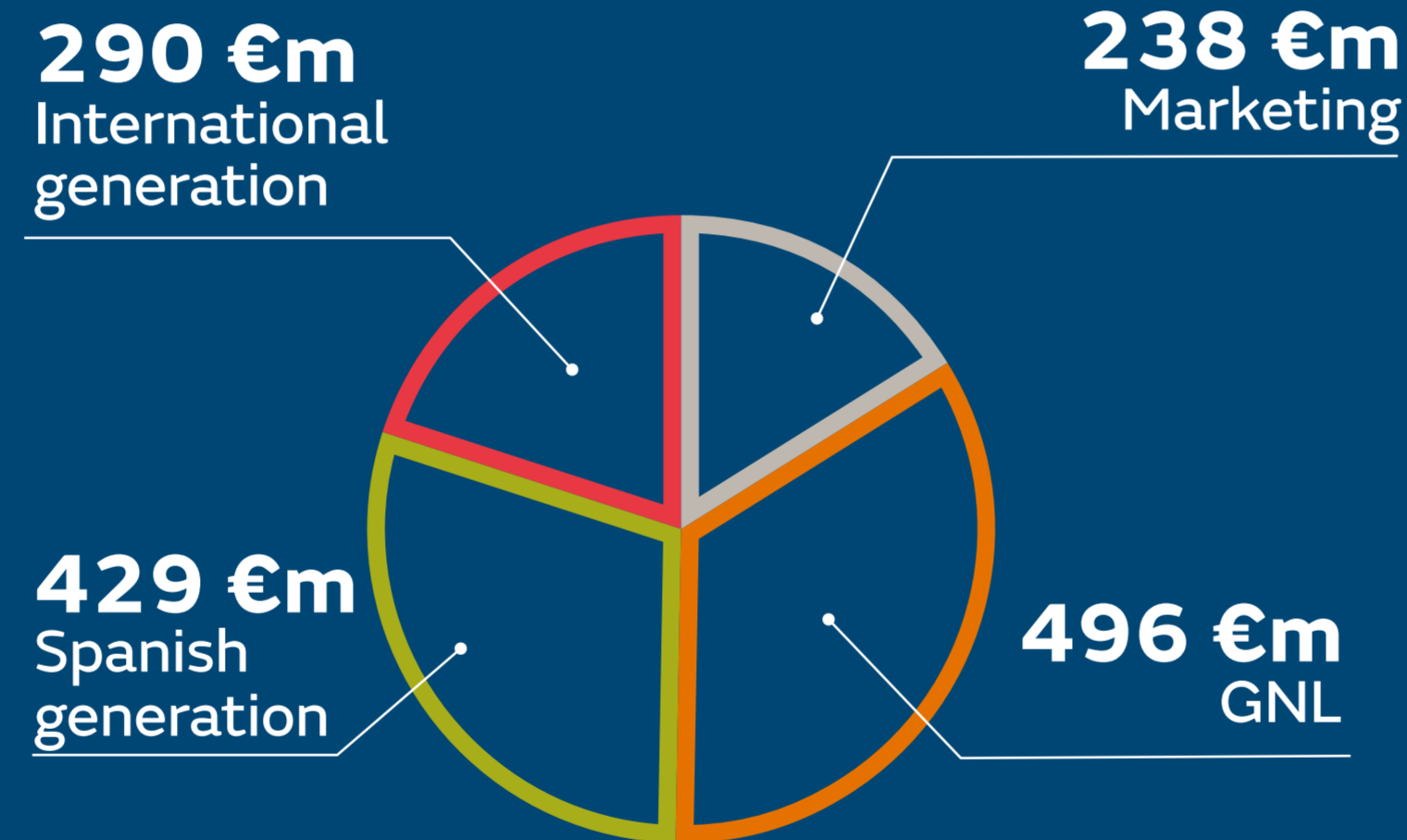
Ordinary EBITDA



Investments



Ordinary EBITDA per business



Marketing of gas, electricity and services: efficient client portfolio management

GNL: greater sales and margins

Spanish generation: change of mix and increase in CO₂ prices

International generation: new renewable capacity and better margins

EBITDA growth promoted by gas marketing and GNL

2. EMEA infrastructures

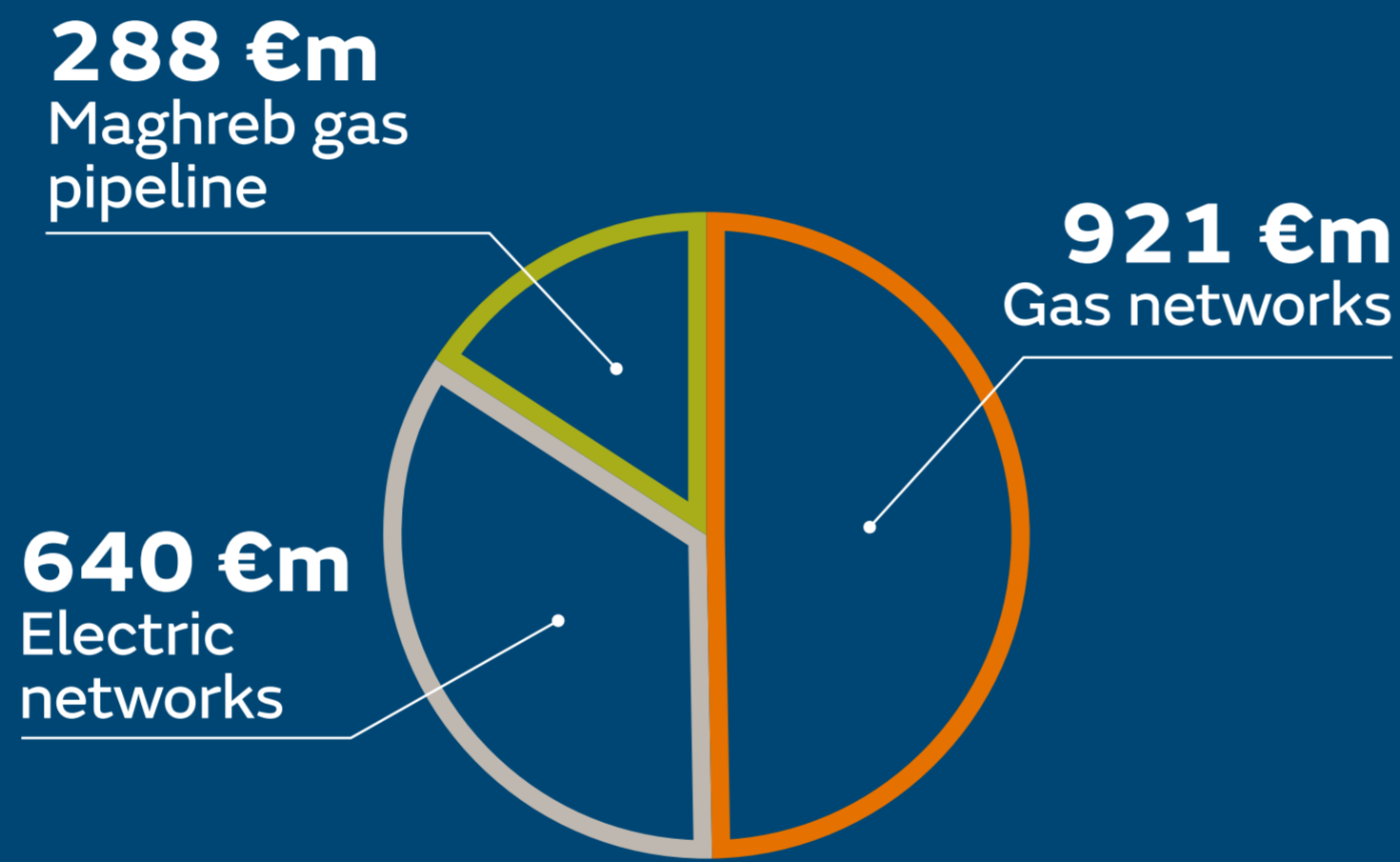
Ordinary EBITDA



Investments



Ordinary EBITDA per business



Gas networks: organic growth and less income from meter rental

Spanish electric networks: new operating investments

Maghreb gas pipeline: tariff increase counteracted by dollar/euro exchange rate

Stable growth in all businesses

2. Latin America south infrastructures

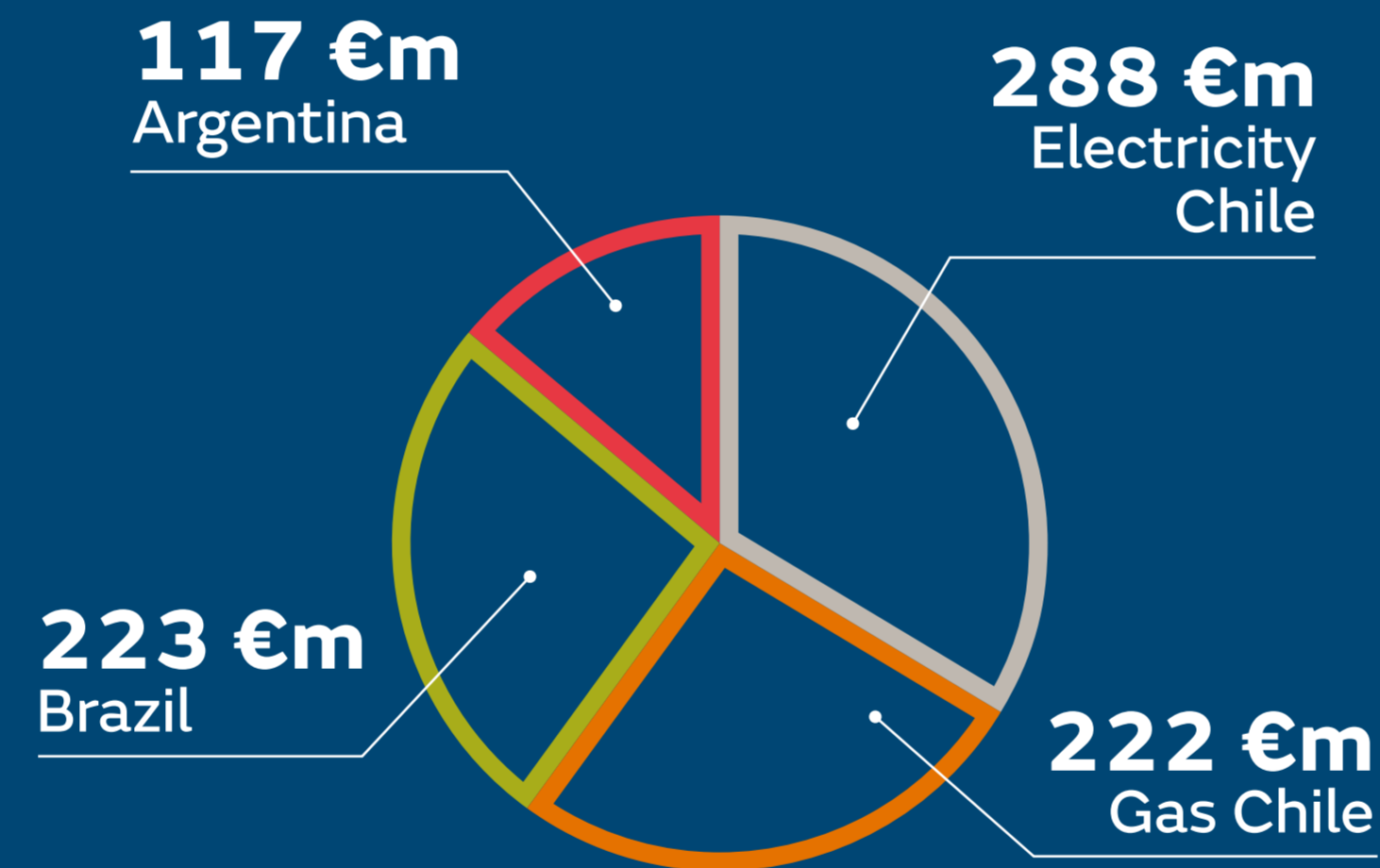
Ordinary EBITDA



Investments



Ordinary EBITDA per business



Electricity Chile: growth in activity and less income due to regularisations

Gas Chile: greater income from tariff review

Brazil: less demand compensated by tariff review and efficiency

Argentina: tariff review in hyperinflationary context and gas pass through agreement

EBITDA affected by exchange rates and extraordinary effects

2. Latin America north infrastructures

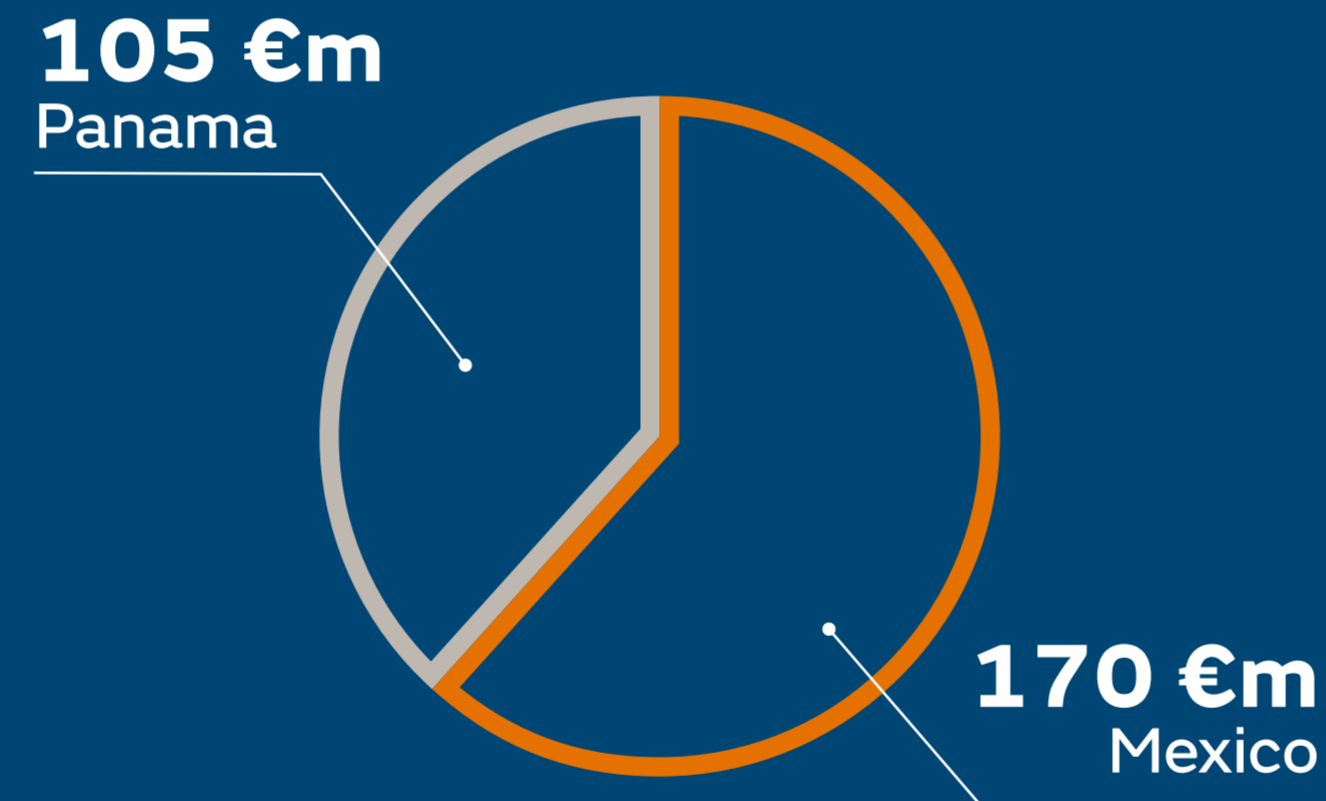
Ordinary EBITDA



Investments



Ordinary EBITDA per business



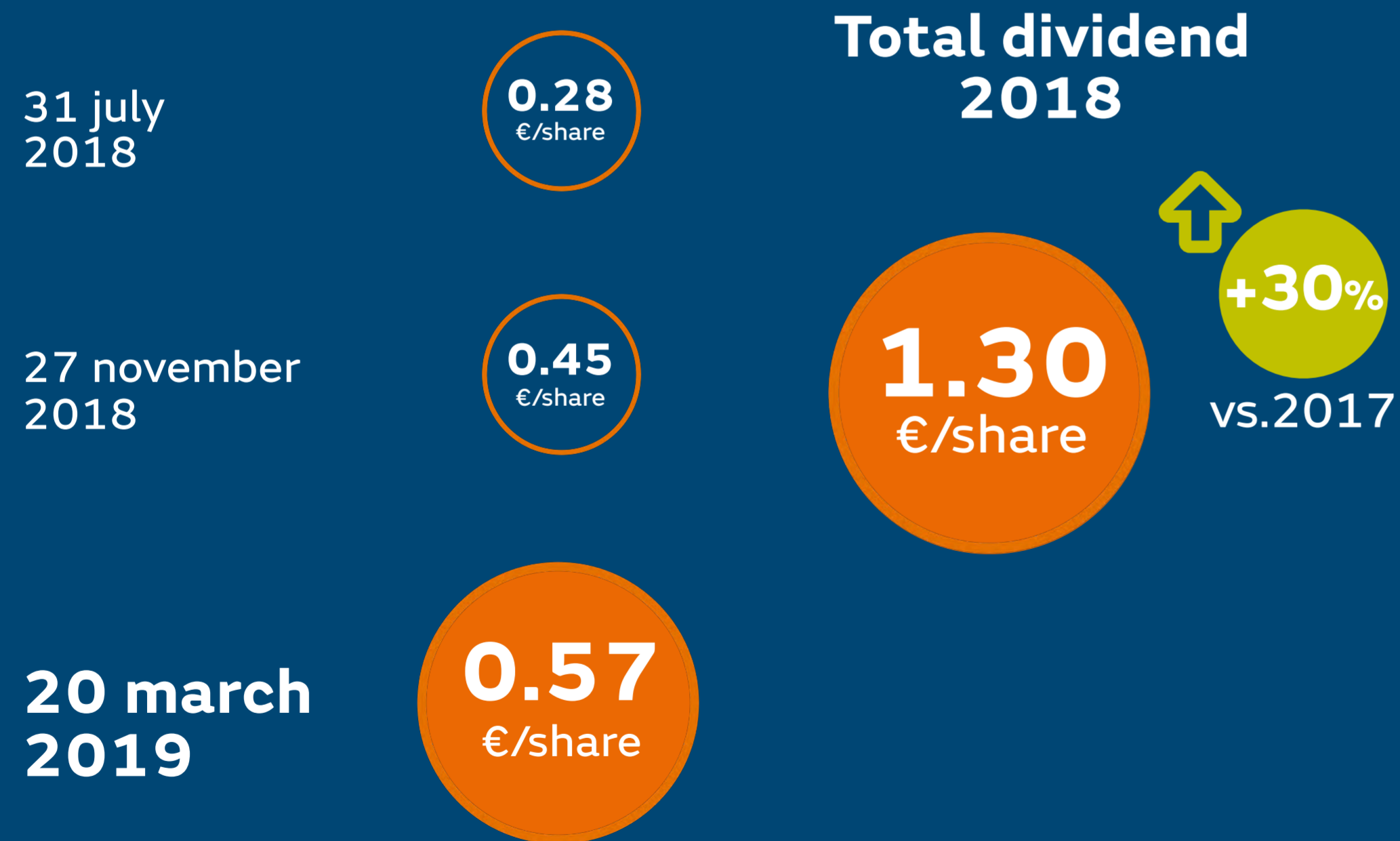
Mexico: greater margins and repositioning on the market

Panama: income affected by weather

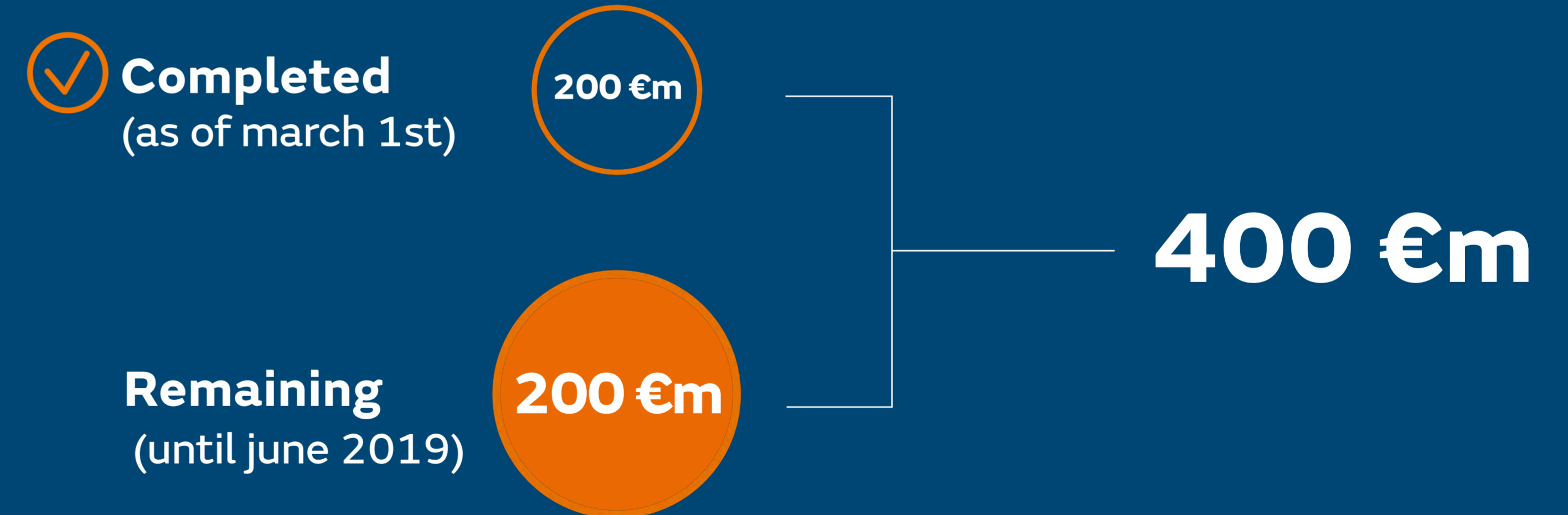
Results affected by exchange rates and non-recurring effects

2. Shareholders remuneration

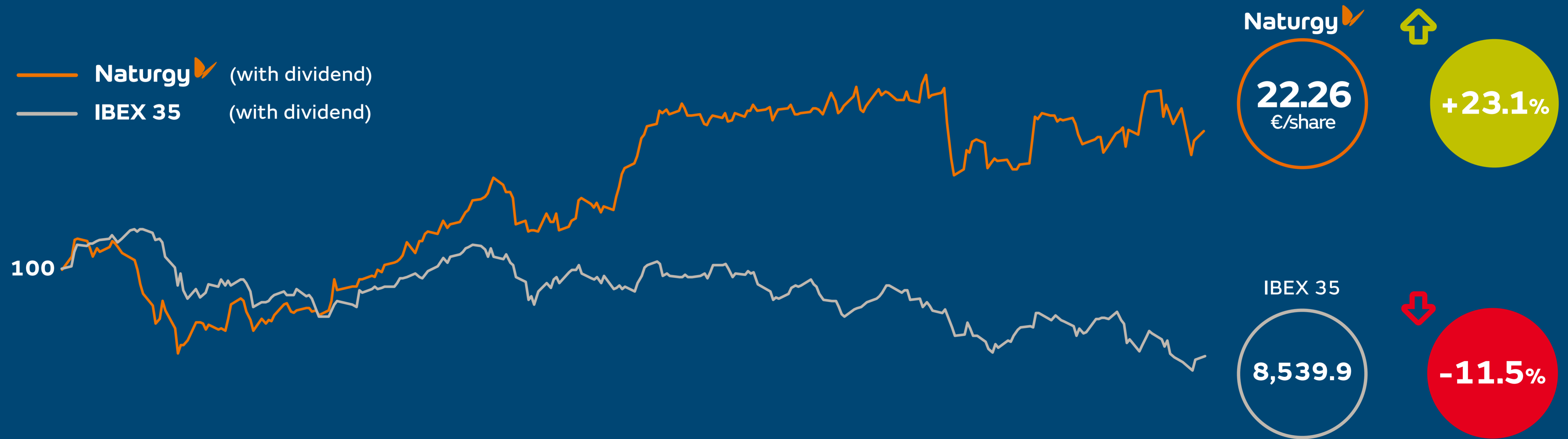
Dividend



Share buy-back



2. Evolution of total returns per share in the year



2. 2018 Summary

A year of transformation



New stock structure and corporate government



Simplification of the organisation, greater business accountability and traceability



New 2018-22 Strategic Plan



New brand

Commitments fulfilled

Ordinary result **12%** EBITDA **57%** net income

Investments **30%** **70%** in growth

Indebtedness and efficiency **10%** reduction in net debt **114 €m** savings

Shareholders remuneration **30%** increase in dividend in 2017 **200 €m** Share buy-back up to march 1st, 2019

The group's transformation has begun, with the first positive results

3. Corporate Social Responsibility

3. Commitment with society



Global leader in the Gas Utilities sector for the second consecutive year



Among the 120 most sustainable companies in the world, Europe and the Euro zone



FTSE4Good

Global leader in the Multiutilities sector



World top 5 in transparency and sustainability



Highest qualification (AAA) in mitigation of climate change and integration of sustainability



World leadership. Only Spanish power company in the A-list for its action against climate change



3.3 €bn

Global



Fiscal contribution in 2018



2.4 €bn

Spain

We work to contribute to sustainable development

3. Commitment to diversity

	2017	2018
% women in corporate areas	42%	48%
% women in management position	21%	32%



21 nationalities in corporate areas

Acknowledgments in relation to diversity, equality and conciliation



“Equality in Business” distinction awarded by the Spanish Ministry for the Presidency, Parliamentary Relations and Equality.



2018 Talent Mobility Award, for the **“Take the lead”** and **“Make yourself visible” female leadership programmes.**



Top 30 companies in Spain with **best practices in Diversity, Equality and Gender**, according to the INTRAMA ranking



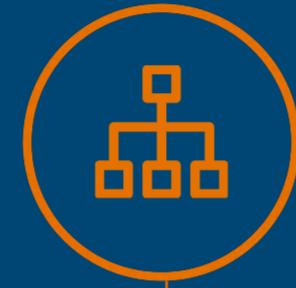
Global efr certificate in **Human and Social Development**

We are progressing in our commitment to diversity and equality

3. Commitment to safety



Culture of Safety



Proactive model



Commitment of the group and subcontractors



Target: 0 accidents

Frequency index in 2018



24%

in own personnel



18%

in subcontractors

The safety of all is not a choice but a duty

3. Naturgy Foundation



Power rehabilitation

Solidarity-based power rehabilitation fund for the homes of vulnerable families



Vulnerability Plan

Energy school: training for more than 10,000 people

Energy volunteer work: more than 1,550 people aided



Environment

Educational seminars: more than 1,700 people attended 15 seminars

Educational programmes: 320,000 beneficiaries

Committed to the communities where we operate

4. 2018-22 Strategic Plan

4. Vision of the transformation



Clients



- **Service** quality
- **Competitive** supply



Employees



- **Professional development**
- **Alignment** with the project



Shareholders



- **Sustainable** creation of **value**
- **Risk** control



Environment



- **Respect** for the environment
- **Social** commitment

4. Keys to the transformation

Simplicity

- Corporate Government
- Organisational structures

Focus

- Client
- Businesses

Efficiency

- Opex & Capex
- Capital structure

Transparency

- Reporting
- Responsibility

Discipline

- In investments
- In development

Innovation

- Digitisation
- Re-engineering

Six keys to create value

4. Simplicity: new Board structure



 **Chairman & CEO**

 **Proprietary directors**

 **Independent directors**

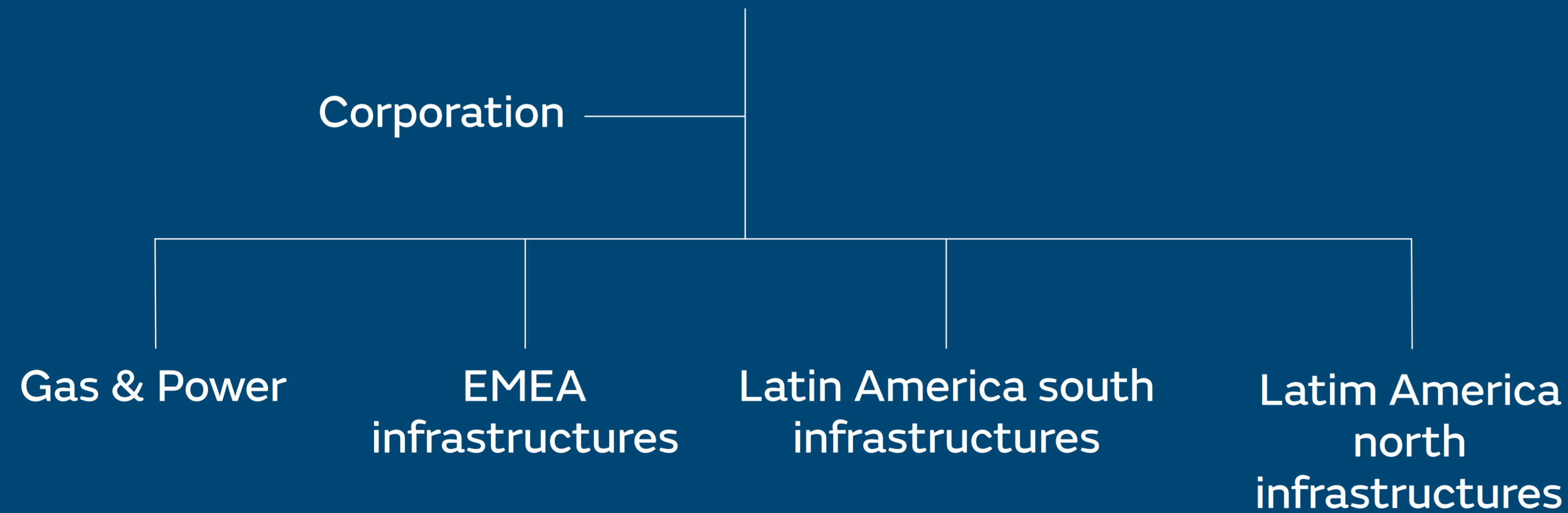
Agility: 12 members

Majority of independents on committees

Diversity of professional profiles

Simplification of by-laws and regulations

4. Simplicidad: nueva estructura organizativa



Reassignment of costs

Reduction of subsidiaries

Flatter management structure

Better traceability

4. Focus

Materialised sales



Gas distribution and marketing in Italy



Gas distribution and marketing in Colombia



Kangra in South Africa

Sales under negotiation



Electric distribution in Moldavia



Generation in Kenya



Renewal of the gas supply contract with Sonatrach (Algiers)

- 40% Naturgy supply
- Extended to 2030
- Strengthens a historic strategic relationship

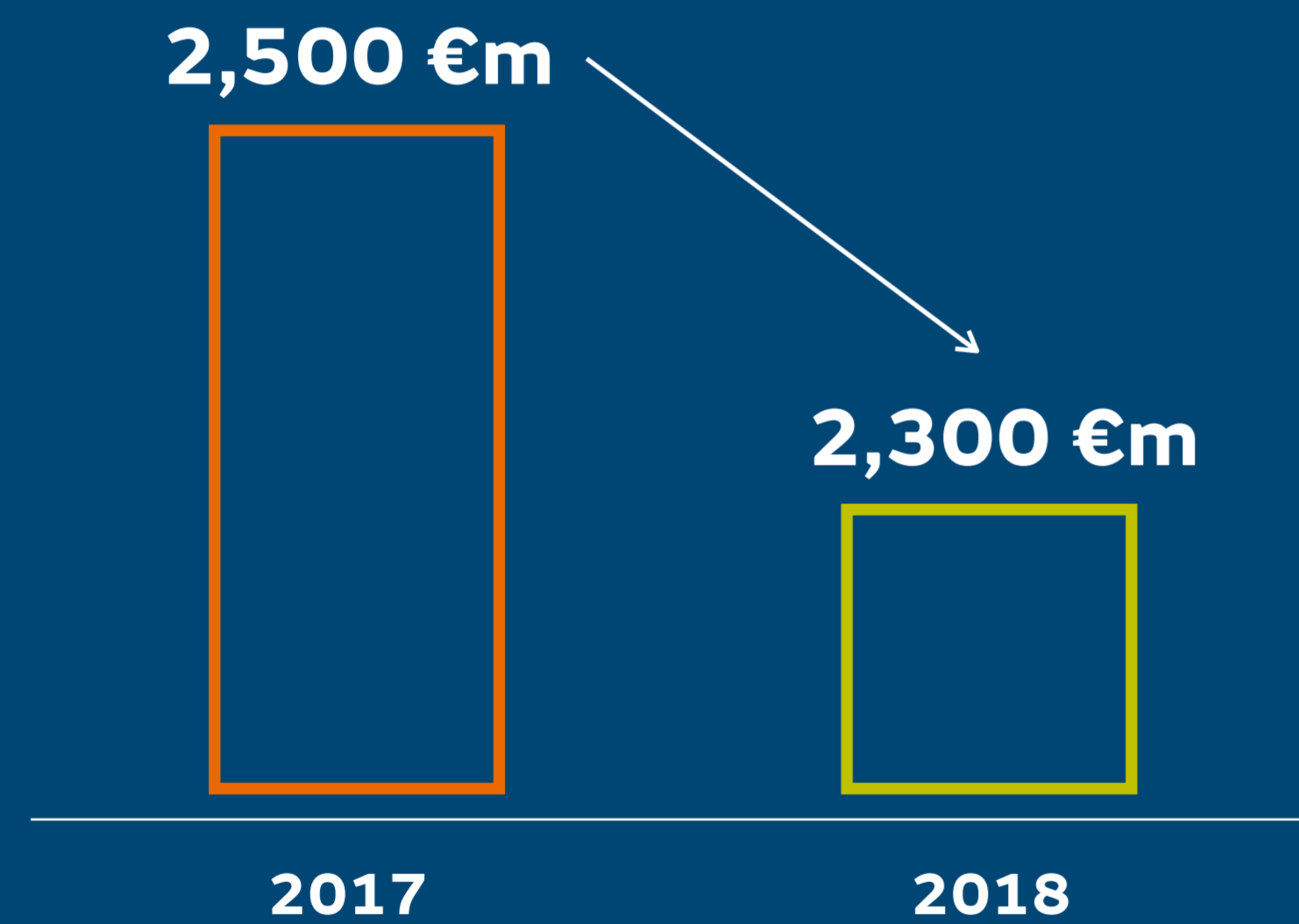


Favourable decision against Egypt in the ISCID and type approval in the UK

- It condemns the Arab Republic of Egypt to pay 1,700 €m for the lack of supply since 2014

Disinvestments to focus on the markets with the greatest potential

4. Efficiency: improvement of OPEX



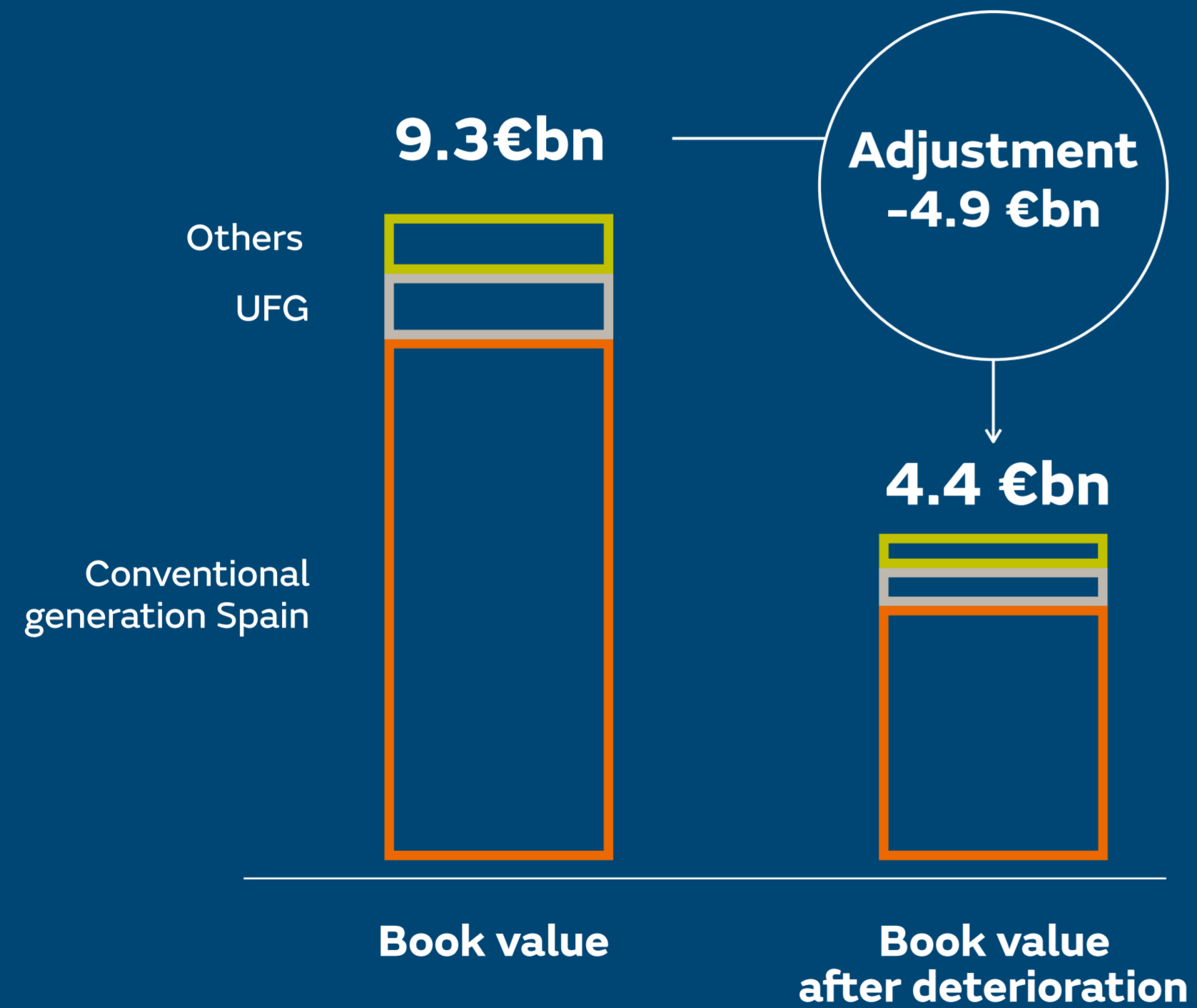
114 €m
are efficiencies in
the second half of
2018

Capture costs of 180 €m

Launch of capex & opex committees

257 ongoing initiatives

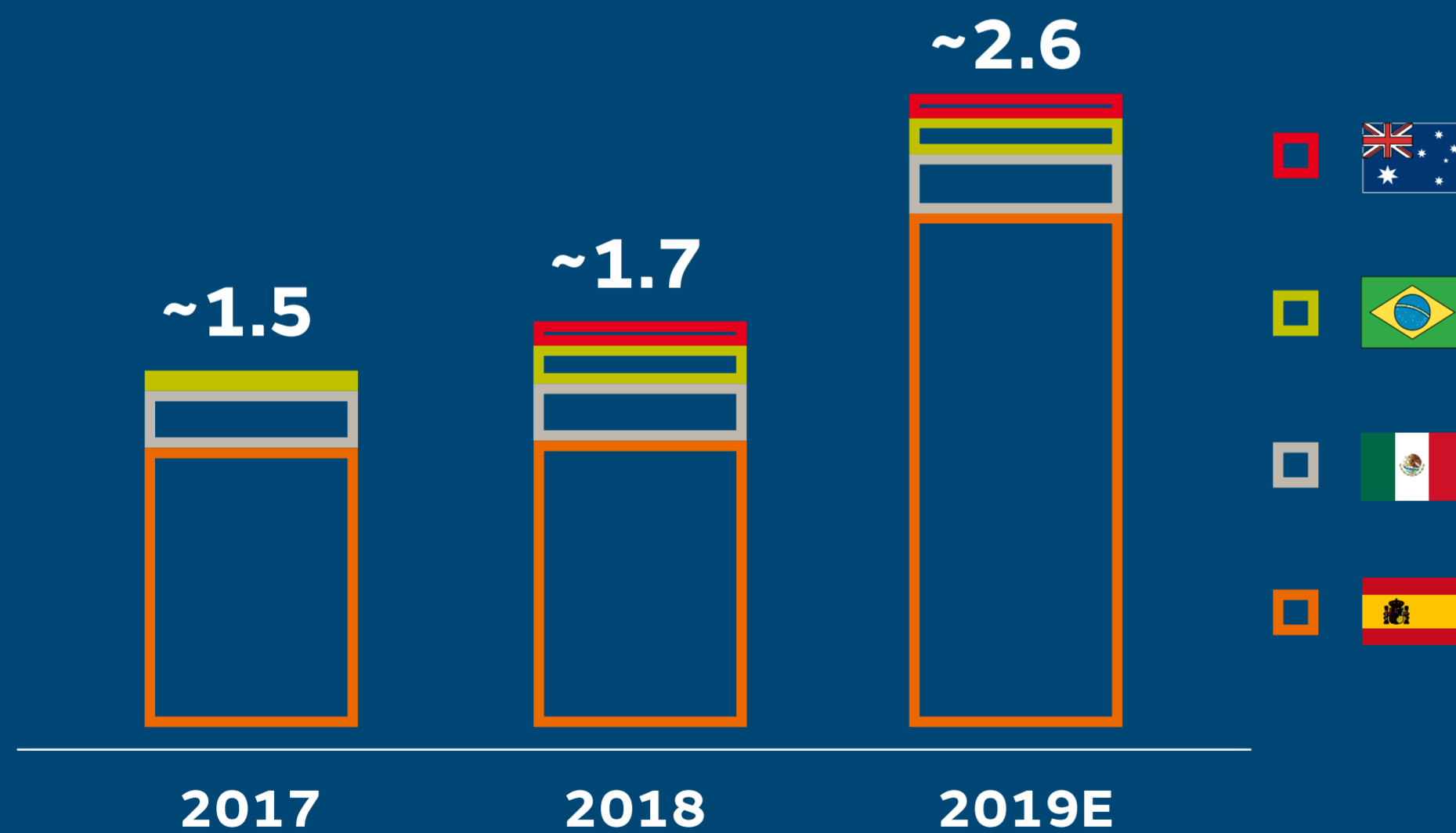
4. Transparency: review of book value of assets



Current valuation based on the hypotheses contemplated in the Strategic Plan

4. Investment discipline

Renewable generation capacity (GW/year)



↑
1GW
2019E vs. 2018

Spain

- 9 new wind farms and 2 photovoltaic plants: 172 MW
- 21 wind farms and 3 photovoltaic plants under construction: 791 MW

Australia

- Two 271 MW wind farms

Brasil

- Four 150 MW photovoltaic plants

4. Innovation: long-term payment plan



It solely depends on the total returns for shareholders generated during the period of the Strategic Plan



Ordinary settlement in July 2023



It replaces five previously approved incentive plans

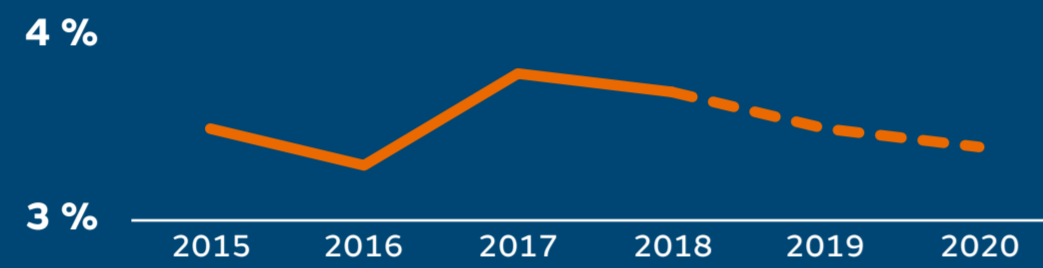
Directly aligns the management team with shareholder interests

5. Future perspectives

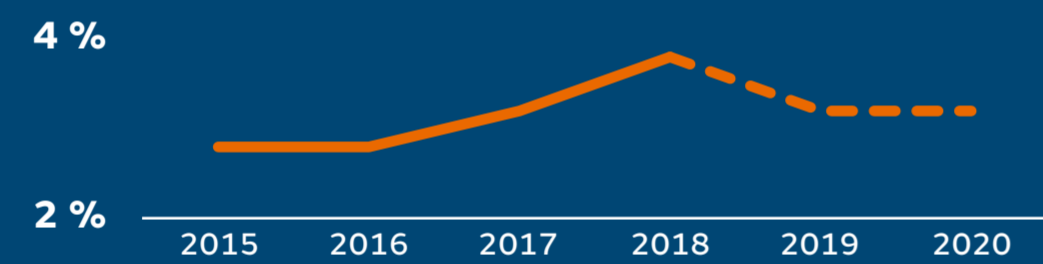
5. Macroeconomic scenario

International

GDP
(%) constant prices



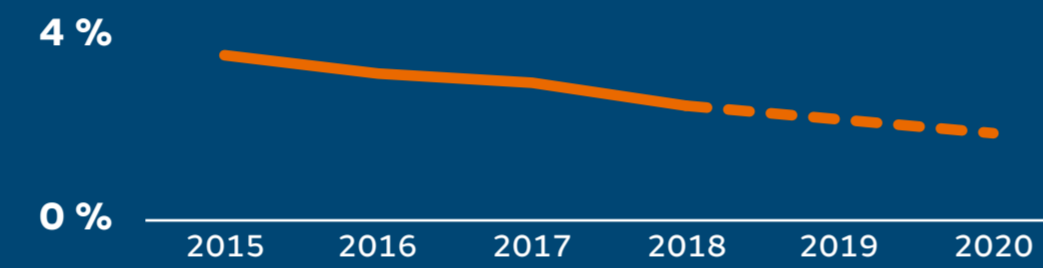
Inflation
(%) constant prices



FX vs. EUR
(%) 2019E vs. 2018

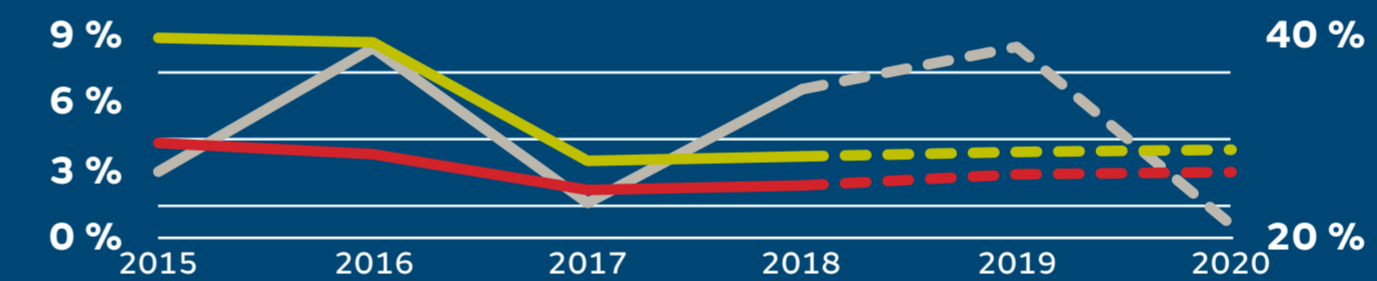
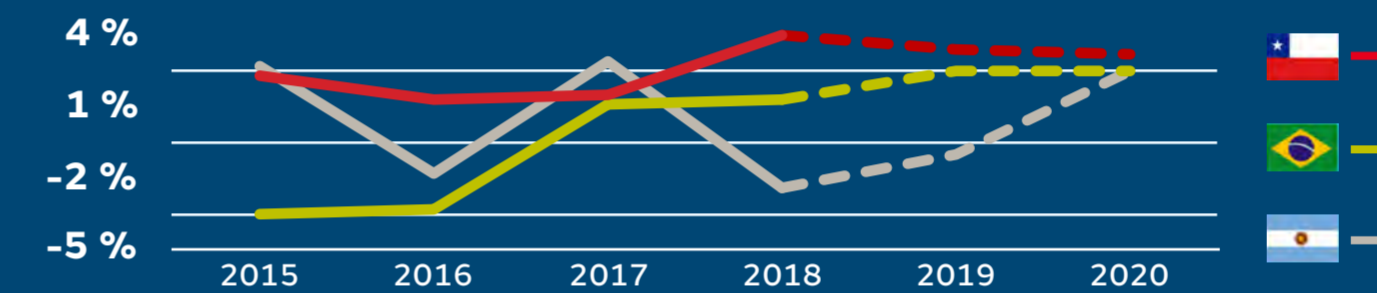
- Slight deceleration due to geopolitical tension

Spain



- Growth above the European average

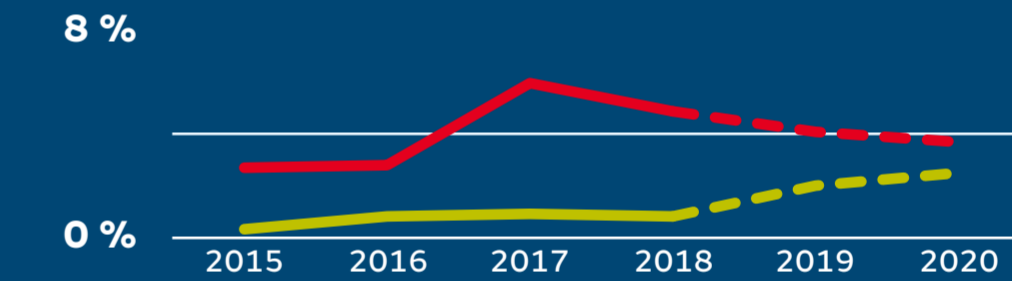
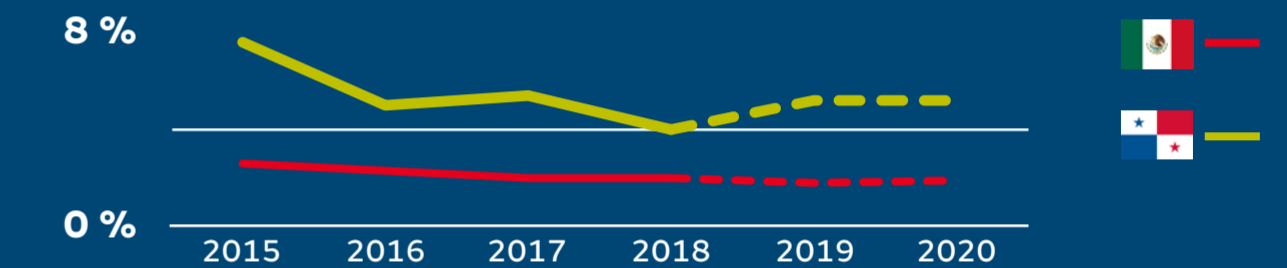
LatAm South



-2% 0% +22%

- Solid growth in Chile
- Start of recovery in Argentina
- Growth expectations in Brazil

LatAm North



+4% +2%

- Outstanding growth in Panama
- Growth in Mexico
- Strengthening of the dollar

Continued economic growth expected

5. Keys for the future in the energy sector

Increase in energy requirements



Promoted by Asia, largely China and India

Greater electrification



It will represent 75% of the increase in primary energy

Growth of renewable generation



It will be the primary source of energy in the world in 2040. In Spain, it will gradually replace nuclear generation from 2025 onwards

Progressive decarbonisation



Paris Agreement (COP21) and EU emission targets. Progressive closure of coal plants

Fundamental role of natural gas



Combined cycle and GNL plants with ensure the system's backup

Growing digitisation



Modernisation of the entire value chain

A sector in transformation that requires a Transition Plan contemplating greater energy efficiency

5. Naturgy lines of action in 2019

Gas&Power

- Repositioning on the market
- Reduction of volatility (GNL)
- Investment in renewable sources

EMEA

- Network digitisation
- Introduction of renewable gas
- Promotion of sustainable mobility

South LatAm

- Chile: new electric regulation
- Brazil: new market positioning and new RTI
- Argentina: renegotiation of RTI

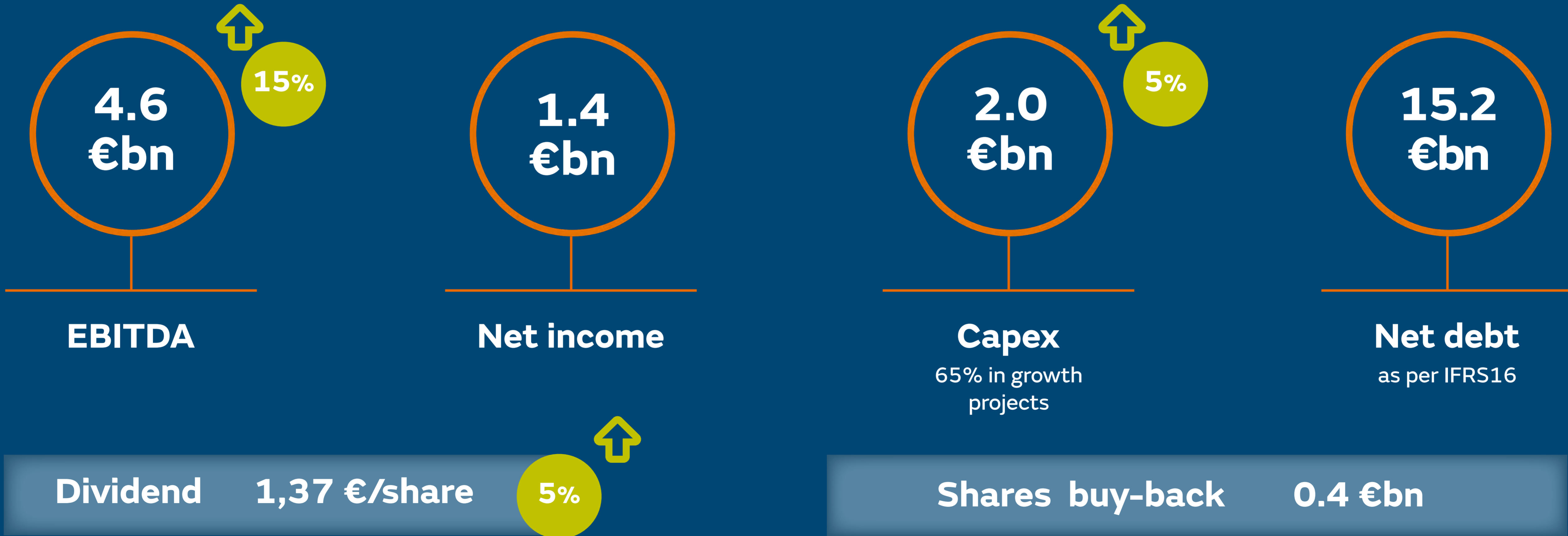
North LatAm

- Mexico: tariff update and market repositioning
- Panama: minimisation of network losses

Group

- Ongoing improvement of processes
- Excellence in safety
- Optimisation of financial and business structure

5. 2019 Financial targets



6. Proposed agreements

- 1** Approval of **financial statements:**
 - Individual
 - Consolidated
-

- 2** Approval of **Board management**
-

- 3** **Shareholders remuneration:**
 - Dividends
 - Share buy back programme
-

- 4** Changes in **corporate government:**
 - Appointment of Scott Stanley as proprietary director, proposed by GIP
 - Board Regulation
-

- 5** **Remuneration:**
 - Remuneration policy
 - Long-term incentive
 - Share plan for employees

Naturgy 