FY | 22 Results

15 February 2023

Naturgy

Contents

1 Executive summary

This results report includes a classification of the economic and financial information between "Networks" and "Markets" which simply represents a grouping or sum of the operating segments described and broken down in the consolidated annual accounts for the year 2022, following the structure that would result from the execution of the Geminis project, currently postponed. The purpose of this classification is to facilitate the understanding of the evolution of these segments in the context of the project. Therefore, the groups called "Networks" and "Markets" do not correspond to operating segments as defined by IFRS 8 "Operating Segments".

Summary – FY22 results

(€m)	FY22	FY21	Change
EBITDA	4,954	3,529	40.4%
Net income	1,649	1,214	35.8%
Capex	1,907	1,484	28.5%
Net debt	12,070	12,831	-5.9%
Free cash flow after minorities	1,914	2,113	-9.4%

Naturgy EBITDA stood at €4,954m in 2022, up 40.4% vs. 2021, continuing with the 9M22 trend. Overall, the period has been marked by the good performance of liberalized activities, supported by the global energy scenario and higher commodity prices.

Starting with regulated activities, Networks businesses posted an EBITDA of €2,475m in the period, an increase of 8.7% when compared to 2021, supported by lower OPEX in Spain following the completion of the restructuring plan in 2021, while Networks LatAm benefited mainly from tariff updates reflecting inflation from prior periods and positive FX movements.

The liberalized activities, or Markets businesses, were responsible for the bulk of the Group's outperformance when compared to 2021. Indeed, Markets businesses posted an aggregate EBITDA of €2,574m, an increase of 86.3% when compared to 2021.

Energy management and Supply activities contributed most of the growth in the period, while growth in Renewables and new businesses was partly offset by the significantly lower hydro resource in Spain during the period.

Naturgy is committed to supporting its clients, particularly through challenging times, and it strives to anticipate society's needs and to provide stability in energy prices in the current context of volatility. As such, Naturgy was a first mover in contributing innovative solutions for its stakeholders, launching its Electricity Commitment initiative at a fixed price for three years, aimed at offsetting the volatility of electricity prices in the pool, and most recently in gas, offering a stable 3-year price for industrial customers, and a 2-year price for communities & SMEs. Furthermore, as the leading Company in gas supply through regulated tariffs in Spain, with ~1.3 million customers and a market share of ~75%, Naturgy is committed to helping its consumers to benefit from the most competitive energy prices available. With this objective, the Company has reinforced customer service means to attend consumers interested in the changing to the Last Resort tariff (TUR), multiplying by 12x the number of customer service agents responding to customer queries, reaching a daily average of ~4 thousand new contracts. More than 60% of the Company's customer base has taken advantage of the long-term price initiatives launched by Naturgy in 2022.

Prudent financial management and capital discipline have been a cornerstone in 2022, in the face of market volatility and regulatory uncertainty.

On the one hand, Naturgy has been able to maintain an ample liquidity buffer during the period, with €9.5bn in available cash and equivalents and undrawn credit lines.

On the other hand, Naturgy has reduced its Net debt position from €12,831m at the end of 2021 to €12,070m at the closing of 2022, while deploying €1,907m of investments and delivering on its shareholder remuneration commitments of 1.2 €/share per annum, as envisioned in its strategic plan 21-25. Net debt to EBITDA has decreased from 3.6x as at the end of 2021 to 2.4x in 2022. Corporate ratings were reaffirmed at BBB[1] by S&P and Fitch in October 2022.

Total capex during 2022 stood at €1,907m, an increase of 28.5% vs. 2021, with Networks and Renewables representing over 90% of growth capex. The Company expects and acceleration of its capex program in the coming years, leveraging on its strong cash flow generation and balance sheet.

Naturgy remains committed to its strategy of renewables development and has reached more than 5.5GW of operational power in the period. In Spain, the Company is engaged in the construction of some 30 wind farms and PV plants, equivalent to nearly 1GW of additional renewable capacity expected to come in operation over the coming months.

Finally in terms of shareholder remuneration, the board will be proposing a final dividend of 0.50 €/share subject to AGM approval, complementing the first and the second interim dividends for 2022 of 0.30 and 0.40 €/share paid in cash during the year 2022, for a total cash dividend amount of 1.2 €/share in 2022, as envisioned in Strategic Plan 21-25.

The energy transition is a major opportunity for Naturgy, and the Company is committed to achieve carbon neutrality by 2050 at the latest. The Company aims to restore natural capital and biodiversity through multiple initiatives, related to the prevention, reduction and compensation of its impacts. Accordingly, a total of 345 biodiversity initiatives were implemented in 2022.

Energy demand and commodity prices

The year 2022 has experienced a decline of energy demand of Group's activities in Spain, Brazil and Mexico, reflecting different macroeconomic environments, weather circumstances, and energy trends in the countries where the Group operates. Thereby, electricity and gas demand in Spain decreased on average 9.2% and 15.3% respectively vs. 2021, remaining below pre-pandemic levels. Similarly, average demand on gas distributed activities in Mexico and Brazil experienced a decrease of 12.4% and 50.9% vs. 2021 respectively. On the other hand, gas and electricity demand in the remaining LatAm countries where the Group operates experienced some growth, 1.8% in Chile, 6.5% and 7.2% in Argentina gas and electricity respectively, and 3.9% in Panama electricity.

During the year 2022, LatAm currencies experienced a different evolution vs. 2021. On the one hand, the USD, Mexican Peso and Brazilian Reais experienced appreciations, whereas the Argentinean and Chilean peso continued to depreciate vs. EUR. Overall, the evolution of foreign currencies had a positive effect on the Group's financial performance of €76m and €2m in EBITDA and Net income respectively. The evolution of commodity prices for its part has followed a more consistent and global trend across regions, with an unprecedented rise in both gas and electricity markets, which has been further exacerbated by the ongoing Russia-Ukraine conflict. Average Brent prices were 43% higher than in 2021, while gas prices on major hubs showed unprecedented increases, notably TTF and JKM, which multiplied by ~3.4x and 2.3x respectively on average vs. 2021. Wholesale electricity prices for their part multiplied by ~1.5x on average vs. 2021 exceeding all-time highs. Such increases resulted in significant regulatory changes and ongoing uncertainty in Spain during the period.

Note:
1. S&P: negative outlook; Fitch: stable outlook

Regulatory developments

During the year 2022, the Group has been affected by the regulatory measures adopted by the Spanish government to mitigate the impact of high energy prices on consumers. These changes include, among others, the establishment of a temporary reduction of the extra remuneration received by non-emitting infra-marginal power generation plants for the price of gas internalised in the wholesale electricity market, excluding energy volumes sold at a fixed price under long term supply contracts below a fixed price of €67/MWh, a limitation on the increase of the regulated gas tariff during one semester, recovering the amounts owed in the following reviews, as well as various royal decree laws approved to implement temporary measures aimed at protecting vulnerable consumers, including increasing electricity social bonus discounts, establishing new categories of consumers entitled to benefit from the social bonus as well as extending electricity and gas supply guarantees.

Moreover, the Spanish government approved through Royal Decree-Law 10/2022 a further measure to temporarily cap gas prices by introducing a production-cost adjustment mechanism to reduce electricity wholesale prices in the market to the benefit of consumers, applying to combined-cycle, coal-fired power plants as well as cogeneration not covered by any regulated remuneration framework. Including RD, RD-laws, new laws, ministerial orders and CNMC resolutions, more than 20 new regulations have been introduced in Spain during 2022.

Regulatory discussions at a European level are ongoing and the European Commission has recently launched public consultation on the potential reform of the EU's electricity market design. Regulatory changes and uncertainty are likely to remain fluid in the foreseeable future.

Project Gemini

On 10 February 2022, Naturgy launched Project Gemini, intended to reorganize the Group's activities. Specifically, the project consisted of a spin-off to create two large groups that would be listed on the Spanish Stock Exchanges and have clearly differentiated business profiles whilst maintaining the same shareholder composition, at least initially, as a result of the proposed transaction.

The first of the groups resulting from the proposed spin-off would be headed by Naturgy itself (MarketsCo, after the spin-off), as the surviving company, and would encompass, in an integrated manner, the deregulated businesses comprising the development of renewable energies, the portfolio of energy customers and associated services, the conventional generation fleet and trading in wholesale energy markets. The second of the groups resulting from the proposed spin-off would be headed by a newly-created company (NetworksCo), as the beneficiary of the spin-off, encompassing all the businesses involved in managing regulated gas and electricity distribution and transmission infrastructures.

Project Gemini was designed to simplify and focus the management of each of the resulting business groups to accelerate the Strategic Plan, boosting growth and their contribution to the energy transition. However, as at the end of 2022, Project Gemini has been postponed and no visibility can be provided regarding its calendar. The analysis undergone to date confirmed the suitability and strategic sense of Project Gemini although its execution timetable will need to be adjusted to the current market environment and volatility, the evolution of the European energy context and the numerous regulatory uncertainties, many of which have yet to be defined.

Financial reporting

Naturgy is firmly committed to providing the capital markets with a long-term view of its financial and operating performance while maintaining a fluid and transparent communication with its stakeholders. Notwithstanding the foregoing, the recent amendment to the Spanish Securities Market Law in transposition of Directive (EU) 2017/828 as regards to the encouragement of long-term shareholder engagement has resulted in the suppression of the obligation to publish quarterly financial statements for public listed companies. In this respect, and as allowed by financial regulations, the Company will publish results on a semiannual basis.

2 Key comparability factors

Perimeter changes and other items

The main transactions completed in 2021 with an impact in comparability vs. FY22 results include:

- On March 2021, Naturgy, ENI and the Arab Republic of Egypt completed the agreement reached on 1 December 2020 to amicably resolve the disputes affecting Union Fenosa Gas (UFG). As a result, a positive impact of €127m was recognized in FY21, while UFG assets assigned to Naturgy were fully consolidated.
- On July 2021, Naturgy completed the disposal of its 96.04% equity shareholding in its Chilean electricity networks subsidiary, Compañía General de Electricidad S.A in Chile (CGE), to State Grid International Development Limited (SGID), translating into €64m net capital gains for 2021.

Other items with an impact in comparability in FY22 vs. FY21 results include:

- Metrogas S.A., the Chilean subsidiary in which Naturgy has a 55.6% shareholding, received a first-instance conviction sentence on 4 August 2022, on a series of lawsuits for alleged contractual breaches in the transportation of Argentine gas filed by Transportadora de Gas del Norte, S.A. (TGN) originating in 2009, when Argentina stopped supplying gas to Chile during the Argentine gas crisis. The sentence condemns Metrogas to pay TGN for unpaid invoices and early termination of contracts (loss of earnings), for an approximate sum of USD250m (€236m), plus costs and interests linked. This ruling and its potential effects, which are not final and subject to appeal, have been provisioned and are incorporated in the FY22 Naturgy's accounts. Metrogas will exercise all actions it is entitled to in order to defend its interests, appealing the judicial ruling.

Foreign exchange impact

Exchange rate fluctuations in the period are summarized below:

	FY22	Change (%)	FX effect (€m)	
			EBITDA	Net income
USD/€	1.05	-11.0%	33	-8
MXN/€	21.20	-11.6%	34	9
BRL/€	5.44	-14.7%	45	10
ARS/€ [1]	189.70	62.2%	-40	-10
CLP/€	917.92	2.2%	-1	-1
Other	-	-	5	2
Total	**-**	**-**	**76**	**2**

Note:
1. Exchange rate as of 31 December 2022 considering Argentina as hyperinflationary economy

3 Consolidated results

(€m)	FY22	FY21	Change
Net sales	33,965	22,140	53.4%
EBITDA	**4,954**	**3,529**	**40.4%**
Other results	-111	133	-
Depreciation, amortisation and impairment expenses	-1,532	-1,462	4.8%
Impairment of credit losses	-228	-99	-
EBIT	**3,083**	**2,101**	**46.7%**
Financial result	-665	-394	68.8%
Profit/(loss) of companies measured under the equity method	128	90	42.2%
Income tax	-697	-358	94.7%
Income from discontinued operations	-23	117	-
Non-controlling interest	-177	-342	-48.2%
Net income	**1,649**	**1,214**	**35.8%**

Net sales totaled €33,965m in FY22, up 53.4% vs. FY21, mainly as a result of higher energy prices in the period.

Consolidated EBITDA reached €4,954m in FY22, up 40.4% vs. FY21 mainly supported by the good performance of liberalized activities vs. FY21.

Depreciation, amortization and impairment expenses reached in the period €1,532m, 4.8% higher than in FY21.

Impairment and credit losses reached €-228m in FY22, significantly higher than in FY21 mostly as a result of higher sales in the period.

Financial result amounted to €-665m, up 68.8% vs. FY21, following the recognition of accrued interests linked to the aforementioned TGN sentence in Chile. Lower Net debt in the period was offset by higher cost of gross financial debt in FY22 (3.0% in FY22 vs. 2.5% as of FY21, both excluding cost from IFRS 16 debt) due to higher interest rates, particularly in Latin America. As of 31 December 2022, 80% of gross debt is at fixed rates and 68% is denominated in Euros.

Financial result (€m)	FY22	FY21	Change
Cost of net financial debt	-501	-491	2.0%
Other financial expenses/income	-164	97	-
Total	**-665**	**-394**	**68.8%**

Equity-accounted affiliates contributed €128m in FY22 as detailed below:

Profit/(loss) of companies measured under the equity method	FY22	FY21	Change
Qalhat	18	-3	-
Electricity Puerto Rico	51	54	-5.6%
CGE sub-group	18	9	100.0%
Renewable Generation and Cogeneration	20	15	33.3%
Medgaz/Medina	19	12	58.3%
Others	2	3	-33.3%
Total	**128**	**90**	**42.2%**

The increase is the result of higher contribution from Qalhat and CGE subgroups, as well as higher contribution from renewable activities and gas pipelines (Medgaz/Medina).

The effective tax rate for FY22 stood at 27.4%, vs. 19.9% in FY21.

Income from discontinued operations stood at €-23m in FY22 vs. €117m in FY21. The difference is explained by Electricity distribution Chile, which was classified as discontinued operations until the completion of its disposal in September 2021.

Income from discontinued operations (€m)	FY22	FY21	Change
Peru	-	2	-100.0%
Electricity distribution Chile	-23	115	-
Total	**-23**	**117**	**-**

Income attributed to non-controlling interests amounted to €-177m in FY22, -48.2% vs. FY21, as exhibited in the following table:

Income attributed to non-controlling interests (€m)	FY22	FY21	Change
EMPL	-	-32	-100.0%
Nedgia	-50	-72	-30.6%
Other affiliates[1]	-78	-179	-56.4%
Other equity instruments	-49	-59	-16.9%
Total	**-177**	**-342**	**-48.2%**

Note:
1. Including LatAm thermal, LatAm and Australia renewables, gas distribution in Chile, Brazil, Mexico and Argentina, and electricity distribution in Panama

Cease of contribution from EMPL follows the termination of the concession in October 2021, while lower income attributed to non-controlling interests in other affiliates responds mainly to the impact of TGN provisions in Metrogas (Chile) accounted for in 2022. The Other equity instruments caption includes the accrued interest on Deeply Subordinated Notes (hybrids) and is also lower vs. 2021 as a result of the €500m hybrid redemption without replacement completed in November 2022.

All in all, Net income reached €1,649m in FY22, up 35.8% vs. FY21, supported by the good performance of liberalized activities, notably in Energy management and Supply, and despite the negative impact of the TGN sentence and higher funding costs, particularly in LatAm, as a result of higher interest rates, as well as higher taxes in the period.

4 Results by business unit

4.1 Networks

EBITDA (€m)	FY22	FY21	Change
Networks Spain	**1,520**	**1,448**	**5.0%**
Gas networks	837	857	-2.3%
Electricity networks	683	591	15.6%
Networks LatAm	**955**	**828**	**15.3%**
Chile gas	160	191	-16.2%
Brazil gas	307	231	32.9%
Mexico gas	256	218	17.4%
Panama electricity	143	125	14.4%
Argentina gas	59	40	47.5%
Argentina electricity	30	23	30.4%
Total	**2,475**	**2,276**	**8.7%**

Please refer to Annex for additional P&L disclosure

EBITDA increased 8.7% to €2,475m during the period, mainly driven by Networks LatAm, which benefited from tariff updates and positive FX evolution. Networks Spain growth was mainly driven by lower OPEX after the completion of the restructuring plan in 2021, compensating for the lower demand in gas and the negative regulatory adjustments to gas distribution remuneration due as part of the regulatory framework 2021-2026.

According to the criteria established by IAS 29 "Financial Information in Hyperinflationary Economies", the Argentine economy should be considered as hyperinflationary. As a result, FX differences arising during the year have been applied to 2022 results, which have been as well updated by inflation rates.

Spain gas networks

FY22 EBITDA reached €837m, down 2.3% vs. FY21, driven by lower demand in the industrial segment, particularly in cogeneration, as well as in the residential segment, due to milder temperatures vs. 2021. Regulated remuneration adjustments due under the current regulatory period 2021-26, are only partially compensated by lower OPEX.

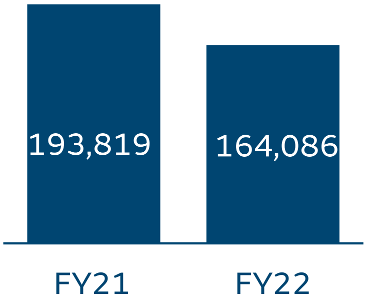
Gas sales (excluding LPG) decreased by 15.3%, while connection points remained stable vs. FY21 (-0.2%).

Spain electricity networks

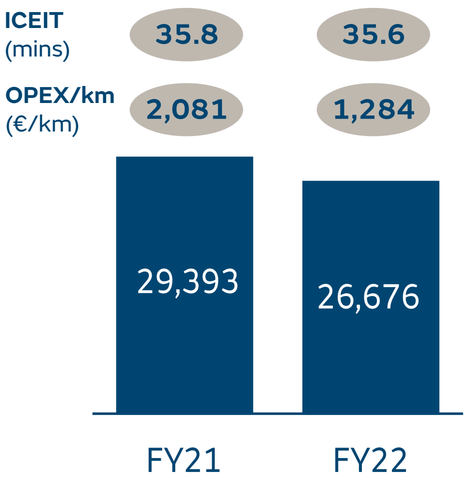
FY22 EBITDA amounted to €683m, a 15.6% increase vs. FY21. Stable performance with growth from recognized investments was partly offset by regulatory impacts. The comparison vs. FY21 figures is affected by the restructuring plan in 2021.

Connection points increased by 0.6% during the period, while electricity sales decreased by 9.2%.

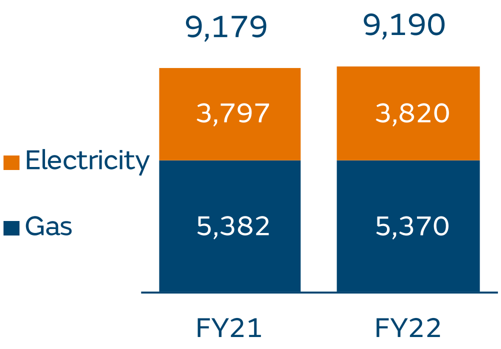
Gas sales Spain (GWh)
(-15.3%)



Electricity sales Spain (GWh)
(-9.2%)



Connection points ('000)
(0.1%)



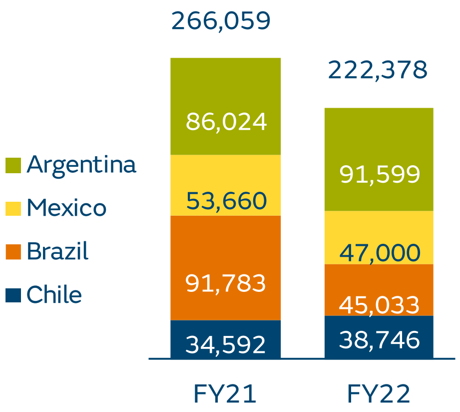
Chile gas

FY22 EBITDA totaled €160m, 16.2% lower than in FY21. Higher sales and margins in supply were not enough to compensate for weaker results in distribution activities, impacted by lower margins from the regulatory review, and the provisions (€108m) related to the first instance conviction sentence in favor of Transportadora de Gas del Norte, S.A. (TGN).

Total gas sales increased by 12.1%, mostly as a result of higher TPA sales (+14.2%), while distributed sales remained stable (+1.8%).

Connection points increased by 2.0%.

Gas sales (GWh)
(-16.4%)



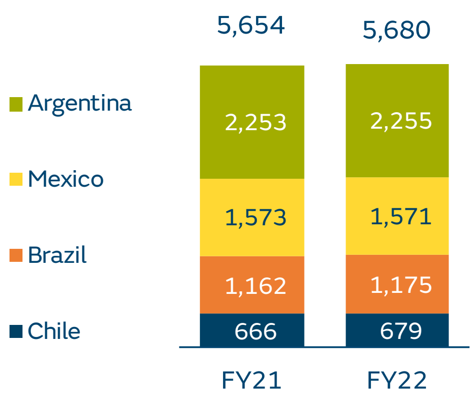
Brazil gas

FY22 EBITDA totaled €307m, 32.9% higher than in FY21. Tariff updates and positive FX impact (€43m) were partially offset by substantially lower demand, particularly in power generation, due to abundant hydro resource in the year.

Gas sales decreased 50.9% when compared to 2021, as a result of lower demand for generation amid higher water reserves, and to a lower extent lower industrial demand due to slow economic recovery.

Connection points grew 1.1% in the period.

Gas connection points ('000)
(+0.5%)

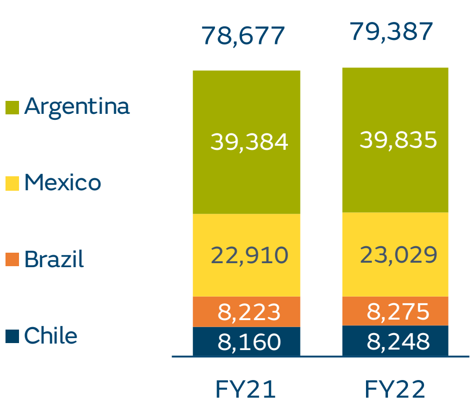


Mexico gas

FY22 EBITDA increased 17.4% to €256m. Higher tariffs and positive FX impact (€29m) were partly offset by lower volumes and residential demand vs. 2021.

Gas sales decreased by 12.4% while connection points remained stable (-0.1%).

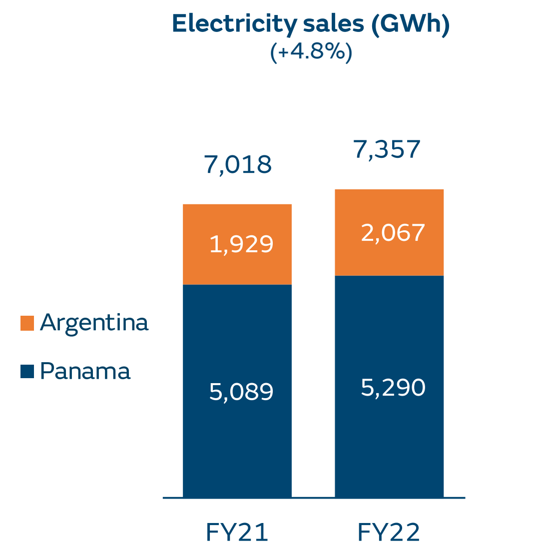
Gas network (km)
(+0.9%)



Panama electricity

FY22 EBITDA amounted to €143m, up 14.4% vs. FY21, driven by higher sales (+3.9%), tariff updates, and positive FX impact in the period (+€16m).

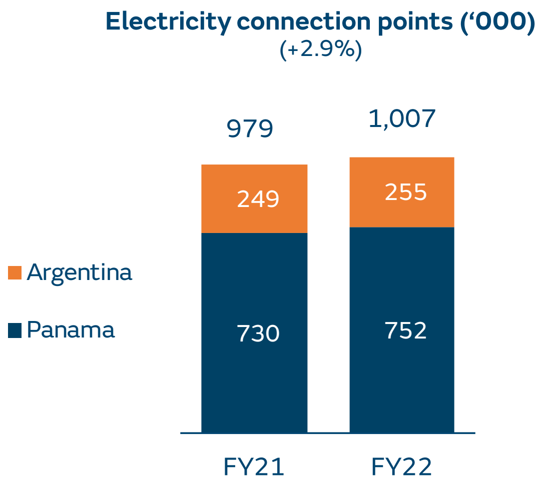
Connection points grew by 3.0%.



Argentina gas

FY22 EBITDA amounted to €59m, up 47.5% when compared to 2021. Growth is explained by both higher sales, notably in the industrial and commercial segments, and tariff updates. FX impact amounted to €-26m.

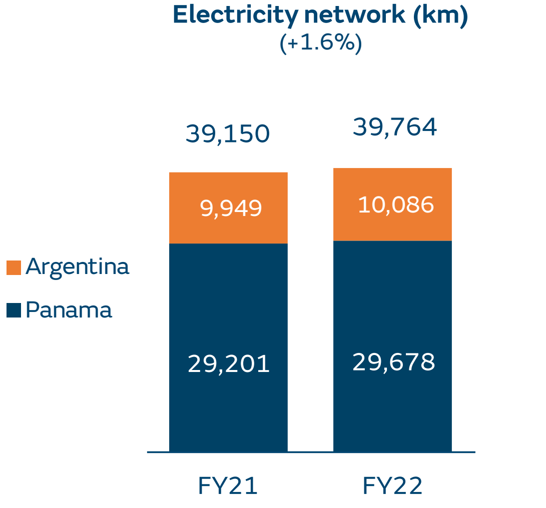
Gas sales increased by 6.5%, while connection points remained stable (+0.1%) vs. FY21.



Argentina electricity

FY22 EBITDA amounted to €30m, 30.4% higher than in FY21, driven by tariff inflation updates and both sales and connection points growth (+7.2% and +2.4% respectively). FX impact accounted for €-14m.

Higher demand was driven by higher temperatures in summer and lower temperatures in winter.



4.2 Markets

EBITDA (€m)	FY22	FY21	Change
Energy management	**1,665**	**990**	**68.2%**
Markets and procurement	1,131	90	-
International LNG	-144	373	-
Pipelines (EMPL)	-7	191	-
Spain thermal generation	420	91	-
LatAm thermal generation	265	245	8.2%
Renewables and New businesses	**366**	**488**	**-25.0%**
Spain & USA	277	408	-32.1%
Australia	15	9	66.7%
LatAm	74	71	4.2%
Supply	**543**	**-96**	**-**
Total	**2,574**	**1,382**	**86.3%**

Please refer to Annex for additional P&L disclosure

EBITDA reached €2,574m in 2022, +86.3% when compared to 2021, continuing with the 9M22 trend.

Energy management delivered EBITDA of €1,665m, up 68.2% when compared to 2021, benefiting from higher international energy prices.

Renewables for its part reached an EBITDA of €366m during the period, a decrease of 25.0% when compared to 2021, which is primarily explained by the one-off hydro canon recovery in Spain during FY21 (+€191m). Excluding this item, contribution was higher driven by new capacity additions coming into operation, and despite the decrease in hydro production during the year.

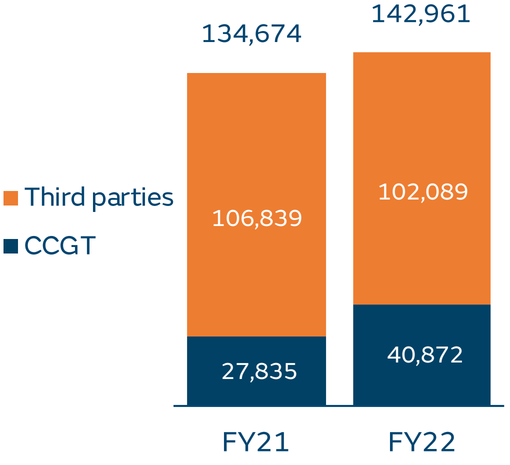
Finally, the Supply business in Spain posted an EBITDA of €543m during the year, experiencing a significant margin recovery from 2021 lows, which was severely impacted from specific issues in both gas and electricity activities.

Markets and procurement

FY22 EBITDA reached €1,131m vs. €90m in FY21, benefiting from higher selling prices internationally due to greater indexation to gas hub references, compared to longer term priced LNG procurement contracts.

Total sales reached 142,961GWh, +6.2% vs. FY21.

Gas sales (GWh)
(+6.2%)



International LNG

FY22 EBITDA reached €-144m, vs. €373m in FY21. The decoupling of TTF with physical gas sales has led to reassess the effectiveness of hedging in LNG gas sales.

The period also experienced lower volumes and higher maritime costs when compared to 2021.

As of 31 December 2022, contracted sales for 2023 and 2024-25 stood at 69% and 78% respectively, including physical contracts for LNG delivery and financial hedges.

International LNG sales (GWh)
(-11.8%)

Pipelines (EMPL)

The concession terminated on 31 October 2021, thus not contributing to Naturgy's consolidated EBITDA since then.

Spain thermal generation

FY22 EBITDA reached €420m vs. €91m in FY21, on the back of substantially higher production and electricity prices.

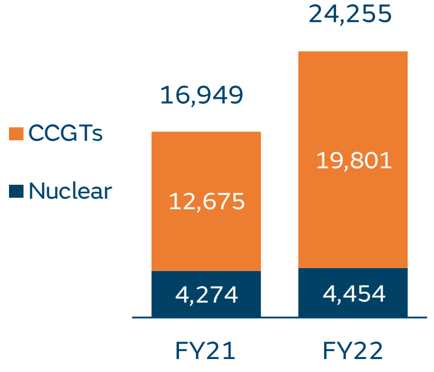
Spain thermal generation was marked by the low hydro production throughout 2022, higher net electricity exports, partly due to the Spanish cap on gas prices, and the inherent intermittency of renewables generation. The above resulted in a substantial increase in CCGTs production to cover the shortfall in renewables and avoid brownouts, particularly in Q4.

Pool prices multiplied by 1.5x vs. FY21, averaging €167.5/MWh in the period, as a result of higher gas and CO_2 prices. Naturgy's operational excellence in CCGTs was a key competitive advantage to secure higher margins in the period vis a vis competition.

Total production increased by 43.1%, with CCGTs and nuclear production increasing by 56.2% and 4.2% respectively in the year.

Spain thermal power production (GWh)
(+43.1%)

	FY21	FY22
Pool fwd prices[1] (€/MWh)	89.3	176.0
Pool Price[2] (€/MWh)	111.9	167.5

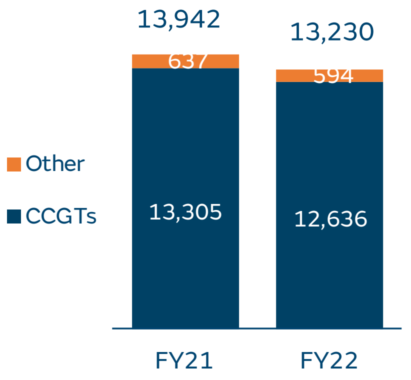


LatAm thermal generation

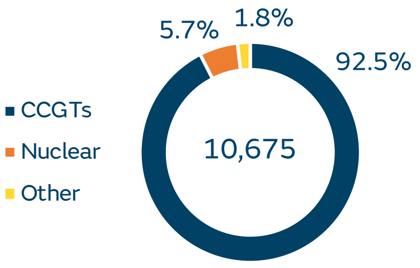
FY22 EBITDA reached €265m, up 8.2% vs. FY21, mainly supported by positive FX impact (€32m). Excluding FX, contribution was lower when compared to 2021 due to lower production and availability in Mexican CCGTs, per planned outages and maintenance.

Total production decreased by 5.1%, with Mexican CCGTs decreasing by 5.0% and other thermal 6.8%.

LatAm thermal power production (GWh)
(-5.1%)



FY22 thermal installed capacity (MW)



Notes:
1. Average price of 1Y ahead forward Spanish base prices in the Iberian Energy Derivatives Exchange (OMIP) in the period
2. Average price in the daily power generation market

Renewables Spain & USA

FY22 EBITDA amounted to €277m, down 32.1% vs. FY21, which is primarily explained by the one-off hydro canon recovery in Spain during FY21 (+€191m). Excluding this item, contribution was higher driven by new capacity additions coming into operation and higher prices, partially offset by lower hydro production during the year (-43.5%) and the negative effects from RD 6/22, limiting profits on infra-marginal generation technologies.

Installed capacity as at the end of 2022 reached 4,392MW, 265MW higher compared to FY21, almost evenly split between wind and solar capacity.

New renewable developments in the US continue to progress as expected.

Renewables Australia

FY22 EBITDA was €15m, vs. €9m in FY21.

Higher production (+5.3%) and the positive evolution of the mark to market valuation of existing PPAs were partially offset by higher OPEX from Berrybank, coming into operation during 2021.

Installed capacity as at the end of 2022 reached 277MW, all of it wind capacity. Additional project developments are expected to come into operation in the coming months.

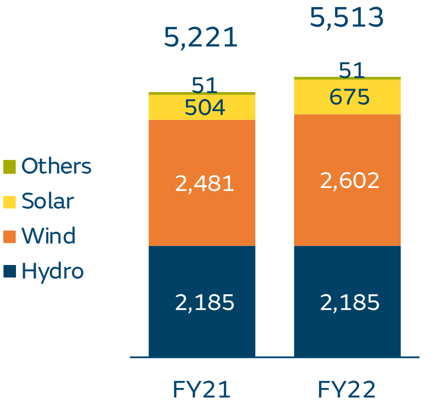
Renewables LatAm

FY22 EBITDA reached €74m, 4.2% higher than in FY21, driven by higher margins (except in Chile) and positive FX impact (€10m).

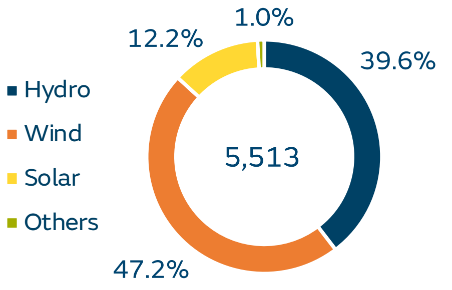
Installed capacity in LatAm reached 844MW as of FY22, 27MW higher compared to FY21, all of it solar capacity.

Hydro production in LatAm was up +8.3% and solar production +1.9%, while wind decreased by 9.6%.

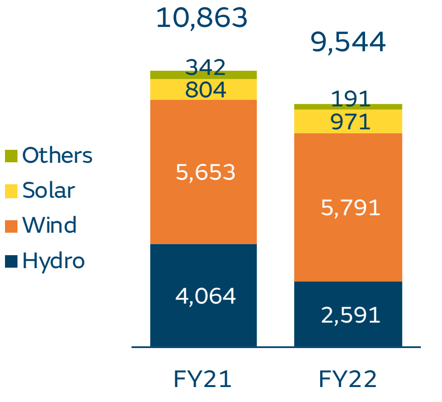
Total renewable installed capacity (MW)
(+5.6%)



FY22 renewable installed capacity (MW)
(technology)



Total renewable production (GWh)
(-12.1%)



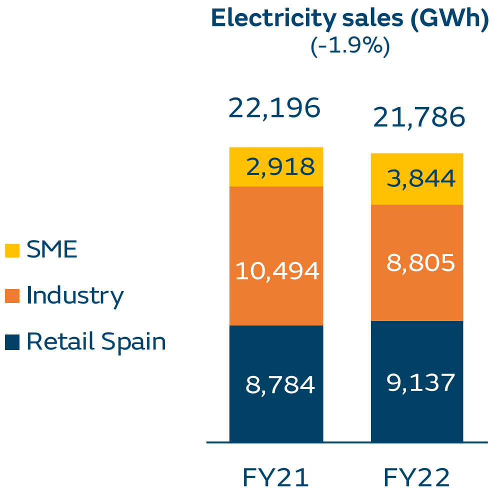
Supply

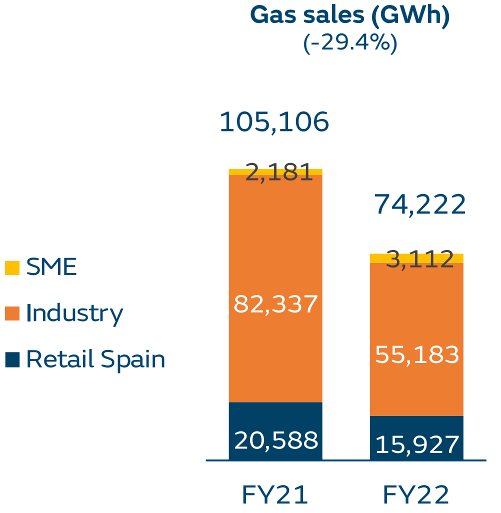
FY22 EBITDA reached €543m vs. €-96m in FY21, experiencing a significant margin recovery from 2021 anomalous lows, notably in gas, as the contracts with end customers roll over and increasingly reflect the increase of energy prices in major hubs.

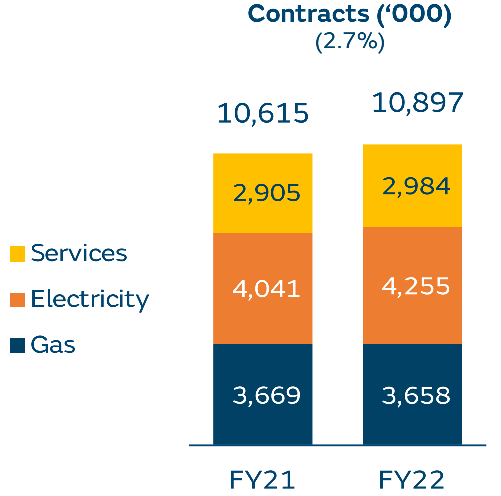
Electricity supply margins also recovered from 2021 lows, which was impacted by power market buys at elevated pool prices due to a long supply position, impacting profitability in 2021. Sales remained relatively stable (-1.9%) in FY22 as higher sales in the SME and retail segments (+31.7% and +4.0% respectively) were offset by lower industrial sales (-16.1%).

Gas supply improved overall margins and competitiveness from 2021 lows, specially in the industrial segment, following the withdrawal of some gas contracts and associated penalties in 2021. Sales in industrial and retail segments were lower vs. 2021.

The number of contracts increased by 2.7% vs. FY21.

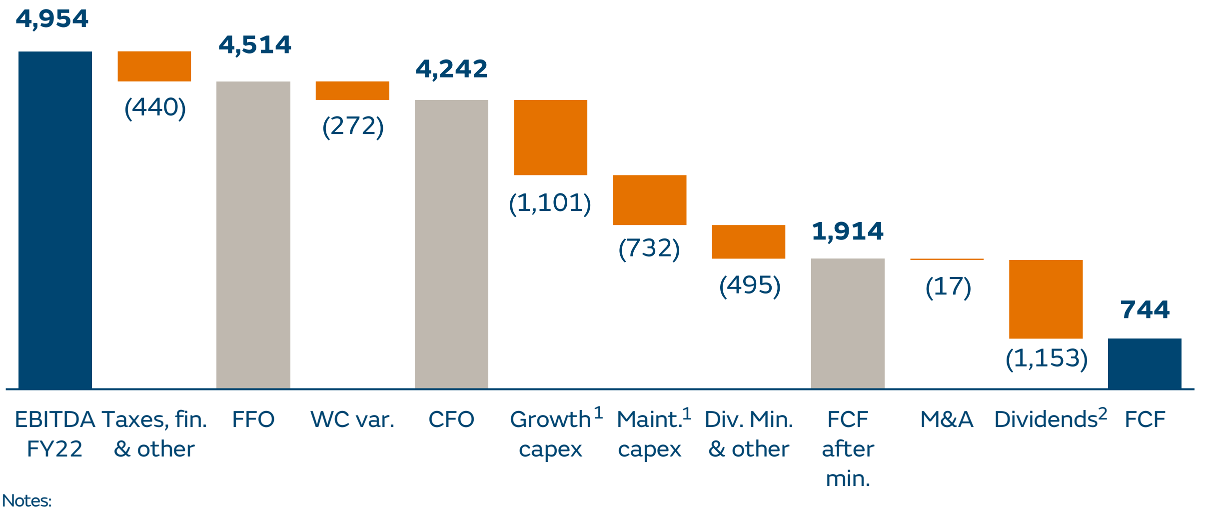






5 Cash flow

Cash flow evolution (€m)



Notes:

1. Net of cessions and contributions
2. Dividends paid net of those received by Group companies

Prudent financial management and capital discipline have been a cornerstone in 2022, in the face of market volatility and uncertainty.

FFO was strong in the period underpinned by liberalized activities. Naturgy has reduced its Net debt position from €12,831m at the end of 2021 to €12,070m at the closing of 2022, the reduction being explained by €744m from free cash flow generation and a net €17m from FX, perimeter changes and other effects. This debt reduction was achieved while deploying €1,907m investments and delivering on its shareholder remuneration commitments of 1.2 €/share per annum, as envisioned in its strategic plan 21-25.

Net debt to EBITDA has decreased from 3.6x as at the end of 2021 to 2.4x in 2022. Corporate ratings were reaffirmed at BBB[1] by S&P and Fitch in October 2022.

Capex

The breakdown of PP&E and intangible investments between maintenance and growth provides useful information on the investment profile of the Group. The breakdown of capex by type and business is exhibited below:

	Maintenance capex		
(€m)	**FY22**	**FY21**	**Change**
Networks	462	371	24.5%
Markets	256	137	86.9%
Rest	18	24	-25.0%
Total investments	**736**	**532**	**38.3%**

Maintenance capex in FY22 amounted to €736m, compared to €532m in FY21, as result of higher maintenance in both thermal and renewable generation plants. Networks LatAm maintenance capex also increased, which is partly an effect from currency appreciation.

Note:
1. S&P: negative outlook; Fitch: stable outlook

	Growth capex		
(€m)	**FY22**	**FY21**	**Change**
Networks	314	249	26.1%
Markets	857	703	21.9%
Total investments	**1,171**	**952**	**23.0%**

Growth capex in the period represented more than 60% of total capex and amounted to €1,171m in FY22.

Growth capex in FY22 included:

- A total of €314m invested in the development of networks in Spain and LatAm, of which €154m in Spain, €66m in Panama, €31m in Chile, €27m in Mexico, €22m in Argentina and €14m in Brazil.
- A total of €750m invested in the construction of different renewable projects, of which €502m in Spain, €225m in Australia and €23m in LatAm.
- €106m in the Supply activity.

Wind farm in Australia

Naturgy remains committed to its strategy of renewables development and has reached more than 5.5GW of operational power in the period.

In Spain, the Company is engaged in the construction of some 30 wind farms and PV plants, equivalent to nearly 1GW of additional renewable capacity expected to come in operation over the coming months. At this respect, Naturgy recently obtained a favorable Declaration of Environmental Impact for 18 wind and solar projects in Spain, which sum up to 1.3 GW of total capacity. The environmental green light to these developments allows the Company to reinforce its commitment with energy transition and continue advancing in its decarbonisation strategy.

In Australia, a priority country for Naturgy, the Group aims to reach an installed capacity of 2.2 GW in 2025, focused on the development of wind, photovoltaic and energy storage plants.

In the area of offshore wind, last April Naturgy reached an agreement with the Norwegian company Equinor for the analysis and development of offshore projects in Spain, such as the joint development of the Floating Offshore Wind Canarias (FOWCA) project, consisting of more than 200 MW of floating offshore wind power in eastern Gran Canaria.

The Company is also leading renewable gas developments in Spain as a key pilar of decarbonisation in the short and medium term. Naturgy is currently working on hydrogen and biomethane projects with the objective of increasing the amount of renewables gases injected in its distribution networks.

6 Financial position

As of 31 December 2022, Net debt amounted to €12,070m, significantly below year-end 2021 figure, reflecting the strong cash generation during the period.

During 2022, the most relevant transactions and refinancing operations included:

- Refinancing of loans and revolving credit lines in Spain for a total of €4,517m and international businesses for a total of €482m, including:
  - Refinancing of a syndicated revolving credit facility for €2,000m increasing the maturity for 1 year (until 2025) and incorporating ESG metrics into the pricing mechanism.
  - Refinancing of a syndicated revolving credit facility for €1,000m increasing the maturity for 1 year (until 2024) and incorporating ESG metrics into the pricing mechanism.
  - Naturgy México S.A. de C.V. signed a new credit line in Mexican Pesos equivalent to €39m with 3 years of maturity at TIIE+0.75% (10.35%).
  - GPG Generación Distribuida Spa has signed a loan in USD equivalent to €44m in Project Finance format through a Mini-perm structure with 7 years maturity (20 years of underlying amortization) and all-in cost SOFR+ 2.52%. Simultaneously, a swap was closed to hedge SOFR for USD35m at a fixed cost of 2.96%.

On 18 November 2022 Naturgy exercised its early redemption option without replacement for €500m outstanding 4.125% Non-call Deeply Subordinated Notes (hybrid bond).

In addition, on October 13th and 28th respectively, S&P and Fitch affirmed the 'BBB[1]' long-term issuer credit rating on Naturgy. Such rating affirmations already consider the hybrid bond redemption, which implied the elimination of any equity content from outstanding hybrids.

Liquidity (€m)

Liquidity as of 31 December 2022 stood at €9,482m, including €3,985m in cash and equivalents and €5,497m in undrawn and fully committed credit lines. In addition, the ECP program is completely undrawn as of year-end 2022.

The detail of the Group's current liquidity is exhibited below:

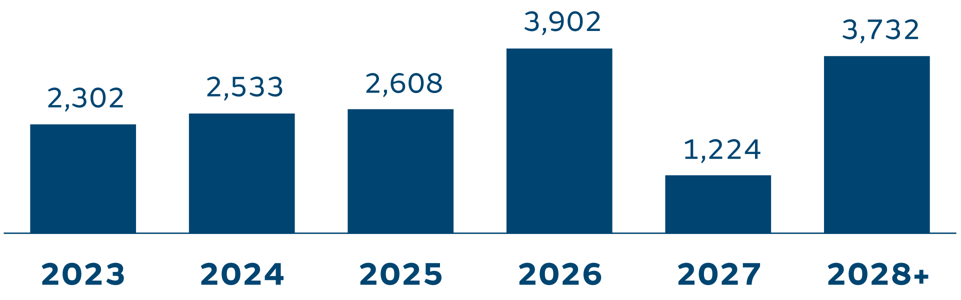
Liquidity		Consolidated Group		Chile		Brazil	Argentina	Mexico	Panama	Holding & others
		FY22	FY21	CLP	USD	BRL	ARS	MXN	USD	EUR/Others
Cash and equivalents	€m	3,985	3,965	107	97	173	66	48	105	3,389
Undrawn commited credit lines	€m	5,497	5,459	-	-	39	-	15	34	5,409
Total	**€m**	**9,482**	**9,424**	**107**	**97**	**212**	**66**	**63**	**139**	**8,798**

The weighted average maturity of the undrawn credit lines stands close to 2 years, according to the following detail:

(€m)	2023	2024	2025	2026	2027	2028+
Undrawn commited credit lines	241	2,860	2,189	207	-	-

Note:
1. S&P: negative outlook; Fitch: stable outlook

Gross debt maturities (€m)



Debt structure

Financial debt by currency		Consolidated Group		Chile		Brazil	Argentina	Mexico	Panama	Holding & others
		FY22	FY21	CLP	USD	BRL	ARS	MXN	USD	EUR/Others
Net financial debt	€m	12,070	12,831	336	-13	130	-42	537	726	10,396
Average cost of debt[1]	%	3.0	2.5	10.8	4.5	13.4	71.9	8.7	5.6	1.6
% fixed rated (gross debt)	%	80	83	80	19	1	5	45	22	91

Note:
1. Does not include cost from IFRS 16 debt

Credit metrics

Credit metrics	FY22	FY21
EBITDA/Net financial debt cost	9.9	7.2
Net debt /LTM EBITDA	2.4	3.6

7 ESG metrics and highlights

		FY22	FY21	Change	Comments
Health and safety					
Accidents with lost time[1]	units	8	8	-	An unusual high number of accidents in 4Q22 has led to a worsening of the frequency rate
LT Frequency rate[2]	units	0.12	0.10	20.0%	
Environment					
GHG Emissions[3]	M tCO2 e	15.1	13.5	11.9%	Lower hydro has led to higher CCGT production in the period to guarantee energy supply. New renewables into operation contributed to limit the emission factor increase
Emission factor	t CO2/GWh	279	261	6.9%	
Emissions-free installed capacity	%	37.5	36.3	3.3%	New wind capacity coming into operation in Spain
Emissions-free net production	%	29.4	35.4	-16.9%	Lower hydro production in Spain in the period vs. FY21
Interest in people					
Number of employees	persons	7,112	7,366	-3.4%	Perimeter changes and business resizing
Training hours per employee	hours	35.9	28.8	24.7%	Growth explained by positive response to follow-up campaigns and new platforms in operation
Women representation	%	32.7	32.0	2.2%	Significant women representation in new hirings
Society and integrity					
Economic value distributed[4]	€m	32,089	22,470	42.8%	Strong increase following activity growth
Complaints received by the ethics comittee	units	43	61	-29.5%	Continues with the reducing trend in the last quarters

Notes:

1. In accordance to OSHA criteria
2. Calculated for every 200,000 working hours
3. Scopes 1 and 2
4. As defined in Alternative Performance Metrics annex

The good evolution during the year of health and safety metrics was disrupted in the last quarter, which saw an unusual number of accidents. This led to a worsening of the LT frequency rate for the whole year.

Naturgy continues to increase its emissions-free installed capacity. However, due to low hydro and significant net electricity exports, CCGTs production increased significantly during 2022 in order to cover the system electricity demand, thereby worsening emission rates.

In terms of governance, the Group continues to progress on gender parity and women representation, while complaints to the ethics committee also showed a positive development, decreasing vs. last year.

In relation to social initiatives, trainings per hour continue to improve supported by additional and more comprehensive training programs available to employees.

Furthermore, Naturgy is committed to supporting its clients and it strives to provide stability in energy prices in the current context of volatility. As such, Naturgy was a first mover in contributing innovative solutions for its stakeholders, launching its Electricity Commitment initiative at a fixed price for three years, and most recently in gas, offering stable 3-year price for industrial customers, and a 2-year price for communities & SMEs. Furthermore, as the leading Company in gas supply through regulated tariffs in Spain, Naturgy is committed to helping its consumers to benefit from the most competitive energy prices available. With this objective, the Company has reinforced customer service means to attend consumers interested in the changing to the Last Resort tariff (TUR), multiplying by 12x the number of customer service agents responding to customer queries, reaching a daily average of ~4 thousand new contracts. In this respect, more than 60% of the Company's customer base has taken advantage of long-term price initiatives launched by Naturgy in 2022.

Annexes

Naturgy

Annex I: Financial Statements

Consolidated income statement

(€m)	FY22	FY21	Change
Net sales	33,965	22,140	53.4%
Procurement	-27,194	-16,529	64.5%
Gross margin	**6,771**	**5,611**	**20.7%**
Operating expenses	-1,173	-1,154	1.6%
Personnel costs	-621	-1,017	-38.9%
Own work capitalised	74	77	-3.9%
Other operating income	241	173	39.3%
Taxes	-338	-161	-
EBITDA	**4,954**	**3,529**	**40.4%**
Other results	-111	133	-
Depreciation, amortisation and impairment expenses	-1,532	-1,462	4.8%
Impairment of credit losses	-228	-99	-
EBIT	**3,083**	**2,101**	**46.7%**
Financial result	-665	-394	68.8%
Profit/(loss) of companies measured under the equity method	128	90	42.2%
Profit before taxes	**2,546**	**1,797**	**41.7%**
Income tax	-697	-358	94.7%
Income from discontinued operations	-23	117	-
Non-controlling interest	-177	-342	-48.2%
Net income	**1,649**	**1,214**	**35.8%**

Consolidated balance sheet

(€m)	31/12/2022	31/12/2021
Non-current assets	**28,368**	**27,257**
Intangible assets	5,972	5,734
Property, plant and equipment	17,379	16,587
Right of use assets	1,162	1,229
Equity-accounted investments	656	630
Non-current financial assets	493	394
Other non-current assets	496	416
Deferred tax assets	2,210	2,267
Current assets	**12,022**	**10,992**
Non-current assets available for sale	-	40
Inventories	1,828	878
Trade and other accounts receivable	5,801	5,714
Other current financial assets	408	395
Cash and cash equivalents	3,985	3,965
TOTAL ASSETS	**40,390**	**38,249**

(€m)	31/12/2022	31/12/2021
Equity	**9,979**	**8,873**
Equity attributable to the parent company	7,574	5,889
Non-controlling interest	2,405	2,984
Non-current liabilities	**20,632**	**20,054**
Deferred revenues	926	889
Non-current provisions	1,656	1,146
Non-current financial liabilities	13,999	15,114
Deferred tax liabilities	1,951	1,787
Other non-current liabilities	2,100	1,118
Current liabilities	**9,779**	**9,322**
Liabilities linked to non-current assets available for sale	-	26
Current provisions	700	589
Current financial liabilities	2,302	1,698
Trade and other accounts payable	6,562	6,803
Other current liabilities	215	206
TOTAL LIABILITIES AND EQUITY	**40,390**	**38,249**

Naturgy

Summary cash flow statement

(€m)	FY22	FY21	Change
EBITDA	**4,954**	**3,529**	**40.4%**
Taxes	-762	-864	-11.8%
Financial result	-665	-394	68.8%
Other items	987	-153	-
Funds from operations	**4,514**	**2,118**	**-**
Change in working capital	-272	-1,117	-75.6%
Cash flow from operations	**4,242**	**1,001**	**-**
Growth capex	-1,101	-898	22.6%
Maintenance capex	-732	-525	39.4%
Divestments	25	2,674	-99.1%
Dividends to minorities	-347	-429	-19.1%
Others	-173	290	-
Free cash flow after minorities	**1,914**	**2,113**	**-9.4%**
Dividends, share buy-back & others	-1,153	-1,281	-10.0%
M&A	-17	317	-
Net free cash flow	**744**	**1,149**	**-35.2%**

Naturgy

Half-year EBITDA by business unit

(€m)	1H22	2H22	FY22	1H21	2H21	FY21
Networks	**1.198**	**1.277**	**2.475**	**1.048**	**1.228**	**2.276**
Networks Spain	**801**	**719**	**1.520**	**649**	**799**	**1.448**
Gas networks	456	381	837	389	468	857
Electricity networks	345	338	683	260	331	591
Networks LatAm	**397**	**558**	**955**	**399**	**429**	**828**
Chile gas	12	148	160	111	80	191
Brazil gas	142	165	307	99	132	231
Mexico gas	123	133	256	108	110	218
Panama electricity	68	75	143	61	64	125
Argentina gas	35	24	59	11	29	40
Argentina electricity	17	13	30	9	14	23
Markets	**901**	**1.673**	**2.574**	**702**	**680**	**1.382**
Energy management	**580**	**1.085**	**1.665**	**366**	**624**	**990**
Markets and procurement	-51	1.182	1.131	16	74	90
International LNG	436	-580	-144	86	287	373
Pipelines (EMPL)	-6	-1	-7	100	91	191
Spain thermal generation	74	346	420	56	35	91
LatAm thermal generation	127	138	265	108	137	245
Renewables and New businesses	**164**	**202**	**366**	**185**	**303**	**488**
Spain & USA	129	148	277	152	256	408
Australia	-	15	15	-	9	9
LatAm	35	39	74	33	38	71
Supply	**157**	**386**	**543**	**151**	**-247**	**-96**
Rest	**-52**	**-43**	**-95**	**-72**	**-57**	**-129**
TOTAL EBITDA	**2.047**	**2.907**	**4.954**	**1.678**	**1.851**	**3.529**

Results by business unit

1. Networks

Networks Spain

Spain gas networks

(€m)	FY22	FY21	Change
Net sales	1,135	1,206	-5.9%
Procurement	-133	-87	52.9%
Gross margin	**1,002**	**1,119**	**-10.5%**
Other operating income	34	37	-8.1%
Personnel expenses	-52	-144	-63.9%
Taxes	-19	-28	-32.1%
Other operating expenses	-128	-127	0.8%
EBITDA	**837**	**857**	**-2.3%**
Depreciation, provisions and other results	-391	-294	33.0%
EBIT	**446**	**563**	**-20.8%**

Spain electricity networks

(€m)	FY22	FY21	Change
Net sales	839	840	-0.1%
Procurement	-3	-	-
Gross margin	**836**	**840**	**-0.5%**
Other operating income	21	19	10.5%
Personnel expenses	-44	-136	-67.6%
Taxes	-26	-29	-10.3%
Other operating expenses	-104	-103	1.0%
EBITDA	**683**	**591**	**15.6%**
Depreciation, provisions and other results	-263	-255	3.1%
EBIT	**420**	**336**	**25.0%**

Networks LatAm

Chile gas

(€m)	FY22	FY21	Change
Net sales	895	620	44.4%
Procurement	-664	-380	74.7%
Gross margin	**231**	**240**	**-3.8%**
Other operating income	1	9	-88.9%
Personnel expenses	-27	-26	3.8%
Taxes	-4	-3	33.3%
Other operating expenses	-41	-29	41.4%
EBITDA	**160**	**191**	**-16.2%**
Depreciation, provisions and other results	-188	-65	-
EBIT	**-28**	**126**	**-**

Brazil gas

(€m)	FY22	FY21	Change
Net sales	1,932	1,288	50.0%
Procurement	-1,535	-995	54.3%
Gross margin	**397**	**293**	**35.5%**
Other operating income	36	18	100.0%
Personnel expenses	-21	-19	10.5%
Taxes	-5	-2	-
Other operating expenses	-100	-59	69.5%
EBITDA	**307**	**231**	**32.9%**
Depreciation, provisions and other results	-78	-59	32.2%
EBIT	**229**	**172**	**33.1%**

Mexico gas

(€m)	FY22	FY21	Change
Net sales	1,035	776	33.4%
Procurement	-735	-508	44.7%
Gross margin	**300**	**268**	**11.9%**
Other operating income	12	10	20.0%
Personnel expenses	-17	-20	-15.0%
Taxes	-	-	-
Other operating expenses	-39	-40	-2.5%
EBITDA	**256**	**218**	**17.4%**
Depreciation, provisions and other results	-63	-53	18.9%
EBIT	**193**	**165**	**17.0%**

Panama electricity

(€m)	FY22	FY21	Change
Net sales	891	727	22.6%
Procurement	-694	-560	23.9%
Gross margin	**197**	**167**	**18.0%**
Other operating income	5	5	-
Personnel expenses	-9	-10	-10.0%
Taxes	-5	-4	25.0%
Other operating expenses	-45	-33	36.4%
EBITDA	**143**	**125**	**14.4%**
Depreciation, provisions and other results	-66	-51	29.4%
EBIT	**77**	**74**	**4.1%**

Argentina gas

(€m)	FY22	FY21	Change
Net sales	444	415	7.0%
Procurement	-256	-261	-1.9%
Gross margin	**188**	**154**	**22.1%**
Other operating income	19	19	-
Personnel expenses	-40	-35	14.3%
Taxes	-35	-32	9.4%
Other operating expenses	-73	-66	10.6%
EBITDA	**59**	**40**	**47.5%**
Depreciation, provisions and other results	-7	-14	-50.0%
EBIT	**52**	**26**	**100.0%**

Argentina electricity

(€m)	FY22	FY21	Change
Net sales	128	100	28.0%
Procurement	-63	-50	26.0%
Gross margin	**65**	**50**	**30.0%**
Other operating income	14	11	27.3%
Personnel expenses	-13	-11	18.2%
Taxes	-5	-2	-
Other operating expenses	-31	-25	24.0%
EBITDA	**30**	**23**	**30.4%**
Depreciation, provisions and other results	-2	-3	-33.3%
EBIT	**28**	**20**	**40.0%**

2. Markets

Markets and procurement

(€m)	FY22	FY21	Change
Net sales	18,881	8,229	-
Procurement	-17,748	-8,040	-
Gross margin	**1,133**	**189**	**-**
Other operating income	62	23	-
Personnel expenses	-27	-39	-30.8%
Taxes	-2	-1	100.0%
Other operating expenses	-35	-82	-57.3%
EBITDA	**1,131**	**90**	**-**
Depreciation, provisions and other results	-17	111	-
EBIT	**1,114**	**201**	**-**

International LNG

(€m)	FY22	FY21	Change
Net sales	5,307	3,416	55.4%
Procurement	-5,428	-3,005	80.6%
Gross margin	**-121**	**411**	**-**
Other operating income	3	-3	-
Personnel expenses	-12	-25	-52.0%
Taxes	-1	-2	-50.0%
Other operating expenses	-13	-8	62.5%
EBITDA	**-144**	**373**	**-**
Depreciation, provisions and other results	-83	-188	-55.9%
EBIT	**-227**	**185**	**-**

Pipelines (EMPL)

(€m)	FY22	FY21	Change
Net sales	-	211	-100.0%
Procurement	-	-	-
Gross margin	**-**	**211**	**-100.0%**
Other operating income	2	2	-
Personnel expenses	-9	-9	-
Taxes	-	-	-
Other operating expenses	-	-13	-100.0%
EBITDA	**-7**	**191**	**-**
Depreciation, provisions and other results	-	-47	-100.0%
EBIT	**-7**	**144**	**-**

Spain thermal generation

(€m)	FY22	FY21	Change
Net sales	5,710	2,091	-
Procurement	-4,993	-1,695	-
Gross margin	**717**	**396**	**81.1%**
Other operating income	6	11	-45.5%
Personnel expenses	-58	-86	-32.6%
Taxes	-108	-147	-26.5%
Other operating expenses	-137	-83	65.1%
EBITDA	**420**	**91**	**-**
Depreciation, provisions and other results	-122	-83	47.0%
EBIT	**298**	**8**	**-**

LatAm thermal generation

(€m)	FY22	FY21	Change
Net sales	1,080	1,013	6.6%
Procurement	-760	-723	5.1%
Gross margin	**320**	**290**	**10.3%**
Other operating income	2	4	-50.0%
Personnel expenses	-19	-16	18.8%
Taxes	-1	-1	-
Other operating expenses	-37	-32	15.6%
EBITDA	**265**	**245**	**8.2%**
Depreciation, provisions and other results	-84	-63	33.3%
EBIT	**181**	**182**	**-0.5%**

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Renewables and New businesses

Spain & USA

(€m)	FY22	FY21	Change
Net sales	690	507	36.1%
Procurement	-198	-90	-
Gross margin	**492**	**417**	**18.0%**
Other operating income	23	16	43.8%
Personnel expenses	-49	-82	-40.2%
Taxes	-53	145	-
Other operating expenses	-136	-88	54.5%
EBITDA	**277**	**408**	**-32.1%**
Depreciation, provisions and other results	-147	-150	-2.0%
EBIT	**130**	**258**	**-49.6%**

Australia

(€m)	FY22	FY21	Change
Net sales	33	21	57.1%
Procurement	-	-	-
Gross margin	**33**	**21**	**57.1%**
Other operating income	-	-	-
Personnel expenses	-3	-2	50.0%
Taxes	-1	-	-
Other operating expenses	-14	-10	40.0%
EBITDA	**15**	**9**	**66.7%**
Depreciation, provisions and other results	-12	-10	20.0%
EBIT	**3**	**-1**	**-**

LatAm

(€m)	FY22	FY21	Change
Net sales	134	150	-10.7%
Procurement	-19	-39	-51.3%
Gross margin	**115**	**111**	**3.6%**
Other operating income	14	11	27.3%
Personnel expenses	-14	-20	-30.0%
Taxes	-5	-2	-
Other operating expenses	-36	-29	24.1%
EBITDA	**74**	**71**	**4.2%**
Depreciation, provisions and other results	-65	-29	-
EBIT	**9**	**42**	**-78.6%**

Supply

Supply

(€m)	FY22	FY21	Change
Net sales	11,144	7,943	40.3%
Procurement	-10,269	-7,506	36.8%
Gross margin	**875**	**437**	**-**
Other operating income	10	8	25.0%
Personnel expenses	-68	-141	-51.8%
Taxes	-89	-50	78.0%
Other operating expenses	-185	-350	-47.1%
EBITDA	**543**	**-96**	**-**
Depreciation, provisions and other results	-241	-123	95.9%
EBIT	**302**	**-219**	**-**

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Capex

Growth capex

(€m)	FY22	FY21	Change
Networks	**314**	**249**	**26.1%**
Networks Spain	**154**	**127**	**21.3%**
Gas networks	47	47	-
Electricity networks	107	80	33.8%
Networks LatAm	**160**	**122**	**31.1%**
Chile gas	31	28	10.7%
Chile electricity	-	-	-
Brazil gas	14	10	40.0%
Mexico gas	27	23	17.4%
Panama electricity	66	46	43.5%
Argentina gas	5	3	66.7%
Argentina electricity	17	12	41.7%
Markets	**857**	**703**	**21.9%**
Energy management	**1**	**11**	**-90.9%**
Markets and procurement	-	3	-100.0%
International LNG	1	8	-87.5%
Pipelines (EMPL)	-	-	-
Spain thermal generation	-	-	-
LatAm thermal generation	-	-	-
Renewables and New businesses	**750**	**579**	**29.5%**
Spain & USA	502	213	-
Australia	225	328	-31.4%
LatAm	23	38	-39.5%
Supply	**106**	**113**	**-6.2%**
Rest	-	-	**-**
TOTAL Growth Capex	**1,171**	**952**	**23.0%**

Maintenance capex

(€m)	FY22	FY21	Change
Networks	**462**	**371**	**24.5%**
Networks Spain	**283**	**247**	**14.6%**
Gas networks	69	69	-
Electricity networks	214	178	20.2%
Networks LatAm	**179**	**124**	**44.4%**
Chile gas	9	10	-10.0%
Chile electricity	-	-	-
Brazil gas	43	18	-
Mexico gas	41	26	57.7%
Panama electricity	65	53	22.6%
Argentina gas	21	16	31.3%
Argentina electricity	-	1	-100.0%
Markets	**256**	**137**	**86.9%**
Energy management	**168**	**87**	**93.1%**
Markets and procurement	4	4	-
International LNG	-	2	-100.0%
Pipelines (EMPL)	-	-	-
Spain thermal generation	87	55	58.2%
LatAm thermal generation	77	26	-
Renewables and New businesses	**62**	**27**	**-**
Spain & USA	58	25	-
Australia	-	-	-
LatAm	4	2	100.0%
Supply	**26**	**23**	**13.0%**
Rest	**18**	**24**	**-25.0%**
TOTAL Maintenance Capex	**736**	**532**	**38.3%**

Annex II: Communications to the CNMV

Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since 1H22 results' presentation:

Inside Information

- Naturgy files a communication on the agreement of the price review of its gas procurement contracts with Sonatrach (disclosed 6 October 2022, registration number 1596).
- Naturgy files the presentation on earnings for the first nine months of 2022 (disclosed 11 November 2022, registration number 1659).

Other Relevant Information

- Naturgy discloses the report on earnings for the first half of 2022 (disclosed 11 August 2022, registration number 17929).
- Naturgy files the presentation on earnings for the first half of 2022 (disclosed 11 August 2022, registration number 17930).
- Naturgy discloses the first half 2022 financial information (disclosed 11 August 2022, registration number 17931).
- Naturgy discloses the regulations of the Board of Directors (disclosed 31 August 2022, registration number 18069).
- Naturgy announces its 9M 2022 results release (disclosed 7 November 2022, registration number 19062).
- Naturgy announces its FY 2022 results release (disclosed 31 January 2023, registration number 20233).

Additional regulatory disclosures can be found at: www.cnmv.es www.naturgy.com

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Annex III: Alternative Performance Metrics

Naturgys' 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. Below is a glossary of terms with the definition of the APMs (available as well in our webpage).

Alternative performance metrics	Definition and terms	Reconciliation of values		Relevance of use
		31 December 2022	31 December 2021	
EBITDA	EBITDA = Revenue (2)– Procurements (2) + Other operating income (2)– Personnel expenses (2)– Other operating expenses (2) + Gain/(loss) on disposals of fixed assets (2) + Release of fixed asset grants to Income and other (2)	Euros 4,954 million	Euros 3,529 million	EBITDA ("Earnings Before Interest, Taxes, Depreciation and Amortization") measures the Group´s operating profit before deducting interests, taxes, depreciations and amortizations. By dispensing with the financial, tax and accounting expenses magnitudes that do not entail a cash outflow, it allows evaluating the comparability of the results over time. It is an indicator widely used in the markets to compare the results of different companies.
Operating expenses (OPEX)	Personnel expenses (2)+ Own work capitalised (4)+ Other operating expenses (2) - Taxes (4)	Euros 1,794 millon = 547 + 74 + 1,511 – 338	Euros 2,171 millon = 940 + 77 + 1,315 – 161	Measure of the expenses incurred by the Group to carry out its business activities, without considering costs that do not involve cash outflows and taxes. Amount allowing comparability with other companies.
Investments (CAPEX)	Investment in intangible assets (4) + Investment in property, plant and equipment (4)	Euros 1,907 millon = 333 + 1,574	Euros 1,484 millon = 288 + 1,196	Measure of the investment effort of each period in assets of the different businesses, including accrued and unpaid investments. It allows to know the allocation of its resources and facilitate the comparison of the investment effort between periods. It is made up both of maintenance and growth investments (funds invested in the development or for the expansion of the Group's activities).
Net investments (Net CAPEX)	CAPEX (5) - Other investment receipts/(payments) (3)	Euros 1,833 millon = 1,907 – 74	Euros 1,423 millon = 1,484 – 61	Measure of the investment effort of each period without considering the assets transferred or contributed by third parties.
Gross financial debt	"Non-current financial liabilities" (1) + "Current financial liabilities" (1)	Euros 16,301 millon = 13,999 + 2,302	Euros 16,812 millon = 15,114 + 1,698	Measure of the Group's level of financial debt. Includes current and non-current concepts. This indicator is widely used in capital markets to compare different companies.
Net financial debt	Gross financial debt (5) - "Cash and cash equivalents" (1) - "Derivative financial assets associated with financial liabilities" (4)	Euros 12,070 millon = 16,301 - 3,985 – 246	Euros 12,831 millon = 16,812 - 3,965 – 16	Measure of the Group's level of financial debt including current and non-current items, after discounting the cash and cash equivalents balance and asset derivatives linked to financial liabilities. This indicator is widely used in capital markets to compare different companies.
Leverage (%)	Net financial debt (5) / (Net financial debt (5) + "Net equity" (1))	54.7% = 12,070 / (12,070 + 9,979)	59.1% = 12,831 / (12,831 + 8,873)	Measure of the weight of external resources in the financing of business activity. This indicator is widely used in capital markets to compare different companies.
Cost of net financial debt	Cost of financial debt (4) - "Interest (financial revenues)" (4)	Euros 501 millon = 568 - 67	Euros 491 millon = 510 - 19	Measure of the cost of financial debt without considering income from financial interests. This indicator is widely used in capital markets to compare different companies.
EBITDA/Cost of net financial debt	EBITDA (5) / Cost of net financial debt (5)	9.9x = 4,954 /501	7.2x = 3,529 /491	Measure of the company's ability to generate operating resources in relation to the cost of financial debt. This indicator is widely used in capital markets to compare different companies.
Net financial debt/EBITDA	Net financial debt (5) / EBITDA (5)	2.4x = 12,070/4,954	3.6x = 12,831/ 3,529	Measure of the Group's ability to generate resources to meet financial debt payments.
Market capitalization	No. of shares ('000) outstanding at end of period(4) * Market price at end of period(4)	Euros 23,571 millon = 969,614 * Euros 24.31	Euros 27,760 millon = 969,614 * Euros 28.63	Measure of the company's market value based on the market price of its shares.
Free Cash Flow after minorities	Net Free cash flow (5)+ Parent company dividends net of collected by other group companies (4)+ Purchase of treasury shares (4)+ Investment payments (group companies, associates and business units) (3)	Euros 1,914 millon = 744 + 1,153 + 0 + 17	Euros 2,113 millon = 1,149 + 1,278 + 3 - 317	Measure of cash generation corresponding to operating and investment activities. It is used to evaluate funds available to pay dividends to shareholders, the payment of inorganic investments (acquisitions of companies or businesses) and to attend debt service.
Net Free Cash Flow	Cash flow generated from operating activities (3) + Cash flows from investing activities(3) + Cash flows from financing activities(3) – Receipts/payments from financial liability instruments(3)	Euros 744 millon = 4,242 - 1,486 – 2,854 + 842	Euros 1,149 millon = 1,001 + 1,896 – 2,851 + 1,103	Measure of cash generation to assess the funds available to debt service.
Average cost of financial gross debt	Annualized financial expense of the operations included in the gross financial debt excluding cost of financial lease liabilities and other refinancing expenses / monthly weighted average of the gross financial debt (excluding the debt by lease liabilities)	3.0% = (568-85-31) / 15,099	2.5% = (510 - 92 – 29) / 15,751	Measure of the effective interest rate of financial debt. This indicator is widely used in capital markets to compare different companies.
Liquidity	Cash and other equivalent liquid (1) + Undrawn and fully committed lines of credit (4)	Euros 9,482 millon = 3,985 + 5,497	Euros 9,424 millon = 3,965 + 5,459	Measure of the Group's ability to face any type of payment.
Economic value distributed	Procurements (2) + Other operating expenses (includes Taxes) (2) + Income tax payments (3) + Personnel expenses (2) + Work carried out for fixed assets (4) + Financial expenses (2) + Dividends paid by the parent company (4) + Discontinued activities expenses before taxes (4)	Euros 32,089 millon = 27,194 + 1,511 + 762 + 547 + 74 + 837 + 1,164 + 0	Euros 22,470 millon = 16,529 + 1,315 + 864+ 940 + 77 + 598 + 1,290 + 857	Measure of the company´s value considering the economic valuation generated by its activities, distributed to the different interest groups (shareholders, suppliers, employees, public administrations and society)

Note:
(1) Caption of the Consolidated Balance Sheet
(2) Caption of the Consolidated Profit and Loss Account
(3) Caption of the Consolidated Cash-Flow Statement
(4) Magnitude detailed in the Consolidated Annual Statements
(5) Magnitude detailed in the MAR
(6) Magnitude detailed in the Management Report

Annex IV: Contact details

Capital Markets

Avenida de América 38
28028 Madrid
Spain
capitalmarkets@naturgy.com

Naturgy website:

www.naturgy.com

Annex V: Disclaimer

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This document includes certain alternative performance measures ("APMs"), as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority in October 2015. For further information about this matter please refer to this presentation and to the corporate website (www.naturgy.com).

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