

Annual General Meeting  
28 March 2023

**AGM 2023**



**Naturgy**   
*Transforming together*

**AGM 2023**

Annual General Meeting

**Francisco Reynés**

Chairman

**Naturgy**   
*Transforming together*



1. **Scenario** in 2022
2. **Naturgy's role** in 2022
3. **Results** in 2022
4. **Future perspectives**
5. **Proposed resolutions**



# 1. Scenario in 2022

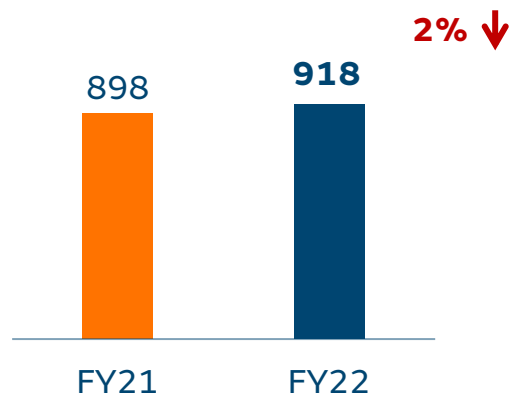


# FX evolution <sup>(1)</sup>

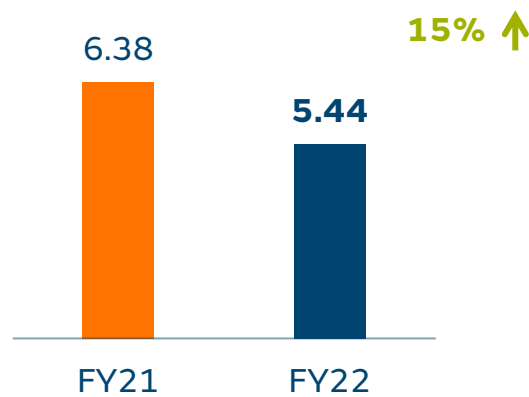
USD, MXN and BRL appreciations vs. EUR



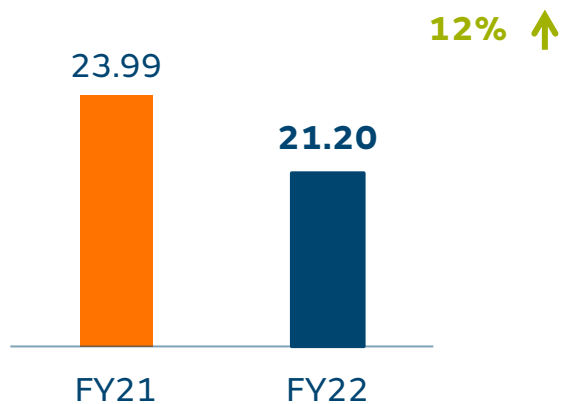
Chile



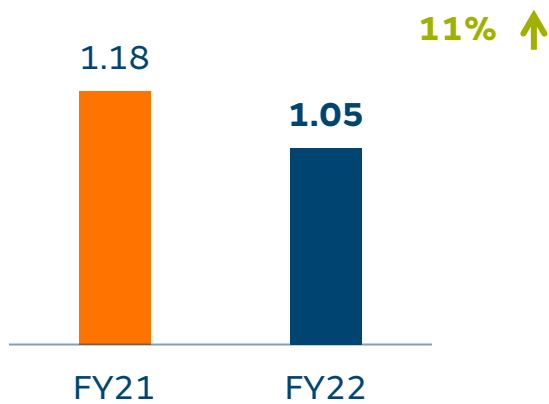
Brazil



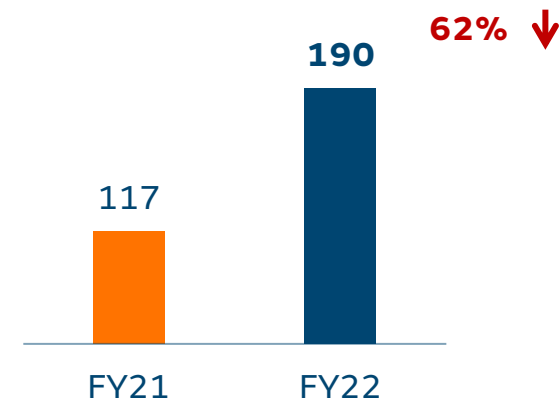
Mexico



Panama (USD)



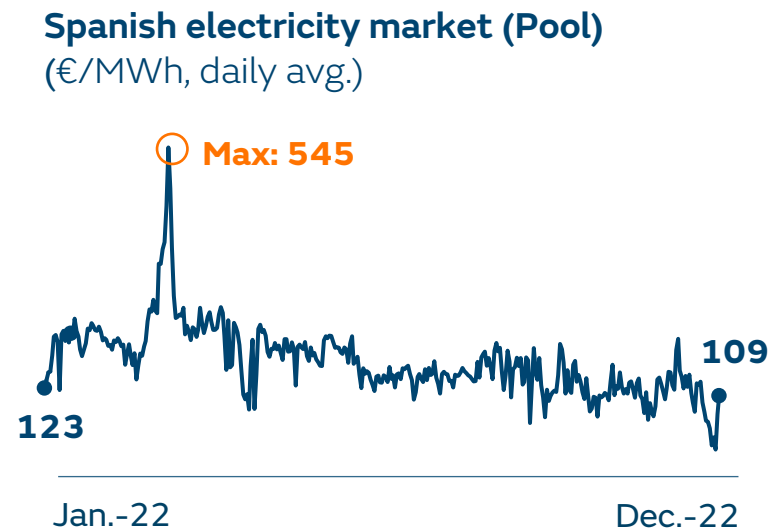
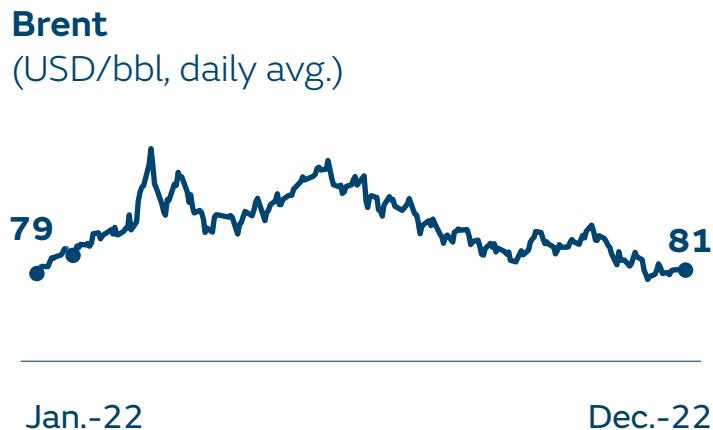
Argentina



Source: Bloomberg  
1. Variation with opposite sign to highlight currency appreciation

# Energy markets evolution

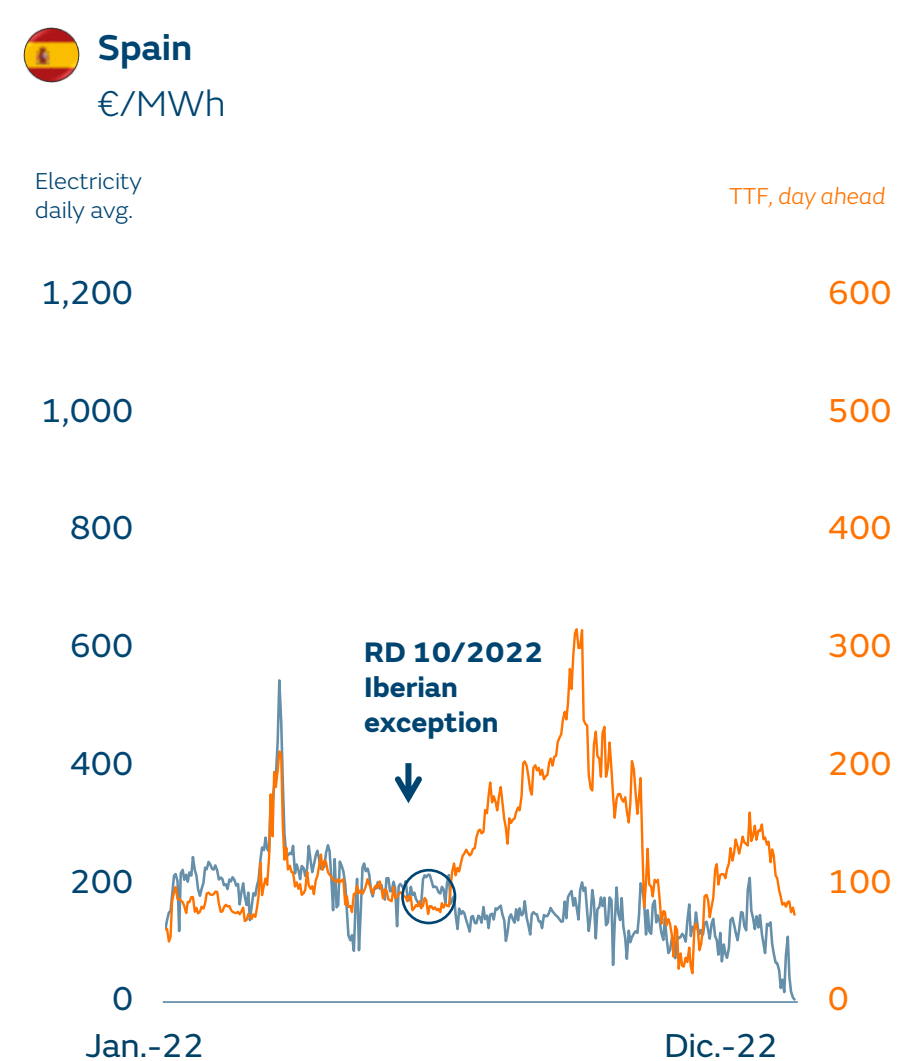
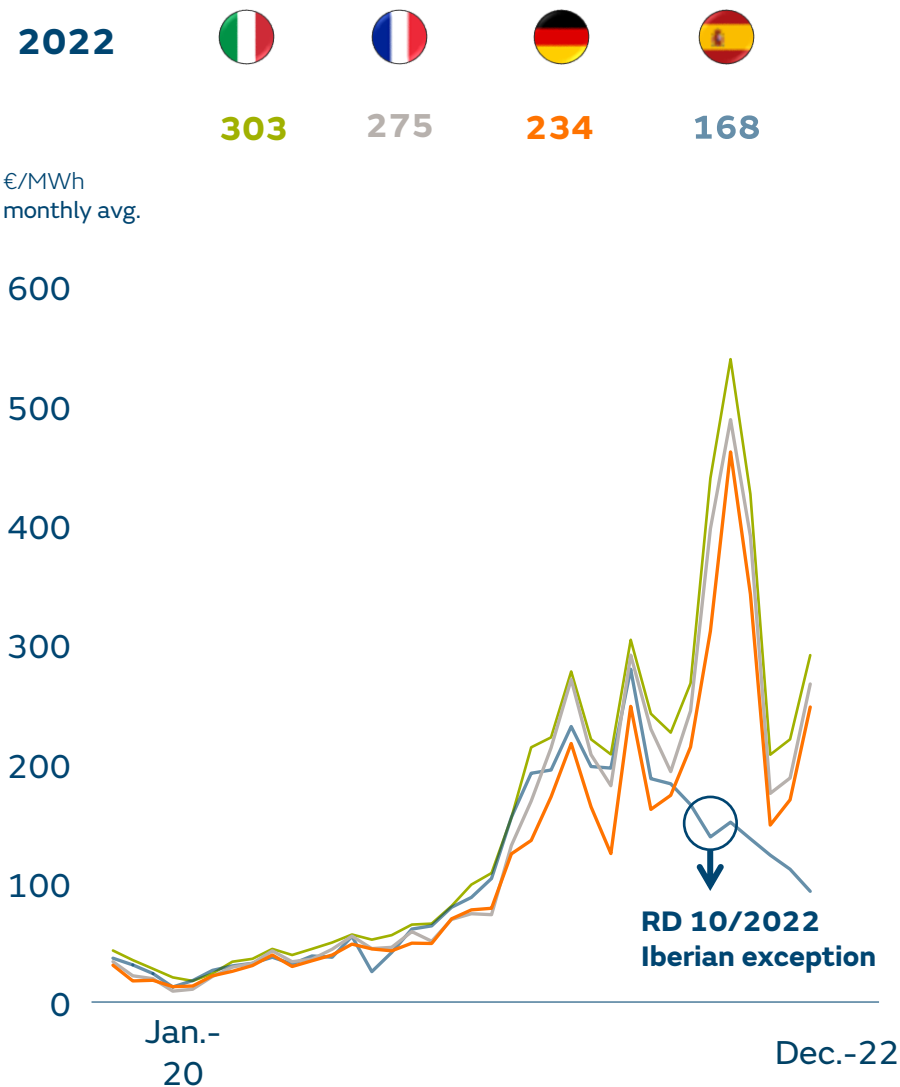
Unprecedented rise in prices and extreme volatility in energy markets



Source: Platts, Heren, Bloomberg, ICE, OMIE

# Wholesale electricity prices evolution in Europe in 2022

Similar evolution in Europe until the introduction of the Iberian exception in June



Source: Bloomberg, ICE, OMIE

## Main regulatory measures

### Goals:

- decouple gas and electricity
- reduce volatility
- cap prices



### Spain

- **Temporary cap** on regulated gas tariff increases (TUR)
- **Clawback** on remuneration from infra-marginal generation sold above €67/MWh
- **Additional measures protecting vulnerable customers** and new financing of the social bond
- **“Iberian exception”**: temporary cap on CCGTs bidding price
- **1.2% tax** on aggregated turnover of liberalized activities in Spain for 2023 and 2024



### Europe

- **Higher gas storage requirements**: 80% in Nov. 2022 and 90% in Nov. 2023
- **33% tax on extraordinary profits** (excess of 120% of the 2018-21 average)
- **Creation of a joint gas purchase platform** (in progress)
- **Price cap** of 180 €/MWh on TTF subject to certain conditions (applicable from 2023)
- **European power market reform** expected during 2023

✓ **More than 20 new regulatory measures**



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## 2. Naturgy's role in 2022

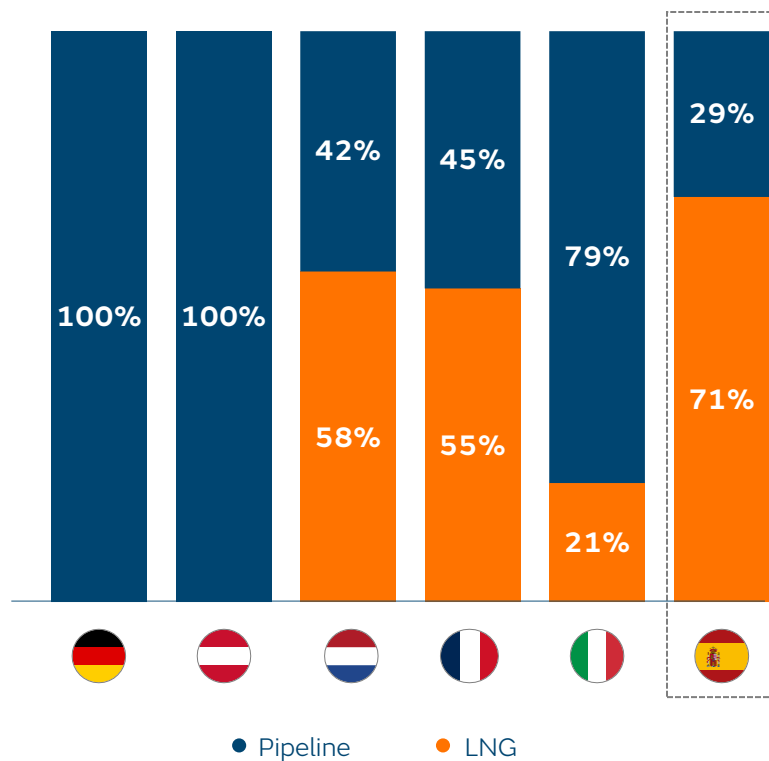
**Naturgy**   
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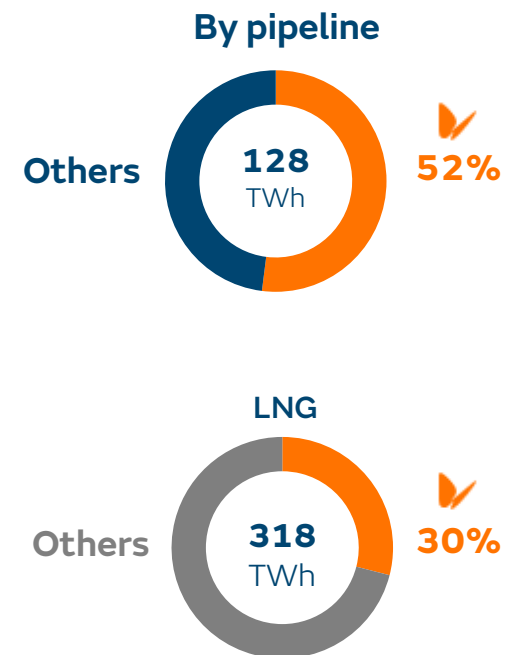
# Essential role in procuring gas to the Spanish economy in 2022

Naturgy played a key role to secure energy supply in Spain

Imported natural gas in EU



Natural gas imported into Spain

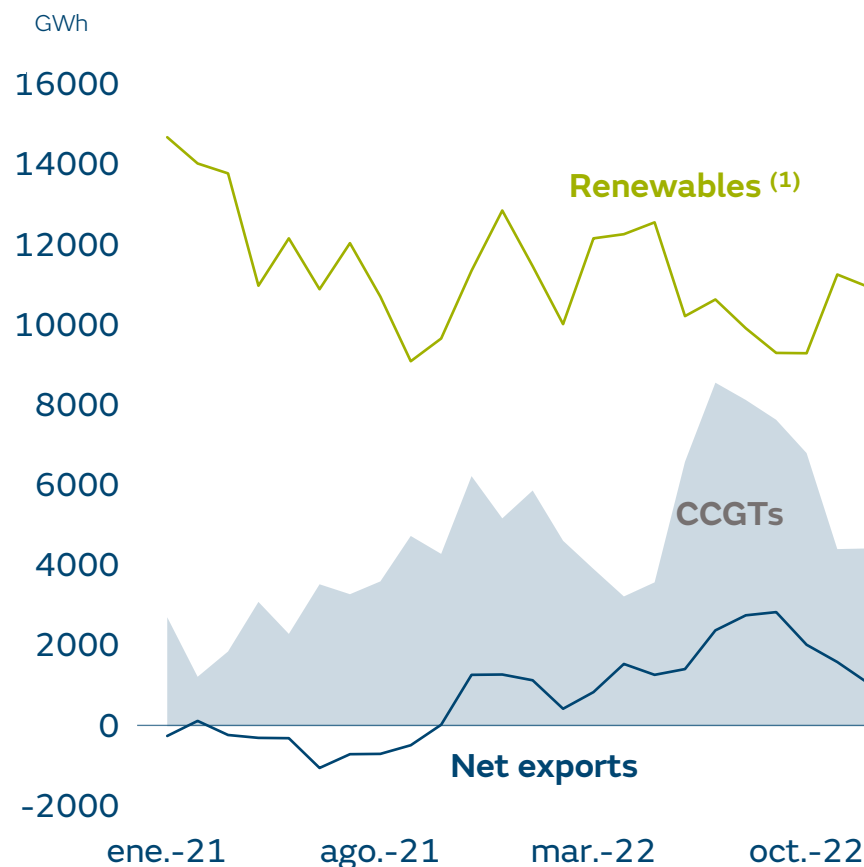


Source: Company estimates

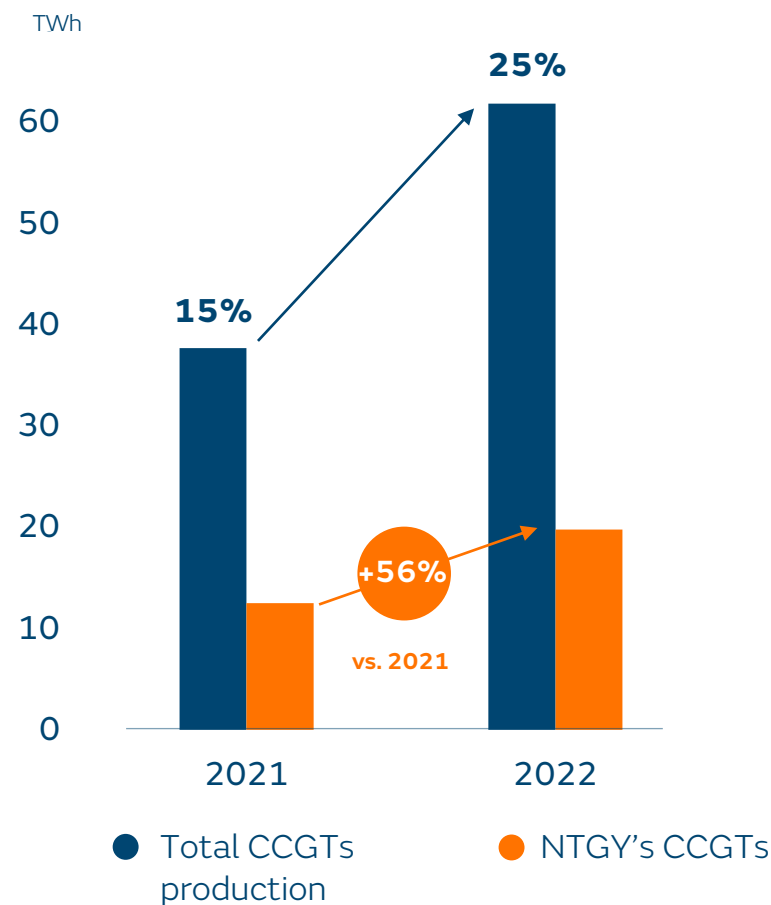
# CCGTs were essential in the Spanish power system in 2022

Lower hydro and higher energy exports led to a greater need for CCGT's production

Production of CCGTs in Spain



CCGTs share of total electricity production



Source: Redeia

(1) Includes hydro, wind, solar and cogeneration

## First mover contributing innovative solutions for stakeholders

Committed to society and all consumers



More than 60% of customer base took advantage of our initiatives in 2022

- **Iniciativa compromiso:** long term fixed price offers
  - 3-year electricity price commitment
  - 2-year gas price commitment for communities & SMEs
  - 3-year gas price commitment for industrial customers

Price reduction for 1.5m residential customers

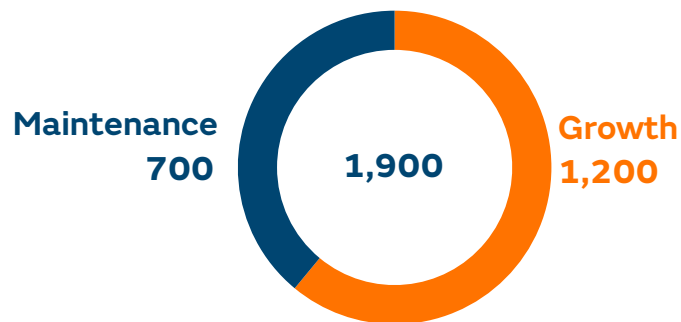
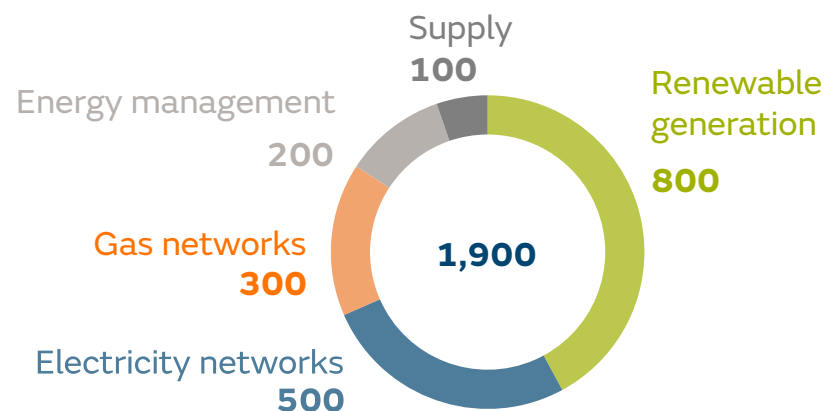
- Measures to support **the change to gas regulated tariffs** to residential consumers
  - >350,000 new contracts since October 2022
  - Media campaigns to facilitate the change
  - Client service agents multiplied by 12
- Ongoing support to vulnerable clients through **Naturgy's Foundation**



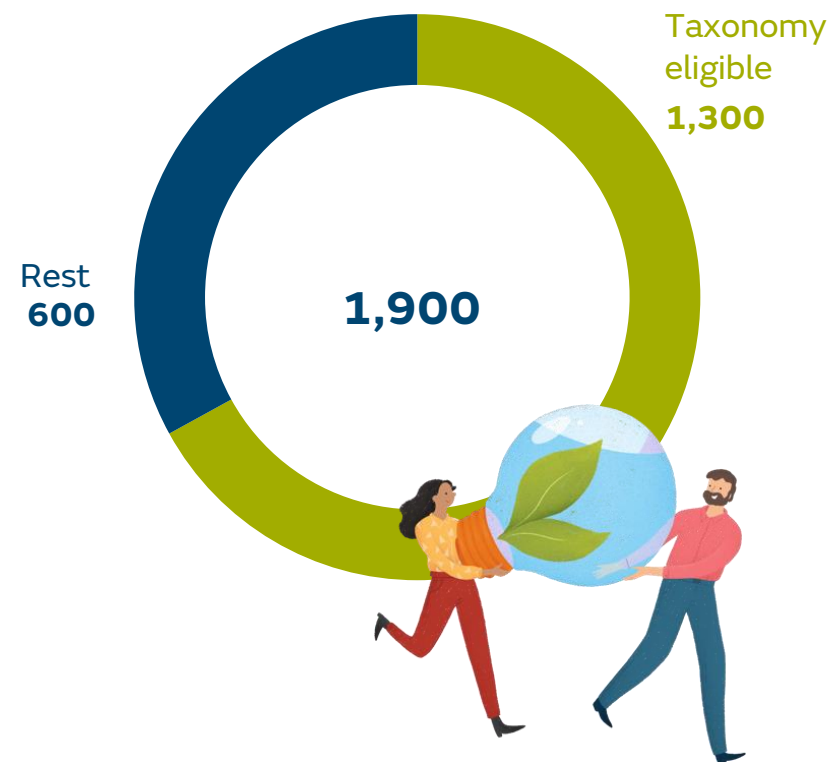
## Growing investment in energy transition (€m)

Committed to energy transition and support to infrastructures to secure energy supply

### Capex allocation



**+30% total capex vs. 2021**



**70% of total capex EU Taxonomy eligible**

## 3. Results in 2022



## Key figures for the year 2022 (€m)

Solid results in a year with a volatile and complex energy scenario

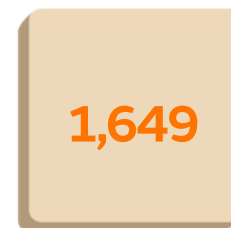


### EBITDA



↑ 40%

### Net Income



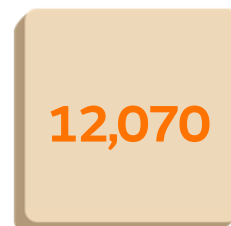
↑ 36%

### Total capex



↑ 29%

### Net debt



↓ 6%

↑↓ Variation FY22 vs. FY21

# Income statement (€m)

Balanced businesses contribution to FY22 results

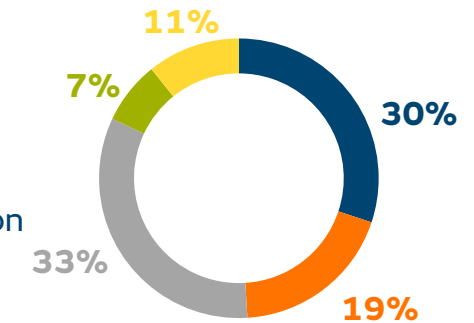
## Income statement

	FY21	FY22
<b>Net sales</b>	22,140	33,965
Opex	-2,094	-1,720
<b>EBITDA</b>	<b>3,529</b>	<b>4,954</b>
<i>% net sales</i>	<i>16%</i>	<i>15%</i>
Amortization	-1,462	-1,532
Financial result	-394	-665
Income tax	-358	-697
<b>Net income</b>	<b>1,214</b>	<b>1,649</b>
<i>% net sales</i>	<i>5%</i>	<i>5%</i>

## Contribution to results (EBITDA)

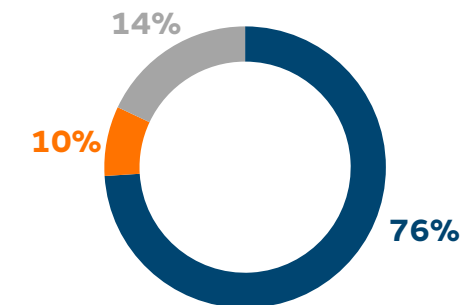
### Business unit

- Networks Spain
- Networks LatAm
- Energy management
- Renewable generation
- Supply



### FX exposure

- EUR
- USD
- LatAm

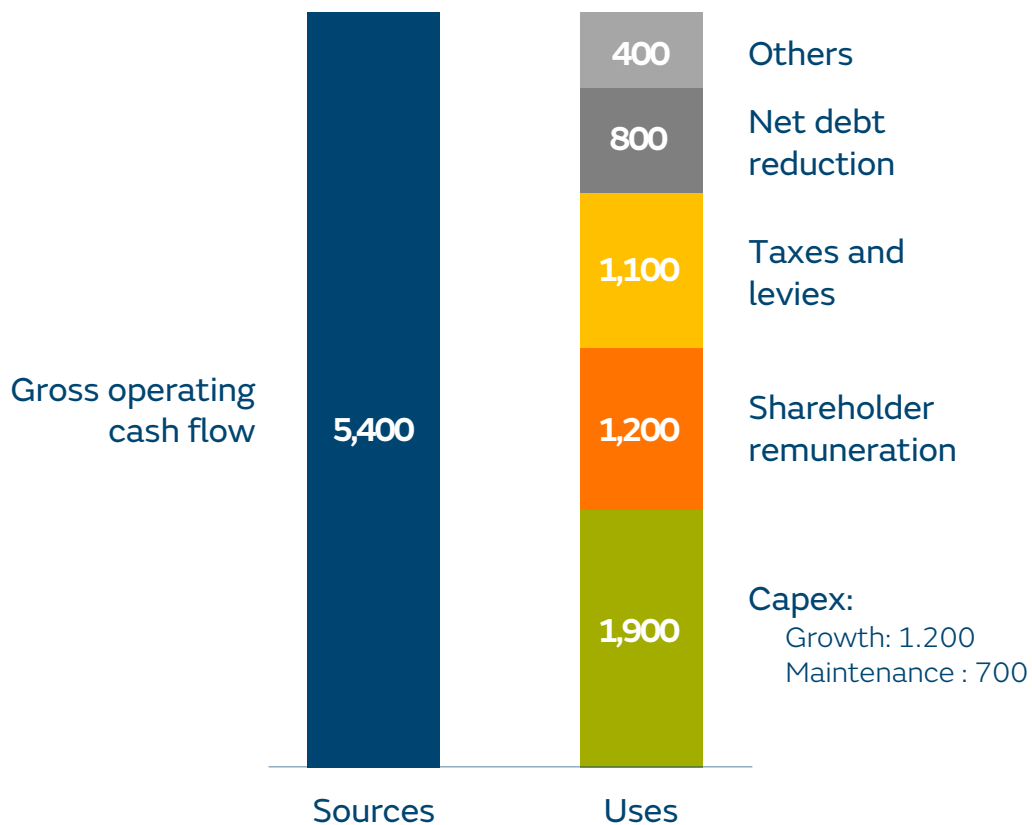




# Prudent capital allocation (€m)

Strong cash flow and balance sheet with ample liquidity

## Sources and uses of cash



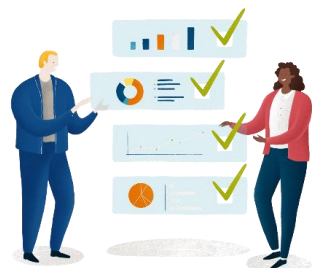
## Balance sheet strength



**Notes:**  
 1. Excluding €1bn outstanding hybrids  
 2. S&P: negative outlook; Fitch: stable outlook

# Shareholder remuneration and total return evolution

Final dividend as committed for period 2021-25



## Shareholder remuneration (€/share)



Total 2022 dividend: **1.20**

Payout: **70%**

## Total return per annum at various time horizons <sup>(1)</sup>

Entry (31 Dec)	Exit (31 Dec)			
	2020	2021	2022	27-mar 23
2017	6.4%	17.9%	11.4%	13.2%
2018		16.2%	8.7%	11.0%
2019			9.5%	12.5%
2020				23.1%

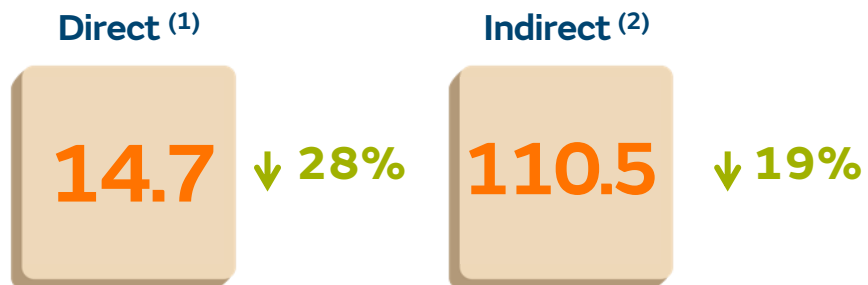
**Note:**  
1. Assuming dividends reinvestment

# ESG: progress in decarbonization

Firm commitment to reduce emissions and invest in clean technologies



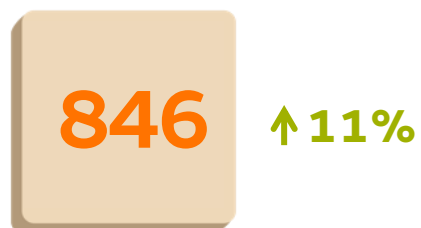
CO<sub>2</sub> emissions (MtCO<sub>2</sub> eq, vs. 2017)



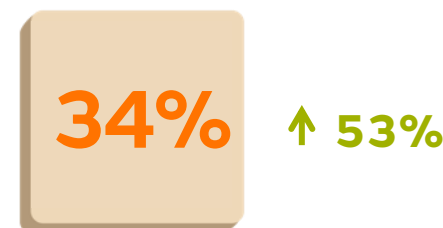
Emissions intensity (tCO<sub>2</sub>/GWh, vs. 2017)



Environmental Capex and Opex (€m, vs. 2021)



Emissions-free installed capacity (% , vs. 2017)



Notes:  
1. Scope 1  
2. Scopes 2 and 3

## ESG: social contribution

Positive impact  
in the social  
dimension



### New electricity contracts under “Iniciativa Compromiso”



### New gas contracts shifted to regulated tariffs



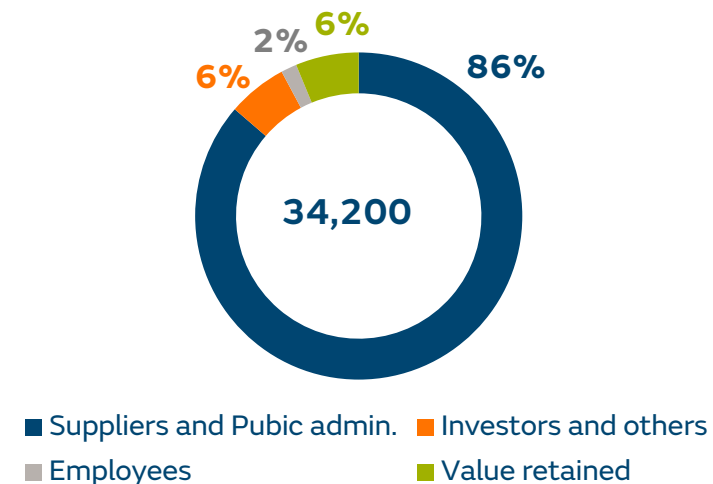
### Purchases from local suppliers



### Energy volunteer program

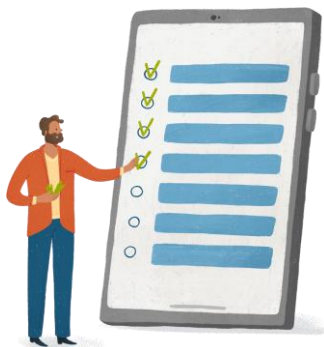


### Economic value generated (€m)

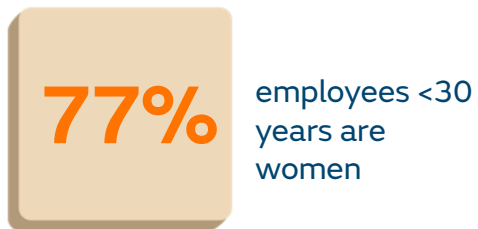


# ESG: part of our decision-making processes

Advancing in best governance practices



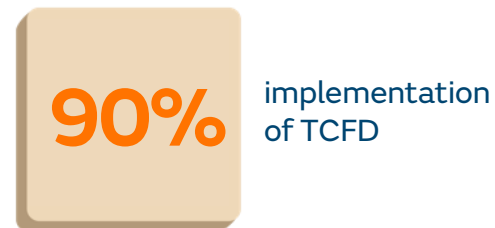
## Diversity



## ESG management remuneration



## Taxonomy reporting



## ESG audits



## ESG also through our Foundation



### Vulnerability plan

#### Social programs

**+200**  
thousand  
beneficiaries

#### Energy school

**+30**  
thousand  
students

#### Rehabilitated homes

**+3**  
thousand  
homes

#### Volunteers

**+600**  
volunteers

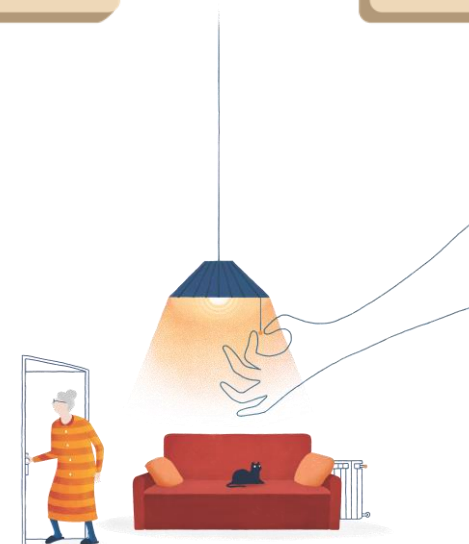
### Educational programs

#### Educational programs

**+1**  
million  
beneficiaries

#### Professional training

**+48**  
thousand  
students



## 4. Future perspectives



## Outlook 2023 based on current energy scenario

2023 EBITDA  
guidance at  
least equal to  
2022 EBITDA

### Networks

- **Spain**
  - Moderate growth and continued investment in digitalization
- **Networks LatAm**
  - Tariff inflation updates and demand growth

### Markets

- **Uncertainty in commodity prices**
- **Wholesale gas**
  - Procurement pipeline contracts to be adapted to reflect 2023 market conditions
  - LNG portfolio flexibility and diversification allows to capture physical sales opportunities
- **Renewables:** relevant developments coming into operation in Spain, Australia and USA
- **Supply:** sustained profitability based on improved competitiveness

### Capex

- **Relevant increase**, especially in renewable generation

### Net debt

- **Strong cash flow generation** support a strong investment grade rating

### Dividend

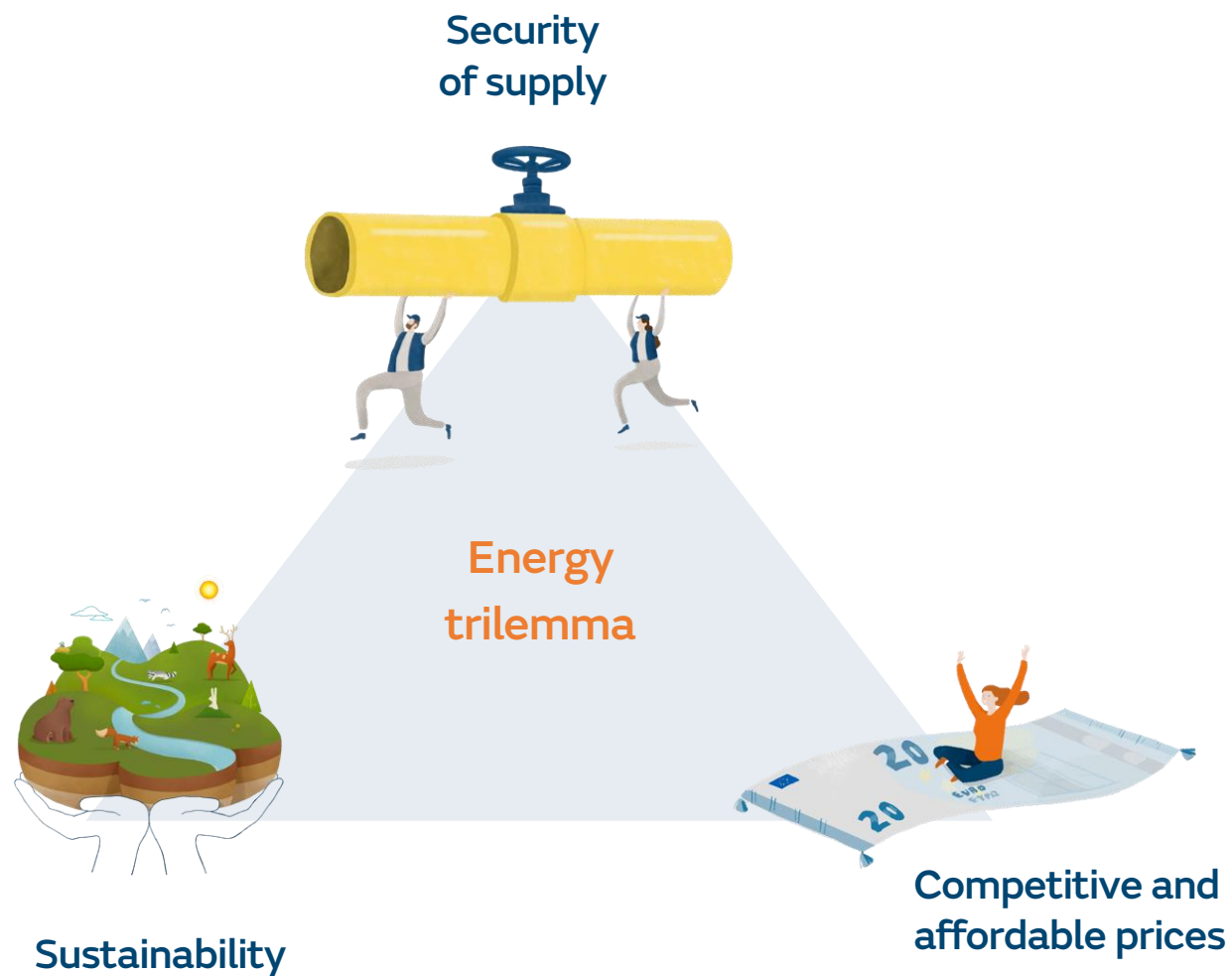
- **2023 dividend** at least equal to 2022 (1.20 €/share)





# The energy sector must solve a trilemma in the long term

Naturgy will continue to play a key role in tackling the energy trilemma



# Opportunities in the energy sector

Naturgy is well positioned to support energy transition



## Infrastructure will play a key role

### Renewable gases

- Blending of renewable gases
- Consolidate guarantee of supply
- Use of existing gas networks

### Renewable generation

- Supported by energy policy, regulation and technology

### Efficient electrification

- Networks as key enabler to increase multiple uses

### Final users

- Opportunities of complementary services (electric vehicle charging, smart meters,...)

## Gas + electricity as the efficient energy transition route

## Growth of renewable generation

## Security of supply and flexibility remain critical:

- Gas called to play an essential role
- LNG is key to diversify supply sources

**Source:**

IRENA, 1.5oC scenario, IHS Markit, International Energy Agency – Stated Policies Scenario; Green Gas Initiative IAEW, Oxford Energy (Energy Transition: Modelling the Impact on Natural Gas); BNEF

# 5. Proposed resolutions



## Proposed resolutions

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1-4

Approvals related to the 2022 Annual Accounts

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5-6

Approval of the management activities of the Board of Directors

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7

Re-election and appointment of four members of the Board of Directors

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8-10

Other resolutions

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