

Francisco Reynés

Executive Chairman





- ① COVID-19
- ② Naturgy's Response
- ③ Results
- ④ We accelerate the transformation
- ⑤ Conclusions
- ⑥ Proposals for resolutions

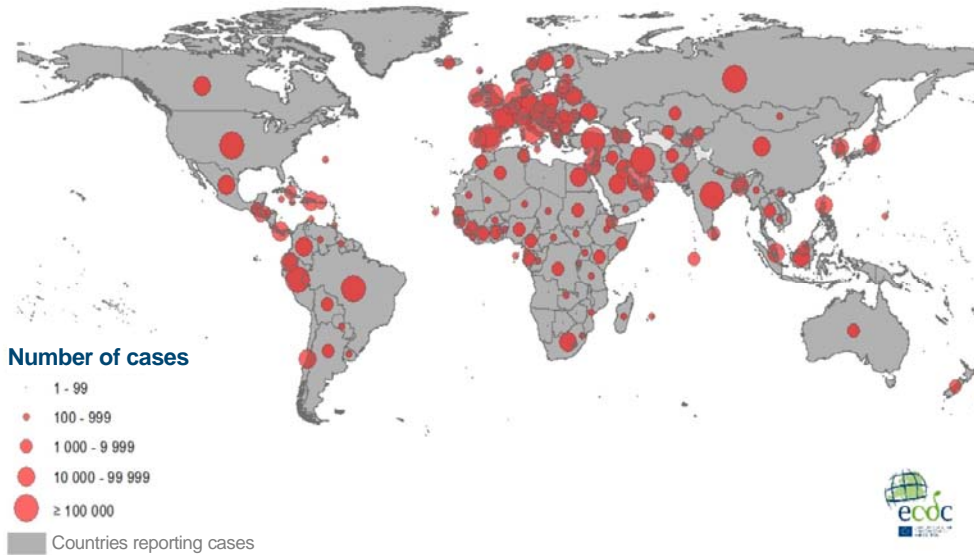
COVID-19

1



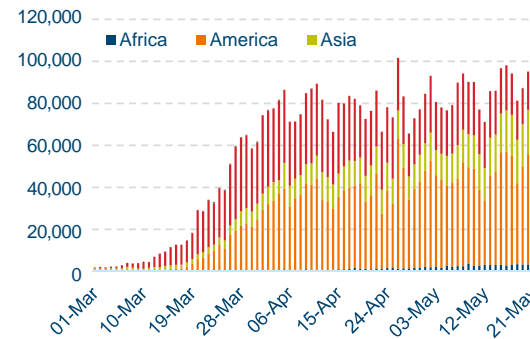
1.1 An unprecedented crisis

Number of COVID-19 cases (accumulated)



Date of production: 22.05/2020
The boundaries and names shown on this map do not imply official endorsement or acceptance by the European Union.

Evolution of COVID-19 cases reported

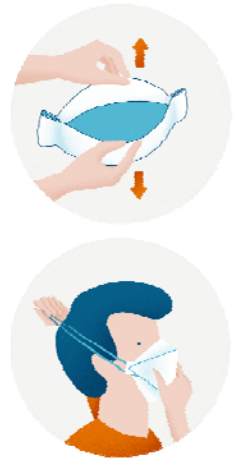


A worldwide pandemic was declared by the WHO on 11 March 2020

+5 million cases reported

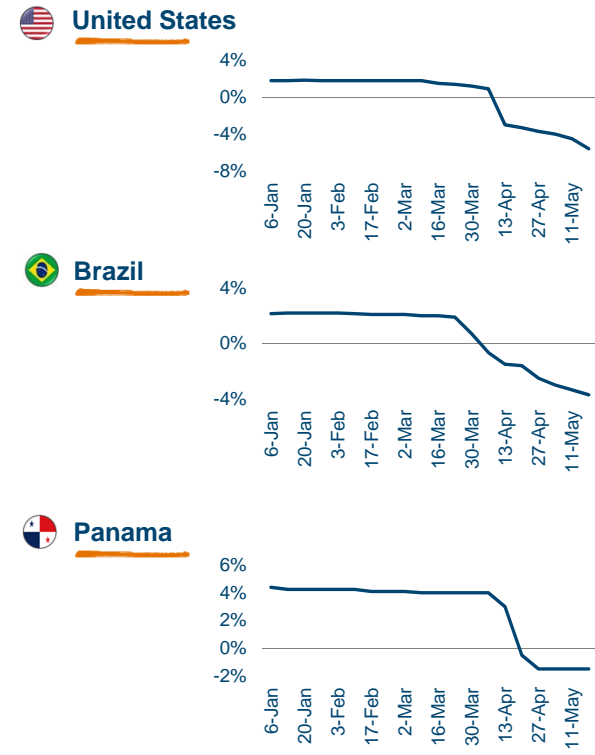
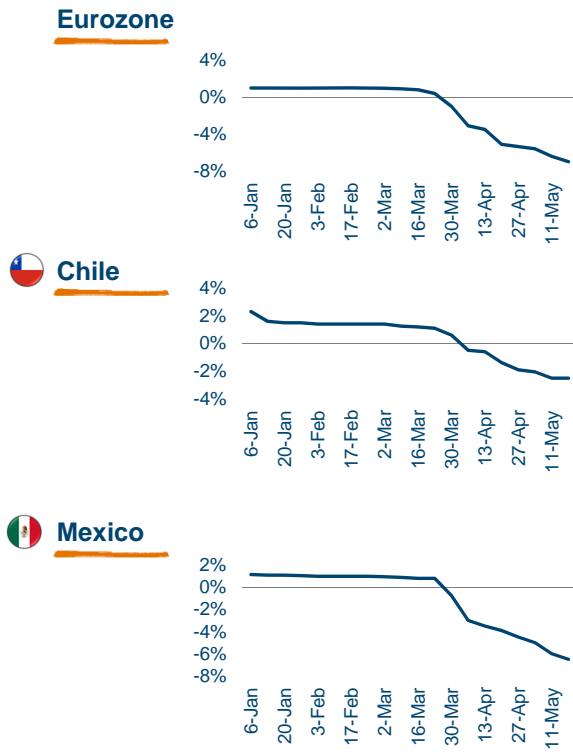
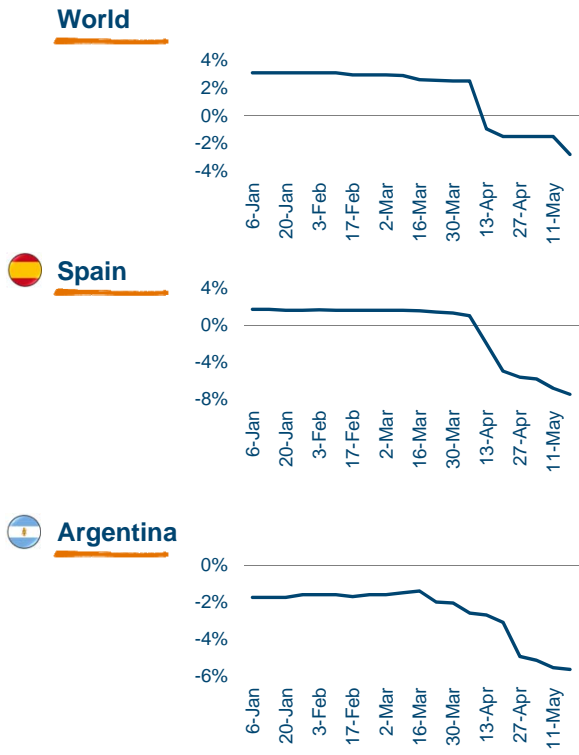
+330,000 deaths

Source: European Centre for Disease Prevention and Control (data from 22 May 2020)



More than one third of the world's population is in some kind of lockdown; de-escalation by phases begins

1.2 Evolution of 2020 GDP estimates

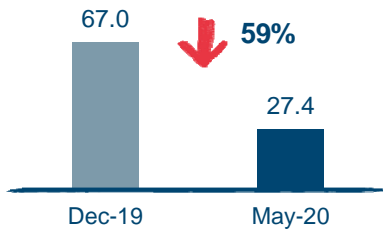


Source: Bloomberg consensus (22 May 2020)

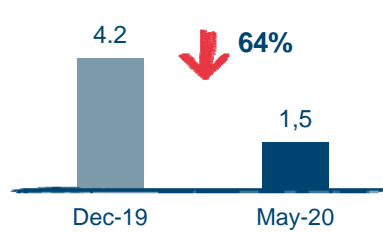
Limited visibility on the duration and magnitude of the crisis, with growing pessimism

1.3 Energy markets

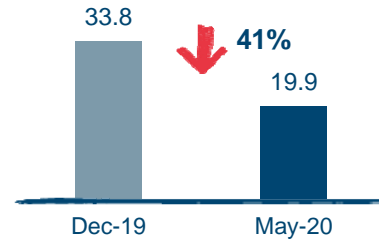
Brent (USD/bbl)



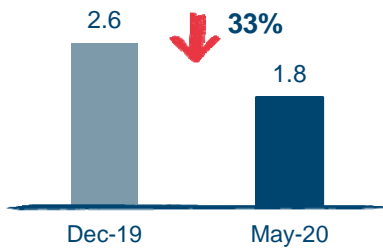
NBP (USD/MMBtu)



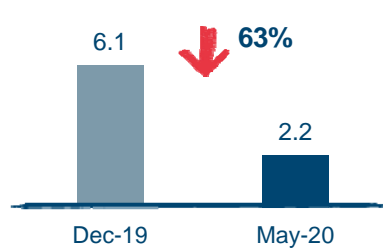
Spanish electricity market (Pool) (€/MWh)



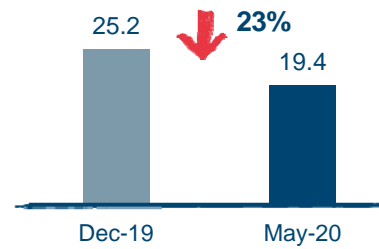
Henry Hub (USD/MMBtu)



JKM (USD/MMBtu)



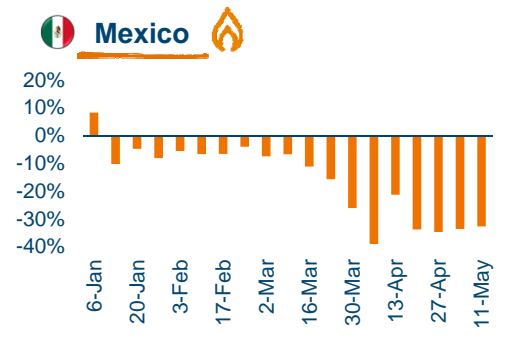
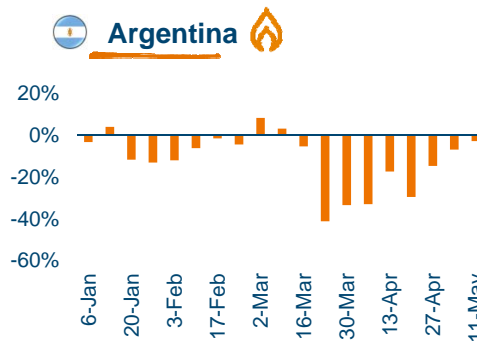
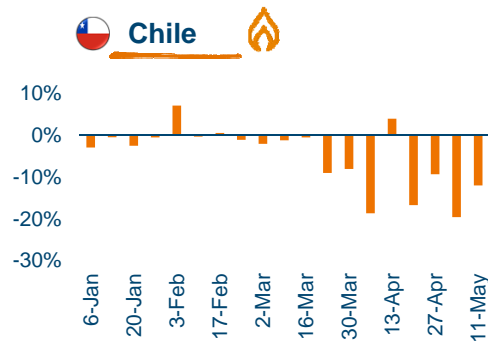
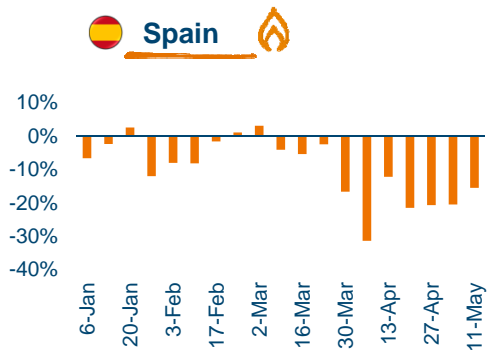
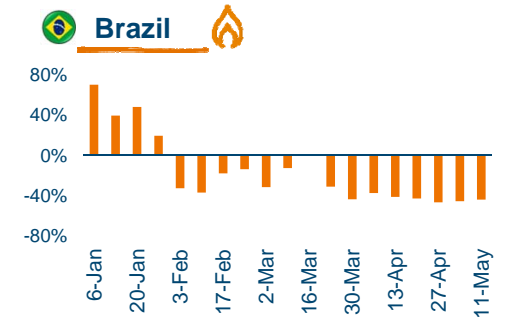
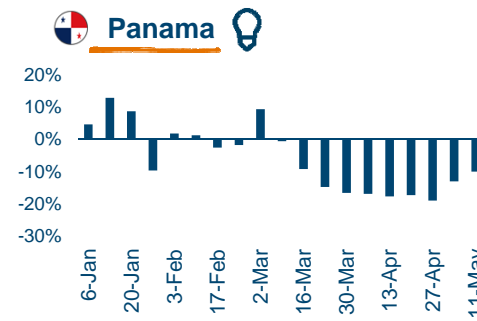
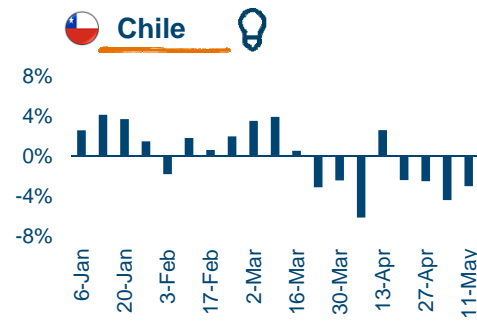
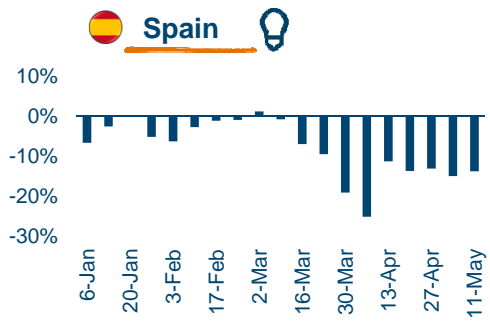
CO₂ (€/t)



Note: Average data in the period

Widespread and unprecedented drop of prices in the main energy variables

1.4 Evolution of electricity and gas demand (% weekly variation vs. previous year)



💡 Electricity 🔥 Gas

Note: Data on demand through the Group in Chile, Brazil, Argentina and Mexico

The sudden stop of economic activity had a striking effect on energy demand

Naturgy's Response

2



2.1 Priority placed on persons, providing support to all our stakeholders



Focus on the health, safety and well-being of our **employees**



Applying measures committed to support all the **society**



Anticipate needs of our **customers and suppliers**

2.2 Protection of all the employees

1



Prompt suspension of travel and attendance to external events

Activated in January

2



Early movers in the creation of the Crisis committee

Activated in February

3



Activation of resources to guarantee effective remote work

75% of the employees

4



Individual protection and support provided to our key staff by Naturgy's medical services

25% of the employees

The health, safety and well-being of all the employees is our priority and we prepared ahead for this

2.3 Road map for a safe return to work

Before returning to the work place



- 1 **Medical questionnaire** for all our employees
- 2 **Serological tests** to all employees and their family unit
- 3 Plan based on medical criteria, **placing a priority on health** and maintaining critical services
- 4 **Clear work and personal guidelines** of mandatory compliance

Back to the workplace



Work places

- > Reinforcement of hygiene measures
- > Compliance with safety measures
- > Restricting the number of people in common areas
- > Prioritize remote work

Meetings, travel and events

- > Placing priority on online meetings
- > Maintain travel suspension
- > Limiting attendance at events

Proactivity and anticipation of the company in establishing a clear action protocol

2.4 Reaction of support to society

1



Reinforcing key infrastructures to ensure the stability and quality of the electricity and gas supply

2



Economic donation by the employees and the Board of Directors, along with the company, to the "CRUZ ROJA RESPONDE" (THE RED CROSS RESPONDS) programme.

€2.3 M

3



Free gas and electricity supply to hotels, residences and other **hospitalized** centers

36 hotels and homes for the elderly

4



Electricity and gas repairs free of charge for health workers and security forces and bodies, armed forces and fire fighters

Up to 1.3 M beneficiaries

Measures committed to supporting society

2.5 We stand by our customers and suppliers

Customers

1



Deferral of invoice payments for 12 months to SMEs and self-employed

Up to 4 M beneficiaries

2



Free online medical care

Up to 7 M beneficiaries

3



Reinforcement of quality service for all customers, with special focus on vulnerable people

Suppliers

1



Cash payment of invoices in the second quarter of the year for SMEs and the self-employed

Up to 11,000 beneficiaries

Anticipating the needs of our customers and suppliers

Results

3



3.1 Milestones and achievements in 2019

1st quarter

- Communication of **closure of coal** generation plants
- Confirmation of **BBB rating** by S&P
- Acknowledgement as a worldwide **leader** for **climate change** actions
- **+€98m** invested in renewables (139 MW installed)

2nd quarter

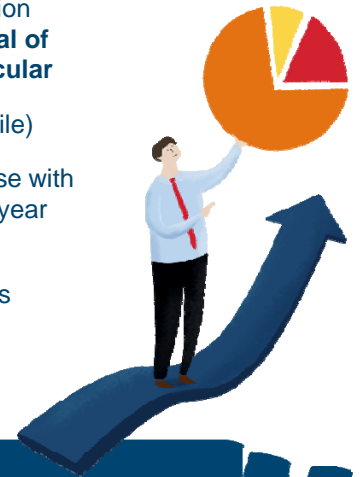
- **New** efficiency plan **target**
- Acknowledgement by FTSE4GOOD as the **most sustainable utility**
- **+€150m** invested in renewables

3rd quarter

- First **circulares by the CNMC** and submission of allegations
- **Non-core divestments** (Moldavia, Kenya, etc.)
- Acknowledgement **as the world leader in utilities** by the Dow Jones Sustainability Index (DJSI)
- **+€146m** invested in renewables (151 MW installed)

4th quarter

- **New circular on gas** distribution issued by the CNMC. **Approval of the electricity** distribution circular
- **Divestment** in Transemel (Chile)
- **Liability management** exercise with new issuance of a €750m, 10 year bond
- **+€132m** invested in renewables (505 MW installed)



✓ **Progress in the efficiency plan** (accumulated €380 m by 2019)

✓ Corporate transactions **improving** the company's **risk profile**

✓ **Relevant investors in renewable energy** (~800MW installed)

✓ **Advancing in best in class corporate social responsibility practices**

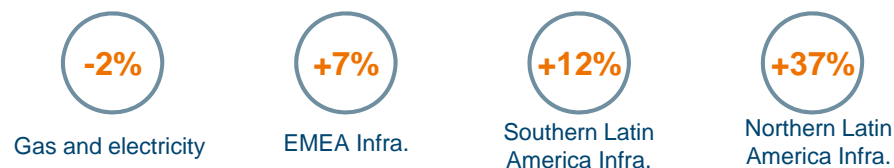
✓ **Acknowledgement for progress on ESG matters and reduction in direct GHG emissions (16%)**

3.2 Results 2019

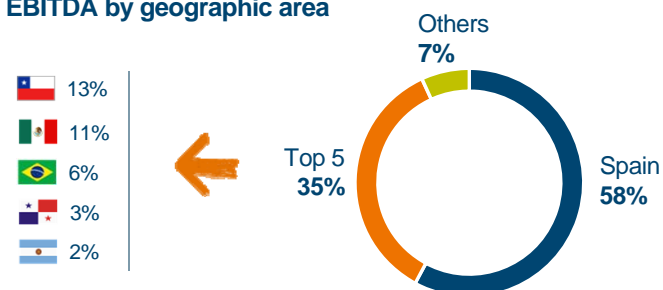
Profit and loss account

€m	Reported	Ordinary	vs. 2018
Turnover	23,035	23,013	-6%
Gross margin	6,724	6,699	-1%
Opex	(2,162)	(2,031)	-15%
EBITDA	4,562	4,668	+6%
Depreciation	(1,699)	(1,735)	-1%
EBIT	2,863	2,933	+10%
Financial results	(591)	(556)	-8%
Taxes	(871)	(945)	+16%
Net Results	1,401	1,432	+15%

Increase in ordinary EBITDA by business vs. 2018



EBITDA by geographic area

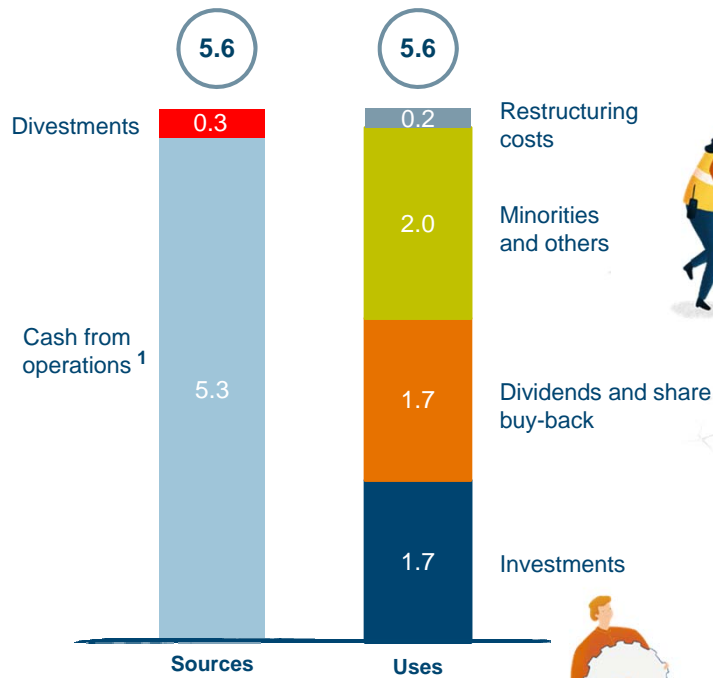


Contribution to society

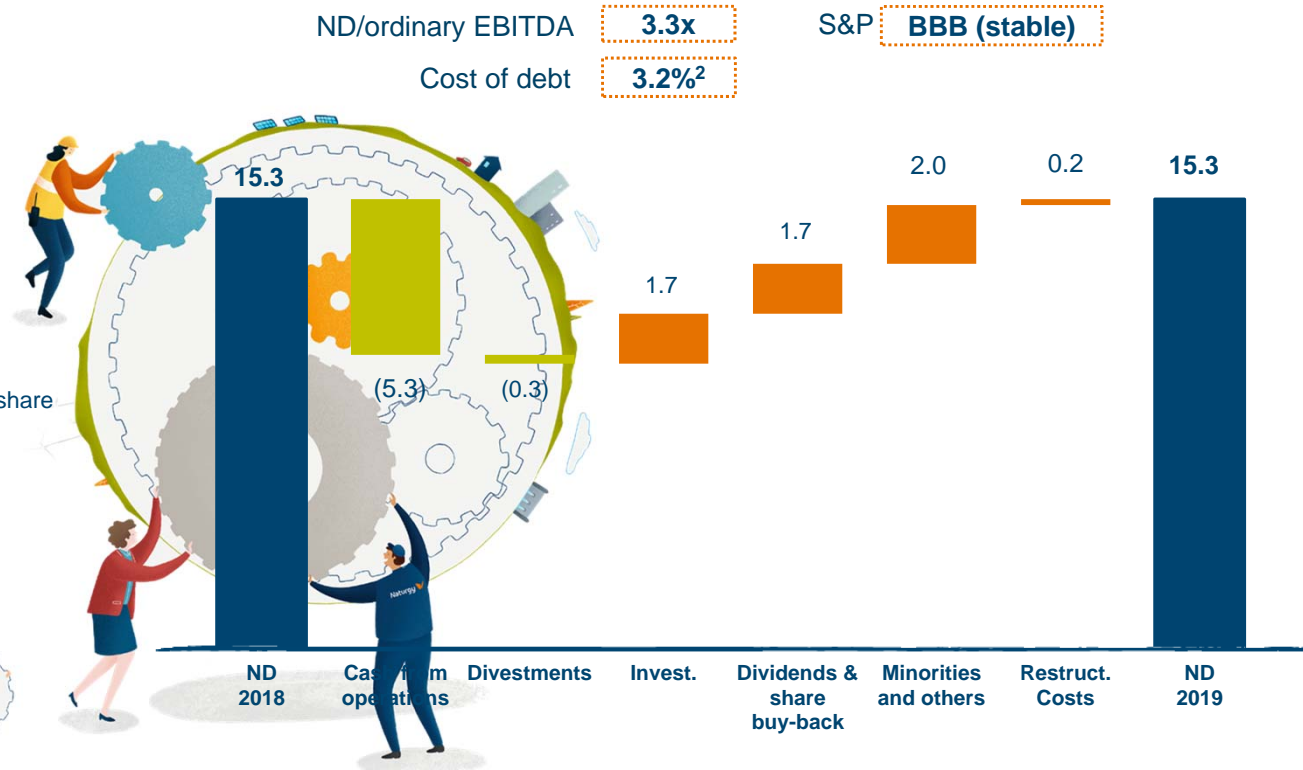


3.3 Cash flow and debt 2019

Sources & Uses of cash (€Bn)



Net debt (Bn€)



Notes:

- 1. Cash from operations prior to interest expenses, taxes and restructuring costs.
- 2. Average debt cost without including the impact of IFRS 16

3.4 Milestones and results at 31 March 2020

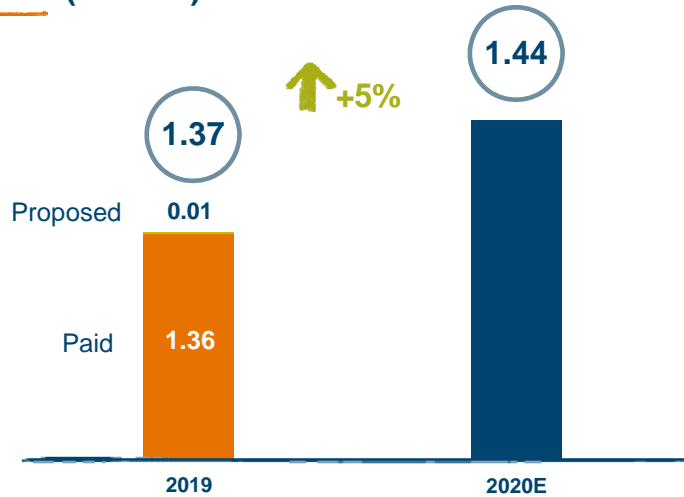
- 1 Lower energy demand and prices drop in energy commodities
- 2 New electricity networks regulation and step down in EMPL's capacity
- 3 Depreciation of exchange rates in Latin America
- 4 Reinforcement of the balance sheet and increased liquidity



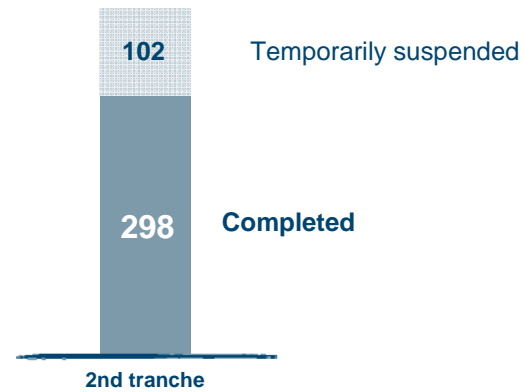
Limited impact of the COVID-19 in the first quarter

3.5 Shareholders' remuneration

Dividend (€/share)



Share buy-back optionality (m€)



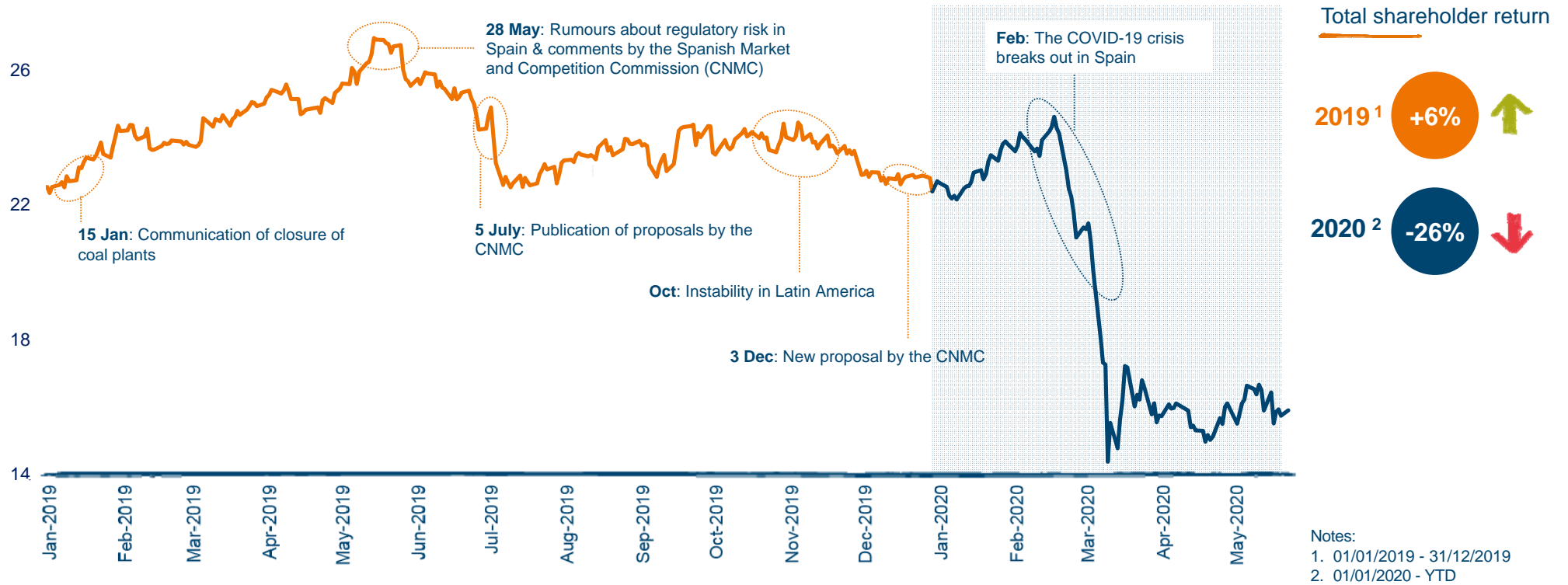
Third interim dividend of €0.593/share on 25 March

Final dividend of €0.01/share on 3 June



We deliver on the commitments undertaken in the Strategic Plan

3.6 Share price performance



Share price affected by regulatory uncertainty in Spain in 2019 and the COVID-19 crisis in 2020

We accelerate
the transformation

4



4.1 Achievements in the first stage of the Strategic Plan



Cultural change

- > Simplicity
- > Transparency
- > Organisation with greater accountability



Capturing efficiencies

- > Optimization of non-core processes
- > Elimination of duplicities
- > Opex Committee



Simplifying the balance sheet

- > Divestment of businesses with no critical mass
- > Debt push-down
- > Liability management



Capital discipline

- > Focus on investment aligned with the energy transition
- > Value over size
- > Capex Committee

The first stage has managed to make the company more dynamic and agile than ever, although we still have relevant challenges ahead

4.2 Targets in the second stage of the Strategic Plan

Reduce the risk profile

- › **Asset rotation**, in line with the energy transition, with focus on strong currencies
- › Establish **win-win** relationships with the **regulatory authorities**
- › **Renegotiate** gas supply agreements

Strengthen the company's position

- › **Reinforce** the financial structure
- › **Consolidate** corporate reputation
- › **Progress on** ESG commitments

Redefine operations

- › Focus on **customer satisfaction**
- › **Optimize and automate** core processes
- › **Adapt to** new ways of working

Reinforce culture and team

- › **Adapt** the organisation to the new challenges
- › **Promoting** talent
- › **Bring back** enthusiasm in the company



Accelerating the transformation is needed in an increasingly demanding environment

4.3 Asset rotation aligned with the energy transition

Divest to achieve the following:

➔ Reduction of risk

- Avoiding stranded assets
- Avoiding businesses with open market exposure

➔ Reduction in volatility

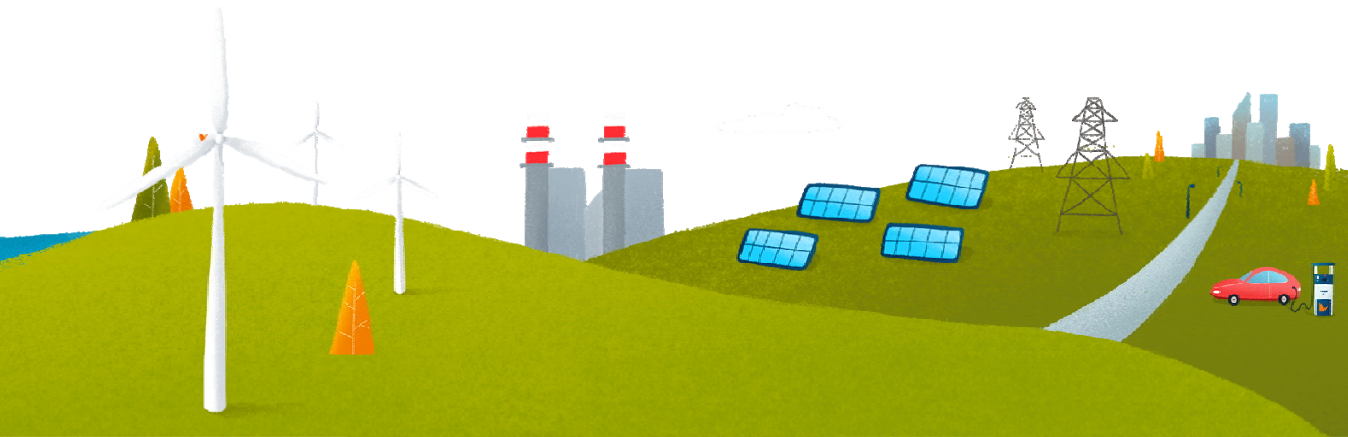
- Open positions in commodities
- Exchange rate

➔ Simplification of the portfolio

- Supporting efficiency

Invest with capital discipline in order to:

- ✓ Improve visibility and stability
- ✓ Ensure sustainable growth
- ✓ Increase the weight of the electricity business
- ✓ Make progress in decarbonisation



Asset rotation is a key factor and a priority for the transformation

4.4 Establish win-win relationships with the regulatory authorities

Our commitments

- ➔ **Efficient supply of energy**
 - Becoming a reference operator
 - High standard of quality and service
- ➔ **Guaranteed supply**
 - Maintenance and safety
 - Firm power availability (CCGTs)
- ➔ **Long-term investment**
 - Gas and electricity grids
 - Digitalisation
 - Expansion
 - Reduction in emissions
 - Renewable energy generation

Desirable regulatory framework

- ➔ **Reasonable long-term profitability**
 - Acknowledgement of business risk level
- ➔ **Stable framework during the investment horizon**
 - Long-term visibility
 - No retroactivity or significant changes in the rules
- ➔ **Partnership attitude**
 - Transparency
 - Smooth dialogue



We aim at partnership relationships with our regulatory authorities to achieve investment and growth

4.5 Renegotiate gas procurement contracts

Review agreements due to significant changes in their reference markets

- ➔ Using the **ordinary and extraordinary review mechanisms** included in the agreements
 - Ex-post price review
 - Delayed adaption to market conditions
- ➔ Exercising all the **rights granted to Naturgy by the agreements and the law**
- ➔ Two action routes: **negotiation and arbitration** (the former being a priority)
- ➔ **Interim results in 2020**



Procurement

Under review	TWh
Algeria	87
Norway	20
Trinidad	8
Nigeria	50
Qatar	22
Oman	18
Total	205
US	51
Russia	24
Total	75

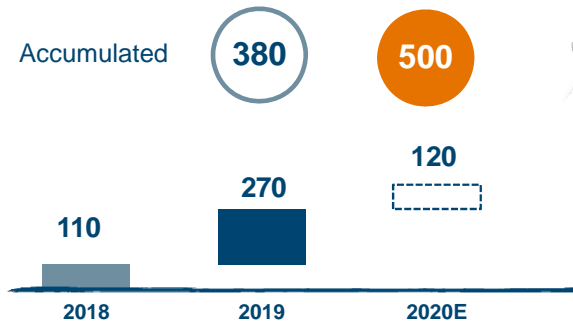
We aim at being proactive managing gas procurement contracts so that we remain competitive

4.6 Redefine operations

- ➔ **Focus on customer satisfaction**
 - New relationship models:
 - Channels and bi-directionality
 - Data centric and Data analytics
 - Innovation in products and services
- ➔ **Process optimization and automation**
 - Redefinition of the core processes from square one
 - Modernisation of IT and Digitalisation
- ➔ **Adaptation to new ways of working**
 - Adapting work spaces and premises
 - Including working from home
 - Reducing travel and face-to-face meetings
 - Promoting productivity vs. personal presence

➔ Identify additional efficiencies on top of the committed ones

Annual efficiencies (€m)



**Achieving the efficiency target
2 years earlier than planned**

To create value in a sustainable way we have to innovate in daily operations

4.7 Reinforce the financial structure

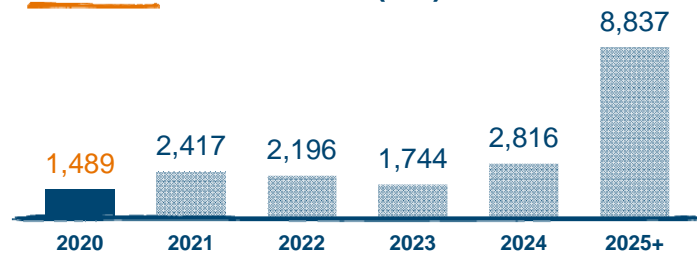
Liquidity (m€)

May 2020

Cash and cash equivalents	4,468
Undrawn credit lines	5,534
Total	10,002

- > Increased liquidity by ~ **€2,000 m** from Dec. 2019...
- > ...after paying ~ €1,600 m in bond maturities and interim dividend

Gross debt maturities (m€)



➔ Strengthen liquidity

- Reduction in working capital
- Optimization of funding sources
 - Bank debt
 - Capital market
- Extend debt maturities

➔ Intensify self-funding in each of the businesses



Management of the financial liabilities is a key factor at these times

4.8 ESG reputation and commitments

Health and safety



Corporate Responsibility Policy



Healthy working environment



Zero accidents

Energy vulnerability (2019)

Energy Renovation Support Fund



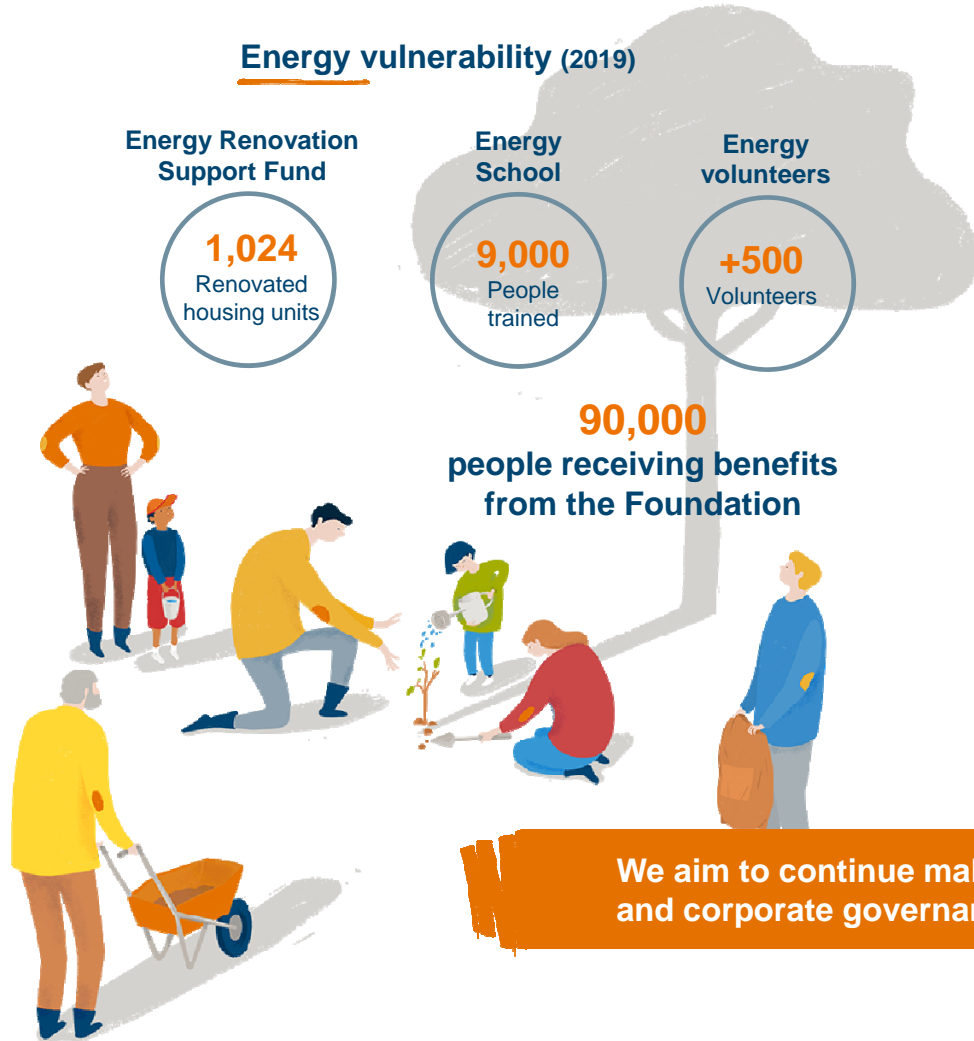
Energy School



Energy volunteers



90,000 people receiving benefits from the Foundation



Corporate governance



Board of Directors

- ➔ Remuneration of directors in proportion to the time they spend on their duties
- ➔ Setting up a Sustainability Committee
- ➔ Commitment that there will be 40% female members on the Board of Directors in 2021

We aim to continue making progress in social responsibility and corporate governance

4.9 Organisational solution for adapting to priorities differentiated by business

Develop and improve the traditional business

- Proactive regulatory management
- Profitable growth in grids
- Identify and implement best practices
- Adapt the management of energy and supplies to liquid and flexible markets



Energy and Grid Management Unit

Seek opportunities related to the energy transition

- Accelerate our renewable energy business so that we become leaders in the target market
- Study new future business models
- Promote innovation



Renewable Energy, Innovation and New Business Unit

Differentiating the marketing models by customer type

- Wholesalers (Those capable of improving their logistics in gas and generating commercial synergies in electricity)
 - Key factor: Adapting to the development of the gas hub and electricity market
- Retailers (They require external management of their logistics in gas and generation of commercial synergies in electricity)
 - Key factor: Including new technologies and developing brand potential



Retail Marketing Unit



Implement ongoing improvement in all the businesses and seek new growth opportunities

4.10 Promote talent

Pedro Larrea *Energy and Grid Management*

- A long multinational and multi-sector career with successful experience as a manager of different liberalised and regulated businesses in the energy sector
- Experience in managing commodities, gas supplies and new energy management models
- CEO in companies in the sector in Latin America
- Proven experience developing relationships with regulatory authorities
- Mining engineer with an MBA from the INSEAD Business School

Jorge Barredo *Renewable Energy, Innovation and New Business*

- Successful experience as an entrepreneur in the renewable energy and engineering sector
- In 2005, founder and CEO of a company that develops and manages renewable energy, installing more than 2,000 MW in 13 countries
- President of the photovoltaic energy management association since 2012
- Proven experience in setting up sustainable platforms for developing renewable energy projects, obtaining project funding for more than \$2,500 million.
- Naval engineer

Carlos Vecino *Retail Marketing*

- Successful experience as head of sales and marketing in a leading company in the telecommunications sector with more than 12 million customers
- Founder and CEO of a marketing firm, developing new cutting edge customer relation channels
- Proven experience in introducing cutting edge business models and including new technologies in the management
- A telecommunications engineer with an eMBA from the IESE Business School

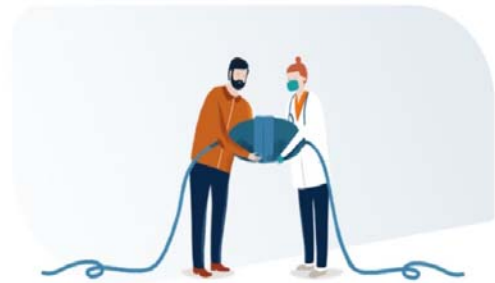


We build up the team with professionals of renowned prestige, proven experience and with an entrepreneurial spirit

Conclusions

5





We respond

to the new situation
with leadership



We make progress

in implementing
sustainability and
good governance
policies



We deliver

the commitments
undertaken with
customers, employees,
shareholders and
society



We accelerate

the transformation
by adapting the
company to the
new situation

Proposals for resolutions

6



- 1&2** Approval of the Annual Accounts and Management Report (individual and consolidated)
- 3** Approval of the Non-Financial Information Statement (consolidated)
- 4** Transfer of €27.2m from the "Trade Reserve Fund" to "Voluntary Reserves"
- 5** Approval of the Board of Directors' management
- 6** Reappointment, ratification and appointment of members of the Board of Directors
- 7** Approval of the proposal for allotment of the profits from the financial year 2019
- 8** Approval of a capital reduction (execution of the share buy-back programme)

- 9** Approval of the Remuneration Policy for the Directors of Naturgy Energy Group, S.A. (financial years 2020-2022)
- 10** Advisory ballot on the Remuneration Report of the members of the Board of Directors
- 11** Authorisation to shorten the term for summoning Extraordinary General Shareholders' Meetings
- 12** Amendment of the Articles of Association
- 13** Amendment of the General Shareholders' Meeting Regulations
- 14** Information on the amendment of the Regulations for the Board of Directors of Naturgy Energy Group, S.A. and its Committees
- 15** Granting powers of attorney for the resolutions adopted by the General Shareholders' Meeting

Naturgy 