

1H21 Results

28 July 2021

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1 Executive summary

New Strategic Plan 2021-2025

Naturgy's BoD approved a new Strategic Plan 2021-2025 on 27 July 2021 which will be presented to market participants today, following the first half results presentation held at 12.00 CET.

During the last three years, Naturgy has established new foundations and achieved significant progress in terms of simplicity & accountability, optimization and efficiencies, as well as capital discipline and business de-risking. As a result, Naturgy is today better prepared than ever to embark in the next stage of its transformation, which will focus on industrial growth aligned with the energy transition and best-in-class operations, while placing ESG at the core of Naturgy's vision.

The improving economic outlook and gradual subsiding of the COVID-19 allows for the necessary visibility to update the company's strategic roadmap and key priorities going forward, the highlights of which will be presented to the market today.

As part of the new Strategic Plan 2021-2025, Naturgy has approved its first interim dividend for the year 2021, corresponding to 0.30 €/share in cash and payable on 4 August 2021.

Other developments

On 26 July 2021 the sale of Naturgy's entire equity shareholding (96.04%) in CGE Electricidad to State Grid International Development Limited (SGID) was completed for a total purchase price (equity value) of €2,570m.

Also in the last months, Naturgy advanced with its employee voluntary termination plan which explains most of the €300m restructuring costs during the first half of the year, of which €266m during the second quarter, hence significantly streamlining its personnel costs and ordinary Opex base going forward.

In terms of financing and during the second quarter of the year, Naturgy signed a sustainable credit financing for €2.0bn linked to sustainability objectives which introduced an annual contribution to social projects for the Naturgy Foundation. With this milestone, the company reinforces its commitment to sustainable financing and its progress on ESG.

On the investment side Naturgy continued to progress in its renewable expansion. Naturgy, through its international power generation subsidiary Global Power Generation, signed a power purchase agreement (PPA) with Telstra in Australia to build a 58MW wind farm, which will commence construction in the last quarter of 2021 and is expected to be fully operational in the first half of 2023. GPG will invest approximately AUD120 million (equivalent to approximately €76m) in its development. Naturgy continues to consolidate its position in Australia as a leading wind farm developer.

Furthermore, during the second quarter of 2021, Naturgy became the first company in Spain to inject renewable landfill gas into Spain's gas distribution network. A landmark that reflects the company's commitment to the energy transition and positions it at the forefront of innovation in developing this new energy vector, which will make a significant contribution towards decarbonizing the country's energy system.

Finally, Naturgy continues to make substantial progress on its marketing strategy, having signed a number of relevant PPAs during the quarter as well as reached new third-party agreements in renewable energy supply with relevant partners with large distribution capabilities, including financial institutions as well as the Spanish postal service company, among others.

Summary – 1H21 results

(€m)	reported			ordinary		
	1H21	1H20	Change	1H21	1H20	Change
EBITDA	1,678	1,744 ¹	-3.8%	1,959	1,908 ¹	2.7%
Net income	484	334	44.9%	557	476	17.0%
Capex	439	552	-20.5%	-	-	-
Net debt	13,611	13,612 ²	0.0%	-	-	-
Free cash flow after minorities	663	1,101	-39.8%	-	-	-

Notes:

1. Restated
2. As of 31 December 2020

Ordinary EBITDA reached €1,959m in the first half of 2021, up 3% vs. previous year on higher demand and improving energy scenario. However it compares 14% below vs 1H19, prior to the COVID-19 outbreak.

Ordinary Net income reached €557m in the first half of 2021, up 17% vs. 2020, but -20% compared to the first half of 2019. On a reported basis, Net income reached €484m, mainly impacted by the restructuring costs incurred in the quarter, partly compensated by the completion of the UFG agreement which had a positive non-ordinary impact of €103m in earnings.

Total capex amounted to €439m in the period, -20.5% vs. previous year.

As of 30 June 2021, Net debt amounted to €13,611m, in line with net debt levels as at the end of 2020 and after the €611m dividends paid on 17 March 2021, corresponding the final dividend for 2020. Also worth noting current net debt levels do not yet reflect the pre-tax proceeds of €2,570m following the completion of CGE Chile disposal. Net debt / LTM EBITDA stood at 4.0x compared to 3.9x as of 31 December 2020.

Voluntary and unsolicited offer on 22,689% of Naturgy's share capital

On 26 January 2021, Global Infraco O (2) S.À.R.L., a wholly owned entity by IFM GIF, announced the terms and conditions of a voluntary partial takeover bid for a maximum of 220 million Naturgy Energy Group, S.A. shares, equivalent to 22,689% of Naturgy's share capital ("the Offer").

The Offer price of 23 €/share was adjusted downwards to 22.37 €/share by the dividend of 0.63 €/share paid on 17 March 2021. As indicated in the Offer announcement, price will be adjusted for future dividend payments.

The Offer was admitted for processing by the Spanish National Securities Market Commission (CNMV) on 18 February 2021.

The offer remains subject to the approvals from the Spanish Council of Ministers and CNMV. The CNMV shall not authorize the takeover bid until the previous mandatory authorization required by the Council of Ministers is obtained. The Council of Ministers has a 6 months maximum timeline to rule on the offer since its filing.

On 13 May 2021, Mr. Enrique Alcántara García-Irazoqui replaced Mr. Marcelino Armenter as proprietary director representing Criteria.

On 18 May 2021, Criteria Caixa confirmed their intention to reinforce their shareholding in Naturgy as well as their willingness to continue as a reference shareholder, not reaching, in any event, the 30% threshold that would require a mandatory takeover bid for the whole. Since 18 May 2021, Criteria has reinforced its shareholding in Naturgy from 24.8% to around 26% as of 27 July 2021.

COVID-19 update

Macroeconomic growth and energy demand

Vaccination has accelerated during the second quarter of the year in Spain although relevant uncertainty remains caused by rapid expansion of COVID-19 variations and waves.

For comparability purposes, note that the first confirmed COVID-19 case in the Iberian Peninsula dates from 24 February 2020 and hence the COVID-19 outbreak only began to materially affect operations in March 2020.

Electricity and gas demand in Spain compare on average 5.2% and 6.5% above respectively vs. the first half of 2020, while electricity and gas demand in Latin American companies operated by the Group experienced an increase on average of 1% and 26% respectively during the first half of 2021 and compared to 2020.

Furthermore and since the appearance of the COVID-19, LatAm currencies have significantly depreciated against EUR. This had a negative effect of €64m and €22m on the consolidated Group ordinary EBITDA and Net income respectively during the first half of 2021 and compared to 2020.

Evolution of commodity prices

The first half of 2021 has been marked by a gradual improvement in economic sentiment primarily driven by the ongoing COVID-19 vaccination occurring across the globe, which is progressing at different speeds by geography and hence causing heterogeneous recovery expectations by region.

The improving economic sentiment is also accompanied by increasing inflation expectations, particularly in the US, and a gradual recovery of commodity prices globally.

In particular, Brent prices have increased by 63% on average when compared to 1H20 while gas prices on major gas hubs (HH and NBP) have improved on average by 42% and 233% respectively during the first half of 2021 vs. 2020 as well as a wholesale electricity prices (Spanish pool has increased by 102% on average vs. the first half of 2020).

Ongoing company initiatives

Naturgy continues to support and protect the interests of all its stakeholders, including measures to preserve employee health, safety and wellbeing, resources to guarantee effective remote work, or individual protection and support by Naturgy's medical services.

Relevant measures remain in place to support society as well as customers and suppliers, including the reinforcement of key infrastructures to ensure the stability and quality of electricity and gas supply, free gas and electricity supply to hospitalized centers, or free of charge repairs for health workers and security forces and bodies, armed forces and fire fighters, involved in supporting society during the pandemic. Our SMEs and self-employed customers are also benefiting from the deferral of invoice payments for 12 months to support their short-term financing needs, while some of our suppliers have benefited from cash payment advances in respect of their invoices.

2 Key comparability factors and non-ordinary items

Reporting structure

1H21 results follow the new organizational structure i) Energy management and networks, ii) Renewables and new businesses, and iii) Supply. Accordingly:

- Networks includes all networks businesses including Spain gas and electricity networks as well as networks LatAm, including Chile Gas, Brazil gas, Mexico gas, Panama electricity and Argentina gas and electricity
- Energy management is composed of: i) Markets & procurement, ii) International LNG, iii) Pipelines (EMPL), iv) Spain thermal generation and v) LatAm thermal generation
- Markets and procurement includes all gas procurement and internal and external sales (except from International LNG and gas sales to end customers <500GWh in Spain)
- Renewables, new businesses and innovation includes all renewable generation activities (including hydro) previously reported as part of European power generation and International power generation, together with new businesses
- Supply includes all power sales to end customers in Spain as well as gas sales to end customers < 500GWh in Spain

1H20 results have been restated accordingly.

Perimeter changes

The **main transactions completed in 1H21 with an impact in comparability** in the 1H21 vs. 1H20 results are the following:

- 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 €103m capital gain has been recognized in 1H21 as “Other results” and UFG assets assigned to Naturgy have been fully consolidated.

The **main transactions completed in 2020 with an impact in comparability** in 1H21 vs. 1H20 results are the following:

- On April 2020, Naturgy completed the sale of its assets in Kenya
- On July 2020, Naturgy completed the transaction to acquire a 34.05% stake in Medgaz
- On November 2020, Naturgy reached an agreement to sell its 96.04% equity shareholding in its Chilean electricity networks subsidiary, Compañía General de Electricidad S.A. Following this agreement the activity has been classified as “Non-current assets available for sale” and results have been reported as "discontinued operations" for comparative purposes
- In addition, gas distribution activity in Peru and coal generation in Spain were reported as discontinued operations since April and June 2020 respectively. These activities have not contributed to 1H21 consolidated results

Non-ordinary items

Non-ordinary items are summarized below:

(€m)	EBITDA		Net income	
	1H21	1H20	1H21	1H20
Restructuring costs	-300	-165	-209	-121
Asset write-down	-	-	-16	-
Provisions reversal	12	-	9	-
Sales of land and buildings	8	1	5	1
Procurement agreement	2	-	2	-
Lean transformation costs	-32	-	-22	-
Generation taxes	28	-	25	-
UFGas agreement	-	-	103	-
Interest sales and corporate transactions	-	-	-18	13
Discontinued operations	-	-	47	-35
Other	1	-	1	-
Total	-281	-164	-73	-142

At the EBITDA level, non-ordinary impacts in 1H21 amounted to -€281m, corresponding mostly to restructuring and transformation costs (-€300m and -€32m respectively) in Spain, significantly in networks and supply activities, which have been partially offset by generation taxes following the hydro canon sentence (+€28m), provisions reversals (+€12m) and other minor impacts.

At the Net income level, non-ordinary items in 1H21 amounted to -€73m. In addition to the aforementioned items and its corresponding impact at Net income level, non-ordinary from UFG agreement completion and discontinued operations had a positive impact of €103m and €47m respectively.

Foreign exchange impact

Exchange rate fluctuations in the period are summarized below:

	Avg. 1H21	Change (%)	FX effect (€m)	
			EBITDA	Net income
USD/€	1.21	10.0%	-28	-12
MXN/€	24.32	2.8%	-6	-2
BRL/€	6.49	20.6%	-20	-5
ARS/€ ¹	113.47	44.0%	-11	-3
CLP/€	868.01	-2.9%	2	0
Other	-	-	-1	0
Total	-	-	-64	-22

Note:

1. Exchange rate as of 30 June 2021 as a consequence of considering Argentina as an hyperinflationary economy

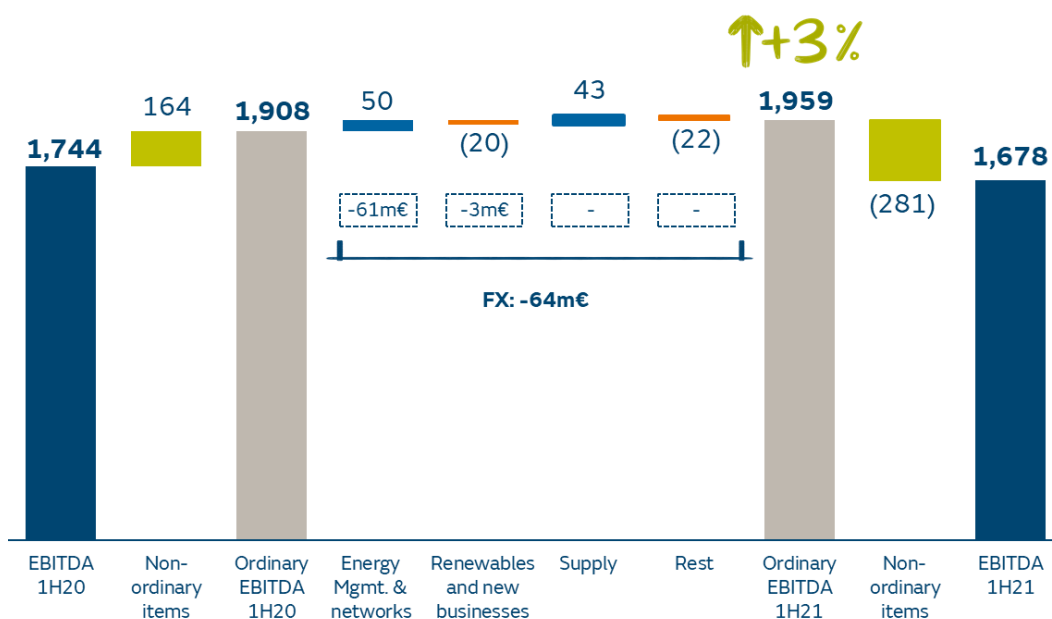
3 Consolidated results

(€m)	reported			ordinary		
	1H21	1H20	Change	1H21	1H20	Change
Net sales	9,130	7,779	17.4%	9,125	7,779	17.3%
EBITDA	1,678	1,744	-3.8%	1,959	1,908	2.7%
Other results	106	15	-	0	0	-
Depreciation, amortisation and impairment expenses	-729	-743	-1.9%	-707	-743	-4.8%
Impairment of credit losses	-52	-79	-34.2%	-52	-79	-34.2%
EBIT	1,003	937	7.0%	1,200	1,086	10.5%
Financial result	-236	-242	-2.5%	-241	-242	-0.4%
Profit/(loss) of companies measured under the equity method	33	3	-	33	3	-
Income tax	-204	-159	28.3%	-259	-195	32.8%
Income from discontinued operations	51	-32	-	0	0	-
Non-controlling interest	-163	-173	-5.8%	-176	-176	0.0%
Net income	484	334	44.9%	557	476	17.0%

Ordinary Net sales totaled **€9,125m** in 1H21, **17.3%** above 1H20, mainly as a result of higher demand and energy prices in the period, with a positive impact in Energy management and Supply activities. On the negative side, macro uncertainty and FX depreciation continued weighing in certain LatAm countries, mainly as a result of the COVID-19 crisis.

Consolidated **ordinary EBITDA** reached **€1,959m** in 1H21, up 2.7% vs. 1H20 (14% below vs 1H19, prior to the COVID-19 outbreak). The energy scenario and the good operational performance have translated into better results in both regulated and liberalized activities in Spain. However, LatAm activities, despite a better performance in 2Q21, continued to be affected by negative FX impact and modest demand recovery, while renewables have suffered from lower margins overall and lower wind resource in Mexico.

EBITDA evolution (€m)



(€m)	reported			ordinary		
	1H21	1H20	Change	1H21	1H20	Change
Energy management and networks	1,414	1,476	-4.2%	1,613	1,563	3.2%
Renewables and new businesses	185	193	-4.1%	178	198	-10.1%
Supply	151	134	12.7%	214	171	25.1%
Rest	-72	-59	22.0%	-46	-24	91.7%
Total	1,678	1,744	-3.8%	1,959	1,908	2.7%

Depreciation, amortization and impairment losses reached in the quarter **-€729m, 1.9%** lower than in 1H20. This reduction is explained by the impairment completed in 4Q20, mainly affecting thermal generation and hydro in Spain and Argentina gas, which will translate into lower D&A of approximately €75m/year.

Impairment and credit losses reached **-€52m** in 1H21, **34.2%** lower than in 1H20, recovering a more normalized figure after the significant increase in 1H20 following the outbreak of the COVID-19 crisis.

The **financial result amounted to -€236m, down 2.5%**. Cost of net financial debt decreased 3.2% in the period, following lower net debt in the period and an improvement in the **average cost of gross financial debt¹** for 1H21, reaching 2.4% vs. 2.8% in 1H20. As of 30 June 2021, **82%** of gross debt is at fixed rates and **28%** is denominated in foreign currency.

Financial result (€m)	1H21	1H20	Change
Cost of net financial debt	-240	-248	-3.2%
Other financial expenses/income	4	6	-33.3%
Total	-236	-242	-2.5%

Equity-accounted affiliates contributed €33m in 1H21 as detailed below:

Profit/(loss) of companies measured under the equity method	1H21	1H20	Change
UFG sub-group	-4	-22	-81.8%
Electricity Puerto Rico	27	18	50.0%
CGE sub-group	2	5	-60.0%
Renewable Generation and Cogeneration	3	-1	-
Medgaz/Medina	4	3	33.3%
Others	1	0	-
Total	33	3	-

The **effective tax rate** as of 30 June 2021 stood at **25.5%**, higher than in 1H20 (22.8%).

Contribution from **discontinued operations stood at €51m in 1H21**, fully contributed by electricity distribution activities in Chile, as shown below:

Income from discontinued operations (€m)	1H21	1H20	Change
Peru	0	-12	-100.0%
Coal generation Spain	0	-35	-100.0%
Electricity distribution Chile	51	15	-
Total	51	-32	-

Note:

1. Cost from IFRS 16 debt not included

Income attributed to non-controlling interests amounted to –€163m in 1H21 as detailed below:

Income attributed to non-controlling interests (€m)	1H21	1H20	Change
EMPL	-17	-21	-19.0%
Nedgia	-31	-31	0.0%
Other affiliates ¹	-86	-91	-5.5%
Other equity instruments	-29	-30	-3.3%
Total	-163	-173	-5.8%

Note:

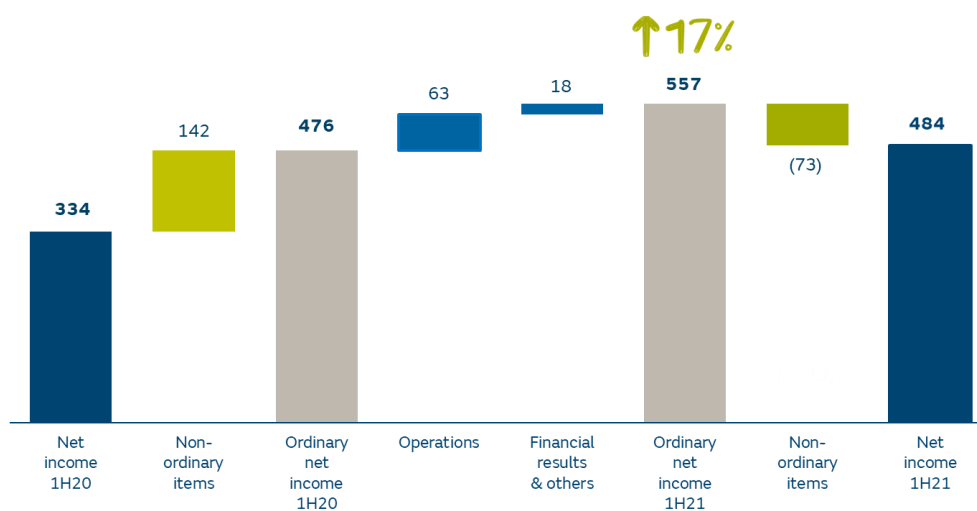
1. Including GPG, gas distribution in Chile, Brazil, Mexico and Argentina, and electricity distribution in Panama

The decrease of EMPL contribution and other affiliates follow the capacity step down effective since February 2020 and the lower contribution from LatAm activities respectively.

The other equity instruments caption includes the accrued interest on perpetual subordinated notes (hybrids).

Net ordinary income in 1H21 amounted to €557m, up 17.0% compared to the previous year. However it compares 20% below vs 1H19, prior to the COVID-19 outbreak.

Net income evolution (€m)



4 Results by business unit

4.1 Energy management and networks

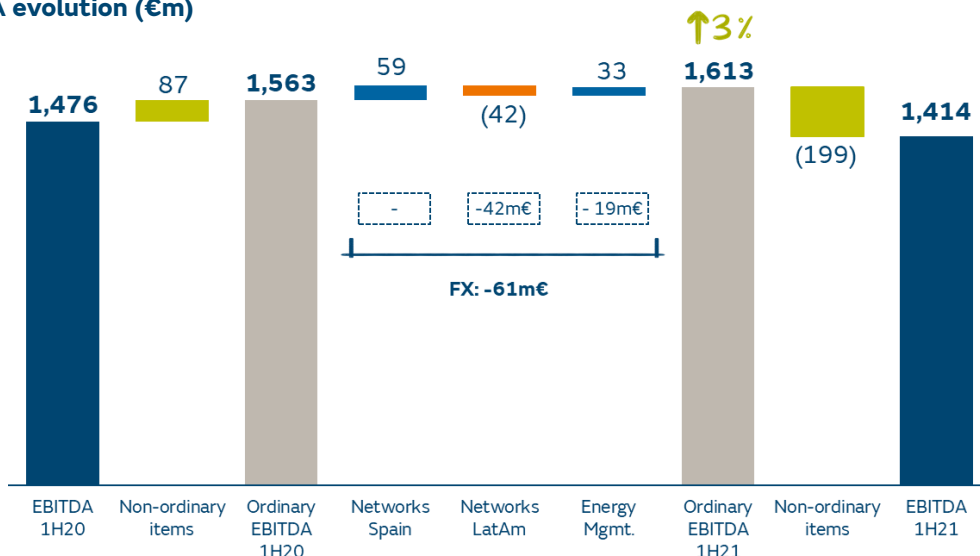
EBITDA (€m)	reported			ordinary		
	1H21	1H20	Change	1H21	1H20	Change
Networks Spain	649	696	-6.8%	828	769	7.7%
Gas networks	389	402	-3.2%	481	442	8.8%
Electricity networks	260	294	-11.6%	347	327	6.1%
Networks LatAm	399	433	-7.9%	395	437	-9.6%
Chile gas	111	99	12.1%	105	99	6.1%
Brazil gas	99	104	-4.8%	99	105	-5.7%
Mexico gas	108	119	-9.2%	109	120	-9.2%
Panama electricity	61	69	-11.6%	62	70	-11.4%
Argentina gas	11	29	-62.1%	11	30	-63.3%
Argentina electricity	9	13	-30.8%	9	13	-30.8%
Energy management	366	347	5.5%	390	357	9.2%
Markets and procurement	16	-80	-	12	-80	-
International LNG	86	165	-47.9%	88	168	-47.6%
Pipelines (EMPL)	100	126	-20.6%	114	126	-9.5%
Spain thermal generation	56	15	-	68	22	-
LatAm thermal generation	108	121	-10.7%	108	121	-10.7%
Total	1,414	1,476	-4.2%	1,613	1,563	3.2%

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA increased 3.2% to €1,613m during the period, driven by the good performance in Networks and thermal generation activities in Spain, and the Company's gas balance, benefiting the Markets & procurement activity. These have been partially offset by the negative FX evolution in LatAm and a lower contribution from EMPL and International LNG activities.

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 from 30 June 2021 will be applied to the accumulated 2021 results, which will also be updated by inflation rates.

EBITDA evolution (€m)

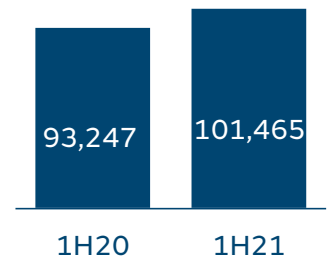


Spain gas networks

Ordinary EBITDA reached €481m, up 8.8% vs. 1H20. Higher distributed sales following demand recovery, as well as operational improvements, allow to compensate the lower remuneration under the new regulatory framework.

Gas sales (excluding LPG) increased by 8.8%, while connection points remained stable vs. 1H20.

Gas sales Spain (GWh)
(+8.8%)



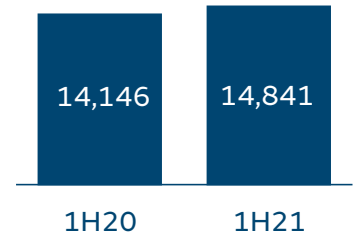
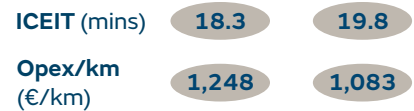
Spain electricity networks

1H21 Ordinary EBITDA amounted to €347m, a 6.1% increase vs. 1H20 as a result of investments and additional efficiencies.

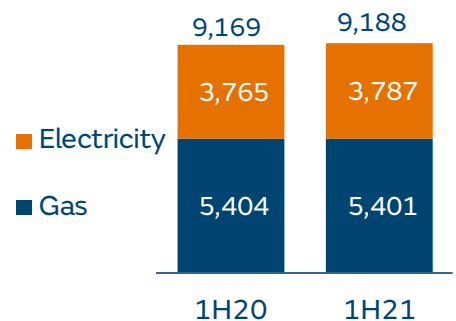
Connection points increased by 0.6% during the period, while electricity sales increased by 4.9%.

Unitary opex per km of installed network decreased by 13.2% vs. 1H20.

Electricity sales Spain (GWh)
(+4.9%)



Connection points ('000)
(+0.2%)



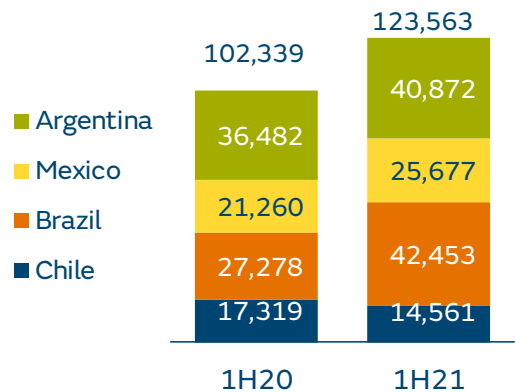
Chile gas

Ordinary EBITDA totaled €105m, 6.1% higher than in 1H20. Higher distribution sales and efficiencies were partially offset by lower sales and margins in gas supply. FX impact was slightly negative in the period (-€1m).

Total gas sales decreased (-15.9%), as a result of lower supply and TPA sales, while distributed sales increased by 6.3%.

Connection points increased by 1.6%.

Gas sales (GWh)
(+20.7%)



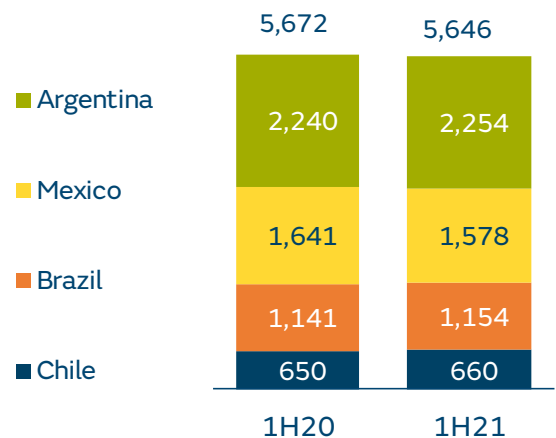
Brazil gas

Ordinary EBITDA totaled €99m, 5.7% lower than in 1H20. Sales growth, most notable in the Generation + TPA segment, and positive opex evolution, were not sufficient to compensate for negative FX impact (-€19m) and the spread of tariff updates throughout the year

Overall gas sales increased 55.6%, notably in in Generation + TPA, experiencing a 94.0% increase over 1H20. NGV and industrial segments have shown also strong growths (+19.0% and +11.7% respectively), with retail being the only laggard segment (-7.6%).

Connection points grew 1.2% in the period.

Gas connection points ('000)
(-0.4%)



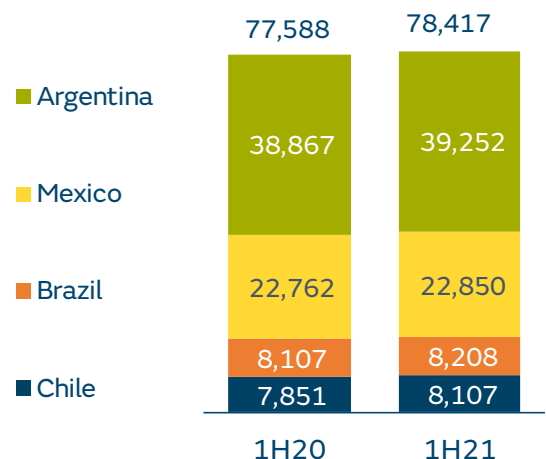
Mexico gas

1H21 Ordinary EBITDA decreased 9.2% to €109m.

Higher sales in the Generation + TPA, industrial and NGV segments, as well as higher margins in the supply activity, were offset by negative FX impact (-€5m), delayed tariff updates, and lower contribution from energy services.

Connection points decreased by 3.9%, as a result of the commercial strategy aimed at improving customer profitability.

Gas network (km)
(+1.1%)

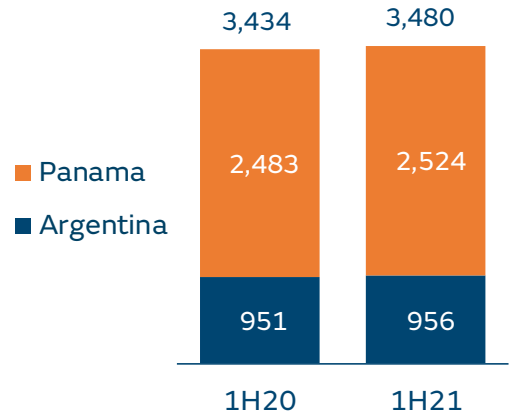


Panama electricity

1H21 Ordinary EBITDA amounted to €62m, down 11.4% vs. 1H20, driven by negative FX impact (-€6m) and mild temperatures.

Electricity sales increased by 1.7%, while connection points grew by 2.2%.

Electricity sales (GWh)
(+1.3%)

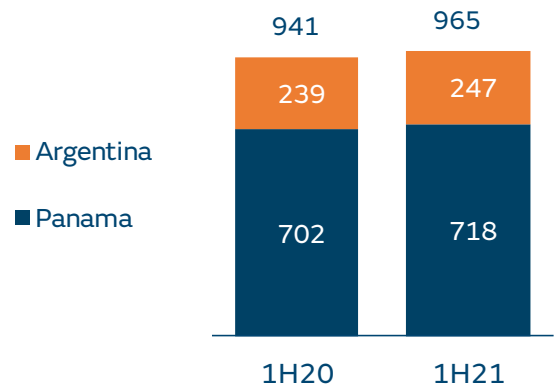


Argentina gas

1H21 Ordinary EBITDA amounted to €11m, down 63.3% vs. 1H20. Higher sales in Generation + TPA, Commercial and Retail segments were not sufficient to compensate lower margins and negative FX impact (-€7m).

Gas sales increased by 12.0%, while connection points remained stable (+0.6%) vs. 1H20.

Electricity connection points ('000)
(+2.5%)

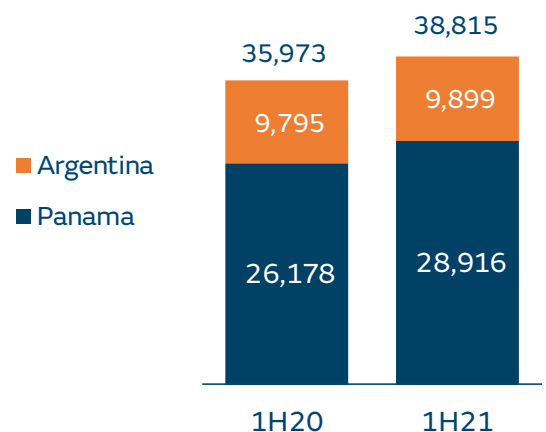


Argentina electricity

1H21 Ordinary EBITDA amounted to €9m, 30.8% lower than in 1H20, mainly explained by the negative FX impact (-€4m).

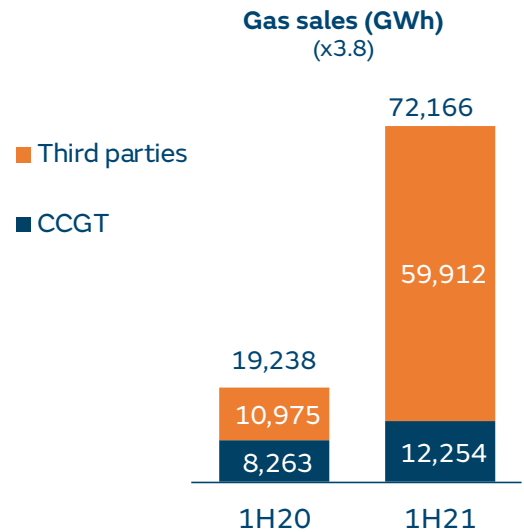
Electricity sales and connection points increased by 0.5% and 3.4% respectively in the period.

Electricity network (km)
(+7.9%)



Markets and procurement

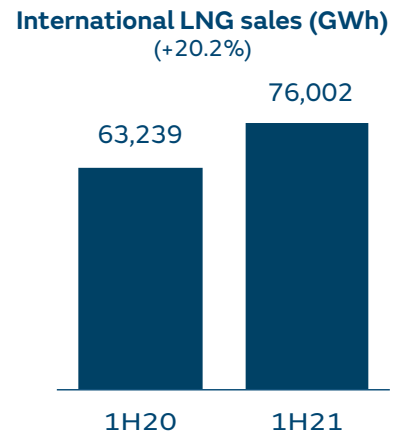
1H21 Ordinary EBITDA reached €12m vs. €-80m in 1H20. This evolution is mainly explained by higher sales and margins, as a consequence of an improved energy scenario and better gas procurement conditions following the extensive gas contract renegotiation completed during 2020.



International LNG

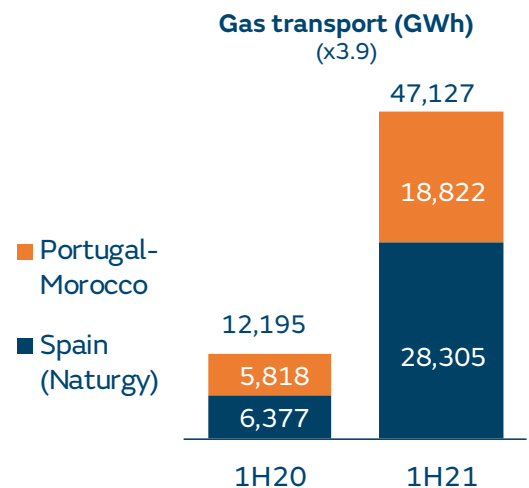
1H21 Ordinary EBITDA reached €88m, down 47.6% vs. 1H20, showing the significant weight of volumes already contracted that consequently do not translate into margins the recovery in gas prices scenario.

As of 30 June 2021, contracted sales for 2021 and 2022-23 stood at 88% and 75% respectively.



Pipelines (EMPL)

1H21 Ordinary EBITDA decreased by 9.5% to €114m. Tariff updates were offset by the capacity step down and US\$ depreciation (-€11m).



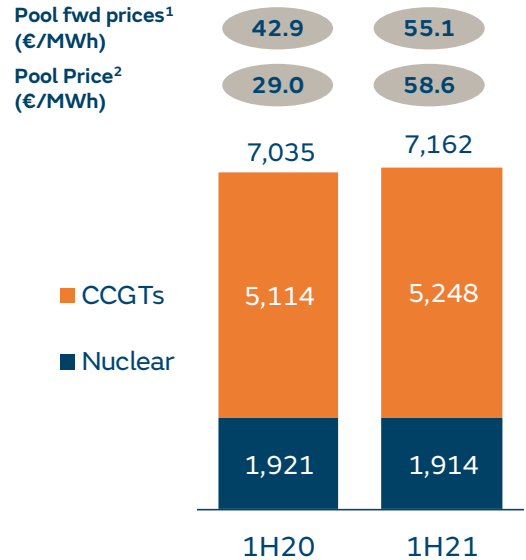
Spain thermal generation

1H21 Ordinary EBITDA amounted to €68m, up from the €22m obtained in 1H20 on the back of higher pool prices and CCGTs sales and margins.

Pool prices increased 102.1% vs. 1H20, averaging €58.6/MWh in the period, as a result of higher gas and CO₂ prices.

Total production increased by 1.8%: CCGTs increased by 2.6% while nuclear production remained stable (-0.4%) in the period, the latter affected by no programmed shutdown in February.

Spain thermal power production (GWh) (+1.8%)

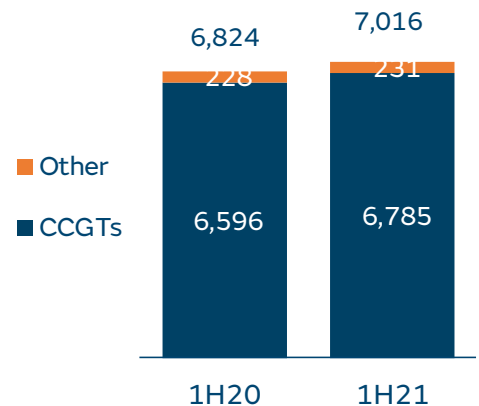


LatAm thermal generation

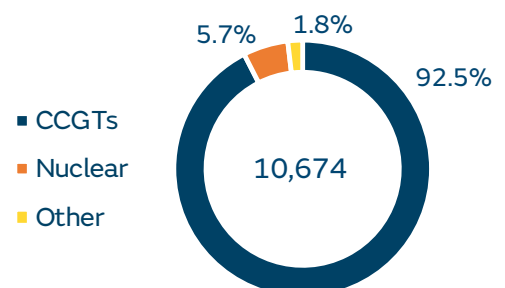
Ordinary EBITDA in the period reached €108m, down 10.7% vs. 1H20. Higher availability was not sufficient to offset the negative FX impact (-€11m), lower margins on PPA and lower excess sales.

Total production increased by 2.8%, with CCGTs production increasing 2.9% and the rest by 1.5%.

LatAm thermal power production (GWh) (+2.8%)



1H21 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



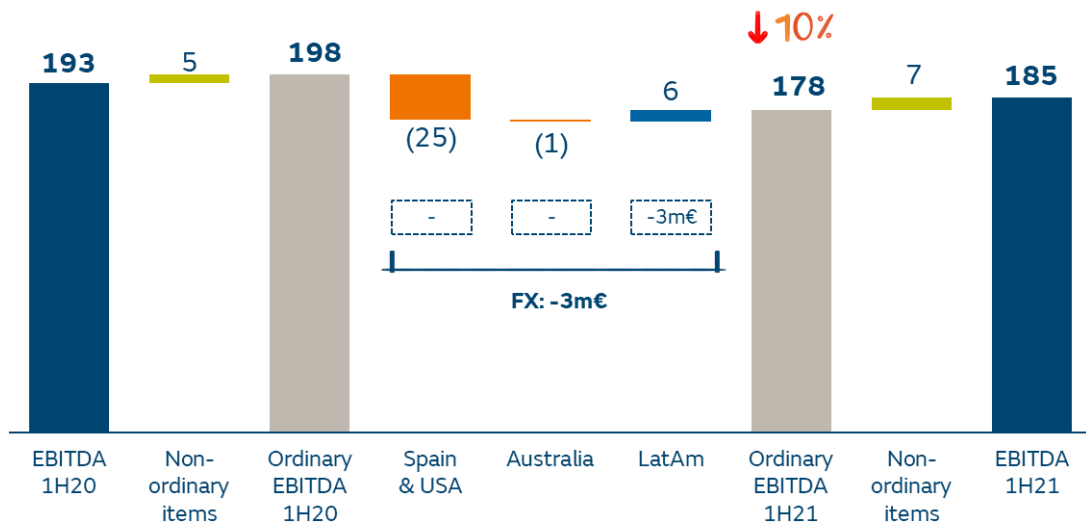
4.2 Renewables and new businesses

EBITDA (€m)	reported			ordinary		
	1H21	1H20	Change	1H21	1H20	Change
Spain & USA	152	162	-6.2%	141	166	-15.1%
Australia	0	1	-100.0%	0	1	-100.0%
LatAm	33	30	10.0%	37	31	19.4%
Total	185	193	-4.1%	178	198	-10.1%

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA reached €178m (-10.1%) in 1H21. Higher wind and hydro production in Spain and new installed capacity in Chile have been offset by lower margins in Spain and Australia, lower wind resource in Mexico, as well as negative FX impact in LatAm (-€3m). Naturgy currently operates 5,177 MW of renewable capacity.

EBITDA evolution (€m)



Spain & USA

1H21 Ordinary EBITDA amounted to €141m, down 15.1% vs. 1H20 as a result of lower solar production in Picones solar plant (150MW) due to temporary weather damage repairs and higher opex from activity growth. We expect repairs to be finalized during the fourth quarter of the year.

Installed capacity as of end 1H21 reached 4,083MW, 94MW higher compared to 1H20, all of them wind capacity.

Australia

Ordinary EBITDA in the period was €0m vs. €1m in 1H20.

The reduction is mainly explained by lower margins following the quarterly mark to market valuation of existing PPAs under contracts for differences regime.

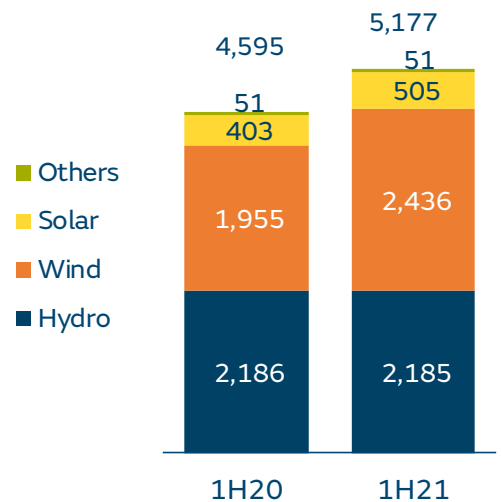
Naturgy continued to progress developing renewable assets in Australia. Accordingly, Installed capacity as of end 1H21 reached 277MW, 181MW higher compared to 1H20, all of them wind capacity.

LatAm

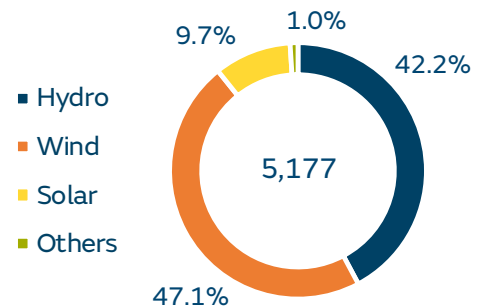
Ordinary EBITDA in the period reached €37m, 19.4% higher than in 1H20, mainly driven by new capacity coming into operation in Chile, which has been partially offset by FX impact (-€3m).

Installed capacity in LatAm as of end 1H21 reached 818MW, 307MW higher compared to 1H20, of which 206MW wind and 101MW solar.

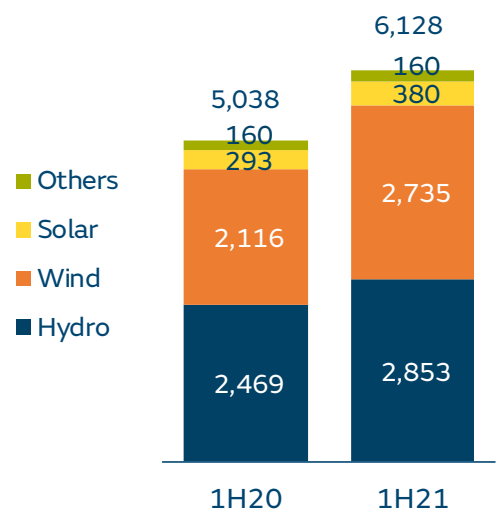
Total renewable installed capacity (MW)
(+12.7%)



1H21 renewable installed capacity (MW)
(technology)



Total renewable production (GWh)
(+21.6%)



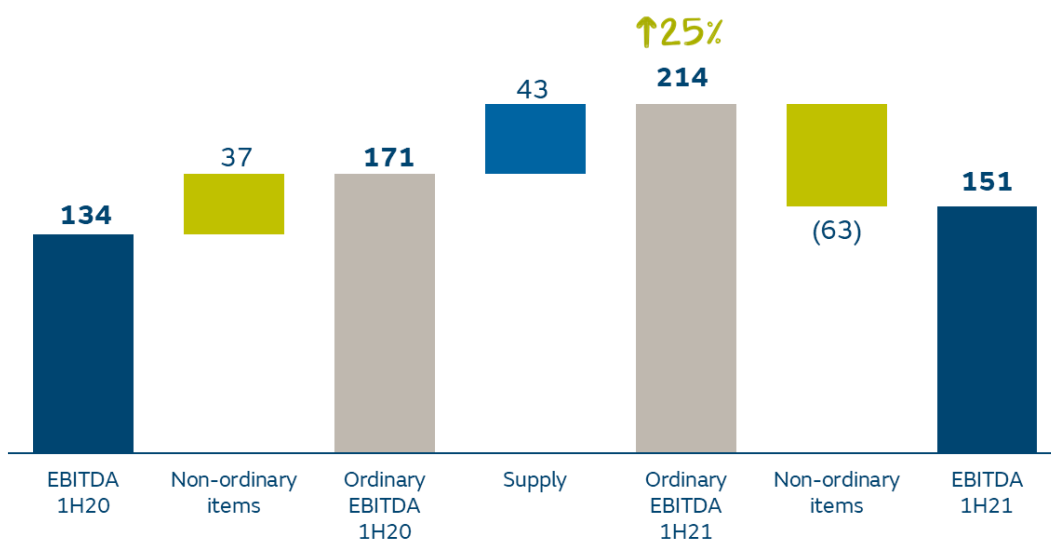
4.3 Supply

EBITDA (€m)	reported			ordinary		
	1H21	1H20	Change	1H21	1H20	Change
Total	151	134	12.7%	214	171	25.1%

Please refer to Annex for additional P&L disclosure

Ordinary EBITDA amounted to €214m in the period, 25.1% higher than 1H20, primarily driven by the improvement in gas supply supported by the recovery of gas prices and industrial sales, which was partially offset by lower sales and margin compression in the industrial segment on power supply and lower contribution from services and solutions activities.

EBITDA evolution (€m)



Supply

Ordinary EBITDA reached €214m in 1H21, +25.1% vs. 1H20, driven by higher gas margins and sales in the Industrial and retail segments, partially offset by lower sales to wholesale Europe. With respect to power supply, margin increase in the retail and S&ME segments have been offset by lower sales and margin compression in the industrial segment. Lastly, contribution from Services and Solutions have reduced as a result of lower margins.

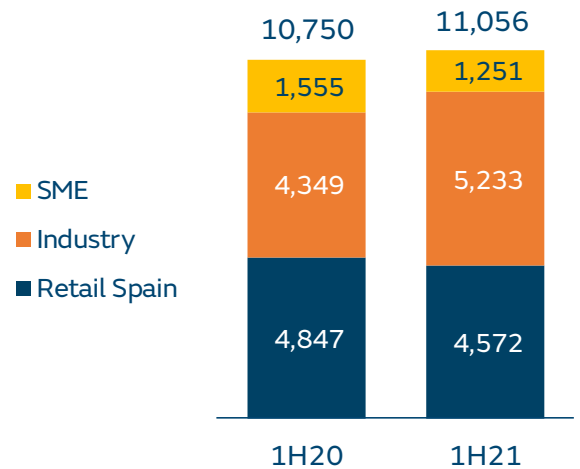
Gas sales increased by 10.4% in 1H21, notably in the industrial and retail segments (+11.5% and +10.4% respectively) as a consequence of COVID-19 impact in 2Q20. On the contrary, SME sales decreased by 16.9%, still affected by latest waves of Covid-19.

Power sales increased by 2.8% in 1H21 as a result of higher sales in the liberalized market (+4.5%). Industry sales increased by 20.3%, while SME and retail sales decreased by 19.5% and 5.7% respectively.

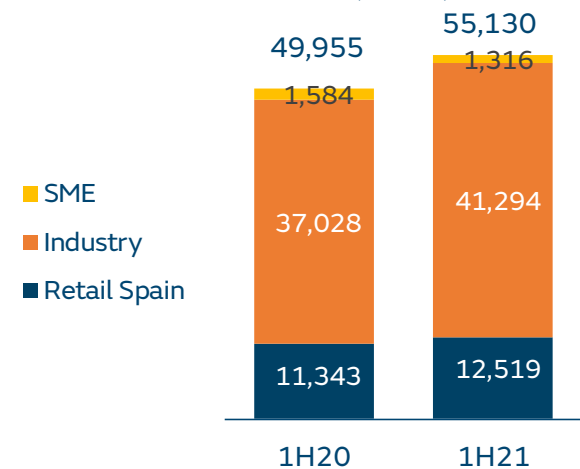
In addition, it is important to highlight that during 2021 Naturgy has signed several PPA contracts with different industrial clients to supply renewable electricity for a total of 744 GWh/year, starting in 2022 and 5-10 years of duration.

Finally, the number of contracts experienced a decrease of 2.7% compared to 1H20 figures.

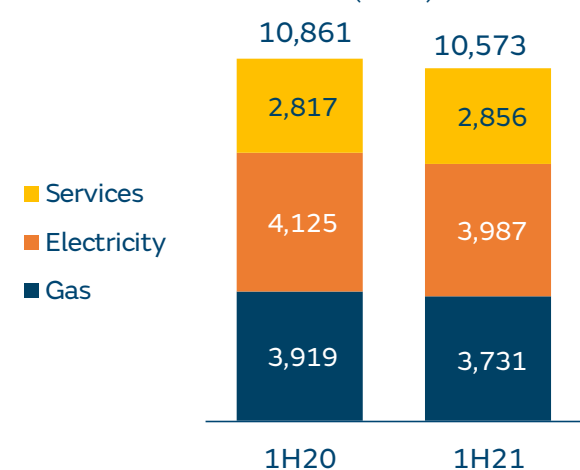
Electricity sales (GWh)
(+2.8%)



Gas sales (GWh)
(+10.4%)

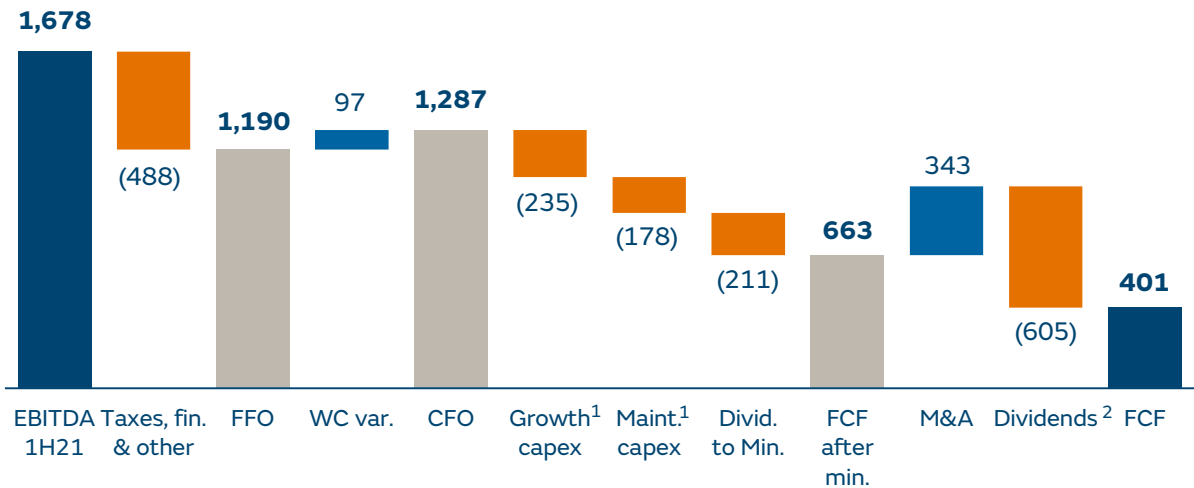


Contracts ('000)
(-2.7%)



5 Cash flow

Cash flow evolution (€m)



Notes:

1. Net of cessions and contributions
2. Net of dividends received by the group companies (€6m)

1H21 free cash flow after minorities amounted to €663m driven by operations and after investing €413m. As of 30 June 2021 net debt amounted to €13,611m, in line with net debt levels as of the end of 2020 despite the €605m paid as 2020 final dividend, supported by cash from operations and proceeds obtained from the completion of UFG agreement.

Capex

The breakdown of capex by type and business unit was as follows:

(€m)	Maintenance capex		
	1H21	1H20	Change
Energy management and networks	163	189	-13.8%
Renewables and new businesses	5	5	0.0%
Supply	3	5	-40.0%
Rest	10	19	-47.4%
Total investments	181	218	-17.0%

Maintenance capex in 1H21 amounted to €181m, compared to €218m in 1H20, a 17.0% reduction resulting from further optimization of capex processes and FX effect.

(€m)	Growth capex		
	1H21	1H20	Change
Energy management and networks	102	151	-32.5%
Renewables and new businesses	114	170	-32.9%
Supply	42	13	-
Rest	0	0	-
Total investments	258	334	-22.8%

Growth capex in the period was close to 60% of total capex and amounted to €258m in 1H21.

Growth capex in 1H21 included:

- A total of €114m invested in the construction of different renewable projects, out of which €48m in Spain, €53m in Australia and €13m in Chile.
- €97m invested in the development of networks, of which €52m in Spain and €45m in Latam.
- €42m in the supply activity



In addition, in recent months Naturgy has reached several agreements that confirm its commitment to renewable growth:

- Naturgy reached several agreements in Australia which will increase its presence in the country to over 750MW by 2022
- On 15 January 2021, Naturgy, through its 100% owned subsidiary Naturgy Solar USA, LLC, acquired 100% of the economic interests of a pipeline holding a portfolio of 8GW solar projects together with 4.6GW of co-located energy storage projects spanning 9 states in the U.S., of which 25 projects totaling 3.2GW of solar and 2GW storage could be operational before 2026. As part of the transaction, Naturgy also entered into a 5 year development agreement with Candela Renewables, a first in class team holding over 20 years of experience in the field, with a proven track record in the development of solar and energy storage projects in the U.S.
- On 26 January 2021, Naturgy was awarded with a total of 235MW of wind and solar projects within the Spanish renewable auction
- Lastly, on 15 March 2021, Naturgy was awarded with 45MW of solar capacity in the Canary Islands, which will allow the Group to double its current installed capacity in the region

Other transactions

On 10 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, capital gains for a total amount of €103m have been registered in the “Other results” caption, and UFG assets assigned to Naturgy have been fully consolidated (100%).

As already stated, on 26 July 2021 the sale of Naturgy’s entire equity shareholding (96.04%) in CGE Electricidad to State Grid International Development Limited (SGID) was completed for a total purchase price (equity value) of €2,570m.

6 Financial position

As of 30 June 2021, net debt amounted to €13,611m, in line with year-end 2020 figure despite not yet reflecting the pre-tax proceeds of €2,570m following the completion of the disposal of CGE Electricidad. Net debt / LTM EBITDA stood at 4.0x compared to 3.9x as of 31 December 2020.

During 1H21, the most relevant transactions and refinancing operations included:

- The issuance of two bonds in Mexico for €120m with a maturity of 3 years with a TIIE + 0.49% coupon and for €100m with a maturity of 9 years with a 8.21% coupon.
- Mini-Perm loans for wind projects of Cabo Leones II and San Pedro Solar for a total of €241m and €32m which include a revolving credit line with a tenor of 7 years at Libor + 2.27%. Those transactions have a partial floating interest rate hedge.
- Refinancing of loans and revolving credit lines in Spain and international businesses for a total of €3,771m and an equivalent of €124m respectively, including:
 - Refinancing of a syndicated revolving credit facility increasing the limit from €1,750m to €2,000m with maturity of 3 years at Euribor + 0,30%. ESG metrics were included in the pricing mechanism. Additionally, at corporate level a revolving credit facility in Euro has been refinanced reducing the limit from €200m to €93m.
 - Global Power Generation has obtained the extension of its syndicated loan of \$1,400 m for an additional year, maturing in 2026 (\$100m remain in 2025). In addition, GPG has increased the hedge of floating rates exposure with two forward starting swaps.

Liquidity (€m)

Liquidity as of 30 June 2021 stood at €9,616m, including €3,936m in cash and equivalents and €5,680m in undrawn and fully committed credit lines. In addition, the ECP program is completely undrawn as of 30 June 2021.

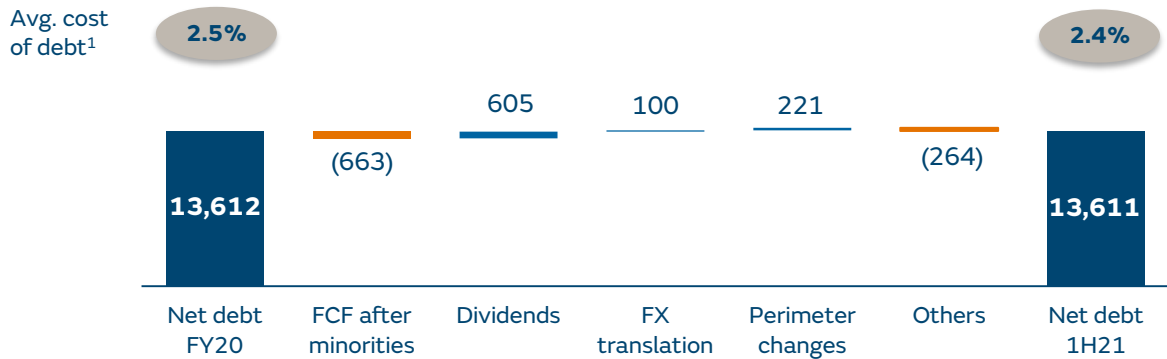
The detail of the Group's current liquidity is as follows:

Liquidity		Consolidated Group		Chile		Brazil	Argentina	Mexico	Panama	Holding & others
		1H21	FY20	CLP	USD	BRL	ARS	MXN	USD	EUR/Others
Cash and equivalents	€m	3,936	3,927	88	19	153	52	121	86	3,417
Undrawn committed credit lines	€m	5,680	5,548	-	-	15	-	-	-	5,665
Total	€m	9,616	9,475	88	19	168	52	121	86	9,082

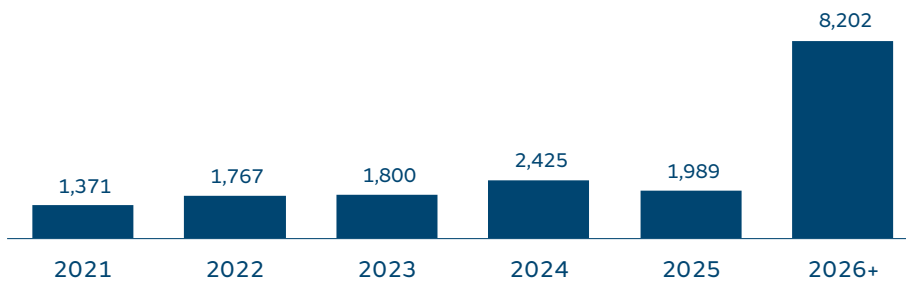
The weighted average maturity of the undrawn credit lines stands over 2 years, according to the following detail:

(€m)	2021	2022	2023	2024	2025
Undrawn committed credit lines	75	1,080	2,126	2,294	105

Net debt evolution (€m)



Gross debt maturities (€m)



Debt structure and credit metrics

Financial debt by currency		Consolidated Group		Chile		Brazil	Argentina	Mexico	Panama	Holding & others
		1H21	FY20	CLP	USD	BRL	ARS	MXN	USD	EUR/Others
Net financial debt	€m	13,611	13,612	357	48	122	-51	359	666	12,110
Average cost of debt ¹	%	2.4	2.5	6.0	4.5	4.2	43.0	6.7	4.5	1.8
% fixed rated (gross debt)	%	82	83	84	29	4	10	55	58	89

Note:

1. Does not include cost from IFRS 16 debt

Credit metrics	1H21	FY20
EBITDA/Net financial debt cost	7.0	6.9
Net debt /LTM EBITDA	4.0	3.9

7 ESG metrics and highlights

		1H21	1H20	Change	Comments
Health and safety					
Accidents with lost time ¹	units	6	1	-	Increase in accident ratio as a consequence of the exceptionally low 1Q20, but improving significantly from previous normalised quarters
LT Frequency rate ²	units	0,15	0,02	-	
Environment					
GHG Emissions	M tCO ₂ e	6,1	6,7	-9,0%	Higher growth in renewable (+21.6%) than thermal (+2.3%) production in the period
Emission factor	t CO ₂ /GWh	250	292	-14,4%	
Emissions-free installed capacity	%	36,1	33,8	6,8%	New renewable capacity coming into operation in Chile, as well as the shutdown of the coal capacity in June 2020
Emissions-free net production	%	38,8	34,2	13,5%	Higher renewable production
Interest in people					
Number of employees	persons	8.006	9.496	-15,7%	Perimeter changes and workforce optimization
Training hours per employee	hours	11,1	14,1	-21,3%	COVID-19 crisis and organizational changes have required to overhaul training programs, with a growing relevance of on-line format and temporary impacts in ratio evolution
Women representation	%	31,4	32,7	-4,0%	Slight reduction as a consequence of higher women representation in companies exiting the consolidation perimeter
Society and integrity					
Economic value distributed	€m	10.336	8.149	26,8%	Increase in Economic value distributed following higher activity and taxes
Complaints received by the ethics committee ³	units	39	36	8,3%	Complaints within normal parameters

Notes:

1. In accordance to OSHA criteria
2. Calculated for every 200,000 working hours
3. Change of criteria in 2020 in order to make the metric more comparable with sector standards

On the quantitative side, Naturgy continues to increase both emissions-free installed capacity and production, as well as significantly reducing its GHG emissions, consequence both of the new renewable capacity coming into operation and the closure of our coal plants.

COVID-19 Company initiatives

Naturgy continues to support and protect the interests of all its stakeholders, including measures to preserve employee health, safety and wellbeing, resources to guarantee effective remote work, or individual protection and support by Naturgy's medical services.

Relevant measures remain in place to support society as well as customers and suppliers, including the reinforcement of key infrastructures to ensure the stability and quality of electricity and gas supply, free gas and electricity supply to hospitalized centers, or free of charge repairs for health workers and security forces and bodies, armed forces and fire fighters, involved in supporting society during the pandemic. Our SMEs and self-employed customers are also benefiting from the deferral of invoice payments for 12 months to support their short-term financing needs, while some of our suppliers have benefited from cash payment advances in respect of their invoices.

Annexes

Annex I: Financial Statements

(€m)	reported			ordinary		
	1H21	1H20	Change	1H21	1H20	Change
Consolidated income statement						
Net sales	9,130	7,779	17.4%	9,125	7,779	17.3%
Procurement	-6,331	-5,070	24.9%	-6,332	-5,070	24.9%
Gross margin	2,799	2,709	3.3%	2,793	2,709	3.1%
Operating expenses	-451	-381	18.4%	-422	-381	10.8%
Personnel costs	-609	-520	17.1%	-309	-355	-13.0%
Own work capitalised	39	28	39.3%	39	28	39.3%
Other operating income	91	85	7.1%	77	84	-8.3%
Taxes	-191	-177	7.9%	-219	-177	23.7%
EBITDA	1,678	1,744	-3.8%	1,959	1,908	2.7%
Other results	106	15	-	0	0	-
Depreciation, amortisation and impairment expenses	-729	-743	-1.9%	-707	-743	-4.8%
Impairment of credit losses	-52	-79	-34.2%	-52	-79	-34.2%
EBIT	1,003	937	7.0%	1,200	1,086	10.5%
Financial result	-236	-242	-2.5%	-241	-242	-0.4%
Profit/(loss) of companies measured under the equity method	33	3	-	33	3	-
Profit before taxes	800	698	14.6%	992	847	17.1%
Income tax	-204	-159	28.3%	-259	-195	32.8%
Income from discontinued operations	51	-32	-	0	0	-
Non-controlling interest	-163	-173	-5.8%	-176	-176	0.0%
Net income	484	334	44.9%	557	476	17.0%

Consolidated balance sheet

(€m)	30/06/2021	31/12/2020
Non-current assets	26,775	26,591
Intangible assets	5,765	5,575
Property, plant and equipment	16,089	16,128
Right of use assets	1,405	1,388
Equity-accounted investments	572	813
Non-current financial assets	418	361
Other non-current assets	583	691
Deferred tax assets	1,943	1,635
Current assets	12,858	12,954
Non-current assets available for sale	4,731	4,835
Inventories	467	519
Trade and other accounts receivable	3,508	3,115
Other current financial assets	216	558
Cash and cash equivalents	3,936	3,927
TOTAL ASSETS	39,633	39,545

(€m)	30/06/2021	31/12/2020
Equity	10,689	11,265
Equity attributable to the parent company	7,513	8,028
Non-controlling interest	3,176	3,237
Non-current liabilities	18,997	19,030
Deferred revenues	870	871
Non-current provisions	1,059	1,052
Non-current financial liabilities	14,746	14,968
Deferred tax liabilities	1,843	1,793
Other non-current liabilities	479	346
Current liabilities	9,947	9,250
Liabilities linked to non-current assets available for sale	2,698	2,840
Current provisions	179	246
Current financial liabilities	2,808	2,571
Trade and other accounts payable	3,987	3,230
Other current liabilities	275	363
TOTAL LIABILITIES AND EQUITY	39,633	39,545

Summary cash flow statement

(€m)	1H21	1H20	Change
EBITDA	1,678	1,744	-3.8%
Taxes	-204	-61	-
Net interest cost	-236	-242	-2.5%
Other non-cash items	-48	-142	-66.2%
Funds from operations	1,190	1,299	-8.4%
Change in working capital	97	720	-86.5%
Cash flow from operations	1,287	2,019	-36.3%
Growth capex	-235	-310	-24.2%
Maintenance capex	-178	-217	-18.0%
Divestments	8	-7	-
Dividends to minorities	-211	-151	39.7%
Others	-8	-233	-96.6%
Free cash flow after minorities	663	1,101	-39.8%
Dividends, share buy-back & others	-605	-764	-20.8%
M&A	343	0	-
Net free cash flow	401	337	19.0%

Quarterly EBITDA by business unit

(€m)	1Q21	2Q21	3Q21	4Q21	FY21
Energy management and networks	785	629	-	-	1,414
Networks Spain	381	268	-	-	649
Gas networks	224	165			389
Electricity networks	157	103			260
Networks LatAm	181	218	-	-	399
Chile gas	43	68			111
Brazil gas	42	57			99
Mexico gas	56	52			108
Panama electricity	31	30			61
Argentina gas	5	6			11
Argentina electricity	4	5			9
Energy management	223	143	-	-	366
Markets and procurement	0	16			16
International LNG	61	25			86
Pipelines (EMPL)	58	42			100
Spain thermal generation	49	7			56
LatAm thermal generation	55	53			108
Renewables and new businesses	114	71	-	-	185
Spain & USA	98	54			152
Australia	-2	2			0
LatAm	18	15			33
Supply	116	35	-	-	151
Rest	-33	-39	-	-	-72
TOTAL EBITDA	982	696	-	-	1,678

(€m)	1Q20	2Q20	3Q20	4Q20	FY20
Energy management and networks	735	741	710	673	2,859
Networks Spain	322	374	435	407	1,538
Gas networks	189	213	253	236	891
Electricity networks	133	161	182	171	647
Networks LatAm	225	208	223	178	834
Chile gas	34	65	73	34	206
Brazil gas	59	45	53	46	203
Mexico gas	74	45	44	59	222
Panama electricity	37	32	27	34	130
Argentina gas	14	15	21	2	52
Argentina electricity	7	6	5	3	21
Energy management	188	159	52	88	487
Markets and procurement	-42	-38	-97	-46	-223
International LNG	97	68	18	-54	129
Pipelines (EMPL)	68	58	58	56	240
Spain thermal generation	5	10	8	81	104
LatAm thermal generation	60	61	65	51	237
Renewables and new businesses	120	73	84	75	352
Spain & USA	101	61	65	45	272
Australia	2	-1	3	10	14
LatAm	17	13	16	20	66
Supply	77	57	70	122	326
Rest	-38	-21	-16	-13	-88
TOTAL EBITDA	894	850	848	857	3,449

Accumulated EBITDA by business unit

(€m)	reported			ordinary			
	1H21	1H20	Change	1H21	1H20	Change	FX
Energy management and networks	1,414	1,476	-4.2%	1,613	1,563	3.2%	-61
Networks Spain	649	696	-6.8%	828	769	7.7%	0
Gas networks	389	402	-3.2%	481	442	8.8%	0
Electricity networks	260	294	-11.6%	347	327	6.1%	0
Networks LatAm	399	433	-7.9%	395	437	-9.6%	-42
Chile gas	111	99	12.1%	105	99	6.1%	-1
Brazil gas	99	104	-4.8%	99	105	-5.7%	-19
Mexico gas	108	119	-9.2%	109	120	-9.2%	-5
Panama electricity	61	69	-11.6%	62	70	-11.4%	-6
Argentina gas	11	29	-62.1%	11	30	-63.3%	-7
Argentina electricity	9	13	-30.8%	9	13	-30.8%	-4
Energy management	366	347	5.5%	390	357	9.2%	-19
Markets and procurement	16	-80	-	12	-80	-	0
International LNG	86	165	-47.9%	88	168	-47.6%	3
Pipelines (EMPL)	100	126	-20.6%	114	126	-9.5%	-11
Spain thermal generation	56	15	-	68	22	-	0
LatAm thermal generation	108	121	-10.7%	108	121	-10.7%	-11
Renewables and new businesses	185	193	-4.1%	178	198	-10.1%	-3
Spain & USA	152	162	-6.2%	141	166	-15.1%	0
Australia	0	1	-100.0%	0	1	-100.0%	0
LatAm	33	30	10.0%	37	31	19.4%	-3
Supply	151	134	12.7%	214	171	25.1%	0
Rest	-72	-59	22.0%	-46	-24	91.7%	0
TOTAL EBITDA	1,678	1,744	-3.8%	1,959	1,908	2.7%	-64

Results by business unit

1. Energy management and networks

Spain gas networks

(€m)	1H21	1H20	Change
Net sales	610	569	7.2%
Procurement	-47	-39	20.5%
Gross margin	563	530	6.2%
Other operating income	19	18	5.6%
Personnel expenses	-111	-73	52.1%
Taxes	-15	-13	15.4%
Other operating expenses	-67	-60	11.7%
EBITDA	389	402	-3.2%
Depreciation, provisions and other results	-142	-149	-4.7%
EBIT	247	253	-2.4%

Spain electricity networks

(€m)	1H21	1H20	Change
Net sales	415	413	0.5%
Procurement	0	0	-
Gross margin	415	413	0.5%
Other operating income	9	9	0.0%
Personnel expenses	-102	-61	67.2%
Taxes	-15	-14	7.1%
Other operating expenses	-47	-53	-11.3%
EBITDA	260	294	-11.6%
Depreciation, provisions and other results	-123	-122	0.8%
EBIT	137	172	-20.3%

Chile gas

(€m)	1H21	1H20	Change
Net sales	283	256	10.5%
Procurement	-151	-127	18.9%
Gross margin	132	129	2.3%
Other operating income	8	1	-
Personnel expenses	-13	-12	8.3%
Taxes	-1	-1	0.0%
Other operating expenses	-15	-18	-16.7%
EBITDA	111	99	12.1%
Depreciation, provisions and other results	-31	-32	-3.1%
EBIT	80	67	19.4%

Brazil gas

(€m)	1H21	1H20	Change
Net sales	541	547	-1.1%
Procurement	-414	-404	2.5%
Gross margin	127	143	-11.2%
Other operating income	8	13	-38.5%
Personnel expenses	-9	-11	-18.2%
Taxes	-1	-3	-66.7%
Other operating expenses	-26	-38	-31.6%
EBITDA	99	104	-4.8%
Depreciation, provisions and other results	-30	-31	-3.2%
EBIT	69	73	-5.5%

Mexico gas

(€m)	1H21	1H20	Change
Net sales	335	268	25.0%
Procurement	-204	-132	54.5%
Gross margin	131	136	-3.7%
Other operating income	5	16	-68.8%
Personnel expenses	-9	-10	-10.0%
Taxes	0	-1	-100.0%
Other operating expenses	-19	-22	-13.6%
EBITDA	108	119	-9.2%
Depreciation, provisions and other results	-26	-27	-3.7%
EBIT	82	92	-10.9%

Panama electricity

(€m)	1H21	1H20	Change
Net sales	350	408	-14.2%
Procurement	-267	-315	-15.2%
Gross margin	83	93	-10.8%
Other operating income	2	2	0.0%
Personnel expenses	-5	-4	25.0%
Taxes	-2	-2	0.0%
Other operating expenses	-17	-20	-15.0%
EBITDA	61	69	-11.6%
Depreciation, provisions and other results	-21	-32	-34.4%
EBIT	40	37	8.1%

Argentina gas

(€m)	1H21	1H20	Change
Net sales	170	224	-24.1%
Procurement	-112	-145	-22.8%
Gross margin	58	79	-26.6%
Other operating income	9	11	-18.2%
Personnel expenses	-15	-17	-11.8%
Taxes	-15	-14	7.1%
Other operating expenses	-26	-30	-13.3%
EBITDA	11	29	-62.1%
Depreciation, provisions and other results	-7	-13	-46.2%
EBIT	4	16	-75.0%

Argentina electricity

(€m)	1H21	1H20	Change
Net sales	42	61	-31.1%
Procurement	-22	-29	-24.1%
Gross margin	20	32	-37.5%
Other operating income	4	2	100.0%
Personnel expenses	-5	-5	0.0%
Taxes	0	-7	-100.0%
Other operating expenses	-10	-9	11.1%
EBITDA	9	13	-30.8%
Depreciation, provisions and other results	-1	-1	0.0%
EBIT	8	12	-33.3%

Markets and procurement

(€m)	1H21	1H20	Change
Net sales	2,866	1,929	48.6%
Procurement	-2,836	-1,998	41.9%
Gross margin	30	-69	-
Other operating income	13	12	8.3%
Personnel expenses	-16	-12	33.3%
Taxes	0	0	-
Other operating expenses	-11	-11	0.0%
EBITDA	16	-80	-
Depreciation, provisions and other results	74	-2	-
EBIT	90	-82	-

International LNG

(€m)	1H21	1H20	Change
Net sales	1,873	1,432	30.8%
Procurement	-1,772	-1,252	41.5%
Gross margin	101	180	-43.9%
Other operating income	0	0	-
Personnel expenses	-10	-10	0.0%
Taxes	0	0	-
Other operating expenses	-5	-5	0.0%
EBITDA	86	165	-47.9%
Depreciation, provisions and other results	-72	-66	9.1%
EBIT	14	99	-85.9%

Pipelines (EMPL)

(€m)	1H21	1H20	Change
Net sales	126	137	-8.0%
Procurement	0	0	-
Gross margin	126	137	-8.0%
Other operating income	1	0	-
Personnel expenses	-18	-3	-
Taxes	0	0	-
Other operating expenses	-9	-8	12.5%
EBITDA	100	126	-20.6%
Depreciation, provisions and other results	-28	-28	0.0%
EBIT	72	98	-26.5%

Spain thermal generation

(€m)	1H21	1H20	Change
Net sales	562	430	30.7%
Procurement	-332	-269	23.4%
Gross margin	230	161	42.9%
Other operating income	7	6	16.7%
Personnel expenses	-47	-40	17.5%
Taxes	-90	-71	26.8%
Other operating expenses	-44	-41	7.3%
EBITDA	56	15	-
Depreciation, provisions and other results	-39	-71	-45.1%
EBIT	17	-56	-

LatAm thermal generation

(€m)	1H21	1H20	Change
Net sales	545	293	86.0%
Procurement	-416	-151	-
Gross margin	129	142	-9.2%
Other operating income	2	1	100.0%
Personnel expenses	-7	-7	0.0%
Taxes	0	0	-
Other operating expenses	-16	-15	6.7%
EBITDA	108	121	-10.7%
Depreciation, provisions and other results	-37	-44	-15.9%
EBIT	71	77	-7.8%

2. Renewables and new businesses

Spain & USA

(€m)	1H21	1H20	Change
Net sales	288	279	3.2%
Procurement	-36	-33	9.1%
Gross margin	252	246	2.4%
Other operating income	10	3	-
Personnel expenses	-41	-22	86.4%
Taxes	-29	-34	-14.7%
Other operating expenses	-40	-31	29.0%
EBITDA	152	162	-6.2%
Depreciation, provisions and other results	-79	-82	-3.7%
EBIT	73	80	-8.8%

Australia

(€m)	1H21	1H20	Change
Net sales	4	4	0.0%
Procurement	0	0	-
Gross margin	4	4	0.0%
Other operating income	0	0	-
Personnel expenses	-1	0	-
Taxes	0	0	-
Other operating expenses	-3	-3	0.0%
EBITDA	0	1	-100.0%
Depreciation, provisions and other results	-5	-2	-
EBIT	-5	-1	-

LatAm

(€m)	1H21	1H20	Change
Net sales	73	51	43.1%
Procurement	-19	-2	-
Gross margin	54	49	10.2%
Other operating income	5	2	-
Personnel expenses	-10	-9	11.1%
Taxes	-1	-1	0.0%
Other operating expenses	-15	-11	36.4%
EBITDA	33	30	10.0%
Depreciation, provisions and other results	-15	-9	66.7%
EBIT	18	21	-14.3%

3. Supply

Supply

(€m)	1H21	1H20	Change
Net sales	3,544	3,527	0.5%
Procurement	-3,196	-3,222	-0.8%
Gross margin	348	305	14.1%
Other operating income	4	1	-
Personnel expenses	-94	-74	27.0%
Taxes	-19	-14	35.7%
Other operating expenses	-88	-84	4.8%
EBITDA	151	134	12.7%
Depreciation, provisions and other results	-72	-83	-13.3%
EBIT	79	51	54.9%

Capex

Growth capex

(€m)	1H21	1H20	Change
Energy management and networks	102	151	-32.5%
Networks Spain	52	47	10.6%
Gas networks	22	20	10.0%
Electricity networks	30	27	11.1%
Networks LatAm	45	101	-55.4%
Chile gas	13	21	-38.1%
Chile electricity	0	40	-100.0%
Brazil gas	4	6	-33.3%
Mexico gas	8	6	33.3%
Panama electricity	15	24	-37.5%
Argentina gas	1	2	-50.0%
Argentina electricity	4	2	100.0%
Energy management	5	3	66.7%
Markets and procurement	0	0	-
International LNG	5	3	66.7%
Pipelines (EMPL)	0	0	-
Spain thermal generation	0	0	-
LatAm thermal generation	0	0	-
Renewables and new businesses	114	170	-32.9%
Spain & USA	48	35	37.1%
Australia	53	21	-
LatAm	13	114	-88.6%
Supply	42	13	-
Rest	0	0	-
TOTAL Growth Capex	258	334	-22.8%

Maintenance capex

(€m)	1H21	1H20	Change
Energy management and networks	163	189	-13.8%
Networks Spain	82	67	22.4%
Gas networks	23	14	64.3%
Electricity networks	59	53	11.3%
Networks LatAm	45	90	-50.0%
Chile gas	3	3	0.0%
Chile electricity	0	36	-100.0%
Brazil gas	7	11	-36.4%
Mexico gas	7	6	16.7%
Panama electricity	21	26	-19.2%
Argentina gas	7	8	-12.5%
Argentina electricity	0	0	-
Energy management	36	32	12.5%
Markets and procurement	0	0	-
International LNG	0	1	-100.0%
Pipelines (EMPL)	0	0	-
Spain thermal generation	25	21	19.0%
LatAm thermal generation	11	10	10.0%
Renewables and new businesses	5	5	0.0%
Spain & USA	5	5	0.0%
Australia	0	0	-
LatAm	0	0	-
Supply	3	5	-40.0%
Rest	10	19	-47.4%
TOTAL Maintenance Capex	181	218	-17.0%

Annex II: Communications to the CNMV

Summarised below are the regulatory disclosures to the Comisión Nacional del Mercado de Valores (CNMV) since FY20 results' presentation:

Inside Information

- There are no Inside Information releases this quarter

Other Relevant Information

- Naturgy discloses information on earnings for the first quarter of 2021 (disclosed 28 April 2021, registration number 8896).
- Naturgy files the 1Q21 results presentation (disclosed 28 April 2021, registration number 8911).
- Naturgy discloses appointment on the Board of Directors (disclosed 13 May 2021, registration number 9428).
- Naturgy announces its first half 2021 results release and the plan of the Board of Directors to approve a new Strategic Plan 2021-2025 on its 27 July 2021 Board meeting (disclosed 7 July 2021, registration number 10539).

Additional regulatory disclosures can be found at:

www.cnmv.es

www.naturgy.com

Annex III: Glossary of terms

Naturgy's financial disclosures contain magnitudes and metrics drafted in accordance with International Financial Reporting Standards (IFRS) and others that are based on the Group's disclosure model, referred to as Alternative Performance Metrics (APM), which are viewed as adjusted figures with respect to those presented in accordance with IFRS. Below is a glossary of terms with the definition of the APMs.

Alternative performance metrics	Definition and terms	Reconciliation of values		Relevance of use
		30 June 2021	30 June 2020*	
EBITDA	Operating profit	Euros 1,678 million	Euros 1,744 million	Measure of earnings before interest, taxes, depreciation and amortization and provisions
Ordinary EBITDA	EBITDA - Non-ordinary items	Euros 1,959 million = 1,678 + 281	Euros 1,908 million = 1,744 + 164	EBITDA corrected of impacts like restructuring costs and other non-ordinary items considered relevant for a better understanding of the underlying results of the Group
Ordinary Net income	Attributable net income of the period - Non-ordinary items	Euros 557 million = 484 - 73	Euros 476 million = 334 + 142	Attributable Net Income corrected of impacts like assets write-down, discontinued operations, restructuring costs and other non-ordinary items considered relevant for a better understanding of the underlying results of the Group
Investments (CAPEX)	Investments in intangible assets + Investments in property, plant & equipment	Euros 439million = 90 + 349	Euros 552 million = 61 + 491	Realized investments in property, plant & equipment and intangible assets
Net Investments (net CAPEX)	CAPEX - Other proceeds/(payments) of investments activities	Euros 413 million = 439 - 26	Euros 527 million = 552 - 25	Total investments net of the cash received from divestments and other investing receipts
Gross financial debt	"Non-current financial liabilities" + "Current financial liabilities"	Euros 17,554 million = 14,746 + 2,808	Euros 17,539 million ⁽¹⁾ = 14,968 + 2,571	Current and non-current financial debt
Net financial debt	Gross financial debt - "Cash and cash equivalents" - "Derivative financial assets"	Euros 13,611 million = 17,554 - 3,936 - 7	Euros 13,612 million ⁽¹⁾ = 17,539 - 3,927 - 0	Current and non-current financial debt less cash and cash equivalents and derivative financial assets
Leverage (%)	Net financial debt / (Net financial debt + "Net equity")	56.0% = 13,611 / (13,611 + 10,689)	54.7% ⁽¹⁾ = 13,612 / (13,612 + 11,265)	The ratio of external funds over total funds
Cost of net financial debt	Cost of financial debt - "Interest revenue"	Euros 240 million = 246 - 6	Euros 248 million = 259 - 11	Amount of expense relative to the cost of financial debt less interest revenue
EBITDA/Cost of net financial debt	EBITDA / Cost of net financial debt	7.0x = 1,678 / 240	6.9x ⁽¹⁾ = 3,449 / 498	Ratio between EBITDA and cost of net financial debt
Net financial debt/LTM EBITDA	Net financial debt / Last twelve months EBITDA	4.0x = 13,611 / 3,383	3.9x ⁽¹⁾ = 13,612 / 3,449	Ratio between net financial debt and EBITDA
Free Cash Flow after minorities	Free Cash Flow + Dividends and other + Acquisitions of treasury shares + Inorganic investments payments	Euros 663 million = 401 + 605 + 0 - 343	Euros 1,101 million = 337 + 580 + 184 + 0	Cash flow generated by the Company available to pay to the shareholders (dividends or treasury shares), the payment of inorganic investments and debt payments
Net Free Cash Flow	Cash flow generated from operating activities + Cash flows from investing activities + Cash flow generated from financing activities - Receipts and payments on financial liability instruments	Euros 401 million = 1,287 - 71 - 1,209 + 394	Euros 337 million = 2,019 - 699 + 738 - 1,721	Cash flow generated by the Company available to pay the debt

Notes:

* Consolidated profit and loss account corresponding to the six month period ending on 30 June 2020 has been restated in application of IFRS 5

(1) Comparable information as of 31 December 2020

Annex IV: Contact details

Capital Markets

Av. San Luis, 77

28033 Madrid

Spain

Phone numbers:

+34 912 107 815

+34 934 025 897

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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