SUPPLEMENT DATED 11 MAY 2020 TO THE WHOLESALE BASE PROSPECTUS DATED 3 APRIL 2020

NATURGY FINANCE B.V.
(*incorporated with limited liability in The Netherlands and having its statutory domicile in Amsterdam*)

and

NATURGY CAPITAL MARKETS, S.A.
(*incorporated with limited liability in the Kingdom of Spain*)

Guaranteed by

NATURGY ENERGY GROUP, S.A.
(*incorporated with limited liability in the Kingdom of Spain*)

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euro 12,000,000,000
EURO MEDIUM TERM NOTE PROGRAMME

This supplement (the "**Supplement**") to the Base Prospectus dated 3 April 2020 (the "**Base Prospectus**"), constitutes a supplement pursuant to Article 23(1) of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and is prepared in connection with the €12,000,000,000 Euro Medium Term Note Programme (the "**Programme**") established by Naturgy Capital Markets, S.A. and Naturgy Finance B.V. (each an "**Issuer**", and together the "**Issuers**") guaranteed by Naturgy Energy Group, S.A. (the "**Guarantor"** and, together with its consolidated subsidiaries, the "**Group**"). Capitalised terms and expressions used in this Supplement shall, save to the extent otherwise defined therein, have the meanings given to them in the Base Prospectus.

The Base Prospectus as supplemented by this Supplement constitutes a base prospectus for the purpose of Article 8 of Regulation (EU) 2017/1129 of the European Parliament and of the European Council of 14 June 2017 (the "**Prospectus Regulation**") and was approved in Luxembourg by the Commission de Surveillance du Secteur Financier (the "**CSSF**") in its capacity as competent authority under the Prospectus Regulation for the approval of the Base Prospectus. This Supplement constitutes a supplement to the Base Prospectus for the purpose of article 23 of the Prospectus Regulation.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus.

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Supplement. The information contained in this Supplement is, to the best of the knowledge of each of the Issuers and the Guarantor, in accordance with the facts and this Supplement contains no omission likely to affect the import of such information.

This Supplement has been produced for the purposes of supplementing the sections entitled (i) "*Important Notices*" (page 4 et seq. of the Base Prospectus); (ii) *Risk Factors*" (page 8 et seq. of the Base Prospectus); (iii) "*Documents incorporated by reference*" (page 23 et seq. of the Base Prospectus) in order to incorporate by reference the unaudited consolidated interim financial statements of the Guarantor for the three-month period ended 31 March 2020 (the "**Consolidated Q1 Results**"); (iv) "*Description of Naturgy Energy Group, S.A*" (page 119 et seq. of the Base Prospectus); and (v) "*General information*" (page 153 et seq. of the Base Prospectus).

With effect from the date of this Supplement, the information set out in, or incorporated by reference into, the Base Prospectus shall be amended and/or supplemented, as the case may be, in the manner described below.

Save as disclosed in this Supplement, there has been no other significant new factor and there are no material mistakes or inaccuracies relating to information included in the Base Prospectus which is capable of affecting the assessment of Notes issued under the Programme since the publication of the Base Prospectus.

To the extent that there is any inconsistency between (i) any statement in this Supplement and (ii) any other statement in or incorporated by reference into the Base Prospectus, the statements referred to in (i) above will prevail.

A copy of this Supplement and the document incorporated by reference will be available on the website of the Guarantor (www.naturgy.com).

IMPORTANT NOTICES

The text set out below shall replace, by virtue of this Supplement, in its entirety the last paragraph of the sub-section entitled "*Alternative Performance Measures*" in the section "*Important Notices*" on page 5 of the Base Prospectus:

"See "Alternative performance metrics" in Annex II to the Annual Consolidated Directors' Report 2019 of the Guarantor and "Glossary of Terms" in Annex III to the Consolidated Q1 Results, which are incorporated by reference in this Base Prospectus for information on APMs contained in this Base Prospectus."

DOCUMENTS INCORPORATED BY REFERENCE

The document referred to below shall be deemed, via this Supplement, to be incorporated by reference into, and to form part of, the Base Prospectus. The page references indicated for the relevant document are to the page numbering of the electronic copies (PDF) of such documents at https://www.naturgy.com/en/files/Naturgy_1Q20_results.pdf.

To this end, the information set out below shall supplement, by virtue of this Supplement, in the section "*Documents Incorporated by Reference*" on page 27 of the Base Prospectus by the inclusion of a new cross-reference table as follows:

Information incorporated by reference	Page reference
(N) The Group's unaudited consolidated interim financial statements for the three-month period ended 31 March 2020	
(a) *Executive summary*	**3-5**
(b) *Key comparability factors and non-ordinary items*	**6-7**
(c) *Consolidated results*	**8-10**
(d) *Results by business unit*	**11-20**
(e) *Cash flow*	**21-22**
(f) *Financial position*	**23-24**
(g) *ESG metrics and highlights*	**25-26**
(h) *Annexes:*	**27-44**
– *Annex I: Financial Statements*	28-39
– *Annex II: Regulatory Information*	40-41
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RISK FACTORS

The text set out below shall replace, by virtue of this Supplement, in its entirety the risk factor entitled "*The Group is exposed to price variations in crude oil, natural gas and electricity*", in the section "*Risk Factors*" on pages 10 to 11 of the Base Prospectus:

"***The Group is exposed to price variations in crude oil, natural gas and electricity***

A significant portion of the Group's operating expenses relate to the purchase of natural gas and liquefied natural gas ("**LNG**") for commercialisation in the regulated and deregulated markets in which it operates and for fuelling its combined cycle gas turbine ("**CCGT**") plants for electricity generation. Although the prices that the Group charges its gas customers generally reflect the market price of natural gas, in changing market conditions the adjustments it makes to its sale prices may not fully reflect the changes in the cost of natural gas supplies. In addition to increasing costs in the Group's natural gas business, higher gas prices can also inflate its electricity generation costs, as natural gas is used to fuel its CCGT plants. Lower short-term gas prices may harm the competitiveness of the Group's gas procurement portfolio for supplying its customers and limit the competitiveness of its CCGT power production since lower spot gas prices can imply lower procurement costs for competing gas suppliers and also lower power wholesale prices, putting pressure on companies with long-term purchase commitments.

The prices for such commodities have historically fluctuated and the Group cannot be certain that prices will remain within projected levels. Despite the fact that the annual average price of a barrel of Brent crude oil was stable in preceding years, at U.S.$111.3 in 2011, U.S.$111.6 in 2012, U.S.$108.7 in 2013 and U.S.$99.1 in 2014, prices are now highly volatile, falling to an average of U.S.$52.5 in 2015, to U.S.$43.7 in 2016, to U.S.$54.3 in 2017, to U.S.$67.7 in 2018 and to U.S.$64.2 in 2019 (source: *BP Trading Conditions Update—Crude oil and natural gas markets archive*), while having decreased significatively in the first part of 2020. Crude oil and natural gas prices are also influenced by geopolitical factors, including but not limited to, demand in China, India and Japan due to nuclear shutdown, oversupply of crude oil, the current general collapse in the commodity markets due to the slowdown of global economic activity as a result of the COVID-19 pandemic, the strong U.S. dollar and general market volatility. Additionally, procurement contracts from the U.S. (Sabine Pass and Corpus Christi) include fixed amounts to be paid even if gas is not taken and are exposed to the Henry Hub index, which is also highly volatile, with the annual average price of one million British Thermal Units (BTU) in U.S.$ for the last five years, at U.S.$2.66 in 2015, U.S.$2.46 in 2016, U.S.$3.10 in 2017, U.S.$2.86 in 2018 and U.S.$2.56 in 2019 (source: *NYMEX New York Mercantile Exchange*). Finally, increasingly liquid final destination markets may not sufficiently reflect existing long-term gas procurement contract prices.

The price of electricity in Spain is also highly volatile due to the market share of renewable technologies and their dependence on climate conditions and also because of the volatility of thermal energy technologies that define the price of electricity in Spain since it is the marginal technology required to cover electricity demand. The average price per MWh of electricity fell from €47.25 in 2012 to €44.19 in 2013 and to €41.97 in 2014, rising to €52.02 in 2015, falling significantly to €39.67 in 2016, rising again to €52.24 in 2017 and to €57.29 in 2018 and falling to €47.71 in 2019 (source: OMIE), mainly due to the weather and the decrease in dispatch of renewable energy (hydro and wind). Pool prices as well as power consumption have significatively decreased in the first part of 2020.

The Group's business activities include wholesale natural gas sales to electricity producers and others. With respect to such transactions, its results of operations are likely to depend largely upon prevailing market prices in regional markets and other competitive markets. These market prices may not correlate with long-term gas procurement contracts. As a result, the Group's natural gas wholesale business is exposed to risks of fluctuating commodity prices and movements in the price of electricity.

There can be no assurance that the Group will be able to fully pass on its costs to its gas and electricity customers or to negotiate a decrease in wholesale prices with its suppliers, or otherwise offset such variations through hedging arrangements and other risk management techniques.

Additionally, long-term gas purchase contracts typically provide for regular price revision mechanics: the parties have the right to request a review of the gas purchase price in certain circumstances, and in the event the parties are unable to reach an agreement, such contracts provide for an independent system or formula for setting the price. The Group is periodically subject to such procedures, which may potentially result in the unfavourable pricing of gas or delayed or lack of pass-through of market conditions to the gas suppliers. Long-term gas purchase contracts also typically require the purchase of a certain amount of natural gas and LNG during specified contract periods, usually on a yearly basis. The Group is contractually bound to purchase such minimum volumes even if it does not take the gas (sometimes known as "take-or-pay" clauses). Some agreements provide for a recovery of the amount paid to purchase such minimum gas volumes (sometimes known as "make-up" clauses) in certain circumstances. However, the Group may be subject to such "take-or-pay" clauses without the possibility to recover the gas volumes or amounts it pays.

Any such variations in commodity prices could have a material adverse effect on the Group's business, prospects, financial condition and results of operations."

The text set out below shall replace, by virtue of this Supplement, in its entirety the risk factor entitled "*The uncertain macroeconomic climate*", in the section "*Risk Factors*" on pages 14 to 15 of the Base Prospectus:

"***The uncertain macroeconomic climate***

Since 2013, the global economy has grown at a modest pace, curbed by the stagnation of economic activity in parts of Europe, as well as the slowdown of several emerging economies. In the Eurozone, the pace of economic recovery has lagged behind that of other advanced economies following the prior global recession, including as a result of the sovereign debt crisis that affected several European countries, including Spain. In 2017, the Eurozone's economic recovery was stronger and broader than that observed in previous years, but it was underpinned more by positive sentiment than structural factors. In 2019, with global conditions deteriorating, the Eurozone's economic growth rate reverted to a lower level as core inflation remains subdued and weak business and consumer confidence are affecting consumption and investment decisions.

There is now growing concern that the outbreak of the COVID-19 (commonly referred to as "coronavirus") pandemic across major economies is causing significant disruptions in economic activity and has resulted in significant falls and extreme volatility in financial markets. Government measures taken in response to the COVID-19 outbreak, including containment, lockdown restrictions and travel bans, as well as changes in consumer behaviour due to the pandemic have already led to a significant slowdown in economic activity, elevated levels of unemployment and business closures. In addition, there is significant risk that disruptions to demand as a result of the virus would be aggravated by supply-chain disruptions (potentially causing lower energy consumption) and financial contagion (including lower equity prices and higher money market spreads). It is currently expected that the broader contagion of COVID-19 across the world will lead to significant cuts in global growth in 2020. For example, the European Commission projected in its "Spring 2020 Economic Forecast" published on 6 May 2020 that the euro area economy will contract by a record 7¾% in 2020 and the Bank of Spain, on 20 April 2020, estimated that Spanish GDP could decrease by between 6.6% and 13.6% during 2020, thereby potentially representing a worse recession than Spain experienced during the global financial crisis that started in 2008.

The COVID-19 outbreak has also led to extreme disruption and volatility in the global capital markets, which could increase our cost of capital and adversely affect our ability to access the capital markets. In addition, the uncertainty surrounding the magnitude of the impact of COVID-19 may cause certain financial institutions to reduce the amount of, or impose more unfavourable terms on, new credit lines they extend to companies. Therefore our ability to raise future financing required for our operations may be restricted at a time when we would like, or need, to do so, which could have an adverse effect on our ability to meet our current and future funding requirements and on our flexibility to react to changing economic and business conditions. While the European Central Bank has implemented measures to facilitate the raising of debt finance by corporate borrowers, there can be no assurance that those measures will continue to be available or that the Group will be able to access these measures. Furthermore, our customers' ability to pay may be impacted by the COVID-19 pandemic as such customers may have to curtail or shut down their operations, potentially leading to increased credit risks if the current economic downturn and the measures to curb the spread of the pandemic continue for an extended period of time.

In addition, in Spain, further instability cannot be ruled out, particularly in light of Spain's minority government or the tensions between Spain's central government and the regional government of

Catalonia. While such political tensions have not significantly affected macroeconomic figures so far, there can be no assurance that they may not do so in the future.

The Group is exposed to the uncertain macroeconomic climate in a number of ways:

- An economic downturn in any of the countries in which the Group operates negatively affects business and consumer confidence, unemployment trends and the state of the residential and commercial real estate sector. This in turn, may impact the Group's customers, resulting in their inability to pay amounts owed to the Group and may affect demand for the Group's goods and services. What is more, given that as of 31 December 2019, more than half of the Group's operating assets were located in Spain, any economic downturn affecting the Spanish economy would have a material adverse effect on the Group's business.

- An economic downturn also negatively affects the state of the equity, bond and foreign exchange markets, including their liquidity. This might affect the reasonable value of financial assets and liabilities and increase the Group's financing costs, all of which could give rise to an impairment of the goodwill and the intangible or tangible fixed assets of the Group.

The Group is not able to predict how the economic cycle is likely to develop in the short term or the coming years or whether any return to a recessive phase of the global economic cycle, including as a result of the spread of COVID-19 or otherwise, would be short-lived or long-lasting. Any further deterioration of the current economic situation in the markets in which the Group operates could have a material adverse effect on the Group's business, prospects, financial condition and results of operations."

The text set out below shall replace, by virtue of this Supplement, in its entirety the risk factor entitled "*Business strategy*", in the section "*Risk Factors*" on pages 16 to 17 of the Base Prospectus:

"***Business strategy***

The Group's ability to achieve its strategic objectives is subject to a variety of risks. These risks include:

- an inability to manage more challenging gas markets and price evolution, resulting in an adverse impact on the profitability of the Group's liberalised businesses;

- an inability to successfully manage the requirements of regulatory frameworks if stricter-than-expected regulatory measures were to be imposed in relation to the international distribution of gas and electricity generation;

- an inability to successfully manage the businesses of the Group in the context of the changing political and regulatory environment, including the potential risk of intervention and/or liquidation of any of the Group's businesses. In particular, an inability to manage new populist political and social environments in countries that lead to worse regulations in regulated businesses impacting the profitability of the Group's businesses in such countries;

- the possibility of a new recession in the Spanish, European, Latin American or any other economy where the Group operates, or the actual or threatened default by any major economy on its sovereign debt, which would negatively affect the performance of the Group's businesses;

- an inability to properly manage foreign exchange evolutions, resulting in a negative impact on the Group's profitability;

- an inability to extend contracts that expire over the short and medium term, resulting in decreased cash flow and a negative impact on the Group's profitability;

- an inability to increase the number of connection points in Europe and Latin America, preventing the Group from expanding its distribution networks in these countries in line with its Strategic Plan (see "*Description of Naturgy Energy Group, S.A.—Strategic Plan"*);

- a stagnation in the number of customers due to a lack of success in marketing campaigns targeted at gas and electricity consumers;

- an inability to achieve the desired level of flexibility and diversification in gas supplies and access to gas reserves;
- an inability to successfully renegotiate contracts that expire or the conditions of which no longer reflect the existing market situation, which may negatively impact the Group's profitability;
- the inclusion of "take-or-pay" or minimum payment clauses in supply contracts, potentially imposing an obligation on the Group to pay for a larger volume of gas than it requires or to pay for a minimum amount of gas or of services, irrespective of whether it takes the gas or not;
- an inability to consolidate the Group's multi-service business strategy or to increase the current rate of multi-product contracts per customer;
- an inability to execute the Group's current efficiency plan;
- an inability to fulfil the current dividend plan as a result of lower cash generation;
- an inability to successfully manage the Group's minority shareholders in the different businesses belonging to the Group; and
- an inability to succeed in the claims third parties may initiate against the Group or the ones initiated by the Group against third parties, as well as an inability to enforce in a timely manner the Group's rights once acknowledged by Courts or arbitral tribunals.

The Group can provide no assurance that it will be able to implement its business strategy successfully. Were the Group to fail to achieve its strategic objectives, or if those objectives, once attained, did not generate the benefits initially anticipated, this could have a material adverse effect on the Group's business, prospects, financial condition and results of operations."

DESCRIPTION OF NATURGY ENERGY GROUP, S.A.

The text set out below shall replace, by virtue of this Supplement, in its entirety the sub-section entitled "*Recent Developments—Agreement with Egypt*" in the section "*Description of Naturgy Energy Group, S.A.*" on pages 120 to 121 of the Base Prospectus:

"***Agreement with Egypt***

On 27 February 2020, Naturgy, Eni S.p.A. ("**ENI**") and the Arab Republic of Egypt signed an agreement to amicably resolve the disputes affecting Union Fenosa Gas ("**UFG**"), a company owned by the Guarantor and ENI, each holding 50%. The agreement was subject to the satisfaction of certain customary conditions precedent and milestones. On 23 April 2020, Naturgy announced the termination of the agreement due to the conditions precedent and milestones not being satisfied.

The enforcement process remains ongoing with respect to the award of US$2 billion issued in favour of UFG by the International Center for Settlement of International Disputes ("**ICSID**") on 31 August 2018. As at the date of this Supplement, the ICSID's ruling has been convalidated by the High Court of the United Kingdom and discovery orders have been granted by courts in the United States. UFG will continue to pursue this course of action in the legitimate defense of its interests. Nevertheless, Naturgy maintains its openness to reach agreements with all parties in order to amicably resolve the disputes affecting UFG, although such agreement may not be easily achieved in the context of the current sanitary crisis and its economic consequences."

The text set out below shall replace, by virtue of this Supplement, in its entirety the first paragraph of the sub-section entitled "*Litigation and Arbitration*" in the section "*Description of Naturgy Energy Group, S.A.*" on page 132 of the Base Prospectus:

"The sectors in which the Group operates have in recent years grown more litigious, as a result of the volatility of fuel prices and greater competition in the liberalised market, among other factors, and the Guarantor and its subsidiaries are currently involved in a number of judicial, arbitration and regulatory proceedings which can increase in the future due to the significant and quick market changes in the last months. Given the nature of the Group's business and the sectors in which it operates, the amounts involved in such proceedings can be significant. An adverse outcome in respect of one or more of these claims, as well as an inability to enforce in a timely manner the Group's rights once acknowledged by Courts or arbitral tribunals, could have a material adverse effect on the Group's financial condition and results of operation."

The text set out below shall supplement, by virtue of this Supplement, the sub-section entitled "*Litigation and Arbitration*" in the section "*Description of Naturgy Energy Group, S.A.*" on page 134 of the Base Prospectus by the addition of a new paragraph at the end of this sub-section:

"*Nigeria gas supply contract*

In 2020, the Group commenced an arbitration procedure to determine the price of the gas supplied by Nigeria LNG for the period 2018-2020. Naturgy has requested a price reduction while Nigeria LNG has requested a price increase."

GENERAL INFORMATION

The text set out below shall replace, by virtue of this Supplement, in its entirety sub-paragraph 7(c) in the section entitled "*General Information*" on page 154 of the Base Prospectus:

"7.

(c) There has been no material adverse change in the prospects of the Guarantor since 31 December 2019 nor has there been any significant change in the financial position or financial performance of the Group since 31 March 2020 (being the date of the latest available financial information of the Group)."