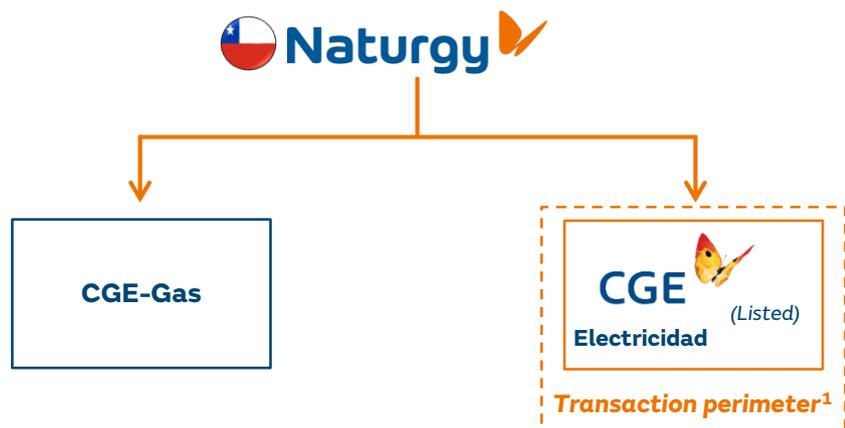


Sale of Chilean electricity networks to State Grid International Development

13 November 2020

Overview

Simplified transaction perimeter



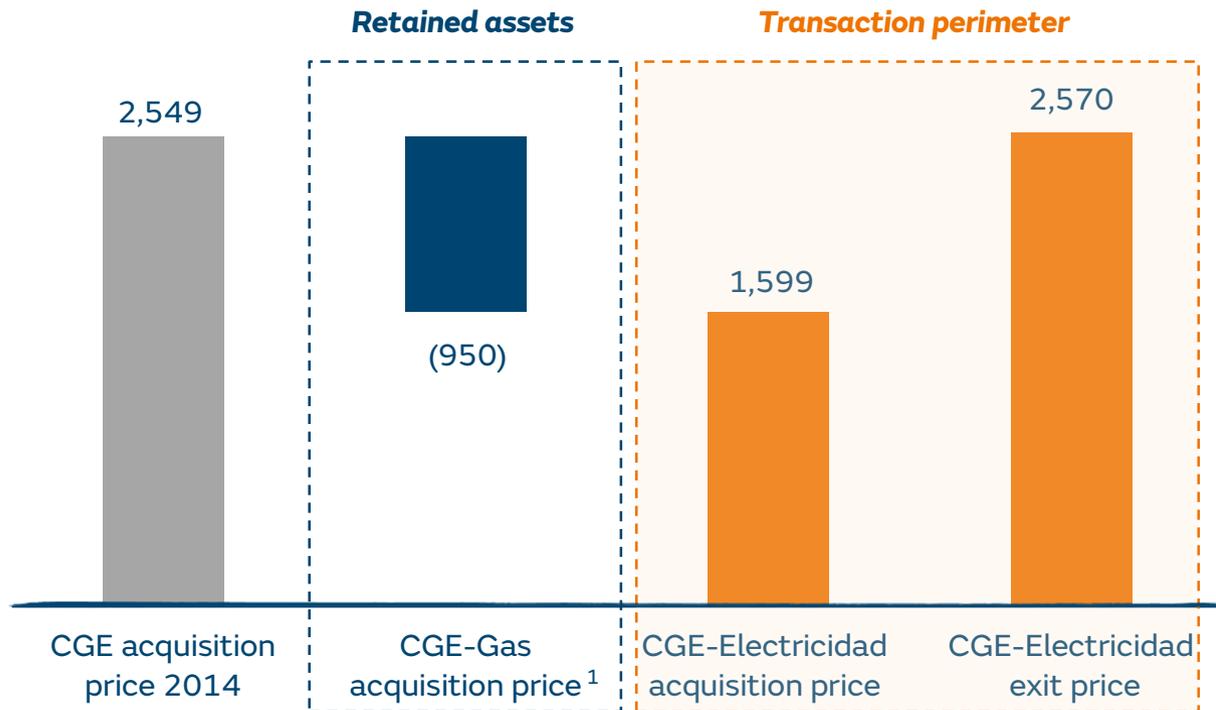
Summary

- 1 Sale of Naturgy's entire equity shareholding in CGE-Electricidad (96.04%) to State Grid International Development
- 2 Purchase price of **€2,570m (equity value) fixed in Euros and payable in cash** upon completion. The transaction implies an **enterprise value (100%) of €4,312m**
- 3 The transaction is expected to generate pre-tax capital gains of approximately €0.4bn on **pre-tax cash proceeds of €2.6bn**
- 4 **ND/LTM EBITDA** proforma of the transaction would stand at **2.9x (vs. 3.6x reported)** as of September 2020. In addition, the **contribution to EBITDA from Europe and RoW² will increase to 66% from 61%** as of 9M20

Completion expected before end of February 2021

Background and value creation

CGE-Electricidad equity value bridge since acquisition in 2014 (€m)



Naturgy return from CGE-Electricidad

Pre-Tax Equity IRR² (€) ~ 13%

Exit price for half of the business equivalent to acquisition of the whole in 2014

Significant value creation since the acquisition of CGE-Electricidad in 2014

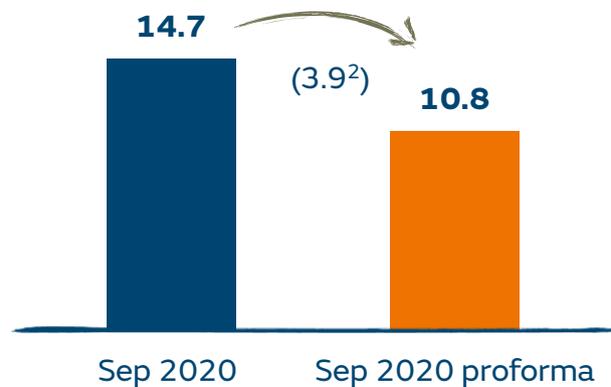
Proforma impacts pre-use of proceeds¹ (€bn)

Net Debt

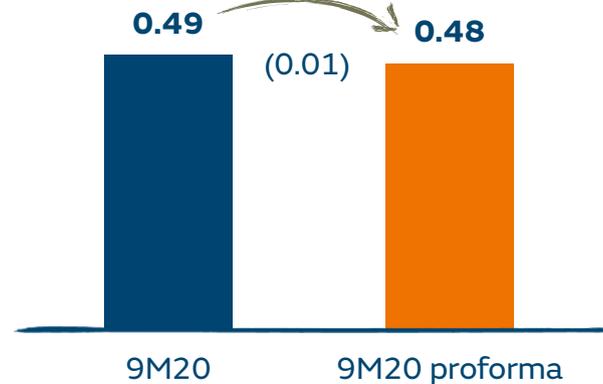
Net Debt /
LTM EBITDA

3.6x

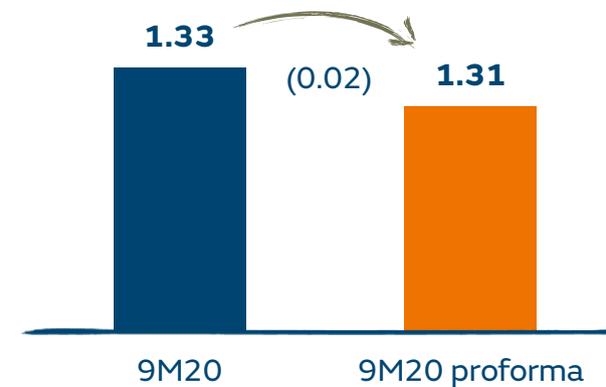
2.9x



Net income



FCF after minorities



Increased firepower for growth with very limited dilution

Portfolio rotation strategy



Focus on profitable growth linked to energy transition

Closing remarks

1 Value creation and capital discipline

- › Compelling returns on exit (equity IRR of ~13%)
- › Exit price significantly above market consensus and precedents
- › Contribution to EBITDA from Europe and RoW will increase to 66% from 61% as of 9M20

2 First step in portfolio rotation

- › The transaction initiates a transformation process to unlock value for shareholders
- › Increased firepower for growth with limited dilution
- › Focus on profitable investments linked to energy transition

Company to further assess new opportunities and communicate conclusions in CMD at FY 2020 results

Disclaimer

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CAPITAL MARKETS

Tel. +34 912 107 815

e-mail: capitalmarkets@naturgy.com

website: www.naturgy.com