9M2024 Results

October 22, 2024

Index

01

Milestones 3Q2024

1.1 Milestones 3Q2024

In the first nine months of the year, Enagás continued to execute its 2022-2030 Strategic Plan at a high level

Main axes of the 2022-2030 Strategic Plan

Security of supply Asset rotation: focus on Spain and Europe

Closing of sale of stake in Tallgrass Energy (USA)

Sale of stake in Soto La Marina (Mexico)

Start of construction of Germany's first onshore LNG terminal (Stade)

Implementation of the Efficiency Plan and control of operational and financial expenses

9M2024 recurring operating expenses in line with market guidance (+1%)

Financial cost of gross debt 2.7% at September 30, 2024

Reduction of the gross cost of debt from the sale of TGE from 2.8% to ~ 2.6% expected at December 31, 2024

Progress on the energy transition and the hydrogen schedule

Authorisation by the Council of Ministers to Enagás to begin processing H2Med, the Spanish hydrogen network and associated hydrogen storage facilities

Initiation of the transposition process of the Gas&H_2 package through a Prior Public Consultation (PPC) by MITECO

Publication of the final version of the National Integrated Energy and Climate Plan (PNIEC) for the period 2023-2030 by the Government

Request for CEF (Connecting Europe Facility) funds for the studies of the projects included in the PCI list

Sending to the Congress of Deputies the Bill to re-establish the National Energy Commission (CNE), following its approval by the Council of Ministers

1.2 Security of supply. Asset rotation

Asset rotation: sale of Tallgrass Energy

Closing of the sale of the Tallgrass Energy stake on July 29

- On July 10, Enagás announced the **sale** of its stake in the American company **Tallgrass Energy for $1.1 billion to Blackstone**, with the aim of tackling the hydrogen investment cycle, strengthening the balance sheet and reinforcing Enagás' dividend policy, as well as its long-term sustainability.
- On July 29, the company announced the **closing of the transaction**.
- Of the agreed amount, **USD 50 million** was pending receipt on completion of an ongoing administrative clearance. **This authorisation and the associated amount were received in September.**
- The cash received from the rotation of Tallgrass Energy has been used to **pay down USD** 700 million of **debt**. The remainder of the available cash will be used to **redeem a bond** maturing in February 2025.
- The **positive impacts** of this transaction are as follows:

Debt

Significant reduction in net debt (-€1 Bn)

ND 2024E: ~€2.4Bn
ND 2026E: ~€2.4Bn

Reduction of the gross cost of debt from 2.8% to 2.4% in 2026

Income statement

Improvement in financial expense associated with debt by ~ €40 M per year

Balance Sheet

Robustness of Enagás' dividend policy, as well as its long-term sustainability

Strengthening the Balance Sheet for the Hydrogen Investment Plan from 2027 onwards

Business profile

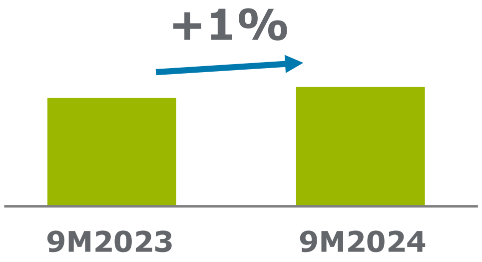
Improvement of the company's **business risk profile**

Credit rating upgrade to BBB+ from BBB, by S&P and Fitch

1.3 Efficiency and cost control plan: financial and operational

Efficiency Plan

Control of recurrent operating expenses



- **Intensification of the Efficiency Plan** to minimise the impact of inflation on manageable costs. In September, inflation in Spain stood at 1.5%.
- Enagás maintains its **commitment to a maximum annual growth** in recurring operating expenses of **~1% CAGR** in the period 2022-2026.

Control of financial expenses

- **Solid financial structure and strong liquidity position** (€3.431 Bn as at September 30, 2024)
- **Control of financial expenses**, 95% * of debt at fixed rates.
- **Financial cost of gross debt at September 30 of 2.7%.**
- **After the Tallgrass Energy transaction, the expected cost of gross debt at year-end is 2.6%**

*Including interest rate hedging instruments.

1.4 Progress in the energy transition

Q3 2024 milestones and expected milestones for the year

JULY 15, 2024
Publication of the hydrogen and decarbonised gases package and the Methane Emissions Regulation in the OJEU.

JULY 30, 2024
The Government authorises Enagás to start processing H2Med, the Spanish hydrogen network and associated storage facilities.

SEPTEMBER 5, 2024
Initiation of the transposition process of the Gas&H_2 package through a Prior Public Consultation (PPC) by MITECO.

SEPTEMBER 23, 2024
Publication in the BOE as a resolution of the Secretary of State for Energy authorizing Enagás to begin processing PCI projects.

SEPTEMBER 24, 2024
Publication of the final version of the National Integrated Energy and Climate Plan (PNIEC) for the period 2023-2030 by the Government.

Approval by the Council of Ministers of the Bill to re-establish the National Energy Commission (CNE), which will be responsible for the regulation of hydrogen and the remuneration of the HTNO.

OCTOBER 21, 2024
Request for CEF (Connecting Europe Facility) funds for the studies of the projects included in the PCI list.

For H2Med, the application was submitted with letters of support from the governments of Portugal, Spain, France and Germany.

J	F	M	A	M	J	J	A	S	O	N	D

Next steps:

- Joint launch, on November 7 in Madrid, of the Call for Interest of the H2Med international corridor with the operators of Portugal (REN), France (Teréga and GRTGaz) and Germany (OGE).
- Celebration of the 3rd Enagás Hydrogen Day on January 29, 2025

1.4 Progress in the energy transition

European milestones

Reinforced *Green deal* with a firm commitment to renewable H_2 and for an interconnected H_2 grid

Ursula von der Leyen intensifies Europe's commitment to hydrogen and its infrastructures

- The President of the European Commission anticipated her **support for the development of hydrogen and its infrastructures** in her investiture speech and in the programme for his second mandate that she presented to the European Parliament on 18 July: 'We will also invest in energy-efficiency measures, the digitalization of our energy system and the deployment of a hydrogen network'.
- In the *mission letter* sent by Von der Leyen to the future commissioner for Energy and Housing, Dan Jørgensen, **who will act under the guidance of Teresa Ribera as Executive Vice-President for a Clean, Fair and Competitive Transition**, she highlights the following measures:
    - **Priority deployment of the European hydrogen network** and investments in renewable energy infrastructure and interconnections.
    - Development of **joint aggregate hydrogen demand mechanisms**.
    - Full implementation of **REPowerEU** and decarbonisation of industry through ***Clean Industry Deal***.

Letta and Draghi Reports

- The President of the European Commission urges to follow the Letta and Draghi reports which agree on the **need for an interconnected hydrogen network linking supply and demand**.

1.4 Progress in the energy transition

2023-2030 National Integrated Energy and Climate Plan (PNIEC)

The final PNIEC 2023-2030 document expands the ambition of the Hydrogen Roadmap in terms of installed power of electrolysers, exceeds the RED III targets for penetration in the mobility sector and replacement of current H_2 consumption in industry, and gives a clear boost to H2Med.

- **Natural gas consumption is maintained**, compared to the draft, which reinforces the message that combined cycle terminals and **gas infrastructures act as a back-up to guarantee supply in the electricity sector, providing the necessary flexibility to adjust generation and consumption.**

- **Increased focus on green hydrogen:**

12 GW of electrolyser power, tripling that of the Roadmap and increasing the draft forecast by +1GW

Replacement of 74% of the current consumption of grey H_2 in industry and contribution of renewable fuels of non-biological origin (RFNBO) in the transport sector of 3.56%

Driving the development of the H2Med Iberian Hydrogen Corridor promoted by the governments of Spain, Portugal, France and Germany

PNIEC 2023 – 2030 reinforces Spain's position among the most advanced countries in the European energy transition

The hydrogen backbone network is a priority to ensure coverage of national demand, as well as to act as an export enabler for the Iberian H2Med Corridor, due to start in 2030

1.4 Progress in the energy transition

Draft bill for the re-establishment of the National Energy Commission (CNE)

- The Bill to re-establish the National Energy Commission (CNE) has begun its parliamentary procedure in the Congress of Deputies, following its approval by the Council of Ministers on September 24.
- According to the schedule, the CNE could be established in the second quarter of 2025.
- The draft law incorporates very relevant functions for the development of the regulatory framework for the hydrogen sector, such as:
  - The establishment of the methodology for the **remuneration of hydrogen transmission and distribution terminals and facilities.**
  - **Connection and access to hydrogen facilities**.
  - Structure and methodology of **access tolls.**
  - Methodology relating to the provision of **balance services and remuneration of the** hydrogen network **operator.**

1.5 Performance of the Gas System

The Spanish Gas System: contribution to Spain and Europe's security of supply

- **100% availability** and **supply guarantee.**

- Enagás has received **natural gas from 12 different countries;** Europe's strategic LNG entry point.

- **Sustained growth** in **industrial demand** of around **3%.**

- **100% filling of the Underground Storage Facilities** in mid-August, exceeding the filling obligations established according to European and national regulations.

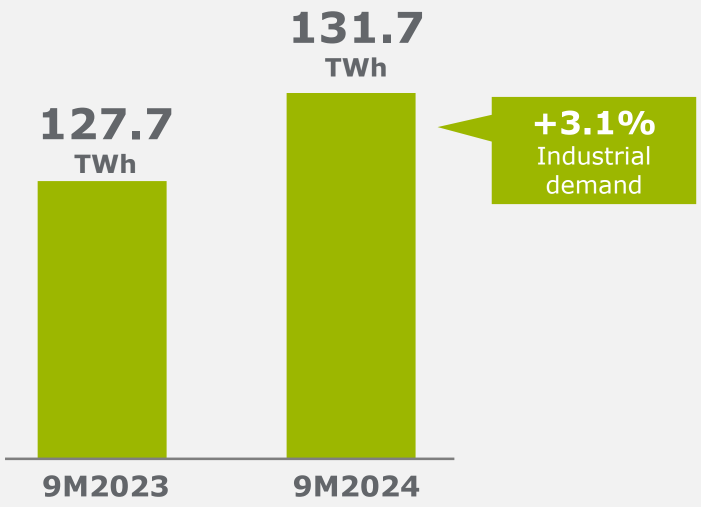
- New annual auction of cargo slots in September 2024. **More than 950 LNG cargo slots contracted until 2039.** High interest in **bunkering** cargo allocation contributing to the **decarbonisation of shipping.**

- **Procedure** that establishes the methodology for the monitoring, control and authorisation of LNG cargoes carried out in the Spanish Gas System, in **compliance with the European Union's sanctions package,** approved by European Council Decision (CFSP) 2024/1744 of 24 June.

1.6 Performance of the Gas System

Evolution of natural gas demand in the first nine months of 2024

Industrial demand 9M2024



Total natural gas demand decreased by -8.6% in the first nine months of 2024 compared to 9M 2023, due to the following factors:

- **Conventional demand** in the first nine months of the year increased by **+2.3%.**
  - This increase was mainly due to **higher industrial consumption, +3.1%**, with demand growth in the refining, chemical, pharmaceutical and cogeneration sectors.
  - Partially offset by the decrease in commercial domestic demand -2.2% due to the high temperatures in the first months of the year.
  - **Cogeneration increased +13%, compared to the** activity in the months prior to the approval of the new regulatory framework for the cogeneration industry.
- Decrease in **gas demand for electricity generation (-33.0%)** due to an increase in renewable generation, mainly hydro and solar.

02

Results 9M2024

2.1 Financial results

Income statement

Net profit of the nine first months of the year, performance to exceed the annual target updated in July

€M	9M2024	9M2023	Var. %
Total revenues	**665.2**	**672.7**	**(1.1%)**
Operating expenses	(235.2)	(245.1)	(4.0%)
Results from Affiliates	**142.8**	**144.4**	**(1.1%)**
EBITDA	**572.8**	**572.0**	**0.1%**
Depreciation and amortisation	(215.7)	(198.7)	8.6%
PPA	(33.3)	(38.5)	(13.5%)
EBIT	**323.8**	**334.8**	**(3.3%)**
Financial result	(48.9)	(66.9)	(26.9%)
Corporate income tax	(40.9)	(50.8)	(19.5%)
Non-controlling interests	(0.4)	(0.3)	33.3%
Net profit (without impact of asset rotation)	**233.5**	**216.7**	**7.8%**
Impact of asset rotation	(363.7)[1]	42.2[2]	
Net profit	**(130.2)**	**258.9**	

- The impact of the regulatory framework on the company's revenues has been offset by the increase in other regulated revenues (mainly COPEX and the positive impact from the Musel E-Hub plant commissioned in July 2023).
- Recurrent operating expenses are on track to achieve the maximum annual growth target of +1%.
- The results from affiliates remained in line with those of the previous year.
- Improved financial result, mainly due to higher revenues associated with cash remuneration and decrease in debt.
- Positive performance in net profit to exceed the target for the year.

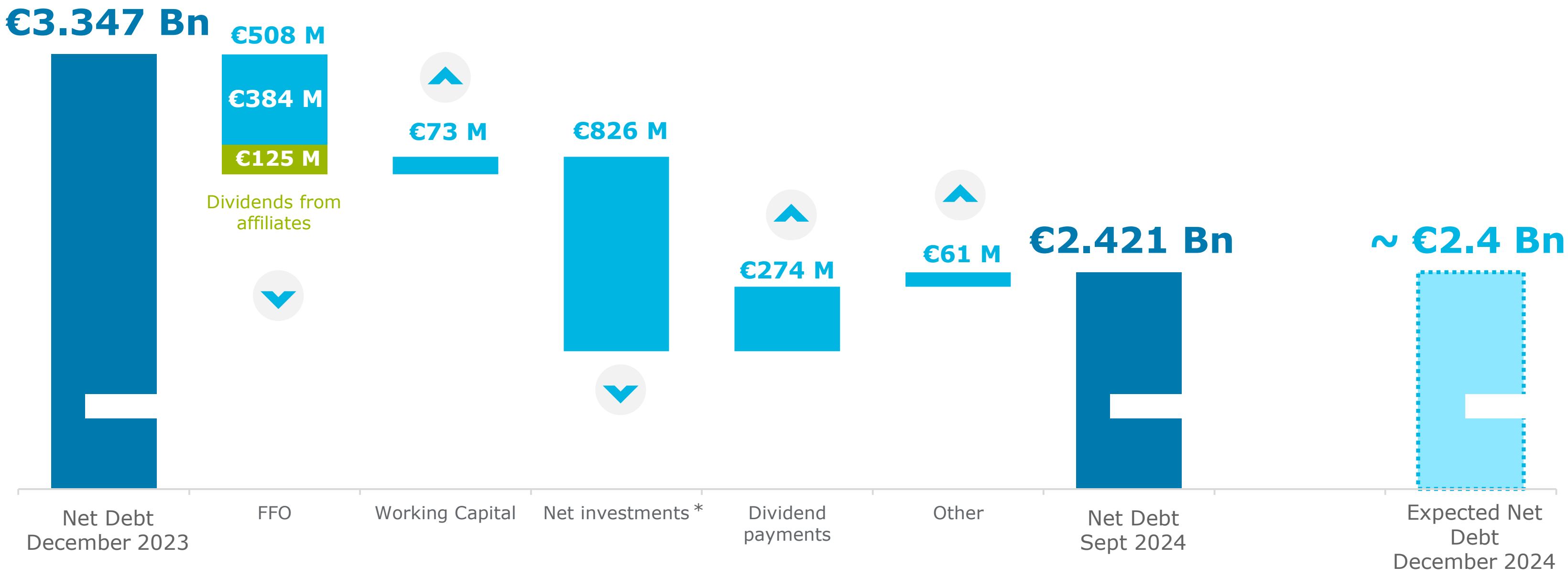
Note 1: Corresponds to the accounting loss on the sale of Tallgrass Energy which is broken down into €356.2 M of impact on financial results (which includes €42 M of translation differences) and €7.5 M of impact on corporate income tax.

Note 2: Incorporates the net capital gain from the closure of the sale of the Morelos gas pipeline for +€42.2 M.

2.1 Financial results

Cash flows and change in net debt

Sharp reduction in the company's net debt after the sale of Tallgrass Energy



Note*: The amount of net investments includes the divestment of TGE and investments in national and European infrastructure (Stade)
Note*: Out of the total sale amount, 95 million dollars are held in an escrow until the IRS (Internal Revenue Service) – the American tax authority – issues a withholding tax exemption certificate, recognizing that Enagás Holding USA has incurred a loss from the sale of its stake in Tallgrass Energy and therefore has no tax obligations to the American tax authorities. The estimated timeframe for obtaining this certificate is between 6 and 12 months from the closing of the transaction.

2.1 Financial results

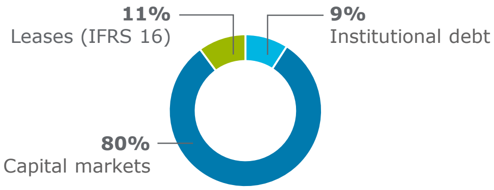
Sound financial structure and strong liquidity position

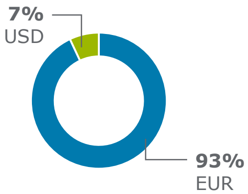
Leverage	Sept. 2024	Dec. 2023
Net debt	€2.421 Bn	€3.347 Bn
Net debt/adjusted EBITDA[1]	3.2x	4.3x
FFO/Net Debt	27.2%	18.7%[2]
Financial cost of gross debt	2.7%	2.6%

Liquidity	Sept. 2024	Dec. 2023	Maturity
Treasury	€1.268 Bn	€838 M	
Club Deal	€ 1.55 Bn	€ 1.55 Bn	January 2029
Operational lines	€612 M	€921 M	Oct 2024 - Jan 2027
TOTAL	€3.431 Bn	€3.309 Bn	

The financial cost of gross debt is 2.7%

Type of debt





Fixed-rate gross debt 95%[3]

Debt maturities (€M) [4]

Debt maturities after closing the sale of TGE and repayment of $700 M in US dollar denominated debt

Average maturity of debt 5 years

(1) EBITDA adjusted by dividends received from affiliates.
(2) FFO/ND 18.7%: FFO does not include the payment of taxes associated with the sales of GNL Quintero and Morelos for €72 M. The ratio does not include Rating Agencies' methodology adjustments.
(3) Including interest rate hedging instruments.
(4) Maturities do not include finance lease payments (IFRS16)

2.2 Financial results: Affiliates

Performance of Affiliates

Peru

GSP

- In the absence of any further indication from the Tribunal regarding the date the award will be issued, the company's legal advisors estimate that it will be delivered in the near future.

TGP

- Remains a key asset for ensuring Peru's security of supply.

TAP

- TAP continues to play a significant role in securing and guaranteeing Europe's energy supply, having transported nearly 40 bcms of Azerbaijani natural gas to Europe since it began commercial operations.
- The company is also working towards implementing an expansion of an additional 1.2 bcms by 2026 and plans to initiate the binding Market Test phase for another new expansion in 2025.

Desfa

- On October 1, Gastrade's floating regasification unit (FSRU) in Alexandroupolis became operational. Desfa holds a 20% stake in this project. The FSRU is key for enhancing energy security in Southeast Europe by providing a new route for delivering natural gas to the region.

Stade

- Work continues on the commissioning of the FSRU.
- Construction has begun on the first onshore LNG terminal in Germany, located in Stade.

03

ESG positioning

3.1 ESG positioning

Progress on sustainability

ESG ratings		Score	Relative position
Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA	S&P Global (CSA)	87/100[1]	*Pending* [1]
FTSE4Good	FTSE Russell	4.6/5	Oil & Gas pipelines leader
MSCI ESG RATINGS A	MSCI	A (7.1/10)	Top 59% Utilities
Corporate ESG Performance Prime ISS ESG	ISS - ESG	B (65.46/100)	1st Decil Gas and Electricity *Network Operators*
SUSTAINALYTICS	Sustainalytics ESG Risk Rating	14.9 Low Risk[2]	2nd Gas Utilities
Bloomberg	Bloomberg Gender Equality Index	87.6/100	Utilities Leader
	Equileap	74%	Global Top 20
CDP A LIST 2023 CLIMATE	CDP Climate Change	A	CDP CC A List 2023

1. Provisional information as of September 25, 2024. Enagás' relative position in the Gas utilities sector will be published on December 13.
2 Sustainalytics ESG Risk Rating gives lower scores to companies with lower exposure and better ESG performance.

The commitment and progress in sustainability make it possible to maintain the leading position in the main ESG ratings

04

2024 Targets

Conclusions

2024 Targets

	Target set in Feb 2024	Target following the sale of TGE Jul 2024
Net profit	€260M / €270M	€270M / €280M Including the accounting impairment associated with the sale of TGE at closing of -€363.7M, 2024 net profit would be: -€90M / -€80M
EBITDA	€750M / €760M	€730M / €740M
Net Debt	~ €3.4Bn	~ €2.4Bn
Dividend	€1.00 share	€1.00 share

Net profit is on track to exceed the annual target, updated in July

Note: The assumptions established for the GSP ruling are maintained based on the considerations of the legal advisors.

Conclusions

- **Net profit of the nine first months of the year, performance to exceed the annual target updated in July.**
- **Progress in the implementation of the Strategic Plan** in the three main axes:
  - **Sale of the stake in Tallgrass Energy with a positive impact on the risk profile (BBB+) and reinforcement of Enagás' dividend policy and its long-term sustainability.**
  - **Efficiency Plan: comprehensive control of operating costs.**
  - **Progress on the energy transition and the hydrogen schedule:**
    - Government authorisation for Enagás to begin processing H2Med, the Spanish hydrogen network and associated hydrogen storage facilities.
    - Initiation of the transposition process of the Gas&H_2 package through a Prior Public Consultation (PPC) by MITECO.
    - Publication of the final version of the National Integrated Energy and Climate Plan (PNIEC) for the period 2023-2030 by the Government.
    - Request for CEF (Connecting Europe Facility) funds for the studies of the projects included in the PCI list, for H2Med, the application was submitted with letters of support from the governments of Portugal, Spain, France and Germany.
    - Joint launch, on November 7 in Madrid, of the Call for Interest of the H2Med international corridor with the operators of Portugal (REN), France (Teréga and GRTGaz) and Germany (OGE).
    - The Bill to re-establish the National Energy Commission (CNE) has begun its parliamentary procedure in the Congress of Deputies, following its approval by the Council of Ministers on September 24.
- **The Gas System faces 2024 with the maximum robustness and confidence to contribute to the Security of Supply in Spain and Europe.**
- **Enagás continues to work on security of supply and decarbonisation to contribute to the fight against climate change.**
- Enagás plans to **update its 2022-2030 Strategic Plan** to coincide with the annual results for the 2024 financial year.

Limitation of liability

- In the event of any discrepancy between the Spanish version and this translation into English, the Spanish version shall prevail.

- This document may contain market assumptions, information from various sources and forward-looking statements regarding the financial conditions, operating results, business, strategy and plans of Enagás S.A. and its subsidiaries.

- Such forward-looking statements, information and assumptions are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from such forward-looking statements and assumptions as a result of various factors.

- Enagás, S.A. makes no representations or guarantees as to the accuracy, completeness or precision of the information contained herein. This report should in no way be taken as a promise or representation as to the past, present or future state of affairs of the company or its group.

- Analysts and investors are cautioned not to place undue reliance on forward-looking statements, which involve significant assumptions and subjective opinions, and which therefore may not prove to be correct. Enagás does not undertake to update the information contained herein or to correct any inaccuracies it may contain. Nor does it undertake to publicly disclose the results of any revisions that may be made to such forward-looking statements to reflect events or circumstances after the date of this presentation, including, without limitation, changes in Enagás' business or strategic acquisitions or to reflect the occurrence of unanticipated events or a change in its valuations or assumptions.

Thank you very much