Results 1H 2020

28 July 2020

Contents

Enagás priorities in this situation

- Protect the safety, health and well-being of people, starting with our professionals and their families, and continuing with all our stakeholders
- Continue to normally provide an essential service: the supply of natural gas
- Our commitment to contribute with solidarity and to the best of our ability to mitigate the social impact of the pandemic

Contingency plan

Telecommuting in teleworkable positions

Jobs with essential physical presence

Reorganisation of shifts at facilities

Parallel work of the two control centres

Carrying out tests at each shift changeover in our infrastructures

We work to continue to normally provide an essential service: the supply of natural gas

The Spanish Gas System has operated normally despite the adverse conditions, without incidents, whether occupational, technical or operational.

- Regasification plants have operated at a normal utilisation level. Since the beginning of March and until the end of the state of emergency, a total of 74 methane tankers unloaded at the regasification plants in Spain.
- The 12,000 kilometre gas pipeline network with the 19 compression stations operated without incident.
- Standardised operation at the three storage facilities: Gaviota, Yela and Serrablo, leveraging the situation of low prices in global markets and to be prepared before possible future needs.

The operation of the gas system has been carried out efficiently and with absolute flexibility.

We work to continue to normally provide an essential service: the supply of natural gas

The Gas System has operated with total normality

100 % commercial availability

100 % of technical availability

Increased use of the **tanker offloading** service reaching 119.6 TWh in the first half, **+19%** more than 2019

Increased use of the **regasification** service reaching 117.5 TWh in the first half, **+18%** more than 2019

Offloading from **126 methane tankers** in regasification plants

The levels of **utilisation for tank truck loading** remain in the order of 2019, reaching 6.6 TWh **+4%**

In June, the initial capacity contracted for in the storage facilities reached **78% of the total capacity,** meaning an increase of the capacity contracted of **+21%**, more than in 2019 where there was +66% contracted

We are working to ensure the operation and supply of natural gas: international affiliates

US

- Gradual reopening of economies (at the state level) with a range of restrictions in the event of fresh outbreaks.
- **Tallgrass**: Operating normally and adapted to the progressive reopening of the economies of those states where it is present.

GREECE

- The country's de-confinement plan and the reopening of the economy were completed.
- **DESFA:** Operating normally. Employees started working at the offices since 1 June. Natural gas demand as of May 2020 has grown by + 10.5% compared to the same period in 2019.

CHILE

- The state of emergency was extended until 13 September. Closure of schools and non-essential businesses. Quarantined in some regions. The Government announced a plan for gradual lifting of restrictions.
- **GNLQ:** Operating normally. Confinement plan for critical positions in progress. Since 30 June, the Activities Recovery Plan has been rolled out.

MEXICO

- The Government of Mexico started a gradual process of reopening the economy since June.
- **TLA:** Fully operational terminal, operated under a business continuity plan.
- **GDM/ECSLM:** Fulfilling the operation plans and maintaining all preventive and security measures.

PERU

- State of emergency extended until 31 July with quarantine focused on specific groups of people and departments. De-escalation plan in progress from the end of May to August.
- **TGP/COGA:** Operating normally. The contingency plan implemented and reinforced; dispatching and plant staff quarantined.

TAP

- **TAP:** Operating normally on all work fronts. The contingency plans deployed by TAP during the COVID-19 crisis mitigated possible impacts on the project and the COD will be maintained through Q4 of 2020.
- **Project progress:** 96.4% at the end of Jun-20. Work on the off-shore section has been completed and 85% of the gas pipeline has been pressurized with gas.

- All Companies are operating normally, contributing to supply security in their respective countries.
- All Companies implemented a Contingency Plan against COVID-19 in coordination with ENAGAS to ensure business continuity, including confinement plans for critical personnel.
- The Companies are working on de-escalation plans.

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Contents

Headline figures 1H 2020

1H 2020 vs 1H 2019

Main P&L highlights

EBITDA
€479.8M
(-1.5%)

Profit after tax
€236.3M
(+9.4%)

Results at affiliates
€76.2M

Cash flow key figures

Funds from Operations (FFO)
€332.9M
(-14.9%)

Net investment
€806.7M

Balance sheet

Net debt
€4,090M

Liquidity
€2,486M

Fixed-rate debt higher than
80%

No significant maturities until **2022**

Domestic gas demand

Domestic demand of natural gas at 30 June 2020
-11.3%

Industrial demand for natural gas at 30 June 2020
-9.0%

Demand for electricity generation at 30 June 2020
-19.7%

Results 1H 2020: Income statement

Results on track to reach the year's goal in terms of profit after tax ~ €440M

Millions of euros (€)	1H 2020	1H 2019	Var. %	
Total revenue	**553.8**	567.1	-2.3%	01
Operating expenses	-150.2	-160.2	-6.3%	02
Affiliates results	76.2	80.2	-5.0%	03
EBITDA	**479.8**	487.0	-1.5%	
Amortisation and depreciation	-135.4	-139.0	-2.5%	
PPA	-24.0	-16.1	49.0%	
EBIT	**320.4**	332.0	-3.5%	
Financial results	-26.3	-62.6	-58.1%	04
Corporate income tax	-57.3	-52.9	+8.4%	
Minority interests	-0.5	-0.5	+8.2%	
Profit after tax	**236.3**	216.1	+9.4%	05

01 **Limited impact of the COVID-19 crisis** on SCR regulated revenues of €6.4M

02 **Control of operating expenses and different scheduling** than in 1H 2019

03 **Results of affiliates in line with expected budget in 1H 2020**

04 The financial result mainly includes a **non-recurring effect of + € 18.4M** originated by the purchase of USD and the update of the account receivable from **GSP** of **+ € 12.3M**

05 Results in 2020 so far are on track to achieve the target for the year ~ € 440M

Note: €1=USD 1.10

Solid financial structure and high liquidity position

High liquidity position

Confirmed BBB+ ratings with stable outlook

Leverage and liquidity	1H 2020	2019
Net debt	€4,090M	€3,755M
Net debt/Adjusted EBITDA(*)	4.5x	3.8x
FFO/net debt	17.0%	20.2%
Financial cost of debt	2.0%	2.2%
Liquidity	€2,486M	€2,717M

Liquidity	1H 2020	1H 2019	2019	Current maturity
Cash	€863M	€931M	€1,099M	
Club Deal	€1,500M	€1,500M	€1,500M	*December 2024*
USD Lines	€114M	-	€58M	*July 2024*
Other ST lines	€9M	€121M	€60M	*July 2020*
TOTAL	**€2,486M**	**€2,552M**	**€2,717 M**	

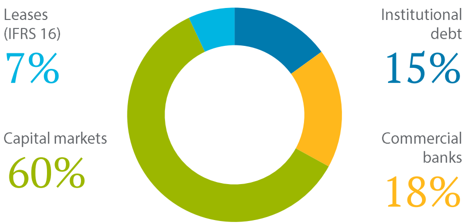
(*) EBITDA adjusted for dividends received from affiliates

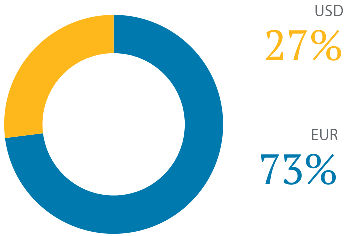
Financial structure

No significant maturities until 2022

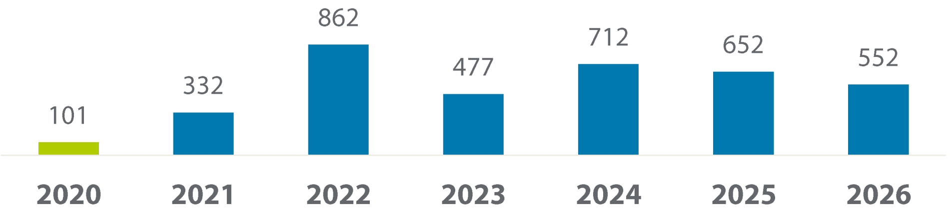
Average life of debt 4.6 years

Debt type

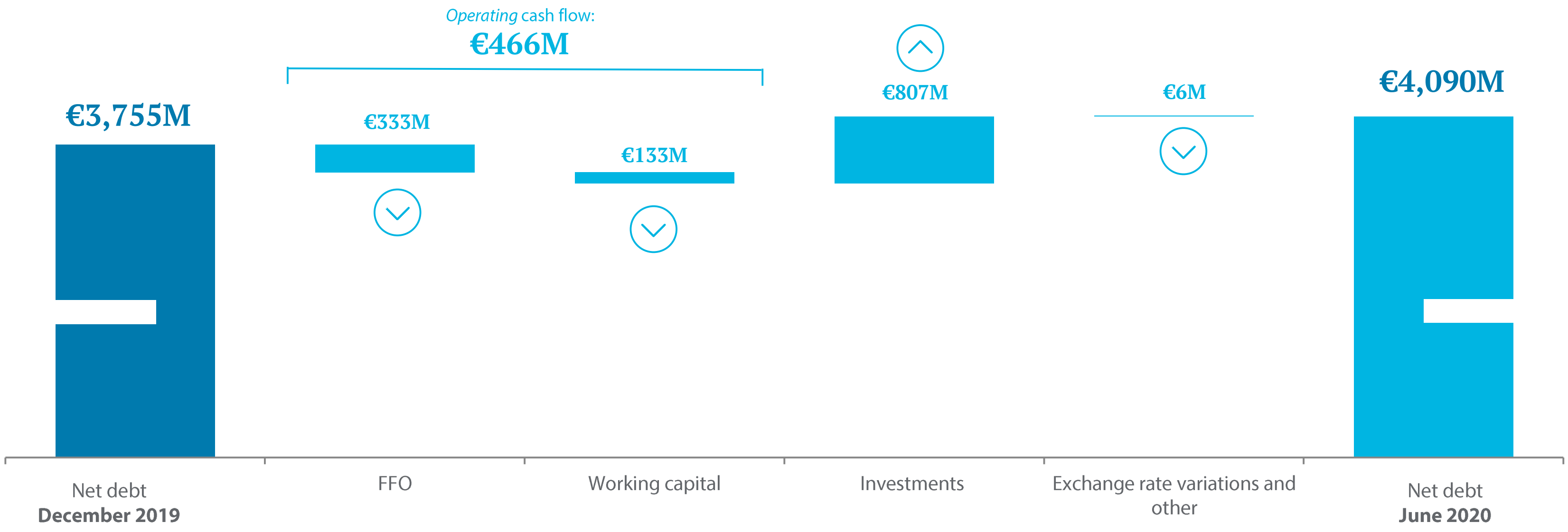




Debt maturities (€M)



Cash flow and net debt evolution



Fixed-rate debt higher than 80%

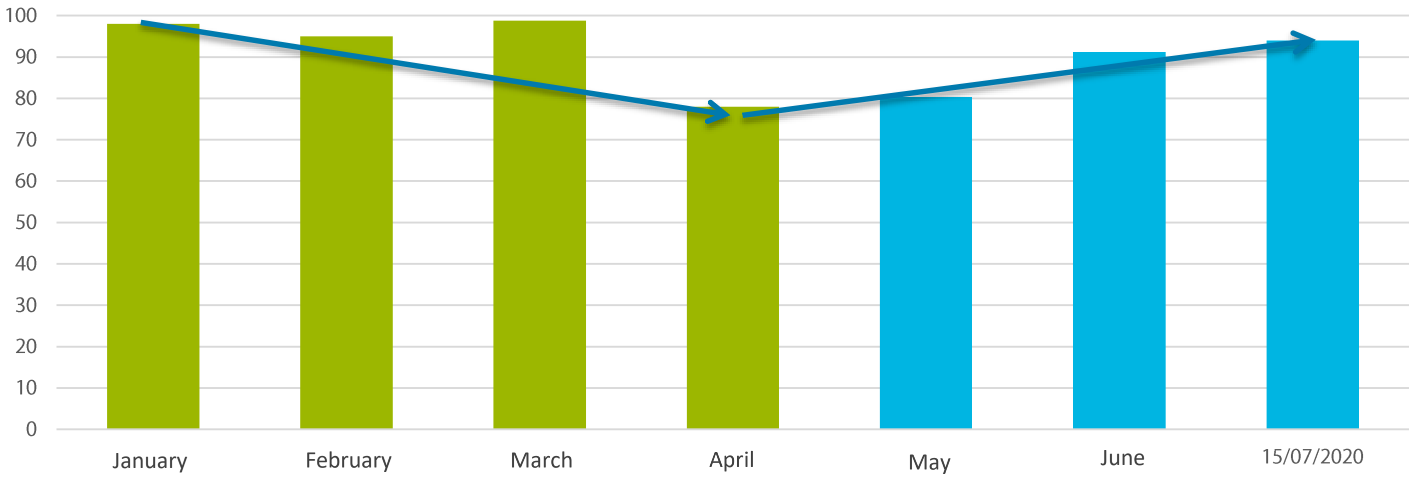
2H 2020 outlook and annual targets

The results of the stress tests carried out by the company allow us to reaffirm all our objectives and commitments established for 2020.

- Intensification of the control plan and savings in general expenses, with elimination of all that is not essential for business continuity and for the maintenance of current and future activity and employment.
- The cash flows generated are sufficient to ensure the commitment of our dividend policy for the year (2020 (1.68 euros / share), which means increasing the dividend by + 5% compared to 2019.
- Optimal and robust balance sheet structure, where the FFO / ND ratio stands at 17%.
- Strong liquidity situation: € 2,486M at 30 June 2020.
- Our estimate of **Net Profit for the end of the year is maintained (€440M).**
- **Enagás**, in accordance with accounting standard IAS 36, **has carried out an impairment test of its main investments**, concluding that **it is not necessary to make any correction to the value of our investments on the balance sheet**. This analysis has been validated by the independent expert Duff & Phelps and reviewed by our auditor

Variation in conventional demand in Spain 2020 compared to 2019

Demand for conventional gas fell by over 20% in April



Since the end of May, a progressive recovery of gas demand in Spain has begun, which is expected to consolidate in the second half of the year.

Source: Enagás Technical System Manager

Tallgrass Energy

Tallgrass provides a single platform with a diversified asset base and long-term cash flows under contract

Midstream core assets protected against current market conditions

- The company has take-or-pay contracts (accounting for ~ 70% of EBITDA)
- Re-contracting activity with good prospects in 2H 2020

Tallgrass operates in some of the most competitive basins in the US

In the current context, Tallgrass assets in operation have advantages over competing projects in development

Diversified base of offtakers

- High customer diversification
- Investment grade clients or with letters of credit granted for the volume under contract

Growth platform

- Attractive opportunities for expansion and growth
- Future growth while maintaining a solid balance sheet structure
- Excellent investment track record ($3.5bn 2014-2019)

Robust financial structure and high liquidity position

- High visibility in the generation of long-term cash flows
- High liquidity position ~ $1,000 M
- No significant maturities until June 2022

Long-term commitment of current partners

- Continuous support from partners since January 2019, as confirmed in the Company's "take private" deal
- Long-term investment opportunity in critical infrastructure in the US

Tallgrass Energy: Market context and price performance

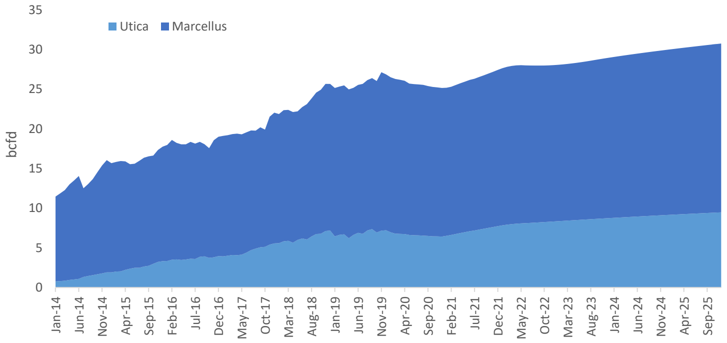
Recovery of oil and natural gas prices and progressive stabilisation of market conditions (demand and production) as economies revive

- The confinement measures due to COVID-19 have translated into a sharp drop in activity and demand during the second quarter of the year, which has been more pronounced in oil.
- In its latest monthly report in July, the US Energy Information Administration (EIA) predicts a gradual recovery in demand and a stabilization of production, both oil and natural gas, as activity recovers.
- Oil and natural gas prices have recovered and stabilised in July to around $40 / bl (WTI) and $1.7 mmBtu (HH) from the historical lows recorded this year. The futures market forward curves discounts a recovery in prices for the remainder of the year and during the coming year.
- Market projections estimate a recovery in production in the medium term in the main operating basins of Tallgrass.
- Although all the indicators are very positive, the new spike in infections in some of the country's de-escalated states could raise uncertainty in the second half of the year.

Tallgrass Energy: Market context and price performance

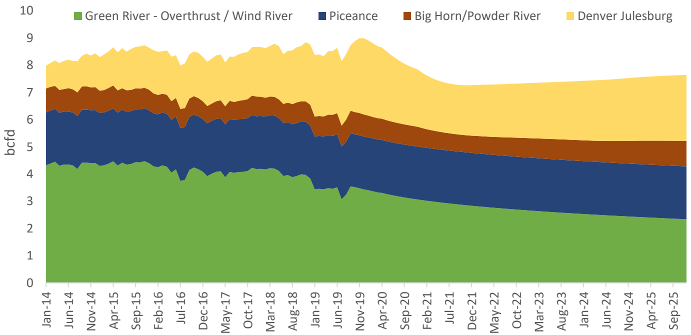
Medium-term recovery of production in the main operating basins of Tallgrass

Appalachian (gas production basins)



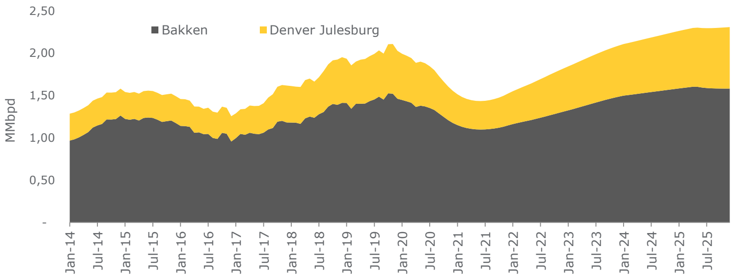
Source: Enverus

Rockies (gas production basins)



Source: Enverus

Bakken & DJ (oil production basins)

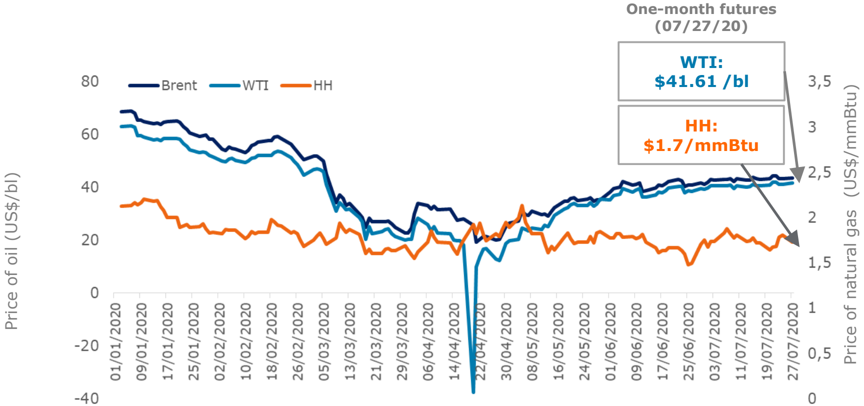


Source: Enverus

Tallgrass Energy: Market context and price performance

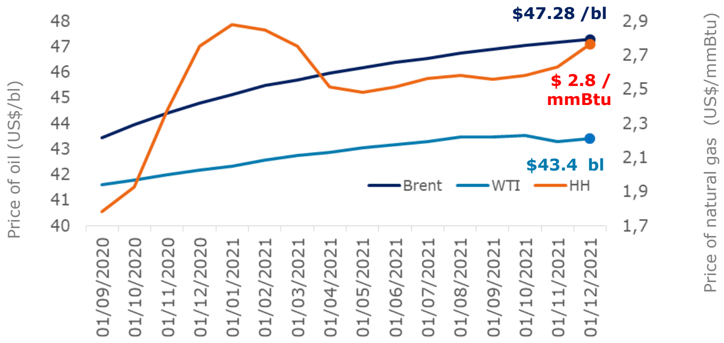
Progressive recovery in the price of oil and natural gas from lows recorded this year

Performance of the price of oil and natural gas



Source: Bloomberg

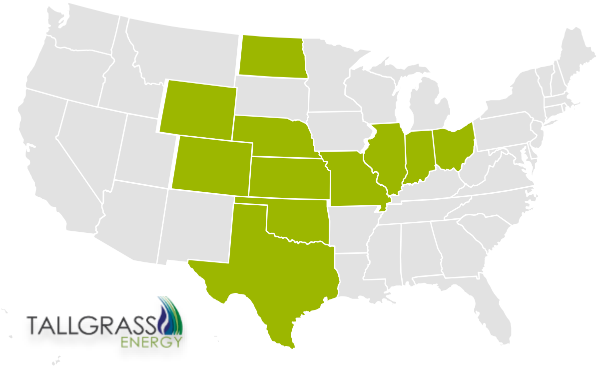
Forward curves (07/27/2020)



Source: Bloomberg

The price of oil recovered and stabilized in July to around $ 40 / bl (WTI) from the historical lows recorded in April. The price of forward curves in the futures market discounts a recovery in prices for the remainder of the year and during the coming year.

Tallgrass Energy: Main highlights 2020



On 26 June, the Cheyenne Connector and Cheyenne Hub projects entered into commercial operation.

Rockies Express (REX)

- Despite the shock in demand and commodity prices due to the COVID-19 pandemic, REX utilisation levels have remained very high. In the eastern section, utilisation has been close to 100%.
- Commissioning of two flagship projects, the Cheyenne Connector and the Cheyenne Hub.
- These projects will allow natural gas production from the DJ Basin (Colorado) to access markets in the Midwest or the coast through other connected pipelines in Cheyenne (including REX).
- This new volume of gas supplied in Cheyenne will facilitate the re-contracting of the West to East.
- The demand shock caused by COVID-19 triggered high volatility in prices and halted negotiations with shippers. The stabilisation of prices and the entry into commercial operation of the Cheyenne Connector and Hub will allow negotiations to continue.

Pony Express (PXP)

- In the January to April period, record volumes of over 400 thousands of barrels / day were transported. In May and June they were reduced by the cut in production to 250-270 thousands of barrels / day.
- The stabilisation of the price of crude oil at around USD 40 / barrel and the revival of demand led to gradual reopening of the production wells that were shut down.
- The estimate for 4Q 2020 is a recovery of volumes similar to those transported in 1Q 2020 before the crisis to maintain current market conditions.
- In the medium term, projections for the production of the key oil basins for Tallgrass (Bakken and DJ) show recovery from pre-crisis levels.
- The promoters of the competing Liberty project have announced its postponement, with no expected date of reactivation.

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Tallgrass Energy and Enagás business plan

Average dividend expected by Enagás in period 2020-2026: 140 million euros

- TGE's EBITDA and cash flow is 70% protected through long-term take-or-pay contracts (averaged 5 years on REX WE, 12 years REX EW and 5 years on Pony Express), which means high visibility in expected cash generation.
- Diversification of cash flows by geography, customer and activity further mitigates risk and supports the stability of long-term cash flow.
- Good prospects for transported volumes and short-term capacity re-contracting.
- High liquidity position of the company of ~ $ 1 billion and no significant maturities through June 2022.
- The average expected investment in TGE in the 2020-2026 period is USD 350/400 million per year, which will make a significant contribution from new projects to the company's EBITDA.

Trans Adriatic Pipeline (TAP)

In June, the subsea section of the gas pipeline was completed, the last major construction element of the project.

The overall progress of the project has reached 96.4% and commercial operational start-up is expected in 4Q 2020.

- The degree of progress of the project is currently 96.4% and is in line with plans.
- TAP continues to operate normally on all work fronts. The contingency plans deployed during the coronavirus crisis in Europe have mitigated impacts on the progress of the project and the planned date of commercial operation is maintained as within Q4 2020.
- The last constructive element of great significance in the project, the 105 km of the subsea section of the gas pipeline, in waters of the Adriatic Sea, was completed in early June, including the pipeline laying work as well as the pressure tests to ensure its integrity.
- Infrastructure commissioning work is progressing according to plan, with approximately 85% of the pipeline pressurised with gas, some 750 km, including sections in Greece and Albania.
- On 20 May, the first entry of Azeri gas in Albania took place, placing this country for the first time on part of the European energy map.
- Until the project starts up, Enagás will continue, as planned, to make capital contributions to TAP amounting to 9 million euros.

Gasoducto Sur Peruano (GSP)

On 2 July 2018, Enagás filed a request for arbitration against the Republic of Peru before the International Centre for Settlement of Investment Disputes (ICSID) regarding its investment in GSP, under the terms of the Agreement for the Promotion and Reciprocal Protection of Investments (APPRI) entered into between the Republic of Peru and the Kingdom of Spain.

The arbitration procedure is taking place according to the established procedural calendar and the procedure is currently in the documentary disclosure phase.

The Peruvian State filed its reply to the complaint, our international legal advisers are already working on the next steps to follow.

According to the procedural calendar approved by the Arbitral Tribunal, the legal advisors consider that the award that ends the arbitration procedure should be issued in 2022.

The Company is at the disposal of the Peruvian State to reach an amicable agreement to end the arbitration procedure.

Contents

European Hydrogen Strategy horizon 2050

Hydrogen is essential to achieve the objective of climate neutrality in Europe. Its role in the energy mix is expected to increase from the current 2% to 13-14% in 2050.

European Commission Communication: “A Hydrogen Strategy for a Climate Neutral Europe” (COM (2020) 301)

Electrolysers

- **2024**: installation of at least **6GW** of capacity that will support output of 1mt of green hydrogen.
- **2030**: installation of at least **40GW** of capacity that will support output of 10mt of green hydrogen.

Investments 2050E

Between €180,000M and €470,000M in renewable hydrogen production capacity until 2050

- Electrolyser connection with renewable generation: between € 220,000M and € 340,000M
- Hydrogen transport and storage: €65,000M
- Electrolysers: between € 24,000M and € 42,000M
- Low carbon hydrogen: between € 3,000M and € 18,000M
- Carbon capture and storage: €11,000M

Investment in capacity of hydrogen production in the EU as a whole ~ € 470 billion in 2050

Renewable gases´ strategy in Spain and Europe

Existing gas infrastructures can be adapted to transport hydrogen at an affordable cost

European Hydrogen Backbone Plan

- Spanish Government is working to develop some Hydrogen, Biogas and Storage strategy Roadmaps in the second half of 2020.
- Enagás has an active participation with the regulators, proposing specific measures during the previous public consultations for these Roadmaps, that have been promoted by the Ministry of Ecological Transition and Demographic Challenge.
- At an European level, Enagás has launched the report "European Hydrogen Backbone Plan" together with other 10 gas infrastructure companies, to develop a specific hydrogen transport infrastructure in Europe.

Positioning in the decarbonisation process

Current positioning of Enagás
Hydrogen and Biogas/Biomethane

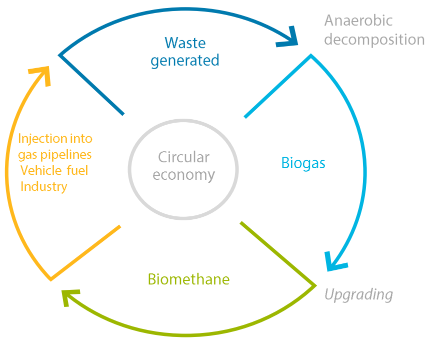
Hydrogen

Electric energy from renewable sources

H2

- Mobility
- Electricity generation
- Industry
- Tertiary / domestic use

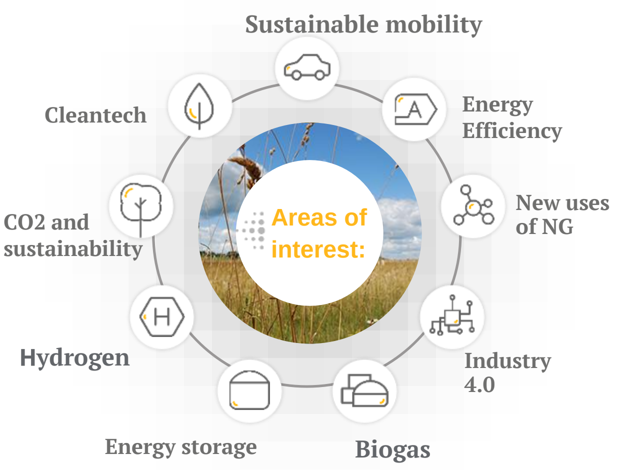
Biomethane



Clear commitments in the decarbonisation process

Enagás Emprende

Through **Enagás Emprende**, its Corporate Venturing initiative, Enagás accelerates and invests in innovative startups and technologies that drive the energy transition.



- Within their areas of concern, **RENEWABLE GASES** (Biogas and Hydrogen) and the **SUSTAINABLE MOBILITY** due to their impact on decarbonisation are the priority.

- Thus, of its 12 invested startups, 8 are included in these areas and projects such as **ECO-NET or LNGHIVE2** have been promoted.

BIOENGAS SCALE GAS Gas2Move SEaB energy DualMetha HELIOPROD THANISATION TROVANT HYGEN

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Enagás' current position Hydrogen and Biogas-Biomethane Progress in 2Q 2020:

Green Crane Project

- OBJECTIVE: Development of a value chain through specific projects for the production of green hydrogen from renewable generation for the decarbonisation of economic sectors.
- BACKGROUND: In October 2019, Enagás presented the "Green Spider" project in Brussels as a candidate for an important project of common European interest (IPCEI), a proposal that, together with the Italian one, and with the aim of combining synergies, was officially presented in Europe last month April under the name "Green Crane".

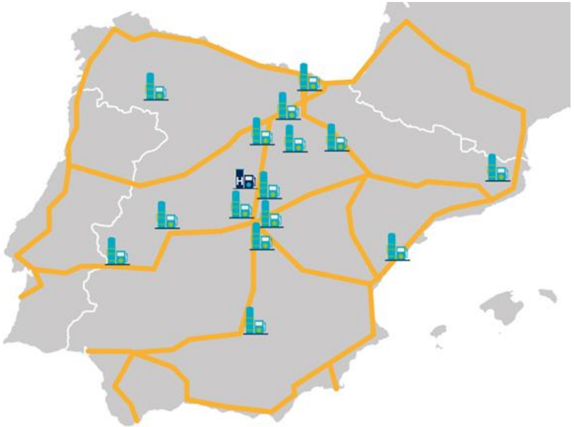
  The formal channelling of IPCEI projects to Europe is carried out through the governments of each country. On 15 June, Enagás presented the Green Crane project, and the 8 sub-projects that comprise it, to the official call for proposals launched in Spain by the Ministry of Industry.
- BENEFITS: This project will allow us to strengthen the European energy system and position Spain as a gateway for hydrogen in Europe with existing storage and transport facilities.

The EU supports Enagás in the development of 16 vehicle supply points for LNG, biogas and hydrogen

ECO-net project
Responsible mobility with the environment

- OBJECTIVE: contribute to the decarbonisation of transport by introducing LNG, biogas and green hydrogen as fuels.
- PROJECT: Coordinate the construction of 16 alternative fuel supply points to traditional fuels for heavy vehicles and passenger cars within a period of up to three years. These supply points, 15 of LNG and one of hydrogen - the first in Spain at 700 bar pressure - will be distributed along the Spanish corridors of the Trans-European Transport Network
- Map of the Spanish corridors of the Trans-European Transport Network: Castellón, Madrid (4 facilities), Guipúzcoa, Zamora, Gerona, Jaén, Álava, Navarra, La Rioja, Burgos, Cáceres and Badajoz; and a hydrogen supply point in Madrid.

Spanish corridors of the Trans-European Transport Network



The EC approves 2 bunkering projects in Barcelona and Algeciras

LNGHIVE2 Projects Barcelona and Algeciras
CEF Call for Proposals (TRANS-EUROPEAN TRANSPORT NETWORK 2019)

- **100% was granted of the subsidy requested** for the bunkering projects in Barcelona and Algeciras
- EU recognition of the role of natural gas in the energy transition.

LNGHIVE2 Barcelona

- ✓ PROJECT: Construction of a 5,000 M3 LNG supply barge
- ✓ GRANT AWARDED: €9,157,700
- ✓ Total budget: €46 M (Enagás 50%)
- ✓ Term: 2 years

LNGHIVE2 Algeciras

- ✓ PROJECT: Construction of a 12,500 M3 LNG supply barge
- ✓ GRANT AWARDED: €11,292,800
- ✓ Total budget: €56 M (Enagás 100%)
- ✓ Term: 3 years

ESG commitment

Leadership in sustainability indices and rankings:

- For the 12th consecutive year, Enagás was included in the Dow Jones Sustainability Index (DJSI), **topping the world ranking** in the Oil & Gas Storage & Transportation sector, with a **Gold Class** distinction.
- Enagás has earned the recognition of CDP for having been included in the **CDP Climate Change 'A List'**. The company is committed to achieving **carbon neutrality by 2050**.
- Enagás has been recognised for its **people management and gender equality model.**
- Enagás' **General Meeting of shareholders** has been certified by AENOR as a **sustainable event.**

Transparency in financial and non-financial information:

The **Enagás 2019 Annual Report** approved at the 2020 General Meeting of shareholders complies with Law 11/2018 on the disclosure of non-financial information and diversity, was drawn up according to the principles of integrated reporting and includes our contribution to the United Nations' Sustainable Development Goals (SDG).

Contents

Shareholder remuneration 2020E-2026E

Shareholder remuneration remains our strategic priority.

- On 9 July, following approval by the shareholders at a General Meeting, a final dividend of 0.96 euros per share was paid for 2019, in line with the annual commitment for 2019 to distribute 1.60 euros per share (+5% on 2018).

- The results of the stress tests carried out by the company in an environment of high uncertainty and volatility allow us to face all our commitments and reaffirm our dividend policy objective in 2020.

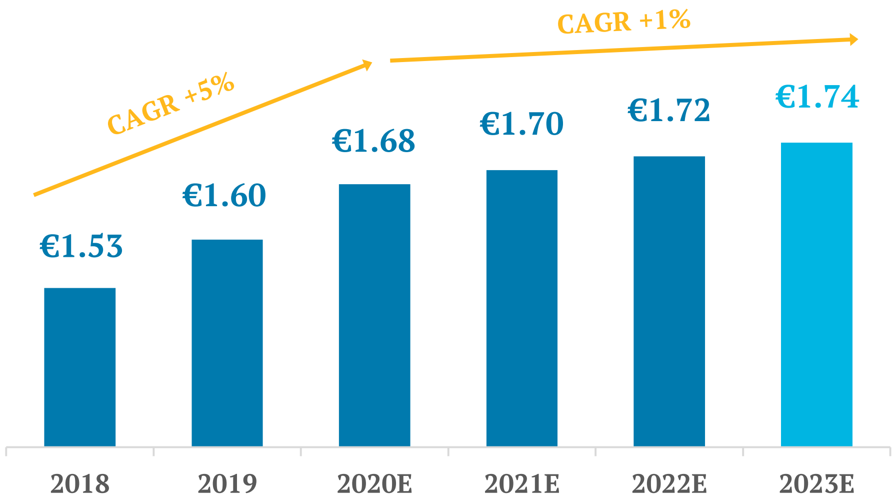
- **2020 dividend commitment** to our shareholders **1.68** euros per share **(+ 5%)**

The high predictability of our cash flows and robust balance sheet structure provide the room for manoeuvre to honour our commitment to our dividend policy and continue to grow sustainably in the future.

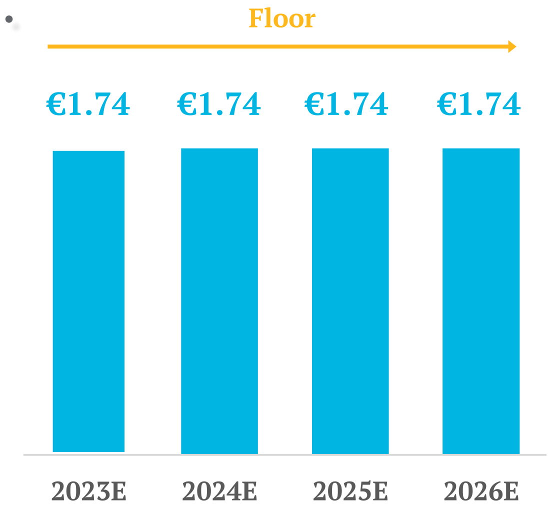
Shareholder remuneration 2020E-2026E

Dividend sustainable in the long term

We ratify our dividend commitment until 2023



Dividend sustainable in the long term



Contents

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Conclusions

- Our **priority is people's health and safety** and to continue to normally provide an essential service: the supply of natural gas.
- The **gas system is operating normally** thanks to the rigorous contingency plan that we have put in place.
- **All** Enagás **affiliates have implemented contingency plans against COVID-19**, **all of which are operational and contributing to supply security** in the countries in which we are present.
- We **maintain** our estimate of **net profit for the end of the year (€440M)** and the **payment of the expected dividends.**
- **Excellent liquidity situation** that allows us to deal with the current situation with no problems.
- Closing of the **second phase** of investment in **Tallgrass ("take private") in line with timetable.**
- **Commitment to maintain and reinforce** Enagás **leadership in ESG** as a fundamental pillar of the company's strategy

Disclaimer

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These assumptions, information and forward-looking statements are not guarantees of future profitability and entail risks and uncertainties, since the real outcomes could differ considerably from such assumptions and forward-looking statements resulting from many different factors.

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Thank you very much