



1Q 2016 Results

April 19th, 2016

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Conference-call/Webcast:
April 19th, 2016. 09.00 CET

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Highlights

- ⌘ **Net profit** to 31 March 2016 **increased by 0.5%** year-on-year to €101.2 Mn. Affiliates contribution to net profit rose up to 17.2% compared with 8.9% in the first quarter of 2015.
- ⌘ **FFO (Funds from Operations) in the first quarter of 2016 amounted to €194.5 Mn, virtually in line with the figure for the same period in 2015.**

However, highlight that the Operating Cash Flow has increased by **49.2%** year-on-year thanks not only to the strength of our FFO, but also to the **improvement in our working capital.**

- ⌘ **Investments** in the quarter amounted to **€71.9 Mn**, from which €11.7 Mn were invested in Spain and €60.2 Mn on ongoing international investments.

It is also worth noting that on **31 March 2016**, Enagás agreed to increase its stake in **Transportadora de gas del Perú (TgP) from 24.34% to 25.98%** for a total payment of **\$31.9 Mn.**

This transaction is subject to the possible exercise of pre-emptive subscription rights by other shareholders and therefore **is not included in the investment figure of the first quarter of 2016.**

- ⌘ Net financial debt at the end of the first quarter stood at **€4,145.8 Mn**, implying an **FFO** (last 12 months)/**Net Debt ratio** of **16.7%**.
- ⌘ The **average net cost of debt** at 31 March 2016 was **2.3%**, far lower than the figure of 3.0% at the end of the first quarter of 2015.
- ⌘ **Domestic gas demand**, adjusted for the effect of temperature differences and labour seasonality, stood at 91.9 TWh, **down -1.4%** compared with the same period of 2015.
- ⌘ Enagás improved its ranking in the **2016 Global 100 Most Sustainable Corporations in the World index** rising from the **nineteenth position to the sixth position in 2016.**

Key Figures

Income Statement (€Mn)

January - March (€Mn)	2016	2015	% change
Total income	298.8	302.3	-1.2%
EBITDA	206.9	221.6	-6.6%
EBIT	138.1	147.4	-6.3%
Net result from equity affiliates	17.4	8.9	94.7%
Net profit	101.2	100.7	0.5%

Balance Sheet and Leverage Ratios

	Mar. 2016	Dec. 2015
Total assets (€Mn)	7,880.6	7,751.9
Net debt (€Mn)	4,145.8	4,237.0
Equity (€Mn)	2,231.0	2,318.9
Net Debt/EBITDA ⁽¹⁾	4.4x	4.5x
FFO (last 12 months) / Net Debt	16.7%	16.4%
Net Debt Cost	2.3%	2.7%

(1) EBITDA adjusted for dividends from affiliates

Cash Flow and Investments

January - March (€Mn)	2016	2015	% change
Funds From Operations	194.5	198.9	-2.2%
Dividends from affiliates ⁽²⁾	8.4	0.0	-
Operating Cash Flow	155.9	104.5	49.2%
Investments	71.9	51.0	41.0%

(2) includes subordinated debt interest charged to affiliates

Earnings Performance

Income Statement

€Mn (unaudited figures)	31 March 2016	31 March 2015	% change
Revenues from regulated activities	283.7	289.2	-1.9%
Other operating revenues	15.1	13.1	15.1%
Total operating revenues	298.8	302.3	-1.2%
Personnel expenses	-26.5	-22.8	16.4%
Other operating expenses	-65.4	-57.9	12.8%
Total operating expenses	-91.9	-80.7	13.8%
EBITDA	206.9	221.6	-6.6%
Depreciation/Amortisation charge	-68.8	-74.2	-7.3%
Operating Profit (EBIT)	138.1	147.4	-6.3%
Financial Result	-24.8	-19.1	29.5%
Net result from equity affiliates	17.4	8.9	94.7%
Profit before tax	130.7	137.2	-4.7%
Corporate tax	-29.3	-36.3	-19.3%
Minority interests	-0.2	-0.2	21.8%
Net profit for the period	101.2	100.7	0.5%

Operating revenues

At the end of 1Q16 total revenues amounted to **€298.8 Mn, in line with the figure for the same period in 2015.**

Note that regulated revenues for 2016 include the update for the higher remuneration of the TSO in line with Ministerial Order IET 2736/2015.

Operating Expenses

Enagás' operating expenses rose 13.8% compared with the first quarter of 2015.

This increase is mainly due to higher personnel expenses stemming from the impact of the annualisation of personnel contracting in 2015 as a consequence of the company's international expansion, and by a change in scheduling of other operating expenses compared with the first quarter of 2015.

EBITDA in the first quarter amounted to €206.9 Mn, down -6.6% year-on-year, mainly due to the aforementioned impacts.

Depreciation and amortisation charges

D&A fell 7.3% to **€68.8 Mn**.

As a result, **EBIT** at 31 March amounted to **€138.1 Mn**, down **6.3%** year-on-year.

Financial Result

The **financial result** was **-€24.8 Mn** in the first quarter of 2016 compared with **-€19.1Mn in the same period of 2015**.

Although **the financial result associated to debt** has improved as a result of a fall in the financial cost between both periods (2.3% at 31 March 2016 vs 3.0% at 31 March 2015), the net financial result worsened as a result of one-off factors in the period.

Net result from equity affiliates

Net result from equity affiliates increased from €8.9 Mn to €17.4 Mn, **a year-on-year growth of 94.7%**, mainly due to the contribution of the new brownfields acquired in 2015.

It is notable that the **contribution to results of the brownfield projects** (BBG, Saggas, GNL Quintero, Altamira, TgP, COGA and Swedegas) **reached €25.0 Mn** which, adjusted for the amortization of PPA (purchase price allocation), **results in a positive net contribution of €19.6 Mn**.

It should also be noted that the net result from equity affiliates cannot be extrapolated to the rest of the year due to the contribution of greenfield projects (mainly TAP and GSP), whose results are linked to the stage of the project.

Corporate tax

In 2016 the **corporate tax rate** has been reduced to **25% from 28%** in 2015, in line with the fiscal reform published in 2014.

Net profit

Net profit at the end of 1Q16 amounted to **€101.2 Mn, up 0.5%** compared with €100.7 Mn at 31 March 2015.

Cash Flow and Balance Sheet

Consolidated cash flow statement

€Mn (unaudited figures)	January- March 2016	January- March 2015
EBITDA	206.9	221.6
Tax	-0.3	-0.3
Interest	-23.6	-15.1
Dividends	8.4	0.0
Adjustments	3.2	-7.3
FUNDS FROM OPERATION (FFO)	194.5	198.9
Changes in working capital	-38.6	-94.4
Trade and other receivables	-6.5	-90.5
Trade and other payables	-32.2	-4.0
OPERATING CASH FLOW (OCF)	155.9	104.5
Investments payments	-73.1	-51.0
International business	-61.4	-10.1
Business in Spain	-11.7	-40.9
Other financial assets	0.0	-0.1
Assets held for sale	0.0	0.0
Proceeds from disposals	1.2	0.0
Other cash flows from investing activities	0.0	0.0
Net cash flows used in investment activities	-71.9	-51.0
FREE CASH FLOW (FCF)	84.0	53.5
Dividends paid	0.0	0.0
DISCRETIONAL CASH FLOW (DCF)	84.0	53.5
Maturity of long-term debt	-10.0	-440.4
Total financing requirements before revolving credit facilities	74.0	-386.9
Maturity of short-term debt issued	-258.6	-160.1
Total financing requirements	-184.6	-547.0
Long-term debt issues	0.0	651.4
Short-term debt issues	355.6	159.9
Net financing flows	87.0	210.9
NET CASH FLOWS	171.0	264.3
Cash and cash equivalents – opening balance	224.6	551.4
CASH AND CASH EQUIVALENTS – CLOSING BALANCE	395.6	815.8

Balance Sheet

€Mn

ASSETS

	Mar. 2016	Dec. 2015
Non-current assets	7,035.2	7,072.0
Intangible assets	75.7	80.3
<i>Goodwill</i>	25.8	25.8
<i>Other intangible assets</i>	49.9	54.5
Investment properties	25.0	25.0
Property, plant and equipment	5,126.1	5,183.4
Equity-accounted investments	1,206.4	1,191.1
Other non-current financial assets	529.4	518.8
Deferred tax assets	72.6	73.4
Current assets	845.4	679.9
Inventories	17.4	16.9
Trade and other receivables	424.2	426.4
Other current financial assets	5.3	7.5
Other current assets	3.0	4.5
Cash and cash equivalents	395.6	224.6
TOTAL ASSETS	7,880.6	7,751.9

LIABILITIES AND EQUITY

	Mar. 2016	Dec. 2015
Equity	2,277.2	2,391.6
Capital and reserves	2,231.0	2,318.9
Issued Capital	358.1	358.1
Reserves	1,771.7	1,674.2
Profit for the year	101.2	412.7
Interim dividend		-126.1
Measurements adjustments	31.5	58.2
Non-controlling interests (external partners)	14.7	14.4
Non-current liabilities	4,744.8	4,716.4
Non-current provisions	164.7	167.0
Non-current financial liabilities	4,228.3	4,192.8
<i>Bank borrowings</i>	1,806.6	1,758.3
<i>Bonds and other marketable securities</i>	2,331.8	2,323.4
<i>Long-term asset suppliers</i>	0.2	0.1
<i>Derivatives</i>	69.9	91.5
<i>Other financial liabilities</i>	19.8	19.5
Borrowings from related parties	0.0	0.0
Deferred tax liabilities	302.3	306.1
Other non-current liabilities	49.5	50.5
Current liabilities	858.5	644.0
Current financial liabilities	621.5	402.8
<i>Bank borrowings</i>	155.6	125.8
<i>Bonds and other marketable securities</i>	259.3	259.4
<i>Derivatives</i>	13.3	13.4
<i>Other financial liabilities</i>	193.3	4.2
Trade and other payables	237.1	241.2
TOTAL LIABILITIES	7,880.6	7,751.9

Funds From Operations

FFO (Funds from Operations) in the first quarter OF 2016 amounted to €194.5 Mn, down 2.1% compared with the same period in 2015.

However, it is important to note the contribution from our affiliates through dividends, which stood at €8.4 Mn at 31 March 2016.

In addition, highlight that our affiliates in Latin America are not affected by the depreciation of local currencies since these companies are completely dollarised (investment, revenues and dividends in USD).

Finally, it is worth mentioning that the Operating Cash Flow has increased by 49.2% year-on-year thanks not only to the strength of our FFO but also to the improvement in our working capital.

Investments

Investments in the first quarter of 2016 amounted to **€71.9 Mn**, with €11.7 Mn invested in Spain and €60.2 Mn in international ongoing investments.

Investment figures at 31 March 2016 remains in line with the annual investment target.

International investment corresponds mainly to the ongoing investment in Gasoducto Sur Peruano (GSP) in Peru.

It is also worth noting that on 31 March 2016, Enagás agreed to increase its stake in Transportadora de Gas del Perú (TgP) from 24.34% to 25.98%.

This agreement would entail the acquisition of 1.64% of TgP from the Peruvian company Graña y Montero for a total consideration of \$31.9Mn.

It is important to note that this transaction is subject to the possible exercise of pre-emptive subscription rights by other shareholders and therefore is not included in the investment figure in the first quarter of 2016. If this transaction proceeds, this additional 1.64% stake would be consolidated using the equity method from the date on which the acquisition becomes effective.

Net Debt

At 31 March 2016, the Company's **net financial debt** stood at **€4,145.8 Mn**, compared with €4,237 Mn at 31 December 2015.

This represents a **Net Debt/EBITDA ratio, adjusted by the dividends collected from affiliates, of 4.4x** and an **FFO (last 12 months) /Net Debt ratio of 16.7%**.

At 31 March 2016, 84% of the net debt had been issued in euros, 14% in dollars and 2% in Swedish krona. In addition, 36% is institutional debt, 57% is issued in the capital markets and the remaining 7% is commercial paper.

The **average net cost of debt** at 31 March 2016 was **2.3%**, compared with 3.0% for the same period in 2015, mainly as a consequence of the two bond issues carried out in 2015 **amounting to a total of €1,000 Mn and the cancellation of higher-cost debt.**

At 31 March 2016, the **average maturity** for debt was **6.2 years and 83% of net debt** was **fixed rate.**

In terms of **funds available**, as of 31 March 2016, the Company had liquidity of **€2,330 Mn**, sufficient to enable us to move forward and achieve our strategic objectives.

OPERATING HIGHLIGHTS

Demand

The first quarter of 2016 was shaped by two principal factors: unusually high temperatures for the time of year and lower electricity generation due to lower demand and higher hydraulic output.

Demand for natural gas in the domestic market, adjusted for the effect of temperature differences and labour seasonality, stood at **91.9 TWh, down 1.4% compared with the same period a year earlier.**

It is worth noting that industrial demand, which represents over fifty per cent of consumption in Spain, remains robust and grew by 1.8% year-on-year.

SIGNIFICANT EVENTS IN 2016

Date	Significant event
01 -04 -2016	Standard form for the notification of Home Member State - Enagás Financiaciones
01 -04 -2016	Enagás Financiaciones IAGC
01 -04 -2016	Enagás Transporte IAGC
31 -03 -2016	Enagás Internacional, S.L.U. reached an agreement to acquire 1.64% of Transportadora de Gas del Perú, S.A. (TgP) from the Peruvian company Graña y Montero S.A.A.
31 -03 -2016	Date of presentation of results for the first quarter of 2016
30 -03 -2016	Further to the resolution carried by the General Meeting of Shareholders on 18 March 2016, the Board of Directors of Enagás, S.A. approved implementation of the Long-Term Incentive Plan
29 -03 -2016	The Board of Directors of Enagás S.A., at its meeting held on 29 March 2016, agreed to appoint Ms. Ana Palacio Vallelersundi as a member of the Appointments, Remuneration and Corporate Social Responsibility Committee.
18 -03 -2016	Resolutions adopted at the 2016 General Shareholders' Meeting
01 -03 -2016	Standard form for the notification of Home Member State. Enagás Transporte.
17 -02 -2016	The company submits the 2015 Annual Corporate Governance Report.
17 -02 -2016	The company submits information on its results for the second half of 2015
17 -02 -2016	The company submits the Annual Directors' Remuneration Report for 2015
17 -02 -2016	Notice of Ordinary General Shareholders' Meeting
16 -02 -2016	Presentation of 2015 Results and 2016 -2020 Outlook
16 -02 -2016	Information on 2015 results
21 -01 -2016	Presentation date of 2015 Results and 2016 - 2020 Outlook

APPENDIX I: COMPANY ASSETS

Enagás' Gas System Assets 31-03-2016

REGASIFICATION ASSETS	Units	m ³ or m ³ /h
LNG tanks (number and capacity)	16.0	1,957,000.0
Nominal regasification capacity		4,650,000.0
Tank loaders	9.0	
TRANSMISSION ASSETS	Units	Km
Km. of operational gas pipeline		10,314.0
Compressor stations	19.0	
Gas regulation and metering stations	491.0	
UNDERGROUND STORAGE ASSETS	Units	Mm ³ /day
No. of storage facilities	3.0	
Max. injection		18.9
Max. output		27.4

Notes:

- 1) Enagás holds a 50% stake in the BBG regasification plant, which currently has three 150,000 m³ LNG storage tanks and a nominal regasification capacity of 800.000 m³(n)/h.
- 2) Enagás holds a 30% stake in the Saggas regasification plant, which currently has four 150,000 m³ LNG storage tanks and a nominal regasification capacity of 1,000,000 m³(n)/h.

Spain



International



APPENDIX II: CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Indexes, certifications and assessment agencies

	<p>Enagás has been a member of the United Nations Global Compact since 2003. Since 2011, the Progress Report has met all the criteria for the GC Advanced level. It was also included in the Global Compact 100 index in 2013.</p>		<p>Enagás' management model was once again awarded the EFQM 500+ European Seal of Excellence in 2014.</p> <p>In addition, Enagás won the EFQM Good Practice Competition award in 2014.</p>
	<p>Enagás has been a member of the Dow Jones Sustainability World Index (DJSI) since 2008. The Company is ranked Bronze in the Sustainability Yearbook 2016 published by ROBECOSAM.</p>		<p>Since 2008, the content of Enagás' Annual Report has been externally verified and drawn up under the AA1000APS standard and in accordance with the Global Reporting Initiative (GRI). The 2015 Annual Report has been submitted for the GRI Content Service Index "in accordance" with the comprehensive option of the GRI-G4 requirements.</p> <p>Since 2012, Enagás' Annual Report has been prepared according to the integrated reporting principles of the International Integrated Reporting Council (IIRC).</p>
	<p>Enagás has been a member of the FTSE4Good index since 2006.</p>		<p>Enagás is the highest ranked (6th) Spanish company in the Global 100 index for 2016, and is recognised as the global leader of the Gas Utilities sector.</p>
	<p>Enagás has been a member of the Ethibel Pioneer & Excellence Europe index since 2009.</p>		<p>Enagás has been rated "B Prime" by oekom since 2010, and in 2014 joined the Global Challenges Index for the first time.</p>
	<p>Enagás has been a constituent of the MSCI Global Sustainability Indices since 2010.</p>		<p>Enagás has been involved in the CDP Climate Change program since 2009. In 2015, Enagás was awarded Level B for Performance and 99 points for Transparency.</p> <p>It has also been involved in the CDP Supply Chain program since 2015 and in the CDP Water program since 2016.</p>
	<p>Enagás has been certified as a Family-Responsible Company since 2007 and maintains its "B+ Proactive" rating.</p>		<p>In 2015, Enagás was recognised for the fifth year running as being one of the Top Employers Spain, meaning the company was found to be one of the best companies to work for.</p>
	<p>Enagás holds the "Equality at Work Seal" from the Spanish Ministry of Health, Social Policy and Equality, first issued in 2010.</p>		<p>Enagás holds ISO 9001:2008 certification for its technical system (TSM), asset management, infrastructure development and information systems management processes.</p>
	<p>In 2015 Enagás was awarded the Bequal seal for its commitment to the inclusion of people with disabilities.</p>		<p>Enagás holds ISO 14001:2004 certification for its management of gas transmission and storage infrastructure processes, asset management and Central Laboratory. The company's Huelva and Barcelona plants also hold EMAS certification.</p>
	<p>Since 2011, Enagás has held SSAE 16 certification for its "System capacity management and viability analysis" and "System security of supply/technical management of underground storage" procedures.</p>		<p>The Occupational Risk Prevention Management System of the Enagás GTS, S.A.U., Enagás Internacional S.L.U., Enagás S.A. and Enagás Transporte S.A.U. companies of the Enagás Group hold OHSAS 18001:2007 certification. Enagás was awarded a 'Healthy Company' certificate in 2015.</p>

Enagás is a world leader as the most sustainable company in its sector, according to the Global 100 index

Enagás has managed to reach sixth position of the 2016 Global 100 Most Sustainable Corporations in the World, presented on January 21st, 2016 by the agency Corporate Knights.

The company, one of the two Spanish companies in this year's review, improved its ranking, up from 19th in 2015 to sixth in 2016. Furthermore, the company continues to be recognized as a leading worldwide company in the Gas Utilities sector according to this index.

In compiling this ranking, Corporate Knights has assessed all listed companies with market capitalization of at least US\$2 billion and has identified the 100 most sustainable businesses. In doing this it has considered 12 indicators related to aspects concerning the environment, capacity for innovation, safety, management of staff and remuneration of management.

In 2013 and 2015 Enagás was also recognized as one of the 100 most sustainable companies, worldwide leader in the Gas Utilities sector and the leading Spanish company.

Sustainability is one of the four strategic pillars of Enagás. The company boasts a presence on the leading sustainability indexes, including the prestigious Dow Jones Sustainability Index (DJSI).

APPENDIX III: Contact information

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