



3Q 2017 Results

October 17th, 2017

Highlights	1
Main highlights	2
Earnings Performance	3
Cash Flow and Balance Sheet	6
Operating Highlights	9
Significant Events	9
Appendix	10

Conference-call/Webcast:
October 17th, 2017. 09.00 CET

Spanish telephone number:
+34 91 414 20 21 / Pin Code: 66016160#

English telephone numbers:
+44 (0) 203 043 2440 / Pin Code: 42986148#
+34 91 414 20 21 / Pin Code: 42986148#

www.enagas.es

Highlights

- ⌘ In accordance with the rules and requirements established by the applicable accounting standards (IFRS), the criterion of presenting the result using the Equity Method has been changed, and is now recorded within the Operating Profit, to the extent that the investees perform the same activity as the corporate purpose of the Enagás Group. For the purposes of the management information, the PPA will be included in the depreciation line of the income statement.
- ⌘ Since January 2017, the consolidation perimeter **has incorporated GNL Quintero in the Enagás financial statements** using global integration. To make it easier to compare these results with 2016, we have presented the proforma information, integrating GNL Quintero using the equity method ("stand alone financial information") considering a 45.4% participation.
- ⌘ **Net profit** as of 30 September 2017 **rose 18.4% year-on-year** to €375.7 million. Without taking into account the **accounting effects deriving from the consolidation of GNL Quintero for the amount of 53.2 million euros**, the growth of the **stand alone net profit** compared to 30 September 2016 **would be 1.6%**.
- ⌘ The accumulated **FFO (Funds from Operations)** as of September 2017 increased to **706.7 million euros, 15.6% higher than that generated in the same period of 2016** due to the greater collection of dividends from our subsidiaries, 85.2 million euros compared to 53.0 million euros as of 30 September 2016, **and due to the effect of the global consolidation of Quintero on 1 January 2017.**
- ⌘ **OCF (Operating Cash Flow)** reached **732.1 millions euros, +20.8% higher than the 606.0 million euros reported on 30 September 2016.** This increase is mainly due to a more favourable evolution of the working capital as a result of the higher turnover of the Gas System due to the increase in gas demand in Spain.
- ⌘ The **contribution of investee companies to the after-tax stand alone profit** on 30 September 2017 was **15.1%**, higher than the 14.8% registered in the same period of the previous year.
- ⌘ Net **investments** as of 30 September 2017 were **252.8 million euros. The most important items included are the cash outflow for the payment of the guarantees provided in Gasoducto Sur Peruano for the amount** of 213 million euros and 122.9 million euros of ongoing investment in TAP, the increase in participation in the COGA company for 8.3 million euros and the sale of 15% of the capital of GNL Quintero to ENAP for the amount of 140.6 million euros.
- ⌘ In its 2017 annual review, S&P and Fitch reaffirmed Enagás' "A-" rating.
- ⌘ The Company's stand alone **net financial debt** at the end of Q4 2017 stood at **4,609.1 million euros, leaving an FFO (last 12 months)/Net Debt ratio of 17.1%.** Including the net debt of GNL Quintero (667.1 million euros), the net debt stands at 5,276.2 million euros.
- ⌘ The **stand alone net average financial cost** was **2.3%. If we consider the effect of the consolidation of GNL Quintero, the net average financial cost is 2.8%.**
- ⌘ The **demand for natural gas** from the national market reached 247,517 GWh, **9.3%** more than that on 30 September 2016.
- ⌘ For the tenth year in a row, Enagás has renewed its presence on the Dow Jones Sustainability Index, and consolidates as a benchmark in the Oil & Gas Storage & Transportation sector, leading 9 of the 21 fields in the industry.

Main highlights

Income Statement

January-September (€ Mn)	9M2016*	Stand alone 9M2017	Global Integration 9M2017	Var % Stand Alone 2017/2016	Var % Global Int. 2017/2016
Total revenue	899.7	889.1	1,021.7	-1.2%	+13.6%
EBITDA	707.2	702.7	794.2	-0.6%	+12.3%
EBIT	485.4	478.9	534.8	-1.3%	+10.2%
Net profit	317.4	322.5	375.7	+1.6%	+18.4%

(*) EBITDA and EBIT 2016 restated according to new criteria for the presentation of Investee Company results

Balance sheet and leverage ratios

	2016 31 December	Stand Alone 30 Sept. 2017	Global Int. 30 Sept. 2017
Total Assets (€ Mn)	9,248.0	8,709.1	10,273.0
Net Debt (€ Mn)	5,089.0	4,609.1	5,276.2
Total Equity (€ Mn)	2,373.7	2,556.0	2,609.2
Net Debt / EBITDA ⁽¹⁾	5.2x	4.6x	4.8x
FFO/ Net Debt	15%	17.1%	16.2%
Net debt cost	2.4%	2.3%	2.8%

(1) EBITDA adjusted for dividends obtained from affiliates

Cash flow and Investments

January-September (€ Mn)	9M 2016	Stand Alone 9M2017	Global Integration 9M2017	Var % Stand Alone 2017/2016	Var % Global Int. 2017/2016
Funds From Operations	611.5	643.3	706.7	+5.2%	+15.6%
Dividends received from investees (2)	53.0	93.9	85.2	+77.2%	+61.0%
Net investment	-598.4	-249.7	-252.8	-58.3%	-57.7%

(2) Includes subordinated net interest charged to affiliates

According to the Guidelines on alternative performance measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es), the corporate website published a glossary of definitions and reconciliation with the items presented in the Financial Statements of certain alternative financial measures used in this document.

Earnings Performance

Income Statement

Millions of euros (non-audited figures)	9M2016 Restated	9M2017 Stand Alone*	9M2017 Quintero	9M201 Global Integration	Var % 2017 Stand Alone/2016	Var % 2017 GI/2016
Income from regulated activities	843.3	845.9	0.0	845.9	+0.3%	+0.3%
Other operating income	56.4	43.2	132.6	175.8	-23.4%	+211.7%
Total income	899.7	889.1	132.6	1,021.7	-1.2%	+13.6%
Personnel expenses	-81.5	-88.4	-6.1	-94.5	+8.4%	+15.8%
Other operating expenses	-174.9	-171.6	-18.0	-189.6	-1.9%	+8.3%
Operating Expenses	-256.4	-259.9	-24.1	-284.0	+1.4%	+10.7%
Investee Company Results	63.9	73.5	-17.0	56.5	+15.0%	-11.6%
EBITDA	707.2	702.7	91.4	794.2	-0.6%	+12.3%
Depreciation	-204.7	-198.9	-42.0	-240.9	-2.8%	+17.7%
PPA	-17.0	-24.9	6.4	-18.5	+46.2%	+8.5%
EBIT	485.4	478.9	55.9	534.8	-1.3%	+10.2%
Financial result	-75.9	-66.7	15.8	-50.9	-12.0%	-32.8%
Corporate income tax	-91.4	-88.9	-8.3	-97.2	-2.8%	+6.3%
Performance attributed to non-controlling interests	-0.7	-0.7	-10.2	-11.0	+3.0%	n/a
Net profit	317.4	322.5	53.2	375.7	+1.6%	+18.4%

(*) 45.4% of GNL Quintero using the Equity Method

Presentation criteria for Investee Company Results

In accordance with the rules and requirements established by the applicable accounting standards (IFRS), the criterion of presenting the result using the Equity Method has been changed, and is now recorded within the Operating Profit, to the extent that the investees perform the same activity as the corporate purpose of the Enagas Group. For the purposes of this document, the PPA will be included in the depreciation line of the income statement.

As established in these accounting standards, the change has been made to the extent that the weight of the contribution of the investee companies (equity accounted result) on the Company's Net Profit is gaining relevance, and that change improves the true image of the Enagás Group.

This measure does not affect the Company's Net Profit (BDI), Balance Sheet, or Cash Flow.

Operating revenues

Total revenues as of 30 September 2017 was 1,021.7 million euros, which is a +13.6% growth on 30 September 2016. In stand alone terms, without the global integration of GNL Quintero which incorporated 132.6 million euros, income decreased by -1.2% year on year.

Operating Expenses

Operating expenses at the end of Q3 2017 were 284.0 million euros, which includes 24.1 million euros for the global consolidation of the GNL Quintero expenses. In stand alone terms, operating expenses rose by +1.4% compared to those registered on 30 September 2016.

EBITDA

In accordance with the new criteria for presenting the results of investees, EBITDA reported in Q3 2017 includes 56.5 million euros as a contribution from investees. Applying the same criteria to the EBITDA of Q3 2016, it would reach 707.2 million euros, of which, 63.9 million correspond to the results of investees.

Comparing both figures, in the first nine months of the year, the EBITDA increased + 12.3%, mainly due to the global consolidation of **GNL Quintero, which contributed 91.4 million euros.**

Millions of euros (non-audited figures)	9M2016 Restated	9M2017 Stand Alone	9M2017 Global Int.	Var % 2017 Stand Alone/2016	Var % 2017 GI/2016
EBITDA without Investee Results	643.3	629.2	737.7	-2.2%	+14.6%
Investee Company Results	63.9	73.5	56.5	+15.0%	-11.6%
EBITDA	707.2	702.7	794.2	-0.6%	+12.3%

Amortization of Fixed Assets

Provision for the depreciation of assets rose by +17.0% to **259.4 million euros**. It should be noted that the amortisation figure includes 35.5 million euros corresponding to the consolidation of GNL Quintero (of which 6.4 million euros correspond to its associated PPA) and 18.5 million euros associated to the PPA of our investees.

Millions of euros (non-audited figures)	9M2016 Restated	9M2017 Stand Alone	9M2017 Global Int.	Var % 2017 Stand Alone/2016	Var % 2017 GI/2016
Depreciation	-204.7	-198.9	-240.9	-2.8%	+17.7%
PPA (Purchase Price Allocation)	-17.0	-24.9	-18.5	+46.2%	+8.5%
Total Amortisation	-221.8	-223.8	-259.4	+0.9%	+17.0%

As a result, **EBIT** on 30 September 2017 amounted to **534.8 million euros**, up by **10.2%** year-on-year.

Financial Result

The **financial result** obtained as of 30 September registered a **negative balance of 50.9 million euros**, -32.8% lower than that recorded at the close of Q3 2016.

It should be noted that the financial results for global integration from the first nine months of the year include the accounting effects deriving from the consolidation of GNL Quintero for the amount of 52.4 million euros. This positive effect is due to: I) the revaluation of the first acquisition made at Quintero in 2012 according to the valuation carried out on purchases made in 2016 and II) Conversion differences.

To compare year on year, excluding these effects and the consolidation of GNL Quintero, the stand alone financial results would have amounted to -66.7 million euros, less than the -75.9 million euros registered as of 30 September 2016.

Net profit

Profit after tax for the Enagás Group amounted to **375.7 million euros**, which is a **18.4% growth** year-on-year. Without taking into account the accounting effects deriving from the consolidation of GNL Quintero, the growth of the stand alone net profit would be +1.6%.

Note that the change in criteria in the presentation of the results of investee companies does not impact the after tax profit or the Balance and Cash Flow that we will comment on below.

Cash Flow and Balance Sheet

Consolidated Cash Flow Statement

€ Mn (unaudited figures)	January- September 2016	Stand Alone* 9M2017	Global Int. 9M2017
EBITDA	707.2	702.7	794.2
Investee Company Results	-63.9	-73.5	-56.5
Tax	-26.9	-40.7	-40.7
Interest	-52.9	-70.0	-116.2
Dividends received from investees	53.0	93.9	85.2
Adjustments	-5.1	30.9	40.7
FUNDS FROM OPERATIONS (FFO)	611.5	643.3	706.7
Changes in working capital	-5.5	37.5	25.4
Trade debtors and other receivables	53.3	54.4	58.2
Trade and other payables	-58.8	-17.0	-32.9
OPERATING CASH FLOW (OCF)	606.0	680.8	732.1
Net investment	-598.4	-249.7	-252.8
International business	-425.8	-132.3	-135.4
Business in Spain	-175.0	-31.5	-47.7
Other financial assets	0.0	-229.0	-213.0
Proceeds from disposals	2.4	143.2	143.2
FREE CASH FLOW (FCF)	7.6	431.1	479.2
Dividends paid	-189.2	-199.2	-209.6
Effect of changes in exchange rates	0.0	-9.2	-37.0
DISCRETIONAL CASH FLOW (DCF)	-181.6	222.7	232.7
Maturity of long-term debt issued	-75.0	-379.2	-379.2
Total financing requirements before revolving credit facilities	-256.6	-156.5	-146.6
Maturity of short-term debt issued	-1,658.6	-7,349.8	-7,349.8
Total financing requirements	-1,915.2	-7,506.3	-7,496.4
Long-term debt issues	739.0	-0.1	-0.1
Short-term debt issues	1,738.9	7,385.4	7,385.4
Net financing flows	744.3	-343.7	-343.7
Proceeds from/(payments for) equity instruments	-8.2	0.0	0.0
Effect of changes in the consolidation method	0.0	0.0	243.1
NET CASH FLOWS	554.5	-121.0	132.1
Cash and cash equivalents at beginning of period	224.6	785.5	785.5
CASH AND CASH EQUIVALENTS AT END OF PERIOD	779.1	664.5	917.5

(*) 45.4% of GNL Quintero using the Equity Method

Balance Sheet

ASSETS	December 2016	Stand alone Sept. 2017	Global Int. Sept. 2017
Total non-current assets	7,961.0	7,600.2	8,886.5
Intangible assets	76.4	67.8	942.1
<i>Goodwill</i>	25.8	25.8	183.3
<i>Other intangible assets</i>	50.6	42.0	758.7
Investment properties	24.9	24.9	24.9
Property, plant and equipment	5,002.9	4,840.9	5,594.2
Equity-accounted investments	1,871.0	1,583.3	1,220.8
Other non-current financial assets	916.2	1,015.3	1,015.4
Deferred tax assets	69.6	67.9	89.1
Current assets	1,287.0	1,108.9	1,386.5
Inventories	18.2	18.7	25.3
Trade debtors and other receivables	474.3	416.6	430.5
Other current financial assets	4.8	5.5	5.5
Other current assets	4.2	3.6	7.6
Cash and cash equivalents	785.5	664.5	917.5
GRAND TOTAL	9,248.0	8,709.1	10,273.0
LIABILITY			
Equity	2,463.0	2,599.9	2,957.0
Total Equity	2,373.7	2,556.0	2,609.2
Share capital	358.1	358.1	358.1
Reserves	1,737.2	1,880.0	1,880.0
Treasury shares	-8.2	-8.2	-8.2
Profit for the period	417.2	322.5	375.7
Interim dividend	-132.6		
Other equity instruments	2.0	3.7	3.7
Net unrealised gains/(losses) reserve	74.6	29.0	-24.8
Non-controlling interests (external partners)	14.7	14.8	372.5
Non-current liabilities	5,416.8	5,173.2	6,363.5
Non-current provisions	184.4	182.7	182.7
Non-current financial liabilities	4,888.7	4,661.8	5,572.4
<i>Bank loans</i>	1,657.3	1,508.8	1,508.8
<i>Bonds and other marketable securities</i>	3,106.8	3,103.5	4,011.8
<i>Long-term asset suppliers</i>	0.1	0.0	0.0
<i>Derivatives</i>	103.0	44.9	44.9
<i>Other financial liabilities</i>	21.6	4.5	6.8
Borrowings from related parties	0.0	0.0	0.0
Deferred tax liabilities	297.5	285.3	564.9
Other non-current liabilities	46.2	43.4	43.4
Current liabilities	1,368.2	936.0	952.5
Current financial liabilities	1,194.2	690.7	697.9
<i>Bank loans</i>	399.4	155.2	155.2
<i>Bonds and other marketable securities</i>	505.0	511.3	518.5
<i>Derivatives</i>	17.3	13.3	13.3
<i>Other financial liabilities</i>	272.5	10.9	10.9
Trade and other payables	174.0	245.3	254.6
GRAND TOTAL	9,248.0	8,709.1	10,273.0

Funds from Operations

FFO (Funds from Operations) as of 30 September 2017 amounted to 706.7 million euros. This figure is +15.6% higher year-on-year due to the greater amount of dividends from our subsidiaries and the effect of the global consolidation of GNL Quintero from 1 January 2017.

OCF (Operating Cash Flow) reached 732.1 million euros, +20.8% higher than the 606.0 million euros reported on 30 September 2016. This increase is mainly due to a more favourable evolution of the working capital as a result of the higher turnover of the Gas System due to the increase in gas demand in Spain.

Investments

Net investments as of 30 September 2017 were **252.8 million euros**. Of this amount, 47.7 million euros corresponds to investment in Spain and 205.1 million euros correspond to ongoing international investment, in which the investment in TAP (Trans Adriatic Pipeline) stands at 122.9 million euros, the increase in the stake in COGA amounting to 8.3 million euros, the sale of 15.0% of our stake in GNL Quintero which meant an inflow of 140.6 million euros in the second quarter of the year and the payment of the guarantees associated with GSP (Gasoducto del Sur Peruano) for 213 million euros.

Net Debt

At the end of Q3, **stand alone net debt amounted to 4,609.1 million euros**. Including the net debt of GNL Quintero (667 million euros), the **net debt of the Enagás Group as of 30 September 2017 stood at 5,276.2 million euros**.

It should be noted that the net debt at the end of 2016 already included the amount of the GSP guarantees for the amount of 221 million euros.

In stand alone terms, this debt represents a **Net Debt/EBITDA ratio adjusted by the dividends from our affiliates of 4.6x and a FFO/Net Debt ratio of 17.1%**.

It should be noted that the leverage ratios included by GNL Quintero for global integration (Net Debt/adjusted EBITDA: 4.8x and FFO/Net Debt 16.2%) are undervalued, since nine months of FFO and EBITDA has been consolidated and 100% of the GNL Quintero debt.

As of 30 September 2017, 78% of the stand alone financial debt had been issued in euros, 20% in US dollars and 2% in Swedish krona. In addition, 22% is institutional debt, 68% is issued in capital markets and the remaining 10% is commercial banking.

As of 30 September 2017, **more than 80% of Enagás' net debt was fixed-rate** and the stand alone average net cost, without taking into account Quintero's cost of debt, was **2.3%**, similar to that registered in the same period of 2016. If we take into consideration that effect of the consolidation of GNL Quintero, the average net financial cost would be 2.8%.

In their 2017 annual reviews, the ratings agencies S&P and Fitch reaffirmed Enagás' A-rating. In its annual review report published on 20 June 2017, Fitch Ratings reaffirmed Enagás' long-term rating of A-, with a stable outlook. Meanwhile, on 17 July 2017, Standard and Poor's reaffirmed its A- rating for Enagás, changing the outlook from stable to negative.

OPERATING HIGHLIGHTS

Demand

Domestic demand for natural gas as of 30 September 2017 was up +9.3% year-on-year.

Conventional demand remains strong and grew +4.5% compared to 30 September 2016, driven by industrial demand, which increased by more than 10.2TW in the first nine months of the year due to the generalised increase in all industries and the addition of new customers.

Demand for gas for the electricity sector increased by 12.5TWh at the end of Q3, influenced by lower hydroelectric and wind generation, as well as the greater demand for electricity in Spain.

SIGNIFICANT EVENTS

For the purposes provided for in Article 17 of Regulation (EU) No. 596/2014 regarding market abuse and in Article 228 of the Revised Text of the Securities Market Act, approved by Legislative Royal Decree 4/2015, of 23 October, Enagás immediately publishes and disseminates all relevant information to the market under the terms set forth by regulation. Enagás also sends the Comisión Nacional del Mercado de Valores (CNMV) (National Securities Market Commission) this information to be added to the corresponding official registry.

These communications are available on the CNMV website (www.cnmv.es) in the Relevant Facts section. As well as on the company's website (www.enagas.es) in the General Information/Relevant Facts section.

Enagás guarantees that the attached text regarding Relevant Facts from 2005 is exactly the same as that sent to and disseminated by the CNMV.

APPENDIX I: 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 has borne the European Seal of Excellence 500+ EFQM since 2012.</p> <p>Enagás was also authorised as Ambassador of European Excellence in 2016.</p>
	<p>Enagás has been a member of the Dow Jones Sustainability Index World (DJSI) since 2008. It has a Gold Class rating, and it was also named as the leader of the Oil & Gas Storage & Transportation sector.</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 2016 Annual Report has been submitted for the GRI Content Index Service: Exhaustive Conformity Option. Since 2012, it 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 ranks 10th in the Global 100 index for 2017, and is recognised as the first Spanish company to be the global leader of the Gas Utilities sector.</p>
	<p>Enagás has been a member of the Ethibel Pioneer and Ethibel Excellence Investment Registers index since 2009.</p>		<p>Enagás has been rated "B Prime" by Oekom since 2010, and in 2014 joined the Global Challenges Indexes 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 2016 Enagás entered the "Climate A List" of the 193 best climate-change performers. It has also been involved in the CDP Supply Chain program since 2014 and the CDP Water program since 2015.</p>
	<p>Enagás has been certified as a Family-Responsible Company since 2007 and maintains its "B+ Proactive" rating.</p>		<p>In 2016, Enagás was recognised for the sixth 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 management of gas transmission and storage infrastructure processes, asset management, central laboratory and corporate headquarters. The Company's Huelva and Barcelona plants also have 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 has been certified as a healthy workplace since 2015.</p>
	<p>Enagás has been a member of the STOXX Global ESG Leaders index since 2011.</p>		<p>Enagás renewed its presence on the Euronext Vigeo Europe 120 index in 2017.</p>
	<p>In 2017, Enagás was included among the 200 leading global companies in promoting gender equality in the workplace.</p>		

APPENDIX II: CONTACT INFORMATION

Corporate website:

www.enagas.es

Investor Relations Contact:

Phone: +34.91.709.93.30

Email: investors@enagas.es

Address: Paseo de los Olmos, 19 28005 Madrid