



2016 Results

14 February 2017



Highlights	1
Key Figures	2
Earnings Performance	3
Cash Flow and Balance Sheet	6
Operating Highlights	9
Significant Events in 2016	10
Appendix	11

Conference-call/Webcast:
14th February 2017. 09.00 CET

Spanish telephone number:
+34 91 114 00 97
English telephone numbers:
+44 (0) 203 009 24 54
+34 91 790 08 60

www.enagas.es

Highlights

- ⌘ Enagás has surpassed all the targets set at the beginning of the year for the tenth consecutive year
- ⌘ **Net profit** at 31 December 2016 **increased by 1.1% with respect to the same date in 2015**, to €417.2 Mn. The contribution to net profit by equity-accounted affiliates was 10%.
- ⌘ The income statement shows a negative impact of €41.5 Mn for termination of Gasoducto del Sur Peruano (GSP). This was mainly due to the financial discount on GSP receivables for the equity and guarantees, for the years estimated up to collection (approximately 3 years).
- ⌘ **FFO (Funds from Operations)** at year-end increased to **€756.8 Mn, up by 8.6% against the same period in 2015**. It should be pointed out that **dividends received from equity-accounted affiliates in the amount of €90.5 Mn** surpassed the target of €65 Mn set at the beginning of the year.
- ⌘ The **investments** in 2016 stood at **€912.2 Mn**, of which **€199.3 Mn were invested in Spain** (considering the purchase of 42.5% of Saggas for €107 Mn) and **€712.9 Mn were invested abroad**.
- ⌘ The **net financial debt** of the Company at year-end 2016 was **€5,088.7 Mn**, producing a ratio of **FFO/Net Debt of 15%**. Net debt includes the amount of bank guarantees and performance guarantees associated with termination of the GSP concession (€221 Mn), even though the cash outflow occurred in 2017.
- ⌘ The **average net cost of debt** at 31 December 2016 was **2.4%**, down from 2.7% during the same period in 2015.
- ⌘ The rating agency **Standard & Poor's**, in its annual review report, **confirming the long-term rating of Enagás as A- with outlook stable, and the business risk profile as "Excellent."** Standard & Poor's confirmed the A- rating after termination of the GSP concession.
- ⌘ **Natural gas demand** on the domestic market was 321,495 GWh, up by **2.1%** against 2015 - this means demand is up for the second year running.
- ⌘ Enagás is included, for the **ninth year running**, on the **Dow Jones Sustainability Index (DJSI)** and was acclaimed as **leader of the Gas Utilities sector** on the index. The company was also designated the world's tenth most sustainable company and leader of the gas utilities sector on the Global 100 index, which was published recently in Davos.

Key Figures

Income statement (€ Mn)

January-December (€ Mn)	2016	2015	% chg
Total revenue	1,218.3	1,221.6	-0.3%
EBITDA	882.6	900.5	-2.0%
EBIT	610.5	602.0	+1.4%
Results from equity-accounted affiliates	41.2	46.2	-10.9%
Net profit	417.2	412.7	+1.1%

Balance sheet and leverage ratios

	Dec 2016	Dec 2015
Total assets (€ Mn)	9,248.0	7,751.9
Net debt (€ Mn)	5,089	4,237
Equity (€ Mn)	2,373.7	2,318.9
Net Debt / EBITDA ⁽¹⁾	5.2x	4.5x
FFO/net debt	15%	16.4%
Net debt cost	2.4%	2.7%

(1) EBITDA adjusted for dividends obtained from affiliates

Cash flow and investments

January-December (€ Mn)	2016	2015	% chg
FFO	756.8	696.9	+8.6%
Dividends received from investees ⁽²⁾	90.5	48.9	+85.0%
Investments	912.2	539.1	+69.2%

(2) Includes subordinated net interest charged to investees

In accordance with the Guidelines on alternative performance measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA / 2015/1415es), a glossary of definitions and reconciliation with the items presented in the Financial Statements of certain alternative financial measures used in this document is published on the corporate website.
[http://www.enagas.es/enagas/en/AccionistasInversores/InformacionEconomicoFinanciera/Medidas_Alternativas_de_Rendimiento_\(APM\)](http://www.enagas.es/enagas/en/AccionistasInversores/InformacionEconomicoFinanciera/Medidas_Alternativas_de_Rendimiento_(APM))

Earnings Performance

Income Statement

€ Mn (unaudited figures)	31-Dec 2016	31-Dec 2015	Chg%
Revenues from regulated activities	1,147.0	1,159.5	-1.1%
Other operating revenues	71.3	62.1	14.8%
Total revenues	1,218.3	1,221.6	-0.3%
Personnel expenses	-108.8	-96.3	12.9%
Other operating expenses	-226.9	-224.8	0.9%
Total OPEX	-335.6	-321.1	4.5%
EBITDA	882.6	900.5	-2.0%
Depreciation/Amortisation charge	-272.1	-298.5	-8.8%
EBIT	610.5	602.0	1.4%
Net finance expense	-113.4	-90.9	24.7%
Net results from equity affiliates	41.2	46.2	-10.9%
Profit before tax	538.3	557.3	-3.4%
Corporate tax	-120.2	-143.6	-16.3%
Minority interests	-0.9	-1.0	-7.2%
Net profit for the period	417.2	412.7	+1.1%

Operating revenues

Total revenues at year-end 2016 amounted to €1,218.3 Mn, down -0.3% from €1,221.6 Mn at 31 December 2015.

It is important to note that regulated revenues in 2016 include the update for the higher remuneration of GTS in line with Ministerial Order IET 2736/2015.

Operating Expenses

Enagás's operating expenses rose 4.5% compared with 31 December 2015, and are on target.

The company's **EBITDA** in 2016 stood at **€882.6 Mn**, down by 2.0% against the previous year.

Depreciation and amortisation charges

Depreciation and amortisation charges fell by 8.8% to **€272.1 Mn**. Depreciation in 2015 included an asset write-down during the year of €13.4 Mn.

As a result, **EBIT** at 31 December 2016 amounted to **€610.5 Mn**, up by **+1.4%** year-on-year.

Financial result

The **financial result** was **-€113.4 Mn** in 2016, compared with -€90.9 Mn in the same period of 2015. The effect of the financial discount on the guarantees following the termination of GSP was added to the financial results for the year, in the amount of -€13.3 M (€10.1 Mn net of tax).

Net result from equity affiliates

The contribution of equity-method investees was €41.2 Mn, and includes the effect of the financial discount of the equity invested in GSP, along with reversal of the positive contribution of this project to date, entailing a negative effect of -€31.4 Mn.

The impact was partially offset by the contribution of new acquisitions in 2016 and by a better general performance by all investees.

There was a noteworthy contribution to results by affiliates on brownfield projects of €90.2 Mn, a figure quite similar to the dividends received by our affiliates in the amount of €90.5 Mn (well above the initial target of €65 Mn).

This contribution, adjusted by the effect of amortisation of the PPA (purchase price allocation), entailed a positive net contribution of €65.2 Mn.

Greenfield projects, meanwhile, showed a negative contribution of €2.2 Mn, in addition to the negative GSP result of -€21.8 million euros.

Corporate tax

Corporate tax at year-end 2016 stood at €120.2 Mn. In 2016 the **rate** for this tax **fell to 25%, with respect to 28%** in 2015 following the tax reform introduced in 2014.

Net profit

The company's **net profit** in 2016 stood at **€417.2 Mn, up by 1.1% against** €412.7 Mn at 31 December 2015, and exceeding the target of +0.5% set at the beginning of the year.

Cash Flow and Balance Sheet

Consolidated Statement of Cash Flows

€ Mn (unaudited figures)	Jan-Dec 2016	Jan-Dec 2015
EBITDA	882.6	900.5
Tax	-116.4	-143.7
Interest	-86.0	-106.1
Dividends received from affiliates	90.5	48.9
Adjustments	-13.9	-2.8
FUNDS FROM OPERATIONS (FFO)	756.8	696.9
Changes in working capital	-128.9	-23.1
Trade and other receivables	-101.8	-6.0
Trade and other payables	-27.1	-17.1
OPERATING CASH FLOW (OCF)	627.8	673.8
Net investment	-900.0	-530.2
International business	-712.9	-333.1
Business in Spain	-199.3	-206.0
Proceeds from disposals	12.2	8.9
FREE CASH FLOW (FCF)	-272.1	143.6
Dividends paid	-322.2	-313.1
DISCRETIONAL CASH FLOW (DCF)	-594.3	-169.5
Maturity of long-term debt issued	-123.5	-1,440.5
Total financing requirements before revolving credit facilities	-717.8	-1,609.9
Maturity of short-term debt issued	-2,892.1	-635.3
Total financing requirements	-3,609.8	-2,245.2
Long-term debt issues	1,231.8	1,150.2
Short-term debt issues	2,947.1	768.2
Net financing flows	1,163.4	-157.3
Proceeds from/(payments for) equity instruments	-8.2	357.6
NET CASH FLOWS	560.8	-326.8
Cash and cash equivalents at beginning of period	224.6	551.4
CASH AND CASH EQUIVALENTS AT END OF PERIOD	785.5	224.6

Balance Sheet

€ Mn

ASSETS	Dec 2016	Dec 2015
Non-current assets	7,961.0	7,072.0
Intangible assets	76.4	80.3
<i>Goodwill</i>	25.8	25.8
<i>Other intangible assets</i>	50.6	54.5
Investment properties	24.9	25.0
Property, plant and equipment	5,002.9	5,183.4
Equity-accounted investments	1,871.0	1,191.1
Other non-current financial assets	916.2	518.8
Deferred tax assets	69.6	73.4
Current assets	1,287.0	679.9
Inventories	18.2	16.9
Trade and other receivables	474.3	426.4
Other current financial assets	4.8	7.5
Other current assets	4.2	4.5
Cash and cash equivalents	785.5	224.6
TOTAL ASSETS	9,248.0	7,751.9
EQUITY AND LIABILITIES	Dec 2016	Dec 2015
Equity	2,462.9	2,391.6
Capital and reserves	2,373.7	2,318.9
Issued capital	358.1	358.1
Reserves	1,737.2	1,674.2
Profit for the period	417.2	412.7
Interim dividend	-132.6	-126.1
Treasury shares	-8.2	0.0
Other equity instruments	2.0	0.0
Net unrealised gains/(losses) reserve	74.6	58.2
Non-controlling interests (external partners)	14.7	14.4
Non-current liabilities	5,416.8	4,716.4
Non-current provisions	184.4	167.0
Non-current financial liabilities	4,888.7	4,192.8
<i>Bank borrowings</i>	1,657.3	1,758.3
<i>Bonds and other marketable securities</i>	3,106.8	2,323.4
<i>Long-term asset suppliers</i>	0.1	0.1
<i>Derivatives</i>	103.0	91.5
<i>Other financial liabilities</i>	21.6	19.5
Deferred tax liabilities	297.5	306.1
Other non-current liabilities	46.2	50.5
Current liabilities	1,368.2	644.0
Current financial liabilities	1,194.2	402.8
<i>Bank borrowings</i>	399.4	125.8
<i>Bonds and other marketable securities</i>	505.0	259.4
<i>Derivatives</i>	17.3	13.4
<i>Other financial liabilities</i>	272.5	4.2
Trade and other payables	174.0	241.2
TOTAL EQUITY AND LIABILITIES	9,248.0	7,751.9

Funds from Operations

FFO (Funds from Operations) stood at **€756.8 Mn, 8.6% more** than in 2015. The increase was mainly due to the **contribution of dividends by affiliates**, which at 31 December 2016 amounted to €90.5 Mn, vs. €48.9 Mn at 31 December 2015.

Investments

At 31 December 2016, **investment** by the company was **€912.2 Mn**, of which €199.3 Mn were invested in Spain and €712.9 Mn were international investments.

With respect to investment in Spain, this included €106.7 Mn for the acquisition of a further 42.5% of the Sagunto regasification plant (SAGGAS), bringing the Enagás stake in the company from 30% to 72.5%.

International investments mainly consisted of the following:

- Investment in the greenfield projects GSP and TAP.
- The acquisition of the 4.6% stake in Transportadora de gas del Perú (TgP) for a total of €87.1 Mn, increasing Enagás's stake in the company from 24.3% to 28.9%.
- Investment of a further 40% in the GNL Quintero regasification plant (Chile), in the amount of €355.7 Mn.

In addition to dividends from affiliates, €12 Mn were booked as the repayment of our affiliates' debt.

Net Debt

The company's **net financial debt** at 31 December 2016 stood at €5,089 Mn, including €221 Mn for the GSP guarantees which, although they had been processed in January 2017 and did not create a cash outflow in 2016, are posted for accounting purposes as net debt in the 2016 financial statements.

This represents a **Net Debt/EBITDA ratio adjusted by the dividends from our affiliates of 5.2x** and an **FFO/Net Debt ratio of 15%**.

At 31 December 2016, 76% of the net debt had been issued in euros, 22% in US dollars and 2% in Swedish krona. In addition, 26% is institutional debt, 61% is issued in capital markets and the remaining 13% is commercial paper.

At 31 December 2016, **more than 80% of net debt** at Enagás was **fixed-rate**.

The **average net cost of debt** at 31 December 2016 was **2.4%**, compared with 2.7% for the same period in 2015.

Meanwhile, the **available financing** of the company, unused at 31 December 2016, stood at **€2,409 Mn**, providing sufficient liquidity to continue to move towards our strategic objectives.

In May Enagás brought out a **bond issue** in the amount of **€750 Mn, with an annual 1.375% coupon, over 12 years**, and in October 2016 it brought out a **second issue**, a **bond** in the amount of **€500 Mn**, with an annual coupon of **0.75%** over **10 years**.

Both transactions enabled us to extend the average maturity of debt to **6.3 years and optimise the maturity profile**.

On 29 July 2016, rating agency Standard & Poor's, in its annual review, affirmed its long-term credit rating of Enagás of "A-", its short-term rating of "A-2" and outlook stable.

On 23 January 2017, S&P announced that its ratings and outlooks for Enagás had not been affected by termination of the GSP concession.

OPERATING HIGHLIGHTS

Demand

Domestic demand for natural gas in 2016 was up against 2015 by 2.1%, reaching 321,495 GWh. Growth was mostly driven by an increase in the conventional demand for natural gas for domestic, commercial, SME and industrial use.

Industrial demand for natural gas rose by 3.3% in 2016, in keeping with better performances by the economy. Consumption of natural gas by households, traders and SMEs was also up by 3.2% against the previous year, mainly thanks to new customers and slightly lower temperatures compared to 2015.

Finally, demand for gas for power generation was down by 2.6% in 2016 against the previous year.

SIGNIFICANT EVENTS

Date	Significant event
23/01/2017	Standard & Poor's announced that its ratings and outlooks for Enagás had not been affected by the significant fact that the Peruvian government had terminated the GSP concession.
20/01/2017	Information on Gasoducto del Sur Peruano (GSP).
15/12/2016	Completion of acquisition of 2.96% TGP.
21/11/2016	Enagás will pay out a dividend of €0.556 per share against 2016
08/11/2016	Completion of acquisition of 20% of GNL Quintero
19/10/2016	€500 Mn bond issue
18/10/2016	3Q 2016 results
14-10-2016	Enagás signs agreement to raise stake in Transportadora de Gas del Perú, S.A. (TgP) from 25.98% to 28.94%
15-09-2016	Completion of the acquisition of 20% of GNL Quintero after the agreement reached with Endesa Chile.
29-07-2016	Completion of the acquisition of 42.5% of SAGGAS.
29-07-2016	In its annual review, Standard & Poor's affirmed its "A-" long-term rating, its "A-2" short-term rating and stable outlook for Enagás.
28-07-2016	2016 first half results
04-07-2016	Announcement of 1H16 results presentation
30-06-2016	Enagás agrees to increase its shareholdings in the Sagunto regasification plant to 72.5% and the Quintero LNG plant (Chile) to 60.4%
09-05-2016	Enagás reaches agreement to increase its stake in the Quintero LNG regasification terminal in Chile by 20%
26-05-2016	Completion of the share buyback
26-04-2016	€750 Mn bond issuance. Due on 5 May 2028. Annual coupon of 1.375% and issue price of 98.94%.
22-04-2016	Completion of acquisition of 1.64% of TgP
19-04-2016	Authorisation to carry out a temporary buyback of treasury shares pursuant to the long-term incentive plan and the 2016-18 remuneration policy approved by the General Shareholders' Meeting
19-04-2016	1Q16 results presentation
01-04-2016	Standard form for the notification of Home Member State - Enagás Financiaciones
01-04-2016	Enagás Financiaciones Annual Corporate Governance Report
01-04-2016	Enagás Transporte Annual Corporate Governance Report
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 Peruvian company Graña y Montero S.A.A.
30-03-2016	Further to the resolution carried by the General Shareholders Meeting 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

APPENDIX I: COMPANY ASSETS

Enagás' Gas System Assets 31-12-2016

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 72.5% stake in the Saggas regasification plant, which currently has four 150,000 m³ 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>THE GLOBAL COMPACT APOYAMOS EL PACTO MUNDIAL</p>	<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 bears the European Seal of Excellence 500+ EFQM since 2012.</p> <p>Enagás has also been 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 was also named the Gas Utilities and Gold Class leader in the 2016 review.</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 Index Service: "in accordance" with the comprehensive option of the GRI-G4 requirements. 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 was added to the Euronext Vigeo World 120 and Euronext Vigeo Europe 120 indexes in 2016.</p>

APPENDIX III: 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