



3Q 2016 Results

October 18th, 2016

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Conference-call/Webcast:
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Highlights

- ⌘ **Net profit** to 30 September 2016 **rose 1.5% year-on-year** to €3174 Mn. Affiliates contributed 14.8%, up from 8.8% in the first nine months of last year.
- ⌘ **FFO** (*Funds from Operations*) amounted to **€611.5 Mn, up 1.5% compared to the same period in 2015**.
- ⌘ **Investments** in the nine-month period totalled **€598.4 Mn**, of which €175.0 Mn was invested in Spain (including the acquisition of 42.5% of Saggas) and €423.4 Mn abroad.
- ⌘ **Net financial debt** at the end of the third quarter stood at **€4,431.3 Mn**, leaving an **FFO (last 12 months)/Net debt ratio of 15.9%**.
- ⌘ The **average cost of debt** at 30 September 2016 was **2.4%**, down from 2.8% at the same time last year.
- ⌘ On 29 July, rating agency **Standard & Poor's**, in its annual review, **affirmed its long-term credit rating for Enagás of “A-”**, stable outlook.
- ⌘ On 5 July, the Company paid a **final gross dividend for 2015 of €0.79 per share**. This payments brought the total annual gross dividend payment charged to 2015 profit to €1.32 per share.
- ⌘ **Domestic gas demand** through 30 September totalled 226.5 TWh, **down 1.7%** compared with the same period last year. Meanwhile, **industrial demand** extended its positive trend this year, with a **2.2% increase**.
- ⌘ Enagás, for the **nineth straight year**, is a member of the **Dow Jones Sustainability Index (DJSI)**, after the latest review by the global benchmark for sustainability. Moreover, the Company was named **the Gas Utilities sector leader** in the index.

Key Figures

Income statement (€Mn)

January-September (€Mn)	2016	2015	Var%
Total revenue	899.7	920.7	-2.3%
EBITDA	643.3	684.9	-6.1%
EBIT	438.6	467.6	-6.2%
Results from equity-accounted affiliates	46.8	27.4	71.0%
Net profit	317.4	312.7	1.5%

Balance sheet and leverage ratios

	September 2016	December 2015
Total assets (€Mn)	8,631.9	7,751.9
Net debt (€Mn)	4,431.3	4,237.0
Equity (€Mn)	2,444.3	2,318.9
Net debt / EBITDA ⁽¹⁾ (last 12 months)	4.7x	4.5x
FFO (last 12 months) / Net debt	15.9%	16.4%
Net debt cost	2.4%	2.7%

(1) EBITDA adjusted for dividends obtained from investees

Cash flow and investments

January-September (€Mn)	2016	2015	Var%
FFO	611.5	602.4	1.5%
Dividends received from affiliates ⁽²⁾	53.0	22.2	138.8%
Investments	598.4	413.5	44.7%

(2) Includes subordinated net interest charged to investees

Earnings Performance

Income statement

€Mn (unaudited figures)	30 September 2016	30 September 2015	% change
Revenue from regulated activities	843.3	873.9	-3.5%
Other operating revenues	56.4	46.9	20.4%
Total revenues	899.7	920.7	-2.3%
Personnel expenses	-81.5	-70.0	16.5%
Other operating expenses	-174.9	-165.8	5.5%
Total OPEX	-256.4	-235.8	8.7%
EBITDA	643.3	684.9	-6.1%
Depreciation/Amortisation charge	204.7	217.3	-5.8%
EBIT	438.6	467.6	-6.2%
Net finance expense	-75.9	-69.4	+9.3%
Results from equity-accounted investees	46.8	27.4	+71.0%
Profit before tax	409.6	425.6	-3.8%
Corporate tax	-91.4	-112.1	-18.4%
Minority interests	-0.7	-0.8	-7.1%
Net profit for the period	317.4	312.7	+1.5%

Operating revenues

Total revenues in the first nine months of the year amounted to €899.7 Mn, down 2.3% from €920.7 Mn in 9M15.

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

Operating expenses

Enagás's operating expenses rose 8.7% compared with the first nine months of 2015.

This increase is largely due to higher personnel expenses stemming from the impact of the annualising personnel contracting in 2015 due to the company's international expansion, and the change in timing for recognition of other operating expenses compared with the first nine months of 2015.

EBITDA in 9M16 amounted to **€643.3 Mn**, down 6.1% year-on-year due mainly to the aforementioned impacts.

Depreciation and amortisation charges

Depreciation and amortisation (D&A) charges fell by 5.8% to **€204.7 Mn**.

As a result, **EBIT** at 30 September amounted to **€438.6 Mn**, down **6.2%** year-on-year.

Financial result

The **financial result** was **-€75.9 Mn** for the first nine months of 2016, compared with -€69.4 Mn in the same period of 2015.

Results from equity-accounted affiliates

Results from equity-accounted affiliates in 9M16 increased by **71.0% year-on-year to €46.8 Mn from €27.4 Mn**.

This increase was mainly due to:

- i) The contribution from the latest acquisitions in 2016: an additional 1.64% of TgP (April 2016) and 42.5% of Saggas (August 2016)
- ii) The contribution of an additional quarter in 2016 from the 10% stake in BBG, the 30% of Saggas and the 50% of Swedegas (following their inclusion in 2Q 2015)

Noteworthy was the contribution of equity-accounted results of brownfield projects of €54.4 Mn, which, adjusted for the amortisation of the purchase price allocation (PPA) was €17 Mn, leaving a positive net contribution of €37.3 Mn.

In addition, the Company's greenfield projects (TAP and GSP) also made a positive contribution to results for the period of €9.5 Mn.

Corporate tax

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

Net profit

Net profit in 9M16 amounted to **€317.4 Mn, up 1.5% year-on-year** from €312.7 Mn in 9M15. The **contribution by investees** to net profit was **14.8%**, compared to 8.8% at 30 September 2015.

Cash Flow and Balance Sheet

Consolidated Statement of Cash Flows

€Mn (unaudited figures)	Jan-Sept 2016	Jan-Sept 2015
EBITDA	643.3	684.9
Tax	-26.9	-39.2
Interest	-52.9	-71.4
Dividends received from affiliates	53.0	22.2
Adjustments	-5.1	-6.0
FUNDS FROM OPERATIONS (FFO)	611.5	602.4
Changes in working capital	-5.5	15.4
Trade and other receivables	53.3	49.4
Trade and other payables	-58.8	-34.1
OPERATING CASH FLOW (OCF)	606.0	617.8
Payments for investments	-600.8	-417.5
International business	-425.5	-255.2
Business in Spain	-175.0	-157.0
Other financial assets	0.0	-5.2
Assets held for sale	0.0	0.0
Proceeds from disposals	2.4	3.8
Other cash flows from investing activities	0.0	0.0
Net cash used in investing activities	-598.4	-413.5
FREE CASH FLOW (FCF)	7.6	204.3
Dividends paid	189.2	186.6
DISCRETIONAL CASH FLOW (DCF)	-181.6	17.7
Maturity of long-term debt issued	-75.0	-1,404.4
Total financing requirements before revolving credit facilities	-256.6	-1,386.7
Maturity of short-term debt issued	-1,658.6	-438.2
Total financing requirements	-1,915.2	1,824.9
Long-term debt issues	739.0	536.6
Short-term debt issues	1,738.8	1,150.2
Net financing flows	744.3	-155.7
Proceeds from/(payments for) equity instruments	-8.2	-155.7
NET CASH FLOWS	554.5	-138.0
Cash and cash equivalents at beginning of period	224.6	551.4
CASH AND CASH EQUIVALENTS AT END OF PERIOD	779.1	413.4

Balance Sheet

€Mn

	September 2016	December 2015
ASSETS		
Non-current assets	7,471.0	7,072.0
Intangible assets	73.7	80.3
<i>Goodwill</i>	25.8	25.8
<i>Other intangible assets</i>	47.9	54.5
Investment properties	25.0	25.0
Property, plant and equipment	5,043.6	5,183.4
Equity-accounted investments	1,591.4	1,191.1
Other non-current financial assets	666.5	518.8
Deferred tax assets	70.8	73.4
Current assets	1,160.8	679.9
Inventories	18.7	16.9
Trade and other receivables	351.3	426.4
Other current financial assets	7.8	7.5
Other current assets	3.8	4.5
Cash and cash equivalents	779.1	224.6
TOTAL ASSETS	8,631.9	7,751.9
EQUITY AND LIABILITIES	September 2016	December 2015
Equity	2,503.3	2,391.6
Capital and reserves	2,443.4	2,318.9
Issued capital	358.1	358.1
Reserves	1,775.6	1,674.2
Profit for the period	317.4	412.7
Interim dividend	0.0	-126.1
Treasury shares	-8.2	0.0
Other equity instruments	1.4	0.0
Net unrealised gains/(losses) reserve	44.5	58.2
Non-controlling interests (external partners)	14.4	14.4
Non-current liabilities	5,391.6	4,716.4
Non-current provisions	174.4	167.0
Non-current financial liabilities	4,869.2	4,192.8
<i>Bank borrowings</i>	1,689.8	1,758.3
<i>Bonds and other marketable securities</i>	3,093.7	2,323.4
<i>Long-term asset suppliers</i>	0.1	0.1
<i>Derivatives</i>	63.1	91.5
<i>Other financial liabilities</i>	22.4	19.5
Borrowings from related parties	0.0	0.0
Deferred tax liabilities	300.7	306.1
Other non-current liabilities	47.3	50.5
Current liabilities	737.0	644.0
Current financial liabilities	480.5	402.8
<i>Bank borrowings</i>	185.1	125.8
<i>Bonds and other marketable securities</i>	270.1	259.4
<i>Derivatives</i>	16.6	13.4
<i>Other financial liabilities</i>	8.6	4.2
Trade and other payables	256.5	241.2
TOTAL EQUITY AND LIABILITIES	8,631.9	7,751.9

Funds from Operations

FFO (Funds from Operations) in the first nine months of 2016 amounted to **€611.5 Mn, up 1.5%** compared with the same period of 2015.

We would highlight the **contribution of dividends from affiliates**, which at 30 September 2016 amounted to €53.0 Mn, compared with €22.2 Mn at 30 September 2015.

Investments

Investments at 30 September 2016 amounted to **€598.4 Mn**, of which €175.0 Mn were invested in Spain and €423.4 Mn abroad.

Investments in Spain feature €106.6 Mn for the acquisition of an additional 42.5% of the Sagunto regasification plant (SAGGAS) from Unión Fenosa Gas, increasing Enagás's shareholding in this company from 30% to 72.5%.

International investments include:

- Investment in the greenfield projects, GSP (Peru) and TAP (Europe).
- The acquisition of **the 1.64% stake in Transportadora de gas del Perú (TgP) for a total of €28.3 Mn, increasing Enagás's stake in the company from 24.34% to 25.98%**. The increased stake started contributing to Enagás's results in April 2016.
- The investment to acquire an additional 20% of the LNG Quintero regasification plant (Chile), for €175.5 Mn, carried out on 15 September following the agreement reached with Endesa Chile. This acquisition did not contribute to 3Q16 results.

Net Debt

At 30 September 2016, the Company's **net financial debt** stood at **€4,431.3 Mn, compared with** €4,237.0 Mn at 31 December 2015.

This represents a **Net Debt/EBITDA ratio** (last 12 months) **adjusted by dividends from affiliates of 4.7x** and an **FFO** (last 12 months)/**Net Debt ratio of 15.9%**.

At 30 September 2016, 82% of the net debt had been issued in euros, 16% in US dollars and 2% in Swedish krona. In addition, 30% is institutional debt, 64% is issued in capital markets and the remaining 6% is retail banking.

At 30 September 2016, **over 80% of Enagás's net debt** is at **fixed rates**.

The **average net cost of debt** at 30 September 2016 was **2.4%**, compared with 2.8% at 30 September 2015.

Meanwhile, in terms of **available financing**, as of 30 September 2016 the Company had liquidity of **€2,609 Mn**, sufficient to enable us to move forward and achieve our strategic objectives.

In May, Enagás carried out a €750 Mn **issue of 12-year bonds with an annual coupon of €1.375%**. This transaction enabled Enagás to extend the average maturity of debt to **6.8 years and optimise the maturity profile**.

Lastly, 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 its stable outlook.

OPERATING HIGHLIGHTS

Demand

Domestic gas demand in 9M16 reached **226.5 TWh**, down 1.7% year-on-year, due mainly to lower demand for gas for power generation resulting from increased hydroelectric generation this year.

It is worth noting that **industrial demand**, which represents over half of consumption in Spain, remained robust, **growing by 2.2% compared to the first nine months of 2015**. **The trend of industrial demand is consistent with the performance of the Spanish economy and forecasts for Spanish GDP for year-end 2016**.

CORPORATE SOCIAL RESPONSIBILITY

Enagás, for the **ninth straight year**, is a member of the **Dow Jones Sustainability Index (DJSI)**, after the latest review by the global benchmark for sustainability published on 8 September 2016.

Enagás achieved the **maximum score** in the areas of climate change strategy, environmental management and stakeholder management. Enagás is the **Gas Utilities industry group leader**, with 91 points out of 100, and has obtained the **maximum score** in the areas of **climate change strategy, environmental management and stakeholder management**. The company is also a leader of other areas assessed such as corporate governance, development of human resources and health and safety.

These results further acknowledge the company's pledge to sustainability as one of the four drivers of its 2015-2017 Strategic Update.

For this year's edition, the DJSI World Index reviewed the world's 2,500 largest companies and, following rigorous analysis, selected just 316 of the most sustainable on the basis of financial, environmental and social criteria.

SIGNIFICANT EVENTS IN 9M16

Date	Significant event
14-10-2016	Enagás signs an agreement to increase its 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 the 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 30-9-2016

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>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 industry group 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".</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 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 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 its management of gas transmission and storage infrastructure processes, asset management and Central Laboratory. 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.</p> <p>Enagás was awarded a "Healthy Company" certificate in 2015.</p>

APPENDIX III: Contact information

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