

Financial results: First quarter 2015

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HIGHLIGHTS 1Q15

- ✓ **Net profit** to 31 March 2015 **increased by 1.0%** to €100.7Mn.
- ✓ **Investments** in the quarter amounted to **€50.5Mn**, with €40.9Mn invested in Spain and ongoing international investments of €9.6Mn.
- ✓ Especially noteworthy in Spain was the acquisition of **10% of Bahia de Bizkaia Gas (BBG)** for €11.6Mn. This transaction increases Enagás' interest in this company from 40% to 50%. The acquisition forms part of the deal reached in January with Deutsche Asset & Wealth Management, under which Enagás also agreed to acquire **30% of the Saggas regasification plant**, which is subject to approval by the regulatory authorities.
- ✓ On 23 March, **Enagás and Fluxys announced the joint acquisition of Swedegas**, the company which owns Sweden's entire high-pressure gas pipeline network and operates the Swedish Gas System. Enagás will invest around €100Mn in this deal, which will be paid in April. First-quarter results do not reflect the impact of this acquisition.
- ✓ In the first quarter Enagás successfully carried out two **bond issues amounting to a total of €1,000Mn**. These issues, along with the liability management operations carried out, **increased the average maturity of our debt from 5.3 to 6.6 years, slightly easing the estimated cost of debt for 2015 and optimising the maturity profile**.
- ✓ **Net financial debt at 31 March was €4,023Mn**, which represents an adjusted Net debt/EBITDA ratio of 4.3x for the last 12 months and an FFO/Net debt ratio in the same period of 15.4%. The FFO/ND ratio is lower than the average for the year due to the different accrual of expenses (operating and financial) and the uneven distribution over the year of the collection of dividends from subsidiaries. By year-end the ratio will be similar to that reported at the end of December 2014.
- ✓ **Domestic gas demand** reached **93,473 GWh**, up **6.5%** year-on-year. Demand in the conventional sector grew 3.2% year-on-year while demand for electricity generation advanced 31.4%.
- ✓ All the resolutions proposed on the agenda for the **General Shareholders' Meeting**, held on 27 March at second call, were duly adopted. These include the payment of a **final gross dividend of €0.78 per share, to be made on 02 July 2015**. This payment brings the total annual gross dividend payment against 2014 profit to €1.30 per share, an increase of 2.4% on the previous year.

Conference call/Webcast:

21 April 2015. CET 09.00

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KEY FIGURES

Key figures January March

(€ Mn)	January-March		
	2015	2014	% change
Regulated revenue	289.2	303.7	-4.8%
Other revenue	13.1	10.0	31.0%
EBITDA	221.6	245.9	-9.9%
EBIT	147.4	162.8	-9.4%
Net profit	100.7	99.7	1.0%

	Mar. 2015	Dec. 2014
Total assets (€ Mn)	8,166.6	7,711.9
Net debt (€ Mn)	4,023.0	4,059.1
Equity (€ Mn)	2,133.0	2,218.5
Net Debt/EBITDA (Last 12 months) (1)	4.3x	4.2x
FFO/net debt (Last 12 months) (2)	15.4%	16.5%
Net debt/(net debt + equity) (%)	65.4%	64.7%

(1) EBITDA adjusted for dividends obtained from subsidiaries

(2) The FFO/ND ratio is lower than the average for the year due to the accrual of expenses (operating and financial) and the uneven distribution over the year of the collection of dividends from subsidiaries. By year-end the ratio will be similar to that reported at the end of December 2014.

Other key figures

(€ Mn)	January-March		
	2015	2014	% change
Investment (Equity)	50.5	399.1	-87.3%

Notes: The 2014 figures include the TgP acquisition in Peru.

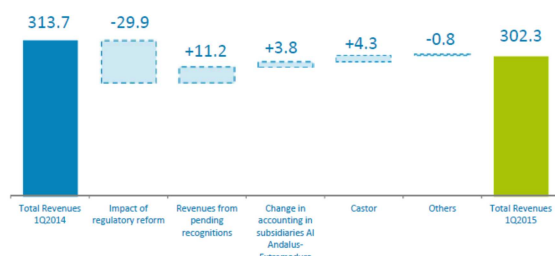
EARNINGS PERFORMANCE

Revenue

At the end of 1Q15 total revenue at Enagás amounted to **€302.3Mn, down 3.6%** compared with 31 March 2014. It is worth noting the impact of regulatory reform, amounting to €29.9Mn, which was offset by the booking of €11.2Mn of additional revenue from definitive recognitions.

In addition, revenue of €4.3Mn was recorded in 1Q15 from the operation and maintenance of the mothballed Castor storage facility in accordance with the provisions of Royal Decree Law 13/2014 and €3.8Mn in revenue associated with the Al-Andalus and Extremadura subsidiaries, the latter of which has no impact on EBITDA.

Revenue performance (€Mn)



Operating expenses

Enagás' operating expenses rose 19.1% compared with the previous year.

This increase is due to a 10.8% rise in staff costs as a result of lower capitalisation. This was a result of lower capitalised staff costs due to less ongoing organic investment.

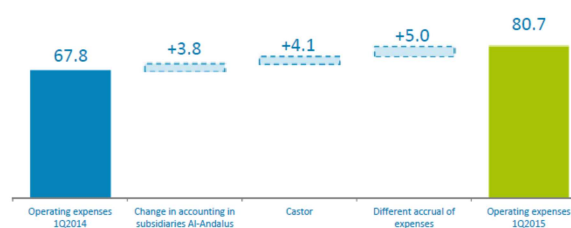
In addition, "Other Operating Expenses" grew 22.8% to €57.9Mn.

This increase is largely due to a change in accounting criteria for expenses associated with the Al-Andalus and

Extremadura subsidiaries, to a different accrual of expenses compared with 1Q14 and the costs incurred from the operation and maintenance of the mothballed Castor facility.

Stripping out these impacts, operating expenses were similar to those incurred in 1Q14.

Operating expense performance (€Mn)



EBITDA in 1Q14 amounted to €221.6Mn, down 9.9% year-on-year mainly due to the aforementioned impacts.

Depreciation and amortisation charges

Depreciation and amortisation charges fell 10.7% to €74.2Mn, mainly as a result of the extension of the useful life of transmission assets envisaged in the regulatory reform in 2014

As a result, **EBIT** at 31 March amounted to **€147.4Mn**, down **9.4%** year-on-year.

Financial result

The financial result went from -€25.9Mn to **-€19.1Mn**.

The year-on-year improvement was mainly attributable to the net positive exchange rate differences from inter-company loans.

Results from subsidiaries accounted for by the equity method

Results from subsidiaries of the Company accounted for by the equity method rose from €4.2Mn to €8.9Mn mainly thanks to the positive contributions of TgP and Coga, which did not contribute in 1Q14.

1Q15 results

Corporate tax

Corporate tax fell in 1Q15 mainly as a result of the reduction in the rate from 30% in 2014 to 28%.

Net profit

Net profit at the end of 1Q15 amounted to **€100.7Mn, up 1.0%** compared with €99.7Mn at 31 March 2015.

INVESTMENTS

Investments in 1Q15 amounted to **€50.5Mn**, with €40.9Mn invested in Spain and ongoing international investments of €9.6Mn.

Investment in the three months is in line with the annual investment target.

Especially noteworthy in Spain was the acquisition of 10% of Bahia de Bizkaia Gas (BBG) for €11.6Mn. This increases Enagás' shareholding in this company to 50%.

This acquisition is part of the agreement announced on 14 January to acquire stakes in BBG and Saggas, the owners of the Bilbao and Sagunto regasification plants. The acquisition of 30% of Saggas is subject to the fulfilment of the usual conditions for this type of transaction.

On 23 March, Enagás and Fluxys announced the joint acquisition of Swedegas, the company which owns Sweden's entire high-pressure gas pipeline network and operates the Swedish Gas System.

Enagás has invested around €100Mn in this deal, which was paid on 15 April. This transaction therefore has no impact on 1Q15 results.

FINANCIAL STRUCTURE

At 31 March 2015, the Company's **net financial debt** stood at **€4,023Mn**,

down from €4,059.1Mn at 31 December 2014.

This represents a **Net Debt/EBITDA ratio adjusted for our subsidiaries' dividends in the last 12 months of 4.3x** and an **FFO/Net Debt ratio in the last 12 months of 15.4%**.

The FFO/ND ratio is lower than the average for the year due to the different accrual of expenses (operating and financial) in 1Q15 and the uneven distribution over the year of the collection of dividends from subsidiaries. By year-end the ratio will be similar to that recorded at the end of December 2014.

At the end of 1Q15, 92% of the net debt had been issued in euros (8% in dollars). In addition, 36% is debt with the ICO and EIB and the remaining 64% is issued in the capital markets.

Net cash flows from operating activities at 31 March totalled **€104.5Mn**.

At 31 March, the **average net cost of debt was 3.0%** compared with 3.2% in the same period of 2014.

In terms of **available financing**, the Company had liquidity of **€2,715Mn at 31 March 2015**.

In the first quarter Enagás successfully carried out two **bond issues amounting to a total of €1,000Mn**.

The first, on **23 January**, was a **€600Mn issue maturing in 2015 with an annual coupon of 1.25%**. Part of this was used to pay off 37.6% of the bond maturing in October 2017 (with a coupon of 4.25%).

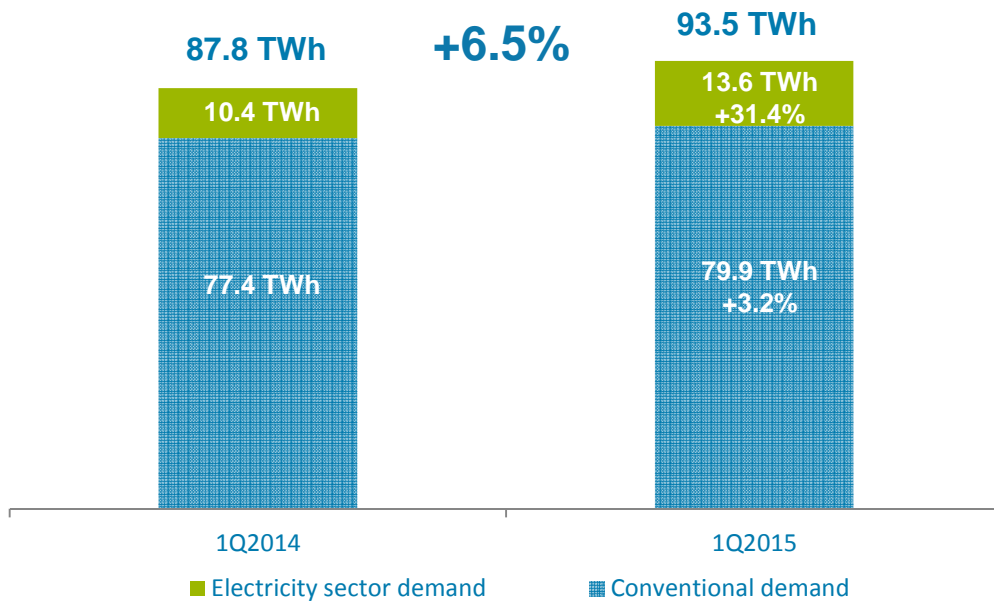
The **second**, on **10 March**, was a **€400Mn issue maturing in 2023** with an **annual coupon of 1.0%**. This bond was used to pay off 100% of the bond maturing in December 2016 (with a coupon of +2.75%).

OPERATING HIGHLIGHTS

Demand

Domestic gas demand reached 93,473 GWh, up 6.5% year-on-year, mainly due to the effect of normal temperatures in the first quarter and the increase in

demand for gas for electricity generation owing to the decline in rainfall and lower wind generation.



SIGNIFICANT EVENTS IN 1Q15

Date.	Significant event (Link)
27-03-2015	Resolutions adopted at the 2015 General Shareholders' Meeting
23-03-2015	Enagás and Fluxys agree to acquire the Swedish operator Swedegas
10-03-2015	€400M issue notes
05-03-2015	Acquisition of 10% of Bahia de Bizkaia Gas (BBG)
25-02-2015	Notice of Ordinary General Shareholders' Meeting 2015
24-02-2015	2014 Results Presentation and Strategic Update 2015-2017
24-02-2015	2014 Results
03-02-2015	Compañía transportista de gas canarias
02-02-2015	Further to the relevant event announced by Enagás on 23 January 2015
23-01-2015	€600M issue notes
14-01-2015	Enagás entered into an agreement with a fund managed by Deutsche Asset & Wealth Management to acquire shareholdings in Bahía de Bizkaia Gas and Saggas

CONSOLIDATED PROFIT AND LOSS ACCOUNT

€Mn (unaudited)	Jan – Mar 2015	Jan - Mar 2104	% Chg
Revenues from regulated activities	289.2	303.7	-4.8%
Other operating revenues	13.1	10.0	31.0%
Total revenues	302.3	313.7	-3.6%
Personnel expenses	-22.8	-20.6	10.8%
Other operating expenses	-57.9	-47.2	22.8%
Total OPEX	-80.7	-67.8	19.1%
EBITDA	221.6	245.9	-9.9%
Depreciation/amortisation charge	-74.2	-83.1	-10.7%
Operating profit (EBIT)	147.4	162.8	-9.5%
Net finance expense	-19.1	-25.9	-26.3%
Results from equity accounted subsidiaries	8.9	4.2	111.9%
Profit before tax	137.2	141.1	-2.8%
Income tax	-36.3	-41.0	-11.5%
Minority interests	-0.2	-0.3	-33.3%
Net profit for the period	100.7	99.7	1.0%

CONSOLIDATED BALANCE SHEET

€ Mn (unaudited)	31-Mar 2015	31-Dec 2014
Intangible assets, property, plant and equipment	5,408.0	5,439.7
Investments accounted for using the equity method	834.3	740.6
Non-current investments in group companies and associates	135.5	112.0
Other non-current financial investments	348.0	287.9
Deferred tax assets	76.3	72.4
Non-current assets	6,802.1	6,652.6
Inventories	16.1	15.7
Receivables	516.0	484.5
Other current financial assets	13.8	3.2
Other current assets	2.8	4.4
Cash and cash equivalents	815.8	551.4
Current assets	1,364.5	1,059.2
TOTAL ASSETS	8,166.6	7,711.8
Capital	358.1	358.1
Reserves	1,674.2	1,578.0
Profit for the period attributable to equity holders of the parent	100.7	406.5
Interim dividend capitalised	0.0	-124.1
Capital and reserves	2,133.0	2,218.5
Changes in fair value recognised in equity	61.4	27.6
Results from equity accounted subsidiaries	14.4	14.2
Equity	2,208.8	2,260.3
Non-current financial debt	3,957.8	3,679.3
Non-current liabilities	116.4	54.8
Deferred tax liabilities	316.6	318.0
Provisions	165.2	163.3
Other non-current liabilities	54.2	57.1
Non-current liabilities	4,610.2	4,272.5
Current financial debt	881.0	931.2
Current financial liabilities	266.0	235.8
Current liabilities payable	200.7	12.0
Current liabilities	1,347.6	1,179.0
EQUITY AND LIABILITIES	8,166.6	7,711.8

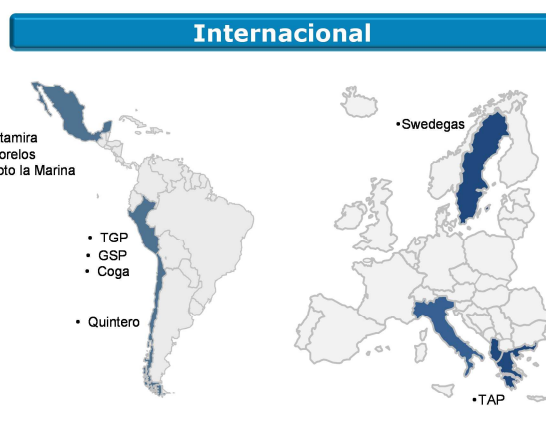
CONSOLIDATED STATEMENTS OF CASH FLOWS

€ Mn (unaudited)	Jan-Mar 2015	Jan-Mar 2014
EBITDA	221.6	245.9
TAX	-0.3	6.4
INTEREST	-15.1	-11.1
DIVIDEND	0.0	8.4
ADJUSTMENTS	-7.3	1.1
FUNDS FROM OPERATION (FFO)	198.9	250.7
CHANGES IN WORKING CAPITAL	-94.4	-75.4
TRADE AND OTHER RECEIVABLES	-90.5	-43.1
TRADE AND OTHER PAYABLES	-4.0	-32.3
OPERATING CASH FLOW (OCF)	104.5	175.3
INVESTMENT PAYMENT	-51.0	-399.3
INTERNATIONAL BUSINESS	-10.1	-351.2
REGULATED BUSINESS	-40.9	-13.1
OTHER FINANCIAL ASSETS	-0.1	0.3
ASSETS HELD FOR SALE	0.0	-35.3
PROCEEDS FROM DISPOSALS	0.0	0.0
OTHER CASH FLOWS FOR INVESTMENT ACTIVITIES	0.0	0.0
NET CASH FLOWS USED IN INVESTMENT ACTIVITIES	-51.0	-399.3
FREE CASH FLOW (FCF)	53.5	-224.0
DIVIDENDS PAID	0.0	0.0
DISCRETIONAL CASH FLOW (DCF)	53.5	-224.0
MATURITY OF LONG TERM DEBT	-440.4	-10.0
TOTAL FINANCING REQUIREMENTS BEFORE REVOLVING FACILITIES	-386.9	-234.0
MATURITY OF SHORT TERM DEBT	-160.1	-348.4
TOTAL FINANCING REQUIREMENTS	-547.0	-582.4
LONG TERM DEBT ISSUES	651.4	0.0
SHORT TERM DEBT ISSUES	159.9	891.2
NET FINANCING FLOWS	210.9	532.7
NET CASH FLOWS	264.3	308.7
Cash and cash equivalents - opening balance	551.4	335.0
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	815.8	643.8

I: COMPANY ASSETS

Enagás' Gas System Assets 31/3/2015		
RAGASIFICATION ASSETS	Units	m ³ or m ³ /h
LNG tankers (number and capacity)	16	1,957.000
Nominal regasification capacity		4,650.000
Tank loaders	9	
TRANSPORT ASSETS	Units	Km
Km. of operational gas pipeline		10,314
Compressor stations	18	
Gas regulation and metering stations	491	
UNDERGROUND STORAGE ASSETS	Units	Mm ³ /day
No. of storage facilities	3	
Max. injection		18.9
Max. output		27.4

Note: Enagás holds a 50% stake in the BBG regasification plant, which currently has two 150.000 m³ LNG storage tanks and a nominal regasification capacity of 800.000 m³ (n)/h.



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 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.</p>
	<p>Enagás has been a member of the Dow Jones Sustainability World Index (DJSI) since 2008. The Company has also, once again, been ranked Silver in the Sustainability Yearbook 2015 published by ROBECOSAM.</p>		<p>Since 2012 the Annual Report are drawn up in accordance with the integrated reporting principles laid down by the International Integrated Reporting Council (IIRC).</p> <p>As a standard-bearer in corporate social reporting, in 2011 Enagás joined the initiative of the International Integrated Reporting Council (IIRC) for integrated reporting, sharing knowledge and best practices in this regard.</p>
	<p>Enagás has been a member of the FTSE4Good index since 2006.</p>		<p>Since 2008, the annual report is verified according to AA1000APS standard and according to the guidelines of the Global Reporting Initiative (GRI) with an application level A +. The Annual Report 2014 has been verified according to GRI -G4 Guide: Exhaustive Compliance Option.</p>
	<p>Enagás has been a member of the Ethibel Pioneer & Excellence index since 2009.</p>		<p>In 2014, Enagás renewed its certification as a Family-Responsible Company, first granted to it in 2007. Enagás maintains its "B+ Proactive" rating.</p>
	<p>Enagás has been a constituent of the MSCI Global Sustainability Indices since 2010.</p>		<p>In 2014, Enagás renewed the Ministry for Health, Social Policy and Equality's Equality at Work Seal, which it first obtained in 2010.</p>
	<p>Enagás has been a member of the STOXX ESG Leaders index since 2011.</p>		<p>Furthermore, in 2014 the Company also signed a cooperation agreement with the Ministry for Health, Social Policy and Equality aimed at increasing the number of women in executive positions.</p>
	<p>Enagás is the only Spanish company in the index, a global leader of the Gas Utilities sector and is 19th in the index of the 100 Most Sustainable Corporations in the World in 2015.</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 has been rated B prime by oekom since 2010, and is part of the Global Challenges Index since 2014.</p>		<p>Enagás holds ISO 9001:2008 certification for its technical system (TSM), asset management, infrastructure development and information systems management processes.</p>
	<p>Enagás has been involved in the Carbon Disclosure Project's assessment of the risks and opportunities arising from climate change since 2009. In 2014, Enagás was awarded Level B for Performance and 91 points for Transparency.</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>

APPENDIX III: Contact data

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