1Q2018 Results

24 April 2018

1Q2018 Key Figures

Key figures P& L (G. Integration)	*EBITDA* **274.3M€ (+3.5%)** Net Profit **103.9M€** (+1% without including the accounting effect of the revaluation of Quintero in 2017) Contribution to net profit from equity affiliates **19.1%**
Key figures Cash Flow (G. Integration)	*Operating Cash Flow* **190.7M€ (-15.4%)** Investments **42.4M€** (86% international investments, mainly from TAP 35.2M€) *Free Cash Flow* **148.3M€ (+482.8%)**
Key figures Balance Sheet & leverage ratios	Net Debt (G. Integration) **4,791M€** (Net cost of debt 2.7% ; 217M€ of deleveraging regarding December 31, 2017) Net Debt (Stand Alone) **4,157M€** (Net cost of debt 2.1%) FFO/ Net Debt (G. Integration) **17.6%** FFO/ Net Debt (Stand Alone) **18.1%**
National gas demand	Natural gas national demand as of March 31, 2018 **+5.2%** Conventional demand (Industrial + residential & comercial demand) **+6.5%**

Results **in line to reach the annual target**

Affiliate business contribution (Global Integration)

Contribution to Net Profit (M€)	1Q 2017	1Q 2018	Var. %
Brownfield contribution to EBITDA	23.7	26.3	+10.8%
Greenfield contribution to EBITDA	-0.4	-0.7	-66.1%
Results from Affiliates (Contribution to EBITDA)	**23.3**	**25.5**	**+9.7%**
PPA amortization	-6.3	-5.7	-9.5%
Contribution to Net Profit	**17.0**	**19.9**	**+16.8%**
Contribution to Net Profit (%)	10.9%	19.1%	

10.2M€ Dividends from equity affiliates contribution to Global Integration FFO

Dividens from Affiliates in line to reach the 2018 target set **~120M€** (considering GNL Quintero)

Growth in line to reach the targets set for 2018 (G. Integration)

Income Statement

M€	1Q 2017	1Q 2018	Var. %
Total revenues	**342.6**	**342.2**	-0.1%
Operating expenses	-100.8	-93.4	-7.3%
Results from Affiliates	23.3	25.5	+9.7%
EBITDA	**265.1**	**274.3**	+3.5%
Amortization	-87.4	-102.0	+16.6%
EBIT	**177.6**	**172.4**	-3.0%
Financial results	12.7	-33.6	-363.8%
Corporate Income tax	-31.8	-30.1	-5.4%
Minority interests	-2.3	-4.9	+114.0%
Net profit	**156.3**	**103.9**	-33.5%

EBITDA increase due to higher operating revenues that offset regulated revenues reduction

Lower operating expenses impacted by expenditure control and different scheduling that will have no impact in the full year results

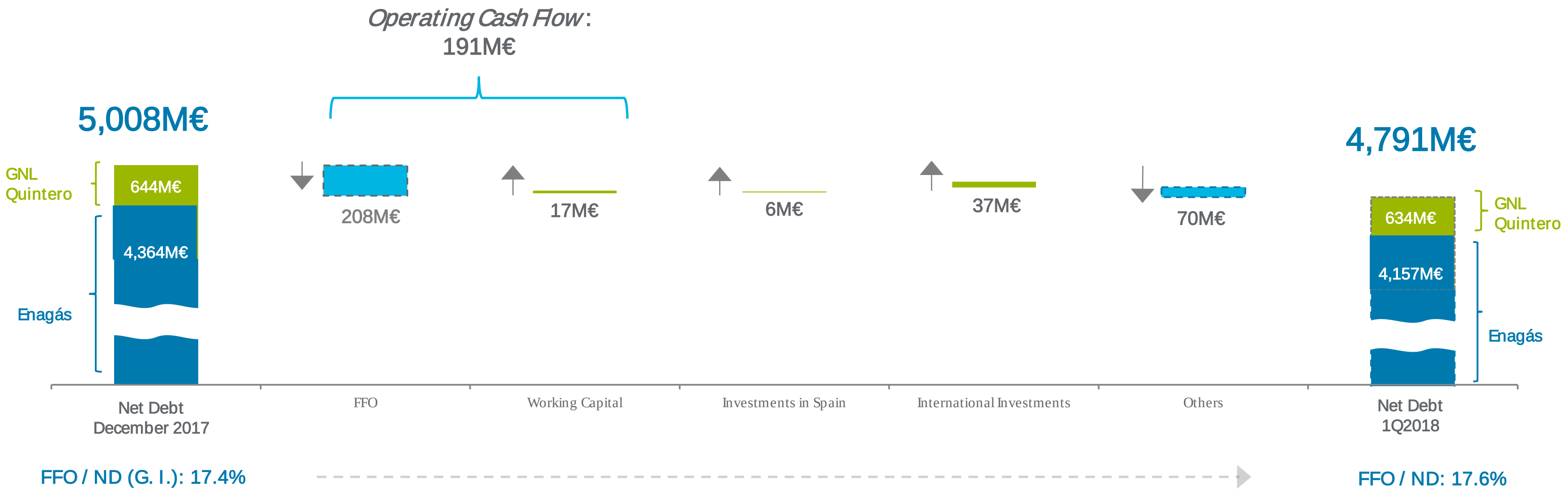
In line with 1Q2018 expected budget to reach 1,073M€ EBITDA target

"Amortization" includes the effect of valuation of certain assets that have been reclassified as "non-current assets held for sale"

1Q2017 financial results include 52.4M€ for the revaluation of the holdings in GNL Quintero

Net profit growth *stand alone*
1Q2017/1Q2018 +1%

1Q2018 Net debt evolution



1Q2018 net debt reduction of ~ 217M€.

Regulated national investments

STEP

- The Council of Ministers has passed Resolution of 13 March 2018 approving the renewal of the procedure for the facilities associated with the STEP (South Transit East Pyrenees) project, following the suspension of the administrative authorisations through RD-L 13/2012.
- The TSOs (Enagás and Teréga) presented the investment request to the regulators (CNMC, CRE [1] and ERSE[2]) on 3 April.
- The regulators will have to agree the cross-border distribution of the costs within the next six months. In the absence of an agreement, ACER[3] will intervene.
- STEP may be able to obtain the approval from CEF-E[4] funding in October/November 2018.

Tenerife Regasification Plant

- The report from the Energy Transition Expert Committee points out that the construction and roll-out of the LNG plants in the Canary Islands will bring several benefits, including reduced costs for the energy system and fewer emissions.
- Enagás has collaborated closely with regulators and public administrations, providing them with all the internal surveys it has carried out.
- The MINETAD (Ministry of Energy, Tourism and Digital Agenda) is currently processing a new authorisation, pending the report from the CNMC.

Note1: CRE (French Energy Regulator)
Note2: ERSE (Portuguese Energy Regulator)
Note3: ACER (Agency for the Cooperation of Energy Regulators)
Note4: CEF-E (Connecting Europe Facility – España)

International investments

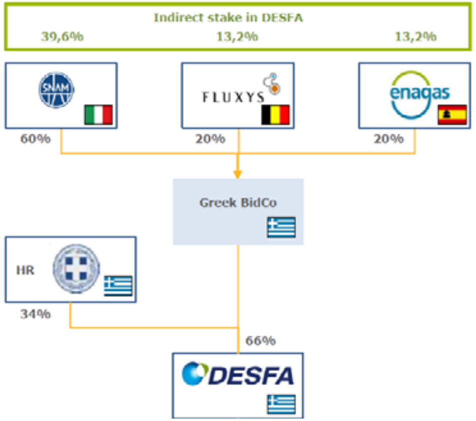
TAP
(Trans Adriatic Pipeline)

- Progress currently exceeds 70.8%, without any deviations from the schedule (roll-out planned for 1Q-2020).
- All the necessary permits have been obtained in Albania and the procedure for obtaining the permits required for the construction of the micro-tunnel in Italy is in the final stage.
- The European Investment Bank has recently approved funding for the project, amounting to 1.5 billion euros. This decision by the EIB is a significant milestone in the TAP funding process, with financial closure expected to occur in 2018.
- As of 31 March 2018, Enagás had invested 474 million euros in the TAP project. The TAP partners will continue to make contributions until the financial closure, when the true-up will be received. Enagás will have invested approximately 270 million euros in TAP.
- Progress on TANAP has reached 96.6%, a key aspect for the continuity of the TAP project.

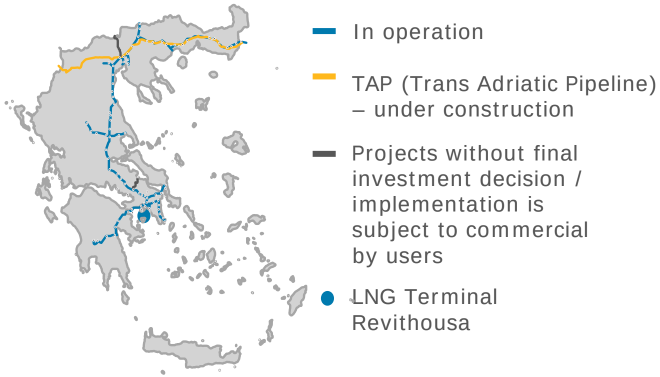
International investments

- Investments in international activity and acquisitions of assets in 2016 and 2017 practically covered all the objectives established in the strategic plan.
- The company is still analysing new investment opportunities that meet the criteria established.
- If new investments are made, the growth target for 2020 will be raised.

International investments - DESFA



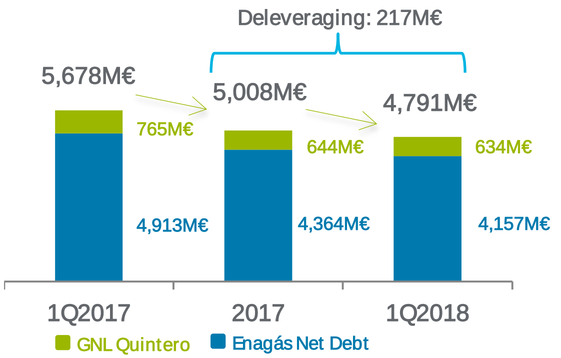
Natural gas system in Greece



- DESFA is the Greek operator that owns the entire natural gas high-pressure transmission network in Greece, which comprises approximately 1,500 kilometres of pipelines and the Revithoussa regasification plant.
- The European consortium formed by Snam (60%), Fluxys (20%) and Enagás (20%) has been selected for the purchase of 66% of DESFA. The remaining 34% will remain the property of the Greek state.
- Snam, Enagás and Fluxys, which are also partners in the TAP project, will contribute to the development of the Greek gas system in the coming years and the positioning of Greece as a natural gas hub, which will boost the domestic market as well as other natural gas transit projects.
- The consortium submitted a bid of 535 million euros to acquire 66% of DESFA and negotiations are now under way with a group of Greek and international banks to obtain non-recourse financing (for around 60% of the cost of the investment).
- The signature of the agreement is pending the processes established in the sale procedure and the local legislation on privatisations. The transaction is expected to be completed in the second half of the year, once all the approvals have been obtained from the competition authorities.
- On completion of the acquisition, the DESFA shareholder structure will be as follows: Greek Republic 34%, Snam 39.6%, Enagás 13.2% and Fluxys 13.2%.

Financial structure

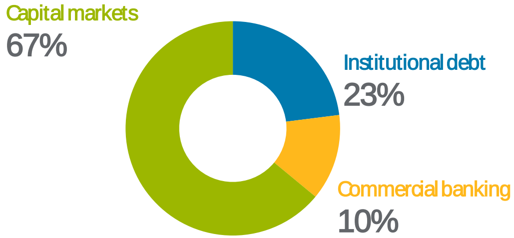
Net Debt (GNL Quintero included)

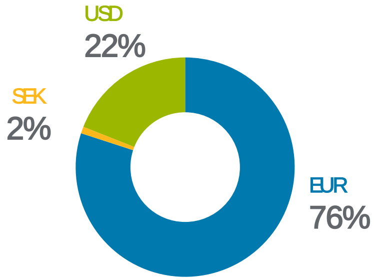


Leverage and liquidity	1Q2017	2017	1Q2018
Net Debt/Adjusted EBITDA (*) G. Integration	5.5x	4.4x	4.3x
Net Debt/Adjusted EBITDA (*) Stand Alone	5.0x	4.4x	4.2x
FFO/Net Debt G. Integration	14.2%	17.4%	17.6%
FFO/Net Debt Stand Alone	16.0%	17.8%	18.1%
Net cost of debt G. Integration	2.8%	2.7%	2.7%
Net cost of debt Stand Alone	2.3%	2.2%	2.1%
Liquidity G. Integration	2,539M€	2,484M€	2,584M€

(*) EBITDA adjusted for dividends received from affiliate

Types of debt – Stand Alone

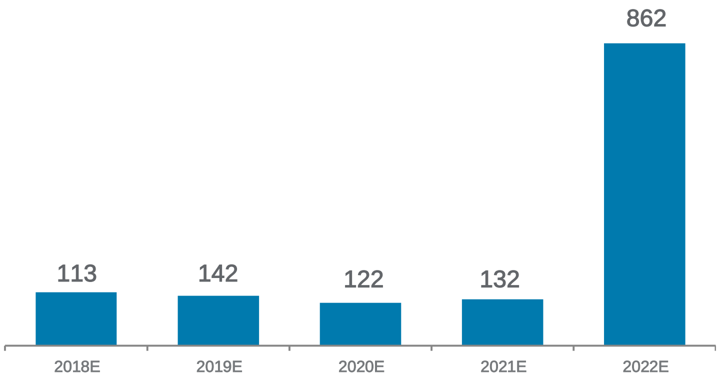




Fixed-rate debt higher than 80%

Financial policy

Enagás debt maturity profile stand alone (M€):



Note: Excluding ECP and withdrown short-term credit facilities.

GNL Quintero Debt (M$)

	GNL Quintero Bond
Rating S&P	BBB (*Strong Business Risk Profile*)
Issue	Bond144A *unsecured* without recourse to shareholders
Amount and coupon	$1,100m (4.634%)
Maturity	July 2029
Depreciation	Half-yearly depreciation, beginning in July 2021
GNL Quintero Cash 31 March 2018	$337m

No significant maturities until 2022

Energy Transition Expert Committee

- The most important part of the report is the analysis of energy scenarios, which predicts a key role for natural gas and highlights its benefits in terms of the environment, competitiveness and safety. The baseline scenario **estimates a demand for natural gas of 466 TWh by 2030, which is 33% higher than the current demand**. Furthermore, most sensitivity analyses indicate a similar or even higher demand.

- The report acknowledges the **importance of gas and gas infrastructures**, not only to ensure an efficient and environmentally sustainable supply for end consumers but also as pillars guaranteeing the **security of supply** of the Spanish energy system. It explains that the electricity storage systems are insufficient to cope with situations of extreme weather and ensure seasonal storage in **a system with a high penetration of renewables.**

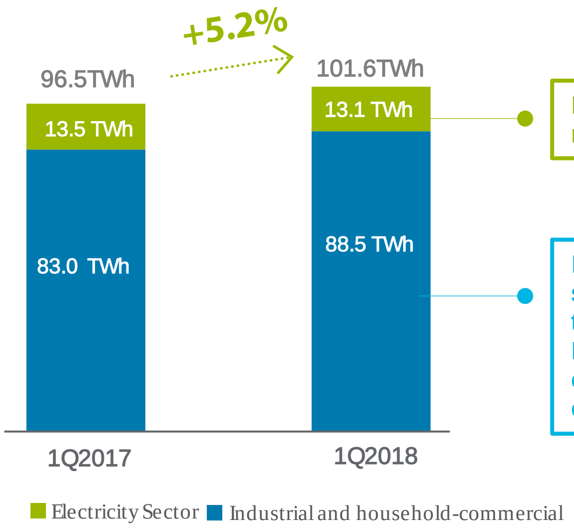
- The report also highlights the **need to reinforce international interconnections** to **create a genuine European market** and it emphasises the **benefits of developing regasification terminals in the Canary Islands**.

- It refers to the **important role of new uses of natural gas**, especially in the transportation of heavy goods by road, shipping and rail transport, and makes **specific mention** of the **impossibility of electrifying certain energy consumptions**, such as **high-temperature industrial processes.**

- The report **considers natural gas** to be a **key** element for achieving **decarbonisation** targets, **harnessing the efficiency of solutions like cogeneration** and the potential of non-electrical renewable energies, including renewable gases.

Natural gas demand

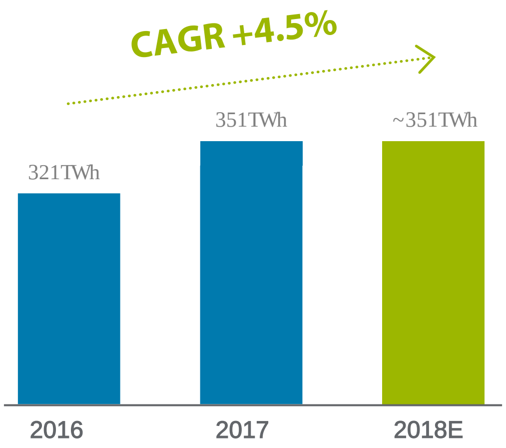
1Q2018 natural gas demand trend



Electricity sector: -2.9% due to a higher renewable sources generation in 2018

Industrial and household-comercial sector: +6.5% caused by colder temperatures during February and March, growth of the Spanish economy and the incorporation of new clients.

Natural gas demand growth



Gas system in equilibrium

Source: Enagás GTS

LNG cisterns included in the industrial demand

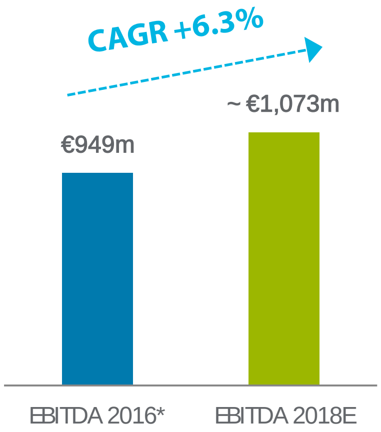
Gas natural exports to Europe

Importance of Spanish international connections to assure the European supply

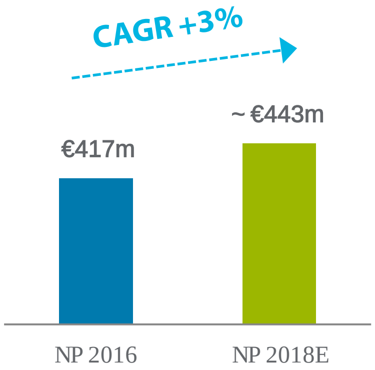
- Between Ferbuary 28 and March 2, 2018, during a really cold period, Spain was an important key player to assure the European energetic support, providing natural gas through Spanish interconection with France.
- During those days of extremely cold, prices in the Spanish gas market were lower to those ones from other European countries.
- This highlights the need of strengthen international interconnections with France through the Pyrenees, called STEP project.

2018 Targets

EBITDA growth

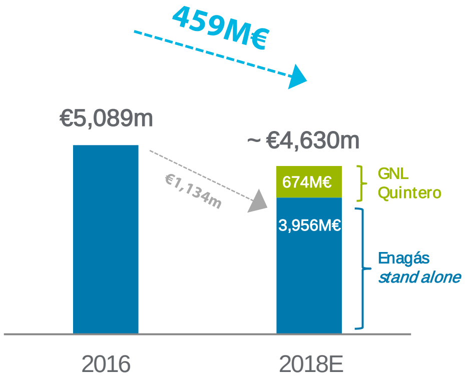


Net profit growth in line with 2016-2020 target



Net profit Growth stand alone 2017/2018 +1%

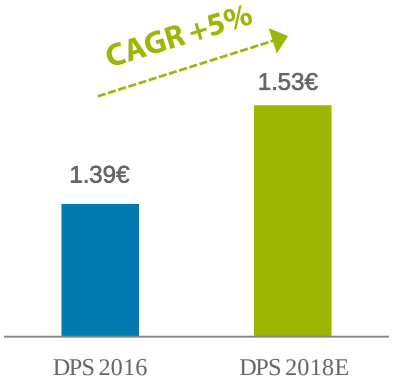
Net Debt Reduction



FFO/ND: 15%

FFO/ND: ~ 18.2%

Dividend growth per share +5% 2016-2020 CAGR



Sustainable net profit growth, reduction in the debt levels from the expected cash flow generation and strong commitment to the communicated dividend policy until 2020

Note: GNL Quintero contribution by Global Integration since 01/01/2017
Note: 1€ = 1,13USD
(*) 2016 EBITDA adjusted by the new reporting criteria, including the contribution of affiliates in the operating profit.

Sustainability

Enagás maintains its leadership in the **main sustainability indexes**, having received the following updates:

Enagás has received RobecoSam **Gold Class** award as Gas Utilities world leader in the last **Dow Jones Sustainability Index** (DJSI) assessment.

The Company has been reconfirmed as a constituent of the **Ethibel Sustainability Index** (ESI) Excellence Europe since 03/19/2018.

About **climate change**, it is important to highlight the following landmarks:

Enagás has reached **carbon neutrality** in its regasification plants, corporate fleet and headquarters.

Enagás has signed the commitment to adopt **Task Force on Climate related Financial Disclosures** (TCFD) recommendations.

2017 Enagás Annual Report

2017 Enagás Annual Report is leader fulfilling with the **European Directive of non-financial and diversity information**, it is elaborated following the **Integrated Report** and includes our contribution to **Sustainable Development Goals** (SDG).

Conclusions

- 1Q2018 results are in line with the targets set for the period and the year 2018
- Solid cash flow generation and continuity of deleveraging of the company
- Natural gas demand growth in the first quarter of 2018 was +5.2%
- From 2018 onwards, the gas system will generate an accumulated operating surplus. Therefore, no additional debt will be generated and the debt will be paid year by year
- Fixed net debt above 80%, with no significant debt maturities until 2022

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