# 1Q2016 Results

19 April 2016

# 1Q 2016 Key figures

- Investments **71.9M€**
- Net Profit **101.2M€ (+0.5%)**
- Operating Cash Flow **155.9M€ (+49.2%)**
- Net Debt **4,146M€**
- FFO/ Net Debt **16.7%**
- Cost of Debt **2.3%**
- National Gas Demand **-1.4%***

(*): National gas demand variation adjusted by labour seasonality and temperature effect.

# Income statement

## Key figures in line with the targets set for 2016

| M€ | 1Q2016 | 1Q2015 | Chg % | Comments |
|---|---|---|---|---|
| Total revenues | 298.8 | 302.3 | -1.2% | |
| Operating expenses | -91.9 | -80.7 | +13.8% | Increase in operating expenses due to:<br>• Increase in personnel expenses due to the consolidation of the staff as a result of higher international activity<br>• Different “other expenses” accrual compared to 2015 |
| EBITDA | **206.9** | **221.6** | **-6.6%** | Compatible with the annual target |
| EBIT | **138.1** | **147.4** | **-6.3%** | |
| Net Result from Equity Affiliates* | 17.4 | 8.9 | **+94.7%** | Higher income from equity affiliates mainly due to the contribution of Saggas, BBG 10% additional stake and Swedegas (with no contribution in 1Q2015). |
| Net profit | **101.2** | **100.7** | **+0.5%** | |

**(*):** The result from equity affiliates can not be extrapolated over the year due to the contribution of Greenfield projects (mainly TAP and GSP) which results are related to the degree of progress of the projects.

# Net Result from Equity Affiliates breakdown

| | |
|---|---|
| Brownfield contribution | **25.0M€** |
| PPA amortization | - 5.4M€ |
| Greenfield contribution | -2.1M€ |

**Accounting effect with no impact on cash flow**

**17.4M€**

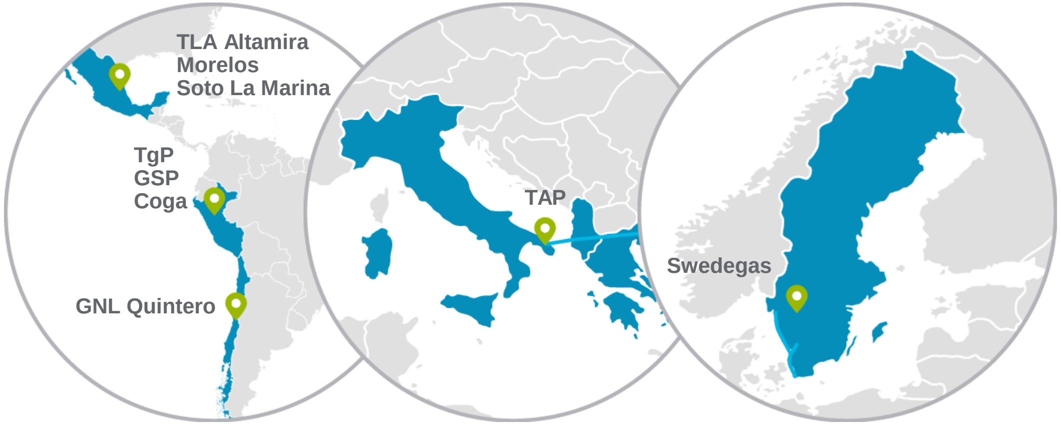
**Note:** The result from equity affiliates can not be extrapolated over the year due to the contribution of Greenfield projects (mainly TAP and GSP) which results are related to the degree of progress of the projects.

# Investments

**Investments fit perfectly with the five investment criteria set by the company (without exposure to economic cycle or currency from emerging markets).**

## Spain

## International




**Total 71.9M€**

**11.7M€**

**60.2M€**

International investments in progress, mainly:

- GSP 58.5M€
- Morelos 2.8M€

# TGP

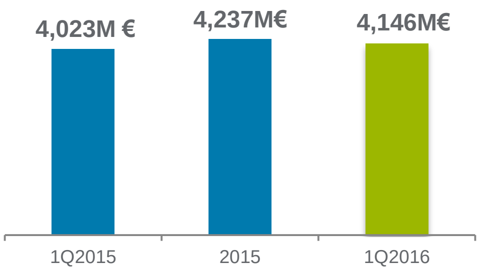
**On March 31st Enagas signed an agreement to increase its stake in Transportadora de gas del Perú (TgP) from 24.34% to 25.98%**


* Under construction / planned

- The transaction is subject to the possible exercise of pre-emption rights of the other partners
- The agreement would imply to acquire a 1.64% of TGP to the Peruvian company Graña y Montero for a total amount of $31.9M
- If the agreement takes place, this participation (1.64%) will begin to consolidate by the equity method since the purchase becomes effective
- Total equity invested in TGP and COGA would reach $610M
- Shareholder structure **if the deal is confirmed**: CPPIB (44.77%), **Enagás (25.98%)**, Sonatrach (21.18%) and Engie (8.07%)

# Financial structure

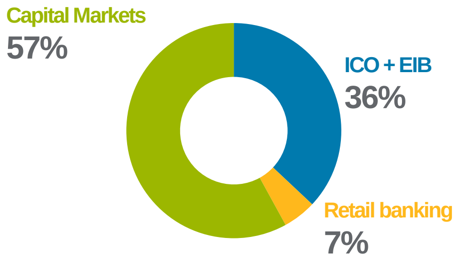
## Net Debt

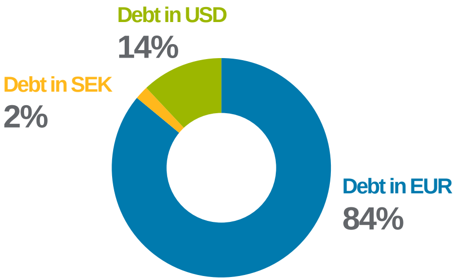


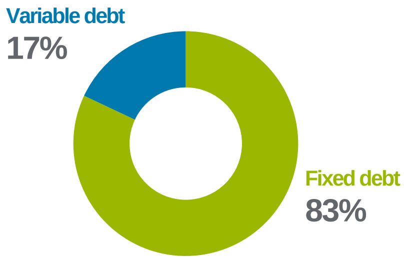

| Leverage and liquidity | 1Q 2015 | 1Q 2016 |
|---|---|---|
| Net Debt / EBITDA adjusted * (12 last months) | 4.3x | 4.4x |
| FFO) /Net debt (12 last months) | 15.4% | 16.7% |
| Cost of debt | 3.0% | 2.3% |
| Liquidity | 2,715M€ | 2,330M€ |

* EBITDA adjusted by dividends received from affiliates.

## An efficient Net Debt structure

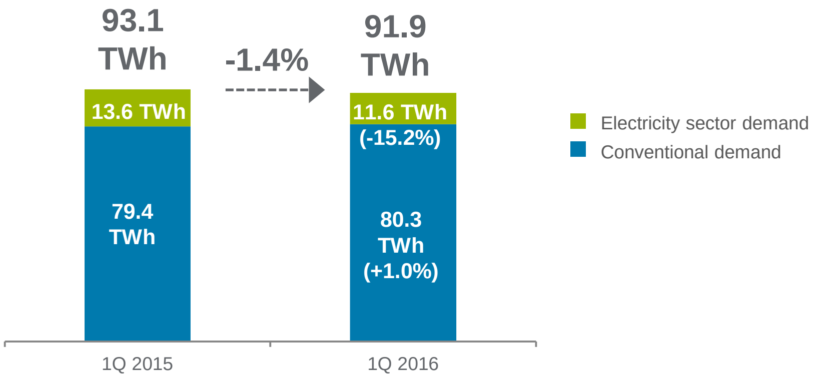


# Natural gas demand

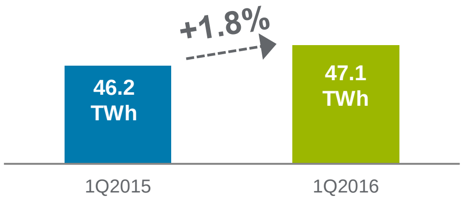
## National gas demand adjusted by labor seasonality and temperature effect (TWh)




**Source:** Enagás GTS

National gas demand with no adjustments would have dropped by -4.3% compared to the first quarter of 2015

## Industrial demand evolution (TWh)




**Source:** Enagás GTS

Despite lower gas consumption by the temperature effect, industrial demand remains robust and has grown by 1.8% compared to the first quarter of 2015.

**(*):** Conventional demand adjusted by temperature effect and by labor seasonality due to the leap year and Easter

# 2016 Targets

- Growth in net profit **+0.5%**
- Dividends coming from affiliates **~65M€*** 
- Investments **~465M€****
  (In line with the announced plan of € 1,290 CAPEX in 2015-2017)
- Dividend **1.39€/share** (+5%)
- Cost of debt **~2.7%**

**(*):** 1€ = 1.11 USD

**(**):** € 465M considering 1 € = $ 1.11; data in line with the average of 430M € (1 € = 1.35 USD) announced in our strategic Update 2015 - 2017E

# Conclusions

- 1Q2016 results in line with the targets set for 2016
- The acquisition of the additional 1.64% in TGP fits perfectly with the five international investment criteria established by the company
- Sound financial and liquidity position with no significant debt maturities until 2022 and with the commitment to maintain our current individual credit ratings *(stand alone rating)*
- Good performance of the industrial sector demand (+1.8%)

# Results 1Q2016

19 April 2016