enagas

2015 Results and Outlook 2016-2020

16 February 2016

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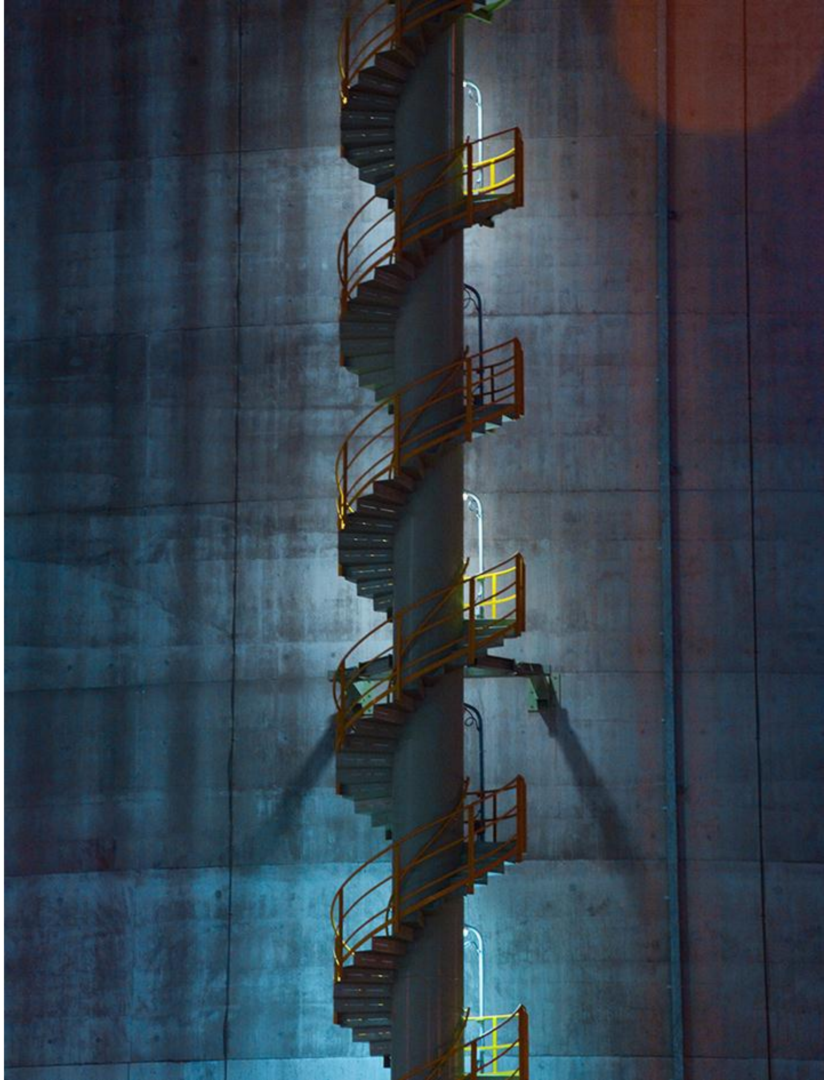
01

2015 Results



Meeting our targets for the 9th year in a row

Despite the impact of the Regulatory Reform, the FFO grows mainly due to the strength of our business, international contribution from affiliates, lower tax rate (28%) and better financial result.

Solid Results	• **Net Result from Equity Affiliates €46.2M** (11% Affiliates contribution to net profit) • **Net Profit €412.7M** (+1.5%)
Sound growth cash flow generation	• **FFO €696.9M** (+4.0%) • **Operational Cash Flow €673.8M** (+14.3%) • **Investments €530.2M** • **FFO/ Net Debt 16.4%** • **Dividend per share 1.32** (+1.5%)
Skillful implementation of international development	• **50% Swedegas** (Sweden) • **4.34%** additional stake in **TGP** (Peru) • **30% Saggas** and an additional stake **10% BBG** (Spain)
Main Financial Actions and Results in 2015	• **Two bonds issues totaling €1,000M** (€600M (1.25% annual coupon), €400M (1.00% annual coupon)) • **Net cost of debt 2.7%** • **Club Deal renewal** with current expiration 2020 • **No significant maturities until 2022** • At 31 Dec. 2015 the **average maturity of our debt 6.6 years** • **Standard and Poor's** upgrades Enagás rating in 2015 from BBB to **A-**
National gas demand	• **National demand for natural gas +4.5% in 2015**, the largest increase since 2008

Cash Flow

Strong cash flow generated by the business in Spain and the growing contribution of the international activity.

Ratings

Standard & Poor's: **BBB**
Fitch: **A-**

Ratings

Standard & Poor's: **A-**
Fitch: **A-**

Income statement

€M	2014	2015	%Chg
Total revenues	1,233.8	1,221.6	-0.2%
Operating Expenses	-284.0	-321.1	13.1%
EBITDA	**939.8**	**900.5**	**-4.2%**
EBIT	**589.6**	**602.0**	**2.1%**
Net Result from Equity Affiliates	11.2	46.2	314.3%
NET PROFIT	**406.5**	**412.7**	**1.5%**

Comments

Total revenue impacted by **regulatory reform** (€60M) partially offset by the pass-through of Al-Andalus and Castor

- Operating expenses, in **homogeneus terms** (excl. Al-Andalus and Castor), **grow by 1.8%**
- Higher personnel expenses due to increased **international activity**

D&A: 2015 One off asset write – down (€13.4M)

Higher contribution due to:

- **Saggas** and aditional stake of **BBG**
- **TGP** and **COGA** due to the consolidation of an additional quarter versus the year 2014 and an increase of a 4.34% on TGP stake
- Positive contribution from **Morelos** (partial start-up) and **Soto de La Marina** since have been put into operation in the last quarter of the year

Net Result from Equity Affiliates breakdown

Brownfield contribution	**€55.6M**
PPA amortization	- €18.3M
Greenfield contribution	€8.9M

Accounting effect with no impact on cash flow

€46.2M

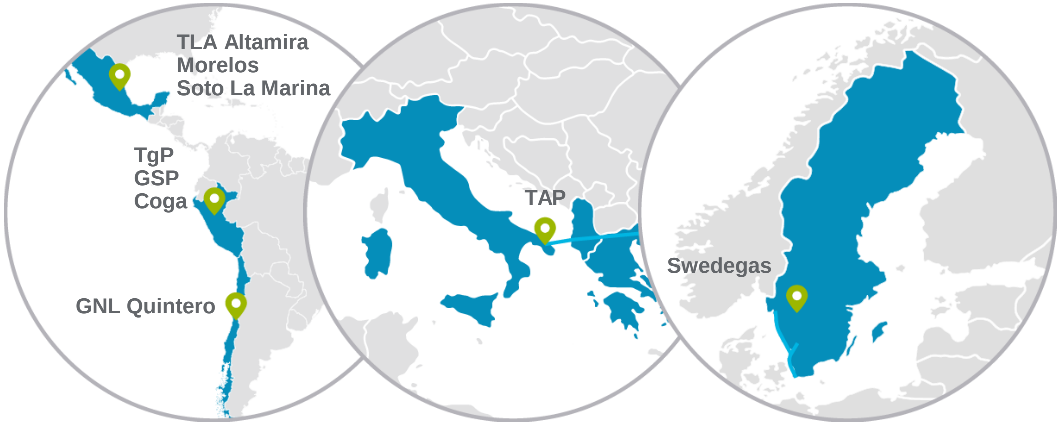
Note: 2015 Greenfield contribution is positive mainly due to the one-off from Morelos partial start-up. In this sense, the result of greenfield projects can not be extrapolated to the coming years due to the negative contribution of TAP as the work progresses.

Investments

2015 investments fit perfectly with the five investment criteria set by the company (without exposure to economic cycle or currency from emerging markets).

Spain

International



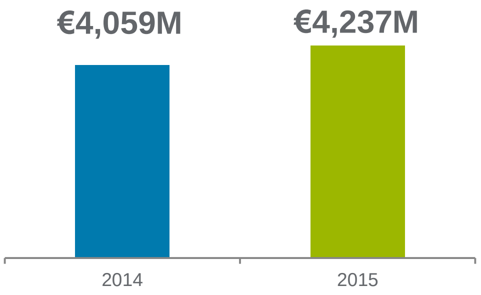
Total €530.2M

€206.1M	Organic investment
	10% additional stake in BBG
	30% Saggas

€324.1M	International investments in progress • TAP €44.8M • GSP €85.4M • Morelos €4.4M
	50% Swedegas €97.1M
	4.34% additional stake in TGP €89.8M

Financial structure

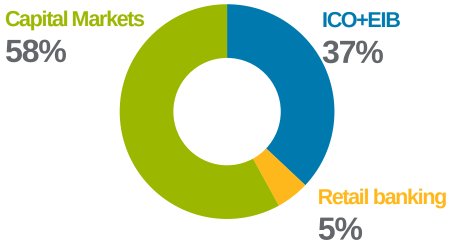
Net Debt

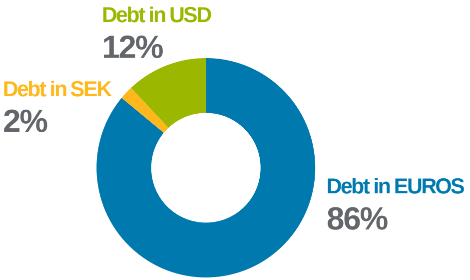


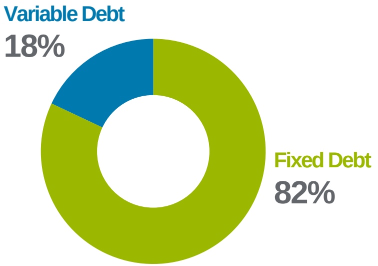
Leverage and liquidity	2014	2015
Net Debt / EBITDA adjusted *	4.2x	4.5x
FFO/ND	16.5%	16.4%
Cost of debt	3.2%	2.7%
Liquidity	€2,443M	€2,268M

* EBITDA adjusted by dividends received from affiliates.

An efficient Net Debt structure







Rating agencies

STANDARD & POOR'S

- In 2015 Standard & Poor's has **upgraded the rating of Enagás from BBB to A-**, with stable outlook

Prudent international diversification strategy

"We consider this international diversification as prudently managed, well-diverdified in terms of markets, project maturity, and schedule of cash outflows and inflows. Combined, these factors should provide generally stable and predictable cash flow in the coming years"

Regulatory stability

"The new remuneration framework implemented in 2014 will maintain a high degree of predictability and stability for Enagas' revenues, in our opinion. The stable outlook reflects our expectation that the new gas sector reform will provide good visibility on Enagás' cash flows and credit metrics"

Operational efficiency and low business risk

"We also view Enagás' robust operating performance, including its tight grip on controllable costs, consistently high and stable EBITDA margins, and track record of realizing capital expenditures at cost and on time as supportive of its business risk profile"

FitchRatings

- Fitch ratings **has reaffirmed**, for 4th year in a row, Enagás rating of **A-** with stable outlook

Highly predictable domestic revenues

"We view regulated revenues in Spain as largely predictable, with limited volume risk (a1% decrease In demand results in a 0.5% reduction in total regulated revenues), manageable regulatory risk up to 2020 and a well-managed and efficient cost base"

Prudent approach to international investments

"Its investments are either long-term contracts or regulated activities, financed by long-term non-recourse funding and related to the company´s core business"

Increased system sustainability

"We believe domestic reform of the sector is likely to resolve the Spanish tariff deficit"

Regulatory framework closed until 2020

2015, first year with whole Regulatory Framework causing that expenses and revenues in the Spanish Gas System are balanced.

Key principles

Adapt to Maturing Network	• Lower focus on investments, more on system quality • Provide attractive returns
Sustainable	• Support elimination of current tariff deficit
Predictable	• Simpler system • Easier to project long-term
Stability	• 6-year regulatory periods. First ends in Dec. 2020

Methodology

Linked to Operating Asset Base

RDA (Remuneration for Disponibility of Assets)	• Remuneration linked to the net asset within its useful regulatory life • Financial Remuneration rate 2015-2020: 5.09% • Extension of regulatory life pre 2008 transport assets
RCS (Remuneration for Continuity of Supply)	• Remuneration linked to the long term availability of assets for the Gas System with appropriate maintenance • RCS is not affected by assets' amortization • Based on the formula: Previous Year RCS x 0.97 x (1+ Δ Gas Demand) • Limited impact of changes in demand in the formula
O&M	• Remuneration based on opex variability • Once the useful life ends, the extension of useful life will be remunerated in addition to O&M retribution • TSO remuneration updated from €11M to €24M from 2016 onwards

2015 conclusions

- Meeting our targets for the **9th year in a row**

- **Strong cash flow** generated by the business in Spain and the growing contribution of the international activity, offsetting at the level of the FFO, the impacts of the regulatory reform as indicated by the company in the 2015 strategic update

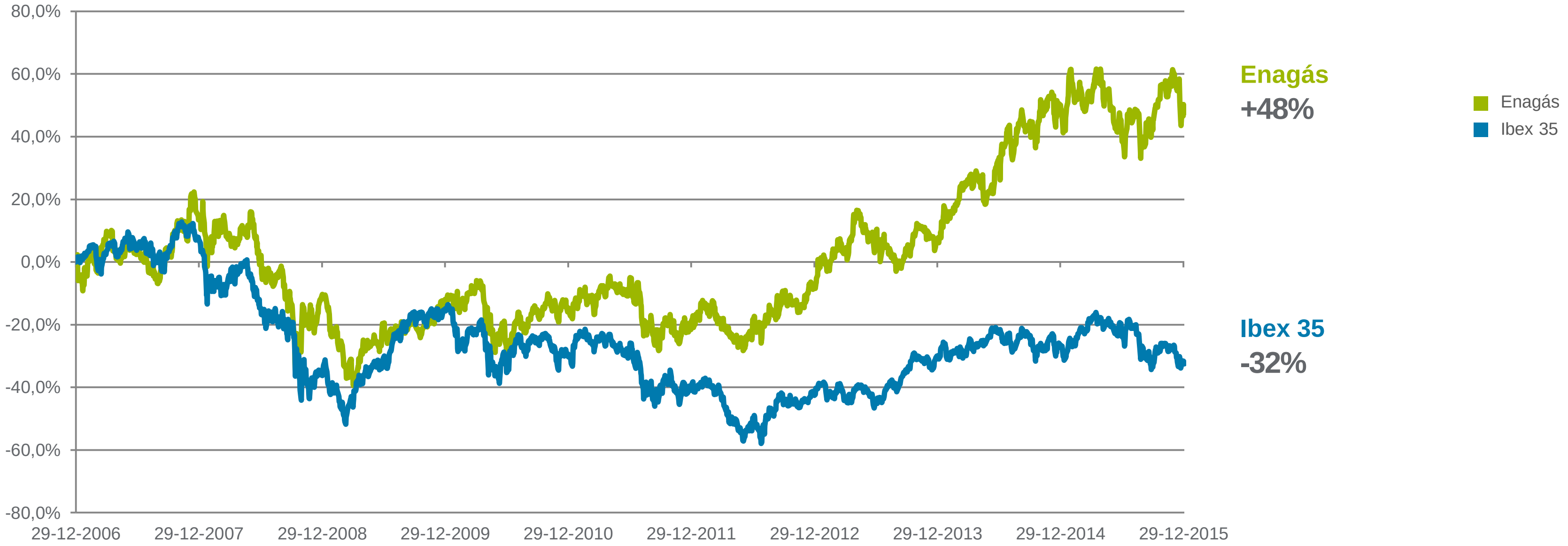
- **Prudent financial situation**

- S&P has upgraded Enagás rating from BBB to **A-** (stable outlook); Fitch has reaffirmed for 4th year in a row our rating to **A-** (stable outlook)

- 2015 acquisitions (Saggas (30%), Swedegas (50%) and additional stakes in BBG (10%) and TGP (4,34%)) **fit perfectly with the five investment criteria set by the company**

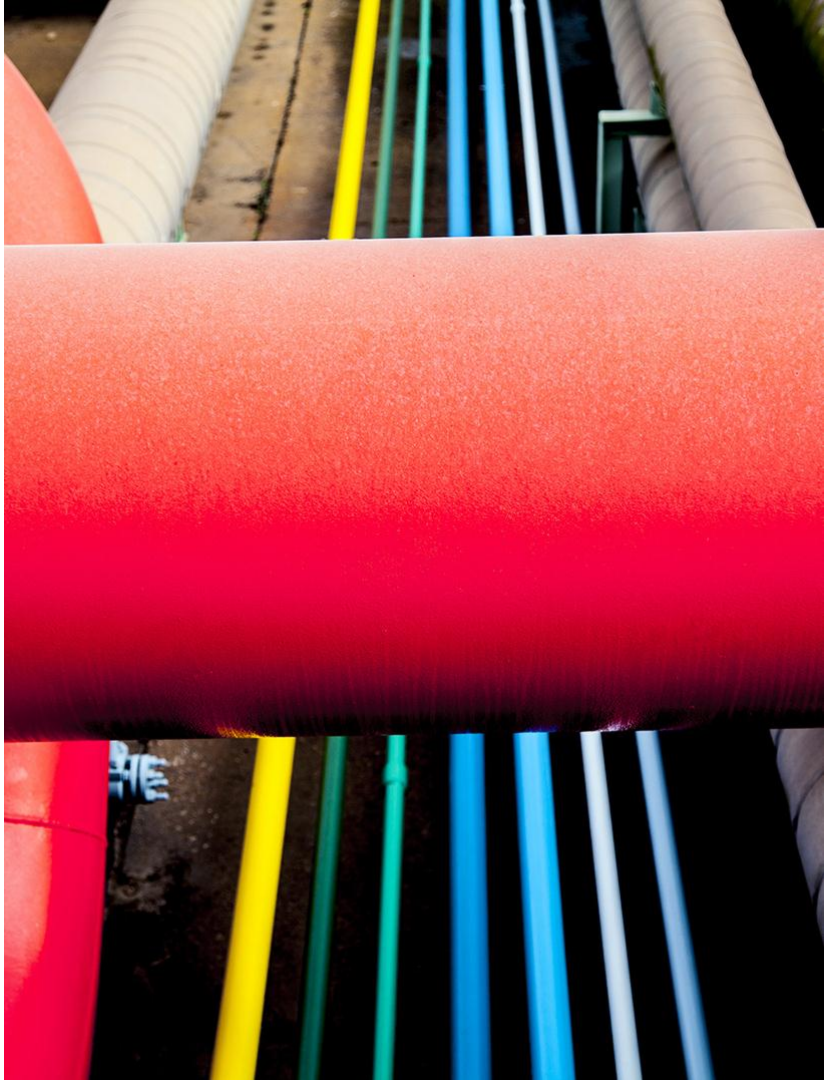
2007-2015 stock market performance

Total shareholder return of Enagás including dividends distributed during the period 2007-2015: +98%



02

Strategic drivers and operating environment



Strategic drivers and pillars of growth

Current strategic approach, updated last year, has proven successful.

Growth pillars

Europe

Growth markets

Global LNG markets

Strategic drivers

- Continued efforts in operating efficiency
- Realistic and profitable Investment Plan
- Focus on international growth
- Sustainability as framework for the development of Enagás' business

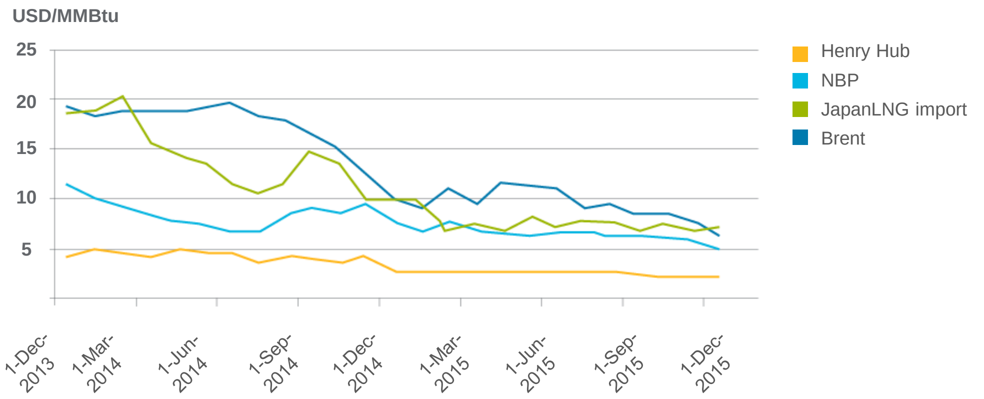
Strategic criteria

- Natural gas transmission and storage, LNG infrastructures, logistic solutions and related activities
- Long term agreements with creditworthy off-takers
- Key role as industrial partner with veto rights
- Strategic partnership with local companies with complementary activities
- Stable and predictable Cash Flows

Global gas trends. Abundant supply supports positive outlook

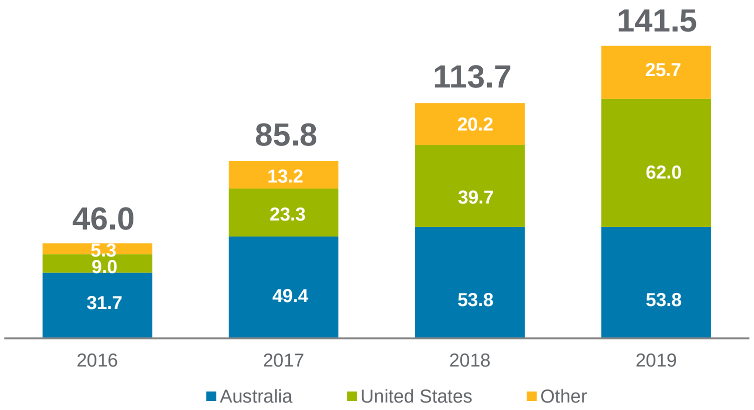
Consolidation of low gas price market environment.
Increasing volumes of competitively priced gas in the market provide the basis for robust long-term gas market growth.

2014-2015 Gas and oil prices



Source: Reuters

Liquefaction capacity under construction 2016-2020 (Mtpa)



Source: Own elaboration based on BG, IGU, IHS and plant owners´ public information

- **Improved** gas relative **competitiveness** and **lower cost** of **environmental policies.**
- Increased **liquidity and optionality in the market enhance competition**.
- Lower margins upstream may lead to **consolidation** and **divestments** in the oil&gas industry.

Europe. Market integration and supply diversification

Gas flows will shift requiring new gas import infrastructure and interconnections.
Enagás supports the development of key EU gas projects: TAP, MIDCAT...

- **2015 gas demand Δ~7%** after 5-year decline.
- Domestic production decline and **increasing import needs.**
- Further market integration and diversification of the EU's natural gas supply are key objectives of the **'Energy Union'**.
- The **EU Winter (Gas) Package** highlights the importance of both existing and planned midstream infrastructure for Europe to take full advantage of global LNG developments.

Existing LNG terminal
Dependence on Russian gas 100-75%
Dependence on Russian gas 75-25%
Dependence on Russian gas <25%
Congested bottlenecks

Source: Own elaboration based on GLE; ACER; Gazprom; Energy Community; BP; Eurogas

Europe. Spain

On January 19th, MIDCAT was awarded €5.6 million for studies on both sides of the Spain-France border under the second 2015 CEF call that included 15 key trans-European energy infrastructure projects.

- With one of the highest European LNG and pipeline entry capacity, the Spanish gas system provides Europe a platform to diversify its import sources.
- New cross-border interconnections with France (MIDCAT) and Portugal will enhance EU security of supply and market integration. Both projects have been recognised as PCIs (Projects of Common Interest) by the EU.
- Enacted new legislation to support the development of a liquid spot market in the Iberian Peninsula.

MidCat 1st Step

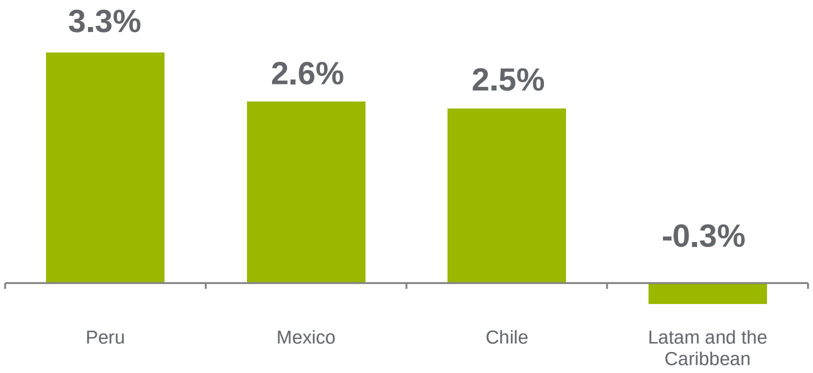
Full MidCat

- Upgrade in existing Interconnection
- Enagás
- TIGF
- GRTGaz

Growth markets. Enagás increased its operations in the most robust LATAM markets

Enagás' target markets in LATAM are among the less affected by global economic slowdown, and keep showing robust markets fundamentals that open growth and consolidation opportunities for Enagás.

2016 Expected GDP growth rate (%)



- Prospects in Peru, Mexico and Chile remain robust despite the general slowdown in emerging economies and low commodity prices, with GDP growth above LATAM and South America averages.
- **Peru:** 2025 National Energy Plan projects gas demand contributing **35%** of final energy (currently 13%) highlighting the Gas Pipelines National Network as a political priority.
- **Mexico:** New 5-year Plan 2015-2019 estimating USD 10 billion in gas pipelines investments. Growing relevance of pipeline imports from US.
- **Chile:** National Energy Agenda and 2050 Energy Policy pointing to a growing relevance of LNG.

Source: IMF - Mexico and LATAM and the Caribbean: World Economic Outlook Update January 2016
Chile and Peru: World Economic Outlook Update October 2015

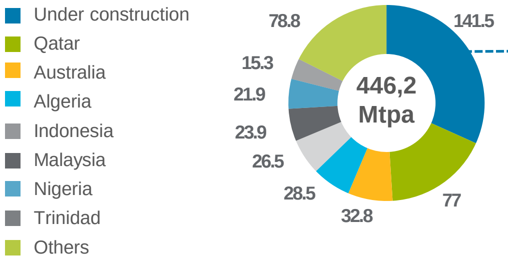
LNG. Enagás maintains its leadership in LNG markets

Enagás is well positioned to leverage on its global leadership in LNG infrastructure and seize opportunities in new growing markets.

- **A second wave of liquefaction projects** will increase current availability of LNG at affordable prices in all basins.
- **Favorable context** (liquidity & optionality) for more **efficient and flexible business models.**
- **Growing relevance of infrastructure costs** in the value chain.
- **Emerging trends** towards **more flexible and less capital-intensive technology solutions** (i.e.: FSRU; Small Scale).
- Role for infrastructure players in **developing new markets.**
- **Enagás is taking the lead on small-scale and bunkering** solutions for the promotion of LNG as maritime fuel, through Swedegas and as coordinator of the CORE LNGas HIVE initiative for the Iberian Peninsula (awarded with €16.5M of EU funding).

Source: Own elaboration based on BG, IGU, IHS and owners´public information

Existing and under construction liquefaction capacity (Mtpa)

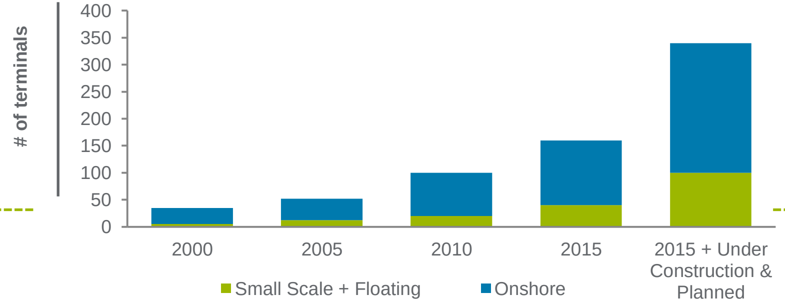


Increase of **46%** vs existing capacity

Source: : Own elaboration based on BG, IGU, IHS and plant owners' public information

Regasification terminals evolution

Small-Scale + Floating
15%

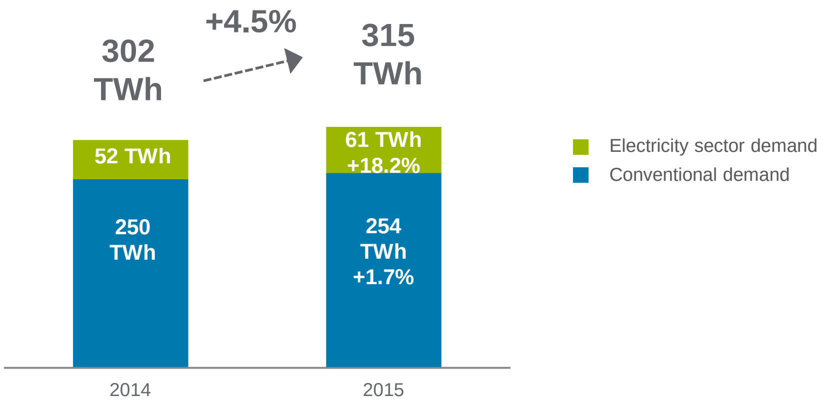


Small-Scale + Floating
30%

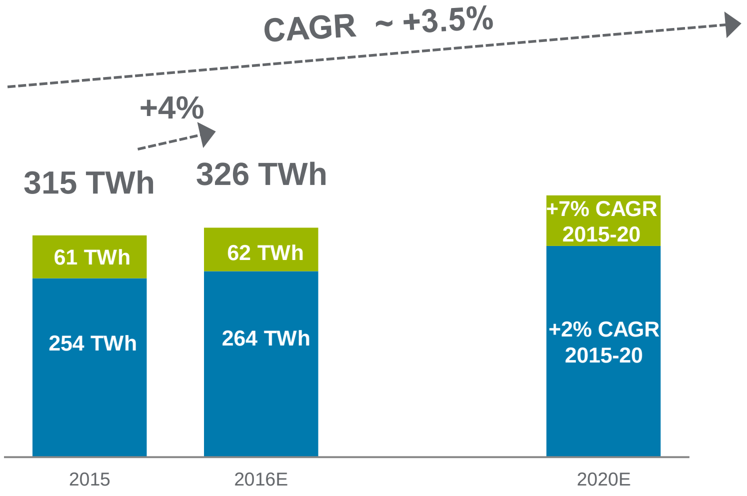
03

Targets
2016E – 2020E

Spain: Demand outlook



Total gas demand 2015-2020E (TWh)



Source: Enagás GTS

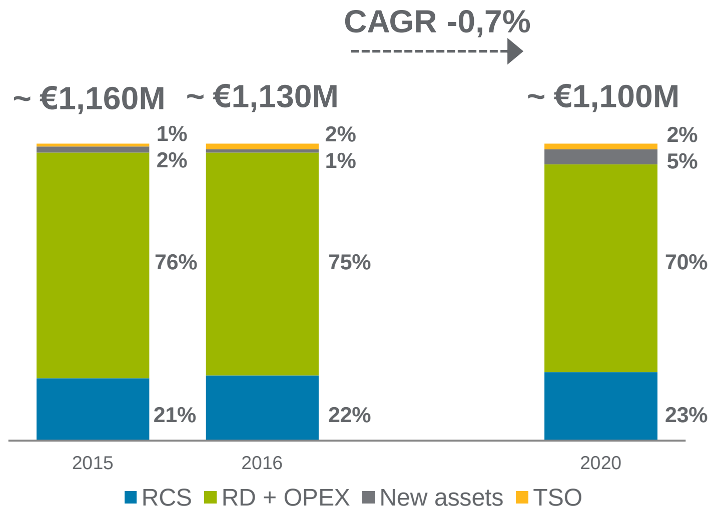
National demand for natural gas +4.5% in 2015, the largest increase since 2008

Expected increase of gas demand in Spain driven by GDP growth, greater penetration of natural gas in final consumption and recovery of gas use for power generation

Regulated revenues according to the current regulation

Sustainable, stable and predictable revenues TSO remuneration updated from €11M to €24M from 2016 onwards.

Regulated revenues estimated path



Net Profit will continue to grow due to:

- Operational efficiency until 2020
- Amortization
  Lower D&A (extension of regulatory life pre 2008 transport assets)
- Financial discipline
- Profitable Investment plan

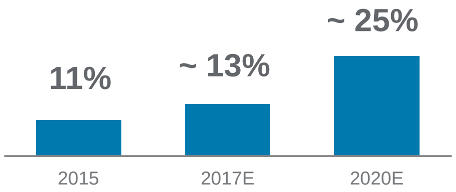
Elimination of tariff deficit

- The application of the **current regulatory framework**, stable until 2020, is already accomplishing the **two objectives** pursued: eliminate the mismatch between expenses and revenues in the Gas System and reduce the final price of gas in Spain.
- **2015 expenses and revenues** in the Spanish Gas System are **balanced**.
- The forecast of the company is that the **Gas System** will be **completely balanced in 2020**.
- This balance involves cash generation to Enagás due to the **improvement of working capital in 2015-2020**.

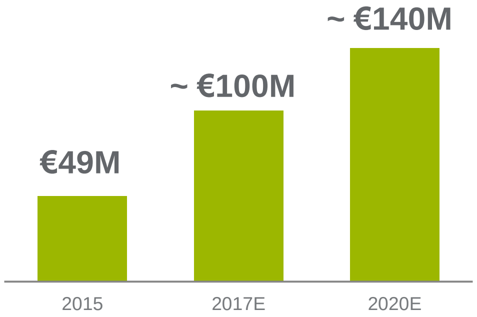
Expected figures from our affiliates

(Net Result contribution and Dividends from investments already committed at 31 Dec. 2015)

Affiliates net profit contribution



Dividends



- **Committed greenfield** investments will allow for future growth that compensates remuneration loss in Spain regulated business
- Without exposure to potential depreciation of local currencies, being **all subsidiaries in LATAM dollarized** (revenues and dividends in USD)
- **High visibility of the expected dividends** from our subsidiaries for being regulated assets or protected by long term ship or pay contracts
- **Reaffirming out targets of international business contribution** for 2017E – 2020E (1€ = 1.11USD)

Note: Increase of the 2017E and 2020E dividends from affiliates mainly caused by the updating of the exchange rate (1€ = 1.11 USD) vs (1€ = 1.35 USD)
Dividends collected from TAP expected from 2021 onwards.

2016E-2020E Average Net Result from Equity Affiliates breakdown vs. Dividends from affiliates

Net Result from Equity Affiliates (effect on P&L)

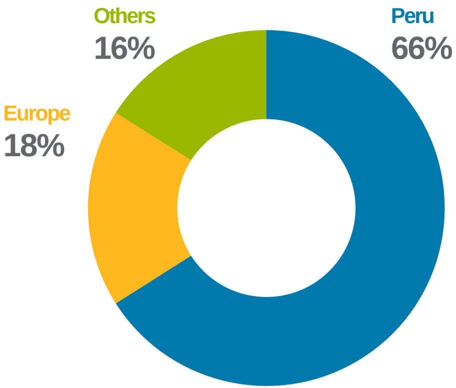
Brownfield contribution	€110M
PPA amortization	- €22M
Greenfield contribution	- €14M

Accounting effect with no impact on cash flow

Average Net Result from Equity Affiliates 2016E-2020E **€74M**

Dividends from affiliates (effect on Cash flow)

~ €110M (82% US$, 10% SEK, 8% €)



Average of dividends from affiliates 2016E-2020E

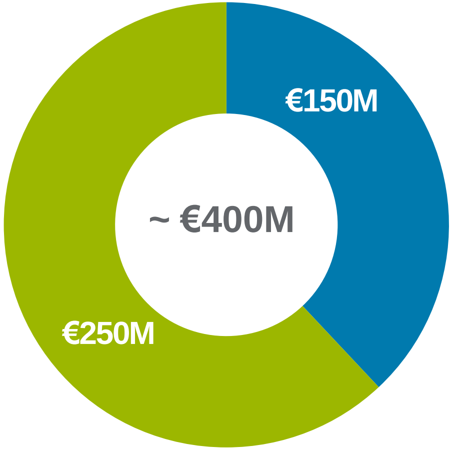
Note: Under greenfield projects are considered: - GSP until 2017 - TAP until 2019.
Dividends collected from TAP expected from 2021 onwards.
Exchange rate (1€ = 1.11 USD).

2016E - 2020E Average Capex

In line with average figures announced in our Strategic Plan 2015 – 2017E.

International 62%

- Non committed investments without contribution in our projections to P&L and Cash Flow in the period
- **TAP** (expected operational date: 2020)
- **GSP** (partial start up date expected for 2017; up&running by 2018)



Domestic 38%

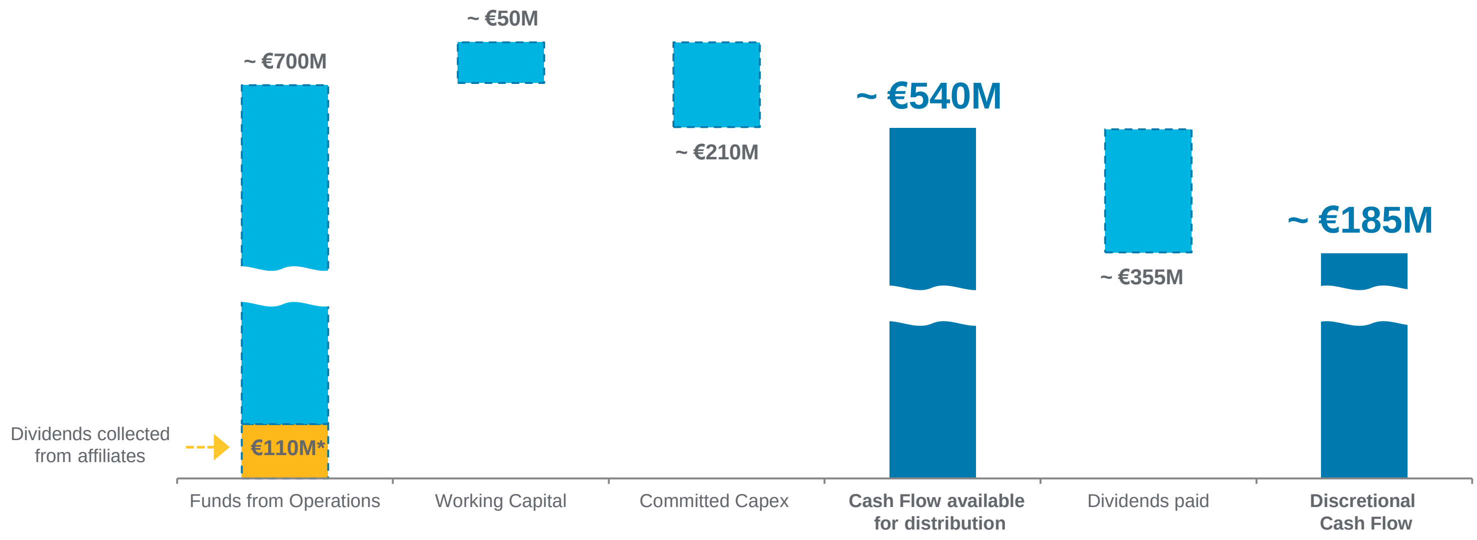
Main Projects:

- **Tenerife** (expected operational date: 2019YE)
- **Yela Cushion Gas**
- **Midcat** (expected operational date: 2019YE)

Note: Exchange rate (1€ = 1.11 USD).

Strong Cash Flow generation: average figures 2016E – 2020E

FCF generated by the domestic business exceed the dividend commitment.



Aggregated figures 2016E – 2020E	**~ €3,500M**	~ €250M	~ €1,050M	**~ €2,700M**	~ €1,775M	**~ €925M**

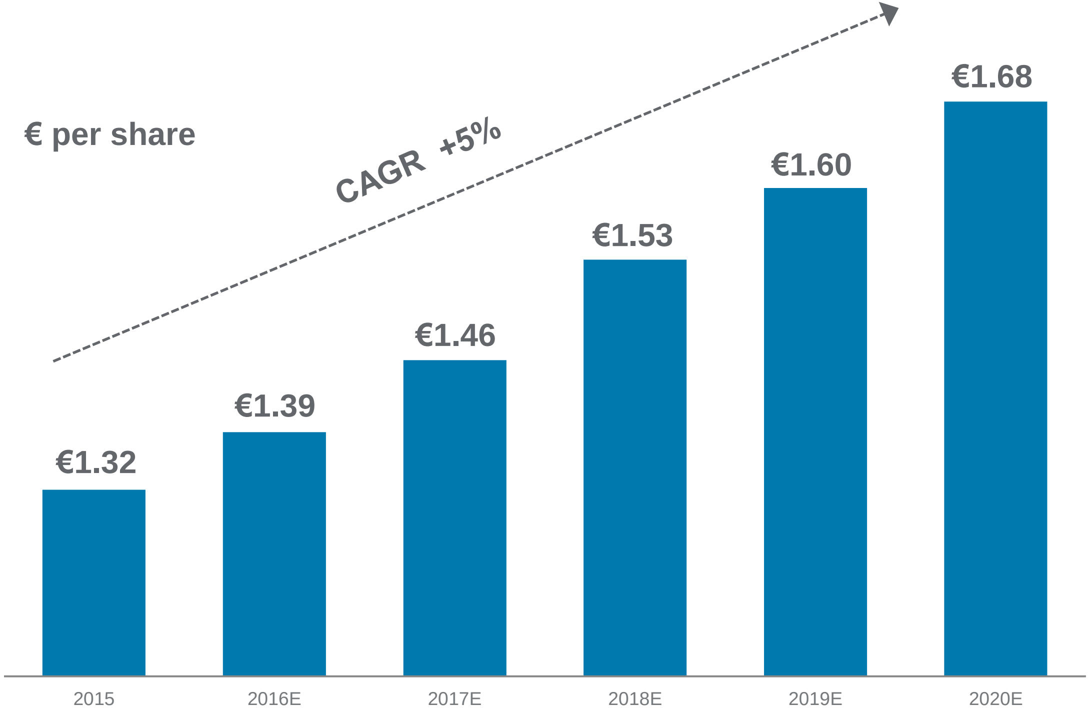
FFO/ND always higher than 15%

Note: 1€ = 1.11 USD

Dividend growth as main priority

Extending our +5% CAGR dividend policy from 2017 to 2020.

Future annual growth +5% until 2020



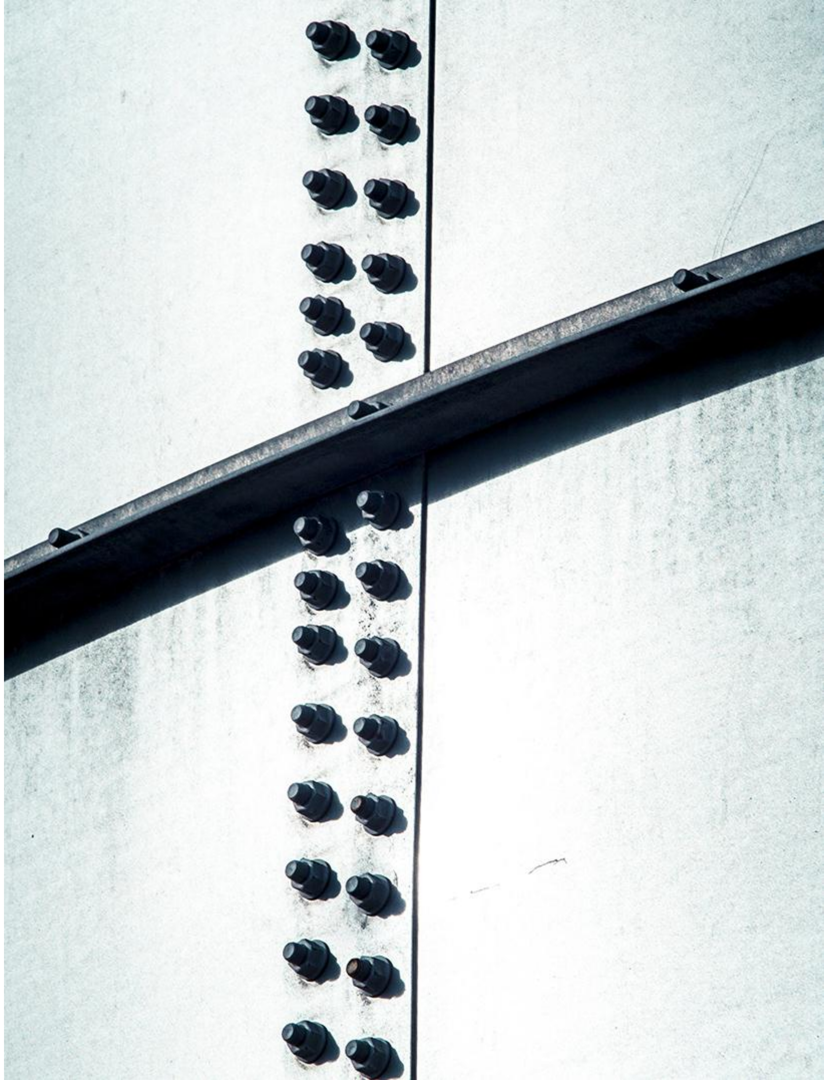
Note: Dividends are subject to approval by the Annual General Meeting, according to Spanish corporate legislation

2016E - 2020E Targets

- 2015 - 2020E CAGR Net Profit: **~+2%** (reaffirming +1% 2014 – 2017E CAGR)
- Results from committed investments will account for at least **~13%** of Net Profit in 2017E and **~ 25%** in 2020E
- 2017E Dividends coming from affiliates will represent **~€100M** and **~€140M** in 2020E
  Without exposure to potential depreciation of local currencies, being all subsidiaries in LATAM dollarized (revenues and dividends in USD)
  High visibility of the expected dividends from our subsidiaries for being regulated assets or protected by long term ship or pay contracts
- 2016E – 2020E average annual FFO **~€700M**
- 2016E - 2020E average annual investment **~€400M**
- 2016E - 2020E **Dividend annual growth +5% until 2020**
- Commitment to maintain our current stand alone credit ratings **(FFO/ND > 15%)**

Note: 1€ = 1.11 USD

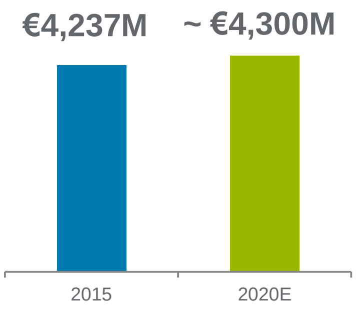
04
Financial policy



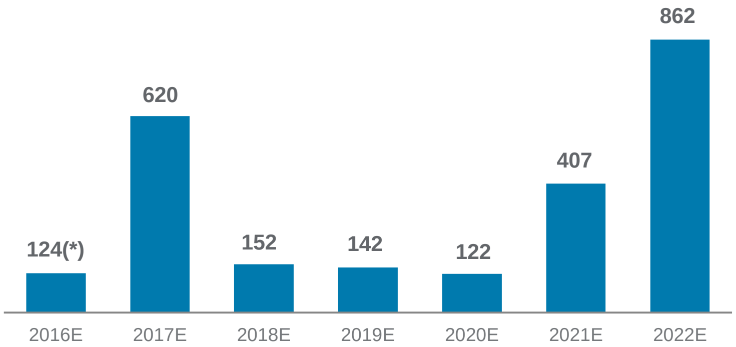
Financial Policy

Commitment to maintain our current stand alone credit ratings (FFO/ND > 15%).

Net debt



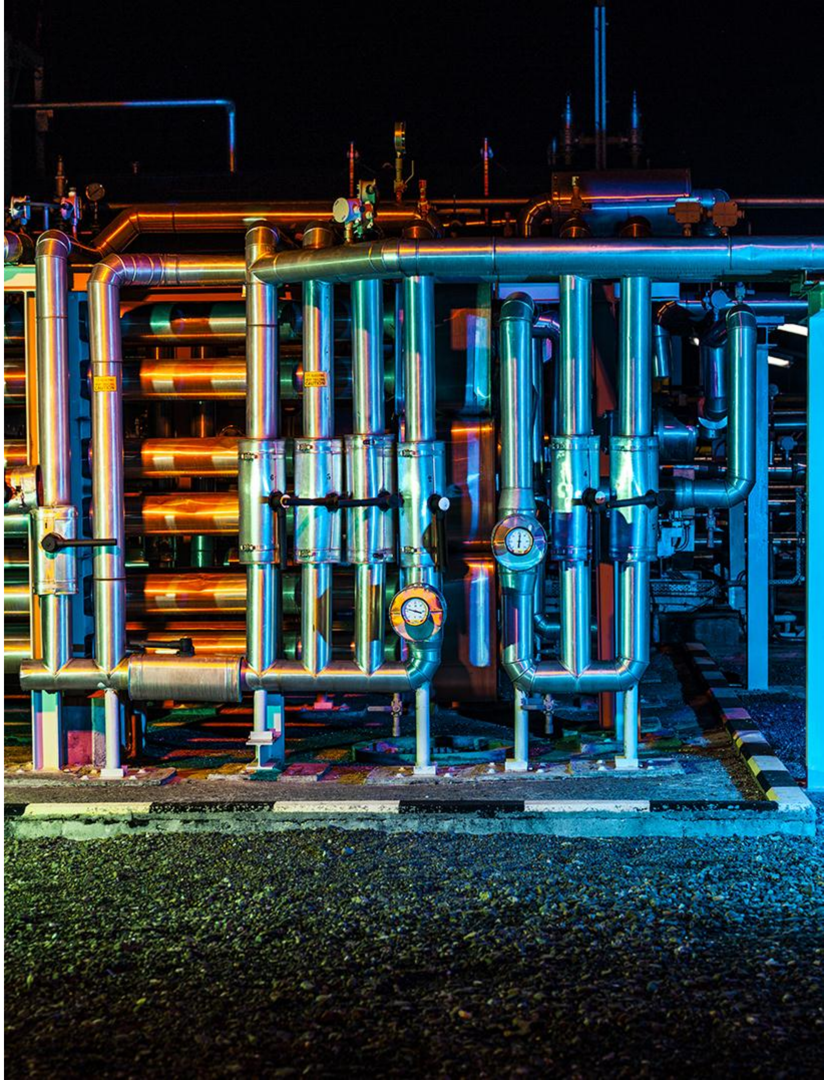
Debt maturity profile (€M)



(*): excluding ECPs and RCF.

- **70%** of the debt matures from 2021 onwards
- At 31 Dec. 2015 the average maturity of our debt: **6.6 years**
- **2016E – 2020E:** average of net financial cost below **3.0%**
- Liquidity ratio **>1.5x**

05
2016



2016 Targets

- Net Profit growth **+0.5%**
- Dividends from affiliates **~€65M***
- Capex **~€465M****
  (In line with the €1,290M capex plan announced in the plan 2015-2017)
- Dividend **€1.39/share** (+5%)
- Cost of debt **~2.7%**

(*): 1€ = 1.11 USD

(**): €465M taking into consideration 1€ = 1.11 USD; figure in line with the €430M average (1€ = 1.35 USD) announced in our Strategic update 2015 – 2017E

06
International growth: Proven track record

TLA Altamira

Altamira LNG terminal has been recognized in 2015 by Mexican Authorities as an strategic gas entry, contributing to the security of supply of the Mexican gas market.

Mexico

■ Pipelines in operation
■ Pipelines tender by the government

Project

- TLA regasification plant, in operation since 2006, allows the import of LNG to Mexico and its subsequent distribution to the domestic market.
- **The terminal has:**
  - Two storage tanks of **150,000 m^3 capacity**
  - A berth for ships up to **216,000 m^3 of LNG**
  - Output capacity of **7,400 million m^3 per year**
- The strategic relevance of the plant lies in being a key entry point for gas in the system and in ensuring the gas supply if demand peaks.

Investment profile

- Core Business
  - Regasification
- Risk profile
  - Long-Term contract

AA (S&P)
AA- (S&P)

- Governance
  - Board
  - Management/Operation
  - Veto
  - Joint Control
  - COO
- Returns
  - Dividens received to date above initial plan
- Partners Vopak

Main data

- Investment date: **2011**
- Stake: **40%**
- Equity invested: **$59M**
- Current status: **in operation**

Soto La Marina

Soto La Marina Compressor Station, completed by Enagás in November 2015, is pivotal in order to ensure gas supply to its area of influence.

Mexico

- Pipelines in operation
- Pipelines tender by the government

Project

- Provision of natural gas compression services thanks to the design, construction, operation and maintenance of a facility located in **Soto La Marina** (Tamaulipas, México).
- The compression station has a maximum capacity of compressing natural gas of 1,846 million cubic feet per day. Natural gas is received from the National Pipeline System's 48" primary trunk-line, compressed at Soto La Marina Compression Station and finally discharged back into the same pipeline for CFE. Besides that, this infraestructure is interconnected with San Fernando Cempoala pipeline, owned by Pemex.
- The construction began in mid 2013 and in November 2015, the commercial operation date was allowed by CFE.

Investment profile

- Core Business
  - Compression
- Risk profile
  - 20 years contract
  - CFE **BBB (S&P)**
- Governance
  - Board
  - Management/O&M
  - Joint Control
  - CEO
- Returns
  - Put into operation Nov.2015
- Partners: fermaca

Main data

- Investment date: **2013**
- Stake: **50%**
- Equity invested: **$12.5M**
- Current status: **in operation**

Morelos

Morelos pipeline, built and operated by Enagás, feeds efficiently gas supply for power generation in the central region of Mexico.

Mexico

- Pipelines in operation
- Pipelines tender by the government

Project

- This project consists of the construction of a **173 km long pipeline** (from Tlaxcala to Morelos) and **76,6 bar pressure**, as well as its operation and maintenance for 25 years. The pipeline has a **maximum capacity 320 million cubic feet per day**.
- The pipeline is a strategic asset for Mexico since is included in the country's comprehensive plan to provide natural gas in the area and to attend the increasing demand for energy.

Investment profile

- Core Business
  - Transport
- Risk profile
  - 25 years contract
  - CFE **BBB (S&P)**
- Partners elecnor
- Governance
  - Board
  - Management/Operation
  - Joint Control
  - CEO
- Returns
  - Under construction
  - Partial start-up April 2015

Main data

- Investment date: **2012**
- Stake: **50%**
- Equity invested: **$39M**
- Current status: **in operation**

GNL Quintero

GNLQ is a key asset for the Chilean central energy market, which gas supply highly depends on LNG imports. Enagás supports future expansions of this terminal (new LNG tank planned for 2020).

Chile

Project

- Quintero regasification plant, in operation **since 2009,** was the first LNG terminal in the southern hemisphere and it allows Chile to have access to natural gas as a fuel supply source.
- The terminal has: two storage tanks of **160,000 m³ capacity** and a third tank of **14,000 m³**, a berth for ships up to **265,000 m³** of LNG, three vaporizers with an emission capacity of **5 million** m³ of NG per day and a tank loading station of **1,250 m³** of LNG per day.
- The recent expansion of capacity in GNL Quintero has expanded the market for natural gas in the area of influence of the plant developing new logistics projects to carry loaded cisterns from the plant to new areas of consumption. This has allowed increasing the volume of operation at the facility.
- We analyze other opportunities in the Chilean market that would allow us to leverage our position in this market

Investment profile

- Core Business
  - Regasification
- Risk profile
  - Use or pay longterm contracts
  - **BBB (S&P)**
- Partners
  - **A/A 1**
  - **A+**
  - **BBB+**
  - **BBB-**
- Governance
  - Board
  - Management/Operation
  - Veto
  - Joint Control (Largest shareholder)
- Returns
  - Dividens received to date above initial plan

Main data

- Investment date: **2012**
- Stake: **20.4%**
- Equity invested: **$176M**
- Current status: **expansion stage**

TGP and COGA

Enagás, through its stake in both TGP and COGA, is the gas infrastructure operator of reference in Peru.

Peru

✱ Under construction/planned

Project

- TgP owns and operates Peru's largest natural gas (729 km pipeline with a capacity of 1,230 MMCF/d) and natural gas liquids 557 km with 120,000 bbl/d capacity) transportation infrastructure which connects the Camisea fields to the industrial centers of Lima and Pisco.
- 33 year BOOT concession expiring in 2033; renewable contract for 10 year period.
- **Operation & Maintenance works** ("O&M") carried out by COGA.
- Customers include some of the largest power generation, natural gas distribution and industrial companies in Peru, including PLNG, the first LNG producer in Latin America.
- Expansion projects will increase capacity for the local market. Estimated start up in 2016.

Investment profile

- Core Business
  - Transport
- Risk profile
  - Long-Term contract **BBB/BBB+ (S&P)**
- Partners
  - **A (S&P)**
  - **AAA (S&P)**
  - **AAA (Pe)**
  - **BBB-**
- Governance
  - Board
  - Management/Operation
  - Veto
  - Position of significant influence (TGP)/Joint Control (COGA)
  - COO (COGA)
- Returns
  - Dividends received to date above initial plan

Main data

- Investment date: **2014**
- Stake: **24.34% (COGA 30%)**
- Equity invested: **$578M**
- Current status**: in operation**

GSP

GSP is the largest infrastructure project in the region and will bring the benefits of natural gas to the south of the country.

Peru

* Under construction/planned

Project

- **1,000 km pipeline.** Strategic infrastructure for the Peruvian economy.
- **34 year DFBOOT concession**, expiring in 2048.
- Construction carried out by Odebrecht, largest construction company in Latin America, and GyM, largest construction company in Peru.
- Revenue structure based on total service cost, under a scheme of guaranteed revenues.
- Pipeline divided into three tranches: **A1 and B** (operating in 2017); **A2** (operating in 2018).

Investment profile

- Core Business
  - Transport
- Risk profile
  - Long-Term contract
- Partners
  - ODEBRECHT: **BBB (S&P Bond Rating)**
  - GyM: **AAA (Pe)**
- Governance
  - Board
  - Position of significant influence
  - COO and Controller
- Returns
  - Under construction

Main data

- Investment date: **2014**
- Stake: **25%**
- Equity committed: **$268M**
- Current status: **under construction**

TAP

TAP provides a realistic alternative pipeline route to Europe with strong political support and commercial rationale.

Greece/Albania/Italy

* Under construction/planned

Project

- TAP is part of the so-called Southern Gas Corridor, that will supply Europe with natural gas from the Caspian Sea, diversifying EU's gas supply. It has been recognized as PCIs (Projects of Common Interest) by the EU.
- **871 km** pipeline through **Greece** (547 km), **Albania** (211 km) and **Italy** (8 km), as well as the **Adriatic sea** (105 km).
- **4 years construction** (2016-2019) and **25 years operation** (starting in 2020). TAP groundbreaking ceremony scheduled for May, 12TH 2016, with the presence of high level national and European authorities.
- During 2015 TAP has cleared the of role of transit countries and gained strong support at the High Level Group on **Central and South Eastern Europe Gas Connectivity** (CESEC).
- Snam's acquisition of Statoil's stake (Dec 2015) strengthens shareholders' rationale and facilitates relationship with local communities.

Investment profile

- Core Business
  - Transport
- Risk profile
  - Long-term contract
  - European PCI project
- Partners

FLUXYS	-
bp	A
SNAM	BBB
SOCAR	BB+
axpo	-

- Governance
  - Board
  - Position of significant influence
- Returns
  - Under construction

Main data

- Investment date: **2014**
- Stake: **16.0%**
- Equity committed: **€270M**
- Current status: **under construction**

Swedegas

Swedegas, and Enagás as a key shareholder, are firmly committed to the climate change agenda, promoting fuel substitution by natural gas and biogas in industry and transport with the development of LNG bunkering and small scale solutions.

Sweden

✱ Small scale LNG terminal planned

Project

- Swedegas is the owner of Sweden's entire gas transmission network and acts as the single gas transmission network owner, transmission system operator ("TSO") and system balance administrator ("SBA") of the network
- The company also owns Sweden's only gas storage facility, Skallen, located nearby Halmstad.
- **601 km** of transmission pipelines with average age of **25 years**, being the remunerative life **65 years**.
- Sweden is a leading country in Climate policy, with very stringent environmental objectives.
- Swedegas is taking a proactive role in order to support a **100% carbon-neutral gas** supply in their network infrastructures in 2050.
- **Projects portfolio:** Small scale terminal and bunkering terminal in the Baltic Sea and development of a new network pipeline in Gavle.

Investment profile

- Core Business
  - Transport + underground storage
- Risk profile
  - Regulation establishes maxium income for a fee
- Partners FLUXYS
- Governance
  - Board
  - Management/Operation
  - Veto
  - Joint Control
- Returns
  - Dividends to be received from 2016 onwards

Main data

- Investment date: **2015**
- Stake: **50.0%**
- Equity invested: **€97.1M**
- Current status: **in operation**

07
Sustainability

Sustainability. Gas infrastructure will play a key role in the solution for reducing CO_2-emissions and local pollution

Enagás welcomes COP21 Global Agreement to maintain increase of temperatures well below 2 ºC and is committed to provide sustainable energy solutions. The Gas System enables an affordable and clean energy supply to consumers and industries, facilitating the increase of the share of renewable energy and an increasing integration of renewable gases.

Enagás Strategic focus

- Enagás promotes as a key strategic priority the **substitution of carbon-intensive fuels** by natural gas by:
  - Developing infrastructure that allows for **efficient gas use in power, industry and commercial and residential markets**, displacing highly polluting fuels.
  - Contributing **to reducing local pollution and to the decarbonisation** of the transportation sector by promoting the use of LNG regasification terminals for bunkering in maritime transport as well as developing small scale LNG solutions for road transport.
  - Allowing **biogas penetration** in our transmission facilities.
- This Strategic commitment is reflected in our **Climate Change Management Model** with concrete results: Enagás has been recognized as a leading company in terms of Sustainability.

Enagás is committed to sustainable business models, enabling clean and efficient gas use in maritime and road transportation as well as biogas.

Climate Change Management Model

Commitment

- **30%** emissions reduction target in **2016-2018** vs. **2013-2015** (linked to variable compensation)
- Committed to action international initiatives: **We Mean Business**

Results

- **45% emissions reduction of Carbon footprint** in 2015
- Outstanding results **in CDP (99/B)** & **climate strategy** in **DJSI (99)**
- **2015-2017 EU ETS strategy** approved

Supply Chain

- Use of **CDP Supply Chain** to achieve sustainable supply chain management

Management

- **Energy Efficiency Plan 2015 – 2017**
- Program **to reduce methane emissions in natural gas infrastructures**
- **Monthly monitoring** of Enagás Carbon Footprint (scope 1) & EU ETS emissions

Reporting

- **Carbon Footprint** certified in accordance with **ISO 14064**
- Emissions **performance,** climate change **risks & opportunities** reporting through **CDP**

Enagás Global 100 ranking

Enagás, ranked in the Global 100 most sustainable corporations in the world.

- Enagás has been recognized as the Gas Utilities sector leader and the first Spanish company in the **2016 Global 100**, announced at the World Economic Forum in Davos.
- **The company has moved from 19th position in 2015 to 6th position in 2016 ranking**, achieving the highest position obtained by a Spanish company since the creation of the index in 2005.
- This ranking assesses the performance in the economic, social and environmental areas of all companies that had a market capitalization in excess of **$US 2 billion** and selects the 100 top performing companies within each industry group.

08
Conclusions

Conclusions

- Regulatory framework closed **until 2020**
- **Strong cash flow generation.** FCF generated by the domestic business exceed the dividend commitment
- **Attractive shareholder return as main strategic priority:** Future annual growth +5% until 2020
- International strategy offers value-creation growth opportunities in the long term for Enagás as a key midstream player
- Prudent financial strategy and commitment to maintain our current stand alone credit ratings

Conclusions

- Enagás core strategy reflects its **commitment to sustainable business models** that contribute to cleaner and competitive energy supply.

- Enagás is **leading infrastructure development in growing gas segments** such as bunkering and small scale, as efficient solutions for the **decarbonisation** of the transportation sector, as well as in biogas.

- Enagás' commitment to sustainability, reinforced in the company's strategy, and the achievement of outstanding results such as the reduction of **45%** of the **carbon footprint**, has positioned the company as a sector leader in the most relevant sustainability indexes (Global100, DJSI, etc.)

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