

# 1Q 2024 Results

April 23, 2024



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# 1Q2024 Highlights

## 1.1 1Q2024 Highlights

# In 2024, the high level of implementation of the axes of the Strategic Plan 2022-2030 continues

## Main axes of the 2022-2030 Strategic Plan



**Security of supply and investments: focus on Spain and Europe**



Increase of Enagás' stake in HEH (Stade) in Germany



**Implementation of the efficiency plan and control of operating and financial expenses**



Recurrent operating expenses 1Q2024 ≈  
Recurrent operating expenses 1Q2023



**Progress on the energy transition and the hydrogen schedule**



Approval in Parliament of RDL 8/2023 the appointment of Enagás as provisional HTNO

Preliminary draft law for the re-establishment of the CNE, National Energy Commission

Publication of the final list of PCIs that includes Enagás' projects\*

Approval of the European Hydrogen and Decarbonised Gas Markets Directive\*

\* Note: Events in the month of April 2024

## 1.2 Security of supply and investments

## Boosting Enagás' presence in Germany: Hanseatic Energy Hub (Stade)

Taking of FID and increase of Enagás' stake in HEH (Stade) from 10% to 15%

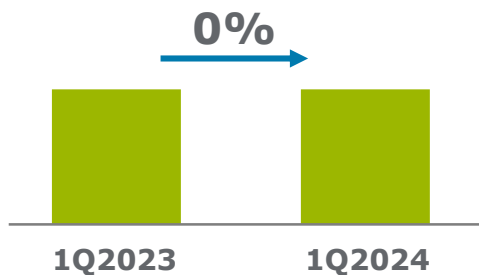


- **Final investment decision made, financing closed and construction of the first land-based LNG terminal in Germany initiated**
  - First terminal **adapted for green ammonia**
  - Total planned **investment €1.6 Bn** (€1.0 Bn LNG plant construction)
- Start of commissioning tests of the floating storage and regasification unit (**FSRU**)
- **Increase of Enagás' stake** in HEH (Stade) from 10% to **15%**.
- **Land terminal commercial commissioning** expected to start in **2027**.
- **Enagás will be the terminal operator.**

## 1.3 Efficiency plan and cost control: financial and operating

## Efficiency Plan

### Control of operating expenses



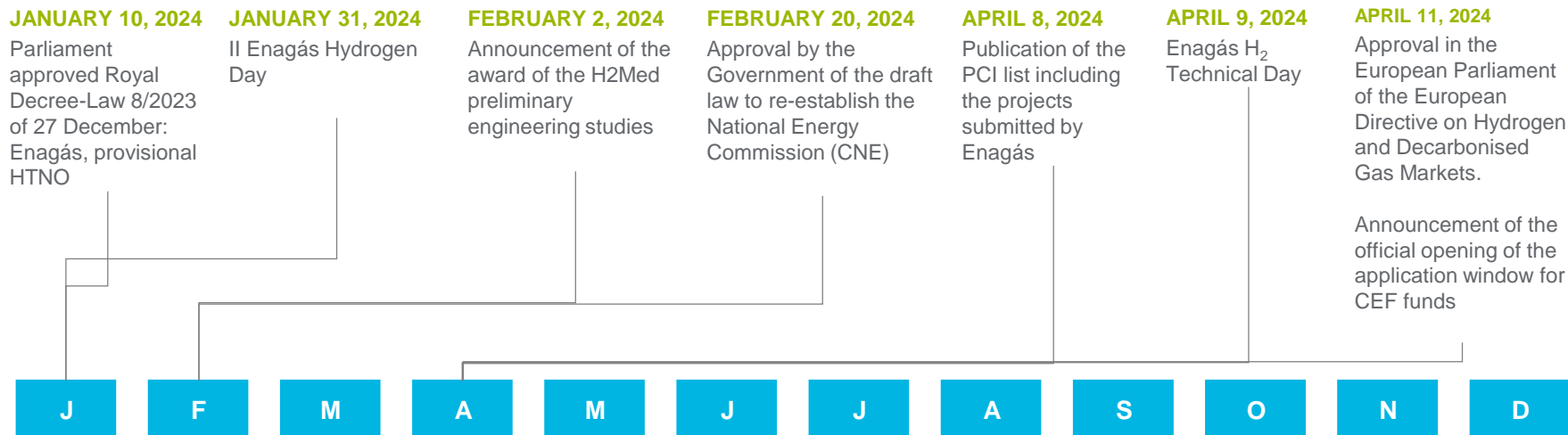
- **Intensification of the Efficiency Plan** to minimise the impact of inflation on manageable costs
- Enagás maintains its **commitment to a maximum annual growth** in recurring operating expenses of **~1% CAGR** in the period 2022-2026
- **Signing of the Collective Bargaining Agreement (2023 – 2026)** compatible with the objectives set out in the Strategic Plan

### Control of financial expenses

- **Sound financial structure and strong liquidity position** (€3.131 Bn as at March 31, 2024)
- **Control of financial expenses**, more than 80% of debt at fixed rates.
- **Financial cost of gross debt: 2.8%**
- **Adjusted FFO/ND: above the 14% required by rating agencies**
- **€600 M bond issue in January 2024** maturing in 2034 with an **annual coupon rate of 3.625%**

## 1.4 Progress in the energy transition

# 1Q2024 and expected highlights for the year



### Next steps:

- April 2024: **Presentation of the proposal for the development of the Backbone according to Royal Decree-Law 8/2023 to the Ministry of Ecological Transition and Demographic Challenge**
- June / July 2024: **Final version of the National Integrated Energy and Climate Plan (PNIEC)**
- Second half of 2024: **Start of transposition of the European Hydrogen and Decarbonised Gas Markets Directive**
- April – October 2024: **Request for CEF (*Connecting Europe Facility*) funds for the research and construction of the projects included in the list of PCIs**

## 1.4 Progress in the energy transition

# Draft law for the re-establishment of the National Energy Commission (CNE)

The main goal of the draft law is the decarbonisation of the Spanish economy

## New functions of the future CNE for the regulation of the hydrogen sector:

- **Connection and access** to hydrogen facilities.
- Structure and methodology of **access tolls**.
- Methodology related to the for **provision of balancing services**.
- **Remuneration of the hydrogen network operator**.

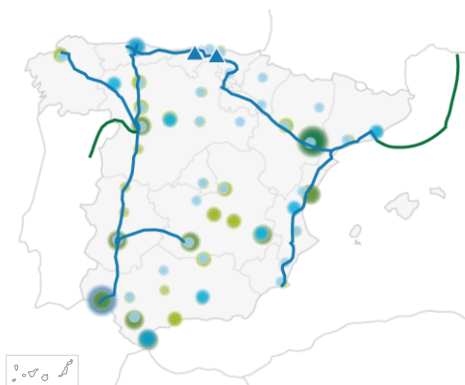


## 1.4 Progress in the energy transition

## Publication of the final list of PCIs

H2Med and the Spanish Hydrogen Backbone Network, included in the final European list of PCIs


- On April 8, 2024, the European Commission published the list of PCIs in the **Official Journal of the European Union**.
- Major step forward in boosting the development of hydrogen infrastructures.**
- Allows for the application for CFE-E funds for studies and construction of projects included in the list of PCIs.**



 Production aggregation points

 Consumption aggregation points

 Underground storage facilities

 2030 Spanish hydrogen infrastructure (presented to PCI)

 H2Med

### Investments included in the final list of PCIs:

#### Spanish hydrogen infrastructure

2030 Spanish hydrogen infrastructure	€3.7 Bn
Underground storage facilities	€1.2 Bn
<b>Total gross investment</b>	<b>€4.9 Bn</b>

#### H2Med

Total project investment	€2.5 Bn
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**Estimated total gross investment in Spain (~40%)**

**€1.0 Bn**

**Estimated total gross investment in Spain**

**€5.9 Bn**

## 1.4 Progress in the energy transition

## Enagás H<sub>2</sub> Technical Day

- Enagás **launches the Hydrogen Technology Observatory** to promote the technical advancement of renewable hydrogen
- The Observatory will promote the **technical advance of renewable hydrogen on a large scale**
- Observatory will be a meeting point open to the main stakeholders in the hydrogen value chain
- In the Enagás H<sub>2</sub> Technical Day, **experts agreed that the development of large-scale renewable hydrogen is perfectly viable from a technological standpoint**



## 1.5 Gas System performance

## The Spanish Gas System: a contribution to Spain and Europe's security of supply

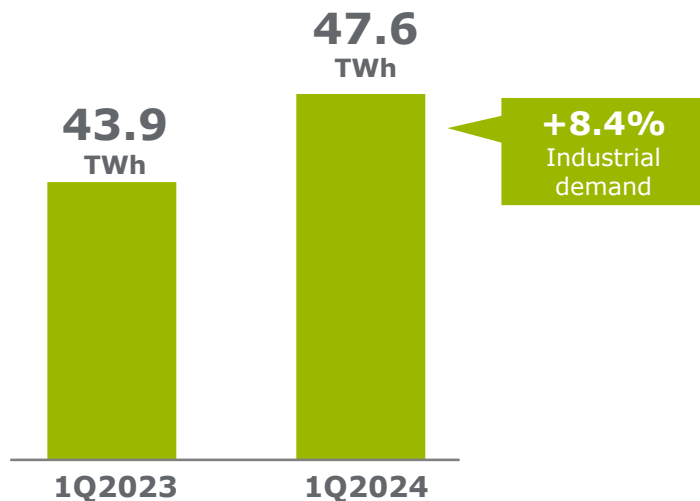
- **100% availability** and **supply guarantee**
- Enagás has received **natural gas from 9 different countries**. Europe's strategic LNG entry point
- **An increase of industrial sector demand of 8.4% in 1Q2024**
- **78% filling of the Underground Storage** at the end of winter
- High interest in the storage capacity service in **Underground Storage**, which is at **100% of the available contracted capacity**
- **Over 90% of LNG tank storage capacity contracted**

## 1.6 Gas System performance

## Natural gas demand evolution

The trend of growth in demand in the industrial sector is consolidated (+8.4%)

### Industrial demand 1Q2024



**Total natural gas demand** decreased by -4.0% in 1Q2024 compared to 1Q2023, due to the following factors:

- **Conventional demand** in 1Q2024 was **+2% higher than in 1Q2023**.
  - This increase is mainly due to **higher industrial consumption in the first quarter of 2024, +8.4%, continuing the trend of the second half of the previous year**, with demand growing in the refining, chemical, pharmaceutical and cogeneration sectors.
  - Partially offset by the decrease in domestic demand -10.3% due to the high temperatures in the winter months.
- Decrease in **gas demand for electricity generation (-24%)** due to an increase in renewable generation, mainly hydro and solar.

02

# 1Q2024 Results

## 2.1 Financial results

# Income statement

**Growth in EBITDA and Net profit** in 1Q on track to meet annual targets in both metrics

€M	1Q2024	1Q2023	Var. %
<b>Total revenues</b>	<b>220.5</b>	<b>220.6</b>	<b>0.0%</b>
Operating expenses	(83.7)	(83.6)	0.2%
<b>Results of Affiliates</b>	<b>41.5</b>	<b>36.6</b>	<b>13.3%</b>
<b>EBITDA</b>	<b>178.3</b>	<b>173.6</b>	<b>2.7%</b>
Depreciation and amortisation	(72.1)	(64.9)	11.1%
PPA	(13.2)	(12.8)	3.2%
<b>EBIT</b>	<b>92.9</b>	<b>95.9</b>	<b>(3.1%)</b>
Financial result	(19.1)	(25.3)	(24.3%)
Corporate income tax	(8.3)	(15.8)	(47.1%)
Minoritist	(0.2)	(0.2)	(30.2%)
<b>Net profit</b>	<b>65.3</b>	<b>54.6</b>	<b>19.5%</b>

- The impact of the regulatory framework on the company's revenues has been offset by the increase in other revenues (mainly COPEX and the positive impact of the Musel E-Hub plant)
- The trend in operating expenses in the first quarter of the year shows the **effectiveness of the efficiency plan** implemented by the company to minimise the impact of inflation on manageable costs.
- Affiliates continue to outperform
- Control of financial expenses with more than 80% of the debt at a fixed rate.

## 2.1 Financial results

## Cash flows and change in net debt

Cash flow generation and debt position in the first quarter as planned with the objective of keeping debt stable at the end of the year.



## 2.1 Financial results

## Sound financial structure and strong liquidity position

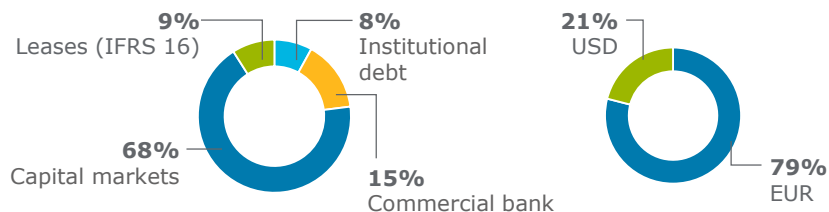
Leverage	Mar 2024	Dec 2023
Net debt	€3.342 Bn	€3.347 Bn
Net debt/adjusted EBITDA <sup>1</sup>	4.3x	4.3x
FFO/Net Debt	19.2% <sup>2</sup>	18.7% <sup>3</sup>
Financial cost of gross debt	2.8%	2.6%

Liquidity	Mar 2024	Dec 2023	Current maturity
Treasury	€967 M	€838 M	
Club Deal	€1.55 Bn	€1.55 Bn	January 2029
Operational lines	€614 M	€921 M	Oct 2024 - Jan 2027
TOTAL	€3.131 Bn	€3.309 Bn	

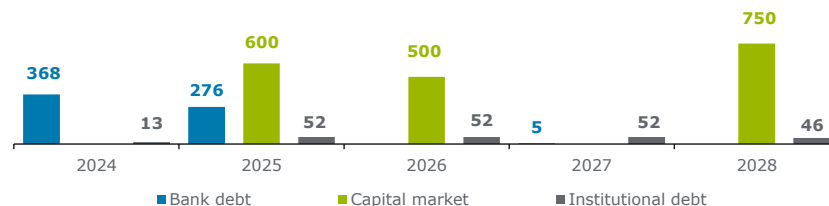
The financial cost of gross debt is 2.8%

The leverage ratios are consistent with a BBB credit rating

### Type of debt



### Debt maturities (€M)



Fixed-rate debt over 80%<sup>4</sup>

Average maturity of debt ~5 years

- (1) EBITDA adjusted by dividends received from affiliates.
- (2) FFO/ND 19.2%: the FFO does not include the payment of taxes associated with the sale of Morelos for €4.5 M. The ratio does not include Rating Agencies' methodology adjustments.
- (3) FFO/ND 18.7%: FFO does not include the payment of taxes associated with the sales of GNL Quintero and Morelos for €72 M. The ratio does not include Rating Agencies' methodology adjustments.
- (4) Including interest rate hedging instruments.



## 2.2 Financial results: Affiliates

## Performance of Affiliates

### Tallgrass Energy

- First quarter on track to achieve annual Adjusted EBITDA target of \$775-815 M.
- Tallgrass continues to operate with a high level of contracting and use of its infrastructure in the first quarter of 2024.
  - Rockies Express Pipeline maintained an average contracted capacity of ~4.7 Bcf/d (87%) in this quarter.
  - Pony Express Pipeline has had a utilisation of ~420 kbp/d (93%).
- The TPCO2 project is progressing as expected, and the commissioning date remains at 2025.

### Peru

- According to the Arbitral Tribunal, the GSP award terminating the arbitration proceedings will be rendered before the end of the first half of 2024.
- TGP, a key asset for Peru's security of supply and with 100% availability.

### TAP

- Since April 2024, Enagás has held the chairmanship of TAP's Board of Directors.
- Execution of the 1.2 bcm expansion project approved in December 2023.

### Desfa

- Arrival of the FSRU ship in Alexandroupolis on February 19 for commissioning trials.
- Commercial commissioning is expected to take place in May.
- The FSRU will contribute to security of supply in Europe and to regional integration and decarbonisation.

**03**









# ESG positioning



## 3.1 ESG positioning

## Advances in sustainability

- Enagás held the 2024 AGM in March, audited by AENOR as a Sustainable Event
- Enagás was certified by AENOR with its highest recognition: the Good Corporate Governance Index 2.0

ESG ratings	Score	Relative position	
 Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA	S&P Global (CSA)	85/100	Top 5% Gas Utilities
 FTSE4Good	FTSE Russell	4.5/5	Oil & Gas pipelines leader
 MSCI ESG RATINGS [BBB- X   M   BBB   A   AA   AAA] METRICADJUSTED VALUE OF 2022	MSCI	AA (7.3/10)	Top 36% Utilities
 Corporate ESG Performance ISS ESG Prime	ISS - ESG	B- (64.12/100)	2nd Decil Gas and Electricity <i>Network Operators</i>
 SUSTAINALYTICS	Sustainalytics ESG Risk Rating	14.9 Low Risk <sup>1</sup>	4th Gas Utilities
 Bloomberg GENDER EQUALITY INDEX	Bloomberg Gender Equality Index	87.6/100	Utilities Leader
 Equileap EQUITY LEADER A RATING	Equileap	74%	Global Top 20
 CDP CLIMATE A LIST 2023	CDP Climate Change	A	CDP CC A List 2023

Management Report 2023 prepared:

- Complying with the **Non-Financial Reporting and Diversity Act 11/2018** and the **European Taxonomy of Sustainable Activities**.
- In accordance with the main reporting standards and frameworks **GRI, SASB, TCFD** and **TNFD**.
- Internal control over non-financial reporting system.**

**Our commitments and progress in the areas of sustainability, published in the Enagás Annual Report, enable us to maintain our leading position in the main ESG ratings**

<sup>1</sup> Sustainalytics ESG Risk Rating gives lower scores to companies with lower exposure and better ESG performance

# 04

## 2024 Targets and Conclusions

## 2024 Targets

- Net profit

**€260 M - €270 M<sup>1</sup>**

- EBITDA

**€750 - 760 M**

- Net Debt

**~ €3.4 Bn**

- Financial structure

**FFO/ND >14%  
compatible with  
BBB credit rating**

- Dividend

**1.00 euro/share**

(1): The assumptions established for the GSP ruling are maintained based on the considerations of the legal advisors.  
Note: Exchange rate used for the calculation of the budget €1=USD 1.0817

## Conclusions

- **1Q2024 results on track to reach the annual target thanks to the high level of execution of the 2022-2030 Strategic Plan**
- **Progress in the implementation of the Strategic Plan** in the three main axes:
  - **Security of supply and investments with focus on Spain and Europe: Final investment decision, increase of Enagás' stake in HEH (Stade) in Germany**
  - **Implementation of the efficiency plan and control of operating and financial expenses**
  - **Progress on the energy transition and the hydrogen schedule**
    - **Investment: Ratification of Enagás' projects following the final publication of the PCI lists.**
    - **Technology: Positioning of Enagás with the *H<sub>2</sub> Technical Day* and launch of the Hydrogen Technology Observatory.**
    - **Regulation: Preliminary draft law including the functions of the CNE, National Energy Commission, for the regulation of the hydrogen sector** and approval in the European Parliament of the **European Directive on Hydrogen and Decarbonised Gas Markets** and **official opening of the window to apply for CEF funds.**
    - **Investment: Presentation of the proposal for the development of the Backbone according to Royal Decree-Law 8/2023 to the Ministry of Ecological Transition and Demographic Challenge before April 30**
- **The Gas System faces 2024 with the maximum robustness and confidence to contribute to the Security of Supply in Spain and Europe**
- **Enagás continues to work on security of supply and decarbonisation to contribute to the fight against climate change**

## Limitation of liability

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# Thank you very much

April 23, 2024

