enagas

2013 Results

www.enagas.es

February 18th
2014

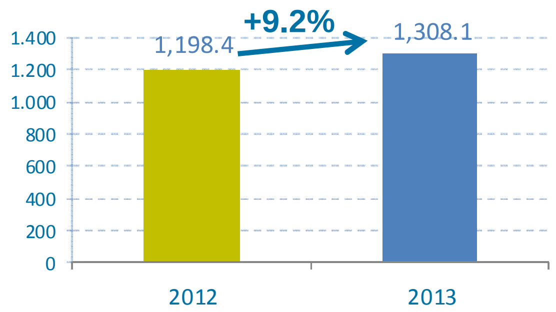
Key figures

(€mill)	Jan-December 2012	Jan-December 2013	%13vs12
Total Revenues	1,198.4	1,308.1	+9.2%
EBITDA	934.3	1,028.1	+10.0%
EBIT	618.4	668.9	+8.2%
Net Profit	379.5	403.2	+6.2%
Capex	761.4	531.4	
Assets put into operation	994.4	546.0	
Net debt	3,598.6	3,772.7	
Liquidity	2,232	2,114	
Leverage ratio	64.1%	64.0%	
Net Debt/EBITDA	3.85x	3.67x	
Transported gas demand (GWh)	418,964	402,337	-4.0%

Note: In 2013 results, 40% of Altamira LNG CV has been proportionally consolidated, 20.4% of GNL Quintero was consolidated by the equity method (participation increased from 20% to 20.4% in September 2013) and Enagás Transporte del Norte (Naturgás) has been globally consolidated since March.
2012 results incorporate the proportional consolidation of the 40% of Altamira plant (Mexico) for a full year and the consolidation by equity method of our GNL Quintero participation for the 4th quarter.

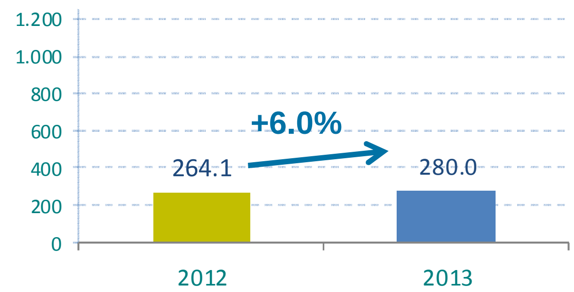
Meeting our targets for the 7th year in a row

Operating revenues (€mill)



Growth driven mainly due to the Naturgas Transporte and other assets integration

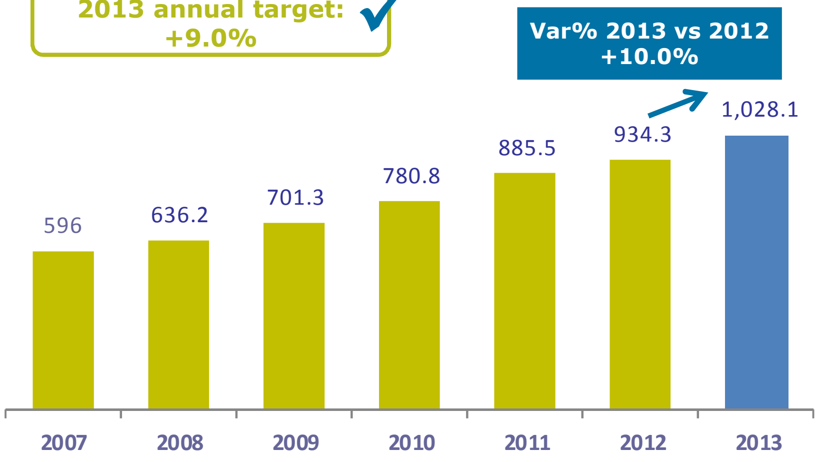
OPEX(€mill)



- OPEX growth affected by acquisitions
- Strict OPEX control, that despite the increase of the asset base of the Company, grows significantly less than the total revenue

EBITDA (€mill)

2013 annual target: +9.0%



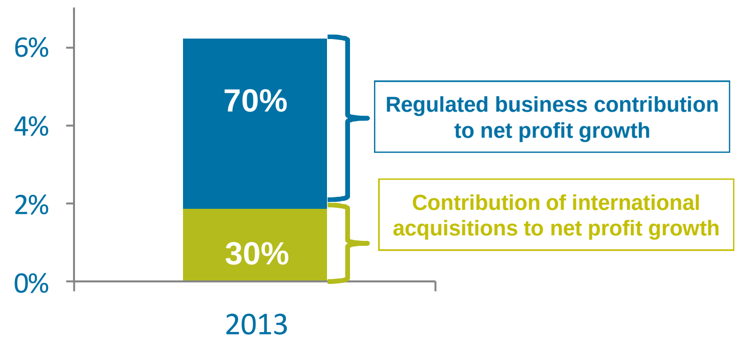
Meeting our targets for the 7th year in a row

Net Profit (€mill)

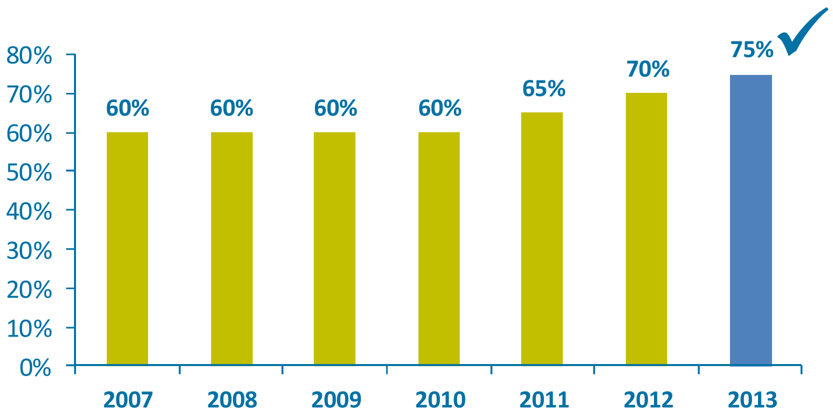
2013 annual target: +5.5%

Var% 2013 vs 2012 +6.2%

Net profit growth



Pay-Out (%)



Dividend per share (€)

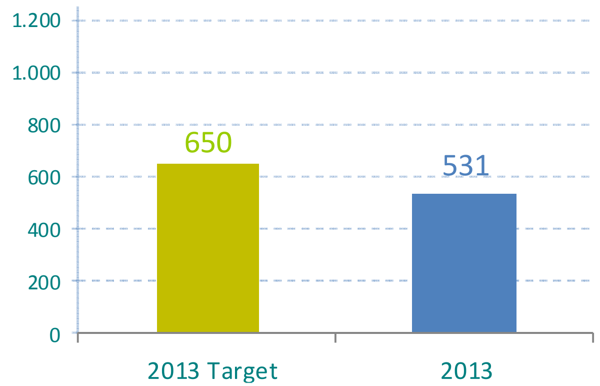
2013 annual target: +13.0%

Var% 2013 vs 2012 +13.8%

(*) Dividend will be subject to approval at the Annual General Meeting to be held in 2014, according to the Spanish corporate law

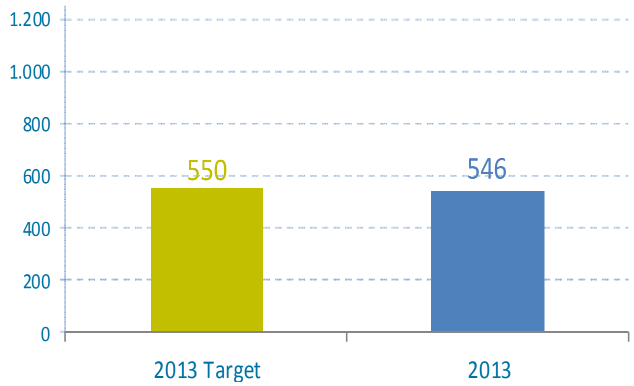
Capex

Capex (€mill)



Investment under the 2013 annual target mainly due to lower investment than expected in Yela and Castor cushion gas

Assets put into operation (€mill)



Assets put into operation figure in line with our annual target

2013 key facts

Integration of the 90% of Naturgas Transporte , included in both figures (Capex & assets put into operation) for a total amount of €245 mill

International investment:

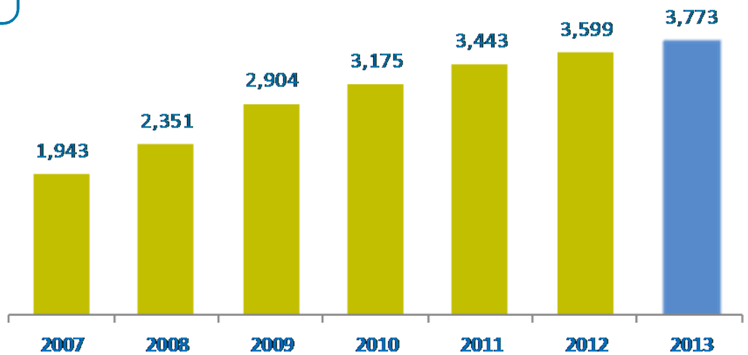
- Consolidation of our presence in GNL Quintero (Chile) through a joint venture with Oman Oil, becoming the most important partner
- Compression station of Soto la Marina
- Both investments fit perfectly with the five strategic criteria defined by Enagás for international investment

Financial structure and liquidity

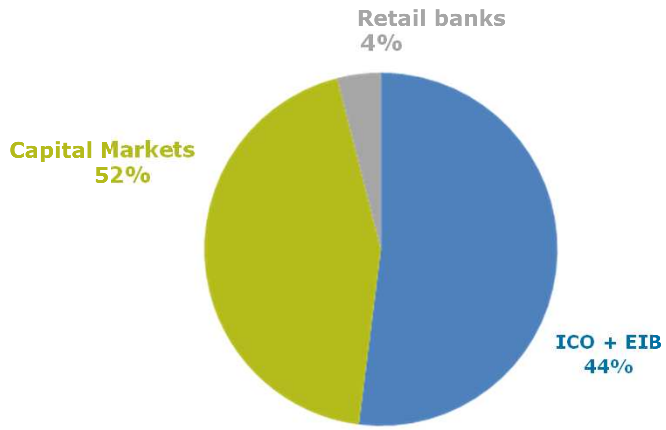
Net debt

Financial leverage below the levels established in our Strategic Plan (~ 4.2x Net Debt/Ebitda)

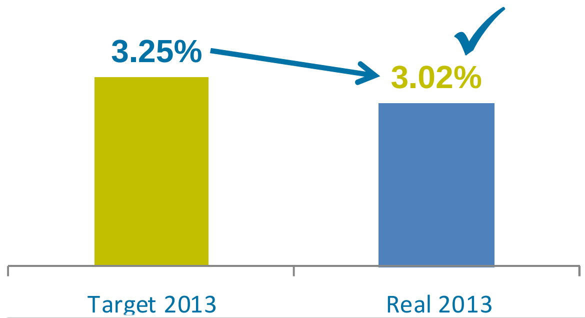
Net Debt/ EBITDA	3.3x	3.7x	4.1x	4.1x	3.9x	3.8x	**3.7x**



Type of debt



Average cost of debt (€mill)



Average cost of debt below annual target

Leverage & Liquidity

	2012	2013
% Fix debt	82%	72%
Leverage ratio	64.1%	64.0%
Gross debt average maturity	5.6 years	5.7 years
Liquidity	€2,232 mill	€2,114 mill

Liquidity: Short term investments and cash + undrawn facilities

Financial structure developments

Financial structure and liquidity of the Company

- **Restructuring of the Group's debt by concentrating it in Enagás S.A**
  - Rupture of the structural subordination of Enagas SA and Enagás Transporte (in accordance with S&P criteria)
  - Allows future emissions to have the same rating as the Corporate
  - Provides financial flexibility to the Group
  - Rating agencies have ratified the transaction, assigning the bonds maturing 2017, now in Enagas SA, the same rating they had when they were guaranteed by Enagas Transporte

- **Cancellation of debt maturing in 2014 and 2015**
  - Extends gross debt average maturity
  - Reduce maturities
  - Positive impact on the financial result

- **New multicurrency financing line of €1,200 mill**
  - Allows to refinance and extend credit lines from 3 to 5 years
  - Subscribed with 13 financial entities
  - Incorporates international banks representing more than 70% of the total
  - Liquidity ratio 2.2x (December 2013)

Ratings improvements

Standard & Poors	Fitch
Standard & Poor's has revised Enagás outlook to **stable** from negative. Enagas rating remains **BBB**, one notch above the rating of the Kingdom Spain	Fitch affirmed its long-term Enagas rating in **A-** with a **stable outlook.** Enagás long-term rating remains two notches above the rating of the Kingdom of Spain

2013 Transported gas demand

Demand

-Conventional	277 TWh	-0.5% vs. 2012
-Electricity sector	57 TWh	-33% vs. 2012
TOTAL	**333 TWh**	-8% vs. 2012

Transit through the Gas System

-Exports	11 TWh	+23% vs. 2012
-LNG Ship loading	32 TWh	+40% vs. 2012
- Portugal Transit	23 TWh	+5% vs. 2012
TOTAL	**66 TWh**	+23% vs. 2012

Total ACTIVITY	**399 TWh**	-4% vs. 2012

2014 Estimated transported gas demand

Demand		
-Conventional	280 TWh	+1% vs. 2013
-Electricity sector	61 TWh	+8% vs. 2013
TOTAL	**342 TWh**	+3% vs. 2013
Transit through the Gas System		
-Exports	11 TWh	+2% vs. 2013
-LNG Ship loading	41 TWh	+29% vs. 2013
- Portugal Transit	26 TWh	+11% vs. 2013
TOTAL	**77 TWh**	+18% vs. 2013
Total ACTIVITY	**419 TWh**	+5% vs. 2013

Regulation

Proper operation of the gas system, highly liberalized and gas prices based on international markets

The year 2013 has been one of continuity and without significant changes in the current regulatory framework

The Ministerial Order IET/2446/2013 maintains the remuneration methodology established in previous years. The remuneration for regulated activities set out in the Order is in line with the Company expectations for 2014

In January 2014, access tariffs have increased by 2.3%, without this having lead to increases in the tariff of last resort, which contributes significantly to the reduction of the gas accumulated deficit

The Ministry of Industry, Tourism and Commerce has announced that during 2014 it will review the regulated activities in the gas sector

The resolution of the accumulated deficit admits feasible and achievable solutions

2014 Targets

Results

- Net Profit: +2.4%
- Dividend: +2.4% (Pay Out 75%)

- 2014 results are affected by the modification in the accounting standards, for wich BBG and Altamira will be consolidated by the equithy method, contributing only to the Net Profit in 2014.
- In line with our Strategic Plan targets
- Contention of operating expenses, key towards achieving those objectives

CAPEX

- € 625 mill (EV**)

- 35% of investment in regulated assets in Spain and the rest in international projects
- For international projects we estimate a 50% leverage ratio

Debt and financial policy

- Net debt(*): ~3.750 mill
- Average cost of debt: 3.3%
- Net debt/EBITDA: 3.8x

- No significant debt maturities in 2014 (€156 mill)
- Average cost of debt improves the one established in the Strategic Plan
- Maintenance of the ND/EBITDA ratio within the objectives of the Strategic Plan
- Liquidity ratio in line with the levels required by the rating agencies.

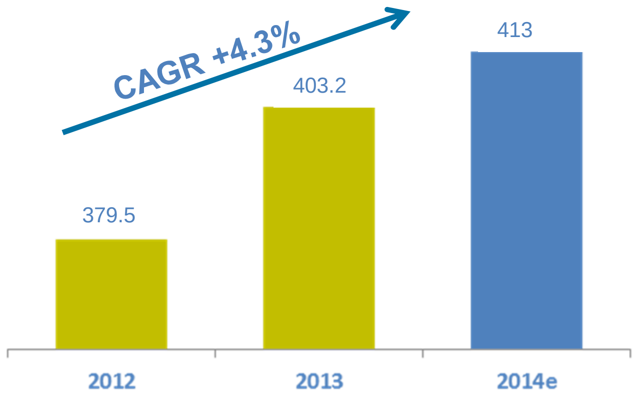
2014 results are affected by the modification in the accounting standards, (IFRS 10 and 11) , for wich BBG and Altamira will be consolidated by the equithy method, contributing only to the Net Profit

(*) Net debt figure considers the deconsolidation of Altamira and BBG debt (€116mill at 31 December 2013)
(**) CAPEX figure is in line with our Strategic Plan, that establishes for the 2014-2015 period, an accumulated investment (EV) of approx. €1,550 mill (approx. 50% international)

Fulfilling our 2013-2015 perspective

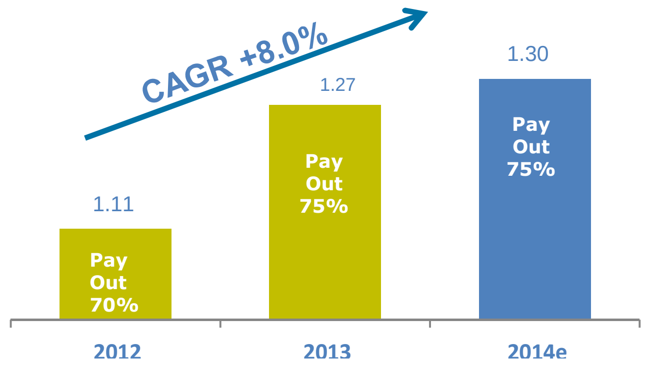
Net profit (€mill)

SP Target: CAGR 2013-2015 +4.0%



Dividend (€/share)

SP Target: CAGRG 2013-2015 +6.0%



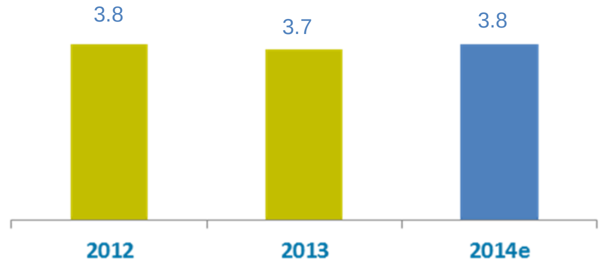
Investments EV (€mill)

SP Target average 2013-2015e €700 mill (€466 mill without Castor)

Average 2013-2014e €566 mill

Net Debt/EBITDA (times)

SP commitment: Debt level below (~ 4.2x Net debt/Ebitda)

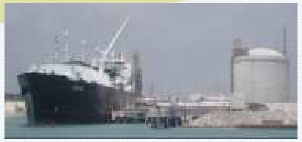
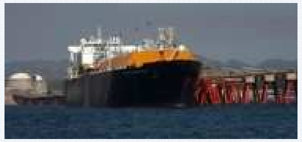


(*) Net debt figure considers the deconsolidation of Altamira and BBG debt (€116mill at 31 December 2013)

Enagas' Key Strategic International Investment Criteria

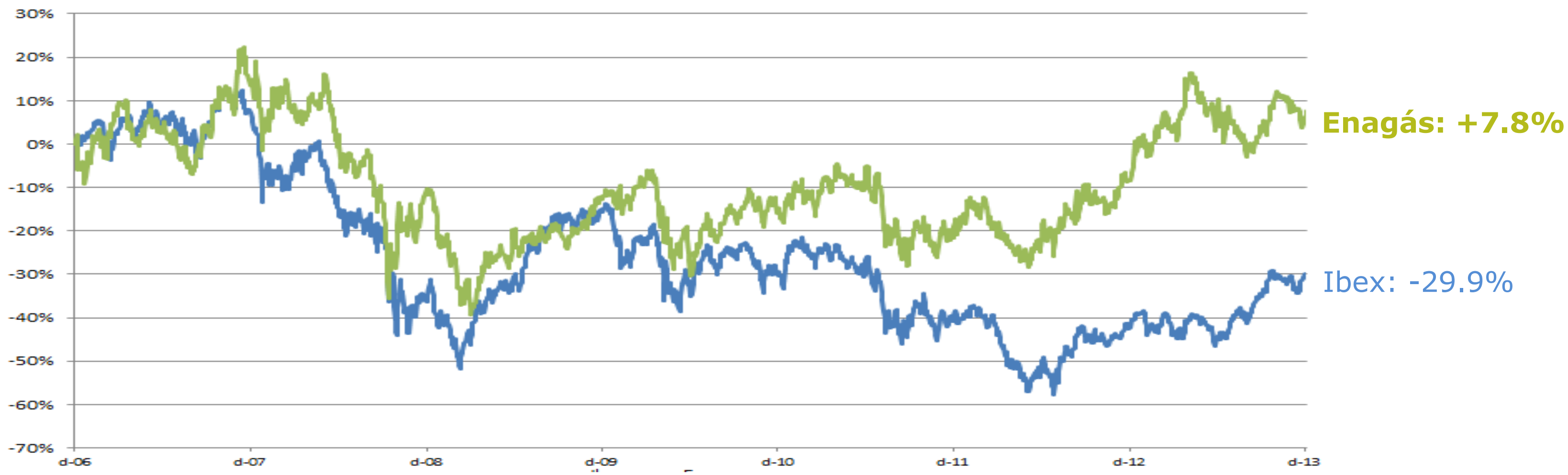
Core Business	• Create value in major expertise areas (core business related activities) • LNG, gas transport and storage infrastructures
Governance and control	• Play role of strategic/technical investor, not just financial investor, even with ≤50% stakes
Risk Profile	• Maintain a similar and sustainable level of risk in non-regulated environments by participating in long term contracts with solid counterparties
Returns	• Obtain predictable cash flows with attractive risk–adjusted returns • Take part in value-added development/expansion/O&M when possible
Partners	• Engage in complementary partnerships that provide local market expertise and/or complementary skills to Enagás

International Investments meet with our criteria

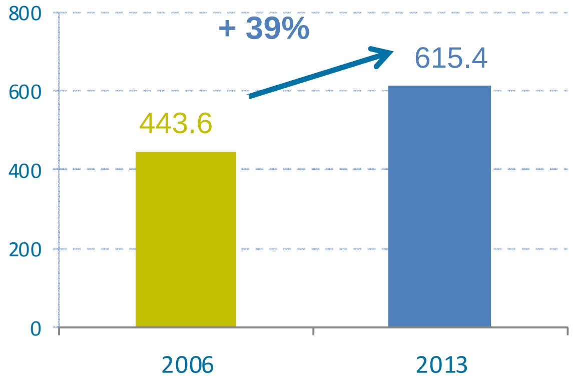
	 TLA Altamira ✓	 Morelos ✓	 GNL Quintero ✓	 Soto La Marina ✓
✓ **Core Business**	• Regasification	• Transport	• Regasification	• Transport
✓ **Governance**	• Board • Management/Operation • Veto • Joint control	• Board • Management/Operation • Veto • Joint control	• Board • Management/Operation • Veto • Joint control (Largest shareholder)	• Board • Management/Operation • Veto • Joint control
✓ **Risk profile**	Shell, Total • Long-Term contract	CFE • 25 years contract	endesa, Metrogas, ENAP • Use or pay long-term contracts	CFE • 20 years contract
✓ **Returns**	Dividends received in 2012 and 2013 above initial plan	• Under construction	• Dividends received in 2013 above initial plan	• Under construction
✓ **Partners**	• Vopak	• elecnor	• Oman Oil Company, endesa, Metrogas, ENAP	• fermaca

Enagas stock price evolution during our Strategic Plan

Enagás share performance vs. Ibex



Liquidity (mill shares)



Source: Madrid Stock Exchange Market

Free float evolution & shareholders location

Dec 2006	Dec 2013
Free Float: 75%	Free Float: 85%
Foreign shareholders: 50%	Foreign shareholders: 75%

Conclusions

- Meeting our targets for the 7th year in a row
- 2014 targets are realistic, and improve the ones established in our 2013-2015 perspective
- Strong balance sheet and conservative financial structure
- Priority in guaranteeing the security of supply and the proper functioning of the Gas System
- Value creation and sustainable shareholder remuneration
- Future growth based mainly on international investments that meet our five strategic criteria

2013 Results

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