# 3Q2015 Results

20-October-2015
www.enagas.es

# 9M 2015 Key figures

- Net Profit **€312.7M** (+1.5%)
- Operating Cash Flow **€617,8M** (+12.8%)
- Investments **€409.5M**
- Net Debt **€4,051.7M**
- FFO(last 12 months)/Net Debt **15.6%**
- Cost of net debt **2.8%**
- National gas demand **+5%**
- S&P has upgraded Enagas rating from BBB+ to **A- (stable outlook)**

# Income Statement

| €M | Sep-2014 | Sep-2015 | Var% |
|---|---|---|---|
| **Total revenues** | 929.7 | 920.7 | -1.0% |
| **Operating Expenses** | 196.8 | 235.8 | 19.9% |
| **EBITDA** | 733.0 | 684.9 | -6.6% |
| **EBIT** | 496.1 | 467.6 | -5.8% |
| **Equity Results** | 17.1 | 27.4 | 60.3% |
| **Net Profit** | 308.1 | 312.7 | 1.5% |

Operating expenses, in homogeneus terms, grow by 7.2% compared to September 2014 due to:

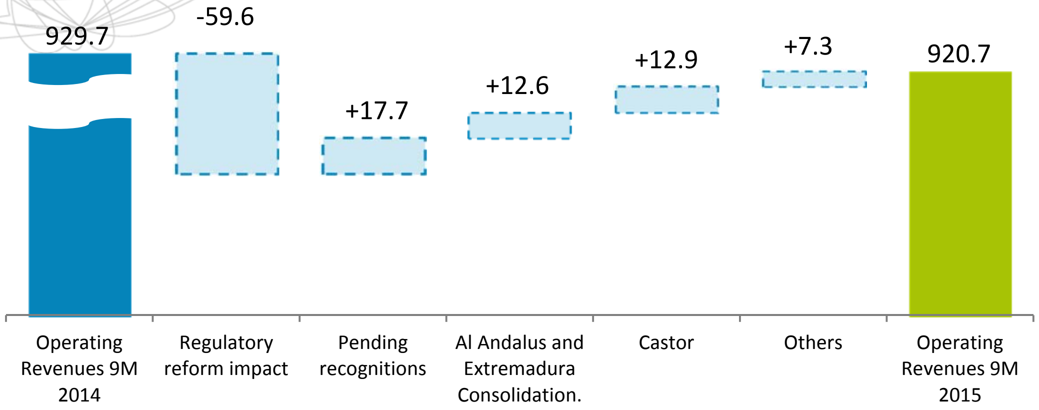
- Different expense accrual compared to 2014
- Higher personnel expenses due to increased international activity
- Lower capitalization of personnel expenses due to less organic investment.

- Higher contribution of 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 the partial start-up of the Morelos project.

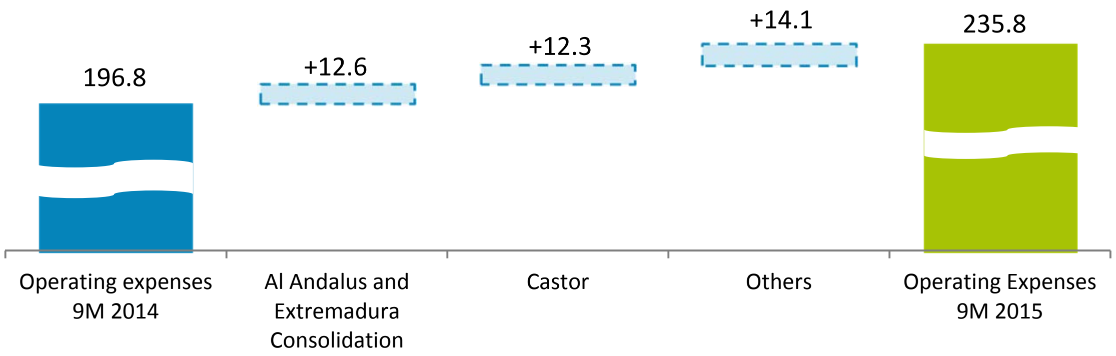
# Operating results analysis

## Operating Revenues Evolution (€M)




- Impact of regulatory reform, partially offset by revenues from pending recognitions
- Changes linked to the new accounting of revenues and expenses of the Al-Andalus and Extremadura subsidiaries (with no impact on EBITDA)
- Revenues from the operation and maintenance of the hibernated Castor storage as established by Royal Decree Law 13/2014

## Operating Expenses Evolution (€M)

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- Different expenses accrual
- Higher personnel expenses due to increased international activity
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# Equity contribution breakdown

## Equity contribution

| | |
|---|---|
| Brownfield contribution | **€ 38.4M** |
| PPA amortization | - € 14.9M |
| Greenfield contribution | € 3.9M |

**€27.4M**

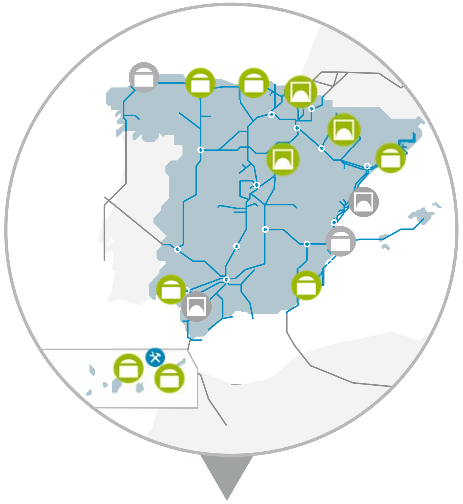
PPA amortization, accounting effect with no impact on cash flow

Positive mainly due to the partial start-up of the Morelos project.

Note: The result of greenfield projects can not be extrapolated to the coming years due to the negative contribution of such projects (TAP and Gasoducto del Sur Peruano) as the work progresses.

# Investments

Spain **€409.5M** International



**€156.9M**

- ✓ Organic investment
- ✓ BBG 10% additional acquisition
- ✓ Saggas 30% acquisition

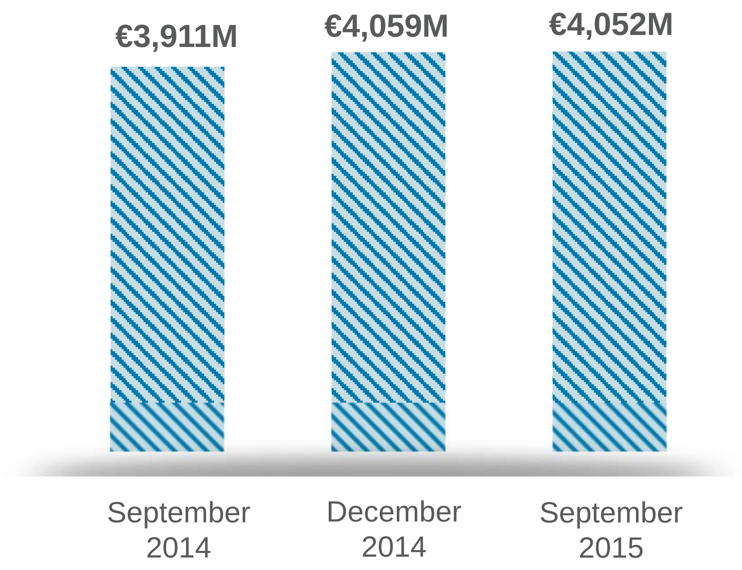
**€252.6M**

- ✓ International investment in progress
  - ✓ TAP €32.0M
  - ✓ GSP €30.1M
  - ✓ Morelos €4.3M
- ✓ Swedegas acquisition (€96.5M)
- ✓ Additional 4.34% acquisition in TGP (€89.7M)

In line with the annual investment target

# Net debt evolution

## Net debt evolution




## Debt data and liquidity

| | September 2014 | September 2015 |
|---|---|---|
| **Net Debt/EBITDA* adjusted (last 12 months)** | 3.8x | 4.4x |
| **FFO/ND (last 12 months)** | 17.8% | 15.6% |
| **Cost of net debt** | 3.1% | 2.8% |
| **Liquidity** | €2,347M | €2,212M |
| **Average debt maturity** | 5.5 years | 6.8 years |
| **Liquidity ratio** | 1.7x | 2.3x |
| **Ratings** | BBB (S&P)<br>A- (Fitch) | A- (S&P)<br>A- (Fitch) |

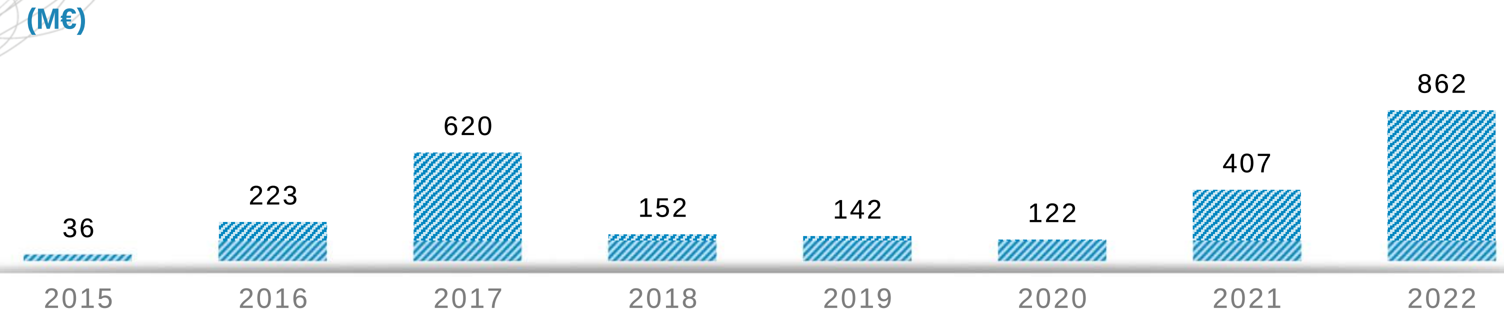
(*) EBITDA adjusted with the dividends from subsidiaries

S&P has upgraded Enagas rating from BBB + to A- (stable outlook)

# Diversified debt structure


Fixed Debt above 80%

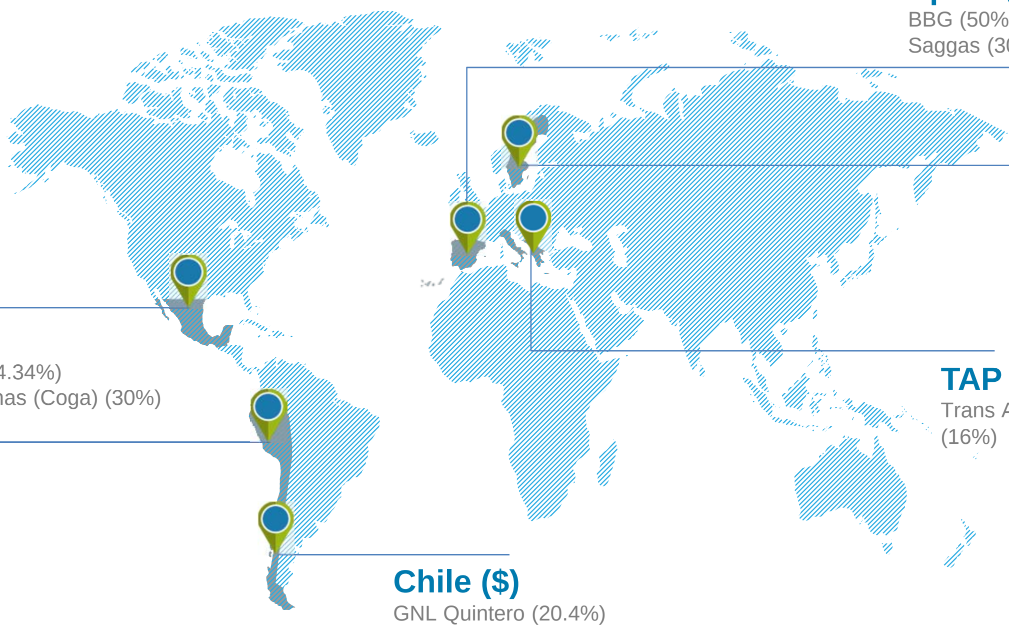
# Comfortable debt maturity profile




- No significant maturities until **2022**
- Average debt maturity **6.8** years
- Liquidity ratio **2.3x**

70% of the debt matures from 2021 onwards

# Expected dividends from our affiliates in 2017



**Mexico ($)**
TLA Altamira (40%)
Soto La Marina (50%)
Morelos (50%)

**Peru ($)**
Transportadora de Gas del Perú (TgP) (24.34%)
Compañía Operadora de Gas del Amazonas (Coga) (30%)
Gasoducto Sur Peruano (25%)

**Chile ($)**
GNL Quintero (20.4%)

**Spain (€)**
BBG (50%)
Saggas (30%)

**Sweden (SEK)**
Swedegas (50%)

**TAP (€)**
Trans Adriatic Pipeline (TAP) (16%)

**€85M**

Expected dividends in 2017

2015-2017 Strategic update exchange rate:
EUR/USD 1.35

Without exposure to potential depreciation of local currencies, being all affiliates in LATAM dollarized (revenues and dividends in USD)

High visibility of the expected dividends from our affiliates for being regulated assets or protected by long term ship or pay contracts

# Swedegas refinancing

## Acquisition bridge loan

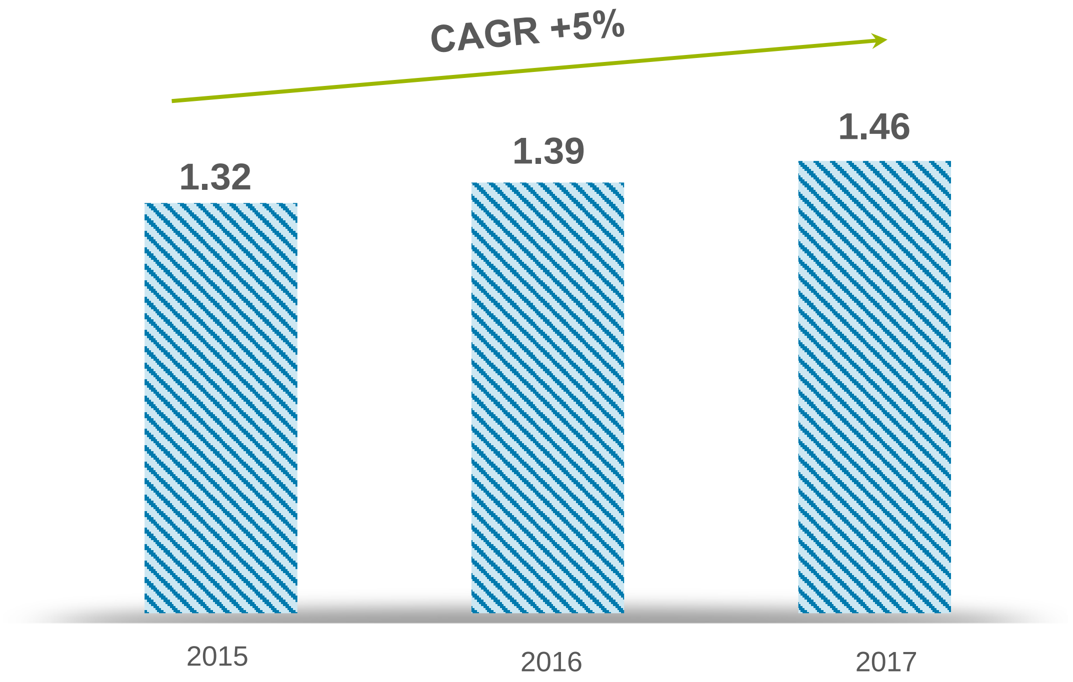
| 27 March 2015 | |
|---|---|
| **Amount** | 3,750M SEK |
| **Term** | 1+1+1 |
| **Guarantee** | Enagás and Fluxys |

## Current debt

| 24 July 2015 | |
|---|---|
| **Amount** | 3,800M SEK |
| **Term** | 7 years |
| **Guarantee** | Swedegas Group |

Refinancing with with non-recourse debt of the bridge loan used to acquire Swedegas

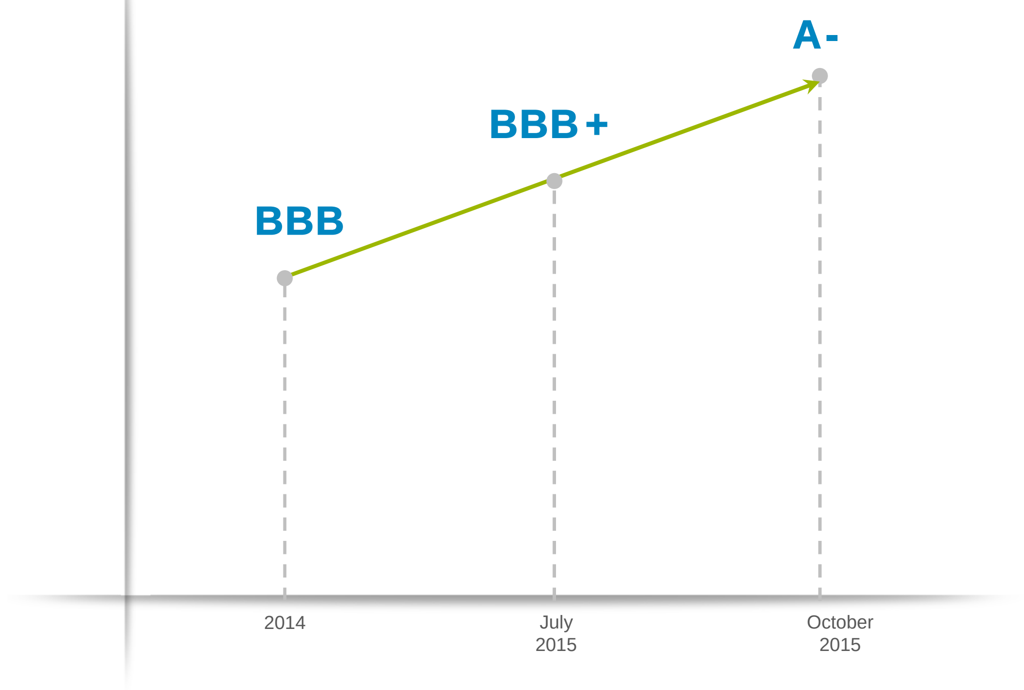
# Dividend growth supported by strong cash flow generation




Growth in line with the *best in class* of the European regulated utilities universe

# Standard and Poor's upgrades the rating of the company

## S&P rating evolution



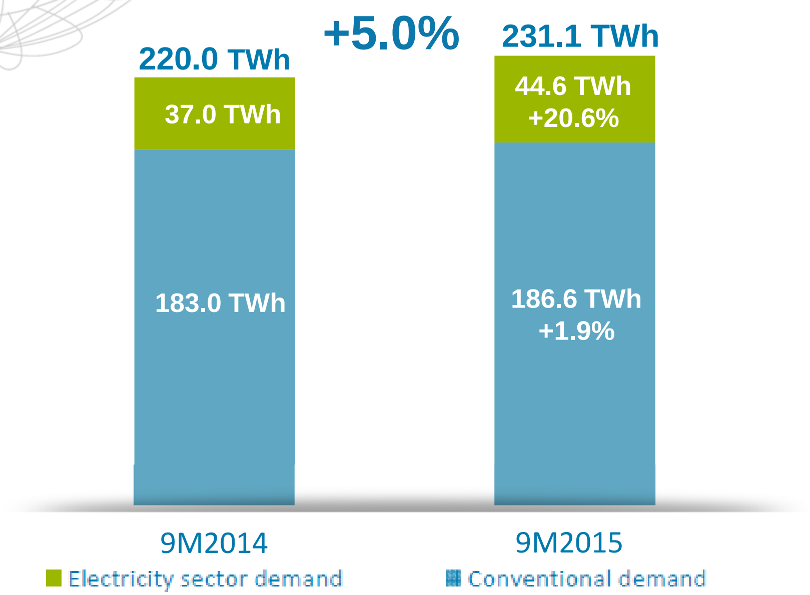

**Standard & Poor's has upgraded the rating of Enagas from BBB + to A-, with stable outlook, surpassing the target set in our strategic update.**

# 2015 Targets

- Dividend **€1.32 / per share**
- Net profit **+0.5%**
- Investments **€430M**
- Following the upgrade of our rating by S&P, we have surpassed our strategic target, reaching current credit ratings of **A-** (S&P) **/ A-** (Fitch)

# Gas demand evolution September 2015

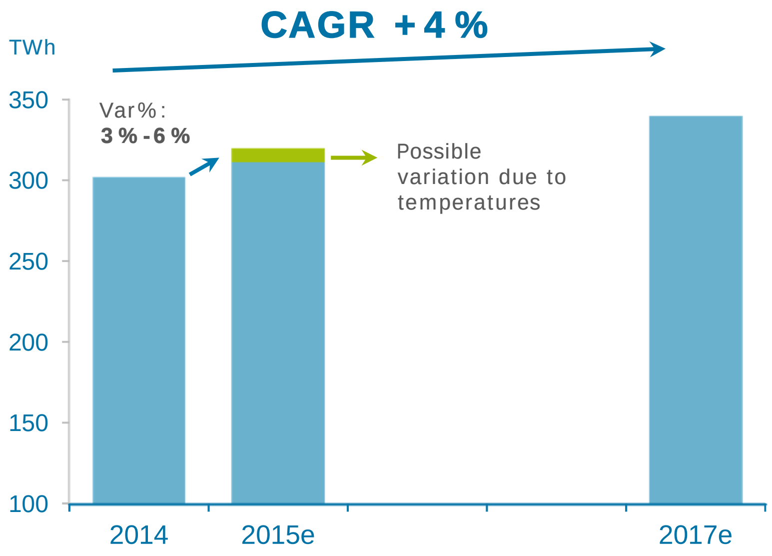
## 9M2015 National gas demand evolution




**Conventional demand increased by 3.5TWh as a result of cooler temperatures in 2015 compared to 2014**

**Increased consumption of gas for the electricity sector of +7.6 TWh , mainly due to lower hydro output**

## 2014 – 2017 Demand estimate




First year with positive growth in the annual evolution of gas demand in Spain since 2009

## Conclusions

- On track to meet 2015 targets
- Without exposure to potential depreciation of local currencies, being all affiliates in LATAM dollarized (revenues and dividends in USD)
- High visibility of the expected dividends from our affiliates for being regulated assets or protected by long term ship or pay contracts
- Prudent financial situation without significant debt maturities until 2022
- The expected balance of the gas system in 2020 implies a generation of additional cash for Enagas due to the improvement of the working capital in the period
- Committed investments in new assets provide future growth and offset the loss of revenues from regulated business in Spain
- S&P has upgraded Enagas rating from BBB+ to A- (stable outlook), reaching an actual credit ratings of A- (S&P) / A- (Fitch)

# 2015 3rd Quarter Results

20-October-2015
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