

# 1Q2021 Results

20 APRIL 2021



# Contents



**01**

**ESG  
Commitment**



**02**

**Results  
1Q2021**



**03**

**Our  
affiliates**



**04**

**Renewable  
gases**



**05**

**Outlook 2021  
Conclusions**

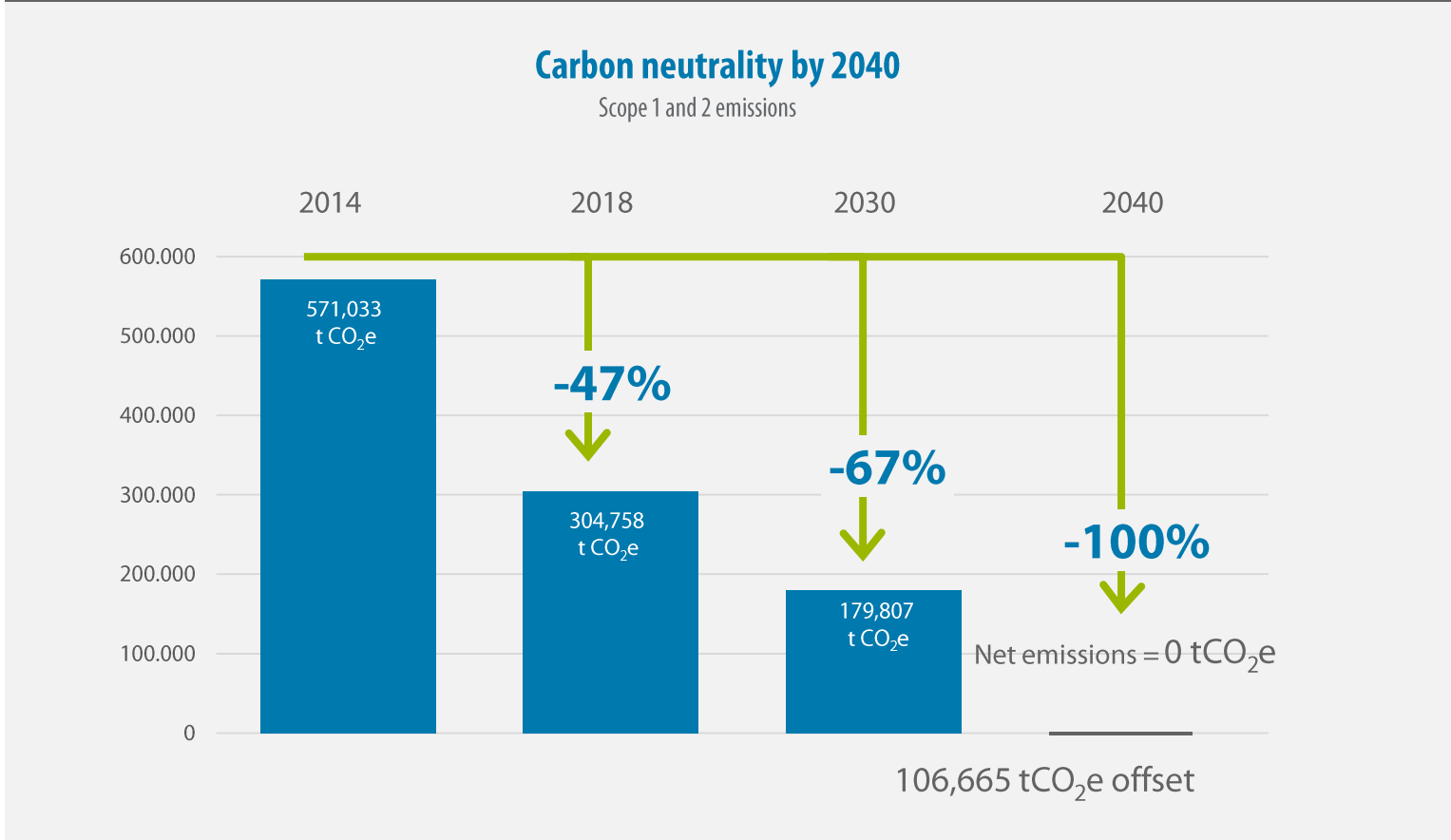


**01**

## **ESG commitment**

# Carbon neutrality by 2040: Clear commitment to decarbonisation

**THE COMPANY HAS REDUCED EMISSIONS IN THE 2014-2020 PERIOD BY 63%  
IN THE 2018-2020 PERIOD, THE EMISSIONS HAS BEEN REDUCED BY 30%**



- Turbocharger **renewal plan**.
- Improved **energy efficiency in the operation of the Gas System**.
- **100% Guarantees of renewable origin and self-generation**.
- Campaigns to **detect, quantify and reduce leaks**.
- **Venting reduction**.

# Leading sustainability indices and ratings

**ENAGÁS HAS OBTAINED THE HIGHEST ESG SCORE (75/100) THAT S&P GLOBAL RATINGS HAS PUBLISHED SO FAR IN SPAIN IN ALL SECTORS**



Enagás has been assessed in ESG by **S&P Global Ratings**:

- Enagás has obtained the highest score (75/100) that S&P Global Ratings has published so far in Spain in all sectors.
- Enagás has the highest ESG assessment score in Europe in its sector (Utility Networks) of those published by S&P Global Ratings over the last year.



For the 13th consecutive year, Enagás was included in the **Dow Jones Sustainability Index (DJSI)**, topping the world ranking in the Gas Utilities sector, with a Gold Class distinction



Enagás has been recognised by CDP for having been included in the **CDP Climate Change 'A List'**. **It has also been recognised as one of the leading companies for its climate commitment to suppliers.**



Enagás has been recognised for its people management and gender equality model, with its position as **the third company worldwide in the Bloomberg GEI index ranking being noteworthy.**





# 02

## 1Q2021 Results

# Income statement

**VERY POSITIVE EVOLUTION IN THE FIRST QUARTER OF THE YEAR, WHICH MARKS THE PATH TO REACH ALL THE GOALS SET FOR 2021**

**THE RESULTS FOR 1Q2021, AS EXPECTED, ARE AFFECTED BY THE ENTRY OF THE NEW 2021-2026 REGULATORY FRAMEWORK**

€M	1Q2021
Total revenue	240.6
Operating expenses	-73.3
Results from affiliates	48.8
<b>EBITDA</b>	<b>216.1</b>
Amortisation and depreciation	-62.6
PPA	-13.4
<b>EBIT</b>	<b>140.1</b>
Financial results	-25.8
Corporate income tax	-21.2
Minority interests	-0.2
<b>Net profit</b>	<b>92.9</b>

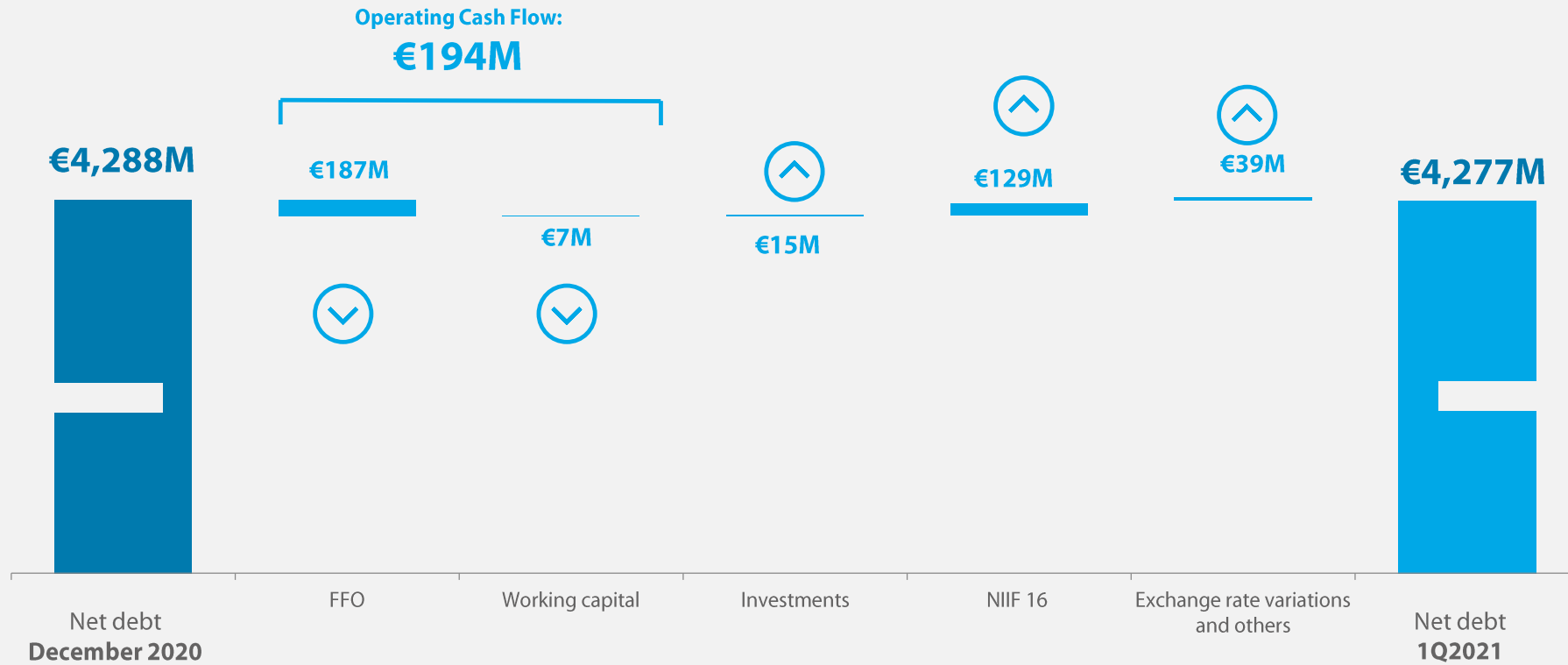
## COMMENTS

- **Control of operating expenses (-11%)**
- **Very positive performance of affiliates (+ 41.2%), contributing to Net profit by 38.1%**
  - Positive performance of TGE's business in the quarter, partly due to the increase in participation from 12.6% to 30.2% in April 2020.
  - TAP's first contribution after its commissioning at the end of 2020.
- **Improvement of the financial cost of debt**, which drops to 1.8%
- The variation in net profit is affected by a **non-recurring effect of + €18.4M** recorded in the financial result in **1Q2020**.

1Q2020	% change
283.3	-15.1%
-82.3	-11.0%
34.6	+41.2%
235.6	-8.3%
-67.7	-7.5%
-10.2	+31.2%
157.7	-11.1%
-7.6	+239.5%
-30.7	-30.9%
-0.3	-16.6%
119.1	-22.0%

# Cash flow and net debt trend

GENERATION OF CASH FLOW AND DEBT TREND IN THE FIRST QUARTER IN LINE WITH THE DEBT FORECASTS AT THE END OF THE YEAR



Fixed-rate debt higher than 80%



# Robust financial structure and high liquidity position

Leverage and liquidity	2021	2020
Net debt	€4,277M	€4,288M
Net debt/Adjusted EBITDA (*)	4.9x	4.8x
FFO/Net debt	16.3%	16.0%
Financial cost of debt	1.8%	1.9%
Liquidity	€2,802M	€2,473M

Liquidity	2021	2020	Current maturity
Treasury	€995M	€864M	
Club Deal	€1,500M	€1,500M	December 2025
USD Lines	€306M	€109M	July 2024
<b>TOTAL</b>	<b>€2,802M</b>	<b>€2,473 M</b>	

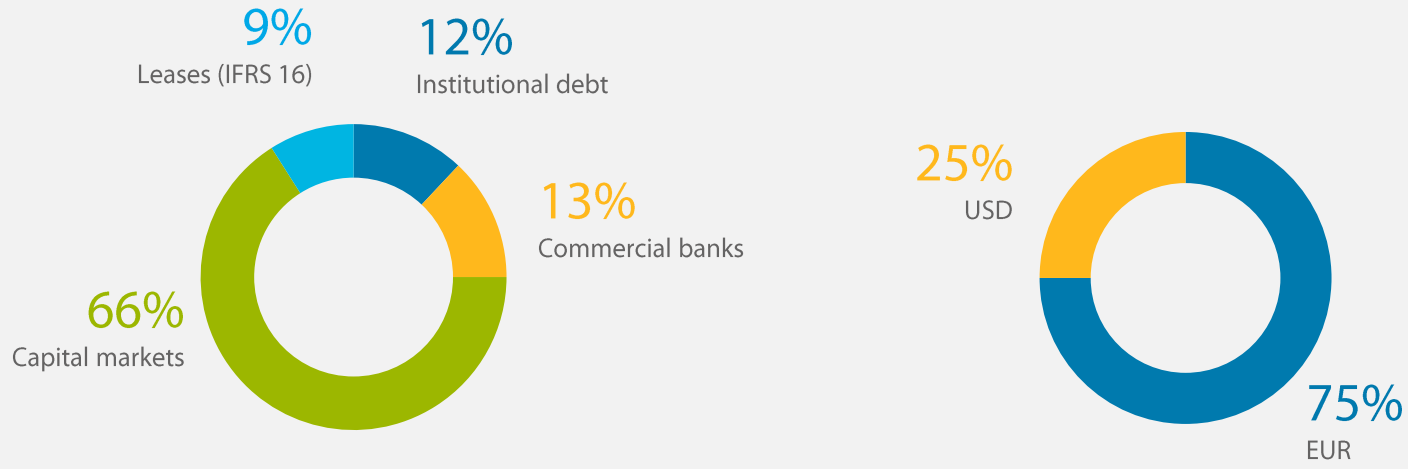
 **High liquidity position**

 **Credit ratings BBB+**

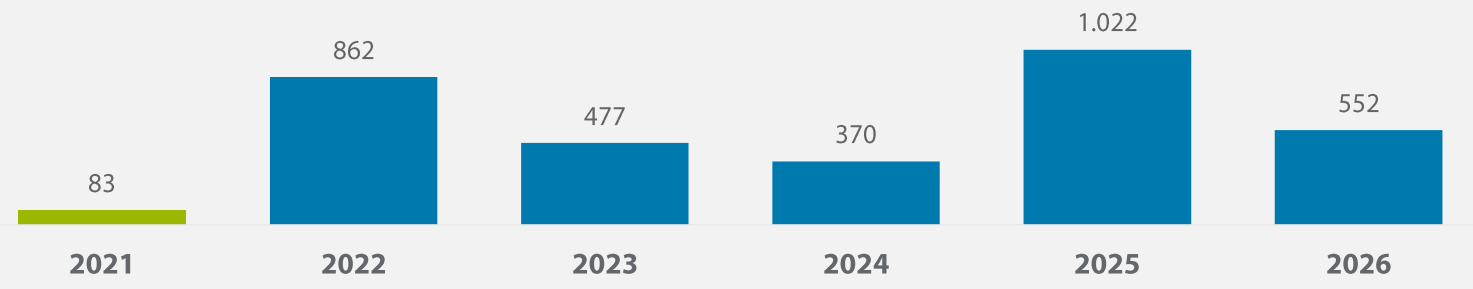
(\*) EBITDA adjusted for dividends received from affiliates

# Financial structure

## Debt type



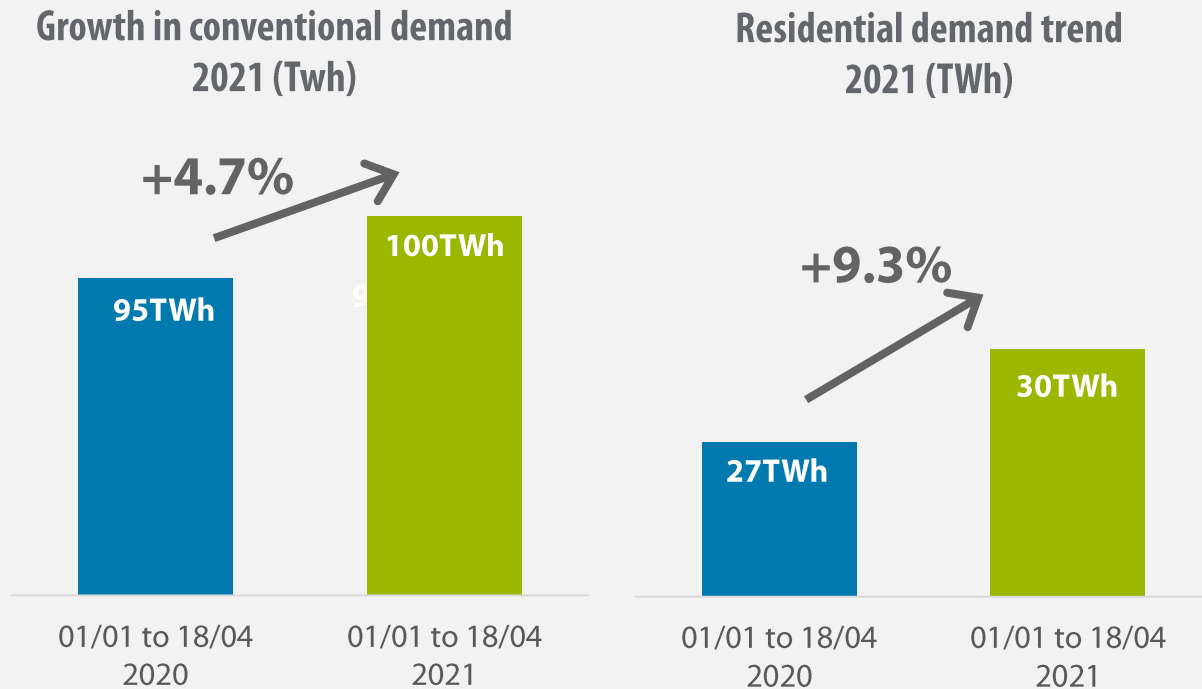
## Debt maturities (€M)



Average life of debt 5.3 years

# Natural gas demand

**THE ROLE OF GAS AND GAS INFRASTRUCTURE HAS BEEN KEY DURING THE MOST RELEVANT COLD WAVE THAT OUR COUNTRY HAS EXPERIENCED IN RECENT YEARS AND WILL CONTINUE TO CONTRIBUTE TO THE ECOLOGICAL TRANSITION**



Source: Enagás GTS

As of April 18, the natural gas demand has reached a consumption of **117,2TWh**, a 0.8% higher than the same date in 2020. It must be considered that in 2021 the entire period has been affected by the extraordinary situation of Covid, while in 2020 the state of alarm began on March 13.

Conventional demand, which represents ~86% of the demand for natural gas in Spain, has shown growth of **+4.7%** at 18 April 2021

- Residential demand grows by **+9.3%** in the period due to the impact between 1 and 17 January 2021 of **Storm Filomena** that entailed an additional consumption of **3.8TWh**.
- Industrial demand increases **+2.6%** compared to 18 April 2020 due to the effect of COVID-19 in 2021 (January and February 2020 were not affected by the pandemic).
- During March 2021, industrial demand showed a growth of **+8.0%** compared to March 2020.

The demand for electricity generation decreased by **-17.4%** compared to 18 April 2020 due to lower electricity demand and higher generation with renewable energy (wind, hydro and solar).



**03**

## **Our affiliates**

# Trans Adriatic Pipeline (TAP)

**TAP REACHED THE FINANCIAL COMPLETION DATE ON 31 MARCH. THIS MILESTONE ALLOWS PARTNERS TO RELEASE THE PRE-COMPLETION GUARANTEES PROVIDED ON THE COMPANY'S DEBT  
TAP HAS STARTED TO CONTRIBUTE SIGNIFICANTLY TO THE COMPANY'S RESULTS**



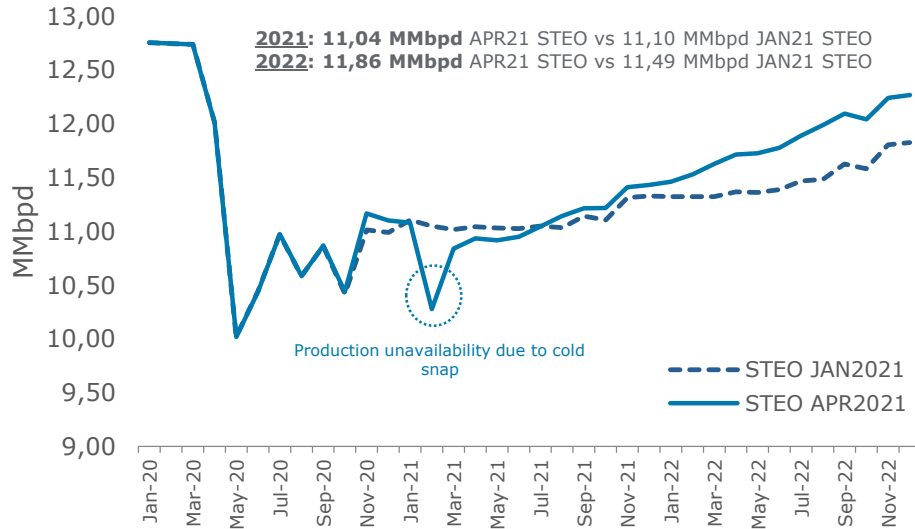
- After gas deliveries to Europe started on 31 December 2020, TAP announced on 19 March that it had reached the first billion cubic meters (1 bcm) of Azeri gas delivered to Europe through the Greek Kipoi interconnection, where TAP connects with the TANAP gas pipeline.
- Between 1 January and 31 March, TAP has delivered a total of 1.16 bcm in its target markets, with utilisation in line with expectations. The operational availability of the infrastructure in the period was 100%.
- At 31 March 2021, TAP reached the Financial Completion Date. The financing banks of the project have proceeded to release the pre-completion guarantees provided by the shareholders during the project's construction phase.
- TAP is currently continuing with preparations for the launch of the binding phase of its market test at the beginning of July 2021, the result of which could mean increasing the transport capacity of the infrastructure from the current 10 bcma.

# Tallgrass: Evolution of the Oil & Gas Market in the 1Q2021

## THE US OIL & GAS MARKET RECOVERY CONTINUES DURING THE FIRST QUARTER OF 2021

- The Energy Information Administration (EIA) has presented, in the 1Q2021, an upward revision of its oil & gas production forecast for 2021 and 2022.
- During the first quarter of the year, the price of oil has increased 24% to around 60 \$/bl. The price of gas increased significantly during January and February but fell back in March to around 2,6 \$/mmBtu, which is the level shown at the beginning of the year.
- The LNG sector continues to show a very positive trend: feedgas demand from export plants reached a new historical record on the 19th and 20th of March, with values close to the 12 bcfd

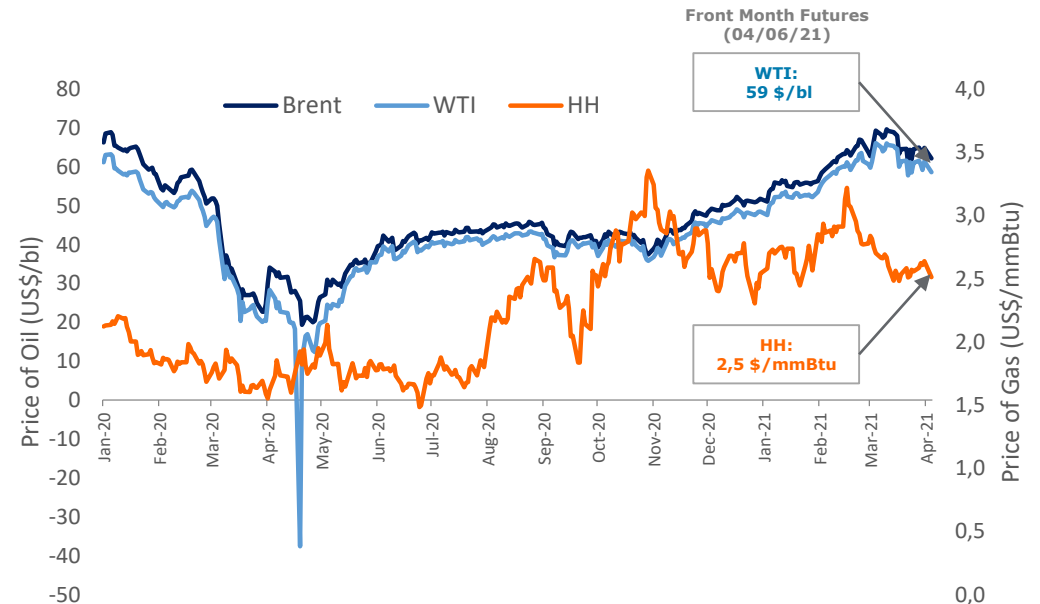
US Crude Oil Production Forecast



Source: EIA (Energy Information Administration).

Note: STEO (Short Term Energy Outlook), monthly report published by the EIA with its short term forecast.

Price Evolution (Oil WTI and gas HH)



Source: Reuters

# Tallgrass: 1Q2021 Highlights



## EXCELLENT PERFORMANCE OF THE TALLGRASS BUSINESS DURING THE FIRST QUARTER OF 2021

- Extreme cold weather conditions during February generated a severe impact in the energy markets, and an energy crisis in some regions. Even under such extreme weather conditions Tallgrass infrastructure continued operating at full availability.
- This episode has shown how strategic Tallgrass assets are for the supply to key markets in the country and how flexible they are in terms of the different services' portfolio that they can provide.

### Natural Gas Transportation Business 1Q2021 highlights: Rockies Express (REX), TIGT and Trailblazer

- Additional short-term contracts were executed in February, resulting in total short-term contracted volumes of ~1060MMcfd for REX West to East as well as ~508MMcfd for REX East to West.
- For the first time, transportation contracts from Zone 3 (REX East) to Zone 1 and 2 (REX West) were executed.
- REX, TIGT and Trailblazer closed natural gas sales and "Park and Loan(1)" services due to shipper demands.
- In March, the successful settlement agreement with Gulfport became effective, which resulted in the continuation of 200MMcfd (~61%) of their REX East capacity.

### Crude Oil Transportation Business 1Q2021 highlights: Pony Express (PXP) and Powder River Gateway

- In PXP, the average throughput during the first quarter was ~ 401Mbd. A strong interest from shippers to access this facility has resulted in very attractive spot rates.
- Negotiations with several clients to contract long term transportation capacity continue.
- A strategic partnership with the Bridger Pipeline LLC has been set up in order to transport crude oil.

**THE 1Q21 RESULTS WOULD ALLOW TALLGRASS TO REACH THE UPPER BOUND IN THE RANGE OF OBJECTIVES SET FOR 2021**

<sup>(1)</sup> Services offered to store or to loan the stock of natural gas used by the different assets.

# Tallgrass: JV Tallgrass / Bridger Pipeline LLC

**TALLGRASS HAS AGREED TO FORM A JOINT VENTURE WITH BRIDGER PIPELINE LLC (A SUBSIDIARY OF THE TRUE COMPANIES) (“BRIDGER”), WHEREBY TALLGRASS WILL CONTRIBUTE PONY EXPRESS PIPELINE FOR A 75% INTEREST, AND BRIDGER WILL CONTRIBUTE CASH, LONG-TERM CONTRACTS, AND OTHER ASSETS FOR A 25% INTEREST**



- The joint venture will offer seamless crude oil transportation from North Dakota, the Guernsey Hub in Wyoming, and the DJ Basin to Cushing.
- Tallgrass will own 75% of the outstanding common units and 100% of the outstanding preferred units of the JV (resulting in 95% of the cash flows generated by the JV while preferred units exist).
- Bridger will own 25% of the outstanding common units of the JV.
- Closing of the joint venture is subject to limited list of customary conditions and is expected in the second quarter of 2021.

## Transaction Rationale

- Meaningfully increase contract cover on Pony.
- Diversify access to supply basins.
- Create alignment with Bridger Pipeline LLC, the second largest pipeline operator out of the Bakken.
- Provide Tallgrass EBITDA from the retained 75% stake similar to the EBITDA received from the current 100% stake.



# Other international affiliates

## KEY ROLE OF NATURAL GAS AND GAS INFRASTRUCTURE IN THE ENERGY TRANSITION

### Desfa, Greece

- The demand for gas shows a favourable trend due to the acceleration of the phase out of coal, which has implied a greater coverage of combined cycles in the thermal gap. Additionally, exports to Bulgaria continue.
- The Greek regulator has recently approved the 2021-2030 infrastructure plan that will strengthen and develop the Desfa network, support the phase out of coal and consolidate Greece as a gas and LNG hub in southeast Europe. Additionally, DESFA has recently been prequalified for the binding phase of the Kavala underground storage tender.
- DESFA is one of the participants in the Committee for the National H2 Strategy whose objective is to define the H2 roadmap in the country.
- Accumulated Results in line with expectations

### TLA/GDM/SLM, Mexico

- As a result of the energy crisis in Mexico in February, caused by the extreme cold wave in the US that reduced natural gas exports from Texas to Mexico, the Mexican Government launched a contingency plan and brought in two LNG ships to TLA to fill the lack of natural gas in the country and restore the electricity supply.
- This episode has highlighted the relevance of the Altamira regasification plant, as operational storage, to ensure the supply of natural gas in Mexico.
- Accumulated results in line with expectations

### GNL Quintero, Chile

- Strong growth in natural gas demand accumulated in February from GNLQ, mainly due to high gas-fired electricity generation derived from the drought and the limited input of Argentine gas, confirming GNLQ's key role in ensuring the country's energy independence.
- FID (Final Investment Decision) approved for the construction of the fifth cistern loading bay (Investment: US\$6.5MM).
- Chile's strong positioning to lead the race for green hydrogen. In this line, GNLQ is actively collaborating with various public and private organisations to play a role in developing these types of projects.
- Accumulated results in line with expectations.

### TGP/COGA, Peru

- The demand for natural gas and natural gas liquids similar to the pre-pandemic period of 2020, with an average daily use of the infrastructure >70%.
- A robust growth projection of the economy is maintained in the coming years (according to the IMF, GDP will grow by +8.5% in 2021, +5.2% in 2022, +3.3% in 2023), which is estimated to lead to utilisation levels of the infrastructure close to 100%.
- Accumulated results in line with expectations.

# Gasoducto Sur Peruano (GSP)



On 2 July 2018, Enagás filed a request for arbitration against the Republic of Peru before the International Centre for Settlement of Investment Disputes (ICSID) regarding its investment in GSP, under the terms of the Agreement for the Promotion and Reciprocal Protection of Investments (APPRI) entered into between the Republic of Peru and the Kingdom of Spain.



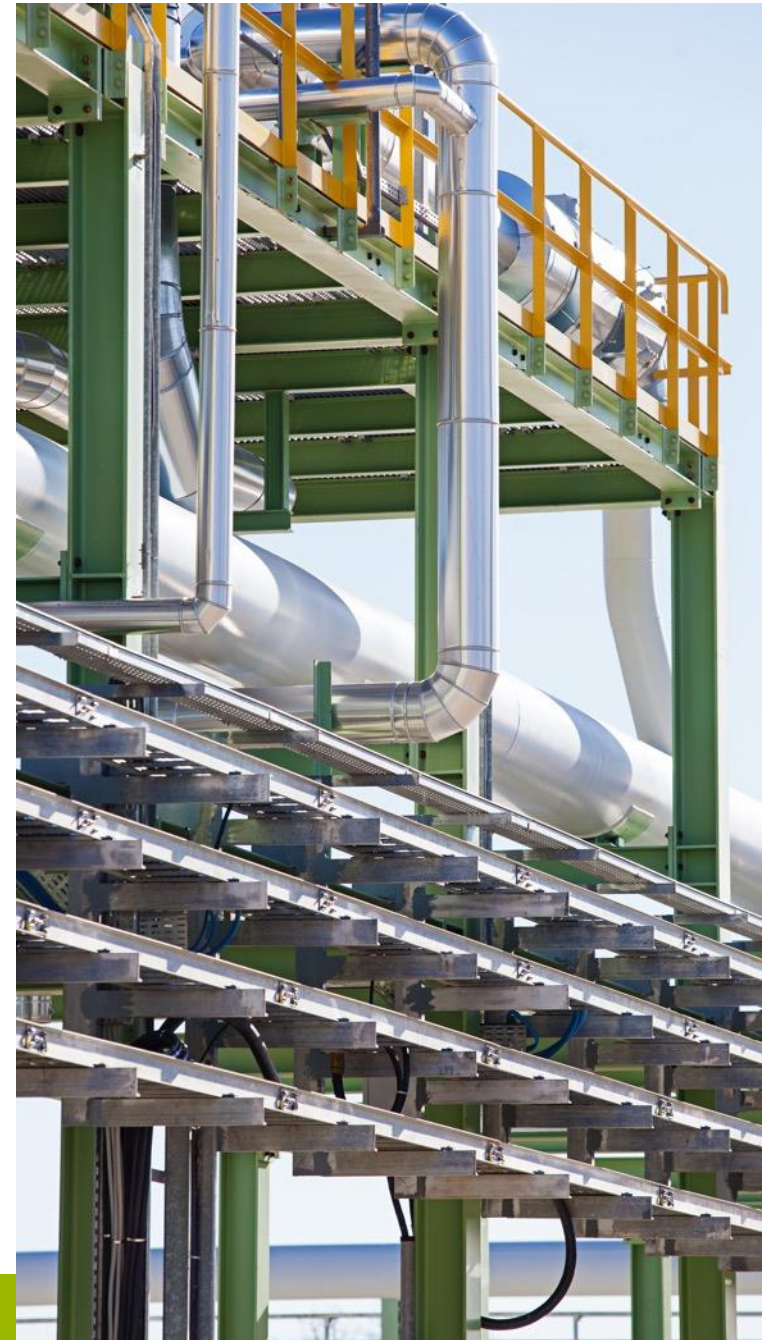
The arbitration procedure is progressing as per the established procedural calendar.



According to the procedural calendar approved by the Arbitral Tribunal, the legal advisors consider that the award that ends the arbitration procedure should be issued at the end of 2022.



The company is at the disposal of the Peruvian State to reach an amicable agreement to end the arbitration procedure.





# 04

## Renewable gases

# Enagás continues to present projects to the different calls launched by the Spanish Government

December  
2020

- H2 Tractor Projects for a **Just and Inclusive Transition**
- Tractor projects for the **demographic challenge and the fight against depopulation**

January  
2021

- Projects **Competitiveness and Industrial Sustainability Tractors**



February  
2021

- Support to **Sustainable and Digital Transport, Recovery, Transformation and Resilience Plan**
- Promotion of the **circular economy** at the company level as an instrument for recovery
- Boost for **renewable energy** as a recovery lever
- Boost for **sustainable energies on the islands** as an instrument of recovery
- Identification of smart grids, **deployment of energy storage** and flexibility



# Project portfolio

**THE GREEN HYDROGEN AND BIOMETHANE PROJECTS PORTFOLIO CONSISTS OF 55 PROJECTS WITH A TOTAL INVESTMENT TO BE MOBILISED OF €6.3BN**

	<b>Projects [#]</b>	<b>Investment [€m]</b>	<b>Capacity / production [GW/GWh]</b>	<b>Alliance strategy</b>
 <p><b>Green hydrogen</b></p>	<p><b>34 projects</b></p> <p>5 types of projects: hubs, industrial clusters, corridors (infrastructure and mobility), coupling sector, and in-house technology development and R&amp;D</p>	<p><b>€5,932m investment</b> with potential support from €3.428m in grants (~60% total capex)</p>	<p><b>944 MW</b> capacity of <b>electrolysis</b> and <b>3.328 MW</b> renewable <b>capacity</b> (COD 2023-26)</p>	<p>Proactive collaboration strategy <b>65+ partners</b></p>
 <p><b>Biomethane</b></p>	<p><b>21 projects</b></p> <p>Two types of projects: integrated (digesters + upgrading) and upgrading units</p>	<p><b>€362m investment</b> with potential support from €169m in grants (extra lever, not required for FiD)</p>	<p><b>1.8 GWh/year</b> <b>biomethane production</b> (COD 2022-25)</p>	<p><b>Co-development Strategy with GENIA</b> and 20+ other partners</p>

Source: EGR; Strategy & analysis

# Main milestones of the first quarter

**Inaugurated the first hydrogen refuelling station in Spain** for long-range fuel cell electric vehicles

Enagás and ILUNION join forces to create **Llewo**, a socially and environmentally sustainable logistics operator

**Agreement with Teréga, GazelEnergie and DH2 Energy** to study the development of the renewable hydrogen value chain between Spain and France

**Agreement with Naturgy** to produce green hydrogen from 350 MW of wind energy in Asturias

**First biomethane connection** to the gas network of a private initiative in Spain

Enagás's participation in a **European industrial alliance** to produce green hydrogen in Spain

The work progress of the **first LNG supply ship** that is built in Spain

**Enagás becomes a shareholder of Satlantis**, leading company in the measurement of methane emissions with very high precision



**05**

## **Outlook 2021**

# Outlook 2021 and annual targets

THE RESULTS PRESENTED AT THE END OF THE FIRST QUARTER ARE IN LINE TO REACH ALL THE TARGETS ESTABLISHED FOR 2021

- **Intensification of the control plan and savings in general expenses** with elimination of all that is not essential for business continuity and for the maintenance of current and future activity and employment.
- **Solid cash generation** that will reduce net debt and continue to maintain a solid and optimal balance structure.
- **No significant maturities** in 2021 and excellent liquidity situation: €2,802M at 31 March 2021.
- **Estimated Net Profit** for the end of the year: ~€380M.
- **The cash flows** generated are enough to ensure we can commit to our dividend policy for 2021 (1.70 euros/share, + 1% compared to 2020).





# Conclusions (1/2)

**Strong commitment with the ecological transition** and to reach carbon neutrality by 2040.

**Positive performance of Tallgrass business** during the first quarter of 2021, which together with the favourable market outlook, allows the company to trust in reaching the high range of the values initially forecast for 2021.

## **New JV Tallgrass / Bridger Pipeline**

- i. Significant increase in contracted capacity at Pony.
- ii. Diversification of access to production basins.
- iii. Alignment with Bridger Pipeline LLC, the second largest pipeline operator in Bakken.
- iv. EBITDA for Tallgrass at 75% share similar to EBITDA at current 100% share.

The regulatory framework has been set until 2026 and provides **high visibility of our revenues** over the next six years.

# Conclusions (2/2)

**For the first time, TAP has started to significantly contribute**

to the company's results. Additionally, on 31 March it reached the Financial Completion Date, a milestone that allows the partners to release the pre completion guarantees arranged on the company's debt.

**55 renewable gas projects**, which

can mobilise a total joint investment of around 6,300 million euros.

The **high visibility of cash flows**

expected to be generated in the 2021-2026 period ensure the commitment of our dividend policy.

**Thank  
you  
very  
much**

