2019 Results

Outlook 2020-2026

February 2020

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2019 Results

Main Highlights 2019 vs 2018

Targets Exceeded

Main Highlights P&L

EBITDA
€994.8M
(+5.4%)

Net Profit
€422.6M
(higher than the target €417M)

Results from affiliates
€162.1M

Main Highlights *Cash Flow*

Funds from Operations (FFO)
€754.6M
(+4.1%)

Net investments
€704.7M€
(mainly in Tallgrass)

Main Highlights *Balance*

Net Debt
€3,755M
(includes €500M capital increase)

Financial cost **2.1%**

Fixed-rate debt higher than **80%**

Non significant debt **maturities** until **2022**

Domestic gas demand

National natural gas demand
at 31 December 2019
+14%

Industrial demand
at 31 December 2019 **+2%**

Electric generation demand
at 31 December 2019
+80%

Results 2019: Income statement

€M	2018[1]	2019[2]	Pro forma GNL Quintero by Equity Method 2018	Pro forma GNL Quintero by Equity Method 2019	Var. %	
Total revenue	**1,342.2**	**1,182.8**	**1,168.7**	**1,151.1**	**-1.5%**	
Operating expenses	-374.7	-323.5	-342.3	-318.3	-7.0%	01
Results from affiliates	93.2	157.2	117.0	162.1	+38.5%	02
EBITDA	**1,060.7**	**1,016.4**	**943.5**	**994.8**	**+5.4%**	
Amortisation and depreciation	-347.4	-322.8	-294.5	-313.7	+6.5%	03
PPA	-22.2	-36.2	-30.3	-37.4	+23.6%	
EBIT	**691.0**	**657.4**	**618.7**	**643.7**	**+4.1%**	
Financial results	-104.6	-117.4	-66.0	-110.8	+67.9%	04
Corporate income tax	-123.1	-112.1	-109.9	-109.3	-0.5%	
Minority interest	-20.7	-5.3	-0.9	-1.0	+9.7%	
Net profit	**442.6**	**422.6**	**441.9**	**422.6**	**-4.4%**	

01 **Decrease in operating expenses** mainly due to impact of the IFRS 16 accounting standard

02
- (i) **Tallgrass contribution** from April 2019
- (ii) **Positive impact** from the purchase of Desfa in Dec. 2018
- (iii) **Better contribution** of GNLQ and TGP

03 2018 includes a non-recurring effect on **depreciation and amortization of -€38.4M**

2019 includes the impact of applying the IFRS 16, which represents an increase on depreciation and **amortization of -€27.4M, as well as a non-recurring impact of -€48.3M**

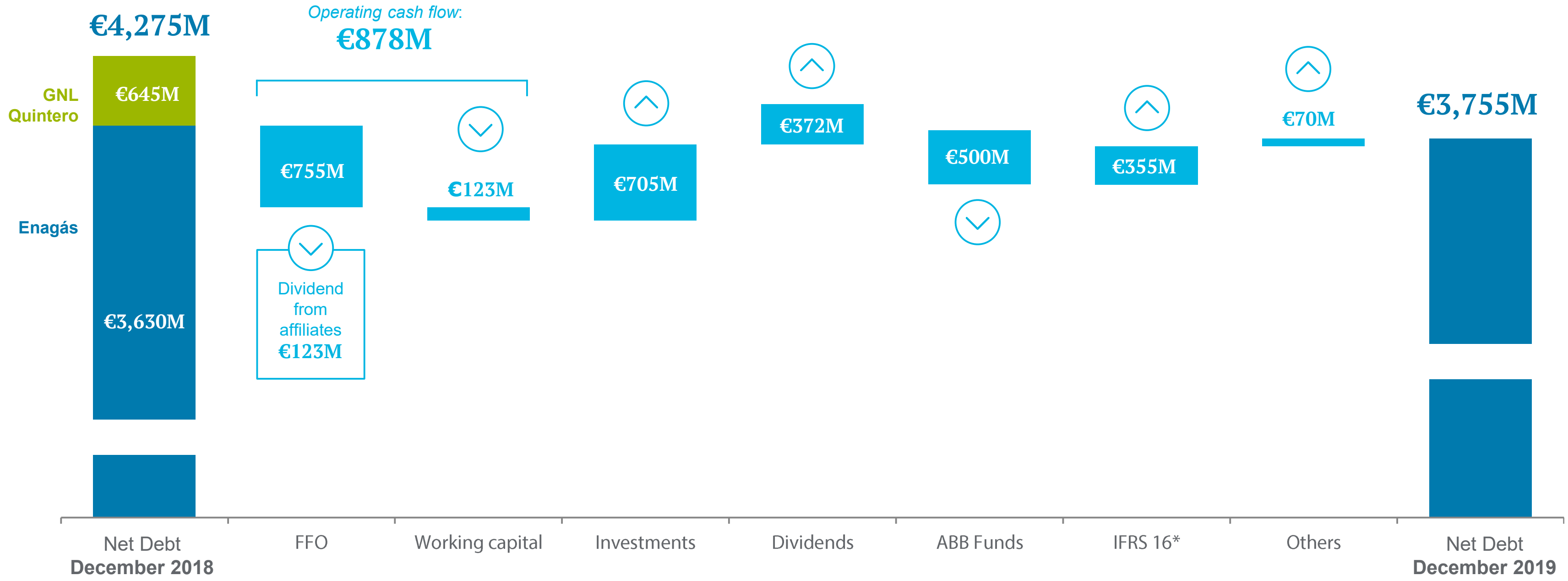
04 2019 mainly includes **higher financial expenses of -€6.0M upon IFRS 16** and the financial expense associated with **Tallgrass financing of -€11.3M**

Note: 1€=1.12 USD

(1) GNL Quintero reported under the global integration method
(2) GNL Quintero reported according to the global integration method until February 2019 and has been reporting under the equity method since March

2019 Results

Cash Flow and net debt evolution



Note: 1€=1.12 USD

* Accounting effect of the application of IFRS 16 since January 2019

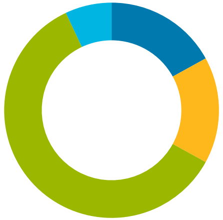
Financial structure

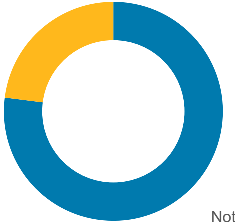
Fixed-rate higher than 80% and without significant maturities until 2022
Current ratings (S&P: BBB+ "stable" Outlook ; Fitch: BBB+ "stable" Outlook)

	Pro forma GNL Quintero by Equity Method			
Leverage and liquidity	**2018**	**2019**	**2018**	**2019** (1)
Net Debt	**€3,630M**	**€3,755M**	€4,275M	€3,755M
Net debt/Adjusted EBITDA (*)	**3.8x**	**3.9x**	4.0x	3.8x
FFO/Net Debt	**20.0%**	**20.1%**	18.8%	20.2%
Financial cost of debt	**2.0%**	**2.1%**	2.4%	2.2%
Liquidity	**€2,467M**	**€2,717M**	€2,809M	€2,717M

(1) Includes two months global consolidation GNL Quintero
(*) EBITDA adjusted for dividends received from affiliates

Debt type





Note: 1€=1.12 USD

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2021-2026 Regulatory framework

Stable and predictable regulatory framework that encourages and supports the energy transition goals

Principles

Adapted to the energy transition

- Incentives to keep the gas system's transmission infrastructure available, to fulfil the role assigned by the PNIEC for natural gas and renewable gases in the energy transition process.
- Use of existing gas infrastructure is essential to move forward with the energy transition at the lowest cost.

Stable and predictable

- Simple and transparent regulatory framework
- Predictable WACC methodology, similar to the main European frameworks
- Gas system generating annual surplus
- Adapted to the maturity of the network: strengthens incentives to extend the useful life of assets

Stability

- Regulatory period of 6 years without intermediate reviews

Independent Regulator

- First time the regulation is implemented by an Independent Regulator (CNMC)

Methodology

Linked to System assets

Return on investment

- Remuneration linked to net assets during their regulatory lives
- Change to a stable and predictable WACC methodology
- 2021-2026 financial remuneration rate: 5.44%

RCS
(Remuneration for continuity of supply)

- Remuneration linked to the long-term availability of Gas System assets with adequate maintenance
- RCS revenues established for 2020 will progressively decrease to 20% at the end of the 2026 regulatory period

O&M
(Incentives for extending the life of assets)

- Compensation based on Opex standards, with room for efficiency
- The company could maintain 50% of the efficiencies
- REVU component: once the useful life ends, the extension of the useful life will be remunerated with the O&M remuneration, with a progressive long-term formula

Investments in the System
(not RAB)

- Financial rate: 5.44% and two years of amortisation
- Investments greater than 250,000 euros

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Investment in **Tallgrass Energy**

Strategic transaction in Enagás' core business to reinforce dividend sustainability in the medium and long term

01 **Core business development** in strategic geographies

- Diversified midstream infrastructure company in the United States
- U. S. fits perfectly with Enagás' strategy of developing midstream infrastructures in growing markets with favourable regulation
- Diversification of Enagás' presence in a country with low risk

02 **Strategic agreement** with leading partners

- Blackstone and GIC: Strategic agreement with two of the main global infrastructure investors
- Strong presence of partners in the U. S.
- Partners with excellent experience and recognised prestige in the industry
- Recognition of the industrial value of Enagás as an industrial partner

03 **Industrial role** of Enagás in the consortium

- Tallgrass's core business is aligned with Enagás' experience
- Enagás' capabilities and international expansion experience will strengthen the future development of TGE
- Possibility of sharing our knowledge in green and renewable gases and other services for midstream assets
- Governance: customary rights of minorities and presence on the Board, which gives Enagás financial and operational influence in decision-making
- Enagás will become a benchmark for the Spanish O&G industry in the U. S., granting Spanish suppliers access to the U.S. midstream market S.

04 **Low-risk growth** platform

- Take or pay contracts: visibility and stability of long-term cash flows, with limited risk of re-contracting
- History of consistent growth in cash flows and broad dividend coverage through the commodity cycle
- Wide and diversified customer base
- Solid portfolio of high value projects
- Compensation of the maturity of our domestic business

05 **Impacts** on our business

- Final participation: ~ 30%
- Invested equity: $1,623 bn
- Enagás' average annual dividend in the 2020 - 2026 period: ~ €140 mn(1)
- Double digit IRR
- Post transaction credit rating: Fitch (BBB+) and S&P (BBB+). Stable outlook
- Improves the profit outlook and reinforces dividend sustainability in the long term

(1) Enagás estimates based on analysts consensus

2019 Milestones

Capital **increase**

Lowest discount and best after market of a capital increase without preferential subscription rights in ABB (Accelerated Book-Building) format over €500M in the history of Spain

Amount and issue price	**€500M**	Issue price: **€21.5/share**	Number of new shares: **23,255,814 shares** (1)
Discount	**1.47%**	**Lowest discount of a capital increase in ABB format** exceeding €500M in the history of Spain	**1.5% discount** vs. average capital increases in ABB format in Spain over €500M of 6%
Subsequent market development	*After market* **+7.1%** (week later)	**Best stock market progress** of a capital increase in ABB format exceeding €500 mn in the history of Spain	Widely **surpassing the progress** of the IBEX-35 over those days (+0.8%)
Investors	**Reinforcement of the Enagás shareholder** base with the entry of Pontegadea, through its vehicle Partler 2006, S.L., and the investment of SEPI to maintain its shareholding		
Demand	**2.3x** over-subscribed		

(1) The new shares issued did not charge the dividend on account for 2019, of 0.64 euros gross per share paid on 23/12/2019

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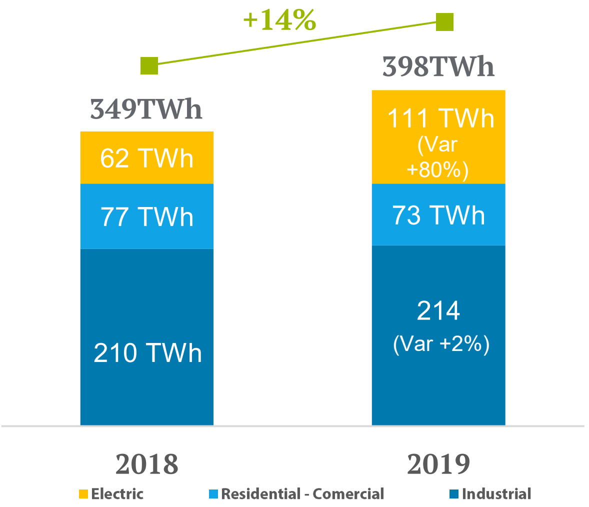
Demand for natural gas in Spain in 2019

The greater share of natural gas in the thermal gap has reduced the associated emissions by 25%, which entails a saving of 14 million tonnes of CO_2 emitted into the atmosphere



Total demand (+14%)

- The demand for natural gas in Spain reaches 398 TWh, the highest figure since 2010
- The replacement of coal with natural gas in the electric mix has allowed CO_2 emissions to be reduced by 25%

Industrial demand (+2%)

- Industry demand reaches 214 TWh, highest figure since disaggregated data have been available on industrial consumption
- Demand has grown in almost all industrial sectors, especially in the services sector.

Electricity generation (+80%)

- The demand for natural gas for power generation reached 111 TWh, which is the highest figure since 2010.
- Increased participation of natural gas in the thermal gap compared to coal and low hydraulic generation

In a context of energy transition, these data highlight the important role that natural gas plays in reducing emissions, guaranteeing supply and as a back-up of renewable energies in times of record demand

Maximum operational efficiency and use of infrastructure in 2019

Guaranteed supply security with a volume of natural gas entering the system at competitive prices

100% of commercial availability

98.91% of technical availability

Increased use of the **tanker offloading service** reaching 138 TWh, **+17%** more than 2018

Increased use of the **regasification service** reaching 130 TWh, **+28%** more than 2018

Increase in **LNG storage utilization** reaching 64% on average, increasing the **LNG stored by 32%** compared to 2018

Increased use of **LNG Truck loading** reaching 8.8 TWh, **+4%** more than 2018

The **contracting** of storage **capacity** is currently at **levels above 95%**

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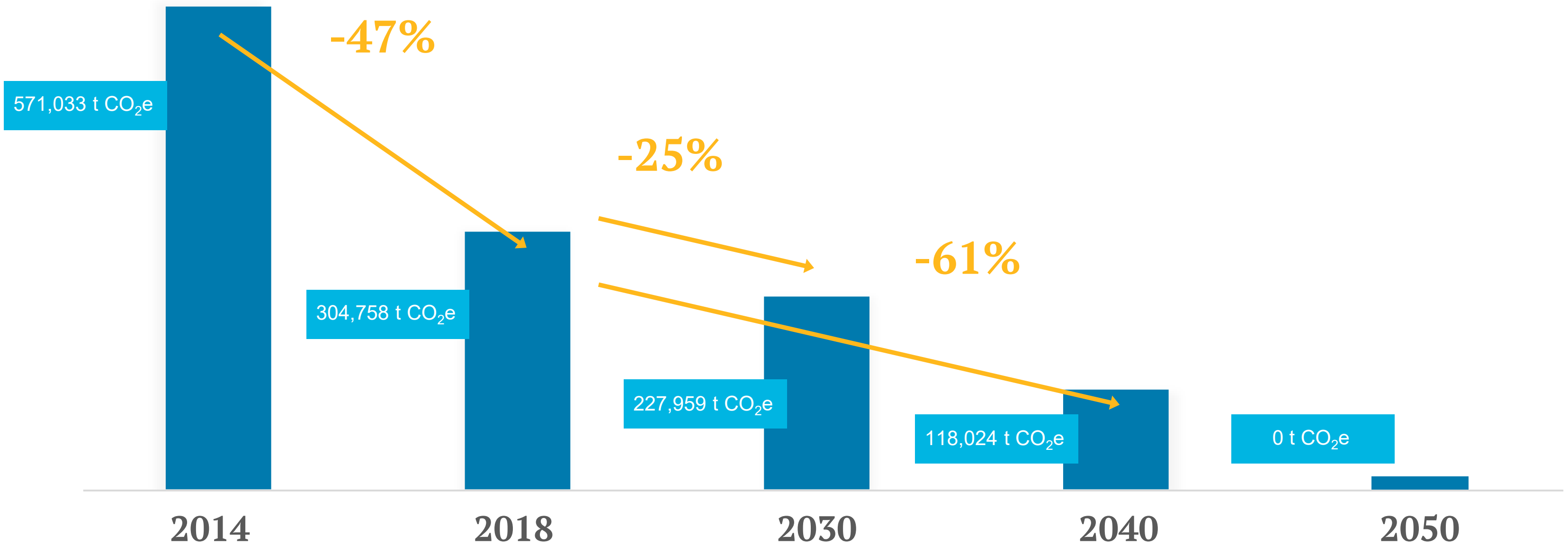
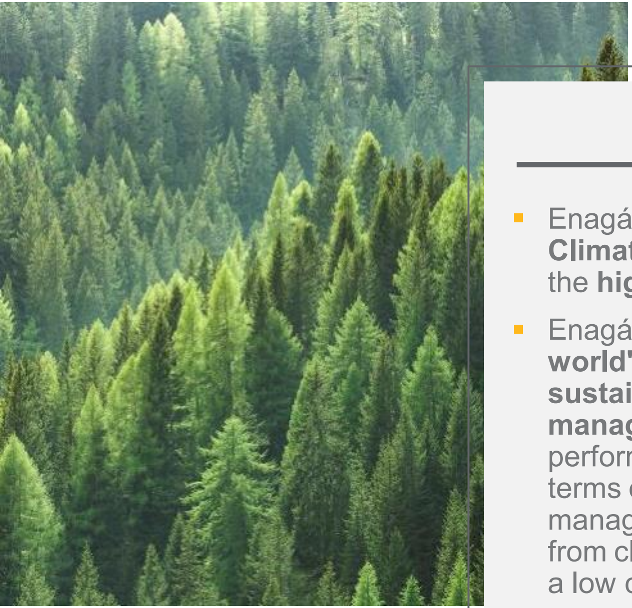
Clear commitments in the decarbonisation process

Path to carbon neutrality by 2050



Recognition of **our role in the energy transition**



- Enagás has been included in the **CDP Climate Change A List** after obtaining the **highest rating in its sector (A).**
- Enagás is thus positioned as the **world's most advanced company in sustainability and environmental management in its sector** for its performance and transparency in terms of emission reduction, risk management and opportunities arising from climate change, and promotion of a low carbon economy.
- Enagás has participated in **CDP Climate Change** since 2009.

- Enagás **increases its climate ambition** and it is **committed to setting goals aligned with science, according to the emission scenarios of 1.5ºC**.
- To do this, Enagás has defined an **emission reduction path** to reach **carbon neutrality by 2050,** in line with the EU commitments.

ESG commitment

Environmental

- Member of the **CDP** Climate change A List
- Setting **total emission reduction** target aligned with the 1.5ºC scenarios: **- 61% in 2040 vs. 2018**
- Adhesion to the UN **Global Methane Alliance** and methane emission reduction target: **- 45% by 2025 and - 60% by 2030** vs. 2014
- **Sustainable loan** linked to the reduction of CO_2 emissions (15% by 2025 vs. 2018)

Social

- **Top Employer** certification for the tenth year running
- Top energy company in the Economic News ranking of 100 **Best Companies to work for**
- In the top 100 of world leading companies in **gender equality** of the **Equileap** ranking
- Renewal of **EFR certification** in reconciliation with the level of **Excellence A**
- **Bequal Plus** recognition (social inclusion of people with disabilities)
- Approval of the **human rights policy**

Gobierno

- **31% women** in the Board of Directors
- Update of the **Long Term Incentive Plan** in line with Good Governance recommendations
- Review of the **process for evaluating** the Board of Directors
- Update of the Enagás Group's **Code of Ethics**
- Implementation of **Compliance and Corruption Prevention models**

Leadership in the main sustainability indices:

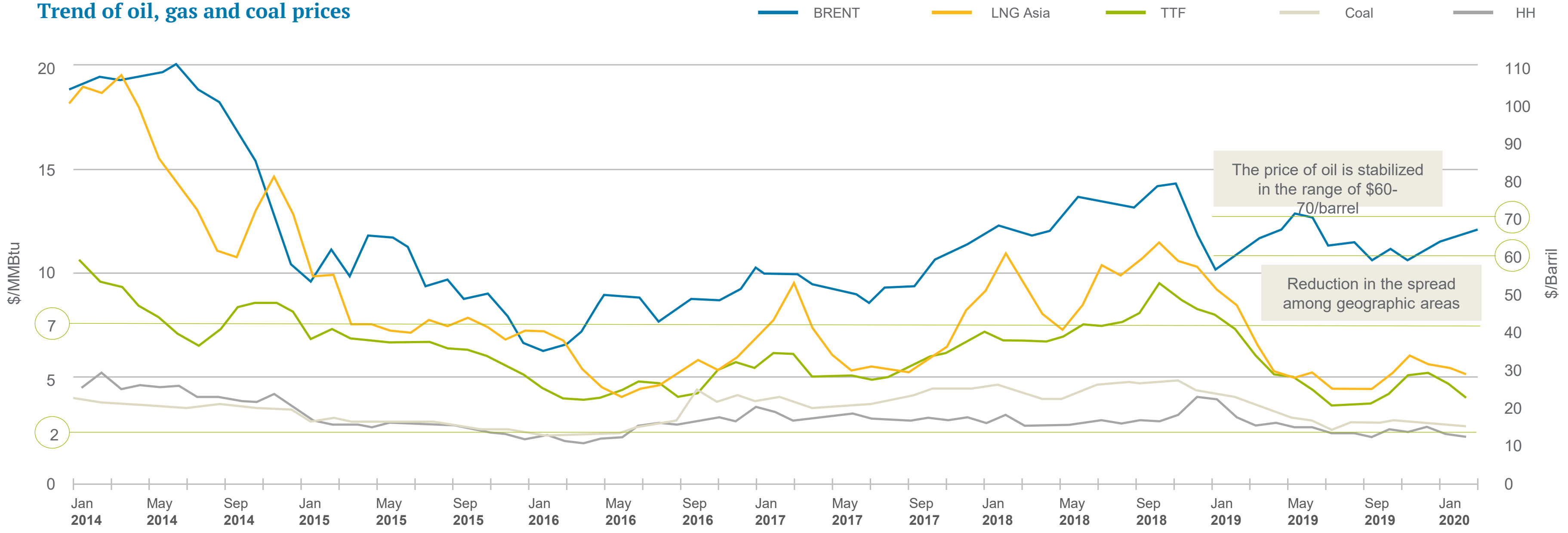
Contents

Global market environment 2019

The shale revolution has entailed a structural change in the energy markets

The abundance of competitive supplies from North America continues to push down natural gas prices

Trend of oil, gas and coal prices

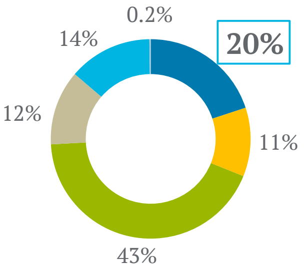


Source: Prepared in-house based on Reuters data

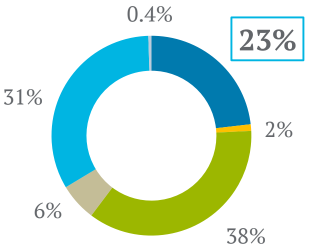
Role of gas and gas infrastructure in the energy transition

In 2030 the demand for natural gas gains share in the energy matrix

Primary energy 2015



Primary energy 2030



Natural Gas | Coal | Fuel | Nuclear | Renewables | Wastes

Source: Prepared in-house from the PNIEC

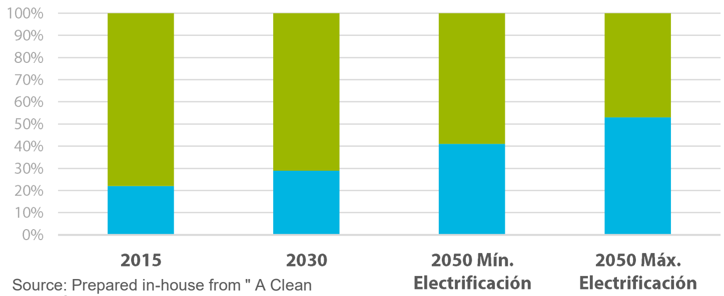
Industrial demand (60% consumption): Natural gas irreplaceable for its power (high calorific value) and versatility

Increased importance of natural gas as coal and nuclear energy lose relevance

Renewable energy backup

The non-electric matrix will represent around 50% of the emission-free energy supply

Final energy demand in the EU



Source: Prepared in-house from " A Clean Planet for all - A European long-term strategic vision for a prosperous, modern, competitive and climate neutral economy", European Commission

Renewable gases allows the discharge of all sectors, even those that are not susceptible to electrification.

The use of existing gas infrastructure is essential to advance in the energy transition at the lowest cost.

Renewable gases and positioning of Enagás

Given the commitment to the energy transition and sustainability,

Enagás has created a new subsidiary, EnaGasRenovable, to promote renewable gas projects

Renewable gases,
Keys to the energy transition

Non-electric renewable energies (hydrogen and biomethane) are **indispensable energy vectors in the energy transition process** and contribute to the development of a circular economy.

- In the long term to achieve a carbon neutral economy, electrification is limited both technically and economically.
- Renewable gases will provide the energy system of the future with the necessary **flexibility and robustness**, ensuring security of supply, favouring the **coupling** of the gas and electrical sector and enabling complete **decarbonisation**.

Current positioning of Enagás
Hydrogen and Biogas/Biomethane

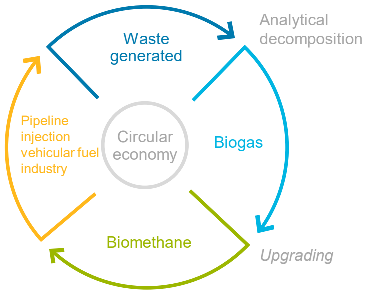
Hydrogen

Surplus of electrical energy from renewable sources

H2

- Fuel cells
- Pipeline Injection
- Vehicular fuel
- Synthetic natural gas produc

Biomethane



enagas renovable

Current positioning of Enagás: **hydrogen, biogas & biomethane**

Investments of €300 mn in Hydrogen, Biogas & Biomethane projects in the 2020-2026 period

01 Industrial **scale demonstration projects**

02 Projects for the **decarbonization** of the various **economic** sectors and Power-to-gas **projects** for the **coupling** between the **gas and electrical sector**, specially in **regions** where the **energy transition** can have a **greater impact**.

- Development of **local hydrogen economies**, extrapolated to other regions of Spain.
- Development of **sustainable and scalable business models**.
- Deployment of **clean technologies** for the production of green hydrogen in Spain.

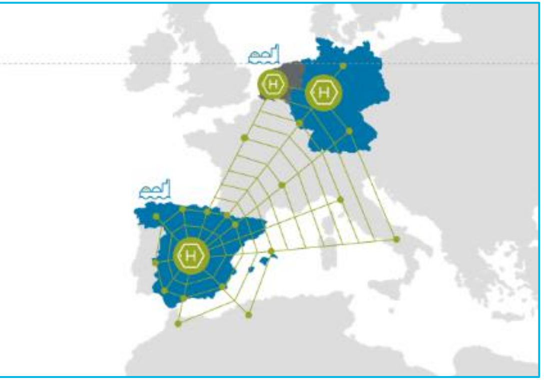
03 Projects investing **in proprietary technology**

- Direct generation **of hydrogen** from solar energy.

01 "Power to Green Hydrogen" Mallorca

enagas · acciona · CEMEX · GOVERN ILLES BALEARS · Redexis · IDAE

02 IPCEI "Green Spider"



03 Sun2HY

enagas · REPSOL

Current positioning of Enagás: *Ready for*

Hydrogen requires **infrastructures capable of solving** transport and storage limitations that currently limit its technical/economic sustainability.

Enagás's infrastructure portfolio presents **sufficient capacity and geographic backbone** to connect potential production and consumption points.

Enagás has identified **potential additional storage capacities** compatible with this new energy vector.

Enagás is working on developing a roadmap to guarantee the viability of these infrastructures on the 20-26 horizon in accordance with the needs derived from the sustainable development of the new **"Hydrogen Economy".**

Bunkering and Small Scale

Enagás is leading the ecological transition of the gas sector, promoting different projects in all types of mobility

The geostrategic position of the Iberian Peninsula is ideal for boosting bunkering and small scale through regasification plants and promoting demand for LNG.

01

Enagás' action in MOBILITY, backed by more than 50 years of experience

40% EU storage capacity and International leader in LNG Truck loading

Land	Maritime	Railway
gas development	Core LNGas hive and roll-out LNGHIVE2 project	railway road map with Renfe

500.000 *Truck loadings*

10.000 *Ship unloadings*

300 *Large Scale reloadings*

Increase in demand for LNG for mobility
> 24TWh by 2030

- Adaptation of regasification plants to provide small scale services.
- **Spain progresses in complying with the alternative fuel infrastructure directive** for the maritime sector.

02

Complying with environmental regulation and sustainability marked by:

IMO

The **International Maritime Organization (IMO) reduction of Sulphur emissions** below 0.5% Global since 1 January 2020 and **CO_2** emissions at least **50% by 2050** with reference to 2008

The European Union (EU) developing **policies to control emission levels (CO_2, NO_x and PM) in the transport sector**, and promote the use of alternative fuels as per Directive 2014/94.

GOBIERNO DE ESPAÑA

National Action Framework for the development of a basic network of LNG refuelling points in sea and river ports in 2025 and 2030, respectively.

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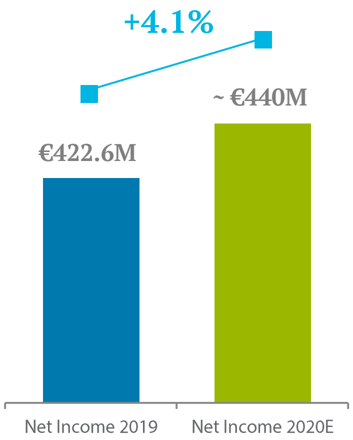
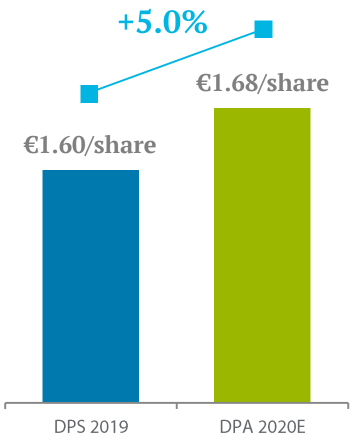
2020E-2026E outlook

Objectives 2020E

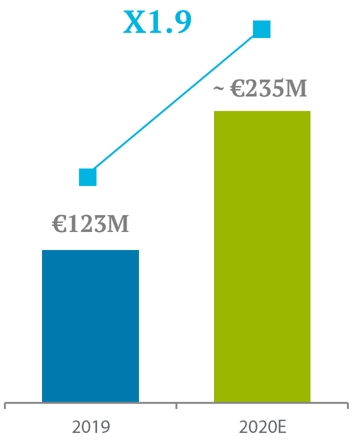
Net Income growth (€M)



Dividend per share (€/share)

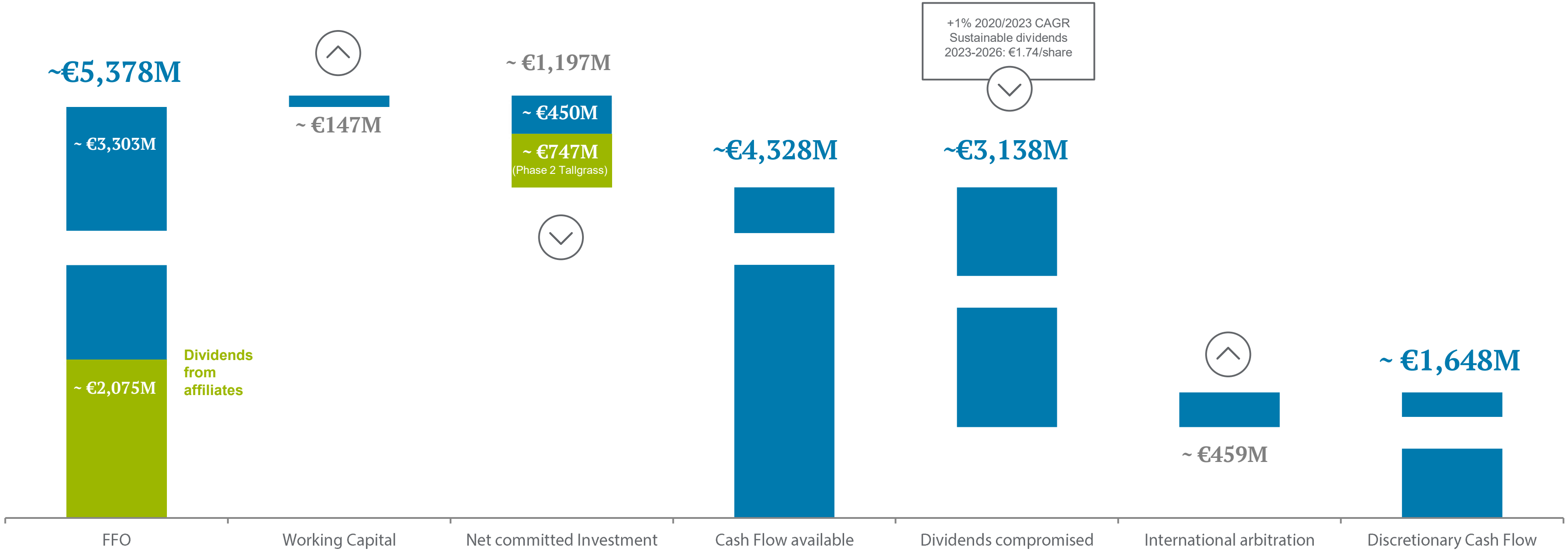


Dividends from affiliates (€M)



Note: €1=USD 1.12

2020E-2026E outlook: solid cash flow generation



Note: €1=USD 1.12

Discretional cash flows generated, with no additional investments, are sufficient to ensure continued commitment to our dividend policy and sustainable future growth

Trans Adriatic Pipeline (TAP)

In November 2019, the commissioning with gas of the Greek section of the gas pipeline began, in what is the first time Azeri gas has entered Europe.

The overall progress of the Project has reached 92% and commercial operational start-up is expected in 2020

- The degree of progress of the Project is currently 92% and is in line with plans.
- Permits in Italy: On 21 November, the Italian Ministry of the Environment approved the environmental permits that conditioned the start of the pipeline laying activities of the offshore section.
- On 1 February, work began on laying the submarine pipeline in Italy, which is expected to end in Q2 2020.
- In November 2019, the commissioning with gas of the Greek section of the gas pipeline began, in what is the first time Azeri gas has entered Europe.
- After the positive result of the non-binding phase ended in October 2019, TAP continues to make progress in the *market test* process for a possible expansion of its capacity to 20 bcm, from the current capacity of 10 bcm. After conducting the preliminary studies, TAP expects to launch the binding phase in the second half of 2020.
- Enagás will contribute a further €21 million in capital to TAP until the project is commissioned.

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. At present, the procedure is in the phase of the statements of claim and defence being prepared by the parties. Enagás filed the lawsuit on 20 January and it is up to the Peruvian State to submit the statement of defence.

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 in 2022.

Enagás is at the Republic of Peru disposition to reach an amicable agreement that terminates the arbitration procedure.

2020E-2026E outlook

International **affiliates**

Diversified international portfolio, without exposure to local currency and low risk profile

U.S.

Tallgrass: 1,452M€ (30%)

Natural Gas (~11,000km) REX (~4.4 Bcf/d), TIGT & Traillazer (~2Bcf/d) + 16 Bcf storage facility

Oil (~1,300km) Pony Express Pipeline~425 kbpd

Gathering and processing (~2,400km) 6 terminals

Mexico

TLA Altamira plant (300,000m³ LNG) 44M€ (40%)

E.C. Soto La Marina 8.5M€ (50%)

Morelos gas pipeline (~170Km.) €22M€ (50%)

Peru

TgP. Transportadora de Gas del Perú (~729Km.) 514M€ (28.94%)

COGA. Compañía Operadora de Gas del Amazonas 21M€ (51%)

Chile

Quintero Planta GNL (334,000m³ LNG) 354M€ (45.4%)

Greece

DESFA (~1,500 Km. + Plant Revithoussa 130,000m³ GNL) 29.8M€ (11.9%)

Greece, Albania and Italy

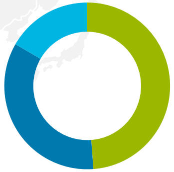
TAP. Trans Adriatic Pipeline (~871Km) *Operational start-up* 227M€ (16%)

España

Bizkaia plant (BBG) *(450,000 m³ GNL)* 56M€ (50%)

Sagunto plant (Saggas) *(600,000 m³ GNL)* 165M€ (72.5%)

Capital invested in international subsidiaries



Europe ~17%

Latam ~34%

U.S. ~48%

~ €2.9 billion invested (*)

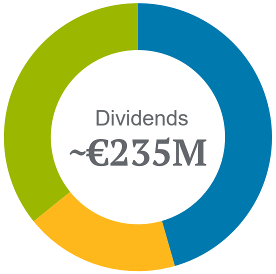
(*) Capital invested in international subsidiaries includes: the investments made in the Spanish subsidiaries BBG and Saggas, the planned investment in TAP until its launch, the planned investment in the second phase of Tallgrass. Does not include investment made in GSP

Contribution of affiliates dividends 2020E-2026E

2019

Europe	Latam
32%	68%

2020E



Europe	Latam	U.S.
10%	42%	48%

Average 2020E - 2026E

Europe	Latam	U.S.
14%	40%	46%

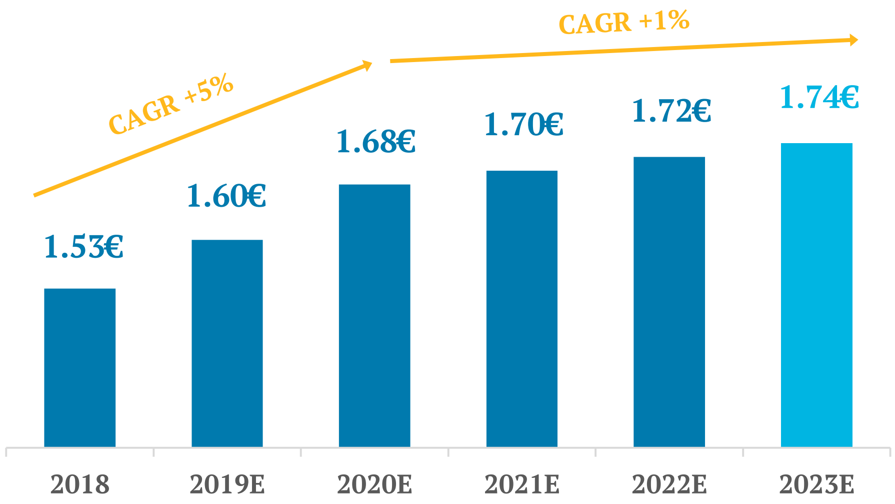
High visibility of the expected dividend of our affiliates because they are **assets regulated or protected by ship or pay contracts**

Note: €1=USD 1.12

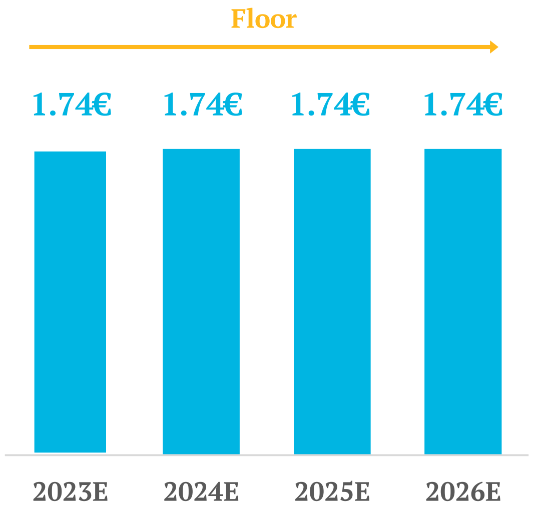
Shareholder remuneration 2020E-2026E

Dividend sustainable in the long term

We ratify our dividend commitment until 2023



Dividend sustainable in the long term



Shareholder remuneration remains our strategic priority

Sustainable dividend 2024E-2026E

01 Visibility

High predictability of cash flows (Stable regulatory framework and high visibility of the dividend of international affiliates).

02 High quality of the FFO

High quality of the FFO generated, both in the domestic and international business with the current investment portfolio.

03 Solid balance structure

Dividend compatible with a solid and optimal balance structure, where the FFO/DN ratio is greater than 17%

04 Sustainable from a cash flow point of view

The dividend committed in the period 2024-2026 represents ~60% of the FFO generated in those years.

05 Sustainable from a P&L point of view

The dividend per share committed is in line with the BPA adjusted by the PPA (purchase price allocation)

06 Sustainable future growth

Discretional cash flows generated, with no additional investments, are sufficient to ensure continued commitment to our dividend policy and sustainable future growth

Disclaimer

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Thank you **very much**