



Results 2018

27 February 2019

Highlights	1
Main highlights	2
Earnings Performance	3
Cash Flow and Balance Sheet	5
Operating Highlights	8
Significant Events	8
Appendix	9

Conference-call/Webcast:

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Highlights

- ⌘ **Net profit** at 31st December 2018 stood at **€442.6 million** (+1% stand alone basis), in line with the target set of **+3% growth CAGR 2016-2018**. The contribution of affiliates, GNL Quintero included, at 31 December 2018 rose to 19.6% of the net profit.
- ⌘ **Funds From Operations (FFO)** at 31st December 2018 was **€805.2 million** (-7.6% lower than the figure reported in the same period of 2017). The FFO includes **€102.3 million obtained from affiliates at 31 December 2018** slightly higher than the year's target of approximately €100 million.
- ⌘ Net investment in Spain **as of 31st December 2018** amounted to €60.0 million. At the same date, the **international investment** was **€192.9 million**. The international investment figure was offset as a consequence of:
 - The partial reimbursement of the contributions made so far by Enagás to TAP for execution of the project (**True up -€415.2 million**); and
 - The sale of the group **Swedegas (-€100.5 million)**.
- ⌘ Accumulated Free Cash Flow (FCF) at 31st December 2018 was **€1,146.6 million**. This figure is **+32.7% higher than the figure reported in the same period of 2017**.
- ⌘ The Company's **net financial debt** December 31, 2018 was **€4,275 million**, which represents **a reduction of €733 million** compared to the €5,008 million recorded at the end of 2017. The net financial debt at the end of 2018 includes €645 million associated with the net debt accounted for in GNL Quintero as of 31st December 2018.
- ⌘ The **FFO/Net Debt ratio** as of 31st December 2018 (global integration 18.8% and stand alone 20.0%) **improved** with respect to the recorded at the end of 2017 (global integration 17.4% and stand alone 17.8%).
- ⌘ The **net cost of stand-alone debt** at the end of 2018 stands at **2.3%**. **If we factor in the impact of the consolidation of GNL Quintero, the net average financial cost would be 2.8%**.
- ⌘ Main transactions carried out in 2018:
 - On 21st November, **Enagás and Fluxys sold jointly the total stake they hold in the Swedish TSO company Swedegas** to FS Gas Transport AB, owner of part of the gas distribution network in Sweden. The profit & loss account and cash impacts in Enagás amounted to **€24.5 million** and **€100.5 million**, respectively.
 - On 20th December 2018, the European consortium consisting of Snam (60%), together with Enagás (20%) and Fluxys (20%), **closed the purchase of a 66% stake in the Greek gas system operator DESFA. The investment for Enagás was €40.5 million.**
 - In December 2018, the **financial closure of TAP was completed** and the first drawdown was made, which provided **Enagás with a cash inflow of €415.2 million** (True up).
- ⌘ In their 2018 annual reviews, ratings agencies **S&P** and **Fitch reaffirmed** Enagás's **A-** rating.
- ⌘ The **dividend for 2018**, which will be laid before shareholders at the next Annual General Meeting, will be **1.53 euros per share, gross, up 5% in the year**, in line with the Company's strategy.

- ❖ The industrial and households-commercial demand of natural gas as at 31th December 2018 has registered an increase of +4.5% compared to the same period of 2017, which allowed to achieve **a total demand of natural gas of 349.3 TWh at the end of 2018, in line with the same period of 2017.**
- ❖ For the eleventh year in a row, Enagás continues to be listed on the **Dow Jones Sustainability Index World (DJSI), reaching the world leadership in the Oil & Gas Storage & Transportation.** Enagás is a leader in climate change management, achieving carbon neutrality in its regasification plants, corporate fleet and headquarters.

Main highlights

Income Statement

January-December (€ mn)	2017 Global Int.	2018 Global Int.	Var % 18-17 Global Int.
Total income	1,384.6	1,342.2	-3.1%
EBITDA	1,110.3	1,060.7	-4.5%
EBIT	732.1	691.0	-5.6%
Net profit	490.8	442.6	-9.8%
Var. % Net profit (stand alone) *			+1.0%*

Note*: GNL Quintero consolidation not included.

Balance sheet and leverage ratios

	Global Int. Dec 17	Stand-alone Dec 18	Global Int. Dec 18
Net Debt (€ mn)	5,008	3,630	4,275
Net Debt / EBITDA ⁽¹⁾	4.4 x	3.8x	4.0x
FFO / Net Debt	17.4%	20.0%	18.8%
Net cost of debt	2.7%	2.3%	2.8%

(1) EBITDA adjusted for dividends obtained from investees

Cash flow and investments

January-December (€ mn)	2017 Global Int.	2018 Global Int.	% Var 18-17 Global Int.
FFO	871.2	805.2	-7.6%
Dividends received from investees	116.0	102.3*	-11.8%
Net investment	-328.5	262.8	-

Following the Guidelines on alternative performance measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es), the corporate website contains a glossary of definitions and a reconciliation with the items presented in the financial statements for certain alternative financial measures used in this document.

Note*: Including dividends received from stand-alone affiliates, repayments of capital and subordinated debt, excluding TAP True Up, the total cash inflow from affiliates was €132.6 million.

Earnings Performance

Income Statement

Millions of euros (unaudited figures)	2017 Global Int.	2018 Global Int.	% Var 2017/2018
Income from regulated activities	1,152.0	1,084.1	-5.9%
Other operating income	232.6	258.1	11.0%
Total income	1,384.6	1,342.2	-3.1%
Personnel expenses	-128.9	-131.2	1.8%
Other operating expenses	-242.5	-243.5	0.4%
Operating expenses	-371.5	-374.7	0.9%
Result from affiliates	97.2	93.2	-4.1%
EBITDA	1,110.3	1,060.7	-4.5%
Amortisation and depreciation	-353.9	-347.4	-1.8%
PPA	-24.3	-22.2	-8.6%
EBIT	732.1	691.0	-5.6%
Financial result	-100.9	-104.6	3.7%
Corporate income tax	-126.1	-123.1	-2.4%
Minority interests	-14.2	-20.7	45.4%
Net profit	490.8	442.6	-9.8%
<i>Var. % Net profit (stand alone)</i>			+1.0%

Operating income

Total revenue as of 31st December 2018 is €1,342.2 million, virtually in line with the figures obtained in the same period of 2017, since the lower contribution of regulated revenue was partly offset by non-recurring other operating income and the effect of IFRS 15.

Operating expenses

Operating expenses at the end of 2018 stood at €-374.7 million, slightly higher than those recorded in the same period of the previous year (€-371.5 million), which represents an **increase of +0.9%**.

EBITDA

EBITDA as of 31st December 2018 was €1,060.7 million, in line with the amount obtained in the same period of 2017, excluding the effect of the exchange rate on Quintero.

As of 31st December 2018, profit from affiliates was €93.2 million.

Amortization of fixed assets

Amortization of fixed assets have decreased by -2.3% to **€369.7 million**, lower than the €378.2 million provided until the end of 2017. In 2018 the Amortization line included €22.2 million associated with the PPA of our affiliates.

Please note that the depreciation in 2017 and 2018 includes €34.9 million and €38.4 million, respectively, in asset write-downs.

Thus, **EBIT** as of 31st December 2018 was **€691.0 million**.

Financial result

The **financial result** obtained as of 31st December 2018 recorded a **negative balance of €104.6 million**, higher than the negative financial result of €100.9 million recorded in the same period of 2017.

Please note that the financial result in 2018 includes the profit associated to the sale of Swedegas (€24.5 million). In the same way, the financial result in 2017 included the positive accounting effects derived from the consolidation of GNL Quintero for €52.4 million.

Net profit

Net profit as of 31st December 2018 was €442.6 million, in line with the target set of +3% growth CAGR 2016-2018.

The **contribution of affiliates at 31st December 2018 was 19.6% of the net profit**.

Cash flow and balance sheet

Consolidated cash flow statement

€ mn	2017	2018
(unaudited figures)	GI	GI
EBITDA	1,110.3	1,060.7
Result from affiliates	-97.2	-93.2
Tax	-111.0	-124.0
Interest	-149.7	-118.9
Dividends received from investees	116.0	102.3 ¹
Adjustments	2.8	-21.7
FUNDS FROM OPERATIONS (FFO)	871.2	805.2
Changes in working capital	321.2	78.7
OPERATING CASH FLOW (OCF)	1,192.4	883.9
Net investment	-328.5	262.8
International business	-259.9	322.8
Business in Spain	-68.5	-60.0
FREE CASH FLOW (FCF)	863.9	1,146.6
Dividends paid	-354.1	-376.7
Exchange rate effect	-24.5	10.9
DISCRETIONAL CASH FLOW (DCF)	485.3	780.8
Financing flows	-886.0	-237.6
Maturity of long-term debt	-900.6	-157.0
Long-term debt issues	-0.1	0.0
Issue/maturity of policies and ECPs	14.7	-80.7
Proceeds from/(payments for) equity instruments	0.0	0.2
Effect of changes in the consolidation method	243.1	0.4
NET CASH FLOWS	-157.6	543.7
Cash and cash equivalents at start of period	785.5	627.9
CASH AND CASH EQUIVALENTS AT END OF PERIOD	627.9	1,171.5

(1) Including dividends received from stand-alone affiliates, repayments of capital and subordinated debt, excluding TAP True Up, the total cash inflow from affiliates was €132.6 million.

Balance sheet

ASSETS	Global Int. Dec. 2017	Global Int. Dec. 2018
Total non-current assets	8,428.9	7,915.6
Intangible assets	929.9	944.7
<i>Goodwill</i>	181.7	184.4
<i>Other intangible assets</i>	748.2	756.2
Investment property	19.6	19.6
Property, plant and equipment	5,501.4	5,238.2
Equity-accounted investments	1,022.1	1,028.6
Other non-current financial assets	936.0	674.2
Deferred tax assets	20.0	10.4
Current assets	1,143.8	1,610.6
Inventory	23.8	24.8
Trade and other receivables	478.9	390.7
Other current financial assets	6.7	12.8
Other current assets	6.5	10.7
Cash and cash equivalents	627.9	1,171.5
TOTAL	9,572.6	9,526.2
LIABILITIES		
Equity	2,941.3	3,039.4
Shareholders' equity	2,585.6	2,658.8
Subscribed share capital	358.1	358.1
Reserves	1,880.0	2,006.1
Treasury shares	-8.2	-8.2
Profit for the period	490.8	442.6
Interim dividend	-139.2	-145.9
Other equity instruments	4.2	6.1
Valuation adjustments	-13.3	6.6
Non-controlling interests (external owners)	369.0	374.0
Non-current liabilities	6,174.7	5,911.1
Non-current provisions	178.4	176.5
Non-current financial liabilities	5,468.8	5,188.6
<i>Bank borrowings</i>	1,429.2	1,177.5
<i>Bonds and other marketable securities</i>	4,000.7	4,038.9
<i>Non-current payables to fixed asset suppliers</i>	0.0	0.0
<i>Derivatives</i>	32.8	51.2
<i>Other financial liabilities</i>	6.0	21.0
Borrowings from related companies	0.0	0.0
Deferred tax liabilities	485.2	476.8
Other non-current liabilities	42.3	69.2
Current liabilities	456.6	575.8
Current provisions	0.0	3.4
Current financial liabilities	230.0	364.4
<i>Bank borrowings</i>	152.9	285.5
<i>Bonds and other marketable securities</i>	49.9	50.6
<i>Derivatives</i>	13.0	14.4
<i>Other financial liabilities</i>	14.2	13.8
Trade and other payables	226.6	208.0
TOTAL	9,572.6	9,526.2

Funds from Operations

FFO (Funds from Operations) as of 31st December 2018 was €805.2 million. This figure is -7.6% lower than in the same period of 2017. The FFO includes **€102.3 million obtained from affiliates at 31 December 2018**, slightly higher than the year's target of approximately €100 million.

Operating Cash Flow (**OCF**) was **€883.9 million as of 31st December 2018**, a 25.9% lower than €1,192.4 million figure reported in the same period of 2017. This decrease was, partially, due to the cash released from the assignment on 1 December 2017 of the 354 million euro accumulated deficit at December 2014.

Investments

Net investment in Spain as of **31st December 2018** amounted to **€60.0 million**. At the same date, the **international investment** was **€192.9 million**. The international investment figure was offset as a consequence of:

- The partial reimbursement of the contributions made so far by Enagás to TAP for execution of the project (**True up -€415.2 million**); and
- The sale of the group Swedegas (**-€100.5 million**).

Free cash flow

Accumulated Free Cash Flow (**FCF**) at 31st December 2018 was **€1,146.6 million**, this figure is **+32.7% higher than the €863.9 million reported in the same period of 2017**.

Dividends

The dividend paid in 2018 was €376.7 million, **a 5% higher than the previous year**, in line with the dividend policy strategy until 2020.

Net Debt

At the end of the fourth quarter of the year, **stand-alone net debt stood at €3,630 million**, compared to the €4,364 million reported at the end of 2017.

If we include the net debt of GNL Quintero, €645 million, **the consolidated net debt was €4,275 million at the end of 2018**, lower than the €5,008 million recorded as of 31th December 2017 and which **represents a reduction of €733 million**.

The debt ratio of **Global Integration Net Debt/EBITDA** adjusted by the dividends of our subsidiaries at the end of the **2018 is 4.0x**, lower than the **4.4x recorded in the same period of 2017**.

The **Global Integration FFO/Net Debt** ratio recorded at the end of 2018 was **18.8%**, higher than the 17.4% recorded in the same period of 2017.

As of 31st December 2018, the Stand Alone Debt is as follows: 21% is institutional debt, 70% was issued on the capital markets and the remaining 9% is commercial paper. 77% of the debt accounted for is issued in euros, 22% in USD and 1% in Swedish krona.

Over 80% of debt at Enagás is arranged at a fixed rate without any significant maturities to occur until 2022.

In their 2018 annual reviews, ratings agencies **S&P** and **Fitch** reaffirmed Enagás' **A-** rating.

OPERATING HIGHLIGHTS

Demand

The national demand for natural gas at the end of 2018 was in line with the figure reported in the same period of 2017 (349.3 TWh), when it grew by +9%.

The industrial demand (accounts for 60% of the total demand at the end of 2018) **and domestic-commercial demand of natural gas, has registered an increase of 4.5% compared to the same period of 2017**, which highlights that it is an essential source of energy for many industrial sectors due to its competitiveness, its versatility and its high calorific value.

The industrial demand of natural gas ends 2018 with an increase of 4.0% compared to the previous year, which shows the positive evolution of the economy. Consumption grows in almost all industrial sectors, mainly in the service sector.

The demand for natural gas for power generation has decreased -18.3% due to a greater hydraulic generation compared to 2017, which was a particularly dry year.

The consumption of natural gas in homes, businesses and SMEs increased compared to 2017 due to colder temperatures in February and March, the good performance of the Spanish economy and the addition of new customers.

SIGNIFICANT EVENTS

For the purposes of Article 17 of Regulation (EU) No 596/2014 on market abuse and Article 228 of the Revised Text of the Spanish Securities Market Act, enacted by Royal Legislative Decree 4/2015, of 23 October, Enagás promptly publishes and discloses all relevant corporate information to the market in accordance with applicable regulations. Enagás also sends the Comisión Nacional del Mercado de Valores (CNMV) (National Securities Market Commission) this information so that it may be entered in the relevant official registry.

These communications are available on the CNMV website (www.cnmv.es) in the Relevant Facts section. As well as on the company's website (www.enagas.es) in the General Information/Relevant Facts section.

Enagás guarantees that the accompanying texts relating to Relevant Facts from 2005 onward are exactly the same as those sent to and disclosed by the CNMV.

APPENDIX I: CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Indices, certifications and assessment agencies

	<p>Enagás has been a member of the United Nations Global Compact since 2003. Since 2011, the Progress Report has met all the criteria for the GC Advanced level. It has also been included in the Global Compact 100 index since 2013.</p>		<p>Enagás' management model has borne the European Seal of Excellence 500+ EFQM since 2012.</p> <p>Enagás was recognised as an Ambassador of European Excellence in 2016.</p>
	<p>Enagás has been a member of the Dow Jones Sustainability Index World (DJSI) since 2008. It has a Gold Class rating, and it was also named leader of the Oil & Gas Storage & Transportation sector.</p>		<p>Since 2008, the content of Enagás' Annual Report has been externally verified and drawn up under the AA1000APS standard and in accordance with the Global Reporting Initiative (GRI). The 2017 Annual Report has been submitted for the GRI Content Index Service: Exhaustive Conformity Option. Since 2012, it has been prepared under the integrated reporting principles of the International Integrated Reporting Council (IIRC).</p>
	<p>Enagás has been a member of the FTSE4Good index since 2006.</p>		<p>Enagás renewed its presence on the Euronext Vigeo Europe 120 and European indices in 2018.</p>
	<p>Enagás has been a member of the Ethibel Pioneer and Ethibel Excellence Investment Registers since 2009.</p>		<p>Enagás has been rated "B Prime" by Oekom since 2010, and in 2014 joined the Global Challenges Indexes for the first time.</p>
	<p>Enagás has been a constituent of the MSCI Global Sustainability Indices since 2010.</p>		<p>Enagás has been involved in the CDP Climate Change program since 2009. Furthermore, it has held shares in CDP Water since 2015.</p>
	<p>Enagás has been certified as a Family-Responsible Company since 2007 and maintains its "B+ Proactive" rating.</p>		<p>Enagás has been one of the Top Employers Spain since 2009, one of the best companies to work for.</p>
	<p>Enagás holds ISO 14001:2004 certification for management of gas transmission and storage infrastructure processes, asset management, central laboratory and corporate headquarters. The Company's Huelva and Barcelona plants and storage facilities at Serrablo and Yela have secured EMAS certification.</p>		<p>Enagás holds ISO 9001:2008 certification for its technical system (TSM), asset management, infrastructure development and information systems management processes.</p> <p>It also has the SSAE 18 certification for the processes of Security of Supply in the System / Technical Management of Underground Storage of the System.</p>
	<p>Enagás has been a member of the STOXX Global ESG Leaders index since 2011.</p>		<p>The Occupational Risk Prevention Management System of the Enagás GTS, S.A.U., Enagás Internacional S.L.U., Enagás S.A. and Enagás Transporte S.A.U. companies of the Enagás Group hold OHSAS 18001:2007 certification.</p> <p>Enagás has been certified as a healthy workplace since 2015.</p>
	<p>In 2015, Enagás was awarded the Bequal seal for its commitment to the inclusion of people with disabilities.</p>		<p>Enagás holds the "Equality at Work Seal" from the Spanish Ministry of Health, Social Policy and Equality, first issued in 2010.</p>
	<p>In 2019, Enagás was included among the 230 leading companies in gender equality.</p>		<p>In 2017, Enagás was included among the 200 leading global companies in promoting gender equality in the workplace.</p>

APPENDIX II: CONTACT INFORMATION

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