



Results 1Q2017

25 April 2017

1Q 2017 Key figures



Global consolidation of GNL Quintero since January 1, 2017.

Key figures
(Enagás stand alone: GNL
Quintero pro-forma by
equity method (60.4%))

- ✓ FFO **224.5M€ (+15.4%)**. FFO/ Net Debt **16.0%**
- ✓ Net Profit **102.8M€ (+1.6%)**. Contribution to net profit of equity affiliates **21.6%**
- ✓ Net Debt **4,913M€**. Net cost of debt **2.3%**

Key figures
(GNL Quintero full
consolidation)

- ✓ Investments **264.1M€***
- ✓ EBITDA **241.8M€ (+16.9%)** (GNL Quintero contribution 39.1M€)
- ✓ Net Profit **156.3M€ (+54.4%)** (includes accounting gain from the revaluation of the cost of the first Quintero acquisition (2012) according to the value of the acquisitions carried out in 2016, as well as the exchange rate differences)

National gas demand

- ✓ Natural gas national demand 1Q2017 **+8.4%**
- ✓ Conventional demand **+7.2%**; Demand for power generation **+16.5%**

(*) Includes guarantees provided in GSP for 213M€.

P&L statement



1Q2017 results are in line with the targets set for the year 2017.

ME	1Q2016	1Q2017 Stand alone(*)	1Q 2017 GNL Quintero	1Q 2017 Full Consolidation (FC)	Chg % 2017 Stand alone/2016	Chg % 2017 FC/2016	
Total revenues	298.8	295.5	47.1	342.6	-1.1%	+14.7%	
Operating expenses	-91.9	-92.8	-8.0	-100.8	+1.0%	+9.7%	Operating expenses control
EBITDA	206.9	202.7	39.1	241.8	-2.0%	+16.9%	In line with our annual targets: EBITDA Stand alone: ~843M€ EBITDA Full Consolidation: ~987M€
EBIT	138.1	136.3	24.4	160.6	-1.3%	+16.3%	
Financial result	-24.8	-27.0	39.7	12.7	+8.9%	-151.4%	Includes 52.4M€ for the revaluation of the stake in Quintero, including the exchange rate differences
Result from Equity Affiliates	17.4	22.3	-5.2	17.0	+27.9%	-2.3%	
Minority interests	-0.2	-0.2	-2.0	-2.3	0.0%	1,050.0%	
Net Profit	101.2	102.8	53.5	156.3	+1.6%	+54.4%	In line with the annual target of + 5%

(*) 60.4% of GNL Quintero accounted by the equity method

Contribution of international business



The contribution from equity affiliates to net profit stand alone(*) has been 21.6%.

Contribution to P&L

Brownfield contribution to net profit 31.4M€

PPA amortization - 8.8M€

Greenfield contribution -0.4M€

Result from Equity Affiliates stand alone 22.3M€

Result from Equity Affiliates FC 17.0M€

Contribution to Cash Flow

--> **29.1M€** Dividends from equity affiliates contribution to FFO stand alone

Accounting effect with no impact on cash flow

Dividends from **Equity Affiliates**, considering GNL Quintero by the equity method, in line to reach the planned **annual** target (€ 120M)

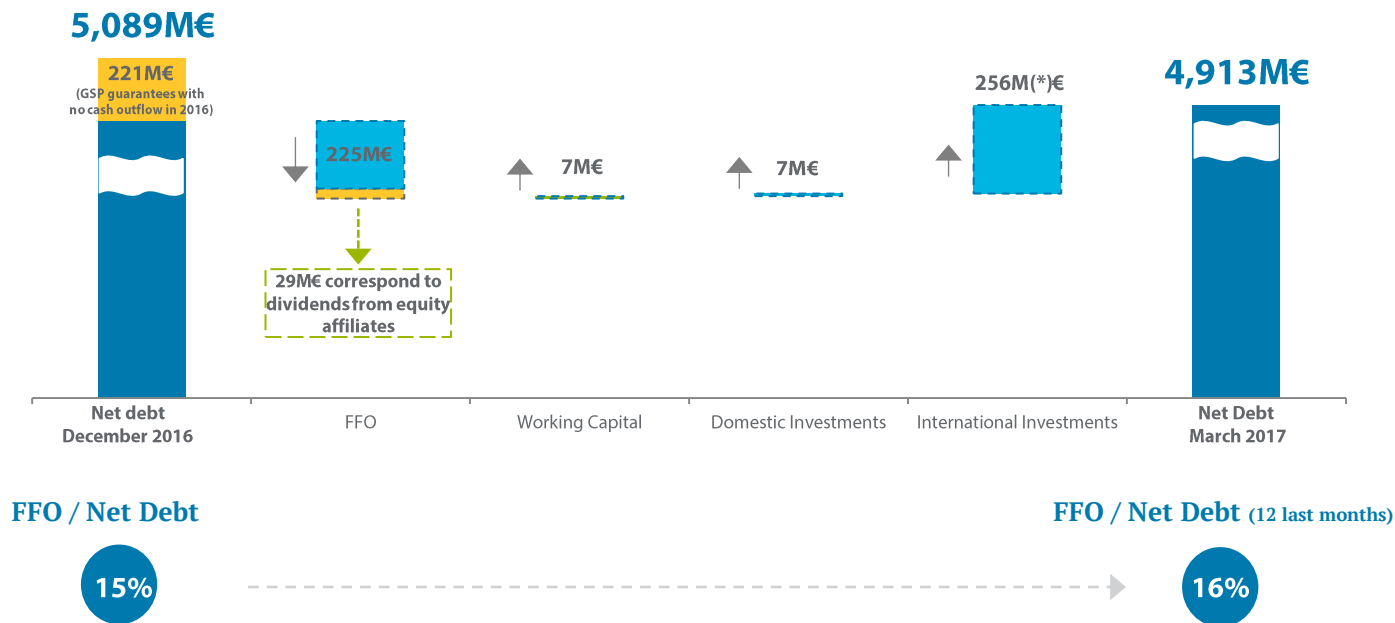
(*) 60.4% of GNL Quintero accounted by the equity method

Cash flow stand alone



Strong cash flow generation and improvement on the FFO/ND leverage ratio.

As announced in the February strategic update, Enagás has reduced its stake in GNL Quintero in April to 45.4%, which will represent an inflow of 150M \$ in 2Q2017.



(*) It includes payment of GSP guarantees amounting to 213M €

GNL Quintero: Shareholder structure change in April 2017



Fulfilling the objectives announced in the strategic update.

Chile



- ✓ The shareholding in GNLQ is now comprised by ENAP 20%, TDV (100% Enagás Chile) 40%, OMERS 29.6% and Terminal Bahía de Quintero SpA (51.9% Enagás Chile and 48.1% OMERS) 10.4%.
- ✓ **Enagás Chile** maintains its control over GNLQ **and continues to globally consolidate its stake in GNLQ with an indirect stake of 45.4%**.
- ✓ **Net cash inflow** for Enagás group of **150 million USD**.
- ✓ For Enagás, **Chile is a key country** in its strategy and **GNLQ an asset in which it is committed in the long term**.
- ✓ **Enagás** Chile has entered into an **option agreement** for the acquisition of an additional **5%** of the share capital of **GNL Quintero**, owned by OMERS through Terminal Bahía de Quintero SpA, **which may be exercised within a year**.

Coga: Increase in our stake

Operation in line with the strategy of consolidating the position of Enagás in regions where it is already present, through the growth of its subsidiaries.

- ✔ **Enagás and Carmen Corporation** (CPPIB) closed on April 24, 2017 the **acquisition of 51% of Graña y Montero's stake in COGA**, amounting to **21.5 million dollars**.
- ✔ As a consequence of this acquisition, **Enagás** increases its participation in the company from 30% to **51%**, for a total amount of **8.86 million dollars**. **CPPIB** will hold a **49%** stake.
- ✔ **The joint control** of the **company** by Enagás and CPPIB will allow a **greater alignment of the interests of COGA and TGP and an improvement** of the operational **efficiency of COGA**, which will translate into significant **savings for TGP**.
- ✔ With this agreement, **Enagás** becomes **the main shareholder** of the company responsible for the **operation and maintenance of Peru's natural gas transportation systems**, in line with the **strategy** of **consolidating** its position in **regions** where it is already **present through the growth of its subsidiaries**.

Investments

In line with the investment annual target : ~650M€ (Includes GNL Quintero investment).

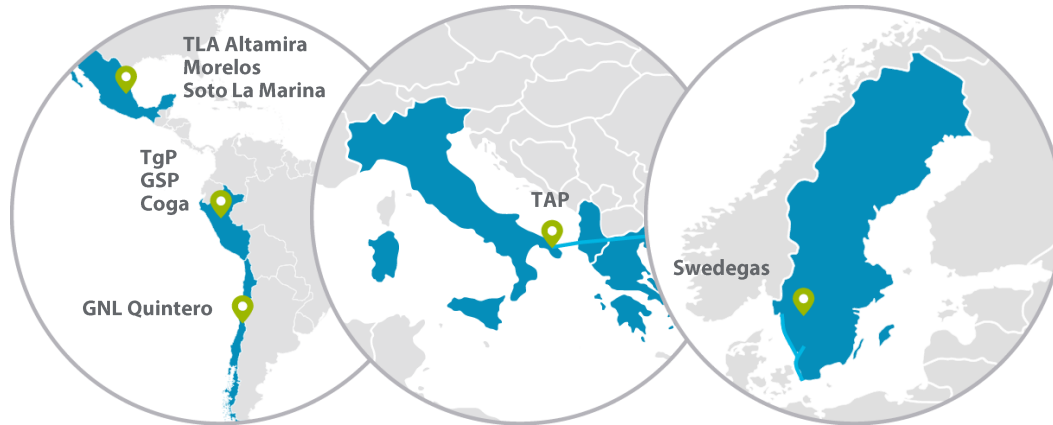
Spain



Total
264.1M€

7.4M€

International



256.7M€

Main international investments in progress,

- TAP: 42.4M€
- GSP(*): 213.0M€

(*) Payment of GSP guarantees

Gasoducto del Sur Peruano (GSP)



- ✔ Declared the termination of GSP concession, **the Peruvian Government has reiterated its willingness to re-tender the concession as soon as possible.**

- ✔ In this regard, the Government of Peru **is taking steps to carry out the new tender of the project as well as the transfer of the assets of the original concession to the future successful bidder, having already involved the public entities** in charge of the development of the different actions to be carried out.
 - I. **Osinergmin** (Supervisory Organization for Energy and Mining Investment) is expected **to immediately designate the Administrator of the assets of the concession**, which will be responsible for the administration, on behalf of the Peruvian Government, of the assets of the concession, as well as its supervision until its transfer to the private sector.

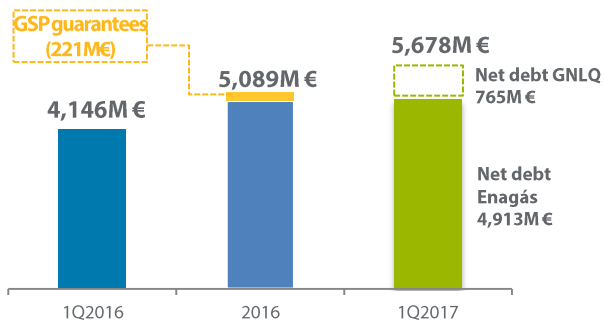
 - II. The Government has stated that **Proinversión** (Public Agency for the Promotion of Private Investment in Peru) will be the **coordinator of the process of calculating the "net book value" of the concession assets and the new tender of the project.**

- ✔ **Enagás works closely with the Peruvian Government** to ensure the success of the process and continues to carry out the necessary measures to defend their interests and obtain the recovery of the investment made in the project.

Financial structure



Net debt



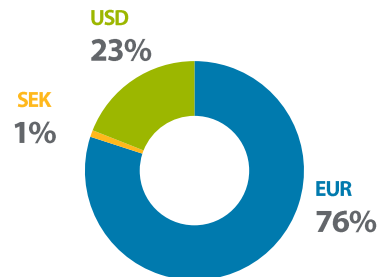
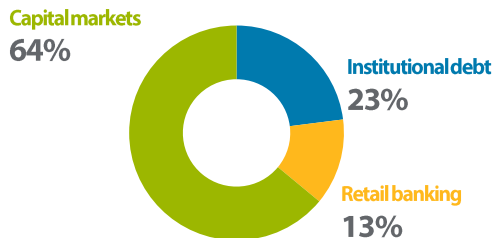
Leverage and liquidity

	1Q2016	1Q2017 Stand alone	1Q2017 Full Consolidation
Net debt/EBITDA* adjusted	4.4x	5.0x	5.5x
FFO/Net debt	16.7%	16.0%	14.1%
Net cost of debt	2.3%	2.3%	2.8%
Liquidity	2,330M€	2,288M€	2,539M€

* EBITDA adjusted by dividends received from affiliates.

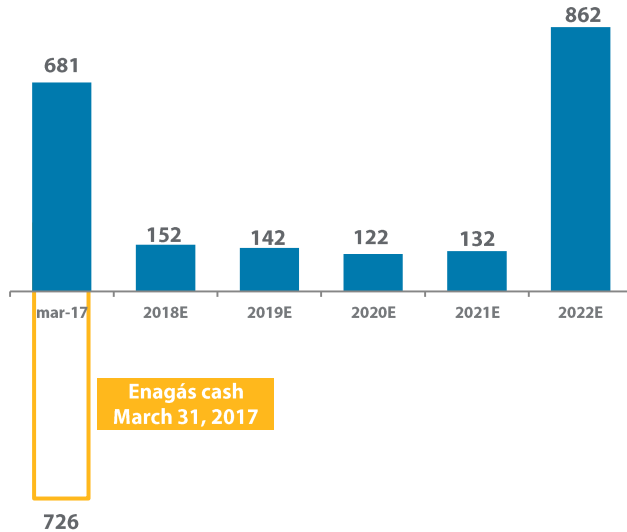
Note: Leverage ratios included in 1Q2017 full consolidation figures are undervalued due to the consolidation of one quarter of FFO and EBITDA and 100% debt of GNL Quintero.

Debt structure (stand alone)



Fixed debt above 80%

Enagás debt maturity profile stand alone (M€)



Note: Not included short-term credit facilities or GNL Quintero maturities

GNL Quintero debt

GNL Quintero Bond

Rating S&P BBB
(Strong Business Risk Profile)

Class Bond 144A *unsecured without recourse to shareholders*

Amount and coupon 1,100M\$ (4.634%)

Maturity July 2029

Amortization Semiannual amortization starting in July 2021

GNL Quintero cash March 31, 2017 268M\$

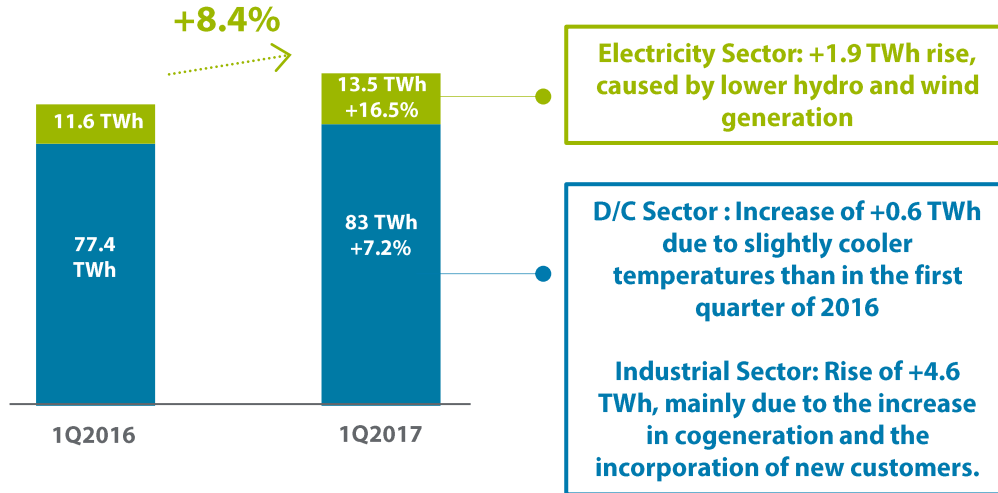
No significant maturities until 2022

Natural gas demand

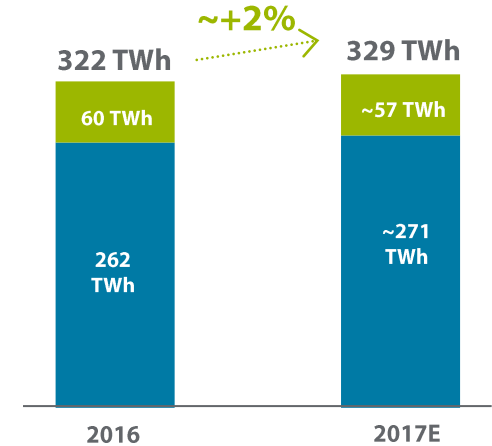


Increase in gas demand in the quarter normally attended

Natural gas demand evolution 1Q2017



Expected natural gas demand evolution 2017



Gas system in equilibrium in 2017-2018

Source: Enagás GTS

LNG tankers included in industrial demand

1Q2017 Results

2017 Targets

- ✓ Global consolidation of **GNL Quintero** from **January 1, 2017**
- ✓ EBITDA ~ **987M€** (GNL Quintero contribution ~144M€)
- ✓ Growth in net profit ~ **+12%**
- ✓ Stand alone growth in net profit: ~ **5.0%** (GNL Quintero proforma consolidated using equity method)
- ✓ FFO/ND stand alone above **15%** (proforma ratio with GNL Quintero using equity method)
- ✓ Dividends from equity affiliates ~**€120**
- ✓ Planned investments ~**€650M** (GNL Quintero investments included)
- ✓ Dividend **€1.46/share** (+5%)
- ✓ Stand alone cost of net debt ~**2.4%**

Note: 1€ = 1.11 USD

Sustainability



Enagás maintains its leadership in the main sustainability indexes, having received the following updates:



Enagás has received RobecoSam **Gold Class** award as Gas Utilities world leader in the last **Dow Jones Sustainability Index** (DJSI) assessment.



Enagás has been included in the 2017 **Global 100 index** as the tenth most sustainable company in the world and Gas Utilities world leader.



2017 Constituent
MSCI Global
Sustainability Indexes

Enagás has been reconfirmed as a constituent of **MSCI Global Sustainability Indexes 2017**



The company has been reconfirmed as a constituent of the **Ethibel Sustainability Index** (ESI) Excellence Europe since 20/03/2017.

Latest publications

Annual Report 2016



Our commitment to society



Carbon Footprint 2016



In the last 2 years Enagás has reduced **50%** its carbon footprint and has avoided more than **130,000 tCO2** through energy efficiency measures

Conclusions



- ✔ 1Q2017 results are **in line with the targets set for the year 2017**.
- ✔ As announced in the February strategic update, Enagás reduced its stake in **GNL Quintero** to **45.4%** in April. This will represent an inflow of 150M \$ in 2Q2017, **maintaining control of the asset and its full consolidation**.
- ✔ **Strong cash flow generation** and improvement of the stand alone leverage ratio FFO/ND.
- ✔ **Fixed net debt above 80%**, with no significant debt maturities until 2022.
- ✔ **Natural gas demand growth** in the first quarter (+8.4%).

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