

1Q2020 Results

20th April 2021



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Conference-call/Webcast:

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Highlights

2021 first quarter results

- ⚡ **Stable regulatory framework 2021-2026:** the Circular 8/2020 fixed the unit reference value for investment and operation & maintenance for the regulatory period 2021-2026 and the minimum requirements for audits on investments and costs in natural gas transportation installations and liquefied natural gas plants. The Royal Decree that lays down the remuneration and the fees for access to underground storage was published on 30 December 2020. **With the publication of these regulatory documents, the Regulatory Framework applicable to Enagás has been closed for the period 2021-2026.** Regulated income for 2021 and its comparison with those registered in 2020 are influenced by the entry into force of the new remuneration framework.
- ⚡ **Net income** at 31 March 2021 reached **92.9 million euros**, in line with the objective set for the year (approximately 380 million euros).
- ⚡ The **results from affiliates at 31 March 2021 amounted to 48.8 million euros** (34.6 million euros in 2020) and represents 38.1% of the quarterly net profit. The result that is consolidated using the equity method includes the contribution from **Tallgrass Energy** for 30.2% and 16% of **TAP**, contributing for the first time for a full quarter in the P&L since its commissioning at the end of 2020.
- ⚡ **Funds from operations (FFO)** at 31 March 2021 was **187.1 million euros, +5.6% higher** to that obtained in 2020.
- ⚡ The increase in FFO is explained, among other effects, by the **dividends received from affiliates**, which at 31 March 2021 amounted to 28.9 million euros. Of this amount, 22.8 million correspond to the distribution of a dividend by Tallgrass Energy charged to the 2020 financial year.
- ⚡ **Net Debt** at the end of the first quarter of 2021 amounted to **4,277 million euros**, with a financial cost of debt of 1.8%. The **FFO/DN ratio at 31 March 2021 stood at 16.3%**. In the evolution of gross debt for the first quarter of the year, an increase of 121 million euros has been registered due to the application of IFRS 16 (129 million euros) as a result of the renewal of the fibre optic lease.
- ⚡ The Company has a **solid liquidity situation**, which at the end of the quarter amounted to **2,802 million euros** between treasury and undrawn lines of credit.
- ⚡ The credit rating agencies Fitch and Standard & Poors reaffirmed, at the end of 2020, the Group's credit rating at BBB+.
- ⚡ **The dividend for 2020**, which will be laid before shareholders at the next Annual General Meeting, scheduled to take place in May, will be **1.68 euros per share, gross, up 5% in the year**, in line with the Company's strategy.
- ⚡ Enagás has been evaluated in ESG by S&P Global Ratings with the highest score (75/100) published to date in Spain. The company is also a **leader in the main sustainability indices**, particularly the **Dow Jones Sustainability Index World**, (world leader in Gas Utilities), in which it attained Gold Class classification and **it is included in the CDP Climate Change A List**. Additionally, it achieved third place worldwide in the **Gender Equality Index prepared by Bloomberg**.

Main highlights

Income Statement

January - March (millions of €)	1Q2020	1Q2021	Var. 20-21
Total revenue	283.3	240.6	-15.1%
EBITDA	235.6	216.1	-8.3%
EBIT	157.7	140.1	-11.1%
Net profit	119.1	92.9	-22.0%

Balance sheet and leverage ratios

	Dec-2020	Mar-2021
Net Debt (millions of €)	4,288	4,277
Net Debt / EBITDA ⁽¹⁾	4.8x	4.9x
FFO/Net Debt	16.0%	16.3%
Financial cost of debt	1.9%	1.8%

(1) EBITDA adjusted for dividends obtained from affiliates

Cash flow and investments

January - March (millions of €)	1Q2020	1Q2021	Var. 20-21
Funds From Operations	177.1	187.1	5.6%
Dividends received from affiliates	10.3	28.9	179.6%
Net investment	-27.5	-15.1	-45.2%

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.

Earnings Performance

Income Statement

Millions of euros (unaudited figures)	1Q2020	1Q2021	Var. 20-21
Income from regulated activities	265.9	232.4	-12.6%
Other operating income	17.4	8.2	-53.1%
Total revenue	283.3	240.6	-15.1%
Personnel expenses	-31.4	-31.8	1.4%
Other operating expenses	-50.9	-41.4	-18.7%
Operating Expenses	-82.3	-73.3	-11.0%
Results from affiliates	34.6	48.8	41.2%
EBITDA	235.6	216.1	-8.3%
Amortisation and depreciation	-67.7	-62.6	-7.5%
PPA	-10.2	-13.4	31.2%
EBIT	157.7	140.1	-11.1%
Financial results	-7.6	-25.8	239.5%
Corporate income tax	-30.7	-21.2	-30.9%
Profit attributed to non-controlling interests	-0.3	-0.2	-16.6%
Net profit	119.1	92.9	-22.0%

Operating income

Total revenues at 31 March 2021 reached 240.6 million euros, which represents a decrease of -15.1% with respect to the same period in 2020. Said variation is mainly a consequence of the entry into force of the new regulatory framework 2021-2026 and the termination of the Al-Andalus and Extremadura contract.

Operating expenses

The **operating expenses at the end of the first quarter of 2021** reached -73.3 million euros, **-11.0% lower than the amount accumulated in the same period of the previous year**, thanks to the control of operating expenses announced by the company and the termination of the Al-Andalus and Extremadura contract.

Results from affiliates

The results from affiliates at 31 March 2021 amounts to 48.8 million euros (2020: 34.6 million euros) which represents a contribution to Net Income of 38.1% in the first quarter of 2021. The result consolidated using the equity method includes the contribution from Tallgrass Energy and TAP, contributing for the first time for a full quarter in the P&L since its commissioning at the end of 2020.

EBITDA

EBITDA at 31 March 2021 reached **€216.1 million, 8.3% lower** than that obtained on the same date of the 2020 financial year.

Amortisation of fixed assets

Amortisation of fixed assets has decreased by - 7.5% compared to the same period the previous year.

The amortisation line of the PPA (purchase price allocation) has increased compared to 2020 (+31.2%), as a consequence of acquisition of the second phase of Tallgrass Energy in April 2020.

Thus, **EBIT** at 31 March 2021 was **140.1 million euros, 11.1% less** than that registered at the end of the first quarter of 2020.

Financial Results

The financial result obtained at 31 March 2021, registered a negative balance of **-25.8 million euros**, compared to the -7.6 million euros recorded at the end of the first quarter of 2020. The financial result for the first quarter of 2020 included a non-recurring effect of 18.4 million euros originated by positive exchange differences generated by the purchase of dollars made for the Take Private of Tallgrass Energy.

Net income

Net income at 31 March 2021 reached 92.9 million euros, in line with the objective set for the year (380 million euros).

Cash flow and balance sheet

Consolidated cash flow statement

Millions of euros (unaudited figures)	1Q2020	1Q2021
EBITDA	235.6	216.1
Results from affiliates	-34.6	-48.8
Tax	0.0	10.7
Interest	-30.6	-19.7
Dividends received from affiliates	10.3	28.9
Adjustments	-3.7	-0.2
FUNDS FROM OPERATIONS (FFO)	177.1	187.1
Changes in working capital	10.4	6.5
OPERATING CASH FLOW (OCF)	187.6	193.5
Net investment	-27.5	-15.1
International business	-1.1	-0.3
Business in Spain	-26.4	-14.8
FREE CASH FLOW (FCF)	160.1	178.5
Dividends paid	0.0	0.0
Exchange rate effect	2.5	0.9
DISCRETIONAL CASH FLOW (DCF)	162.6	179.3
Financing flows	-161.3	-47.6
Maturity of long-term debt	-39.3	-69.8
Debt issues	200.0	0.1
Issue/maturity of policies and ECPS	-322.0	22.1
Capital increase	0.0	0.0
Proceeds from/(payments for) equity instruments	0.0	0.0
Effect of changes in the consolidation method	0.0	0.0
NET CASH FLOWS	1.3	131.7
Cash and cash equivalents at start of period	1,099.0	863.7
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,100.3	995.4

Balance sheet

ASSETS	Dec 2020	March 2021
Total non-current assets	7,786.3	8,002.7
Intangible assets	74.6	70.7
<i>Goodwill</i>	23.2	18.5
<i>Other intangible assets</i>	51.4	52.2
Investment property	19.0	19.0
Property, plant and equipment	4,430.4	4,515.3
Equity-accounted investments	2,658.4	2,768.8
Other non-current financial assets	602.5	627.5
Deferred tax assets	1.4	1.4
Current assets	1,222.6	1,259.3
Total non-current assets held for sale	1.8	1.8
Inventories	21.4	21.6
Trade debtors and other short-term debts	322.6	234.7
Short-term financial investment	7.5	0.1
Other current assets	5.8	5.8
Cash and cash equivalents	863.7	995.4
TOTAL ASSETS	9,008.9	9,262.0
EQUITY AND LIABILITIES		
Equity	3,007.0	3,171.1
Total equity	3,192.7	3,286.7
Subscribed share capital	393.0	393.0
Share premium	465.1	465.1
Reserves	2,074.4	2,519.1
Treasury shares	-12.5	-12.5
Profit for the period	444.0	92.9
Interim dividend	-175.7	-175.7
Other equity instruments	4.4	4.7
Valuation adjustments	-202.7	-132.6
Non-controlling interests (external owners)	17.0	17.0
Non-current liabilities	5,416.7	5,338.3
Non-current provisions	253.9	254.6
Non-current financial liabilities	4,962.0	4,881.2
<i>Bank loans</i>	1,165.6	937.6
<i>Bonds and other marketable securities</i>	3,432.3	3,436.8
<i>Non-current payables to fixed asset suppliers</i>	0.3	0.3
<i>Derivatives</i>	44.1	56.9
<i>Other long-term loans</i>	319.8	449.5
Deferred tax liabilities	160.9	161.9
Other non-current liabilities	39.9	40.6
Current liabilities	585.2	752.7
Current provisions	2.2	1.7
Current financial liabilities	289.1	502.8
<i>Bank loans</i>	172.7	399.2
<i>Bonds and other marketable securities</i>	41.7	31.2
<i>Derivatives</i>	11.2	12.2
<i>Other long-term loans</i>	63.5	60.2
Trade and other payables	293.9	248.2
TOTAL LIABILITIES	9,008.9	9,262.0

Operating cash flow

Funds from operations (FFO) at 31 March 2021 was 187.1 million euros, 5.6% higher than that obtained in the first quarter of 2020. This increase is explained, among other effects, by a higher volume of dividends received from affiliates, which at 31 March 2021 amounted to 28.9 million euros. This figure includes the 22.8 million euros of the Tallgrass Energy dividend corresponding to the 2020 financial year and collected in February 2021.

Investments

Net investment at the end of the first quarter of 2021 amounted to **15.1 million euros**, and mainly includes investment in the national business.

Net Debt

At the end of the first quarter of 2021 **Net Debt amounted to 4,277 million euros**, which represents a reduction of 11 million euros compared to 31 December 2020 (4.288 million euros). In the evolution of gross debt for the first quarter of the year, an increase of 121 million euros has been registered as a result of the application of IFRS 16 (129 million euros) due to the renewal of the fibre optic lease.

The **FFO/ND ratio at the close of the first quarter 2021** was **16.3%**, while the Net Debt/EBITDA ratio adjusted for dividends received from affiliates increased to 4.9x.

The debt type at 31 March 2021 was as follows: 12% is institutional debt, 66% was issued in capital markets, 13% is commercial bank borrowings and the remaining 9% is leases (IFRS 16). 75% of the debt accounted for is issued in euros and the remaining 25% in dollars (USD).

Over 80% of debt is fixed rate.

The financial cost at 31 March 2021 was 1.8%.

Liquidity

The Company has a solid liquidity situation, which at the end of the first quarter 2021 amounted to 2,802 million euros between cash and undrawn lines of credit.

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

OPERATING HIGHLIGHTS

Demand

Natural gas has played an essential role during the most significant cold wave that our country has experienced in recent years. **Natural gas demand** at 31 March 2021 reached 99.3 TWh, 2.3% lower than the same period the previous year.

The demand for conventional natural gas (industrial and residential demand), which represents 86% of the demand for natural gas in Spain, reached **86.2 TWh at the end of the first quarter of 2021, + 1.9% higher than in the same period in 2020.**

Residential demand grew **+8.8%** in the first quarter of the year compared to the same period of the previous year, due to the impact of Storm Filomena during the first fortnight of 2021.

The **industrial demand decreased by -1.3%** compared to the first quarter of 2020, because January and February 2020 were not affected by the pandemic caused by COVID-19.

The **natural gas demand for power generation** at the end of the first quarter 2021, stood at 13.2 TWh, -22.9% vs the same period of the previous year, due to lower electricity demand and higher generation with renewable energy (wind, hydro and solar).

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Sustainability

Enagás has been evaluated in **ESG by S&P Global Ratings** obtaining the highest score (**75/100**) that S&P Global Ratings has so far published in Spain in all sectors.

Enagás is a leader in the main sustainability indices, particularly the **Dow Jones Sustainability World Index** (world leader in Gas Utilities) in which it attained Gold Class classification.

On climate action, Enagás has earned the recognition of CDP for having been included in the **CDP Climate Change 'A List'**. It has also been recognized as one of the leading companies for its climate commitment to suppliers. The company is committed to achieving carbon neutrality by 2040 and by 2020 it reduced emissions by 63% compared to 2018.

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.

Enagás has published the 2020 Annual Report in accordance with the requirements laid down by Law 11/2018 on non-financial information and diversity.

PUBLIC DISSEMINATION OF INSIDE INFORMATION AND OTHER RELEVANT INFORMATION

In accordance with article 226 of Royal Legislative Decree 4/2015 of 23 October, which approves the revised text of the Securities Market Law, Enagás communicates to the CNMV, as soon as possible, the privileged information that concerns it directly referred to in Article 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014.

In accordance with article 227 of Royal Legislative Decree 4/2015 of 23 October, which approves the revised text of the Securities Market Law, Enagás also communicates to the CNMV the other financial or corporate information regarding the company itself or its securities or financial instruments that any legal or regulatory provision requires it to make public in Spain or that it deems necessary, due to its special interest, to spread among investors.

Enagás carries out inside information and other relevant information communications, for public dissemination, through the specific communication and publication channels developed by the CNMV for this purpose.

APPENDIX I: CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Indexes, 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>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p> <p>Sustainability Award Gold Class 2021</p>	<p>Enagás has been a member of the Dow Jones Sustainability Index World (DJSI) since 2008. It has a Gold Class rating, and was also named leader of the Gas Utilities sector in 2020.</p>		<p>Since 2008, the content of Enagás' Annual Report has been externally verified and drawn up under the AA1000APS standard and the Global Reporting Initiative (GRI) reporting framework. Since 2012, it has been prepared under the integrated reporting principles of the International Integrated Reporting Council (IIRC). From 2020 it will be prepared according to SASB (Sustainability Accounting Standards Board) standards for the Oil & Gas – Midstream sector.</p>
	<p>Enagás has been a member of the FTSE4Good index since 2006.</p>		<p>Enagás renewed its presence on the Euronext Vigeo Eurozone 120 index in 2020.</p>
	<p>Enagás has been a member of the Ethibel Sustainability Index Excellence Europe since 2009.</p>		<p>ISS upheld its B Prime rating of Enagás, issued in 2010.</p>
	<p>Enagás has been a constituent of the MSCI Global Sustainability Indices since 2010 and has a AA rating.</p>		<p>Enagás has been participating in the CDP Climate Change programme since 2009 and the CDP Water programme since 2015. In 2020 it was included in the A List of leading companies in climate change management and recognised as one of the leading companies for its commitment to suppliers.</p>
	<p>Enagás has been certified as a Family Responsible Company (FRC) since 2007 and obtained the Excellence A level in the 2019 recertification process.</p>		<p>Enagás has been one of the Top Employers Spain since 2010.</p>
	<p>Enagás holds ISO14001 certification for management of gas transmission and storage infrastructure processes, asset management, central laboratory and corporate headquarters. In addition, it holds ISO50001 certification for management of gas transmission and storage infrastructure processes, asset management, central laboratory and corporate headquarters.</p> <p>The Company's Huelva and Barcelona plants and storage facilities at Serrablo and Yela have secured EMAS certification.</p>		<p>Enagás holds ISO 9001:2015 certification for its technical system (TSM), asset management, infrastructure development and information systems management processes. The company is also SSAE 18 certified for its Security of Supply in the System / Technical Management of Underground Storage processes.</p>
	<p>Enagás certifies its carbon footprint yearly according to the ISO14064 standard and has the Calculo+Compenso+Reduzco seal by annually registering its carbon footprint with the Ministry for the ecological transition.</p> <p>In addition, it has certificates of voluntary emissions compensation from regasification plants, headquarters and corporate fleet.</p>		<p>The Occupational Risk Prevention Management System of the companies Enagás GTS, S.A.U., Enagás Internacional S.L.U., Enagás S.A. and Enagás Transporte S.A.U. belonging to the Enagás Group is ISO 45001 certified.</p> <p>Enagás has also been certified as a healthy workplace since 2015 and has ISO certification for road safety (ISO 39001) and information security (ISO 27001).</p>
	<p>In 2015, Enagás was awarded the Bequal seal for its commitment to the inclusion of people with disabilities. In 2019 it obtained Bequal Plus recognition.</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>Enagás has been a member of the Bloomberg gender equality index since 2019. In 2020, it was ranked third among the 325 leading companies worldwide in gender equality and promoting equality.</p>		<p>In 2020 Enagás received the "Certification of the Action Protocol against COVID-19" from AENOR, which recognises the effort made by the company to protect the health and safety of its professionals against the pandemic.</p>

APPENDIX II: CONTACT DATA

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