



# 3Q 2022 RESULTS

October 25, 2022

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# 01

## MILESTONES

# Execution of the 2022-2030 Strategic Plan

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## “Plan Más Seguridad Energética” of the Spanish Government

On October 11, the “Plan Más Seguridad Energética” was published with **six key targets**: Savings and efficiency; transformation of the energy system; extending protection to citizens, especially those more vulnerable; tax measures; industry transformation thanks to renewable energies or hydrogen; and solidarity with the rest of Europe.

### The measures included in the “Plan Más Seguridad Energética” are key for Enagás:

- **Strengthening energy infrastructures** to boost the export of natural gas and hydrogen to Europe.
  - **Shaping the future Iberian Hydrogen Corridor.**
- The Governments of Spain, France and Portugal announced the **Green Energy Corridor** on October 20.
    - ❑ Interconnection Portugal (Celourico da Beira) and Spain (Zamora)
    - ❑ A maritime pipeline connecting Spain (Barcelona) and France (Marseille)
- **Update of the PNIEC including** the **renewable hydrogen and biomethane** targets set in REPowerEU.
  - **Integration of renewable gases into the Gas System**, facilitating the processing of projects to feed renewable gases into the natural gas grid.
  - **Electrification** of Natural Gas **Compressor Stations**

## Execution of the 2022-2030 Strategic Plan

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### “Plan Más Seguridad Energética” of the Spanish Government

In addition, the “Plan Más Seguridad Energética” includes a series of measures already included in the Enagás Strategic Plan and which have already been implemented:

- ❑ On August 16, the **El Musel** plant received the Administrative Authorisation from the Ministry for its use as a **logistics plant**, pending final approval of its remuneration model. This plant could provide up to **8 bcm of LNG capacity per annum to Europe’s security of supply**, with the capacity to **unload and load up to 100 LNG carriers per year**.
- ❑ On September 22, the **Euskadour Compressor Station** in Irun successfully completed the technical commissioning tests to **increase its natural gas supply capacity by 1.5 bcm per year to Europe**.  
Export capacity to France has been increased by 18%.  
Start of marketing: November 1, 2022
- ❑ The **Barcelona Regasification Plant** received authorisation from the Ministry on September 22, to **adapt the Barcelona jetty and increase gas loading capacity of methane tankers. Italy** has recently set up a **“virtual gas pipeline”** to feed its own regasification plants with carriers that would come to load at Spanish plants, mainly in Barcelona.
- ❑ **Enagás GTS**, temporarily appointed as the **entity responsible for the Guarantee of Origin System for gas from renewable sources**.

# Execution of the 2022-2030 Strategic Plan

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## Asset rotation

### GNL Quintero

- On July 20, 2022, the **sale** of the 45.4% stake in **GNL Quintero** was completed. It has represented a gross cash inflow of €639 M(\*) and has generated net capital gains of €135 M(\*).

### Enagás Renovable

- On July 20, the **Hy24 Fund, through Clean H2 Infra Fund, took a stake in Enagás Renovable** as a financial partner with an initial stake of 30%. The transaction has generated a net capital gain of €50.4 M.
- On July 26, the agreement was signed for the sale of a **5%** of Enagás' stake in **Enagás Renovable to Pontegadea**.
- On October 19, 2022, the **sale of 5%** to Navantia, company owned by SEPI (the Spanish State-owned Industrial Holding Company), was finalised. After this latest sale, Enagás continues to hold 60% of the capital of Enagás Renovable.
- **The participation of Enagás in its subsidiary Enagás Renovable complies with the applicable sectoral legislation, as well as with the requirements of the CNMC regarding the separation of activities.**

## Execution of the 2022-2030 Strategic Plan

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### Importance of TAP in the current context and new agreements with European TSOs

- **TAP continues to work on a potential expansion of its infrastructure**, with different scenarios that **could increase capacity by up to 20 bcm per year**. The binding phase of the market test is expected to be launched by the end of 2022.

On October 1, **the Interconnector Greece-Bulgaria was launched**, connecting TAP to Bulgaria's gas network, with a **natural gas transmission capacity of up to 3 bcm**.

- On October 4, Enagás signed an agreement with the **Albanian operator AlbGaz** for the **potential entry as a shareholder and to study joint** natural gas and renewable gas projects currently under development in Albania and the Mediterranean region.

# Execution of the 2022-2030 Strategic Plan

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## Other advances in the execution of the Strategic Plan 2022 - 2030

### Rating agencies

- The credit rating agency **Standard & Poor's** has reaffirmed Enagás' rating at **BBB** with a **stable outlook**.

### Energy transition funds

- On September 21, the **Klima energy transition fund**, in which Alantra and Enagás collaborate, reached a **final close of €210 M**, above the initial target of €150 M and oversubscribed. The Fund will seek investment opportunities with a focus on sustainability.
- The **manager Hy24**, specialized in hydrogen, **closes in October its "Clean H2 Infra Fund" of 2,000 million euros, the largest in the world destined to invest in infrastructures related to hydrogen. Enagás participates in this fund**, within the framework of an agreement reached with Snam and GRTgaz, to launch projects that promote the development of this technology.

### GSP Arbitration

- **The arbitration procedure continues to be carried out according to the established schedule**: the final hearings were held before the ICSID in September and **an award is expected in the first half of 2023**.



## 1.2 100% availability of infrastructures and Gas System

# 100% availability of infrastructures and Gas System

Availability

**100%**  
technical and  
commercial  
availability

Contribution to the rest of Europe's security  
of supply

**Exports to Europe** through the  
**interconnections** with France  
reached **26.6 TWh**, equivalent to  
more than 26 LNG carriers.

Currently **100%** of the **total  
capacity** of **interconnection** with  
**France** is **contracted**

High diversification of  
supply

Supplies have been  
received from  
**18 different  
origins**

Filling level in  
underground storage  
facilities.

The **filling** level  
stands at **93%** at  
October 25, 2022

Spanish regasification plants as a key pillar for domestic and European security of supply

Increase in the number of **ship  
unloadings**, with a total of **250  
operations**, practically the same  
number as in 2021

**LNG stocks** in storage  
tanks have been **higher**  
than in 3Q 2021, reaching  
an average of over 80%.

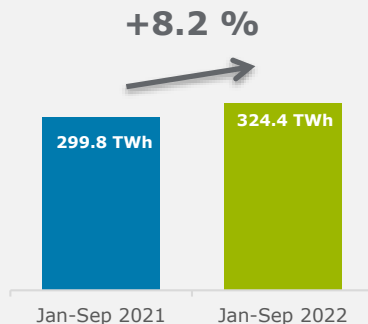
**July 13** beat the absolute  
**record** for demand for electricity  
generation of **0.8 TWh/d**

### 1.3 Demand for natural gas

# Demand for natural gas

**Growth of +8.2% in natural gas demand and exports in the first nine months of 2022.**

**Changes in demand and exports to Europe  
Jan-Sep 2022**



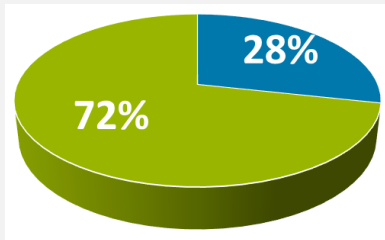
- **Gas demand for electricity generation increased by +80.2%**, driven by electricity exports to France and Portugal. On July 13, it set an all-time record.
- **Gas exports to Europe** via interconnections with France have **increased by 14.1 TWh**, due to the current European energy situation, highlighting the importance of international interconnections in this context.
- **Conventional demand decreased -17.3%** at September 30, 2022, affected by the decline in industrial demand.

Source: Enagás GTS  
 Note: Conventional demand = industrial demand + domestic commercial demand

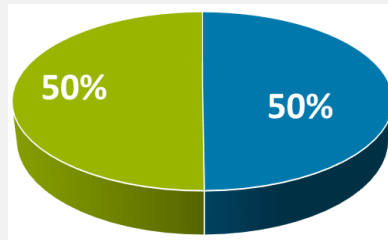
## 1.4 Source of supply

# Source of natural gas supply

January–September 2022



January–September 2021



Source of supply:  
Main NG and LNG countries  
January–September 2022



Source: Enagás GTS



- In this difficult geopolitical situation, **Enagás has shown that it is ready to support security of supply** thanks to the high **diversification of its suppliers**.
- **The United States has become the leading supplier** of natural gas to the Spanish Gas System. However, during the month of September, Algeria (25.4%) surpassed the United States (17.1%) in natural gas supplies to Spain. **The origins of gas supply have been further diversified, with the Gas System receiving NG from 18 different origins.**
- In the first nine months of 2022, the supply of **LNG accounted for 72% of Spain's total gas supply**.
- Due to the geopolitical crisis, **exports to France have increased via gas pipeline, and to the rest of Europe through LNG carrier re-export**; Spain has thus become a support for the security of supply to Central Europe.

# 02

# RESULTS

## 2.1 Financial results

# Income statement

**Net profit for the first nine months of the year €353.4M** is in line to reach the annual Net profit target, published by the company in the 2022-2030 Strategic Plan

€M	3Q 2022	3Q 2021	Chg. %
<b>Total revenues</b>	<b>714.9</b>	<b>722.3</b>	<b>-1.0 %</b>
Operating expenses	-263.6	-216.0	22.1 %
<b>Income from affiliates</b>	<b>153.9</b>	<b>163.8</b>	<b>-6.1 %</b>
<b>EBITDA<sup>(1)</sup></b>	<b>605.1</b>	<b>670.1</b>	<b>-9.7 %</b>
Depreciation and amortisation	-196.9	-190.7	3.2 %
PPA	-40.5	-40.4	0.1 %
<b>EBIT</b>	<b>367.7</b>	<b>439.0</b>	<b>-16.2 %</b>
Financial income	104.5	-66.1	-258.1 %
Corporate income tax	-118.4	-64.9	82.3 %
Non-controlling interests	-0.5	-0.6	-24.5 %
<b>Net profit</b>	<b>353.4</b>	<b>307.3</b>	<b>15.0 %</b>

Note <sup>(1)</sup>: EBITDA adjusted for dividends 3Q 2021: €621.1 M; 3Q 2022: €570 M

Note <sup>(2)</sup>: Net capital gain from the sale of GNL Quintero €135M: Gross capital gain €249M - Corporate tax associated with the capital gain - €67M (accounted for in 3Q22) - Withholding taxes -€47M (to be recorded in 4Q22). The exchange rate of the operation €1=1.0251 USD.

## COMMENTS

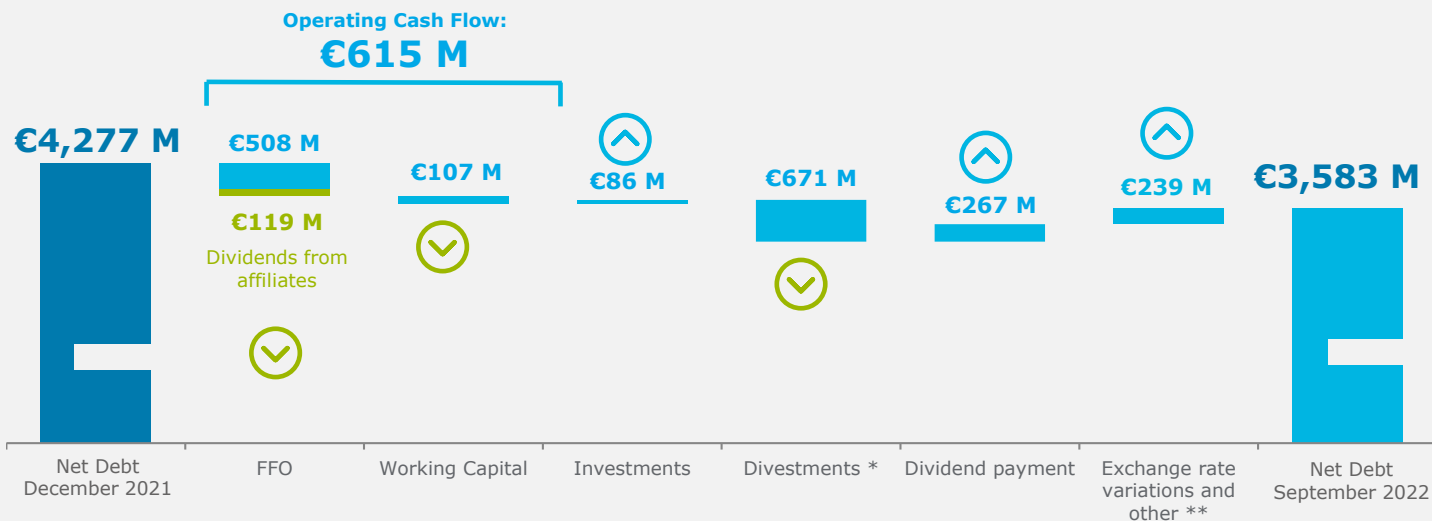
- Regulated revenues reflect the compensation of electricity expenditure and other audited pass-through expenses.
- Factors to consider in the performance of operating expenses:
  - Audited expenses, accounted for as higher regulated income, amounting to ~€30 M.
  - Non-recurring staff costs ~€10 M.
  - Calendar effects and higher activity vs. 3Q 2021 still affected by COVID-19.
- Scope of consolidation of affiliates different from 3Q 2021 due to the exit from GNL Quintero.
- Financial result includes the gross capital gain from the sale of GNL Quintero (+€249 M)<sup>2</sup>, the net capital gain from the entry of the Hy24 Fund in the capital of Enagás Renovable (+€50.4 M) and the impairment in Tallgrass (-€134 M).
- Corporate income tax reflects -€67 M associated with the process of sale of GNL Quintero.

## 2.1 Financial results

# Cash flows and change in net debt

► Evolution of the Cash flow and net debt in line with 3Q 2022 budget.

► Including the expected cash inflow from the announced divestments, net debt at year-end would be around ~€3.7 Bn



- Note\*: The cash generated by the sale of GNL Quintero for an amount of €639M was received in July 2022, although the taxes associated with this sale (€114M) are expected to be paid in 2023. The payment of taxes is calculated at the exchange rate €1=1.0251 USD.
- Note\*\*: As of September 30, the impact of the exchange rate variation on net debt is +€156M (closing exchange rate of \$0.96/€ vs. \$1.1375/€ on Dec 21) and other effects +€86M (unpaid accrued interest, etc).

## 2.2 Financial structure

# Sound financial structure and strong liquidity position

Leverage and liquidity	Sep. 2022	Dec. 2021
Net debt	€3,583 M	€4,277 M
Net Debt/EBITDA adjusted (*)	4.5x	5.1x
FFO/Net Debt	18.3 %	16.4 %
Financial cost of debt	1.7 %	1.7 %
Liquidity	€3,632 M	€3.3 Bn

Liquidity	Sep. 2022	Dec. 2021	Current maturity
Treasury	€1,468 M	€1,444 M	
Club Deal	€1.5 Bn	€1.5 Bn	December 2026 (**)
Operational lines	€664 M	€355 M	January-April 2023
TOTAL	€3,632 M	€3.3 Bn	

✓ The financial cost of debt is 1.7%, in line with December 2021



Before the end of the year, \$572 M of cash from the sale of Quintero will be used for debt cancellation

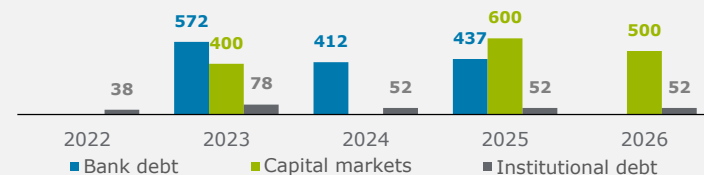
Leverage ratios compatible with BBB credit rating

### Type of debt



Fixed-rate debt over 80% (\*\*\*)

### Debt maturities (€M)



Average maturity of debt 4.3 years

(\*) EBITDA adjusted by dividends received from affiliates. (\*\*) Of this amount, 19% matures in 2025 (\*\*\*) Including interest rate hedging instruments.

## 2.3 Evolution of our affiliates(1/2)

# Contribution to security of supply and decarbonisation process

### Tallgrass Energy USA



- **Tallgrass infrastructure** has registered a **high level of contracting and utilisation** during the first three quarters of the year. Average contracted capacity in Rockies Express has been higher than 90% and the utilisation in Pony Express, 85%.
- **Tallgrass and Equinor** announced in September a **collaboration agreement** to jointly develop **large-scale clean hydrogen and ammonia production opportunities and infrastructures**.

### TGP/COGA, Peru



- **Good behavior of natural gas demand, both local** (growth 10% vs. 2021) **and exports** (83% of utilization of contracted capacity vs. 48% in 2021).
- The current economic situation and international prices are allowing TGP to contribute to Enagás **a financial result in BDI and dividend above expectations**.

### TLA/GDM/SLM, Mexico



- **100% availability of** the TLA terminal during the first 9 months of 2022, as essential infrastructure to **guarantee the continuity of supply** (strategic storage) of the Mexican gas system.
- The process of **closing Gasoducto de Morelos transaction** continues, and it is expected **to be completed in the fourth quarter of 2022**.



## 2.3 Evolution of our affiliates(2/2)

# Contribution to security of supply and decarbonisation process

### TAP, Europe



- **TAP is making a significant contribution to the guarantee and security of supply** in Greece and Italy, helping to replace lower imports of Russian gas. With **98% average utilisation and 100% availability**, TAP has delivered 7.9 bcm of natural gas in Europe up to September 30: 7 bcm in Italy (~15% country demand) and 0.9 bcm in Greece (~20% country demand).
- **TAP continues to work on a potential expansion of its infrastructure**, with different scenarios that could increase capacity by up to 20 bcm per year. In the process of developing the basis for the binding phase of the market test, which is expected to be launched by the end of 2022.
- **The Interconnector Greece-Bulgaria (IGB) which connects TAP with the gas network of Bulgaria** with a natural gas transmission capacity of up to 3 bcm, was officially opened in Sofia on **October 1**.

### Desfa (Greece)



- Until August 2022, **total Greek demand** (domestic consumption plus exports) reached 5.1 bcm, **which means a growth of 13.2% compared to 2021**.
- The **Revithoussa LNG terminal** covered **42% of the country's total natural gas imports**, receiving 54 unloadings from 7 different countries.
- In August, the **Greek regulator approved the 2022-2031 Infrastructure Plan**, envisaging **investment of up to €856 M** which will help to ensure the **security of supply** of the Greek gas system against the current geopolitical backdrop.

### Enagás Renewable Spain



- In the first nine months of the year, several corporate transactions have been completed that have given **access to Enagás Renewable's capital to Hy24**, through the **Clean capital H2 Infra Fund and to Pontegadea**. Additionally, on October 19, 2022, the sale of 5% to Navantia was finalised. After this restructuring, Enagás continues to hold 60% of the capital of Enagás Renewable.

### BBG/Saggas, Spain



- Both terminals continue to operate with **high levels of utilisation** so far this year, contributing significantly to the coverage of domestic demand.

## 2.4 Sustainability

# ESG Leadership

**Update of the Sustainability Strategy** in line with the new Strategic Plan, focusing on three main drivers: **Decarbonisation** of our operations and value chain; transformation with a focus on **people** and governance to ensure human rights and environmental **due diligence**.

Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA

Enagás scores 87 points and is one the **highest-performing** companies in its sector, Gas Utilities, according to the evaluation carried out on September 23, 2022.



### Environmental

- Increasing the ambition of **Scope 1 and 2 emission reduction targets** in line with the **1.5°C scenario**.
- Establishment of a **Scope 3 indirect emission reduction target** (25% in 2030 and 50% in 2040).
- Targets set for **zero net loss of biodiversity by 2040 and positive impact on nature by 2050**.



### Social

- Achievement of the **A+ level of excellence** in certification as an **EFR Family-Responsible Company**, a benchmark in work-life balance.
- Approval and publication of the Enagás **II Equality Plan**.
- **Contribution** of equipment to repair Ukraine's gas transmission network and financial **donation** to UNHCR to assist in the relief of **refugees from Ukraine**.



### Governance

- **40% of women on the Board of Directors and 33% on the Management Committee**.
- Separation of roles between **executive CEO and non-executive Chairman**.
- Awarded the seal of the **highest category of Fiscal Responsibility** by the Haz Foundation.



# 03

## TARGETS



### 3.1 2022 Targets

- 1** **Net profit** of ~ €380-390 M, considering capital gains from asset rotation (GNL Quintero, Gasoducto Morelos and the entry of the Hy24 Fund in the capital of Enagás Renovable) and the impairment of Tallgrass Energy.
- 2** **Net profit** would amount to ~€360 M excluding the extraordinary capital gains from the asset rotation and the impairment of Tallgrass Energy.
- 3** **EBITDA Adjusted for Dividends** for the year €740 M.
- 4** **Solid and visible cash generation** which will reduce net debt for the second year in a row and continue to maintain a solid and optimal balance sheet structure. Net debt at the end of the year will be around ~€3.7 Bn.
- 5** The cash flows generated are sufficient to ensure our commitment to our **dividend policy** for the year 2022 (€1.72/share, +1% compared to 2021).

### 3.2 Conclusions third quarter 2022

The way events have occurred over the first nine months of the year have reaffirmed Enagás' role as a key player for security of supply and decarbonisation in Europe and represents a significant progress on the targets set out in the 2022-2030 Strategic Plan.

- **Very positive performance in the first nine months of the year**, paving the way for achieving all the targets set for 2022.
- **Commitment to control operating expenses** in line with the Strategic Plan.
- **A high percentage of the debt is hedged at a fixed rate, allowing the company to mitigate the impact of current interest rate movements.**
- **The arbitration procedure on the investment in GSP in Peru continues to be carried out according to the established schedule: the final hearings were held before the ICSID in September and an award is expected in the first half of 2023.**
- The credit rating agency **Standard & Poor's has reaffirmed** the company's rating, following the review of Enagás' Strategic Plan, at **BBB** with a **stable outlook**.
- **ESG as a driver of the Company's strategy. Enagás is among the leading companies in its sector of the Dow Jones Sustainability Index.**



Thank you