1H2024 Results

July 23, 2024

enagas

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01

1H2024 Milestones

1.1 1H2024 Milestones

In the first half of the year, Enagás continued to execute the main axes of the 2022–2030 Strategic Plan with a high level of execution.

Main drivers of the 2022-2030 Strategic Plan

Security of supply. Asset rotation: focus on Spain and Europe

Sale of stake in Tallgrass Energy (USA)

Sale of stake in Soto La Marina (Mexico)

Start of the first LNG terminal construction in Stade (Germany)

Implementation of the Efficiency Plan and control of operational and financial expenses

1H2024 recurring operating expenses in line (+1%) with those of 1H2023

Financial cost of gross debt 2.8% at June 30, 2024

Expected financial cost of gross debt (after sale of Tallgrass Energy) at December 31, 2024 ~2.6%

Progress on the energy transition and the hydrogen schedule

Presentation of the proposal for the development of the Backbone Infrastructure to the Ministry for Ecological Transition and the Demographic Challenge

Start of CNMC public consultations: Consultation of Circular on the methodology of the financial remuneration rate

Publication of PCI/PMI list in OJEU and launching of call for CEF-E funds incl. H2

Results of the first auction of the European Hydrogen Bank and announcement of the second auction

Enagás, GRTgaz and Teréga, in cooperation with OGE, sign joint development agreement for the development of the BarMar interconnection

Publication of the Hydrogen and Decarbonised Gases Directive and Regulation in the OJEU

1.2 Security of supply. Asset rotation

Asset rotation: sale of Tallgrass Energy

Sale of the stake in Tallgrass Energy for $1.1 billion to address the hydrogen investment cycle, strengthen the balance sheet and reinforce Enagás' dividend policy, as well as its long-term sustainability

The operation is part of the asset rotation policy announced in the 2022-2030 Strategic Plan, whose priorities are decarbonisation and security of supply in Spain and Europe

Balance Sheet

- **Strengthening the balance sheet** to address the implementation of the renewable hydrogen infrastructure investment plan
- The **funds generated by the sale** will be used to pay down $700M of bank debt. With the rest of the available cash, a €600M bond will be partially repaid (maturity Feb. 2025)
- **Significant reduction in net debt**, in the period 2024-2026 (-€1Bn)
- **Significant improvement in leverage ratios**: 2024-2026 FFO/ND +500bp

Cash Flow

- **Large cash inflow of €1.018 bn***
- **5%** improvement in **FFO 2025-2026** (average annual financial cost savings of ~€40M/year)
- **Reinforcement of Enagás' dividend policy**, as well as its long-term sustainability

Income statement

- **Positive impact on Recurring Net Profit 2024-2026** (~ €10M, given that the improvement in net financial gains ~ €40M/year is greater than the deconsolidation of Tallgrass Energy)
- **Accounting loss** on concluding the operation in the 2024 income statement for an approximate amount of €360 million

Business profile

- The operation is part of the **asset rotation policy announced in the 2022-2030 Strategic Plan**, whose priorities are decarbonisation and security of supply in Spain and Europe
- **Improving the company's business risk profile**
- The transaction monetises in advance the cash flows that TGE will generate in its traditional business, as well as those associated with TGE's growth projects

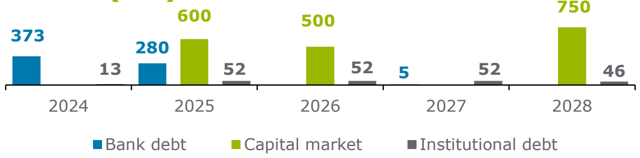
Note: The transaction is expected to be completed in late July
Note*: Amount calculated at the exchange rate of the day the transaction was signed ($1.08/€)

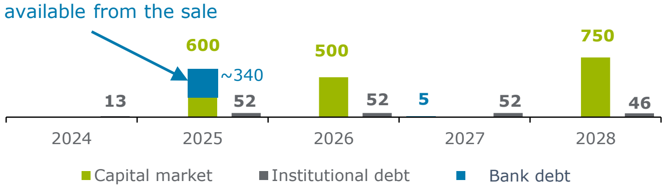
1.2 Security of supply. Asset rotation

Financial structure before and after the sale of Tallgrass Energy

No relevant maturities until 2026

Due dates (€M)

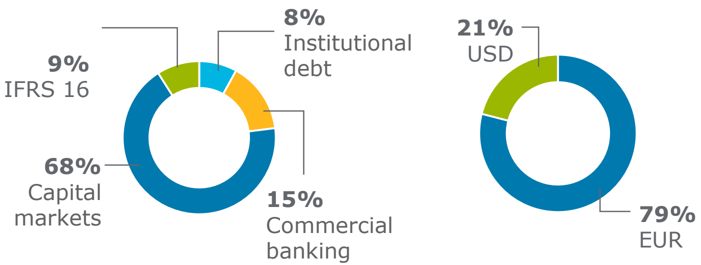




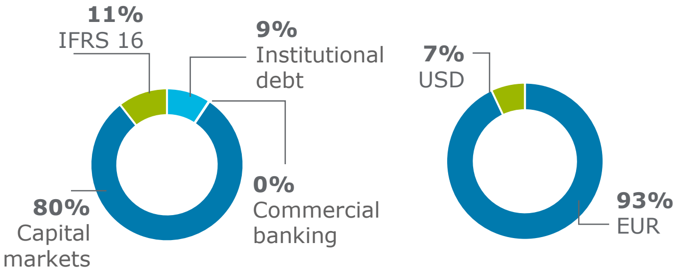
Average maturity of debt 4.6 years

Average maturity of debt 5.2 years

Type



The funds will be used in the cancellation of the highest cost bank debt (USD) and in the maturity of the February 2025 bond



Fixed-rate gross debt 90%[1]

(1) Including interest rate hedging instruments.

Fixed-rate gross debt 95%[1]

Gross cost 2024E: 2.8%

Gross cost 2024E: 2.6%

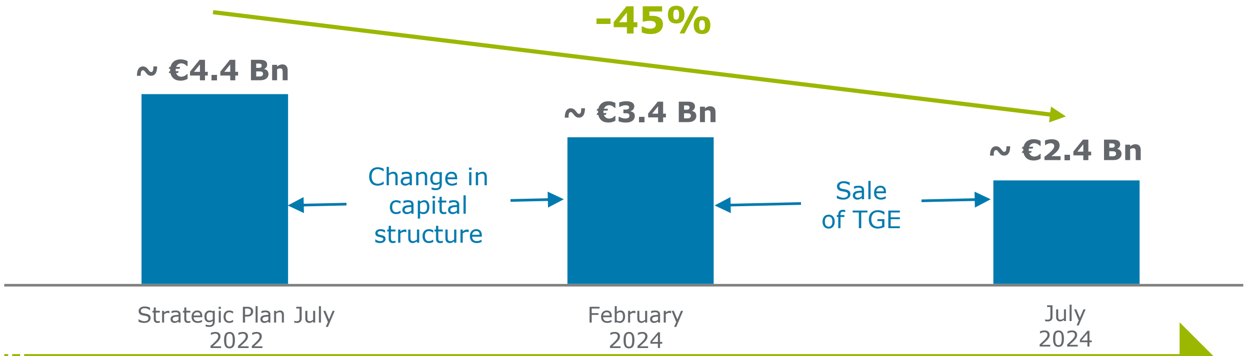
Fitch Rating has upgraded its credit rating to BBB+ and Moody's has upgraded its Outlook to Positive

1.2 Security of supply. Asset rotation

Expected decreased in net debt in 2026

Strengthening the balance sheet to address the hydrogen investment cycle sheet and reinforce Enagás' dividend policy, as well as its long-term sustainability

Estimated Net Debt 2026



Improving the business risk profile

- **Asset rotation:** Sale of Quintero LNG; Increase in participation in TAP; Acquisition of Reganosa gas pipelines; Sale of Morelos gas pipeline; Stade (Germany); Sale of Soto La Marina; Sale of Tallgrass Energy
- **Sustainability of the capital structure**
- **New investment plan, in a regulated framework, focused on Natural Gas and Hydrogen in Spain and Europe**

1.2 Security of supply. Asset rotation

Asset rotation: sale of Soto La Marina

This operation is part of the **fulfilment of the 2022-2030 Strategic Plan**, which prioritises decarbonisation and security of supply in Spain and Europe.

Sale of the 50% stake in the Soto La Marina Compression Station (in Mexico) to the company that owns the remaining 50% of the share capital, Esentia.

Sale price $16M (~ €15M at current exchange rate).

The sale will result in a **net capital gain** for Enagás of around 5 million euros, at the closing of the transaction.

1.2 Security of supply. Asset rotation

Start of construction of Germany's first onshore LNG terminal (Stade)

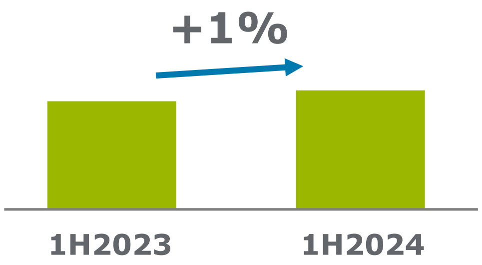
Stade will become an important energy hub for liquefied natural gas (LNG) and other hydrogen-based energy carriers, key to security of supply in Europe

- June 28: **start of construction of the first LNG onshore terminal in Stade (Germany)**.
- Once construction is completed, the terminal will have the **two largest LNG tanks in Europe**, which will also be able to operate with renewable ammonia, and will have a **capacity of 240,000 m³ each**.
- First terminal **adapted for green ammonia.**
- Total planned **investment €1.6 Bn** (€1.0 Bn LNG terminal construction)
- **On March 5, Enagás increased its stake** in Hanseatic Energy Hub (Stade, Germany) from 10% to **15%**.
- **Commercial operation of the land terminal** is expected to start in **2027**.
- **Enagás will be the terminal operator** and will also take over the Technical and Operations Management (CTOO).

1.3 Efficiency and cost control plan: financial and operational

Efficiency Plan

Control of recurrent operating expenses



- **Intensification of the Efficiency Plan** to minimise the impact of inflation on manageable costs. Inflation in Spain stood at 3.4% in June.
- Enagás maintains its **commitment to a maximum annual growth** in recurring operating expenses of **~1% CAGR** in the period 2022-2026

Control of financial expenses

- **Solid financial structure and strong liquidity position** (€3.337 Bn as at June 30, 2024)
- **Control of financial expenses**, more than 90% of debt at fixed rates.
- **Financial cost of gross debt at June 30 of 2.8%.**
- **After the Tallgrass Energy transaction, the expected cost of gross debt at year-end is 2.6%**

1.4 Progress in the energy transition

1H2024 milestones and expected milestones for the year

APRIL 8, 2024
Publication of the PCI list with the projects submitted by Enagás included

APRIL 9, 2024
Enagás H2 Technical Day and launch of the Hydrogen Technical Observatory

APRIL 11, 2024
Approval in the European Parliament of the European Directive on Hydrogen and Decarbonised Gas Markets

Announcement of the official opening of the application window for CEF-E funds

APRIL 29, 2024
Presentation of the proposal for the development of the Backbone Infrastructure according to Royal Decree-Law 8/2023 to the Ministry of Ecological Transition and Demographic Challenge

APRIL 30, 2024
Announcement of the results of the first auction of the European Hydrogen Bank

MAY 17, 2024
Start of CNMC public consultations: Consultation of Circular on the methodology of the financial remuneration rate

MAY 21, 2024
EU Council adopts Hydrogen and Decarbonised Gas Market Package

JUNE 25, 2024
Enagás (50%), GRTgaz (33.3%) and Teréga (16.7%), in cooperation with OGE, sign the joint development agreement (JDA) for the development of the BarMar interconnection

JULY 15, 2024
Publication of the hydrogen and decarbonised gases package and the Methane Emissions Regulation in the OJEU

J F M A M J J A S O N D

Next steps:

- **Request for CEF (*Connecting Europe Facility*) funds for the studies of the projects included in the list of PCIs**
- **Final version published of the National Integrated Energy and Climate Plan (PNIEC)**
- **Start of transposing of the European Hydrogen and Decarbonised Gas Markets Directive**

The EU confirms its commitment to hydrogen in the new stage: "We will also invest in energy-efficiency measures, the digitalization of our energy system and the deployment of a hydrogen network" Ursula von der Leyen (18/07/2024)*

Source: Europe's choice. Political guidelines for the next European Commission 2024-2029

1.4 Progress in the energy transition

Results of the first auction of the European Hydrogen Bank

Spain, as one of Europe's major leaders in renewable energies, is well positioned to be a leader in renewable hydrogen as well

The European Hydrogen Bank is an initiative to **facilitate domestic production and imports of renewable hydrogen** in the European Union

The **results of the first auction** of the European Hydrogen Bank were announced on April 30, 2024

Seven projects were the winners of an oversubscribed auction that attracted 132 bids in total: **5 Iberian projects** (**82% of H_2 production** receiving a premium) and 2 Nordic ones

Spain has the most competitive average price:
€5.8/kg vs.
€11.62/kg in Germany, €7.61/kg in Norway or €7.57/kg in Finland

The projects will receive a total of €720M, to produce **1.58 MnTn of renewable H_2 in ten years,** avoiding more than 10MnTn of CO_2 emissions

The **next auction** of the European Hydrogen Bank is expected to be launched by the end of 2024 with an amount of €1.2 billion

1.4 Progress in the energy transition

The CNMC has started to define the next regulatory period

Prior public consultation for the modification of the methodology of the Financial Remuneration Rate for electricity and natural gas

- The **regulatory periods** for grid activities in the **electricity and natural gas sectors end on December 31, 2025 and 2026**, respectively.
- The CNMC has launched a public consultation to **review the methodology for calculating the Rate of Financial Remuneration for the next regulatory period.**
- The CNMC is considering whether the current methodology for calculating the WACC **is appropriate** under current macroeconomic conditions and **would be open to reviewing some parameters**, pointing specifically to the risk-free rate and the cost of debt.
- The regulator points out that in the **gas sector it is necessary to ensure the efficient maintenance of existing assets in optimal conditions** and at the same time to have the **right regulatory framework for the introduction of renewable gases, including hydrogen**.
- The **draft bill** to re-establish the National Energy Commission **(CNE) is still under way**. The Council of Ministers held on July 9, approved the agreement requesting the Council of State to issue an opinion on the aforementioned draft bill.

1.5 Behaviour of the Gas System

Spanish Gas System: contribution to Spain and Europe's security of supply

- **100% availability** and **supply guarantee**

- Enagás has received **natural gas from 13 different countries;** Europe's strategic LNG entry point

- **95% of the underground storage facilities filled** by the end of June, meeting filling obligations 5 months in advance

- High interest in the storage capacity service in **underground storage facilities**, which is at **100% of the available contracted capacity**

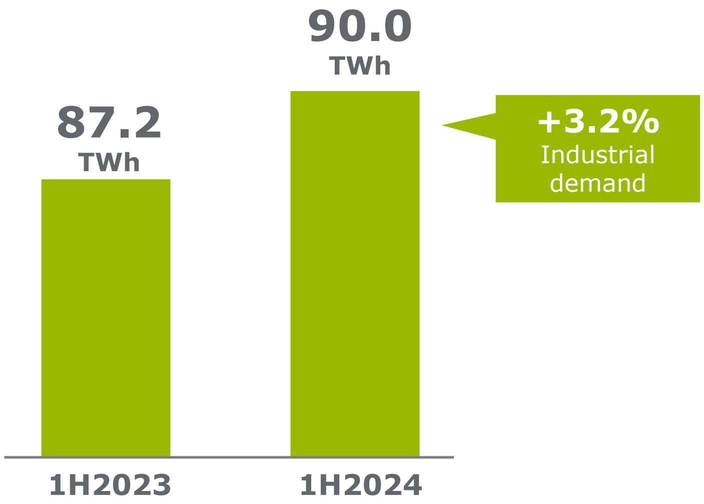
- **New auction for LNG offloading slots in July 2024**: 625 applications; 241 slots allocated; 14 energy companies

- **Slots contracted for the next 15 years**, 2,189 LNG ship offloads

1.6 Behaviour of the Gas System

Growth in natural gas demand in the first half of the year

Industrial demand 1H2024



Total natural gas demand decreased by -7.2% in 1H2024 compared to 1H2023, due to the following factors:

- **Conventional demand** in 1H2024 was **+1.8% higher than in 1H2023**.
  - This increase is mainly due to **higher industrial consumption in the first half of 2024, +3.2%,** with demand growing in the refining, chemical, pharmaceutical and cogeneration sectors.
  - Partially offset by the decrease in commercial domestic demand -3.2% due to the high temperatures in the first months of the year.
  - **The cogeneration industry increased +20%** since the approval of the new regulatory framework for cogeneration (TED/526/2024), compared to the activity in the months prior to the approval.
- **Decrease** in gas demand for **electricity generation (-32.6%)** due to an increase in renewable generation, mainly hydro and solar.

02

1H2024 Results

2.1 Financial results

Income statement

Growth in EBITDA and net profit in the first half of the year, excluding the impact of asset rotation, on track to meet annual targets in the high range of both metrics.

€M	1H2024	1H2023	Chg. %
Total revenues	**442.5**	**450.4**	**(1.7%)**
Operating expenses	(159.0)	(167.7)	(5.2%)
Results from Affiliates	**102.1**	**89.4**	**14.3%**
EBITDA	**385.7**	**372.0**	**3.7%**
Depreciation and amortisation	(144.1)	(130.3)	10.6%
PPA	(27.2)	(25.3)	7.4%
EBIT	**214.3**	**216.4**	**(1.0%)**
Net financial gain/(loss)	(41.5)	(45.7)	(9.2%)
Corporate income tax	(24.6)	(35.8)	(31.3%)
Non-controlling interests	(0.3)	(0.4)	(24.2%)
Net profit (without impact of asset turnover)	**148.0**	**134.6**	**10.0%**
Asset turnover impact	(358.8)[1]	42.2[2]	
Net profit	**(210.8)**	**176.8**	

- The impact of the regulatory framework on the company's revenues has been offset by the increase in other revenues (mainly COPEX and the positive impact of the Musel E-Hub terminal, which was commissioned in July 2023)
- The trend in operating expenses in the first half of the year shows the effectiveness of the cost Efficiency Plan implemented by the company to minimise the impact of inflation on manageable costs.
- Affiliates continue to outperform.
- Improved financial gains, mainly due to higher financial income associated with cash remuneration.
- Net profit was up by + €13.4M, excluding the impact of asset turnover, mainly due to: higher EBITDA, improved net financial gains and lower corporate tax expense due to a non-recurring effect in 2023.

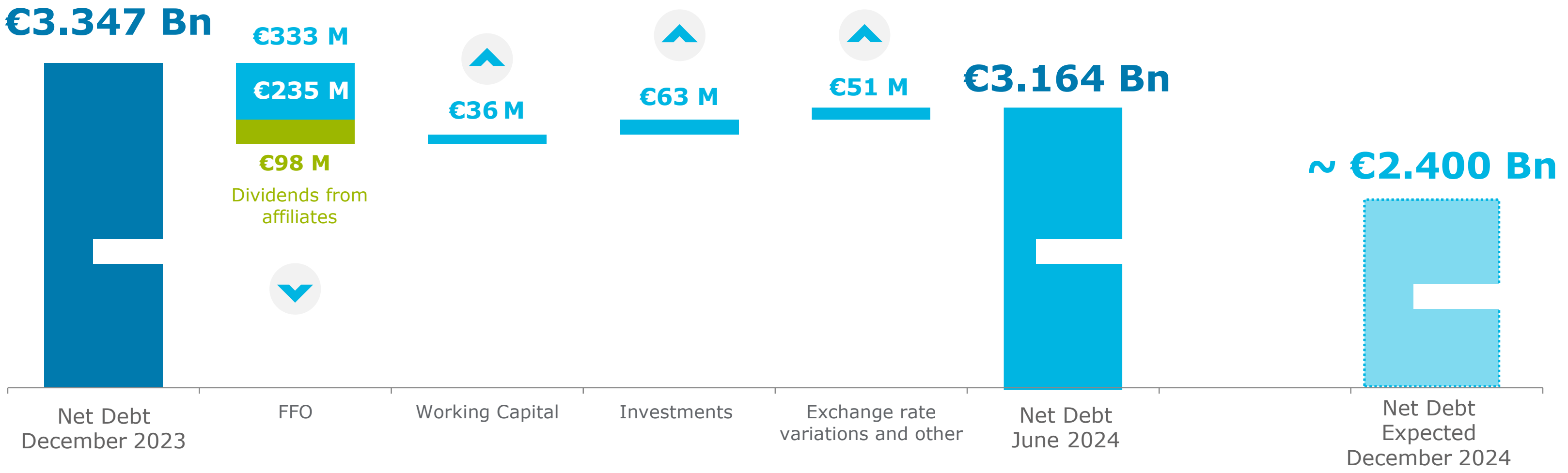
Note 1: Corresponds to the accounting loss on the sale of Tallgrass Energy and includes +€47M of translation differences, estimated at June 30, which will be recorded at the closing of the TGE sale transaction, updating the amount with the exchange rate at the closing of the transaction.

Note 2: Incorporates the net capital gain from the closure of the sale of the Morelos gas pipeline for +€42.2M.

2.1 Financial results

Cash flows and change in net debt

The closing of the TGE sale, scheduled for the end of July, will reduce the expected debt at the end of the year by around 1 billion euros



2.1 Financial results

Sound financial structure and strong liquidity position

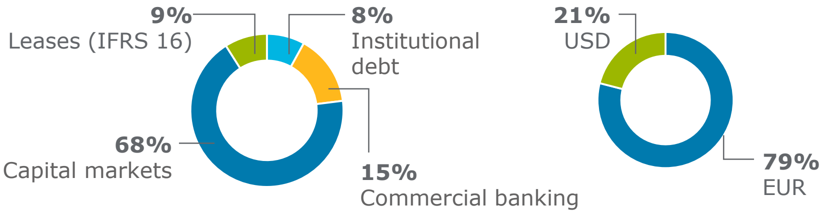
(Data at June 30 before the sale of Tallgrass Energy)

Leverage	Jun 2024	Dec 2023
Net debt	€3.164 Bn	€3.347 Bn
Net debt/adjusted EBITDA[1]	4.1x	4.3x
FFO/Net Debt	20.2%	18.7%[2]
Financial cost of gross debt	2.8%	2.6%

Liquidity	Jun 2024	Dec 2023	Maturity
Treasury	€1.173 BN	€838 M	
Club Deal	€ 1.55 Bn	€ 1.55 Bn	January 2029
Operational lines	€615 M	€921 M	Oct 2024 - Jan 2027
TOTAL	€3.337 Bn	€3.309 Bn	

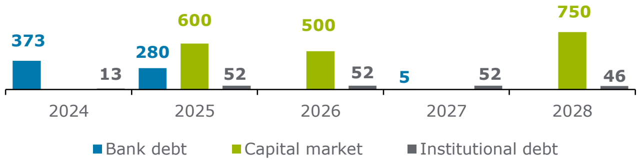
The financial cost of gross debt is 2.8%

Type of debt



Gross debt at fixed-rate 90%[3]

Debt maturities (€M)



Average maturity of debt 4.6 years

(1) EBITDA adjusted by dividends received from affiliates.
(2) FFO/ND 18.7%: FFO does not include the payment of taxes associated with the sales of GNL Quintero and Morelos for €72M. The ratio does not include Rating Agencies' methodology adjustments.
(3) Including interest rate hedging instruments.

2.2 Financial results: Affiliates

Performance of affiliates

Peru

GSP

- On July 17, the Tribunal rejected in its entirely Peru’s request to add new documents to the arbitration file.
- In the absence of any new indication from the Tribunal as to the date of the award, the Company believer that the award will be rendered in the short-term.

TGP

- It is a key asset for Peru's security of supply.

TAP

- TAP continues to contribute to Europe's energy security. 35 bcm of Azeri natural gas have been transported to Europe since its commercial commissioning.
- Enagás has held the rotating chair of TAP's Board of Directors since April 2024.
- The development work to implement the Minimum Expansion (+1.2 bcm from 2026) continues as planned.

Desfa

- The cross-border hydrogen pipeline between Greece and Bulgaria, which will be the start of the Southeast European hydrogen corridor, and the Prinos CO_2 storage project, have been included in the final European list of Projects of Common Interest.

03

ESG positioning

3.1 ESG positioning

Progress on sustainability

In June, Enagás obtained the *t*** seal of transparency* awarded by the Haz Foundation to the most transparent IBEX 35 companies. This recognition confirms that the company has the highest standards of transparency and fiscal responsibility.

ESG ratings	Score	Relative position
S&P Global (CSA)	85/100	Top 5% Gas Utilities
FTSE Russell	4.6/5	Oil & Gas pipelines leader
MSCI	AA (7.3/10)	Top 36% Utilities
ISS - ESG	B- (63.8/100)	2nd Decile Gas and Electricity *Network Operators*
Sustainalytics ESG Risk Rating	14.9 Low Risk[1]	4th Gas Utilities
Bloomberg Gender Equality Index	87.6/100	Utilities Leader
Equileap	74%	Global Top 20
CDP Climate Change	A	CDP CC A List 2023

2023 Management Report prepared:

- Complying with the **Non-Financial Reporting and Diversity Act 11/2018** and the **European Taxonomy of Sustainable Activities.**
- In accordance with the main reporting standards and frameworks **GRI, SASB, TCFD** and **TNFD**.
- **Internal control over non-financial reporting system.**

Our commitments and progress in the areas of sustainability, published in the Enagás Annual Report**, enable us to maintain our leading position in the main ESG ratings**

[1] Sustainalytics ESG Risk Rating gives lower scores to companies with lower exposure and better ESG performance

04

2024 Targets and Conclusions

2024 Targets

Net profit

€260 M / €270 M

After the sale of TGE

€270 M / €280 M

Including the capital loss associated with the sale of TGE at closing of ~€360M the 2024 net profit would be:

- €90 M / - €80 M

EBITDA

€750 M / €760 M

After the sale of TGE

€730 M / €740 M

Net Debt

~ €3.4 Bn

After the sale of TGE

~ €2.4 Bn

Dividend

1.00 euros/share

Note: The assumptions established for the GSP ruling are maintained based on the considerations of the legal advisors.

Note 1: Including +€47M of translation differences, estimated at the date, which will be recorded at the closing of the TGE sale transaction, updating the amount with the exchange rate at the closing of the transaction.

Conclusions

- **The half-year results show EBITDA growth despite the impact of the 2021-2026 regulatory framework, and reflect the company's positive performance and the high level of execution of the Strategic Plan.**
- **Progress in the implementation of the Strategic Plan** in the three main axes:
    - **Sale of the stake in Tallgrass Energy to face the hydrogen investment cycle and reinforce Enagás' dividend policy, as well as its long-term sustainability.**
    - **Efficiency Plan: exhaustive control of operating expenses**
    - **Progress on the energy transition and the hydrogen schedule**
        - Presentation of the proposal for the development of the Backbone Infrastructure to the Ministry for Ecological Transition and the Demographic Challenge
        - Start of CNMC public consultations on Circulars for the methodology of the financial remuneration rate
        - Results of the European Hydrogen Bank's first auction and announcement of the launch of the second auction in 2024
        - Publication of the Hydrogen and Decarbonised Gases Directive and Regulation in the OJEU
- **The Gas System faces 2024 with the maximum robustness and confidence to contribute to the security of supply in Spain and Europe**
- **Enagás continues working on security of supply and decarbonisation to contribute to the fight against climate change**

Limitation of liability

- This document may contain market assumptions, information from various sources and forward-looking statements regarding the financial conditions, operating results, business, strategy and plans of Enagás S.A. and its subsidiaries.

- Such forward-looking statements, information and assumptions are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from such forward-looking statements and assumptions as a result of various factors.

- Enagás, S.A. makes no representations or guarantees as to the accuracy, completeness or precision of the information contained herein. This report should in no way be taken as a promise or representation as to the past, present or future state of affairs of the company or its group.

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Thank you very much