

Results 1Q2020

21st April 2020



Contents



01.

Priorities and Contingency
plan for COVID-19



02.

1Q2020
Results



03.

ESG Commitment
and Energy transition



04.

Shareholder remuneration



05.

Conclusions



Priorities and Contingency Plan for COVID-19

Enagás priorities in this situation

- People's health, safety and well-being
- Continue to normally provide an essential service: the supply of natural gas
- Commitment: contribute to the best of our ability to mitigate the social impact of the pandemic

The gas system is operating normally thanks to the rigorous contingency plan that we have put in place

- The recommendations of the authorities and the Ministry of Health, Consumption and Welfare have been followed at all times, in coordination with Spain's National Centre for Critical Infrastructure Protection (CNPIC), the State security forces and with the Ministry for Ecological Transition and the Demographic Challenge.
- Constant contact with the Ministry for Ecological Transition.
- Monitoring in all the countries in which Enagás has a presence and support in the development of affiliates contingency plans.

We are working to ensure the operation and supply of natural gas

The Spanish gas system

- The gas system and its infrastructures are operating normally, with normal inventories in tanks and storage facilities.
- The demand for natural gas in the first quarter of the year decreased by -2.4%.
- With the final figure not yet available, in 2019 the Spanish gas system presented a surplus of 300 million euros.
- 2021-2026 regulatory framework approved and published in the Official State Gazette, incentivising and supporting the objectives of the energy transition.

International business

- All Enagás affiliates have implemented contingency plans against COVID-19, all of which are operational and contributing to supply security in the countries in which we are present.
- TAP is making its best efforts to bring the pipeline on stream in 2020. Project progress stands at 94.1%.
- After obtaining the relevant authorisations and approval from the Tallgrass general meeting, Enagás, together with the partners, have closed the take private transaction. Enagás has increased its indirect stake in Tallgrass to 30.2% through the disbursement of \$836M.
- GSP arbitration is proceeding normally.

We are working to ensure the operation and supply of natural gas: Spanish Gas System

Security of supply guaranteed

100% of
commercial
availability

99.99% of
technical
availability



Increase in the use of **ship unloading**, reaching 42.2 TWh, more than **+56%** compared to 2019



Increase in the use of **regasification**, reaching 41.2 TWh, more than **+34%** compared to 2019



The average ratio in the use of
LNG storage was 50%



Use of **LNG tank loading** in line with 2019, stood at 2.4 TWh



In March, the initial **contracting of storage capacity** for the **next cycle** reached **74%**, assuming an increase in the contracting of storage capacity of **+19%** compared to 2019, when 65% was contracted



We are working to ensure the operation and supply of natural gas: International subsidiaries

US



- Different restrictions and lockdown measures put in place in states and major cities. Closing of borders with Mexico and Canada. A package of ~2 trillion US dollars to protect the economy.
- **Tallgrass:** Contingency and prevention plan activated. The company is operating normally.

MEXICO



- Suspension of all non-essential activities ordered until 30 April. Lockdown of population requested.
- **TLA:** Business continuity plan activated from 17 March (telework, postponement of preventive maintenance, etc).
- **GDM/ECSLM:** Prevention and contingency plans implemented to ensure business continuity.

GREECE



- Lockdown of the population decreed until 27 April and closure of non-essential shops and education.
- **DESFA:** Operating normally, contingency plan implemented and preparation of a confinement plan for critical jobs (started in dispatching center and ready to start in LNG terminal).

PERU



- State of emergency declared until 26 April, with restriction of movements and closure of education, industries and non-essential services.
- **TGP/COGA:** Operating normally, a contingency plan implemented and only critical maintenance tasks being performed (in Selva and Sierra).

CHILE



- State of catastrophe declared on 18 March for 90 days with a curfew, the closure of education and non-essential businesses.
- **GNLQ:** Operating normally, contingency plan implemented (non-critical maintenance postponed) and preparation of a lockdown plan for critical jobs (if necessary).

TAP



- **TAP:** The best efforts are being made to continue with construction activities and thus maintain the project COD in 2020.
- **Project progress:** 94.1% at the end of Mar-20. The laying of the offshore section has been completed (critical activity for the COD).



- All Companies are operating normally, contributing to supply security in their respective countries.
- All the Companies have implemented a contingency plan against COVID-19 in coordination with ENAGAS to ensure business continuity.
- Accommodation solutions are being arranged for critical personnel.

Actions taken by Enagás in this situation

- The Company, to the extent it is able, is taking **solidarity and coordination measures** with the different **public administrations** to help **mitigate the social effect** of the situation caused by the Covid-19.
- Enagás maintains its firm **commitment to employment** in this situation.
- **Commitment to suppliers** of critical goods and services by maintaining contracts and bringing forward payments in current contracts to contribute to the maintenance of activity and employment as far as possible.
- **Intensification of the control plan and savings in general expenses**, with elimination of all that is not essential for business continuity and for the maintenance of current and future activity and employment.

Social initiatives

The Company, to the extent it is able, is taking solidarity and coordination measures with the different public administrations to help mitigate the social effect of the situation caused by the Covid-19

Donation of €2M to the Spanish State through the Bank of Spain's account, specifically opened in order to contribute directly to dealing with the public health emergency situation caused by COVID-19.

Enagás collaborates with the Spanish Red Cross to provide health products to 50,000 families in situations of vulnerability to the coronavirus.

Voluntary and cooperation actions to mitigate the impacts on the most affected groups.

Launch of the Positive Energy + initiative along with other energy companies to alleviate the impact of coronavirus through innovation

Contribution to the digitalisation of suppliers

Enagás affiliates have launched aid and collaboration initiatives with public administrations and health authorities focused mostly on the purchase and distribution of medical material and health care equipment.

Regulations published during the COVID-19 crisis

Enagás is adopting the necessary measures to ensure the proper performance of its essential activities, and to do so it has been complying with the orders, instructions and measures that the competent delegated authorities have adopted to guarantee supply security.

Legislative actions

- Due to the health crisis caused by the COVID-19 pandemic, the Government of Spain declared a state of emergency via Royal Decree 463/2020, of March 14. This state of emergency has been extended until 26 April.
- During the state of emergency, several Royal Decrees-Law (RD-Law 8/2020; RD-Law 9/2020; RD-Law 10/2020; RD-Law 11/2020; RD-Law 11/2020) of urgent measures have been enacted to deal with the economic and social impact of COVID-19.

The supply of natural gas is an essential service

- The regulated activities of transport, regasification, storage and technical management of the gas system are classified as "essential activities / services" and must continue to be performed to ensure the energy supply.

Other extraordinary measures

- For the gas system, a series of measures have been approved aimed at making supply contracts more flexible, allowing the suspension of bills for self-employed workers and preventing the suspension of supply in one's primary residence.
- In relation to Spanish corporates, telematic meetings are allowed, the period for the preparation and approval of financial statements is extended and the proposal for the application of result contained in the report may be changed.

■ 1Q2020 Results

Main Highlights 1Q2020

1Q2020 vs 1Q2019



Main Highlights P&L

EBITDA

235.6€M

(+2.5%)

Net Profit

119.1€M

(+14.7%)

Results from affiliates

34.6 €M

Main Highlights Cash Flow

Funds from Operations (FFO)

177.1€M

(-10.3%)

Net investments

27.5€M

Balance

Net Debt

3,605€M

Liquidity

3,030€M

Fixed-rate debt higher than

80%

Non significant debt maturities

until **2022**

Domestic gas demand

National natural gas demand at

31 March 2020

-2.4%

Industrial natural gas demand at 31

March 2020

-0.8%

Gas demand for power generation at 31 March

2020

-1.8%

1Q2020 Results: Income statement

Results in line to reach 2020 net profit target ~ 440€M

€M	1Q2020	1Q2019	Var. %
Total revenues	283.3	278.2	+1.9%
Operating expenses	-82.3	-81.1	+1.6%
Results from affiliates	34.6	32.8	+5.3%
EBITDA	235,6	229.9	+2.5%
Amortisation	-67.7	-67.9	-0.4%
PPA	-10.2	-6.9	+47.1%
EBIT	157.7	155.0	+1.7%
Financial results	-7.6	-27.2	-72.1%
Corporate income tax	-30.7	-23.8	+29.1%
Minority interest	-0.3	-0.2	+23.5%
Net profit	119.1	103.9	+14.7%

- 01 | **Slight increase in operating expenses** mainly due to a different scheduling of expenses compared to 1Q2019
- 02 | **Results from affiliates in line with the expected budget for 1Q2020**
- 03 | The financial result shows a **non-recurring impact of 18.4 €M** caused by the purchase of USD
- 04 | 2020 Results are in line to reach the year target of ~ 440 €M

Solid financial structure and high liquidity position

High liquidity position, greater than 3,000 €M

Ratings confirmed BBB+ with stable outlook

Leverage and liquidity	1Q2020	2019
Net debt	3,605€M	3,755€M
Net debt/Adjusted EBITDA (*)	3.8x	3.8x
FFO/Net Debt	20.4%	20.2%
Financial cost of debt	2.1%	2.2%
Liquidity	3,030€M	2,717€M

Liquidity	1Q2020	1Q2019	2019
Treasury	1,100 €M	782€M	1,099€M
Club Deal	1,500 €M	1,500€M	1,500 €M <i>Maturity in December 2024</i>
USD lines	372 €M	-	58 €M <i>Maturity in July 2024</i>
Others ST lines	58 €M	135	60 €M <i>Maturity in July 2020</i>
TOTAL	3,030€M	2,417€M	2,717 €M

(*) EBITDA adjusted for dividends received from affiliates

Financial structure

Without significant maturities until 2022

Average maturity of debt 4.9 years

Debt type

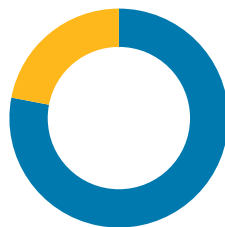
Leases
(IFRS 16)
7%



Capital
markets
63%

Institutional
debt
17%

Commercial
banking
13%

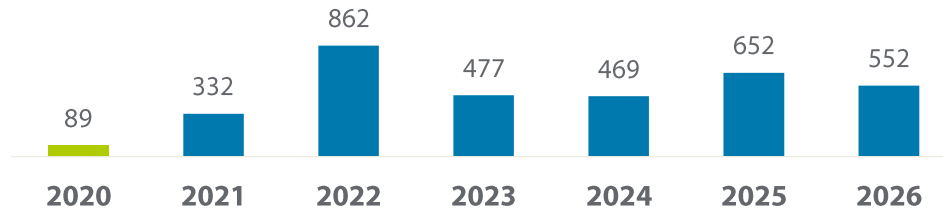


USD
22%

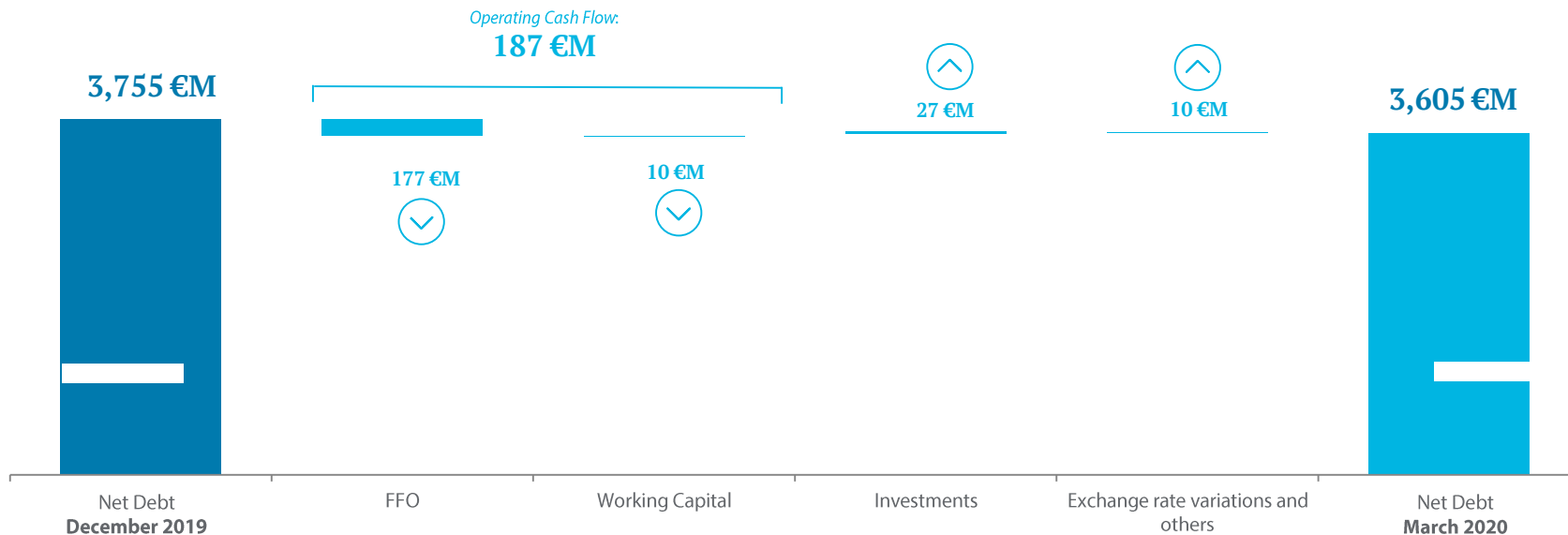
EUR
78%

Note: 1€=1.10 USD

Maturity of debt (€M)



Cash Flow and net debt evolution



Fixed-rate higher than 80%

Note: 1€=1.10 USD

Gasoducto Sur Peruano (GSP)



On 2 July 2018, Enagás filed a request for arbitration against the Republic of Peru before the International Centre for Settlement of Investment Disputes (ICSID) regarding its investment in GSP, under the terms of the Agreement for the Promotion and Reciprocal Protection of Investments (APPRI) entered into between the Republic of Peru and the Kingdom of Spain



According to the procedural calendar approved by the Arbitral Tribunal, the legal advisors consider that the award that ends the arbitration procedure should be issued in 2022



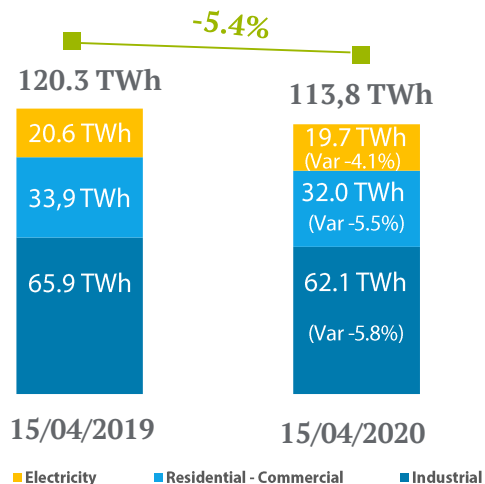
The arbitration procedure is progressing as per the established procedural calendar. At present, the procedure is in the phase of the statements of claim and defence being prepared by the parties. Enagás filed the lawsuit on 20 January and it is up to the Peruvian State to submit the statement of defence



Enagás is at the Republic of Peru disposition to reach an amicable agreement that terminates the arbitration procedure

Spanish Natural gas demand at 15th of April 2020

The demand has been affected since the state of alarm was declared due to a reduction in consumption from industry, retailers and SMEs



- Total demand (-5.4%)**
 - Natural gas demand in Spain at 15th of April 2020 reached 113.8 TWh, -5.4% compared to 2019.
 - The demand has been affected since the state of alarm was declared due to a reduction in consumption from industry, retailers and SMEs.
- Industrial demand (-5.8%)**
 - Industrial demand achieved 62.1 TWh, lower than April 2019.
 - The good performance of the industrial demand during the two first months of the year has been affected since the state of alarm was established, with a 2% weekly rate of decline.
- Electricity generation (-4.1%)**
 - The demand for power generation, has been less affected by the Covid 19. Its variability depends, mainly, on climatic factors, the price of natural gas and its participation in the electric mix.

ESG Commitment

Leadership in sustainability indexes and rankings:



- For the 12th consecutive year, Enagás has renovated its presence in the Dow Jones Sustainability Index (DJSI), **topping the world ranking** in the Oil & Gas Storage & Transportation sector with the **Gold Class Distinction**



- Enagás has received the recognition from CDP since it has been included in the **CDP Climate change "A List"**. The company is committed to reach **carbon neutrality in 2050**.



- Enagás has been recognized by its **human resources and gender equality management model**.



Commitment with the green transition

Enagás' current position Hydrogen and Biogas-Biomethane



H Hydrogen



Electrical power coming from renewable sources

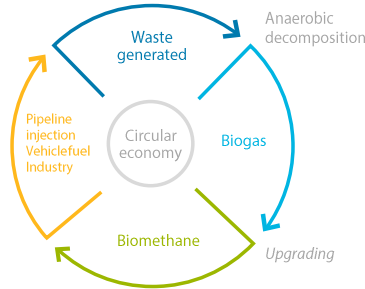


H₂



- Mobility
- Power generation
- Industry
- Tertiary use/ domestic

Biomethane

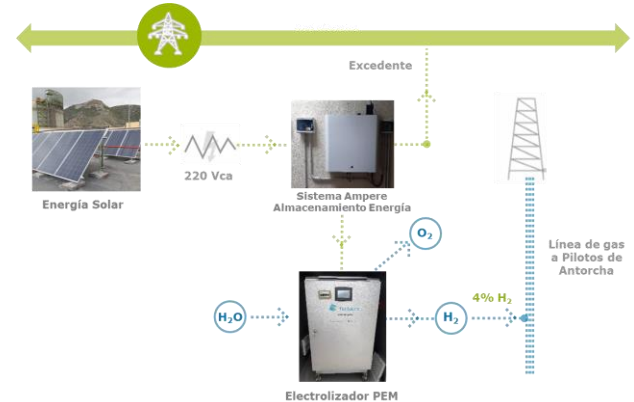


enagas renovable

1Q2020 Progress

Project of a regasification plant in Cartagena

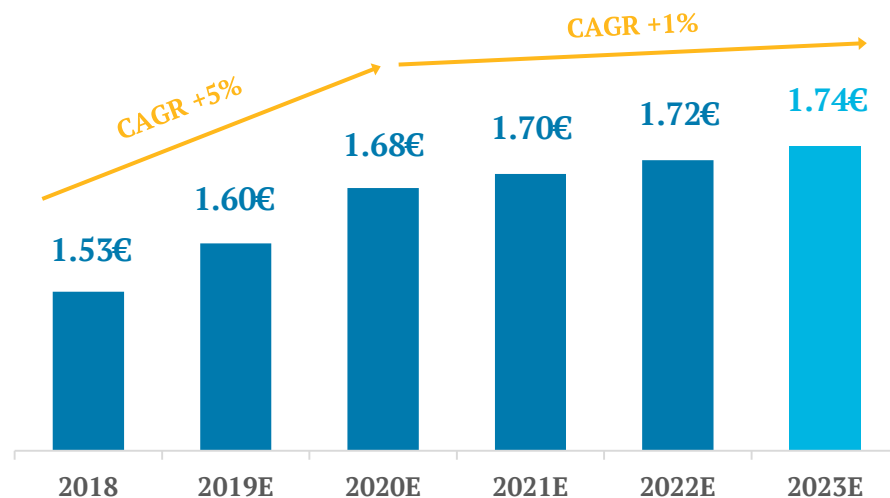
- **TARGET:** Production of renewable H₂ to inject in the internal network of Enagás' regasification plant in Cartagena, with the objective of a ZERO carbon footprint in the activity of the regasification plant.



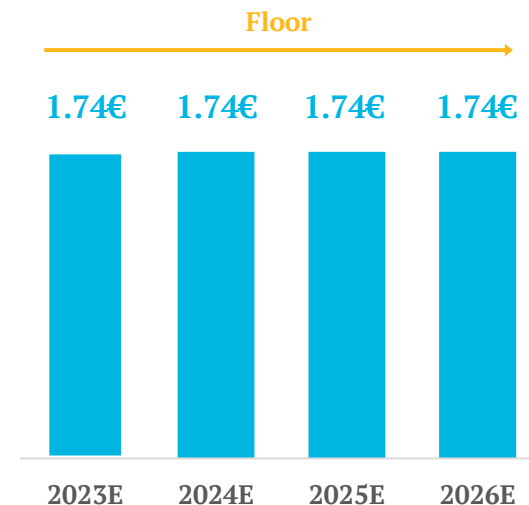
Shareholder remuneration 2020E-2026E

Dividend sustainable in the long term

We ratify our dividend commitment until 2023



Dividend sustainable in the long term



Shareholder remuneration remains our strategic priority

Conclusions

- Our **priority is people's health and safety** and to continue to normally provide an essential service: the supply of natural gas.
- The **gas system is operating optimally** thanks to the rigorous contingency plan that we have put in place.
- **All Enagás affiliates have implemented contingency plans against COVID-19, all of which are operational and contributing to supply security** in the countries in which we are present.
- We **maintain** our estimate of **net profit for the end of the year (€440M)** and the **payment of the expected dividends**.
- **Excellent liquidity situation** that allows us to deal with the current situation with no problems.
- Closing of the **second phase** of investment in **Tallgrass ("take private") in line with timetable**.

Disclaimer

This document could contain assumptions on the market, information from different sources and forward-looking statements regarding financial conditions, operating results and the business, strategy or plans of Enagás S.A. and its affiliates.

These assumptions, information and forward-looking statements are not guarantees of future profitability and entail risks and uncertainties, since the real outcomes could differ considerably from such assumptions and forward-looking statements resulting from many different factors.

Enagás, S.A. makes no guarantees regarding the exactness, integrity or accuracy of the information contained herein. This report should in no case whatsoever be construed as a promise or declaration of the past, future or present situation of the company or its group.

Analysts and investors are warned not to blindly rely on forward-looking statements entailing broad assumptions and subjective opinions that may therefore prove to be incorrect. Enagás makes no promise to either update the information or correct any inaccuracies contained herein, and shall not be held liable to publish the results of any revisions of such forward-looking statements to reflect events or circumstances occurring after the publication date of the present presentation, including yet not restricted to variations in the Enagás business or strategic acquisitions, or to reflect the influence of unexpected events or a variation in its measurements or assumptions.



**Thank
you**