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HIGHLIGHTS

- ✓ In 2014, and in accordance with IFRS 11 (entailing the transition from proportionate consolidation to the equity method for joint ventures), BBG and Altamira are now consolidated under the equity method, contributing only their net profit.
- ✓ **Net profit** to 31 March 2014 **increased by 5.0%** to €99.7Mn, surpassing the initial guidance for the year of 2.4% due to the contribution from Enagás Transporte del Norte as of the second quarter of 2013.
- ✓ **Investment amounted to €399.1Mn**, this figure includes the acquisition of **22.38% of TGP for €373Mn**. The agreement with CPPIB includes the subsequent sale of 2.38% of Tgp and to buy from CPPIB 30% of COGA, which operates TgP.
- ✓ **Net debt** at 31 March stood at **€3,897Mn**, with a leverage ratio of 65.7% and a **net debt/EBITDA ratio of 3.8 times**. The increase in net debt, compared to the figure of €3,773Mn at the end of 2013, is largely due to the acquisition of TgP.
- ✓ **TgP** and COGA acquisitions, consolidated using the equity method, will contribute to the Group's results from April 2014.
- ✓ On 27 March, Enagás successfully completed a **€750Mn bond issue**. This issue of **eight-year bonds** bears an **annual coupon of 2.50%**.
- ✓ All the resolutions proposed on the agenda for the **General Shareholders' Meeting** held on 25 March at second call were duly adopted. These include the payment of a **final gross dividend of €0.764 per share, to be made on 3 July 2014**. This dividend puts the total gross dividend for 2013 at €1.27 per share, an increase of 13.8% compared to the 2012 dividend and in line with the policy established in the year to distribute 75% of net profit.
- ✓ **Total demand for gas transmitted** in the system at 31 March 2014 amounted to 107,393 GWh, **3.1% lower** than in the first quarter of 2013.

KEY FIGURES

Key figures January - March (unaudited)

Income statement

(€ Mn)	January-March		
	2014	2013	% Chg
Total revenue	313.7	311.9	0.6%
EBITDA	245.9	234.3	4.9%
EBIT	162.8	152.7	6.6%
Net Profit	99.7	95.0	5.0%

Note: In 2014, and in accordance with IFRS 11, BBG and Altamira are now consolidated under the equity method, contributing only their net profit, whereas in 2013 they were consolidated proportionately. .
Consolidating BBG and Altamira under the equity method in 2013, the figures above would have grown in the quarter as follows: Total revenue +4.3%, EBITDA +8.7%, EBIT +10.1% and Net Profit +5.0%

Balance sheet and financial ratios

	31 March	
	2014	2013
Total assets (€ Mn)	7,705.1	8,310.9
Net debt (€ Mn)	3,897.0	3,693.9
Equity (€ Mn)	2,037.1	2,111.8
Net debt/Total assets (%)	50.6%	44.4%
Net debt/(net debt + equity) (%)	65.7%	63.6%

Note: In 2014, and in accordance with IFRS 11, BBG and Altamira are now consolidated under the equity method, contributing only their net profit, whereas in 2013 they were consolidated proportionately. .
Consolidating BBG and Altamira under the equity method in 2013, the figures above would have been as follows: Total assets €8,134.9Mn, Equity €2,090.9Mn, Net debt €3,585.9Mn

Other metrics

(€ Mn)	January-March		
	2014	2013	% Chg
Investment (Enterprise value)	563.6	308.4	82.7%
Investment (Equity)	399.1	299.6	33.2%

Note: The 2014 figures include the TgP acquisition (€373Mn), although it will not contribute to results until April 2014

EARNINGS PERFORMANCE

In 2014, and in accordance with IFRS 11 (entailing the transition from proportionate consolidation to the equity method for joint ventures), BBG and Altamira are now consolidated under the equity method, contributing only their net profit.

Net profit to 31 March 2014 totalled **€99.7Mn, a 5.0% increase** on the figure of €95Mn reported in the first quarter of 2013. This growth is in line with Net Income target set for 2014, 2.4%, surpassing the initial guidance due to the contribution of Naturgas from the second quarter of 2013.

The financial result (-€25.9Mn) increased compared to the figure of -€19.8Mn seen in the first quarter of 2013, mainly due to lower finance revenue following the cancellation of short-term investments in 4Q2013, and lower capitalised borrowing costs in the first quarter of 2014, due to lower regulated investment in Spain.

The depreciation and amortisation charge at 31 March was -€83.1Mn.

As a result, **EBIT** in the first quarter of 2014 totalled **€162.8Mn, 6.6%** higher year-on-year.

EBITDA increased from €234.3Mn to **€245.9Mn** in the period, **a rise of 4.9%**.

Regulated revenue grew by **5.0%** compared with the first quarter of 2013.

EPS in the period was €0.42.

INVESTMENTS

At 31 March 2014, **investment** amounted to **€399.1Mn**.

Of this amount, 3% was invested in Spain while 97% was international investment.

Total investments include the acquisition of 22.38% of TGP for €373Mn.

The agreement with CPPIB includes the subsequent sale of 2.38% of Tgp and to buy from CPPIB 30% of COGA, which operates TgP.

TgP and COGA acquisitions will contribute to the Group's results from April 2014, and will be consolidated using the equity method.

FINANCIAL STRUCTURE

The Company's **net debt** at 31 March 2014 stood at **€3,897Mn**, up from €3,772.7Mn and €3,693.9Mn reported at the end of December and March 2013, respectively.

The **leverage ratio** (net debt / net debt + equity) at the end of the first quarter of 2014 was **65.7%**.

Net cash flows from operating activities at 31 March totalled **€166.9Mn**.

The Company reported a **financial result** including capitalised borrowing costs (€1.1Mn) of **-€25.9Mn**, compared with -€19.8Mn recognised in the first quarter of 2013 (including €2.6Mn of capitalised borrowing costs).

In terms of **untapped available financing**, the Company had liquidity of **€2,412Mn** at 31 March 2014.

OPERATING HIGHLIGHTS

Demand

Total demand for gas transmitted at 31 March 2014 amounted to 107,393 GWh, 3.1% lower than in the first quarter of 2013.

This figure includes 9,085 GWh of exports and 10,282 GWh in tanker loading operations.

(GWh)	January-March		
	2014	2013	Chg. 2014/2013
Conventional demand	77,326	85,029	-9.1%
Electricity generation	10,352	14,080	-26.5%
Exports	9,085	7,635	19.0%
Tanker loading	10,282	3,653	181.5%
Gas for operations+minimum reserve	348	439	-20.7%
Total gas demand transmitted	107,393	110,836	-3.1%

SIGNIFICANT EVENTS IN THE QUARTER

ENAGÁS COMPLETES ACQUISITION OF 22.38% OF TRANSPORTADORA DE GAS DE PERÚ (TGP) FROM HUNT AND REPSOL AND TO ACQUIRE 30% OF COGA.

Enagás completed the acquisition of **22.38% of Transportadora de Gas de Perú (TgP)**, after reaching an agreement on 31 January with Hunt and Repsol which owned 12.38% and 10% of TgP respectively.

Enagás also agreed to **sell 2.38% of TgP to Canada Pension Plan Investment Board (CPPIB)** and to **buy 30% of Compañía Operadora de Gas del Amazonas (Coga)**, which operates TgP, from this company.

Enagás will control 20% of TgP and 30% of Coga when the deal goes through.

A management structure will be put in place at Coga to enable Enagás to actively participate in operating the infrastructures, making this an extremely strategic deal for Enagás.

The **total outlay** by Enagás for these deals will be **\$481Mn.**

As a result, Enagás is now one of the main shareholders of Peru's gas transmission system and becomes an active operator in the country.

Enagás will thus be able to analyse future investment and infrastructure opportunities in the country's market, which offers strong growth prospects.

RESOLUTIONS ADOPTED AT THE 2014 ORDINARY GENERAL SHAREHOLDERS' MEETING

All the resolutions proposed on the agenda for the General Shareholders' Meeting held on 25 March were duly adopted, including the payment of a final dividend of €0.76362715 per share to be made on 3 July 2014.

This dividend puts the total gross dividend for 2013 at €1.26662715 per share.

The General Shareholders' Meeting also resolved to re-elect as Directors, for the four-year period stipulated in the corporate by-laws, the Chairman **Antonio Llardén Carratalá** and **Marcelino Oreja Arburúa**, who was re-appointed as Chief Executive Officer by the Board in a meeting immediately following the General Shareholders' Meeting.

Llardén and Oreja shall serve as Executive Directors.

The General Shareholders' Meeting also resolved to appoint the following individuals as Directors for the stipulated four-year term: **Ana Palacio Vallelersundi**, **Isabel Tocino Biscarolasaga**, **Antonio Hernández Mancha**, **Gonzalo Solana González** and **Luis Valero Artola** to fill the vacancies resulting from the departure of **Dionisio Martínez Martínez**, **José Riva Francos**, **Teresa García-Milá Lloveras**, **Isabel Sánchez García** and **Miguel Angel Lasheras Merino**.

The five new Directors shall serve as Independent Directors. The appointment of Luis Valero Artola is pending acceptance.

ENAGÁS SUCCESSFULLY COMPLETES €750MN BOND ISSUE

On 27 March 2014, Enagás successfully placed **€750Mn of bonds on the market**. This issue of **eight-year bonds** bears an **annual coupon of 2.50%** and a price of €99.707.

Enagás exploited an existing window of opportunity in the market.

Final demand for the issue, which was completed in two hours, was over €4,500Mn and was six times oversubscribed. This is a clear indication that the Company is well regarded in the capital markets.

This latest issue has enabled Enagás to take up a new position in the debt market,

this time **falling due in 2022**. The Company's two other bond issues currently listed amount to €500Mn and €750Mn, maturing in 2015 and 2017 respectively.

The **success of the placement**, with respect to its redemption term and coupon, underpins the financial position of the Company, which avails itself of a range of sources of finance.

At present, **59% of its debt is on capital markets**, 37% comprises long-term borrowing from institutions (the European Investment Bank and Spain's National Credit Institute, the ICO), and 4% is bank loans.

CONSOLIDATED INCOME STATEMENT

1Q14

€ Mn (unaudited)	Jan-March 2014	Jan-March 2013	% Chg
Revenues from regulated activities	303.7	289.2	5.0%
Other operating revenues	10.0	22.7	-56.0%
Total revenues	313.7	311.9	0.6%
Personnel expenses	-20.6	-18.8	9.4%
Other operating expenses	-47.2	-58.8	-12.6%
Total OPEX	-67.8	-77.6	-12.6%
EBITDA	245.9	234.3	4.9%
Depreciation/amortisation charge	-83.1	-81.6	1.8%
Operating profit (EBIT)	162.8	152.7	6.6%
Net finance expense	-25.9	-19.8	30.8%
Results from equity accounted subsidiaries	4.2	1.2	248.6%
Profit before tax	141.1	134.1	5.2%
Income tax	-41.0	-39.1	5.0%
Minority interests	-0.3	0.0	-
Net profit for the period	99.7	95.0	5.0%

CONSOLIDATED BALANCE SHEET

€ Mn (unaudited)	31-Mar 2014	31-Dec 2013
Intangible assets, property, plant and equipment	5,595.6	5,881.8
Investments accounted for using the equity method	595.2	165.8
Non-current investments in group companies and associates	21.6	14.7
Other non-current financial investments	2.8	2.5
Deferred tax assets	66.8	72.0
Non-current assets	6,282.1	6,136.7
Assets held for sale	35.3	0.0
Inventories	15.4	15.2
Receivables	725.3	699.3
Other current financial assets	1.8	3.0
Other current assets	1.4	3.0
Cash and cash equivalents	643.8	353.4
Current assets	1,423.0	1,073.9
TOTAL ASSETS	7,705.1	7,210.6
Capital	358.1	358.1
Reserves	1,579.3	1,477.2
Profit for the period attributable to equity holders of the parent	99.7	403.2
Interim dividend capitalised	-	-120.1
Capital and reserves	2,037.1	2,118.4
Hedges	8.1	10.4
Exchange differences	-5.2	-3.4
Other	0.6	-
Changes in fair value recognised in equity	3.5	7.0
Results from equity accounted subsidiaries	14.3	13.9
Equity	2,054.9	2,139.4
Debentures and other marketable securities	1,758.8	1,829.8
Non-current financial liabilities	1,641.7	1,774.3
Non-current liabilities	68.0	45.1
Deferred tax liabilities	395.9	416.4
Provisions	169.9	177.3
Other non-current liabilities	76.8	77.3
Non-current liabilities	4,111.2	4,320.3
Debentures and other marketable securities	571.7	318.4
Current financial liabilities	517.8	169.6
Current liabilities payable	261.6	256.6
Trade and other payables	187.9	6.3
Current liabilities	1,539.0	750.9
EQUITY AND LIABILITIES	7,705.1	7,210.6

CONSOLIDATED CASH FLOW STATEMENT

€ Mn (unaudited)	Jan-March 2014	Jan-March 2013
(A) CONSOLIDATED PROFIT BEFORE TAX	141.1	134.0
Adjustments to profit (1)	103.1	96.2
Depreciation of PP&E	83.1	81.6
Other adjustments to profit	20.0	14.6
Changes in working capital (2)	-75.4	26.5
Inventories	-0.2	-1.1
Trade and other receivables	-42.8	13.0
Other current assets	0.0	-1.9
Trade and other payables	-32.3	16.5
Other cash flows from operating activities (3)	-1.9	9.6
Interest paid	-12.6	-12.5
Interest collected	4.2	6.6
Income tax received /(paid)	6.4	15.4
(B) NET CASH FLOWS FROM OPERATING ACTIVITIES (A+1+2+3)	166.9	266.4
Capital expenditure (4)	-399.3	-280.4
Group companies and associates	-351.3	-249.3
Intangible assets, PP&E and investment property	-13.0	-30.7
Other financial assets	0.3	-0.4
Non-current assets held for sale	-35.3	0.0
Proceeds from disposals (5)	0.0	0.0
Group companies and associates	0.0	0.0
Intangible assets, PP&E and investment property	0.0	0.0
Other financial assets	0.0	0.0
Other cash flows for investment activities (6)	8.4	0.0
Other cash flows for investment activities	8.4	0
(C) NET CASH FLOWS USED IN INVESTING ACTIVITIES (4+5+6)	-390.9	-280.4
Proceeds from/(payments on) financial liabilities (7)	532.8	28.4
Issuance	891.2	512.3
Repayment	-358.4	-483.9
Dividends paid (8)	0.0	0.0
(D) NET CASH FLOWS FROM FINANCING ACTIVITIES (6+7)	532.8	28.4
Effect of changes in consolidation method (9)	-18.3	0.0
(E) TOTAL NET CASH FLOWS (B+C+D+ 9)	290.4	14.4
Cash and cash equivalents - opening balance (10)	353.4	1,479.6
CASH AND CASH EQUIVALENTS - CLOSING BALANCE (E+10)	643.8	1,494.0

APPENDIX I: COMPANY ASSETS

Enagás' Gas System Assets 31/03/2014		
REGASIFICATION ASSETS	Units	m ³ or m ³ /h
LNG tankers (number and capacity)	16	1,957,000
Nominal regasification capacity		4,650,000
Tank loaders	9	
TRANSPORT ASSETS	Units	Km
Km. of operational gas pipeline		10,233
Compressor stations	18	
Gas regulation and metering stations	480	
UNDERGROUND STORAGE ASSETS	Units	Mm ³ /day
No. of storage facilities	3	
Max. injection		18.9
Max. output		27.4

Note: Enagás holds a 40% stake in the BBG regasification plant, which currently has two 150,000 m³ LNG storage tanks and a nominal regasification capacity of 800,000 m³(n)/h.

Spain








International



APPENDIX II: CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Indexes, certifications and assessment agencies

 <p>THE GLOBAL COMPACT APOYAMOS EL PACTO MUNDIAL</p>	<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 was also included in the Global Compact 100 index in 2013.</p>		<p>In 2012 Enagás' management model was awarded the EFQM 500+ European Seal of Excellence.</p>
 <p>ROBECOSAM Sustainability Award Silver Class 2014</p>	<p>Enagás has been a member of the Dow Jones Sustainability World Index (DJSI) since 2008. The Company is also ranked Silver in the Sustainability Yearbook 2014 published by RobecoSAM.</p>	 <p>IIRC PILOT PROGRAMME</p>	<p>Enagás' 2012 Annual Report was prepared according to the integrated reporting principles of the International Integrated Reporting Council (IIRC).</p> <p>As a standard-bearer in corporate social reporting, in 2011 Enagás joined the initiative of the International Integrated Reporting Council (IIRC) for integrated reporting, sharing knowledge and best practices in this regard.</p>
 <p>FTSE4Good</p>	<p>Enagás has been a member of the FTSE4Good index since 2006.</p>	 <p>GRI REPORT GRI CHECKED AA1000</p>	<p>Enagás' 2012 Annual Report was verified, for the fourth year, under the AA1000APS standard, and prepared, for the fifth year, in accordance with the Global Reporting Initiative (GRI), with an A+ level of application.</p>
 <p>ETHIBEL PIONEER & EXCELLENCE</p>	<p>Enagás has been a member of the Ethibel Pioneer & Excellence index since 2009.</p>	 <p>EFR empresa</p>	<p>In 2013, Enagás renewed its certification as a Family-Responsible Company first granted to it in 2007. Enagás maintains its "B+ Proactive" rating.</p>
 <p>Member 2011/2012 STOXX ESG LEADERS INDICES</p>	<p>Enagás has been a member of the STOXX ESG Leaders index since 2011.</p>		<p>In 2012, Enagás renewed the Ministry for Health, Social Policy and Equality's Equality at Work Seal, which it first obtained in 2010.</p> <p>Furthermore, in 2014 the Company also signed a cooperation agreement with the Ministry for Health, Social Policy and Equality aimed at increasing the number of women in executive positions.</p>
 <p>World 120 vigeo</p>	<p>Enagás has been the only Spanish company on the Vigeo World 120 index since 2012.</p>	 <p>TOP EMPLOYERS ESPAÑA 2012/13 CONFIRMED BY THE ICFI INSTITUTE</p>	<p>In 2012/2013, Enagás was certified for the third year running as one of the Top Employers Spain, and was also identified as one of the best companies to work for.</p>
 <p>Corporate Responsibility Príme rated by oekom research</p>	<p>Oekom upheld its B Prime rating of Enagás, issued in 2010.</p>		<p>Enagás holds ISO 9001:2008 certification for its technical system (TSM) and third party network access (TPA) management processes, as well as its information systems management and infrastructure development systems.</p>
 <p>CARBON DISCLOSURE PROJECT</p>	<p>Enagás has been involved in the Carbon Disclosure Project's assessment of the risks and opportunities arising from climate change since 2009. In 2013 Enagás was awarded Level B for Performance and 83 points for Transparency.</p>		<p>Since 2011, Enagás has held SSAE 16 certification for its "System capacity management and viability analysis" and "System security of supply/technical management of underground storage" procedures.</p>

APPENDIX III: Contact data

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