



2015 Results

February 16th, 2016

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Conference-call/Webcast:
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Highlights

- ⌘ **Net profit** as December 31st, 2015 **increased by 1.5% versus 2014** reaching €412.7 Mn. Affiliates contribution to net profit has been 11.2%.
- ⌘ The **FFO** (Funds from Operations) **of the financial year has increased by 4% vs 2014**, mainly due higher affiliates' dividends (€48.9 Mn), a lower tax payment due to the tax reform and lower financial expenses, despite an increased amount of debt.
- ⌘ **Investments** increased to **€530.2 Mn**, from which €206.1 Mn were invested in Spain and €324.1 Mn in international investments.
- ⌘ The Company's **net financial debt** at year end stood at **€4,237 Mn**, which is an **FFO/Net debt ratio of 16.4%**.
- ⌘ In 2015 Enagás successfully carried out two bond issues amounting to a total of €1,000Mn. These issues, along with the liability management operations carried out, meant that on 31 December 31st, 2015, the **average debt maturity was 6.6 years**. At the end of 2015 the **average net cost of debt was 2.7%** compared with 3.2% for the same period of 2014.
- ⌘ In 2015 the credit rating agency **Standard and Poor's** increased its rating for Enagás two levels from BBB to **A- with a stable outlook**. Fitch reaffirmed the Enagás rating at **A- with a stable outlook**.
- ⌘ **Domestic gas demand** reached 315,236 GWh, **up 4.5%** year-on-year, the largest increase since 2008.
- ⌘ Enagás improved its ranking in the **2016 Global 100 Most Sustainable Corporations in the World index rising from the nineteenth position to the sixth position in 2016**.

Key Figures

Income Statement

January - December (€Mn)	2015	2014	Var %
Total income	1,221.6	1,223.8	-0.2%
EBITDA	900.5	939.8	-4.2%
EBIT	602.0	589.6	+2.1%
Net Result from equity affiliates	46.2	11.2	+314.3%
Net Profit	412.7	406.5	+1.5%

Balance and leverage ratio

	Dec. 2015	Dec. 2014
Total Assets (€Mn)	7,751.9	7,711.8
Net Debt (€Mn)	4,237.0	4,059.1
Equity (€Mn)	2,318.9	2,218.5
Net Debt / EBITDA ⁽¹⁾	4.5x	4.2x
FFO / Net Debt	16.4%	16.5%
Net Debt cost	2.7%	3.2%

(1) EBITDA adjusted by dividends from affiliates

Cash Flow and Investments

January - December (€Mn)	2015	2014	Var %
FFO	696.9	670.2	+4.0%
Dividends from affiliates ⁽²⁾	48.9	32.9	+48.6%
Investments	530.2	625.0	-15.2%

(2) includes subordinated debt interest charged to affiliates

Earnings Performance

Income Statement

€Mn (unaudited)	Dec 31st 2015	Dec 31st 2014	Var%
Revenues from regulated activities	1,159.5	1,185.1	-2.2%
Other operating revenues	62.1	38.7	60.6%
Total Revenues	1,221.6	1,223.8	-0.2%
Personnel expenses	-96.3	-84.7	13.7%
Other operating expenses	-224.8	-199.3	12.8%
Total OPEX	-321.1	-284.0	13.1%
EBITDA	900.5	939.8	-4.2%
Depreciation/Amortisation charge	-298.5	-350.2	-14.8%
Operating Profit (EBIT)	602.0	589.6	2.1%
Net finance expense	-90.9	-105.5	-13.8%
Net result from equity affiliates	46.2	11.2	314.3%
Profit before tax	557.3	495.3	12.5%
Corporate tax	-143.6	-87.6	63.9%
Minority interests	-1.0	-1.1	-8.2%
Net profit	412.7	406.5	1.5%

Operating revenues

Revenues from 2015 financial year reached to **€1,221.6 Mn, in line with the €1,223.8 Mn registered in 2014.**

It is important to note that the regulated revenue for the 2015 financial year (€1,159.5 Mn) incorporates a full year of regulatory reform, while 2014 included six months of the current regulatory framework, which means an additional impact of €59.6 Mn in 2015. This effect has been offset in part by the booking of €16.2 Mn in revenues for the operation and maintenance of the mothballed Castor storage facility, according to Royal Decree - law 13/2014.

On the other hand, other operating revenues at the close of the 2015 financial year (€62.1 Mn) include additional €16.6 Mn of the new accounting from subsidiaries Al-Andalus and Extremadura (without impact on EBITDA).

Operating Expenses

Enagás' operating expenses rose 13.1% compared with the 2014 financial year.

This increase was mainly due to the new accounting from Al-Andalus and Extremadura subsidiaries (additional €16.6 Mn) and the expenses incurred through the operations and maintenance of the mothballed Castor storage facility (€15.4 Mn).

If we exclude both effects, **operating expenses would increase by 1.8%** compared with 2014, basically due to an average staff size higher than the one registered on 2014 and more international activity.

EBITDA at the close of the 2015 financial year reached €900.5 Mn, **4.2% lower than the one reported in 2014.**

Depreciation/Amortization charge

D&A fell 14.8% to €298.5 Mn, including a €13.4 Mn asset provision carried out in the 2015 financial year.

In addition, in the comparison with 2014, highlight, first, the effect of a full year of the extension of the useful life of transmission assets and, on the other hand, the accounting of the asset provision of €40.4 Mn in 2014.

As a result, **EBIT** at December 31st, 2015 amounted to **€602.0 Mn, 2.1%** up from the 2014 financial year.

Financial result

The **2015 financial result was -€90.9 Mn compared with -€105.5 Mn** for the previous year.

This improvement was mainly due to the reduced cost of debt and the higher income from credits granted to affiliates.

Net Result from equity affiliates

Net Results from equity affiliates increased from **€11.2 Mn to €46.2 Mn at the end of the 2015 financial year.** This increase is mainly due to the start-up of Soto la Marina compression station (Mexico), the partial start-up of the Morelos project (Mexico) as well as the recognition of its construction margin, and the new contributions from brownfield investments in the 2015 financial year (Swedegas (50%), Saggas (30%), BBG (additional stake +10%) and TGP (additional stake +4.34%). In addition, the appreciation of the dollar has contributed positively around 7 million euros.

It is notable that the **contribution to results of the brownfield projects** (BBG, Saggas, GNL Quintero, Altamira, TgP, COGA and Swedegas) **reached €55.6 Mn** which, adjusted for the amortization of PPA (purchase price allocation), **results in a positive net contribution of €37.3 Mn.**

In addition, the **greenfield projects positively contributed €8.9 Mn**, with a notable contribution from the partial start-up of the Morelos project.

Corporate tax

In the 2015 financial year the **corporate tax rate fell to 28% from 30% in 2014**.

Highlight that 2014 figures had an extraordinary accounting effect due to the deferred tax assets and liabilities that were revalued at the new corporate tax rate.

Net Profit

Net profit at the end of the 2015 financial year reached **€412.7 Mn**, which was **1.5% higher** than the €406.5 Mn obtained at December 31st, 2014.

Earnings per share at December 31st, 2015 reached €1.73.

Cash Flow and Balance Sheet

Consolidated Statement of Cash Flow

€Mn (unaudited)	Jan-Dec 2015	Jan-Dec 2014
EBITDA	900.5	939.8
Tax	-143.7	-190.2
Interest	-106.1	-110.0
Dividends	48.9	32.9
Adjustments	-2.8	-2.3
FUNDS FROM OPERATION (FFO)	696.9	670.2
Changes in working capital	-23.1	-80.6
Trade and other receivables	-6.0	-100.6
Trade and other payables	-17.1	20.0
OPERATING CASH FLOW (OCF)	673.8	589.6
Investment payment	-539.1	-706.8
International business	-330.0	-531.1
Business in Spain	-204.0	-140.3
Other financial assets	-5.2	0.0
Assets held for sale	0.0	-35.3
Proceeds from disposals	8.9	37.0
Other Cash Flows for investment activities	0.0	0.0
Net Cash Flows used in investment activities	-530.2	-669.8
FREE CASH FLOW (FCF)	143.6	-80.1
Dividends paid	-313.1	-307.2
DISCRETIONAL CASH FLOW (DCF)	-169.5	-387.3
Maturity of long-term debt issued	-1,440.5	-167.2
Total financing requirements before revolving facilities	-1,609.9	-554.5
Maturity of short-term debt issued	-635.3	-1,402.8
Total financing requirements	-2,245.2	-1,957.3
Long-term debt issues	1,150.2	828.1
Short-term debt issues	768.2	1,345.6
Net financing flows	-157.3	603.8
NET CASH FLOWS	-326.8	216.4
Cash and cash equivalents – opening balance	551.4	335.0
CASH AND CASH EQUIVALENTS – CLOSING BALANCE	224.6	551.4

Balance Sheet

€ Mn

ASSETS

	<u>Dec. 2015</u>	<u>Dec. 2014</u>
Non-current assets	7,072.0	6,652.7
Intangible assets	80.3	77.8
<i>Goodwill</i>	25.8	17.5
<i>Other intangible assets</i>	54.5	60.2
Investment properties	25.0	25.1
Property, plant and equipment	5,183.4	5,336.8
Equity-accounted investments	1,191.1	740.6
Other non-current financial assets	518.8	399.9
Deferred tax assets	73.4	72.4
Current assets	679.9	1,059.2
Inventories	16.9	15.7
Trade and other receivables	426.4	484.5
Other current financial assets	7.5	3.2
Other current assets	4.5	4.4
Cash and cash equivalents	224.6	551.4
TOTAL ASSETS	7,751.9	7,711.9

LIABILITIES AND EQUITY

	<u>Dec. 2015</u>	<u>Dec. 2014</u>
Equity	2,391.6	2,260.3
Capital and Reserves	2,318.9	2,218.5
Issued Capital	358.1	358.1
Reserves	1,674.2	1,578.0
Profit for the year	412.7	406.5
Interim dividend	-126.1	-124.1
Measurements adjustments	58.2	27.6
Non-controlling interests (external partners)	14.4	14.2
Non-current liabilities	4,716.4	4,272.5
Provisions	167.0	163.3
Non current financial liabilities	4,192.8	3,735.1
<i>Bank borrowings</i>	1,758.3	1,621.3
<i>Bonds and other marketable securities</i>	2,323.4	2,041.0
<i>Long-term asset suppliers</i>	0.1	0.2
<i>Derivatives</i>	91.5	50.8
<i>Other financial liabilities</i>	19.5	21.7
Borrowings from related parties	0.0	0.0
Deferred tax liabilities	306.1	318.0
Other non-current liabilities	50.5	56.1
Current liabilities	644.0	1,179.0
Current financial liabilities	402.8	943.2
<i>Bank borrowings</i>	125.8	116.2
<i>Bonds and other marketable securities</i>	259.4	813.9
<i>Derivatives</i>	13.4	10.7
<i>Other financial liabilities</i>	4.2	2.5
Trade and other payables	241.2	235.8
TOTAL LIABILITIES	7,751.9	7,711.9

Funds from Operations

The 2015 FFO (Funds from Operations) was €696.9 Mn, which meant an increase of 4% compared with 2014.

In the growth of the FFO it is important to note a lower cash outflow for the payment of taxes compared with 2014, as a consequence of the tax reform in force since January 2015.

Another factor to point out in the growth of the FFO for the financial year is the contribution from affiliates dividends, which at the close of the 2015 financial year reached €48.9 Mn, 48.6% higher than the 32.9 Mn for 2014. This increase is mainly due to the contribution from Saggas (30%), the increased stake in BBG (additional +10%) and TGP (additional +4.34%), as well as by positive exchange rate differences.

It is also important to highlight that all the affiliates in Latin America have not been affected by local currency depreciation, as those companies are fully indexed to the dollar (investment, income and dividends in USD).

Investments

As at December 31st, 2015, **investments** amounted to **€530.2 Mn**, of which €206.1 Mn were invested in Spain and €324.1 Mn were allocated in international investments.

Of the investments made in Spain, it is worth noting the acquisition of 10% of Bahia de Bizkaia Gas (BBG) by €11.9 Mn which increased the Enagás stake in that company up to 50%, as well as the acquisition of 30% of the Saggas regasification plant by €61.9 Mn.

Notable among the international investments was the acquisition of 50% of Swedegas (the holding company of the entire network of high pressure gas pipelines of Sweden and operator of the Swedish gas system) for the amount of €97.1 Mn. Also in June Enagás acquired an additional 4.34% of TgP (Peru) for €89.8 Mn, reaching 24.34% of the Company.

It is noteworthy that figures for investment in affiliates include the capitalization of costs related to the acquisitions process amounting to €3.8 Mn.

Dividends

Dividends of €313.1 Mn were paid in the 2015 financial year.

Last 17th December, the company paid 0.528 euros gross per share as dividends expensed to the 2015 financial year. This payment was 40% of the gross annual dividend of €1.32 per share for the 2015 financial year, an increase of 1.5% over the previous year.

Net Debt

The **Company's Net financial debt** at December 31th, 2015 was **€4,237 Mn**, compared with €4,059.1 Mn for December 31th, 2014.

This debt represents a **Net Debt/EBITDA ratio adjusted by affiliates dividends of 4.5x** and a **FFO/Net Debt ratio of 16.4%**.

At December 31st, 2015, 86% of the financial debt has been issued in euros, 12% in USD and 2% in Swedish krona. In addition, 37% was institutional debt, 58% was issued in capital markets and the remaining 5% was commercial banking.

The **average net cost of debt** on December 31st, 2015 was **2.7%**, compared with 3.2% for the same period in 2014, as a consequence of the **two bond issues** carried out in the financial year with a **total amount of €1,000 Mn**.

The first bond was issued on **January 23rd**, for **€600 Mn, maturing in 2025 with an annual coupon of 1.25%**. Part of this was used to pay off 37.6% of the bond maturing in October 2017 (with a coupon of 4.25%).

The **second issue**, on **March 10th**, was a **€400Mn issue maturing in 2023** with an annual coupon of 1.0% This bond was used to pay off 100% of the bond maturing in December 2016 (with a coupon of Eur6m+2.75%).

A December 31st, 2015, **average maturity** for debt was **6.6 years and 82% of net debt had a fixed rate**.

In terms of **available financing**, the Company had unused available liquidity as of December 31st, 2015 of **€2,268 Mn**.

In 2015 Standard and Poor's upgraded Enagás' credit rating from BBB to A- with a stable outlook and Fitch reaffirmed this with an A- and stable outlook.

Operating Highlights

Demand

Domestic gas demand reached **315,236 GWh, up 4.5% year-on-year, the largest increase since 2008.**

This increase was largely due to the higher demand for gas for electricity generation and domestic consumption.

Specifically, demand for gas for **electricity generation rose 18.2%** compared with 2014, mainly due to lower hydraulic generation in 2015, increased demand for electricity and the increase in combined cycles in the summer months, owing to heat waves.

Conventional demand also increased by 1.7% thanks to lower winter temperatures, the increased number of domestic customers and the recovery of industrial activity.

2015 Significant Events

Date	Significant Events
23-12-2015	Fitch Ratings Agency has affirmed the long term rating of Enagás, currently at "A-" with Stable Outlook
3-12-2015	Standard form for the notification of Home Member State
3-12-2015	Notice regarding the information requested from all listed companies by the Spanish National Securities Market Commission in relation to certain provisions of the Capital Enterprises Law which form part of the rules of organization and discipline of the securities market
24-11-2015	2015 Interim dividend.
20-10-2015	9M2015 Results
20-10-2015	9M2015 Results Presentation
13-10-2015	Standard & Poors upgrades Enagás Rating from BBB+ to A-
21-07-2015	1H2015 Results
21-07-2015	1H15 Result Presentation
17-07-2015	Completion of acquisition of 4.34% of TgP
16-07-2015	Standard & Poor´s upgrades Enagás from BBB to BBB+
30-06-2015	Enagás to pay final gross dividend charged to 2014 profit of €0.78 per share on 2nd July
22-06-2015	Sultan Ahmed Kamis Al Burtamani stands down as Proprietary Director proposed by Oman Oil Holdings España, S.L.
08-06-2015	Enagás purchases 30% of SAGGAS
02-06-2015	Enagás signs agreement to raise stake in Transportadora de Gas del Perú (TgP) from 20% to 24.94%
21-04-2015	1Q15 Results
21-04-2015	1Q15 Results presentation
27-03-2015	Resolutions adopted at the 2015 General Shareholders´ Meeting
23-03-2015	Enagás and Fluxys agree to acquire the Swedish operator Swedegas from EQT Infrastructure Limited
10-03-2015	€400 Mn bond issue
05-03-2015	Acquisition of 10% of BBG
25-02-2015	2015 General Shareholders´ Meeting announced
24-02-2015	2014 Results
24-02-2015	2014 Results presentation and 2015 – 2017 strategic update
03-02-2015	Purchase by ENAGÁS TRANSPORTE, S.A.U. of 100% of the shares of Compañía Transportista de gas Canarias, S.A
02-02-2015	Continuation of SE 23 January 2015 (Series 7 bond swap)
23-01-2015	€600Mn bond issue
14-01-2015	Agreement with Deutsche Asset & Wealth Management to acquire stakes in BBG and Saggas

APPENDIX I: COMPANY ASSETS

Enagás' Gas System Assets 31-12-2015

REGASIFICATION ASSETS	Units	m³ or m³/h
LNG tankers (number and capacity)	16.0	1,957,000.0
Nominal regasification capacity		4,650,000.0
Tank loaders	9.0	
TRANSMISSION ASSETS	Units	Km
Km. Of operational gas pipeline		10,314.0
Compressor stations	19.0	
Gas regulation and metering stations	491.0	
UNDERGROUND STORAGE ASSETS	Units	Mm³/day
No. of storage facilities	3.0	
Max. injection		18.9
Max. output		27.4

Notes:

- 1) Enagás holds a 50% stake in the BBG regasification plant, which currently has tree 150,000 m³ LNG storage tanks and a nominal regasification capacity of 800,000 m³(n)/h.
- 2) Enagás holds a 30% stake in the Saggas regasification plant, which currently has four 150,000 m³ LNG storage tanks and a nominal regasification capacity of 1,000,000 m³(n)/h.

Spain



International



APPENDIX II: CORPORATE RESPONSABILITY AND SUSTAINABILITY

Indexes, certifications and assesment 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 has also been included in the Global Compact 100 since 2013.</p>		<p>The Enagás management model was again awarded the European Seal of Excellence 500+ EFQM in 2014.</p> <p>In addition, Enagás won the EFQM Good Practice Competition 2014 award.</p>
<p>ROBECOSAM Sustainability Award Bronze Class 2016</p>	<p>Enagás has been a member of the Dow Jones Sustainability Index World (DJSI) since 2008. It has also earned the distinction of "Bronze Class" in the Sustainability Yearbook 2016 published by ROBECOSAM.</p>		<p>Since 2012, the Annual Report has been produced according to the International Integrated Reporting Council (IIRC) reporting standards.</p> <p>Enagás, as a leader in corporate reporting, participates in the international IR Business Network led by IIRC to create integrated reports, sharing knowledge and improved practices in this area.</p>
<p>FTSE4Good</p>	<p>Enagás has been a member of the FTSE4Good since 2006.</p>		<p>Since 2008, the Annual Report has been verified according to the AA1000APS standard and according to the Global Reporting Initiative (GRI). The 2014 Annual Report has been verified under the GRI -G4 Guide: Comprehensive Accordance Option.</p>
<p>ETHIBEL ETHIBEL ETHIBEL</p>	<p>Enagás has been a member of the Ethibel Pioneer & Excellence index since 2009 and of Ethibel Excellence Europe.</p>		<p>Enagás renewed its certification as a Family-Responsible Company first granted to it in 2007. Enagás maintaining its "B+ Proactive" rating</p>
<p>MSCI 2015 Constituent MSCI Global Sustainability Indexes</p>	<p>Enagás has been a member of the MSCI Global Sustainability Index since 2010.</p>		<p>In 2014 Enagás renewed the Ministry for Health, Social Policy and Equality's Equality at Work Seal, which it first obtained in 2010.</p>
<p>Member 2013/2012 STOXX ESG LEADERS INDICES</p>	<p>Enagás has been a member of the STOXX ESG Leaders index since 2011.</p>		<p>In 2015 Enagás earned the healthy company certificate.</p>
<p>GLOBAL 100</p>	<p>Enagás is the only Spanish company in the index, a global leader of the Gas Utilities sector and is sixth in Global 100 index for 2016.</p>		<p>In 2015, Enagás was recognized for the fifth year running as being one of the Top Employers Spain, meaning one of the best companies to work for.</p>
<p>Corporate Responsibility Prime Global Challenges Index oekom research</p>	<p>Enagás has been rated "B Prime" by oekom since 2010, and in 2014 joined the Global Challenges Index for the first time.</p>		<p>Enagás holds ISO 9001:2008 certification for its technical system management, asset management, infrastructure development and information systems management processes.</p>
<p>CDP DRIVING SUSTAINABLE ECONOMIES</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 2015 Enagás was awarded Level B for Performance and 99 points for Transparency.</p> <p>Also in 2015 it participated in CDP Water reporting information related to water management.</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>

Enagás, worldwide leader as the most sustainable company in its sector according to the Global 100 index

Enagás has managed to reach sixth position of the 2016 Global 100 Most Sustainable Corporations in the World, presented on January 21st, 2016 by the agency Corporate Knights.

The company, one of the two Spanish companies in this year's review, improved its ranking, up from 19th in 2015 to sixth in 2016. Furthermore, the company continues to be recognized as a leading worldwide company in the Gas Utilities sector according to this index.

In compiling this ranking, Corporate Knights has assessed all listed companies with market capitalization of at least US\$2 billion and has identified the 100 most sustainable businesses. In doing this it has considered 12 indicators related to aspects concerning the environment, capacity for innovation, safety, management of staff and remuneration of management.

In 2013 and 2015 Enagás was also recognized as one of the 100 most sustainable companies, worldwide leader in the Gas Utilities sector and the leading Spanish company.

Sustainability is one of the four strategic pillars of Enagás. The company boasts a presence on the leading sustainability indexes, including the prestigious Dow Jones Sustainability Index (DJSI).

APPENDIX III: Contact data

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