



2016 Third Quarter Results

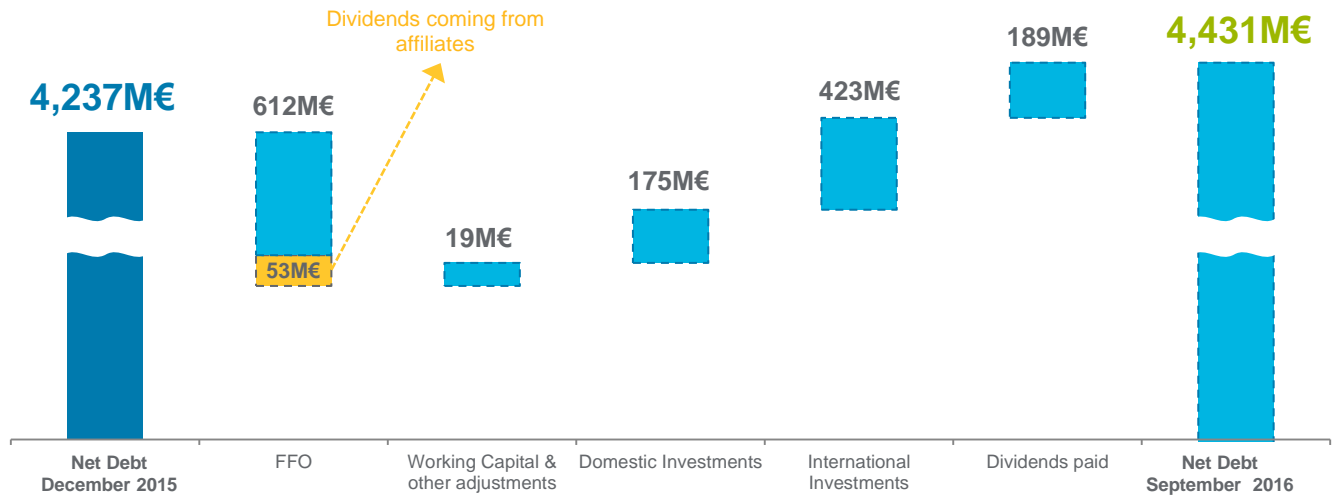
18 October 2016

9M 2016 Key figures

- ✓ Investments **598.4M€**
- ✓ Net Profit **317.4M€ (+1.5%)**
- ✓ Funds from Operations **611.5M€ (+1.5%)**
- ✓ Net Debt **4,431M€**
- ✓ FFO/ Net Debt (last 12 months) **15.9%**
- ✓ Cost of Net Debt **2.4%**
- ✓ The rating agency Standard&Poor's, in its annual review last July 28th 2016, has affirmed the long term rating of Enagas at **"A-**", the **stable** outlook and the business risk profile at **"Excellent"**
- ✓ Enagas is part, for the **ninth consecutive year, of the Dow Jones Sustainability Index** (DJSI),
- ✓ Industrial gas demand **+2.2%**, is consistent with the evolution of the Spanish economy and with the Spanish official GDP forecast for 2016

Cash flow

Solid cash flow generation due to the business in Spain and the growing contribution of international activity.



FFO / Net Debt (last 12 months)

16.4%

FFO / Net Debt (last 12 months)

15.9%

P&L statement



Key figures in line with the targets set for 2016

M€	Jan-Sep 2016	Jan-Sep 2015	Change %	Comments
Total revenues	899.7	920.7	-2.3%	
Operating expenses	256.4	235.8	+8.7%	<p>→ Increase in operating expenses due to:</p> <ul style="list-style-type: none"> • Increase in personnel expenses due to the consolidation of the staff as a result of higher international activity • Different “other expenses” accrual compared to 2015 • Compatible with the annual target (~335M€)
EBITDA	643.3	684.9	-6.1%	
EBIT	438.6	467.6	-6.2%	
Net Result from Equity Affiliates*	46.8	27.4	+71.0%	<p>→ Higher income from equity affiliates mainly due to higher contribution of brownfield projects:</p> <ul style="list-style-type: none"> - Contribution of latest acquisitions: additional 1.64% in TgP (April 2016), and 42.5% in Saggas (August 2016) - The contribution of an additional quarter in 2016 (vs. 2015) of 10% stake in BBG, 30% in Saggas and 50% in Swedegas (integrated in 2Q 2015)
Net Profit	317.4	312.7	+1.5%	

* The result from equity affiliates can not be extrapolated over the year due to the contribution of Greenfield projects (TAP and GSP) which results are related to the degree of progress of the projects.

Contribution of international business



The contribution from equity affiliates to net profit has been 14.8%.

Brownfield contribution	54.4M€	→	Dividends from affiliates	53.0M€
PPA amortization	- 17.0M€			
Greenfield contribution	+9.5M€			
Result from Equity Affiliates	46.8M€			

Accounting effect with no impact on cash flow

Note: The result from equity affiliates can not be extrapolated over the 4th quarter due to the contribution of Greenfield projects (TAP and GSP) which results are related to the degree of progress of the projects.

Investments



Total 598.4M€

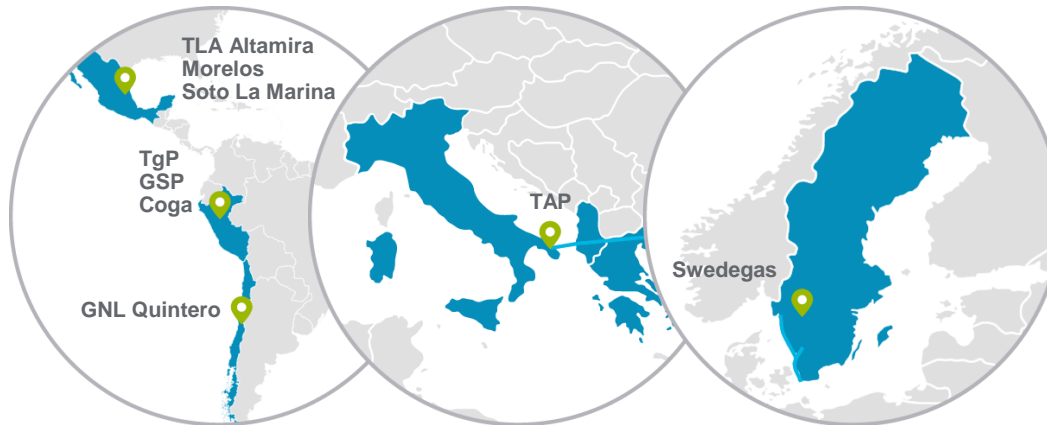
Spain



175.0M€

106.6M€ Saggas

International



423.4M€

International investments in progress:

- GSP 124.9M€
- TAP 88.3M€

1.64% additional in TgP 28.3M€
 20% additional in Quintero 175.5M€(*)







Morelos and SLM 6.4M€

(*): The acquisition of the 20% of GNL Quintero to Endesa Chile doesn't contribute to the Result from Equity Affiliates in the third quarter of the year

9M 2016 closed acquisitions



The contribution of these acquisitions represents an upside in the targets set in the 2016-2020 Strategic Presentation

	 TGP +1.64% additional 	 Saggas +42.5% additional 	 GNL Quintero +20% additional 
✔ Operation announcement date	21 April 2016	29 June 2016	9 June 2016
✔ Investment	31.9M\$	106.6M€	197M\$
✔ Total stake	25.98%	72.5%	40.4%
✔ Location	Perú	Spain	Chile
✔ Seller	Graña y Montero	Unión Fenosa Gas	Endesa Chile
✔ Contribution since:	April 2016	August 2016	4Q2016

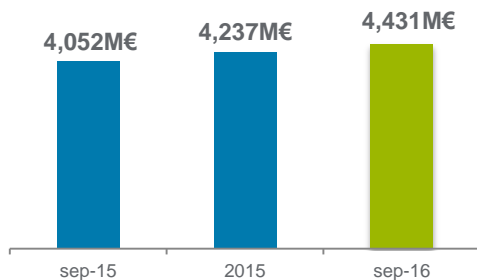
(*) Note: The acquisition announced for the 2.96% of TGP from Engie is subject to the conditions of this type of transactions

(*) The acquisition announced for the 20% of GNL Quintero from Metrogas is subject to the conditions of this type of transactions

Financial structure



Net Debt

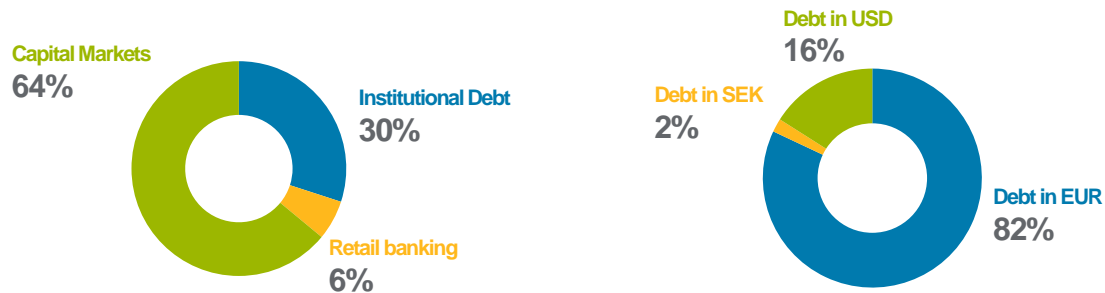


Leverage and liquidity

	Jan-Sep 2016	Jan-Sep 2015
Net Debt / EBITDA adjusted * (12 last months)	4.7x	4.4x
FFO) / Net debt (12 last months)	15.9%	15.6%
Cost of net debt	2.4%	2.8%
Liquidity	2,609M€	2,212M€

* EBITDA adjusted by dividends received from affiliates

Net Debt structure



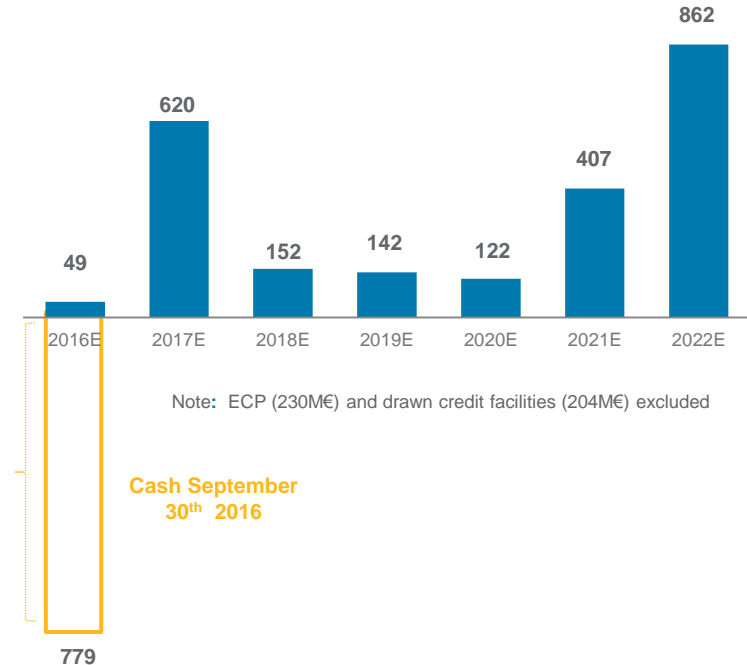
Fixed debt above 80%

Debt maturity profile



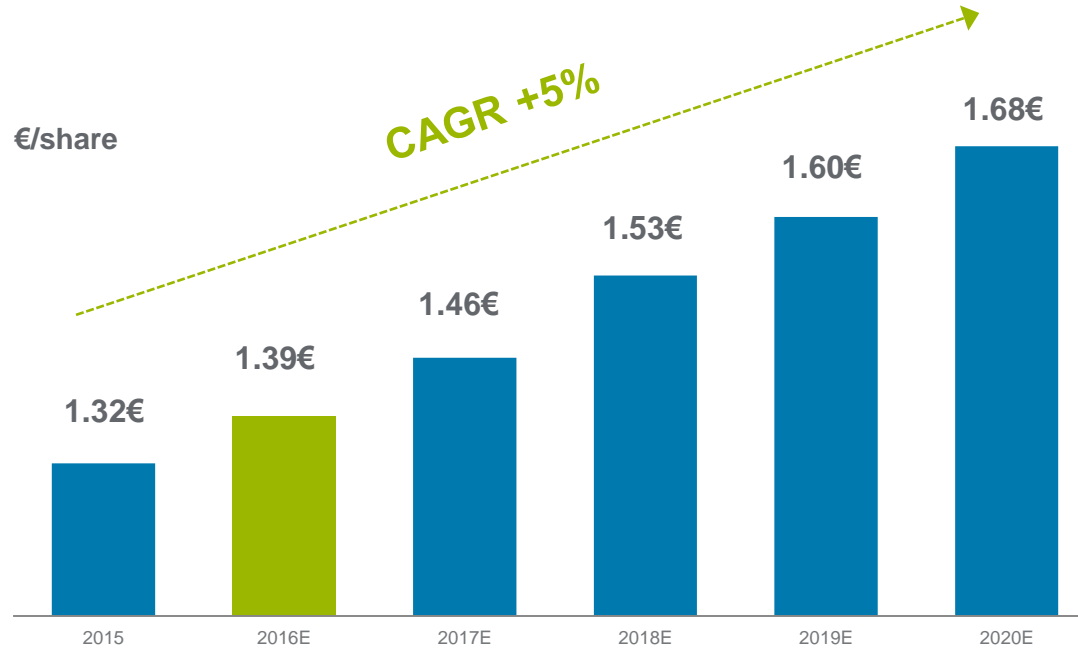
- ✔ Without significant maturities until 2022*
- ✔ Average life of debt 6.8 years
- ✔ 70% of the debt matures from year 2021 onwards
- ✔ Rating A- (S&P/Fitch)
- ✔ The rating agency Standard & Poor's, in its annual review last July 28th 2016, has affirmed the long term rating of Enagas at "A-", the stable outlook and the business risk profile at "Excellent"

Debt maturity profile (M€)



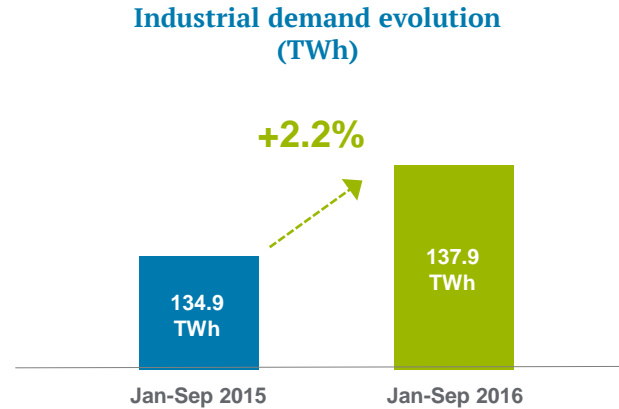
* Current liquidity position (€ 2,609M) enough to meet the upcoming debt maturities

Dividend Policy



On July 5, 2016, Enagas paid the **2015 final dividend amounting 0.792€ /share**, representing a **total dividend of 1.32 €/share charged to 2015 fiscal year**.

Natural gas demand



The evolution of industrial demand is **consistent with the evolution of the Spanish economy and with the Spanish official GDP forecast for 2016**

- ✓ Industrial demand remains robust and grew by + 2.2% versus september of 2015
- ✓ Domestic – commercial demand grew by +1.6%
- ✓ Natural gas demand for **power generation** decreases mainly due to increased hydro generation (+34%)

Targets set at the beginning of 2016

- ✓ Growth in net profit **+0.5%**
- ✓ Dividends from affiliates **~65M€***
- ✓ Investments **~465M€**
- ✓ Dividend **1.39€/share (+5%)**
- ✓ Cost of net debt **~2.7%**

* 1€ = 1.11 USD

Sustainability



Enagas has been recognized as the global leader of the Utilities Gas Sector by the prestigious Dow Jones Sustainability Index.

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM

- ✔ Enagas forms part, for the **ninth consecutive year, of the Dow Jones Sustainability Index (DJSI)**, according to the latest revision of this index, global reference in sustainability affairs.
- ✔ **Enagás is the leader of the Gas Utilities sector**, with 91 points out of 100, and has obtained the maximum score in the areas of climate change strategy, environmental management, and interest groups management.
- ✔ **The company is also a leader** of other areas assessed such as **corporate governance, development of human resources and health and safety.**
- ✔ Commitment to **sustainable business models** that help to provide **cleaner and more competitive energy.**

Conclusions



- ✔ Based on the results achieved, less the final quarter, Enagas **is on the right track to meet and in some cases to surpass, the commitments acquired for 2016**
- ✔ **National and international acquisitions** during the nine first months of the year, reinforce our position on assets where the company was already present and fit perfectly with the five investment criteria established by the company
- ✔ **Sound financial and liquidity position**, with no significant debt maturities until 2022 and with the commitment to maintain our current individual credit ratings (*stand alone rating*)
- ✔ The **rating agency Standard & Poor's**, in its annual review, **has affirmed** the long term rating of Enagas at **"A-**", the **stable** outlook and the business risk profile at **"Excellent"**
- ✔ Enagas **ninth consecutive year** as a member of the Dow Jones Sustainability Index (DJSI), and **global leader of the Utilities Gas Sector**
- ✔ Good performance of the industrial sector demand **(+2.2%)**, consistent with the evolution of the Spanish economy and with the Spanish official GDP forecast for 2016

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