

Highlights

- ⌘ Since January 2017, the consolidation perimeter **has incorporated GNL Quintero in the Enagás financial statements** using global integration. To make it easier to compare these results with 2016, we have presented the proforma information, integrating GNL Quintero using the equity method (Stand alone financial information"). **Enagás' participation in GNL Quintero on 31 March 2017 was 60.4%.**
- ⌘ The company's **net profit** at 31 March 2017 **increased by +54.4% with respect to the same date in 2016**, to 156.3 million euros. Without taking into account the **accounting effects deriving from the consolidation of GNL Quintero for the amount of 53.5 million euros**, the growth of the **stand alone net profit** compared to Q1 2016 **would be 1.6%.**
- ⌘ The **contribution of equity affiliates to the after-tax stand alone profit** on 31 March 2017 was **22%**, higher than the 17% registered in the same period of the previous year.
- ⌘ The **FFO (Funds from Operations)** at the end of Q1 2017 increased to **238.2 million euros, +22.4% higher than that generated in the same period of 2016** due to the greater collection of dividends from our subsidiaries, 29.1 million euros compared to 8.4 million in Q1 2016, **and due to the effect of the global consolidation of Quintero on 1 January 2017.** In stand alone terms, the FFO increased by 15.4%.
- ⌘ Net **investments** on 31 March 2017 were **264.1 million euros. The most important items included are the cash outflow for the payment of the guarantees provided in Gasoducto del Sur Peruano for the amount of 213 million euros and 42.4 million euros of investment in progress in TAP (Trans Adriatic Pipeline).**
- ⌘ The Company's stand alone **net financial debt** at the end of Q1 2017 stood at **4,913 million euros, leaving an FFO (last 12 months)/Net Debt ratio of 16%.** Including the net debt of GNL Quintero (765 million euros), the net debt stands at 5,678 million euros.
- ⌘ The **stand alone net average financial cost** was **2.3%. If we consider the effect of the consolidation of GNL Quintero, the net average financial cost is 2.8%.**
- ⌘ The **demand for natural gas** from the national market reached 96,499 GWh, **+8.4%** more than that on 31 March 2016.
- ⌘ On 11 April, Enagás informed that it was **selling 15% of its participation in GNL Quintero.** The relevant fact indicated that Enagas Chile maintains control and **continues to globally consolidate the participation in GNLQ with an indirect participation of 45.4%**, and there was a **net cash input for the Enagas group of 150 million dollars.**

Main highlights

Income Statement

Jan-Mar (€ Mn)	Q1 2016	Stand alone Q1 2017	Global Integration Q1 2017	Var % Stand Alone 2017/2016	Var % Global I. 2017/2016
Total revenue	298.8	295.5	342.6	-1.1%	14.7%
EBITDA	206.9	202.7	241.8	-2.0%	16.9%
EBIT	138.1	136.3	160.6	-1.3%	16.3%
Net result from equity affiliates	17.4	22.3	17.0	27.9%	-2.3%
Net profit	101.2	102.8	156.3	1.6%	54.4%

Balance sheet and leverage ratios

	2016 December	Stand Alone Mar-17	Global I. Mar-17
Total Assets (€ Mn)	9,248.0	9,139.1	10,763.8
Net Debt (€ Mn)	5,089.0	4,913	5,678
Equity (€ Mn)	2,373.7	2,278.0	2,331.5
Net Debt / EBITDA ⁽¹⁾	5.2x	5.0x	5.5x
FFO/ Net Debt	15%	16.0%	14.1%
Net cost of debt	2.4%	2.3%	2.8%

(1) EBITDA adjusted for dividends obtained from affiliates

Cash flow and Investments

Jan-Mar (€ Mn)	Q1 2016	Stand Alone Q1 2017	Global Integration Q1 2017	Var % Stand Alone 2017/2016	Var % Global I. 2017/2016
Funds From Operations	194.5	224.5	238.2	15.4%	22.4%
Dividends received from affiliates ⁽²⁾	8.4	29.1	29.1	247.8%	247.8%
Investments	73.9	263.7	264.6	256.8%	258.1%

(2) Includes subordinated net interest charged to affiliates

According to the Guidelines on alternative performance measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es), the corporate website published a glossary of definitions and reconciliation with the items presented in the Financial Statements of certain alternative financial measures used in this document. [http://www.enagas.es/enagas/es/AccionistasElInversores/InformacionEconomicoFinanciera/Medidas_Alternativas_de_Rendimiento_\(APM\)](http://www.enagas.es/enagas/es/AccionistasElInversores/InformacionEconomicoFinanciera/Medidas_Alternativas_de_Rendimiento_(APM))

Earnings Performance

Income Statement

Millions of euros (non-audited figures)	Q1 2016	Q1 2017 Stand Alone	Q1 2017 Quintero	2017 Global Integration	Var % 2017 Stand Alone/2016	Var % 2017 GI/2016
Income from regulated activities	283.7	278.7	0.0	278.7	-1.8%	-1.8%
Other operating income	15.1	16.8	47.1	63.9	11.2%	323.3%
Total income	298.8	295.5	47.1	342.6	-1.1%	14.7%
Personnel expenses	-26.5	-30.6	-2.1	-32.8	15.5%	23.6%
Other operating expenses	-65.4	-62.1	-5.9	-68.1	-5.0%	4.1%
Operating Expenses	-91.9	-92.8	-8.0	-100.8	1.0%	9.7%
EBITDA	206.9	202.7	39.1	241.8	-2.0%	16.9%
Depreciation	-68.8	-66.4	-14.7	-81.1	-3.4%	18.0%
EBIT	138.1	136.3	24.4	160.6	-1.3%	16.3%
Financial result	-24.8	-27.0	39.7	12.7	8.9%	-151.4%
Pre-Tax profit	113.4	109.3	64.1	173.4	-3.6%	52.9%
Corporate income tax	-29.3	-28.5	-3.3	-31.8	-2.7%	8.5%
Performance attributed to non-controlling interests	-0.2	-0.2	-2.0	-2.3	0.0%	1,050.0%
Equity method	17.4	22.3	-5.2	17.0	27.9%	-2.3%
Net profit	101.2	102.8	53.5	156.3	1.6%	54.4%

Operating revenues

Total income on 31 March 2017 was 342.6 million euros, which is a +14.7% growth on 31 March 2016. In stand alone terms, without the global integration of GNL Quintero which incorporated 47.1 million euros, income decreased by -1.1% compared to Q1 2016.

Operating Expenses

Operating expenses at the end of the quarter were 100.8 million euros, which includes 8 million euros for the global consolidation of the GNL Quintero expenses. In stand alone terms, operating expenses rose by +1.0% compared to those registered on 31 March 2016.

EBITDA in Q1 2017 amounted to 241.8 million euros, **up +16.9%** year-on-year, mainly due to the global consolidation of **GNL Quintero, which contributed 39.1 million euros**. Without taking into account the EBITDA of GNL Quintero, this item would register a drop of -2.0%.

Provision for the impairment of assets

Provision for the impairment of assets rose by +18.0% to **81.1 million euros**. It should be noted that the depreciation amount includes 14.7 million euros from the consolidation of GNL Quintero.

As a result, **EBIT** on 31 March 2017 amounted to **160.6 million euros**, up by **16.3%** year-on-year.

Financial Result

The **financial results** from Q1 registered a **positive balance of +12.7 million euros**. It should be noted that the financial results for global integration from Q1 includes accounting effects deriving from the consolidation of GNL Quintero for the amount of 52.4 million euros. This positive effect is due to: I) the revaluation of the first acquisition made at Quintero in 2012 according to the valuation carried out on purchases made in 2016 and II) Conversion differences.

To compare with Q1 2017, excluding these effects, the stand alone financial results would have amounted to -27 million euros, compared to the -24.8 million euros registered in Q1 2016.

Net result from equity affiliates

Contribution from affiliated companies using the equity method amounted to 17.0 million euros, which is a similar figure to the 17.4 million euros registered in Q1 2016, but without including the contribution from GNL Quintero since it contributes by global consolidation.

In stand alone terms, contribution from net profit by affiliates was 21.6%.

Net profit

Profit after tax for the Enagás Group amounted to **156.3 million euros**, which is a **54.4% growth** year-on-year. Without taking into account the accounting effects deriving from the consolidation of GNL Quintero for the amount of 53.5 million euros, the growth of the stand alone net profit would be 1.6%.

Cash Flow and Balance Sheet

Consolidated Cash Flow Statement

Millions of euros (unaudited figures)	Jan-Mar 2016	Stand alone Q1 2017	Global I. Q1 2017
EBITDA	206.9	202.7	241.8
Tax	-0.3	-0.3	0.3
Interest	-23.6	-26.6	-50.8
Dividends received from affiliates	8.4	29.1	29.1
Adjustments	3.2	19.0	17.8
FUNDS FROM OPERATIONS (FFO)	194.5	224.5	238.2
Changes in working capital	-38.6	-7.5	-12.9
Trade debtors and other receivables	-6.5	15.8	17.4
Trade and other payables	-32.2	-23.3	-30.3
OPERATING CASH FLOW (OCF)	155.9	217.0	225.3
Net investment	-71.9	-263.1	-264.1
International business	-61.4	-43.3	-44.3
Business in Spain	-11.7	-7.4	-7.4
Other financial assets	0.0	-213.0	-213.0
Proceeds from disposals	1.2	0.6	0.6
FREE CASH FLOW (FCF)	84.0	-46.0	-38.7
Dividends paid	0.0	0.0	0.0
DISCRETIONAL CASH FLOW (DCF)	84.0	-46.0	-38.7
Maturity of long-term debt issued	-10.0	-214.2	-214.2
Total financing requirements before revolving credit facilities	74.0	-260.3	-253.0
Maturity of short-term debt issued	-258.6	-1,789.2	-1,789.2
Total financing requirements	-184.6	-2,049.4	-2,042.1
Long-term debt issues	0.0	0.0	0.0
Short-term debt issues	355.6	1,990.5	1,990.5
Net financing flows	87.0	-12.9	-12.9
Proceeds from/(payments for) equity instruments	0.0	0.0	0.0
Effect of changes in the consolidation method	0.0	0.0	243.1
NET CASH FLOWS	171.0	-59.0	191.4
Cash and cash equivalents at beginning of period	224.6	785.5	785.5
CASH AND CASH EQUIVALENTS AT END OF PERIOD	395.6	726.5	976.9

Balance Sheet

	December 2016	Stand alone Mar. 2017	Global Integration Mar.2017
ASSETS			
Total non-current assets	7,961.0	7,940.7	9,294.7
Intangible assets	76.4	72.5	1,084.2
<i>Goodwill</i>	25.8	25.8	219.7
<i>Other intangible assets</i>	50.6	46.7	864.4
Investment properties	24.9	24.9	24.9
Property, plant and equipment	5,002.9	4,945.9	5,798.0
Equity-accounted investments	1,871.0	1,851.1	1,309.3
Other non-current financial assets	916.2	973.7	975.1
Deferred tax assets	69.6	72.6	103.3
Current assets	1,287.0	1,198.3	1,469.1
Inventories	18.2	18.5	25.7
Trade debtors and other receivables	474.3	446.9	460.1
Other current financial assets	4.8	3.6	3.6
Other current assets	4.2	2.8	2.8
Cash and cash equivalents	785.5	726.5	976.9
GRAND TOTAL	9,248.0	9,139.1	10,763.8
LIABILITY			
Equity	2,462.9	2,365.5	2,650.7
Total Equity	2,373.7	2,278.0	2,331.5
Share capital	358.1	358.1	358.1
Reserves	1,737.2	1,822.7	1,822.7
Profit for the period	417.2	102.8	156.3
Interim dividend	-132.6	0.0	0.0
Treasury shares	-8.2	-8.2	-8.2
Other equity instruments	2.0	2.7	2.7
Net unrealised gains/(losses) reserve	74.6	70.5	48.0
Non-controlling interests (external partners)	14.7	15.0	271.1
Non-current liabilities	5,416.8	5,149.3	6,471.2
Non-current provisions	184.4	188.2	188.2
Non-current financial liabilities	4,888.7	4,622.5	5,632.7
<i>Bank loans</i>	1,657.3	1,382.2	1,382.2
<i>Bonds and other marketable securities</i>	3,106.8	3,119.8	4,127.5
<i>Long-term asset suppliers</i>	0.1	0.7	0.7
<i>Derivatives</i>	103.0	98.8	98.8
<i>Other long-term loans</i>	21.6	21.6	24.1
<i>Borrowings from related parties</i>	0.0	-0.7	-0.7
Deferred tax liabilities	297.5	292.4	604.1
Other non-current liabilities	46.2	46.2	46.2
Current liabilities	1,368.2	1,626.3	1,641.9
Current financial liabilities	1,194.2	1,433.7	1,441.7
<i>Bank loans</i>	399.4	655.8	655.8
<i>Bonds and other marketable securities</i>	505.0	508.2	516.2
<i>Derivatives</i>	17.3	16.0	16.0
<i>Other long-term loans</i>	272.5	253.7	253.7
Trade and other payables	174.0	192.6	200.2
GRAND TOTAL	9,248.0	9,139.1	10,763.8

Funds from Operations

FFO (Funds from Operations) at the end of the quarter amounted to 238.2 million euros. This figure is +22.4% higher year-on-year due to the greater amount of dividends from our subsidiaries and the effect of the global consolidation of GNL Quintero from 1 January 2017.

Investments

Net investments on 31 March 2017 were **264.1 million euros**. From this figure, 7.4 million euros are from the investment in Spain and 256.7 million euros are from the international investment in progress, highlighting the investment in TAP (Trans Adriatic Pipeline) for 42.4 million euros and the payment of guarantees associated to GSP (Gasoducto del Sur Peruano) for 213 million euros.

Net Debt

Stand alone net debt amounted to 4,913 million euros. Including the net debt of GNL Quintero (765 million euros), the **net debt of the Enagás Group as of 31 March 2017 stood at 5,678 million euros**.

It should be noted that the net debt at the end of 2016 already included the amount of the GSP guarantees for the amount of 221 million euros.

In stand alone terms, this debt represents a **Net Debt/EBITDA ratio adjusted by the dividends from our affiliates of 5.0x and a FFO/Net Debt ratio of 16.0%**.

It should be noted that the leverage ratios included by GNL Quintero for global integration (Net Debt/adjusted EBITDA: 5.5x and FFO/Net Debt 14.1%) are undervalued, since only one quarter of FFO and EBITDA has been consolidated and 100% of the GNL Quintero debt has been considered.

At 31 March 2017, 76% of the stand alone financial debt had been issued in euros, 23% in US dollars and 1% in Swedish krona. In addition, 23% is institutional debt, 64% is issued in capital markets and the remaining 13% is commercial paper.

As of 31 March 2017, **more than 80% of Enagás' net debt was fixed-rate** and the stand alone average net cost, without taking into account Quintero's cost of debt, was **2.3%**, similar to that registered in the same period of 2016. If we take into consideration that effect of the consolidation of GNL Quintero, the average net financial cost would be 2.8%

OPERATING HIGHLIGHTS

Demand

Domestic demand for natural gas as of 31 March 2017 was up +8.4% year-on-year.

Conventional demand remains strong and grew +7.2% on Q1 2016. The domestic/commercial sector has grown due to slightly cooler temperatures than in Q1 2016, whilst industrial demand increased by more than 4TW during the quarter, mainly due to the increase of cogeneration and new customers.

Demand for gas for the electricity industry grew by 16.5% in the first quarter of the year, influenced by lower hydro and wind power generation than that registered in the first three months of 2016.

SIGNIFICANT EVENTS

For the purposes provided for in Article 17 of Regulation (EU) No. 596/2014 regarding market abuse and in Article 228 of the Revised Text of the Securities Market Act, approved by Legislative Royal Decree 4/2015, of 23 October, Enagás immediately publishes and disseminates all relevant information to the market under the terms set forth by regulation. Enagás also sends the Comisión Nacional del Mercado de Valores (CNMV) (National Securities Market Commission) this information to be added to the corresponding official registry.

These communications are available on the CNMV website (www.cnmv.es) in the Relevant Facts section. As well as on the company's website (www.enagas.es) in the General Information/Relevant Facts section.

Enagás guarantees that the attached text regarding Relevant Facts from 2005 is exactly the same as that sent to and disseminated by the CNMV.

APPENDIX I: 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>Enagás' management model has borne the European Seal of Excellence 500+ EFQM since 2012.</p> <p>Enagás was also authorised as Ambassador of European Excellence in 2016.</p>
<p>ROBECOSAM Sustainability Award Gold Class 2017</p>	<p>Enagás has been a member of the Dow Jones Sustainability Index World (DJSI) since 2008. It was also named the Gas Utilities and Gold Class leader in the 2016 review.</p>		<p>Since 2008, the content of Enagás' Annual Report has been externally verified and drawn up under the AA1000APS standard and in accordance with the Global Reporting Initiative (GRI). The 2016 Annual Report has been submitted for the GRI Content Index Service: Exhaustive Conformity Option. Since 2012, it has been prepared according to the integrated reporting principles of the International Integrated Reporting Council (IIRC).</p>
<p>FTSE4Good</p>	<p>Enagás has been a member of the FTSE4Good index since 2006.</p>		<p>Enagás ranks 10th in the Global 100 index for 2017, and is recognised as the first Spanish company to be the global leader of the Gas Utilities sector.</p>
<p>ETHIBEL PIONEER ETHIBEL EXCELLENCE</p>	<p>Enagás has been a member of the Ethibel Pioneer and Ethibel Excellence Investment Registers index since 2009.</p>		<p>Enagás has been rated "B Prime" by Oekom since 2010, and in 2014 joined the Global Challenges Indexes for the first time.</p>
<p>MSCI 2017 Constituent MSCI Global Sustainability Indexes</p>	<p>Enagás has been a constituent of the MSCI Global Sustainability Indices since 2010.</p>		<p>Enagás has been involved in the CDP Climate Change program since 2009. In 2016 Enagás entered the "Climate A List" of the 193 best climate-change performers. It has also been involved in the CDP Supply Chain program since 2014 and the CDP Water program since 2015.</p>
<p>efr empresa</p>	<p>Enagás has been certified as a Family-Responsible Company since 2007 and maintains its "B+ Proactive" rating.</p>		<p>In 2016, Enagás was recognised for the sixth year running as being one of the Top Employers Spain, meaning the company was found to be one of the best companies to work for.</p>
	<p>Enagás holds the "Equality at Work Seal" from the Spanish Ministry of Health, Social Policy and Equality, first issued in 2010.</p>		<p>Enagás holds ISO 9001:2008 certification for its technical system (TSM), asset management, infrastructure development and information systems management processes.</p>
<p>bequal</p>	<p>In 2015, Enagás was awarded the Bequal seal for its commitment to the inclusion of people with disabilities.</p>		<p>Enagás holds ISO 14001:2004 certification for management of gas transmission and storage infrastructure processes, asset management, central laboratory and corporate headquarters. The Company's Huelva and Barcelona plants also have EMAS certification.</p>
<p>SSAE 16</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>		<p>The Occupational Risk Prevention Management System of the Enagás GTS, S.A.U., Enagás Internacional S.L.U., Enagás S.A. and Enagás Transporte S.A.U. companies of the Enagás Group hold OHSAS 18001:2007 certification. Enagás has been certified as a healthy workplace since 2015.</p>
<p>Member 2016/2017 STOXX ESG LEADERS INDICES</p>	<p>Enagás has been a member of the STOXX Global ESG Leaders index since 2011.</p>		<p>Enagás was added to the Euronext Vigeo World 120 and Euronext Vigeo Europe 120 indexes in 2016.</p>

APPENDIX II: Contact information

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