

2021 Results

22nd February 2022



Highlights	1
Main figures	2
Earnings Performance	3
Cash Flow and Balance Sheet	5
Operating Highlights	8
Environmental, Social and Governance	9
Public dissemination of privileged information and other relevant information	9
Appendix	10

Conference-call/Webcast:

February 22nd, 2022. 09.00 CET

Spanish telephone number:

Phone N^o: +34 91 901 16 44 / Pin Code: 829156#

Phone N^o: +44 (0) 20 3936 2999 / Pin Code: 829156#

English telephone numbers:

Spain: +34 91 901 16 44 / Pin Code: 002327#

UK: +44 (0) 20 3936 2999 / Pin Code: 002327#

www.enagas.es

Highlights

2021 Results

- ⚡ The regulated revenues for 2021 and their comparison with those recorded in 2020 are influenced by the entry into force of the new **retributive framework 2021-2026, closed after the publication of Circular 8/2020 and Royal Decree 1184/2020.**
- ⚡ **Net income** at 31 December 2021 reached **403.8 million euros**, exceeding the objective set for 380 million euros.
- ⚡ **The dividend for 2021**, which will be laid before shareholders at the next Annual General Meeting, will be **1.70 euros per share, gross, up 1% in the year**, in line with the Company's strategy.
- ⚡ The **results from affiliates as at 31 December 2021 amounts to 217.6 million euros** (2020: 174.8 million euros), giving a **contribution to the net profit of 40.4% in 2021.**
- ⚡ **Funds from operations (FFO)** at 31 December 2021 was **700.7 million euros, +1.9% higher** to that obtained in 2020.
- ⚡ The **increase in FFO** is explained, among other effects, by the **dividends received from affiliates, which at 31 December 2021 amounted to 161.1 million euros.** Of this amount, 22.8 million euros corresponds to the distribution of a dividend by Tallgrass Energy charged to the 2020 financial year and collected in 2021.

In addition, the cash flow generation includes the **true-up at TAP after reaching the Financial Completion Date on 31 March, in the amount of 38.1 million euros**, as well as 13.2 million euros as repayment of debt and equity by affiliates.

In 2021, the affiliates' total contribution to cash flow was 213 million euros, an increase of 67.5% compared to 2020 (127 million euros) and reflecting the excellent performance of these companies.

- ⚡ The **strong free cash flow generation** in 2021 (680.5 million euros), enabling **the payment of the complementary dividend for 2020** (amounting to 265.3 million euros) **and in December the payment of the interim dividend for 2021** (for an amount of 178.7 million euros); additionally, it has **reduced the net debt, which as of 31 December 2021 stood at 4,277 million euros.**
- ⚡ The **financial cost** of debt at 31 December 2021 was **1.7%**. The **FFO/ND ratio at 31 December 2021** stood **at 16.4%**.
- ⚡ The Company has a **solid liquidity situation**, which at the end of the fourth quarter amounted to **3,300 million euros** between treasury and undrawn lines of credit.

The credit rating agency Standard & Poor's has changed Enagás' rating from BBB+ negative outlook to BBB with a stable outlook. It is worth noting that last December, the credit rating agency Fitch reaffirmed the Group's credit rating at BBB+, improving the outlook to "stable".

- ⚡ **Natural gas demand** shows a **positive increase of +5.1%** at 31 December 2021 compared to the same period of the previous year. This is mainly due to the increase in conventional demand (+6.2% vs the same period in 2020).
- ⚡ Enagás maintains its leadership in the main sustainability indices, notably the **Dow Jones Sustainability Index World**, in which it has obtained the **Bronze Class** classification in the Gas Utilities sector, and inclusion in the **A List 2021 of CDP Climate Change**. In addition, it has achieved the highest ESG rating in its sector in the **FTSE4Good** sustainability index and remains in **Bloomberg's Gender Equality Index**.

Main highlights

Income Statement

January - December (millions of €)	2020	2021	Var. 20-21
Total revenue	1,084.0	991.2	-8.6%
EBITDA	942.9	895.3	-5.1%
EBIT	614.6	583.4	-5.1%
Net income	444.0	403.8	-9.0%

Balance sheet and leverage ratios

	Dec-2020	Dec-2021
Net Debt (millions of €)	4,288	4,277
Net Debt / EBITDA ⁽¹⁾	4.8x	5.1x
FFO/Net Debt	16.0%	16.4%
Financial cost of debt	1.9%	1.7%

(1) EBITDA adjusted for dividends obtained from affiliates

Cash flow and investments

January - December (millions of €)	2020	2021	Var. 20-21
Funds From Operations	687.4	700.7	1.9%
Dividends received from affiliates	118.3	161.1	36.2%
Net investment	-859.2	-59.7	-93.1%

Following the Guidelines on alternative performance measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es), the corporate website contains a glossary of definitions and a reconciliation with the items presented in the financial statements for certain alternative financial measures used in this document.

Earnings Performance

Income Statement

Millions of euros (unaudited figures)	2020	2021	Var. 20-21
Income from regulated activity	1,016.3	967.6	-4.8%
Other operating income	67.8	23.6	-65.2%
Total revenue	1,084.0	991.2	-8.6%
Personnel expenses	-126.7	-129.7	2.4%
Other operating expenses	-189.2	-183.7	-2.9%
Operating Expenses	-315.9	-313.4	-0.8%
Share Affiliates	174.8	217.6	24.4%
EBITDA	942.9	895.3	-5.1%
Amortisation and depreciation	-277.3	-257.6	-7.1%
PPA	-51.1	-54.3	6.3%
EBIT	614.6	583.4	-5.1%
Financial results	-67.7	-83.4	23.2%
Corporate income tax	-102.0	-95.3	-6.5%
Profit attributed to non-controlling interests	-0.9	-0.8	-11.6%
Net income	444.0	403.8	-9.0%

Operating income

Total revenues at 31 December 2021 reached 991.2 million euros, which represents a decrease of -8.6% with respect to the same period in 2020. Said variation is mainly a consequence of the entry into force of the new regulatory framework 2021-2026 and the termination of the Al-Andalus and Extremadura contract.

Operating expenses

Operating expenses at the end of 2021 reached -313.4 million euros, **0.8% lower than the accumulated amount in the same period the previous year.**

Results from affiliates

The results from affiliates as at 31 December 2021 amounts to 217.6 million euros (2020: 174.8 million euros), giving a contribution to the net profit of 40.4% in 2021.

EBITDA

EBITDA at 31 December 2021 reached **895.3 million euros, 5.1% lower** than that obtained on the same date of the 2020 financial year.

Amortisation of fixed assets

Amortisation of fixed assets has decreased by 7.1% compared to the same period the previous year.

The amortisation line of the PPA (purchase price allocation) has increased compared to 2020 (+6.3%), as a consequence of acquisition of the second phase of Tallgrass Energy in April 2020.

Thus, **EBIT** at 31 December 2021 was **583.4 million euros, -5.1% less** than that registered in the same period of 2020.

Financial Results

The financial result obtained at 31 December 2021, registered a negative balance of **-83.4 million euros**, compared to the -67.7 million euros recorded at the end of the first half of 2020. The financial result for the first quarter of 2020 included a non-recurring effect of 18.4 million euros originated by positive exchange differences generated by the purchase of dollars made for the Take Private of Tallgrass Energy.

Net income

Net Income at 31 December 2021 reached **403.8 million euros**, exceeding the objective set for 380 million euros.

Cash flow and balance sheet

Consolidated cash flow statement

Millions of euros (unaudited figures)	2020	2021
EBITDA	942.9	895.3
Results from affiliates	-174.8	-217.6
Tax	-104.8	-64.1
Interest	-82.8	-70.0
Dividends received from affiliates	118.3	161.1
Adjustments	-11.4	-4.0
FUNDS FROM OPERATIONS (FFO)	687.4	700.7
Changes in working capital	39.4	39.5
OPERATING CASH FLOW (OCF)	726.8	740.2
Net investment	-859.2	-59.7
International business	-766.9	43.1
Business in Spain	-92.3	-102.8
FREE CASH FLOW (FCF)	-132.4	680.5
Dividends paid	-427.6	-444.0
Exchange rate effect	-0.5	2.9
DISCRETIONAL CASH FLOW (DCF)	-560.5	239.4
Financing flows	325.2	341.1
Maturity of long-term debt	-122.3	-153.4
Debt issues	496.1	486.3
Issue/maturity of policies and ECPS	-48.5	8.1
Capital increase	0.0	0.0
Proceeds from/(payments for) equity instruments	0.0	0.0
Effect of changes in the consolidation method	0.0	0.0
NET CASH FLOWS	-235.3	580.5
Cash and cash equivalents at start of period	1,099.0	863.7
CASH AND CASH EQUIVALENTS AT END OF YEAR	863.7	1,444.2

Balance sheet

<u>ASSETS</u>	Dec. 2020	Dec. 2021
Total non-current assets	7,786.3	7,957.5
Intangible assets	74.6	86.6
<i>Goodwill</i>	23.2	23.2
<i>Other intangible assets</i>	51.4	63.4
Investment property	19.0	18.7
Property, plant and equipment	4,430.4	4,428.6
Equity-accounted investments	2,658.4	2,789.7
Other non-current financial assets	602.5	632.6
Deferred tax assets	1.4	1.3
Current assets	1,222.6	1,916.3
Total non-current assets held for sale	1.8	29.7
Inventory	21.4	26.4
Trade debtors and other short-term debts	322.6	395.1
Short-term financial investment	7.5	13.5
Other current assets	5.8	7.6
Cash and cash equivalents	863.7	1,444.2
TOTAL LIABILITIES	9,008.9	9,873.7
<u>EQUITY AND LIABILITIES</u>		
Equity	3,007.0	3,101.7
Total equity	3,192.7	3,158.4
Subscribed share capital	393.0	393.0
Share premium	465.1	465.1
Reserves	2,074.4	2,080.2
Treasury shares	-12.5	-12.5
Profit for the period	444.0	403.8
Interim dividend	-175.7	-177.8
Other equity instruments	4.4	6.5
Valuation adjustments	-202.7	-73.0
Non-controlling interests (external owners)	17.0	16.2
Non-current liabilities	5,416.7	5,299.8
Non-current provisions	253.9	292.4
Non-current financial liabilities	4,962.0	4,808.9
<i>Bank loans</i>	1,165.6	1,664.8
<i>Bonds and other marketable securities</i>	3,432.3	2,700.0
<i>Non-current payables to fixed asset suppliers</i>	0.3	0.4
<i>Derivatives</i>	44.1	2.2
<i>Other long-term loans</i>	319.8	441.5
Deferred tax liabilities	160.9	160.3
Other non-current liabilities	39.9	38.2
Current liabilities	585.3	1,472.2
Current provisions	2.2	0.7
Current financial liabilities	289.1	1,056.1
<i>Bank loans</i>	172.7	113.1
<i>Bonds and other marketable securities</i>	41.7	781.8
<i>Derivatives</i>	11.2	86.1
<i>Other long-term loans</i>	63.5	75.2
Trade and other payables	293.9	415.4
TOTAL LIABILITIES	9,008.9	9,873.7

Operating cash flow

Funds from operations (FFO) at 31 December 2021 was 700.7 million euros, 1.9% higher than that obtained in 2020. This increase is explained, among other effects, by a higher volume of dividends received from affiliates, which at 31 December 2021 amounted to 161.1 million euros. This figure includes the 22.8 million euros of the Tallgrass Energy dividend corresponding to the 2020 financial year and collected in February 2021.

Investments

The figure for **net investment** at the end of 2021 amounted to **59.7 million euros**, and mainly includes investment in the domestic business, with part of this investment having been earmarked for adapting Enagás' infrastructures to demand and the energy transition.

Net of the investment amount, this includes the true-up made in TAP after reaching the Financial Completion Date on 31 March, amounting to 38.1 million euros, as well as 13.2 million euros as debt and capital repayment by the affiliates.

Net Debt

The strong free cash flow generation in 2021 (680.5 million euros), enabling the payment of the complementary dividend for 2020 (amounting to 263.58 million euros) and in December the payment of the interim dividend for 2021 (for an amount of 177.81 million euros); additionally, it has reduced the net debt, which as of 31 December 2020 stood at 4,288 million euros.

The evolution of debt in the fourth quarter includes an increase of 123 million euros due to the IFRS 16 update as a result of the renewal of the fibre optic lease contract, reaching 460 million euros (vs 336 million euros) at 31 December 2021.

FFO/ND at the close of the fourth quarter 2021 was 16.4%, while the Net Debt/EBITDA ratio adjusted for dividends received from affiliates increased to 5.1x.

The debt type at 31 December 2021 was as follows: 10% is institutional debt, 61% was issued in capital markets, 21% is commercial bank borrowings and the remaining 8% is leases (IFRS 16). 68% of the debt accounted for is issued in euros and the remaining 32% in dollars (USD).

Over 80% of debt is fixed rate.

The financial cost at 31 December 2021 was 1.7%.

Liquidity

The Company has a solid liquidity situation, which at the end of the fourth quarter 2021 amounted to 3,300 million euros between cash and undrawn lines of credit.

Liquidity	Dec. 2021	Dec. 2020	Current maturity
Treasury	€1,444 M	€864 M	
Club Deal	€1,500 M	€1,500 M	December 2026 (**)
USD Lines	€355 M	€109 M	January 2023
TOTAL	€3,300 M	€2,473 M	

(**) Of this amount, 19% matures in 2025

OPERATING HIGHLIGHTS

Demand

Very positive performance of total natural gas demand, supported by conventional demand, which represents 76.1% of total demand in the country. **Natural gas demand** at 31 December 2021 reached 378.4 TWh, +5.1% higher than the same period the previous year.

The demand for conventional natural gas (industrial and residential demand), which represents 76.1% of the demand for natural gas in Spain, reached **288.1 TWh at the end of the fourth quarter of 2021, + 6.2% higher than in the same period in 2020.**

Residential demand grew **+6.9%** at the end of the fourth quarter of the year compared to the same period of the previous year, mainly due to the impact of Storm Filomena during the first fortnight of 2021.

Industrial demand grows by +5.9%, compared to the fourth quarter of 2020.

The **demand for natural gas for power generation** at the end of the fourth quarter of 2021 increased by +1.6% vs the same period of the previous year, mainly due to a lower contribution from hydro and nuclear production.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Sustainability

Enagás maintains its leading position in the main sustainability indices, notably the **Dow Jones Sustainability Index World** in which it obtained the Bronze Class classification in the Gas Utilities sector, and the awarding of the **classification and the highest ESG rating in its sector in the FTSE4Good sustainability index**.

In terms of climate action, Enagás is included in the '**A List**' **2021 of CDP Climate Change**. Along these lines, Enagás has increased the level of ambition of its emissions reduction targets in line with the 1.5°C scenario and has defined targets relating to the decarbonisation of its value chain (scope 3). In addition, it has obtained the Gold Standard qualification in the OGMP 2.0 initiative, led by UNEP, on methane emissions. The company is committed to achieving carbon neutrality by 2040 and by 2021 it reduced emissions by 53% compared to 2018.

Enagás has been recognised for its people management and gender equality model, and has maintained its position in the **Gender Equality Index de Bloomberg** index, while maintaining **Top Employer** certification, as well as in Actualidad Económica's ranking of the 100 best companies to work for and Merco's 100 Most Talented Companies.

PUBLIC DISSEMINATION OF INSIDE INFORMATION AND OTHER RELEVANT INFORMATION

In accordance with article 226 of Royal Legislative Decree 4/2015 of 23 October, which approves the revised text of the Securities Market Law, Enagás communicates to the CNMV, as soon as possible, the inside information that concerns it directly referred to in Article 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014.

In accordance with article 227 of Royal Legislative Decree 4/2015 of 23 October, which approves the revised text of the Securities Market Law, Enagás also communicates to the CNMV the other financial or corporate information regarding the company itself or its securities or financial instruments that any legal or regulatory provision requires it to make public in Spain or that it deems necessary, due to its special interest, to spread among investors.

Enagás communicates inside information and other relevant information for public dissemination through the specific communication and publication channels developed by the CNMV for this purpose.

APPENDIX I: CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Indexes, certifications and assessment agencies

	<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 index since 2013.</p>		<p>Enagás' management model has held the EFQM 500+ European Seal of Excellence since 2012. In 2021, Enagás obtained the EFQM 700+ European Seal of Excellence. Enagás was recognised as an Ambassador of European Excellence in 2020.</p>
<p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p> <p>Sustainability Award Bronze Class 2022</p> <p>S&P Global</p>	<p>Enagás has been a member of the Dow Jones Sustainability Index World (DJSI) since 2008. In 2022 it was awarded Bronze class status.</p>		<p>Since 2008, the content of Enagás' Annual Report has been externally verified and drawn up under the AA1000APS standard and the Global Reporting Initiative (GRI) reporting framework. Since 2012, it has been prepared under the integrated reporting principles of the International Integrated Reporting Council (IIRC). From 2020 it will be prepared according to SASB (Sustainability Accounting Standards Board) standards for the Oil & Gas – Midstream sector.</p>
	<p>Enagás has been participating in the CDP Climate Change programme since 2009 and the CDP Water programme since 2015. In 2021 it was included in the A List of leading companies in climate change management and recognised as one of the leading companies for its commitment to its value change.</p>		<p>ISS upheld its B Prime rating of Enagás, issued in 2010.</p> <p>Enagás has been a constituent of the MSCI Global Sustainability Indices since 2010 and has a AA rating.</p>
	<p>Enagás has been certified as a Family Responsible Company (FRC) since 2007 and obtained the Excellence A level in the 2019 recertification process.</p>		<p>Enagás has been a member of the FTSE4Good index since 2006.</p>
	<p>Enagás holds ISO14001 certification for management of gas transmission and storage infrastructure processes, asset management, central laboratory and corporate headquarters. In addition, it holds ISO50001 certification for management of gas transmission and storage infrastructure processes, asset management, central laboratory and corporate headquarters. The Company's Huelva and Barcelona plants and storage facilities at Serrablo and Yela have secured EMAS certification. In 2021 it obtained Aenor's Zero Waste certification</p>		<p>Enagás has been one of the Top Employers Spain since 2010.</p> <p>Enagás holds ISO 9001:2015 certification for its technical management of the system (GTS), asset management, infrastructure development and information systems management processes. The company is also SSAE 18 certified for its Security of Supply in the System / Technical Management of Underground Storage processes.</p>
	<p>Enagás certifies its carbon footprint yearly according to the ISO14064 standard and has the Calculo+Compenso+Reduzco seal by annually registering its carbon footprint with the Ministry for the ecological transition. In addition, it has voluntary emission offset certificates for its regasification plants, corporate headquarters and fleet.</p>		<p>The Occupational Risk Prevention Management System of the companies Enagás GTS, S.A.U., Enagás Internacional S.L.U., Enagás S.A. and Enagás Transporte S.A.U. belonging to the Enagás Group is ISO 45001 certified. Enagás has also been certified as a healthy workplace since 2015 and has ISO certification for road safety (ISO 39001) and information security (ISO 27001).</p>
	<p>In 2015, Enagás was awarded the Bequal seal for its commitment to the inclusion of people with disabilities. In 2019 it obtained Bequal Plus recognition.</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 has been on the Bloomberg gender equality index since 2019.</p>		<p>In 2020 Enagás received the "Certification of the Action Protocol against COVID-19" from AENOR, which recognises the effort made by the company to protect the health and safety of its professionals against the pandemic.</p>

APPENDIX II: CONTACT DATA

Corporate website:

www.enagas.es

Investor Relations contact details:

Tel: +34.91.709.93.30

Email: investors@enagas.es

Address: Paseo de los Olmos, 19, 28005 Madrid