

3Q2022 Results

25th October 2022



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Conference-call/Webcast:

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Spanish telephone number:

Spain: +34 91 901 16 44 / Pin Code: 868187#

UK: +44 (0) 20 3936 2999 / Pin Code: 868187#

English telephone numbers:

Spain: +34 91 901 16 44 / Pin Code: 614703#

UK: +44 (0) 20 3936 2999 / Pin Code: 614703#

www.enagas.es

Highlights

Results for the Third Quarter of 2022

- ⚡ **Very positive performance in the first nine months of the year**, paving the way for achieving all the targets set for 2022.
- ⚡ **Net profit at September 30 amounted to €353.4 M (+15% compared to September 30, 2021)** and is in line to reach the annual target for net profit (€380-390 M).
- ⚡ This result includes the **capital gains generated in the asset rotation process** announced by the company in the 2022-2030 Strategic Plan and materialised at September 30:
 - On July 20, 2022, the **sale** of the 45.4% stake in **GNL Quintero** was completed, generating a gross capital gain of €249 M*.
 - On July 20, **the Hy24 Fund, through Clean H2 Infra Fund, took a stake in Enagás Renovable** as a financial partner with an initial stake of 30%. The transaction has generated a net capital gain of €50.4 M.
- ⚡ The **contribution from affiliates** amounted to **€153.9 M**, as a result of the good performance of the affiliates TGP and TAP.
- ⚡ The **financial result** at September 30, 2022 (+€104.5 M) includes the aforementioned capital gains as well as the impairment of Tallgrass Energy, recorded in the second quarter of 2022, amounting to €133.8 M.
- ⚡ The figure for **cash flows from operations (FFO)** as of September 30, 2022 was **€507.8 M**. This figure includes **dividends received from affiliates, which at September 30, 2022 amounted to €118.8 M, reflecting an increase of +3.5%** compared to the same period of the previous year, mainly due to a different timing in the dividends received from TLA Altamira and TGP.
- ⚡ As of September 30, **net debt has been reduced** from €4,277 M in December 2021 to **€3,583 M**. The financial cost of debt stood at 1.7%, in line with that of December 2021. **More than 80% of Enagás' debt is at a fixed rate, which allows the company to mitigate the impact of current interest rate movements.** The **FFO/ND ratio as at September 30, 2022 was 18.3%**.
- ⚡ The Company has a **solid liquidity position**, which at the end of the third quarter amounted to **€3,632 M** between treasury and undrawn lines of credit.
- ⚡ In the context of the asset rotation programme announced by the company in the Strategic Plan, on October 19, Enagás closed the **sale of 5%** of Enagás Renovable to **Navantia**. Following this latest sale, Enagás holds a 60% stake in Enagás Renovable. Enagás' shareholding in its subsidiary Enagás Renovable complies with applicable sector legislation, as well as with the CNMC requirements regarding the separation of activities.

Note*: Net capital gain on the sale of GNLQ €135 M: Gross capital gain €249 M - Corporate tax on capital gain - €67 M (booked in 3Q22) - Taxes on repatriation of cash - €47 M (to be booked in 4Q22). The exchange rate of the operation is €1=USD1.0251.

- ⚡ **Gas demand and exports grew by 8.2% in the first nine months of the year.**
- ⚡ On July 7, following approval at the General Shareholders' Meeting, a complementary **dividend** of €1.02 gross per share was paid for 2021, in line with the annual commitment for 2021 to distribute **€1.70 gross per share**, which means an **increase of 1% per annum**, in line with the company's strategy.
- ⚡ **Enagás maintains its leadership in the main sustainability indices**, notably the **Dow Jones Sustainability Index World**, in which it has obtained one of the **highest scores in its sector** according to the evaluation carried out by S&P Global on September 23, 2022. Enagás is also included in **CDP Climate Change's A List 2021**, has obtained the **highest ESG rating in its sector** in the **FTSE4Good sustainability index** and remains in **Bloomberg's Gender Equality Index**.

Key figures

Income statement

January-September (€M)	3Q 2021	3Q 2022	Var. 21-22
Total revenues	722.3	714.9	-1.0%
EBITDA	670.1	605.1	-9.7%
EBIT	439.0	367.7	-16.2%
Net Profit	307.3	353.4	15.0%

Balance sheet and leverage ratios

	Dec.-2021	Sep.-2022
Net Debt (€M)	4,277	3,583
Net Debt / EBITDA ⁽¹⁾	5.1x	4.5x
FFO/Net Debt	16.4%	18.3%
Financial cost of debt	1.7%	1.7%

(1) EBITDA adjusted for dividends received from affiliates

Cash Flow and Investments

January-September (€M)	3Q 2021	3Q 2022	Var. 21-22
Funds From Operations	553.2	507.8	-8.2%
Dividends from affiliates	114.8	118.8	3.5%
Net investments	-52.5	585.4	n.a.

In accordance with the Guidelines on alternative performance measures published by the European Securities and Markets Authority on October 5, 2015 (ESMA/2015/1415es), a glossary of definitions and reconciliation with the items presented in the Financial Statements of certain alternative financial measures used herein is published on the corporate website.

Evolution of results

Income statement

Million euros (unaudited figures)	3Q 2021	3Q 2022	Var. 21-22
Income from regulated activities	704.2	701.5	-0.4%
Other operating income	18.1	13.4	-26.2%
Total income	722.3	714.9	-1.0%
Personnel expenses	-95.5	-105.6	10.5%
Other operating expenses	-120.4	-158.0	31.2%
Operating Expenses	-216.0	-263.6	22.1%
Results from affiliates	163.8	153.9	-6.1%
EBITDA	670.1	605.1	-9.7%
Depreciation and amortisation	-190.7	-196.9	3.2%
PPA	-40.4	-40.5	0.1%
EBIT	439.0	367.7	-16.2%
Financial result	-66.1	104.5	-258.1%
Corporate income tax	-64.9	-118.4	82.3%
Income attributable to minority interests	-0.6	-0.5	-24.5%
Net Profit	307.3	353.4	15.0%

Operating revenue

Regulated revenues at September 30, amounted to €701.5 M, -0.4% year-on-year.

Regulated revenues are reduced due to the implementation of the 2021-2026 regulatory framework, although the regulatory impact has been offset by the remuneration of audited expenses (~€30 M).

Other income amounted to 13.4 million euros.

Operating expenses

Enagás has intensified its efficiency plan to minimise the impact of inflation on the Company's manageable costs.

Operating expenses at the end of the first nine months of 2022 amounted to -€263.6 M.

It is worth noting that the **other operating expenses** line, as mentioned in the Operating income heading, reflects the increase in audited costs of ~€30 M, mainly electricity and CO₂ costs.

Personnel expenses increased by +10.5% to €105.6 M. This increase is mainly due to a non-recurring effect of severance payments (~€10 M).

It is also important to highlight the greater activity of the Company in 2022 compared to the first nine months of 2021, still affected by Covid 19.

Net of these effects, standardised operating expenses would increase by 3.5% compared to the same period last year, below current inflation levels.

Results from affiliates

The **contribution from affiliates** amounted to **€153.9 M**, as a result of the good performance of affiliates, mainly TGP, Saggas and TAP (due to a non-recurring negative adjustment included in 2021).

In addition, upon announcement of the sale of the stake in Gasoducto de Morelos, as of December 2021, this company is recorded as an "asset held for sale" and, therefore, its contribution is not consolidated. On the other hand, the stake in GNL Quintero has been recorded as "asset held for sale" from the announcement of its sale in March 2022 until July 21, the effective date of its sale.

In the first quarter of 2021, Tallgrass' contribution included a non-recurring result of €9 M mainly due to the extreme cold snap in February, with a positive impact on the contracting of Tallgrass infrastructure.

EBITDA

EBITDA at September 30, 2022 reached **€605.1 M**.

EBITDA adjusted for dividends at September 30, amounted to €570.0 M, in line with the €740 M target communicated by the company in its Strategic Plan.

Provisions for amortisation of fixed assets

Amortisation of fixed assets increased by +3.2% compared to the same period of the previous year.

The PPA (purchase price allocation) amortisation line is in line with 2021.

Financial result

The financial result as of September 30, 2022 amounted to €104.5 M and includes the following non-recurring impacts:

- The gross capital gain from the sale of GNL Quintero (+€249 M).
- The net capital gain from the sale of 30% of Enagás Renovable (+€50.4 M).
- The impairment of Tallgrass Energy, amounting to -€133.8 M.

The financial cost of debt at September 30, 2022 was 1.7%, in line with the financial cost of the first nine months of 2021.

Additionally, a tax is expected to be recorded during the fourth quarter of the year associated with the repatriation of cash for an amount of 44 million euros, as a result of the process of selling GNL Quintero.

Corporate income tax

Taxes amount to €118.4 M.

Corporate income tax reflects -€67 M associated with the sale process of GNL Quintero, booked in the third quarter of the year.

Net profit

Net profit as at September 30, 2022 **amounts to €353.4 M**. It is in line to achieve the annual net profit target communicated by the Company in its 2022-2030 Strategic Plan.

Funds generated and Balance Sheet

Consolidated Cash Flow Statement

Million euros (unaudited figures)	Q3 2021	Q3 2022
EBITDA	670.1	605.1
Results from affiliates	-163.8	-153.9
Taxes	-12.1	-3.4
Interests	-55.7	-57.7
Dividends from affiliates	114.8	118.8
Adjustments	-0.1	-1.1
FUNDS FROM OPERATIONS (FFO)	553.2	507.8
Change in operating working capital	145.5	106.8
OPERATING CASH FLOW (OCF)	698.7	614.6
Net investments	-52.5	585.4
International business	21.4	637.7
Business in Spain	-73.9	-52.2
FREE CASH FLOW (FCF)	646.2	1,200.0
Dividends paid	-265.3	-267.0
Effect of exchange rate changes	-1.8	64.2
DISCRETIONAL CASH FLOW (DCF)	379.1	997.3
Financing flows	-78.5	-967.4
Maturity of long-term debt	-105.5	-944.3
Debt issuance	0.1	0.0
Issuance/maturity of policies and ECPs*	26.9	-23.1
Capital increase	0.0	0.0
Proceeds/payments on equity instruments	0.0	-8.4
Effect of change in consolidation method	0.0	2.3
NET CASH FLOWS	300.6	23.8
Cash and cash equivalents at beginning of period	863.7	1,444.2
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,164.2	1,467.9

Balance sheet

ASSETS	Dec. 2021	Sep. 2022
Non-current assets	7,957.5	7,785.0
Intangible assets	86.6	74.8
<i>Goodwill</i>	23.2	14.9
<i>Other intangible assets</i>	63.4	59.9
Investment properties	18.7	18.7
Property, plant, and equipment	4,428.6	4,204.0
Investments accounted for using the equity method	2,789.7	2,762.3
Other non-current financial assets	632.6	723.6
Deferred tax assets	1.3	1.6
Current assets	1,916.3	1,777.6
Non-current assets held for sale	29.7	54.9
Inventories	26.4	34.4
Trade and other receivables	395.1	202.2
Other current financial assets	13.5	8.4
Other current assets	7.6	9.8
Cash and cash equivalents	1,444.2	1,467.9
TOTAL	9,873.7	9,562.6
<b style="text-decoration: underline;">EQUITY AND LIABILITIES		
Equity	3,101.7	3,511.5
Shareholder's equity	3,158.4	3,234.2
Subscribed capital	393.0	393.0
Issue premium	465.1	465.1
Reserves	2,080.2	2,038.0
Shares and stakes in treasury shares	-12.5	-18.4
Profit for the year	403.8	353.3
Interim dividend	-177.8	0.0
Other equity instruments	6.5	3.2
Adjustments for changes in value	-73.0	261.4
Minority interests (external partners)	16.2	15.8
Non-current liabilities	5,299.8	4,631.3
Non-current provisions	292.4	293.7
Non-current financial liabilities	4,808.9	4,143.8
<i>Bank loans</i>	1,664.8	1,410.6
<i>Bonds and other marketable securities</i>	2,700.0	2,312.1
<i>Long-term suppliers of fixed assets</i>	0.4	0.0
<i>Derivatives</i>	2.2	38.8
<i>Other financial liabilities</i>	441.5	382.2
Deferred tax liabilities	160.3	157.2
Other non-current liabilities	38.2	36.6
Current liabilities	1,472.2	1,419.8
Current provisions	0.7	0.3
Current financial liabilities	1,056.1	985.2
<i>Bank loans</i>	113.1	508.1
<i>Bonds and other marketable securities</i>	781.8	417.8
<i>Derivatives</i>	86.1	5.7
<i>Other financial liabilities</i>	75.2	53.6
Trade and other payables	415.4	434.3
TOTAL	9,873.7	9,562.6

Operating cash flow

The figure for **cash flows from operations (FFO)** at September 30, 2022 was **€507.8 M**. This figure includes **dividends received from affiliates**, which at September 30, 2022 **amounted to €118.8 M**, reflecting an **increase of +3.5% compared to the same period of the previous year**, mainly due to a different timing of the dividends received from TLA Altamira and TGP.

The **operating cash flow (OCF) as of September 30, 2022 was €614.6 M**, 12.0% down on 2021, the decrease being mainly due to the change in working capital of €106.8 M, which has worsened as a result of the different timing of collections compared to 2021.

Investment

The **net investment** figure at the end of the first nine months of 2022 amounted to **+€585.4 M**. This figure includes €86 M in investments.

In addition, it includes the cash inflow generated by the sale of GNL Quintero for +€639 M.

Net Debt

As of September 30, **net debt** has been reduced from €4,277 M in December 2021 to **€3,583 M**.

The **financial cost of debt stood at 1.7%**, in line with that of December 2021.

More than 80% of Enagás' debt is at a fixed rate, which allows the company to mitigate the impact of current interest rate movements.

The Company has a solid liquidity position, which at the end of the third quarter amounted to €3,632 M between treasury and undrawn lines of credit.

The **FFO/ND ratio at the end of the third quarter was 18.3%**, while the Net Debt/EBITDA ratio adjusted for dividends received from affiliates amounted to 4.5x.

The debt type at September 30, 2022 was as follows: 10% is institutional debt, 54% was issued in capital markets, 28% is commercial bank borrowings and the remaining 8% is leases (IFRS 16). Of the debt booked, 67% is issued in euros and the remaining 33% in US dollars (USD).

Liquidity

The Company has a solid liquidity position, which at the end of the third quarter of 2022 amounted to €3,632 M between treasury and undrawn credit lines.

Liquidity	Sep. 2022	Dec. 2021	Current maturity
Treasury	€1,468 M	€1,444 M	
Club Deal	€1.5 Bn	€1.5 Bn	December 2026 (**)
Operational lines	€664 M	€355 M	January-April 2023
TOTAL	€3,632 M	€3.3 Bn	

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

OPERATING HIGHLIGHTS

Demand

The **gas demand for electricity generation increased by +80.2%**, driven by **electricity exports to France and Portugal**. On July 13, it set an all-time record.

Gas exports to Europe via interconnections with France have increased by 14.1 TWh, due to the current European energy situation, **highlighting the importance of international interconnections in this context**.

Conventional demand decreased -17.3% at September 30, 2022, **affected by the decline in industrial demand**.

CORPORATE RESPONSIBILITY AND SUSTAINABLE MANAGEMENT

Sustainability

Enagás maintains its leadership in the main sustainability indices, notably the **Dow Jones Sustainability Index World**, in which it obtained one of the highest scores in its sector according to the evaluation carried out by S&P Global on September 23, 2022, and the **highest ESG rating in its sector in the FTSE4Good sustainability index**.

In terms of climate action, Enagás is included in the **CDP Climate Change A List 2021**. In this matter, Enagás is committed to achieving carbon neutrality by 2040 and has defined emission reduction targets in line with the 1.5°C scenario and targets relating to the decarbonisation of its value chain (Scope 3). In addition, the company has set targets for nature and biodiversity.

Enagás has approved its second Equality Plan and has been recognised with the A+ level of excellence in certification as a **Family-Responsible Company (FRC)**, a benchmark in work-life balance.

Enagás complies with good governance recommendations regarding the **separation of the roles of executive CEO and non-executive Chairman**, having assigned executive status to the sole figure of the CEO. It also complies with the recommendations associated with gender diversity on the Board, with **40% women**.

PUBLIC DISCLOSURE OF INSIDE INFORMATION AND OTHER MATERIAL INFORMATION

In accordance with article 226 of Royal Legislative Decree 4/2015, of October 23, approving the consolidated text of the Securities Market Act, Enagás notifies the CNMV, as soon as possible, of inside information that directly concerns it as referred to in article 17 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of April 16, 2014.

Pursuant to article 227 of Royal Legislative Decree 4/2015, of October 23, approving the consolidated text of the Securities Market Act, Enagás also notifies the CNMV of any other financial or corporate information relating to the company itself or to its securities or financial instruments that any legal or regulatory provision requires it to make public in Spain or that it considers necessary, due to its special interest, to disseminate to investors.

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

APPENDIX I: CORPORATE RESPONSIBILITY AND SUSTAINABLE MANAGEMENT

Indices, certifications and rating agencies

	<p>Enagás has been a member of the United Nations Global Compact since 2003. The Progress Report has been at GC Advanced Level since 2011. The company has also been listed on the Global Compact 100 index since 2013.</p>		<p>Enagás' management model holds the EFQM 500+ European Seal of Excellence since 2012. In 2021 Enagás was awarded the EFQM 700+ European Seal of Excellence.</p> <p>Enagás has also been recognised as an Ambassador of European Excellence 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 the Bronze class rating.</p>		<p>Since 2008, the Annual Report has been externally audited and drafted under the AA1000APS standard and the Global Reporting Initiative (GRI) framework. Since 2012, it has been written as per the principles of integrated reporting of the International Integrated Reporting Council (IIRC). Since 2020 it is drafted under the SASB (Sustainability Accounting Standards Board) reporting standard for the Oil & Gas - Midstream sector.</p>
	<p>Enagás has been a member of CDP Climate Change since 2009 and CDP Water 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 chain.</p>		<p>Enagás has held ISS's 'B Prime' rating since 2010.</p> <p>Enagás has been listed on the MSCI Global Sustainability Indices since 2010 and has an AA rating.</p>
	<p>Enagás has been certified as a Family-Responsible Company (FRC) since 2007, having obtained the Excellence A+ level in the 2022 recertification process.</p>		<p>Enagás has been a member of the FTSE4Good index since 2006.</p>
	<p>Enagás holds the ISO14001 certification for its gas transmission and storage infrastructure development, asset management, central laboratory and corporate headquarters. Enagás also holds the ISO50001 certification for its gas transmission and storage infrastructure development, asset management and corporate headquarters.</p> <p>The Huelva and Barcelona plants and Serrablo and Yela storage facilities hold EMAS verification. In 2021, it obtained Aenor's Zero Waste certification</p>		<p>Since 2010, Enagás has been recognised as one of the Top Employers in Spain, one of the best companies to work in.</p> <p>Enagás holds the ISO 9001:2015 certification for its processes of Technical Management of the System, Asset Management, Infrastructure Development and Information Systems Management. The company also holds SSAE 18 certification for Security of Supply of the System/Technical Management of Underground Storage Facilities Systems.</p>
	<p>Enagás certifies its carbon footprint each year in accordance with the ISO14064 standard and has the "Calculo, Reduzco y Compensate" (Calculate, Reduce and Compensate) seal by registering its carbon footprint annually with the Ministry for Ecological Transition.</p> <p>In addition, it has voluntary emission offset certificates for its regasification plants, corporate headquarters and fleet.</p>		<p>The Occupational Risk Prevention Management System for the Enagás Group Companies Enagás GTS, S.A.U., Enagás Internacional S.L.U., Enagás S.A. and Enagás Transporte S.A.U is certified under ISO 45001.</p> <p>Moreover, Enagás is certified as a healthy company since 2015 and holds the ISO 39001 road traffic safety management and ISO 27001 information security management certifications.</p>
	<p>In 2015 Enagás received the Bequal seal for its commitment to the inclusion of the disabled in the company. In 2019 it obtained the Bequal Plus recognition.</p>		<p>Enagás has held the "Equality in the workplace Award" since 2010, granted by the Ministry of Health, Social Services and Equality.</p>
	<p>Enagás has been included in the Bloomberg Gender Equality Index since 2019.</p>		<p>In 2020, Enagás received AENOR's 'Covid-19 Action Protocol Certification', which recognises the efforts made by the company to protect the health and safety of its employees in the face of the pandemic.</p>

APPENDIX II: CONTACT DETAILS

Corporate website:

www.enagas.es

Investor Relations Contact:

Telephone: +34.91.709.93.30

Email: investors@enagas.es

Address: Paseo de los Olmos 19. 28005 Madrid