



General Shareholders' Meeting 2016

Antonio Llardén: "Spain can contribute to the security of energy supply within the European Union"

- **Llardén set out the outlook for 2016-2020, in which there are expected to be investment opportunities in the midstream sector**
- **The 2015 results, outlined by the Chief Executive Officer, Marcelino Oreja, have allowed the company to meet its targets for the ninth year running**
- **The chairman, Antonio Llardén, underlined the company's commitment to achieving a 5% annual increase in the dividend by 2020**
- **Enagás continues to adopt the best Corporate Governance practices, in line with the recommendations of investors and proxy advisors**
- **Last year, the company expanded its workforce by 11%, increasing the number of women in executive positions by 30%**
- **The measures adopted in last years in the area of energy efficiency have allowed Enagás to reduce its carbon footprint by 47% in 2015**
- **The company has been recognised as a leader in the Gas Utilities sector in the Global 100 Most Sustainable Corporations in the World index, presented at the most recent World Economic Forum in Davos**
- **Marcelino Oreja highlighted the Enagás Corporate Entrepreneurship and Open Innovation Project, with a view to encouraging innovation, "a key strategic value for the future"**
- **The General Shareholders' Meeting gave its approval to all the proposed resolutions on the meeting agenda**

Enagás' Executive chairman, Antonio Llardén, today chaired the General Shareholders' Meeting which approved the 2015 financial statements, the management report and the other resolutions included on the agenda.



At the meeting, the Executive Chairman and the Chief Executive Officer, Marcelino Oreja, outlined the 2015 results and Enagás' targets and outlook of Enagás for the period from 2016 to 2020, as presented in February.

The Chief Executive Officer summarised the figures for 2015, a year in which Enagás recorded net profits of 412.7 million euros, representing an increase of 1.5% compared to the previous year. Marcelino Oreja stressed that with these results, Enagás has met its targets for the ninth year in a row, meaning that it is in "an excellent position to begin work on the targets set for the 2016-2020 Outlook".

2016-2020 Outlook

Antonio Llardén used his presentation to explain to the shareholders the company's outlook for 2016-2020, a period in which there are expected to be investment opportunities in the midstream sector arising from the development of gas markets.

Within this context, Enagás will invest an average of 400 million euros yearly up to 2020, taking as its basis its three key areas of international growth: take advantage of its experience as Transmission System Operator (TSO) in the European market, developing gas infrastructures in growth markets and consolidating its position as a world specialist in the liquefied natural gas (LNG) market.

Energy Union

Llardén underlined the fact that Spain is the country with the largest supply capacity in Europe, meaning that it can "make a decisive contribution to ensuring the security of gas supply of the continent", in line with the objective of the Energy Union, boosted by the European Union. To this end, Enagás is participating in two key projects: the Trans Adriatic Pipeline (TAP), which will supply gas to Europe from the Caspian Sea and the Midcat interconnection pipeline, which is expected to double export capacity from Spain through France.

Growth markets

The Executive Chairman also reminded that Enagás is also present in Peru, Mexico and Chile, "countries in which we expect to see a significant increase in the use of natural gas and, as a result, the development of new gas infrastructures to meet the growing demand". As far as the world LNG market is concerned, Antonio Llardén said that over the coming years there will be a new expansion in terms of capacity and availability at competitive prices, "ensuring that LNG



will have an increasingly important role in new sectors, above all in the transport sector". "With 45 years of experience, Enagás is well positioned to take full advantage of the growth opportunities that this market offers", he added.

In Spain, Enagás' forecast for 2016-2020 is that demand will increase at around 3% a year, mainly due to a greater penetration of gas in the energy matrix.

Llardén also said that Enagás' profits are expected to rise by an annual average of 2% over the next five years. "We also expect that the international investment that is already committed to will provide 25% of our net profit in 2020, while the total contribution from our affiliates will reach to 140 million euros", he said.

Shareholder remuneration

The General Shareholders Meeting approved a gross dividend of 1.32 euros per share for 2015, 5% higher than in 2014. As the Executive Chairman announced, once the dividend that has been paid has been deducted, the company will pay a further dividend of 0.79 euros per share in July.

Llardén added that one of the main priorities for the company is "to increase the dividend in a sustained and sustainable manner". Enagás will pay a dividend per share on 2016 profits of 1.39 euros, continuing the 5% annual increase over the next four years, with the dividend at the end of 2020 standing at 1.68 euros per share.

The Executive Chairman also highlighted the positive evolution of Enagás' share since 2007. Over this period it has increased by almost 50%, compared to the Ibex average which has fallen by 32%. As he has pointed out, if we take into account the dividends since then and the total shareholders' return has stood at 98%. He also reminded those attending the meeting that, within a general context of falling markets, "Enagás is one of the most resilient values".

Corporate Governance

Antonio Llardén went on to explain the Enagás Sustainable Management Plan to shareholders, with its commitment to ongoing improvement in three key areas: Corporate Governance, social and environmental.



In line with its commitment to good governance, the company has continued to make advances in compliance with international investor recommendations and proxy advisors. Among the measures adopted in 2015, Llardén highlighted the approval given to new policies regarding corruption, fraud and bribery, risk management, sustainability and good governance and fiscal responsibility.

The company expanded its workforce by 11% in 2015. It also strengthened its commitment to equal opportunities and diversity by increasing the number of women employees and those in management positions. In specific terms, the number of women in executive management posts rose by 30% in 2015. "With 25% of women executive managers and 23% of women as Board members, we are on the track to meet 2020 target of 30% women in the Board, established by the Good Governance's recommendations", the Chairman said.

The General Shareholders Meeting also approved the designation of Ernst & Young as the company's external auditor until 2018. This appointment is the result of a competitive process which has involved an internal procedure to control non-audit fees.

Commitment to action on climate change

As far as environmental aspects are concerned, the Executive Chairman underlined Enagás's commitment to combating climate change and to move toward the carbonisation, two areas in which energy efficiency plays a key role. As he mentioned, "Enagas has avoided this year 42,000 tonnes of CO2 emissions to the atmosphere and has reduced a 47% its carbon footprint, as a result of the last years' work in efficiency and reduction in emissions". Llardén also gave details of long-term Enagás' targets in this area: reduce emissions by 30% by 2018 and ensure that 35% of electrical energy consumed in 2020 is self-generated.

Leadership in sustainability

All of these measures have allowed Enagás to maintain its position as a world leader in sustainability. The company, ever-present in leading international indexes, has been recognised as a Gas Utilities sector leader in the Global 100 Most Sustainable Corporations in the World index, presented by the agency Corporate Knights at the most recent World Economic Forum in Davos. To be more exact, Enagás is currently in first position among Spanish companies and sixth in the world table.



A commitment to innovation

During his address, the company's Chief Executive Officer, Marcelino Oreja, reviewed the progress that Enagás has made in innovation, an area considered to be strategic for the future of the company. He made specific mention of Enagás Corporate Entrepreneurship and Open Innovation Project which was set up in 2015 and whose aims are to foster an innovation-focused culture within the company, ensuring a model of entrepreneurship and innovation in line with corporate strategy and the promotion of new uses for natural gas.

Marcelino Oreja said that "innovation is essential if we are to take full advantage of the new opportunities offered by our opening-up process and international development, such as those related to new uses of gas as a cleaner fossil fuel".

2016 targets

Enagás' Executive Chairman, Antonio Llardén, said that the company's 2016 targets were to return a growth in profits after-tax of 0.5%. The company also expects to invest 465 million euros, with the affiliates' dividend volume of around 65 million euros. All of this will be achieved at a net financial cost of around 2.7%.

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