

Enagás holds its General Shareholders' Meeting

Antonio Llardén: "The gas sector is ready to play a key role in the energy transition"

- The Chairman of Enagás elaborates on the challenges and strategic priorities for the coming years
- The Chief Executive Officer, Marcelino Oreja, highlights that Enagás met its targets in 2017, for the eleventh consecutive year
- The company reaffirms its commitment to increasing the dividend by 5% per year until 2020
- Enagás is working towards a low-carbon economy, and the company's infrastructure is prepared to carry renewable gases such as biogas and hydrogen
- The company upholds its leadership in sustainability and forms part of the leading sustainability indices
- All the items included on the agenda were approved at the GSM

Madrid, 22 March 2018. Enagás Executive Chairman, Antonio Llardén, today chaired the company's General Shareholders' Meeting, at which the 2017 accounts, annual report and the other items included on the agenda were approved.

Antonio Llardén explained to the shareholders the company's strategic priorities for the coming years, which are focused on sustainable growth, operational efficiency, a sound financial and liquidity position, and attractive shareholder remuneration.

The Chief Executive Officer, Marcelino Oreja, elaborated on the main figures for 2017, a year in which Enagás met – and even exceeded in certain cases – its targets for the eleventh consecutive year.

Shareholder remuneration

A total dividend per share of 1.46 euros was approved for 2017. Antonio Llardén reminded the shareholders that one of the company's priorities is to offer attractive and sustainable remuneration, and he reaffirmed its commitment to continue to increase the dividend by 5% per year until 2020.

Corporate Governance

The shareholders also endorsed the Board of Director's management and approved the reappointment of the Chairman, Antonio Llardén, and the Chief Executive Officer, Marcelino Oreja, as executive directors for a further four years. They also confirmed the reappointment of Isabel Tocino, Ana Palacio, Antonio Hernández Mancha and Gonzalo Solana as independent directors.

The appointment of the new independent director, Ignacio Grangel, was also approved, replacing Luis Valero Artola, who completes his term after four years as a member of the Enagás Board of Directors. Grangel is a State Lawyer and has broad experience in the energy sector. He is currently the Chairman of Omel and member of the Expert Committee on Energy Transition Scenarios, among other responsibilities. With this appointment, the Board of Directors retains its majority of independent directors.

Enagás continues to adopt best practices in Corporate Governance, which not only fulfils national guidelines, but also the most stringent international guidelines. The company is also boosting these types of actions in the international companies in which it has a stake in order to ensure the long-term sustainability of assets.

Future challenges

Antonio Llardén presented the shareholders the main challenges faced by Enagás in the future, which include regulation, the development of new activities related to the company's core business, international activity and energy transition; "a gradual but unstoppable process on which Enagás is already actively working".

The Chairman asserted that the transition towards a low-carbon economy "must be carried out in the most efficient way, always guaranteeing energy supply and competitiveness", and reaffirmed the intention of Enagás to contribute to this process with efficient, proactive and anticipative management. In this sense, he pointed out the environmental advantages of natural gas and the flexibility of gas infrastructure already in place, which is prepared to carry both natural gas and renewable gases, including biogas and hydrogen.

Gas interconnections

In his speech, Chairman Antonio Llardén also commented on “Spain’s key role in strengthening the security of Europe’s energy supply thanks to natural gas and gas interconnections”.

Those interconnections made it possible for the Spanish Gas System to supply natural gas to France, on 28 February and on 1 and 2 March, in response to a conjunction of different circumstances: very high demand for gas in Europe, caused by a cold snap; very low levels of gas storage on the continent, given that winter was nearing its end; and lower Spanish gas market prices than those recorded in neighbouring countries. This highlighted Spain’s position as a transit country for gas supplies to Europe, and the importance of interconnections in order to provide a secure and diversified supply.

In this respect, on 9 March of this year, the Spanish Council of Ministers approved the reinstatement of proceedings associated with the STEP project, for the purpose of increasing the capacity for interconnection with France via the Pyrenees. Antonio Llardén stated that the company is already taking the necessary steps to streamline this process.

Sustainability

Llardén also devoted part of his speech to discuss the actions Enagás is taking in terms of sustainability, “a priority area that is at the same time one of the company’s success factors”. The Chairman reminded shareholders of some of the acknowledgements received in 2017, such as the inclusion of Enagás on the Dow Jones Sustainability Index for the tenth year in a row, and the company’s presence in the RobecoSAM Sustainability Yearbook. “All of this is a recognition of the company’s unwavering commitment to sustainability,” he pointed out.

The role of natural gas

The Chief Executive Officer, Marcelino Oreja, made special mention of the fact that more than 31% of homes in Spain use natural gas, “a figure that will continue to grow”. He also pointed to the key part this energy source plays in the energy sector, which in 2017 accounted for 62% of total natural gas consumption in the country. According to Marcelino Oreja, “natural gas is the only fuel that is able to meet, efficiently and sustainably, the high demands for calorific power of certain intensive processes”, such as production of building

materials, paper, glass, etc. Also worthy of mention is its contribution to cogeneration, which allows heat and power to be produced in the same process, with efficiencies of up to 90%.

Marcelino Oreja also reminded shareholders that natural gas is being positioned as a sustainable fuel for both maritime and land transport.

Digitalisation and innovation

The Chief Executive Officer of Enagás explained to the shareholders the company's commitment to digitalisation and innovation, "two essential pillars for the future of the company".

Marcelino Oreja stressed that "the key to digitalisation is people", which is why Enagás is facilitating the adaptation of its professionals to this new model, by offering training and making them participants in the projects that are being implemented.

The Chief Executive Officer also presented the latest advances in the company's Open Innovation and Corporate Entrepreneurship Programme, Enagás Emprende. He explained that two new start-ups had recently been created with support from Enagás: Gas2Move, which aims to promote natural gas as an alternative fuel for transport through natural gas vehicles, and H2Gas, which will promote hydrogen as a new energy vector in a low-carbon economy.

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