

2019 first half results figures

Enagás results meet expectations

- The contribution from affiliates accounts for 30% of net profit, with significant input from international affiliates
- Demand for natural gas in the six-month period increased by 9.4% and is forecast to grow by 11% by the end of the year compared to 2018.
- The replacement of coal by natural gas for thermal power generation has allowed CO₂ emissions to be reduced by 24% compared to the same period of the previous year
- The company is preparing its observations on draft CNMC circulars in order to advocate regulatory review that will permit the energy sector to meet the needs of the energy transition
- Enagás expects to meet the targets set out in its 2019–2023 Strategic Plan thanks to the good performance of its international investments, the company's efforts in the field of operating efficiency and its financial soundness

Madrid, 30 July 2019. Enagás made a net profit of 216 million euros in the first half of 2019. These results are in line with the targets set for the year.

The contribution by affiliate companies to net profit in the first half of the year was 30%, with significant input from international affiliates.

The company invested €645 million in the first six months of the year. This figure largely corresponds to its acquisition of a stake in the American company Tallgrass Energy. Moreover, the company continued to invest in the Trans Adriatic Pipeline (TAP) project. This pipeline, which will connect Turkey with Italy via Greece and Albania, is 88.5% complete. Enagás has a 16% stake in this infrastructure project that is key to guaranteeing the security of Europe's energy supply.

Standalone net debt reported by Enagás at the end of the first half of the year was 4.117 billion euros, with more than 80% of the debt at a fixed rate. The company has no significant maturities until 2022.

Proposals for CNMC circulars

With regard to the draft circulars issued by the Spanish competition regulator CNMC on 5 July, Enagás has been preparing its observations in order to advocate coherent regulation that allows the energy sector to meet the needs of energy transition and the decarbonisation process.

The proper functioning of the Spanish Gas System – a model for guaranteeing supply and one of Europe’s most efficient – is essential in order to accelerate the European Union’s process of energy transition towards a decarbonised economy.

Strategic plan

Enagás expects to meet the targets set out in the company’s strategic plan until 2023 thanks to three factors: the exceptionally good performance of international investments; efforts made in the field of operating efficiency, which has placed Enagás among the most efficient TSOs in Europe; and financial soundness, with 80% of its debt at a fixed rate and with no significant maturities until 2022.

Gas demand

Spain’s total gas demand during the first half of 2019 increased by 9.4% compared to the same period in the previous year, essentially resulting from greater demand for electricity generation and increased industrial consumption.

Industrial demand, which accounted for 56% of total natural gas demand during this period, grew in this time by 3.8% to achieve the highest value ever recorded.

Gas demand for power generation increased by 65% in comparison with the first six months of 2018 owing to two factors: lower hydroelectricity generation and greater use of natural gas for thermal electricity generation compared to coal.

Demand for natural gas in Spain is expected to grow by 11% by the end of 2019 compared to that recorded in 2018.

Reduction in CO₂ emissions

The replacement of coal by natural gas for thermal power generation has allowed CO₂ emissions to be reduced by 24% in the first half of the year compared to the same period of the previous year.

This highlights the importance of coordination between the electricity and gas systems in a context of energy transition. Natural gas plays an essential role as a back-up for renewable energies and a key energy source for emissions reductions.

Infrastructure utilisation

Press release

The current competitiveness of gas prices and liquidity in the natural gas market is encouraging utilisation of Spanish gas infrastructure and is drawing attention to the flexibility in the Spanish Gas System.

During the first half of the year, with very high demand in Spain, the regasification rate at plants was 46% higher than the average of the previous five years, and LNG tank levels will be at their technical maximum during the months of August and September.

Communication and Public Affairs Office

(+34) 91 709 93 40

dircom@enagas.es

www.enagas.es

