

## Q1 2022 results

### **Enagás makes a net profit of 69.3 million euros, in line with the forecast for the quarter and with the targets for the year**

The company will present a strategic update in the coming months with a focus on decarbonisation and security of supply in Spain and Europe

- Estimated net profit for the end of the year will exceed 430 million euros. This figure includes capital gains from the asset rotation process initiated by the company
- In the first quarter Enagás announced an agreement to sell its stake in GNL Quintero in Chile and the entry of the Clean H2 Infra Fund in Enagás Renovable as a financial partner
- Once again, this quarter the financial cost of debt fell to 1.6%, and the cash flows generated ensured shareholder remuneration for this year of 1.72 euros per share, up by 1% on 2021
- The Gas System has operated at 100% technical and commercial availability levels. Vessel offloading has increased 69% over 2021, to 79.1 TWh, and regasification 81% (77.3 TWh)
- Exports to Europe through interconnections with France increased by a further 135% compared to 2021, reaching 1.3 TWh
- Spain has one of the most diversified energy supplies in the world. In the first quarter, the United States was the main source of natural gas arriving in the country, accounting for 37% of the total, followed by Algeria (26%) and Nigeria (14%)
- Total demand for natural gas in Spain in the first three months of 2022 was 110.8 TWh, 11.5% higher compared to the same period in 2021
- The increase in demand has also been seen in the other countries where Enagás operates, leading to positive results for the company's affiliates
- In Europe, *Trans Adriatic Pipeline (TAP)* –in which Enagás holds a 16% stake– continues to make an essential contribution to the guarantee and security of supply in Italy and Greece
- As a European TSO, Enagás is working with the Spanish government to make a decisive contribution to Europe's new energy roadmap, which is based on five pillars: storage, interconnections, biomethane, renewable hydrogen and alliances with neighbouring countries
- The European REPowerEU plan has major implications for the Spanish gas system and for Enagás, in a new context that reinforces the cooperative management of infrastructures and in which Spain is key to strengthening the resilience of the European energy system
- Enagás remains committed to achieving carbon neutrality by 2040 and its environmental, social and governance (ESG) practices are a fundamental pillar of the company

**Madrid, 26 April 2022.** Enagás made a net profit of 69.3 million euros in the first three months of the year. This result is in line with expectations for the quarter and with the objectives for 2022.

The estimated net profit target for the end of the year is more than 430 million euros. This figure includes capital gains from the asset rotation process initiated by the company. Excluding capital gains, the expected profit would be 360 million euros.

In 2022, Enagás will reduce net debt for the second consecutive year thanks to solid cash generation. The company has more than 80% of its debt at a fixed rate and excellent liquidity: 3,436 million euros as at March 31, 2022.

The cash flows generated allow it to guarantee a shareholder remuneration of 1.72 euros per share for 2022, which is up by 1% on 2021.

## **Asset rotation**

In the first quarter, Enagás announced two milestones related to the asset rotation process contemplated in its Strategic Plan: it has agreed to sell its stake in GNL Quintero in Chile and the entry of the Clean H2 Infra Fund in Enagás Renovable.

In Chile, on March 28, Enagás and Omers reached an agreement with EIG and Fluxys for the joint sale of 80% of their stake in GNL Quintero. Pending the conditions precedent inherent to this type of deal, Enagás has agreed to sell its 45.4% stake. This sale, which is expected to be completed in the second half of 2022, will result in a net capital gain of approximately 122 million euros.

Also during the first quarter of the year, an agreement was reached for the entry into Enagás Renovable's shareholding of the Clean H2 Infra Fund as a financial partner, with an initial stake of 30%, which will contribute a net capital gain of approximately 46.9 million euros. This fund is managed by Hy24, the world's largest clean hydrogen infrastructure investment platform, owned by Ardian and Five T Hydrogen.

At the end of 2021, the company reached an agreement to sell its 50% stake in the Morelos Pipeline, a deal that is pending closure.

## **100% availability of infrastructure**

In an exceptional context caused by the invasion of Ukraine by Russia and also following the closure of the Maghreb-Europe gas pipeline, the Spanish gas system is operating at 100% technical and commercial availability.

Enagás, in permanent coordination with the Ministry for the Ecological Transition and the Demographic Challenge, has taken measures to anticipate the situation and contribute to guaranteeing supply.

These measures have allowed ship unloading to increase in the first quarter in Spain by 69% compared to the same period in 2021, to 79.1 TWh, and regasification by 81%, to 77.3 TWh.

Spain has one of the most diversified energy supplies in the world. In the first quarter of the year, the supply of liquefied natural gas (LNG) from nine different countries of origin accounted for 70% of the country's gas supply.

During this period, the United States was the main supplier of natural gas to Spain, accounting for 37% of the total, followed by Algeria (26%) and Nigeria (14%).

Underground storage facilities in Spain were 82% full at the beginning of this winter and are currently at levels of approximately 60%.

As regards the reinforcement of natural gas supply to Europe, exports through interconnections with France in the first quarter of the year increased by 135% compared to the same period in 2021, reaching 1.3 TWh. In recent weeks the two interconnections with France have been operating at maximum capacity.

Vessel loading reached 3.9 TWh, 169% more than for the first quarter of 2021.

## **Demand growth**

Total demand for natural gas in Spain in the first three months of the year was very positive, reaching 110.8 TWh, 11.5% higher compared to the same period in 2021.

This growth has been driven by the increase in demand for electricity generation, which has risen 118.1% compared to the first three months of 2021, due to lower generation with wind, solar and hydro power since the beginning of 2022.

This positive evolution of total gas demand in Spain highlights the essential role of gas infrastructures.

## **International affiliates**

The increase in demand has also been seen in the other countries where Enagás operates, leading to positive results for the company's affiliates.

In Europe, the *Trans Adriatic Pipeline* (TAP) continues to make an essential contribution to the guarantee and security of supply in Italy and Greece. With 91% utilisation, it delivered 2.4 bcm of natural gas to Europe from Azerbaijan in the first three months of the year: 2.1 bcm to Italy – up 140% from Q1 2021 – and 0.3 bcm to Greece.

This infrastructure, which came into operation at the end of 2020 and in which Enagás holds a 16% stake, is transporting volumes of natural gas that already cover approximately 9% of natural gas demand in Italy and 20% in Greece.

As a key element of measures to reduce dependence on Russian gas, work is underway to increase transport capacity at TAP from 10 bcm to 20 bcm.

In the United States, Tallgrass Energy has experienced a good performance of the REX pipeline, which has recorded higher-than-expected short- and long-term procurement. The U.S. company is 30.2% owned by Enagás.

In Mexico, the TLA Altamira terminal, which reached a 10-year storage and regasification agreement with the Federal Electricity Commission (CFE) last year, has been an essential infrastructure to ensure continuity of supply in the country during the first quarter of 2022, with 100% availability.

Natural gas demand has also increased in Peru, up 13% compared to the first quarter of 2021.

During the first three months of the year, the affiliates have performed well, contributing 44.2 million euros to the company's results. In the comparison with 2021, a positive non-recurring result recorded at Tallgrass in the first quarter of last year must be taken into account.

## **Renewable gas projects**

As regards the promotion of renewable gases, the company has announced its participation in two important initiatives: first, the Catalina Project together with Copenhagen Infrastructure Partners (CIP), Naturgy, Fertiberia and Vestas, to produce hydrogen and green ammonia on a large scale in Spain, and second, the HyDeal Spain platform, promoted by Enagás, together with ArcelorMittal, Grupo Fertiberia and DH2 Energy, to supply renewable hydrogen for the production of green steel, green ammonia, green fertilisers and other low-carbon industrial products.

The company has also joined the SHYNE project, a large consortium of companies and institutions led by Repsol to promote renewable hydrogen.

In March, the Third Vice President of the Government of Spain and Minister for the Ecological Transition and the Demographic Challenge, Teresa Ribera, inaugurated in Mallorca the first industrial renewable hydrogen plant in Spain, as part of the Power to Green Hydrogen Mallorca project, spearheaded by Enagás and Acciona Energía, with the participation of IDAE and CEMEX.

## **Strategic update**

The current geopolitical context is transforming the global scenario and Europe is reorganising its priorities to guarantee energy supply, also speeding up decarbonisation targets.

The new European roadmap, marked by the REPowerEU plan and the conclusions of the European Council of last March, as well as by the package of measures on hydrogen and the decarbonisation of the gas market, published in December, is based on five pillars: storage, interconnections, biomethane, renewable hydrogen and partnerships with neighbouring countries.

Specifically, the approval of REPowerEU will mark a turning point in Europe's energy strategy and has one main objective: to increase the EU's energy security by boosting decarbonisation and drastically reducing dependence on Russian gas.

REPowerEU has major implications for the Spanish gas system and for Enagás, in a new context in which the cooperative management of infrastructures is strengthened and in which Spain is a key country for strengthening the resilience of the European energy system, both for its essential role in the diversification of gas supply and for its great potential for a rapid deployment of renewable hydrogen.

As a European TSO, Enagás is working together with the Government of Spain to make a decisive contribution to these European priorities, and will present a strategic update in the coming months that will focus on contributing to energy security in Spain and Europe, and to decarbonisation.

## **ESG Leadership**

Enagás is firmly committed to the ecological transition and has pledged to be carbon neutral by 2040. Its environmental, social and governance (ESG) practices are a fundamental pillar of the company. As a result of this work, Enagás is among the world's leading companies in climate action and year after year it sits atop sustainability indices and rankings.

Enagás is the only company in its sector in the world included in the CPD Climate Change A List and is included in the Dow Jones Sustainability Index World, where it has obtained the Bronze Class classification in the Gas Utilities sector. The company has obtained the highest ESG rating in its sector in the FTSE4Good sustainability index and remains on Bloomberg's Gender Equality Index.

# Press release



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