1Q2015 Results

21-April-2015

www.enagas.es

1Q 2015 Key figures

- Investments **€50.5M**
- Net Profit **€100.7M** (+1.0%)
- Net Debt **€4,023M**
- Cost of net debt **3.0%**
- National gas demand **+6.5%**

Key figures in line with the objectives set for 2015

Income statement

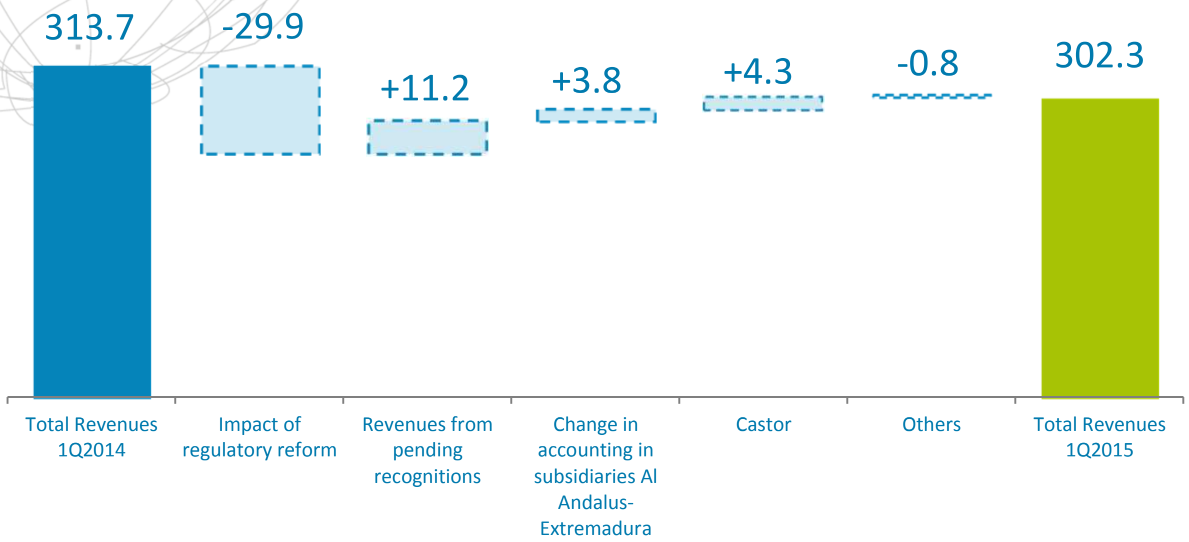
	1Q2014	1Q2015	Change%
Total revenues	313.7	302.3	-3.6%
Operating expenses	67.8	80.7	+19.1%
EBITDA	245.9	221.6	-9.9%
EBIT	162.8	147.4	-9.4%
Net Profit	99.7	100.7	+1.0%

- The growth in operating expenses is due to new activities, which have also provided new revenues
- Operating expenses in homogeneous terms with no variations compared to first quarter of 2014

Note: The results of the first quarter of 2015 include the effect of the measures contained in Royal Decree-Law 8/2014 in which the new methodology for calculating the remuneration of the regulated activities of transportation, regasification and underground storage facilities is set, while the results of the first quarter of 2014 are not affected by this regulatory change.

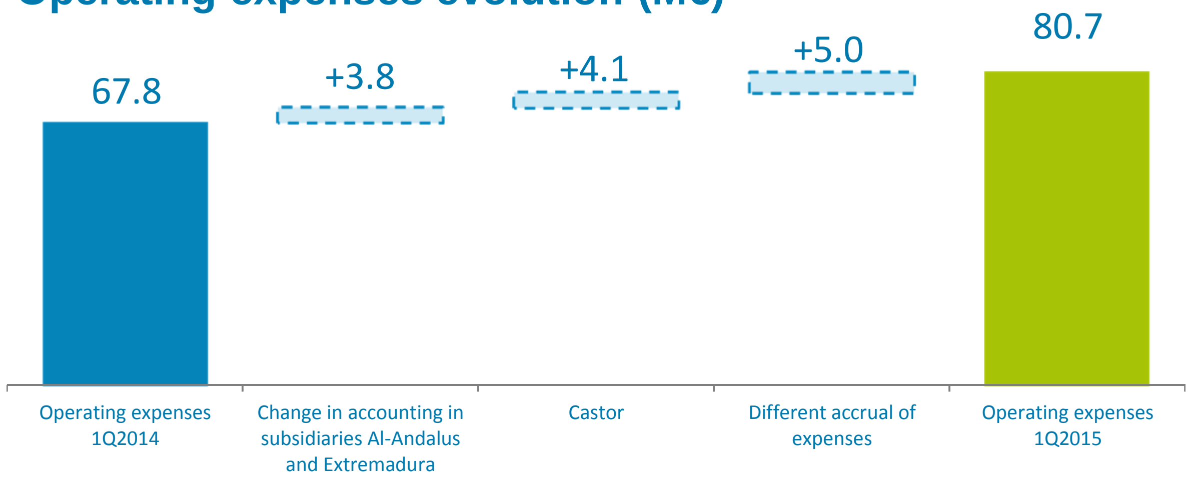
Results analysis

Revenues evolution (M€)



- Impact of regulatory reform, partially offset by the revenues from pending recognitions
- Change in accounting for revenues and expenses of the Al-Andalus and Extremadura subsidiaries with no impact on EBITDA
- Income from the operation and maintenance of the hibernated Castor storage as established by Royal Decree-Law 13/2014

Operating expenses evolution (M€)

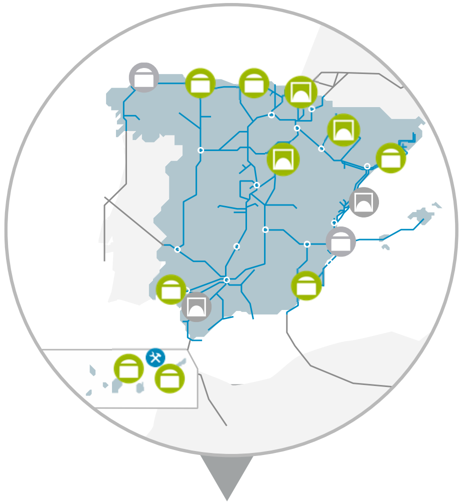


- Increase in expenses mainly due to different accrual versus the first quarter of 2014
- Operating expenses in homogeneous terms with no variations compared to first quarter of 2014

Investments

€50.5M

Spain



€40.9M

- ✓ Regulated organic investment
- ✓ Acquisition additional 10% of BBG

International

€9.6M

- ✓ International investment in progress

In line with the annual target announced to invest € 430M

Note: Payment for investment in Swedegas took place last April 15
The acquisition of an additional 10% at the plant of BBG provides results from March 2015
The acquisition of 30% in the regasification plant Saggas is still pending the approvals from the regulatory authorities

Swedegas acquisition

PROJECT DESCRIPTION AND BUSINESS

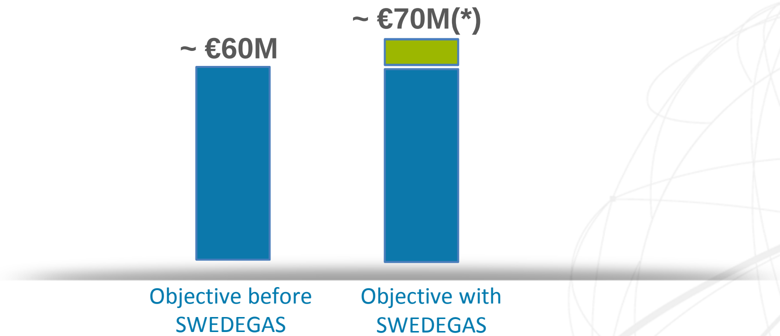
- Swedegas is the owner and operator (TSO) of the whole network of high-pressure pipelines in Sweden (AAA by S&P): ~ 600 km pipeline
- Skallen storage owner (annual capacity 10 million Nm3)
- Two projects in its portfolio: New LNG terminal in Gothenburg bunkering / small scale in the Baltic market (PCI by the European Union) and network development in Gävle
- Stable regulatory framework

DESCRIPTION OF THE TRANSACTION AND FINANCING

- Participation of Enagás and Fluxys 50% / 50%
- Equity invested by Enagás ~€100M
- Equity financing and all debt is in Swedish Krona, so there is no currency risk
- Initial funding has been made with a bridge loan secured by the partners, which will be replaced by debt without recourse to shareholders

IMPACT IN ENAGAS

(Dividends from current international business in 2017)

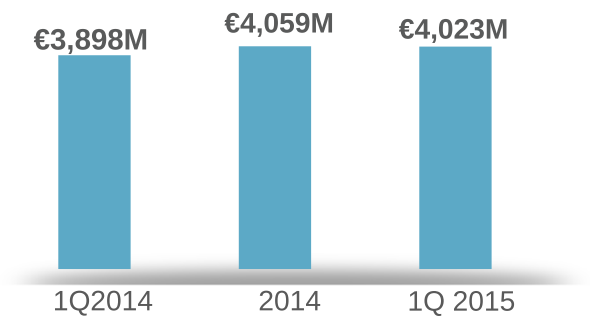


Perfect fit in the Company five criteria of international investment

Note: Swedegas impact on the income statement will occur in the 2Q2015, the closure of the operation and the final analysis and allocation of PPA (Price purchase allocation) is still pending
(*) In accordance with the exchange rate set in the 2015-2017 strategic update and exchange rate Swedish / € 9.15 Krona

Financial Structure

Net debt evolution

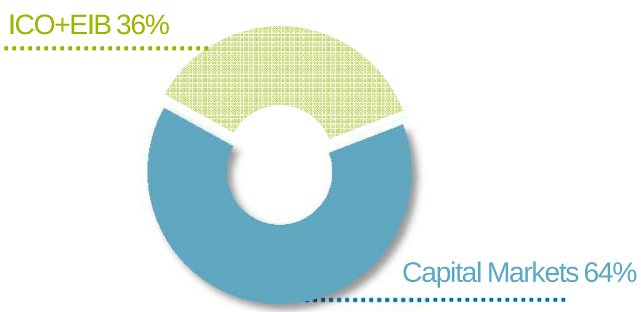


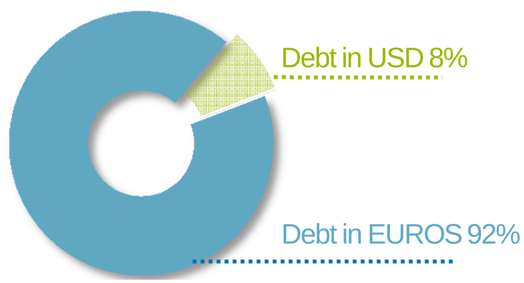
Leverage and liquidity

	1Q2014	1Q2015
Net Debt/EBITDA* adjusted (Last 12 months)	3.8x	4.3x
FFO/DN (Last 12 months)	18.2%	15.4%(*)
Cost of net debt	3.2%	3.0%
Liquidity	€2,412M	€2,715M

(*) EBITDA adjusted by dividends received from subsidiaries

Debt structure





(*) The FFO / DN ratio is lower than the average of the year due to accrued expenses (operating and financial) as well as the uneven distribution in the year of payment of dividend of subsidiaries. By year end the ratio will be close to the one observed in December 2014

Latest financial operations performed

January 2015 Bond

Tenor	10 years
Issue amount	€600 mill
Annual coupon	1.25%
Oversubscription	10x

With part of this issue the 37.6% of the bond maturing in oct'17 (coupon 4.25%) was repaid in advance

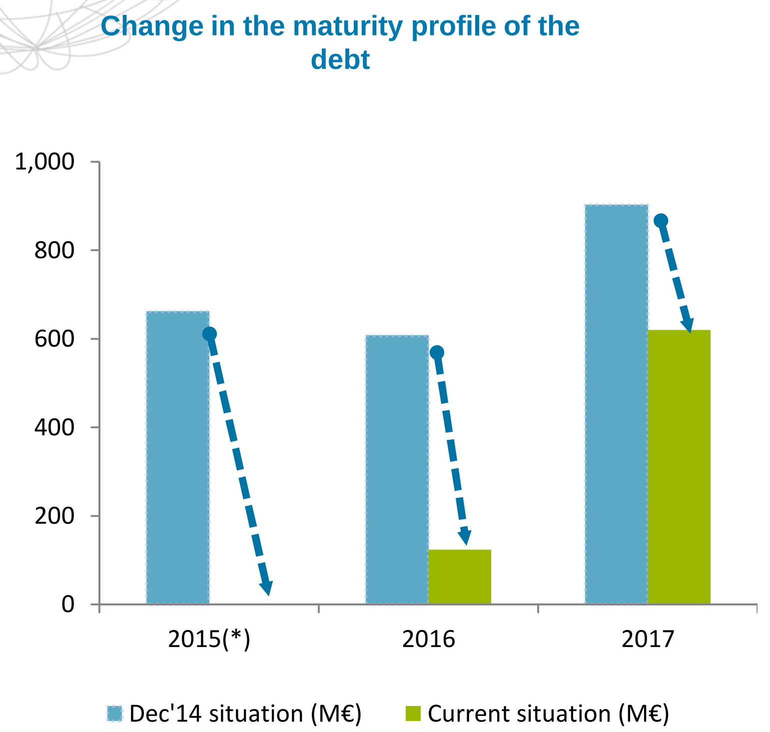
March 2015 Bond

Tenor	8 years
Issue amount	€400 mill
Annual coupon	1%
Oversubscription	3.5x

With this bond, 100% of the bond maturing in dec'16 (coupon Eur6m + 2.75%) was repaid in advance

Issuances with one of the lowest coupons of a Spanish issuer and European utilities for these periods

Latest financial operations performed: Implications



(*) All the maturities of the year have been covered with the emissions done

Decrease from 3.1% to 3% of the estimated cost of debt for the end of 2015

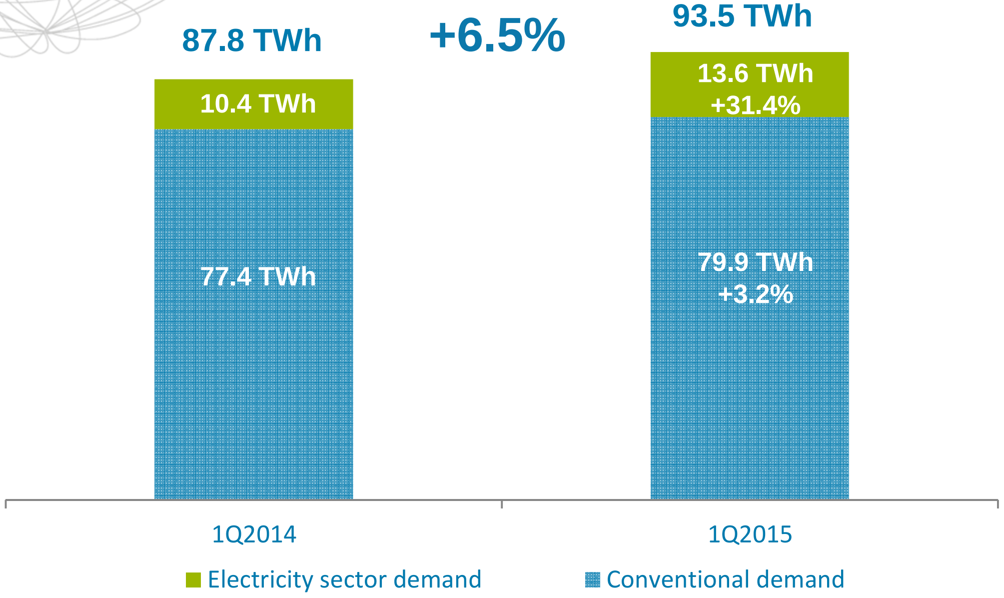
Increase in maturity to 6.6 years in March 2015 from 5.3 years in December 2014

Fixed debt above 80%

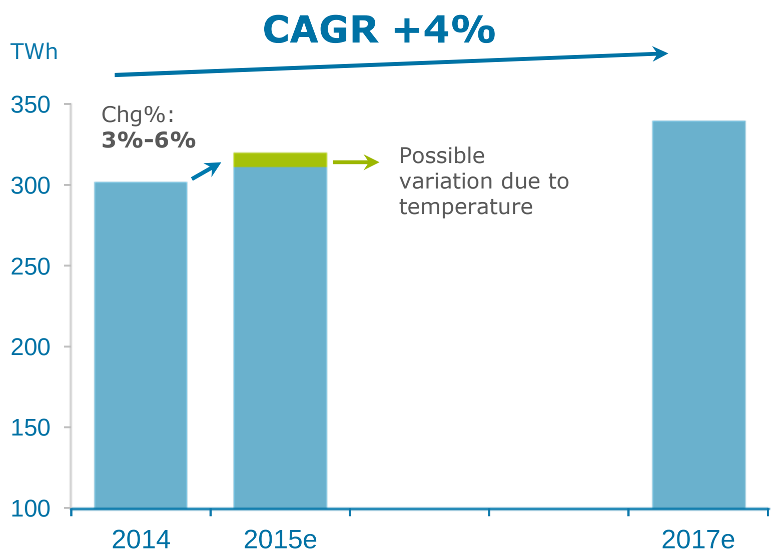
No significant debt maturities in the medium term

1Q2015 Demand evolution and annual estimate

1Q2015 National gas demand evolution



2014-2017 Demand estimate



+4 TWh increase due to colder temperatures in 2015 compared to 2014

Increase in consumption of gas for the electricity sector +3.2 TWh, mainly due to lower hydro, lower wind generation and an increase in electricity demand

2015 demand in line with estimates

2015 Targets

- Dividend **€1.32/share** (+1.5%)
- Net Profit **+0.5%**
- Investments **€430mill**
- Maintain our ratings (BBB/A-)

Prudent net profit growth target

Conclusions

- 1Q2015 results confirm the prudent growth targets set for 2015
- The acquisition of Swedegas has a perfect fit in the five criteria of international investment and with the new international investment budget for 2015
- Latest bond and liability management operations carried out have allowed to extend the average maturity of debt, slightly decrease the estimated cost of debt for 2015 and optimize its maturity profile
- The growth in demand for natural gas is slightly higher than estimates for year-end 2015

1Q2015 Results

21-April-2015

www.enagas.es
investors@enagas.es
+34.91.709.93.30