

1Q 2023 Results

25 April 2023



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Conference-call/Webcast:

April 25th, 2023. 09.00 CEST

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Highlights

1Q2023 Results

- ⚡ **Net profit at 31 March 2023 amounted to 54.6 million euros** and is on track to reach the **annual target of 310/320 million euros**. This net profit target for 2023 includes the **net capital gain of ~40 million euros generated by the sale of the stake in Gasoducto de Morelos, which closed on 24 April and is therefore not reflected in the results for the first quarter of 2023**.
- ⚡ Operating expenses as of March 2023 amount to -83.6 thousand euros and include lower audited costs of around 6 thousand euros compared to Q1 2022. Adjusted for this effect, **recurring operating expenses have remained in line with the first quarter of 2022, demonstrating the intensification of the company's efficiency plan**.
- ⚡ **Affiliates** continued to **perform well** in the first quarter of 2023, reaching **36.6 million euros**. This is lower than the figure recorded in the first quarter of 2022, which included 12 million euros corresponding to GNL Quintero's contribution. The asset was sold in 2022.

Last January, Enagás announced an agreement to **increase its stake in TAP** from 16% to 20%. This transaction is part of the asset rotation strategy announced in the 2022-2030 Strategic Plan and is expected to be completed in the second half of 2023.

On 28 February **Enagás and Reganosa** signed an agreement whereby Enagás acquires Reganosa's network of 130 km of gas pipelines for 54 million euros, and Reganosa buys 25% of the El Musel regasification plant in Gijón for 95 million euros. Enagás became the developer for the **Guitiriz-Zamora hydrogen pipeline** scheduled for 2030. This transaction, which is expected to close in the second half of the year, is subject to the approvals and conditions precedent applicable to such transactions.

- ⚡ **Funds from operations (FFO)** at 31 March 2023 include dividends received from investees of **41.5 million euros, as planned to reach the annual target of 190/200 million euros by year-end 2023**.
- ⚡ At 31 March, **net debt amounted to 3,477 million euros**, 16% lower than in the first quarter of 2022 and similar to that recorded at the end of 2022. **The financial cost of debt is 2.7%. More than 80% of Enagás' debt is at a fixed rate**, which allows the company to mitigate the impact of current interest rate movements. The **FFO/ND ratio as at 31 March 2023 was 16.7%**.
- ⚡ A 400 million euros bond was redeemed in March. After this transaction **there are no relevant debt maturities in 2023**. At the end of the first quarter of 2023, the company had a solid liquidity position of 3,352 million euros between cash and undrawn credit lines.
- ⚡ The **Spanish Gas System faces 2023 with utmost robustness and confidence. Its position as a point of entry for supplies to Europe has been strongly consolidated**. The number of reloaded vessels has increased by +124% compared to the first quarter of 2022. In addition, exports to France during the first quarter of 2023 have increased to reach 8 TWh.
- ⚡ The **General Shareholders' Meeting** held on 30 March 2023 approved all the proposals on the agenda, including the payment of a dividend of €1.72 gross per share. This means the payment of a **final dividend of €1.032 gross per share charged to the 2022 financial year, which will be paid on 6 July**.
- ⚡ Enagás maintains its leadership in the main sustainability indices, notably the Dow Jones **Sustainability Index World**, in which it remains for the 15th consecutive year, with one of the highest scores in its sector and the **Top 5% S&P Global ESG Score 2022**. Enagás is also the global leader in its sector in the **Bloomberg Gender Equality Index** and has the highest ESG rating in its sector in the **FTSE4Good Sustainability Index**.

Key figures

Income statement

January–March (€M)	Q1 2022	Q1 2023	Var. 22-23
Total revenues	233.9	220.6	(5.7%)
EBITDA	185.8	173.6	(6.5%)
EBIT	104.9	95.9	(8.6%)
Net profit	69.3	54.6	(21.2%)

Balance sheet and leverage ratios

	Dec.-2022	Mar.-2023
Net Debt (€M)	3,469	3,477
Net Debt / EBITDA ⁽¹⁾	4.8x	4.9x
FFO / Net Debt	17.6%	16.7%
Financial cost of debt	1.8%	2.7%

(1) EBITDA adjusted for dividends received from affiliates

Cash Flow and Investments

January–March (€M)	Q1 2022	Q1 2023	Var. 22-23
Funds From Operations (FFO)	181.9	81.6	(55.1%)
Operating Cash Flow (OCF)	225.6	4.6	(98.0%)
Dividends from affiliates	49.2	41.5	(15.6%)
Net investments	(36.5)	(19.4)	(46.8%)

In accordance with the Guidelines on alternative performance measures published by the European Securities and Markets Authority on October 5, 2015 (ESMA/2015/1415es), a glossary of definitions and reconciliation with the items presented in the Financial Statements of certain alternative financial measures used herein is published on the corporate website.

Evolution of results

Income statement

Million of euros (unaudited figures)	Q1 2022	Q1 2023	Var. % 22-23
Income from regulated activities	230.4	216.2	(6.2%)
Other operating income	3.5	4.4	27.2%
Total income	233.9	220.6	(5.7%)
Personnel expenses	(35.8)	(33.6)	(6.3%)
Other operating expenses	(56.4)	(50.0)	(11.4%)
Operating Expenses	(92.3)	(83.6)	(9.4%)
Results from affiliates	44.2	36.6	(17.1%)
EBITDA	185.8	173.6	(6.5%)
Depreciation and amortisation	(66.4)	(64.9)	(2.3%)
PPA	(14.4)	(12.8)	(11.1%)
EBIT	104.9	95.9	(8.6%)
Financial result	(22.9)	(25.3)	10.5%
Corporate income tax	(12.6)	(15.8)	25.2%
Income attributable to minority interests	(0.2)	(0.2)	45.5%
Net profit	69.3	54.6	(21.2%)

Operating revenue

The company's total revenue amounted to 220.6 million euros as at 31 March 2023, a decrease of -5.7% compared to the first quarter of 2022.

Regulated revenues amounted to 216.2 million euros at the end of the first quarter of 2023, a decrease of -14.3 million euros compared to the previous year. Revenues decreased due to the application of the 2021-2026 regulatory framework (-12.3 million euros) and lower audited costs, with no impact on EBITDA, amounting to 6 million euros. This reduction was partially offset by the increase in other regulated revenues (COPEX, etc.).

Operating Expenses

Operating expenses as of March 2023 amounted to -83.6 million euros and include lower audited costs of around 6 million euros compared to first quarter of 2022. Adjusted for this effect and other minor one-off amounts, recurring operating expenses remained in line with the first quarter of 2022, demonstrating the intensification of the company's efficiency plan.

Results from affiliates

Results from affiliates amounted to 36.6 million euros compared to 44.2 million euros in the first three months of 2022, which included the 12 million euros contribution from GNL Quintero. The asset was sold in 2022.

EBITDA

EBITDA at 31 March 2023 reached 173.6 million euros and is on track to reach the annual target of 770 million euros.

Financial result

The financial result as at 31 March 2023 was -25.3 million euros, consistent with the full year target of -110 million euros.

The financial cost of debt stood at 2.7% at 31 March 2023.

Net profit

Net profit at 31 March 2023 reached 54.6 million euros and is on track to reach the annual target of 310/320 million euros. This net profit target for 2023 includes the net capital gain of ~40 million euros generated by the sale of the stake in the Morelos pipeline, which took place on April 24 and is therefore not reflected in the results for the first quarter of 2023.

Funds generated and Balance Sheet

Consolidated Cash Flow Statement

Million of euros (unaudited figures)	Q1 2022	Q1 2023
EBITDA	185.8	173.6
Results from affiliates	(44.2)	(36.6)
Tax	12.3	(67.5)
Interest	(20.0)	(29.1)
Dividends from affiliates	49.2	41.5
Adjustments	(1,2)	(0.3)
FUNDS FROM OPERATIONS (FFO)	181.9	81.6
Change in working capital	43.7	(77,1)
OPERATING CASH FLOW (OCF)	225.6	4.6
Net investments	(36.5)	(19.4)
International business	0.0	0.0
Business in Spain	(36.5)	(19.4)
FREE CASH FLOW (FCF)	189.1	(14.8)
Dividends paid	0.0	0.0
Effect of exchange rate changes	0.6	(0.3)
DISCRETIONAL CASH FLOW (DCF)	189.7	(15.1)
Financing flows	(64.0)	(469.1)
Debt repayment	(64.0)	(469.1)
Debt contracting	0.0	0.0
Capital increase	0.0	0.0
Proceeds/payments on equity instruments	0.0	0.0
Effect of change in consolidation method	0.0	0.0
NET CASH FLOWS	125.7	(484.3)
Cash and cash equivalents at beginning of period	1,444.2	1,359.3
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,569.9	874.9

Balance sheet

ASSETS Dec. 2022 Mar. 2023

Non-current assets	7,413.0	7,330.3
Intangible assets	83.2	81.2
<i>Goodwill</i>	17.5	17.5
<i>Other intangible assets</i>	65.6	63.7
Investment properties	17.4	17.4
Property, plant, and equipment	4,164.9	4,118.0
Investments accounted for using the equity method	2,552.6	2,526.1
Other non-current financial assets	593.2	583.5
Deferred tax assets	1.7	4.1
Current assets	1,985.6	1,357.5
Non-current assets held for sale	40.5	29.9
Inventories	35.2	42.4
Trade and other receivables	513.5	396.2
Other current financial assets	29.2	6.5
Other current assets	8.0	7.7
Cash and cash equivalents	1,359.3	874.9
TOTAL	9,398.6	8,687.8

EQUITY AND LIABILITIES

Equity	3,218.3	2,943.7
Shareholder's equity	3,076.5	2,862.7
Subscribed capital	393.0	393.0
Issue premium	465.1	465.1
Reserves	2,036.9	1,964.2
Shares and stakes in treasury shares	(18,4)	(18,4)
Profit for the year	375.8	54.6
Interim dividend	(179,7)	0.0
Other equity instruments	3.7	4.1
Adjustments for changes in value	125.8	65.0
Minority interests (external partners)	16.0	16.0
Non-current liabilities	4,417.8	4,359.2
Non-current provisions	295.9	302.3
Non-current financial liabilities	3,935.8	3,876.5
<i>Bank loans</i>	1,220.1	1,154.8
<i>Bonds and other marketable securities</i>	2,316.0	2,320.1
<i>Long-term suppliers of fixed assets</i>	0.0	0.0
<i>Derivatives</i>	19.3	19.9
<i>Other financial liabilities</i>	380.4	381.7
Deferred tax liabilities	150.4	144.2
Other non-current liabilities	35.7	36.2
Current liabilities	1,762.4	1,384.9
Current provisions	11.6	6.8
Current financial liabilities	970.4	810.4
<i>Bank loans</i>	470.5	457.5
<i>Bonds and other marketable securities</i>	420.6	16.4
<i>Derivatives</i>	4.8	5.5
<i>Other financial liabilities</i>	74.6	330.9
Trade and other payables	780.4	567.7
TOTAL	9,398.6	8,687.8

Operating cash flow

The funds from operations (FFO) at 31 March 2023 was 81.6 million euros. This figure includes dividends received from affiliates amounting to 41.5 million euros and the payment of capital gain tax on the sale of GNL Quintero of 67.5 million euros.

Operating cash flow (OCF) includes the above effects, as well as the working capital effect of -77 million euros, which includes the cash outflow from the repatriation tax on the cash associated with the GNL Quintero capital gain of 42.5 million euros.

Investments

The net investment figure at the end of 2023 amounted to 19.4 million euros.

Net Debt

At 31 March, net debt stood at 3,477 million euros, -16% lower than in the first quarter of 2022. The financial cost of debt was 2.7%

More than 80% of Enagás' debt is at a fixed rate, which allows the company to mitigate the impact of current interest rate movements.

The FFO/ND ratio at the close of March 2023 was 16.7%, while the Net Debt/EBITDA ratio adjusted for dividends received from affiliates amounted to 4.9x.

The debt type at 31 March 2023 was as follows: 10% is institutional debt, 54% was issued in capital markets, 27% is commercial bank borrowings and the remaining 9% is leases (IFRS 16). Of the debt recorded, 77% is issued in euros and the remaining 23% in US dollars (USD).

Liquidity

At the end of the first quarter of 2023, the company had a solid liquidity position of 3,352 million euros between cash and undrawn credit lines.

A 400 million euros bond was redeemed in March. After this transaction there are no relevant debt maturities in 2023.

Liquidity	Mar. 2023	Dec. 2022	Current maturity
Cash	€875 M	€1.359 Bn	
Club Deal	€1.55 Bn	€1.5 Bn	January 2028
Operational lines	€927 M	€934 M	Dec 2023 - Oct 2024
TOTAL	€3.352 Bn	€3.794 Bn	

OPERATING HIGHLIGHTS

Demand

The Spanish Gas System faces 2023 with utmost robustness and confidence and is has been consolidated as a point of entry for supplies to Europe. The number of reloaded vessels has increased by +124% compared to the first quarter of 2022.

In addition, exports to France during the first quarter of 2023 have increased to reach 8 TWh.

Total natural gas demand together with exports decreased by -7.0% in Q1 2023 compared to Q1 2022:

- Conventional demand in Q1 2023 was -13.9% lower than in Q1 2022. This decrease is mainly due to lower industrial consumption due to the effect of the war in Ukraine, which started to show its effect from Q2 2022 onwards, and to the government's energy saving and efficiency measures, especially noticeable in the domestic sector.
- Gas demand for power generation decreased by -26.3% in Q1 2023 vs. Q1 2022 due to increased renewable generation.

Total natural gas demand together with exports increased by +4.3% in Q1 2023 compared to Q4 2022:

- Conventional demand increased by +37.5% driven mainly by the refining and chemical/pharmaceutical sectors, as well as by the effect of weather conditions (two cold snaps in the first quarter of 2023 vs. none in the last quarter of 2022).
- Lower gas demand for electricity generation (-35%) due to higher renewable generation, mainly hydro and solar.

CORPORATE RESPONSIBILITY AND SUSTAINABLE MANAGEMENT

Sustainability

Enagás maintains its leadership in the main sustainability indices, notably the Dow Jones Sustainability Index World, in which it remains for the 15th consecutive year, with one of the highest scores in its sector and the Top 5% S&P Global ESG Score 2022. In addition, Enagás maintains the highest ESG rating in its sector in the FTSE4Good sustainability index.

Enagás is a world leader in its sector in Bloomberg's Gender Equality Index and is positioned in the Top 20 of the Equileap ranking of leading companies in gender equality. Enagás has approved its second Equality Plan and has been recognised with the A+ level of excellence in certification as a Family-Responsible Company (EFR), a benchmark in work-life balance. Furthermore, Enagás has been recognised by the Top Employers Institute as a 2023 Top Employers Spain company.

With the publication of the 2022 Annual Report, prepared in accordance with reference norms and standards and international best practises in reporting, Enagás underlines its leadership in transparency.

PUBLIC DISCLOSURE OF PRIVILEGE INFORMATION AND OTHER RELEVANT INFORMATION

In accordance with article 226 of Royal Legislative Decree 4/2015, of October 23, approving the consolidated text of the Securities Market Act, Enagás notifies the CNMV, as soon as possible, of inside information that directly concerns it as referred to in article 17 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of April 16, 2014.

Pursuant to article 227 of Royal Legislative Decree 4/2015, of October 23, approving the consolidated text of the Securities Market Act, Enagás also notifies the CNMV of any other financial or corporate information relating to the company itself or to its securities or financial instruments that any legal or regulatory provision requires it to make public in Spain or that it considers necessary, due to its special interest, to disseminate to investors.

Enagás communicates privilege information and other relevant information for public dissemination through the specific communication and publication channels developed by the CNMV for this purpose.

APPENDIX I: CORPORATE RESPONSIBILITY AND SUSTAINABLE MANAGEMENT

Indexes, certifications and rating agencies

<p>Network Spain WE SUPPORT</p>	<p>Enagás has been a member of the United Nations Global Compact since 2003. The Progress Report has been at GC Advanced Level since 2011. The company has also been listed on the Global Compact 100 index since 2013.</p>		<p>Enagás has been a member of the FTSE4Good index since 2006. It also has the highest rating in its sector.</p>
<p>Enagás GCS (PBR)</p> <p>Top 5% S&P Global ESG Score 2022</p> <p>88 / 100</p> <p>S&P Global Sustainable1</p>	<p>Enagás has been a member of the Dow Jones Sustainability Index World (DJSI) since 2008. In 2022, it obtained a Top 5% S&P Global ESG Score 2022 rating.</p>		<p>Since 2008, the Annual Report has been externally audited and drafted under the AA1000APS standard and the Global Reporting Initiative (GRI) framework. Since 2012, it has been written as per the principles of integrated reporting of the International Integrated Reporting Council (IIRC). Since 2020 it is drafted under the SASB (Sustainability Accounting Standards Board) reporting standard for the Oil & Gas - Midstream sector.</p>
	<p>Enagás has been a member of CDP Climate Change since 2009 and CDP Water since 2015. In 2022, it was awarded the Supplier Engagement Leader distinction.</p>		<p>Enagás has held ISS's 'B Prime' rating since 2010.</p> <p>Enagás has been listed on the MSCI Global Sustainability Indices since 2010 and has an AA rating.</p>
	<p>Enagás has been certified as a Family-Responsible Company (EFR) since 2007, having obtained the maximum Excellence A+ level in the 2022 recertification process.</p>		<p>Enagás' management model holds the EFQM 500+ European Seal of Excellence since 2012. In 2021 Enagás was awarded the EFQM 700+ European Seal of Excellence.</p>
	<p>Enagás holds the ISO14001 certification for its gas transmission and storage infrastructure development, asset management, central laboratory and corporate headquarters. Enagás also holds the ISO50001 certification for its gas transmission and storage infrastructure development, asset management and corporate headquarters.</p> <p>The Huelva and Barcelona plants, as well as the Serrablo storage facility, hold EMAS verification. In addition, since 2021 it has been certified Zero Waste by Aenor.</p>		<p>Since 2010, Enagás has been recognised as one of the Top Employers in Spain, one of the best companies to work in.</p> <p>Enagás holds the ISO 9001:2015 certification for its processes of Technical Management of the System, Asset Management, Infrastructure Development and Information Systems Management. The company also holds SSAE 18 certification for Security of Supply of the System/Technical Management of Underground Storage Facilities Systems.</p>
	<p>Enagás certifies its carbon footprint each year in accordance with the ISO14064 standard and has the "Calculo, Reduzco y Compensó" (Calculate, Reduce and Compensate) seal by registering its carbon footprint annually with the Ministry for the Ecological Transition.</p> <p>In addition, it holds voluntary emission offsetting certificates for its regasification plants, corporate headquarters and fleet.</p>		<p>The Occupational Risk Prevention Management System for the Enagás Group Companies Enagás GTS, S.A.U., Enagás Internacional S.L.U., Enagás S.A. and Enagás Transporte S.A.U is certified under ISO 45001.</p> <p>Moreover, Enagás is certified as a healthy company since 2015 and holds the ISO 39001 road traffic safety management and ISO 27001 information security management certifications.</p>
	<p>In 2015 Enagás received the Bequal seal for its commitment to the inclusion of the disabled in the company. Since 2019, it has received Bequal Plus recognition.</p>		<p>Enagás has held the "Equality in the workplace Award" since 2010, granted by the Ministry of Health, Social Services and Equality.</p>

	<p>Enagás has been included in the Bloomberg Gender Equality Index since 2019.</p>		<p>In 2020, Enagás received AENOR's "Covid-19 Action Protocol Certification", which recognises the efforts made by the company to protect the health and safety of its employees in the face of the pandemic.</p>
	<p>Enagás is part of Equileap's global ranking, and is among the 20 leading companies in gender equality in 2023.</p>		<p>Enagás has been awarded the Haz Foundation's t*** seal, the highest category in the field of Fiscal Responsibility.</p>

APPENDIX II: CONTACT DETAILS

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