

Results

9M2023

October 24, 2023

Conference-call/Webcast

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Highlights

Net profit **€258.9 M**

- Net Profit at September 30, 2023 stood at €258.9 M and is on schedule to reach the target for the year, at the high end of the range (€310 M/€ 320 M).

EBITDA **€572.0 M**

- EBITDA for the first nine months of 2023 reached 572.0 million euros and is on track to reach the annual target of 770 million euros. In the positive evolution of the gross operating income, the following stand out:
 - The intensification of the Efficiency Plan and control of operating expenses that as of September 30, 2023 decreased to -245.1 million euros, 18.5 million euros lower than those registered in the first nine months of 2022. By eliminating the non-recurring items and audited costs of both periods, operating expenses would be fully on track in both periods.
 - Results from affiliates is more positive than in 2022, taking into account that GNL Quintero contributed 11.9 million euros at September 2022 and that this asset was sold at the end of 2022.

Funds from Operations (FFO) **€405.9 M**

- Funds from operation (FFO) at September 30, 2023 reached 405.9 million euros, which includes the payment of taxes associated with the sales of LNG Quintero and Morelos (-€71.2 M) and dividends received from affiliates in the amount of 137.5 million euros. This amount, which is in line with the annual target, includes the collection of TAP's first dividend after its entry into operation amounting to 42.4 million euros.

Net Debt **€3.406 Bn**

- Net debt at the end of the third quarter of 2023 was reduced, compared to December 31, 2022, by 63 million euros, amounting to 3.406 billion euros at September 30, 2023. The financial cost of gross debt at September 30, 2023 was 2.6%, in line with the first half of 2023. 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 September 30, 2023 was 17.1%.

Progress of the Strategic Plan in 3Q2023

- ❖ **Closure of the deal between Enagás and Reganosa to create an energy hub in the northwest of Spain.** On September 29, Enagás and Reganosa closed the agreement for the acquisition by Enagás of Reganosa's gas pipeline network (53.5 million euros) and Reganosa has become a shareholder of Musel Energy Hub (25%) for 99.9 million euros. Enagás awards Endesa the logistics services for the Musel Energy Hub.
- ❖ **Closing of Enagás' entry in Hanseatic Energy Hub (Stade LNG in Germany).** Enagás has been incorporated with a 10% stake in the Hanseatic Energy Hub consortium, which will launch the future liquefied natural gas (LNG) terminal of Stade in Germany. Enagás will be an industrial partner of the project and will also have a majority stake in the future company operating the plant.
- ❖ On September 14, **Enagás launched the Call for Interest** process for the first axes of the Spanish Hydrogen Backbone Network. The result of this process will be announced on January 31, 2024 at the II Enagás Hydrogen Day.
- ❖ On October 18, **H2Med Day** was held **in Berlin an example of European energy cooperation**, where German operator **OGE joined Enagás, GRTgaz, Teréga and REN as promoters** of the European **H2Med** green hydrogen corridor.

Industrial demand 3Q2023

+25.4%

- ❖ Strong recovery of industrial demand in Q3 2023, +25.4% compared to Q3 2022.

Dividend Payment

€1.032/share

- ❖ On July 6, a **final dividend of €1.032 gross per share charged to the 2022 financial** year was paid out, as approved at the last **Shareholders' General Meeting** held on March 30, 2023.

Key figures

Income statement

January-September (€M)	9M2022	9M2023	Var. 2022- 2023
Total revenues	714.9	672.7	(5.9%)
EBITDA	605.1	572.0	(5.5%)
EBIT	367.7	334.8	(8.9%)
Net Profit ¹	353.4	258.9	(26.7%)

(1) The Net Profit at September 30, 2023 included the net capital gain on the closing of the sale of the Morelos gas pipeline for +€42.2 M. The Net Profit at September 30, 2022 included the adjustment to the carrying amount of the stake in TGE for -€133.8 M and the net capital gains on the sale of GNL Quintero for €178.9 M and the entry of partners in Enagás Renovable for €49 M.

Balance sheet and leverage ratios

	Dec.-2022	Sep.-2023
Net Debt (€M)	3,469	3,406
Net Debt / EBITDA ⁽¹⁾	4.8x	4.8x
FFO / Net Debt	17.6%	17.1%
Financial cost of debt	1.8%	2.6%

(1) EBITDA adjusted for dividends received from affiliates

Cash Flow and Investments

January-September (€M)	9M2022	9M2023	Var. 2022- 2023
Funds From Operations (FFO)	507.8	405.9	(20.1%)
Operating Cash Flow (OCF)	614.6	474.9	(22.7%)
Dividends from affiliates	118.8	137.5	15.8%
Net investments	585.4	(126.0)	(121.5%)

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

Millions of euros (unaudited figures)	9M2022	9M2023	Var. % 2022-2023
Income from regulated activities	701.5	655.6	(6.5%)
Other operating income	13.4	17.1	28.0%
Total income	714.9	672.7	(5.9%)
Personnel expenses	(105.6)	(99.1)	(6.1%)
Other operating expenses	(158.0)	(146.0)	(7.6%)
Operating Expenses	(263.6)	(245.1)	(7.0%)
Results from Affiliates	153.9	144.4	(6.2%)
EBITDA	605.1	572.0	(5.5%)
Depreciation and amortisation	(196.9)	(198.7)	0.9%
PPA	(40.5)	(38.5)	(5.0%)
EBIT	367.7	334.8	(8.9%)
Financial result	104.5	(20.2)	(119.4%)
Corporate income tax	(118.4) ¹	(55.3)	(53.2%)
Income attributable to minority interests	(0.5)	(0.3)	(26.1%)
Net profit	353.4²	258.9³	(26.7%)

(1) In 2022, corporate tax includes -€67 M associated with the sale process of GNL Quintero.

(2) Includes the adjustment of the book value of the stake in TGE for -€133.8 M and the capital gains from the sale of GNL Quintero +€178.9 M and the entry of partners in Enagás Renovable for +€49 M.

(3) Includes the net capital gain from the closing of the sale of the Morelos gas pipeline for +€42.2 M.

Operating revenue	€672.7 M
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- ⚡ **The company's total revenue amounted to 672.7 million euros as at September 30, 2023**, a decrease of -5.9% compared to the first nine months of 2022.

Regulated revenues amounted to 655.6 million euros at the end of the first nine months of 2023, **a decrease of 45.9 million euros** compared to the previous year. These revenues decreased due to the **application of the 2021-2026 regulatory framework (-38.5 million euros) and lower audited costs**, with no impact on EBITDA.

Operating Expenses	-€245.1 M
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- ⚡ **Operating expenses in the first nine months** of the year decreased by 18.5 million euros compared to the first nine months of 2022, standing at -245.1 million euros, a **-7.0% lower than those recorded in the first nine months of 2022**.

- ⚡ The trend in operating expenses in 2023 shows the **effectiveness of the cost efficiency plan** implemented by the company to minimise the impact of inflation on manageable costs.

- ⚡ In the first nine months of 2022, a non-recurring effect of around 9 million euros was recorded for the restructuring programme of the Enagás management team.

- ⚡ **Recurring operating expenses** have been kept **in line with those obtained in the same period of the previous year**.

Results from affiliates	€144.4 M
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- ⚡ **The result of the affiliates is more positive than in 2022**, taking into account that GNLQ contributed 11.9 million euros at September 2022 and that this asset was sold at the end of 2022.

EBITDA	€572.0 M
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- ⚡ EBITDA at September 30, 2023 reached 572.0 million euros, 33.1 million euros less than in the first nine months of 2022 **which is on track to reach the annual target of 770 million euros**.

Financial result	-€20.2 M
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- ⚡ On September 30, 2023, the company registered a **negative financial result of -20.2 million euros, which includes the gross capital gain due to the closure of the sale of Gasoducto de Morelos in the amount of 46.7 million euros**. It should be noted that in the first nine months of 2022, the financial result included an adjustment in the book value of our stake in Tallgrass and the capital gains from the sale of GNLQ and the entry of partners in Enagás Renovable.

- ⚡ The **financial cost of gross debt at September 30, 2023 was 2.6%**, up 1.7% on the third quarter of 2022.
- ⚡ The Financial Result associated with debt remains stable compared to 2022 due to the improvement in the remuneration of financial deposits.

Corporate income tax**-€55.3 M**

- ⚡ Corporate tax at September 30, 2023 amounted to -55.3 million euros. This **figure includes the tax associated with the capital gain of Gasoducto de Morelos of -4.5 million euros**
- ⚡ In 2022, corporate tax includes -€67 M associated with the sale process of GNL Quintero, accounting on the third quarter of that year.

Net profit**€258.9 M**

- ⚡ **Net Profit at September 30, 2023 stood at 258.9 million euros and is on track to reach the target for the year, at the high end of the range (€310 M/€320 M).**
- ⚡ The net profit includes the following non-recurring effects:
 - Non-recurring effects from 2022 for +€94.1 M (impairment of TGE for -€133.8 M and the capital gains from the sale of GNLQ for +€178.9 M and the entry of partners in Enagás Renovable for +€49 M).
 - Non-recurring effects in 2023 due to capital gain on the sale of Morelos (+€42.2 M).
- ⚡ After deducting the one-off effects included in the financial results in both periods, net profit would decrease by -16.4%.

Funds generated and Balance Sheet

Consolidated Cash Flow Statement

Millions of euros (unaudited figures)	9M2022	9M2023
EBITDA	605.1	572.0
Results from affiliates	(153.1)	(144.4)
Tax	(3.4)	(91.4)
Interest	(57.7)	(68.5)
Dividends from affiliates	118.8	137.5
Adjustments	(1.1)	0.7
FUNDS FROM OPERATIONS (FFO)	507.8	405.9
Change in operating working capital	106.8	69.0
OPERATING CASH FLOW (OCF)	614.6	474.9
Net investments	585.4	(126.0)
International business	637.7	(93.9)
Business in Spain	(52.2)	(32,1)
FREE CASH FLOW (FCF)	1,200.0	349.0
Dividends paid	(267.0)	(269.8)
Effect of exchange rate changes	64.2	4.5
DISCRETIONAL CASH FLOW (DCF)	997.3	83.7
Financing flows	(967.4)	(616.0)
Debt repayment	(967.4)	(616.0)
Debt contracting	0.0	0.0
Capital increase	0.0	0.0
Proceeds/payments on equity instruments	(8.4)	0.8
Effect of change in consolidation method	2.3	0.0
NET CASH FLOWS	23.8	(531.6)
Cash and cash equivalents at beginning of period	1,444.2	1,359.3
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,467.9	827.7

Balance sheet

Millions of euros (unaudited figures)	Dec. 2022	Sept. 2023
ASSETS		
Non-current assets	7,413.0	7,608.4
Intangible assets	83.2	80.3
<i>Goodwill</i>	17.5	17.5
<i>Other intangible assets</i>	65.6	62.8
Investment properties	17.4	17.4
Property, plant, and equipment	4,164.9	4,083.6
Investments accounted for using the equity method	2,552.6	2,727.0
Other non-current financial assets	593.2	697.6
Deferred tax assets	1.7	2.4
Current assets	1,985.6	1,007.3
Non-current assets held for sale	40.5	0.2
Inventories	35.2	33.7
Trade and other receivables	513.5	127.1
Other current financial assets	29.2	8.7
Other current assets	8.0	10.0
Cash and cash equivalents	1,359.3	827.7
TOTAL	9,398.6	8,615.7
EQUITY AND LIABILITIES		
Equity	3,218.3	3,216.0
Shareholder's equity	3,076.5	3,068.6
Subscribed capital	393.0	393.0
Issue premium	465.1	465.1
Reserves	2,036.9	1,956.4
Shares and stakes in treasury shares	(18.4)	(16.0)
Profit for the year	375.8	258.9
Result of prior years	0.0	8.5
Interim dividend	(179.7)	0.0
Other equity instruments	3.7	2.6
Adjustments for changes in value	125.8	131.4
Minority interests (external partners)	16.0	15.9
Non-current liabilities	4,417.8	4,394.2
Non-current provisions	295.9	305.1
Non-current financial liabilities	3,935.8	3,916.3
<i>Bank loans</i>	1,220.1	1,070.8
<i>Bonds and other marketable securities</i>	2,316.0	2,324.8
<i>Long-term suppliers of fixed assets</i>	0.0	0.0
<i>Derivatives</i>	19.3	13.8
<i>Other financial liabilities</i>	380.4	506.9
Deferred tax liabilities	150.4	137.0
Other non-current liabilities	35.7	35.8
Current liabilities	1,762.4	1,005.5
Current provisions	11.6	5.9
Current financial liabilities	970.4	518.7
<i>Bank loans</i>	470.5	434.4
<i>Bonds and other marketable securities</i>	420.6	17.9
<i>Derivatives</i>	4.8	7.0
<i>Other financial liabilities</i>	74.6	59.4
Trade and other payables	780.4	481.0
TOTAL	9,398.6	8,615.7

Operating cash flow (OCF) €474.9 M

- :: **Funds from operations (FFO)** at September 30, 2023 reached **405.9 million euros**, which includes the payment of taxes associated with the sales of LNG Quintero and Morelos (-€67.5 M and -€3.7 M, respectively) and **dividends received from affiliates in the amount of 137.5 million euros. This amount, which is in line with the annual target**, includes the collection of TAP's first dividend after its entry into operation amounting to 42.4 million euros.

Operating cash flow (OCF) reached 474.9 million euros, which incorporates the above effects, as well as the effect of **the working capital change of +69.0 million euros in the first nine months of 2023**. This figure includes payment of the cash repatriation tax associated with the sale of GNL Quintero for -€42.5 M

Investments -126.0M

- :: The **investment** figure **at the end of the first nine months of 2023 shows a net cash outflow of -126.0 million euros**, mainly due to the following effects:

- The purchase of the additional 4% of TAP (-151.8 million euros).
- The closing of the acquisition by Enagás of Reganosa's gas pipeline network (-53.5 million euros).
- The closing of Enagás' entry into Hanseatic Energy Hub (HEH), Stade LNG in Germany, which was Enagás' first investment in Germany (-15 million euros).
- The collection associated with the sale of 25% of El Musel to Reganosa (99.9 million euros).
- The collection associated with the sale of Gasoducto de Morelos (+73.0 million euros).

- :: Enagás continues with the asset rotation policy announced in the Strategic Plan, divesting non-core assets, such as GNL Quintero and Morelos, and focusing on investments in security of supply and decarbonisation in Spain and Europe

Net Debt €3.406 Bn

- :: **Net debt** in the first nine months of 2023 has been reduced by 63 million euros and stood at September 30, at **3.406 billion euros**, -1.8% lower than the one registered at December 31, 2022.
- :: **The financial cost of gross debt at September 30, 2023 stood at 2.6%**, in line with the first half of 2023 and higher than the 1.7% recorded in the third quarter of 2022.

- ⚡ **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 September 30, 2023 was at 17.1%, while the Net Debt/EBITDA ratio adjusted for dividends received from affiliates amounted to 4.8x. These **leverage ratios are compatible with the BBB credit rating by S&P and Fitch**.
- ⚡ The debt type at September 30, 2023 was as follows: 9% is institutional debt, 56% was issued in capital markets, 26% is commercial bank borrowings and the remaining 9% is leases (IFRS 16). Of the debt recorded, 79% is issued in euros and the remaining 21% in US dollars (USD).

Liquidity

€3.316 Bn

- ⚡ At the end of the first nine months of 2023, the company had a solid liquidity position of 3.316 billion euros between cash and undrawn credit lines.

Liquidity	Sept. 2023	Dec. 2022	Current maturity
Treasury	€828 M	€1.359 Bn	
Club Deal	€ 1.55 Bn	€1.5 Bn	January 2028
Operational lines	€938 M	€934 M	Dec 2023 - Oct 2024
TOTAL	€3.316 Bn	€3.794 Bn	

Demand

Total demand **-6.9%**

- ⚡ Strong recovery of industrial demand in the third quarter of 2023 (+25.4% compared to the third quarter of 2022), which has broken the trend of the first six months of the year.
- ⚡ Demand for electricity generation has registered a decrease of -29.3% cumulative to September 2023, due to the increase in renewable generation and the decrease in electricity transported by international connections, mainly to France.
- ⚡ Total natural gas exports have increased by +32%, contributing to Europe's security of supply.

Industrial demand 3Q2023 **+25.4%**

- ⚡ Demand from the industrial sector grew by +25.4% in the third quarter of the year
- ⚡ Demand growth in the refining, chemical/pharmaceutical and co-generation sectors.

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 ES 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 Aquilae 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.

Enagás has defined its decarbonisation path to achieve carbon neutrality by 2040 with emission reduction targets aligned with the 1.5°C temperature increase scenario. It has also established the commitment of positive impact on nature and has adhered to the new Pact for biodiversity and natural capital, promoted by the Spanish Business and Biodiversity Initiative (IEEB).

Public disclosure of inside information and other material 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 inside information and other material 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



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.



Enagás has been a member of the FTSE4Good index since 2006. It also has the highest rating in its sector.



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.



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.



Enagás has been a member of CDP Climate Change since 2009 and CDP Water since 2015. In 2022, the Supplier Engagement Leader distinction was awarded.



Enagás has been certified as a Family-Responsible Company (EFR) since 2007, having obtained the maximum Excellence A+ level in the 2022 recertification process.



Enagás has held ISS's 'B Prime' rating since 2010.



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.



Enagás has been listed on the MSCI Global Sustainability Indices since 2010 and has an AA rating.



The Huelva and Barcelona plants, as well as the Serrablo storage facility, hold EMAS verification. In addition, since 2021 it holds the Aenor Zero Waste certificate.



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.



Since 2010, Enagás has been recognised as one of the Top Employers in Spain, one of the best companies to work in.



Enagás certifies its carbon footprint each year in accordance with the ISO14064 standard and registers its carbon footprint annually with the Ministry for the Ecological Transition.

In addition, it holds voluntary emission offsetting certificates for its regasification plants, corporate headquarters and fleet.



Lloyd's Register LRQA

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.



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.



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. 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.



Enagás has been included in the Bloomberg Gender Equality Index since 2019.



Enagás is part of Equileap's global ranking, and is among the 20 leading companies in gender equality in 2023.



Enagás has held the "Equality in the workplace Award" since 2010, granted by the Ministry of Health, Social Services and Equality.



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.



Enagás has been awarded the Haz Foundation's t*** seal, the highest category in the field of Fiscal Responsibility.

APPENDIX II: Contact details

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