

2022 results and 2023 targets

21 February 2023



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Conference-call/Webcast:

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Highlights

2022 annual results

- ⚡ **Enagás has met all the targets set for 2022 thanks to the high level of execution of the Strategic Plan since its presentation on 12 July. In a year of high volatility in the energy markets, the Spanish Gas System has operated with 100% availability 24 hours a day, every day of the year. Moreover, the Enagás infrastructures have been key in the security of supply for Spain and the EU.**
- ⚡ **Net profit at 31 December amounted to 375.8* millions of euros, exceeding the target set for 2022.**
- ⚡ **Thanks to intensification of the company's efficiency plan, the company's recurring operating expenses increased by only ~+4% in 2022 compared to 2021, in line with the target set in the Strategic Plan. Enagás' recurring costs are expected to remain stable in 2023.**
- ⚡ **Affiliates performed well in 2022, contributing 39% of the net profit. As part of the asset rotation process and in line with the announced strategy, in January 2023 Enagás announced the increase of its stake in TAP from 16% to 20%.**
- ⚡ **The Operating Cash Flow as at 31 December 2022 was 847.4 millions of euros, an increase of +14.5%. This figure includes dividends received from affiliates, which amounted to 121.5 millions of euros as at 31 December 2022, and the positive change in working capital, which amounted to 235.3 millions of euros. This performance of working capital is a consequence of the high use of the Spanish gas system's infrastructures, especially the regasification plants, which are key to the security of supply in Spain and Europe, and which have led to an increase in the company's settlements in 2022.**
- ⚡ **The high cash flow generation and the positive effect of asset rotation positively impacted the company's net debt in 2022, which decreased by 808 millions of euros (-19%) from 4,277 millions of euros in December 2021 to 3,469 millions of euros at the end 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 as at 31 December 2022 was 17.6%.**
- ⚡ **The Company has a solid liquidity position, which at year-end amounted to 3,794 millions of euros. In December 2022, a bank loan in the amount of 450 millions of euros maturing in 2025 was contracted on very competitive terms to cover all maturities in 2023.**
- ⚡ **In 2022, the BBB rating was maintained by Fitch and Standard and Poors, a key objective in the Company's Strategic Plan.**
- ⚡ **On 19 January 2023, the company celebrated the "[Enagás Hydrogen Day](#)". The event detailed the investments that Enagás will make from 2026 in the Iberian H2MED renewable hydrogen corridor and in the future Spanish renewable hydrogen backbone.**
- ⚡ **In total, gas demand and exports grew by 4.4% in 2022. Gas exports to Europe through interconnections with France increased by 22 TWh and LNG vessels cargo from Spanish terminals increased by 45%, the third highest ever. In 2022, Spain had a procurement portfolio from 19 different sources.**
- ⚡ **On 21 December an interim dividend of 0.688 euros gross per share was paid for 2022, in line with the annual commitment for 2022 to distribute 1.72 euros gross per share, which is to be voted on at the next Annual General Meeting.**
- ⚡ **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 a world leader in its sector in Bloomberg's Gender Equality Index and has obtained the highest ESG rating in its sector in the FTSE4Good sustainability index.**

(*) The target set for the net profit was €380-390 M and included the net capital gain from the sale of the Morelos pipeline. Enagás expects to close this transaction in the first four months of 2023.

Key figures

Income statement

January - December (€M)	2021	2022	Var. 2021- 2022
Total revenues	991.2	970.3	(2.1%)
EBITDA	895.3	797.4	(10.9%)
EBIT	583.4	478.2	(18.0%)
Net profit	403.8	375.8	(6.9%)

Balance sheet and leverage ratios

	Dec.-2021	Dec.-2022
Net Debt (€M)	4,277	3,469
Net Debt / EBITDA ⁽¹⁾	5.1x	4.8x
FFO/Net Debt	16.4%	17.6%
Financial cost of debt	1.71%	1.76%

(1) EBITDA adjusted for dividends received from affiliates

Cash Flow and Investments

January - December (€M)	2021	2022	Var. 2021- 2022
Funds From Operations (FFO)	700.7	612.0	(12.7%)
Operating Cash Flow (OCF)	740.2	847.4	+14.5%
Dividends from affiliates	161.1	121.5	(24.6%)
Net investments	(59.7)	548.6	n.a.

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)	2021	2022	Var. % 21-22
Income from regulated activities	967.6	950.4	(1.8%)
Other operating income	23.6	19.9	(15.7%)
Total income	991.2	970.3	(2.1%)
Personnel expenses	(129.7)	(140.4)	8.2%
Other operating expenses	(183.7)	(233.7)	27.2%
Operating Expenses	(313.4)	(374.1)	19.4%
Results from affiliates	217.6	201.2	(7.5%)
EBITDA	895.3	797.4	(10.9%)
Depreciation and amortisation	(257.6)	(264.8)	2.8%
PPA	(54.3)	(54.4)	0.2%
EBIT	583.4	478.2	(18.0%)
Financial result	(83.4)	48.2	-¹
Corporate income tax	(95.3)	(150.0)	57.4%
Income attributable to minority interests	(0.8)	(0.5)	(21.3%)
Net profit	403.8	375.8	(6.9%)

Note 1: Financial result increased in €131.6 M

Operating revenue

The company's total revenues as at 31 December 2022 amounted to 970.3 millions of euros, -2.1% lower than in 2021.

Regulated revenues at the close of 2022 amounted to 950.4 millions of euros, -1.8% year-on-year. These revenues were reduced by the application of the 2021-2026 regulatory framework (-45.1 millions of euros), although this impact was partially offset by the remuneration of audited expenses (~38 millions of euros).

Operating Expenses

In accordance with the 2022 - 2030 Strategic Plan, Enagás has intensified its efficiency plan to minimise the impact of inflation on the Company's manageable costs.

Operating expenses at year-end 2022 amounted to -374.1 millions of euros (+19.4%). This figure includes certain non-recurring expenses, mainly:

- .- Staff costs associated with terminations (~10 millions of euros).
- .- Higher audited costs (~38 millions of euros), mainly electricity and CO2 expenses, which partially offset the fall in regulated revenues.

Excluding these impacts, recurring operating expenses increased by ~+4% in 2022 compared to 2021, highlighting the effectiveness of the cost efficiency plan.

Results from affiliates

The contribution from affiliates amounted to 201.2 millions of euros, representing approximately 39% of net profit, as a result of the good performance of affiliates, mainly TGP and TAP.

Change in the scope of consolidation due to the sale of GNL Quintero and the reclassification of the Morelos gas pipeline, which is maintained as an "asset held for sale" and, therefore, its contribution is not consolidated until its sale, expected in the first four months of 2023, materialises.

EBITDA

EBITDA at 31 December 2022 reached 797.4 millions of euros.

This result was made possible by the effectiveness of the cost efficiency plan implemented by the company to minimise the impact of inflation on manageable costs.

Financial result

The financial result as at 31 December 2022 amounted to +48.2 millions of euros, representing an increase of 131.6 millions of euros compared to 2021.

This amount mainly includes:

- Financial result associated with debt 82.2 millions of euros.
- A positive impact from the sale of GNL Quintero (+205 millions of euros) which includes a tax associated with the repatriation of the cash generated by the sale of GNL Quintero amounting to 44 millions of euros.
- The net capital gain from the sale of 30% of Enagás Renovable (+50.4 millions of euros).
- The impairment of Tallgrass Energy, amounting to -133.8 millions of euros.

The financial cost of debt at 31 December 2022 was 1.76%, in line with the financial cost of 2021 (1.71%).

Corporate income tax

Taxes amount to -150 millions of euros at 31 December 2022. This includes -70 millions of euros associated with the sale process of GNL Quintero.

Net profit

Net profit as at 31 December 2022 amounts to 375.8 millions of euros, in line with the annual target.

Funds generated and Balance Sheet

Consolidated Cash Flow Statement

Millions of euros (unaudited figures)	2021	2022
EBITDA	895.3	797.4
Results from affiliates	(217.6)	(201.2)
Tax	(64.1)	(48.2)
Interest	(70.0)	(59.0)
Dividends from affiliates	161.1	121.5
Adjustments	(4.0)	1.5
FUNDS FROM OPERATIONS (FFO)	700.7	612.0
Change in operating working capital	39.5	235.3
OPERATING CASH FLOW (OCF)	740.2	847.4
Net investments	(59.7)	548.6
International business	43.1	658.3
Business in Spain	(102.8)	(109.7)
FREE CASH FLOW (FCF)	680.5	1,395.9
Dividends paid	(444.0)	(446.7)
Effect of exchange rate changes	2.9	41.8
DISCRETIONAL CASH FLOW (DCF)	239.4	991.0
Financing flows	341.1	(1,069.7)
Debt repayment	(153.4)	(1,519.7)
Debt contracting	494.5	450.0
Capital increase	0.0	0.0
Proceeds/payments on equity instruments	0.0	(8.4)
Effect of change in consolidation method	0.0	2.3
NET CASH FLOWS	580.5	(84.8)
Cash and cash equivalents at beginning of period	863.7	1,444.2
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,444.2	1,359.3

Balance sheet

<u>ASSETS</u>	Dec. 2021	Dec. 2022
Non-current assets	7,957.5	7,413.0
Intangible assets	86.6	83.2
<i>Goodwill</i>	23.2	17.5
<i>Other intangible assets</i>	63.4	65.6
Investment properties	18.7	17.4
Property, plant, and equipment	4,428.6	4,164.9
Investments accounted for using the equity method	2,789.7	2,552.6
Other non-current financial assets	632.6	593.2
Deferred tax assets	1.3	1.7
Current assets	1,916.3	1,985.6
Non-current assets held for sale	29.7	40.5
Inventories	26.4	35.2
Trade and other receivables	395.1	513.5
Other current financial assets	13.5	29.2
Other current assets	7.6	8.0
Cash and cash equivalents	1,444.2	1,359.3
TOTAL	9,873.7	9,398.6

EQUITY AND LIABILITIES

Equity	3,101.7	3,218.3
Shareholder's equity	3,158.4	3,076.5
Subscribed capital	393.0	393.0
Issue premium	465.1	465.1
Reserves	2,080.2	2,036.9
Shares and stakes in treasury shares	(12.5)	(18.4)
Profit for the year	403.8	375.8
Interim dividend	(177.8)	(179.7)
Other equity instruments	6.5	3.7
Adjustments for changes in value	(73.0)	125.8
Minority interests (external partners)	16.2	16.0
Non-current liabilities	5,299.8	4,417.8
Non-current provisions	292.4	295.9
Non-current financial liabilities	4,808.9	3,935.8
<i>Bank loans</i>	1,664.8	1,220.1
<i>Bonds and other marketable securities</i>	2,700.0	2,316.0
<i>Long-term suppliers of fixed assets</i>	0.4	0.0
<i>Derivatives</i>	2.2	19.3
<i>Other financial liabilities</i>	441.5	380.4
Deferred tax liabilities	160.3	150.4
Other non-current liabilities	38.2	35.7
Current liabilities	1,472.2	1,762.4
Current provisions	0.7	11.6
Current financial liabilities	1,056.1	970.4
<i>Bank loans</i>	113.1	470.5
<i>Bonds and other marketable securities</i>	781.8	420.6
<i>Derivatives</i>	86.1	4.8
<i>Other financial liabilities</i>	75.2	74.6
Trade and other payables	415.4	780.4
TOTAL	9,873.7	9,398.6

Operating cash flow

The funds from operations (FFO) as of 31 December 2022 was 612.0 millions of euros. This figure includes dividends received from affiliates, which at 31 December 2022 amounted to 121.5 millions of euros.

Operating cash flows (OCF) as of 31 December 2022 reached 847.4 millions of euros, +14.5% higher than in 2021.

This increase is mainly due to the positive impact of working capital variation of 235.3 millions of euros, which has improved as a result of the high utilisation of the company's infrastructures, especially the regasification plants.

Investments

The net investment figure at the end of 2022 amounted to +548.6 millions of euros. This figure includes -109.8 millions of euros in domestic net investments and -658.3 millions of euros net in the international business, which mainly includes the proceeds from the sale of GNL Quintero for +639 millions of euros.

Net Debt

At 31 December, net debt has been reduced by 808 millions of euros (-19%), from 4,277 millions of euros in December 2021 to 3,469 millions of euros in December 2022, mainly due to the high cash generation, the divestment in GNL Quintero and the good performance of the Working Capital.

The financial cost of debt stood at 1.76%, in line with that of December 2021 (1.71%).

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 2022 was 17.6%, while the Net Debt/EBITDA ratio adjusted for dividends received from affiliates amounted to 4.8x.

The debt type at 31 December 2022 was as follows: 10% is institutional debt, 57% was issued in capital markets, 25% is commercial bank borrowings and the remaining 8% is leases (IFRS 16). Of the debt recorded, 79% is issued in euros and the remaining 21% in US dollars (USD).

Liquidity

The Company has a solid liquidity position, which at the end of the year amounted to 3,794 millions of euros between cash and lines of credit not provided.

In December, the company contracted a 450 millions of euros bank loan maturing in 2025 and on very competitive terms to cover all maturities in 2023.

Liquidity	Dec. 2022	Dec. 2021	Current maturity
Treasury	€1.35 Bn	€1.44 Bn	
Club Deal	€1.5 Bn	€1.5 Bn	January 2028 ²
Operational lines	€934 M	€355 M	Dec 2023 - Oct 2024
TOTAL	€3.79 Bn	€3.3 Bn	

(2) In Jan-23 the maturity was extended from Dec-2026 to Jan-2028 and the amount was increased from €1.5 Bn to €1.55 Bn

OPERATING HIGHLIGHTS

Demand

Total gas demand in Spain, which includes both domestic consumption and exports to Europe, increased by +4.4% in 2022.

This amount **includes** natural gas **exports** through **international connections and LNG vessels cargo** which increased **+90%** to 68TWh.

Gas demand for electricity generation increased by +52.7%, reaching the highest value since 2010. This increase was driven by electricity exports to France and Portugal.

Conventional demand fell by -21.4%. This decrease is mainly due to lower industrial consumption, especially in sectors such as cogeneration and to the Government's savings and energy efficiency measures.

Gas exports to Europe via interconnections with France **increased by 22 TWh**.

LNG vessel refuelling from Spanish terminals **increased by 45%**, the third highest ever. This **will support the coverage of the gas market and the filling of underground storage** in the rest of Europe. Of the refuelling carried out at Spanish plants, the main destinations are Italy and Germany (refuelling of the first FSRU put into operation in this country).

In view of the geopolitical situation, **the Spanish Gas System has positioned itself as an entry point for supplies to Europe**, thanks to the high potential of Enagás' regasification plants.

In 2022, Spain had a **procurement portfolio from 19 different origins**. **Vessels unloading have increased to a total of 338 operations**, 33% higher than those recorded in 2021.

Average LNG tanker fill level was approximately 70% in 2022, providing an additional guarantee for security of supply.

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. 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.

In terms of climate action, Enagás has obtained the highest Gold Standard rating, awarded by OGMP 2.0, for its methane emissions reduction plan. The company is committed to achieving carbon neutrality by 2040 and has defined emission reduction targets in line with the 1.5°C scenario and targets relating to the decarbonisation of its value chain (Scope 3). In addition, the company has set targets for nature and biodiversity.

Enagás complies with good governance recommendations regarding the separation of the roles of executive CEO and non-executive Chairman, having assigned executive status to the sole figure of the CEO. It also complies with the recommendations associated with gender diversity on the Board, with 40% of women.

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

	<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' 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 has also been recognised as an Ambassador of European Excellence 2020.</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.</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 (FRC) since 2007, having obtained the Excellence A+ level in the 2022 recertification process.</p>		<p>Enagás has been a member of the FTSE4Good index since 2006.</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. The Huelva and Barcelona plants and Serrablo and Yela storage facilities hold EMAS verification. In 2021, it obtained Aenor's Zero Waste certification</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 Ecological Transition.</p> <p>In addition, it has voluntary emission offset 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. In 2019 it obtained the 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 of the 100 leading companies in gender equality.</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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