

# 2020 Results

23<sup>rd</sup> February 2021



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## Conference-call/Webcast:

February 23<sup>rd</sup>, 2021. 09.00 CET

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## Highlights

### 2020 Highlights

- ⚡ **No significant changes have been identified** regarding the situation presented throughout 2020 that **reveal impacts arising from the COVID-19 situation in the financial information at 31 December 2020.**
- ⚡ **The Spanish Gas System has operated normally** despite the adverse conditions caused by the COVID-19 crisis. Consequently, natural gas has been supplied with full commercial and technical availability.
- ⚡ In a difficult environment, marked by the COVID-19 crisis, **total demand for natural gas in Spain in 2020 reached 360 TWh**, which represents an increase of 3.1% compared to 2018.
- ⚡ **Stable regulatory framework 2021-2026:** The Circular on prices and conditions for access to the natural gas fixed transmission and storage facilities was published on 16 December 2020. The Royal Decree that lays down the remuneration and the fees for access to underground storage was published on 30 December 2020. With the publication of these regulatory documents, **the Regulatory Framework applicable to Enagás has been closed for the period 2021-2026.**
- ⚡ All **affiliates** in which the Enagás Group participates have **operated without incidents, thus contributing to securing supply in their respective countries.** All have implemented a contingency plan against COVID-19 in coordination with Enagás to ensure business continuity.
- ⚡ On 15 November 2020, **the Trans Adriatic Pipeline (TAP) project was launched** and it has already begun to bring positive results for the Group. Natural gas now flows through Snam's network in Italy and through the Greek network operated by Desfa.
- ⚡ In April, after being approved by the relevant authorities and at the Tallgrass shareholders meeting, its shareholders carried out **Tallgrass Energy's Take Private deal.** As a consequence of this deal, **Enagás has increased its direct shareholding in Tallgrass Energy to 30.2%** through the disbursement of 762.8 million euros.
- ⚡ The Company has a sound cashflow position, which at the end of the year amounted to 2,473 million euros between cash and undrawn lines of credit. Credit rating agencies **Fitch and Standard & Poors have reaffirmed the Group's credit rating at BBB+,** with both agencies changing the outlook of their ratings from "stable" to "negative".
- ⚡ Enagás **is a leader in the main sustainability indices,** particularly the **Dow Jones Sustainability World Index** (world leader in Oil & Gas Storage & Transportation), in which it attained Gold Class classification and **it is included in the CDP Climate Change A List.** Additionally, it has achieved third place worldwide in the **Gender Equality Index prepared by Bloomberg.**
- ⚡ Enagás has conducted the appropriate audits in its various Work Centres and Facilities and has obtained the **Certification Seal of the Action Protocol against COVID-19 (AENOR).**

## 2020 Results

- ⚡ **Profit after tax** at 31 December 2020 reached **444.0 million euros**, in line with the target set for the year (440 million euros) and **+5.1% higher than that obtained in 2019**.
- ⚡ **The dividend for 2020**, which will be laid before shareholders at the next Annual General Meeting, will be **1.68 euros per share, gross, up 5% in the year**, in line with the Company's strategy.
- ⚡ **Results from affiliates at 31 December 2020 amounted to 174.8 million euros** (162.1 million euros in 2019).
- ⚡ **Funds from operations (FFO)** at 31 December 2020 was **687.4 million euros, 8.9% lower** than that obtained in 2019. This reduction is explained, among other effects, by regulated revenue performance, impacted by a **lower RCS** (-25.3 million euros).
- ⚡ **Dividends received** from affiliates at 31 December 2020 amounted to **118.3 million euros**. It should be noted that **the shareholders of Tallgrass Energy have decided to distribute a dividend for the amount of 91 million dollars charged to fiscal year 2020** and continue in 2021 strengthening the financial structure of the company.
- ⚡ At the end of the year, **accumulated net investments** amounted to **859.2 million euros**, with the investment corresponding to **Tallgrass Energy's Take Private deal for 762.8 million euros being noteworthy**.
- ⚡ **Net Debt** amounted to **4,288 million euros** at the end of 2020, with a financial cost of debt of 1.9%. The **FFO/ND ratio at 31 December 2020 stood at 16.0%**.

## Main highlights

### Income Statement

January - December (millions of €)	2019	2019	2020	Var.19-20
	Real <sup>1</sup>	Pro forma		
Total income	1,182.8	1,151.1	1,084.0	-5.8%
EBITDA	1,016.4	994.8	942.9	-5.2%
EBIT	657.4	643.7	614.6	-4.5%
Net profit	422.6	422.6	444.0	+5.1%

Note<sup>1</sup>: GNL Quintero reported according to the global integration method until February 2019 and has been reporting under the equity method since March.  
Pro forma: pro-forma data assuming the consolidation of GNL Quintero by equity method during all of 2019.

### Balance sheet and leverage ratios

	Dec-2019 Pro forma	Dec-2020
Net Debt (millions of €)	3,755	4,288
Net Debt / EBITDA <sup>(1)</sup>	3.9x	4.8x
FFO/Net Debt	20.1%	16.0%
Financial cost of debt	2.1%	1.9%

(1) EBITDA adjusted for dividends obtained from affiliates

Pro forma: pro-forma data assuming the consolidation of GNL Quintero by equity method during all of 2019.

### Cash flow and investments

January - December (millions of €)	2019	2019	2020	Var. 19-20
	Real <sup>1</sup>	Pro forma		
Funds From Operations	759.1	754.6	687.4	-8.9%
Dividends received from affiliates	123.3	123.3	118.3	-4.1%
Net investment	-706.2	-704.7	-859.2	+21.9%

Following the Guidelines on alternative performance measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es), the corporate website contains a glossary of definitions and a reconciliation with the items presented in the financial statements for certain alternative financial measures used in this document.

Note<sup>1</sup>: GNL Quintero reported according to the global integration method until February 2019 and has been reporting under the equity method since March.  
Pro forma: pro-forma data assuming the consolidation of GNL Quintero by equity method during all of 2019.

# Earnings Performance

## Income Statement

Millions of euros (unaudited figures)	2019 Real <sup>1</sup>	2019 Pro forma	2020	Var.19-20
Income from regulated activities	1,086.6	1,086.6	1,016.3	-6.5%
Other operating income	96.1	64.4	67.8	5.2%
<b>Total revenue</b>	<b>1,182.8</b>	<b>1,151.1</b>	<b>1,084.0</b>	<b>-5.8%</b>
Personnel expenses	-125.2	-123.8	-126.7	2.4%
Other operating expenses	-198.4	-194.5	-189.2	-2.7%
<b>Operating Expenses</b>	<b>-323.5</b>	<b>-318.3</b>	<b>-315.9</b>	<b>-0.7%</b>
Results from affiliates	157.2	162.1	174.8	7.9%
<b>EBITDA</b>	<b>1,016.4</b>	<b>994.8</b>	<b>942.9</b>	<b>-5.2%</b>
Amortisation and depreciation	-322.8	-313.7	-277.3	-11.6%
PPA	-36.2	-37.4	-51.1	36.4%
<b>EBIT</b>	<b>657.4</b>	<b>643.7</b>	<b>614.6</b>	<b>-4.5%</b>
<b>Financial results</b>	<b>-117.4</b>	<b>-110.8</b>	<b>-67.7</b>	<b>-38.9%</b>
Corporate income tax	-112.1	-109.3	-102.0	-6.7%
Profit attributed to non-controlling interests	-5.3	-1.0	-0.9	-4.6%
<b>Net profit</b>	<b>422.6</b>	<b>422.6</b>	<b>444.0</b>	<b>5.1%</b>

Note<sup>1</sup>: GNL Quintero reported according to the global integration method until February 2019 and has been reporting under the equity method since March.

Pro forma: pro-forma data assuming the consolidation of GNL Quintero by equity method during all of 2019.

## Operating income

**Total revenue at 31 December 2020 reached €1,084.0 million, representing a decrease of -5.8%** compared to the same period in 2019, as a result of the effect of COVID-19 on demand of natural gas and its impact on the RCS component. **At the end of 2020 this component amounted to 249 million euros.**

## Operating expenses

**Operating expenses at the end of 2020** reached -315.9 million euros, **0.7% lower than the accumulated amount in the same period the previous year.**

## Results from affiliates

At 31 December 2020, the **results from affiliates reached 174.8 million euros.** Notably **TAP (Trans Adriatic Pipeline) went into operation on 15 November, contributing 14.6 million euros to the results from affiliates.**

On 16 April, the Tallgrass Energy General Meeting of Shareholders approved the agreement for the acquisition of all the floating capital of the company (Take Private). Consequently, Enagás has disbursed 762.8 million euros to increase its direct shareholding in the capital stock of Tallgrass Energy from 12.6% to 30.2%.

Tallgrass' contribution to the results from affiliates amounted to 27.2 million euros at 31 December 2020.

## EBITDA

**EBITDA** at 31 December 2020 reached **942.9 million euros, 5.2% lower** than that obtained on the same date of the 2019 financial year.

## Amortisation of fixed assets

Amortisation of fixed assets has decreased by 11.6% compared to the same period the previous year. It should be noted that in 2019 certain assets were regularised, which had an impact on the provision for the impairment of assets amounting to -48.3 million euros.

Additionally, the amortisation line of the PPA (purchase price allocation) has increased compared to 2019 (+36.4%), as a consequence of acquisition of the second phase of Tallgrass Energy.

Thus, **EBIT** at 31 December 2020 was **614.6 million euros, -4.5% less** than that registered at the end of 2019.

## Financial Results

**The financial result** obtained at 31 December 2020 recorded a negative balance of **-67.7 million euros**, compared to the -110.8 million euros recorded at the end of 2019.

This improvement is mainly due to three effects:

- 1) Improvement in the financial cost of debt.
- 2) A non-recurring effect of 18.4 million euros originated by positive exchange differences generated by the purchase of dollars made for Tallgrass Energy's Take Private.
- 3) The discounting to present value of the account receivable from GSP (Gasoducto del Sur Peruano) which represents a positive non-recurring effect of 12.9 million euros.

## Net profit

**Profit after tax at 31 December 2020 reached 444.0 million euros**, in line with the target set for the year (440 million euros) and **+5.1% higher than that obtained in 2019**.

## Cash Flow and Balance Sheet

### Consolidated cash flow statement

Millions of euros (unaudited figures)	2019 Real <sup>1</sup>	2019 Pro forma	2020
<b>EBITDA</b>	<b>1,016.4</b>	<b>994.8</b>	<b>942.9</b>
Results from affiliates	-157.2	-162.1	-174.8
Tax	-101.7	-101.7	-104.8
Interest	-104.3	-82.2	-82.8
Dividends received from affiliates	123.3	123.3	118.3
Adjustments	-17.6	-17.6	-11.4
<b>FUNDS FROM OPERATIONS (FFO)</b>	<b>759.1</b>	<b>754.6</b>	<b>687.4</b>
<b>Changes in working capital</b>	<b>122.3</b>	<b>122.6</b>	<b>39.4</b>
<b>OPERATING CASH FLOW (OCF)</b>	<b>881.3</b>	<b>877.2</b>	<b>726.8</b>
<b>Net investment</b>	<b>-706.2</b>	<b>-704.7</b>	<b>-859.2</b>
International business	-650.6	-649.1	-767.0
Business in Spain	-55.7	-55.7	-92.2
<b>FREE CASH FLOW (FCF)</b>	<b>175.1</b>	<b>172.5</b>	<b>-132.4</b>
Dividends paid	-371.9	-371.9	-427.6
Exchange rate effect	6.8	4.8	-0.5
<b>DISCRETIONAL CASH FLOW (DCF)</b>	<b>-190.0</b>	<b>-194.6</b>	<b>-560.5</b>
<b>Financing flows</b>	<b>-27.7</b>	<b>-27.7</b>	<b>325.2</b>
Maturity of long-term debt	-358.3	-358.3	-122.3
Debt issues	404.4	404.4	496.1
Issue/maturity of policies and ECPs	-73.8	-73.8	-48.5
<b>Capital increase</b>	<b>500.0</b>	<b>500.0</b>	<b>0.0</b>
<b>Proceeds from/(payments for) equity instruments</b>	<b>-7.8</b>	<b>-7.8</b>	<b>0.0</b>
<b>Effect of changes in the consolidation method</b>	<b>-347.1</b>	<b>-0.3</b>	<b>0.0</b>
<b>NET CASH FLOWS</b>	<b>-72.6</b>	<b>269.6</b>	<b>-235.3</b>
<b>Cash and cash equivalents at start of period</b>	<b>1,171.5</b>	<b>829.4</b>	<b>1,099.0</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,099.0</b>	<b>1,099.0</b>	<b>863.7</b>

Note<sup>1</sup>: GNL Quintero reported according to the global integration method until February 2019 and has been reporting under the equity method since March.

Pro forma: pro-forma data assuming the consolidation of GNL Quintero by equity method during all of 2019.



## Balance sheet

<b>ASSETS</b>	<b>Dec 2019</b>	<b>December 2020</b>
<b>Total non-current assets</b>	<b>7,446.3</b>	<b>7,786.3</b>
Intangible assets	73.7	74.6
<i>Goodwill</i>	25.8	23.2
<i>Other intangible assets</i>	47.9	51.4
Investment property	19.6	19.0
Property, plant and equipment	4,634.9	4,430.4
Equity-accounted investments	2,109.5	2,658.4
Other non-current financial assets	605.8	602.5
Deferred tax assets	2.9	1.4
<b>Current assets</b>	<b>1,397.9</b>	<b>1,222.6</b>
Non-current assets held for sale	5.0	1.8
Inventories	19.7	21.4
Trade debtors and other short-term debts	260.8	322.6
Short-term financial investment	7.9	7.5
Other current assets	5.6	5.8
Cash and cash equivalents	1,099.0	863.7
<b>TOTAL</b>	<b>8,844.2</b>	<b>9,008.9</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>3,168.8</b>	<b>3,007.0</b>
Total equity	3,170.1	3,192.7
Subscribed share capital	393.0	393.0
Share premium	465.1	465.1
Reserves	2,052.2	2,074.4
Treasury shares	-12.5	-12.5
Profit for the period	422.6	444.0
Interim dividend	-152.5	-175.7
Other equity instruments	2.2	4.4
Valuation adjustments	-17.2	-202.7
Non-controlling interests (external owners)	15.9	17.0
<b>Non-current liabilities</b>	<b>5,205.2</b>	<b>5,416.7</b>
Non-current provisions	248.3	253.9
Non-current financial liabilities	4,744.3	4,962.0
<i>Bank loans</i>	1,401.0	1,165.6
<i>Bonds and other marketable securities</i>	2,929.8	3,432.3
<i>Non-current payables to fixed asset suppliers</i>	0.3	0.3
<i>Derivatives</i>	74.4	44.1
<i>Other long-term loans</i>	338.7	319.8
Deferred tax liabilities	171.9	160.9
Other non-current liabilities	40.8	39.9
<b>Current liabilities</b>	<b>470.2</b>	<b>585.2</b>
Current provisions	2.0	2.2
Current financial liabilities	234.1	289.1
<i>Bank loans</i>	133.1	172.7
<i>Bonds and other marketable securities</i>	31.3	41.7
<i>Derivatives</i>	13.9	11.2
<i>Other long-term loans</i>	55.8	63.5
Trade and other payables	217.6	293.9
Other current liabilities	16.5	0.0
<b>TOTAL</b>	<b>8,844.2</b>	<b>9,008.9</b>

## Operating cash flow

At 31 December 2020, **funds from operations (FFO)** was **687.4 million euros, -8.9% lower than that obtained in 2019**. This reduction is explained, among other effects, by regulated revenue performance, impacted by a lower RCS (-25.3 million euros).

**Dividends received from affiliates** at 31 December 2020 amounted to **118.3 million euros**.

## Investments

At the end of the 2020, **net investment** amounted to **859.2 million euros**.

This figure mainly includes the investment in Tallgrass Energy's Take Private deal, for €762.8 million. With this transaction, Enagás has increased its direct shareholding in Tallgrass Energy to 30.2%.

## Net Debt

At the end of 2020, **Net Debt amounted to 4,288 million euros**, representing an increase of 533 million euros compared to 31 December 2019 (3,755 million euros) mainly due to the investment in Tallgrass Energy's Take Private.

At the date of publication of this report, credit rating agencies Fitch and Standard & Poors have reaffirmed the Group's credit rating at BBB+, with both agencies changing the outlook of their ratings from "stable" to "negative".

The **FFO/ND ratio at the close** of 2020 was **16.0% at 31 December**, while the Net Debt/EBITDA ratio adjusted for dividends received from affiliates increased to 4.8x.

The debt type at 31 December 2020 was as follows: 13% is institutional debt, 67% was issued in capital markets, 13% is commercial bank borrowings and the remaining 7% is leases (IFRS 16). 75% of the debt accounted for is issued in euros and the remaining 25% in dollars (USD).

Over 80% of debt at Enagás is arranged at a fixed rate without any significant maturities to occur until 2022.

The financial cost at 31 December 2020 was 1.9%.

## Liquidity

The Company has a sound cashflow position, which at the end of the 2020 amounted to 2,473 million euros between cash and undrawn lines of credit.

Liquidity	2020	2019	Current maturity
Cash	€864M	€1,099M	
Club Deal	€1,500M	€1,500M	December 2025
USD Lines	€109M	€58M	July 2024
Other ST Lines	-	€60M	July 2021
<b>TOTAL</b>	<b>€2,473M</b>	<b>€2,717M</b>	

## CORPORATE RESPONSIBILITY AND SUSTAINABILITY

### Sustainability

Enagás is a leader in the main sustainability indices, particularly the **Dow Jones Sustainability World Index** (world leader in Gas Utilities) in which it attained Gold Class classification.

In recognition of our role in the energy transition, Enagás is now on the **CDP Climate Change A List**. Enagás has increased its climate ambition by bringing forward its carbon neutrality target to 2040 and setting targets aligned with the 1.5°C emission scenarios.

Additionally, Enagás has reinforced its commitment to the preservation of natural capital and biodiversity by joining the **Biodiversity Pact**.

Finally, Enagás remains a leader in people management, reaching the third spot worldwide in the **Gender Equality Index prepared by Bloomberg**, and has been included in the **Top Employers Spain** ranking for the eleventh year in a row. It has also been ranked 21 in **Actualidad Económica's Best Companies To Work For**.

## **PUBLIC DISSEMINATION OF INSIDE INFORMATION AND OTHER RELEVANT INFORMATION**

In accordance with article 226 of Royal Legislative Decree 4/2015 of 23 October, which approves the revised text of the Securities Market Law, Enagás communicates to the CNMV, as soon as possible, the privileged information that concerns it directly referred to in Article 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014.

In accordance with article 227 of Royal Legislative Decree 4/2015 of 23 October, which approves the revised text of the Securities Market Law, Enagás also communicates to the CNMV the other financial or corporate information regarding the company itself or its securities or financial instruments that any legal or regulatory provision requires it to make public in Spain or that it deems necessary, due to its special interest, to spread among investors.

Enagás carries out privileged information and other relevant information communications, for public dissemination, through the specific communication and publication channels developed by the CNMV for this purpose.

## APPENDIX I: CORPORATE RESPONSIBILITY AND SUSTAINABILITY

### Indices, certifications and assessment agencies

	<p>Enagás has been a member of the United Nations Global Compact since 2003. Since 2011, the Progress Report has met all the criteria for the GC Advanced level. It has also been included in the Global Compact 100 index since 2013.</p>		<p>Enagás' management model has borne the European Seal of Excellence 500+ EFQM since 2012.</p> <p>Enagás was recognised as an Ambassador of European Excellence in 2016.</p>
<p>Member of <b>Dow Jones Sustainability Indices</b> Powered by the S&amp;P Global CSA</p> <p><b>Sustainability Award</b> Gold Class 2021</p> <p><b>S&amp;P Global</b></p>	<p>Enagás has been a member of the Dow Jones Sustainability Index World (DJSI) since 2008. It has a Gold Class rating, and was also named leader of the Gas Utilities sector in 2020.</p>		<p>Since 2008, the content of Enagás' Annual Report has been externally verified and drawn up under the AA1000APS standard and in accordance with the Global Reporting Initiative (GRI). Since 2012, it has been prepared under the integrated reporting principles of the International Integrated Reporting Council (IIRC).</p>
	<p>Enagás has been a member of the FTSE4Good index since 2006.</p>		<p>Enagás renewed its presence on the Euronext Vigeo Eurozone 120 index in 2020.</p>
	<p>Enagás has been a member of the Ethibel Sustainability Index Excellence Europe since 2009.</p>		<p>ISS upheld its B Prime rating of Enagás, issued in 2010.</p>
	<p>Enagás has been a constituent of the MSCI Global Sustainability Indices since 2010 and has a AA rating.</p>		<p>Enagás has been participating in the CDP Climate Change programme since 2009 and the CDP Water programme since 2015. In 2020 it was included in the A List of leading companies in climate change management and recognised as one of the leading companies for its commitment to suppliers.</p>
	<p>Enagás has been certified as a Family Responsible Company (FRC) since 2007 and obtained the Excellence A level in the 2019 recertification process.</p>		<p>Enagás has been one of the Top Employers Spain since 2010.</p>
	<p>Enagás holds ISO14001 certification for management of gas transmission and storage infrastructure processes, asset management, central laboratory and corporate headquarters. In addition, it holds ISO50001 certification for management of gas transmission and storage infrastructure processes, asset management, central laboratory and corporate headquarters.</p> <p>The Company's Huelva and Barcelona plants and storage facilities at Serrablo and Yela have secured EMAS certification.</p>		<p>Enagás holds ISO 9001:2008 certification for its technical system (TSM), asset management, infrastructure development and information systems management processes. The company is also SSAE 18 certified for its Security of Supply in the System / Technical Management of Underground Storage processes.</p>
	<p>Enagás certifies its carbon footprint yearly according to the ISO14064 standard and has the Calculo+Compensación+Reduzco seal by annually registering its carbon footprint with the Ministry for the ecological transition.</p> <p>In addition, it has certificates of voluntary emissions compensation from regasification plants, headquarters and corporate fleet.</p>		<p>The Occupational Risk Prevention Management System of the companies Enagás GTS, S.A.U., Enagás Internacional S.L.U., Enagás S.A. and Enagás Transporte S.A.U. belonging to the Enagás Group is ISO 45001 certified.</p> <p>Enagás has also been certified as a healthy workplace since 2015 and has ISO certification for road safety (ISO 39001) and information security (ISO 27001).</p>
	<p>In 2015, Enagás was awarded the Bequal seal for its commitment to the inclusion of people with disabilities. In 2019 it obtained Bequal Plus recognition.</p>		<p>Enagás holds the "Equality at Work Seal" from the Spanish Ministry of Health, Social Policy and Equality, first issued in 2010.</p>
	<p>Enagás has been on the Bloomberg gender equality index since 2019.</p>		<p>Enagás was included among the 100 leading global companies in promoting gender equality in the workplace.</p>

## APPENDIX II: CONTACT DATA

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