Press release

2023 Results and 2024 Targets

Enagás results exceed targets, achieving a net profit of 342.5 million euros

The company reinforces its balance sheet and establishes a sustainable dividend of 1 euro per share for 2024, 2025 and 2026, to comply with the provisions of Royal Decree-Law 8/2023 and undertake the planned investments in hydrogen infrastructure

- Enagás exceeded all the targets set by the company for 2023 and continues to achieve a high degree of execution of its 2022–2030 Strategic Plan.
- The company's net debt stood at 3.347 billion euros, well below its annual target and influenced by the improvement in working capital performance resulting from high infrastructure utilisation
- In 2023, Enagás was the world's largest bunkering operator, with 157 ship refuelling operations carried out during the year, 26% more than in 2022
- Industrial demand in Spain increased by 3.9% in 2023, driven by strong growth of 22% in the second half of the year and breaking the trend of the first six months
- 2023 was a key year for the advancement of the hydrogen timetable, with milestones such as the inclusion of H2Med and the Spanish Hydrogen Infrastructure in the European Union list of Projects of Common Interest (PCIs)
- In December, Enagás was appointed provisional manager of the Hydrogen Backbone Network by Spanish Royal Decree-Law 8/2023 of 27 December, in line with the model followed by other European countries
- The results of the Call for Interest held by Enagás support the hydrogen backbone infrastructure and H2Med corridor, presented as PCIs, and the goals of the National Integrated Energy and Climate Plan (PNIEC)
- The strong estimated increase in Enagás' investments in hydrogen infrastructure from 2026 has led the company to strengthen its balance sheet
- In anticipation of this new investment cycle, the company establishes a sustainable dividend payment of 1 euro per share for 2024, 2025 and 2026 – compatible with the 2024-2030 hydrogen investment plan – and maintains the dividend of 1.74 euros per share expected in 2023
- The company's 2024 targets improve on market expectations and demonstrate the high level of execution of the 2022–2030 Strategic Plan
- Enagás signed a new collective bargaining agreement that is compatible with the targets set in the Strategic Plan

Madrid, 20 February 2024. Enagás' profit after tax (PAT) at 31 December 2023 amounted to 342.5 million euros, in line with its 2022–2030 Strategic Plan and above the target set for the year. In line with its good performance with regard to PAT, the company's EBITDA for 2023 stood at 780.3 million euros.

This good performance is due to the effectiveness of the company's Efficiency Plan, which enabled operating expenses to be kept in line with those of 2022 and a better-than-expected financial result to be achieved, as well as the good results by the affiliates.

Enagás' annual results include a 48-million-euro reduction in regulated revenues in 2023 as a result of the application of the 2021–2026 regulatory framework.

Sound financial structure and strong liquidity position

At 31 December, the company's net debt stood at 3.347 billion euros, below the target of 3.7 billion, and with more than 80% hedged at a fixed rate, mitigating the impact of interest rate volatility. The financial cost of gross debt is 2.6%, and the debt has an average maturity of 4.9 years following the successful completion on 15 January of a 600-million-euro bond issue maturing in 2034.

The company also has leverage ratios compatible with its BBB credit rating and a solid liquidity position, which at year-end amounted to 3.309 billion euros.

Contributing to supply security for Spain and Europe

In a year marked by international conflicts in Ukraine, Gaza and the Red Sea, the Spanish Gas System has been operated with 100% availability, 24 hours a day and every day of the year. Moreover, Enagás infrastructures are proving key to supply security for both Spain and the European Union.

In 2023, Enagás was the world's largest bunkering operator, with 157 ship refuelling operations carried out during the year, 26% more than in 2022. Spanish regasification plants received natural gas from 17 different countries last year, and interest in contracting long-term LNG storage services remains high.

In addition, Spain increased pipeline exports by 23.7% in 2023 and, for the first time in history, underground storage facilities were at 100% from the beginning of August.

2023 also saw a recovery in industrial demand in Spain of 3.9% – led by the refining, chemical, pharmaceutical and co-generation sectors – with strong growth of 22% in the second half of the year. This positive trend has continued into the first months of 2024.

Total demand, including exports, fell by 7.3% in 2023, largely due to a 30.7% reduction in gas demand for power generation after recording the highest level since 2010 in 2022.

Affiliate contributions

Our affiliates also performed well during the year, contributing to Enagás with a 192.5-million-euro dividend.

In Europe, dividends from the *Trans Adriatic Pipeline* (TAP) – an 878-km-long infrastructure running through Greece, Albania, the Adriatic Sea and Italy – came to 76 million euros in 2023.

During the year, and in line with the high degree of execution of the 2022–2030 Strategic Plan to contribute to strengthening the security of energy supply and decarbonisation in Europe, Enagás finalised the purchase of an additional 4% of TAP, equalling the 20% shareholding held by the other partners. Enagás will chair the TAP Board of Directors in 2024.

In the United States, Tallgrass Energy's infrastructure is performing well with a high level of utilisation that enabled the subsidiary to achieve an adjusted EBITDA in 2023 of about 820 million US dollars, exceeding the US company's forecast range of 775 million–815 million dollars.

In line with its decarbonisation strategy, Tallgrass continues to make progress in adapting the Trailblazer pipeline to transport CO_2 from ethanol production sites in the Midwest to a storage facility in Wyoming.

Enagás meets all its targets

In addition to its financial results, Enagás met all the targets set for 2023, including the prioritisation of investments in regulated assets in Spain and Europe that allow it to guarantee energy supply and energy transition, and the hydrogen timetable.

With regard to the former, Enagás joined the Hanseatic Energy Hub in Stade, Germany, in June as an industrial partner and shareholder, and the El Musel LNG plant received the Administrative Authorisation in July for its start-up.

Milestones in asset rotation – in addition to the 4% increase in the stake in TAP – include the closing in April of the sale of the Morelos gas pipeline in Mexico, and the acquisition in September of Reganosa's gas pipeline network and the incorporation of the latter as a 25% shareholder in El Musel.

2023, a big year for renewable hydrogen

2023 was a key year in the advancement of the hydrogen timetable.

Highlights include the launch in March of the issuance of Guarantees of Origin for renewable gases by Enagás GTS, the launch in September of the Enagás Call for Interest process, the presentation in October of H2Med in Berlin and the inclusion in November of H2Med and the Spanish hydrogen infrastructure in the European list of Projects of Common Interest (PCIs).

Also of note are the European Union agreements reached during the Spanish Presidency with regard to the Hydrogen and Decarbonised Gas Package (directive and regulation) as well as the designation of Enagás as the provisional manager of the Hydrogen Backbone Network by Spanish Royal Decree-Law 8/2023 of 27 December, in line with the model followed by other European countries.

According to the provisions of this law, Enagás must within four months (by 29 April) submit a proposal to the Directorate-General for Energy Policy and Mines for the development of the Spanish hydrogen backbone infrastructure with a ten-year horizon. This will be the first step towards the creation of a binding plan by the Spanish Government.

This law also qualifies Enagás to represent Spain in the creation of the European Network of Network Operators for Hydrogen (ENNOH) and allows it to provisionally develop the Hydrogen Backbone Network within the scope of PCIs, through horizontally separate legal entities.

New hydrogen infrastructure investment plan

In 2024, the company presented the results of the Call for Interest during the 2nd Enagás Hydrogen Day on 31 January, which supported the hydrogen transport infrastructures presented as PCIs and the goals of the National Integrated Energy and Climate Plan (PNIEC). This infrastructure will mean an estimated total gross investment in Spain – including the part corresponding to H2Med – of about 5.9 billion euros. Considering public grants covering some 40%, the net investment by Enagás is estimated at approximately 3.2 billion euros in the 2026–2030 period.

To comply with the provisions of Royal Decree-Law 8/2023 and undertake the planned investments in hydrogen infrastructure, the company must strengthen its balance sheet. To this end, in addition to the control of operating and financial costs and the asset rotation policy, the Company's Board of Directors, at the meeting of February 19, 2024, has approved adapting the dividend policy in the period 2024-2026 and has established a sustainable dividend, aligned with that of comparable companies and compatible with the hydrogen investment plan, of 1 euro per share.

The dividend corresponding to fiscal year 2023 remains as planned, at €1.74 per share, which will be paid, as usual, in the month of July, after the payment of the interim dividend made in December.

The Board of Directors, at the proposal of the CEO, has also approved the creation - within the company's Executive Committee - of the General Directorate of Engineering, Technology and Digitalization to address efficiently and with an integrated and digital vision the challenge of development of hydrogen infrastructure.

2024 target

The targets set by Enagás for 2024 improve on market expectations and demonstrate the high level of execution of the 2022–2030 Strategic Plan, largely owing to the control of operating expenses, optimisation of financial results and the contribution by affiliates.

The company forecasts a 2024 PAT of 260–270 million euros – despite the reduction in revenues resulting from the application of the regulatory framework – EBITDA of 750–760 million euros and a net debt in the vicinity of 3.4 billion euros.

Enagás will be updating its Strategic Plan in 2024.

ESG as a fundamental pillar of Enagás

Thanks to its commitment and progress in sustainability, Enagás maintains its leadership in the main environmental, social and governance (ESG) indices. In its February 2024 review, Enagás was ranked among the world's leading companies included in the CDP Climate Change 'A List', and the company continues to make progress in the decarbonisation of its value chain and direct operations, in line with its commitment to carbon neutrality by 2040, as well as in governance to ensure due diligence in human rights and the environment, and in people-centric transformation.

Enagás has signed a new 2023-2026 Collective Bargaining Agreement that is compatible with the sustainability objectives established in its Strategic Plan and is the result of constructive dialogue and collaboration between the company and employee representatives. In this context, the company has announced – as part of its Flexible Compensation Plan – the option for employees to receive part of their remuneration in the form of shares. Enagás has launched a temporary share buyback programme for this purpose.

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