Press release

Q1 2024 results

Enagás increases its net profit by 19.5% to 65.3 million euros

The results reflect the high level of execution of the 2022-2030 Strategic Plan in its three axes: the investment plan to contribute to the decarbonisation and energy security of Spain and Europe, the control of operating and financial costs, and the progress in the renewable hydrogen calendar

Madrid, 23 April 2024. Enagás' net profit at 31 March 2024 amounted to 65.3 million euros, up 19.5% on the previous year and well on track to meet its annual target.

In line with the good net profit performance, the company's EBITDA reached 178.3 million euros in the first three months of this year, up 2.7% year-on-year, the first EBITDA growth since the 2021-2026 Regulatory Framework came into force.

Sound financial structure and strong liquidity position

At 31 March, the company's net debt stood at 3.342 billion euros - a figure similar to that of 2023 and with a forecast of stable debt at the end of 2024 - and is more than 80% hedged at a fixed rate, mitigating the impact of interest rate volatility.

The financial cost of gross debt is 2.8% and debt has an average maturity of 5 years following the successful completion on 15 January of a 600 million euro bond issue maturing in 2034.

The company also has leverage ratios consistent with its BBB credit rating and a solid liquidity position, which stood at 3.131 billion euros at quarter-end. Moody's recently upgraded Enagás' rating outlook to stable and maintained the rating at Baa2.

High level of implementation of the Strategic Plan

The good performance of the first quarter results is linked to the high level of implementation of the 2022-2030 Strategic Plan in its three main lines of action: the investment plan to contribute to the decarbonisation and energy security of Spain and Europe, the control of operating and financial costs, and the renewable hydrogen calendar.

Enagás' investment plan promotes European decarbonisation and energy security, contributing to the fight against climate change, with milestones such as the final investment decision (FID) and completion of financing by the Hanseatic Energy Hub (HEH) consortium to build Germany's first onshore liquefied gas terminal (Stade LNG), of which Enagás will be the operator.

The estimated investment for the construction of the terminal, which is expected to start commercial operations in 2027 and will be the first to be adapted for green ammonia, is approximately 1 billion euros out of a total planned investment of 1.6 billion euros. In March, Enagás increased its stake in HEH from 10% to 15%.

In terms of operating and financial cost control, Enagás has countered the impact of inflation on manageable costs and kept operating costs flat thanks to the intensification of its Efficiency Plan. The company maintains its commitment to a maximum annual growth in recurring operating expenses of ~1% CAGR over the period 2022-2026.

In addition, important milestones have been reached in the timetable for renewable hydrogen as a key vector for decarbonisation: in January, Parliament approved Royal Decree-Law 8/2023, of 27 December, designating Enagás as the provisional manager of the backbone, and in February, the government approved the Draft Bill for the re-establishment of the National Energy Commission (CNE), which provides for new functions for the regulation of the hydrogen sector.

In April, the European Commission published the final list of Projects of Common Interest (PCI), which includes all the projects submitted by Enagás: the H2Med corridor, the first axes of the Spanish Hydrogen Backbone and two underground hydrogen storage facilities linked to the Backbone.

The total gross estimate of the investments included in the final PCI list in Spain is 5.9 billion euros, including the Spanish hydrogen infrastructure (4.9 billion euros) and the H2Med project in Spain (1 billion euros).

Also in April, the European Directive on Decarbonised Gas and Hydrogen Markets was approved, which was followed by the announcement of the official opening of the window to apply for European funds from the Connecting Europe Facility (CEF-E). Enagás will submit its proposal to this call, which will open on 30 April and close on 22 October 2024.

Before 30 April, Enagás will submit to the Ministry for Ecological Transition and the Demographic Challenge a proposal for a hydrogen backbone infrastructure for Spain, with a ten-year horizon, as set out in Royal Decree-Law 8/2023.

During 2024, the transposition of the European Hydrogen and Decarbonised Gas Markets Directive and the approval of the final version of the National Integrated Energy and Climate Plan (PNIEC) are expected to begin.

Enagás celebrated the 2nd Hydrogen Day and launched the Hydrogen Technology Observatory to promote the technical advancement of renewable hydrogen during the 'Enagás H2 Technical Day'.

Contributing to the security of supply in Spain and Europe

In a quarter marked by international conflicts in the Middle East and Ukraine, the Spanish Gas System has operated with 100% availability.

Spanish regasification terminals have received natural gas from 9 different countries during the quarter and have more than 90% of LNG storage contracts. Underground storage facilities ended the winter at 78% full and interest is high, with 100% of available service capacity contracted.

The positive trend in industrial demand in Spain continued in the first quarter, with an increase of 8.4% to 47.6 TWh, driven by the refining, chemical, pharmaceutical and cogeneration sectors. Conventional demand, which includes industrial demand, grew by 2% in the first quarter of 2024.

Total demand fell by 4% in the first quarter of 2024 compared with the same period last year, driven by a 24% fall in gas demand for electricity generation and a 10.3% fall in commercial domestic demand due to high temperatures in the winter months.

Affiliate contributions

Affiliates performed well in the quarter and contributed 41.5 million euros to Enagás' EBITDA, 13.3% more than in the same period last year.

In the United States, Tallgrass Energy is on track to achieve adjusted EBITDA in 2024 of between 775 million and 815 million dollars, according to the US company's forecasts, and 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, which will be operational in 2025.

2024 targets and ESG progress

For 2024, the company forecasts a net profit of between 260 and 270 million euros, EBITDA of around 750-760 million euros, net debt of around 3.4 billion euros and a dividend of 1 euro per share. The dividend for 2023 remains as planned at 1.74 euros per share and will be paid in July at 1.044 euros per share, following the first payment in December.

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.

This April, AENOR awarded Enagás the highest score (G++) in its Corporate Governance 2.0 index, recognising the solidity of its model and its commitment to transparency.

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