

## Results for the first nine months of 2023

### **Enagás achieves a net profit of 258.9 million and exceeds expectations in the implementation of its Strategic Plan, making faster progress than anticipated**

- The company's performance in the first nine months will allow it to reach its annual target at the higher end of the projected range
- Contributing factors to this positive result included containment of financial and operating costs, the good performance of the affiliates and the net capital gains from the sale of Enagás' interest in the Morelos gas pipeline (Mexico)
- The structure of the company's debt, more than 80% of which is fixed rate, has also had an impact, largely isolating the financial result from interest rate fluctuations
- In the third quarter, Enagás achieved three important milestones: the company's market entry in Germany, the closing of the Reganosa transaction and the launch of the Call For Interest for the hydrogen backbone network in Spain
- In addition, the H2Med corridor was presented in Berlin on 18 October with the support of the governments and TSOs of Portugal, Spain, France and Germany, the European Commission, as well as industry and key sector stakeholders in Germany
- The Spanish gas network continues to operate with maximum robustness and 100% infrastructure availability
- Since August, Spain has achieved a historic milestone by completely filling all of its underground storage facilities for the first time ever. Additionally, the average storage level of LNG tanks during the first nine months of the year reached 61%.
- Spain plays a key role in Europe's security of supply and increased its total gas exports by +32% in the first nine months of the year.
- Industrial demand increased by +25.4% to 40.5 TWh in the third quarter, driven by higher consumption in the refining, chemical, pharmaceutical and cogeneration sectors.

**Madrid, 24 October 2023.** Enagás' profit after tax (PAT) amounted to 258.9 million euros in the first nine months of 2023, a result that is on track to reach the upper end of the PAT target range of 310-320 million euros by the end of the year.

A positive contribution to this result came from the implementation of the Enagás Efficiency Plan, which made it possible to maintain recurring expenses at the level of the first nine months of 2022 - minimising the impact of inflation - and the good performance of affiliates, which generated a profit of 144.4 million euros in the third quarter.

Enagás' PAT includes the net gain from the completion of the sale of the Morelos gas pipeline (Mexico) for 42.2 million euros. The results for the first nine months of 2022 include the one-off accounting impacts related to Tallgrass Energy and with the capital gains derived from the sale of GNL Quintero and the entry of partners in Enagás Renewable.

Excluding these non-recurring items, net profit for the period would have decreased by 16.4%, mainly because regulated revenues decreased by EUR45.9 million, mainly due to the application of the 2021-2026 regulatory framework.

## **Debt according to plan**

Enagás' results have been positively influenced by the structure of the company's debt, which, with a fixed interest rate of more than 80%, has largely insulated the financial result from interest rate fluctuations.

Enagás' net debt, with a financial cost of 2.6% and an average maturity of 4.1 years, has developed according to expectations. Additionally, there are no significant debt maturities scheduled for the remainder of the year.

The company has leverage ratios compatible with a BBB rating. Enagás also has a robust liquidity position, which amounted to 3.316 billion euros at the end of the first half of the year.

## **Rapid progress in the fulfilment of the Strategic Plan**

In the first six months of 2023, the company has continued to implement its strategic plan at a high level — faster than expected — in the three main areas: security of supply in Spain and Europe, decarbonisation with hydrogen as a key vector, and control of operating and financial costs.

In the first of these areas, Enagás has achieved two milestones during this period:

One of these milestones is the closing — on 27 September — of the acquisition of a 10% stake in Hanseatic Energy Hub (HEH), a consortium that will commission a floating storage and regasification unit in Stade (Germany) in January, as well as an onshore LNG terminal capable of processing green ammonia in the future and expected to be operational in 2027. Enagás will manage the operation of this infrastructure.

Another milestone is the conclusion of the agreement between Enagás and Reganosa to create an energy hub in the northwest of the peninsula. This involves Enagás acquiring Reganosa's 130 km gas pipeline network for around 53.5 million euros and Reganosa acquiring 25% of the El Musel (Gijón) regasification plant for just under 100 million euros and creating a company that will be called Musel E-Hub. Thanks to the agreement, Enagás becomes the developer of the future hydrogen pipeline between Guitiriz (Lugo) and Zamora, a candidate for the Project of Common European Interest (PCI).

Turning to the second area, in September, Enagás launched the Call For Interest for the Hydrogen Backbone Network in Spain, an open process to identify the needs for renewable hydrogen, ammonia, oxygen and CO2 infrastructures, supported by more than 90% of the production and distribution companies, associations and research centres associated with the hydrogen sector. Enagás will announce the results of the Call for Interest at the 2nd Hydrogen Day, to be held on 31 January 2024.

In addition, on 18 October the company presented the H2Med corridor in Berlin, at an event in which the German operator OGE joined the TSOs of Portugal, France and Spain as a developer of the project. Germany is one of the largest hydrogen consumers in Europe and could reach 3.9 million tonnes by 2030, of which between 50 and 70% would be imported.

The H2Med corridor, supported at this event by the governments and transmission system operators of Portugal, Spain, France and Germany, the European Commission, as well as industry and key sector players in Germany, will enable the transport of up to 2 million tonnes of hydrogen, representing 10% of the total consumption target for Europe set by REPowerEU for 2030.

The H2Med corridor and the associated Spanish Hydrogen Backbone Network are making positive progress towards achieving the status of European Projects of Common Interest (PCI) and have successfully cleared an initial technical assessment. The final list is expected to be published in early 2024. Enagás plays a key role today as Transmission System Operator (TSO) and in the future as Hydrogen Network Operator (HNO).

With regard to the third strategic pillar, the control of operating and financial costs, Enagás continues to make positive progress in the implementation of the efficiency plan, achieving in these nine months the objective of containing costs by the financial year 2023.

## **Robustness of the Gas System**

In 2023, the Gas System operates with the highest level of robustness and flexibility, with 100% availability, and has received natural gas from 16 different sources to contribute to the security of supply in Spain and Europe. August of this year marked the first time in its history that Spain has managed to fill 100% of its underground storage facilities.

The average storage level of LNG tanks during the first nine months of the year was 61% and, as of 30 September 2023, 46% of the LNG stored in Europe was in the tanks of Spanish plants. Spain plays a key role in Europe's security of supply and has increased its total gas exports by 32% in the first nine months of the year.

The third quarter saw the start-up of the El Musel terminal, which is part of the More Energy Security Plan approved by the government in October 2022. This terminal will be able to supply the system with up to 8 bcm/year of liquefied natural gas (LNG) to strengthen the security of energy supply in Spain and Europe.

## **The role of affiliates in decarbonisation and security of supply**

In the area of decarbonisation, Tallgrass, the US affiliate, is making further progress in converting the Trailblazer pipeline into a CO<sub>2</sub> transport infrastructure. They are obtaining the necessary permits, financing, and long-term contracts for its construction. This is the company's first major decarbonisation project and the first large-scale decarbonisation project of its kind in the United States.

The Trans Adriatic Pipeline (TAP) has already transported more than 8 billion cubic metres since the beginning of 2023.

In Peru, Enagás' affiliate TGP has reinforced its contribution to the country's energy security, particularly during periods of low rainfall, against a backdrop of a significant surge in local demand (+11% compared to the same period in 2022), primarily due to the increased use of natural gas for electricity generation.

## **Change in trend in industrial demand**

In line with the figures for Europe as a whole, the total volume transported through the Spanish Gas Network fell by 6.9%, due to the drop in conventional demand and demand for electricity generation.

However, in the third quarter the trend is being clearly reversed with strong recovery in industrial demand, which has increased +25.4% to 40.5 TWh, driven by higher consumption in the refining, chemical, pharmaceutical and cogeneration sectors.

## **Confirmation of the 2023 targets**

Enagás confirms its targets for 2023. The company expects to end the year with a net profit in a range between 310 and 320 million euros, a contribution from its affiliates of between 190 and 200 million euros and a net investment of around 250 million euros for the year.

# Press release



In line with its Strategic Plan, the company will continue to strengthen its cost control and expects net debt to be around 3.7 billion euros by 31 December 2023.

## **ESG as a fundamental pillar of Enagás**

Enagás is making steady advancements towards its goal of becoming a carbon-neutral company by 2040 and continues to hold prominent positions in the leading global sustainability indices. These achievements are primarily due to the company's progress in the three key areas of Environmental, Social, and Governance (ESG).

In addition, the company continues to drive the transformation plan, focusing on employees to strengthen internal talent, develop skills, promote new values and create an inclusive work ecosystem.

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