

Enagás General Shareholders' Meeting backs the company's commitment to green hydrogen

CEO Arturo Gonzalo announced that Enagás is consolidating its presence in Germany by increasing its stake to 15% in the Hanseatic Energy Hub (HEH) consortium, which has taken the final investment decision for Germany's first onshore LNG terminal

Enagás will assume technical management of the construction of the terminal, located in the German town of Stade, and will be responsible for its operation

Madrid, 21 March 2024. The Enagás General Shareholders' Meeting, held today in Madrid both in person and online, endorsed the company's commitment to renewable hydrogen, endorsed the company's commitment to renewable hydrogen and approved all the items on the agenda by a large majority.

The CEO, Arturo Gonzalo, stressed that "through green hydrogen, Enagás will play a key role in the fight against climate change, a global challenge whose urgency becomes more evident with each passing day". He added that "the answer to global warming cannot wait and that is why renewable hydrogen has to happen now".

In his speech the Chairman, Antonio Llardén, pointed out that "in terms of decarbonisation, the commitment of our country and of Enagás to Europe's security of supply continues to make a difference".

As the company did during the development of the gas networks in Spain, Antonio Llardén stressed that the development of the company's investment plan in hydrogen infrastructures "will be key to decarbonisation and security of supply in Spain and Europe"

Enagás CEO Arturo Gonzalo said that the total estimated gross investment in Spain for projects submitted to Projects of Common Interest (PCI) will be 5.9 billion euros: 4.9 billion in the Spanish hydrogen infrastructure and 1 billion euros attributable to the Spanish part of H2med.

He stressed that, considering European funding, Enagás' estimated net investment in hydrogen infrastructures will be 3.2 billion euros, to be developed mainly between 2027 and 2030, in a stage of growth in which the company "will become a company of the future with a key role in the new decarbonised economy".

During his speech, the CEO also highlighted that, before 29 April, the company will present to the Ministry for Ecological Transition and the Demographic Challenge a proposal for a hydrogen backbone for Spain, with a ten-year horizon.

Rapid fulfilment of the Strategic Plan

During the meeting, Arturo Gonzalo pointed out that Enagás is fulfilling its Strategic Plan "at a faster rate than we expected", and announced that the company is consolidating its presence in Germany by increasing its stake in the Hanseatic Energy Hub (HEH) consortium to 15%.

Arturo Gonzalo stressed that "we have also taken with our partners the final investment decision (FID) and have closed the financing for the construction of what will be the first onshore LNG terminal in Germany, key for the security of supply of the country and, therefore, of Europe". He also pointed out that "the total investment volume of the project amounts to 1.6 billion, of which 1 billion will go to the construction of the terminal".

Enagás will assume the technical management of the construction of the terminal and will be responsible for its operation.

With this FID, Hanseatic Energy Hub will begin construction of the terminal - which will also be prepared to operate with green hydrogen in the form of ammonia - for commercial operation and commissioning in 2027. The terminal has already contracted a capacity of 12 bcm per year of LNG.

In addition to the onshore terminal, HEH has launched another major project, a Floating Storage and Regasification Unit (FSRU), which arrived in Stade on 15 March.

With regard to the control of operating and financial costs through the company's Efficiency Plan, Enagás continues to meet its commitment to ensure that recurring operating expenses do not increase by more than around 1% CAGR in the period 2022-2026.

2023: an exponential leap for hydrogen

"In 2023 there has been an exponential leap", said Arturo Gonzalo with respect to the strategic axis of promoting decarbonisation based on renewable hydrogen, and he recalled that the company closed 2023 with the inclusion of H2Med and the first axes of the hydrogen backbone infrastructure in Spain in the list of Projects of Common Interest (PCIs) of the European Commission, and with the designation of Enagás as the provisional manager of the hydrogen backbone by the Spanish Government, through Royal Decree-Law 8/2023 of 27 December, approved by Parliament in January.

To face this new stage, Enagás also continues to work to contribute effective solutions to the technological challenges of green hydrogen. On 9 April, the company will hold the first "Enagás H2 Technical Day" with some of the leading national and international experts in the field.

Targets met above expectations

In 2023, the company's net profit (NP) reached 343 million euros, exceeding the high end of the 320 million euros target, and EBITDA was higher than expected at 780 million euros. In addition, net debt was reduced to 3.347 billion euros, well below the forecast of around 3.7 billion euros.

These good results are due to the effectiveness of the company's Efficiency Plan, which has made it possible not to increase operating expenses despite inflation and to improve financial results, and to the very positive performance of the subsidiaries, which have contributed 200 million euros to EBITDA.

In the United States, Tallgrass reported adjusted EBITDA of 820 million dollars, above its 2023 target, and in Europe, Trans Adriatic Pipeline (TAP) contributed a dividend of 76 million euros. In 2023, Enagás raised its stake in TAP to 20%, bringing it in line with that of the other partners, enabling it to chair the company in 2024.

Milestones of the Gas System

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, and "Enagás continues to demonstrate that it is a strategic company for both Spain and Europe", said Arturo Gonzalo.

In 2023, the company received gas from 17 different origins, was the world's largest operator in ship refuelling and increased pipeline exports by 23.7%.

Industrial gas demand in 2023 increased by about 4%, a trend that continues in the first months of the year with an increase of 11%, showing the positive evolution of the industry and the economy.

Arturo Gonzalo stressed that, in Spain, "the Gas System faces 2024 with maximum robustness".

Commitment to shareholders

Among the items on the agenda, the General Meeting of Shareholders approved a total dividend per share of 1.74 euros charged to the 2023 financial year and Enagás will distribute a dividend of 1 euro per share for the period 2024-2026, with a sustainable pay-out beyond 2026, in line with the company's cash flows and in line with that of comparable companies.

The Chairman and the CEO of Enagás thanked shareholders for their trust and long-term commitment to the company.

Progress on ESG

As a result of the progress made in its Environmental, Social and Corporate Governance Strategy, Enagás is included in the main sustainability indices: it is part of the Dow Jones Sustainability Index -for the 16th consecutive year and with the highest level of performance in Gas Utilities-, it is a world leader in its sector in Bloomberg's Gender Equality Index and is included in the top 15 of Equileap's global ranking of the 100 leading companies in gender equality. Enagás has also obtained the highest rating (A List) for the fourth year in the CDP Climate Change ranking, which recognises it as one of the most advanced companies in the world in terms of sustainability and environmental management.

In accordance with the priority established by the company to contribute to the fight against climate change, Enagás has reduced greenhouse gas emissions by nearly 50% since 2014, with the aim of becoming a carbon neutral company by 2040.

On the social side, the company is deeply rooted in and committed to the communities and territories where it is present, creating development and employment. As a sign of its commitment to quality employment, the Enagás Group's 4th Collective Bargaining Agreement 2023-2026 was signed in February, providing a stable framework that is fully compatible with the objectives of the Strategic Plan.

Enagás has a Board of Directors that is majority independent (73%) and committed to diversity. In 2022, the company anticipated the CNMV's Good Governance recommendation and since then its Board of Directors has been made up of 40% female directors. "This allows the company to be perfectly prepared today to comply with the Law on Equal Representation once it comes into force after the corresponding parliamentary process", stressed Arturo Gonzalo, who added that Enagás also has 40% of women on its Executive Committee, one of the most equal in the Ibx 35, and more than 40% of female directors and pre-executives.

In addition, the General Meeting of Shareholders maintains the number of members of the Enagás Board of Directors at 15, thus complying with the current recommendation of the CNMV's Good Governance Code.

During their speeches, both the Chairman and the CEO of Enagás expressed their gratitude to Enagás' professionals, whom they described as "a first-class team".

For the fifth consecutive year, the Enagás General Meeting of Shareholders was certified as a sustainable event by AENOR. In January, Enagás obtained the best rating, G++, in AENOR's Good Corporate Governance Index, which is an incentive to continue working on the adoption of best practices and standards in corporate governance, compliance and sustainability.

Press release



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