Press release

Q3 2024 results

Strong execution of strategic plan pushes Enagás' results above expectations

The company yesterday submitted its application to the Connecting Europe Facility (CEF) to carry out studies for its Projects of Common Interest (PCI): the H2med corridor, the Spanish backbone and the two associated storage facilities.

In the case of H2med, Enagás, together with the operators GRTgaz, Teréga, REN and OGE, applied for CEF funding with letters of support from the governments of Portugal, Spain, France and Germany.

The five operators will launch H2med's Call for Interest in Madrid on 7 November.

The sale of its stake in Tallgrass Energy in July has had a positive impact on Enagás' financial and operational profile, reducing its net debt by 1 billion euros.

This transaction strengthens Enagás' balance sheet for the new hydrogen investment cycle and consolidates the company's dividend policy and long-term sustainability.

The rating agencies S&P and Fitch have upgraded Enagás' rating from BBB to BBB+, and Moody's has raised its outlook from Baa2 to positive.

The company's recurring net profit for the first nine months of the year was positive and exceeded the upper end of the annual target range.

Madrid, 22 October 2024. Enagás' net profit for the first nine months of the year, excluding the effect of asset rotation, amounted to 233.5 million euros, 7.8% more than in the same period of the previous year. Including the effects of asset rotation, net profit for this period was -130.2 million euros.

These figures, which reflect the high degree of compliance with the 2022-2030 Strategic Plan and the company's positive performance, are ahead of plan, despite the impact of the 2021-2026 regulatory framework, and are on track to exceed the upper end of the 2024 recurring net profit target range.

At 30 September, Enagás' EBITDA totalled 572.8 million euros, 0.1% higher than in the same period last year.

Focus on Spain and Europe

Enagás continues to make progress, with a high level of execution, in fulfilling the Strategic Plan in its three main lines of action: the asset rotation plan to contribute to the decarbonisation and security of energy supply in Spain and Europe, the efficiency plan and control of operating and financial costs, and the renewable hydrogen calendar.

The most important milestone in the asset rotation plan was the closing of the sale of the stake in Tallgrass Energy for 1.1 billion dollars on 29 July. This followed the sale on 27 June of Enagás' 50% stake in the Soto La Marina Compressor Station (Mexico) for 15 million euros.

In June, construction of Germany's first onshore liquefied natural gas terminal (Stade LNG) began after the Hanseatic Energy Hub (HEH) consortium took the final investment decision (FID) and completed financing. Enagás will be the operator of the terminal with a 15% shareholding.

The total investment in the terminal, which is expected to start commercial operations in 2027, is estimated at 1.6 billion euros.

Efficiency and cost control plan

Enagás reduced operating expenses by 4% compared to the same period last year. The company maintains its commitment to a maximum annual growth in recurring operating expenses of ~1% in the period 2022-2026

The company's net debt has been reduced by 1 billion euros following the sale of Tallgrass.

With this operation, as of 30 September 2024, the company's gross cost of debt has fallen to 2.7%. The forecast is for 2.6% at the end of the year and 2.4% in 2026 .

In addition, 95% of Enagás' gross debt is fixed rate with an average maturity of 5 years, which mitigates the impact of interest rate volatility.

The sale of Tallgrass has strengthened Enagás' balance sheet to face the new hydrogen investment cycle and consolidates the company's dividend policy and its long-term sustainability.

The rating agencies S&P and Fitch have upgraded Enagás' rating from BBB to BBB+ and Moody's has raised its outlook from Baa2 to positive.

Milestones in the hydrogen schedule

During the third quarter of 2024, Enagás has continued to make progress on the renewable hydrogen calendar as a key vector in decarbonisation and important milestones have been reached.

Yesterday, the company applied for funding from the Connecting Europe Facility (CEF) to carry out studies for its Projects of Common Interest (PCI): the H2med corridor, the Spanish backbone and the two associated storage facilities.

In the case of H2med, Enagás has applied for CEF funding together with the operators GRTgaz, Teréga, REN and OGE, with letters of support from the governments of Portugal, Spain, France and Germany. The five operators will jointly launch the non-binding call for interest at a digital event on 7 November to gather industry interest in the corridor.

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).

Another very important milestone for the company was the approval by the Council of Ministers in July of the agreement authorising Enagás Hydrogen Infrastructures to develop European Projects of Common Interest (PCI). This decision was published in the Official State Gazette (BOE) on 23 September.

Other important regulatory developments took place in the third quarter.

On 24 September, the Ministry of Ecological Transition and Demographic Challenge published the final version of the National Integrated Energy and Climate Plan (NIECP), which raises its ambition to 12GW of electrolyser capacity by 2030 to produce green hydrogen, reinforcing Spain's position as one of the most advanced countries in Europe in terms of energy transition.

On the same day, the Council of Ministers ratified the bill to re-establish the National Energy Commission (CNE), which has started its parliamentary procedure in the Congress of Deputies. The bill includes very important functions for the development of the regulatory framework of the hydrogen sector, such as the definition of the methodology for the remuneration of hydrogen transmission and distribution terminals and facilities, and the remuneration of the hydrogen network operator.

On 15 July, the Hydrogen and Decarbonised Gases Package and the Methane Emissions Regulation were published in the Official Journal of the European Union (OJEU), and the Spanish government began the transposition process in September.

100% availability and supply guarantee

The Spanish Gas System continues to operate with 100% availability in a year marked by international conflicts in the Middle East and Ukraine.

During the first nine months of the year, Spain received natural gas from 12 different countries. In this regard, and following the instructions of the Ministry of Ecological Transition and Demographic Challenge, on 12 August Enagás activated - five months before the deadline set by the European Union - the procedure for defining the methodology for monitoring, controlling and authorising LNG cargoes carried out on the Spanish gas system, in compliance with the European Union's sanctions package approved by European Council Decision (CFSP) 2024/1744 of 24 June.

Following the recent auctions of regasification plant capacity, 2,189 LNG unloading slots and 950 loading slots have been contracted until 2039. This data shows the strong long-term interest in the terminals of the Spanish gas system.

Underground storage facilities ended September at 100% full, a level reached in mid-August, making Spain the fastest country in Europe - along with Portugal - to reach this level, ahead of the obligations established by European regulations. As of today, 22 October, the storage facilities are still 100% full.

The positive trend in industrial demand in Spain continued in the first nine months, with an increase of 3.1% to 131.7 TWh, driven by the refining, chemical, pharmaceutical and CHP sectors. The CHP sector increased 13%, compared to the activity in the months prior to the approval of the new regulatory framework for the CHP industry. Conventional demand, which includes industrial demand, increased by 2.3% during this period.

Total demand fell by 8.6% in the first nine months of 2024 compared to the same period last year, mainly due to a 33% drop in gas demand for power generation, as a result of the increased contribution of renewables to power generation and the high temperatures during this year's winter.

Contributions from affiliates

In the first nine months of 2024, affiliates continued to perform positively, contributing 142.8 million euros to Enagás' EBITDA. Contributing to this growth was Enagás' acquisition of an additional 4% stake in Trans Adriatic Pipeline (TAP) last year, bringing its shareholding to 20%.

In Greece, the Gastrade Floating Regasification Unit (FSRU) in Alexandroupolis, a project in which Desfa has a 20% stake and which provides a new route to bring natural gas to the region, became operational on 1 October.

The affiliate TGP continues to play a key role in Peru's security of supply, with 100% availability. Regarding the GSP, legal advisors estimate that the date of the award will be announced in the near future.

2024 Goals

Enagás' net profit in the first nine months of the year evolved positively to exceed the annual target. Excluding the effect of asset rotation, it will be above 280 million euros at the end of 2024.

The EBITDA target at year-end will be at the high end of the range between 730 million euros and 740 million euros.

After the sale of Tallgrass, the year-end debt target stands at around 2.4 billion euros, its lowest level since 2008, and this figure will be maintained in 2026.

Enagás maintains its dividend commitment of 1 euro per share for the period 2024-2026, with a sustainable dividend policy beyond 2026, in line with the company's cash flows.

The company plans to present its Strategic Plan Update at the same time as its annual results presentation in the first quarter of 2025.

Commitment to ESG

Thanks to its work and to progress made in sustainability, Enagás maintains its leadership in the main ESG ratings, such as the S&P Global -with a provisional score of 87 points as of September 25, two points higher than the previous year-, among other benchmark indices, and continues to make progress in the decarbonisation of the value chain, in line with its commitment to carbon neutrality by 2040.

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