<u>**2014 results and 2015 -2017 strategic update**</u>

Enagás reported net profit of €406.5Mn

- **The company meets its targets for the eighth consecutive year**
- **Enagás plans to invest an average of €430Mn per year over the 2015-2017 period, with international projects accounting for 50% of the total**
- **The company maintains its growth drivers and reaffirms its strategic and financial goals**
- **Currently pledged international investment will account for less than 13% of net profit in 2017**
- **Enagás will pay a dividend of €1.32 per share in 2015 and maintain 5% dividend growth in 2016 and 2017**
- **Annual gas demand in Spain is forecast to grow by an average of 4% annually over the 2015-2017 period**
- **Enagás will step up its commitment to sustainability as a driver of the company's business development.**
- **Maintaining our current credit ratings with Standard & Poor's (BBB) and Fitch Ratings (A-) is a strategic priority**

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2014 results

Enagás reported full-year 2014 net profit of €406.5Mn, a 0.8% increase on 2013. These results include the impact of Royal Decree Law 8/2014, of 4 July, approving urgent measures for growth, competitiveness and efficiency, which is in line with the company's forecasts.

The rise in net profit was mainly due to Enagás' efforts to improve efficiency, the extension of the useful life of assets and the contribution of its international operations, in particular of Transportadora de Gas del Perú (TgP). These factors helped to cushion the impact of regulatory reform.

In 2014, Enagás invested €625Mn, in line with its goal for the year. Of this amount, 76% was invested internationally. Especially noteworthy is the company's entry into the Peruvian market with the acquisitions of 20% of Transportadora de Gas del Perú (TgP) and 30% of Compañía Operadora de Gas del Amazonas (COGA) and the award of a 25% stake in the Gasoducto Sur Peruano pipeline project in consortium with Odebrecht. Enagás also secured a 16% stake in the *Trans Adriatic Pipeline* project. This pipeline will play a pivotal role in the integration of the European gas market, linking Turkey with Italy via Greece, Albania and the Adriatic Sea.

The company has a healthy balance sheet and a robust financial structure. At 31 December 2014, Enagás' liquidity, in terms of cash and untapped available financing, amounted to €2.44Bn. Net debt at 31 December amounted to €4.06Bn, of which 81% was at fixed rates.

A dividend of €1.30 per share from 2014 net profit will be proposed at the upcoming General Shareholders' Meeting, up 2.4% compared with 2013.

Enagás was the third best performer on the Ibex-35 in 2014, rising 38%.

The company met its objectives for the eighth consecutive year in 2014.

Operating highlights

Total activity of the Spanish gas system (conventional and electricity demand, exports, tanker loading and gas in transit to Portugal) reached 393 TWh in 2014, down 1.4% on 2013 as a result of differences in temperatures, which were exceptionally high during the year, and of the drop in cogeneration with natural gas. Taking into account the differences in temperature, demand would have increased by around 2% compared to 2013.

Demand for natural gas in transit in the system (exports, tanker loading and gas in transit to Portugal) increased by 40% in 2014. Specifically, loading of LNG tankers at regasification plants set a new record of 60 TWh, up 89% compared with the previous year.

2015-2017 Strategic Update

Enagás has updated its Strategic Plan for the 2015-2017 period, having met its targets for 2013-2015.

The company plans to invest an annual average of €430Mn over the 2015-207 period, a total of €1.29Bn. Of this amount, approximately half will be spent on infrastructure development in Spain, with international projects accounting for the remaining 50%.

Enagás also expects to achieve average annual net profit growth of around 1%. Currently pledged international investment will account for less than 13% of net profit in 2020 and around 25% in 2020. The company estimates that dividends from these projects will rise from €24.5Mn at present to €60Mn in 2017 and €100Mn in 2020.

Enagás will meet its commitment to pay a dividend of €1.32 per share in 2015 and will maintain 5% dividend growth in 2016 and 2017 (€1.39 per share in 2016 and €1.46 per share in 2017). This growth is in line with the *best in class* of European peers. Furthermore, Enagás

considers maintaining its current credit ratings with Standard & Poor's (BBB) and Fitch Ratings (A-) a strategic priority.

According to the company's calculations, gas demand in Spain will grow by an average of 4% per year over the 2015-2017 period, thanks to improved economic conditions and the greater contribution of gas to the energy mix.

Enagás operates in a global market with demand for gas forecast to grow by more than 2% annually until 2020, with gas trading poised to increase. Against this backdrop, the company's three main strategic growth drivers are unchanged: leveraging our experience as *Transmission System Operator* (TSO), developing natural gas infrastructure in growth markets such as Mexico and Peru and cementing our position as a global LNG specialist.

Enagás also remains firmly committed to achieving its strategic and financial targets for efficiency, profitability, international expansion, steady profit growth and appropriate shareholder remuneration. All underpinned by a solid financial structure and best practices in sustainability.

2015 targets

Enagás is targeting a 0.5% increase in net profit and has earmarked €430Mn for investment in 2015. We also plan to pay a dividend of €1.32 per share from 2015 net profit, up 1.5% compared with 2013.

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