



Enagás

Fourth quarter and full year 2007 results

26 February 2008



PRELIMINARY RESULTS

FOURTH QUARTER AND FULL YEAR 2007

4Q 2006	4Q 2007	Var%	Main highlights (Unaudited figures)	Jan-Dec 2006	Jan-Dec 2007	Var%
51.5	61.9	20.2%	Net Profit (Million €)	216.4	238.3	10.1%
92.7	100.5	8.4%	Operating Profit (Million €)	378.7	408.3	7.8%
151.9	145.5	-4.2%	Operating Cash-Flow (Million €)	563.6	596.0	5.7%
97,900	119,423	22.0%	Total Demand Transported (GWh)	391,435	408,329	4.3%

Jan-Sept 2006	Main highlights (Unaudited figures)	Jan-Sept 2007
1,779.2	Net Debt (Million €)	1,942.7
1,235.2	Shareholders Equity (Million €)	1,343.9
49.1%	Net Debt /Total Assets	48.9%
59.0%	Net Debt/Net Debt +Shareholders Equity	59.1%
3.62%	Cost of Debt	4.28%
430.6	Investments (Million €)	508.6
326.8	Assets put into operation (Million €)	94.2

- ✓ Enagás reported FY07 **Net Profit** of €238.3Mn, an 10.1% increase on 2006.
- ✓ **EBITDA** totalled **€596Mn, 5.7% higher** than the €563.6Mn generated in 2006 while **EBIT** totalled **€408.3Mn, up 7.8%** on the previous year.
- ✓ **Operating costs** to 31 December 2007 **advanced 3.2%** vs. 2006.
- ✓ **Investment** totalled **€508.6Mn, the highest in the Company's history**. During the year **significant progress** was made towards **obtaining authorisation of projects worth around €3.5Bn**.
- ✓ **Some €94.2Mn of assets were put into operation** during the year.
- ✓ **Net financial debt** at 31 December 2007 stood at **€1.94Bn**, equivalent to **48.9% of total assets and 3.3x EBITDA**. The average cost of debt was **4.28%**.
- ✓ **Demand for gas transported in the system in 2007** amounted to **408,329GWh, up 4.3%** from 2006. Some 33.7% of this was for natural gas-fired electricity generation, 5.5% more than in 2006. On 17 December 2007, demand for natural gas totalled **1,863 GWh**, a new record and **12.1%** higher than the previous **winter's record**.
- ✓ At its meeting on 19 December Enagás, S.A.'s Board of Directors approved the payment of a **gross dividend charged against 2007 earnings of €0.24 per share**, some 26.3% higher than for the previous year. It was also agreed at the 2007 General Shareholders' Meeting to increase the percentage of net profit allocated to dividend, i.e. the payout, from 52% to 60% as of 2007.

1. RESULTS

1.1 4Q07

Net profit for 4Q07 was **€61.9Mn**, a **20.2% increase** on the year-ago figure of €51.5Mn.

We would recall that in the **fourth quarter of 2006**, the Company adjusted the net values of its underground storage research and exploration assets that were recorded in its accounts, to bring them in line with the values that appear in Appendix IV of Ministerial Order ITC 3995/2006. This adjustment led to a **depreciation charge of €13.7Mn**.

EBIT rose **8.4% yoy**, from €92.7Mn to **€100.5Mn** while **EBITDA** fell by 4.2% yoy, from €151.9Mn to **€145.5Mn**. EBITDA in the fourth quarter was largely affected by the negative margin of €11.3Mn arising from the sale and purchase of gas to the tariff market vs. the net gain of €6.5Mn for the same period in 2006.

We should point out that of the €11.3Mn, some €6.2Mn correspond to gas used for the company's own consumption and which was generated from its activity in the sale and purchase of gas to the tariff market. This has been booked as regulated revenue as established by transitional provision two of Ministerial Order 3993/2006.

EPS in 4Q07 came to €0.26 while EBITDA per share was €0.61.

1.2 FY07

Enagás reported FY07 net profit of **€238.3Mn**, a **10.1% increase** on the figure of €216.4Mn reported in the same period last year.

The provision for depreciation of fixed assets in FY07 amounted to €187.7Mn, a 1.5% yoy rise. In 2006 this amount was €13.7Mn which is explained in our quarterly report.

EBIT rose **7.8% yoy**, from €378.7Mn to **€408.3Mn** while **EBITDA** amounted to **€596Mn**, up **5.7%** on the figure of €563.6Mn recorded in 2006

Operating costs to 31 December 2007 **advanced 3.2%** vs. 2006.

It is important to note that a one-off item amounting to €4.7Mn was charged to "Personnel costs" in the first quarter of the year. This relates to severance payments to senior managers.

In addition, in 1Q06 Enagás booked €6Mn under "Other operating expenses" and simultaneously under "Revenue from regulated activities" related to the costs of using its tanker fleet to store LNG in accordance with the "Winter Plan" approved by the Spanish Directorate-General for Energy Policy and Mines on 28 November 2005.

We would highlight that in 2007 the Company recorded a negative gross profit (gas sales-supply) of €12.2Mn due to the sale and purchase of gas to the tariff market vs. a positive figure of €11.3Mn the previous year.

We should point out that of the €12.2Mn, some €8.7Mn correspond to gas used for the company's own consumption and which was generated from its activity in the sale and purchase of gas to the tariff market after 1 July 2007. This has been booked as regulated revenue as established by transitional provision two of Ministerial Order 3993/2006.

EPS for FY07 was €1 while EBITDA per share over the same period was €2.50.

1.3 Operating highlights

1.3.1 Demand

Total demand for gas transported in the system in 2007 rose 4.3% to 408,329GWh. Of this, 72.2% (294,642 GWh) used Enagás entry points, with the remainder being handled by other transport operators.

Gas consumption for **electricity generation** advanced **5.5%** yoy in 2007 to 142,057 GWh. Natural gas transported for **electricity generation** through to 31 December 2007 accounted for **34.8%** of total demand, compared to 34.4% in 2006. At 30 December, there were **53 combined cycle generators of 400 MW in operation (two in trial phase)**, 14 more than the year before.

Demand in the **liberalised market** made up **88.7% of all gas transported** in the year.

Total demand for gas transported for 4Q07 amounted to **119,423 GWh in 4Q07**, up **22%** on the same quarter of last year. This sharp increase is due to a lower contribution from hydro and wind generation as well as lower temperatures than in the same period in 2006.

4Q 2006	4Q 2007	TRANSPORTED GAS DEMAND (GWh)	Jan-Dec 2006	Jan-Dec 2007
15,133	13,089	Tariff Market	54,582	46,608
82,767	106,334	Liberalised Market	336,853	361,721
97,900	119,423	Total gas demand transported	391,435	408,329

Note: 1 bcm = approximately 11,630 GWh

1.3.2 Record demand

On 17 December 2007, daily demand for natural gas in Spain totalled 1,863 GWh, a new record and some 12.1% higher than the previous winter's peak. Of the total demand for natural gas, 728 GWh went to the electricity market offsetting the difference in consumption in the domestic market.

GWh/day	Winter 05-06 (02/23/2006)	Winter 06-07 (01/30/2007)	Winter 07-08 (12/17/2007)	Var%
Residential+Industrial	1,034	1,089	1,135	4.2%
CCGT	518	573	728	27.1%
Total market	1,552	1,662	1,863	12.1%

1.3.3 Supply

A total of 410,019 GWh of natural gas was supplied in 2007. Some 68.4% of this supply was liquefied natural gas (LNG), 31.3% via the international connections, whilst just 0.3% was domestic production.

The natural gas consumed in Spain came from nine different sources. Algeria is still the country's major supplier, representing 37% of the total.

2. INVESTMENT

2.1 Assets put into operation

In FY07 investment projects worth **€94.2Mn** put into operation.

The most important projects to obtain authorisation to be brought on stream were:

First quarter

- Second branch of the Falces-Irurzun gas pipeline.

Second quarter

- Increase in the emission capacity of the Huelva plant from 1,200,000 m³/h to 1,350,000 m³/h.

Third quarter

- Eight new regulation and metering stations.

Fourth quarter

- Ten new regulation and metering stations.

2.2 Investment

Investment in 4Q07 was €210.9Mn bringing the total for 2007 to €508.6Mn, a new record.

In addition, in 2007, Enagás' board approved investment projects totalling €1.2Bn. These include the **Musel regasification plant in Asturias**, the **underground storage facilities at Yela (Guadalajara)** and the **Chinchilla compression station in Albacete**.

Authorisation process

During 2007 significant progress was made towards obtaining authorisation for projects worth around €3.5Bn¹.

Of this amount, and additional to €94.2Mn projects put into operation during the year, €1,150Mn relate to projects which have been granted the pertinent governmental authorisation, €935Mn to projects which have already obtained the Environmental Impact Statement and €1,295Mn to projects for which direct authorisation has been obtained from the Ministry of Industry, Tourism and Commerce.

In 2007, Enagás obtained **direct authorisation** to operate the **natural gas underground storage at Yela (Guadalajara)** and **governmental authorisation** to start building the **mainland-Balearic Islands off-shore gas pipeline**.

3. FINANCIAL STRUCTURE

Net financial debt at 31 December 2007 stood at **€1.94Bn**, compared to €1.95Bn at the end of September 2007 and €1.78Bn at the end of December 2006.

Of total debt at the end of 2007, 91.3% was long term with 51.3% hedged with derivative instruments. Enagás has an **interest rate hedge** that caps €1Bn at a fixed rate of 4.32% **until April 2008**.

Included under financial assets measured at fair value, the Company has a cash-flow hedging instrument valued at €1.4Mn at 31 December.

The **gearing ratio** (net debt/total assets) at 31 December 2007 was **48.9%** compared to 52.0% the previous quarter and 49.1% the previous year. The EBITDA/debt ratio for the same period was 3.3x compared to 3.2x at 31 December 2006.

Net cash flow in FY07 totalled **€466.8Mn** and was largely used to finance investments and pay dividends.

The Company's **average cost of debt** at 31 December was **4.28%**, compared to 4.16% at end-September 2007 and 3.62% at year-end 2006.

¹ One single project might have surpassed more than one permission phase and therefore might be accounted in various phases at the same time

The company reported a FY07 **net financial loss** including capitalised financial expenses (€19.4Mn) of **€57.6Mn**, compared with net financial income in FY06 including capitalised financial expenses (€8.9Mn) of €47Mn.

This increase is due to higher gearing and a higher average cost of debt than in 2006.

4. SIGNIFICANT EVENTS DURING THE YEAR

4.1 Agreement between Eurogas, ACS and Enagás on Project Castor for the underground storage of natural gas

Eurogas Corporation (Eurogas), ACS and Enagás signed an agreement to promote Project Castor for the underground storage of natural gas in the province of Castellón.

Under the terms of this agreement Enagás will hold a 33.33% stake in this facility when it comes on stream, estimated for the end of 2010.

4.2 2007 Interim Dividend

At its meeting on 19 December Enagás, S.A.'s Board of Directors approved the payment of a gross dividend charged against 2007 earnings of €0.24 per share, some 26.3% higher than for the previous year. It was also agreed at the 2007 General Shareholders' Meeting to increase the percentage of net profit allocated to dividend, i.e. the payout, from 52% to 60% as of 2007.

4.3 Acquisition of 5% of Enagás by SEPI

The Spanish State Holding Company (SEPI) informed Enagás that it had acquired a 5% stake in the Company. SEPI now holds the same percentage as the Company's main shareholders. Enagás views this presence positively as it strengthens the institutional presence in the Company's shareholder structure and demonstrates SEPI's confidence in its Strategic Plan.

4.4 2007 Extraordinary General Shareholders' Meeting

Enagás held an Extraordinary General Shareholders' Meeting on 31 October. All resolutions put forward on the agenda were approved.

One of the resolutions approved was to amend the Company's Articles of Association to introduce new voting rights limits as set out in Law 12/2007 of 2 July.

No natural person or body corporate may directly or indirectly hold an interest in Enagás representing more than 5 percent of the share capital, or exercise more than 3 percent of its voting rights. In addition, parties which operate in the gas industry or which, directly or indirectly, hold over 5 percent of the share capital of such party may not exercise voting rights in the technical system operator above 1 percent.

These restrictions shall apply to direct or indirect interests held by public-sector enterprises.

It was also resolved at the General Shareholders' Meeting to appoint Xabier de Irala proprietary director, in representation of Bilbao Bizkaia Kutxa, BBK. Subsequently, on 30 November at a meeting of the Company's Board of Directors, the appointment to the Board of Bilbao Bizkaia Kutxa (BBK) as a body corporate was approved with Mr. Xavier de Irala (Chairman) as representative.

4.5 Enagás credit ratings

Following the presentation of the 2007-2012 Enagás Strategic Plan, credit rating agencies Standard & Poor's and Moody's have affirmed the Company's ratings. Standard & Poor's maintained its "AA-" long-term and "A-1+" short-term ratings, while Moody's affirmed its "A2" long-term and "P-1" short-term ratings. The rating outlooks from both agencies were stable.

This decision by the two leading rating agencies came in response to the strategic plan presented by Enagás on 17 April in which the Company announced it would invest at least €4Bn in 2007-2012 and after reviewing its financial forecasts and strategic focus for the same period.

The rating agencies highlighted the Company's stable business and its solid liquidity. Both agencies expressed their confidence in Enagás' ability to continue implementing its investment plan, in line with its strategy to create added value from a conservative standpoint and a position of financial strength.

Furthermore, both agencies valued the key role played by Enagás' activity in the Spanish energy sector and the low-risk profile of the Company's business, thanks to a strategy based on the regulated activity of natural gas transport in Spain.

4.6 Acquisition of 5% of Enagás by BBK

On 5 July 2007, Enagás was informed by Bilbao Bizkaia Kutxa, BBK, that it had acquired 5% of its capital. This operation sees another savings bank join the company's shareholder structure, investing in Enagás the maximum amount permitted by law.

4.7 Final dividend for 2006

On 5 July 2007, Enagás paid a gross dividend per share of €0.281809. This came after the interim dividend paid in January 2007, and was also made against 2006 earnings. Therefore, the total gross dividend for 2006 was €0.471809 per share, implying a pay out of 52%.

4.8 Appointments of Board Committees

At its meeting held on 20 June 2007, Enagás, S.A.'s Board of Directors appointed Carlos Egea Krauel, proprietary director, member of the Audit and Compliance Committee and Teresa García-Milá Lloveras, independent director, and Caja de

Ahorros del Mediterráneo (CAM) represented by Vicente Sala Belló, proprietary director, members of the Appointments and Remuneration Committee.

These appointments were made to raise the number of members of both committee to the maximum permitted, as stipulated the amendment to the company's articles of association agreed at the last Shareholders' meeting.

4.9 2007 General Shareholders' Meeting

Enagás held its General Shareholders' Meeting on 11 May 2007. All resolutions put forward on the agenda were approved.

Chairman, Antonio Llardén, summarised the company's major achievements in 2006 and its main strategic targets to 2012.

At the Shareholders' meeting it was agreed to re-elect the following Directors for a statutory period of four years: Carlos Egea Krauel, Luis Javier Navarro Vigil, Jesús David Álvarez Mezquiriz, Caja de Ahorros del Mediterráneo and Bancaja.

4.10 Long-term €200Mn loan from the ICO to finance new gas infrastructure

Enagás took out a €200Mn loan with the Instituto de Crédito Oficial to finance new gas infrastructure. This loan comes in addition the two previous loans granted to Enagás by the same institution in 2002 and 2004, worth a total of €350Mn.

4.11 Appointment of the Chairman of the Audit and Compliance Committee

At its meeting of 29 March 2007, the Board of Directors of Enagás, S.A. unanimously agreed to appoint Martí Parellada Sabata as Chairman of the Board's Audit and Compliance Committee to replace Luis Javier Navarro Vigil, whose term of office in the position had expired. Luis Javier Navarro Vigil will continue to be a member of this Committee.

4.12 Changes in the Board of Directors

At its meeting of 24 January 2007, the Enagás Board of Directors unanimously agreed to appoint director Antonio Llardén Carratalá as Chairman of the Board of Directors, in place of Antonio González-Adalid García Zozaya, who tendered his resignation as Director.

The Board also agreed, at the Chairman's proposal, to appoint José Luis Olivas Martínez, in representation of Caja de Ahorros de Valencia, Castellón y Alicante (BANCAJA), as Deputy Chairman of the Board of Directors.

5. RELATED-PARTY TRANSACTIONS

Every quarter since 2003, Enagás has disclosed information on any dealings with related parties. Since Spanish Ministerial Order EHA/2050/2004, of 15 September, came into effect the format for these disclosures has changed to accommodate the new rules.

Key points to note regarding related-party disclosures are:

- a) Any related-party transactions of material size and which exceed volumes handled in the normal business of Enagás are approved by the Company's Board of Directors, following a report by the Appointments and Remuneration Committee.
- b) Under Ministerial Order EHA/3050/2004, there is no need to disclose transactions that form part of the Company's ordinary course of business, are carried out on an arm's length basis or are immaterial in size. Therefore, given the scale of Enagás' financial statements, any transactions whose cumulative volume is less than €3Mn are not disclosed, although the company may still on occasion decide to disclose transactions that fall below this threshold.
- c) Quarterly figures are unavailable for some transactions, notably those whose measurement depends on the closing of the gas balance sheet. Accordingly, sometimes figures are provisional, while elsewhere the latest available data for other months of the year are included.
- d) Unless otherwise stated, transactions refer to contracts signed before the period referred to. Where figures refer to new relationships deriving from contracts agreed or commitments undertaken during the quarter, this is explicitly stated.

5.1 Transactions carried out by Enagás S.A. with other group companies, significant shareholders or companies exercising significant influence over Enagás S.A. (article 4.1, paragraph a, of Ministerial Order EHA 3050/2004).

5.1.1 Enagás S.A. subsidiaries

- Transactions with "Gasoducto Al Andalus S.A."

Enagás S.A. has granted Gasoducto Al Andalus S.A. a €29.4Mn loan.

Gasoducto Al Andalus S.A. has paid Enagás S.A. €4.2Mn in dividends in respect of 2006 results.

Also, Enagás S.A. incurred a cost of €16.8Mn for transport rights and received

revenues of €5.3Mn for pipeline maintenance and franchise royalties, all of which are covered by long-term contracts between the two companies.

- **Transactions with "Gasoducto Extremadura"**

Enagás S.A. has granted Gasoducto Extremadura a €3.1Mn loan.

Gasoducto Extremadura S.A. paid Enagás S.A. €2.8Mn in dividends in respect of 2006 results.

Also, Enagás S.A. incurred a cost of €8.5Mn for transport rights and received revenues of €4.7Mn for pipeline maintenance and franchise royalties, all of which are covered by long-term contracts between the two companies.

- **Transactions with "Gasoduto Campo Maior-Leiria-Braga"**

Enagás S.A. has granted Gasoduto Campo Maior-Leiria-Braga a €5.4Mn loan.

Enagás incurred a cost of €3.2Mn for transport services provided by Gasoduto Campo Maior-Leiria-Braga.

- **Transactions with "Gasoduto Braga-Tuy"**

Enagás S.A. has guaranteed a €10.9Mn loan by a Portuguese bank to Gasoduto Braga-Tuy S.A..

Enagás incurred a cost of €3.3Mn for transport services provided by Gasoduto Braga-Tuy S.A..

5.1.2 Companies with significant influence over Enagás and companies over which it exerts significant influence

- **Transactions with Gas Natural SDG and subsidiaries**

1) Pursuant to approval at the Shareholders' meeting of 5 July 2007, Enagás S.A. paid Gas Natural SDG, S.A. a final dividend of €3.4Mn. Adding this to the €2.3Mn interim dividend paid in January 2007, the total dividend was €5.7Mn.

2) Enagás S.A. has a total of 25 third-party access (TPA) agreements in force with Gas Natural Comercializadora S.A., of which 12 are short-term and 13 are long-term. In 4Q06, 59 TPA agreements were signed, of which only 13 remained in force at 31 December 2007.

TPA contracts are standard forms approved by the Ministry for Industry, Trade and Tourism. The tolls billed by Enagás are also standardised by the Ministry.

Between 1 January and 31 December 2007 the following services were provided: regasification of 66,916GWh, 45.8% of the total provided for under the TPA contracts (revenues for these services, including truck loading, amounted to €50.3Mn; transport of 157,342GWh, 65.2% of the TPA total (revenues for these services, including the transport component of the tolls, were €74.8Mn); storage of an average 8,461GWh, 45.5% of the TPA total (revenues for these services were €31.6Mn).

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3) Enagás S.A. has a number of gas trading agreements with companies in the Gas Natural group to provide supplies to the tariff market. During 2007, Enagás S.A. acquired 45,330GWh of natural gas for €948.2Mn. The purchase price corresponds to the cost of raw materials used to set the price of sales to distributors.

In accordance with the second transitional provision of Ministerial Order ITC/4099/2005, the company has bought from Gas Natural group companies 3 GWh of natural gas for €56,000 to comply with Enagas' share of the legal obligation applicable to all transporters to keep the system's pipelines and tanks at minimum levels.

In the same period, Enagás S.A. transported 40,889 GWh of natural gas to distributors in the Gas Natural group, for €810.8Mn.

The terms, conditions and pricing of these transactions are regulated by the Spanish government.

4) Desarrollo del Cable S.A. leases Enagás part of the fibre optic cable required for its telecommunications services at market rates under a contract signed in 1999 and amended in 2005. The cost of this service in FY07 was €18.2Mn.

5) Rental of inventory space from Gas Natural group companies totalled €3.8Mn.

6) Enagás supplied various Gas Natural group companies with maintenance and infrastructure connection services, for which it received €6.6Mn.

- **Transactions with Caja de Ahorros del Mediterráneo (CAM) and its subsidiary Inversiones Cotizadas del Mediterráneo (INCOMED S.L.)**

1) On 5 July 2007, Enagás S.A. paid CAM a final dividend of €3.4Mn, as approved at its Shareholders' Meeting. Adding this to the €2.3Mn interim dividend paid in January 2007, the total dividend was €5.7Mn.

2) Enagás S.A. has established a €6Mn credit line with CAM and also has a bank guarantee line of €12Mn.

3) Enagás S.A. has an interest rate collar contract with CAM worth €15Mn for the period between January 2005 and April 2008.

The terms governing interest, commissions, expenses and guarantees in all financial agreements with CAM are at market rates.

- **Transactions with Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja)**

1) On 5 July 2007, Enagás S.A. paid Bancaja a final dividend, as approved at its Shareholders' Meeting, of €3.4Mn. Adding this to the €2.3Mn interim dividend paid in January 2007, the total dividend was €5.7Mn.

2) Enagás S.A. has an open credit line with Bancaja of €6Mn and a bank guarantee line of a further €6Mn.

3) Enagás S.A. has an interest rate collar contract with Bancaja for €15Mn for the period between January 2005 and April 2008.

4) In 4Q07 Enagás paid the Bancaja Group €60,000 in fees for real estate services provided.

The terms governing interest, commissions, expenses and guarantees in all financial agreements with Bancaja are at market rates.

- **Transactions with Caja de Ahorros de Asturias (Cajastur) and its subsidiary Cantábrica de Inversiones de Cartera (CIC S.L.)**

1) On 5 July 2007, Enagás S.A. paid Cajastur a final dividend of €3.4Mn, as approved at its Shareholders' Meeting. Adding this to the €2.3Mn interim dividend paid in January 2007, the total dividend was €5.7Mn.

2) Enagás S.A. has a loan agreement with Cajastur for €6Mn and a bank guarantee line of €12Mn.

3) Cajastur also contributed €30Mn to the club deal loan arranged on 24 November 2004 and disbursed on 10 January 2005.

The terms governing interest, commissions, expenses and guarantees in all financial agreements with Cajastur are at market rates.

- **Transactions with Sagane Inversiones S.L.**

On 5 July 2007 Enagás S.A. paid Sagane a final dividend of €3.4Mn, as approved at its Shareholders' Meeting. Adding this to the €2.3Mn interim dividend paid in January 2007, the total dividend was €5.7Mn.

- **Transactions with Bilbao Bizkaia Kutxa (BBK).**

1) On 5 July 2007, Enagás S.A. paid BBK a final dividend of €3.4Mn, as approved at its Shareholders' Meeting.

2) Enagás S.A. has a loan agreement and bank guarantee line with BBK, both for €6Mn.

The terms governing interest, commissions, expenses and guarantees in all financial agreements with BBK are at market rates.

5.2 Transactions with directors, executives and their close family members (Article 4.1, paragraph b, of Ministerial Order EHA/3050/2004).

Attendance fees paid to the members of the board of directors through 31 December totalled €1.1Mn. Remuneration paid to the company's senior management totalled €3.1Mn

5.3 Other related-party transactions (Article 4.1, paragraph d, of Ministerial Order 3050/2004)

- Transactions with Eulen S.A
- 1) Enagás incurred a cost of €1.9Mn for cleaning and general maintenance services.
- Transactions with Intermoney Energía
- 1) Enagás incurred a cost of €0.1Mn for advisory services.

6. ANNEXES

6.1 Consolidated Income Statement prepared under IFRS

4Q 2006	4Q 2007	Million euros (Unaudited Figures)	Jan-Dec 2006	Jan-Dec 2007
6.5	-11.3	Gross profit (*)	11.3	-12.2
192.5	206.7	Revenue from regulated activities	733.1	792.0
8.1	9.3	Other operating income	33.6	37.4
207.1	204.7	Total Revenue	778.0	817.2
-14.2	-14.5	Personnel Expenses	-54.3	-62.0
-41.0	-44.7	Other Operating Expenses	-160.0	-159.3
151.9	145.5	Operating Cash Flow (EBITDA)	563.6	596.0
-59.1	-45.0	Provision for Depreciation of Fixed Assets	-184.9	-187.7
92.7	100.5	Operating Profit (EBIT)	378.7	408.3
-14.2	-10.8	Net financial result	-47.0	-57.6
78.5	89.7	Profit before taxes	331.7	350.7
-27.0	-27.7	Income tax expense	-115.3	-112.4
51.5	61.9	Net Profit	216.4	238.3

(*) Sales of gas-supplies of gas

6.2 Consolidated Cash Flow Statement

Millions euros (Unaudited Figures)	Jan-Dec 2006	Jan-Dec 2007
Profit before taxes	331.7	350.7
Adjustments to net profit	191.2	210.6
Depreciation and amortisation expense	184.9	187.7
Changes in provisions	-1.5	14.0
(Gain)/Loss on disposal of property, plant and equipment and intangible assets	-0.2	-3.3
Change in deferred income	8.6	15.8
Change in accruals and prepayments	-0.4	0.5
Other adjustments	-0.2	-4.0
Change in working capital	-59.2	17.6
(Increase)/decrease in inventories	-76.4	75.4
Base gas reclassified	0.0	-42.7
(Increase)/decrease in trade and other receivables	-44.0	-45.8
Increase/(decrease) in trade payables	61.2	30.8
Change in income tax paid	-117.7	-112.1
NET CASH FLOWS FROM OPERATING ACTIVITIES	346.0	466.8
Capital expenditure	-479.3	-523.4
Capital grants received	1.2	0.0
Proceeds from sale of property, plant and equipment	0.0	4.3
(Increase)/decrease in financial assets	-5.2	1.1
NET CASH FLOWS USED IN INVESTING ACTIVITIES	-483.3	-517.9
Increase/(decrease) in borrowings other than bank overdrafts	235.8	167.0
Dividends paid	-95.5	-112.6
Increase/(decrease) in other liabilities	-1.1	-1.3
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	139.2	53.1
TOTAL NET CASH FLOWS	1.9	1.9
Cash and cash equivalents at the beginning of the period	1.4	3.3
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3.3	5.3

6.3 Balance Sheet

Millions euros (Unaudited Figures)	Dec, 31 2006	Dec, 31 2007
Intangible assets	32.3	34.0
Investment properties	0.6	0.0
Property, plant and equipment	3,014.9	3,390.7
Non-current financial assets	27.3	25.0
Deferred tax assets	9.4	10.1
Total non-current assets	3,084.6	3,459.8
Inventories	78.7	3.4
Trade and other receivables	446.6	484.6
Other current financial assets	4.2	8.3
Current tax assets	6.3	12.6
Other current assets	2.5	2.0
Cash and cash equivalents	3.3	5.3
Total current assets	541.6	516.1
TOTAL ASSETS	3,626.2	3,976.0
<i>Issued capital</i>	<i>358.1</i>	<i>358.1</i>
Revaluation reserve	342.5	0.0
Cash flow hedge reserve	0.5	1.0
IFRS conversion reserve	-0.7	-0.7
CNE reserve	-0.8	-1.9
<i>Other reserves</i>	<i>341.5</i>	<i>-1.6</i>
Legal reserve	71.6	71.6
Voluntary reserves	285.7	731.5
Reserves at consolidated companies	7.2	3.3
Net Profit	216.4	238.3
<i>Year earnings</i>	<i>581.0</i>	<i>1,044.7</i>
Shareholders' equity	1,726.4	1,879.1
Interest-bearing loans and borrowings	1,633.2	1,758.9
Other financial liabilities	21.2	18.7
Deferred tax liabilities	2.1	1.8
Provisions	16.7	30.7
Other non-current liabilities	53.1	69.1
Non-current liabilities	1,726.4	1,879.1
Interest-bearing loans and borrowings	124.0	167.2
Other financial liabilities	3.7	4.6
Trade and other payables	447.4	477.1
Current tax liability	41.3	42.6
Other current liabilities	48.3	61.4
Current liabilities	664.6	752.9
TOTAL EQUITY AND LIABILITIES	3,626.2	3,976.0

6.4 Volume data and assets

Demand for total transported gas in the system (GWh)	Jan-Dec 2006	Jan-Dec 2007
Tariff Market	54,582	46,608
Liberalised Market	336,853	361,721
Total Demand Transported	391,435	408,329

SYSTEM ENAGAS'S ASSETS

REGASIFICATION ASSETS	Unid.	m ³ ó m ³ /h
LNG Tanks (number and capacity)	13	1,287,000
Nominal Regasification Capacity		4,200,000
Cistern Loading Bays	9	
TRANSPORT ASSETS	Unid.	Km
Km of pipelines in operation		7,655
Compression Stations	11	
Regulating and Measuring Stations	378	
UNDERGROUND STORAGE ASSETS	Unid.	Mm3/día
No. of Storage Facilities	2	
Injection Capacity		8.5
Extraction Capacity		12.6

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