



1H 2010 Results
2010-2014 Strategic Update
July 2010



FTSE4Good





1H
2010

0 1H 2010 Results

STRATEGIC UPDATE
2010-2014

1 Targets met

2 Strategic focus

3 Operational environment

4 Investment Plan 2010-14 & Financing

5 Objectives 2010-14

6 Summary



1H
2010

0 1H 2010 Results

STRATEGIC UPDATE
2010-2014

1 Targets met

2 Strategic focus

3 Operational environment

4 Investment Plan 2010-14 & Financing

5 Objectives 2010-14

6 Summary

1H 2010 Results: Key figures



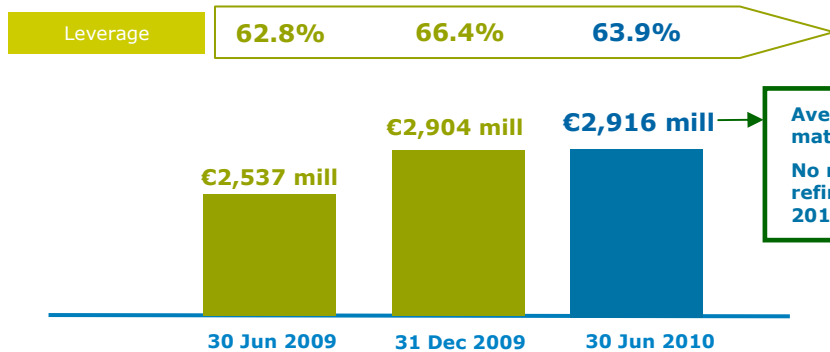
(€mill)	Jan-Jun 2010	Jan-Jun 2009	%10vs09
Regulated revenues	474.5	410.8	+15.5%
EBITDA	385.1	330.5	+16.5%
EBIT	265.3	227.8	+16.4%
Net Profit	165.1	139.5	+18.4%
Investments	415.3	598.4	
Assets put into operation	171.7	420.4	
Net Debt	2,915.8	2,537.3	
Net Debt / Assets	45.4%	48.0%	
Leverage	63.9%	62.8%	
Cost of debt	2.67%	2.96%	
(GWh)			
Gas demand	200,903	197,866	+1.5%

Note: 25% of BBG has been proportionally consolidated since 1 April. In addition it is included in the investments and assets into operation figure, while 82% of Gaviota UGS is only included as investment and will be added into operation once obtained all necessary permits.

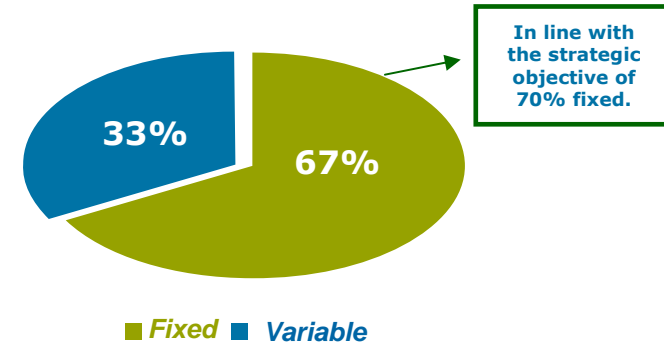
EBITDA and net profit growth will be softened during the following quarters to reach the annual net profit growth target of ~ +10%

Financial structure and liquidity

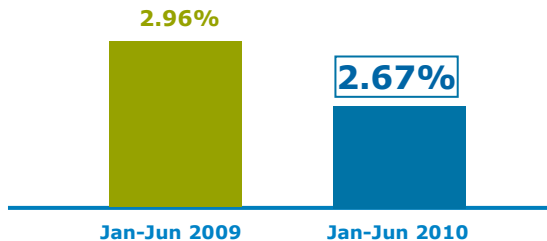
Net Debt



Debt structure



Average cost of debt



Liquidity 30/Jun/2010

€2,176 mill

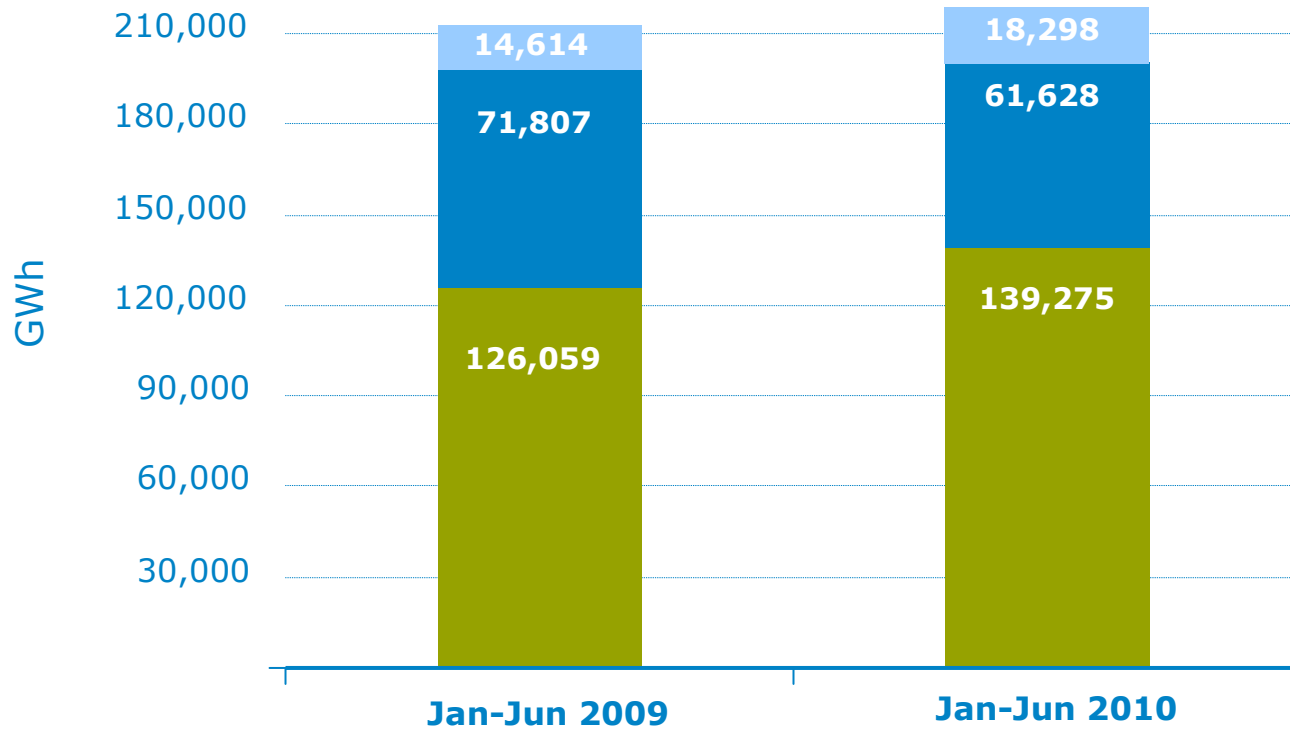
Enough Financial resources to carry on the investment plan at very attractive conditions in terms of both maturity and cost

1H 2010 Natural gas demand



Gas demand +1.5%

**Transported Gas Demand
(include exports) +3.2%**



■ Conventional Demand
 ■ Power Generation
 ■ Exports

**Conventional Demand
+10.5%**

**Power generation
-14.2%**



1H
2010

0 1H 2010 Results

STRATEGIC UPDATE
2010-2014

1 Targets met

2 Strategic focus

3 Operational environment

4 Investment Plan 2010-14 & Financing

5 Objectives 2010-14

6 Summary

Targets met since 2007



Investments & financing

- Investment Plan
- Progress in obtaining permits
- Acquisitions
- Enough financial resources in optimal conditions
- Financial strength

Results and dividend growth

- Objectives of revenue growth, EBITDA and net profit exceeded
- Operational Efficiency
- Financial cost control
- Dividend Growth and Pay-Out confirmed



Regulation & institutional relationships

- Regulatory stability
- Interaction at the highest level with stakeholders
- Shareholders stability

System Operation

- Strengthening Enagás role in the Spanish gas system
- Quality of service
- Peak demand attention
- Ensure continuity and security of supply of natural gas and act as a back up system

Enagas has met all the objectives set out in its Strategic Plan, despite the economic environment of recent years

Targets met: Investments

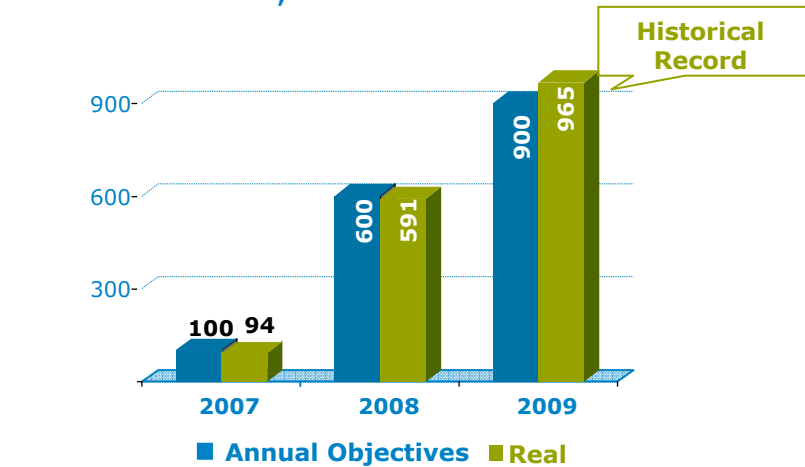
Investments(€ mill)

€2,188 mill

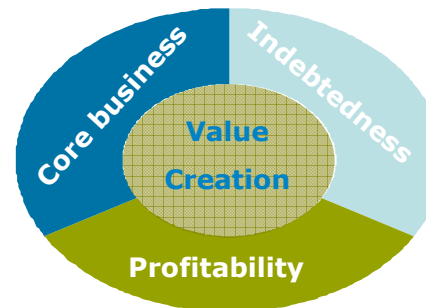


Assets put into operation(€ mill)

€1,650 mill



Initial Acquisitions



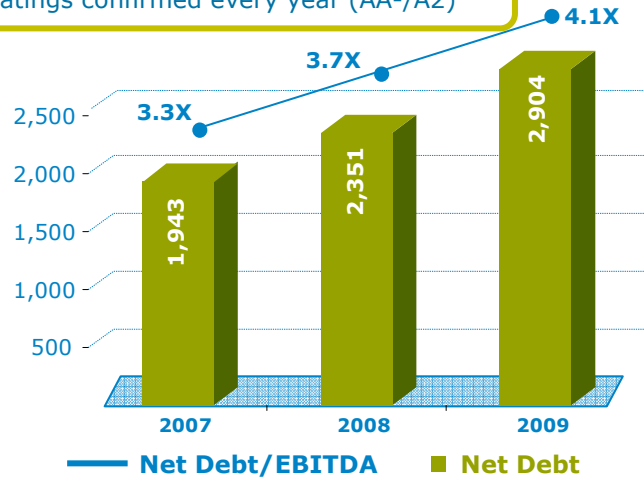
- 25% BBG (€65 mill)
- 82% Gaviota (€70.5 mill)
- IRR post tax ~ 7.5%-8%
- Positive EBITDA and Net Profit from the first year

Targets met: Financing and liquidity



Indebtedness (€ mill)

- Debt ratios in line with objectives set
- Ratings confirmed every year (AA-/A2)



Refinancing

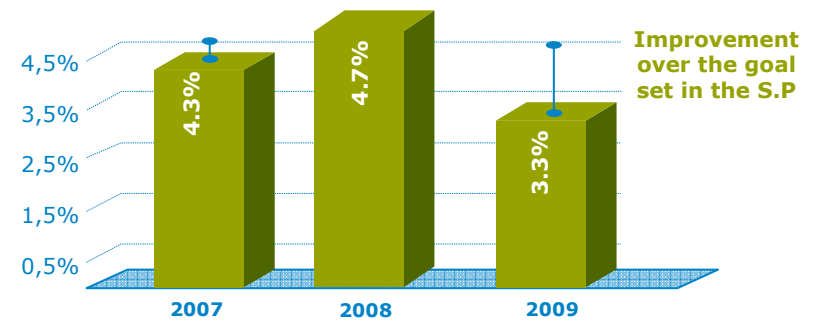
- Refinancing made successfully.
- Successful bond issues (early cancellation of the syndicated loan)
- Current Debt in optimal conditions of duration and cost
- Average life of current debt: 6 years

Liquidity June 2010

€2.2 bill

Excellent starting point of financial resources in optimal conditions, both in terms of duration and financial cost devoted for future investment

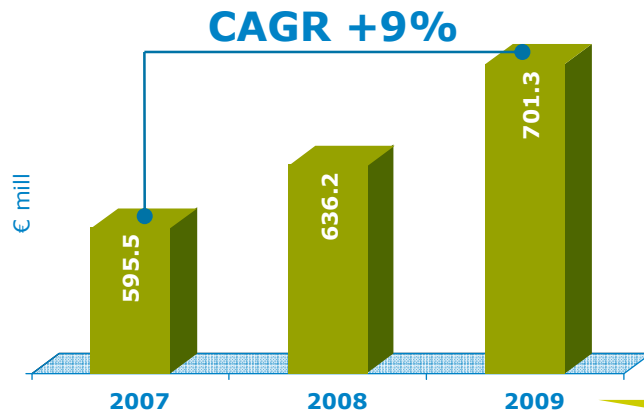
Average cost of debt



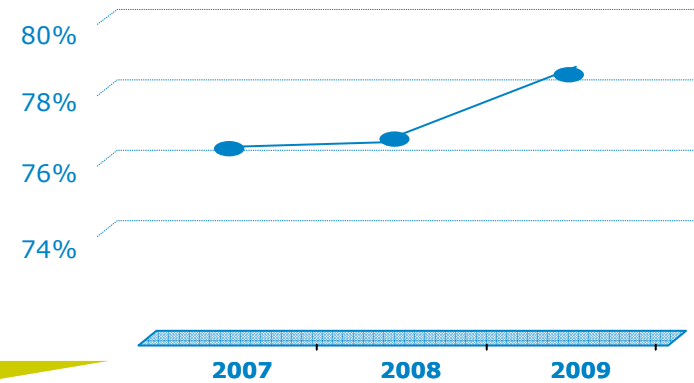
Targets met: Results



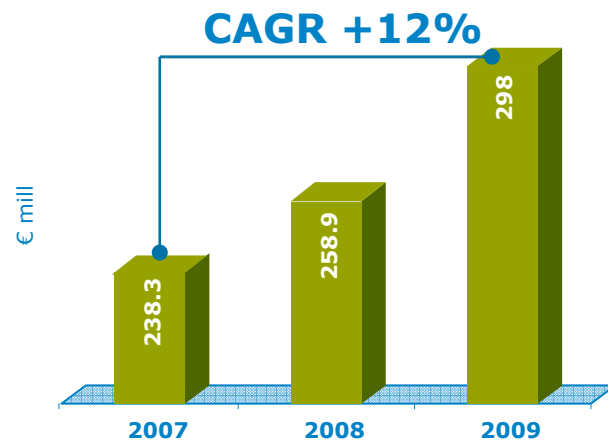
EBITDA Growth



Recurrent EBITDA margin



Net Profit & Dividend Growth



- Objectives exceeded as a result of financial cost and opex control during the period
- Boosting efficiency plan 2008-2010
- 07-09 EBITDA CAGR: +9%
- 07-09 Net Profit & Dividend CAGR: +12%



Enagas has met all the objectives set out in its Strategic Plan, despite the economic environment of recent years

Targets met: Regulatory and Shareholding Stability



Regulatory Progress

Pending Settlements Closed
Unqualified Audit Reports

Royal Decree 326/2008
New remuneration system for transport facilities post 2008 (net updated RAB)

New CAPEX and OPEX standards for transport

No tariff deficit in the gas sector

RD Law 6/2009
Enagás as TSO of the Spanish gas system

Stable Regulatory Framework

Shareholders

BBK 5% stable stake

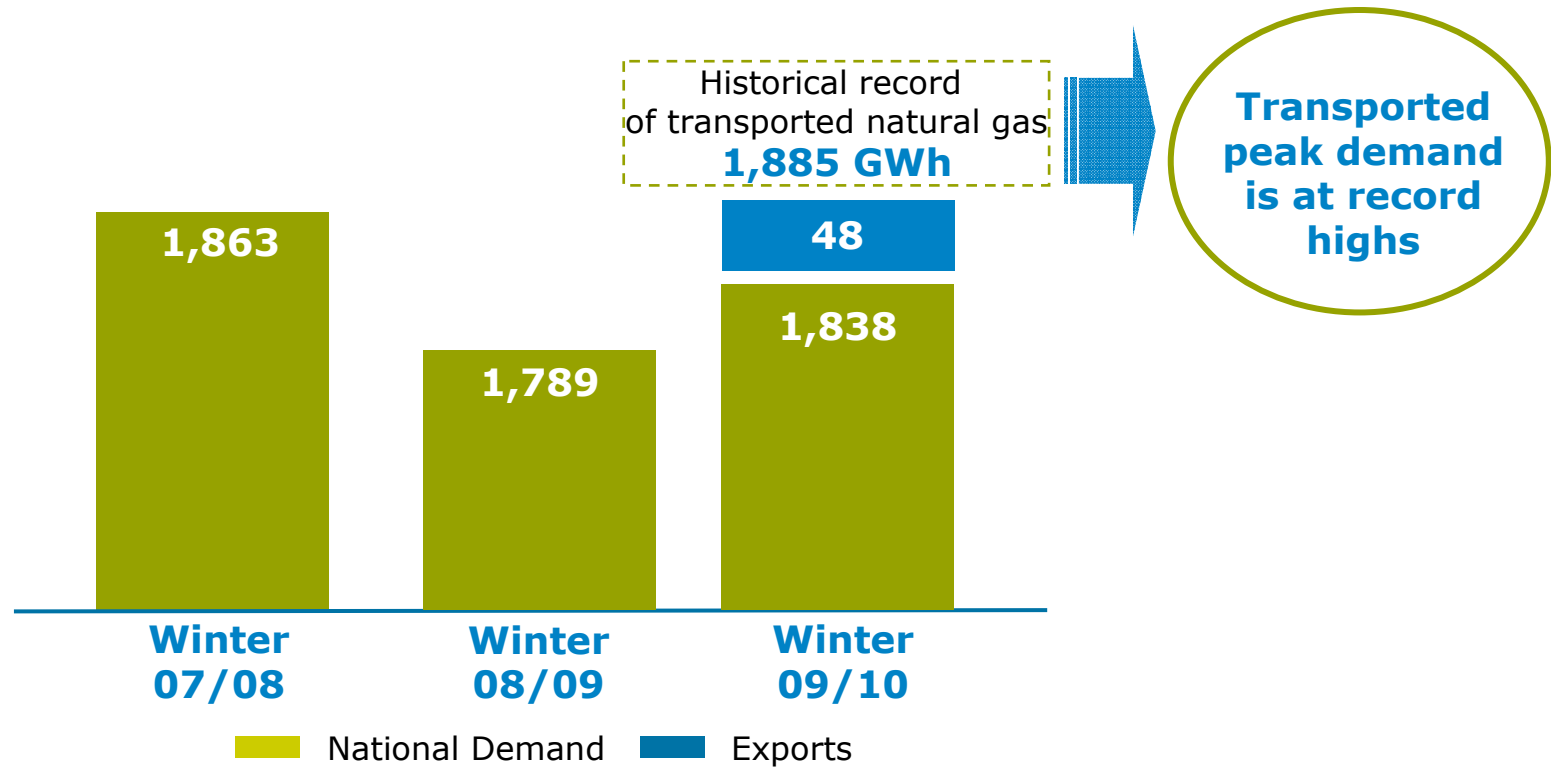
SEPI 5% stable stake

Oman Oil 5% stable stake (new Board member)

Maximum shareholding limit of 5% (excluding SEPI) and control of voting rights at the 1% for operators in the gas sector and 3% for the remaining shareholders

Stable shareholders structure

Peaks of demand (GWh/d)



Peak demand supply transported without problems or interruptions

Ensuring continuity and security of supply of natural gas



1H
2010

0 1H 2010 Results

1 Targets met

2 Strategic focus

3 Operational environment

4 Investment Plan 2010-14 & Financing

5 Objectives 2010-14

6 Summary

STRATEGIC UPDATE
2010-2014

Strategic focus

Strategic focus

Realistic investment plan suited to the new environment
Long-term profitable growth assured

Efficiency
Value Creation through operational efficiency and optimal financial structure

Low risk Profile
Regulated natural gas transport activity

TSO for the High Pressure gas network
Consolidation as Spanish TSO

Participation in the European gas market development: Agreements with other carriers and contribution to the EU regulation

Shareholders Remuneration
Attractive, secure and sustainable

Security of supply and quality of service

Low business risk

Regulation	Stable Remuneration framework with expectations of being improved in regas and US
Recent demand evolution	Investment Plan linked to peak demand evolution
Capex	Enagás investments in line with the draft of " Annual Infrastructure Program revision" made by the Ministry
Opex	Rigorous Efficiency Plan
Interest Rates	Optimal Financial structure Objective (70%fixed-30%variable)
Liquidity	Optimal starting point: €2.2 bill of liquidity.

Value creation assured in a difficult economic environment. Solid and prudent estimates



1H
2010

0 1H 2010 Results

1 Targets met

2 Strategic focus

3 Operational environment

4 Investment Plan 2010-14 & Financing

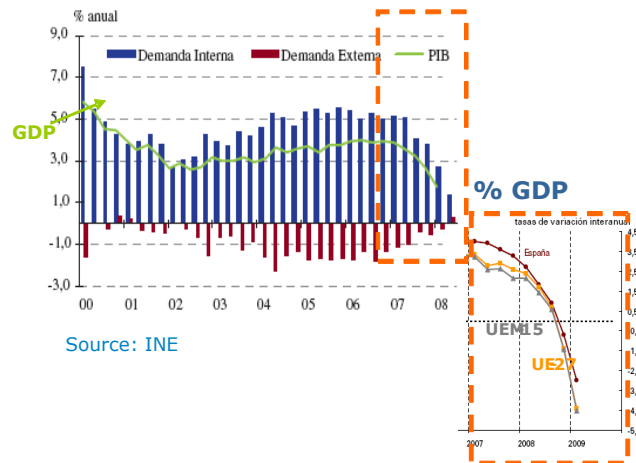
5 Objectives 2010-14

6 Summary

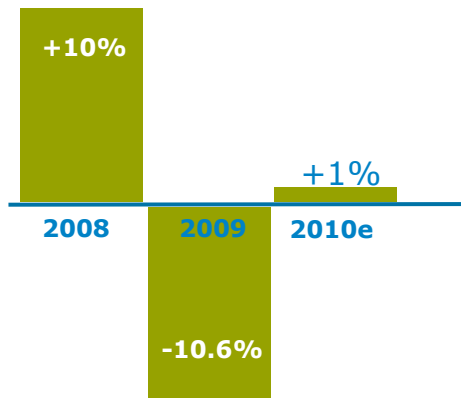
STRATEGIC UPDATE
2010-2014

Strategic Update appropriate to the new environment

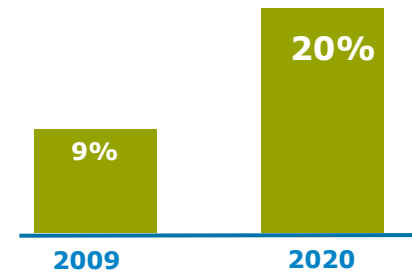
Economic Crisis



Demand evolution



Renewables Expansion (Renewable energy weight in the total energy matrix)



Source: Government proposal(mar-10)



Investment Plan 2010-2014 appropriate to the new environment

Slight recovery in demand in 1H2010 as a result of conventional demand growth (+10.5% vs.1H2009)

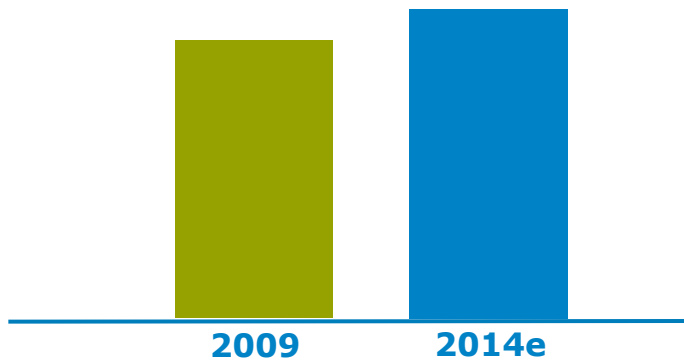
Enagás Investments are supporting development of renewable energy as Spanish energy system back-up

Natural gas demand forecasted evolution



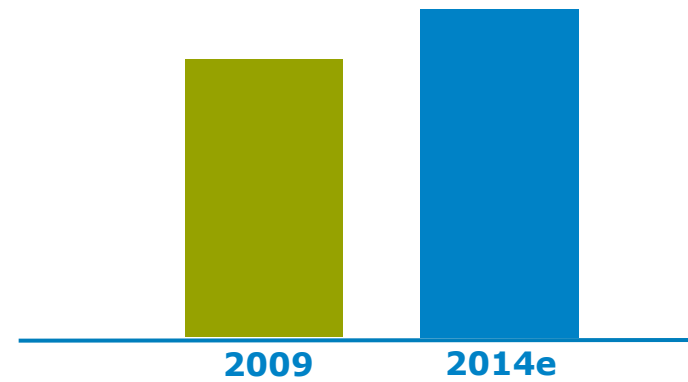
Conventional Demand

CAGR
~+2%



Peaks of demand

CAGR
~+3.3%



Source: Enagás STM

National Regulation

Further refinement of the regulatory frameworks of storage, regasification and transport activities as an essential cornerstone of Enagás business.

Supranational Regulation

Regulatory developments arising from the implementation of the Third Energy Package:

- Produced by ENTSOG
- Approved by Competent Bodies

New European Regulation of Security of Supply

- The increase in interconnection capacity with France, developed through processes of "Open Seasons" should increase competitiveness and improve security of supply
- Strengthening cooperation and coordination of European carriers

- The EU is moving through ACER towards greater regulatory coordination to develop a single European market of energy



1H
2010

0 1H 2010 Results

1 Targets met

2 Strategic focus


3 Operational environment

4 Investment Plan 2010-14 & Financing

5 Objectives 2010-14

6 Summary

STRATEGIC UPDATE
2010-2014

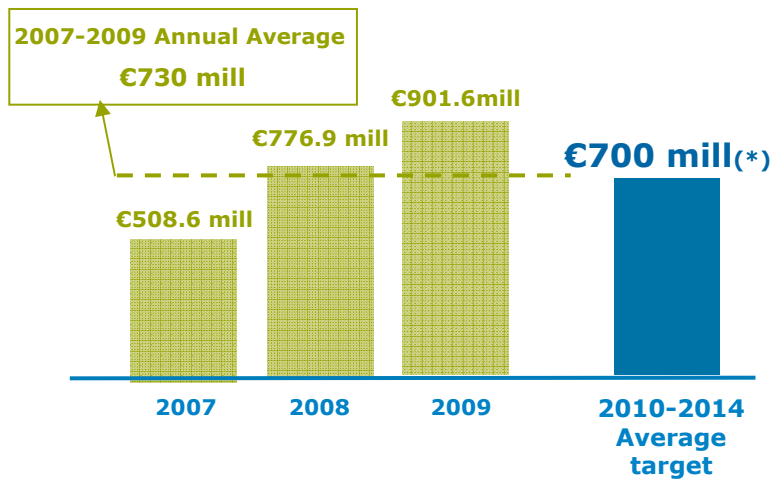


Since 2007 investment targets have been prudent and realistic, adapted to the changing economic and energy sector environment

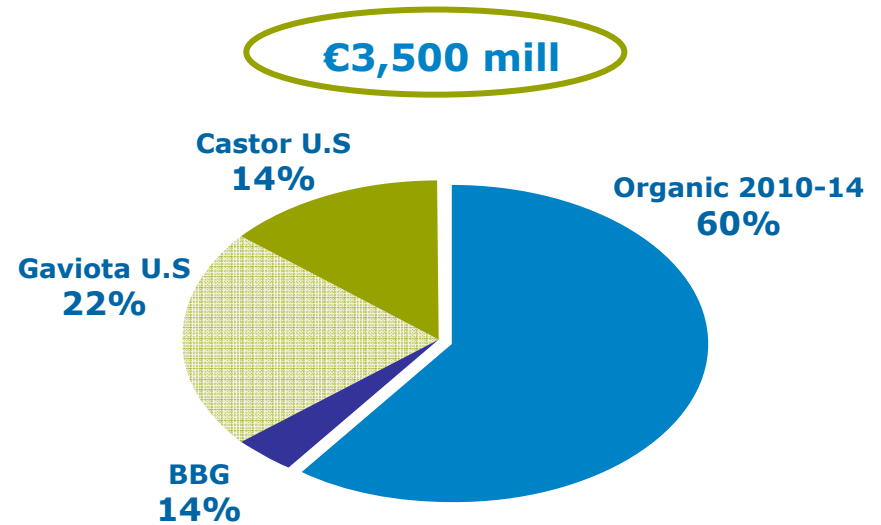
The Company has provided to the market ahead of the most feasible investment scenarios

Continuing the investment effort : €3,500 mill 2010-2014

Capex



2010-2014 Capex breakdown

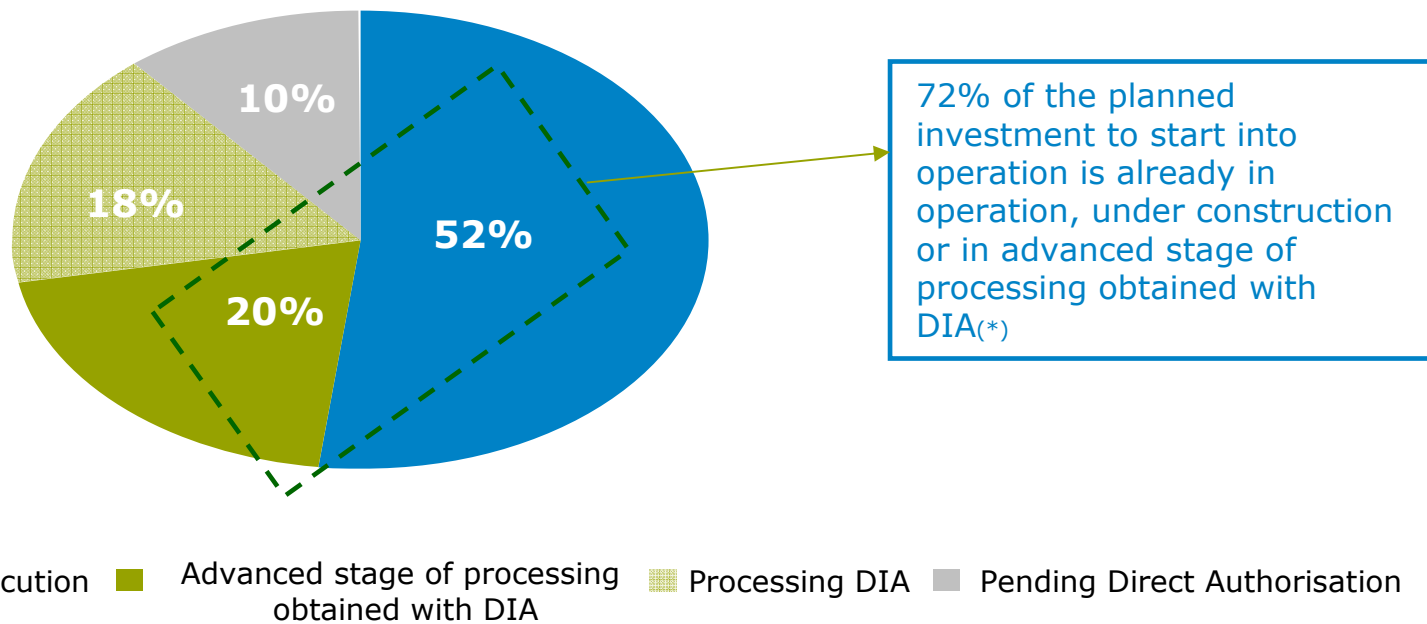


Enagás investments are in line with the draft "Proposal for Annual Infrastructure Program" by the MITYC

Being prudent, in the Investment Plan Enagás projects rated with an R (under review) included in the draft are not considered

(*): Includes acquisitions already made and agreements reached with third party companies, involving disbursements in the period analyzed. Proportional consolidation of all companies / assets acquired in the financial projections of Enagas

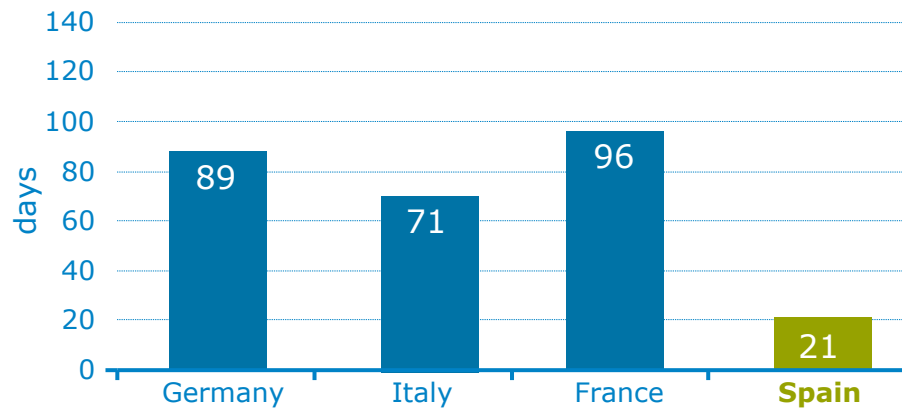
Highly credible investment plan and the timing of entry into operation based on the current status of permits



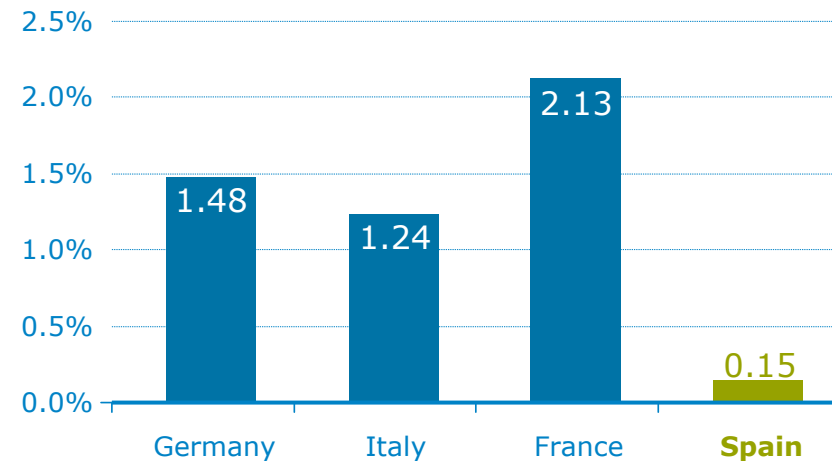
(*): Declaración de Impacto Ambiental (Environmental Impact Declaration)

Underground Storage Capacity in Spain is much lower than that in other major neighbouring countries

Storage capacity in days of demand



Daily extraction capacity



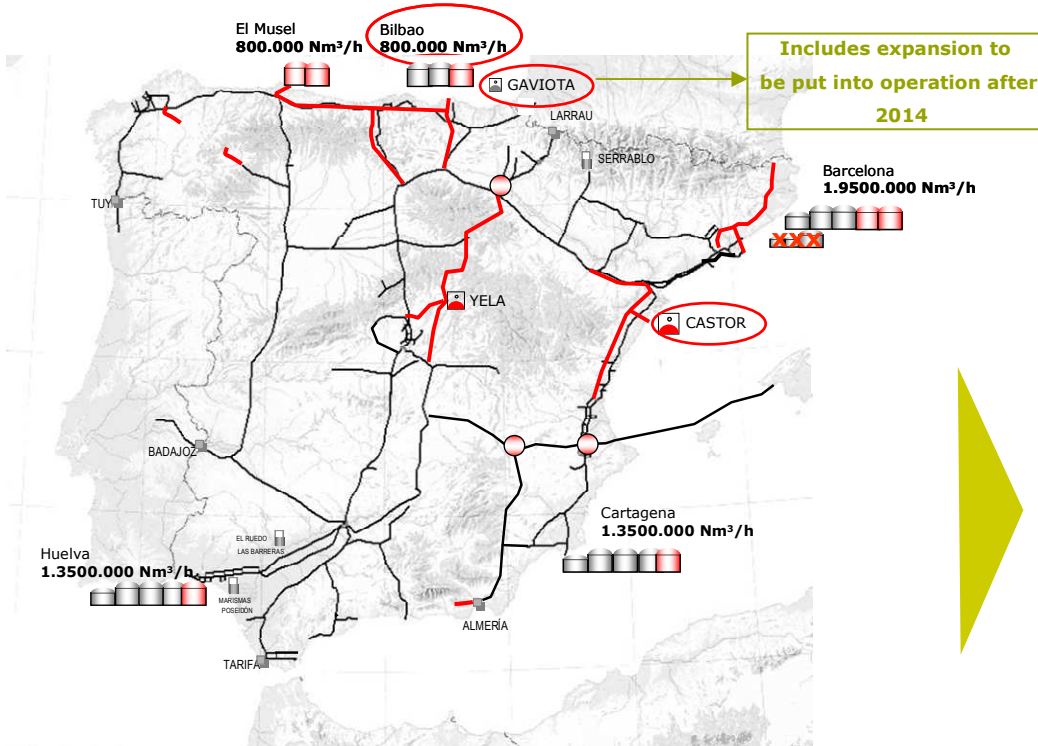
Developing Capacity of UUSS is essential to ensure security of supply Spanish of gas and energy system

Normally, security of supply of the national energy system is guaranteed

2010-2014 Main projects



Increase strategic storage, improved international connections and entry points, and resolution of bottlenecks for reasons of security of supply guarantee

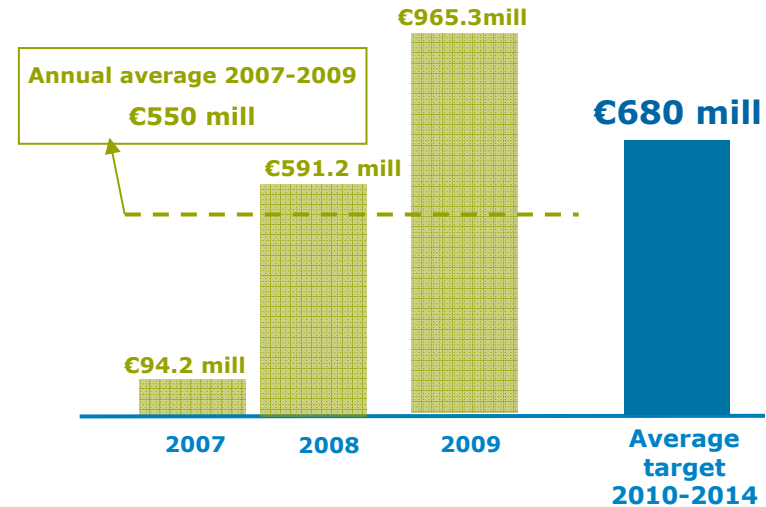


- 
 - 5º LNG tank Huelva
 - 7º LNG tank Barcelona
 - 5º LNG tank Cartagena
 - CS Montesa
 - Acquisition 25% BBG & 82% Gaviota
- 
 - US Yela
 - 8º LNG tank Barcelona
 - Pipeline . Duplication Castelnou-Tivissa
 - Pipeline . Duplication Tivissa-Paterna Phase I
 - Pipeline . Algete-Yela
 - CS Chinchilla, Denia, Villar de Arnedo
- 
 - Musel Regasification Plant
 - US Yela Cushion Gas
 - Pipeline . Yela-Villar Arnedo
 - Pipeline . Martorell-Figueras
 - Pipeline . Duplication Tivissa-Paterna Phase II
 - Pipeline . Zarza de Tajo-Yela
- 
 - Pipeline Castropodame-Villafranca del Bierzo
 - Pipeline . Guitiriz-Lugo
 - Yela cushion gas
- 
 - Pipeline . Duplication Treto-Llanera
 - New (3º) Pipeline . Tivissa-Arbos
 - Pipeline . Duplication Villapresente-Burgos
 - Underground Storage of Castor

Enagás could undertake the development of other infrastructures, which will be determined more specifically at the new PO 2012-2020, currently being launched

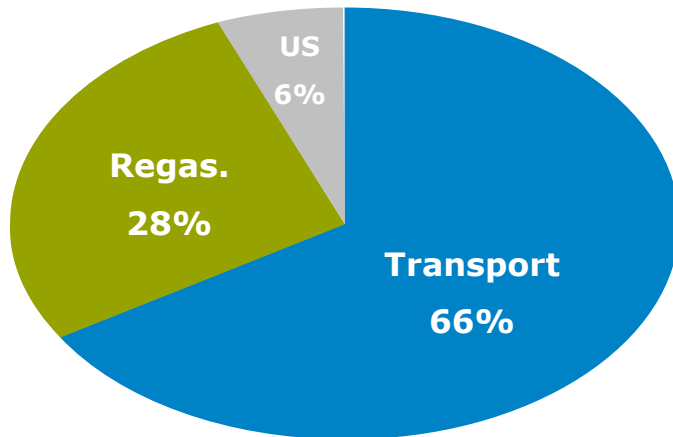
Assets put into operation for €3,400 mill

Assets put into operation

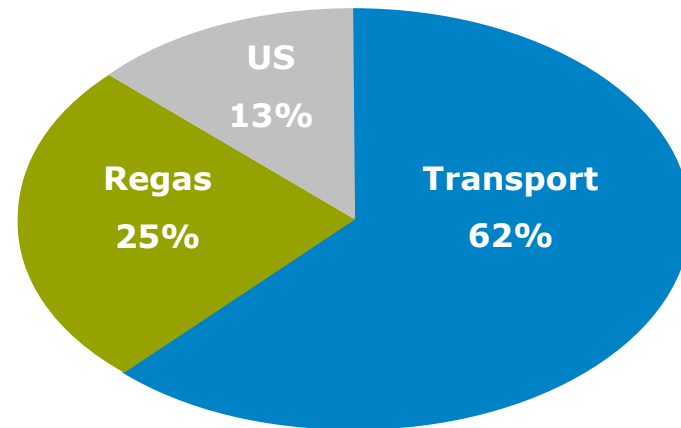


The investments to be put into operation aimed at ensuring supply of the national energy system

**RAB Breakdown
12/31/2009**



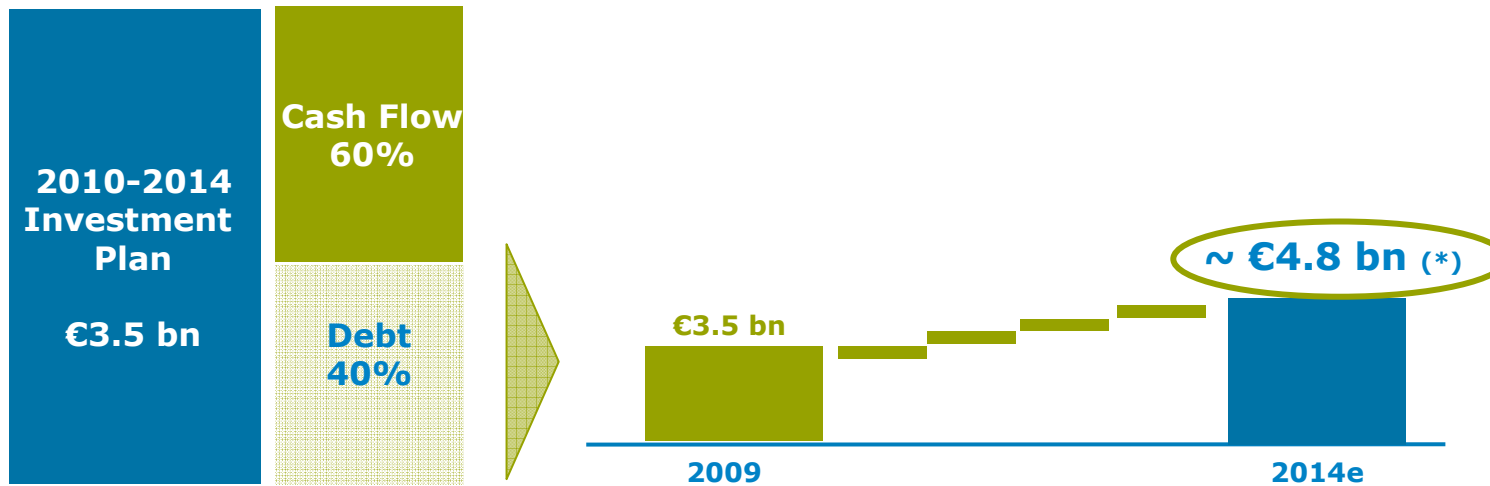
**RAB Breakdown
12/31/2014**



2010-2014 Financing



Enough financial resources to carry on investments of 2010, 2011, 2012, 2013 and partially 2014



Financing Needs 2010-2014	€1,460 mill
Refinancing in the period 2010-2014	€1,115 mill
Liquidity 31/05/2010	€2,211 mill

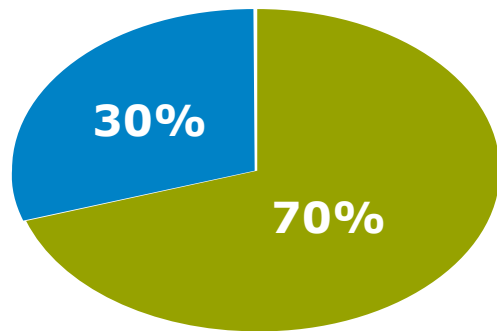
2010-2014 Additional Financing needs: **€365 mill**

(*): Includes proportionate consolidation of acquisitions

Sound capital structure



Debt structure target

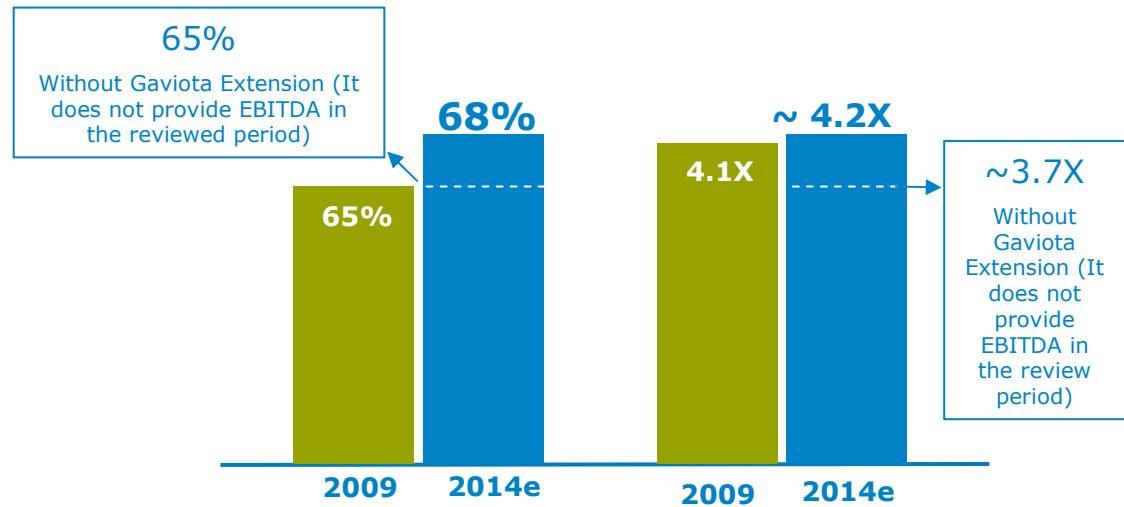


■ Variable ■ Fixed

Leverage Ratios

Debt/(Debt+Equity)

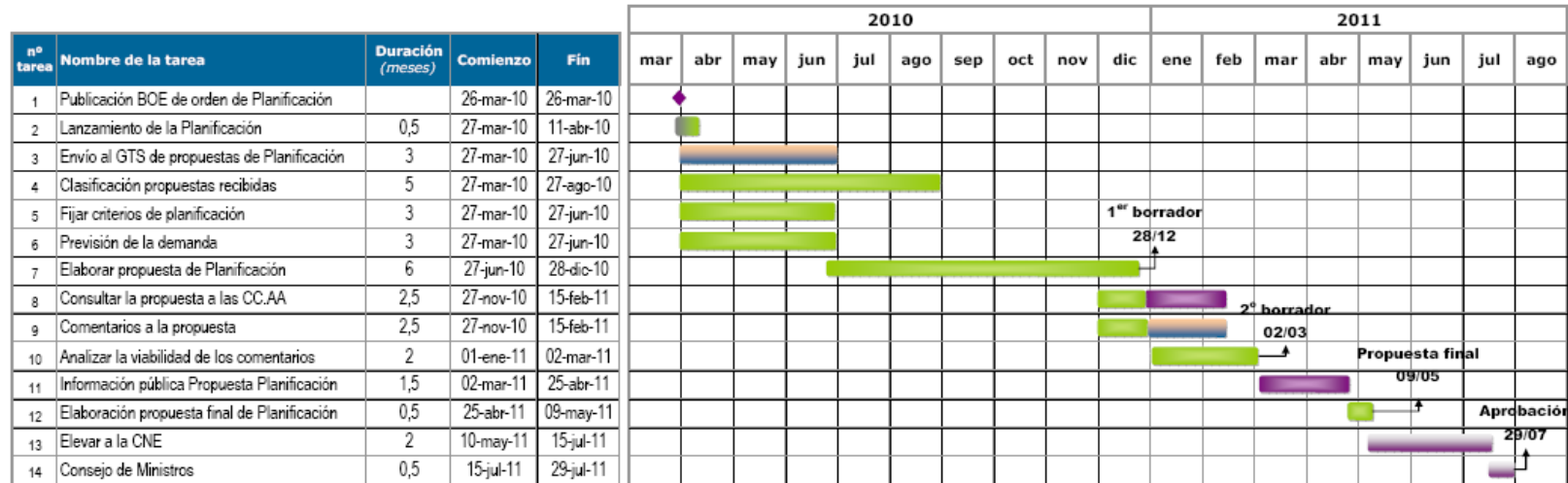
Net Debt/EBITDA



In the projections, estimated average cost of debt gradually increases to levels of 4% from 2012

Debt ratios are maintained at similar levels, making it possible to maintain current credit ratings (AA-/A2)

2012-2020 NEP for gas and electricity sectors



LEYENDA:

Las tareas anteriormente especificadas son realizadas por los siguientes sujetos:

- MITYC
- Comunidades Autónomas
- Otros Agentes (transportistas, distribuidoras, comercializadoras, promotores CTCC...)
- Enagás- GTS

From 2014, Enagas will continue to invest for Mandatory Planning 2012-2020, currently under development and expected approval during 2011



1H
2010

0 1H 2010 Results

STRATEGIC UPDATE
2010-2014

1 Targets met

2 Strategic focus

3 Operational environment

4 Investment Plan 2010-14 & Financing

5 Objectives 2010-14

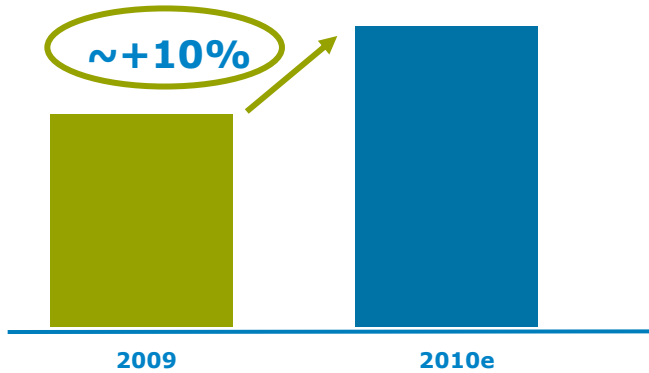
6 Summary

2010 Financial objectives

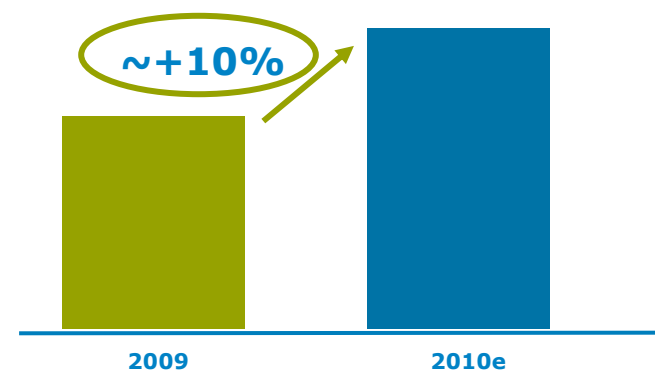


A year of double digit growth on an excellent year 2009

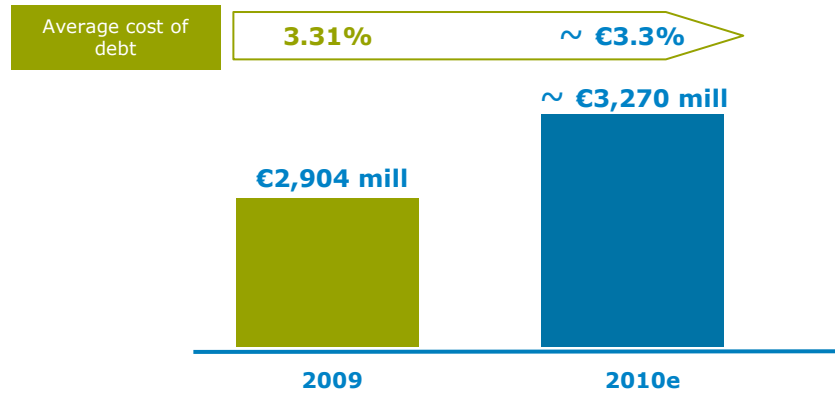
Regulated revenues



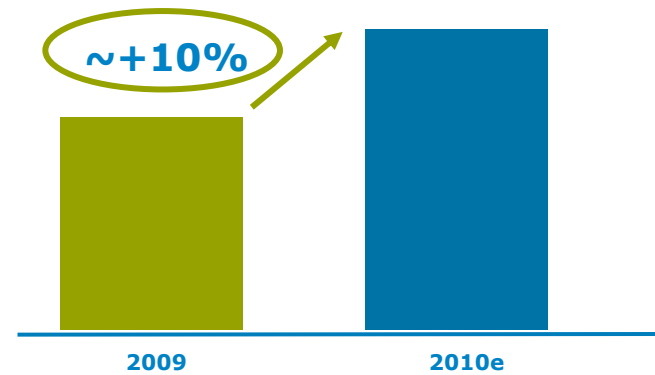
EBITDA



Debt & average cost of debt



Net Profit



Focus on efficiency and cost containment



Compliance with the target set in the 2012 Efficiency Plan and continue it until 2014

Efficiency Plan Main lines

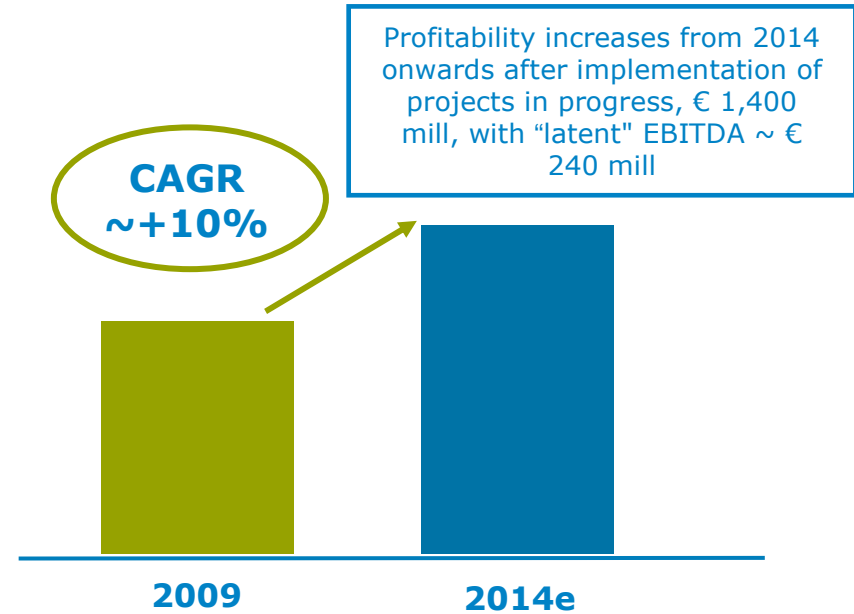
- Taking advantage of synergies resulting from asset base increase
- Reducing energy consumption (less cost and less CO2 emissions)
- Unified negotiating maintenance contracts
- Improved measurement procedures
- Continuing the system of "Zero Base Budgeting"
- Predictive Maintenance Program

Recurrent EBITDA Margin (*)



(*): Projections for organic investment plan of the Company

EBITDA evolution

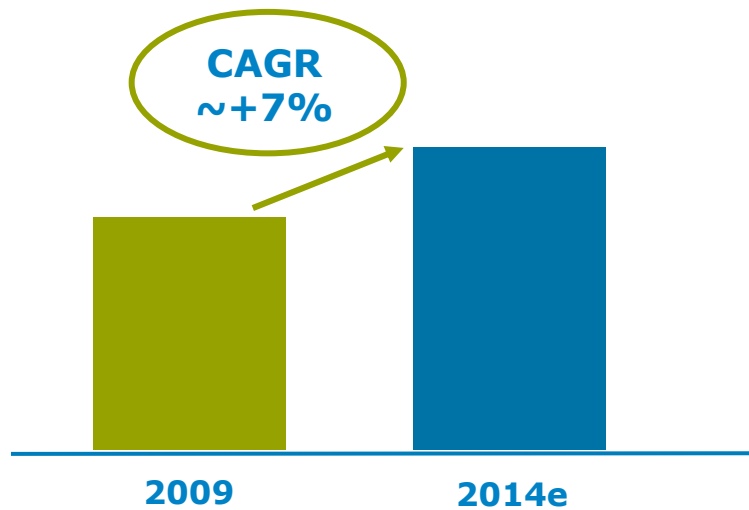


Net Profit and dividend

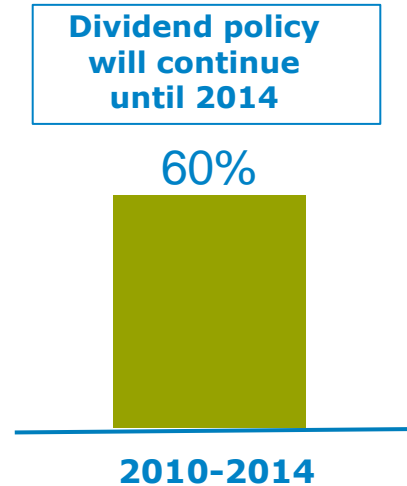


Sound and cautious projections considering the current economic and energy sector environment

Net Profit evolution



Dividend Policy (Pay-Out)



Conservative approach of the organic investments considered

2009-14 EBITDA CAGR: **+10%**
(Without considering latent Ebitda of €240 mill of work in progress)

Prudence in financial cost assumptions

2009-14 Net Profit CAGR: +7%
Conservative & prudent



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2010

0 1H 2010 Results

1 Targets met

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6 Summary

STRATEGIC UPDATE
2010-2014

Business Plan

- Clear and realistic. Strategic Update appropriate to the new environment
- Sound and cautious hypothesis and projections considering the current economic and energy sector environment
- Stable regulatory framework

Investment Plan

- 2010-14 annual average investment of €700 million, similar to that made between 2007-2009
- 2010-14 annual average of assets put into operation €680 million, superior to that made between 2007-2009
- Financial and strategic discipline in the analysis of potential opportunities for acquisitions
- From 2014, Enagas will continue investing based on the NEP from 2012 to 2020, currently under development

Financing

- € 2.2 bn available liquidity. Sufficient financial resources to carry on investments in 2010, 2011, 2012, 2013 and part of 2014
- Financial strength compatible with the investment plan

Results

- Compliance with the target set for 2012 in the Efficiency and Cost Containment Plan and maintenance until 2014
- Growth in EBITDA and net profit CAGR of 10% and 7% respectively. These growths are a "floor" due to the cautious assumptions considered
- Maintaining the dividend policy

Attractive shareholder remuneration

Growth

2010-14 annual average investment of €700 million, similar to that made between 2007-2009

2010-14 annual average of assets put into operation €680 million, superior to that made between 2007-2009



Debt ratios are maintained in the expected levels

2009-14 Net Profit and EBITDA CAGR: conservative due to current economic environment

Financial strength

Low risk

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