



Results for the first quarter of 2004

Enagás' Net Profit rose to 39.4 million euros - 9.7% more than in the first quarter of the previous financial year.

- **Enagás brought into operation assets worth 115.4 million euros, the highest quarterly figure obtained since the Company's Stock Exchange launch.**
- **The Company moved forward in its aim to optimise the structure of the balance sheet, achieving a debt ratio of 43.7% without increasing its financial costs.**
- **The General Shareholders' Meeting approved the distribution of a total gross dividend for the 2003 financial year of 0.297 euros per share, 29% more than was distributed in 2002.**

Enagás obtained a Net Profit of 39.4 million euros in the first quarter of 2004, compared to the 35.9 million euros for the same period in the previous financial year – an increase of 9.7%.

The Operational Result (EBIT) for the quarter was 67.7 million euros – an increase of 6.1% on the same period in 2003.

Operational Cash Flow (EBITDA) rose to 102.5 million euros - 6% above the 96.7 million euros obtained in the first quarter of the previous financial year.

The net financial debt at 31 March 2004 stood at 1,381.5 million euros compared with 1,278.7 million euros at the end of the 2003 financial year, in accordance with Company policy of trying to reduce its capital costs, increasing



debt to the optimum levels for its business structure. The debt ratio (net debt over total assets) at the end of the quarter stood at 43.7%, compared with the 41.3% recorded at the end of 2003.

The average cost of the Company's debt at 31 March was 2.67%, compared to 2.86% at the end of the previous quarter. In the 2004 financial year, interest rate risk has been covered through various insurance operations involving a total fixed finance cost of 2.83% applied to a total of 1,000 million euros - 72% of the total debt.

Thanks to the management of the Company, the financial result improved by 12.9% on the same period in 2003.

Demand for natural gas transported

The demand for natural gas transported in the system during the first quarter of 2004 grew by 16.2% compared to same period in 2003, with the following breakdown:

NATURAL GAS TRANSPORTED (GWh)	Jan-Mar 2003	Jan-Mar 2004
Regulated Market	32,939	25,078
Liberalised Market	42,048	62,077
Total Demand Transported	74,987	87,155

Enagás transported 95% of the total figure (82,840 (GWh)).

The demand for gas transported destined for the liberalised market currently accounts for 71% of the total, compared to 56% in the same period in 2003, confirming the growing liberalisation of the sector.



Investments

During the first quarter of 2004, assets worth 115.4 million euros were brought into operation. This figure, 178% more than the figure for the same period in 2003, represents a maximum for one quarter since the Company announced its investment for the period 2002–2006 during its stock exchange launch.

Among the most important projects commissioned were the Madrid-Huelva gas pipeline and the extension of the Paterna compression station (Valencia).

In the first quarter of 2004, Enagás invested 83.2 million euros. The number of projects in the course of being carried out rose to 132, worth an accumulated sum of more than 2,300 million euros.

Important events

- **General Shareholders' Meeting**

The Enagás General Shareholders' Meeting was held on 30 April 2004. At it, the Chairman, Antonio González-Adalid, summarised the main targets for the 2003 financial year, progress in meeting the company's strategic objectives and prospects for the future.

All the proposals were approved, and their complete text, as well as the other documents, are available on www.enagas.es. Among them, the highlights were:

1. Distribution of a gross total dividend for the 2003 financial year of 0.297 euros per share.
2. Approval for the expansion of the number of Board members to 16, with Enrique Locutura Rupérez, proposed by Gas Natural, and organisation "Peña Rueda S.L. Unipersonal", proposed by the shareholder Cajastur, appointed to the board. Both Directors will be considered as Nominee Directors. The re-election as directors for a further period of four years of Antonio González-



Adalid García-Zozaya, as Executive Director, and Ramón Blanco Balín, proposed by Gas Natural SDG, S.A., as a nominee director, was also approved.

3. Approval of new Regulations for the General Shareholders' Meeting.
4. Appointment of Deloitte & Touche Spain S.L. as company auditor for the period of three years, thereby complying with the Good Governance recommendations on the subject.

- **Signing of a loan with the Instituto Oficial de Crédito**

Enagás signed a loan operation for 200 million euros with the Instituto de Crédito Oficial (ICO) to partially finance its proposed Investment Plan for the period 2004-2006, which amounts to 1,700 million euros.

- **Signing with the European Investment Bank of a Framework Co-operation Agreement.**

During the first quarter of the year, Enagás also signed a long-term Framework Co-operation Agreement with the European Investment Bank (EIB) in which the company shows its interest in this European institution taking part in financing its investment schemes through a long-term contract under very competitive conditions.

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