



External Relations Office

## **Results for the Third Quarter of 2003**

### **Enagás turns a net profit of 37 million euros in the third quarter of 2003.**

- **For the third quarter of 2003, net profits are up 34.5% over the same period the year before.**
- **Some of the factors contributing to this growth were increased revenues from investments started up in 2002 and the Company's drive to curb operating and financial costs.**
- **This quarter 118.1 million euros were sunk into investments. A total of 87 million euros' worth of assets was put into operation during the year.**
- **The year's accumulated natural-gas distribution demand has shot up 13.7% higher than in the same period the year before.**

Enagás turned a net profit of 37 million euros in the third quarter of 2003, as opposed to the 27.5 million euros it earned in the same period the year before.

Some of the factors contributing to this rise in net profits were the revenues earned by the infrastructure started up in 2002, which went up; the average cost of debt as of September 30, which went down to 2.93% (as opposed to 3.90% at the end of the same period the year before), and the accumulated operating costs as of September 30, which remained steady at the same level as registered in the first nine months of 2002.



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The operating result (EBIT) for the quarter was 64 million euros, 21.4% higher than the 52.7 million euros the Company earned in the third quarter of last fiscal year.

The operating cash flow (EBITDA) rose to 97 million euros, putting growth at 14.2% higher than in the same period in 2002.

The accumulated net profit as of September 30, 2003, was 111.1 million euros, 37.3% higher than the figure reached for the same period in 2002.

The accumulated operating result (EBIT) hit over 194 million euros, and the operating cash flow (EBITDA) totaled 293.5 million euros as of September 30, 2003.

The accumulated gross financial indebtedness at the end of the third quarter sat at 1.273 billion euros, as opposed to 1.211 billion euros at the end of the quarter before. The indebtedness ratio (net borrowing over total assets) as of September 30, 2003, was 40% (41.7% as of June 30, 2003).

**Investments**

In the third quarter of 2003, Enagás invested 118.1 million euros, bringing the annual investment figure up to 278.6 million euros. The Board of Directors has approved 90.4 million euros in new projects, so the accumulated total for projects in progress is over 2.1 billion euros.

Since the year began, 87 million euros' worth of assets have been put into operation, the main items being the Collado Hermoso-Turégano gas pipeline, the Getafe-Cuenca Outlet gas pipeline, and compressors at the Serrablo underground storage facility in Huesca.



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### **Natural-Gas Distribution Demand**

The demand for natural gas distributed by Enagás during the third quarter of 2003 came to 64,212 GWh, 15.6% higher than the figure for the third quarter of last fiscal year. This increase was due fundamentally to the higher demand for gas distribution to the industrial sector and combined-cycle plants.

The accumulated gas-distribution demand up to September 2003 totaled 199,832 GWh, 13.7% higher than the figure registered in the first nine months of the fiscal year before. The liberalized market's demand accounted for 70% of the total distribution demand; this, held against the 54% of the same period in 2002, ratifies the sector's growing liberalization. In the third quarter the liberalized market's demand accounted for 78% of the total.

### **Significant Events**

- **Dividend**

The gross year's-end dividend charged to fiscal 2002's results, 0.14 euros per share, was paid out on July 3.

This dividend complemented the interim dividend paid out in January 2003, which was 0.09 euros gross per share.

The total dividend, a gross sum of 0.23 euros per share, is in line with Enagás's announced policy of distributing 50% of the Company's net annual results among its shareholders.



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- **Coverage Instrument Arrangements**

Enagás has arranged for coverage instruments to limit the financial cost of its long-term indebtedness, thus meeting the objectives of its financial policy, which aims at limiting financial costs while ensuring a minimum return on investments.

These coverage instruments, which will limit the Company's financial cost for the 2004-2008 period, are applicable to a total of 1 billion euros and will enable the Company to minimize its risk by financing investments under the best possible conditions, mainly with long-term, fixed-cost borrowing.

The coverage levels Enagás has negotiated have been set bearing in mind the financial compensation called for by the Regulatory System (average for the 10-year Spanish bond + 150 basic points), and they show a balance that is clearly in the Company's favor.

- **Main Transactions with Significant Shareholders and Other Related Parties**

In accordance with article 37 of Act 44/2002 on Measures to Reform the Financial System and as part of Enagás's commitment to transparency, the Company has released a summary of the main contractual and financial relationships it has engaged in over the first nine months of 2003 with legal persons and individuals related with the Company. The full text is available in the note on the quarter's results posted on the Enagás web page.

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