



Results for the second quarter of 2004

ENAGAS Net Profits reach 40.9 million euros in the second quarter, 7% higher than in the same period for the previous fiscal year.

- **Investment during this quarter reached a record figure of 120.1 million euros, a rise of 40.5% over investment for the second quarter in 2003.**
- **Total natural gas transported in the System rose to 71,866 GWh, an 18.5% increase over the same period in the previous fiscal year.**
- **This year's upgrade in credit rating and outlook by Standard & Poor and Moody's confirms ENAGAS as the most secure and financially sound company in the Spanish energy sector.**

ENAGAS earned a Net Profit of 40.9 million euros in the second quarter of 2004, as compared to 38.2 million euros registered in the same period last year, an increase of 7%.

Operating Profit (EBIT) for this quarter was 7.1 million euros, rising by 6.8% over the figures for this quarter in 2003.

Operating Cash Flow (EBITDA) reached 106.8 million euros, 7% higher than the 99.8 million euros obtained in the second quarter of 2003.

Total net financial debt at the end of the first six months rose to 1,322.2 million euros, as compared to 1,200.4 million euros at the end of the same period last year.



The debt ratio (net debt over total assets) at the end of the second quarter of the year was 42.6% (43.7% at March 31 2004).

The average cost of the Company's debt showed no variation with respect to the previous quarter, and remained at 2.67% as of 30 June.

The financial results for the first half of 2004 show a negative figure of 16.1 million euros, a 4.2% improvement over the same period in 2003, reflecting the Company's limitation of its indebtedness costs to 2.83% for 1,000 million euros in 2004.

Demand for transported natural gas

The demand for transported gas in the System during the second three months of 2004 rose 18.5% with respect to the figure reported for the same period in 2003, as shown in the following breakdown:

April-June 2003	April-June 2004	TRANSPORTED NATURAL GAS (GWh)	Jan-June 2003	Jan-June 2004
12.448	6.394	Regulated Market	45.387	31.472
48.185	65.472	Liberalised Market	90.233	127.549
60.633	71.866	Total Demand Transported	135.620	159.021

In the first half of 2004, ENAGAS transported 146,106 GWh of natural gas, accounting for 92% of the total gas transported.

The demand for supply to the liberalised market currently stands at 80.2% of the total demand transported. The consumption of natural gas for the generation of electricity from Combined Cycles represented 16.9% of the total demand transported in the first six months of the year.



Investments

Investments for the quarter reached the record figure of 120.1 million euros (40.5% higher than investments for the second quarter of 2003). The investments made since the beginning of the year total 203.3 million euros.

In the first half of 2004, assets amounting to 128.1 million euros were put into operation, 105.6% more than the figure reached in the first six months of 2003.

Among the most significant projects put into operation were stretches of the Huelva-Madrid gas pipeline and the expansion of the Paterna Compression Station (Valencia).

Significant Highlights

- **Upgrade of the Company's credit rating.**

Moody's Rating Agency upgraded ENAGAS' long-term rating outlook, currently at A2, from stable to positive. For the first time Moody's also assigned the Company a Prime-1 short-term credit rating.

In its report, Moody's highlights the Company's successful implementation of its investment program, while maintaining a solid financial and operational profile, the Company's optimum annual liquidity and solvency ratios, the stability of the Regulatory Framework and the Company's solid liquidity position, which improved its debt profile by covering its financing needs until 2006.

The rating agency's report indicates that the Company's long-term credit rating may be further upgraded in the medium term, if ENAGAS continues to successfully implement its investment plan, in accordance with a strategy of creating added value based on a conservative and financially sound policy.



- **Payment of the complementary dividend.**

On 7 July, a gross complementary dividend of 0.17744 Euros per share was paid out on account of the fiscal year 2003 profits.

The dividend is complementary to the one paid out in January 2004, also on account of fiscal year 2003 profits.

- **Long-term loan agreement signed with the European Investment Bank.**

ENAGAS signed a 450 million-euro loan with the European Investment Bank (EIB) to cover its financing needs up to 2006.

The EIB loan structure is comprised of two tranches and calls for maturity periods of between 10 and 15 years and drawdown periods of between 9 and 30 months.

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