



Results for Third Quarter 2004

Enagás Net Profits reach 39.9 million euros in the third quarter, 7.8% higher than figures for the third quarter of the previous financial year.

- **During the third quarter, assets valued at 108.3 million euros were put into operation, four times the figure recorded for the same period last year.**
- **Investments reached 116.0 million euros in this quarter. The investments approved by the Board of Directors amounted to 313.7 million euros, including the Oliva-Ibiza-Mallorca gas pipeline project.**
- **Net financial debt at September 30 remained at the same level as registered in the second quarter.**

Enagás earned Net Profits of 39.9 million euros in the third quarter of 2004, as compared to 37.0 million euros recorded for the same period in the previous financial year, representing a rise of 7.8%.

Instrumental in the increase in net profits were, on the one hand, the control of operational costs, which have remained practically at the same level as in the first nine months of 2003, in fulfilment of the Company's avowal to strengthen operational efficiency and, on the other, the reduction of the average cost of its debt at September 30, situated at 2.71%, as compared to 2.93% at the end of the same period in 2003.

Operating Profits (EBIT) for the third quarter were 68.6 million euros, an increase of 7.2% over the same period for the previous year.



Operating Cash Flow (EBITDA) rose to 104.5 million euros, 7.7% higher than the 97.0 million euros obtained in the third quarter of 2003.

Financial debt at September 30 was 1,318.0 million, with a ratio of 40.8% of net debt over total assets, as compared to 42.6% registered at the end of the second quarter of 2004.

The accumulated financial results for the first nine months of 2004 show a negative figure of 23.5 million euros, which represents a marked improvement over the second quarter of the year, as the Company has ensured a maximum cost of 2.83% for 1,000 million euros, 76% of the total financial debt.

Demand for transported natural gas natural

The accumulated demand for gas transported in the System at September 2004 reached 230,735 GWh, 15.5% higher than the figure recorded for the first nine months of the previous year. Enagás transported 209,233 GWh of natural gas, representing 90.7% of the total.

In the first nine months of the year, 17.9% of the demand transported was for generating electricity from natural gas for combined cycles. There are currently 13 groups in operation and five more are in the trial stage.

The demand for supply to the liberalised market currently accounts for 81.9% of the total.

Jul-Sep 2003	Jul-Sep 2004	Demanda de gas transportada (GWh)	Ene-Sep 2003	Ene-Sep 2004
14.107	10.185	Mercado Regulado	59.494	41.657
50.105	61.529	Mercado Liberalizado	140.338	189.078
64.212	71.714	Total Demanda Transportada	199.832	230.735
July-Sept 2003	July-Sept 2004	Gas Demand Transported (Gwh) Regulated Market Liberalised Market Total Gas Demand Transported	Jan – Sept 2003	Jan – Sept 2004



Investments

Investments in the quarter amounted to 116.0 million euros, which represent an accumulated total at September 2004 of 319.3 million euros, 14.6% higher than the figure for the same period in the 2003 financial year.

A highlight of the investments approved by the Board of Directors of Enagás during the third quarter (313.7 million euros) was the undersea Oliva-Ibiza-Mallorca gas pipeline. Enagás carried out studies on both its land and undersea sections to find the best possible option for the environment and maximum efficiency in the infrastructures that will supply the Balearic Islands with natural gas.

Investments put into operation

Assets amounting to 108.3 million Euros were put into operation in the third quarter, reaching an accumulated total of 236.4 million euros, 17.1% higher than the figure reached in the first nine months of 2003.

Among the most significant projects put into operation this quarter were the Cordova-Santa Cruz de Mudela gas pipeline (Section I) and the Malaga-Estepona gas pipeline (Section I: Alhaurín Grande-Mijas).

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