



Results for 2005 financial year

Net profits of Enagás stood at 191 million euros, a 20.8% increase over the previous financial year.

- **Net profits for the 2005 financial year stood at 191 million euros, a 20.8% rise over that obtained in 2004.**
- **Investments during 2005 reached 358.7 million euros and assets put into operation stood at 473.2 million euros.**
- **Demand for gas transported in the system in 2005 stood at 376,041 GWh, 17.6% higher than the figure recorded in the previous financial year.**

Enagás obtained accumulated net profit at 31 December 2005 of 191 million euros, 20.8% higher than the 158.1 million euros posted at the same date in 2004. Operating income (EBIT) posted at the end of Q4 of the year was 332.8 million euros, 21% higher than the 275.1 million euros obtained in the 2004 financial year.

Operative Cash Flow (EBITDA) in 2005 stood at 478.4 million euros, compared to 399.1 million euros in 2004, meaning an increase of 19.9%.

In the development of profits, of particular note is the significant increase in income due to assets put into operation in 2004 and 2005, the high volume of liquid gas regasified during 2005 and the strategy for control of operating costs carried out.



During 2005 non recurrent income was accounted as a result of the sale of a stretch of fibre optic cable to Gas Natural SDG and the application of a subsidy granted in 2002 and charged in 2005. This income generated surpluses of 3.4 and 3.6 million euros respectively.

Physical magnitudes

The demand for natural gas transported in the system up to 31 December 2005 stood at 376,041 GWh, a 17.6% rise over the previous financial year. From this quantity, Enagás transported 87.7%.

4T 2004	4T 2005	DEMANDA DE GAS TRANSPORTADA (Mercados)	Ene-Dic 2004	Ene-Dic 2005
		(GWh)		
19.438	17.203	Mercado a tarifa	61.095	58.893
69.455	83.595	Mercado liberalizado	258.533	317.148
88.893	100.798	Total demanda transportada	319.628	376.041

*Demand for transported gas (markets) Jan-Ene

Tariff market

Liberalised market

Total demand transported

29.6% of total demand transported in 2005 was aimed at the generation of electricity from natural gas, compared to 20.9% in the previous financial year.

Development of the investment plan

The accumulated total of investments put into operation in the 2005 financial year stood at 473.2 million euros.

Among the most important projects implemented, of particular note are the third natural liquid gas storage tank at the Cartagena plant, with storage capacity of



127.000 m³ of LNG and the extension of the emission capacity at the same plant to 900,000 m³(n)/h. At the Barcelona plant the fifth tank was commissioned, with a storage capacity of 150,000 m³ of LNG and the emission capacity was expanded to 1,500,000 m³(n)/h. At the Huelva regasification plant, the emission capacity was also expanded to 1,050.000 m³(n)/h.

During 2005 expansions were carried out in the compression plants of Villafranca de Córdoba, Almendralejo, Dos Hermanas, Tivissa and Bañeras. Also, the gas pipelines of Cartagena-Lorca (phase II and Alhama-Murcia stretch), Castelnou-Fraga-Tamarite de Litera, the widening of the Arbós-Tivissa pipeline, as well as the Málaga-Estepona pipeline (section II).

Accumulated investments at 31 December stood at 358.7 million euros.

Financial position

The net financial debt of the company at the end of 2005 stood at 1,546.6 million euros, compared to 1,421 million euros at 31 December 2004. The debt ratio at 31 December 2005 stood at 47.9%, compared to 45.8% at the end of 2004.

The average cost of company debt at 31 December was 3.39%, compared to 2.98% at the same date in the previous financial year

Income from regulated activities for 2006

Ministerial Order ITC/4099/2005, of 27 December, establishes the payment structure applicable to regulated activities in the gas system for the 2006 financial year.

Pursuant to this order Enagás's total estimated payment for 2006 from regulated activities means a maximum increase of 14% with respect to the previous year.



This total payment includes the fixed accredited cost corresponding to assets put into operation up to 31 December 2004, plus payment for assets put into service during 2005 and the forecast payment which can be assigned to facilities likely to be put into operation during 2006.

It also includes the forecast for gas sales management for supply to the tariff market, payment for technical management of the system and payment from the investment in the purchase of natural gas aimed at complying with the minimum filling level of tanks for regasification plants and pipelines.

The Ministerial Order also determines the procedure for payment for the costs of storage of liquid natural gas as specified in the Winter Plan approved by resolution of the Energy and Mines Department of 28 November 2005.

The main reference variables (efficiency index, differential over the 10 year bond and the usage factor of regasification plants) remained at the same levels as previous years.

Also, on 27 December **Order ITC/4101/2005**, relating to tariffs applicable to natural gas was approved.

Average tariffs increased by around 4% for domestic customers and 11% for industrial customers, due to the significant rise in raw material.

Order ITC/4101/2005 eliminates tariffs for consumers with supply pressure lower than 60 bars, consumption higher than 100,000,000 KWh/year and those corresponding to uninterrupted supply. The affected consumers will switch to supply on the liberalised market, although as a temporary measure fixed duration tariffs defined in each case will be established.



Finally, **Order ITC/4100/2005**, of 27 December, determined the fees and other charges for access of third parties to gas facilities.

The charges associated with third party access to regasification services in the system remain constant with respect to the 2005 financial year, while those of transport and storage fell by 1.3%.

Since 2001 transport costs have fallen by 11.5% in nominal terms and around 28% in real terms if you take into account the government's inflation forecast for 2006.

Some of the main new factors included the creation of short term fees, uninterrupted fees and international transit fees.

Regulations for Technical Management of the Gas System

October saw the publication of **Order ITC/3126/2005**, approving regulations for the technical management of the gas system.

These regulations lay down the basic technical conditions for use of the facilities, and the procedures to follow for people working on the gas system in all phases of operation of the system to guarantee the quality, continuity and safety of supply and, as a result, more efficient operation of the system.

It also frames the instructions for management of facilities and the basic procedures for operation of the system, both under normal conditions and exceptional situations.

Madrid, 9 February 2006
Technical Secretary

External relations Department

Tel: 917 099 340

www.enagas.es

relacionesexternas@enagas.es