Conference call-Webcast
1H 2011 Results

19/July/2011

Summary

- 1H 2011 Results
- Investments:2010-2014 and beyond
- Growth targets and Financial policy
- Pay Out policy
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Key figures

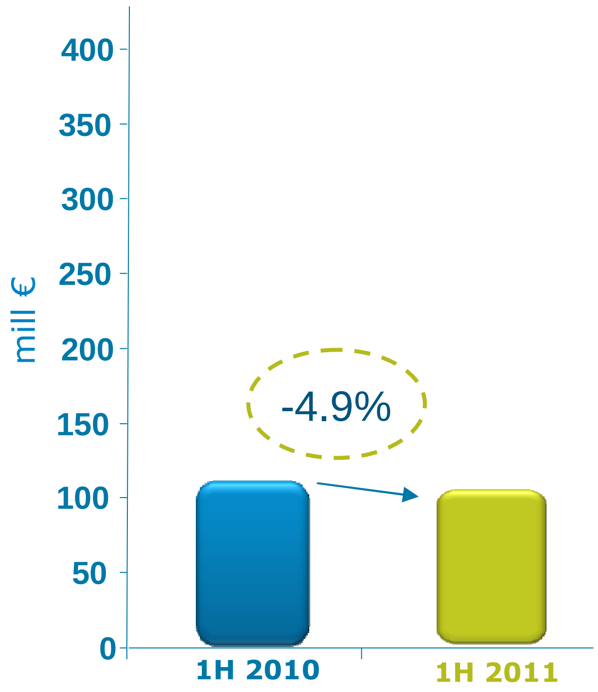
(€mill)	Jan-Jun 2010	Jan-Jun 2011	%11vs10
Regulated revenues	474.5	494.1	+4.1%
Total revenues	490.4	515.6	+5.1%
EBITDA	385.1	415.4	+7.9%
EBIT	265.3	278.4	+4.9%
Net Profit	165.1	173.4	+5.0%
Investments	415.3	272.5	
Assets put into operation	171.7	276.2	
Net debt	2,915.8	3,050.4	
Leverage	63.9%	63.1%	
Cost of debt	2.67%	2.78%	
Transported gas demand in the regulated system (GWh)*	219,027	214,773	-1.9%

Results in line with 2011 targets

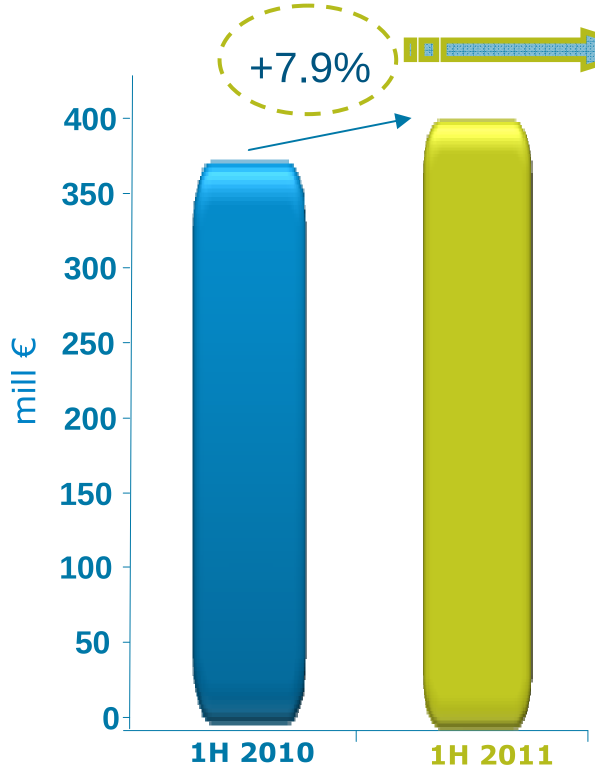
Note: In 1H2011, 40% of BBG regasification plant has been proportionally consolidated, while in 1H2010 numbers, 25% of BBG was consolidated since April.
*Includes total demand of gas transported in the regulated Spanish system: National demand, exports and injections in basics storages, and the gas in transit of the GME, Magreb-Europe pipeline, to Portugal.

Operating Efficiency

OPEX



EBITDA

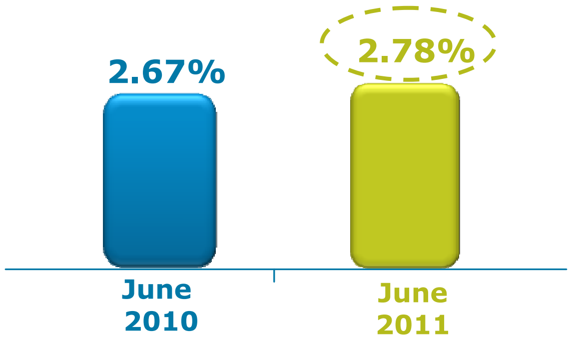


EBITDA growth will become more noticeable over the coming semester due to the incorporation of new assets into operation and the integration of Gaviota (awaiting final approval for the acquisition)

Strict Opex control

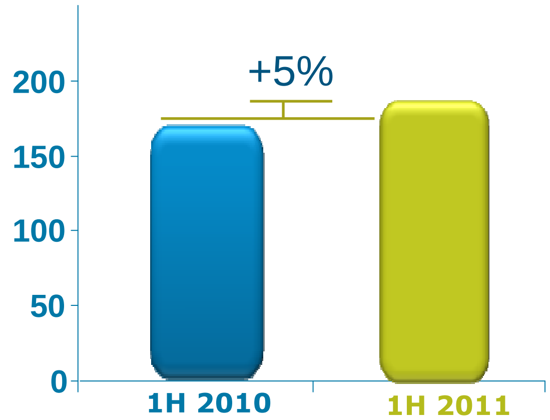
Financial cost control

Average cost of debt



Cost of debt at similar levels of 2010

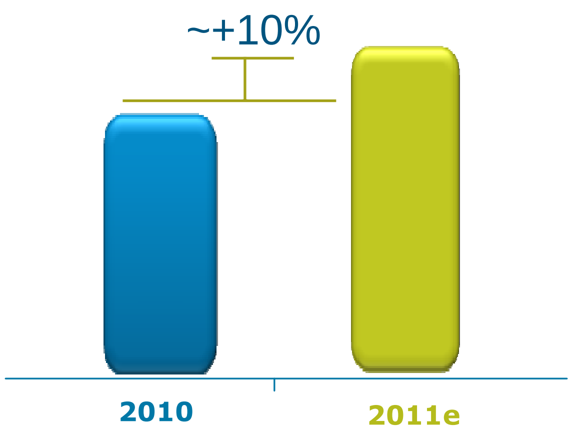
Net profit (€ mill)



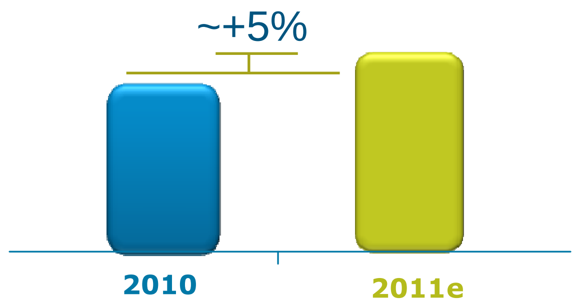
Net profit growth aligned with budget and 2011 targets

2011 financial targets

EBITDA



Net profit



Double digit growth in EBITDA for the third consecutive year

Prudent Net Profit target

1H 2011 investments

Capex

€272.5 mill

Assets put into operation

€276.2 mill

8th LNG tank Barcelona plant
C.S Villar de Arnedo
Algete-Yela pipeline

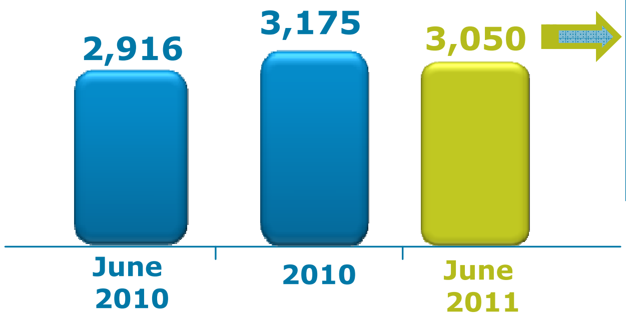
2011 investment targets

Capex	Assets put into operation
€ 650 mill	**€ 650 mill**

Enagas's infrastructure is key to guarantee and diversify supplies , for the openness and the integration of markets and to enable the use of renewable energy

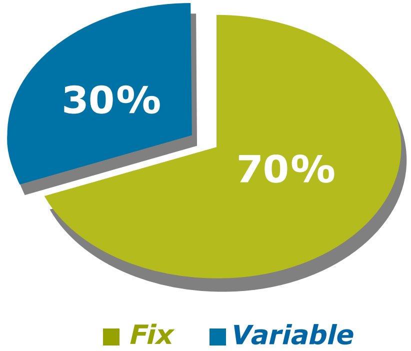
Financial structure and liquidity

Net debt (mill €)

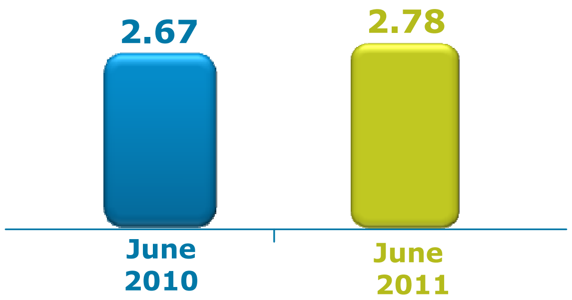


Debt slightly below 31/ Dec /2010 figure due to lack of significant payments during 2Q and the improvement of settlement accounts in the same period

Debt net structure



Average cost of debt (%)



Liquidity 30/06/11

€ 2,064 mill

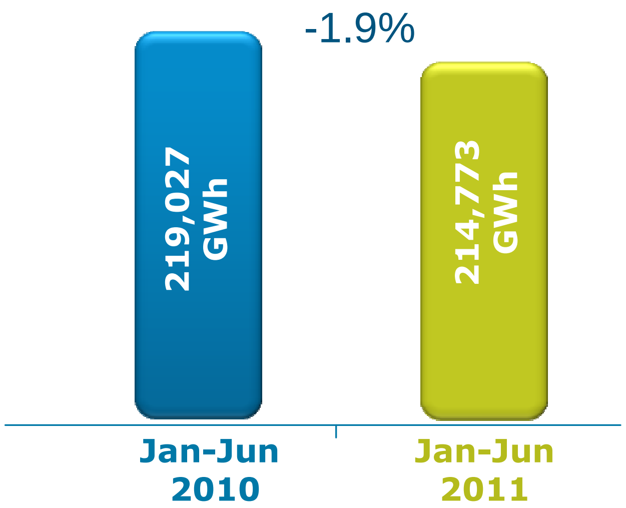
Euro Commercial Paper Programme

- **Diversification of financing sources, reducing the exposure to banking debt**
- **Last May 12th Enagás formalized a Euro Commercial Paper Programme (ECP) for a maximum of €1,000 million**
- **Through this program the Company may issue Notes in the Euromarket with a maturity between 21 and 364 days**
- **Standard and Poor's has assigned a rating "A-1 +", the maximum for this category of short-term issues**
- **Financing alternative with a very attractive cost of funding**
- **The *arranger* of the Programme acts with another eleven entities as designated dealers**

A provision against any future liquidity problems which might arise in the financial system

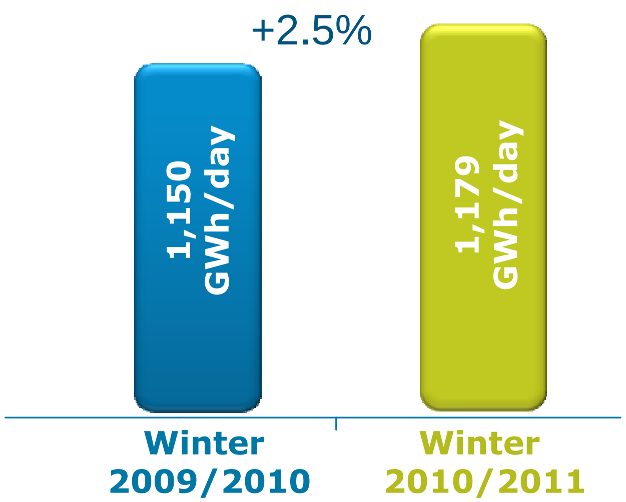
Natural gas demand

Transported Gas demand



The conventional segment increased by 5%, once corrected by the weather and working days effects

Peaks of conventional demand 1H2011



System designed for peaks of demand

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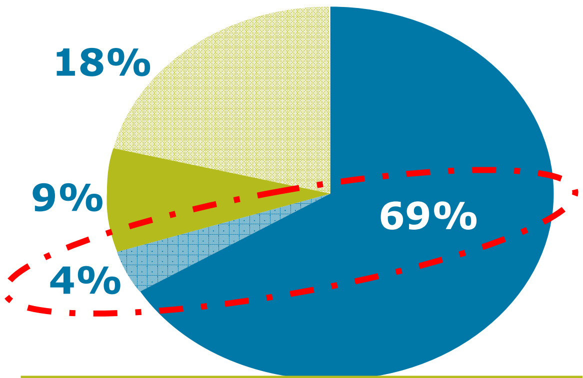
2010-2014 investments

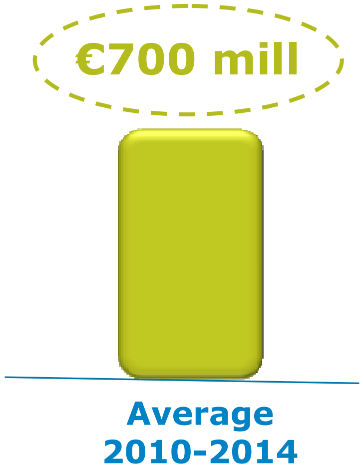
Permits Capex plan 2010-2014



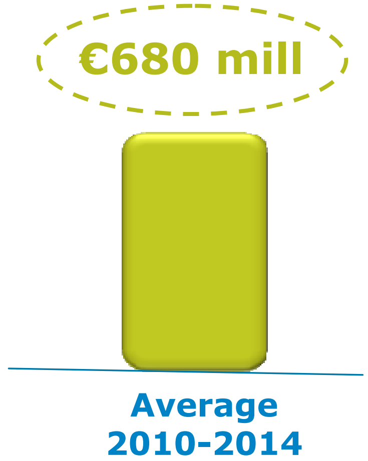
73% of investments are already in operation, under construction or in advanced stage of processing with EIA obtained.

- In operation/construction
- In advanced stage of process with EIA obtained
- EIA in progress
- Direct authorization requested

Capex



Assets put into operation



The investment targets of the 2010-2014 Strategic Plan are supported by the investment made, investment in progress, acquisitions, and the current status of authorizations

2015-2020 investments estimates

- **In the first draft of the Energy Planning document, as expected by Enagás, the investment level from 2015 to 2020 will be lower than from 2007 to 2014**
- **A positive long-term trend in regulated revenue is ensured by the Company's current solid asset base, the investment plan to 2014 under our Strategic Plan and subsequent investments**
- **Sufficient operating and financial capacity for other complementary investments to those in the first draft of the Energy Planning document, consistent with our core business, debt and profitability targets**

Core business acquisitions

Vertically integrated energy companies are currently selling "non-core assets"

Sound investment opportunities which complement Enagás' business base

Taking advantage of the Company's know how, technological knowledge and operating and financial resources

Rigorous selection of opportunities based on strict financial and strategic discipline

40% BBG Regasification Plant

100% Gaviota Underground Storage

Iberdrola Transport Assets(*)

40% Altamira Regasification Plant (*)

Consistent with the Enagás' core business and objectives of debt and profitability

(*) Subject to approval from energy regulators

Core business acquisitions

Gaviota underground storage

- Signed the agreement to acquire 82% to Repsol and 18% to Murphy Spain Oil Company
- Order ITC/1767/2011, of 22 June, and prior resolution of by the Governmental Executive Committee for Economic Affairs, authorizes Enagás to acquire 100% of the operating concession for the Gaviota underground storage
- Pending the final administrative permit, which should be completed in 3Q11
- The operation is retroactive to 1st of January 2010 in economic terms

Altamira regasification plant

- Agreement between Enagás (40%) and Vopak (60%) for the acquisition of Altamira LNG regasification terminal
- Decision making 50%
- The evaluation of Enagás' LNG knowhow was decisive for the sellers: Shell (50%), Total (25%), Mitsui (25%)
- Operations manager appointed by Enagás
- Cash contribution by Enagas of US$48 mill
- The rest of the transaction will be funded with project finance
- Equity IRR nominal post tax: Double digit
- Capacity is fully locked up under long-term ship-or-pay agreements with Shell and Total
- Acquisition is subject to approval from Spain and Mexico's energy regulators (CNE and CRE respectively)

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Growth targets and financial policy

Maintaining our Investment Plan 2010-2014	❑Investments: Average of €700 mill ❑Assets put into operation: Average of €680 mill ❑ Value generation with core business acquisitions
Maintaining our operational efficiency policy	❑2010-2014 efficiency and cost control Plan ❑Significant increase of the RAB with a moderate Opex growth ❑Improving EBITDA margin
Maintaining our financial policy targets	❑Diversification of financing sources ❑Financial resources at very attractive conditions in terms of both maturity and cost ❑Appropriate net debt structure : 70% fix/30% variable ❑High liquidity level > €2bn ❑Appropriate leverage (below 4.3x ND/EBITDA target) and credit ratings (AA-, A2)
Maintaining our growth targets	❑CAGR 2010-2014 EBITDA ~+10% ❑CAGR 2010-2014 Net Profit ~+7%

Despite the current economic situation, Enagás has improved its management model while maintaining its objectives; this has led to improve the financing of our investments and the shareholders remuneration policy

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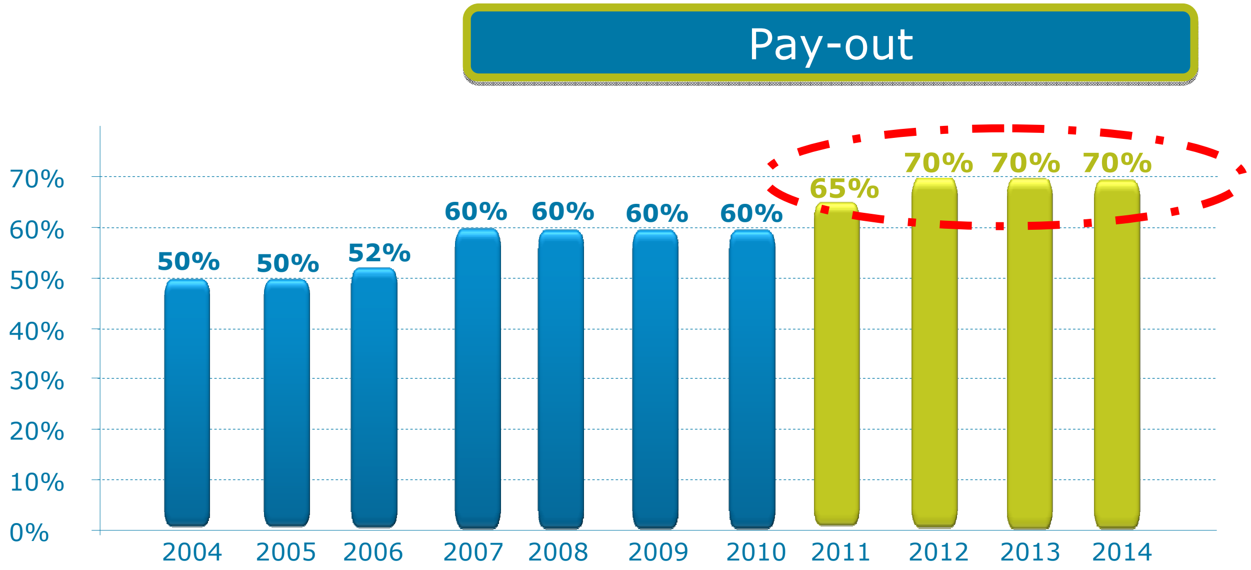
New Pay Out Policy



2011: Pay-out 65%
2012-2014: Pay-out 70%

In line with comparable companies Enagás competes with for capital

Solid asset base as a result of the investment effort → Strict cost control (financial and opex) → **Shareholders remuneration improvement** → Compatible with the investment plan and leverage targets

Note: This increases in the Pay Out for 2011 and 2012 approved by the Board of Directors, are subject to approval by the Annual General Meeting to be held in the years 2012 and 2013 respectively, according to Spanish corporate legislation

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Conclusions

- **First half year results are on track to guarantee that earnings growth and investment commitments undertaken by Enagás for 2011 will be met**
- **Enagás has maintained and confirmed all of its objectives for 2010-2014, despite the difficult economic environment**
- **The investment effort set in the 2010-2014 Strategic Plan, together with a strict operating and financial cost control, has led to improve the financing of our investments and the shareholders remuneration policy, compatible with the Plan's objectives**
- **The Pay Out increased to 65% in 2011 and will increase up to 70% for the 2012-2014 period, in line with comparable companies Enagás competes with for capital**
- **The investment targets of the 2010-2014 Strategic Plan (annual average of €700 mill) are supported by the investment made, investment in progress, acquisitions, and the current status of authorizations. The investment level will be lower from 2015**
- **Enagás is profiting from its business knowhow to continue considering investment opportunities subject to strict financial and strategic discipline**

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