enagas

Conference call-Webcast

2010 Results

February 1st 10am CET

THE GLOBAL COMPACT
APOYAMOS EL PACTO MUNDIAL

Dow Jones Sustainability Indexes

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Key figures

(€mill)	2009	2010	%10vs09
Regulated Revenues	866.8	966.0	+11.4%
EBITDA	701.3	780.8	+11.3%
EBIT	484.7	530.9	+9.5%
Net income	298.0	333.5	+11.9%

Capex	901.6	796.3
Assets put into operation	965.3	644.6

Net Debt	2,904.0	3,175.3
Net Debt/Assets	50.2%	46.5%
Net Debt/EBITDA	4.1x	4.1x
Leverage	64.6%	64.6%
Cost of Debt	3.31%	2.70%

(GWh)

Transported gas demand	436,848	436,486	-0.1%

Note: 25% of BBG has been proportionally consolidated since 14 April, acquired to BP. Consolidation of the 15% BBG acquired to Repsol has been included in the fourth quarter with effect since first of January.
In the Capex the 40% acquisition of BBG and the Gaviota storage are included.
40% of BBG is included in the assets into operation figure, while Gaviota will be added into operation once all necessary permits are obtained.
The 2010 investments figure includes 22.8 millions of subsidies. 9.3 millions of the assets put into operation are also subsidies.

Our commitments in 2010

1. Net Income growth around double digit (+10%) ✓
2. €700 million Investments
€500 million Assets put into operation ✓
3. Financial resources at very attractive conditions in terms of both maturity and cost. ✓
4. Look for value creation opportunities with acquisitions of third party regulated assets. ✓
5. Ensure continuity and security of supply of natural gas and act as back up of the system. ✓
6. Reinforce Enagas as the system Technical Manager.
Stability in the regulation. ✓
7. Strategic Update for the period 2010-2014 ✓

Targets fully exceeded in 2010

Our strategic commitments 2010-2014

Attractive shareholder renumeration

Growth

2010-14 annual average investment of €700 million, similar to that made between 2007-2009

2010-14 annual average of assets put into operation €680 million, higher than that of the 2007-2009 period.

Debt ratios are maintained in the expected levels

Net Profit and EBITDA CAGR prudent due to the current economic environment

Low risk

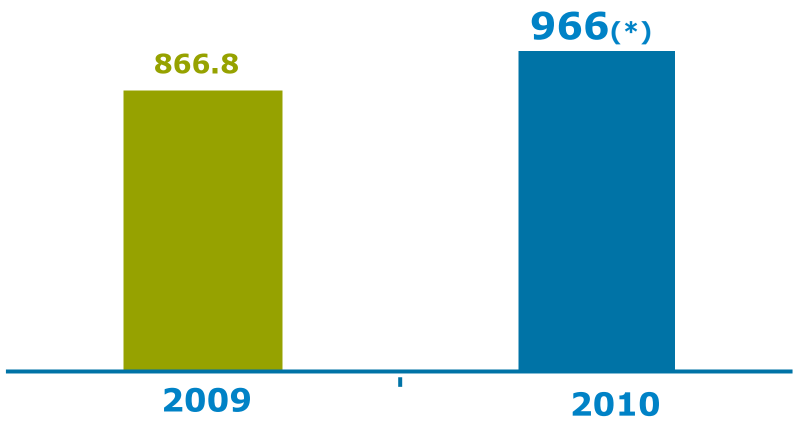
Financial strength

Regulated revenues

Regulated revenues
(€ mill)

+11.4%

Growth above 10%: Target met



Strong revenue growth by consolidating the assets put in operation in 2009, 2010 and the 40% of BBG

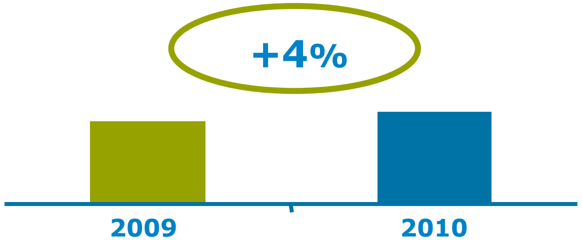
As it was anticipated since the beginning of the year, the second semester growth has been more moderate compared to a strong 2H09

For 2011 and successive years an important recurrent regulated revenues stream due to the increase of the assets base and the acquisitions.

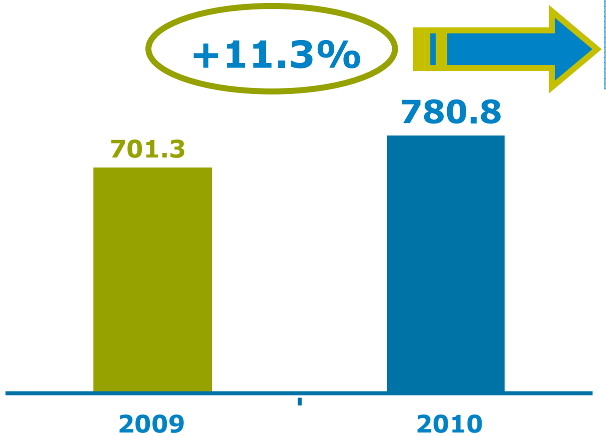
(*) In the 2010 regulated revenues figure is included, since April 14, the proportional consolidation of the 25% BBG acquired to BP. In addition in the fourth quarter, with effect on January first, it is included the proportional consolidation of the 15% BBG acquired to Repsol.

Operating Efficiency

Recurrent OPEX (€ mill)*



EBITDA
(€ mill)



Growth above 10%: Target met

Strict Opex control:
Significant increase of the Company assets with a moderate Opex growth

Significant increase in EBITDA as a result of the growth of the regulated revenues and Opex control.

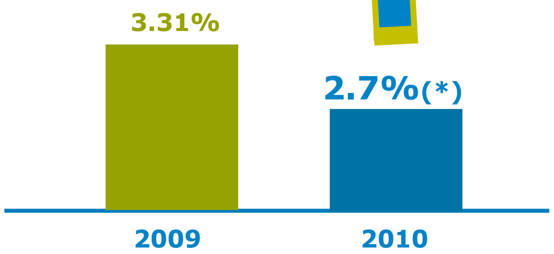
Efficiency focus: Maintenance of the Efficiency Plan until 2014.

(*) In 2010 Opex a non recurrent expense of 4.5 millions that corresponds to an early retirement Program has been included.
In addition , a €6.4 million OPEX from the proportional consolidation of BBG has been included.

Financial cost control

Average cost of debt

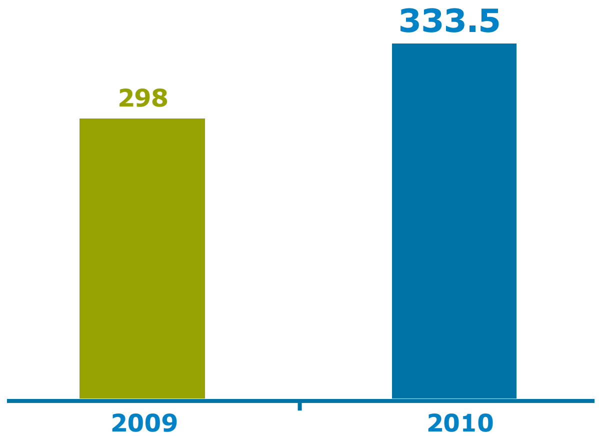
Lowest financial cost of the sector



Net profit
(€ mill)

+11.9%

Growth above 10%: Target met



Improving the average cost of debt established at the beginning of 2010

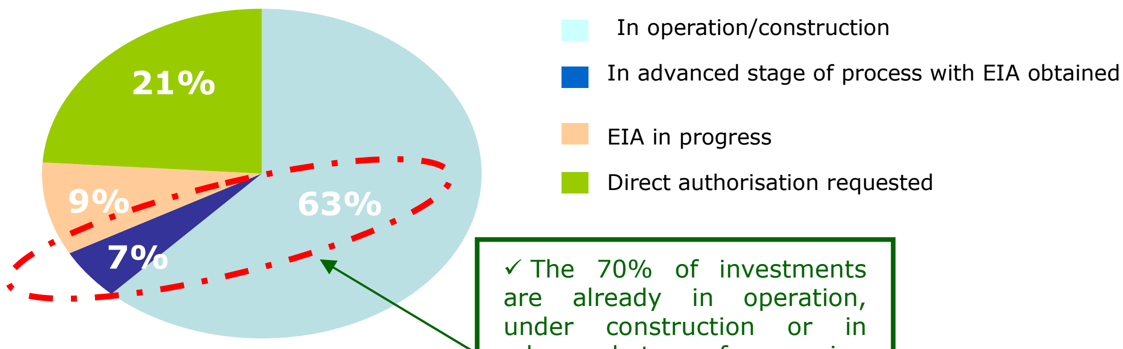
Net Profit positively affected by regulated revenues increase, opex efficiency and low cost of debt.

~ 12% growth in 2010 on top of a 15% growth in 2009.

(*) As of 31st Dec, 2010, 70% of the net debt is fixed.

Capex

Permits 31/12/2010 (Investments)



✓ The 70% of investments are already in operation, under construction or in advanced stage of processing with EIA obtained.

Capex

In 2010 permits amounting to €1,420 mill were obtained

€796.3 mill
Annual target met.

Investments in line with the 2010-2014 Strategic Plan.

Investments put into operation

€644.6 mill

Annual target fully exceeded

Main assets:

-Montesa Compression station.
-Duplication Castelnou-Tivissa
-7th LNG tank Barcelona Plant
-5th LNG tank Huelva Plant
-5th LNG tank Cartagena Plant

Initial target surpassed by 29%

Regulated assets acquisitions

40% BBG

100% Gaviota

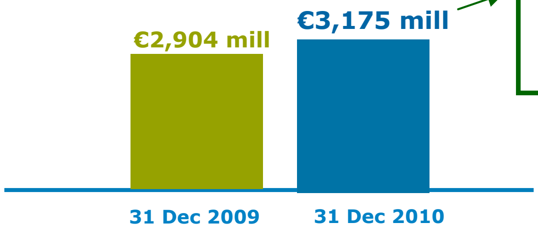
Operations in accordance with the objective of buying regulated assets in Spain, in line with the profitability and debt criteria and with positive net profit since the first year.

Note: Last Gaviota acquisition permits in the process of being obtained.

Financial structure and liquidity

Net Debt

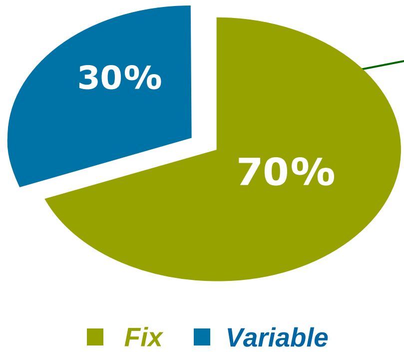
Leverage 64.6% 64.6%



Average debt maturity: 5.6 years

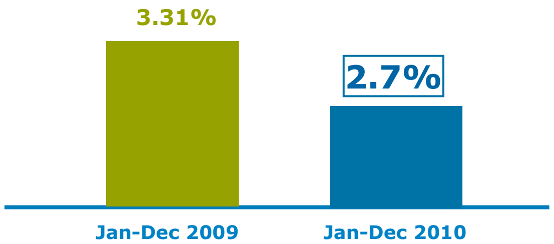
No major refinancing risk until second half of 2012

Debt net structure



Enagás strategic target reached

Average cost of debt



Liquidity 31/Dec/2010

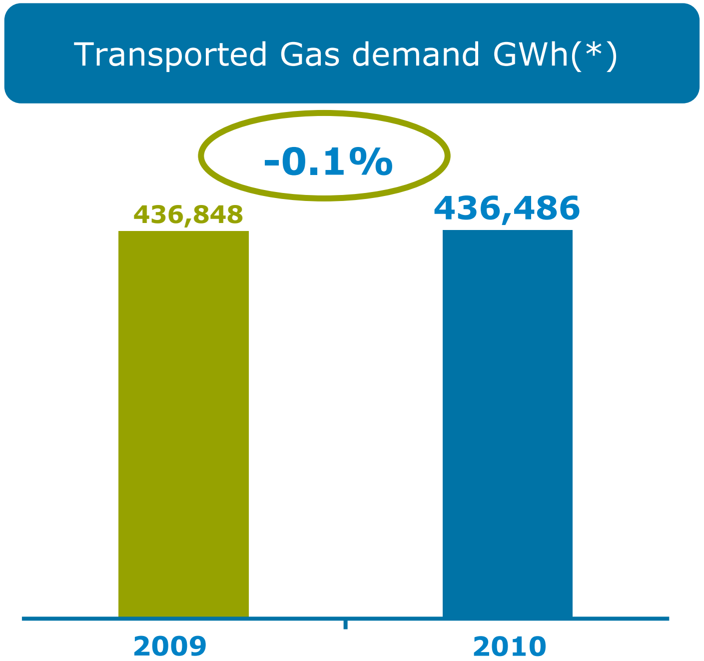
€2,069 mill

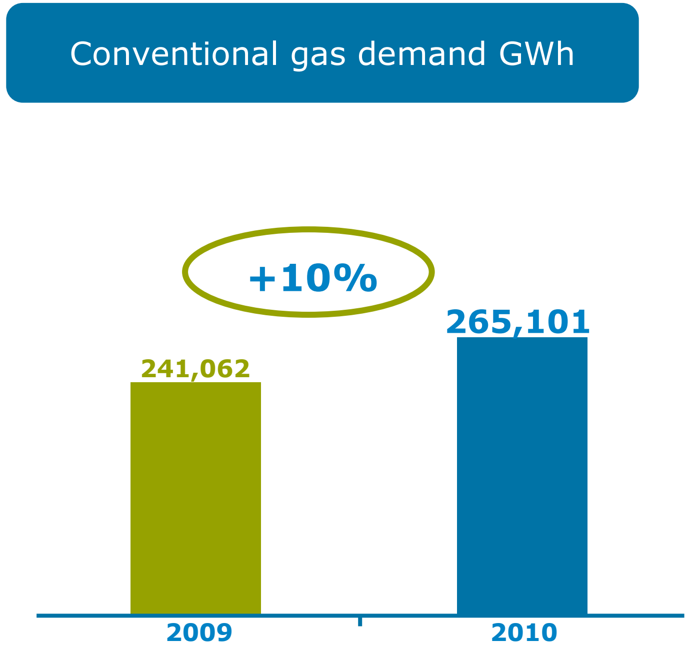
Enough Financial resources to carry on the investment plan at very attractive conditions.

Confirmed Ratings in 2010 (AA-/A2)

- **Ministerial Order ITC/3354/2010. 2011 regulated activities Remuneration.**
  - **Regulatory stability: This Order maintains the remuneration methodology established in previous years.**
  - **In accordance with this order, the total renumeration estimated by Enagás obtained from regulated activities is in line with the Company expectations and with the projections announced in the Strategic Plan.**
- **Regulatory stability expected for the next years.**
- **2012-2020 Mandatory Planning, currently being developed, with an estimated publication for the second half of the year, will provide better visibilty for our investments after 2014.**

Natural gas demand



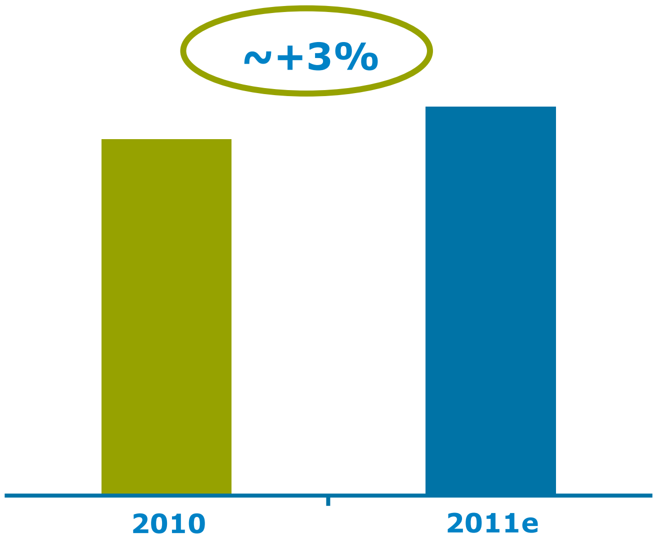


- **The conventional demand (Residential, Commercial, industrial and industrial cogeneration), has increased by 10% over 2009. This increase is influenced by the effects of the temperature and by the increase of the industrial consumption.**
- **Demand for electricity generation has decreased by 15.7% mainly due to high wind and hydro power production. Enagás serves this segment of demand giving support to the development of renewable energy and as back-up of the Spanish energy system.**
- **29 November: Historical record at Barcelona Plant with a 400.6 GWh production.**
- **16 December: New conventional demand record, (1,166GWh), corresponding with a low temperatures period.**

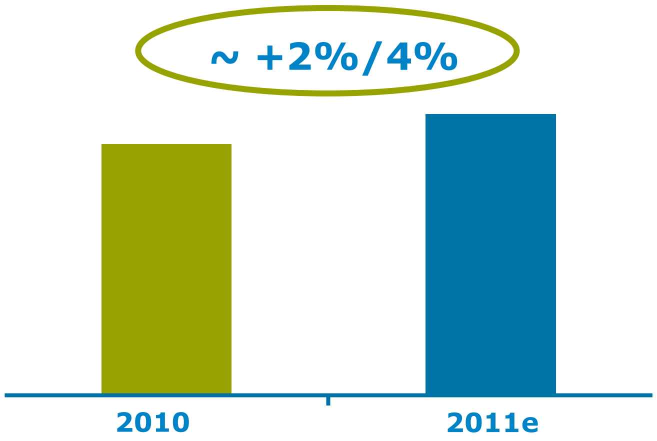
(*) Exports included.

2011 estimated demand

Total demand estimated

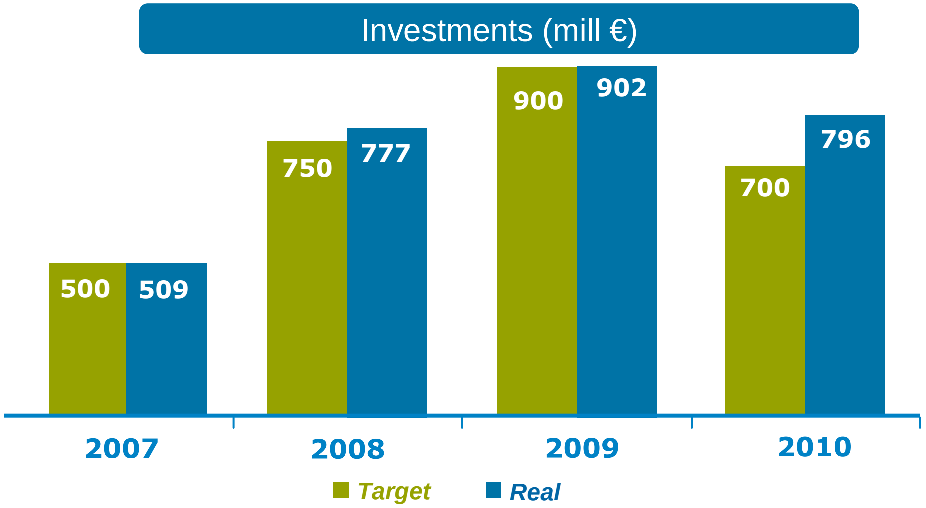


Conventional demand estimated

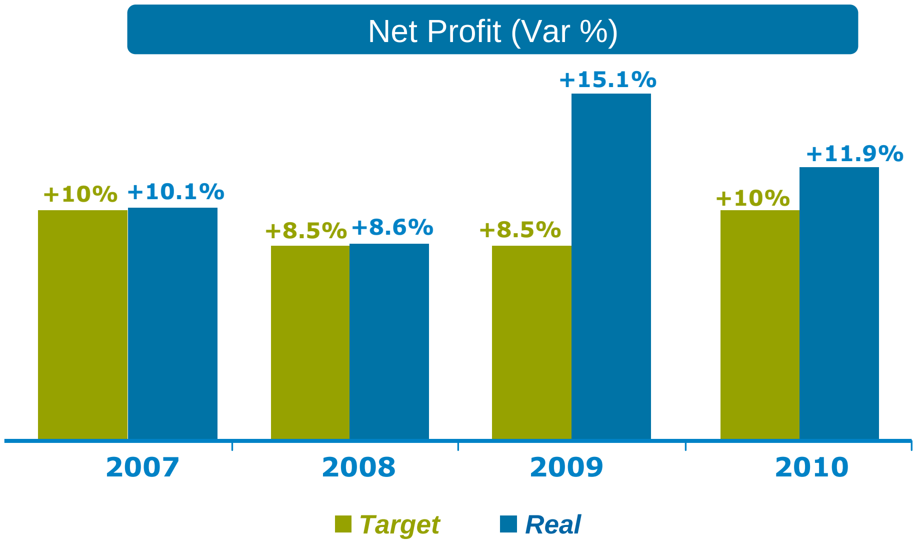


Demand recovery in 2011 as the result of the consolidation of the conventional demand.

Targets met since 2007



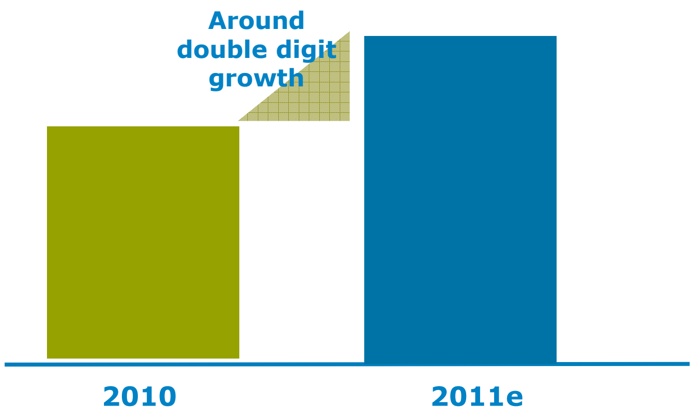
~€3,000 millions
invested in four years



Strict Opex and financial costs control:
07-10 Net Profit CAGR: **+12%**

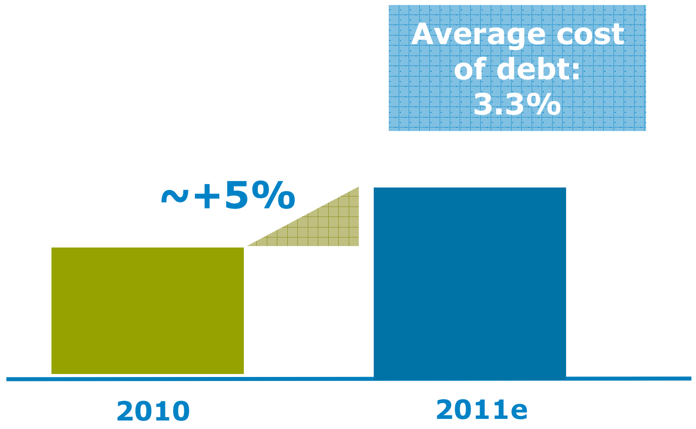
Objectives 2011

EBITDA



Double digit growth in EBITDA for the third consecutive year.

Net Profit



Prudent target on a higher Net Profit Figure of 2010.

Investments

€650 mill

Assets put into operation

€650 mill

Summary

- Enagás has met all the 2007, 2008, 2009 and 2010 Strategic Plan objectives.
- The effort made by Enagás in terms of cost control (financial and opex) has been crucial to achieve a 12% Net Profit growth, higher than the figure established at the beginning of 2010.
- The investments and assets put into operation during 2010 exceed the objectives and are totally in line with the 2010-2014 Strategic Plan.
- Net debt structure objective reached:70% fix/ 30% variable.
- The strict financial policy carried out by Enagás, has allowed the Company to obtain an average debt cost of 2.7%, below the initial estimate of 3.3%.
- €2.1 bn of available liquidity. Enough Financial resources to carry on with the business plan until 2014.
- The acquisitions made by the Company (40% BBG and 100% Gaviota), are in line with the profitability and debt criteria.
- Regulatory stability: The Ministerial Order ITC/3354/2010 maintains the remuneration methodology established in previous years. In accordance with this order, the total remuneration estimated by Enagás obtained from regulated activities is in line with the Company expectations and with the projections announced in the Strategic Plan.
- EBITDA double digit growth in 2011 for the third consecutive year. Net Profit growth objective according to prudent and realistic criteria.
- €650 mill investments and assets put into operation in 2011, on the right track of the 2010-2014 Strategic Plan.

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