Press Release

2009 results note

Enagás' net profit climbs 15.1% on 2008 to €298Mn

- **Application of the 2008-2010 Efficiency and Cost Containment Plan enabled the Company to drive a 10.7% year-on-year reduction in operating expenses**
- **Average net finance expense fell to 3.31% from 4.70% in 2008**
- **In 2009 Enagás invested a record €901.6Mn, putting €965Mn worth of assets into operation, another milestone**
- **16 December 2009 marked a new Spanish gas system demand record, at 1,885 GWh**

Results

Enagás' net profit for the year ended 31 December 2009 climbed 15.1% on 2008 to €298Mn.

294726

EBIT rose 11.9% year-on-year to €484.7Mn, up from €433.1Mn in 2008.

Operating cash flow or EBITDA totalled €701.3Mn, 10.2% higher than the year-earlier figure of €636.2Mn.

The healthy 2009 results were underpinned by the correct execution of the following management initiatives: application of the Efficiency and Cost Containment Plan, reduction in unit financing costs and timely completion of infrastructure works.

2008-2010 Efficiency and Cost Containment Plan

The application of the Company's 2008-2010 Efficiency and Cost Containment Plan 2008-2010 has yielded better than initially forecast results.

Implementation of this programme last year enabled Enagás to cut operating expenses by 10.7% year-on-year.

Financial position

In 2009, Enagás managed to lower its average net finance expense to 3.31%, compared to 4.70% in 2008.

Net debt at 31 December 2009 stood at €2.9Bn, compared to €2.35Bn at year-end 2008. Leverage, measured as net debt to total assets, at the 2009 close stood at 50.2% versus 49.8% at year-end 2008.

Enagás had a total of €1.62Bn of undrawn financial facilities the end of 2009.

Enagás has sufficient financial resources, on excellent term and cost conditions, to carry out its entire capex programme.

Capital expenditure

Enagás invested a record €901.6 million in 2009, in line with the targets set for the year.

Astute management of the works execution schedule enabled the Company to avoid delays and the associated costs, starting up €965.3Mn of infrastructure in 2009. Among the assets put into operation last year, two stand out for their scale and their contribution to guaranteeing supply in Spain: the mainland-Balearics gas pipeline and the Almeria-Chinchilla pipeline.

The pipeline connecting the mainland and the Balearic Islands started up in September 2009. With 268km of pipeline running under the sea, this piece of infrastructure is the most technically complex ever in the gas system's history; it also marks the biggest budget project in Enagás' history. Further, this asset will result in a reduction in annual CO_2 emissions of 225,000 tonnes.

The 296-km long Almeria-Chinchilla pipeline will connect up with the new pipeline running from Algeria.

Also last year Enagás started up the Lemona-Haro gas pipeline and extended the Haro and the Lumbier (Navarra) compression stations, a requirement for increasing interconnection capacity with France.

All these pieces of infrastructure are necessary to guaranteeing the Spanish energy system's safety and supply. They also reinforce the key role played by natural gas in the development of renewable energies and as a back-up option within the range of alternatives that make up the country's energy basket.

Operating highlights

On 16 December 2009 demand for natural gas transported by the Spanish gas system reached a record level of 1,885 GWh, although overall demand for natural gas fell by 10.5% in 2009 to 402,001 GWh. The 2009 record highlights demand volatility: peaks in consumption and the attendant demands on the system can arise at any time.

The dip in demand in 2009 primarily reflects lower gas consumption for electricity generation, primarily attributable to reduced demand for electricity and the increase in power generation from renewable sources.

The volume of natural gas transported for power generation accounted for 40% of total demand last year. Operational combined cycle thermal capacity at year-end was equivalent to fifty-five 400 MW generators.

Outlook

On the investment front, the Company plans to maintain a cruising speed of €700Mn per annum for the next few years. Also, between 2010 and 2011 it will put €1.4Bn worth of assets into operation.

Meanwhile, Enagás continues to analyse potential equity investments in core business infrastructure, at all times bearing in mind investment returns and the Company's leverage.

Enagás expects the average cost of debt to remain steady at around 3.3% in 2010.

Madrid, 2 February 2010

Communications Department
Tel: 91 709 93 40
dircom@enagas.es
www.enagas.es

294726