Press Release

9M10 results

Enagás' net profit climbs 17.2% to €254.9Mn in 9M10

- **The Company invested €559.1Mn and commissioned €190.7Mn worth of assets**
- **The average cost of debt service through September was 2.68%, compared with 3.10% in 9M09**
- **Enagás has sufficient financial resources to fund planned investment through 2014**
- **The earnings performance year-to-date has been driven mainly by the Company's efforts to control operating and finance costs**
- **Conventional demand for natural gas climbed 8.9% year-on-year**

Enagás reported net profit of €254.9Mn for the first nine months of 2010, year-on-year growth of 17.2%.

EBIT rose 13.8% year-on-year to €406.3Mn, up from €357Mn in 9M09.

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EBITDA, meanwhile, totalled €588.1Mn, 14.1% higher than the year-earlier figure of €515.5Mn.

This earnings growth has been driven mainly by the Company's ongoing hard work to bring down operating and finance costs.

These earnings were also shaped by the 12.4% increase in regulated revenue, thanks to momentum at the assets brought on stream in 2009 and 2010.

The Company's nine-month earnings performance implies that Enagás will deliver on guidance for 2010; its financial targets were drawn up using conservative estimates in light of the prevailing economic and financial climate.

Investments

Enagás invested €559.1Mn in the first nine months of 2010. This figure is in line with the Company's goal of investing €700Mn for the full year.

In September 2010, the Company agreed to purchase Repsol's 15% interest in the BBG Plant. Once the transaction closes and all pertinent authorisations have been obtained, Enagás will be BBG's majority shareholder, with a 40% interest, with EVE and RREFF each holding 30% stakes.

Also in 9M10, Enagás acquired the Gaviota underground storage facility located opposite the Bermeo coast (Vizcaya). The transaction is subject to the pertinent administrative and anti-trust authorisations.

These investments fall under the umbrella of the Company's strategic interest in investing in basic natural gas network assets, so long as they meet the stipulated return and leverage criteria.

Year-to-date, the Company has commissioned €190.7Mn worth of assets. Since the September close, Enagás has also brought three liquid natural gas (LNG) tankers into operation at the Barcelona, Cartagena and Huelva plants, respectively. The above commissioned assets balance includes the 25% stake in Bilbao regasification plant BBG acquired by Enagás from BP in September 2009.

The plan is to bring €500Mn worth of assets on stream in all of 2010.

Financial position

Enagás had net debt of €2.97Bn at 30 September 2010. Leverage (net debt/total assets) at the close stood at 45.2%, down from 52% a year earlier.

The average cost of debt in 9M10 was 2.68%, compared with 3.10% in 9M09.

Liquidity - untapped available financing - at the September close was €2.08Bn.

These figures highlight Enagás' sound financial position; the Company has enough financial resources to fund its investments through 2014.

Operating highlights

Conventional demand for natural gas (household, commercial and industrial consumption and co-generation) climbed 8.9% year-on-year to 189,616 GWh in 9M10. This growth was driven primarily by low temperatures and growth in industrial consumption.

Demand for total natural gas transported in the system narrowed by 1.4% year-on-year in 9M10 to 316,705 GWh. This drop reflects the 16.7% contraction in demand for natural gas for electricity generation because of relatively high wind and hydro power output during the period.

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