Press Release

<u>2011 results</u>

Enagás' net profit climbs 9.3% on 2010 to €364.6Mn

- **This earnings performance is the result of the Company's successful drive to control operating and financial costs and acquisitions of assets from third parties**
- **The average net finance expense was 2.8%, one of the lowest among non-financial Ibex 35 stocks**
- **Investment totalled €781.4Mn and assets worth €780.5Mn were brought into service**
- **The sound asset base and efforts made to contain costs allowed Enagás to increase its pay-out in 2011**
- **The Company has maintained its leadership position in CSR and is world leader in the utilities sector on the Dow Jones Sustainability Index**
- **Enagás surpassed all its guidance for the fifth consecutive year**

<u>Results</u>

Enagás reported full year 2011 net profit of €364.6Mn, a 9.3% increase on the €333.5Mn reported in 2010.

EBITDA totalled €885.5Mn at 31 December 2011, 13.4% higher than the previous year's figure of €780.8Mn.

This earnings performance was due mainly to the Company's efforts to improve efficiency and to non-recurring revenues from the acquisition of assets from third parties. 2011 figures include the proportional consolidation of 40% of the BBG regasification plant in Bilbao, 40% of the Altamira regasification plant in Mexico, and the inclusion of the Gaviota underground storage facility from 2010. Factoring in the impact of this acquisition from 2011, EBITDA would have grown 12.1%.

Like-for-like operating expenses rose only 2.7% compared to 2010, evidencing the strict cost control policy being implemented by the Company.

Despite the unfavourable environment, Enagás has surpassed all of its guidance for the fifth consecutive year.

Financial position

The financial policy implemented by Enagás allowed it to negotiate an average cost of debt of only 2.80% in 2011, one of the lowest levels among non-financial entities listed on the IBEX 35.

At 31 December 2011, the Company's liquidity, in terms of untapped available financing, stood at €2.1Bn, providing sufficient funds to cover its programmed investments through to 2014.

Investment

Enagás invested €781.4Mn and brought infrastructure worth €780.5Mn into service in 2011. The Company has invested €3,760Mn over the last five years.

The most noteworthy projects brought into operation in 2011 include the eighth LNG tank at the Barcelona regasification plant, the Villar de Arnedo, Denia and Chinchilla compressor stations and the Algete-Yela gas pipeline, various stretches of the Tivissa-Paterna gas pipeline, the Gaviota underground storage facility and 40% of the Altamira regasification plant.

The volume of investments that have been completed or are currently underway, as well as the progress made on securing authorisations, and the acquisitions that have been carried out, reaffirm the investment objectives of the 2010-2014 Strategic Plan.

Core business asset acquisition policy

Enagás studies potential investment opportunities in assets of third parties that fit with its core business and established debt and profitability targets.

In 2011, Enagás acquired 40% of the Altamira regasification plant in Mexico. It also entered into a purchase agreement with Regional Canaria de Energías, acquiring a 41.94% holding in Gascan from its industrial shareholders in the Canary Islands. The transaction is subject to the pertinent administrative and anti-trust authorisations.

These transactions enable Enagás to strengthen its leading position on the international stage in terms of natural gas technology know-how and to generate value from its experience in the sector. They also help to enhance the Company's core business.

Increased pay-out

The Company’s robust asset base (the result of its investment efforts) and strict containment of operating and financial expenses enabled the Board of Directors of Enagás to approve an improvement in the pay-out policy at its meeting on 18 July.

Shareholder remuneration has been increased from 60% to 65% for the 2011 dividend and a further rise to 70% is expected for 2012, 2013 and 2014.

Operating highlights

In 2011, conventional demand for natural gas for domestic-commercial, industrial and co-generation use was 262,891 GWh, 0.8% lower than in 2010. Corrected for the number of working days and temperature, conventional demand would have risen by 4%.

Domestic demand for natural gas in 2011 was 372,766 GWh, 7% less than in 2010, due to the 19% decline in deliveries of natural gas for electricity generation mainly as a result of the increased use of coal and renewable energies.

Demand for total natural gas transmitted by the system, including international transmission, was 413,803 GWh, down 5.2% compared to 2010.

Leader in CSR

Enagás was selected as world leader in the utilities sector in the latest review of the Dow Jones Sustainability Index (DJSI). For the first time, the Company has been included among the 19 companies that are leaders in the international field of each of the industrial sectors considered.

Furthermore, Enagás' commitment to combating climate change has been recognised through its inclusion in the Carbon Disclosure Leadership Index (CDLI) CDP Iberia 125 report, which analyses the 125 largest companies in Spain and Portugal.

In addition, the Company is a member of other important Corporate Social responsibility indices, such as FTSE4Good, Ethibel Pioneer & Excellence and STOXX ESG Leaders.

These results further acknowledge its pledge to sustainability and bolster the commitments undertaken in the Quality, Excellence and Sustainability Master Plan.

2012 objectives

Enagás' guidance for 2011 calls for net profit of €365Mn, in line with the figure reported in 2011. Furthermore, it expects to invest €550Mn and bring assets worth €750Mn into operation. The objective is to increase the dividend by 8% in 2012.

These targets are in line with those established in the 2010-2014 Strategic Plan.

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