

Gas Natural Group - 1Q03 Results

May 13, 2003



Gas Natural Group - 1Q03 Results

Agenda



- **Highlights.**
- **1Q03 Consolidated Results.**
- **EBITDA Analysis.**
- **Operational Highlights.**
- **Delivering the Strategy.**
- **Capital Expenditure.**
- **Capital Structure.**
- **Conclusions.**

Gas Natural Group - 1Q03 Results

Highlights



- Net income grows 6% to €204 million. 20% if compared on a homogeneous basis with Enagas under equity method.

- EBITDA for the period of €352 million, which on a like for like basis, represents a 24% growth.

- Better performance in LatAm with overall 12% sales growth and higher EBIT (+61% in Argentina, +25% rest of LatAm).

- Higher activity of foreign trading operations led to 31% higher EBITDA for gas trading and transport activity.

- Positive net financial results after favourable evolution of Argentinean currency.

- 8% overall growth in customer base against 1Q02.

Gas Natural Group - 1Q03 Results

1Q03 Consolidated Results



	1Q03	1Q02	Change (%)	1Q02 ⁽¹⁾	Change (%)
Net sales	1,524.2	1,473.8	3.4	1,412.6	7.9
EBITDA	351.7	483.9	-27.3	387.6	-9.3
EBIT	259.0	349.7	-25.9	282.5	-8.3
Net income	204.0	192.8	5.8	170.3	19.8
Net cash flow	250.9	322.5	-22.2	265.8	-5.6
Average no. of shares (million)	447.8	447.8	-	447.8	-
EBITDA per share (€)	0.8	1.1	-27.3	0.9	-9.3
Net income per share (€)	0.5	0.4	5.8	0.4	19.8
Net cash flow per share (€)	0.6	0.7	-22.2	0.6	-5.6
Investments:	129.2	306.6	-57.9	268.6	-51.9
Tangible	112.6	141.3	-20.3	106.1	6.1
Other	16.6	165.3	-90.0	162.5	-89.8
Net debt (as of 31/03)	1,450.1	3,859.8	-62.4	-	-

⁽¹⁾ Proforma results with current 40.9% stake in Enagas consolidated under equity method (€ Million)

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EBITDA Analysis

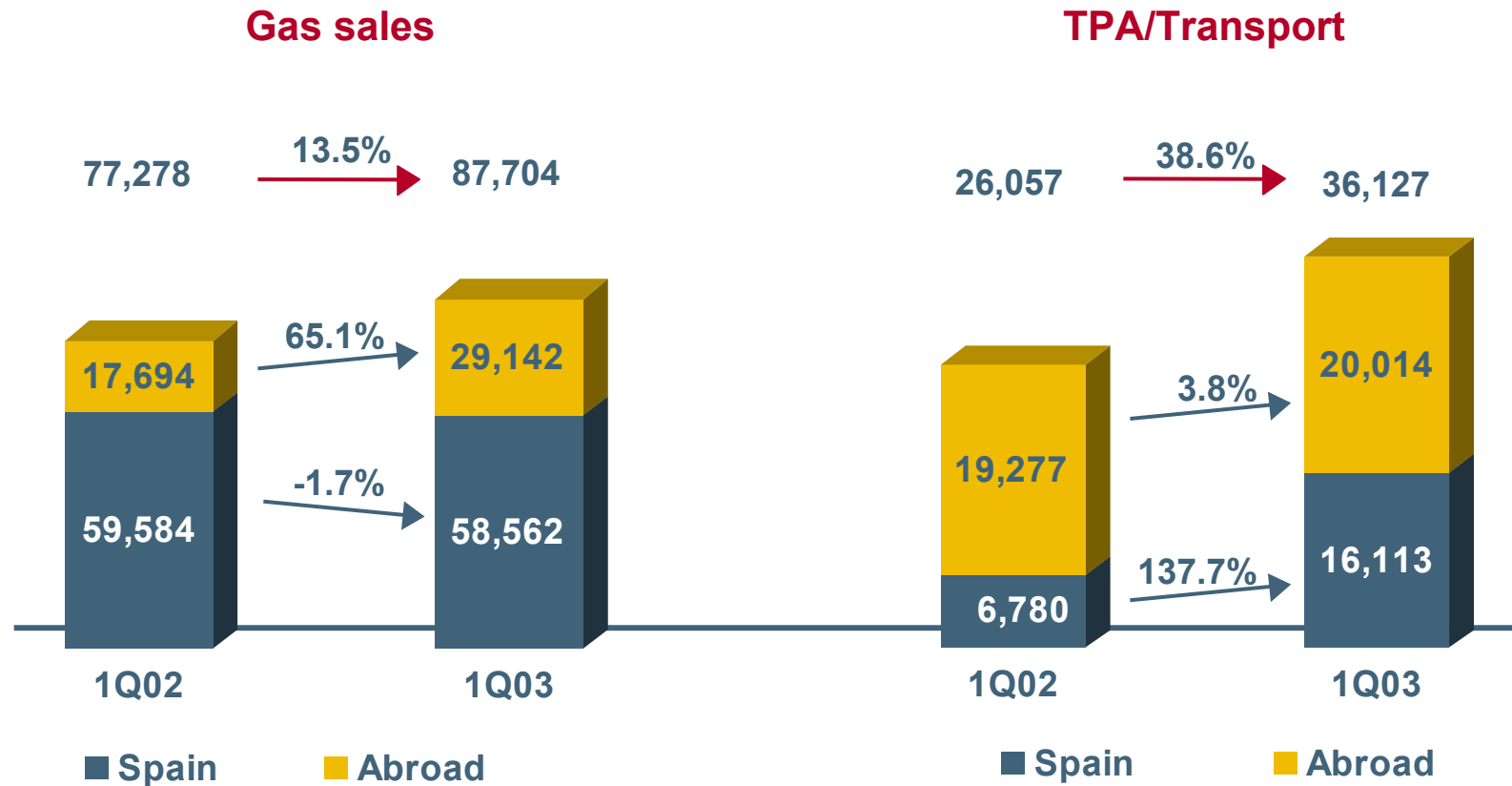


	1Q02	Previous regulation ⁽¹⁾	LatAm ⁽¹⁾	1Q02 ⁽¹⁾	1Q03	Change (%)
Gas distribution	277.3	-91.5	-	185.8	201.3	8.3
Products & services supply	-	-	-	-	5.8	-
Power generation & trading	-6.5	-	-	-6.5	11.2	-
Telecoms	5.1	-	-	5.1	5.4	5.9
Gas trading & transport	74.7	-	-	74.7	97.9	31.1
LatAm:	33.4	-	-12.7	20.7	32.9	58.9
Argentina	8.5	-	-3.9	4.6	6.6	43.5
Rest of LatAm	24.9	-	-8.8	16.1	26.3	63.4
Other	3.6	-	-	3.6	-2.5	-
Group EBITDA w/o Enagas	387.6	-	-	283.4	351.7	24.1
Enagas	96.3	-	-	96.3	-	-
Group EBITDA	483.9	-	-	379.7	351.7	-

⁽¹⁾ Proforma results adjusted for effects of previous regulation and for using homogeneous exchange rates for LatAm subsidiaries (€ Million)

Gas Natural Group - 1Q03 Results

Operational Highlights - Gas Activity (GWh)

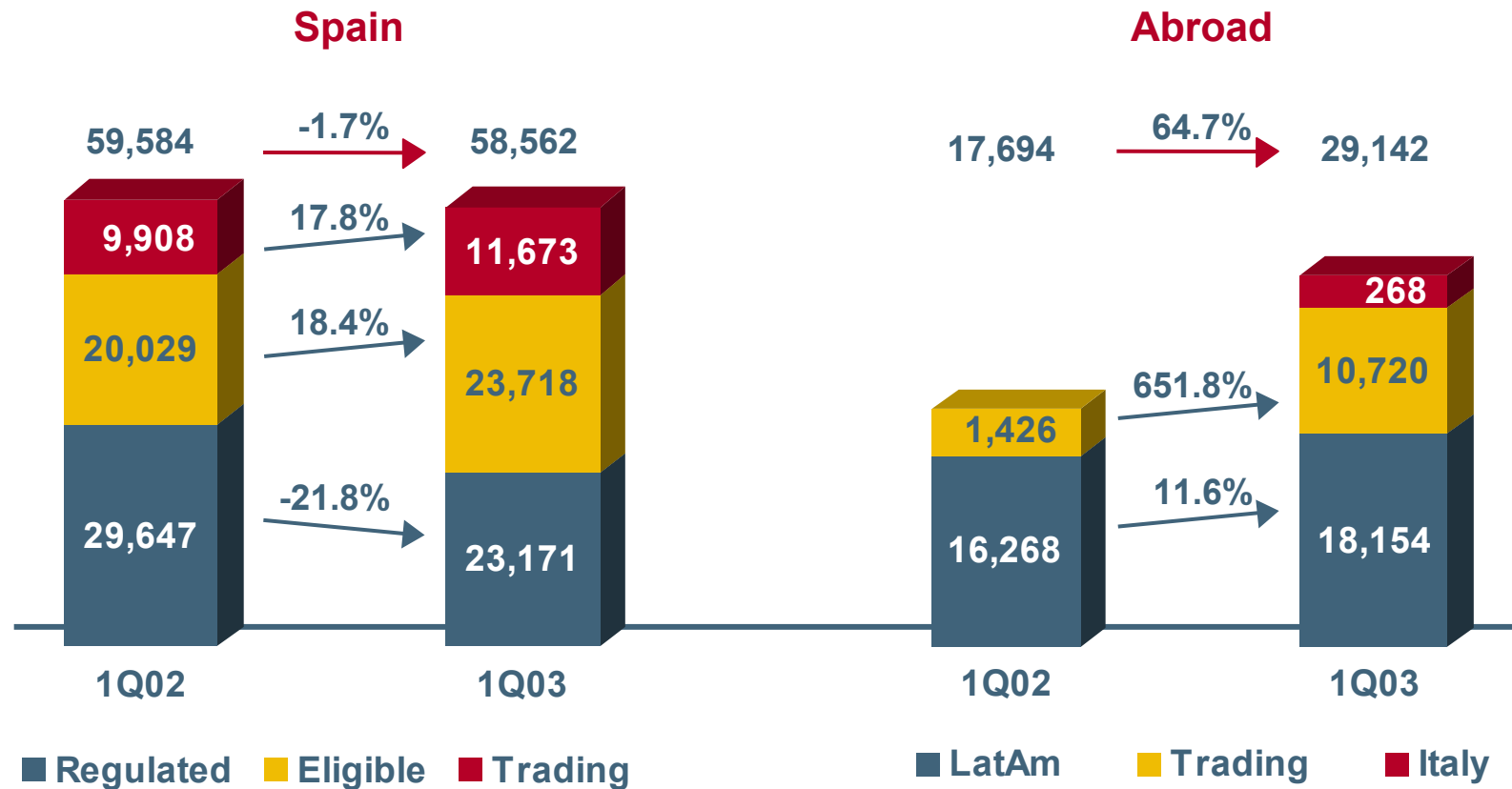


Increase in gas activity sales: 18% ⁽¹⁾

⁽¹⁾ 25% of Algerian contract included in gas sales and transport in Spain

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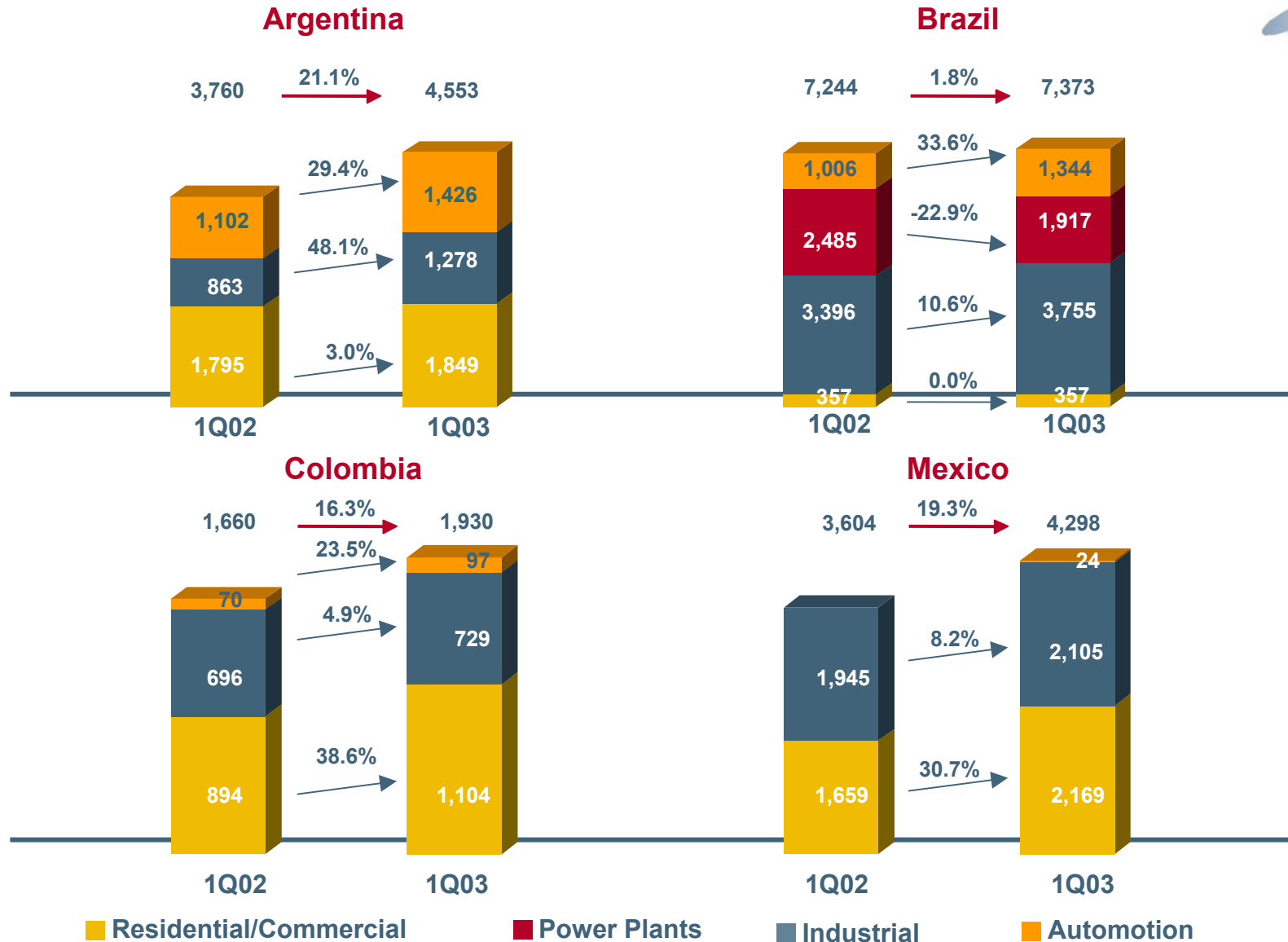
Operational Highlights - Gas Sales (GWh)



Sales abroad boosted by 65%

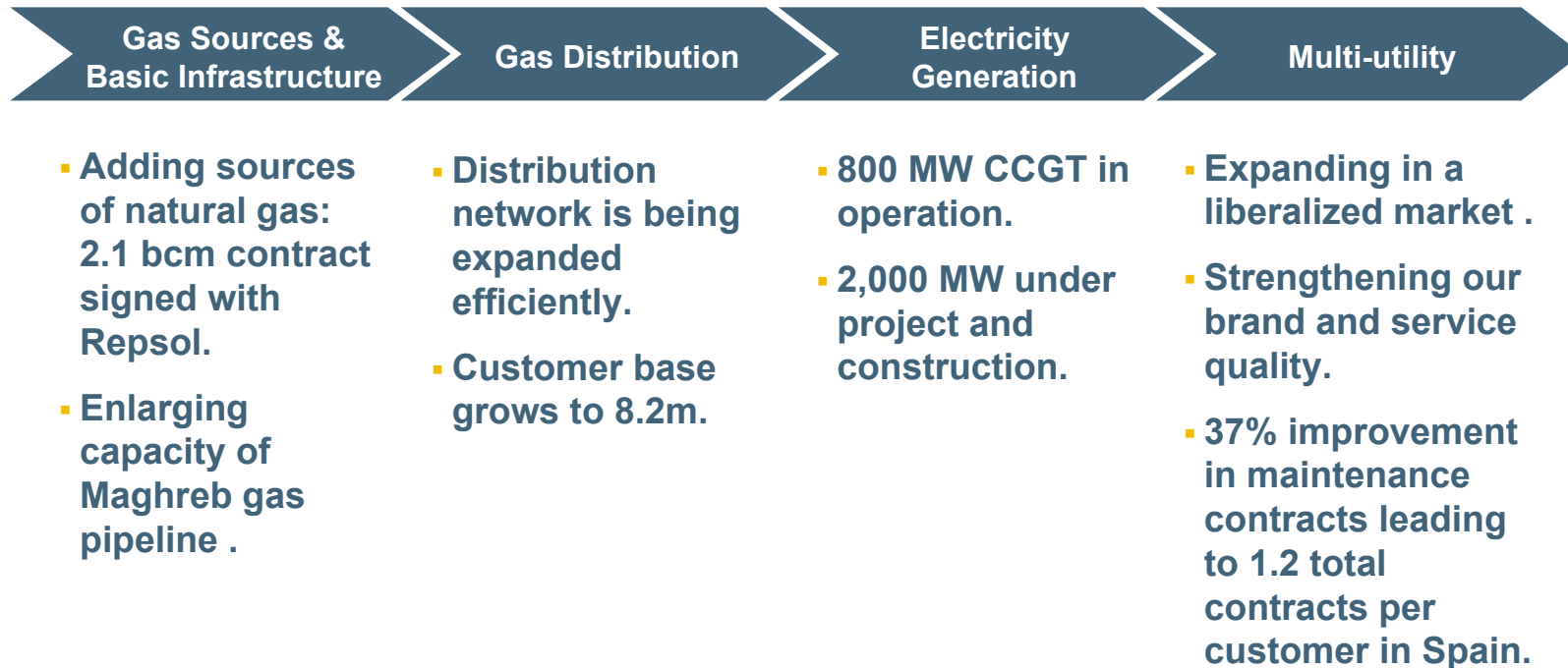
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Operational Highlights - LatAm Gas Sales (GWh)



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Delivering the Strategy



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Delivering the Strategy - Gas Sources

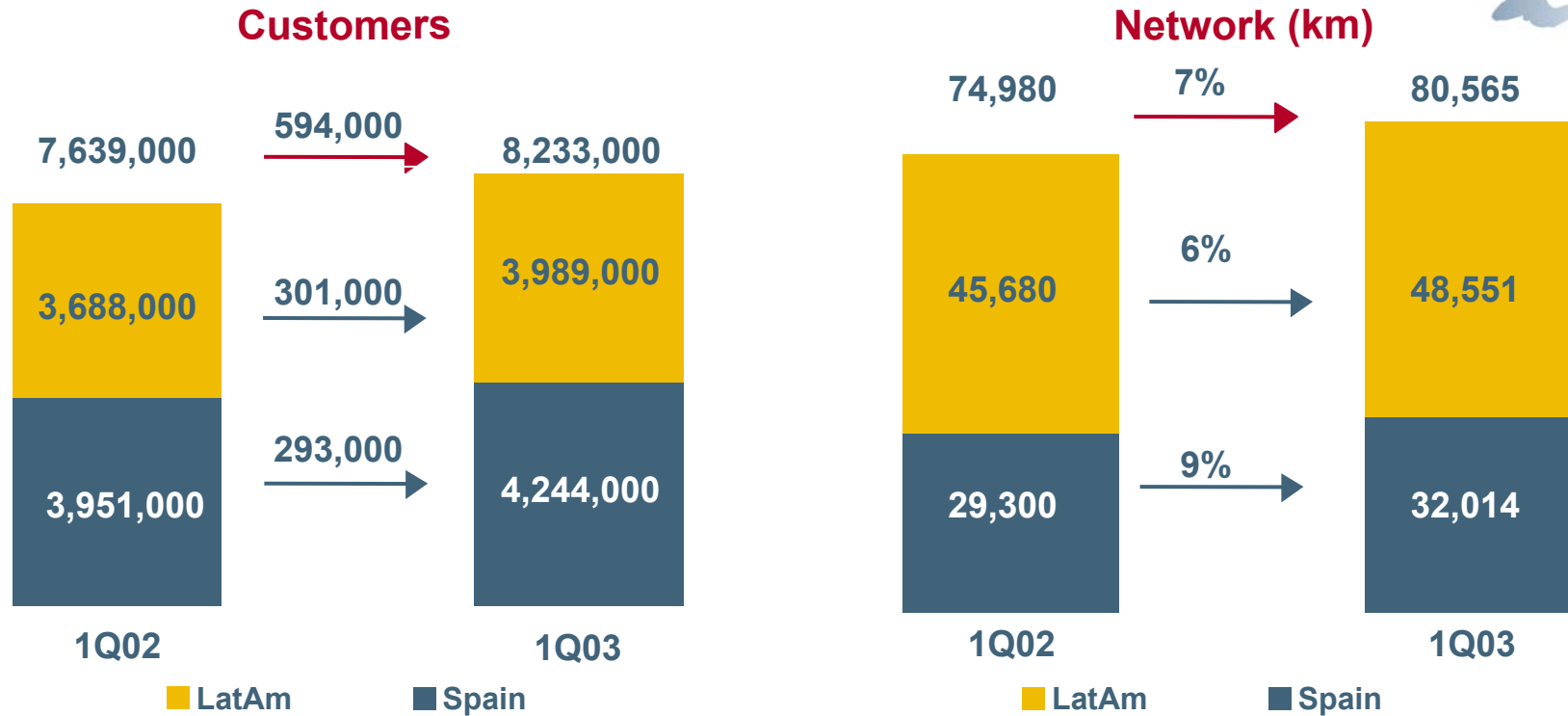


- Works under progress to expand the capacity of the Maghreb-Europe gas pipeline by 50%, to 11.7 bcm per year:
 - Investment to date: € 18.3 million (€ 6.3 million in 1Q03).
 - Deadline for completion: December 2004.
-
- Gas supply agreement signed with Repsol YPF of 2.1 bcm p.a. until 2023, with prices indexed to electricity pool.
-
- Total volume of gas contracts:
 - 22.1 bcm Spain.
 - 8 bcm internationally.
-
- LNG Flows: 12.4 bcm (last 12 months) → 18 bcm by 2007.

Emphasis on expanding and diversifying sources of supply

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Delivering the Strategy - Gas Distribution



In line with targeted figure of 3m new customers for 2007

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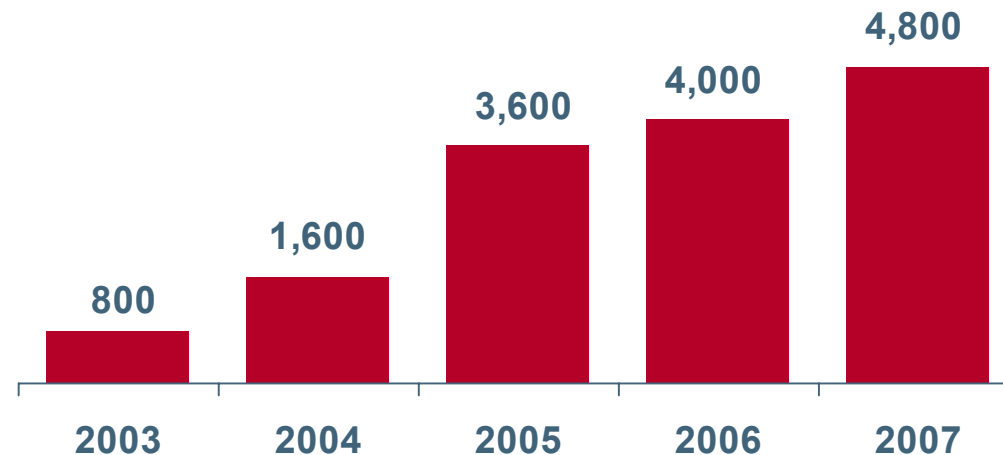
Delivering the Strategy - Electricity Generation



Generation capacity in CCGTs

- 800 MW operational (San Roque and Besós).
- 2,000 MW under project and construction (1,200 MW Cartagena, 800 MW Arrúbal).
- 800 MW pending final permits (Plana del Vent).
- Other projects under permits (800 MW Barcelona, 400 MW Málaga), all of them with capacity reserve.

Planned commissioning of CCGTs (MW)

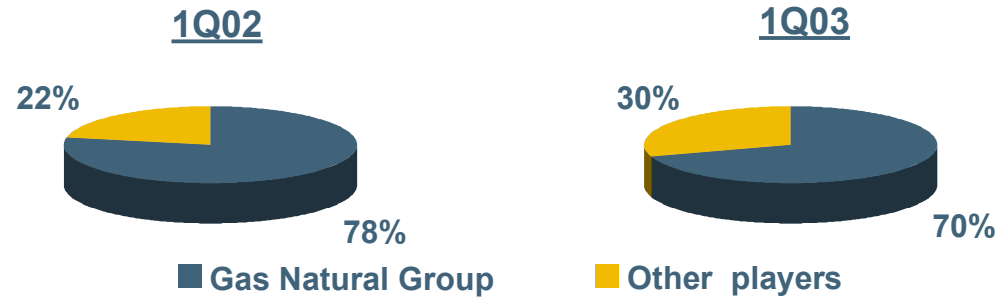


Gas Natural Group - 1Q03 Results

Delivering the Strategy - Gas & Electricity Markets



GN market share

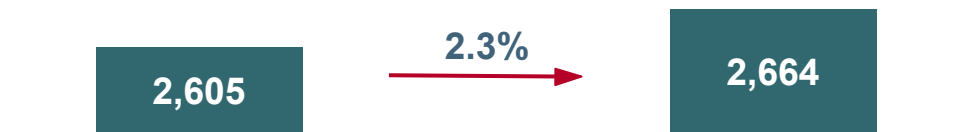


Market share within levels according to law

Electricity Sales (GWh)



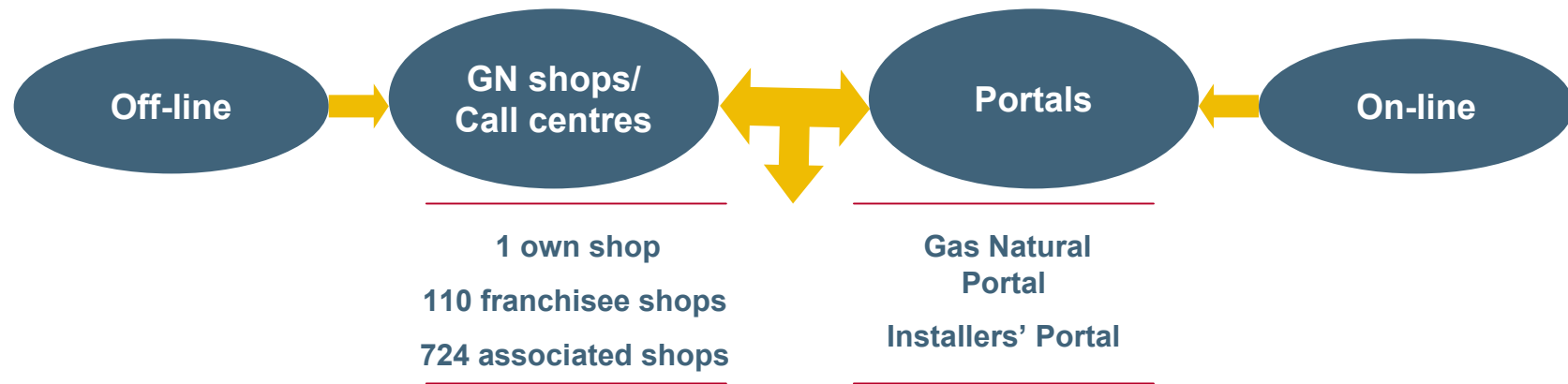
Electricity Supplies under contract (GWh/year)



4% market share in liberalised electricity market, in line with target of 10% for 2007

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Delivering the Strategy - Multi-utility



Integrated services to households (1Q03)

Net increase in maintenance contracts	57,500
Central heating installations	11,498
Gas appliance sales	11,200
Total services and products at 31/03	768,295
Number of contracts per customer	1.2

In line with targeted figure of 1.5 contracts by 2007

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Capital Expenditure

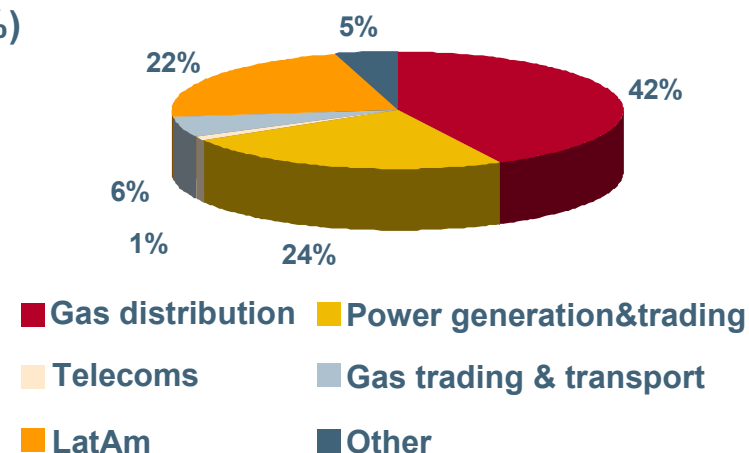


Tangible investments in 1Q03 (*)

	1Q03	1Q02	Change (%)
Gas distribution	48.0	59.9	-19.9
Power generation & trading	26.8	8.1	-
Telecoms	1.1	1.0	10.0
Gas trading & transport	6.3	-	-
LatAm	25.3	33.7	-24.9
Other	5.1	3.4	50.0
Total investments	112.6	106.1	6.1

(€ Million)

By activity (*)



**Selective investment in core business.
Cash flow coverage of investment: 1.94x**

LatAm by country

Mexico	16.8
Colombia	1.7
Brazil	6.2
Argentina	0.6
Total LatAm	25.3

(*) Excluding Enagas

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Capital Structure



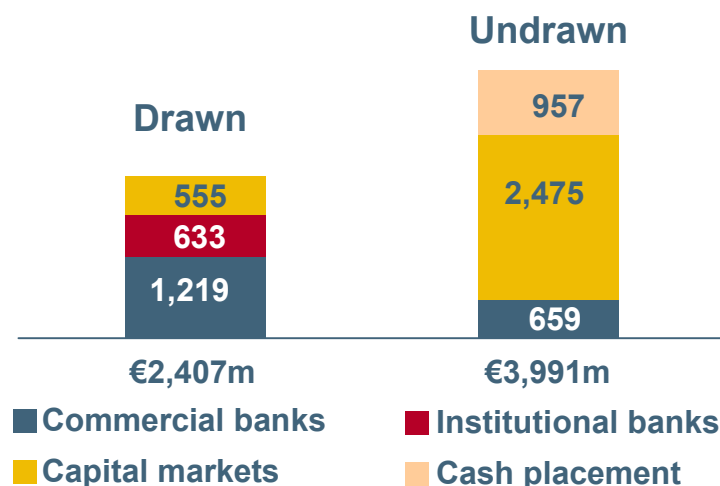
Financial ratios

	1Q03	1Q02
EBITDA/Net interest ⁽¹⁾	27.7x	13.5x
Net Debt/EBITDA	1.2x	2.5x
Leverage ⁽²⁾	24.8%	48.4%

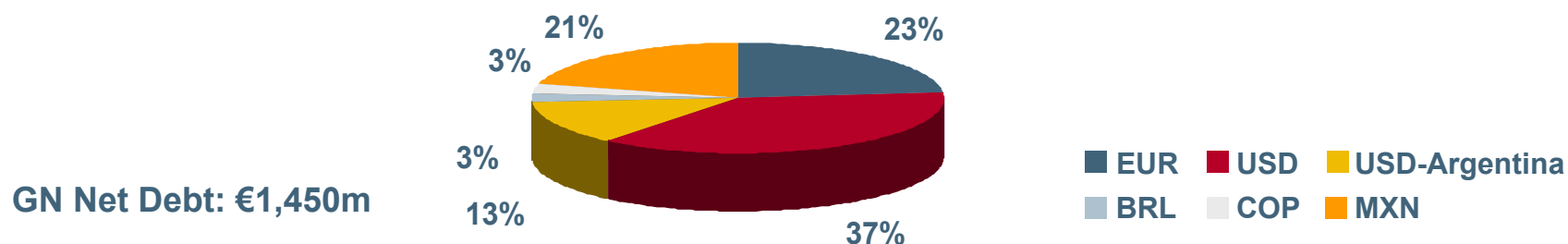
⁽¹⁾Excluding FX provision for Argentina

⁽²⁾Net Debt / (Net debt+Minorities+Shareholders' Equity)

Debt facilities as of March 31, 2003



Net debt by currencies as of March 31, 2003



The Board agreed a 21% increase in the 2002 dividend ⁽³⁾

⁽³⁾Pending approval in 2003 AGM

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Conclusions



- **Gas Natural continues to deliver on its strategy:**
 - **Diversifying sources: new 2.1 bcm contract.**
 - **Building generation capacity: 800MW operational and 2,000MW in project and construction.**
 - **1.2 contracts per customer in Spain.**
 - **Growth in customer base to 8.2 million.**

- **Strong performance in LatAm evidences recovery of market and materialisation of high growth prospects.**

- **New activities such as international gas trading successfully contributing to the Group's profitability.**

- **Benefiting from solid financial structure.**

Thank you

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