

Gas Natural Group Presentation

4Q 01 RESULTS

February 26, 2002



Gas Natural Group Results 4Q 2001

Highlights

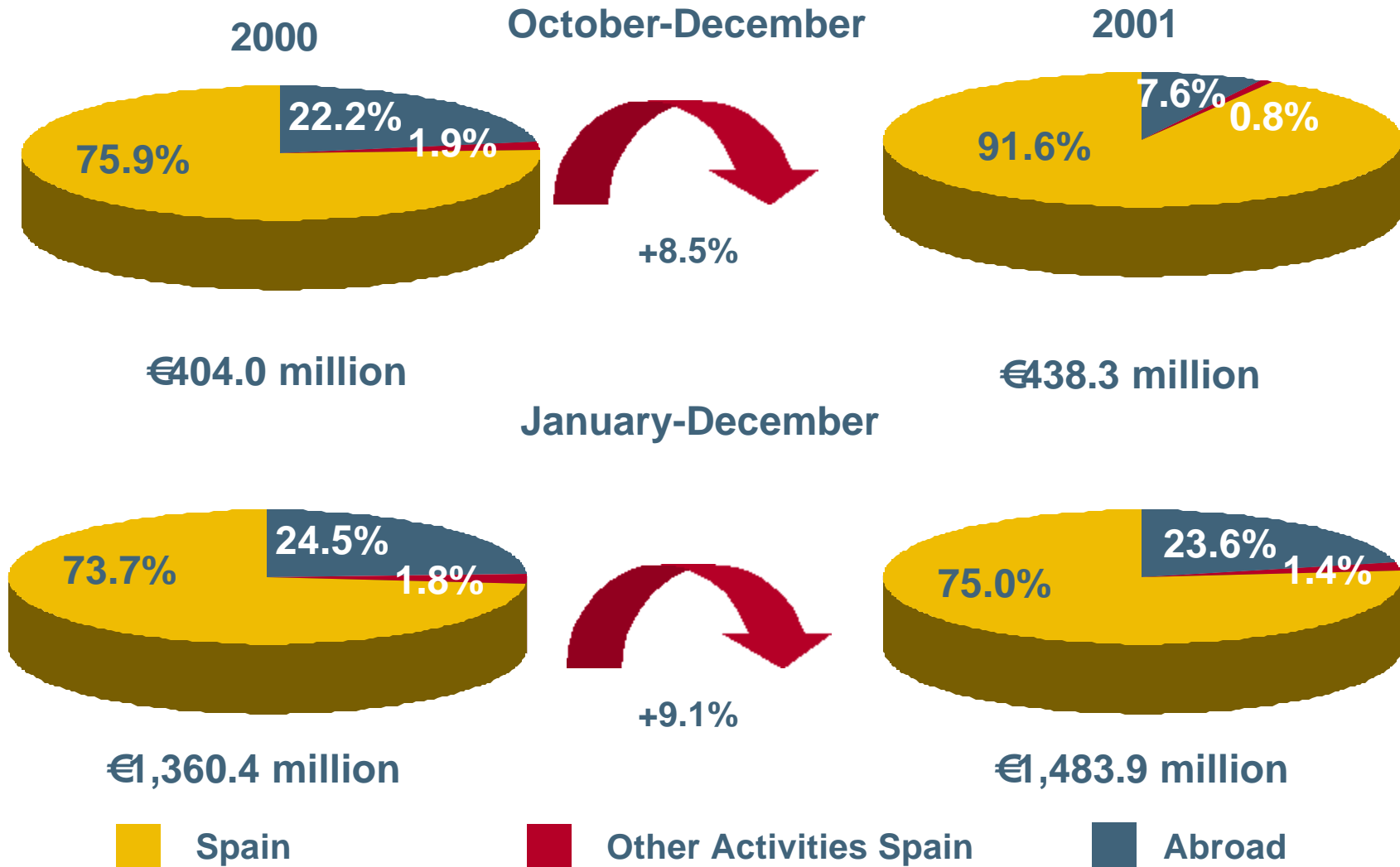


October-December				January-December		
2001	2000	Change (%)		2001	2000	Change (%)
103,507	92,754	11.6	Gas sales and TPA (GWh)	370,196	340,389	8.8
77,040	71,861	7.2	Gas sales	276,327	262,079	5.4
26,467	20,893	26.7	TPA	93,869	78,310	19.9
-	-	-	Number of customers	7,538,258	6,990,138	7.8
2,169	2,015	7.6	Network (km)	79,844	74,203	7.6
401	-	-	Electricity sales (GWh)	809	-	-
697	-	-	Electricity contracted quantities (GWh/year)	2,008	-	-
1,530.3	1,530.9	0.0	Net sales	5,530.6	4,891.6	13.1
438.3	404.0	8.5	EBITDA	1,483.9	1,360.4	9.1
316.2	290.2	9.0	Operating income	1,018.6	922.4	10.4
205.2	179.7	14.2	Net income	570.9	497.5	14.8
388.6	486.3	-20.1	Total investments	1,011.9	1,726.0	-41.4
309.7	257.6	20.2	Net cash flow	1,003.8	928.6	8.1
-	-	-	Leverage, %	49.0	51.0	-

(€ million)

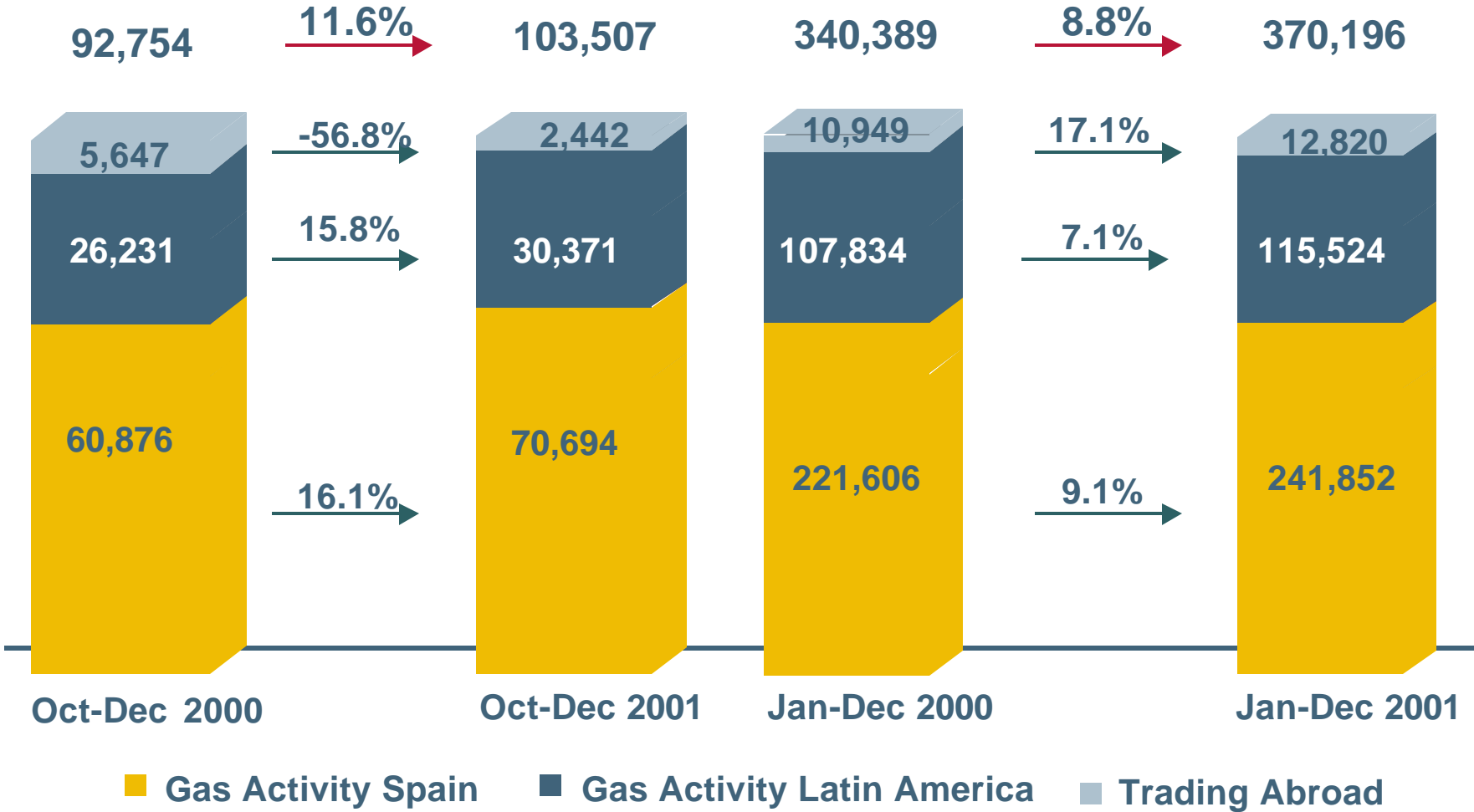
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Contribution to EBITDA



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Group Gas Activity (GWh)

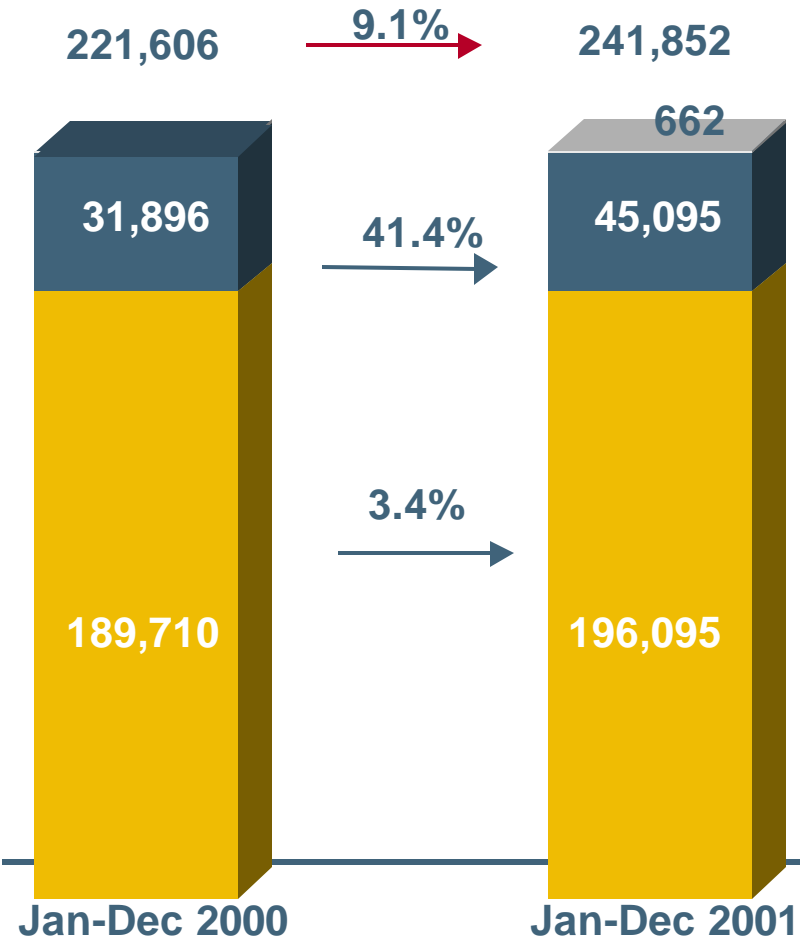


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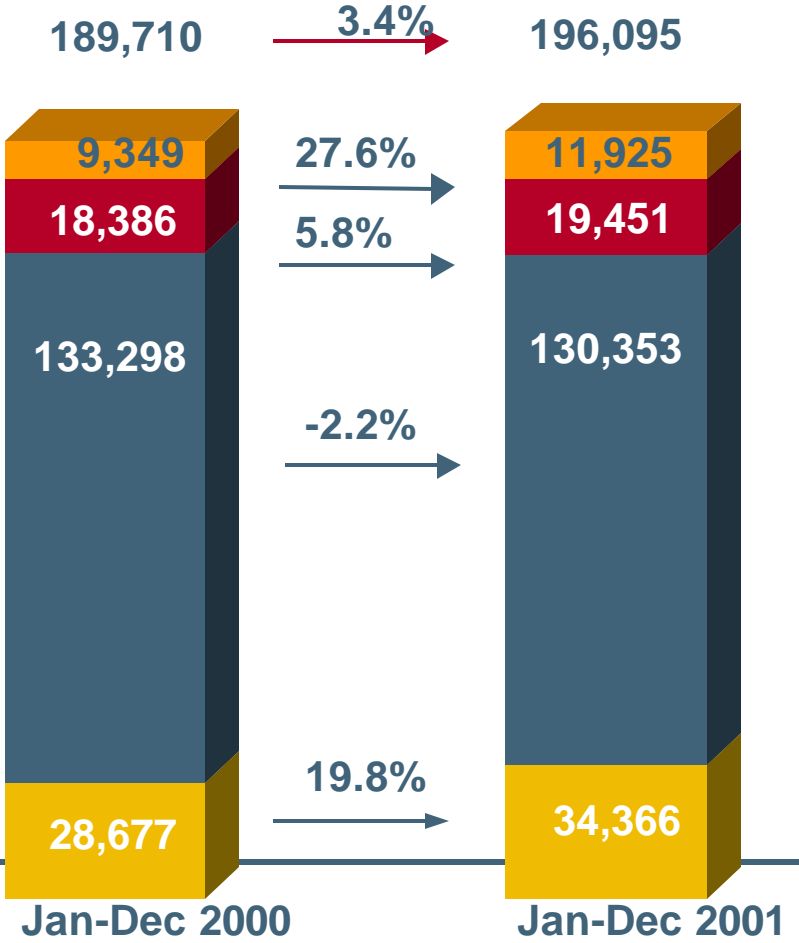
Breakdown of Spain Gas Activity (GWh)



Gas Activity



Gas Sales

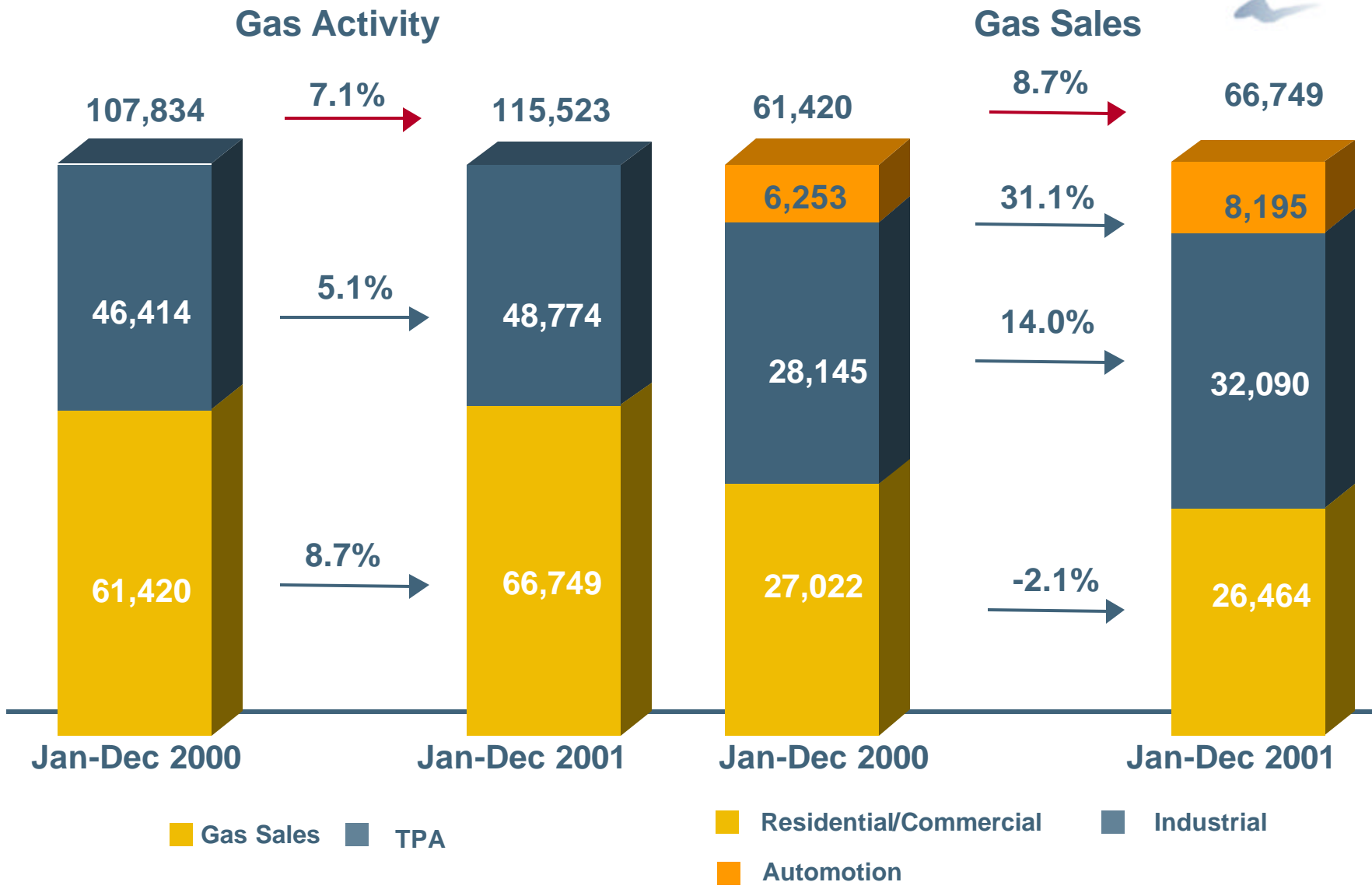


■ Gas Sales ■ TPA ■ Trading

■ Residential/Commercial ■ Industrial
 ■ Distributors ■ Power Plants

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Break-down of Latin America Gas Activity (GWh)



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Liberalization of the Gas Market



Gas Sales

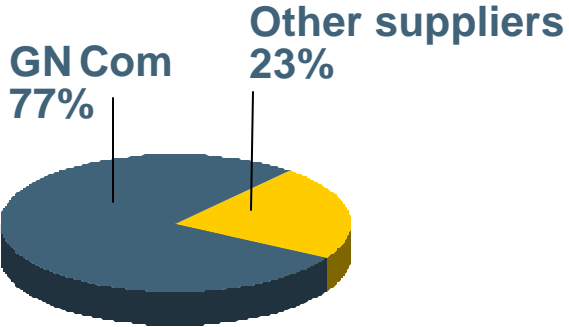
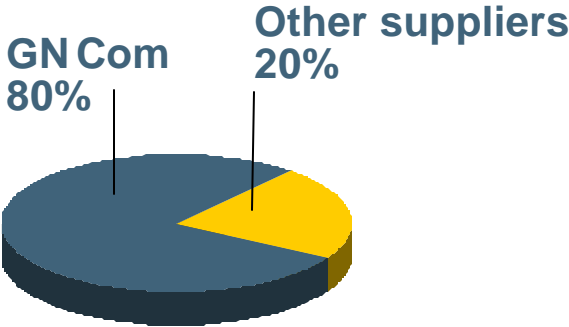
Gas Contracts

% liberalized market:

38%

54%

Distribution of liberalized market among suppliers:



New entrants' share:

8%

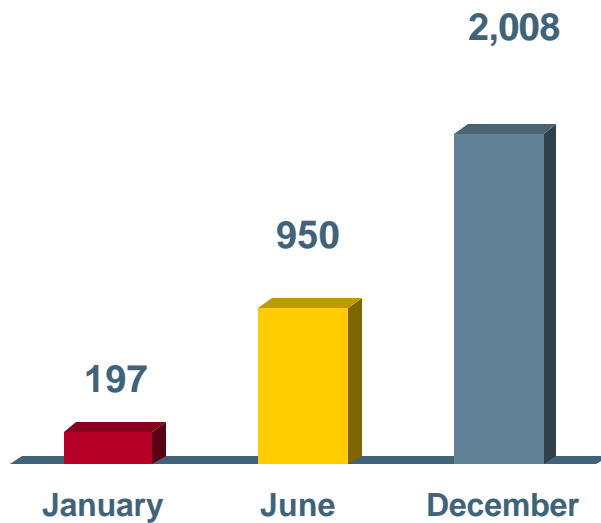
12%

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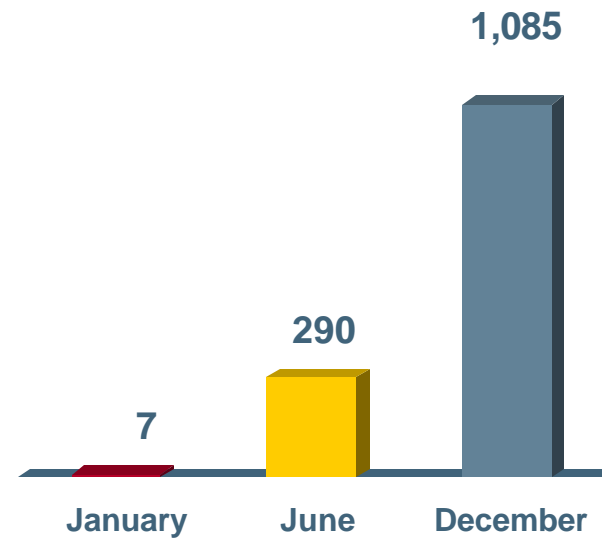
Electricity Supply



**Contracted Amounts
(GWh/year)**



Number of Contracts



The Group currently has 1,300 electricity supply contracts (industrial customers), which represents close to 3% of the liberalised market.

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Other Services



2001



New Regulatory Framework



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- Revenue Determination
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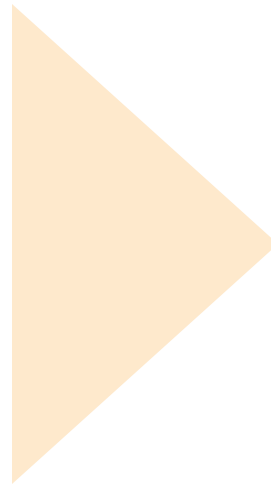
New Regulatory Framework

A constructive proposition



The new regulation mirrors the reality of the Spanish gas market

- Strong market growth
- Network expansion critical

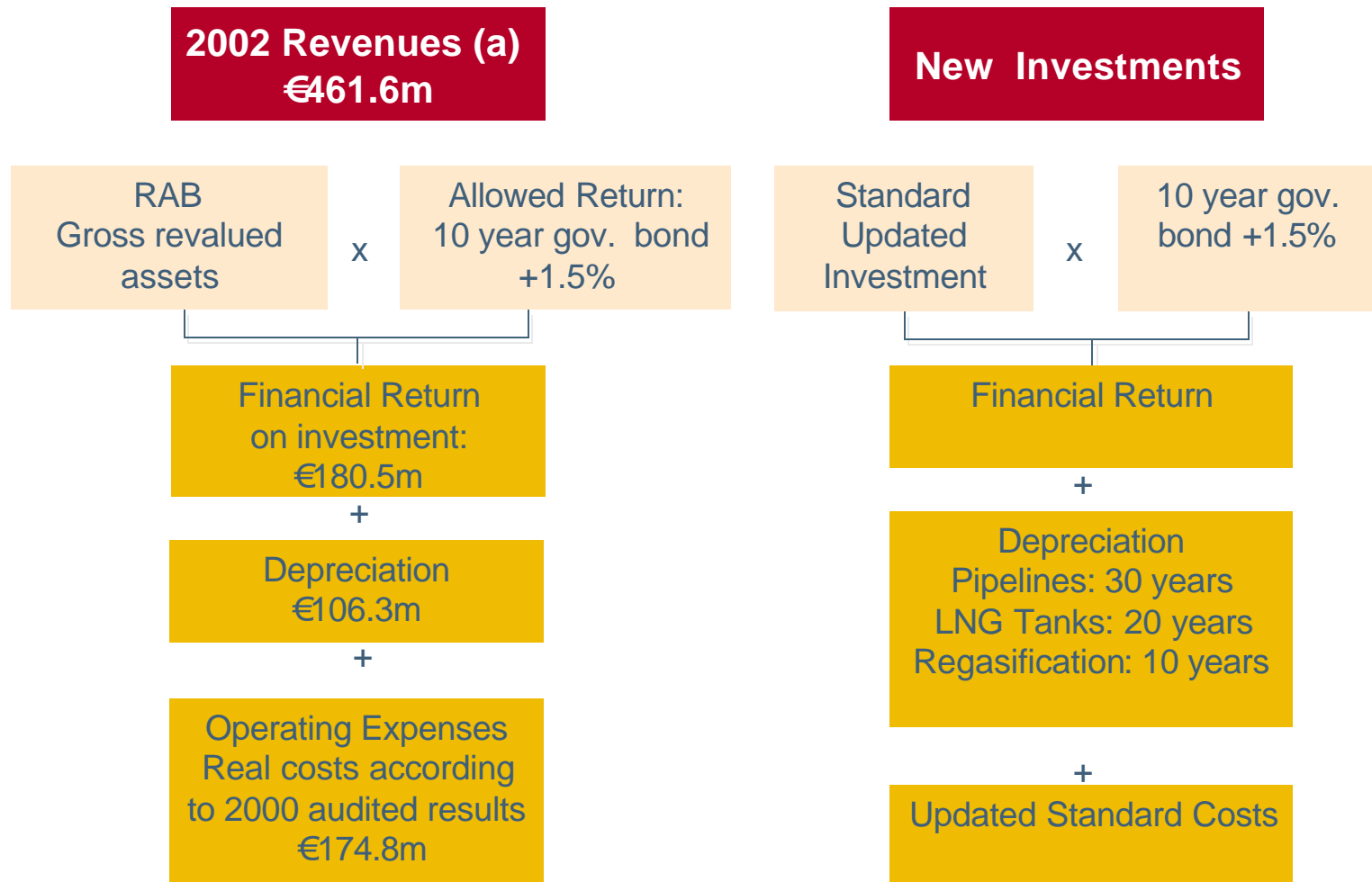


- Allow a fair return on assets
- Support building of infrastructure
 - Investment
 - Planning
- Encourage the search for efficiency and cost reduction

Constructive regulatory framework allows long-term value creation

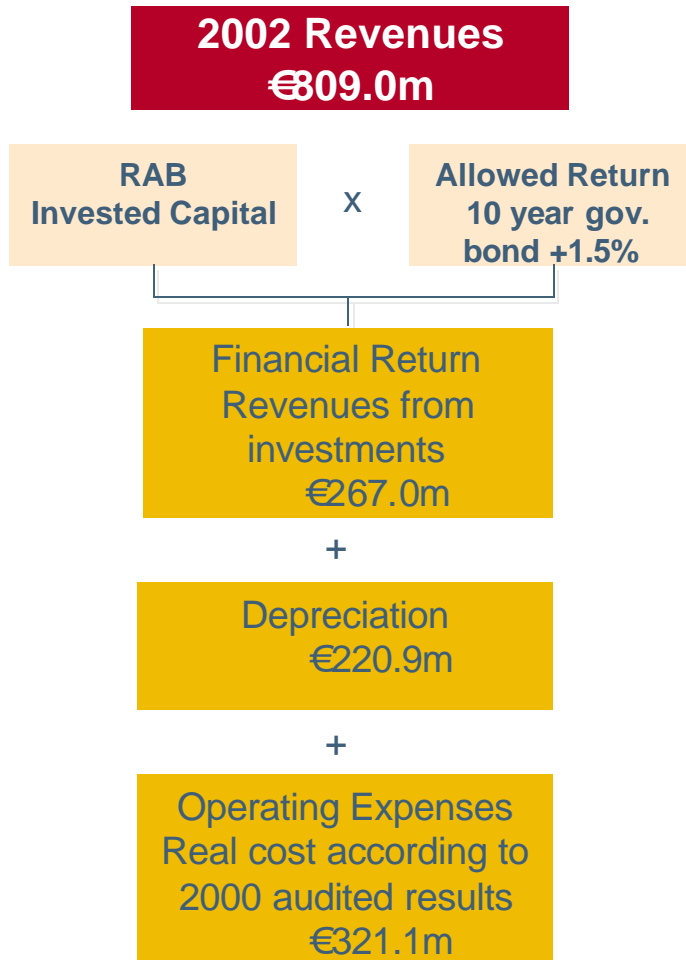
Revenue Determination

Basic Infrastructure



(a) 96.7% of the total corresponds to ENAGAS

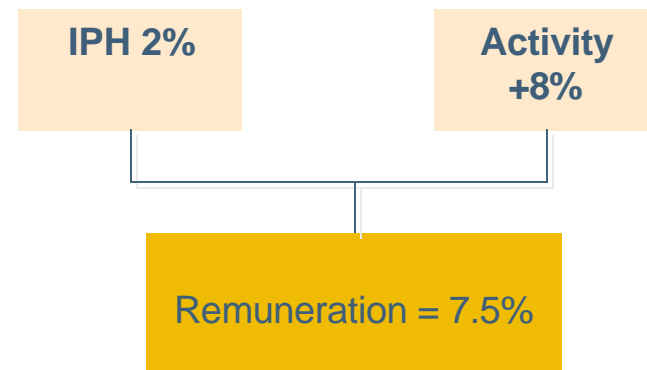
Revenue Determination Distribution



Annual Update

$$R_n = R_{n-1} * (1 + \text{IPH} * 0.85) * (1 + 0.71 * \Delta_{\text{activity}})$$

$$\Delta_{\text{activity}} = 0.6 * \Delta_{\text{clients}} + 0.2 * \Delta_{\text{cons_P} \leq 4} + 0.2 * \Delta_{\text{cons_P} > 4}$$



Revenue Determination

Other Activities



Concept	Items	Amount	Beneficiary
Supply to Distributors	Management of the trading activities	€24.0m	Enagás
	Losses		
	Inventory		
Regulated Supply	Customer Management	€119.4m	gasNatural
	Losses		
	Working Capital		
System Operator	Costs and Installations	€9.0m	Enagás

Conclusions

Reaffirming our Business Strategy



Cost efficiency:

- Accumulated know-how and skills
- Economies of scale

Focus on efficient investment process:

- Highly selective but,
- Fully supportive of proper network development

Optimise capital structure

Conclusions



End of regulatory uncertainty

Promoting an efficient Spanish gas sector

Creating ground for sale of ENAGAS

Backing GAS NATURAL historical approach and
commitment to gas business in Spain

Thank you

INVESTOR RELATIONS DEPARTMENT

Av. Portal de l'Angel, 20

08002 BARCELONA (Spain)

telf. 34 93 402 58 91

fax 34 93 402 58 96

e-mail: relinversor@gasnaturalsdg.es

website: www.gasnatural.com

