

Gas Natural Group - 3Q02 Results

November 7, 2002



Gas Natural Group - 3Q02 Results

Economic-financial highlights



3Q02	3Q01 ⁽¹⁾	3Q01	Change (%) ⁽²⁾		YTD 02	YTD 01	Change (%)
1,243.2	1,161.8	1,153.9	7.0	Net sales	3,944.1	4,000.3	-1.4
826.8	828.2	820.3	-0.2	Gas in Spain	2,990.6	3,023.7	-1.1
94.7	17.2	17.2	450.6	Other activities in Spain	208.6	56.3	270.5
321.7	316.4	316.4	1.7	Gas abroad	744.9	920.3	-19.1
268.6	243.0	283.7	10.5	EBITDA	1,112.5	1,045.5	6.4
173.9	116.0	156.7	49.9	Gas in Spain	856.0	738.6	15.9
11.9	5.2	5.2	128.8	Other activities in Spain	15.9	17.3	-8.1
82.8	121.8	121.8	-32.0	Gas abroad	240.6	289.6	-16.9
175.1	153.4	166.5	14.1	EBIT	753.4	702.4	7.3
102.9	80.9	79.3	27.2	Net income	663.6	365.7	81.5
170.5	168.3	185.4	1.3	Net cash flow	717.3	694.1	3.3
203.8	165.5	193.0	23.2	Investments	681.1	623.2	9.3
-	-	-	-	Leverage, %	29.6	49.0⁽³⁾	-

⁽¹⁾ Including only 40.9% of Enagas (consolidated as per equity method)

⁽²⁾ Regarding 3Q01⁽¹⁾

⁽³⁾ At 31.12.01

(€ million)

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Operational highlights



3Q02	3Q01	Change (%)		YTD 02	YTD 01	Change (%)
108,870	86,688	25.6	Gas Activity Sales (GWh)	324,405	266,688	21.6
59,241	47,382	25.0	Spain ⁽²⁾	191,674	153,105	25.2
46,670	43,295	7.8	Gas Sales	158,625	139,732	13.5
12,571	4,087	207.6	TPA	33,049	13,373	147.1
36,257	30,914	17.3	LatAm	97,283	85,150	14.2
23,152	18,780	23.3	Gas Sales	59,117	49,410	19.6
13,105	12,134	8.0	TPA	38,166	35,740	6.8
13,372	8,392	59.3	Others	35,448	28,433	24.7
5,804	1,866	211.0	Gas Sales	11,883	10,378	14.5
7,568	6,526	16.0	TPA	23,565	18,055	30.5
142,000	131,000	8.4	Growth in customers	410,000	383,000	7.0
64,000	67,000	-4.5	Spain	199,000	208,000	-4.3
78,000	64,000	21.9	LatAm	211,000	175,000	20.6
-	-	-	Number of customers	7,948,000	7,372,000	7.8
-	-	-	Spain	4,108,000	3,816,000	7.7
-	-	-	LatAm	3,840,000	3,556,000	8.0
1,272	1,383	-8.0	Network⁽¹⁾	77,766	71,994	8.0
586	649	-9.7	Spain	30,594	27,942	9.5
686	734	-6.5	LatAm	47,172	44,052	7.1
-	-	-	Employees⁽¹⁾	6,050	6,141	-1.5

(1) Excluding Enagas

(2) Growth in 3Q02 and YTD02 would be 12.3% and 15.2%, respectively, if 25% Algerian Gas Contract sales is not considered

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EBITDA analysis



	YTD 02	YTD 01	Change (%)
Group EBITDA	1,112.5	1,045.5	6.4
Enagas EBITDA for the period	-164.9	-164.0	-
Group EBITDA, excluding Enagas	947.6	881.5	7.5
Argentina operations	-35.6	-133.3	-
Regulated revenues: linear vs. seasonal	-45.4	-	-
Consolidation changes	-44.3	-	-
Adjusted EBITDA	822.3	748.2	9.9

(€ Million)

(1) Equivalent to Enagas' EBITDA in first 6 months of 2002 and to Enagas' EBITDA in first 9 months of 2001 (Enagas fully consolidated in 2001 and first 6 months of 2002; consolidation by equity method in 3Q 2002)

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Net income analysis



	YTD 02	YTD 01	Change (%)
Net income reported	663.6	365.7	81.5
Capital gain on the Enagas and GN México sale ⁽¹⁾	-277.9	-	-
Net effect of devaluation in Argentina (Fx) ⁽²⁾	40.6	-	-
Adjusted net income	426.3	365.7	16.6

⁽¹⁾ Capital gain on the sale of 59.1% of Enagas and 13.25% of Gas Natural México, considering related expenses, provisions and taxes

⁽²⁾ Adjustment by inflation not booked

(€ Million)

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Capital expenditure

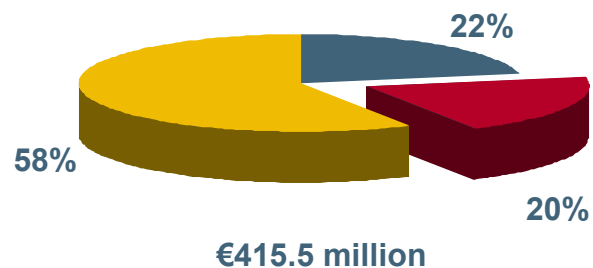


3Q02	3Q01	Change (%)	(1)	YTD02	YTD01	Change (%)
192.3	145.0	32.6	Tangible	415.5	404.7	2.7
8.8	8.2	7.3	Intangible	18.8	20.4	-7.8
2.7	8.7	-69.0	Financial	162.7	78.3	107.8
-	3.6	-	Other	4.1	9.9	-58.6
203.8	165.5	23.1	Total Investments	601.1	513.3	17.1

(1) Excluding Enagas

(€ Million)

YTD02 tangible investments break-down



Abroad breakdown (€ Million)

Mexico	53.3
Brazil	9.9
Colombia	9.4
Argentina	1.6
Others	8.7

■ Gas in Spain
 ■ Other activities in Spain
 ■ Abroad

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Capital structure

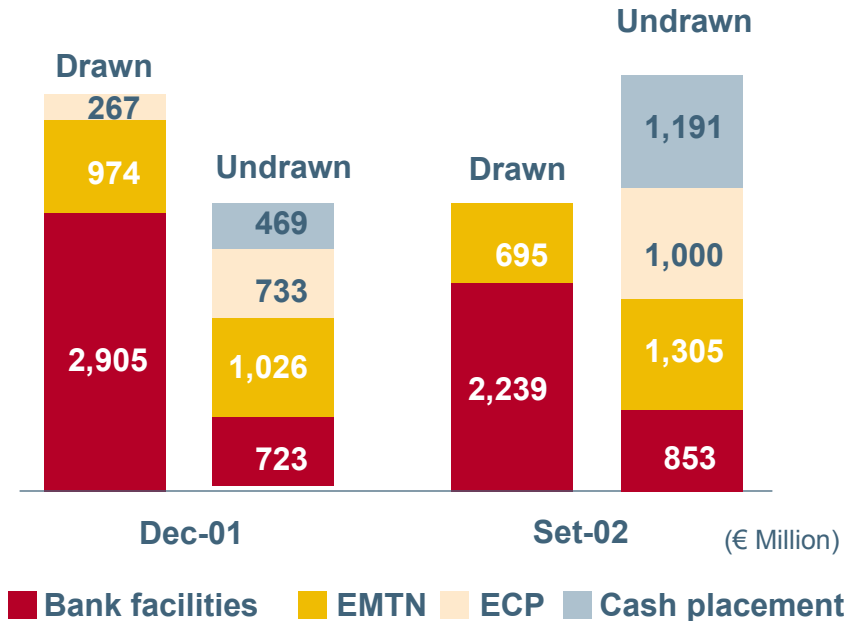


	YTD 02	FY01
EBITDA/net interest ⁽¹⁾	12.8x	8.1x
Leverage	29.6%	49.0%
Net debt/EBITDA ⁽²⁾	1.8x	2.5x
Net debt (€ million)	1,743	3,677

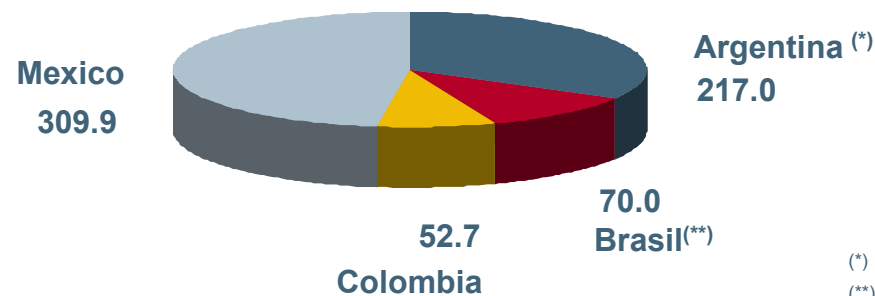
⁽¹⁾ Excluding Argentine Fx provision

⁽²⁾ Excluding Enagas contribution

Financial facilities



Net Debt in LatAm by countries (€ Million)



^(*) includes USD 226 million

^(**) includes EUR 15 million

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Main events



- A 3-year agreement was signed with ASCER and ANFFECC

- The Sant Adrià de Besòs (Barcelona) plant became operational

- Red Eléctrica de España officially certified Gas Natural to operate as an electricity regulation zone

- Gas Natural Vendita Italia was incorporated to supply natural gas in Italy

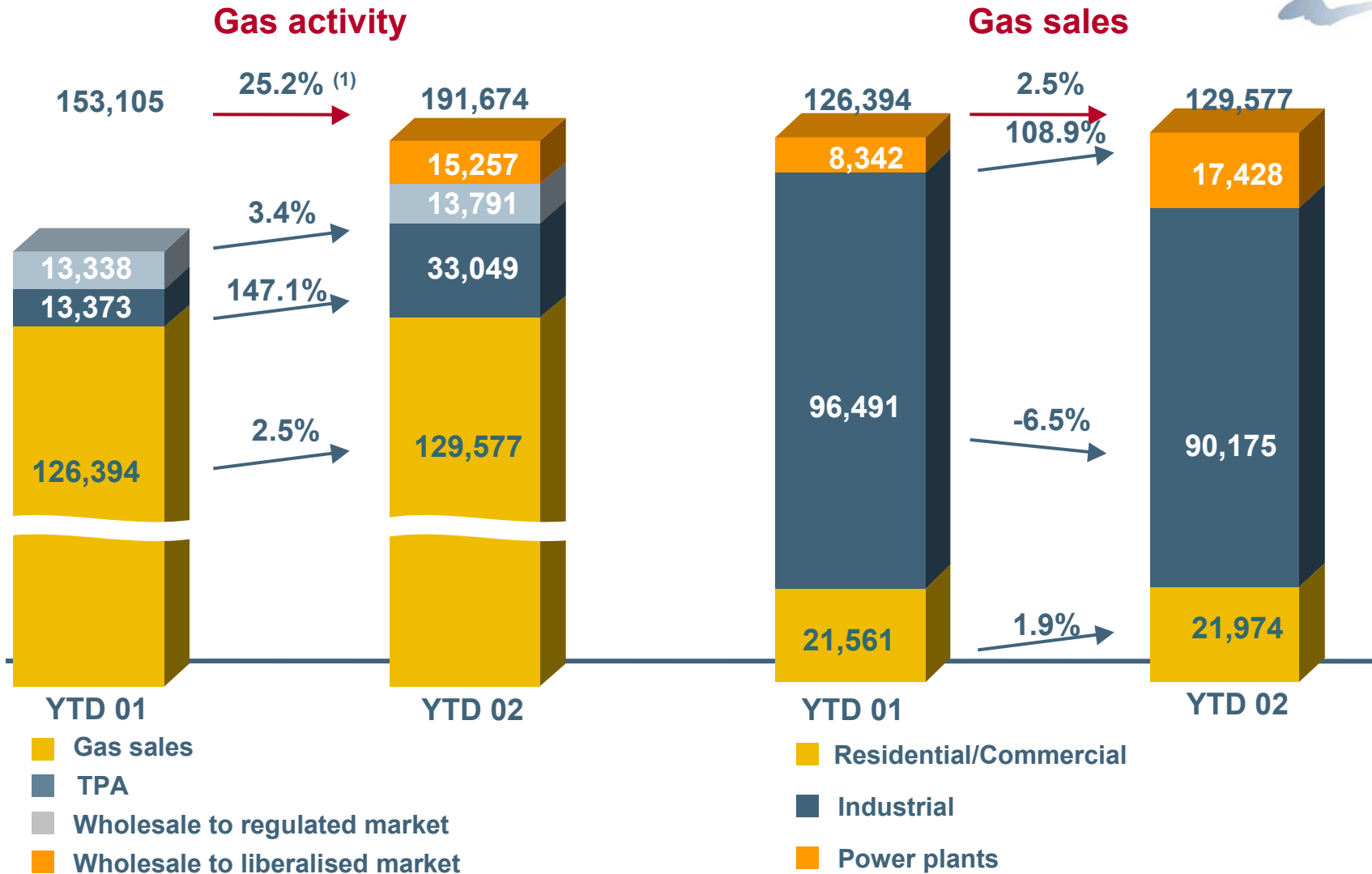
- The Spanish Cabinet approved the 2002-2011 Electricity Transmission and Gas Transportation Network Planning and Development Document

- A cooperation agreement was signed with Securitas Direct to market security systems for households and small enterprises

- Gas tariffs rose due to the upward adjustment for raw material costs under the current regulatory framework

Gas Natural Group - 3Q02 Results

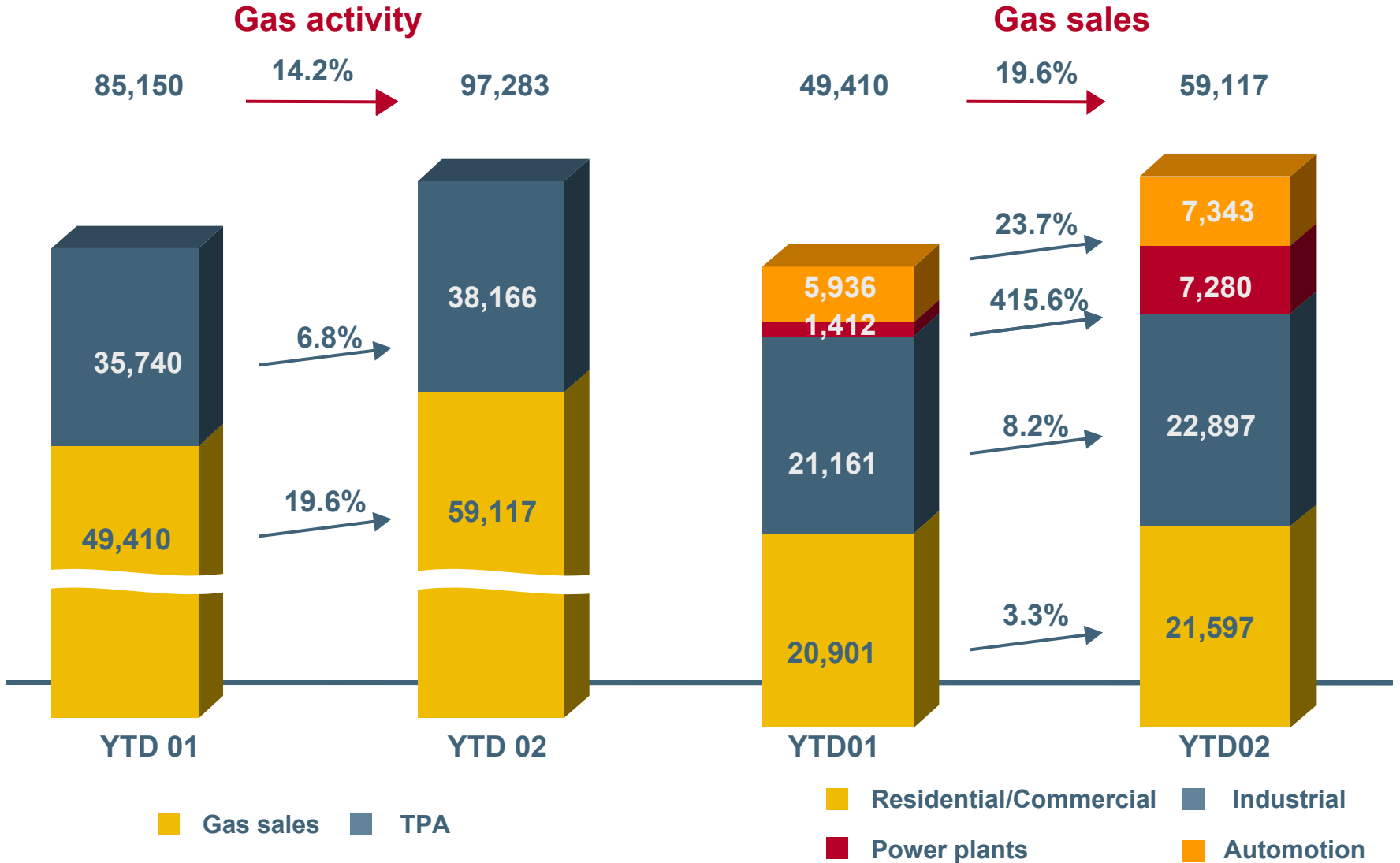
Break-down of Spain gas activity (GWh)



(1)Growth in YTD02 would be 15.2%, if 25% Algerian Gas Contract sales is not considered

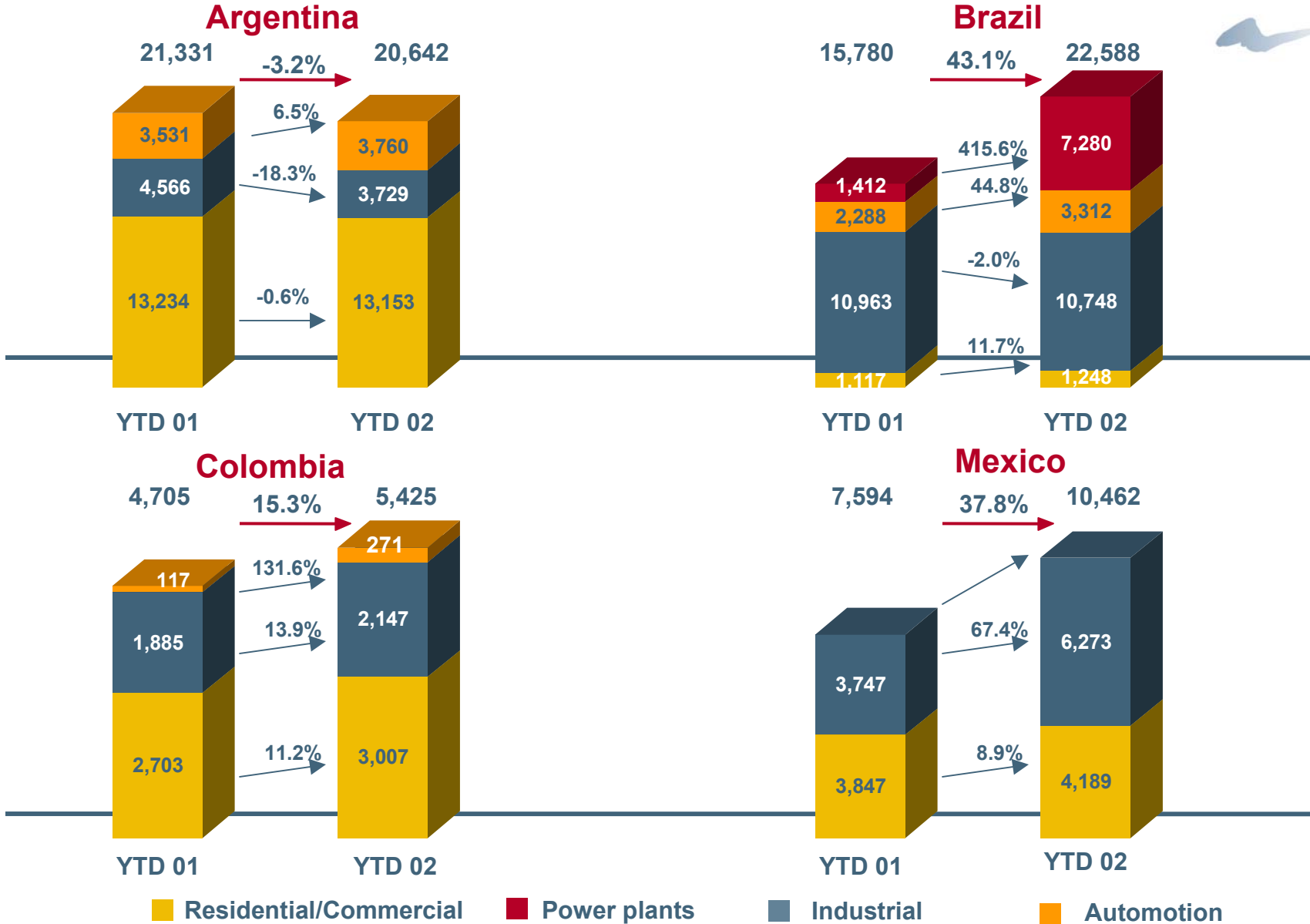
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Break-down of LatAm gas activity (GWh)



Gas Natural Group - 3Q02 Results

Break-down of LatAm gas sales by countries (GWh)

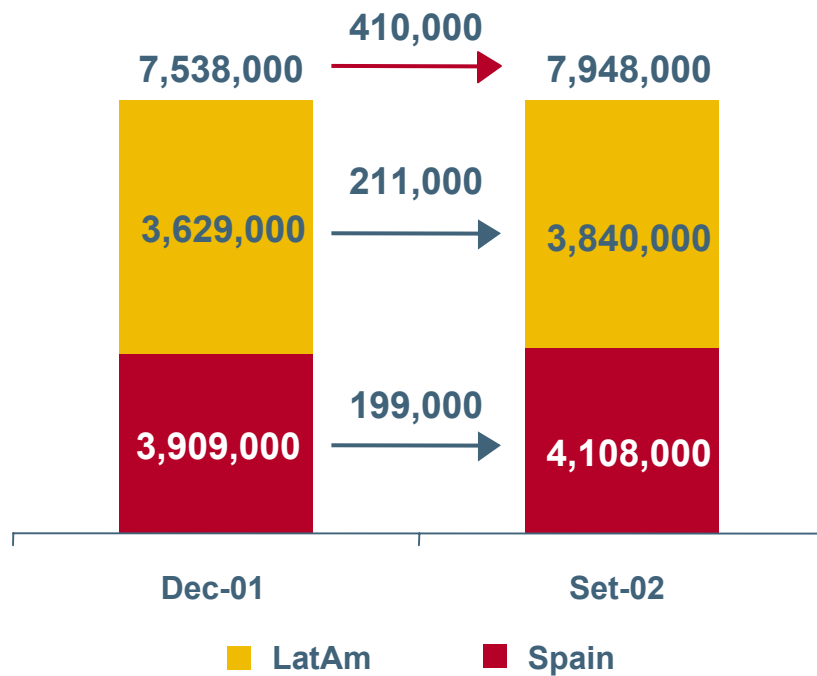


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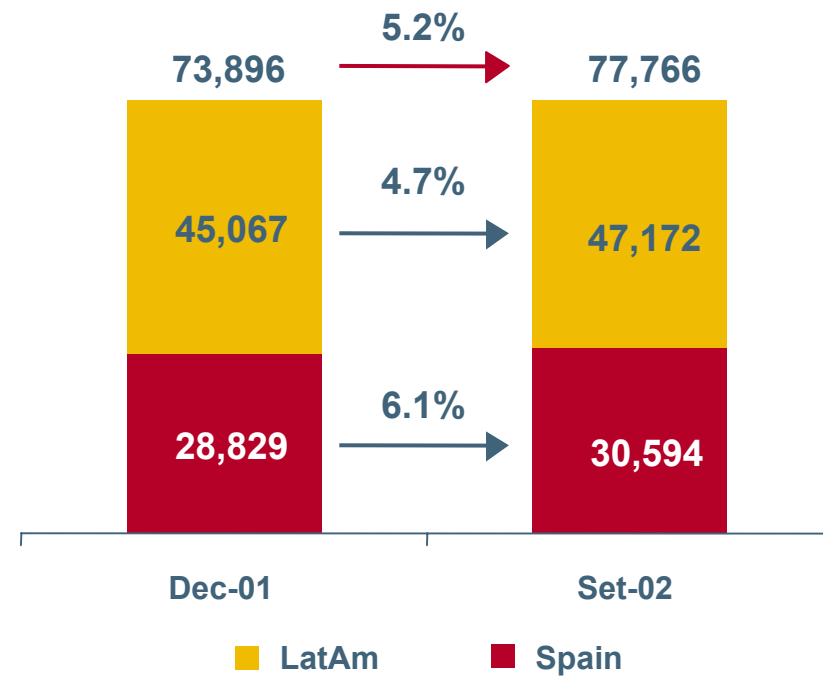
Gas distribution



Customers



Network (Km)



8.5% reduction in OPEX per customer

Customer per employee: 1,940 by 2002 vs 1,811 in 2001⁽¹⁾

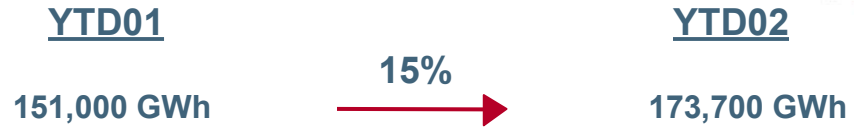
⁽¹⁾ Figures based exclusively on distribution in Spain

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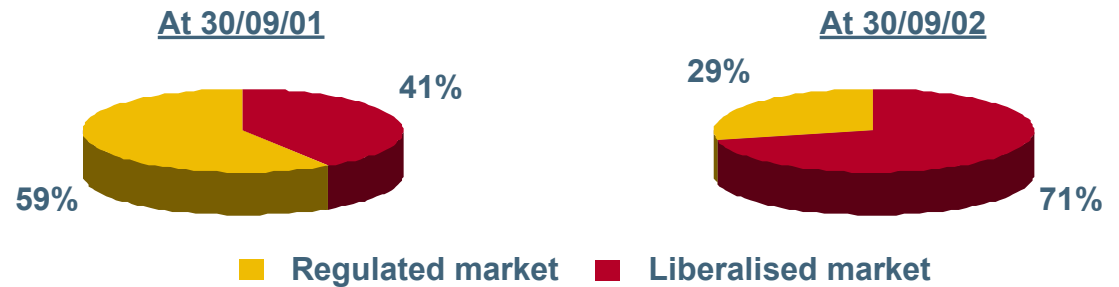
Gas market in Spain



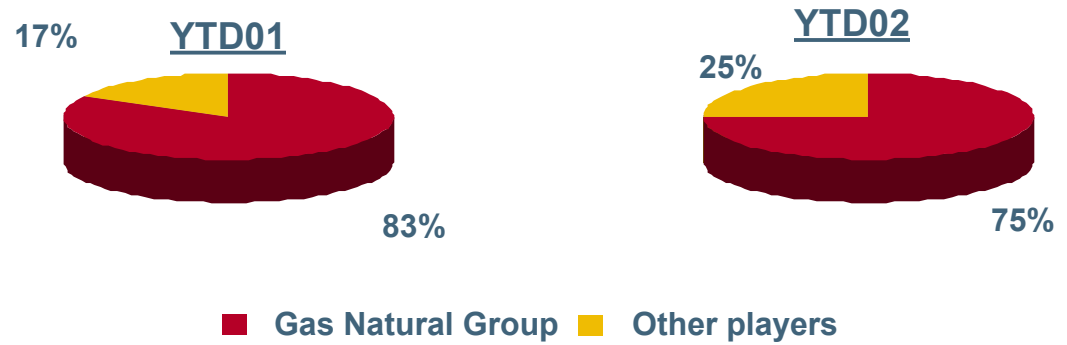
Gas demand (GWh)⁽¹⁾



Gas market liberalization⁽¹⁾



GN market share



Growing in a free market situation

⁽¹⁾ Gas Natural estimation

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Electricity



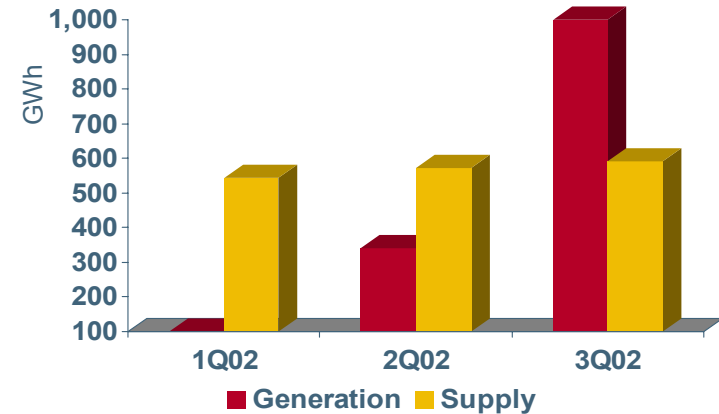
Generation

- 800 MW operational (San Roque and Besós)
- Engineering procurement and construction (EPC) contract awarded for 1,600 MW
- Land reserved and paperwork commenced for new sites

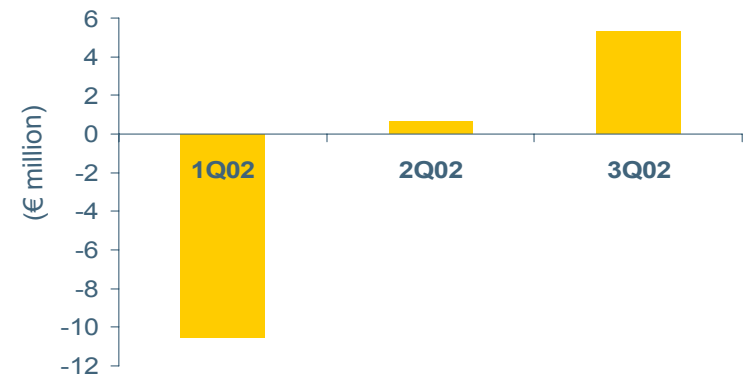
Supply

- 1,887 supply contracts (industrial market)
- 2,963 GWh/year contracted amounts
- 4% of the liberalised electricity market

Generation vs. Supply



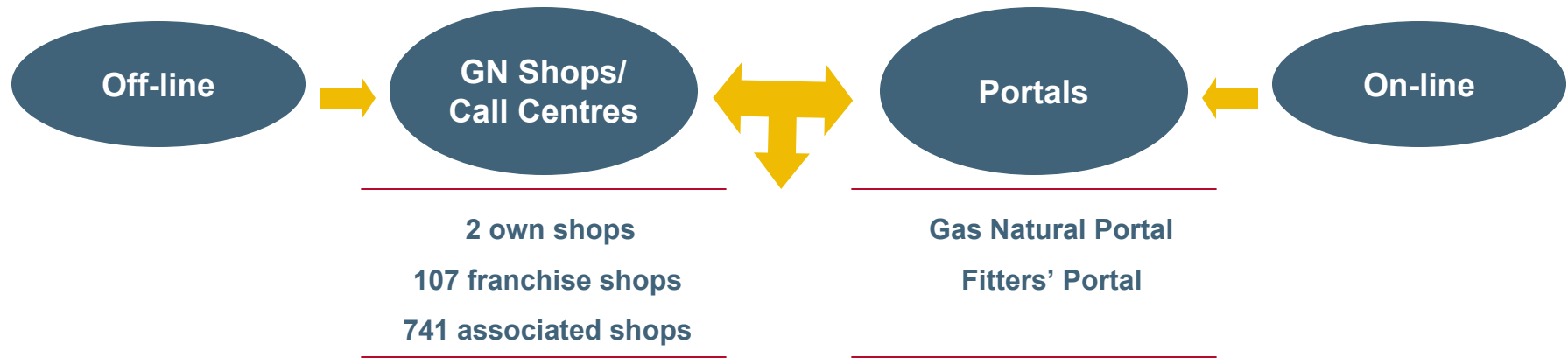
Contribution to EBITDA



The electricity business makes a positive contribution to EBITDA

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Other products and services



Integrated services to households

	YTD02
Home services	
• Net increase in maintenance contracts	157,900
• Maintenance contracts at 30/09/2002	653,300
Central heating installations	49,500
Gas appliance sales	33,400
Financial services (insurance, credit cards, etc)	3,500

Gas Natural Group



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Thank you

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