

# Gas Natural Group - 2Q02 Results

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July 29, 2002



# Gas Natural Group - 2Q02 Results Highlights



2Q02	2Q01	Change (%)		1H02	1H01	Change (%)
1,227.0	1,314.0	-6.6	Net sales	2,700.8	2,846.5	-5.1
360.1	312.7	15.1	EBITDA	844.0	761.8	10.8
229.0	203.8	12.3	EBIT	578.4	535.9	7.9
368.0	111.9	229.8	Net income	560.7	286.3	95.8
224.3	193.2	16.1	Net cash flow	546.8	508.7	7.5
<b>110,072</b>	<b>89,739</b>	<b>22.7</b>	<b>Gas activity (GWh):</b>	<b>215,535</b>	<b>180,000</b>	<b>19.7</b>
76,722	66,342	15.6	Gas sales	153,999	135,579	13.6
33,350	23,397	42.5	TPA	61,536	44,421	38.5
<b>143,000</b>	<b>127,000</b>	<b>12.6</b>	<b>Growth in customers</b>	<b>268,000</b>	<b>252,000</b>	<b>6.3</b>
170.7	260.0	-34.3	Total investments	477.3	430.1	11.0
-	-	-	Employees (at June 30)	6,051.0	6,070.0 <sup>(2)</sup>	-0.3
-	-	-	Leverage, %	26.2	49.0 <sup>(1)</sup>	-

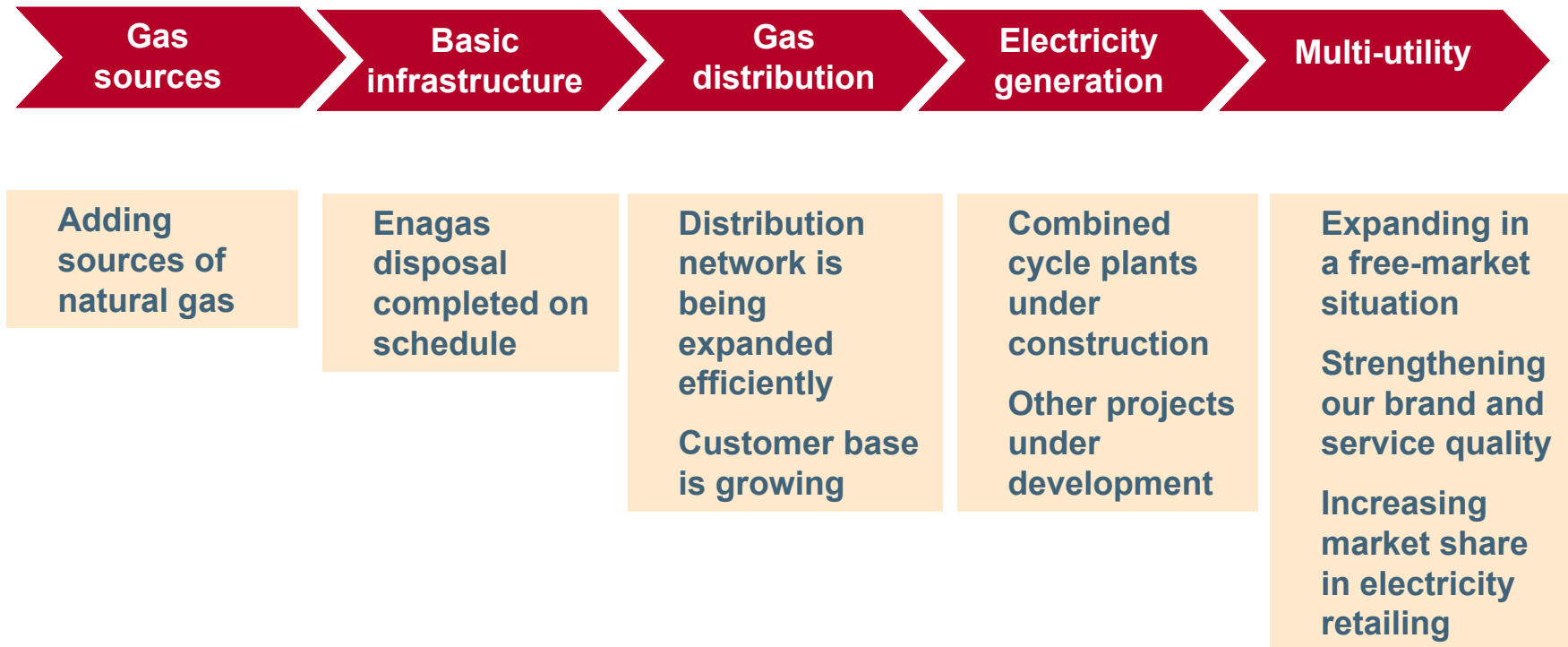
(1) At 31.12.01

(€ million)

(2) Excluding Enagas employees

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## Delivering the strategy



# Gas Natural Group - 2Q02 Results



## Gas sources

- The project to expand the capacity of the Maghreb-Europe gas pipeline by 50%, to 11.7 bcm per year, has commenced
    - Investment: EUR 63 million
    - Deadline for completion: September 2004
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- Increase in trading of LNG to the US: 1 bcm in 2002 vs. 0.5 bcm in 2001
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- Agreement for spot LNG purchases from Abu Dhabi, Brunei, Qatar (1 bcm)
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- A 50:50 joint venture between Gas Natural SDG and Repsol YPF is being established to develop the entire LNG value chain
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**Emphasis on expanding and diversifying sources of supply**

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## The partial sale of Enagas



**59.1% of the shares of Enagás were sold (excluding green shoe)**

- Implied Enagas market value: EUR 1,552 million (6.5 euros per share)

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- June 26, 2002 first day of trading, in line with initial schedule

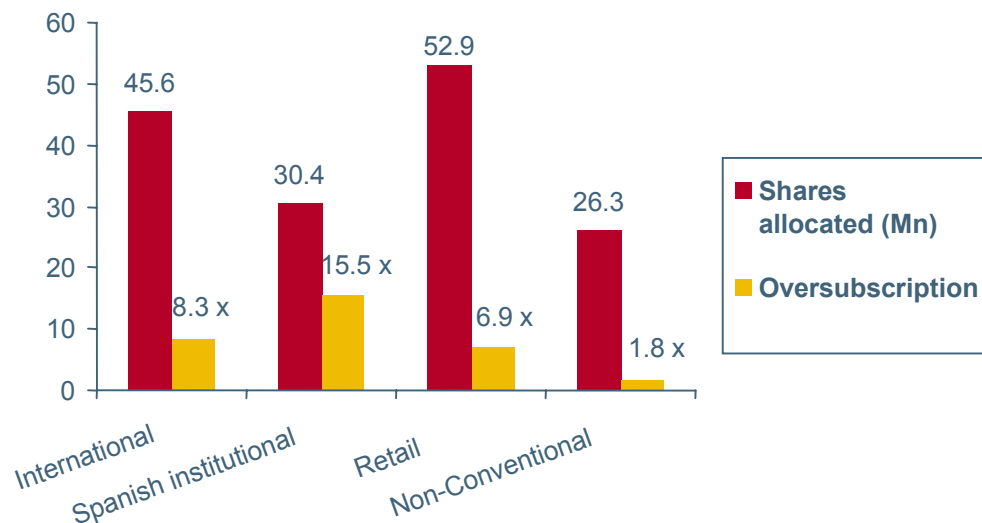
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- Repayment of intragroup loans (EUR 848 million)

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- Allocation (including greenshoe):

Placed among a broad base of top-quality investors



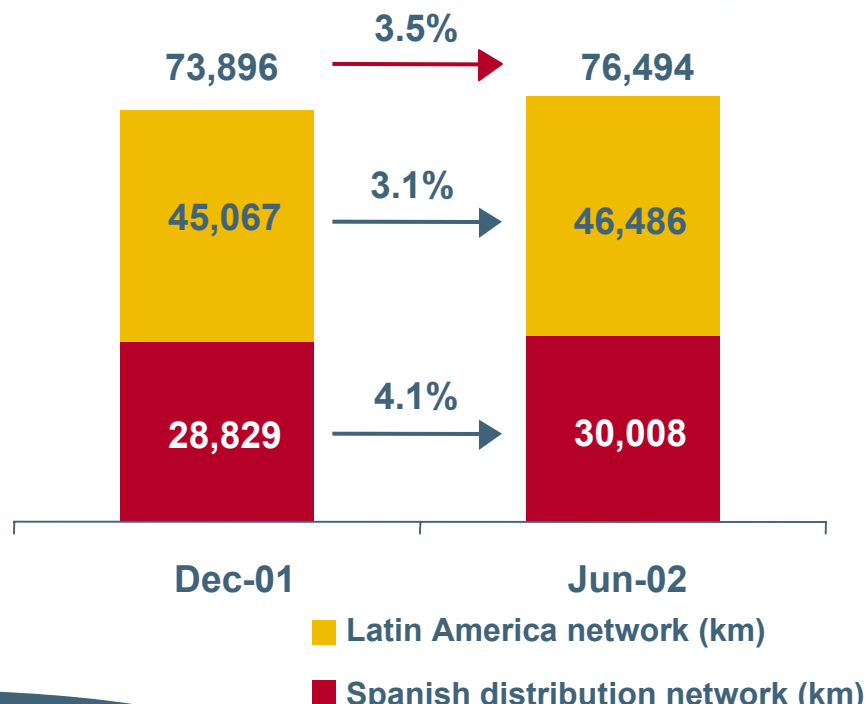
Due to latest stock market performance, green shoe was not exercised on July 25. It will be sold in an orderly manner

Gas Natural SDG will only have 35% of the voting rights

The proceeds boost Gas Natural’s financial flexibility to make selective investments

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## Gas distribution



**Growth rate in line with 2006 plan**

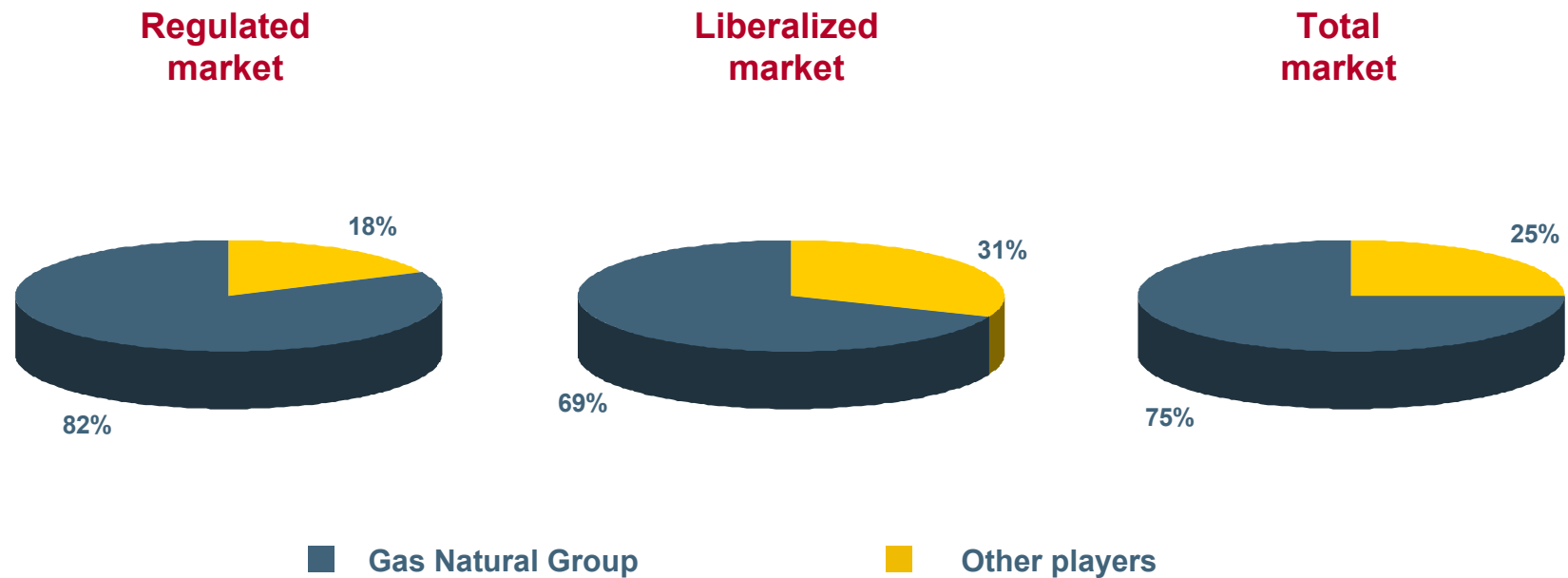
**8.5% reduction in OPEX per customer**

**Customer per employee: 1,940 by 2002 vs 1,811 in 2001<sup>(1)</sup>**

<sup>(1)</sup> Figures based exclusively on distribution in Spain

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## Gas market in Spain



**Growing in a free market situation**

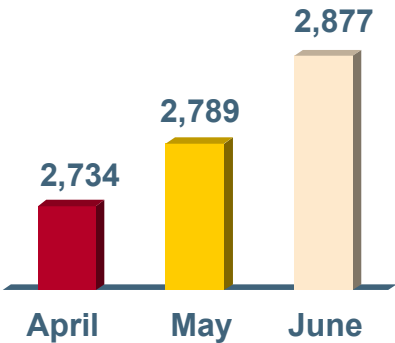
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## Electricity

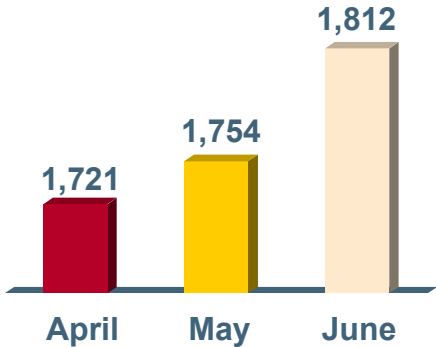


Supply

Contracted amounts  
(GWh/year)



Number of contracts



The Group currently has more than 1,800 electricity supply contracts (industrial customers), representing close to 4% of the liberalized market

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

The electricity business makes a positive contribution to EBIT for the first time in 2Q02



# Gas Natural Group - 2Q02 Results

## Other products and services

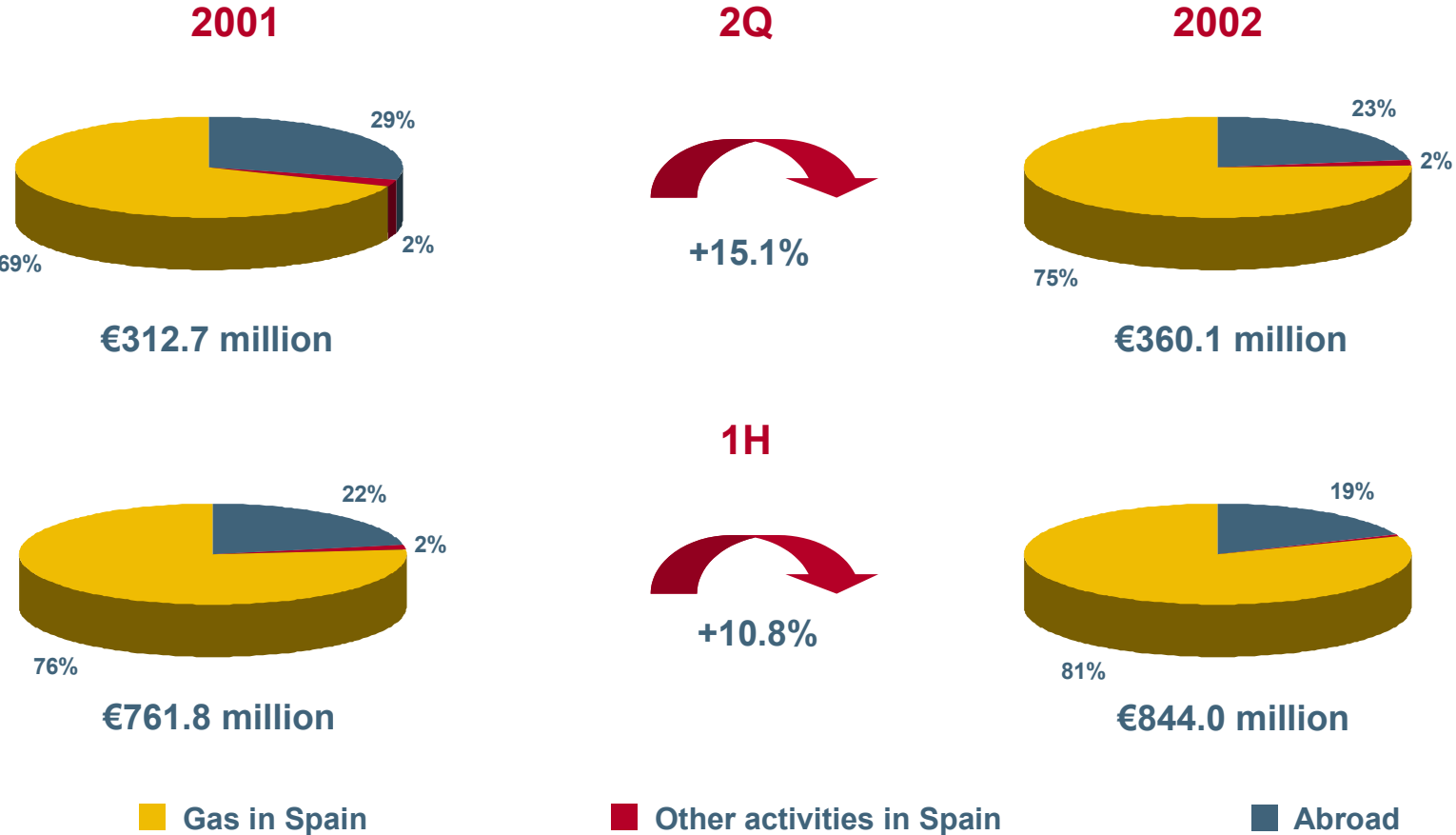


**1H02**



# Gas Natural Group - 2Q02 Results

## Contribution to EBITDA



**Ability to improve margins in a more competitive markets**

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## EBITDA analysis



	1H02	1H01	Change (%)
Group EBITDA	844.0	761.8	10.8
Enagas EBIDTA for the period	-164.9	-123.3	-
Group EBITDA, excluding Enagas	679.1	638.5	6.4
Argentina operations	-	-43.0	-
Electricity contribution	10.0	-	-
Consolidation changes	-34.0	-	-
Adjusted EBITDA	655.1	595.5	10.0

(€ Million)

# Gas Natural Group - 2Q02 Results

## Net income analysis



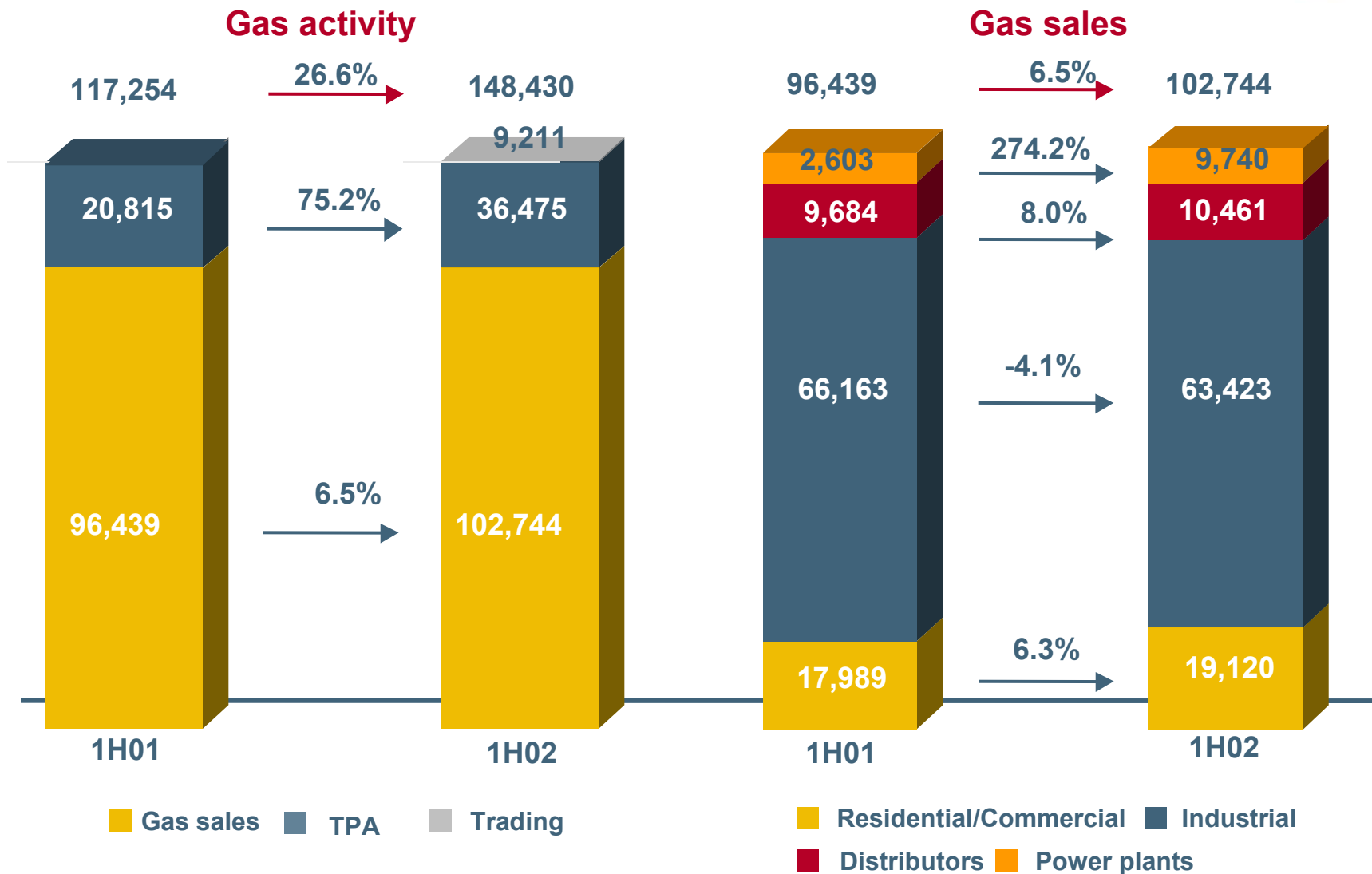
	1H02	1H01	Change (%)
Net income reported	560.7	286.3	95.8
Capital gain on the Enagas and GN México sale <sup>(1)</sup>	-277.9	-	-
Net effect of devaluation in Argentina (Fx)	40.6	-	-
<b>Adjusted net income</b>	<b>323.4</b>	<b>286.3</b>	<b>13.0</b>

<sup>(1)</sup> Capital gain on the sale of 59.1% of Enagas (ex-green shoe) and 13.25% of Gas Natural México, considering related expenses, provisions and taxes

(€ Million)

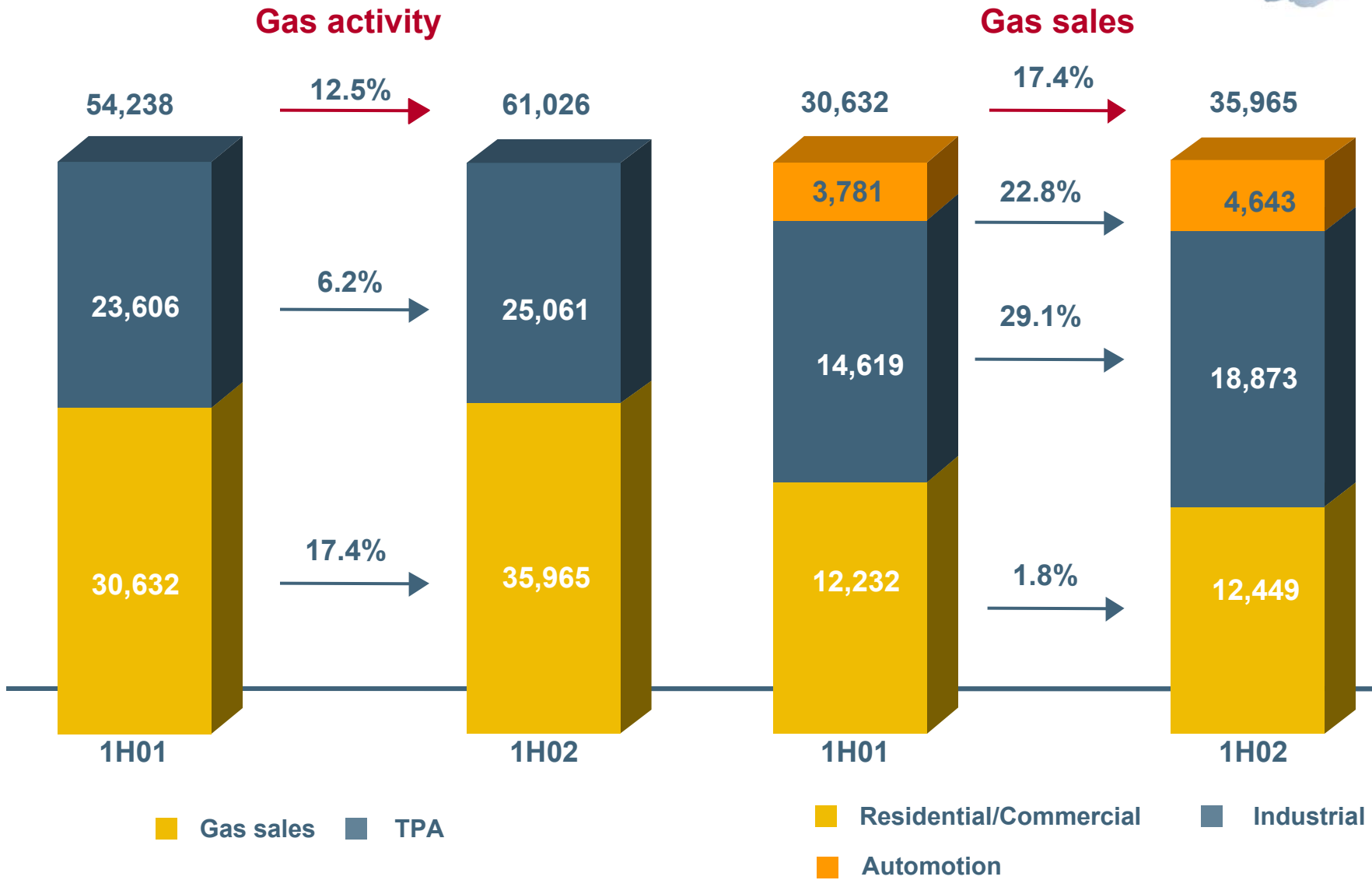
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## Break-down of Spain gas activity (GWh)



# Gas Natural Group - 2Q02 Results

## Break-down of Latin America gas activity (GWh)



# Gas Natural Group - 2Q02 Results

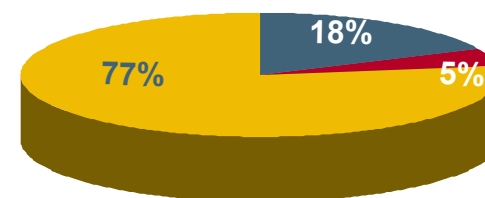
## Capital expenditure



	1H02	1H01	Change (%)
Tangible	298.8	340.0	-12.1
Intangible	13.7	13.4	2.2
Financial	160.4	70.1	-
Other	4.4	6.6	-33.3
<b>Total investments</b>	<b>477.3</b>	<b>430.1</b>	<b>11.0</b>

(€ Million)

**1H02 tangible investments break-down**



€298.8 million

- Gas in Spain
- Other activities in Spain
- Abroad

**Tangible investments according to 2006 plan**

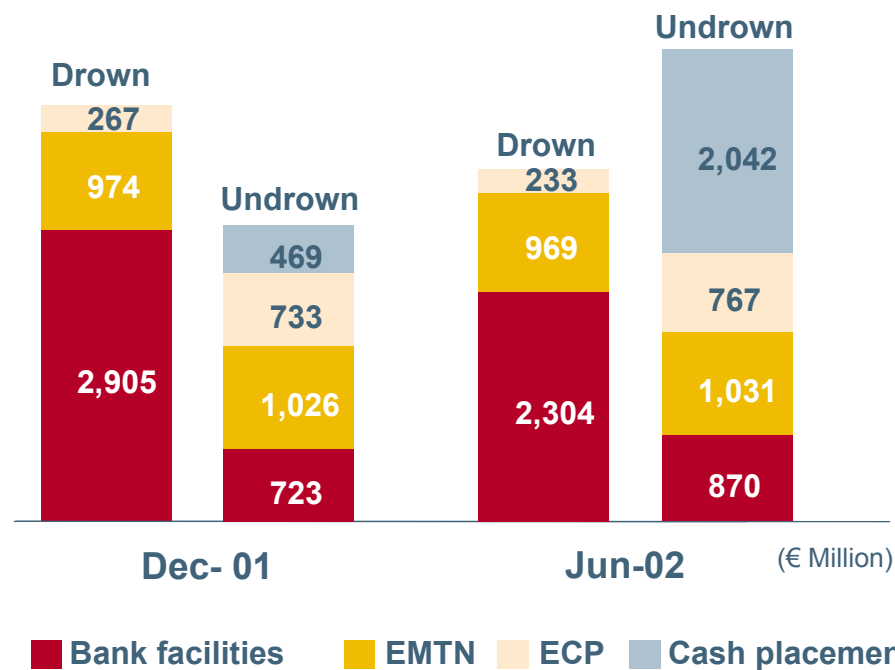
# Gas Natural Group - 2Q02 Results

## Capital structure



	1H02	FY01
EBITDA/net interest <sup>(1)</sup>	13.0x	8.1x
Leverage	26.2%	49.0%
Net debt/EBITDA <sup>(2)</sup>	2.1x	2.5x
Net debt (€ million)	1,464	3,677

### Financial facilities



<sup>(1)</sup> Excluding Argentine Fx provision

<sup>(2)</sup> Excluding 1H02 Enagas contribution

Strong balance sheet

Debt facilities

Financial flexibility to support organic growth and acquisitions



# Gas Natural Group - 2Q02 Results

## Other events



- The Shareholders' Meeting approved an 18% increase in the dividend

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- Approved an executive remuneration system tied to growth in the share price of Gas Natural SDG between 2001 and 2005.

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- Gas Natural SDG's free float is now 50% after the sale of 23% by Repsol YPF

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- S&P improved the outlook on Gas Natural SDG to stable (from negative)

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- Gas Natural SDG's weighting in the IBEX 35 index was increased from 1.45% to 3.53% from 1 July 2002.

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

# Gas Natural Group



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July 2002

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# Thank you

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