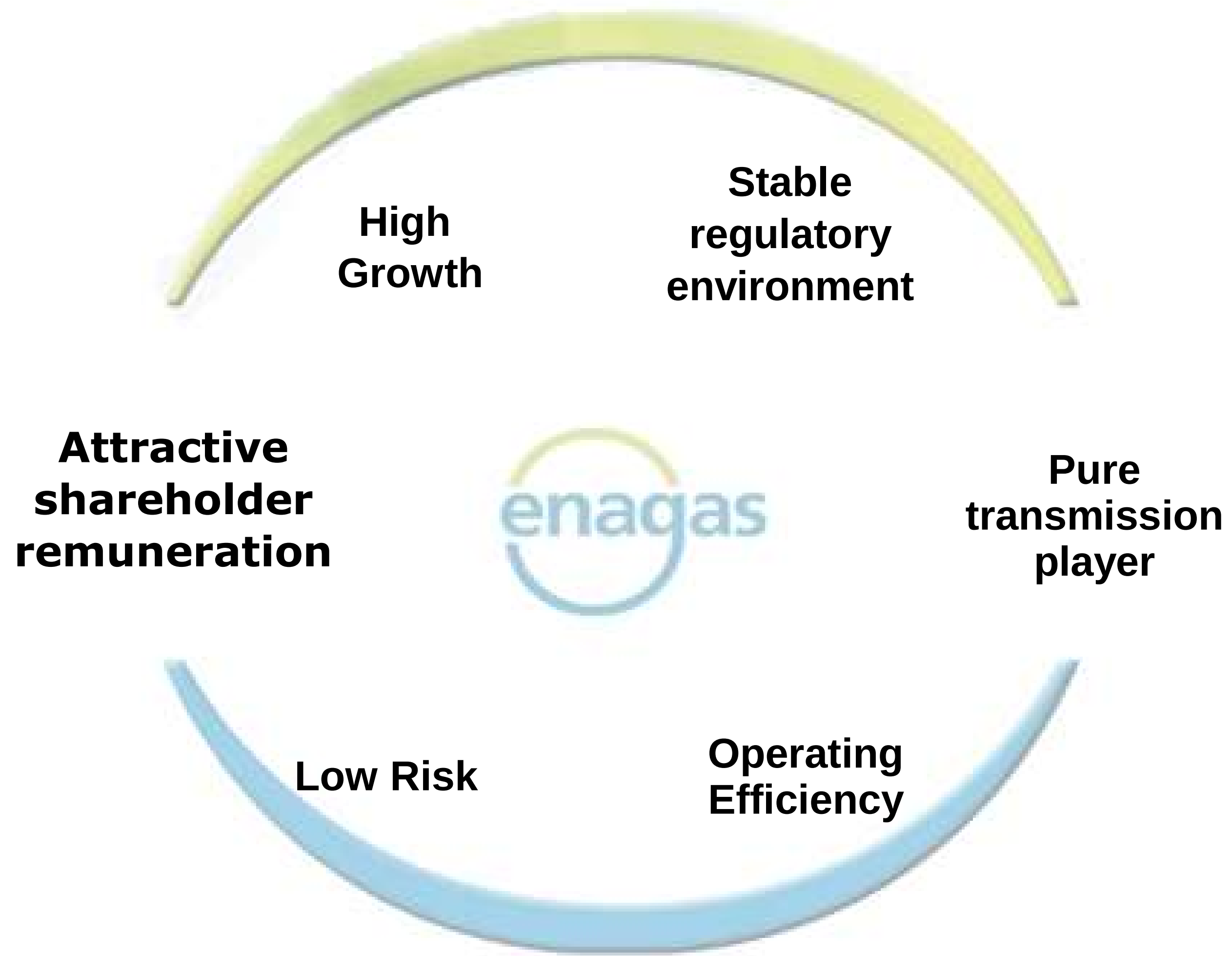
US ROADSHOW PRESENTATION

May 2005

Index

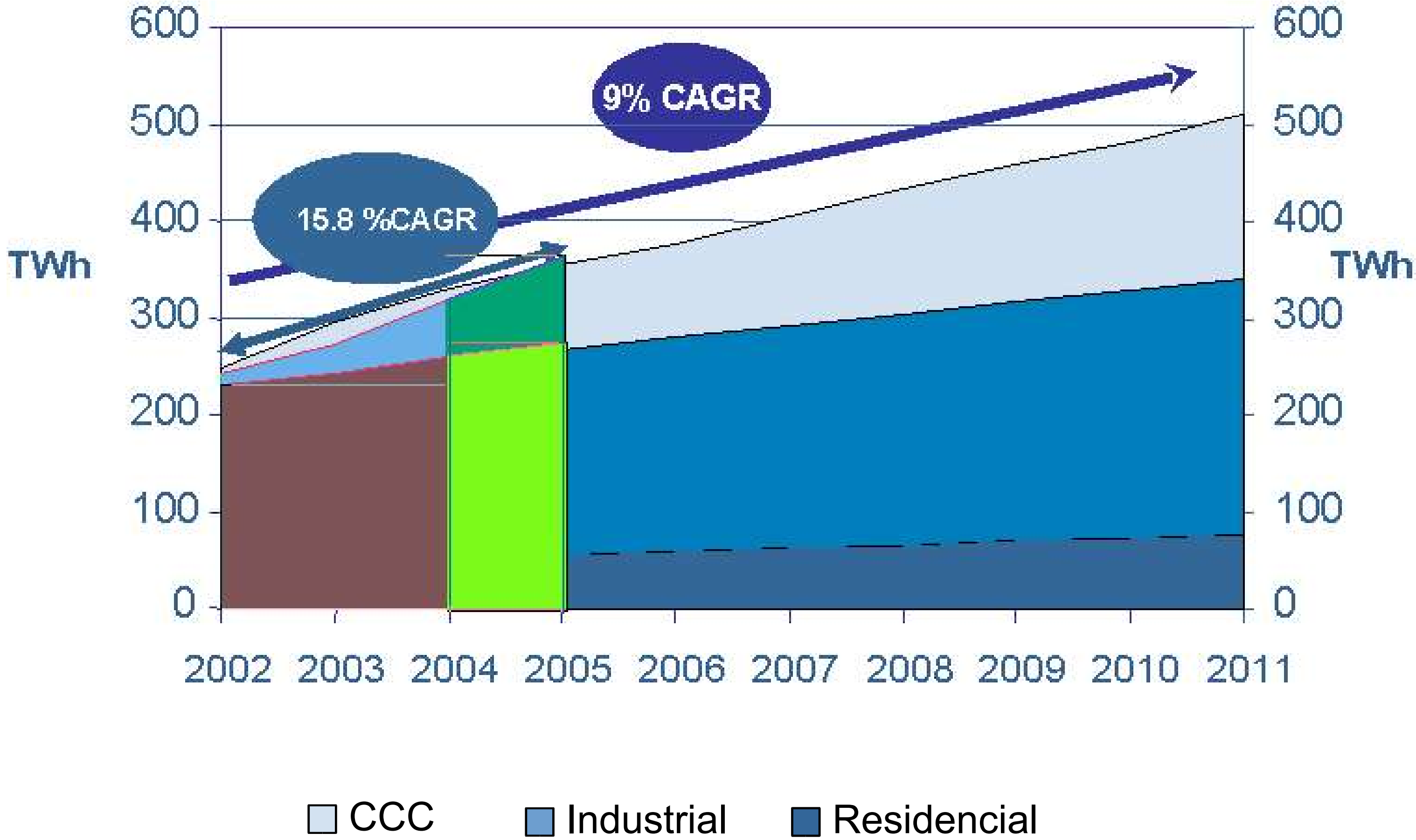
Enagas key investments highlights



Unique mix of Low risk and high growth

1.Commitments announced and delivered

Strong gas demand growth and power generation requirements

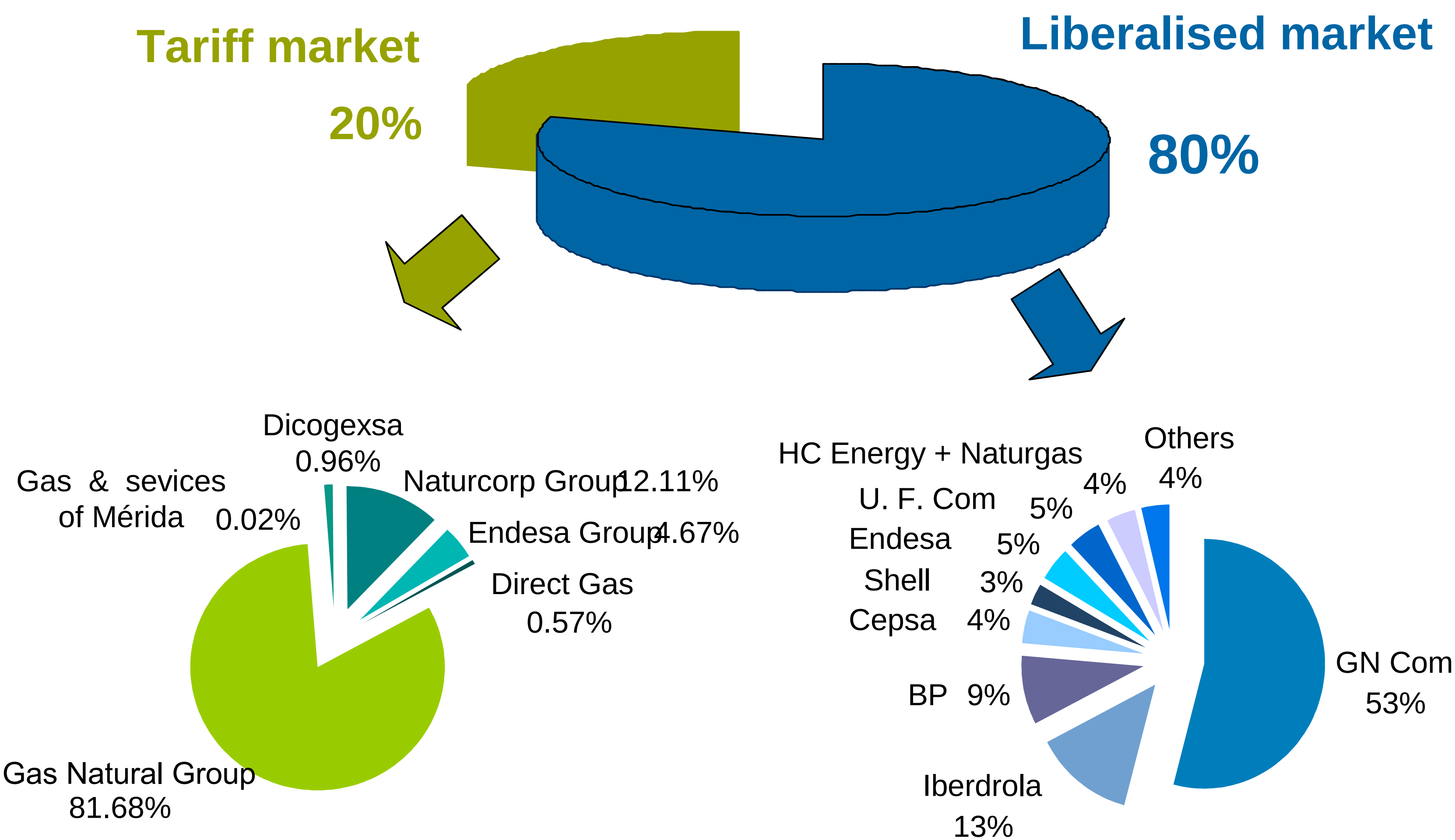


21 CCGTS operational (13 more expected for 2005)

Source: National Energy Plan 2002-2011

(*) 6 CCGTs on trial phase

Rapid and efficient liberalization

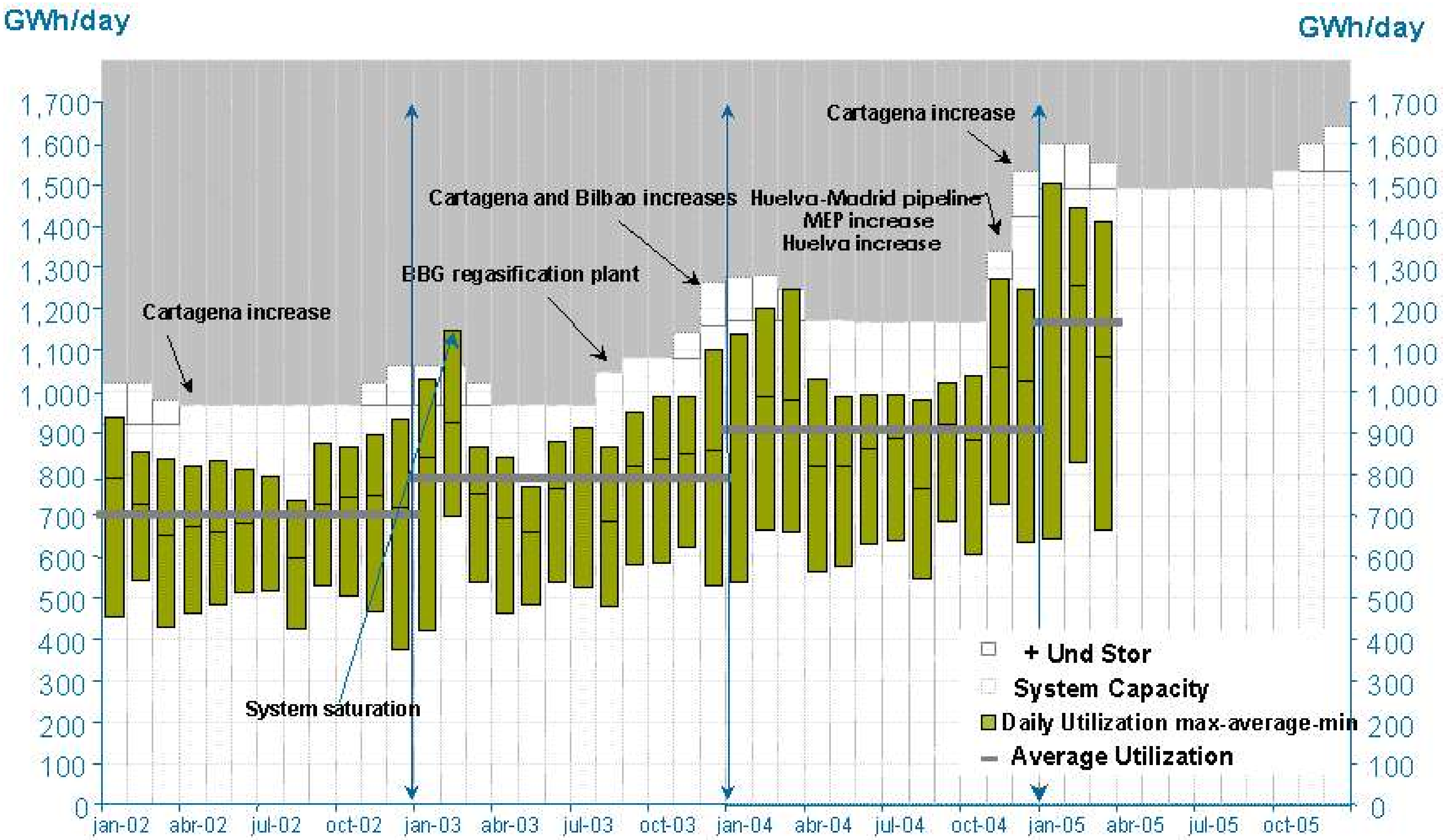


184 contracts in the liberalised market

Source: CNE and Enagas

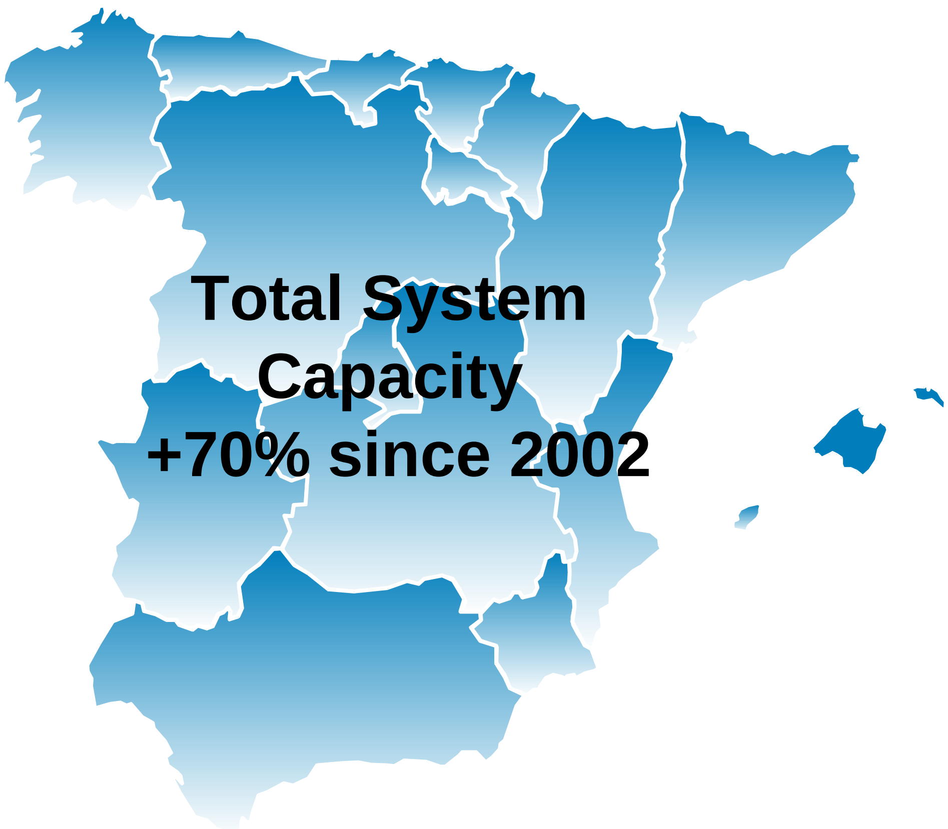
enagas

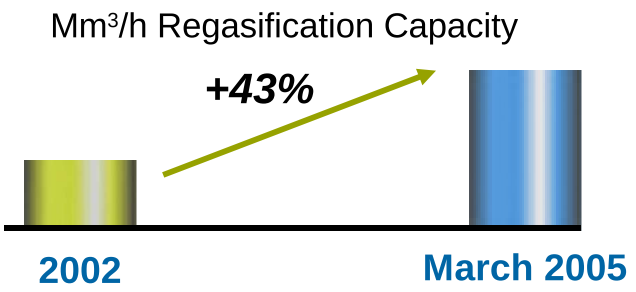
Transport system utilization

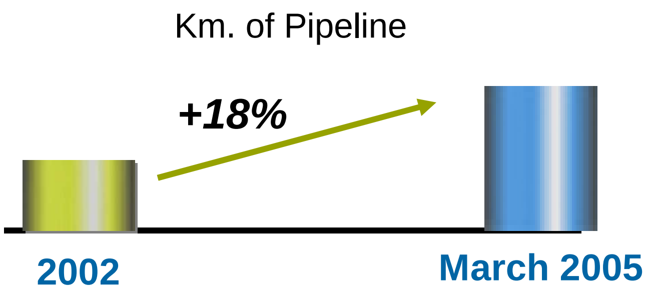


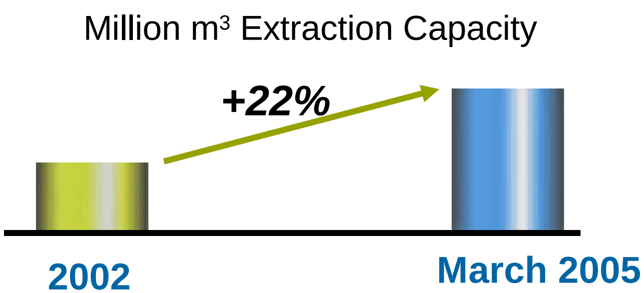
Network expansion critical

Delivering on our investment objectives





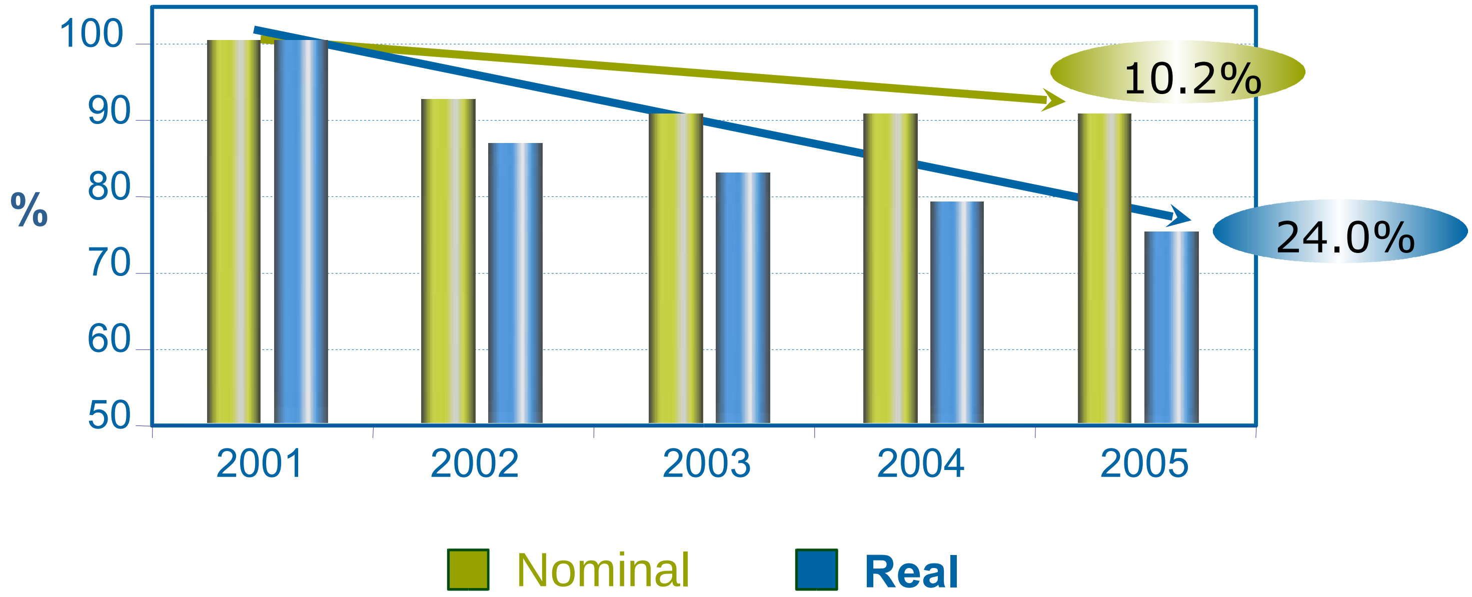




2002/04: More than 1,000 €m capex and

950 €m assets put into operation

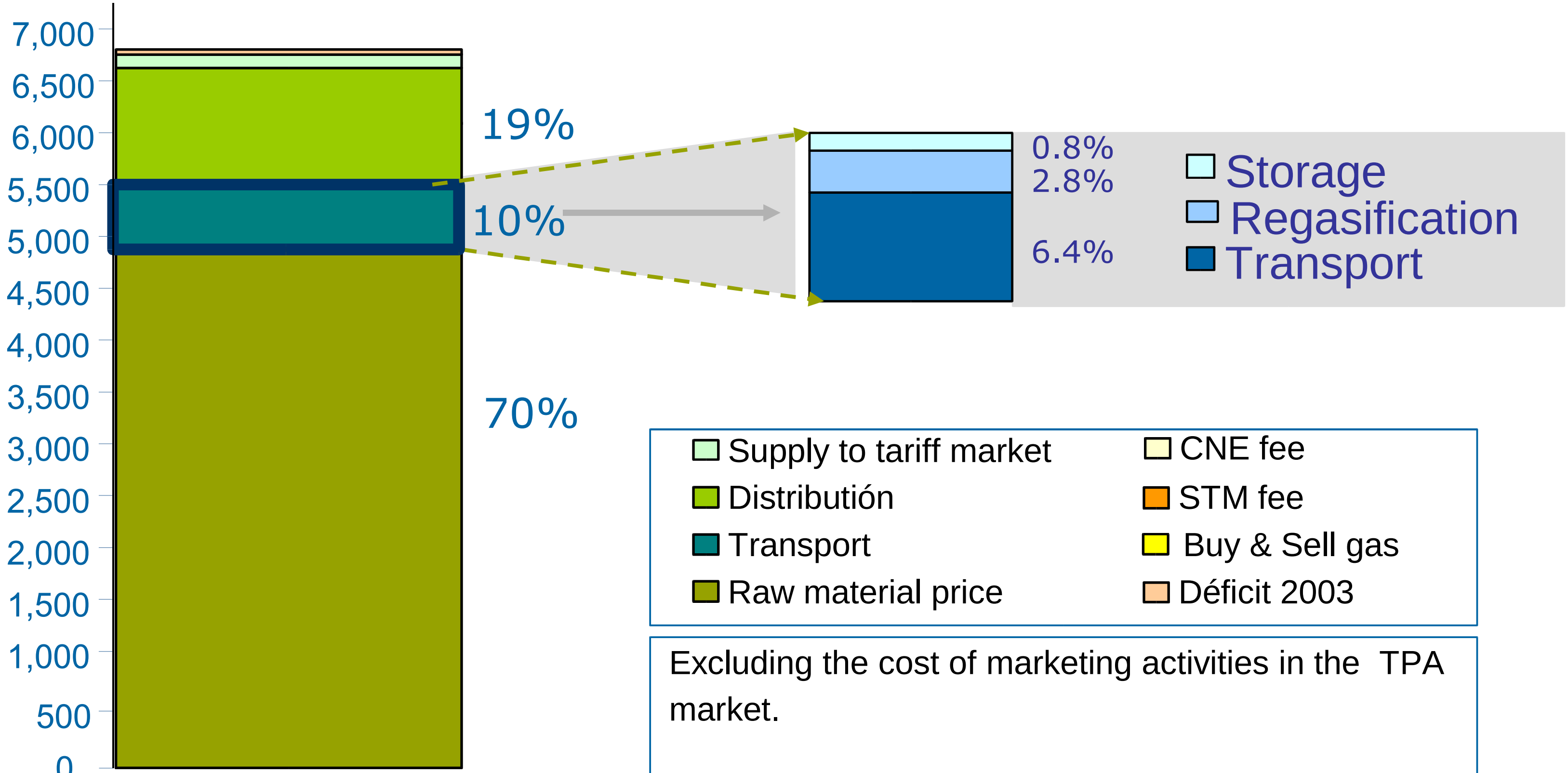
Significant reduction in tariffs and tolls.



Continuous improvement in revenues, fully compatible with cheaper tolls.

Source: MINECO

Transport cost out of the total bill



Excluding the cost of marketing activities in the TPA market.

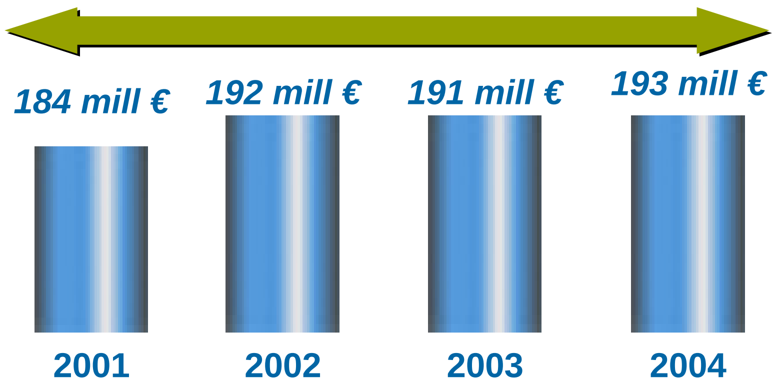
Transportation cost represents a small portion of total cost of gas to end customers

Note: Unitary cost of the raw material has been considered equal in all markets (TPA and tariff market)

Source: MINECO/CNE

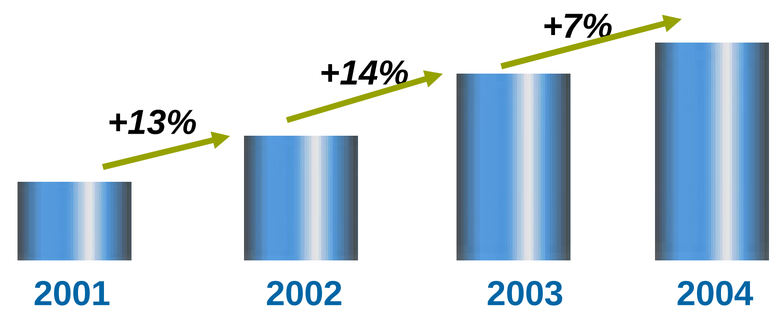
Operating efficiency improvement

Operating expenses



Strong growth in Asset Base with similar operating costs

GWh transported/Employee



Yearly efficiency improvement

Low cost compatible with high growth

Improving capital structure

Net Debt Ratio	46.1%	Net Debt /Total Assets
Interest Coverage	11.3x	EBITDA/Financial expenses
	March 2005	

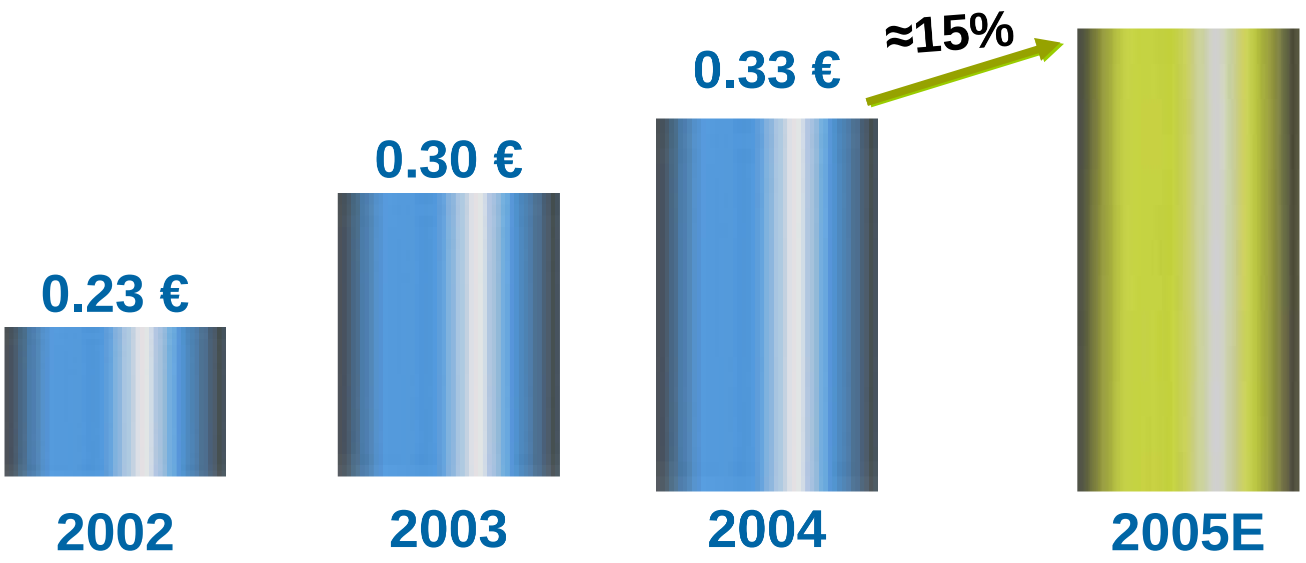
- Rating (S&P AA-, stable outlook, Moody's A2, positive outlook) confirm Enagas' position as the most secure and financially sound company in the Spanish energy sector.
- The financial strength has allowed Enagas to renegotiate better terms in its main loans during 2004.
- All financing requirements to 2006 covered: (350 million € ICO loan, 450 million € EIB loan, both long term).
- Interest-charge covered 2005-2008 at a maximum rate of 4.32% for 1,000 million €.

Mainly long term and fixed rate

enagas

Pay-Out policy in a high growth plan

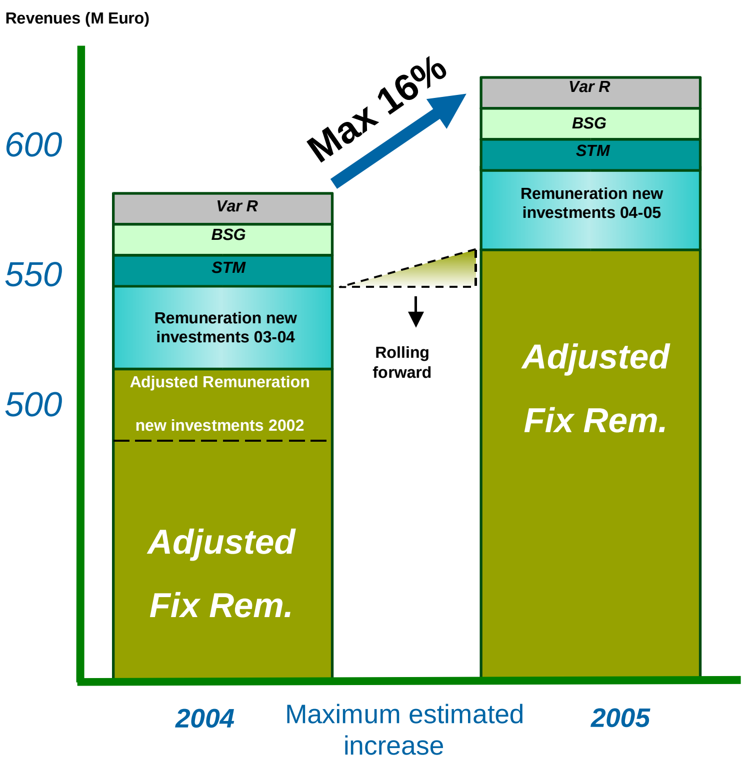
50% Pay-Out



Pay out could be increased once we reach maturity

2. 2005 and beyond

…Driving revenue growth



YEAR 1 REVENUE

New Investments (New facilities)

Standard updated investment x **10 y Gvt Bond 4,29% +1,5 %**

Financial return

\+

Depreciation:

- Pipelines: 30 y
- LNG tank: 20 y
- Regasification: 10 y
- Compression station: 20
- UGS: 20 y

\+

Updated standard costs

YEAR N REVENUE

Rolling forward

Revenues (Year n-1) x **IPH x efficiency factor**

IPH = [CPI (2%) + PPI (3%)] / 2

Efficiency factor: Max. 0,85x

Remuneration is received for new assets upon entering into operation

Fully depreciated assets continue to earn 50% of the financial return and recovery of 100% of the OPEX

System allows protection against inflation on existing assets

2005 targets

- The total estimated remuneration for Enagas in 2005 would imply a 16% maximum increase over 2004.
- Higher growth through improved efficiency. The OPEX will increase slightly over the inflation.
- EBITDA will grow in the 15-20% range.
- Capex and assets put into operation to reach levels of around 400 million.
- Net profit growth around 15%.
- Cost of debt will be around of 3.5%. The lowest cost of the sector.

Higher net profit growth in 2005

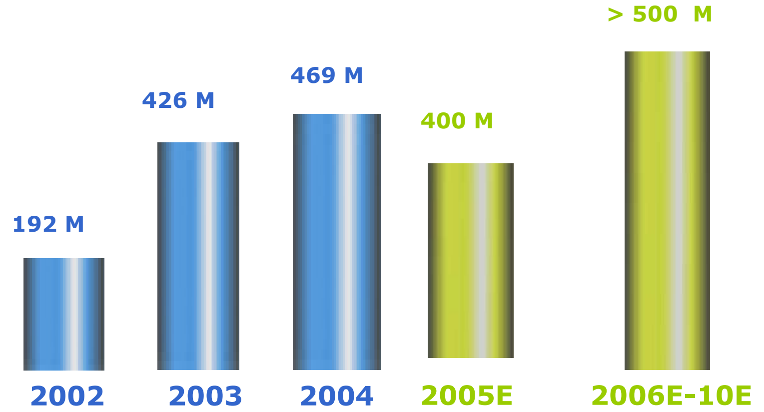
enagas

Upgraded investment plan

- **The process to update the 2002-2011 Mandatory Planning started in April and is expected to finish before the end of July 2005.**

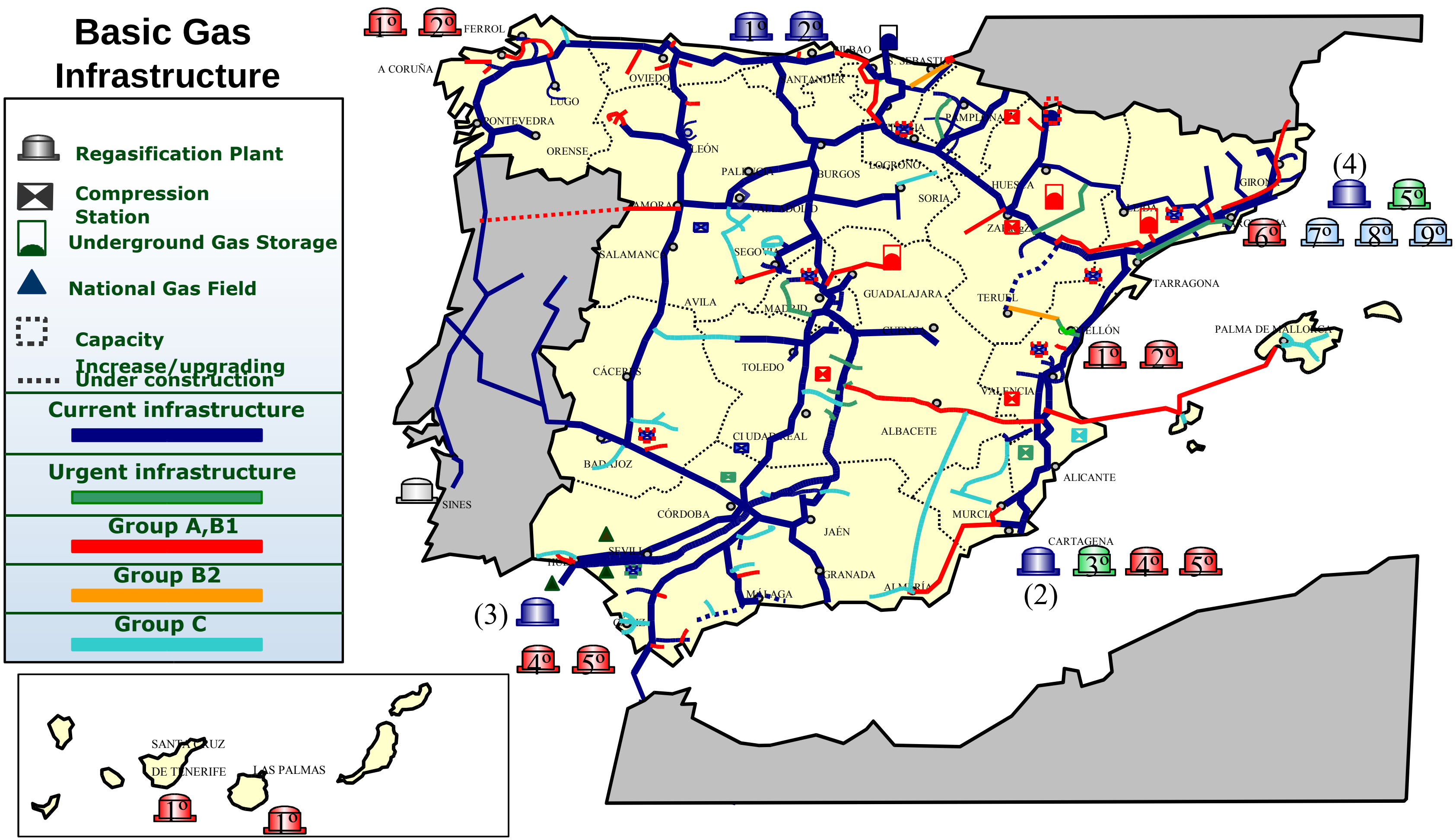
  What is it necessary to consider?

  - ✓ **Growth in the Spanish gas sector above the estimates of the current Planning.**
  - ✓ **A higher number of CCGT plants to serve during peaks of consumption.**
  - ✓ **Provide the satisfactory functioning of the gas system and the correct security of supply.**
  - ✓ **A higher vertebration of the system.**
  - ✓ **Spanish infrastructure grid still require significant operational developments.**
  - ✓ **Probable inclusion of additional investments in the category A**



Annual capex

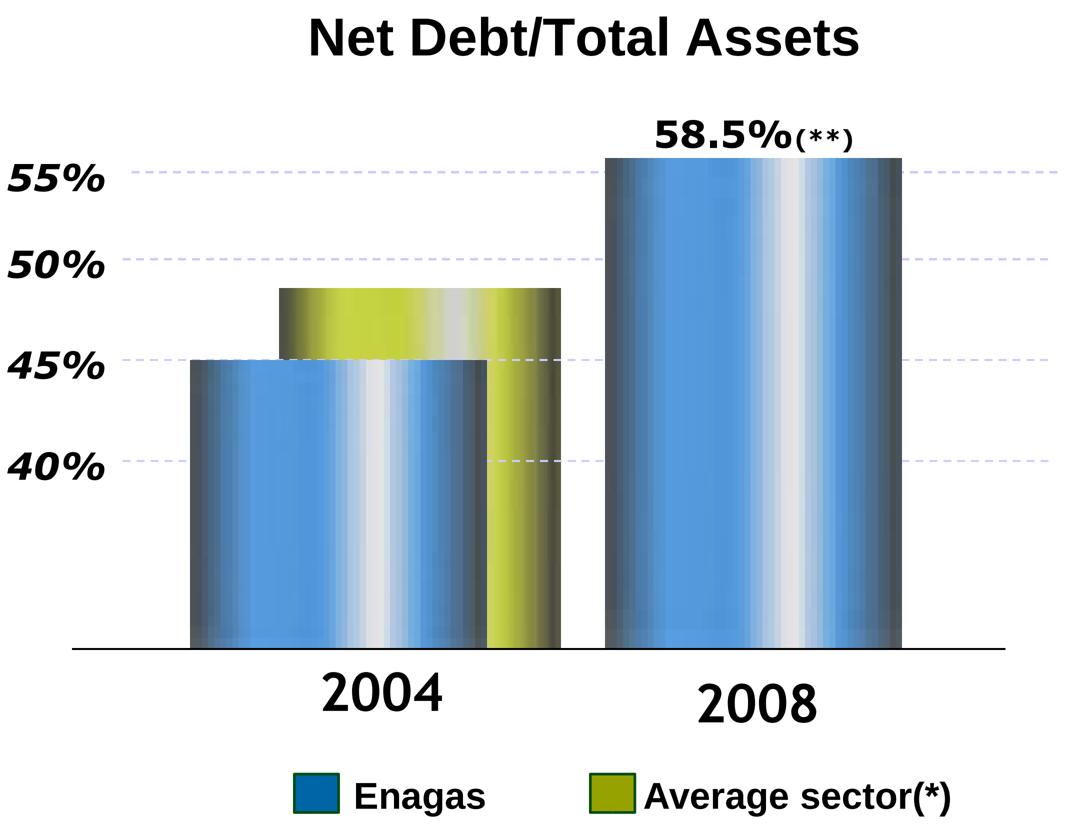
Need for network expansion



Expected revision during 2005

enagas

Financial flexibility



Peak debt/assets in 2008 still conservative.Room for further investments or dividend increases

(*): 2004 average european transport companies: NGT, Snam, Terna and REE

(**): These ratios are higher than those reported according the General Spanish Accounting Plan, due primarily to the reduction in total assets subsequent to the change in criteria for capital subsidies

3.Regulatory developments

Current regulatory framework

- In place since February 2002. Due to be reviewed in 2004. Expected review during 2005 to set a stable 4 years period starting Jan/2006.
- In general terms, the current framework has been positive for the Spanish gas market needs:
  - ✓ Rapid liberalisation process.
  - ✓ Tolls to access the system and tariffs for consumers have been reduced significantly to reach one of the lowest in Europe.
  - ✓ It has allowed for an important increase in the capacity of the system.
  - ✓ Incentive for improved efficiency.

... But the framework needs some improvements in order to further develop the Spanish gas system

enagas

Topics to review

- **PLANNING AND EXECUTION**
  - ✓ **Updating of Mandatory Planning.**
  - ✓ **Easing the process of permits and authorisation of projects.**
- **ECONOMIC REGIME**
  - ✓ **Improvement in current settlement procedures.**
  - ✓ **Parameters related to the first regulatory period.**
  - ✓ **Tariffs and tolls vs. contract duration.**
- **SYSTEM OPERATION**
  - ✓ **Implementation of the Network code.**
  - ✓ **Development of the gas secondary market.**
- **EUROPEAN REGULATION**
  - ✓ **EU Regulation on TPA.**
  - ✓ **2nd Directive on gas market.**
  - ✓ **Security of supply, although current Spanish norms more developed.**

Proactive and cooperative role with regulator

enagas

4.1Q 2005 Results

1Q 2005 Results

(million euros)

(Both quarters are formulated according to IFRS)

	1Q 05	1Q 04	%
EBITDA	**120.3**	98.0	**+22.8**
EBIT	**84.7**	68.3	**+24.0**
NET INCOME	**48.2**	39.3	**+22.6**

IFRS had no impact on the Balance Sheet or the Company Income Statement.

Assets into operation*:* **65.2 million €**

Investments: **80.3 million €**

Average Cost of Debt: **3.37% -> 46.1% Net Debt ratio.**

Transported gas demand: **+19.6%**

Results confirms development of investment plan, revenues growth and operating efficiency

enagas

5.Conclusions

Conclusions

Enagas has delivered on its promises since IPO in 2002

- **Intensive investment programme and strong increase in assets put into operation.**
- **Optimisation of capital structure and reduction in financial costs.**
- **Strict control of operating expenses.**
- **Strong growth of the Spanish gas market.**

Commitments announced and delivered

enagas

Conclusions

The Stock Market has reflected this results with a strong performance. However, we believe the investment case is still in place.

- **The Regulatory Framework and the Mandatory Planning should continue to be supportive.**
- **The Investment plan still very intensive for many years.**
- **There is still room for efficiency gains.**
- **Strong growth in the Spanish gas market expected for more years.**

High growth 2005 and beyond

enagas

Annexes

Leading spanish gas transmission company

High pressure pipeline network
4,494 miles (7,231 km)

Underground Storage Facilities
Serrablo & Gaviota

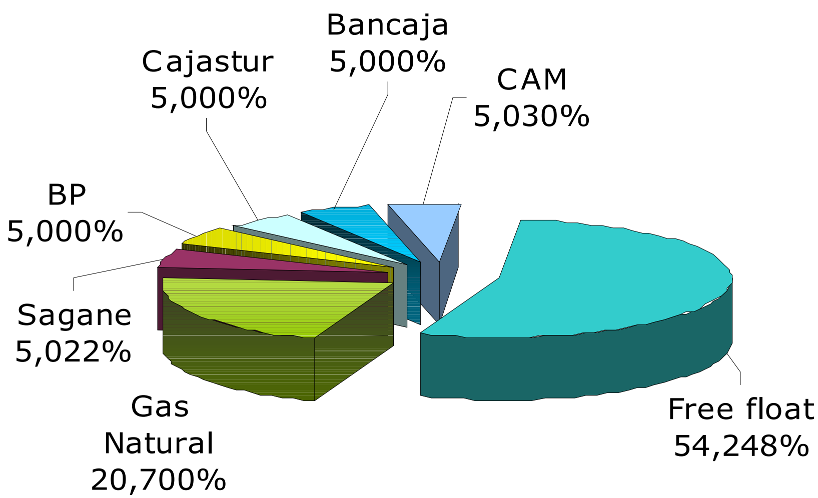
System Technical Manager

Three Regasification Plants

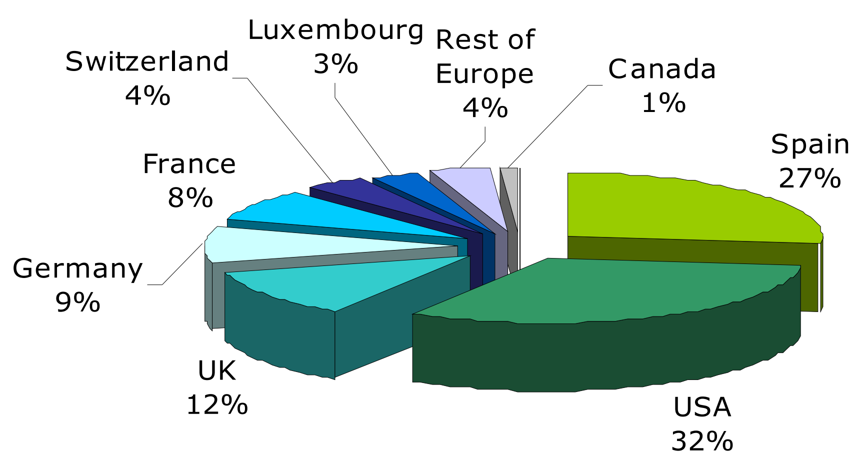
Capacity of 3,000,000 m3/h

Shareholder structure

Shareholder structure



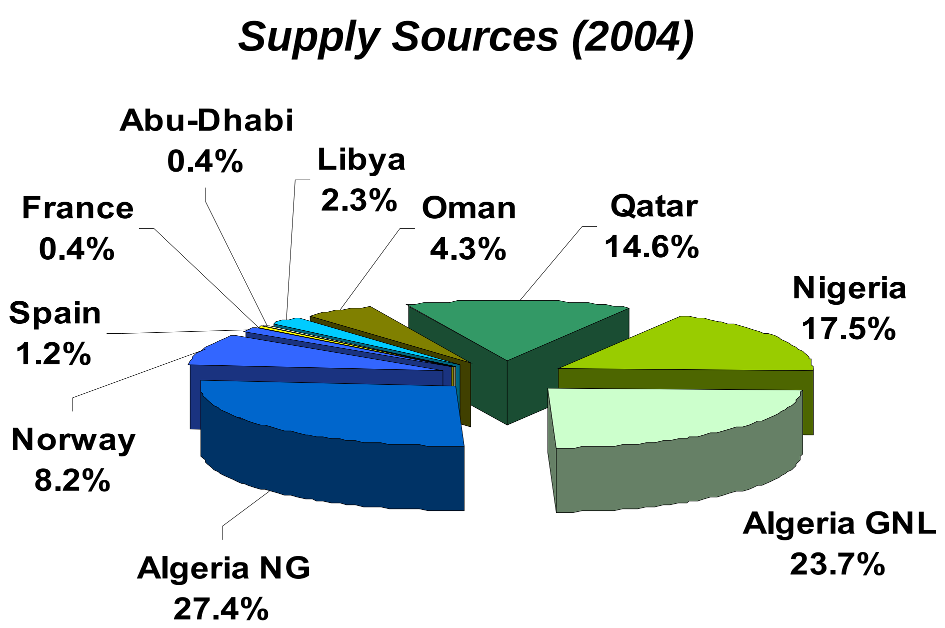
Free Float Composition

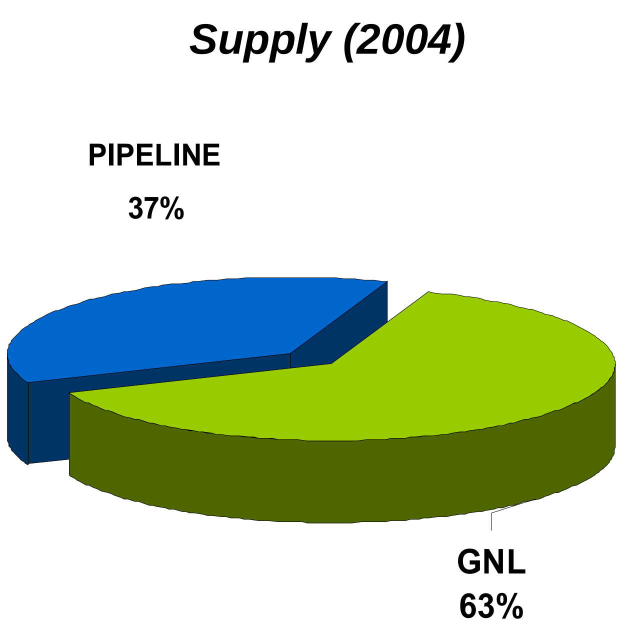


Art. 92 Law 62/2003 states a maximum 5% in the capital

Source: CNMV and Iberclear May 2005

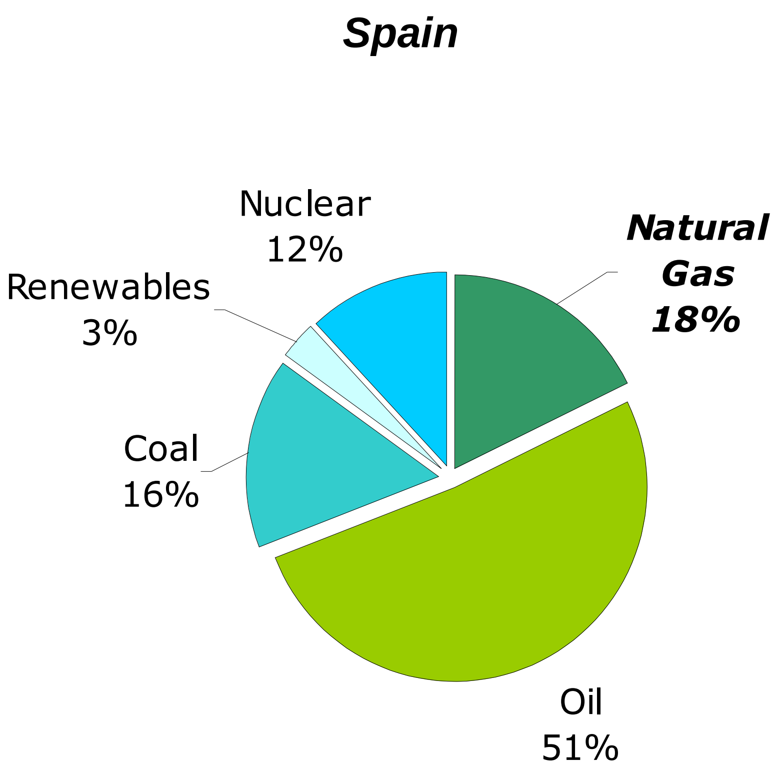
Dependence on imports and special importance of LNG

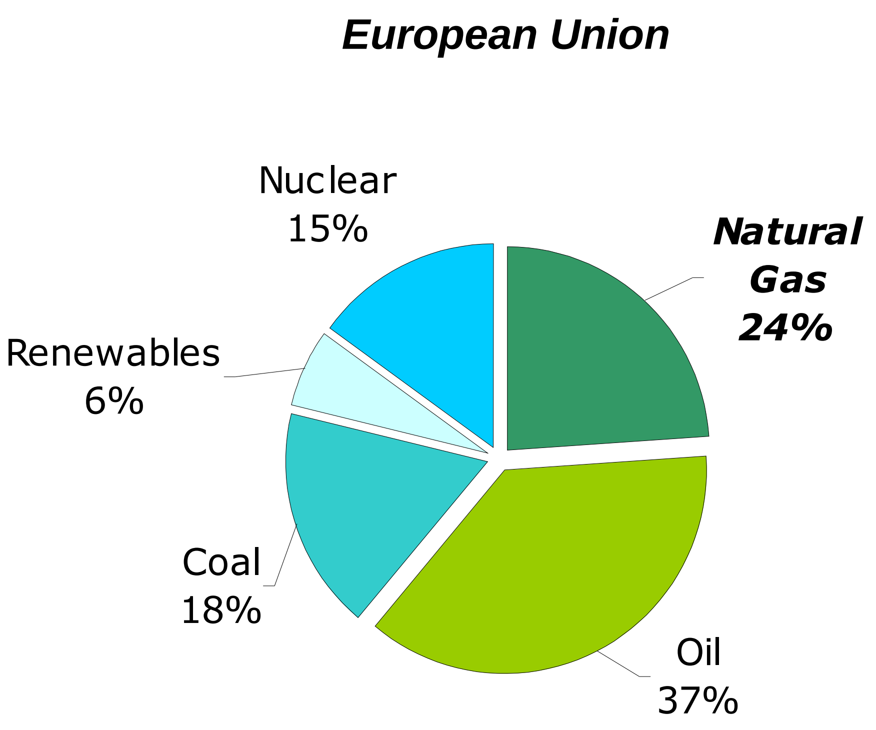




Lack of internal production

Necessary convergence with European gas penetration levels





Natural gas is unrepleceable as source of power generation and therefore crucial to guarantee security of supply

Source: Sedigas 2004

Regulatory framework developments

- Ministerial Orders
- Mandatory Planning
- Settlement Procedure
- Access to Network
- Diversification and security of supply
- Remuneration 04-05

- NEP approved unanimously
- Not an issue of political debate
- Ensure an adequate return on investments
- Incentive for improved efficiency

Expected revision during 2005

Main aspects of the natural gas sector in Spain

- **Demand growing at a very fast pace.**
- **Infrastructures need further development to cover future growth and guarantee security of supply.**
- **The liberalisation process has progressed rapidly and in a short period of time.**
- **The regulatory framework, although valid, needs further improvements and be completely adapted to the European regulation.**
- **Tariffs and tolls have been reduced significantly and are among the lowest in Europe.**

Historical Highlights

Historical highlights

(Millions in EUR)	2001	2002	2003	2004
Current Assets	423.8	511.9	423.4	483.5
Total Assets	2,754.6	2,895.7	3,093.1	3,471.8
Shareholders' Equity	1,389.1	852.4	932.3	1,017.3
Total Debt	779.6	1,256.2	1,283.8	1,426.6
Revenues	444.4	526.1	574.4	615.5
Financial income/(expense)	(40.0)	(39.4)	(31.7)	(33.0)
EBITDA	275.0	333.7	383.0	419.0
Net Income	117.8	110.1	142.0	158.1
Net Debt/EBITDA	**5.04x**	**3.75x**	**3.33x**	**3.40x**
EBITDA/Finance Charges	**6.9x**	**8.5x**	**12.1x**	**12.7x**
Net Debt/Total Assets	**37.0%**	**43.3%**	**41.3%**	**41.1%**
ROE	**9.6%**	**13.4%**	**15.9%**	**16.2%**
ROCE	**5.0%**	**6.8%**	**7.5%**	**7.7%**

ROE: Clean Net Income/ Average Shareholder's Equity
ROCE: Net EBIT/ (Average Debt + Average Equity)

Main operating highlights

GAS DEMAND TRANSPORTED (GWh)	2003	2004
Regulated Market	80,703	61,095
Liberalised Market	194,535	258,533
Total Transported Demand	**275,238**	**319,628**
REGASIFICATION ASSETS	**Unid.**	**m^3 o m^3/h**
LNG Tanks (number and capacity)	9	710,000 m^3
Nominal Regasification Capacity		2,700,000 m^3/h
Cistern Loading Bays	9	
TRANSPORTATION ASSETS	**Unid.**	**Km**
Km of pipelines in operation		7,206
Compression Stations	11	
Regulating and Measuring (RMS) and Measuring Stations	301	
UNDERGROUND STORAGE ASSETS	**Unid.**	**Gwh**
No. of Storages Facilities	2	
Capacity		24,671

Disclaimer

This document may contain market assumptions. different sourced information and forward-looking statements with respect to the financial condition. results of operations. business. strategy and the plans of Enagas SA. Such statements are based on a number of assumptions that could ultimately prove inaccurate. and are subject to a number of risk factors. including the ability to realize cost reductions and operating efficiencies without unduly disrupting business operations. environmental. regulatory considerations and gjanral economic and business conditions.

Enagas does not assume any obligation to update publicly any forward-looking statements. whether as a result of new information. future events or otherwise. Further information on factors which could affect the company's financial results is provided in documents filed by the company with the CNMV.

Any data contained herein for periods 2000 and earlier was prepared by using historical proforma results. Proforma financial data is unaudited and calculated applying company's accounting principles.

Enagas
Investor Relations
investors@enagas.es
Tlf: +34-91-7099330
www.enagas.es