

IBERDROLA



The New Iberdrola
9 Months 2001 Results

November, 12 2001



Homogeneous basis

- CTCs

2000 Accounting



Reported

- Accrual basis

Pro Forma

- Cash basis

- Extraordinary Results

2000 Capital Gains
(Non Energy Business)



Reported

- Equity Consolidation

Pro Forma

- Extraordinary Results

2001 Telefonica Provision



- Financial Results

- Extraordinary Results

2001 Brazilian Devaluation



- Equity Consolidation

- Extraordinary Results

January-September 2001

Ordinary Profit +13.8%

- EBIT: +12.0%
- EBITDA: +11.0%
- Equity Consolidation +10.4%

Net Profit +9.3%

- Extraordinary results (98 million euros lower)

3rd Quarter 2001

- Revenues (+8.4%)
- Downwards trend in Operating Expenses
- Lower CTCs margin (-40.8 million euros)
- Stable Financial Expenses

Generation Mkt. Share

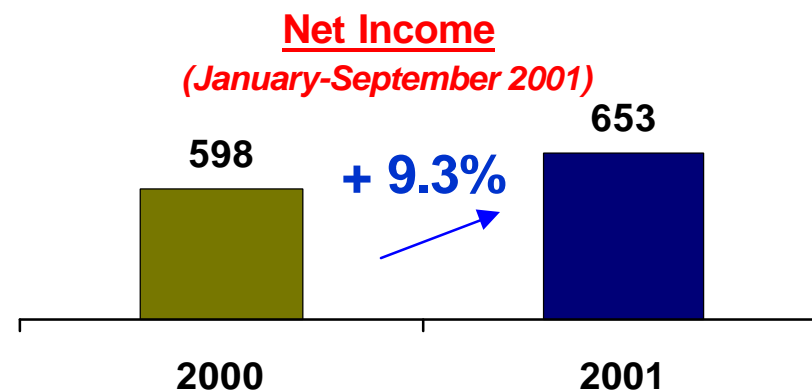
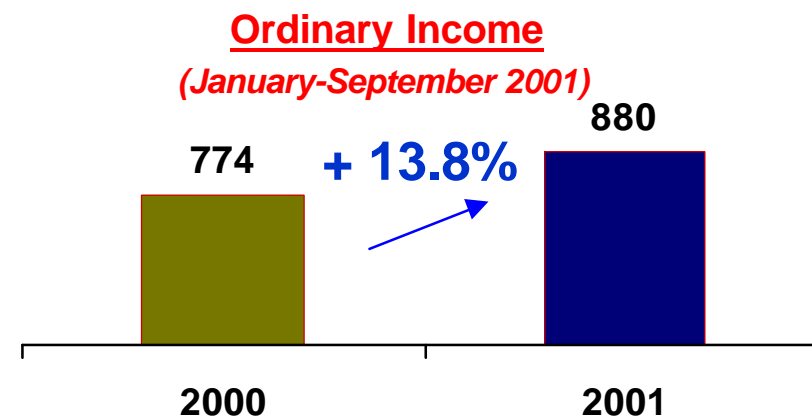
31.6%

Total Market Share

38.2%

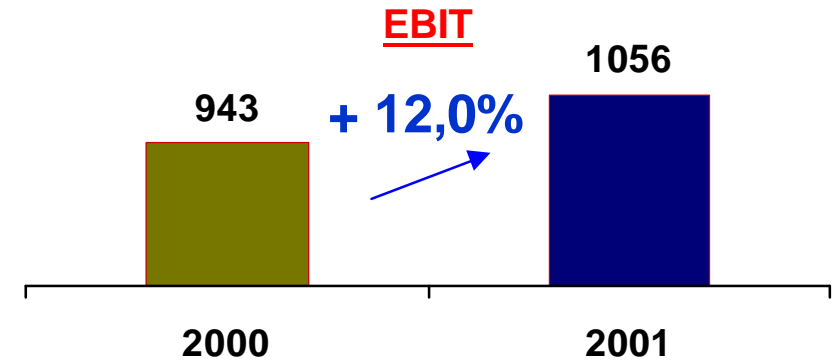
Liberalized Supply Mkt. Share

40.2%



EBIT

- Increased by 12.0%
- Higher depreciation expenses: +9%
- Generation Gross Margin: Over 18%



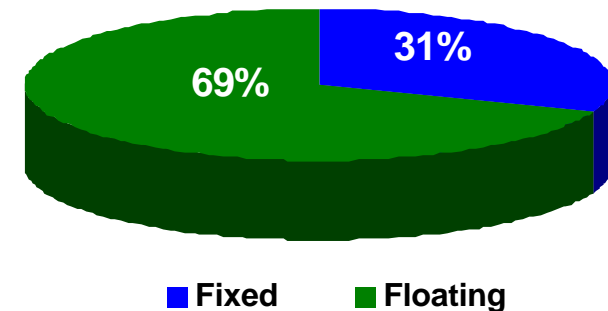
Interest Expenses

- Increased by 15.7% due to higher Debt level
- Cost of Debt: 5.5% versus 5.1% in 9 months 2000

Financial Debt

- Amounts to 9.4 billion euros
- Increased by 1.2 billion euros

DEBT STRUCTURE





Equity Consolidation

- Reached 137 million euros. Increased by 10.4%
 - Non Energy Businesses: 42.9 million euros
 - Brazil: 36.4 million euros
 - Other (Repsol, EDP, etc.): 57.2 million euros
- Brazilian Investment (Guaraniana) to be consolidated through Proportional Integration

Extraordinary Results

	<u>9M 2000</u>	<u>9M 2001</u>
• Brazilian Devaluation:	0 million euros	36 million euros
• Telefonica Provision:	0 million euros	101 million euros
• Gamesa stake Capital Gains:	0 million euros	56 million euros



Net Income Breakdown

	<u>9M 2000</u>	<u>9M 2001</u>
• Domestic electricity business:	80%	79%
• Non Energy Businesses:	15%	15%
• International (Brazil & Mexico):	5%	6%

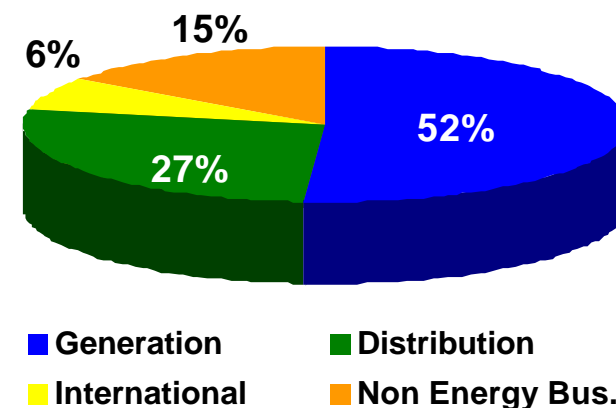
Funds from Operations (FFO)

- Amounted 1.1 billion euros vs 1.0 in 2000 (+9.5%)
- 838 million euros used for Material Investments
- 482 million euros used for Dividends
- 998 million euros in working capital and others

Fourth Quarter Evolution

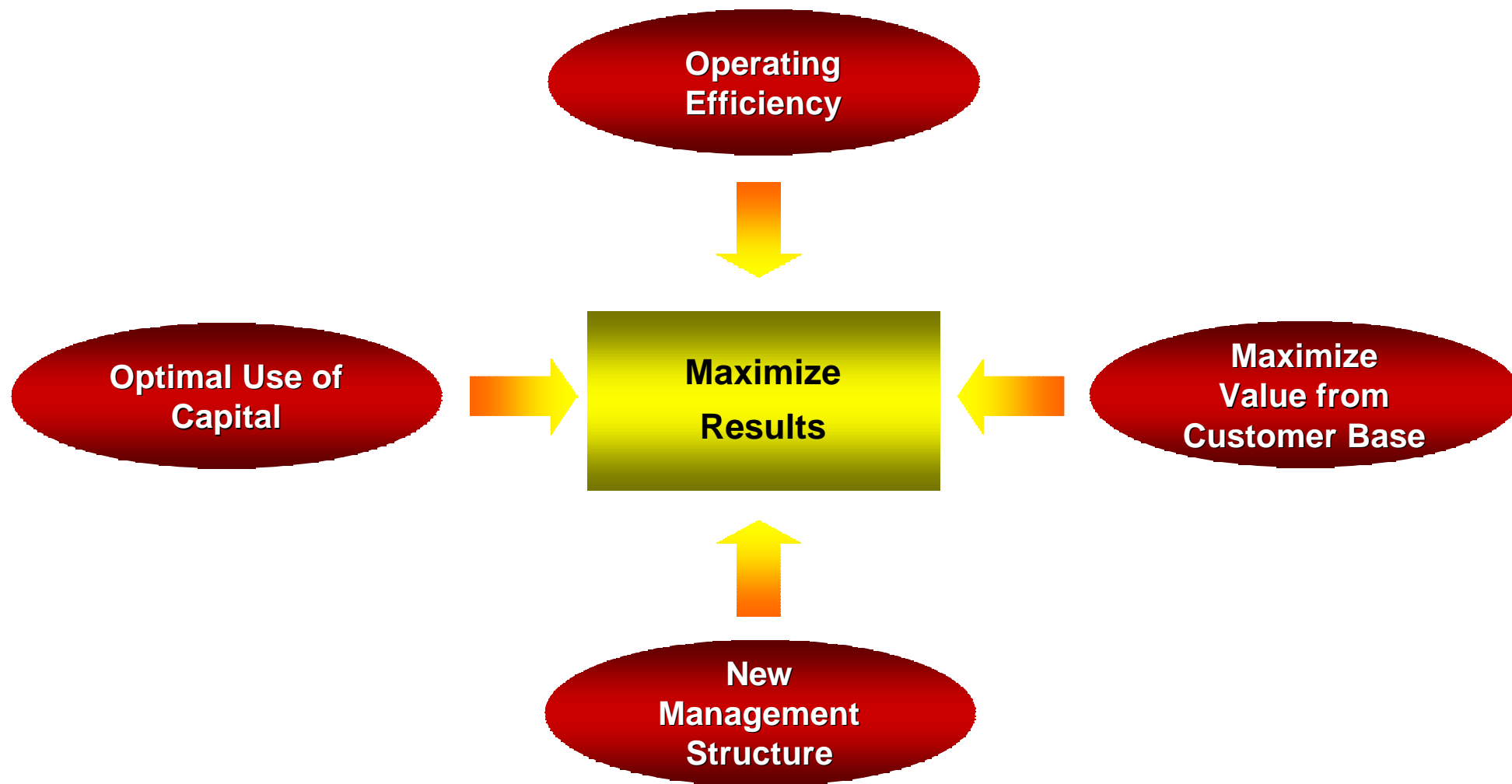
- Regulation status
- Liberalized market growth
- Stock Market Evolution: *Telefónica's current price increases pre-tax profit by 40 million euros*
- Gamesa 2000 Capital gains not expected in 2001
- Macro scenario: *interest rates/fuel prices*
- Strategic Plan: *Cost reduction/disposals*

NET INCOME-BUSINESS





KEY PILLARS





Iberdrola's budget for year 2002



- Zero-base perspective
- Initial bottom up approach
- Aggressive top down analysis by the Planning and Control Unit.

Goal: To achieve the cost savings announced in the Strategic Plan

New Commercial Director



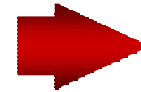
- Proven Commercial and Marketing track record in the Energy sector

Goal: To strengthen the commercial and marketing orientation of Iberdrola



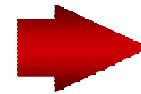
New Organization

- Already put in place
- Affecting all levels



New
Management
Structure

Investment Efficiency: CCGTs

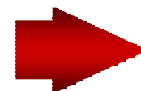


Optimal Use of
Capital

- 634 million euros invested (302 million in Spain and 332 million in Mexico)
- 120 MW already in operation in Mexico (Enertek)
- 2,200 MW: Construction near completion with turbines installed
 - Cartagena, Castellón I and Castejón in Spain
 - Monterrey in Mexico: gas-feeding tests for turbines in process
- 1,400 MW: Civil works near completion with turbines delivered on site
 - Bahia de Bizkaia and Tarragona in Spain
 - Altamira in Mexico
- 2,000 MW: Civil works started
 - Santurce, Escombreras and Castellón II
- 400 MW: Administrative tramits pending
 - Aceca



Investment Efficiency: Renewables



Optimal Use of Capital

- 1,070 MW operational, 500 MW under way
- Restructuring to cristalize value and enhance visibility

Investment Efficiency: Gas

Supply Diversified

- Europe
 - Natural Gas
 - Eni/Snam
 - Statoil
- Africa
 - Nigeria
- Arab countries
 - Sonatrach-Algeria
- America
 - Pemex
 - Petrobras
 - Trinidad & Tobago

Prices Diversified

- Electricity
- Coal
- Crude Oil
- Inflation

Currency Diversified

- US Dollar
- Euro

Regasification

2003		2006	
Bilbao (25%)		C.Valencia	
2,7 bcm	1 ^a stage	6 bcm	
6 bcm	2 ^a stage	---	



Trade 20% of total volume in 2006

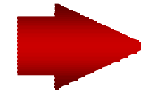
- 11% for internal use
- 9% for supply to final customers



October 2001
1% Market share



Disposal Program



- Corporate Real Estate
- Assets independent from business activities

<u>Including:</u>	<u>Num</u>	<u>Extension (m²)</u>
- Buildings	11	66,600
- Urban Premises	277	50,600
- Urban land	267	124,080
- Rural land	135	Several million

- Richard Ellis engaged as Agent for some office buildings

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