



G R U P O  
**IBERDROLA**

**FIRST HALF 2001 RESULTS**

**Conference call**

**Speech CEO**

**July, 26th 2001**



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## Mr. Galan back-ground

- Degree in Electrical Engineering
- Professional carrier. CEO position:
  - Car industry. Tudor
  - Aeronautical sector. ITP, Eurojet
  - Telecom sector. Airtel Movil
- Appointed ViceChairman and CEO of Iberdrola  
in May, 21st



## What I have found in Iberdrola

### - Strengths:

- Most competitive generation mix in Spain
- Most efficient distribution network in Spain
- Latin America strategy focused on Mexico and Brazil
- Profitable and growing diversification business
- High quality human resources
- Strong financial structure

### - Skills to be reinforced:

- Customer management
- Energy management
- Networks management
- Strategic focus



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## Strategic Plan Guidelines - Main drivers

- Efficiency is a must
- Results - oriented
- Concentrating in core business (electricity, gas, water)
- Strengthen our leading position by 2005
  - Spain: Growth in CCGT's (2.600 MW), Renewables (3.200 MW), Gas and Water
  - Mexico: Generation capacity up to 5000 MW, Gas distribution
  - Brazil: Growth in Generation (1400 MW)

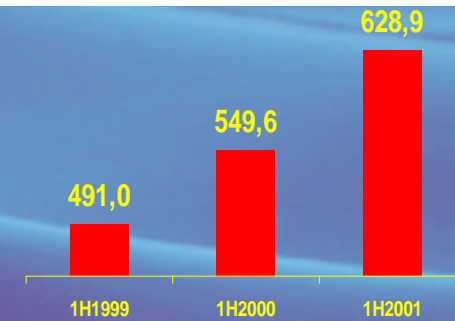
**TARGET: TO DOUBLE ENERGY PRODUCED IN 5 YEARS,**

- Other areas for potential investment
  - Europe: Selective approach
  - USA: Energy sector momentum

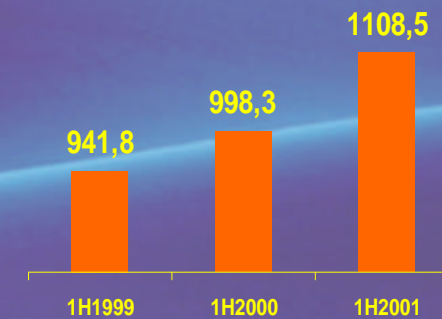


# First half 2001 Results. Main Features

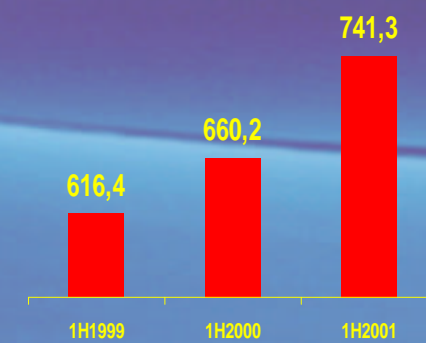
- Ordinary Income increases by 14.4%



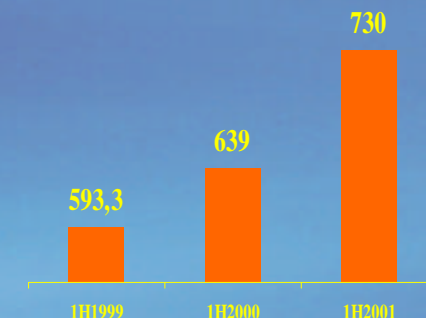
- EBITDA increases by +11%



- EBIT increases by +12.3%



- Cash Flow increases by 14.3%



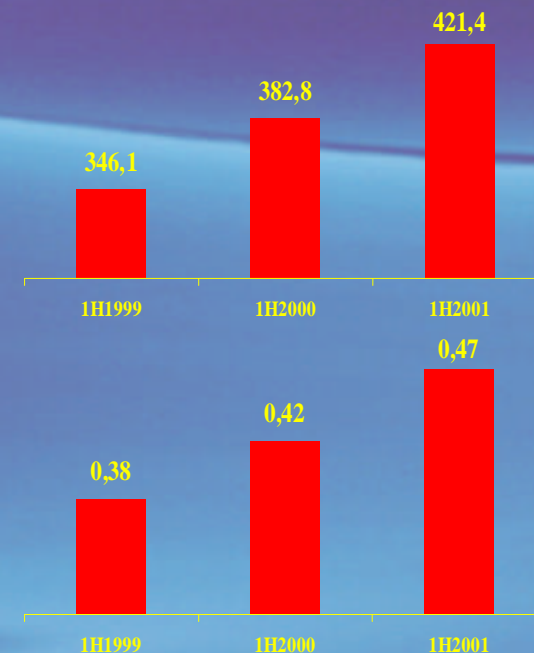
## First half 2001 Results

### - Extraordinary results

- Capital gains in Gamesa: 56 million euro (CASH)
- Provision Brazilian Real devaluation: 23 million euro (NON-CASH)
- Provision Telefonica stake: 63 million euro (NON-CASH)

### - Net Profit increases by 10.1%

### - EPS reached 0.47 euro, 10.1% up





## Issues of special interest

- **Gas business**
  - Deal with Gas Natural in Latin America
  - Agreement with Enagas
  - Diversifying gas supply
  - Supply agreement with Gas Natural
  - Algerian opportunities
- **Brazilian shortage of electricity**



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## First half 2001

	<u>1H2001</u>	<u>1H2000</u>	<u>%01/00</u>	<u>1H1999</u>	<u>%00/99</u>
ORDINARY INCOME	628,9	549,6	14,4%	490,8	12,0%
EBITDA	1.109	998,3	11,0%	941,8	6,0%
EBIT	741,3	660,5	12,2%	616,4	7,1%
NET INCOME	421,4	382,8	10,1%	346,1	10,6%
EBITDA / SALES	33,3%	29,4%		28,8%	
INTEREST COVER	3,4x	3,5x		3,5x	





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