

Gamesa

H1 2005



Please refer to page 15 for Forward Looking Statement







JULY 2005

Agenda

- **Executive Summary**
- **Business Performance**
- **Financial Performance**
- **Business Units**
- **Conclusion**

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Executive Summary

-  **Start up of IFRS accounting application in 2005 (and 2004 for comparison).**
-  **Consolidated Net Income for the first six months of 2005 reached EUR 71 MM.**
-  **Net Income variation vs. H1 2004 represents 14% increase.**
-  **Net Financial debt for EUR 1,543 MM due to seasonality in Gamesa Energia and Gamesa Eolica.**
-  **Improved international activity in Gamesa Eólica and Gamesa Energía**
-  **Aeronautics and Gamesa Servicios performance according to expectations.**

Business Performance

Main Issues.

Gamesa Energia

-  Improvement in wind farms developments outside of Spain.
-  Start of wind farm sales in Italy, Portugal and Greece
-  Potential PTC extension in the USA
-  Lower than expected level of installations in Spain due to delays in permissions and grid connections
-  Potential Increase in Spanish targets from 13,000 MW to 20,000 MW

Gamesa Eolica

-  Increased level of foreign sales
-  USA facilities to be ready by Q1 2006
-  Increase in vertical integration (acquisition of FNN)
-  Scarcity of carbon fibres affecting availability of G87/90 blades

Gamesa Aeronautica


-  Restructuring plan reaching targets
-  Improvement in EUR/USD exchange rate


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Financial Performance

Consolidated Financial Statements. P&L Highlights

EUR MM	2004 H1	2005 H1	Δ %
Revenues	793	932	17%
EBITDA	132	165	25%
Net Income	62	71	14%

-  **188 MW of Wind farms sold (144 MW in Work In Progress)**

-  **850 MW of Turbines sold (16% increase vs. 2004)**

-  **Wind farm and Turbine sales in H2 will be higher than in H1 due to seasonality**

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Financial Performance

Divisional Breakdown

EUR MM	Revenues			EBITDA			Net Income		
	H1 '04	H1 '05	Δ %	H1 '04	H1 '05	Δ %	H1 '04	H1 '05	Δ %
Windfarm Development & Sale	118	151	27,7%	11	26	139%	1	17	-
WTG Manufacturing	513	590	15%	94	96	2%	43	35	-20%
Advanced Services	118	104	-12%	6	9	54%	3	6	86%
Aeronautics	139	187	35%	27	19	-30%	11	0	-96%
Corporate & Adjustments	-95	-101	-5,9%	-6	15	351%	3	13	288%
GAMESA	793	932	18%	132	165	25%	62	71	14%

NOTE: Gamesa Eolica includes SESA, vehicle used for acquisition of Vestas participation in GEOL

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Financial Performance

Main Changes from Spanish GAAP to IFRS. P&L H1 2004

EUR MM P&L	IFRS	Spanish GAAP	Δ	Comments
Revenues	793	834	- 41	- 44 due to WIP coming from previous years + 3 due to Negative Goodwill in ICOSA not applicable under IFRS (booked as other income)
COGS	-490	-488	-2	- 2 due to reclassification of extraordinary expenses
Personnel Expenses	-121	-130	+9	+ 9 due to reclassification of extraordinary expenses
EBIT	84	118	-34	TOTAL EBIT EFFECT
Goodwill Amort.	-	-10	+ 10	Not applicable under IFRS
Ordinary Result	69	93	-24	TOTAL ORDINARY RESULT EFFECT
Extraordinary Result	-	23	-23	-13 due to profits in treasury stock recognised as increased reserves -10 reclassified above (most in Personnel Exp.)
Pre Tax Profit	69	116	-47	TOTAL PRE TAX PROFIT EFFECT
Taxes	-7	-9	+2	Tax effect of adjustments done above
Net Income	62	107	-45	TOTAL NET INCOME EFFECT

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Financial Performance

Main Changes from Spanish GAAP to IFRS. B/S H1 2004






EUR MM Balance Sheet	IFRS	Spanish GAAP	Δ	Comments
Net Tangible Assets	250	270	-19	Subsidies accounted as lower investment
Net Intangibles	200	306	-105	Subsidies accounted as lower investment R&D in Aeronautica amortised linearly instead of by units sold
Anticipated Taxes	34	-	34	Tax effect of change in R&D amortisation policy
Goodwill	384	304	80	No amortisation under IFRS
Inventories	445	447	-1	WF Start Up costs capitalised under Spanish GAAP, now accounted as lower inventories
Other Assets	1.166	1.170	-4	+ 9 Mark to Market of derivative structures (FX FRA and IRS) - 15 Taxes reclassified as long term assets
Total Assets	2.480	2.496	-16	TOTAL ASSETS EFFECT
Equity Reserves	564	502	62	+70 Goodwill not amortised -13 Treasury stock - 39 Change in R&D Amortisation criteria (net of taxes)
Net Income	62	107	-45	Reclassified as Reserves (see page 7)
Total Equity	626	609	18	TOTAL EQUITY EFFECT
Deferred Taxes	9	-	9	Reclassified from s/t liabilities and other
Deferred Income	-	31	-31	Subsidies netting investments
Bank Debt	1.123	1.128	-5	Financial Expenses of Leasing not Recognised as Bank Debt
Other Liabilities	722	728	-6	Reclassified to l/t liabilities
Total Liabilities & Equity	2.480	2.496	-16	TOTAL LIABILITIES & EQUITY EFFECT

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Business Units

Gamesa Energía. Windfarm Development

Gamesa Energia			
EUR MM	2004 H1	2005 H1	Δ %
Revenues	118	151	28%
EBITDA	11	26	138%
Net Income	1	17	-





-  **188 MW of wind farms sold (144 MW in Work In Progress).**
-  **Seasonality and low level of installations in Spain have delayed WF sales, increasing WIP and reducing cash flow generation.**
-  **Development pipeline with more than 5,000 MW in advanced stage of development in different countries.**
-  **Potential increase of target installation in Spain from 13,000 MW to 20,000 MW.**
-  **5 Year PTC extension approved by USA Senate. Potential extension in Congress.**

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Business Units




Gamesa Eólica. WTG Manufacturing

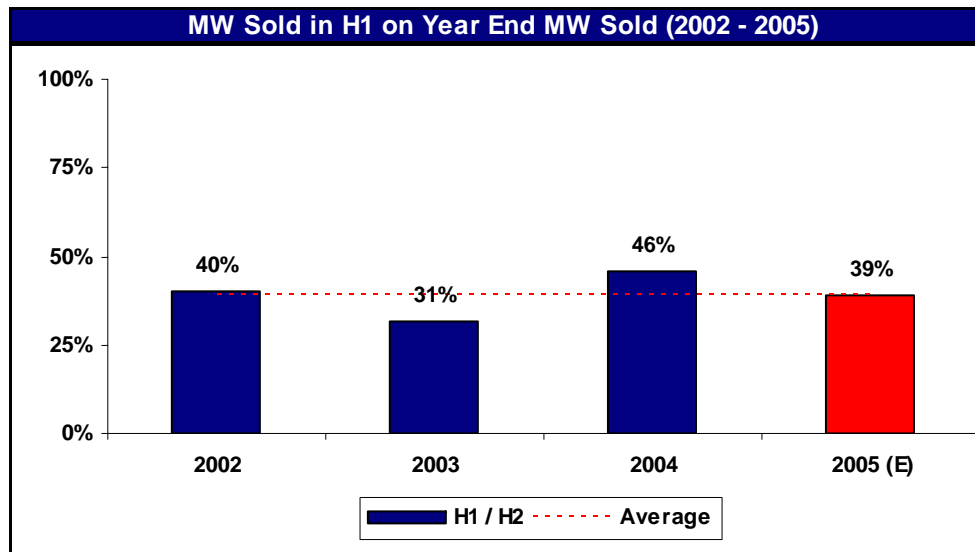
Gamesa Eólica			
EUR MM	2004 H1	2005 H1	Δ %
Revenues	513	590	15%
EBITDA	94	96	2%
Net Income	43	35	-20%

-  **USA Manufacturing ready for Q1 2006.**
-  **Patent agreement with GE allows Gamesa to sell variable speed in USA.**
-  **Increase in vertical integration through acquisition of foundry (FNN).**
-  **Difficult access to carbon fibres affecting G87/90 blades availability.**

Business Units

Gamesa Eólica. WTG Manufacturing

-  850 MW sold vs. 733 MW in 2004 (+ 16%).
-  44 % of MW sold outside of Spain.
-  Turbine sales in H2 will be higher than in H1, due to seasonality.







-  Seasonality does not affect P&L heavily due to Work In Progress accounting. However, working capital peaks in H1 every year.

Business Units

Gamesa Servicios. Advanced Services

Gamesa Servicios			
EUR MM	2004 H1	2005 H1	Δ %
Revenues	118	104	-12%
EBITDA	6	9	54%
Net Income	3	6	86%

- 
Installation and maintenance activity contributes to improve efficiency behaviour of wind turbines
 - 
Knowledge
 - 
Logistics and cranes



- 
Solar performance according to expectations

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Business Units





Gamesa Aeronáutica.

Gamesa Aeronautica			
EUR MM	2004 H1	2005 H1	Δ %
Revenues	139	187	35%
EBITDA	27	19	-30%
Net Income	11	0	-

-  Level of activity and reduction cost plan in line with expectations
-  USD exposure fully hedged for 2005. Favourable currency evolution.

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Conclusion

-  **Net Income represents Euro 71 MM**
-  **Great performance of WTG Manufacturing sales outside Spain (China, Italy, Egypt, USA,...)**
-  **188 MW of wind farms sold**
-  **Potential increase of target installation in Spain from 13,000 MW to 20,000 MW**

Forward Looking Statement

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