



Gamesa, Quarterly Report Q3 2006

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The company is progressing well to achieve the objectives laid down in the 2006 – 2008 Business Plan

- Net Profit is up to EUR 220 Mil. in nine months
- Sales of EUR 1,385 Mil. represent an increase of +40%
- EBITDA rises by +13% to EUR 225 Mil.
- NFD/EBITDA ratio decrease from 4.2x to 3.7x

Growth, Profitability and Financial Strength

Note: Comparative results refer to the same period of the previous year; figures are non audited and subject to IFRS

The focus on Key Strategic Accounts is bearing its first results

International

- Iberdrola: 2,700 MW of WTG (EUR 2.3 Bn) in 2007-2009

China

- Longyuan Group: 511 MW of WTG (EUR 240 Mil.) in 2006-2007
- Shandong: 250 MW of Wind Farm promotion rights

United States

- Iberdrola: 1,000 MW of Wind Farms in 2007-2009
 - 300 MW as turnkey projects
 - 200 MW as preferential acquisition rights
 - 500 MW in different stages of promotion

Strategic initiatives are improving global performance

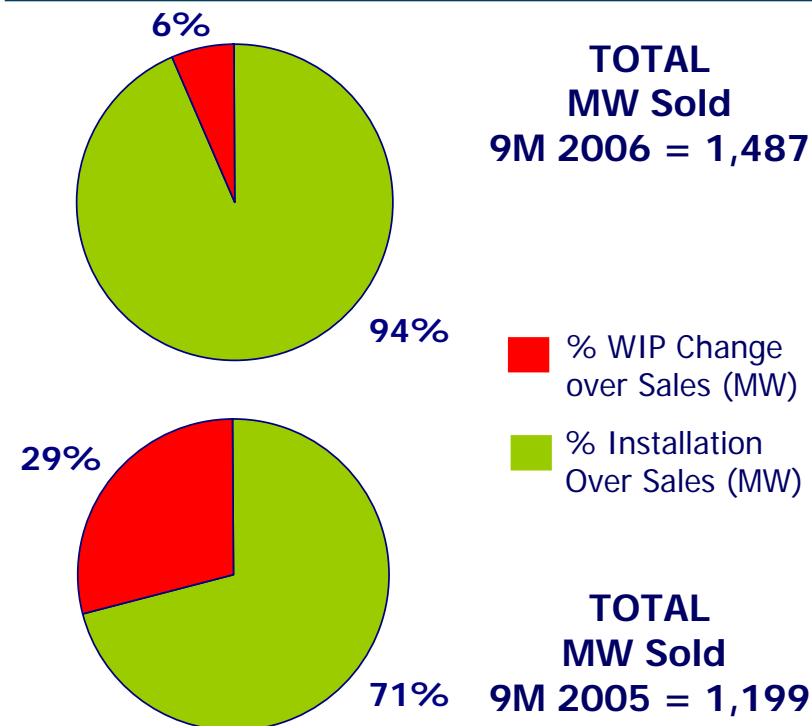
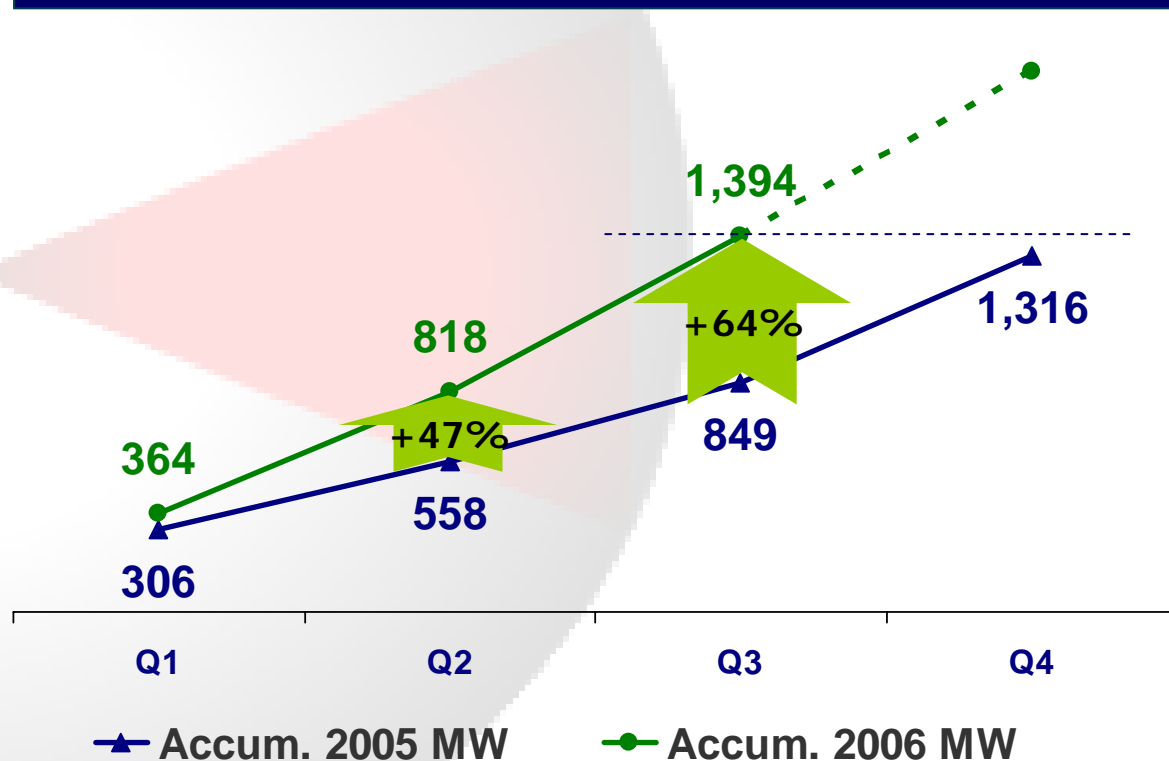
- **Significant improvement in Wind Farm deliveries (+182%)**
- **Increase in WTG installed MW (+64%), setting a new record in September (279 MW)**
- **Gamesa Servicios' transition process to Global Energy Services is being carried out satisfactorily**
 - The operating mode that has been introduced is helping to achieve the Business Plan goal of growth in target markets
- **The start-up of a new nacelle assembly facility in China completes the 2006 start-up programme for 7 new facilities world-wide, with a total investment up to EUR 104 Mil., a headcount increase close to 900 people and a global capacity rise of:**

➤ Blades	900 MW	➤ Tower	300 MW
➤ Assembly	1,500 MW	➤ Power Electronics	>1,500 MW

The +64% increase in installed MW over 9 months exceeds the total volume of installed MW in 2005 and sets a new annual record...

MW Installed

MW Sold



.. significantly reducing the MW sold as Work in Progress

Growth and margin recovery show the effectiveness of the strategic initiatives since the new facilities start-up phase (mainly in the USA)

EUR Mil.	9M 06	9M 05	Variation	Q3 06
Sales	1,166	879	+33%	418
EBITDA	200	122	+63%	73
EBITDA / Sales	17%	14%		17%
Net Income	75	35	+144%	29
Net Income / Sales	6%	4%		7%
FCF / Sales	-28%	-21%		-46%

The product mix (63% G8x vs. 52%), the shipping of materials to new production centres and the high level of activity have required an increase in working capital, which nonetheless has been diminished by a reduction in WIP over sales

Note: Figures are non audited and subject to IFRS

Business Units. Wind Farms

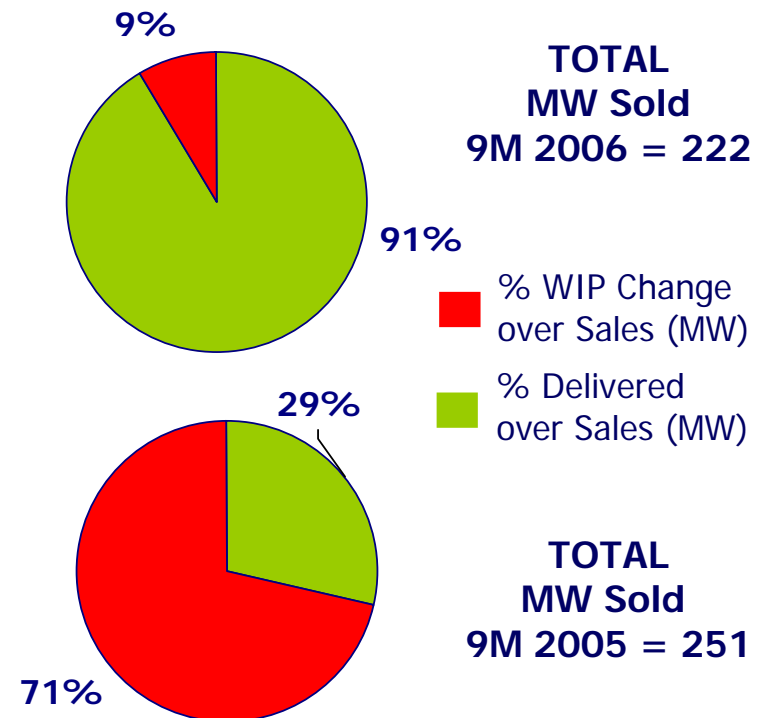
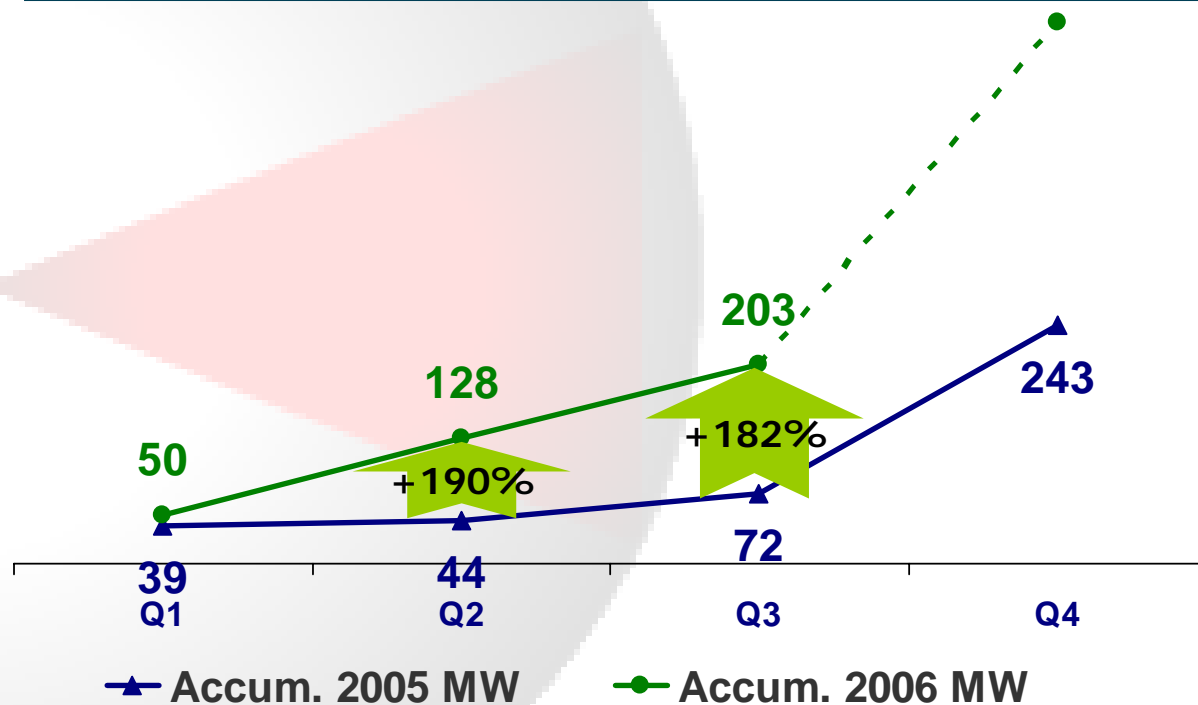


+182% increase in MW delivered in 9 months

12% fall in MW sold compared to 2005

MW Delivered

MW Sold



Wind Farms delivery program and WIP control have changed the mix of MW sold (9% WIP vs. 71% in 2005)

Business Units. Wind Farms



The results to September amount to 83% of total installation volume for 2005 and present containment of WIP

EUR Mil.	9M 06	9M 05	Variation	Q3 06
Sales	218	270	-19%	64
EBITDA	32	64	-50%	9
EBITDA / Sales	15%	24%		14%
Net Income	26	50	-48%	5
FCF / Sales	-10%	-110%		-2%

The investment linked to the greater number of Wind Farms under construction is increasing working capital needs, which on the other hand is lessened by higher deliveries

Note: Figures are non audited and subject to IFRS

Consolidated Results



Consistent growth in the WTG activity and controlling WIP in Wind Farms maintain the results level for continued activities...

EUR Mil.	9M 06	9M 05 ⁽¹⁾	Variation
Sales	1,385	992	+40%
EBITDA	225	200	+13%
Net Income ⁽²⁾	95	97	-2%
NFD/EBITDA	3.7x	4.2x	

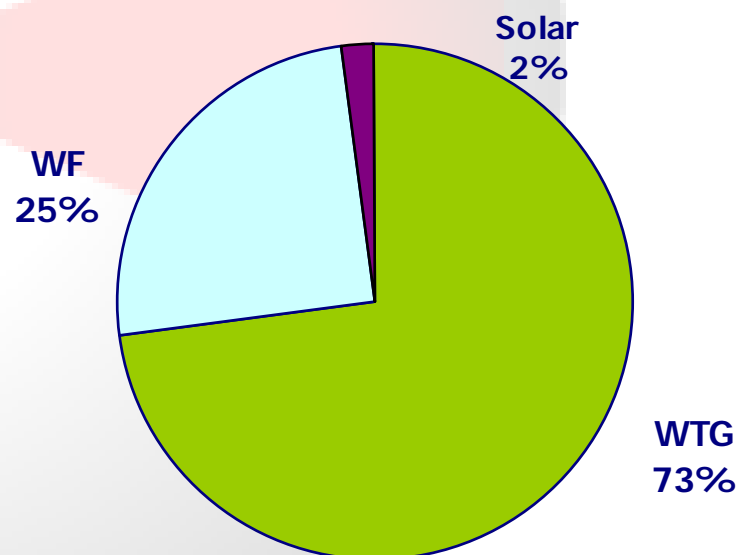
... while improving financial strength

(1) Proforma figures; (2) Net Income excluding non continued operations; Note: Figures are non audited and subject to IFRS

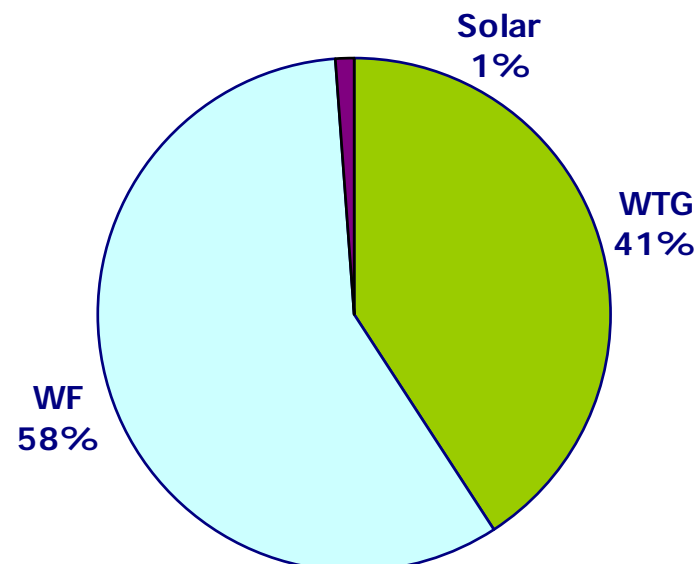
The annual Wind Farms delivery programme and the WIP MW reduction, have changed the profile of contribution to results by the business unit

Contribution to Net Income by Business Unit (Sept. 2006)

September 2006



September 2005



The WTG activity leads growth

Note: Percentage over aggregated figures, excluding non continued operations

Consolidated Results

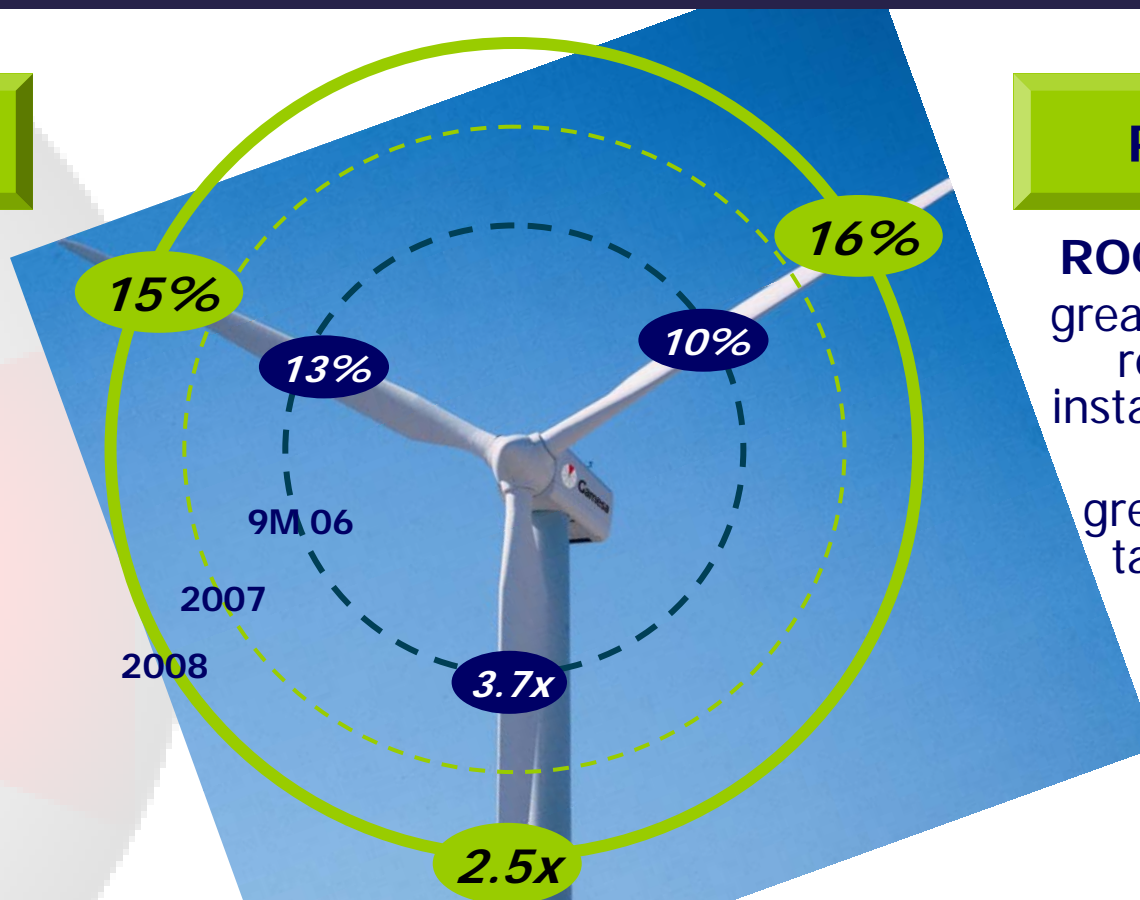


Growth

9M06 / 9M05
+13% EBITDA Consolidated
+ 63% WTG
- 50% WF

Profitability

ROCE 9M06 = 10%
greater working capital requirements for installations forecasted in Q406
greater investments taken on in Q306



Financial Strength

Net Debt / EBITDA = 3.7x in 9M06
4.0x in WTG vs. 4.7x in 9M05
2.8x in WF vs. 4.0x in 9M05

Environment

- ❑ **New regulation in Spain, expected in Q4 2006**

WTG

- ❑ **Maintaining pace of installations at > 200 MW per month** based on standard weather conditions
- ❑ **+100 MW of WIP in 2006e** derived from delays in carbon fibre and tower subcontracting programs

Wind Farms

- ❑ **Awarding of the 150 MW Wind Farm sale in the USA**
- ❑ **Increase in the pace of Wind Farm deliveries in Q4 (> 100 MW per month)** subject to WTG availability and weather conditions

- **Satisfactory Results**

- **4th quarter is crucial for results consolidation**

- **The Shared Strategic Plans which are developed with Key Accounts, are being implemented according to the business plan**

- **Industrial base is prepared for initiating the 2007 growth plan**

- **Continuing program to develop the supplier base** in order to maintain production rythms

- **Supply base in China** is being developed in accordance with the business plan

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About Gamesa

Gamesa is a company specialised in renewable energies, mainly wind power. Gamesa is the market leader in Spain and China, and is positioned worldwide among the most important WTG manufacturers with a market share of 13% in 2005.

In 2005, renewable energy activities took Gamesa's turnover up to EUR 1,745 Bn with a workforce of 3,700 people.

Up to 2006, Gamesa had installed more than 8,000 MW of its main product lines in 20 countries spread out over four continents. The annual equivalent of this production amounts to the electrical power consumption of a city like Madrid over six years, allowing for savings of 7.5 million petroleum equivalent tonnes / year and a reduction in CO2 emissions of 51.9 tonnes / year.

With a portfolio of more than 20,000 MW of wind farms in different phases of promotion in Europe, America and Asia and branches in 13 countries, Gamesa is positioned as one of the world's most important companies in wind farm promotion and development activities.

In 2006, Gamesa has started-up seven new production facilities with a total investment of over EUR 104 Mil. Two of these are in Spain, four in the USA in the state of Pennsylvania and one in China in Tianjin province.

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