

Shareholder's

Bulletin

First
quarter
/April 2019

Net profit rose 15% to 964 million euros



www.iberdrola.com

Ignacio Galán Chairman & CEO of Iberdrola



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"Iberdrola saw its net profit increase 15% over the first quarter of 2019 to 964 million euros, thanks to good operations performance across the board and the efficiency initiatives that the company has introduced.

Growth forecasts in terms of both net profit and dividends improved for 2019 as a whole".

### Shareholder returns

#### Iberdrola increases shareholder dividends by 7.7%

The General Shareholders' Meeting passed a gross minimum total shareholder remuneration of 0.351 euros per share charged to the 2018 results, 7.7% up on the previous year. The company already paid out 0.151 euros gross per share of this amount in January of this year.

On 24 April 2019, the Board of Directors approved the July 2019 launch of the 'lberdrola Scrip Dividend' programme, paying at least 0.2 euros per share in cash, meaning an annual shareholder remuneration of:

### EUR 0.351 per share (+7.7%)

The sum will be paid through the "Iberdrola Remuneración Flexible" system that allows shareholders to choose between the following dividend options (or combining more than one, with the equivalent remuneration):

- a) Receive free newly issued shares;
- b) Receive cash by selling all of a portion of the free allocation rights in the market;
- c) Receive cash by means of the payment of the Final Dividend for 2018.

#### The "Iberdrola Remuneración Flexible" calendar

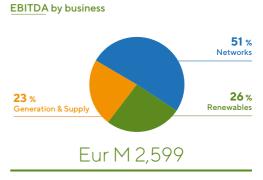
- **5**, **June to 1 July 2019**: Trading sessions considered for the calculation of the number of free allocation rights required to receive one newly-issued share and the amount per share corresponding to the Final Dividend for the fiscal year 2018.
- **2 July 2019**: Notice of significant event (hecho relevante) regarding the number of free allocation rights required to receive one newly-issued share and the gross amount of the Supplementary Dividend per share.
- **3 July 2019**: Last trading date on which the shares of Iberdrola are traded with the right to participate in the "Iberdrola Retribución Flexible" system.
- 4 to 18 July 2019: Common Election Period and of the trading period for the free allocation rights.
- 1 August 2019: Expected date for the registration of the newly-issued shares.

# "Share buy-back to maintain the number of shares at 6,240 M and avoid dilution"

## Highlights of the period

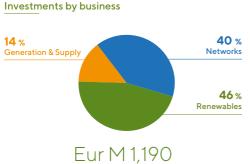
### EBITDA was up 11.9% to €2.6 billion.

Iberdrola's consolidated EBITDA for 1Q 2019 showed an increase of 11.9%, rising to 2.599 billion euros, on the back of strong growth of all the Group's businesses and continuing improved operational efficiency in all countries. **Networks business** EBITDA was up 9.9% to 1,318 billion euros, benefitting especially from excellent performance in Brazil (higher tariffs, and greater demand and efficiency) and the increased tariffs in the USA. The EBITDA for **Renewables** rose to 683.6 million euros, up 13.3%. The contribution from the United Kingdom, Brazil and Mexico, along with that of offshore wind power, more



than compensate for the fall-off in renewable energy production in Spain and America. Meanwhile, the Wholesale and Retail business recorded an EBITDA of just over 600 million euros (+19.2%), thanks to strong performance in Spain and Mexico, making up for the drop in production from the sale of thermal generation assets and the price ceiling in the UK.

#### Investments rise to €1.19 billion



Iberdrola's net investment for the first quarter of the year increased to 1.19 billion euros, mainly in the areas of Renewables and Networks, in line with the Group's strategy. Investment in Renewables was up to 557.2 million euros, 46.8% of the total.

Meanwhile, investment in Networks rose to 477.9 million euros, a figure that represents 40.1% of the total, mainly in Brazil and the US.

Over the past twelve months, investment has risen to 5.3 million euros.

The progress made in the Company's investment programme to March underlines the plan to commission 4.1 GW in 2019. The Group has the

industry's most extensive renewable portfolio, with projects totalling 39.5 GW. This investment programme is the result of a constant effort to develop a high-quality diversified portfolio as the main basis for future growth.

## Highlights of the period

#### Net profit up 15%



Iberdrola's net profit at the close of the first quarter rose 15% to 963.9 million euros, without taking into account significant non-current assets. Tax rates reached more standardised levels, closing at 20.8% against 16% for the previous year, as in this first quarter positive fiscal adjustments stemming from tax reforms in the US were recorded.

#### Financial soundness

Operating cash flow reported growth of 8.5%, passing the two-billion-euro mark for the second quarter in a row. Iberdrola's financial position continues to strengthen, with an FFO to total debt ratio of over 21%, in line with the figure at the close of 2018

	Mar-18**	Mar-19
Net Debt / EBITDA	3.98x	3.69x
FFO / Net Debt	21.4%	21.1%
RCF / Net Debt	19.0%	19.7%
Leverage	43.6%	43.7%

Adjusted by market value of treasury stock cumulative hedges (EUR 105.0 M at Mar-2019 and EUR 167.4 M at Mar-2018)

### Outlook

First quarter results, linked to the progress made with Iberdrola's growth initiatives, underlined the company's positive outlook for 2019 as a whole.

With regard to **Networks**, the company will continue to extend its regulated asset base through new investment, with results reflecting the improved earnings in the main geographical areas in which the Group operates.

In the **Renewable Energy** and **Wholesale and Retail** businesses, Iberdrola is scheduled to install over 4,100 MW of capacity, mainly in its renewables business in the US, UK, Spain and Mexico. This new generating capacity will increase the company's annual production by over 13%.

New efficiency measures are also set to be implemented in all countries, with divestments in non-strategic assets and the sale of minority shareholdings. These shares will allow us to finance expansion plans and sustain the company's financial strength.

All of this means that Iberdrola will increase its profit and dividend forecasts by the end of the year, ensuring high single-digit growth, a real improvement on the mid single-digit previously foreseen.

# Improving the estimated growth of Net Profit and Dividends for 2019

<sup>\*\*</sup> Pro forma credit metrics include Neo from April 1st, 2017 and exclude provisions for efficiency plans

# Shareholders' General Meeting

The Iberdrola General Shareholders' Meeting held in Bilbao on 29 March had a quorum representing 74.12% of share capital. All the agreements proposed by the Board of Directors were passed with an average approval of 98.65%.

Iberdrola's chairman Ignacio Galán, who was re-elected for a further four years, said that 2018 had been a "historic" year for the company, with net profits in excess of 3 billion euros for the first time, paying shareholders the biggest dividend to date.

He said that Iberdrola had "again demonstrated that a firm commitment to looking after the environment is perfectly compatible with that of our business project, namely to growth, profitability and the sustainable creation of value for all of you".



# Other key facts

#### 2019 divestment

On 6 March, agreement was reached with Lyntia Networks for the long-term assignment of the right to use surplus fibre optic capacity. Closure of the operation is subject to the authorisation of the CNMC, Spain's National Securities Market Commission. The total consideration, subject to the adjustments that are common in operations of this kind, was 260 million euros, with the impact on the year's results not included in first-quarter figures.

### Flotation of the Brazilian subsidiary Neoenergía

The Board of Directors of Neoenergia, Iberdrola's Brazilian subsidiary, recommended that the General Shareholders' Meeting on 29 April approve the company's flotation through a public offering of shares, having carried out the necessary studies.

## IBERDROLA and the stock market

### Iberdrola stock price performance vs Index



### Iberdrola's share price performance

10.0010	
1Q 2019	1Q 2018
6,520,457,000	6,438,374,000
7.82	5.97
7.31	6.23
17,893,030	21,277,919
57,141,894	54,392,699
8,499,324	11,015,146
0.156 <sup>(1)</sup>	0.145 <sup>(1)</sup>
0.151	0.140
0.005	0.005
4.37%	5.39%
	6,520,457,000 7.82 7.31 17,893,030 57,141,894 8,499,324 0.156 <sup>(1)</sup> 0.151 0.005

<sup>(1)</sup> Iberdrola-guaranteed rights purchase price.

### Stock Market Data

		1Q 2019	1Q 2018
Market Capitalisation	€ mill.	51,029	38,450
Earnings per share (6,520,457,000 shares as of 31/03/2019 and 6,438,374,000 shares as of 31/03/2018)	€	0.148	0.130
Net operating cash flow per share	€	0.312	0.292
P.E.R.	Times	15.96	13.44

<sup>(2)</sup> Dividends paid in last 12 months and attendance premium/share price at the close of the period.



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