

Shareholder's Bulletin

First half July 2020

A resistant business model with increasing results even under current circumstances

Net profit rose 12.2% to EUR 1,845 million



Committed to:



SDG



IBERDROLA

www.iberdrola.com

Chairman's key points



Ignacio Galán
Chairman & CEO of Iberdrola

“Our business model has, once more, allowed us to continue increasing our results, even during one of the most complicated periods in decades”

Sustainable Shareholder Remuneration

An **annual shareholder remuneration of EUR 0.40 gross per share**

Of the agreements approved at the General Shareholders' Meeting held in the first quarter, agenda item 12 relating to shareholder remuneration from the 2019 financial year to be paid out in 2020 was approved with 99.75% of votes in favour. Total minimum shareholder remuneration was set at EUR 0.40 gross per share, thus attaining the 2022 dividend target three years early.

Supplementary dividend of **EUR 0.232 gross per share** (or a new share for 44 rights) **to be paid on 4th August ...**

Of this amount, a gross dividend of EUR 0.151 per share was distributed in January, so the **remaining minimum of EUR 0.232 gross per share will be paid out in July** (+16% compared to the supplementary dividend in the previous year).

Said remuneration will be paid out under the "**Iberdrola Scrip Dividend**" policy, which allows shareholders to choose how they are remunerated: Receiving new shares at no cost, receiving cash by selling their rights on the market, requesting a supplementary dividend, or combining the various options.

As a result of this edition, it has been established that 44 rights are required to obtain one share.

The supplementary dividend will be paid on 4 August 2020, and new shares are expected to be issued on 5 August.

To avoid diluting shareholders, **Iberdrola honours its commitment to keep the number of shares at 6.24 billion.**

In this regard, the last General Shareholders' Meeting approved the redemption of shares needed to fulfil this objective, totalling 213,592,000 shares (3.31% of capital), which **was performed on 2 July 2020.**

LAST MINUTE

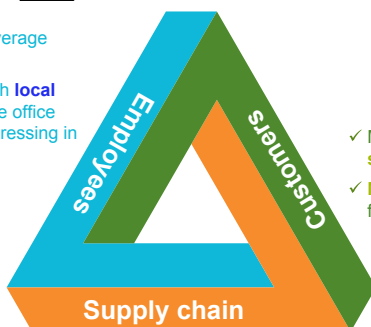
JULY 21th. 2020: **Iberdrola is the leading company in the Ibex by market capitalization, after overcoming Inditex**

Highlights of the period

COVID19 management

To the benefit of all stakeholders

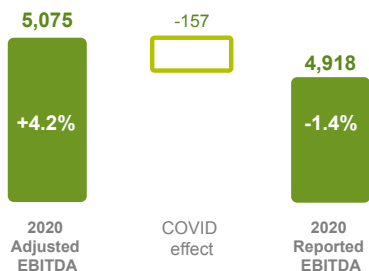
- ✓ **AENOR** quality certification received for excellence in anti COVID measures
- ✓ **Infection rate much lower** than the average of our countries
- ✓ **Responsible re-entry plans** in line with local regulations: all employees back in the office in Continental Europe and plans progressing in other geographies



- ✓ Maintaining a **security of supply**
- ✓ **Measures special** for vulnerable groups

- ✓ Increasing **CAPEX** to **EUR 3.582 M** in just 6 months
- ✓ Advancing purchases: **EUR 7,000 M** in H1

EBITDA



The **main effects** of COVID-19 have been, firstly, decreased demand, the impact of which in some cases (such as in the United Kingdom and the United States) can be recovered in the coming years as allowed by current regulations, while in others (such as Brazil), will be recovered under extraordinary review.

Secondly, the drop in commodity prices has forced spot prices in wholesale markets down, but this effect has been fully or partially offset by purchases made by free-trade businesses, and by the existence of fixed-price sales contracts (PPAs — Power Purchase Agreements).

In terms of net operating expenses, higher costs in employees' safety, health and transport, along with donations of health supplies and other social measures have been partially offset by cost savings arising from lower levels of commercial activity, travel suspension and other cutbacks in non-essential operating expenses.

As a whole, these effects have lowered EBITDA to EUR 157 million.

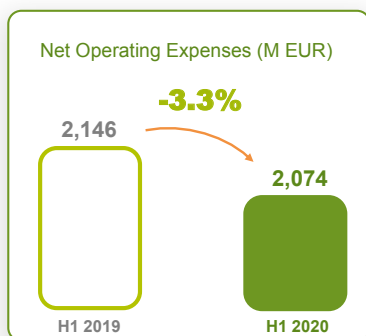
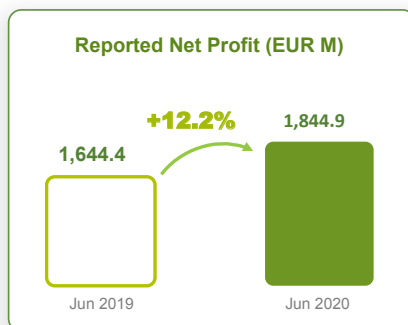
Highlights of the period

Reported net profit increased by 12.2%

Iberdrola's reported net profit grew by 12.2% in the first half of 2020, amounting to EUR 1.845 billion.

This was achieved thanks to a resilient business model based on diversified geographies and businesses, and to investment.

Adjusted net profit grew by 7.5% to EUR 1.670 billion. This item excludes the net impact of COVID-19, the capital gain on the sale of Siemens Gamesa and the non-recurring impact recorded on the UK tax line.



Hallmark operational efficiency

Improved operational efficiency has continued, measured by the net operating expenses/gross margin ratio, which stands at 25.8% at the end of June 2020 compared to 26.1% a year ago.

Net operating expenses have therefore fallen by 3.3% to EUR 2.074 billion, despite non-recurring extraordinary expenses due to COVID-19.

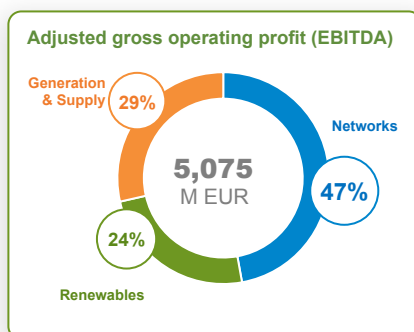
Adjusted gross operating profit (EBITDA) amounted to EUR 5.075 billion.

Adjusted operating profit increased by 4.2% to EUR 5.075 billion.

Operating profit for the **Networks** business, however, decreased to EUR 2.319 billion as a result of decreased demand due to the pandemic and seasonal effects in the United States due to storms.

With regard to **Renewables**, operating profit stood at EUR 1.227 billion as a result of increased production from the new—primarily wind—installed capacity (+2.3 GW). In terms of hydroelectric production in Spain, this increased by 51%, and the storage level has recovered, so the reserve level reached approximately 7.6 TWh, which is 60% higher than last year.

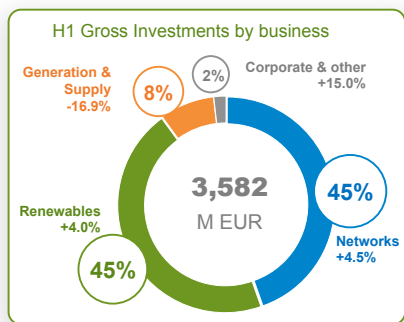
Operating profit in terms of **Generation and Supply** increased to EUR 1.352 billion, primarily due to increased production and lower procurement costs.



* Adjusted EBITDA = Reported EBITDA + COVID Impact

Highlights of the period

Boosting the economy by fast-tracking investment



Despite the restrictions imposed during lockdown due to COVID-19, net investment made in the first half of 2020 increased by 2.3%, amounting to EUR 3.582 billion, boosting the economy and in line with market targets.

New capacity of 1,600 MW has been installed during the quarter. Iberdrola also has a portfolio of more than 7.5 GW under construction to continue driving and boosting the green economy.

On a related note, in order to help our providers continue with their operations and provide them with the visibility they need, contracts totalling EUR 7 billion have been awarded up to the end of June.

Financial soundness

Iberdrola's financial position continues to go from strength to strength, with a cash generation (FFO) over net debt ratio of 21.7%.

The adjusted net financial debt at June 2020 totalled EUR 37.554 billion, up EUR 62 million from the EUR 37.492 billion restated in June 2019. Cash generation and the asset rotation programme offset the investment made in the period.

Adjusted net leverage increased by 40 b.p. to 44.9%. Funds from operations in the first six months of 2020 totalled EUR 3.922 billion, up 1.1% compared to the same period last year.

Adjusted credit metrics

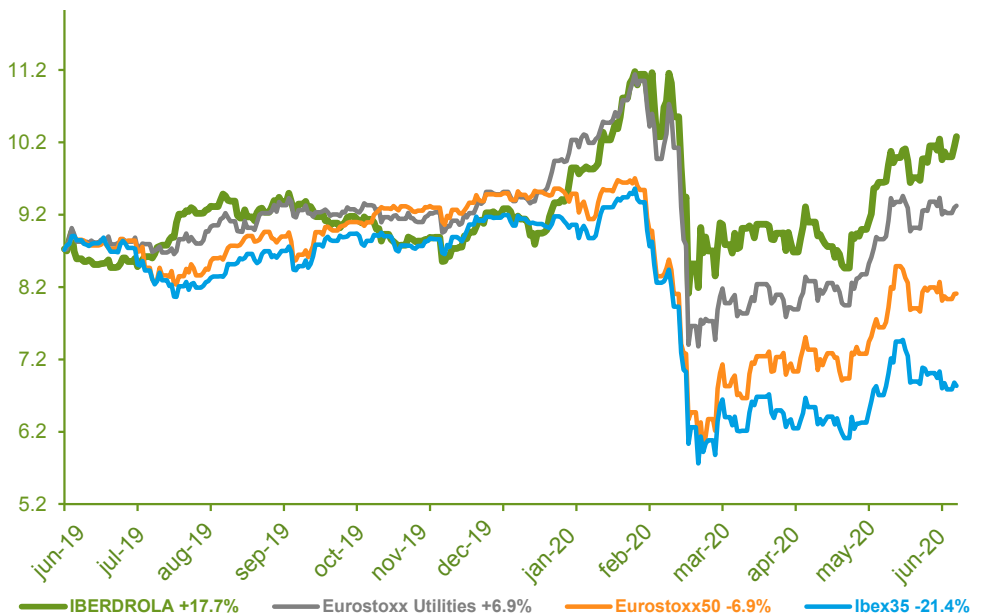
	Jun 2020***	Jun 2019**
Adjusted Net Debt* / EBITDA	3.7x	3.8x
FFO / Adjusted Net Debt*	21.7%	20.6%
RCF / Adjusted Net Debt*	20.0%	19.4%
Adjusted Leverage*	44.9%	45.3%

* Adjusted by market value of potential treasury stock cumulative hedges (EUR 457 M at Jun 2019 and EUR 296 M at Jun 2020).

** Restated including full IFRS16 criteria as considered in Dec19

*** Excluding provisions for efficiency plans.

IBERDROLA and the stock market



Iberdrola's share price performance

	H1 2020	H1 2019
Number of shares outstanding	6,453,592,000	6,240,000,000
Share price at period end	10.320	8.766
Average share price for the period	9.580	7.827
Average daily trading volume	22,590,991	17,806,527
Maximum trading volume (20-03-2020 / 15-03-2019)	73,587,123	57,141,894
Minimum trading volume (25-05-2020 / 03-05-2019)	7,186,373	8,100,534
Dividends paid ⁽²⁾	0.173	0.156
Gross interim (05-02-2020/-02-2019) ⁽¹⁾	0.168	0.151
PAGM attendance fee	0.005	0.005

(1) Iberdrola-guaranteed rights purchase price.

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

Stock Market Data

		Q2 2020	Q2 2019
Market capitalisation	€ millions	66,601	54,699
Earnings per share (6,453,592,000 shares as of 30/06/2020 and 6,240,000,000 shares as of 30/06/2019)	€	0.09	0.11
Net operating cash flow per share	€	0.28	0.30
P.E.R.	Veces	18.34	17.27



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