Iberdrola’s operating net profit reaches €1.37 billion, an increase of 27%
In the first half of the year, Operating Net Profit amounted to €1.37 billion, thanks to the group’s capital expenditure and the normalisation of conditions in our key markets.

In July the “Iberdrola Retribución Flexible” programme was carried out, in the amount of €0.186 per share. With this dividend, total shareholder return in the year reaches €0.326 per share, 4.5% more than last year.

The improved performance of the businesses expected during the second half of the year allows us to reaffirm our profit target for 2018 and to continue our policy of increasing the dividend in line with results.

Ignacio Galán
Chairman
Shareholder return

Iberdrola has increased shareholder remuneration for 2017 to €0.326 gross per share, an increase of 4.5% compared with the previous year. The first part of this remuneration, €0.140 gross per share, was paid in January through the “Iberdrola Dividendo Flexible” scrip dividend programme. In July we paid €0.186 gross per share through the new “Iberdrola Remuneración Flexible” programme, 35 free allocation rights being needed to acquire one share in this edition of the programme.

In this new programme, the traditional option of receiving the supplementary dividend in cash is replaced by the sale of rights to Iberdrola at a guaranteed price, leaving open the option of receiving free newly issued shares and the possibility of selling the rights in the market.

Furthermore, Iberdrola reaffirms its commitment to maintaining the number of shares at 6.24 billion to avoid dilution of shareholder’s equity.

Dividend increased by 4.5% vs previous year

<table>
<thead>
<tr>
<th>Iberdrola Dividendo Flexible (payed in January 2018)</th>
<th>Eur 0.140 per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iberdrola Retribución Flexible (payed in July 2018)</td>
<td>Eur 0.186 per share</td>
</tr>
<tr>
<td>Remuneración con cargo a 2017</td>
<td>Eur 0.326 per share</td>
</tr>
</tbody>
</table>

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www.iberdrola.com
Highlights of the period

**EBITDA grew by 17% to €4.44 billion.**
Consolidated EBITDA increased by 17% to €4.44 billion (or by 24% excluding the exchange rate effect), with all the Group’s businesses contributing to the growth.

EBITDA of the **Networks** business increased by nearly 21%, driven by the improvement in all countries where it operates, and despite the costs of the storms in the United States. The tariff updates in New York and Connecticut, together with the tariff revisions in Bahia and Rio Grande do Norte (Brazil) and the consolidation of Neoenergia, contributed to pushing this growth.

EBITDA of the **Renewables** business increased by 25.5%, with production increasing by more than 20%.

The **Generation and Retail** business increased its EBITDA by 1.7%, recovering from the adverse operating situation it went through last year, which had more than offset the exceptional positive effect recognised in Gas España in 2017.

**Iberdrola invested €2.48 billion in the period**
Net capital expenditure in the first half of 2018 amounted to €2.48 billion, in line with that of the same period of 2017.

42% of these investments were in the Networks business; 36% in Renewables and the remaining 22% in Generation and Retail.

In the first half of the year, Iberdrola installed 423 MW of renewable capacity, and over the course of the second half of the year it plans to incorporate a further 2,326 MW in renewables and combined cycles. Thus, total new capacity incorporated by the Group into its generating facilities in 2018 will amount to 2,749 MW.
Highlights of the period

Operating Net Profit*

<table>
<thead>
<tr>
<th>EUR M</th>
<th>2017 1H</th>
<th>2018 1H</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,076.5</td>
<td>1,367.7</td>
</tr>
</tbody>
</table>

+27.0%  

* 2017 excludes positive one off impacts of Gamesa merger and portfolio price revision in Gas Spain

Operating Net Profit amounted to €1.37 billion.

Operating Net Profit, which excludes non-recurring results of Gamesa and of the revision of gas contracts, increased by 27% to reach €1.37 billion.

Reported Net Profit amounted to €1.41 billion, down by 7.1% relative to the first half of 2017 due to the recognition in H1 2017 of the exceptional impact of the Gamesa-Siemens merger, there being no such item this year.

Iberdrola has continued to increase its liquidity, improving its debt profile and leading the market in sustainable financing.

Sustainable financing

During the first half of the year, the Group obtained new financing and lines of credit for €11.8 billion: €4.45 billion of financing, and €5.3 billion and US$2.5 billion in credit lines linked to sustainability criteria. In this way, 23% of Iberdrola’s liabilities are now “green” and 75% of its credit lines are linked to environmental criteria.

Net indebtedness has been maintained in line with the Plan and amounted to €34 billion at the end of the period, due basically to the consolidation of Neoenergia in Brazil and the capital expenditure undertaken in the period.

Outlook for 2018

Iberdrola reaffirm the 2018 outlook...

<table>
<thead>
<tr>
<th>EBITDA</th>
<th>Above EUR 9,000 M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Net Profit</td>
<td>Close to EUR 3,000M</td>
</tr>
</tbody>
</table>

...leading to dividend growth in line with results

Iberdrola reaffirms its forecasts for 2018 given the solid development of the businesses expected in the second half of the year: improved returns in the United States and Brazil; new renewable capacity in Mexico, Germany and Brazil; greater hydroelectric reserves; improvement in prices in Europe; normalisation of nuclear production and contribution of the new capacity in Mexico. All this will be combined with higher levels of efficiency.

Iberdrola expects to close 2018 with EBITDA of more than €9 billion and a reported net profit of close to €3 billion, which will allow it to continue to increase the dividend in line with its results.

www.iberdrola.com
Main projects under way

Investment in profitable long-term growth projects is one of the strategic pillars of Iberdrola’s Prospects for 2018-2022. Of the €32 billion of investments envisaged for this period, 86% relates to projects that are already under construction or assured, prominent among which are:

- **Offshore wind power**: Construction work continues on the East Anglia One project, which will be the world’s biggest offshore wind farm when it comes on stream in 2020. This facility, situated in the North Sea, will have an installed capacity of 714 MW and will supply clean energy to 600,000 households.

- **Hydroelectric power**: The company continues to develop the Tâmega complex in the north of Portugal, the biggest hydroelectric project undertaken in the country in recent years and one of the biggest energy projects in its history, in which it will invest more than €1.5 billion. This major project involves the construction of three hydroelectric power stations, which will be operational between 2021 and 2023 and will have a total capacity of 1,158 MW.

- **Photovoltaic energy**: In 2018 the commissioning will take place of the Santiago and Hermosillo photovoltaic power plants, situated in the Mexican states of San Luis Potosí and Sonora respectively, with a combined capacity of 270 MW.

- **Networks**: During 2018, Iberdrola will complete Western Link, the world’s longest subsea electricity interconnection project, which will connect Scotland, England and Wales. With capital expenditure of €1.2 billion and measuring 850 kilometres in length, the project will bring renewable energy from Scotland to homes and businesses in England and Wales and will increase the interconnection capacity by more than 2,200 MW, enough to meet the demand for power from more than four million households each year. Apart from this, Iberdrola has already surpassed the figure of 10.7 million digital meters in Spain and has also installed one million smart meters in the United States, more than 220,000 in Brazil and nearly a million in the United Kingdom.

- **Regulated generation in Mexico**: Iberdrola is constructing four combined cycle power stations that will go into operation between 2018 and 2020 with a total capacity of approximately 3,500 MW. The development of these projects will consolidate Iberdrola’s position as Mexico’s leading private-sector energy producer.
The more than 20% contributed to pushing this growth. (Brazil) and the consolidation of Neoenergia, and Connecticut, together with the tariff exchange rate effect), with all the Group's to €4.44 billion (or by 24% excluding the exceptional positive effect recognised in Gas España in 2017.

Outlook for 2018

Iberdrola reaffirms its forecasts for 2018 given the Plan and amounted to €34 billion at the end of this way, 23% of Iberdrola's liabilities are now "green".

Main projects under way

Highlights of the period

Iberdrola is constructing four combined cycle power stations that 220,000 in Brazil and nearly a million in the United Kingdom. Digital meters in Spain and has also installed one million smart meters in the United States, more than capacity by more than 2,200 MW, enough to meet the demand for power from more than four million.

The company continues to develop the Tâmega complex in the north of Portugal, the biggest hydroelectric project undertaken in the country in recent years and one of the highest levels of efficiency.

IBERDROLA +2.5% Eurostoxx50 -3.1% Eurostoxx Utilities -0.9% Ibex35 -4.2%

IBERDROLA and the stock market

Iberdrola stock price performance vs Index

Iberdrola’s share price performance

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares outstanding</td>
<td>6,240,000,000</td>
<td>6,240,000,000</td>
</tr>
<tr>
<td>Share price at the end of the period</td>
<td>€6.624</td>
<td>€6.933</td>
</tr>
<tr>
<td>Average share price for the period</td>
<td>€6.311</td>
<td>€6.531</td>
</tr>
<tr>
<td>Average daily trading volume</td>
<td>20,434,325</td>
<td>25,070,750</td>
</tr>
<tr>
<td>Minimum trading volume (06-04-2018 / 29-05-2017)</td>
<td>9,111,678</td>
<td>5,568,159</td>
</tr>
<tr>
<td>Dividends paid (€)</td>
<td>0.145</td>
<td>0.140</td>
</tr>
<tr>
<td>Gross interim (29-01-2018/ 23-01-2017) (1)</td>
<td>0.140</td>
<td>0.135</td>
</tr>
<tr>
<td>AGM attendance premium</td>
<td>0.005</td>
<td>0.005</td>
</tr>
<tr>
<td>Dividend yield (2)</td>
<td>4.86%</td>
<td>4.24%</td>
</tr>
</tbody>
</table>

(1) Rights purchase price guaranteed by Iberdrola.
(2) Dividends paid in last 12 months and attendance premium/ share price at the close of the period.

Stock market data

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Capitalisation</td>
<td>MM€</td>
<td></td>
</tr>
<tr>
<td>(6,240,000,000 shs. at 30/06/2018 and 6,240,000,000 shs. at 30/06/2017)</td>
<td>€42,647.8</td>
<td>€43,261.9</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>€</td>
<td>0.23</td>
</tr>
<tr>
<td>Net operating cash flow per share (4)</td>
<td>€</td>
<td>0.56</td>
</tr>
<tr>
<td>P.E.R. Times</td>
<td></td>
<td>15.82</td>
</tr>
</tbody>
</table>

(*) OCF 1H 2017 restated.
The first part of this remuneration, €0.140 gross per share, was paid in January through the increase of 4.5% compared with the previous year.

Iberdrola has increased shareholder remuneration for 2017 to €0.326 gross per share, an increase of 27% compared with the previous year, which allows us to reaffirm our profit target for 2018 and to continue our policy of maintaining the number of shares at the current level.

In the first half of the year, Operating Net Profit amounted to €1.37 billion, thanks to the group’s capital expenditure and the normalisation of conditions in our key markets.

In July the “Iberdrola Retribución Flexible” programme was carried out, in the amount of €0.190 gross per share, or 4.5% more compared with the previous year.

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