Results Presentation
Nine months
October 24 / 2018

Iberdrola, “utility of the future”
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Agenda

Highlights of the Period
Highlights of the period

Operating Net Profit\(^1\) grows 38%, to EUR 2,051 M, Reported Net Profit reaches EUR 2,091 M

- **EBITDA** Totals EUR 6,720 M, growing 22.5%

- **9M Net Investments** of EUR 3,645 M

- **Continued operational efficiency improvement**
  - NOE/GM down 180 b.p. (vs 9M 2017\(^2\))

- **Asset rotation plan on track**: EUR ~1,200 M already executed

Interim Shareholder Remuneration increase of 7.1%

\(^1\)2017 excludes positive one off impacts of Gamesa merger, capital gains from Neoenergia and portfolio price revision in Gas Spain.

\(^2\)Excluding positive non-operating portfolio price revision in Gas Spain in 2017.
EBITDA

EBITDA reaches EUR 6,720 M (+22.5%)…

EBITDA by business

Operating Highlights

**Networks**
- Brazil: tariff adjustment in Sao Paulo (+5.85%), tariff reviews in Bahía (16.95%) and Rio Grande do Norte (15.61%) and consolidation of Neoenergia Group.

**Renewables**
- Spain: normalisation of wind and hydro output.
- US & UK: higher output in onshore wind and new capacity.
- Germany: Wikinger offshore windfarm in operation.

**Generation and Supply**
- UK: normalisation of conditions.
- Mexico: Higher CFE tariffs.

**Fx**
- Negative evolution of BRL, USD and GBP (EUR -312M).

…driven by double digit growth in all businesses
Net Investments

Net Investments of EUR 3,645 M in the first nine months…
Net Investments: Generation

...to reach 2,752 MW of new capacity in operation before year-end

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Offshore</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,514</td>
</tr>
<tr>
<td>Onshore</td>
<td>84</td>
<td>970</td>
<td>263</td>
<td>400</td>
<td>400</td>
<td>2,401</td>
</tr>
<tr>
<td>Renewables</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Solar PV</td>
<td>10</td>
<td>227</td>
<td>390</td>
<td></td>
<td></td>
<td>1,018</td>
</tr>
<tr>
<td>Hydro</td>
<td>122 + 428</td>
<td>367</td>
<td>117</td>
<td>998</td>
<td>8</td>
<td>1,923</td>
</tr>
<tr>
<td>Combined cycle &amp; Cogeneration</td>
<td>74 + 1,789</td>
<td>1,645</td>
<td></td>
<td></td>
<td></td>
<td>3,508</td>
</tr>
</tbody>
</table>

Including projects in negotiation, new capacity by 2022 will reach ~12 GW, increasing installed capacity by over 20%
Net Investments: Offshore generation

Increasing our presence in the offshore business to reach 3 GW of capacity by 2023 with PPAs signed

Projects in Operation: 545 MW
- West of Duddons Sands (195 MW)
- Wikinger (350 MW)

Work in progress: 1,700 MW
- East Anglia 1 (714 MW), COD 2019/2020
- Saint Brieuc (496 MW), COD 2023
- Baltic Eagle (486 MW), COD 2023

Future Pipeline: >3,100 MW
- Vineyard Project (Massachusetts), COD 2021/2022
- Vineyard Site (Massachusetts): +2,2 GW*, with queue position for the connection of 1,600 MW
- Kitty Hawk (North Carolina): up to 2,4 GW, with grid connection application submitted

*50% corresponding to AVANGRID

Resulting from close to EUR 9 billion investments
Net Investments: Networks

Networks’ RAV to increase by 38% until 2022 with the existing regulatory commitments

**RAV (Bn EUR)**

- 2017: 29
- 2022: 40

**Networks: investment driven by regulatory frameworks**

- Distribution – New York & Connecticut: up to 2019
- Distribution – Maine: up to mid-2020*
- Transmission Maine and Connecticut: FERC regulated
- NECEC transmission: from 2023
- Gas - Connecticut: up to 2020 (SCG) and up to 2021* (CNG)
- Gas – Massachusetts: up to 2020*
- Sao Paulo - Elektro: up to 2019
- Pernambuco - Celpe: up to 2021
- Bahia - Coelba: up to 2023
- Rio Grande do Norte - Cosern: up to 2023
- Transmission lines: from 2018
- Transmission RIIO T1: up to 2021
- Distribution RIIO ED1: up to 2023
- Distribution: up to 2020

*Pending approval
Operating Cash Flow

Operating Cash Flow up 12.5%

EUR M

Operating Cash Flow (FFO)

<table>
<thead>
<tr>
<th>FFO</th>
<th>Net Inv.</th>
<th>FFO - Net Inv.</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,256</td>
<td>3,645</td>
<td>1,611</td>
</tr>
</tbody>
</table>

**FFO** = Net Profit + Minority Results + Amortiz.&Prov. – Equity Income – Net Non-Recurring Results + Fin. Prov. + Goodwill deduction + Dividends from companies accounted via equity -/+ reversion of extraordinary tax provision

Investment net of grants and ex-capitalised costs.

Exceeding investments across all businesses
Operational efficiency continues accelerating

Net Operating Expenses to Gross Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M 2017</td>
<td>29.1%</td>
</tr>
<tr>
<td>9M 2018</td>
<td>27.3%</td>
</tr>
</tbody>
</table>

Efficiency ratio improves 180 basis points in 9M, from 80 in 1Q, thanks to measures taken mostly in Brazil and the US

¹Excluding positive non-operating portfolio price revision in Gas Spain in 2017.
Executing on our asset rotation plan: focusing on more profitable future-geared technologies …

Traditional generation, UK
Solar thermal generation, Spain
Gas Storage assets and Gas Trading business, US
Other non core assets

FY2018 Divestments until today reach EUR ~1,200 M
Restructuring our asset portfolio

...concentrating further on clean power
Recent regulatory facts

- Royal Decree-Law 15/2018: tax reduction measures
- Standard Variable Tariff cap methodology
- Connecticut Natural Gas rate settlement proposed
- CFE Tariff Model Methodology
- Annual Tariff adjustment in Sao Paulo
AVANGRID results (USD, US GAAP)

AVANGRID’s Adjusted Net Profit reaches USD 511 M (+3%)

Networks

- Filed rate case for Central Maine Power (CMP)

Renewables

- 970 MW of wind projects under construction scheduled to be operational during 2019

*50% corresponding to AVANGRID
Neoenergia results (Local GAAP)

Neoenergia’s Net Profit reaches BRL 1,170 M, +357%

Organic Growth

- Execution of efficiency measures
- Positive tariff reviews in networks
- Decrease in financial costs

Driven by

Renewables

- 795 MW of hydro capacity in construction for commissioning before 2020.
- 472 MW of onshore wind capacity in construction for commissioning in 2022.

Networks

- BRL 2,797 M investments in transmission projects with commissioning in 2020-22.
- New auctions announced.

New auctions announced.
Agenda

Analysis of Results
### Income Statement / Group

**Strong operating results:** EBITDA growth accelerates (+22.5%) vs First Half’18 (+17.1%)

<table>
<thead>
<tr>
<th>EUR M</th>
<th>9M 2017</th>
<th>9M 2018</th>
<th>Var.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>21,955.9</td>
<td>26,282.6</td>
<td>+4,326.8</td>
<td>+19.7</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>9,740.6</td>
<td>11,336.1</td>
<td>+1,595.6</td>
<td>+16.4</td>
</tr>
<tr>
<td>Net Operating Expenses</td>
<td>-2,793.8</td>
<td>-3,092.1</td>
<td>-298.3</td>
<td>+10.7</td>
</tr>
<tr>
<td>Levies</td>
<td>-1,460.4</td>
<td>-1,524.4</td>
<td>-64.0</td>
<td>+4.4</td>
</tr>
<tr>
<td>EBITDA</td>
<td>5,486.4</td>
<td>6,719.7</td>
<td>+1,233.3</td>
<td>+22.5</td>
</tr>
<tr>
<td>EBIT</td>
<td>3,001.3</td>
<td>3,836.4</td>
<td>+835.0</td>
<td>+27.8</td>
</tr>
<tr>
<td>Net Financial Expenses</td>
<td>-639.2</td>
<td>-863.6</td>
<td>-224.4</td>
<td>+35.1</td>
</tr>
<tr>
<td>Non Recurring Results</td>
<td>+759.3</td>
<td>+22.6</td>
<td>-736.7</td>
<td>-97.0</td>
</tr>
<tr>
<td>Taxes and Minorities</td>
<td>-675.9</td>
<td>-904.8</td>
<td>-228.9</td>
<td>+33.9</td>
</tr>
<tr>
<td>Reported Net Profit</td>
<td>2,416.6</td>
<td>2,090.9</td>
<td>-325.6</td>
<td>-13.5</td>
</tr>
<tr>
<td>Operating Net Profit*</td>
<td>1,481.3</td>
<td>2,051.3</td>
<td>+570.0</td>
<td>+38.5</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>4,672.2</td>
<td>5,255.6</td>
<td>+583.4</td>
<td>+12.5</td>
</tr>
</tbody>
</table>

**Operating Cash Flow** is up +12.5%, from 5.6% in First Half 2018

* 2017 excludes positive one off impacts of Gamesa merger, Brazil corporate reorganisation capital gain and portfolio price revision in Spain
Gross Margin / Group

**Gross Margin** up 16.4%, to EUR 11,336.1 M,…

… with NEO consolidation more than offsetting fx impact. Excluding both impacts Gross Margin up 9.7%
**Net Operating Expenses / Group**

**Net Operating Expenses** up 10.7% (EUR -298.3 M), to EUR 3,092.1 M, driven by NEO consolidation, partially compensated by fx

<table>
<thead>
<tr>
<th>EUR M</th>
<th>Net Operating Expenses</th>
<th>vs 9M’17 (%)</th>
<th>vs 9M’17 (%) (ex NEO and fx)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9M’17</td>
<td>9M’18</td>
<td></td>
</tr>
<tr>
<td>Net Personnel Expenses</td>
<td>-1,431.5</td>
<td>-1,534.3</td>
<td>+7.2%</td>
</tr>
<tr>
<td>Net External Services</td>
<td>-1,362.3</td>
<td>-1,557.8</td>
<td>+14.4%</td>
</tr>
<tr>
<td>Total Net Op. Expenses</td>
<td>-2,793.8</td>
<td>-3,092.1</td>
<td>+10.7%</td>
</tr>
</tbody>
</table>

Excluding the above mentioned impacts, Net Operating Expenses flat
Levies / Group

**Levies** up 4.4%, to EUR 1,524.4 M, as a consequence of Spanish generation taxes, due to the higher output and based on high pool prices, while our revenues are based on lower forward prices.

Tax Authorities also benefit from high CO2 prices.
Results by Business / Networks

Networks EBITDA up 17.8%, to EUR 3,642.3 M, …

<table>
<thead>
<tr>
<th>Key Figures (EUR M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M’17</td>
</tr>
<tr>
<td>Gross Margin</td>
</tr>
<tr>
<td>Net Op. Exp.</td>
</tr>
<tr>
<td>Levies</td>
</tr>
<tr>
<td>EBITDA</td>
</tr>
</tbody>
</table>

… with growth in all geographies*, despite the negative impact of storm costs in US

* Excluding fx impact
### Results by Business / Networks

<table>
<thead>
<tr>
<th>Country</th>
<th>EBITDA EUR 1,313.1 M (EUR +128.7 M; +10.9%), due to positive settlements of previous years and the impact of 2017 positive court ruling on ICAs*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>EBITDA USD 1,156.7 M (USD +29.1 M; +2.6%), driven by:</td>
</tr>
<tr>
<td></td>
<td>• Higher contribution from rate plans</td>
</tr>
<tr>
<td></td>
<td>• Positive IFRS impact</td>
</tr>
<tr>
<td></td>
<td>• Storm costs negative effect</td>
</tr>
<tr>
<td></td>
<td>• Tariff adjustments corresponding to the tax reform (in effect under IFRS from Q3’18)</td>
</tr>
<tr>
<td>Brazil</td>
<td>EBITDA BRL 2,976.5 M (BRL +2,077.7 M; n/a), driven by NEO consolidation (BRL 2,012.8 M), that includes tariff revision in COELBA (+16.95%) and COSERN (+15.61%) from May 2018, higher demand (+2.5%) and efficiencies</td>
</tr>
<tr>
<td>UK</td>
<td>EBITDA GBP 591.1 M (GBP +23.9 M; +4.2%), with higher revenues both in transmission and distribution</td>
</tr>
</tbody>
</table>

*Instalaciones Cedidas de Abonados / Assets given by customers (Eur 53 M one-off impact corresponds to 2016 settlement)*
Results by Business / Renewables

Renewables EBITDA up 38.1%, to EUR 1,756.7 M, accelerating from 25.5% in First Half 2018, …

… driven by growing results in all markets. With output up 22%, to 46,874 GWh, and installed capacity reaching 29,592 MW (+3%)

EBITDA by Geography (%)

Key Figures (EUR M)

<table>
<thead>
<tr>
<th></th>
<th>9M’17</th>
<th>9M’18</th>
<th>vs 9M’17 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Margin</strong></td>
<td>2,066.2</td>
<td>2,679.8</td>
<td>+613.6 (+29.7%)</td>
</tr>
<tr>
<td><strong>Net Op. Exp.</strong></td>
<td>-506.0</td>
<td>-545.2</td>
<td>-39.2 (+7.7%)</td>
</tr>
<tr>
<td><strong>Levies</strong></td>
<td>-288.2</td>
<td>-377.9</td>
<td>-89.7 (+31.1%)</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>1,272.1</td>
<td>1,756.7</td>
<td>+484.6 (+38.1%)</td>
</tr>
</tbody>
</table>
## Results by Business / Renewables

<table>
<thead>
<tr>
<th>Region</th>
<th>EBITDA</th>
<th>詳細</th>
<th>变化</th>
<th>比較</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>EUR 701.7 M (EUR +223.6 M; +46.8%), driven by higher output (+34.2%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US</td>
<td>USD 528.9 M (USD +72.1 M; +15.8%), with higher production (+12.7%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>GBP 266.7 M (GBP +41.9 M; +18.7%), higher load factor (+0.6 p.p.) and higher average operating capacity (+8.1%) in onshore, together with better prices and higher ROCs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>BRL 481.7 M (BRL +380.3 M; n/a)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>USD 44.5 M (USD +11 M; 32.9%), as a consequence of higher output (+30.7%), due to higher load factor (7.8 p.p.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RoW</td>
<td>EUR 161.6 M (EUR +90.8 M; n/a) due to the gradual entry into service of Wikinger during H1’18, now fully operational (350 MW)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Results by Business / Generation and Supply

Generation & Supply EBITDA up 17.4% to EUR 1,325.5 M, accelerating from +1.7% in H1’18…

… driven by the better performance in UK and Mexico
<table>
<thead>
<tr>
<th>Country</th>
<th>EBITDA</th>
<th>Currency</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>EUR 668.6 M</td>
<td>-10.8 M</td>
<td>-1.6%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Output* decreases -0.5%, with gas production compensating lower nuclear and coal</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Lower margins due to higher procurement costs</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>• Lower Gas results impacted by the final positive one off price revision of the gas portfolio accounted for in 2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Higher Retail activity and customer acquisition costs in D&amp;A (IFRS 15)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Levies up affected by higher generation taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>GBP 169.9 M</td>
<td>+136.6 M</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Margin recovery, smart metering and capacity payments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Normalisation in operating costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Customer acquisition costs now accounted for in D&amp;A (IFRS 15)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>USD 490.2 M</td>
<td>+44.9 M</td>
<td>+10.1%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• driven by the expected regularisation of the tariff methodology during the year and the new installed capacity (+109 MW from Altamira and Bajío cogenerations)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>BRL 234.6 M</td>
<td>+185.8 M</td>
<td>n/a</td>
<td></td>
</tr>
</tbody>
</table>

* Includes cogeneration
Group EBIT up 27.8%, to EUR 3,836.4 M

D&A and Provisions increase 16.0%, primarily due to Brazil consolidation, higher activity and IFRS15.
Net Financial Expenses / Group

Net Financial Expenses up EUR 224.4 M, to EUR 863.6 M …

… driven by NEO integration, higher non-debt results and IFRS 9 (EUR -19 M)
Net Debt / Group

Credit metrics improve

<table>
<thead>
<tr>
<th>Pro forma adjusted credit metrics**</th>
<th>9M’17</th>
<th>9M’18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt / EBITDA</td>
<td>4.1x</td>
<td>3.9x</td>
</tr>
<tr>
<td>FFO / Net Debt</td>
<td>19.9%</td>
<td>21.0%</td>
</tr>
<tr>
<td>RCF / Net Debt</td>
<td>17.2%</td>
<td>19.5%</td>
</tr>
<tr>
<td>Leverage</td>
<td>44.2%</td>
<td>44.5%</td>
</tr>
</tbody>
</table>

Divestments of EUR 1.2 bn (circa EUR 1 bn recently announced) will reduced Net Debt figure by year end, thus achieving the target ratios for 2018

* Adjusted by market value of treasury stock cumulative hedges (EUR 422.0 M at 30/09/2018 and EUR 335.0 M at 30/09/2017)
** Adjusted: excluding provisions for efficiency plans
Net Debt / Group

Average Debt Maturity: 6 years

Debt Maturity Profile (EUR M)

76% of the Debt is at fixed cost, well prepared for a scenario of interest rates increase

* Considering Net Debt including forward swaps
Net Profit / Group

Excluding the 2017 impacts of the Gamesa merger (EUR 255 M), Brazil corporate reorganisation capital gain (EUR 520 M) and portfolio price revision in Spain (EUR 106 M), Operating Net Profit up 38.5%, to EUR 2,051.3 M,…

<table>
<thead>
<tr>
<th>EUR M</th>
<th>9M'17</th>
<th>9M'18</th>
<th>vs 9M'17 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Net Profit</td>
<td>1,481.3</td>
<td>2,051.3</td>
<td>+38.5%</td>
</tr>
<tr>
<td>Non Recurring Results</td>
<td>+759.3</td>
<td>+22.6</td>
<td>-97.0</td>
</tr>
<tr>
<td>Other non recurring, Taxes and Minorities</td>
<td>+176.0</td>
<td>+17.0</td>
<td>n/a</td>
</tr>
<tr>
<td>Reported Net Profit</td>
<td>2,416.6</td>
<td>2,090.9</td>
<td>-13.5%</td>
</tr>
</tbody>
</table>

… and Reported Net Profit reaches EUR 2,090.9 M
Conclusions
2018 Outlook

The acceleration in the good business performance...

Regulated TARIFF INCREASES in networks

New CAPACITY

Higher OUTPUT

EFFICIENCY gains

Neoenergia CONSOLIDATION

...allows us to reaffirm 2018 EBITDA Outlook of over EUR 9.0 Bn...
2018 Outlook

…but FY2018 Reported Net Profit reaching Eur 3 Bn...

2018 Reported Net Profit Evolution by Quarters

2018 Reported Net Profit Outlook:

EUR 3 Bn

...excluding capital gains from recently announced transactions
Shareholder Remuneration

Allowing us to maintain our commitment of increasing shareholder remuneration in line with results

<table>
<thead>
<tr>
<th>2018 Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim shareholder remuneration</td>
</tr>
<tr>
<td>Payable in January 2019</td>
</tr>
<tr>
<td>EUR 0.15/share</td>
</tr>
<tr>
<td>+7.1%</td>
</tr>
<tr>
<td>Supplementary shareholder remuneration</td>
</tr>
<tr>
<td>To be announced in February 2019</td>
</tr>
<tr>
<td>To be approved at AGM and payable in July 2019</td>
</tr>
</tbody>
</table>
The execution of our 2018-2022 Plan is well on track

**Organic growth**
- All businesses
- All geographies
- Efficiency gains

**Investment plan delivery**
- Investments: 86% in construction (~10 GW capacity & EUR ~14 Bn investments in networks)
- Asset rotation of EUR 1.2 Bn
- Offshore growth opportunities (2.5 GW in progress & 7.7 GW of pipeline)

**Financial strength**
- Solid financial ratios
- Active debt management: 76% at long-term fixed rates
- Leading green financing
Annex: “Iberdrola Retribución Flexible” program January 2019
“Iberdrola Retribución Flexible” program: January 2019

- Last day to buy IBE shares and participate in scrip and/or receive the dividend in cash
- Announcement of capital increase in BORME

27, 28 & 31 December and 2 & 3 January

Closing prices considered for determining the average price used to calculate number of rights and interim dividend amount

8 January

- Commencement of the trading of the newly issued shares
- Chairman and CEO: close of scrip issue
- Relevant fact

23 January

Last day of rights trading period and of the common election period
- Delivery of shares
- Payment of interim dividend

5 February

6 February

- Board Agreement for the execution of the capital increase and interim dividend payment
- Relevant fact

4 January

- Chairman and CEO make the calculation for the execution of the capital increase and sets interim dividend (before 12:00 hours)
- Relevant fact filed
- Publication of the number of rights/share and interim DPS

9 January

- Commencement of the trading period and of the common election period
- Ex date (scrip and cash dividend)

30 January

- Chairman and CEO: close of scrip issue
- Relevant fact

23 October

23 January

27, 28, 29, 30 & 31 December and 1, 2, 3, 4, 5 & 6 January

8 January

5 February

23 January

30 January

8 January

12 January

15 January

19 January

23 January

27 January

30 January

5 February

5 February

6 February

6 February

6 February