

Results Presentation

Nine
Months

October 30
/2019



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Agenda

Highlights of the Period

Highlights of the period

Net Profit grows 20.4% to EUR 2,517 M

Net Investment increases by 30%, up to EUR 4,727 M

EBITDA totals EUR 7,499 M, up 11.6%

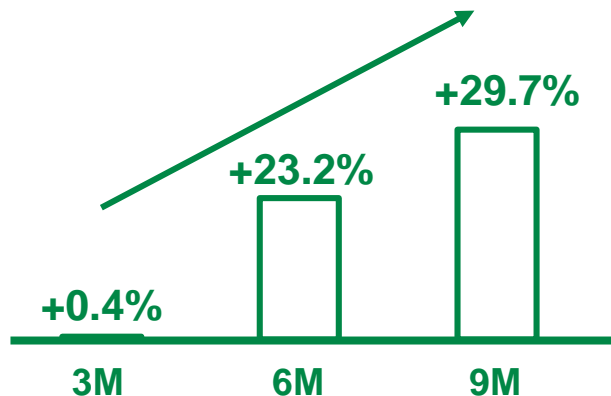
2018-22 asset rotation already executed: improving credit metrics

Interim Shareholder Remuneration rises by 10.6% to EUR 0.167/share

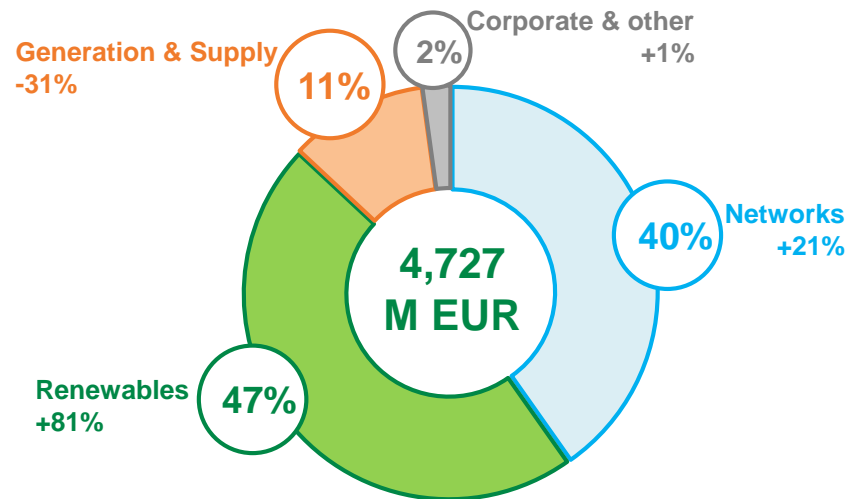
Net Investments

Net Investments acceleration:
+30%, driven by networks and renewables...

Net Investments growth trend










9M Net Investments by business



Net Investments: Generation capacity

...to add 5.2 GW of new capacity in FY 2019...

		Q1-Q2 2019	Q3 2019	Q4 2019	TOTAL 2019
Offshore		28	168	196	392
Onshore		628	151	210	990
		129	39	80	248
			23	3	26
	Others			4	4
Solar PV		36	177	177	391
Hydro		367	122	122	612
Total Renewables		1,188	680	792	2,662
Combined cycle & cogeneration			866	1,690	2,556
TOTAL		1,188	1,546	2,483	5,218

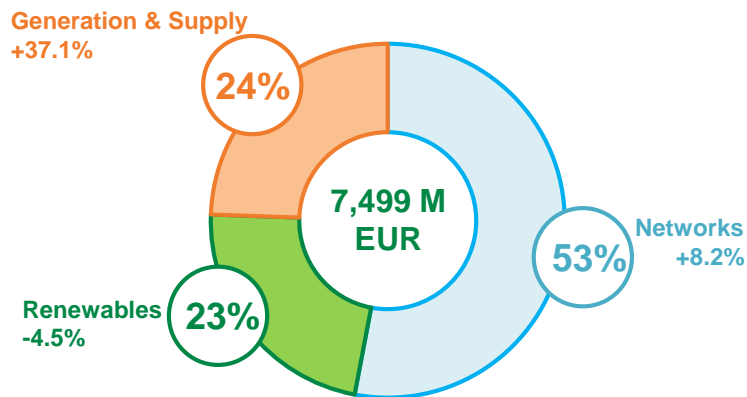
1,268

...ahead of plans to reach 13 GW new capacity by 2022

EBITDA

EBITDA reaches EUR 7,499 (+11.6%)...

EBITDA by business



Operating Highlights

Networks

- Brazil: increased revenues driven by multiannual regulatory frameworks
- US: higher tariffs and lower costs (in IFRS)



Renewables

- Higher prices and higher offshore production
- Installed capacity grows ~2.0 GW y-o-y
- Lower hydro production



Generation and Supply

- Generation: increase in capacity in Mexico and higher production in Spain
- Retail: higher revenues



Fx

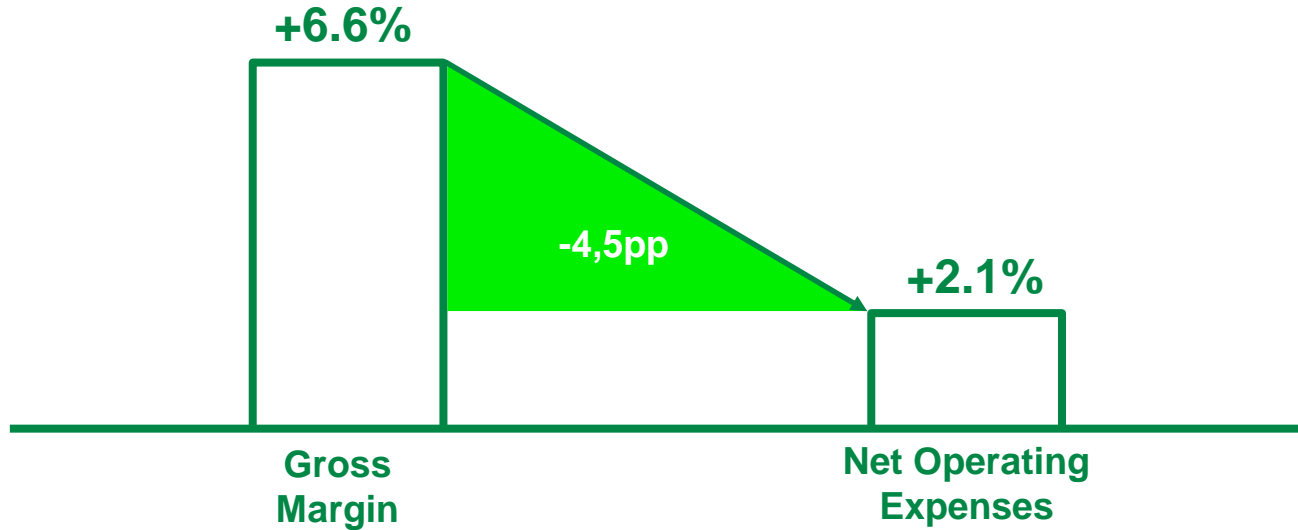
- Positive evolution of USD, more than compensates BRL negative performance



Operational excellence

Accelerating business activity and containing operating expenses...

9M 2019 vs. 9M 2018 evolution



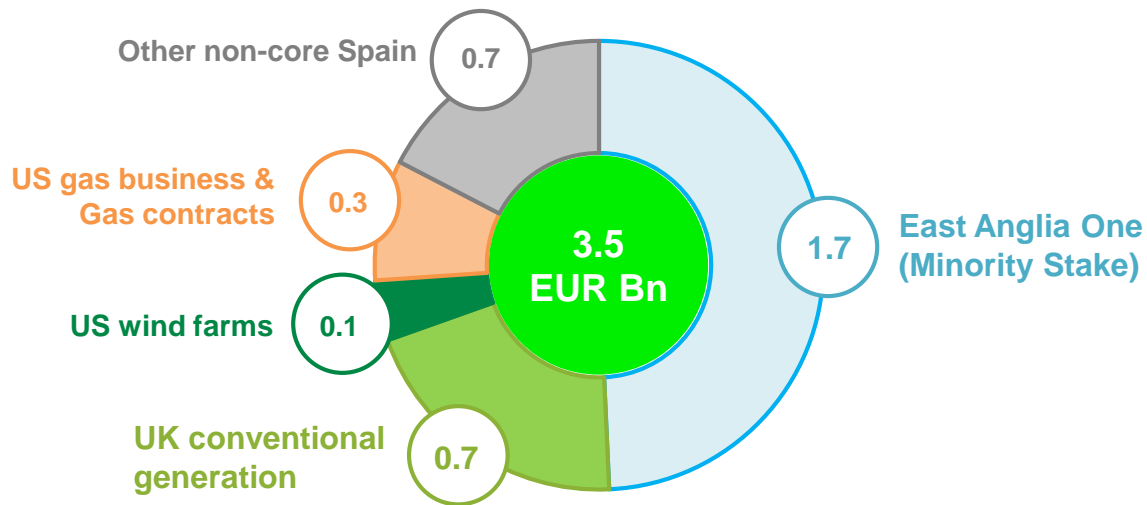
...reaching a NOE/GM ratio of 26.1%, in line with 2022 target

Asset Rotation Plan

EUR 3.5 Bn assets rotation plan completed:

Reaching 2018-22 goal two years in advance

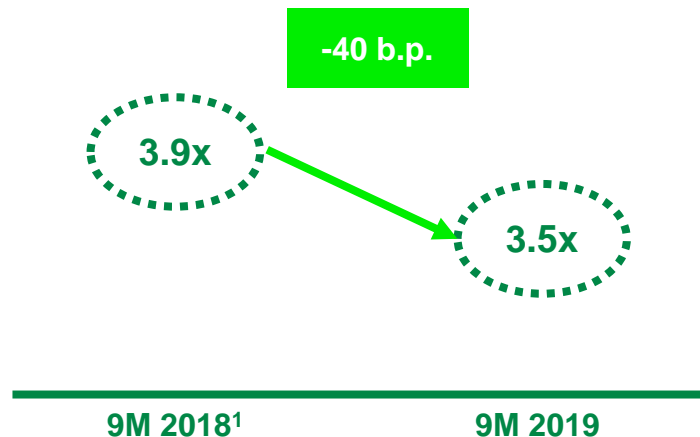
Asset Rotation Plan Detail



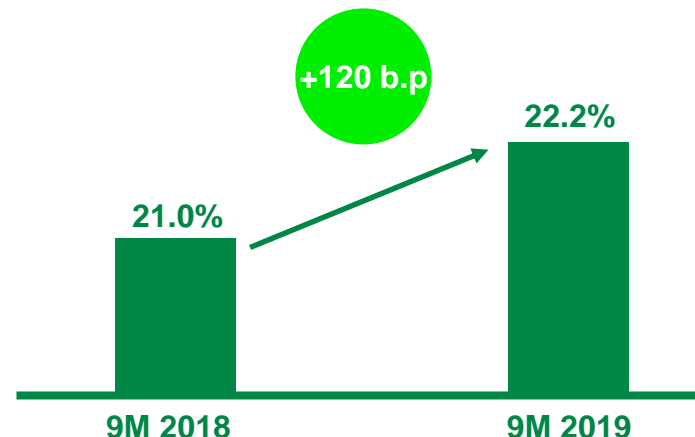
Credit metrics

Cash flow generation and asset rotation...

Net Debt / EBITDA



FFO² / Net Debt



... drive a strong improvement in credit metrics

¹ September 2018: Pro forma credit metrics exclude provisions for efficiency plans

² 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.

Regulatory Update

More predictable and stable regulatory frameworks...

Spain

- ✓ **WACC-based remuneration: 5.58% pre-tax**
- ✓ **Defined methodology, but still pending final details**

Brazil

- ✓ **Distribution tariff review in Sao Paulo (2019-23)**
 - Multiannual regulatory frameworks in place for all distribution companies
- ✓ **New WACC proposal under consultation**
 - 76% of our distribution asset base not affected until 2023. The remaining 24% until 2021

US

- ✓ **New York and Maine rate cases under discussion. To be in place in 2020.**

...providing certainty over the 18-22 period

Agenda

Analysis of Results

Income Statement / Group

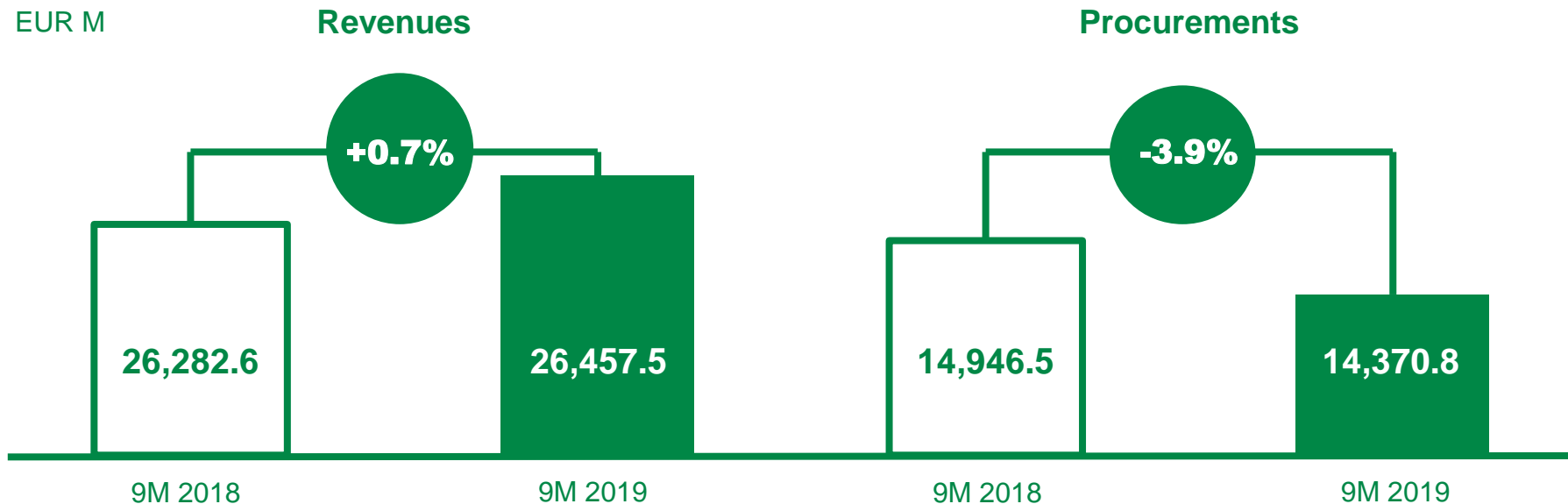
Reported Net Profit up 20.4%, to EUR 2,516.7. Fx as follows USD +6.2%, GBP flat and BRL -1.8%

EUR M	9M 2018	9M 2019	Var.	%
Revenues	26,282.6	26,457.5	+174.9	+0.7
Gross Margin	11,336.1	12,086.7	+750.6	+6.6
Net Operating Expenses	-3,092.1	-3,158.2	-66.1	+2.1
Levies	- 1,524.4	-1,429.6	+94.8	-6.2
EBITDA	6,719.7	7,498.9	+779.3	+11.6
EBIT	3,836.4	4,488.9	+652.5	+17.0
Net Financial Expenses	- 863.6	-890.4	-26.7	+3.1
Non Recurring Results	22.6	122.4	+99.8	n/a
Taxes and Minorities	-904.8	-1,183.0	-278.4	+30.8
Reported Net Profit	2,090.9	2,516.7	+425.8	+20.4
Operating Cash Flow	5,255.6	5,824.7	+569.1	+10.8

IFRS 16 new accounting treatment for operating leases: higher debt (EUR 399 M in 9M 2019), higher depreciation (EUR -47 M) and Financial Expenses (EUR -9 M), and lower Net Operating Expenses (EUR +49 M). Net Profit impact of EUR -5 M.

Gross Margin / Group

Gross Margin up 6.6%, to EUR 12,086.7 M, and +5.0% excluding fx impact ...



... **Revenues** grew 0.7% (EUR 26,457.5 M) and **Procurements** fell 3.9% (EUR 14,370.8 M)

Net Operating Expenses / Group

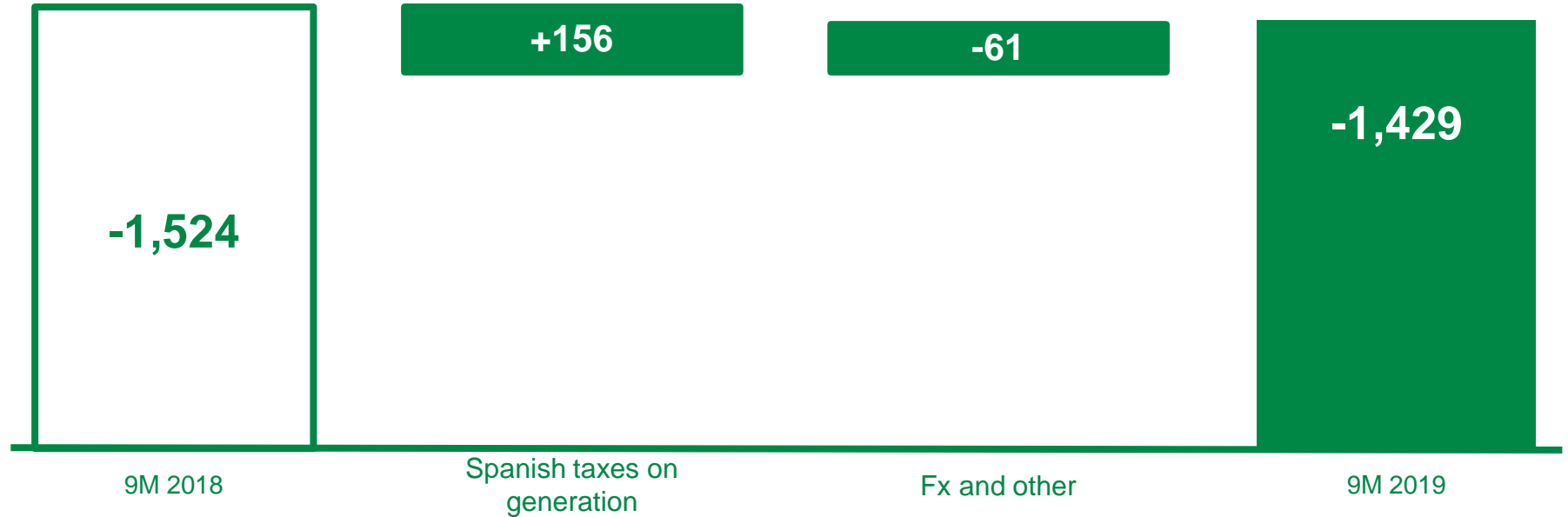
Net Operating Expenses up 2.1%, to EUR 3,158.2 M ...

EUR M	Net Operating Expenses			
	9M 2018	9M 2019	vs 9M 2018 (%)	vs 9M 2018 (%) (excluding fx)
Net Personnel Expenses	-1,534.3	-1,598.1	+4.2%	+2.4%
Net External Services	-1,557.8	-1,560.1	+0.1%	-1.6%
Total Net Op. Expenses	-3,092.1	-3,158.2	+2.1%	+0.4%

... and +0.4% excluding fx impact

Levies / Group

Levies fall 6.2%, to EUR 1,429.6 M, as a consequence of ...

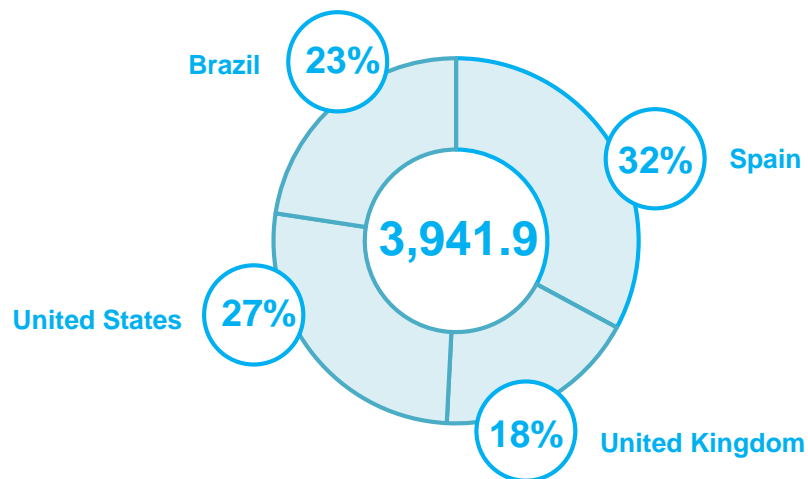


... lower taxes in Spain, due to lower hydro production and the suspension of 7% generation tax in Q1, in effect again from April 2019

Results by Business / Networks

Networks EBITDA up 8.2%, to EUR 3,941.9 M, ...

EBITDA by Geography (%)



Key Figures (EUR M)

	9M 2018	9M 2019	vs 9M 2018
Gross Margin	5,705.0	6,080.5	+375.6 (+6.6%)
Net Op. Exp.	-1,567.6	-1,606.9	-39.3 (+2.5%)
Levies	-495.1	-531.7	-36.6 (+7.4%)
EBITDA	3,642.3	3,941.9	+299.7 (+8.2%)

... driven by Brazil, US and UK

Results by Business / Networks

Spain EBITDA EUR 1,295.9 M (EUR -17.2 M; -1.3%), as positive one-off accounted for in 2018 corresponding to ICAs* (EUR +53 M) is partially compensated by transferring the fibre optic contracts (EUR +49 M)

US EBITDA IFRS USD 1,179.2 M (USD +22.4 M; +1.9%), driven by:

- + Higher contribution from rate plans
- + Recovery of storm costs from previous years and lower expenses due to fewer storms vs 2018
- Tariff adjustments corresponding to tax reform, in effect under IFRS from Q3'18. Neutral at Net Income level

Brazil EBITDA BRL 3,895.1 M (BRL +918.6 M; +30.9%), with positive tariff revisions from April 2018 (Coelba and Cosern) and August 2019 (Elektro), increasing contribution from transmission assets, positive impact from efficiencies and increase in demand (3.8%)

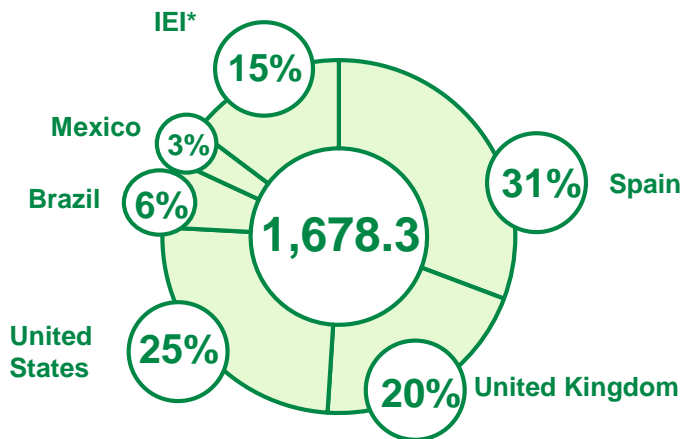
UK EBITDA GBP 625.9 M (GBP +34.8 M; +5.9%), with higher revenues both in transmission and distribution as a consequence of the growing asset base due to investments

* Instalaciones Cedidas de Abonados / Assets given by customers

Results by Business / Renewables

Renewables EBITDA falls 4.5%, to EUR 1,678.3 M, ...

EBITDA by Geography (%)



Key Figures (EUR M)

	9M 2018	9M 2019	vs 9M 2018
Gross Margin	2,679.8	2,519.0	-160.8 (-6.0%)
Net Op. Exp.	-545.2	-569.8	-24.6 (+4.5%)
Levies	-377.9	-271.0	+106.9 (-28.3%)
EBITDA	1,756.7	1,678.3	-78.4 (-4.5%)

... as wind production partially compensates lower hydro output

*Iberdrola Energía Internacional, formerly RoW

Results by Business / Renewables

Spain EBITDA EUR 515.6 M (EUR -186.1 M; -26.5%), as a consequence of lower hydro (-46.2%), partially compensated by stable wind production and lower taxes

US EBITDA USD 468.5 M (USD -60.5 M; -11.4%), due to lower output (-0.3%, but improving during the year, specially in Q3), lower prices and PPAs expiration

UK EBITDA GBP 301.5 M (GBP +34.9 M; +13.1%), as higher prices and wind production (+1.8%), with EA1 offshore wind farm starting to contribute, more than compensate lower hydro output as a consequence of the sale of assets

Brazil EBITDA BRL 446.2 M (BRL -35.5 M; -7.4%), with lower wind and hydro output partially compensated by new hydro capacity in operation (Baixo Iguaçu, 350 MW*)

Mexico EBITDA USD 63.3 M (USD +18.8 M; +42.3%), as a consequence of higher output (+53.5%), due to increasing average operating PV capacity (270 MW)

IEI** EBITDA EUR 247.2 M (EUR +85.6 M; +53.0%) due to German offshore contribution

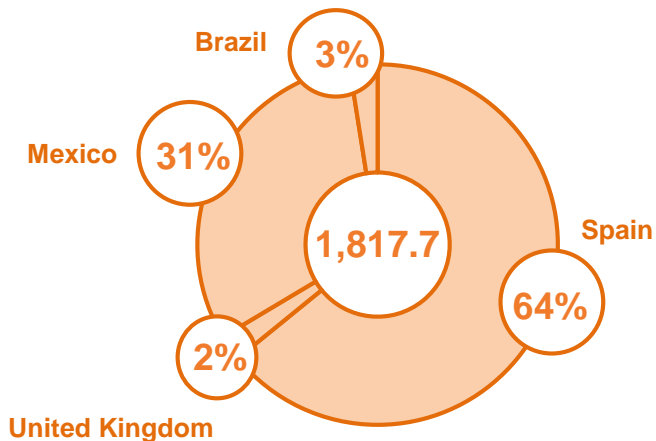
* Total installed capacity

** Iberdrola Energía Internacional, formerly RoW

Results by Business / Generation and Supply

Generation & Supply EBITDA up 37.1% to EUR 1,817.7 M, ...

EBITDA by Geography (%)



Key Figures (EUR M)

	9M 2018	9M 2019	vs 9M 2018
Gross Margin	2,936.3	3,482.3	+546.0 (+18.6%)
Net Op. Exp.	-970.4	-1,036.8	-66.5 (+6.8%)
Levies	-640.5	-627.8	+12.6 (-2.0%)
EBITDA	1,325.5	1,817.7	+492.2 (+37.1%)

... driven by Spain and Mexico

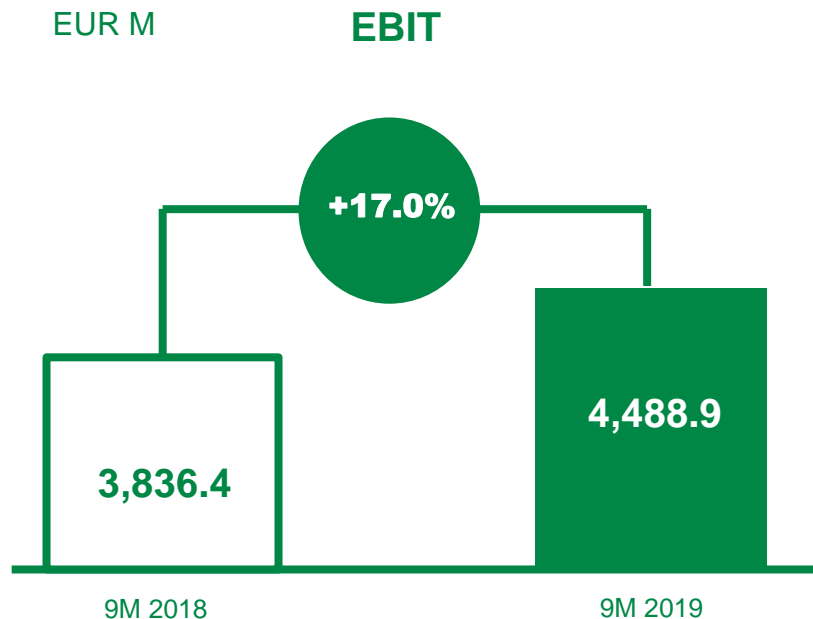
Results by Business / Generation and Supply

Spain	EBITDA EUR 1,174.9 M (EUR +491.4 M; +71.9%) <ul style="list-style-type: none">• Higher Production: 28,595 GWh (+21.9%); CCGT (+153.1%) and nuclear (+8.8%)• Revenues increase• LNG contracts sale (EUR +89 M one off)
Mexico	EBITDA USD 640.2 M (USD +150.0 M; +30.6%): Higher Sales driven by production increase (+20.0%), due to new installed capacity in 2018 with full contribution in 2019
UK	EBITDA GBP 37.4 M (GBP -132.6 M; -78.0%): caused by lower margins (-13% electricity, -17% gas) and lower sales (-10% electricity, -8% gas)
Brazil	EBITDA BRL 199.9 M (BRL -34.8 M; -14.8%): supply business affected by one-off effect (BRL -80 M)
IEI*	EBITDA EUR -14.3 M (EUR +0.7 M; +4.7%): improving but still affected by initial development costs

* Iberdrola Energía Internacional, formerly RoW

EBIT / Group

Group **EBIT** up 17.0%, to EUR 4,488.9 M



D&A and Provisions

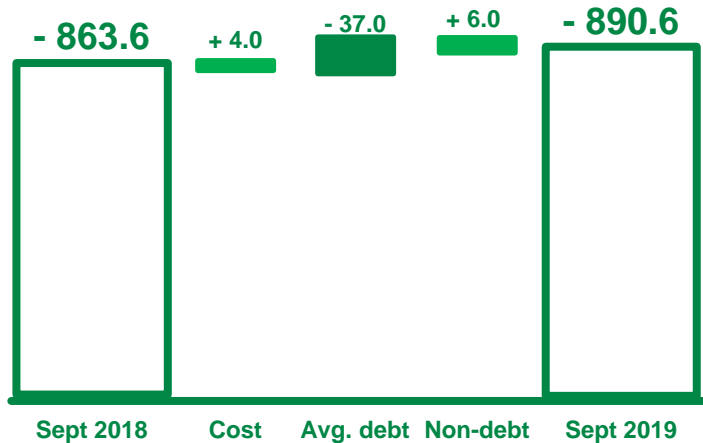
	9M 2018	9M 2019	vs 9M 2018 (%)
D & A	-2,659.6	-2,748.6	+3.3%
Provisions	-223.7	-261.5	+16.9%
TOTAL	-2,883.3	-3,010.1	+4.4%

D&A and Provisions up 4.4% due to higher asset base and activity (EUR -140 M) along with IFRS 16 impact, partially compensated by lower nuclear depreciation (EUR +84 M)

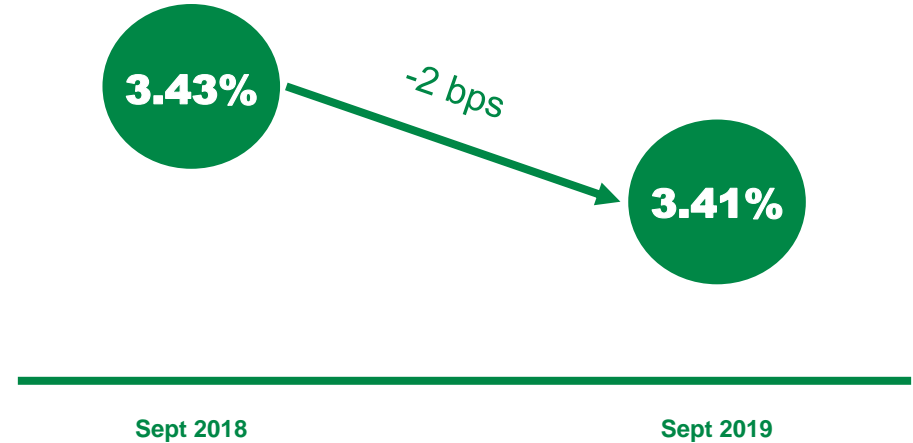
Net Financial Expenses / Group

Net Financial Expenses up EUR 27.0 M, to EUR 890.6 M, due to ...

Net Financial Exp. evolution (EUR M)



Cost of Debt



... higher average debt balance, despite lower cost and better non financial debt results

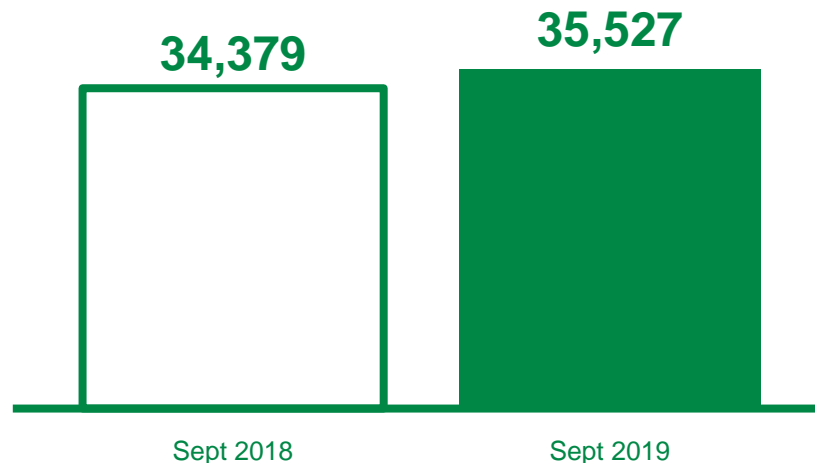
Net Debt / Group

Credit metrics improvement

Pro forma adjusted credit metrics**

	Sept 2018*	Sept 2019
Net Debt / EBITDA	3.9x	3.5x
FFO / Net Debt	21.0%	22.2%
RCF / Net Debt	19.5%	21.0%
Leverage	44.5%	43.2%

Net Debt** (EUR M)



Net Debt grows due to IFRS 16 (EUR 399 M), fx (EUR 838 M) and investments

* September 2018: Pro forma credit metrics exclude provisions for efficiency plans

** Adjusted by market value of treasury stock cumulative hedges (EUR 422.0 M at September 2018 and EUR 700.5 M at September 2019)

Green financing

Iberdrola Group remains as the **world leading private group** in green financing

Leaders by volume of green bonds issued and outstanding

Green bonds are the most preferred asset class for Debt Capital Markets due to the Use of Proceeds focus, strict reporting and external verification

Asset base allows the Group to continue to take advantage of this market

Very favourable conditions: green label improves cost and supports execution

EUR 2.5 bn of green financing issued during 2019, **totalling EUR 11bn outstanding**

Net Profit / Group

Reported Net Profit up 20.4%, to EUR 2,516.7 M ...

EUR M	9M 2018	9M 2019	vs 9M 2018 (%)
EBIT	3,836.4	4,488.9	+17.0%
- Net Financial Expenses	-863.6	-890.4	+3.1%
- Equity Method	+0.3	-21.1	n/a
- Non Recurring Results	+22.6	+122.4	n/a
- Corporate Tax and Minorities	-904.8	-1,183.0	+30.8%
Reported Net Profit	2,090.9	2,516.7	+20.4%

... and Net Profit up 12.0%, to EUR 2,317.6, excluding the impacts of gas contracts (EUR +89 M at GM* level) and fibre optic (EUR +49 M at GM level and EUR +114 M at Non Rec. Results level) transactions

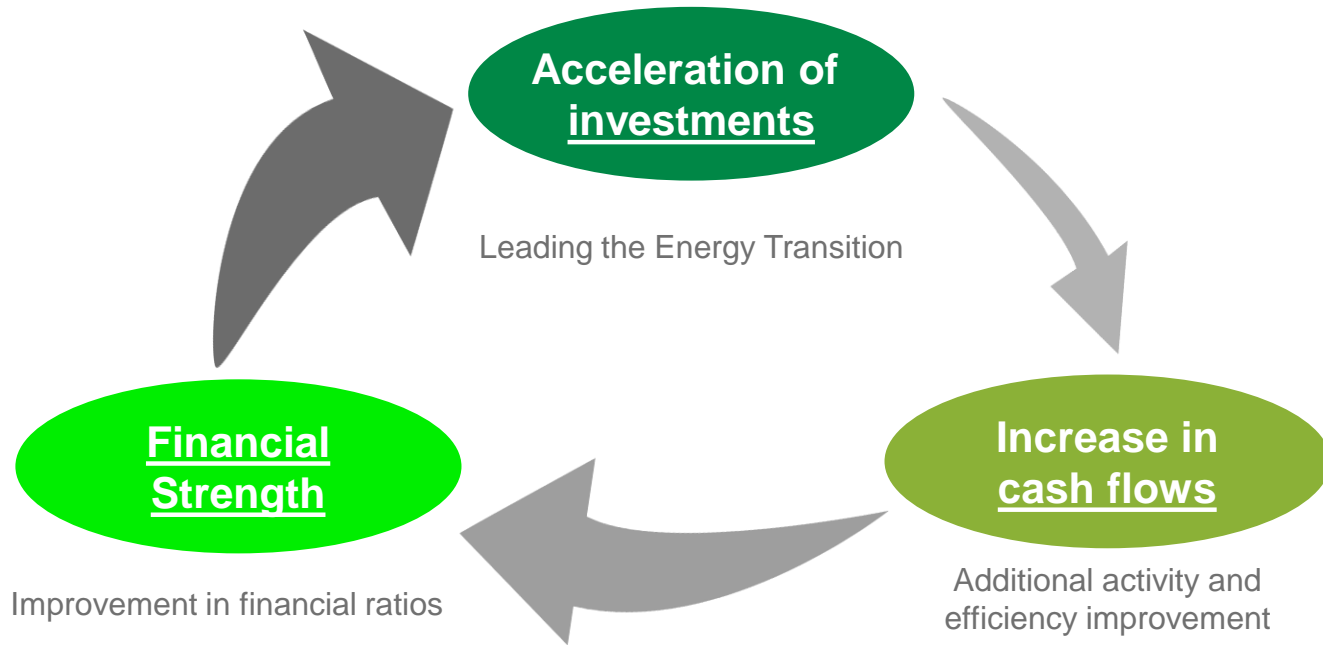
* Gross margin

Agenda

Conclusions

Iberdrola Model

A sustainable value creation model



Ahead in the fulfillment of the 18-22 plan targets

Outlook 2019

Strong 9M results reaffirm
a **double-digit** Net Profit growth outlook for 2019



Increasing interim shareholder remuneration by **10.6%**...

2019 Dividend

Interim shareholder remuneration

Payable in January 2020

EUR 0.167/share

+10.6%

...and supplementary shareholder remuneration payable in July 2020

Agenda

Annex:

“Iberdrola Retribución Flexible” program

January 2020

“Iberdrola Retribución Flexible” program: January 2020

