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Agenda

Highlights of the Period
Highlights of the period

Net Profit grows 16.6% to EUR 1,644 M…

- EBITDA totals EUR 4,990 M, up 12.5%
- Operating Cash Flow grows 11.1% to EUR 3,881 M
- Net Investment increases by 23%, up to EUR 3,054 M
- Successful Neoenergia IPO in Brazil

…despite the lower contribution from hydro in Spain (EUR 125 M at EBITDA)
EBITDA reaches EUR 4,990 (+12.5%)…

Operating Highlights

**Networks**
- Brazil: tariff increases, higher demand and efficiencies
- US: higher tariffs and lower costs (in IFRS)

**Renewables**
- Higher prices and higher offshore production
- New installed capacity in Mexico, Brazil and the US (+1.4 GW y-o-y)
- Lower hydro production

**Generation and Supply**
- Better performance in Spain and Mexico
- Significantly lower contribution in the UK (lower margins and demand)

**Fx**
- Positive evolution of USD and GBP, more than compensates BRL negative evolution
Operating Cash Flow

Operating Cash Flow up 11.1%, to EUR 3,881 M

Operating Cash Flow (FFO)¹

<table>
<thead>
<tr>
<th>EUR M</th>
<th>3,881</th>
</tr>
</thead>
<tbody>
<tr>
<td>+11.1%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Inv.</th>
<th>3,054</th>
</tr>
</thead>
<tbody>
<tr>
<td>FFO - Net Inv.</td>
<td>827</td>
</tr>
</tbody>
</table>

¹ 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.
Net Investments

Net Investments increases 23.2%, up to EUR 3,054 M…
Net Investments: Generation capacity

...to add 5.25 GW of new capacity in FY 2019, increasing our installed capacity by 11% in the year

<table>
<thead>
<tr>
<th></th>
<th>Q1-Q2 2019</th>
<th>Q3-Q4 2019</th>
<th>TOTAL 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offshore</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solar PV</td>
<td>28</td>
<td>448</td>
<td>476</td>
</tr>
<tr>
<td>Hydro</td>
<td>628</td>
<td>362</td>
<td>990</td>
</tr>
<tr>
<td>Others</td>
<td>129</td>
<td>142</td>
<td>271</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Onshore</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solar PV</td>
<td>36</td>
<td>237</td>
<td>273</td>
</tr>
<tr>
<td>Hydro</td>
<td>367</td>
<td>244</td>
<td>611</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Renewables</td>
<td>1,188</td>
<td>1,506</td>
<td>2,694</td>
</tr>
<tr>
<td>Combined cycle &amp; cogeneration</td>
<td>2,556</td>
<td>2,556</td>
<td>2,556</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,188</td>
<td>4,062</td>
<td>5,250</td>
</tr>
</tbody>
</table>

Accelerating investments to increase current target of 13 GW new capacity by 2022
Regulation Spain

Spain is moving towards a more predictable and stable regulatory framework

- **European leadership in emissions reduction:** Net Zero Emissions by 2050 vision
- **National Integrated Energy & Climate Plan:** positive assessment by the European Commission
- **Restitution of competences** to the CNMC
- **Predictable methodology** for the remuneration of electricity networks based on RAB and WACC
CNMC draft electricity networks remuneration: in line with previous announcements...

...with positive aspects:

- **Predictability** in the long term (six years)
- **Harmonization** of electricity and gas remuneration

...but there is room for improvement:

- Insufficient rate of return to reach the National Integrated Energy & Climate Plan goals
- **Incentives to quality, losses & customer service**

Need to incentivize electrification in order to reach decarbonisation targets
Neoenergia IPO Results

Brazil’s largest energy sector placement since 2000…

...5 times oversubscribed...

...with a diversified international shareholder base...

...an outstanding share performance since listed: +13.4%...

...reaching a current market cap of close to 5,100 million euros

The market values positively Neoenergia’s strategy and delivery
New opportunities

The energy transition constitutes a historic opportunity:

- Increasing focus on decarbonization in Europe & US
  - Spain
  - UK
  - I.E.I.
  - US

- Offshore momentum
  - US
  - UK
  - I.E.I.

- Need of additional networks infrastructures
  - US
  - Brazil
  - Spain

- National Energy Plan to 2033
  - Mexico

- Clean Energy for All Europeans
- National Integrated Energy and Climate Plan
- Net Zero Emissions by 2050
- Strong climate action at state level
- US: potential to up 25 GW
- UK: 30 GW by 2030
- Brazil: new transmission auctions calendar detailed
- US: investments related to resiliency plans
- 70 GW of new capacity to be installed

And as a consequence, Iberdrola is accelerating its investment plan
Agenda

Analysis of Results
## Income Statement / Group

**Reported Net Profit** up 16.6%, to EUR 1,644.4 M. Fx as follows USD +7.1%, GBP +0.7% and BRL -5.3%

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H1 2019</th>
<th>Var.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>17,586.6</td>
<td>18,281.0</td>
<td>+694.4</td>
<td>+3.9</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>7,668.4</td>
<td>8,230.0</td>
<td>+561.6</td>
<td>+7.3</td>
</tr>
<tr>
<td>Net Operating Expenses</td>
<td>-2,111.3</td>
<td>-2,145.8</td>
<td>-34.5</td>
<td>+1.6</td>
</tr>
<tr>
<td>Levies</td>
<td>-1,121.3</td>
<td>-1,094.5</td>
<td>+26.8</td>
<td>-2.4</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>4,435.9</td>
<td>4,989.8</td>
<td>+553.9</td>
<td>+12.5</td>
</tr>
<tr>
<td>EBIT</td>
<td>2,527.3</td>
<td>2,990.7</td>
<td>+463.5</td>
<td>+18.3</td>
</tr>
<tr>
<td>Net Financial Expenses</td>
<td>-563.1</td>
<td>-610.9</td>
<td>-47.8</td>
<td>+8.5</td>
</tr>
<tr>
<td>Non Recurring Results</td>
<td>22.0</td>
<td>6.8</td>
<td>-15.2</td>
<td>-68.9</td>
</tr>
<tr>
<td>Taxes and Minorities</td>
<td>-567.9</td>
<td>-734.0</td>
<td>-166.1</td>
<td>+29.2</td>
</tr>
<tr>
<td><strong>Reported Net Profit</strong></td>
<td>1,410.5</td>
<td>1,644.4</td>
<td>+233.9</td>
<td>+16.6</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>3,493.5</td>
<td>3,880.9</td>
<td>+387.4</td>
<td>+11.1</td>
</tr>
</tbody>
</table>

**IFRS 16** new accounting treatment for operating leases: higher debt (EUR 399 M in H1 2019), higher depreciation (EUR -32 M) and Financial Expenses (EUR -6 M), and lower Net Operating Expenses (EUR +33 M). Net Profit impact of EUR -2 M.

Gross Margin / Group

**Gross Margin** up 7.3%, to EUR 8,230.0 M, and +5.8% excluding fx impact...

<table>
<thead>
<tr>
<th>EUR M</th>
<th>Revenues</th>
<th>Procurements</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2018</td>
<td>17,586.6</td>
<td>9,918.2</td>
</tr>
<tr>
<td>H1 2019</td>
<td>18,281.0 (3.9%)</td>
<td>10,051.0 (1.3%)</td>
</tr>
</tbody>
</table>

... **Revenues** grew 3.9% (EUR 18,281.0 M) and **Procurements** +1.3% (EUR 10,051.0 M)
Net Operating Expenses / Group

Net Operating Expenses up 1.6%, to EUR 2,145.8 M …

<table>
<thead>
<tr>
<th>EUR M</th>
<th>Net Operating Expenses</th>
<th>vs H1 2018 (%)</th>
<th>vs H1 2018 (%) (excluding fx)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2018</td>
<td>H1 2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Personnel Expenses</td>
<td>-1,043.9</td>
<td>-1,083.4</td>
<td>+3.8%</td>
</tr>
<tr>
<td>Net External Services</td>
<td>-1,067.4</td>
<td>-1,062.4</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Total Net Op. Expenses</td>
<td>-2,111.3</td>
<td>-2,145.8</td>
<td>+1.6%</td>
</tr>
</tbody>
</table>

… and flat excluding fx impact
Levies / Group

Levies fall 2.4%, to EUR 1,094.5 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 8.6%, to EUR 2,593.5 M, ... driven by US and Brazil
Results by Business / Networks

Spain
EBITDA EUR 836.6 M (EUR -57.1 M; -6.4%), due to positive one-off accounted for in 2018 corresponding to ICAs* (EUR +53 M) and efficiency programs implemented in H1’19 that increase NOE**

US
EBITDA IFRS USD 782.0 M (USD +75.5 M; +10.7%), 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, compensated by lower taxes. Neutral at Net Income level

Brazil
EBITDA BRL 2,553.4 M (BRL +676.9 M; +36.1%), with positive tariff revisions from May 2018, increasing contribution from transmission assets, positive impact from efficiencies and increase in demand (5.2%)

UK
EBITDA GBP 417.2 M (GBP +17.3 M; +4.3%), 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
** Net Operating Expenses
Results by Business / Renewables

Renewables EBITDA falls 1.6%, to EUR 1,165.2 M, …

EBITDA by Geography (%)

Key Figures (EUR M)

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H1 2019</th>
<th>vs H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Margin</td>
<td>1,823.5</td>
<td>1,749.9</td>
<td>-73.7 (-4.0%)</td>
</tr>
<tr>
<td>Net Op. Exp.</td>
<td>-365.5</td>
<td>-378.1</td>
<td>-12.6 (+3.5%)</td>
</tr>
<tr>
<td>Levies</td>
<td>-273.9</td>
<td>-206.6</td>
<td>+67.3 (-24.6%)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,184.1</td>
<td>1,165.2</td>
<td>-19.0 (-1.6%)</td>
</tr>
</tbody>
</table>

… as UK, Latam and offshore contribution compensates lower production in Spain

*Iberdrola Energía Internacional, formerly RoW
### Results by Business / Renewables

<table>
<thead>
<tr>
<th>Country</th>
<th>EBITDA</th>
<th>Change (M; %)</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>EUR 380.0 M</td>
<td>-110.8 M; -22.6%</td>
<td>as a consequence of lower output (-27.6%), driven by hydro (-45.1%) and wind (-8.3%), partially compensated by lower taxes</td>
</tr>
<tr>
<td>US</td>
<td>USD 278.2 M</td>
<td>-55.3 M; -16.6%</td>
<td>due to lower output (-6.1%) and lower prices</td>
</tr>
<tr>
<td>UK</td>
<td>GBP 213.4 M</td>
<td>+8.2 M; +4.0%</td>
<td>as increased prices more than compensate lower wind output (-10.5%)</td>
</tr>
<tr>
<td>Brazil</td>
<td>BRL 308.1 M</td>
<td>+54.6 M; +21.5%</td>
<td>with higher output (+12.1%), mainly as a consequence of new hydro capacity in operation (Baixo Iguaçu, 350 MW*) and cost containment</td>
</tr>
<tr>
<td>Mexico</td>
<td>USD 45.2 M</td>
<td>+24.9 M; n/a</td>
<td>as a consequence of higher output (+68.9%), due to increasing average operating PV capacity (270 MW)</td>
</tr>
<tr>
<td>IEI**</td>
<td>EUR 183.5 M</td>
<td>+77.6 M; +73.2%</td>
<td>due to German offshore contribution</td>
</tr>
</tbody>
</table>

* Total installed capacity  
** Iberdrola Energía Internacional, formerly RoW
Results by Business / Generation and Supply

Generation & Supply EBITDA up 34.8% to EUR 1,182.7 M, …

EBITDA by Geography (%)

- Spain: 49%
- Mexico: 31%
- United Kingdom: 15%
- Brazil: 5%

Key Figures (EUR M)

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H1 2019</th>
<th>vs H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Margin</td>
<td>1,951.7</td>
<td>2,327.3</td>
<td>+375.6 (+19.2%)</td>
</tr>
<tr>
<td>Net Op. Exp.</td>
<td>-648.4</td>
<td>-709.5</td>
<td>-61.2 (+9.4%)</td>
</tr>
<tr>
<td>Levies</td>
<td>-425.7</td>
<td>-435.1</td>
<td>-9.3 (+2.2%)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>877.6</td>
<td>1,182.7</td>
<td>+305.1 (+34.8%)</td>
</tr>
</tbody>
</table>

… driven by Spain and Mexico
## Results by Business / Generation and Supply

<table>
<thead>
<tr>
<th>Country</th>
<th>EBITDA Currency (Currency Change; % Change)</th>
<th>Notes</th>
</tr>
</thead>
</table>
| Spain     | EUR 753.6 M (EUR +346.0 M; +84.9%)                                   | • Higher Production: 17,896 GWh (+24.7%)  
             |                                                                      | • Revenues increase in supply  
             |                                                                      | • LNG contracts sale (EUR +89 M) |
| Mexico    | USD 407.6 M (USD +108.6 M; +36.3%): Higher Sales driven by production increased (+22.7%), due to new installed capacity in 2018 with full contribution in 2019 |
| UK        | GBP 48.8 M (GBP -117.0 M; -70.6%): caused by lower margins (-16.1% electricity, -16.5% gas) and lower sales (-10% electricity, -11% gas) |
| Brazil    | BRL 82.6 M (BRL -101.5 M; -55.1%): supply business affected by one-off effect (BRL -62 M) |
| IEI*      | EUR -6.8 M (EUR +3.7 M; +35.1%): improving but still affected by initial development costs |

* Iberdrola Energía Internacional, formerly RoW
**EBIT / Group**

Group **EBIT** up 18.3%, to EUR 2,990.7 M

<table>
<thead>
<tr>
<th>EUR M</th>
<th>EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2018</td>
<td>2,527.3</td>
</tr>
<tr>
<td>H1 2019</td>
<td>2,990.7</td>
</tr>
</tbody>
</table>

**D&A and Provisions** up 4.7% due to higher asset base and activity and IFRS 16 impact, partially compensated by lower nuclear depreciation (EUR +56 M)

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H1 2019</th>
<th>vs H1 2018 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>D &amp; A</td>
<td>-1,757.2</td>
<td>-1,821.0</td>
<td>+3.6%</td>
</tr>
<tr>
<td>Provisions</td>
<td>-151.4</td>
<td>-178.0</td>
<td>+17.6%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-1,908.6</td>
<td>-1,999.0</td>
<td>+4.7%</td>
</tr>
</tbody>
</table>
Net Financial Expenses / Group

Net Financial Expenses up EUR 47.8 M, to EUR 610.9 M …

… due to higher average debt balance and fx hedges, despite lower cost
**Net Debt / Group**

**Credit metrics** improve despite Net Debt growth due to IFRS 16 (EUR 399 M), fx (EUR 284 M) and higher investments

Pro forma adjusted credit metrics**

<table>
<thead>
<tr>
<th></th>
<th>June 2018</th>
<th>June 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt / EBITDA</td>
<td>4.1x</td>
<td>3.7x</td>
</tr>
<tr>
<td>FFO / Net Debt</td>
<td>20.2%</td>
<td>21.2%</td>
</tr>
<tr>
<td>RCF / Net Debt</td>
<td>17.7%</td>
<td>20.1%</td>
</tr>
<tr>
<td>Leverage</td>
<td>43.7%</td>
<td>44.5%</td>
</tr>
</tbody>
</table>

Net Debt to be reduced in H2'19 as a consequence of the asset rotation plan in progress

* June 2018: Pro forma credit metrics exclude provisions for efficiency plans
** Adjusted by market value of treasury stock cumulative hedges (EUR 30.7 M at June 2018 and EUR 457.2 M at June 2019)
**H1 2019 Financing activity**

EUR 5.5 Bn equivalent of **new financing**: EUR 4 Bn new debt, EUR 1.5 Bn credit lines

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>% Green / Sustainable</th>
<th>Average life</th>
<th>Cost vs 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Debt</strong></td>
<td>EUR 2,100 M</td>
<td>71%</td>
<td>7.1 Y</td>
<td>-59 bps*</td>
</tr>
<tr>
<td></td>
<td>USD 880 M</td>
<td>85%</td>
<td>10.0 Y</td>
<td>= bps**</td>
</tr>
<tr>
<td></td>
<td>BRL4,887 M</td>
<td>27%</td>
<td>7.7 Y</td>
<td>-56 bps</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>EUR 4.0 bn (equivalent)</td>
<td>EUR 2.5 bn (equivalent)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Credit Lines</strong></td>
<td>EUR 1,500 M</td>
<td>100%</td>
<td>5 Y + 1 + 1</td>
<td>-2.5 bps</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>EUR 5.5 bn (equivalent)</td>
<td>EUR 4.0 bn (equivalent)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

World leading private Group in green bonds outstanding

* Excluding Hybrids
** Excluding TEIs
Net Profit / Group

Profit Before Tax grows 20.2% and Reported Net Profit up 16.6%, to EUR 1,644.4 M, ... as Corporate tax rate normalizes reaching 22.9%, vs 20.8% in H1 2018, that was positively affected by final adjustments related to US tax reform.

<table>
<thead>
<tr>
<th>EUR M</th>
<th>H1 2018</th>
<th>H1 2019</th>
<th>vs H1 2018 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBT</td>
<td>1,978.4</td>
<td>2,378.4</td>
<td>+20.2%</td>
</tr>
<tr>
<td>- Corporate Tax</td>
<td>-412.3</td>
<td>-545.5</td>
<td>+32.3%</td>
</tr>
<tr>
<td>- Minorities</td>
<td>-155.6</td>
<td>-188.5</td>
<td>+21.1%</td>
</tr>
<tr>
<td>Reported Net Profit</td>
<td>1,410.5</td>
<td>1,644.4</td>
<td>+16.6%</td>
</tr>
</tbody>
</table>
Agenda

Conclusions
Outlook 2019

Improving 2019 net profit growth outlook from high single-digit to low double digit...

...sustained on H1 strong results... + ... new capacity & cost savings in H2 ...

...even improving the strong results achieved in H2 2018