Results Presentation

First Quarter

April 26

/ 2017

Iberdrola, “utility of the future”

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Highlights of the period

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Net Profit reaches Eur 828 M

EBITDA totals Eur 1,862 M

Net Investments up to Eur 1,016 M

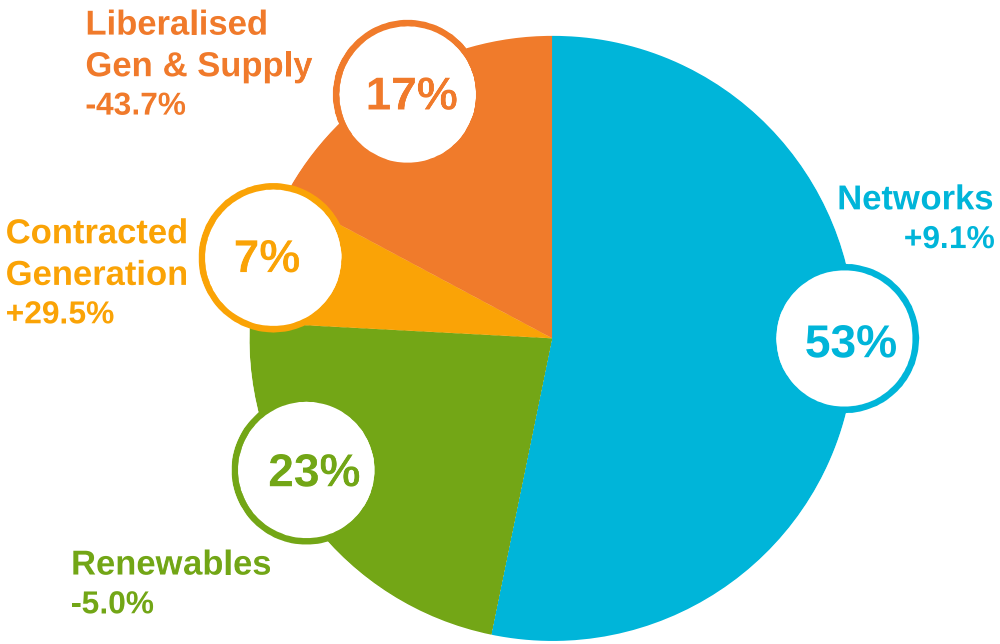
Operating Cash Flow (FFO) of Eur 1,655 M

Gamesa-Siemens Wind merger completed

EBITDA

EBITDA reaches Eur 1,862 M

EBITDA by business



Operating Highlights

Networks

- US: rate cases of New York and Connecticut

Renewables

- Spain: lower output vs exceptionally high 2016

Contracted Generation

- New power plants contribution (+740 MW vs Q1 2016)

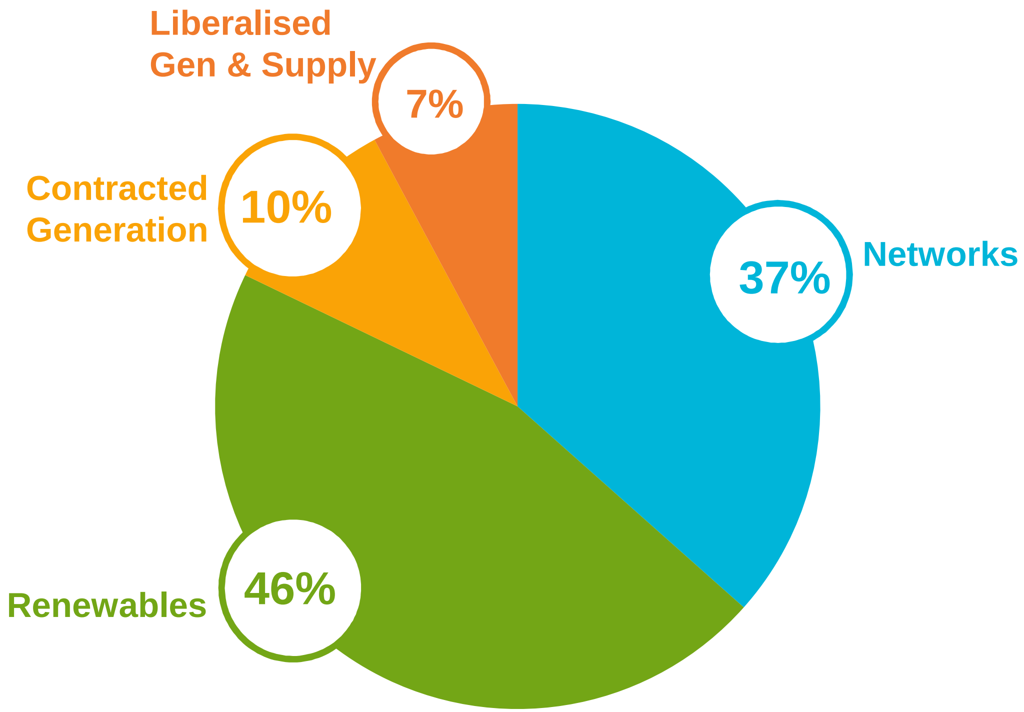
Liberalised Generation and Supply

- Spain: lower hydro production vs exceptionally high 2016
- UK: low prices, higher regulated obligation costs and lower output (Longannet closure)

Net Investments increase 13.4% to Eur 1,016 M

93% in networks, renewables and contracted generation

Investment by business



Commissioning a total of 2,011MW[1]

in renewables and contracted generation during 2017…

[1] Including 150MW to be consolidated as a result of the acquision of Força Eolica do Brasil

2016 – 2020 Plan: capacity in construction

…with a total of almost 6.5GW[1] to be commissioned by 2020…

Capacity in construction/committed – Commissioning date

MW		Country	*Commissioned Q1 2017*	Q2-Q4 2017	2018	2019	2020	Additional capacity
Renewables	Offshore			350				1,064
						448	266	
	Onshore			534	201			1,546
			83	208				
						326		
			84	245[2]				
					32			
	Solar PV			56	10			336
					270			
Contracted generation	Combined cycle		*314*	22	879	1,753	766	3,527
	Cogeneration			107				
			[illegible]	1,522	1,392	2,527	1,032	6,473

…in addition to the 1,298MW put in operation during 2016 and Q1 2017

[1] Excluding Tamega and St Brieuc (expected commissioning post-2020)
[2] Including 150MW to be consolidated as a result of the acquision of FEB

2016 – 2020 Plan: Q1 milestones

Networks

- **UK: Western Link Cable Wales-Scotland (2 GW)** Cable manufacturing and testing in Q1 2017. Expected commissioning in Q4 2017
- **US: Energization** of **GRTA project in NY** (Ginna project) – 2 new large substations and 3 secondary substations (440-115kV) in operation
- **Spain: Smart Grids Project** (STAR) **88% smart meters** installed (+490,000 in Q1)
- **Brazil (Celpe-Neoenergia):** 4th regulatory cycle (April 2017-2021), increasing CELPE results by >50%

Renewables

Offshore

- **Wikinger (350MW): all jackets** and **12 turbines** already **installed.** **First export** in **Q3** and **Full export** in **Q4**

Onshore

- **UK: 83 MW commissioned** during Q1
- **US: new PPAs** signed for new **Montague (201MW)** and **80MW of Barton** (160MW)
- **Brazil: 84 MW commissioned** during Q1

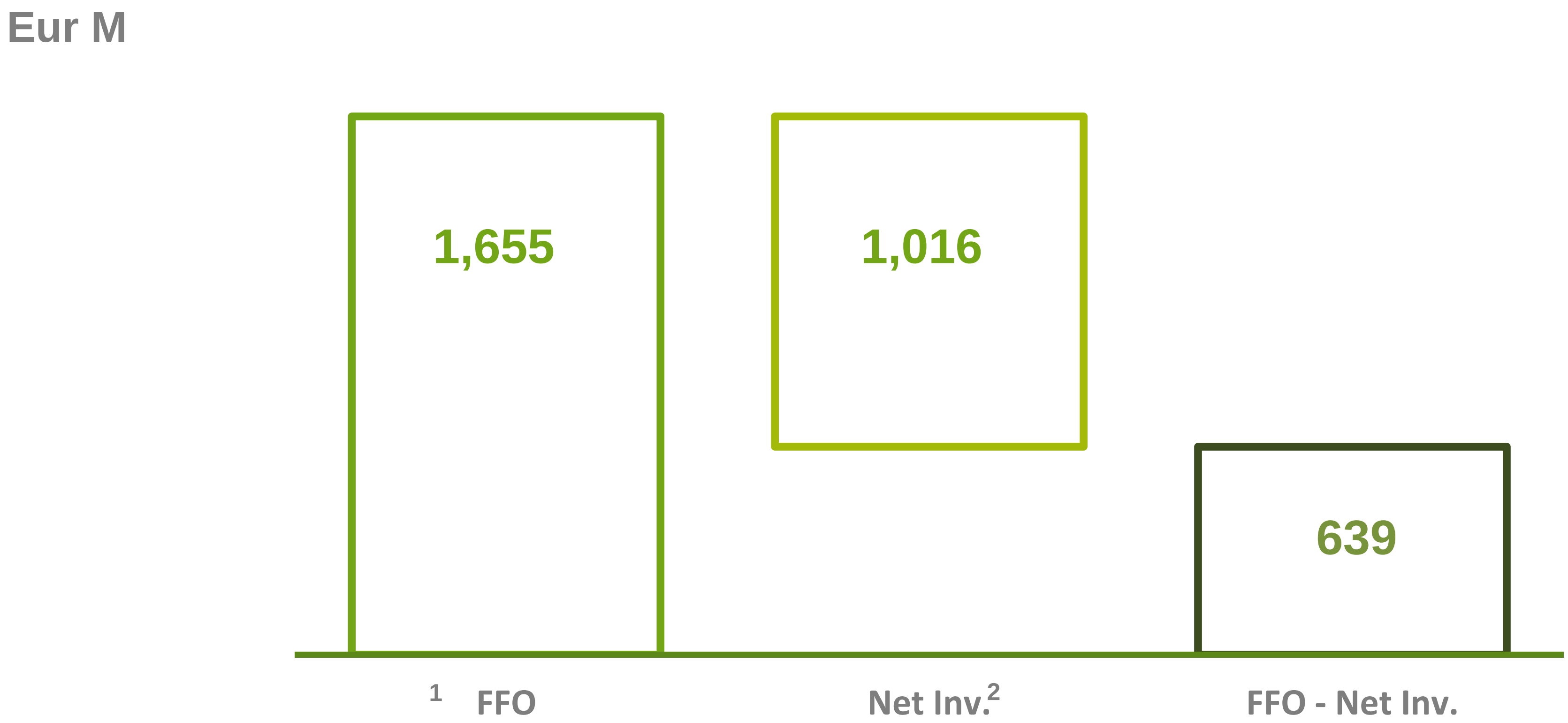
Contracted Generation Mexico

- **Baja California 3** combined cycle (314 MW) **commissioned** during Q1
- **Awarded** combined cycle **Topolobampo III (766MW)** –to be **commissioned January 2020…**

…to reach over **10 GW installed capacity** by **2020**

Operating Cash Flow

Operating Cash Flow (FFO) totals Eur 1,655 M



[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

[2] Investment net of grants and ex-capitalised costs.

AVANGRID results (USD, US GAAP)

AVANGRID's Net Income grows 13% to USD 239 M

Strong performance confirms commitment to deliver 8-10% CAGR through '20

Good business performance in Core businesses

Networks: improving results in NY & Connecticut

Renewables: higher production due to additional installed capacity

Best practices implementation: *Forward 2020* Plan

1st quarter dividend of $0.432/share paid on April 3, 2017
2nd quarter dividend of $0.432/share declared by Board, payable July

2017 Total Shareholder Return of AVANGRID >15%, more than doubling that of S&P 500 Utilities

Other milestones

Annual General Meeting

- ✓ **Quorum of 77.2%**
- ✓ **Average support of over 99% for all the items on the Agenda**

Dividend

- ✓ The Board of Directors has approved (25th April 2016) **Execution in July of scrip dividend program of at least Eur 0.145 per share + Eur 0.03 per share in cash to reach an annual shareholder remuneration of Eur 0.31 per share (+11%)**
- ✓ **Execution of share buy-back program, to maintain the number of shares at 6,240 M and avoid dilution**

Analysis of Results

Income Statement / Group

Q1 EBITDA -8.2% and Net Profit -4.7%, to recover during 2017
Operating Cash Flow down 2.4%

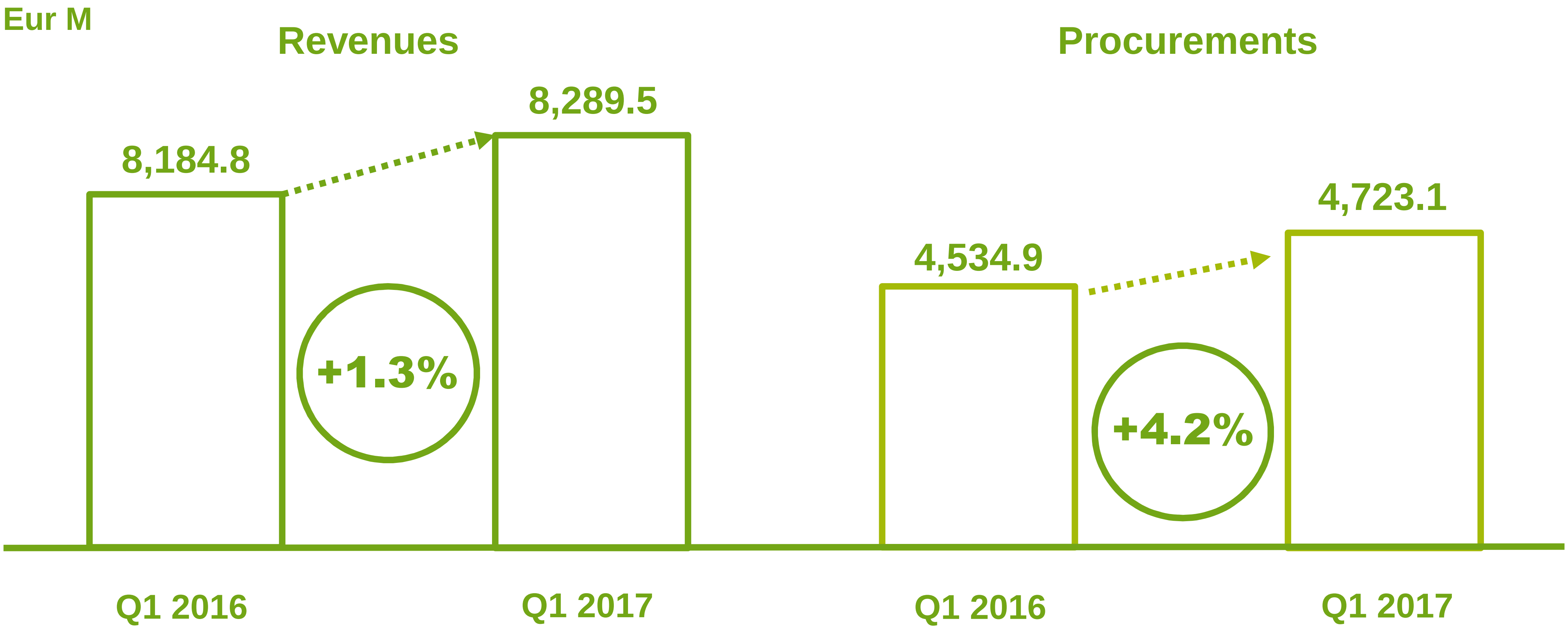
Eur M	Q1 2017	Q1 2016*	Var.	%
Revenues	8,289.5	8,184.8	+104.7	+1.3
Gross Margin	3,566.4	3,649.9	-83.5	-2.3
Net Operating Expenses	-940.9	-931.4	-9.5	+1.0
Levies	-763.9	-691.5	-72.4	+10.5
EBITDA	**1,861.6**	**2,027.1**	**-165.5**	**-8.2**
EBIT	1,027.0	1,249.5	-222.4	-17.8
Net Financial Expenses	-205.9	-140.1	-65.8	+47.0
Reported Net Profit	**827.6**	**868.7**	**-41.1**	**-4.7**
Operating Cash Flow **	1,654.7	1,695.9	-41.2	-2.4

** Q1 2016 re-stated due to the change in the accounting treatment of subsidies. Eur 19 M of higher EBITDA compensated at Depreciation and Amortization. No impact at Net Profit level.*
***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*

Limited fx impact as USD and BRL almost compensate lower GBP (EBITDA Eur -2 M; Net Profit Eur -31M)

Gross Margin / Group

Gross Margin falls 2.3%, to Eur 3,566.4 M …



… as Revenues +1.3% (Eur 8,289.5 M)
and Procurements +4.2% (Eur -4,723.1 M) due to higher input costs

Net Operating Expenses / Group

Net Operating Expenses up 1.0%, to Eur 940.9 M
Excluding non recurring impacts and fx, Net Operating Expenses improve 0.3%

Eur M

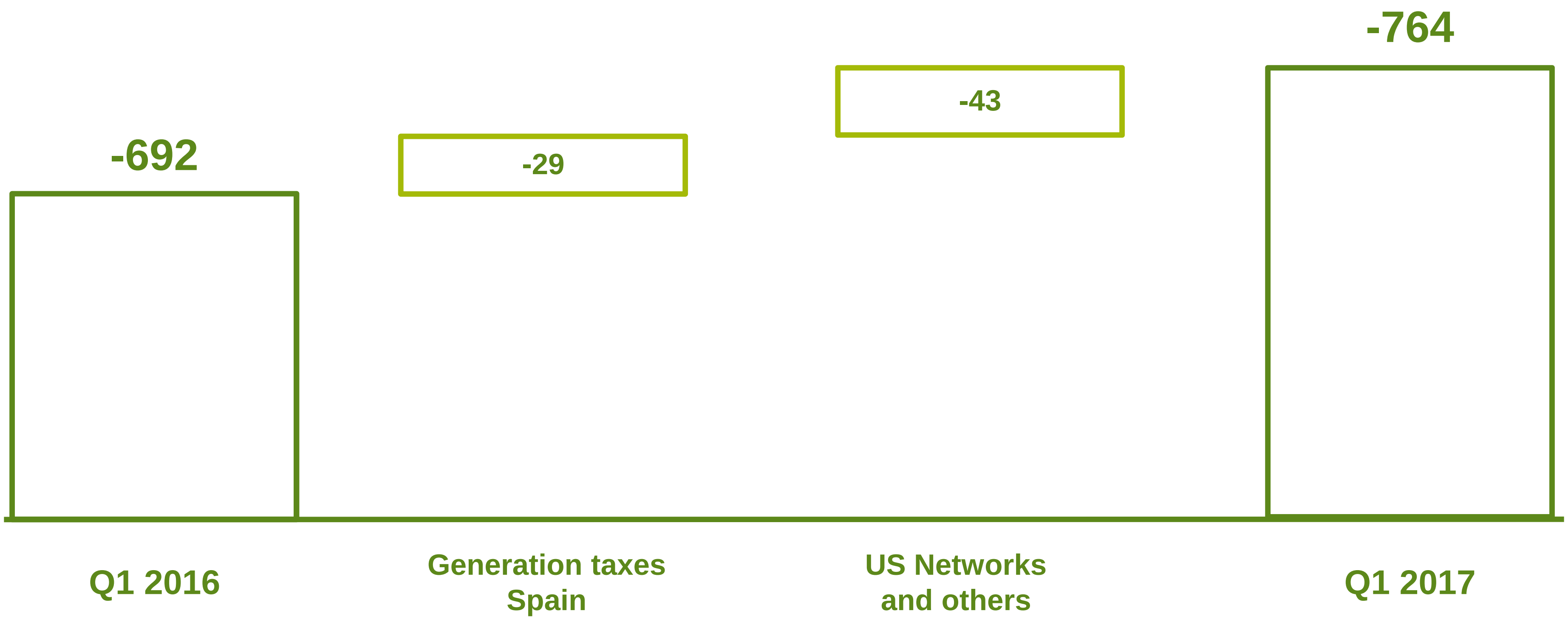
Net Operating Expenses

	Q1 2017	Q1 2016	% vs Q1 '16	% vs Q1 '16 (ex non recurring and fx)
Net Personnel Expenses	-493.2	-511.2	-3.5	-5.1
Net External Services	-447.7	-420.2	+6.5	+4.8
Total Net Op. Expenses	**-940.9**	**-931.4**	**+1.0**	**-0.3**

… due to cost control

Levies / Group

Levies up 10.5%, to Eur 763.9 M, as a consequence of …

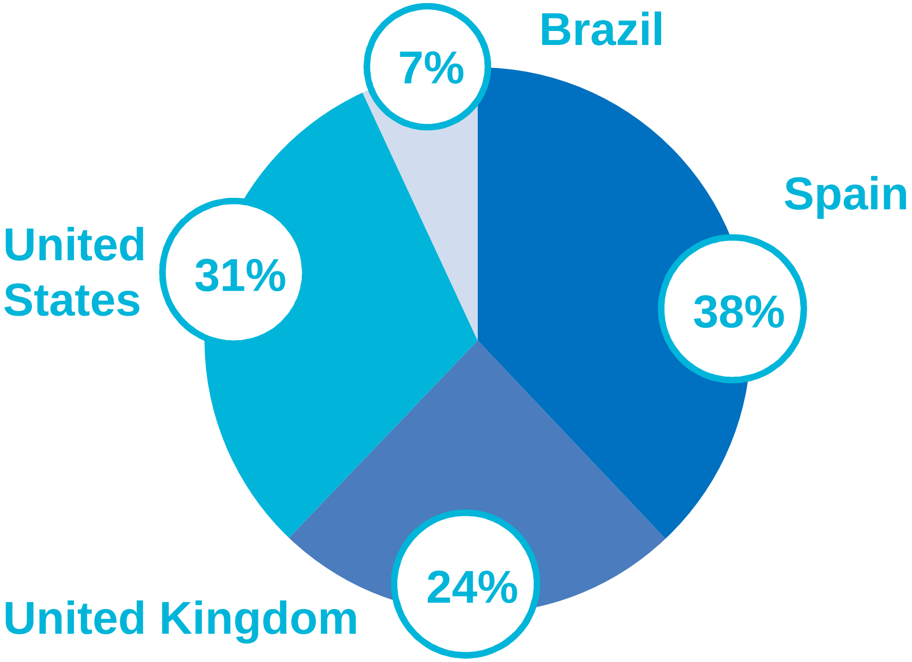


… higher generation taxes in Spain, linked to energy price and nuclear output increase, and higher taxes in Networks US, affected additionally by seasonality

Results by Business / Networks

Networks EBITDA up 9.1% to Eur 1,020.9 M …

EBITDA by Geography (%)



Key figures (Eur M)

	Q1 2017	vs Q1 '16	vs Q1 '16 (%)
Gross Margin	1,737.1	+101.8	+6.2%
Net Op. Exp.	-387.8	+26.0	-6.3%
Levies	-328.5	-42.6	+14.9%
EBITDA	**1,020.9**	**+85.2**	**+9.1%**

… as the good operational performance in US and Brazil more than compensates the results in the UK

Results by Business / Networks

Spain

EBITDA Eur 387.4 M (Eur -1.8 M; -0.5%), due to lower investments recognized in Q1 2017 vs Q1 2016

UK

EBITDA GBP 210.5 M (GBP -12.4 M; -5.6%), due to lower energy distributed and settlements of previous years

US

EBITDA USD 335.4 M (USD +107.2 M; +46.9%), driven by the implementation of new rate cases and positive IFRS impacts to be adjusted during the year.
NY tariff to be increased in May 2017 by ~4.5%

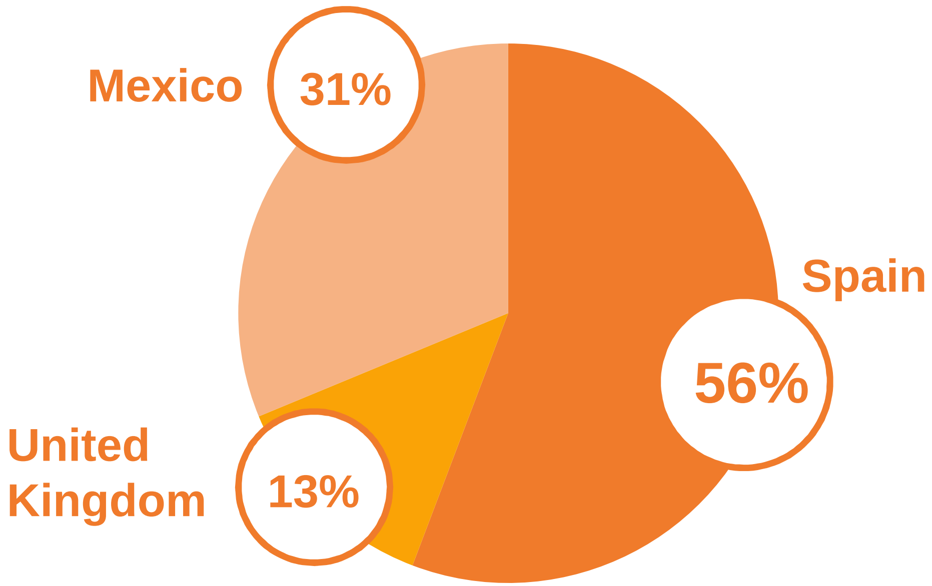
Brazil

EBITDA BRL 235.8 M (BRL +14.7 M; +6.7%), with higher energy distributed (+1.8%) and Elektro's annual tariff revision in August 2016

Results by Business / Generation and Supply

Generation & Supply EBITDA falls 32.0% to Eur 436.3 M …

EBITDA by Geography (%)



Key figures (Eur M)

	Q1 2017	vs Q1 '16	vs Q1 '16 (%)
Gross Margin	1,171.7	-172.3	-12.8%
Net Op. Exp.	-386.4	+15.2	-3.8%
Levies	-349.0	-47.8	+15.9%
EBITDA	436.3	-204.9	-32.0%

… as a consequence of the adverse operating situation in the UK during Q1, weather conditions and higher Levies in Spain, that will recover during the year

Results by Business / Generation and Supply

Spain

EBITDA Eur 238.4 M (Eur -58.2 M; -19.6%)

- Lower output* (-6.1%) due to decrease in hydro (-41%) after an exceptional Q1'16. Impact will be diluted during the year
- Lower Gas results vs Q1 2016 (Eur -11 M) due to higher procurement costs
- Higher Levies Eur 52 M (+21.1%) affected by increase in generation taxes: higher power prices and nuclear output. This increase will moderate as prices normalise during the year
- Higher Retail activity (volumes and Products & Services)

Mexico

EBITDA USD 141.9 M (USD +28.8 M; +25.4%)

- Higher results due to additional capacity in operation:
  - CFE: Baja California CCGT (314MW) (COD Q1 2017)
  - Private customers: Monterrey V CCGT (300MW), Ramos cogeneration (56MW) and repowering (73 MW) (COD during 2016)
- Higher CFE tariff as oil prices have recovered from Q1 2016 lows

*** Includes cogeneration**

Results by Business / Generation and Supply

EBITDA GBP 47.2 M (GBP -126.3 M; -72.8%)

UK

- *Wholesale & Generation* decreases GBP 45 M as a consequence of lower output (-47.5%) due to Longannet closure (GBP -29 M, as Q1 was historically the strongest quarter in terms of results contribution)
- *Retail* decreases GBP 81 M:
  - Power: Lower demand, Government Obligations and margin compression
  - Gas : Lower margins and volumes

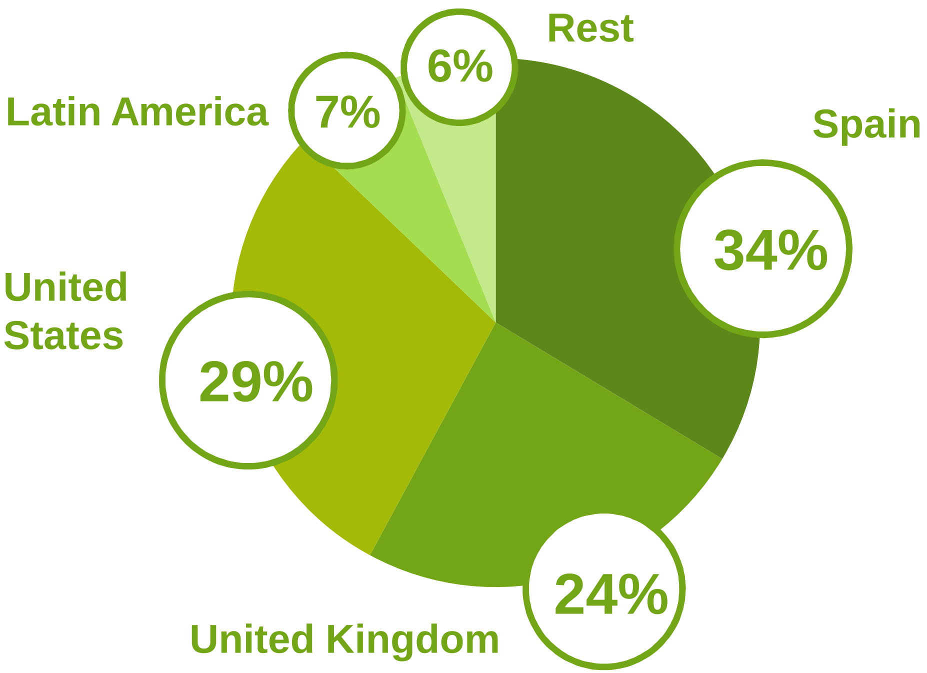
Performance of the business will improve in the year due to:

- ✓ Longannet closure in March 2016 will dilute the full year impact
- ✓ Improvement in margins due to tariff increase (10.8% elect., 4.7% gas), effective from April 2017
- ✓ Efficiency measures underway

Results by Business / Renewables

EBITDA down 5.0%, to Eur 434.0 M …

EBITDA by Geography (%)



Key figures (Eur M)

	Q1 2017	vs Q1 '16	vs Q1 '16 (%)
Gross Margin	655.0	+7.6	+1.2%
Net Op. Exp.	-141.6	-30.8	+27.9%
Levies	-79.3	+0.4	-0.5%
EBITDA	434.0	-28.8	-5.0%

… mainly driven by lower wind resource in Spain

Results by Business / Renewables

Spain

EBITDA Eur 145.9 M (Eur -28.4 M; -16.3%), due to lower output (-17.3%), after an exceptional Q1 2016 that normalised thereafter

UK

EBITDA GBP 89.8 M (GBP +6.0 M; +7.2%), higher output (26.8%) due to increase in average capacity (+16.2%, +229 MW) drove Gross Margin +22%. NOE increase GBP -15 M due to GBP -12 M non recurring results, that will improve during the year

US

EBITDA USD 134.9 M (USD +3.7 M; +2.8%), due to output increase (+3.9%), in line with additional capacity installed (+208MW Amazon wind farm) and MtM of merchant prices hedges, driving Gross Margin up 9%. NOE up USD -16 M (USD - 12 M of which are non recurring)

Latam

EBITDA EUR 29.1 M (Eur +4.6 M; +18.9%), mainly as a consequence of higher prices and revaluation of the BRL

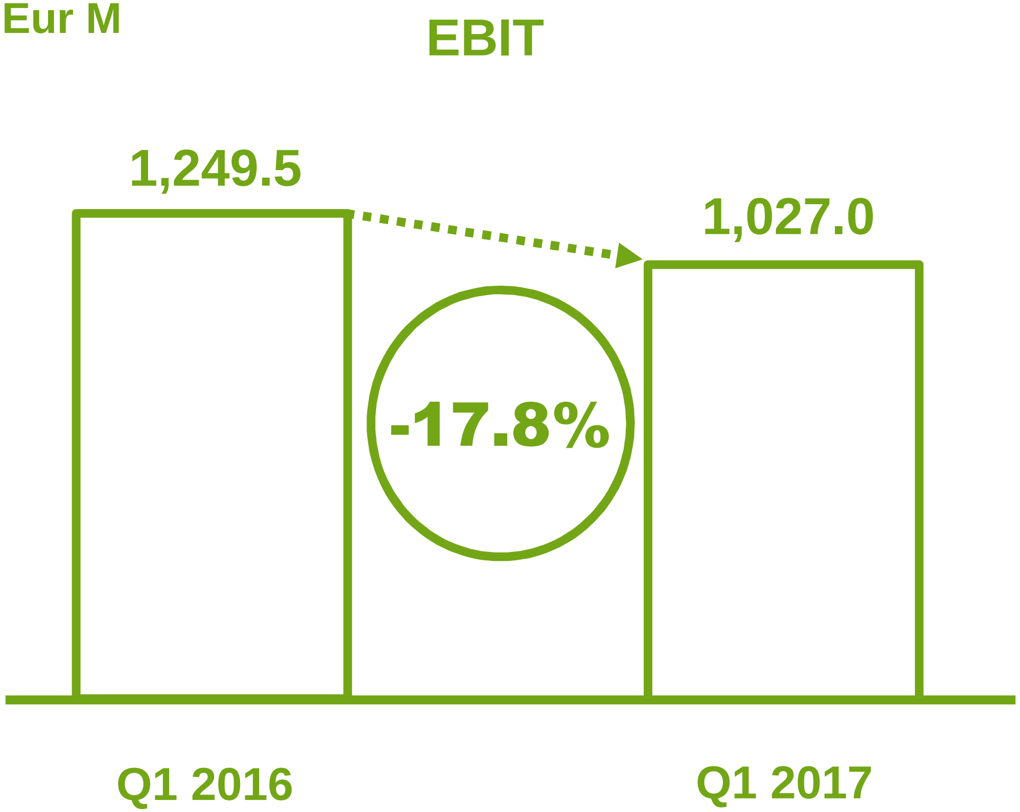
RoW

EBITDA EUR 26.7 M (Eur -3.3 M; -11.0%) due to lower output

EBIT / Group

Group EBIT totals Eur 1,027.0 M (-17.8%), …

Eur M



	Q1 2017	Q1 2016	Q1 '17 vs Q1 '16
D & A	-779.5	-726.7	-52.9
Provisions	-55.1	-50.9	-4.1
TOTAL	-834.6	-777.6	-57.0

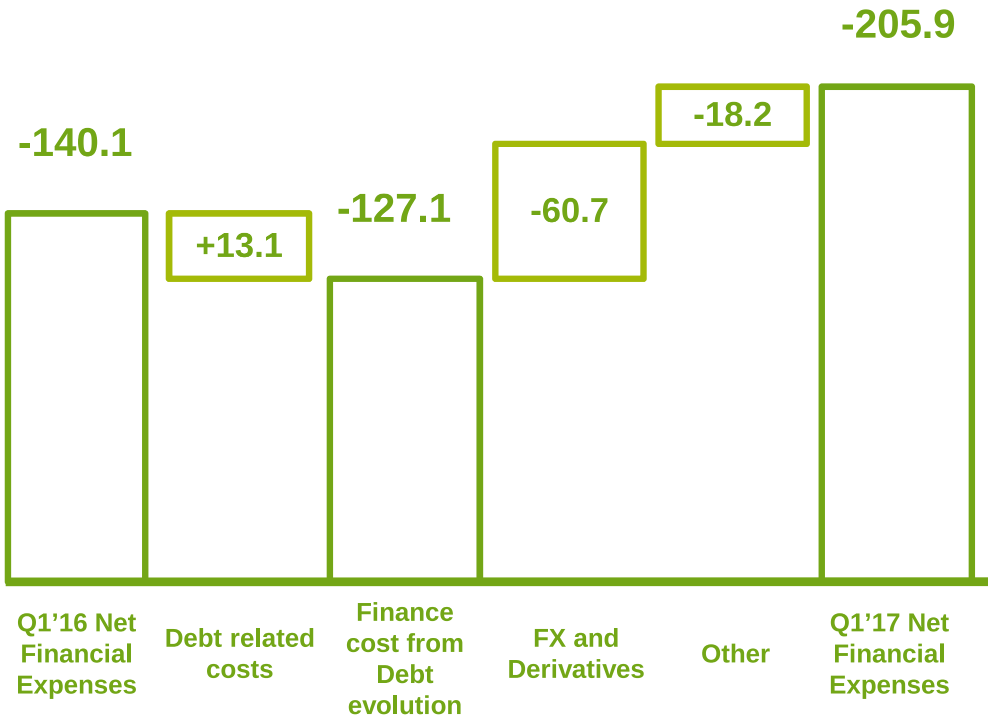
… with D&A +7.3% due to change to 23 years amortization in Networks Spain* according to new regulation, to be adjusted during the year, and additional investments

** Change in place from June 2016 for assets in operation before 31/12/2014. 40 years for the rest*

Net Financial Expenses / Group

Impact of 2016 positive FX hedges drives Net Financial Expenses up Eur -65.8 M, to Eur 205.9 M

Net Financial Exp. evolution (Eur M)



Financial Highlights

- Cost reduction of 42 bp, to 3.13%, improves Debt expense by Eur 13.1 M despite higher Debt average balance (Eur 2.3 bn) driven by increased investments

- Eur -60 M impact mainly due to positive results of GBP hedges accounted for in Q1 2016

Debt-related expenses improve (Eur +13.1 M) due to 42 bp lower cost of debt (down to 3.13% in Q1'17), despite 8% higher Debt average balance

Net Profit / Group

Reported Net Profit falls 4.7%, to Eur 827.6 M, due to lower operating results partially compensated by …

Eur M	Q1 2017	Q1 2016	vs Q1 2016
EBIT	**1,027.0**	**1,249.5**	**-17.8%**
Net Financial Result	-205.9	-140.1	+47.0
Equity and Non Rec. results	+284.8	+39.1	n/a
Taxes	-250.1	-254.3	-1.7%
Minorities	-27.6	-25.5	+8.2%
Reported Net Profit	**827.6**	**868.7**	**-4.7%**

… Eur 255 M net after taxes positive result of the Gamesa merger, out of which, Eur 198 M are cash

Financing

Net Debt / Group

Net Debt totals Eur 29,760 M, increasing Eur 350 M from Dec 2016

Net Debt (Eur M)

29,760*

Credit Metrics

Net Debt/EBITDA	3.89x
FFO/Net Debt	21.1%
RCF/Net Debt	18.9%
Leverage	42.1%

Q1 credit metrics affected by lower results in the period but will reach the targets at year end due to earnings recovery

** Not including Gamesa special dividend*

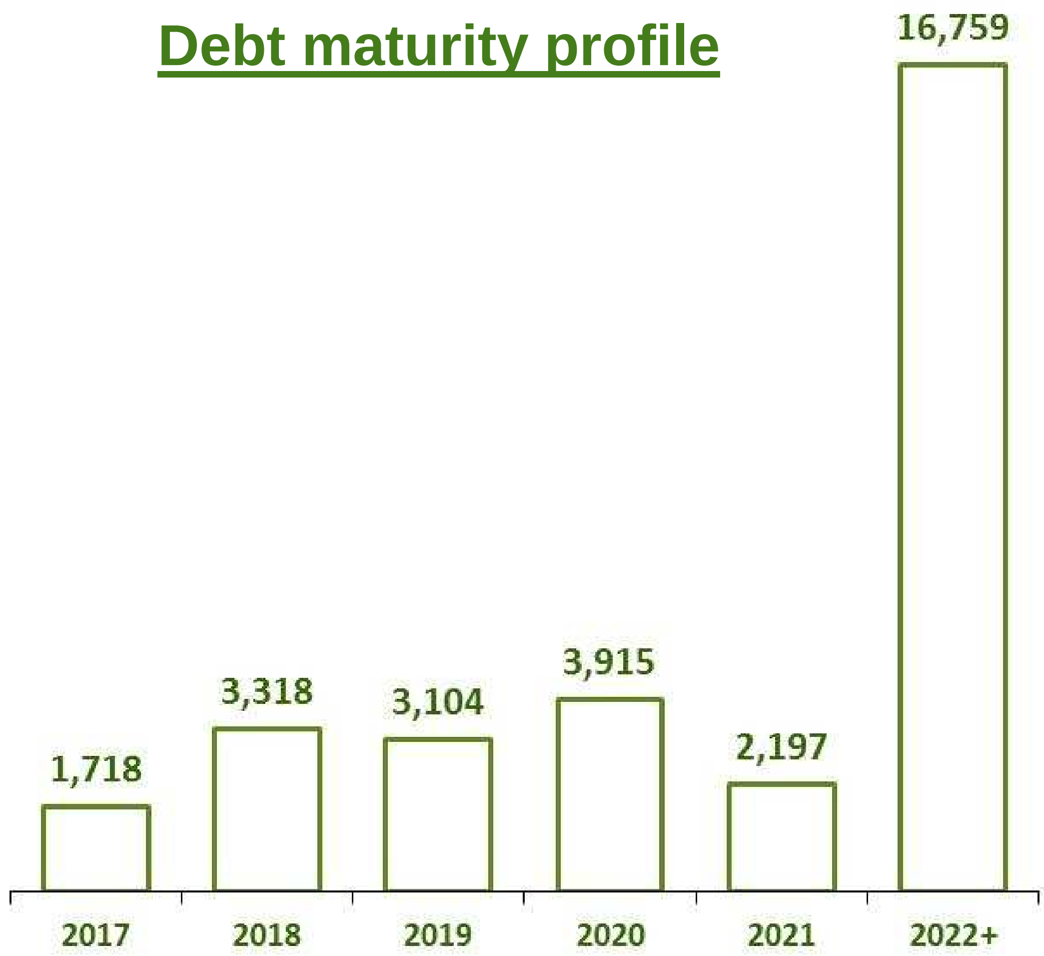
Financing / Liquidity and Debt Maturity

Strong liquidity position covering 20 months of financing needs in stressed scenario

Liquidity and Average Maturity

Total adjusted Liquidity	**Eur 8,493 M**
Average Debt maturity	**6.4 years**

Debt maturity profile



Conclusions

2017 Guidance

The positive impacts of the following three quarters...

Networks

- ✓ **Full Year Rate Cases Connecticut and NY (additional tariff increase from May 2017)**
- ✓ **Brazil: CELPE 4th regulatory cycle and tariff increase for Coelba and Cosern (from 22nd April)**

Renewables

- ✓ **+1.393 MW[1] to be installed** during **next 3 quarters**
- ✓ **Normalization of wind conditions** (exceptionally high Q1 2016)

Contracted Generation

- ✓ **+129 MW to be installed** during **next 3 quarters**
- ✓ **Mexico CFE tariff increase (+18% vs 2016)**

Liberalised Generation and Supply

- ✓ **Output normalization vs 2016** (Longannet closure Q1 2016)
- ✓ **UK retail:** effect of **tariff increase** from **April**

Additional measures

- ✓ **Best practices implementation in US: *Forward 2020* Plan**
- ✓ **Efficiency measures** in **UK**

[1] Including 150MW to be consolidated as a result of the acquision of Força Eolica do Brasil

2017 Guidance

…lead to 2017 outlook of mid single-digit growth

Forecast operational evolution

Networks	+
Renewables	+
Contracted Generation	+
Liberalised Generation & Supply	-

New shareholder remuneration program

New "Iberdrola Dividendo Flexible" (Scrip dividend)

Scrip dividend: *historically high demand*

A
Sell rights in stock market

B
Receive new shares

In response to some institutional investor needs…

C
Cash dividend
New

…substituting the sale of rights to Iberdrola at guaranteed price

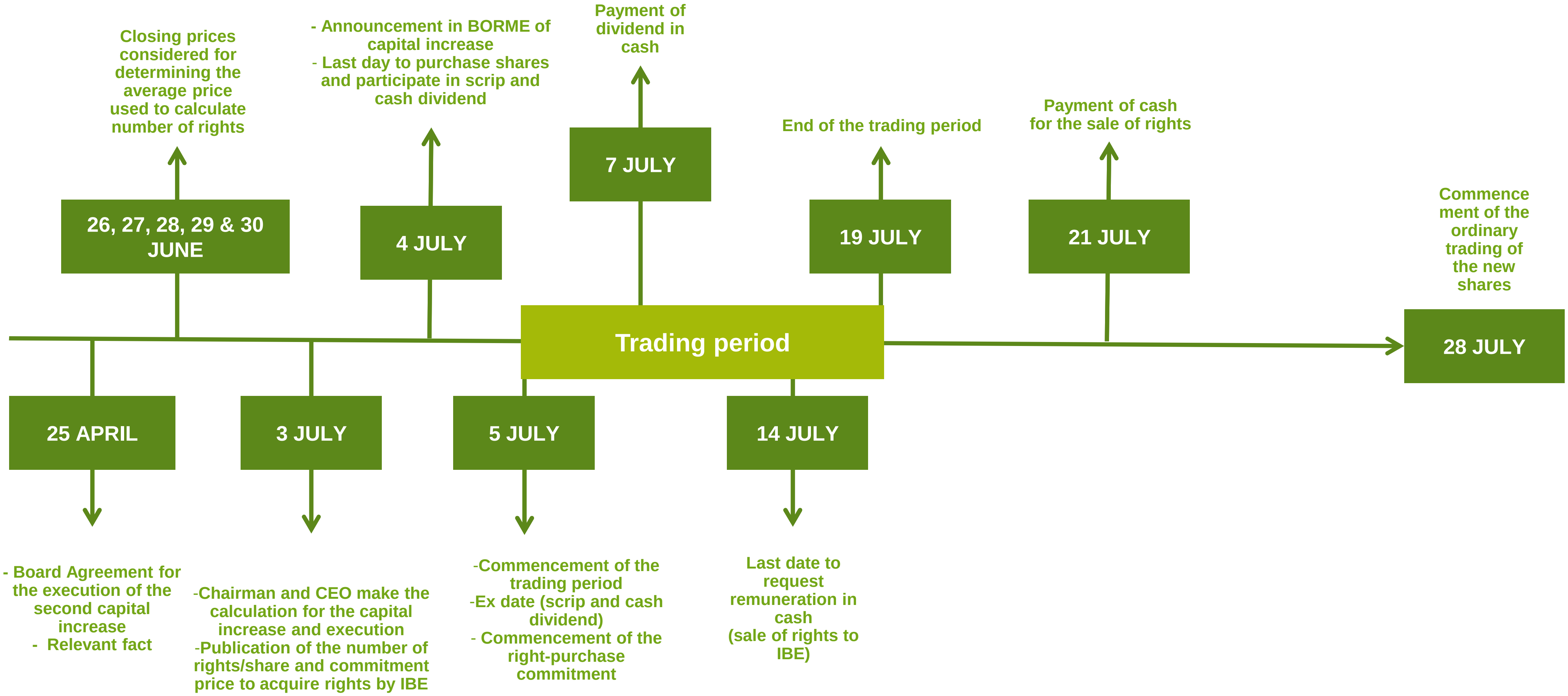
Maintaining…

- ✓ **…share buy-back program to avoid dilution**
- ✓ **…two periods of payment: interim and supplementary shareholder remuneration**

Subject to approval at Shareholders' General Meeting

Annex

Scrip dividend: Estimated calendar*



(*) Estimated calendar approved by Iberclear

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