

# Results Presentation

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First half  
July 22, 2020

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Committed to:



SDG



IBERDROLA

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# Core business figures

## Networks

RAB (Local currency)		As of December 2019
Spain	(EUR billion)	9.2
United Kingdom	(GBP billion)	6.7
United States	(USD billion)	10.4
Brazil	(BRL billion)	21.5

## Distributed Electricity

ELECTRICITY (GWh)	H1 2020	H1 2019	vs. 2019
Spain	42,431	46,449	-8.6%
United Kingdom	15,886	17,093	-7.1%
United States	18,181	18,702	-2.8%
Brazil	32,540	34,010	-4.3%
<b>Total</b>	<b>109,040</b>	<b>116,253</b>	<b>-6.2%</b>
GAS (GWh)			
United States	34,395	37,652	-8.7%
<b>Total</b>	<b>34,395</b>	<b>37,652</b>	<b>-8.7%</b>

Differences may arise due to rounding

## Managed Supply Points

ELECTRICITY (Millions)	H1 2020	H1 2019	vs. 2019
Spain	11.17	11.12	0.4%
United Kingdom	3.53	3.53	0.2%
United States	2.27	2.26	0.3%
Brazil	14.14	13.94	1.4%
<b>Total Electricity</b>	<b>31.11</b>	<b>30.85</b>	<b>0.8%</b>
GAS (Millions)			
United States	1.02	1.01	0.9%
<b>Total Gas</b>	<b>1.02</b>	<b>1.01</b>	<b>0.9%</b>
<b>TOTAL SUPPLY POINTS</b>	<b>32.12</b>	<b>31.86</b>	<b>0.8%</b>

Note: In terms of operational data, IFRS11 do not apply (see details under Operational Performance for the period)  
Differences may arise due to rounding

## Generation Business and Customers

### Total Group

	H1 2020	H1 2019	vs. 2019
<b>Net Production (GWh)</b>	<b>79,299</b>	<b>75,702</b>	<b>4.8%</b>
<b>Net owned production</b>	<b>60,753</b>	<b>57,139</b>	<b>6.3%</b>
Renewables	36,012	31,248	15.2%
Onshore	19,737	18,504	6.7%
Offshore	1,927	1,024	88.2%
Hydro	13,320	10,774	23.6%
Minihydro	389	366	6.2%
Solar and others	638	580	10.0%
Nuclear	11,243	12,376	-9.2%
Gas combined cycle	10,238	8,991	13.9%
Cogeneration	3,022	4,174	-27.6%
Coal	237	349	-32.0%
<b>Net production for third parties</b>	<b>18,546</b>	<b>18,563</b>	<b>-0.1%</b>
Renewables	103	107	-3.1%
Onshore	103	107	-3.1%
Gas combined cycle	18,443	18,456	-0.1%
<b>Installed Capacity (MW)</b>	<b>53,102</b>	<b>48,766</b>	<b>8.9%</b>
<b>Net owned installed capacity</b>	<b>45,956</b>	<b>43,273</b>	<b>6.2%</b>
Renewables	32,695	30,393	7.6%
Onshore	16,972	16,319	4.0%
Offshore	1,258	572	119.8%
Hydro	12,864	12,620	1.9%
Minihydro	306	306	-
Solar (dc) and others	1,295	576	124.8%
Nuclear	3,177	3,177	-
Gas combined cycle	8,534	7,495	13.9%
Cogeneration	1,191	1,335	-10.8%
Coal	358	874	-59.0%
<b>Net installed capacity for third parties</b>	<b>7,146</b>	<b>5,493</b>	<b>30.1%</b>
Renewables	103	103	-
Onshore	103	103	-
Gas combined cycle	7,043	5,390	30.7%
<b>Electricity customers (No mill.)</b>	<b>13.47</b>	<b>13.38</b>	<b>0.7%</b>
<b>Gas customers (No mill.)</b>	<b>3.16</b>	<b>3.52</b>	<b>-10.1%</b>
<b>Gas Supplies (GWh)</b>	<b>27,198</b>	<b>32,746</b>	<b>-16.9%</b>
<b>Gas Storage (bcm)</b>	<b>0.12</b>	<b>0.11</b>	<b>10.7%</b>

Note: In terms of operational data, IFRS11 do not apply. (see details under Operational Performance for the period)  
Differences may arise due to rounding



## Spain

	H1 2020	H1 2019	vs. 2019
<b>Net Production (GWh)</b>	<b>27,650</b>	<b>28,827</b>	<b>-4.1%</b>
Renewables	12,700	10,933	16.2%
Onshore	5,501	6,252	-12.0%
Hydro	6,701	4,315	55.3%
Minihydro	389	366	6.2%
Solar and others	109	-	N/A
Nuclear	11,243	12,376	-9.2%
Gas combined cycle	2,442	3,846	-36.5%
Cogeneration	1,028	1,322	-22.3%
Coal	237	349	-32.0%
<b>Installed Capacity (MW)</b>	<b>26,222</b>	<b>25,936</b>	<b>1.1%</b>
Renewables	16,640	15,838	5.1%
Onshore	6,019	5,770	4.3%
Hydro	9,715	9,715	-
Minihydro	306	306	-
Solar (dc) and others	600	47	N/A
Nuclear	3,177	3,177	-
Gas combined cycle	5,695	5,695	-
Cogeneration	353	353	-
Coal	358	874	-59.0%
<b>Electricity customers (No mill.)</b>	<b>10.02</b>	<b>10.11</b>	<b>-0.9%</b>
<b>Gas customers (No mill.)</b>	<b>1.06</b>	<b>1.04</b>	<b>1.8%</b>
<b>Gas Supplies (GWh)</b>	<b>13,396</b>	<b>17,336</b>	<b>-22.7%</b>
Users	7,744	8,884	-12.8%
Gas Combined Cycle	5,652	8,451	-33.1%

Differences may arise due to rounding

## United Kingdom

	H1 2020	H1 2019	vs. 2019
<b>Net Production (GWh)</b>	<b>3,266</b>	<b>2,152</b>	<b>51.8%</b>
Renewables	3,266	2,152	51.8%
Onshore	2,036	1,823	11.7%
Offshore	1,231	329	273.8%
<b>Installed Capacity (MW)</b>	<b>2,814</b>	<b>2,128</b>	<b>32.2%</b>
Renewables	2,814	2,128	32.2%
Onshore	1,906	1,906	-
Offshore	908	222	308.5%
<b>Electricity customers (No mill.)</b>	<b>2.78</b>	<b>2.85</b>	<b>-2.2%</b>
<b>Gas customers (No mill.)</b>	<b>1.87</b>	<b>1.90</b>	<b>-1.2%</b>
<b>Gas Supplies (GWh)</b>	<b>13,802</b>	<b>15,410</b>	<b>-10.4%</b>
<b>Gas Storage (bcm)</b>	<b>0.12</b>	<b>0.11</b>	<b>10.7%</b>

Differences may arise due to rounding

## USA

	H1 2020	H1 2019	vs. 2019
<b>Net Production (GWh)</b>	<b>11,888</b>	<b>10,382</b>	<b>14.5%</b>
Renewables	10,718	8,907	20.3%
Onshore	10,481	8,633	21.4%
Hydro	63	95	-33.8%
Solar and others	174	178	-2.1%
Gas combined cycle	2	1	148.9%
Cogeneration	1,168	1,475	-20.8%
<b>Installed Capacity (MW)</b>	<b>8,438</b>	<b>8,208</b>	<b>2.8%</b>
Renewables	7,598	7,360	3.2%
Onshore	7,337	7,087	3.5%
Hydro	118	118	-
Solar (dc) and others	143	155	-7.6%
Gas combined cycle	204	212	-3.5%
Cogeneration	636	636	-

Differences may arise due to rounding

## Mexico

	H1 2020	H1 2019	vs. 2019
<b>Net Production (GWh)</b>	<b>26,703</b>	<b>24,751</b>	<b>7.9%</b>
<b>Net owned production</b>	<b>8,157</b>	<b>6,188</b>	<b>31.8%</b>
Renewables	679	743	-8.6%
Onshore	328	345	-4.9%
Solar and others	351	398	-11.9%
Gas combined cycle	6,651	4,067	63.5%
Cogeneration	826	1,377	-40.0%
<b>Net production for third parties</b>	<b>18,546</b>	<b>18,563</b>	<b>-0.1%</b>
Renewables	103	107	-3.1%
Onshore	103	107	-3.1%
Gas combined cycle	18,443	18,456	-0.1%
<b>Installed Capacity (MW)</b>	<b>10,566</b>	<b>7,698</b>	<b>37.3%</b>
<b>Net owned installed capacity</b>	<b>3,420</b>	<b>2,205</b>	<b>55.1%</b>
Renewables	1,115	803	38.9%
Onshore	569	434	30.9%
Solar (dc) and others	546	368	48.2%
Gas combined cycle	2,103	1,056	99.1%
Cogeneration	202	346	-41.6%
<b>Net installed capacity for third parties</b>	<b>7,146</b>	<b>5,493</b>	<b>30.1%</b>
Renewables	103	103	-
Onshore	103	103	-
Gas combined cycle	7,043	5,390	30.7%

Differences may arise due to rounding

**Brazil**

	H1 2020	H1 2019	vs. 2019
<b>Net Production (GWh)</b>	<b>8,388</b>	<b>8,186</b>	<b>2.5%</b>
Renewables	7,245	7,110	1.9%
Onshore	688	747	-7.8%
Hydro	6,556	6,363	3.0%
Gas combined cycle	1,143	1,076	6.2%
<b>Installed Capacity (MW)</b>	<b>4,079</b>	<b>3,835</b>	<b>6.4%</b>
Renewables	3,546	3,302	7.4%
Onshore	516	516	-
Hydro	3,031	2,786	8.8%
Gas combined cycle	533	533	-

Differences may arise due to rounding

**Iberdrola Energía Internacional (IEI)\***

	H1 2020	H1 2019	vs. 2019
<b>Net Production (GWh)</b>	<b>1,404</b>	<b>1,403</b>	<b>0.1%</b>
Renewables	1,404	1,403	0.1%
Onshore	703	704	-0.1%
Offshore	697	695	0.2%
Solar and others	4	4	-4.0%
<b>Installed Capacity (MW)</b>	<b>981</b>	<b>961</b>	<b>2.1%</b>
Renewables	981	961	2.1%
Onshore	625	605	3.3%
Offshore	350	350	-
Solar (dc) and others	6	6	-
<b>Electricity customers (No mill.)</b>	<b>0.67</b>	<b>0.42</b>	<b>58.4%</b>
<b>Gas customers (No mill.)</b>	<b>0.23</b>	<b>0.58</b>	<b>-60.0%</b>
<b>Gas Supplies (GWh)</b>	<b>752.11</b>	<b>218.64</b>	<b>244.0%</b>

Differences may arise due to rounding

\* Former Rest of the World

## Stock Market Data

		Q2 2020	Q2 2019
Market capitalisation	EUR (million)	66,601	54,699
Earnings per share (6,453,592,000 shares at 30/06/20 and 6,240,000,000 shares. at 30/06/19)	€	0.09	0.11
Net operating cash flow per share	€	0.28	0.30
P.E.R.	Times	18.34	17.27
Price/Book value (capitalisation to NBV at the end of the period)	Times	1.81	1.50

## Economic/Financial Data (\*)

Income Statement		H1 2020	H1 2019
Revenues	EUR (million)	16,467.4	18,281.0
Gross Margin	EUR (million)	8,050.3	8,230.0
EBITDA	EUR (million)	4,918.2	4,989.8
EBIT	EUR (million)	2,674.8	2,990.7
Net Profit	EUR (million)	1,844.9	1,644.4
Net Operating Expenses / Gross Margin	%	-25.8	-26.1
Balance Sheet		June 2020	June. 2019
Total Assets	EUR ( million)	121,957	122,369
Equity	EUR ( million)	45,814	47,195
Net Financial Debt	EUR ( million)	37,554	37,769
ROE	%	9.69	9.17
Financial Leverage (Net Financial Debt/(Debt Financial Debt + Equity))	%	45.2	44.8
Net Financial Debt / Equity	%	82.6	81.3

(\*) Financial terms are defined in the "Glossary"

## Others

		H1 2020	H1 2019
Gross Investments	EUR (million)	3,582.1	3,502.7
Employees	No.	35,217	34,213

## Iberdrola's Credit Rating

Agency	Rating(*)	Outlook(**)
Moody's	Baa1 (15/06/2012)	Stable (05/11/2012)
Fitch IBCA	BBB+ (02/08/2012)	Stable (25/03/2014)
Standard & Poor's	BBB+ (22/04/2016)	Stable (22/04/2016)

\* Date of last modification

# COVID-19 impact

On 11 March 2020, the World Health Organisation declared the COVID-19 coronavirus outbreak a pandemic. Consequently, affected countries have been progressively taking temporary measures to stem the spread of COVID-19 that include, among others, restrictions on people's freedom of movement (with quarantine, isolation or lockdown obligations), temporary closures of industry, borders and public and private premises (except those providing basic necessities and healthcare), and stoppage of all retail activity. These measures have affected and will continue to affect countries' economic activities and the Group's operations to a greater or lesser extent.

During the COVID-19 crisis, the Iberdrola Group has launched a comprehensive series of measures aimed at ensuring protection of employees, suppliers and customers, and the security of supply:

- **Employees:** securing jobs, strengthening safety and protection measures, and achieving an accident rate considerably lower than the average in our markets. The investments made in the digitisation of processes and platforms enabled 95% of office employees to work remotely during the strictest period of the lockdown. For field personnel, all necessary actions were implemented to maintain distance and limit personal interaction, such as the dividing of teams and the organisation of work shifts.

At present, and through plans for responsible re-entry that are aligned with local regulations, all employees in continental Europe have returned to their normal workplace, while progress is being made in the plans for other geographical regions.

Last but not least, during the first half of the year the company was awarded the AENOR certification for excellence in anti-COVID measures.

- **Society:** strengthening electrical supply, above all in essential infrastructures such as hospital facilities, easing payment terms for our customers and implementing protective measures for the most vulnerable groups, while working in co-ordination with the authorities. In addition, the Iberdrola Group has donated EUR 33 million in basic medical supplies.

- **Suppliers and industrial fabric:** actions on the supply chain are particularly important due to the employment generated by our suppliers, owing especially to the major investment we are making. Thanks to the close collaboration between our teams, suppliers and the authorities, we have managed to continue construction activities, with no issues to report. Investments in the period increased by 2.3% to EUR 3,582 million, and we expect no significant impacts on the commissioning dates of the projects under construction. We are also taking actions to mitigate the impact of the crisis on our suppliers by bringing forward purchases in the amount of EUR 7,000 million in order to boost activity and employment among our supply companies.

Although it is impossible to know the precise impact of COVID-19 on the Iberdrola Group's businesses and consolidated financial statements, an estimate of the impacts and potential risks based on the best information available at the date of issue of this report is presented below.

**The main effects of COVID-19** have been, on the one hand, a decrease in demand, the impact of which in some cases (such as in the United Kingdom and the United States) current regulations allow recovery in future years and in others (such as Brazil) will be recovered in the extraordinary review. On the other hand, the fall in commodity prices, which have exerted downwards pressure on the spot prices in wholesale markets. This effect has been totally or partially offset by purchases made by liberalised supply businesses, and by the existence of fixed price sales contracts (PPAs).

Other impacts include the temporary delay in the tariff reviews of some of our distributors in the United States and Brazil (which will be partially recovered in upcoming tariff adjustments or reviews), lower income on connections of the supply business in Spain, and lower net revenues due to short delays on the launch of some projects.

In addition, with respect to net operating expenses, higher costs in employees' safety, health and trans-

port, along with donations of health supplies and other social measures have been partially offset by cost savings arising from lower levels of commercial activity, cancellation of travel and other cutbacks in non-essential operating expenses.

In aggregate, these effects have lowered EBITDA to EUR 157 million.

In addition, the estimated increase in bad debt provisions in the first half of 2020 due to COVID-19

amounts to EUR 71 million. As the expected credit loss did not change significantly, the increase arose mainly from the growth in receivable balances compared to normal levels, although regulators – in Brazil (ANEEL), United Kingdom (Ofgem) and USA – have been asked to include measures to mitigate non-payment in the next regulatory review. This impact is reflected in the EBIT.

The breakdown of the aforementioned impacts is

EUR	Demand		Bad Debt	
	Networks	Generation and Supply	Networks	Generation and Supply
Spain	7	31	-	10
United Kingdom	23	29	-	18
United States	7	-	8	-
Mexico	-	11	-	-
Brazil	28	3	27	-
IEI	-	18	-	8
<b>Total</b>	<b>65</b>	<b>92</b>	<b>35</b>	<b>36</b>

as follows:

At the date of issue of this half-yearly report, a precise estimation cannot be made of the future impacts of COVID-19 on the company's earnings in the coming months owing to the uncertain pace at which the economies where the Group operates will recover, the duration of government measures currently in force and any additional measures that may be taken in the coming months.

In the medium and long term, and at a consolidated level, the current COVID-19 crisis should not have a significant impact on the future economic projections of the company once the economies where the Group operates have completed their recovery and their systems of regulation have applied the expected mitigating measures.



# Highlights for the period

- In the first six months of 2020, the Iberdrola Group achieved a **Reported Net Profit** of EUR 1,844.9 million, up by 12.2%. **Adjusted Net Profit** climbed 7.5% to reach EUR 1,670.2 million.
- The **improvement in operational efficiency** has continued, measured by the Net Operating Expenses/Gross Margin ratio, which stands at 25.8% at the end of June 2020 compared to 26.1% a year ago.
- Despite the COVID-19 lockdown restrictions, **gross investment was up 2.3%** to EUR 3,582.1 million, mainly in the Networks and Renewables businesses, with 1,600 MW of new capacity installed over the first half and more than 4,900 MW in the last 12 months.
- The Group is increasingly **financially robust**, with credit ratios improving on a like-for-like basis compared to June 2019.
- The pound sterling gained +0.3% against the euro to reach 0.871.
- The US dollar appreciated by 2.9%, with the USD-EUR rate standing at 1.098.
- The Brazilian real depreciated by 18.6%, with the BRL-EUR rate reaching 5.347.

As regards the performance of **electricity demand and output** for the period, these are the highlights for the company's main business areas:

- The **energy balance of the Spanish mainland system** in the first half of 2020 was characterised by the increase in hydroelectric (+46%) and solar photovoltaic (+28%) production compared to the same period in the previous year, as well as a drop in coal (-59%), combined cycles (-26%), nuclear (-8) and wind (-7%) output.

In the first six months of 2020, demand decreased 7.7% as compared with the previous year, with the same decrease in terms adjusted for labour and temperature, COVID-19 being the main cause.

The first half of 2020 closed with a producibility index of 1.0 and hydroelectric reserves at 66.7%, compared to an index of 0.7 and reserves at 50.3% at the end of the same period of 2019.

- In the United Kingdom, electricity demand fell by 7.5% in the first half of 2020 compared to the same period in 2019, the main reason being the COVID-19 pandemic. Demand for conventional gas dropped by 1.8% in the first half of 2020 against the previous year.
- In Avangrid's management areas on the East Coast of the United States, electricity demand was down 2.8% against the first half of 2019, while gas demand dropped by 8.7%.
- Electric demand across Neoenergia's management areas in Brazil fell by 4.3%.

## Global environment and general considerations

During the first half of 2020, international commodities markets performed as follows:

- The average price of Brent oil was USD 40.0/barrel in the first six months of 2020, compared with USD 66.0/barrel in the same period of last year (-39%).
- The average price of gas (TTF) over the period was EUR 7.5/MWh, compared with EUR 15.7/MWh in the first semester of 2019 (-52%).
- The average price of API2 coal was USD 47.3/t, compared with an average of USD 66.4/t in the first semester of 2019 (-29%).
- The average price of CO2 emission allowances was EUR 22.1/t, compared with EUR 23.9/t in the first half of 2019 (-8%).

Iberdrola's main **reference currencies** fluctuated as follows against the euro:

## Significant events for the Iberdrola Group

- The results for the first half were affected by the COVID-19 pandemic. The main direct impacts of the pandemic on the Group's business were fall in demand and late payments. Both effects had a combined impact of EUR 228 million at EBIT level, EUR 157 million and EUR 71 million respectively.
- On 4 February 2020, an agreement was reached with Siemens for the sale of Iberdrola's entire stake in Siemens Gamesa, representing 8.07% of its share capital. The transaction was completed and settled on 5 February, yielding a total of EUR 1,099.5 million, equivalent to EUR 20 per share. The capital gain on the sale amounted to EUR 485 million.
- Taxes were negatively affected by the effect on deferred tax of the change in tax rates in the United Kingdom, as in the end the corporate income tax rate of 19% has been maintained (there was expected to be a two percentage-point cut to 17%, but it has not been applied).
- On June 22nd, Avangrid, after the agreement with NYPSC (New York State Department of Public Service) and about 20 other stakeholders, delivered the Joint Proposal of the new Rate Case ("Joint Proposal"). This will apply from November 2020 until April 2023, following approval by the regulatory commission scheduled for October. Although the impact of the Covid-19 pandemic has delayed its application, as the original proposal envisaged new tariffs for May 2020, this delay will have no impact on Avangrid's accounts. The Rate Case will include an ROE of 8.8%, similar to the rest of the State's utilities, and all investments and operational actions to improve the network: automation, resilience, pruning management and smart meters.
- On 1 January 2019, the Iberdrola Group adopted IFRS 16, which changes the prior treatment of leases that qualified as operating leases, and requires assets and liabilities for future lease

payments to be recognised in the same way as finance leases. Like other companies in the sector, at the 2018 close the Iberdrola Group interpreted that ceding use of land does not constitute a lease when the owner of the land is entitled to carry out an economic activity on it that does not involve the economic benefits of using the ceded asset (primarily wind farms) being substantially transferred. **At the 2019 close**, the policy was changed and now the contracts ceding use of the land where the wind farms are located are treated as leases subject to IFRS 16, with a greater impact on debt. This effect does not alter the ratings of credit agencies because they had already included these adjustments in their calculations.

The main items of the **Profit and loss account** were as follows:

EUR M	H1 2020	vs H1 2019
GROSS MARGIN	8,050.3	-2.2
EBITDA	4,918.2	-1.4
ADJUSTED EBITDA	5,075.0	4.2
EBIT	2,674.8	-10.6
ADJUSTED NET PROFIT	1,670.2	7.5
NET PROFIT	1,844.9	12.2

Consolidated **EBITDA** decreased by 1.4% to EUR 4,918.2 million, negatively affected by the impact of COVID-19 (EUR 157 million), and also by positive extraordinary effects recorded in the first half of 2019: the assignment of long-term LNG supply contracts (EUR 89 million) and the re-settlements in the Spanish network business (EUR 33 million). Stripping out these impacts, **adjusted EBITDA** was up 4.2%. Furthermore, the performance of the main currencies detracted EUR 92 million from EBITDA, mainly due to the depreciation of the Brazilian real, with the exchange rate effect 90% hedged at Net Profit level.

In terms of operations, key highlights included tariff reviews in Brazil, a growing regulatory asset base

in the United Kingdom, higher installed renewable capacity, increased hydroelectric production in Spain, a growing contribution from offshore wind following the start-up of East Anglia 1, and the solid performance of the Generation and Supply business across the main geographies. On the downside, the Networks business entered a new regulatory period in Spain, with lower expected remuneration, coupled with IFRS adjustments in the United States for non-recognition of storms and other costs until collection, as well as temporary impacts due to lesser demand relating to the COVID-19 pandemic.

**Net Operating Expenses** improved by 3.3% compared to the first half of 2019, thanks to cost containment in the period and efficiency plans implemented during 2019, which improve operational efficiency (measured as NOE/Gross Margin), even considering donations and other non-recurrent costs related to COVID-19.

**Taxes** fell by 3.4% mainly due to the effect of the fall in production and price in Spain related to the tax on generation.

**Depreciation and amortisation charges and provisions** rose by 12.2% due to the increase in activity across the Group, and higher provisioning to increased customer debt in the wake of COVID-19. This latter effect means EUR 35 million in the Networking business, which will mostly be recovered in the future through regulatory mechanisms already in place or currently being negotiated, and EUR 36 million in the Generation and Supply business, an amount which can be managed through retail activity.

**Adjusted Net Profit** grew 7.5% to EUR 1,670.2 million. This item excludes the net impact of COVID-19 (EUR -153 million), the capital gain on the sale of Siemens Gamesa (EUR +485 million) and the non-recurrent impact recorded on the UK tax line (EUR -157 million), the extraordinary items accounted for in the first half of 2019 for the assignment of long-term LNG contracts (EUR 66 million) and positive re-settlements in the network business in Spain (EUR 25 million).

**Reported Net Profit** amounted to EUR 1,844.9 million, with an increase of 12.2% compared to that obtained in the same period of 2019, affected additionally by non-recurring elements (capital gain of Siemens Gamesa referred to above, partially offset by the impact of taxes in the United Kingdom).

Key **financial figures** for the period are as follows:

- Adjusted Net Financial Debt\* totalled EUR 37,554 million, up EUR 62 million on the first half of last year, as cash generation and the asset rotation programme offset the Company's major investment drive. Adjusted net financial debt at 30 June 2019 is restated by including the same criteria as the IFRS16 standard applied to December 2019. The figure reported last year was EUR 36,335 million, an increase of EUR 1,157 million to EUR 37,492 million.
- Funds Generated from Operations in the first six months of 2020 totalled EUR 3,922.3 million, up 1.1% on the same period of last year.

Lastly, net investment for the period amounted to EUR 3,582.1 million (+2.3%). Of this amount, 90% was concentrated in the Networks and Renewables businesses.

(\*) Adjusted for the effect of treasury stock derivatives with physical settlement that at the date are considered will not be executed (EUR 296 million in Jun-20 and EUR 457 million in Jun-19).

# Operational performance over the period

## 1. Energy distributed and supply points

The Group's Regulatory Asset Base (RAB) came to EUR 31.1 billion at the end of 2019, up 6.1% on the end of 2018:

RAB (local currency)		As of December 2019
Spain	(EUR billion)	9.2
United	(GBP billion)	6.7
United States	(USD billion)	10.4
Brazil	(BRL billion)	21.5

In the first half of 2020, electrical energy distributed by the Group amounted to 109,040 GWh, a total that was heavily affected by the measures of population lockdown and the stoppage of economic activity as a result of the COVID-19 health crisis. Demand for electrical energy was down 6.2% on the previous year.

DISTRIBUTED ENERGY			
ELECTRICITY (GWh)	H1 2020	H1 2019	vs 2019
Spain	42,431	46,449	-8.6%
United Kingdom	15,886	17,093	-7.1%
United States	18,181	18,702	-2.8%
Brazil*	32,540	34,010	-4.3%
<b>Total</b>	<b>109,040</b>	<b>116,253</b>	<b>-6.2%</b>
GAS (GWh)			
United States	34,395	37,652	-8.7%
<b>Total</b>	<b>34,395</b>	<b>37,652</b>	<b>-8.7%</b>

From the start of the COVID-19 crisis, the Group's distribution business has have taken numerous actions aimed at maintaining supply for their more than 32 million customers and ensuring quality of service, and the security of both their customers and of installations and operations. These have included activation of emergency plans

with special measures to protect critical facilities such as hospitals, care homes, the food industry, ministries of defence, penitentiary institutions, etc.

Special service plans have been carried out in hospitals, with the installation of electrical generators and the inspection of the circuits serving essential facilities so as to ensure the non-interruptibility

of service. Special operating stations have been created with exclusive dedication to health services in collaboration with public authorities.

In addition, customer service channels have been reinforced and service cuts for non-payment have been suspended, and customers offered payment programmes and resources to reduce the use of energy.

There are over 32 million gas and electricity supply points, breaking down as follows:

### Managed supply points

ELECTRICITY (million)	H1 2020	H1 2019	vs 2019
Spain	11.17	11.12	0.4%
United Kingdom	3.53	3.53	0.2%
United States	2.27	2.26	0.3%
Brazil	14.14	13.94	1.4%
<b>Total electricity</b>	<b>31.11</b>	<b>30.85</b>	<b>0.8%</b>
GAS (million)			
United States	1.02	1.01	0.9%
<b>Total gas</b>	<b>1.02</b>	<b>1.01</b>	<b>0.9%</b>
<b>TOTAL SUPPLY POINTS</b>	<b>32.12</b>	<b>31.86</b>	<b>0.8%</b>

#### 1.1. Spain — i-DE

At the June close, the networks business in Spain had 11.17 million supply points, which is slightly above the June close of last year. In the first half of the year, distributed energy reached 42,431 GWh, down 8.6% on the first half of 2019. The lockdown measures have contributed to this slump in demand.

The table shows the change in the SAIDI (System Average Interruption Duration Index) and System Average Interruption Frequency Index (SAIFI) for medium voltage supply:

i-DE	H1 2020	H1 2019
SAIDI (min)	22.80	18.17
SAIFI (no. inter.)	0.46	0.36

Note: Does not include force majeure events

These quality indicators were impacted in January by storm Gloria, affecting 600,000 customers, for whom service was restored within 30 minutes in 70% of cases. Meanwhile, the strong winds recorded in early March in north-western parts of the peninsula had a negative impact on these indicators.

In line with regulatory requirements, in late February, i-DE presented its planned investment plans over the coming 2021-2023 three-year period for each

of the autonomous communities of Spain in which it operates, with the aim of consolidating growth in grids by improving the quality of service it provides to its customers. The projects these comprise include investments in the development and renovation of power grid facilities and specific projects to promote and foster the energy transition, such as stepping up digitisation of the low voltage network, projects to facilitate the connection of renewable energies, the installation of charging stations for electric vehicles, or the installation of power storage batteries across the grid.

In June, i-DE signed a partnership agreement with EMT, the Madrid Municipal Transport Company under which i-DE will provide advice on devising alternatives for the electrical supply to the infrastructures and urban mobility services managed by the EMT: bus operation centres, Bicimad, public and resident parking and any other municipal fleet that EMT may manage in the future. In addition to this agreement, i-DE is working with the Madrid City Council to boost the energy transition in the city.

## 1.2. United Kingdom – SPEN

On 30 June, Scottish Power Energy Networks (SPEN) surpassed 3.53 million supply points. The volume of energy distributed during the six months was 15,886 GWh, down 7.1% on the same period in 2019, mainly owing to the measures implemented to stem the spread of the pandemic:

Distributed Energy (GWh)	H1 2020	H1 2019	%
Scottish Power Distribution (SPD)	8,605	9,268	-7.2%
Scottish Power Manweb (SPM)	7,281	7,825	-6.9%

SPD service quality indicators were affected by storms Ciara and Dennis in February, affecting more than 20,000 customers.

Customer Minutes Lost (CML) was as follows:

CML (min.)	H1 2020	H1 2019
Scottish Power Distribution (SPD)	16.08	15.29
Scottish Power Manweb (SPM)	15.96	18.27

The number of consumers affected by interruptions per every 100 customers (Customer Interruptions, CI) was as follows:

CI (no. of interruptions)	H1 2020	H1 2019
Scottish Power Distribution (SPD)	21.73	19.62
Scottish Power Manweb (SPM)	15.23	17.50

In January, bus firm First Glasgow commissioned its first two commercial electric buses in Glasgow, funded by ScottishPower Networks. The agreement also includes the installation of 22 charging stations at Glasgow Caledonia bus terminal so that new electric buses can be added to the transport network down the line. This project is part of the Green Economy Fund initiative, for which SPEN has presented more than 30 projects as it bids to champion the energy transition to a CO2-free economy in Scotland, focusing on the deployment of electric vehicles and the electrification of heating systems.

In February, SPEN announced plans to invest GBP 20 million in modernising Glasgow's power grid to increase its capacity and support the city's carbon-neutral target (2030 Net Zero). The Powering Glasgow's Future project will be undertaken over three years and will replace the old grid cables and substations dating back to the 1950s with a modern infrastructure capable of handling increased demand for electricity as the decarbonisation of the city's transport and heating systems takes shape.

In June, a strategic partnership was undertaken with the Government of Scotland for electric vehicles with the launch of the PACE project. The objective of this pilot project is to show the benefits of an innovative model for recharging electric vehicles in the grid led by the operators of the distribution grid.



## 1.3 United States – Avangrid

### 1.3.1 Electricity

At the end of June 2020, Avangrid Networks had more than 2.27 million supply points. Electricity distributed during the first semester came to 18,181 GWh, down 2.8% on the previous year owing to the milder temperatures recorded in 2020. Based on corrected demand, this change was somewhat less at 1.1% due to pandemic effects.

Distributed Energy (GWh)	H1 2020	H1 2019	%
Central Maine Power (CMP)	4,613	4,670	-1.2%
NY State Electric & Gas (NYSEG)	7,746	8,041	-3.7%
Rochester Gas & Electric (RGE)	3,494	3,543	-1.4%
United Illuminating Company (UI)	2,327	2,448	-4.9%

The Avangrid distribution area was impacted by numerous storms, heavy snows and gusts of wind in the months of April, May and June, with more than 260,000 customers affected in mid-April. In spite of this, Avangrid improved its overall Customer Average Interruption Duration Index (CAIDI) in both Central Maine Power and in Rochester Gas & Electric compared to June 2019. The Customer Average Interruption Duration Index (CAIDI) was as follows:

CAIDI (hrs)	H1 2020	H1 2019
Central Maine Power (CMP)	1.97	2.04
NY State Electric & Gas (NYSEG)	1.95	1.88
Rochester Gas & Electric (RGE)	1.71	1.77

The System Average Interruption Duration Index (SAIDI) for UI was as follows:

SAIDI (min)	H1 2020	H1 2019
United Illuminating Company (UI)	18.60	16.80

The regulatory indicator applied in Connecticut (UI) is the SAIDI

The System Average Interruption Frequency Index (SAIFI) was as follows:

SAIFI	H1 2020	H1 2019
Central Maine Power (CMP)	0.91	0.77
NY State Electric & Gas (NYSEG)	0.65	0.65
Rochester Gas & Electric (RGE)	0.38	0.31
United Illuminating Company (UI)	0.26	0.22

### 1.3.2 Gas

Avangrid supplies gas through more than 1 million supply points. At the end of June 2020, gas distribution totalled 34,395 GWh, down 9% on the first half of the previous year, due to the high temperatures recorded in comparison with the previous year (thus, demand corrected for this effect was down 3.9% on the same period of 2019):

Distributed Energy (GWh)	H1 2020	H1 2019	%
NY State Electric & Gas (NYSEG)	9,069	10,026	-9.5%
Rochester Gas & Electric (RGE)	9,807	10,843	-9.6%
Maine Natural Gas (MNG)	1,432	1,448	-1.1%
Berkshire Gas (BGC)	1,639	1,782	-8.0%
Connecticut Natural Gas (CNG)	6,411	6,946	-7.7%
Southern Connecticut Gas (SCG)	6,037	6,607	-8.6%

## 1.4. Brazil – Neoenergia

Neoenergia's supply points totalled 14.1 million in June 2020, up 1.4% on June 2019. The volume of distributed electricity was 32,540 GWh, representing a drop of 4.3% in relation to the same period of the previous year. If corrected demand is used as the benchmark, demand was down 2.9%, which was due to the measures taken to stem the spread of coronavirus from mid-March:

Distributed Energy (GWh)	H1 2020	H1 2019	%
Elektro	9,069	9,562	-5.1%
Coelba	11,864	12,585	-5.7%
Cosern	3,056	3,143	-2.8%
Celpe	8,542	8,720	-2.0%

Discrepancies possible due to rounding.

Efforts to improve quality of supply have led to an improved set of indicators at Coelba, Celpe and Cosern when compared with 2019. Coelba indicators stand above those of the previous year, affected by the heavy rains and atmospheric phenomena that occurred throughout the first half of 2020. The customer average interruption time (*duração equivalente de interrupção por unidade consumidora* — DEC) was as follows:

DEC (hours)	H1 2020	H1 2019
Elektro	3.75	4.12
Coelba	8.27	6.67
Cosern	5.30	6.49
Celpe	6.66	6.87

The customer average number of interruptions (*frequência equivalente de interrupção por unidade consumidora* — FEC) also showed an improvement when compared with the same period of the previous year for Elektro, Cosern and Celpe, as follows:

FEC	H1 2020	H1 2019
Elektro	2.15	2.24
Coelba	3.16	3.06
Cosern	2.29	2.96
Celpe	2.76	3.11

In this first half, progress continued on the transportation contracts awarded at the ANEEL auctions, which will entail the expansion of the transport network by almost 5,000 km. Of the 11 transportation projects awarded, two are already in service.

## 2. Electricity production and customers

At the end of the first half of the year, Iberdrola's installed capacity was up 8.9% on the same period of 2019 and amounted to 53,102 MW, 68% (35,975 MW) of which from emission-free sources:

MW	H1 2020	vs H1 2019
<b>Capacity for own use</b>	<b>45,956</b>	<b>6.2%</b>
Renewables	32,695	7.6%
Onshore wind	16,972	4.0%
Offshore wind	1,258	119.8%
Hydroelectric	12,864	1.9%
Mini-hydroelectric	306	-
Solar and other(*)	1,295	124.8%
Nuclear	3,177	-
Gas combined cycle	8,534	13.9%
Cogeneration	1,191	-10.8%
Coal	358	-59.0%
<b>Capacity for third parties</b>	<b>7,146</b>	<b>30.1%</b>
Renewables	103	-
Onshore wind	103	-
Gas combined cycle	7,043	30.7%
<b>Total</b>	<b>53,102</b>	<b>8.9%</b>

(\*) Reported in MWdc  
Discrepancies possible due to rounding

**Net electricity production** during the period was 79,299 GWh – up 4.8% on the same figure at the close of first half of 2019, with 60% of the total (47,358 GWh) coming from emission-free sources:

GWh	H1 2020	vs H1 2019
<b>Own production</b>	<b>60,753</b>	<b>6.3%</b>
Renewables	36,012	15.2%
Onshore wind	19,737	6.7%
Offshore wind	1,927	88.2%
Hydroelectric	13,320	23.6%
Mini-hydroelectric	389	6.2%
Solar and other(*)	638	10.0%
Nuclear	11,243	-9.2%
Gas combined cycle	10,238	13.9%
Cogeneration	3,022	-27.6%
Coal	237	-32.0%
<b>Production for third parties</b>	<b>18,546</b>	<b>-0.1%</b>
Renewables	103	-3.1%
Onshore wind	103	-3.1%
Gas combined cycle	18,443	-0.1%
<b>Total</b>	<b>79,299</b>	<b>4.8%</b>

Discrepancies possible due to rounding

## 2.1 Spain

### Renewable capacity and production

At the close of the first half of the year, Iberdrola had an installed **renewable capacity** in Spain of 16,640 MW, broken down as follows:

SPAIN	Installed MW Consolidated at EBITDA level	MW managed by investee companies (*)	Total
Onshore wind	5,762	257	6,019
Solar PV (**)	600	-	600
Hydroelectric	9,715	-	9,715
Mini-hydroelectric	303	2	306
<b>Total Capacity</b>	<b>16,380</b>	<b>259</b>	<b>16,640</b>

Discrepancies possible due to rounding

(\*) Includes the proportional MW share

(\*\*) Reported in MWdc.

In the first half of the year, **onshore wind technology** was commissioned in the wind farm of Cavar (111 MW) in Navarre and Pradillo (23 MW) in Zaragoza, with work continuing in the wind farms of Puylobo (49 MW) in Zaragoza and in Fuenteblanca (10 MW) and the wind farm of Herrera 2 (63 MW) in Burgos. In addition, **photovoltaic solar technology** was commissioned in Núñez de Balboa (500 MWdc) in Badajoz, work is continuing in Andévalo (50 MWdc) in Huelva and in Teruel (50 MWdc), and work is expected to commence in Ceclavín (328 MWdc) in Extremadura.

Work is also starting on over 1.4 GW of solar PV and onshore wind projects, primarily in Castilla-La Mancha, Castilla León, Andalucía and Extremadura.

In Portugal, work continues on the **Tâmega hydroelectric complex**, with **Daivões** and **Gouvães** slated for commissioning in 2021:

- in **Daivões** dam (118 MW), after the completion of the concreting work, the assembly and commissioning of the spillway floodgates are under way and, in the generation plant, while more than 70% of the concrete for the generation plant has been poured.
- in the **Gouvães** facility (880 MW), concreting work is nearly 50% complete in the dam, while concreting work in the cavern of the facility and the transformers is complete and the assembly of the four reversible pump turbines is under way.
- at the **Alto Tâmega** facility (160 MW) concreting of the dam and of the plant is going to begin following the completion of all excavation work.

**Renewable output** totalled 12,700 GWh, as follows:

SPAIN	GWh Consolidated at EBITDA level	GWh managed by investee companies (*)	Total
Onshore wind	5,372	129	5,501
Solar PV	109	-	109
Hydroelectric	6,071	-	6,701
Mini-hydroelectric	384	5	389
<b>Total production</b>	<b>12,566</b>	<b>134</b>	<b>12,700</b>

Discrepancies possible due to rounding

(\*) Includes the proportional GWh share

Changes in production consolidated at EBITDA level by technology have been as follows:

- Onshore wind production totalled 5,372 GWh over the period — down 12% on the first half of 2019 mainly due to lower wind resource.
- Hydroelectric production totalled 6,701 GWh, up 55.3% on the previous year. The production of mini-hydroelectric plants also increased to 384 GWh, which is 6.2% higher production compared to the same period of the previous year.
- With regard to solar energy production, the Núñez de Balboa plant (500 MWdc) generated 109 GWh over the period.

### Thermal capacity and production

At 30 June 2020, Iberdrola Group's **thermal capacity** in Spain totalled 9,582 MW, broken down as follows:

SPAIN	MW Consolidated installed	MW Investee companies (*)	TOTAL
Nuclear	3,166	11	3,177
Gas combined cycle	5,695	-	5,695
Cogeneration	302	51	353
Coal	358	-	358
<b>Total Capacity</b>	<b>9,521</b>	<b>62</b>	<b>9,582</b>

Discrepancies possible due to rounding

(\*) Includes the proportional MW share

Iberdrola Generación Térmica, SLU has been authorised to shut down the Velilla 1 and 2 power plant in the town of Velilla del Río Carrión (Palencia). Hence, Lada 4 was Iberdrola's only thermal power plant at the end of the half year, pending the issuance of the closure authorization by the Ministry following the favorable report of the CNMC and the favorable environmental report of the mentioned ministry.

Iberdrola's **thermal production** during the first six months of 2020 was down 16% on the same period of the previous year, mainly due to reduced production at combined cycle (-37%), coal-fired (-32%), cogeneration (-22%) and nuclear (-9%) plants.

Of the 14,950 GWh produced, Iberdrola consolidated 14,733 GWh at EBITDA level, with 217 GWh being consolidated using the equity method, broken down as follows:

	GWh Consolidated at EBITDA level	GWh Investee companies (*)	TOTAL
Nuclear	11,208	35	11,243
Gas combined cycle	2,442	-	2,442
Cogeneration	846	182	1,028
Coal	237	-	237
<b>Total production</b>	<b>14,733</b>	<b>217</b>	<b>14,950</b>

Discrepancies possible due to rounding

(\*) Includes the proportional GWh share

## Retail business

As regards retail, at 30 June 2020 the portfolio managed by Iberdrola in Spain totalled 16.9 contracts broken down as follows:

Thousands of contracts	Spain
Electricity contracts	10,019
Gas contracts	1,057
Contracts for other products and services	5,893
<b>Total</b>	<b>16,969</b>

By market type they can be split into the following:

Thousands of contracts	Spain
Free market	13,500
Last resort market	3,469
<b>Total</b>	<b>16,969</b>

Iberdrola's electricity sales\* in the first six months of 2020 were up 3.1%, broken down as follows:

Spain	GWh
Free market	24,836
Voluntary price for small consumers (PVPC) market	4,422
Other markets	15,496
<b>Total Sales</b>	<b>44,754</b>

With regard to gas, in the first six months of 2020 Iberdrola managed total gas production of 1.20 bcm, of which 0.04 bcm were sold in wholesale transactions, 0.67 bcm were sold to end customers and 0.49 bcm went towards electricity production.

\*Sales in busbars

\*\*Including shrinkage

## 2.2. United Kingdom

### Renewable capacity and production

At the end of the first half of the year, Iberdrola had a **renewable installed capacity** in the United Kingdom of 2,814 MW:

UNITED KINGDOM	Installed MW Consolidated at EBITDA level	MW managed by investee companies (*)	Total
Onshore wind	1,891	15	1,906
Offshore wind	908	-	908
<b>Total Capacity</b>	<b>2,799</b>	<b>15</b>	<b>2,814</b>

Discrepancies possible due to rounding

(\*) Includes the proportional MW share

Work is continuing on **onshore wind** projects such as Beinn an Tuirc 3 (50 MW) and at Halsary (30 MW), both in Scotland, and on **battery storage projects**, including that of Whitelee (50 MW), with commissioning estimated for 2021 and which will store energy for the largest wind farm installed in the United Kingdom to date (which will bear the same name).

In **offshore wind** technology, the **East Anglia 1** project is now in its final phase of commissioning, with a total of 102 wind turbines installed. The energy is being delivered to the national grid through transmission assets that are now in operation, and the farm is expected to be fully operational in the third quarter of the year and to supply clean energy to up to 630,000 households in the United Kingdom.

A number of other projects in East Anglia are also in development. The East Anglia 1 North, East Anglia 2 and East Anglia 3 projects are being jointly developed as the **East Anglia Hub** (3.100 GW). Consent applications have been sent and the main engineering, design and site investigation work is now in line with fast-track planning. Bids have been received from wind turbine suppliers and activities have been initiated to purchase electrical components. Site investigation work should commence in July, marking the first deployment of personnel and contractors in the project.

**Renewable production** in the United Kingdom came to 3,266 GWh, with the following breakdown:

UNITED KINGDOM	GWh Consolidated at EBITDA level	GWh managed by investee companies (*)	Total
Onshore wind	2,029	7	2,036
Offshore wind	1,231	-	1,231
<b>Total production</b>	<b>3,259</b>	<b>7</b>	<b>3,266</b>

Discrepancies possible due to rounding  
(\*) Includes the proportional GWh share

Production at EBITDA level varied as follows:

- Onshore wind production totalled 2,029 GWh, up 11.7% on the same period of the previous year due to increased wind resource during the period, especially in the first quarter.
- Offshore wind production was also up, gaining 274% to reach 1,231 GWh, largely as a result of the production generated by East Anglia 1.

### UK retail business

As at 30 June 2020, the portfolio managed in the UK is broken down as follows:

Thousands of contracts	UK
Electricity contracts	2,784
Gas contracts	1,873
Contracts for other products and services	368
<b>Total</b>	<b>5,025</b>

Also, smart meters continue to be rolled out, with a total of 1.6 million meters installed as at 30 June 2020.

Moreover, at the June 2020 close, 9,264 GWh of electricity and 13,802 GWh of gas had been supplied to customers – down 11%\* and 10%\*\*, respectively, on the end of June 2019.

\*Sales in busbars  
\*\*Including shrinkage

## 2.3. United States – Avangrid

### Renewable capacity and production

At the close of the first half, Iberdrola had an installed **renewable capacity** in the United States of 7,598 MW, broken down as follows:

United States	Installed MW Consolidated at EBITDA level	MW managed by investee companies (*)	Total
Onshore wind	7,124	213	7,337
Hydroelectric	118	-	118
Solar (PV(**)+TM) and others	131	12	143
<b>Total Capacity</b>	<b>7,373</b>	<b>225</b>	<b>7,598</b>

Discrepancies possible due to rounding  
(\*) Includes the proportional MW share  
(\*\*) Reported in MWdc.

In **onshore wind technology**, work is continuing in the wind farms of La Joya (306 MW), New Mexico and Tatanka (155 MW) in South Dakota, and has begun in the farms of Golden Hills (201 MW) in Oregon and in those of Roaring Brook (80 MW) in New York state.

Meanwhile, work is now in the preliminary phase to soon commence construction on more than 700 MW of additional capacity in both wind and solar photovoltaic technologies.

Moving to **offshore wind projects** in the United States, work is ongoing off the coast of Massachusetts. The Bureau of Ocean Energy Management has published an updated timeline of the granting of permits confirming that the **Vineyard Wind ONE** project will receive a Record of Decision (ROD) in December 2020, which is a key milestone for the project.

The initial development phase is also in progress for **Park City Wind**, with the main federal and state authorisation documents to be submitted in 2020, while the previously signed PPAs with electricity distribution companies are now under regulatory review.

The development of **Kitty Hawk**, also in the United States, continues to make progress.

**Renewable production** in the United States came to 10,718 GWh, broken down as follows:

United States	GWh Consolidated at EBITDA level	GWh managed by investee companies (*)	Total
Onshore wind	10,218	262	10,481
Hydroelectric	63	-	63
Solar (PV+TM) and others	160	14	174
<b>Total production</b>	<b>10,441</b>	<b>276</b>	<b>10,718</b>

Discrepancies possible due to rounding  
(\*) Includes the proportional GWh share

Changes in production by technology consolidated at EBITDA level have been as follows:

- Onshore wind production totalled 10,218 GWh, up 21.4% on the same period of 2019 due to the commissioning of new wind farms in the period.
- Hydroelectric production fell 33.8% to 63 GWh from the 95 GWh reported in the same period of 2019.
- Production from solar and other technologies (including 36 GWh from fuel cells) came to 174 GWh (-2.1%).

## 2.4. Mexico

### Renewable capacity and production

At the close of the first half, Iberdrola had an installed **renewable capacity** in Mexico of 1,218 MW, broken down as follows:

MEXICO	Installed MW Consolidated at EBITDA level	MW managed by investee companies (*)	Total
Onshore wind	672	-	672
For own use	569	-	569
For third parties	103	-	103
Solar PV(**)	546	-	546
<b>Total Capacity</b>	<b>1,218</b>	<b>-</b>	<b>1,218</b>

Discrepancies possible due to rounding  
(\*) Includes the proportional MW share  
(\*\*) Reported in MWdc.

In relation to **onshore wind technology**, work is continuing on the Pier project (221 MW) in Puebla and on the Santiago Eólico project (105 MW) in the state of San Luis de Potosí with commissioning work, while in the realm of **solar photovoltaic technology** work is continuing on the installation of photovoltaic panels in the Cuyoaco plant (274 MWdc) in the state of Puebla.

**Renewable production** came to 783 GWh, with the following breakdown:

MEXICO	GWh Consolidated at EBITDA level	GWh managed by investee companies (*)	Total
Onshore wind	432	-	432
For own use	328	-	328
For third parties	103	-	103
Solar PV	351	-	351
<b>Total production</b>	<b>783</b>	<b>-</b>	<b>783</b>

Discrepancies possible due to rounding  
(\*) Includes the proportional GWh share



Production at EBITDA level by technology has been as follows:

- Onshore wind production amounted to 432 GWh, 4.5% down compared to the one recorded in the first half of 2019.
- Turning to solar energy production, the Hermosillo (136 MWdc) and Santiago (232 MWdc) facilities (installed at the end of 2018) generated 351 GWh over the period (-11.9%).

### Thermal capacity and production

In Mexico, **thermal capacity** at 30 June 2020 stood at 9,348 MW following the commissioning last year of the combined cycle plants of El Carmen (866 MW) and Topolobampo II (911 MW), the completion in the first quarter of 2020 of the combined cycle facility of Topolobampo III (779 MW, of which 766 MW are for CFE) and the shift of Enertek cogeneration from operating as a combined cycle to operating as a gas combined cycle, thus adding 144 MW to this technology. Thermal production in the first half of 2020 totalled 25,920 GWh – 8% higher than in the same period a year earlier.

MEXICO	MW	GWh
Gas combined cycle	9,146	25,094
For own use	2,103	6,651
For third parties	7,043	18,443
Cogeneration	202	826
<b>Total</b>	<b>9,348</b>	<b>25,920</b>

Discrepancies possible due to rounding

### Retail business

Electricity sales in the first half of 2020 amounted to 25,203 GWh, broken down as follows:

	GWh
CFE	18,443
Private	6,760
<b>Total Sales</b>	<b>25,203</b>

## 2.5. Brazil – Neoenergia

### Renewable capacity and production

At the close of the first half of the year, Iberdrola had an installed renewable capacity in Brazil of 3,546 MW, broken down as follows:

BRAZIL	Installed MW Consolidated at EBITDA level	MW managed by investee companies (*)	Total
Onshore wind	516	-	516
Hydroelectric	836	2,194	3,031
<b>Total Capacity</b>	<b>1,352</b>	<b>2,194</b>	<b>3,546</b>

Discrepancies possible due to rounding

(\*) Includes the proportional MW share

Work is continuing on the Chafariz **onshore wind** farm in the state of Paraíba, which has a total of 15 wind projects and 472 MW of capacity, expected to be commissioned in early 2022. In addition, at the Otis facility in the state of Piauí, 12 wind farms will be built for a total of 566 MW, where work is expected to be complete in the second half of 2022.

**Renewable production** in the first half of 2020 amounted to 7,245 GWh, with the following breakdown:

BRAZIL	GWh Consolidated at EBITDA level	GWh managed by investee companies (*)	Total
Onshore wind	688	-	688
Hydroelectric	820	5,737	6,556
<b>Total production</b>	<b>1,508</b>	<b>5,737</b>	<b>7,245</b>

Discrepancies possible due to rounding

(\*) Includes the proportional GWh share

Changes in production consolidated at EBITDA level by technology have been as follows:

- Onshore wind production reached 688 GWh, down 7.8% on the first half of 2019, due to lower recorded wind resource.
- Hydroelectric production came to 820 GWh (+3%).



### Thermal capacity and production

In Brazil, thermal capacity at 30 June 2020 remained stable at 533 MW, while thermal production came to 1,143 GWh (6%).

BRAZIL	MW	GWh
Gas combined cycle	533	1,143
<b>Total</b>	<b>533</b>	<b>1,143</b>

### Retail business

Electricity sales in the first half of 2020 totalled 7,270 GWh, broken down as follows:

Brazil	GWh
PPA	5,181
Free market	2,090
<b>Total Sales</b>	<b>7,270</b>

## 2.6. Iberdrola Energía Internacional (IEI)\*

### Renewable capacity and production

Installed renewable capacity at Iberdrola Energía Internacional\* reached the 981 MW mark, broken down as follows:

Iberdrola Energía Internacional (IEI)	MW
Onshore wind	625
Offshore wind	350
Solar	6
<b>TOTAL</b>	<b>981</b>

Discrepancies possible due to rounding

In **onshore wind technology**, commissioning in Greece is complete at the Pyrgari wind farm (16 MW), which was awarded at the energy auctions held by the Greek government in July 2018.

In the realm of **solar photovoltaic technology**, Iberdrola was awarded 186 MWdc of capacity at the renewables auction that took place in Portugal. In Port Augusta, Australia, a 317-MW hybrid wind and solar facility will be constructed, making it one of the largest hybrid renewable energy plants in the southern hemisphere.

Meanwhile, the development of the following **offshore wind farms** remains on track in France and Germany:

- The **Saint-Brieuc (496 MW)** project in France has commenced the construction phase with the signing of the major supply contracts.
- In Germany, the selection process for the main contractors is coming to a close for the **Baltic Eagle (476 MW)** and **Wikinger Süd (10 MW)** projects.

Onshore wind power is broken down as follows by country:

Iberdrola Energía Internacional (IEI)	MW
Greece	275
Portugal	92
Cyprus	20
Hungary	158
Romania	80
<b>Total</b>	<b>625</b>

Discrepancies possible due to rounding

**Renewable production** totalled 1,404 GWh at the end of the first semester, up 0.1% on the same period of 2019, with the following breakdown by technology:

Iberdrola Energía Internacional (IEI)	GWh
Onshore wind	703
Offshore wind	697
Solar	4
<b>Total production</b>	<b>1,404</b>

Discrepancies possible due to rounding

\* Formerly Rest of World

By technology, onshore wind production is down (-0.1%), as is solar PV output (-4.0%), while offshore wind production is up by +0.2%.

### Retail business

As regards retail sales, at 30 June 2020, the portfolio managed by Iberdrola in Portugal, France, Italy, Germany, Ireland and the United States totalled 1,627,943 contracts, up 52.0% on the close of June 2019, broken down as follows:

Thousands of contracts	IEI*
Electricity contracts	670
Gas contracts	233
Smart Solutions contracts	724
<b>Total</b>	<b>1,628</b>

Sales at the international division were up 10.7% in the first half of 2020 on the previous year. While electricity sales\* climbed to 5,065 GWh (+1%), gas sales\*\* jumped to 752 GWh (+244%), with the following breakdown by region:

GWh	H1 2020	H1 2019
<b>Electricity*</b>	<b>2,653</b>	<b>2,491</b>
Portugal	3,614	3,992
France	398	285
Germany	391	156
Italy	614	604
Ireland	33	-
United States	15	-
<b>Gas**</b>	<b>752</b>	<b>219</b>
Portugal	90	65
France	229	31
Italy	380	123
Ireland	53	-
<b>Total Sales</b>	<b>5,817</b>	<b>5,256</b>

Growth in this area has also been affected by the pandemic.

\* Sales in busbars

\*\* Including shrinkage

## 3. Other aspects

### 3.1. Shareholder remuneration

Among the various resolutions carried at the General Meeting, the motion included as item 12 on the agenda was approved with 99.75% of votes in favour in relation to shareholder remuneration charged to 2019 profits and to be paid out in 2020. The minimum total remuneration per shareholder was also set at EUR 0.40/share, thus attaining the 2022 dividend target three years early. Of this amount, EUR 0.168/per share (gross) was already distributed as an interim dividend in January, whereby a final dividend of EUR 0.232/per share (gross) will be distributed in July.

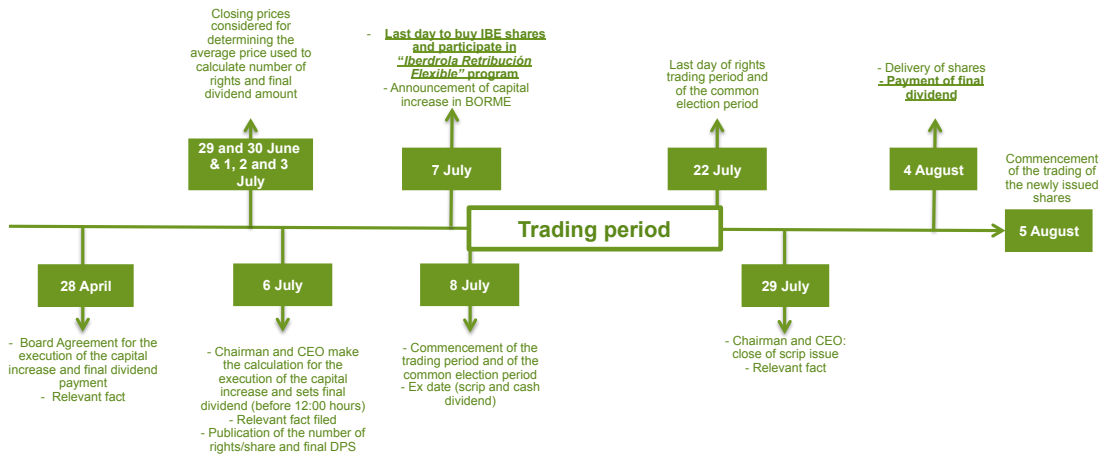
The Iberdrola Scrip Dividend scheme allows shareholders to choose from among the following options when collecting their dividend (or to combine them, with the value of the remuneration to be received being equivalent across all options):

- i. receive their remuneration in the form of fully paid-up new shares;
- ii. sell all or part of their free allocation rights on the market;
- iii. receive their remuneration in cash by collecting the Final Dividend.

Forty-four rights are needed to obtain a share.

To avoid stock dilution, Iberdrola has reaffirmed its commitment to keeping the number of shares at 6,240 million. In this regard, at the last General Meeting shareholders approved the redemption of shares needed to fulfil this objective, totalling 213,592,000 shares (3.31% of capital), which was performed on 2 July 2020.

### Payment Calendar of the Final Dividend – July 2020



# Analysis of the consolidated profit and loss account

The most notable figures of the results for the first half of 2020 are as follows:

EUR millions	H1 2020	H1 2019	%
NET REVENUE	16,467.4	18,281.0	-9.9
GROSS MARGIN	8,050.3	8,230.0	-2.2
EBITDA	4,918.2	4,989.8	-1.4
ADJUSTED EBITDA	5,075.0	4,868.3	4.2
EBIT	2,674.8	2,990.7	-10.6
REPORTED NET PROFIT	1,844.9	1,644.4	12.2
ADJUSTED NET PROFIT	1,670.2	1,552.9	7.5

In the first half of 2020, EBITDA was down 1.4% on the previous year, as it was adversely affected by the impact of COVID-19 (EUR 157 million) and by extraordinary positive effects recorded in the first half of 2019 in connection with the assignment of long-term LNG supply contracts (EUR 89 million) and the re-settlements in the Networks Spain business (EUR 33 million). Stripping out these impacts, adjusted EBITDA was up 4.2%.

The performance of the main currencies lowered EBITDA by EUR 92 million, mainly due to the depreciation of the Brazilian real, with the exchange rate effect 90% hedged at Net Profit level.

The **Networks** business was affected by lower remuneration in Spain following the start of the new regulatory period in 2020 and positive re-settlements in 2019, negative IFRS adjustments in the United States the impact of which will be recovered during the second half of this year and in the coming years, and the depreciation of the Brazilian real.

The **Renewables** business was driven by the results obtained in both the United Kingdom and the United States. Highlights include: the new capacity rolled out, with 2.3 GW installed in the last 12 months; increased wind production volumes thanks to the contribution made by the East Anglia 1 offshore wind farm in the United Kingdom and the increase in the availability of wind turbines in the United States; as well as the

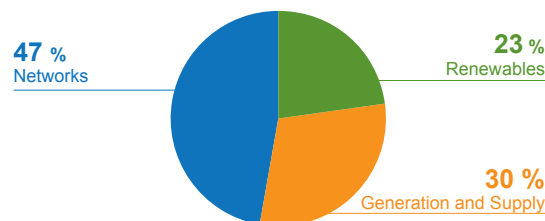
higher of hydroelectric production in Spain (+51%) and of reserve levels, which stand at 7.6 TWh – 55% higher than last year.

Meanwhile, the **Generation and Supply** business posted growth across all the main geographies in which the Group operates, benefiting from lower commodity prices, with sale prices fixed thanks to the hedges arranged a year earlier. The supply business was positively impacted by lower procurement costs and the review of the price cap calculation methodology for regulated SVTs carried out in the United Kingdom.

## 1. Gross margin

Gross Margin amounted to EUR 8,050.3 million, up 2.2% compared to the same period in 2019, with an exchange rate impact of EUR -121.3 million.

### Gross margin by business



This performance is the result of the following:

- The **Networks business** saw a 7.8% reduction in its Gross Margin compared with the first half of 2019, to EUR 3,822.8 million.
  - In Spain, the gross margin came to EUR 976.4 million (-7.9%), owing to a 50-basis point reduction in remuneration following the start of the new regulatory period (EUR -29 million), as well as the EUR 33 million in positive re-settlements recorded in the first semester of 2019, which affect the year-on-year comparison.

In addition, there was a negative impact of EUR 7 million due to the lower income from access rights as a consequence of COVID-19.

- The United Kingdom contributed EUR 660.6 million (+1.7%) owing to the higher income in transport and distribution as a result of the larger asset base due to investments made, which was partially offset by the impact of lower demand caused by COVID-19 (EUR -23 million), which will recover in 2022.
- The United States contributed EUR 1,462.0 million in the period (-5.8%) due to the adjustments recognised under IFRS (EUR -114 million) as a result of the different volumes and costs of energy recognised in the tariff, which will begin to be recovered towards the end of 2020 and in full in the coming years. The impact of COVID-19 on electricity demand accounts for EUR -7 million, which is expected to be recovered - starting in the second half of 2020.
- Brazil's Gross Margin was EUR 723.8 million (-18.0%), impacted by the depreciation of the Brazilian real, which stripped off EUR 165 million, showing slight growth in the local currency (+0.6%) thanks to the increase in net revenues stemming from the tariff revisions and the greater contribution from transmission assets, which are offset by the impact of COVID-19 on demand (EUR -28 million).
- The **Renewables** business reported a gross margin of EUR 1,833.1 million (+4.8%).
  - In Spain, it amounted to EUR 567.6 million (-14.2%), despite the higher production on the back of hydroelectric plants and the new solar capacity in operation, due to lower sale prices following the reduction in the pool price. These sales are made to our supply business, so the lower price in renewables is offset by the larger margin in the supply area.
  - The Gross Margin in the United Kingdom climbed 45.1% to reach EUR 469.5 million, thanks to higher production in both the onshore
- (+12.0%) and offshore (+273.8%) wind segments due to the contribution made by East Anglia 1.
- The United States' contribution rose to EUR 474.4 million (+15.8%) off the back of an increase in production (+20.7%) resulting from the combined effect of higher average operating capacity (+791 MW), increased wind resource and greater wind farm availability.
- Brazil reported EUR 69.6 million (-25.7%), affected by the exchange rate (-8.8% in the local currency), due to the lower wind production (-7.8%) and the standardisation of prices in the first half of 2020 when compared with the high levels recorded last year.
- Mexico saw a slight reduction in its Gross Margin to EUR 52.6 million (-9.1%) in response to lower production (-8.0%).
- Iberdrola Energía Internacional (IEI), formerly Rest of the World, reported EUR 199.3 million (-2.2%) with production similar to last year and a slight effect of the exchange rate.
- The gross margin of the **Generation and Supply** business widened by 3.4% to reach EUR 2,405.8 million, broken down as follows:
  - In Spain it grew slightly to EUR 1,485.4 million (+0.4%), with lower production and greater energy purchases at lower prices than in the first half of 2019, and thanks also to active management of the customer portfolio (energy and Smart solutions). In addition, the year-on-year comparison is affected negatively by the extraordinary positive impact of EUR 89 million posted in the first half of 2019 due to the assignment of long-term LNG supply contracts. The fall in demand caused by COVID-19 had an impact of EUR 31 million.
  - The United Kingdom's Gross Margin came to EUR 412.9 million (+21.6%), showing a recovery following the weak conditions of this business in 2019 thanks to the review of the calculation

method of the cap on SVT regulated rates and the lower procurement costs. COVID-19 had a negative impact of EUR 29 million on demand.

- Mexico contributed EUR 430.5 million (-5.2%) to the Gross Margin, with the new capacity coming online offset by the unavailability of the plant during the six months and the impact of COVID-19 on demand (EUR 11 million).
- Brazil added EUR 44.0 million (+29.8%) to the Gross Margin, as the extraordinary conditions that had adversely impacted the previous year's earnings were no longer an issue in 2020. COVID-19 had an impact of EUR 3 million.
- Iberdrola Energía Internacional (IEI), formerly Rest of World, contributed EUR 33.0 million (+69.7%) to the Gross Margin, with the number of contracts with customers exceeding 1.65 million, a year-on-year increase of 52%. COVID-19 deducted EUR 18 million.
- The contribution of **Other Businesses** totalled EUR 10.5 million (-63.2%).

## 2. Gross operating result - EBITDA

Consolidated EBITDA dropped 1.4% versus the first half of 2019 to EUR 4,918.2 million.

Aside from the changes in the gross margin outlined above, it should be noted that the net operating expense rose by 3.3% to EUR 2,074.4 million. The Group's operational efficiency, measured through the Net Operating Expenses/Gross Margin ratio, improved, falling from 26.1% in June 2019 to 25.8% at the close of the first half of 2020, thanks to cost containment measures and efficiency plans implemented in 2019. The positive impact of the exchange rate offsets the EUR 33 million in donations and other costs related to COVID-19.

Taxes decreased by 3.4% to EUR 1,057.7 million, mainly due to the effect of the fall in production and the price in Spain related to the tax on generation (EUR 28 million). The temporary suspension in the first quarter of 2019 of the 7% tax on generation in Spain is offset by the increase in the ENRESA levy following the nuclear agreement in Spain (EUR 7 million) and re-settlements from previous years.

## 3. Net operating result - EBIT

EBIT totalled EUR 2,674.8 million, down 10.6% on the first half of 2019.

Depreciation and amortisation charges and provisions rose by 12.2 % to reach EUR 2,243.4 million, broken down as follows:

- Depreciation and amortisation charges went up 7.6% to EUR 1,994.0 million, following the increase in the Group's asset base and volume of activity (EUR 138 million).
- Provisions came to EUR 178.0 million, up EUR 71.4 million (+47.3%) due to an increase of EUR 71 million in customer debt caused by the impact of COVID-19. Of this figure, EUR 35 million are recorded in the Networks business, which are expected to be recovered in the future via regulatory measures that are either in place at present or currently under negotiation. A further EUR 36 million have been recorded in the Generation and Supply business, an amount that can be managed through supply activity; here, it should be noted that the default rate (non-payment in the last twelve months out of total billing) increased from 1% at 31 March 2020 to 1.2% at 30 June.

## 4. Financial result

The financial result totalled EUR 400.2 million, revealing an improvement of EUR 210.7 million (35%) on the first half of 2019.

- The cost of debt improved by EUR 29.0 million

owing to a cost reduction of 40 basis points, despite an increase in the average debt balance of EUR 2,377 million following the investments made and the full application of IFRS 16.

- Gains/(losses) on derivatives and others rose by EUR 181.7 million, largely because of the effect of exchange rate hedges, which are offset in other profit and loss items.

	Jun-20	Jun-19	Dif.
Debt	-607.1	-636.1	+29.0
Cost			+71.7
Average balance*			-42.7
Derivatives and others	206.9	25.2	+181.7
<b>Total</b>	<b>-400.2</b>	<b>-610.9</b>	<b>+210.7</b>

\* The average balance climbed from EUR 35,383 to EUR 37,760 million

The cost of debt dropped 40 basis points from 3.63% to 3.23% in response to lower interest rates and improved borrowing terms, despite an increase in the weight of non-euro currencies.

## 5. Results of companies accounted for using the equity method

Results of companies accounted for using the equity method came to EUR -8.7 million, compared to EUR -8.2 million in the first half of 2019.

## 6. Gains on disposal of non-current assets

Gains on Non-current Assets amounted to EUR 505.1 million, compared to EUR 6.8 million in the first half of 2019. This includes the capital gain of EUR 484.5 million arising from the sale of Iberdrola's stake in Siemens Gamesa.

## 7. Profit in the period

Taxes totalled EUR 780.4 million, up 43.0% on the first half of 2019 due to the maintenance of the corporate rate of 19% in the United Kingdom (as against the expected 17%) which affects deferred tax (EUR 157 million) and corrections of tax expense recorded in previous years in the US (EUR 51 million). Meanwhile, Non-controlling Interests were down 22.7% to EUR 145.8 million in response to lower earnings in the United States and Brazil.

Lastly, **Reported Net Profit** totalled EUR 1,844.9 million, up 12.2% on the same period of 2019, affected by non-recurring items (the aforementioned gain on Siemens Gamesa, which was partially offset by the impact of tax in the United Kingdom).

**Adjusted Net Profit** grew 7.5% to EUR 1,670.2 million. This item excludes the net impact of COVID-19 (EUR -153 million), the capital gain on the sale of Siemens Gamesa (+EUR 485 million) and the non-recurring impact in the tax line related to the United Kingdom (EUR -157 million), as well as the extraordinary items recorded in the first half of 2019 on the assignment of long-term LNG contracts (EUR 66 million) and the positive re-settlements in the Networks business in Spain (EUR 25 million net).



# Results by business

# 1. Networks Business

Key figures for the Networks business are as follows:

(EUR millions)	H1 2020	vs H1 2019
Revenues	6,357.6	-8.8%
Gross margin	3,822.8	-7.8%
EBITDA	2,318.6	-10.6%
EBIT	1,298.8	-21.2%

The Gross Margin of the network business is down 7.8% to EUR 3,822.8 million, affected by the impact of COVID-19 (EUR -65 million) which has led to a decline in demand and negative IFRS adjustments in the United States (EUR -114 million), effects from which the Group stands to recover in the second half of the year and in future years. The effect of the exchange rate detracted EUR 122.6 million from Gross Margin.

## 1.1 SPAIN

(EUR millions)	H1 2020	vs H1 2019
Revenues	976.6	-7.9%
Gross margin	976.4	-7.9%
EBITDA	790.7	-5.5%
EBIT	514.9	-9.4%

### a) Gross margin

The Gross Margin of the Networks business in Spain shrank by 7.9% to EUR 976.4 million, due to the 50 basis-point reduction in remuneration after the start of the new regulatory period (EUR -29 million), and the EUR 33 million of positive re-settlements booked in the first half of 2019 affecting the year-on-year comparison.

### b) Operating profit / EBIT

EBITDA in this Business amounted to EUR 790.7 million, down 5.5%. Net Operating Expenses fell 20.6% to EUR 140.1 million, thanks to the savings

obtained through the efficiency measures carried out last year. Taxes decreased by 3.5% to EUR 45.6 million.

EBIT for the Networks business in Spain totalled EUR 514.9 million (-9.4%). Depreciation and amortisation charges and provisions totalled EUR 275.8 million (+2.8%) because of the new investments made.

## 1.2 UNITED KINGDOM

(EUR millions)	H1 2020	vs H1 2019
Revenues	689.6	1.9%
Gross margin	660.6	1.7%
EBITDA	495.0	3.6%
EBIT	316.9	0.6%

### a) Gross margin

The Gross Margin of the Networks business in the United Kingdom (ScottishPower Energy Networks-SPEN) reached EUR 660.6 million (+1.7%), due to higher revenues from transmission and distribution as the result of a greater asset base through the investments made, partly offset by the impact of lower demand (EUR -23 million) due to the measures taken to curb COVID-19, and which will be recovered in 2022.

### b) Operating profit / EBIT

EBITDA amounted to EUR 495.0 million (+3.6%) – up 3.3% in local currency. Net Operating Expenses improved by 5.9% to EUR 109.9 million, with no significant foreign exchange effect. There are no significant variations in Taxes (+1.9% to EUR 55.6 million).

Depreciation and amortisation charges and provisions amounted to EUR 178.1 million (+9.3%), due to the new assets put into operation, increasing EBIT by 0.6% to EUR 316.9 million.

### 1.3 UNITED STATES

	IFRS (EUR million)		US GAAP (USD million)	
	H1 2020	vs H1 2019	H1 2020	vs H1 2019
Revenues	2,108.8	-7.9%	2,368.6	-3.3%
Gross margin	1,462.0	-5.8%	1,657.1	2.0%
EBITDA	535.5	-22.7%	731.9	-0.9%
EBIT	194.1	-51.7%	361.2	-8.2%

#### a) Gross margin

Gross Margin narrowed by 5.8% to EUR 1,462.0 million as a result of IFRS adjustments (EUR -114 million) caused by different energy volumes and costs from those recognised in the tariff. These will begin to be recovered in late 2020, with a view to completion over the next few years. However in US GAAP growths by 2.0%. The impact of COVID-19 on electricity demand amounts to EUR -7 million, with recovery from the second half of 2020 onwards.

#### b) Operating profit / EBIT

EBITDA of the Networks business in the United States totalled EUR 535.5 million (-22.7%). Aside from the aforesaid change in Gross Margin, there was a 10.4% rise in Net Operating Expenses to EUR 561.2 million (7.3% in local currency) because of the higher costs incurred as a result of the storms during the year (EUR 16 million). Meanwhile, Taxes increased by 4.1% to EUR 365.4 million, affected by the exchange rate (1.2% increase in local currency).

EBIT stands at EUR 194.1 million (-51.7%), after deducting EUR 341.4 million (+17.3%) in depreciation and amortisation charges and provisions, as a result of a higher asset base (EUR 27 million) and the increase in provisions for late payments related to COVID-19 (EUR 8 million).

### 1.4. BRAZIL

(EUR millions)	H1 2020	vs H1 2019
Revenues	2,582.6	-12.2%
Gross margin	723.8	-18.0%
EBITDA	497.4	-15.2%
EBIT	272.9	-24.8%

#### a) Gross margin

Gross Margin narrowed by 18.0% to EUR 723.8 million at the end of the first half of 2020, mainly impacted by the depreciation of the Brazilian Real (EUR -164.8 million), as there was slight growth in the business in local currency (+0.6%). The higher revenues following the annual tariff revisions (Coelba, Cosern and Celpe in April 2020 and Elektro in August 2019) and the contribution of transmission assets are offset by the fall in demand as a result of COVID-19 (EUR -28 million). This impact is expected to be recovered in the third quarter of 2020, once the measures to alleviate the effects of COVID-19, through an extraordinary review of the tariff for distributors—currently being negotiated by ANEEL, the Brazilian regulator—are approved.

#### b) Operating profit / EBIT

EBITDA in the area stands at EUR 497.4 million (-15.2%), with a sharp negative impact of the exchange rate (EUR -113 million), since in local currency EBITDA was 4.2% higher. Net Operating Expenses were down 23.8% to EUR 223.4 million (-6.4% in local currency), due to efficiency measures implemented in previous years.

Depreciation and amortisation charges and provisions increased by 0.5% to EUR 224.5 million, also affected by the exchange rate, given that in local currency they increased by 23.4% due to higher assets put into operation and late payments as a result of COVID-19 (EUR 27 million). EBIT amounted to EUR 272.9 million (-24.8%).

## 2. Renewables Business

Key figures for the Renewables business are as follows:

(EUR millions)	H1 2020	vs H1 2019
Revenues	2,036.9	5.9%
Gross margin	1,833.1	4.8%
EBITDA	1,226.9	5.3%
EBIT	567.2	-4.1%

The Renewables business made a 4.8% higher contribution to Gross Margin, driven by the results in the United States and the United Kingdom.

Operationally, wind energy was weak in the second quarter of the year with a load factor drop of 1.4 p.p. (-5.5%) compared to the second quarter of 2019. Meanwhile hydroelectric conditions were good, with reserves 55% above those of a year ago. The performance in the first half of the year was due mainly to the following factors:

- **The average operating power** consolidated at EBITDA level during the period was 6.1% higher (+1,640.0 MW) compared to the first half of 2019 thanks to increases in onshore wind capacity in the United States and Spain (+790.5 MW and +225.7 MW respectively) and also to the gradual commissioning of photovoltaic solar capacity in Spain (137.0 MW) and East Anglia 1 in the United Kingdom (+436.8 MW).
- The consolidated **load factor** was 23.8% at the end of June, above the 21.4% recorded in the same period of 2019, although with differences according to the technology:

Technology	H1 2020	vs H1 2019
Onshore wind	27.4%	-0.0 p.p.
Offshore wind	45.0%	+1.7 p.p.
Hydroelectric	16.7%	+5.1 p.p.
Solar FV	21.4%	-2.8 p.p.

Consolidated production **therefore increased** 18.9% to 29,861.6 GWh in the first six months of 2020. Hydroelectricity in Spain makes an outstanding contribution to this performance, with production up by +51.5% compared to the first half of 2019.

- The **average sale price of renewable output across the world** stood at EUR 60.5/MWh, below that registered in the first half of 2019 (-11.5%).

### 1.1 SPAIN

(EUR millions)	H1 2020	vs H1 2019
Revenues	606.3	-13.6%
Gross margin	567.6	-14.2%
EBITDA	300.7	-20.9%
EBIT	116.8	-48.4%

#### a) Gross margin

Gross Margin stands at EUR 567.6 million (-14.2%), due to the lower sale price to the supply business after the fall in the pool price, and despite the higher production (+17.9%) driven by improvement in hydroelectricity (+51.5%) and by increased solar photovoltaic capacity after the commissioning of Núñez de Balboa solar PV plant in Badajoz.

#### b) Operating profit / EBIT

EBITDA totalled EUR 300.7 million (-20.9%). Aside from the aforesaid change in Gross Margin, Net Operating Expenses decreased (-11.1%) thanks to savings in operation and maintenance services. Taxes remain in line given that the suspension of the 7% generation tax during the first quarter of 2019 is offset by lower spending due to the fall in the pool price and re-settlements of previous years.

Depreciation and amortisation charges and provisions increased during the first half to EUR 183.9 million, +19.6% compared to 2019, due to the higher average operating power and increased depreciation in the technical installations of wind farms, bringing EBIT to EUR 116.8 million (-48.4%).

## 1.2 UNITED KINGDOM

(EUR millions)	H1 2020	vs H1 2019
Revenues	500.5	43.8%
Gross margin	469.5	45.1%
EBITDA	377.9	54.6%
EBIT	263.0	54.5%

### a) Gross margin

The Gross Margin of the United Kingdom business grows by 45.1% over the first six months of the year (+44.8% in local currency) compared to the first half of 2019, reaching EUR 469.5 million. This was the result of higher production of onshore wind (+12.0%) thanks to a higher load factor (+2.5 p.p.) and of offshore wind through the contribution of East Anglia 1 (+273.8%).

### b) Operating profit / EBIT:

Net operating expenses rose by 15.3% (EUR +78.6 million), largely because of the commissioning of East Anglia 1. Meanwhile, taxes were up by EUR 2.1 million (+19.4%), bringing EBITDA to EUR 377.9 million (+54.6%).

Depreciation and amortisation charges and provisions were 54.9% higher because of East Anglia 1 entering service, bringing EBIT to EUR 263.0 million (+54.5%).

## 1.3 UNITED STATES

(EUR millions)	H1 2020	vs H1 2019
Revenues	587.3	19.1%
Gross margin	474.4	15.8%
EBITDA	285.0	15.7%
EBIT	15.2	25.5%

### a) Gross margin

Gross Margin is up 15.8% to EUR 474.4 million thanks to the increase in production (+20.7%), as

a result of the combined effect of a higher average operating capacity (+790.5 MW), increase in wind resource over the first half of the year (+7.1 p.p.) and higher availability of wind farms.

### b) Operating profit / EBIT

Net Operating Expenses rose by 10.6% to EUR 134.9 million, due to increased business activity, while Taxes were up 32.2% as a result of the commissioning of new wind farms. This resulted in EBITDA of EUR 285.0 million (+15.7%).

Depreciation and amortisation charges and provisions increased by 15.1% to EUR 269.8 million due to the new farms commissioned. As a result of all this, EBIT amounted to EUR 15.2 million (+15.7%).

## 1.4 MEXICO

(EUR millions)	H1 2020	vs H1 2019
Revenues	53.9	-9.8%
Gross margin	52.6	-9.1%
EBITDA	35.5	-11.3%
EBIT	14.3	-28.1%

### a) Gross margin

Gross Margin totalled EUR 52.6 million (-9.1%), mainly due to the lower production (-8.0%) after the fall in load factors, both in onshore wind (-1.4 p.p.) and in solar photovoltaic (-3.1 p.p.).

### b) Operating profit / EBIT

EBITDA was 11.3% lower than in the first half of 2019, at EUR 35.5 million, with Net Operating Expenses down 4.4% (EUR 0.8 million). Depreciation and amortisation charges and provisions increased by 5.3% (EUR 1.1 million), reducing EBIT to EUR 14.3 million (-28.1%).

## 1.5 BRAZIL

(EUR millions)	H1 2020	vs H1 2019
Revenues	86.2	-23.6%
Gross margin	69.6	-25.7%
EBITDA	50.4	-28.8%
EBIT	27.5	-36.8%

### a) Gross margin

Gross Margin amounted to EUR 69.6 million (-25.7%, -8.8% in local currency) following the fall in wind production (-7.8%) and the standardisation of sales prices in the first half of the year compared to the extremely high prices recorded in the same period of 2019.

### b) Operating profit / EBIT

Net Operating Expenses fell 16.7% to EUR 18.9 million for the exchange rate, as it is 2.2% higher in local currency due to the growth of the business after the commissioning of Baixo Iguazú in 2019. Consequently, EBITDA stands at EUR 50.4 million (-28.8%, -12.6% in local currency).

Depreciation and amortisation charges and provisions have dropped to EUR 22.9 million (-16.2%), up 2.9% in local currency because of Baixo Iguazú coming on stream, bringing EBIT to EUR 27.5 million (-36.8%).

## 1.6 IBERDROLA ENERGÍA INTERNACIONAL (IEI)\*

(EUR millions)	H1 2020	vs H1 2019
Revenues	202.7	-2.3%
Gross margin	199.3	-2.2%
EBITDA	177.3	-3.4%
EBIT	129.5	8.8%

### a) Gross margin

The Gross Margin of the Iberdrola Energía Internacional business totalled EUR 199.3 million (-2.2%), with production similar to last year's and with a slight exchange rate effect.

### b) Operating profit / EBIT

EBITDA fell 3.4% to EUR 177.3 million, after deducting Net Operating Expenses, which were 11.4% higher due to higher development costs in line with business expansion. EBIT rose to EUR 129.5 million (+8.8%), with depreciation and amortisation charges and provisions falling to EUR 47.9 million (-25.8%).

\* Formerly Rest of World

### 3. Generation and supply business

Key figures for the Generation and Supply business are as follows:

(EUR millions)	H1 2020	vs H1 2019
Revenues	9,193.8	-13.0%
Gross margin	2,405.8	3.4%
EBITDA	1,351.8	14.3%
EBIT	849.4	11.9%

The Generation and Supply business increased its contribution to gross margin (+3.4%) with growth in all the main geographies in which the Group operates. Spain and Mexico posted growth, while the United Kingdom and Brazil bounced back following the adverse operating conditions in 2019. The impact of COVID-19 on this business at Gross Margin level is EUR 92 million, as a result of lower demand.

#### 3.1 SPAIN

(EUR millions)	H1 2020	vs H1 2019
Revenues	5,236.3	-19.4%
Gross margin	1,485.4	0.4%
EBITDA	813.0	7.9%
EBIT	573.7	6.9%

#### a) Gross margin

Iberdrola's Generation and Supply Business in Spain recorded a 0.4% increase in its Gross Margin to EUR 1,485.4 million, mainly due to:

- A 16.0% drop in production versus the same period in the previous year to 14,950 GWh, as energy purchases from third parties and from our renewables businesses have increased, given prevailing low prices. The Company traditionally

maintains a short position vis-à-vis the balance between own production and production for third parties.

- Improved margins, with average forward sale prices similar to those in 2019 and lower procurement costs, accompanied by active customer portfolio management of both energy contracts and those associated with smart solutions.
- Gross Margin has improved despite the fact that a positive extraordinary impact of EUR 89 million was recorded in the second quarter of 2019 for the placing of LNG long-term supply contracts at market value, following the agreement reached with Pavilion Energy Trading & Supply for the assignment of the contractual position in these agreements.
- The COVID-19 pandemic has led to a decline in demand with an impact on the business of EUR 31 million.

#### b) Operating profit / EBIT

EBITDA was up 7.9% at EUR 813.0 million underpinned by the higher Gross Margin, as referred to above, and driven by the decrease in Net Operating Expenses (-5.6%) to EUR 339.5 million. This decrease stemmed from the effect of efficiency plans rolled out in 2019, cutting staff costs by 11.0%, and the containment of costs for external services (-1.7%).

Taxes were 9.3% lower, at EUR 332.9 million, mainly due to EUR 23 million of lower taxes associated with fiscal measures for energy sustainability (Law 15/2012), as a result of the reduction in both production and price over the same period of the previous year. The impact of the temporary suspension of the 7% (EUR 23 million) general production tax during the first quarter of 2019, as well as the EUR 7 million increase in the ENRESA rate, following the agreement on the orderly closure of the plants (RD 750/2019) of 27 December, which raises the rate to EUR 7.98/MWh from 1 January 2020 (compared to EUR 6.69/MWh until December 2019), compensate the higher ecotaxes accounted after the settlement of items affecting different Autonomous



Communities, with a positive impact on the year-on-year comparison (EUR 34 million).

Depreciation and amortisation charges and provisions rose by 10.2% to EUR 239.3 million because of higher customer acquisition costs associated with increased marketing as well as higher depreciation charges of combined cycle plants due to them being in operation for longer in 2019, following the annual periodic review of useful lives at the end of last year. Provisions for insolvencies also rose by EUR 10 million over the period compared to 2019, as a result of the increase in debt due to the situation caused by COVID-19.

As a result of all of the above, EBIT fell by 6.9%, compared to the same period of 2019, to EUR 573.7 million.

### 3.2. UNITED KINGDOM

(EUR millions)	H1 2020	vs H1 2019
Revenues	2,317.0	-4.0%
Gross margin	412.9	21.6%
EBITDA	128.9	130.4%
EBIT	(8.7)	-86.3%

#### a) Gross margin

ScottishPower's liberalised business posted a Gross Margin of EUR 412.9 million (+21.6%), recovering strongly from the results of the first half of 2019.

The key reasons for the operational improvement compared to the same period last year are:

- Stabilisation of sale prices of both supplies to our customers.
- Lower supply costs, both for electricity and gas, as a result of changes in commodity prices and the effect of renewable production procurements.

This came about despite an 8.4% drop in gas sales and a 10.9% drop in electricity, reflecting both more benign weather conditions and the impact on demand of the COVID crisis (29 M Eur).

#### b) Operating profit / EBIT

EBITDA for the liberalised business in the United Kingdom was up 130.4% at EUR 128.9 million, driven by the change in the gross margin described above. Net operating expenses grew (+3.0%) to EUR 224.1 million; EUR 14 million associated with the start-up of new call centres, higher metering costs associated with the increased number of third-party smart meters, and higher back-office costs. However, Taxes were down by 9.2% to EUR 59.9 million, mainly due to a reduction of EUR 10 million corresponding to the cost of the Smart and Warm Home Discount plans.

Depreciation and amortisation charges and provisions rose 15.2% to reach EUR 137.5 million, caused by the larger operating assets (smart meters), higher acquisition costs and an increase in insolvencies, largely derived from COVID (EUR 18 million).

Consequently, the contribution to EBIT was EUR -8.7 million compared with a negative contribution of EUR -63.4 million in the first half of 2019.

### 3.3 MEXICO

(EUR millions)	H1 2020	vs H1 2019
Revenues	1,126.9	-3.4%
Gross margin	430.5	-5.2%
EBITDA	385.2	6.7%
EBIT	310.8	3.7%

#### a) Gross margin

In Mexico, Gross Margin totalled EUR 430.5 million, down 5.2% from the same period of the previous year. The contribution derived from the entry into operation in 2019 of Topolobampo II (911 MW), in the IPP category for the CFE, and El Carmen (866 MW), fully earmarked for private customers, has been more than offset by a negative impact of EUR 58 million caused by the breakdown in one of the Monterrey gas cycles. The problem has already been solved in the month of July and, in addition, it has been partially offset



in the External Services item through the collection of the corresponding compensation. The business performance over the period can be explained by the effect of the lower demand caused by COVID-19 (EUR 11 million), together with other minor impacts, derived mainly from index adjustments in tariffs for private customers.

### b) Operating profit / EBIT

EBITDA rose by 6.7% to EUR 385.2 million versus the first semester of 2019. Net Operating Expenses increased by 52.5% to EUR 43.4 million, due to certain reversals in staff provisions and to the collection of the insurance referred to above. Depreciation and amortisation charges and provisions increased by 21.5% to EUR 74.3 million due to the new assets commissioned over the last 12 months.

As a result of the above, EBIT for the business reached EUR 310.8 million (+3.7%).

### 3.4 BRAZIL

(EUR millions)	H1 2020	vs H1 2019
Revenues	190.1	-32.5%
Gross margin	44.0	29.8%
EBITDA	31.2	64.3%
EBIT	21.5	159.6%

EBITDA of the Generation and Supply business in Brazil climbed by 64.3%, to EUR 31.2 million, with the unusual conditions that negatively affected last year's results returning to normal in 2020. For the same reason, EBIT increased to EUR 21.5 million from EUR 8.3 million at the end of the first half of 2019.

### 3.5 IBERDROLA ENERGÍA INTERNACIONAL (IEI)\*

(EUR millions)	H1 2020	H1 2019
Revenues	589.6	5.5%
Gross margin	33.0	69.7%
EBITDA	(6.4)	-6.2%
EBIT	(48.0)	116.8%

IEI's earnings were up year-on-year but still make a negative contribution on a gross margin level, on the contrary at EBITDA and EBIT level as they reflect the initial development costs that the business inevitably incurs in the different countries when establishing operations. Moreover, the impact of lower demand caused by COVID-19 amounts to EUR 18 million in the first half.

However, the number of customer contracts exceeds 1.65 million, up 52% on the same period a year before.

\* Formerly Rest of World

## 4. Other businesses

Other Businesses include the gas business in Canada and real estate activity.

(EUR millions)	H1 2020	vs H1 2019
Revenues	19.5	-84.9%
Gross margin	10.5	-63.2%
EBITDA	1.8	-91.6%
EBIT	(4.0)	-125.6%

### a) Gross margin

Gross Margin has dropped by 63.2% to EUR 10.5 million because of lower business revenue in the real estate business.

### b) Beneficio Operativo/EBIT

EBITDA was down to EUR 1.8 million from EUR 20.9 million in the first half of 2019. Depreciation and amortisation charges and provisions were EUR 0.2 million higher compared to the same period in the previous year, with EBIT standing at EUR -4.0 million.

## 5. Corporation

The Corporation item includes the Group's overheads and the cost of administration services of the corporate areas, which are subsequently billed to the other companies.

At the end of the first half, Corporation showed a positive contribution of EUR 19.1 million in EBITDA, practically in line with last year at the end of the same period.

# Balance sheet analysis

## January-June 2020

	Jun 2020	vs Dec 2019
<b>TOTAL ASSETS</b>	<b>121,957</b>	<b>0.34%</b>
PROPERTY, PLANT AND EQUIPMENT	71,549	0.36%
INTANGIBLE ASSETS	19,133	(6.1%)
NON-CURRENT FINANCIAL INVESTMENTS	5,491	(5.6%)
EQUITY	45,814	(2.9%)

At 30 June 2020, Iberdrola's balance sheet showed Total Assets of EUR 121,957 million, down EUR 411 million at December 2019.

## 1. Fixed Assets

Gross investment in the first semester of 2020 totalled EUR 1.728.6 million (+24.2%). broken down as follows:

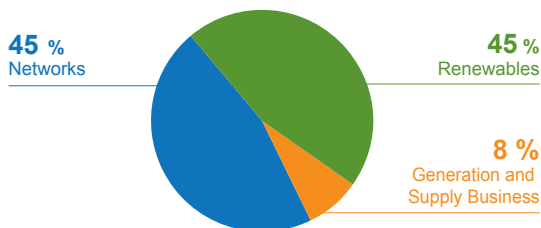
(EUR millions)	Jan-Jun 2020	%
<b>Networks business</b>	<b>1,597.7</b>	<b>44.6%</b>
Spain	232.8	
United Kingdom	240.7	
United States	746.5	
Brazil	377.8	
<b>Renewables business</b>	<b>1,624.1</b>	<b>45.3%</b>
Spain	433.1	
United Kingdom	349.0	
United States	489.1	
Brazil	64.9	
Mexico	120.6	
Iberdrola Energía Internacional (IEI)	167.4	
<b>Generation and Supply business</b>	<b>294.5</b>	<b>8.2%</b>
Spain	104.0	
United Kingdom	69.2	
Mexico	70.0	
Brazil	12.8	
Iberdrola Energía Internacional (IEI)*	38.5	
<b>Other Businesses</b>	<b>1.8</b>	<b>0.0%</b>
<b>Corporation and Adjustments</b>	<b>64.1</b>	<b>1.8%</b>
<b>Total gross investment</b>	<b>3,582.1</b>	<b>100.0%</b>

\* Formerly Rest of World

Investments during the period were concentrated in the Networks and Renewables business, in line with the group's strategy. These two businesses account for approximately 90% of the gross investment in the first half of 2020.

## Investments by business

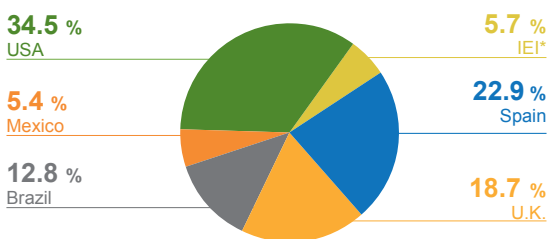
(January-June 2020)



The following figure shows the geographical distribution of investments over the period:

## Investments by geographical area

(January-June 2020)



(\*) Formerly Rest of World

Investment in the Renewables business totalled EUR 1,624.1 million, equivalent to 45.3% of the total. The United Kingdom, Spain and the United States account for 78% of total investment.

In the "Networks business" section, most investments were made in the United States and Brazil, for total amounts of EUR 746.5 million and EUR 377.8 million, respectively.

## 2. Share capital

Iberdrola's share capital totalled EUR 4,840 million at 30 June 2020, represented by 6,453,592,000 shares, each with a par value of EUR 0.75 and all fully subscribed and paid.

## 3. Financial debt

*Note: the figures at June 2019 shown here have been restated using the same IFRS 16 criteria applied at year-end and effective from 1 January.*

The adjusted net financial debt at June 2020 totalled EUR 37,554 million, up EUR 62 million from the EUR 37,492 million restated in June 2019. Cash generation and the asset rotation programme offset the investment made in the period.

The adjusted net leverage was up 40 b.p. to 44.9% versus the 45.3% reported in June 2019.

The ratings issued by rating agencies are as follows:

### Iberdrola's credit rating

Agency	Rating*	Outlook*
<b>Moody's</b>	<b>Baa1</b> (15/06/2012)	<b>Stable</b> (05/11/2012)
<b>Fitch IBCA</b>	<b>BBB+</b> (02/08/2012)	<b>Stable</b> (25/03/2014)
<b>Standard &amp; Poors</b>	<b>BBB+</b> (22/04/2016)	<b>Stable</b> (22/04/2016)

\* Date of last modification

The financial debt structure can be broken down by currency\* and interest rate\*\* as follows:

	Jun. 2020	Jun. 2019
Euro	44.2%	42.2%
British pound	17.1%	18.1%
US dollar	30.2%	28.8%
Brazilian real and other currencies	8.5%	10.9%
<b>Total</b>	<b>100%</b>	<b>100%</b>
<b>Fixed rate</b>	<b>64.5%</b>	<b>60.6%</b>
<b>Variable rate</b>	<b>35.5%</b>	<b>39.4%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>

(\*) Adjusted net debt including derivatives on intercompany finance and net investment.

(\*\*) Adjusted gross debt. Including forward interest rate derivatives (Jun-20: EUR 3,604 million; Jun-19: EUR 4,134 million), fixed-rate debt would increase to 73.4% (Jun-20) and 71.1% (Jun-19)

In accordance with the policy of minimising financial risks, the group continues to mitigate exchange rate risk by financing the international businesses in local currencies (pound sterling, Brazilian real, US dollar, etc.) or in their functional currencies (US dollar, in the case of Mexico). Interest rate risk is mitigated by increasing the proportion of debt at fixed rates and by hedging future borrowing rates.

Debt structure\* by country is shown in the following table:

	Jun 2020	Jun 2019
Corporate	66.8%	71.2%
UK	7.5%	6.7%
USA	21.9%	19.4%
Mexico	2.6%	1.4%
Others	1.2%	1.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

(\*) Adjusted gross debt excluding Neoenergia (EUR 4,356 million at Jun-20 and EUR 4,483 million at Jun-19).

This debt\* can be broken down by financing source as follows:

	Jun 2020	Jun 2019
Euro bonds market	31.5%	33.2%
Dollar bonds market	19.5%	20.1%
British pound bonds market	8.0%	7.3%
Other capital markets	4.4%	4.9%
Commercial paper	7.5%	6.6%
Multilateral	11.3%	8.2%
Structured financing	2.3%	1.9%
Leases	4.5%	4.2%
Bank financing	11.0%	13.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

(\*) Adjusted gross debt.

In 2020, the Group signed new transactions amounting to EUR 2,600 million of green financing for a total of EUR 22,600 million of green/sustainable financing (including sustainable credit facilities). IBERDROLA continues to be the world's leading private group in green bonds issued.

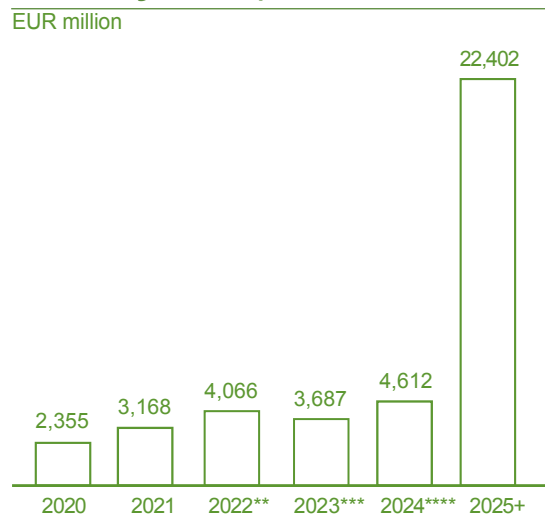
Iberdrola has a strong liquidity position totalling EUR 14,626 million. This liquidity comes mainly from syndicated credit facilities arranged with partner banks, undrawn loans arranged with multilateral credit institutions and development banks (EIB, ICO, BNDES), along with cash and equivalents. These liquidity arrangements have been reached across all the main markets in which the Iberdrola Group operates (Europe, United States and Brazil), in both the banking and capital markets. Liquidity is sufficient to cover 23 months of the Group's needs under the risk scenario.

Liquidity*	EUR million
Cash and cash equivalents	2,320
Back-up facilities	7,300
Credit facilities	2,946
Arranged financing	2,060
<b>Total</b>	<b>14,626</b>

\* Includes transactions signed after 30 June.

Iberdrola has a comfortable debt maturity profile\*, with an average term of six years, as shown in the table below.

## Maturity debt profile



\* Adjusted gross debt excluding drawn credit facilities; commercial paper falls due in or after 2025.

\*\* Includes EUR 50 million with a 6+6-month extension option

\*\*\* Includes USD 400 million with a 1+1-year extension option

\*\*\*\* Includes USD 500 million with a 1+1-year extension option

Lastly, the movement in **financial ratios and leverage** was as follows:

	Jun 2020	Jun 2019
<b>Adjusted equity*</b>	<b>46,110</b>	<b>45,304</b>
Adjusted financial debt*	40,132	38,293
Credit line drawdowns	148	896
Unpaid accrued interest	332	381
Derivative liabilities	703	662
<b>Adjusted gross financial debt**</b>	<b>41,315</b>	<b>40,233</b>
Cash in hand	2,320	1,723
Derivative assets and short-term investments	1,441	1,019
<b>Adjusted net financial debt*</b>	<b>37,554</b>	<b>37,492</b>
Adjusted net leverage	44.9%	45.3%
Adjusted funds from operations (FFO)"/Adjusted net financial debt"	21.7%	20.6%
Adjusted retained cash flow (RCF)"/Adjusted net financial debt*	19.9%	19.4%
Adjusted net financial debt"/EBITDA proforma****	3.7x	3.8x

\* Adjusted for the effect of treasury stock derivatives with physical liquidation that, at the current date, are not expected to be executed (EUR 296 million at Jun-20 and EUR 457 million at Jun-19).

\*\* Adjusted FFO = Net profit + Minority results + Dep. and amort. charges and prov. - Profit of companies consolidated using the equity method - Net non-recurring results - Financial prov. capitalisation + Dividends of companies consolidated using the equity method - Adjustment of tax deductible items and other effects. Adjusted to Jun-20 on account of the "Exit Plan" implemented in the fourth quarter of 2019 (EUR 51.8 million) and the net tax adjustment for Mexico and UK (EUR 139.4 million).

\*\*\* Adjusted RCF = Adjusted FFO - Cash dividends - Dividends paid to minority interests - Hybrid issue interest.

\*\*\*\* Proforma with adjustments to Jun-20 on account of the "Exit Plan" implemented in the fourth quarter of 2019 (EUR 67.1 million).

## 4. Working capital

The different working capital items offset each other, resulting in a year-on-year change of EUR 80 million.

CURRENT ASSETS	Jun-20	Jun-19	Change
Assets held for sale	-	66	(66)
Nuclear fuel	264	286	(22)
Inventories	2,587	2,474	113
Trade and other receivables	6,350	6,447	(97)
Current financial investments	478	553	(75)
Derivative financial instruments	303	170	134
Taxes receivable	1,571	1,337	234
<b>TOTAL CURRENT ASSETS*:</b>	<b>11,553</b>	<b>11,332</b>	<b>221</b>

\* Does not include cash or debt derivatives

CURRENT LIABILITIES	Jun-20	Jun-19	Change
Liabilities associated with assets held for sale	-	1	(1)
Provisions	699	881	(182)
Derivative financial instruments	411	240	170
Trade and other payables	6,731	6,466	264
Taxes receivable	2,212	2,324	(112)
<b>TOTAL CURRENT LIABILITIES**:</b>	<b>10,053</b>	<b>9,912</b>	<b>141</b>

\*\* Does not include financial debt or debt derivatives

<b>NET CURRENT ASSETS</b>	<b>1,500</b>	<b>1,420</b>	<b>80</b>
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## 5. Funds from operations

Funds from operations at 30 June 2020 were up 1.1% to EUR 3,922.3 million.

	Jun 2020	Jun 2019	Change
(+)Net profit	1,845	1,644	201
(-)Depreciation and amortisation charges and provisions	2,243	1,999	244
(-)Profit/(loss), equity accounted companies	9	8	0
(-)Non-recurring items	-500	-7	-493
(-)Financial provisions capitalised	66	74	-8
(-)Profit/(loss), minority interests	146	189	-43
(+)Dividends, equity accounted companies	14	13	1
(-)Capital grants taken to profit or loss	-40	-39	-1
(+)Effect of rates on deferred corporate income tax items	139	-	139
<b>FFO</b>	<b>3,922</b>	<b>3,881</b>	<b>41</b>

## 6. Financial transactions

### Principal finance arranged in 2020

#### New financing

Borrower	Transaction	Amount	Currency	Coupon	Maturity
<b>First quarter</b>					
Itabapoana	Public infrastructure green bond	300.0	BRL	IPCA + 4.5%	15-Feb-45
Iberdrola Finanzas	Private bond	160.0	EUR	1.621%	29-Nov-29
Iberdrola Finanzas <sup>(1)</sup>	Public green bond	750.0	EUR	0.875%	16-Jun-25
Avangrid <sup>(1)</sup>	Public green bond	750.0	USD	3.20%	15-Apr-25
Celpe <sup>(2)</sup>	Loan 4131	62.5	USD		30-Jan-25
Celpe <sup>(2)</sup>	Loan 4131	52.0	USD		18-Mar-25
Coelba <sup>(2)</sup>	Loan 4131	62.5	USD		27-Feb-25
Coelba <sup>(2)</sup>	Loan 4131	52.0	USD		18-Mar-25
Iberdrola Financiación <sup>(1) (2)</sup>	Bilateral line of credit	23,528.0	JPY		6-Apr-22
Iberdrola Financiación <sup>(1) (3)</sup>	Bilateral line of credit	200.0	EUR		13-Apr-22
Iberdrola Financiación <sup>(1) (3)</sup>	Bilateral line of credit	200.0	EUR		24-Apr-22
Iberdrola Financiación <sup>(1) (3)</sup>	Bilateral loan	50.0	EUR		16-Apr-22
Iberdrola Financiación <sup>(4)</sup>	ICO Loan	300.0	EUR		30-May-31
Iberdrola Financiación <sup>(4)</sup>	EIB loan	145.0	EUR		29-Mar-29
Iberdrola Financiación <sup>(4)</sup>	EIB loan	440.0	EUR		29-Mar-29
Jalapão <sup>(5)</sup>	BNDES Loan	778.0	BRL		15-Nov-43
Avangrid Renewables	TEI Green	308.0	USD		28-Feb-30
<b>Second quarter</b>					
Elektro Redes	Public bond	260.0	BRL	CDI + 1.9%	4-May-22
Iberdrola International	Structured public bond	200.0	EUR	0.000%	11-Nov-22
NY State Electric & Gas	Tax exemption bond	65.0	USD	1.400%	1-Jul-26
NY State Electric & Gas	Tax exemption bond	34.0	USD	1.530%	1-Dec-27
NY State Electric & Gas	Tax exemption bond	37.5	USD	1.610%	1-Feb-29
NY State Electric & Gas	Tax exemption bond	63.5	USD	1.610%	1-Jun-29
Berkshire Gas Company <sup>(5)</sup>	Private bond	25.0	USD	3.680%	15-Sept-50
Coelba <sup>(2)</sup>	Loan 4131	3,858.0	JPY		22-Jun-21
Celpe <sup>(2)</sup>	Loan 4131	80.0	USD		23-Jun-25
Celpe	Bilateral loan	100.0	BRL		9-Jun-21
Avangrid	Syndicated line of credit	500.0	USD		27-Jun-22
Iberdrola Financiación <sup>(5) (6)</sup>	Green EIB loan	600.0	EUR		-
Iberdrola Financiación <sup>(5) (6)</sup>	Green ICO loan	200.0	EUR		7-Jul-29
Santa Luzia <sup>(5) (6)</sup>	BNDES Loan	369.0	BRL		2-Jul-44

(1) Transactions signed after 31/03/2020 to strengthen the liquidity position due to the situation arising from COVID-19

(2) Currency swaps arranged to the company's functional currency

(3) With an extension option of six months + six months

(4) Utilisation of loan transactions signed in 2019

(5) Financing planned to be made available in 2020/2021

(6) Transactions signed after 30/06/20

## Extension of existing financing

Borrower	Transaction	Amount	Currency	Extension	Maturity
Iberdrola	Sustainable syndicated credit facility	2,979	EUR	-	13-Feb-25
Iberdrola	Sustainable syndicated credit facility	2,321	EUR	-	13-Feb-25
Iberdrola Financiación	Sustainable syndicated credit facility	1,500	EUR	1 year	27-Mar-25

## Second Quarter Transactions

### Capital market

#### Commercial paper

Commercial paper markets have gradually recovered during the second quarter due to support, in part, from expansionary measures implemented by central banks.

Until May, normal operation of Iberdrola's euromarket was conditioned by risk aversion, with investors demanding commercial paper at shorter deadlines, mainly up to one month, allowing the outstanding balance to be maintained at competitive target levels of 2.2 billion. Demand and average arrangement terms normalised in June, allowing the programme's outstanding balance to increase to around 2.5 billion with a half-life of 97 days and issuing levels in line with those prior to the COVID-19 crisis.

In the Avangrid USCP programme, activity recovered in May ahead of the European market, allowing allocations to be made at historically low levels, favoured by FED rate cuts, with an outstanding balance of USD 619 million at the end of June.

#### Bonds

Neoenergia launched a public offering of BRL 260 million at the end of April with a maturity of May 2022 and a margin of 1.9% above the CDI.

In May, Iberdrola expanded by EUR 200 million the structured public bond issued in 2015 in connection to the evolution of the share price with a maturity of November 2022.

Finally, during the second quarter, Avangrid made five issuances totalling USD 225 million:

- Four bonds with tax exemption for a total of USD 200 million, an average cost of 1.5% and a half-life of eight years; and
- A private issue of USD 25 million with a coupon of 3.68% and with a maturity of September 2050.

### Banking market

Neoenergia signed three bank loans:

- A transaction of BRL 100 million with a maturity of June 2021; and
- Two foreign currency loans pursuant to the regulations of Decree 4131: one of JPY 3.858 billion with a maturity of June 2021 and another of USD 80 million with a maturity of June 2025.

In addition, and in order to strengthen the Group's liquidity, Avangrid signed a club-deal syndicated credit line of USD 500 million with a maturity of June 2022.

### Development and multilateral banks

In early July, the Group signed three new loans:

- Iberdrola formalised two green loans with the EIB and ICO for EUR 600 million and EUR 200 million respectively in order to finance several photovoltaic and wind farms planned to be built in Spain under the Strategic Plan.
- Neoenergia signed a loan with BNDES to finance the Santa Luzia transmission line for an amount of BRL 369 million over a period of 24 years.

## 7. Credit ratings

	Moody's			Standard and Poor's			Fitch Ibc		
	Rating	Outlook	Date	Rating	Outlook	Date	Rating	Outlook	Date
Iberdrola S.A.	Baa1	Stable	June 2020	BBB+	Stable	July 2020	BBB+	Stable	June 2020
Iberdrola Finance Ireland Ltd.(*)	Baa1	Stable	June 2020	BBB+	Stable	July 2020	BBB+	Stable	June 2020
Iberdrola Finanzas S.A.U.(*)	Baa1	Stable	June 2020	BBB+	Stable	July 2020	BBB+	Stable	June 2020
Iberdrola International B.V.(*)	Baa1	Stable	June 2020	BBB+	Stable	July 2020	BBB+	Stable	June 2020
Avangrid	Baa1	Negative	March 2020	BBB+	Stable	August 2019	BBB+	Stable	April 2020
CMP	A2	Stable	Oct. 2019	A	Stable	August 2019	BBB+	Stable	April 2020
NYSEG	A3	Stable	July 2019	A-	Stable	August 2019	BBB+	Stable	April 2020
RG&E	A3	Stable	July 2019	A-	Stable	August 2019	BBB+	Stable	April 2020
UI	Baa1	Stable	Sept. 2019	A-	Stable	August 2019	A-	Stable	April 2020
CNG	A3	Positive	Oct. 2019	A-	Stable	August 2019	A-	Stable	April 2020
SCG	A3	Stable	Sept. 2019	A-	Stable	August 2019	A-	Stable	April 2020
BGC	A3	Stable	Oct. 2019	A-	Stable	August 2019	A-	Stable	April 2020
Scottish Power Ltd	Baa1	Stable	April 2019	BBB+	Stable	April 2019	BBB+	Stable	May 2020
Scottish Power UK Plc	Baa1	Stable	April 2019	BBB+	Stable	April 2019	BBB+	Stable	May 2020
Scottish Power Energy Networks Holdings Ltd				BBB+	Stable	April 2019			
SP Transmission Ltd	Baa1	Stable	April 2019	BBB+	Stable	April 2019			
SP Manweb plc	Baa1	Stable	April 2019	BBB+	Stable	April 2019			
SP Distribution plc	Baa1	Stable	April 2019	BBB+	Stable	April 2019			
ScottishPower Energy Management Ltd.	Baa1	Stable	April 2019	BBB+	Stable	April 2019			
ScottishPower Energy Retail Ltd.	Baa1	Stable	April 2019	BBB+	Stable	April 2019			
ScottishPower Renewables (WODS) Limited	Baa1	Stable	April 2019						
Neoenergía				BB-	Stable	April 2020			
Elektro				BB-	Stable	April 2020			
Coelba				BB-	Stable	April 2020			
Celpe				BB-	Stable	April 2020			
Cosern				BB-	Stable	April 2020			
Neoenergía (national scale)				brAAA	Stable	Dec 2019			
Coelba (national scale)				brAAA	Stable	Dec 2019			
Celpe (national scale)				brAAA	Stable	Dec 2019			
Cosern (national scale)				brAAA	Stable	Dec 2019			
Elektro (national scale)				brAAA	Stable	Dec 2019			

(\*) Guaranteed by Iberdrola S.A.  
Date related to latest review

# Financial Statements Tables

**Balance Sheet 2020** *(Unaudited)*

EUR M

ASSETS	June 2020	December 2019	Variation
<b>NON-CURRENT ASSETS</b>	<b>107,419</b>	<b>108,811</b>	<b>-1,392</b>
<b>Intangible assets</b>	<b>19,133</b>	<b>20,368</b>	<b>-1,234</b>
Goodwill	7,790	8,153	-363
Other intangible assets	11,343	12,215	-872
<b>Real Estate properties</b>	<b>338</b>	<b>342</b>	<b>-4</b>
<b>Property, plant and equipment</b>	<b>71,549</b>	<b>71,289</b>	<b>260</b>
Property, plant and equipment	63,940	63,449	491
Property, plant and equipment in the course of construction	7,609	7,841	-231
<b>Right of use</b>	<b>1,745</b>	<b>1,782</b>	<b>-38</b>
<b>Non current financial investments</b>	<b>5,491</b>	<b>5,819</b>	<b>-328</b>
Investments accounted by equity method	1,257	1,957	-700
Non-current financial assets	64	86	-22
Other non-current financial assets	2,786	3,019	-234
Derivative financial instruments	1,385	756	629
<b>Non-current trade and other receivables</b>	<b>2,705</b>	<b>2,851</b>	<b>-146</b>
<b>Tax receivables</b>	<b>666</b>	<b>666</b>	<b>-</b>
<b>Deferred tax assets</b>	<b>5,792</b>	<b>5,695</b>	<b>97</b>
<b>CURRENT ASSETS</b>	<b>14,538</b>	<b>13,558</b>	<b>980</b>
<b>Nuclear fuel</b>	<b>264</b>	<b>306</b>	<b>-42</b>
<b>Inventories</b>	<b>2,587</b>	<b>2,542</b>	<b>46</b>
<b>Current trade and other receivables</b>	<b>7,921</b>	<b>7,499</b>	<b>421</b>
Tax receivables	785	318	467
Other tax receivables	786	507	279
Trade and other receivables	6,350	6,674	-324
<b>Current financial assets</b>	<b>1,446</b>	<b>1,098</b>	<b>348</b>
Other current financial assets	565	693	-128
Derivative financial instruments	881	405	476
<b>Cash and cash equivalents</b>	<b>2,320</b>	<b>2,113</b>	<b>207</b>
<b>TOTAL ASSETS</b>	<b>121,957</b>	<b>122,369</b>	<b>-412</b>

EUR M

<b>EQUITY AND LIABILITIES</b>	<b>June 2020</b>	<b>December 2019</b>	<b>Variation</b>
<b>EQUITY:</b>	<b>45,814</b>	<b>47,195</b>	<b>-1,381</b>
<b>Of shareholders of the parent</b>	<b>36,731</b>	<b>37,678</b>	<b>-947</b>
Share capital	4,840	4,772	69
Liabilities revaluation reserve	-583	-544	-39
Other reserves	36,424	33,582	2,842
Treasury stock	-2,453	-1,436	-1,017
Translation differences	-3,342	-2,101	-1,241
Net profit of the year	1,845	3,406	-1,561
<b>Of minority interests</b>	<b>9,083</b>	<b>9,516</b>	<b>-433</b>
<b>NON-CURRENT LIABILITIES</b>	<b>57,836</b>	<b>56,043</b>	<b>1,793</b>
<b>Deferred income</b>	<b>1,359</b>	<b>1,399</b>	<b>-40</b>
<b>Facilities transferred and financed by third parties</b>	<b>4,957</b>	<b>4,987</b>	<b>-30</b>
<b>Provisions</b>	<b>6,232</b>	<b>6,025</b>	<b>207</b>
Provisions for pensions and similar obligations	2,766	2,661	105
Other provisions	3,466	3,364	102
<b>Non Current Financial payables</b>	<b>35,138</b>	<b>33,639</b>	<b>1,499</b>
Financial Debt- Loans and other	30,846	30,126	720
Equity Instruments having the substance of a financial liability	420	193	226
Leases	1,683	1,614	1,212
Derivative financial instruments	985	471	-629
Other financial liabilities	1,205	1,235	-29
<b>Other non-current payables</b>	<b>401</b>	<b>407</b>	<b>-6</b>
<b>Tax payables</b>	<b>275</b>	<b>226</b>	<b>48</b>
<b>Deferred tax liabilities</b>	<b>9,474</b>	<b>9,359</b>	<b>115</b>
<b>CURRENT LIABILITIES</b>	<b>18,308</b>	<b>19,131</b>	<b>-823</b>
<b>Provisions</b>	<b>699</b>	<b>660</b>	<b>39</b>
Provisions for pensions and similar obligations	14	25	-11
Other provisions	685	635	50
<b>Current financial payables</b>	<b>14,958</b>	<b>16,534</b>	<b>-1,576</b>
Financial Debt- Loans and other	7,772	8,800	-1,029
Equity Instruments having the substance of a financial liability	38	22	16
Derivative financial instruments	705	478	227
Leases	150	153	-3
Trade payables	4,958	5,098	-140
Other financial liabilities	1,336	1,983	-647
<b>Other current payables</b>	<b>2,649</b>	<b>1,937</b>	<b>712</b>
Current tax liabilities and other tax payables	721	243	479
Other tax payables	1,491	1,021	470
Other current liabilities	437	674	-237
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>121,957</b>	<b>122,369</b>	<b>-412</b>

**Profit and Loss** *(Unaudited)*

	EUR M		
	June 2020	June 2019	%
<b>REVENUES</b>	<b>16,467.4</b>	<b>18,281.0</b>	<b>(9.9)</b>
PROCUREMENTS	(8,417.1)	(10,051.0)	(16.3)
<b>GROSS MARGIN</b>	<b>8,050.3</b>	<b>8,230.0</b>	<b>(2.2)</b>
<b>NET OPERATING EXPENSES</b>	<b>(2,074.4)</b>	<b>(2,145.8)</b>	<b>(3.3)</b>
<b>Net Personnel Expense</b>	<b>(1,071.5)</b>	<b>(1,083.4)</b>	<b>(1.1)</b>
Personnel	(1,418.0)	(1,412.9)	0.4
Capitalized personnel costs	346.5	329.4	5.2
<b>Net External Services</b>	<b>(1,002.9)</b>	<b>(1,062.3)</b>	<b>(5.6)</b>
External Services	(1,363.9)	(1,390.7)	(1.9)
Other Operating Income	361.0	328.3	10.0
<b>LEVIES</b>	<b>(1,057.7)</b>	<b>(1,094.5)</b>	<b>(3.4)</b>
<b>EBITDA</b>	<b>4,918.2</b>	<b>4,989.8</b>	<b>(1.4)</b>
AMORTISATIONS AND PROVISIONS	(2,243.4)	(1,999.0)	12.2
<b>EBIT</b>	<b>2,674.8</b>	<b>2,990.7</b>	<b>(10.6)</b>
<b>Financial Expenses</b>	<b>(1,076.9)</b>	<b>(1,036.1)</b>	<b>3.9</b>
<b>Financial Income</b>	<b>676.7</b>	<b>425.2</b>	<b>59.2</b>
<b>FINANCIAL RESULT</b>	<b>(400.2)</b>	<b>(610.9)</b>	<b>(34.5)</b>
<b>RESULTS OF COMPANIES CONSOLIDATED BY EQUITY METHOD</b>	<b>(8.7)</b>	<b>(8.2)</b>	<b>5.1</b>
<b>RESULTS FROM NON-CURRENT ASSETS</b>	<b>505.1</b>	<b>6.8</b>	<b>N/A</b>
<b>PBT</b>	<b>2,771.1</b>	<b>2,378.4</b>	<b>16.5</b>
Corporate Tax	(780.4)	(545.5)	43.0
Minorities	(145.8)	(188.5)	(22.7)
<b>NET PROFIT</b>	<b>1,844.9</b>	<b>1,644.4</b>	<b>12.2</b>



**Results by Business (Unaudited)****EUR M**

<b>June 2020</b>	<b>Networks</b>	<b>Renewables</b>	<b>Generation and Supply</b>	<b>Other businesses</b>	<b>Corporation &amp; adjustments</b>
Revenues	6,357.6	2,036.9	9,193.8	19.5	(1,140.6)
Procurements	(2,534.9)	(203.8)	(6,788.1)	(9.1)	1,118.8
<b>GROSS MARGIN</b>	<b>3,822.8</b>	<b>1,833.1</b>	<b>2,405.8</b>	<b>10.5</b>	<b>(21.8)</b>
<b>NET OPERATING EXPENSES</b>	<b>(1,034.6)</b>	<b>(384.6)</b>	<b>(658.2)</b>	<b>(7.8)</b>	<b>10.8</b>
Net Personnel Expense	(540.8)	(164.3)	(198.3)	(6.0)	(162.1)
Personnel	(818.4)	(207.2)	(216.4)	(6.0)	(170.0)
Capitalized personnel costs	277.6	42.9	18.1	-	8.0
Net External Services	(493.8)	(220.2)	(459.9)	(1.8)	172.9
External Services	(710.6)	(286.6)	(544.2)	(1.9)	179.4
Other Operating Income	216.8	66.4	84.2	0.1	(6.5)
LEVIES	(469.5)	(221.6)	(395.7)	(.9)	30.1
<b>EBITDA</b>	<b>2,318.6</b>	<b>1,226.9</b>	<b>1,351.8</b>	<b>1.8</b>	<b>19.1</b>
Amortisation and Provisions	(1,019.8)	(659.7)	(502.4)	(5.7)	(55.8)
<b>EBIT/Operating Profit</b>	<b>1,298.8</b>	<b>567.2</b>	<b>849.4</b>	<b>(4.0)</b>	<b>(36.7)</b>
Financial Result	(259.0)	(74.2)	(62.3)	0.2	(4.9)
Results of companies consolidated by equity method	5.6	(16.7)	2.0	0.6	(0.1)
Results of non-current assets	2.2	3.5	15.0	484.5	-
<b>PBT</b>	<b>1,047.6</b>	<b>479.7</b>	<b>804.1</b>	<b>481.4</b>	<b>(41.7)</b>
Corporate tax and minority shareholders	(417.2)	(224.4)	(249.0)	0.7	(36.3)
<b>NET PROFIT</b>	<b>630.4</b>	<b>255.3</b>	<b>555.1</b>	<b>482.1</b>	<b>(77.9)</b>

**EUR M**

<b>June 2019</b>	<b>Networks</b>	<b>Renewables</b>	<b>Generation and Supply</b>	<b>Other businesses</b>	<b>Corporation &amp; adjustments</b>
Revenues	6,970.6	1,923.3	10,571.7	129.4	(1,313.9)
Procurements	(2,826.1)	(173.4)	(8,244.4)	(100.9)	1,293.7
<b>GROSS MARGIN</b>	<b>4,144.5</b>	<b>1,749.9</b>	<b>2,327.3</b>	<b>28.5</b>	<b>(20.1)</b>
<b>NET OPERATING EXPENSES</b>	<b>(1,094.6)</b>	<b>(378.1)</b>	<b>(709.5)</b>	<b>(7.1)</b>	<b>43.6</b>
Net Personnel Expense	(576.9)	(147.3)	(227.0)	(5.4)	(126.8)
Personnel	(846.6)	(182.6)	(241.8)	(5.4)	(136.5)
Capitalized personnel costs	269.7	35.3	14.7	-	9.7
Net External Services	(517.7)	(230.8)	(482.5)	(1.7)	170.4
External Services	(745.6)	(306.6)	(530.6)	(1.9)	194.0
Other Operating Income	227.9	75.8	48.1	0.1	(23.6)
LEVIES	(456.3)	(206.6)	(435.1)	(.5)	4.1
<b>EBITDA</b>	<b>2,593.5</b>	<b>1,165.2</b>	<b>1,182.7</b>	<b>20.9</b>	<b>27.5</b>
Amortisation and Provisions	(945.6)	(573.4)	(423.7)	(5.5)	(50.8)
<b>EBIT/Operating Profit</b>	<b>1,647.9</b>	<b>591.7</b>	<b>759.0</b>	<b>15.4</b>	<b>(23.3)</b>
Financial Result	(297.7)	(91.5)	(67.5)	(0.9)	(153.4)
Results of companies consolidated by equity method	5.1	4.0	4.2	(16.7)	(4.8)
Results of non-current assets	2.2	4.1	-	-	0.6
<b>PBT</b>	<b>1,357.5</b>	<b>508.3</b>	<b>695.7</b>	<b>(2.2)</b>	<b>(180.9)</b>
Corporate tax and minority shareholders	(409.2)	(146.8)	(178.6)	(4.2)	4.7
<b>NET PROFIT</b>	<b>948.3</b>	<b>361.5</b>	<b>517.2</b>	<b>(6.3)</b>	<b>(176.2)</b>

**Networks Business (Unaudited)**

EUR M

June 2020	SPAIN	UNITED KINGDOM	USA	BRAZIL
Revenues	976.6	689.6	2,108.8	2,582.6
Procurements	(0.2)	(29.0)	(646.8)	(1,858.8)
<b>GROSS MARGIN</b>	<b>976.4</b>	<b>660.6</b>	<b>1,462.0</b>	<b>723.8</b>
NET OPERATING EXPENSES	(140.1)	(109.9)	(561.2)	(223.4)
Net Personnel Expense	(97.2)	(50.5)	(269.1)	(124.0)
Personnel	(155.1)	(124.2)	(385.2)	(153.9)
Capitalized personnel costs	57.9	73.7	116.1	29.8
Net External Services	(43.0)	(59.4)	(292.1)	(99.3)
External Services	(138.3)	(86.7)	(337.0)	(148.7)
Other Operating Income	95.3	27.2	44.9	49.4
LEVIES	(45.6)	(55.6)	(365.4)	(3.0)
<b>EBITDA</b>	<b>790.7</b>	<b>495.0</b>	<b>535.5</b>	<b>497.4</b>
Amortisation and Provisions	(275.8)	(178.1)	(341.4)	(224.5)
<b>EBIT/Operating Profit</b>	<b>514.9</b>	<b>316.9</b>	<b>194.1</b>	<b>272.9</b>
Financial Result	(32.7)	(70.3)	(79.6)	(76.5)
Results of companies consolidated by equity method	1.3	-	4.3	-
Results of non-current assets	0.1	0.8	1.3	-
<b>PBT</b>	<b>483.6</b>	<b>247.4</b>	<b>120.1</b>	<b>196.5</b>
Corporate tax and minority shareholders	(93.7)	(147.5)	(55.1)	(121.0)
<b>NET PROFIT</b>	<b>389.9</b>	<b>99.9</b>	<b>65.0</b>	<b>75.5</b>

EUR M

June 2019	SPAIN	UNITED KINGDOM	USA	BRAZIL
Revenues	1,060.5	676.4	2,290.8	2,942.9
Procurements	(0.3)	(27.1)	(738.7)	(2,060.0)
<b>GROSS MARGIN</b>	<b>1,060.2</b>	<b>649.4</b>	<b>1,552.1</b>	<b>882.9</b>
NET OPERATING EXPENSES	(176.4)	(116.8)	(508.3)	(293.1)
Net Personnel Expense	(125.8)	(46.4)	(254.8)	(149.9)
Personnel	(182.6)	(121.0)	(364.0)	(179.0)
Capitalized personnel costs	56.8	74.6	109.2	29.0
Net External Services	(50.6)	(70.5)	(253.4)	(143.2)
External Services	(149.5)	(93.4)	(302.0)	(200.8)
Other Operating Income	98.9	22.9	48.6	57.6
LEVIES	(47.2)	(54.6)	(351.1)	(3.5)
<b>EBITDA</b>	<b>836.6</b>	<b>477.9</b>	<b>692.7</b>	<b>586.3</b>
Amortisation and Provisions	(268.3)	(162.9)	(291.1)	(223.4)
<b>EBIT/Operating Profit</b>	<b>568.3</b>	<b>315.0</b>	<b>401.6</b>	<b>362.9</b>
Financial Result	(30.8)	(63.5)	(68.1)	(135.3)
Results of companies consolidated by equity method	1.1	-	4.0	-
Results of non-current assets	0.5	0.2	.4	1.1
<b>PBT</b>	<b>539.1</b>	<b>251.7</b>	<b>337.9</b>	<b>228.8</b>
Corporate tax and minority shareholders	(109.7)	(49.3)	(119.3)	(130.9)
<b>NET PROFIT</b>	<b>429.4</b>	<b>202.4</b>	<b>218.6</b>	<b>97.8</b>

**Renewables Business (Unaudited)****EUR M**

<b>June 2020</b>	<b>UNITED</b>		<b>Iberdrola Energía</b>			
	<b>SPAIN</b>	<b>KINGDOM</b>	<b>USA</b>	<b>BRAZIL</b>	<b>MEXICO</b>	<b>Internacional (IEI)*</b>
Revenues	606.3	500.5	587.3	86.2	53.9	202.7
Procurements	(38.7)	(31.0)	(112.9)	(16.6)	(1.3)	(3.4)
<b>GROSS MARGIN</b>	<b>567.6</b>	<b>469.5</b>	<b>474.4</b>	<b>69.6</b>	<b>52.6</b>	<b>199.3</b>
NET OPERATING EXPENSES	(115.3)	(78.6)	(134.9)	(18.9)	(16.7)	(20.2)
Net Personnel Expense	(57.9)	(17.0)	(75.6)	(8.4)	(.8)	(7.7)
Personnel	(72.6)	(24.3)	(84.5)	(9.6)	(2.7)	(13.5)
Capitalized personnel costs	14.7	7.4	8.9	1.2	1.9	5.7
Net External Services	(57.3)	(61.6)	(59.3)	(10.4)	(15.9)	(12.5)
External Services	(86.9)	(66.9)	(93.8)	(10.4)	(17.5)	(30.1)
Other Operating Income	29.5	5.3	34.5	-	1.6	17.6
LEVIES	(151.6)	(13.0)	(54.5)	(.4)	(.4)	(1.8)
<b>EBITDA</b>	<b>300.7</b>	<b>377.9</b>	<b>285.0</b>	<b>50.4</b>	<b>35.5</b>	<b>177.3</b>
Amortisation and Provisions	(183.9)	(114.9)	(269.8)	(22.9)	(21.2)	(47.9)
<b>EBIT/Operating Profit</b>	<b>116.8</b>	<b>263.0</b>	<b>15.2</b>	<b>27.5</b>	<b>14.3</b>	<b>129.5</b>
Financial Result	(23.7)	(1.8)	(24.8)	(14.1)	(1.0)	(8.8)
Results of companies consolidated by equity method	(1.2)	.7	(11.4)	(4.8)	-	-
Results of non-current assets	-	-	3.5	-	-	-
<b>PBT</b>	<b>91.9</b>	<b>261.8</b>	<b>(17.5)</b>	<b>8.6</b>	<b>13.3</b>	<b>120.7</b>
Corporate tax and minority shareholders	(26.5)	(118.1)	(17.2)	(3.2)	(26.2)	(33.1)
<b>NET PROFIT</b>	<b>65.5</b>	<b>143.8</b>	<b>(34.7)</b>	<b>5.4</b>	<b>(12.9)</b>	<b>87.6</b>

**EUR M**

<b>June 2019</b>	<b>UNITED</b>		<b>Iberdrola Energía</b>			
	<b>SPAIN</b>	<b>KINGDOM</b>	<b>USA</b>	<b>BRAZIL</b>	<b>MEXICO</b>	<b>Internacional (IEI)*</b>
Revenues	702.0	348.2	493.1	112.7	59.7	207.5
Procurements	(40.8)	(24.7)	(83.5)	(19.0)	(1.8)	(3.6)
<b>GROSS MARGIN</b>	<b>661.3</b>	<b>323.5</b>	<b>409.6</b>	<b>93.7</b>	<b>57.9</b>	<b>203.8</b>
NET OPERATING EXPENSES	(129.6)	(68.2)	(122.0)	(22.6)	(17.5)	(18.2)
Net Personnel Expense	(62.9)	(11.0)	(63.4)	(9.5)	(1.4)	(5.2)
Personnel	(72.1)	(19.8)	(70.2)	(10.4)	(3.2)	(7.0)
Capitalized personnel costs	9.2	8.8	6.8	.9	1.8	1.8
Net External Services	(66.7)	(57.2)	(58.6)	(13.1)	(16.0)	(13.0)
External Services	(100.5)	(63.8)	(100.2)	(13.1)	(17.4)	(31.8)
Other Operating Income	33.8	6.7	41.6	-	1.3	18.8
LEVIES	(151.7)	(10.9)	(41.2)	(.3)	(.4)	(2.2)
<b>EBITDA</b>	<b>380.0</b>	<b>244.4</b>	<b>246.4</b>	<b>70.8</b>	<b>40.0</b>	<b>183.5</b>
Amortisation and Provisions	(153.8)	(74.2)	(234.3)	(27.3)	(20.1)	(64.5)
<b>EBIT/Operating Profit</b>	<b>226.2</b>	<b>170.2</b>	<b>12.1</b>	<b>43.5</b>	<b>19.9</b>	<b>119.0</b>
Financial Result	(22.0)	(20.9)	(17.0)	(17.5)	(5.3)	(8.9)
Results of companies consolidated by equity method	5.9	.3	(4.7)	2.6	-	-
Results of non-current assets	-	-	4.0	-	-	-
<b>PBT</b>	<b>210.1</b>	<b>149.6</b>	<b>(5.6)</b>	<b>28.5</b>	<b>14.6</b>	<b>110.1</b>
Corporate tax and minority shareholders	(75.8)	(29.5)	3.6	(16.8)	1.2	(29.3)
<b>NET PROFIT</b>	<b>134.3</b>	<b>120.1</b>	<b>(2.0)</b>	<b>11.7</b>	<b>15.8</b>	<b>80.9</b>

\* Former Rest of the World

**Generation and Supply Business (Unaudited)**

EUR M

June 2020	SPAIN	UNITED KINGDOM	MEXICO	BRASIL	Iberdrola Energía Internacional (IEI)*	Other
Revenues	5,236.3	2,317.0	1,126.9	190.1	589.6	(266.1)
Procurements	(3,750.9)	(1,904.1)	(696.4)	(146.2)	(556.6)	266.1
<b>GROSS MARGIN</b>	<b>1,485.4</b>	<b>412.9</b>	<b>430.5</b>	<b>44.0</b>	<b>33.0</b>	<b>-</b>
NET OPERATING EXPENSES	(339.5)	(224.1)	(43.4)	(12.8)	(38.4)	-
Net Personnel Expense	(134.7)	(40.7)	(8.5)	(4.3)	(10.1)	-
Personnel	(141.3)	(43.8)	(16.8)	(4.4)	(10.1)	-
Capitalized personnel costs	6.6	3.1	8.3	-	-	-
Net External Services	(204.8)	(183.5)	(35.0)	(8.5)	(28.3)	-
External Services	(238.9)	(192.8)	(87.6)	(9.0)	(28.3)	12.4
Other Operating Income	34.1	9.3	52.6	0.5	0.1	(12.4)
LEVIES	(332.9)	(59.9)	(1.9)	-	(1.0)	-
<b>EBITDA</b>	<b>813.0</b>	<b>128.9</b>	<b>385.2</b>	<b>31.2</b>	<b>(6.4)</b>	<b>-</b>
Amortisation and Provisions	(239.3)	(137.5)	(74.3)	(9.6)	(41.6)	-
<b>EBIT/Operating Profit</b>	<b>573.7</b>	<b>(8.7)</b>	<b>310.8</b>	<b>21.5</b>	<b>(48.0)</b>	<b>-</b>
Financial Result	(14.9)	3.3	(40.9)	(8.0)	(1.7)	-
Results of companies consolidated by equity method	2.0	-	-	-	-	-
Results of non-current assets	14.9	-	-	-	-	-
<b>PBT</b>	<b>575.7</b>	<b>(5.4)</b>	<b>269.9</b>	<b>13.5</b>	<b>(49.7)</b>	<b>-</b>
Corporate tax and minority shareholders	(143.1)	0.6	(105.9)	(6.5)	5.9	-
<b>NET PROFIT</b>	<b>432.6</b>	<b>(4.8)</b>	<b>164.1</b>	<b>7.0</b>	<b>(43.8)</b>	<b>-</b>

EUR M

June 2019	SPAIN	UNITED KINGDOM	MEXICO	BRASIL	Iberdrola Energía Internacional (IEI)*	Other
Revenues	6,500.0	2,413.1	1,166.9	281.8	558.8	(349.0)
Procurements	(5,019.9)	(2,073.6)	(712.5)	(247.9)	(539.4)	349.0
<b>GROSS MARGIN</b>	<b>1,480.1</b>	<b>339.5</b>	<b>454.4</b>	<b>33.9</b>	<b>19.4</b>	<b>-</b>
NET OPERATING EXPENSES	(359.6)	(217.7)	(91.5)	(14.9)	(25.9)	-
Net Personnel Expense	(151.4)	(50.6)	(15.7)	(3.5)	(5.9)	-
Personnel	(155.8)	(53.4)	(23.1)	(3.6)	(5.9)	-
Capitalized personnel costs	4.4	2.8	7.5	0.1	-	-
Net External Services	(208.2)	(167.0)	(75.8)	(11.4)	(20.0)	-
External Services	(240.2)	(183.7)	(82.3)	(11.8)	(20.0)	7.5
Other Operating Income	32.0	16.6	6.5	.4	.0	(7.5)
LEVIES	(366.9)	(66.0)	(1.9)	-	(0.3)	-
<b>EBITDA</b>	<b>753.6</b>	<b>55.9</b>	<b>361.0</b>	<b>19.0</b>	<b>(6.8)</b>	<b>-</b>
Amortisation and Provisions	(217.2)	(119.4)	(61.2)	(10.7)	(15.3)	-
<b>EBIT/Operating Profit</b>	<b>536.4</b>	<b>(63.4)</b>	<b>299.8</b>	<b>8.3</b>	<b>(22.1)</b>	<b>-</b>
Financial Result	(29.0)	5.7	(32.1)	(12.1)	0.1	-
Results of companies consolidated by equity method	4.2	-	-	-	-	-
Results of non-current assets	-	-	-	-	-	-
<b>PBT</b>	<b>511.6</b>	<b>(57.7)</b>	<b>267.7</b>	<b>(3.9)</b>	<b>(22.0)</b>	<b>-</b>
Corporate tax and minority shareholders	(127.4)	10.7	(72.2)	5.4	5.0	-
<b>NET PROFIT</b>	<b>384.2</b>	<b>(47.0)</b>	<b>195.4</b>	<b>1.5</b>	<b>(17.0)</b>	<b>-</b>

\* Former Rest of the World

**Quarterly Results 2020 (Unaudited)**

	EUR M	
	Jan-Mar 2020	Apr-Jun 2020
Revenues	9,425.9	7,041.4
Procurements	(4,881.2)	(3,535.9)
<b>GROSS MARGIN</b>	<b>4,544.8</b>	<b>3,505.5</b>
NET OPERATING EXPENSES	(1,067.7)	(1,006.7)
Net Personnel Expense	(557.7)	(513.8)
Personnel	(730.0)	(688.0)
Capitalized personnel costs	172.3	174.2
Net External Services	(510.0)	(492.9)
External Services	(673.8)	(690.1)
Other Operating Income	163.8	197.2
LEVIES	(726.5)	(331.2)
<b>EBITDA</b>	<b>2,750.6</b>	<b>2,167.6</b>
Amortisation and Provisions	(1,108.0)	(1,135.4)
<b>EBIT/Operating Profit</b>	<b>1,642.6</b>	<b>1,032.2</b>
Financial Expenses	(649.5)	(427.4)
Financial Income	469.1	207.5
Financial Result	(180.3)	(219.9)
Results of companies consolidated by equity method	1.2	(9.9)
Results of non-current assets	505.4	(.2)
<b>PBT</b>	<b>1,968.9</b>	<b>802.2</b>
Corporate Tax	(624.5)	(155.8)
Minorities	(87.3)	(58.5)
<b>NET PROFIT</b>	<b>1,257.0</b>	<b>587.9</b>

	EUR M	
	Jan-Mar 2019	Apr-Jun 2019
Revenues	9,343.5	8,142.1
Procurements	(5,334.7)	(4,235.3)
<b>GROSS MARGIN</b>	<b>4,008.8</b>	<b>3,906.9</b>
NET OPERATING EXPENSES	(1,000.4)	(1,064.5)
Net Personnel Expense	(522.6)	(530.1)
Personnel	(669.7)	(712.1)
Capitalized personnel costs	147.1	182.1
Net External Services	(477.8)	(534.5)
External Services	(624.9)	(722.3)
Other Operating Income	147.1	187.9
LEVIES	(684.9)	(452.0)
<b>EBITDA</b>	<b>2,323.5</b>	<b>2,390.4</b>
Amortisation and Provisions	(936.3)	(1,031.9)
<b>EBIT/Operating Profit</b>	<b>1,387.2</b>	<b>1,358.5</b>
Financial Expenses	(626.5)	(487.9)
Financial Income	337.9	175.3
Financial Result	(288.6)	(312.6)
Results of companies consolidated by equity method	.6	(9.9)
Results of non-current assets	.5	6.5
<b>PBT</b>	<b>1,099.7</b>	<b>1,042.6</b>
Corporate Tax	(175.4)	(267.9)
Minorities	(86.3)	(94.2)
<b>NET PROFIT</b>	<b>838.0</b>	<b>680.5</b>

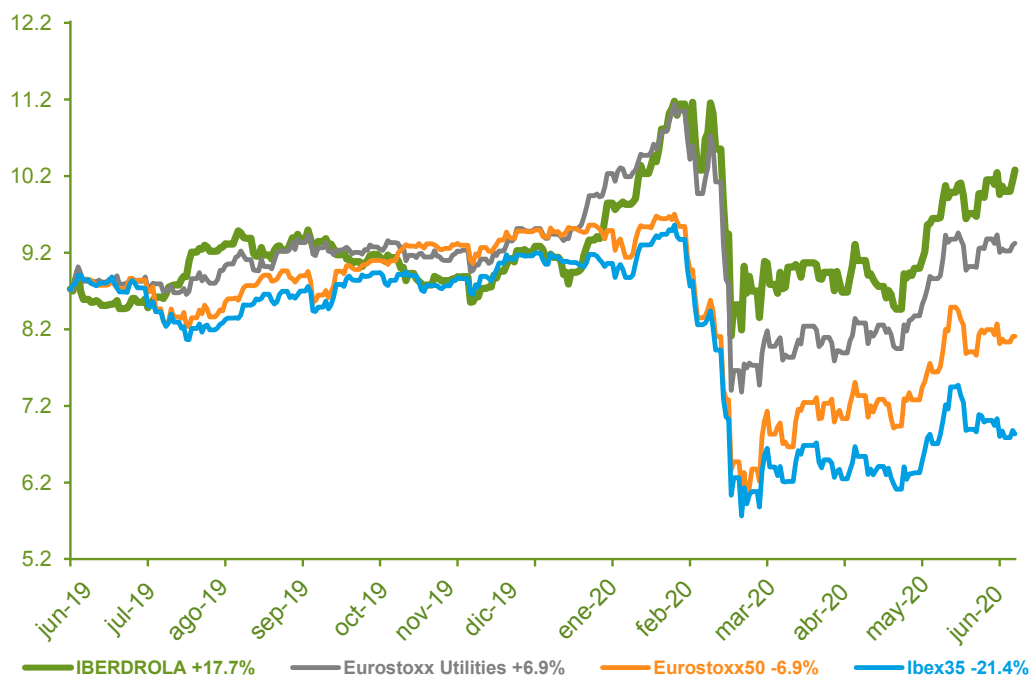
**Statement of origin and use of funds (Unaudited)**

	June 2020	June 2019	Variation
<b>Net Profit</b>	<b>1,845</b>	<b>1,644</b>	<b>201</b>
<b>Adjustments to Net profit</b>	<b>2,222</b>	<b>2,450</b>	<b>(228)</b>
Minorities and Hybrid	40	64	(24)
Corporate Tax	332	299	33
Financials	90	74	16
Equity Method	23	21	2
Non-Current Assets results	(505)	(7)	(498)
Amortisation and Provisions	2,243	1,999	244
<b>Adjustments to EBITDA</b>	<b>(390)</b>	<b>(327)</b>	<b>(63)</b>
Deferred income	(139)	(133)	(6)
Other non-cash adjustments (Networks and Renewables)	(251)	(194)	(57)
<b>Operating Cash Flow</b>	<b>3,667</b>	<b>3,768</b>	<b>(91)</b>
Dividends Paid to Iberdrola shareholders	(239)	(131)	(108)
Total Cash Flow allocations:	(3,340)	(4,257)	917
<i>Gross Investments</i>	<i>(3,582)</i>	<i>(3,503)</i>	<i>(79)</i>
<i>Divestments</i>	<i>1,308</i>	<i>6</i>	<i>1,302</i>
<i>Treasury stock</i>	<i>(1,066)</i>	<i>(1,560)</i>	<i>494</i>
<i>Issuance/ Hybrid</i>	<i>-</i>	<i>800</i>	<i>(800)</i>
Exchange rate differentials	1,124	(318)	1,442
IFRS 16 (first implementation)	-	(399)	399
Other variations	(710)	(1,256)	546
<b>Decrease/(Increase) in net debt</b>	<b>512</b>	<b>(2,593)</b>	<b>3,105</b>

Differences may arise due to rounding

# Stock market evolution

## IBERDROLA stock performance vs. Indexes



## IBERDROLA's share

	H1 2020	H1 2019
Number of outstanding shares	6,453,592,000	6,240,000,000
Price at the end of the period	10.320	8.766
Average price of the period	9.580	7.827
Average daily volume	22,590,991	17,806,527
Maximum volume (03-20-2020 / 03-15-2019)	73,587,123	57,141,894
Minimum (01-06-2020 / 02-18-2019)	7,186,373	8,100,534
Dividends paid <sup>(1)</sup>	0.173	0.156
Gross interim (02-05-2020 / 02-05-2019)	0.168	0.151
Shareholder's Meeting attendance bonus	0.005	0.005
Dividend yield <sup>(2)</sup>	3.61%	3.90%

(1) Purchase price of rights guaranteed by Iberdrola

(2) Dividends paid in the last 12 months and Shareholder's Meeting attendance bonus / price at the end of period.



# Regulation

In the second quarter of 2020, a number of new regulatory changes affecting the energy sector were approved. This section sets out the most significant of these.

## Regulation in Spain

### Spanish electricity sector

**Catalonia Ecotax:** A new tax has been approved in Catalonia on the production, storage and transport of energy that applies to the impact on the environment. The general tax rate to apply is EUR 5/Mwh of gross yearly production of generation and storage facilities and EUR 1/Mwh for combined cycles. In electricity grid installations, it is EUR 400/km of length in voltage between 30 and 110 kV, EUR 700/km between 110 and 220 kV and EUR 1,200/km in voltage above 220 kV.

**Energy and economic recovery measures:** Royal Decree Law 23/2020 has been enacted. Establishing a broad package of measures, it recognises the role of electrification and the need to maintain the financial balance of the sector. With respect to renewables: (i) it takes measures against the bubble of access applications; (ii) it simplifies administrative processes; (iii) it enables reviewing the planning of transport for the connection of installations that are critical for the energy transition; (iv) it enables the hybridisation of technologies; and (v) it creates a new regulated remuneration model for renewable energy auctions. With respect to investment in grids, it increases the annual limit for the 2020-2022 period from 0.13% to 0.14% of GDP for distribution.

It addresses the economic sustainability of the sector by allowing for application of the historic surplus of the 2019 and 2020 settlements, ensuring that it is used to cover the sector's costs.

## Regulation in the United Kingdom

**Tariff cap:** As required by the 2018 Domestic Gas and Electricity (Tariff Cap) Act, Ofgem introduced a

new default tariff cap on 1 January 2019 to protect customers on default tariffs including standard variable tariffs (SVT). The tariff cap is adjusted on 1 April and 1 October each year and will stay in force until end 2020 and may be extended annually up to three times. Ofgem consulted in May 2020 on its proposals for (i) including an adjustment in the Period 5 price cap (Oct 2020 to Mar 2021) to make up for an under-allowance for wholesale costs in the first cap period (Q1 2019); (ii) setting the allowance for smart rollout costs in Periods 5 and 6; and (iii) setting the level of the cap for prepayment customers in Periods 5 and 6.

**RIIO-T2.** SP Energy Networks (SPEN) submitted its final RIIO-T2 Business Plan to Ofgem's Challenge Group (CG) on 6 December 2019. The RIIO-2 public hearings due to take place in March and April 2020 were cancelled in light of COVID-19. Ofgem is due to publish its draft determination on RIIO-T2 on July 2020.

## Regulation in the USA

**Coronavirus.** Congress and the Administration continues its consideration of efforts to address coronavirus-related impacts. On May 27, the Treasury Department and IRS announced a one-year extension of PTC and ITC continuity safe harbor for wind projects that began construction in 2016 and 2017. It also adds flexibility to the start construction requirement for property received due to CV-19 supply chain delays. Separately, the House passed several pandemic relief and infrastructure bills this quarter, but the Senate has not considered them to date.

**FERC (Federal Energy Regulatory Commission):** On May 21 the Federal Energy Regulatory Commission (FERC) issued an order on rehearing that further revises its framework for calculating a return-on-equity for transmission facility owners. FERC's revision to the framework adds consideration of the risk premium model, to be used in conjunction with the discounted cash flow model and capital-asset pricing model. The order was specific to transmission

owners in the Midcontinent Independent System Operator region, but based on FERC practice, the framework is likely to be applied to transmission owners in other regions including ISO New England.

**NY Rate Case:** On 22 June, Avangrid delivered its proposal following an agreement with more than 20 stakeholders. Once it is approved by the regulatory committee, which is scheduled for October, the new Rate Case will apply from November 2020 to April 2023. While the original proposal envisaged new rates for May 2020, the impact of the COVID-19 pandemic has delayed its application, although with no impact on the Avangrid accounts. An ROE of 8.8% is approved, in line with the other utilities of the State. The rate case includes all investments and operational actions to improve the grid: automation, resilience, pod management and smart meters.

**Covid NY docket: In the Matter Regarding the Effects of COVID-19 on Utility Service:** The New York Public Service Commission has begun a proceeding to identify and respond to the effects of COVID-19 in all New York utilities (electricity, gas, water, telecommunications, etc.). Utilities have to answer questions about the following: non-payment and supply cutoffs, the priorities of the NYPSC and rate and financial matters. The period for sending answers ends on 11 July.

## Regulation in Mexico

**Measures relating to COVID-19:** On 30 March 2020, the Federal Government, through its General Health Board, published in the Official Journal of the Federation the “*Resolution declaring the disease epidemic caused by the virus SARS-CoV2 (COVID-19) a force majeure health emergency*”.

Subsequently, the Health Secretariat decreed the suspension of non-essential activities in order to mitigate the spread and transmission of COVID-19. Since 31 May, the Health Secretariat has been implementing a strategy of gradual re-opening of activities based on a traffic light system that goes from red to green, through orange and yellow. On 30 June, 18 of the 32 entities were identified

orange (high risk of infection) and the rest were red (maximum risk of infection).

Consequently, government bodies have declared a suspension of activities. The Energy Secretariat (SENER), the Energy Regulation Commission (CRE), the Secretary for the Environment and Natural Resources (SEMARNAT), among other bodies, have decreed a suspension of activity until the health authority determines there is no epidemiological risk. In the case of the National Energy Centre (CENACE), the suspension of activities was scheduled to end on 30 June 2020.

Iberdrola Mexico has strictly complied with all the measures established by the General Health Board, given that electricity generation is deemed to be an essential activity.

**Transport charges of electrical energy with renewable or efficient cogeneration energy sources, and the procedure for calculating conventional transport charges:** On 28 May 2020, the Energy Regulation Commission (CRE) approved two resolutions on transport:

- **RES/893/2020:** “*Resolution issuing charges for the service of electrical energy transmission at 2018 prices to be applied by CFE Intermediación de Contratos Legados, S.A. de C.V. to the holders of legacy interconnection contracts with electrical energy generation plants with renewable or efficient cogeneration energy sources, in accordance with the resolution RES/066/2010 and the amendment thereof issued via resolution RES/194/2010.*” The purpose of the regulation was to substantially increase (by between 500% and 800%) the transport rates for renewable and efficient cogeneration plants (transport stamp) by revising the 2018 prices.
- **RES/894/2020:** “*Resolution approving procedures to determine the economic variables required for calculation of the charges for transmission services at voltages higher than or equal to 69 KV to be applied by CDE Intermediación de Contratos Legados, S.A. de C.V. to holders of legacy interconnection contracts with electricity generation plants with a conventional energy*

source, in accordance with the provisions of Resolution RES/083/1998, the amendment thereto issued via Resolution RES/254/99 and the clarification thereto issued via RES/146/2001". RES/894/2020 establishes a procedure for determining the economic variables envisaged in 7.3 of RES/083/1998 relating to the transport of conventional power plants.

RES/893/2020, based on the argument that *"the Energy Regulation Commission deems it necessary to acknowledge in charges for the transmission services for renewable or efficient cogeneration energy sources at 2018 prices the efficient costs of the provision of the public service of transmission and distribution of electrical energy in order to ensure fair and proportional payments by the holders of CIL for the use of the electrical grid"*, aims to modify an instrument (transport stamp) that was created to incentivise investment in renewable energies prior to the energy reform.

Owing to the legal uncertainty created by a retroactive change of this nature, Iberdrola México and other sector companies have sought injunctive relief against RES/893/2020. We currently expect the courts to grant us a definitive suspension of the resolution and injunctive relief.

With respect to RES/894/2020, Iberdrola México is assessing what impact it will have on the business, with a view to bringing action for injunctive relief if deemed appropriate.

## Regulation in Brazil

**Measures relating to COVID-19:** The following regulation has been enacted to minimise the effects of the coronavirus pandemic (COVID-19) on the electricity sector:

- **Authorisation to transfer funds:** ANEEL authorised the CCEE (Brazilian Chamber of Electrical Energy Commercialisation) to distribute BRL 2.2 billion available in the reserve fund to boost the liquidity of distributors and free consumers. Neoenergia distributors received BRL 220 million.
- **Emergency operating measures:** Resolution 878, which provides for temporary operating measures to ensure the security of consumers and employees of distribution companies and to secure service during the pandemic, has been extended to 31 July.
- **Emergency financial measures:** Provisional measure (PM) 950/20 has approved (i) a legal protection to restructure the financial operation to support the cash position of distributors and (ii) a 100% discount for consumers eligible for the subsidised rate up to a consumption level of 220 kWh/month for three months, to be covered by the Government with a contribution of BRL 900 million to the CDE (*Cuenta de Desenvolvimento Energético* — Energy Development Account).
- **Guidelines for COVID Account:** based on Provisional Measure (PM) 950, Decree 10350 authorises the creation of and provides guidelines on the management of the COVID Account. The Account will receive funds via a loan from a group of banks led by BNDES and taken out by the CCEE and will be transferred to distribution companies. The objective of the operation is to mitigate the financial effects of the loss of income due to the reduction of demand and the increasing non-payments owing to the pandemic.
- **Maximum loan amounts:** based on the guidelines laid down in Decree 10.350, ANEEL's Resolution 885/20 established the conditions for access to the loan by distributors and set the maximum overall amount of the operation at BRL 16.1 billion. Neoenergia has defined its participation in MR\$ 1,664, to be distributed among the distributors CELPE (BRL 455 million), ELEKTRO (BRL 614 million), COELBA (BRL 500 million) and COSERN (BRL 95 million)

**Rate adjustments:** In April, ANEEL approved the values of the rate adjustment for the distributors COELBA (5% average effect), COSERN (3.4% average effect) and CELPE (5.2% average effect) but postponed its application to rates to the end of June. This measure has no economic effects, given that in the same period the equivalent payment to the CDE

was postponed. Distributors will return these sums to the CDE account in the last five months of 2020 (from August to December) and will be reimbursed via the creation of a regulatory asset that will be added to the 2021 rate adjustments and paid off in the following 12 months.

## Regulation in the European Union

**“Taxonomy” Regulation:** On 18/06/2020, the European Parliament approved Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (published by the OJEU on 22/06/2020). The package forms **part of the Package of Sustainable Finance** and it aims to establish **what activities can be considered sustainable** to attract capital towards the energy transition.

- It covers the **EU’s six environmental objectives**: “climate change mitigation”, “climate change adaptation”, “air quality”, “water and marine environment”, “circular economy and waste” and “ecosystem quality”.
- An activity will be sustainable if **it contributes significantly to achieving one of the objectives and does not prejudice the others**.
- This contribution must be established with **objective criteria to be set by the detailed regulation (Delegated Acts)** of the Commission with input from the States and the stakeholders).
- The regulation will be applicable **in December 2021 for “climate change mitigation” and “climate change adaptation”** and in December 2022 for the other objectives.

**The following are deemed to mitigate climate change:** Renewable energy, transport and distribution, clean or carbon-neutral mobility, production of fuel from renewable or carbon-neutral sources and the building or use of CCS.

**The use of coal is expressly excluded as “sustainable”. Nuclear NOT expressly excluded**

**(issue to be resolved** by subsequent regulation) and **“Other activities for the transition”** are included (which are compatible with a carbon-neutral scenario in 2050 that use state-of-the-art technologies, avoid the use of coal and have no emissions lock-in effect).

# Iberdrola and Sustainability

# 1. Sustainability indicators

Sustainability Indicators	H1 2020	H1 2019
Contribution to GDP (Gross Margin) (*)	0.46%	0.52%
Contribution to GDP (Net revenues) (*)	0.75%	1.14%
Net Profit (EUR million)	1,844.9	1,644.4
Dividend yield (%)(**)	3.61%	3.90%
CO <sub>2</sub> emissions over the period (gr. CO <sub>2</sub> /KWh): Total	87	98
CO <sub>2</sub> emissions over the period (gr. CO <sub>2</sub> /KWh): Spain	64	88
CO <sub>2</sub> emissions over the period (gr. CO <sub>2</sub> /KWh): UK	0	0
CO <sub>2</sub> emissions over the period (gr. CO <sub>2</sub> /KWh): US	43	63
CO <sub>2</sub> emissions over the period (gr. CO <sub>2</sub> /KWh): Brazil	40	38
CO <sub>2</sub> emissions over the period (gr. CO <sub>2</sub> /KWh): Mexico	326	323
Emission-free production: Total (GWh)	47,255	43,624
Emission-free production: Spain (GWh)	23,943	23,309
Ratio emission-free production to total production: Total (%)	78%	76%
Ratio emission-free production to total production: Spain (%)	87%	81%
Emission-free installed capacity: Total (MW)	35,872	33,570
Emission-free installed capacity: Spain (MW)	19,817	19,015
Emission-free installed capacity: Total (%)	78%	78%
Emission-free installed capacity: Spain (%)	76%	73%

Note: Third-party capacity and production not included

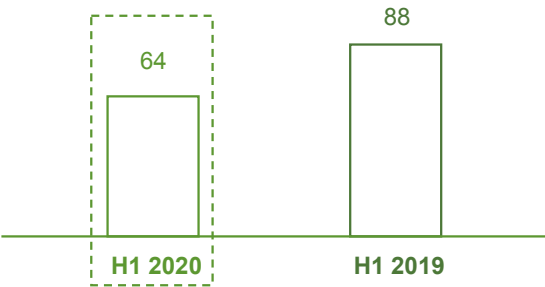
(\*) Source: Iberdrola Results and National Quarterly Accounting for Spain – INE (Last data published in 1T 2020)

(\*\*) Dividends paid in the last 12 months and Shareholder' Meeting attendance bonus/price at the end of period.

**SPAIN: Development of specific thermal mix emissions, Global: CO<sub>2</sub>, SO<sub>2</sub>, particles and NO<sub>x</sub>.**

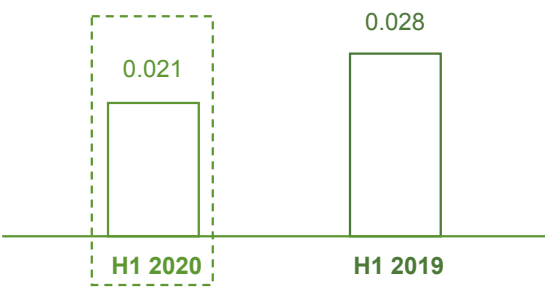
CO<sub>2</sub> specific emissions mix, GLOBAL

(g/kWh)



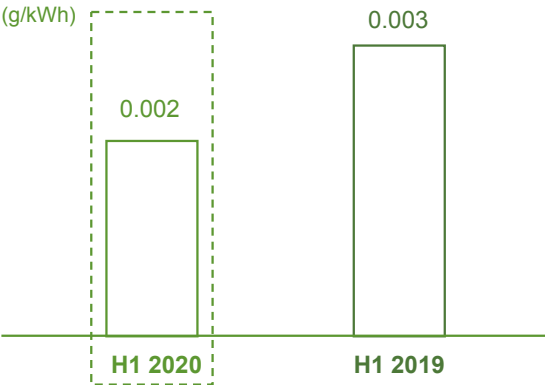
SO<sub>2</sub> specific emissions mix, GLOBAL

(g/kWh)



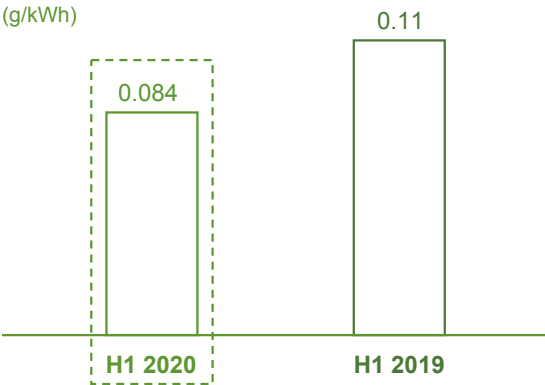
Specific particulate emissions Mix GLOBAL

(g/kWh)



NO<sub>x</sub> specific emissions mix, GLOBAL

(g/kWh)



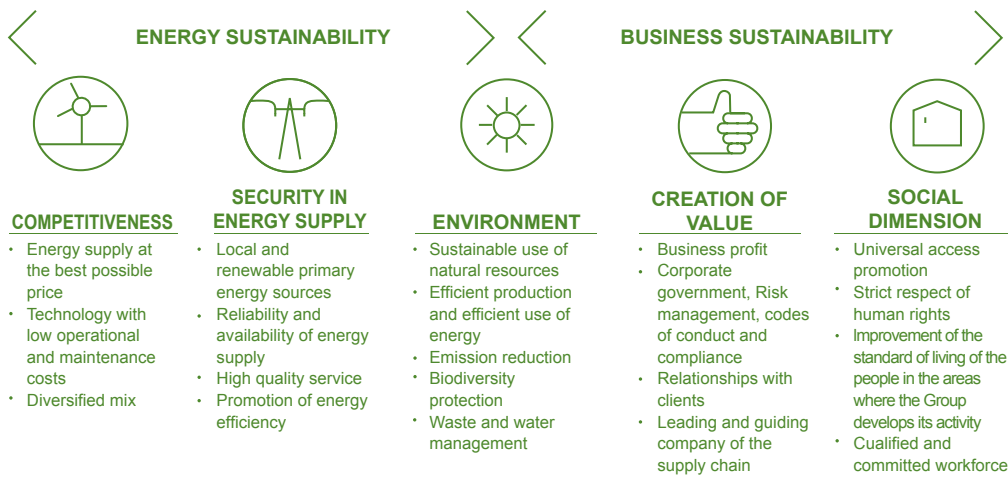


## 2. Index, rankings and recognitions

### Presence of Iberdrola in Indices and Rankings of Sustainability, Reputation and Corporate Governance.

Sustainability	
Rating	Status
Dow Jones Sustainability World Index 2019	Selected in the utility sector. Iberdrola member in all editions
Sustainability Yearbook ROBECOSAM 2019	Classified as "Silver Class" in the electricity sector.
MSCI Global Sustainability Index Series	Iberdrola selected AAA
CDP Climate Change 2019	A-
CDP Supplier Engagement Leader 2019	Iberdrola Selected
Global 100	Iberdrola Selected
Sustainalytics	Iberdrola among the highest rated utilities
ISS-oekom	Iberdrola selected as Prime
FTSE4Good	Selected for 10 years
Bloomberg Gender Equality Index 2020	Iberdrola selected
Euronext Vigeo Eiris index: World 120, Eurozone 120 & Europe 120	Iberdrola selected
Ecovadis	Iberdrola as one of the companies with the best performance
2020 World's Most Ethical Company	Iberdrola selected. Only Spanish utility
ECPI	Iberdrola lected in several Sustainability Indices
STOXX	Iberdrola selected in STOXX Global ESG Leaders and in several Sustainability indices
EcoAct	Iberdrola first Spanish company and first utility in the ranking
Influence Map	Iberdrola in the top 10 best qualified companies
MERCO 2019	mercoEmpresas: Leader among Spanish utilities: energy, gas, and water industry
standar ethics	Iberdrola included in the SE European Utilities Index
Energy Intelligence	Iberdrola among the top four utilities in the EI New Green Utilities Report 2019
Forbes	Iberdrola selected in Forbes 2019: GLOBAL World's Largest Public Companies 2000
ET Carbon Rankings	Iberdrola selected in Emissions Transparency Index
Brand Finance	Iberdrola among the 500 most valuable brands globally
WDi	Iberdrola 2019 disclosure score above the average
Fortune Global 500	Iberdrola selected

### Sustainability Management Policy



### 3. Contribution to society

Iberdrola's most outstanding actions and initiatives in response to the pandemic caused by COVID-19 have been as follows:

#### 3.1.- Iberdrola, model of responsibility amidst the global health crisis

- **First multinational company of the IBEX 35 to certify its COVID-19 action protocol with AENOR**

Iberdrola is the first multinational company of the IBEX 35 whose protocol for COVID-19 has been certified by AENOR in accordance with the legal requirements established by the competent authorities and the best sector recommendations and guidelines. This certificate constitutes an endorsement of the action protocol put in place by the company for the coronavirus pandemic to ensure both the continuity and quality of the electricity supply and people's health and safety.

- **Iberdrola has donated first-aid medical equipment worth EUR 23 million**

Iberdrola has secured and delivered to the Spanish authorities an initial purchase of first-aid medical equipment in China, worth EUR 23 million. By contributing all this first-aid equipment, Iberdrola will be helping to mitigate the impacts of this pandemic. The company has rolled out this initiative in close co-ordination with the Spanish authorities and other leading companies. At the same time, Iberdrola's subsidiaries are carrying out other local initiatives: NYSEG and RG&E have donated USD 275,000 to support the response of food banks in New York state to the crisis that has arisen, and Avangrid has launched a campaign to promote donations, in addition to the delivery of 33,300 face masks to the state of Oaxaca by Iberdrola México. For their part, Neoenergia and companies in Brazil's electricity sector have joined forces in a campaign to raise funds to support the production and purchase of diagnostic equipment. Also, interns at ScottishPower have also worked as volunteers to keep elderly people connected and distribute products they need.

- **Iberdrola: the utility with the strongest social commitment against the pandemic**

Iberdrola is the electricity sector company that has shown the strongest commitment and level of social responsibility during the health crisis. It is also one of the five leading companies in Spain for its actions in this regard, according to an extraordinary report from Monitor Merco. The evaluation carried out among more than 2,000 members of the public and 250 experts took into account factors such as maintaining jobs, protection of workers, donations to the health system, support for essential services and collaboration with solidarity initiatives.

- **Iberdrola purchases an additional EUR 4 billion from suppliers**

Fully aware of the impact of the health crisis caused by the COVID-19 coronavirus, and given the Company's strategy of undertaking unprecedented levels of investment in 2020, Iberdrola has decided to purchase more from its suppliers, starting mid-March, thus helping to maintain industrial activity and protect hundreds of thousands of jobs. The Company has placed orders worth nearly EUR 4 billion from over 10,000 suppliers during the first quarter of the year, twice as much as in 2019. By picking up the pace of these purchases of equipment, material, work and services, the Group has been effectively protecting 700 full-time jobs each day.

- **Ignacio Galán at meetings of the European Round Table, where the role of companies in the pandemic was debated**

The chairman of Iberdrola was the only Spaniard present today at the two virtual meetings of the European Round Table for Industry (ERT), a forum that currently brings together 55 CEOs and leaders of the largest European multinationals. With the participation of the vice-president of the European Commission, Frans Timmermans, and the European Commissioner for Economy, Paolo Gentiloni, the debate focused on the key role to be played in the economic rebuilding of the EU

following the pandemic caused by coronavirus, with emphasis placed on the need for all actors to promote a green recovery.

- **Iberdrola is part of “Energía Positiva+”, which will invest EUR 4 million in innovative projects to contribute to the economic and social recovery from coronavirus**

The Energía Positiva+ platform estimates an initial investment of EUR 4.19 million in the 14 start-ups selected from the contest launched in April. The initiative, which received nearly 400 proposals in only 13 days, was brought to a successful close on 19 April and some of the finalists were announced during the virtual event Energía Positiva+ Demo Day. Their projects were centred on the social impact against COVID-19, decarbonisation, renewable energies, energy efficiency, storage, sustainable mobility and the circular economy.

- **Iberdrola lends a hand with 90,000 solidarity meals for the underprivileged in Madrid and Vizcaya**

Through Iberdrola Foundation Spain, and as part of its commitment to mitigate the consequences of the COVID-19 crisis, Iberdrola has launched an initiative to prepare 90,000 solidarity meals—1,000 every day for 90 days—for underprivileged people in Madrid and Vizcaya. In addition to this initiative, the foundation has also donated some fifty computers to struggling families. Also, the amount of expenses for holding the General Shareholders’ Meeting, which was held fully online on 2 April, has been earmarked for the acquisition of health care supplies for the Basque Health Service.

- **Iberdrola broadens its work/family life balance measures for the return to normality**

Iberdrola is working on the return to normality, with the return to its work centres of its entire workforce in Spain from 1 July. The company has adopted additional measures of flexibility for the months of July, August and September, with the aim of making it easier for employees to strike a work/family life balance in terms of time flexibility, time availability

for the management and care of minors and the elderly (paid leave by hours or an extension of non-paid leave). This return to normality comes after the completion in record time of tests on the company’s entire workforce in Spain: a total of 8,779 employees in a month and a half.

- **The Iberdrola SuperA awards broaden their scope with the SuperA+ category for projects carried out during the COVID-19 crisis**

Iberdrola has decided to create a new, SuperA+ category for projects carried out in relation to COVID-19. The new category will acknowledge and support the best solidarity initiative carried out during the COVID-19 crisis by sportsmen and women, federations or other entities related to the world of sport. It will carry an award of EUR 50,000, like the other five categories, which will go to the best sporting initiative for solidarity purposes carried out during the pandemic.

- **The 7th Carrera MasLarga race against cancer and COVID beats record for participation**

The 7th Madrid race against cancer reached the finish line with record participation of nearly 10,000 solidarity runners. Organised by the Spanish Association Against Cancer (AECC) and with Iberdrola as the main sponsor, the race raised more than EUR 60,000, which will be donated to cancer patients affected by COVID-19.

- **Iberdrola employees create a special volunteering network in the wake of COVID-19**

Iberdrola employees have set up a network of volunteers to manufacture protective screens using 3D printers, sew masks, donate production material, and also manage the delivery of snorkelling masks to hospitals. Nearly 2,000 Iberdrola employees and their families are also taking part in volunteering initiatives to help mitigate the side effects that the disease and the lockdown are having among the elderly and people with disabilities, by writing letters, donating tablets, sending messages of support or talking to them over the phone to check that they are okay each day. The company

has also launched a new edition of “Operation Kilo”, which this time involves donating a kilo of aid that will take the form of food vouchers for the children of the charity Aldeas Infantiles. Iberdrola has also delivered the first 1,000 face masks adapted for deaf people. The interns at ScottishPower Energy Networks are also working as volunteers to keep older people in Glasgow connected and distribute any products they may need.

### 3.2. Acknowledgement of Iberdrola's excellent performance

- **Iberdrola: the only European utility to appear in all 20 editions of the Dow Jones Sustainability Index**

Iberdrola has once again been included in the Dow Jones Sustainability Index (DJSI), making it the only European utility to have been included in the selection throughout its 20 editions. The Company's inclusion highlights its unwavering commitment to the highest environmental, social and corporate governance standards.

- **Ignacio Galán, among the 10 most influential world leaders in the fight against climate change**

Ignacio Galán is now among the top 10 of the 30 most influential people, organisations and trends worldwide in the fight against climate change, as ranked by the international agency Bloomberg. He is referred to as “one of Spain's most influential executives and one of the most outspoken on climate issues”. Bloomberg highlights the transformation our company has undergone on the path to becoming “the world's largest wind power generator”, with a presence in 30 countries. It says that “Galán is proof that large companies can cut emissions and remain profitable”.

- **Ignacio Galán: Best Executive of Castilla y León**

The chairman of Iberdrola, Ignacio Galán, has received the Honorary Award of the 7th Awards for the Best Executive of Castilla y León, organised by Castilla y León Económica.

- **Ignacio Galán receives 2019 award for innovation and best business management**

Iberdrola's chairman has been handed the 2019 National Design and Innovation Award in the Innovation Pathway category by Spain's Ministry of Science, Innovation and Universities. There were 79 candidates for the National Design and Innovation Awards, which recognise those individuals and organisations that have put innovation at the heart of their professional and business growth strategies. Galán has also received the León Award from El Español newspaper for his long and successful career.

- **In Davos, Ignacio Galán highlights electrification as a key factor in the success of the EU's Green Deal**

During his address at the fiftieth edition of the World Economic Forum in Davos, Ignacio Galán stated that “electrification will be key to the success of Europe's Green Deal, encouraging European utilities to almost double investments over the next 30 years”. He claimed that while it certainly remains a huge challenge, “everyone will benefit: customers will have better service and more options to choose from; jobs will increase and be more skilled; suppliers will have increased workloads; and shareholders will see their investments grow”.

- **Iberdrola: the only Spanish electricity company ranked in the 2020 Bloomberg Gender-Equality Index**

For the third consecutive year, Iberdrola has been included in the Bloomberg Gender-Equality Index (GEI), created by Bloomberg to recognise companies that have undertaken a firm and solid commitment to gender equality. During this third edition, a total of 325 companies across 42 countries and 11 business sectors were evaluated for their commitment to gender equality, demonstrated through policies, equal representation and transparency within their organisations.

- **Iberdrola: a leader in sustainability reporting**

Iberdrola has taken the top spot in Spain and is ranked fourth globally in the IBEX 35 Sustainability Reporting Performance Report prepared by con-

sultancy firm EcoAct España, thanks to the detail and transparency of its Statement of Non-Financial Information – 2018 Sustainability Report and its corporate website. Companies are evaluated based on 61 criteria across four themes: measurement and reporting; strategy and governance; targets and reduction; and commitment and innovation.

- **Iberdrola ranked in FTSE4Good Index for tenth year in a row**

Iberdrola has been included for the tenth consecutive year in the prestigious FTSE4Good international index, established to drive investments in the world's most sustainable companies. Inclusion in the FTSE4Good Index ratifies Iberdrola's performance in the areas of working standards, human rights, health and safety, biodiversity, climate change, water and responsibility to the customer, as well as supply-chain related social aspects. The company has also met the organisation's requirements concerning corporate governance, risk management, anti-corruption mechanisms and tax transparency.

- **Iberdrola: the Spanish company with the best corporate governance practices**

For the third time, Iberdrola has been named the Spanish firm with the best corporate governance practices by the publication World Finance, which held its ninth annual Corporate Governance Awards this year. The company's business model is based on ethics and transparency, a long-term vision and the integration of cultures and people, enabling it to generate financial benefits for all of the company's stakeholders.

- **Iberdrola acknowledged as one of the world's most ethical companies for the sixth consecutive year**

Iberdrola has been included in the 2019 World's Most Ethical Companies ranking drawn up by the Ethisphere Institute, which aims to promote a corporate culture built on ethical standards and the achievement of these aims. According to the Institute's criteria, the companies included in the ranking have record levels of stakeholder engagement and are truly committed to the utmost trans-

parency, diversity and inclusion. The Ethisphere Institute's selection process involves evaluating candidates across five categories: compliance and ethics, ethical culture, corporate social responsibility, good governance and reputation and leadership. Iberdrola is the only Spanish company included in the Institute's ranking.

- **Iberdrola, included in the Global 100 Most Sustainable Corporations index**

Once again, Iberdrola has been included in the Global 100 Most Sustainable Corporations index, compiled and released by Corporate Knights each year. The Company has been named one of the 100 most sustainable companies in the world and is the only Spanish company to earn this distinction. Corporate Knights appraises aspects such as the relationship between revenue and tonnes of CO2 emitted, and the percentage of women on the Board of Directors.

- **Iberdrola Investor Relations recognised as the best in Europe for the third time**

Iberdrola's Investor Relations team has been named the best in Europe in the IR Magazine Awards for the third straight year. It received awards in the best overall investor relations and best investor relations officer categories, and also as the best performing company in the utilities sector in this area. Its commitment to transparency and on-going dialogue with the financial community, and its efforts and professionalism in this regard were also recognised. The company was also a finalist in five other categories: best financial reporting; best use of technology in investor relations; best investor meetings; best corporate governance and disclosure; and best sustainability communications.

- **ScottishPower receives award for integration of SDGs in its business strategy**

At the virtual event RELX SDG Inspiration Day, ScottishPower received the 2020 Customer Award, which recognises leadership in fulfilling the UN's Sustainable Development Goals (SDGs). The judges took account of the goals' integration in the



ScottishPower business strategy and recognised its commitment as a responsible and sustainable company, along with its environmental management, which have both been certified under the standard ISO14001.

### 3.3. Contribution to achieving the Sustainable Development Goals

#### SDG 7 (Affordable and clean energy) and SDG 13 (Climate action)

- **Iberdrola to provide electricity to 16 million vulnerable people who currently have no supply**

By the year 2030, Iberdrola will supply electricity through modern and environmentally sustainable energy pathways to 16 million vulnerable people in developing or emerging countries who currently have no access to it. This comes after hitting the previous target of four million people. This action is part of the Electricity for All campaign launched by the company in 2014. Furthermore, Iberdrola has signed a new sustainable credit facility for EUR 1.5 billion related to SDG 7 on affordable clean energy and to carry out the Electricity for All programme. By year-end 2019, it had provided seven million people with access to electricity through this programme.

- **Iberdrola supports “Race to Zero”, a global alliance for achieving a carbon-neutral economy by 2050**

Iberdrola, as a leader in the struggle against climate change, and to support the global climate agenda, has joined the “Race to Zero” alliance organised by the United Nations with the aim of mobilising and joining forces among cities, regions, companies and investors to build a carbon-neutral recovery that is healthier and more resilient. The ultimate goal of the initiative is to achieve an emission-neutral economy before the end of the year 2050.

- **Iberdrola drives the green recovery with the commissioning of CAVAR, Spain’s first major wind farm complex following the health emergency**

In Navarre, Iberdrola has commissioned the CAVAR wind farm complex, the first significant facility of this kind in Spain following the health crisis. With 111 megawatts of installed capacity, it is also the largest wind farm commissioned by the company in Spain since 2012. Coinciding with World Environment Day, Iberdrola continues to move towards a green recovery.

- **Iberdrola joins the *World Business Council for Sustainable Development* to adopt best practices in response to potential climate-related risks**

As an example of best practice, Iberdrola has worked alongside other companies in producing a report led by the World Business Council for Sustainable Development (WBCSD) on transparent reporting on the effects of climate change in the electricity sector. The report includes examples of the reporting currently being provided in this area and identifies areas for improvement. It also explores the challenges companies face in responding to the recommendations of the G20’s Financial Stability Board and the expectations of users of climate-related information.

- **Luces de esperanza: Iberdrola to bring solar power to rural communities in Mexico**

Iberdrola Mexico and partner company Iluméxico have launched *Luces de Esperanza* (Lights of Hope), a project that will supply electricity to 30 rural communities across the sub-region of Huasteca Potosina who currently have no access to this service. The initiative will help them develop by providing power for productive activities while improving health, education and security. Off-grid solar arrays will be installed on homes, schools, health centres and in public spaces to the benefit of 6,000 individuals who are not connected to the national grid.

#### SDG 17 (Partnerships for the goals)

- **Iberdrola signs *CEOs Call to Action* agreement with CSR Europe**

Iberdrola's CEO has signed an agreement entitled CEOs Call to Action, which is a call to accelerate sustainable growth, tackle climate change and create inclusive prosperity. Brought together by CSR Europe, the 100-plus CEOs who have signed the agreement have called for stronger dialogue and interaction between politicians, civil society and their colleagues in the business and industrial sectors.

- **Iberdrola and the Basque Energy Agency found a company to implement renewables projects**

Iberdrola and the Basque Energy Agency (EVE) have founded a joint venture to roll out projects through which they will invest in renewable energies in the Basque Country. Both organisations are interested in pushing ahead with the energy transition through the development of competitive, clean and sustainable energy, which will further reduce energy dependence and generate high-quality jobs.

#### SDG 12 (Responsible consumption and production)

- **Iberdrola presents the 2019 Supplier of the Year awards**

The Company has recognised the commitment of its suppliers in Spain, Brazil, Mexico and the United Kingdom in the realm of excellence, sustainable development, quality, internationalisation, innovation, corporate social responsibility, job creation and occupational risk prevention, among others.

#### SDG 4 (Quality education)

- **Iberdrola announces 46 grants to pursue Master's degrees in five countries for the 2020-21 academic year**

Iberdrola has launched a new call for Master's degree scholarships and another for research grants for the 2020-21 academic year, with the aim of promoting excellence in the education of new generations and their employability in strategic innovation and technological development, both of which play a central role in the fight against climate change. This year, the Group will award a total of 46 grants for a grand total of EUR 1.5 million to Spanish, British, American, Mexican and Brazilian students.

#### SDG 3 (Health and well-being)

- **Iberdrola becomes first multinational in the world to receive Healthy Workplace certificate**

Iberdrola has become the first multinational in the world to be certified by AENOR as a Healthy Workplace, as per the model developed by the World Health Organisation (WHO). This multi-site certification from AENOR has been validated for all the group's companies. The certification accredits the efforts of the group's management to roll out and champion a process of continuous improvements to protect the health and safety of all staff and ensure workplace sustainability.

#### SDG 5 (Gender equality)

- **The Universo Mujer tour backed by Iberdrola premiers digital version**

The programme, which is part of Universo Mujer (Women's Universe) of the National Sports Council (CSD) of the Fundación Deporte Joven and backed by Iberdrola, has adapted the project to a new audio-visual and digital format. The objective of the Universo Mujer Tour remains the same: to support women's participation in the world of sport and recognise their work and success, but it has adapted its format so as to pursue it on a digital basis. This new online event aims to further project the image of women as an active and vital part of sport in Spain.

- **ScottishPower takes part in the POWERful Women initiative to encourage gender diversity**

Representatives of ScottishPower have attended a reception at the House of Lords with Greg Clark, the UK's Secretary of State for Business, Energy and Industrial Strategy, to promote the launch of the Energy Leaders Coalition. The initiative forms part of the POWERful Women campaign, focusing on direct measures to encourage gender equality and diversity in the UK's energy sector.

#### SDG 6 (Clean water and sanitation)

- **Iberdrola recognised as one of the utilities with the best water productivity**

According to the Global 100 ranking, Iberdrola has been recognised as one of the utilities boasting the best water productivity. The company is also a signatory of the United Nation's CEO Water Mandate – an initiative that encourages sustainable practices in water use – and has participated in CDP Water since it was launched.

### SDG 9 (Industry, innovation and infrastructure)

- **Portuguese Consumer Association recognises Iberdrola as the best in the industry for resolving claims**

Putting the customer at the centre of all its activities is one of the pillars upon which the company is built. The Portuguese Consumer Association (DECO) has named Iberdrola as the best performing business in the sector when it comes to handling claims. The Company scored 9 out of 10 based on its customers' feedback, the percentage of claims dealt with successfully, the response rate and the average response time.

### SDG 1 (No poverty), SDG 2 (Zero hunger), SDG 8 (Decent work and economic growth) and SDG 10 (Reduced inequalities)

- **Iberdrola named as one of the companies with the finest talent**

The company ranks as one of the top five companies with the most talent in Spain, after climbing 10 places from last year. It is now the leader in its sector, according to the Merco Talent ranking of the 100 businesses most able to attract and retain talent.

- **The agreement between Iberdrola and Navantia will provide jobs to more than 2,000 people**

Iberdrola's awarding to Navantia for the building of 62 jackets for the offshore wind farm at Saint-Brieuc, in French Bretagne is the largest contract signed in offshore wind energy, generating more than 2,000 direct jobs. Nearly 1,000 of these will be jobs generated in Navantia-Windar in Galicia and Asturias, and more than 1,100 in a number of companies in France. The agreement includes

the manufacture of the jackets by Navantia in its own facilities and of the piles by Windar in the city of Avilés.

- **Iberdrola employs over 34,500 people** and generates some 400,000 indirect jobs. In 2018, it contributed more than EUR 31.1 billion to gross domestic product (GDP). According to the Iberdrola Impact Study drawn up by PwC and based on 2018 data, the Company generates between EUR 9 and 10 of GDP for every euro it invests in the regions in which it operates, including both direct and indirect impacts.

### SDG 11 (Sustainable cities and communities)

- Through its new i-DE electricity distribution brand, **Iberdrola** will invest EUR 600 million over the next 10 years to play a role in the transition of towns and cities across Spain towards smart cities in four areas: **e-mobility, network infrastructures, efficient energy use and citizen awareness**. The funds set aside for this project are primarily earmarked to develop the electricity distribution network and increase the intelligence of the distribution network through digitalisation.
- **Iberdrola strengthens its sustainable mobility plan**: by allocating more investment—a total of EUR 150 million—to intensify the deployment of 150,000 electric vehicle charging stations over the coming five years. The Company has included the electrification of transport within its strategy of transitioning towards a decarbonised economy supported by renewable energies and smart grids. To achieve this, it will focus on ramping up its plan to install charging infrastructure across Spain, while also extending the initiative to other markets in which it operates, such as the United Kingdom, Portugal and Italy.

### SDG 14 (Life below water) and SDG 15 (Life on land)

- Committed to the preservation of healthy ecosystems as a key element for sustainable growth, **Iberdrola has taken more than 1,450 actions related to the protection of biodiversity in the past two years**. This is shown in its Biodiversity



Report 2018-2019, which was published on World Environment Day. These practices reflect the Biodiversity Policy approved by its Board of Directors, the ultimate objective of which is the preservation of biodiversity in the planning and subsequent execution of all the company's actions. In order to make progress in this area, Iberdrola has taken on the commitment of achieving zero net loss of biodiversity by the year 2030.

### 3.4. Volunteering programme initiatives

The Iberdrola Volunteer Programme is organised through the International Volunteer Portal. Training and awareness projects to improve employability in underprivileged groups have been adapted to an online format to prevent them being interrupted. Highlights in this period:

- **Smiling in response to Coronavirus:** Initiative to help combat the side effects that isolation and loneliness can cause among older generations. The project consists of sending letters of support via e-mail to different care homes in Spain. When the situation returns to normal, the plan is to arrange visits so that Iberdrola's employees can get to meet the elderly people to whom they have been writing.
- **Telephone support during the lockdown for people with intellectual disabilities and/or mental illness.**
- **Mirarte otra vez: (Looking at you again) initiative for COVID-19 sufferers.** Initiative to have tablets donated to hospitals and care homes so that elderly patients can see and talk to their families.
- **Cheering on our health care workers.** Volunteers send drawings and messages of encouragement to be hung up at hospitals and health centres. This action is aimed above all at the youngest members of the community by helping them to accept the situation and better cope with the lockdown.
- **Support for our heroes in the fight against COVID-19.** A network of volunteers has been set up to make protective screens on 3D printers, sew masks or donate production material. We also are managing donations of goggles and sending them to hospitals.
- **Planting on Environment Day 2020.** A total of 600 trees and 1,200 seeds have been planted by our volunteers and by people with intellectual disabilities from AMAS, APANID and ANDE. Given the present situation, this action was carried out on an individual basis and complying with each region's current phase of de-escalation.
- **Lights, camera... action!** The Company has taken part in a new round of this project, which was first launched in 2011 in partnership with the Tomillo Foundation to improve the education and job prospects of 14 to 18-year-olds on basic vocational training programmes with a history of academic failure.
- Workshops on digital tools and IT to meet basic needs, as part of the **"Iberdrola with refugees"** project.
- Volunteering in the **fight against climate change in schools.** The project was launched in Spain in 2017 to raise awareness of the consequences of climate change through talks and workshops at schools. It is now delivered online.
- **The SDGs at school:** Project to raise awareness of the SDGs and the 2030 Agenda. Volunteers receive training on how to deliver effective workshops at schools, using fun audio-visual and hands-on resources to raise awareness of the SDGs and the importance of achieving them. The initiative is now a virtual experience that can be delivered from home.
- **INVOLVE** (International Volunteering Vacation for Education) Initiative. The online training phase of this volunteering programme has begun, in which IBERDROLA employees travelled to Brazil and Mexico during their holidays to help young people at risk of social exclusion improve their employability by means of IT and web applications.
- **Occupational Ambassadors Programme,** becoming involved in the process of empowerment and training of the people in the Multiple Sclerosis Foundation (FEM) who are seeking employment, by delivering online sessions on different subjects.

### 3.5. Community Action

The ScottishPower Foundation, Avangrid Foundation, Iberdrola Foundation Mexico, Instituto Neoenergia and Iberdrola Foundation Spain embody Iberdrola's commitment to the development of the countries where it operates, as well as to solidarity with those people who are most vulnerable. The 2018-2021 Foundations Master Plan commits to the SDGs in order to contribute to tackling the planet's social and environmental challenges, establishing the following objectives in each work stream:

GENERAL TARGETS (GT)	WORK STREAMS	SDGs
1. Support training and research in general, prioritising innovation to contribute to energy sustainability.	Training and research	
2. Support environmental protection and the improvement of biodiversity to actively contribute to the fight against climate change.	Biodiversity and climate change	
3. Protect and safeguard artistic and cultural heritage, promoting conservation and restoration, as well as supporting local development.	Art and culture	
4. Contribute to sustainable human development, supporting the most vulnerable individuals and groups.	Social action	
5. In the local context.	achieve the SDGs	

The most significant initiatives in the first six months of 2020 by work stream are as follows:

#### A. Training and research

This work stream focuses on young students, by supporting their degree, technical training or language studies and offering opportunities to those who have disabilities and/or fewer resources. It also includes grants for research and for restoration and conservation in partnership with museums. These initiatives will help reach specific targets of SDG 4: Quality Education.

**Avangrid Foundation:** Work has been carried out this quarter on the call for applications for scholarships and grants:

- **Binghamton University Foundation – Senior Capstone Projects (New York):** Supporting projects to design the capstone at the Watson School of Engineering, involving energy and environmental projects.
- **Ithaca Sciencenter - Sciencenter Discovery Museum (New York):** Specifically supports the Power of the Future field trip series; a programme for students focusing on renewable energy and involving 350 students and 17 teachers.
- **Henry Ford Museum - Invention Convention Worldwide (National):** ICW is a coalition of global affiliates that teach students real-world problem-solving and creative thinking

skills through education in invention and entrepreneurship.

- **Monroe Community College Foundation - Scholarships (New York):** Funding students' higher education to help them achieve their ambition to find a skilled job.

**Iberdrola Foundation Spain:** Call for applications for 47 scholarships and grants.

- 20 grants for energy and environmental research. Twenty researchers selected.
- Two Fullbright grants (2020-2021).
- Four grants for restoration and conservation at the Museo del Prado.
- Two grants for restoration and conservation at the Bilbao Fine Arts Museum.

Language Immersion Programmes in English, which aim to teach English to school students in their third and fourth years of compulsory secondary education. The Ministry of Education of various autonomous communities in Spain select students to take part in the programme. It follows objective and impartial selection criteria based on the academic merits and economic resources of the candidates, though with priority given to students from rural areas, since they typically have the hardest time in accessing this type of education. Iberdrola opens the doors of its facilities over the summer and Easter periods as a venue for these courses in Castilla y León, Extremadura and Medina-Sidonia.

#### **Iberdrola Foundation Mexico:**

- **STEM promotion:** Educational development of the southeast and support for the studies of engineers, above all women.
- **Altamira Grants:** Support for underprivileged students with an outstanding educational background.
- **Youth Building the Future (Jóvenes Construyendo el futuro):** Programme led by the Secretariat of Labour and Social Welfare that seeks to provide on-the-job training opportunities to young people between the ages of 18 and 29,

with the aim of boosting their technical skills so as to increase their future employability.

#### **Instituto Neoenergía**

- The **Balcão de Ideias e Soluções Educativas** (Educational Ideas and Solutions Platform) project: On 11 March, a Good School Practices Exchange Seminar was held with teachers assigned to the municipal networks of Caieiras and Francisco Morato, in São Paulo. More than 350 people involved in the event attended the seminar.

In late March 2020, another major milestone in the project was reached: The launch of a national online platform for the exchange of more than 100 good teaching practices created as part of the training delivered by teachers attached to the project.

- **The DroPS project** provides training on the social ecosystem and in areas pertinent for the development of ideas or projects with an impact. The programme supports different types of projects that work directly with the local community. In 2020, some 35 entrepreneurs are taking part.
- **OCA Project – Cultural and artistic work groups** has the objective of setting up a cultural training centre with professional qualifications for a first job for young people between the ages of 16 and 21 at social risk to create and produce props, fashion items and design objects.

#### **SPW Foundation:**

- A project is being rolled out in partnership with **Bangor University** for secondary school pupils in Wales, using interactive techniques to develop STEM knowledge and improve personal skills, thereby enhancing their employability.
- **The Literacy Pirates:** Project with the objective of improving the literacy, confidence and perseverance of underprivileged youth in Tottenham, London.
- **Spina Bifida Hydrocephalus Scotland “Moving on up”:** The “Moving on up” project of SBH Scotland works to provide support, guidance and promotion to children from ages 0 to 18 with spina bifida and/or hydrocephalus and to their parents.

## B. Biodiversity and climate change

In this work stream, the group is collaborating with public institutions and bodies devoted to the protection of the environment, contributing to achieving specific targets of SDG 13: Climate action and SDG 15: Life on land.

The **Iberdrola Foundation Spain** collaborates with Sociedad Española de Ornitología (Spanish Ornithological Society - **SEO/BirdLife**) on the **MIGRA project**, aimed at studying the migratory patterns of birds.

Along with SEO/Birdlife's MIGRA programme, the parties have compiled the results of the process of fitting 79 white storks with GPS tags in Spain and Central Europe over seven years, with nearly three million locations shown. The initiative has revealed that the white stork has adjusted its migration patterns in recent decades in response to global man-made changes that have opened up new habitats in which to feed in winter. Now, adult white storks spend their winter in Spain and feed mainly in rubbish dumps and paddy fields, while the young continue to migrate to the Sahel, thousands of kilometres away from their nests.

The results of the "Study on the effects of climate change on bearded vulture numbers in the Central Pyrenees" have now been presented in partnership with **Fundación para la Conservación del Quebrantahuesos** (Bearded Vulture Conservation Foundation). The scientists already proved the presence of insect vectors capable of transmitting avian malaria during an initial phase of the project, and have now confirmed the presence of the parasite that causes avian malaria among the insects to have been captured in the territories and during the breeding season of the bearded vulture. This shows that the bird, which is listed as an endangered species in the European Union, is effectively exposed to the disease.

Another key initiative is the signing of the **Study of thermal stress, immunosuppression and climate change in endangered birds of prey** with the Aquila Foundation. This research project is primarily aimed at determining how thermal stress (increase in temperatures due to climate change) affects the basic humoral immune response in endangered

birds of prey. This project runs for two years and the results of the first year have been published in scientific journals and shared through talks at several universities' veterinary departments (Valencia, Murcia, Cáceres and Madrid).

New agreements have been signed to undertake reforestation projects at Campo de Maniobra de la Sierra del Retín (Cádiz) and Albacete. The Campo de Maniobra de la Sierra del Retín will be inaugurated on 23 July 2020.

At the Albacete Wildlife Recovery Centre, Iberdrola Foundation Spain has donated a digital radiographic imaging device to improve the work carried out by those working at the centre. It will allow for faster diagnostic testing of injured animals, while providing a broad database of results and helping to reduce the quantity of chemicals otherwise used in non-digital radiography.

The LIFE project Wetlands for Future in partnership with SEO Birdlife aims to restore three wetlands in the regions of Valencia, Cantabria and Castilla y León. The project runs for four years from September 2020 to August 2024. Phase I has been completed successfully and was handed over in June 2019. Phase II was delivered in February 2020.

In the United Kingdom, the **ScottishPower Foundation**

- **Youth Climate Ambassadors 2020: Taking the voices of the young people of Wales to world leaders at COP26:**

The Youth Climate Ambassadors 2020 will enable last year's cohort of Climate Change Champions to design an innovative and unique programme of MockCOP events for 2020. This will include at least two MockCOP events in Wales in the period leading up to COP26, involving more young people in the programme and giving them a voice on climate change, in addition to an exciting event at COP26 to give the young people of Wales a platform to make a commitment with climate change leaders from throughout the world.

- **Edinburgh – a Swift City:**

The number of swifts has declined by 57% in less than 30 years. A swift official will work with the community to set up a baseline of the number of swift nests in Edinburgh and work with communities to develop “swift streets” by encouraging public and private buildings to install swift boxes.

- **Saving the Great Yellow Bumblebee:**

Work in Scotland to protect endangered populations of one of the United Kingdom’s rarest species of bee. The project has four main objectives: 1. Determine the current distribution and population of the great yellow bumblebee in Scotland 2. Increase awareness of the needs of the great yellow bumblebee and its use of the habitats where it lives 3. Create better habitats for the great yellow bumblebee through agro-environmental funding, cultivation initiatives and/or volunteering measures. 4. Develop relationships, contacts and key networks with stakeholders in the areas of the great yellow bumblebee.

- **Generation Wild:**

The objective of the Generation Wild project is to provide children throughout the United Kingdom, especially in economically underprivileged communities, opportunities to experience and interact with wetlands and their wildlife. In visits to local centres for the preservation of the wetlands, children will take part in a series of “wild experiences”, such as the building of dens, tree climbing, wading in pools, barefoot hikes and feeding birds by hand.

- **On-site and Mobile Planetaria for Earth and Space Observation:**

Dynamic Earth is a charity science and educational centre committed to involving people of all ages and backgrounds. Our funding will help create a new, cutting-edge Planetarium in Dynamic Earth; and a Mobile Planetaria dissemination programme that will transform the way we inspire diverse audiences with our planet and the environmental challenges we face.

The **Avangrid Foundation** has promoted the Riverkeeper project in New York, which highlights the importance of parks for urban biodiversity, health, access and fairness, the economy and other benefits.

- **National Fish & Wildlife Federation (NFWF) (Washington, D.C. / National)** in a series of programmes for the protection of important wild animals threatened with extinction, including hibernating bats across North America, as well as grassland-dependent birds and mammals in the west.

- **Gulf of Maine Research Institute (GMRI) - Advancing Ocean-Climate Research: Strengthening community capacity for science-based decision making:** This five-year collaboration, with a conditional donation of 250,000 dollars will support progress towards the objectives of interdisciplinary research in the ocean sciences, fishery management and the resilience of companies and communities, with a focus on community participation and the social impact.

- **Rochester Museum and Science Center (New York):** Through a long-standing partnership with the Rochester Museum of Science (RMSC). This grant will provide support for STEM (science, technology, engineering and mathematics) and other educational activities as part of the “Curiosity Camps” at the RMSC (which are there to motivate local children to learn more about these subjects).

- **Riverkeeper (New York):** The goal of this project is to protect the environment and commercial and recreational assets of the Hudson River and its tributaries, while also ensuring access to clean drinking water for the nine million residents of New York and the Hudson Valley.

**Iberdrola Foundation Mexico** has held meetings with the new Secretary for the Environment and Natural Resources (SEMARNAT) to work together on programmes already in motion in the Altamira area, such as the **Conservation of Felines** and the **Conservation of Mangroves**.

Meanwhile, the following objectives are being pursued through the **Cañón de Fernández State**



**Park Conservation Project:** Diagnosis for the ecological restoration of juniper forests and riparian vegetation, visits to local communities living within Cañón de Fernández and meetings with the advisory body of Cañón de Fernández. Bi-monthly reports have been issued in recent months, with information on the project's progress.

The **Instituto Neoenergía (Neoenenergy Institute) in Brazil** is advancing with the project **Flyways Brasil**, now in its third phase. In addition to technical activities, it will involve a stronger commitment and awareness of the community and of the people who cohabit with this ecosystem. Children and teenagers will take part in educational activities.

The project **"Crustaceans of the Costa Branca"** sets forth an emergency plan against the environmental disaster of an oil spill on the beaches of the northeast in order to protect marine life. An incubator of turtle eggs has been created to ensure the perpetuation of the species, which incubates an average of 12,000 eggs on the beaches of RN every year.

Another of Instituto Neoenergía's projects is **Project Coralizar**, in collaboration with WWF-Brazil, to protect the oceans. The aim of the project is to map areas of unexplored coral reef, understand the effects of climate change on this ecosystem, and determine what the species depend on for survival. The project also has a research arm to devise a method for restoring coral reefs.

### C. Art and culture

In this field, the company works alongside cultural bodies, renowned museums, public institutions and religious bodies in order to promote culture and restore and conserve artistic heritage, thereby driving local development. These actions have a direct impact on SDGs 8 (Economic growth) and 11 (Sustainable cities and communities).

In the United States, **the Avangrid Foundation has partnered with:**

- **International Festival of Arts & Ideas (Connecticut):** Each June, the International Festival

of Arts & Ideas – New Haven welcomes people from all across Connecticut, and indeed from around the world, to this prestigious and internationally renowned festival in New Haven featuring world-class artists, thinkers and leaders. The event attracts and engages a broad and diverse audience to make progress on the subject of economic development.

- **National Building Museum – The Wall Exhibit (National):** The exhibition will showcase photographs, videos and immersive installations to help visitors understand and ponder the borders with Mexico. A variety of photos and artefacts will be on display, ranging from images of border crossings in the 1910s and 1950s, to items such as a bag of Mexican silver confiscated by the border patrol, pieces of the original barbed wire fence, and articles of clothing left behind by migrants on their 21st century journeys through the Arizona desert.
- **Yale University – Institute for the Preservation of Cultural Heritage (IPCH) (Connecticut):** Support for the Institute for the Preservation of Cultural Heritage at Yale University, one of the world's leading university institutions when it comes to the restoration and preservation of artistic and cultural heritage.
- **Northeast Indiana Foundation (Indiana/Ohio):** A professional artist and team in each county in northeast Indiana will create a mural on the side of a previously approved building. The accompanying activities and events will take place over 11 days, and the festival will culminate with the presentation and celebration of the artwork and award presentations.
- **Connecticut Women's Hall of Fame (Connecticut):** Connecticut Women's Hall of Fame is Connecticut's main resource chronicling the history of prominent women from Connecticut. CWHF's mission is to publicly honour the women of Connecticut, tell their stories, educate the public and inspire ongoing achievements by women and girls.
- **Adams Suffrage Centennial Celebration Committee, Town of Adams (ASCCC) (Massachusetts):** In 2020, the Avangrid Foundation

will honour diversity and inclusion, focusing on women and girls, through a series of partnerships across the county.

- **Evicted (National, UIL):** The Avangrid Foundation will launch a new partnership with the historic Harriet Beecher Stowe House in Hartford, CT in order to bring the exhibition to CT this autumn. Other activities are under consideration.

In Spain, the **Foundation** has unveiled the new lighting system at Basilica of Talavera de la Reina. Work is also under way to improve the lighting systems of the Madrid Supreme Court, Guadalupe Monastery, Santiago Cathedral, the façade of Spain's Centre for Advanced National Defence Studies (CESEDEN), and Valdepeñas Church.

The **Iberdrola Museum Programme** collaborates with the Prado Museum and the Bilbao Fine Arts Museum Restoration Workshops on the conservation of paintings, sculptures and works of art on paper at their art galleries. At the Bilbao Fine Arts Museum, notable examples of new artwork featured in the collection include a piece by Mamerto Segui acquired in 2018, allowing this unique Bilbao artist to join the museum's collection with one of his most important works. Regoyos now features more prominently in the collection following the landscape donated in 2019. Last but not least, 24 drawings by Roberto Laplaza from the mid-19th century are on display, concluding the process of recovering the set of 112 drawings that began in the 2014 Iberdrola-Museum programme.

In 2020, Iberdrola Foundation Spain and the local government of Castilla y León ratified the continuation of the **Atlantic Romanic Plan** to preserve, restore and showcase the cultural heritage to be found within the provinces of Zamora and Salamanca and the border regions of Porto, Vila Real and Braganza.

The **exhibitions programme** is being restarted on 13 July in Sigüenza, which is designed to raise awareness of, provide information on and share the collections and the cultural identity of the museum's heritage. Most notably, it includes education and cultural promotion activities as part of the institution's

bicentenary commemorations programme. This exhibition has been shown in Elche, Eibar, Cartagena, Palencia, Zamora and Jerez de la Frontera. It also visited the cities of Albacete and Mérida in 2020.

### Instituto Neoenergía

On 13 February, the new lighting system was delivered for the exterior façade of Memorial Câmara Cascudo, located in Cidade Alta, the historical centre of Natal (RN).

The **OCA – Oficinas Culturais e Artísticas** (Cultural and Artistic Offices) project will set up a cultural training centre focused on knowledge of creative economics, where socially vulnerable young people aged between 16 and 21 can obtain first-job training in the cities of Campos do Jordão, Santa Isabel and Ilhabela in the state of São Paulo. In February 2020, the draft project was presented to the local councils of the cities involved.

Turning to the **Caravana Energia Que Transforma** (Energy That Transforms Caravan) project, a caravan to provide training in cultural project management will travel to various areas of Rio Grande do Norte, with the training to be delivered through local offices specialising in the social cultural realms. The scope of the project and the beneficiary cities were defined in March. The first online course was carried out in June 2020.

**Transforming energy into culture – Câmara Cascudo Culture:** The Instituto Neoenergía selected 18 socio-cultural projects through the State Law of Incentives for the Câmara Cascudo Culture. All the projects place value on, promote and disseminate the diversity of the local culture and emphasise the contribution of art and culture to sustainable development. Projects must centre mainly on underprivileged children and teenagers and on disabled people. Another edition will be called in July 2020.

In the **United Kingdom, ScottishPower Foundation:**

- **National Museums Scotland:** The project "Powering Forward 2019-2020" will develop a

travelling exhibition in school classrooms to foster a commitment to contemporary science and develop curiosity and the skills of critical thinking. This travelling exhibition for primary schools will bring contemporary science to local communities.

- **Paisley Care Project:** The Paisley Care Project is a unique partnership between the National Theatre of Scotland and the Renfrewshire Council that seeks to positively reimagine relations between young people with experience in care and care providers, thus exploring what caring and being cared for mean. The project seeks to boost the young people's confidence and increase their creative opportunities.
- **Takeover 2020:** A one-week artistic experience in the "Customs House" that is produced by, with and for young people, aimed at developing and showing their leadership skills. The absorption team is a group of young people between the ages of 13 and 18 who are recruited from different backgrounds and who have different experiences of leadership and of art.
- **Change Yer Tune:** *Change Yer Tune* is a partnership centred on increasing community cohesion among young people who are difficult to reach, including young care providers, refugees and local youth. The project uses music as an instrument of participation to help foster aptitudes and create confidence to encourage awareness and understanding of the cultures of others.
- **Artists in the Atrium:** Artists in the Atrium aims to bring the outside world to inside an orphanage through artists, photographers, sculptors, poets, musicians, writers, florists and gardeners. This will be achieved through 1) Creative art workshops such as jewellery making, pottery, singing and floristry. 2) Markets where patients, their family and the local creative community can exhibit, show and offer to sell their work. 3) Exhibitions of the work of professionals and patients that can be viewed by the community.
- **Creative Kin:** Creative Kin is a unique, artist-led initiative to support small children living in kinship care arrangements and their family of carers. Participation in the programme supports

the development of vulnerable children who have experienced significant trauma.

#### D. Social action

This work stream has entailed collaborations with NGOs, foundations and development agencies to promote social and humanitarian projects geared towards more vulnerable people, which contribute to achieving specific targets of Sustainable Development Goal 1: No poverty; 3: Good health and well-being; 5: Gender equality; 7: Affordable and clean energy; and 10: Reducing inequality.

The **Social Programme of the Foundations** is carried out in all five countries, providing support to projects that help tackle child poverty, promote the inclusion of the disabled, and enhance the quality of life of people with serious illnesses, prioritising care for the most vulnerable groups. Significant partnerships are as follows:

#### United Kingdom:

- **Inter Madrassah Organisation:** The Junior Citizen Award organises workshops, activities and group work to promote integration, shared values and a sense of belonging to combat extremism and improve self-esteem. The project will involve young people from 10 associated schools, who will form teams to achieve common goals.
- **Bendrigg Trust:** an outdoor residential education centre that works with disabled and disadvantaged people. Its goal is to promote inclusion, encourage independence, build self-confidence and improve physical and mental health and well-being through adventure activities and residential experiences.
- **Wheeling for Independence:** Wheeling for Independence will help build vital skills for the use of wheelchairs for 300 disabled children and young people in England, ensuring they have the necessary confidence and aptitudes to make the most of their lives and progress to the next level of independence.
- **Provision of an outreach counselling service in Northumberland for children and young**



**people affected by domestic abuse:** Through this project, counselling will be provided to children and young people aged 4 to 18 who have been affected by experiences of domestic abuse. The counselling service will be provided in local schools and children's centres to make it more accessible to families in rural areas who may not have the necessary resources to travel to receive domestic services.

- **Sporting Memories Plus:** This project is aimed at getting older people involved on a weekly basis to increase their physical well-being and prolong their ability to live independently. In particular, the project will improve individuals' strength and balance to help prevent falls. Each participant will be provided with a tailored personal plan in the form of a booklet that will specify the type and frequency of physical activity that would be beneficial to incorporate into their daily lives, with the aim of working towards the agreed goals.
- **Help with Bullying Programme:** The Kidscape programme Help with Bullying will create communities of support to help schools, children and families put a stop to school bullying. The programme will recruit and train volunteers from the community to deliver awareness-raising workshops and provide a response to school bullying for children between the ages of 9 and 12.
- **Project: Pledge to be Seen – Changing Attitudes to Visible Differences in Scotland:** The objective of Pledge to be Seen is to develop and deliver two key campaigns through both social media and the traditional media in Scotland: 1) Pledge to be Seen will develop and deliver a campaign to involve key companies throughout Scotland for them to sign a pledge to represent more people with a visible difference in their business. 2) Fight against hate crimes: a campaign activity in which schools, employers and the police are asked to work to reduce the stigma attached to people who look different and to fight against discrimination wherever it is found.
- **KEY Youth hubs:** Key Youth Hubs will develop

shelters for socially excluded and underprivileged young people between the ages of 16 and 24 in South Tyneside.

### United States:

- **American Red Cross (National):** Institutional pre-investment in disaster recovery, resilience and preparedness in communities served by AVANGRID, across the length and breadth of the United States.
- **Habitat for Humanity International (National):** To support ownership of affordable housing throughout more than a dozen communities in which AVANGRID operates.
- **Rape, Abuse & Incest National Network - RAINN (Washington, D.C./National):** RAINN is the largest anti-sexual violence organisation in the country. It sets up and runs the National Sexual Assault Hotline. RAINN is a dynamic non-profit organisation providing support to victims, public education, public policy guidance and training and advice services. The company is supporting RAINN programmes by helping to expand the direct helpline and provide education, support services and promotional activities.
- **United Way Worldwide – Truist – Employee Match (Connecticut):** Employee donation campaign (CT and Massachusetts only).
- **Yale New-Haven Hospital (Connecticut):** Latest campaign support package for the McGivney Center for Musculoskeletal Care at Yale-New Haven Hospital. This five-year commitment is for a total pledge of USD 250,000 through to 2020.
- **United Way – Greater New Haven (Connecticut):** The United Way-Greater New Haven will celebrate the Centennial over the course of 2020 to raise awareness and funds to support the diverse needs of families struggling to survive, including the Centennial Fund.
- **Operation Fuel:** Assures that struggling families have access to year-round energy in more than one hundred towns across Connecticut. Local government and community-based organisations take part in this project. It also includes other

activities to guarantee basic needs are met, such as the distribution of food, clothes, etc.

- **CT Women's Hall of Fame (National, UIL):** It strives to publicly honour the achievements of the women of Connecticut, preserve their stories, educate the public and inspire ongoing achievements by women and girls.
- **Adams Suffrage Centennial Celebration Committee, Town of Adams (ASCCC) (Massachusetts):** In 2020, the Avangrid Foundation will honour diversity and inclusion, focusing on women and girls, through a series of partnerships across the county.

**#AVANGives** is an initiative through which 10 grants are handed out to community organisations with different missions. These organisations have been selected through a competition open to AVANGRID employees.

In the 2020-2021 season, employees were asked to nominate worthy non-profit organisations that support women, diversity and inclusion, and feedback was received from employees at all levels of the company and across all geographical regions. The 12 recipients of the USD 5,000 gifts were announced in early March.

The event will be repeated in 2020 but has yet to commence.

1. **The Center for Grieving Children (Maine)**
2. **New Haven Pride Center (Connecticut):** Runs educational, cultural and social enrichment programmes for the LGBTQ+ community, their supporters and members to make a positive contribution to the entire Greater New Haven community.
3. **Clifford Beers Child Guidance Clinic (Connecticut):** The Clifford Beers Clinic provides the latest solutions for children and families searching for social, physical and mental well-being, especially in the Greater New Haven region.
4. **p: ear (Oregon):** This grant is intended to

nurture personal value and build healthier lives and communities. It will be used to provide food every day to 70 young people for three months.

5. **Pine Tree Camp (a programme run by the Pine Tree Society):** Known for continuously innovating to meet the needs of people with a wide range of disabilities, Pine Tree Camp has become a place where children and adults can take part in the recreational activities Maine is famous for: camping, hiking, swimming and many more.
6. **EmBe - Girls on the Run (South Dakota/Renewables):** EmBe was the first organisation to respond to women's needs in the area. In its early years as the YWCA, it was a place for girls and women to gather and learn, a place for them to live, find safety and shelter from violence through physical exercise, and a place to develop leadership skills and find friendship. Over the years, many community programmes and services have been developed to create a world in which every girl can be aware of and realise their limitless potential and be free to explore their dreams.
7. **The Klein Memorial Auditorium Foundation (Connecticut):** This one-of-a-kind programme in the State of Connecticut provides a safe and nurturing environment with an emphasis on socialisation, team work and personal achievements. The programme aims to create a positive environment to equip students with tools for self-expression, to develop life skills and to enhance access to vocational training in theatre arts and learning support. Following six years of growth, Klein Theater Arts currently has 70 students per term from 32 schools in the area.
8. **Crime Victims Assistance Center (New York):** This grant will support the Crime Victims Assistance Center (CVAC) to help more young people and provide more accurate data on treatments and results.
9. **Compeer (New York):** The Rochester family and youth mentoring programme offers support and guidance to disadvantaged young people dealing

with mental illness, poverty and low academic performance.

10. **Tree Street Youth (Maine):** The grant will help Tree Street Youth to support a marginalised community in Lewiston, Maine, through arts and athletics-based programmes in a safe space. The aim: to encourage physical health and social, emotional and educational development.

The Avangrid Foundation has donated a million dollars in the COVID-19 pandemic. The Foundation partnered with four national organisations with well-known names and networks of local operations and branches throughout the United States. Many of these local branches received funding from corporate donations and/or as part of the regular donations of the Foundation, thus amplifying the real impact.

- **American Red Cross**
- **Meals on Wheels**
- **Americares**
- **Feeding America**

#### Mexico:

- **LUCES DE ESPERANZA:** A project that will bring electricity to 30 communities in Huasteca Potosina, a remote area that has not had this basic service for 10 years, if not more, due to geographical constraints.
- **Urology Brigades in the south-south east:** Contribute to the well-being of Oaxaca women suffering from complex urological problems.
- **Education with energy:** Educational workshops for children, teachers and parents of the most vulnerable families to improve quality of learning.
  - Upwards of 2,000 parents, teachers and children have attended,
  - with over 45,000 direct beneficiaries.
- **Learning infrastructure:** Construction and fitting out of spaces and infrastructure for learning.
  - Building alliances and strengthening existing partnerships.
  - Extension to new centres: Baja California and Bajío.

- **Build to Educate:** Rebuilding of schools affected by the 2017 earthquakes in Oaxaca. Initial rebuilding of three schools.

#### Brazil:

- **DroPS:** Monthly meetings on key subjects to train 50 social entrepreneurs. The projects supported have to contribute to fulfilling all the SDGs, i.e. the project will boost the impact in all the areas of environmental and social development listed by the UN. Thanks to this project, there has been 75% growth in new partnerships by the projects helped through training, which demonstrates how the beneficiary organisations have improved in quality and how being a member of a network helps in the development of social enterprises.
- **Impactô:** Acceleration of five initiatives with a positive social impact in the city of Salvador (BA) by enhancing their management processes. The enterprises and NGOs that will be accelerated through Impactô are: Acopamec, Bankman, Associação Clara Amizade, Punk Harzard Studios and Cipó Comunicação. The first class was held on 8 October. The project is being run in conjunction with Instituto Ekloos, an expert in accelerating initiatives with a strong social impact.
- **Fight against COVID-19:** Aside from Impactô, Instituto Neoenergia will roll out a further two initiatives to cushion the impact of the pandemic. 1. Donation of BRL 600,000 to the Transforma Brasil Fund, which will assist 24,000 families in Bahia, Rio Grande do Norte, Pernambuco, São Paulo and Rio de Janeiro; 2. The Pessoas e Negócios Saudáveis (Healthy People and Business) project, which aims to feed socially vulnerable people during the pandemic while generating income for the poorest communities.

#### Spain:

In September 2020, Iberdrola Foundation Spain will invite applicants to submit their social projects to compete for funding under the programme for 2021.

The joint project between Iberdrola Foundation Spain and **Save the Children** to build a child protection

centre in the city of Nouadhibou has now been completed, thus providing a home for these children and protecting them from the dangers they would otherwise face on the street.

The project is part of the European Union's AFIA Programme, which aims to protect children against trafficking and exploitation. The new centre is being built on land owned by the Ministry of Social Affairs, Childhood and Family (MASEF) in Mauritius.

Due to COVID-19, the Iberdrola Foundation Spain has donated 37 tablets with a GSM card to young people in the residence-boarding school of San Ildefonso of Madrid and 15 laptop computers for the Parish of San Juan de Dios in Vallecás. They have also been offered the support of the Iberdrola Volunteer Programme to receive further information.

An initiative has also been launched to prepare 90,000 solidarity meals—1,000 a day for 90 consecutive days—for underprivileged people in Madrid and Vizcaya.

## 4. Corporate Governance

Highlights for the first half of financial year 2020 were as follows:

- On 30 October 2019, Iberdrola S.A. ("IBERDROLA") notified the Spanish stock market commission ("CNMV") of an addendum to the prospectus containing the terms and conditions of the second round of the 'Iberdrola Scrip Dividend' optional dividend scheme. IBERDROLA then published another addendum to that same prospectus on 7 January 2020.

On 30 January 2020, IBERDROLA completed the paid-up capital increase approved by the General Shareholders' Meeting of 29 March 2019, as well as the distribution of an interim dividend for 2019 as agreed by the Board of Directors, as part of the second round of the 'Iberdrola Scrip Dividend' optional dividend scheme.

- On 4 February 2020, the CNMV was informed of the signing of an agreement between Iberdrola Participaciones, S.A. (Sociedad Unipersonal) ("Iberdrola Participaciones") and IBERDROLA on the one side, and Siemens Aktiengesellschaft, on the other, the said agreement governing the sale of the entire stake held by Iberdrola Participaciones in Siemens Gamesa Renewable Energy, S.A., representing 8.07% of its share capital.

Subsequently, on 5 February 2020, IBERDROLA reported the completion and settlement of the sale. It also disclosed an estimated gross capital gain (before tax) of approximately EUR 485 million. It was reported that the net capital gain (after tax) would be shown in the consolidated financial statements of the Iberdrola Group over the course of the financial year.

- On 14 February 2020, the Company submitted its energy production figures for 2019.
- On 24 February 2020, IBERDROLA notified the CNMV of the resolution of the Board of Directors to carry out a buyback programme of the Company's

treasury stock in accordance with the authorisation conferred by the General Shareholders' Meeting held on 13 April 2018. Up until 2 June 2020, when the programme ended, the Company had acquired 101,772,935 treasury shares, equating to 1.577% of its treasury stock.

- On 26 February 2020, the Company submitted its results for the financial year ended 31 December 2019 to the CNMV.
- Due to the pandemic caused by Covid-19, on 9 April 2020, IBERDROLA notified the postponement of the Capital Markets Day 2020, which was originally scheduled for 13 May 2020. On 22 June 2020, the Company published an update to the financial calendar for the year, with the Capital Markets Day set for 11 November 2020.
- On 17 April 2020, the Company submitted its energy production figures for the first quarter of financial year 2020.
- On 28 April 2020, IBERDROLA notified the CNMV of the terms and conditions of the first round of the 'Iberdrola Scrip Dividend' optional dividend scheme for financial year 2020.
- On 29 April 2020, the Company submitted to the CNMV its presentation of results for the first quarter of financial year 2020.
- On 7 May 2020, IBERDROLA disclosed to the CNMV that 'Iberdrola Renovables France, S.A.S.', a fully owned subsidiary of 'Iberdrola Energía Internacional, S.A.', (Sociedad Unipersonal) signed an agreement with 'Aiolos, S.A.S.' and 'Caisse de Dépôts et Consignations' (the "Sellers") for the acquisition of shares representing 100% of the share capital of the French company 'Aalto Power, S.A.S.' and the transfer of certain loans provided by the Sellers to Aalto Power.
- Lastly, on 17 June 2020, the announcement was made of the signing of an agreement for the implementation of the bid by 'Iberdrola Renewables Australia PTY, Ltd.' with 'Infigen Energy Limited' and 'Infigen Energy RE Limited' ("Infigen") under which 'Iberdrola Renewables Australia PTY, Ltd.' agreed to

make a bid for the cash acquisition of all the linked securities issued by the two Infigen companies listed in the Australian stock exchange, which represents an aggregate consideration of AUD 840.6 million, equivalent to EUR 510.2 million for the entirety of the share capital of the two companies.

- In addition, on 29 and 30 June 2020, it was disclosed that 'Iberdrola Renewables Australia PTY, Ltd.' had improved the bid consideration to acquire the entirety of the linked securities issued by Infigen and that it had decided to waive the terms of the bid other than the acquisition of more than 50% of the capital of Infigen and the approval of the bid by the Australian foreign investment authorities.

### GENERAL SHAREHOLDERS' MEETING

The Board of Directors of IBERDROLA, at its meeting of 24 February 2020, agreed to convene the General Shareholders' Meeting to be held at first call on 2 April 2020, or at second call on 3 April 2020. In addition, the Board approved the payment of an attendance bonus for shareholders present or represented at the General Shareholders' Meeting.

The announcement of the call to the General Shareholders' Meeting was published by the Company on its corporate website ([www.iberdrola.com](http://www.iberdrola.com)) and in the Official Bulletin of the Companies Register on 28 February 2020.

On that same date, the *Annual Corporate Governance Report*, the *Annual Director Remuneration Report* and the financial information for 2019 were sent to the CNMV.

Subsequently, in response to the World Health Organization's announcement that the coronavirus (COVID-19) outbreak qualified as a global pandemic, the Board of Directors agreed, on 18 March 2020 and under the terms of Article 41 of *Royal Decree-Law 8/2020, of 17 March, on extraordinary and urgent measures to combat the economic and social impact of COVID-19*, to publish an addendum to the announcement of the General Shareholder's Meeting as an extraordinary measure to ensure that the meeting would be held responsibly, given



the overriding need to safeguard public interests, the health of the people involved in organising and staging the meeting and to ensure that the Company continues to successfully carry on its business activities and accomplish its objectives in the interest of all shareholders and other stakeholders.

On 2 April 2020, the Company's General Shareholders' Meeting was held at first call, with a quorum of 77.04% of share capital (7.35% present and 69.69% represented). All the motions included on the meeting agenda were approved at the meeting, as shown below:

#### Resolutions relating to the performance of the management and audit function

1. Financial statements for 2019.
2. Management reports for 2019.
3. Statement of non-financial information for 2019.
4. Corporate management and performance of the Board of Directors in 2019.
5. Re-election of KPMG Auditores, S.L. as the financial auditor.

#### Resolutions regarding the corporate governance system

6. Amendment of Articles 6, 7 and 17 of the *Articles of Association* to redefine the concepts of social interest and social dividend.
7. Amendment of Article 8 of the *Articles of Association* in order to recognise the compliance system and the Compliance Unit.
8. Amendment of Article 10 of the *Articles of Association* to reflect the amount of share capital resulting from the capital reduction achieved through the redemption of a maximum of 213,592,000 treasury shares (3.31% of share capital).
9. Amendment of Article 9 of the *Regulations of the General Shareholders' Meeting* to vest powers in the General Meeting to approve the statement of non-financial information.
10. Amendment of Articles 14, 19 and 39 of the *Regulations of the General Shareholders' Meeting*

to update existing rules and regulations on the right to information and on the mechanisms enabling remote attendance of the meeting.

11. Amendments to Articles 6, 7, 15, 16, 17, 22, 33 and 44 of the *Regulations of the General Shareholders' Meeting* to introduce certain technical improvements.

#### Resolutions regarding remuneration

12. Allocation of earnings and distribution of the 2019 dividend, in relation to which the final dividend will be paid within the framework of the "Iberdrola Scrip Dividend" optional dividend scheme.
13. Initial increase of paid-up capital for a maximum reference market value of EUR 1,625 million, for the purpose of implementing the "Iberdrola Scrip Dividend" optional dividend scheme.
14. Second increase of paid-up capital for a maximum reference market value of EUR 1,415 million, for the purpose of implementing the "Iberdrola Scrip Dividend" optional dividend scheme.
15. Consultative vote on the 2019 *Annual Director Remuneration Report*.
16. Strategic bond aimed at Iberdrola group employees and pegged to the Company's performance over the 2020-2022 horizon, to be settled through the delivery of shares.

#### Resolutions regarding the Board of Directors

17. Appointment of Nicola Mary Brewer as independent director.
18. Appointment of Regina Helena Jorge Nunes as independent director.
19. Re-election of Iñigo Víctor de Oriol Ibarra as other external director.
20. Re-election de Samantha Barber as independent director.
21. Setting the number of members of the Board of Directors at 14.

#### Resolution on authorisations and vesting of powers

22. Authorisation to increase share capital under the terms and subject to the limits prescribed by law,

with authority to disapply the pre-emptive right limited though limited to a combined maximum of 10% of the share capital.

23. Authorisation to issue bonds exchangeable for and/or convertible into shares and warrants of up to EUR 5,000 million and with a term of five years, with authority to disapply the pre-emptive right though limited to a combined maximum of 10% of the share capital.
24. Delegation of powers for the formalisation and notarisation of any resolutions adopted.

## BOARD OF DIRECTORS

The Board of Directors at its meeting on 1 April 2020 approved upon a recommendation or report issued by the Appointments Committee the following re-elections and appointments to internal positions among other matters subject to approval by the General Shareholders' Meeting of the resolutions for the appointment or re-election of directors:

- i. Appointment of lead independent director Juan Manuel González Serna as deputy chairman of the Board of Directors.
- ii. Re-election of independent director Samantha Barber and appointment of Mr González Serna as members of the Delegated Executive Committee.
- iii. Re-election of independent director Xabier Sagredo Ormaza and appointment of independent director Regina Helena Jorge Nunes as members of the Audit and Risk Oversight Committee. Sagredo Ormaza continues to serve as chairman of that committee.
- iv. Appointment of other external director Iñigo Víctor de Oriol Ibarra as member of the Remuneration Committee, who will step down from the Sustainable Development Committee.
- v. Appointment of independent director Nicola Mary Brewer as member of the Sustainable Development Committee.

## CORPORATE GOVERNANCE SYSTEM

Iberdrola continually updates its corporate governance system, which comprises the following

regulatory documents: *Articles of Association*, *the Purpose and Values of Iberdrola Group*, the corporate policies, the governance regulations of the corporate bodies and the other functions and internal committees, and the Company's compliance function. Generally recognised good governance recommendations in international markets have been taken into account when drafting these documents.

Corporate governance rules are drawn up, revised and enhanced in line with the strategy that the Company and the companies belonging to IBERDROLA Group have now been following for years.

On 24 February 2020, IBERDROLA's Board of Directors agreed to reform its Corporate Governance System so as to: (i) update the terms of various corporate policies to include the link between the Code of Ethics and social interest and to update the definition of social dividend; (ii) eliminate—following the CNMV's decision to repeal its rules and criteria on discretionary transactions with own shares of 18 July 2013—the guidelines on this subject set out in the *Internal Rules of Conduct in the Securities Markets* and in the *Treasury Shares Policy*; (iii) replace all references to significant corporate events (*hechos relevantes*) in the rules and policies of the corporate governance system with the new categories established by the CNMV; (iv) update the treatment and disclosure of inside information in the rules that make up Compliance Book V; (v) update the *Regulations of the Board of Directors*—the amendment of which was communicated to the CNMV on that date—and the regulations of the advisory committees attached to the Board to make clear that meetings held at various interconnected venues will be deemed to be held at the registered office; (vi) amend the *Policy on Respect for Human Rights* so as to update the core principles and establish the relationship with stakeholders; (vii) introduce various technical improvements; and (viii) review risk policies.

As mentioned in the section on the resolutions of the General Shareholders' Meeting, the amendment of

the Articles of Association and the *Regulations of the General Shareholders' Meeting* was approved on 2 April 2020 and communicated to the CNMV.

All documents that comprise the corporate governance system are posted (in their full or abridged version) in both Spanish and English on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)), which allows users to download them for consultation onto an e-book reader or any other mobile device.

On 28 April 2020, IBERDROLA's Board of Directors resolved to reform its corporate governance system so as to: (i) align the content of the Policy on relations with Stakeholders with the best practices and recommendations of the Dow Jones Sustainability Index. (ii) strengthen IBERDROLA's commitment to human rights. (iii) add the Occupational Health and Safety Risk Policy Appendix to the summary of corporate risk policies and (iv) take note of the fact that 'Neoenergía, S.A.' is a listed company in the Introduction to the corporate governance system.

Lastly, on 24 June 2020, the Board of Directors resolved to once again reform the corporate governance system so as to: (i) amend the Regulations of the Board of Directors –with the amendment communicated to the CNMV– and the regulations of its committees to implement the regulation of meetings in interconnected venues and to provide for the remote attendance of their members and to (ii) include a new appendix in the General corporate governance policy to regulate the use of remote communication systems for the holding of meetings.

All documents that comprise the Corporate Governance System are published (in their full or summarised version) in both Spanish and English on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)), which also offers the option of downloading them for consultation onto an e-book reader or any other mobile device.

### Information transparency

One of the core principles underlying IBERDROLA's corporate governance practices is to ensure maximum

transparency in financial and non-financial information provided to shareholders, investors and markets. The Company made considerable efforts in 2020 to ensure that institutional investors and financial analysts are kept fully informed of its business and activities.

### Information on the existence of corruption cases during the year

The Company received no reports in its ethics mailboxes of confirmed cases of corruption during the year. Nor did the company receive any reports through the legal channels of its Legal Services department of judicial resolutions in this area during the reporting period. No reports were received in the mailboxes set for this purpose recording incidents causing the cancellation of orders or contracts with group suppliers.

The Iberdrola Group is collaborating with the justice system in establishing the facts relating to the contracting of the company Cenytt with the aim of determining any liability or responsibility that is due and to defend its own good name and reputation.

The review and analysis of internal processes carried out with the assistance of independent experts and in accordance with the Group's corporate governance and compliance system revealed no violation of the systems of internal control, the Code of Ethics or any other rules or procedures. Therefore, the impact of such events, if any, would be limited to the sphere of reputation.

More information on the actions taken by IBERDROLA and Iberdrola Renovables with respect to the contracting of Club Exclusivo de Negocios Y Transacciones SL (CENYT) at: [https://www.iberdrola.com/wcorp/gc/prod/es\\_ES/corporativos/docs/cenytt\\_nota\\_consejo\\_administracion.pdf](https://www.iberdrola.com/wcorp/gc/prod/es_ES/corporativos/docs/cenytt_nota_consejo_administracion.pdf)



## 5. Significant Events

CNMV: Significant Events from January to March 2020		
Date	Event	Registration No
01/04/2019	The Company reports the announcement for Presentation of Results for the First Half of 2020.	1315
01/04/2020	Issue by Iberdrola Finanzas. S.A. (Sociedad Unipersonal) of bonds on the Euromarket in the amount of EUR 750 million.	1342
02/04/2020	Resolutions of the General Shareholders' Meeting of 2 April 2020 and re-elections and appointments of internal positions of the Board of Directors and its committees.	1358
03/04/2020	Transactions carried out by Iberdrola. S.A. under its share buyback programme between 27 March and 2 April 2020.	1377
09/04/2020	Iberdrola postpones Capital Market Day 2020.	1473
16/04/2020	Transactions carried out by Iberdrola. S.A. under its share buyback programme between 3 and 15 April 2020.	1569
17/04/2020	The company reports its Energy Production figures for the first quarter of 2020.	1611
23/04/2020	The company reports the Regulations of the General Shareholders' Meeting.	1713
24/04/2020	Transactions carried out by Iberdrola. S.A. under its share buyback programme between 16 and 23 April 2020.	1720
28/04/2020	Terms and conditions of the first edition of the 'Iberdrola Scrip Dividend' optional dividend scheme for 2020.	1815
29/04/2020	The company submits the interim directors' report for first quarter of 2020.	1827
29/04/2020	Presentation of results for the first quarter of 2020.	1829
05/05/2020	Transactions carried out by Iberdrola. S.A. under its share buyback programme between 24 April and 4 May 2020.	1984
07/05/2020	Resolution for the acquisition of the entirety of the share capital of company holding operating assets and on-shore wind projects in France. Aalto Power.	2081
14/05/2020	Transactions carried out by Iberdrola. S.A. under its share buyback programme between 5 and 13 May 2020.	2241
25/05/2020	Transactions carried out by Iberdrola. S.A. under its share buyback programme between 14 and 22 May 2020.	2394
28/05/2020	Launch of an issue on the Euromarket of additional bonds linked to the value of Iberdrola. S.A. shares (on a non-diluted basis) by Iberdrola International B.V.. guaranteed by Iberdrola. S.A.	2470
29/05/2020	Increase of nominal of issue on the Euromarket of additional bonds linked to the value of Iberdrola. S.A. (on a non-diluted basis) by Iberdrola International B.V.. guaranteed by Iberdrola. S.A.	2476
02/06/2020	Establishment of final issue price of additional bonds linked to the value of Iberdrola S.A. shares (on a non-diluted basis) by Iberdrola International B.V.. guaranteed by Iberdrola. S.A.	2532
03/06/2020	Transactions carried out by Iberdrola. S.A. under its share buyback programme between 25 May and 2 June 2020. End of programme. Acquisition of own shares as a result of the settlement of derivatives.	2546
17/06/2020	Announcement of offer to acquire 100% of the stapled securities issued by Infigen Energy Limited and Infigen Energy RE Limited and listed on the Australian stock exchange.	286
22/06/2020	2020 Financial Calendar Update.	2930
29/06/2020	Improvement on offer consideration for acquisition of the entirety of the share capital of Infigen Energy Limited and Infigen Energy RE Limited.	3033
30/06/2020	Waiver of certain conditions of the offer for acquisition of the entirety of the share capital of Infigen Energy Limited and Infigen Energy RE Limited.	3073

# Glossary of terms

Alternative Performance Measures	Definition
Market capitalisation	Number of shares at the close of the period x price at the close of the period
Earnings per share	Net profit for the quarter / number of shares at the close of the period
PER	Price at the close of the period / Earnings per share for the last four quarters
Price / Book value	Market capitalisation / Equity of the parent company
Dividend yield (%)	Dividends paid in the last 12 months and attendance bonus / price at close of the period
Gross Margin	Net Revenue - Procurements
Net Operating Expenses	Personnel expense - Capitalized personnel expense + External services - Other Operating Income
Net Operating Expenses / Gross Margin	Net Operating Expenses / Gross Margin
Net Personnel Expense	Personnel Expense - Capitalized Personnel Expense
Net External Services	External Services - Other Operating Income
Gross Operating Profit (EBITDA)	Operating Profit + Depreciations. Amortisations and Provisions
Adjusted Gross Operating Profit (EBITDA)	Gross Operating Profit (EBITDA) adjusted by provisions for efficiency plans
Net Operating Profit (EBIT)	Operating Profit
Financial Result	Financial Revenue - Financial Expenses
Income from Non-Current Assets	Benefits from sale of non-current assets - Losses from sale of non-current assets
ROE	Net Profit of the four last quarters / Equity (average)
Financial leverage	Net Financial Debt/(Net Financial Debt + Equity)
Adjusted Equity	Shareholders' Equity adjusted by the market value of the accumulators
Gross Financial Debt	Financial Debt (loans and other) + equity instruments with certain characteristics of financial liability + Liability derivative debt instruments
Net Financial Debt	Gross Financial Debt – Asset derivative debt instruments - Other short-term credits(*) - Cash and other cash equivalents
Adjusted Net Financial Debt	Net Financial Debt adjusted by market value of treasury stock cumulative hedges
Net Financial Debt / Equity	Net Financial Debt / Equity
Net Financial Debt / EBITDA	Net Financial Debt / EBITDA for the last four quarters
Funds from Operations (FFO)	See section 'Funds From Operations' in the report

(\*) Included in the Balance Sheet in "Other current financial assets"

Alternative Performance Measures	Definition
Adjusted Funds from Operations (Adjusted FFO)	Funds from Operations adjusted by provisions for efficiency plans
Funds From Operations (FFO) / Net Financial Debt	FFO for the last four quarters / Net Financial Debt
Net Operating Cash Flow per Share	FFO for the quarter / Number of shares at close of the period
Retained Cash Flow (RCF) / Net Financial Debt	RCF for the last four quarters / Net Financial Debt



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