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*EBITDA exceeds €10 billion for the first time*

### Record investments of €8.16 billion take Iberdrola's net profit to a record €3.4 billion in 2019 (+13%)

*Ignacio Galán, Group Chairman: "These results reflect the company's broad strategic vision and its capacity for delivery, which have enabled us to be 20 years ahead of the current energy transition"*

*"Iberdrola demonstrates year after year that its sustainable business model creates value for shareholders and society at large," added Galán*

- **Investments grow 32% to €8.16 billion:** with 44% of total going to networks and 41% to renewables. Capacity increased in all its markets, with 5,500 new MW installed in 2019 (five times the annual average capacity installed over the past few years).
- **Positive business performance:** EBITDA grows by 8.1%, exceeding €10 billion for the first time, driven by the networks, and generation and retail activities, despite having recorded the group's lowest hydroelectric production in years.
- **Improved financial strength:** in a context of record investments, cash flow generation grows by 10% to €8.06 billion. This situation mirrors the improvement of financial solvency ratios.
- **Shareholder remuneration grows by 14% to €0.40 per share:** the Board of Directors will propose to the General Shareholders' Meeting a complementary dividend of €0.232 gross per share in addition to the interim dividend of €0.168 gross per share paid on 5 February. The company's over 600,000 shareholders have enjoyed a 37% revaluation of the share and dividends paid by the company for the year, in addition to a dividend increase by more than 47% over five years.
- **Future prospects:** With record investment of over €10 billion planned in 2020, Iberdrola expects to post high single-digit growth in net profit, while keeping its financial strength and its increasing dividend policy. This growth rate will be maintained in the following years.
- **A model benefiting shareholders, employees and society at large:** In 2019 Iberdrola supported 3,500 new recruits (5,000 anticipated in 2020), kept its CO<sub>2</sub> emissions two-thirds below those of its European peers, purchased €20 billion worth of goods and services from suppliers, and contributed €14 billion in taxes.



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**Madrid.** Iberdrola obtained a net profit of €3.4 billion in 2019, a record high which represents an increase of 13% compared to the previous year. This result was driven by record €8.16 billion investments delivered during the year (+32%).

Gross operating profit, or EBITDA, exceeded €10 billion for the first time (€10.1 billion), an increase of 8.1% on 2018.

Group Chairman Ignacio Galán pointed out that “these results reflect the company’s broad strategic vision and its capacity for delivery, which have enabled us to be 20 years ahead of the current energy transition.”

Of the total investment amount, 44% went to networks and 41% to renewables, two areas which experienced growth of 19% and 85% to €3.59 billion and €3.34 billion respectively. As a result, the company installed 5,500 new megawatts (MW) in all markets during 2019, compared with the 1,000 MW annual average in previous years. In addition, the company is currently building 9,000 MW in Spain, Portugal, the UK, the US, Mexico, Brazil and other new markets such as Australia, scheduled to be commissioned in 2021 and 2022. The company also has a project pipeline of over 40,000 MW worldwide in different stages of development.

The investments made in the networks business have increased the value of the group’s regulated assets to €31 billion, 6% more than in 2018 – all in an environment of new regulatory frameworks that contribute greater stability.

### Shareholders, employees and society play centre stage

When presenting results, Ignacio Galán also stated how posting record profits was compatible with the group’s social dividend: “Iberdrola demonstrates year after year that its sustainable business model creates value for shareholders, employees and society at large. In 2019, we hired 3,500 people, purchased €20 billion worth of goods and services from 22,000 suppliers and paid €14 billion in taxes.”

The latter figure is the sum of the €2.9 billion of taxes reflected in the group’s profit and loss account plus the 5.2 billion euros of taxes collected from its customers and employees, together with the impact of indirect taxes on its activities.

For twenty years now Iberdrola has been centred on environmental, social and governance (ESG) criteria while being absolutely committed to ethics, transparency and good corporate governance. This commitment was reinforced with the inclusion in its By-laws of the United Nations’ Sustainable Development Goals (SDGs) under the Agenda for 2030.

The company managed to offer a 37% revaluation of the share and dividends paid in the year to its more than 600,000 shareholders while growing its dividend by 47.6% over the past five years.

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As regards its employees, Iberdrola continues to be a benchmark for stable, quality jobs. Having hired almost 3,500 people in 2019, it will continue to support employment, with some 5,000 new recruits in 2020. It is worth noting that 99% of the company's workforce has permanent contracts. Furthermore, the company has dedicated 55 hours of training a year to each employee and has continued to bet on young talent through its Early Career programme, having granted scholarships to some 900 postgraduate students over the past few years. It has also strengthened ongoing dialogue with trade union representatives, as shown by the 36 labour agreements reached along the year and its inclusion in the Bloomberg Gender Equality Index for the third consecutive year.

Iberdrola invested €280 million in R&D+i in 2019, thus placing itself among the top three of the sector worldwide and its international volunteer programme had 7,500 participants. Overall quality of service improved by 10% and its CO<sub>2</sub> emissions remained two-thirds below those of its peers in Spain and Europe.

### Positive business performance boosts EBITDA

Gross operating profit (EBITDA) reached €10.1 billion in 2019, representing an increase of 8.1% compared to 2018. This positive development is particularly significant in view of the fact that the company recorded the lowest hydroelectric production in the past few years.

By businesses, the networks area posted €5.26 billion EBITDA, 7.1% up on previous year, driven by good performances in Brazil and the UK, thanks to the contribution of new investments in transmission and distribution assets.

The generation and retail area showed a 21.1% EBITDA increase to €2.46 billion in the 12 months. This good performance was underpinned by the 2.6-GW in new generation capacity installed in Mexico, increased production growth in Spain and the good performance of global energy retail and digital services activities.

At €2.38 billion, Renewables EBITDA was 2.4% down, with increased wind production partly offsetting low hydroelectric output, particularly in Spain.

### Financial strength and growing dividend

Iberdrola continued to enhance its financial strength throughout this past year thanks to cash flow generation, which grew by 10% to €8.06 billion, and the completion of its €3.5 billion asset rotation plan three years ahead of schedule. The latter was further improved in 2020 with the sale of its stake in Siemens Gamesa for €1.1 billion.

Thus, in a context of record investments, Iberdrola complied with its commitment to hold its financial solvency ratios steady: the ratio of funds from operations (FFO) and net debt

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improved by 0.7 bps to 22.2% and net debt to EBITDA came in at 3.6x compared with 3.7x the previous year<sup>1</sup>.

Iberdrola also continued to be the global leader in private sector green financing, with €11billion outstanding.

The good performance for the year has also allowed Iberdrola's Board of Directors to propose to its Annual General Meeting, called for 2 April, the approval of a complementary dividend of €0.232 gross per share, payable in July. When added to the interim dividend paid on 5 February, total shareholder return (TSR) for 2019 stands at €0.40 gross per share, up 14% from previous year. This means the dividend floor initially set for 2022 has been reached three years in advance.

### Investment growth and future prospects

The investment plan, the continuous increase in efficiency and the favourable operational prospects allow for a positive 2020 guidance, in terms of both results and shareholder return.

Specifically, Iberdrola contemplates investing more than €10 billion during the year, 40% more than the average for the past three years. This will translate into 4,000 new MW of installed capacity, and an increase of around 4% in the regulated assets base.

The networks business will also be reinforced by new tariff agreements, the renewables business by greater operating capacity and the generation and retail business by increased production.

The combination of these positive factors, together with the demanding climate policies being implemented in its key markets allow Iberdrola to expect growth in net profit for 2020<sup>2</sup> at high single-digit levels while keeping its financial strength and its increasing dividend policy. This growth rate will be maintained in the following years.

<sup>1</sup> Pro forma, excluding the impact of IFRS16.

<sup>2</sup> Excluding pre-tax capital gains for approximately €485 million from the sale of its stake in Siemens Gamesa



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### **About Iberdrola**

[Iberdrola](#) is a global energy leader, the number-one producer of wind power, and one of the world's biggest electricity utilities by market capitalisation. The group supplies energy to almost 100 million people in dozens of countries including Spain, the United Kingdom (ScottishPower), the United States (AVANGRID), Brazil (Neoenergia), Mexico, Germany, Portugal, Italy and France. With a workforce of more than 35,000 and assets in excess of €122 billion, it achieved a turnover of €36.4 billion and a net profit of over €3,4 billion in 2019.

Iberdrola is leading the transition towards a sustainable energy model through its investments in renewable energy, smart grids, large-scale energy storage and digital transformation, to offer the most advanced products and services to its customers. Thanks to its commitment to clean energy, Iberdrola is one of the companies with the lowest emissions and an international benchmark for its contribution to sustainability and the fight against climate change.

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