

PRESS RELEASE

The company accelerates its activity, contributing to the recovery from the crisis created by COVID-19

Iberdrola posts ordinary net profit of €968 million up to March, an increase of 5.3%, thanks to record investments of nearly €10 billion since the beginning of 2019

Ignacio Galán, Group Chairman: “There is complete consensus that the road to economic recovery must be green, with the fight against climate change at its core. The European Green Deal and the National Energy and Climate Plans across the EU already provide a clear pathway. Iberdrola is fully prepared to help deliver these targets.”

MANAGEMENT OF COVID-19

- **Comprehensive plan to combat the coronavirus:**
 - **Employees:** safeguarding employment, with 5,000 new hires foreseen for 2020; strengthening safety and protection measures for field personnel, and enabling 95% of office staff to work remotely, thanks to investments in digitisation
 - **Suppliers and industrial fabric:** increasing investments in the quarter by 24% to €1.73 billion and accelerating procurement from suppliers, which have reached €3.8 billion in the past few weeks so as to increase activity and safeguard suppliers' jobs
 - **Society:** shoring up the supply of electricity, a critical service, especially for essential infrastructure such as hospitals; offering payment facilities to its customers and free services to vulnerable groups, in close collaboration with the authorities; and donating €30 million worth of urgently needed medical supplies
- **The impact on the businesses, under control:** the strength of the networks and renewables-based business model, continuation of activity through additional measures taken, the 8.500 megawatts under construction and the mitigating actions in place largely cushion the effects of the pandemic on the company's business
- **Financial strength based on prudence:** liquidity amounts to €14.4 billion, enough to cover financial needs for 30 months in a normal scenario. The success of the Group's latest green bond issues, totalling €1.8 billion, demonstrates a continued ability to access favourable market rates
- **Upholding its commitment to its more than 600,000 shareholders:** the General Shareholders' Meeting, with a 77% attendance rate, approved all the proposed resolutions, with an average of 98% of votes in favour, including ratification of the dividend for 2019 of €0.40 gross per share, reaching the minimum target set for 2022 three years in advance.



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QUARTERLY RESULTS

- **EBITDA grew by 5.8% to €2.75 billion:** the 5,500 megawatts commissioned in the past twelve months drove the Liberalised and Renewable businesses, which improved by 26.5% and 6.1% respectively, while the Regulated business fell by 4.7%, affected by accounting adjustments in the United States and by the reduction in revenue in accordance with the regulatory framework in force in Spain
- **Performance down in Spain:** mainland demand for electricity fell by 3.2% year on year and wholesale market prices were down by 37%, both influenced by the state of alarm declared as a result of COVID-19. EBITDA of Iberdrola España fell by 3% and net profit by 7%. Investments increased by 51% compared with the first quarter of 2019, both in networks and in the acceleration of new renewable projects
- **Positive non-recurring item:** the sale of the company's 8.07% stake in Siemens Gamesa generated proceeds of €1.1 billion and a capital gain of €484 million in the quarter, bringing reported net profit, which includes non-recurring results, to €1.26 billion. This one-off positive effect will help to mitigate any negative impacts of the COVID-19 crisis throughout the year
- **Outlook for 2020:** the group is maintaining the growth forecast for its net profit and dividends thanks to the contribution of the €10 billion of investments planned for the year together with the capital gain obtained in the first quarter

Madrid. Iberdrola obtained ordinary net profit of €968 million in the first quarter of the year, 5.3% more than in the same period of 2019. EBITDA increased in line with this, growing by 5.8% to €2.75 billion. These results were possible thanks to the record investments that Iberdrola carried out between the beginning of 2019 and the end of the first quarter of 2020, amounting to €9.88 billion. Of this amount, €1.73 billion was invested in the first three months of this year, representing an increase of 24.2% compared with last year. 91% of investments were in Renewables and Networks: €810.2 million and €765.9 million respectively.

The group continued to move ahead with 8,500 megawatts (MW) of projects under construction worldwide. Between January and March alone the group installed 1,200 new MW, and in the last 12 months it has added 5,500 MW of installed capacity, reaching a total of 53,270 MW. At the same time cash flow increased by 3.7% to €2.11 billion.

Early management of COVID-19 and measures to mitigate its effects

Iberdrola is accelerating investments in order to drive the recovery of the economy and of employment. Iberdrola Chairman Ignacio Galán stated that “there is complete consensus that the road to economic recovery must be green, with the fight against climate change at its core. The European Green Deal and the National Energy and Climate Plans across the EU already provide a clear pathway. Iberdrola is fully prepared to help deliver these targets.”



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During the first quarter the company activated its global action plan to respond to the pandemic, focusing attention on employees, suppliers and society at large. In terms of jobs, Iberdrola maintains its forecast of hiring 5,000 new recruits in 2020. Safety measures for field personnel were strengthened, and 95% of office staff are working remotely, thanks to investments made in digitisation.

Support for industry has also been maintained. As well as record investments, the supply chain benefited from the acceleration in procurement, which has amounted to €3.8 billion in the first quarter. The company also continues its work to reinforce the supply of electricity, particularly to essential facilities such as hospitals, and payment facilities have been made available to customers. Additionally, €30 million worth of urgently needed medical supplies has been donated, in coordination with the authorities.

The impact of the pandemic will be largely cushioned by a number of factors. The strength of a business model based on networks and renewables, the continuity of business thanks to the additional measures put in place, the 8,500 MW of new capacity under construction, as well as further mitigation actions.

Iberdrola also has solid financials, with a sound liquidity position, which at the end of the first quarter stood at €14.4 billion, enough to cover its financial needs for 30 months in a normal scenario. Its ability to access markets on the best terms was once again demonstrated with the recent issues of green bonds for €1.8 billion.

Liberalised and Renewables offset downturn in Spain

Total group EBITDA amounted to €2.75 billion for the quarter, 5.8% up on the same period last year. This result was driven by the Deregulated and Renewables businesses, which improved by 26.5% and 6.1% respectively to €759 million and €725 million in EBITDA terms. The Regulated business EBITDA fell by 4.7% to €1.25 billion, due to accounting adjustments in the U.S. and the lower remuneration in Spain in accordance with the regulatory framework in force.

Specifically, EBITDA of Iberdrola España fell by 3% and net profit fell by 7%. Investments in the country increased by 51% compared with the first quarter of 2019, both in networks and in new renewable projects. Meanwhile mainland demand for electricity fell by 3.2% and wholesale market prices fell by 37%, in both cases being much affected by the state of alarm declared in respect of COVID-19.

Reported net profit, which includes non-recurring items, reached €1.25 billion. This amount reflects the positive impact of the sale of the company's 8.07% stake in Siemens Gamesa, which generated proceeds of € 1.1 billion and a capital gain of €484 million in the quarter.



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Iberdrola maintains the dividend and its profit outlook

The Board of Directors of Iberdrola has approved the implementation of a new edition of 'Iberdrola Flexible Remuneration', after the General Shareholders' Meeting, attended by 77% of shareholders, approved all the proposed resolutions with an average of 98% votes in favour. In this way the Company fulfils its commitment to its more than 600,000 shareholders, who will receive a complementary dividend of at least €0.232 gross per share. This amount, added to the €0.168 gross per share paid in February, gives a total shareholder return on 2019 of €0.40 gross per share. The company thus reaches the dividend floor initially set for 2022 three years in advance.

Looking ahead to the rest of the year, the scheduled investments of €10 billion, the measures adopted in response to COVID-19 and the effect of the non-recurring income from the sale of Siemens Gamesa allow Iberdrola to maintain its forecast for the year. The company therefore expects to grow in terms of both net profit and dividend.

Expansion of the certification of sustainable events

In line with its commitment to boosting compliance with the [UN Sustainable Development Goals \(SDGs\)](#), Iberdrola has extended its ISO 20121 certification for sustainable events beyond the General Shareholders' Meeting to include its Capital Markets Day and Earnings Presentations. Thus, it has become the first company certified by AENOR to extend the scope of its sustainable events management system to the Results Presentations. This recognition is proof that these events generate social and economic benefits for the community while reducing the events' environmental impact.

About Iberdrola

[Iberdrola](#) is a global energy leader, the number one producer of wind power, and one of the world's biggest electricity utilities in terms of 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 people and assets in excess of €122 billion, it achieved a turnover of over €36.4 billion and a net profit of €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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IMPORTANT INFORMATION

This release does not constitute an offer of purchase, sale or exchange, nor a request for an offer of purchase, sale or exchange of securities in the United States of America or in any other jurisdiction. IBERDROLA, S.A. shares may not be offered or sold in the United States of America except pursuant to an effective registration statement under the Securities Act of 1933 or a valid exemption from registration.

This communication includes certain Alternative Performance Measures (APMs) as defined in the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en). APMs are measures of financial performance developed from the financial information of Iberdrola, S.A. and its group companies but not defined or detailed in the applicable financial reporting framework. These APMs help ensure a better understanding of Iberdrola S.A.'s financial performance, but should only be seen as additional information. They do not replace the financial information prepared in accordance with IFRS. The way in which Iberdrola S.A. defines and calculates these APMs may also differ from that of other entities using similar measures and therefore not be comparable with them. Finally, it should be borne in mind that some of the APMs used in this communication have not been audited. For more information on these matters, including their definition or the reconciliation between the corresponding management indicators and the consolidated financial information prepared in accordance with IFRS, please refer to the information available on the corporate website (www.iberdrola.com).

FORWARD-LOOKING STATEMENTS

This communication contains forward-looking information and statements about IBERDROLA S.A. and AVANGRID Inc, including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, capital expenditures, synergies, products and services, and statements regarding future performance. Forward-looking statements are statements that are not historical facts and forecasts are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates" and similar expressions.

Although IBERDROLA, S.A. believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of IBERDROLA S.A. and AVANGRID Inc. shares are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of IBERDROLA S.A. and AVANGRID Inc., that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the public documents sent by IBERDROLA S.A. to the **Comisión Nacional del Mercado de Valores** and by AVANGRID Inc. to the Securities and Exchange Commission, which are available to the public.

Forward-looking statements are not guarantees of future performance. They have not been reviewed by the auditors of IBERDROLA S.A. and AVANGRID Inc. You are cautioned not to place undue reliance on the forward-looking statements, which refer only to the date on which they were made. All forward-looking statements hereby made or otherwise attributable to IBERDROLA S.A, AVANGRID



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