

1. Iberdrola Today

1.1 Iberdrola Today

Our activities

- Transmission and distribution of electricity.
- Production of electricity from renewable and conventional sources.
- Purchase/sale of electricity and gas on wholesale markets.
- Distribution of gas.
- Other activities, mainly linked to the energy sector.

What we are

Iberdrola is today one of the leading electric companies in the world by stock market capitalisation.

The corporate and governance structure is described in chapter 5.1 of this report and consists of:

- Iberdrola, as a holding company.
- Country subholding companies in the 5 main geographic areas of activity.
- Head of business companies reporting to the country subholding companies.

Presence focused on the Atlantic area

The Iberdrola group does business in multiple countries, but mainly in the five countries of the Atlantic area: Spain, United Kingdom, United States of America, Brazil and Mexico. Other significant countries are Germany, Portugal, France and Italy.

Iberdrola is one of the leading electric utilities in the world.

Iberdrola group 2018 Key figures

47,448

MW Installed capacity

29,177

MW Renewable installed capacity

145,597

GWh Net output

1,173,672

Km / Power lines

233,435

GWh Electric power distributed

34.7

Millions of Customers¹

34,078

People Direct employment

5,320

€M Investments

7,939

€M Direct tax contribution

425,000

People² Direct, indirect and induced employment

7,753

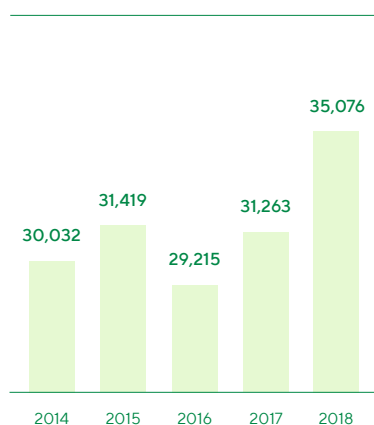
€M Procurement

(1) In countries where there is retail and distribution activity, distribution customers are taken into account.

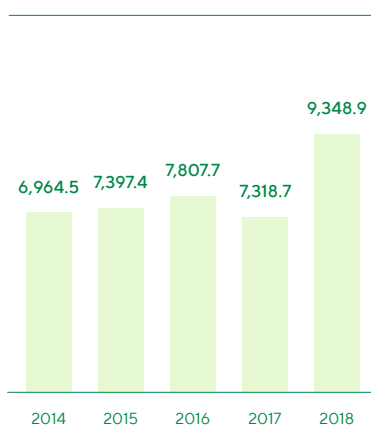
(2) Data from a Study of Iberdrola's Impact, prepared by PwC, for financial year 2017.

1.2 Company Performance

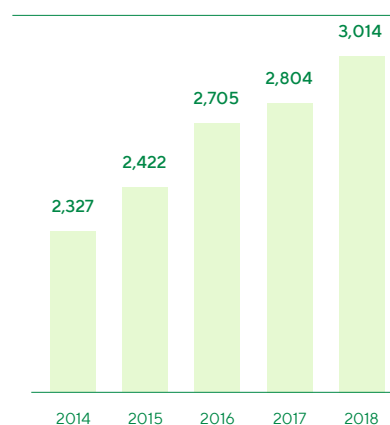
Revenues (€M)



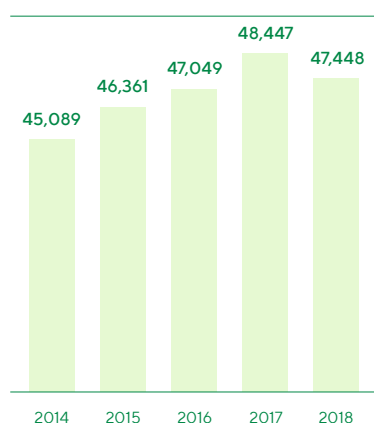
EBITDA (€M)



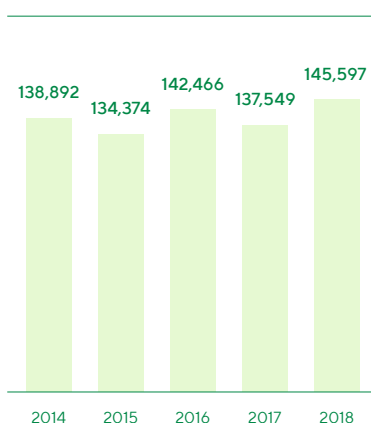
Net Profit (€M)



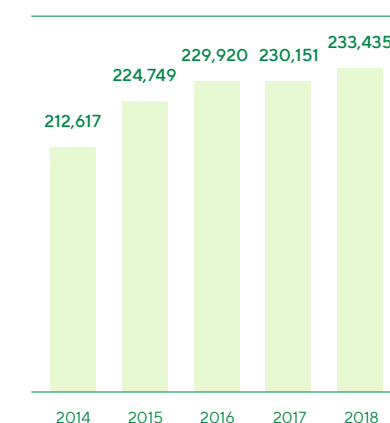
Installed Capacity (MW)¹



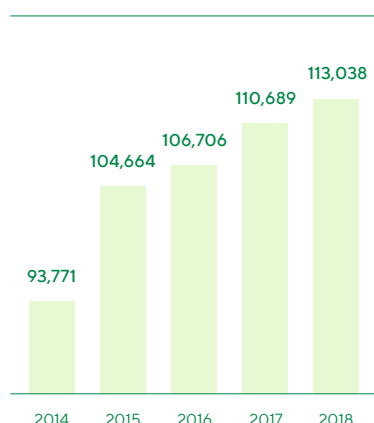
Net Output (GWh)¹



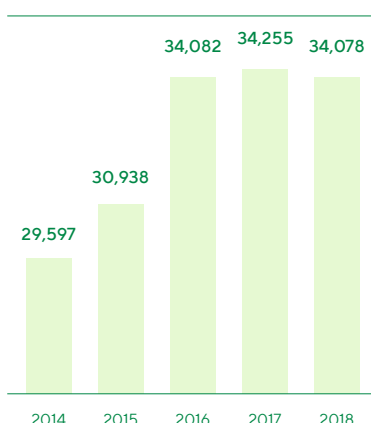
Energy Distributed (GWh)²



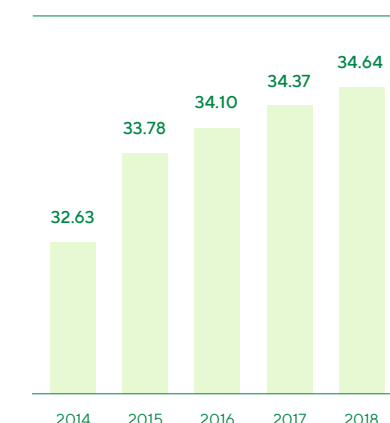
Assets (€M)



Employees¹



Customers (millions)³



(1) Takes into account 100% of Neoenergia since 2016 in order to improve the comparability of the data.

(2) Takes into account 100% of Neoenergia during all periods reported.

(3) In countries where there is retail and distribution activity, distribution customers are taken into account.

1.3 Key Figures

Financial performance (€M)	2014	2015	2016 ¹	2017	2018	Δ Annual average 2014-18 (%)	Δ 2017-2018 (%)
Revenues	30,032.3	31,418.7	29,215.4	31,263.3	35,075.9	4.0	12.2
Consolidated gross margin	12,179.5	12,842.7	12,916.2	13,363.8	15,435.1	6.1	15.5
Consolidated EBITDA	6,964.5	7,397.4	7,807.7	7,318.7	9,348.9	7.6	27.7
Networks (Regulated) EBITDA							
Spain	1,438.5	1,456.8	1,603.1	1,519.5	1,709.4	4.4	12.5
United Kingdom	1,024.8	1,138.0	976.2	886.0	919.4	(2.7)	3.8
United States	772.0	780.5	1,269.6	1,334.0	1,331.2	14.6	(0.2)
Brazil	299.4	252.7	232.8	488.5	955.0	33.6	95.5
Wholesale and Retail (Liberalised) EBITDA²							
Spain	1,517.6	1,504.6	1,520.5	779.4	1,000.7	(9.9)	28.4
United Kingdom	456.6	421.7	293.6	108.1	307.2	(9.4)	184.2
Brazil	-	-	(3.1)	50.9	92.0	-	80.7
Mexico	350.0	455.0	436.2	525.4	638.4	16.2	21.5
Renewables EBITDA²							
Spain	420.6	473.2	497.4	615.6	918.5	21.6	49.2
United Kingdom	265.2	438.1	267.0	391.7	517.5	18.2	32.1
United States	495.3	570.9	563.6	529.7	573.1	3.7	8.2
Brazil	33	26.9	24.9	66.0	129.4	40.7	96.1
Mexico	38.2	43.1	52.0	52.5	65.4	14.4	24.6
Other countries	73.7	95.0	95.3	99.3	241.6	34.6	143.3
Other businesses EBITDA							
Corporation EBITDA and adjustments	(171.4)	(190.4)	83.8	(140.9)	(78.2)	17.8	44.5
Amortisation, depreciation, provisions and other	(3,023.6)	(3,568.1)	(3,253.7)	(4,606.1)	(3,909.5)	(6.6)	15.1
Operating profit (EBIT)	3,940.9	3,829.3	4,554.0	2,712.6	5,439.4	8.4	100.5
Financial results	(1,122.4)	(1,023.1)	(903.4)	(937.1)	(1,156.1)	(0.7)	(23.4)
Results from companies consolidated by the equity method (net of taxes)							
Results from non-current assets	135.4	55.3	48.7	(28.7)	55.9	-19.8	-
Pre-tax profit (EBT)	3,201.8	2,986.6	3,747.5	2,025.9	4,348.0	8.0	114.6
Corporate income tax	(837.1)	(527.1)	(904.6)	1,397.1	(959.4)	(3.5)	-
Minority interests	(38.2)	(38.0)	(137.9)	(365.9)	(323.3)	(70.6)	(11.6)
Net attributable profit							
Total assets	2,326.5	2,421.6	2,705.0	2,804.0	3,014.0	6.7	7.5
Shareholders' equity	93,771.4	104,664.1	106,706.2	110,688.6	113,037.9	4.8	2.1
Net investments	35,790.5	40,956.1	40,687.4	42,733.2	43,976.6	5.3	2.9
Net investments	2,848.0	3,223.0	4,264.3	5,890.9	5,320.4	16.9	(9.7)
Funds from Operations (FFO)							
Bank borrowings, net	5,459.0	5,906.7	6,310.8	6,479.4	7,328.4	7.6	13.1
Bank borrowings, net	25,618	28,067	29,414	32,884	34,199	7.5	4.0

Financial ratios	2014	2015	2016	2017	2018	Δ Annual average 2014-18 (%)	Δ 2017-2018 (%)
Non-Eurozone EBITDA (%)	54.0	56.0	54.0	61.6	60.9	3.1	(1.1)
EBITDA margin (EBITDA/revenues) (%)	23.2	23.5	26.7	23.4	26.7	3.5	13.8
Net profit margin (Net profit/Revenues) (%)	7.7	7.7	9.3	9.0	8.6	2.8	(4.1)
NOE/Gross margin (%)	29.8	29.8	27.7	31.2	26.9	(2.5)	(13.7)
Net financial debt / EBITDA (multiple)	3.68	3.79	3.77	4.49	3.65 ³	(0.2)	(18.7)
Financial leveraging (%)	41.7	40.7	42.0	43.4	43.7 ³	1.2	0.6
Funds from Operations (FFO)/ Net financial debt (NFD)	21.3	21.0	21.5	19.7	21.5 ³	0.2	9.1
Retained cash flow (RCF/NFD) (%)	17.4	18.7	19.1	17.2	20.2 ³	3.8	17.7
Return on equity (ROE) (%)	6.7	6.3	7.3	7.8	8.4 ³	5.7	7.2

Stock market performance	2014	2015	2016	2017	2018	Δ Annual average 2014-18 (%)	Δ 2017-2018 (%)
Stock market capitalisation (€M)	35,756	41,506	39,661	40,811	44,898	5.9	10.0
Number of shares at end of period (millions)	6,388	6,337	6,362	6,318	6,398	0.0	1.3
Share price (€)	5.60	6.55	6.23	6.46	7.02	5.8	8.7
Earnings per share (EPS)	0.36	0.37	0.42	0.44	0.47	7.0	6.1
Dividend per share (DPS)	0.275	0.276	0.286	0.317	0.331	4.7	4.4
Dividend yield (%)	4.91	4.21	4.59	4.91	4.72	(1.0)	(3.8)
Total dividend (including cash payments) (€M)	1,716	1,732	1,966	1,996	2,077	4.9	4.1
Payout ratio (%)	73.8	71.5	72.7	71.2	68.9	(1.7)	(3.2)
Share price / net earnings per share (PER)	15.37	17.17	14.66	14.55	14.90	(0.8)	2.4

- Sustainability Report
- Quarterly Results Report
- Consolidated Annual Financial Statements

(1) For purposes of this report, 2016 is not re-stated due to the discontinuation of the engineering business, which only appears as beginning in 2017.
(2) During financial years 2017 and 2018, hydroelectric production activity is classified within the Renewables business.
(3) Data adjusted due to effect of derivatives-treasury shares accumulators (potential) (€50 million at 31/12/2018).

Operating performance	2014 ¹	2015 ¹	2016 ²	2017 ²	2018 ²	Δ Annual average 2014-18 (%)	Δ 2017-2018 (%)
Installed capacity (MW)	45,089	46,361	47,049	48,447	47,448	1.3	(2.1)
Net output (GWh)	138,892	134,374	142,466	137,549	145,597	1.2	5.9
Electric power distributed (GWh) ³	212,617	224,749	229,920	230,151	233,435	2.4	1.4
Environmental performance	2014¹	2015¹	2016²	2017²	2018²	Δ Annual average 2014-18 (%)	Δ 2017-2018 (%)
Emission-free installed capacity (%)	61.9	63.0	66.4	66.7	68.2	2.4	2.2
Emission-free output (%)	56.8	52.5	56.7	53.8	58.6	0.8	8.9
Specific CO ₂ emissions (t/GWh)	212	225	177	187	163	(6.4)	(12.8)
Fuel consumption (M Tep)	18,849	19,001	11,668	12,055	10,505	(13.6)	(12.9)
Environmental investments (€M)	1,100.9	1,014.2	2,262.2	2,239.9	2,132.6	18.0	(4.8)
Environmental expenses (€M)	635.7	669.2	527.1	513.2	549.7	(3.6)	7.1
Energy produced under certified environmental management systems (%)	87.0	84.2	82.4	79.8	80.0	(2.1)	0.3
Water use/overall production (m ³ /GWh)	509	533	573	597	610	4.6	2.2
Direct emissions of CO ₂ Scope 1 (kt)	30,217	31,752	26,541	26,721	24,645	(5.0)	(7.8)
Indirect emissions of CO ₂ Scope 2 (kt)	1,544	963	4,504	3,415	2,480	12.6	(27.4)
CO ₂ avoided due to efficiency initiatives (kt)	21,459	19,269	16,853	23,460	19,485	(2.4)	(16.9)
SO _x emissions (t/GWh)	0.154	0.125	0.047	0.038	0.023	(37.8)	(39.5)
NO _x emissions (t/GWh)	0.236	0.230	0.140	0.113	0.085	(22.5)	(24.8)

- ① Sustainability Report
- ② Quarterly Results Report
- ③ Consolidated Annual Financial Statements

Social performance	2014 ¹	2015 ¹	2016 ²	2017 ²	2018 ²	Δ Annual average 2014-18 (%)	Δ 2017-2018 (%)
Customers (millions) ⁴	32.6	33.8	34.1	34.4	34.7	1.5	1.0
Electric power	29.0	29.7	30.0	30.3	30.7	1.4	1.0
Spain	10.9	10.9	10.9	11.0	11.1	0.3	0.5
United Kingdom	3.5	3.5	3.5	3.5	3.5	0.2	0.1
United States	1.8	2.2	2.2	2.2	2.3	5.8	0.7
Brazil	12.8	13.1	13.4	13.6	13.8	1.9	1.6
Gas	3.6	4.1	4.1	4.0	4.0	4.0	0.8
Spain	0.8	0.9	0.9	1.0	1.0	6.4	3.8
United Kingdom	2.2	2.2	2.1	2.0	2.0	(2.2)	(0.9)
United States	0.6	1.0	1.0	1.0	1.0	13.9	1.5
Number of employees	29,597	30,938	34,082	34,255	34,078	3.6	(0.5)
Permanent contracts (%)	98.5	98.4	98.4	99.4	99.0	0.1	(0.4)
Employees with collective bargaining agreement (%)	79.0	76.6	79.3	77.8	78.9	0.0	2.2
Employee turnover	8.6	7.0	7.3	7.9	10.7	5.6	36.1
Diversity (men/women)	77/23	76/24	76/24	77/23	77/23	-	-
Injury rate (IR)	0.39	0.28	0.36	0.35	0.28	(8.0)	(20.0)
Hours of training (millions of hours)	1.0	1.0	1.4	1.5	1.6	11.5	5.3
Hours of training per employee trained (h)	38.7	38.6	45.3	41.8	45.2	4.0	8.1
Funds for social development (€M)	65.0	46.0	106.7	341.2	243.1	39.1	(28.8)
Contributions to society (€M)	34.0	38.0	57.7	63.0	53.5	12.0	(15.1)
Rural electrification programmes (€M)	31.0	8.0	49.0	278.2	189.6	57.3	(31.8)
Investments in R&D (€M)	170	200	211	246	267	11.9	8.4
General procurement (€M billed)	4,599	5,093	7,508	8,648	7,753	13.9	(10.3)
Procurement from CSR classified suppliers (%)	92	94	89	87	89	(0.8)	2.1
Number of suppliers evaluated with social responsibility standards	1,326	1,536	1,667	1,787	2,014	11.0	12.7
Procurement in sensitive countries per ILO (%)	10.7	10.8	21.4	25.0	25.8	24.6	3.2
Procurement from local suppliers (%)	87	85	84	88	85	(0.6)	(3.4)

- (1) Takes into account 39% of Neoenergia in 2014 and 2015 (unless otherwise noted).
(2) Takes into account 100% of Neoenergia in 2016 in order to improve the comparability of the data.
(3) Takes into account 100% of Neoenergia for all periods.
(4) In countries where there is retail and distribution activity, distribution customers are taken into account.

1.4 Presence by Areas of Activity

Iberdrola in Spain

Largest energy company.

Δ 2018 / 2017

GDP +2.4%¹

Electricity demand +0.4%²

Key figures 2018

25,887

MW Installed capacity

15,789

MW Renewable installed capacity

57,711

GWh Net output

269,639

Km Power lines

93,897

GWh Electric power distributed

12.0

Millions of customers³

9,822

Employees

1,009

€M Investments

3,642

€M Direct tax contribution

Primary brands

Local subholding brand



Operating brands









(1) Source: National Institute of Statistics.

(2) Source: Iberdrola.

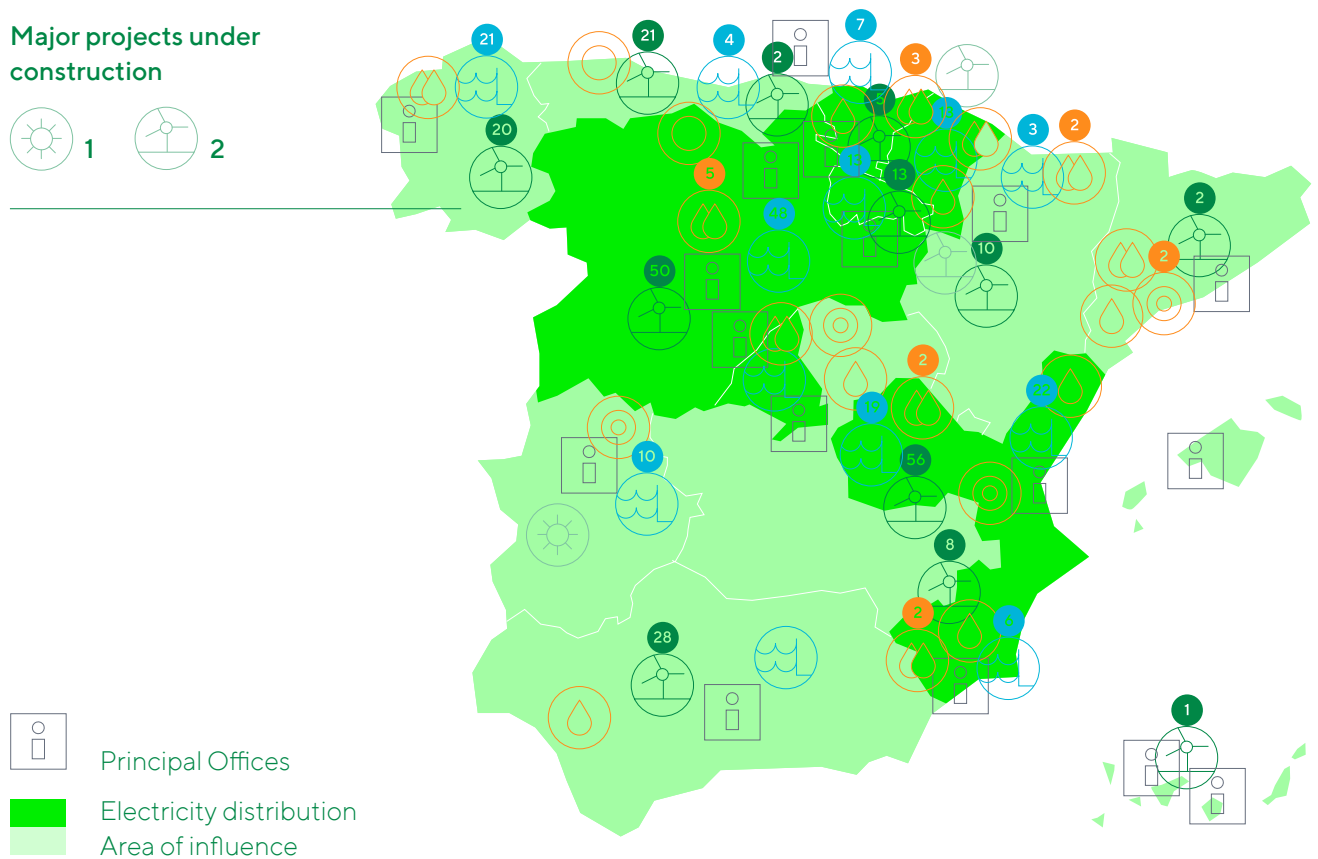
(3) Electricity supply points and gas customers.

Primary facilities

- 
197
 Wind farms
 5,770 MW
- 
164
 Hydroelectric plants
 10,018 MW
- 
7
 Combined cycle gas plants
 5,695 MW
- 
18
 Cogeneration plants
 353 MW
- 
5
 Nuclear plants
 3,177 MW
- 
2
 Thermal plants
 874 MW⁽¹⁾

Major projects under construction

-  **1**
-  **2**



(1) Closure of coal plants requested.

Iberdrola in the United Kingdom

100% of electricity from renewable sources.
Transmission and distribution networks in Scotland,
Wales and England.

Δ 2018 / 2017

GDP +1.4%¹

Electricity demand -0.3%²

Key figures 2018

2,100

MW Installed capacity

2,100

MW Renewable installed capacity

10,675

GWh Net output

109,957

Km Power lines

34,677

GWh Electric power distributed

5.5

Millions of customer³

5,611

Employees

1,083

€M Investments

612

€M / Direct tax contribution

Primary brands

Local subholding brand



Operating brands



(1) Source: Office for National Statistics.

(2) Source: Iberdrola.

(3) Electricity supply points and gas customers.

Primary facilities



39
Wind farms
1,906 MW



1
Offshore wind farm
194 MW

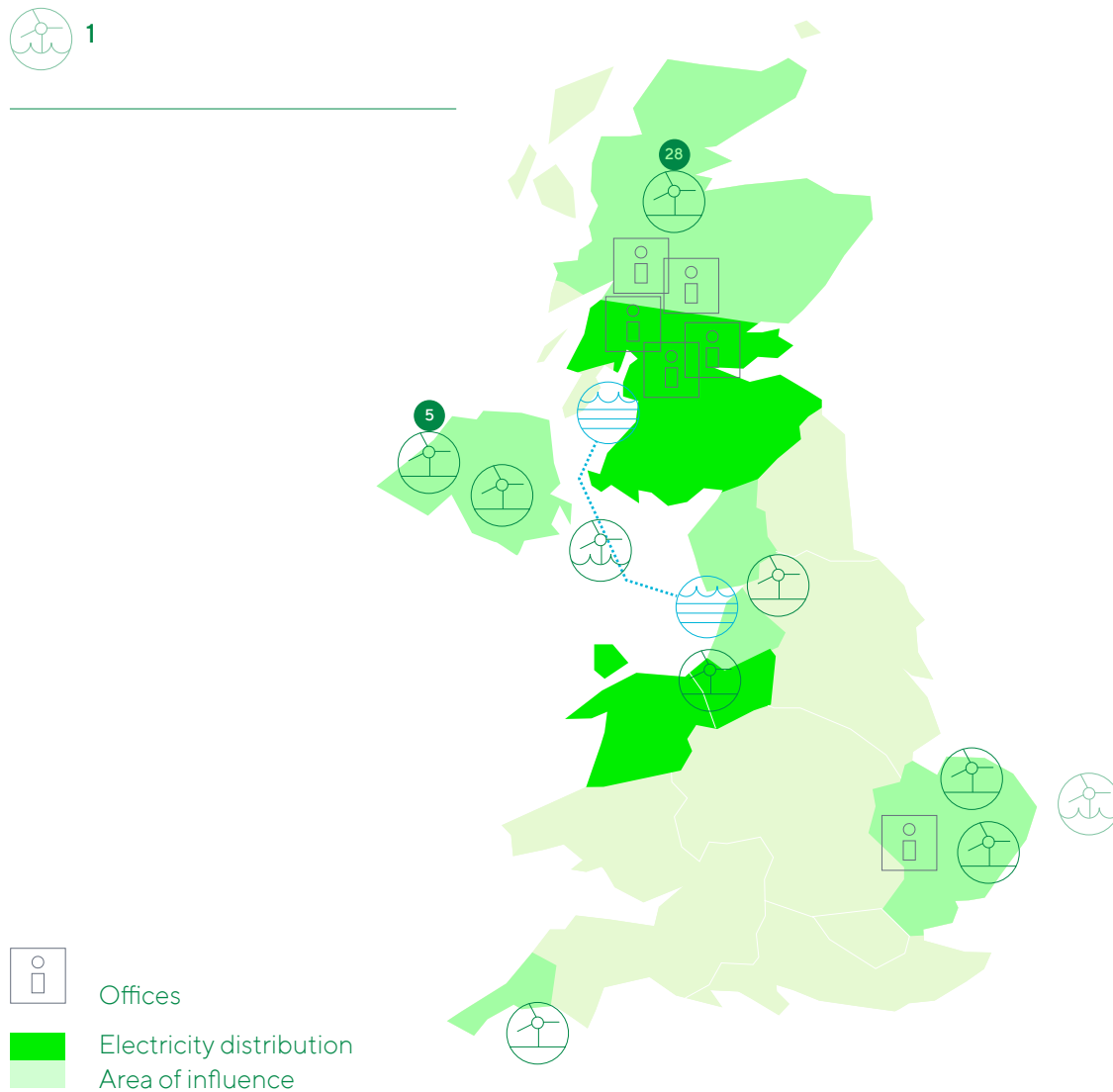


1
Underwater power line
425 km

Major project under construction



1



Iberdrola in the United States

Presence in 24 states.
 Electricity and gas distributor in New York, Maine, Connecticut and Massachusetts.
 86.4% of output from renewable sources.
 Δ 2018 / 2017
 GDP +2.9%¹
 Electricity demand 2.1%²

Key figures 2018

7,561
 MW Installed capacity

6,713
 MW Renewable installed capacity

19,983
 GWh Net output

170,083
 Km Power lines

39,579
 GWh Electric power distributed

3.2
 Millions of customers³

6,449
 Employees

1,298
 €M Investments

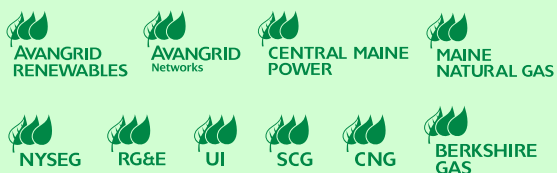
904
 €M Direct tax contribution

Primary brands

Local subholding brand



Operating brands



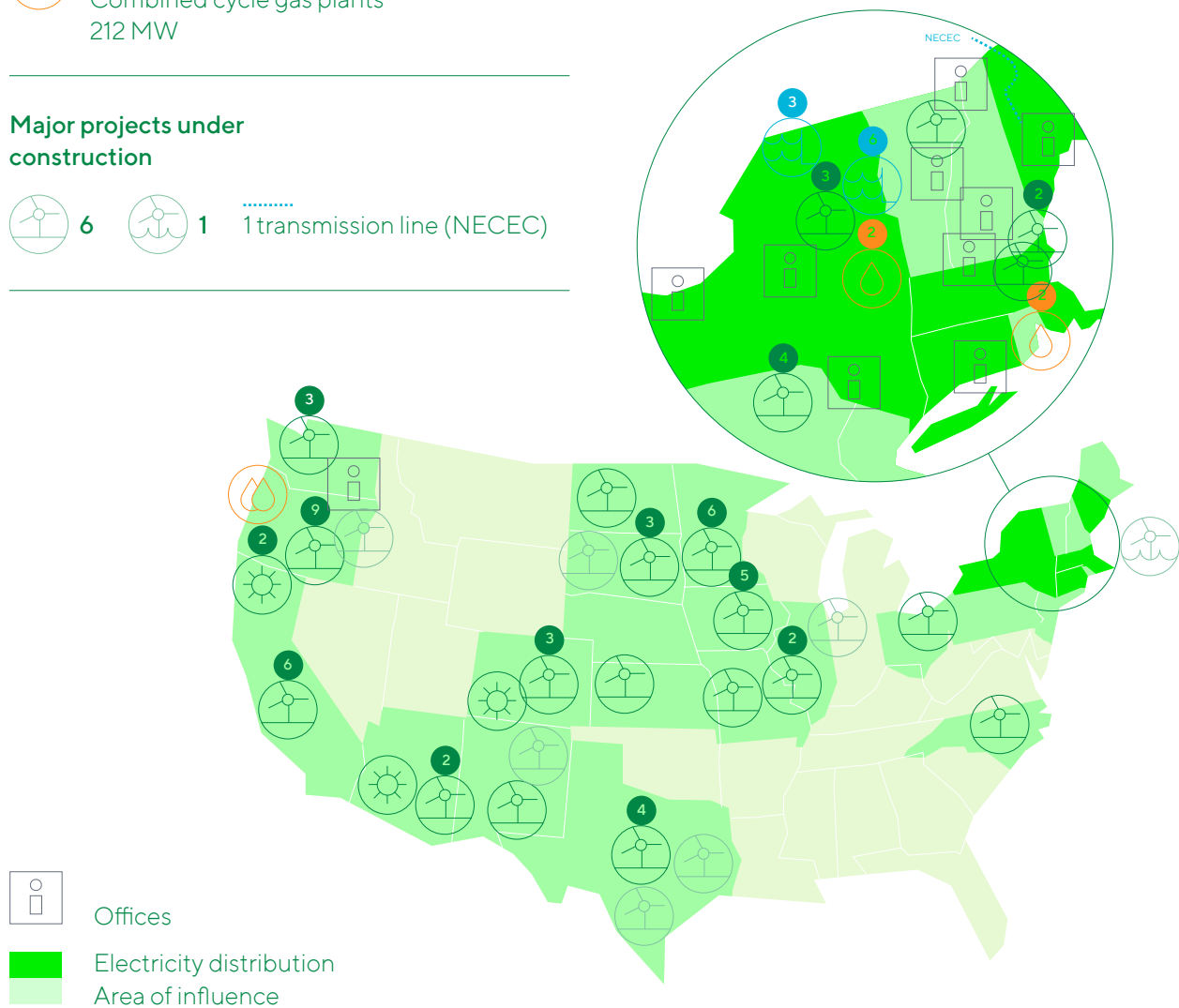
(1) Source: Bureau of Economic Analysis (U.S. Department of Commerce - 28 February).
 (2) Source: US Energy Information Administration.
 (3) Electricity and gas supply points.

Primary facilities

- 
60
 Wind farms
 6,466 MW
- 
4
 Photovoltaic plants
 116 MW
- 
9
 Hydroelectric plants
 118 MW
- 
1
 Cogeneration plant
 636 MW
- 
4
 Combined cycle gas plants
 212 MW

Major projects under construction

- 
6
- 
1
- 
 1 transmission line (NECEC)



Iberdrola in Brazil

Energy leader in Brazil and Latin America

Δ 2018 / 2017

GDP +1.1%¹

Electricity demand +1.9%²

Key figures 2018

3,467

MW Installed capacity

2,935

MW Renewable installed capacity

13,652

GWh Net output

623,993

Km Power lines

65,283

GWh Electric power distributed

13.8

Millions of customers³

10,749

Employees

898

€M Investments

2,433

€M Direct tax contribution

Primary brands

Local subholding brand



Operating brands






(1) Source: *Brazilian Institute of Geography and Statistics*.

(2) Source: Iberdrola.

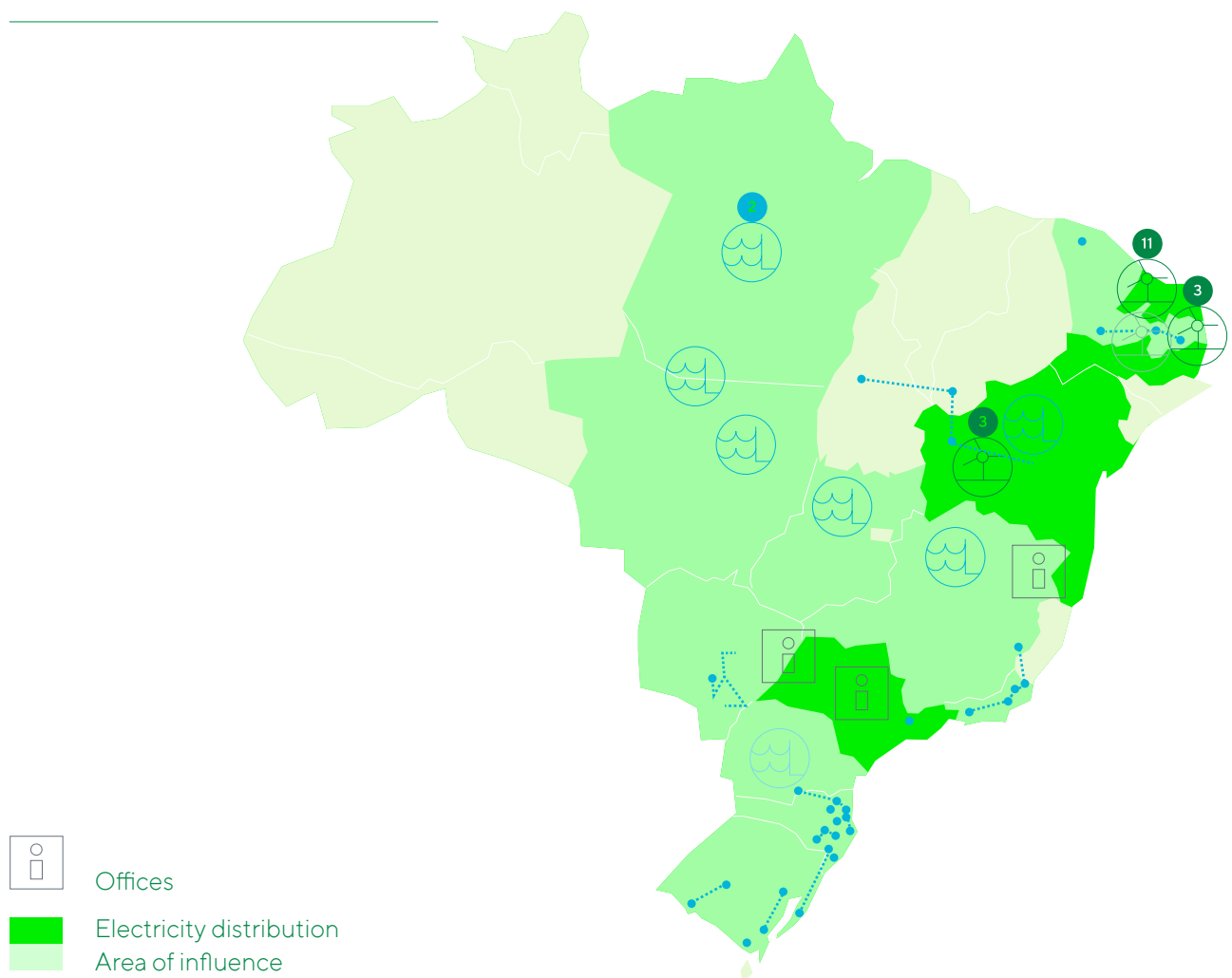
(3) Electricity supply points.

Primary facilities

- 
17
 Wind farms
 516 MW
- 
7
 Hydroelectric plants
 2,419 MW
- 
1
 Combined cycle gas plant
 533 MW

Major projects under construction

- 
2
- 
15
- 
10



Iberdrola in Mexico

Largest private electricity producer

Δ 2018 / 2017

GDP +1.9%¹

Electricity demand +2.8%²

Key figures 2018

7,471

MW Installed capacity

679

MW Renewable installed capacity

41,396

GWh Net output

1,112

Employees

899

€M Investments

159

€M Direct tax contribution

(1) Source: National Institute of Statistics and Geography.

(2) Source: Iberdrola.

Primary brands





Local subholding brand



Operating brands

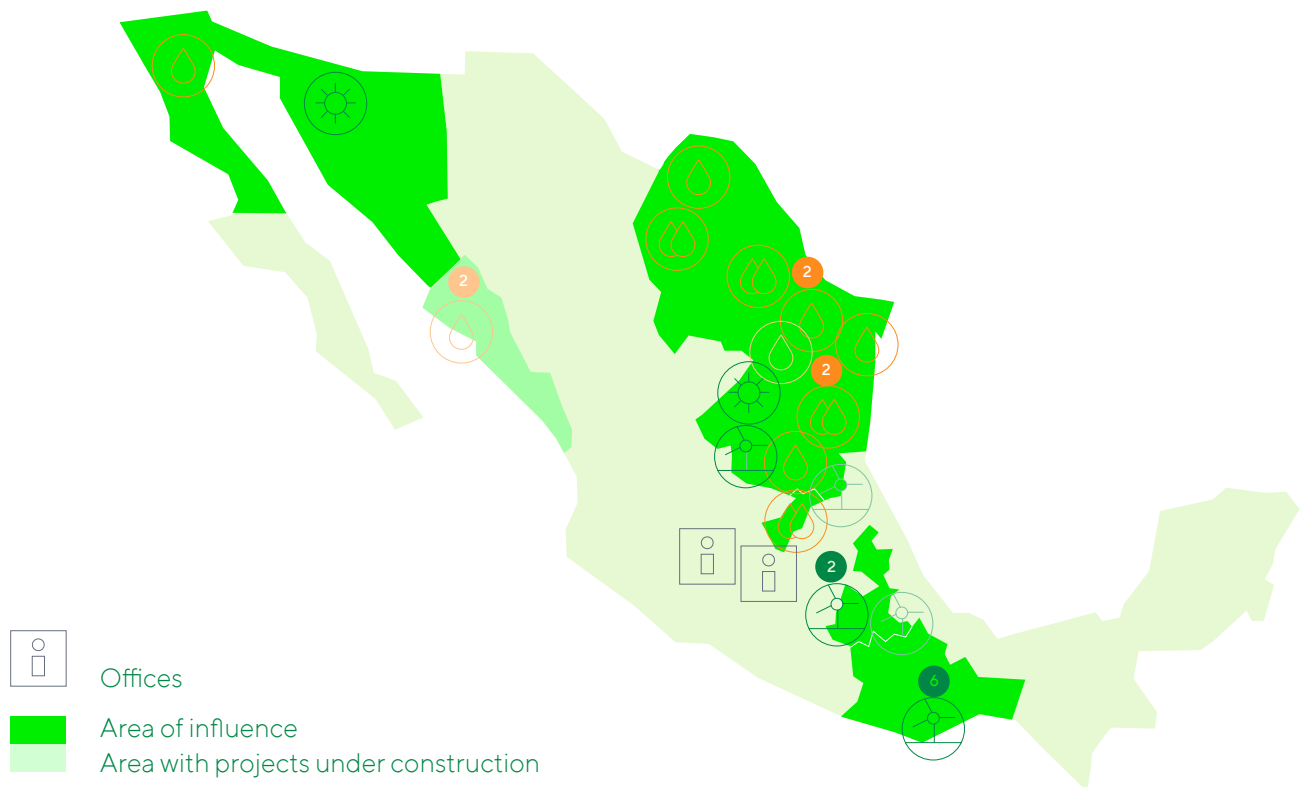


Primary facilities

- 
9
 Wind farms
 409 MW
- 
2
 Photovoltaic plants
 270 MW
- 
8
 Combined cycle gas plants
 6,446 MW
- 
5
 Cogeneration plants
 346 MW

Major projects under construction

-  **2**
-  **3**



Iberdrola in Continental Europe

Key figures and facilities 2018

961
MW
Renewable installed capacity

2,180
GWh
Net renewable output

335
Employees

134
€M / Investments

189
€M / Direct tax contribution

 **27**
Wind farms
605 MW

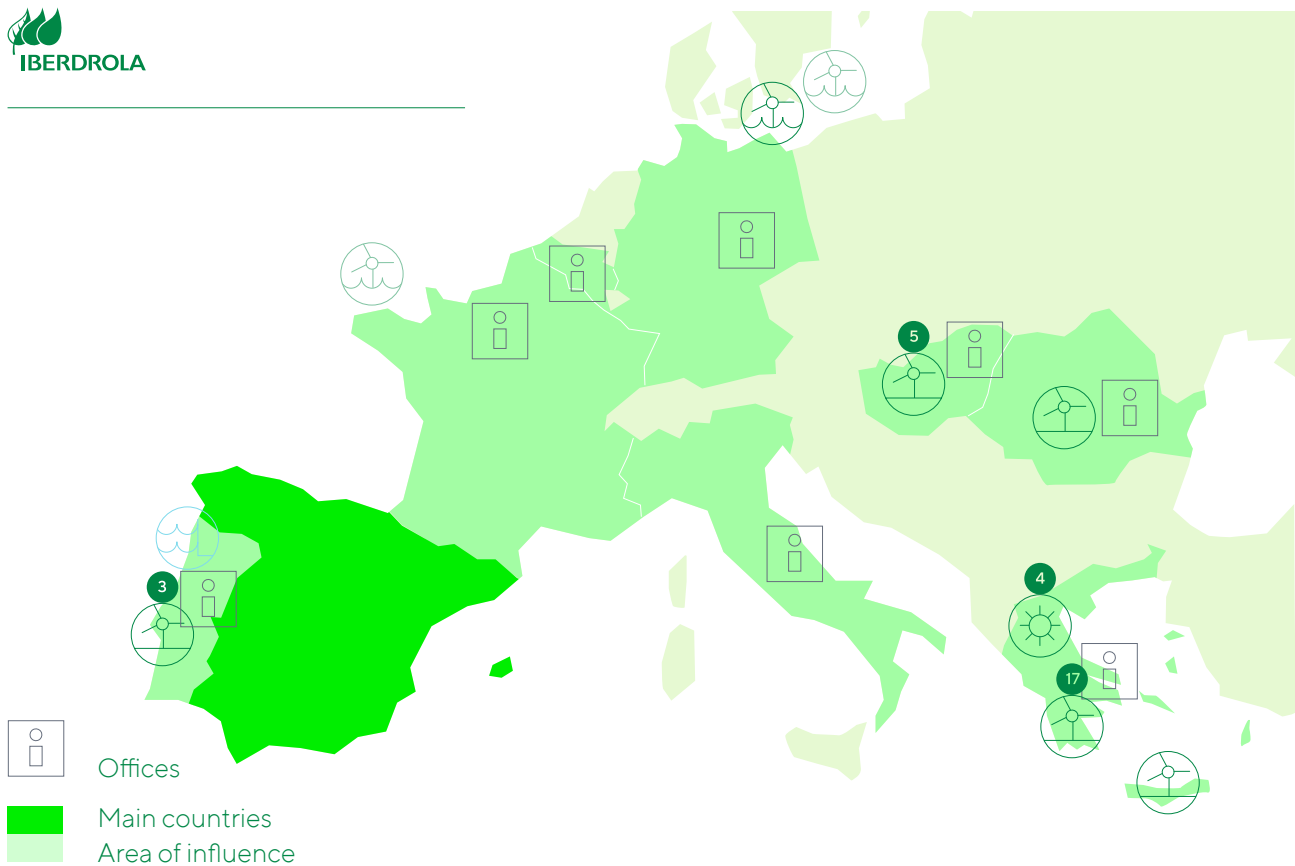
 **1**
Offshore wind farm
350 MW

 **4**
Photovoltaic plants
6 MW

Operating brand

Major projects under construction

 **2**  **1**



 Offices

 Main countries
 Area of influence

Installed capacity and output by country and technology

Installed capacity (MW) ¹	Spain		United Kingdom		United States		Brazil		Mexico		Other countries		Total	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Renewables	15,821	15,789	2,666	2,100	6,625	6,713	2,629	2,935	410	679	961	961	29,113	29,177
Onshore wind	5,752	5,770	1,906	1,906	6,387	6,466	516	516	367	409	605	605	15,533	15,671
Offshore wind	-	-	194	194	-	-	-	-	-	-	350	350	544	544
Hydroelectric	9,715	9,715	566	0	118	118	2,113	2,419	-	-	-	-	12,513	12,252
Mini-hydro	303	303	-	-	-	-	-	-	-	-	-	-	303	303
Solar and others	50	0	-	-	119	129	-	-	43	270	6	6	219	406
Nuclear	3,177	3,177	-	-	-	-	-	-	-	-	-	-	3,177	3,177
Combined cycle	5,695	5,695	2,000	0	212	212	533	533	5,546	6,446	-	-	13,985	12,885
Cogeneration	368	353	1	0	636	636	-	-	294	346	-	-	1,299	1,335
Coal	874	874	-	-	-	-	-	-	-	-	-	-	874	874
Total	25,934	25,887	4,666	2,100	7,472	7,561	3,162	3,467	6,250	7,471	961	961	48,447	47,448

Electricity production (GWh) ¹	Spain		United Kingdom		United States		Brazil		Mexico		Other countries		Total	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Renewables	19,587	25,973	4,880	5,145	15,739	17,261	8,196	10,099	963	1,095	1,382	2,180	50,747	61,754
Onshore wind	11,216	11,654	3,358	3,812	15,103	16,650	1,865	2,120	963	1,084	1,373	1,284	33,878	36,605
Offshore wind	-	-	820	755	-	-	-	-	-	-	0	887	821	1,642
Hydroelectric	7,903	13,590	702	578	386	269	6,330	7,979	-	-	-	-	15,321	22,416
Mini-hydro	394	670	-	-	-	-	-	-	-	-	-	-	394	670
Solar and others	74	58	-	-	250	342	-	-	0	12	9	9	333	421
Nuclear	23,254	23,536	-	-	-	-	-	-	-	-	-	-	23,254	23,536
Combined cycle	3,812	4,092	7,259	5,530	12	8	3,956	3,553	39,013	37,470	-	-	54,053	50,654
Cogeneration	2,608	2,472	0	-	2,354	2,713	91	0	1,801	2,831	-	-	6,853	8,016
Coal	2,642	1,637	-	-	-	-	-	-	-	-	-	-	2,642	1,637
Total	51,903	57,711	12,140	10,675	18,105	19,983	12,242	13,652	41,777	41,396	1,382	2,180	137,549	145,597

(1) IFRS 11 is not being applied for operational purposes.