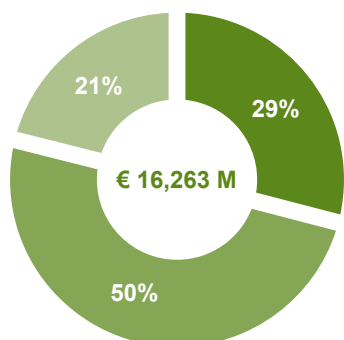


4.1 Financial Capital

	Management Approach	Results 2019
Balanced growth	<p>The company has an investment policy consistent with its strategic vision and financial policy. The main goals are:</p> <ul style="list-style-type: none"> • Ensure a return on capital through projects and investments preferably in regulated businesses, renewable assets or assets with long-term contracts. • Increase geographic diversification, further balancing the contribution of the countries in which it does business. • Tailor investment levels to the actual needs of each market. 	<ul style="list-style-type: none"> • Net investments of €7,242 million, of which 85% has been assigned to the Networks and Renewables businesses. • Investments in Networks assets have been boosted by the long-term regulatory frameworks established in all of the countries, and have increased 25.1% in the United Kingdom, 23.6% in the United States, 22.3% in Spain and 13.8% in Brazil. • In Generation, there has been a startup of approximately 5.4 GW of capacity since the beginning of 2019. • Funds From Operations have increased 10.0%, reaching €8,060 million thanks to all the investments, exceeding investments by more than €820 million.
Solid financial structure	<ul style="list-style-type: none"> • Iberdrola considers financial strength to be an essential factor that allows it to successfully face potential turbulence in the markets and to be in a position to exploit growth opportunities in the countries in which it does business. • The financial policy seeks improvement in solvency ratios, balancing an increase in debt with the generation of additional cash flow from new investments. • The debt structure is in line with the profile of the business, which is mostly regulated, and the composition thereof reflects the results obtained in the relevant currencies. 	<ul style="list-style-type: none"> • Gross margin of €16,263 million (+5.4%). • Net profit of €3,406 million (+13.0%), in line with forecasts for the year. • EBITDA increased by almost 8.1% to €10,104 million, thanks to the good operational performance of all of the businesses, especially the performance of the networks business. • Adjusted net financial debt is €37,769 million, increasing €3,620 million over the year, as a result of the strong investment process implemented by the group and the effect of the first implementation of IFRS 16. • Liquidity of €14,300 million, which covers more than 18 months of financing needs.
Operational excellence	<ul style="list-style-type: none"> • Notwithstanding the high efficiency levels that have been reached, the company believes that there is still a margin for improvement thanks to investments in digitisation and innovation. • The implementation of best practices in all areas will allow for additional savings and an increase in synergies at the global level. 	<ul style="list-style-type: none"> • Net operating expenses increased 4.2% to €4,330 million, 2.7% excluding the effect of exchange rates. This increase is mainly explained by the effects of growth (including Wholesale and Retail in Mexico, and Wikingier).
Sustainable results and dividends	<ul style="list-style-type: none"> • Iberdrola offers its shareholders an industrial enterprise for the long-term creation of value. The confidence of its shareholders enables Iberdrola to secure the resources needed to move its enterprise forward. 	<ul style="list-style-type: none"> • Shareholder remuneration of 0.356 euro per share, equal to a dividend yield of 3.87%. • Flexible dividend offering tax benefits, the repurchase of shares to avoid dilution, adding the cash payment option.

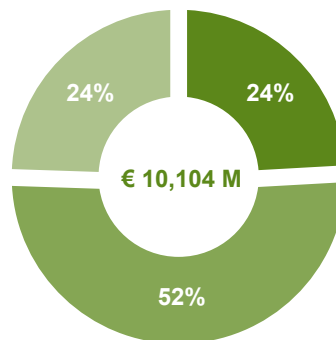
Create value for the shareholder with sustainable growth

Gross margin by business 2019



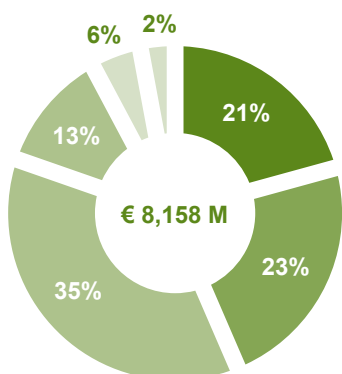
■ Wholesale and retail ■ Networks ■ Renewables

EBITDA by business 2019



■ Wholesale and retail ■ Networks ■ Renewables

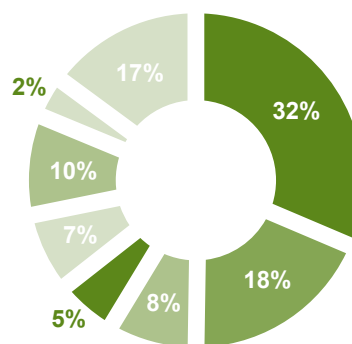
Gross investment by geographical area 2019



■ Spain ■ United States ■ México
 ■ United Kingdom ■ Brazil ■ IEI

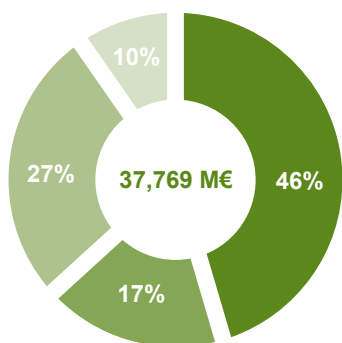
Diversification of investments, with a heavy concentration outside of the euro zone.

Bank borrowings, gross by product type 2019



■ EUR market bonds ■ USD market bonds ■ GBP market bonds
 ■ Other Bonds ■ Notes ■ Project finance ■ Bank loans ■ Multilaterals

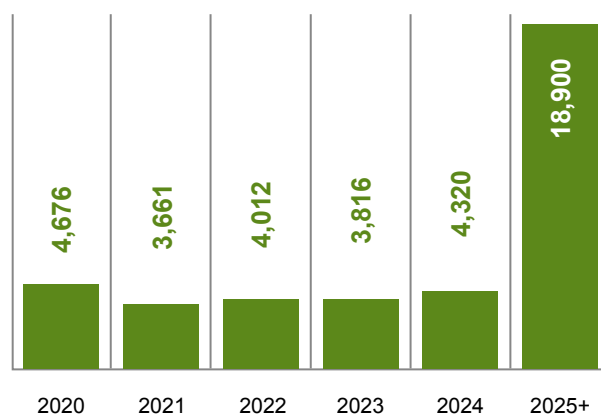
Structure of adjusted net debt broken by currency in 2019



■ Euro ■ Pound ■ Dollar ■ Reais and others

Debt structured by origin of cash flow earned in each currency. Includes derivatives to hedge net investment.

Maturity of financial debt (€M)



Comfortable maturity profile. Excludes credit lines