



October 2015

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# Nine months Results Presentation

# Legal Notice

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## ADDITIONAL INFORMATION AND WHERE TO FIND IT

Iberdrola USA, Inc. initially filed with the United States Securities and Exchange Commission (“SEC”) on July 17, 2015, a registration statement on Form S-4 containing a proxy statement which will be included as a prospectus, and other documents in connection with the proposed merger. The UIL Holdings Corporation (“UIL”) proxy statement/prospectus will be sent to the shareowners of UIL. Each of Iberdrola USA, Inc. and UIL will be filing other documents regarding the proposed transaction with the SEC. **SHAREOWNERS OF UIL ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS, AND ANY OTHER FILINGS THAT MAY BE MADE WITH THE SEC IN CONNECTION WITH THE MERGER WHEN THEY BECOME AVAILABLE, AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE MERGER.** The registration statement and proxy statement/prospectus and other documents which will be filed by Iberdrola USA, Inc. with the SEC, when filed, will be available free of charge at the SEC’s website at [www.sec.gov](http://www.sec.gov), on Iberdrola USA, Inc.’s website at <http://www.iberdrolausa.com> or by contacting Iberdrola’s Investor Relations Department. You may also read and copy any reports, statements and other information filed by Iberdrola USA, Inc. and UIL with the SEC at the SEC public reference room at 100 F Street N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at (800) 732-0330 or visit the SEC’s website for further information on its public reference room. Certain executive officers and directors of UIL have interests in the proposed transaction that may differ from interests of shareowners generally, including benefits conferred under retention, severance and change in control arrangements and continuation of director and officer insurance and indemnification. This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to appropriate registration or qualification under the securities laws of such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

# Highlights of the Period

## Highlights of the period

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**EBITDA grows 5.8% to Eur 5,431 M**

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**Gross Margin up 7.3% to Eur 9,524 M**  
Driven by Networks (+12.1%) and Renewables (19.3%)

**Operating Cash Flow (FFO) up 9.1% to Eur 4,309 M**  
Exceeding investments across all businesses

**Net Investments of Eur 2.1 Bn (+6.7%)**  
61% for growth

**Recurring Net Profit increases 8.5% to Eur 1,673 M**

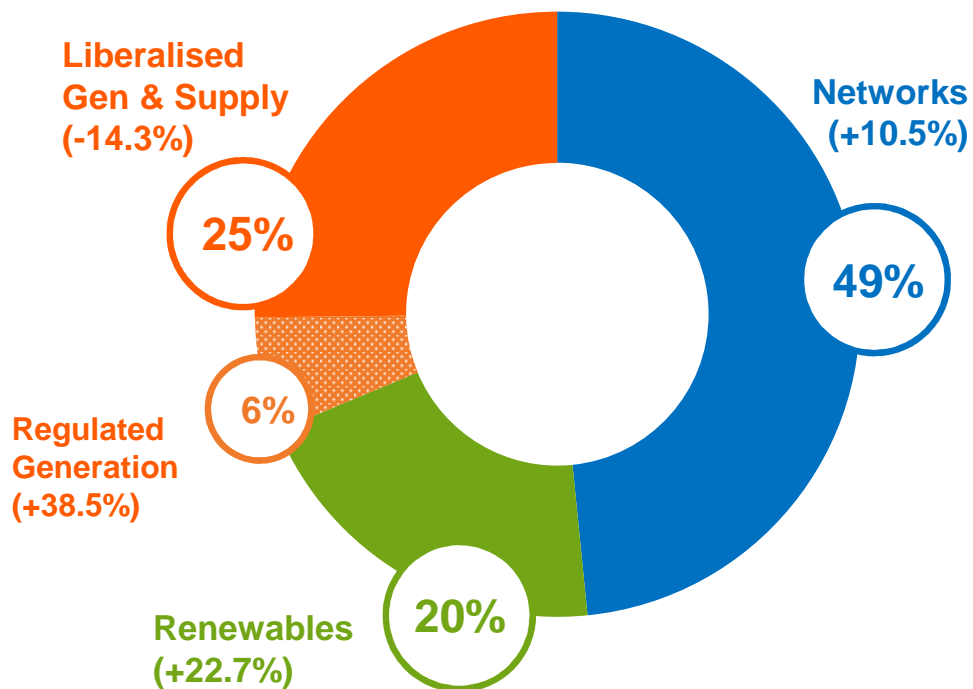
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**Net Profit is up 7.8% to Eur 1,920 M**

## EBITDA grows 5.8% to Eur 5,431 M

Double digit growth in Renewables and Networks

### EBITDA by business



### Operating highlights

#### Networks

- Results improve in all regions
- Increase in RAVs



#### Renewables

- Higher prices
- Increased production in UK and Latam
- Very good performance in offshore



#### Liberalised - Generation & Supply

- Generation Spain: lower production at higher costs
- Generation & Retail UK: higher Government Obligations and CO<sub>2</sub> costs



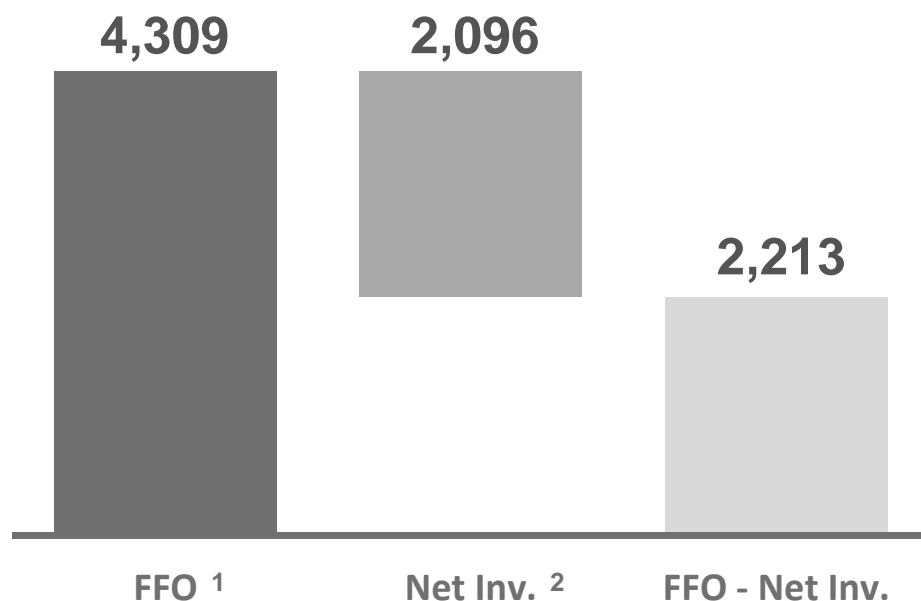
75% of EBITDA from Regulated businesses, up 15.5%

# Operating Cash Flow

## Operating Cash Flow (FFO) up 9.1% to Eur 4,309 M

Exceeding investment levels across all businesses

Eur M

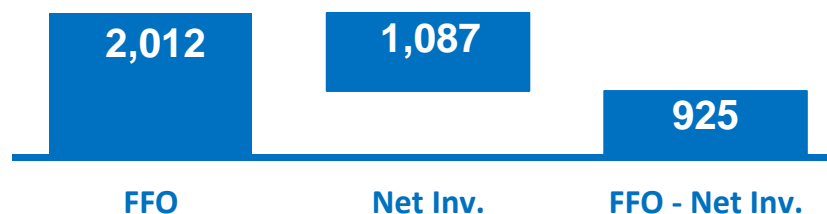


Global figures include Corporation and Other Businesses

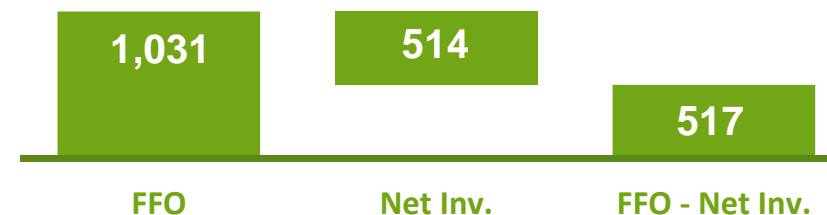
<sup>1</sup> FFO = Net Profit + Minority Results + Amortiz.&Prov. – Equity Income – Net Non-Recurring Results + Fin. Prov.+ Goodwill deduction + Dividends from companies accounted via equity - /+ reversion of extraordinary tax provision

<sup>2</sup> Investment net of grants and ex-capitalised costs.

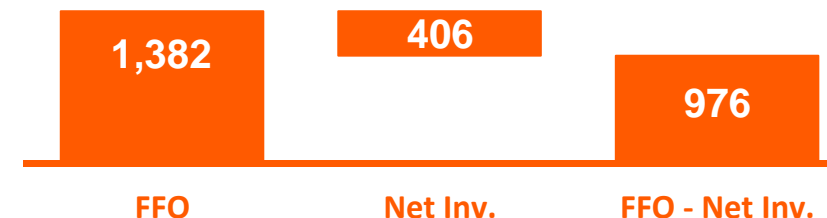
### Networks



### Renewables



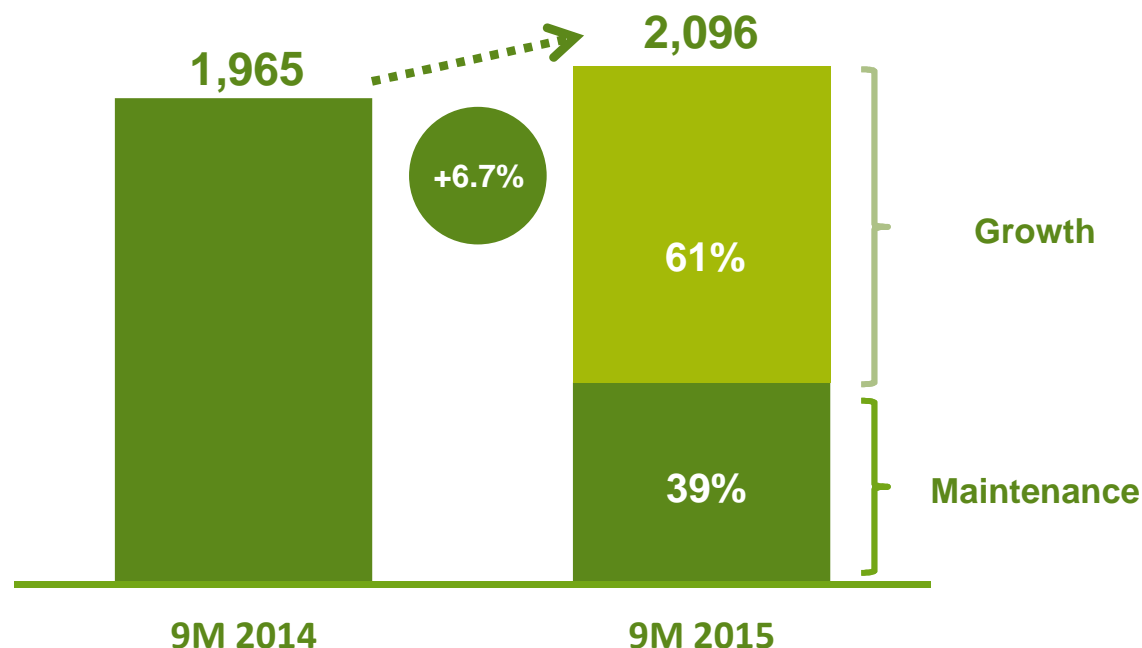
### Generation and Retail



## Net Investments

**Net Investments increase 6.7% to Eur 2,096 M**  
**87% in Regulated businesses**

### Net Investments / Eur M



**61% of total investments allocated to growth**



# Growth Investments

## Offshore 1,560MW

- **Wikinger (350MW): construction in progress.** Commissioning date: December 2017
- **East of Anglia I (714MW): construction to start in 2016.** Commissioning date: 2019
- **St. Brieuc (496MW): development in progress** – Commissioning date: 2022

## Onshore 1,225MW

- **UK: 4 windfarms (415MW) under construction.** Commissioning date: 2016  
+ **2 new projects (+55MW)** – *Hare Hill Extension and Glen App.* Commissioning dates: 2016
- **US: 4 windfarms (445MW) under construction – 100% with PPAs.** Commissioning dates: 2016-2017
- **Brazil: 6 windfarms (174MW) under construction.** Commissioning dates: 2016-2017
- **Mexico: 2 windfarms (136MW) under construction.** Commissioning dates: 2015

## Mexico Regulated Generation 1,638MW

- **CCGTs plants under construction: *Monterrey V (300MW) with long-term contract and Baja California III (294MW) PPA with CFE.*** Commissioning dates: 2016
- **Cogeneration under construction – with PPAs: *Ramos Arizpe (48MW) and Altamira (56MW).*** Commissioning dates: 2016 and 2017
- **Cogeneration – with PPA – *San Juan del Río (50MW).*** Commissioning date: 2017
- **CCGT *Escobedo (890 MW) – PPA with CFE.*** Commissioning date: 2018

## Iberia Pumped Storage 1,158MW

- **Tamega (1,158MW) under construction.** Commissioning date: 2023  
To be added to existing 4,350MW storage capacity in operation in Spain and UK

# Growth Investments

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## UK Networks

Increasing RAV through approved regulatory frameworks:

- Transmission RIIO-T1 (2013-2021) in progress. Totex Eur 3.9Bn
- Distribution RIIO-ED1 (2015-2023) in progress. Totex Eur 5.1Bn

## US Networks

Growth opportunities under negotiation:

- **Several transmission projects in Maine and New York**

## Spain New products

- **Smart Solar: launch of distributed generation solution for households and companies**
- **Solar coverage: price guaranteed for solar PV energy producers**
- **Taylor made plans (“A tu medida”): different tariff plans according to consumer profile, based on our smart grids**
- **Vulnerable customer protection protocol**

# Update Iberdrola USA-UIL Holdings merger

## Progress on merger conditions

Condition	Estimated date
<input checked="" type="checkbox"/> Department of Justice and Federal Trade Commission under the Hart-Scott-Rodino Antitrust Act (HSR)	✓ “Early termination” received April 7, 2015
<input checked="" type="checkbox"/> Federal Communications Commission (FCC)	✓ Approval May 22, 2015
<input checked="" type="checkbox"/> Federal Energy Regulatory Commission (FERC)	✓ Approval June 2, 2015
<input checked="" type="checkbox"/> Committee on Foreign Investments in the United States (CFIUS)	✓ Approval June 16, 2015
<input type="checkbox"/> Connecticut Public Utilities Regulatory Authority (CT PURA) – Filed Massachusetts Department of Public Utilities (MA DPU) – Filed	➤ Q4 2015
<input type="checkbox"/> Authorization to List on New York Stock Exchange (NYSE) – On track Effectiveness of Form S-4 Registration Statement (SEC) – In progress	➤ Q4 2015
<input type="checkbox"/> UIL shareowners approval – Vote after Form S-4 declared effective	➤ Q4 2015

**Transaction expected to be closed in Q4 2015**

## Strong financial position

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### Improving financial ratios

FFO/Net Debt and RCF/Net Debt 2016 targets already achieved

Active liability management: Eur 8.9 Bn renegotiated

Net Financial Expenses down 8.4%

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Leverage reduced to 41.1% vs. 42.2% at 9M 2014

## Shareholder Remuneration

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**These results reaffirm our commitment to maintain annual shareholder remuneration of at least Eur 0.27 per share...**

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**Interim scrip dividend  
in January 2016 with a  
guaranteed purchase price  
of Eur 0.125/share<sup>1</sup>**



**Supplementary dividend  
in July 2016 subject to  
approval at Annual General  
Meeting (AGM)**

<sup>1</sup>Through the "Iberdrola Dividendo Flexible" program. Final guaranteed price expected to be announced on January 8th 2016


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**... with the commitment to continue with share buy-backs  
to maintain the number of shares at 6,240 million**

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## Good performance of Regulated businesses allows us to reaffirm 2015's Guidance ...

### Year end business Evolution

**Networks** 

**Renewables** 

**Generation & Supply** 

### Guidance 2015 vs year end 2014

**EBITDA** Higher

**Recurring Net Profit** Higher

**Financial Ratios** Improved

... reaching 2016 Outlook a year in advance

**Iberdrola has a sound business model  
based on three pillars...**

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**... with a proven track record of value creation  
for our shareholders**

# Analysis of Results



## Results Group / IFRIC 21 Levies

**IFRIC 21** (effective 01/01/2015) changes the timing of the recognition of liabilities that relate to the obligation to pay levies

Previously accrued on a linear basis and now recognised when payment is due

Due to this rule, **2014 figures have been re-stated** for comparison purposes

### Impact on Iberdrola Accounts in 9M 2014

- Earlier recognition for the liabilities corresponding to “Impuesto de Bienes Inmuebles” (IBIs) and Property Tax
- Impact progressively reduced during the year as most of the affected levies are paid in Q1

Eur M	9M 2014 reported	9M 2014 IFRIC 21	Var.
EBITDA	5,210.7	5,132.2	-78.5
Net Profit	1,831.3	1,780.4	-50.9

**No impact on the annual financial statements, only the quarterly statements, due to timing differences**

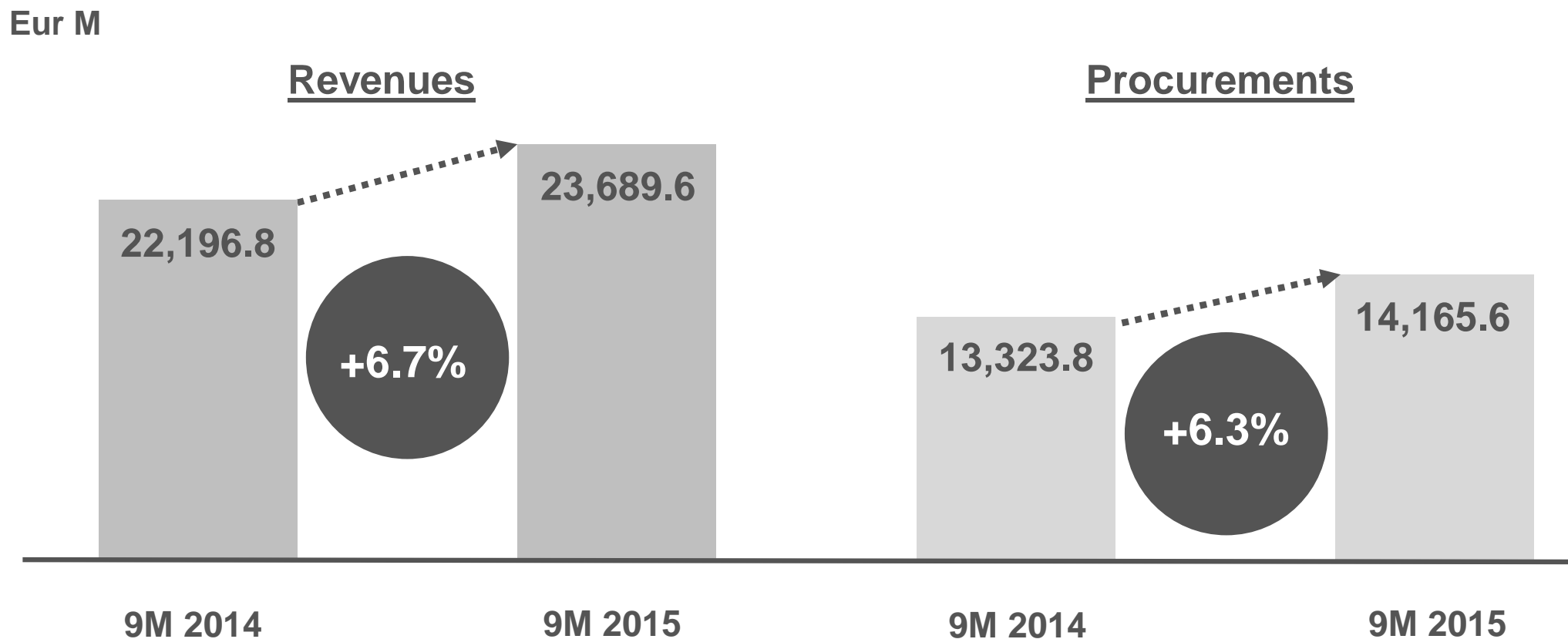
## Income Statement / Group

Eur M	9M 2015	9M 2014	Var.	%
Revenues	23,689.6	22,196.8	+1,492.7	+6.7
Gross Margin	9,523.9	8,873.1	+650.8	+7.3
Net Operating Expenses	-2,721.3	-2,528.8	-192.4	+7.6
Levies	-1,371.9	-1,212.1	-159.8	+13.2
EBITDA	5,430.7	5,132.2	+298.6	+5.8
EBIT	3,027.7	2,995.4	+32.3	+1.1
Net Financial Expenses	-748.3	-817.3	+68.9	-8.4
Recurring Net Profit	1,672.8	1,541.2	+131.6	+8.5
Reported Net Profit	1,919.7	1,780.4	+139.3	+7.8
Operating Cash Flow*	4,308.9	3,949.1	359.9	+9.1

*\*\*Net Profit + Minority Results + Amortiz.&Prov. – Equity Income – Net Non-Recurring Results + Fin. Prov.+ Goodwill deduction + Dividends from companies accounted via equity –/+ reversion of extraordinary tax provision*

**Strong operating results (EBITDA +5.8%) drive Recurring Net Profit up 8.5%**  
**Reported Net Profit up 7.8% due to reversal of tax provision**

# Gross Margin up 7.3%, to Eur 9,523.9 M



**Revenues +6.7% (Eur 23,689.6 M)  
and Procurements +6.3% (Eur -14,165.6 M) due to higher costs**

## Net Operating Expenses / Group

**Net Operating Expenses excluding Fx impact fall 0.2%,  
and are up 7.6%, to Eur 2,721.3 M, including Fx, ...**

Eur M

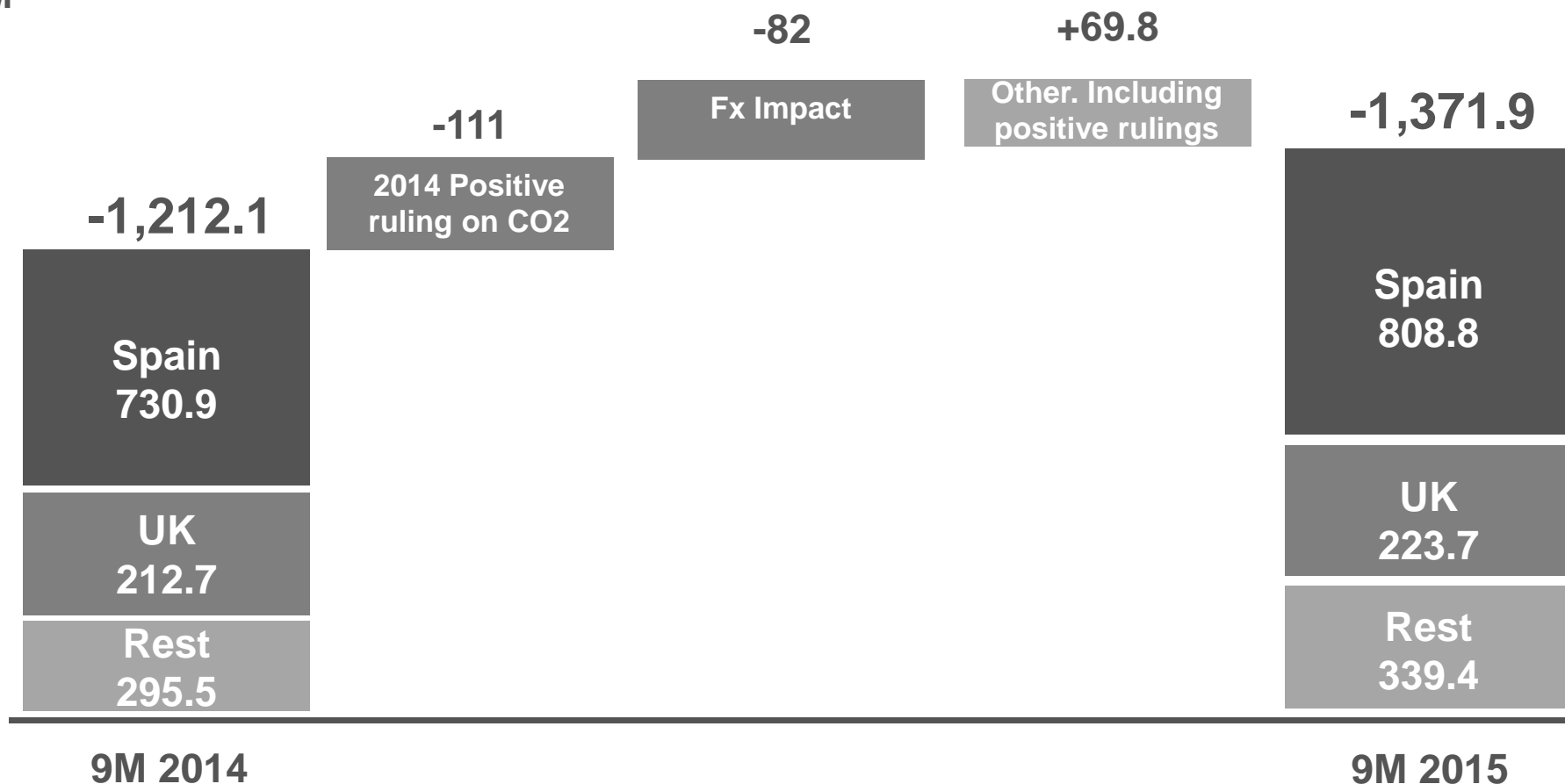
### Net Operating Expenses

	9M 2015	9M 2014	% vs 9M 14	% vs 9M 14 (ex-Fx impact)
Net Personnel Expenses	-1,394.4	-1,278.6	+9.1	+2.5
Net External Services	-1,326.9	-1,250.2	+6.1	-3.0
<b>Total Net Op. Expenses</b>	<b>-2,721.3</b>	<b>-2,528.8</b>	<b>+7.6</b>	<b>-0.2</b>

**... affected by positive non recurring impacts due to favourable legal rulings  
compensated by higher non recurring IT system costs in the UK and opex in the US**

## Levies up 13.2%, to Eur 1,371.9 M, ...

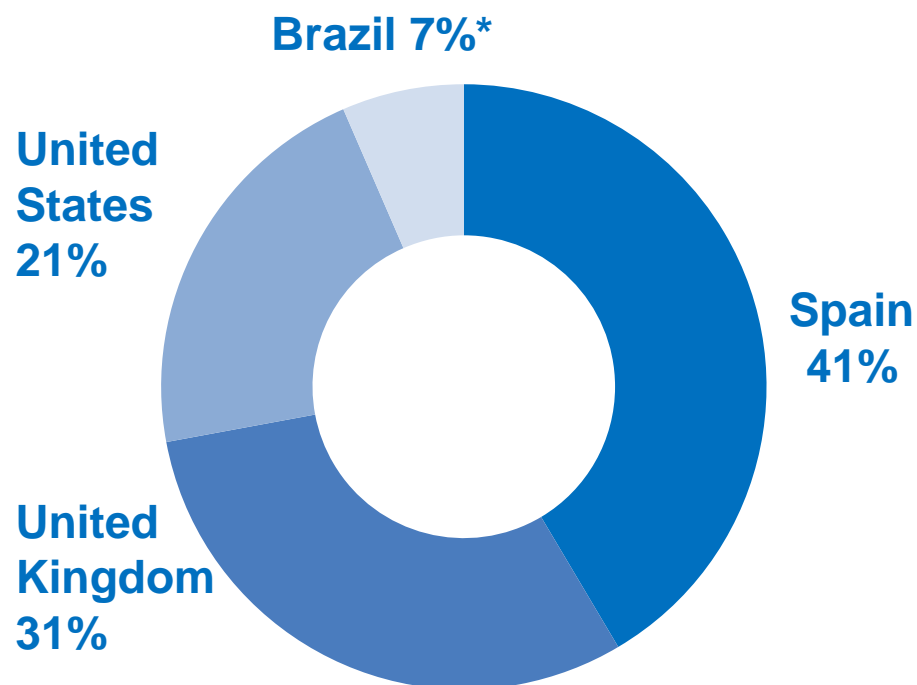
Eur M



... affected mainly by Fx impact (Eur -83 M) and favourable ruling accounted for in Q2 2014 (Eur +111 M), partially compensated by Eur 48 M positive ruling in H1 2015

# Networks EBITDA up 10.5% to Eur 2,684.2 M

### EBITDA by Geography (%)



\*Brazil accounts for 3% of total Group EBITDA

### Key Figures (Eur M)

	9M 2015	vs 9M 2014
Gross Margin	4,140.4	+12.1%
Net Op. Exp.	-1,010.6	+13.9%
<b>EBITDA</b>	<b>2,684.2</b>	<b>+10.5%</b>

## With growth in all countries

## Results by Business / Networks

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**Spain**

**EBITDA Eur 1,113.4 M**, improving from last year due to efficiency measures despite the impact of positive settlements accounted for in Q3 2014 (Eur 40 M)

**UK**

**EBITDA GBP 597.4 M**, as a result of increasing asset base partially compensated by RIIO-ED1 revenue profiling, that started in April '15

**US**

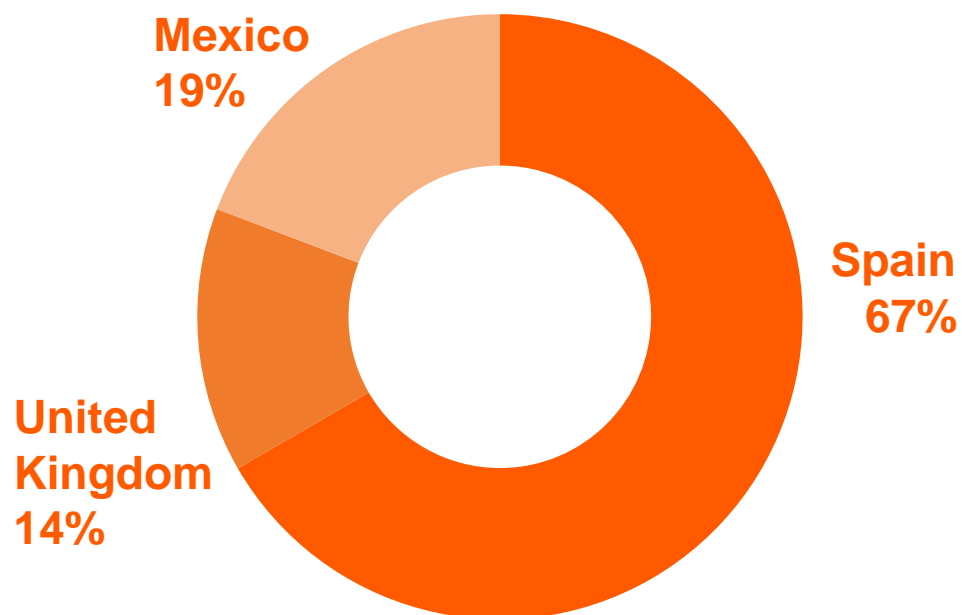
**EBITDA USD 641.7 M**, with results affected by IFRS – US GAAP adjustments, impacted by IFRIC 21 (to be partially compensated in Q4), accounting reclassifications that increase expenses vs depreciation and additional maintenance costs

**Brazil**

**EBITDA BRL 614.1 M**, in 9M 2015 no drought impact has been recorded vs BRL -298.3 M in 9M 2014. To be reversed in Q4 2015 as regulatory assets are registered from December 2014

# Generation & Supply EBITDA falls 7.4% to Eur 1,735.2 M

### EBITDA by Geography (%)



### Key figures (Eur M)

	9M 2015	vs 9M 2014
Gross Margin	3,562.5	-1.1%
Net Op. Exp.	-1,106.6	+3.8%
Levies	-720.7	+9.1%
<b>EBITDA</b>	<b>1,735.2</b>	<b>-7.4%</b>

**Driven by lower results in Spain,  
higher non energy costs in the UK and US Gas business**



## Results by Business / Generation and Supply

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### Spain

#### EBITDA Eur 1,179.8 M

- Lower output\* (-10.5%) and higher costs related to production mix
- Weaker performance in Gas business vs 2014 due to non recurring
- Levies up Eur 64 M, basically due to Eur 111 M of CO2 allowances accounted for in Q2 2014

### UK

#### EBITDA GBP 182.2 M

- Wholesale & Generation results fall due to higher costs (Carbon Tax from GBP 9/MWh to GBP 18/MWh)
- Retail business results decrease as a consequence of :
  - rise in non energy costs (ROCs and T&D)
  - extraordinary costs related to the difficulties in the deployment of new IT system (FIS). Customer numbers maintained

### Mexico

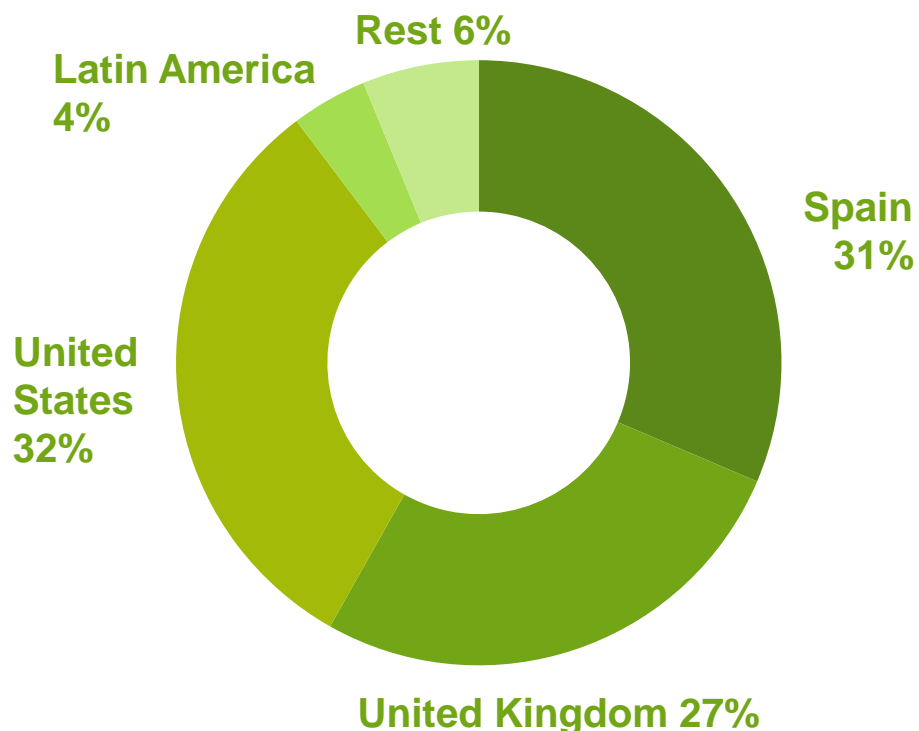
#### EBITDA USD 379.7 M

- + Improvement driven by the renegotiation of contracts with negative impact in 9M 2014

\* Includes cogeneration

# EBITDA up 22.7% to Eur 1,126.5 M...

### EBITDA by Geography (%)





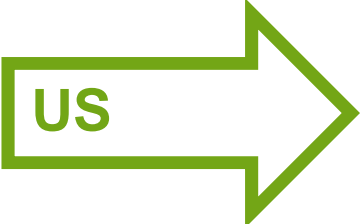

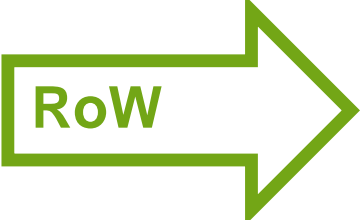
### Key figures (Eur M)

	9M 2015	vs 9M 2014
Gross Margin	1,728.8	+19.3%
Net Op. Exp.	-470.5	+12.7%
EBITDA	1,126.5	+22.7%

... driven by the recovery in Spain  
and strong UK performance

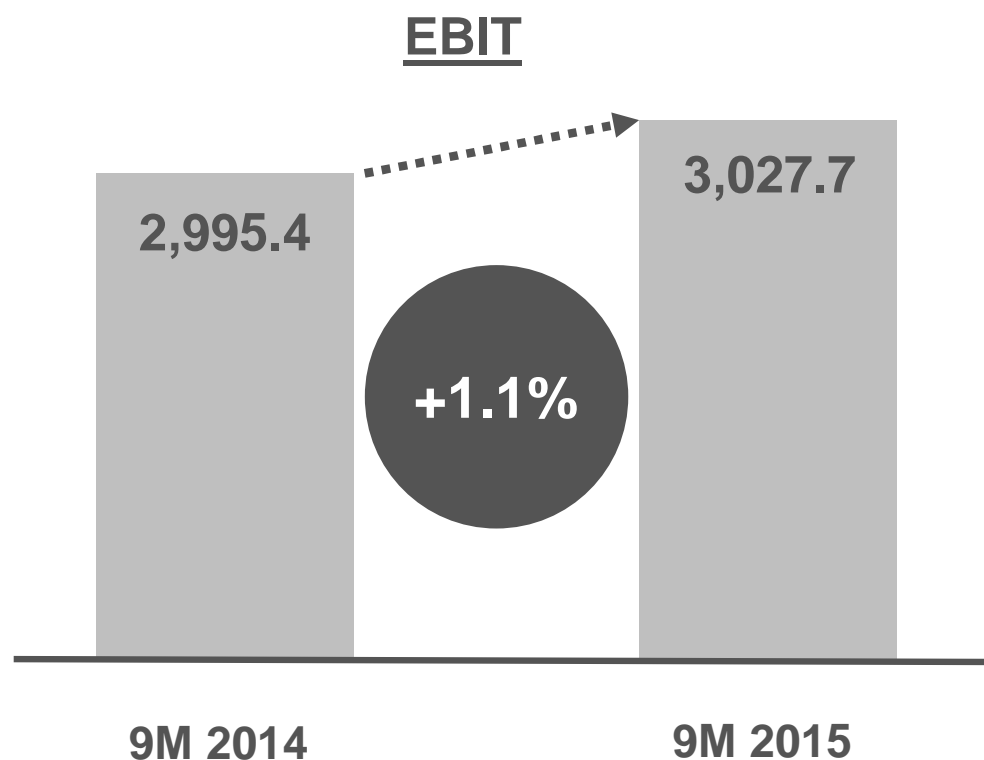
## Results by Business / Renewables

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 Spain	<b><u>EBITDA Eur 353.8 M</u></b> , with lower output (-5.5%) vs 9M 2014, offset by recovery in prices
 UK	<b><u>EBITDA GBP 219.4 M</u></b> , due to higher output (+30.3%), including positive impact from contribution of West of Duddon Sands offshore wind farm
 US	<b><u>EBITDA USD 396.9 M</u></b> , affected mainly by lower output (-7.0%) vs 9M 2014, due to climate conditions in the West. Baffin wind farm (202 MW), recently entered into operation, will help to increase the production in the coming months
 Latam	<b><u>EBITDA EUR 45.6 M</u></b> , as a consequence of higher output (+16.8%) in Mexico and Brazil
 RoW	<b><u>EBITDA EUR 70.2 M</u></b> , underpinned by an improved load factor that increased production by 13%

## Group EBIT totals Eur 3,027.7 M (+1.1%) ...

Eur M

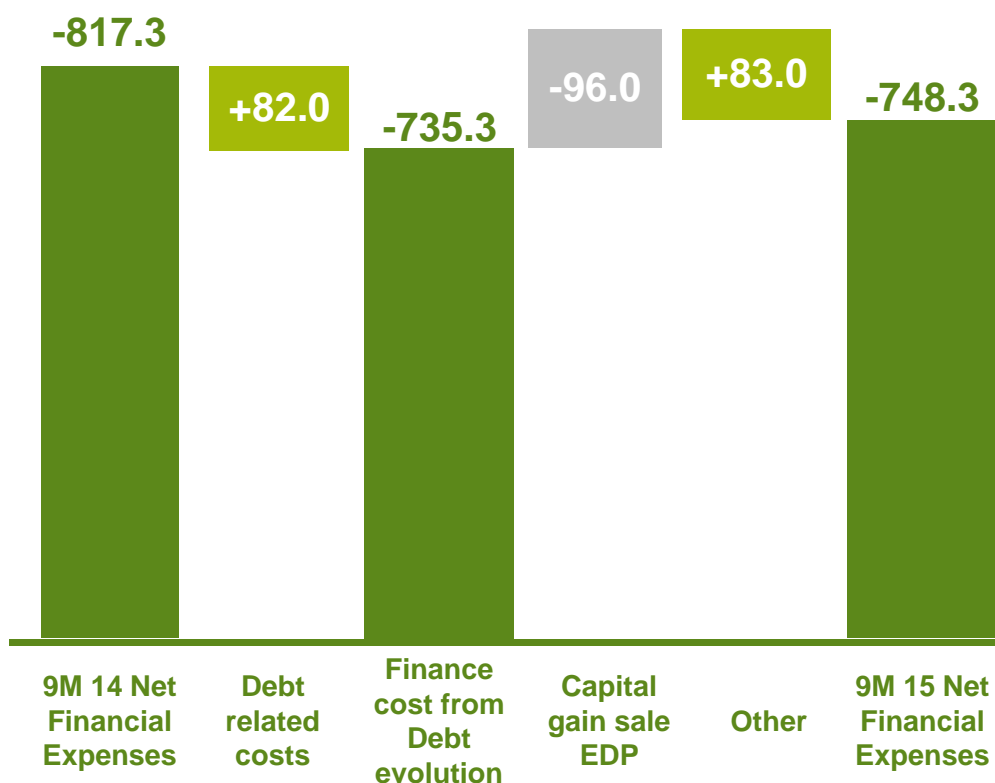


	9M 15	9M 14	9M 15 vs 9M 14
D & A	-2,243.9	-2,009.1	-234.7
Provisions	-159.1	-127.6	-31.6
<b>TOTAL</b>	<b>-2,403.0</b>	<b>-2,136.7</b>	<b>-266.3</b>

... with Amortisations growing 11.7%, due to exchange rate impact (Eur -161 M) and new renewable capacity in operation, and Provisions +24.7% also affected by non-recurring provisions in the UK (FIS)

# Net Financial Expenses fall 8.4% due to improvement in debt-related costs ...

### Net Financial Exp. Evolution (Eur M)



### Financial Highlights

- Decrease in average net debt and 38 bp lower cost to 4.10% improve debt-related costs by Eur +82.0 M
- Eur 96.0 M gross capital gain on part of EdP stake sale accounted for in H1'14
- Including reversal of contingencies, proceeds from sale of Euskaltel and interests of favourable legal claims

... despite EdP capital gain accounted for in 2014,  
partially compensated by other positive impacts

## Net Profit / Group

**Recurring Net Profit +8.5% (Eur 1,672.8 M),  
Reported Net Profit +7.8% (Eur 1,919.7 M)**

Eur M

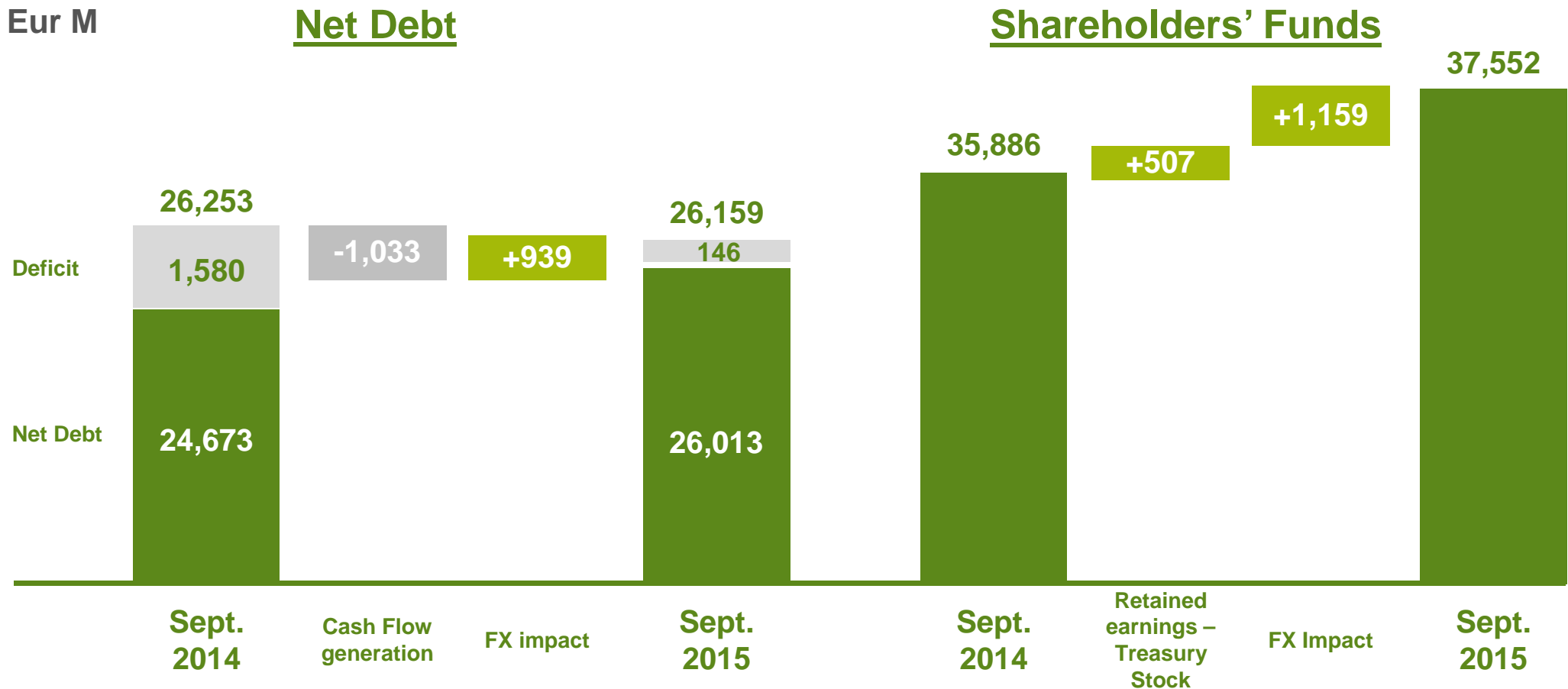
	9M 2015	9M 2014	vs 9M 14
Recurring Net Profit	1,672.8	1,541.2	+8.5%
Non Recurring Result & Others	79.6	413.8	
Non Recurring Corporate Tax	167.2	-174.7	
Reported Net Profit	1,919.7	1,780.4	+7.8%

**Corporate Tax rate down to 18.1%  
due to reversal of tax provision (Eur 220 M)**

# Financing

## Financing / Leverage

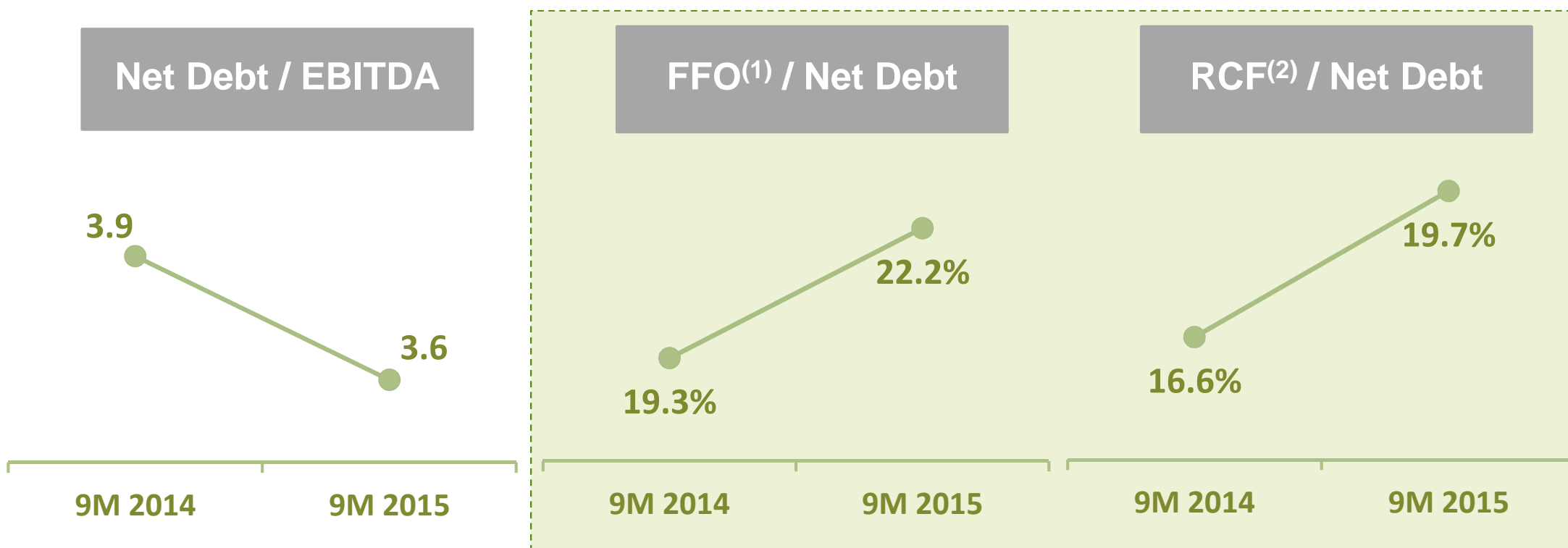
Leverage continues to improve and now stands at 41.1% at the end of 9M 2015 vs 42.2% at end 9M 2014 ...



... thanks to positive free cash flow  
and despite adverse impact of EUR depreciation on debt



## Improvement of credit ratios as Net Debt slightly decreases while EBITDA and Cash Flow increases



(1) FFO = Net Profit + Minority Results + Amortiz.&Prov. – Equity Income – Net Non-Recurring Results + Financial Prov.+ Goodwill deduction + Dividends from companies accounted via equity method – /+ reversion of extraordinary tax provision . It includes TEI but excludes Rating Agencies Adjustments.

(2) RCF = FFO – Dividends paid in cash to shareholders – Net interest on hybrid debt issue.

### 2016 FFO/Net Debt and RCF/Net Debt targets already achieved Net Debt/EBITDA 0.1x from target

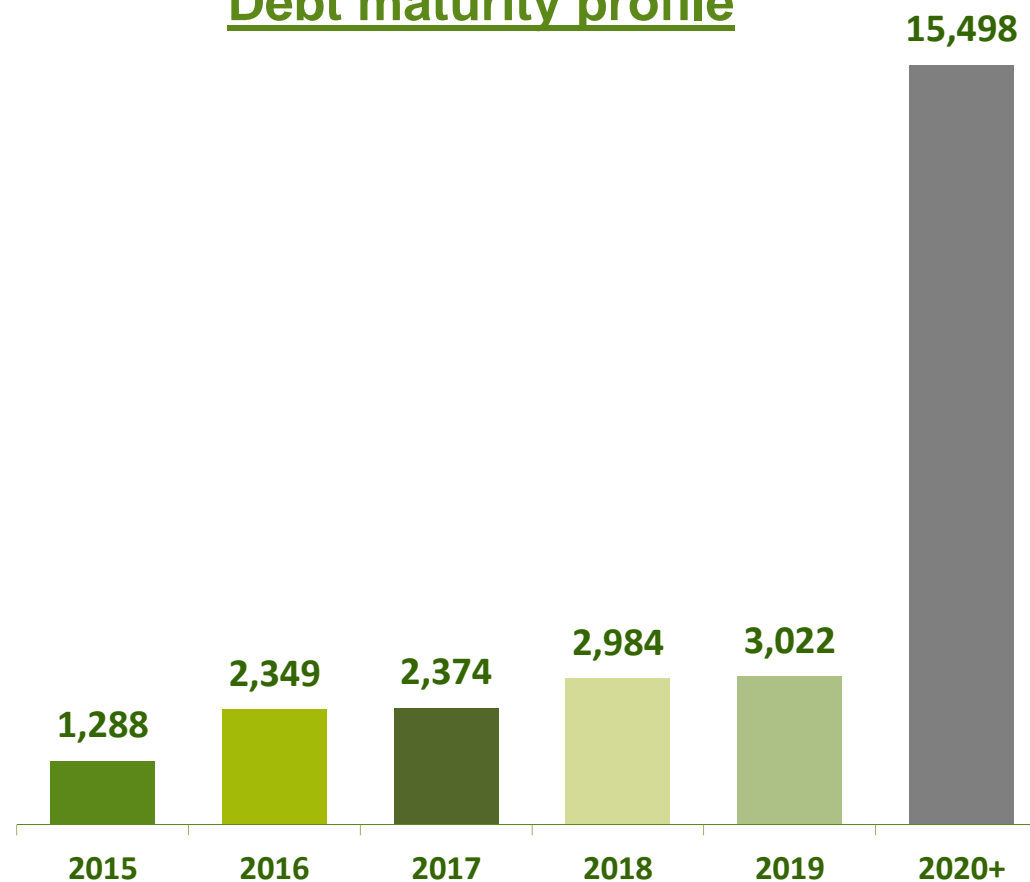
## Financing / Liquidity and Debt Maturity

As of today, there is a strong liquidity position of over Eur 8 bn, covering more than 27 months of financing needs ...

Eur M

Credit Line Maturities	Available
2016 & onwards	6,264
Total Credit Lines	6,678
Cash & short term fin. invest.	1,509
Total Adjusted Liquidity	8,187

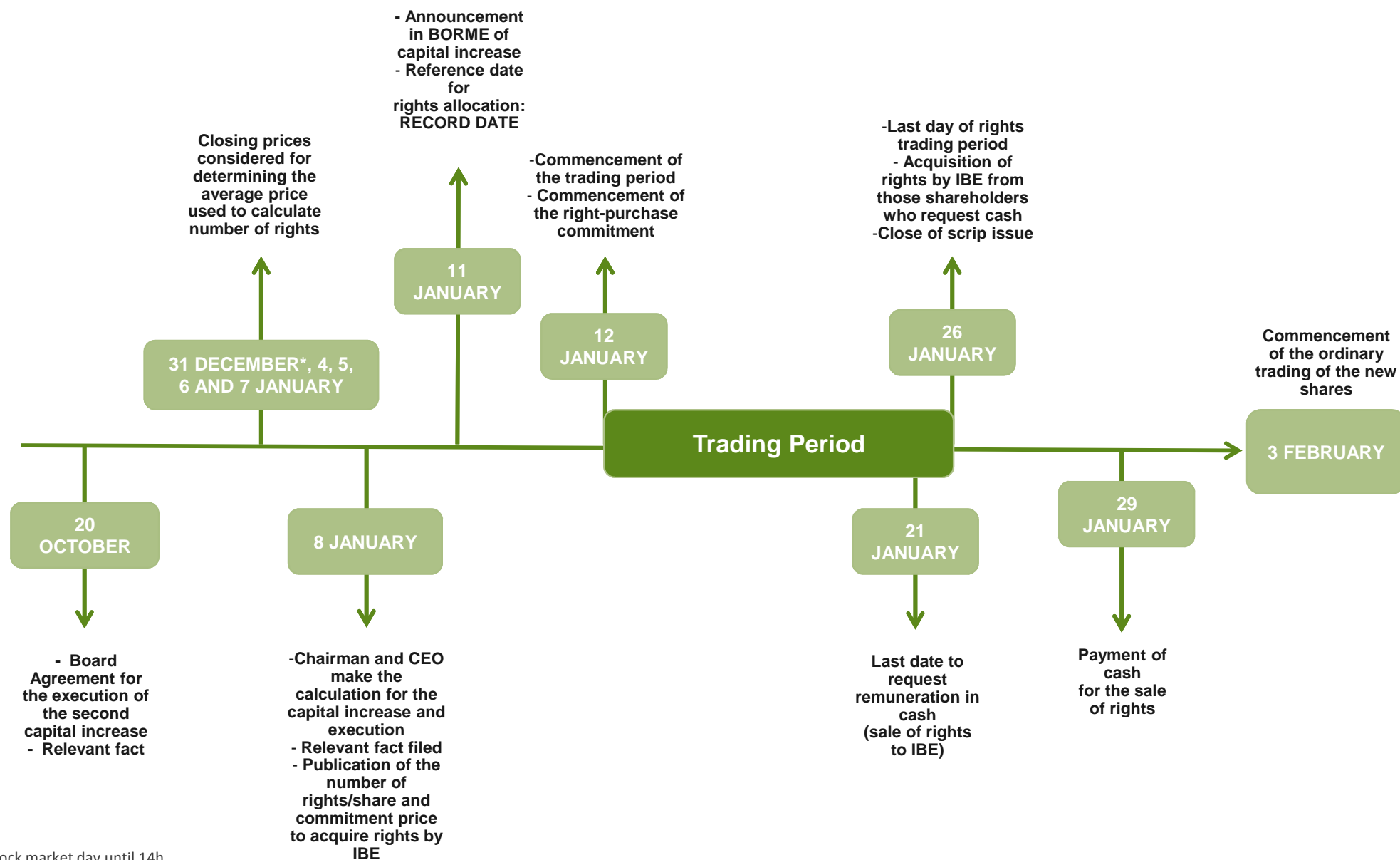
### Debt maturity profile



... and an average debt maturity of circa 6.5 years

**Annex:  
Scrip dividend  
calendar:  
January 2016**

# Scrip Dividend calendar: January 2016



\* Stock market day until 14h

# Investor Relations app

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