



IBERDROLA 2009 Results Presentation

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Highlights of the Period

Analysis of Results

Financing

Conclusion

Highlights of the Period



EBITDA increases 6.3%
Recurring Net Profit up 7.2%

Output rises 1.1% due to higher wind generation

International growth driven by Regulated Businesses and Renewables

Increasing financial strength:
Investments control and improvement in credit metrics

Maintaining Remuneration per Share

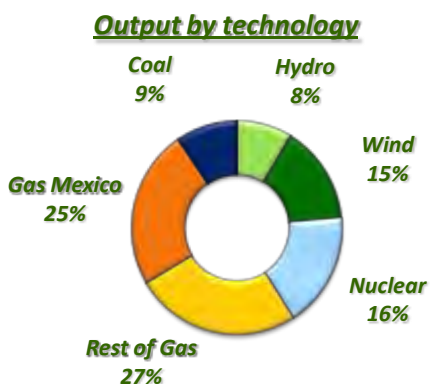
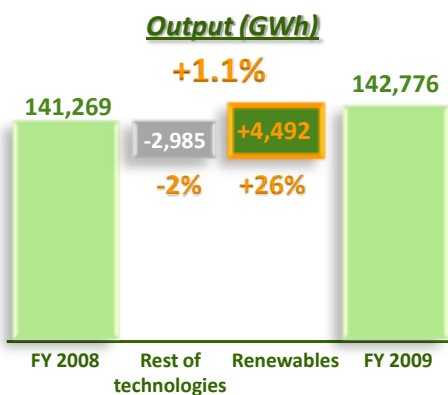
Operating Cash Flow rises 11%

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Output - Group



Output increases 1.1% and exceeds 140,000 GWh
due to higher wind generation...



...which amounts to 15% of Group's total

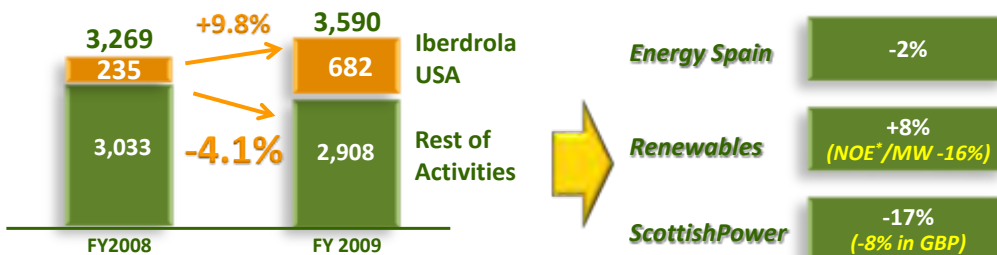
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Efficiency



Net Operating Expenses fall 4.1%...

Net Operating Expenses



... excluding Iberdrola USA, that in 2009 contributes for the full year vs. only one quarter in 2008

*Net Operating Expenses

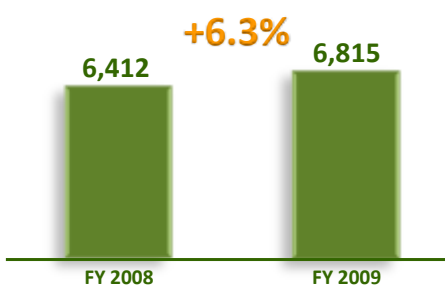
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EBITDA

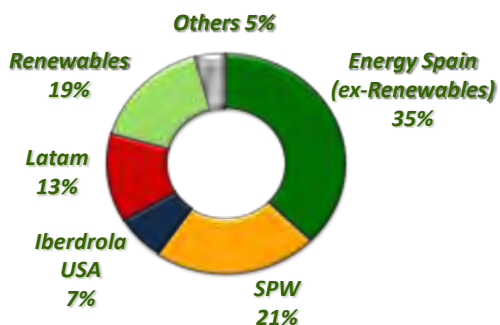


EBITDA increases 6.3% to Eur 6,815 MM...

EBITDA (Eur MM)



EBITDA Breakdown



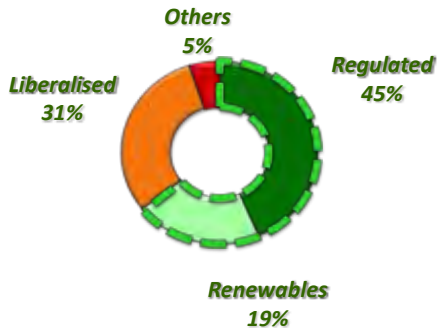
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EBITDA

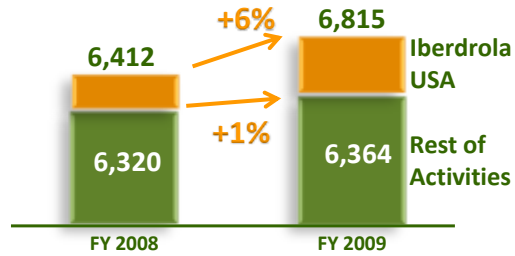


...driven by a sound business model:
Regulated Businesses and Renewables contribute $\frac{2}{3}$ of the total

EBITDA Breakdown



EBITDA (Eur MM)



EBITDA up 1% in euros and 3% in local currency
excluding Iberdrola USA

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Balance Sheet management

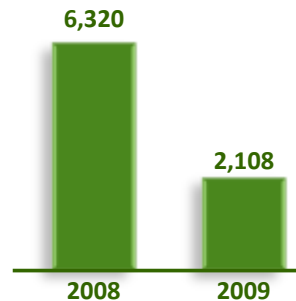


Focus on financial strength:
Control of investments in the short term...

Investments and Divestments

	2009
<i>Eur MM</i>	
Gross Investments	4,221
Grants	-416
Divestments	-1,697
Investments net of grants and divestments	2,108

Net Investments: 2008 vs 2009



...flexibility and agility to adapt to the environment

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Balance Sheet management



...and optimisation of financial profile...

Access to capital markets at attractive prices:
Eur 3.4 Bn, GBP 500 MM, USD 2.0 Bn

Comfortable liquidity position: Eur 9.0 Bn

Net leverage improves from 50.3% to 46.2%

Strength in credit metrics

FFO/Interest
4.7x

FFO/Net Debt
20.0%

RCF/Net Debt
13.5%

... allowing the A Rating to be maintained

*Credit metrics exclude TEI and tariff deficit and exclude also the payment of the "interim dividend" in December 2009

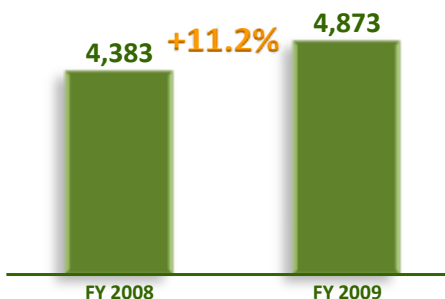
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Cash Flow and Net Profit

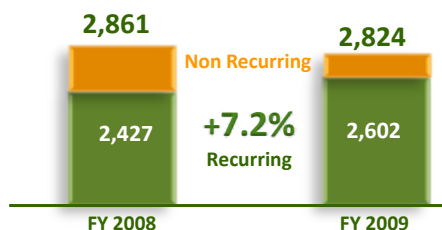


Net Profit reaches Eur 2,824 MM,
in line with 2008, and rises 7.2% in recurring terms

Operating Cash Flow* (Eur MM)



Net Profit (Eur MM)



Operating Cash Flow up 11.2%

*Net Profit + Amortisations and Provisions – Equity Method – Non Recurring

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Income Statement – Group

Recurring Net Profit up 7.2% to Eur 2,602.0 MM ...

Eur MM

	FY 2009	FY 2008	Var. %
Gross Margin	10,788.0	10,000.6	+7.9
Net Op. Expenses*	-3,590.1	-3,269.2	+9.8
EBITDA	6,815.3	6,412.5	+6.3
Operating Profit (EBIT)	4,509.2	4,261.5	+5.8
Net Finance Cost	-1,109.4	-1,026.1	+8.1
Non Recurring (Gross)	225.3	555.2	-59.4
Reported Net Profit	2,824.3	2,860.6	-1.3
Recurring Net Profit	2,602.0	2,427.1	+7.2

**... as there is growth in all the lines of the P&L
except in Non Recurring and Reported Net Profit**

*Excludes Levies

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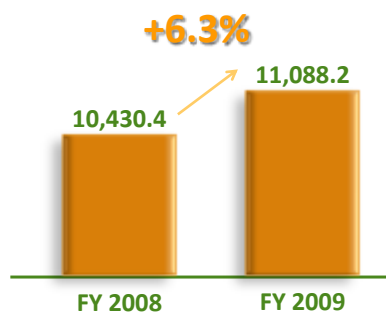
Gross Margin - Group



Gross Margin up 7.9% to Eur 10,788.0 MM
and Basic Margin up 6.3% to Eur 11,088.2 MM

Gross Margin (Eur MM)

Basic Margin (Eur MM)



Net Sales fall 2.5% to Eur 24,558.9 MM,
and Procurements decrease 8.5% to Eur 13,350.2 MM

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Net Operating Expenses - Group



Net Operating Expenses up 9.8% to Eur 3,590.1 MM
Ex IBE USA Net Operating Expenses fall 4.1% ...

Net Operating Expenses

Eur MM	FY 2009	% v FY 2008
Net Personnel Expenses ex IBE USA	1,334.8	-4.1%
Net External Services ex IBE USA	1,573.5	-4.2%
Total ex IBE USA	2,908.3	-4.1%
IBE USA Net Op. Expenses	681.7	N/A
Total	3,590.1	+9.8%

Operating Highlights

Efficiency gains in
Net Personnel Expenses

Recurring Net External Services
down 2%

... driven by efficiency gains and FX impact

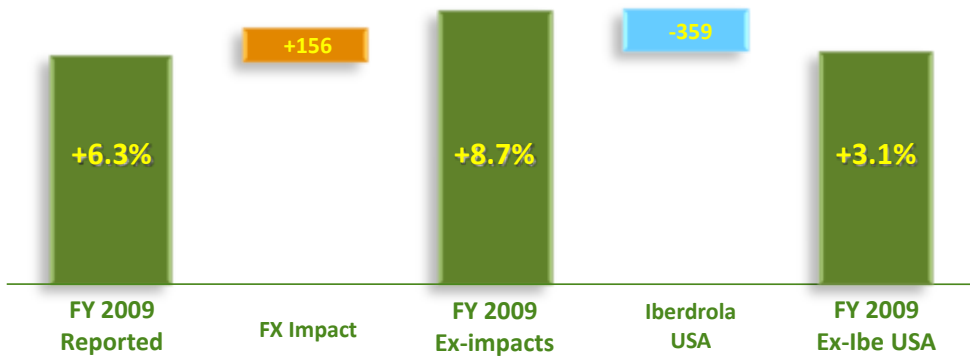
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EBITDA - Group



Group EBITDA up 8.7% excluding FX impact ...

Eur MM



... and up 3.1% on a like for like basis

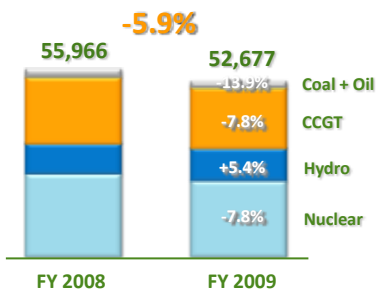
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Results by Business Liberalised Business Spain

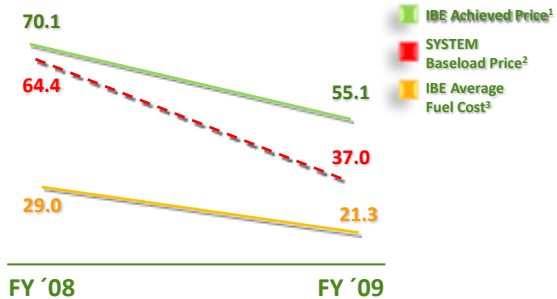


Despite Ordinary Regime Production in the Spanish System falling by 13.4%, Iberdrola decreases its O.R. output only by 5.9%

Ordinary Regime Output (GWh)



Prices evolution (Eur/MWh)



75% of 2010 production (50 TWh) already sold over 50 Eur/MWh

⁽¹⁾ Iberdrola average power price for the Spanish System includes spot and forward sales ⁽²⁾ Baseload power price for the Spanish System ⁽³⁾ Iberdrola Average Fuel Cost includes: thermal inc. CO₂, nuclear, hydro including pumping self-consumption and renewables ex IBE-IBR Agreement

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Results by Business Liberalised Business Spain



EBITDA falls 12.4% to Eur 1,330.6 MM
due to a 24% decrease in energy prices and 4.5% fall in demand,
partially compensated by lower CO2 Levies and the Supply Business

Eur MM

EBITDA



Financial Highlights

	FY 2009	% v FY 2008
Basic Margin	2,321.9	-13.5%
Net. Op. Exp.	-775.2	+10.4%
EBITDA	1,330.6	-12.4%

Operating Expenses up 10.4% due to increased Supply Business activity

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Results By Business Regulated Business Spain



EBITDA up 12.9% to Eur 1,118.9 MM

Operating Highlights

Higher regulated revenues: +4%

Improving Efficiency:
Lower Personnel Costs
and External Services

Financial Highlights

Eur MM

	FY 2009	% v FY 2008
Gross Margin	1,685.4	+4.9%
Net Op. Exp.	-477.7	-5.9%
EBITDA	1,118.9	+12.9%

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Results By Business Renewables



EBITDA increases 11.8% to Eur 1,325.3 MM, as higher output (+26.4%) more than compensates lower average price (-9.3%)

Operating Highlights

Operating Capacity rises 2,184 MW, to 10,284 MW

OPEX per average operating MW improves +16.4%

“Round 3” award consolidates UK wind leadership

H2'09 prices up 8% v H1'09
Due to “Hedging Agreement” in Spain
and higher international prices

90% of the MWs in construction in US
in 2010 already covered with PPAs

Financial Highlights

Eur MM

	FY 2009	% v FY 2008
Gross Margin	1,815.5	+12.0%
Net Op. Exp.	-448.2	+8.2%
EBITDA	1,325.3	+11.8%

After investing USD 1.6 bn,
USD 577 MM of grants received in the US

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Results By Business ScottishPower



Sterling EBITDA up 7.7% to GBP 1,293.5 MM, as improvement in Net Operating Expenses reverses a 2.6% fall in Basic Margin

Fin. Highlights (GBP MM)

	FY 2009	% v FY 2008
Basic Margin	1,916.6	-2.6%
Net Op. Expenses	-549.9	-7.7%
EBITDA	1,293.5	7.9%

Results by business (Eur MM)

Wholesale & Retail	Basic Margin	1,288.3
	EBITDA	730.9
Networks	Gross Margin	837.4
	EBITDA	663.4

In Euros, EBITDA falls 3.5% to Eur 1,451.2 MM
due to FX impact of Eur 165 MM

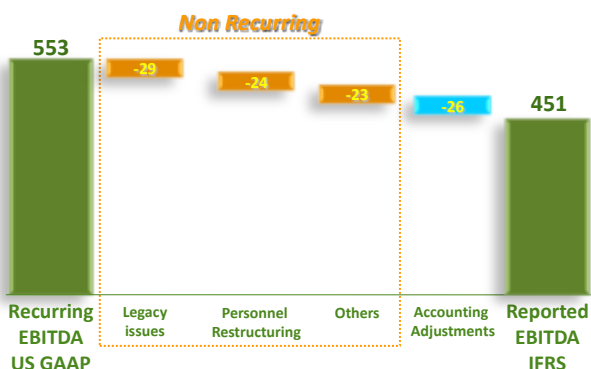
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Results By Business Iberdrola USA



Iberdrola USA EBITDA of Eur 451 MM due to Non Recurring impacts...

2009 EBITDA (Eur MM)



Financial Highlights

Eur MM

	FY 2009
Gross Margin	1,367.1
Net Op. Exp.	-681.7
EBITDA	451.3

... and accounting adjustments from US GAAP to IFRS

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Results By Business Latin America



Latam EBITDA falls 3.7% to Eur 859.7 MM ...

Highlights of the Period

Operating Highlights	↓ Assets Sales
	↓ Tariff Review Distribution Companies
	↑ Brazil Demand: +4.1%
FX Impact	↓ Brz Real: -3.1%
	↑ USD: +5.2%

Financial Highlights

Eur MM

	FY 2009	% v FY 2008
Gross Margin	1,062.1	-5.5%
Net Op. Exp.	-200.2	-12.5%
EBITDA	859.7	-3.7%
Brazil	502.2	
Mexico	357.5	

... as lower expenses in Brazil due to Non Recurring compensate Gross Margin decrease

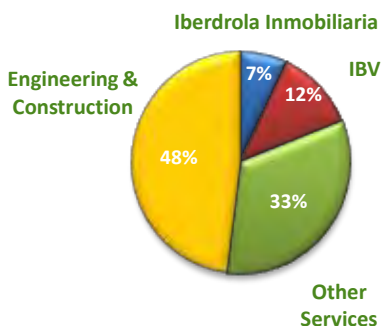
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Results By Business Non Energy & Engineering



**EBITDA falls 7.7% to Eur 335.8 MM
due to lower contribution from Real Estate**

Gross Margin Breakdown



Financial Highlights

Eur MM

	FY 2009	% v FY 2008
Gross Margin	707.9	+0.9%
Net Op. Exp.	-359.8	+8.9%
EBITDA	335.8	-7.7%

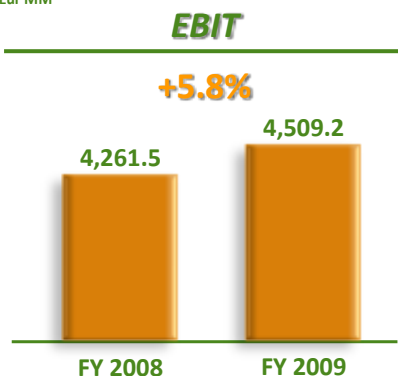
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EBIT - Group



Group EBIT up 5.8% to Eur 4,509.2 MM

Eur MM



	FY 2009	% v FY 2008
D&A	-2,194.9	+15.4%
PPA*	-221	
Provisions	-111.1	-55.4%
Total	-2,306.0	+7.2%

**D&A and Provisions up 7.2% to Eur 2,306.0 MM, with lower provisions
due mainly to better performance of bad debt accounts**

*Price Purchase Allocation

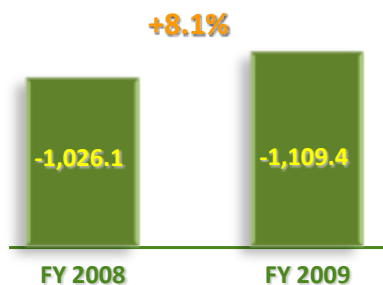
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Net Finance Costs - Group

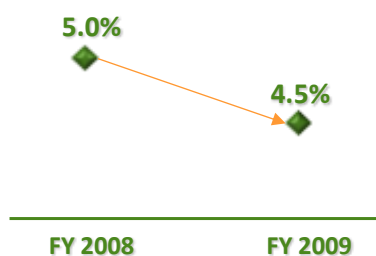


**Net Finance Cost: Eur -1,109.4 MM (+8.1%)
due to the higher Average Debt Balance (+22.5%)**

Net Finance Cost (Eur MM)



Average Net Cost of Debt



Average Net Cost of Debt improves from 5.0% to 4.5%

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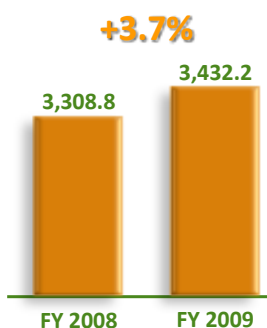
PBT - Group



Recurring PBT up 3.7% to Eur 3,432.2 MM

Recurring PBT

Eur MM



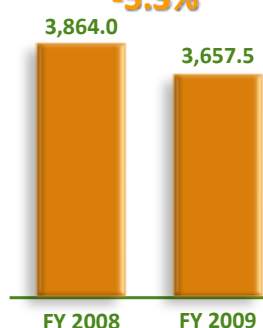
Non Recurring

Eur MM



Profit Before Taxes

Eur MM



**Lower Non Recurring of Eur 330 MM
drives PBT fall of 5.3% to Eur 3,657.5 MM**

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Reported Net Profit - Group

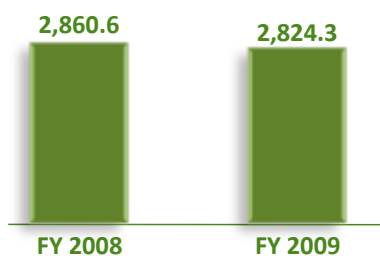


Reported Net Profit falls 1.3% to Eur 2,824.3 MM

Eur MM

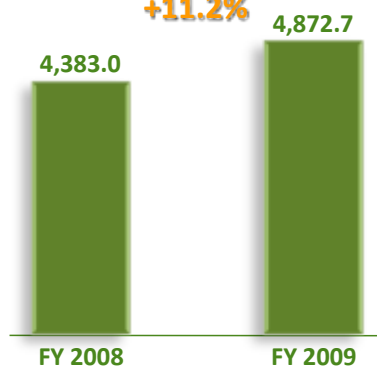
Reported Net Profit

-1.3%



Operating Cash Flow

+11.2%



Operating Cash Flow rises 11.2% to Eur 4,872.7 MM

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Agenda



Highlights of the Period

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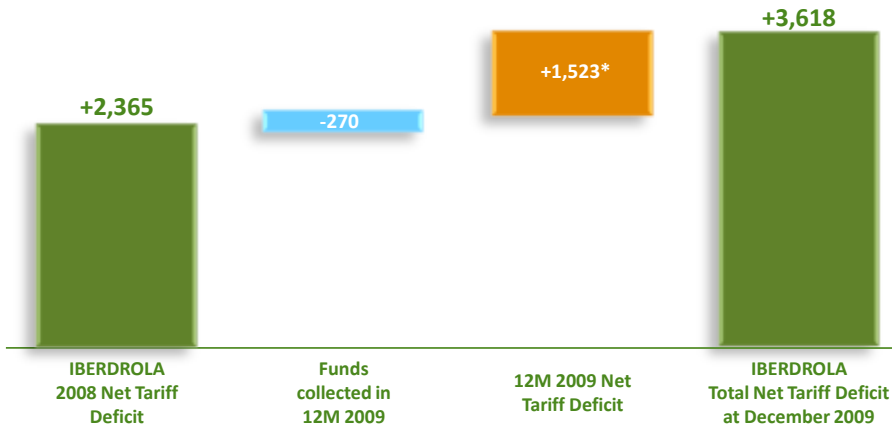
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Financing – Tariff Deficit



Tariff Deficit reaches Eur 3,618 MM at the end 2009

Eur MM



*Includes interest of Eur 122 MM relating to the 2006 and 2008 tariff deficits

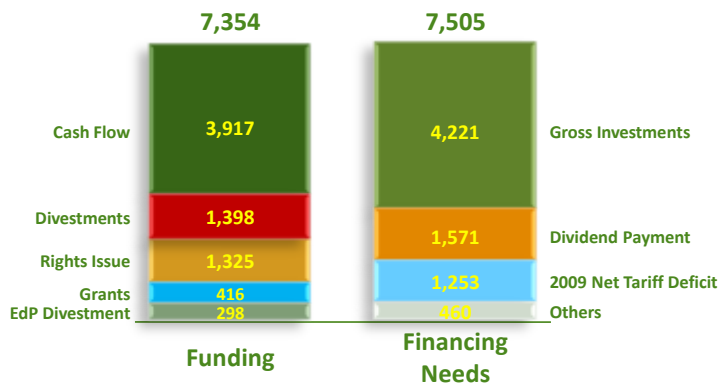
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Financing Needs and Funding



Active financial management reduces Debt, absorbing tariff deficit impact ...

Eur MM



... through US grants, a limited rights issue and Divestments, including Treasury Stock and 2.7% of EdP

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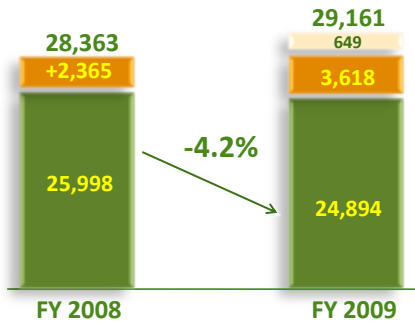
Financing – Net Debt*



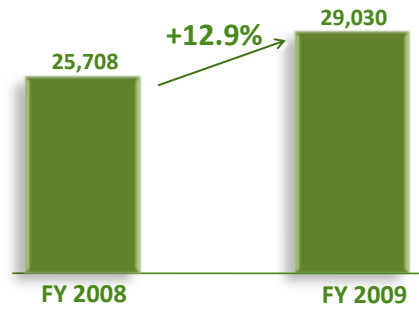
Leverage improves from 50.3% to 46.2% ...

Eur MM

Net Debt



Shareholders' Funds



■ Adjusted Net Debt ■ Cumulative Tariff Deficit
 ■ 2009 Interim Div. advanced to 30/12/09

... as Adjusted Net Debt falls over Eur 1.1 bn
 and Shareholders' Funds raise over Eur 3.3 bn

* Excluding TEI

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Financing – Credit Metrics



Control of Net Debt* and Cash Flow improvement
 lead to exceed all 2009 solvency ratio targets

	2009 targeted credit metrics	Excluding Tariff Deficit	Including Tariff Deficit
FFO/Net Debt	> 19%	20.0%	17.4%
FFO/Interest	> 4.5x	4.7x	4.6x
RCF/Net Debt	> 12.5%	13.5%	11.8%
Leverage	< 48%	46.2%	49.6%

2009 Net Debt/EBITDA: 3.7x excluding Tariff Deficit

* Excluding TEI and interim dividend '09 payment

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Highlights of the Period

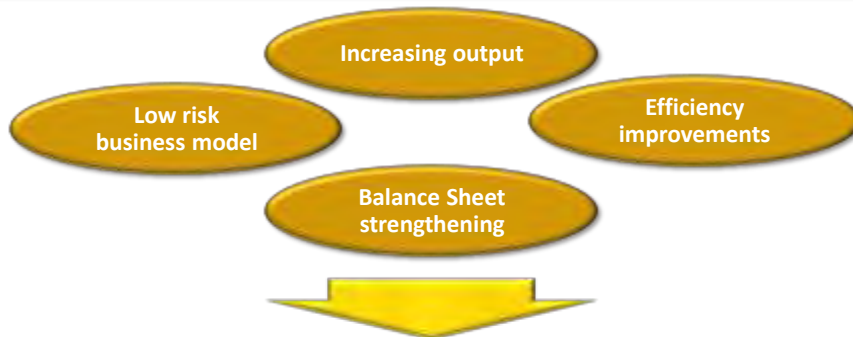
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2009: In a complex environment, Iberdrola achieves its targets again...

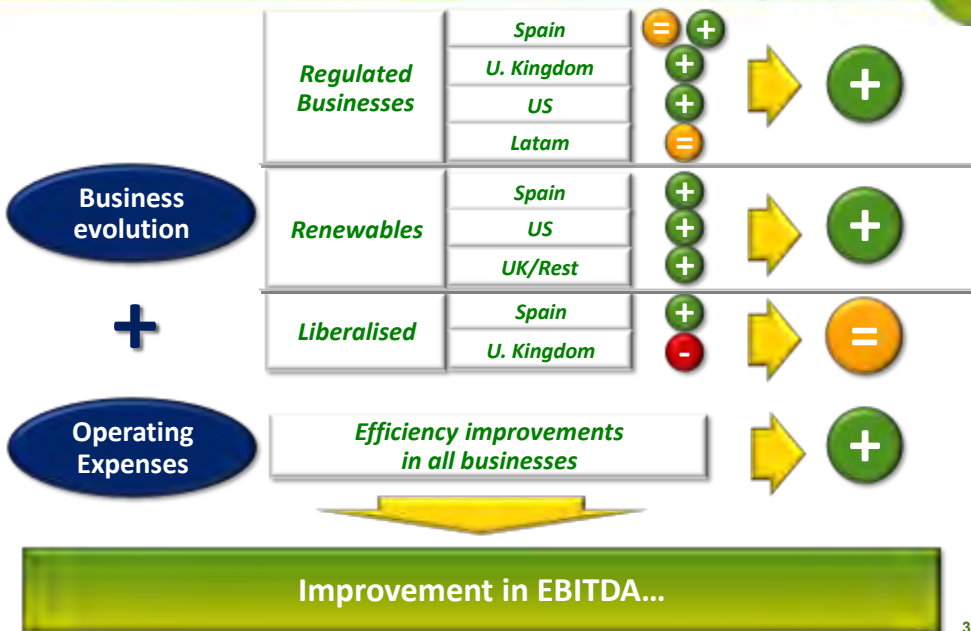


6.3% growth in EBITDA and 7.2% in Recurring Net Profit

Net Profit in line, maintaining shareholders' remuneration

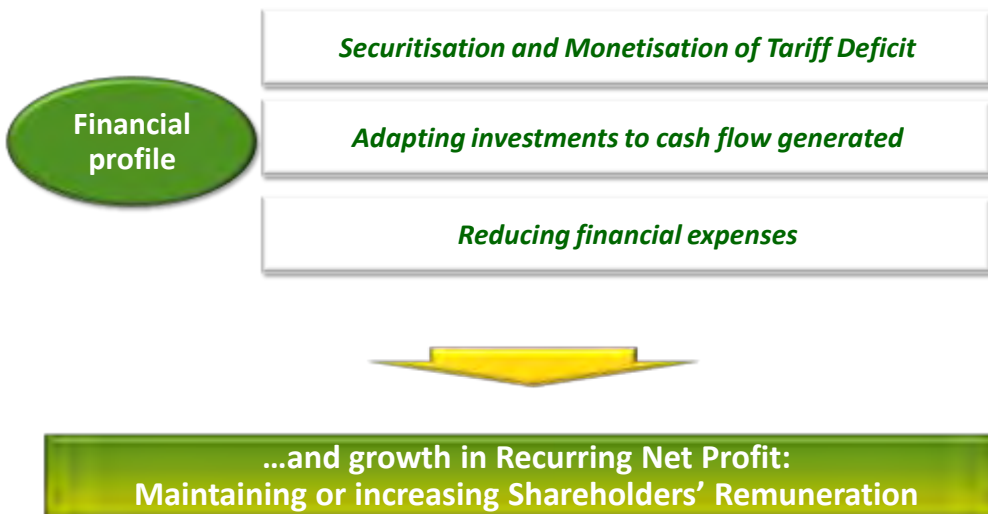
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Outlook 2010



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Outlook 2010



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