Results Presentation

First Quarter / April / 2016

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Highlights of the period

Net Profit grows 3.3% to Eur 869 M

EBITDA totals Eur 2,008 M

Excluding atypical factors and Fx impact, EBITDA remains stable (+0.2%)

Net Investments of Eur 896 M (+51.1%)

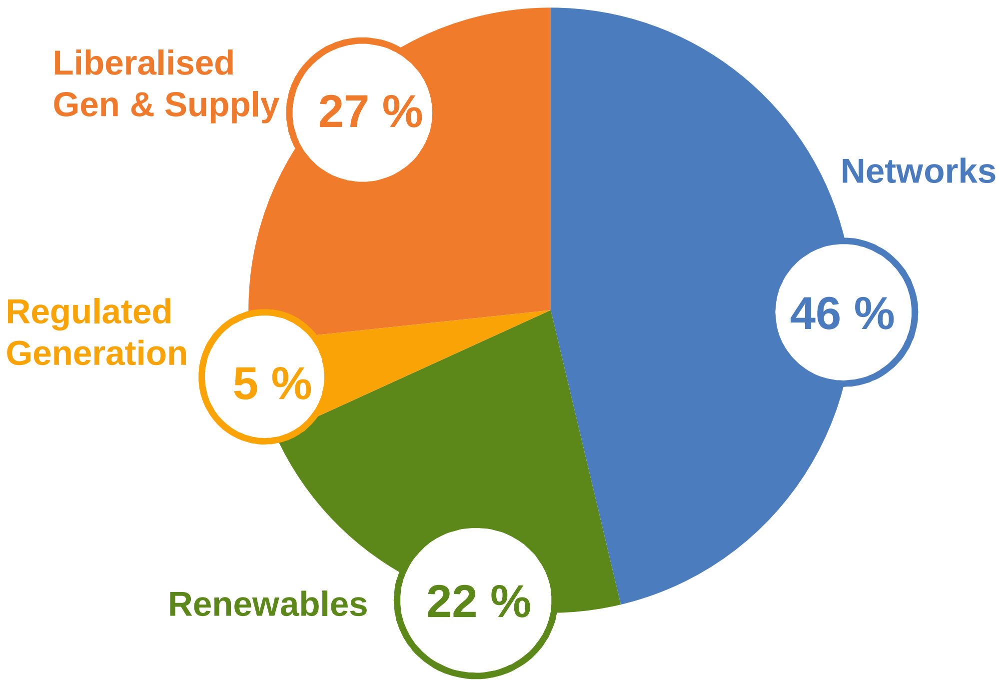
71% for growth

Operating Cash Flow (FFO) up 2.3% to Eur 1,696 M

Recurring Net Profit increases 5.1% to Eur 837 M in line with outlook presented in February

EBITDA reaches Eur 2,008 M

EBITDA by business



Operating Highlights

Networks

- UIL contribution
- Gas demand decrease in US

Renewables

- Higher production in Spain and US
- Lower production in UK

Regulated Generation

- Lower Mexico tariffs

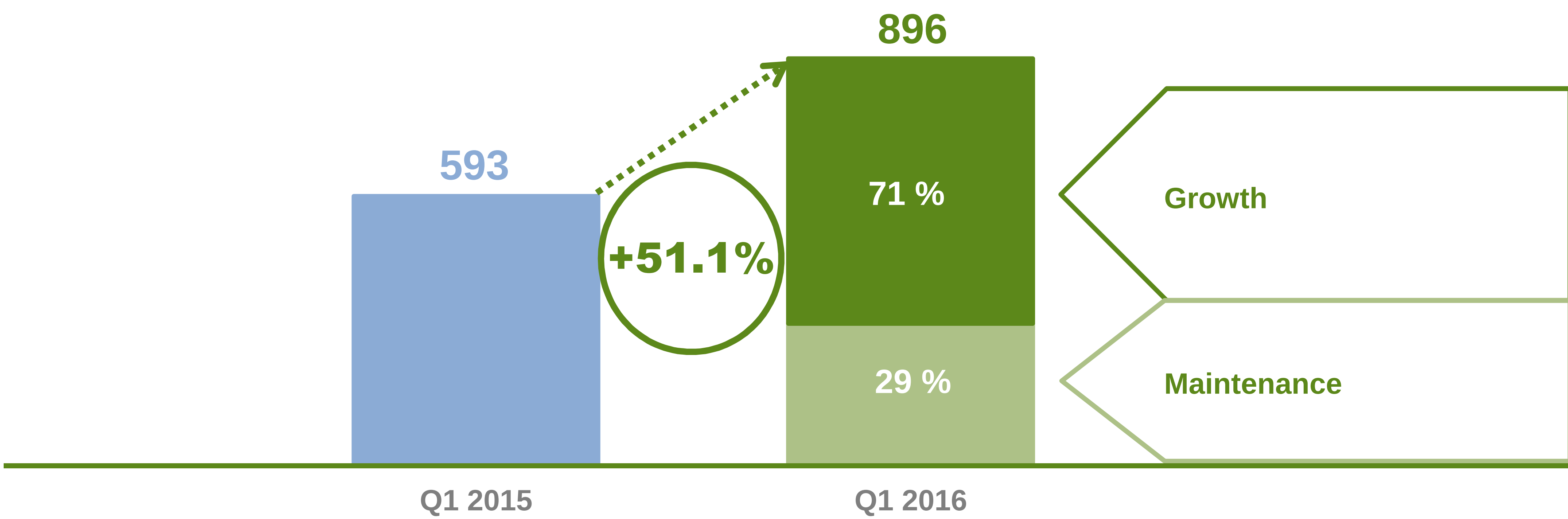
Liberalised Generation and Supply

- Impact of one-off atypical factors: UK customer compensation (2016) and CNMC and Eco-tax reversal in Spain (2015)
- Lower wholesale gas operations

Net Investments increase 51.1% to Eur 896 M

91% in Regulated businesses

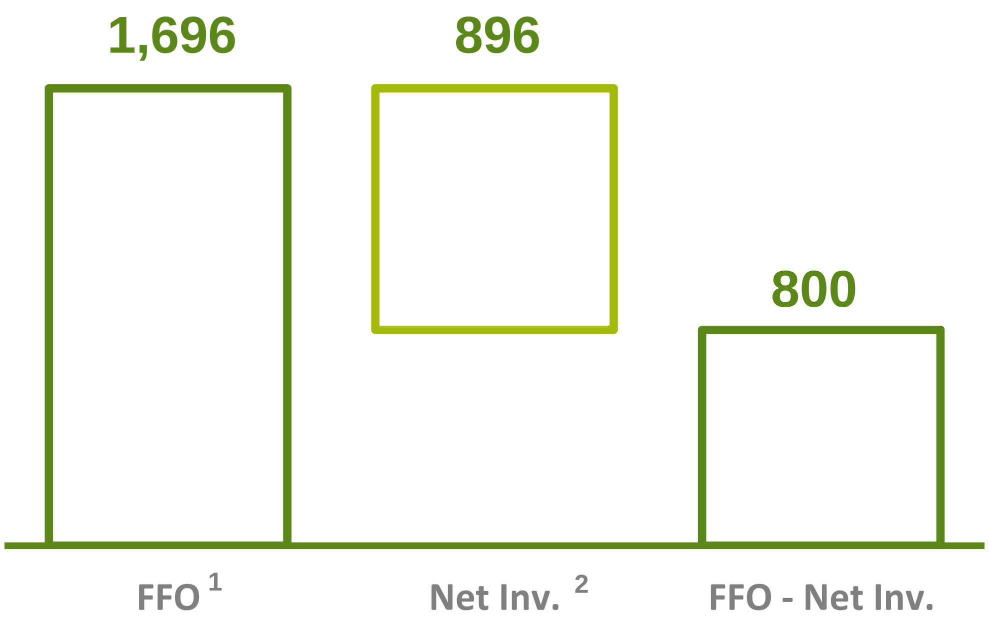
Net Investments / Eur M

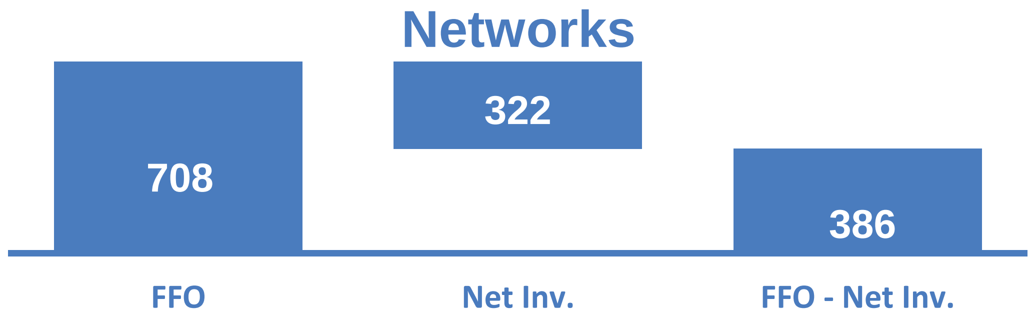


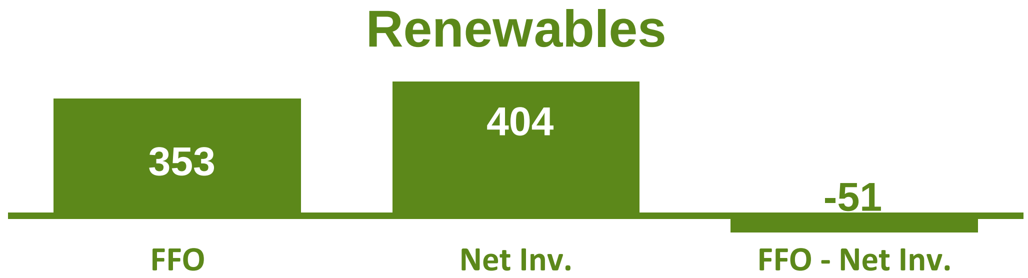
71% of total investments allocated to growth

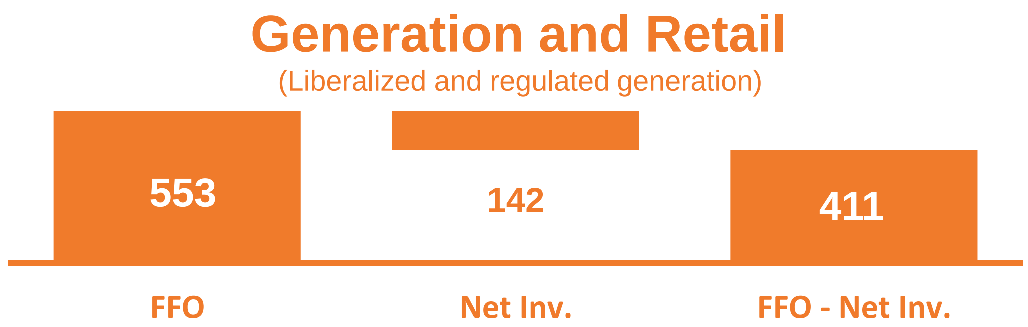
Operating Cash Flow (FFO) up 2.3% to Eur 1,696 M

Eur M









Global figures include Corporation and Other Businesses

[1] 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

[2] Investment net of grants and ex-capitalised costs.

2016 – 2020 Strategic Plan execution

Networks

- **Spain:** CNMC approval of **remuneration proposal** for **Distribution** in **2016 (Eur 1,650 M)**
- **US:** 1) FERC **approves NY Transco** agreement; 2) **new project** of **Cooper's Mills station extension in Maine**
- **UK: RIIO T1 and RIIO ED1** construction in line with regulatory objectives and achievement of higher incentives for service improvement

Renewables

Offshore:

- First foundations **Wikinger (350MW),** in Germany
- Turbine order signed with Siemens for **East Anglia I (714MW)**, in UK

Onshore:

- Commissioning **Black Law Extension (63MW)**
- **Under construction 1,346MW**: UK (428MW), US (744MW) , Brazil (174MW)

Regulated Generation Mexico

- Commissioning CCGT **Ramos Arizpe (48MW)**
- Granted combined cycle **Topolobampo II (887MW)**
- A total of **2,478 MW under construction.** When completed in 2018, total installed power of around **8,000 MW**

Almost 5,000MW under construction in windfarms and regulated generation

Annual General Meeting

- ✓ Quorum of 77.9%
- ✓ Average support of 98.9% for all the items on the Agenda

Dividend

The Board of Directors has approved (26th April 2016):

- ✓ Execution in July of scrip dividend program of at least Eur 0.123 per share + Eur 0.03 per share in cash to reach an annual shareholder remuneration of Eur 0.28 per share
- ✓ Capital reduction of 2.46% to maintain number of shares at 6,240 million

Green Bond issuance (10 years):

Eur 1,000M (demand x4) and coupon 1.12%

Upgrade of Iberdrola rating to BBB+ (from BBB) by S&P and improvement of outlook to Positive (from Stable) by Moody's

AVANGRID results (USD, US GAAP)

Avangrid Net Profit grows 24% like for like to USD 212 M

Earnings growth in all businesses

EBITDA grows 8% to USD 575 M

Integration process on track

Good progress of the Strategic Plan

USD 1,500 M credit facility executed

EPS 2016 outlook improves

from $2.00 to $2.10-2.20 per share

The evolution of our business during the first quarter confirms our outlook for the year

Networks	++
Renewables	=/+
Generation and Retail	=/+

Fulfilling results growth prospects: ~5%

Analysis of the Results

Recurring Net Profit up 5.1% and Reported Net Profit up 3.3%

Eur M	Q1 2016	Q1 2015	Var.	%
Revenues	8,184.8	8,780.7	-595.9	-6.8
Gross Margin	**3,649.9**	**3,613.7**	**+36.2**	**+1.0**
Net Operating Expenses	-950.5	-853.7	-96.7	+11.3
Levies	-691.5	-623.7	-67.8	+10.9
EBITDA	**2,008.0**	**2,136.3**	**-128.3**	**-6.0**
EBIT	1,249.5	1,343.8	-94.3	-7.0
Net Financial Expenses	-140.1	-295.5	+155.4	-52.6
Recurring Net Profit	**836.8**	**796.1**	**+40.6**	**+5.1**
Reported Net Profit	**868.7**	**840.8**	**+27.9**	**+3.3**
Operating Cash Flow*	1,695.9	1,658.5	37.4	+2.3

**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*

Negative impacts at EBITDA level are compensated by gains in valuation of fx hedges

Q1 2016 EBITDA affected by a number of atypical impacts totalling Eur -237 M, some of them already anticipated

Liberalised Business (Eur –133 M)

Positive court rulings accounted for in Q1 15 and lower gas trading activity in Spain and weak quarter in Mexico

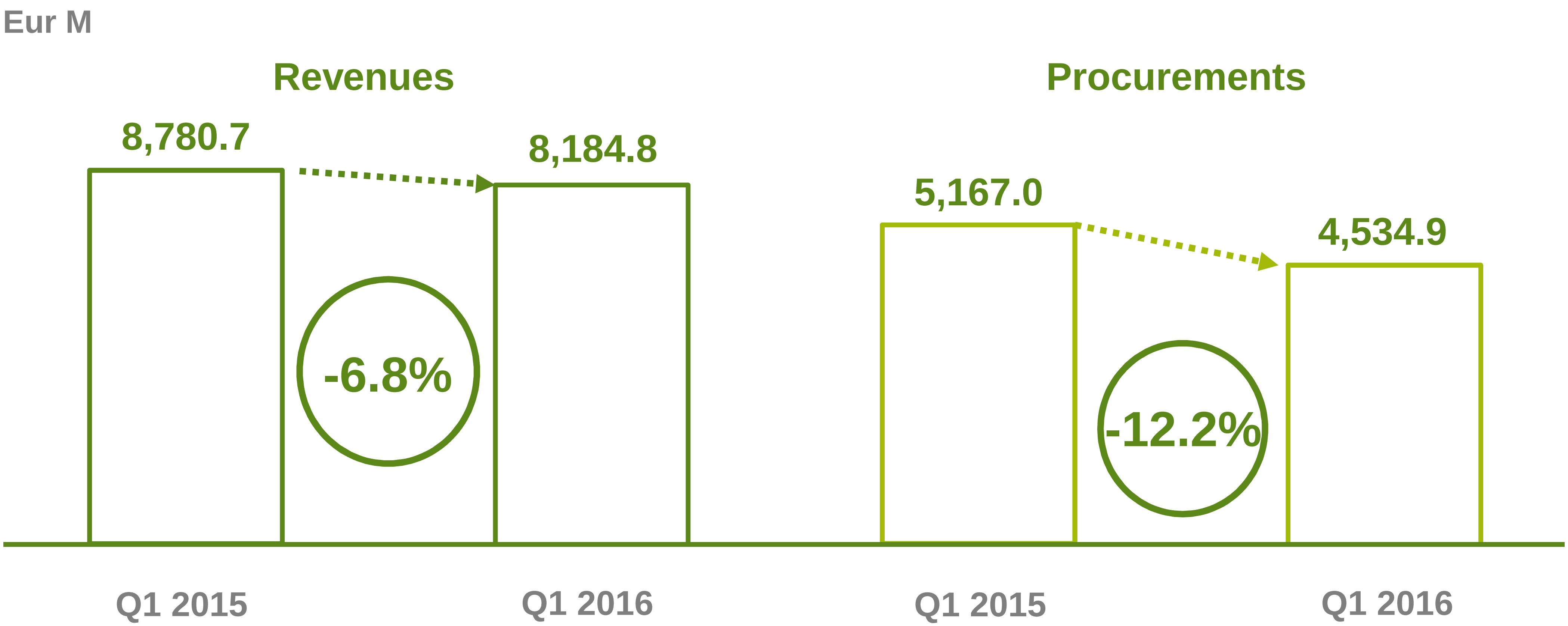
Regulated Business (Eur –104 M)

Very mild weather conditions and others affecting US results and positive settlements in Spain in Q1 2015

2016 guidance maintained as these impacts will be offset during the year

Gross Margin / Group

Gross Margin up 1.0%, to Eur 3,649.9 M, and decreases 5.3% ex-UIL consolidation



Revenues -6.8% (Eur 8,184.8 M)
and Procurements -12.2% (Eur 4,534.9 M) due to better generation mix

Net Operating Expenses / Group

Net Operating Expenses are up 11.3% to Eur 950.5 M, driven by the consolidation of UIL
On a like-for-like basis Net Operating Expenses remain flat

Eur M

Net Operating Expenses

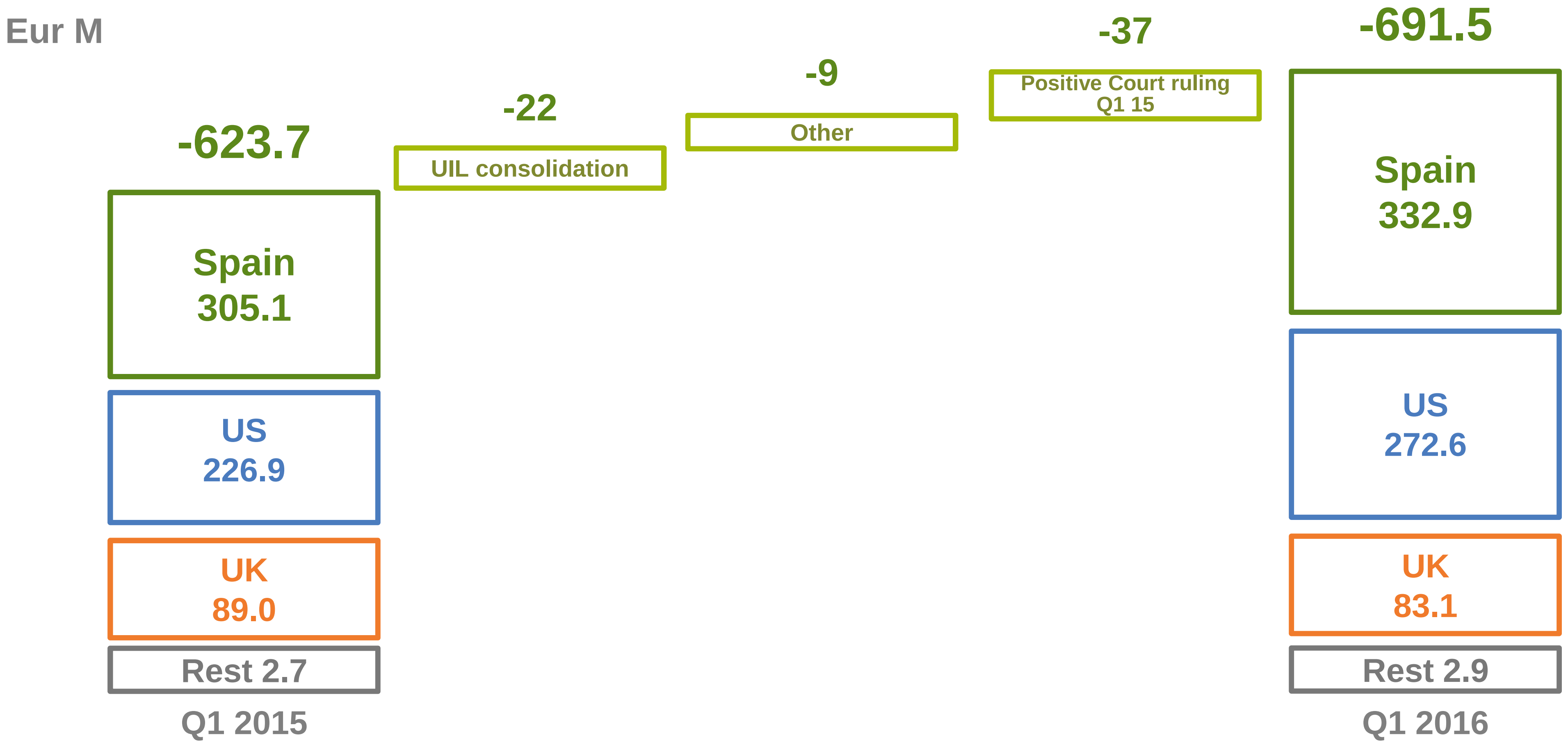
	Q1 2016	Q1 2015	% vs Q1 15	% vs Q1 15 (ex-UIL)
Net Personnel Expenses	-511.2	-446.6	+14.4	+2.1
Net External Services	-439.3	-407.1	+7.9	-2.6
Total Net Op. Expenses	**-950.5**	**-853.7**	**+11.3**	**-0.1**

CNMC fine reversal in 2015 (Eur -21 M) and customer compensation in the UK* (Eur -23 M) are offset by 2015 AGM attendance premium paid in Q1 15 (Eur 25 M) vs Q2 in 2016 and positive impact in renewable expenses (Eur 20 M)

**OFGEM ruling*

Levies / Group

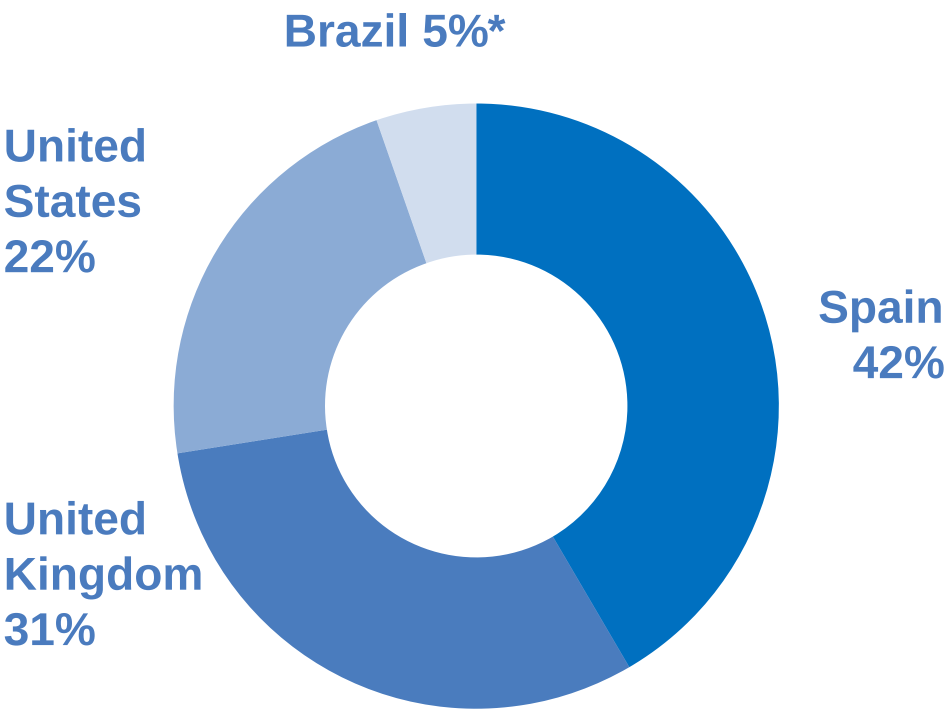
Levies up 10.9% to Eur 691.5 M, …



… driven by the positive impact of Court ruling accounted for in Q1 2015 (Ecotax) and the consolidation of UIL

EBITDA Networks declines 3.7% to Eur 932.4 M …

EBITDA by Geography (%)



*Brazil represents less than 3% of Group EBITDA

Key figures (Eur M)

	Q1 2016	vs Q1 2015
Gross Margin	1,635.3	+8.6%
Net Op. Exp.	-417.0	+40.5%
Levies	-285.9	+18.9%
EBITDA	**932.4**	**-3.7%**

… as non recurring impacts offset UIL consolidation

Results by Business / Networks

Spain

EBITDA Eur 387.4 M (-2.9%), due to Eur 29 M of positive settlements accounted for in Q1 2015, to be recovered during 2016

UK

EBITDA GBP 222.9 M (-3.6%), impacted by revenue profiling as a consequence of the implementation of RIIO-ED1 on April 2015

US

EBITDA USD 226.6 M (+5.8%), with UIL consolidation (USD +117.6 M) partially offset by non recurring effects:

1. USD -38 M to be reversed during the year and
2. USD -45 M of other that will be diluted in the year

EBITDA in US GAAP: USD 430 M (90% higher than in IFRS)

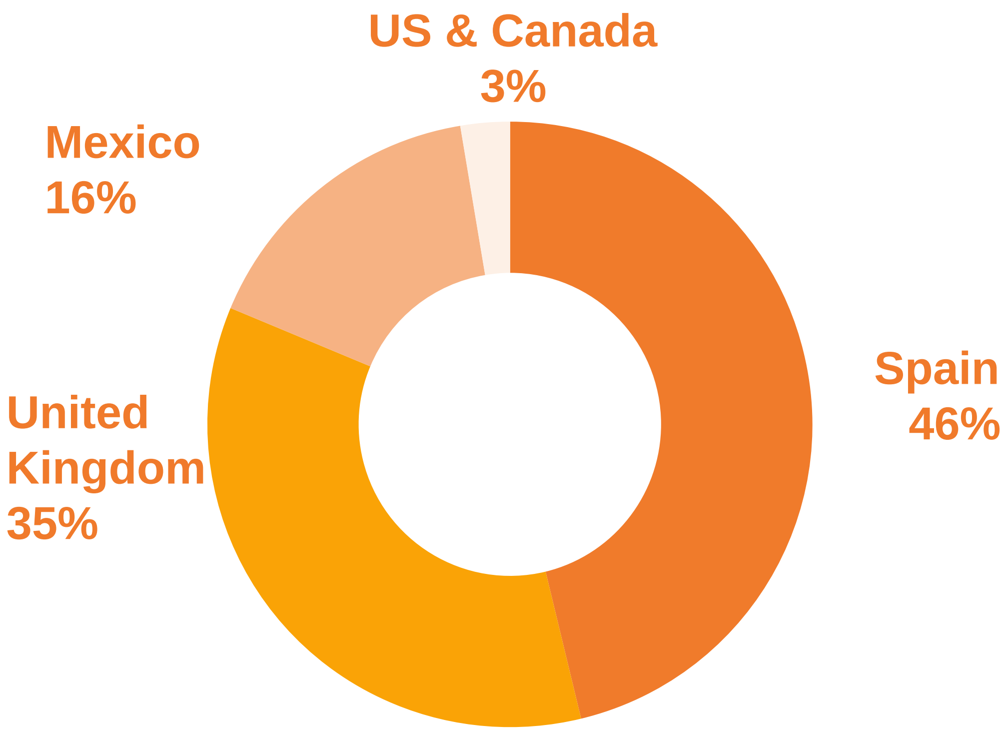
Brazil

EBITDA BRL 221.1 M (-5.0%), impacted mainly by 7% lower demand

Results by Business / Generation and Supply

EBITDA Generation and Supply decreases 18.1% to Eur 640.6 M …

EBITDA by Geography (%)



Key figures (Eur M)

	Q1 2016	vs Q1 2015
Gross Margin	1,344.0	-5.7%
Net Op. Exp.	-402.2	+9.7%
Levies	-301.2	+8.7%
EBITDA	**640.6**	**-18.1%**

… driven principally by positive Court rulings and gas trading activities in Spain accounted for in Q1 2015, and customer compensation in the UK in Q1 2016

Results by Business / Generation and Supply

Spain

EBITDA Eur 296.1 M (-31.5%)
+ Higher output* (+5.2%) as a consequence of better hydro conditions, with reserves at maximum levels (9,156 GWh; 81.19%)
- Lower Gas trading activity vs Q1 2015 (Eur 65 M)
- Positive Court Rulings accounted for in Q1 2015 (Eur 57 M)**

UK

EBITDA GBP 173.5 M (0%)
+ *Wholesale & Generation* business improves due to higher gas output and lower procurement costs
- *Retail* results decrease driven by milder weather conditions, higher non energy costs (ROCs) and OFGEM ruling on customer compensation

Mexico

EBITDA USD 113.1 M (-15.3%)
- Due to lower margins in contracts with private customers due to the decrease of CFE tariff. CFE tariff increased by 6% in April vs March.
EBITDA will recover throughout the year

US & Canada

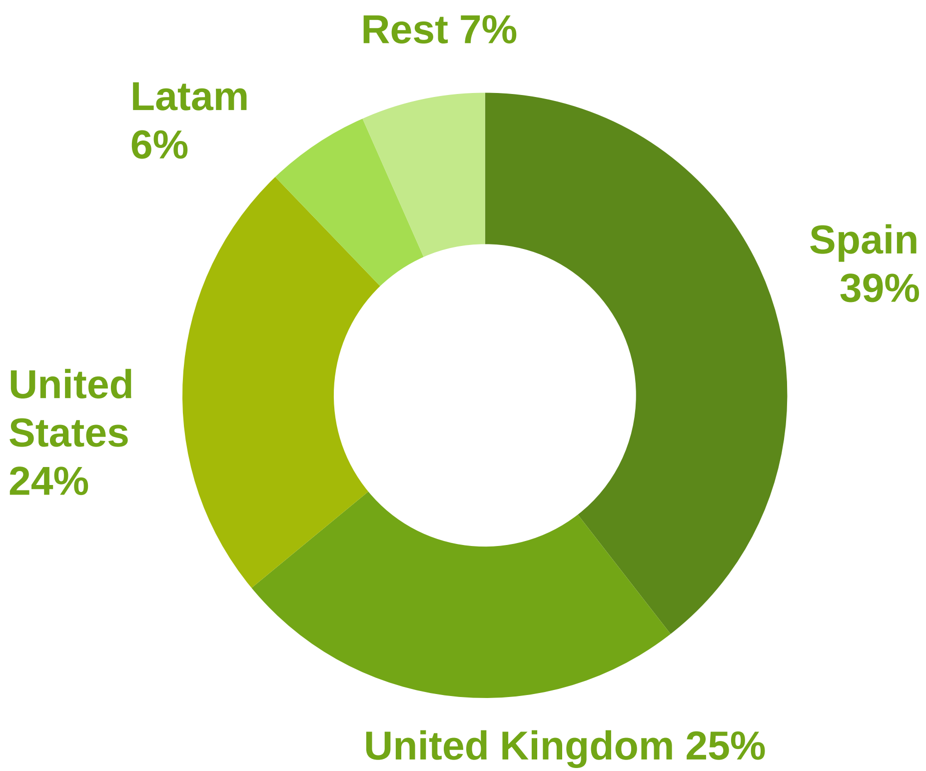
EBITDA USD 18.5 M (N/A)
- Due to better performance of gas business

** Includes cogeneration   ** Eur –20 M accounted for in Expenses and Eur –37 M accounted for in Levies*

Results by Business / Renewables

EBITDA Renewables up 3.1% to Eur 441.6 M
US and Spain compensate the weaker performance in the UK

EBITDA by Geography (%)



Key Figures (Eur M)

	Q1 2016	vs Q1 2015
Gross Margin	647.3	-0.7%
Net Op. Exp.	-126.0	-13.9%
EBITDA	**441.6**	**+3.1%**

Net Op. Expenses positively impacted by Eur 21 M of non recurring

Results by Business / Renewables

Spain

EBITDA Eur 174.3 M (+16.8%), driven by higher output (+9.4%)

UK

EBITDA GBP 83.8 M (-24.7%), as a consequence of lower output (-26.8%), lower prices and removal of LECs from Q3 2015

US

EBITDA USD 115.3 M (+30.1%), with better performance due to the increase in output (+13.9%) and positive one-off

Latam

EBITDA Eur 24.5 M (0%), with Mexico improving 12% due to additional capacity and Brazil falling 24% due to BRL devaluation

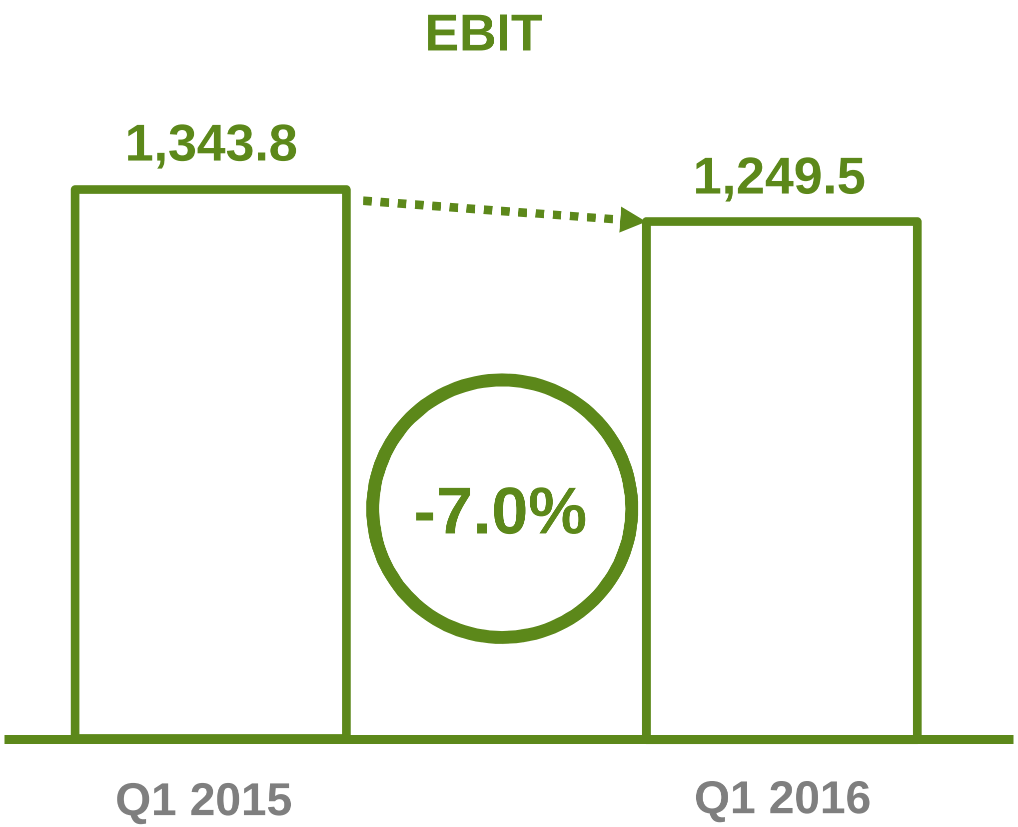
RoW

EBITDA Eur 29.3 M (+4.1%)

EBIT / Group

Amortisations -6.2% due to the closure of Longannet (Eur +32 M) and the extension of useful life of certain Renewable assets (Eur +37 M) in line with industry standards and proven track record

Eur M



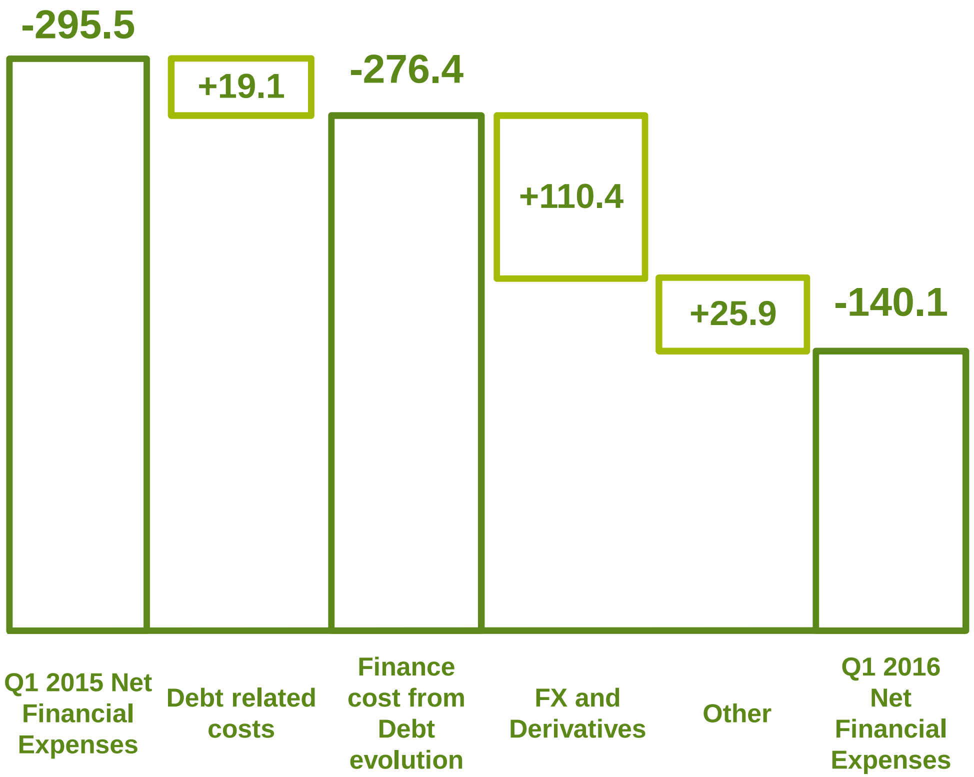
	Q1 16	Q1 15	Q1 16 vs Q1 15
Amortis.	-707.6	-754.5	+46.9
Provisions	-50.9	-38.0	-12.9
TOTAL	**-758.5**	**-792.5**	**-34.0**

Group EBIT down 7.0%, to Eur 1,249.5 M

Net financial expenses / Group

Net Financial Expenses improve 52.6%, to Eur 140 M, …

Net Financial Exp. evolution (Eur M)



Financial Highlights

- Cost reduction of 68 bp to 3.55% improves debt result by Eur +19.1 M
- GBP and USD started 2016 at 0.737 and 1.085 and closed Q1 at 0.793 and 1.138. Hedge MtM Eur +74 M
- Other driven mainly by interests accrued from Court rulings (Eur +25.9 M)

… due to improvement in derivatives and debt-related costs

Net Profit / Group

Lower Net Financial Expenses and Taxes drive Reported Net Profit up 3.3%, to Eur 868.7 M

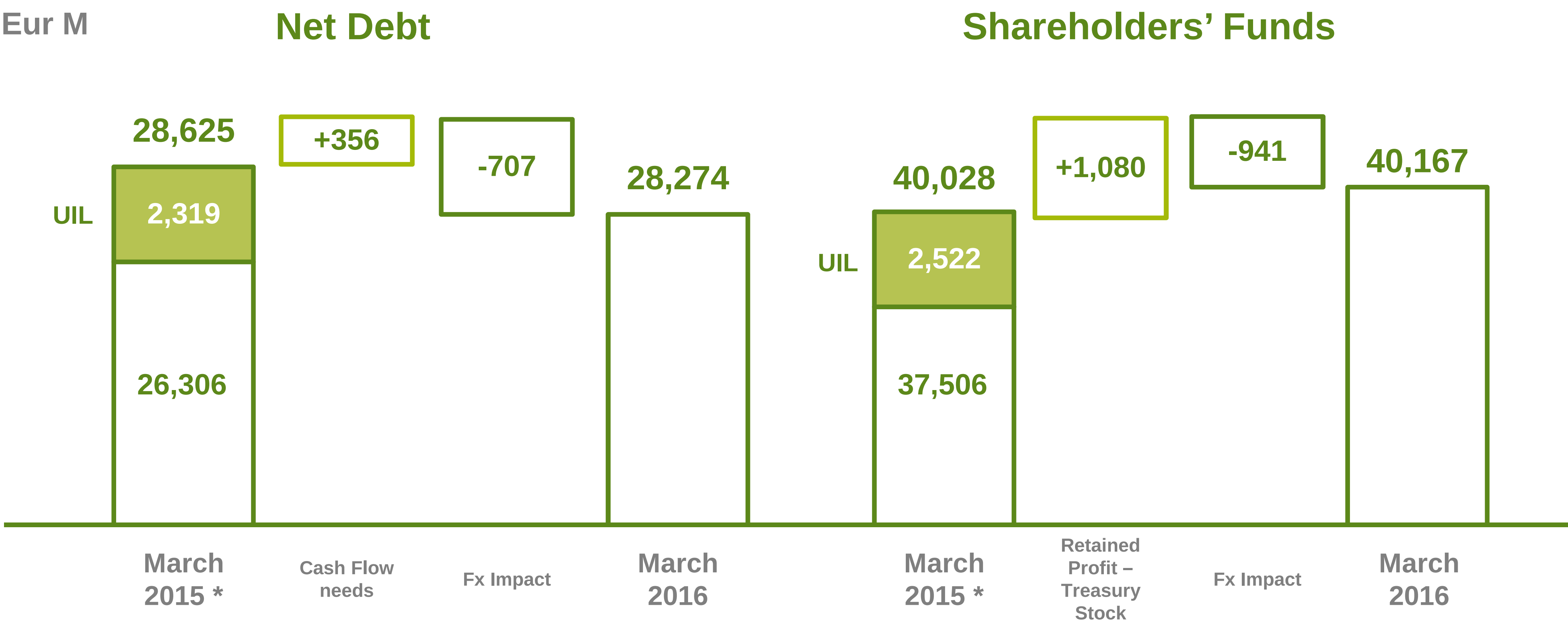
Eur M

	Q1 2016	Q1 2015	vs Q1 2015
Recurring Net Profit	**836.8**	**796.1**	**+5.1%**
Non Recurring Results	31.9	44.7	
Reported Net Profit	**868.7**	**840.8**	**+3.3%**

Lower Non Recurring Results drive Recurring Net Profit up 5.1%, to Eur 836.8 M

Financing

Our business performance, along with favourable exchange rates …

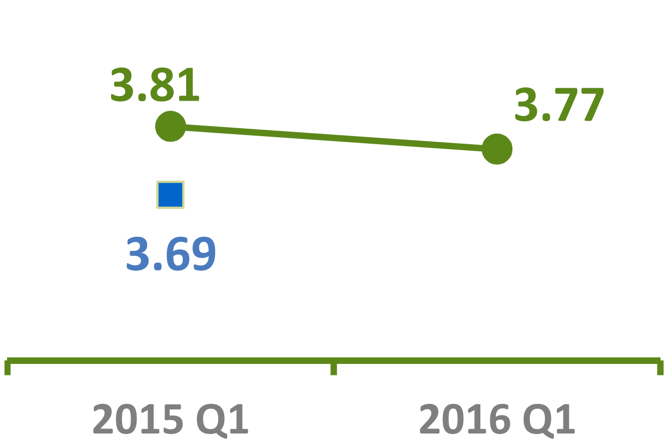


** Pro-forma including UIL*

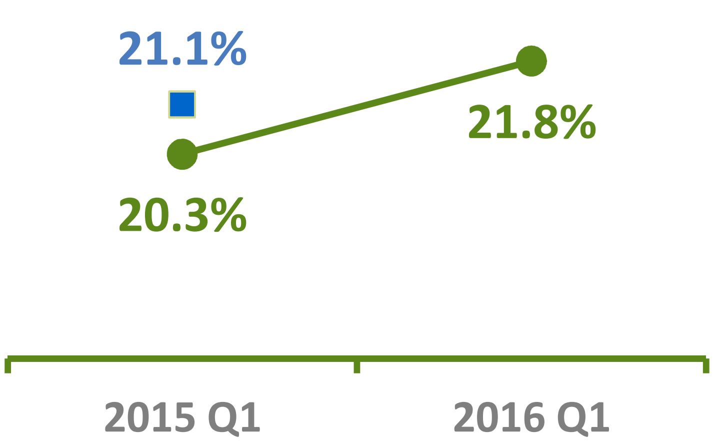
… help reduce leverage by 0.4 p.p. on a pro-forma basis (to 41.3% from 41.7%)

On a pro forma basis, improvement of all credit ratios

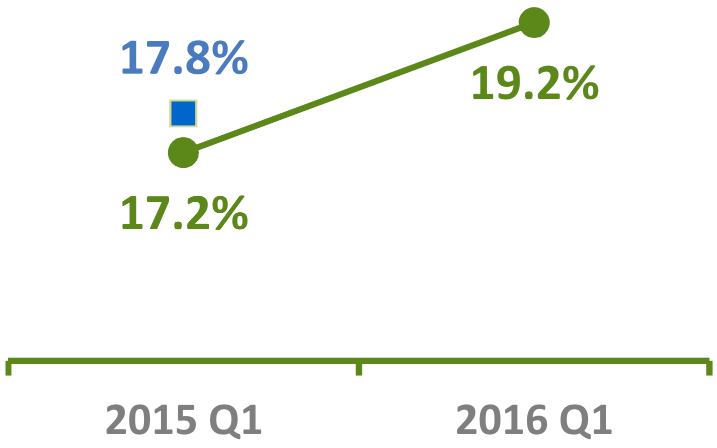
Net Debt / EBITDA



FFO(1) / Net Debt



RCF(2) / Net Debt



● Pro-forma (include 12 months of UIL) ■ Reported

(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.

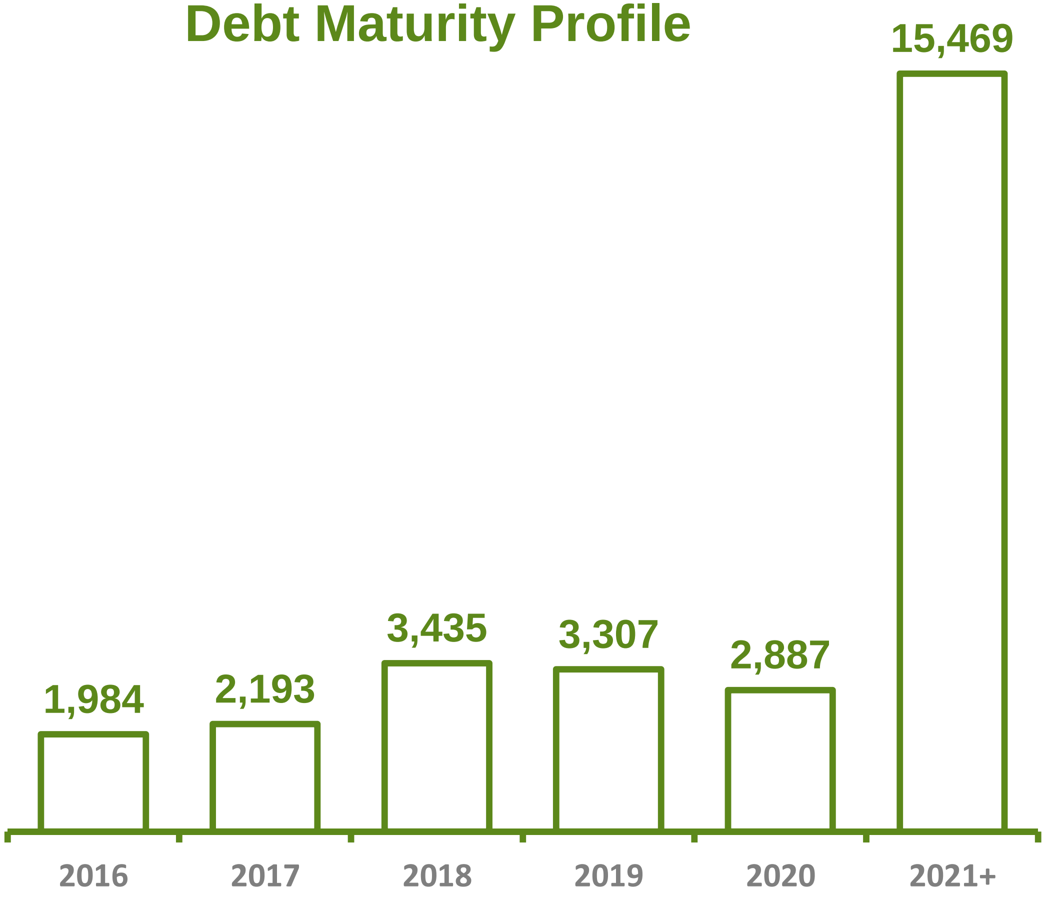
Financing / Liquidity and Average Life of Debt

Strong liquidity position of over Eur 8.5 bn*, covering more than 24 months of financing needs …

Eur M

Credit Line Maturities	Available
2017 and onwards	7,198
Total Credit Lines	7,618
Cash and s/t financ. inv.	963
Total adjusted Liquidity *	**8,581**

Debt Maturity Profile



*Including Eur 1 Bn Green Bond issued in April and Usd 1.5 Bn new line in USA signed in April, replacing the existing Usd 1.3 Bn one

… and an average debt maturity* of 6.5 years

Annex

Results Avangrid / US GAAP to IFRS Reconciliation

USD M	US GAAP 10-Q	IFRS Adjustments	PPA Adjustments	Other	IFRS
Gross Margin	1,045.6	-58.1	-14.6	20.4	993.3
EBITDA	**573.3**	**-200.0**	**-14.6**	**1.3**	**360.0**
	- Networks: 430.2 - Renewables: 143.5 - Other: -0.4				- Networks: 226.6 - Renewables: 115.3 - Other: 18.1

EBITDA Adjustments

IFRS (USD -200 M)

- Impact of IFRIC 21 and other Tax: -164 M
- Weather/volumes and energy costs: -44 M
- Other: 4 M

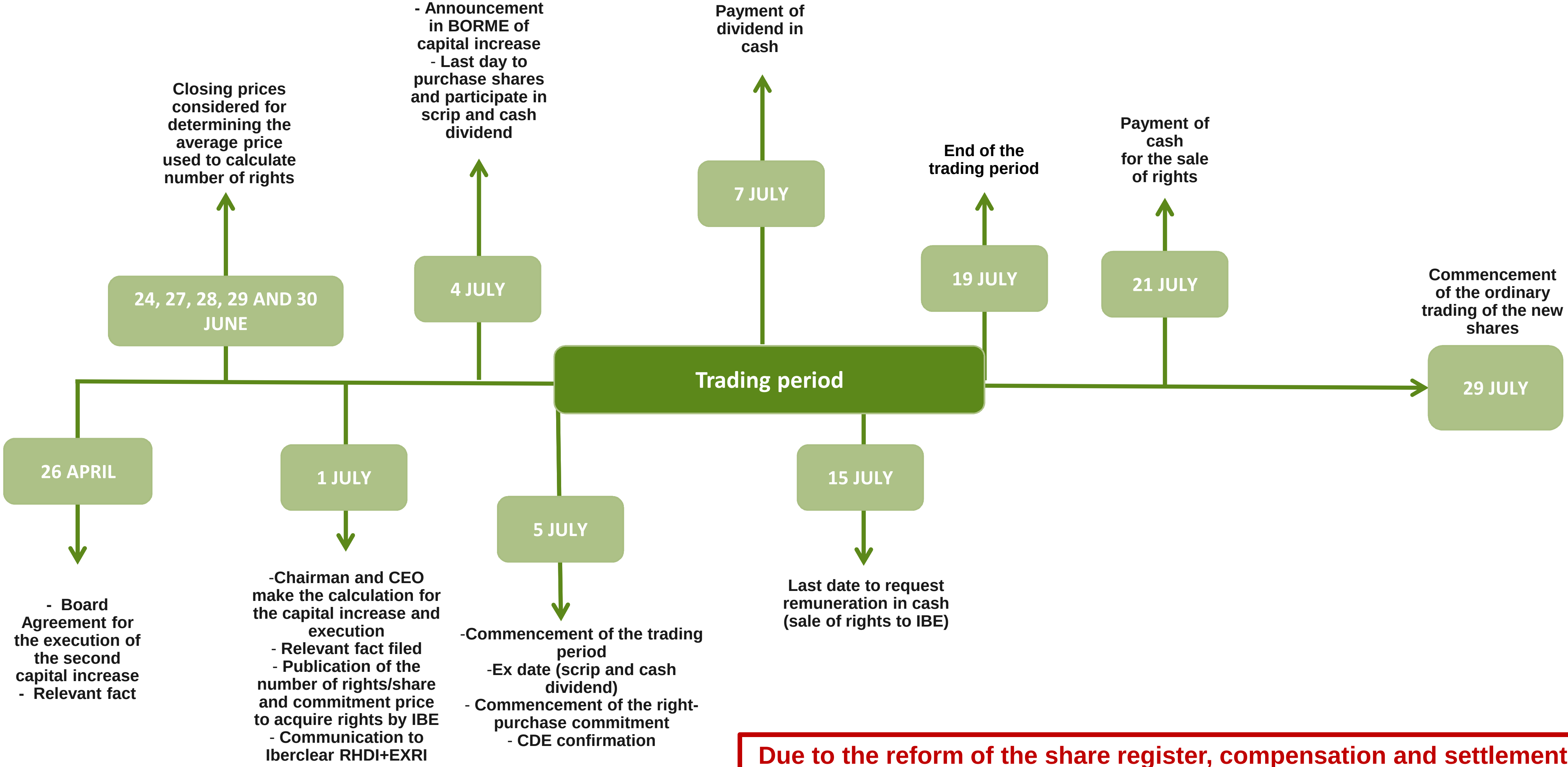
PPA (USD -15 M)

- Renewables pipeline amortisation: -15 M

Impact of lower volumes to be recovered in the next 6 to12 months due to revenue decoupling mechanism

No impact of IFRIC 21 at the end of the year

Estimated calendar*



Due to the reform of the share register, compensation and settlement system, this calendar may experience changes that would delay the commencement of the ordinary trading of the new shares

(*) Estimated calendar approved by Iberclear

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