



IBERDROLA

Investor Day

London, February 24<sup>th</sup> 2010

## *Iberdrola Renovables*

*Xabier Viteri*

*Keith Anderson*

*Ralph Currey*

*José Ángel Marra*

# Agenda

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## Introduction

Worldwide Leader

Strategy for Value Creation

Achievements and Future

Offshore Development

US Business



**Worldwide Renewable Leader...**

**Scale and skills provide competitive advantages**

**Strongest results and cash-flow generation in the industry**

**Clear strategic view: US, EU, Offshore**

**... delivering results and profitable growth**

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# Worldwide Leader

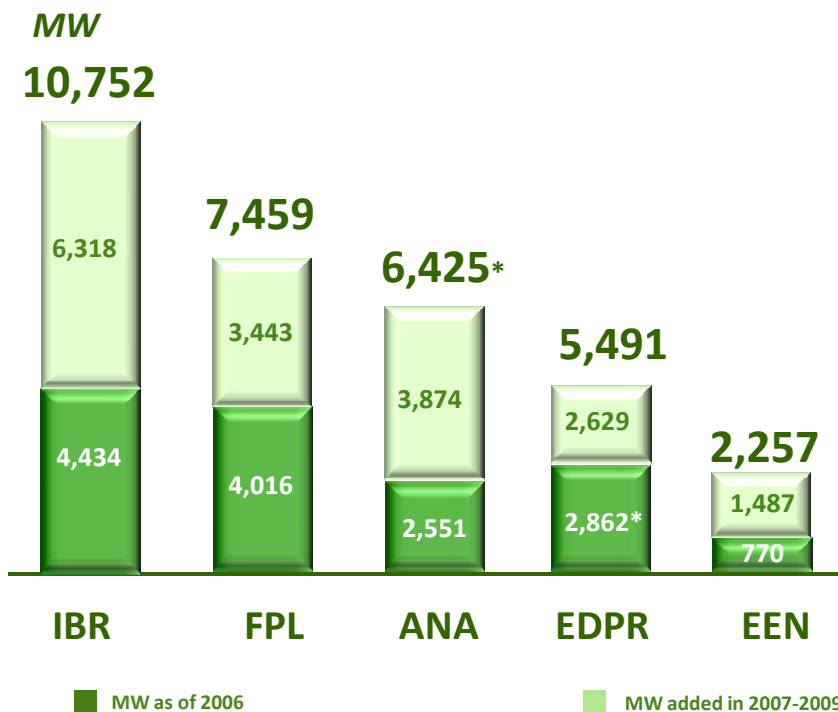


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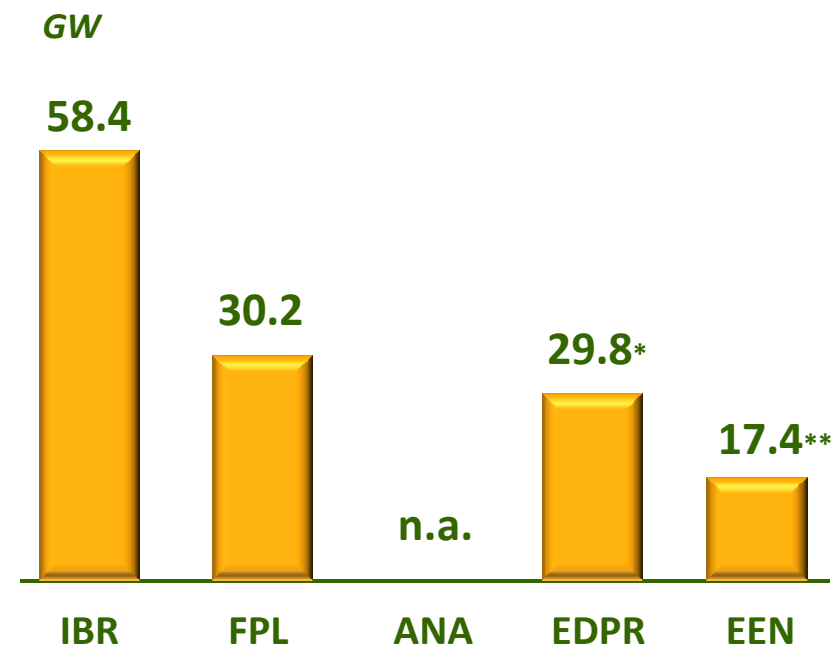
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Largest renewable company in the world...

*Installed Capacity end 2009*



*Pipeline end 2009*



... in terms of installed capacity,  
pipeline and also capacity additions

\* As of 3Q09.

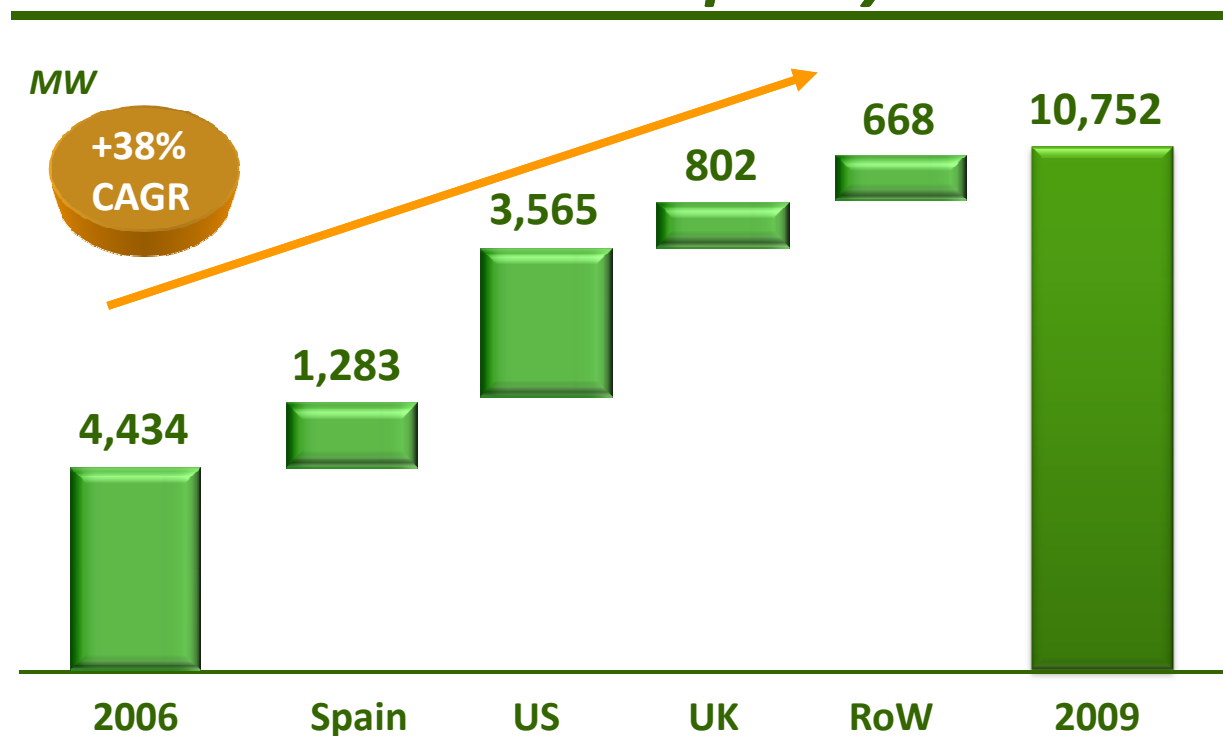
\*\* As of 1H09.

# Growing Asset Base



Increasing installed capacity  
mostly in US (+3,565 MW) and Europe (+2,753 MW)

## Installed Capacity



1 Worldwide

1 in Europe

1 in Spain

1 in U.K.

2 in U.S.

1 in pipeline

Present in 23  
countries

... by growing an average of 2,106 MW per year since 2006

# Growing Production and Results

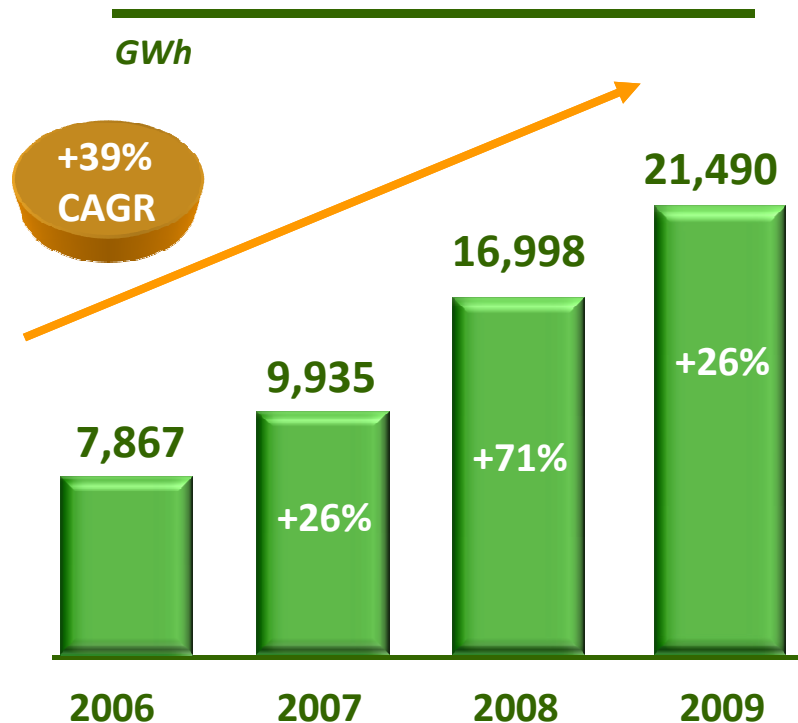


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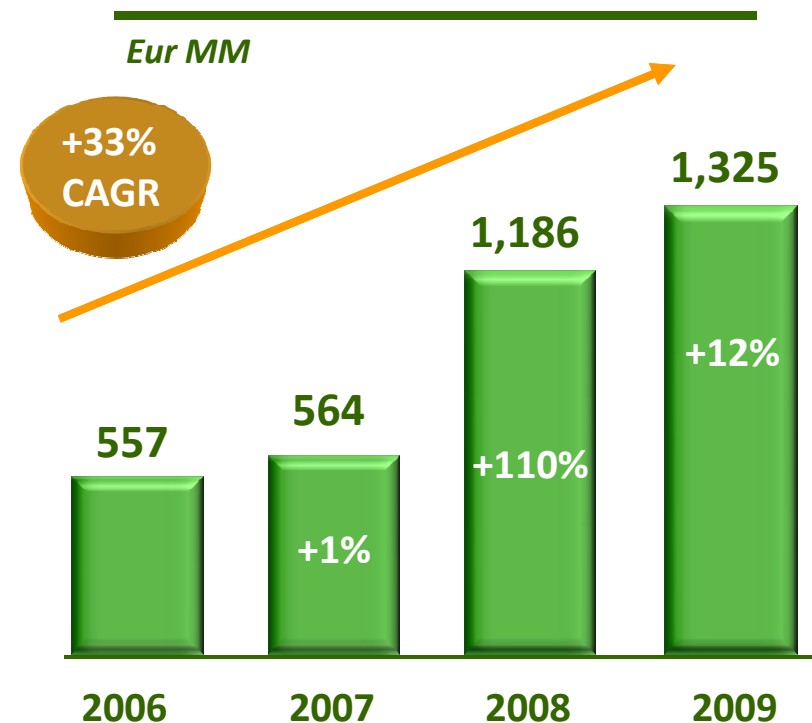
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Continuous increase in Production...

## Production



## EBITDA



... boosting EBITDA generation

# Diversification



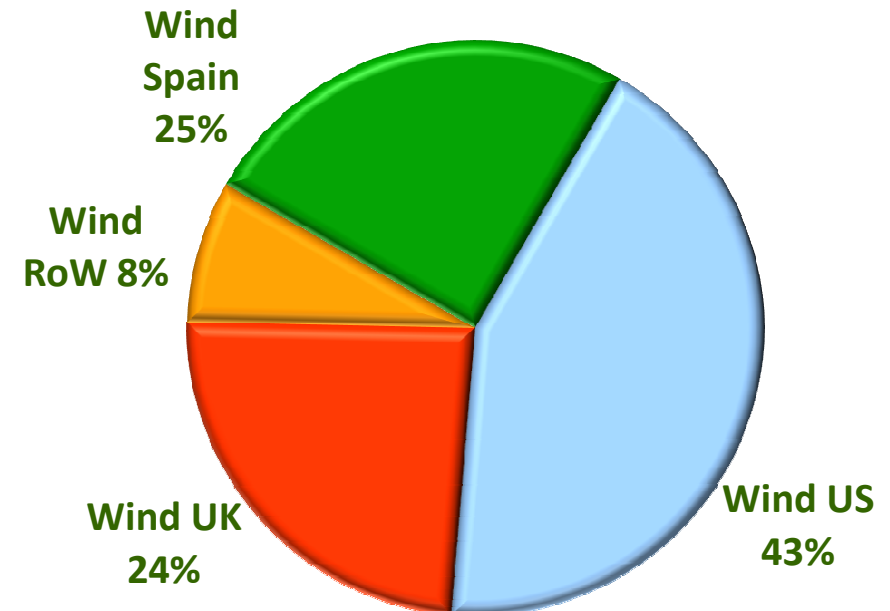
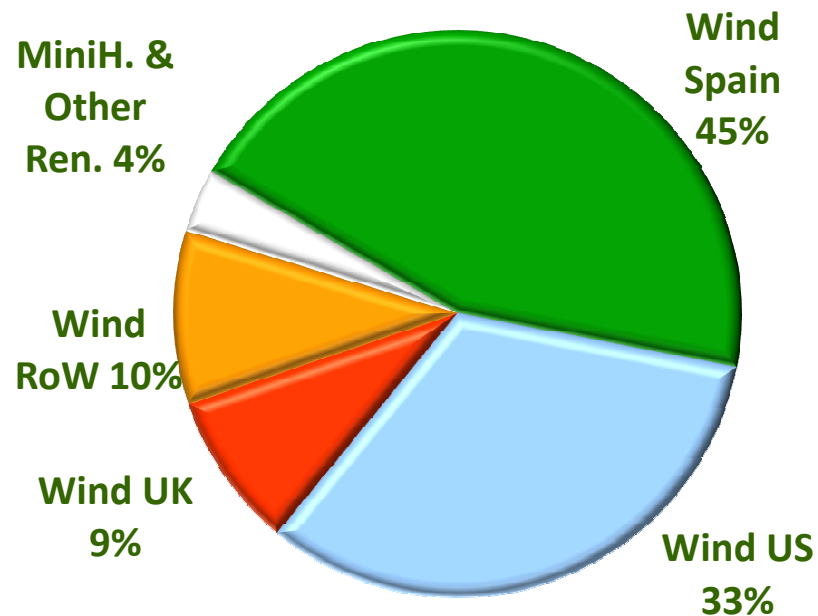
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## Worldwide diversified Asset Base ...

10,752 installed MW  
as of end 2009

58.4 GW of Pipeline  
as of end 2009



... contributes to hedge regulatory and wind resource

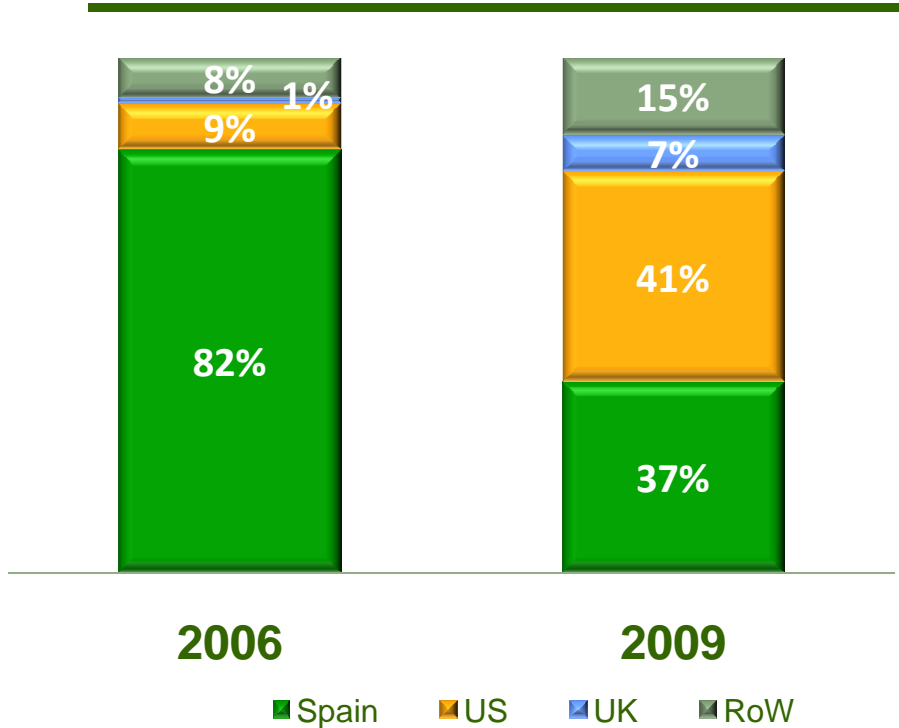


# Human Resources

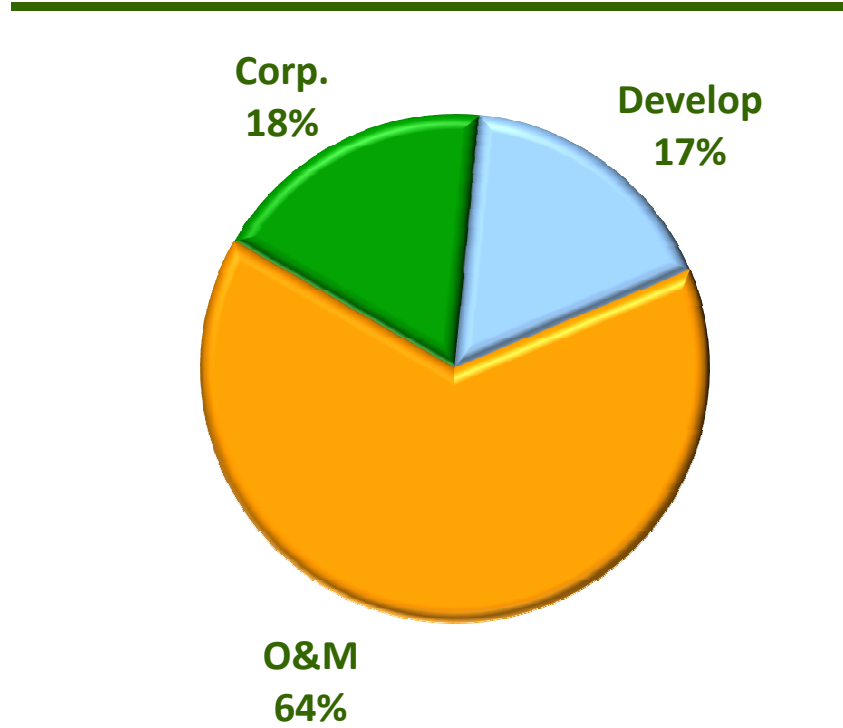


**Experienced team of more than 1,900 people diversified geographically...**

***Geographical Distribution***



***2009 Functional Distribution***



**... with proven competence and a strong commitment to execution**

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## Enhancing World Leadership in renewable power...

**Efficient Operating  
Asset Base**

- ✓ Maximize Availability
- ✓ Minimize OPEX



**Best in Class  
Procedures**

- ✓ Maximize Revenues



**Energy  
Management**

**Profitable Growth**

- ✓ Selecting proven technologies
- ✓ Approaching attractive and stable markets
- ✓ Managing Diversification
- ✓ Optimizing CAPEX cost

**... assuring any additional MW must be value accretive**



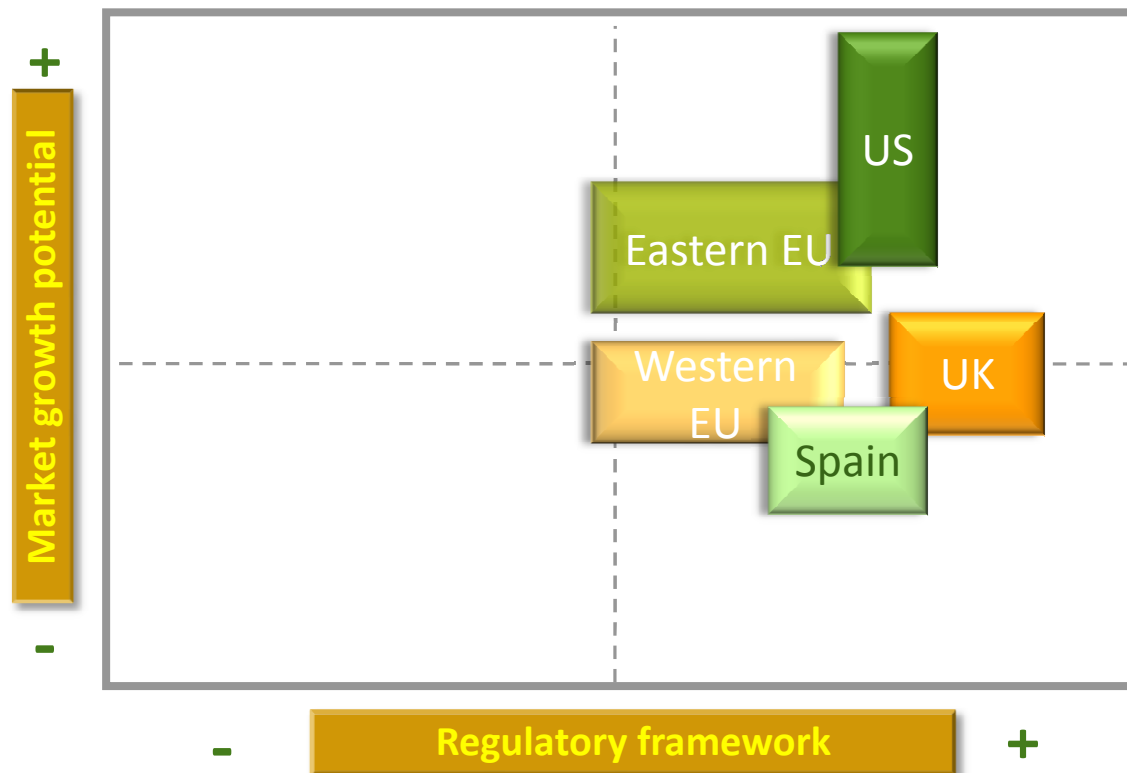
## Onshore Wind technology as the basis for growth...

	<i>Cost Efficiency</i>	<i>Growth Potential</i>	<i>Tech Maturity</i>
<b>Wind Onshore</b>	Very high	Very high	High and improving
<b>Wind Offshore</b>	Medium	Very high	Medium
<b>Solar PV</b>	Low	Medium/High	Low/Medium
<b>Solar CSP</b>	Low	Medium	Low

... and taking strong positions in offshore for the medium term



## Developing business in the right areas...



... while monitoring markets to quickly adapt strategy if needed



Offshore is the second revolution in renewables industry...

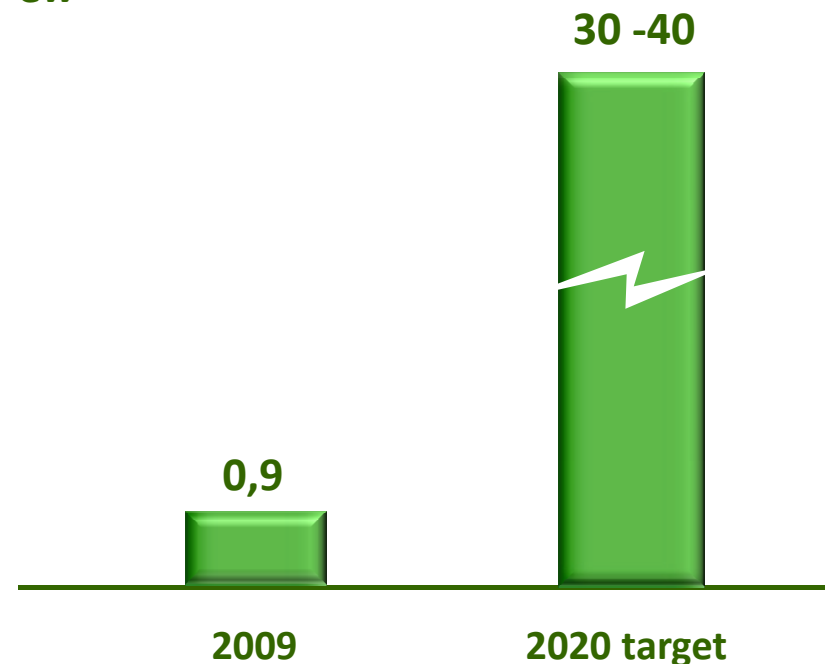
Just behind onshore wind  
in cost efficiency

Huge development potential especially  
in the North Sea and Baltic Sea

Permanent and profitable  
regulatory frameworks

## UK Offshore

GW



... and IBR enjoys a solid position after Round 3 Awards  
with more than 15% market share of 2030 targets

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## 2009: dynamic management to maximize value...

### *Challenge*

Tax Equity market crunch in US

Recovery Act approval in US

Spanish spot price decrease

Opportunities in turbine market and in construction costs

### *Actions*

Flexible investment process

Accelerating investment in US and prioritizing Grants procedure

Hedging 100% Spanish production until June 2011

Additional discounts in already lowest capex in the market

... while intensifying efficiency improvement efforts



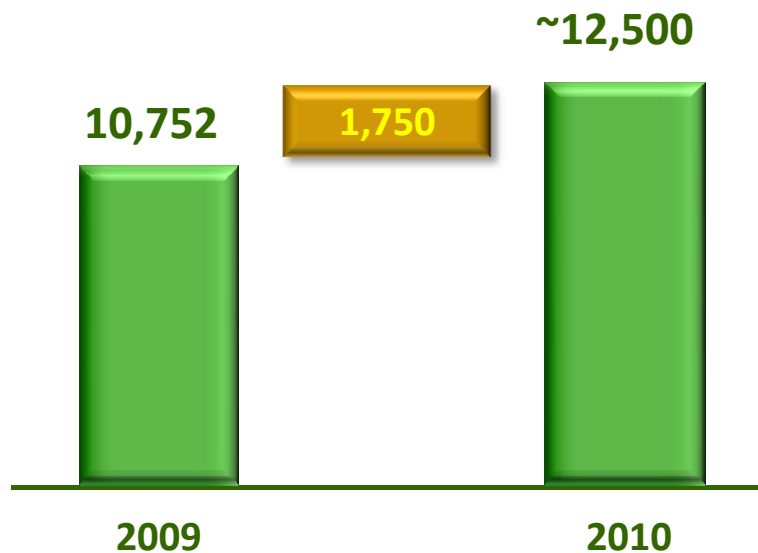
# 2010 outlook



Full visibility in 2010 projects to reach 12,500 MW...

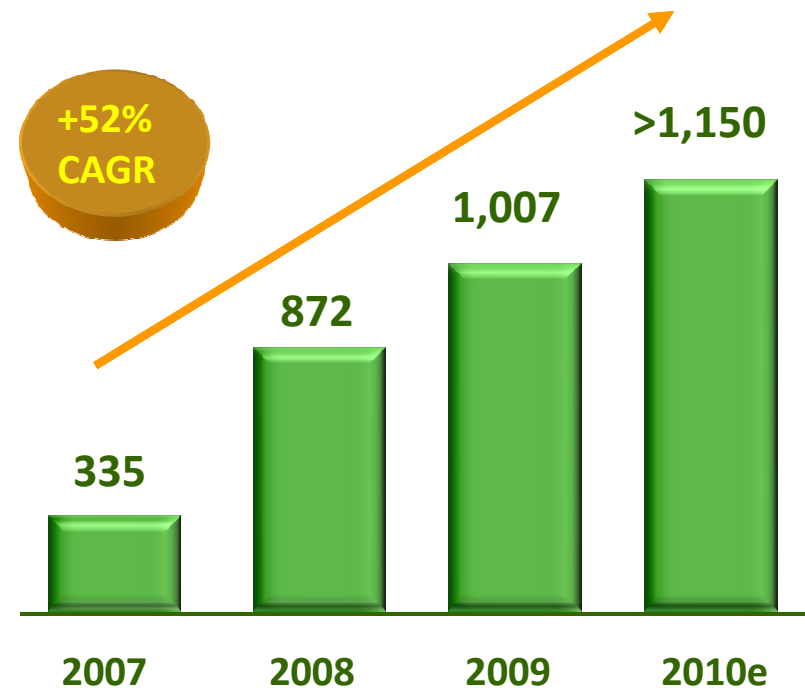
## 2010 Capacity Growth

MW



## FFO\* Generation

Eur MM



... and results will increase around 20%

\*FFO = net profit + amortization - Equity Income - Results from Non Recurring Assets



**A target of >16,000 MW by 2012...**

**Constructing ~1,000 MW/year in US**

**First offshore windfarm construction will start in 2012**

**... and results growing 15-20% (CAGR)  
in 2010-2012**

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**Offshore Development**

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**A new market is emerging  
around the offshore technology...**

**New Market**

**Today just 1,3% of wind capacity is offshore**

**TCE Round 3**

**Changes the market potential providing support  
for R&D and economies of scale**

**Technology**

**Manufacturers and construction industry quickly  
reacting to the opportunity**

**... and IBR has taken a very solid position in the right moment**



**7,200 MW of potential capacity in the area awarded to Iberdrola Renovables JV with Vattenfall**

**Shallowest of all the zones in Round 3  
97% of zone with water depths <45m, 50% < 35m**

**Relatively close to shore,  
resulting in lower grid connection costs and transit times**

**South East Zone with good grid connection potential**

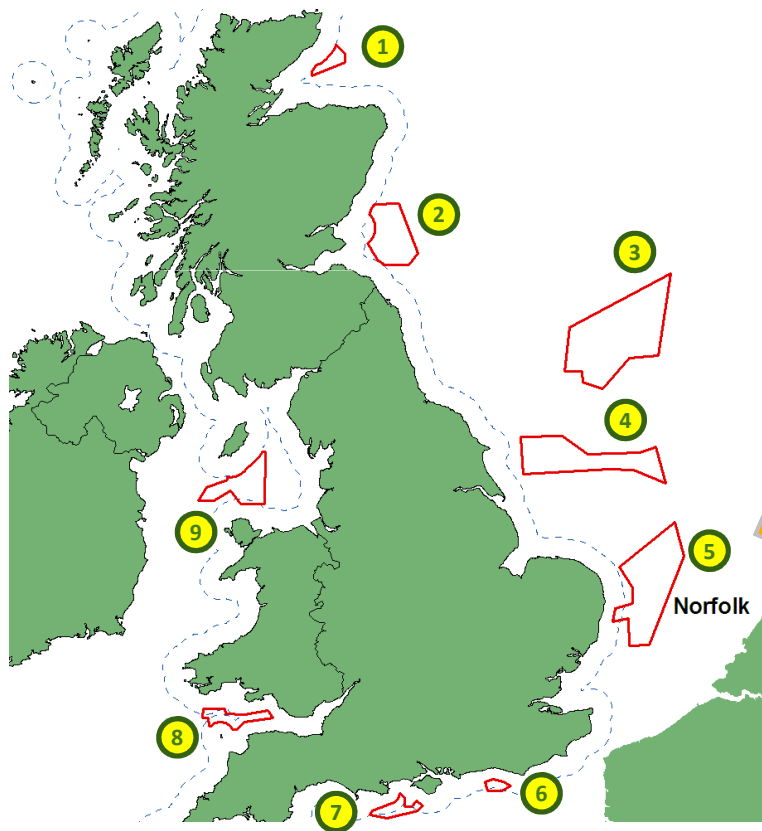
**Site close to a number of UK and large European ports**

**Scale of Zone allows for long term commitment  
and planning for supply chain requirements**

# TCE Round 3



The area awarded is the most balanced in terms of size, depth and distance to shore...



Zone	Potential (MW)	Average Distance to shore (km)	Depth (m)
1. Moray firth	1300**	28.0	30 - 57
2. Firth of Forth	500*	54	30 - 80
3. Dogger Bank	9,000	125 - 195	18 - 63
4. Hornsea	3,000*	34 - 190	30 - 70
<b>5. Norfolk</b>	<b>7,200*</b>	<b>55</b>	<b>5 - 70</b>
6. Hastings	500*	13 - 26	19 - 62
7. Isle of Wight	900	21	28 - 56
8. Bristol Channel	1,500	24	20 - 61
9. Irish Sea	4,000	15 - 40	28 - 78

\*IBR estimation.

\*\* Awarded Company estimation

... and we aim to start construction in 2015

# Other Offshore Developments



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## Additional offshore pipeline in key areas



1

West of Duddon 500 MW\*

2

Argyll Array  
up to 1,800 MW

3

North Europe > 1000 MW

4

Spain ~ 1500 MW

**West of Duddon will be the first to start construction, in 2012**

\* JV with DONG

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## Strong Supportive Regulation and Ambitious Renewable Targets

Geographical Diversification with presence in 23 States

Strong Pipeline with access to transmission

Attractive PPA pricing

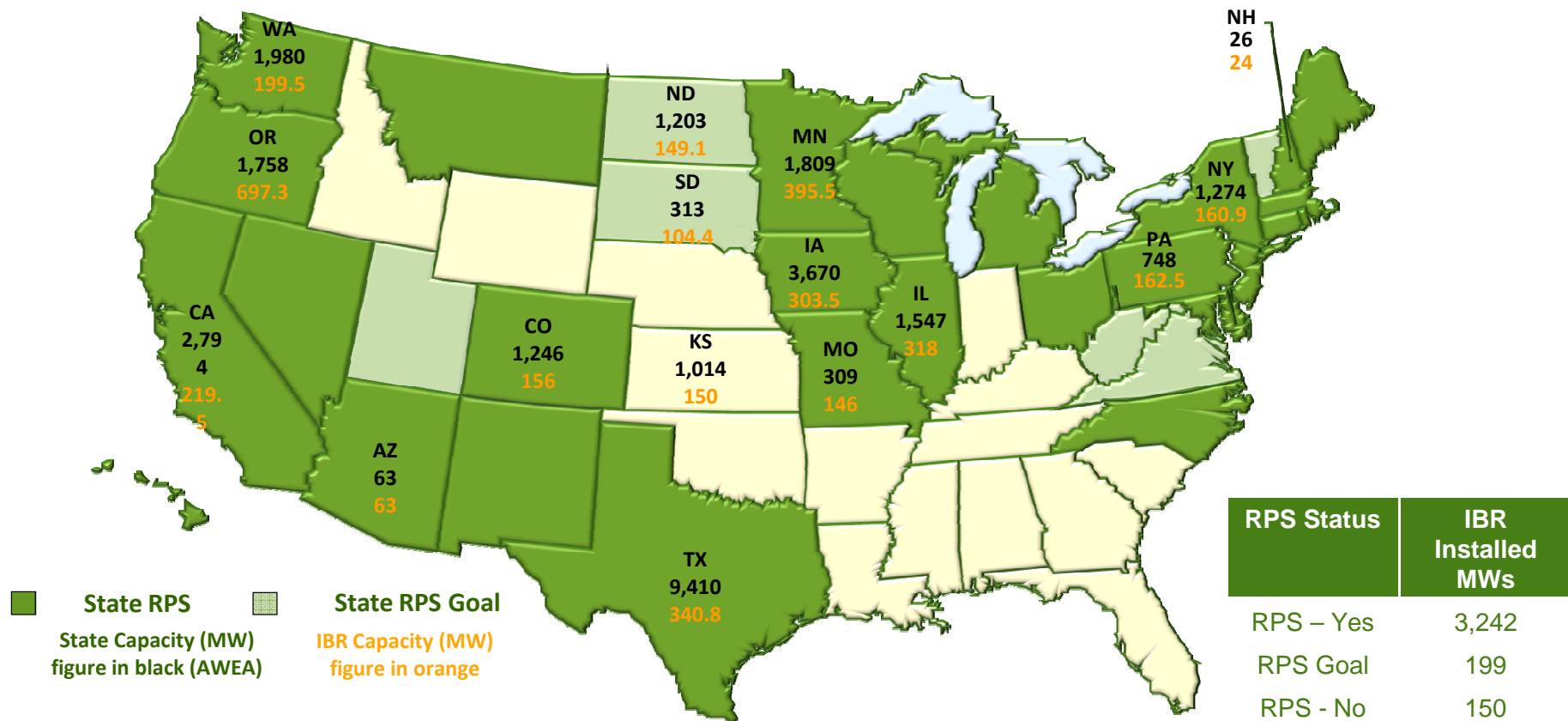
Strong Origination Team

Thermal Business compliments western wind strategy

# US Business: Regional Diversification



## IBR asset base placed in states with RPS

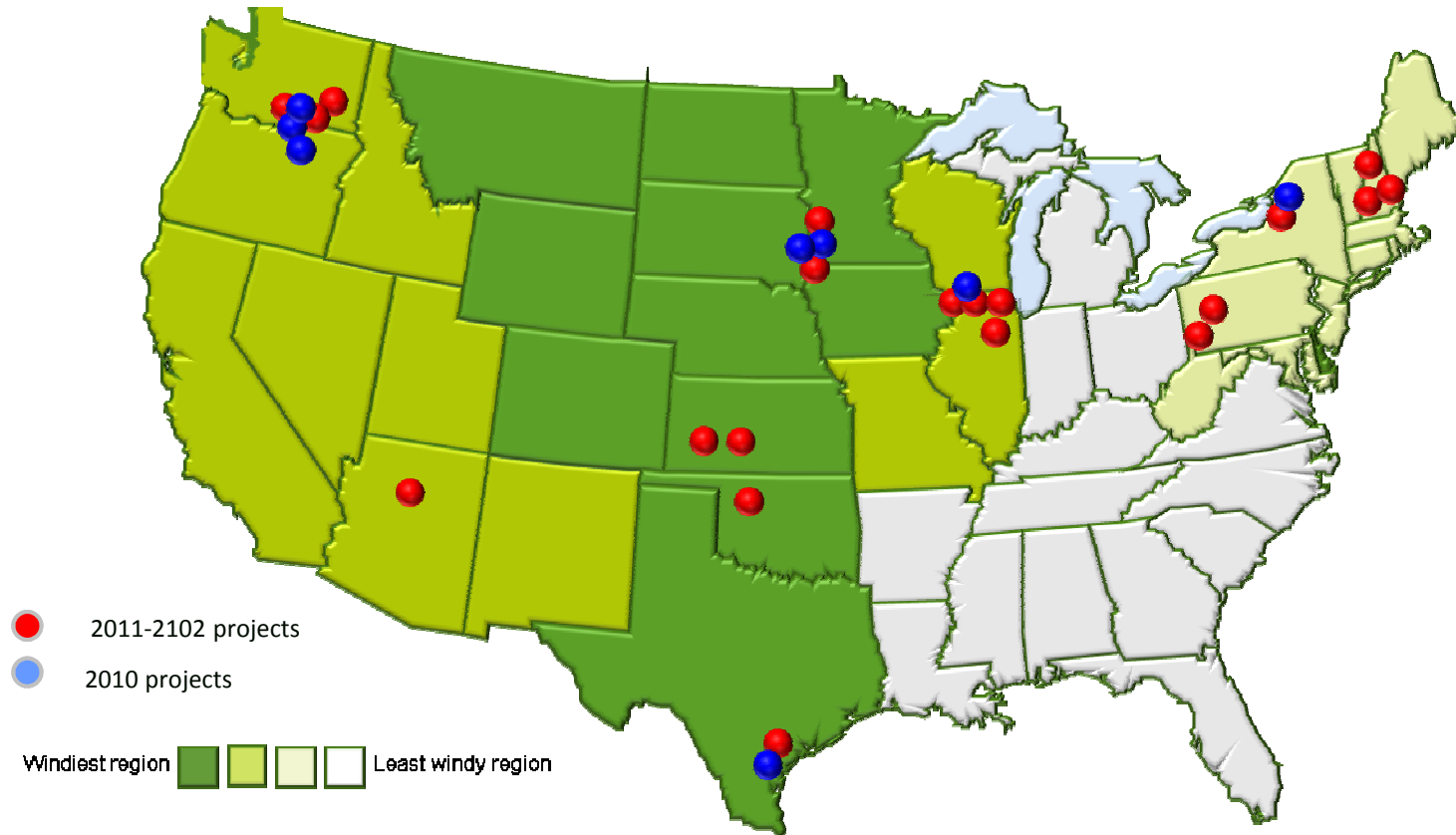


... allow PPA prices that assure investment returns

# US Business: Wind Pipeline



More than enough US pipeline for 2011-2012  
to construct around 1,000 MW/year...

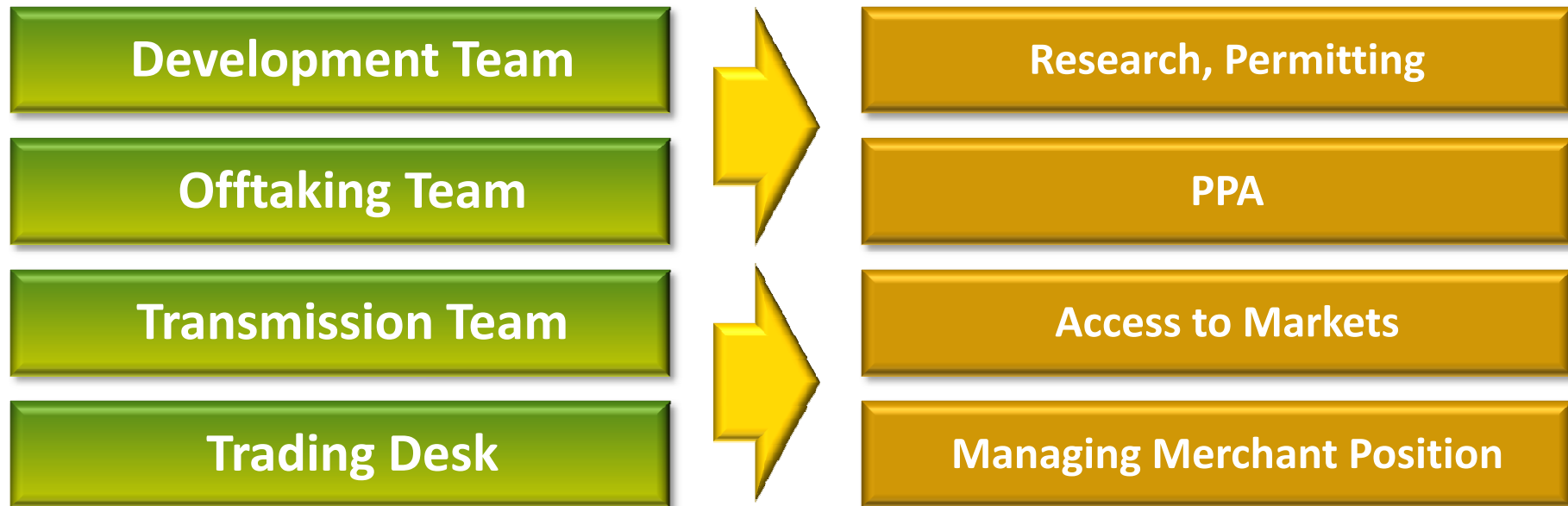


... and in optimal balance between wind resource,  
transmission and PPA prices

# US Business: Strong Origination Team



## Four Specialized Teams Working in Coordination...



... provide comfort for the PPA needs in 2011 and 2012

# US Business: PPA position



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**We are reaching our goals in terms of PPA coverage...**

**2009**

**81% of total production capacity as of 2009  
is PPA contracted**

**2010**

**400 MW PPA already signed,  
covering 90% of capacity currently under construction  
and aprox 60% of annual target**

**2011**

**In negotiations with multiple potential customers with 20% of targeted  
MW in advanced stage of negotiations**

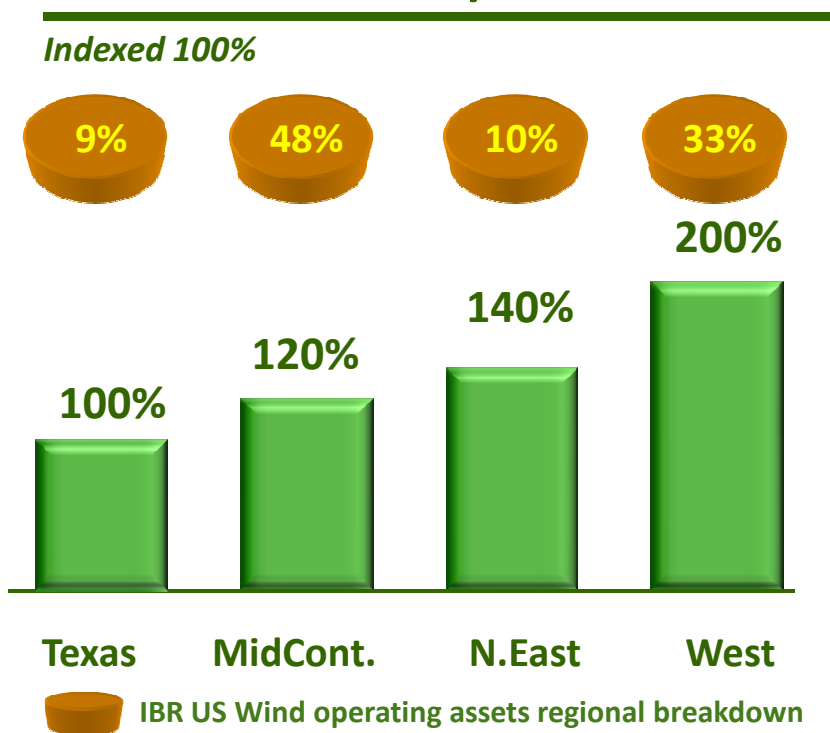
**... thanks to our long term strategy about pipeline development**

# US Business: PPA Market

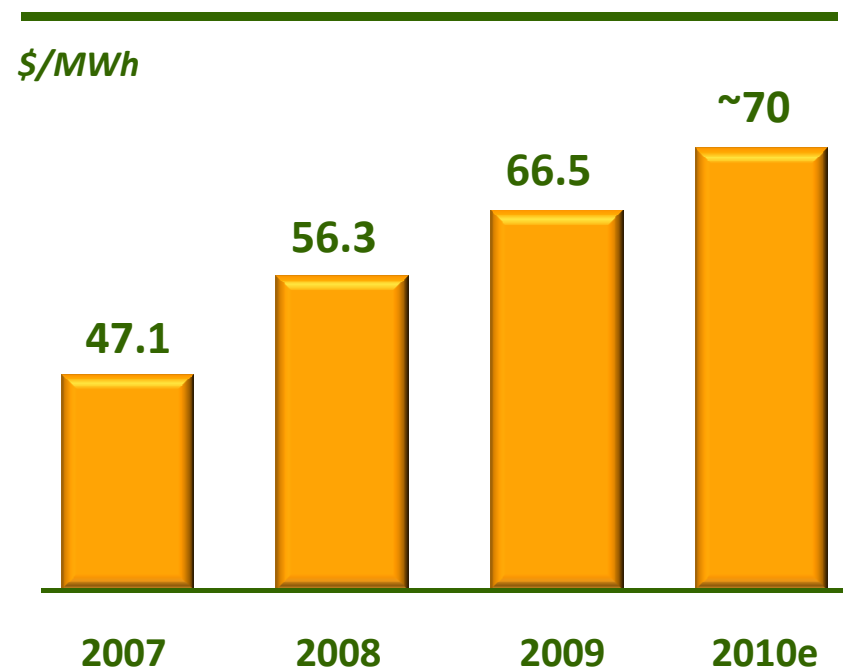


**Our regional diversification and strengths allow us to get high-end prices...**

**2009 PPA Regional Prices \*  
and IBR position**



**IBR achieved Prices\*\***



**... and will continue increasing average price in 2010**

\* Estimated market average

\*\* Average price for every year executed PPA excluding PTC



## Thermal and gas storage businesses in US...

Highly sophisticated, integrated power & natural gas market

Earnings driven by seasonal price spreads & short term volatility

Valuable collection of assets and energy professionals  
with presence in 6 states

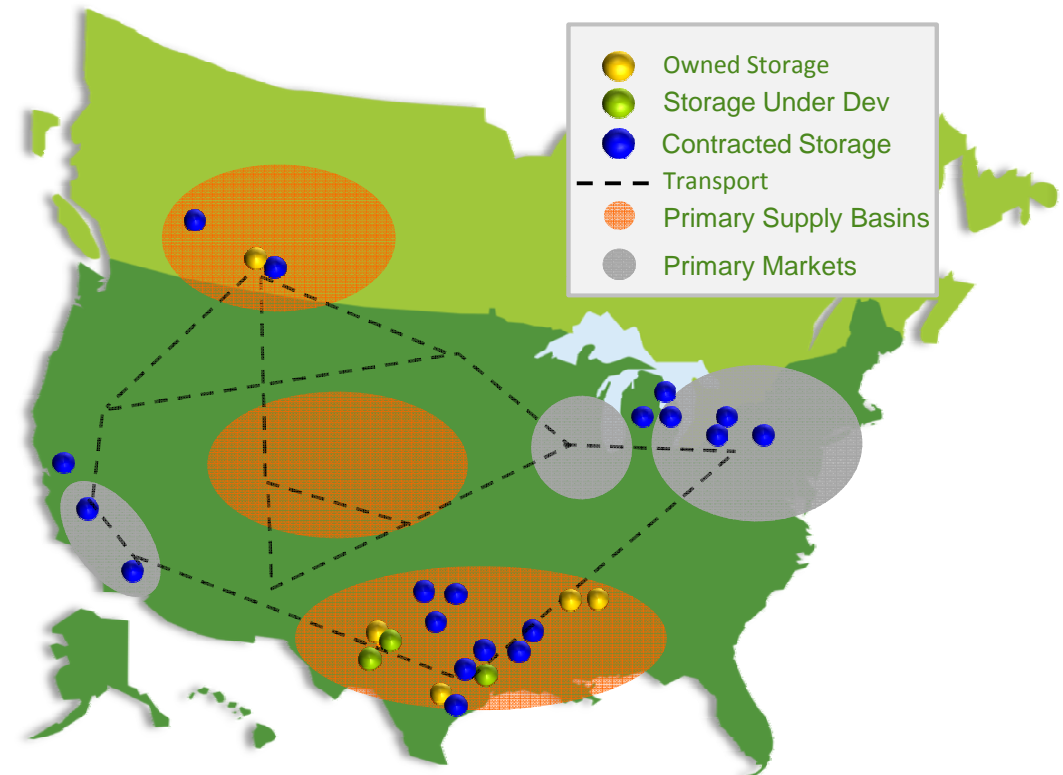
Enhances the competitiveness of our wind business

## ...Creating value in closely-related activities



## 4.13 bcm of gas storage managed in North America

- **No. 3 independent storage operator**
- **Results depend on:**
  - Seasonal price spreads
  - Locational price spreads
  - Short-term price volatility
- **Seasonal Earnings (November – March)**



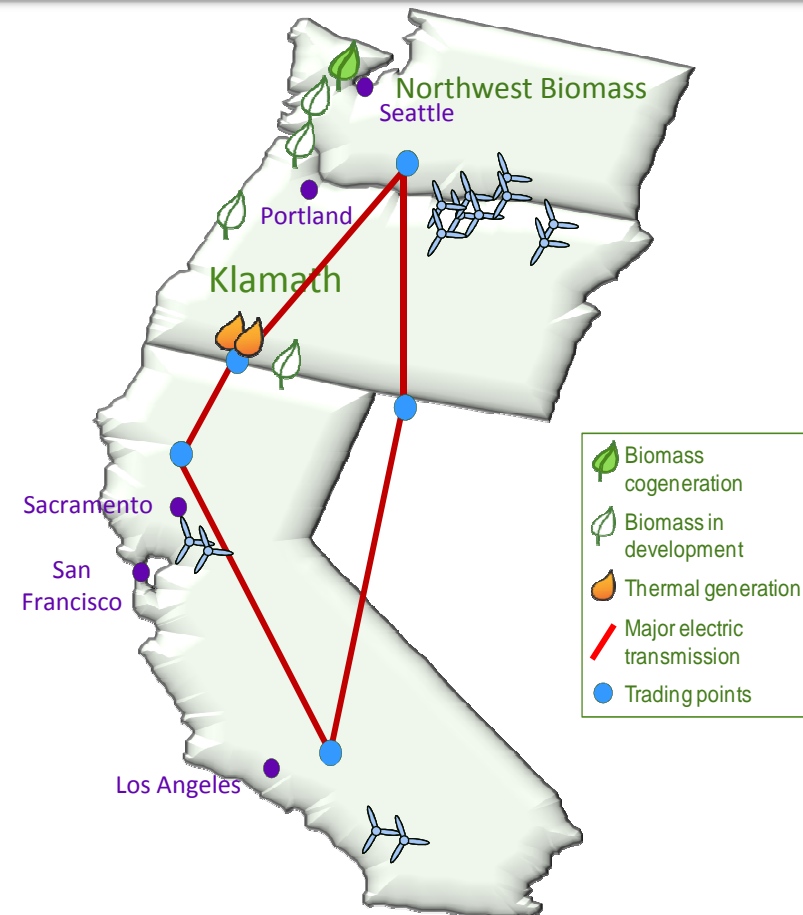
**... and 0.91 bcm under development**





## Flexible generation and access to transmission

- 621 MW CCGT & Peaking
- Enhances our western wind business
  - Transmission
  - Firming & Shaping
- Stable earnings
- Experience allows entry into biomass market



**Strategically located with significant growth potential**

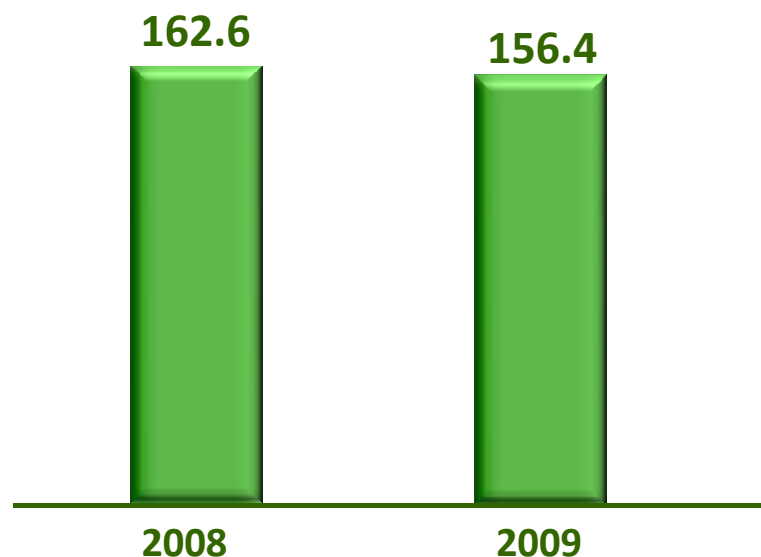
# US Business: Non Renewable Results



Non Renewable business EBITDA will increase  
around 10% in 2010e...

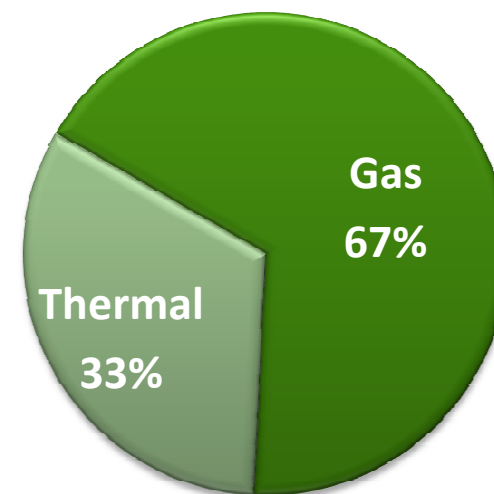
## Non Renewable Business EBITDA

Eur MM



## Breakdown Non Renewable EBITDA

%



... thanks to a normalized gas market in terms of seasonal spreads

\* ProForma figures.

# US Business: Conclusions



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**Strong team, asset base and pipeline to grow**

**History of robust EBITDA growth**

**Diversity in earnings and geography**

**Largest renewable pipeline in the US**

**Excellent track record of execution**

**Total regulatory visibility up to 2012**

**Growth opportunities in solar, biomass and gas storage**