



IBERDROLA

## Investor Day

London. 24th February, 2010

*International Division*

*Amparo Moraleda*



## **International Business Highlights** - *Amparo Moraleda*

### **ScottishPower Overview** - *Nick Horler*

**Energy Wholesale & Retail** - *John Campbell*

**Energy Networks** - *Frank Mitchell*

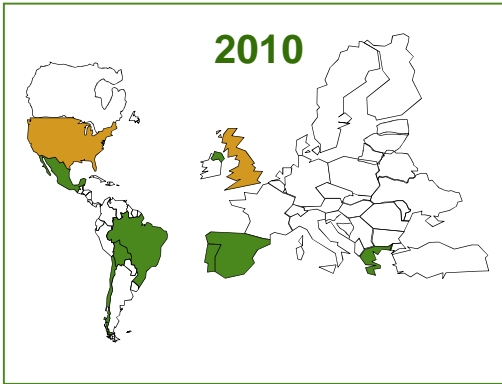
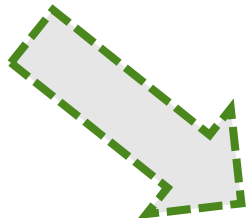
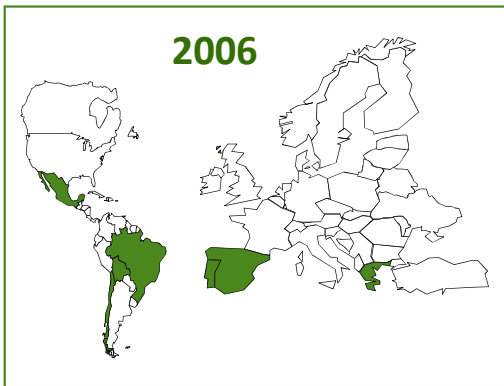
### **Iberdrola USA Overview**

**Regulatory Framework** - *Bob Kump*

**Business Transformation** - *Kevin Walker*



## Successful consolidation of Iberdrola's international platform since 2008,...



### International Model

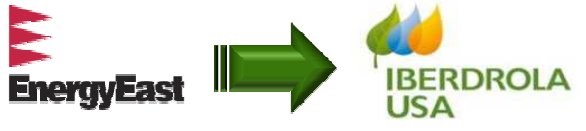
- Large markets
- Critical size
- Pro-competitive and stable regulation
- Growth potential

### 2008-2010 Priorities

UK  
Apr.  
2007

- Improved Performance through:
- Operational excellence & Synergies
  - IT Systems & Process Integration

US  
Sept.  
2008



- *Ambitious Regulatory Agenda*
- *Aggressive business transformation program in place*

...now ready to materialize its full value-creation potential...

# Financial Performance since Acquisition (04/07) Scottish Power



**Sustained results growth through efficiency improvements since integration**

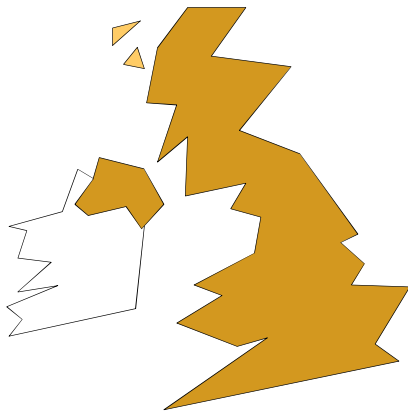
	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>Var. 07-09</b>
<b>EBITDA exc MtM</b>	<b>1,035</b>	<b>1,217</b>	<b>1,323</b>	<b>28%</b>
<i>Liberalised</i>	<i>449</i>	<i>621</i>	<i>732</i>	<i>63%</i>
<i>Regulated</i>	<i>586</i>	<i>596</i>	<i>591</i>	<i>1%</i>
<b>Net Profit (recurrent)</b>	<b>460</b>	<b>495</b>	<b>541</b>	<b>18%</b>
<b>CAPEX</b>	<b>712</b>	<b>740</b>	<b>549</b>	<b>-23%</b>
<b>OPEX*</b>	<b>565</b>	<b>515</b>	<b>471</b>	<b>-17%</b>
<b>FTEs</b>	<b>9,353</b>	<b>8,508</b>	<b>8,214</b>	<b>-12%</b>

\*Excluding Government obligations

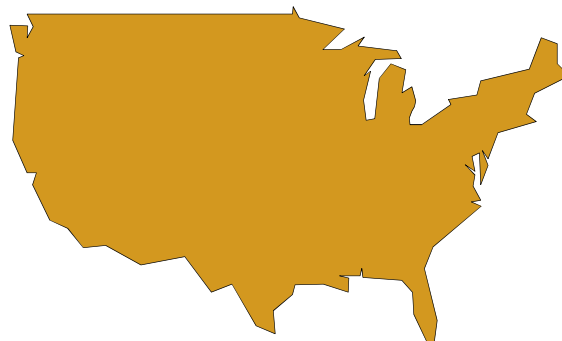


The UK and the US energy markets provide a wide range of options to domestically-positioned operators

## Key drivers



- Climate change and energy security policies
- Ageing and environmentally inefficient generation fleet
- Off-shore wind power investment potential
- Dynamic energy retail & wholesale markets



- Energy policy shift to environmental
- Massive wind power potential
- Significant transmission needs
- Obsolete and cost-inefficient distribution networks
- Highly fragmented utility landscape

# Iberdrola's Strategic Goals 2010-2012

## Scottish Power Contribution



### Energy Wholesale & Retail

### Energy Networks

#### Efficiency

- Maintain SPW position as best-in-class generation asset Management in UK
- Focus on customer segmentation, value offer & cost-to-serve (smart metering)

- Become best-in-class network operator through implementation of aggressive efficiency program

#### *Drive Further Group Efficiencies*

#### Growth

- Full range of options in place to modernize SPW generation fleet

- Exploit opportunities in transmission linked to massive deployment of off-shore wind

#### *Iberdrola Engineering & Construction Deployment in UK*

#### Anticipation

- Strong position in key new generation projects: nuclear, wind offshore & CCS.
- Solid innovation agenda: smart meters deployment, energy services...

- Involvement in development of the new advanced networks: smart grids

#### *Leverage Group Expertise & Know-how*

# Iberdrola's Strategic Goals 2010-2012

## Iberdrola USA Contribution

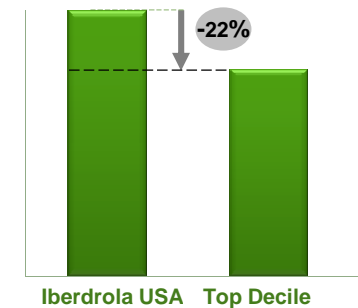


### Efficiency

- Ensure regulatory framework that creates financial stability and enables efficiency improvement to deliver benefits to all stakeholders: customers, investors, employees, the company

*Continued benchmarking to drive business transformation*

2008 Totex Benchmark\*



### Growth

- Leverage unique transmission investment opportunities to enable renewable generation, improve profitability and diversify our revenue mix

*Iberdrola Engineering & Construction Deployment in US*

### Anticipation

- Support Iberdrola wide-group efforts in the fields of smart metering and smart grids leveraging on national policies and funding-schemes

*Smart metering & Smart grids Deployment*

\* Source: FERC; Energy Velocity; Iberdrola USA; McKinsey

# Conclusion



**After a successful integration, the International Business is now ready to materialize its full value creation potential**

**Significant efficiency gains expected in networks business across all geographies based on Group's best practice exchange initiatives**

**Scottish Power to develop wide range of generation investment options over the next decade in response to generation-gap & environmental challenges**

**Iberdrola USA to become best-in-class utility by improving regulatory relationships and leveraging transmission projects**