

Results

Presentation

/ 2018



Iberdrola,
“utility
of the
future”

Agenda

Highlights of the Period

Highlights of the period

EBITDA reaches EUR 9,349 M, growing 27.7%

Net Investments of EUR 5,320 M

Continued operational efficiency improvement (>10%)

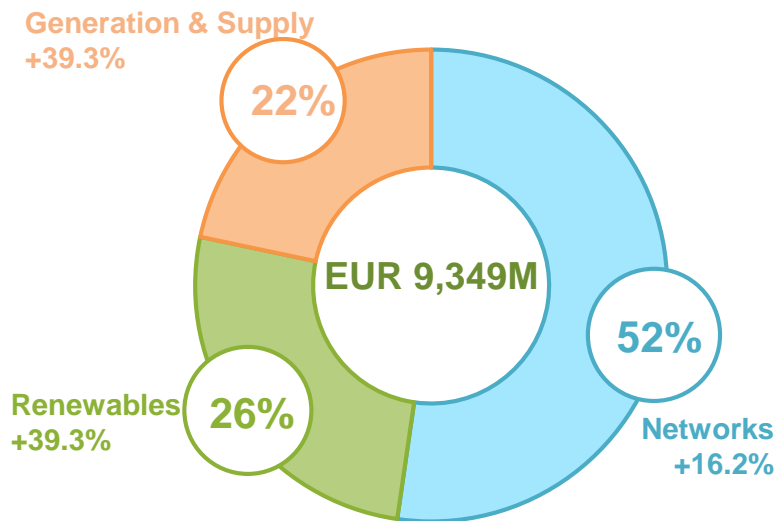
Operating Cash Flow up 13.1% up to EUR 7,328 M

Net Profit grows 7.5%, reaching EUR 3,014 M

**Proposed Shareholder Remuneration of EUR 0.351/share
vs EUR 0.326/share in 2017 (+7.7%)**

Double digit growth in all businesses...

EBITDA by business



Operating Highlights

Networks

- Positive contribution of all geographies:
 - ✓ Mostly driven by tariff increases and efficiency gains in Brazil
 - ✓ In spite of negative impact of storms in the US



Renewables

- Spain: normalisation of wind and hydro output
- US & UK: higher output in onshore wind and new capacity
- Germany: Wiking offshore windfarm contribution



Generation and Supply

- Spain: higher demand and retail activity
- UK: normalisation of conditions
- Mexico: new capacity



Fx

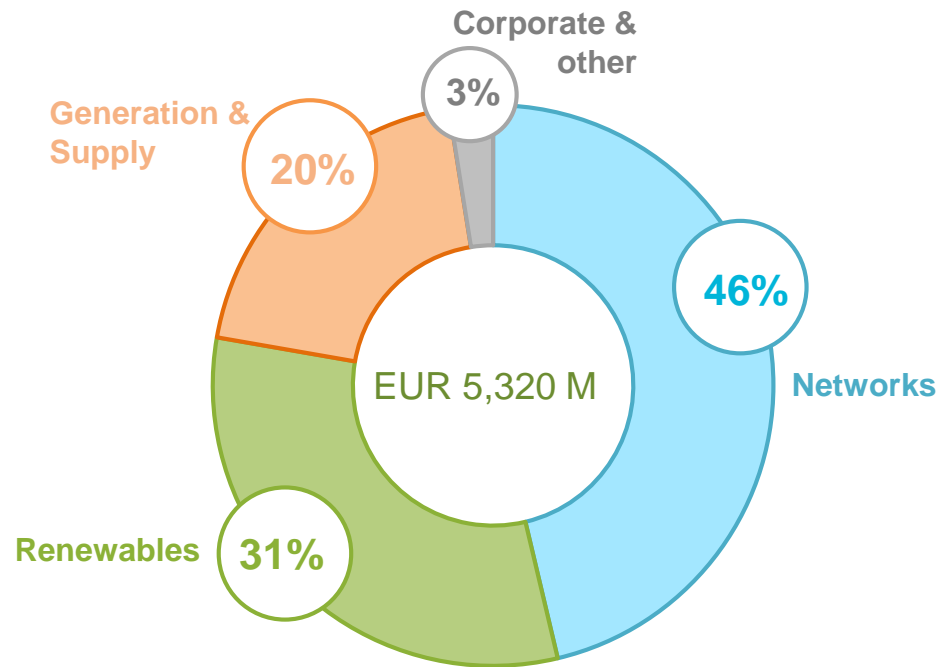
- Negative evolution of BRL, USD and GBP (EUR -363M)



...to reach EBITDA of EUR 9,349 M (+27.7%)

Net Investments





Net Investments reach EUR 5,320 M...



Net Investments: Networks

...increasing regulated networks assets by 5.6% in local currency in 2018...















Network investments driven by regulatory frameworks

- Distribution – New York & Connecticut: up to 2019 
 - Distribution – Maine: up to Q4 2020*
 - Transmission Maine and Connecticut: FERC regulated
 - NECEC transmission: COD December 2022
 - Gas - Connecticut: up to 2020 (SCG) and up to 2021 (CNG)
 - Gas – Massachusetts: up to 2021
-
- Sao Paulo: up to 2019 
 - Pernambuco: up to 2021
 - Bahía: up to 2023
 - Rio Grande do Norte: up to 2023
 - Transmission lines: from 2018 up to 2048
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- Transmission RIIO T1: up to 2021 
 - Distribution RIIO ED1: up to 2023
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- Distribution: up to 2020 

*Pending approval

Net Investments: Generation capacity

...and adding 2,789 MW of capacity between 2018 and Q1 2019...

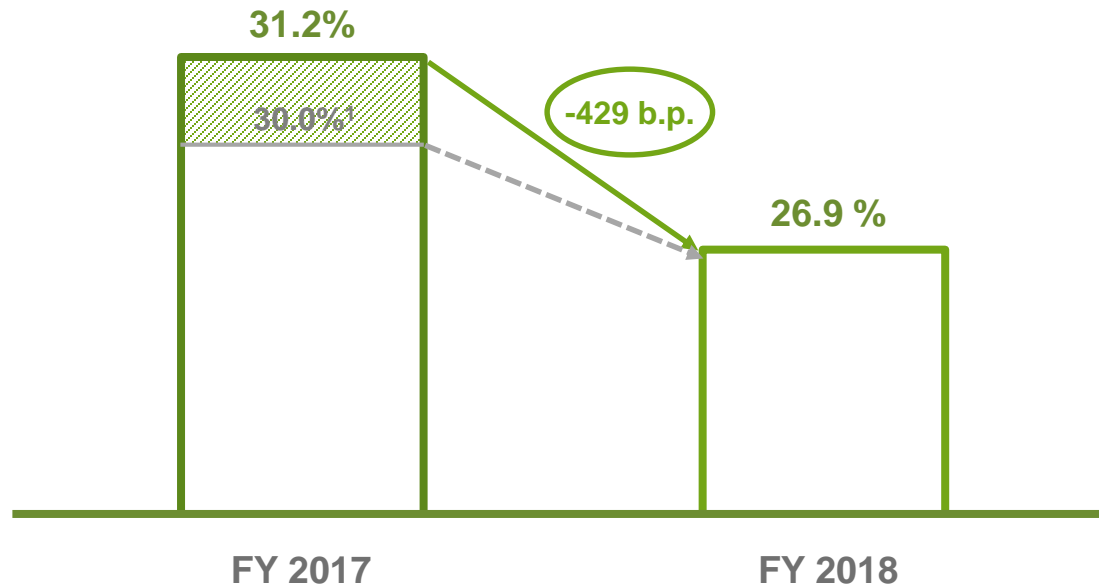
		Capacity in progress – Commissioning date						
MW		2018-1Q2019	Q2-Q4 2019	2020	2021	2022	New capacity 2018-2022	
Renewables	Offshore			490	224			1,514
						400	400	
	Onshore		79	970	263			2,548
			41	284	202			
			18	137	66			
							471	
					16			
	Solar PV		10					628
			227					
				274	117			
	Hydro		551	61	306			1,916
						998		
								
	Combined cycle & Cogeneration		1,863	866	779			3,508
			2,789	3,081	1,973	1,398	871	10,113

...and a total of over 10 GW by 2022

Operational efficiency

Operational efficiencies accelerated during the year, reaching EUR 250 M ...

Net Operating Expenses to Gross Margin

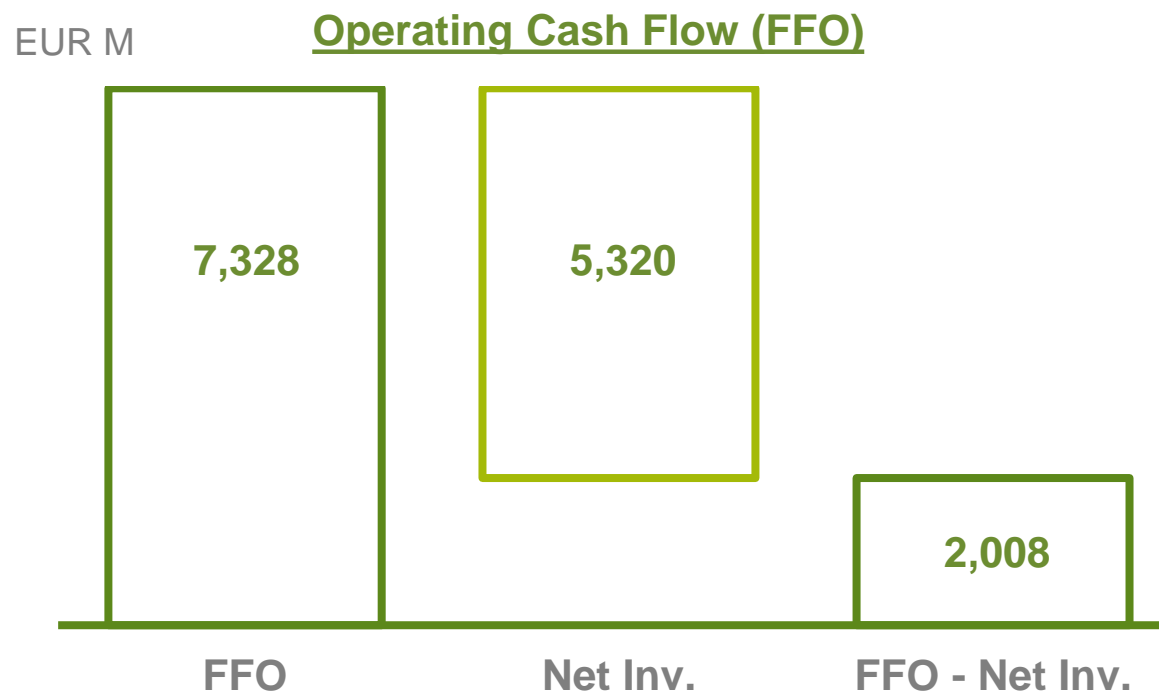


...thanks to measures taken mostly in Brazil

¹ Excluding one-off impacts in 2017: efficiency measures and non-operating price revision in Gas Spain

Operating Cash Flow

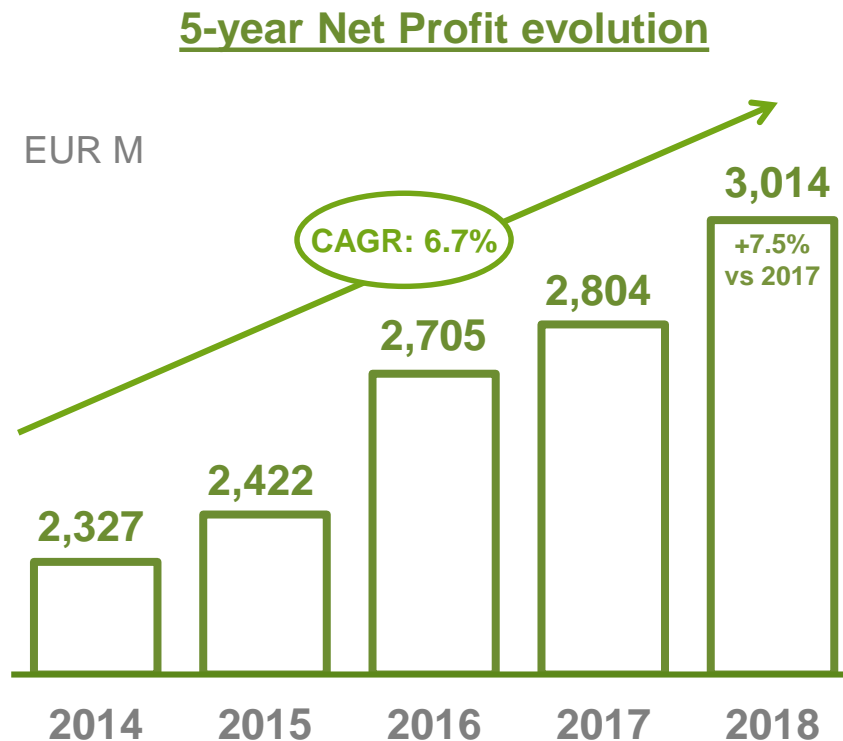
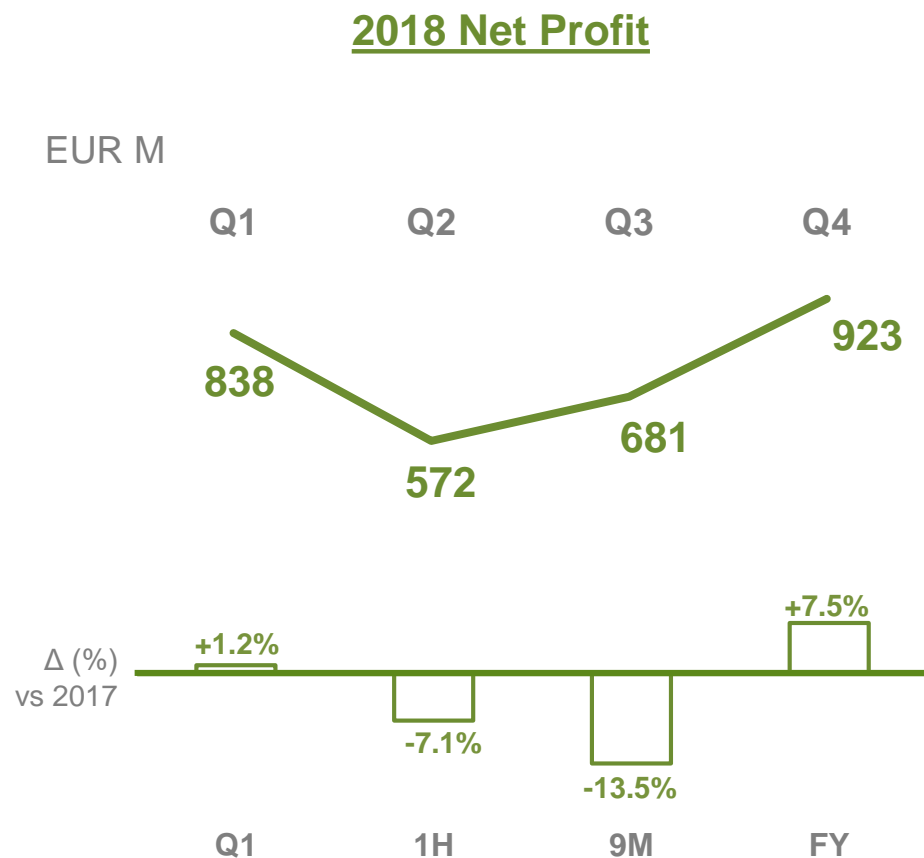
Operating Cash Flow up 13.1%



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
Investment net of grants and ex-capitalised costs.

Net Profit

Net Profit grows 7.5%, to EUR 3,014 M
driven by new investments and efficiency gains



Neoenergia's Net Profit reaches BRL 1,536 M, +278%

Results Growth

Driven by

- ✓ Execution of efficiency measures: BRL >300 M
- ✓ Positive tariff reviews in networks
- ✓ Decrease in financial costs

Networks

**New transmission auction won in December adds BRL 4 Bn investments...
...to reach a total of BRL 21.6 Bn investments in T&D networks:
increasing regulated network assets to BRL 36.3 Bn by 2022 (2.2x vs 2017)**

Renewables

550 MW of new hydro capacity in operation for FY2019 and additional **367MW in construction** for COD before 2020
472 MW of onshore wind capacity in construction for COD 2022

AVANGRID's Adjusted Net Profit reaches USD 684 M

Executing on the growth in our strategic plan: USD 1.7 Bn investments

Networks

- **New England Clean Energy Connect (NECEC) interconnection** between Canada and Massachusetts is **on track** for COD 2022
- New rate plans for **Connecticut Natural Gas (CNG)** and **Berkshire Gas Company (BGC)** effective January 2019
- Filed rate case for **Central Maine Power (CMP)**

Renewables

- **~594 MW** of solar and onshore wind **long term contracts executed**
- **989 MW** of onshore wind **under construction** for COD in 2019 and additional **263MW** for COD in 2020
- **Vineyard Wind 800 MW offshore** wind project in Massachusetts **on track** for COD 2021/2022

Proposed quarterly dividend of \$0.44/share, payable on 1st April 19

Shareholder Remuneration

Proposed supplementary remuneration of EUR 0.2/share payable in July, to reach a total dividend of EUR 0.351/share...

Interim remuneration¹
(**paid** on February 5th 2019)

EUR 0.151/share

+

Supplementary remuneration
Subject to approval at AGM (**payable** in July 2019)

EUR 0.2/share

Total 2018 shareholder remuneration

Subject to approval at AGM

EUR 0.351/share

...leading to a +7.7%² increase, fulfilling our commitment with shareholders

¹Through the scrip dividend "Iberdrola Remuneración Flexible" program approved by 2018 AGM.

²Versus shareholder remuneration of EUR 0.326/share for 2017. Subject to approval at Annual General Meeting (AGM)

Analysis of Results

Income Statement / Group

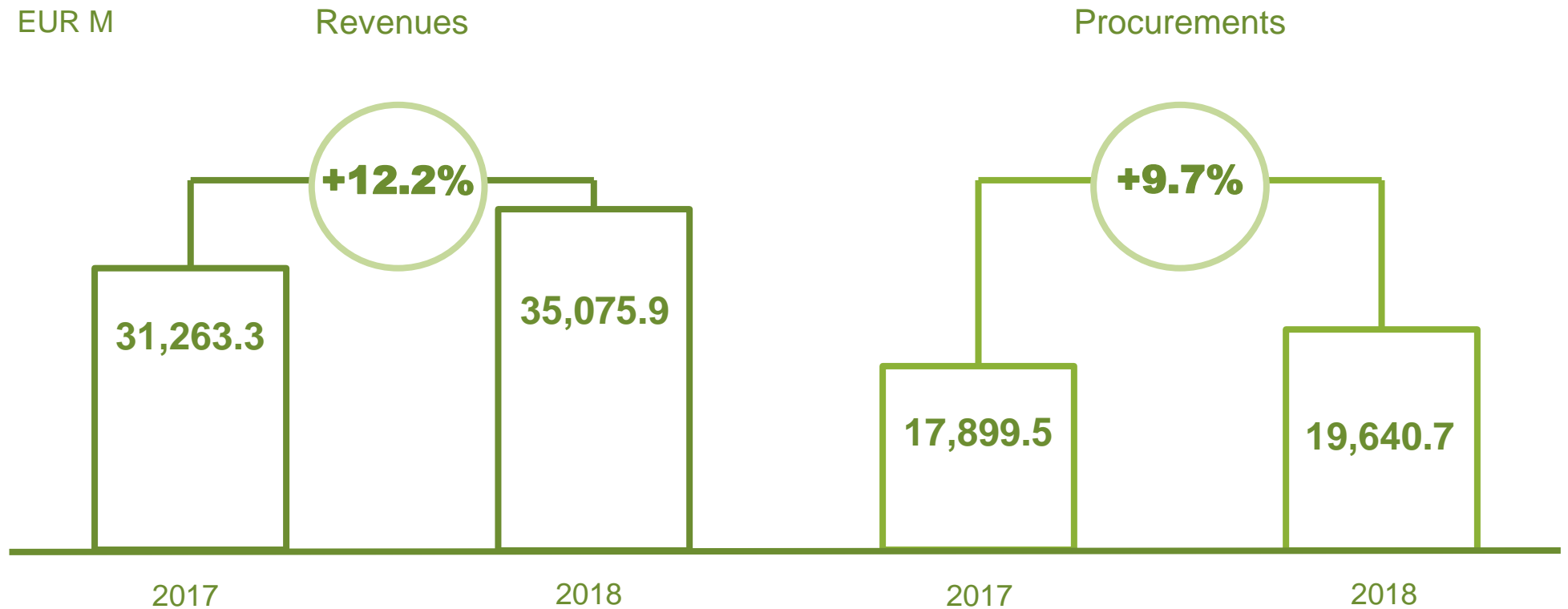
Reported Net Profit up +7.5%, to EUR 3,014.1, despite currency devaluation:
USD -5.7%, GBP -0.9% and BRL -19.5%, EUR -110 M at Net Profit level vs 2017

EUR M	2017	2018	Var.	%
Revenues	31,263.3	35,075.9	+3,812.6	+12.2
Gross Margin	13,363.8	15,435.1	+2,071.3	+15.5
Net Operating Expenses	-4,170.6	-4,155.2	+15.4	-0.4
Levies	-1,874.5	-1,931.0	-56.5	+3.0
EBITDA	7,318.7	9,348.9	+2,030.2	+27.7
EBIT	2,712.6	5,439.4	+2,726.7	+100.5
Net Financial Expenses	-937.1	-1,156.1	-219.0	+23.4
Non Recurring Results	+279.1	+8.9	-270.2	-96.8
Taxes and Minorities	+1,031.1	-1,282.8	-2,313.9	n/a
Reported Net Profit	2,804.0	3,014.1	+210.1	+7.5
Operating Cash Flow	6,479.4	7,328.4	+849.0	+13.1

Operating Cash Flow up +13.1%, to EUR 7,328.4 M

Gross Margin / Group

Gross Margin up 15.5%, to EUR 15,435.1 M,...



... with NEO consolidation more than offsetting fx impact

Net Operating Expenses / Group

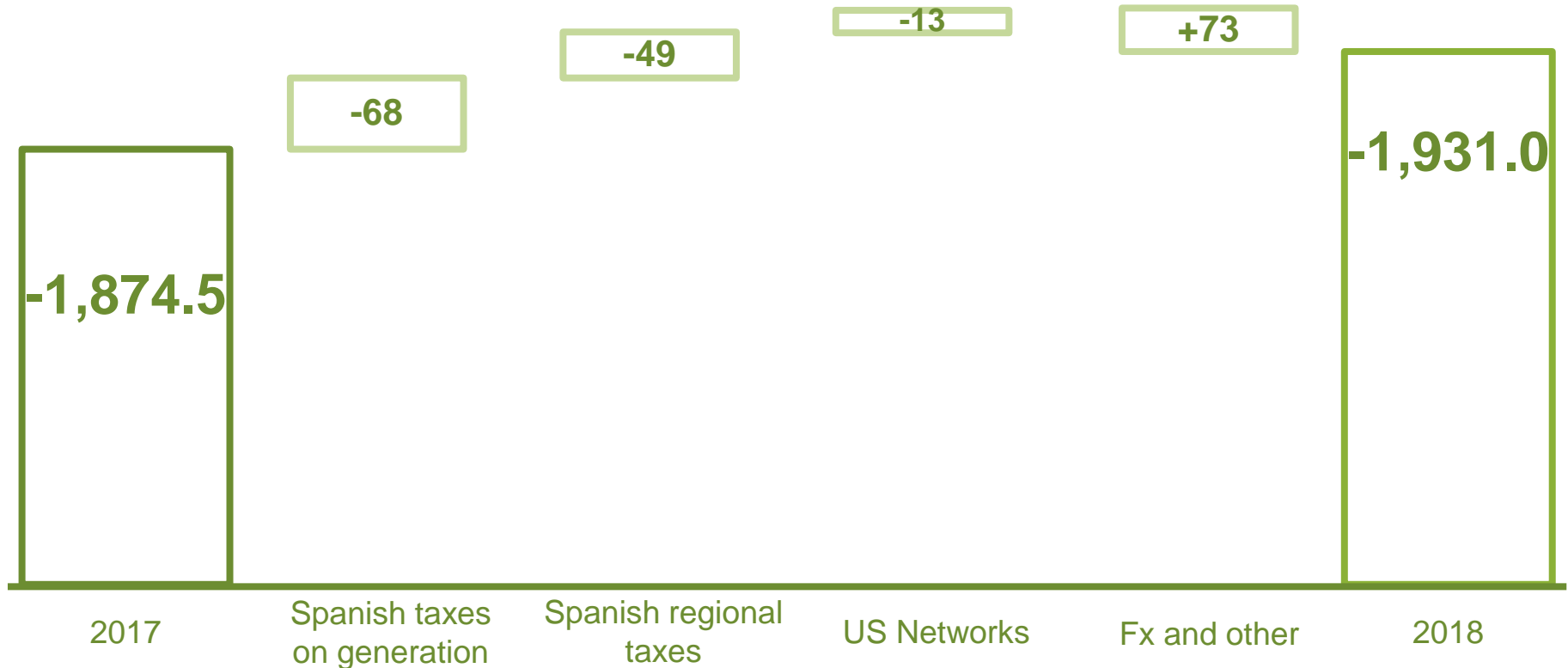
Net Operating Expenses fall 0.4%, to EUR 4,155.2 M

EUR M	Net Operating Expenses		
	2017	2018	vs 2017 (%)
Net Personnel Expenses	-2,171.6	-2,020.0	-7.0%
Net External Services	-1,999.0	-2,135.2	+6.8%
Total Net Op. Expenses	-4,170.6	-4,155.2	-0.4%

Fx, provisions for efficiency plans accounted for in 2017 and IFRS 15 compensate NEO consolidation

Levies / Group

Levies up 3.0%, to EUR 1,931.0 M, as a consequence of Spanish generation taxes, due to the hydro output and higher pool prices, non recurring reversal of regional taxes and US Networks,...

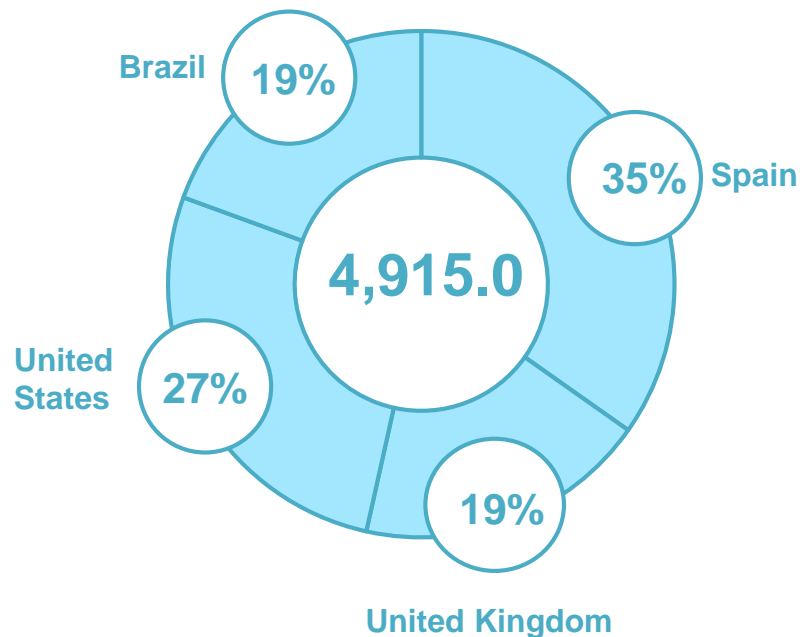


.... that more than compensate the positive impact of fx and other (suspension of 7% Spanish generation tax in Q4'18)

Results by Business / Networks

Networks EBITDA up 16.2%, to EUR 4,915.0 M, ...

EBITDA by Geography (%)



Key Figures (EUR M)

	2017	2018	vs 2017
Gross Margin	6,786.7	7,641.8	+855.1 (+12.6%)
Net Op. Exp.	-1,921.9	-2,079.1	-157.2 (+8.2%)
Levies	-636.8	-647.7	-10.9 (-1.7%)
EBITDA	4,228.1	4,915.0	+686.9 (+16.2%)

... with growth in all geographies*

* Excluding fx impact

Results by Business / Networks

Spain EBITDA EUR 1,709.4 M (EUR +189.9 M; +12.5%), due to positive settlements of previous years and the impact of 2017 positive court ruling on ICAs*

US EBITDA USD 1,572.6 M (USD +67.2 M; +4.5%), driven by:

- + Higher contribution from rate plans
- + Positive IFRS impact
- Storm costs negative effect
- Tariff adjustments corresponding to tax reform (in effect under IFRS from Q3'18) compensated by lower taxes. Neutral at Net Income level

Brazil EBITDA BRL 4,111.8 M (BRL +2,351.9 M; n/a), driven by NEO consolidation (BRL 2,012.8 M), together with tariff revisions from May 2018, higher demand (+2.8%) and efficiencies

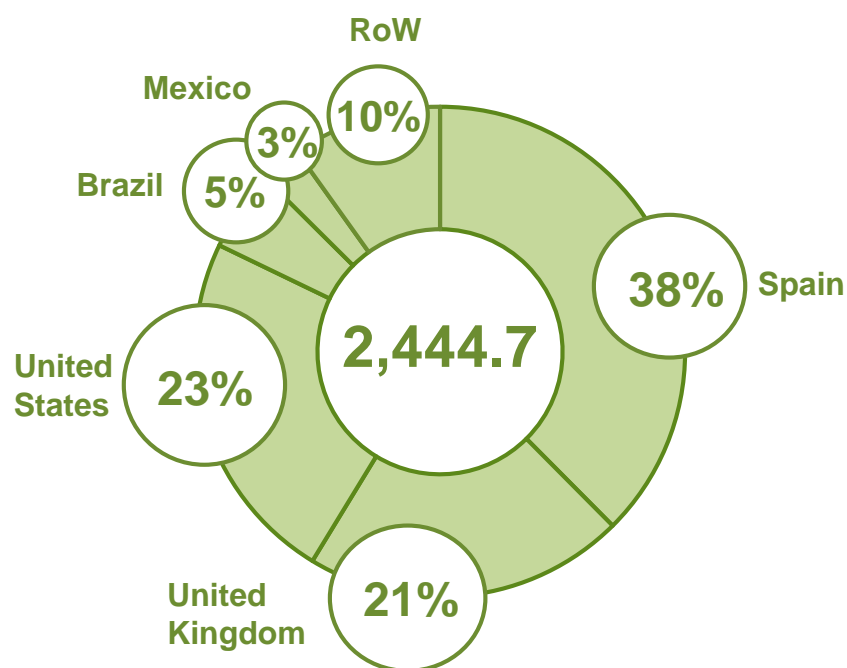
UK EBITDA GBP 813.4 M (GBP +36.8 M; +4.7%), with higher revenues both in transmission and distribution

* Instalaciones Cedidas de Abonados / Assets given by customers (Eur 53 M one-off impact corresponds to 2016 settlement)

Results by Business / Renewables

Renewables EBITDA up 39.3%, to EUR 2,444.7 M, ...

EBITDA by Geography (%)



Key Figures (EUR M)

	2017	2018	vs 2017
Gross Margin	2,791.5	3,610.9	+819.4 (+29.4%)
Net Op. Exp.	-685.0	-698.2	-13.2 (+1.9%)
Levies	-351.7	-468.0	-116.3 (+33.1%)
EBITDA	1,754.8	2,444.7	+689.9 (+39.3%)

... driven by growing results in all markets.

With output up 21.7%, to 61,754 GWh, and installed capacity reaching 29,177 MW

Results by Business / Renewables

Spain EBITDA EUR 918.5 M (EUR +302.9 M; +49.2%), driven by higher output (+32.6%)

US EBITDA USD 676.9 M (USD +79.2 M; +13.2%), with output increase (+9.7%), driven by higher installed capacity and load factor

UK EBITDA GBP 457.8 M (GBP +114.5 M; +33.4%), higher load factor (+1.6 p.p.) and higher average operating capacity, together with better prices

Brazil EBITDA BRL 557.2 M (BRL +319.4 M; n/a), due to NEO consolidation

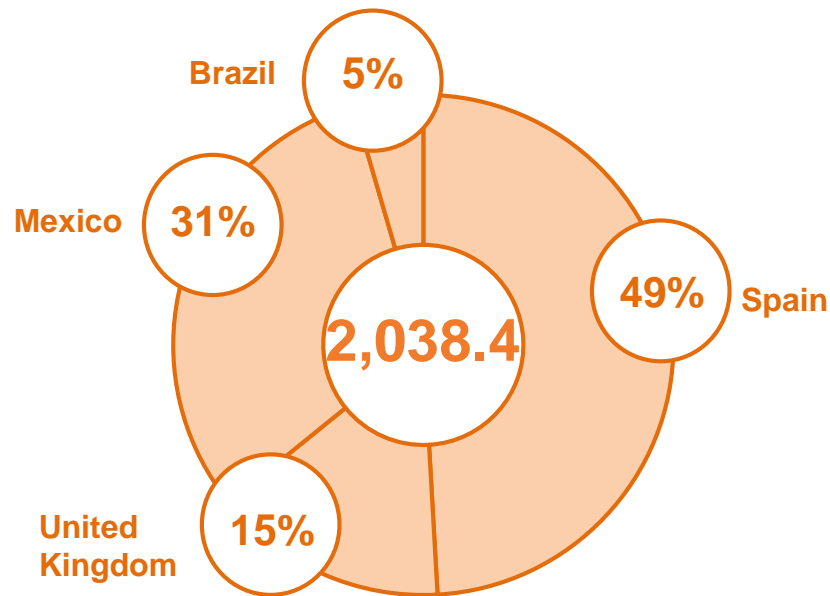
Mexico EBITDA USD 77.3 M (USD +18.0 M; 30.4%), as a consequence of higher output (+13.7%), due to higher load factor (+3.8 p.p.)

RoW EBITDA EUR 241.6 M (EUR +142.3 M; n/a) due to the gradual entry into service of Wikinger during H1'18, now fully operational (350 MW)

Results by Business / Generation and Supply

Generation & Supply EBITDA up 39.3% to EUR 2,038.4 M, ...

EBITDA by Geography (%)



Key Figures (EUR M)

	2017	2018	vs 2017
Gross Margin	3,756.5	4,167.9	+411.3 (+11.0%)
Net Op. Exp.	-1,431.4	-1,327.4	+104.0 (-7.3%)
Levies	-861.4	-802.0	+59.4 (-6.9%)
EBITDA	1,463.7	2,038.4	+574.7 (+39.3%)

... with growth in all geographies

Results by Business / Generation and Supply

Spain EBITDA EUR 1,000.7 M (EUR +221.3 M; +28.4%)

- Higher Sales: 97,400 GWh (+12.1%)
 - Increase in Retail activity, including Products and Services
 - Net Op. Exp. additionally improve driven by provisions for efficiency plans accounted for in 2017 and customer acquisition costs now accounted for in D&A (IFRS 15)
-

UK EBITDA GBP 271.8 M (GBP +177.0 M; n/a)

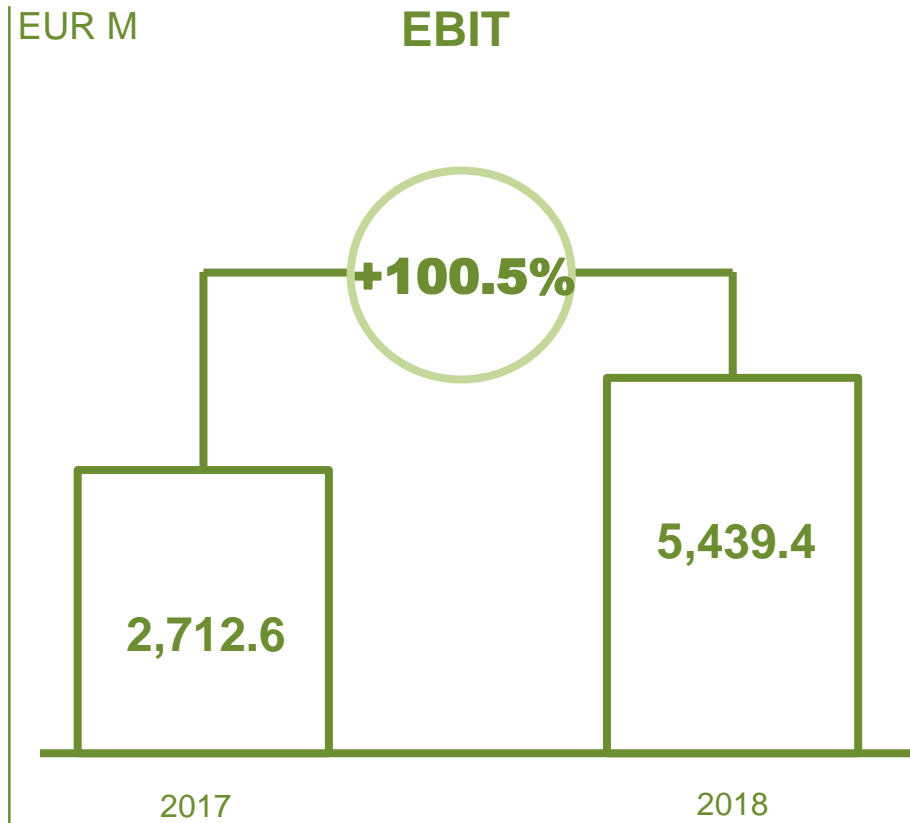
- Normalisation in Retail conditions and operating expenses
 - Smart metering and capacity payments
 - Customer acquisition costs now accounted for in D&A (IFRS 15)
-

Mexico EBITDA USD 754.2 M (USD +161.3 M; +27.2%): driven by higher availability and new installed capacity (+1,863 MW from Bajío cogeneration, Monterrey IV repowering, Escobedo and Topo II CCGTs) that entered in operation in 2018 and Q1'19, with contribution in 2019

Brazil EBITDA BRL 396.2 M (BRL +212.9 M; n/a)

EBIT / Group

Group **EBIT** up 100.5%, to EUR 5,439.4 M



D&A and Provisions

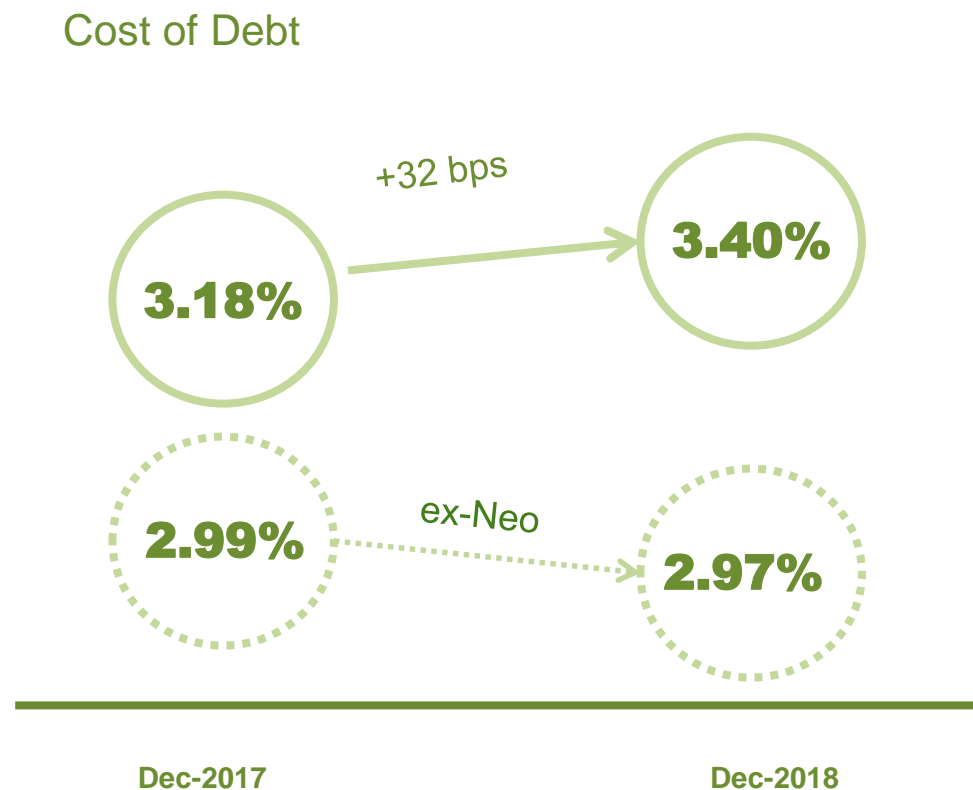
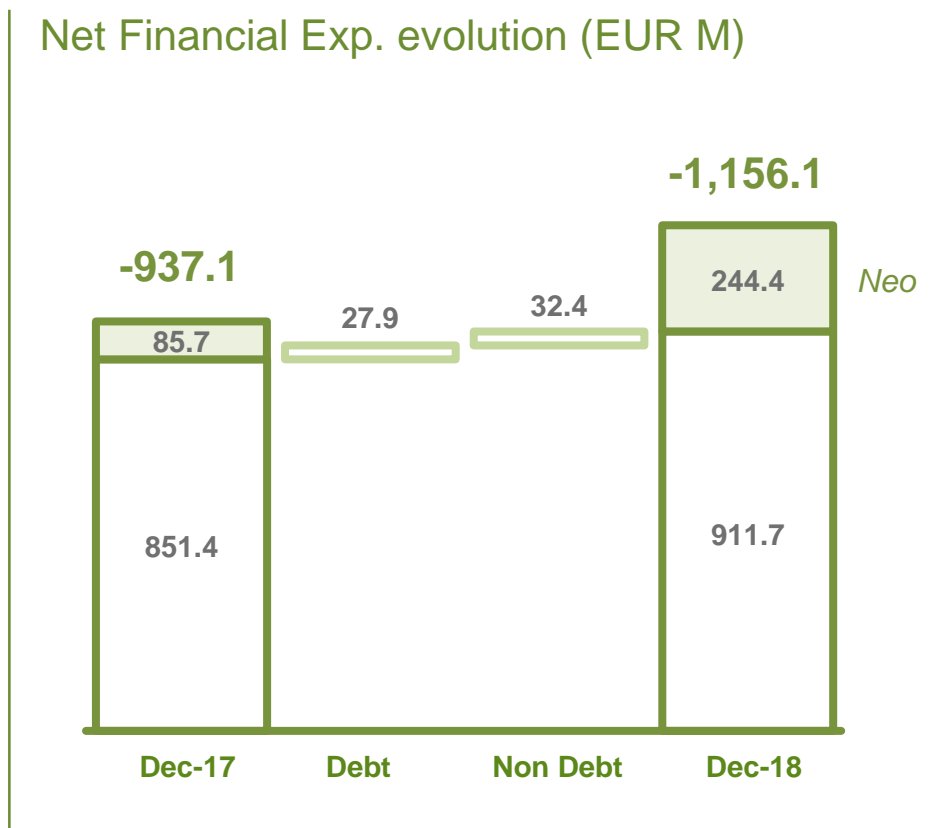
	2017	2018	vs 2017 (%)
D & A	-3,183.6	-3,586.4	+12.7%
Provisions	-1,422.4	-323.2	-77.3%
TOTAL	-4,606.1	-3,909.5	-15.1%

D&A and Provisions fall 15.1% due to EUR 1,193 M of non recurring Provisions* recorded in 2017 partially offset by Brazil consolidation, higher asset base and IFRS 15

* North America Gas business write down (EUR 743 M) and reduction of the value of US renewables due to tax reform (EUR 450 M)

Net Financial Expenses / Group

Net Financial Expenses up EUR 219.0 M, to EUR 1,156.1 M ...



... driven by NEO integration, higher non-debt results and IFRS 9 (EUR -35 M)

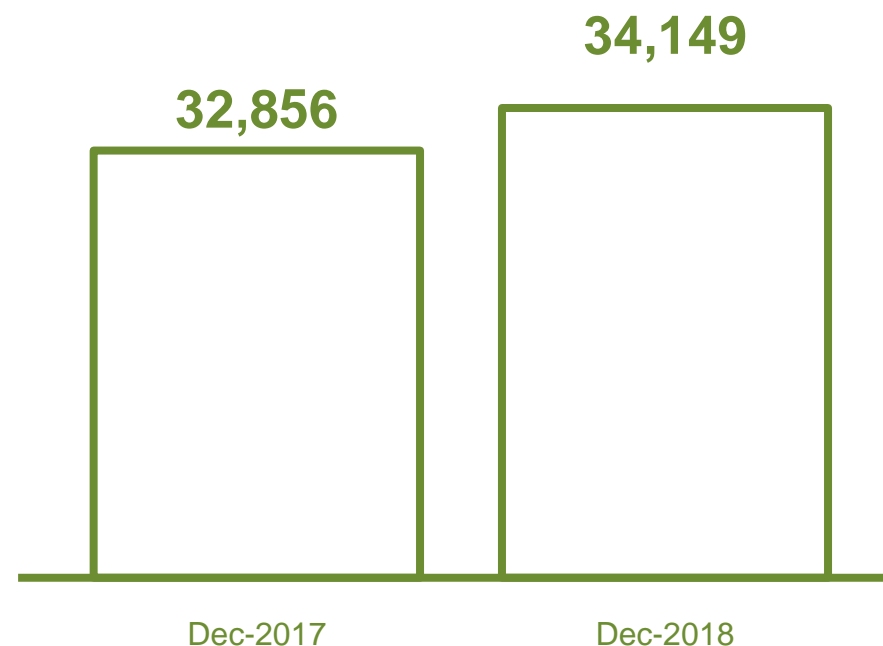
Net Debt / Group

Credit metrics improve

Pro forma adjusted credit metrics**

	2017**	2018
Net Debt / EBITDA	4.05x	3.65x
FFO / Net Debt	21.1%	21.5%
RCF / Net Debt	18.2%	20.2%
Leverage	43.4%	43.7%

Net Debt* (EUR M)



Currency appreciation in Q4 increased 2018 Net Debt by EUR 560 M

* Adjusted by market value of treasury stock cumulative hedges (EUR 50.0 M at 2018 year-end and EUR 29.0 M at 2017 year-end)

** 2017: Pro forma credit metrics include Neo from January 1st, 2017 and exclude provisions for efficiency plans

Net Profit / Group

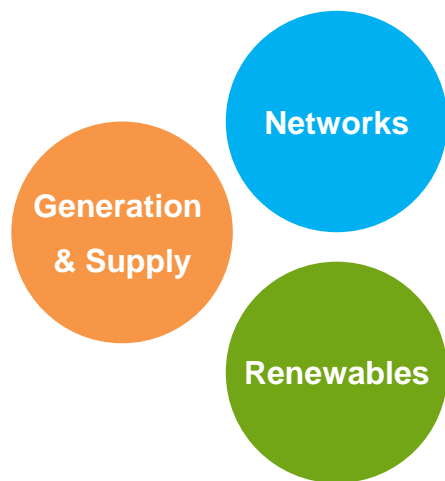
Reported Net Profit up +7.5%, to EUR 3,014 M, despite EUR 270 M of lower Non Recurring.
Excluding them, Reported Net Profit is **up 19%, to EUR 3,005 M**

EUR M	2017	2018	vs 2017 (%)
Reported Net Profit	2,804	3,014	+7.5%
- Non Recurring Results	+279	+9	-97%
Reported Net Profit ex. Non Rec	2,525	3,005	+19.0%

Taxes up EUR 2.4 bn as 2017 was affected by US tax reform (EUR 2,026 M)
2018 **effective tax rate** of 22.3%

Conclusions

Accelerating delivery of the 2018-2022 plan, with...



...more **REGULATED** networks assets

...more **CAPACITY: +5,871 MW¹** (2018 and 2019)

...and further **EFFICIENCY** gains...

...leading to mid single-digit growth
at **EBITDA and Net Profit level in 2019**

Further details in the Capital Markets Day event on February 26th, 2019

¹ Excludes additional 1,085 MW, non-productive in 2019