



IBERDROLA

Results Presentation First Quarter 2012

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Highlights of the period

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Annex:

-Iberdrola Renovables information

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Highlights of the period



EBITDA increases 4.1%, up to Eur 2,365 M
in a complex regulatory and macro environment

EBITDA grows in all businesses
thanks to the continued internationalisation process

Operating Cash Flow increases by 1.9%, up to Eur 1,820 M

Strong group's Liquidity position amounts to Eur 9.7 bn,
covering more than 24 months of financing needs

Net Profit amounts to Eur 1,022 M (+0.7%)
Recurring Net Profit growing 3.1%

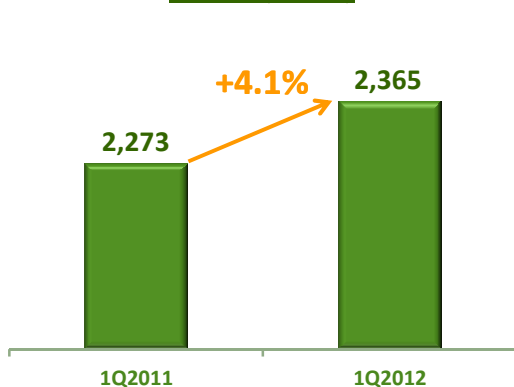
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EBITDA

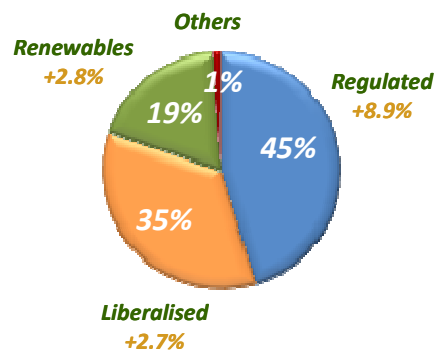


EBITDA up 4.1% to Eur 2,365 M,
due to Iberdrola's diversified business model

EBITDA (Eur M)



EBITDA by business



All businesses of the Company growing

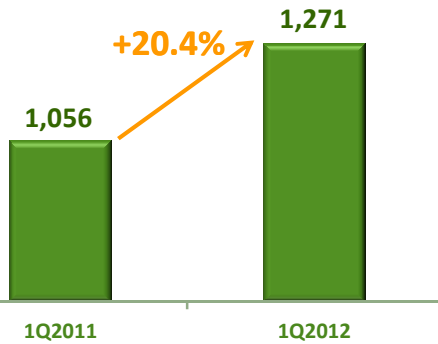
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EBITDA International

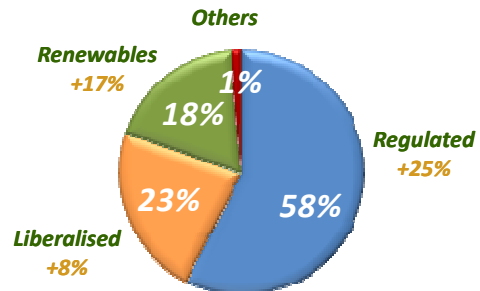


**International EBITDA up 20.4%,
driven by Regulated and Renewables businesses**

International EBITDA (Eur M)



International EBITDA by business



Still growing 9% without considering Elektro contribution

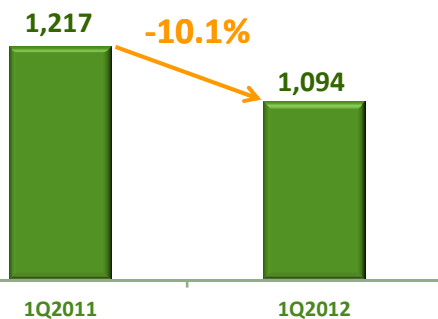
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EBITDA in Spain

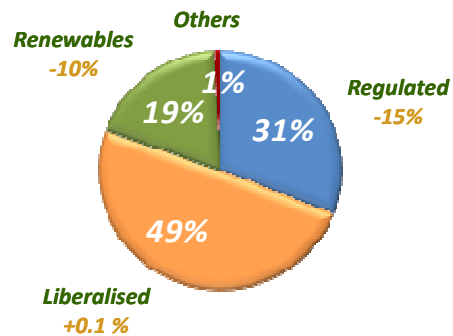


**EBITDA in Spain down 10.1%,
affected by regulatory measures, low hydro output and low wind**

EBITDA in Spain (Eur M)



EBITDA in Spain by business



**Negative impact of regulatory measures
mitigated by Supreme Court's ruling**

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Financing



Maintaining a strong financial position

Iberdrola already raised Eur 1.8 bn in the financial markets in 2012, including the liability management transaction

Leverage⁽¹⁾ improves from 48.8% at FY2011 to 48.5% at 1Q2012

Strong group's Liquidity position amounting to Eur 9.7 bn, covering more than 24 months of financing needs

Stable credit metrics, even including tariff deficit

(1) Including tariff deficit

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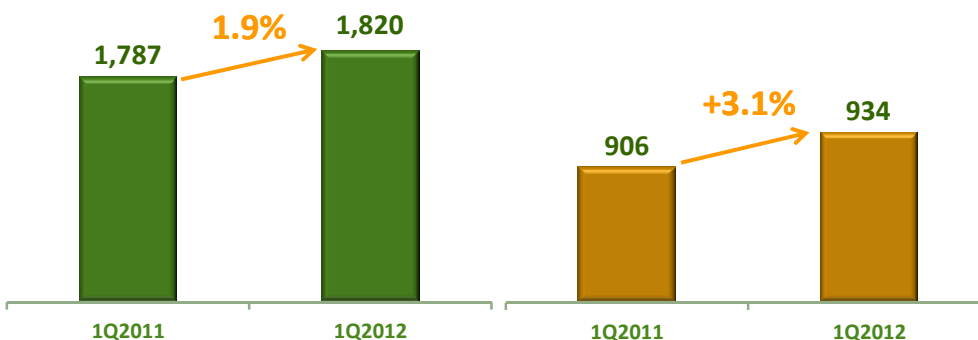
Net Profit and Operating Cash Flow



Operating Cash Flow totals Eur 1,820 M, a 1.9% increase

Operating Cash Flow (Eur M)

Recurring Net Profit (Eur M)



Net Profit amounts to Eur 1,022 M (+0.7%)
With Recurring Net Profit growing 3.1% up to Eur 934 M

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Key Regulatory Issues Spain



Spanish energy situation

Spanish pool prices are 10%⁽¹⁾ below the average of main European countries

Networks remuneration in Spain is 10%⁽²⁾ below the average of main European countries

However, residential electricity bill in Spain is above European average⁽³⁾...



... as 50% of the final electricity tariff corresponds to costs non related to electricity supply

(1) Average spot price up to April 2012 for Italy, Netherlands, Germany, Spain, France and the Nordpool. SOURCE: Bloomberg
(2) Before RDL 13/2012, according to KPMG Report "Study on the remuneration model of the regulated activity of electricity distribution across Europe". January 2012
(3) SOURCE: Eurostat and European Commission

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Key Regulatory Issues Spain



Government has already taken measures to reduce **the inherited problem of tariff deficit**

February

Eur 3.3 Bn securitised in Q1 2012
Eur 7.0 bn still pending, with an irrevocable commitment to transfer to FADE

February

RDL 1/2012, renewables moratorium

March

Ministerial Order for access tariffs increase (6.3%⁽¹⁾)

March

RDL 13/2012, Reduction of system costs
Penalizing distribution activity, not responsible for tariff deficit

(1) Without considering re-billings

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Key Regulatory Issues Spain



We are confident that Government will soon restore the stability and objectivity of the model taking further measures, such as:

Stop the construction of the most expensive renewables

Remunerate all regulated activities with non-discriminatory profitability criteria

Re-undertake energy efficiency measures (tariffs progressivity)

Increase market liberalisation (reduce threshold for integral regulated tariffs)

Share the financing of future deficit among all sector participants

Accelerate the securitisation of the current deficit

Remove from tariffs concepts not corresponding to the electricity supply

Their implementation would provide predictable tariffs

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Income Statement – Group



EBITDA up 4.1% to Eur 2,365.4 M
Net Profit up 0.7% to Eur 1,022.3 M

<i>Eur M</i>	Q1 2012	Q1 2011	Var. %
Revenues	9,331.0	8,483.7	+10.0
Gross Margin	3,388.4	3,255.7	+4.1
Net Op. Expenses*	-877.1	-784.7	+11.8
Levies	-186.5	-262.9	-29.1
EBITDA	2,365.4	2,273.3	+4.1
Operating Profit (EBIT)	1,623.7	1,602.9	+1.3
Net Financial Expenses	-323.8	-226.5	+43.0
Recurring Net Profit	933.7	905.9	+3.1
Reported Net Profit	1,022.3	1,014.8	+0.7
Operating Cash Flow	1,820.2	1,786.9	+1.9

*Excludes Levies

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Income Statement - Group



Two impacts that have been included in Q1 Group's accounts:

Royal Decree Law 13/2012 impact: Eur -62 M
Lower remuneration in Networks Spain: Eur -58 M
Lower capacity payments Liberalised Business Spain: Eur -4 M

Impact of Supreme Court's ruling: Eur +118 M
of lower Levies in Liberalised Business Spain

Annualised forecasted impact of RDL 13/2012: Eur -256 M
Annualised forecasted impact of Supreme Court's ruling: Eur +170 M

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Gross Margin - Group

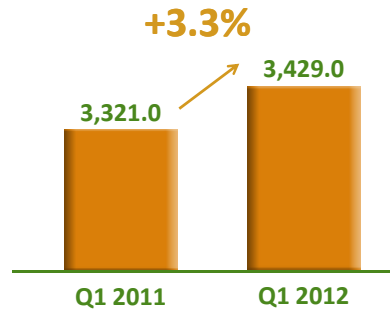


Gross Margin up 4.1% to Eur 3,388.4 M and Basic Margin up 3.3% to Eur 3,429.0 M, due to higher international activity, Elektro consolidation and exchange rate

Gross Margin (Eur M)



Basic Margin (Eur M)



Revenues increase 10.0% to Eur 9,331.0 M, and Procurements up 14.1% to Eur 5,876.1 M

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Net Operating Expenses - Group



Net Operating Expenses* up 11.8% to Eur 877.1 M, growth that will decelerate during 2012

Net Operating Expenses

Eur M	Q1 2012	% v Q1 2011
Net Personnel Expenses	450.7	+10.5%
Net External Services	426.4	+13.1%
Total	877.1	+11.8%

Operating Highlights

Seasonal factors
affecting Net Operating Expenses

Other effects:
Costs incurred for improving efficiency, exchange rate and Elektro consolidation

Despite rise in local taxes in Spain and CERT/CESP in the UK, Levies are down 29.1%, to Eur 186.5 M, due to Spanish Supreme Court's ruling impact (Eur +117.5 M)

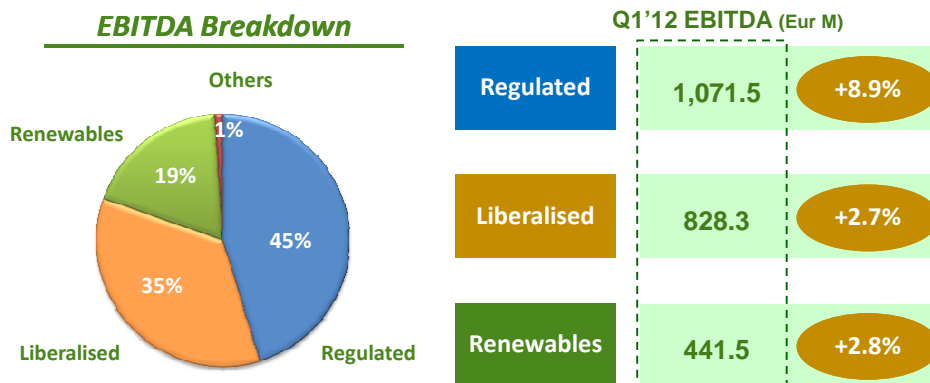
*Excludes Levies

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EBITDA - Business



Group EBITDA up 4.1% due to Iberdrola's diversified business model ...



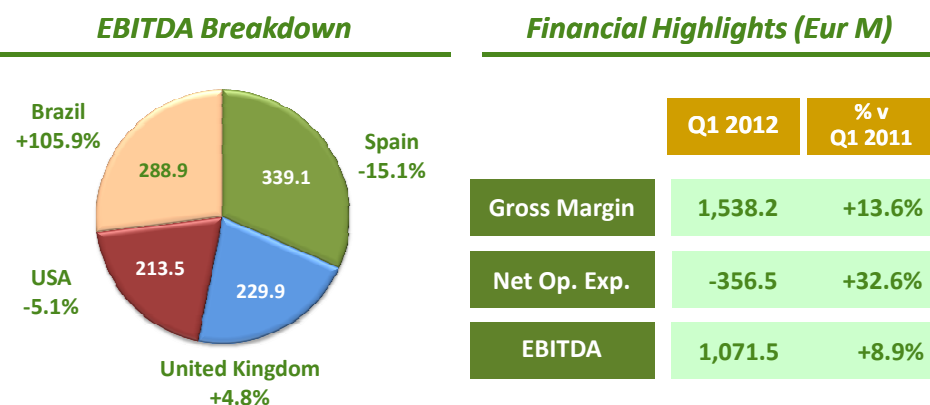
... with growth in all the businesses of the Company

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Results By Business Regulated



Regulated EBITDA up 8.9% to Eur 1,071.5 M, ...



... with the integration of Elektro offsetting the cuts imposed in Spanish Networks remuneration according to RDL 13/2012

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Results By Business Regulated Spain



EBITDA down 15.1% to Eur 339.1 M ...

Operating Highlights

	Lower regulated revenues: -9% v Q1 2011
	Higher Net Operating Exp.: Maintenance and efficiency measures
	Higher Levies: +18.5% due to higher local levies

Financial Highlights (Eur M)

	Q1 2012	% v Q1 2011
Gross Margin	464.5	-8.7%
Net Op. Exp.	-101.4	+13.6%
EBITDA	339.1	-15.1%

... due mainly to Eur 58.5 M of revenues cut following RDL 13/2012

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Results By Business Regulated United Kingdom



EBITDA up 4.8% to Eur 229.9 M ...

Highlights of the Period

Operating Highlights		Higher revenues due to higher asset base
		Efficiency improvement: Gross Margin growth > Net Op. Exp. growth
FX Impact		GBP: +1.5%

Financial Highlights (Eur M)

	Q1 2012	% v Q1 2011
Gross Margin	284.2	+2.5%
Net Op. Exp.	-30.0	-13.2%
EBITDA	229.9	+4.8%

... due to increased investments and cost control

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Results By Business Regulated USA



EBITDA in Euros under IFRS down 5.1% to Eur 213.5 M,
as the higher revenues from rate cases in place

Eur M

EBITDA Impacts



Financial Highlights

	Q1 2012	% v Q1 2011
Gross Margin	395.0	+5.3%
Net Op. Exp.	-121.3	+29.5%
EBITDA	213.5	-5.1%

... are more than offset by IFRS adjustments and extraordinary expenses related to fuel costs and works done due to previous storms and mild weather conditions

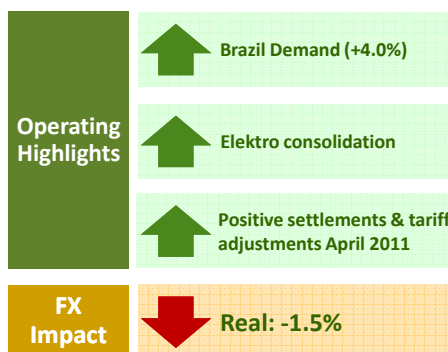
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Results By Business Brazil



Brazil EBITDA increases 105.9% to Eur 288.9 M, due to Elektro consolidation (Eur +119 M), higher settlements and positive effects in unitary margins of April 2011 tariff adjustments...

Highlights of the Period



Financial Highlights (Eur M)

	Q1 2012	% v Q1 2011
Gross Margin	394.6	+105.1%
Net Op. Exp.	-103.7	+101.8%
EBITDA	288.9	+105.9%

... excluding Elektro, EBITDA up 20.2%

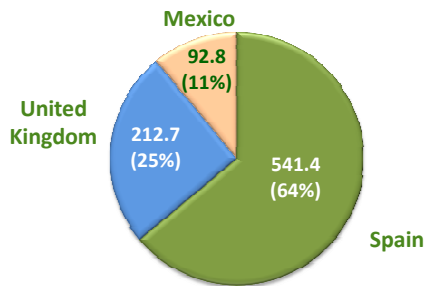
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Results By Business Liberalised Business



Liberalised Business EBITDA up 2.7% to Eur 828.3 M ...

EBITDA Breakdown



Financial Highlights (Eur M)

	Q1 2012	% v Q1 2011
Basic Margin	1,261.2	-2.2%
Net Op. Exp.	-374.3	+9.4%
Levies	-58.6	-58.7%
EBITDA	828.3	+2.7%

... due to recovery in the UK business
and positive resolution of Spanish Supreme Court

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Results by Business Liberalised Business Spain



EBITDA flat to Eur 541.1 M,
as Supreme Court ruling and higher prices compensate ...

Operating Highlights

-21.2% lower output
due mainly to -63.4% lower hydro
Nuclear output +14.0%

Higher prices more than offset
higher Procurement costs

2012: 65 TWh of production
already sold above Eur 60/MWh

Financial Highlights (Eur M)

	Q1 2012	% v Q1 2011
Basic Margin	757.5	-11.9%
Net. Op. Exp.	-186.7	+1.7%
Levies	-29.5	-78.2%
EBITDA	541.4	+0.1%

... 11.9% lower Basic Margin affected by
21.2% fall in output and 0.9% lower demand

*Iberdrola average power price for the Spanish system includes spot and forward sales and retail margin for Q1 2012

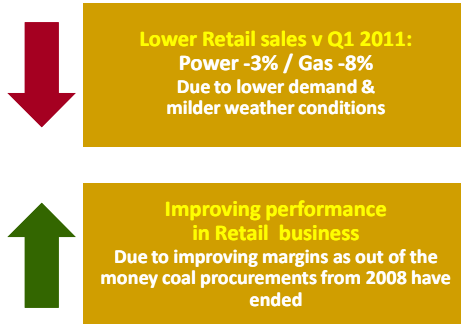
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Results By Business Liberalised Business United Kingdom

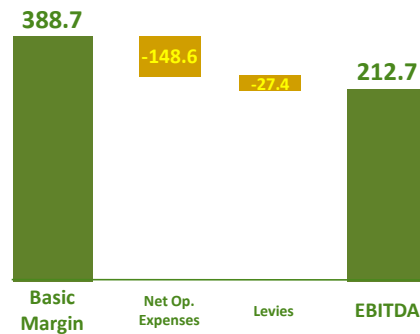


EBITDA reaches Eur 212.7 M, still well below pre-2011 results

Operating Highlights



Financial Highlights (Eur M)



Liberalised Business UK remains with very tight margin level

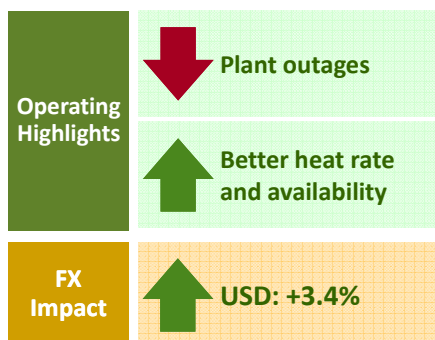
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Results By Business Liberalised Business Mexico



Mexico EBITDA is up 3.5% to Eur 92.8 M

Highlights of the Period



Financial Highlights (Eur M)

	Q1 2012	% v Q1 2011
Gross Margin	122.2	+8.2%
Net Op. Exp.	-28.6	+26.4%
EBITDA	92.8	+3.5%

... with Net Operating Expenses affected by non recurring items in Q1 2012 due to plant outages

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Results By Business Renewables



EBITDA up 2.8% to Eur 441.5 M, despite the weak wind quarter in Spain (-9.4%) compensated by better international output (+32.2%)

Highlights of the Period

Operating capacity: +6.5% to 13,398 MW
Installed capacity: +9.4% to 14,035 MW

Average load factor: 29.6% v 28.3% in Q1'11

Average price*: Eur 69.0/MWh
v Eur 71.6/MWh in Q1 2011
due to the increase weight of US v Spain

Financial Highlights (Eur M)

	Q1 2012	% v Q1 2011
Gross Margin	598.8	+4.3%
Net Op. Exp.	-137.9	+6.2%
EBITDA	441.5	+2.8%

**US Gas has been integrated into the Liberalised Business
On an homogeneous basis, Renewables Q1'11 EBITDA was Eur 429.5 M**

*Excludes PTCs

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EBIT - Group

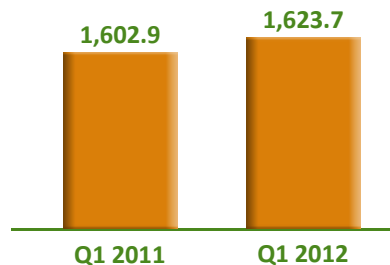


Group EBIT up 1.3% to Eur 1,623.7 M ...

Eur M

EBIT

+1.3%



	Q1 2012	% v Q1 2011
D&A	-681.0	+7.1%
Provisions	-60.6	+74.4%
Total	-741.7	+10.6%

D&A up due basically to Elektro integration and Provisions up mainly as a consequence of some non recurring items in Brazil

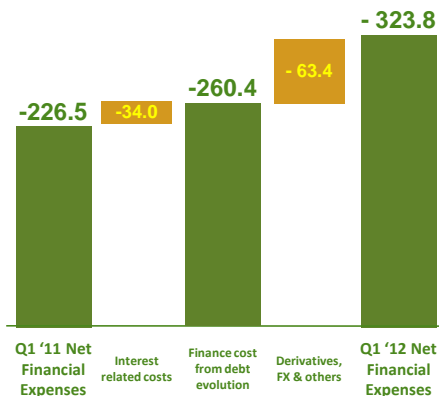
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Net Financial Expenses - Group

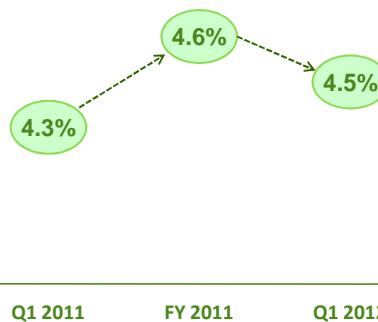


FX derivatives drive financial expenses up 43% to Eur -323.8 M

Net Financial Exp. evolution (Eur M)



Cost of Debt



Debt cost increases +19 bp to 4.5%, including Elektro's debt in Reais (+7 bp)

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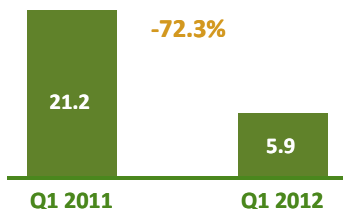
Net Profit - Group



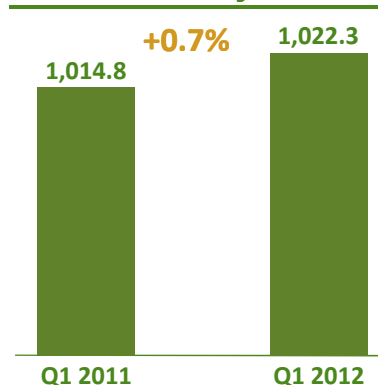
Net Profit is up 0.7% to Eur 1,022.3 M as Effective Corporate Tax Rate falls from 23.2% to 21.0% due to a 1% lower UK Corporate Tax in 2012

Eur M

Gross Non Recurring Results



Net Profit



Recurring Net Profit up 3.1% to Eur 933.7 M

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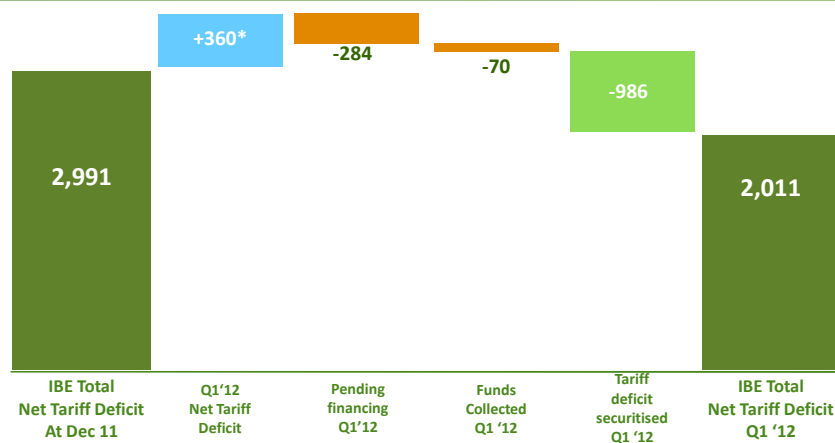
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Tariff Deficit



Tariff deficit falls to Eur 2,011 M at the end of Q1 2012



We expect the securitisation process to restart for a total amount of Eur 7 bn**

*Includes interest of Eur 11 M relating to the 2006 - 2011 tariff deficits
** Corresponds to Eur 2.5bn of increased limit for 2010, Eur 3.0 bn of ex-ante 2011 and Eur 1.5 bn of ex-ante 2012

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Financing – Adjusted Leverage

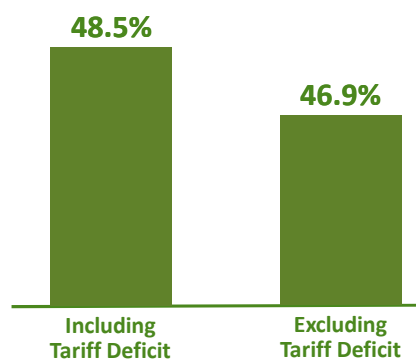


Leverage stands at 46.9% at Q1 2012 excluding tariff deficit and 48.5% including tariff deficit

Q1 2012 Net Debt and Equity

Eur M	Q1'12	FY'11
	Adjusted Net Debt	31,660
Tariff Deficit	2,011	2,991
Adjusted Net Debt Ex deficit	29,649	28,714
Equity	33,558	33,208

Q1 2012 Leverage



On a like-for-like basis, Net Debt to end 2012 below Eur 30 bn

Note all debt figures include TEI

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Financing – Financial Ratios

(2011 Pro-forma, includes 1 year of Elektro and Renewables: Results and Debt)



Solid credit metrics in Q1 2012 ...

	Including tariff deficit	Excluding tariff deficit
FFO ⁽¹⁾ / Net Debt ⁽²⁾	19.3%	20.7%
RCF ⁽³⁾ / Net Debt	15.6%	16.8%
FFO / Interest	5.1x	5.2x

... that will improve during the year:
FFO/Net Debt > 20% and RCF/Net Debt > 16%, both including tariff deficit

(1) FFO = Net Profit + Minority Results + Amortiz.&Prov. – Equity Income – Net Non-Recurring Results + Fin. Prov.+ Goodwill deduction – Unwind of tax provision in Renewables USA
(2) Including TEI but excluding Rating Agencies Adjustments
(3) RCF=FFO – Dividends

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Financing – Liquidity



Strong group's Liquidity position amounting to 9.7 bn, ...

Eur M

Credit Line Maturities	Limit	Withdrawn	Available
2012	1,814	1,017	797
2013	1,024	154	870
2014+	6,973	1,061	5,912
Total Credit Lines	9,811	2,232	7,579
Cash & Short Term Fin. Invest.			2,117
Total Adjusted Liquidity			9,696

... covering more than 24 months of financing needs

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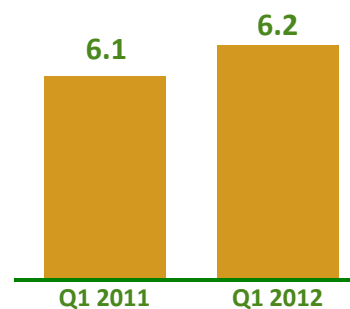
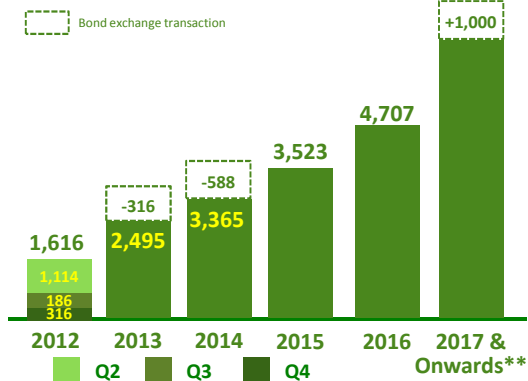
Financing - Financial Profile



Iberdrola debt maturity profile*

Average debt maturity

Eur M



In March, Iberdrola closed the largest bond exchange by a European utility:
 Eur 1 bn (240 bps over midswaps, 4.25% coupon), 385 investors (85% international), nearly 5x oversubscribed

*Does not include drawn credit lines and includes bond exchange transaction
 **Includes commercial paper outstanding balance

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Conclusion



In the current environment,
Iberdrola continues improving its results

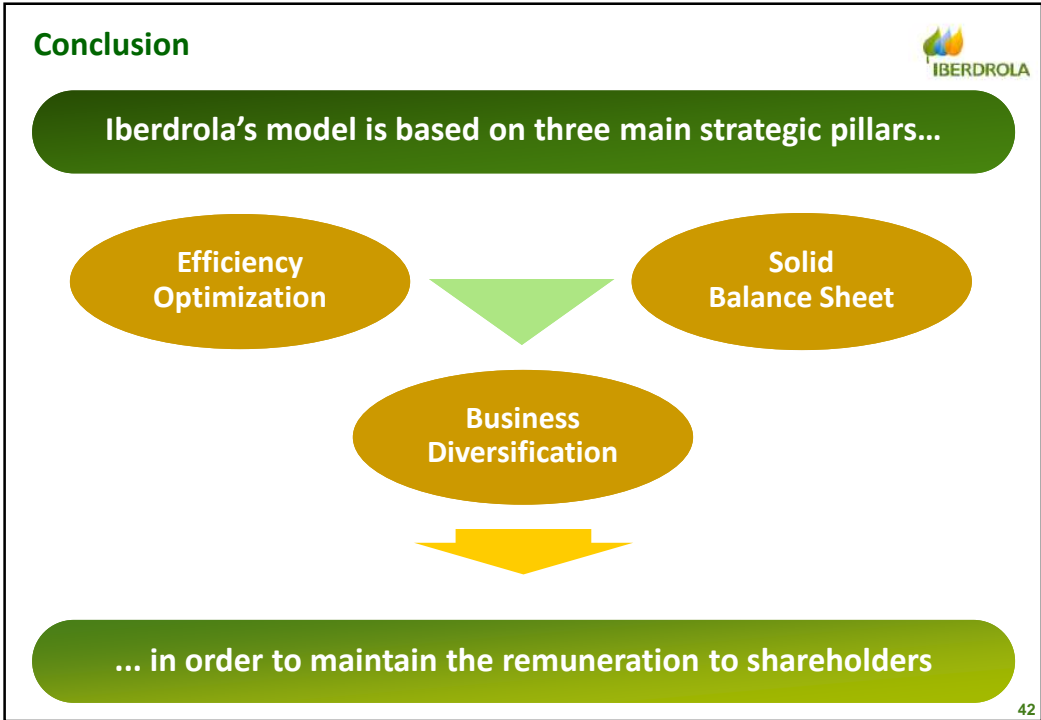
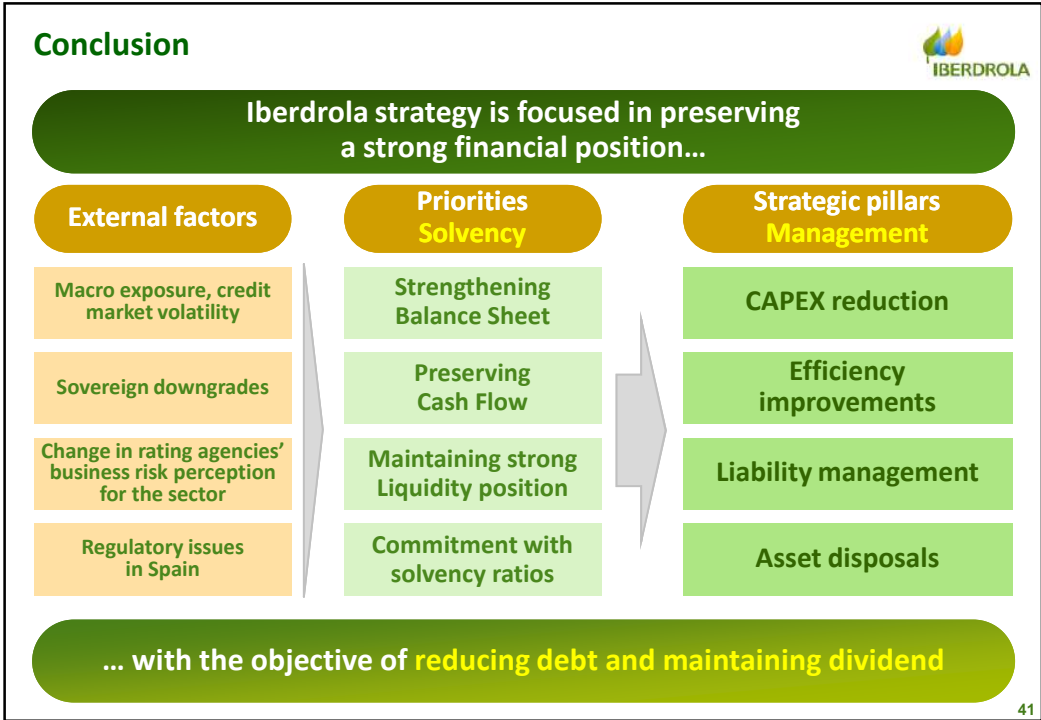
Diversified business model



EBITDA increases 4.1%,
growing in all the businesses of the Company

Recurring Net Profit increases by 3.1%
and Operating Cash Flow by 1.9%

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Business Performance

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Highlights



Installed Capacity reaches 14,035 MW

Operating Capacity increases by 6.5% and
Production grows 13.5% up to 8,670 GWh

Improving efficiency in Operation and Maintenance by 1%

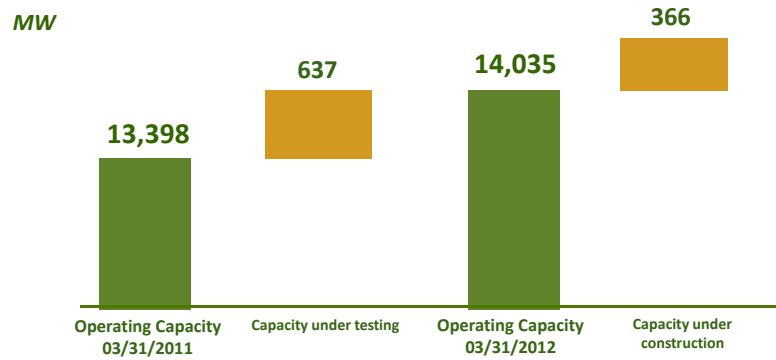
Renewables consolidated EBITDA amounts Eur 441.5 M,
and the renewable business EBITDA grows by +7.8%

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Installed Capacity



Installed Capacity increases 9.4% up to 14,035 MW...



... with 366 MW under construction

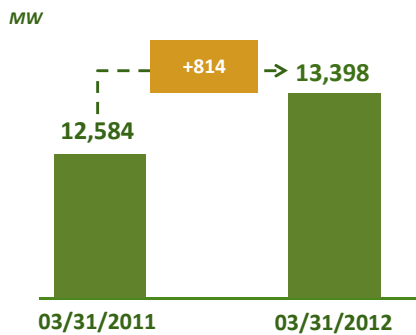
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Operating Capacity

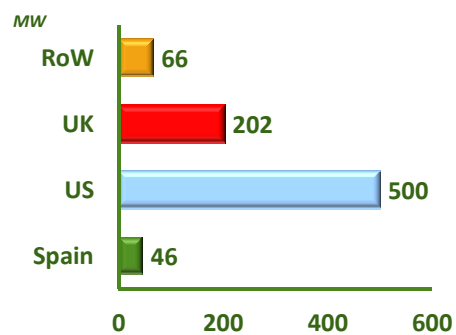


Operating Capacity grows 6.5% up to 13,398 MW...

YoY Operating Capacity growth



Operating Capacity additions breakdown



... with 61.4% of additions in US

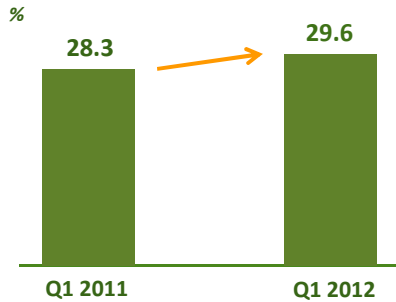
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Loadfactors



Average Loadfactor of 29.6%, 1.3pp higher than previous year...

Loadfactor comparison



	Loafactor Q1 2012	Loafactor Q1 2011
Wind US	35.1%	30.7%
Wind Spain	24.6%	27.9%
Wind UK	32.9%	23.5%
Wind RoW	28.7%	25.4%
Minih. & Others	22.7%	25.8%

... due to a better wind resource in US and UK, that offset a lower figure in Spain

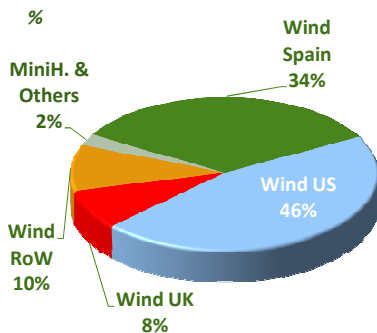
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Renewable Production



Production amounts to 8,670 GWh (+13.5%...)

Geographical breakdown



Renewable Production Q1 2012

GWh	Q1 2012	% v Q1 2011
Wind US	3,967	+28.4%
Wind Spain	2,933	-8.6%
Wind UK	715	+58.1%
Wind RoW	850	+28.2%
Minih. & Others	205	-6.9%
TOTAL	8,670	+13.5%

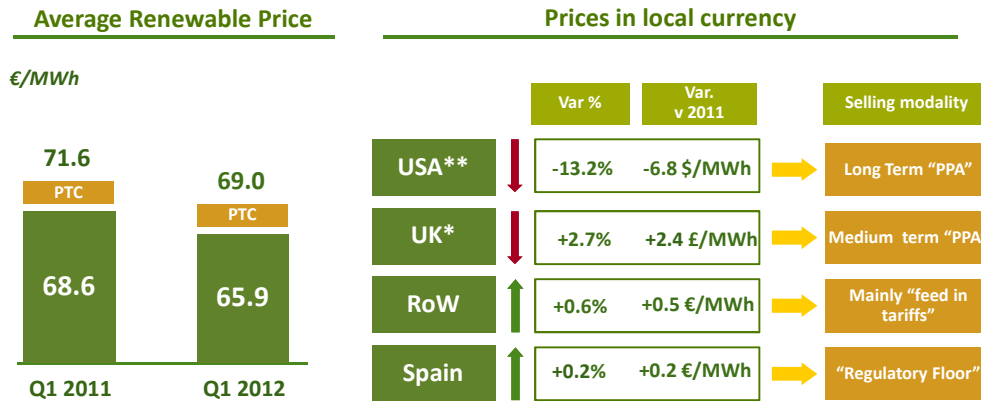
... posting strong increases in US (+28.4%) and UK (+58.1%)

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Renewable production prices



Average price* of Eur 69/MWh
due to a higher contribution of the US market...



... that shows a reduction in sale prices mainly due to Grants v PTC,
and partially impacted by the decrease in power prices

*Average price variation excludes the impact on UK prices derived from the reclassification of Transmission costs from Net Operating Expenses to Procurements.
**Average sale price excludes PTC and impact from PPA contracts sold in 2011.

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Agenda



Business Performance

Results Analysis

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Profit and Loss Account



Gross Margin amounts to Eur 598.8 M (+4.3%)...

<i>Eur M</i>	Q1 2012	Q1 2011	Var.	Var. %
Gross Margin	598.8	574.3	+24.5	+4.3%
Net Operating Expenses	-137.9	-129.8	+8.1	+6.2%
Levies	-19.4	-15.0	+4.4	+29.4%
EBITDA	441.5	429.5	+12.0	+2.8%
Amortizations	-184.4	-197.1	-12.7	-6.5%
EBIT	257.1	232.4	+24.7	+10.6%

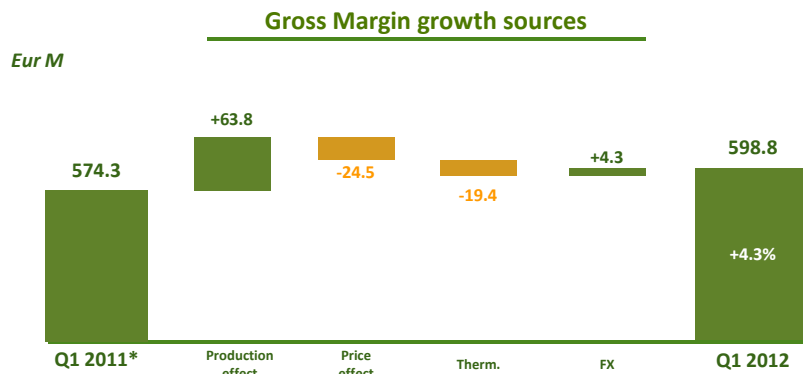
... and EBITDA increases by 2.8% up to Eur 441.5 M

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Gross Margin



Gross Margin increases* 4.3% up to Eur 598.8 M driven by growth in production...



... that offsets a lower average price and thermal business results

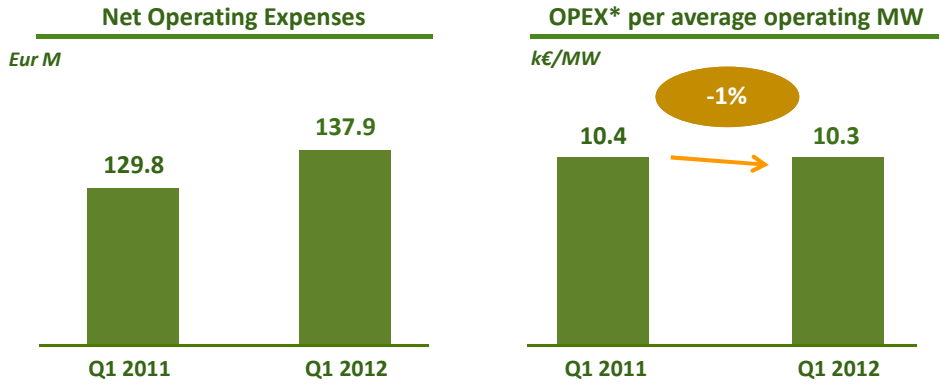
(*) Gross Margin reported in 2011 excludes the Gas Business, that was transferred to Liberalised Business on January 2012

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Net Operating Expenses and Levies



Efficiency improvement of 1% in OPEX/MW...



... although Levies increase by 29.4% amounting Eur 19.4 M

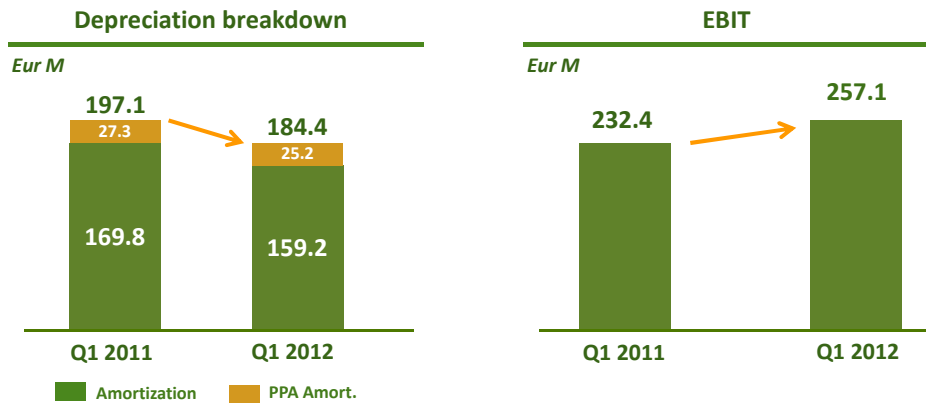
(*) Opex excludes Levies

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EBIT and Amortizations



EBIT amounts to Eur 257.1 M, showing an increase of 10.6%...



... underpinned by EBITDA growth and the decrease in amortizations (-6,5%) after extending the amortization period to 25 years

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