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Record €4.72 billion investments push Iberdrola's net profit to €2.51 billion in the first nine months of 2019, up 20.4%

The group's Chairman, Ignacio Galán, highlighted "the acceleration of investments and the early achievement of our efficiency and asset turnover targets for 2022.

"These achievements provide us additional room for new investments, creating a virtuous circle of growth and financial strength," added Galán

- **€4.72 billion Investments:** up by 30% from the same period 2018, and 90% of which are in Renewables and Networks, in line with the Group's Strategic Outlook
- **Increased installed capacity:** the company expects to end 2019 with 5,218 new megawatts installed (an increase of 11% in just one year), having commissioned over the past two years more than half of the 13,000 new megawatts scheduled for 2022
- **Strong businesses performance:** gross operating profit (EBITDA) to the end of September reached €7.499 billion, up 11.6%, driven by the good performance of Networks, and Generation and Supply, which more than offset the impact of lower hydroelectric output in Spain in the Renewables business
- **Asset rotation:** the group has fulfilled, three years ahead of schedule, its €3.5 billion commitment for the 2018-2022 period
- **Enhanced financial ratios:** generation of operating cash flow (+10.8%) and funds obtained from the asset rotation programme enabled the net debt/Ebitda ratio to be improved to 3.5 times and brought the ratio of funds generated in operations to net debt to 22.2%
- **Increase in shareholder remuneration:** the interim dividend grows by 10.6% to €0.167 gross per share, to be paid on 5 February 2020, in a new edition of 'Iberdrola Flexible Remuneration' that will be supplemented with the amount planned for July
- **Reinforced guidance for 2019:** the strong results allow Iberdrola to reaffirm its guidance for double-digit net profit growth



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Madrid. Iberdrola posted €2.516 billion net profit in the first nine months of 2019, representing an increase of 20.4% relative to the same period of last year. This positive progression is largely due to the record investments undertaken by the group between January and September: €4.727 billion, 29.7% more than in the first nine months of 2018.

Commenting on the results, Ignacio Galán, group Chairman, highlighted “the acceleration of investments and the early achievement of our efficiency and asset turnover targets for 2022. These achievements provide us additional room for new investments, creating a virtuous circle of growth and financial strength,” added Galán.

Of the total €4.727 billion invested, the largest amount in the group’s history for a nine-month period, 87% was for the Networks and Renewables businesses, in line with the Group’s Strategic Outlook and with its commitment to a sustainable model. Approximately half of all investments (€2.22 billion) were in new renewable capacity, an increase of 81% against the same period of last year, and 40% (€1.89 billion) in Networks, an increase above 20%.

These investments will enable Iberdrola to achieve its target of installing 13,000 new megawatts (MW) in the period 2018 to 2022. In just two years, the group has commissioned more than half of that amount and by the end of 2019 the company will have installed 5,218 new MW, increasing its capacity by 11% in just one year.

Positive business performance: EBITDA up by 11.6%

The group’s gross operating profit (EBITDA) was €7.498 billion, 11.6% more than in the same period of 2018. This positive result was primarily due to the good performance in Networks, and Generation and Supply, which more than offset the impact of lower hydroelectric output in Spain in the Renewables business.

Specifically, the Networks business posted €3.94 billion EBITDA for the first nine months, 8.2% more than in the same period of last year. Of the total figure, 68% came from outside Spain and 50% was concentrated in Brazil and the United States, due to the positive revision of tariffs and lower costs in both countries from previous years.

Generation and Supply also performed well, posting €1.81 billion EBITDA, up 37.1% from the same period of 2018. In this area, the contributions of Spain and Mexico stood out, having both increased capacity and production during the period.



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The Renewables business posted €1.67 billion EBITDA which represents a 4.5% decrease from the first nine months of last year. This result was primarily due to lower hydroelectric production in Spain. In contrast, the increased contribution of the UK featured prominently, with the East Anglia One offshore wind farm coming on stream. Renewable production also increased by 53.5% in Mexico and, at Iberdrola Energía Internacional¹, the positive performance of Wikinger offshore wind farm in Germany boosted production by 53%.

Improved financial strength

Iberdrola has managed to carry out its €3.5 billion asset rotation plan for the 2018-2022 period three years ahead of schedule. This follows the sale of a minority stake in East Anglia One for €1.7 billion, after the group had previously divested conventional generation assets in the UK (€700 million) and other non-strategic assets in Spain and the US.

Asset rotation, together with positive cash flow which amounted to €5.28 billion (+10.8%), has led to further strengthening of credit ratios: net debt to EBITDA has improved by 40 basis points to 3.5 times, and the ratio of operating cash flow to net debt has increased by 120 basis points to 22.2%.

Iberdrola has also reaffirmed its leading position in green financing, carrying out transactions for €4 billion in the first nine months of the year and becoming the private sector company with the largest amount of green bonds in circulation.

More dividend and double-digit growth for 2019

The results obtained in the first nine months of the year reflect the success of Iberdrola's model for sustainable value creation: the acceleration of capital expenditure to drive the energy transition generates an increase in cash flows which strengthens the company's financial solidity, so that the group can continue to invest in growth.

Against this background, the group has announced a new edition of its *Iberdrola Flexible Remuneration* programme, which involves a 10.6% increase in the interim dividend for 2019 to €0.167 gross per share to be paid on 5 February 2020. The complementary dividend envisaged for July 2020 will also be added to this amount.

¹ This company brings together the businesses previously referred to as Rest of the World (ROW).



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In parallel, the figures presented today allow the company to confirm its full-year guidance: net profit for 2019 is expected to show double-digit growth.

About Iberdrola

[Iberdrola](#) is a global energy leader, the number-one producer of wind power, and one of the world's biggest electricity utilities by market capitalisation. The group supplies energy to almost 100 million people in dozens of countries including Spain, the United Kingdom (ScottishPower), the United States (AVANGRID), Brazil (Neoenergia), Mexico, Germany, Portugal, Italy and France. With a workforce of 34,000 and assets in excess of €113,000 million, it achieved a turnover of €35,075.9 million and a net profit of €3,014 million in 2018.

Iberdrola is leading the transition towards a sustainable energy model through investments in renewable energy, smart grids, large-scale energy storage and digital transformation, to offer its customers the most advanced products and services. Thanks to its commitment to clean energy, Iberdrola is one of the companies with the lowest emissions and an international benchmark for its contribution to the fight against climate change and for sustainability.

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This communication includes certain Alternative Performance Measures (APMs) as defined in the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en). APMs are measures of financial performance using the financial information of Iberdrola, S.A.



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This communication contains forward-looking information and statements about IBERDROLA S.A. and AVANGRID Inc, including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, capital expenditures, synergies, products and services, and statements regarding future performance. Forward-looking statements are statements that are not historical facts and forecasts are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates" and similar expressions.

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