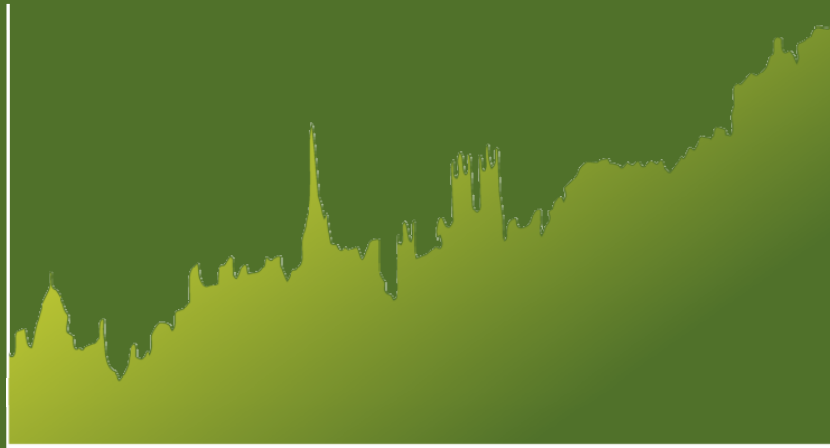




**IBERDROLA**  
**RENOVABLES**

**Investors'**  
**Day 2008**

Gleneagles, Scotland



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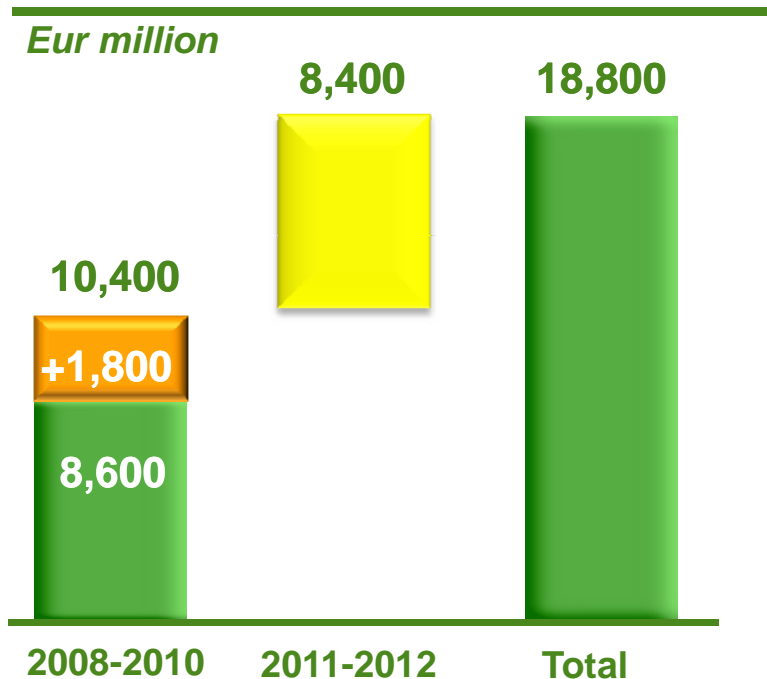
# ***Financing***

Estanislao Rey-Baltar, CFO  
Gleneagles, July 3<sup>th</sup> 2008

# Investments...

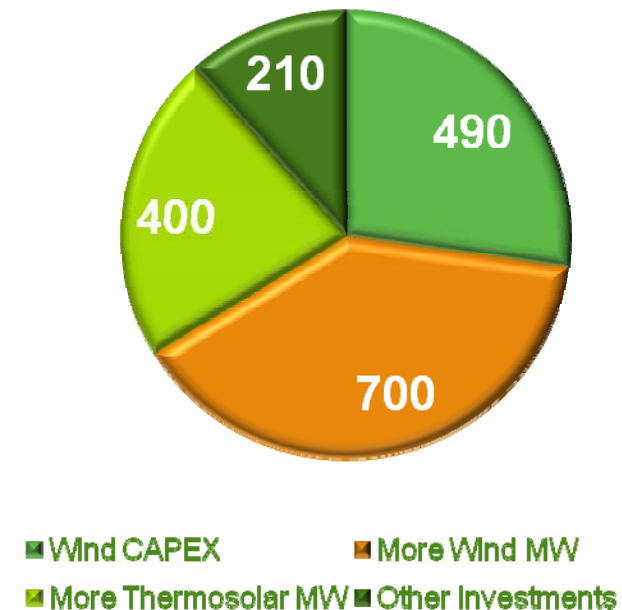
Investments for the 2008-2012 reach Eur 18,800 MM...

## Investments



## 2008-2010 increase of investments breakdown

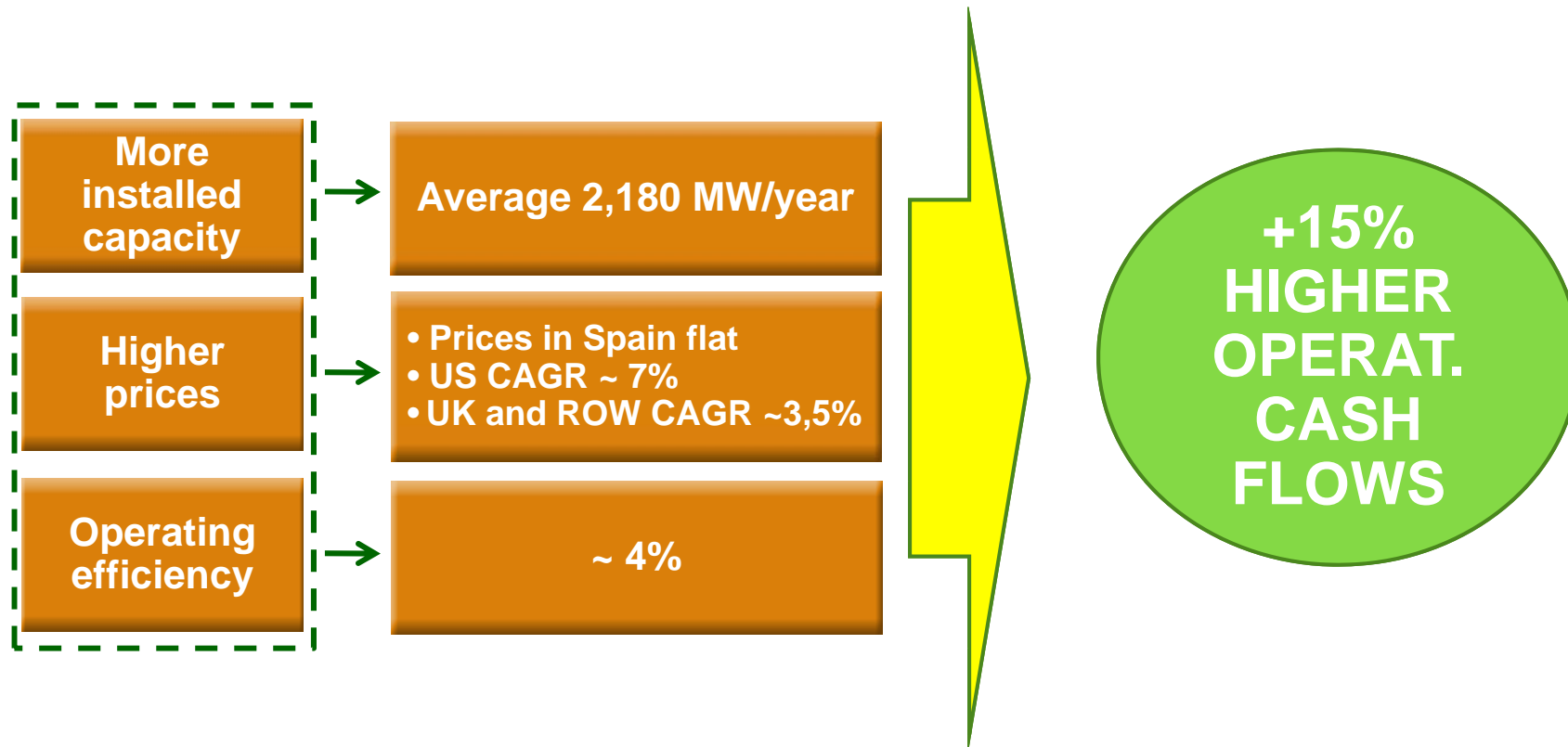
*Eur million*



...with an increase of Eur 1,800 MM mainly due to more MW

# Cash Flow

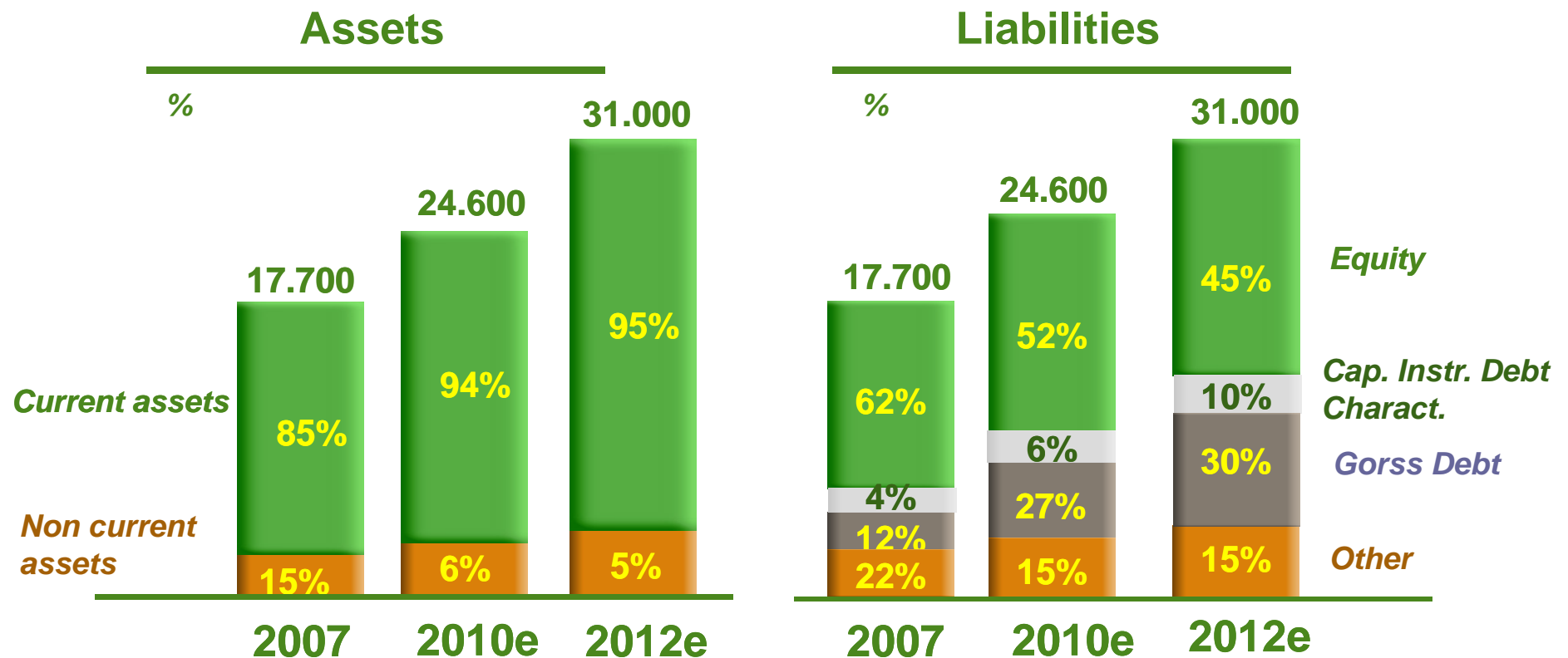
Higher investments offsets by higher capacity, prices, operating efficiency...



...generating higher operational cash flow

# Balance structure

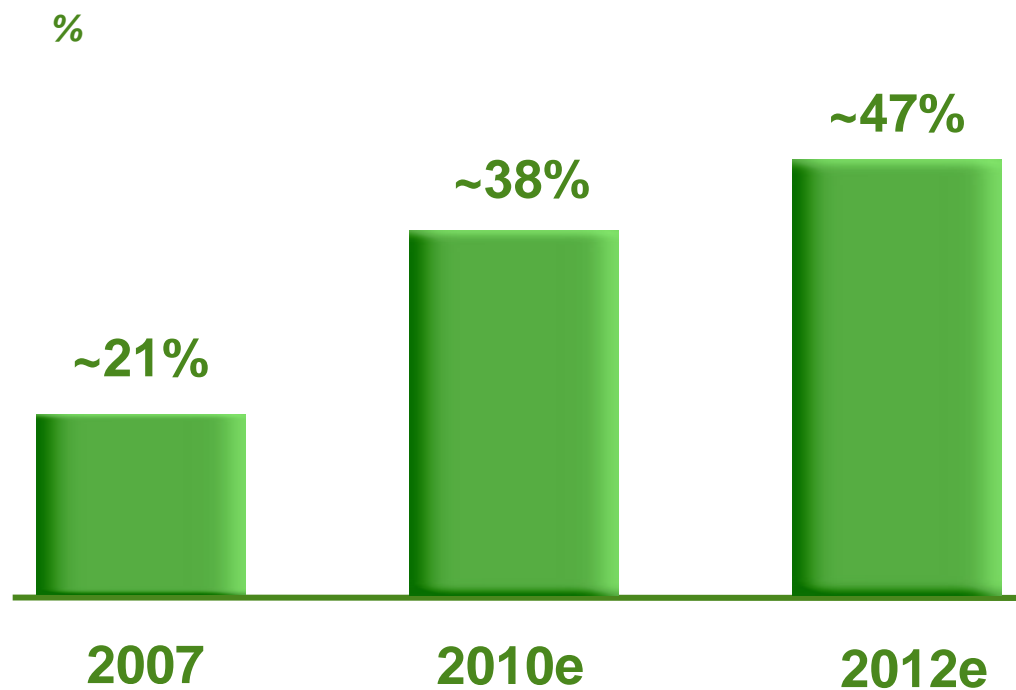
**A solid balance structure after IPO and a high cash flow generation...**



**...allows maintaining leverage < 50% in 2012 despite the ambitious investment plan**

# Leverage

Cash Flow generated allows to keep leverage\* below 50%...



...providing financial strength and flexibility for future growth

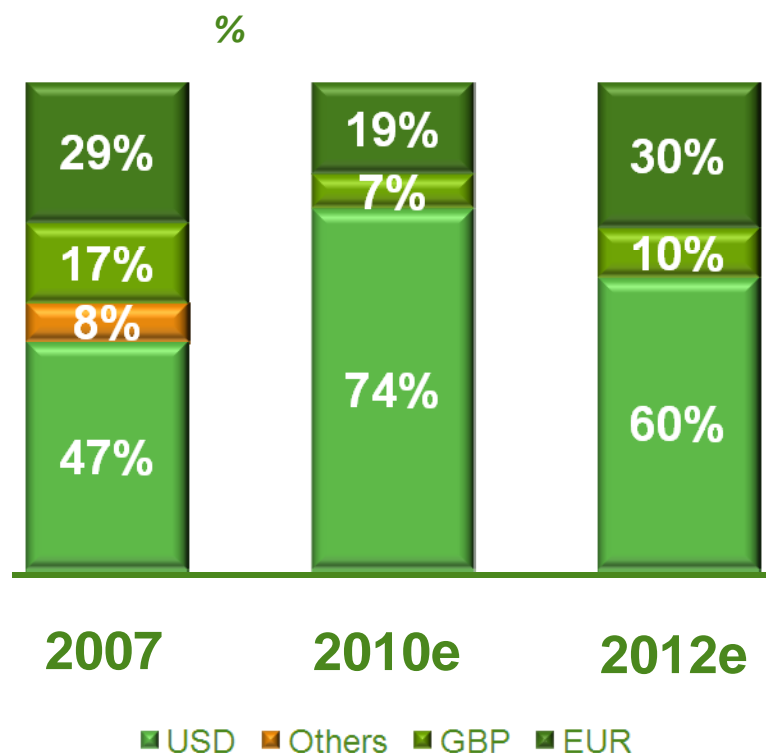
\* Leverage calculated including "Debt" and "Capital Instruments with Debt Like Characteristics"



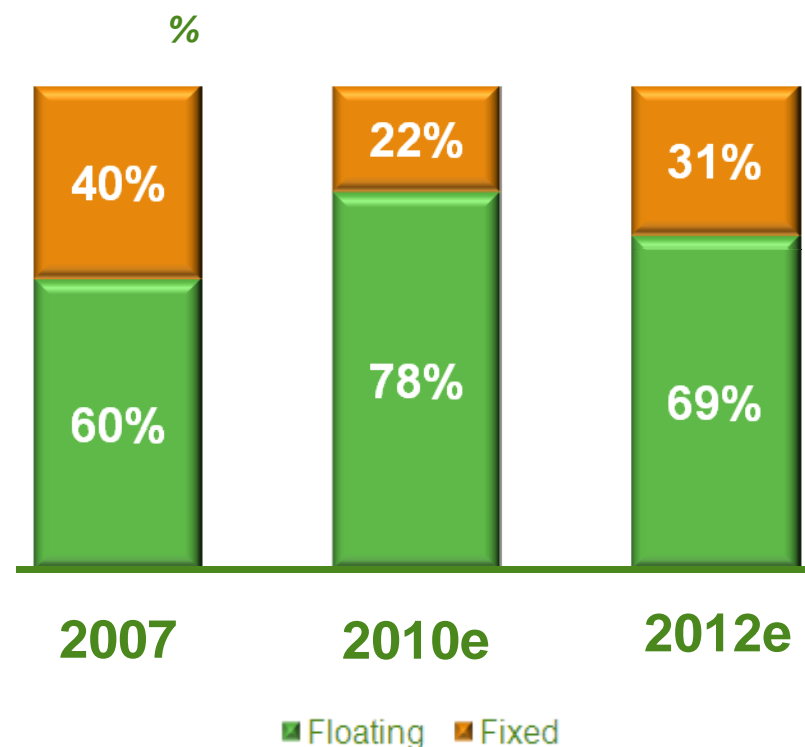
# Debt structure

## Debt structured in terms of currency and interest rate...

### Debt by currency



### Debt by interest rate



...to mitigate the FX and interest risks

# FX and interest risk mitigation



## Financial risk policies...

Non euro asset natural coverage with liabilities in the same currency

Non euro equity position coverage, with internal hedger with parent company

Non euro net profit coverage year on year

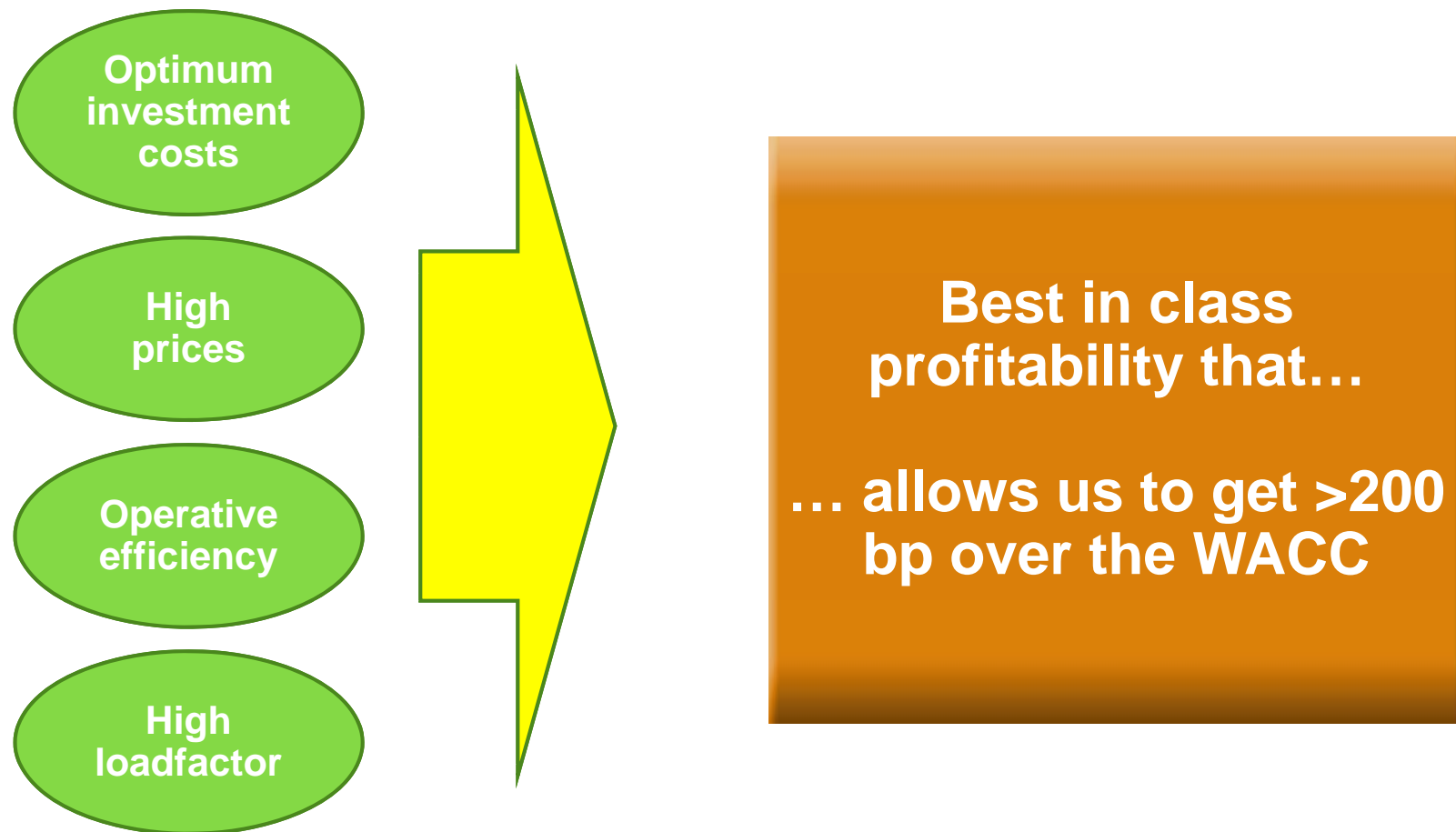
Non local currency payment coverage

Interest rates correlation established with revenues

...reduce exchange rate and interest rate risks

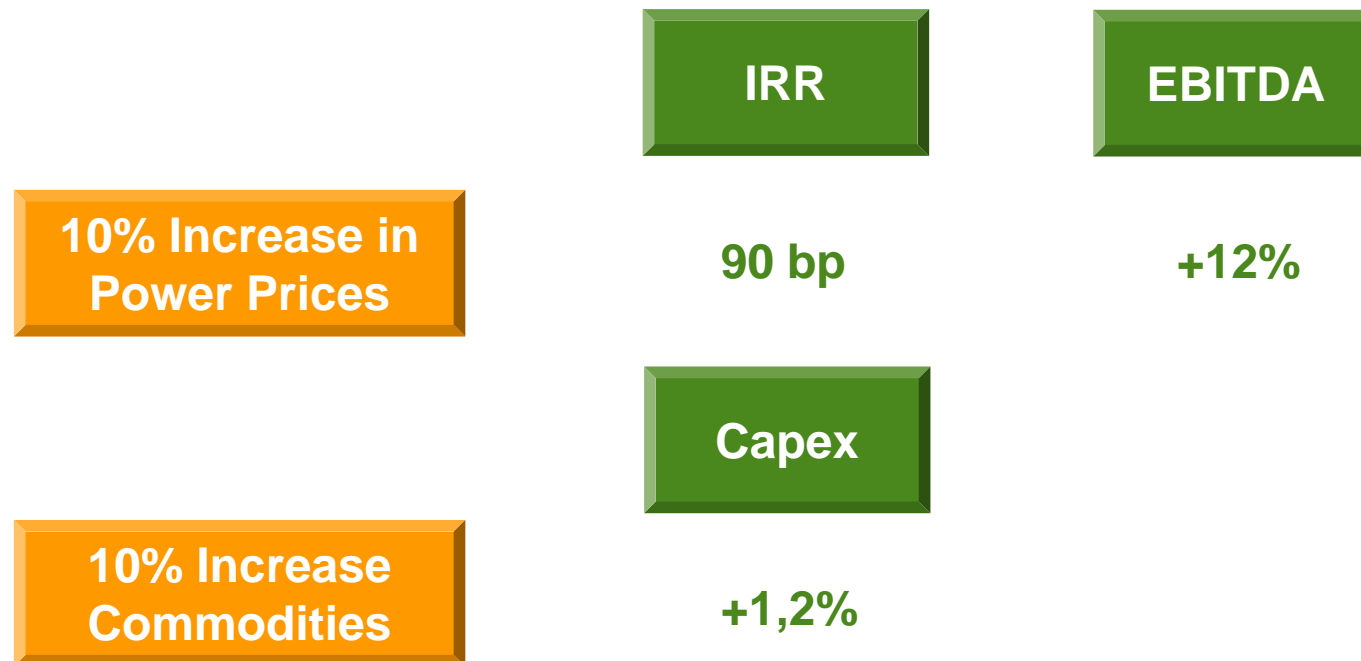
# Profitability

**Asset base: Leading profitability due to the combination of the highest value drivers**



# Sensitivity Analysis

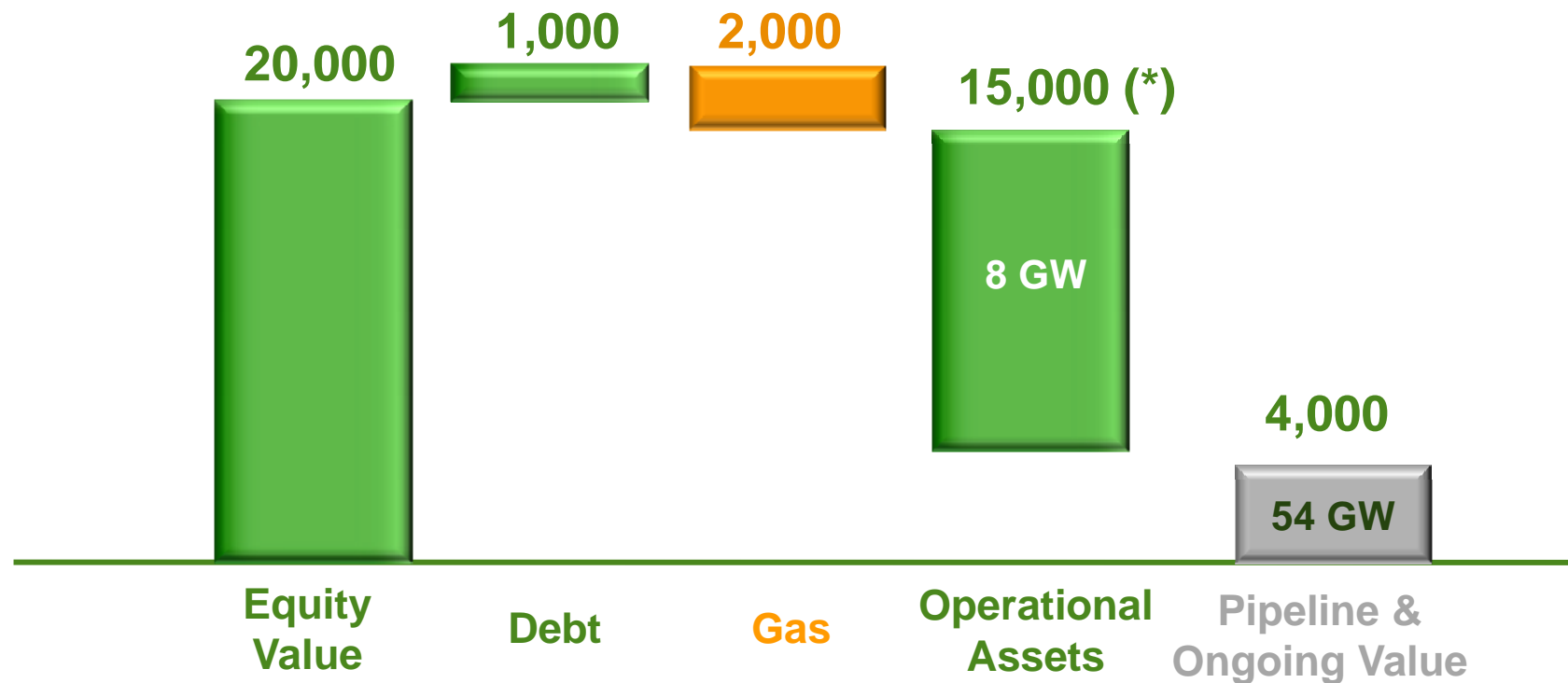
**Power price increases affect significantly to Returns and Cash Flows in wind business, boosting IRR and EBITDA...**



**... and commodities inflation has a limited impact on Capex due to the specific structure of our long term supply agreements**

# Valuation

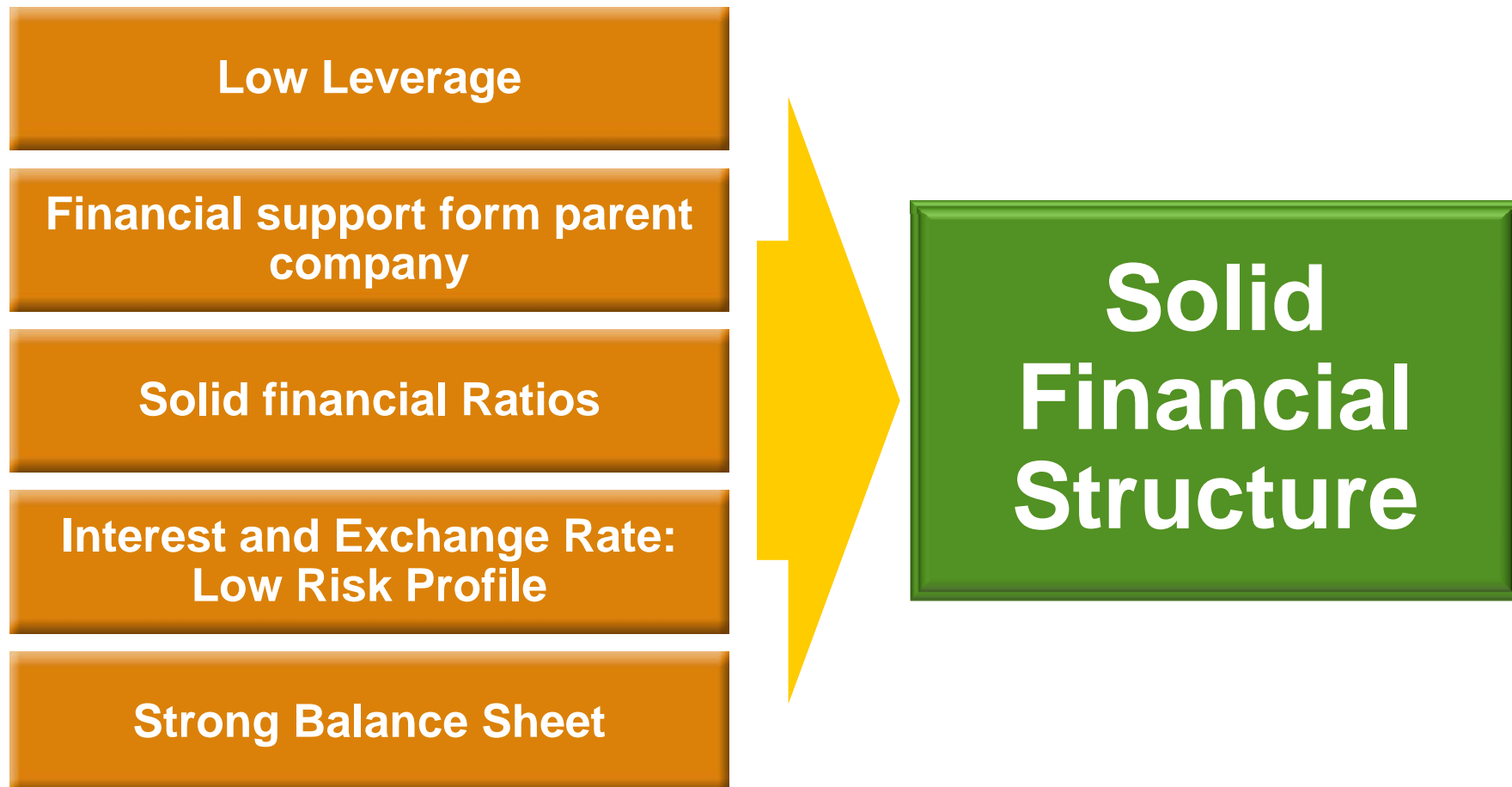
According to average valuations of analysts for operating assets, Equity Value only recognizes 4 billion Eur as pipeline valuation...



... clearly undervaluating a 54 GW pipeline that will allow to double the size of the company in 3.5 years

(\*) Estimated from multiples Eur/MW published in research reports.

# Financial and profitability



# *Conclusions*

Xabier Viteri, CEO  
Gleneagles, July 3<sup>rd</sup> 2008

# Conclusions



## **The Long-Term Leader with outstanding Growth Prospects...**

**Management with Strongest Execution Track Record (+851 MW in 1H 2008)**

**First Mover: Strongest and most diversified Asset Base and Pipeline**

**Strong EBITDA Margins in Wind drive to Strong EPS**

**Turbine Secured 100% until 2010 and 70% until 2012 with flexible contracts**

**Lower Investment Costs than competitors, through own pipeline development**

**Financial Strength and flexibility**

**And current Share prices reflects mainly Value of Current Assets, undervaluating Pipeline**