



IBERDROLA
RENOVABLES

2010 FIRST HALF RESULTS PRESENTATION

July 20th 2010

Bloomberg: IBR SM
Reuters: IBR.MC
ADR: IRVDY



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Highlights

Business performance

Results

Conclusions and 2010 outlook



EBITDA increases by 21.5% to Eur 706.7 MM...

Operating capacity has increased by 16.5% reaching 11,215 MW

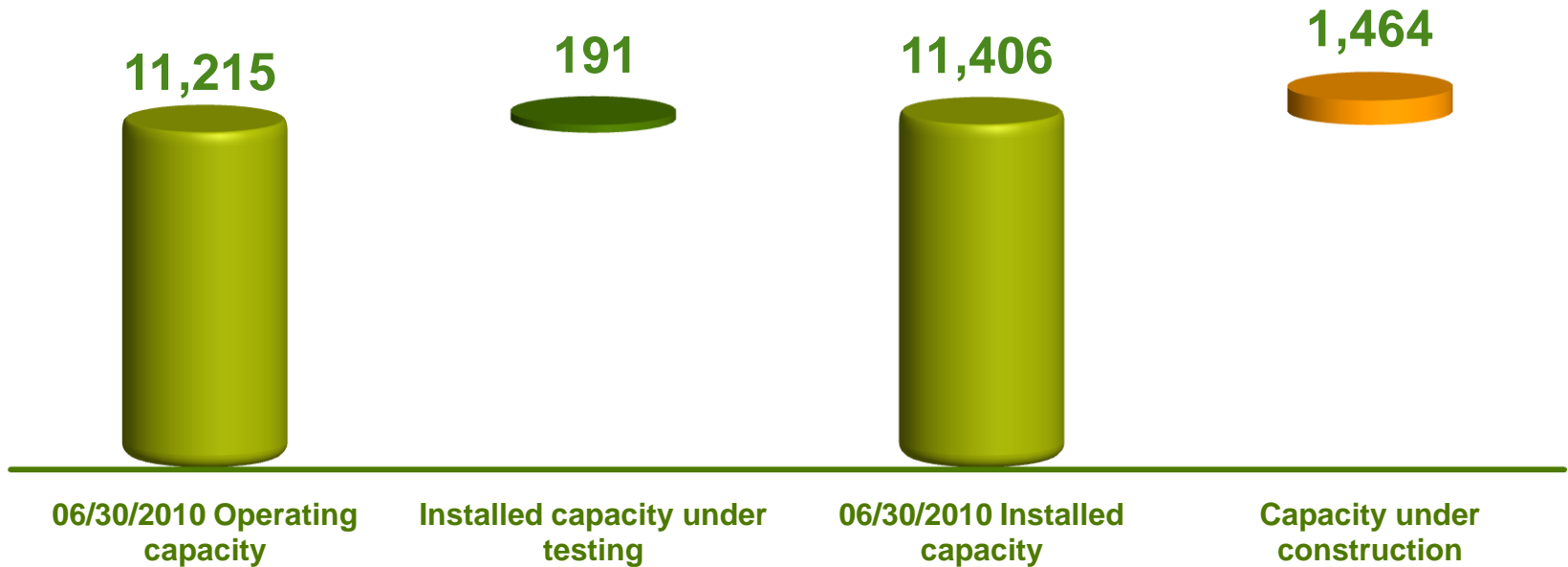
Production rises by 21.5% to 12,858 GWh

Regulatory clarification in main markets



Installed capacity reaches 11,406 MW...

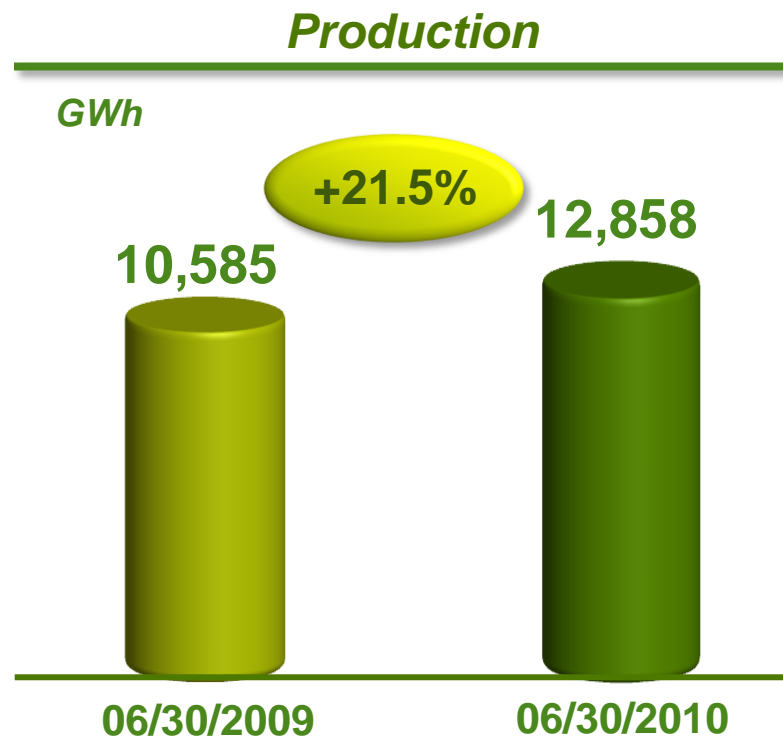
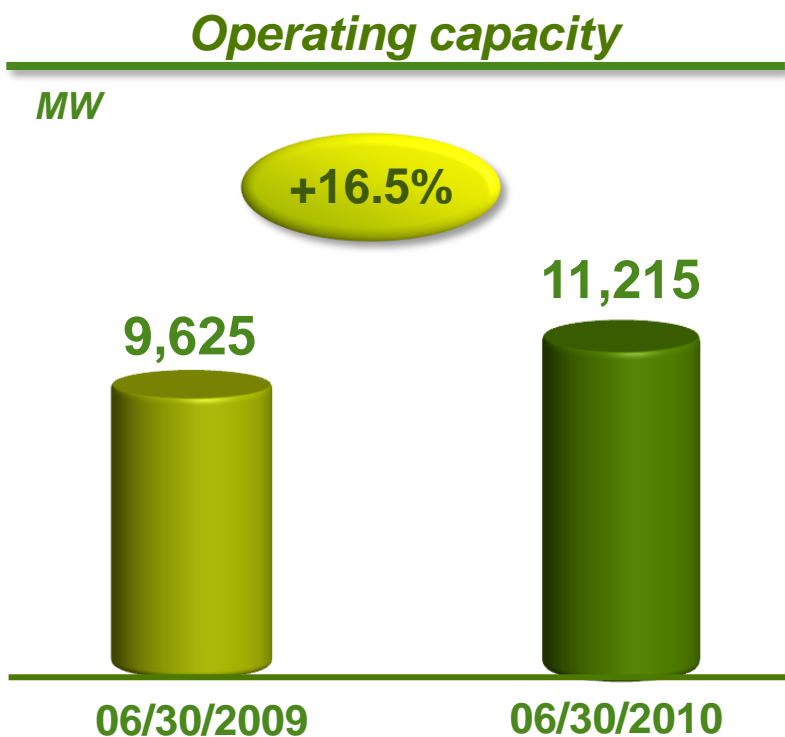
MW



... with 1,464 MW under construction



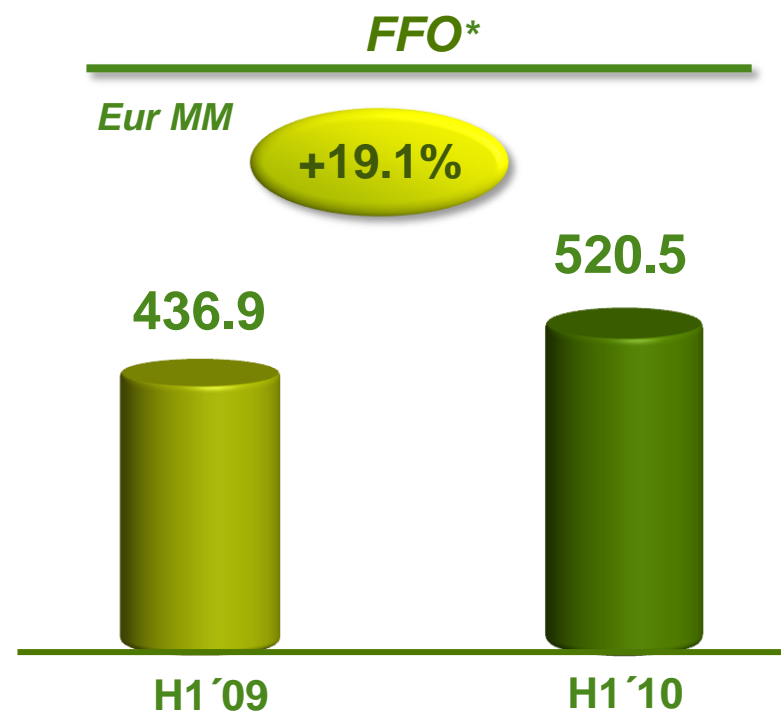
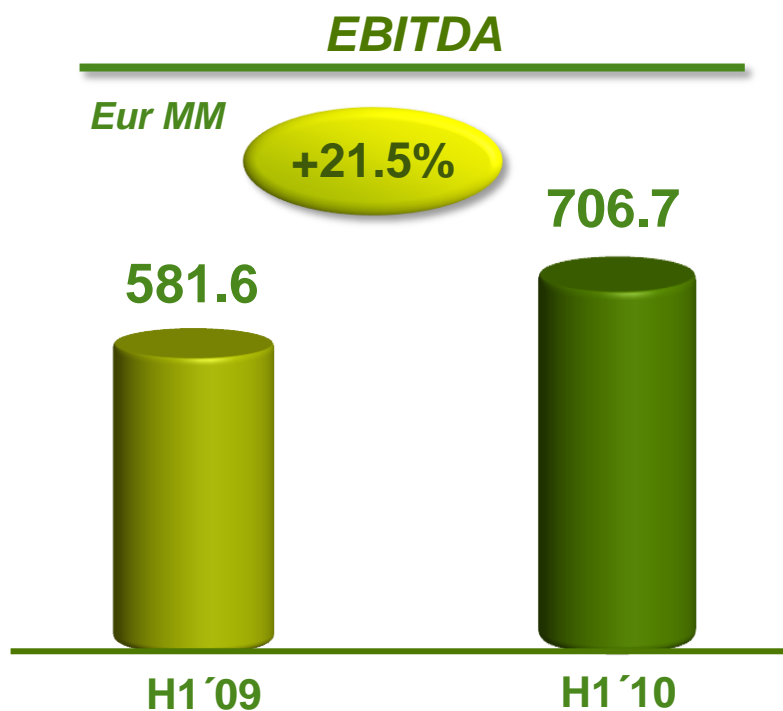
Operating capacity increases by 1,590 MW year on year...



... boosting production (+21.5%)



EBITDA increases by 21.5% to Eur 706.7 MM...



... and FFO increases by 19.1% to Eur 520.5 MM

* FFO= Net income+ Amortizations – Equity income – Results from non recurrent assets



Content of the Spanish Government statement

No retroactivity

Improves and clarifies aspects of current regulation

Reinforces current regulation

Publication of Grants guidelines by US Dept. of Treasury

Provides visibility for investments until 2012



Highlights

Business performance

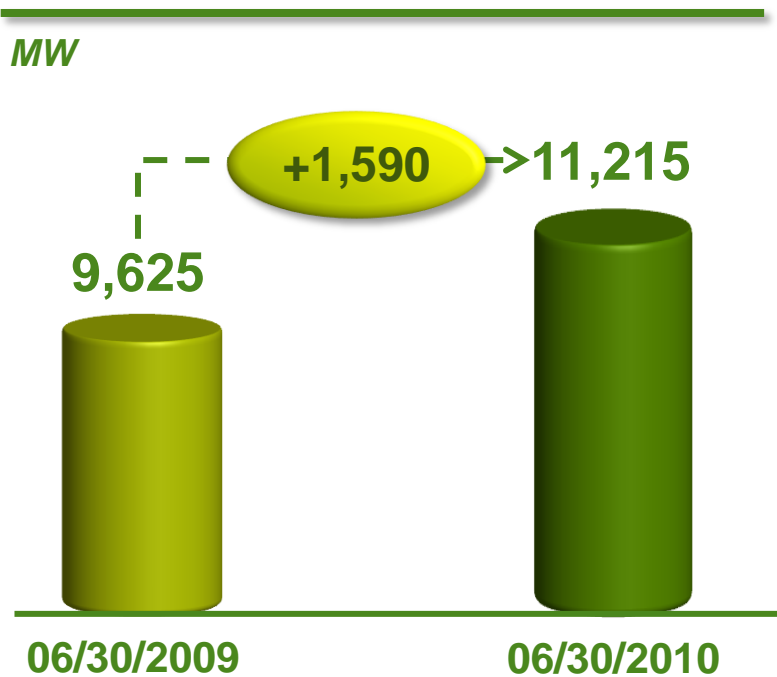
Results

Conclusions and 2010 outlook

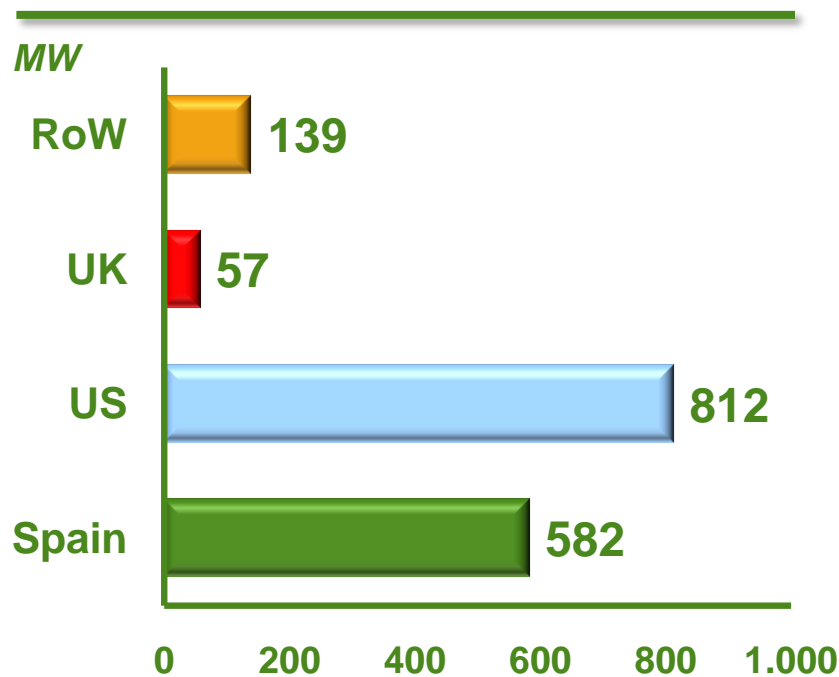


Operating capacity reaches 11,215 MW (+16.5%)...

YoY operating capacity increase



Operating capacity breakdown

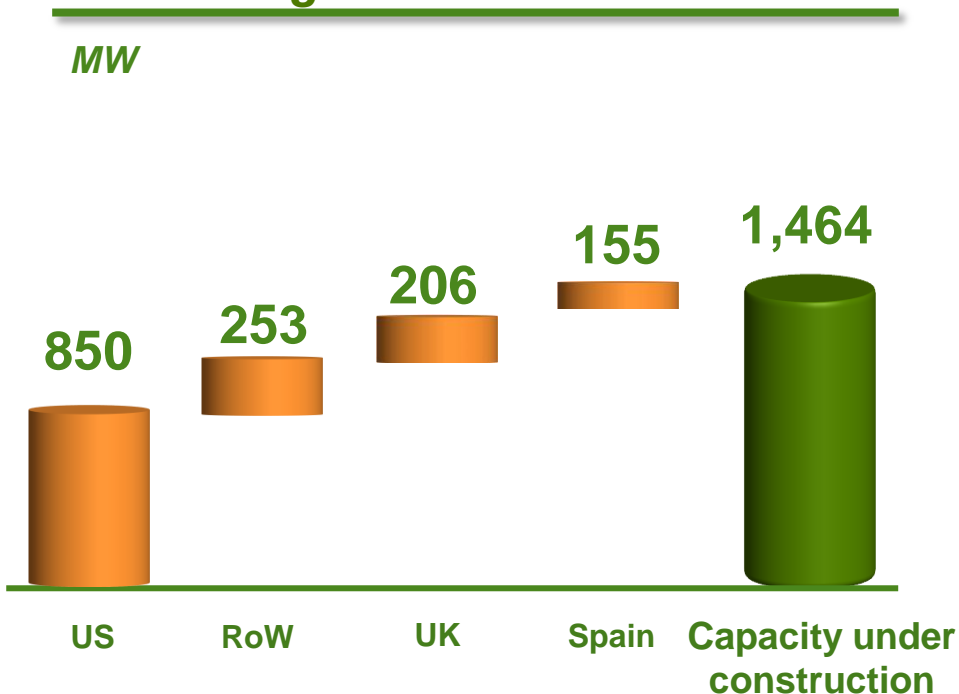


... with a 51% increase in the US

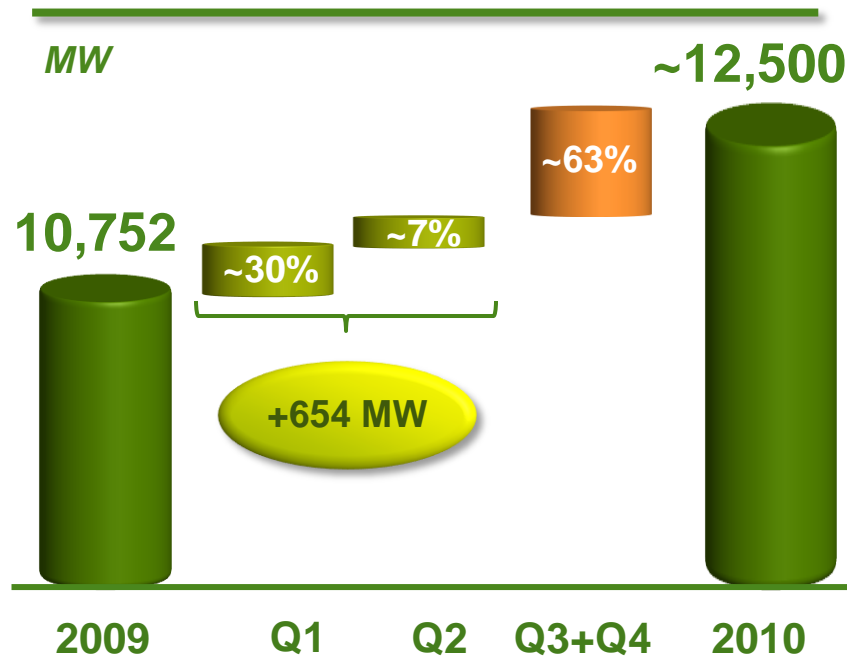


Capacity under construction amounts to 1,464 MW...

Capacity under construction regional breakdown



2010e quarterly installation

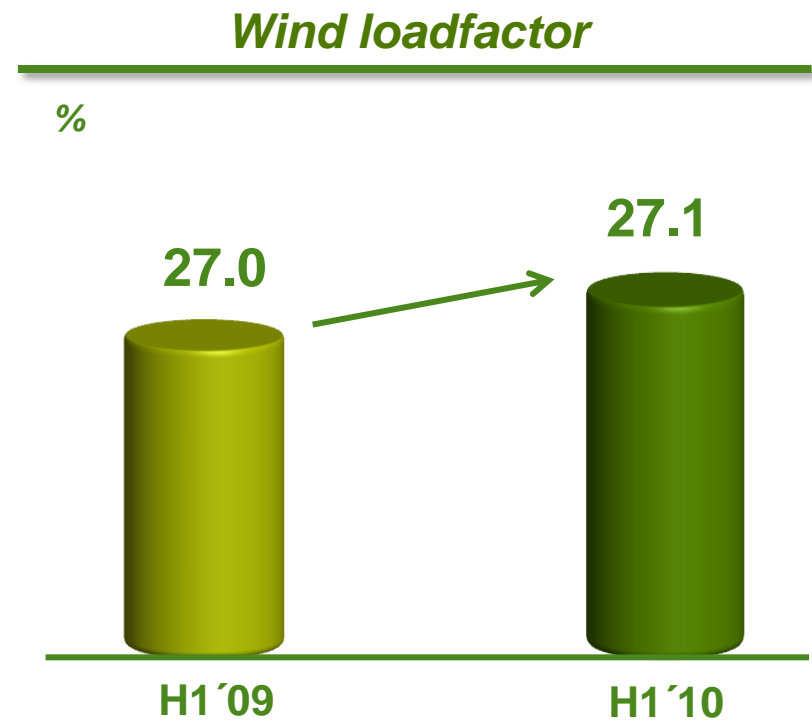


... reaffirming installed capacity target for 2010



Average loadfactor of 27.1%...

	Load factor
Wind US	31.2%
Wind Spain	26.3%
Wind UK	16.9%
Wind RoW	23.5%
Minihydro	31.4%
TOTAL AVERAGE	27.1%



... in spite of anomalous wind resource in UK

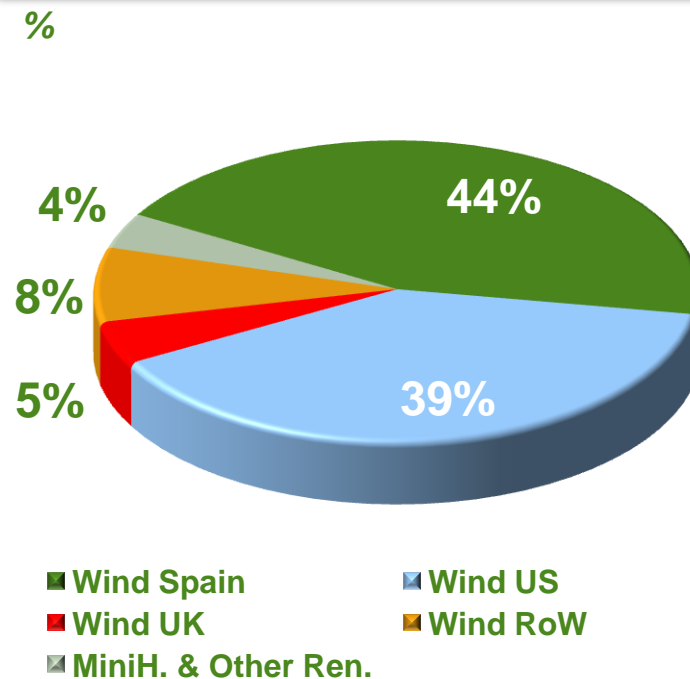


Production reaches 12,858 GWh (+21.5%)...

H1 '10 renewable production

GWh	H1 '10	vs. H1 '09	% vs. H1 '09
Wind Spain	5,699	+1,041	+22%
Wind US	5,051	+1,071	+27%
Wind UK	589	-244	-29%
Wind RoW	1,027	+249	+32%
Minih. & Others	492	+156	+46%
TOTAL	12,858	+2,273	+21,5%

Geographical breakdown



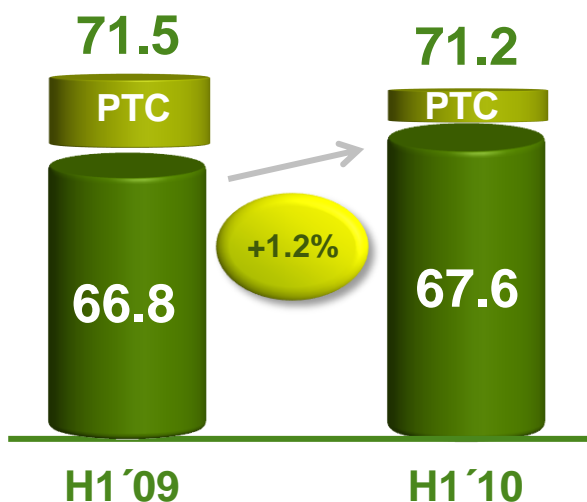
... with significant growth in RoW (+32%), US (+27%), and Spain (+22%)



Prices increase in all regions...

Average renewable price

€/MWh



Prices in local currency

Region	Var %	Var. Vs 2009	Notes
US*	+0.3%	+0.1 \$/MWh	Long term PPA
UK	+4.4%	+4.4 £/MWh	2010 position covered
RoW	+4.2%	+3.6 €/MWh	Mainly feed in tariffs
SP	+6.3%	+5.0 €/MWh	Medium term hedged

... mainly in Spain, UK and RoW

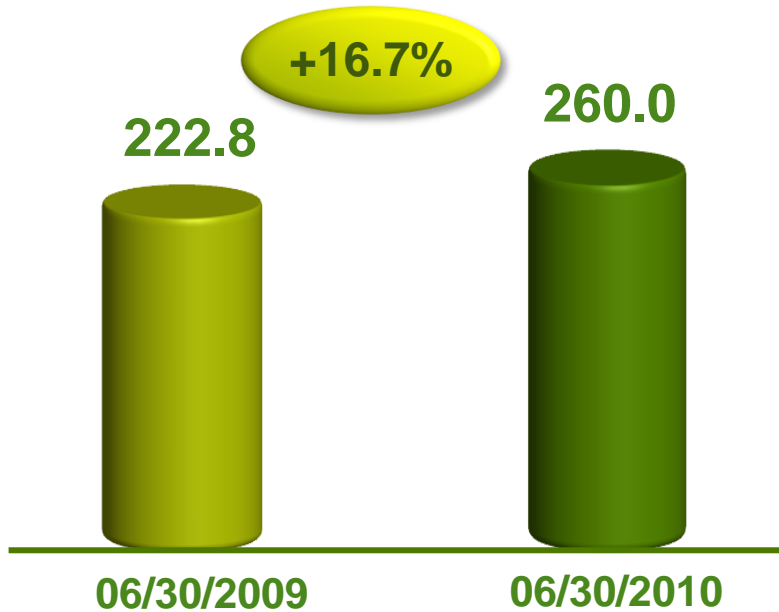
* Average selling price excluding PTC.



Improving efficiency per MW by 3.3%...

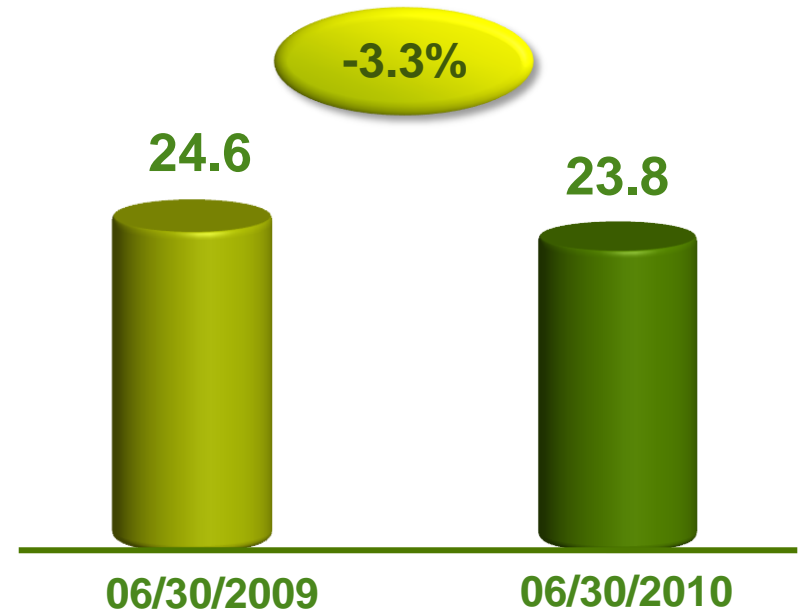
*Net operating expenses**

Eur MM



OPEX per average operating MW

€k/MW



... due to a lower operating expenses increase (+16.7%) than average operating capacity (+20.8%)

* Includes overheads.



93% of 2010 production is covered by feed-in tariffs, long term contracts or hedges

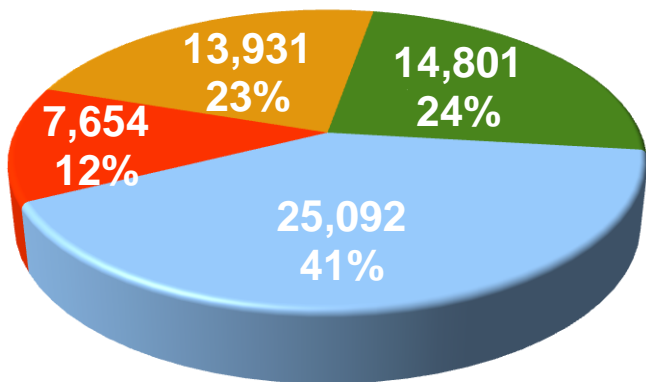
	Production (%)		Hedged or fixed price (%)		Floating price (%)
SP	55%	=	55%	+	---
US	31%	=	26%	+	5%
UK	5%	=	5%	+	---
RoW	9%	=	7%	+	2%
TOTAL	100%	=	93%	+	7%



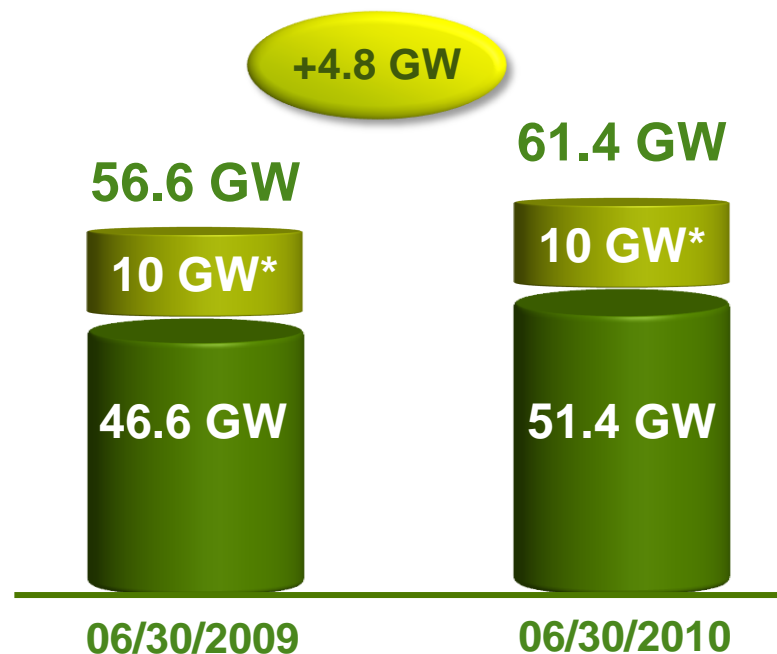
Pipeline increases by 4.8 GW to 61.4 GW* ...

Geographic breakdown

MW



■ Spain
 ■ US
 ■ UK
 ■ RoW



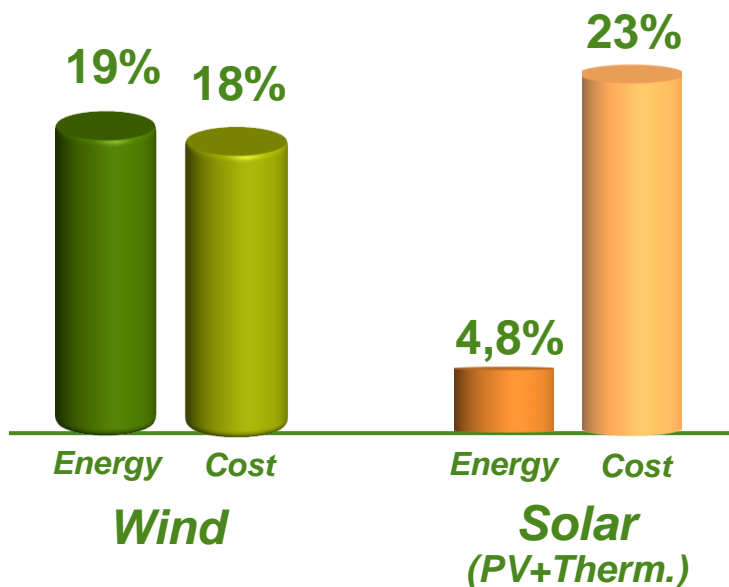
... boosted by UK offshore projects

* Includes 10,000 MW of the current contribution from Gamesa under the signed strategic agreement between Iberdrola Renovables and Gamesa Energia.



Wind is the most efficient renewable technology ...

2013e* renewable energy contribution



Consistent growth of installed capacity

National industry worldwide leadership

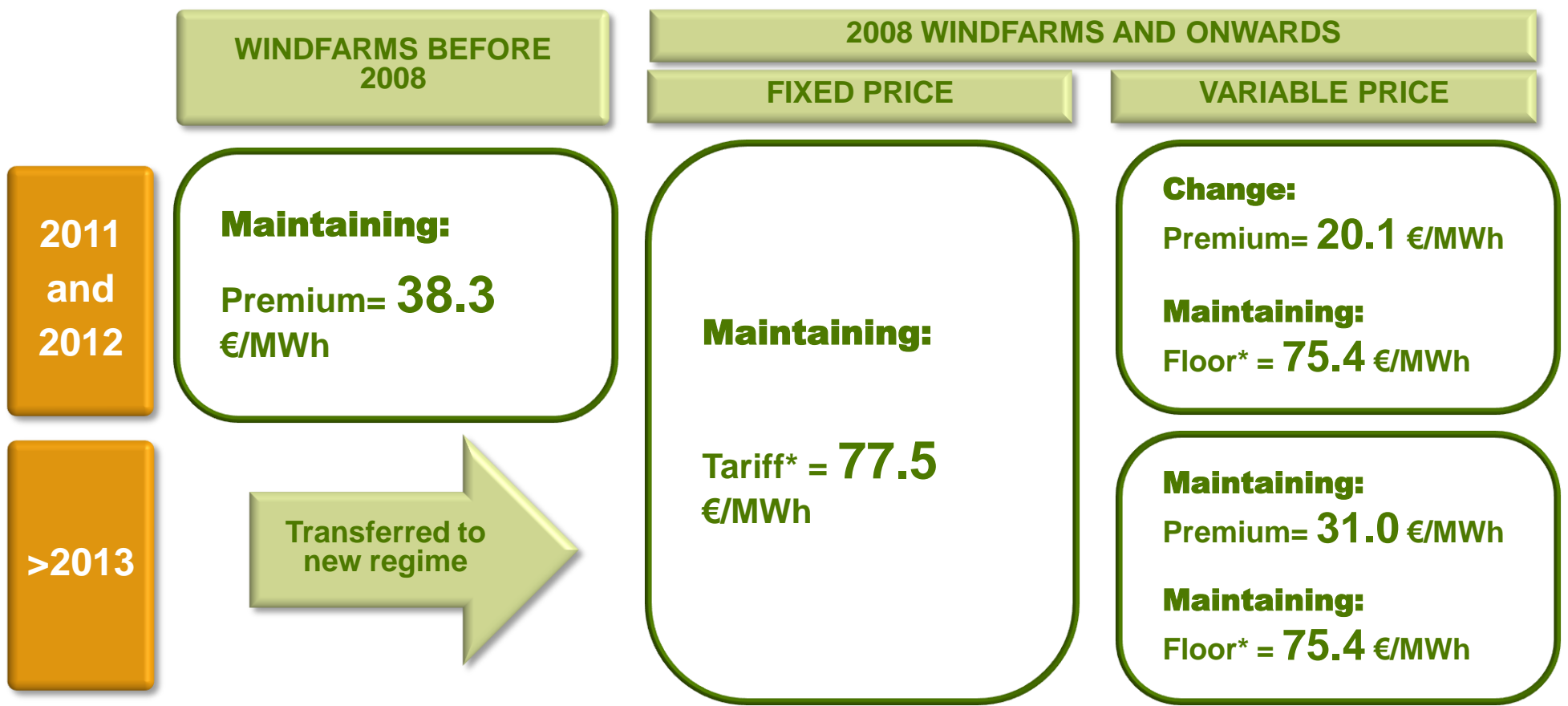
Contributing to reduction in CO2 emissions

... supported by a solid and strong regulation

* According to estimated capacity included in preassignment registry.



Government position...



... reaffirms current regulatory framework

* 2010 figures, indexed to CPI.



IBR strengths in the US market

**Dept. of
Treasury new
guidelines**

- “Start construction” concept defined in detail
- IBR has designed a plan to start the construction in 2010, of 2011 and 2012 windfarms
- All 2012 MWs will be eligible for Grants

PPA strategy

- Over 75% of year end 2011 MWs under PPAs



Investment opportunities analysis in other renewable technologies...

Lake View: 27 MW



BIOMASS



Alamosa: 35.1 MW

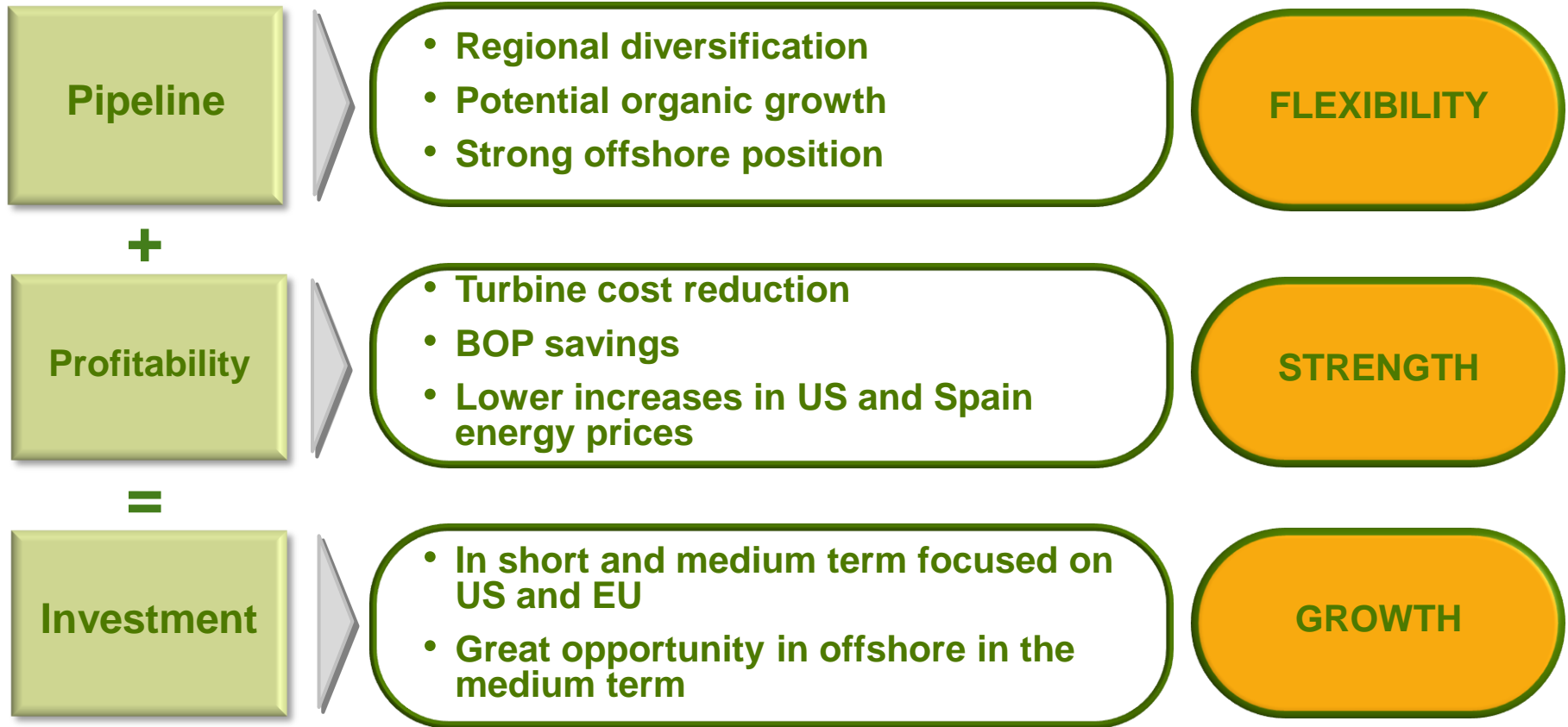


PHOTOVOLTAIC

... in projects that fulfill opportunity, sustainability and profitability criteria



Flexible, diversified and profitable growth strategy





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EBITDA increases by 21.5% to Eur 706.7 MM...

<i>Eur MM</i>	H1'10	H1'09	Δ Eur MM	Δ %
Revenues	1,122.9	947.9	+175.0	+18.5%
Gross Margin	998.2	828.3	+169.9	+20.5%
NOE + Taxes	-291.5	-246.7	-44.8	+18.2%
EBITDA	706.7	581.6	+125.1	+21.5%
Amortizations	-368.4	-292.8	-75.6	+25.8%
Financial Results	-107.9	-74.7	-33.2	+44.5%
EBT	236.4	218.6	+17.8	+8.1%
Corporate tax	-74.1	-67.1	-7.0	+10.4%
Minorities	-4.1	-3.0	-1.1	+39.6%
Net Income	158.1	148.5	+9.6	+6.5%



Extraordinary circumstances in P&L account

Line

EBITDA effect

2010e

Contracts monetization

Eur +36 MM

Consolidates with cash positive effect

Mark to Market valuation of gas derivatives

Eur -32,6 MM

Reduces after expiration on non cash effect options

Financial results: hedging derivative valuation and Equity Swaps

EBT effect

2010e

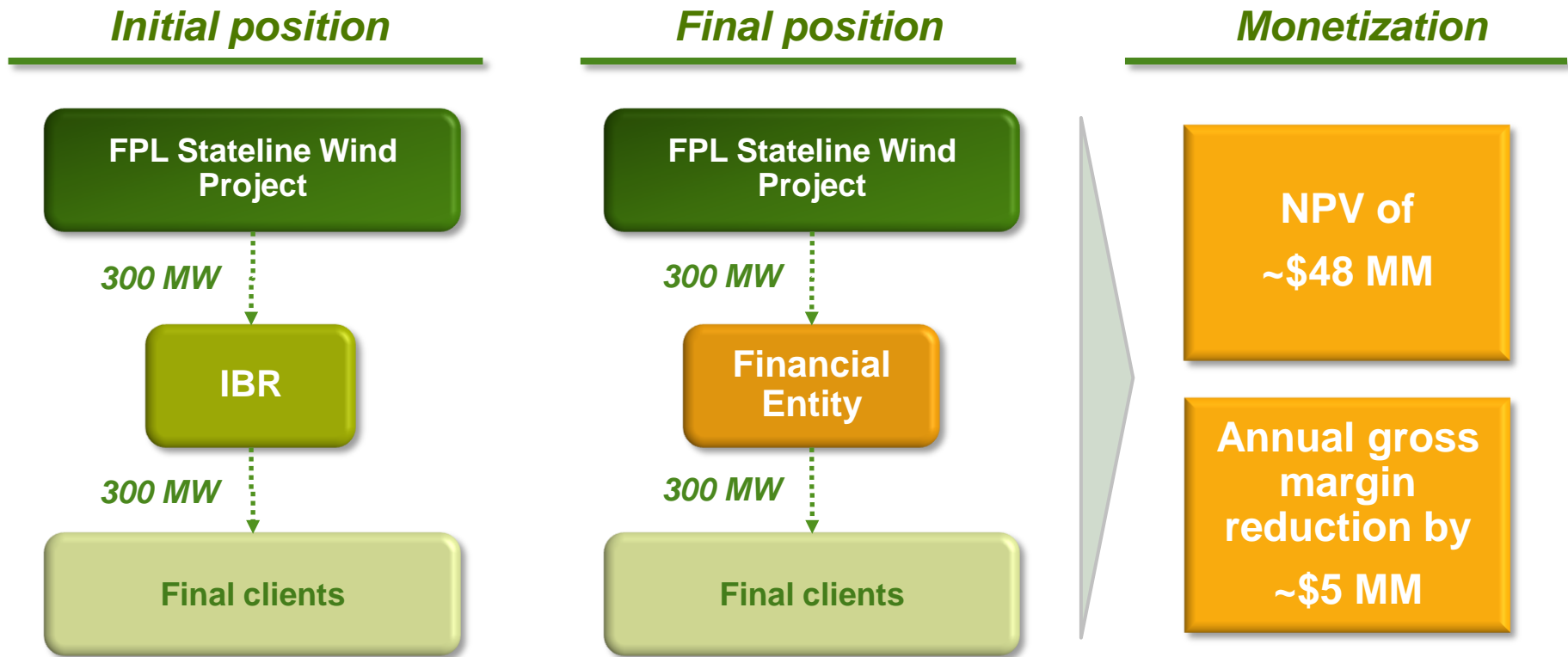
Eur -14,6 MM

Reduces with stock revalorization and euro appreciation with no effect in cash

Aggregated effect over EBT reaches Eur -11,2 MM



Monetization of 300 MW of PPA contracts by transferring them to a financial entity...



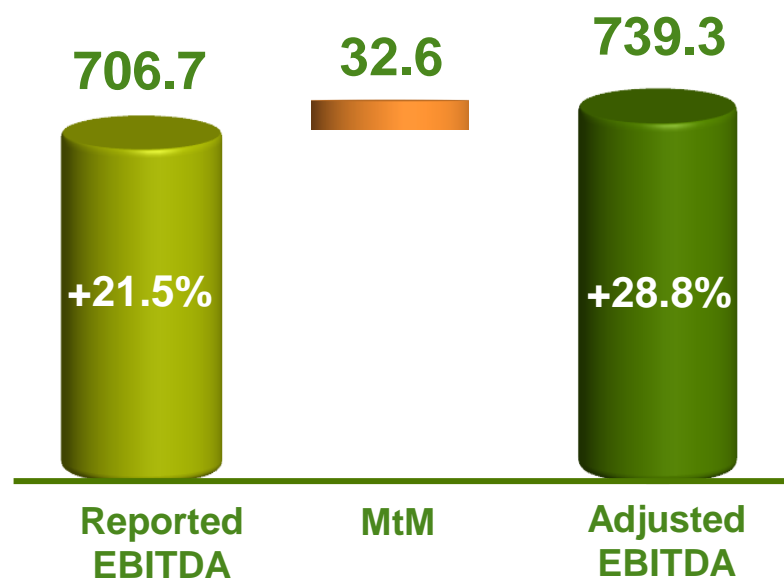
... that allow us to monetize the value of the contracts



The MtM is the transitory effect of the valuation at market prices of gas derivatives...

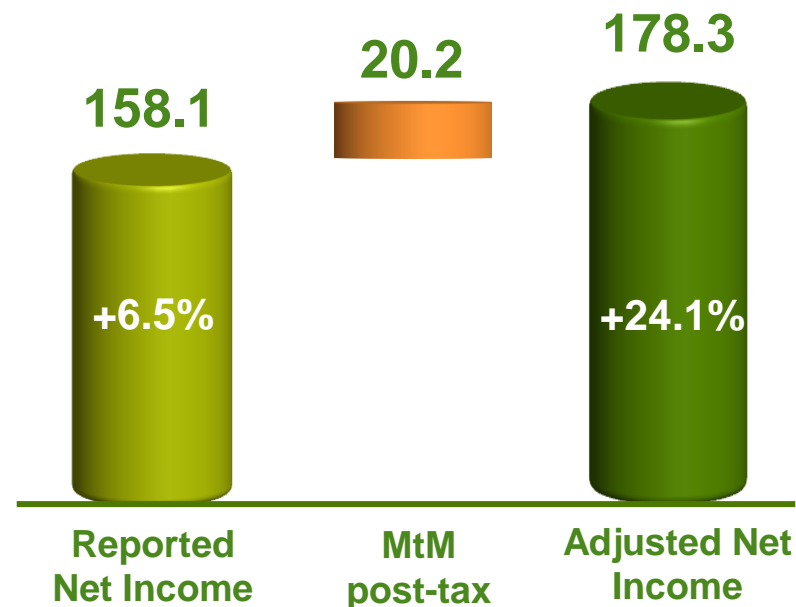
Adjusted EBITDA

Eur MM



Adjusted Net Income

Eur MM

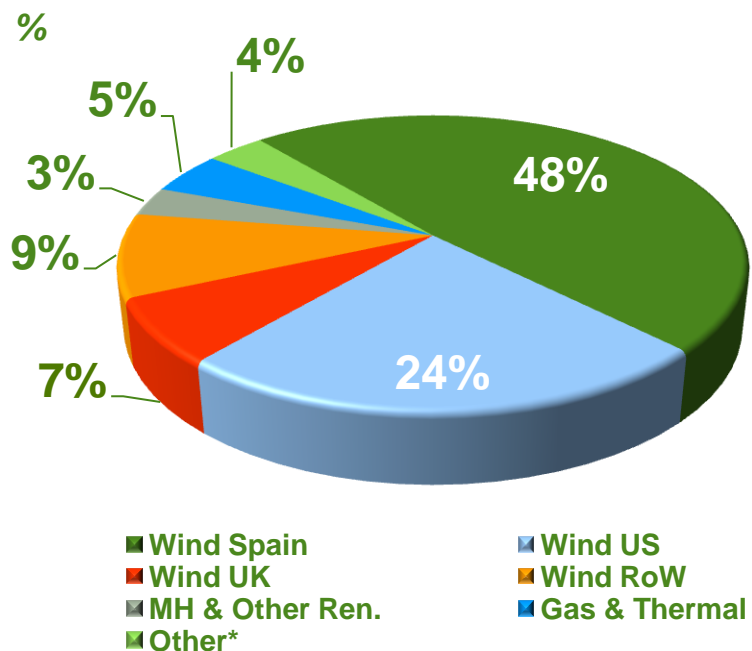


... although it has no effect on FFO because positions are already covered with physical gas inventories

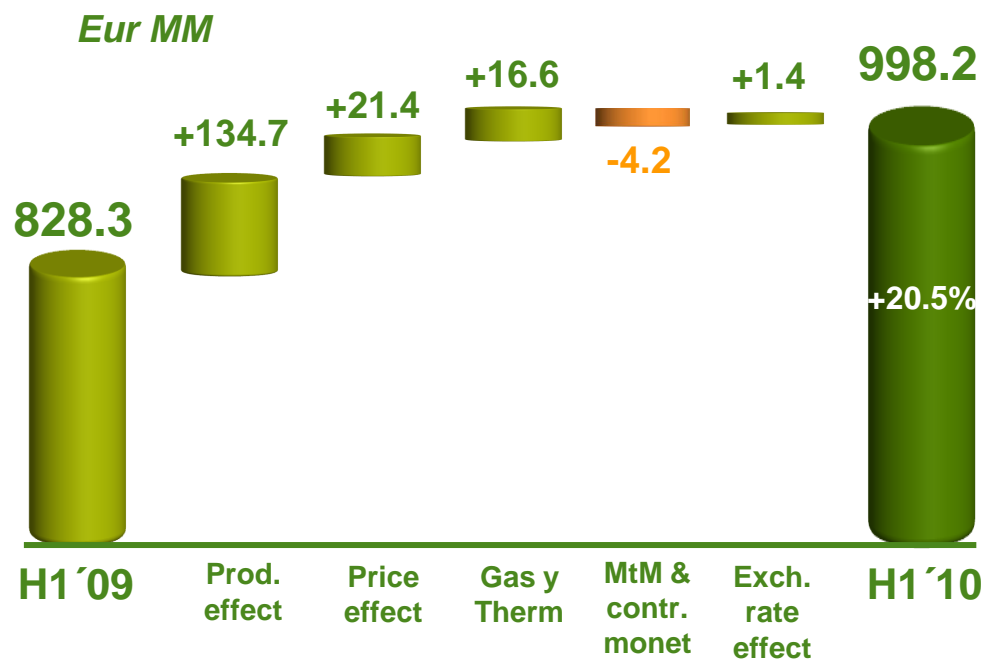


Gross Margin amounts to Eur 998.2 MM...

Gross margin breakdown by business



Gross margin effects



... boosted by the production increase and the right price policy

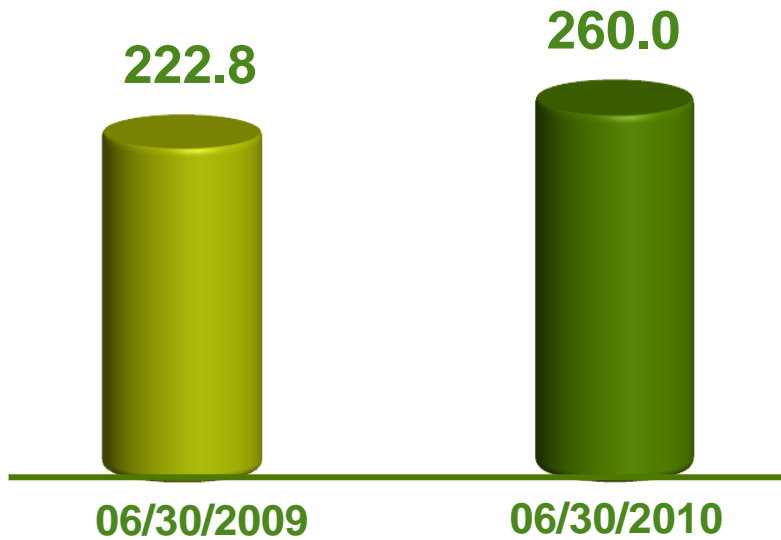
*Includes gas business and PPA contracts transfer.



Control in net operating expenses (+16.7%)...

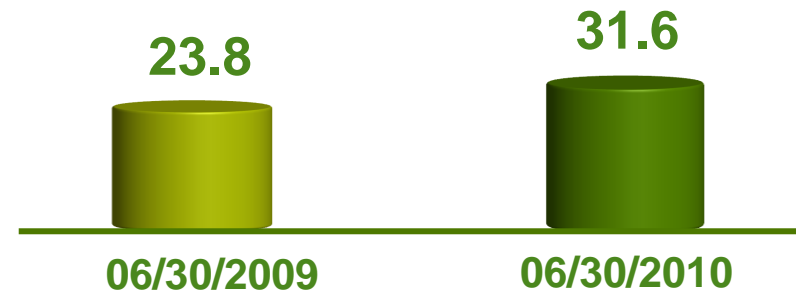
Net operating expenses

Eur MM



Taxes

Eur MM

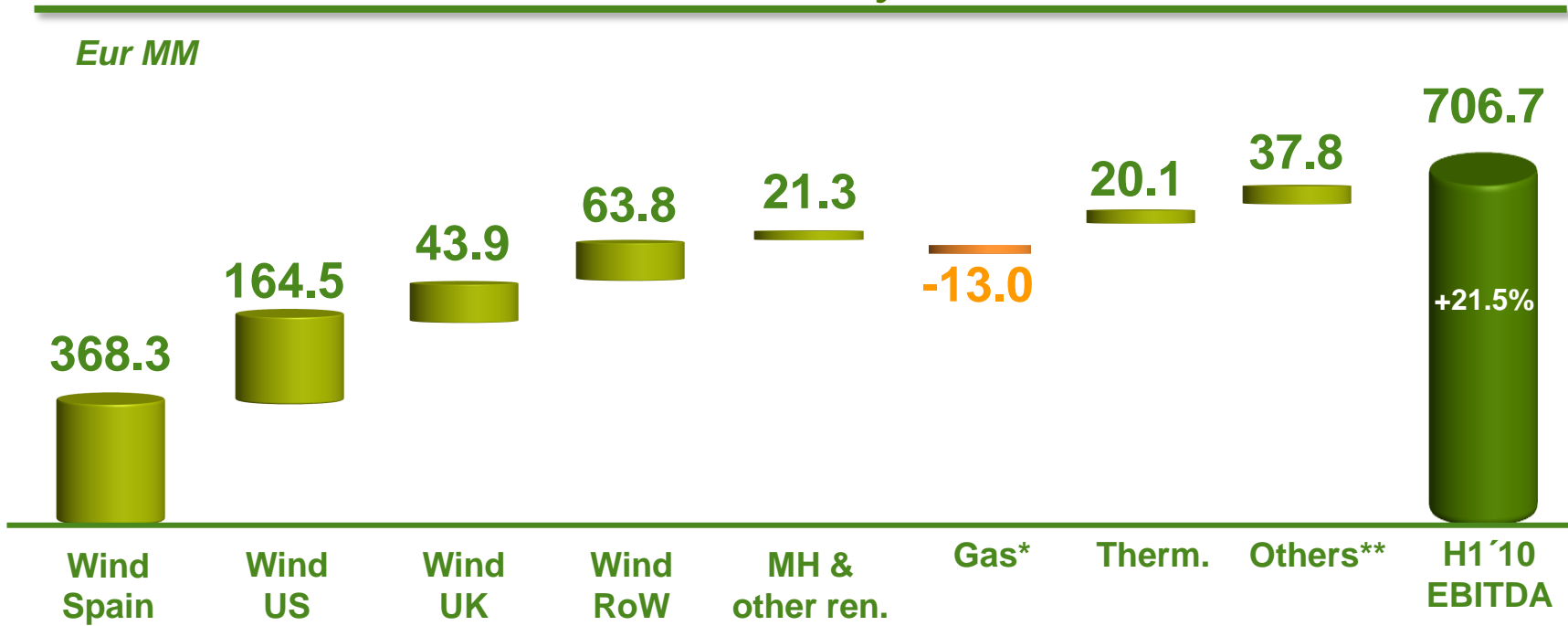


... which increase less than average operating capacity



EBITDA reaches Eur 706.7 MM...

EBITDA breakdown by business



... based on the higher contribution of the wind business, which contributed an additional Eur 107.4 MM of EBITDA

• Includes Eur -32.6 MM from Mark to Market positions in derivatives.

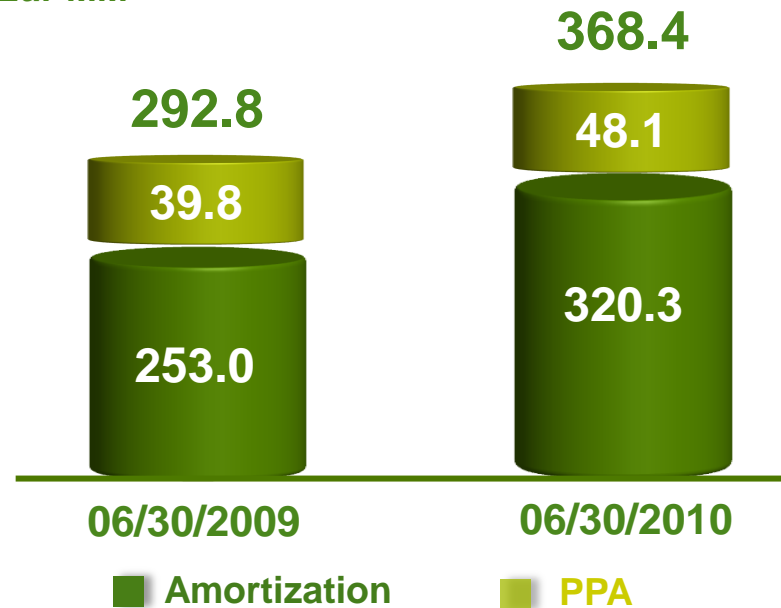
** Includes selling of PPA contracts.



Amortization increases by 25.8%...

Amortization breakdown

Eur MM



... due to the increase in average operating capacity



Net financial debt reaches Eur 4,761.6 MM...

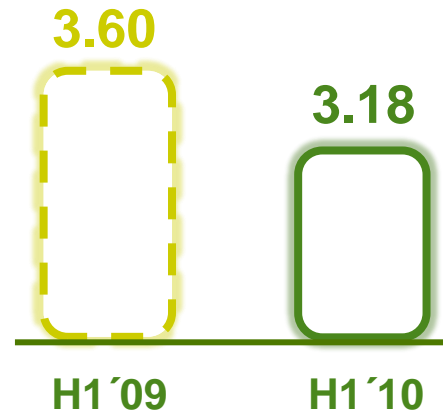
End net financial debt

Eur MM



Net debt average cost

%



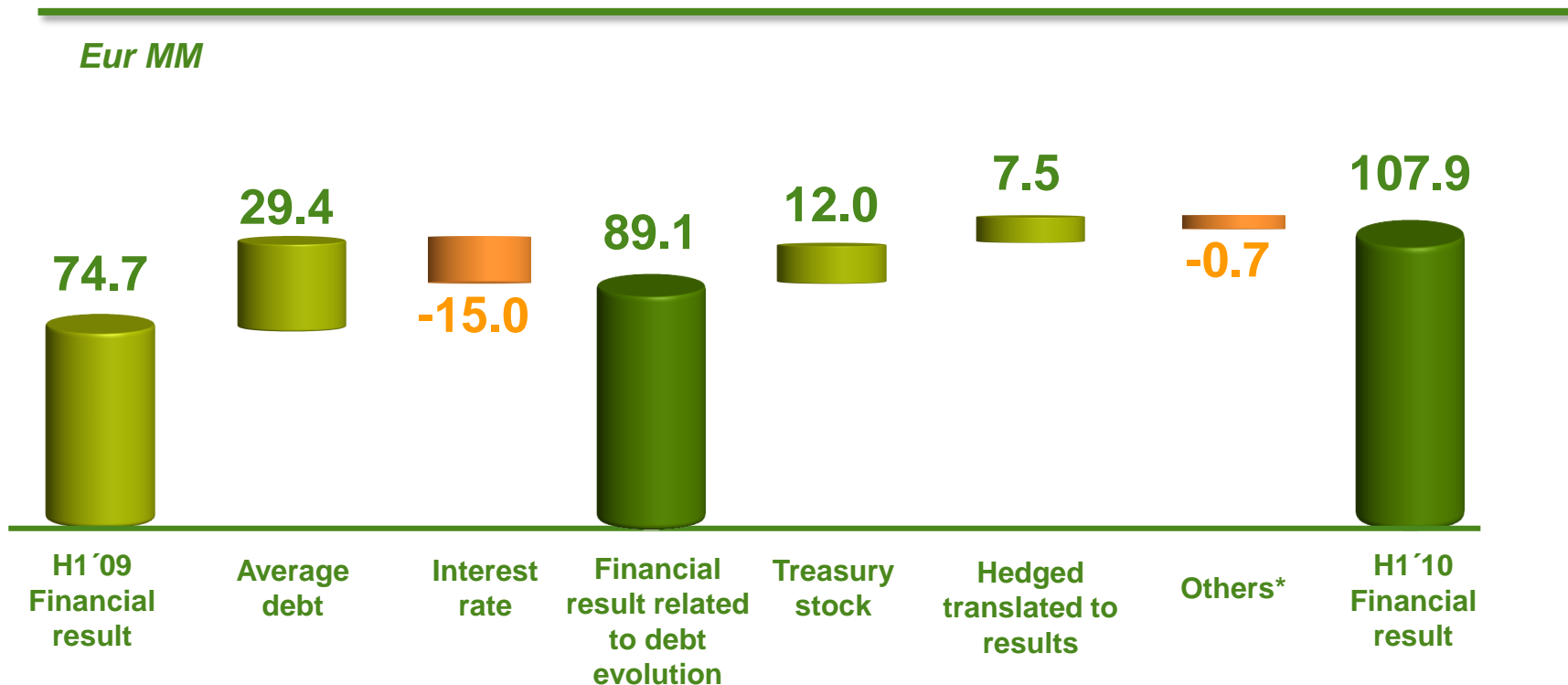
■ Financial Debt ■ TEI structures

... and cost of debt shows a positive evolution, reducing to 3.18%



**Financial results increases by Eur 33.2 MM,
due to debt management external factors...**

Financial result breakdown



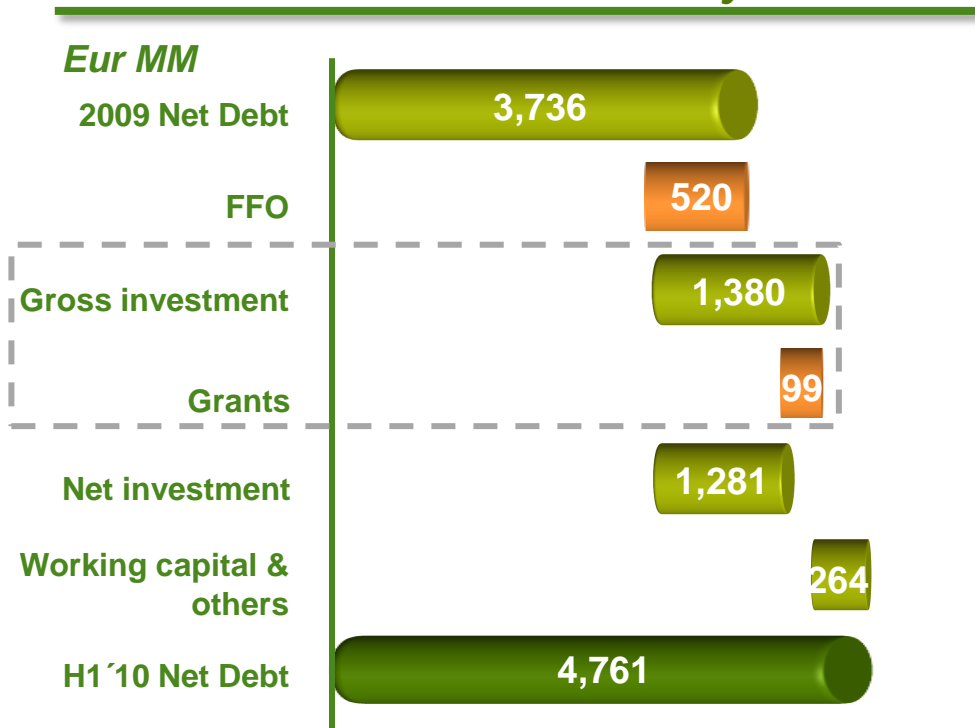
... and cost of debt benefits from interest rate decrease

* Includes provisions, activated expenses and others.

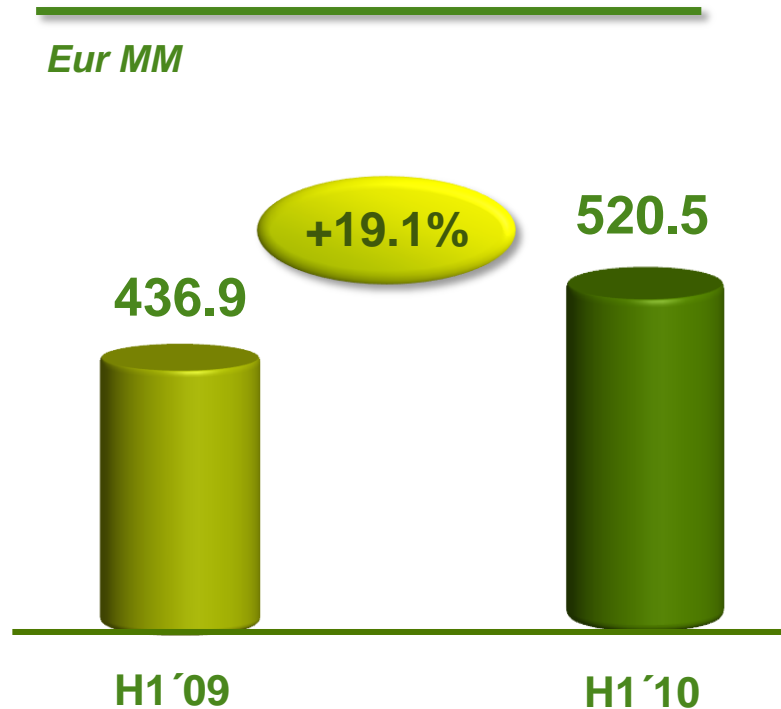


FFO* reaches Eur 520.5 MM...

Net financial debt analysis



FFO*



... financing around 40% of the investments to date

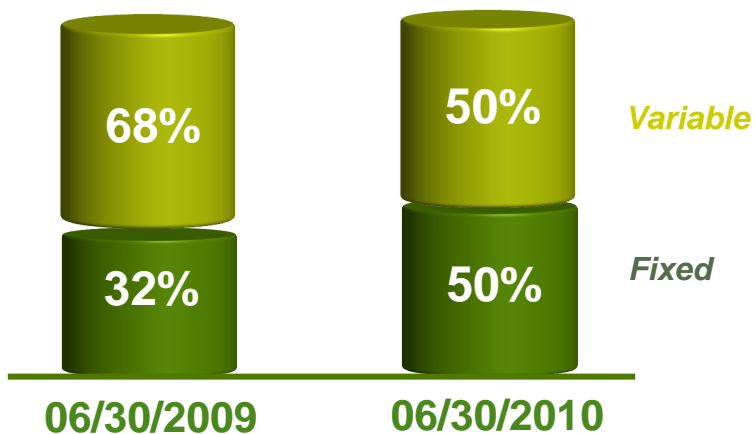
*FFO = Net Income + Amortizations – Equity income – Results from non recurrent assets



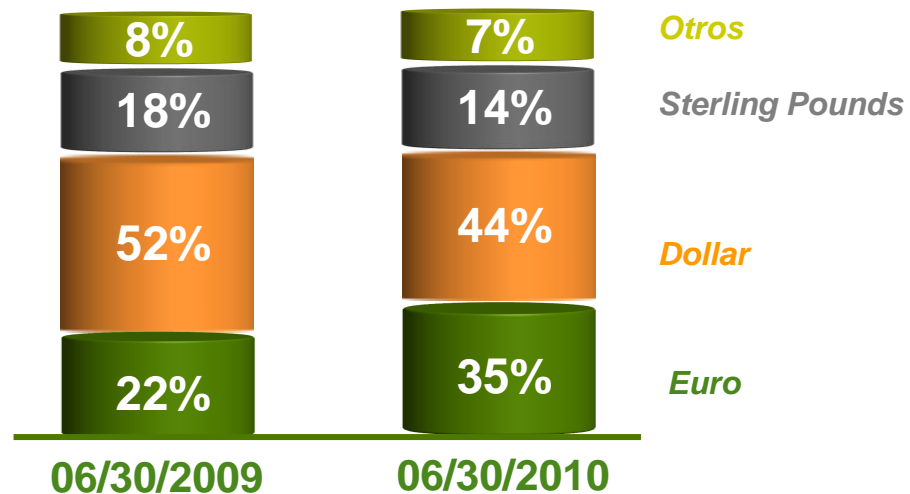
Financial Strength, total assets of Eur 25,164 MM ...

Gross debt structure

Interest type structure



Currency structure



... with leverage of 28%*

* Leverage = Net financial debt / (Equity + Net financial debt).



Highlights

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Iberdrola Renovables continues to show growth in size and results ...

931 MW put into operation in H1 '10

Production increases by 21.5% to 12.8 TWh

Improving efficiency per MW by 3.3%

... showing in H1 '10 an EBITDA increase of 21.5% and Net Income of 6.5%



**2010 presents strong visibility
in the business key drivers...**

**Reaffirming our target
to reach 12,500 MW of installed capacity**

93% of the estimated production has prices covered

Efficiency improvement will continue

... maintaining our estimations of 20% increase in results



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RENOVABLES

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