

Results

Nine months

October 30 /2019



IBERDROLA

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Core business figures

		December 2018	December 2017
RAV (Local currency)			
Spain	(EUR billion)	9.3	9.3
United Kingdom	(GBP billion)	6.5	6.0
United States	(USD billion)	9.7	9.1
Brazil	(BRL billion)	19.0	16.4

Distributed Electricity	9M 2019	9M 2018	vs. 2018
ELECTRICITY (GWh)			
Spain	70,385	70,862	-0.7%
United Kingdom	24,564	25,488	-3.6%
United States	28,926	29,910	-3.3%
Brazil	50,099	48,286	3.8%
Total	173,975	174,545	-0.3%
GAS (GWh)			
United States	45,019	45,167	-0.3%
Total	45,019	45,167	-0.3%

Differences may arise due to rounding.

Managed supply points	9M 2019	9M 2018	vs. 2018
ELECTRICITY (Millions)			
Spain	11.13	11.07	0.6%
United Kingdom	3.53	3.52	0.1%
United States	2.27	2.25	1.0%
Brazil	14.00	13.73	2.0%
Total Electricidad	30.93	30.57	1.2%
GAS (Millions)			
United States	1.01	1.00	0.9%
Total Gas	1.01	1.00	0.9%
TOTAL SUPPLY POINTS	31.94	31.57	1.2%

Note: In terms of operational data, IFRS11 do not apply (see details under Operational Performance for the period).
Differences may arise due to rounding.

Generation business and Customers

	9M 2019	9M 2018	vs. 2018
TOTAL GROUP			
Net Production (GWh)	112,112	109,543	2.3%
Net owned production	84,190	86,547	-2.7%
Renewables	42,757	46,675	-8.4%
Onshore	26,528	26,853	-1.2%
Offshore	1,493	1,082	37.9%
Hydro	13,352	17,840	-25.2%
Minihydro	510	562	-9.2%
Solar and others	874	337	N/A
Nuclear	18,915	17,390	8.8%
Gas combined cycle	15,697	15,563	0.9%
Cogeneration	6,472	5,583	15.9%
Coal	349	1,336	-73.9%
Net production for third parties	27,922	22,995	21.4%
Renewables	146	198	-26.4%
Onshore	146	198	-26.4%
Gas combined cycle	27,776	22,798	21.8%
Installed Capacity (MW)	50,143	48,985	2.4%
Net owned installed capacity	44,650	44,349	0.7%
Renewables	30,903	29,489	4.8%
Onshore	16,496	15,551	6.1%
Offshore	740	544	36.0%
Hydro	12,742	12,635	0.8%
Minihydro	306	303	0.8%
Solar and others	619	456	35.9%
Nuclear	3,177	3,177	-
Gas combined cycle	8,361	9,474	-11.7%
Cogeneration	1,335	1,335	-
Coal	874	874	-
Net installed capacity for third parties	5,493	4,636	18.5%
Renewables	103	103	-
Onshore	103	103	-
Gas combined cycle	5,390	4,533	18.9%
Electricity customers (No mill.)	12.84	13.02	-1.3%
Gas customers (No mill.)	2.88	2.92	-1.2%
Gas Supplies (GWh)	40,523	43,559	-7.0%
Gas Storage (bcm)	0.13	0.12	9.5%

Note: In terms of operational data, IFRS11 do not apply (see details under Operational Performance for the period). Differences may arise due to rounding.

Spain



	9M 2019	9M 2018	vs. 2018
Net Production (GWh)	43,533	43,705	-0.4%
Renewables	14,938	20,239	-26.2%
Onshore	8,495	8,561	-0.8%
Hydro	5,933	11,062	-46.4%
Minihydro	510	562	-9.2%
Solar and others	-	54	-99.8%
Nuclear	18,915	17,390	8.8%
Gas combined cycle	7,386	2,918	N/A
Cogeneration	1,945	1,822	6.8%
Coal	349	1,336	-73.9%
Installed Capacity (MW)	26,125	25,934	0.7%
Renewables	16,027	15,836	1.2%
Onshore	5,793	5,768	0.4%
Hydro	9,715	9,715	-
Minihydro	306	303	0.8%
Solar and others	214	50	N/A
Nuclear	3,177	3,177	-
Gas combined cycle	5,695	5,695	-
Cogeneration	353	353	-
Coal	874	874	-
Electricity customers (No mill.)	10.07	10.13	-0.7%
Gas customers (No mill.)	1.04	1.02	2.6%
Gas Supplies (GWh)	22,665	14,340	58.1%
Users	6,891	7,670	-10.1%
Gas Combined Cycle	15,773	6,670	N/A

Differences may arise due to rounding.

United Kingdom

	9M 2019	9M 2018	vs. 2018
Net Production (GWh)	3,211	8,006	-59.9%
Renewables	3,211	3,539	-9.3%
Onshore	2,670	2,647	0.9%
Offshore	541	506	6.9%
Hydro	-	385	-100.0%
Gas combined cycle	-	4,467	-100.0%
Installed Capacity (MW)	2,296	4,666	-50.8%
Renewables	2,296	2,666	-13.9%
Onshore	1,906	1,906	-
Offshore	390	194	100.8%
Hydro	-	566	-100.0%
Gas combined cycle	-	2,000	-100.0%
Electricity customers (No mill.)	2.78	2.88	-3.6%
Gas customers (No mill.)	1.84	1.90	-3.3%
Gas Supplies (GWh)	17,858	29,219	-38.9%
Users	17,858	19,859	-10.1%
Gas Combined Cycle	-	9,360	-100.0%
Gas Storage (bcm)	0.13	0.12	9.5%

Differences may arise due to rounding.

USA 

	9M 2019	9M 2018	vs. 2018
Net Production (GWh)	15,334	14,819	3.5%
Renewables	12,900	13,127	-1.7%
Onshore	12,467	12,648	-1.4%
Hydro	146	203	-28.2%
Solar and others	287	276	3.8%
Gas combined cycle	2	8	-79.7%
Cogeneration	2,432	1,683	44.5%
Installed Capacity (MW)	8,298	7,561	9.8%
Renewables	7,451	6,713	11.0%
Onshore	7,203	6,466	11.4%
Hydro	118	118	-
Solar and others	129	129	-
Gas combined cycle	212	212	-
Cogeneration	636	636	-

Differences may arise due to rounding.

Mexico

	9M 2019	9M 2018	vs. 2018
Net Production (GWh)	37,197	30,787	20.8%
Net owned production	9,275	7,792	19.0%
Renewables	1,074	597	79.9%
Onshore	494	597	-17.2%
Solar and others	580	-	N/A
Gas combined cycle	6,107	5,117	19.4%
Cogeneration	2,094	2,078	0.7%
Net production for third parties	27,922	22,995	21.4%
Renewables	146	198	-26.4%
Onshore	146	198	-26.4%
Gas combined cycle	27,776	22,798	21.8%
Installed Capacity (MW)	8,504	6,577	29.3%
Net owned installed capacity	3,011	1,942	55.1%
Renewables	743	561	32.6%
Onshore	473	291	62.9%
Solar and others	270	270	-
Gas combined cycle	1,922	1,035	85.7%
Cogeneration	346	346	-
Net installed capacity for third parties	5,493	4,636	18.5%
Renewables	103	103	-
Onshore	103	103	-
Gas combined cycle	5,390	4,533	18.9%

Differences may arise due to rounding.

Brazil



	9M 2019	9M 2018	vs. 2018
Net Production (GWh)	10,864	10,731	1.2%
Renewables	8,661	7,679	12.8%
Onshore	1,387	1,489	-6.8%
Hydro	7,274	6,190	17.5%
Gas combined cycle	2,202	3,053	-27.9%
Installed Capacity (MW)	3,957	3,284	20.5%
Renewables	3,424	2,751	24.5%
Onshore	516	516	-
Hydro	2,908	2,236	30.1%
Gas combined cycle	533	533	-

Differences may arise due to rounding.

Iberdrola Energía Internacional (IEI)*

	9M 2019	9M 2018	vs. 2018
Net Production (GWh)	1,974	1,494	32.1%
Renewables	1,974	1,494	32.1%
Onshore	1,015	912	11.4%
Offshore	951	576	65.2%
Solar and others	7	7	2.4%
Installed Capacity (MW)	961	961	-
Renewables	961	961	-
Onshore	605	605	-
Offshore	350	350	-
Solar and others	6	6	-
Electricity customers (No mill.)	0.50	0.25	99.0%
Gas customers (No mill.)	0.15	0.04	N/A
Gas Supplies (GWh)	290	79	N/A

Differences may arise due to rounding.

(*) Former Rest of the World

Stock Market Data

		9M 2019	9M 2018
Market capitalisation	EUR (billion)	60,668	40,548
Earnings per share (6,362,072,000 shares at 30/09/19 and 6,397,629,000 shares, at 30/09/18)	€	0.137	0.106
Net operating cash flow per share	€	0.306	0.275
P.E.R.	Times	17.72	16.27
Price/Book value (capitalisation to NBV at the end of the period)	Times	1.65	1.15

Economic/Financial Data (*)

Income Statement		9M 2019	9M 2018
Revenues	EUR (million)	26,457.5	26,282.6
Gross Margin	EUR (million)	12,086.7	11,336.1
EBITDA	EUR (million)	7,498.9	6,719.7
EBIT	EUR (million)	4,488.9	3,836.4
Net Profit	EUR (million)	2,516.7	2,090.9
Net Operating Expenses / Gross Margin	%	26.1	27.3

Balance Sheet		September 2019	December 2018
Total Assets	EUR (million)	118,779	113,038
Equity	EUR (million)	46,027	43,977
Net Financial Debt	EUR (million)	36,227	34,199
ROE	%	9.4	7.0
Financial Leverage (Net Financial Debt/(Debt Financial Debt + Equity))	%	44.0%	43.7%
Net Financial Debt / Equity	%	78.7%	77.8%

(*) Financial terms are defined in the "Glossary"

Others

		9M 2019	9M 2018
Investments	EUR (million)	4,726.6	3,644.8
Employees	N°	34,584	33,368

Iberdrola's Credit Rating

Agency	Rating	Outlook	Date of latest rating action
Moody's	Baa1	Stable	14 march 2018
Fitch IBCA	BBB+	Stable	8 july 2016
Standard & Poor's	BBB+	Stable	22 april 2016



Highlights for the period

Global environment and general considerations

During the first nine months of 2019, international commodities markets performed as follows:

- The average price of Brent oil is USD 64.6 per barrel compared with USD 72.1 per barrel in the first nine months of the previous year (-10%).
- The average price of gas (TTF) over the period dropped to EUR 13.8/MWh, compared with EUR 22.4/MWh in the first nine months of 2018 (-38%).
- The average price of API2 coal slumped to USD 63.8/MT, compared with USD 91.5/MT in 2018 (-30%).
- The average price of CO2 emission rights climbed to EUR 24.9/MT from EUR 14.4/MT in the same period of 2018 (+73%).

As regards Iberdrola's main **reference currencies**, the change against the euro was as follows:

- Pound sterling remained relatively flat year-on-year at GBP-EUR 0.885.
- The US dollar appreciated by 6.2%, with the USD-EUR rate standing at 1.125.
- The Brazilian real depreciated by 1.8% with the BRL-EUR rate reaching 4.374.

As regards the performance of **electricity demand and output** for the period, these are the highlights for the company's main business areas:

- The energy balance of the Spanish mainland system over the period to September 2019 was characterised by the increase in combined cycle (+119%), nuclear (+9%) and renewable - solar (+18%) and wind (+2%) - production compared to the same period in the previous year, as well as a drop in coal (-63%) and hydroelectric (-41%) output.

The first nine months of 2019 ended with hydroelectric production down on the historical

average, with the producible index standing at 0.7 and hydroelectric reserves at 35.5% compared to an index of 1.2 and reserves at 45.5% at the end of the first nine months of 2018.

At the September 2019 close, demand was down 2.0% on the same period in the previous year; falling by 3.0% after adjusting for working days and temperature.

- In the United Kingdom, electricity demand dropped by 2.5% compared to the first nine months of 2018, while customers' gas demand was down 6.6% year-on-year.
- In Avangrid's area of influence on the East Coast of the US, electricity demand fell by 3.3% compared with the first nine months of 2018, whereas gas demand did so by 0.3%.
- Demand in Neoenergia's areas of influence in Brazil grew by 3.8%.

Significant events for the Iberdrola Group

- On 1 January 2019, the Iberdrola Group adopted **IFRS 16**, which changes the prior treatment of leases that were considered operating leases, and requires assets and debt for future lease payments to be recognised in the same way as with finance leases. This new standard (effective from 1 January 2019) led to debt increasing by EUR 399 million in the first nine months of 2019, greater amortisation and depreciation (EUR -47 million), finance costs (EUR -9 million), and a lower net operating expense (EUR +49 million). The impact on net profit is EUR -5 million.
- The Gross Margin of the Generation and Supply business in Spain has been affected by the non-recurring impact of recognising at market value long-term LNG supply agreements (EUR +89

million) following the deal with Pavilion Energy Trading & Supply to assign the contractual position in these agreements, which will take effect on 1 January 2020.

- At the close of the nine-month period, the Gross Margin of the Networks business in Spain includes the non-recurring impact of assigning current fibre optic network agreements to Lyntia (EUR +49 million), while a non-recurring impact of EUR +53 million was booked last year as a result of the favourable court ruling on facilities transferred to customers (ICAs).

The main items of the **Profit and Loss Account** were as follows:

EUR million	9M 2019	vs 9M 2018
GROSS MARGIN	12,086.7	6.6
EBITDA	7,498.9	11.6
EBIT	4,488.9	17.0
NET PROFIT	2,516.7	20.4

Consolidated **EBITDA** is up 11.6%, at EUR 7,498.9 million, underpinned by the decent performance of the Networks and Generation and Supply businesses.

Noteworthy from an operational standpoint are: the tariff improvements in Brazil alongside the efficiencies achieved and the increase in demand; the increase in offshore wind production thanks to Wiker's contribution over the full nine-month period this year and the commissioning of East Anglia 1; a greater installed capacity in Mexico and Brazil; and the strong performance of the Generation and Supply business in Spain. On the downside, hydroelectric production fell in Spain, and there is less demand and lower margins due to the cap on certain electricity and gas tariffs in the United Kingdom.

The **Net operating expense** is 2.1% higher due to exchange rates, demonstrated by the fact that the

expense would have remained flat compared to the same period in 2018 (+0.4%) if this impact is stripped out. Net operating expenses over the gross margin stood at 26.1%, in line with the objective for 2022.

Taxes decreased by 6.2% as a result of the lower hydroelectric production and the suspension of the 7% tax on generation during the first quarter of the year, which is in force once again as of April.

Depreciation and amortisation charges and provisions rose by 4.4% due to the group's increased activity and the effect of IFRS 16, partially offset by lower nuclear asset depreciation following the agreement reached with the authorities, ENRESA and the other shareholders of the facilities.

Net profit is up 20.4% to EUR 2,516.7 million. Gains on disposal of non-current assets total EUR 122.4 million (versus EUR 22.6 million in 2018) as they include the gain from the agreement reached with Lyntia Networks for the long-term assignment of the right to use surplus fibre-optic network capacity (EUR 114 million). Stripping out the impacts of selling off gas contracts (EUR +89 million of Gross Margin) and assignment of fibre-optic capacity (EUR +49 million of Gross Margin and EUR +114 million of Non-Recurring Results), Net Profit was up 12.0% at EUR 2,317.6 million.

The key **financial figures** for the period are as follows:

- Adjusted Net Financial Debt* stands at EUR 35,527 million, up EUR 1,148 million year-on-year, primarily because of the application of IFRS 16 (EUR 399 million), the exchange rate effect (EUR 838 million), and the major investments drive by the company. The adjusted financial leverage fell to 43.2% from 44.5% in the same period of the previous year.
- Funds Generated from Operations in the first nine months of 2019 stood at EUR 5,824 million – up 10.8% year-on-year.

* Adjusted by the effect of potential accumulator derivatives over treasury stock (EUR 700.5 million at 30/09/2019 and EUR 422.0 million at 30/09/2018).

Lastly, investments for the period totalled EUR 4,727 million (+29.7%). Of this amount, 87% was concentrated in the Networks and Renewables businesses.

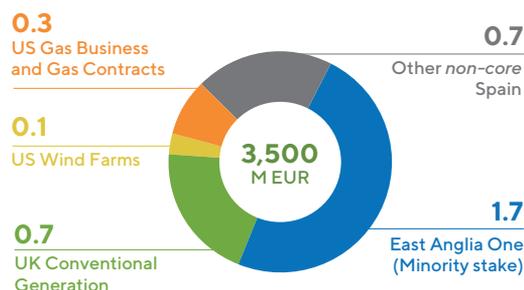
Disposals in 2019

- On 6 March, an agreement was reached with Lyntia Networks for the long-term assignment of the right to use the surplus capacity of the fibre-optic network. The deal was closed on 6 August once authorisation had been obtained from the Spanish National Commission on Markets and Competition (CNMC). The amount received, subject to the usual adjustments in this type of transaction, was EUR 260 million and the gain amounted to EUR 49 million at Gross Margin level for the agreements in force and EUR 114 million for the surplus capacity, which has been taken to gains on disposal of non-current assets.
- On 20 June an agreement was reached with Pavilion Energy Trading & Supply Pte. Ltd. for the cession of Iberdrola contractual position in its portfolio of long-term liquefied natural gas supply, sea freight and gas infrastructure usage contracts, and other supplementary contracts related with the supply of liquefied natural gas. In return, Pavilion will pay Iberdrola EUR 115 million when the sale is completed, estimated to be on 1 January 2020.
- Moreover, an agreement was signed with Green Investment Group (GIG) – a Macquarie Group company – on 12 August to sell it a 40% stake in the East Anglia One (EAO) offshore wind farm the company is building in British waters in the North Sea. This deal sees a new partner taking a stake in this renewable energy facility in which Iberdrola will continue to hold a majority 60% stake. According to the terms and conditions of the agreement, EAO's total valuation is around GBP 4,100 million; when the wind farm enters service in

2020, Iberdrola will have received approximately GBP 1,630 million for the 40% share. Standard authorisation from *The Crown State* is required before the deal can be completed.

Thanks to the disposals in 2019 and last year, the asset rotation plan affecting assets valued at EUR 3,500 million over the period 2018 to 2022 has been completed early:

Asset Rotation Plan





Operational performance for the period

1. DISTRIBUTED ENERGY AND SUPPLY POINTS

The Group's Regulatory Asset Base (RAB) stood at EUR 29.3 billion at the close of 2018:

		December 2018	December 2017
RAB (Local currency)			
Spain	(EUR billion)	9.3	9.3
United Kingdom	(GBP billion)	6.5	6.0
United States	(USD billion)	9.7	9.1
Brazil	(BRL billion)	19.0	16.4

During the first nine months of 2019, electricity distributed by the Group totalled 173,975 GWh – a 0.3% decrease compared with the same period in 2018.

The Group had 31.9 million electricity and gas supply points, with the following breakdown by country:

MANAGED SUPPLY POINTS	9M 2019	9M 2018	Vs. 2018
ELECTRICITY (Millions)			
Spain	11.13	11.07	0.6%
United Kingdom	3.53	3.52	0.1%
United States	2.27	2.25	1.0%
Brazil	14.00	13.73	2.0%
Total Electricity	30.93	30.57	1.2%
GAS (Million)			
USA	1.01	1.00	0.9%
Total Gas	1.01	1.00	0.9%
TOTAL SUPPLY POINTS	31.94	31.57	1.2%

Discrepancies possible due to rounding.

1.1. Spain

At the September close, the network business in Spain (i-DE: Iberdrola Distribución Eléctrica) had 11.1 million supply points, up 0.6% compared with September 2018, and its energy distribution since the beginning of the year totalled 70,385 GWh – 0.7% less year on year.

The table shows the change in the SAIDI (System Average Interruption Duration Index) and System Average Interruption Frequency Index (SAIFI) for medium voltage supply:

Year	SAIDI (min)	SAIFI (n°. inter.)
9M 2018	34.96	0.71
9M 2019	30.61	0.67

* Values excluding force majeure

The System Average Interruption Duration Index (SAIDI) stands at 30.61 minutes (32.9 including force majeure events), hitting an all-time low thanks to the electricity grid generally performing well and the excellent availability and professionalism of staff.

1.2. United Kingdom

On 30 September, Scottish Power Energy Networks (SPEN) surpassed 3.5 million supply points. The volume of energy distributed during the first nine months of the year was 24,564 GWh, down 3.6% on the same period in 2018, mainly affected by mild winter temperatures (-1.5% adjusting for the effect of temperature).

Distributed Energy (GWh)	9M 2019	9M 2018	%
Scottish Power Distribution (SPD)	13,262	13,777	-3.7
Scottish Power Manweb (SPM)	11,302	11,712	-3.5

The service quality indicators have been affected by storms Erik in February, Gareth in March and Hannah in April, which had the greatest impact on Scottish Power Manweb (SPM).

Customer Minutes Lost (CML) was as follows:

CML (min)	9M 2019	9M 2018
Scottish Power Distribution (SPD)	24.90	27.37
Scottish Power Manweb (SPM)	26.53	25.54

The number of Customer Interruptions (CI) per 100 customers was as follows:

CI (no. of interruptions)	9M 2019	9M 2018
Scottish Power Distribution (SPD)	33.56	39.51
Scottish Power Manweb (SPM)	26.71	27.24

In August, Scottish Power Energy Networks (SPEN) signed an agreement with the state-owned company, Transport Scotland, to lead the roll-out of electric vehicle charging points in Scotland. SPEN will conduct a study of where to site the charging points and will also install and commission 240 charging points in central Scotland. This agreement sees SPEN at the helm of transport electrification in Scotland, contributing to the United Kingdom's objectives for decarbonising the economy and ahead of adopting its role as distribution network operator in its concession area.

1.3 United States (AVANGRID)

1.3.1 Electricity

At the end of September 2019, Avangrid Networks had more than 2.27 million supply points. The electricity distributed in the first nine months of the year came to 28,926 GWh – down 3.3% year on year.

Distributed Energy (GWh)	9M 2019	9M 2018	%
Central Maine Power (CMP)	7,192	7,283	-1.2%
NY State Electric & Gas (NYSEG)	12,226	12,655	-3.4%
Rochester Gas & Electric (RGE)	5,561	5,816	-4.4%
United Illuminating Company (UI)	3,948	4,156	-5.0%

Avangrid's distribution area suffered the effects of February's winter storm Quiana, particularly in the state of New York. This combined with the extreme winter cold and several electrical storms in May and June led to a number of supply outages for NYSEG customers, negatively affecting the quality indicators.

The Customer Average Interruption Duration Index (CAIDI) was as follows:

CAIDI (h)	9M 2019	9M 2018
Central Maine Power (CMP)	2.14	2.15
NY State Electric & Gas (NYSEG)	1.93	2.11
Rochester Gas & Electric (RGE)	1.83	1.82

The System Average Interruption Duration Index (SAIDI) for UIL was as follows:

SAIDI (min)	9M 2019	9M 2018
United Illuminating Company (UI)	25.54	51.98

The comparative information is affected by a one-off fault at a transformer station in 2018. The System Average Interruption Duration Index (SAIDI) returned to normal levels in 2019.

The System Average Interruption Frequency Index (SAIFI) was as follows:

SAIFI	9M 2019	9M 2018
Central Maine Power (CMP)	1.17	1.39
NY State Electric & Gas (NYSEG)	1.05	0.94
Rochester Gas & Electric (RGE)	0.56	0.61
United Illuminating Company (UI)	0.32	0.57

1.3.2 Gas

Avangrid currently supplies gas to just over 1 million customers. At the end of September 2019, 45,019 GWh had been distributed, which is 0.3% less year on year.

Distributed Energy (GWh)	9M 2019	9M 2018	%
NY State Electric & Gas (NYSEG)	10,027	10,015	0.1%
Rochester Gas & Electric (RGE)	10,844	10,424	4.0%
Maine Natural Gas (MNG)	1,448	1,683	-14.0%
Berkshire Gas (BGC)	1,781	1,775	0.4%
Connecticut Natural Gas (CNG)	6,946	6,932	0.2%
Southern Connecticut Gas (SCG)	6,605	6,557	0.7%

1.4. Brazil (NEOENERGIA)

At 30 September, Neoenergia had 14.0 million supply points – an increase of 2.0% compared to September 2018. The volume of electricity distributed in the first nine months of 2019 was 50,099 GWh – up 3.8% year on year, thanks to a more buoyant economy, an increase in customer numbers and higher temperatures than last year.

Distributed Energy (GWh)	9M 2019	9M 2018	%
Elektro	14,190	13,874	2.3%
Coelba	18,490	17,548	5.4%
Cosern	4,707	4,622	1.8%
Celpe	12,712	12,242	3.8%

The efforts to improve supply quality led to enhanced indicators at Coelba, Celpe and Cosern in the first nine months of 2019 compared to the same period in 2018. Elektro's indicators are above those from last year, affected by heavy rain and other weather events in February and May. The Customer Average Interruption Duration Index (CAIDI) was as follows:

DEC (h)	9M 2019	9M 2018
Elektro	5.58	4.82
Coelba	9.17	10.61
Cosern	8.54	8.68
Celpe	9.51	9.78

The Customer Average Interruption Duration Index (CAIDI) was as follows:

FEC	9M 2019	9M 2018
Elektro	3.22	2.89
Coelba	4.31	4.61
Cosern	4.03	4.13
Celpe	4.30	4.44

Work continued as planned on building the 10 transmission projects allocated in the 2017 and 2018 auctions. Two of the six projects allocated in 2017 are expected to enter service at the end of 2019; the remainder will come on stream between 2020 and 2021. The estimated amount invested in the 10 projects is approximately BRL 7 billion.

In 2019, Neoenergia was handed the award for most innovative company in the “Energy and public services” category for its Energy of the Future project. This project involves rolling out a Distribution Network Operator (DNO) system in Sao Paulo and on the island of Fernando de Noronha. This is the third edition of what is deemed to be one of the largest innovation festivals in Brazil.

2. ELECTRICITY PRODUCTION AND CUSTOMERS

At the end of the third quarter of the year, Iberdrola’s **installed capacity** totalled 50,143 MW (+2.4%), 61.8% of which 61.6% of the total (30,903 MW) is from owned renewable sources:

MW	9M 2019	Vs. 9M 2018
Net Owned installed capacity	44,650	0.7%
Renewables	30,903	4.8%
Onshore wind	16,496	6.1%
Offshore wind	740	36.0%
Hydroelectric	12,742	0.8%
Mini-hydroelectric	306	0.8%
Solar and others	619	35.9%
Nuclear	3,177	-
Gas combined cycle	8,361	-11.7%
Co-generation	1,335	-
Coal	874	-
Net installed capacity for third parties	5,493	18.5%
Renewables	103	-
Onshore wind	103	-
Gas combined cycle	5,390	18.9%
Total	50,143	2.4%

Discrepancies possible due to rounding.

Net electricity production during the period was 112,112 GWh – higher than the figure at the end of the third quarter of 2018, with 38.1% of the total (42,757 GWh) derived from renewable sources:

GWh	9M 2019	Vs. 9M 2018
Net Owned production	84,190	-2.7%
Renewables	42,757	-8.4%
Onshore wind	26,528	-1.2%
Offshore wind	1,493	37.9%
Hydroelectric	13,352	-25.2%
Mini-hydroelectric	510	-9.2%
Solar and others	874	N/A
Nuclear	18,915	8.8%
Gas combined cycle	15,697	0.9%
Co-generation	6,472	15.9%
Coal	349	-73.9%
Net production for third parties	27,922	21.4%
Renewables	146	-26.4%
Onshore wind	146	-26.4%
Gas combined cycle	27,776	21.8%
Total	112,112	2.3%

Discrepancies possible due to rounding.

2.1 Spain

Renewable capacity and production

At the close of the third quarter of 2019, Iberdrola had an installed **renewable capacity** in Spain of 16,027 MW, with the following breakdown:

Spain	Installed MW Consolidated at EBITDA level	MW managed by investee companies ^(*)	Total
Onshore wind	5,548	244	5,793
Hydroelectric	9,715	-	9,715
Mini-hydroelectric	303	2	306
Solar PV	214	-	214
Total Capacity	15,781	246	16,027

Discrepancies possible due to rounding

(*) Includes the proportional MW share

Work continues on the Núñez de Balboa solar PV plant (500 MWdc / 391 MWac) in Badajoz, with over half the facility now constructed; and on the Padrillo wind farm (23 MW) in Zaragoza, all the capacity of which is now fully installed and is expected to be brought on stream in the last quarter of the year. Construction of the Cavar wind farm (111 MW) in Navarra is also ongoing.

Elsewhere, work is starting on over 400 MW of solar PV and wind projects, primarily in Castilla-La Mancha, Castilla León and Extremadura.

In Portugal, work continues on the **Tâmega hydroelectric complex**, with **Daivões** and **Gouvães** slated for commissioning in 2021:

- Ninety percent of the concrete has been poured for the **Daivões** dam (118 MW), while 45% of the concreting work at the plant is complete.
- Concreting work at the **Gouvães** site (880 MW) is on schedule, while 20% of the adduction tunnel has been lined and two-thirds of the penstock is complete. The first transformer and first alternator have also been delivered.
- Excavations at the **Alto Tâmega** site (160 MW) are almost complete, allowing concreting of the dam to begin next year.

Renewable output totalled 14,938 GWh, as follows:

SPAIN	GWh Consolidated at EBITDA level	GWh managed by investee companies ^(*)	Total
Onshore wind	8,152	343	8,495
Hydroelectric	5,933	-	5,933
Mini-hydroelectric	505	5	510
Total Production	14,590	348	14,938

Discrepancies possible due to rounding

(*) Includes the proportional GWh share

The consolidated output at EBITDA level and broken down by types of technology is as follows:

- Onshore wind production totalled 8,152 GWh over the period – down slightly by 1.2% on the first nine months of 2018.
- Hydroelectric production fell by 46.2% to 5,933 GWh due to the year having seen below average rainfall; way down on the previous year.
- Production at the mini-hydroelectric plants dropped by 9.3% compared to the same period in the previous year, reaching 505 GWh.

Thermal capacity and production

At 30 September 2019, Iberdrola Group's thermal capacity in Spain totalled 10,098 MW, broken down as follows:

Spain	MW Consolidated installed	MW Investee companies ^(*)	Total
Nuclear	3,166	11	3,177
Gas combined cycle	5,695	-	5,695
Co-generation	302	51	353
Coal	874	-	874
Total Capacity	10,036	62	10,098

Discrepancies possible due to rounding.
(*) Includes the proportional MW share

Iberdrola's **thermal production** during the first nine months of 2019 was up 21.9% compared to the same period of the previous year, mainly spurred by greater production of the combined cycle plants and, to a lesser extent, the nuclear facilities.

Of the 28,595 GWh produced, Iberdrola consolidated 28,240 GWh at EBITDA level, with 355 GWh being consolidated using the equity method. The breakdown is as follows:

Spain	GWh Consolidated at EBITDA level	GWh Investee companies ^(*)	Total
Nuclear	18,856	59	18,915
Gas combined cycle	7,386	-	7,386
Co-generation	1,649	296	1,945
Coal	349	-	349
Total Production	28,240	355	28,595

Discrepancies possible due to rounding.
(*) Includes the proportional MW share

Sales: Spain

As regards retail, as at 30 September 2019 the portfolio managed by Iberdrola in Spain totalled 16,674,651 contracts. The breakdown is as follows:

Thousands of contracts	Spain
Electricity contracts	10,087
Gas contracts	1,042
Contracts for other products and services	5,544
Total	16,674

By market type they can be split into the following:

Thousands of contracts	España
Free market	13,211
'Last Resort'	3,462
Total	16,674

Iberdrola's electricity sales* in the first nine months of 2019 are broken down as follows:

* Sales in power plant busbars

	GWh Spain
Free market	40,905
Regulated market (PVPC)	6,369
Other markets	21,980
Total	69,254

With regard to gas**, in the first nine months of 2019 Iberdrola managed a total gas production of 4.24 bcm, of which 1.85 bcm were sold in wholesale transactions, 1.02 bcm were sold to end customers and 1.37 bcm went towards electricity production.

On 20 June, Iberdrola resolved to assign to Pavilion Energy Trading & Supply Pte its portfolio of gas and sea freight contracts and gas supply contracts in the UK, along with other gas supply contracts with effect from 1 January 2020.

2.2. United Kingdom

Renewable capacity and production

At the end of the third quarter of 2019, Iberdrola had a **renewable installed capacity** in the United Kingdom of 2,296 MW:

United Kingdom	Installed MW Consolidated at EBITDA level	MW managed by investee companies ^(*)	Total
Onshore wind	1,891	15	1,906
Offshore wind	390	-	390
Total Capacity	2,281	15	2,296

Discrepancies possible due to rounding.
(*) Includes the proportional MW share

In **onshore wind technology**, work has commenced on the Beinn an Tuirc 3 (50 MW) and Halsary, (30 MW) onshore wind farms, both in Scotland.

Currently, the renewables business is developing **offshore wind projects** in the United Kingdom, notably the East Anglia projects in the North Sea.

** Without subtracting losses

The **East Anglia 1** project evacuated energy for the first time on 2 September, after the team energised the first of the 102 turbines. The wind farm is in the final stages of completion, with 29 turbines installed, and will be fully operational in 2020. A total of 10 turbines have been brought online to date and additional capacity will come on stream in regular intervals. A new operation and maintenance base has been built, which will be used to manage the project over the next 25 years.

Turning to the **East Anglia 3** project, according to plans, on 7 August 2017 environmental approval was obtained from the Secretary of State for BEIS (Department of Business, Economy & Industrial Strategy of the United Kingdom) for the construction of its 1,200 MW of capacity. The capacity was subsequently increased to 1,400 MW after approval was obtained from BEIS in June 2019.

The **East Anglia 2** and **East Anglia 1 North** projects continue to be developed, with planning applications for both projects due for submission in October.

The trend of **renewable production** consolidated at EBITDA level in the United Kingdom came to 3,211 GWh, with the following breakdown:

United Kingdom	GWh Consolidated at EBITDA level	GWh managed by investee companies ^(*)	Total
Onshore wind	2,653	16	2,670
Offshore wind	541	-	541
Total Production	3,194	16	3,211

Discrepancies possible due to rounding.
(*) Includes the proportional GWh share

- Onshore wind output totalled 2,653 GWh – up 0.8% year on year because of higher recorded wind resources.
- Offshore wind production also increased by 6.9%, amounting to 541 GWh.

UK Retail business

As at 30 September 2019, the portfolio managed in the UK is broken down as follows:

Thousands of contracts	UK
Electricity Contracts	2,776
Gas Contracts	1,842
Contracts for other products and services	343
Total	4,961

Also, smart meters continue to be installed, reaching a total of 1.4 million meters installed as at 30 September 2019.

Moreover, at the September 2019 close, 14,420 GWh of electricity and 17,858 GWh of gas had been supplied to customers – down 9.4%* and 10.1%***, respectively, on the third quarter of 2018.

2.3. United States (AVANGRID)

Renewable capacity and production

At the close of the third quarter of 2019, Iberdrola had an installed **renewable capacity** in the United States of 7,451 MW, with the following breakdown:

USA	Installed MW Consolidated at EBITDA level	MW managed by investee companies ^(*)	Total
Onshore wind	7,033	170	7,203
Hydroelectric	118	-	118
Solar (PV+TM) & others	129	-	129
Total Capacity	7,280	170	7,451

Discrepancies possible due to rounding.
(*) Includes the proportional MW share

Regarding **wind energy**, good progress is being made at the Montague (201 MW) wind farm in Oregon and Karankawa (288 MW) wind farm in Texas. They have been fully installed and are scheduled for commissioning before year-end. Work is also under way on other projects with an aggregate capacity of over 250 MW, and an additional 500+ MW are in the preliminary phase of work.

With regard to **offshore wind projects** in the United States, work is ongoing on the **Vineyard Wind** project off the coast of Massachusetts. The federal agency coordinating the granting of permits, the Bureau of Ocean Energy Management (BOEM), has delayed publication of the environmental impact assessment until early 2020.

The Kitty Hawk project off the coast of North Carolina is also continuing apace. Geophysical surveys have been conducted in the area where the first phase of the project will be sited, and an application has been submitted to the BOEM for permission to install equipment to measure wind speeds and sea conditions, which is expected to be granted in spring 2020.

Renewable production in the United States came to 12,900 GWh, with the following breakdown:

* Sales in power plant busbars
** Without subtracting losses

USA	GWh Consolidated at EBITDA level	GWh managed by investee companies ^(*)	Total
Onshore wind	12,202	265	12,467
Hydroelectric	146	-	146
Solar (PV+TM) & others	287	-	287
Total Production	12,635	265	12,900

Discrepancies possible due to rounding.

(*) Includes the proportional GWh share

The trend of **renewable production** consolidated at EBITDA level in the United States broken down by technologies is as follows:

- Onshore wind production reached 12,202 GWh, down 0.4% compared to the first nine months of 2018, due to the lower wind load factor.
- Hydroelectric production fell 28.2% to 146 GWh from 203 GWh in the first nine months of the previous year.
- Production of solar power and others (including 56 GWh of fuel cells) increased by 3.8%, to 287 GWh.

2.4. Mexico

Renewable capacity and production

At the close of the third quarter of 2019, Iberdrola had an installed **renewable capacity** in Mexico of 846 MW, with the following breakdown:

Mexico	Installed MW Consolidated at EBITDA level	MW managed by investee companies ^(*)	Total
Onshore wind	576	-	576
Owned	473	-	473
Third parties	103	-	103
Solar and others	270	-	270
Total Capacity	846	-	846

Discrepancies possible due to rounding.

(*) Includes the proportional MW share

Regarding **wind technology**, work continues on the Pier project (221 MW) and Santiago Eólico project (105 MW) in the state of San Luis de Potosí.

The **renewable production** generated during the period was 1,219 GWh, up 53.5% from the third quarter of 2018, due to an increase in average solar photovoltaic capacity in operation (+270 MW).

Mexico	GWh Consolidated at EBITDA level	GWh managed by investee companies ^(*)	Total
Onshore wind	640	-	640
Owned	494	-	494
Third parties	146	-	146
Solar and others	580	-	580
Total Production	1,219	-	1,219

Discrepancies possible due to rounding.

(*) Includes the proportional GWh share

By technology, trends of output consolidated at EBITDA level is as follows:

- Onshore wind production reached 640 GWh, down 19.5% compared to the first nine months of 2018, due to lower recorded wind resources.
- With regard to solar energy production, the Hermosillo (100 MW) and Santiago (170 MW) farms, installed in 2018, generated 580 GWh over the period.

Thermal capacity and production

Thermal capacity in Mexico totalled 7,658 MW at 30 September 2019, after the El Carmen combined cycle plant (866 MW) came on stream in the third quarter. Thermal production in the first three quarters of 2019 totalled 35,977 GWh – 20% higher than in the same period a year earlier.

Mexico	MW	GWh
Gas Combined Cycle	7,312	33,883
Owned	1,922	6,107
Third parties	5,390	27,776
Co-generation	346	2,094
Total Producción	7,658	35,977

Discrepancies possible due to rounding

In addition to these plants, the Topolobampo II (911 MW) and Topolobampo III (779 MW) combined cycle plants will enter commercial operation in 2019 and 2020, respectively.

Retail in Mexico

Electricity sales commitments at the end of September 2019 amounted to 37,159 GWh, broken down as follows:

	GWh Mexico
CFE (Federal Electricity Commission)	27,922
Private	9,238
Total Sales	37,159

2.5. Brazil (NEOENERGIA)

Renewable capacity and production

At the close of the third quarter of 2019, Iberdrola had an installed renewable capacity in Brazil of 3,424 MW, with the following breakdown:

Brazil	Installed MW Consolidated at EBITDA level	MW managed by investee companies(*)	Total
Onshore wind	516	-	516
Hydroelectric	836	2,072	2,908
Total Capacity	1,352	2,072	3,424

Discrepancies possible due to rounding.

(*) Includes the proportional MW share

As well as 15 projects in the state of Paraíba with a total capacity of 472 MW being approved in 2018, a total of 12 wind farms with a combined capacity of 566.5 MW will be built in the state of Piauí.

Renewable production in the first nine months of 2019 amounted to 8,661 GWh, with the following breakdown:

Brazil	GWh Consolidated at EBITDA level	GWh managed by investee companies (*)	Total
Onshore wind	1,387	-	1,387
Hydroelectric	1,061	6,213	7,274
Total Production	2,448	6,213	8,661

Discrepancies possible due to rounding.

As regards renewable production consolidated at EBITDA level broken down by technologies:

- Onshore wind production reached 1,387 GWh, down 6.8% compared to the first nine months of 2018, due to lower recorded wind resources.
- Hydroelectric production reached 1,061 GWh (+75.7%) as new capacity came on stream (Baixo Iguazú, with a total of 350 MW).

Thermal capacity and production

In Brazil, thermal capacity at the end of September 2019 remained at 533 MW and thermal production during the first nine months of 2019 was 2,202 GWh.

Brazil	MW	GWh
Gas combined cycle	533	2,202
Total	533	2,202

Retail business

Electricity sales commitments at the end of September 2019 amounted to 11,172 GWh, broken down as follows:

Brazil	GWh
PPA	7,733
Free market	3,439
Total Sales	11,172

* Formerly "Rest of the World"

2.6. Iberdrola Energía Internacional (IEI)*

Renewable capacity and production

Installed renewable capacity in Iberdrola Energía Internacional* reached the 961 MW mark, broken down as follows:

Iberdrola Energía Internacional (IEI)*	MW
Onshore wind	605
Offshore wind	350
Solar	6
TOTAL	961

Discrepancies possible due to rounding

Turning to **onshore wind**, work continues on the Sarakatsaneika I wind farm (4 MW) while the ground has been broken at the Pyrgari wind farm, both in Greece. At the start of the quarter, Iberdrola was allocated 149 MW of solar PV capacity in the renewables auction held in Portugal.

Offshore wind farms continue to be developed in France and Germany:

In France, the main suppliers for the **Saint-Brieuc** project are being appointed: foundations, substation, interconnection cables and installation work. The joint venture Navantia-Windar has been selected as preferred supplier of the wind farm foundations, while the process to select the other suppliers will be completed over the rest of this year.

The **Baltic Eagle** and **Wikingen Süd** projects continue. Work to design the primary structure are coming to an end and the environmental impact assessment prior to construction is progressing as planned. The wind turbine supplier has been selected and all the tendering processes for manufacturing and installing the main wind farm components such as the offshore substation, structures on which the turbines will be installed and the connection cables are under way and on schedule.

Onshore wind power is broken down per country as follows:

* Formerly "Rest of the World"

Iberdrola Energía Internacional (IEI)*	MW
Greece	255
Portugal	92
Cyprus	20
Hungary	158
Romania	80
Total	605

Discrepancies possible due to rounding

Renewable production at the end of September of 2019 reached 1,974 GWh, up 32.1% from the third quarter of 2018, with the following breakdown by technology:

Iberdrola Energía Internacional (IEI)*	GWh
Onshore wind	1,015
Offshore wind	951
Solar	7
Total Production	1,974

Discrepancies possible due to rounding

By technology, onshore wind production is up (+11.4%), as is solar PV output (+2.4%) and offshore wind production (Wikinger) (65.2%).

Retail business

As regards retail, at 30 September 2019 the portfolio managed by Iberdrola in Portugal, France, Italy, Germany and Ireland totalled 1,281,739 contracts. The breakdown is as follows:

Thousands of contracts	IEI*
Electricity contracts	498
Gas contracts	155
Smart Solutions Contracts	629
Total	1,282

* Formerly "Rest of the World"

3. OTHER ASPECTS

3.1. Shareholder remuneration

On 29 October 2019, Iberdrola's Board of Directors agreed to carry a new round of the "Iberdrola Scrip Dividend" scheme for 2019.

To this end, the company's Board of Directors agreed a gross interim dividend per share of at least EUR 0.167 (10.6% higher than the final dividend paid out in 2018). The supplementary dividend will be added to this amount, following its approval at the General Shareholders' Meeting (payable in July 2020).

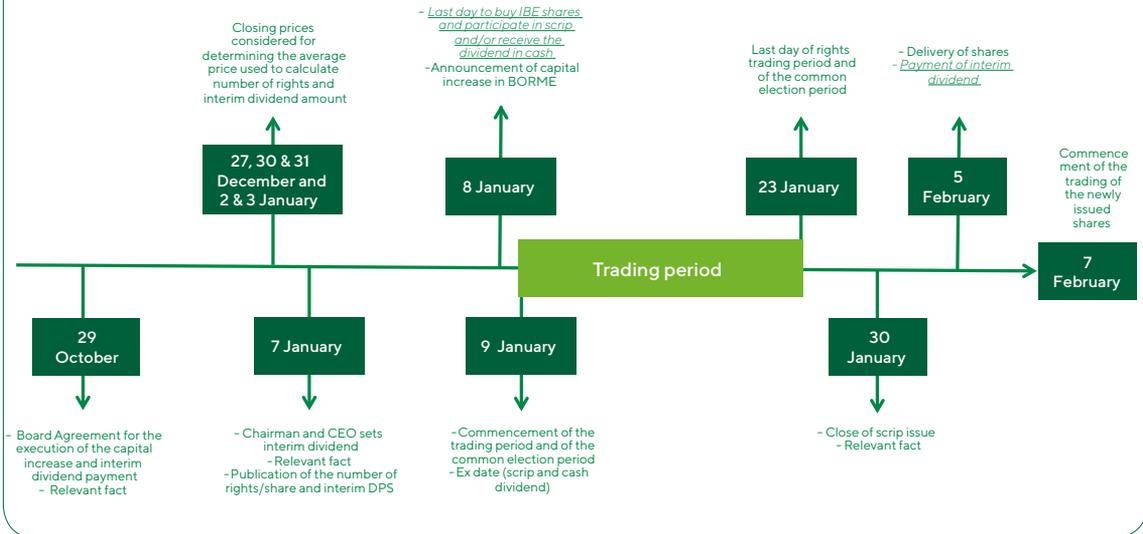
This "Iberdrola Scrip Dividend" scheme allows Iberdrola's shareholders to choose from among the following options (or to combine them, with the value of the remuneration to be received being equivalent):

- receive their remuneration in the form of fully paid-up new shares;
- sell all or part of their free allocation rights in the market; or
- receive their remuneration in cash via the interim dividend payment.

On the other hand and to avoid stock dilution, Iberdrola reaffirms its **commitment to keep the number of shares at 6,240 million**. In this regard, at the last General Meeting shareholders approved the redemption of shares needed to fulfil this objective, totalling 280,457,000 shares (4.30% of capital), which was performed on 28 June 2019.

Iberdrola has a dividend policy that ensures sustainable remuneration, establishing minimum (floor) dividend growth to at least EUR 0.40 per share in 2022 (23% higher versus 2017).

"Iberdrola Retribución Flexible" program: January 2020



4

Analysis of the consolidated profit and loss account

The most notable results figures for the first nine months of 2019 are as follows:

EUR million	Jan-Sept 2019	Jan- Sept 2018	%
NET REVENUE	26,457.5	26,282.6	0.7
GROSS MARGIN	12,086.7	11,336.1	6.6
EBITDA	7,498.9	6,719.7	11.6
EBIT	4,488.9	3,836.4	17.0
REPORTED NET PROFIT	2,516.7	2,090.9	20.4

At the close of the first nine months of 2019, EBITDA had increased 11.6% compared to the same period in the previous year, driven by growth across the Networks and Generation and Supply businesses.

The **Networks** business has benefited especially from the decent performance in Brazil with positive tariff revisions approved in April 2018 and August 2019, an increase in the contribution of transmission assets, the positive impact of efficiencies, and higher demand. Additionally, also grows in IFRS in the United States, thanks to the tariff agreements in force, the recovery from storms in previous years, and lower storm costs in 2019 as well as in the UK due to a larger asset base.

In the **Renewables** business, greater offshore wind production due to the contribution of Wikinger (last year it gradually became operational during the first half of the year), the commissioning of East Anglia 1 this quarter, and the contribution of the new installed capacity in Mexico has offset the lower hydroelectric production.

The **Generation and Supply** business is benefiting from the strong performance in Spain and Mexico, despite the UK's smaller contribution due to narrow margins and a dip in demand.

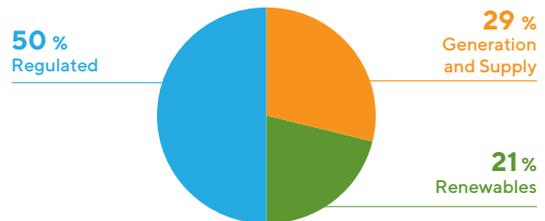
On the other hand, the exchange rate trend for the main currencies added EUR 103.9 million to EBITDA.

1. GROSS MARGIN

The gross margin was EUR 12,086.7 million – up 6.6% from the same period in 2018.

This performance is the result of the following:

Gross Margin by business



The **Networks** business saw a 6.6% improvement in its gross margin compared with the first nine months of 2018, to EUR 6,080.5 million.

- It stood at EUR 1,615.6 million (+0.4%) in Spain thanks to new investments and the impact of assigning its fibre optic network (EUR +49 million); effects offset by the recognition in 2018 of a non-recurring positive impact of EUR 53 million as a result of the favourable court ruling on facilities transferred to customers (ICAs).
- The United Kingdom contributed EUR 951.7 million (up 6.1%) due to the rise in transmission and distribution revenues as a result of a greater asset base owing to the investments made.
- The contribution of the United States in the period stood at EUR 2,189.5 million (+5.8%), as the tariff agreements in force and recovery of prior years' storm costs offset the negative impact of tariff adjustments to pass on to customers the effect of the tax reform as from the third quarter of 2018, together with the appreciation of the dollar that contributed EUR 128.2 million.
- Brazil's gross margin amounted to EUR 1,323.8 million (+17.2%), due to the positive tariff revisions of Coelba and Cosern from April 2018 and of Elektro from August 2019, the greater contribution of transmission assets

and an increase in demand (+3.8%). However, this business was negatively affected by the depreciation of the Brazilian real, with a reduction of EUR 24.7 million.

- **The Renewables business** had a gross margin of EUR 2,519.0 million (-6.0%).
 - In Spain, it came to EUR 919.9 million (-24.6%) due to lower wind output (-1.2%) and hydroelectric output (-46.2%).
 - The gross margin in the United Kingdom was up 11.6% at EUR 456.6 million, off the back of higher wind production both onshore (+0.8%) and offshore (+6.9%) thanks to East Anglia 1 coming on stream, as well as higher prices, which more than offset the sale of hydroelectric assets at the end of 2018.
 - The US's contribution is down at EUR 640.3 million (-1.7%) as a result of a drop in output (-0.3%), lower prices and the expiration of PPAs. Exchange rate variations added EUR 37.5 million.
 - Brazil posted a gross margin of EUR 136.6 million (-8.4%), resulting from a decrease in wind production (-6.8%), partially compensated by higher hydroelectric output after Baixo Iguazú came on stream. The depreciation of the Brazilian real deducted EUR 2.6 million
 - Mexico's contribution increased by 47.0% to EUR 84.0 million thanks to higher production (up 53.5%) thanks to growth in the average solar capacity in operation (270 MW). Exchange rate variations added EUR 4.9 million.
 - Iberdrola Energía Internacional (IEI) – formerly the Rest of the World – added EUR 281.7 million (+46.0%), driven by the contribution of the Wiking offshore wind farm, which gradually came on stream last year and whose production has increased to 951 GWh, from 575 GWh over the same period in 2018.
- The **Generation and Supply** business's margin swelled by 18.6%, totalling EUR 3,482.3 million.
 - In Spain, it climbed to EUR 2,234 million (+29.7%) as a result of higher production (+21.9%), better margins and the effect of recognising at market value (selling price)

the assignment of long-term LNG supply agreements (EUR +89 million), as per prevailing accounting standards.

- The United Kingdom's gross margin stands at EUR 447.9 million (-28.4%), affected by smaller margins and lower sales of electricity (-9.9%) and gas (-7.8%).
- Mexico contributed EUR 703.8 million (+43.3%) to the gross margin due to higher income from the increase in capacity during 2018, with a full contribution in 2019 (Escobedo combined cycle, Bajío cogeneration and the repowering of Monterrey IV). The appreciation of the dollar had an effect of EUR +41.2 million.
- Brazil's contribution to the gross margin reached EUR 63.9 million (down 24.0%) due to a non-recurring impact in the commercial business of BRL 80 million.
- Iberdrola Energía Internacional (IEI), formerly the Rest of the World, added EUR 32.5 million to the gross margin from commercial business in Europe.
- The contribution of **Other Business** stands at EUR 35.8 million versus EUR 47.8 million in the same period of 2018, following the sale of the gas trading and storage business in the United States during 2018.

2. GROSS OPERATING RESULT - EBITDA

Consolidated EBITDA increased by 11.6% versus the first nine months of 2018 to EUR 7,498.9 million.

In addition to the already explained gross margin, the net operating expense went up by 2.1% to EUR 3,158.2 million, affected by the exchange rate, given that excluding this effect, it would have remained practically stable (+0.4%).

Taxes decreased by 6.2% to EUR 1,429.6 million as a result of the lower hydroelectric production and the suspension of the 7% tax on generation during the first quarter, which is in force once again as of April.

3. NET OPERATING RESULT - EBIT

EBIT was EUR 4,488.9 million – 17.0% higher compared with same period of 2018.

Depreciation and amortisation charges and provisions increased by 4.4%, totalling EUR 3,010.1 million:

- Depreciation and amortisation charges rose 3.3% to EUR 2,748.6 million, due to the Group's increased activity and increase in assets, and the effect of IFRS 16 (EUR 47 million), partially offset by lower nuclear asset depreciation (EUR 84 million) and the sale of the generation assets in the United Kingdom (EUR 48 million).
- Provisions amounted to EUR 261.5 million, up by EUR 37.8 million (+16.9%) due to an increase in delinquency rates.

4. FINANCIAL RESULT

The net financial result was a loss of EUR 890.6 million, up EUR -27.0 million (3.1%) compared to the first nine months of 2018.

- The cost of debt is EUR 33.0 million higher due to the EUR 1,445 million increase in the average balance (to fund investments), despite the 2 p.p. decrease in the average interest rate.
- Income from derivatives and others is EUR 6.0 million higher, primarily because of work in progress capitalisation income.

	sep-19	sep-18	Dif.
Debt result	-912.5	-879.5	-33.0
Average balance	35,732	34,287	
Interest rate	3.41%	3.43%	
Derivatives and others	21.9	15.9	6.0
Financial Result	-890.6	-863.6	-27.0

5. RESULT OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

Result of companies accounted for using the equity method reached EUR -21.1 million compared to EUR 0.3 million at the close of the first nine-month period of 2018.

6. GAINS ON DISPOSAL OF NON-CURRENT ASSETS

Gains on disposal of non-current assets include the gain from the agreement reached with Lyntia Networks for the long-term assignment of the right to use surplus fibre-optic network capacity (EUR 114 million), increasing from EUR 22.6 million in the same period of 2018 to EUR 122.4 million.

7. NET PROFIT

Lastly, **net profit** stood at EUR 2,516.7 million – a 20.4% rise compared to the figure obtained in the first nine months of 2018. The apparent tax rate is 24% versus 22% last year, as a result of the higher pre-tax profit, which includes non-current assets, and the reduction in the relative contribution of the United Kingdom, which has a lower tax rate than other countries making larger contributions such as Mexico and Brazil. Non-controlling interests were up 21.4% to EUR 294.5 million, mainly due to the higher result in Brazil.

Stripping out the impacts of selling off gas contracts (EUR +89 million of gross margin) and assignment of fibre-optic capacity (EUR +49 million of gross margin and EUR +114 million of non-recurring results), net profit was up 12.0% at EUR 2,317.6 million.



Results by business

1. NETWORKS BUSINESS

The key figures for the Networks business are as follows:

(EUR million)	9M 2019	vs 9M 2018
Revenues	10,099.7	2.5%
Gross Margin	6,080.5	6.6%
EBITDA	3,941.9	8.2%
EBIT	2,506.6	9.7%

The Networks business's EBITDA is up 8.2% at EUR 3,941.9 million, improving its contribution by EUR 299.6 million, driven by increased business in Brazil and the US.

1.1 Spain

(EUR million)	9M 2019	vs 9M 2018
Revenues	1,618.7	-0.2%
Gross Margin	1,615.6	0.4%
EBITDA	1,295.9	-1.3%
EBIT	884.8	-3.9%

a) Gross Margin

The Gross Margin of the Networks business in Spain increased by 0.4% to EUR 1,615.6 million thanks to new investments and the impact of assigning the fibre optic network to Lyntia (EUR +49 million); effects offset by the recognition in 2018 of a non-recurring positive impact of EUR 53 million as a result of the favourable court ruling on facilities transferred to customers (ICAs).

b) Operating Profit / EBIT

This business's EBITDA totalled EUR 1,295.9 million, representing a 1.3% drop because a 9.9% higher Net Operating Expense of EUR 249.6 million has to be added to the decrease in the Gross Margin due to the cost of efficiency measures rolled out in 2019, which will not have an impact until future years. Taxes increased by 1.3% to EUR 70.0 million.

EBIT for the Networks business in Spain totalled EUR 884.8 million (-3.9%). Depreciation and Amortisation charges and Provisions amounted to EUR 411.1 million (+4.7%) due to investments made and the effect of IFRS 16.

1.2 United Kingdom

(EUR million)	9M 2019	vs 9M 2018
Revenues	995.1	6.3%
Gross Margin	951.7	6.1%
EBITDA	707.2	5.9%
EBIT	462.4	5.4%

a) Gross Margin

The gross margin of the Networks business in the United Kingdom (ScottishPower Energy Networks - SPEN) reached EUR 951.7 million (up 6.1%), due to higher revenues from transmission and distribution as a result of a larger asset base, arising from investment in the business.

b) Operating Profit / EBIT

EBITDA totalled EUR 707.2 million (+5.9%), with equal growth in the local currency because the pound remained flat. Net Operating Expenses rose by 8.7% to EUR 163.4 million, mainly due to increased business. Taxes increased by 2.9% to EUR 81.1 million due to inflation.

Depreciation and Amortisation charges and Provisions totalled EUR 244.8 million (+6.9%) because of the new assets brought on stream.

1.3 United States-AVANGRID

EUR million	9M 2019	vs 9M 2018
Revenues	3,224.9	4.2%
Gross margin	2,189.5	5.8%
EBITDA	1,048.2	8.3%
EBIT	603.9	12.7%

a) Gross Margin

The Gross Margin increased by 5.8% to EUR 2,189.5 million, mainly due to the greater contribution of tariff agreements in New York and Connecticut, recovery from the prior years' storms and the exchange rate effect (EUR +128.2 million). On the negative side, tariff adjustments were made as of the third quarter of 2018, to pass on to customers the effect of the tax reform (EUR 81 million), with no impact on net profit because of the lower tax rate resulting from the reform.

b) Operating Profit / EBIT

EBITDA of the Networks business in the United States reached EUR 1,048.2 million (+8.3%, +1.9% in local currency). Aside from the aforesaid change in the Gross Margin, there was a 1.0% rise in Net Operating Expenses to EUR 764.7 million, driven by appreciation of the dollar. If this effect is stripped out, Net Operating Expenses would be lower because of fewer storm costs this year. Meanwhile, Taxes were up 9.6% to EUR 376.6 million, also affected by the exchange rate and by the increase in the property tax rate in New York and the larger asset base.

EBIT totalled EUR 603.9 million (+12.7%), following the deduction of Depreciation and Amortisation charges and Provisions totalling EUR 444.3 million.

of Coelba and Cosern in April 2018 and Elektro in August 2019 and to the larger contribution of transmission assets and higher demand (+4%).

b) Operating Profit / EBIT

EBITDA in the area totalled EUR 890.6 million (up 28.5%). Net Operating Expenses fell by 0.9% to EUR 429.3 million due to the effect of the exchange rate and efficiencies.

Depreciation and Amortisation charges and Provisions amounted to EUR 335.1 million (+10.7%) due to the increase in assets in operation, partially offset by depreciation of the Brazilian real.

1.4 Brazil

EUR million	9M 2019	vs 9M 2018
Revenues	4,261.0	1.4%
Gross margin	1,323.8	17.2%
EBITDA	890.6	28.5%
EBIT	555.5	42.3%

a) Gross Margin

The Gross Margin increased by 17.2%, reaching EUR 1,323.8 million in the first nine months of the year, though affected by the devaluation of the Brazilian real (+30.9% in local currency). The increase is due to higher income following the tariff review

2. RENEWABLES BUSINESS

The key figures for the Renewables business are as follows:

(EUR million)	9M 2019	vs 9M 2018
Revenues	2,798.8	-6.9%
Gross Margin	2,519.0	-6.0%
EBITDA	1,678.3	-4.5%
EBIT	830.6	-12.1%

The wind business's contribution to EBITDA partially offsets the lower hydroelectric output in Spain. The key factors behind this are as follows:

- **Average operating capacity** consolidated at EBITDA level during the period was up slightly versus the first nine months of 2018 (140 MW) as more solar PV capacity in Mexico (+270 MW), onshore wind capacity in the United States (+204.8 MW), and hydroelectric capacity in Brazil (+198.7 MW), following the commissioning of Baixo Iguazú, came on line. Wikingier was also available in 2019 (+47.9 MW). These effects more than offset the sale of hydroelectric capacity in the United Kingdom (-563 MW), included in the agreement reached with Drax at the end of 2018. That said, lower onshore wind load factors across the main geographies where the Company operates – except the United Kingdom and IEI* – plus less rainfall in Spain, drove down production to 35,858.0 GWh (-10.9%).
- The **average sale price of renewable output across the world** stood at EUR 71.5/MWh – an increase on the previous year due to the general rise in energy prices across all geographical areas, except the US and Brazil.
- The consolidated **load factor** was 20.2% at the end of September, under the 22.8% recorded in the first nine months of 2018, although with differences according to the technology:

Technology	9M 2019	vs. 9M 2018
Onshore wind	26.0%	-0.7 p.p.
Offshore wind	41.7%	+8.4 p.p.
Hydroelectric	10.2%	-6.7 p.p.
Other technologies	29.0%	+1.7 p.p.

2.1 SPAIN

(EUR million)	9M 2019	vs 9M 2018
Revenues	972.4	-25.2%
Gross margin	919.9	-24.6%
EBITDA	515.6	-26.5%
EBIT	284.3	-37.7%

a) Gross Margin

The Gross Margin fell to EUR 919.9 million (-24.6%) due to lower renewables output (-26.7%), as a consequence of less rainfall in 2019 and less wind output (-1.2%).

b) Operating Profit / EBIT

EBITDA slumped 26.5% to EUR 515.6 million. Aside from the aforesaid change in Gross Margin, Net Operating Expenses decreased (-3.4%) because of higher capitalisations of projects under development and other services provided to third parties. Meanwhile, Taxes fell by 34.0% thanks to lower tax charge on the 7% electricity generation tax because of lower volumes and the temporary suspension during the first quarter, as well as the smaller hydroelectric levy paid because less of this energy was produced.

Depreciation and Amortisation charges and Provisions decreased to EUR 231.3 million (-5.7%) compared to the same period in 2018 because of the sale of the Puertollano thermosolar plant in 2018, with EBIT shrinking by 37.7%.

* Iberdrola Energía Internacional

2.2 UNITED KINGDOM

(EUR million)	9M 2019	vs 9M 2018
Revenues	493.0	10.1%
Gross margin	456.6	11.6%
EBITDA	340.7	13.1%
EBIT	227.1	26.3%

a) Gross Margin

The United Kingdom business saw its Gross Margin increase by 11.6% (no material difference due to exchange rate) compared to the first nine months of the previous year to EUR 456.6 million. The main reasons for this are the higher average price and increased output of wind energy (+1.8%) – a technology that East Anglia 1 is now contributing to, which more than compensates for the sale of hydroelectric capacity to the British firm, Drax, at the end of 2018.

b) Operating Profit / EBIT

Net Operating Expenses rose 10.3% (EUR +9 million) because of the non-recurring positive offsets in 2018, partially mitigated by the sale of hydroelectric capacity, while Taxes fell (EUR -1.2 million), leaving EBITDA at EUR 340.7 million (+13.1%).

Depreciation and Amortisation charges and Provisions dropped by 6.4% to EUR 113.6 million thanks to the 2018 sale of hydroelectric capacity, partially offset by East Anglia 1 coming on line, leaving EBIT at EUR 227.1 million (+26.3%).

2.3 UNITED STATES

(EUR million)	9M 2019	vs 9M 2018
Revenues	793.9	-1.5%
Gross margin	640.3	-1.7%
EBITDA	416.5	-5.9%
EBIT	57.2	-59.6%

a) Gross Margin

The Gross Margin is down 1.7% at EUR 640.3 million because of lower production (-0.4%), mainly because of less wind over the period (-1.1 p.p.) and a reduction in the local price for two reasons: the expiration of some PPAs and the widespread decrease in merchant prices.

b) Operating Profit / EBIT

Net Operating Expense is EUR 14.4 million higher (+8.7%), primarily due to the exchange rate effect (EUR 10.5 million) and uptick in activity in this business, while Taxes remained stable versus 2018. As a result, EBITDA stands at EUR 416.5 million (-5.9%).

Depreciation and Amortisation charges and Provisions increased by EUR 37 million, excluding the exchange rate effect (EUR 21.0 million) and due to new capacity coming on line and other effects. As a result of all this, EBIT amounted to EUR 57.2 million in the first nine months of 2019.

2.4 MEXICO

EUR million	9M 2019	vs 9M 2018
Revenues	86.4	46.0%
Gross margin	84.0	47.0%
EBITDA	56.3	51.2%
EBIT	25.2	36.9%

a) Gross Margin

The Gross Margin stood at EUR 84.0 million (+47.0%), mainly due to the 270 MW of solar photovoltaic capacity commissioned at the end of 2018 and despite the lower wind resource this year (-6.4 p.p.).

b) Operating Profit / EBIT

EBITDA is up 51.2% versus the first nine months of 2018 and stood at EUR 56.3 million in 2019 with a 39.2% (EUR 7.7 million) increase in the Net Operating Expense, affected by the exchange rate and greater installed capacity. These factors also drove up Depreciation and Amortisation charges

and Provisions by 65.2% (EUR +12.3 million) year on year. EBIT therefore rose to EUR 25.2 million (+36.9%) at the September 2019 close.

2.5 BRAZIL

(EUR million)	9M 2019	vs 9M 2018
Revenues	166.5	-16.5%
Gross margin	136.6	-8.4%
EBITDA	102.0	-9.1%
EBIT	60.3	-21.2%

a) Gross Margin

The Gross Margin shrank by 8.4% (6.7% in local currency) to EUR 136.6 million because of the lower wind resource (-3.0 p.p.), partially compensated by higher hydroelectric generation in 2019 after Baixo Iguazú (350 MW) began operating.

b) Operating Profit / EBIT

Net Operating Expenses fell by EUR 2.7 million (-7.3%), due to the exchange rate and higher capitalisations related with the new construction projects in the country; this led to EBITDA of EUR 102.0 million (-9.1%).

Depreciation and Amortisation charges and Provisions are up EUR 6.1 million (+17.1%) at EUR 41.7 million, mainly because of the entry into operation of the Baixo Iguazú hydroelectric plant; EBIT therefore ended the period at EUR 60.3 million (-21.2%).

2.6 BERDROLA ENERGÍA INTERNACIONAL (IEI)*

(EUR million)	9M 2019	vs 9M 2018
Revenues	286.5	46.8%
Gross margin	281.7	46.0%
EBITDA	247.2	53.0%
EBIT	175.6	N/A

a) Gross Margin

The Gross Margin of Iberdrola Energía Internacional reached EUR 281.7 million (+46.0%) thanks to the increase in total production (+32.1%), deriving from the contribution of the Wikinger offshore wind farm in Germany and onshore wind because of a higher load factor (+2.6 p.p.).

b) Operating Profit / EBIT

EBITDA rose by 53.0% to EUR 247.2 million, after deducting the net operating expense, which was 9.8% higher due to Wikinger coming on stream. Depreciation and amortisation charges and provisions rose to EUR 71.6 million (+19.7%) for the same reason, leaving EBIT at EUR 175.6 million (+142.4%).

* Formerly "Rest of the World"

3. GENERATION AND SUPPLY BUSINESS

The key figures for the Generation and Supply business are as follows:

(EUR million)	9M 2019	vs 9M 2018
Revenues	15,233.9	-1.1%
Gross margin	3,482.3	18.6%
EBITDA	1,817.7	37.1%
EBIT	1,179.6	76.5%

The Generation and Supply business increased its contribution to the Gross Margin (+18.6%) underpinned essentially by the performance of Spain and Mexico. The United Kingdom was negatively affected by the entry into force in January 2019 of the cap on certain gas and electricity tariffs and the sale of thermal generating assets at the end of last year.

3.1 Spain

(EUR million)	9M 2019	vs 9M 2018
Revenues	9,487.0	2.6%
Gross margin	2,234.3	29.7%
EBITDA	1,174.9	71.9%
EBIT	847.9	N/A

a) Gross Margin

Iberdrola's Generation and Supply Business in Spain recorded a 29.7% increase in its Gross Margin to EUR 2,234.3 million, principally due to:

- An increase in production to 28,595 GWh – a rise of 21.9% compared with the same period the previous year – above all nuclear (+8.8%) and combined cycle (+153.1%) output.
- Higher margins.
- The impact of recognising at market value long-term LNG supply agreements (EUR +89 million) following the deal with Pavilion Energy Trading & Supply to transfer the contractual position in

these agreements, which will take effect on 1 January 2020.

b) Operating Profit / EBIT

EBITDA is up 71.9% at EUR 1,174.9 million thanks to the aforementioned higher Gross Margin and despite the increase in Net Operating Expenses (+5.2%) to EUR 518.5 million. This increase stems from the cost of efficiency plans put in motion during 2019 (EUR 15 million), which will not have an impact until future years, and greater expenditure on campaigns and sponsorships (EUR 15 million). Taxes are down 1.0% at EUR 540.8 million, thanks to the suspension of the 7% tax on electricity production and the elimination of the green cent on natural gas production (EUR 33 million), and despite:

- A higher Enresa tax because of the increase in nuclear output (EUR 11 million).
- Higher ecotaxes following the settlement of items affecting a number of autonomous communities (EUR 30 million).

Depreciation and Amortisation charges and Provisions reduced by 14.0% to EUR 327.1 million, mainly as a result of the lower depreciation and amortisation associated with the nuclear facilities following the agreement reached with ENRESA (EUR 84 million) and the other partners in those facilities, for an orderly shutdown of the nuclear plants in Spain. In practice, this will mean operating the plants for an average of 46-47 years, compared to the 40 years considered for accounting purposes to date.

As a result of all of the above, EBIT rose by EUR 544.9 million compared to the first nine months of 2018, reaching EUR 847.9 million.

3.2 United Kingdom

(EUR million)	9M 2019	vs 9M 2018
Revenues	3,225.7	-11.6%
Gross margin	447.9	-28.4%
EBITDA	42.2	-78.0%
EBIT	-135.2	N/A

a) Gross Margin

ScottishPower's liberalised business recorded a Gross Margin of EUR 447.9 million (-28.4%), all due to the Retail business, after the agreement with Drax for the sale of the generation business (thermal and hydroelectric capacity) in the UK took effect on 31 December 2018. As such, ScottishPower's capacity is now 100% renewable.

The main reasons for the operational decline compared to the same period in 2018, in addition to the sale of the thermal generation assets mentioned previously, are as follows:

- Impact of the cap on SVTs (Standard Variable Tariffs) of GBP 57 million. In force since January 2019, this limits the maximum tariffs for certain types of customer, which in the case of ScottishPower account for around 30% of the total.
- Lower energy sales due to less total number of customers and a drop in demand of both electricity (-9.9%) and gas (-7.8%).
- Higher supply costs due to a rise in the cost of energy and of Renewables Obligation Certificates (ROCs).

b) Operating Profit / EBIT

EBITDA for the Liberalised business in the United Kingdom was EUR 42.2 million compared to EUR 192.0 million at September 2018, as a result of the change in the Gross Margin described above. Net operating expenses also fell (-5.6%), as did Taxes (-9.1%); both due to the aforementioned asset sale.

Depreciation and Amortisation charges and Provisions rose by 1.0% because of the increase in

smart meter installs and customer acquisition costs, and despite the sale of the generation business (EUR +39 million).

As a result of all of the above, the EBIT contribution was EUR -135.2 million compared with the contribution of EUR 16.4 million in 2018.

3.3 Mexico

EUR million	9M 2019	vs 9M 2018
Revenues	1,743.9	9.9%
Gross margin	703.8	43.3%
EBITDA	569.1	38.7%
EBIT	477.5	42.4%

a) Gross Margin

In Mexico, the Gross Margin rose to EUR 703.8 million – an increase of 43.3% explained by the higher sales resulting from:

- Increased production (35,977 GWh, +20.0%) due to the contribution of the new capacity commissioned in 2018: the Escobedo combined cycle plant, the Bajío cogeneration facility and the repowering of Monterrey IV (+952 MW); The El Carmen combined cycle facility (865 MW), solely for private customers, also beginning to contribute in 2019.
- Normalisation of tariffs in comparison to the first nine months of 2018.
- The appreciation of the dollar contributing EUR 41 million.

b) Operating Profit / EBIT

EBITDA rose 38.7% to EUR 569.1 million versus the same period in 2018. Net Operating Expenses rose by 66.6% to EUR 132.1 million, principally due to the uptick in activity and the exchange rate effect. Depreciation and Amortisation charges and Provisions increased by 22.1% to EUR 91.6 million due to the aforementioned new assets commissioned.

As a result of the above, EBIT for the business reached EUR 477.5 million (+42.4%).

3.4 Brazil

EUR million	9M 2019	vs 9M 2018
Revenues	432.8	-27.6%
Gross margin	63.9	-24.0%
EBITDA	45.7	-16.4%
EBIT	29.6	-24.5%

The Generation and Supply business in Brazil was affected by a non-recurring negative effect of EUR 22 million from the commercial business during this period.

3.5 IBERDROLA ENERGÍA INTERNACIONAL (IEI)*

EUR million	9M 2019	vs 9M 2018
Revenues	845.0	14.8%
Gross margin	32.5	N/A
EBITDA	-14.3	N/A
EBIT	-40.3	N/A

IEI's results show a negative contribution at EBITDA and EBIT level as they reflect the initial development costs that the business inevitably incurs in the different countries when it is establishing operations.

4. OTHER BUSSINESS

Following the 2018 sale of the trading and storage division in the United States, Other Businesses includes the gas business in Canada and real estate activity.

EUR million	9M 2019	vs 9M 2018
Revenues	142.1	6.7%
Gross margin	35.8	-25.1%
EBITDA	24.1	6.3%
EBIT	16.1	4.0%

a) Gross Margin

The Gross Margin decreased by 25.1% to EUR 35.8 million, due to the lower turnover resulting from the aforementioned sale in 2018 of the trading and storage division in the US, which more than offset the better results in the real estate business.

b) Operating Profit / EBIT

EBITDA rose 6.3% to EUR 24.1 million, with a Net Operating Expense some 53.3% lower. Depreciation and Amortisation charges and Provisions climbed by 11.5% compared to the same period in the previous year, with EBIT standing at EUR 16.1 million.

* Formerly "Rest of the World"

5. CORPORATION

The Corporation item includes the Group's overheads and the cost of administration services of the corporate areas that are subsequently billed to the other companies.

At the September close, the Corporation posted EBITDA of EUR 37.0 million thanks to the lower Net Operating Expense because of IFRS 16 (EUR +20 million) and a positive effect concerning pensions in the United Kingdom (EUR +30 million).



Balance Sheet Analysis

January–September 2019

	Sept. 2019	Vs. Dec. 2018
TOTAL ASSETS	118,779	5.1%
FIXED ASSETS	68,729	4.0%
INTANGIBLE ASSETS	20,012	4.7%
LONG-TERM INVESTMENTS	6,402	23.3%
NET EQUITY	46,027	4.7%

At 30 September 2019, Iberdrola's balance sheet shows total assets of EUR 118,779 million, up EUR 5,741 million versus December 2018.

1. FIXED ASSETS

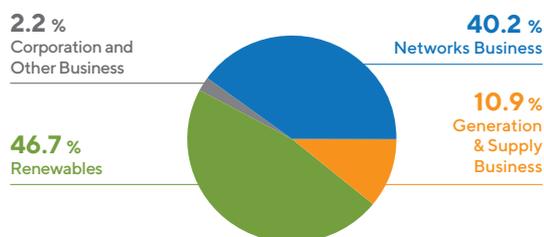
Total net investments in the first nine months of 2019 amounted to EUR 4,726.6 million (+29.7%). The breakdown is as follows:

EUR million	Jan-Sept. 2019	%
Networks business	1,901.6	40.2%
Spain	276.4	
United Kingdom	333.3	
United States	735.1	
Brazil	556.9	
Renewables Business	2,208.5	46.7%
Spain	419.1	
United Kingdom	557.7	
United States	1,104.7	
Brazil	41.2	
Mexico	37.9	
Iberdrola Energía Internacional (IEI)*	47.9	
Generation and Supply	513.4	10.9%
Spain	87.4	
United Kingdom	163.6	
Mexico	183.4	
Brazil	25.5	
Iberdrola Energía Internacional (IEI)*	53.6	
Other Businesses	12.6	0.3%
Corporation and other businesses	90.4	1.9%
Total Net Investment	4,726.6	100.0%

* Formerly "Rest of the World"

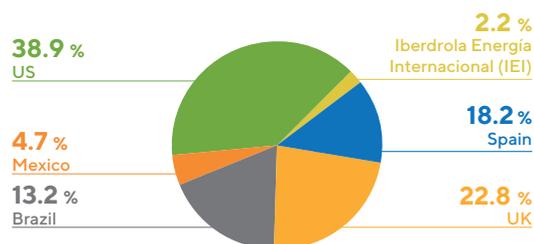
Investments during the period were concentrated in the Networks and Renewables business, in line with the Group's strategy. These two businesses account for 87% of the total investment in 2019.

Investment by Business (January–September 2019)



The following figure shows the geographical distribution of investments over the period:

Investments by geographical areas (January–September 2019)



Investment in the Renewables business totalled EUR 2,208.5 million, equivalent to 46.7% of the total. The EUR 1,104.7 million invested in the United States, primarily for the new Karankawa, Montague, Otter Creek and Patriot Wind wind farms, stands out.

In the "Networks business" section, most investments were made in the USA and Brazil, for total amounts of EUR 735.1 million and EUR 556.9 million, respectively.

2. SHARE CAPITAL

Iberdrola's share capital totalled EUR 4,772 million at 30 September 2019, represented by 6,362,072,000 shares with a par value of EUR 0.75 each, fully subscribed and paid.

3. FINANCIAL DEBT

Adjusted net financial debt at 30 September 2019 amounted to EUR 35,527 million, up EUR 1,148 million from EUR 34,379 million at September 2018, primarily due to the application of IFRS 16 (EUR 399 million), exchange rate effects (EUR 838 million) and the Company's major investment drive.

The adjusted financial leverage is down 126 b.p. to 43.2% versus 44.5% at 30 September 2018.

The ratings issued by rating agencies are as follows:

Iberdrola's Credit Rating

Agency	Rating	Outlook	Last rating date
Moody's	Baa1	Stable	14 March 2018
Fitch IBCA	BBB+	Stable	8 July 2016
STANDARD & POOR'S	BBB+	Stable	22 April 2016

The Company's cost of borrowing was 3.41% at 30 September 2019, down 2 b.p. from the 3.43% registered as at 30 September 2018.

The gross financial debt structure can be broken down by currency* and interest rate** as follows:

	Sept. 2019	Sept. 2018
Euro	42.6%	43.0%
British Pound	17.6%	19.6%
Dollar	29.0%	28.5%
Brazilian Real and other currencies	10.8%	8.9%
Total	100.0%	100.0%
Fixed Rate	62.1%	57.2%
Variable Rate	37.9%	42.8%
Total	100.0%	100.0%

(*) Net financial debt including interco finance and derivatives on net investment

(**) Gross financial debt. If forward start swaps are included (Q3 2019: EUR 4,751 million; Q3 2018: EUR 4,802 million), fixed-rate debt would increase to 74.7% (September 2019) and 75.6% (September 2018)

In accordance with the policy of minimising the Company's financial risks, the exchange rate risk has continued to be mitigated through the financing of the international businesses in local currencies (British pound, Brazilian real, US dollar, etc.) or in their functional currencies (US dollar, in the case of Mexico). At the September 2019 close, 62.1% of debt is at a fixed rate (74.7% including 12.6% of forward start swaps).

The debt structure excluding Neoenergia by country is shown in the following table:

	Sept. 2019	Sept. 2018
Corporate	68.9%	74.7%
United Kingdom	6.8%	6.3%
United States	21.2%	16.3%
Mexico	1.5%	1.2%
Other	1.6%	1.5%
Total	100.0%	100.0%

This debt* can be broken down by financing source as follows:

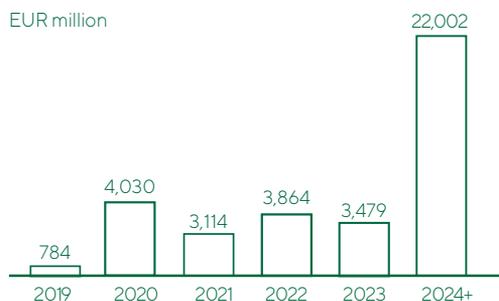
	Sept. 2019	Sept. 2018
Euro Bond Market	34.0%	36.7%
Dollar Bond Market	19.3%	17.8%
British Pound Bond Market	7.5%	7.5%
Other Bond Markets	5.4%	5.1%
Notes	7.8%	6.3%
Multilaterals	9.8%	6.7%
Structured financing	2.0%	2.0%
Bank financing	14.2%	17.9%
Total	100,0%	100,0%

(*) Gross Financial Debt

At the September 2019 close, Iberdrola has a robust liquidity position totalling EUR 13,415 million, which is equivalent to 18 months of the Company's financing needs.

	EUR million
Credit lines	Available
Total credit line	11,015
Cash and cash equivalents	2,400
Total Adjusted Liquidity	13,415

Iberdrola has a comfortable debt maturity profile with an average term of six years. The following table shows the financial debt maturity profile (*).



(*) Excludes credit lines

2023 includes USD 400 million with a 1+1 year extension option

2024 includes EUR 125 million with a 1+1 year extension option

Lastly, the change in **financial leverage and ratios** was as follows:

	Sept. 2019	Sept. 2018
Adjusted net equity*	46,728	42,962
Adjusted financial debt*	37,273	37,064
Use of credit lines	549	446
Unpaid accrued interest	384	369
Derivative liabilities	767	350
Adjusted gross financial debt *	38,973	38,229
Cash and cash equivalents	2,557	2,812
Derivative assets and short-term investments	889	1,038
Adjusted net financial debt *	35,527	34,379
Adjusted leverage	43.2%	44.5%
Adjusted funds from operations (FFO)** / Adjusted net financial debt*	22.2%	21.0%
Adjusted retained cash flow (RCF)*** / Adjusted net financial debt*	21.0%	19.5%
Adjusted net financial debt * / Adjusted EBITDA****	3.51x	3.93x

(*) Adjusted by the effect of potential accumulator derivatives over treasury stock (EUR 700.5 million at 30/09/2019 and EUR 422.0 million at 30/09/2018)

(**) Adjusted FFO = Net profit + Minority results + Dep. and amort. charges and prov. - Profit of companies consolidated using the equity method - Net non-recurring results - Financial prov. capitalisation + Dividends of companies consolidated using the equity method - Adjustment of tax deductible items and other effects Adjusted by "Exit Plan" (EUR 0 million at 30/09/2019 and EUR 152.7 million at 30/09/2018 recognised in Q4 2017)

(***) Adjusted RCF = Adjusted FFO - Cash dividends - Hybrid issue interest

(****) 2018 Adjusted by "Exit Plan" (EUR 203.3 million at 31/12/2018 recognised in Q4 2017)

4. WORKING CAPITAL

Working capital rose by EUR 109 million over the last 12 months, basically as a result of the increase in inventories (EUR 376 million), primarily of the Offshore Transmission Owner (OFTO) of East Anglia 1, partially offset by other lesser effects.

Current Assets	Sept-19	Sept-18	Variation
Assets held for sale	69	35	33
Nuclear fuel	303	291	11
Inventories	2,260	1,885	376
Trade and other receivables	6,504	6,168	336
Current financial investments	558	704	(146)
Derivative financial instruments	122	465	(343)
Receivables from public administrations	1,271	1,017	255
TOTAL CURRENT ASSETS*:	11,088	10,565	523

(*) Does not include cash, debt derivatives or short-term liquid positions

Current Liabilities	Sept-19	Sept-18	Variation
Liabilities associated with assets held for sale	1	1	1
Provisions	531	448	83
Derivative financial instruments	211	222	(10)
Trade and other payables	7,129	6,816	312
Payables to public administrations	1,980	1,952	28
TOTAL CURRENT LIABILITIES**:	9,852	9,439	413

(**) Does not include financial debt or debt derivatives

NET CURRENT ASSETS	1,236	1,126	109
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* OFTO: In the United Kingdom, the builder of the offshore wind farm is responsible for constructing the shore-to-sea transmission network. These assets are then sold through an auction as per rules set by Ofgem.

5. FUNDS FROM OPERATIONS

Funds from operations at 30 September 2019 have increased by 10.8% to EUR 5,824.7 million.

	Jan-Sep 2019	Jan-Sep 2018	Variation
+ Net profit	+2,517	+2,091	+426
- Depreciation and amortisation charges and provisions	+3,010	+2,883	+127
- Profit/(loss), equity accounted companies	+21	-0,3	+21
- Non-recurring	-95	-18	-77
- Financial provisions capitalised	+113	+105	+8
- Profit/(loss), minority interests	+295	+243	+52
+ Dividends, equity accounted companies	+28	+10	+18
- Capital grants taken to profit or loss	-65	-57	+8
FFO	5,824	5,256	567

6. FINANCIAL TRANSACTIONS

Principal finance arranged in 2019

New financing

Borrower	Transaction	Amount	Currency	Interest rate	Maturity date
First quarter					
Iberdrola Finanzas	Bond	50	EUR	1.782%	Oct-30
Iberdrola International	Hybrid green bond	800	EUR	3.250%	Perpetual
Iberdrola Financiación *	Sustainable syndicated credit facility	1,500	EUR	-	Mar-24
Iberdrola Financiación *	Bank loan	125	EUR	-	Feb-24
Iberdrola Financiación	Bank loan	200	EUR	-	Mar-26
Iberdrola Financiación **	Bank loan	75	EUR	-	Mar-26
Iberdrola Financiación	EIB loan	150	EUR	-	-
Second quarter					
Termopernambuco	Issue 476	500	BRL	CDI + 0.76%	Apr-24
Celpe	Issue 476	300	BRL	CDI + 0.63%	Apr-24
Celpe	Issue 476	200	BRL	CDI + 0.73%	Apr-26
Coelba	Issue 476	309	BRL	CDI + 0.53%	Apr-24
Coelba	Issue 476	391	BRL	CDI + 0.68%	Apr-26
Cosern	Infrastructure issue 476	180	BRL	IPCA+4.254%	Apr-26
Cosern	Infrastructure issue 476	38	BRL	IPCA+4.499%	Apr-28
Cosern	Issue 476	282	BRL	CDI + 0.48%	Apr-24
Neoenergia	Green infrastructure issue 400	804	BRL	IPCA+4.07%	Jun-29
Neoenergia	Green infrastructure issue 400	492	BRL	IPCA+4.22%	Jun-33
Avangrid	Green bonds	750	USD	3.80%	Jun-29
Elektro	Loan 4131	45	EUR	-	May-24
Itapebi	Loan 4131	25	USD	-	May-24
Coelba	Loan 4131	34	EUR	-	May-24
Coelba	Loan 4131	89	USD	-	Jun-24
Coelba	Loan 4131	84	USD	-	Jul-22
Iberdrola Financiación	ICO green loan	400	EUR	-	May-26
Iberdrola Financiación	EIB green loan	145	EUR	-	-
Iberdrola Financiación	ICO green loan	140	EUR	-	Jul-26
Chafarif 3	BNB Loan	93	BRL	IPCA+2.303%	May-40
Chafarif 6	BNB Loan	80	BRL	IPCA+2.304%	May-40
Chafarif 7	BNB Loan	93	BRL	IPCA+2.281%	Jun-40
Patriot	Tax equity investment	128	USD	-	Dec-28
Third quarter					
RG&E	Bond 144 A (extension)	150	USD	3.10%	Jun-27
NYSEG	Bond 144 A	300	USD	3.30%	Sep-49
EKT12	Loan 4131	200	BRL	-	Sep-20

(*) New transactions with a 1+1 extension option

(**) Restructuring transaction, does not involve net cash inflow

Issue 476: debentures issued under the Brazilian securities market regulator's regulation CVM 476 between qualified investors

Issue 400: public debentures issued under regulation CVM 400 between qualified investors and individuals

Loan 4131: bank loan in foreign currency to finance working capital requirements

After reaching 4,000 M Eur of green/sustainable financing issued during 2019, Iberdrola consolidates its position as the world leader in private financing with green bonds.

Extension of existing financing

Borrower	Transaction	Amount	Currency	Interest rate	Maturity date
Iberdrola S.A.	Sustainable syndicated credit facility	2,979	EUR	1 year	Feb-24
Iberdrola SA	Sustainable syndicated credit facility	2,321	EUR	1 year	Feb-24
Avangrid	Sustainable syndicated credit facility	2,500	USD	1 year	Sep-24

Third quarter transactions

Capital Market

During the third quarter, two companies in Avangrid's networks business completed two bond placements:

- RG&E extended by USD 150 million a placement expiring in June 2027 and with a coupon of 3.10% at a cost of 2.05%,
- NYSEG issued USD 300 million expiring after 30 years and with a coupon of 3.30%.

Banking market

In September, a company in Neoenergia Group's networks business obtained a one-year bank loan of BRL 200 million regulated by Decree 4131.

7. CREDIT RATINGS

7. CREDIT RATINGS

	Moody's			Standard and Poor's			Fitch Ibcá		
	Calificación	Perspectiva	Fecha	Calificación	Perspectiva	Fecha	Calificación	Perspectiva	Fecha
Iberdrola S.A.	Baa1	Stable	May 2019	BBB+	Stable	April 2019	BBB+	Stable	May 2019
Iberdrola Finance Ireland Ltd.(*)	Baa1	Stable	May 2019	BBB+		April 2019	BBB+	Stable	May 2019
Iberdrola Finanzas S.A.U.(*)	Baa1	Stable	May 2019	BBB+		April 2019	BBB+	Stable	May 2019
Iberdrola International B.V.(*)	Baa1	Stable	May 2019	BBB+		April 2019	BBB+	Stable	May 2019
Avangrid	Baa1	Stable	July 2018	BBB+	Stable	August 2019	BBB+	Stable	May 2019
CMP	A2	Stable	October 2019	A	Positive	August 2019	BBB+	Stable	May 2019
NYSEG	A3	Stable	July 2019	A-	Stable	August 2019	BBB+	Stable	May 2019
RG&E	A3	Stable	July 2019	A-	Stable	August 2019	BBB+	Stable	May 2019
UI	Baa1	Stable	Sept. 2019	A-	Stable	August 2019	A-	Stable	May 2019
CNG	A3	Stable	June 2018	A-	Stable	August 2019	A-	Stable	May 2019
SCG	A3	Stable	Sept. 2019	A-	Stable	August 2019	A-	Stable	May 2019
BGC	A3	Positive	June 2018	A-	Stable	August 2019	A-	Stable	May 2019
Scottish Power Ltd	Baa1	Stable	April 2019	BBB+	Stable	April 2019	BBB+	Stable	March 2018
Scottish Power UK Plc	Baa1	Stable	April 2019	BBB+	Stable	April 2019	BBB+	Stable	March 2018
Scottish Power Energy Networks Holdings Ltd				BBB+	Stable	April 2019			
SP Transmission Ltd	Baa1	Stable	April 2019	BBB+	Stable	April 2019			
SP Manweb plc	Baa1	Stable	April 2019	BBB+	Stable	April 2019			
SP Distribution plc	Baa1	Stable	April 2019	BBB+	Stable	April 2019			
ScottishPower Energy Management Ltd.	Baa1	Stable	April 2019	BBB+	Stable	April 2019			
ScottishPower Energy Retail Ltd.	Baa1	Stable	April 2019	BBB+	Stable	April 2019			
ScottishPower Renewables (WODS) Limited	Baa1	Stable	April 2019						
Neoenergía				BB-	Stable	January 2019			
Elektro				BB-	Stable	January 2019			
Coelba				BB-	Stable	January 2019			
Celpe				BB-	Stable	January 2019			
Cosern				BB-	Stable	January 2019			
Neoenergía (National scale)				brAAA	Stable	January 2019			
Coelba (National scale)				brAAA	Stable	January 2019			
Celpe (National scale)				brAAA	Stable	January 2019			
Cosern (National scale)				brAAA	Stable	January 2019			
Elektro (National scale)				brAAA	Stable	January 2019			

(*) Guaranteed by Iberdrola S.A.
Date related to latest review



Financial Statements Tables

Balance Sheet *(Unaudited)*

	M Eur		
	September 2019	December 2018	Variation
NON-CURRENT ASSETS	104,868	99,696	5,172
Intangible assets	20,012	21,000	-988
Goodwill	7,828	7,838	-9
Other intangible assets	12,183	13,162	-979
Real Estate Property	355	429	-73
Property, plant and equipment	68,729	66,109	2,620
Property, plant and equipment	60,065	58,518	1,547
Property, plant and equipment in progress	8,664	7,592	1,072
Rights of use	581	-	581
Non-current financial investments	6,402	5,191	1,211
Investments accounted for using the equity method	1,875	1,710	165
Non-current financial assets	75	69	6
Other non-current financial investments	3,589	2,685	904
Derivative financial instruments	863	727	136
Non-current receivables	2,661	1,480	1,181
Deferred tax assets	6,127	5,486	641
CURRENT ASSETS	13,911	13,342	569
Assets held for sale	69	62	7
Nuclear fuel	303	273	30
Inventories	2,260	2,174	87
Current trade and other receivables	7,776	6,855	921
Tax assets	441	253	188
Other tax receivables	830	503	327
Trade and other receivables	6,504	6,098	406
Current financial investments	1,103	1,178	-75
Other current financial investments	715	572	144
Derivative financial instruments	388	606	-218
Cash and cash equivalents	2,400	2,801	-401
TOTAL ASSETS	118,779	113,038	5,741

Equity and Liabilities

	M Eur		
	September 2019	December 2018	Variation
EQUITY:	46,027	43,977	2,051
Of shareholders of the parent	36,757	36,582	174
Share capital	4,772	4,798	-27
Unrealised assets and liabilities revaluation reserve	-480	-32	-448
Other reserves	33,832	32,732	1,100
Treasury shares	-986	-1,010	24
Translation differences	-2,898	-2,919	21
Net profit/(loss) for the year	2,517	3,014	-497
Of minority interests	6,738	5,669	1,069
Hybrid Capital	2,533	1,726	807
NON-CURRENT LIABILITIES	55,142	52,945	2,197
Deferred income	1,456	1,478	-22
Facilities transferred and financed by third parties	4,837	4,823	13
Provisions	5,479	5,448	32
Provisions for pensions and similar obligations	2,309	2,420	-111
Other provisions	3,170	3,028	142
Non-current financial payables	33,229	31,779	1,450
Financial Debt- Loans and other	30,777	30,752	25
Equity Instruments having the substance of a financial liability	209	141	69
Leases	452	-	452
Derivative financial instruments	619	387	232
Other financial liabilities	1,172	499	672
Other non-current payables	437	375	62
Deferred tax liabilities	9,705	9,043	662
CURRENT LIABILITIES	17,610	16,116	1,494
Liabilities held for sale	1	1	1
Provisions	531	580	-49
Provisions for pensions and similar obligations	10	23	-13
Other provisions	521	557	-36
Current Financial payables	14,532	13,640	892
Financial Debt- Loans and other	7,339	6,575	765
Derivative financial instruments	44	37	7
Equity Instruments having the substance of a financial liability	518	448	70
Leases	67	-	67
Trade payables	4,807	5,259	-453
Other financial liabilities	1,756	1,320	436
Other current payables	2,545	1,896	649
Current tax liabilities	582	349	233
Other tax payables	1,398	1,039	358
Other current liabilities	566	508	58
TOTAL NET EQUITY AND LIABILITIES	118,779	113,038	5,741

Profit and Loss (Unaudited)

	M Eur		
	September 2019	September 2018	%
REVENUES	26,457.5	26,282.6	0.7
PROCUREMENTS	(14,370.8)	(14,946.5)	(3.9)
GROSS MARGIN	12,086.7	11,336.1	6.6
NET OPERATING EXPENSES	(3,158.2)	(3,092.1)	2.1
Net Personnel Expense	(1,598.1)	(1,534.3)	4.2
Personnel	(2,088.0)	(2,000.9)	4.4
Capitalized personnel costs	489.8	466.6	5.0
Net External Services	(1,560.1)	(1,557.8)	0.1
External Services	(2,053.7)	(2,013.8)	2.0
Other Operating Income	493.6	456.0	8.3
LEVIES	(1,429.6)	(1,524.4)	(6.2)
EBITDA	7,498.9	6,719.7	11.6
AMORTISATIONS AND PROVISIONS	(3,010.1)	(2,883.3)	4.4
EBIT	4,488.9	3,836.4	17.0
Financial Expenses	(1,777.6)	(1,610.2)	10.4
Financial Income	887.2	746.5	18.9
Financial Result	(890.4)	(863.6)	3.1
Results of Companies Consolidated by Equity Method	(21.1)	0.3	N/A
Results from Non-Current Assets	122.4	22.6	441.2
PBT	3,699.8	2,995.6	23.5
Corporate Tax	(888.5)	(662.2)	34.2
Minorities	(294.5)	(242.6)	21.4
NET PROFIT	2,516.7	2,090.9	20.4

Results by Business (Unaudited)

M Eur

September 2019	Networks	Renewables	Generation and Supply	Other Businesses	Corp. and adjustments
Revenues	10,099.7	2,798.8	15,233.9	142.1	(1,816.9)
Procurements	(4,019.1)	(279.7)	(11,751.5)	(106.3)	1,785.9
GROSS MARGIN	6,080.5	2,519.0	3,482.3	35.8	(31.1)
NET OPERATING EXPENSES	(1,606.9)	(569.8)	(1,036.8)	(11.3)	66.7
Net Personnel Expense	(853.9)	(208.6)	(321.5)	(8.2)	(205.9)
Personnel	(1,245.7)	(270.6)	(344.9)	(8.2)	(218.5)
Capitalized personnel costs	391.8	62.0	23.4	-	12.6
Net External Services	(753.0)	(361.2)	(715.4)	(3.1)	272.5
External Services	(1,098.3)	(468.1)	(782.4)	(3.4)	298.6
Other Operating Income	345.3	107.0	67.1	0.4	(26.1)
Levies	(531.7)	(271.0)	(627.8)	(0.5)	1.4
EBITDA	3,941.9	1,678.3	1,817.7	24.1	37.0
Amortisation and Provisions	(1,435.3)	(847.7)	(638.1)	(7.9)	(81.1)
EBIT/Operating Profit	2,506.6	830.6	1,179.6	16.1	(44.1)
Financial Result	(448.9)	(140.4)	(99.6)	(0.8)	(200.7)
Results of companies consolidated by equity method	9.5	2.0	4.9	(28.6)	(9.0)
Results of non-current assets	116.3	4.6	0.7	-	0.9
PBT	2,183.6	696.8	1,085.5	(13.2)	(252.9)
Corporate tax and minority shareholders	(669.1)	(193.2)	(311.8)	(5.5)	(3.5)
NET PROFIT	1,514.5	503.6	773.7	(18.7)	(256.3)

M Eur

September 2018	Networks	Renewables	Generation and Supply	Other Businesses	Corp. and adjustments
Revenues	9,854.2	3,007.2	15,396.1	133.2	(2,108.0)
Procurements	(4,149.2)	(327.4)	(12,459.8)	(85.3)	2,075.2
GROSS MARGIN	5,705.0	2,679.8	2,936.3	47.8	(32.8)
NET OPERATING EXPENSES	(1,567.6)	(545.2)	(970.4)	(24.2)	15.3
Net Personnel Expense	(791.1)	(195.1)	(312.5)	(15.5)	(220.0)
Personnel	(1,163.8)	(248.2)	(334.6)	(15.5)	(238.8)
Capitalized personnel costs	372.6	53.1	22.1	-	18.7
Net External Services	(776.5)	(350.1)	(657.9)	(8.7)	235.3
External Services	(1,097.7)	(413.3)	(749.4)	(9.1)	255.7
Other Operating Income	321.2	63.3	91.5	0.4	(20.4)
Levies	(495.1)	(377.9)	(640.5)	(1.0)	(9.9)
EBITDA	3,642.3	1,756.7	1,325.5	22.6	(27.4)
Amortisation and Provisions	(1,356.9)	(811.6)	(657.0)	(7.1)	(50.6)
EBIT/Operating Profit	2,285.4	945.1	668.5	15.5	(78.1)
Financial Result	(412.3)	(150.9)	371.6	(1.2)	(670.8)
Results of companies consolidated by equity method	9.0	11.7	4.5	(14.4)	(10.5)
Results of non-current assets	4.9	(0.3)	30.1	(12.8)	0.8
PBT	1,886.9	805.7	1,074.6	(12.9)	(758.6)
Corporate tax and minority shareholders	(570.0)	(207.1)	(247.3)	(14.7)	134.4
NET PROFIT	1,316.8	598.6	827.3	(27.6)	(624.2)

Networks Business (Unaudited)

M Eur

September 2019	SPAIN	UNITED KINGDOM	USA	BRAZIL
Revenues	1,618.7	995.1	3,224.9	4,261.0
Procurements	(3.1)	(43.4)	(1,035.4)	(2,937.2)
GROSS MARGIN	1,615.6	951.7	2,189.5	1,323.8
NET OPERATING EXPENSES	(249.6)	(163.4)	(764.7)	(429.3)
Net Personnel Expense	(188.0)	(64.8)	(385.3)	(215.8)
Personnel	(259.3)	(176.2)	(548.5)	(261.8)
Capitalized personnel costs	71.3	111.4	163.1	45.9
Net External Services	(61.7)	(98.6)	(379.3)	(213.4)
External Services	(209.3)	(133.3)	(451.1)	(304.7)
Other Operating Income	147.6	34.7	71.7	91.2
Levies	(70.0)	(81.1)	(376.6)	(3.9)
EBITDA	1,295.9	707.2	1,048.2	890.6
Amortisation and Provisions	(411.1)	(244.8)	(444.3)	(335.1)
EBIT/Operating Profit	884.8	462.4	603.9	555.5
Financial Result	(46.2)	(101.5)	(103.6)	(197.6)
Results of companies consolidated by equity method	1.8	-	7.7	-
Results of non-current assets	114.3	0.6	0.3	1.1
PBT	954.8	361.5	508.3	359.0
Corporate tax and minority shareholders	(198.0)	(70.8)	(187.2)	(213.1)
NET PROFIT	756.8	290.7	321.1	145.9

M Eur

September 2018	SPAIN	UNITED KINGDOM	USA	BRAZIL
Revenues	1,622.4	936.5	3,095.0	4,200.2
Procurements	(13.0)	(39.7)	(1,026.3)	(3,070.2)
GROSS MARGIN	1,609.4	896.9	2,068.7	1,130.0
NET OPERATING EXPENSES	(227.1)	(150.3)	(757.1)	(433.1)
Net Personnel Expense	(152.4)	(66.6)	(376.8)	(195.3)
Personnel	(236.0)	(177.2)	(516.1)	(234.5)
Capitalized personnel costs	83.6	110.7	139.3	39.1
Net External Services	(74.7)	(83.7)	(380.2)	(237.8)
External Services	(212.1)	(119.2)	(451.4)	(315.0)
Other Operating Income	137.4	35.5	71.2	77.1
Levies	(69.1)	(78.8)	(343.6)	(3.6)
EBITDA	1,313.1	667.8	968.1	693.2
Amortisation and Provisions	(392.8)	(229.0)	(432.4)	(302.8)
EBIT/Operating Profit	920.3	438.9	535.7	390.5
Financial Result	(46.4)	(98.8)	(115.5)	(151.7)
Results of companies consolidated by equity method	2.2	-	6.8	-
Results of non-current assets	3.3	-	1.6	-
PBT	879.4	340.1	428.6	238.8
Corporate tax and minority shareholders	(207.0)	(66.8)	(153.1)	(143.1)
NET PROFIT	672.4	273.3	275.5	95.7

Renewables Business (Unaudited)

M Eur

September 2019	UNITED					Iberdrola Energía Internacional (IEI)*
	SPAIN	KINGDOM	USA	BRAZIL	MEXICO	
Revenues	972.4	493.0	793.9	166.5	86.4	286.5
Procurements	(52.5)	(36.4)	(153.6)	(29.9)	(2.5)	(4.8)
GROSS MARGIN	919.9	456.6	640.3	136.6	84.0	281.7
NET OPERATING EXPENSES	(196.0)	(99.6)	(181.0)	(34.2)	(27.3)	(31.8)
Net Personnel Expense	(86.6)	(16.8)	(90.4)	(15.0)	(2.9)	(7.9)
Personnel	(106.7)	(30.1)	(101.5)	(16.0)	(4.8)	(11.5)
Capitalized personnel costs	20.1	13.3	11.2	1.0	1.9	3.5
Net External Services	(109.4)	(82.8)	(90.6)	(19.2)	(24.4)	(23.8)
External Services	(158.2)	(91.4)	(157.4)	(19.2)	(25.9)	(42.7)
Other Operating Income	48.7	8.6	66.8	-	1.6	18.9
Levies	(208.3)	(16.3)	(42.8)	(0.4)	(0.4)	(2.7)
EBITDA	515.6	340.7	416.5	102.0	56.3	247.2
Amortisation and Provisions	(231.3)	(113.6)	(359.3)	(41.7)	(31.0)	(71.6)
EBIT/Operating Profit	284.3	227.1	57.2	60.3	25.2	175.6
Financial Result	(30.6)	(30.6)	(25.9)	(26.9)	(13.0)	(13.4)
Results of companies consolidated by equity method	5.7	0.4	(6.9)	2.9	-	-
Results of non-current assets	0.1	-	4.5	-	-	-
PBT	259.5	196.9	28.8	36.2	12.3	162.2
Corporate tax and minority shareholders	(88.7)	(38.7)	3.2	(20.7)	(3.3)	(44.8)
NET PROFIT	170.8	158.2	32.0	15.6	9.0	117.4

M Eur

September 2018	UNITED					Iberdrola Energía Internacional (IEI)*
	SPAIN	KINGDOM	USA	BRAZIL	MEXICO	
Revenues	1,299.7	447.6	805.9	199.5	59.2	195.2
Procurements	(79.3)	(38.7)	(154.7)	(50.3)	(2.1)	(2.3)
GROSS MARGIN	1,220.5	409.0	651.2	149.1	57.1	192.9
NET OPERATING EXPENSES	(203.0)	(90.2)	(166.6)	(36.9)	(19.6)	(28.9)
Net Personnel Expense	(82.4)	(18.6)	(76.9)	(14.2)	(3.7)	(5.0)
Personnel	(99.6)	(33.4)	(87.6)	(14.4)	(4.0)	(9.3)
Capitalized personnel costs	17.2	14.8	10.6	0.1	0.3	4.3
Net External Services	(120.6)	(71.6)	(89.6)	(22.7)	(15.9)	(23.9)
External Services	(157.8)	(86.1)	(135.0)	(18.5)	(17.2)	(27.1)
Other Operating Income	37.2	14.5	45.4	(4.2)	1.3	3.3
Levies	(315.8)	(17.5)	(41.9)	(0.1)	(0.3)	(2.4)
EBITDA	701.7	301.3	442.7	112.2	37.2	161.6
Amortisation and Provisions	(245.4)	(121.4)	(301.2)	(35.7)	(18.8)	(89.1)
EBIT/Operating Profit	456.3	179.9	141.5	76.5	18.4	72.5
Financial Result	(46.0)	(29.4)	(27.0)	(23.6)	(12.5)	(12.5)
Results of companies consolidated by equity method	1.7	(1.6)	(2.2)	13.8	-	-
Results of non-current assets	(0.3)	-	-	-	-	-
PBT	411.8	148.9	112.3	66.8	6.0	60.0
Corporate tax and minority shareholders	(113.4)	(30.0)	(14.4)	(36.6)	4.1	(16.6)
NET PROFIT	298.4	118.8	97.8	30.2	10.0	43.3

(*) Former Rest of the World

Generation and Supply Business (Unaudited)

M Eur

September 2019	UNITED				Iberdrola Energía	
	SPAIN	KINGDOM	MEXICO	BRAZIL	Internacional (IEI)*	Other
Revenues	9,487.0	3,225.7	1,743.9	432.8	845.0	(500.6)
Procurements	(7,252.7)	(2,777.9)	(1,040.1)	(368.9)	(812.5)	500.5
GROSS MARGIN	2,234.3	447.9	703.8	63.9	32.5	-
NET OPERATING EXPENSES	(518.5)	(321.8)	(132.1)	(18.1)	(46.3)	-
Net Personnel Expense	(214.7)	(72.6)	(19.6)	(5.5)	(9.0)	-
Personnel	(221.5)	(76.6)	(32.0)	(5.7)	(9.0)	-
Capitalized personnel costs	6.8	4.1	12.4	0.2	-	-
Net External Services	(303.8)	(249.3)	(112.4)	(12.6)	(37.3)	-
External Services	(353.7)	(271.4)	(119.9)	(14.3)	(37.3)	14.3
Other Operating Income	50.0	22.1	7.5	1.6	-	(14.2)
Levies	(540.8)	(83.8)	(2.7)	-	(0.5)	-
EBITDA	1,174.9	42.2	569.1	45.7	(14.3)	-
Amortisation and Provisions	(327.1)	(177.4)	(91.6)	(16.0)	(26.0)	-
EBIT/Operating Profit	847.9	(135.2)	477.5	29.6	(40.3)	-
Financial Result	(41.7)	8.6	(48.5)	(18.2)	0.1	-
Results of companies consolidated by equity method	4.9	-	-	-	-	-
Results of non-current assets	0.3	-	-	0.4	-	-
PBT	811.3	(126.6)	429.1	11.9	(40.2)	-
Corporate tax and minority shareholders	(201.1)	21.9	(135.6)	(5.0)	8.0	-
NET PROFIT	610.2	(104.7)	293.5	6.9	(32.2)	-

M Eur

September 2018	UNITED				Iberdrola Energía	
	SPAIN(**)	KINGDOM	MEXICO	BRAZIL	Internacional (IEI)*	Other(**)
Revenues	9,245.4	3,648.6	1,586.8	597.9	735.9	(418.5)
Procurements	(7,522.3)	(3,023.5)	(1,095.7)	(513.9)	(722.7)	418.4
GROSS MARGIN	1,723.0	625.2	491.0	84.0	13.2	(0.1)
NET OPERATING EXPENSES	(493.0)	(340.9)	(79.2)	(29.3)	(27.9)	0.1
Net Personnel Expense	(194.3)	(92.1)	(14.3)	(5.5)	(6.3)	-
Personnel	(203.1)	(96.5)	(23.3)	(5.5)	(6.3)	-
Capitalized personnel costs	8.8	4.4	8.9	-	-	-
Net External Services	(298.7)	(248.8)	(64.9)	(23.9)	(21.6)	0.1
External Services	(347.3)	(289.9)	(87.2)	(24.8)	(21.7)	21.5
Other Operating Income	48.6	41.1	22.3	0.9	0.1	(21.4)
Levies	(546.5)	(92.2)	(1.6)	-	(0.2)	-
EBITDA	683.5	192.0	410.2	54.7	(15.0)	-
Amortisation and Provisions	(380.5)	(175.6)	(75.0)	(15.4)	(10.5)	-
EBIT/Operating Profit	303.0	16.4	335.3	39.3	(25.5)	-
Financial Result	(45.0)	461.0	(17.1)	(26.7)	(0.7)	-
Results of companies consolidated by equity method	4.5	-	-	-	-	-
Results of non-current assets	28.7	1.4	-	-	-	-
PBT	291.2	478.8	318.2	12.6	(26.2)	-
Corporate tax and minority shareholders	(63.7)	(96.8)	(79.0)	(7.7)	(0.1)	-
NET PROFIT	227.5	382.0	239.2	4.9	(26.3)	-

(*) Former Rest of the World

(**) Restated

Quarterly Results 2019 *(Unaudited)*

M Eur

	JAN-MAR 2019	APR-JUN 2019	JUL-SEPT 2019
REVENUES	10,138.9	8,142.1	8,176.5
PROCUREMENTS	(5,815.8)	(4,235.3)	(4,319.8)
GROSS MARGIN	4,323.1	3,906.9	3,856.7
NET OPERATING EXPENSES	(1,081.3)	(1,064.5)	(1,012.4)
Net Personnel Expense	(553.4)	(530.1)	(514.7)
Personnel	(700.7)	(712.1)	(675.1)
Capitalized personnel costs	147.4	182.1	160.4
Net External Services	(527.9)	(534.5)	(497.7)
External Services	(668.4)	(722.3)	(663.0)
Other Operating Income	140.5	187.9	165.3
LEVIES	(642.5)	(452.0)	(335.1)
EBITDA	2,599.4	2,390.4	2,509.2
AMORTISATION AND PROVISIONS	(967.1)	(1,031.9)	(1,011.0)
EBIT/Operating Profit	1,632.2	1,358.5	1,498.1
Financial Expenses	(548.2)	(487.9)	(741.5)
Financial Income	249.9	175.3	462.1
FINANCIAL RESULT	(298.3)	(312.6)	(279.5)
RESULTS OF COMPANIES CONSOLIDATED BY EQUITY METHOD	1.6	(9.9)	(12.9)
RESULTS OF NON-CURRENT ASSETS	0.3	6.5	115.6
PBT	1,335.9	1,042.6	1,321.3
Corporate tax	(277.7)	(267.9)	(343.0)
Minorities	(94.3)	(94.2)	(106.0)
NET PROFIT	963.9	680.46	872.3

M Eur

	JAN-MAR 2018	APR-JUN 2018	JUL-SEPT 2018
REVENUES	9,343.5	8,243.1	8,696.0
PROCUREMENTS	(5,334.7)	(4,583.5)	(5,028.3)
GROSS MARGIN	4,008.8	3,659.6	3,667.7
NET OPERATING EXPENSES	(1,000.4)	(1,110.8)	(980.8)
Net Personnel Expense	(522.6)	(521.3)	(490.4)
Personnel	(669.7)	(689.4)	(641.7)
Capitalized personnel costs	147.1	168.1	151.4
Net External Services	(477.8)	(589.6)	(490.5)
External Services	(624.9)	(757.3)	(631.6)
Other Operating Income	147.1	167.7	141.2
LEVIES	(684.9)	(436.4)	(403.1)
EBITDA	2,323.5	2,112.4	2,283.8
AMORTISATION AND PROVISIONS	(936.3)	(972.3)	(974.7)
EBIT/Operating Profit	1,387.2	1,140.1	1,309.1
Financial Expenses	(626.5)	(358.2)	(625.5)
Financial Income	337.9	83.6	325.0
FINANCIAL RESULT	(288.6)	(274.6)	(300.5)
RESULTS OF COMPANIES CONSOLIDATED BY EQUITY METHOD	0.6	(8.3)	8.1
RESULTS OF NON-CURRENT ASSETS	0.5	21.5	0.6
PBT	1,099.7	878.7	1,017.3
Corporate tax	(175.4)	(236.9)	(249.9)
Minorities	(86.3)	(69.3)	(86.9)
NET PROFIT	838.0	572.52	680.4

Statement of Origin and Use of Funds *(Unaudited)*

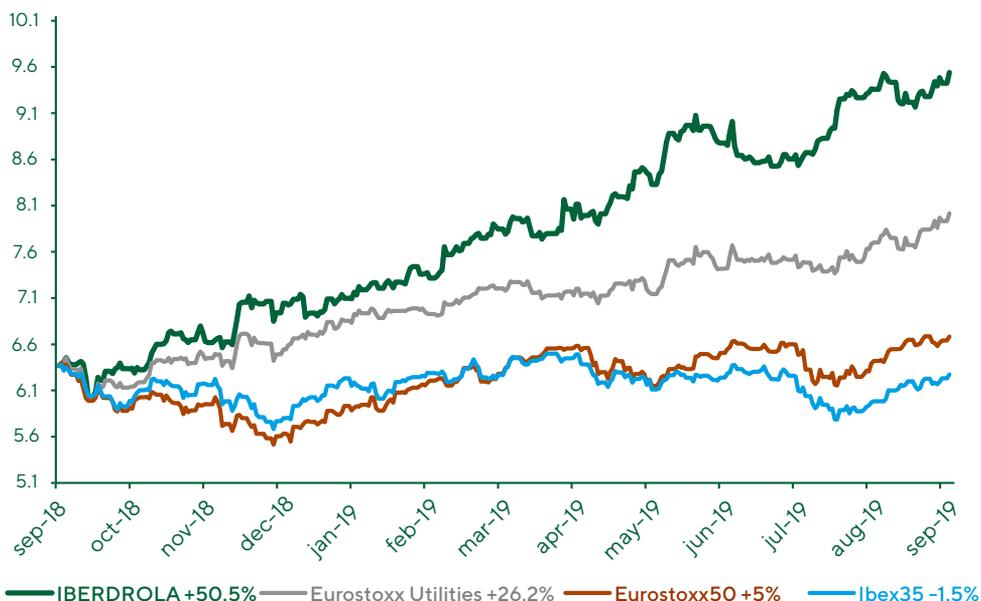
	September 2019	September 2018	Variation
Net profit	2,517.0	2,091.0	426.0
Adjustments to Net profit	3,130.0	3,486.0	(356.0)
Minority interests and hybrid	113.0	150.0	(37.0)
Corporate Tax	164.0	521.0	(357.0)
Financials	(84.0)	(62.0)	(22.0)
Equity Method	49.0	17.0	32.0
Non-Current Assets results	(122.0)	(23.0)	(99.0)
Amortisation and Provisions	3,010.0	2,883.0	127.0
Adjustments to EBITDA	(1,007.0)	(945.0)	(62.0)
Deferred income	(208.0)	(197.0)	(11.0)
Trei	(490.0)	(467.0)	(23.0)
Other non-cash adjustments	(309.0)	(281.0)	(28.0)
Operating cash flow	4,639.0	4,633.0	6.0
Dividends paid to Iberdrola shareholders	(330.0)	(365.0)	35.0
Total cash flow allocations	(4,335.0)	(5,011.0)	676.0
<i>Net investments</i>	<i>(4,727.0)</i>	<i>(3,645.0)</i>	<i>(1,082.0)</i>
<i>Divestments</i>	<i>1,580.0</i>	<i>207.0</i>	<i>1,373.0</i>
<i>Treasury stock</i>	<i>(1,988.0)</i>	<i>(1,708.0)</i>	<i>(280.0)</i>
<i>Issuance/Hybrid</i>	<i>800.0</i>	<i>135.0</i>	<i>665.0</i>
Exchange rate differentials	(278.0)	513.0	(791.0)
IFRS 16 (first-time application)	(399.0)	-	(399.0)
Other variations	(1,325.0)	(1,686.0)	361.0
Decrease/(increase) in net debt	(2,028.0)	(1,917.0)	(111.0)

Differences may arise due to roundin



Stock Market Evolution

Iberdrola stock performance vs Index



Iberdrola's share

	9M 2019	9M 2018
Number of outstanding shares	6,362,072,000	6,397,629,000
Price at the end of the period	9.5360	6.3380
Average price of the period	9.3264	6.3797
Average daily volume	17,106,457	19,306,561
Maximum volume (09-20-2019/06-15-2018)	63,687,471	74,718,387
Minimum volume (08-26-2019/08-27-2018)	5,654,457	5,643,283
Dividends paid (€) ⁽¹⁾	0.3560	0.3310
Gross Final dividend (02-05-2019 / 01-29-2018)	0.151	0.140
Gross interim (08-01-2019 / 07-25-2018) ⁽²⁾	0.200	0.186
Shareholder's Meeting attendance bonus	0.005	0.005
Dividend yield ⁽³⁾	3.73%	5.22%

(1) Dividends paid in the last 12 months

(2) Purchase price of rights guaranteed by Iberdrola

(3) Dividends paid in the last 12 months and Shareholder Meeting attendance bonus / price at the end of period



Regulation

In the third quarter of 2019, a group of provisions was approved affecting the energy sector. This section sets out the most significant of these.

1. REGULATION IN SPAIN

Interruptibility. Ministerial Order TEC/897/2019 has been published extending by three months the period during which consumers choosing to sign up for the interruptibility service commencing 1 January 2020 can do so with the system operator. The period is being extended due to the fact that the interruptibility service has to be updated and reformed to adapt it to the domestic electricity market, which involves substantial reforms of the current capacity mechanisms.

Island interruptibility price for third quarter 2019. A Resolution has been published setting the interruptibility service price for non-mainland electricity systems at EUR 52.01/MWh for the third quarter of 2019. This is 4% below the price for the previous quarter.

2. REGULATION IN THE UNITED KINGDOM

Retail cap: As required by the 2018 Domestic Gas and Electricity (Tariff Cap) Act, on 1 January 2019, a new tariff cap came into force by default (including standard variable tariffs – SVT). The tariff cap will stay in force until late 2020 and may be extended annually up to a maximum of three years. Customers who use prepayment meters are not covered by this new cap, because they are already protected by the Competition and Markets Authority (CMA) cap. Following the review of the methodology for calculating the cap for customers with prepayment meters, the CMA confirmed its decision to align its calculation methodology with that of the tariff cap and increase the cap by GBP 49 per dual fuel customer (electricity and gas) commencing 1 October (compared to what it would have been under the previous methodology).

The tariff cap for the period from 1 October 2019 to 31 March 2020 is GBP 1,179 and the cap for prepayment customers is GBP 1,217. Responsibility for the cap for prepayment customers will be transferred to Ofgem from 1 October 2020. Ofgem is also conducting a review of the tariff cap allocation for smart meter costs to establish the values for this allocation commencing in the fourth regulatory period (commencing on 1 April 2020).

Capacity market. On 15 November 2018, the European Court of Justice (ECJ) found in favour of Tempus Energy vs. the European Commission, annulling its decision to not raise objections to the state aid scheme establishing a capacity market (CM) in the United Kingdom. Upon learning of the decision, the Department of Business Energy and Industrial Strategy (BEIS) announced a ‘waiting period’ until the Commission can re-approve the CM.

On 6 December 2018, BEIS published its plan to hold a T-1 auction in summer 2019, for delivery in winter 2019/20. Contingent on the European Commission’s re-approval of the CM, this T-1 auction was held on 11 and 12 June, closing with a price of GBP 0.77/kW/year and the allocation of 3.6 GW of capacity.

BEIS intends to hold T-1 and T-4 CM auctions to allocate capacity in 2020/21 and 2023/24, respectively, and a T-3 auction to allocate capacity in 2022/23. The parameters for these auctions have been published and therefore they remain on track to be held in early 2020 (including unsubsidised renewables).

RIIO-2. On 24 May 2019, Ofgem published its decision on the RIIO-2 transmission methodology, confirming a change from the Retail Price Index (RPI) as the reference inflation index to the Consumer Price Index including Housing costs (CPIH), and revising the estimated range of the real annual cost of equity on a post-tax basis of 4-5%. The Ofgem decision included leverage of 60%. Scottish Power Energy Networks (SPEN) submitted the first draft of its RIIO-T2 Business Plan to Ofgem’s Challenge Group (CG) before the 1 July

deadline and a second draft on 1 October. Ofgem has published an updated guide to its business plan and a final version of the business plan data tables, which all companies are required to complete for final submission in December

Offshore wind energy. The results of Round 3 (AR3) of auctions for the Contracts for Difference (CfD) for offshore wind and other 'less established' renewable technologies was published on 20 September, with a strike price of GBP 39.65/MWh set for delivery year 2023/24 and GBP 41.61/MWh for 2024/25 (2012 prices). Total capacity of 5.8 GW was allocated. Six CfD contracts (5.46 GW) were allocated to offshore wind projects. ScottishPower's East Anglia 3 offshore wind project was not a successful applicant.

3. REGULATION IN THE USA

PTCs and ITCs: Whether or not to extend some of the tax credits expiring at the end of 2019 is being debated. A package of taxes could respond to industry priorities such as a 30% Investment Tax Credit (ITC) for storage, a 30% ITC for offshore wind, Production Tax Credit (PTC)/ITC transferability, and/or a tax credit for electric vehicles. On 20 June, the House Ways and Means Committee submitted a bill to extend the PTC for wind energy for another year. Meanwhile, the solar industry is also calling for an extension to its ITC.

US-Spain Tax Treaty. In August, President Trump signed an amendment to the tax treaties for four countries, including the treaty between the US and Spain, which will enter into force on 27 November 2019 and eliminates the 10% dividend withholding tax.

Affordable Clean Energy. The Environmental Protection Agency (EPA) has repealed the Clean Power Plan and released a new regulation that replaces it: the Affordable Clean Energy (ACE) rule. The ACE eliminates regional emissions targets. It requires states to draw up plans including measures to enhance the efficiency of existing coal-fired power plants. The ACE has been challenged in the

courts in 22 states by numerous industrial groups, coalitions and other organisations.

Trade tariffs. President Trump is continuing the trade war, imposing tariffs on the products of various countries, which has pushed up the prices of goods imported into the US.

Renewables. Colorado, Connecticut, Maine, Maryland, Nevada, New Mexico and Washington enacted laws during the first half of 2019 increasing the Renewable Portfolio Standard (RPS) requirements, imposing significant CO₂ emission reduction targets and/or the direct acquisition of substantial amounts of offshore wind energy.

Other states (such as Utah, Ohio, Oregon, South Dakota and Texas) are also taking steps to further the development of renewable energies and curb emissions.

Berkshire Gas Rate Case. On 4 December 2018, Berkshire Gas and the Attorney General's Office filed a settlement agreement with the Massachusetts Department of Public Utilities (MDPU). The settlement agreement involves hiking the base distribution rate by USD 1.6 million commencing 1 January 2018 and an additional base distribution rate increase of USD 0.7 million commencing 1 November 2019 if Berkshire carries out certain investments. The increased distribution rate is based on a ROE of 9.70% and equity of 55%. The settlement agreement was approved by the MDPU on 18 January 2019.

4. REGULATION IN MEXICO

National Development Plan for 2019-2024 and first government report:

The National Development Plan for 2019-2024 (PND) was published in the Official Gazette of the Federation on 12 July 2019. It sets out the public policy the federal government will follow during the six-year period ending in 2024.

Some of the key points of the Economy section of the PND are intended to ensure finances remain robust and existing contracts are respected, and

boost private investment, while also rescuing the energy sector. Regarding this latter point, proposals include: recovering the state-owned production companies (Petróleos Mexicanos (Pemex) and the Mexican Federal Electricity Commission (CFE)); involving the company in carrying out projects in the sector; resolving the conflicts deriving from high energy rates and boosting poor communities' access to renewable energy.

The federal government presented the first Government Report for 2018-2019 to congress on 1 September 2019 to report progress on the PND. The federal government endorsed its pledge to only adjust domestic electricity tariffs in line with inflation.

5. REGULATION IN BRAZIL

Cross-cutting issues

New Short-term Dispatch Model: as from 1 January 2020 Brazil's national grid operator, ONS, will use the Short Term Hydrothermal Dispatch Model (DESSEM model) to define daily programming for the spot market. However, the date on which the Brazilian Chamber for Commercialization of Electric Power (CCEE) will start using this model for setting and registering the cash settlement price has been pushed back to 1 January 2021.

Auctions

Auction A-6 2019: On 10 September, the Brazilian Electricity Regulatory Agency (ANEEL) approved an auction to procure energy from new generation projects (A-6), slated for 18 October 2018.

Contracts for supply starting on 1 January 2025 were signed as a result of these auctions, with the following features:

- Volume contracts with a supply term of 30 years for hydroelectric projects with a maximum price of BRL 285/MWh.
- Volume contracts with a supply term of 20 years for wind and solar PV projects with a maximum

price of BRL 189/MWh and BRL 209/MWh, respectively.

- Availability contracts with a supply term of 25 years for biomass, domestic coal and natural gas thermal generation projects (including open cycles, combined cycles and expansion of existing natural gas facilities). Maximum price of BRL 292/MWh.

The supply eligible for inclusion in the auction has exceeded 100 GW, which is an all-time high. Neoenergía has successfully bid for 11 wind projects, 9 solar PV projects and a natural gas project.

Networks

Elektro tariff review: On 21 August, ANEEL approved Elektro's new tariffs under the fifth tariff review cycle applicable from 27 August. On average tariffs were cut by 8.32%, with the low-voltage tariff for domestic customers dropping by 11.17% and the tariff for high-voltage customers, such as industry and major retailers, being reduced by 2.89%.

Section B, net of other income, totalled BRL 1.627 billion (up 5% on the market in the base year). Section A is smaller due to the reduction in the Energy Development Account (CDE) allocation and cancellation of a finance charge included in the 2018 tariffs.

The remuneration base is BRL 3.905 billion (August 2019 values), which reflects the recognition of 97.9% of investments made. ANEEL altered the percentage of regulatory losses recognised from the previous 6.6% to 8.03%, meaning the current limit is more commensurate with the reality of Elektro's concession area.

Public tender for distributed generation electricity contracting – COELBA. ANEEL has finally approved the Distributed Generation Contract between COELBA and SKYUÉ – winner of the public tender called by COELBA to contract distributed energy in order to improve supply in the western half of the State of Bahia. In doing so, the costs of this contract are fully recognised in the distributor's tariff (Section A), which will have a positive impact in the next tariff review.

6. REGULATION IN THE EUROPEAN UNION

European Commission's assessment of and recommendations for the integrated National Energy and Climate Plan (NECP) projects. The European Commission (EC) has issued its assessment of the NECP projects to achieve the EU's 2030 energy and climate targets and individual recommendations for the 28 Member States.

The Commission finds that the national plans already represent significant efforts but points to several areas where there is room for improvement, notably as concerns targeted and individualised policies to ensure (through an aggregated contribution) the delivery of the 2030 targets and to stay on the path towards climate neutrality in the longer term. Specifically, the shortfalls it has identified are:

- **Renewables:** the EU-wide aggregate contribution will be between 30.4% and 31.9% in 2030, below the 32% target. Although a third of the countries have set an ambitious contribution (Spain, Denmark, Estonia, Lithuania and Portugal) – above each of their targets in the Governance Regulation – there are 15 countries that are below their potential.
- **Energy efficiency:** an aggregate contribution of 26%-30% of primary energy or 26.5%-30.7% of final energy will be achieved compared to the 2030 target of 32.5%. Only Spain, Italy and Luxembourg (in terms of primary and final energy), the Netherlands (primary energy) and France (final energy) have shown enough ambition. The other countries must revise their contributions upwards.
- **Emissions:** it is expected that proper implementation of the legislation on climate, energy and mobility would cut emissions by 45% in 2030 compared to 1990 levels. However, the NECPs submitted would see a reduction of 40% – in line with the target. For non-ETS sectors (transport, farming, construction, industry not subject to ETS), the reduction would be 28% compared to 1990 levels – 2 points below the 30% target compared to 2005 levels. Spain is

highlighted as an example given the extent of its transport emission reductions.

- **Interconnection capacity:** the EC indicates that countries with rates below 15% must set out their objectives for 2030.

The EC has endorsed Spain's NECP but has also requested more information on certain aspects of it.

- **Renewables:** the EC has strongly applauded the ambitious objective of 42% for 2030, with detailed and quantified measures and policies, although the energy transition and climate change bill includes a target of 35%. The EC has asked that (i) an indicative roadmap to reach the target (2022 and 2027) be included, and (ii) additional information to promote self-consumption and renewable energy communities be provided.
- **Regarding measures called for by the market,** the EC has asked that (i) future market integration objectives be set, especially measures to tackle the expected changes in electricity and gas tariff deficits and their potential impact, and (ii) a strategy and timetable be defined to move towards solely market-based prices.
- **There is a need to enhance cooperation with France and Portugal** to improve the domestic energy market, especially interconnections.
- **All energy subsidies need to be disclosed,** specifically for fossil fuels, along with steps and plans to abolish them.

Next steps: Member States must submit their final NECPs before the end of the year, incorporating the EC's recommendations. Subsequently, in March 2023 and then every two years, Member States will inform the EC of progress implementing their NECPs. A new draft of their updated NECPs must be submitted in June 2023 (unless grounds for not doing this are given).

Publication of Market Design rules: On 16 June 2019, the **Market Design Rules in the Clean Energy package** were published in the Official Journal of the European Union. The publications comprised:

- The Internal Market in Electricity Directive and Regulation, which must be transposed before 31 December 2020

- The Agency for the Cooperation of Energy Regulators (ACER) Regulation, and
- The Regulation on risk-preparedness.

The main elements of the **Market Design Directive and Regulation** are:

a. Wholesale market

- Reinforcement of the freedom to **close power stations/put them on standby**.
- **Removal of caps** on market prices.

b. Capacity mechanisms

- Limited to 10 years.
- Open to generators, demand response and storage facilities; both local and in interconnected markets.
- Only allowed if coverage analysis detects an issue with supply security.
- 550 grCO²/kWh constraint: immediate application for new power plants and as from 2025 for existing assets.
- Obligatory reform of existing capacity mechanisms, upholding capacity contracts in force at 31 December 2019 (grandfathering).
- Strategic reserves: without market participation (only dispatched by TSO to avoid non-supply of energy).
- Coverage analysis: pan-European (ENTSOE) and national; preponderance of the former.

c. Retail market

- Regulated rates:
 - For consumers that are vulnerable or energy poor; households and micro-enterprises.
 - Status quo for Voluntary Price for the Small Consumer (PVPC) until 2025, after which the EC could propose it be abolished.
- Self-consumption (contribution to system costs):
 - Payment of a network toll for energy dispatched and acquired; net balancing prohibited.
 - Excesses remunerated at market prices.
 - Pending implementation nationally vis-à-vis network tolls and taxation.
- Energy communities of citizens:
 - Equal treatment to other agents (access toll/ network usage, balancing responsibility).

- Respect for consumers' individual rights.
- Freedom of entry and exit.
- Aggregators: possibility of regulating compensation to suppliers, restricting costs incurred due to aggregators' actions.
- Supplier switching: within 24h in 2026.

d. DSO

- Strengthening of **DSO's role as an active agent**, authorised to contract/use flexibility services.
- Remuneration: inclusion of new incentives to improve efficiency, safety, innovation, etc.
- Storage facilities: TSOs/DSOs may own or develop storage assets in limited circumstances, while assets that can participate in the market are excluded.
- Smart meters: Fifteen-minute market as from 2025, requiring smart meters to be adapted. If they do not fulfil the requirements, those installed before 2019 can be kept until the end of their useful life (not beyond 2031).
- EU-DSO Entity: established as a pan-European entity authorised to prepare network codes and act as intermediary with the EC on an equal footing with ENTSO-E for TSOs.

Guidelines on the publication of climate information: On 20 June 2019, the Official Journal of the European Union published **EC Communication 2019/C 209/01 on Guidelines on non-financial reporting:** Supplement on reporting climate-related information.

These guidelines set out the detailed content and formats to be used by any type of business to disclose the **impact of its activity on the climate and climate-related risks** (these apply directly to Iberdrola, and so such disclosures must be included in its reporting).

Regulation on the elimination of Polychlorinated Biphenyls (PCBs): After long negotiations, **Regulation (EU) 2019/1021 on persistent organic pollutants** was published in the Official Journal of the European Union on 25 June 2019.



Iberdrola and Sustainability

Iberdrola's contribution to sustainable development is reflected in several corporate responsibility practices that meet the needs and expectations of its interest groups, with whom the Company maintains a combination of open communication channels are used for communicating goals, activities and successes achieved in the three areas of sustainable development (economic, environmental and social), as well as receiving evaluations and requests from the parties involved.

1. SUSTAINABILITY INDICATORS

Sustainability Indicators	9M 2019	9M 2018
Contribution to GDP (Gross Margin) (*)	0.49%	0.50%
Contribution to GDP (Net revenues) (*)	1.22%	1.23%
Net Profit (EUR million)	2,516.7	2,090.9
Dividend yield (%)(**)	3,73%	5,22%
CO ₂ emissions over the period (gr. CO ₂ /kWh): Total	107	111
CO ₂ emissions over the period (gr. CO ₂ /kWh): Spain	96	81
CO ₂ emissions over the period (gr. CO ₂ /kWh): UK	0	218
CO ₂ emissions over the period (gr. CO ₂ /kWh): US	63	45
CO ₂ emissions over the period (gr. CO ₂ /kWh): Brazil	57	80
CO ₂ emissions over the period (gr. CO ₂ /kWh): Mexico	329	344
Emission-free production: Total (GWh)	61,672	64,064
Emission-free production: Spain (GWh)	33,852	37,628
Ratio emission-free production to total production: Total (%)	73%	74%
Ratio emission-free production to total production: Spain (%)	78%	86%
Emission-free installed capacity: Total (MW)	34,183	33,302
Emission-free installed capacity: Spain (MW)	19,204	19,013
Emission-free installed capacity: Total (%)	77%	75%
Emission-free installed capacity: Spain (%)	74%	73%

Note: Third-party capacity and production not included

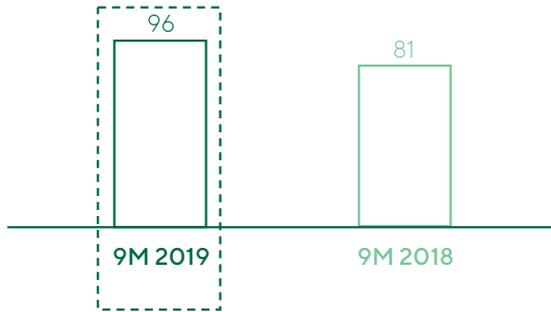
(*)Source: Iberdrola Results and National Quarterly Accounting for Spain - INE (Last data published in 2Q 2019)

(**) Dividends paid in the last 12 months and Shareholder Meeting attendance bonus/price at the end of period.

SPAIN: Development of specific thermal mix emissions, Global: CO₂, SO₂, particles and NO_x.

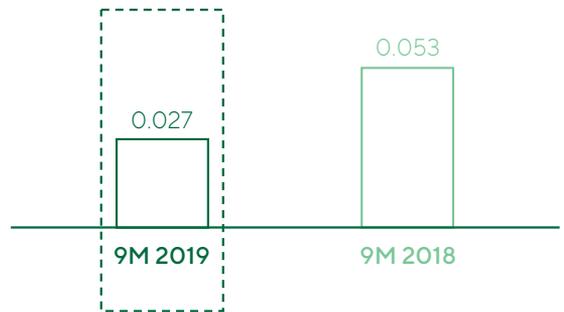
CO₂ specific emissions mix, GLOBAL

(g/kWh)



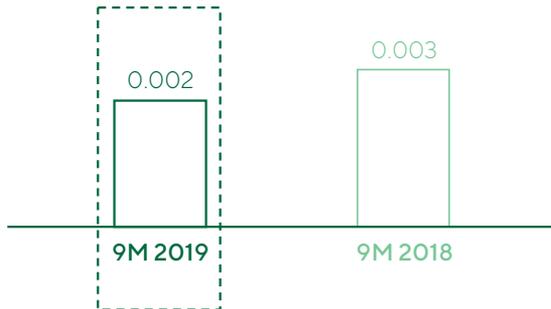
SO₂ specific emissions mix, GLOBAL

(g/kWh)



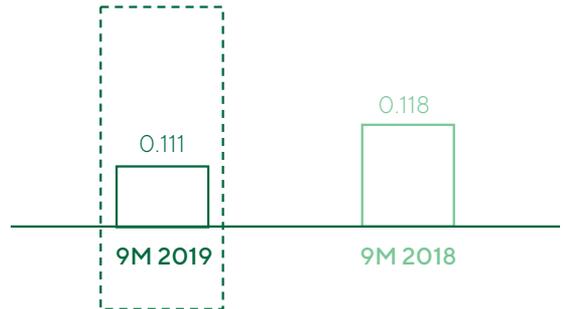
Specific particulate emissions Mix GLOBAL

(g/kWh)



NO_x specific emissions mix, GLOBAL

(g/kWh)

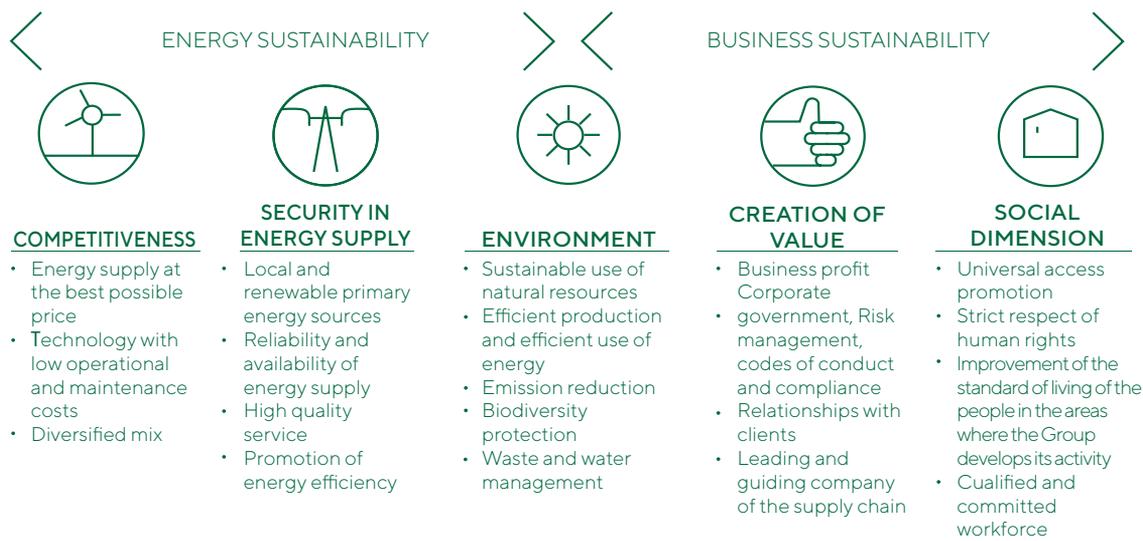


2. INDEX, RANKINGS AND RECOGNITIONS

Presence of Iberdrola in Indices and Rankings of Sustainability, Reputation and Corporate Governance.

Sustainability	
	Ranking
Dow Jones Sustainability World Index 2019	Selected in the utility sector. Iberdrola member in all editions
Sustainability Yearbook ROBECOSAM 2019	Classified as "Silver Class" in the electricity sector.
MSCI Global Sustainability Index Series	Iberdrola selected AAA
CDP Climate Change 2018	A-
Global 100	Iberdrola Selected
Sustainalytics	Iberdrola among the highest rated utilities
ISS-oekom	Iberdrola selected Prime
FTSE4Good	Selected for 10 years
Bloomberg Equality Index 2019	Iberdrola selected
Euronext Vigeo Eiris index: World 120, Eurozone 120 & Europe 120	Iberdrola selected
Ecovadis	Iberdrola as one of the companies with the best performance
2019 World's Most Ethical Company	Iberdrola selected. Only Spanish utility
ECPI	Iberdrola lected in several Sustainability Indices
STOXX Global ESG Leaders/Europe 600 ESG-X/ Europe Climate Impact, Euro STOXX ESG Leaders 50/ Sustainability 40/50 Low Carbon	Iberdrola selected
EcoAct	Iberdrola first Spanish company and first utility in the ranking
Influence Map	Iberdrola selected
MERCO 2019	mercoEmpresas: Leader among Spanish utilities: energy, gas, and water industry
Newsweek and Green Rankings	Iberdrola fifth utility worldwide
Energy Intelligence	Iberdrola among the top three utilities in the EI New Green Utilities Report 2018
Forbes	Iberdrola selected in Forbes 2019: GLOBAL World's Largest Public Companies 2000
ET Carbon Rankings	Iberdrola selected in Emissions Transparency Index
Fortune Global 500	Iberdrola selected

Sustainability Management Policy



3. CONTRIBUTION TO SOCIETY

Iberdrola's most significant actions during the period from January to September 2019, with regard to social responsibility and sustainable development are described as follows:

3.1.- Acknowledgements of Iberdrola's excellent performance

- **Iberdrola, the only European utility appearing in the 20 editions of the Dow Jones Sustainability Index**

Iberdrola has once again been included in the Dow Jones Sustainability Index (DJSI), making it the only European utility to have been included in the selection throughout its 20 editions, according to data published by S&P Dow Jones Indices and RobecoSAM, who are responsible for producing them. The company's inclusion highlights its unwavering commitment to the highest environmental, social and corporate governance standards.

- **Iberdrola, the only Spanish electricity company included in the 2019 Bloomberg Gender-Equality Index**

For the second consecutive year, Iberdrola has been included in the 2018 Bloomberg Gender-Equality Index (GEI), created by Bloomberg to recognise companies that have undertaken a firm and solid commitment to gender equality. This second index includes a total of 230 companies from 36 countries and 10 business sectors with a market capitalisation of USD 9 billion and 15 million employees throughout the world, of whom 7 million are women.

- **Iberdrola ranked in FTSE4Good Index for tenth year in a row**

Iberdrola has been included for the tenth consecutive year in the prestigious FTSE4Good international index, established to drive investments in the most sustainable companies in the world. The Company fulfilled the requirements set out in 195 indicators, including

respect for the environment, commitment to society and good corporate governance.

Inclusion in the FTSE4Good Index ratifies Iberdrola's performance in the areas of working standards, human rights, health and safety, biodiversity, climate change, water and responsibility to the customer, as well as supply-chain related social aspects. The Company has also met the organisation's requirements concerning corporate governance, risk management, anti-corruption mechanisms and tax transparency.

- **Iberdrola: the Spanish company with the best corporate governance practices**

For the third time Iberdrola has been named the Spanish company with the best corporate governance practices, according to the publication World Finance, which this year held its ninth annual Corporate Governance Awards. The Company's business model is based on ethics and transparency, a long-term vision and the integration of cultures and people, and it has generated financial benefits for all of the Company's stakeholders.

- **Iberdrola, recognised as a LEAD company in the United Nations Global Compact**

Iberdrola has been announced as a LEAD participant for its ongoing commitment to the United Nations Global Compact and its Ten Principles for responsible business. Specifically, Iberdrola was identified at the UN Global Compact Leaders Week in New York as one of the most highly-engaged participants of the world's largest business sustainability initiative.

- **Iberdrola, acknowledged as one of the world's most ethical companies for sixth consecutive year**

Iberdrola has been included in the World's Most Ethical Company 2019 ranking, created by the Ethisphere Institute, which aims to promote a corporate culture based on ethical standards and the achievement of these aims. According to the Institute's criteria, the companies included

in the ranking have record levels of stakeholder engagement and are truly committed to maximum levels of transparency, diversity and inclusion. The Ethisphere Institute's selection process involves evaluating candidates on five categories: compliance and ethics, ethical culture, corporate social responsibility, good governance and reputation and leadership. Iberdrola is the only Spanish company to be included in the Institute's ranking.

- **Iberdrola's Investor Relations team, recognised for the third time as the best in Europe**

Iberdrola's Investor Relations team has been named the best in Europe in the IR Magazine Awards for the third consecutive year. It received awards in the best overall investor relations and best investor relations officer categories, and also as the best performing company in the utilities sector in this area. Its commitment to transparency and on-going dialogue with the financial community, and its efforts and professionalism in this regard were also recognised. The company was also a finalist in five other categories: best financial reporting; best use of technology in investor relations; best investor meetings; best corporate governance and disclosure; and best sustainability communications.

- **Neoenergia, winner of the first edition of the SDG Global 2019 Awards**

Iberdrola's subsidiary in Brazil, Neoenergia, has won the first edition of the SDG Global 2019 Awards. The aim of these awards, organised by the Brazilian network of the Global Compact, is to recognise innovative Brazilian projects that have contributed to achieving one or more of the Sustainable Development Goals. Neoenergia participated in the Energy Efficiency Education Campaigns' category with the project Festival Tô Ligado na Energia, which was supported by the singer and musician Carlinhos Brown to encourage the rational and safe use of electricity in schools.

- **Iberdrola recognised with award for *Most Impressive Corporate Green* in financial markets**

For the second year running, the international magazine, Global Capital – a publication specialising in the analysis of financial markets – has recognised the Company's green, sustainable financing strategy with the Most Impressive Corporate Green/SRI Debt Issuer award. Since 2014, Iberdrola has issued over EUR 10 billion in green debt, and is the world's largest corporate issuer.

- **Iberdrola's 2019 Shareholders' Meeting, once again certified as a Sustainable Event**

Iberdrola was the first Spanish company and the first among the world's 10 largest electricity companies to be awarded the ISO 20121 Sustainable Event certification for its General Shareholders' Meeting, as well as the Erronka Garbia environmental label – awarded by the Basque regional government. Iberdrola has repeated these certifications for its 2019 General Meeting.

- **Iberdrola receives award for best customer experience strategy**

Spain's Association for the Development of Customer Experience (DEC) has given Iberdrola Customer Service the award for best customer experience strategy in recognition of its project to transform the processes of its call centre and other non-face-to-face communication channels as part of the Commercial Customer Experience Plan in Spain. The Company boasts over 1,600 call centre agents in Spain and is a customer experience leader in its sector for its originality, innovation and diversification, the impact on its business results and customer satisfaction scores.

- **Neoenergia applauded for service quality and best practices in Brazil**

The two best distribution companies belong to Iberdrola's subsidiary in Brazil, Neoenergia. According to the Brazilian Association of Electricity Distribution Companies (Abradee),

Neoenergia was centre stage with four of its subsidiaries among the finalists at its 21st award ceremony. Elektro took the top prize in the national category; Cosem, second prize; and Coelba and Celpe came third and fourth, respectively, in the performance improvements category. The aim of Abradee's awards is to recognise and share best practices among the member distribution companies, leading to fast and long-lasting improvements in the quality of the electricity services offered to the country's citizens.

- **Iberdrola Mexico celebrates its 20th anniversary**

Iberdrola celebrated its 20th anniversary in Mexico and did so in Mexico City by handing out awards to its workers and key teams across 13 states. It also gave awards to its top suppliers, demonstrating its commitment to Mexico's industrial fabric. Iberdrola Mexico's CEO thanked its 1,300-strong workforce for their efforts and dedication shown every day to successfully overcome the challenges faced. He also called on them to redouble their efforts to achieve the company's goals in the country over the coming years. Iberdrola's Chairman, Ignacio Galán, joined Iberdrola Mexico's staff, announcing an investment of USD 5 billion in the next few years.

3.2.- Contribution to achieving the Sustainable Development Goals

SDG 7 (Affordable and clean energy) and SDG ODS 13 (Climate action)

- **Iberdrola to provide electricity to 16 million vulnerable people who currently have no supply**

By the year 2030, Iberdrola will supply electricity through modern and environmentally sustainable energy pathways to 16 million vulnerable people from developing or emerging countries who currently have no access to it. This follows the achievement of the previous target of 4 million people. This action is part of the Electricity for All campaign launched by the Company in 2014. Furthermore, Iberdrola has signed a new

sustainable credit facility for EUR 1.5 billion related to SDG 7 on affordable clean energy and to carry out the Electricity for All programme.

- **Iberdrola has begun the second phase of the public-private alliance to supply electricity to refugee camps in Ethiopia-Shire Alliance**

The alliance has been extended to cover four refugee camps. In addition, it has carried out workshop on digital tools and IT to meet basic needs, as part of the 'Iberdrola with refugees' project.

- **Iberdrola completes largest bond placement for green infrastructure in Brazil and obtains 400-million loan for the Tâmega complex**

Neoenergia has successfully completed its first green bond placement totalling BRL 1.296 billion (around EUR 330 million), which was also the largest green bond placement for infrastructure in Brazil's history. It has also obtained the largest green loan ever granted by Spain's Official Credit Institute (ICO), earmarked for the Tâmega hydroelectric complex. The funds obtained will finance renewables and network projects. This green bond issue sees Neoenergia following the Iberdrola Group's strategy of holding an increasingly larger share of its liabilities in the form of green loans, while ensuring the funding of the hydroelectric complex in Portugal. Our Company is now the top corporate issuer of green bonds in the world, after it became the first Spanish company to complete such a placement in April 2014.

- **Iberdrola obtains new green credit facility with the EIB and ICO to fund Núñez de Balboa solar PV plant**

The European Investment Bank (EIB) and Spain's Official Credit Institute (ICO) will finance the development of the Núñez de Balboa solar PV plant Iberdrola is building in Extremadura. The facility occupies around 1,000 hectares of land and will have a total capacity of 500 MW, making it the biggest PV plant under construction in

Europe. It will be capable of supplying clean energy to 250,000 people, more than the population of Cáceres and Badajoz, and will avoid the emission of 215,000 tonnes of CO₂ per annum. The finance has been obtained from the EIB and ICO as part of Iberdrola's drive to build a sustainable energy model facilitating the transition to a low-carbon economy.

- **Iberdrola joins World Business Council for Sustainable Development to adopt best practices in light of potential climate-related risks**

As an example of best practice, Iberdrola has contributed along with other companies to producing a report led by the World Business Council for Sustainable Development (WBCSD) on transparent reporting on the effects of climate change in the electricity sector. The report includes examples of the reporting currently being provided in this area and identifies areas for improvement. It also explores the challenges companies face in responding to the recommendations of the G20's Financial Stability Board and the expectations of users of climate-related information.

SDG 17 (Partnerships for the goals)

- **Iberdrola signs CEOs Call for Action agreement with CSR Europe**

Iberdrola has signed an agreement entitled *CEOs Call for Action* – a call to expedite sustainable growth, tackle climate change and create inclusive prosperity. Brought together by CSR Europe, most of the 100 CEOs have raised their voices to foster dialogue and strengthen interaction between politicians, civil society and their colleagues in the business and industrial sectors.

- **Iberdrola and the Basque Energy Agency (EVE) found company to implement renewables projects**

Iberdrola and the Basque Energy Agency (EVE) have founded a joint venture to roll

out projects through which they will invest in renewable energies in the Basque Country. Both organisations are interested in pushing ahead with the energy transition through the development of competitive, clean and sustainable energy, which will further reduce energy dependence and generate jobs.

- **Iberdrola takes part in Sustainable Energy Week held in Brussels**

Iberdrola has presented its vision on its "Long-term strategy for reducing greenhouse gas emissions in the EU" during Sustainable Energy Week in Brussels. As part of the Company's commitment to corporate responsibility through its climate policy, the Company stated its clear intentions to contribute to achieving the goal of net zero emissions, and has called for greater political ambition concerning climate matters since active steps to combat global warming are a source of economic and social development.

SDG 12 (Responsible consumption and production)

- **Iberdrola surpasses service quality requirements**

As explained in the "Operational performance for the period" chapter, Iberdrola Group companies have surpassed the regulatory requirements regarding service quality in each jurisdiction.

- **Iberdrola presents the Supplier of the Year 2018 award**

The Company has recognised the commitment of its suppliers in fields such as excellence, sustainable development, quality, internationalisation, innovation, corporate social responsibility, job creation and occupational risk prevention. The award for "Supplier of the Year 2018" was given to the Brazilian company WEG, which has become the Group's main transformer supplier and has production centres in three countries that are especially important for Iberdrola (Brazil, Mexico and the United States). The award in the CSR category went to the Mexican company, FONABEC A.C.

SDG 4 (Quality education)

- **Iberdrola announces more than 100 master's degree scholarships and research grants in five countries**

Iberdrola launched a new call for master's degree scholarships and another for research grants for the 2018-2019 academic year, with the aim of promoting excellence in the education of new generations and their employability in strategic innovation and technological development areas within the Company. This year, the Group will award a total of 108 grants, aimed at Spanish, British, American, Mexican and Brazilian students.

- **Iberdrola launches EducaClima website** as part of World Environment Day The Company's Chairman, Ignacio Galán, has unveiled at Ciudad Escuela Muchachos (CEMU) School in Leganés (Madrid) a website providing teachers with educational resources they can use as a tool for teaching children about the causes, impacts and consequences of climate change and make them more aware of looking after and protecting nature.

SDG 5 (Gender equality) and SDG 3 (Good health and well-being)

- **Iberdrola: top promoter of women in sport**

Iberdrola has extended the agreement that resulted three years ago in Iberdrola becoming the leading champion of the Universo Mujer (Women's Universe) programme run by Spain's National Sports Council (CSD). The aim of the programme is to encourage women into sport and develop female sports as a way of recognising the important role of women in sport in particular, and in society in general. The Company has also extended its backing of women's football for the next six seasons and will be the headline sponsor of the national competition, which will be renamed Liga Iberdrola. Lastly, Iberdrola has widened the programme to raise awareness of sustainability among the sports federations it supports, through which 22,000 sportsmen and women will join the challenge to achieve sustainability.

- **Scottish Power takes part in the POWERful Women initiative to encourage gender diversity**

Representatives of Scottish Power attended a reception at the House of Lords with Greg Clark, the UK's Secretary of State for Business, Energy and Industrial Strategy, to promote the launch of the Energy Leaders Coalition. The initiative forms part of the POWERful Women campaign, focusing on direct measures to encourage gender equality and diversity in the UK's energy sector.

- **Iberdrola becomes first multinational in the world to receive Healthy Workplace certificate**

Iberdrola has become the first multinational in the world to be certified by AENOR as a Healthy Workplace, as per the model developed by the World Health Organisation (WHO). This multi-site certification from AENOR has been validated for all the Group's companies. The certification accredits the efforts of the Group's management to roll out and champion a process of continuous improvements to guarantee and improve the health and safety of all staff and the workplace sustainability.

- **First Mujeres con Energía (Women with Energy) forum takes place in Mexico**

A group of 40 leading women from Iberdrola Mexico have taken part in the first Mujeres con Energía (Women with Energy) forum. In line with Iberdrola's commitment to people – a key component for achieving the Company's objectives and the execution of the new 2018-2022 Strategic Plan – Mujeres con Energía is an initiative of Iberdrola Mexico to strengthen equal opportunities for women and reiterates the Company's commitment to the development of inclusive environments that favour greater gender equality in positions of leadership in the sector.

SDG 6 (Clean water and sanitation)

- **Iberdrola applauded as one of the utilities with the best water productivity**

According to the Global 100 ranking, Iberdrola has been recognised as one of the utilities boasting the best water productivity. The Company is also a signatory of the United Nation's CEO Water Mandate – an initiative that encourages sustainable practices in water use – and has participated in CDP Water since it was launched.

SDG 9 (Industry, innovation and infrastructure)

- **Portuguese Association for Consumer Protection recognises Iberdrola as the best in the industry for resolving complaints**

Putting the customer at the centre of all its activities is one of the pillars upon which Iberdrola is built. The purpose of this focus on customer service is to continuously improve the products and services it offers, and thus, to deal with complaints efficiently, thereby contributing to improving the solutions it provides. Portuguese consumers have given Iberdrola 9 out of 10 for complaint resolution management. According to the Portuguese Association for Consumer Protection (DECO), the Company has the best rating in the industry in this regard. Companies are ranked taking into account customer evaluations, the rate of successfully resolved complaints, the response rate and the average response time, which is two days in our case – the lowest of all our competitors.

SDG 1 (No poverty), SDG 2 (Zero hunger), SDG 8 (Decent work and economic growth) and SDG 10 (Reduced inequalities)

- **Iberdrola** employs over 34,000 people and generates upwards of 400,000 indirect and induced jobs. In 2017, it contributed more EUR 32.630 billion to gross domestic product (GDP). Each euro the Company invests generates EUR 10.3 in GDP for the regions in which it operates.

- **Iberdrola "Operation Kilo initiative"**. This charitable initiative was again held in Spain, the United Kingdom, Mexico and Brazil to collect food with the aim of helping those facing financial hardship. Food was also distributed in Madrid and Valencia.

- Iberdrola has partnered with **Carrera de las Capacidades (Capabilities Run)**: a new sporting event in Madrid to help disabled people gain a foothold in society and the workplace.

SDG 11 (Sustainable cities and communities)

- Through its new i-DE electricity distribution brand, **Iberdrola** will invest EUR 600 million over the next 10 years to play a role in the transition of towns and cities across Spain towards smart cities in four areas: **e-mobility, network infrastructures, efficient energy use and citizen awareness**. The funds set aside for this project are primarily earmarked to develop the electricity distribution network and increase the intelligence of the distribution network through digitalisation.

SDG 14 (Life below water) and SDG 15 (Life on land)

- Conserving biodiversity is one of the Group's core corporate values. In its endeavours to boost biodiversity in natural ecosystems, Iberdrola has allocated EUR 40 million to use air-bubble curtains to reduce noise when installing offshore wind turbines. These are produced using circular tubes with micro-perforations connected to a ship with compressors that pump air into them. Air is forced through the holes and rises to the surface creating a curtain of air bubbles.

3.3 Volunteering programme initiatives

Stand-out activities forming part of Iberdrola's Corporate Volunteering Programme, implemented through the International Volunteer Portal in this period include:

- **International Volunteer Day:** Under the slogan "Together we build the world we want!", over 2,200 volunteers from Spain, Mexico, Brazil, Portugal, the United Kingdom and the United States took part in 83 activities focusing on caring for the environment, inclusion of vulnerable groups and diversity.
- **Lights, camera... action!** A new round of this project, carried out by Iberdrola alongside the Tomillo Foundation since 2011, aimed at improving education and employability among young people studying on basic vocational training programmes at that foundation, aged between 14 and 18 with a history of academic failure.
- **Summer Fiesta:** The Summer Fiesta has once again been hosted in partnership with the También Foundation, continuing the efforts to include everyone with different abilities in society.
- **Castilla la Mancha 2019 Volunteer Day:** The Group continues to work with the charity Aldeas Infantiles, running a variety of activities for children benefiting from the Aldea Infantil de Cuenca programme.
- **Libera:** An initiative entitled "1 m² for nature" as part of the '**LIBERA, together against litter**' project. The aim is to raise awareness and engage people in keeping the countryside litter free.
- **Iberdrola Tree Day.** A new edition of the Tree Day has been held, in collaboration with Asociación Gorabide and the Lurguia Foundation, thus continuing with the Bosque Iberdrola (Iberdrola Forest) project.
- **INVOLVE** (INternational VOLunteering Vacation for Education) **Initiative.** The volunteers taking part in this charity initiative have now returned to their home countries and have begun providing

online tutoring to the students who attended classes, which will enable them to obtain official qualifications. There have so far been eight editions of Involve, with Iberdrola volunteers and students saying an emotional farewell to the second phase of the programme after spending two weeks together on an intensive course. The goal is to help teenagers at risk of exclusion improve their employability through technology training.

- **Volunteering in the fight against climate change** in schools: The project, which was created in Spain in 2017 to raise awareness of the consequences of climate change through talks and workshops in schools and institutions, has also been launched in Mexico.
- **The SDGs at school:** Iberdrola has engaged its staff in an awareness-raising project at schools on the United Nations Sustainable Development Goals and its 2030 Agenda. The volunteers taking part receive training to run awareness-raising workshops at schools, using fun audio-visual and hands-on resources to teach children and their teachers about the SDGs and encourage them to help achieve them. The goal is to inform staff about the SDGs and encourage healthy, sustainable and charitable behaviour.

3.4 Community action

The ScottishPower Foundation, Avangrid Foundation, Iberdrola Foundation Mexico, Instituto Neoenergia and Iberdrola Foundation Spain represent Iberdrola's commitment to the development of the countries where it operates, as well as to solidarity with those people who are most vulnerable. The 2018-2021 Foundations Master Plan commits to the SDGs in order to contribute to tackling the planet's social and environmental challenges, establishing the following objectives in each work stream:

GENERAL TARGETS (GT)	WORK AREAS	SDG
1. Support training and research in general, prioritising innovation to contribute to energy sustainability.	Training and Research	
2. Support environmental protection and the improvement of biodiversity, to actively contribute to the fight against climate change.	Biodiversity and Climate Change	
3. Protect and safeguard artistic and cultural heritage, promoting conservation and restoration, as well as supporting local development.	Art and Culture	
4. Contribute to sustainable human development, supporting the most vulnerable individuals and groups.	Social Action	
5. Promote alliances that make it possible to carry out actions to reach the SDGs associated with the activities of the Foundations in the local context.	Alliances to achieve the SDG	

The most significant initiatives in the first six months of 2019 by work stream are as follows:

A. Training and research:

This work stream focuses on young students, by supporting their degree, technical training or language studies, offering opportunities to those who have disabilities and/or fewer resources. It also includes grants for research and for restoration and conservation in partnership with museums. These initiatives contribute to reaching specific targets of SDG 4: Quality education.

Avangrid Foundation: Work has been carried out this year on the call for applications for scholarships and grants:

- **Kennebec Valley Community College (Maine):** Three scholarships for eligible students on electrical technology courses.
- **Adirondack Research Consortium (ARC, New York):** This initiative supports several conferences, research projects and academic associations that fulfil the ARC's objectives, involving 350 participants.
- **Ithaca Sciencenter – Sciencenter Discovery Museum (New York):** Specifically supports the Power of the Future field trip series; a programme for students focusing on renewable energy and involving 350 students and 17 teachers.
- **Rochester Museum and Science Center (New York):** Fifty grants for children from the city of Rochester to attend science, technology, engineering and maths (STEM) summer camps.
- **Monroe Community College Foundation – Scholarships (New York):** Funding students' higher education to help them achieve their ambition to fund a skilled job.

Iberdrola Foundation Spain: Call for applications for 47 scholarships and grants.

- 20 grants for energy and environmental research. Twenty researchers have been selected.
- 10 Carolina Foundation scholarships for energy and environment master's degrees at Spanish universities.

- 3 Fulbright scholarships for energy and environmental master's degrees.
- 9 scholarships for undergraduate students to help with their studies at ICAI-University of Comillas.
- 3 grants for restoration and conservation at the Prado Museum.
- 2 grants for restoration and conservation at the Bilbao Fine Arts Museum.

Iberdrola Foundation Mexico:

- Signing of a collaboration agreement with the **Renewable Energy Institute at the Autonomous National University of Mexico (UNAM)**.
- Partnership with the **Renewable Energies Institute of the Autonomous National University of Mexico**, the Valles Centrales de Oaxaca Technology University and the General Coordination Department of Secondary, Further and Higher Education, Science and Technology to support the development of education in the south-southeast region, and encourage the uptake of engineering studies, especially among women. Programme of 20 professional scholarships per annum (over five years) for young people in Oaxaca de Juárez.
- Professional scholarships for five young people and one university scholarship for one individual (2019-2020 academic year) in partnership with the **Monterrey Institute of Technology, Tampico campus**.

Instituto Neoenergía: a new agreement has been signed with **CIEDS** (Integrated Centre for Sustainable Development Studies and Programmes) to bolster the network for sharing educational solutions and innovative practices in the cities of Franco da Rocha (SP), Francisco Morato (SP), Caieiras (SP), Itaparica (BA), Itapebi (BA) and São Francisco do Conde (BA).

The project **Balcão de Ideias e Soluções Educativas** (Educational Solutions and Ideas Circle) run in collaboration with the Integrated Centre for Sustainable Development Studies and Programmes (CIEDS) to bolster the network for sharing educational solutions and innovative practices

in state schools in the cities of Francisco Morato (SP), Caieiras (SP), Itaparica (BA), Itapebi (BA) and São Francisco do Conde (BA). 1,018 teachers have benefited this far.

SPW Foundation:

- **The Engineering Education Programme**, conducted alongside The Prince's Foundation, offers an outdoor educational experience that puts children and young people in touch with their natural heritage, with the aim of inspiring them to become the future generation of entrepreneurs and innovators in the energy industry.
- The aim of the **Schools Outreach** project is to provide an innovative programme for science, technology, engineering and mathematics (STEM) to 10,000 pupils in deprived areas of Wales, through workshops where they can put their science knowledge into practice.
- In partnership with Bangor University, a project is being rolled out for secondary school pupils in Wales, which uses interactive techniques to develop STEM knowledge and improve personal skills, thereby enhancing their employability.
- The National Deaf Children's Society and SPW Foundation have launched a project in which a bus will travel around various areas of England to give young deaf people aged 4-19 a series of workshops to reduce their isolation, thereby improving their academic performance and relational skills.
- Red Balloon of the Air is a project geared towards young people who have abandoned their studies due to cases of bullying or other traumas. This initiative offers an academic and therapeutic programme to get them back to school and reconnect them with society.
- In partnership with the charity, Size of Wales, a programme has been launched engaging young people between 14 and 18 years-old from England and Wales in debates on climate change. The winners will have the opportunity to take

part in the national final hosted by the Debating Chamber of the National Assembly of Wales.

- Young Enterprise Scotland's **Circular Economy** (CE) project prepares today's young people for the economy of the future. This programme is aimed at primary and secondary school pupils (over 1,200 young people in Glasgow).
- The **Primary Panathlon** project gives disabled children between the ages of 4 and 11 opportunities to experience the excitement of competitive sports for the first time.

B. Biodiversity and climate change

In this area of work, we are collaborating with public institutions and bodies devoted to the protection of the environment, contributing to achieving specific aims of SDG 13: Climate action and SDG 15: Life on land.

The **Iberdrola Foundation Spain** collaborates with the Sociedad Española de Ornitología (Spanish Ornithological Society - SEO/BirdLife) on the MIGRA project, aimed at studying the migratory patterns of birds. A total of 51 birds have been ringed in 2019.

The collaboration project with the **Fundación para la Conservación del Quebrantahuesos** (Bearded Vulture Conservation Foundation) is being continued with a view to studying the influence of climate change on this and other alpine birds. The study will continue with the installation of new traps and the recovery of eggs for breeding and subsequent release. Three birds have been released in the Picos de Europa mountains.

Another key initiative is the signing of the **'Study of thermal stress, immunosuppression and climate change in endangered birds of prey'** with the Aquila Foundation. This is a research project in which the main aim is to determine how thermal stress (increase in temperatures due to climate change) affects the basic humoral immune response in endangered birds of prey.

We are also working with the "salvar nuestras montañas" (save our mountains) workshops in the Valles de Omaña y Luna biosphere reserve.

The goal is to establish conservation and sustainable development mechanisms to avoid the **deterioration** and **depopulation** of rural areas that have a high ecological value. The first two workshops have been run in the Picos de Europa mountains and the Aragon Pyrenees, specifically in two biosphere reserves.

A collaboration agreement has been signed with the **Spanish Ministry of Defence's Department of Infrastructure** in the **Bosque Defensa-Iberdrola** (Forest Defence-Iberdrola) programme, which involves the partial reforestation of the Spanish military's shooting ranges and practice grounds. The first campaign has been at the Renedo Cabezón shooting range in the province of Valladolid, with the reforestation of 49.5 hectares with pine and holm oak, while the new reforestation project at Campo de Maniobra de la Sierra del Retín (Cádiz) has been designed.

In the United Kingdom, **the ScottishPower Foundation** and **Sussex Wildlife Trust** have launched *The Wild Side of the Track*: an environmental and educational project aiming to enhance the habitat of a large number of species and ensure their survival through the improvements being introduced. It also supports schools in teaching pupils about caring for and respecting wildlife.

The **Avangrid Foundation** has promoted the *Riverkeeper* project in New York, which highlights the importance of parks for urban biodiversity, health, access and fairness, the economy and other benefits.

Trust for Public Land (Connecticut) is a project that aims to create public access spaces in the largest and most economically disadvantaged city in Connecticut, with a positive impact on the public perception of the riverbank and the city.

There is also a collaboration with the **National Fish & Wildlife Foundation (NFWF) (Washington, D.C./National)** in a series of programmes for the protection of important wild animals threatened with extinction, including hibernating bats across

North America, as well as grassland-dependent birds and mammals in the west.

Through the **Portland Trail Blazers Foundation**, we are collaborating in the Live Greener grants, which will provide general support and funding for programmes for 501(c)3 organisations that connect young unemployed people in rural communities throughout the entire Pacific Northwest to the environment.

Iberdrola Foundation Mexico has held meetings with the new Secretary for the Environment and Natural Resources (SEMARNAT) to work together on programmes already in motion in the Altamira area, such as the **Conservation of Felines and the Conservation of Mangroves**, and in the area of Laredo, the **Conservation of the Cañón de Fernández State Park**, in partnership with PRONATUR.

A partnership agreement has also been signed by the State Government of Durango, Secretary of Natural Resources and the Environment of Durango, Pronatura Noreste and CONAGUA to launch the **Cañón de Fernández State Park Conservation** programme to protect 600 ha of ancient Montezuma cypress trees.

In addition, the **Protection of Felines** project has also been expanded to ensure the survival of big cats living in the region of Altamira. The project received an honorary mention from the Mexican Centre of Philanthropy (CEMEFI) as a stand-out project in the field of environmental conservation and protection.

Instituto Neoenergía Brazil is working with **Save Brasil** to protect threatened wader species in priority areas in Brazil, in the cities of Guamaré (RN), Galinhos (RN), Macau (RN), Mostardas (RS) and Tavares (RS).

The agreement signed by the **WWF** and Instituto Neoenergía aims to generate a unique map of the deep reefs of the Atol das Rocas (in the state of Rio Grande do Norte) and to assess their potential as an exporter of larvae to recuperate the shallow reefs and thus help conserve the coastline.

Phase 2 of the project **Flyways Brasil** has also been completed in partnership with Save Brasil to protect wader birds and their natural habitats, focusing on priority sites and species under threat. Key milestones of this phase were: The completion of 38 bird censuses, five children's events attended by 1,300 boys and girls, and the publication of two scientific articles of international note. In September, Instituto Neoenergia renewed the agreement for phase 3 of the project.

Another of Instituto Neoenergia's projects is **Project Coralizar**, in collaboration with WWF-Brazil, to protect the oceans. The aim of the project is to map areas of unexplored coral reef, understand the effects of climate change on this ecosystem, and determine what the species depend on for survival. The project also has a research arm to devise a method for restoring coral reefs.

C. Art and culture

In this field, the Company works together with cultural bodies, renowned museums, public institutions and religious bodies in order to promote culture, in addition to restoring and conserving artistic heritage, thereby driving local development. These actions have a direct impact on SDGs 8 (Economic growth) and 11 (Sustainable cities and communities).

In the United States, **the Avangrid Foundation has partnered with:**

- **Rochester International Jazz Festival** (21-29 June 2019) to organise a festival comprising more than 300 concerts across 18 venues and attracting over 187,000 visitors from 30 states and 15 countries. Approximately USD 20,000 per year from the festival's takings are allocated as scholarships for disadvantaged students.
- **Wadsworth Atheneum Museum of Art (Connecticut)** to support the 175th anniversary of the oldest art museum in the United States. This scholarship will provide access to young people who do not have the funds to be represented; support will be given to learning and promotion of the programmes in general.

- **CT Association for the Performing Arts dba Shubert Theater (Connecticut)** funding paid work and internships for young people. Funds will also be provided to advertise education, thereby raising the profile of secondary education and pupil numbers.

The **Foundation in Spain** has switched on the new lighting of Ávila Cathedral, Salamanca, the Colegio Mayor del Arzobispo Fonseca Chapel in Salamanca, the Barrena Palace in Ordizia, and the Alcántara Convent. Work is also under way to provide lighting for the Madrid Supreme Court, Guadalupe Monastery and the grand staircase of the Spanish Army Headquarters.

The **Iberdrola Museum Programme** is collaborating with the Prado Museum and the Bilbao Fine Arts Museum restoration workshops for the conservation of paintings, sculptures and works of art on paper at their art galleries. The restoration of the Royal Drawing Room at the Prado Museum was opened in April 2019. The Prado Museum also opened the exhibition of restored works by Fra Angelico last May.

The **Plan Románico Atlántico** (Atlantic Romanesque Plan) initiative for works on churches located in the north of Portugal, Salamanca and Zamora is ongoing, having unveiled over the last nine months the works carried out on the Muga de Alba Church (Zamora), Ciudad Rodrigo cathedral (Salamanca), and the Church of San Martín de Castañeda (Zamora). Renovation work continues on the Portuguese churches of Boticas and Guimaraes.

The **Exhibitions Programme** was launched with "El Prado en las calles" (El Prado in the streets) designed to raise awareness of, provide information on and share the collections and the cultural identity of the Museum's heritage. It especially includes education and cultural promotion activities as part of the institution's bicentenary commemorations programme. This exhibition has so far visited Elche, Éibar, Cartagena and Palencia, and will head to Zamora, Jerez de la Frontera, Albacete and Mérida later this year.

Instituto Neoenergía in partnership with Natal (RN), Brasilis Producciones Culturales, the Jose Augusto Foundation and Neoeluz Ingeniería will begin to illuminate the Câmara Cascudo Memorial. On 25 April, the new lighting of the Santo Amaro da Barra Grande fort in Guarujá (Sao Paulo) was switched on.

The first class of the **Mentes Brillantes** (Brilliant Minds) project took place on 4 April. This project aims to enhance the socio-emotional skills of school children in state schools in Andradina, Rio Claro and Caieiras (SP), raising their academic performance and offering careers advice and psycho-pedagogical support. The initiative is benefiting 12 schools – four in each city – and has reached around two thousand state school pupils. The project will be completed in November and December 2019.

On 9 August, Instituto Neoenergia and Cosern launched the 2019 round of **Transformando Energia en Cultura** (Transforming Energy into Culture) to fund through the Câmara Cascudo State Cultural Promotion Act socio-cultural projects that contribute to achieving the SDGs and value local culture in the state of Rio Grande do Norte. The launch event was attended by 110 artists and providers of culture running activities across the state. By the deadline, 158 projects had applied for funding, well above the 2018 figure of 79. Subsequently, on 7 September the project selection committee, consisting of representatives from Instituto Neoenergia, Cosern and independent experts, pre-selected 23 projects in around 50 municipalities across Rio Grande do Norte.

In the **United Kingdom**, **ScottishPower Foundation**, alongside Bath Philharmonia, launched Listen to Us: a musical development programme for young people in Wiltshire. This project will create a day of musical opportunity for young people between 7 and 18 years of age who have important responsibilities caring for their parents or another member of their family. It will have two intensive phases of music workshops equivalent to a full year of music lessons and will culminate in three live performances in prominent places in the region as

part of the prestigious annual Bath International Music Festival.

D. Social action

This work stream has entailed collaborations with NGOs, foundations and development agencies to promote social and humanitarian projects geared towards more vulnerable people, which contribute to achieving specific Sustainable Development Goals 1: No poverty; 3: Good health and well-being; 5: Gender equality; 7: Affordable and clean energy; and 10: Reduced inequalities.

The **Social Programme of the Foundations** is carried out in all five countries, providing support to projects that help tackle child poverty, promote the inclusion of the disabled, and enhance the quality of life of people with serious illnesses, prioritising care for the most vulnerable groups. Significant partnerships are as follows:

United Kingdom:

- **Inter Madrassah Organisation:** The Junior Citizen Award organises workshops, activities and group work to promote integration, shared values and a sense of belonging to combat extremism and improve self-esteem. The project will involve young people from 10 associated schools, who will form teams to achieve common goals.
 - **Theatr Clwyd Development Trust:** This crime prevention programme combines three educational projects: Justice in a Day, Connor's Time and Junior Justice. The programme uses professional actors to create realistic and hard-hitting plays. Each one explores current themes around the justice system that affect young people.
 - **Changing Faces:** This young champions project, "Face Equality", will identify and support 10-20 young people throughout Scotland, aged up to 25, to lead activities to stop bullying in school.
- The Customs House Trust Ltd:** The Takeover is a week-long arts festival that aims to develop leadership skills among young people.

- **Youth Focus NW Ltd:** The POSH project has emerged in the last 12 months, led by members of Youthforia to involve young people in raising awareness about caring for the environment to ensure a sustainable future.
 - **Bendrigg Trust:** this is an outdoor residential education centre that works with disabled and disadvantaged people. Its goal is to promote inclusion, encourage independence, build self-confidence and improve physical and mental health and well-being through adventure activities and residential experiences.
 - **Hearts & Minds:** The Clowndoctors programme provides unique therapy by supporting children in hospital, hospices and schools for pupils with complex additional support needs. Clowndoctors work to promote creative, physical and mental stimulation adapted to each individual.
 - **Birmingham Disability Resource Centre:** The Switched On project will support 200 disabled people to avoid situations of energy poverty.
 - **The National Autistic Society:** The Young People's Social Group project is designed to address the isolation of young autistic people and provide them with opportunities for greater integration in their communities, and to improve their quality of life.
 - **Music in Hospitals & Care:** The Rhythm for Recovery project holds live music sessions for patients of all ages. The project will involve musicians with prior training over a year and offer new training opportunities to another 12 musicians across the UK.
 - **Young Women's Trust (formerly YWCA England):** The aim is to significantly increase the scope and impact of Work it Out: an innovative project promoting employability and confidence, supporting 3,000 disadvantaged young women. It includes two complementary services: self-confidence and employability coaching, and personalising CVs for job applications.
 - **Maggie Keswick Jencks Cancer Caring Centres Trust:** The aim of this project is to help vulnerable people with cancer to access aid from the welfare system and provide them with legal defence.
 - **Central Eltham Youth Project:** Fresh is Best is an educational project for distributing healthy food aimed at vulnerable young people between 16 and 30 years of age who live independently but who cannot afford a healthy and balanced diet.
- United States:**
- **Boy Scouts Seneca Waterway Council (New York):** An event for Boy Scouts Seneca Waterway Council involving company volunteers and executive management. Support is offered to the Scouts movement in low-income neighbourhoods of Greater Rochester, providing an outdoor school that offers a comprehensive education to equip young people with the leadership skills and values that will help them throughout their lives.
 - **One City Fun City of Rochester - Cool Sweep (New York):** Support for Cool Sweep: an annual programme in the city of Rochester promoting neighbourhood safety and customer services to help city residents who face difficulties in the summer heat.
 - **Rape, Abuse & Incest National Network - RAINN (Washington, D.C./National):** RAINN is the largest anti-sexual violence organisation in the country. It sets up and runs the National Sexual Assault Hotline. RAINN is a dynamic non-profit organisation providing support to victims, public education, public policy guidance and training and advice services. The Company is supporting the RAINN programmes, including expanding the direct helpline, education, support services and promotional activities.
 - **Ronald McDonald House Charities (RMHCR) of New York - Rochester:** This overarching initiative provides help for families in the complex area of mental health care. Specifically, RMHCR recently launched the first family lounge area specifically

for children receiving care in the hospital psychiatric unit, and the partial hospitalisation programme. The Avangrid Foundation sponsors the organisation.

- **United Way Broome County (New York):** Provides backing for local human service and health programmes in Broome County, helping individuals and families to achieve a better quality of life.
- **Child Poverty and Education:** Four-year programme providing academic support and the opportunity to study science to 100 public college students in the district of New Heaven and West Heaven.
- **Camp Sunshine (Maine):** Funding is provided for the annual Camp Sunshine Pumpkin Festival at L.L. Bean to make a difference to the community by organising a “free” and fun local event for the whole family, while also raising funds through sponsorship and donations for terminally-ill children and their families.
- **Ibero-American Action League (New York).**
- **Oregon Food Bank (Oregon):** Support for the OFB to reduce food insecurity among residents of Oregon and Southwest Washington and improve access to healthy, nutritious food.
- **SMART (Oregon):** Intended to have a positive impact on literacy, supporting and encouraging reading among young children, access to books and the involvement of the community to live in an equal and inclusive society for everyone involved.
- **American Online Giving - Employee Donation Match - Benevity (National)**
- **Development Cooperation- Humanitarian Emergency.**

#AVANGives is an initiative through which 10 grants are handed out to community organisations with different missions. These organisations have been selected through a competition open to AVANGRID staff:

- **The Center for Grieving Children (Maine)**

- **New Haven Pride Center (Connecticut):** Runs educational, cultural and social enrichment programmes for the LGBTQ+ community, their supporters and members to make a positive contribution to the entire Greater New Haven community.
- **Clifford Beers Child Guidance Clinic (Connecticut):** The Clifford Beers Clinic provides the latest solutions for children and families searching for social, physical and mental well-being, especially in the Greater New Haven region.
- **p: ear (Oregon):** This grant is intended to nurture personal value and build healthier lives and communities. It will be used to provide food every day to 70 young people for three months.
- **Pine Tree Camp (a programme run by the Pine Tree Society):** Known for continuously innovating to meet the needs of people with a wide range of disabilities, Pine Tree Camp has become a place where children and adults can take part in the recreational activities Maine is famous for: camping, hiking, swimming and many more.
- **EmBe - Girls on the Run (South Dakota/ Renewables):**
EmBe was the first organisation to respond to women’s needs in the area. In its early years as the YWCA, it was a place for girls and women to gather and learn, a place for them to live, find safety and shelter from violence through physical exercise, and a place to develop leadership skills and find friendships. Over the years, many community programmes and services have been developed to create a world in which every girl can be aware of and realise their limitless potential and be free to explore their dreams.
- **The Klein Memorial Auditorium Foundation (Connecticut):**
This one-of-a-kind programme in the State of Connecticut provides a safe and nurturing environment with an emphasis on socialisation, teamwork and personal achievements. The programme aims to create a positive environment

to equip students with tools for self-expression, build a community, develop life skills and enhance access to vocational training in theatre arts and learning support. Following six years of growth, Klein Theater Arts currently has 70 students per term from 32 schools in the area.

- **Crime Victims Assistance Center (New York):** This grant will support the Crime Victims Assistance Center (CVAC) to help more young people and provide more accurate data on treatments and outcomes.
- **Compeer (New York):** The Rochester family and youth mentoring programme offers support and guidance to disadvantaged young people who are dealing with mental illness, poverty and low academic performance.
- **Tree Street Youth (Maine):** The grant will help Tree Street Youth to support a marginalised community in Lewiston, Maine, through arts and athletics-based programmes in a safe space. The aim: to encourage physical health and social and educational development.

Mexico:

- **Asociación Civil Excelencia Educativa**, which offers girls and boys a participative space where they can be actively involved in the learning process, enjoying new ways of approaching knowledge. This initiative will be carried out throughout 2019 in 21 schools located near Iberdrola Mexico plants and installations.
- **Tamazunchale Firefighters:** Four grants have been donated for participating in the 'Industrial Firefighter' course for fire brigade training in the city of Celaya (Guanajuato).
- **Electrification in rural communities:** Using solar power to bring electricity to off-the-grid rural communities in Huasteca Potosia, San Luis Potosí. Five communities, 110 families and approximately 500 people have benefited from the project.
- **Rebuilding in the south-south east:** Partnership with the Institute of Education Infrastructure (IIE) to rebuild schools affected by the 2017 earthquakes in Juchitán, Oaxaca. Five schools,

658 pupils and approximately 3,000 people have benefited from the project.

- **Urology Brigades in the south-south east:** Brigades of surgeons to carry out complex urological surgery on women in Oaxaca at the Oaxaca Regional Hospital of Specialist Services. Nine specialist urologists, 65 complex operations on women, two workshops for urologists, gynaecologists, nursing staff, health workers and medical students.
- **Education with energy:** Educational workshops for children, teachers and parents of the most vulnerable families to improve the quality of learning.
 - Upwards of 2,000 parents, teachers and children have attended,
 - with over 45,000 direct beneficiaries.
- **Learning infrastructure:** Construction and fitting out of spaces for learning.
 - Continuation and strengthening of alliances.
 - Extension to new centres: Baja California and Bajío.
- **Social and community support:** Backing for public institutions and non-profit associations with a positive impact on the communities where the Group operates.

Brazil:

- The *infancia* social programme, underpinned by the country's Sports Act, runs basketball classes for 300 children and young people from 6 to 14 years old at risk of social exclusion in the city of Caieiras (SP).
- **DroPS:** Monthly meetings in relevant areas to train 50 social entrepreneurs. The projects supported have to contribute to fulfilling all the SDGs, i.e. the project will boost the impact in all the areas of environmental and social development listed by the UN. Thanks to this project, there has been 75% growth in new partnerships by the projects helped through training, which demonstrates how the beneficiary organisations have improved in quality and how being a member of a network helps in the development of social enterprises.

- **Impactô:** Acceleration of five initiatives with a positive and social impact in the city of Salvador (BA) by enhancing their management processes. The enterprises and NGOs that will be accelerated through Impactô are: Acopamec, Bankman, Associação Clara Amizade, Punk Hazard Studios and Cipó Comunicação. The first class was held on 8 October. The project is being run in conjunction with Instituto Ekloos, an expert in accelerating initiatives with a social impact.
- **Donation of hampers of essential items:** In 2019, the Instituto will support the campaign to collect donations for Christmas hampers of essential items for the communities living near the wind farms of Força Eólica do Brasil (FEB) in Paraíba and Rio Grande do Norte.

Spain:

- In the first nine months of the year, collaboration agreements have been signed with the **Ampara** association, for integration, leisure and free-time activities for children with incarcerated mothers, and with the **Fundación Caballo Amigo**, for a hippotherapy programme geared towards children with disabilities and mental illnesses. Furthermore, the Víctor Ullate Foundation grants have been renewed with an increased number. The Convocatoria 2020 call for applications for social grants from the Foundation was also published and closed, with 136 entities applying.

The Cooperation Programme for Human Development promotes projects to overcome situations of extreme poverty through the electrification of basic social infrastructure (schools, health centres and community centres, etc.), incorporating education and technical training that promotes productive local development actions. This programme also covers projects providing help in humanitarian emergency crises.

Child exploitation, begging, domestic servitude or child trafficking are some of the circumstances that thousands of children face every day in

Mauritania. Many of these children leave their homes and birthplaces to escape from these conditions and many do so alone, running the risk of falling victim to all types of exploitation.

Iberdrola and **Save the Children** are working together in 2019 to build a child protection centre in the city of Nouadhibou, which will provide a home to these children and protect them from the dangers they would face on the street.

The project is part of the European Union's AFIA Programme, which aims to protect children against trafficking and exploitation. The new centre is being built on land owned by the Ministry of Social Affairs, Childhood and Family (MASEF) in Mauritius.

Iberdrola Foundation Spain is looking at potential ways of working with the Spanish Agency for International Development Cooperation (AECID) and has signed a Humanitarian Framework Agreement or Protocol to jointly and immediately respond to humanitarian emergencies and provide aid. The goal is to protect vulnerable victims of natural disasters and violence and coercion or people with limited access to essential services during emergencies or humanitarian crises, focusing on children and women.

In the United States, the Company continues to collaborate with the Red Cross (American Red Cross Disaster Relief) to contribute towards reconstruction in the areas affected by Hurricane Harvey in Florida.

4. CORPORATE GOVERNANCE

Corporate Governance highlights during the first nine months of financial year 2019 were as follows:

- On 2 January 2019, Iberdrola informed the Spanish National Securities Market Commission (CNMV) of the completion of the sale, by Scottish Power Generation Holdings Ltd, of 100% of the share capital of Scottish Power Generation Ltd to Drax Smart Generation Holdco Ltd, a company belonging to the group of which the parent company is Drax Group Plc.
- On 4 January 2019, the Company published a supplement to the prospectus regarding the terms and conditions of the second round of the 'Iberdrola Scrip Dividend' optional dividend scheme for 2018.
Subsequently, on 30 January 2019, Iberdrola completed the paid-up capital increase approved by the General Shareholders' Meeting of 13 April 2018, as well as the distribution of an interim dividend corresponding to the 2018 financial year agreed on 23 October 2018 by the Board of Directors, as part of the second round of the 'Iberdrola Scrip Dividend' scheme for 2018.
- On 8 February 2019, the Company submitted its energy production figures for 2018.
- On 19 February 2019, Iberdrola notified the CNMV of the agreement to carry out a buyback programme of the Company's treasury stock in accordance with the authorisation granted by the General Shareholders' Meeting of 13 April 2018, under point 12 of the Agenda. Up until 14 June 2019, when the programme ended, the Company had acquired 129,078,807 treasury shares, equating to 1.980% of its treasury stock.
- On 20 February 2019, the Company submitted its results for the financial year ended 31 December 2018 to the CNMV.
- On 26 February, the Company also submitted the 2018-2022 Outlook update.
- On 6 March 2019, the CNMV was informed that Iberdrola España, S.A. (Sociedad Unipersonal, sole

shareholder company), Iberdrola Distribución Eléctrica, S.A. (Sociedad Unipersonal) and Iberdrola Generación, S.A. (Sociedad Unipersonal), all belonging to the Iberdrola Group and acting as assignor companies, reached an agreement with Lyntia Networks, S.A. (Sociedad Unipersonal) regarding the assignment of the right to use part of its dark fibre-optic network. Furthermore, it was announced that the finalisation of the operation was subject to mandatory authorisation from the Spanish National Markets and Competition Commission (CNMC).

Lastly, on 6 August 2019 IBERDROLA reported that the deal had been closed with the rights to use the spare capacity of its dark fibre-optic network in Spain being assigned to Lyntia Networks, S.A. (Sociedad Unipersonal) for EUR 260.0 million.

- On 12 April 2019, the Company submitted its energy production figures for the first quarter of 2019.
- On 24 April 2019, IBERDROLA informed the CNMV that the Brazilian sub-holding company, Neoenergia, S.A. ("Neoenergia") (52.45% owned by Iberdrola, S.A.) had announced the resolutions adopted by its board of directors needed to start this company's stock market flotation in Brazil. Notice was given on 30 April 2019 that Neoenergia's Extraordinary General Shareholders' Assembly had approved the resolutions related with this flotation. Subsequently, on 7 June 2019, IBERDROLA announced the publication of the notice of the public offering of Neoenergia shares as per Brazilian legislation.
Lastly, on 28 June 2019, the Company informed the CNMV that the final price of Neoenergia shares in the public offering in Brazil had been set at BRL 15.65, equivalent to EUR 3.576 per share.
- Meanwhile, on 24 April 2019, IBERDROLA published the prospectus regarding the terms and conditions of the first round of the 'Iberdrola

Scrip Dividend' optional dividend scheme for financial year 2019.

- On 25 April 2019, the Company submitted its results for the first quarter of financial year 2019 to the CNMV.
- On the other hand, on 17 June, along with the announcement of the completion of the share buyback programme, the CNMV was informed that on 13 June 2019, IBERDROLA acquired a total of 5,950,803 treasury shares (representing approximately 0.091% of its capital) through the settlement on expiration of certain treasury share derivatives arranged by the Company. This quantity of shares along with those acquired when the buyback programme was executed is sufficient to fulfil the share capital reduction objectives.
- On 18 June 2019, IBERDROLA notified the CNMV of the implementation of the capital reduction through the redemption of treasury stock approved at the General Shareholders' Meeting, entered in the Bizkaia Companies Register on 20 June.
- On 20 June 2019, it was announced that IBERDROLA, Iberdrola Generación, S.A. (Sociedad Unipersonal) and Iberdrola Generación España, S.A. (Sociedad Unipersonal), acting as assignor companies, had reached an agreement with Pavilion Energy Trading & Supply Pte. Ltd. ("Pavilion") for the cession of its contractual position in its portfolio of long-term liquefied natural gas supply, sea freight and gas infrastructure usage contracts, and other supplementary contracts related with the supply of liquefied natural gas. It is expected that Pavilion will pay the assignor companies the sum of EUR 115 million, payable as per the transaction schedule and subject to any agreed-upon adjustments. The transaction is due to be closed on 1 January 2020.
- On 2 July 2019, IBERDROLA published a supplement to the prospectus regarding the first

round of the 'Iberdrola Scrip Dividend' optional dividend scheme for 2019.

Subsequently, on 25 July 2019 the Company announced the completion of the paid-up capital increase operation approved by the General Shareholders' Meeting of 29 March 2019, as well as the distribution of the final dividend for the 2018 financial year, all as part of the first edition of the 'Iberdrola Scrip Dividend' optional dividend scheme for 2019.

- On 12 July 2019, the Company submitted its energy production figures for the first half of financial year 2019.
- On 24 July 2019, the Company submitted to the CNMV, its Results Presentation for the first half of 2019.
- Finally, IBERDROLA informed the CNMV on 11 August 2019 that ScottishPower Renewables (UK) Limited – the subsidiary and parent of the Iberdrola Group's UK renewables business, ScottishPower Renewable Energy Ltd. – had signed an agreement to sell to Bilbao Offshore Holding Ltd. a 40% stake in East Anglia One Ltd., which owns the East Anglia One offshore wind farm project in the United Kingdom. It was reported that ScottishPower Renewables (UK) Limited will continue to control East Anglia One Ltd. and provide the services needed to complete construction and operate and maintain the wind farm.

On 2 September 2019, once the necessary permission was granted by The Crown Estate, IBERDROLA announced that the sale of a minority stake in East Anglia One Ltd. (owner of the East Anglia One wind farm project) had been wrapped up.

General shareholders' meeting

The Board of Directors of Iberdrola, in its meeting of 19 February 2019, agreed to convene the General Shareholders' Meeting to be held at first call on 29 March 2019, or at second call on 30 March 2019. In addition, the Board approved the payment of a gross per diem of EUR 0.005 per share for the shareholders present or represented at the General Shareholders' Meeting.

The announcement of the call to the General Shareholders' Meeting was published by the Company on its corporate website (www.iberdrola.com) and in the Official Bulletin of the Companies Register on 22 February 2019.

On that same date, the Annual Corporate Governance Report, the Annual Director Remuneration Report and the financial information for 2018 were sent to the CNMV.

On 29 March 2019, the Company's General Shareholders' Meeting was held at first call, with a quorum of 74.12% of the share capital (12.72% present and 61.40% represented), with all the proposed resolutions included in the meeting agenda being approved, as detailed below:

Resolutions regarding the annual accounts and company management

- i. Approval of the annual accounts for 2018.
- ii. Approval of the management reports for 2018.
- iii. Approval of the non-financial information statement for 2018.
- iv. Approval of the corporate management and performance of the Board of Directors during 2018.

Resolutions regarding the Corporate Governance System

- v. Amendment to the preamble and to articles 4, 6, 7, 8, 22, 32, 33, 34 and 49 of the Articles of Association in order to reflect the purpose and values of the Iberdrola Group, to formalise its commitment to the Sustainable Development Goals (SDGs) approved by the United Nations

and to improve its wording with the use of inclusive language.

- vi. Amendment to articles 37 and 41 of the Articles of Association to reflect the change in name of the Corporate Social Responsibility Committee, which is now called the Sustainable Development Committee.

Resolutions regarding remuneration

- vii. Approval of the proposed allocation of profits and distribution of dividends for 2018, the final dividend being distributed within the framework of the 'Iberdrola Scrip Dividend' optional dividend scheme.
- viii. Approval of a first increase of paid-up capital for a maximum reference market value of EUR 1,520 million, for the purpose of implementing the 'Iberdrola Scrip Dividend' optional dividend scheme.
- ix. Approval of a second increase of paid-up capital for a maximum reference market value of EUR 1,235 million, for the purpose of implementing the 'Iberdrola Scrip Dividend' optional dividend scheme.
- x. Approval of a capital reduction by means of the redemption of a maximum of 280,457,000 treasury shares (4.30% of share capital).
- xi. Advisory vote on the Annual Director Remuneration Report for 2018.

Resolutions regarding the Board of Directors

- xii. Appointment of Ms Sara de la Rica Goiricelaya as an independent director.
- xiii. Ratification of the appointment by co-optation and re-election of Mr Xabier Sagredo Ormaza as an independent director.
- xiv. Re-election of Ms María Helena Antolín Raybaud as an independent director.
- xv. Re-election of Mr José W. Fernández as an independent director.
- xvi. Re-election de Ms Denise Holt as an independent director.

- xvii. Re-election of Mr Manuel Moreu Munaiz as an independent director.
- xviii. Re-election of Mr Ignacio Sánchez Galán as an executive director.
- xix. Determination of the number of members of the Board of Directors at fourteen.

Resolution regarding general matters

- xx. Delegation of powers for the formalisation and notarisation of any resolutions adopted.

Board of Directors

On 19 February 2019, the Company announced the resolutions concerning changes to the composition of the advisory committees and members of the Board of Directors.

- i. Reclassification of Mr Xabier Sagredo Ormaza as an independent director. To that end, the Board of Directors recorded the resignation of Mr Sagredo Ormaza and agreed on his appointment, at the proposal of the Appointments Committee and by co-optation, as an independent director.
- ii. Appointment, subject to the favourable report of the Appointments Committee, of Mr Xabier Sagredo Ormaza as the new Chairman of the Audit and Risk Monitoring Committee, replacing Ms Georgina Yamilet Kessel Martínez, after her period in the post expired.
- iii. Re-election of José Walfredo Fernández as a member of the Audit and Risk Monitoring Committee, of Ms María Helena Antolín Raybaud and Mr Iñigo Víctor de Oriol Ibarra as members of the Appointments Committee, as well as of Ms Inés Macho Stadler as a member of the Remunerations Committee, in all of the cases proposed by the Appointments Committee.

On 28 March 2019, the board member Mr Ángel Jesús Acebes Paniagua submitted his resignation as a director of the Company.

On 29 March 2019, Iberdrola announced that the General Shareholders' Meeting had adopted the

following resolutions regarding the composition of the Board of Directors.

- i. Appointment of Ms Sara de la Rica Goiricelaya as an independent director, for a period of four years as stipulated in the Articles of Association.
- ii. Ratification of the appointment by co-optation and re-election of Mr Xabier Sagredo Ormaza as an independent director, for a period of four years as stipulated in the Articles of Association.
- iii. Re-election of Ms María Helena Antolín Raybaud, Mr José Walfredo Fernández, Ms Denise Mary Holt and Mr Manuel Moreu Munaiz as independent directors, all for a period of four years as stipulated in the Articles of Association.
- iv. Re-election of José Ignacio Sánchez Galán as executive director, for a period of four years as stipulated in the Articles of Association.

In its meeting also held on 29 March 2019, and at the proposal of or subject to a report from the Appointments Committee, the Board of Directors approved the resolutions stated below concerning the posts of the Board of Directors and its committees:

- i. Re-election of Mr José Ignacio Sánchez Galán as Chairman and Chief Executive Officer.
- ii. Re-election of Mr Sánchez Galán and Mr Manuel Moreu Munaiz as members of the Executive Committee and establishing the number of members of this body at four.
- iii. Appointment of Ms Sara de la Rica Goiricelaya as a member of the Appointments Committee, in order to fill the vacancy left by Mr Acebes Paniagua.

Corporate Governance System

Iberdrola continually updates its Corporate Governance System, comprising the following regulatory documents: *Articles of Association*, the *Purpose and Values of Iberdrola Group*, the *corporate policies*, the governance regulations of the corporate bodies and the other functions and internal committees, and the Company's compliance. In their drafting, the generally recognised good governance recommendations in international markets have been taken into account.

Corporate governance rules are drawn up, revised and improved in line with the strategy that the Company and the companies forming part of the Iberdrola Group have now been following for years.

In this regard, on 19 February 2019, IBERDROLA's Board of Directors agreed on a reform to its Corporate Governance System in order to: (i) review its corporate vision, drawing up the new Purpose and Values of the Iberdrola Group, replacing the Mission, Vision and Values of the Iberdrola Group; and (ii) carry out the annual review of its risk policies.

On 28 March 2019, the Board of Directors approved a reform of the Company's Corporate Governance System with a view to: (i) including the recommendations of *Technical Guide 1/2019 of the Spanish National Securities Market Commission, on appointments and remunerations committees*; (ii) introducing various one-off improvements in cyber resilience; (iii) updating and developing the content of the Quality policy to reflect the Iberdrola Group's new strategic quality guidelines; and (iv) introducing other technical improvements.

Finally, on 29 March 2019, the Company's General Shareholders' Meeting approved a reform of the *Articles of Association* in order to: (i) reflect the purpose and values of the Iberdrola Group, formalise its commitment to the Sustainable Development Goals (SDGs) approved by the United Nations and make improvements to the wording; and (ii) reflect the change in name of the Corporate Social Responsibility Committee, which is now called the Sustainable Development Committee.

Lastly, on 24 April 2019, the Board of Directors approved a new version of the Corporate Governance System in order to: (i) update the content of several sustainable development policies to formalise the commitment to uphold the highest safety standards for assets and people and include more references to the contribution to fulfilment of the SDGs; (ii) make technical improvements to the *Code of Ethics, Compliance Unit Regulations and Internal Regulations for Conduct in the Securities Markets*; and (iii) revise the description of the Group's governance and corporate structure set out in several corporate governance system rules.

All documents that comprise the Corporate Governance System are published (in their full or summarised version) both in Spanish and in English on the corporate website www.iberdrola.com, which also offers the option of downloading them for consultation onto an e-book reader or any other mobile device.

Information transparency

One of the core principles underlying Iberdrola's corporate governance practices is to ensure maximum transparency in financial and non-financial information provided to shareholders, investors and markets. In this respect, there has been a high level of activity so far during 2019 to ensure that institutional investors and financial analysts are kept fully informed.

On-Line Shareholders (OLS)

Since January 2012, the interactive On-Line Shareholders system (OLS), accessible via the corporate website, has been operational. This system allows shareholders not only to look up and request information relating to the *Policy on communication and contact with shareholders, institutional investors and voting advisors*, but also to actively take part in meetings with Company representatives appointed by the Board of Directors or its Chairman and CEO, held online, on matters of corporate governance and other relevant issues for the Company as a going concern that impact stakeholders as well as the communities and locations where the Company operates.

Other

In relation to news published in different media that attempt to link Iberdrola with alleged irregularities committed by the company CENYT (linked to the former police commissioner, currently in prison, José Manuel Villarejo), the Company is not aware of any violation of its procurement and internal control procedures, of the commission of any breach of the Code of Ethics or of being affected by any judicial or administrative procedure in this regard. Notwithstanding the foregoing, in the case of any violation or any breach of the above mentioned rules and regulations committed by any Group employee would be finally proof, this could have a reputational impact.

CNMV: Significant Events from July to September 2019

Date	Event	Registration N°.
02/07/2019	Supplement to the prospectus regarding the first round of the 'Iberdrola Scrip Dividend' optional dividend scheme for 2019	279788
04/07/2019	Announcement of the Results Presentation for the first half of 2019	279871
12/07/2019	Reporting of the Company's energy production figures for the first half of 2019.	280168
24/07/2019	Disclosure of information on the results of the first half of 2019.	280485
24/07/2019	Results Presentation for the first half of 2019	280491
25/07/2019	Publication of information on the first round of the "Iberdrola Scrip Dividend" optional dividend scheme for 2019 involving the issuance of 122,072,000 new shares and payment of a gross final dividend for 2018 of EUR 198,180,796.60.	280573
26/07/2019	Disclosure of information on the results of the first half of 2019	280675
06/08/2019	Wrapping up of the assignment of the right to use the surplus capacity of the Iberdrola Group's fibre-optic network in Spain to Lyntia Networks.	281089
12/08/2019	Sale of a minority stake in the owner of the East Anglia One offshore wind farm project.	281189
02/09/2019	Completion of the sale of a minority stake in the owner of the East Anglia One offshore wind farm project.	281412
23/09/2019	Date of publication of the results for the first nine months of 2019.	281937



Glossary of terms

Alternative Performance Measures	Definition
Market capitalisation	Number of shares at the close of the period x price at the close of the period
Earnings per share	Net profit for the quarter / number of shares at the close of the period
PER	Price at the close of the period / Earnings per share for the last four quarters
Price / Book value	Market capitalisation / Equity of the parent company
Dividend yield (%)	Dividends paid in the last 12 months and attendance bonus / price at close of the period
Gross Margin	Net Revenue - Procurements
Net Operating Expenses	Personnel expense - Capitalized personnel expense + External services - Other Operating Income
Net Operating Expenses / Gross Margin	Net Operating Expenses / Gross Margin
Net Personnel Expense	Personnel Expense - Capitalized Personnel Expense
Net External Services	External Services - Other Operating Income
Gross Operating Profit (EBITDA)	Operating Profit + Depreciations, Amortisations and Provisions
Adjusted Gross Operating Profit (EBITDA)	Gross Operating Profit (EBITDA) adjusted by provisions for efficiency plans
Net Operating Profit (EBIT)	Operating Profit
Financial Result	Financial Revenue - Financial Expenses
Income from Non-Current Assets	Benefits from sale of non-current assets - Losses from sale of non-current assets
ROE	Net Profit of the four last quarters / Equity (average)
Financial leverage	Net Financial Debt / (Net Financial Debt + Equity)
Adjusted Equity	Shareholders' Equity adjusted by the market value of the accumulators
Gross Financial Debt	Financial Debt (loans and other) + equity instruments with certain characteristics of financial liability + Liability derivative debt instruments
Net Financial Debt	Gross Financial Debt - Asset derivative debt instruments - Other short-term credits(*) - Cash and other cash equivalents
Adjusted Net Financial Debt	Net Financial Debt adjusted by market value of treasury stock cumulative hedges
Net Financial Debt / Equity	Net Financial Debt / Equity
Net Financial Debt / EBITDA	Net Financial Debt / EBITDA for the last four quarters
Funds from Operations (FFO)	See section 'Funds From Operations' in the report

(*) Included in the Balance Sheet in "Other current financial assets"

Alternative Performance Measures	Definition
Adjusted Funds from Operations (Adjusted FFO)	Funds from Operations adjusted by provisions for efficiency plans
Funds From Operations (FFO) / Net Financial Debt	FFO for the last four quarters / Net Financial Debt
Net Operating Cash Flow per Share	FFO for the quarter / Number of shares at close of the period
Retained Cash Flow (RCF) / Net Financial Debt	RCF for the last four quarters / Net Financial Debt

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