

Results

First quarter

April 25
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First Quarter Results 2019 / April 25, 2019

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Core business figures

		December 2019	December 2018
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	1Q 2019	1Q 2018	vs. 2018
ELECTRICITY (GWh)			
Spain	23,999	24,303	-1.3%
United Kingdom	9,274	9,845	-5.8%
United states	10,025	10,000	0.2%
Brazil	17,406	16,581	5.0%
Total	60,704	60,729	-
GAS (GWh)			
United States	27,195	25,767	5.5%
Total	27,195	25,767	5.5%

Differences may arise due to rounding.

Managed supply points	1Q 2019	1Q 2018	vs. 2018
ELECTRICITY (Millions)			
Spain	11.04	10.98	0.5%
United Kingdom	3.52	3.52	0.1%
United States	2.25	2.24	0.6%
Brazil	13.88	13.63	1.8%
Total Electricity	30.69	30.37	1.1%
GAS (Millions)			
United States	1.01	1.01	0.3%
Total Gas	1.01	1.01	0.3%
TOTAL SUPPLY POINTS	31.70	31.38	1.0%

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

	1Q 2019	1Q 2018	vs. 2018
TOTAL GROUP			
Net Production (GWh)	39,189	40,024	-2.1%
Renewables	17,114	18,750	-8.7%
Onshore	9,804	11,320	-13.4%
Offshore	643	407	58.0%
Hydro	6,224	6,792	-8.4%
Minihydro	193	159	21.2%
Solar and others	251	73	243.6%
Nuclear	6,405	5,979	7.1%
Gas combined cycle	13,027	13,101	-0.6%
Cogeneration	2,294	1,733	32.4%
Coal	349	460	-24.1%
Installed Capacity (MW)	47,773	48,683	-1.9%
Renewables	29,502	29,276	0.8%
Onshore	15,749	15,533	1.4%
Offshore	544	544	-
Hydro	12,497	12,574	-0.6%
Minihydro	306	303	0.8%
Solar and others	406	321	26.3%
Nuclear	3,177	3,177	-
Gas combined cycle	12,885	14,007	-8.0%
Cogeneration	1,335	1,350	-1.1%
Coal	874	874	-
Electricity customers (N° mill.)	13.45	13.51⁽¹⁾	-0.4%
Gas customers (N° mill.)	3.09	3.04⁽¹⁾	1.6%
Gas Supplies (GWh)	18,789	24,468	-23.2%
Gas Storage (bcm)	0.06	0.06	8.1%

Note: In terms of operational data, IFRS11 do not apply see details under Operational Performance for the period).

Differences may arise due to rounding.

(*) UK customer data as of 12/31/2018.

Spain



	1Q 2019	1Q 2018	vs. 2018
Net Production (GWh)	15,109	16,088	-6.1%
Renewables	6,246	8,095	-22.8%
Onshore	3,339	4,402	-24.2%
Hydro	2,715	3,528	-23.0%
Minihydro	193	159	21.2%
Solar and others	-	6	-100.0%
Nuclear	6,405	5,979	7.1%
Gas combined cycle	1,432	976	46.8%
Cogeneration	677	578	17.0%
Coal	349	460	-24.1%
Installed Capacity (MW)	25,889	25,934	-0.2%
Renewables	15,791	15,821	-0.2%
Onshore	5,770	5,752	0.3%
Hydro	9,715	9,715	-
Minihydro	306	303	0.8%
Solar and others	-	50	-100.0%
Nuclear	3,177	3,177	-
Gas combined cycle	5,695	5,695	-
Cogeneration	353	368	-4.1%
Coal	874	874	-
Electricity customers (N° mill.)	10.14	10.32	1.7%
Gas customers (N° mill.)	1.03	1.01	2.0%
Gas Supplies (GWh)	7,153	6,559	9.1%
Users	4,077	4,304	-5.3%
Gas Combined Cycle	3,076	2,255	36.4%

Differences may arise due to rounding.

United Kingdom

	1Q 2019	1Q 2018	vs. 2018
Net Production (GWh)	1,520	3,941	-61.4%
Renewables	1,520	1,686	-9.8%
Onshore	1,296	1,250	3.7%
Offshore	224	245	-8.4%
Hydro ⁽¹⁾	-	191	-100.0%
Gas combined cycle ⁽¹⁾	-	2,255	-100.0%
Installed Capacity (MW)	2,100	4,666	-55.0%
Renewables	2,100	2,666	-21.2%
Onshore	1,906	1,906	-
Offshore	194	194	-
Hydro ⁽¹⁾	-	566	-100.0%
Gas combined cycle ⁽¹⁾	-	2,000	-100.0%
Electricity customers (N° mill.)	2.96	3.01⁽²⁾	1.6%
Gas customers (N° mill.)	1.98	2.01⁽²⁾	-1.4%
Gas Supplies (GWh)	11,635	17,909	-35.0%
Users	11,635	13,222	-12.0%
Gas Combined Cycle	-	4,687	-100.0%
Gas Storage (bcm)	0.06	0.06	8.1%

(1) Capacity sold to Drax on 12/31/18

(2) As of 12/31/2019

Differences may arise due to rounding.

USA

	1Q 2019	1Q 2018	vs. 2018
Net Production (GWh)	5,179	5,274	-1.8%
Renewables	4,222	4,772	-11.5%
Onshore	4,097	4,623	-11.4%
Hydro	57	83	-31.5%
Solar and others	68	65	3.7%
Gas combined cycle	1	3	-81.6%
Cogeneration	956	500	91.4%
Installed Capacity (MW)	7,569	7,472	1.3%
Renewables	6,721	6,625	1.5%
Onshore	6,473	6,387	1.4%
Hydro	118	118	-
Solar and others	129	119	8.4%
Gas combined cycle	212	212	-
Cogeneration	636	636	-

Differences may arise due to rounding.

Mexico

	1Q 2019	1Q 2018	vs. 2018
Net Production (GWh)	12,051	9,728	23.9%
Renewables	487	338	43.8%
Onshore	306	338	-9.5%
Solar and others	180	-	N/A
Gas combined cycle	10,903	8,734	24.8%
Cogeneration	661	655	0.9%
Installed Capacity (MW)	7,541	6,427	17.3%
Renewables	748	513	46.0%
Onshore	478	367	30.3%
Solar and others	270	145	85.7%
Gas combined cycle	6,446	5,568	15.8%
Cogeneration	346	346	-

Differences may arise due to rounding.

Brazil

	1Q 2019	1Q 2018	vs. 2018
Net Production (GWh)	4,502	4,467	0.8%
Renewables	3,811	3,333	14.3%
Onshore	359	343	4.5%
Hydro	3,452	2,990	15.5%
Gas combined cycle	691	1,134	-39.1%
Installed Capacity (MW)	3,712	3,223	15.2%
Renewables	3,180	2,690	18.2%
Onshore	516	516	-
Hydro	2,664	2,174	22.5%
Gas combined cycle	533	533	-

Differences may arise due to rounding.

Rest of the World

	1Q 2019	1Q 2018	vs. 2018
Net Production (GWh)	828	526	57.4%
Renewables	828	526	57.4%
Onshore	407	362	12.4%
Offshore	418	162	158.4%
Solar and others	2	2	34.1%
Installed Capacity (MW)	961	961	-
Renewables	961	961	-
Onshore	605	605	-
Offshore	350	350	-
Solar and others	6	6	-
Electricity customers (N° mill.)	0.35	0.18	96.9%
Gas customers (N° mill.)	0.08	0.02	323.8%
Gas Supplies (GWh)	134.23	34.14	293.1%

Differences may arise due to rounding.

Stock Market Data

		1Q 2019	1Q 2018
Market capitalisation	EUR (billion)	51.029	38,450
Earnings per share (6,520,457,000 shares at 03/31/19 and 6,438,374,000 shares, at 03/31/18)	€	0.148	0.130
Net operating cash flow per share (*)	€	0.312	0.292
P.E.R.	Times	15.96	13.44
Price/Book value (capitalisation to NBV at the end of the period)	Times	1.37	1.09

Economic/Financial Data (*)

Income Statement		1Q 2019	1Q 2018
Revenues	EUR (million)	10,138.9	9,343.5
Gross Margin	EUR (million)	4,323.1	4,008.8
EBITDA	EUR (million)	2,599.4	2,323.5
EBIT	EUR (million)	1,632.2	1,387.2
Net Profit	EUR (million)	963.9	838.0
Net Operating Expenses / Gross Margin	%	25.0	25.0
Balance Sheet		March 2019	March 2018
Total Assets	EUR (million)	118,776	113,038
Equity	EUR (million)	45,701	43,977
Net Financial Debt	EUR (million)	35,664	34,199
ROE	%	8.64	7.79
Financial Leverage (Net Financial Debt/(Debt Financial Debt + Equity))	%	43.8	43.7
Net Financial Debt / Equity	%	78.0	77.8

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

Others

		March 2019	March 2018
Investments	EUR (million)	1,190.2	1,185.3
Employees	N°	33,733	33,271

Iberdrola's Credit Rating

Agency	Rating	Outlook	Date of latest rating action
Moody's	Baa1	Stable	14 march 2019
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 quarter of 2019, international commodities markets performed as follows:

- The average price of Brent oil was USD 63.0 per barrel compared with USD 67.0 per barrel in the first quarter of last year (+6%).
- The average price of gas (TTF) over the period fell to EUR 18.4/MWh, compared with EUR 21.3/MWh in the first quarter of 2018 (-14%).
- The average price of API2 coal is USD 75.2/MT, compared with USD 86.0/MT (-12%) in the first three months of the previous year.
- The average price of CO₂ emission allowances in the quarter was EUR 22.3/MT compared with EUR 9.8/MT in the same period of 2018 (+127%).

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

- The Pound Sterling appreciated by 0.9%, reaching 0.8587 per euro.
- The US Dollar appreciated by 7.9% to 1.1367 per euro.
- The Brazilian Real depreciated by 6.9% to stand at 4.3029 per euro.

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 in the first quarter of 2019 was characterised by the increase in combined cycle production (+43%) compared to the same period in the previous year and a drop in coal (-21%) and renewables: hydroelectric (-26%) and wind (-18%). The quarter was dry, with a producible index of 0.7, and hydroelectric reserves at 48.8% compared to an index of 1.2 and reserves at 50.7% at the end of the first quarter of 2018.

Demand decreased by 2.8% compared to the same quarter of the previous year, whilst it fell

by 2.1% after adjusting for working days and temperature.

- In the United Kingdom, electricity demand fell by 5.5% compared to the first quarter of 2018. Customer gas demand (not including generation consumption) slumped by 14% compared to the same period the previous year.
- In Avangrid's area of influence on the East Coast of the US, electricity demand increased by 0.2% compared with the first quarter of 2018, whereas gas demand did so by 5.5%.
- Demand in Neoenergia's areas of influence in Brazil grew by 5.0%.

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 operational, and requires that assets and debt for future lease payments be recorded in the same way as with financial leases. This new standard led to debt increasing by EUR 408 million in the first quarter of 2019, greater depreciation (EUR 17 million) and financial expenditure (EUR 4 million), and lower net operating expenses (EUR 29 million).

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

M Eur	Q1 2019	vs Q1 2018
GROSS MARGIN	4,323.1	7.8
EBITDA	2,599.4	11.9
EBIT	1,632.2	17.7
NET PROFIT	963.9	15.0

Consolidated **EBITDA** increased by 11.9% to EUR 2,599.4 million, supported by strong growth in all businesses across the Group.

Noteworthy positive 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 Wikinger's contribution over the full quarter this year and a greater installed capacity in Mexico and the good performance of the Generation and Supply Business in Spain. On the negative side, the lower production in the United Kingdom following the sale of generation assets and the entry into force of the cap on certain electricity and gas tariffs should be highlighted.

Net Operating Expenses increased by 8.1%, impacted by the exchange rate, the payment of the General Shareholders' Meeting attendance fee in the first quarter of 2019 as opposed to the second quarter the previous year, and storm costs in the US. Excluding the effects of the General Shareholders' Meeting attendance fee and the exchange rate, Net Operating Expenses increased by 4.1% due to the group's increased activity.

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, which is in force once again as of April.

Amortisations and Provisions increased by 3.3% due to the group's increased activity and the effect of IFRS 16, partially offset by lower nuclear amortisation following the agreement reached with the authorities, ENRESA and the other shareholders of the facilities, and the sale of the generation assets in the United Kingdom.

Net Profit increased by 15.0% to EUR 963.9 million, without recording significant results for non-current assets. The tax rate reached more normal levels, standing at 20.8%, compared to 16.0% the previous year, as that quarter saw positive final adjustments relating to the US tax reform.

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

- Adjusted Net Financial Debt* was EUR 35,559 million, EUR 2,428 million increase compared

to the same period 2018, mainly due to the implementation of IFRS 16 (EUR 408 million), FX effect (EUR 969 million) and the strong investment process in which the Company is involved. The adjusted financial leverage increased to 43.7%, up 10 b.p. from the 43.6% recorded in the same period of the previous year.

- Funds Generated from Operations in the first quarter of 2019 stood at EUR 2,036.7 million, an increase of 8.5% compared to the previous year.

Lastly, investment for the period was EUR 1,190.2 million. Of this investment, 86% was concentrated in the Networks and Renewables businesses.

* Adjusted by the effect of potential accumulator derivatives on treasury stock (EUR 105 million at 31/03/2019).

Disposals in 2019

On 6 March, an agreement was reached with Lyntia Networks for the long-term assignment of the rights of use for the excess capacity of its Spanish optical fibre network. The operation will be finalised once the CNMC has given its authorisation. The transaction amounts to a total of EUR 260 million, subject to the usual adjustments for transactions of this kind, and the impact on the results for the financial year, not included in the first quarter, will be determined once further information is obtained on those adjustments.



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:

		Dec. 2018	Dec. 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 quarter of 2019, the electrical energy distributed by the Group totalled 60,728 GWh, a 0.02% increase compared to the same period of 2018.

The Group's supply points came to 30.7 million in electricity and 1.0 million in gas, with the following breakdown by country:

MANAGED SUPPLY POINTS	Q1 2019	Q1 2018	Vs. 2018
ELECTRICITY (Millions)			
Spain	11.04	10.98	0.5%
United Kingdom	3.52	3.52	0.1%
United States	2.25	2.24	0.6%
Brazil	13.88	13.63	1.8%
Total Electricity	30.69	30.37	1.1%
GAS (Millions)			
USA	1.01	1.01	0.3%
Total Gas	1.01	1.01	0.3%
TOTAL SUPPLY POINTS	31.70	31.38	1.0%

Discrepancies possible due to rounding.

1.1. Spain

At close of March, Iberdrola Distribución Eléctrica had 11 million supply points, a 0.5% increase compared with the same period of 2018, and its energy distribution since the beginning of the year totalled 23,999 GWh, 1.3% lower than the same period of the previous 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.)
Q1 2018	13.58	0.23
Q1 2019	7.57	0.15

At the end of March, the System Average Interruption Duration Index (SAIDI) was 7.57 minutes, a record low.

In February, Iberdrola Distribución Eléctrica received the top international award for large companies at the 2018 Quality Innovation Awards held in Beijing for its LAYCA project. This project involves developing an innovative algorithm and an application that calculates the distance from a substation to the place where an incident has taken place in a network. It has greatly improved service quality for customers as well as operational efficiency.

1.2. United Kingdom

On 31 March 2019, Scottish Power Energy Networks (SPEN) surpassed 3.5 million supply points. The volume of energy distributed during the quarter was 9,274 GWh, down 5.8% from the same quarter in 2018, mainly on the back of mild winter temperatures (the fall would have been 3.1% adjusting for the effect of temperature).

Distributed Energy (GWh)	Q1 2019	Q1 2018	%
Scottish Power Distribution (SPD)	5,057	5,374	-5.9
Scottish Power Manweb (SPM)	4,217	4,471	-5.7

The service quality indicators have been affected by storms Erik in February and Gareth in March.

Customer Minutes Lost (CML) was as follows:

CML (min)	Q1 2019	Q1 2018
Scottish Power Distribution (SPD)	7.77	9.09
Scottish Power Manweb (SPM)	9.22	8.54

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

CI (n°. of interruptions)	Q1 2019	Q1 2018
Scottish Power Distribution (SPD)	9.80	10.39
Scottish Power Manweb (SPM)	9.20	8.17

During the first quarter, SPEN received two awards in the 2019 Network Award, in the 'Smart Cities' and 'Network of the Year' categories. The 'Smart Cities' award was won for the collaboration with Glasgow City Council for the launch of the emissions reduction plan, through innovative solutions and technical support, making Glasgow a European benchmark for sustainability.

1.3 United States - AVANGRID

1.3.1 Electricity

At the end of March 2019, Avangrid Networks had more than 2.25 million electricity supply points. The electricity distributed in the first quarter of the year came to 10,025 GWh, up 0.2% compared to the first quarter of the previous year.

Distributed Energy (GWh)	Q1 2019	Q1 2018	%
Central Maine Power	2,473	2,474	-
NY State Electric & Gas (NYSEG)	4,402	4,370	0.7
Rochester Gas & Electric (RGE)	1,863	1,846	0.9
United Illuminating Company (UI)	1,287	1,310	-1.8

The distribution area in the United States has suffered the effects of February's Winter Storm Quiana, particularly in the state of New York. In addition, the extremely low winter temperatures have caused numerous supply disruptions for NYSEG customers, which have also affected the quality indicators.

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

CAIDI (h)	Q1 2019	Q1 2018
Central Maine Power (CMP)	1.90	2.27
NY State Electric & Gas (NYSEG)	2.02	1.83
Rochester Gas & Electric (RGE)	2.03	1.62

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

SAIDI (min)	Q1 2019	Q1 2018
United Illuminating Company (UI)	6.53	23.04

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

SAIFI	Q1 2019	Q1 2018
Central Maine Power (CMP)	0.30	0.42
NY State Electric & Gas (NYSEG)	0.24	0.20
Rochester Gas & Electric (RGE)	0.16	0.11
United Illuminating Company (UI)	0.11	0.24

In February, the new regulatory cycle of the company Berkshire Gas, owned by Avangrid, has come into effect, which will have a term of three years and an ROE of 9.7% with an Equity Factor of 54%. New in the agreement are the acknowledgement of future investment and the removal of weather risk (Revenue Decoupling Mechanism).

The Smart Energy Consumer Collaborative organisation has recognised Avangrid at the 2019 Best Practices Awards, focused on real examples of companies' commitment to customers with the aim of bringing about a change in the utilities sector.

In addition, Avangrid has been selected for its energy efficiency programme, which effectively involves and advises low-income consumers through community-based Energy Navigators.

1.3.2 Gas

The number of Avangrid customers in the gas sector is just over 1 million. At the end of March 2019, 27,195 GWh had been supplied, up 5.5% from the same period of the previous year, essentially due to the low temperatures (up 1.6% adjusting for the effect of temperature).

Distributed Energy (GWh)	Q1 2019	Q1 2018	%
NY State Electric & Gas (NYSEG)	7,268	7,011	3.7
Rochester Gas & Electric (RGE)	7,805	7,199	8.4
Maine Natural Gas (MNG)	997	840	18.7
Berkshire Gas (BGC)	1,234	1,201	2.8
Connecticut Natural Gas (CNG)	5,105	4,904	4.1%
Southern Connecticut Gas (SCG)	4,785	4,612	3.7%

1.4. Brazil

At 31 March 2019, the number of supply points in Brazil had reached 13.9 million, an increase of 1.8% compared to March 2018. The volume of electricity distributed in the first quarter of 2019 was 17,406 GWh, a 5.0% increase compared to the same period in the previous year.

Energy Distributed (GWh)	Q1 2019	Q1 2018	%
Elektro	4,949	4,774	3.7
Coelba	6,433	5,991	7.4
Cosern	1,607	1,582	1.6
Celpe	4,418	4,235	4.3

The efforts to improve the supply quality led to enhanced quality indicators at Coelba and Celpe in the first quarter of 2019 compared to the same period in 2018. The Elektro and Cosern indicators are slightly above those from last year, affected by heavy rain and other weather events in these areas. The average customer interruption time (duração equivalente de interrupção por unidade consumidora, DEC) was as follows:

DEC (h)	Q1 2019	Q1 2018
Elektro	2.62	2.15
Coelba	3.97	5.55
Cosern	3.70	3.55
Celpe	3.72	4.72

The average number of customer interruptions (*freqüência equivalente de interrupção por unidade consumidora, FEC*) was as follows:

FEC	Q1 2019	Q1 2018
Elektro	1.40	1.30
Coelba	1.76	2.17
Cosern	1.70	1.62
Celpe	1.74	1.85

In this quarter, following the technical and financial rating process, the Brazilian regulator, ANEEL, approved the result of the transmission auction held in December 2018, at which Neoenergia was awarded four projects with an expected investment of BRL 4.2 billion. The contracts between Neoenergia and ANEEL have been signed.

Also in this quarter, ANEEL published the result of the 2018 customer satisfaction survey, which showed that Neoenergia had improved the results of its four distributors compared to 2017. Cosern and Elektro rank in the top 10 best-rated large distributors in Brazil (over 400,000 customers), with Cosern taking 3rd position and Elektro 10th.

2. ELECTRICITY PRODUCTION AND CUSTOMERS

At the end of March 2019, Iberdrola's **installed capacity** totalled 47,773 MW (-1.9%), 61.8% of which came from renewable sources:

MW	Q1 2019	vs. Q1 2018
Renewables	29,502	0.8%
Onshore wind	15,749	1.4%
Offshore wind	544	-
Hydroelectric	12,497	-0.6%
Mini-hydroelectric	306	0.8%
Solar and others	406	26.3%
Nuclear	3,177	-
Gas Combined Cycles	12,885	-8.0%
Cogeneration	1,335	-1.1%
Coal	874	-
Total	47,773	-1.9%

Discrepancies possible due to rounding.

The fall in Iberdrola's total installed capacity is due to the asset rotation included in the Strategic Plan, with some transactions already carried out, such as the sale of traditional generation assets in the United Kingdom and the thermo-solar plant in Spain.

Net electricity production during the period was 39,189 GWh, a 2.1% decrease compared with the same period last year, with 43.7% derived from renewable sources:

GWh	Q1 2019	vs. Q1 2018
Renewables	17,114	-8.7%
Onshore wind	9,804	-13.4%
Offshore wind	643	58.0%
Hydroelectric	6,224	-8.4%
Mini-hydroelectric	193	21.2%
Solar and others	251	243.6%
Nuclear	6,405	7.1%
Gas Combined Cycles	13,027	-0.6%
Cogeneration	2,294	32.4%
Coal	349	-24.1%
Total	39,189	-2.1%

Discrepancies possible due to rounding.

2.1 Spain

At the close of the first quarter of 2019, Iberdrola had an installed **renewable capacity** in Spain of 15,791 MW, with the following breakdown:

Spain and Portugal	Installed MW Consolidated at EBITDA level	MW managed by investee companies(*)	Total
Onshore wind	5,526	244	5,770
Hydroelectric	9,715	-	9,715
Mini-hydroelectric	303	2	306
Total Capacity	15,545	246	15,791

Discrepancies possible due to rounding

(*) Includes the proportional MW share

Works at the Núñez de Balboa photovoltaic solar plant in Badajoz, with a capacity of 391 MW are ongoing. Furthermore, in the second quarter of the year, construction works are expected to begin at two wind farms: Cavar (111 MW) in Navarra and Pradillo (23 MW) in Zaragoza.

Renewable output totalled 6,246 GWh, as follows:

Spain	GWh Consolidated at EBITDA level	GWh managed by investee companies ^(*)	Total
Onshore wind	3,194	144	3,339
Hydroelectric	2,715	-	2,715
Mini-hydroelectric	191	2	193
Total Production	6,100	146	6,246

Discrepancies possible due to rounding

(*) Includes the proportional GWh share

The trend broken down by types of technology is as follows:

- Onshore wind production amounts to 6,246 GWh in the first quarter of 2019, with a 24.2% decrease compared to the first quarter of 2018, due to the low wind levels recorded during the period.
- Hydroelectric production fell to 2,715 GWh, a 23.0% decrease, due to the quarter having seen below average rainfall. At the close of the quarter, hydroelectric reserve levels were at 43% (equivalent to 4,879 GWh), up by almost 3 p.p. compared to the close of the year.
- Production at the mini-hydroelectric plants increased by 21.2% compared to the same period in the previous year, reaching 193 GWh.

In Portugal, the works at the Tâmega hydroelectric complex, with a 1,158 MW capacity, continued and will last until 2023. The concreting work for the **Daivões** dam is progressing on schedule, with almost 60% of the concrete already having been laid. In addition, the assembly of the spiral chambers of the station's turbines is being finalised. Excavations for the **Gouvães** dam have started and the concreting work due to begin. Dam excavations have finalised at the **Alto Tâmega** station and the commissioning of the concrete manufacturing facilities is being completed.

Thermal capacity and production

At the end of the first quarter of 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 Cycles	5,695	-	5,695
Cogeneration	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 quarter of 2019 amounted to 8.863 GWh, up 1.4% compared to the same quarter of the previous year, spurred by greater production of the combined cycles and nuclear:

Spain	GWh Consolidated at EBITDA level	GWh Investee companies ^(*)	Total
Nuclear	6,383	22	6,405
Gas Combined Cycles	1,432	-	1,432
Cogeneration	576	101	677
Coal	349	-	349
Total Production	8,740	123	8,863

Discrepancies possible due to rounding.

(*) Includes the proportional MW share

Retail business

As regards retail, as at 31 March 2019 the portfolio managed by Iberdrola in Spain totalled 16,489,494 contracts. The breakdown is as follows:

Thousands of contracts	Spain
Electricity Contracts	10,135
Gas Contracts	1,034
Contracts for other products and services	5,320
Total	16,489

By market type they can be split into the following:

Thousands of contracts	Spain
Free market	13,003
'Last Resort'	3,486
Total	16,489

Iberdrola's electricity sales in the first quarter of 2019 are broken down as follows.

	GWh Spain
Free market	13,936
Regulated market (PVPC)	2,429
Other markets	5,673
Total	22,038

With regard to gas, in the first quarter of 2019 Iberdrola managed a total gas production of 1.70 bcm, of which 0.93 bcm were sold in wholesale transactions, 0.50 bcm were sold to end customers and 0.27 bcm went towards electricity production.

2.2. United Kingdom

Renewable capacity and production

At the end of the first quarter of 2019, Iberdrola had a **renewable installed capacity** in the United Kingdom of 2,100 MW:

United Kingdom	Installed MW Consolidated at EBITDA level	MW managed by investee companies ^(*)	Total
Onshore wind	1,891	15	1,906
Offshore wind	194	-	194
Total Capacity	2,085	15	2,100

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

Renewable production in the United Kingdom came to 1,520 GWh, with the following breakdown:

United Kingdom	Installed MW Consolidated at EBITDA level	MW managed by investee companies ^(*)	Total
Onshore wind	1,289	7	1,296
Offshore wind	224	-	224
Total Capacity	1,513	7	1,520

Discrepancies possible due to rounding.
(*) Includes the proportional GWh share
(**) Production associated with the capacity sold to Drax on 31 December 2018

- Onshore wind production reached 1,296 GWh, rising 3.7% compared to the previous year, thanks to a load factor 1.2 percentage points greater than in the first quarter of 2018.
- Offshore wind production fell by 8.4% to 224 GWh, due to lower wind levels (4.9 p.p.).

It should be borne in mind that the hydroelectric capacity in the United Kingdom was included in the sale agreement signed with Drax in the final quarter of 2018.

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

The **East Anglia 1** project is well into the construction phase. The works at the onshore substation in Bramford, which will connect the project with the national grid, are now drawing to a close, whilst at the offshore substation, the manufacture and installation of the first offshore cable has been finalised, with the installation of the second cable being planned for the summer. The piles for the 102 turbines have been successfully installed and the installation of the jacket foundations continues, with 37 already installed, and the rest expected to be in place in the third quarter of the year. The installation of the first turbines, as well as the first energisation, is expected to begin at the end of the second quarter of the year.

The **East Anglia 3** project is in the process of attempting to obtain a CfD (Contract for Difference) subsidy to ensure its viability, the next auction being from May 2019 onwards. The **East Anglia 2** and **East Anglia 1 North** projects are continuing to be developed and they will have a new, more efficient connection to the grid close to the coast at Sizewell (the preferred connection point being in Grovewood, Friston). The planning applications for both projects will be submitted in October 2019.

Thermal capacity and production

On 31 December 2018, the agreement with Drax came into effect for the sale of the entire thermal capacity in the UK (2,000 MW of combined cycles), as well as 566 MW of renewable capacity.

UK Retail business

As at 31 March 2019, the portfolio managed in the UK is broken down as follows:

Thousands of contracts	UK
Electricity Contracts	2,962
Gas Contracts	1,982
Contracts for other products and services	186
Total	5,130

Also, smart meters continue to be installed, reaching a total of 1.3 million meters installed as at 31 March 2019.

In addition, at the close of March 2019, 5,864 GWh of electricity and 11,635 GWh of gas had been supplied to customers, this was 7.9% and 35.0% lower, respectively, than at the end of the first quarter of 2018.

2.3. United States (AVANGRID)

Renewable capacity and production

At the close of the first quarter of 2019, Iberdrola had an installed **renewable capacity** in the United States of 6,721 MW, with the following breakdown:

USA	Installed MW		Total
	Consolidated at EBITDA level	MW managed by investee companies ^(*)	
Onshore wind	6,312	161	6,473
Hydroelectric	118	-	118
Solar (PV+TM) & others	129	-	129
Total Capacity	6,560	161	6,721

Discrepancies possible due to rounding.

(*) Includes the proportional MW share

The Company is present in 21 states. In wind technology, works are under way in new projects with a total capacity of over 900 MW, and works for an additional 300 MW are in the initial phase.

With regard to the development of **offshore wind projects** in the United States, the Vineyard Wind project on the coast of Massachusetts is ongoing. The project has selected a supplier for some of the key components of the wind farm, and negotiations on the remaining key contracts are at an advanced stage. Significant progress has also been made in securing funding for the project, as well as in the process of obtaining permits for its construction. In this regard, the state of Massachusetts has published the final environmental impact report (FEIR) for the project, and the Bureau of Ocean Energy Management (BOEM) has finalised the

public consultation phase and is preparing to publish the final environmental impact report on the federal aspects.

After the award of a new development area in the auction held by BOEM in December 2018, Vineyard Wind has in a power purchase agreement tender procedure with the state of New York proposing a 1.2 GW capacity project that would connect to the Long Island electricity grid.

The Kitty Hawk project on the coast of North Carolina is also making progress, through the procurement of geophysical studies and marine fauna analyses.

Renewable production in the United States reached 4,222 GWh, of which 4,111 GWh are consolidated by Iberdrola at EBITDA level and 111 GWh by the equity method.

USA	GWh Consolidated at EBITDA level	GWh managed by investee companies ^(*)	Total
Onshore wind	3,986	111	4,097
Hydroelectric	57	-	57
Solar (PV+TM) & others	68	-	68
Total Production	4,111	111	4,222

Discrepancies possible due to rounding.

(*) Includes the proportional GWh share

As regards trends broken down by technologies:

- Onshore wind production reached 4,097 GWh, down 11.4% compared to the first quarter of 2018, due to the reduced wind load factor (down 4.2%) and despite the greater average operational power (up 160 MW, or 2.6%) due to the capacity additions.
- Hydroelectric production fell 31.5% to 57 GWh from 83 GWh in the first three months of the previous year.
- Concerning solar energy and others (including 20 GWh of fuel cells), their production increased

3.7% to 68 GWh, given the greater average operational power following the addition of Wy'East the previous year.

2.4. Mexico

Renewable capacity and production

At the close of the first quarter of 2019, Iberdrola had an installed **renewable capacity** in Mexico of 748 MW, with the following breakdown:

MEXICO	Installed MW Consolidated at EBITDA level	MW managed by investee companies ^(*)	Total
Onshore wind	478	-	478
Solar and others	270	-	270
Total Capacity	748	-	748

Discrepancies possible due to rounding.

(*) Includes the proportional MW share

In wind technology, the works in Puebla for the Pier project (221 MW) and Santiago Eólico project in the state of San Luis de Potosí (105 MW) are ongoing.

The **renewable production** generated during the period was 487 GWh, up 43.8% from the first quarter of 2018, due to the increase in average operating power in solar photovoltaic (+270 MW).

MEXICO	GWh Consolidated at EBITDA level	GWh managed by investee companies ^(*)	Total
Onshore wind	306	-	306
Solar and others	180	-	180
Total Production	487	-	487

Discrepancies possible due to rounding.

(*) Includes the proportional GWh share

As regards trends broken down by technologies:

- Onshore wind production reached 306 GWh, down 9.5% compared to the first quarter of 2018, due to the lower wind load factor (down 4.1 p.p.).
- With regard to solar energy production, the Hermosillo (100 MW) and Santiago (170 MW) farms, commissioned in 2018, generated 180 GWh in the first quarter.

Thermal capacity and production

In Mexico, the **thermal capacity** at the close of March 2019 was 6,792 MW and the thermal production reached 11.6 TWh, 23% higher than the same quarter of the year before, due to the commissioning in late 2018 of the Escobedo combined cycle plant, with an 878 MW capacity, and the contribution for the full first quarter of 2019 of the cogeneration of Bajío (52 MW) and the repowering of the cogeneration of Monterrey IV (22 MW).

MEXICO	MW	GWh
Gas Combined Cycle	6,446	10,900
Co-generation	346	700
Total Producción	6,792	11,600

Discrepancies possible due to rounding

In addition to these stations, during 2019 the Topolobampo II (911 MW) and El Carmen (866 MW) combined cycle plants will come into operation, and in 2020 the Topolobampo III (779 MW) station will also become operational

Retail in Mexico

Sales commitments at the end of March 2019 amounted to 12 TWh, broken down as follows:

MEXICO	GWh
CFE (Federal Electricity Commission)	9,100
Private	2,900
Total Sales	12,000

2.5. Brazil

Renewable capacity and production

At the close of the first quarter of 2019, Iberdrola had an installed **renewable capacity** in Brazil of 3,180 MW, with the following breakdown:

Brazil	Installed MW Consolidated at EBITDA level	MW managed by investee companies ^(*)	Total
Onshore wind	516	-	516
Hydroelectric	836	1,828	2,664
Total Capacity	1,352	1,828	3,180

In the first quarter of 2019, 245 MW corresponding to the Baixo Iguaçu hydroelectric plant were installed, with the three power units already in commercial operation after the entry of the third one at the beginning of April.

Renewable production in 2018 reached 3,811 GWh, increasing by 14.3%.

Brazil	Installed MW Consolidated at EBITDA level	MW managed by investee companies ^(*)	Total
Onshore wind	359	-	359
Hydroelectric	385	3,067	3,452
Total Production	744	3,067	3,811

Discrepancies possible due to rounding.

As regards trends broken down by technologies:

- Onshore wind production reached 359 GWh, up 4.5% compared to the first quarter of 2018, due to the greater wind load factor (up 1.4 p.p.).
- Hydroelectric production reached 3,452 GWh (+15.5%) due to the greater number of operating hours of the plants and the capacity increase following the entry into operation of Baixo Iguaçu (245 MW).

Thermal capacity and production

In Brazil, thermal capacity at the end of March 2019 was 533 MW and thermal production during the first quarter was 691 GWh.

BRAZIL	MW	GWh
Gas Combined Cycle	533	691
Total Producción	533	691

Retail business

Sales commitments at the end of March 2019 amounted to 4.6 TWh, broken down as follows:

BRAZIL	GWh
PPA	2,580
Free market	2,025
Total Sales	4,605

2.6. Rest of the World

Renewable capacity and production

Installed **renewable capacity** in the rest of the world reached the 961 MW mark, broken down as follows:

Rest of the World	MW
Onshore wind	605
Offshore wind	350
Solar	6
TOTAL	961

Discrepancies possible due to rounding

The development of **offshore wind projects** continues. In **Saint-Brieuc** (France), in February of this year, Siemens Gamesa officially requested the construction permits for the factory for producing the nacelles and blades in the port of Le Havre.

In Germany, with **Baltic Eagle** and **Wikinger Süd**, the main contracts for the development phase have been awarded and the bids for the main components of the wind farm, such as the offshore substation and the foundations, have been launched. The pre-construction environmental

impact studies have begun and the selection of the supplier for the delivery and installation of wind turbines is now finalised.

As regards onshore wind projects, in Greece the construction of the onshore wind farm of Sarakatsaneika I has been approved, with 4 MW of capacity.

Onshore wind power is broken down per country as follows:

Rest of the World	MW
Greece	255
Portugal	92
Cyprus	20
Hungary	158
Romania	80
Total	605

Discrepancies possible due to rounding

Renewable production in the first quarter of 2019 reached 828 GWh, up 57.4% from the same period of 2018, with the following breakdown by technology:

Rest of the World	GWh
Onshore wind	407
Offshore wind	418
Solar	2
Total Production	828

Discrepancies possible due to rounding

By technology, the production increased in onshore wind (+12.4%) and solar photovoltaic (+34.1%) given the greater load factor during the quarter (+ 3.44 p.p. and +4.1 p.p., respectively), whilst the energy produced in Wikinger increased 158.4% to 418 GWh (from 162 GWh), with respect to the first quarter of 2018, when it was in the process of commissioning.

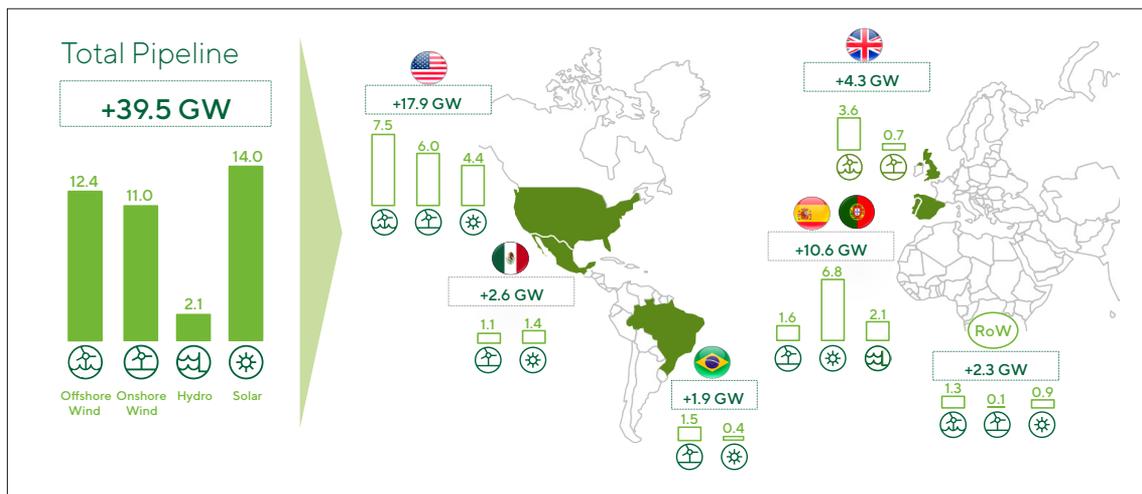
Retail business

As regards retail, as at 31 March 2019, the portfolio managed by Iberdrola in Portugal, France, Italy and Germany totalled 875,000 contracts. The breakdown is as follows::

Thousands of contracts	RoW
Electricity Contracts	349
Gas Contracts	76
Smart Solutions Contracts	449
Total	875

2.7. Renewable Pipeline

Iberdrola has the largest renewable pipeline in the industry, with more than 39.5 GW:



3. OTHER ASPECTS

3.1. General Shareholders' Meeting

The IBERDROLA General Shareholders' Meeting was held on 29 March, with the attendance of 4,832,991,044 shares (829,606,938 in person and 4,003,384,106 represented), reaching a quorum of 74.12% of the share capital (12.72% present and 61.40% represented). All resolutions proposed by the Board of Directors were approved, with an average approval rate of 98.65%.

3.2. Shareholder remuneration

On 29 March 2019, during the General Shareholders' Meeting, the proposed dividend distribution was approved in item 7 of the agenda with 99.77% of votes in favour, the proposed dividend distribution against the results of the financial year 2018, which consists of the following:

- Interim dividend: paid on 5 February 2019, corresponding to EUR 0.151 per share.

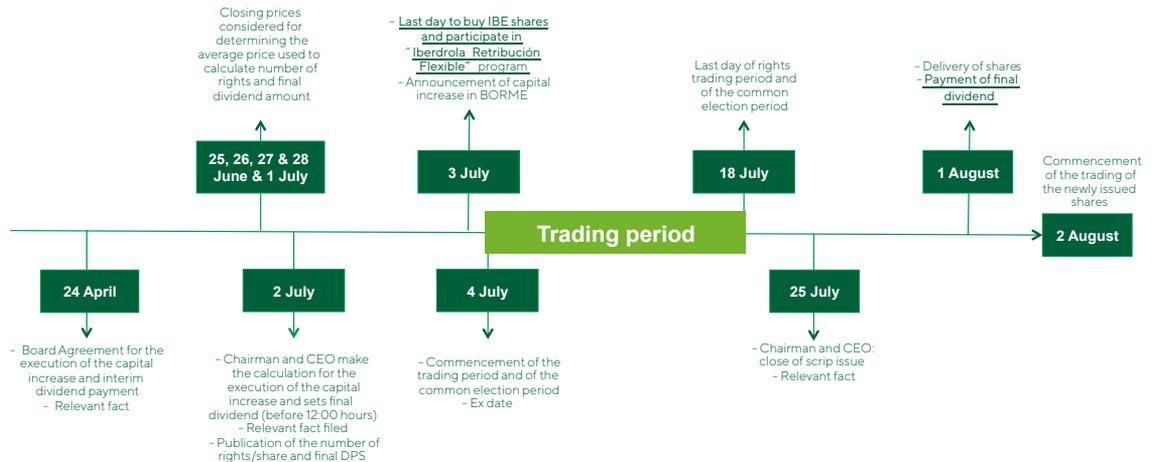
- Additional dividend: this will be paid during 2019, with a minimum of EUR 0.20 per share, maintaining a minimum total annual dividend of EUR 0.351 per share.

The "Iberdrola Retribución Flexible" system allows shareholders to choose from among the following options to collect the dividend (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;
- receive their remuneration in cash via the interim dividend payment.

Iberdrola also reaffirms its commitment to keep the number of shares at 6,240 million. Approval was given at the last General Shareholders' Meeting to amortize the shares needed to achieve this objective.

"Iberdrola Retribución Flexible" program July 2019





Analysis of the consolidated profit and loss account

The most notable figures in the results for the first quarter of 2019 are as follows:

EUR million	Jan-Mar 2019	Jan-Mar 2018	%
REVENUES	10,138.9	9,343.5	8.5
GROSS MARGIN	4,323.1	4,008.8	7.8
EBITDA	2,599.4	2,323.5	11.9
EBIT	1,632.2	1,387.2	17.7
REPORTED NET PROFIT	963.9	838.0	15.0

At the close of the first quarter of 2019, EBITDA had increased 11.9% compared to the same period in the previous year, driven by strong growth across all businesses.

The **Networks business** shows growth in all countries, particularly in Brazil (with positive tariff revisions approved in May 2018, an increase in the contribution of transmission assets, the positive impact of efficiencies, and higher demand) as well as higher investments in the United Kingdom.

Renewables is growing thanks to improved prices, greater offshore wind production due to the contribution of Wikinger (last year it gradually became operational during the first half of the year), the new installed capacity in Mexico and increased onshore wind production in the UK, which offset the lower production in Spain and the United States.

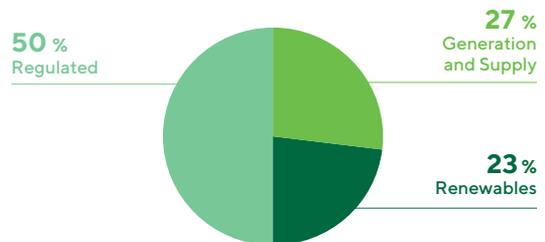
The **Generation and Supply business** is benefiting from the strong performance in Spain and Mexico, which offsets the lower production from the sale of thermal generation assets and the price cap in the UK.

On the other hand, the exchange rate trend for the main currencies added EUR 27.9 million to EBITDA.

1. Gross Margin

The gross margin was EUR 4,323.1 million, up 7.8% from the same period in 2018.

Gross Margin by business



This performance is the result of the following:

- **The Networks business** increased 9.6% compared to the first quarter of 2018, reaching EUR 2,165.1 million, with growth in all countries:
 - In Spain, it reached EUR 534.8 million (+0.8%), due to adjustments by the CNMC.
 - The United Kingdom contributed EUR 328.5 million (+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 864.1 million (+14.3%), as the tariff agreements in force and positive IFRS adjustments offset the negative impact of tariff adjustments corresponding to the tax reform from the third quarter of 2018. In addition, the appreciation of the dollar contributed EUR 63 million.
 - Brazil's gross margin amounted to EUR 437.7 million (+15.5%), due to the positive tariff revisions of Coelba and Cosern from May 2018, the greater contribution of transmission assets and the increase in demand (+5.0%). However, this business was negatively affected by the depreciation of the Brazilian real, with a reduction of EUR 33 million.

- **The Renewables business** had a gross margin of EUR 1,006.8 million (+6.6%).
 - In Spain, it came to EUR 370.7 million (-13.8%) due to lower wind output (-23.0%) and hydroelectric output (-24.2%).

The UK's gross margin increased 22.1% to EUR 225.8 million, since the increased onshore wind production (+3.7%), the improved prices and the increase in ROCs more than offset the sale of the hydroelectric capacity last December.

 - The contribution of the United States increased to EUR 205.8 million (+4.3%) as a result of the appreciation of the dollar (up EUR 15 million), and despite the fact that this business was affected by lower production (-11.5%) and lower prices.
 - Brazil contributed EUR 49.3 million (+1.8%) despite the depreciation of the real (down EUR 4 million), due to the increase in production (+14.3%) as a result of both the increase in hydroelectric power following the commissioning of Baixo Iguazu and the higher wind load factor (+ 1.4 p.p.).
 - Mexico increased by 70.5% to EUR 34.1 million thanks to higher production (+43.8%) due to an increase in the average solar operational power (270 MW). Exchange rate variations contributed EUR 3 million.
 - The Rest of the World reached EUR 121.0 million (+89.3%), driven by the contribution of the Wikinger offshore wind farm, which last year gradually became operational during the first quarter and whose production has increased to 418 GWh, from 162 GWh in the same period in 2018.
- **The Generation and Supply business** increased by 7.3%, totalling EUR 1,157.8 million.
 - In Spain, it increased to EUR 725.4 million (+21.4%) as a result of the increased production (+10.8%) and higher income.
 - The United Kingdom's gross margin stood at EUR 200.4 million (-34.8%), affected by the sale of thermal generation assets in December 2018, the price cap and reduced sales volume.

- Mexico contributed EUR 213.0 million (+62.9%) to the gross margin due to higher income from the increase in capacity during 2018, with full contribution in 2019 (Escobedo combined cycle, Bajjo cogeneration and the repowering of Monterrey IV), as well as the tariff standardisation.
 - Brazil's contribution to the gross margin reached EUR 15.7 million (-63.8%) due to a non-recurring impact on the commercial business.
 - The Rest of the World contributed EUR 3.3 million to the gross margin.
- The contribution of **Other Businesses** stands at EUR 4.4 million versus EUR 21.3 million in the same period in 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 11.9% versus the first three months of 2018, to EUR 2,599.4 million.

In addition to the evolution of the gross margin described above, there was also an increase in Net Operating Expenses, up 8.1% (EUR 80.8 million) to EUR 1,081.3 million, affected by the exchange rate, the payment of the General Shareholders' Meeting attendance fee, which took place in the first quarter of 2019 as opposed to the second quarter the previous year, and storm costs in the United States, with no impact on US GAAP and deferred recognition in IFRS. Excluding the effects of the General Shareholders' meeting attendance fee and the exchange rate, Net Operating Expenses increased by 4.1% due to the group's increased activity.

Taxes decreased by 6.2% to EUR 642.5 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 1,632.2 million, 17.7% higher compared with same period of 2018.

Amortisations and Provisions increased by 3.3%, totalling EUR 967.1 million:

- Amortisations rose 3.1% to EUR 897.7 million, due to the group's increased activity and the effect of IFRS 16 (EUR 16 million), partially offset by lower nuclear amortisation (EUR 27 million) and the sale of the generation assets in the United Kingdom (EUR 12 million).
- Provisions amounted to EUR 69.4 million, up by EUR 4.2 million (+6.4%).

4. Financial Result

The net financial result amounts to EUR 298.3 million, increasing by EUR 9.7 million (3.4%) compared to the first three months of 2018, primarily due to non-debt-related factors.

1. The reduction in the cost of debt, a result of the optimisation and diversification of financing sources, has led to an improvement in the result, which more than offset the increase in the average balance of EUR 600 million due to the investment drive.
2. The application of the IFRS 16 accounting standard to the new processing of operating leases led to a negative result of EUR 4 million with an additional average balance of EUR 465 million.
3. The positive result of derivatives and others decreased by EUR 10.3 million mainly due to net profit hedging trends for the main currencies, an impact which is offset in the operating result.

	Mar-19	Mar-18	Diff.
1. Debt result	-296.3	-300.7	+4.5
2. IFRS16	-3.9	-	-3.9
3. Exchange rate differences, derivatives and others	1.9	12.2	-10.3
Financial Result	-298.3	-288.6	-9.7

5. Results of Companies Consolidated by the Equity Method

Results of Companies Consolidated by the Equity Method reached EUR 1.6 million compared to EUR 0.6 million at the close of the first quarter of 2018.

6. Income From Non-Current Assets

The results of Non-current Assets do not include any significant transactions in this quarter, standing at EUR 0.3 million compared to EUR 0.5 million in the same period of 2018.

7. Net Profit

Lastly, Net Profit stood at EUR 963.9 million, a 15.0% rise compared to the figure obtained in the first quarter of 2018. The tax rate returned to normal levels and stood at 20.8%, compared to 16.0% last year, when positive final adjustments were recorded in relation to the US tax reform. Minority Interests increased by 9.2% to EUR 94.3 million, mainly due to the higher result in Brazil.



Results by business

1. NETWORKS BUSINESS

The key figures for the Networks business are as follows:

EUR million	Q1 2019	vs Q1 2018
Revenues	3,698.6	9.1%
Gross margin	2,165.1	9.6%
EBITDA	1,318.4	9.9%
EBIT	865.3	14.1%

The networks business EBITDA increased by 9.9% to EUR 1,318.4 million, improving its contribution by EUR 118.4 million, driven by increased business across all geographical areas.

1.1 Spain

EUR million	Q1 2019	vs Q1 2018
Revenues	534.7	-0.4%
Gross margin	534.8	0.8%
EBITDA	436.8	2.7%
EBIT	305.6	3.3%

a) Gross Margin

The gross margin of the Networks business in Spain increased by 0.8% to EUR 534.8 million, mainly due to the positive effect of the CNMC's distribution tariff adjustments.

b) Operating Profit / EBIT

EBITDA in this business amounted to EUR 436.8 million, a 2.7% increase. Net Operating Expenses decreased by 9.3% to EUR 71.9 million, due to the lower expenditure on meter reading, as well as the effect of the implementation of IFRS 16, which is offset in Amortisations. Taxes increased slightly by 0.8% to EUR 26.1 million.

EBIT for the Networks Business in Spain totalled EUR 305.6 million (+3.3%). Amortisations and Provisions amounted to EUR 131.2 million (+1.2%), mainly due to IFRS 16.

1.2 United Kingdom

EUR million	Q1 2019	vs Q1 2018
Revenues	342.2	6.1%
Gross margin	328.5	6.1%
EBITDA	247.9	5.6%
EBIT	165.8	3.3%

a) Gross Margin

The gross margin of the Networks business in the United Kingdom (ScottishPower Energy Networks - SPEN) reached EUR 328.5 million (+6.1%), due to higher revenues from transmission and distribution as the result of a larger asset base, arising from investment in the business.

b) Operating Profit / EBIT

EBITDA totalled EUR 247.9 million (up 5.6%, 4.6% in local currency), with a rise in Net Operating Expenses (up 9.8% to EUR 53.8 million), mainly due to increased business activity. Taxes increased by 4.3% to EUR 26.9 million due to inflation.

Amortisation and Provisions totalled EUR 82.1 million (up 10.4%, 9.4% in local currency) due to new assets commissioned.

1.3 United States-AVANGRID

EUR million	Q1 2019	vs Q1 2018
Revenues	1,350.6	12.4%
Gross margin	864.1	14.3%
EBITDA	350.3	8.0%
EBIT	219.5	13.5%

a) Gross Margin

The gross margin increased by 14.3% to EUR 864.1 million, mainly due to the greater contribution of tariff agreements in New York and Connecticut positive adjustments related to the IFRS accounting standard and exchange rate effect (EUR +63 million). However, a negative adjustment (EUR 30 million) was made due to the tax reform, 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 350.3 million (+8.0%, +0.1% in local currency). In addition to the increase in the gross margin mentioned above, there is also Net Operating Expenses of EUR 260.0 million, which increased 21.6% due to the appreciation of the dollar and storm costs in the quarter (EUR 10 million), with no impact on US GAAP and deferred recognition in IFRS. Meanwhile, taxes increased by 16.4% to EUR 253.8 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 219.5 million (+13.5%), after deducting Amortisations and Provisions totalling EUR 130.8 million, and remained in line with the previous year (-0.1%). In local currency, they increased slightly (+1.3%) due to the increased asset base.

1.4 Brazil

EUR million	Q1 2019	vs Q1 2018
Revenues	1,471.1	10.7%
Gross margin	437.7	15.5%
EBITDA	283.4	31.5%
EBIT	174.4	60.3%

a) Gross Margin

The gross margin increased by 15.5%, reaching EUR 437.7 million in the first quarter of the year, though affected by the devaluation of the Brazilian real (up 24.1% in local currency). The increase is due to higher income following the tariff revision of Coelba and Cosern in May 2018 (up 16.95% and 15.61% respectively), to the larger contribution of transmission assets and to increased demand (+4.8%).

b) Operating Profit / EBIT

EBITDA in the area totalled EUR 283.4 million (+31.5%). Net Operating Expenses fell by 6.3% to EUR 150.9 million, due to efficiencies and the effect of the exchange rate.

Amortisations and Provisions amounted to EUR 109.0 million (+2.2%), due to the increase in assets commissioned, partially offset by the exchange rate effect.

2. RENEWABLES BUSINESS

EUR million	Q1 2019	vs Q1 2018
Revenues	1,101.8	5.0%
Gross margin	1,006.8	6.6%
EBITDA	683.6	13.3%
EBIT	405.2	17.7%

In the first quarter of 2019, gross margin was EUR 1,006.8 million, a 6.6% increase compared to the same period of the year 2018. The contribution of the renewables business in the UK, Brazil and Mexico, as well as the contribution of offshore wind, more than offset the lower production recorded in Spain and the United States.

The main explanatory factors for the variation in the consolidated gross margin were as follows:

- The **average operating power** during the period grew slightly compared to the first quarter of 2018 (87 MW, up 0.3% to 26,853 MW) thanks to the increases in solar photovoltaic capacity in Mexico (up 270 MW), in onshore wind in the United States (up 160.1 MW), in offshore wind in the Rest of the World due to the continuous availability of Wikinger during the quarter (up 142 MW) and in hydroelectric in Brazil (up 98 MW), which more than offset the deconsolidation of the hydroelectric capacity in the United Kingdom (down 563 MW), included under the sale agreement signed with Drax in late 2018. However, the lower wind levels in Spain, the United States and Mexico, coupled with the lower rainfall in Spain, reduced production to 13,704.8 GWh (down 10.3%).
- The **average sale price of renewable output across the world** stood at EUR 73.5/MWh, an increase on the previous year due to the general rise in energy prices across all geographical areas, driven by the increase in the price of raw materials and CO₂.

- The consolidated **load factor** was 23.6% at the end of March, under the 26.4% recorded at the same date in 2018, although with differences according to the technology:

Technology	Q1 2019	vs. Q1 2018
Onshore wind	29.0%	-14.1%
Offshore wind	54.6%	+17.0%
Hydroelectric	13.8%	-12.2%
Other Technologies	28.0%	+33.9%

2.1 SPAIN

EUR million	Q1 2019	vs Q1 2018
Revenues	401.5	-14.0%
Gross margin	370.7	-13.8%
EBITDA	218.9	-9.6%
EBIT	140.6	-12.4%

a) Gross Margin

The contribution of hydroelectric (-10.5%) and wind (-15.0%) in Spain decreased compared to the comparative period, with the gross margin thus standing at EUR 370.7 million. This result was due to the lower volume generated, the result of lower rainfall and lower wind levels (-8.9%) recorded in 2019, which could not offset the improved average price obtained in the quarter.

b) Operating Profit / EBIT

EBITDA decreases in a lower amount than gross margin (-9.6%) due to the fact that Net Operating Expense decreases by -0.8% and taxes fall by 30.4% due to the temporary suspension of the tax on electricity production and the lower hydroelectric canon paid for the minor generation with this technology.

EBIT dropped by 12.4% because of the Depreciation and Provisions decreased to EUR 78 million (-4%) compared to the first quarter of 2018 due to the sale of the Puertollano thermo-solar plant during 2018.

2.2 UNITED KINGDOM

EUR million	Q1 2019	vs Q1 2018
Revenues	239.1	19.9%
Gross margin	225.8	22.1%
EBITDA	189.9	31.1%
EBIT	153.0	45.0%

a) Gross Margin

The United Kingdom business increased 22.1% compared to the first quarter of the previous year, reaching EUR 225.8 million. Onshore wind stands out for the increased load factor (+3.8%), alongside better prices and the higher value of recycled ROCs, which offset the sale of the hydroelectric capacity in late 2018 to the British company Drax.

b) Operating Profit / EBIT

EBITDA grew by 31.1% compared to the first quarter of 2018 to EUR 189.9 million, and EBIT by 45% to EUR 153.0 million, as both the Net Operating Expense (-10.1%) and Amortizations and Provisions (-6.0%) decreased due to the sale of hydroelectric capacity in 2018. Levies decrease EUR 0.9 million to EUR 5.3 million.

2.3 UNITED STATES

EUR million	Q1 2019	vs Q1 2018
Revenues	242.9	1.0%
Gross margin	205.8	4.3%
EBITDA	104.9	-8.4%
EBIT	-5.7	N/A

a) Gross Margin

The gross margin increased by 4.3% to EUR 205.8 million due to the change in the exchange rate, as it decreased in local currency because the lower wind levels recorded in the country (-4.2%) and the lower local price were more than offset by the increase in average operating power both in onshore wind energy and in solar photovoltaic energy (up 170.1 MW, +2.7%), which lowered production (-10.4%).

b) Operating Profit / EBIT

Net Operating Expense increased 35.8% to EUR 63 million, due to the appreciation of the US dollar and the growth of the business itself and levies decrease EUR 1.6 million to EUR 37.9 million, leaving EBITDA for the quarter at EUR 104.9 million (-8.4% vs. the same period of 2018).

Depreciation and provisions increased by 12.4% to EUR 110.7 million, mainly due to US dollar appreciation (+7.9%) and the greater capacity. As a result, EBIT fell by -5.7% in the first quarter of 2019.

2.4 MEXICO

EUR million	Q1 2019	vs Q1 2018
Revenues	35.3	69.2%
Gross margin	34.1	70.5%
EBITDA	25.6	90.6%
EBIT	16.3	114.1%

a) Gross Margin

The gross margin stood at EUR 34.1 million (+70.5%), mainly due to the 270 MW in solar photovoltaic technology commissioned in 2018.

b) Operating Profit / EBIT

Net Operating Expense increased 27.6%, affected by the exchange rate, as in local currency this increase is 18.2% and is related to the higher installed capacity. EBITDA grew 90.6% in the first quarter 2019 compared to the same period of 2018.

EBIT increased 114.1% in the first quarter of the year, after deducting Depreciation and Provisions, which rose 59.7% with respect to the comparative period due to the entry of new photovoltaic solar capacity.

2.5 BRAZIL

EUR million	Q1 2019	vs Q1 2018
Revenues	60.2	4.6%
Gross margin	49.3	1.8%
EBITDA	37.4	5.9%
EBIT	24.7	-9.2%

a) Gross Margin

The gross margin increased (+1.8%) to EUR 49.3 million due to the greater hydroelectric production and the increased average operating power (up 98 MW, +16.6%) after the Baixo Iguazú station came into operation, as well as onshore wind energy due to the higher load factors experienced during the quarter (+4.5%). These two effects offset the fall in average price and the depreciation of the Brazilian real (-6.9%).

b) Operating Profit / EBIT

Net Operating Expense remained in line with the same quarter of the previous year, leaving EBITDA at EUR 37.4 million (+5.9%).

Depreciation and provisions increased EUR 4.6 million to EUR 12.7 million, mainly due to the entrance into operation of the Baixo Iguazú hydroelectric plant, bringing EBIT to EUR 24.7 million (-9.2%).

2.6 REST OF THE WORLD

EUR million	Q1 2019	vs Q1 2018
Revenues	122.7	90.0%
Gross margin	121.0	89.3%
EBITDA	106.9	100.8%
EBIT	75.5	178.7%

a) Gross Margin

The gross margin in the Rest of the World reached EUR 121.0 million (+89.3%) due to the increase in total production (+57.4%), both from the contribution of offshore wind from Wikinger in Germany, which was progressively brought into operation during the first half of last year, and from the increase in the onshore wind load factor (+12.4%).

b) Operating Profit / EBIT

EBITDA rose 100.8% to EUR 106.9 million, after excluding Net Operating Expense, which rose 31.9% due to the entry into operation of Wikinger, for which reason Amortizations and Provisions also increased to EUR 31.5 million (+20.2%). EBIT rose 178.7% to EUR 75.5 million.

3. GENERATION AND SUPPLY BUSINESS

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

EUR million	Q1 2019	vs Q1 2018
Revenues	6,091.8	7.7%
Gross margin	1,157.8	7.3%
EBITDA	600.5	19.2%
EBIT	393.3	37.2%

The Generation and Supply business increased its contribution to the gross margin (+7.3%) supported essentially by the performance of Spain and Mexico. These countries more than offset the decline in the United Kingdom, which was negatively affected by the sale of the thermal generating assets at the end of last year and the entry into force in January 2019 of the cap on certain gas and electricity tariffs.

3.1 Spain

EUR million	Q1 2019	vs Q1 2018
Revenues	3,548.5	7.8%
Gross margin	725.4	21.4%
EBITDA	389.5	67.9%
EBIT	279.8	169.1%

a) Gross Margin

Iberdrola's Generation and Supply Business in Spain recorded a 21.4% increase in its gross margin to EUR 725.4 million, principally due to:

- An increase in production to 8,863 GWh, a rise of 10.5% compared with the same period the previous year.
- Higher income.

Furthermore, the gas activity recorded better results due to the increase in the contribution of wholesale operations.

b) Operating Profit / EBIT

EBITDA increased by 67.9% to EUR 389.5 million, due to the growth of the gross margin highlighted above, and in spite of the increase in Net Operating Expense (+4.4%) to EUR 165.9 million, due to the reduction in taxes, which fell by 17.7% to EUR 170.0 million, essentially due to the suspension of the 7% tax on generation during the first quarter of 2019.

Amortisation and Provisions reduced by 14.2% to EUR 109.7 million, mainly as a result of the lower amortisation associated with the nuclear facilities following the agreement reached with the relevant authorities, ENRESA and the other shareholders 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 recorded an increase of 169.1% compared to the first quarter of 2018, reaching EUR 279.8 million.

3.2 United Kingdom

EUR million	Q1 2019	vs Q1 2018
Revenues	1,693.6	5.7%
Gross margin	200.4	-34.8%
EBITDA	50.4	-66.2%
EBIT	(5.4)	N/A

a) Gross Margin

ScottishPower's liberalized business recorded a gross margin of EUR 200.4 million (-34.8%), corresponding to almost the entire 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 first quarter of 2018, in addition to the sale of the thermal generation assets mentioned previously, are as follows:

- Lower energy sales due to a drop in demand, both in electricity (-7.9%) and gas (-35.0%).
- Impact of the cap in SVTs (Standard Variable Tariffs) of GBP 37 million. In force since January 2019, it caps the tariffs for certain types of customer, which in the case of ScottishPower account for around 30% of the total.
- 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 50.4 million, compared to EUR 149.2 million in the first quarter of 2018, as a result of the change in the gross margin described above.

In addition, there was a fall in Net Operating Expenses (-5.7%), Taxes (-3.7%), and Amortisation and Provisions (-2.7%), mainly due in each case to the aforementioned sale of generation assets.

As a result of all of the above, the EBIT contribution was EUR -5.4 million compared with the contribution of EUR 91.9 million in 2018.

3.3 Mexico

EUR million	Q1 2019	vs Q1 2018
Revenues	624.6	27.8%
Gross margin	213.0	62.9%
EBITDA	162.4	67.0%
EBIT	133.3	80.3%

a) Gross Margin

In Mexico, the gross margin rose to EUR 213.0 million, an increase of 62.9% explained by the higher sales resulting from:

- increased production (+15.8%), due to the contribution of the new capacity commissioned in 2018, the Escobedo combined cycle, the Bajío Cogeneration and the repowering of Monterrey IV;
- normalisation of tariffs in comparison to the first quarter of 2018.
- The appreciation of the dollar contributed EUR 15.6 million.

b) Operating Profit / EBIT

EBITDA totalled EUR 162.4 million. Net Operating Expenses rose by 51.7% to EUR 49.2 million, fundamentally due to the increased activity and impact of the exchange rate. Amortisations and Provisions increased by 24.9% to EUR 29.2 million, due to the new assets commissioned, mentioned above.

As a result of the above, EBIT for the business reached EUR 133.3 million.

3.4 Brazil

EUR million	Q1 2019	vs Q1 2018
Revenues	140.3	-26.1%
Gross margin	15.7	-63.8%
EBITDA	9.3	-71.3%
EBIT	3.7	-85.9%

The Generation and Supply business in Brazil was affected not only by various temporary restrictions on gas in the Termopernambuco combined cycle, but also by a non-recurring effect of EUR 19 million recorded in commercial activity in this quarter.

3.5 Rest of the World

EUR million	Q1 2019	vs Q1 2018
Revenues	288.3	32.6%
Gross margin	3.3	N/A
EBITDA	(11.1)	55.4%
EBIT	(18.0)	88.1%

The results in the Rest of the World show a negative contribution as they reflect the initial development costs that the business inevitably incurs in the different countries when it is establishing itself.

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 the real estate activity.

EUR million	Q1 2019	vs Q1 2018
Revenues	14.0	-1.8%
Gross margin	4.4	-5.5%
EBITDA	0.4	N/A
EBIT	(2.5)	N/A

a) Gross Margin

The gross margin decreased by 5.5% to EUR 4.4 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 fell to EUR 0.4 million, with Net Operating Expenses lower by 74.7%. Amortisation and Provisions increased by 21.0% compared to the same quarter in the previous year, with EBIT falling to EUR -2.5 million.

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.



Balance Sheet Analysis

January–March 2019

	Mar. 2019	Vs. Dec. 2018
TOTAL ASSETS	118,776	5.1%
FIXED ASSETS	67,036	1.4%
INTANGIBLE ASSETS	21,447	2.1%
LONG-TERM INVESTMENTS	5,499	5.9%
NET EQUITY	45,701	3.9%

At 31 March 2019, Iberdrola's Balance Sheet shows Total Assets of EUR 118,776 million, up EUR 5,738 million versus December 2018.

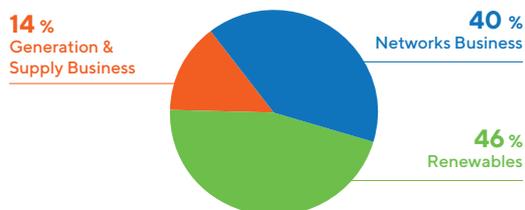
1. Fixed Assets

Net investments for first quarter of 2019 totalled EUR 1,190.2 million. The breakdown is as follows:

EUR million	Jan–Mar 2019	%
Networks business	477.9	40.1%
Spain	65.1	
United Kingdom	105.2	
United States	133.2	
Brazil	174.4	
Renewables Business	557.2	46.8%
Spain	104.9	
United Kingdom	77.6	
United States	340.5	
Brazil	10.7	
Mexico	4.7	
RoW	18.7	
Generation and Supply	168.1	14.1%
Spain	20.8	
United Kingdom	52.5	
Mexico	65.6	
Brazil	17.5	
RoW	11.8	
Corporation and other businesses	-12.9	-1.0%
Total Net Investment	1,190.2	100.0%

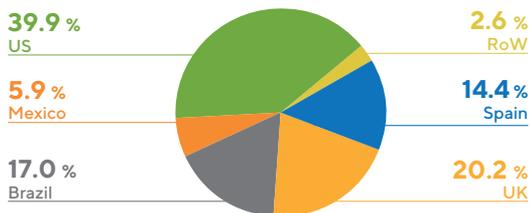
Investment for the period concentrated on the Networks and Renewables Business, in line with our strategy. These two businesses account for 86% of the total investment.

Investment by Business (January–March 2019)



The following figure shows the geographical distribution of the investment for the period:

Investments by Networks (January–March 2019)



The investment in the Renewables business reached EUR 557 million, equivalent to 46.8% of the total. It is worth noting the EUR 340.5 million invested in the United States, mainly in the new onshore wind farms of Karankawa y Montague.

Regarding the "Networks Business", most investments were made in the Brazil and United States, for total amounts of EUR 174.4 million and EUR 133.2 million, respectively.

2. Share capital

The Share Capital of the Company at 31 March 2019 amounted to 4,890,342,750.00 euros, which consists of 6,520,457,000 shares having a nominal value of 0.75 euro each. It is totally subscribed and paid up.

3. Financial Debt

Adjusted net financial debt at 31 March 2019 amounted to EUR 35,559 million increasing by EUR 2,428 million, from EUR 33,131 million at 31 March of 2018, mainly due to the implementation of IFRS 16 (EUR 408 million), FX effect (EUR 969 million) and the strong investment process in which the Company is involved.

Financial leverage increases by 10 b.p. to 43.7% compared to 43.6% registered at 31 March 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 2019
Fitch IBCA	BBB+	Stable	8 July 2016
STANDARD & POOR'S	BBB+	Stable	22 April 2016

Regarding the trend in the Company's financial cost, at 31 March 2019 was at 3.47%, down 12 b.p. from the 3.59% registered as at 31 March 2018.

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

	Mar. 2019	Mar. 2018
Euro	41.8%	40.5%
British Pound	18.2%	20.8%
Dollar	28.9%	28.6%
Brazilian Real and other currencies	11.1%	10.1%
Fixed Rate	77.1%	74.3%
Variable Rate	22.9%	25.7%

(*) Net Financial Debt including interco hedging and net investment derivatives

(**) Net Financial Debt including Forward Start Swaps (Q1 2019: EUR 4,709 million; Q1 2018: EUR 5,981 million)

In accordance with the policy of minimising the Company's financial risks, the foreign currency 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). The share of fixed-rate amounts to 77.1% at the end of March 2019 (including 13.3% of Forward Start Swaps).

The debt structure* by country is shown in the following Table:

	Mar. 2019	Mar. 2018
Corporate	72.4%	75.5%
United Kingdom	7.1%	6.9%
United States	17.5%	15.1%
Brazil	0.0%	0.0%
Mexico	1.4%	1.1%
Other	1.6%	1.3%
Total	100.0%	100.0%

(*) Gross Financial Debt excluding Neonergeria

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

	Mar. 2019	Mar. 2018
Euro Bond Market	34.4%	38.1%
Dollar Bond Market	18.5%	16.7%
British Pound Bond Market	7.7%	7.9%
Other Bond Markets	5.1%	3.9%
Notes	6.6%	6.5%
Multilaterals	8.4%	7.7%
Structured financing	1.8%	1.0%
Bank financing	17.5%	18.2%
Total	100.0%	100.0%

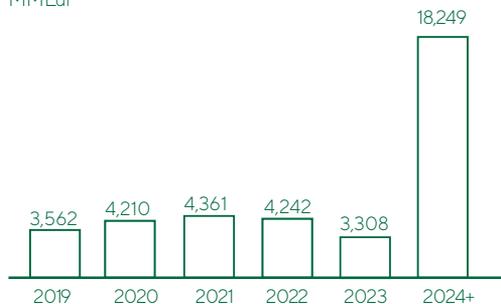
(*) Gross Financial Debt

At the close of March 2019, Iberdrola has a strong liquidity position totalling EUR 14,220 million, which is equivalent to more than 18 months of the Company's financing needs at risk.

	EUR million
Credit lines	Available
Total credit line	11,155
Cash and cash equivalents	3,065
Total Adjusted Liquidity	14,220

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

MMEur



(*) Excludes credit lines

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

2024+ includes EUR125 million with a 1+1 year extension option

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

	Mar. 2019	Mar 2018*
Adjusted Net Equity**	45,806	42,844
Adjusted Financial Debt **	37,933	35,848
Use of credit lines	527	624
Unpaid accrued interest	302	309
Liability derivatives	761	448
Adjusted Gross Financial Debt **	39,524	37,229
Derivative debt asset instruments	3,181	3,173
Cash and cash equivalents	784	924
Adjusted Net Financial Debt **	35,559	33,131
Adjusted Leverage	43.7%	43.6%
Adjusted Funds from Operations (FFO)*** / Adjusted Net Financial Debt**	21.1%	21.4%
Adjusted Retained Cash Flow (RCF)**** / Adjusted Net Financial Debt**	19.7%	19.0%
Adjusted Net Financial Debt ** / Adjusted EBITDA (*****)	3.69x	3.98x

(*) Proforma, including a whole year of Neoenergia

(**) Adjusted by the effect of potential accumulator derivatives over treasury stock (EUR 105.0 million at 03/31/2019 and EUR 167.4 million at 03/31/2018)

(***) Adjusted FFO = Net Profit + Minority Results + Amort. and Prov. - Profit of Companies Consolidated by the Equity Method - Net Non-recurring Results - Financial Prov. Capitalisation + Dividends of companies consolidated by the equity method - Adjustment of tax deductible items and other effects Adjusted by "Exit Plan" (EUR 0 million at 03/31/2019 and EUR 152.7 million at 03/31/2018, accounted in the 4Q 2017)

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

(*****) Adjusted by the "Exit Plan" (EUR 0 million at 12/31/2019 and EUR 203.3 million at 03/31/2018, accounted in the 4Q 2017)

4. Working capital

The working capital recorded an increase of EUR 1,273 million over the last 12 months, as a result of several effects:

- An increase in working capital as a result of the rise in inventories (EUR 559 million) mainly due to the East Anglia 1 OFTO.
- An rise in working capital because of the net increase of EUR 820 million in commercial accounts (EUR 1,868 million of trade and other receivables net of EUR 1,048 million of trade and other payables), mainly due to the variation of fixed assets suppliers within the period and settled positions of the discontinued activity of Engineering.
- Other effects to a lesser extent.

Current Assets	Mar-19	Mar-18	Variation
Assets held for sale	64	109	(46)
Nuclear Fuel	299	310	(11)
Inventories	2,438	1,879	559
Trade and other receivables	8,676	6,809	1,868
Current financial investments	648	580	68
Asset derivative financial instruments	169	(75)	244
Public Administrations	1,059	1,406	(347)
TOTAL CURRENT ASSETS*:	13,354	11,018	2,335

(*) Does not include cash or debt asset derivatives

Current Liabilities	Mar-19	Mar-18	Variation
Liabilities held for sale	1	9	(9)
Provisions	768	692	76
Liability derivative financial instruments	234	(113)	347
Trade and other payables	8,386	7,338	1,048
Public Administrations	2,036	2,436	(400)
TOTAL CURRENT LIABILITIES**:	11,425	10,362	1,063

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

NET WORKING ASSETS	1,929	657	1,273
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5. Funds From Operations

Funds from Operations at 31 March 2019 are up 8.5% at EUR 2,036.72 million.

	Jan-Mar 2019	Jan-Mar 2018	Variation
Net Profit	963.9	838.0	126.0
Amortisations and provisions	967.1	936.3	30.8
P/L, Equity Accounted Companies	-1.63	-0.6	1.1
Non-recurring	-0.31	-0.5	0.2
Financial provisions capitalised	32.7	35.5	-2.8
P/L, Minority Interests	94.3	86.3	7.9
Dividends, Equity Accounted Companies	-	0.8	-0.8
Allocation of capital subsidies to income	-19.4	-18.8	-0.6
FFO	2,036.7	1,877.1	159.6

6. FINANCIAL TRANSACTIONS

Main new financing transactions carried out in 2019.

New financing

Borrower	Transaction	Amount	Currency	Interest rate	Maturity date
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	-	-

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

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

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

First Quarter Transactions

Capital Market

In January, Iberdrola Finanzas finalised the private placement of a USD 50 million bond with a maturity of 11 years and 9 months and a coupon of 1.782%.

In February, Iberdrola International finalised the issue of a green hybrid bond of EUR 800 million with a coupon of 3.25% and no maturity date, with the option to repay in full after six years. The funds will be used to finance and refinance the offshore wind farms in East Anglia and Wikingier.

Banking market

During the first quarter of 2019, Iberdrola Financiación finalised five transactions:

- a sustainable syndicated credit facility of EUR 1,500 million with maturity in 2024 and the option to extend its maturity by 1+1 years;
- three bilateral loans:
 - EUR 125 million over a term of five years with the option for 1+1 extension,
 - EUR 200 million over a term of seven years, and

- EUR 75 million over a term of seven years, which replaces another of the same amount. This restructuring improves the financing conditions and lengthens the maturity.

- a loan from the European Investment Bank for EUR 150 million, the conditions of which will be determined on the drawdown date.

In February, Iberdrola SA extended the two sustainable syndicated credit facilities, novated in January 2018 for EUR 5,300 million, for an additional year. The new maturity for both sustainable syndicated credit facilities is February 2024.

7. CREDIT RATINGS

	Moody's			Standard and Poor's			Fitch Ibcra		
	Calificación	Perspectiva	Fecha	Calificación	Perspectiva	Fecha	Calificación	Perspectiva	Fecha
Iberdrola S.A.	Baa1	Stable	March 2018	BBB+	Stable	April 2018	BBB+	Stable	March 2018
Iberdrola Finance Ireland Ltd. (*)	Baa1	Stable	March 2018	BBB+		April 2018	BBB+	Stable	March 2018
Iberdrola Finanzas S.A.U. (*)	Baa1	Stable	March 2018	BBB+		April 2018	BBB+	Stable	March 2018
Iberdrola Finanzas S.A.U. (Escala Nacional) (*)	Aa1(mex)	Stable	March 2018	mxAAA		April 2018	AAA(mex)	Stable	March 2018
Iberdrola International B.V. (*)	Baa1	Stable	March 2018	BBB+		April 2018	BBB+	Stable	March 2018
Avangrid	Baa1	Stable	July 2018	BBB+	Stable	March 2018	BBB+	Stable	April 2019
CMP	A2	Stable	June 2018	A-	Positive	Jan 2018	BBB+	Stable	April 2019
NYSEG	A3	Stable	July 2018	A-	Stable	March 2018	BBB+	Stable	April 2019
RG&E	A3	Stable	July 2018	A-	Stable	March 2018	BBB+	Stable	April 2019
UI	Baa1	Stable	July 2018	A-	Stable	March 2018	A-	Stable	April 2019
CNG	A3	Stable	July 2018	A-	Stable	March 2018	A-	Stable	April 2019
SCG	A3	Stable	July 2018	A-	Stable	March 2018	A-	Stable	April 2019
BGC	A3	Positive	June 2018	A-	Stable	March 2018	A-	Stable	April 2019
Scottish Power Ltd	Baa1	Stable	Oct. 2018	BBB+	Stable	April 2018	BBB+	Stable	March 2018
Scottish Power UK Plc	Baa1	Stable	Oct. 2018	BBB+	Stable	April 2018	BBB+	Stable	March 2018
Scottish Power Energy Networks Holdings Ltd				BBB+	Stable	April 2018			
SP Transmission Ltd	Baa1	Stable	Oct. 2018	BBB+	Stable	April 2018			
SP Manweb plc	Baa1	Stable	Oct. 2018	BBB+	Stable	April 2018			
SP Distribution plc	Baa1	Stable	Oct. 2018	BBB+	Stable	April 2018			
ScottishPower Energy Management Ltd.	Baa1	Stable	Oct. 2018	BBB+	Stable	April 2018			
ScottishPower Energy Retail Ltd.	Baa1	Stable	Oct. 2018	BBB+	Stable	April 2018			
Scottish Power Investment Ltd	Baa1	Stable	Oct. 2018	BBB+	Stable	April 2018			
ScottishPower Renewables (WODS) Limited	Baa1	Stable	Nov. 2018						
Coelba				BB-	Stable	Jan 2019			
Celpe				BB-	Stable	Jan 2019			
Cosern				BB-	Stable	Jan 2019			
Neoenergía (Escala nacional)				brAAA	Stable	Jan 2019			
Coelba (Escala nacional)				brAAA	Stable	Jan 2019			
Celpe (Escala nacional)				brAAA	Stable	Jan 2019			
Cosern (Escala nacional)				brAAA	Stable	Jan 2019			
Elektro (Escala nacional)				brAAA	Stable	Jan 2019			
Elektro (Escala nacional)				brAAA	Estable	Enero 2019			

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



Financial Statements Tables

Balance Sheet *(Unaudited)*

	M Eur		
	March 2019	December 2018	Variation
NON-CURRENT ASSETS	102,036	99,696	2,340
Intangible assets	21,447	21,000	446
Goodwill	8,125	7,838	287
Other intangible assets	13,321	13,162	159
Real Estate properties	428	429	-1
Property, plant and equipment	67,036	66,109	926
Property, plant and equipment in use	59,013	58,518	495
Property, plant and equipment in the course of construction	8,023	7,592	431
Right of use	600	-	600
Non current financial investments	5,499	5,191	308
Investments accounted by equity method	1,844	1,710	135
Non-current financial assets	79	69	10
Other non-current financial assets	2,936	2,685	251
Derivative financial instruments	639	727	-88
Non-current receivables	1,480	1,480	-1
Deferred tax assets	5,546	5,486	60
CURRENT ASSETS	16,741	13,342	3,398
Assets held for sale	64	62	2
Nuclear fuel	299	273	27
Inventories	2,439	2,174	266
Current trade and other receivables	9,738	6,855	2,883
Tax receivables	463	253	210
Other tax receivables	596	503	93
Trade and other receivables	8,676	6,098	2,578
Current financial assets	1,136	1,178	-42
Other current financial assets	648	572	77
Derivative financial instruments	487	606	-119
Cash and cash equivalents	3,065	2,801	264
TOTAL ASSETS	118,776	113,038	5,738

Equity and Liabilities

	M Eur		
	March 2019	December 2018	Variation
EQUITY:	45,701	43,977	1,724
Of shareholders of the parent	37,358	36,582	776
Share capital	4,890	4,798	92
Share Premium	14,604	14,668	-64
Unrealised assets and liabilities revaluation reserve	-261	-32	-228
Other reserves	20,916	18,064	2,852
Treasury stock	-1,437	-1,010	-427
Translation differences	-2,318	-2,919	601
Net profit of the year	964	3,014	-2,050
Hybrid Capital	2,520	1,726	794
Of minority interests	5,823	5,669	154
EQUITY INSTRUMENTS HAVING THE SUBSTANCE OF A FINANCIAL LIABILITY	143	141	3
NON-CURRENT LIABILITIES	52,520	52,804	-284
Deferred income	6,328	6,301	27
Provisions	5,516	5,448	69
Provisions for pensions and similar obligations	2,456	2,420	36
Other provisions	3,060	3,028	33
Financial Debt	30,652	31,139	-487
Loans and others	30,166	30,752	-586
Derivative financial instruments	486	387	98
Other non-current payables	834	874	-40
Deferred tax liabilities	9,190	9,043	148
EQUITY INSTRUMENTS HAVING THE SUBSTANCE OF A FINANCIAL LIABILITY	30	37	-7
CURRENT LIABILITIES	20,382	16,080	4,303
Liabilities held for sale	1	1	-
Provisions	768	580	188
Provisions for pensions and similar obligations	19	23	-4
Other provisions	749	557	192
Financial Debt	9,192	7,023	2,169
Loans and others	8,529	6,575	1,954
Derivative financial instruments	663	448	215
Trade and other payables	10,423	8,476	1,946
Trade payables	6,657	5,429	1,229
Current tax liabilities and other tax payables	817	349	468
Other tax payables	1,218	1,039	179
Other current liabilities	1,729	1,658	71
TOTAL EQUITY AND LIABILITIES	118,776	113,038	5,738

Profit and Loss *(Unaudited)*

	M Eur		
	March 2019	March 2018	%
REVENUES	10,138.9	9,343.5	8.5
PROCUREMENTS	(5,815.8)	(5,334.7)	9.0
GROSS MARGIN	4,323.1	4,008.8	7.8
NET OPERATING EXPENSES	(1,081.3)	(1,000.4)	8.1
Net Personnel Expense	(553.4)	(522.6)	5.9
Personnel	(700.7)	(669.7)	4.6
Capitalized personnel costs	147.4	147.1	0.2
Net External Services	(527.9)	(477.8)	10.5
External Services	(668.4)	(624.9)	7.0
Other Operating Income	140.5	147.1	(4.5)
LEVIES	(642.5)	(684.9)	(6.2)
EBITDA	2,599.4	2,323.5	11.9
AMORTISATIONS AND PROVISIONS	(967.1)	(936.3)	3.3
EBIT	1,632.2	1,387.2	17.7
Financial Expenses	(548.2)	(626.5)	(12.5)
Financial Income	249.9	337.9	(26.0)
Financial Result	(298.3)	(288.6)	3.4
Results of Companies Consolidated by Equity Method	1.6	0.6	183.1
Results from Non-Current Assets	0.3	0.5	(41.1)
PBT	1,335.9	1,099.7	21.5
Corporate Tax	(277.7)	(175.4)	58.3
Minorities	(94.3)	(86.3)	9.2
NET PROFIT	963.9	838.0	15.0

Results by Business (Unaudited)

M Eur

March 2019	Networks	Renewables	Generation and Supply	Other Business	Corp. and adjustments
Revenues	3,698.6	1,101.8	6,091.8	14.0	(767.3)
Procurements	(1,533.5)	(95.0)	(4,934.0)	(9.6)	756.3
GROSS MARGIN	2,165.1	1,006.8	1,157.8	4.4	(11.0)
NET OPERATING EXPENSES	(536.6)	(197.1)	(344.8)	(3.6)	0.8
Net Personnel Expense	(294.3)	(74.5)	(106.5)	(2.7)	(75.4)
Personnel	(417.1)	(90.5)	(110.9)	(2.7)	(79.6)
Capitalized personnel costs	122.8	16.0	4.5	-	4.1
Net External Services	(242.3)	(122.6)	(238.3)	(0.9)	76.3
External Services	(355.1)	(146.4)	(257.7)	(0.9)	91.7
Other Operating Income	112.7	23.7	19.4	0.1	(15.4)
Levies	(310.1)	(126.1)	(212.5)	(0.4)	6.6
EBITDA	1,318.4	683.6	600.5	0.4	(3.6)
Amortisation and Provisions	(453.1)	(278.5)	(207.2)	(2.9)	(25.5)
EBIT/Operating Profit	865.3	405.2	393.3	(2.5)	(29.1)
Financial Result	(147.6)	(44.2)	(24.2)	-	(82.2)
Results of companies consolidated by equity method	2.0	4.9	2.4	(5.4)	(2.3)
Results of non-current assets	0.2	-	-	-	0.2
PBT	719.8	365.9	371.5	(7.9)	(113.4)
Corporate tax and minority shareholders	(212.1)	(88.4)	(94.0)	0.6	22.1
NET PROFIT	507.6	277.5	277.5	(7.4)	(91.3)

M Eur

March 2018	Networks	Renewables	Generation and Supply	Other Business	Corp. and adjustments
Revenues	3,389.3	1,049.8	5,654.4	31.7	(781.7)
Procurements	(1,414.1)	(105.3)	(4,575.0)	(10.4)	770.1
GROSS MARGIN	1,975.3	944.5	1,079.4	21.3	(11.6)
NET OPERATING EXPENSES	(503.1)	(180.8)	(325.7)	(14.1)	23.3
Net Personnel Expense	(274.1)	(67.1)	(104.9)	(7.6)	(69.0)
Personnel	(393.9)	(79.9)	(112.9)	(7.6)	(75.4)
Capitalized personnel costs	119.9	12.9	8.0	-	6.4
Net External Services	(229.1)	(113.7)	(220.8)	(6.5)	92.2
External Services	(339.9)	(132.1)	(252.9)	(6.9)	106.8
Other Operating Income	110.8	18.4	32.1	0.4	(14.6)
Levies	(272.1)	(160.3)	(250.1)	(1.7)	(0.7)
EBITDA	1,200.0	603.5	503.6	5.4	11.0
Amortisation and Provisions	(441.6)	(259.3)	(216.8)	(2.4)	(16.2)
EBIT/Operating Profit	758.4	344.1	286.8	3.0	(5.2)
Financial Result	(138.7)	(48.4)	(37.9)	0.2	(63.7)
Results of companies consolidated by equity method	3.0	9.5	0.9	(7.6)	(5.2)
Results of non-current assets	3.3	-	1.3	(4.1)	-
PBT	626.0	305.2	251.1	(8.5)	(74.1)
Corporate tax and minority shareholders	(177.1)	(61.4)	(62.5)	(1.1)	40.5
NET PROFIT	448.8	243.8	188.7	(9.7)	(33.7)

Networks Business (Unaudited)

M Eur

March 2019	SPAIN	UNITED KINGDOM	USA	BRAZIL
Revenues	534.7	342.2	1,350.6	1,471.1
Procurements	0.1	(13.7)	(486.5)	(1,033.4)
GROSS MARGIN	534.8	328.5	864.1	437.7
NET OPERATING EXPENSES	(71.9)	(53.8)	(260.0)	(150.9)
Net Personnel Expense	(52.5)	(23.9)	(141.8)	(76.1)
Personnel	(80.0)	(58.8)	(187.0)	(91.2)
Capitalized personnel costs	27.5	35.0	45.2	15.1
Net External Services	(19.4)	(29.9)	(118.2)	(74.8)
External Services	(66.3)	(40.6)	(143.4)	(104.7)
Other Operating Income	46.9	10.7	25.3	29.9
Levies	(26.1)	(26.9)	(253.8)	(3.4)
EBITDA	436.8	247.9	350.3	283.4
Amortisation and Provisions	(131.2)	(82.1)	(130.8)	(109.0)
EBIT/Operating Profit	305.6	165.8	219.5	174.4
Financial Result	(15.5)	(29.2)	(37.4)	(65.5)
Results of companies consolidated by equity method	0.5	-	1.5	-
Results of non-current assets	-	-	0.1	0.1
PBT	290.6	136.6	183.7	109.0
Corporate tax and minority shareholders	(58.9)	(26.4)	(59.4)	(67.4)
NET PROFIT	231.7	110.2	124.2	41.6

M Eur

March 2018	SPAIN	UNITED KINGDOM	USA	BRAZIL
Revenues	536.6	322.6	1,201.7	1,328.4
Procurements	(6.0)	(13.1)	(445.6)	(949.4)
GROSS MARGIN	530.6	309.5	756.2	379.0
NET OPERATING EXPENSES	(79.3)	(49.0)	(213.8)	(161.1)
Net Personnel Expense	(52.3)	(23.0)	(127.3)	(71.5)
Personnel	(80.4)	(59.8)	(169.2)	(84.6)
Capitalized personnel costs	28.1	36.8	41.8	13.1
Net External Services	(27.0)	(26.0)	(86.5)	(89.6)
External Services	(72.3)	(36.5)	(114.4)	(116.6)
Other Operating Income	45.4	10.5	27.9	27.0
Levies	(25.9)	(25.8)	(218.0)	(2.4)
EBITDA	425.4	234.7	324.4	215.5
Amortisation and Provisions	(129.6)	(74.4)	(130.9)	(106.7)
EBIT/Operating Profit	295.8	160.4	193.4	108.8
Financial Result	(15.9)	(30.9)	(36.0)	(56.0)
Results of companies consolidated by equity method	0.7	-	2.3	-
Results of non-current assets	3.2	-	0.1	-
PBT	283.8	129.5	159.8	52.9
Corporate tax and minority shareholders	(74.5)	(25.5)	(42.2)	(34.9)
NET PROFIT	209.3	104.0	117.6	17.9

Renewables Business (Unaudited)

M Eur

March 2019	UNITED					
	SPAIN	KINGDOM	USA	BRAZIL	MEXICO	RoW
Revenues	401.5	239.1	242.9	60.2	35.3	122.7
Procurements	(30.8)	(13.3)	(37.0)	(10.9)	(1.2)	(1.7)
GROSS MARGIN	370.7	225.8	205.8	49.3	34.1	121.0
NET OPERATING EXPENSES	(70.8)	(30.6)	(63.0)	(11.7)	(8.2)	(12.8)
Net Personnel Expense	(29.9)	(5.3)	(33.4)	(4.8)	(1.2)	(1.7)
Personnel	(34.3)	(9.8)	(36.1)	(5.2)	(1.6)	(3.5)
Capitalized personnel costs	4.5	4.5	2.8	0.4	0.3	1.8
Net External Services	(40.9)	(25.3)	(29.6)	(6.9)	(7.0)	(11.1)
External Services	(53.8)	(27.7)	(46.2)	(6.9)	(7.1)	(12.6)
Other Operating Income	12.8	2.4	16.6	-	0.2	1.5
Levies	(81.0)	(5.3)	(37.9)	(0.2)	(0.4)	(1.2)
EBITDA	218.9	189.9	104.9	37.4	25.6	106.9
Amortisation and Provisions	(78.2)	(36.9)	(110.7)	(12.7)	(9.3)	(31.5)
EBIT/Operating Profit	140.6	153.0	(5.7)	24.7	16.3	75.5
Financial Result	(11.4)	(9.7)	(8.9)	(7.2)	(2.7)	(4.3)
Results of companies consolidated by equity method	3.4	0.2	(3.3)	4.6	-	-
Results of non-current assets	-	-	-	-	-	-
PBT	132.6	143.5	(17.9)	22.0	13.6	71.1
Corporate tax and minority shareholders	(35.2)	(27.9)	5.1	(12.6)	0.3	(17.8)
NET PROFIT	97.4	115.6	(12.8)	9.5	13.9	53.3

M Eur

March 2018	UNITED					
	SPAIN	KINGDOM	USA	BRAZIL	MEXICO	RoW
Revenues	466.8	199.4	240.4	57.6	20.9	64.6
Procurements	(37.0)	(14.5)	(43.1)	(9.1)	(0.8)	(0.7)
GROSS MARGIN	429.8	185.0	197.3	48.5	20.0	63.9
NET OPERATING EXPENSES	(71.3)	(34.0)	(46.4)	(12.9)	(6.4)	(9.7)
Net Personnel Expense	(28.1)	(8.5)	(22.3)	(5.9)	(1.0)	(2.3)
Personnel	(33.2)	(11.4)	(25.0)	(5.9)	(1.2)	(3.2)
Capitalized personnel costs	5.1	2.9	2.7	-	0.2	0.9
Net External Services	(43.2)	(25.5)	(24.1)	(7.0)	(5.4)	(7.4)
External Services	(52.0)	(27.0)	(39.4)	(6.9)	(5.7)	(8.4)
Other Operating Income	8.8	1.4	15.3	(0.1)	0.3	0.9
Levies	(116.4)	(6.2)	(36.3)	(0.3)	(0.2)	(0.9)
EBITDA	242.1	144.8	114.6	35.3	13.4	53.3
Amortisation and Provisions	(81.5)	(39.3)	(98.4)	(8.1)	(5.8)	(26.2)
EBIT/Operating Profit	160.6	105.5	16.1	27.2	7.6	27.1
Financial Result	(15.0)	(10.4)	(6.8)	(8.4)	(4.8)	(3.0)
Results of companies consolidated by equity method	2.4	(0.2)	(2.5)	9.8	-	-
Results of non-current assets	-	-	-	-	-	-
PBT	148.0	94.9	6.8	28.6	2.8	24.1
Corporate tax and minority shareholders	(39.8)	(18.9)	19.5	(16.9)	1.2	(6.5)
NET PROFIT	108.2	76.0	26.3	11.8	4.0	17.5

Generation and Supply Business *(Unaudited)*

M Eur

Marzo 2019	UNITED					
	SPAIN	KINGDOM	MEXICO	BRAZIL	RoW	Other
Revenues	3,548.5	1,693.6	624.6	140.3	288.3	(203.5)
Procurements	(2,823.1)	(1,493.1)	(411.5)	(124.6)	(285.1)	203.5
GROSS MARGIN	725.4	200.4	213.0	15.7	3.3	-
NET OPERATING EXPENSES	(165.9)	(109.0)	(49.2)	(6.4)	(14.3)	-
Net Personnel Expense	(68.9)	(25.2)	(7.9)	(1.9)	(2.6)	-
Personnel	(70.5)	(26.4)	(9.6)	(1.9)	(2.6)	-
Capitalized personnel costs	1.6	1.2	1.6	-	-	-
Net External Services	(96.9)	(83.9)	(41.3)	(4.5)	(11.7)	-
External Services	(112.5)	(88.8)	(43.3)	(4.7)	(11.7)	3.2
Other Operating Income	15.5	4.9	2.1	0.1	-	(3.2)
Levies	(170.0)	(41.0)	(1.4)	-	(0.1)	-
EBITDA	389.5	50.4	162.4	9.3	(11.1)	-
Amortisation and Provisions	(109.7)	(55.8)	(29.2)	(5.5)	(6.9)	-
EBIT/Operating Profit	279.8	(5.4)	133.3	3.7	(18.0)	-
Financial Result	(13.5)	3.5	(9.6)	(4.6)	0.1	.
Results of companies consolidated by equity method	2.4	-	-	-	.	.
Results of non-current assets	-	-	-	-	.	.
PBT	268.6	(1.9)	123.7	(0.9)	(18.0)	.
Corporate tax and minority shareholders	(66.0)	(0.2)	(33.6)	1.3	4.3	-
NET PROFIT	202.7	(2.1)	90.1	0.4	(13.7)	-

M Eur

Marzo 2018	UNITED					
	SPAIN ^(*)	KINGDOM	MEXICO	BRAZIL	RoW	Other ^(*)
Revenues	3,291.9	1,602.2	488.7	189.8	217.5	(135.7)
Procurements	(2,694.6)	(1,294.7)	(358.0)	(146.4)	(216.9)	135.6
GROSS MARGIN	597.3	307.5	130.7	43.4	0.6	-
NET OPERATING EXPENSES	(158.9)	(115.6)	(32.4)	(11.1)	(7.7)	-
Net Personnel Expense	(66.3)	(30.1)	(4.8)	(2.0)	(1.7)	-
Personnel	(69.3)	(31.7)	(8.2)	(2.0)	(1.7)	-
Capitalized personnel costs	3.0	1.6	3.4	-	-	-
Net External Services	(92.6)	(85.5)	(27.6)	(9.1)	(6.0)	-
External Services	(114.7)	(101.1)	(30.0)	(9.1)	(6.0)	7.9
Other Operating Income	22.1	15.6	2.4	-	-	(7.9)
Levies	(206.4)	(42.6)	(1.0)	-	(0.1)	-
EBITDA	231.9	149.2	97.3	32.3	(7.2)	-
Amortisation and Provisions	(128.0)	(57.4)	(23.4)	(5.7)	(2.4)	-
EBIT/Operating Profit	104.0	91.9	73.9	26.6	(9.6)	-
Financial Result	(15.9)	(2.9)	(6.9)	(11.9)	(0.3)	-
Results of companies consolidated by equity method	0.9	-	-	-	-	-
Results of non-current assets	-	1.3	-	-	-	-
PBT	89.0	90.3	67.0	14.7	(9.9)	-
Corporate tax and minority shareholders	(21.7)	(18.5)	(16.7)	(8.0)	2.4	-
NET PROFIT	67.3	71.8	50.3	6.7	(7.5)	-

(*) Restated

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

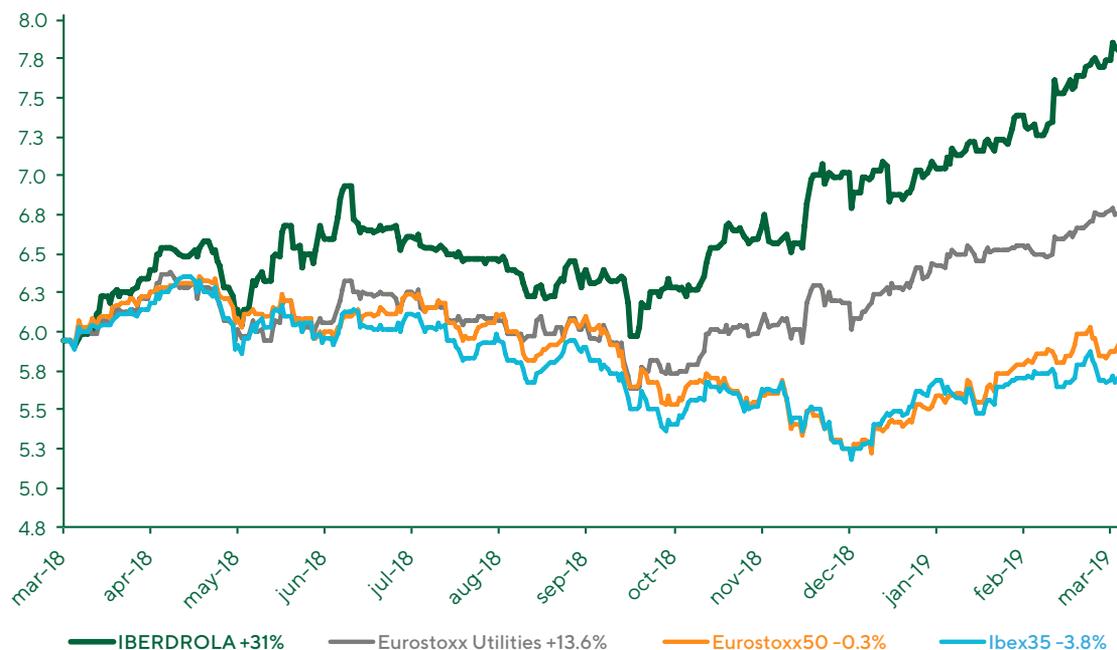
	M Eur		
	March 2019	March 2018	Variation
EBITDA	2,599.4	2,323.5	275.9
Adjustments to results and others	(211.3)	(208.8)	(2.5)
Financial payments and cash receipts	(268.5)	(252.4)	(16.1)
Corporate Tax Payment	(52.3)	310.5	(362.9)
Provision payments (net of normal expenses)	(39.5)	(31.8)	(7.7)
Operating Cash Flow	2,027.7	2,141.0	(113.3)
Dividends Paid	(156.4)	(126.3)	(30.2)
Total Cash Flow allocations:	(831.0)	(1,624.2)	793.2
<i>Net Investments</i>	<i>(1,190.2)</i>	<i>(1,185.3)</i>	<i>(4.9)</i>
<i>Divestments</i>	<i>0.1</i>	<i>113.6</i>	<i>(113.5)</i>
<i>Treasury stock</i>	<i>(422.2)</i>	<i>(697.0)</i>	<i>274.8</i>
<i>Capital issue</i>	<i>(0.3)</i>	<i>(0.4)</i>	<i>-</i>
<i>Hybrid</i>	<i>781.6</i>	<i>144.8</i>	<i>636.8</i>
Exchange rate differentials	(583.8)	338.8	(922.6)
IFRS 16 (first implementation)	(399.2)	-	(399.2)
Working capital variations and other variations	(1,522.0)	(1,143.6)	(378.5)
Decrease/(Increase) in net debt	(1,464.7)	(414.3)	(1,050.4)

Differences may arise due to rounding



Stock Market Evolution

Iberdrola stock performance vs Index



Iberdrola's share

	1Q 2019	1Q 2018
Number of outstanding shares	6.520.457.000	6.438.374.000
Price at the end of the period	7.82	5.97
Average price of the period	7.31	6.23
Average daily volume	17,893,030	21,277,919
Maximum volume (03-15-2019/01-04-2018)	57,141,894	54,392,699
Minimum volume (02-18-2019/01-26-2018)	8,499,324	11,015,146
Dividends paid (€) ⁽¹⁾	0.156	0.145
Gross Final dividend (01-29-2019 /01-23-2018)	0.151	0.140
Shareholder's Meeting attendance bonus	0.005	0.005
Dividend yield ⁽²⁾	4.37%	5.39%

(1) Dividends paid in the last 12 months

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



Regulation

In the first quarter of 2019, a group of measures affecting the energy sector was approved. This section sets out the most significant ones.

1. REGULATION IN SPAIN

Orderly closing of the nuclear plants. At the beginning of March, a protocol was signed between ENRESA and the owners of the Spanish nuclear plants, based on the 2025-2035 time horizon, for the orderly closure provided for in the draft Integrated National Energy and Climate Plan (NECP). The schedule for the orderly closure is as follows:

Nuclear Plant	Closure date
Almaraz I	November 2027
Almaraz II	October 2028
Ascó I	October 2030
Cofrentes	November 2030
Ascó II	September 2032
Vandellós II	February 2035
Trillo	May 2035

Integrated National Energy and Climate Plan.

The Government has published the draft national plan setting targets for reducing greenhouse gas emissions, for the share of renewable energies and for energy efficiency, in order to meet the European targets set for 2030, submitting it for public hearing on 22 March. In December, the new government must send the final plan to Brussels.

CNMC Powers. The Spanish Royal Decree Law (RDL 1/2019) has been published that transfers powers to the CNMC to set the payment structure, rights of way and conditions for access to the electricity and gas transmission and distribution networks, as from the next regulatory period (2020). It will also establish the payment rate for networks, although by law a maximum limit may be set for each tariff period. In the event that a rate is not established, the maximum rate will be the current rate (6.5% for distribution).

The Government retains power over other regulated activities (renewables and islands) and over setting the network access charges, PVPC (Voluntary Price for the Small Consumer), and may set energy policy guidelines for the CNMC.

Renewables. The first call for applications for investment aid in wind energy facilities located in the Canary Islands has been announced, co-financed with ERDF funds, with a total budget of EUR 80 million and to be granted through a competitive tender process. The deadline for submitting applications to the Energy Diversification & Saving Institute (IDAE) is 3 April 2019 and the facilities must become operational before 30 June 2022.

Energy Efficiency. An Order (TEC/332/2019) has been published, setting the financial contributions to the National Energy Efficiency Fund for 2019. The yearly contribution is set at EUR 203 million, similar to that of previous years, for sales of 817 TWh, which means approximately EUR 0.25/MWh of electricity, gas or oil product. The fee calculated for IBERDROLA is 7.6%, for sales of 62.3 TWh (gas and electricity sales of IberCli and IberCur in 2017) and the payment obligation is around EUR 15.5 million, an increase of EUR 0.3 million compared to last year, due to a higher growth of our energy sales compared to the total for the system.

Regional supplements. An Order (TEC/271/2019) has been published that establishes the 2013 Regional Supplements applicable to the 11 autonomous regions still to undergo re-billing and the procedure for settling the amounts collected. The regional supplements are a response to taxes and duties set by the Autonomous Regions on electricity sector activities and which, due to the application of the regulations in force in 2013, should have been passed on to the corresponding consumers.

The Supreme Court acknowledged the right of electricity companies to recover these supplements by re-billing customers. The previous Government delayed the process, so that in January 2017, the re-billing of the territorial supplements of four

regions (Castile la Mancha, Catalonia, La Rioja and the Valencia) was approved, and in January 2018 a procedure was established so that taxpayers could accredit before the Ministry the duties paid in the other regions.

2. REGULATION IN THE UNITED KINGDOM

EU-ETS. Given the state of the Brexit negotiations, the European Commission has currently suspended the processes related to the United Kingdom in the Union's EU-ETS Registry.

Retail. 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). 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. The CMA has begun its review of the prepayment price cap and is due to report on this in summer 2019.

On 7 February, Ofgem announced the cap for the second period (from 1 April to 30 September). The cap for dual customers (gas and electricity) who pay by direct debit increased by GBP 117 to GBP 1,254 per year; and for customers with prepayment meters, it rose by GBP 106, to GBP 1,242 per year. The most important factor in the cap increase (of GBP 74) is the rise in energy costs on the market. Furthermore, Ofgem decided to retain the budget allocated for the recovery of the Capacity Market (CM) costs. This is due to the fact that BEIS, subject to the renewed approval of the CM by the European Commission, would ensure that CM payments are made to capacity agreement holders, and expects suppliers' contributions to be determined, once the CM suspension is lifted in accordance with the current collection scheme.

Capacity Market. On 6 December 2018, BEIS published its plan to obtain re-approval for State Aid alongside its plan to hold a T-1 auction in summer 2019 (for delivery in winter 2019/20), any agreement

being dependent upon the European Commission's approval of the State Aid. BEIS has consulted on the changes to CM Regulations/Rules to allow this to occur. A positive final decision on state aid would allow CM payments to be made to CM agreement holders who have met their obligations during the standstill period. BEIS also consulted on a proposal to finance deferred payments to capacity providers (following the renewed approval of state aid) although it finally decided not to do so. Currently, BEIS is consulting on changes to facilitate the holding of a T-3 auction in early 2020 (for delivery in 2022/23) and, in addition, to allow unsubsidised renewables to participate in the CM.

On 22 March, the European Commission published its 'Open Decision' on the CM investigation, which is open for comment. Tempus has lodged a legal claim, at the High Court of the United Kingdom against the government's proposed 'standstill period'.

RIIO-2. On 18 March 2019, the Ofgem RIIO-2 consultation for the gas and electricity transmission sector closed. Its decision, which is expected to come in May, will provide a final view on Ofgem's proposals to replace the Retail Price Index (RPI) as the benchmark inflation index with the Consumer Price Index including owner-occupiers' Housing costs (CPIH) and to revise the estimated range of the real Cost of Equity to 4-5 % per year after tax. The final values will not be set until 2020. SPEN responded to this consultation by highlighting the importance of fair returns, the tight deadlines for submitting Business Plans and the increasing complexity of the proposed RIIO-T2 framework.

Offshore Wind Energy. On 21 January, BEIS published its draft regulatory framework for the upcoming CfD auction, establishing that the load factor for offshore wind energy will be 58.4% (compared to the factor used in the last CfD auction of 47.7%) In addition, on 7 March, BEIS published the Offshore Wind Sector Deal with the aim of installing up to 30 GW of offshore wind energy by 2030.

3. REGULATION IN THE USA

Budgets. The budgets proposed by the President for 2019 include cuts of 11% to the DoE (Department of Energy) and 31% to the EPA (Environmental Protection Agency). The budget would reduce LIHEAP funding for vulnerable customers to zero. With regard to taxes, it demands the repeal of the energy investment tax credit, the qualified plug-in electric drive motor vehicle tax credit and the accelerated depreciation of renewable energy properties. The proposed budget is simply a plan that shows the Administrations priorities. Congress will pay it no heed and will prepare its own budget over the next few months.

Green New Deal. The motion for the Green New Deal, a 10-year programme to reach net zero greenhouse gas emissions through clean energy, infrastructure, smart meters and electrification, was defeated 57-0 in the Senate (the Democrats abstained).

Emissions Reduction and RPS. After California, the District of Columbia, Massachusetts, Connecticut and New Jersey passed increases to their RPS (Renewable Portfolio Standards) in 2018. New Mexico has followed suit with the legislation passed in March 2019, which raises the RPS to 50% by 2030 as well as setting a significant CO₂ emissions reduction target. Substantial progress is being made in legislation on reducing emissions and increasing RPS in various other states: Colorado (target: zero CO₂ emissions by 2045); Connecticut (1-2 GW from offshore); Nevada (50% RPS by 2030); Oregon (80% reduction in CO₂ emissions by 2040); and Washington (eliminating coal by 2025, zero CO₂ emissions by 2040). Furthermore, legislators in Utah passed a draft bill to allow cities and counties to obtain 100% renewable energy for customers in their jurisdictions.

Transmission. The Federal Energy Regulatory Commission (FERC) is continuing its review of returns on equity (ROE) for transmission facilities in New England. The court of appeals issued a ruling ordering the FERC to reconsider its order on the

2011 claim ('First Claim') cutting the initial ROE from 11.14% to 10.57%. The final ROE figure has still not been determined. In October 2018, the FERC initiated a hearing to implement the court's opinion. The FERC's preliminary ROE calculation is 10.41%, but this could change depending on the result of the hearing. A final ROE calculation is expected in 2019.

4. REGULATION IN MEXICO

Industrial electricity tariffs for Basic Supply: For commercial and industrial rates, the new electricity rate based on the methodology presented in November 2017 by the Energy Regulation Commission (CRE) continues to apply. The Resolutions published by the CRE in late 2018 extended the validity of the calculation methods for the regulated components of the tariff, as well as the update to the adjustment calculation due to changes in generation costs. In the first few months of 2019, the tariff has not seen any significant variation from month to month, moving within a 3% range. On their part, domestic customers continue to be subject to the methodology used prior to the electricity reform (comprehensive rate) and it is not yet known when they will migrate to the new tariff scheme.

Transmission lines: In January, the bid (called by SENER) that would link Baja California to the National Interconnected System, and the bid called by the CFE to join the Ixtepec region (Oaxaca) to the Valle de México were cancelled.

Long-Term Auctions (LTA): In January 2019, the Energy Secretary cancelled the auction that was called in March 2018 and suspended in November 2018. The letters of credit submitted by the interested parties were released by the CENACE within the established deadlines.

5. REGULATION IN BRAZIL

Schedule of new-generation auctions: On 1 March, Order No. 151 was published, whereby the Ministry of Mining and Energy (MME) establishes the auctions to be held over the 2019–2021 period.

New Energy Auctions	2019	2020	2021
A-4	27 June	23 April	29 April
A-6	26 September	24 September	30 September

Subsequently, on 4 April, the MME published Order 186/2019, with the guidelines for carrying out the A-4 auction, amending the auction date, now planned for 28 June 2019. The beginning of supply under these projects is planned for 1 January 2023. The technologies that may take part are:

- Hydro: 30-year concession period, based on amount (in the event its actual production is lower than that in the agreement, the generating company must buy the energy on the market).
- Wind and solar: concessions over 20 years based on amount.
- Biomass: concession over 20 years based on availability (the risk of short positions is assumed by distributors).

Free market wind farms: On 12 March, Resolutions 7,665/19 and 7,666/19 were published, under which the transmission lines 138 kV Sul II – Santa Luzia II and 138 kV Norte – Santa Luzia II (both located in the state of Paraíba) were given the status of Public Utility in favour of the wind farms Chafariz 1 and Lagao 3, respectively. In addition, the wind farms Canoas 3 and Chafariz 4 and 5 were included in the Special Incentive Arrangement for Infrastructure Development (REIDI), whose aim is to establish incentives for private investment, removing certain administrative requirements.

Public hearing with new rates for tariff bases.

The tariff bases pass on to consumers the additional cost incurred by distributors by buying more

expensive energy in times of drought (generally thermal). ANEEL has opened hearing proceedings in which it is planned to amend the surcharges that will apply to tariffs from May 2019 to April 2020:

Base	Proposed value (R\$/MWh)	Current value (R\$/MWh)
Green	-	-
Yellow	15	10
Red (level 1)	35	30
Red (level 2)	60	50

Celpe appeal for recalculation of over-contracting of energy in years prior to 2015.

ANEEL Order n°. 662/2019 decides to accept Celpe's appeal for a review of the tariff component for recalculating the over-contracting of energy from years prior to 2015 in Celpe's annual tariff adjustment process for 2018. In the appeal, Celpe highlighted an error for 2014 due to an incorrect PLD (difference settlement price) calculation. ANEEL analysed the case and confirmed that there was an error in the procedure; the Technical General Secretariat verified that the orders should have been considered in the energy contracting calculation and not in the over-contracting calculation. The adjustment effect implies a variation of BRL 9 million, which must be considered a financial component in the 2019 tariff process. This amount must be revalued using the SELIC rate.

Early repayment of the loan to distributors

(order n°. 871/2019): On 20 March, ANEEL published Order 871/2019 with the aim of bringing forward the repayment of the loan granted to the distributors to cover their involuntary exposure in the short-term market in 2014.

The repayment was included in the electricity tariff of regulated customers connected to the National System. The amount collected through the tariff is paid into a sector account (Conta ACR). The final repayment of the loan, initially planned for April 2020, will be brought forward to September 2019

and will involve a reduction in the average tariff of 3.7% in 2019 and 1.2% in 2020.

Benchmark prices for electricity transmission tariff revisions: On 19 February, Resolution 2,514/2019 ratified the new rates for ANEEL's Price Benchmark Bank to be used in the authorising, bidding on and awarding of concessions and reviewing the annual income allowed for electricity transmission concessions. The main impacts are:

- In transmission lines: a reduction of the most expensive assets by 18% and an increase in services in similar proportions. The net effect is insignificant.
- In substations: a 35% reduction in the most expensive assets and a substantial increase in services (over 100% in some cases).

In general, there was a 22% reduction in facility modules and a 35% drop in connection modules.

rules for harmonising the free allocation of emission allowances. This is secondary legislation adopted by the Commission in December with the aim of harmonising free allocation to the industry, which was adopted in December. This Regulation sets the benchmark criteria and parameters for establishing the guidelines for facilities to request free allowances, and for Member States to calculate the allowances that correspond to each facility and then request them from the EC.

6. REGULATION IN THE EUROPEAN UNION

State Aid. On 10 January, the European Commission (EC) announced that it will extend the validity of the current Guidelines on State aid for environmental protection and energy until the end of 2022. These Guidelines, which were set to expire on 31 December 2020, establish the conditions under which the aid may be considered compatible with the internal market. During 2019, the EC will put the Guidelines on State aid for environmental protection and energy through a 'fitness check' in order to assess whether or not there is a need to reform them or simply to extend them (from the end of 2020). The fitness check involves an analysis by the EC, public consultations and external studies to check that the regulatory framework is fit for purpose.

Delegated Regulation on transitional rules for harmonised free allocation of emission allowances. On 27 February, Commission Delegated Regulation 331/2019 was published in the OJEU, which determines the EU's transitional



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	1Q 2019	1Q 2018
Contribution to GDP (Gross Margin) (*)	0.53%	0.54%
Contribution to GDP (Net revenues) (*)	1.26%	1.35%
Net Profit (EUR million)	963.9	838.0
Dividend yield (%) (**)	4.37%	5.39%
CO ₂ emissions over the period (gr. CO ₂ /kWh): Total	156	152
CO ₂ emissions over the period (gr. CO ₂ /kWh): Spain	88	74
CO ₂ emissions over the period (gr. CO ₂ /kWh): UK	0	223
CO ₂ emissions over the period (gr. CO ₂ /kWh): US	73	38
CO ₂ emissions over the period (gr. CO ₂ /kWh): Brazil	56	93
CO ₂ emissions over the period (gr. CO ₂ /kWh): Mexico	346	349
Emission-free production: Total (GWh)	23,519	24,729
Emission-free production: Spain (GWh)	12,651	14,074
Ratio emission-free production to total production: Total (%)	60%	62%
Ratio emission-free production to total production: Spain (%)	84%	87%
Emission-free installed capacity: Total (MW)	34,501	32,453
Emission-free installed capacity: Spain (MW)	18,968	18,997
Emission-free installed capacity: Total (%)	70%	67%
Emission-free installed capacity: Spain (%)	73%	73%
Ratio high-emission technologies production: Total (%)	1%	1%
Ratio low-emission technologies production: Total (%)	39%	37%

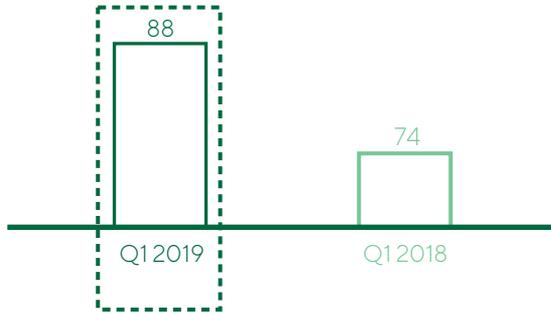
(*) Source: Iberdrola Results and National Quarterly Accounting for Spain - INE (Last data published in Q4 2018)

(**) 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.

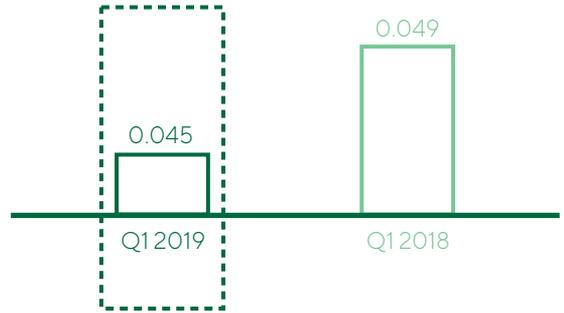
CO₂ specific emissions mix, GLOBAL

(g/kWh)



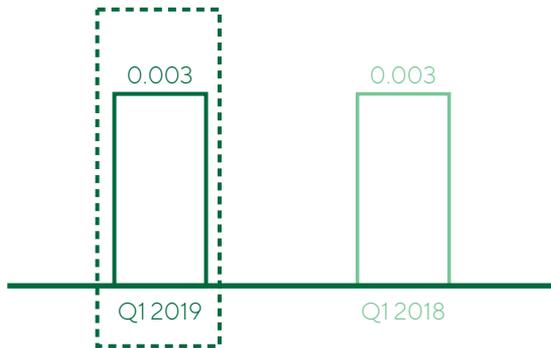
SO₂ specific emissions mix, GLOBAL

(g/kWh)



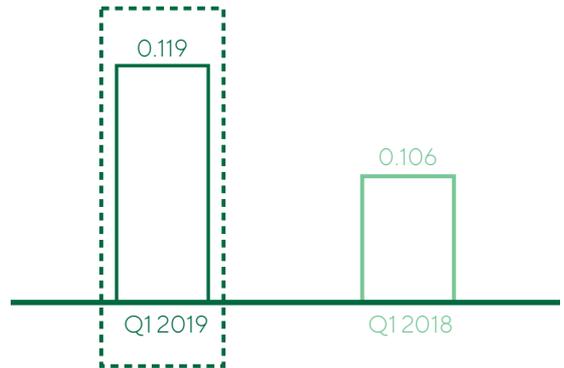
Specific particulate emissions Mix GLOBAL

(g/kWh)



NO_x specific emissions mix, GLOBAL

(g/kWh)

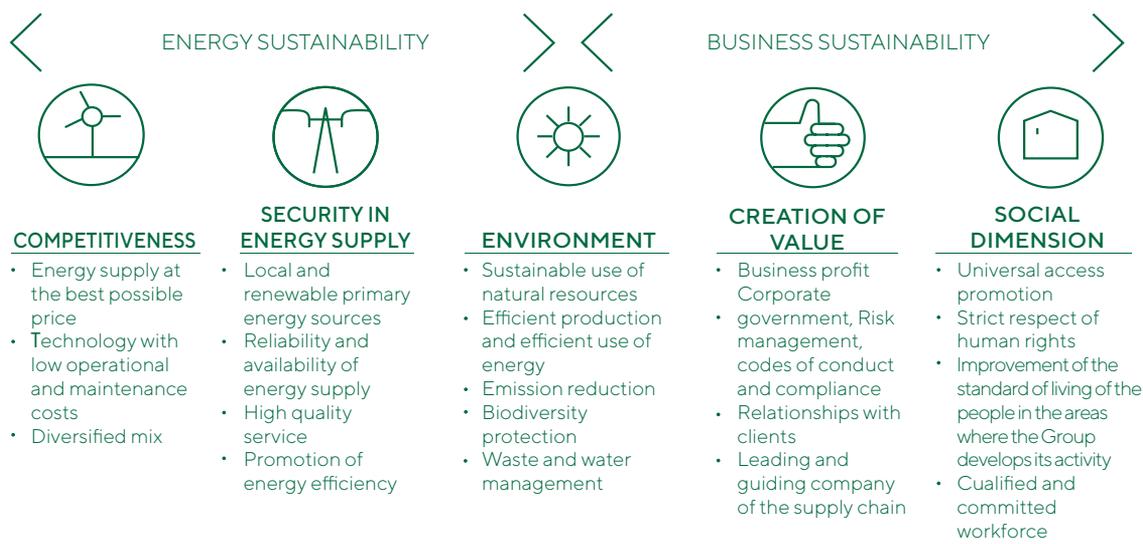


2. INDEX, RANKINGS AND RECOGNITIONS

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

Sustainability	
	Ranking
Dow Jones Sustainability World Index 2018	Selected in the utility sector. Iberdrola member in all editions
Sustainability Yearbook ROBECOSAM 2018	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	First utility with nuclear assets to meet standards for FTSE4Good. 8 years in a row selected
Bloomberg Equality Index 2019	Iberdrola selected
Euronext Vigeo Eiris index: World 120, Eurozone 120 & Europe 120	Iberdrola selected
Ecovadis	Gold
2019 World's Most Ethical Company	Iberdrola selected. Only Spanish utility
ECPI	Iberdrola lected in several Sustainability Indices
Stoxx Global ESG Leaders/Eurostoxx Sustainability 40/ Eurostoxx ESG Leaders 50	Iberdrola selected
EcoAct	Iberdrola first utility in the ranking
Influence Map	Iberdrola selected
MERCO 2018	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 2018: GLOBAL World's Largest Public Companies 2000
ET Carbon Rankings	Iberdrola selected
Fortune Global 500	Iberdrola selected

Sustainability Management Policy



3. CONTRIBUTION TO SOCIAL DEVELOPMENT

Iberdrola's most significant actions during the period from January to March 2019 with regard to social development have been:

3.1.- Corporate Social Responsibility Recognition

- **Iberdrola once again makes it into the 2018 Dow Jones Sustainability Index**

Iberdrola has once again been included in the prestigious Dow Jones Sustainability Index (DJSI), the leading global indicator for measuring the contribution of companies to sustainable development. The Company was awarded an overall score of 87 points in the 2018 annual review. Furthermore, it is the only European electricity company to have been included in all 19 versions of the DJSI, which is clear evidence of its firm commitment to sustainability and of its strategy, which is designed to respond to the main financial, environmental and social challenges it faces.

- **Iberdrola is 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 receives the European Business Award for the Environment**

Ignacio Galán was presented with the European Business Award for the Environment by His Majesty King Felipe VI. The award went to our Company in the Spanish section and was

awarded under the category for environmental management by major corporates. This acknowledges the Group's efforts to feed the results of its environmental management system into the business decision-making process. This includes calculating the corporate environmental footprint in line with the United Nations Sustainable Development Goals for 2030.

- **Ignacio Galán named Honorary Member of Spain's Institute of Engineering**

Iberdrola's president was named 2018 Honorary Member of Spain's Institute of Engineering, in recognition of 'a long and successful life devoted to engineering' and for 'his skills, capabilities and calibre as an engineer'.

- **Iberdrola chosen as 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 World Finance publication, 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 integrating cultures and people, and it has generated financial benefits for all of the Company's stakeholders.

- **Iberdrola selected as one of the World's 100 Most Sustainable Corporations**

The Company has been selected as one of the World's 100 Most Sustainable Corporations, according to this ranking drawn up annually by Corporate Knights. The results of this fifteenth edition were announced at the meeting of the World Economic Forum in Davos (Switzerland). The main conclusion of the ranking is that 'sustainable corporate performance is consistent with equal or better returns for investors and greater corporate longevity', according to Corporate Knights. This is evidenced by the fact that, in terms of profitability, the Global 100 Index performed better in 2018 than others such as the Ibex 35 or the Eurostoxx 50.

- **Iberdrola acknowledged as one of the World's Most Ethical Companies for the sixth consecutive year**

Iberdrola has been placed 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 achieving one's purpose. According to the Institute's criteria, the companies included in the ranking have record levels of involvement with their stakeholders 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 is one of the best European companies in corporate leadership and investor relations**

Iberdrola has been recognised by Institutional Investor as one of the best European companies in corporate leadership and investor relations in the Utilities & Energy category, as reported by the Spanish Investor Relations Association (AERI). The Association found that Spanish companies' efforts in financial reporting and investor relations, an area of great strategic importance, have progressed in recent years. Institutional Investor gathers assessments from over 2,600 professionals in the investment sector and 800 financial services firms.

- **Recognition of Iberdrola's best practices in Compliance**

Iberdrola was recognised by the newspaper Expansión as the 'Company with best practices in Compliance', due to the development of its ethics and compliance culture.

- **Award to Iberdrola for its fight against climate change**

The Climate Reality Project Awards have recognised Iberdrola in their 'Companies' category for its efforts in the fight against climate change, and for placing this issue at the forefront of its social agenda.

- **Iberdrola's volunteer programme wins at the United Nations Innovation Awards**

The Corporate Volunteering programme was recognised at the Innovation Awards presented at the IMPACT2030 Summit held at the United Nations Headquarters in New York. This is the leading award in the field, and is presented every two years. The award recognises the innovative approaches of companies that make the most of their human capital through corporate volunteering programmes, in order to promote the Sustainable Development Goals (SDG).

- **Iberdrola recognised with an award for one of the Most Impressive Corporate Green/SRI Debt Issuers in financial markets**

International magazine Global Capital, a publication specialising in the analysis of financial markets, has recognised the Company's green, sustainable financing with a Most Impressive Corporate Green/SRI Debt Issuer award. Since 2014, Iberdrola has issued over EUR 7 billion in green debt, and is the world's largest corporate issuer.

- **Iberdrola's 2019 Shareholders' Meeting is 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 is the only utilities company in the world certified by AENOR in Emergency Management**

Iberdrola has become the only company in the global energy sector, and the first company in Europe, to receive one of the first 20 “Emergency Management Certificates” that AENOR has just awarded. This certificate is based on the ISO 22320 international standard, which provides the best global practices in this area, with the main aim of saving lives and thereby minimising damage to people and facilities.

Among its advantages, the certification helps organisations create an appropriate command and control structure for optimal decision-making.

- **Award to Best Electrical Energy Distributor in Brazil**

Iberdrola’s distributor companies in Brazil, Cosern and Elektro, have been recognised at the 20th edition of the 2018 Abradee Awards held in Brasilia. The award, one of the industry’s most prestigious, is presented by Associação Brasileira de Distribuidores de Energia Elétrica (Abradee). This is the ninth time that Elektro has received the award for Best Electrical Energy Distributor in the country.

- **Neoenergia, Brazil’s most transparent company**

The Brazilian company leads the ranking of the 100 most transparent Brazilian companies, created by the NGO Transparency International. Iberdrola received the highest rating, fulfilling 100% of the requirements.

3.2.- Contribution to society and stakeholders

- **Iberdrola will 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 for EUR 1.5 billion related to SDG 7 on affordable clean energy and to compliance with the ‘Electricity for all’ programme.

- **Iberdrola is on the steering committee of the European Round Table**

Promoting inclusion and diversity in the workplace is the aim of the commitment subscribed to by more than 50 leaders of some of the largest European companies, including Ignacio Galán, who is a member of the steering committee. This initiative responds to the commitment of the European Round Table (ERT) to ‘inclusive growth’, in the belief that tapping the full measure of the talent of society as a whole is critical for the long-term success of people, companies and society. ERT is a forum that brings together 55 senior executives and chairpersons of Europe’s main multinationals, originating from a broad range of industrial and technological sectors.

- **Inaugurating the Manuel Marín Iberdrola Chair on European Energy Policy**

Ignacio Galán and the European Commissioner for Climate Action and Energy, Miguel Arias Cañete, have inaugurated the European Energy Policy chair at the College of Europe in Brussels, which has been named the Manuel Marín Iberdrola Chair. The chair’s goal is to teach, research and debate EU energy policy. The activities include teaching on subjects related to energy policy; organising high-level conferences with key players in the energy policy legislative process, together with seminars and workshops; promoting research; and promoting relations between European institutions and key industry associations.

- **Neoenergia, recognised in Brazil for its Vale Luz project**

Neoenergia's Vale Luz project has received an Honorary Mention at the ODS Brasil Awards, which recognise the practices that best contribute to achieving the aims and objectives of the 2030 Agenda for Sustainable Development in Brazil. Neoenergia was one of the nine finalists in the corporate category, for which there were more than 1,000 contenders. The Vale Luz project contributes to Sustainable Development Goal (SDG) 7 'Ensure access to affordable, reliable, sustainable and modern energy for all'.

- **Iberdrola recognised in Beijing for its LAYCA Innovation in distribution project**

Iberdrola has received the 2018 Quality Innovation Award, which recognises the value of the LAYCA project, aimed at improving the quality of supply. This innovative initiative enables the status of the network components to be diagnosed, action times to be reduced in the event of breakdowns, thereby improving the electricity supply quality, and investments to be better planned to prioritise those that bring greater improvements to supply quality.

- **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, where it contributes to creating local jobs - more than 29,000 workers'.

- **Iberdrola at the Corporate Forum on Sustainable Finance**

Following the Paris Commitments on the green bond, which were published to commemorate Climate Finance Day, 16 European companies, Iberdrola among them, have joined forces to organise the Corporate Forum on Sustainable Finance. This Forum, conceived as a permanent network for exchanging visions and ideas, unites companies committed to maintaining and developing sustainable finance as a critical tool to fight climate change and strive for a more sustainable and responsible company. The Forum represents an opportunity to put companies at the forefront of the transition towards sustainability and lower carbon emissions.

- **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 recognised at the 2018 World Football Summit for its support to women's football**

Iberdrola has received the Best Women's Football Initiative award at the world football industry summit. The award recognises the Company's outstanding contribution to fostering the growth and development of women's professional football, achieving visibility and giving its name to the national league, as well as promoting this sport to younger generations.

- **Iberdrola receives the Sports Press Association award**

At its 3rd Gala, the Madrid Sports Press Association (APDM) recognised Iberdrola for its

commitment and contribution, year after year, to promoting and supporting women's sport, through agreements with 16 national sporting federations.

- **Presentation of the Mujeres que brillan (Women who shine) awards**

Our Company presented the Mujeres que brillan (Women who shine) awards to different personalities who made an outstanding contribution to gender equality, through the Gente que brilla (People who shine) project. The aim of the Mujeres que brillan meeting was to highlight work that defends equality, and the work that women carry out on a daily basis, which has led them to be brillantes, or brilliant.

- **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.

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

A group of 40 leading women from Iberdrola México 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 México to strengthen equal opportunities for women and reiterates the Company's commitment towards the development of inclusive environments that favour greater gender equality in positions of leadership in the sector.

- **Iberdrola is first company in the world to certify customer complaint management**

The Company has obtained AENOR's international Claims and Complaints Management System certification, in accordance with the new version of ISO 10002 Standard. Thus, it has become the first company in the world to certify its customer complaint management system, via Iberdrola España's retailers. AENOR has verified that both retailers have processes adapted to the guidelines of the new version of the ISO 10.002:2018 Standard. Following several days of auditing, the certified processes have proven to be solid, consistent and efficient in their operations.

- **The 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.

- **Support and awareness-raising initiatives**

Various events were launched in countries where the Company is established, such as:

- **'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 to mitigate

a difficult economic situation. In addition, food was distributed in Madrid and Valencia.

- Iberdrola has started the second phase of the public-private alliance to supply electricity to the refugee camps in **Ethiopia - the Shire Alliance**, which is being extended to four refugee camps. In addition, it has carried out a basic needs workshop on IT for refugees, as part of the 'Iberdrola with the refugees' project.
- In Brazil, Iberdrola's partnership with the **Ayrton Senna** Institute serves to implement educational solutions in the cities of Salvador, Juazeiro, Feira de Santana (BA), Recife (PE) and Natal (RN). Providing quality public education to thousands of children and young people, it has enabled 70% of the participating pupils, who had fallen behind in school, to catch up.
- Iberdrola has supported the **6th 'On the Move against Cancer'** Race in Madrid at the Iberdrola Stand, providing information on the 'Together against Cancer' initiative.

3.3.- Support to volunteers

Within Iberdrola's Corporate Volunteering Programme, implemented through the International Volunteer Portal, the following activities stand out in this period:

- **Lights... 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 NGO, aged between 14 and 18 with a history of academic failure.
- **Volunteer Day in the Region of Valencia:** Valencia held a sports day for groups with different capacities: 'The Integration Olympics'. The main goal is to work as a team through sports, promoting integration, incentivising general wellbeing and encouraging healthy habits.
- **International Women's Day:** New action has been taken in the fight against gender-based violence with people in vulnerable situations and self-defence workshops.

- **Iberdrola Tree Day.** A new edition of the Tree Day has been held, in collaboration with Asociación Gorabide and Fundación Lurgaia, thus continuing with the project 'Bosque Iberdrola' (Iberdrola Forest).
- **INVOLVE Initiative** (INternational VOLunteering Vacation for Education). The Company is launching a new round of this corporate volunteering programme, in which Iberdrola employees from other countries travel to Brazil and Mexico during their holidays to help teenagers at risk of social exclusion to improve their employability, by means of IT and web application training. The initiative will be expanded to other locations in 2019.
- **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.

3.4 Community action

Scottish Power Foundation, Avangrid Foundation, Iberdrola Foundation Mexico, Instituto Neoenergia and the Iberdrola Foundation in 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 new Master Plan for the Foundations for 2018-2021 commits to the Sustainable Development Goals (SDGs) in order to contribute to tackling social and environmental challenges affecting the future of the planet. In line with the above, this new plan establishes the following aims for each work area for the next four years:

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	

THESE ARE THE MOST NOTABLE INITIATIVES IN THE FIRST QUARTER OF 2019 BY WORK AREA:

A. Training and research

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

Avangrid Foundation collaborates with **the University of Binghamton** in a programme for engineering and environment students who share workshops with lecturers, researchers and experts from sector companies, and thus work on developing their skills, industry knowledge and analysis of future challenges.

Iberdrola Foundation in Spain: over this quarter, work has been done to award a total of 46 grants and scholarships.

- 20 energy and environmental research scholarships, for which the application period closed on 31 March. 84 researchers have applied, and the recipients will be decided over the coming quarter.
- 10 Carolina Foundation scholarships for energy and environment master's degrees at Spanish universities.
- Two Fulbright scholarships for energy and environmental master's degrees.
- Nine scholarships for undergraduate students to help with their studies at ICAI - University of Comillas
- Three grants for restoration and conservation at the Prado Museum.
- Two grants for restoration and conservation at the Bilbao Fine Arts Museum.

Iberdrola Foundation Mexico: the activity in this quarter includes the following:

- Signing of a collaboration agreement with the **Renewable Energy Institute at the Autonomous National University of Mexico (UNAM)**.
- The young grant recipients will continue their studies over this academic year (five in engineering and one in the bachillerato high school diploma).

Instituto Neoenergía: a new agreement has been signed with **CIEDS** (Integrated Centre for Sustainable Development Studies and Programmes) for the consolidation of a 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).

SPW Foundation:

- **The Engineering Education Programme**, conducted alongside The Prince's Foundation, offers an open-air 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 improving 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 left school and 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.
- Alongside **Size of Wales**, a programme is being developed for 14- to 18-year-olds in England and Wales, in which participants will compete in climate change debates. The winners will have the chance to take part in the national finals promoted by the Debating Chamber of the National Assembly for 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 15 (Life on Land).

The **Iberdrola Foundation in 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. The new tagging schedule is being arranged for 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.

Another key initiative is the signing of the **'Study of thermal stress, immunosuppression and climate change in endangered raptors'** 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.

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 shooting ranges and practice grounds of the Spanish military. The first action is being carried out at the Renedo Cabezón shooting range in the province of Valladolid, with the reforestation of 49.5 hectares with pine and holm oak.

In the United Kingdom, the **Scottish Power Foundation** and **Sussex Wildlife Trust** have launched 'The Wild Side of the Track', an environmental and educational project aiming to improve 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 equity, 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 river bank 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.

The **Instituto Neoenergia in Brazil** continues with the **Flyways** project, which involves work in the conservation of wader birds and endangered species in Brazil and, in collaboration with **Save Brazil**, it also supports a project devoted to the conservation of endangered birds in the Rio Grande do Norte area.

An agreement signed between the **WWF** and Instituto Neoenergia in the last week of March 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 its potential as an exporter of larvae to recuperate the shallow reefs and thus help conserve the coastline.

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 the artistic heritage, favouring 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** is helping in the ongoing restoration efforts at the P.T. Barnum Museum (Connecticut), a historic national monument. These efforts began as a result of the damage caused by three natural disasters that occurred between 2010 and 2012 (an EF1 tornado, Hurricane Irene and Super Storm Sandy). The team of specialists in historic preservation, engineering and design has been meeting since 2010 and has successfully completed three critical restoration phases: the stabilisation and repair of the system of wooden beams and roof frame, the conservation of the east wall, and the stabilisation of the northeast dome structure. The current project is focusing on phases 4 and 5 as follows:

- Phase 4: stabilisation of the rest of the combined ceiling/loft structure (south and central).
- Phase 5: construction of external façades and conservation of roofs in order to bring the entire structure up to acceptable and sustainable historical standards, in preparation for the design and construction work to be carried out for the internal exhibition of the Museum and the public spaces.

Specifically, the subsidy will fund the external lighting as part of both phases.

The Foundation in Spain, in the first quarter of 2019, inaugurated the new external lighting of Ávila Cathedral as part of the lighting renovation programme for the historic centre of this capital, which has been declared a UNESCO World Heritage Site. Work is being done on various projects, the most significant being Salamanca Cathedral, the Supreme Court of Madrid, the Virgen del Prado church in Talavera de la Reina, the Monastery of Guadalupe and the Barrena Palace in Ordizia.

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. In January 2019, the restoration works carried out in 2018 on

the Bilbao Fine Arts Museum, with the help of the Foundation, were unveiled.

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 during this quarter the works carried out on the Muga de Alba church (Zamora) and the Ciudad Rodrigo cathedral (Salamanca). Renovation works are continuing in the Portuguese churches of Boticas and Guimaraes.

The beginning of 2019 has seen the **Exhibition Programme** embark on a noteworthy initiative with the **Cazando impresiones. Sorolla en pequeño formato** (Seeking impressions. Sorolla in small format) exhibit. The exhibition is a collection of over 227 paintings from the museum and from 44 national and international private collectors, some of which have never been publicly exhibited.

The **Neoenergía Institute** has completed the restoration of the Barra Grande Fort in Guarujá (Brazil). The construction is considered an IPHAN Historic Heritage site and is competing for UNESCO World Heritage site status alongside other forts in Brazil. It is the only Spanish fortification built in the year 1500.

In the **United Kingdom, Scottish Power 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 workstream has 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: Ending poverty; 3: Good Health and Well-being; 5: Gender Equality; 7: Clean, affordable energy; and 10: Reduction of Inequalities.

The **Social Programme of the Foundations** is carried out in all five countries, providing support to projects that promote the resolution of situations of child poverty, support for the inclusion of the disabled, and the improvement in the quality of life of people with serious illnesses, prioritising care for the most vulnerable groups. Below, we detail the most relevant partnerships:

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 impactful 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 young champions project will consider the specific needs of the children and young people, who may be vulnerable in such situations.
- **The Customs House Trust Ltd:** The Takeover is a week-long art 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 open-air 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 wellbeing through adventure activities and residential experience.
- **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 use 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 your CV for a job application.
- **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 sustain a healthy and balanced diet.

United States:

- **Habitat for Humanity International - National Partnership (All):** To address the problem of housing among low-income people through activities such as building houses, repairs, refurbishment and homeowner loans.
- **Ronald McDonald House of Connecticut & Western Massachusetts:** The Ronald McDonald House in Springfield is creating a Rest Area that families can use while their children are receiving treatment at hospital. Operation Fuel: Funds to support the emergency fuel assistance programme for disadvantaged people in the state of Connecticut.
- **Students Helping Children Across Borders - Working for Worcester (Massachusetts):** This is a local initiative by students who help the children of Worcester, Massachusetts, through projects to improve recreational infrastructure and school facilities, parks, community centres, sports fields and other spaces for leisure and free time.
- **Yale-New Haven Hospital (Connecticut)** On-going support for the Yale-New Haven Hospital McGivney Center for Musculoskeletal Care, which provides specialist care and relief for patients with chronic illnesses. The hospital has a mission to meet the needs of the most vulnerable members of society.
- **United Way Worldwide - Truist - Employee Match (Connecticut & Massachusetts)** Support for organisations that encourage volunteering for the common good.
- **Monroe Community College Foundation - Single Stop (New York):** This project focuses on reducing the number of early school leavers in vulnerable groups, providing financial resources and support for basic needs to enable them to complete post-secondary education. Through Single Stop, students and their families can

access free or low-cost resources and community services, including assistance with food benefits, transport, childcare and medical care.

Mexico:

- **Asociación Civil Excelencia Educativa**, which offers girls and boys a participative space where they can be active subjects 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).

Brazil: Jovens Brilhantes project (Brilliant Young People) to help children and adolescents in the state school system develop the skills and competencies needed for the 21st century. A creative, interactive approach is taken to STEM (science, technology, engineering and mathematics) subjects to meet the real challenges faced in society.

Spain: In the first quarter, 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 Fundación Victor Ullate grants have been renewed with an increased number.

In addition, the Foundation's 2020 social benefits programme is being prepared, the conditions of which will be published in May.

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.), with components of education and technical training that promote productive local development actions.

This programme also covers projects providing help in humanitarian emergency crises.

In **Spain**, in partnership with Save The Children, we have commissioned a project for the construction of a protection centre for children and young people in Nouadhibou (Mauritania).

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 welcome 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.

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

4. CORPORATE GOVERNANCE

The highlights during the first quarter of 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 for which the parent company is Drax Group Plc.
- On 4 January 2019, the Company published an addendum to the information booklet regarding the terms and conditions of the second round of the optional dividend system, 'Iberdrola Scrip Dividend', corresponding to 2018. Subsequently, on 30 January 2019, Iberdrola completed the paid-up capital increase operation 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 edition of the 'Iberdrola Scrip Dividend' 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. Since that date, Iberdrola periodically submits information to the CNMV regarding the share buyback programme, which may be in force until 14 June 2019 (though it may be concluded prior to said date in the event that the authorised maximum number of shares is acquired, or if there is any other circumstance that makes this advisable).
- On 20 February 2019, the Company submitted its results for the financial year ending on 31 December 2018 to the CNMV.
- On 26 February, the Company submitted the 2018-2022 Outlook update.
- Lastly, 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 CNMV.

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 attendance bonus of EUR 0.005 per share for the shareholders present or represented at the General Shareholders' Meeting.

The announcement of the convening of 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 proposals 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/ losses and distribution of dividends for 2018, the supplementary payment of which will be made 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 the 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 notarisisation 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 Managing Director.
- 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.

The development, review and continuous improvement of corporate governance rules responds to 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 of 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 the 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.

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 advisers*, but also to actively take part in meetings with Company representatives appointed by the Board of Directors or its Chairman and Managing Director, 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.

CNMV: Significant Events from January to March 2019

Date	Event	Registration N°.
02/01/2019	Completion of the sale by Scottish Power Generation Holdings Ltd of 100% of the share capital of Scottish Power Generation Ltd to Drax Group Plc.	273467
04/01/2019	Supplement to the information booklet regarding the second round of the 'Iberdrola Scrip Dividend' optional dividend system corresponding to 2018.	273529
30/01/2019	Increase and reductions of share capital in the second round of the 'Iberdrola Scrip Dividend' of 2018, for which 122,828,000 new shares will be issued, distributing an interim dividend for 2018 of EUR 131,425,714.92 gross.	274287
05/02/2019	The Company reports the date of the presentation of the 2018 results.	274463
05/02/2019	The Company reports the issue of subordinated perpetual debentures by Iberdrola International, B.V., guaranteed on a subordinated basis by Iberdrola, S.A. for an amount of EUR 800 million.	274479
08/02/2019	The Company reports its energy production figures for the fourth quarter of 2018.	274619
19/02/2019	Reclassification of a director, changes in the composition of the Audit and Risk Monitoring, Appointments and Remuneration committees and partial reform of the Company's Corporate Governance System.	274906
19/02/2019	Convening of the General Shareholders' Meeting (agenda).	274907
19/02/2019	Buyback programme for Iberdrola, S.A. shares, representative of a maximum of 2.07% of the share capital, for redemption.	274908
20/02/2019	The Company reports its 2018 results.	274930
20/02/2019	The Company issues the presentation of the 2018 results.	274932
22/02/2019	Publication of the notice of the invitation to the General Shareholders' Meeting and the document to be made available to shareholders.	274992
22/02/2019	The Company publishes the Annual Corporate Governance Report for 2018.	275044
22/02/2019	The Company publishes the Annual Report on Remuneration of Directors in 2018.	275045
22/02/2019	The Company reports on the results of the second half of 2018.	275049
26/02/2019	The Company reports the updated outlook for 2018-2022.	275112
01/03/2019	Transactions carried out by Iberdrola, S.A. under its share repurchasing programme between 20 and 28 February 2019.	275579
06/03/2019	Assignment of the right of use on the surplus capacity of the Iberdrola group's fibre-optic network in Spain to Lyntia Networks.	275728
08/03/2019	Transactions carried out by Iberdrola, S.A. under its share repurchasing programme between 1 and 7 March 2019.	275808
15/03/2019	Transactions carried out by Iberdrola, S.A. under its share repurchasing programme between 8 and 14 March 2019.	276066
22/03/2019	Transactions carried out by Iberdrola, S.A. under its share repurchasing programme between 15 and 21 March 2019.	276329
29/03/2019	Resolutions adopted by the General Shareholders' Meeting on 29 March 2019 and changes to the composition of the Board of Directors and of the Executive Committee and Appointments Committee.	276568

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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
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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