



**IBERDROLA  
RENOVABLES**

**IBERDROLA  
RENOVABLES**

# **2010 First Quarter Results Presentation**

April 27<sup>th</sup> 2010

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## Highlights

Business performance

Results

Conclusions and 2010 outlook



**EBITDA increases by 30.4% to Eur 441 MM...**

**Operating capacity has increased by 22.1% reaching 10,789 MW**

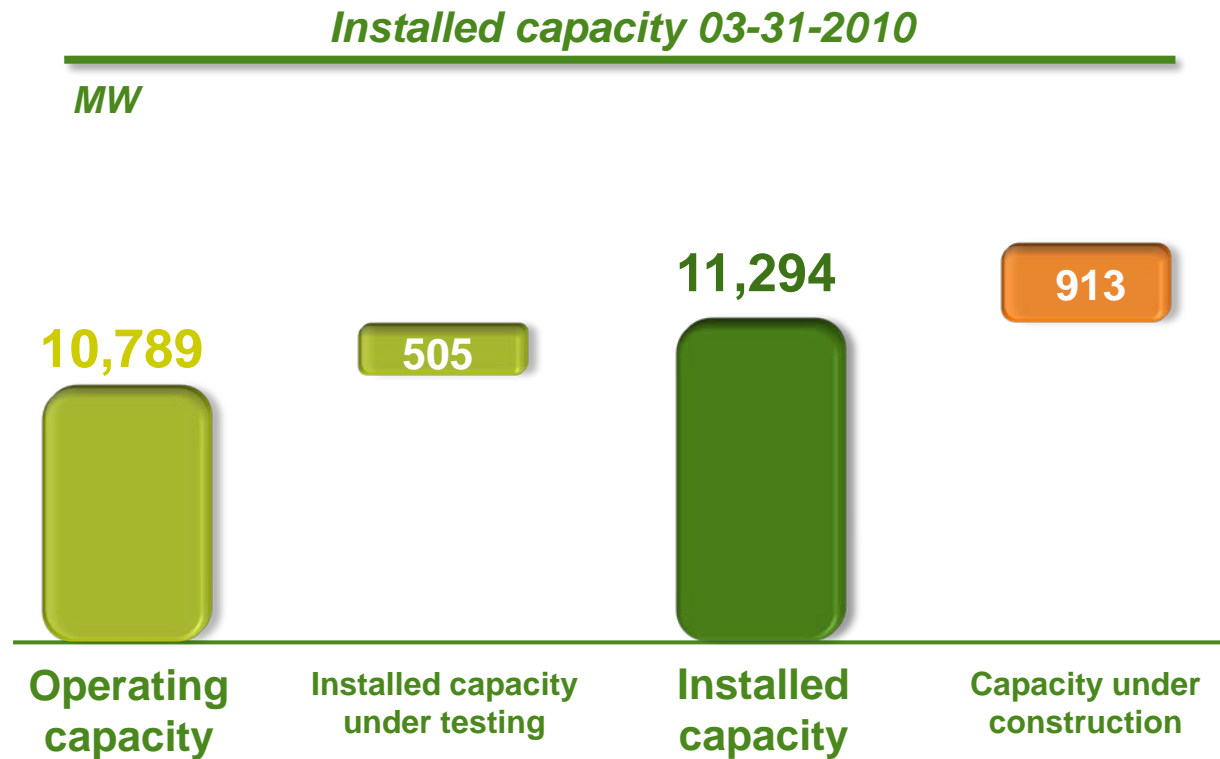
**Production rises by 26.2% to 6,812 GWh**

**Cost efficiency continues improving (-6.0%)**

**... and Net Income increases by 37.3%  
exceeding Eur 156 MM**



### Installed capacity reaches 11,294 MW...

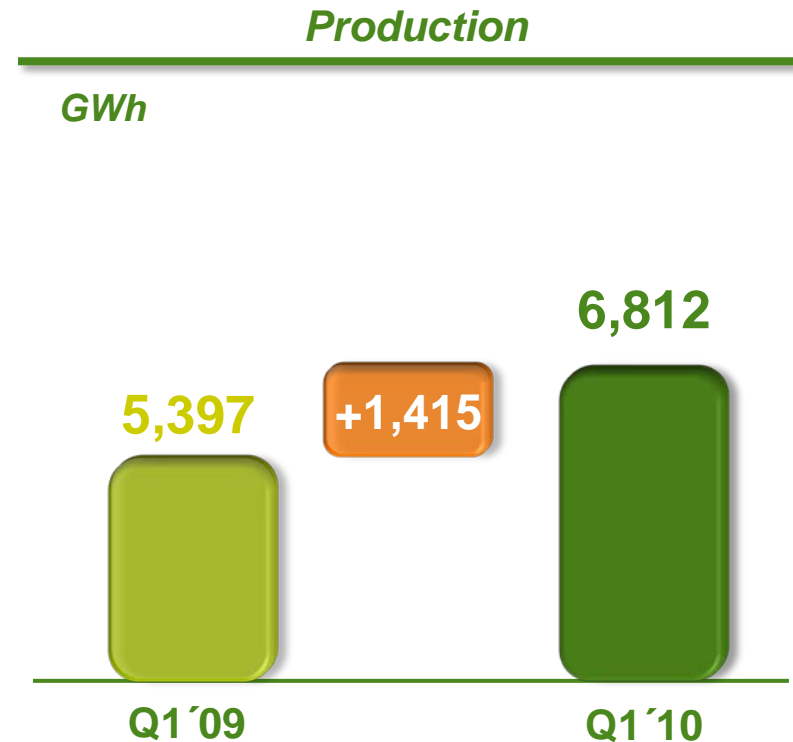
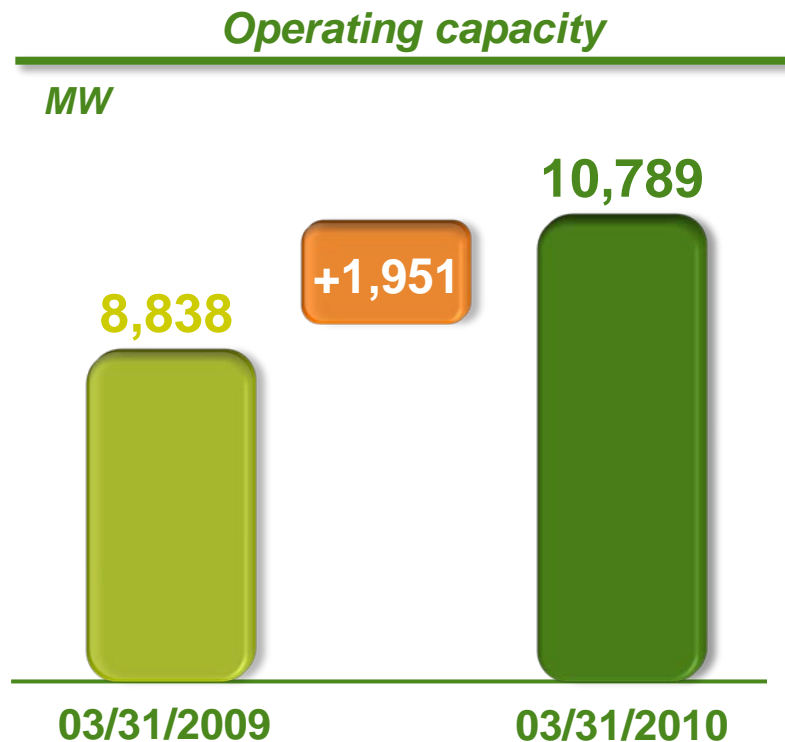


... with 913 MW under construction

## Highlights: Operating capacity and production



**Operating capacity increases by 1,951 MW  
year on year (+22.1%)...**



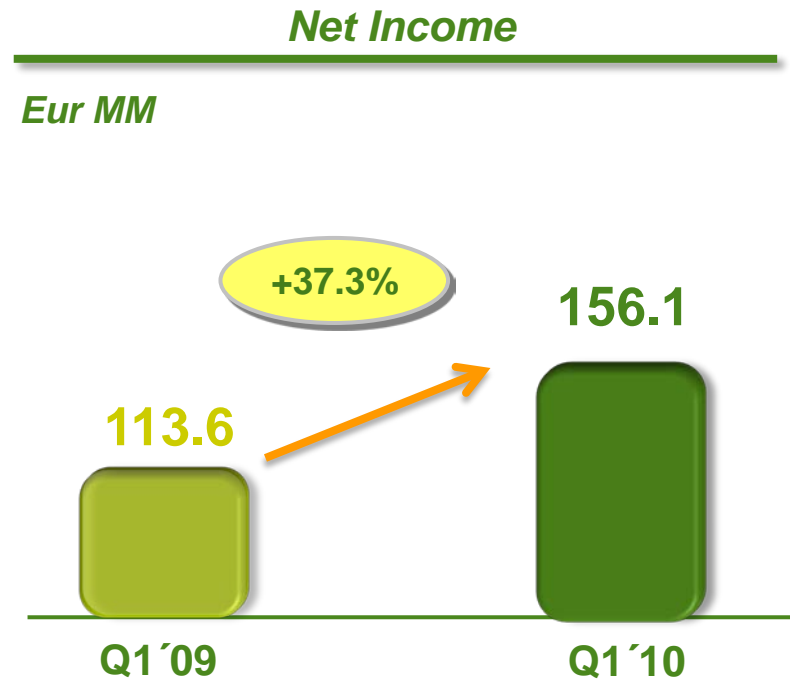
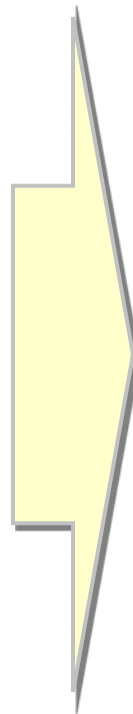
**... boosting production by +26.2%**

### Net Income increases by 37.3%

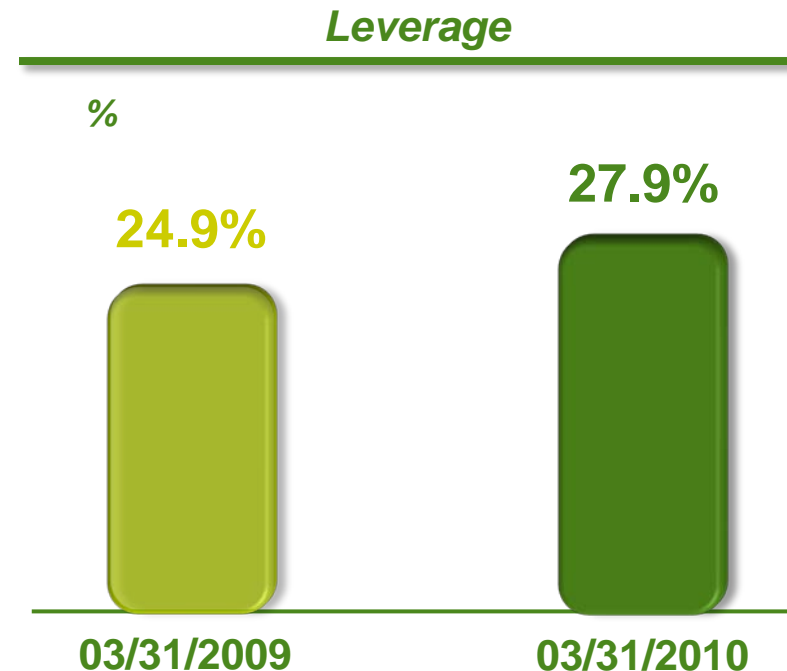
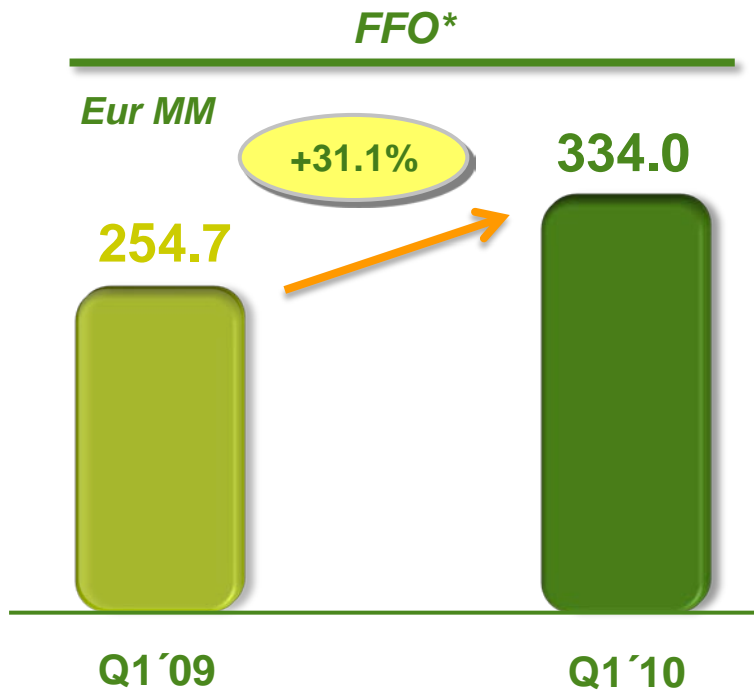
Prices increase in all regions

Improving efficiency per MW by 6.0%

Financial expenses contained due to an interest rate decrease



**FFO increases by 31.1% to Eur 334 MM...**



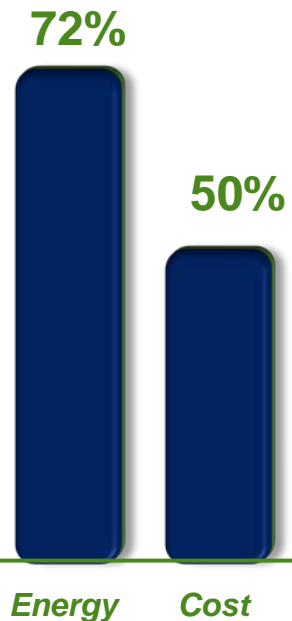
**... and leverage amounts to 27.9%**



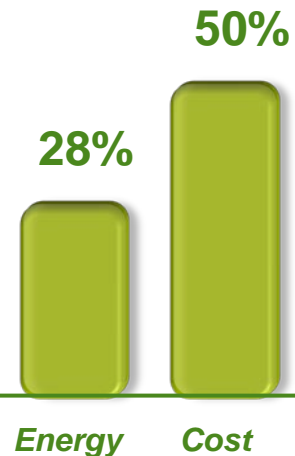


**The contribution to total system production and costs strongly varies depending on the renewable technology ...**

**Ordinary Regime  
2009**



**Special Regime  
2009**

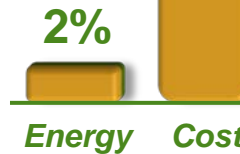


**Wind**



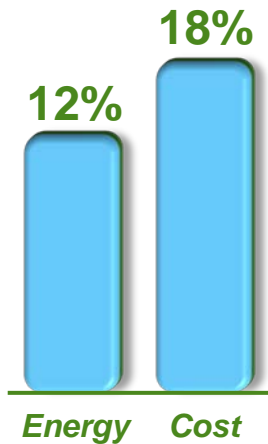
In 2009, installed capacity was the 90% of 2010 objective

**Solar**



In 2009, Solar capacity was 7,3x 2010 objective

**Others\***

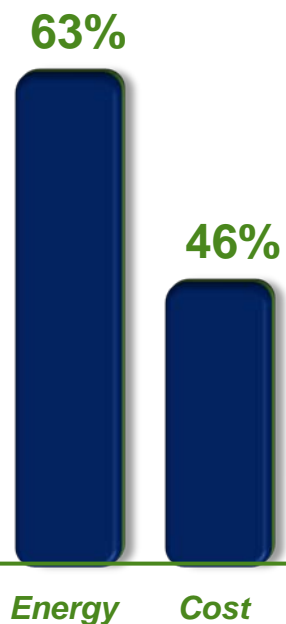


\* Cogeneration, biomass and others

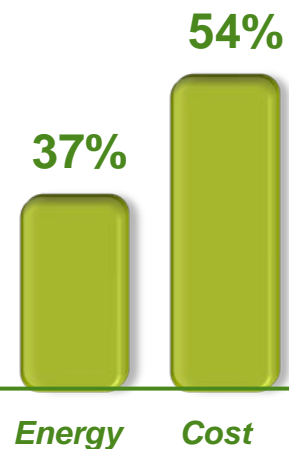


... and this imbalance is hardly sustainable in the future

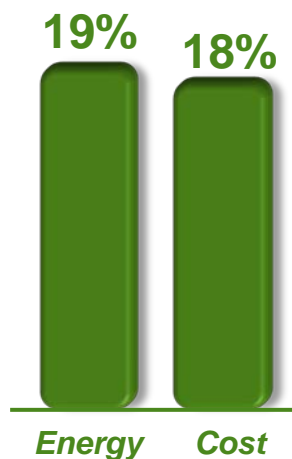
Ordinary Regime  
2013e



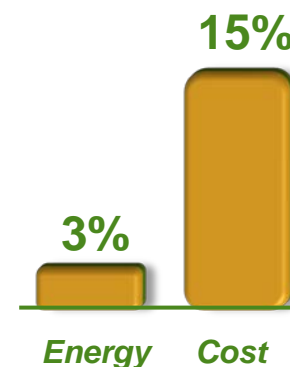
Special Regime  
2013e



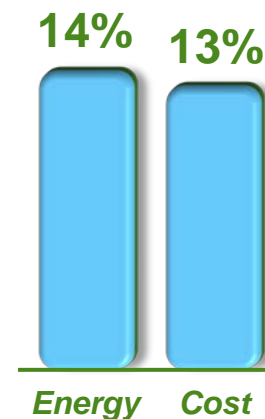
Wind



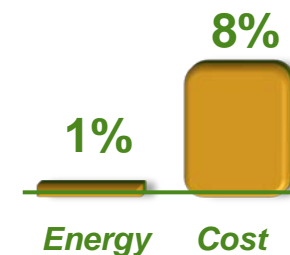
Solar PV



Others\*

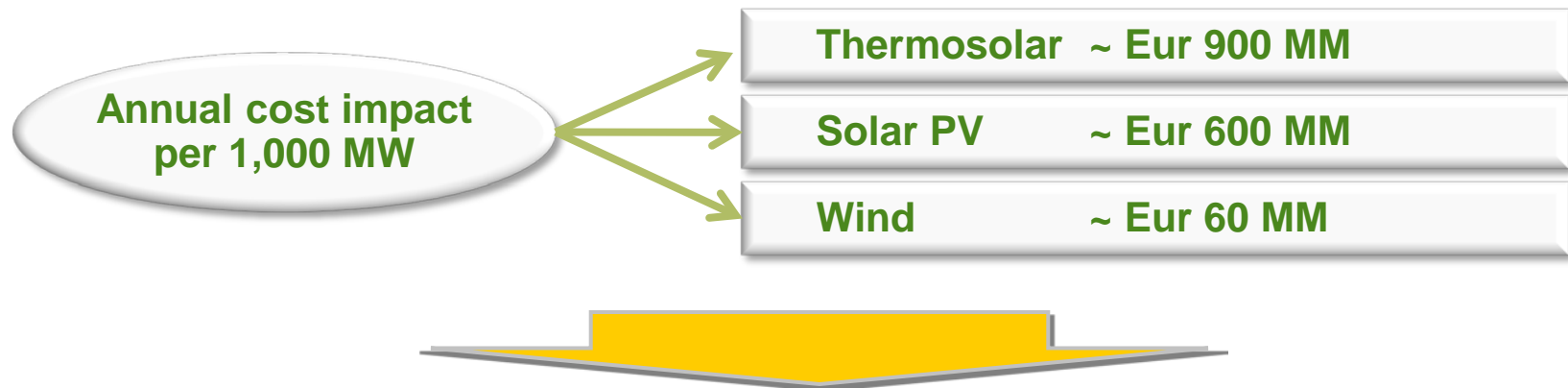


Thermosolar



### Solar technology development has widely exceeded planning

The use of immature technologies **has increased supply cost**



If the aim is to avoid a significant increase of electricity tariffs, it will be necessary to postpone the growth of thermosolar and PV, which indeed provide a minor amount of production



Highlights

Business performance

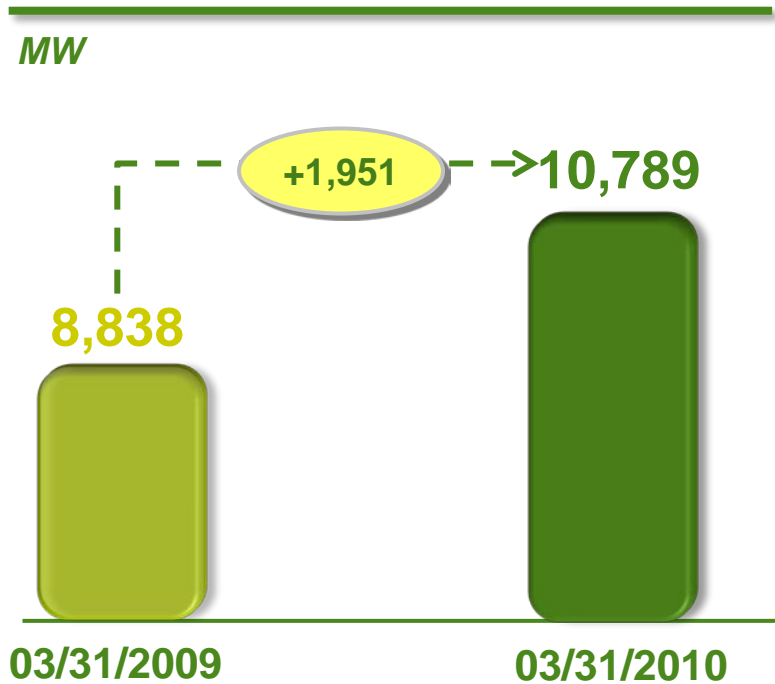
Results

Conclusions and 2010 outlook

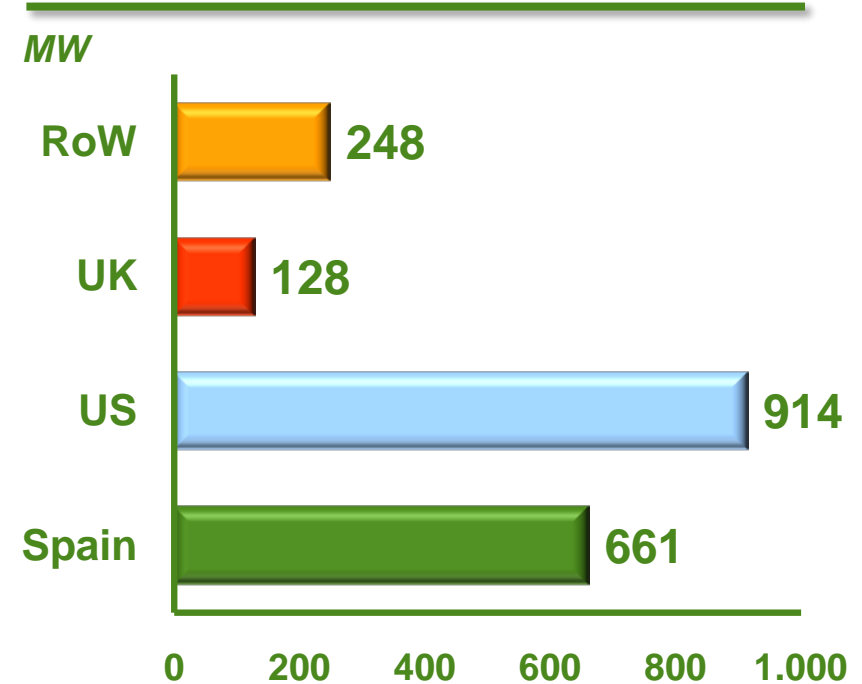


**Operating capacity reaches 10,789 MW (+22.1%)...**

*YoY operating capacity increase*



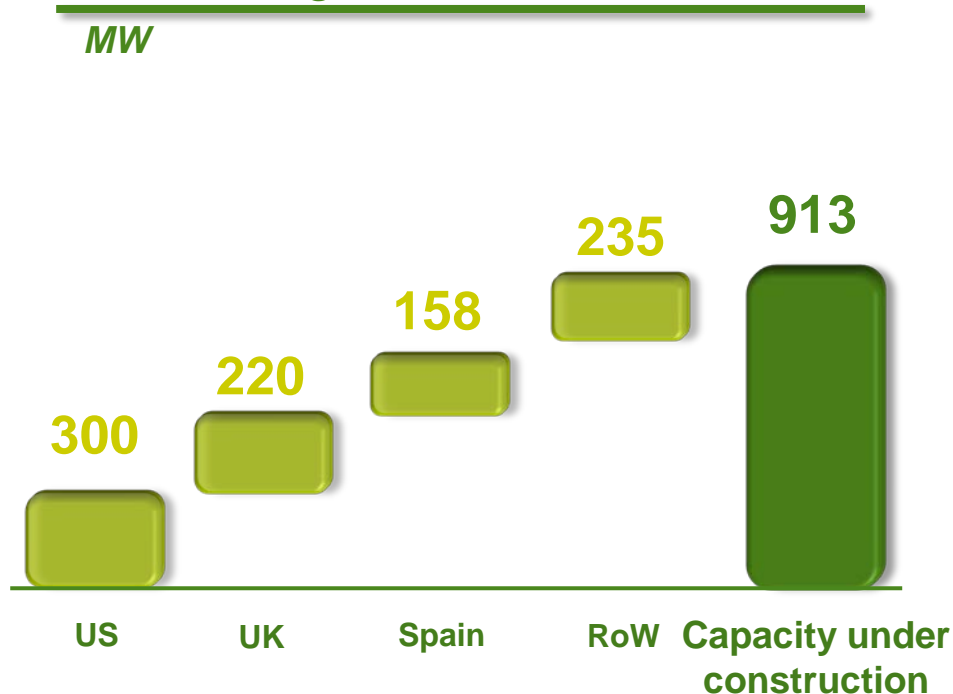
*Operating capacity breakdown*



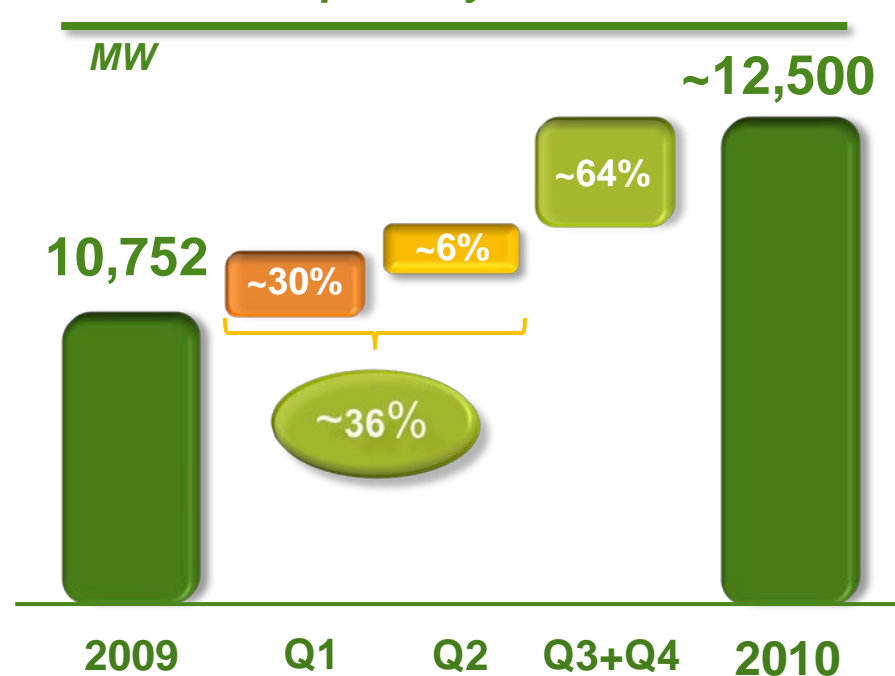
**... with ~50% increase in the US**

## Capacity under construction amounts to 913 MW...

*Capacity under construction  
regional breakdown*



*2010e quarterly installation*



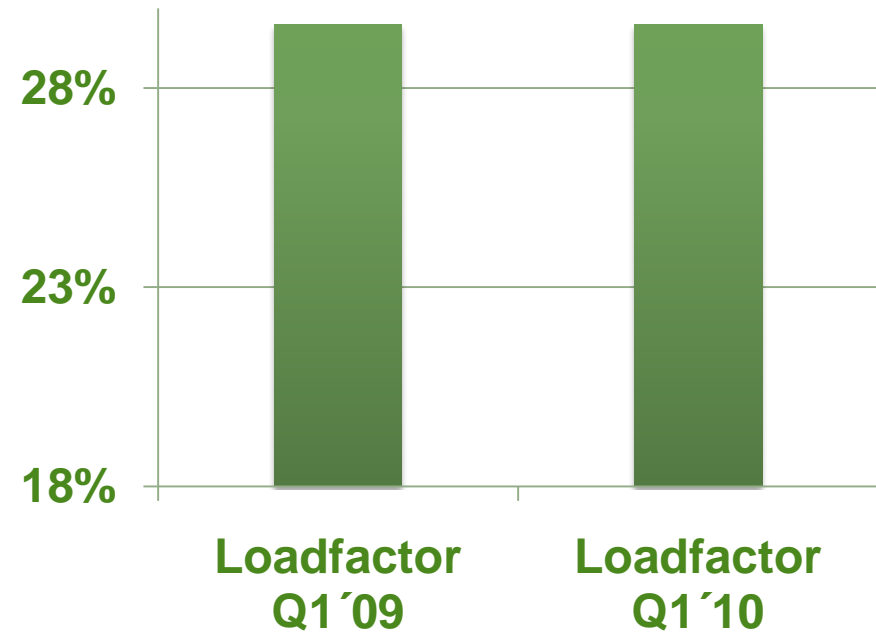
... reaffirming installed capacity target for 2010



**Average loadfactor of 29.4%...**

	Load factor
Wind Spain	33.4%
Wind US	26.6%
Wind UK	21.3%
Wind RoW	28.4%
Minihydro	27.9%
<b>TOTAL AVERAGE</b>	<b>29.4%</b>

*Wind resource comparative*



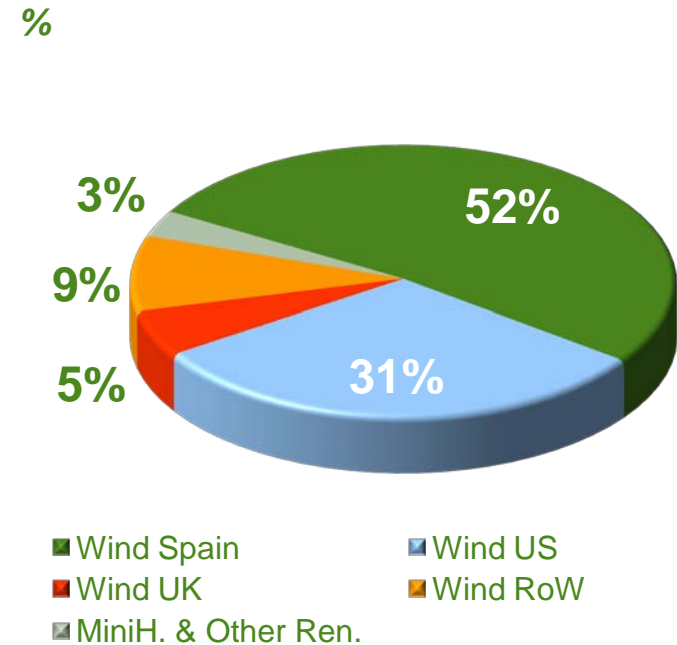
**... shows the value of the geographical diversification of our assets**

## Production reaches 6,812 GWh (+26.2%)...

*Q1 '10 renewable production*

<i>GWh</i>	Q1 '10	vs. Q1 '09	% vs. Q1 '09
Wind Spain	3,528	+931	+35.8%
Wind US	2,089	+358	+20.7%
Wind UK	368	-98	-21.0%
Wind RoW	610	+179	+41.5%
MinH. & Other	217	+45	+26.2%
<b>TOTAL</b>	<b>6,812</b>	<b>+1,415</b>	<b>+26.2%</b>

*Geographical breakdown*



... with significant growth in  
Spain (+35.8%), RoW (+41.5%), and US (+20.7%)





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

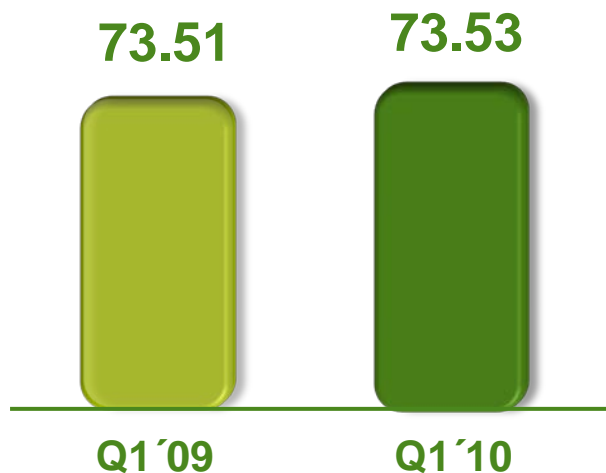
	Production %	Hedged or fixed price (%)						Floating Price		
		Feed-In Tariff		Long term PPA		Covered/ Floor		Merchant		
SP	55%	=	1%	+	---	+	54%	+	---	
US	31%	=	---	+	24%	+	2%	+	5%	
UK	5%	=	---	+	---	+	5%	+	---	
RoW	9%	=	6%	+	---	+	1%	+	2%	
TOTAL	100%	=	93%						+	7%



## Prices increase in all regions...

### Average renewable price

€/MWh



### Prices in local currency

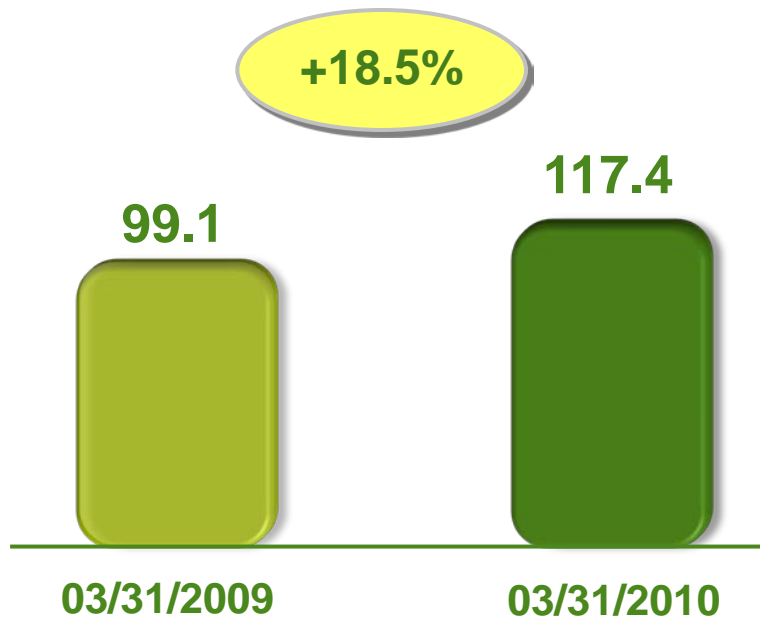
		Var %	Var. Vs 2009	
US	↑	+0.1%	+0.1 \$/MWh	Long term PPA
UK	↑	+20.8%	+19.0 £/MWh	2010 covered
RoW	↑	+9.6%	+7.67 €/MWh	Mainly "feed in" tariffs
SP	↑	+1.0%	+0.83 €/MWh	Medium term hedged

... mainly in UK and RoW

## Improving efficiency per MW by 6.0%...

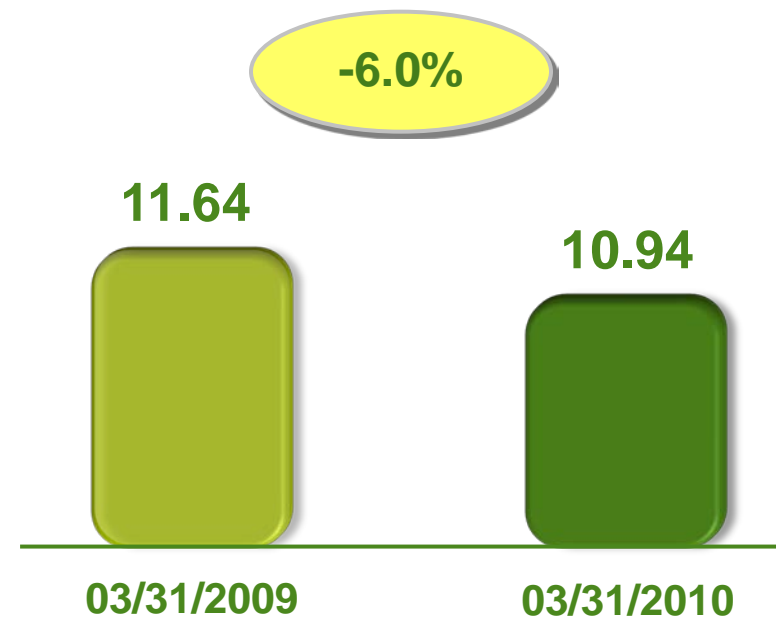
### Net operating expenses\*

Eur MM



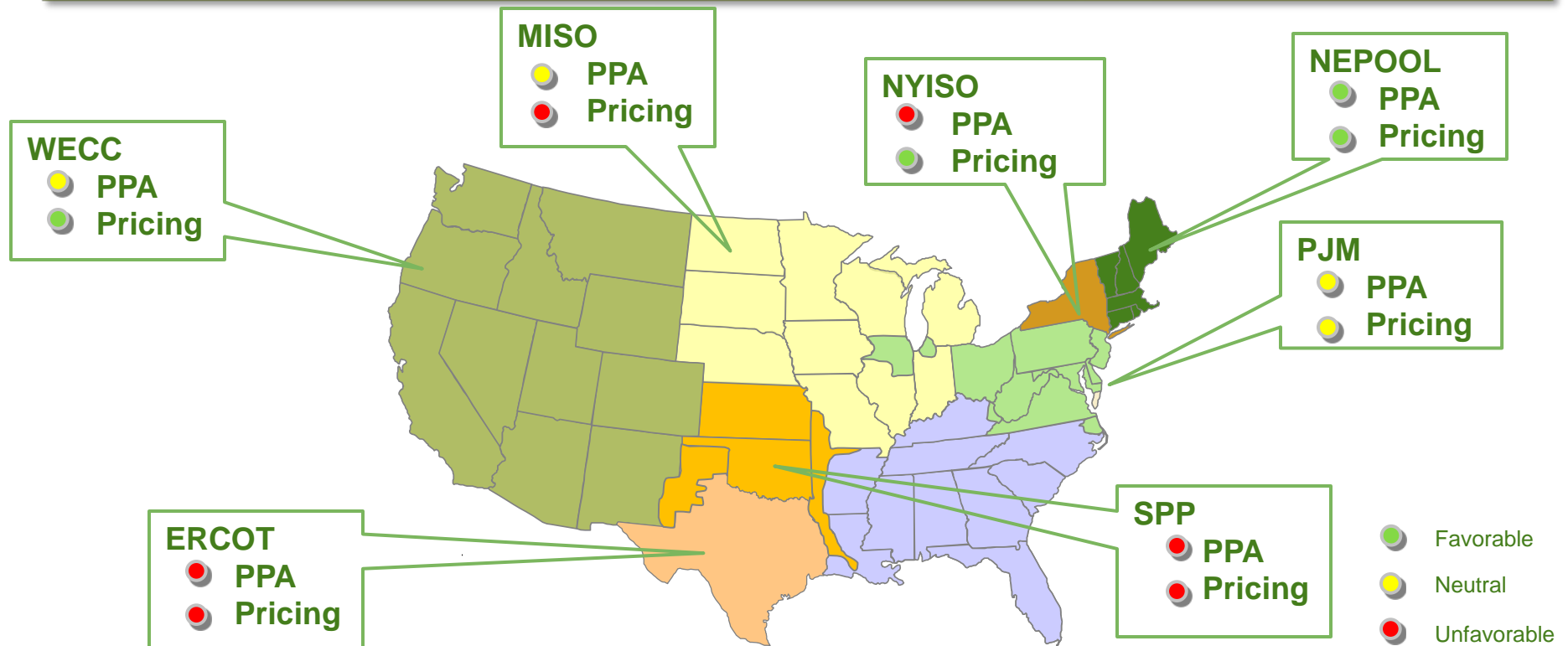
### OPEX per average operating MW

k€/MW



... due to a lower operating expenses increase (+18.5%)  
than operating capacity (+26.1%)

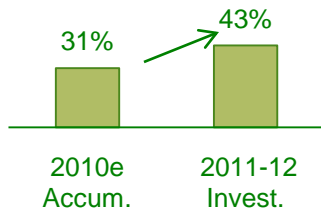
## The West and Northeast are the most attractive markets



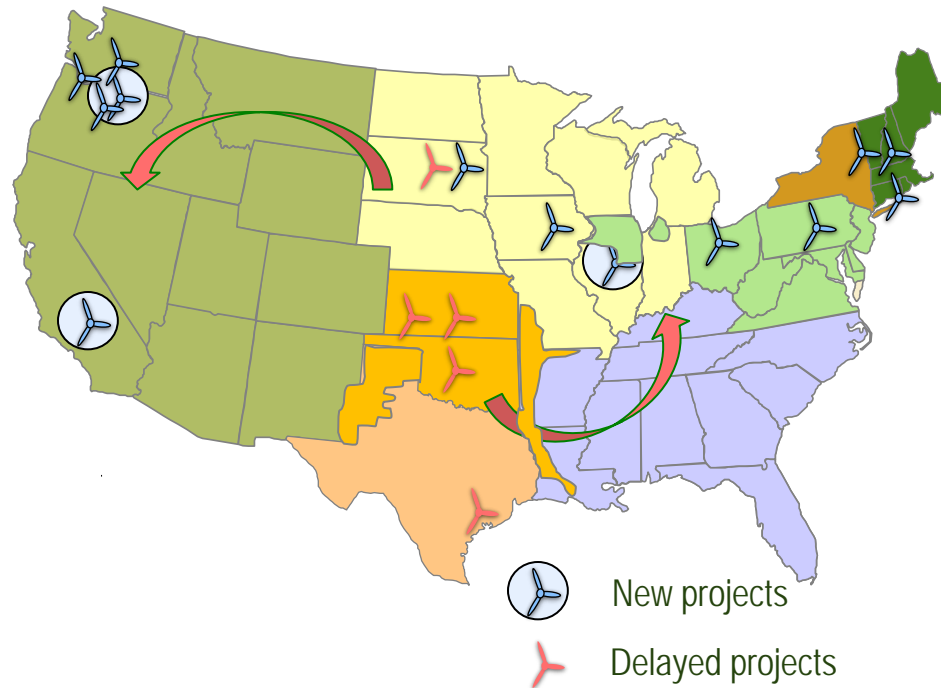
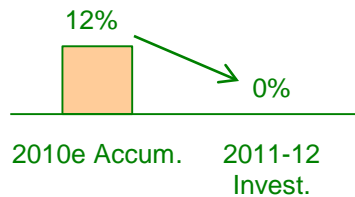
With the Midwest and Texas less favorable

## Dynamic management of the pipeline + growth: maintaining our plan to install 1,000 MW / year in US...

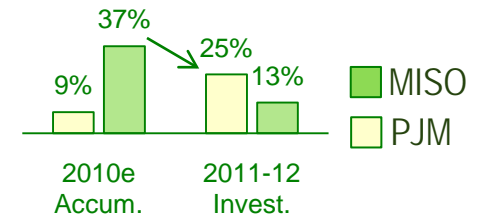
### WEST



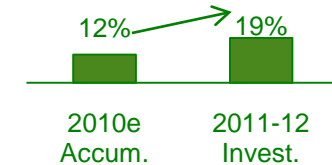
### TEXAS



### MID-CON



### NORTHEAST

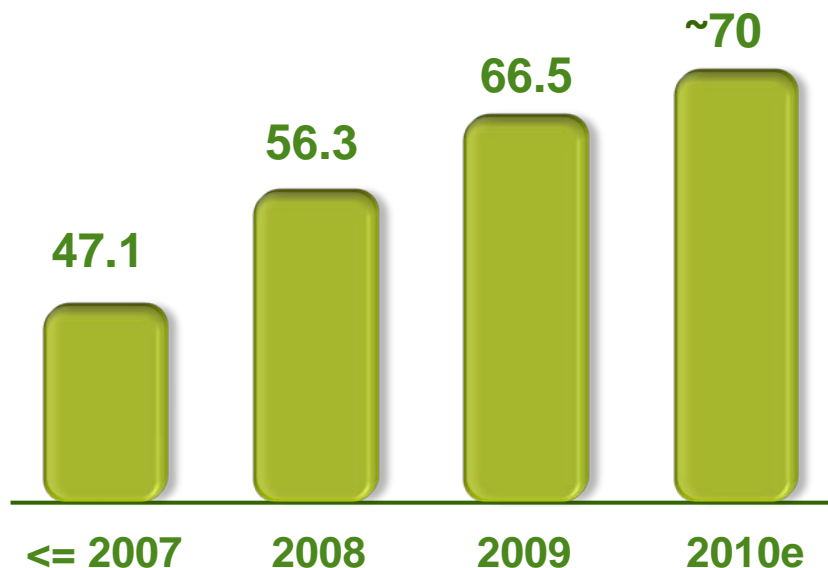


... reinforcing the West and Northeast, which amount to 87% of the total  
and reducing our presence in the markets with lower demand  
(SPP, Ercot and MISO-East)

### Pipeline quality and diversification allow growth in high value markets...

*Average PPA prices signed by IBR\**

\$/MWh



We have already closed PPAs  
with prices equal to or even  
higher than initially estimated

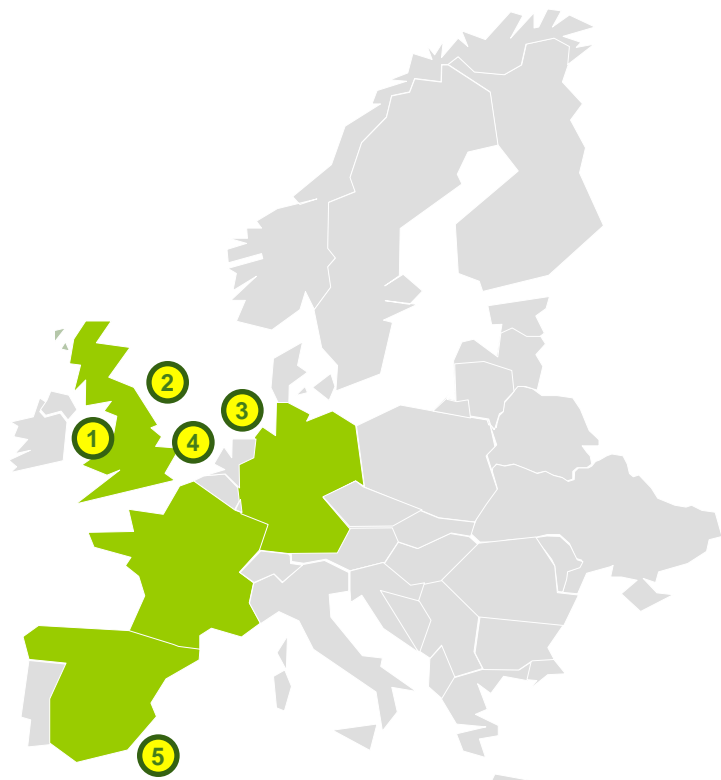
Each project has several offtake  
alternatives with reasonable  
probability of success

... and we continue the tendency of increasing prices

\* Average price for every year executed PPA excluding PTC.



## Strong presence in offshore market



1

West of Duddon 500 MW\*

2

Argyll Array  
up to 1,800 MW

3

North of Europe > 1,000 MW

4

Round 3 en UK 7,200 MW\*\*

5

Spain > 1,500 MW

**West of Duddon construction begins in 2012**

\*JV with DONG

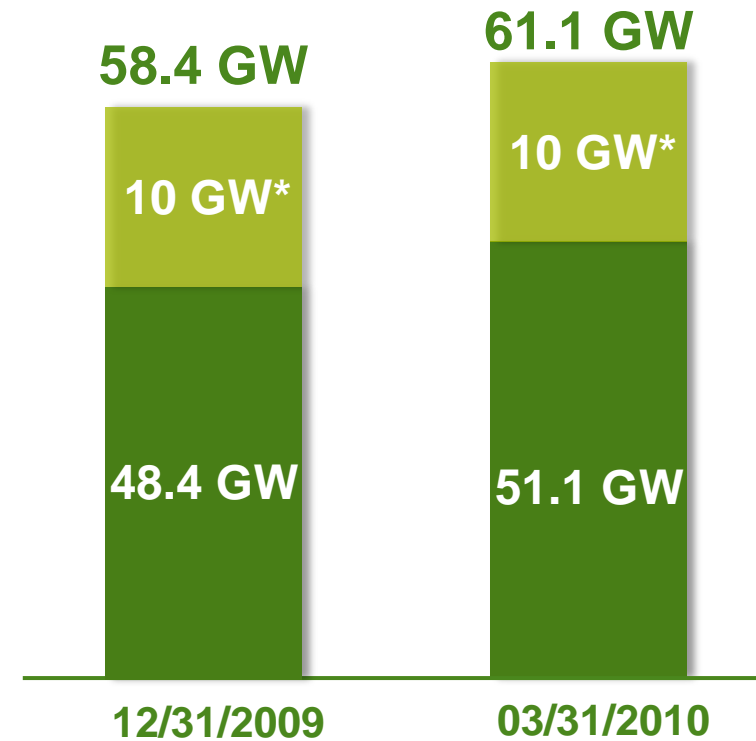
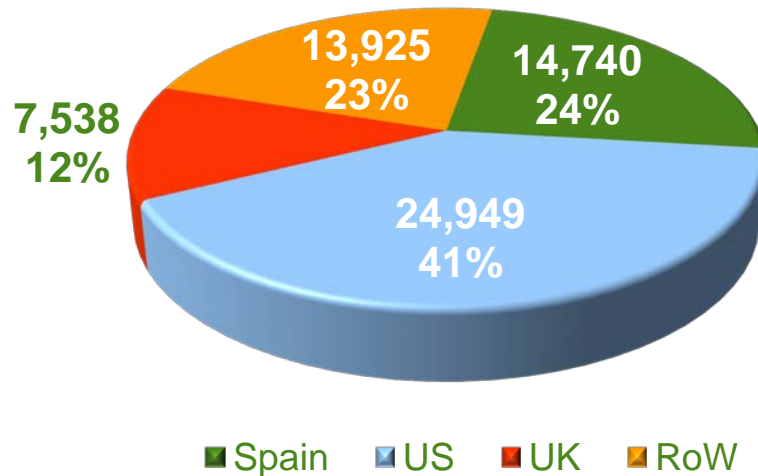
\*\* JV with Vattenfall



**Pipeline increases by 2.7 GW to 61.1 GW\*...**

## *Geographic breakdown*

*MW*



**... boosted by UK offshore projects**



### Results are reflecting strong profitable growth strategy...

**More assets  
in operation**



**Production growth boosts cash flow generation**

**More  
pipeline**



**Long term visibility in onshore and offshore markets**

**Better prices**



**Increasing prices in all the regions**

**Better  
management**



**Improving efficiency by 6.0%**

**... and company position allows us to reaffirm  
growth and results targets**



Highlights

Business performance

**Results**

Conclusions and 2010 outlook

**EBITDA increases by 30.4% to Eur 441.0 MM...**

<i>Eur MM</i>	Q1 '10	Q1 '09	Δ Eur MM	Δ %
Revenues	635.5	537.1	+98.4	+18.3%
Gross Margin	574.4	450.3	+124.1	+27.6%
NOE & Taxes	-133.4	-112.2	-21.2	+18.9%
EBITDA	441.0	338.1	+102.9	+30.4%
Amortizations	-177.4	-141.0	-36.4	+25.8%
Financial Results	-32.5	-29.0	-3.5	+12.0%
EBT	230.6	168.0	+62.6	+37.3%
Corporate tax	-71.2	-52.2	-19.0	+36.5%
Minorities	-3.3	-2.2	-1.1	+52.0%
Net Income	156.1	113.6	+42.5	+37.3%

**... and net income increases by 37.3% to Eur 156.1 MM**

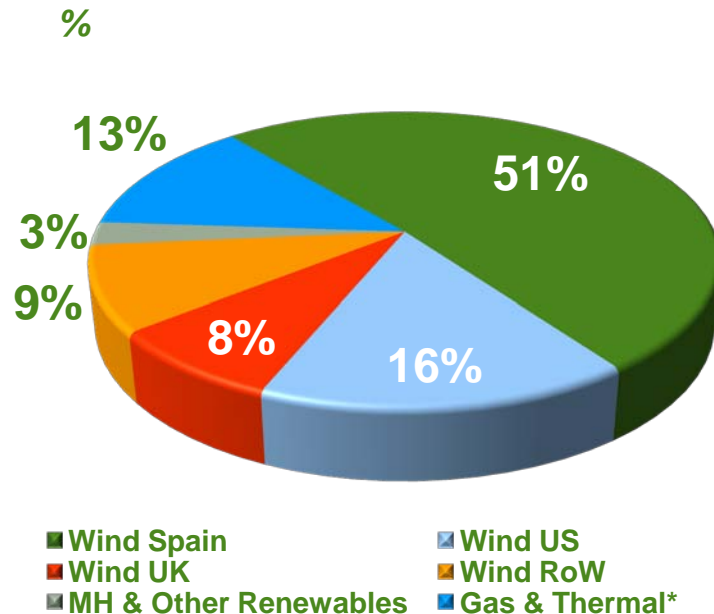
**A PTC normalized EBITDA would have increased by 32.8%**

*Eur MM*

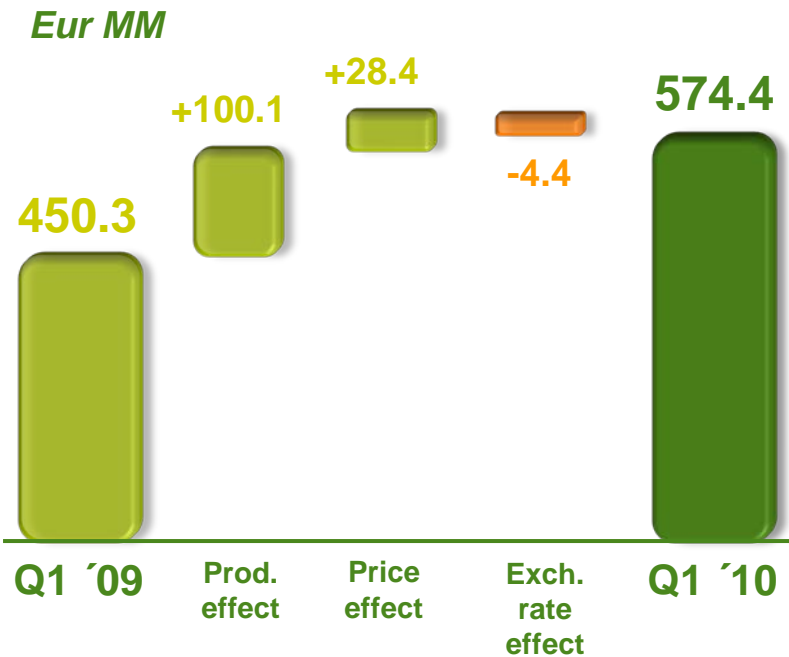
	Reported Q1 '10	Grants Effect	Normalized Q1 '10	Normalized Growth
Gross margin	574.4	-13.5	587.9	29.4%
<b>EBITDA</b>	<b>441.0</b>	<b>-13.5</b>	<b>454.5</b>	<b>32.8%</b>
Amortiz.	-177.4	+6.9	-184.3	29.7%
<b>EBIT</b>	<b>263.6</b>	<b>-6.6</b>	<b>270.2</b>	<b>+35.1%</b>

## Gross Margin amounts to EUR 574.4 MM...

Gross margin breakdown by business

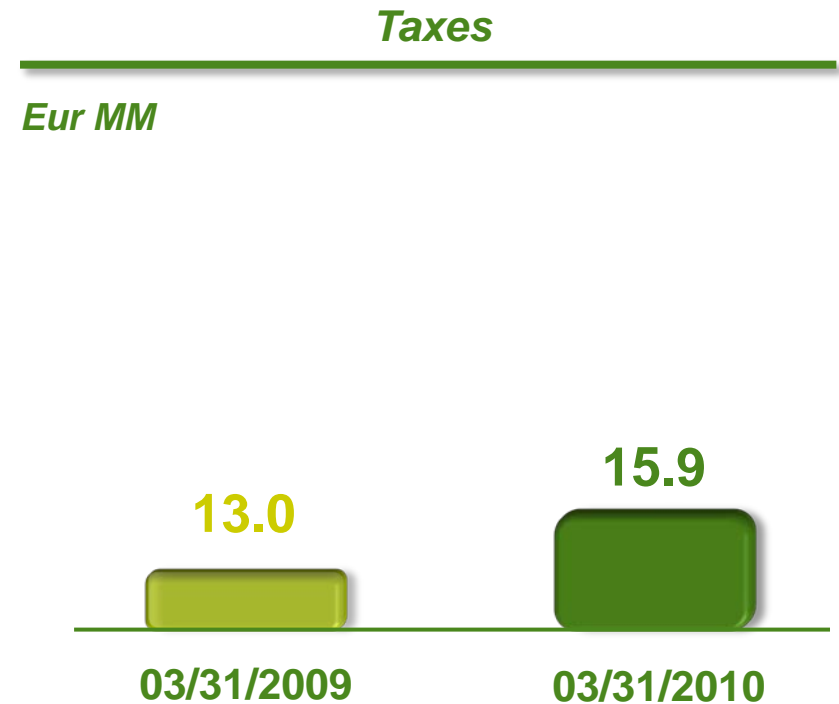
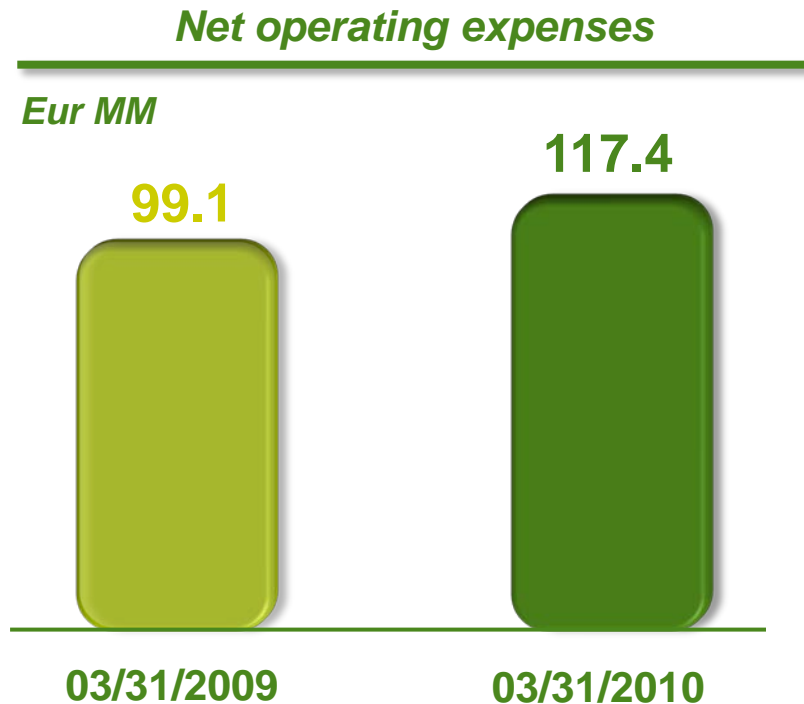


Gross margin effects



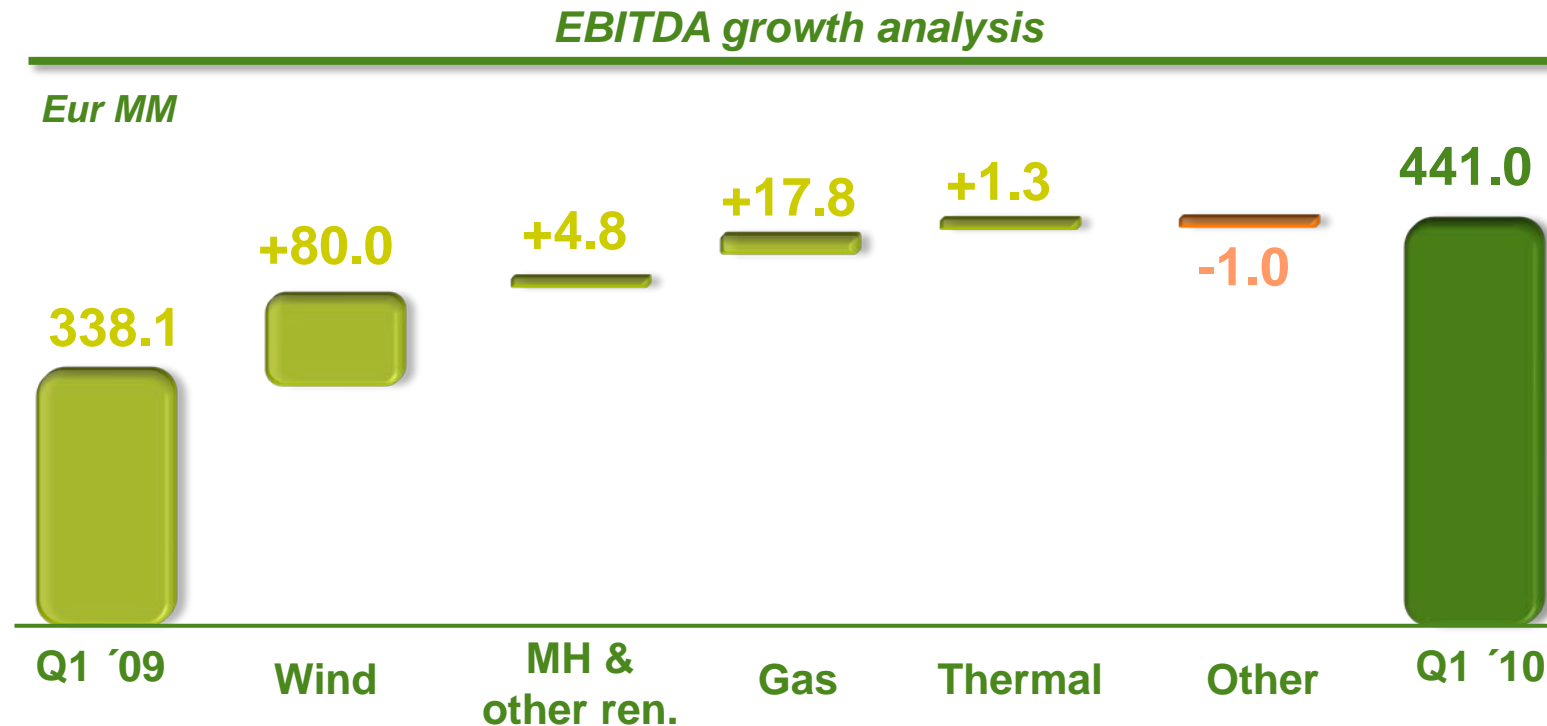
... boosted by the production increase and the right price policy

## Control in net operating expenses (+18.5%)...



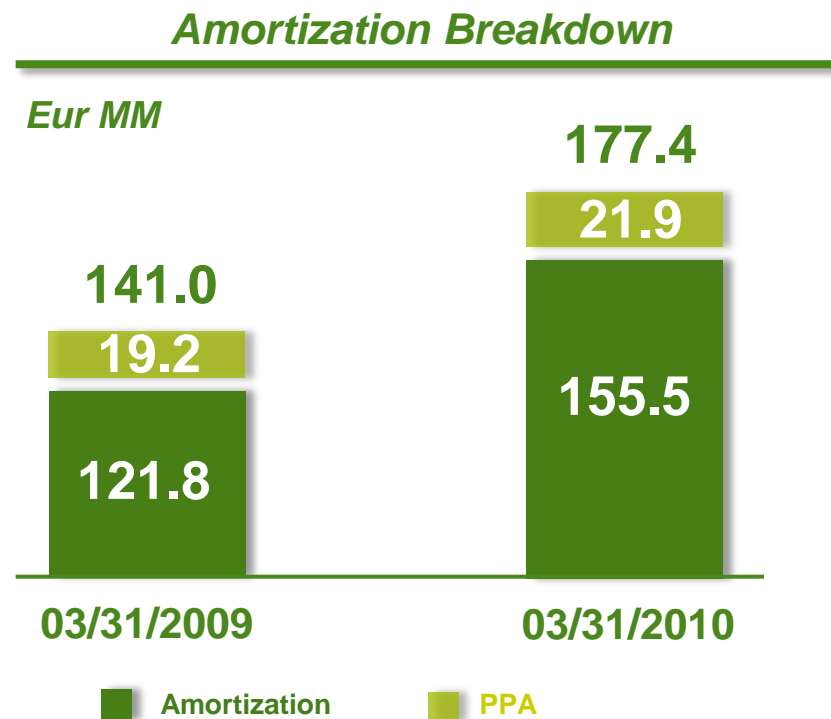
... which increase less than operating capacity

## EBITDA reaches Eur 441.0 MM ...



... based on the higher contribution of the wind business, which contributed an additional Eur 80 MM of EBITDA in Q1 '10

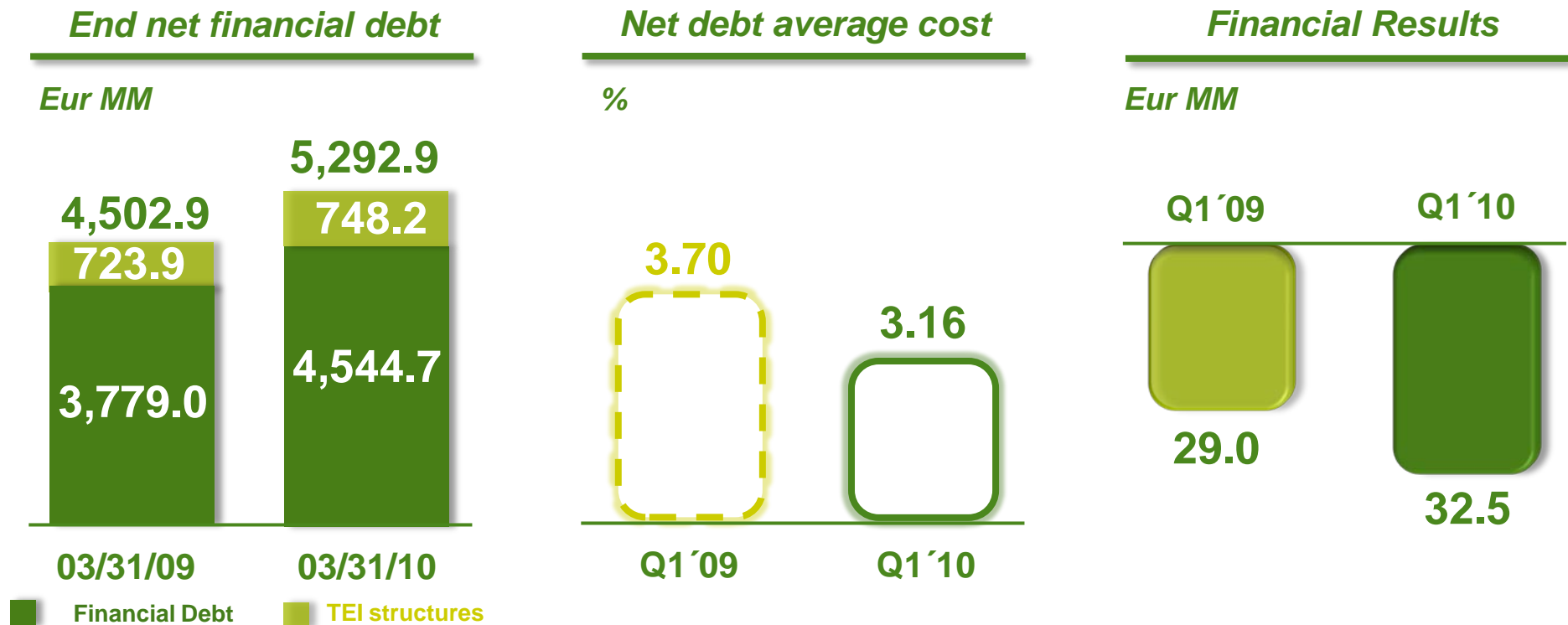
## Amortization increases by 25.8%...



... due to the increase in average operating capacity

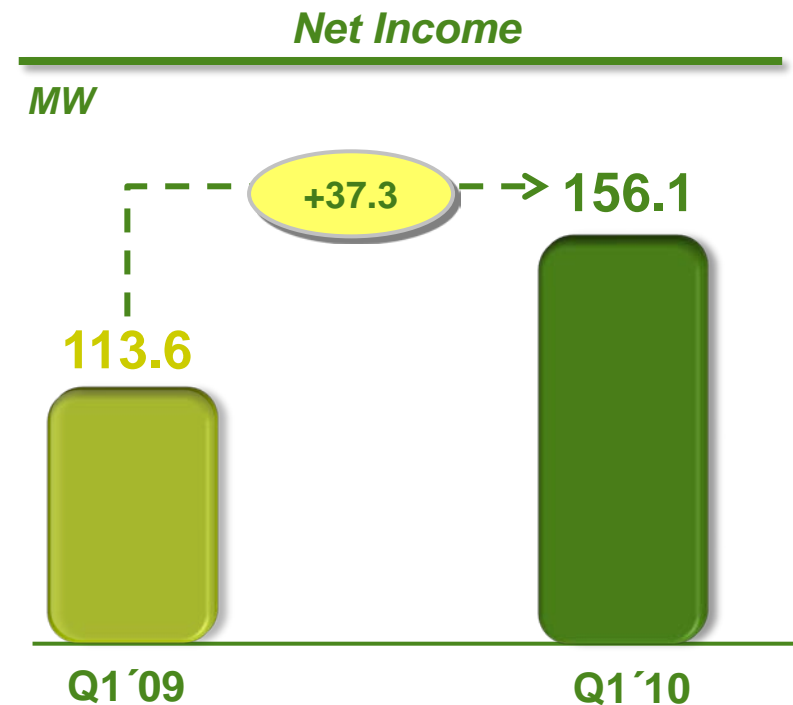
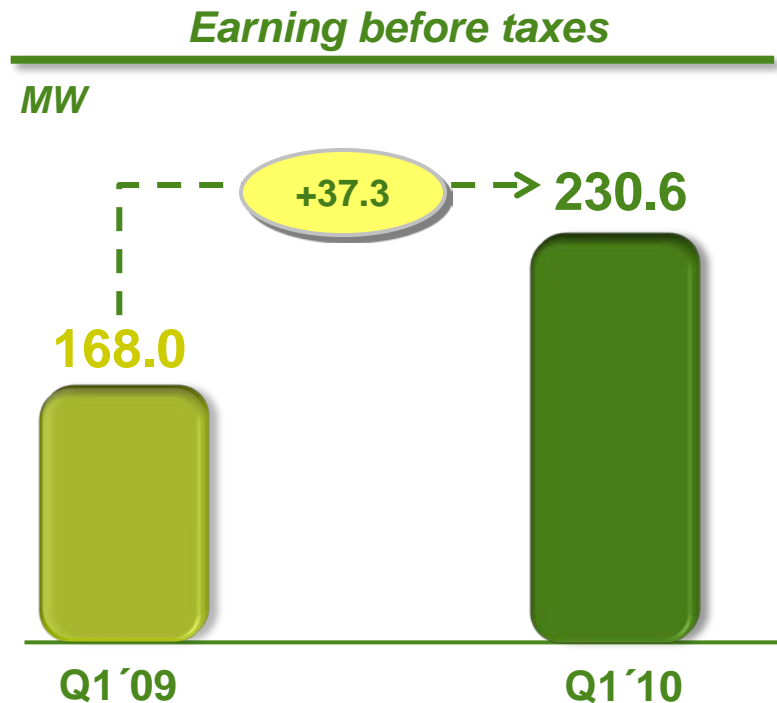


**Financial expenses increase by only Eur 3.5 MM  
due to the increase in the average net debt...**



**... and in spite of the decrease in the financial debt cost  
up to 3.16%, 3.86% including the cost of the TEI structures**

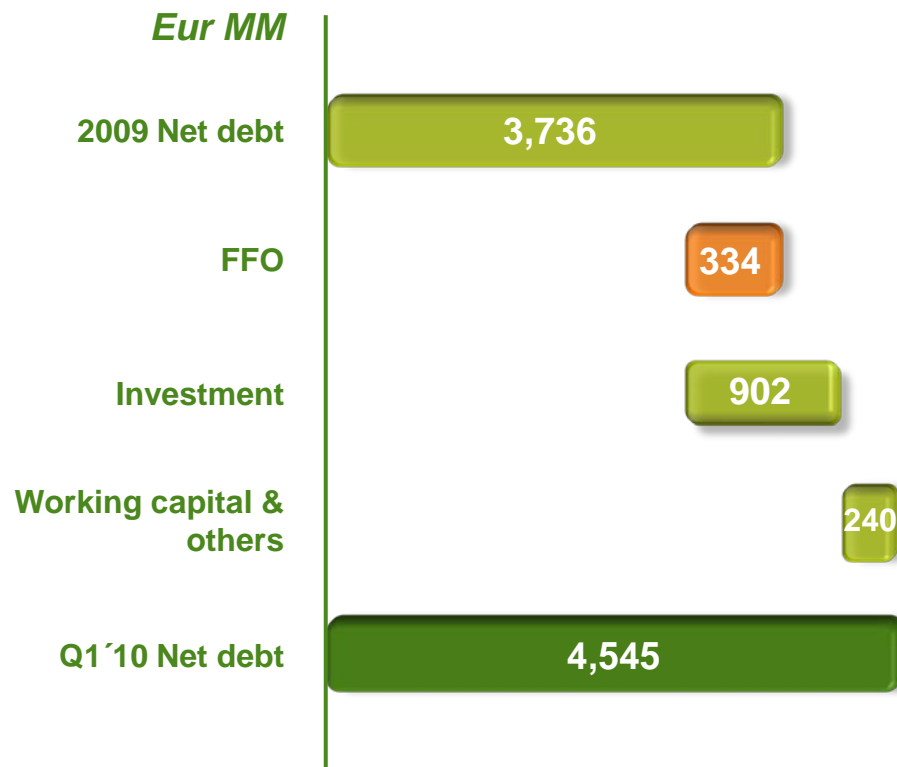
**Net income increases by 37.3% to Eur 156.1 MM...**



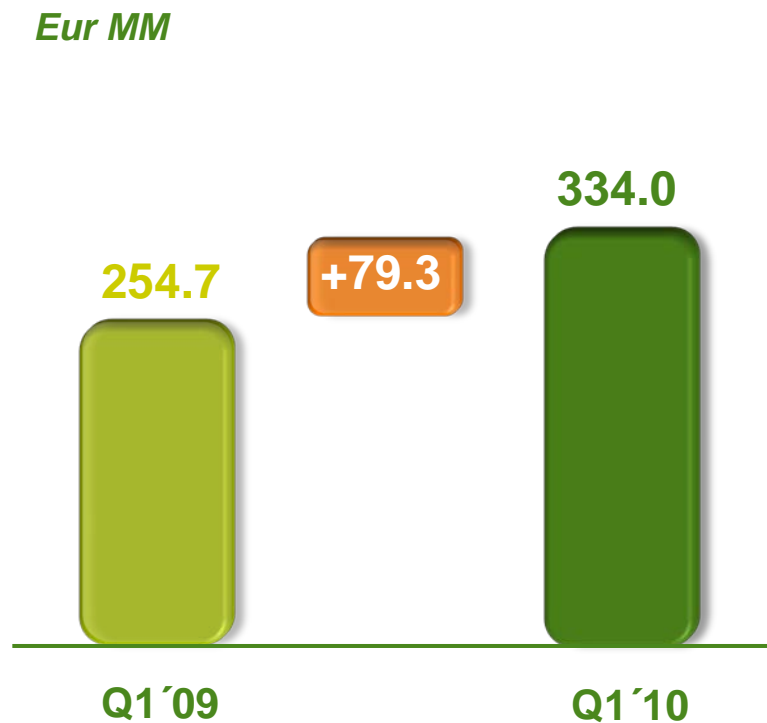
... with a corporate tax of 30.8%  
which is in line with the historical tax rate of the company

**FFO\* increases by 31.1%, to Eur 334.0 MM...**

## Net financial debt analysis



## FFO\*

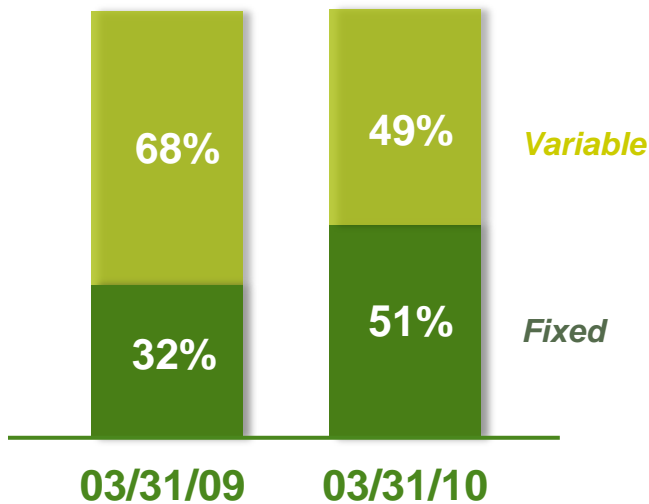


**... financing around 40% of the investments to date**

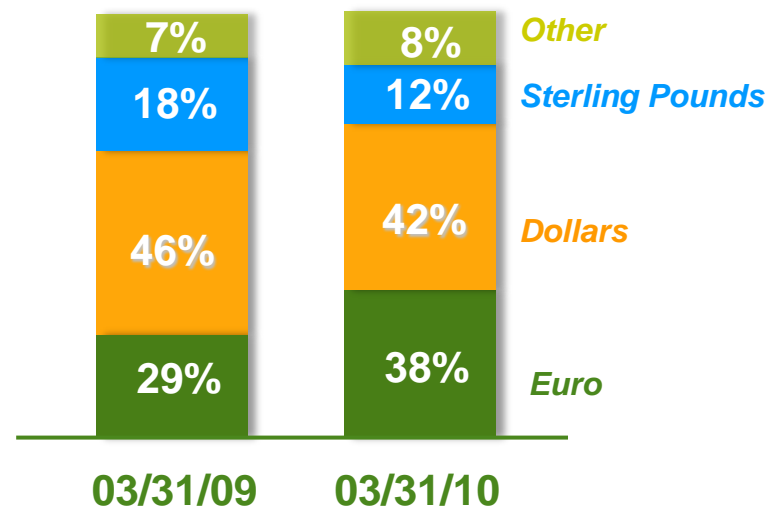
## Financial Strength, total assets of Eur 22,952 MM ...

### Gross debt structure

#### Interest type structure



#### Currency structure



... with leverage of 27.9%\*



Highlights

Business performance

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**In 2010 Iberdrola Renovables  
continues to show growth in size and results...**

**505 MW put into operation in Q1 '10**

**Production increases by 26.2% to 6.8 TWh**

**Improving prices in all regions with wide coverage**

**Improving efficiency per MW by 6.0%**

**... with an EBITDA increase of 30.4%  
and 37.3% for Net Income**



**2010 presents strong visibility in the business key drivers for Iberdrola Renovables...**

**Reaffirming our target to reach 12,500 MW by 2010 year end**

**93% of the estimated production has prices covered**

**Efficiency improvement will continue**

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



**IBERDROLA  
RENOVABLES**

**IBERDROLA  
RENOVABLES**

# 2010 First Quarter Results Presentation

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