



**IBERDROLA**  
**RENOVABLES**

# **RESULTS PRESENTATION**

## **Nine months 2010**

**October 18<sup>th</sup> 2010**

<b>Bloomberg:</b>	<b>IBR SM</b>
<b>Reuters:</b>	<b>IBR.MC</b>
<b>ADR:</b>	<b>IRVDY</b>



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**Highlights**

**Business performance**

**Results**

**Conclusions and outlook**



## Highlights

**Operating capacity increases by 16.1% to 11,434 MW**

**Production increases by 20.2% to 18,091 GWh**

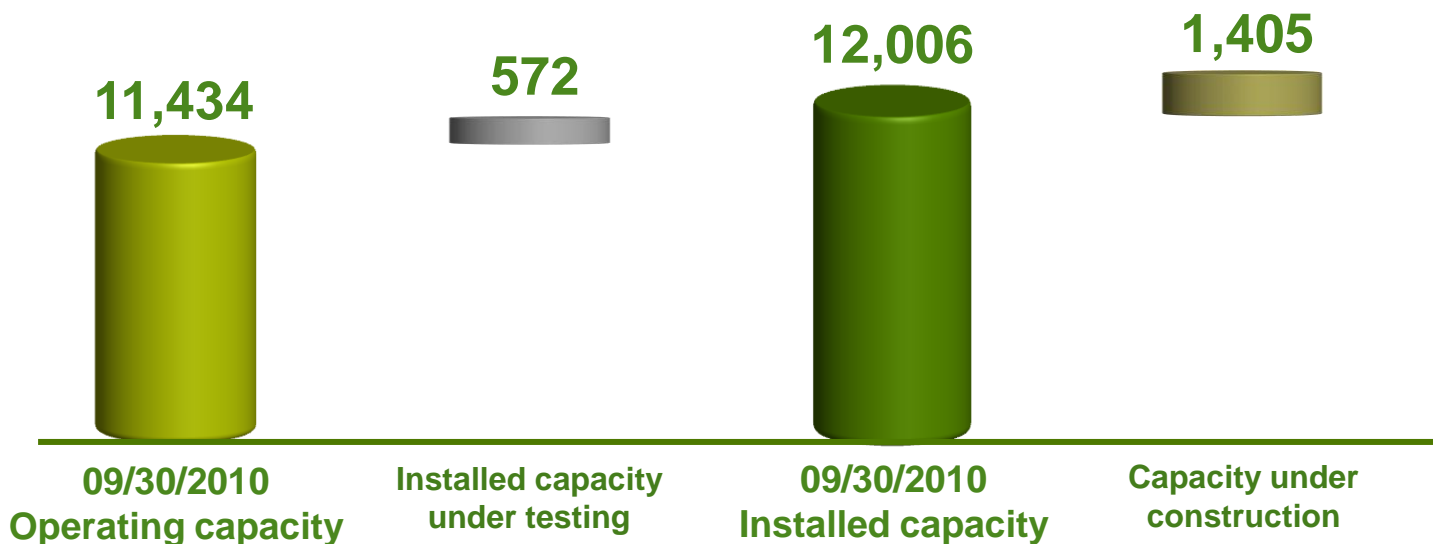
**Renewable EBITDA increases by 25.3%,  
reaching Eur 1,005 MM**

**Strong cash flow generation, FFO of Eur 741 MM (+20%)**



## Installed capacity reaches 12,006 MW...

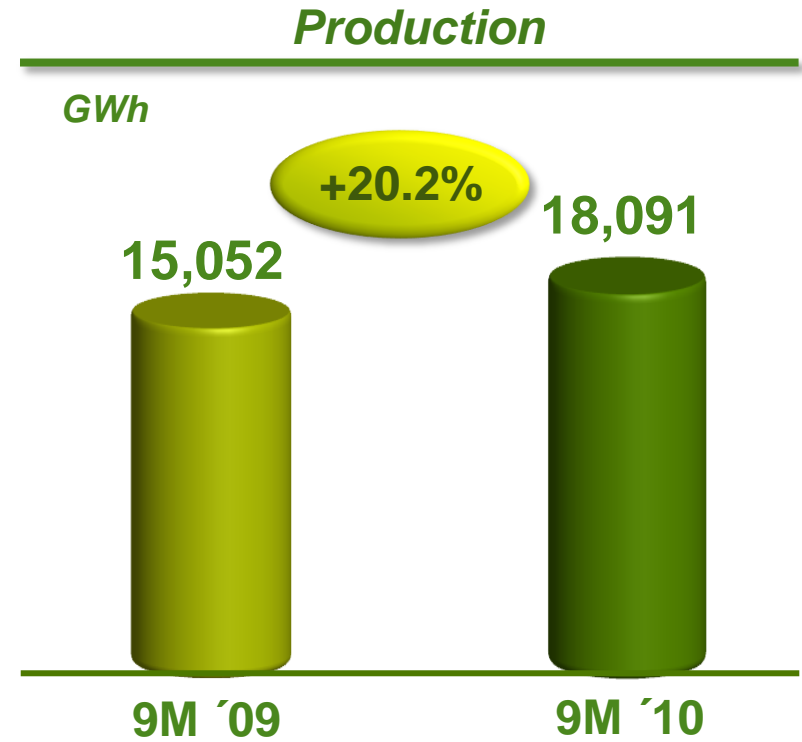
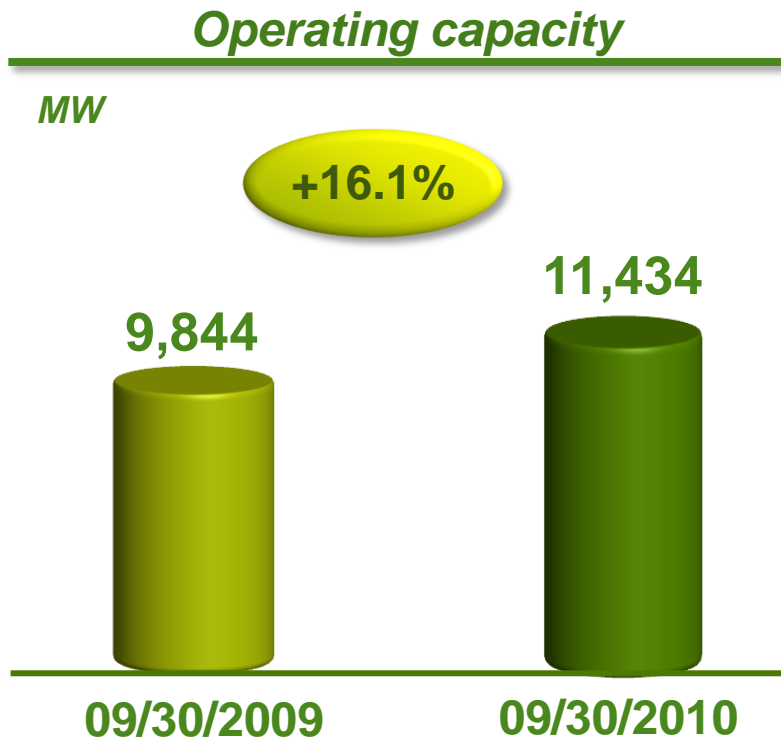
MW



... with 1,405 MW under construction



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

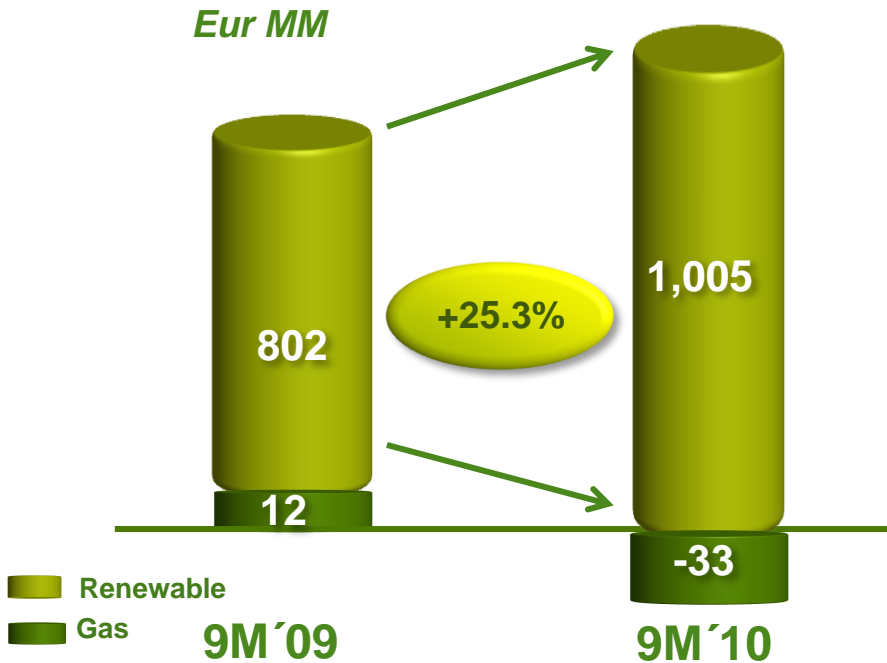


... boosting production (+20.2%)

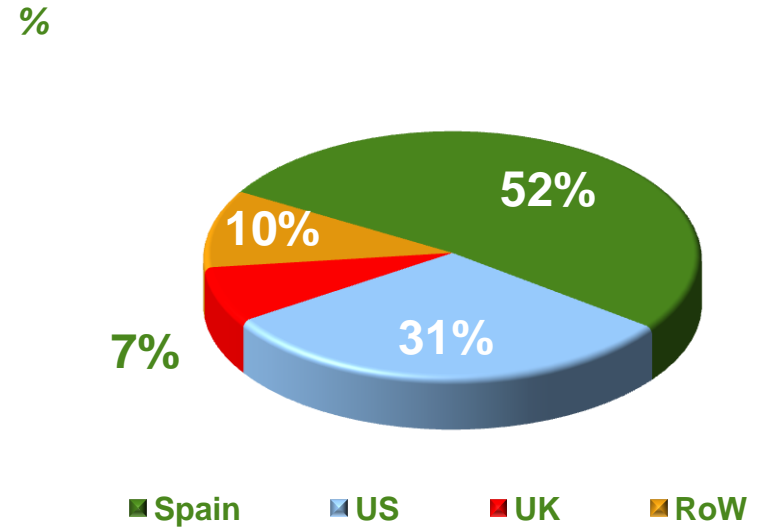


## Renewable EBITDA increases by 25.3% to Eur 1,005 MM...

### EBITDA breakdown



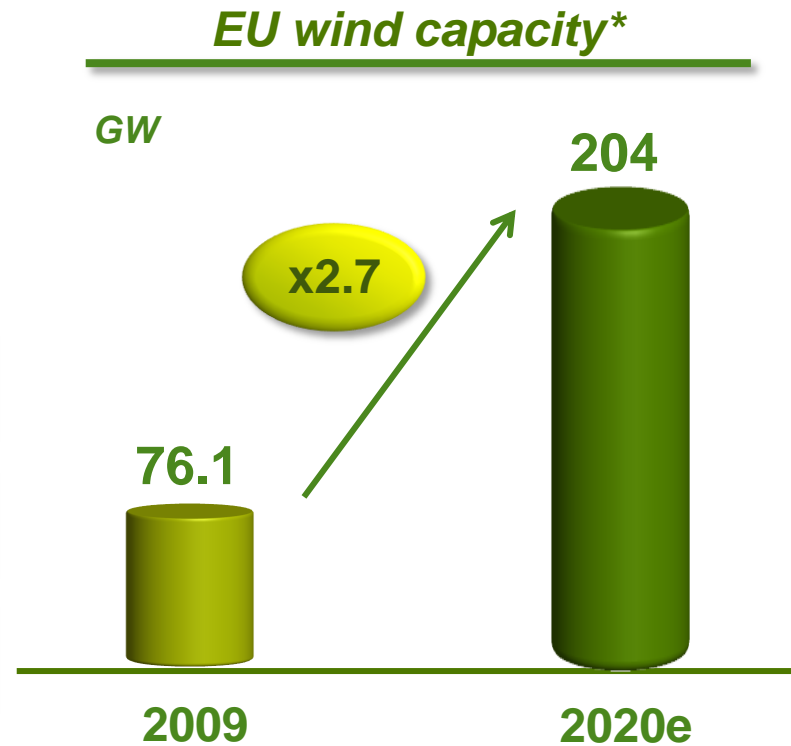
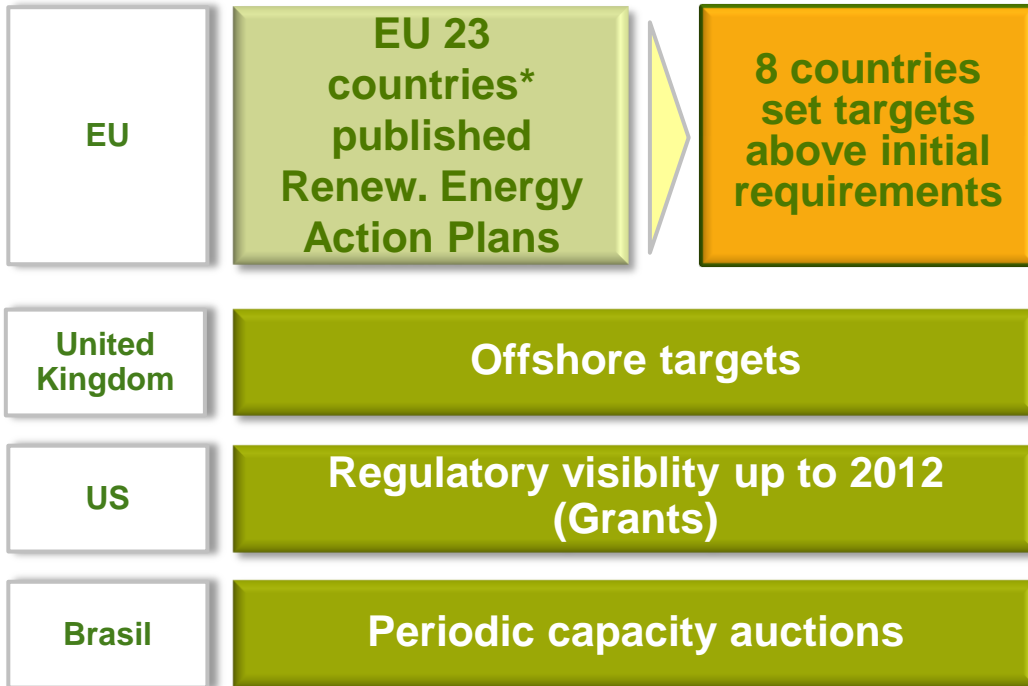
### Renewable EBITDA breakdown



... while consolidated EBITDA (Ren+ Gas) increases by 19.4%



## Continuous government support in the main markets...



... which verify maintenance on national targets

\* Source: NREAPS published to date.



**Highlights**

**Business performance**

**Results**

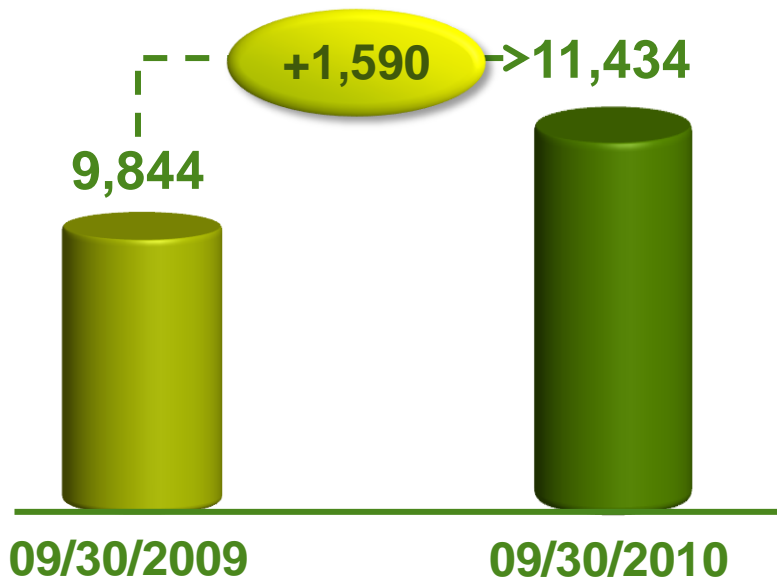
**Conclusions and outlook**



## Operating capacity reaches 11,434 MW (+16.1%)...

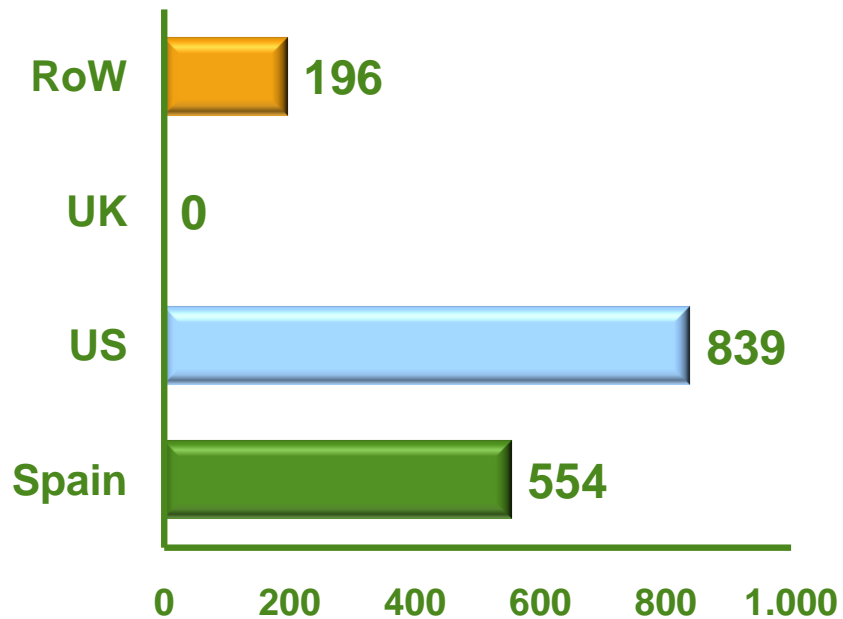
### YoY operating capacity increase

MW



### Operating capacity breakdown

MW

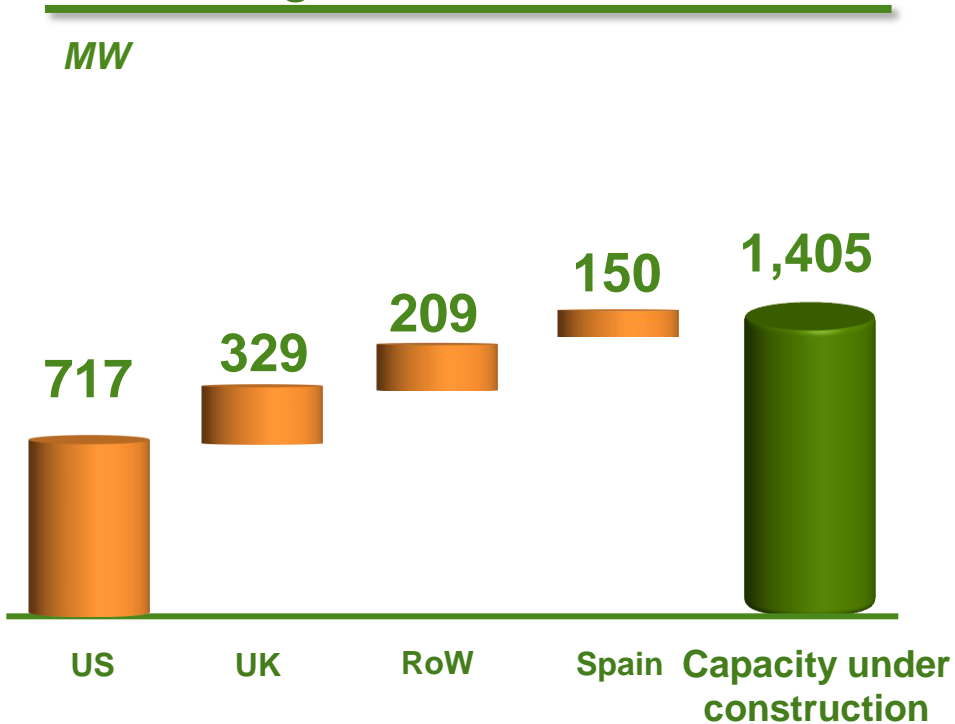


... with a 52,8% increase in the US

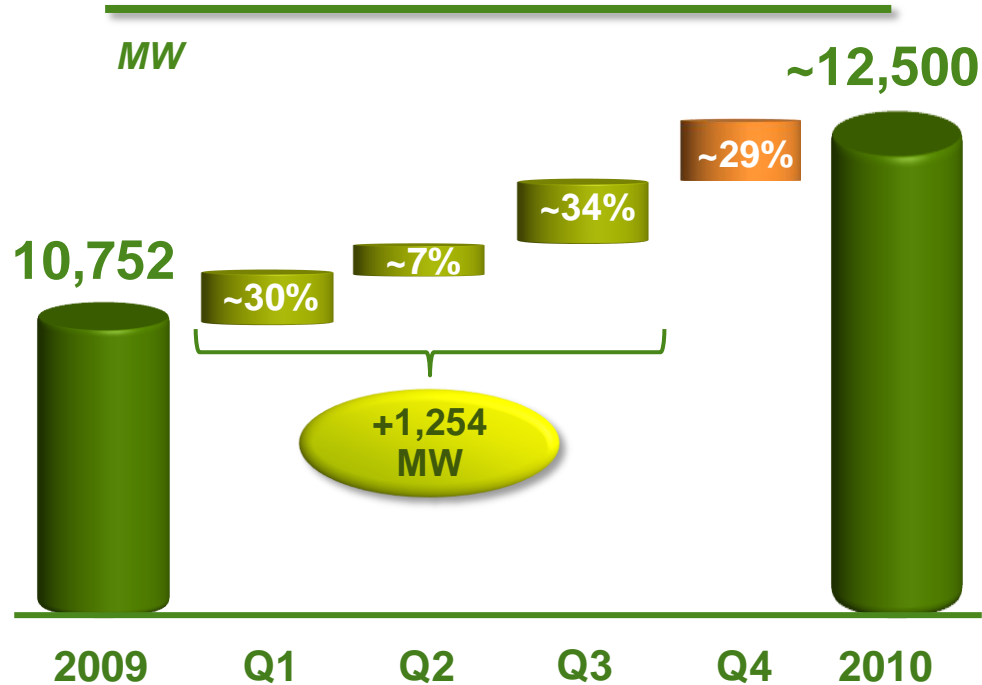


## Capacity under construction amounts to 1,405 MW...

### Capacity under construction regional breakdown



### 2010e quarterly installation



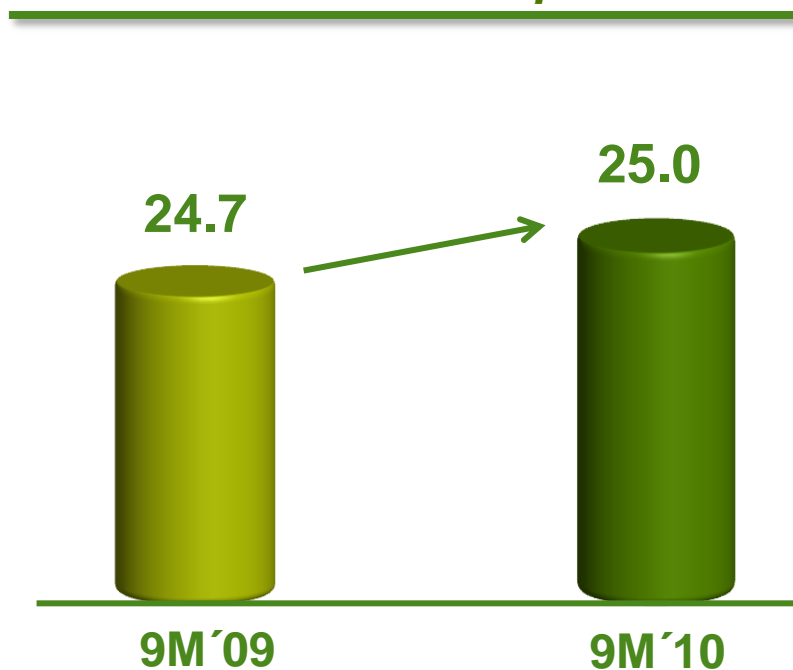
... of which, 900 MW are for 2011



## Average loadfactor grows to 25%...

	Load factor Q3 2010	Load factor Q3 2009
Wind US	30.1%	30.8%
Wind Spain	22.6%	21.4%
Wind UK	18.7%	26.8%
Wind RoW	21.8%	21.4%
Minihidro	28.8%	21.5%

### Wind resource comparison



... in spite of wind resource in US and UK

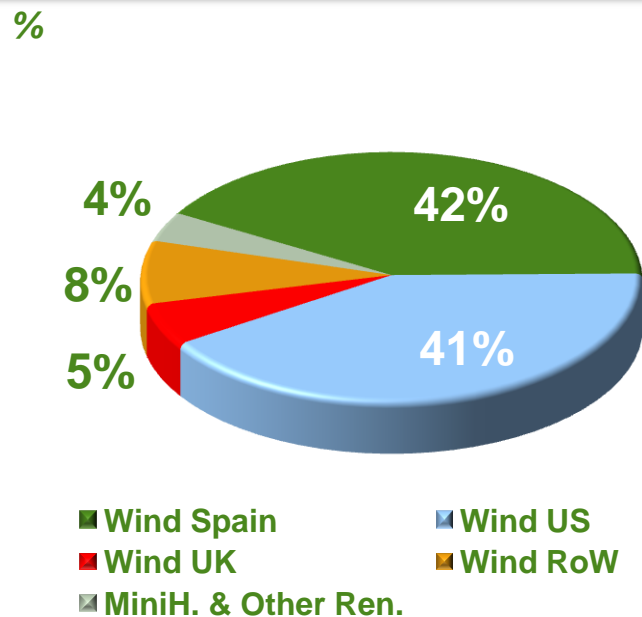


## Production reaches 18,091 GWh (+20.2%)...

*Q3 2010 renewable production*

GWh	9M '10	vs. 9M 09	% vs. 9M09
Wind US	7,430	+1,695	+29.6%
Wind Spain	7,500	+1,154	+18.2%
Wind UK	984	-288	-22.7%
Wind RoW	1,479	+266	+21.9%
Minih. & Others	699	+213	+43.8%
<b>TOTAL</b>	<b>18,091</b>	<b>+3,040</b>	<b>+20.2%</b>

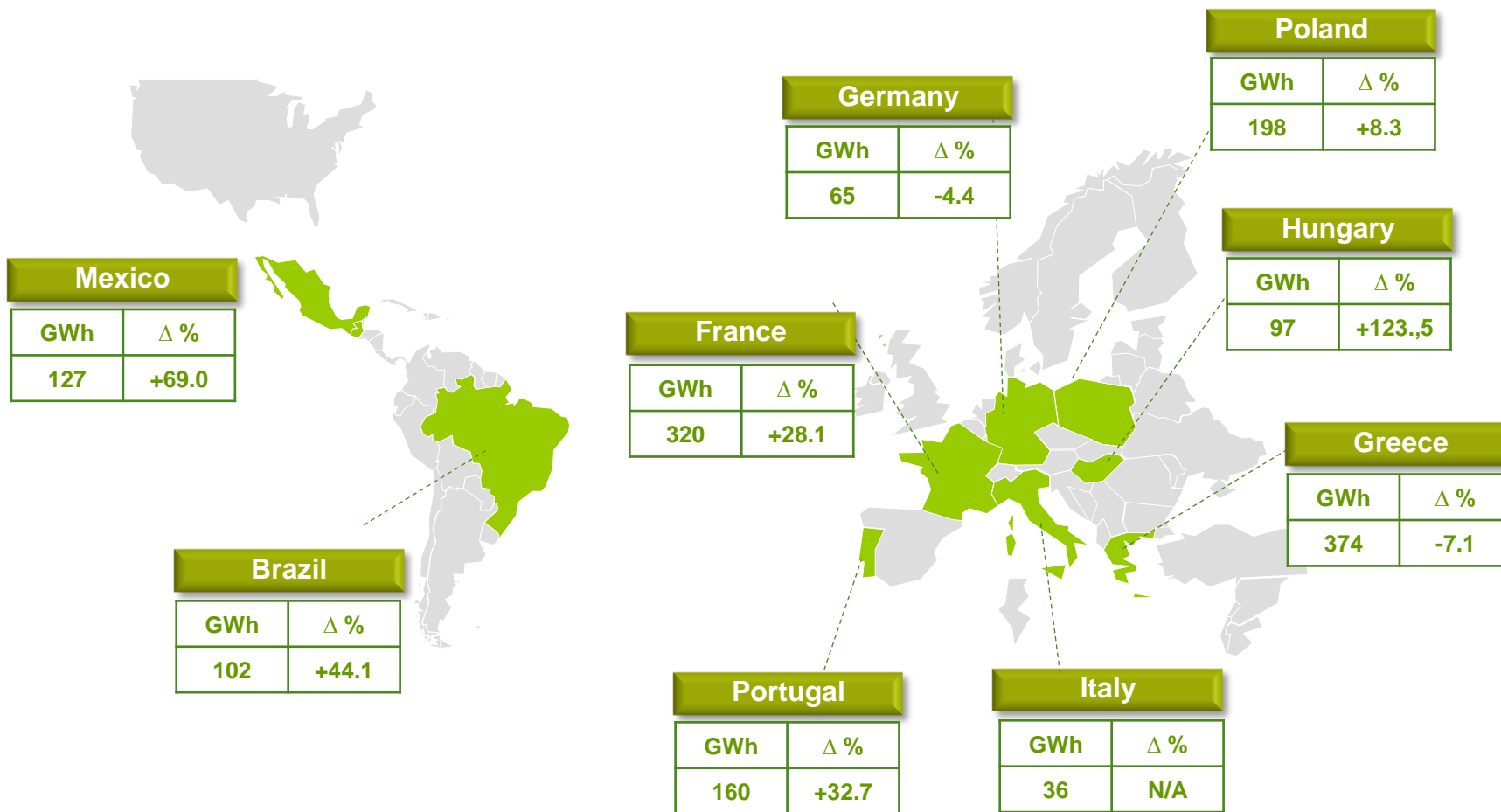
*Geographical breakdown*



... with significant growth in US (+29.6%), RoW (+21.9%) and Spain (+18.2%)



**1,479 GWh in RoW with significant increases in most of the areas**

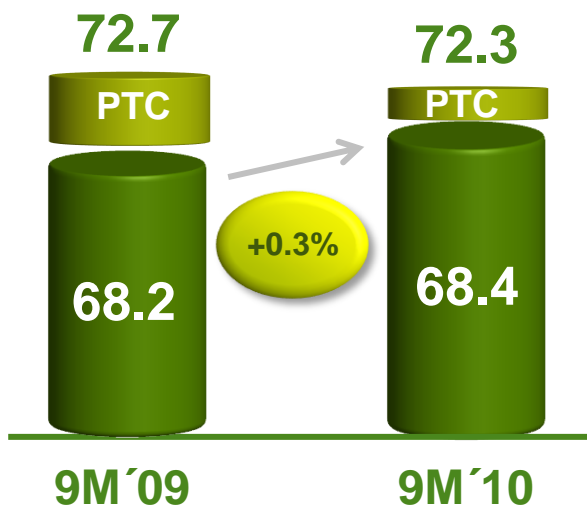




## Prices increase in most of the regions...

### Average renewable price

€/MWh



### Prices in local currency

Region	Var %	Var. Vs 2009	Contract Type
US*	+1.0%	+0.5 \$/MWh	Long term PPA
UK	-7.5%	-7.8 £/MWh	Medium term PPA
RoW	+5.3%	+4.5 €/MWh	Mainly feed in tariffs
SP	+4.5%	+3.7 €/MWh	Medium term hedged

... mainly in RoW and Spain

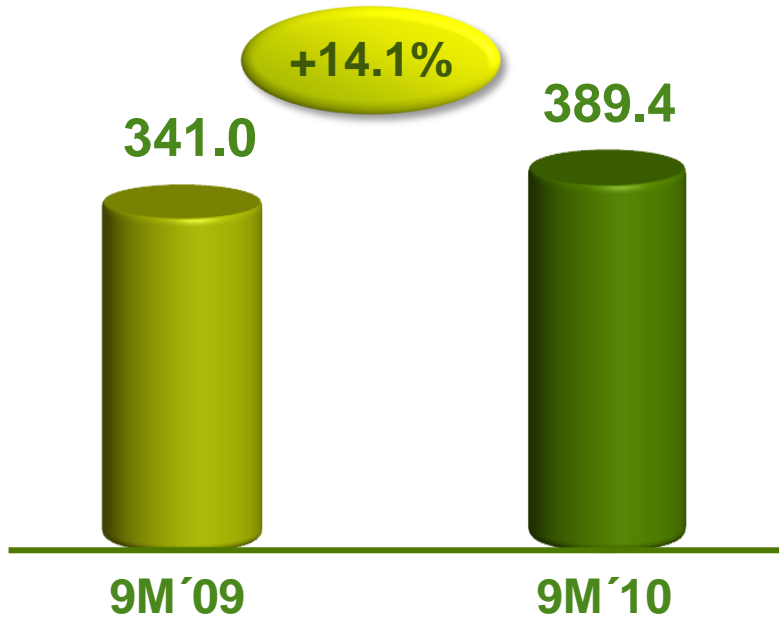
\* Average selling price excluding PTC.



## Improving efficiency per MW by 3.8%...

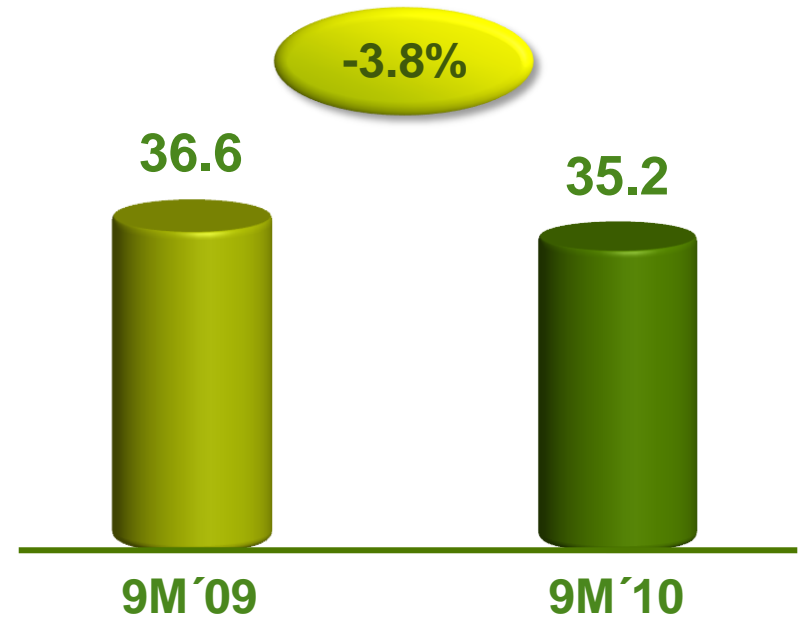
*Net operating expenses \**

*Eur MM*



*OPEX per average operating MW*

*k€/MW*



... due to a lower operating expenses increase (+14.1%) than average operating capacity (+18.8%)

\* Includes overheads.



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

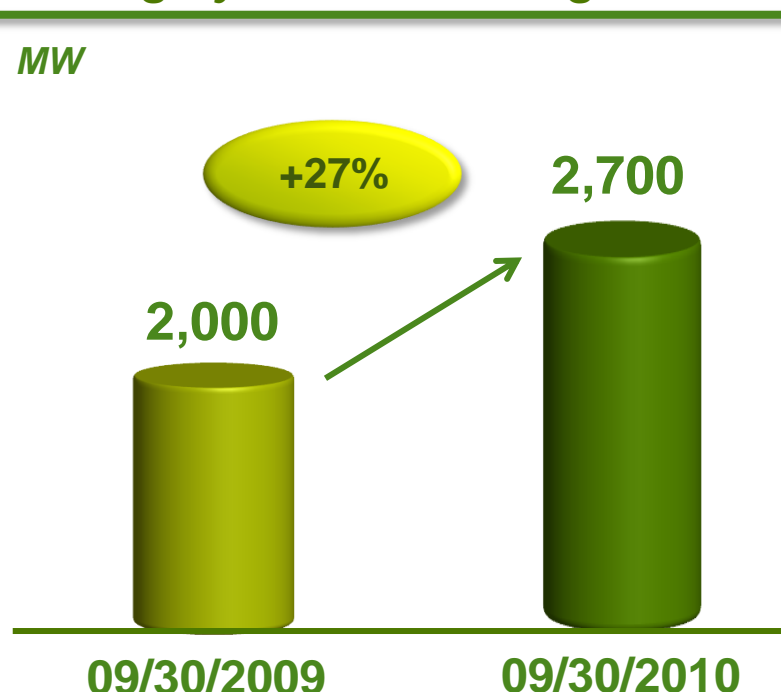
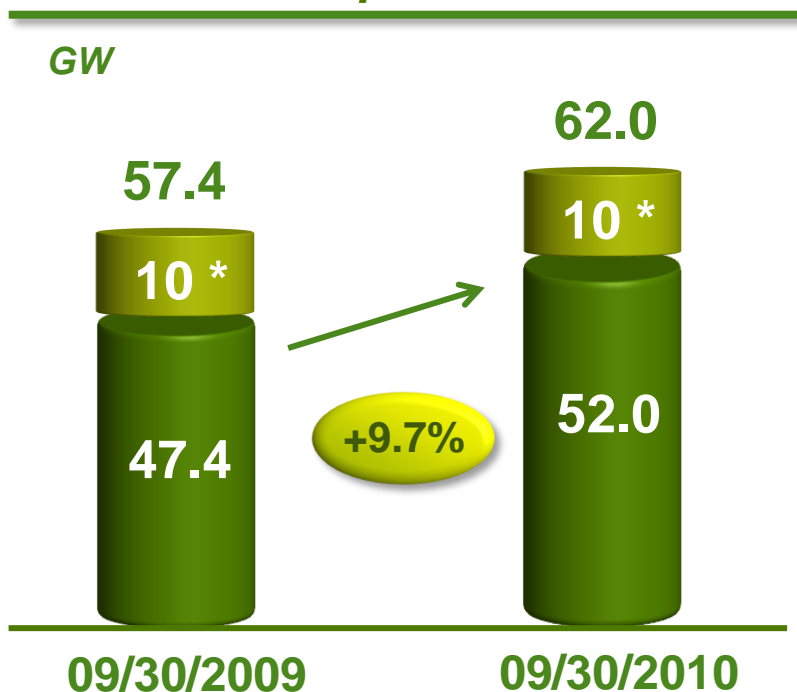
	Production (%)		Hedged or fixed price (%)		Floating price (%)
SP	45%	=	45%	+	---
US	42%	=	36%	+	6%
UK	5%	=	5%	+	---
RoW	8%	=	7%	+	1%
<b>TOTAL</b>	<b>100%</b>	<b>=</b>	<b>93%</b>	<b>+</b>	<b>7%</b>



**Pipeline increases by 4,600 MW,  
increasing Highly Confident segment by 27%...**

*Pipeline*

*"Highly Confident" segment*



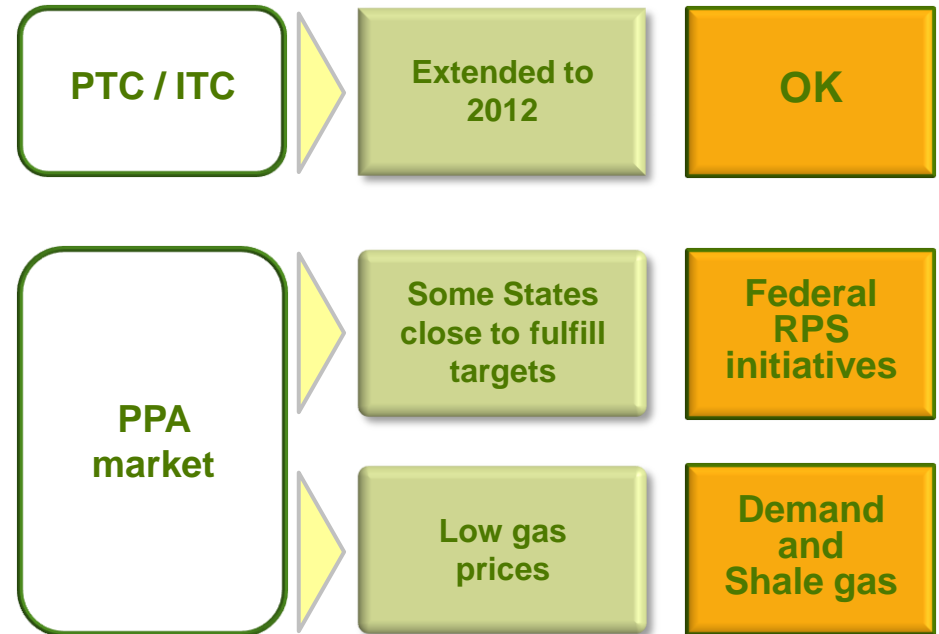
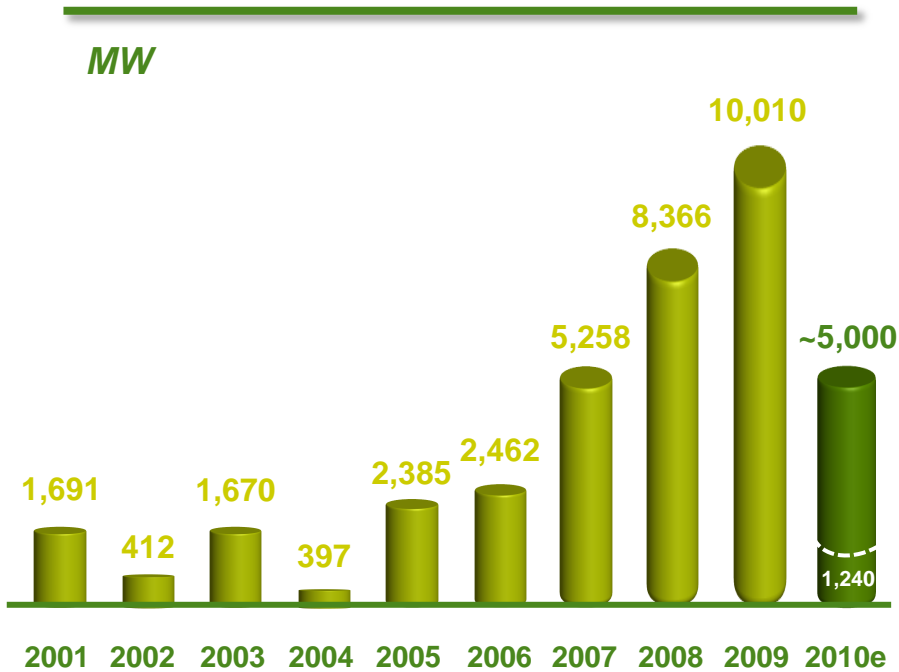
**... covering two years growth**

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



## US electricity prices evolution has slow down growth in renewable market...

### US new annual installation\*



... in spite of government commitment with the industry

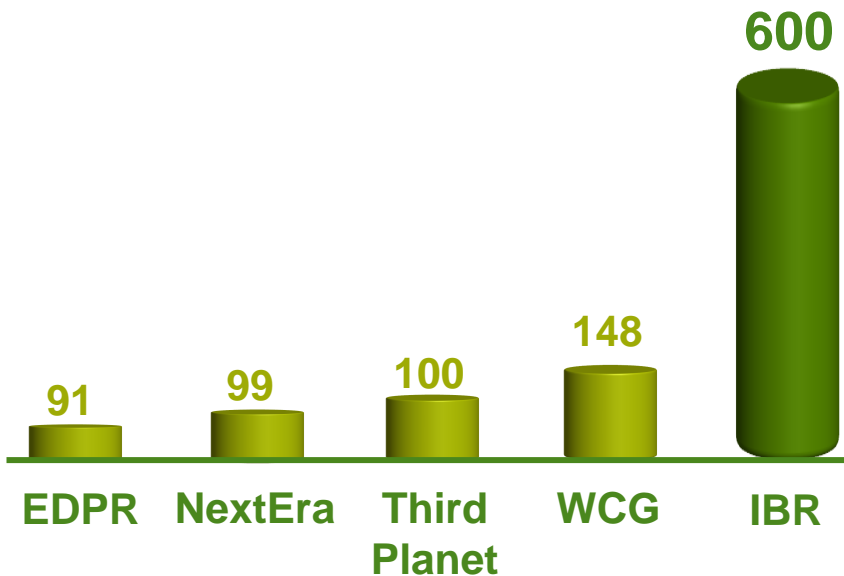
\* Source AWEA.



**Despite, Iberdrola Renovables has already signed 593 MW PPA in 2010...**

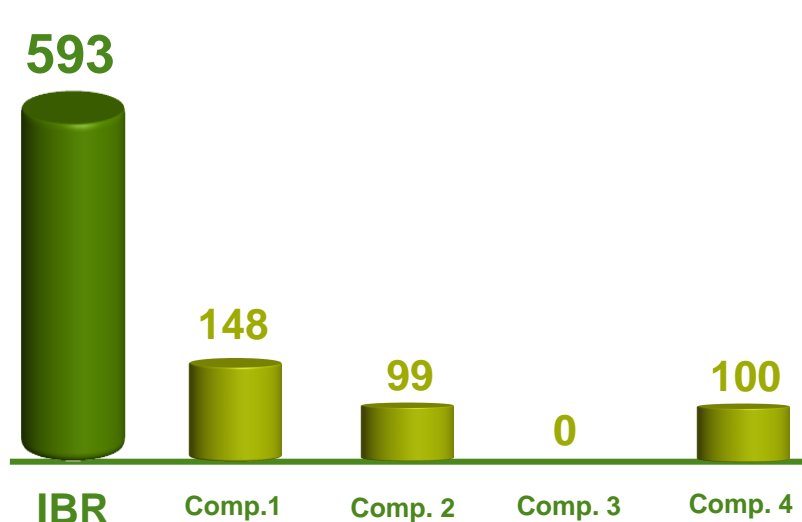
*Capacity with COD in H1 2010\**

MW



*PPA signed\*\* in 2010*

MW



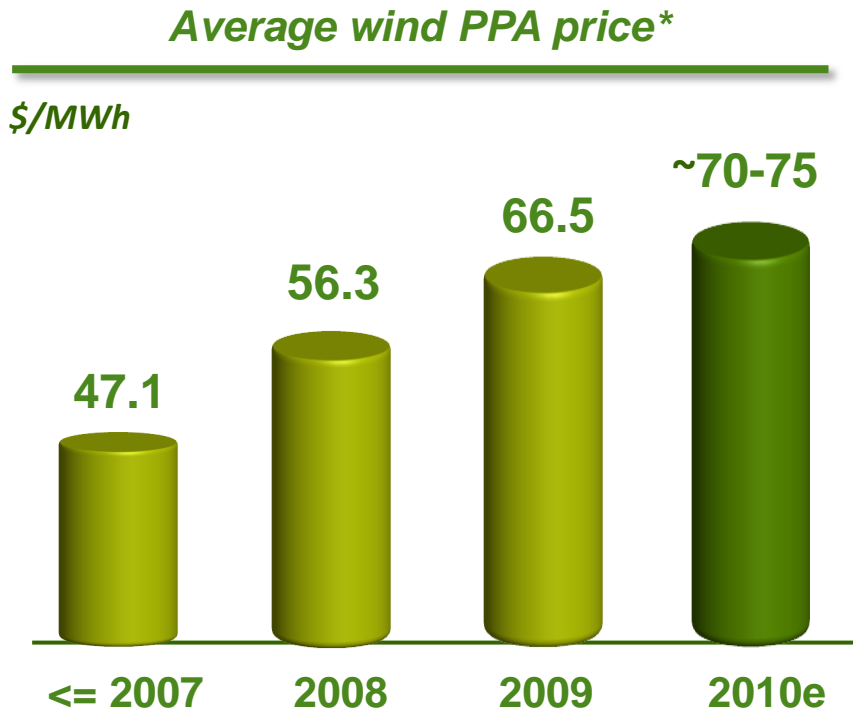
**... and is well positioned to close additional ~200 MW in 2010**

\*Source AWEA

\*\* Source: Internal information.



## With PPA prices that assure investments profitability...



	MW PPA	Techn.	Locat.
H1 2010	300 MW	Wind	MidCon.
	165 MW	Wind	West
July - Oct. 2010	50 MW	Solar	West
	20 MW	Wind	Northeast
	30 MW	Wind	Texas

... due to an appropriate geographical diversification

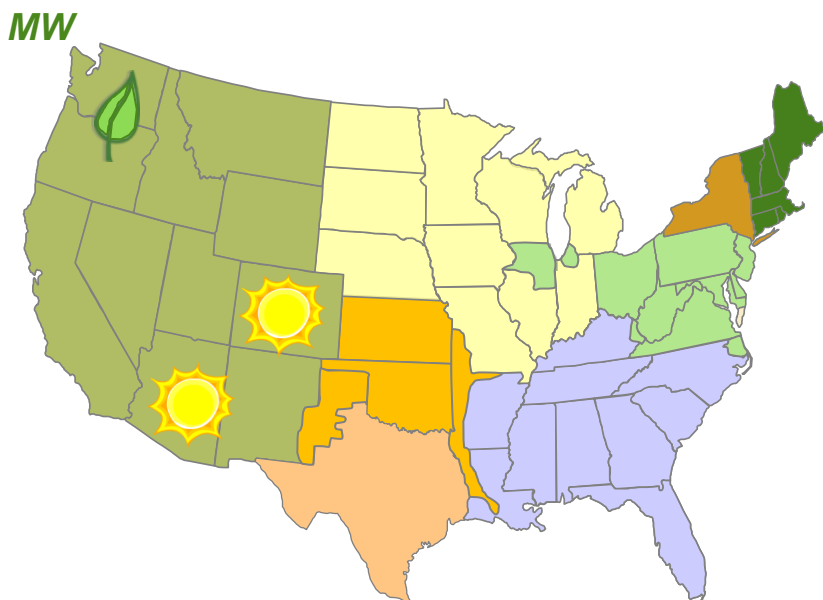
\* Annual average PPA price.



# US: Solar PV and biomass projects launching

**Besides, pipeline for solar PV projects is over 400 MW...**

## Solar PV and biomass projects



## 2011 COD projects

<u>Project</u>	<u>PPA MW</u>	<u>Location</u>	<u>Technology</u>
Alamosa	30 MW	Colorado	Solar PV Polisilic.
Copper Crossing	20 MW	Arizona	Solar PV. Polisilic.
Lake View	Under negotiat.	Oregon	Biomass

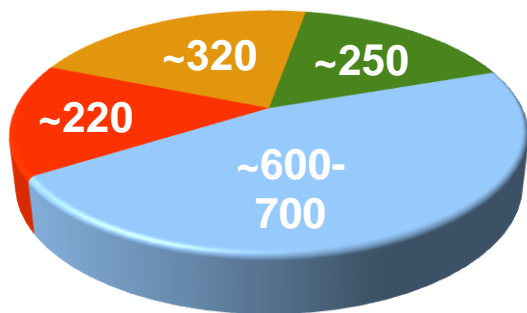
**... with good access to solar PPA market**



## Installed capacity growth target: adding 1,400 – 1,500 MW en 2011...

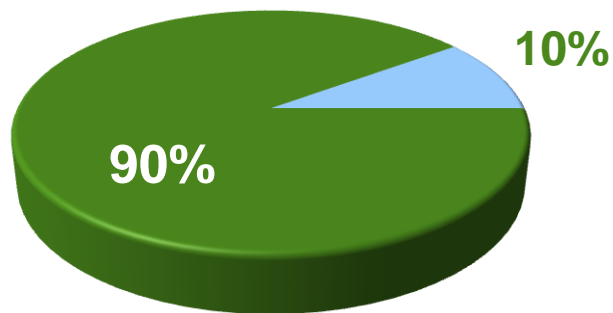
New installed capacity breakdown

MW



■ Spain   ■ US   ■ UK   ■ RoW

Breakdown by contract type

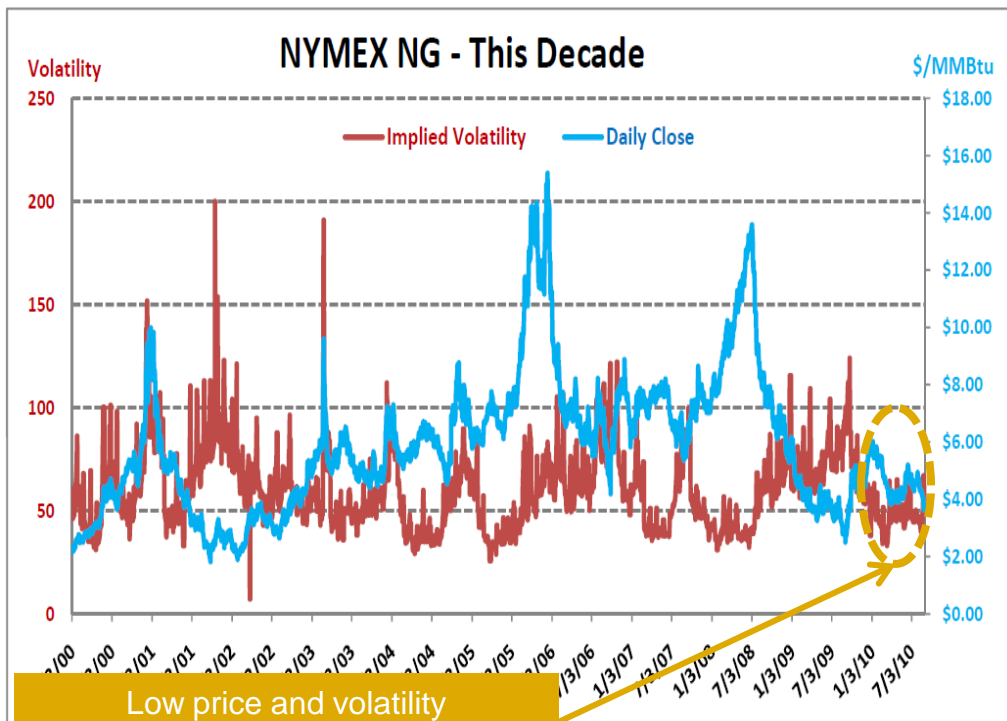


■ PPA   ■ Merchant

... maintaining selling production strategy in all markets:  
> 90% of new additions covered with PPA or “feed in tariffs”



## Gas business has suffered from the decrease in the spreads...



Low price and volatility at the same time

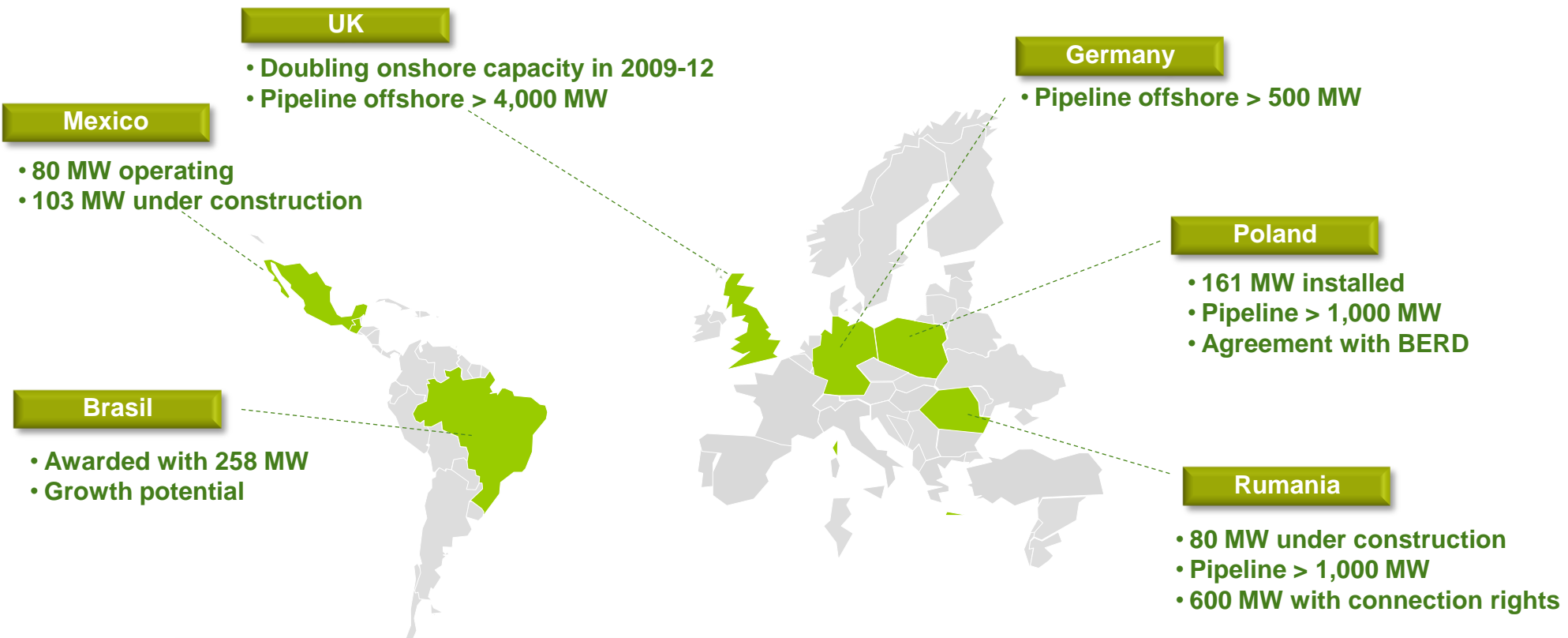
Despite this market situation, gas business will contribute with Eur 40 to 70MM of Ebitda in 2010

<i>Eur MM</i>	EBITDA 2010e	EBITDA 2009
Gas Storage	~ 50	~ 60
Gas Trading*	~0	~ 51

\* Includes Markt to Market effect



## Iberdrola Renewables has growth alternatives in new markets...



... where there are strong Renewable Energy Action Plans



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**Consolidated EBITDA (Ren + Gas) increases by 19.4%  
up to Eur 972.0 MM...**

<i>Eur MM</i>	9M'10	9M'09	Δ Eur MM	Δ %
Revenues	1,597.8	1,357.7	+240.1	+17.7%
Gross margin	1,411.6	1,190.1	+221.5	+18.6%
NOE + Taxes	-439.6	-376.4	-63.2	+16.8%
<b>EBITDA</b>	<b>972.0</b>	<b>813.7</b>	<b>+158.3</b>	<b>+19.4%</b>
Amortizations	-568.1	-452.3	-115.8	+25.6%
Financial Results	-164.9	-128.2	-36.7	+28.5%
EBT	245.9	235.5	+10.4	+4.4%
Corporate tax	-59.6	-64.9	+5.3	-8.2%
Minorities	-6.9	-3.0	-3.9	+130.4%
Net Income	179.4	167.6	+11.8	+7.1%
<b>FFO</b>	<b>740.6</b>	<b>617.5</b>	<b>+123.1</b>	<b>+20.0%</b>



## Renewable EBITDA grows by 25.3%...

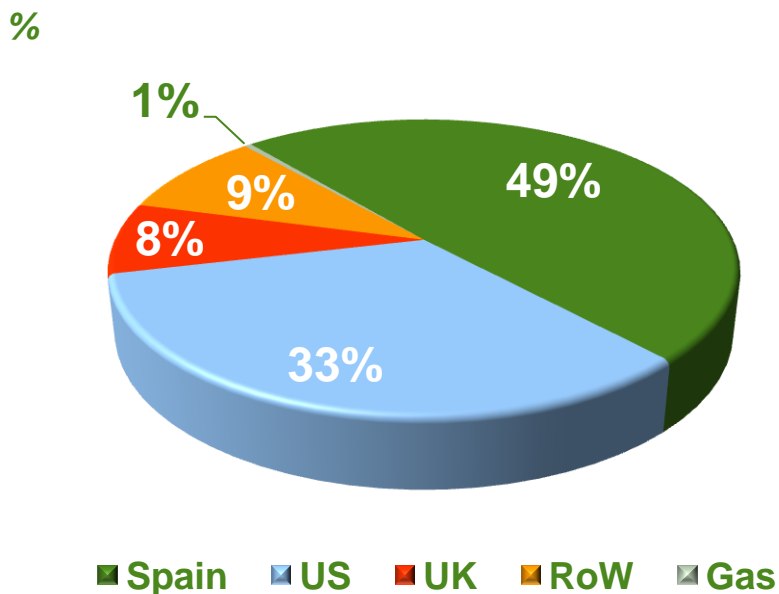
	<i>EBITDA</i>		<i>Net Income</i>	
	<b>Eur MM</b>	<b>%</b>	<b>Eur MM</b>	<b>%</b>
<b>Renewable business*</b>	1,005	25.3	217	25.2
<b>IBR Consolidated</b>	972	19.4	179	7.1

...and Net Income increases by 25.2%

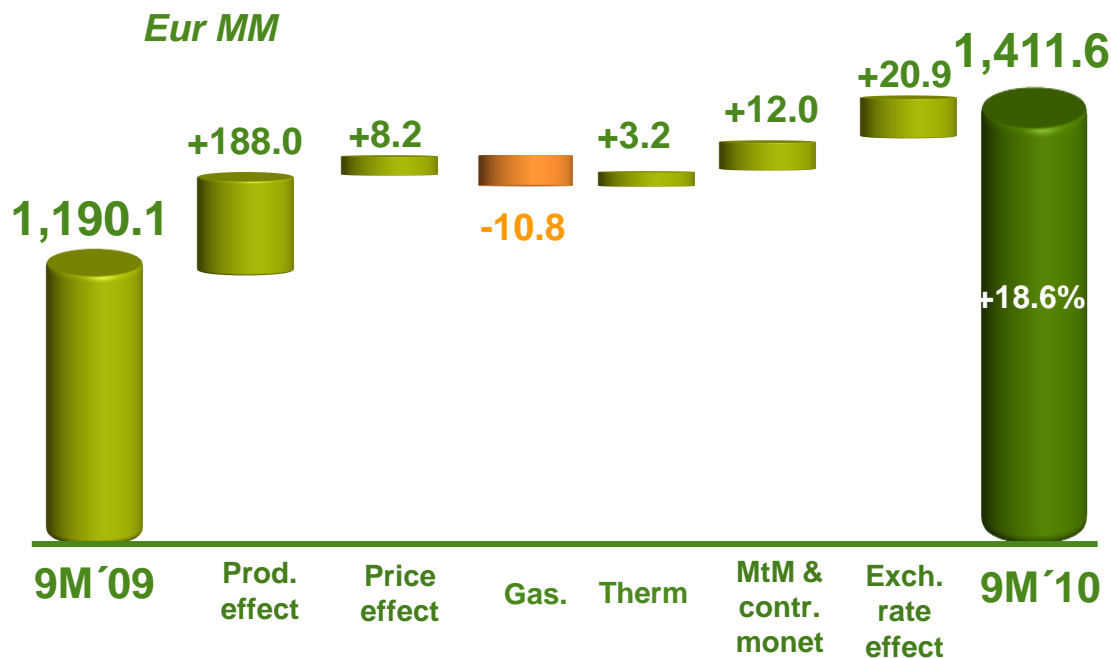


## Gross Margin amounts to Eur 1,411.6 MM...

### Gross margin breakdown by business



### Gross margin effects

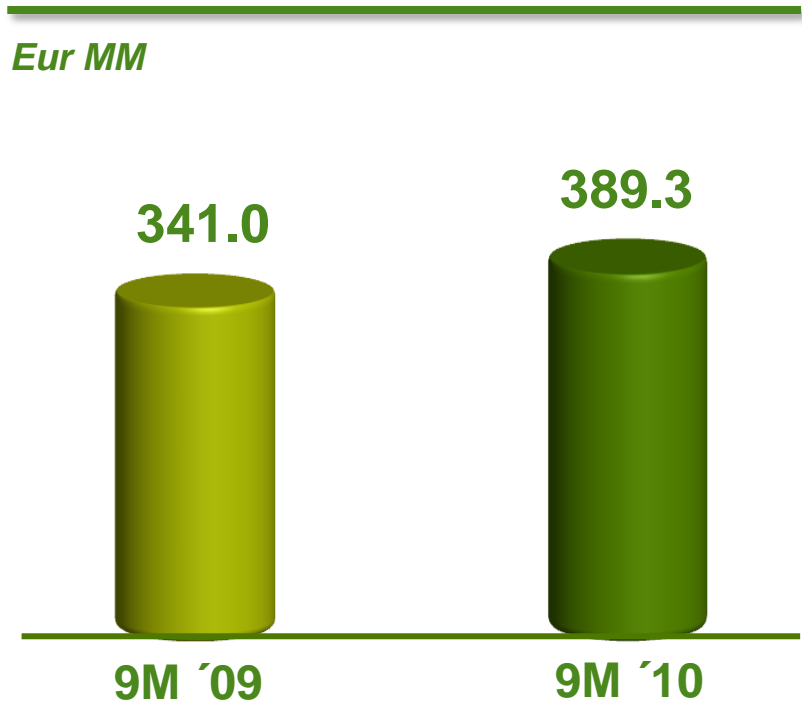


... boosted by the increase in production and the right price policy

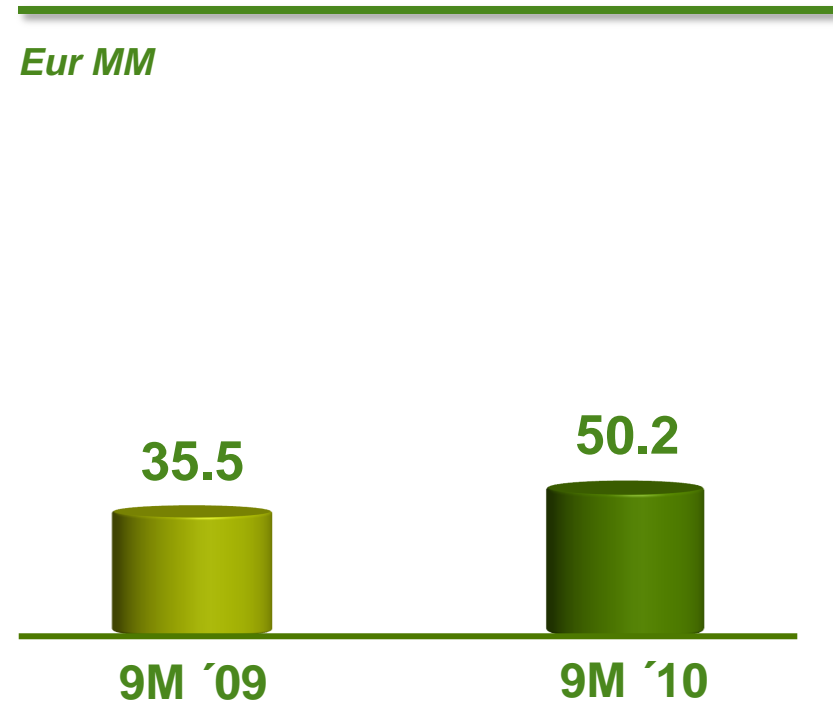


## Control in net operating expenses (+14.1%)...

*Net operating expenses*



*Taxes*

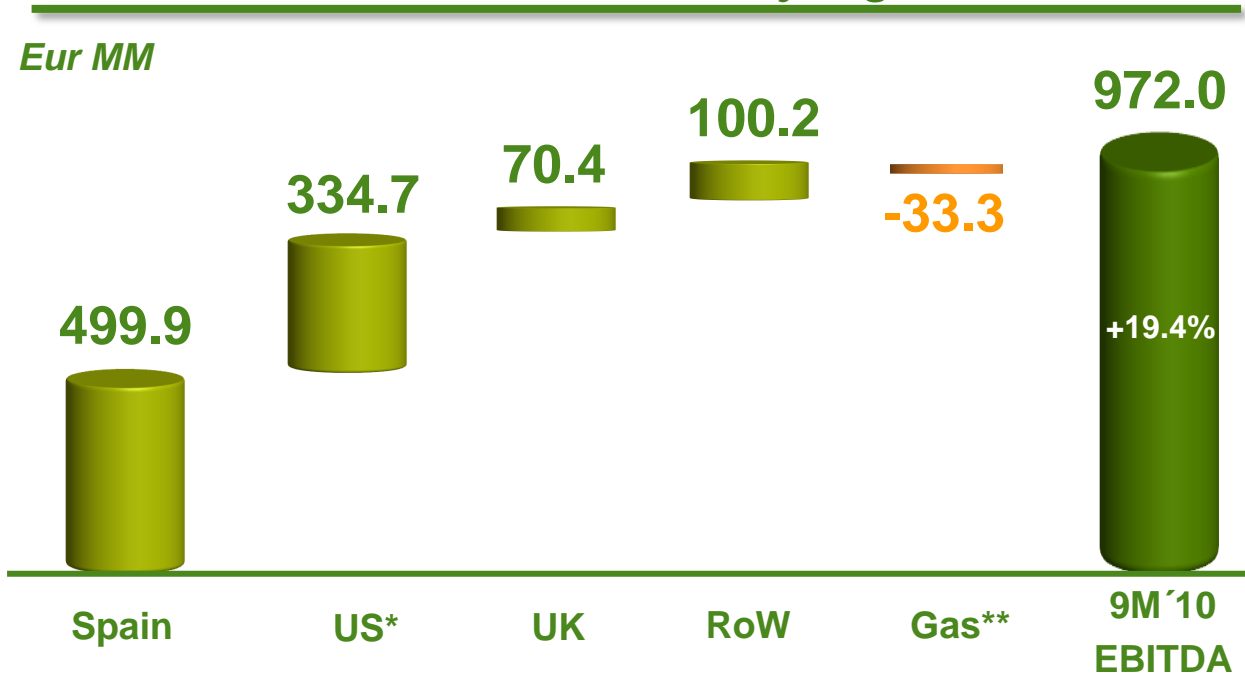


... which increase less than average operating capacity (+18.8%)



## EBITDA reaches Eur 972.0 MM...

*EBITDA breakdown by region*



... based on the higher contribution of the wind business , which has contributed an additional Eur 888.1 MM of EBITDA

\* Includes selling of PPA contracts and Thermal.

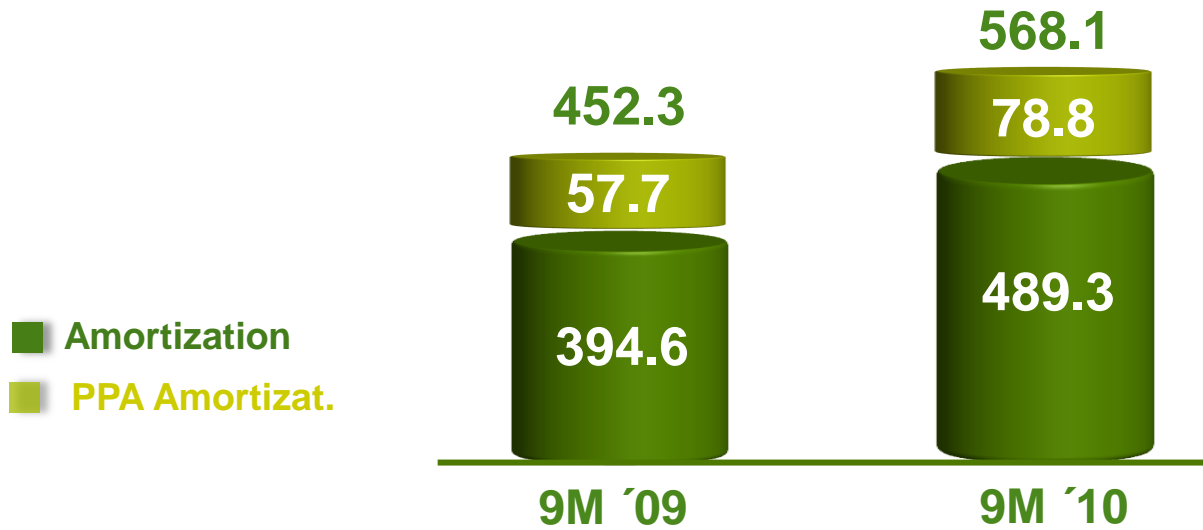
\*\* Includes Eur -22 MM from Mark to Market positions in derivatives.



## Amortization reaches Eur 568MM...

*Amortization breakdown*

*Eur MM*



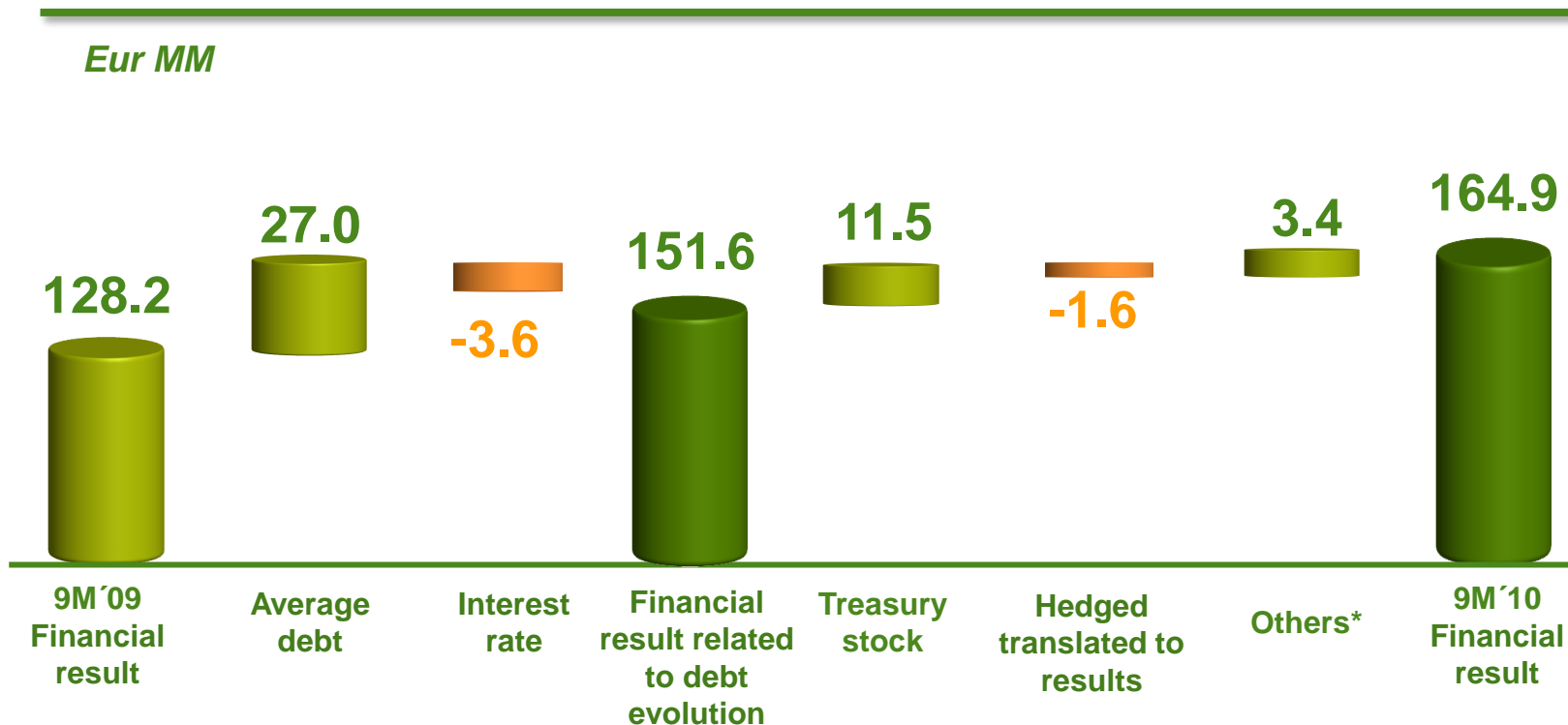
- Amortization
- PPA Amortizat.

... due to the increase in operating capacity



## Financial results increases by Eur 36.7 MM, due to debt management external factors...

*Financial result breakdown*



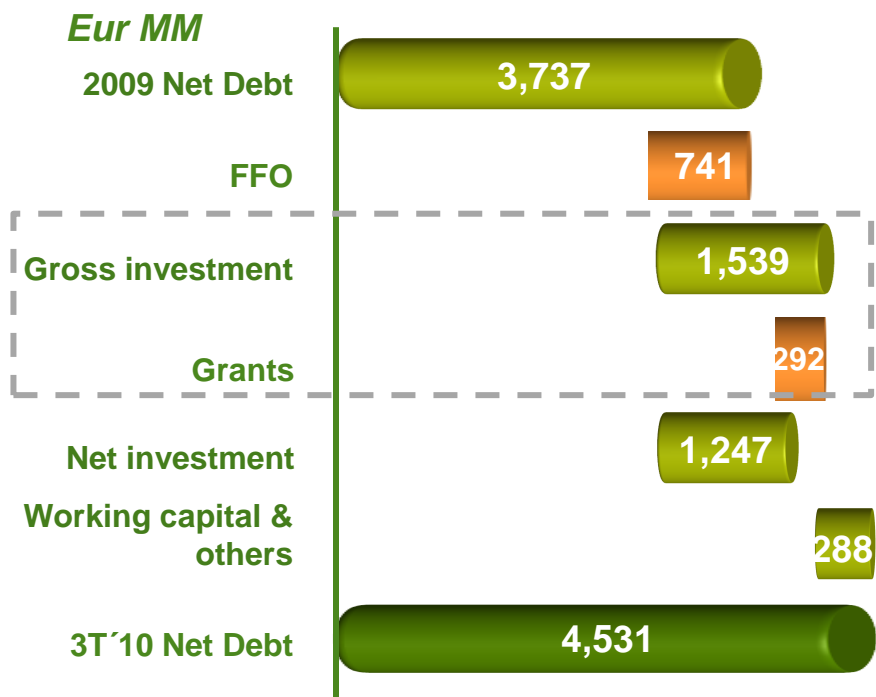
... and cost of debt benefits from interest rate decrease

\*Includes provisions, activated expenses and others.

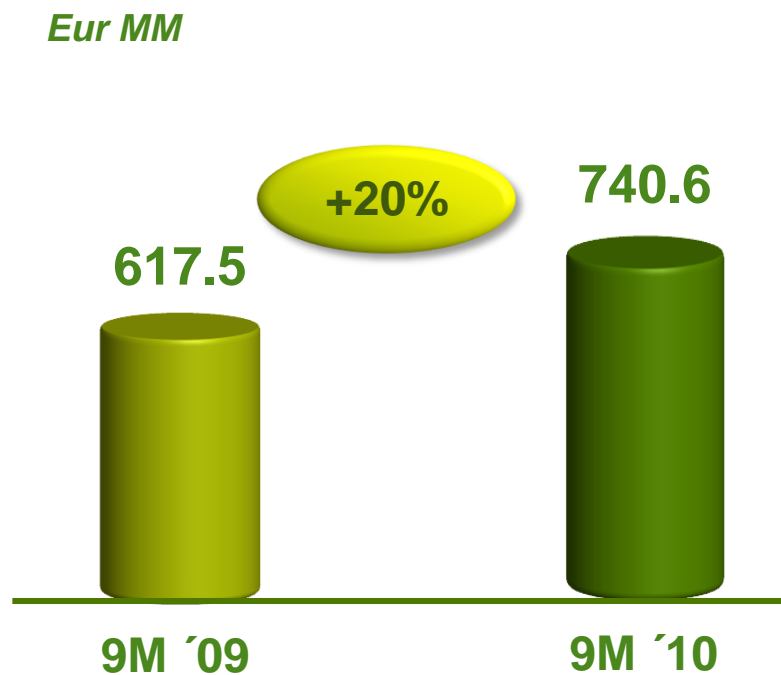


## FFO\* reaches Eur 740.6 MM...

### Net financial debt analysis



### FFO\*



... financing including grants around 67% of the gross investments to date

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



## Net financial debt reaches Eur 4,530.8 MM...

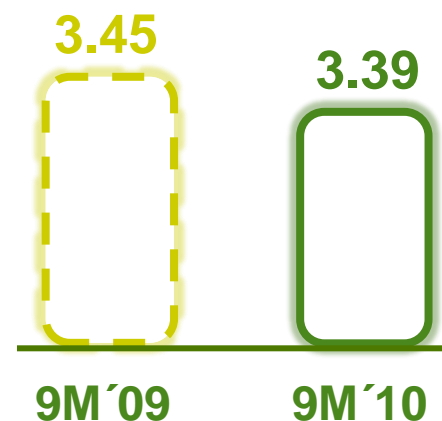
End net financial debt

Eur MM



Net debt average cost

%



■ Financial Debt   ■ TEI Structures

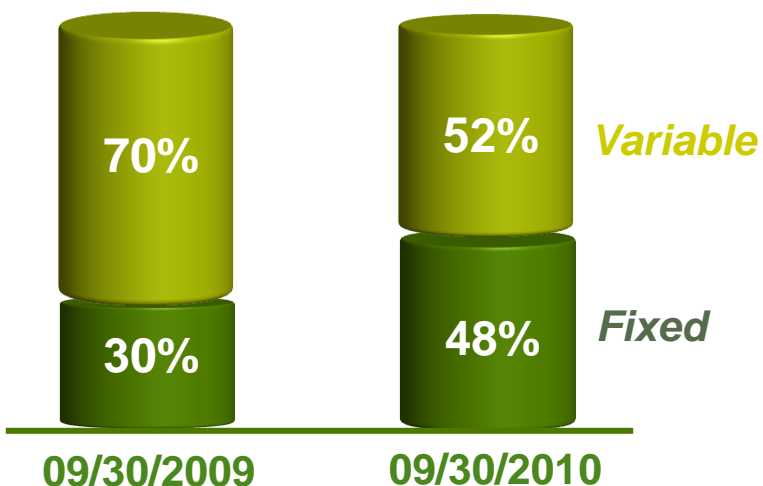
... and cost of debt shows a positive evolution, reducing to 3,39%



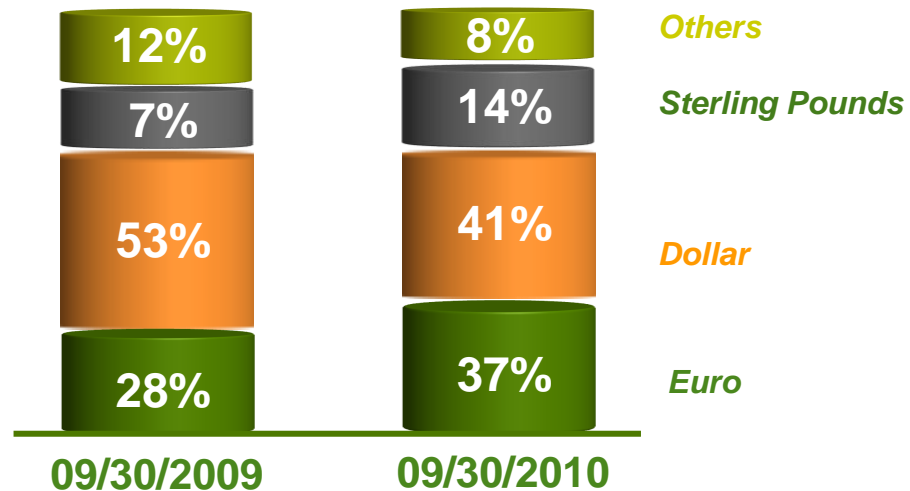
## Financial Strength, total assets of Eur 23,821 MM...

### Gross debt structure

#### Interest type structure



#### Currency structure



... with leverage of 27.9%\*

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



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### **Iberdrola Renovables continues showing growth in size and results**

**Production increases by 20.2% to 18,100 GWh**

**Improving efficiency per MW by 3.8%**

**FFO increases by 20% to Eur 741 MM**

**Renewable EBITDA increases by 25%,  
reaching Eur 1.005 MM**



## Iberdrola Renovables forecast a sustainable double digit growth in capacity and results...

### *Opportunities*

Cost reduction in production and Capex

National targets on emission reductions

National targets on Renewable Energies

Higher efficiency

Minimizing risks

### *Growth areas*

US

Latinamerica

Easten Europe

Offshore in EU

... maximizing profitability and growth



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