



23 February 2010

*The Company recorded solid results in an adverse economic environment, affected by lower prices in Spain*

## **IBERDROLA RENEWABLES RECORDS €371 MILLION NET PROFIT IN 2009**

- The Company expects to increase operating profit by 20% in 2010, with the addition of 1,750 MW of new capacity to reach a total of 12,500 MW

### BUSINESS HIGHLIGHTS

- Ebitda rose 11.8% as a result of higher production and an increasing contribution from international business
- Investment totalled €2.2 billion, half of which was in the United States
- Efficiency gains, a 16.4% reduction in per megawatt operating costs, and financial leverage at just 24.7%, all strengthened the Company's financial foundations
- Operating capacity rose 27% to 10,284 MW and production by 26% (21,490 million kWh), consolidating the Company's global leadership in the sector
- As a result of investments programmed in the U.S. totalling \$1.5 billion in 2010, the Company expects to obtain \$430 million in grants, added to the \$600 million received in 2009
- It has been awarded an offshore zone in the UK together with Vattenfall, with potential capacity of up to 7,200 MW whose initial construction phase begins from 2015. This is addition to another 2,500 MW in onshore projects under development



**IBERDROLA RENOVBABLES, world leader in wind energy<sup>\*</sup>, recorded a net profit of €371.1 million in 2009, a decline of 4.9% over the previous year, affected by a decline in performance at its Spanish business. Despite the adverse economic climate, the Company succeeded in increasing its operating profits as a result of increased capacity and production.**

Gross operating profit (**EBITDA**) rose **11.8%** to €1,325.3 million, driven by the international area which contributed an additional €216 million in Ebitda compared to the previous year and made up 54% of the total. Gross margin rose 12% to €1,815.5 million. Investments came to €2.2 billion in 2009, of which half was in the United States

Business performance over the year confirmed IBERDROLA RENOVBABLES' world leadership<sup>\*</sup>, both in capacity and also in production. Electricity generation rose 26.4% to 21,490 million kilowatt hours (kWh), while operating capacity rose 27% to 10,284 MW. Installed capacity came to 10,752 MW.

Last year, the Company again **improved efficiency**, achieving a **16.4% drop in costs** per installed megawatt operational. It also reinforced its financial foundations with total assets exceeding €21.5 billion and a gearing of 24.7%, one of the lowest in the sector.

## **Key aspects of 2009**

### **1. UNITED STATES, A PRINCIPLE VECTOR OF GROWTH**

U.S. activities were among the main drivers in the year thanks to the start up of 1,311 MW in operating capacity, with which the Company achieved the highest growth in the sector last year. U.S. Treasury grants approved by the U.S. administration underpin further growth in this market at least until 2012, allowing accelerated reinvestments and helping economic recovery in the country.

As a result of \$1.5 billion in projected investments this year in the United States, IBERDROLA RENOVBABLES anticipates obtaining \$430 million in additional grants, following the \$577 million received in 2009.



Overall, the Company will obtain more than \$1 billion through this mechanism, which will be reinvested in their entirety in the country thereby contributing to economic recovery with purchases from local companies and creating jobs. The grants are a direct aid for 30% of investments carried out in renewable energy facilities that either begin operations or whose construction initiates in 2009 and 2010.

A key aspect to the U.S. business are the Power Purchase Agreements (PPA), which ensure returns from energy projects. IBERDROLA RENOVBABLES had signed agreements covering 81% of operational capacity accumulated to the end of 2009 and has already covered 90% of that under construction for 2010 (400 MW), with improved prices compared to previous years.

The Company increased its **installed capacity in the United States last year to 3,591 MW**, in 23 states, and has another 446 MW currently under construction.

## **2. United Kingdom: offshore advances**

IBERDROLA RENOVBABLES, together with its partner Vattenfall, has been awarded the development rights for what is potentially one of the largest offshore wind farms in the world, with a capacity of up to 7,200 MW in the North Sea. The zone, named the East Anglia Array, is one of nine to have been awarded by the Crown Estate in a third round of offshore wind energy licensing.

The future wind farm will potentially have the capacity to supply electricity to nearly 5 million households and could obtain its first permits from 2012 with construction phase initiating in 2015.

Through its **ScottishPower Renewables** subsidiary, **the Company is already the leading developer and generator of onshore wind** in the country with capacity of 802 MW (a rise of 20% over 2008), and operates the largest wind farm in Europe, at Whitelee in Scotland.

This project is additional to others under development in Europe (Germany, Spain and the UK) totalling another 2,500 MW.



### 3. Spain: affected by external factors

In Spain, IBERDROLA RENOVBABLES was affected by external factors, with a 16% decline in market prices. Nonetheless, there has been a certain stabilization through an energy purchase agreement signed last June with IBERDROLA.

Installed capacity stood at 5,276 MW, of which 4,882 MW were wind and 342 MW were from mini-hydro plants, another 50 MW were solar thermal, and 2 MW were biomass (forest waste). By regions, Castilla-La Mancha had the largest installed capacity (1,981 MW), followed by Castilla y León (1,167 MW); Galicia (627 MW) and Andalusia (547 MW).

### 2010 prospects

IBERDROLA RENOVBABLES expects to maintain its investment rhythm and **increase operating profits by 20%** in 2010, thanks to the addition of **1,750 MW of new capacity this year, for a total of 12,500 MW**. The Company currently has 937 MW under construction around the world.

This growth will be achievable thanks to the Company's project pipeline, the largest in the world at 58,400 MW\*\* at the close of the year (not including the 7,200 MW offshore zone in the UK together with Vattenfall), having risen by more than 3,300 MW in the last 12 months.

The pipeline is well diversified (43% in the United States, 24% in Spain, 9% in the UK and 24% in the rest of the world), as is installed capacity, allowing IBERDROLA RENOVBABLES to take advantage of the favourable regulatory environment in its strategic markets. At the same time, more than **90% of projected production for 2010 enjoys guaranteed prices** as a result of energy sales agreements signed with various companies.

IBERDROLA RENOVBABLES, among the 10 largest companies in the Ibex 35 index by market capitalization, has a presence in 23 countries and is the world's largest investor in the sector.

\* Source: Bloomberg New Energy Finance

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



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