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The company posted improved results thanks to effective management and the geographical diversification of its business

IBERDROLA RENEWABLES POSTS €156 MILLION FIRST-QUARTER PROFIT, UP 37%

- **Increased production and capacity – fruit of investments carried out – as well as improved prices, efficiency and currency factors, drove higher Ebitda and net profit**

BUSINESS PERFORMANCE

- **EBITDA rose 30% year-on-year as a result of a stronger contribution from wind operations**
- **Operating capacity grew 22% to 10,789 MW and output rose 26% to 6,812 kWh, confirming the company's global leadership**
- **Efficiency improved on the back of a 6% reduction in operating cost per megawatt and the company's financial position was strengthened, with gearing of just 27.9%**
- **93% of the company's estimated output in 2010 has already been sold**
- **The company expanded its operations in the US, where it operates in 23 states and plans to install 1,000 MW per year in 2011 and 2012 in states with the best growth potential**
- **The project pipeline increased by 2,700 MW to 61,100 MW with the inclusion of the company's new offshore wind power projects in the UK**



IBERDROLA RENOVBABLES, the global leader in wind power* , posted net profit of €156 million for the first quarter of 2010, up 37.3% on the same period last year. The growth was underpinned by the geographical diversification of the company, which mitigated the uneven performance of its businesses worldwide, by increased production and capacity – fruit of investments – and by improved price levels, efficiency and exchange rate factors.

The company benefited from an increased contribution from the wind power business and increased output in Spain, with prices rising in all its markets. EBITDA advanced 30.4% to €441 million, driven by an improved performance in the wind business, which contributed €80 million more than in the same period last year. Gross margin was up 27.6% at €574.4 million, with the international business accounting for half of this amount.

First quarter operations have **entrenched IBERDROLA RENOVBABLES' position as world leader* in both installed capacity and output.** Specifically, electricity generation grew by 26.2% to €6,812 million kilowatt hours (kWh), underpinned by increases in Spain (35.8%), the US (+20.7%) and the rest of the world (+41.5%). Wind energy, the most mature and competitive renewable technology, remained the bedrock of the company's business throughout the first quarter, accounting for 97% of output.

Operating capacity totalled 10,789 megawatts (+22.1%, +1,951 MW) and installed capacity stood at 11,294 MW (+17.4%). Over 50% of total capacity is now situated outside Spain as a result of the company's strategy of diversifying its generation assets in the most promising markets.

Efficiency continued to improve, with a 6% reduction in operating costs per megawatt of capacity. Moreover, IBERDROLA RENOVBABLES has strengthened its financial position, with total assets of close to €23 billion and gearing of 27.9%, one of the industry's lowest ratios.

Highlights of the first quarter of 2010

1. The United States: the main growth driver

The United States operation was one of the company's main engines of growth throughout the year. The commissioning of around 1,000 MW of new operating capacity made IBERDROLA RENOVBABLES the fastest-growing player in the US market in the last 12 months.



In the first quarter, the company increased **its installed capacity in the United States to 3,827 MW** across **23 states**; a further 300 MW are under construction. Electricity output rose by 20.7% to 2,089 million kWh, almost one third of the total of IBERDROLA RENOVBABLES.

One of the key strategies in the US market is to buttress the profitability of renewable energy facilities by entering into Power Purchase Agreements (PPAs). The company has signed deals covering most of its wind farms currently under construction at average prices superior to prior years.

The stimulus grants approved by the US government for renewable energy guarantee the company's growth in this market until at least 2012 and allow the reinvestment process to be stepped up. This entails an increase in activity in the country.

IBERDROLA RENOVBABLES maintains plans to install **1,000 MW per year in the US in 2011 and 2012**, requiring an agile management of its project pipeline. The aim is to bolster its presence in the Western and north-eastern states, which offer the most attractive potential due to the positive outlook for prices and demand.

2. The UK: major offshore projects

IBERDROLA RENOVBABLES has taken the necessary steps to head the future development of marine energy technologies in Europe, regarded as the second renewables revolution. At the start of 2010 the company created an Offshore Business Division in Scotland to channel the development of the large **volume of marine wind energy projects awarded to the company**. These amount to around **10,000 MW** worldwide and include the rights (in partnership with Vattenfall) to build one of the world's largest offshore wind farms in the UK – 7,200 MW – capable of supplying five million households.

The company also has an additional 2,300 MW under development in the UK including the 500 MW West of Duddon Sands wind farm (developed in partnership with Dong), construction of which will start in 2012. The UK government's objective is installed capacity of between 20,000 and 30,000 MW for this technology by 2020; the company estimates that it will secure a 15% share of this capacity.



Through its subsidiary, **ScottishPower Renewables**, the company is now the leading developer and generator of onshore wind energy in the country, with 802 MW (+14% compared with the first quarter of 2009), and operates the largest wind farm in Europe, Whitelee in Scotland.

The offshore projects in the UK are in addition to others under development in several areas of Europe (Northern Europe and Spain), representing an additional 2,500 MW.

3. Spain: a record rise in output

In Spain, the performance of IBERDROLA RENOVBABLES was boosted by the higher wind resources in the quarter, **enabling the company to achieve a record output of 3,528 million kWh (+35.8%)**. This milestone was achieved despite inclement weather conditions, underlining the efficiency of the company's wind farms. Prices stabilised in the first quarter thanks to the sales and purchase agreement signed with the IBERDROLA group in June 2009.

The company ended 2009 with 5,172 MW of wind capacity, a 555 MW increase in the year. It also has 342 MW of small-scale hydroelectric capacity, 50 MW at the solar thermal electric plant in Puertollano (Ciudad Real), and 2 MW at its first forestry biomass power plant in Corduente (Guadalajara). By region, Castile-La Mancha boasts the largest installed capacity with 1,981 MW, followed by Castile-León (1,213 MW), Andalusia (791MW); Galicia (627 MW); Aragón (278 MW), and La Rioja (248 MW).

Growth forecasts

The significant visibility across key elements of IBERDROLA RENOVBABLES' business in 2010 has enabled the company to maintain its forecast earnings growth of around 20%, thanks to the installation of **1,750 MW of additional capacity this year, bringing total capacity to 12,500 MW**. The company currently has 913 MW under construction worldwide, guaranteeing fulfilment of its objectives.

This growth is made possible by the company's project pipeline, **the largest in the world, which increased by 2,700 MW** in the first quarter to a total of 61,100 MW**, boosted by the inclusion of offshore wind farm projects in the UK.



IBERDROLA RENOVBABLES' widely diversified pipeline (41% of projects are in the US, 24% in Spain, 12% in the UK and 23% in the Rest of the World) and its assets in operation allow the company to benefit from the favourable regulatory treatment of renewable energy in its strategic markets, which will account for the lion's share of the company's future investment. Over **93% of the company's estimated output in 2010 is already sold.**

IBERDROLA RENOVBABLES **plans to invest €9 billion over the 2010-2012 period to boost its international expansion and** bolster its position as the global leader in wind power. Most investment will be carried out in the countries with the most stable and predictable regulatory frameworks, especially the US (€4.9 billion) and the UK (€1.9 billion).

The Board of IBERDROLA RENOVBABLES has appointed Javier Sánchez-Ramade Moreno as new Deputy Chairman and named Gustavo Buesa Ibañez and Juan Manual González Serna as new independent external directors. The appointments are subject to ratification by the upcoming General Shareholders Meeting called for June 9 in Valencia at the Teatre Martin i Soler at the Palau de les Arts Reina Sofia. Among the agenda items is a proposal for a dividend of 2.5 euro cents per share against 2009 results, payable on July 15.

IBERDROLA RENOVBABLES, which is among the top 10 companies in the Ibx 35 by market capitalisation, operates in over 20 countries and is the leading investor in the global renewable energy industry.

* Source: Bloomberg New Energy Finance

** Includes 10,000 MW of the first estimated project contribution of Gamesa Energía by virtue of the strategic agreement signed between Iberdrola Renovables and Gamesa Energía.



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