

CAPITAL MARKETS & ESG DAY

9 November 2022



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Financial Management

José Sainz Armada

Chief Financial Officer



NEW MACRO SCENARIO DRIVING HYPOTHESIS FOR THE PLAN

Inflation

Inflation peaking in 2022 / 2023 with a gradual convergence to Central Bank's targets in 2024 onwards

Interest Rates

- **Short-term rates continue to increase in 2023** to later move down towards neutral levels to support growth recovery
- **Long-term rates below short-term in 2023 due to recession risk**
- **Brazil in a more advance stage of the economic cycle versus developed economies, expected to cut rates in 2023**

Commodities

Rise in gas and energy prices driven by Ukrainian crisis. Energy markets affected by high volatility, and regulatory intervention

Economic Growth

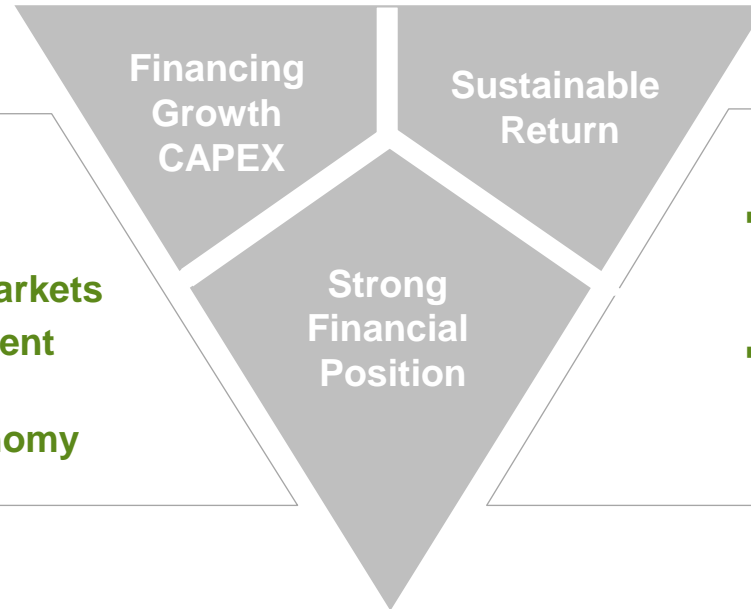
Slowdown in 2023 affected by **geopolitical uncertainty** and **high inflation** with a **recovery** to potential growth from 2025 onwards

FX

- **USD remains strong acting as a haven asset**
- **GBP** affected by **political instability and low growth**
- **BRL supported** by good macro data

ANNEX CONTAINS THE MACRO HYPOTHESIS ON WHICH THIS PLAN IS BASED

REAFFIRMING IBERDROLA FINANCIAL STRATEGY, ESG + F AS THE FOUNDATION



- **High level of liquidity** with highly diversified sources of funds
- Access to traditional EUR and other markets
- **Maximizing multilateral and development banks financing**
- **~90%** investment aligned with EU taxonomy

- **High single digit growth in EBITDA and Net Profit**
- **Dividend growing in line with results** (Pay-out between 65% and 75% of EPS)

- **Maintaining financial strength**
- **Credit ratios to comfortably support a BBB+/ Baa1 rating**
- **Flexibility to further reinforce the balance sheet through partnerships and asset rotation**

A COMPLEX AND UNCERTAIN SCENARIO DRIVES A MORE PRUDENT APPROACH TO PRESERVE THE BALANCE SHEET WHILE DELIVERING SUSTAINABLE LONG-TERM GROWTH

... to CMD – Nov. 2022

From
CMD – Nov. 2020...

Business Contribution

More Networks & Renewables replacing Supply Business contribution:
EUR 200 M Net Profit contribution

Wholesale prices

Spain: affected by cap in 23-24 and in 25 assumes similar levels (~70
€/MWh)

FX

+14.9% USD, +1.3% GBP, +15.6% BRL appreciation vs. EUR

Interest Rates*

+200 bp US Treasury, +210 bp EUR Mid Swap rates increase, >250 bp
GBP & +470 bp BRL CDI. Average cost of debt vs 2020 +1.53%

CAPEX

Similar amount, more focus on Networks and selective in Renewables

Financial Model

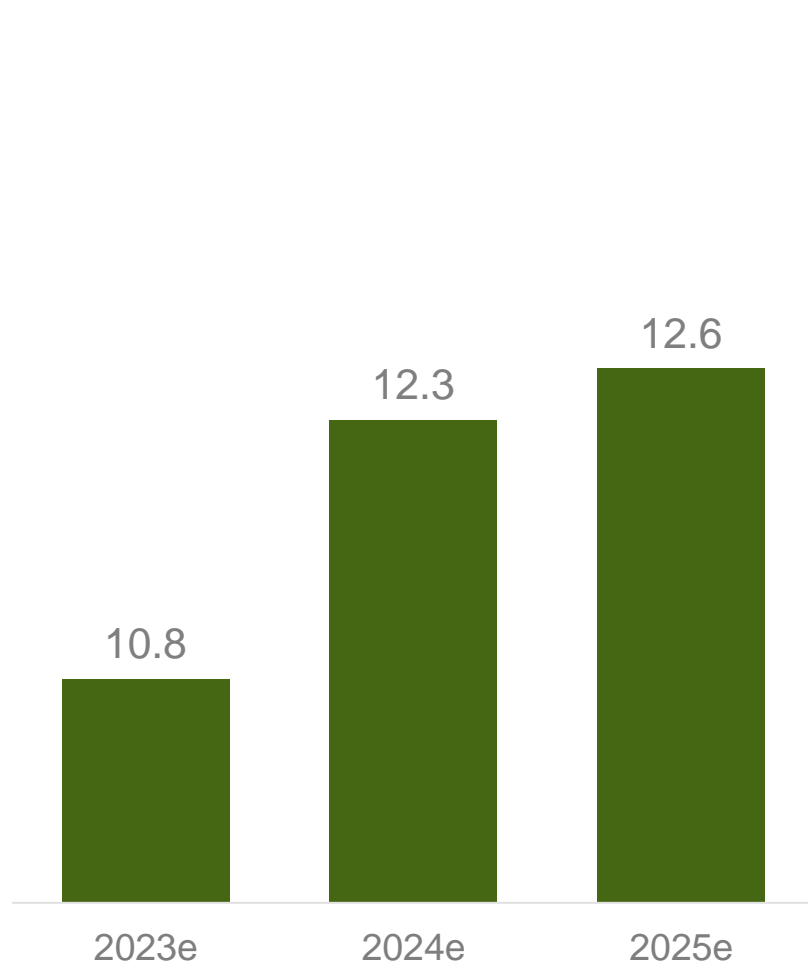
Asset rotation & Partnerships: capital recycling sharing financial risk
Reducing hybrids target from EUR 10 Bn to current EUR 8.25 Bn

(*) 75% fixed debt at Y/E 2022e

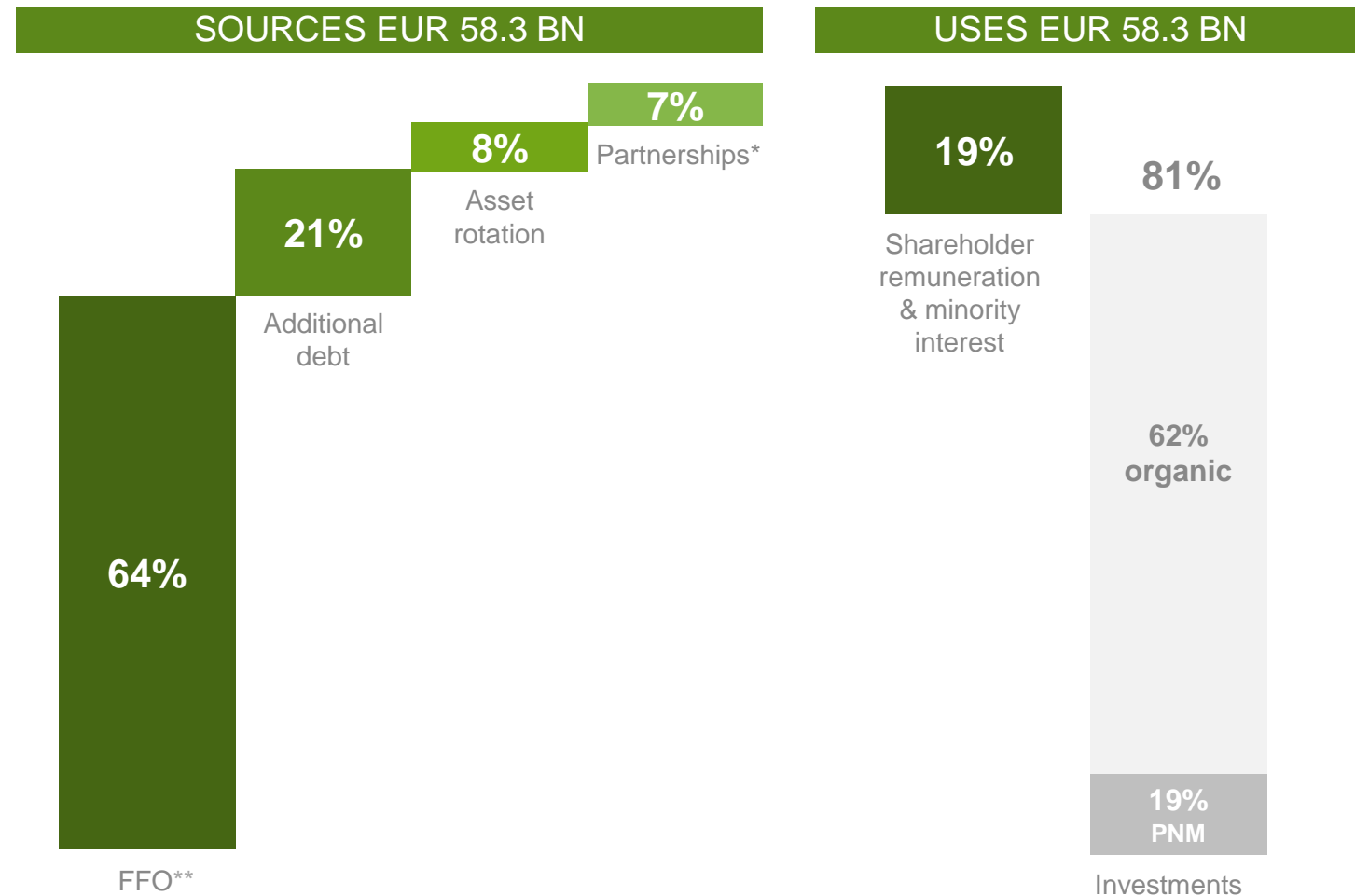
ANNEX CONTAINS A MORE DETAILED COMPARISON TO CMD 2020

FUNDING PLAN NEEDS LIMITING ADDITIONAL DEBT TO 21% OF TOTAL SOURCES THANKS TO FFO GROWTH, COVERING 64% OF NEEDS

FFO 2023-2025E EVOLUTION (EUR BN)



SOURCES & USES OF FUNDS 2023-2025E



(*) Non controlling partners with minority interest. Includes TEI EUR 1.4 Bn

(**) Included EUR 1.6 Bn cash management

INTEGRATED MODEL WITH AN INVESTMENT CRITERIA...

EXPECTED AVERAGE RETURN

KEY DRIVERS

- Geography
- Regulated schemes
- Technology
- Route to Market

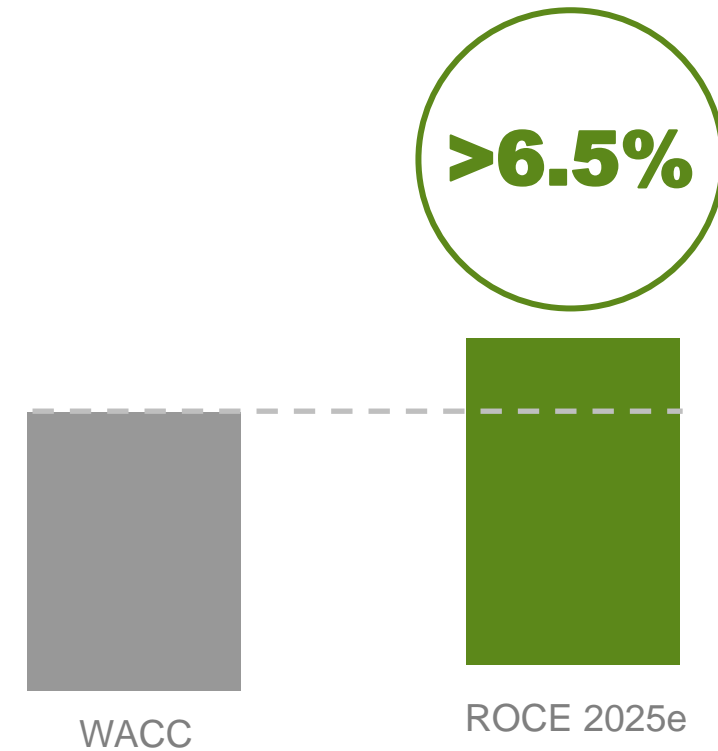
SPREAD TO WACC



average
>150 bps



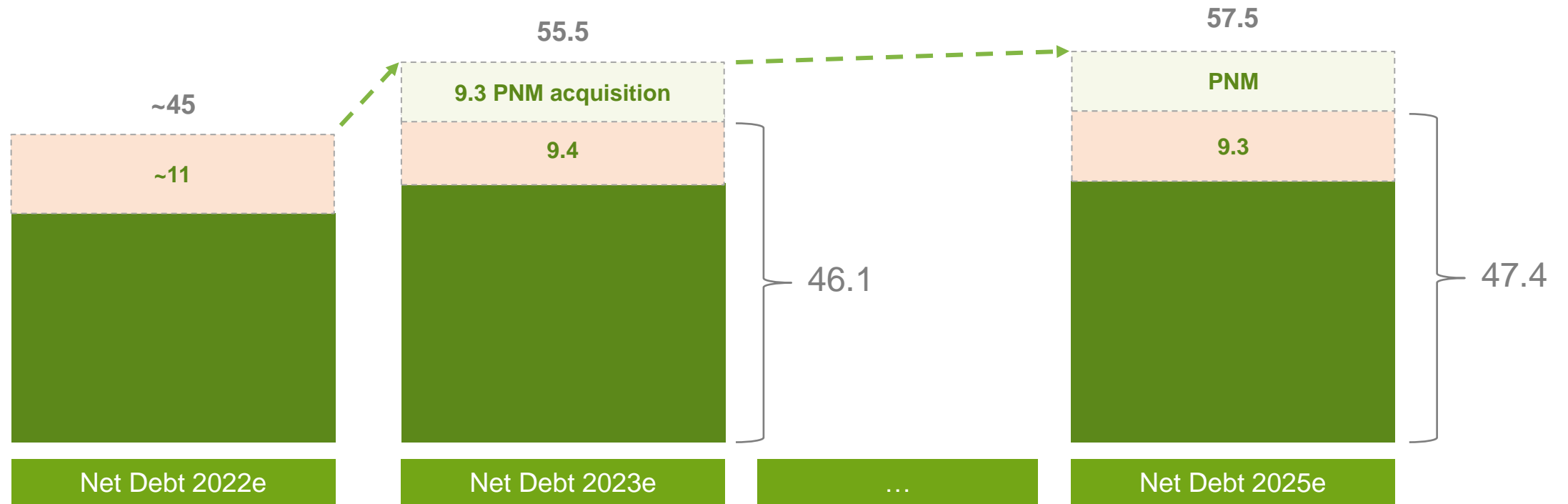
2025E WACC & ROCE



... CREATING VALUE FOR OUR SHAREHOLDERS WITH 2025 ROCE ABOVE WACC AND SIMILAR TO PREVIOUS PLAN

LOW DEBT INCREASE FROM 2023 ONWARDS AFTER PNM ACQUISITION DRIVEN BY A MODERATE CAPEX INCREASE AND CASH GENERATION

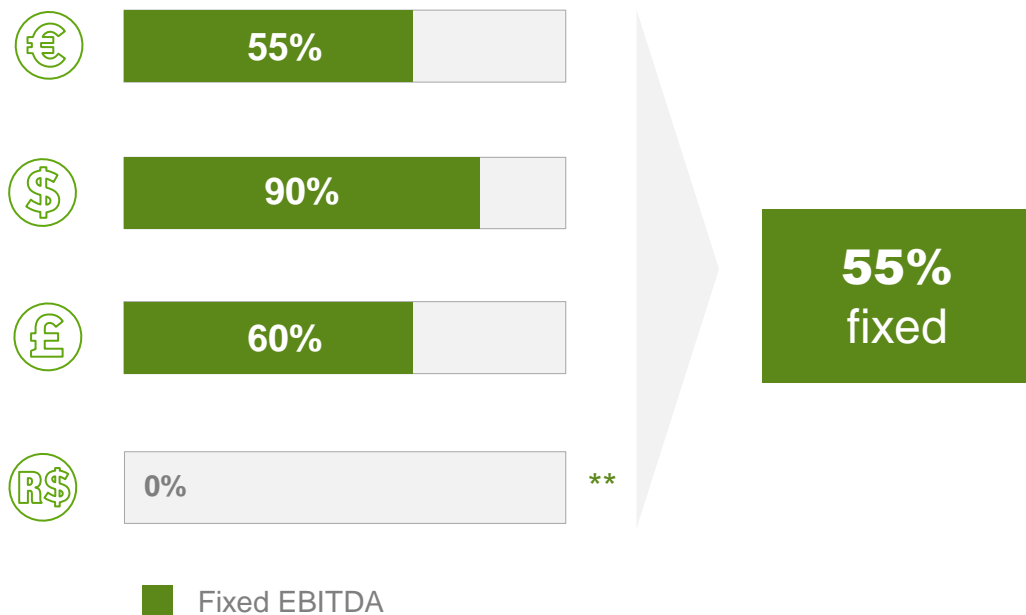
NET DEBT 2022 – 2025E (EUR BN)



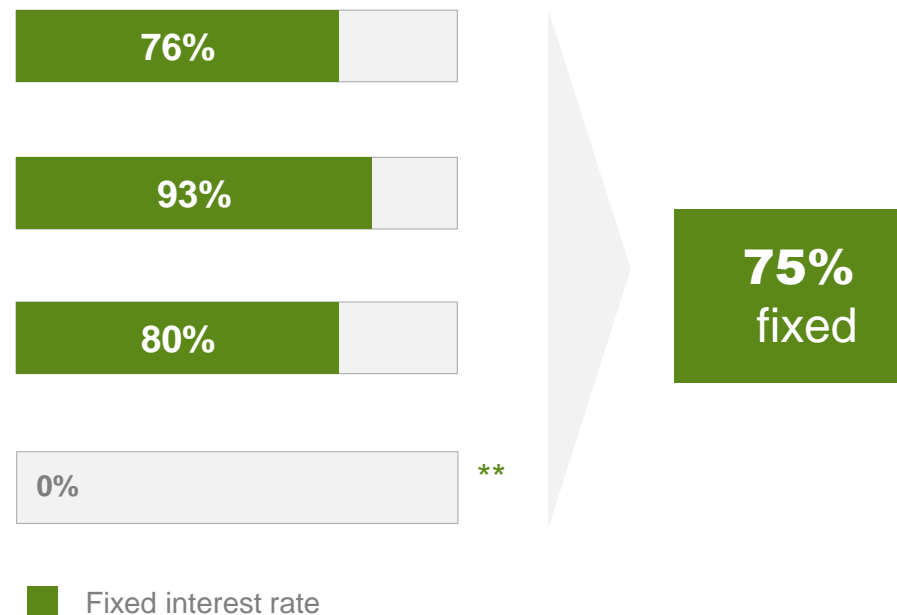
 Assets under construction

PRUDENT FINANCIAL STRUCTURE WITH 75% AVERAGE OF GROUP'S 2023-2025E DEBT AT FIXED RATE, HIGHER THAN 55% FIXED EBITDA STRUCTURE ...

EBITDA STRUCTURE 2023-2025E



DEBT STRUCTURE* 2023-2025E



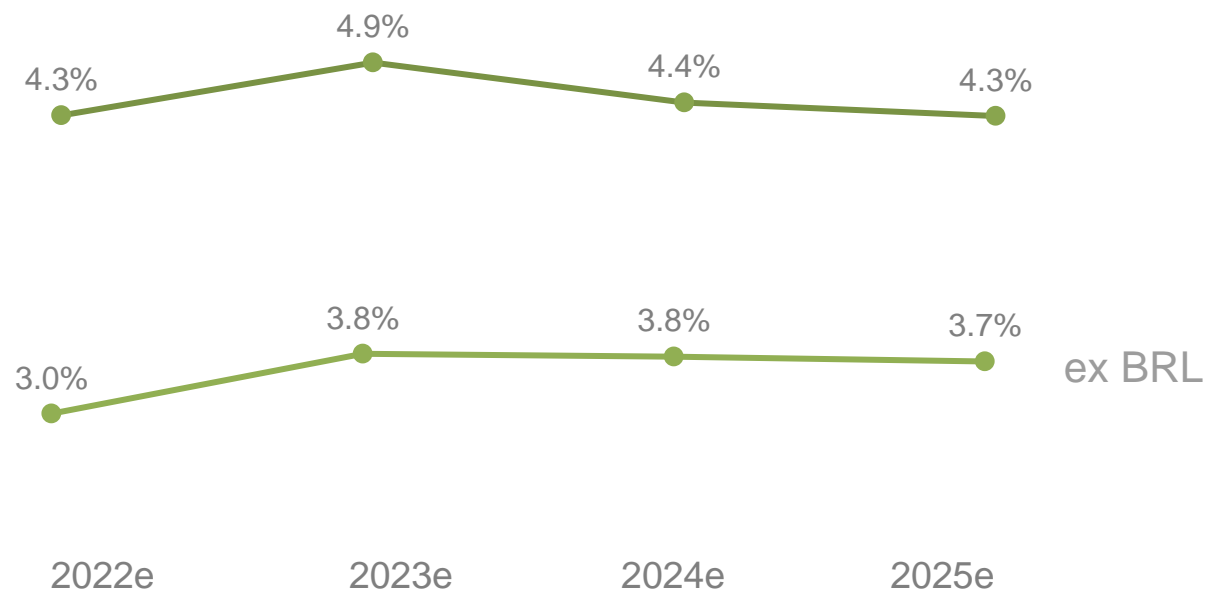
... IBERDROLA FINANCIAL PROFILE WELL POSITIONED IN CURRENT MARKET ENVIRONMENT

COST OF NET DEBT AT 2025 WILL BE AROUND 4.3% (3.7% W/O BRAZIL) SUPPORTED BY OUR FIXED DEBT LEVELS

GROSS DEBT FINANCIAL COST BY CURRENCIES (%)

| | 2022e | 2025e |
|-----|-------|-------|
| € | 1.6% | 2.2% |
| £ | 3.0% | 3.6% |
| \$ | 3.9% | 4.4% |
| R\$ | 11.6% | 8.5% |

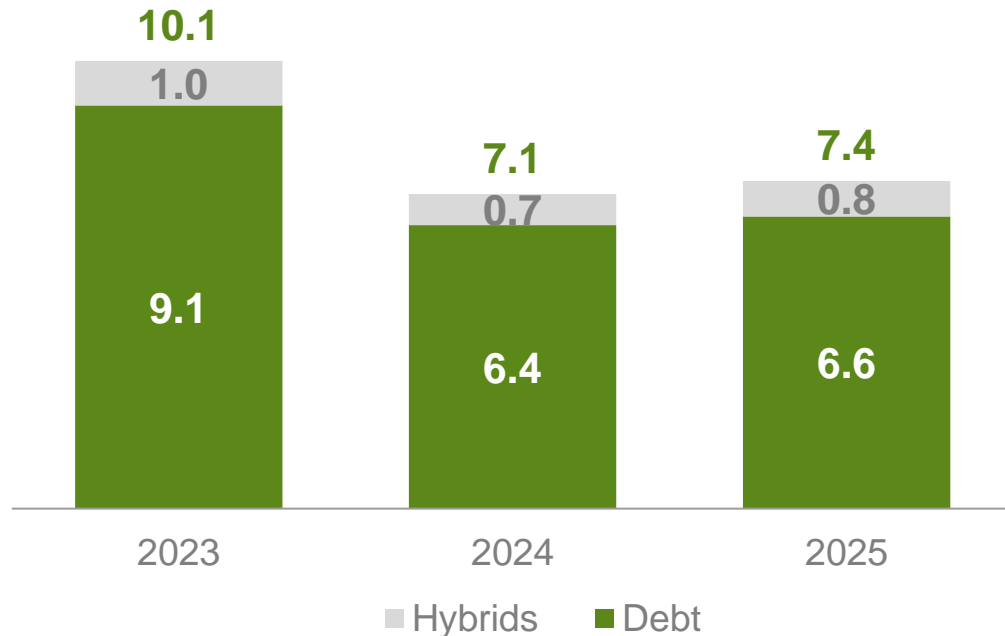
NET FINANCIAL COST (%)



COST OF NET DEBT PEAKING IN 2023 AFTER INCREASING % FINANCING IN USD AND GBP

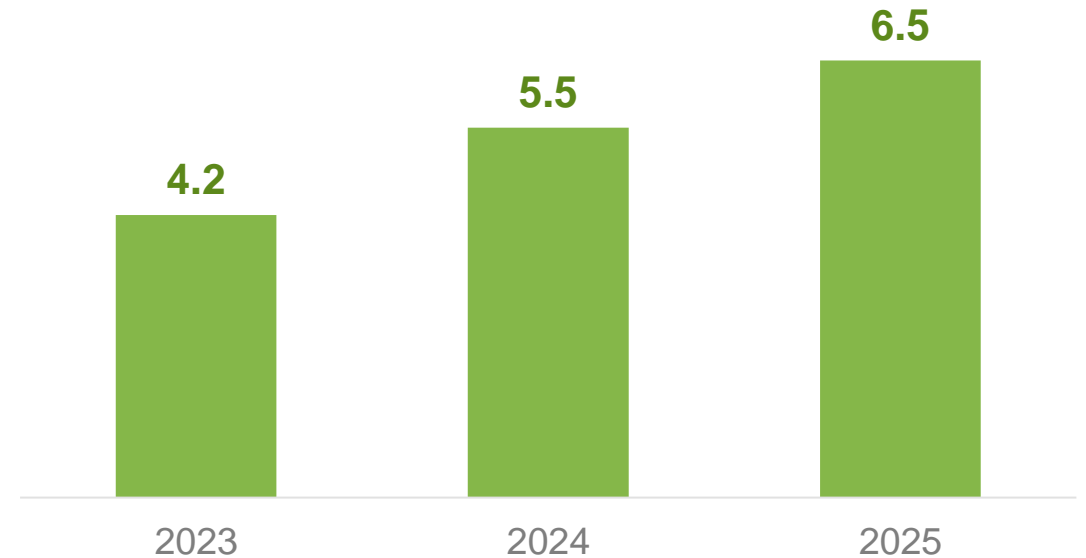
ADEQUATE PROFILE OF FINANCIAL NEEDS OVER THE PERIOD WITH A PEAK IN 2023 DUE TO THE US FUNDING NEEDS

FINANCIAL NEEDS (EUR BN)



2022 financial needs fully covered

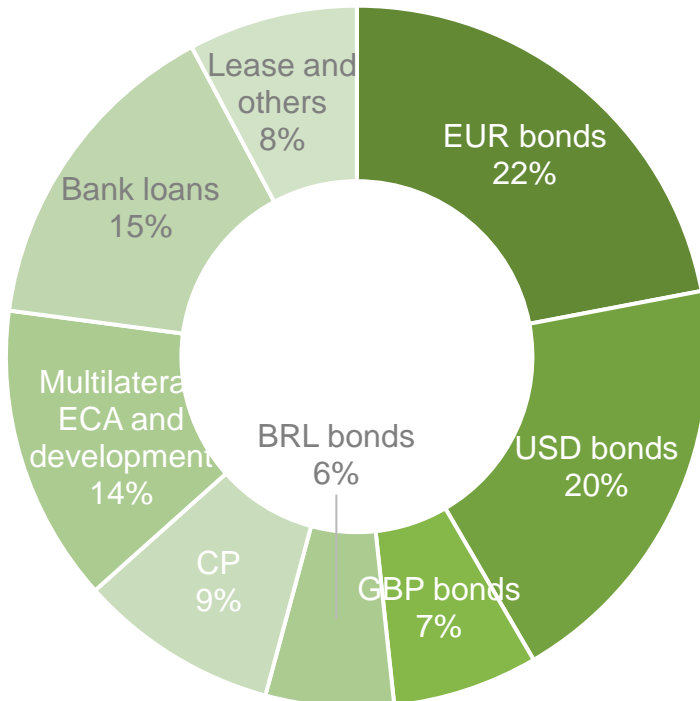
DEBT MATURITIES (EUR BN)



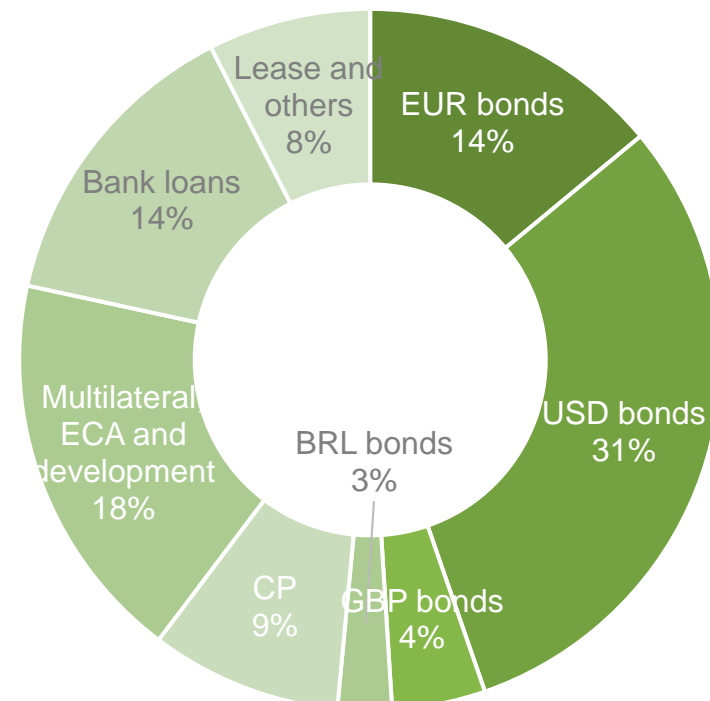
Average debt maturity EUR 5.4 Bn

CURRENT DIVERSIFICATION OF FINANCING SOURCES ALLOWS ACCESS TO DIFFERENT LENDERS AND MARKETS...

CURRENT DEBT STRUCTURE BY MARKET



2025E DEBT STRUCTURE BY MARKET



... MULTILATERAL, ECAs & DEVELOPMENT BANKS INCREASE FROM EUR 7 BN TO EUR 11 BN IN 2025

... OPTIMIZING OUR FINANCIAL SOURCES WHILE PROTECTING THE RATING AND INCREASING EXPOSURE TO ESG LENDERS

DURING THE PLAN

Bond Market

- EUR Bond market main source of long-term financing for the Corporation
- Iberdrola has access to USD market, biggest market in the world
- Avangrid main financing market is USD Bond
- Access and experience to other non € markets (GBP, CHF, JPY, CAD ...)

Multilateral, ECAs & Development Banks

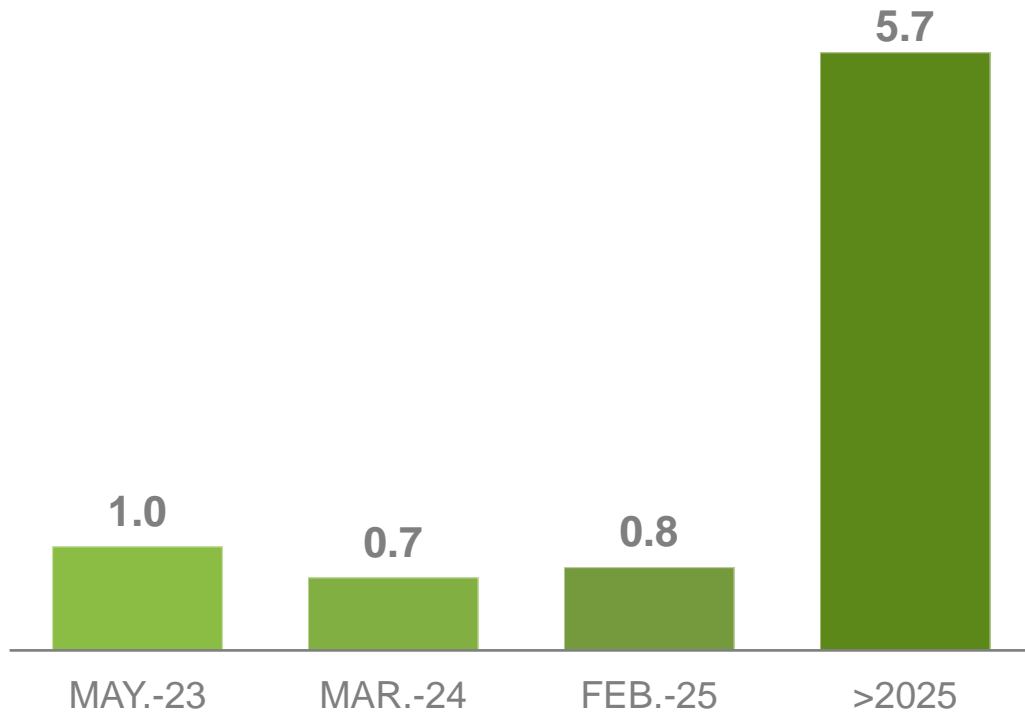
- Long-term financing not subject to capital markets volatility
- Very solid relationship with traditional players (EIB, ICO, BNDES...)
- Expanding relationship with new ones (IFC, EKF, CESCE, Cassa Depositi...)

Bank Market

- Diversified and strong bank pool with main international and local banks. Adding new players in new geographies
- Banks favor green / sustainable funding where Iberdrola is a leader
- Low exposure in outstanding debt allows to increase bank risk in other instruments (credit lines, derivatives,..)

MAINTAINING CURRENT BALANCE OF EUR 8.25 BN THROUGHOUT THE PLAN

HYBRIDS FIRST RESET DATE (EUR BN)



HIGHLIGHTS

Iberdrola is comfortable and committed with its current hybrid portfolio despite current market environment

Iberdrola remains focused on the refinancing of its outstanding stock

Only EUR 2.5 Bn first reset date up to 2025

Hybrids strategy will remain supportive of existing credit ratings

AVERAGE DEBT MATURITY OF 6 - 7 YEARS

AVERAGE LIFE OF DEBT

6-7
years

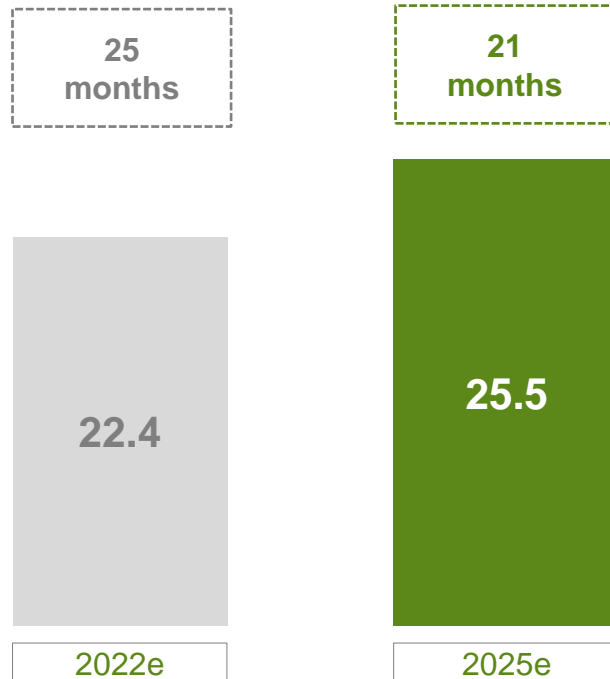
Prioritizing **regulatory cycles** vs. asset useful life

Longer than the **duration of regulatory cycles**

Allowing **adjustment to new interest rate scenarios**

LIQUIDITY MANAGEMENT, COMPLYING WITH RATING AGENCIES REQUIREMENTS

LIQUIDITY 2022-2025E (EUR BN)



Above Rating Agencies requirements level for strong / adequate classification

SOURCES OF LIQUIDITY

Active Cash and equivalent management among the Group, **optimizing cost**

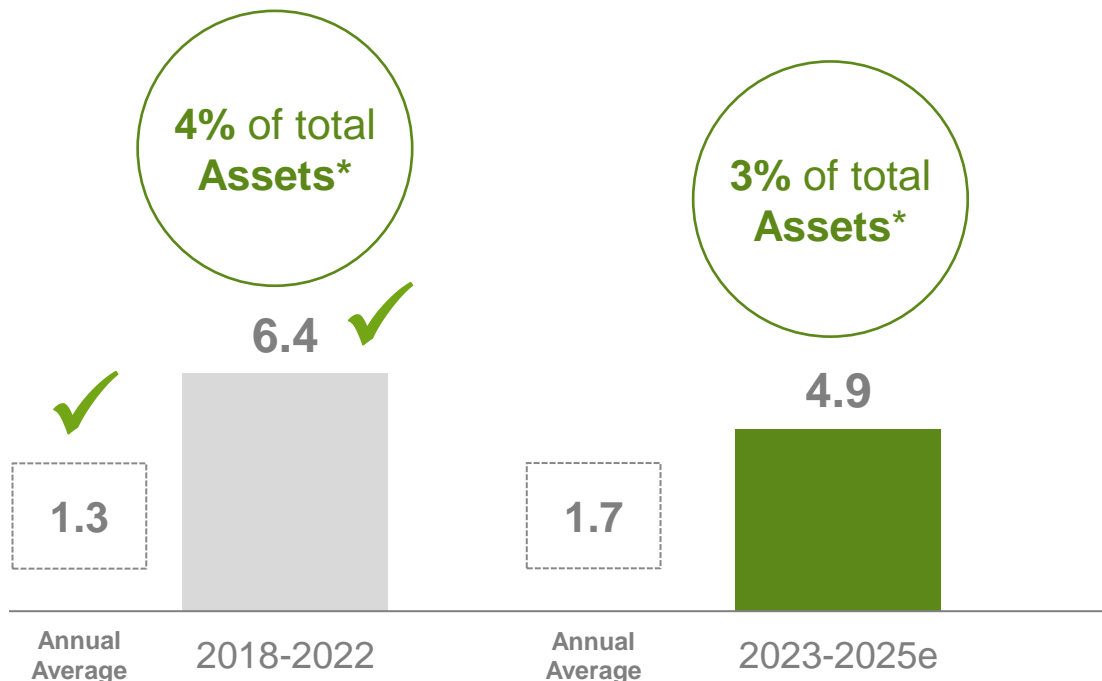
Diversification of liquidity sources: cash & equivalents and syndicated and bilateral credit lines

100% sustainable KPIs

ASSET ROTATION & PARTNERSHIPS IN LINE WITH OUR CONTINUOUS TRACK RECORD OF DELIVERY

ASSET ROTATION (EUR BN)

Divestments of assets with CAPEX already deployed

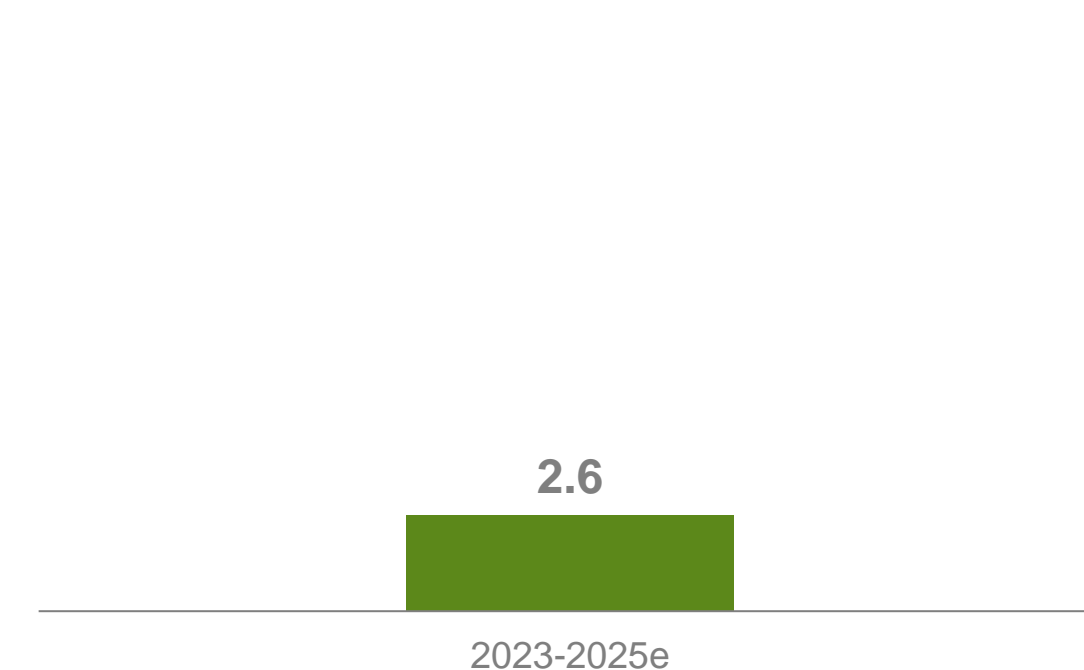


(*) Total Assets September 22: EUR 171,011 M

New target of EUR 4.9 Bn from 2023-2025e
Expected capital gains not included in P&L estimates

PARTNERSHIPS (EUR BN)

New build / projects. J.V. where CAPEX is deployed by partners

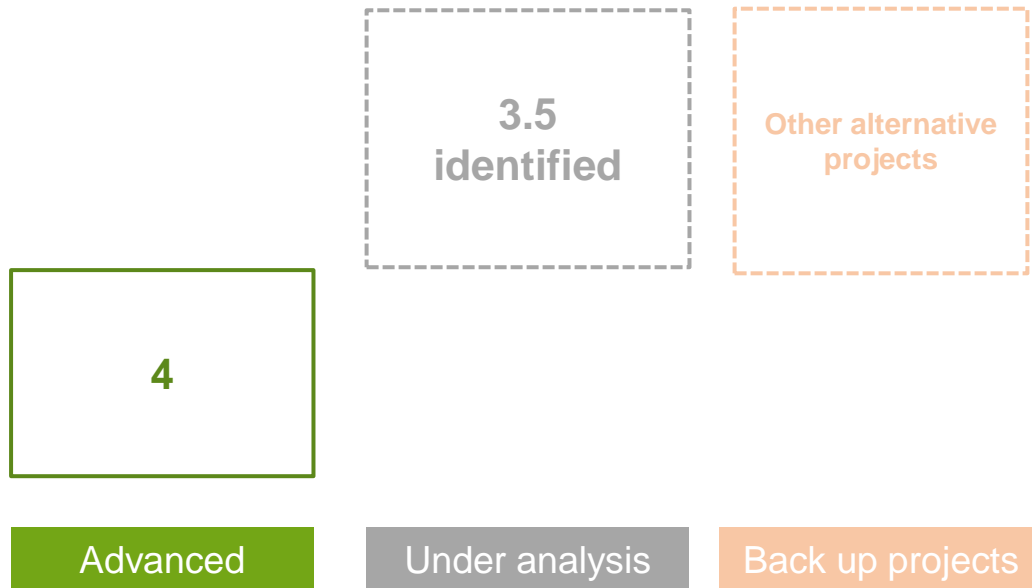


Target of EUR 2.6 Bn from 2023-2025e

FLEXIBLE APPROACH DEPENDING ON INVESTMENT OPPORTUNITIES AND FINANCIAL RATIOS

OVER 50% OF ASSET ROTATION & PARTNERSHIPS TARGET ADVANCED OR ALREADY STARTED

ASSET ROTATION AND PARTNERSHIPS (EUR BN) EUR 7.5 BN TARGET STATUS



HIGHLIGHTS
















High volume of capital to be deployed by 100% equity funds (EUR 82 Bn) reducing exposure to debt markets

Strong appetite for Iberdrola's high-quality assets
Already firm interest from investors for the advanced projects

Iberdrola's track record reduces execution risk

Flexibility: alternative back up projects under analysis in addition to the initially targeted in Plan

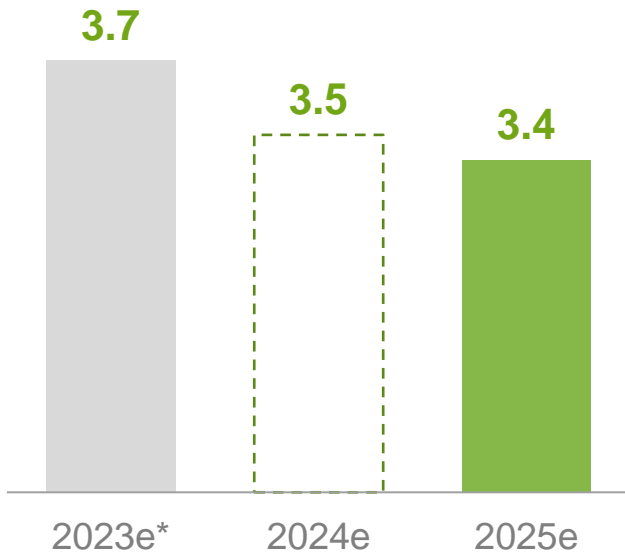
STRONG TRACK RECORD OF AGREEMENTS WITH PARTNERS ENHANCING GROWTH WHILE MAXIMIZING RETURNS

| | JV Electric Mobility | Wikingier | Vineyard Wind | Ibermap | East Anglia ONE ("EA1") |
|----------------------|--|--|---|---|--|
| Year | 2023 | 2022 | 2022 | 2021 | 2019 |
| Strategic Partner |  |  |  |  |  |
| Partnership Overview | <ul style="list-style-type: none"> MoU signed with BP to create a 50/50 joint venture for electric mobility in Spain and Portugal Plans to expand fast EV public charging infrastructure to support the adoption of electric vehicles, with the deployment of up to 11,000 fast and ultra fast charging points by 2030 Investments of - c. EUR 1 Bn until 2030 Ongoing process | <ul style="list-style-type: none"> Agreement with EIP for the sale of a minority stake (49%) Iberdrola will continue to control and manage this asset, leading O&M services Commissioned in 2018, 350 MW. Supplying clean energy to approximately 350,000 German households | <ul style="list-style-type: none"> Agreement with CIP to restructure Vineyard Wind 50/50 joint venture Avangrid took full ownership of Park City Wind (804 MW) and Commonwealth Wind (1,232 MW) CIP took full ownership of lease area OCS-A 0522 Vineyard Wind 1 (806 MW) to remain a 50/50 joint venture between the parties | <ul style="list-style-type: none"> Iberdrola and MAPFRE formed a strategic alliance "Ibermap" to invest in renewable energy projects across Spain Iberdrola has contributed 295 MW operating wind assets to Ibermap MAPFRE holds a 80% stake, while Iberdrola holds the remaining 20% and is responsible for developing, building and operating the assets | <ul style="list-style-type: none"> EA1 was awarded to Iberdrola through a "Contract for Difference" in 2015 by the UK Govt. Iberdrola begun the construction of EA1 in 2017. In 2019 sold a minority stake (40%) to Macquarie's GIG EA1 was able to start operating in 1H2020, despite Covid lockdowns and supply logistics constraints EA1 generates enough electricity to power +600k homes annually |
| Iberdrola's Stake | 50% | 51% | 50% VW1 100% PCW & CWW | 20% | 60% |
| Country |  |  |  |  |  |
| Technologies | Charging Points  | Offshore Wind  | Offshore Wind  | Onshore Wind  | Offshore Wind  |
| Renewable Capacity | n.a. | 350 MW Operating | 2.4 GW ⁽¹⁾ Construction / Under Development | 295 MW Operating | 714 MW Operating |

1. 50% of Vineyard Wind 1 (806 MW under construction), 100% Park City Wind (804 MW under development) and 100% Commonwealth Wind (1,232 MW under development)

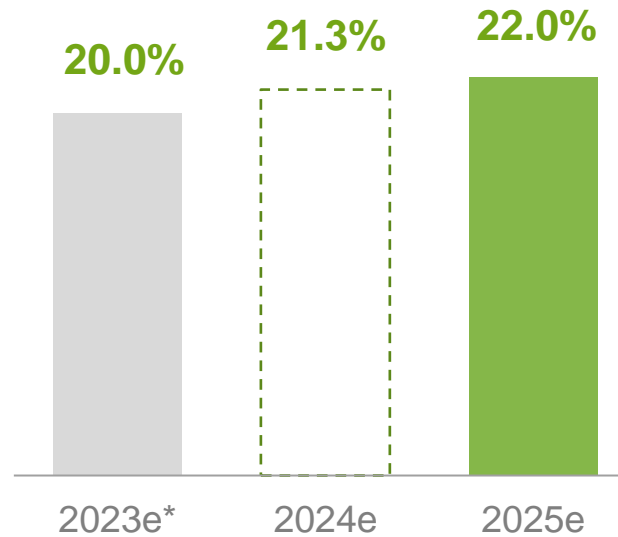
STRONG FINANCIAL RATIOS DURING THE PLAN, ALLOWING IBERDROLA TO BE COMFORTABLY WITHIN THE RATING AGENCIES THRESHOLDS DUE TO OUR COMMITMENT TOWARDS CURRENT RATING

NET DEBT / EBITDA



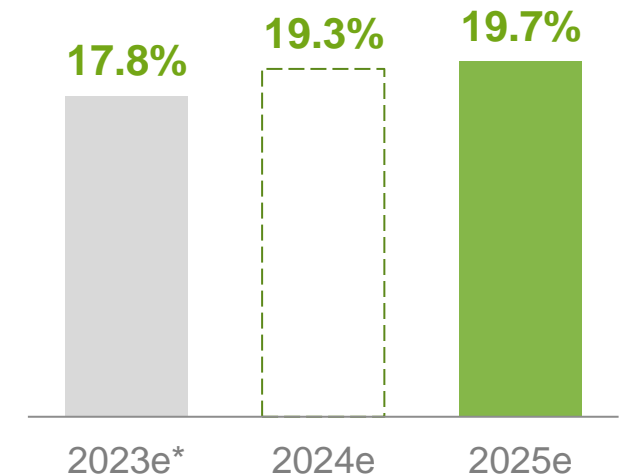
Average 21-25e: 3.45

FFO / NET DEBT



Average 21-25e: 22.3%

RCF / NET DEBT



Average 21-25e: 19.9%

IMPROVING 2025 CREDIT METRICS VERSUS NOVEMBER 2020 PLAN

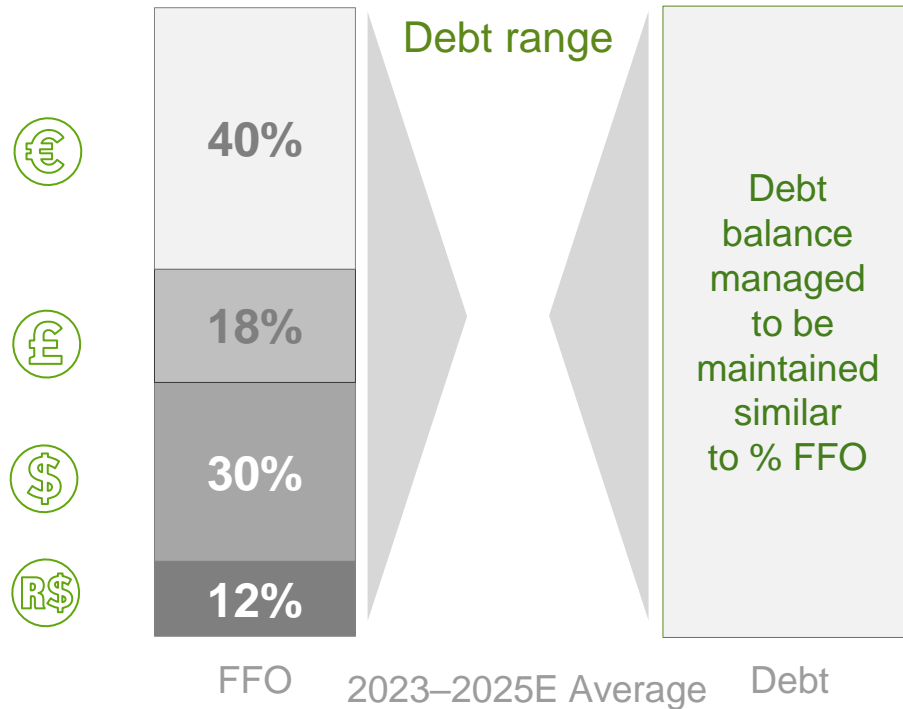
*12 months proforma FFO, RCF and EBITDA, for PNM Resources

Includes Iberdrola estimates of PNM Resources

FX risk management: structural and annual

STRUCTURAL FX HEDGE BY HAVING THE DEBT IN THE SAME CURRENCY AND SIMILAR % AS THE FFO TO PROTECT CREDIT RATINGS...

STRUCTURAL

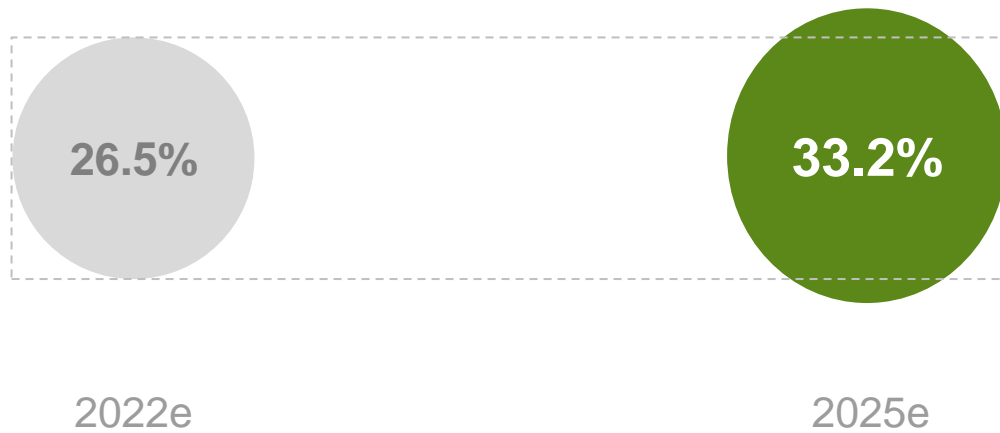


ANNUAL

- ✓ Hedging Net Income FX exposure in currencies against the Euro
- ✓ Net Income FX risk is managed on a yearly basis
- ✓ Long-term FX management not possible as it would generate P&L volatility

... WHILE EVERY YEAR, FX RISK IN THE PROFIT & LOSS ACCOUNT IS HEDGED THROUGH DERIVATIVES

OUR MODEL IS BASED ON FINANCING THE GROUP NEEDS FROM THE HOLDING...

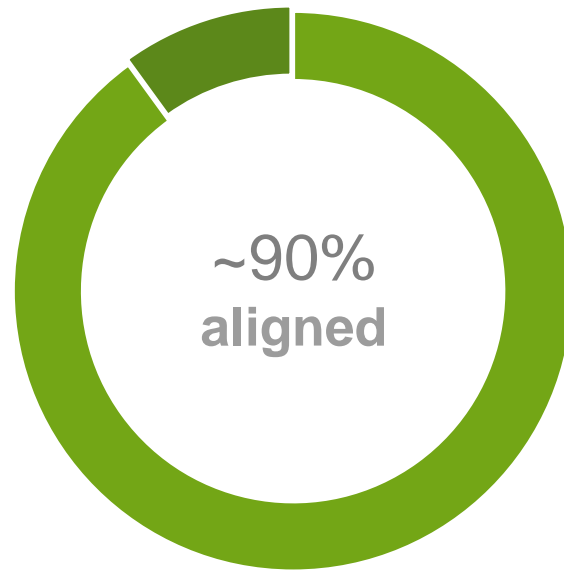


- Committed to converge back to 30% levels in subsequent years ✓
- Direct access to cash flows from unlevered and fully owned subsidiaries (large part of Group's EBITDA ~ 65%) ✓
- High visibility of centralized cash flows (regulated and long-term contracted) ✓
- Centralized treasury and very strong liquidity at Holding ✓

... ONLY FINANCING FROM SUBHOLDING FOR REGULATORY REQUIREMENTS (USA) OR COUNTRY RISK REASONS (BRAZIL)

COMMITMENT WITH SUSTAINABLE FINANCE TO FOSTER DECARBONIZATION HAVING ~90% OF TOTAL ORGANIC INVESTMENT PLAN ALIGNED WITH EU TAXONOMY...

% TAXONOMY ALIGNED CAPEX* PLAN 2023-2025E



(*) Organic capex

SUSTAINABLE / GREEN FINANCING IN IBERDROLA

More than 58% ESG financial instruments** as of today are ESG labelled



Minimum 80% of new financial instruments** during the plan will be ESG labelled



Forecasting more than 70% ESG labelled Financial instruments** by 2025



(**) Volume of financial instruments (RCF, commercial paper, Hybrids, Senior Bonds)

... THAT WILL BE FINANCED UNDER SUSTAINABLE / GREEN PRINCIPLES

WORLD PRIVATE GROUP LEADER IN GREEN BONDS ISSUED WITH MORE THAN EUR 16 BN OUTSTANDING



Accountability

Use of proceeds guarantees transparency in impact and accountability

Assurance

Strict Reporting, SPOs and external verification to provide assurance

Taxonomy

Strict standards for the eligibility fully aligned with the Company strategy

Best in class format for investors with an estimated **Greenium of 8-10 b.p.***

ASSET BASE + ENERGY TRANSITION = MAXIMIZING ACCESS TO THE GREEN BOND MARKET

ESG INTEGRATION IN OPERATIONS AND FINANCING STRATEGY...

Environmental

Social

Governance

Financial

Decarbonization
Water
Circular economy
Biodiversity
R&D



Diversity & inclusion
Health & Safety
Products & services
Contribution to sustainable development



Best practices



Long-term Financial Strategy

... TRANSLATED INTO ACTUAL ESG TARGETS

In 2030, Carbon Neutral in Scope 1 & Scope 2⁽¹⁾

Net zero in Scopes 1,2 & 3 **before 2040**

-70% in water consumption 2030 vs 2019

100% blade recycling in 2030⁽²⁾

Net positive in biodiversity & **20 million trees** in 2030⁽³⁾

EUR 550 M in R&D by 2030

35% women in relevant positions in 2030 & **Equal Pay Certification** by 2025⁽⁴⁾

-21% accidentality rate in 2030 (vs 2021)

83% of **smart grids** & **>70% digital customers** in 2025

18k annual volunteers⁽⁵⁾ & **≥85% purchases** from sustainable suppliers in 2030

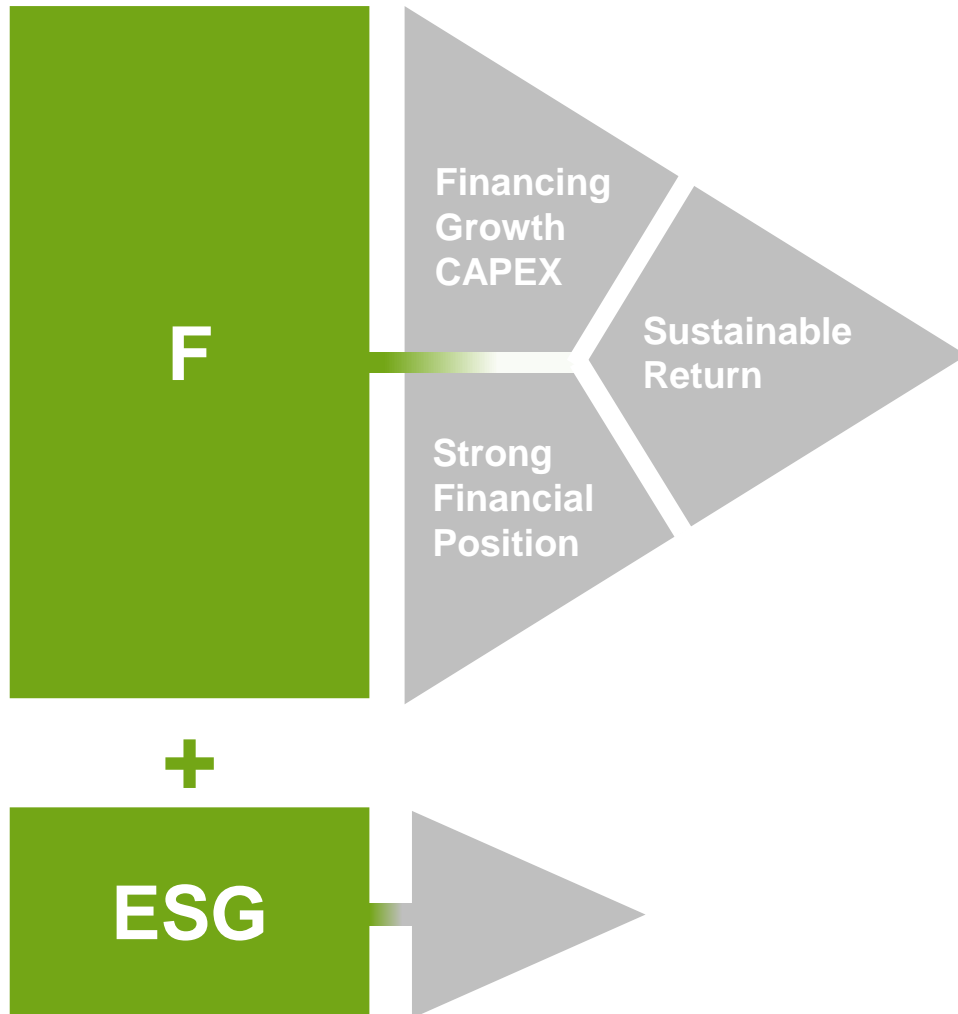
>50% Independent members in the BoD

≥40% women in the BoD

Independent validation of our compliance systems

Strong Solvency ratios and liquidity

Diversified and Sustainable sources of Financing: minimum 80% of new financial in green and sustainable format



- **Solid and flexible financial model**

- **Financing the plan while maintaining financial strength. FFO / ND ~21% over the plan, consistent with rating agencies ratios for current BBB+/Baa1 rating**

- **Delivering sustainable long-term return thanks to cash generation**

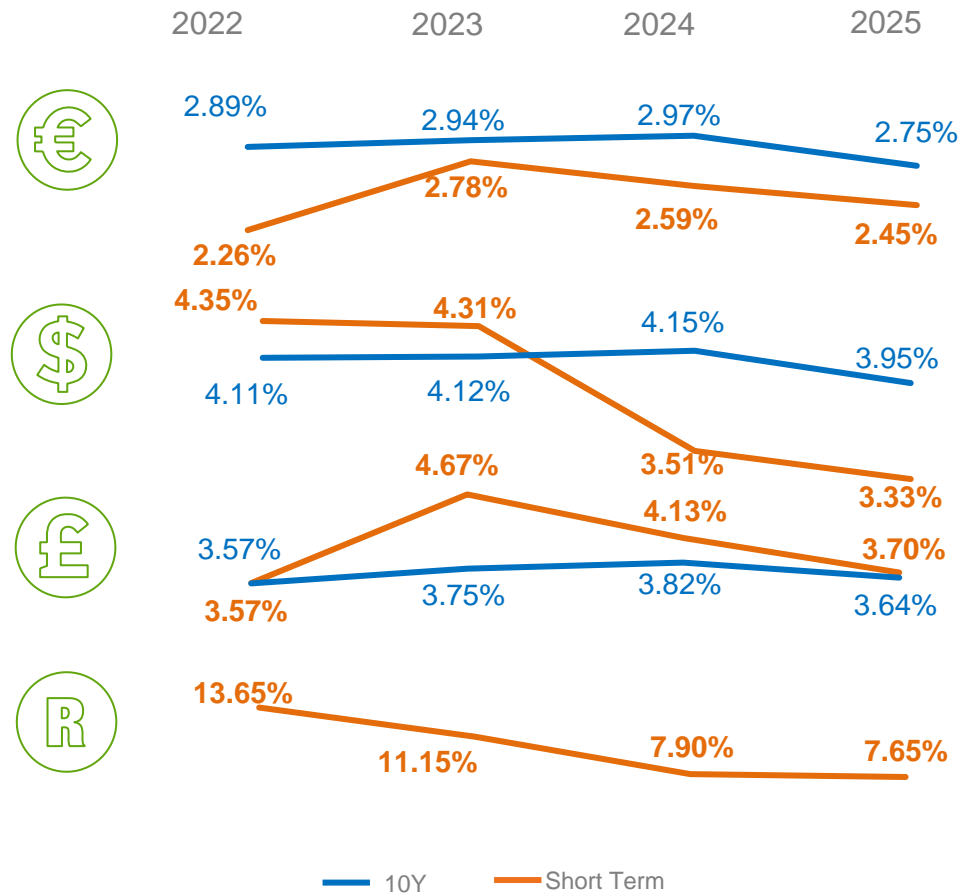
- **Shareholder remuneration growing in line with Results**

- **Leaders in ESG. Best practices in environmental, social and governance**

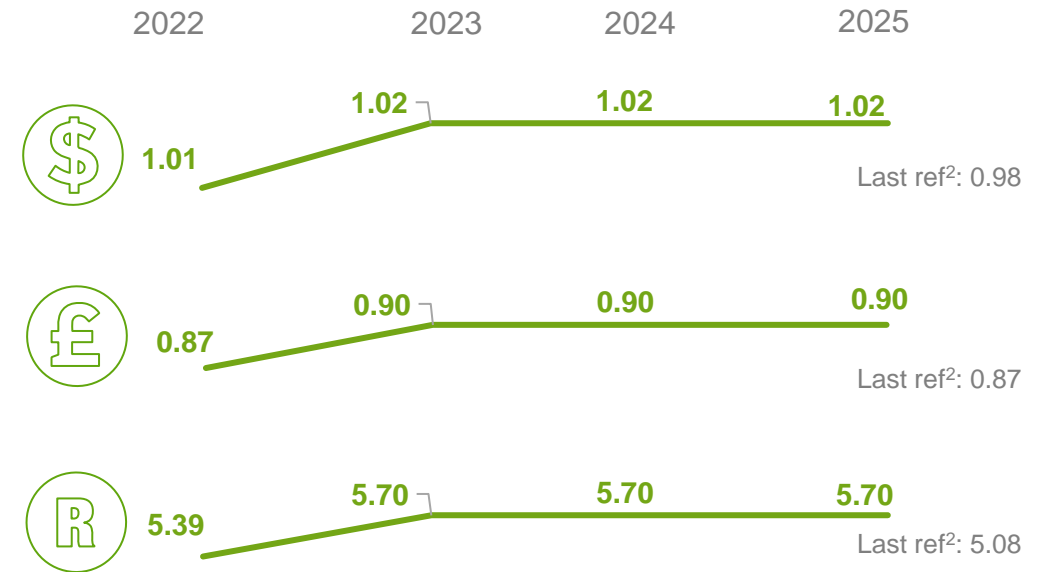
Annex



YEAR END INTEREST RATES¹

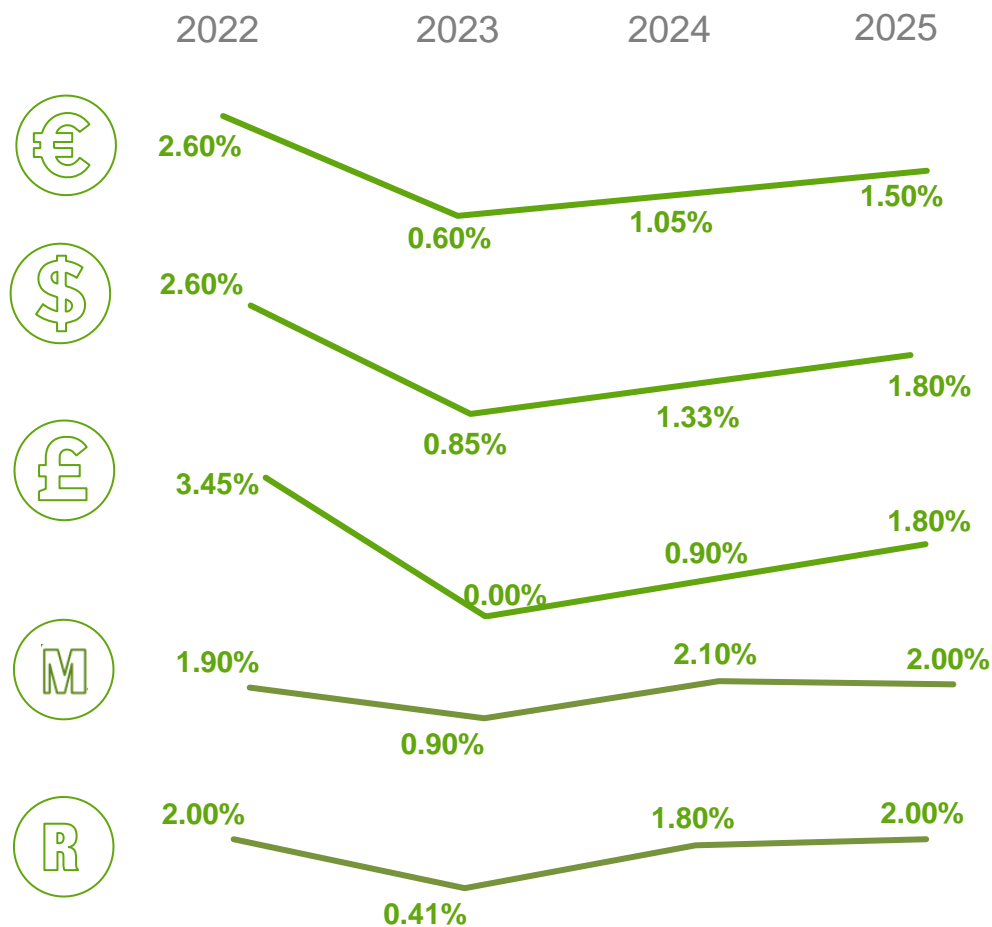


FX RATES¹

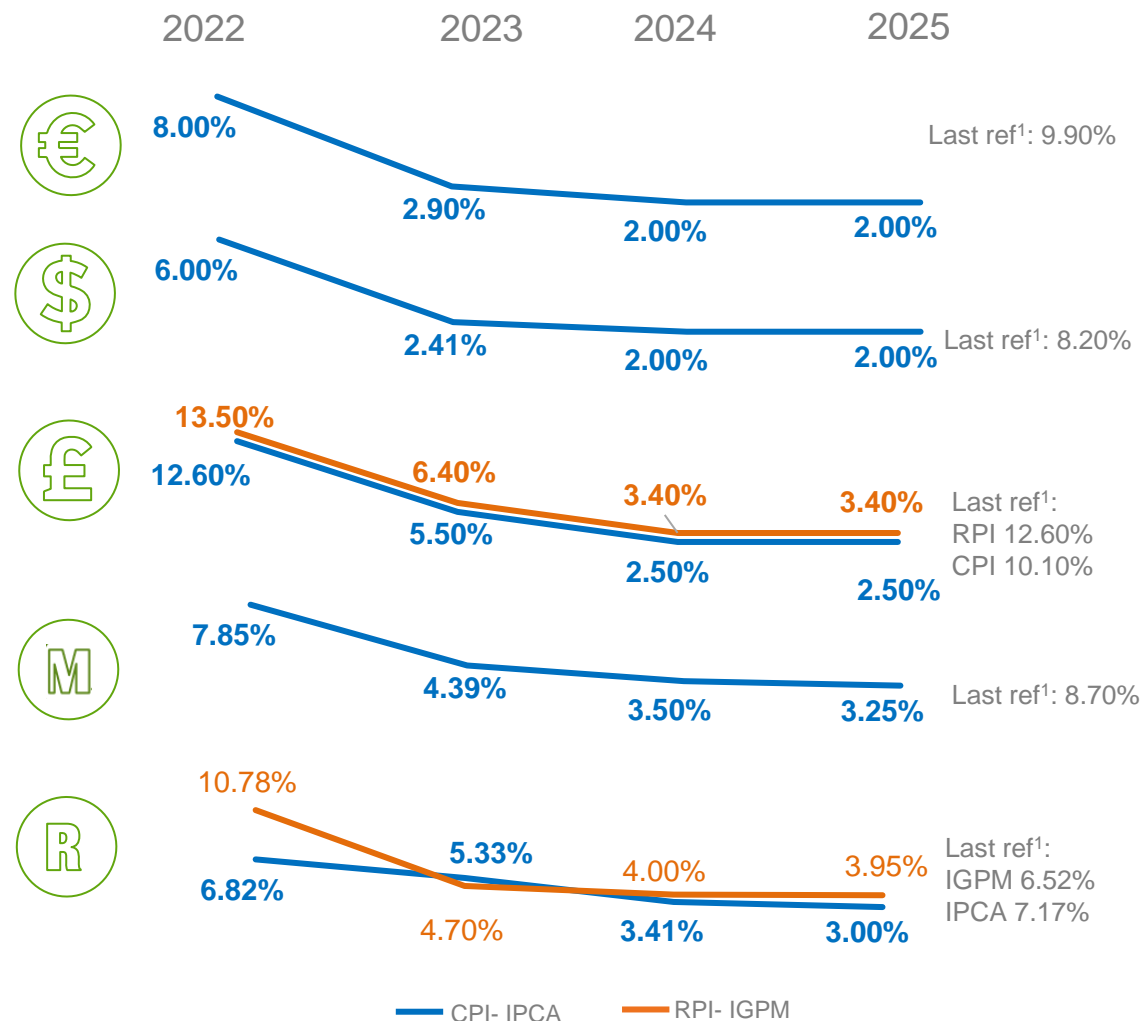


Macro hypothesis for 2023-2025

YEAR END GDP



YEAR END INFLATION

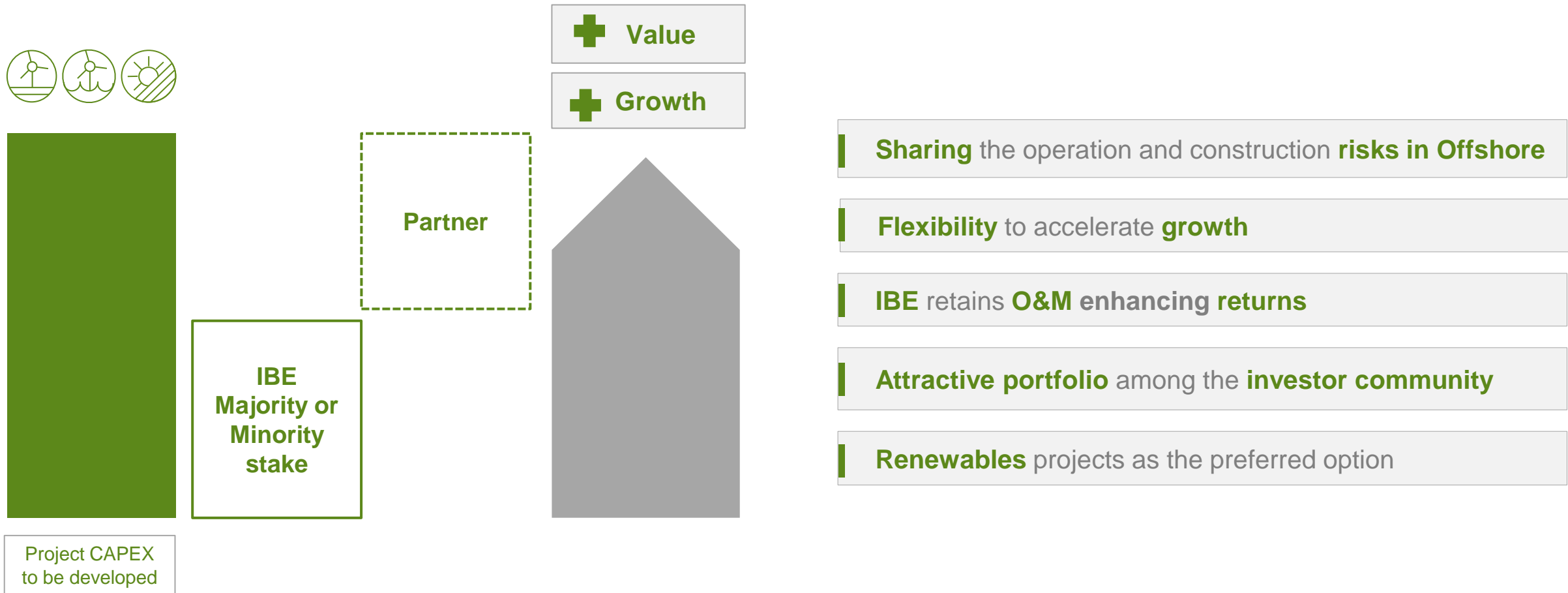


NEW TARGETS INCREASE FINANCIAL RESULTS IN 2025...

| | CMD – Nov. 2020E | CMD – Nov. 2022 |
|--|---|---|
| Organic CAPEX (23-25) | EUR 36.8 Bn | EUR 36.2 Bn |
| Renewable new installed capacity 23-25 | ~16 GW | ~12 GW |
| RAB 2025 | EUR ~47 Bn | EUR ~56 Bn |
| EBITDA 2025 | EUR ~15 Bn | EUR 16.5 –17 Bn |
| Net Profit 2025 | EUR ~5 Bn | EUR 5.2-5.4 Bn |
| Net Debt 2025 | EUR 56.1 Bn | EUR 57.5 Bn |
| Average cost debt | 3.0% | 4.3% |
| FFO / ND 2025 | 21.6% | 22.0% |
| ND / EBITDA 2025 | 3.7x | 3.4x |
| DPS 2025 | EUR 0.53-0.56/ share (floor 0.44 EUR/share) | EUR 0.55-0.58/ share (floor 0.50 EUR/share) |

...INCREASING EARNINGS QUALITY WHILE PROTECTING THE BALANCE SHEET

PART OF THE STRATEGY TO MANTAIN SOLIDITY AND ACCELERATE GROWTH...

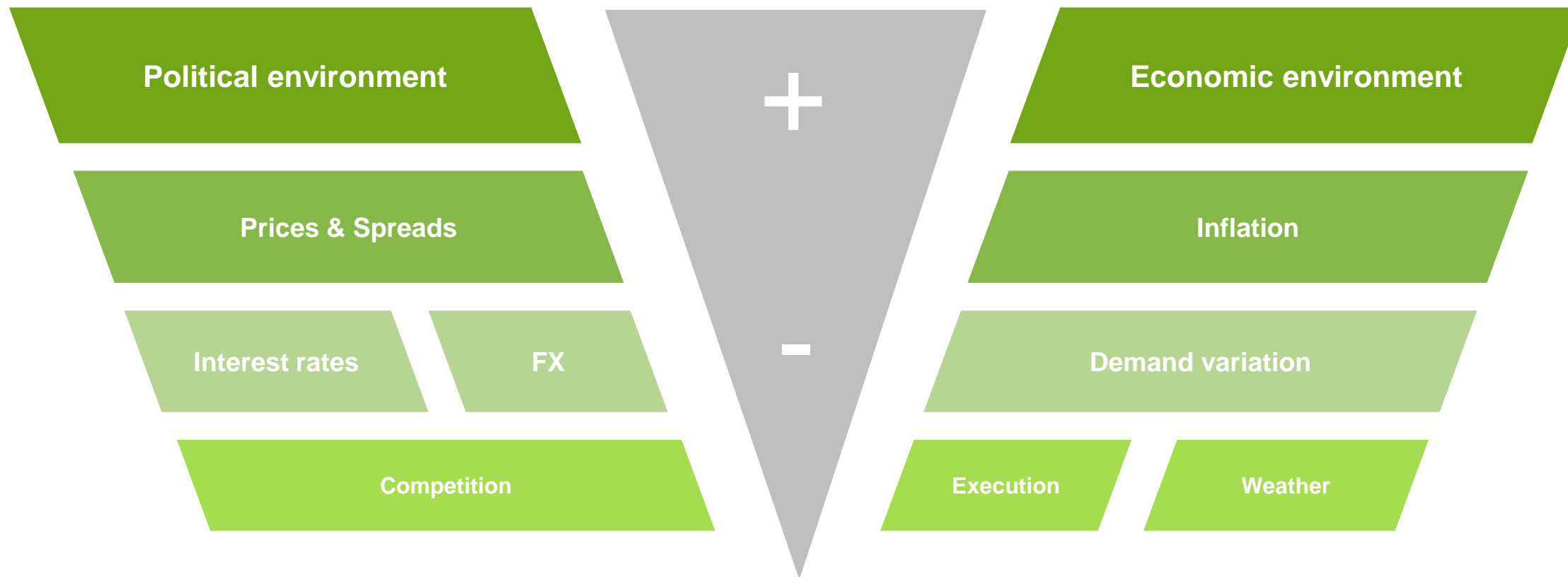


...WITH NO CAPITAL GAINS CONSIDERED, REPRESENTING AN UPSIDE

Outlook 2020-2030: ESG

| | | 2021* | 2025e | 2030e | |
|-----------------------------------|--|---|-------------|-------------|--------------------|
| E | C arbon Neutral in electricity generation in 2030 | Specific emissions (global mix) g CO2 /kWh | 96 | <70 | Carbon neutral** |
| | B iodiversity: Net positive impact in 2030 | % assets with biodiversity assessment and Neutrality Plan | n/a | 20% | 100%/ Net Positive |
| | B iodiversity: Conservation, restoration & plantation | Trees, in Million & No Net Deforestation in 2025 | 2 | 8 | 20 |
| | B lade recycling | % recycled blades*** | 0% | 50% | 100% |
| | W ater consumption | m ³ /GWh | 307 | 270 | 145 |
| | S mart Solutions | Number of solutions, in Million | 11 | 18 | 21 |
| | R & D investment | Million Euros | 337.5 | 420 | 550 |
| S | T raining hours | Annual hours per employee | 58.6 | ≥55 | ≥55 |
| | S mart Grid implementation | % of HV and MV grids | 73 | 83 | - |
| | W omen in relevant positions | % of women | 24.4% | 30% | 35% |
| | E qual pay certification | Equal pay certification | - | ✓**** | - |
| | A ccidentality Rate | % of improvement vs 2021 (own employees) | - | -10% | -21% |
| | E lectricity for All program | Cumulative beneficiaries, in Million | 9.6 | 14 | 16 |
| | F oundation | Beneficiaries per year, in Million | 2 | 8 | 10 |
| | S ustainable Suppliers | % of total purchases | 80.1% | ≥85% | ≥85% |
| | C ybersecurity | Number of annual assessments or external verifications | 1,670 | 2,000 | 2,000 |
| | G | B est practices in Governance | Maintain | ✓ | ✓ |
| I ndependent Board Members | | Over 50% | ✓ | ✓ | ✓ |
| W omen in the Board | | At least 40% | ✓ | ✓ | ✓ |
| F | E SG financing | % of ESG Financing | Minimum 80% | Minimum 80% | - |

MAIN SOURCES OF RISK



Long-term Outlook Sensitivities

| Sensitivity to: | | EBITDA (+/-) 2023-2025 average | Net Profit (+/-) 2023-2025 average |
|-----------------|---------------------------------------|-----------------------------------|---------------------------------------|
| FX | 10% variation of exchange rate vs EUR | ~5% | ~4% |
| Interest rates | +/- 50 b.p. deviation | | ~1% |
| Power prices | +/- 10 €/MWh (*) | ~2% | ~5% |
| Demand | +/- 5% | ~2% | ~3% |