CAPITAL MARKETS & ESG DAY
9 November 2022

IBERDROLA

SUSTAINABLE EVENT
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Strategic Vision
Ignacio S. Galán
Executive Chairman
Strategic Pillars
THE CURRENT CRISIS REAFFIRMS OUR LONG-TERM PROPOSITION...

- 75% of final demand still from fossil fuels
- Power demand could double by 2040
- Electrification of all sectors (transport, green H2)
- Renewable energy needs could multiply by 5-6x by 2040
- Annual network investments to multiply by 2-3.5x by 2040

Need for additional investments in ELECTRIFICATION

- More RENEWABLES
- More NETWORKS
- More STORAGE
- More Green HYDROGEN

Strategic pillars

- SELF-SUFFICIENCY
- NET ZERO
- INDUSTRIAL DEVELOPMENT
- AFFORDABILITY & COMPETITIVENESS

...AND WILL DRIVE AN ACCELERATION OF INVESTMENTS IN THE ENERGY TRANSITION
Strategic pillars: 2023-2025

INCREASING OUR RESULTS AND FINANCIAL STRENGTH TO 2025…

Growth based on Networks…

- Predictable frameworks with incentives to investment
- Protection vs macro uncertainties

… and selective investment in Renewables

- Secured projects with the best risk/reward profile
- Pipeline providing future growth and optionality

Focus on high-rating attractive markets

- Ambitious electrification targets
- Regulatory stability

Full commitment to financial strength

ESG as the foundation of our model

- Key strategic priority

By 2025…

- INCREASING PREVIOUS OUTLOOK FOR EBITDA AND NET PROFIT
- IMPROVING FINANCIAL SOLIDITY

By 2030…

- MAINTAINING LONG-TERM GROWTH PROSPECTS

... AND MAINTAINING OUR OUTLOOK FOR 2030…
Strategic pillars: 2023-2025

...based on our model and our performance over the last years

- Track record of delivery
- Skills and technology
- Geographical footprint
- Pipeline of projects
- Full access to financial markets
- Social dividend
Energy and policy and regulation

**DRIVING A SECURE, CLEAN AND COMPETITIVE ENERGY SYSTEM FOR ALL…**

- Coherent energy policy and regulation…
  - …incentivizing investments
- Maintaining predictable frameworks for regulated activities…
  - …creating incentives for the investments required
- A clear market design …
  - …to provide long-term investment signals
- More agile administrative procedures…
  - …avoiding bottlenecks in Renewables and Networks investments
- A rational design of taxation & subsidies…
  - …based on “polluter pays” and promoting investment, especially in key technologies

**THROUGH CLEAR AND STABLE FRAMEWORKS**
Outlook
2023-2025\(^1\)

\(^1\) Includes Iberdrola estimates of PNM Resources
Outlook 2023-2025: Total Investments

TOTAL INVESTMENTS OF EUR ~47 BN IN 2023-2025E INCLUDING EUR 11 BN FOR PNM¹, WITH 57% ALLOCATED TO NETWORKS

2023-2025E INVESTMENTS BY BUSINESS

- Renewables: 38%
- Networks: 57%
- Other Energy Production & Customers: 5%
- PNM Resources¹

~47 EUR BN

2023-2025E INVESTMENTS BY GEOGRAPHY

- Spain: 13%
- US: 47%
- UK: 16%
- Latam: 11%
- Other EU: 10%
- Australia & others: 3%

Total

~47 EUR BN

Organic

- Spain: 17%
- US: 34%
- UK: 20%
- Latam: 14%
- Other EU: 12%
- Australia & others: 3%

~36 EUR BN

...84% OF INVESTMENT ALLOCATED TO GROWTH WITH MORE THAN 80% ALLOCATED TO A-RATED COUNTRIES

¹ EUR 9 Bn for the transaction and EUR 2 Bn for organic investments
Outlook 2023-2025: Regulated networks assets

EUR ~27 BN OF NETWORK INVESTMENTS (57% OF TOTAL)...

2023-2025E INVESTMENTS BY GEOGRAPHY

REGULATED ASSETS BY GEOGRAPHY (EUR BN)

- >85% of organic investments driven by rate cases closed or under advanced negotiation and key conditions known
- ~20% of investment in Transmission in UK, US and Brazil

...TO INCREASE OUR ASSET BASE BY 44% IN 3 YEARS
Outlook 2023-2025: Renewable Installed capacity

EUR ~17 BN OF INVESTMENT IN RENEWABLES (46% IN OFFSHORE WIND)...

2023-2025E RENEWABLE INVESTMENTS BY TECHNOLOGY (EUR BN)

- Offshore wind: 46%
- Solar PV: 24%
- Onshore wind: 25%
- Battery: 3%
- Hydro: 2%

EUR ~17 BN

INCREASE IN INSTALLED CAPACITY 2022-2025 (GW)

- 2022e: ~40
- 2025e: ~52

- Offshore wind: +3.1
- Onshore wind: +1.8
- Hydro: +0.2
- Solar PV: +6.3
- Battery: +0.7

...WITH ~50% OF NEW CAPACITY SECURED AND ~95% OF 2025 PRODUCTION CONTRACTED
Outlook 2023-2025: Efficiency

ONGOING IMPROVEMENT IN NOE / GROSS MARGIN RATIO...

NET OPERATING EXPENSES / GROSS MARGIN

Increasing efficiencies reaching 350 M€ per annum in 2025

~26% 24.6%

2019-2022e 2025e

FOCUS ON OPERATIONAL EFFICIENCY

- Optimization of renewable project design to reduce costs along useful lives
- Improvement of O&M through the creation of operational hubs with multi-technology capacity
- Concentration of offshore wind projects by regions
- Standardization and digitization of processes
- Promotion of training and qualification of employees

...DRIVING EFFICIENCIES OF EUR 350 M PER ANNUM BY 2025
Outlook 2023-2025: EBITDA

EBITDA REACHES EUR 16.5 – 17.0 BN BY 2025, WITH 8%-9% CAGR

EBITDA EXPECTED GROWTH (EUR BN)

- 8%-9% CAGR
- ~13
- 16.5 – 17.0

2025E BY BUSINESS

- Networks ~50%
- Energy Production & Customers ~50%

2025E BY GEOGRAPHY

- Spain 31%
- US 24%
- Latam 5%
- Other EU 2%
- Australia & others 2%
- UK 18%

2022e 2025e
Outlook 2023-2025: Net Profit

Net Profit Reaches EUR 5.2–5.4 BN by 2025 (8%-10% CAGR)...

Net Profit Expected Growth (EUR BN)

\[ \text{~4.0-4.2} \rightarrow 8\%-10\% \text{ CAGR} \rightarrow \text{5.2 – 5.4} \leftarrow 2025e \]

\[ 2022e \]

\[ \ldots \text{WITH A ROE OF \sim 10\%} \]
Outlook 2023-25: Financial strength

REINFORCING OUR FINANCIAL POSITION

A ROBUST GREEN FINANCING MODEL

- **Fixed-rate** financing
- Long-term profile of maturities
- Active liquidity management

- Diversification, maximizing the use of green financing available
- No capital increases expected
- Partnerships and asset rotation

STRONG RATIOS (2025 NET DEBT TO EBITDA OF 3.4x) ALLOWING TO PRESERVE CREDIT RATINGS
Outlook 2023-2025: Shareholder remuneration

SHAREHOLDER REMUNERATION GROWING IN LINE WITH RESULTS

Pay-out between 65% and 75% of EPS
(our earning estimates would lead to a DPS in the range of approx. 0.55 - 0.58 in 2025)

DPS floor of 0.46 Eur/share in 2023-2024 and 0.50 Eur/share in 2025

Maintaining optionality for shareholders with the “Iberdrola Retribución Flexible” program, including share buy-back
Decarbonization strategy:
- Aligned with Paris Agreement targets
- Carbon neutral by 2030 in Scope 1 and 2 and Net Zero in all three scopes before 2040 (SBTi approved)

Biodiversity strategy:
- Net positive in nature in 2030

Jobs and economic activity:
- 12,000 new hires in 3 years
- Supporting >500,000 jobs by 2030

Diversity & Inclusion:
- Increasing women presence in relevant positions up to 35% in 2030.

Training:
- At least 55 hours per employee (annually)

Communities:
- Foundations: 10 M beneficiaries by 2030
- Volunteering program: 18,000 participants* in 2030

Decentralized model
- Common strategy, policies, guidelines and supervision
- Strengthened autonomy for subholding companies

Board of Directors:
- Split of Executive Chairman/CEO roles
- 79% independent members
- 43% gender diversity

Compliance:
- Independent function
- Integrated in the Governance and Sustainability System

*Including employees and companions
Outlook 2030

Includes Iberdrola estimates of PNM Resources
Outlook 2030

Profitable growth driven by ongoing activities in current and new geographies...

- Acceleration of electrification
- Contribution of new geographies
- Ongoing growth in traditional markets

Investments of Eur 65-75 Bn in 2026-30e

<table>
<thead>
<tr>
<th>2025e</th>
<th>2030e</th>
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</thead>
<tbody>
<tr>
<td>Total Capacity (GW)</td>
<td>~70 GW</td>
</tr>
<tr>
<td>Renewable capacity (GW)</td>
<td>~52 GW</td>
</tr>
<tr>
<td>Networks asset base (Eur Bn)</td>
<td>~56 Bn</td>
</tr>
</tbody>
</table>

...and acceleration of electrification
Conclusion
Growth based on Networks and selective investment in Renewables

Focus on high-rating attractive markets

Full commitment to financial strength

ESG as foundation of our model
Conclusion

GROWTH AND FINANCIAL STRENGTH TO 2025 AND BEYOND

**EBITDA**\textsubscript{2025} \hspace{1cm} **Net Profit**\textsubscript{2025}
- Eur 16.5 - 17.0 Bn
- Eur 5.2 - 5.4 Bn

*IBERDROLA*

**Networks asset base** \textasciitilde 25
- Eur \textasciitilde 56 Bn
- \textasciitilde 70 GW by \textasciitilde 25
- \textasciitilde 80% zero emissions

**Net Debt/EBITDA\textsubscript{2025}**
- 3.4x

**Dividend in line with Net Profit**
- *DPS* \textasciitilde 0.55 - 0.58 in 2025

*According to current pay-out ratio and EPS growth estimates*