CAPITAL MARKETS & ESG DAY
9 November 2022
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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

**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 PNM\(^1\), WITH 57% ALLOCATED TO NETWORKS

2023-2025E INVESTMENTS BY BUSINESS

Other Energy Production & Customers 5%
Renewables 38%
PNM Resources\(^1\) 57%

2023-2025E INVESTMENTS BY GEOGRAPHY

Total

Other EU 10%
Latam 11%
Spain 13%
US 47%
UK 16%

Organic

Other EU 12%
Latam 14%
Spain 17%
US 34%
UK 20%

~47 EUR BN
~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)

- ~27 EUR BN
- Spain 5%
- UK 14%
- Brazil 16%
- US 65%

EUR ~39 Bn

- +44%
- Eur ~56 Bn

2022e

2025e

- 16% Spain
- 21% Brazil
- 22% UK
- 41% US

PNM Resources (Transaction & investments)

- >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)...

2023-2025 RENEWABLE INVESTMENTS BY TECHNOLOGY (EUR BN)

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

INCREASE IN INSTALLED CAPACITY 2022-2025 (GW)

- 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**

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-2022e</td>
<td>~26%</td>
</tr>
<tr>
<td>2025e</td>
<td>24.6%</td>
</tr>
</tbody>
</table>

Increasing efficiencies reaching 350 M€ per annum in 2025.

**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 EXPECTED GROWTH (EUR BN)**

- **2022e**
  - 8%-9% CAGR
  - ~13

- **2025e**
  - 16.5 – 17.0 EUR BN

**2025E BY BUSINESS**

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

**2025E BY GEOGRAPHY**

- Spain: 31%
- US: 24%
- UK: 18%
- Latam: 20%
- Other EU & others: 5%
- Australia: 2%

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

~4.0-4.2

2022e

8%-10% CAGR

5.2 – 5.4

2025e

...WITH A ROE OF ~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

ST R O N G  R A T I O S  (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

90% CAPEX ALIGNED WITH EU TAXONOMY, AND MOSTLY FINANCED BY SUSTAINABLE/GREEN INSTRUMENTS
Outlook
2030

1 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></th>
<th>2025e</th>
<th>2030e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Capacity</td>
<td>~70 GW</td>
<td>&gt;100 GW</td>
</tr>
<tr>
<td>Renewable capacity</td>
<td>~52 GW</td>
<td>&gt;80 GW</td>
</tr>
<tr>
<td>Networks asset base</td>
<td>~56 Bn</td>
<td>&gt;65 Bn</td>
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**...And Acceleration of Electrification**
Conclusion
Conclusion

A PROVEN MODEL READY TO CONTINUE DELIVERING IN THE CURRENT CONTEXT

- 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}  
\textbf{Net Profit} \textsubscript{2025}

- Eur 16.5 - 17.0 Bn
- Eur 5.2 - 5.4 Bn

**Networks asset base ’25**  
Eur \textasciitilde 56 Bn

- \textasciitilde 70 GW by ’25
- \textasciitilde 80\% zero emissions

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

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

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