The New Iberdrola Mexico
Executive Summary

Agreement to sell 8,539 MW in Mexico for ~6 Bn USD

Transaction Overview

- Iberdrola Mexico has signed an agreement with Mexico Infrastructure Partners (MIP), being the transaction financed by Mexican public institutions (FONADIN and Development Banks)
- The portfolio includes 12 CCGTs with a total 8,436 MW installed capacity and 1 windfarm of 103 MW
- 7,400 MW (87% of the total) contracted with CFE (PIE), under Government concession renewal
- Iberdrola keeps presence in Mexico with 1,059 MW in renewables, 1,166 MW CCGTs, 202 MW Cogen and a 6 GW renewable pipeline to secure energy to our private customers
- Transaction calendar: upon execution of final agreements and obtaining regulatory approvals, the transaction is expected to be closed before year end

Strategic fit

✓ Growth based on Networks and Renewables
  - Recycling capital towards Renewables, maintaining service to private customers
  - Maintaining commitment to Mexico, growing in the private sector by providing energy and renewable solutions

✓ Full commitment to financial strength
  - Improvement of financial ratios
  - Asset rotation & Partnerships targets almost complete

✓ ESG as the foundation of our model
  - Acceleration of 2040 Net Zero ambitions
  - Strengthening relationship with the Mexican authorities

Transaction meets both parties’ strategic objectives
Transaction overview

**Portfolio of assets with a total installed capacity of 8,539 MW including 12 combined cycles and 1 wind farm**

- **Transaction meets** both parties’ strategic objectives
  - Government: National energy policy targets
  - Iberdrola: Focus in Renewables and clients

- ~7,400 MW (87% of the total) contracted with CFE\(^1\) (PIE), under concession renewal

- ~5,000 MW (c.60% of the total) with already >16 years in operation

- 4 assets (~1,400 MW) stopped due to open litigations with regulatory bodies, transferred with the assets

- Fair price:
  - EV/EBITDA 2023E 11.0x

1. Mexican state-owned company
### Strategic fit

#### The deal fits within 2023-2025 Iberdrola’s strategy

<table>
<thead>
<tr>
<th>Growth based on Networks and Renewables</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Recycling capital towards rising growth in new opportunities in the US (IRA) and Europe (RePowerEU and NZIA(^1)). Increasing exposure to A rated geographies</td>
</tr>
<tr>
<td>• Accelerating growth in Mexico through our 6 GW renewable pipeline with increased certainty</td>
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<table>
<thead>
<tr>
<th>Full commitment to financial strength</th>
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<tbody>
<tr>
<td>• &gt;90% Asset rotation &amp; Partnerships 2023-2025 targets already achieved, more than 2 years ahead of schedule</td>
</tr>
<tr>
<td>• Improvement of financial ratios</td>
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<thead>
<tr>
<th>ESG as the foundation of our model</th>
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<tbody>
<tr>
<td>• Acceleration of 2040 Net-Zero ambitions in scope 1 and scope 3 emissions</td>
</tr>
<tr>
<td>• Improving Iberdrola’s emission free capacity to ~ 85% from ~ 70%</td>
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<td>• Strengthening relationships with the Mexican Government and regulator</td>
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\(^{1}\) Net Zero Industry Act
1. Including PNM transaction

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1. Net Zero Industry Act
2. Including PNM transaction
**Financial impact**

<table>
<thead>
<tr>
<th>Financial metric</th>
<th>Impact (USD)</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross cash proceeds</td>
<td>~ 6 Bn USD</td>
<td>2023</td>
</tr>
<tr>
<td>EBITDA (assets contribution 2023&lt;sup&gt;1&lt;/sup&gt;)</td>
<td>- 550 M USD</td>
<td>Pending accounting analysis</td>
</tr>
<tr>
<td>Net Profit (assets contribution 2023&lt;sup&gt;1&lt;/sup&gt; – lower financial expenses)</td>
<td>- 90 M USD</td>
<td>2024</td>
</tr>
<tr>
<td>Capital gains</td>
<td>Pending on final structuring of the transaction</td>
<td>2023</td>
</tr>
<tr>
<td>FFO/Net Debt&lt;sup&gt;2&lt;/sup&gt;</td>
<td>50 bp improvement on 2023 FFO/Net Debt ratio</td>
<td></td>
</tr>
<tr>
<td>Net debt/EBITDA&lt;sup&gt;2&lt;/sup&gt;</td>
<td>0.20x improvement on 2023 Net Debt/EBITDA ratio</td>
<td></td>
</tr>
</tbody>
</table>

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1. Expected contribution of the assets sold within the transaction perimeter
2. Assumes closing at year end 2023. Including PNM transaction

<sup>1</sup> Expected impact date

<sup>2</sup> Assumed impact date
The new Iberdrola Mexico

New mix of generation in Mexico with ~50% of renewable capacity with a meaningful pipeline to foster growth in the country

Focus on Renewables and Customers

~2,400 MW in operation in the country (>1GW renewable)

~6,000 MW of Renewable pipeline to explore new opportunities

Contribution of 400 M USD in 2023 EBITDA (e)

Maintaining commercial activity and access to firm capacity to ensure the supply to Mexican private customers and foster renewables growth
**Conclusions**

- **Win-Win deal for both, Mexican Government and Iberdrola**
- **Reaffirms the Group's strategy**
- **Mexico remaining as a core market, with a greener mix of generation and a focus on private customers**
- **Iberdrola strengthens its financial position**
- **Fair price and attractive valuation of the transaction**
- **Securing >90% of the Asset rotation & Partnerships plan**
- **Key step in the decarbonization strategy**
Annex - Transaction Perimeter

Portfolio of assets with a total installed capacity of 8,539 MW including 12 combined cycles and 1 wind farm.

<table>
<thead>
<tr>
<th>Asset</th>
<th>Technology</th>
<th>Capacity (MW)</th>
<th>COD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monterrey (I, II)</td>
<td>PIE CCGT</td>
<td>449</td>
<td>2002</td>
</tr>
<tr>
<td>Altamira III y IV</td>
<td>PIE CCGT</td>
<td>1,096</td>
<td>2003</td>
</tr>
<tr>
<td>Altamira V (Del Golfo)</td>
<td>PIE CCGT</td>
<td>1,155</td>
<td>2005</td>
</tr>
<tr>
<td>Escobedo</td>
<td>PIE CCGT</td>
<td>878</td>
<td>2018</td>
</tr>
<tr>
<td>La Laguna</td>
<td>PIE CCGT</td>
<td>537</td>
<td>2004</td>
</tr>
<tr>
<td>Tamazunchale</td>
<td>PIE CCGT</td>
<td>1,179</td>
<td>2007</td>
</tr>
<tr>
<td>Baja California</td>
<td>PIE CCGT</td>
<td>324</td>
<td>2017</td>
</tr>
<tr>
<td>Topolobampo II</td>
<td>PIE CCGT</td>
<td>917</td>
<td>2019</td>
</tr>
<tr>
<td>Topolobampo III ¹</td>
<td>PIE CCGT</td>
<td>766</td>
<td>2023E</td>
</tr>
<tr>
<td>La Venta III</td>
<td>PIE Wind Onshore</td>
<td>103</td>
<td>2012</td>
</tr>
<tr>
<td>Monterrey III &amp; IV ¹</td>
<td>CCGT Private</td>
<td>477</td>
<td>2002</td>
</tr>
<tr>
<td>Enertek ¹</td>
<td>CCGT Private</td>
<td>144</td>
<td>2002</td>
</tr>
<tr>
<td>Tamazunchale II</td>
<td>CCGT Private</td>
<td>514</td>
<td>2022</td>
</tr>
</tbody>
</table>

Total Perimeter: 8,539

1. Assets stopped due to open litigations
Annex - The new Iberdrola in Mexico

New mix of generation in Mexico with ~50% of renewable capacity with a meaningful pipeline to foster growth in the country

New Asset Mix

- **Onshore Wind**
  - Plants: 6
  - Capacity (MW): 589
  - COD: 2008-2021

- **Solar PV**
  - Plants: 3
  - Capacity (MW): 470
  - COD: 2018-2020

- **CCGT**
  - Plants: 2
  - Capacity (MW): 1,166
  - COD: 2016-2022

- **Cogeneration**
  - Plants: 4
  - Capacity (MW): 202
  - COD: 2002-2018

- **Cogeneration**
  - Plants: 4
  - Capacity (MW): 202
  - COD: 2002-2018

- **Renewables**
  - Plants: 3
  - Capacity (MW): 470
  - COD: 2018-2020

- **CCGTs**
  - Capacity (MW): 1,166

- **Renewables**
  - Capacity (MW): 1,059

- **Renewables Pipeline**
  - Capacity (MW): 6,000

**EBITDA USD ~400M in 2023 (e)**
Annex - Mexico Infrastructure Partners (MIP)

Largest infrastructure and energy asset manager in Mexico

• Founded in 2012. Currently the largest infrastructure and energy asset manager in Mexico
• USD 4 billion of assets under management through various funds (5 public funds in Mexico and a private fund in Colombia, among others)
• Experience in structuring investment funds and asset management with strong relationships with regulatory bodies
• Regional presence with offices in Mexico City (Mexico), Bogotá (Colombia), San Diego (Ca., USA) and London (UK)
• Partner to the likes of Mitsui, FCC and Veolia
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