



The New Iberdrola Mexico

5 April 2023

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 CFE¹ (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



Strategic fit

The deal fits within 2023-2025 Iberdrola's strategy

Growth based on Networks and Renewables



- Recycling capital towards rising growth in new opportunities in the US (IRA) and Europe (RePowerEU and NZIA¹). Increasing exposure to A rated geographies
- Accelerating growth in Mexico through our 6 GW renewable pipeline with increased certainty

Full commitment to financial strength



- >90% Asset rotation & Partnerships 2023-2025 targets already achieved, more than 2 years ahead of schedule
- Improvement of financial ratios

ESG as the foundation of our model



- Acceleration of 2040 Net-Zero ambitions in scope 1 and scope 3 emissions
- Improving Iberdrola's emission free capacity to ~ 85% from ~ 70%
- Strengthening relationships with the Mexican Government and regulator

Financial impact ^(e)

		Expected impact date
Gross cash proceeds	~ 6 Bn USD	2023
EBITDA (assets contribution 2023 ¹)	- 550 M USD	Pending accounting analysis
Net Profit (assets contribution 2023 ¹ – lower financial expenses)	- 90 M USD	2024
Capital gains	Pending on final structuring of the transaction	2023
FFO/Net Debt ²	50 bp improvement on 2023 FFO/Net Debt ratio	
Net debt/EBITDA ²	0,20x improvement on 2023 Net Debt/EBITDA ratio	

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





	Asset	Technology	Capacity (MW)	COD
1	Monterrey (I, II)	PIE CCGT	449	2002
2	Altamira III y IV	PIE CCGT	1,096	2003
3	Altamira V (Del Golfo)	PIE CCGT	1,155	2005
4	Escobedo	PIE CCGT	878	2018
5	La Laguna	PIE CCGT	537	2004
6	Tamazunchale	PIE CCGT	1,179	2007
7	Baja California	PIE CCGT	324	2017
8	Topolobampo II	PIE CCGT	917	2019
9	Topolobampo III ¹	PIE CCGT	766	2023E
10	La Venta III	PIE Wind Onshore	103	2012
11	Monterrey III & IV ¹	CCGT Private	477	2002
12	Enertek ¹	CCGT Private	144	2002
13	Tamazunchale II	CCGT Private	514	2022
Total Perimeter			8,539	




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


	CCGTs	1,166 MW
	Cogeneration	202 MW
	Renewables	1,059 MW
		<hr/>
		2,427 MW
	Renewables Pipeline	6,000 MW

EBITDA USD ~400M in 2023 (e)

	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

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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