



Capital Markets & ESG Day

21 March 2024

Sustainable
Event



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- Iberdrola, S.A. commits to carrying out its best efforts to achieve its ambition of carbon neutrality for its Scope 1 and 2 in 2030. For these purposes, it will align its strategy, investments, operations and public positioning with this ambition. Additionally, Iberdrola, S.A. is also committed to undertake the energy transition in a way that creates value for its shareholders, employees, clients, suppliers and the communities where it operates. Accordingly, Iberdrola, S.A. reserves the capacity to adapt its planning to successfully face its performance in key material aspects such as the value of Iberdrola, S.A., the quality of supply or the social, labor, and fair transition conditions. The abovementioned commitments are of aspirational nature.



Financial Management

José Sainz Armada

Chief Financial Officer



Value Creation

An integrated business model that combines growth and predictability strengthened by a sustainable financial model that secures a stable rating and limits volatility

Business model

- Growth and predictable margin from Networks
Higher Networks contribution (10 p.p.) than EU peers
- Geographical diversification
>85% from A-rated countries
- Balanced generation-supply position
Integrated Model with ~85% of total production 2024-26 already sold with margins secured



Financial model

- Sustainable financial strategy
Higher % of debt fixed
Strong liquidity
FX hedges
- Partnership model adding stable and long-term value

TSR⁽¹⁾ >300% over the last 10 years

Net Profit growth above peers with lower volatility

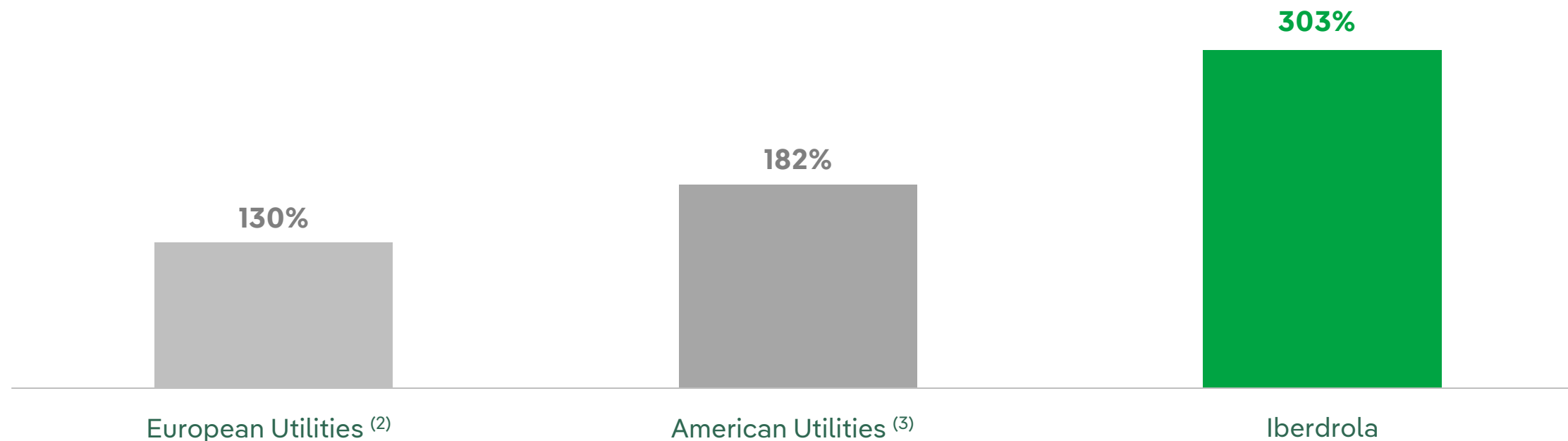
DPS and Net Profit growth in line proving aligned & growing shareholder remuneration

Over-delivery on annual guidance

DESERVES A PREMIUM

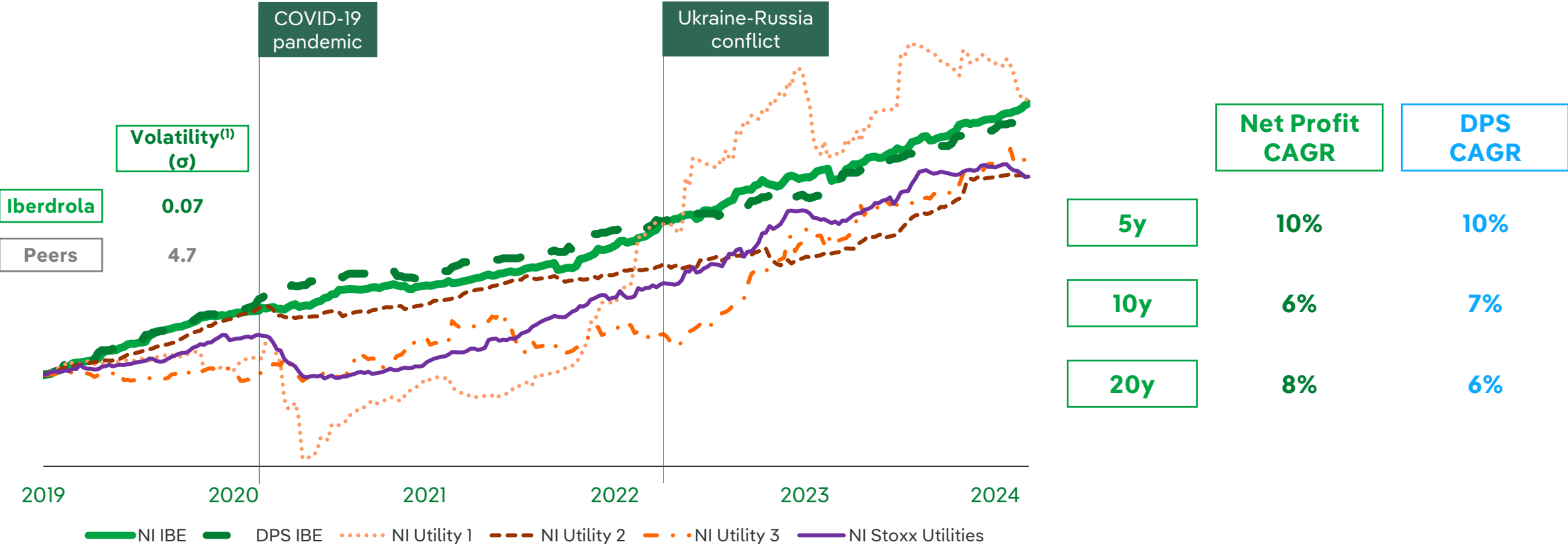
Iberdrola's Total Shareholder Return last 10 years

Iberdrola Total Shareholder Return⁽¹⁾ over the last 10 years exceeds 300%...



... based on higher growth than American & European peers

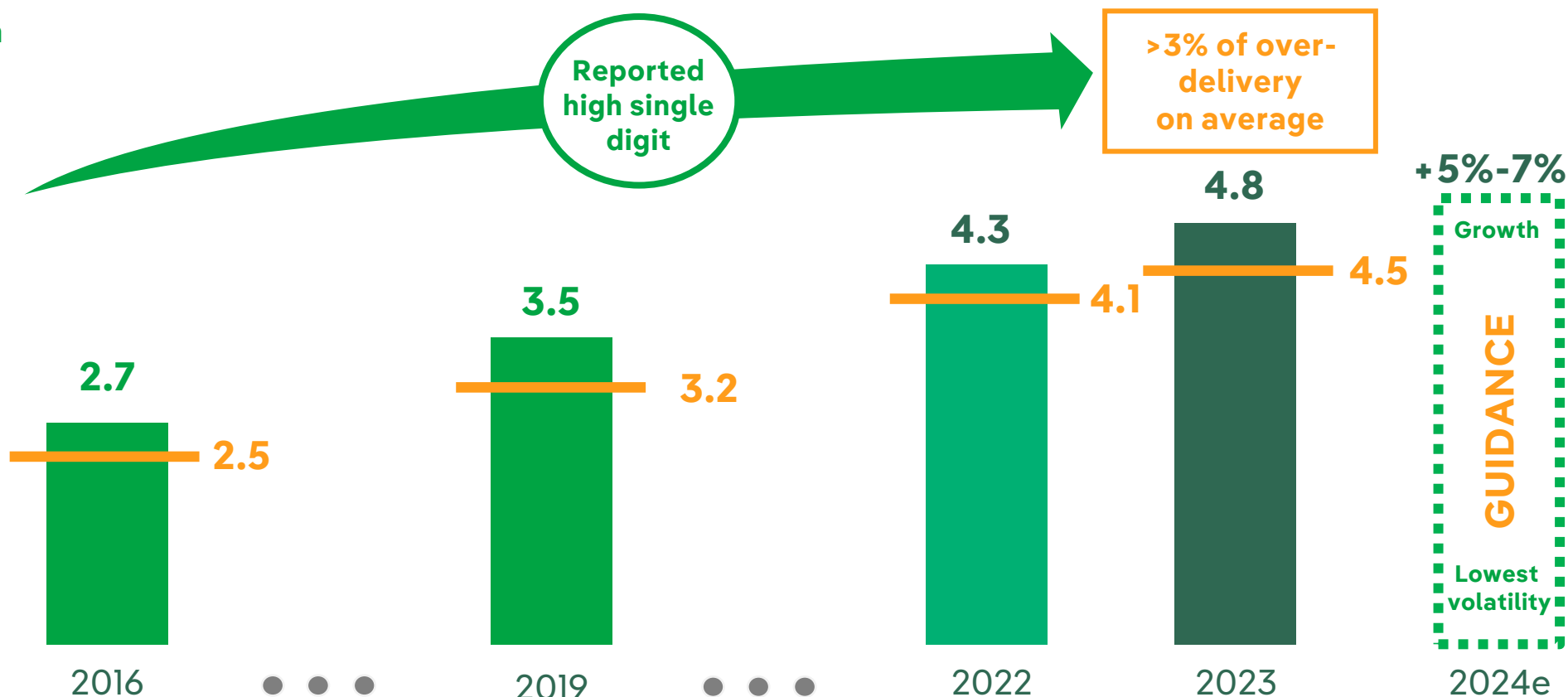
Net Profit growth above peers with lower volatility⁽¹⁾ even during uncertain times



Shareholder remuneration aligned with Net Profit growth

Reported Net Profit CAGR of high single digit since 2016...

Eur Bn



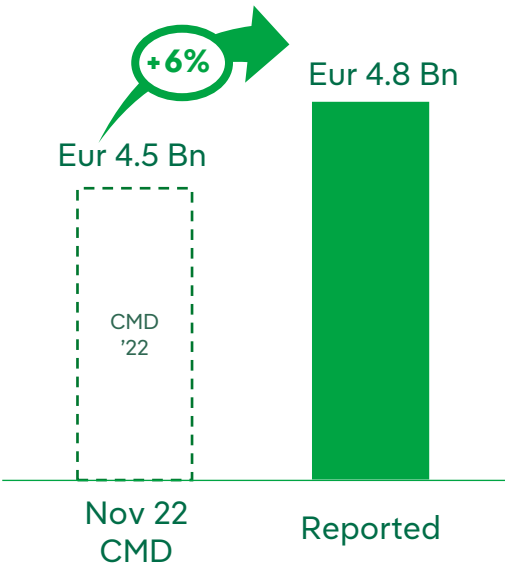
... with an average over delivery of >3% on annual guidance



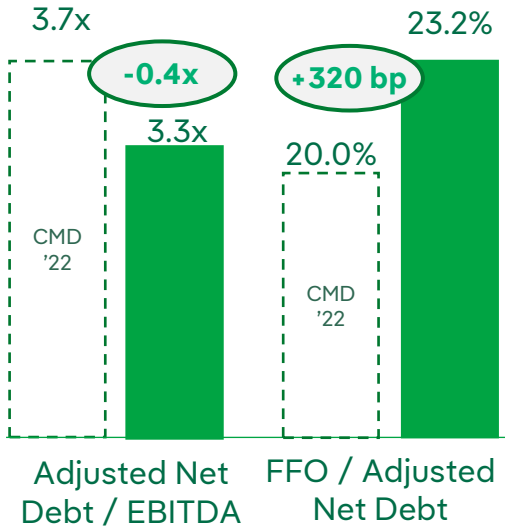
Delivery 2023- 2025 Plan

Over delivery of financial and ESG targets reaffirming Iberdrola's execution track record

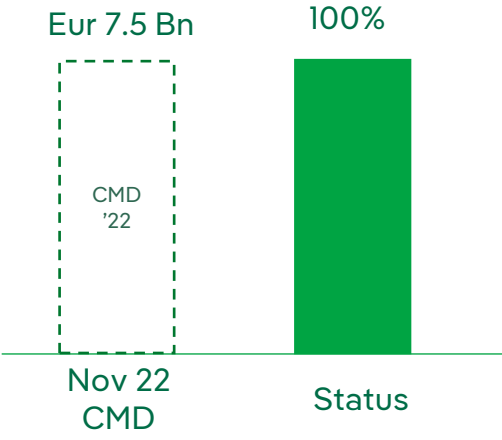
Net Profit 2023



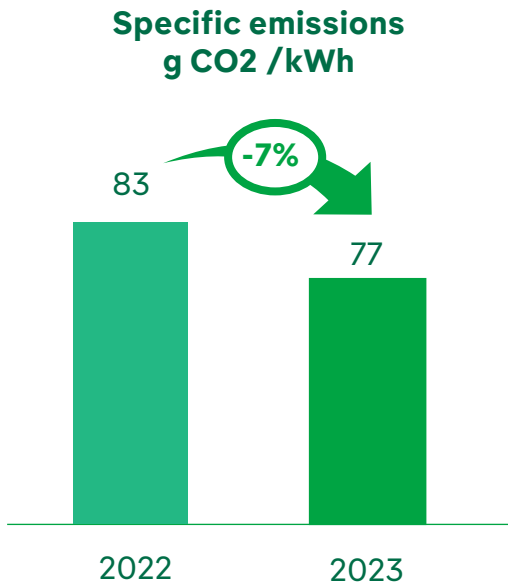
Financial Ratios 2023



Asset Rotation & Partnerships



E S G F





Plan 2024-2026

Funding of Avangrid's future growth can only be achieved by means of profit reinvestment or shareholders' support in the form of capital infusions

- **Increasing exposure to the US and Networks** as source of 80% of Avangrid's Net Profit comes from Networks
- **Investment opportunities**, mostly in networks... **core to Iberdrola' strategy**
- **Avangrid's leverage and dividend payout ratios constraining future growth** and new investment opportunities in the US
- **Simplifying Avangrid's corporate governance** structure
- Avangrid's market performance **reduces value as a currency**

Transaction to be closed within 9-12 months⁽¹⁾

Progressive stabilization on macro with inflation under control and interest rates normalizing

Inflation



- Gradually converging to Central Bank's targets, but **slower than expected**

Interest Rates



- **Short-term rates** reduction starting in 2024. Brazil will continue cutting in 2024
- **Long-term rates** above short-term from 2025 onwards

Credit Spreads



- **Stable during the plan**

Economic Growth



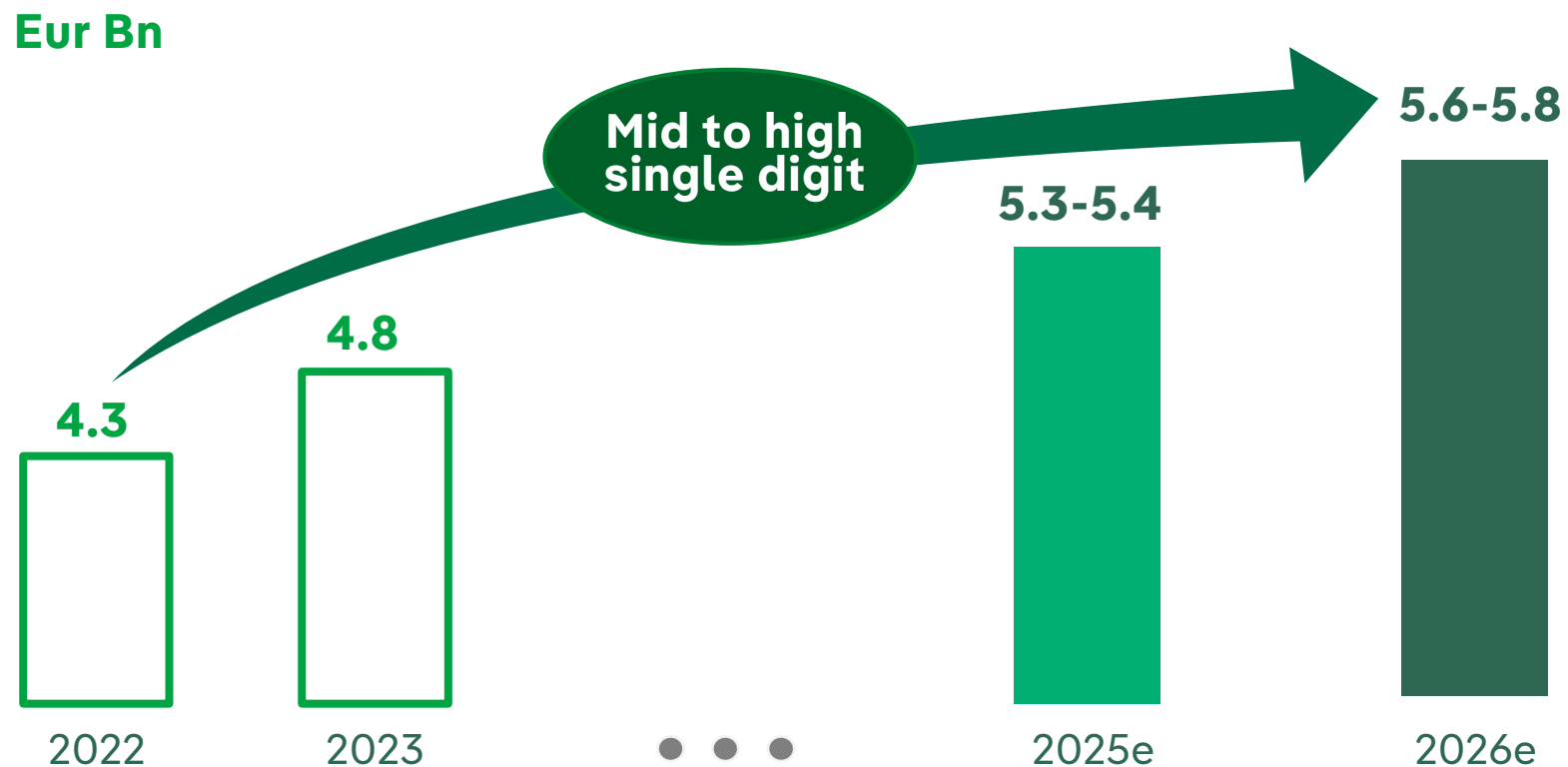
- **Recovering gradually in 2024/2025** reaching **potential growth** from **2026** onwards, **USA faster than the Eurozone**
- Mexico and Brazil maintaining strong growth

FX



- **USD** depreciated vs. 2023-2025 plan
- **GBP** aligned to 2023-2025 plan
- **BRL** supported by good economic data and political stability

Net Profit reaches Eur 5.6-5.8 Bn in 2026 (“mid to high single digit” CAGR 2022-2026)...



Limited Net Profit volatility

VS

2025e (Eur M)

2026e (Eur M)

Energy prices
Spain

Sensitivity vs. base case (60 €/MWh)

↑↓ 5 €/MWh



↑↓ 80

↑↓ 95

Energy prices
UK

Sensitivity vs. base case (74 £/MWh)

↑↓ 5 £/MWh



↑↓ 3

↑↓ 15

Distribution
returns Spain

Current regulatory returns (5.58%)

↑↓ 50 bp



-

↑↓ 40

Interest rates

Plan hypothesis

↑↓ 50 bp



↑↓ 50

↑↓ 70

FX

Plan hypothesis

↑↓ 5 %



\$
£
R\$

↑↓ 50

↑↓ 50

↑↓ 55

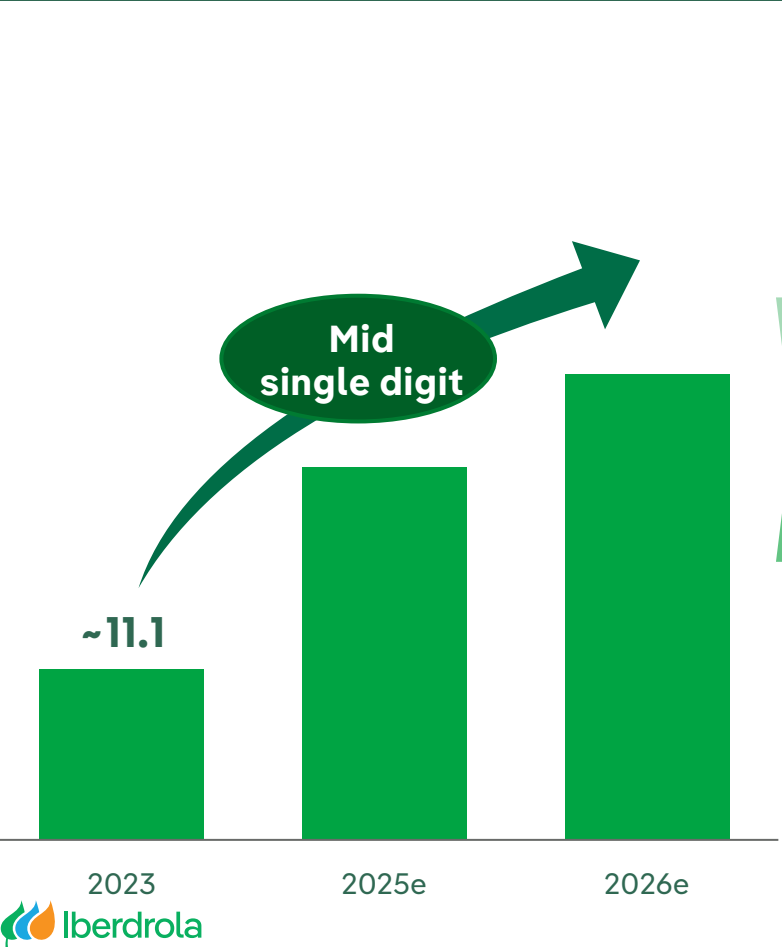
↑↓ 55

↑↓ 20

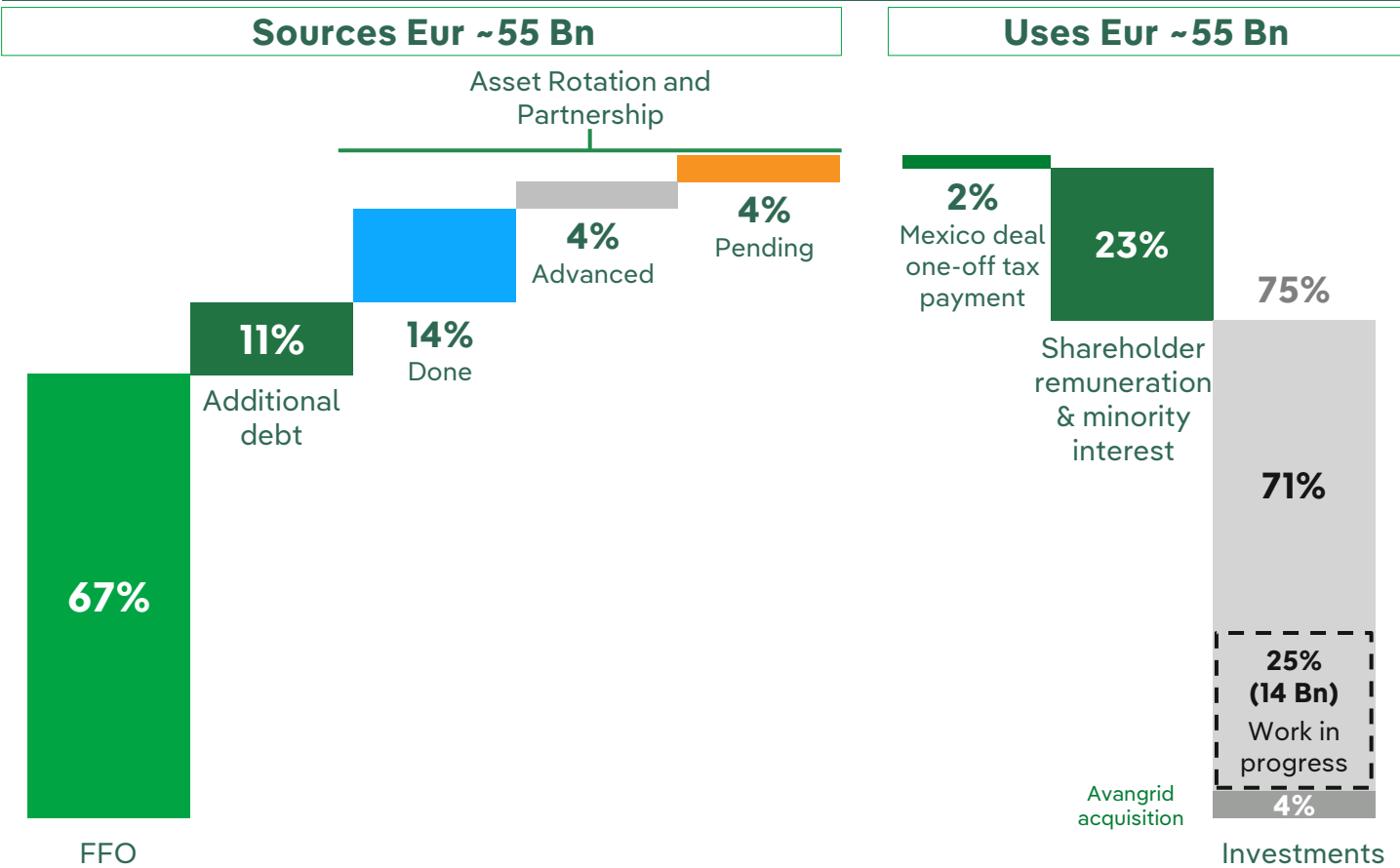
↑↓ 20

Additional debt to 11% of total sources thanks to FFO growth, covering 67% of uses, limiting funding risk

FFO 2023-2026 evolution (Eur Bn)



Sources & uses of funds 2024-2026 (%)



Capex allocation to maximize value depending on business, geography, framework, route to market...

Networks



Average
EBITDA/Growth Capex >10%

Group's Growth Capex IRR

>8%

IRR

Renewables



IRR 7-12%

Spread to WACC >200 bps

ROCE CMD'24 VS CMD'22

~6% Plan 23-25

CMD'22

+100 bp

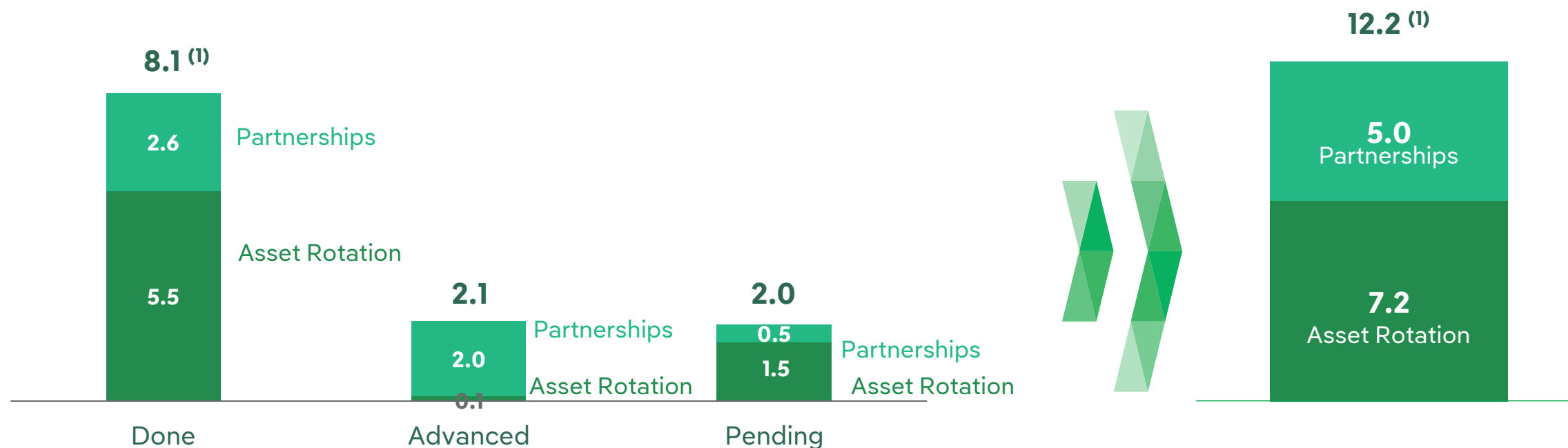
+ ▲ Additional potential value creation
from Partnerships

~7% Plan 24-26e

CMD'24

...with additional potential value creation from our partnership model

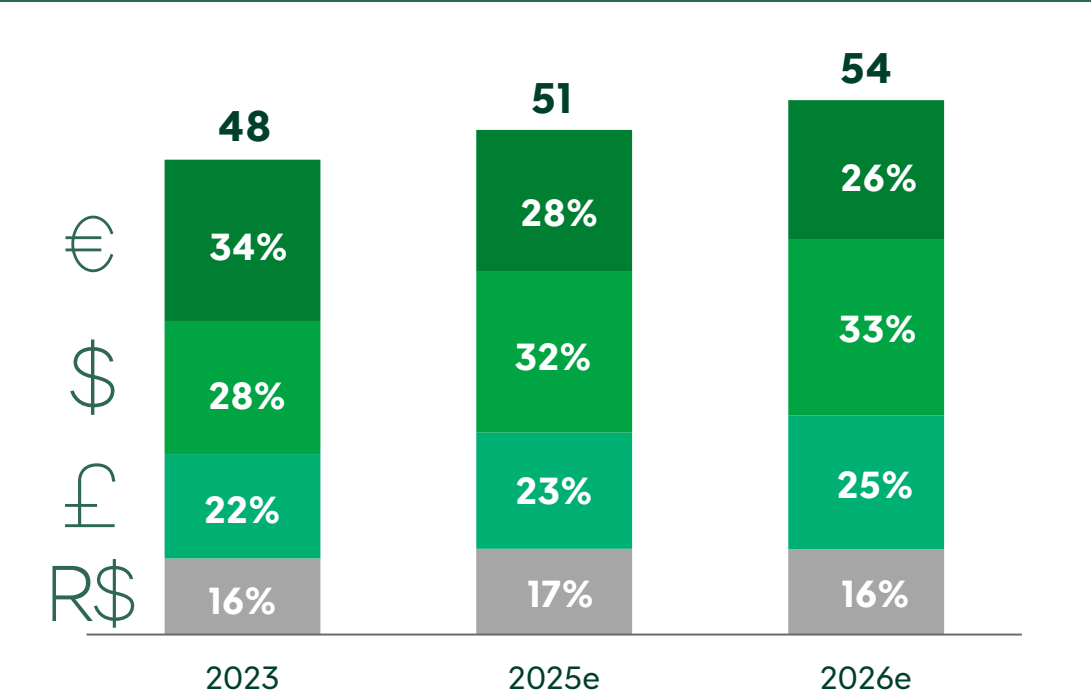
Partnership model that attracts Tier 1 investors allowing us to raise equity with lower dilution than issuing in the capital markets



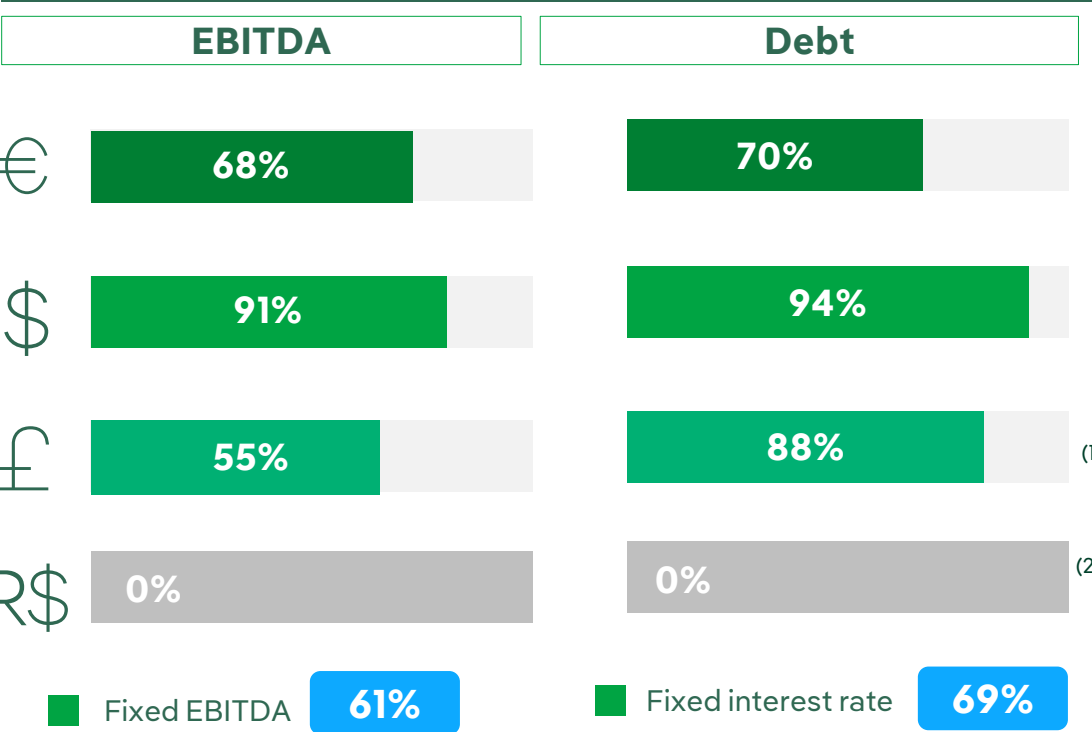
New asset rotation & partnerships 24-26 target: ~Eur 12.2 Bn, Eur 8.1 Bn done, Eur 2.1 Bn in advanced stages and Eur 2 Bn pending

Net Debt increasing weight of non-euro currencies along the plan, while maintaining a prudent financial structure: 69% average of debt at fixed rate higher than 61% of fixed EBITDA

Net Debt evolution 2023-2026 (Eur Bn)



Debt vs. EBITDA structure 2024-2026 (%)



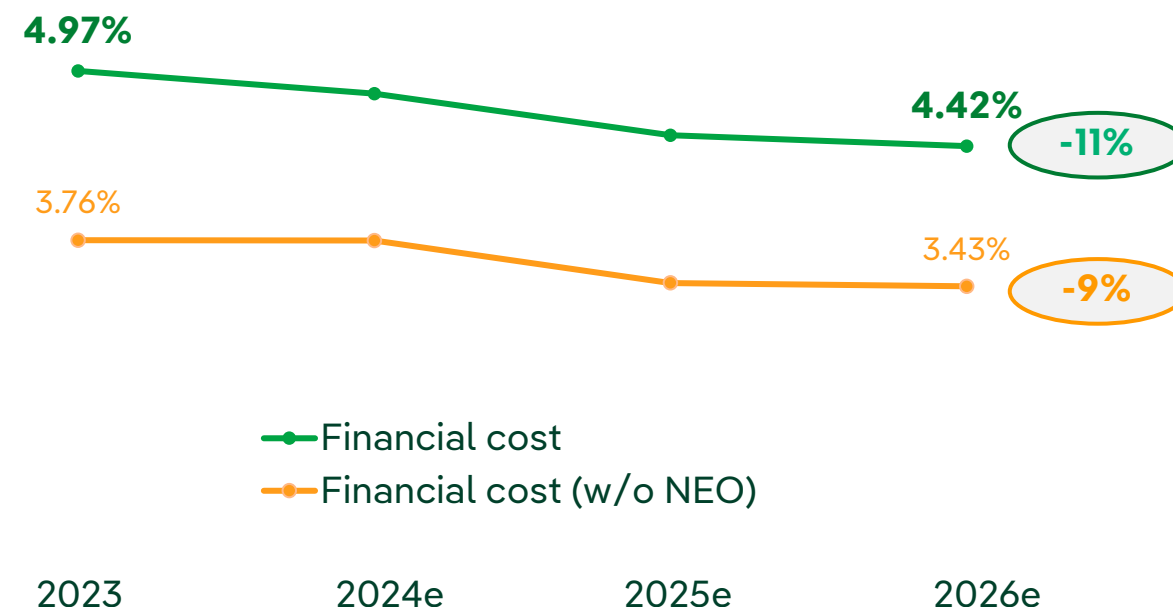
Iberdrola financial profile well positioned in different market environments

Cost of Net Debt decreasing along the plan despite higher cost currencies increasing weight...

Gross debt financial cost by currencies (%)

	2023	2026e
€	2.7%	2.1%
£	4.4%	3.3%
\$	4.8%	4.7%
R\$	11.4%	9.8%

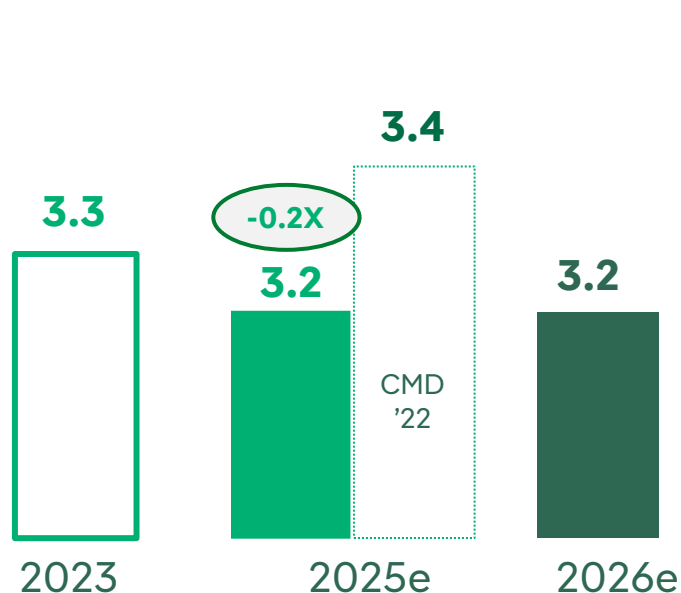
Net financial cost (%)



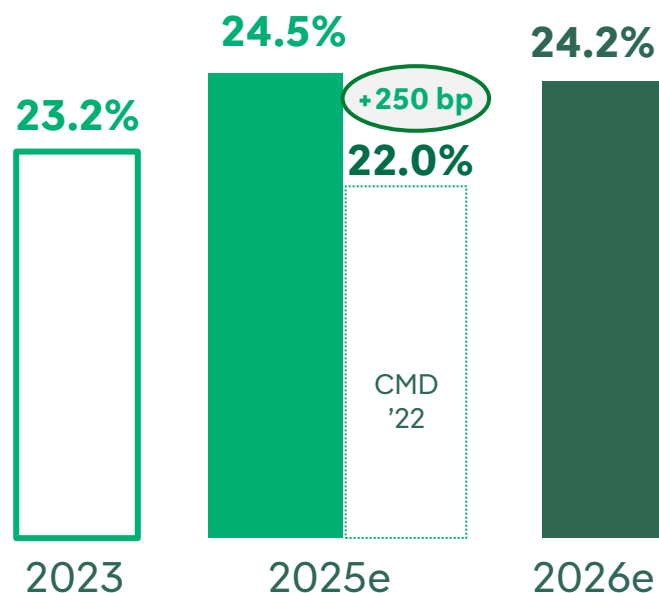
...2026 will be around 4.4% (3.4% w/o Brazil) supported by our competitive fixed debt levels & spreads thanks to rating stability

**Strong ratios during the plan, improved vs. CMD'22,
reinforcing our commitment towards current rating (BBB+ /Baa1)**

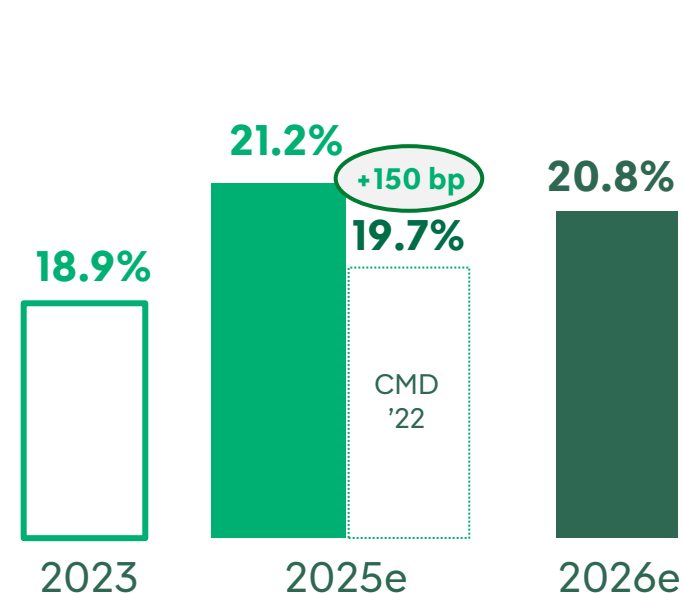
Net Debt / EBITDA



FFO / Net Debt



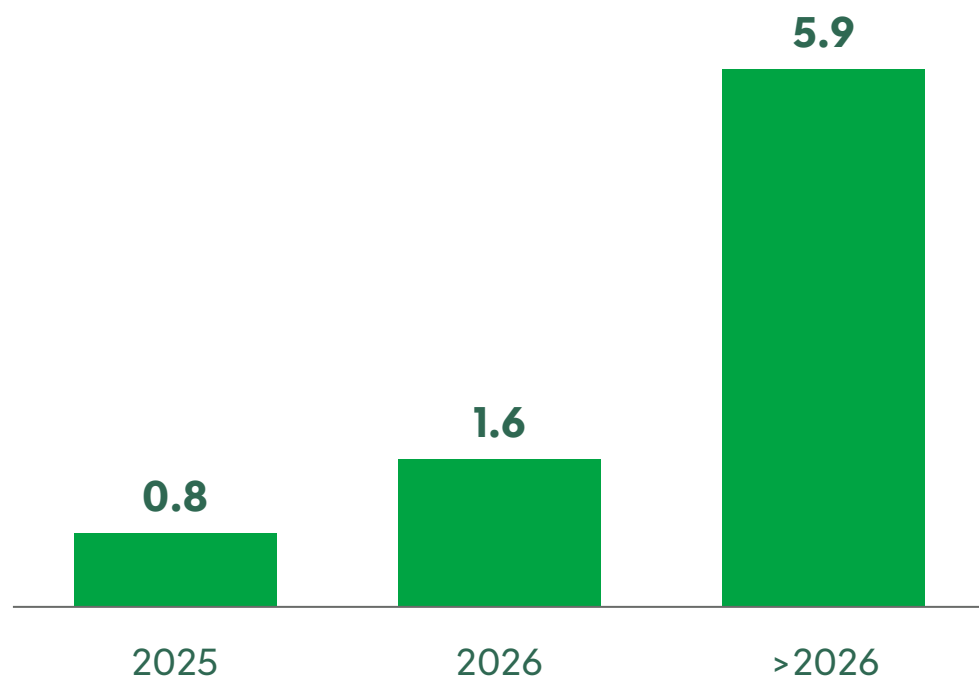
RCF / Net Debt



Exposure to A rated countries + “Regulated+long term contracted” business profile, together with financial strength commitment, allow better thresholds than peers from Rating Agencies

Comfortable situation of hybrid debt, 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

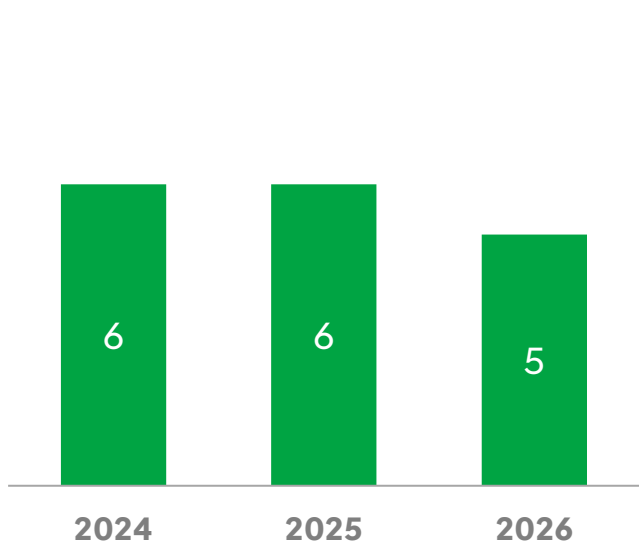
Focused on the refinancing of the outstanding stock. Expected cost in 2026: 3.5%

Reopening the hybrid bond market with an issue of Eur 700 M at 4.871% last January 9th to refinance 2018 hybrid

Hybrid strategy will remain supportive of current ratings

Eur 22 Bn of 2024-2026 financing needs covered according to our financial model diversifying sources of financing increasing multilaterals, and bonds (Eur and other currencies)

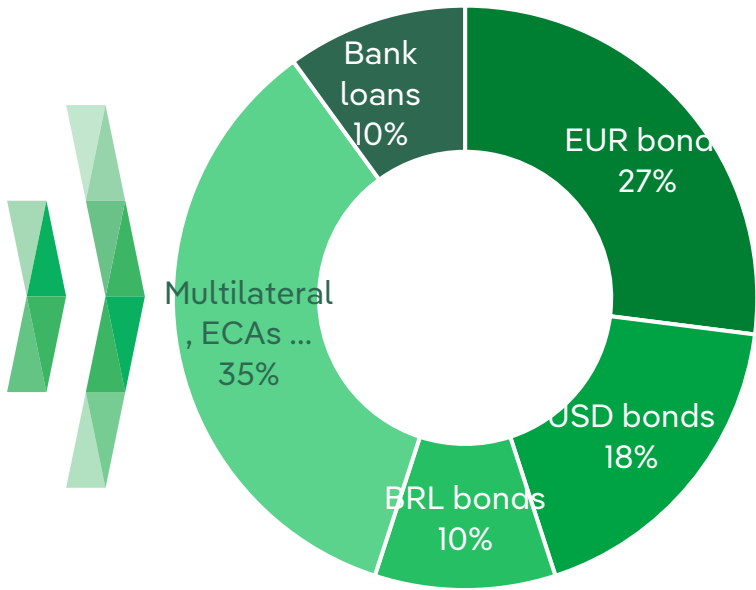
Debt maturities: Eur 17 Bn



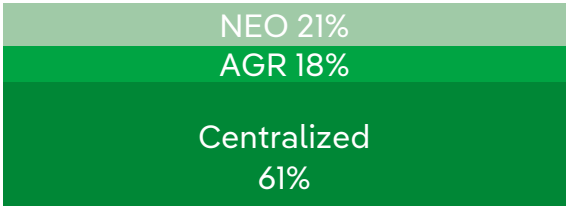
Additional Debt: Eur 5 Bn ⁽¹⁾

Coverage 2024-2026: Eur 22 Bn

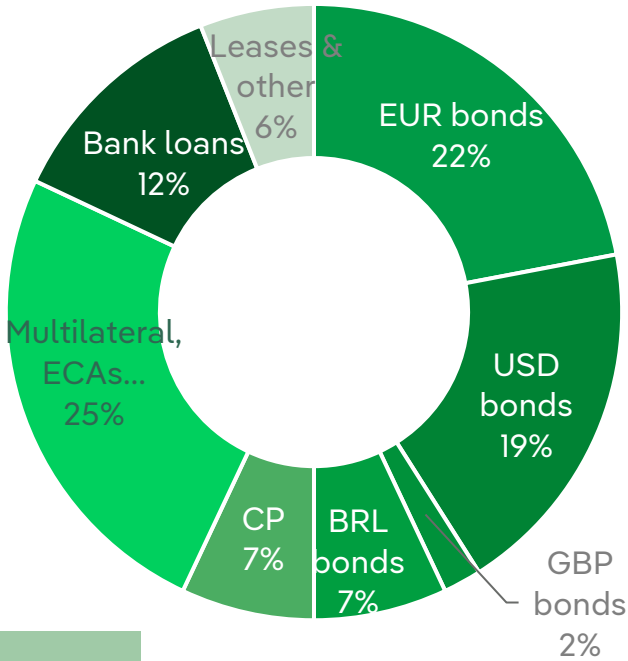
By product



By country



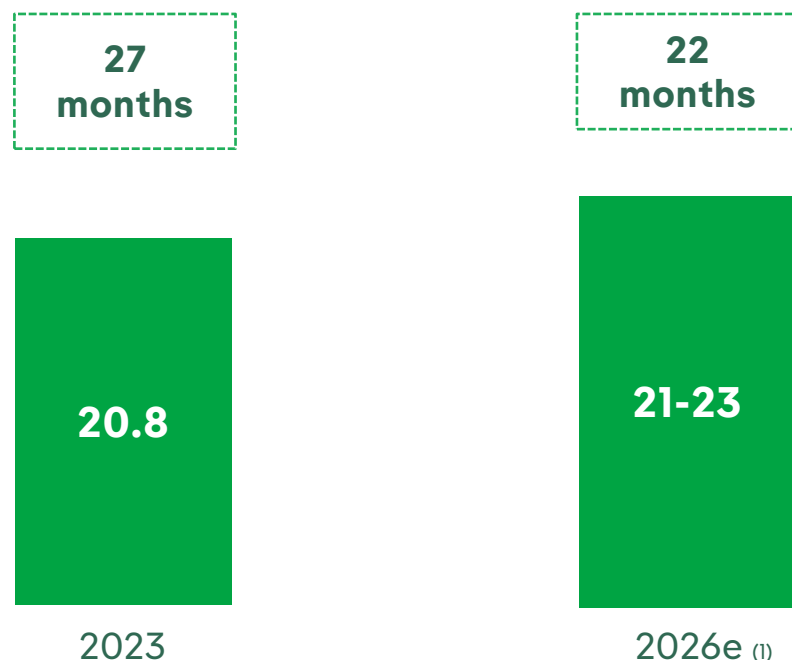
Debt structure by market 2026e



(1) Not included Eur 1 Bn Vineyard already financed

Liquidity management, complying with rating agencies requirements

Liquidity 2023-2026 (Eur Bn)



⁽¹⁾ Aligned to Rating Agencies requirements level for strong / adequate classification

Sources of liquidity

Active Cash and equivalent management
optimizing cost

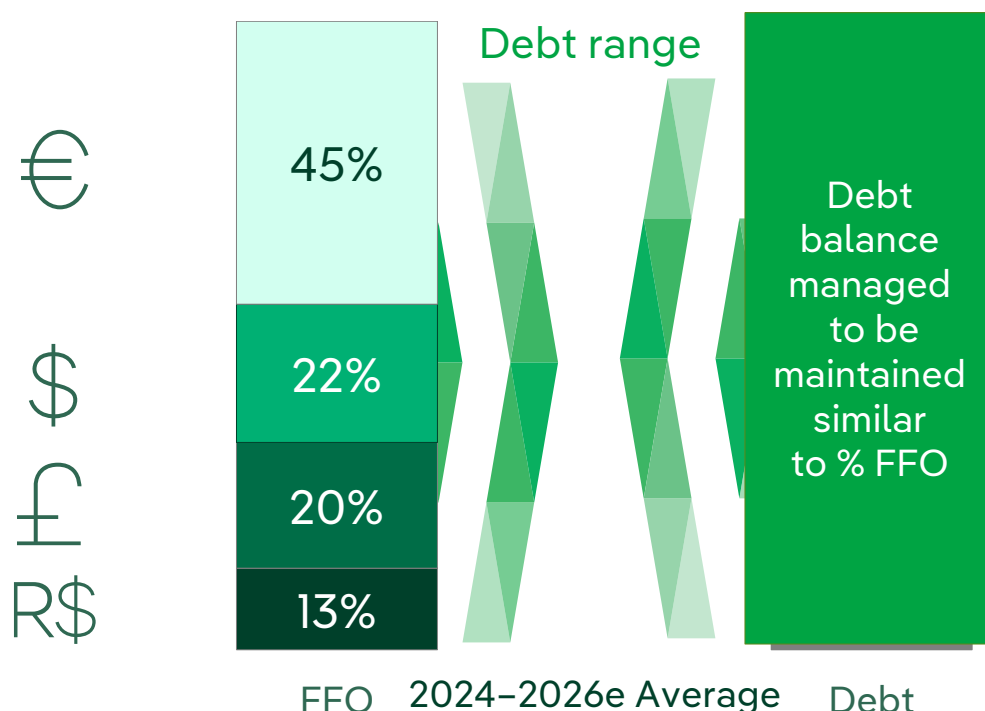
Diversification of liquidity sources: cash & equivalents, syndicated and bilateral credit lines, multilateral loans, development banks and export credit agencies

Sustainable Credit lines
Green undrawn loans

Average debt maturity of 6 - 7 years. Optimal position for risk-cost.

Structural FX hedge by having the debt in the same currency and similar % as the FFO to protect credit ratings...

Structural



Annual



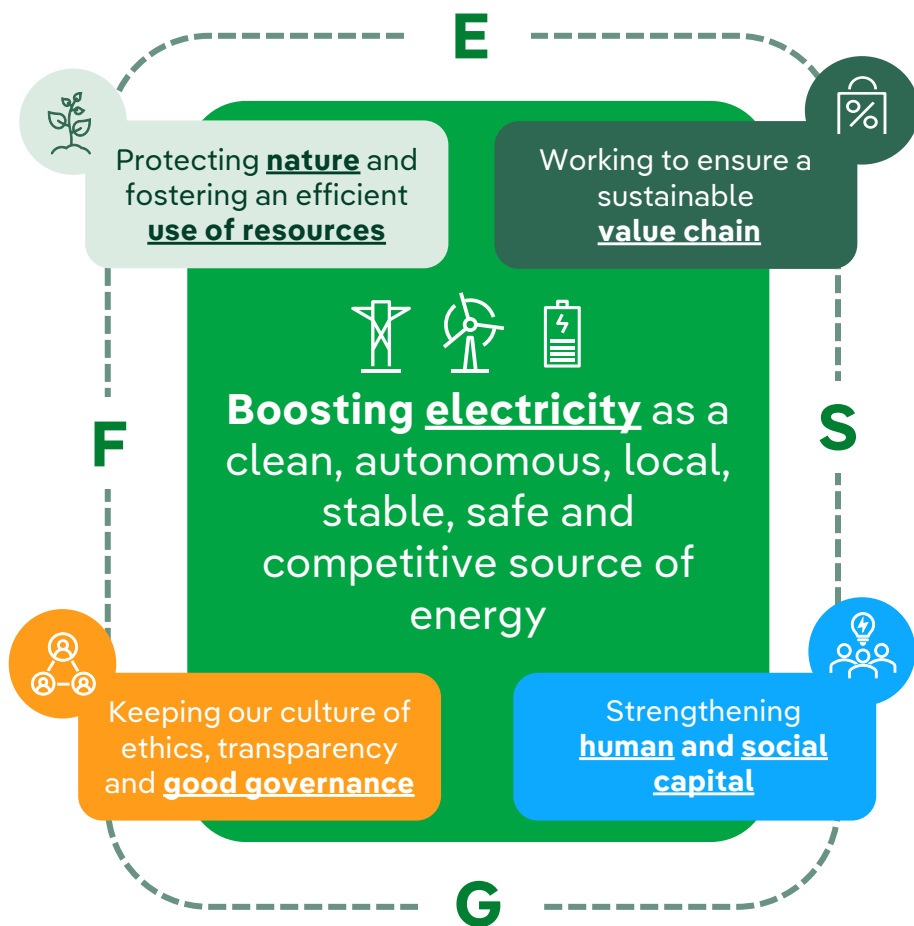
Hedging Net Profit FX exposure in currencies against the Euro on a yearly basis with positive results in P&L



Long-term FX management not possible as it would generate P&L volatility

... while every year FX risk in the P&L account is hedged through derivatives avoiding impact on our accounts due to currency volatility

Progressing well towards 2025-2030 and increasing ambition vs. CMD22



New KPIs

- 1 EU Taxonomy CAPEX alignment (%)
- 2 Sustainable suppliers (n°)

Broader scope

- 1 Circular economy (blades + PV panels)
- 2 Diversity (gender + new criteria)
- 3 Green mind (Safety + occupational health)
- 4 Green skilling (strategic capabilities)

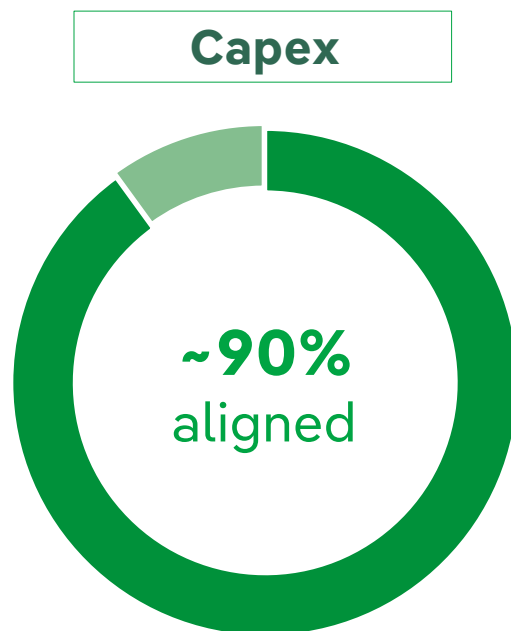
Increased ambition

	Vs. 2023	Vs. CMD22
1 Carbon neutral 2030: 60 g CO ₂ /kWh in 2025	- 17 g CO ₂ /kWh	-10 CO ₂ /kWh
2 Storage: 108 GWh in 2025	+6 GWh	+6 GWh
3 Smart grids ⁽¹⁾ : 90% automation in 2030	+12 p.p.	New 2030
4 Water intensity: -32 % in 2025 (vs 2021 value)	-24 p.p.	-13 p.p.
5 Customer accessibility solutions: >60 in 2025&30	+20	+30
6 Digital customers: 75% in 2025	+2 p.p.	+2 p.p.
7 Corporate volunteering: 23,000 in 2030	+2,500	+5,000

(1) High/medium voltage

**Commitment with sustainable finance to foster decarbonization having
~90% of total organic investment plan aligned with EU taxonomy...**

% Taxonomy aligned Capex⁽¹⁾ Plan 2024-2026e




Green/Sustainable Financing in Iberdrola

Minimum 80% of new financial instruments during the plan will be Green/Sustainable labelled⁽²⁾...



...driving more than **70% accumulated Green/Sustainable⁽²⁾ Financial instruments at the end of the plan**



 **Best in class** of green financing maximizing access to green bond market



“Green” rating obtained in the “Transition Assessment” by **Sustainable Fitch**



**... that will be financed mainly under green principles.
Sustainability linked for credit lines and commercial paper.**

DELIVERING SUSTAINABLE VALUE CREATION



... THROUGH A SUSTAINABLE FINANCIAL MODEL



Closing remarks

Ignacio S. Galán

Executive Chairman

Electrification is unstoppable

Self-sufficiency

...increasing energy security

Efficiency

Competitiveness

Decarbonisation

...the only viable route



Higher Investment in Networks

- 60% of total investments
- Transmission ~6.5 Bn

Focus on highest value renewable technologies

- > 50% in Offshore wind
- 100% of capacity additions under construction/ready to build

Growth in Storage

- >100 M kWh + 20 M KWh under construction
- 150 M kWh of pipeline

Optimizing Customer Portfolio

- ~85% of total production 2024-2026 already sold with margins secured

Reinforcing Iberdrola's competitive strengths...

...to consolidate growth & financial strength to 2026 and in 2030+...

Net investments 2024-2026
Eur ~36 Bn



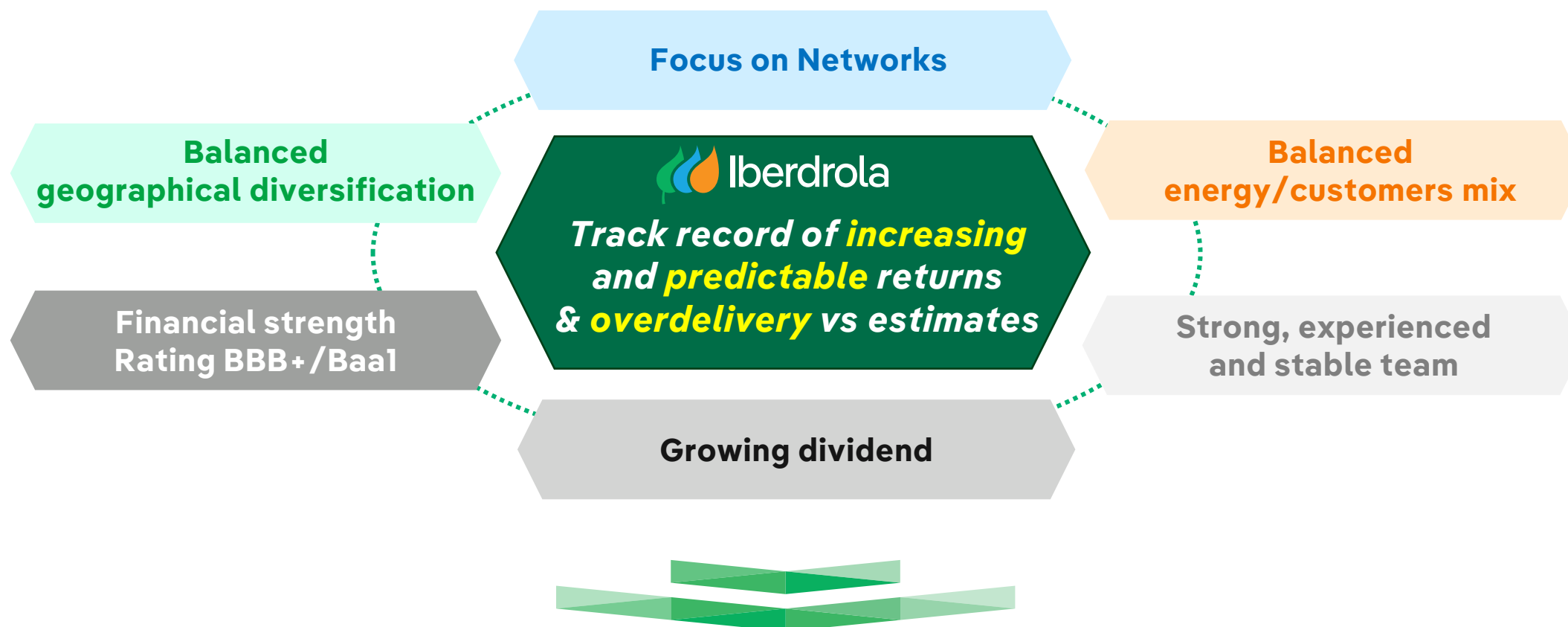
Net Profit₂₀₂₆
Eur 5.6-5.8 Bn

DPS in line with Δ EPS
Eur 0.61-0.66 in 2026

FFO/Net Debt₂₀₂₆
>24%

... creating value for all

A UNIQUE BUSINESS MODEL



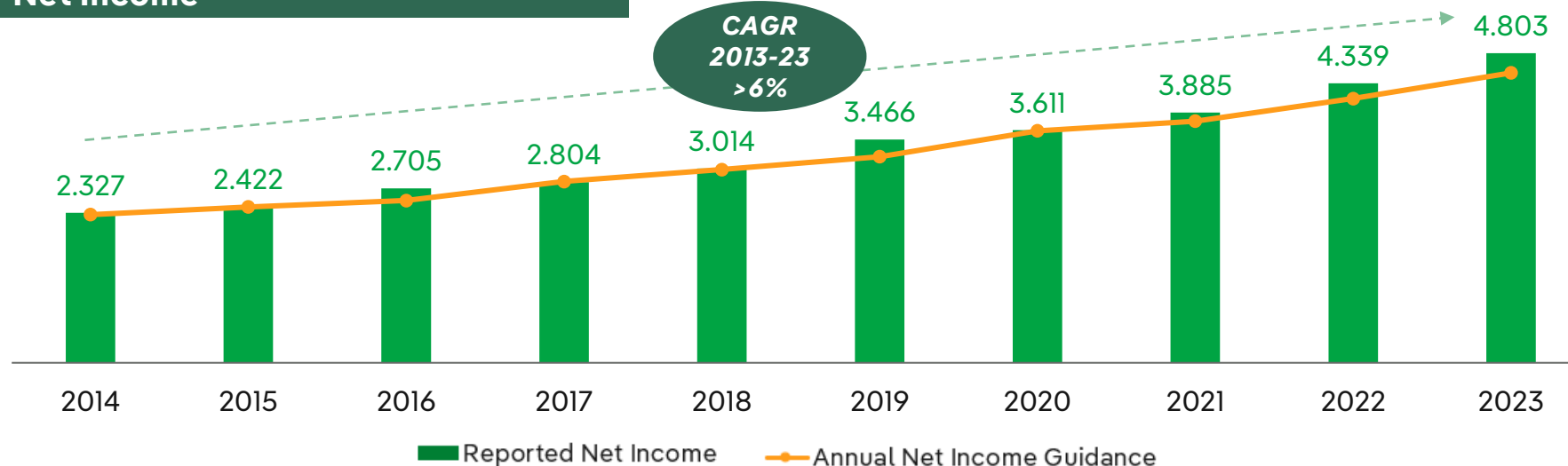
GROWTH, STABILITY, PREDICTABILITY, OVERDELIVERY



Annex Financial Management

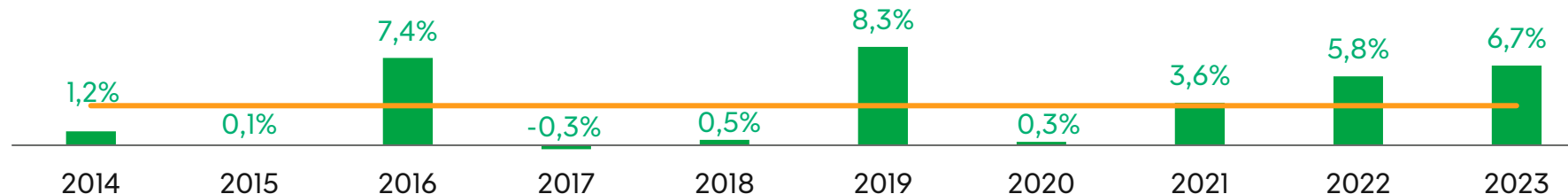
Average annual growth in line with CAGR, showing the sector's lower volatility in results...

Net Income



**>6% CAGR over
2013-2023**
with constant
growth

Historical Net Profit overdelivery versus guidance



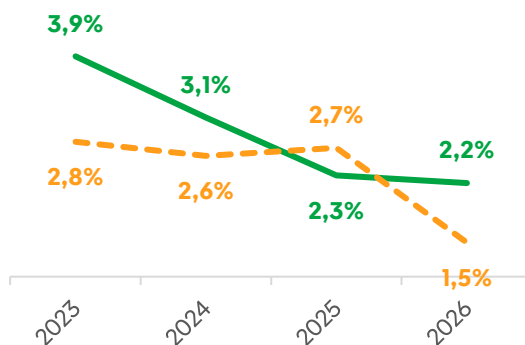
**Average
over-delivery on
guidance >3%**

... with an average annual *overdelivery* of >3%

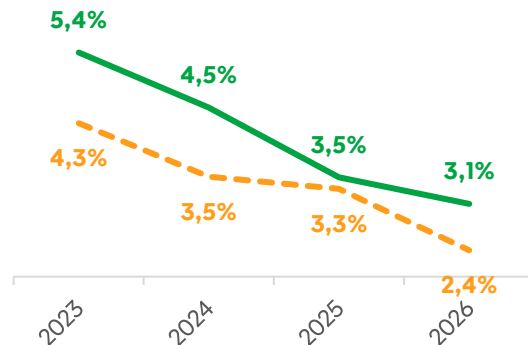
Macro hypothesis: Interest Rates (CMD24 vs CMD22)

Short term rates higher due to a persistent inflation while long term rates slightly lower in 2024 and 2025

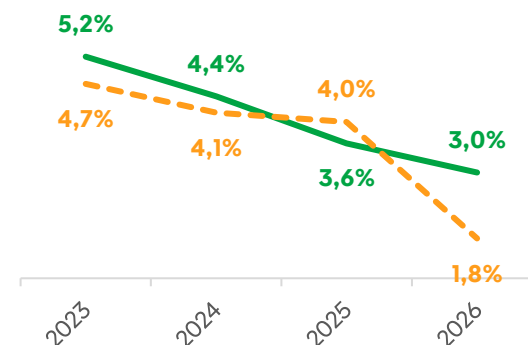
EUR YEAR END ECB DEPO



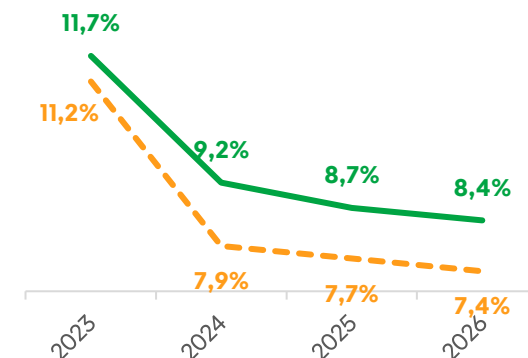
US YEAR END SOFR



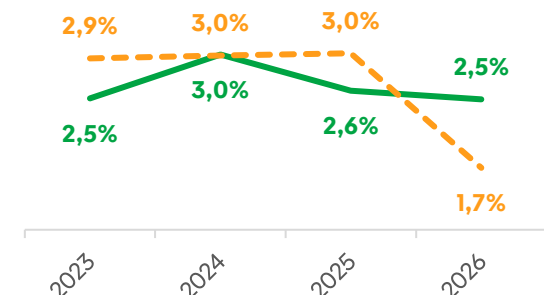
UK YEAR END SONIA



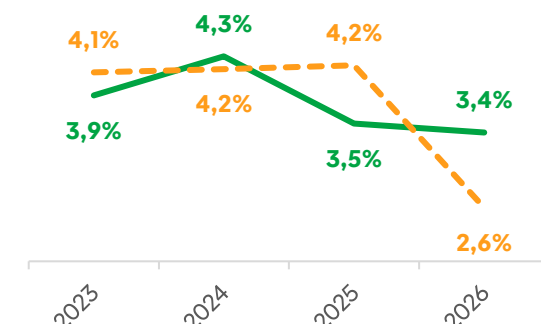
BRL YEAR END CDI



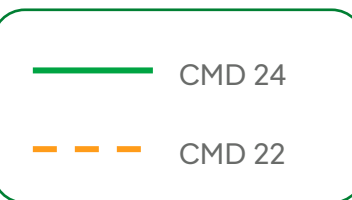
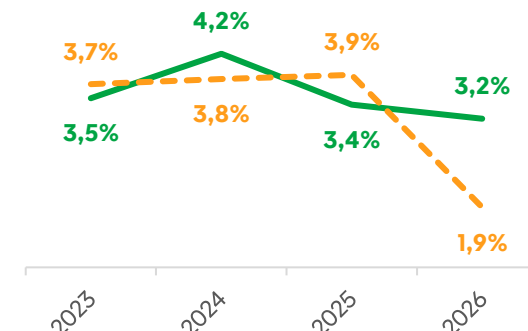
EUR YEAR END 10Y SWAP



US YEAR END 10Y TREASURY

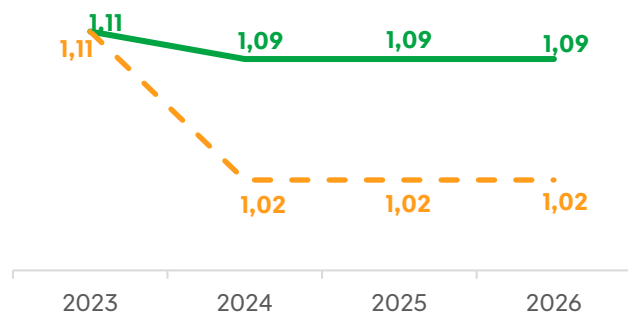


UK YEAR END 10Y TREASURY

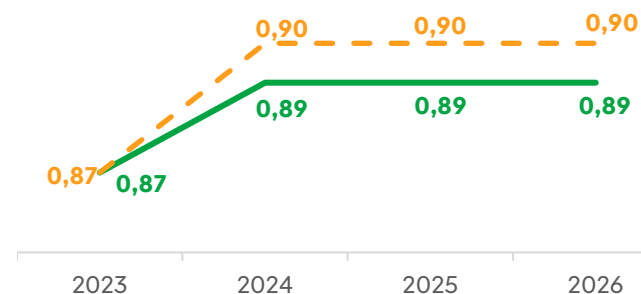


USD depreciated due to lower global risk situation while GBP and BRL appreciated slightly vs EUR

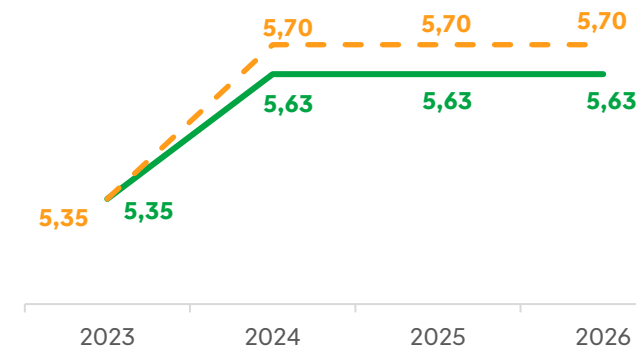
YEAR END USD/EUR



YEAR END GBP/EUR

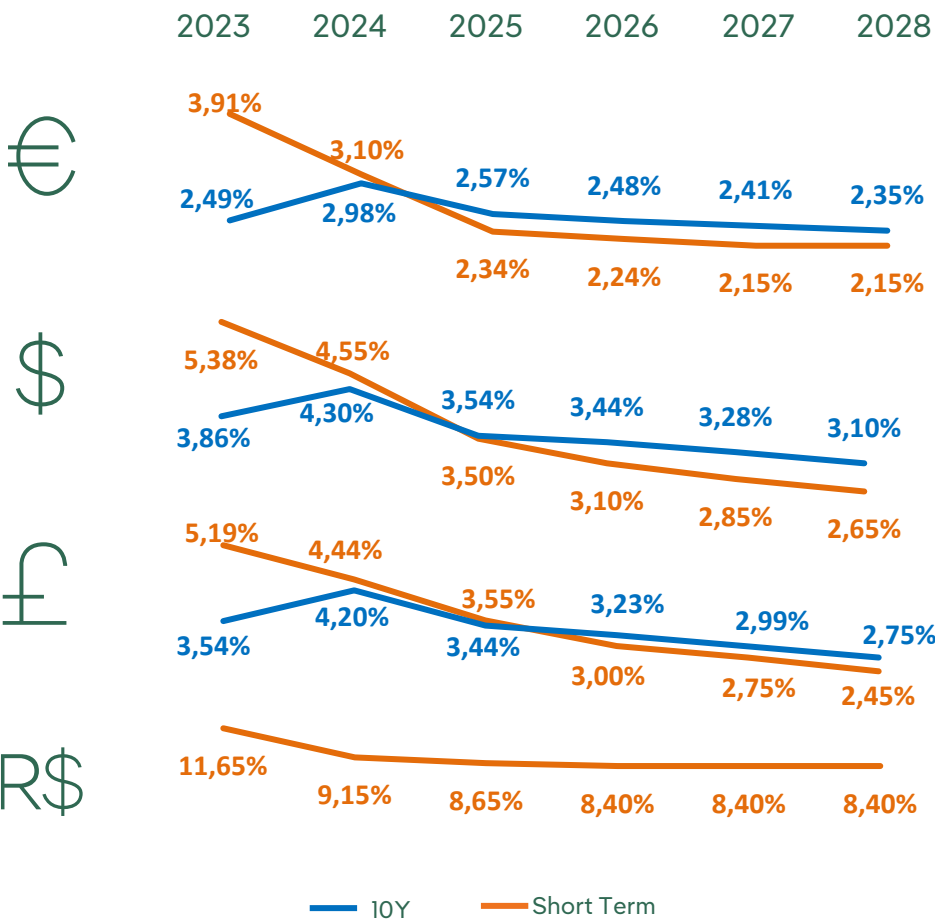


YEAR END BRL/EUR

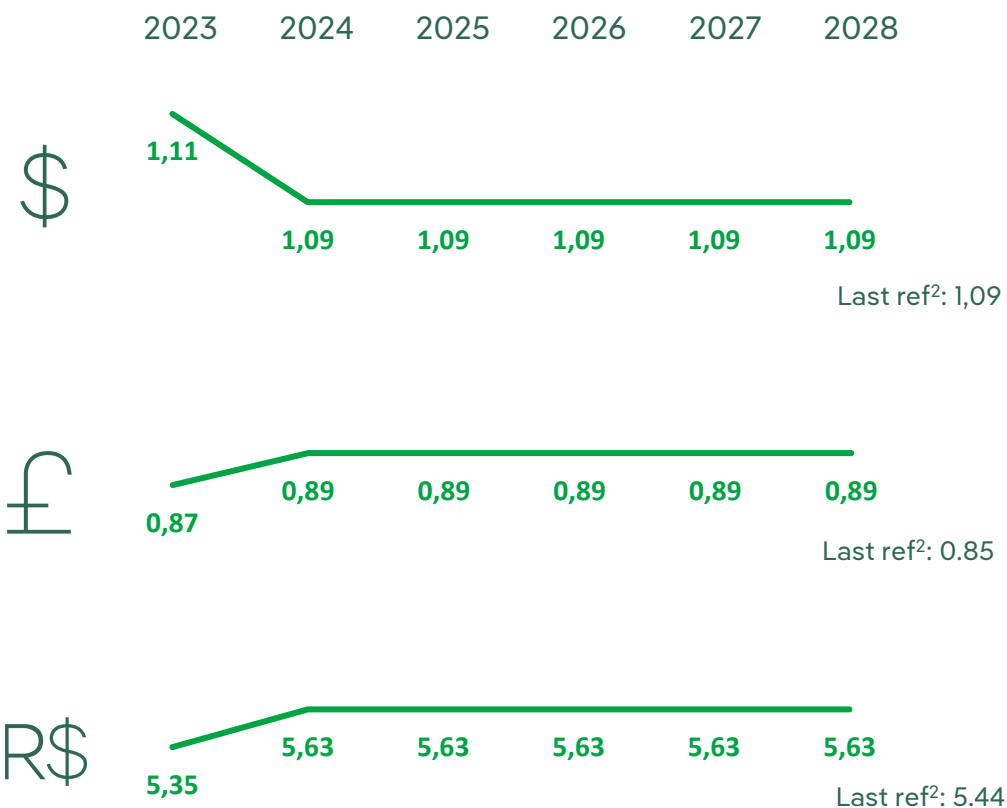


— CMD 24 - - - CMD 22

YEAR END INTEREST RATES¹

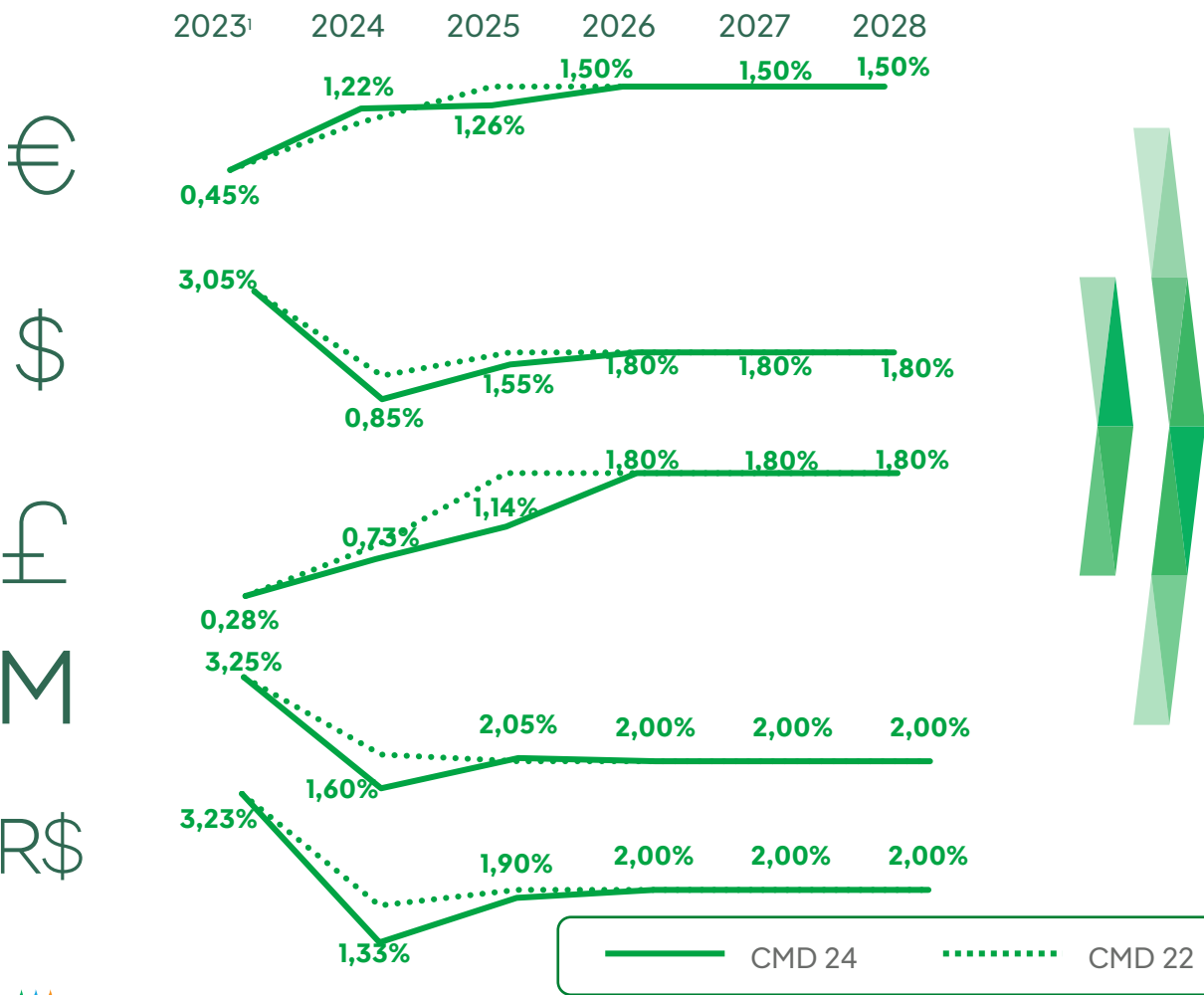


YEAR END FX RATES

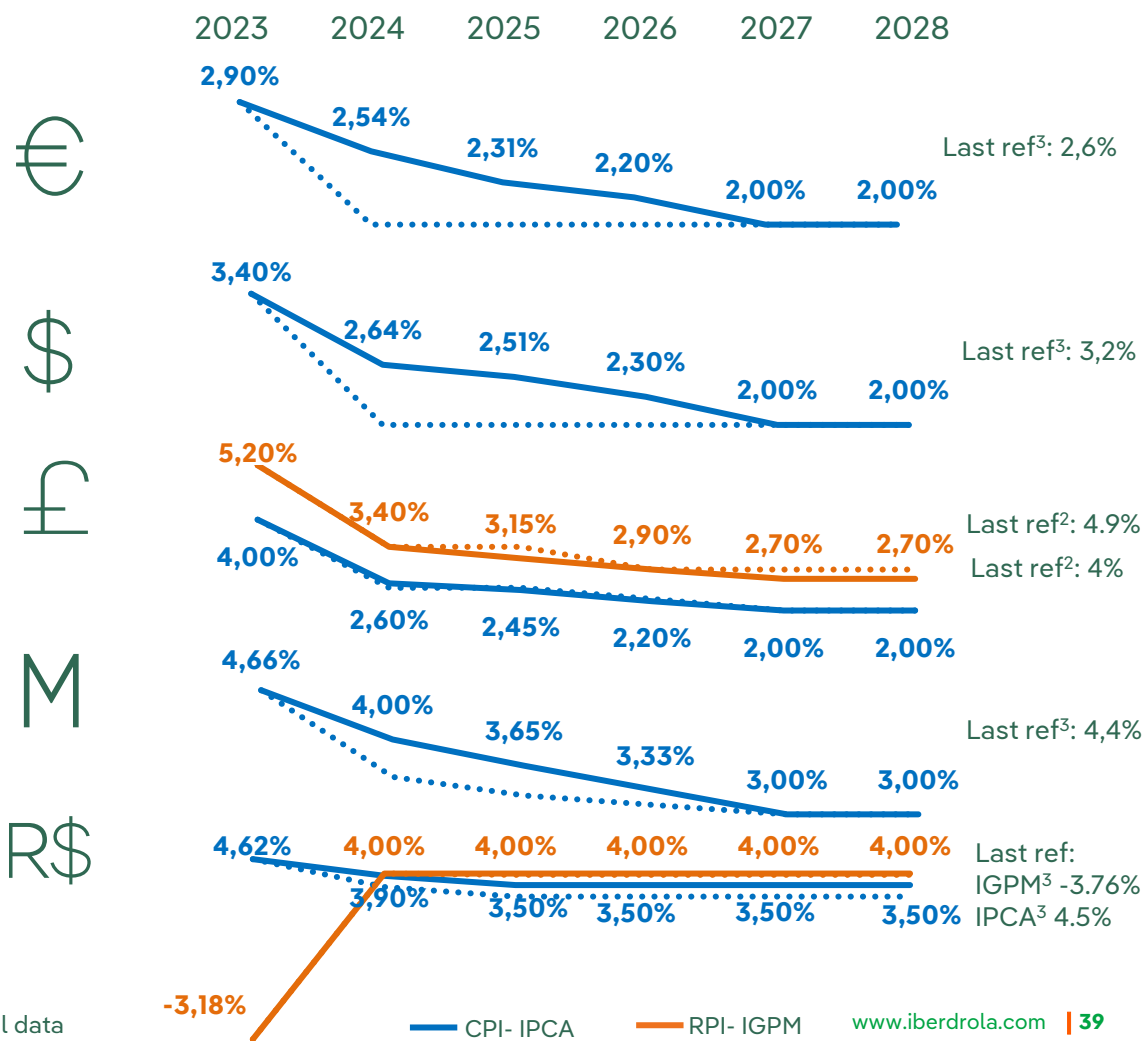


Macro hypothesis: GDP & Inflation

AVERAGE GDP

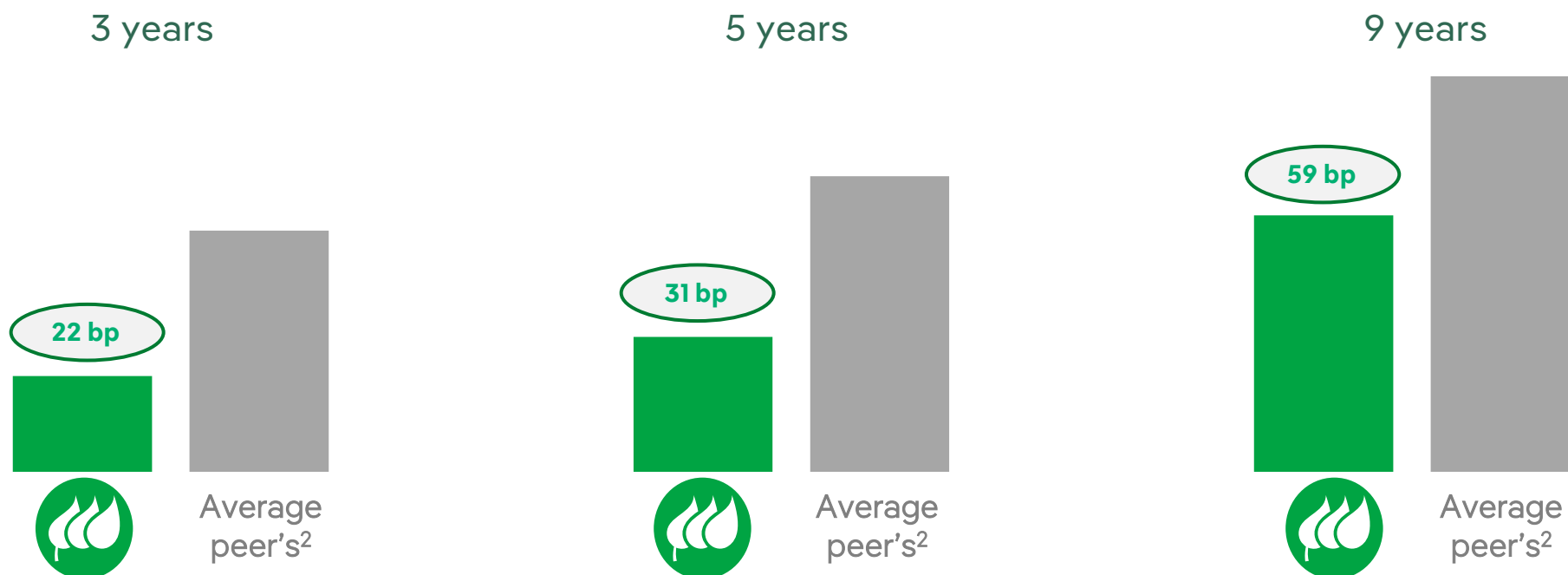


YEAR END INFLATION



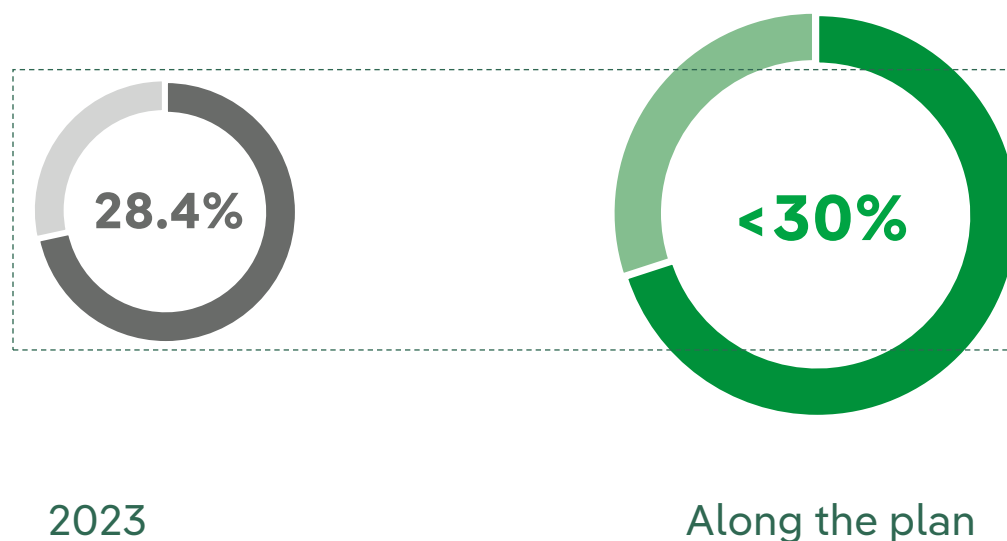
Iberdrola has the most competitive cost of European utilities, 30-40 bp lower than peers...

Current credit spread¹ in bonds with maturities in 2027, 2029 and 2032 (bp)



... helped by Green Commitment, financing diversification and investor credibility

Our model is based on the financing of group needs from the holding...



Committed to maintain <30% levels in subsequent years



Direct access to cash flows from unlevered and fully owned subsidiaries (core EBITDA ~ 65%)



High visibility of centralized cash flows (regulated and long-term contracted)



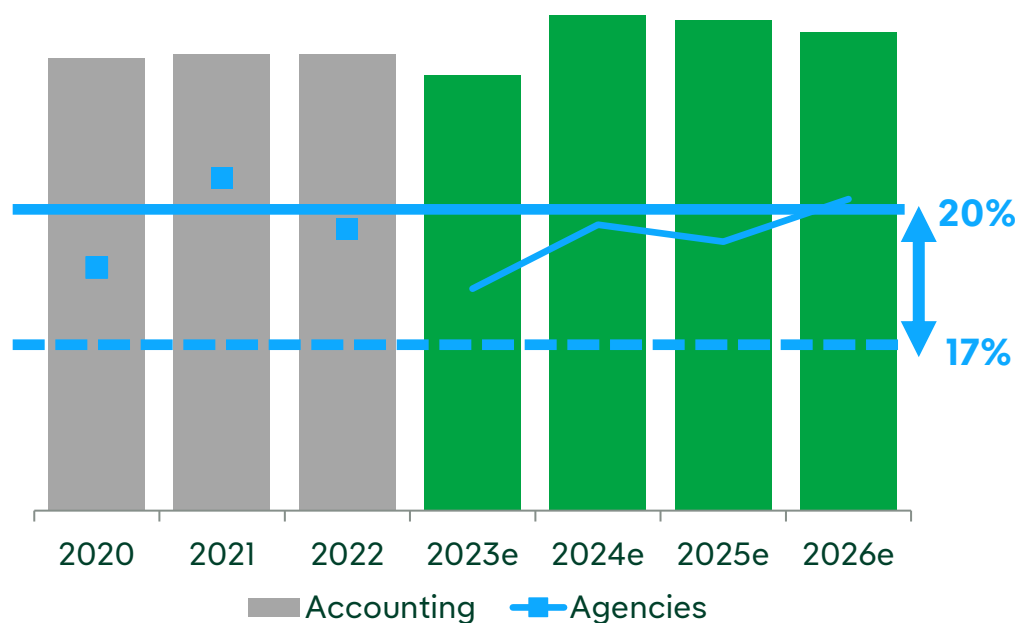
Centralized treasury and very strong liquidity at Holding



... Only financing from subholding for regulatory requirements (AGR) or country risk reasons (Brazil)

Commitment with current rating (Baa1/BBB+) and reinforcement of the Financial solidity with robust credit ratios, without exhausting the headroom of agencies thresholds

FFO / ND Agencies Ratio



Highlights

Balanced business mix providing certainty thanks to strong position in regulated networks and long term contracted generation

Good country diversification that will be reinforced with 85% capex allocated in A rated countries

Visibility of stream of cash flows that guarantees resiliency

- **Rating agencies** consider Iberdrola one of the energy transition leaders and allow for a higher debt tolerance
- **Fixed income investors** back the solid ratios and the credit with the oversubscription of books and with spreads tighter than comparable peers

Limited EBITDA volatility

VS

2025 (Eur M)

2026 (Eur M)

Energy prices
Spain

Sensitivity vs. base case (60 €/MWh)

↑↓ 5 €/MWh



↑↓ 105

↑↓ 125

Energy prices
UK

Sensitivity vs. base case (74 £/MWh)

↑↓ 5 £/MWh



↑↓ 4

↑↓ 20

Distribution
returns Spain

Current regulatory returns (5.58%)

↑↓ 50 bp



-

↑↓ 50

FX

Plan hypothesis

↑↓ 5 %



\$
£
R\$

↑↓ 180

↑↓ 190

↑↓ 150

↑↓ 160

↑↓ 120

↑↓ 130

Main sources of risk

+

Political and regulatory environment

Prices, spreads and competition

Foreign exchange

Interest rates

Demand











Supply chain and execution

Weather / climate change

Bad debt

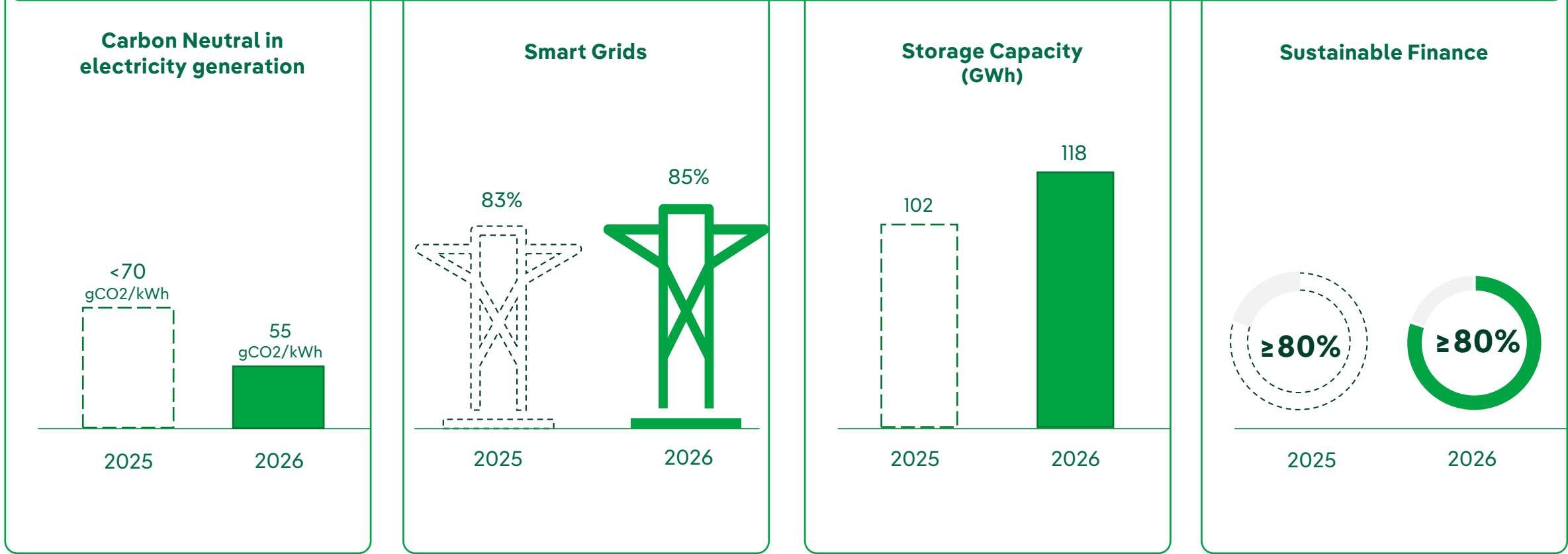
Cyber

2025-2030 Sustainability Strategy: main targets

	TARGET	METRIC	2023	2026e	2030e
	Decarbonization				
	Carbon Neutral in electricity generation in 2030	Specific emissions (global mix) g CO2 /kWh	77	55	Carbon Neutral ¹⁾
	Innovation and digitalization				
	Smart Grids	% automation of high and medium voltage assets	78%	85%	90%
	Investment in R&D	Million euros (annual)	384	443	550
	Cybersecurity assessments	Number of annual assessments or external verifications	2,497	2,000	2,000
	Sustainable finance				
	CAPEX aligned	% Taxonomy Aligned Capex ²	~90%	~90%	~90%
	Sustainable Financing	% of total financing	90%	≥80% ³	-
	Biodiversity preservation				
	Conservation, restoration and plantation of trees	Number of trees (Million) & No Net Deforestation in 2025	3.4	10	20
	Net positive impact in 2030	% assets with biodiversity assessment and Neutrality Plan	0%	25%	100% (Net positive)
	Efficient use of resources				
	Water consumption	% reduction of water intensity vs 2021	-10.9%	-36%	-63%
	Blades and Solar Panels Recycling	% of blades and panels recycled of total Blades and panels dismantled ⁴	87% ⁵	50%	100%
	Sustainable supply chain				
	Purchases from sustainable suppliers	% of total purchases	90	≥85%	≥85%
	Customers				
	Smart solutions portfolio	Million of solutions	14	19	21
	Diversity & Inclusion				
	Presence of women in relevant positions	% women	27.8%	31.2%	35%
	External EDGEplus certification ⁶	Attainment	In process	✓	-
	Occupational Safety	TRIR (reduction vs 2021)	-17%	-13%	-21%
	Employee upskilling				
	Green skilling	Program deployment	✓	✓	-
	Community development				
	Beneficiaries of the foundations programs	Millions of annual beneficiaries	7.2	8	10
	Corporate governance	Maintain best practices	✓	✓	✓
	Composition of the Board of Directors				
	Percentage of independent directors	Over 50%	✓	✓	✓
	Gender balance	Maintain	✓	✓	✓

Rising level of ambition, reaffirming Iberdrola’s commitment to sustainability

Electricity as a clean, autonomous, local, stable, safe and competitive source of energy...



Rising level of ambition, reaffirming Iberdrola's commitment to sustainability

