



# Capital Markets & ESG Day

21 March 2024

Sustainable  
Event



## Disclaimer

- This document has been prepared by Iberdrola, S.A. exclusively for use during the presentation “Capital Markets & ESG Day” on March 21, 2024. As a consequence thereof, this document may not be disclosed or published, nor used by any other person or entity, for any other reason without the express and prior written consent of Iberdrola, S.A.
- Iberdrola, S.A. does not assume liability for this document if it is used with a purpose other than the above.
- The information and any opinions or statements made in this document have not been verified by independent third parties; therefore, no express or implied warranty is made as to the impartiality, accuracy, completeness or correctness of the information or the opinions or statements expressed herein.
- Neither Iberdrola, S.A. nor its subsidiaries or other companies of the Iberdrola Group or its affiliates assume liability of any kind, whether for negligence or any other reason, for any damage or loss arising from any use of this document or its contents.
- Neither this document nor any part of it constitutes a contract, nor may it be used for incorporation into or construction of any contract or agreement.
- Information in this document about the price at which securities issued by Iberdrola, S.A. have been bought or sold in the past or about the yield on securities issued by Iberdrola, S.A. cannot be relied upon as a guide to future performance.

## Important information

- This document does not constitute an offer or invitation to purchase or subscribe for shares, in accordance with the provisions of Regulation (EU) 2017/1129 of the European Parliament and of the Council, of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC and its implementing regulations.
- In addition, this document does not constitute an offer of purchase, sale or exchange, nor a request for an offer of purchase, sale or exchange of securities, nor a request for any vote or approval in any other jurisdiction.
- The shares of Iberdrola, S.A. may not be offered or sold in the United States of America except pursuant to an effective registration statement under the Securities Act of 1933 or pursuant to a valid exemption from registration. The shares of Iberdrola, S.A. may not be offered or sold in Brazil except under the registration of Iberdrola, S.A. as a foreign issuer of listed securities, and a registration of a public offering of depositary receipts of its shares, pursuant to the Capital Markets Act of 1976 (Federal Law No. 6,385 of December 7, 1976, as further amended), or pursuant to a valid exemption from registration of the offering.
- This document and the information presented herein was prepared by Iberdrola, S.A. solely with respect to the presentation “Capital Markets & ESG Day” on March 21, 2024. The financial information contained in this document has been prepared and is presented in accordance with the International Financial Reporting Standards as adopted by the European Union (“IFRS”).
- In addition to the financial information prepared under IFRS, this presentation includes certain alternative performance measures (“APMs”), for the purposes of Commission Delegated Regulation (EU) 2019/979, of March 14, 2019 and as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es). The APMs are performance measures that have been calculated using the financial information from Iberdrola, S.A. and the companies within its group, but that are not defined or detailed in the applicable financial information framework. These APMs are being used to allow for a better understanding of the financial performance of Iberdrola, S.A. but should be considered only as additional information and in no case as a substitute of the financial information prepared under IFRS. Moreover, the way Iberdrola, S.A. defines and calculates these APMs may differ from the way these are calculated by other companies that use similar measures, and therefore they may not be comparable. Finally, please consider that certain of the APMs used in this presentation have not been audited. Please refer to this presentation and to the corporate website ([www.iberdrola.com](http://www.iberdrola.com)) for further details of these matters, including their definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS.

## Important information

- This document does not contain, and the information presented herein does not constitute, an earnings release or statement of earnings of Avangrid, Inc. (“Avangrid”) or Avangrid's financial results. Neither Avangrid nor its subsidiaries assume responsibility for the information presented herein, which was not prepared and is not presented in accordance with United States Generally Accepted Accounting Principles (“U.S. GAAP”), which differs from IFRS in a number of significant respects. IFRS financial results are not indicative of U.S. GAAP financial results and should not be used as an alternative to, or a basis for anticipating or estimating, Avangrid's financial results. For financial information regarding Avangrid, please visit its investor relations website at [www.avangrid.com](http://www.avangrid.com) and the U.S. Securities and Exchange Commission (“SEC”) website at [www.sec.gov](http://www.sec.gov).
- This document does not contain, and the information presented herein does not constitute, an earnings release or statement of earnings of Neoenergia S.A. (“Neoenergia”) or Neoenergia's financial results. Neither Neoenergia nor its subsidiaries assume responsibility for the information presented herein. For financial and ESG information regarding Neoenergia, please see the Neoenergia's investor relations website at <https://ri.neoenergia.com/> and the Brazilian Comissão de Valores Mobiliários (“CVM”) website at [www.cvm.gov.br](http://www.cvm.gov.br).

## Forward looking statements

- This communication contains forward-looking information and statements about Iberdrola, S.A., including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, capital expenditures, synergies, products and services, and statements regarding future performance. Forward-looking statements are statements that are not historical facts and are generally identified by the words “expects,” “anticipates,” “believes,” “intends,” “estimates” and similar expressions.
- Although Iberdrola, S.A. believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Iberdrola, S.A. shares are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Iberdrola, S.A., that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the documents sent by Iberdrola, S.A. to the Spanish Comisión Nacional del Mercado de Valores, which are accessible to the public.
- Forward-looking statements are not guarantees of future performance. They have not been reviewed by the auditors of Iberdrola, S.A. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they were made. All subsequent oral or written forward-looking statements attributable to Iberdrola, S.A. or any of its members, directors, officers, employees or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements included herein are based on information available to Iberdrola, S.A. on the date hereof. Except as required by applicable law, Iberdrola, S.A. does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.
- 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.



Strategic Vision

**Ignacio S. Galán**

Executive Chairman



# Energy outlook

## Electrification is unstoppable...

**Self-sufficiency**

...increasing energy security

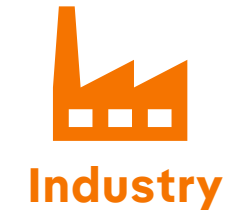
**Efficiency**

**Competitiveness**

**Decarbonisation**

...the only viable route

Consumer Preferences + Energy Policy



*Electricity*  
*Green H2*

**Transport**



*Elec: Road*  
*Gr H2: Marine, Air*



*Heating & Cooling*

**Digitalization & Data**



*Data, Cloud & AI*

**Customer value & experience**

**New Industries**

**More Affordability**

...driving new sources of demand

## Networks investments need to double by 2030

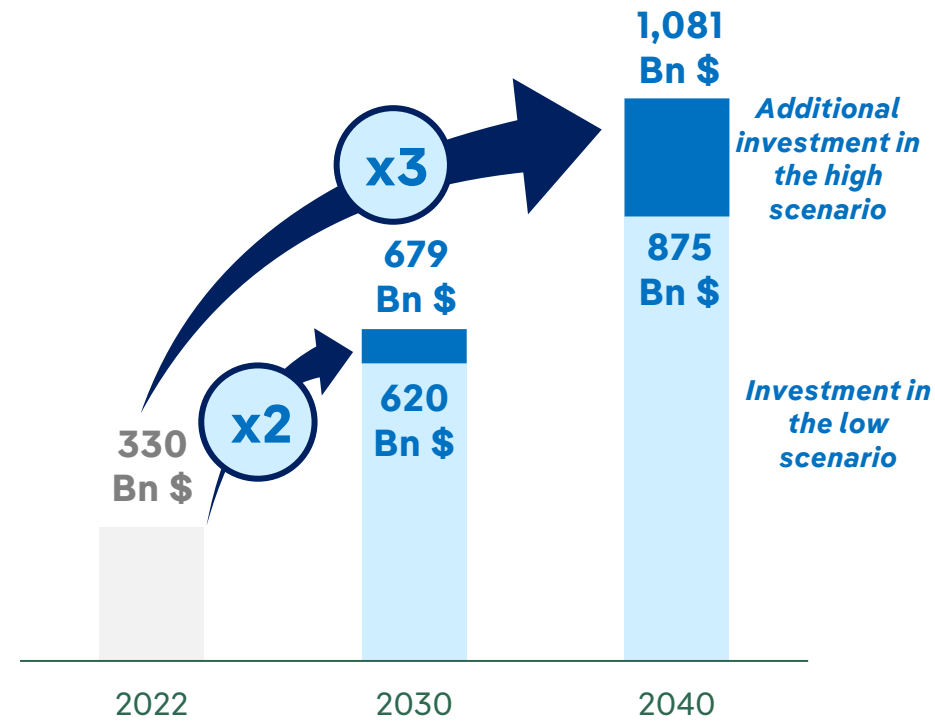
### SMARTER AND MORE RESILIENT NETWORKS...

- More security of supply**
  - Safe • Reliable • Flexible • Digitalized
- Renewable penetration**
  - Integration of new onshore renewables
  - Connection of new offshore wind projects
  - Self-consumption
  - Reduction of congestion costs

### ...WITH ADDITIONAL INVESTMENTS AS NEW USES TAKE PLACE

-  Electric vehicle
-  Heat pumps
-  Data Centres

### Annual networks investments<sup>1</sup>



## 1 Eur of Networks for 1 Eur invested in renewables (1.25 Eur in advanced economies)

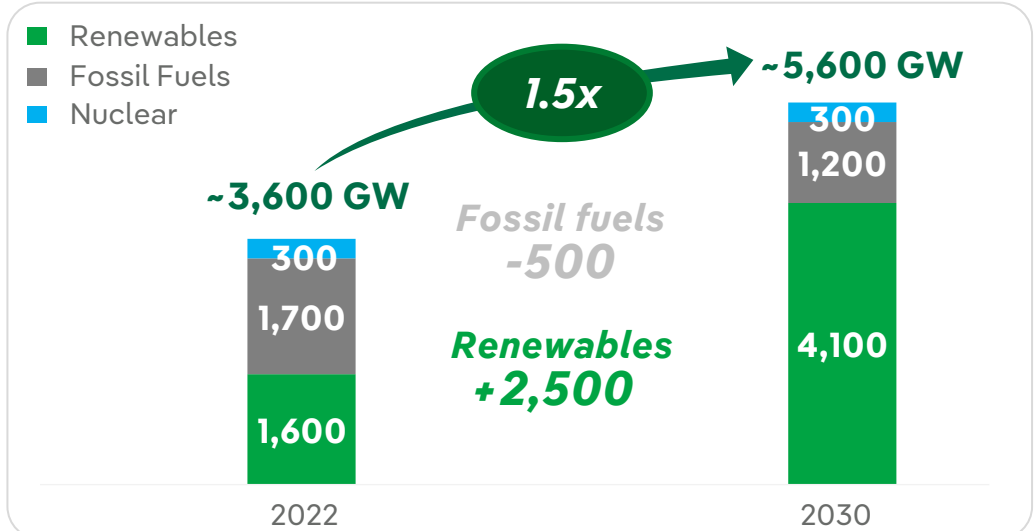
## Acceleration of renewable deployment to replace fossil fuels and cover new demand...

### ...in Advanced Economies...

Power Demand (TWh)

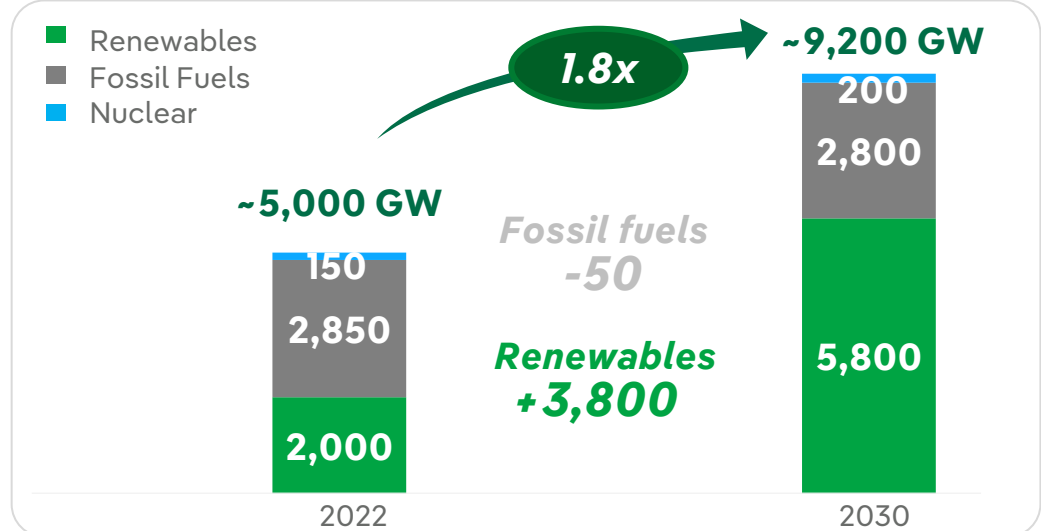


Installed Capacity (GW)



- **Full coal/oil closure** by 2030 (500 GW in US & Europe)
- **Replacement of coal/ageing gas** with **renewables** and **new gas** (mainly in the US)
- Start of replacement of first **renewable projects** (**repowering opportunity**)

### ...and in Developing Countries

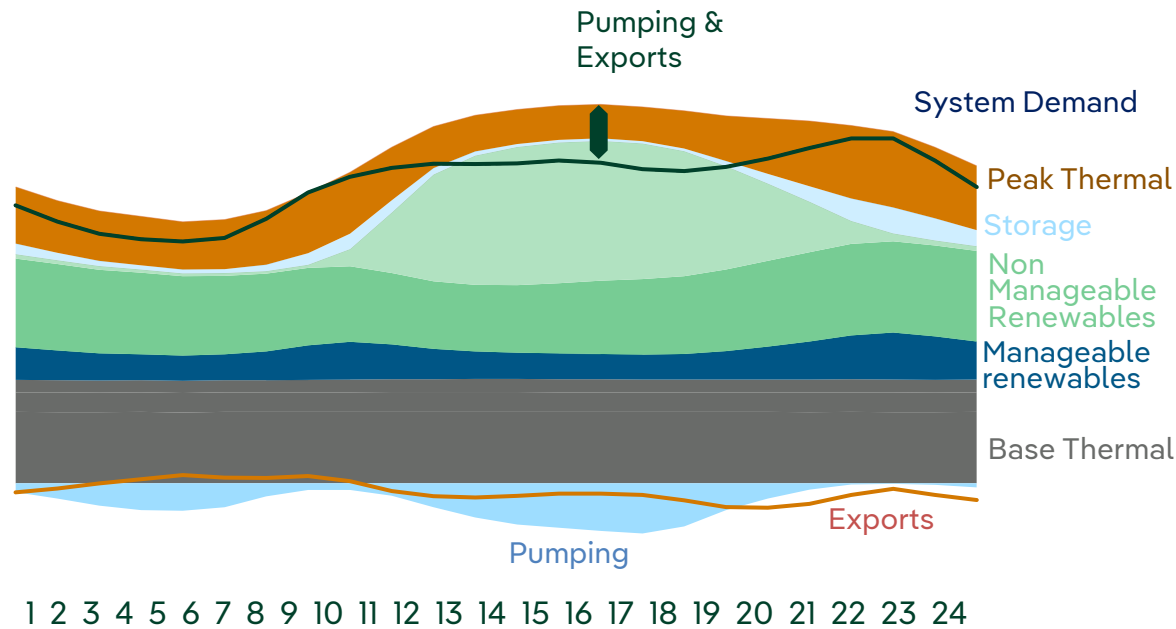


- **Gradual substitution of coal/oil** with **new gas** (average age of existing coal 10-15 years)
- **Significant expansion of renewables**

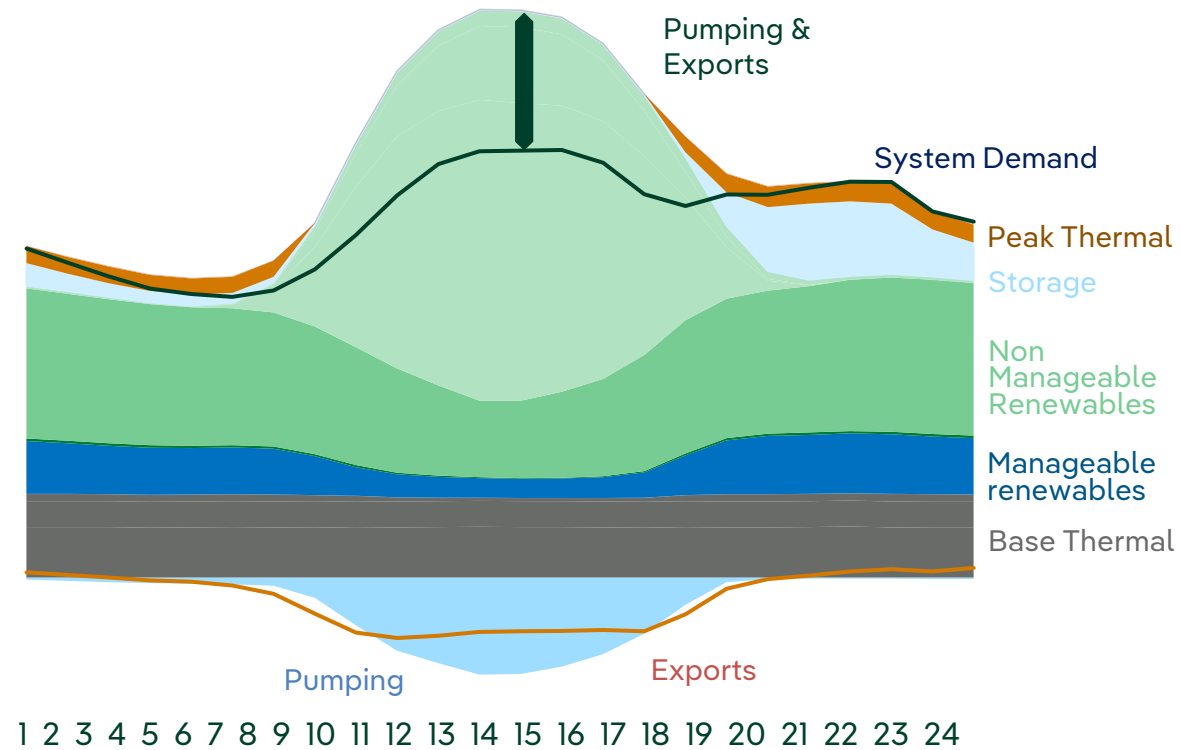


**...driving a deep change in wholesale markets: Non-manageable renewables will require other technologies to balance supply and demand at all times...**

**Spain 2023 – Average generation mix**



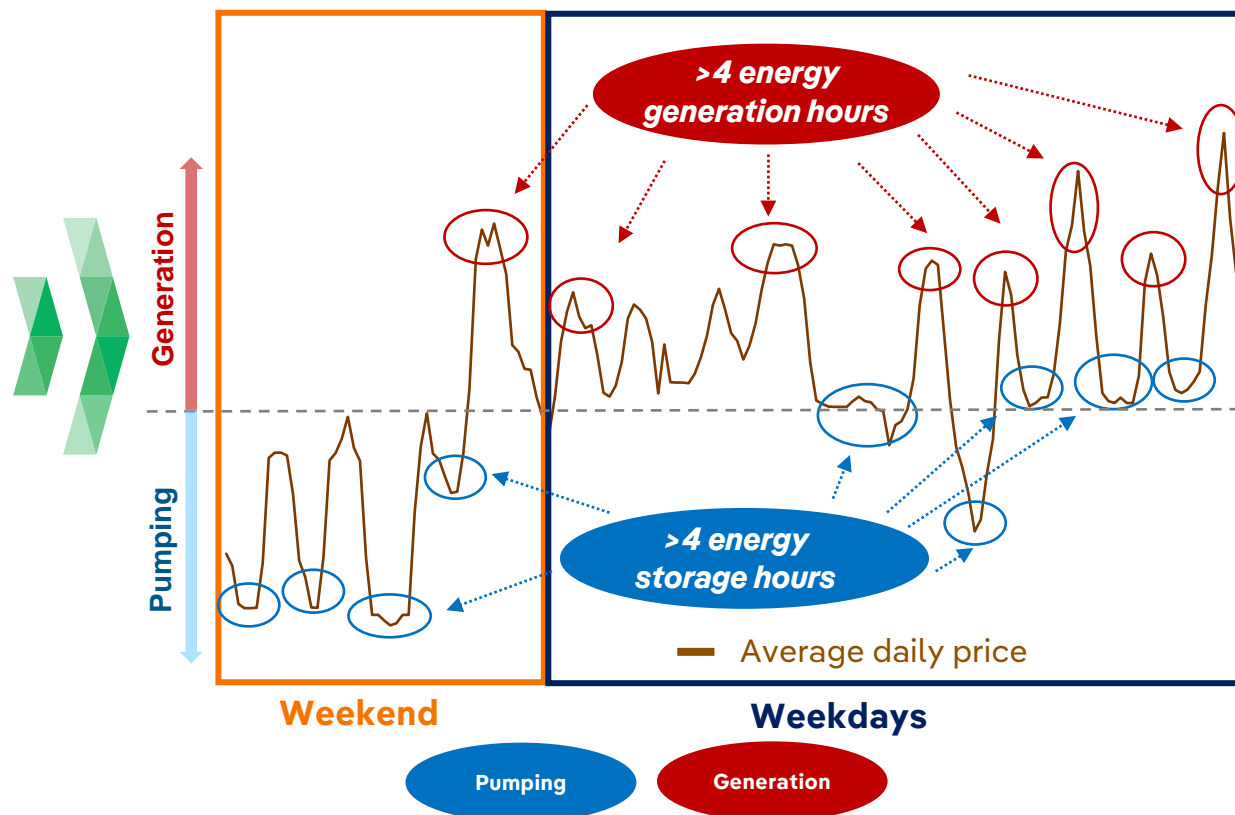
**Spain 2030 – Average generation mix**



## ...increasing the value of storage in daily, weekly and seasonal cycles...

### Storage Weekly Cycle<sup>1</sup>

- Energy mix leading to more intraday price volatility
- The number of prolonged periods (>4 hours) of lower prices is increasing



#### Pumped Storage

- Ability to store energy for more than 18 consecutive hours
- Capacity to modulate daily, weekly and seasonal cycles
- Provide ancillary services

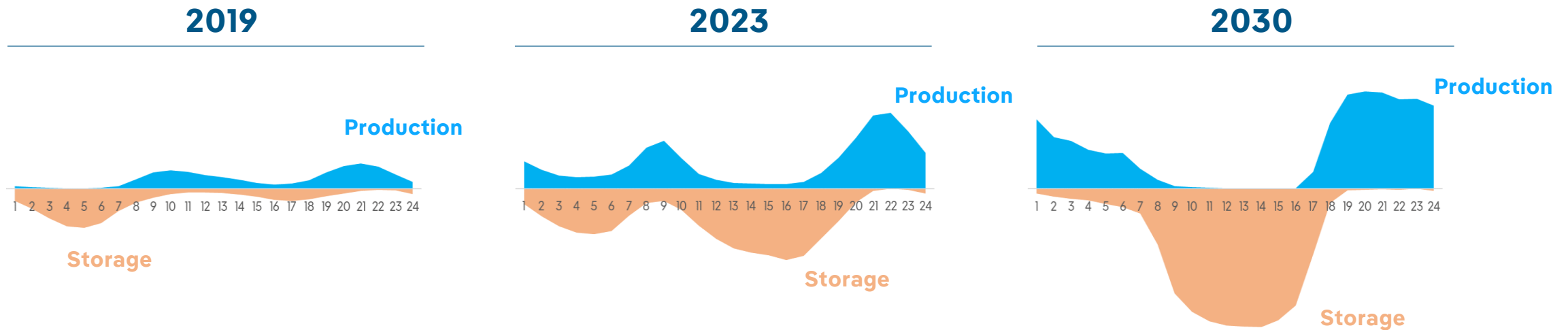
#### Battery Storage

- Short-term arbitrage: 2 to 4h
- Provide ancillary services

## ...and maximizing competitive advantages of manageable renewables and pump storage

## This will drive additional usage of existing storage and the need of new assets

**Pumped Storage usage in Spain:**  
*Example for illustrative purposes – Operational profile of La Muela power plant*



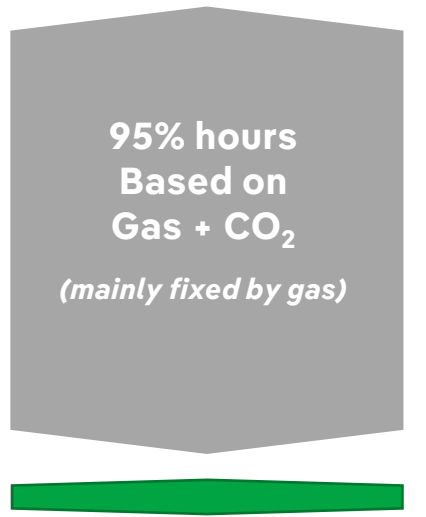
**2019  
Production**



**x3-4  
by 2030**

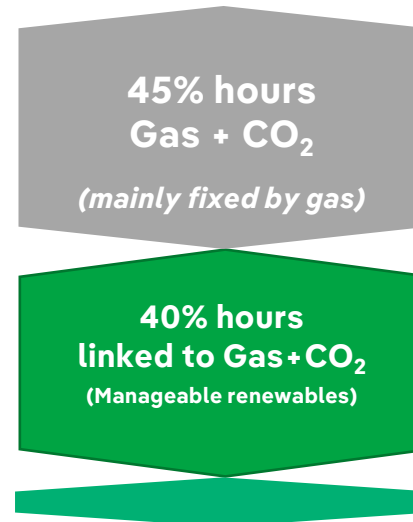
**In this scenario, hourly prices will become more volatile  
increasing arbitrage opportunities...**

## Price setting 2019



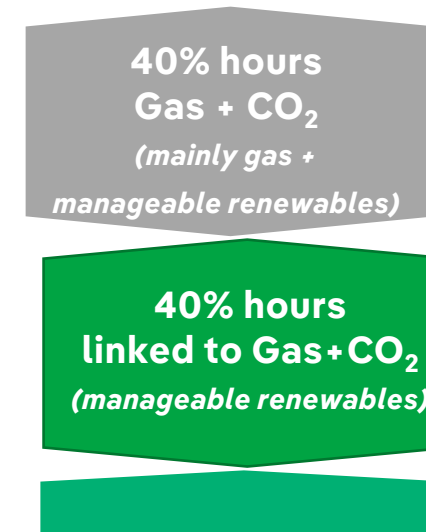
**48 Eur/MWh**

## Price setting 2023



**87 Eur/MWh**

## Price setting 2026



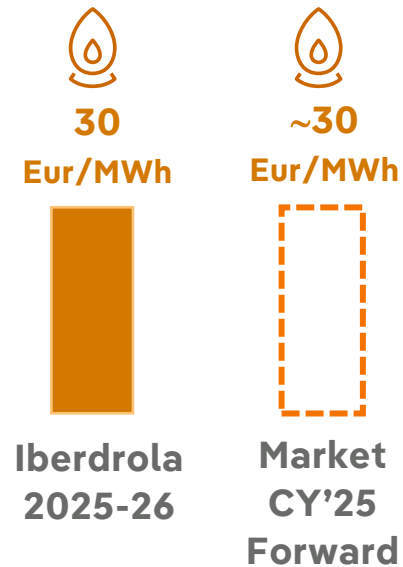
**~60 Eur/MWh**

**...converging in average prices around 60 Eur/MWh...**

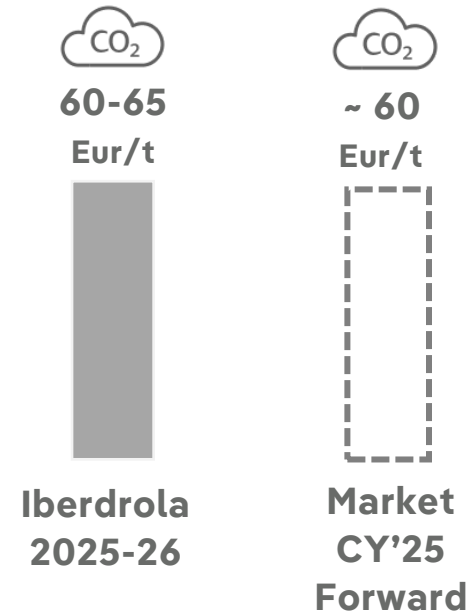
Average  
price

**...fully coherent with current gas and CO<sub>2</sub> price expectations**

## Gas Price Assumptions



## CO<sub>2</sub> Price Assumptions





# Iberdrola Strategic Pillars and Investments 2024-2026



**Growth based on Networks**



**Renewables: Selective** investment in **manageable** technologies and **storage...**



**Focus in high-rating countries**



**Full commitment to financial strength & dividend**



**Sustainability: Creating value for all**



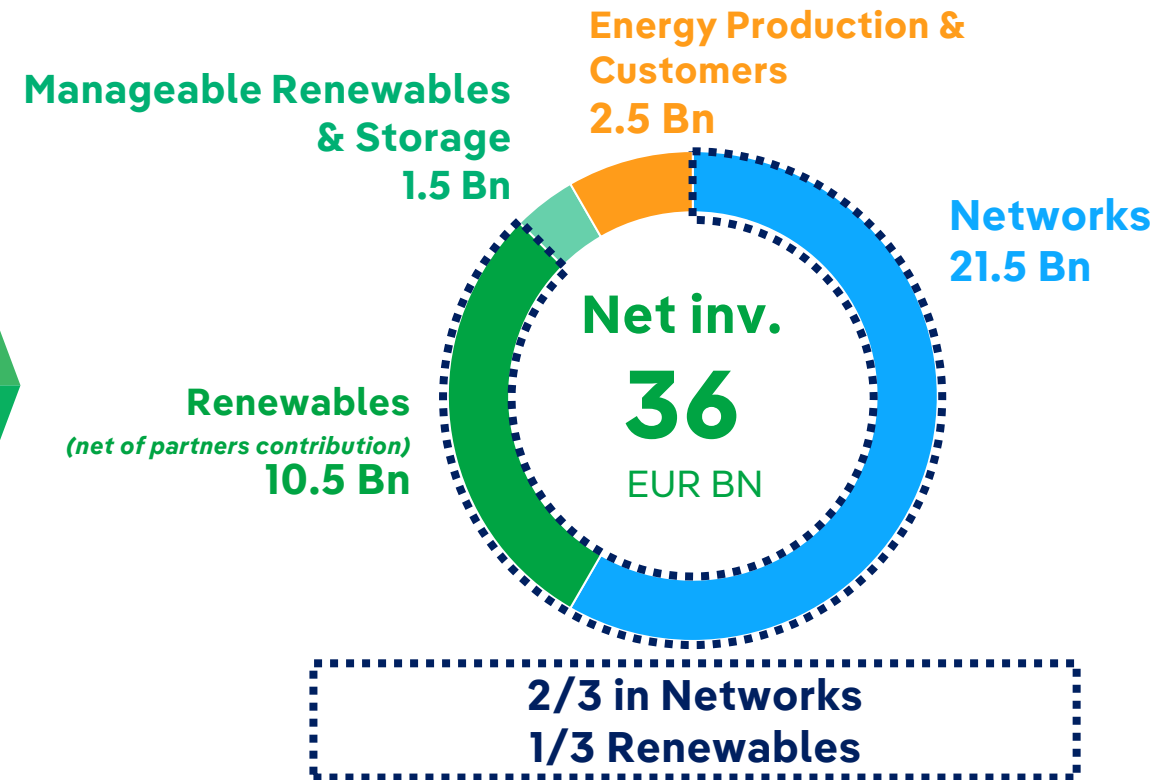
**Maintaining our proven business model**

## Investments of Eur 41 Bn, with Eur ~5 Bn contributed by partners...

### INVESTMENTS 2024-2026E<sup>1</sup>



### NET INVESTMENTS 2024-2026E by business<sup>2</sup>

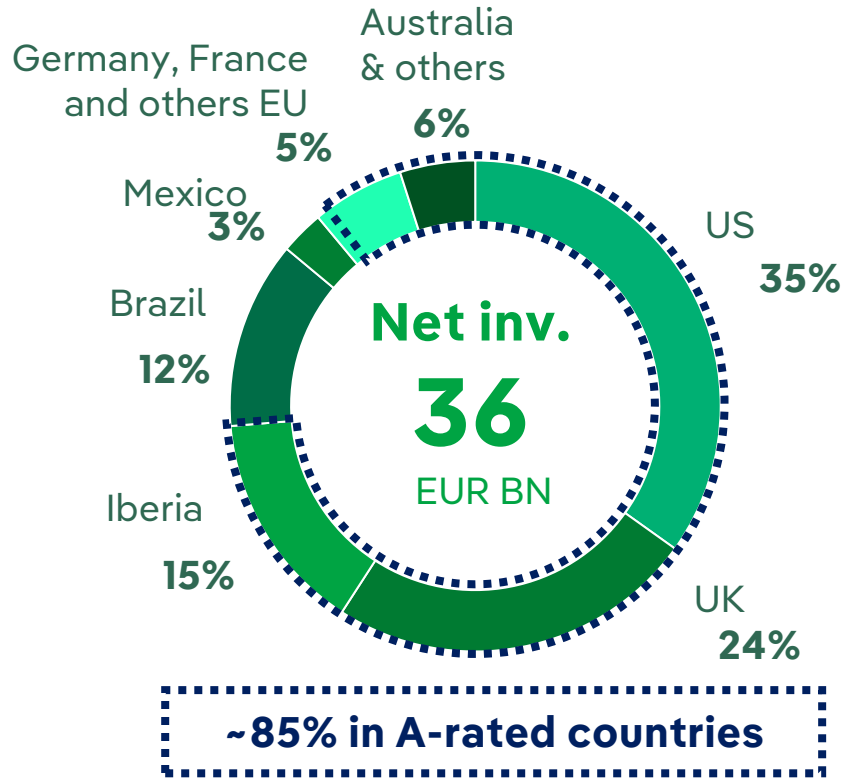


...with 60% of investments in Networks

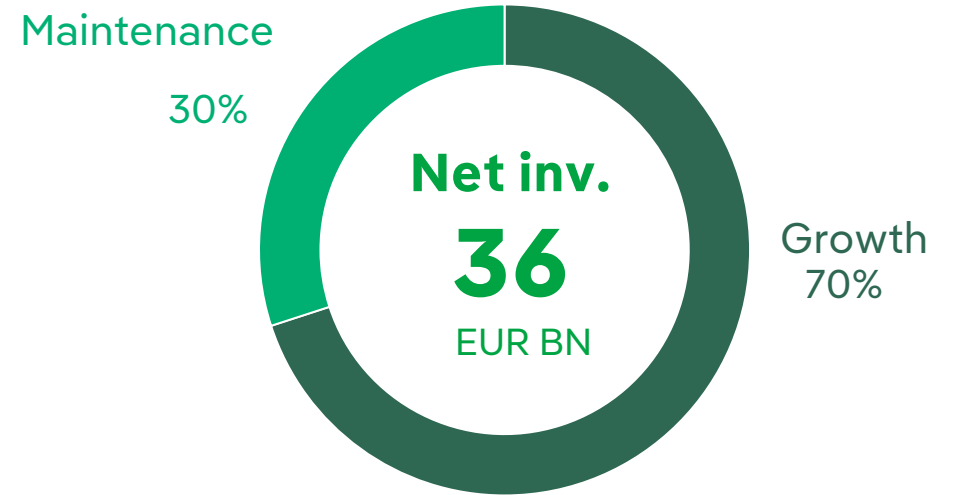


**~70% investments allocated to growth...**

**INVESTMENTS<sup>1</sup> by Country**



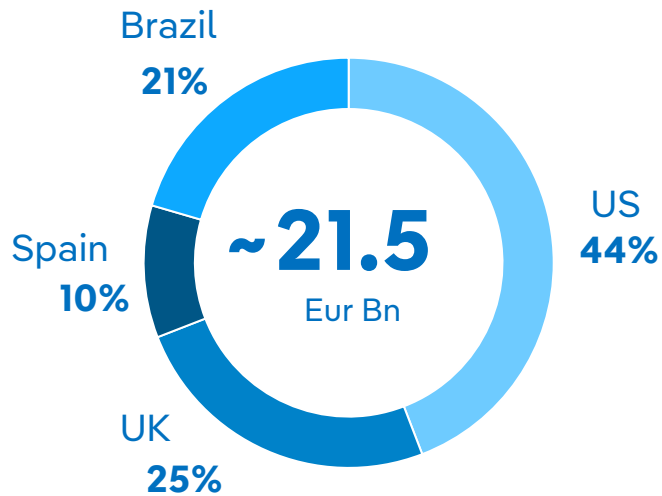
**INVESTMENTS<sup>1</sup> 2024-2026E by nature**



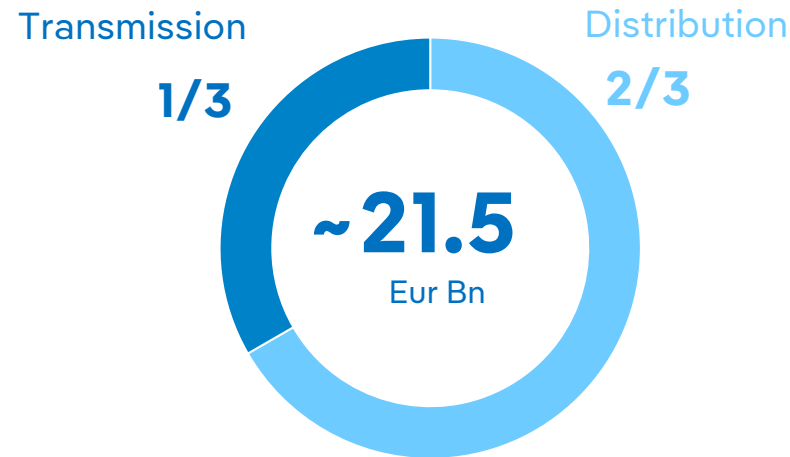
**...with 85% allocated to A-rated countries**

## Investing Eur 21.5 Bn to increase asset base by 38% and improve geographical diversification

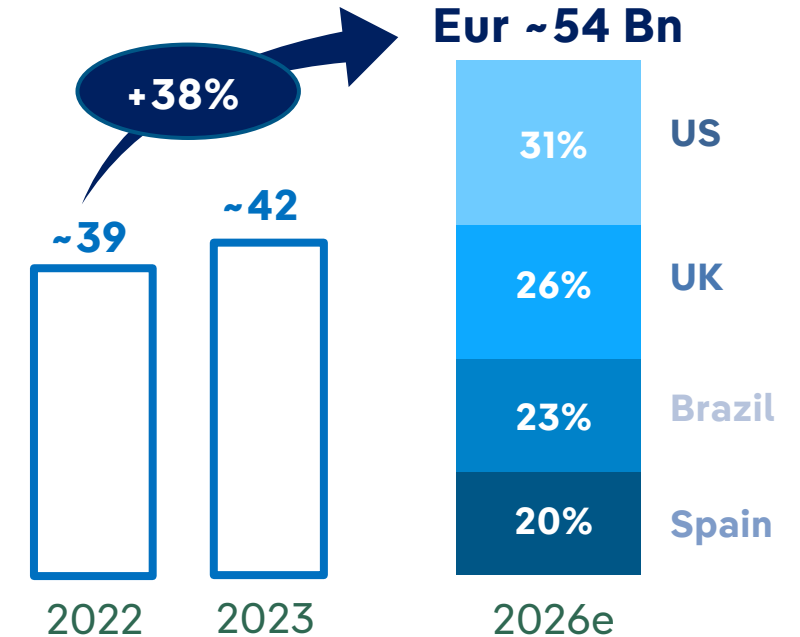
2024-2026E Network investments by geography



2024-2026E investments by business



Regulated assets by geography



Almost 80% of investments driven by rate cases closed or under advanced negotiation with key conditions known

**Eur ~6.5 Bn invested in Transmission increasing asset base to Eur 15 Bn**

## ...reinforcing our competitive advantages...



**Focus on high-rated countries**



**Long-term visibility**



**Protection vs macro instability**  
(inflation and interest rates)



**Attractive Frameworks**



○ Frameworks closed for 85% of 2025 RAB...

○ ...with additional progress for 2026 and beyond  
(34% of RAB closed + RIIO-T3 started)



• Rate cases closed until 2027/28 for 20% of Group RAB



• Distribution closed to 2028 (14% of Group RAB)...  
• ...with RIIO-T3 process started in Transmission

○ 90% strategic equipment are covered until 2026

○ 50% of EBITDA fully protected and+ 30% with significant protection

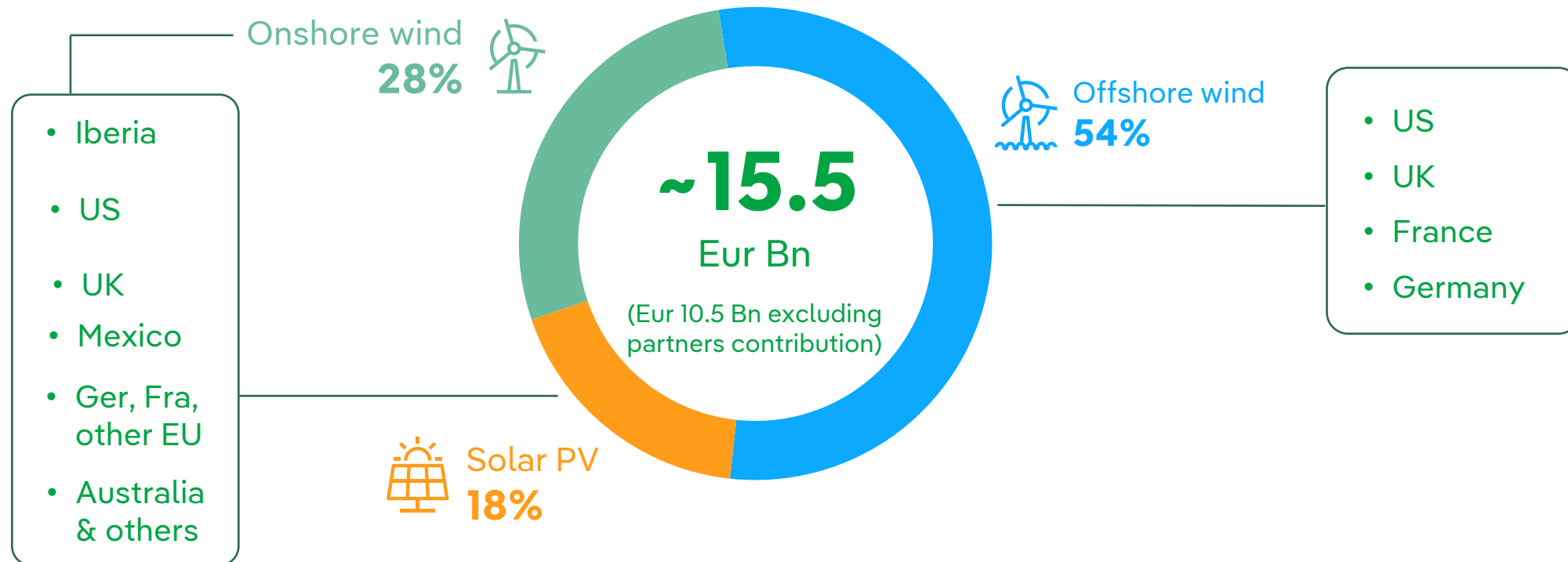
○ Average regulatory remuneration<sup>1</sup> coherent with a spread of 350-450 over bond

• >7% in Europe&US , 16% in Brazil

## ...and increasing the weight of Networks in our business mix

## Investments of Eur 15.5 Bn (or 10.5 Bn excluding partners contribution) ...

### 2024-2026E Renewable investments by technology (Eur Bn)



...with more than 50% allocated to offshore wind

## Maintaining selective investments in renewables...



### First mover's status give us key advantages for the current and future scenario:




**Supply chain management**

- 76% of 2026 critical supplies and prices secured



**Strategic partnerships and alliances**

- Norges Investment Bank, Masdar, Mapfre, ...




**Geographical diversification**

- New capacity: 20% UK, 19% US, 18% Iberia, 17% Other EU, 13% Latam & 13% Australia



**Technology mix fit for new market dynamics**

- >50% of investment in offshore wind & storage



**Diversified portfolio of routes to market**

- Focus on most attractive instruments in each geography

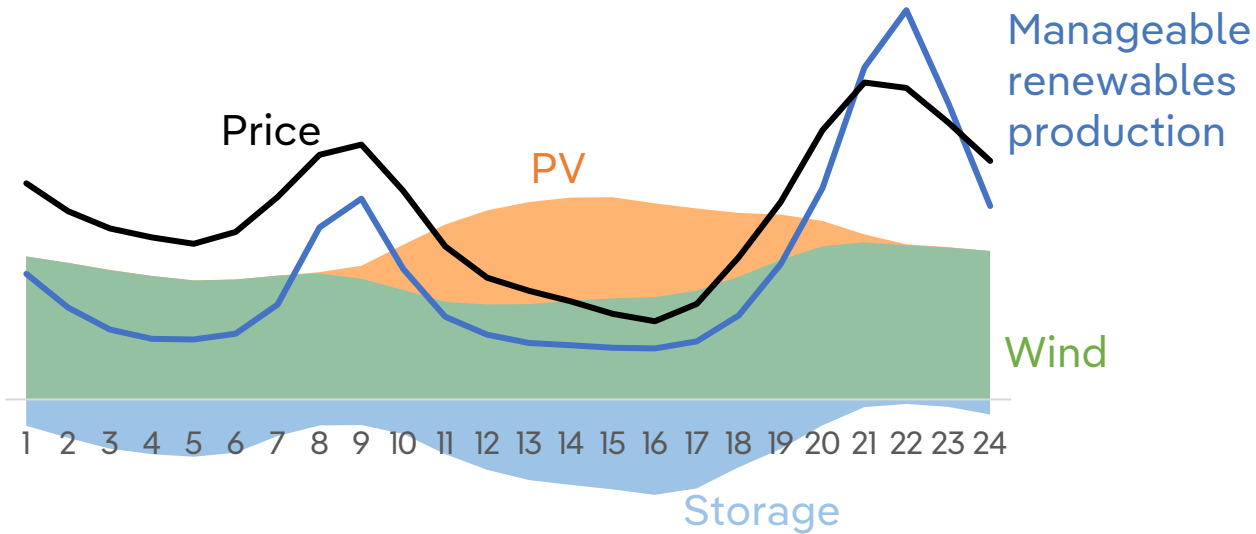


- **Selective growth in core countries...**
- **...to maximize risk/reward**
  - covering energy sales with own production
  - with a wide portfolio of Routes to Market
- **High added value renewable technologies**  
**Offshore wind**
- **Mature big projects for additional growth post 2026**
  - 🇺🇸 New England Wind projects (~2,000 MW) to participate in multistate auction
  - 🇬🇧 EA Hub (1,600 MW) to take part in AR6 auction
  - ...

**...with all 2024-2026 capacity additions already under construction or ready to build**

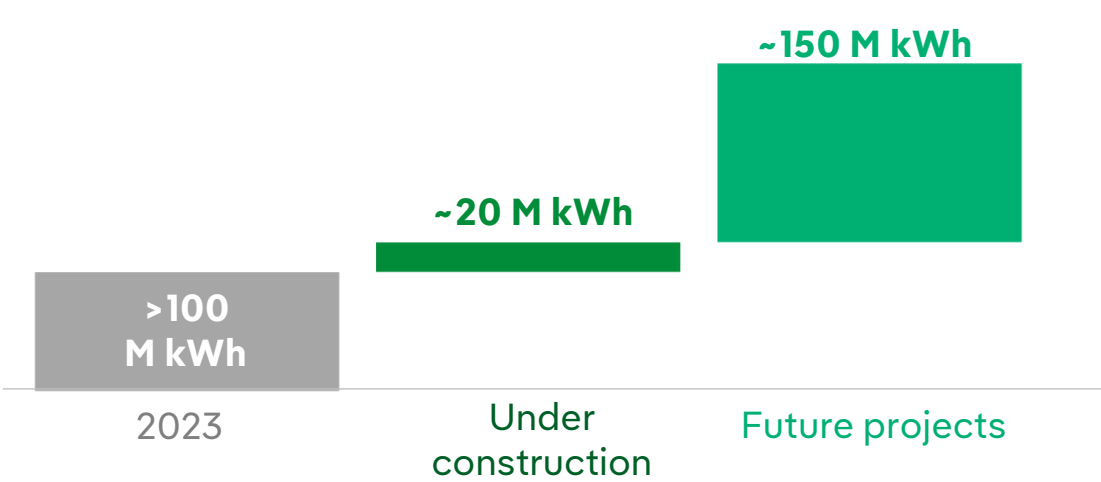
## Investing Eur 1.5 Bn in storage to provide additional growth and stable margins...

2023 Iberdrola daily avg renewable production (Iberia)



- 11 GW of manageable capacity with 4,5 GW of storage
- Achieved price= ~130% average price

Storage Capacity (M kWh)



- **Operation: Long duration cycles and seasonal storage**
- **Revenues: Market arbitrage, ancillary services**
- **Reducing Economic Curtailments**
- **Additional growth with grid scale batteries**

## ...capturing more value from renewables in a scenario of higher price volatility

## Investing Eur 2.5 Bn: 2 Bn in Customers and 0.5 Bn in Traditional Generation maintenance...

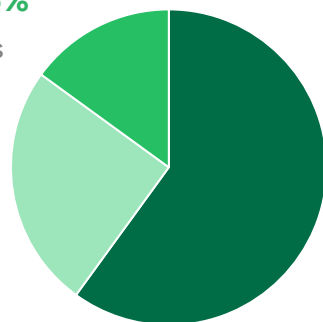
### Contracted Revenues 2023

**Regulated Contracts (CFDs, Other) ~15%**

Avg. term ~16 years

**Retail Customers ~25%**

Avg. term ~5 years  
(Churn of 18%)



**Industrial Customers (PPA & Other) ~60%**

Avg. term ~11 years

**Revenue diversification**

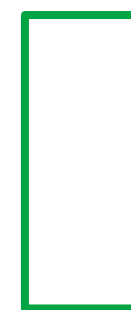
### Contracted revenues vs Production (% already secured)

100%



2024e

>80%



2025e

75%



2026e

**Available Production for sale in 2026:**

**140-150 TWh**

vs.

114 TWh in 2023

(+14 TWh sold in ancillary services and others)

**Securing margins and providing long-term visibility**



**Retail margins normalization** towards average levels of last years after an exceptional high situation in 2023 and exceptional low situation in 2022

**Maximizing opportunities through our high-quality customer portfolio**



Industrial uses



Smart



Heat Pumps



EVs



Data Centres

**...increasing energy balance with very limited exposure to wholesale market prices**

## A ROBUST GREEN FINANCING MODEL FOCUSED ON CASH GENERATION...

Cash recovery as a **key investment criteria**

**Fixed-rate** financing as preference

**Long-term profile** of maturities with **active liquidity management**

**Diversification of financing sources** maximizing use of green financing

**Partnerships** and **asset rotation** providing **optionality** for **further growth**

**No capital increases**

...maintaining dividend policy

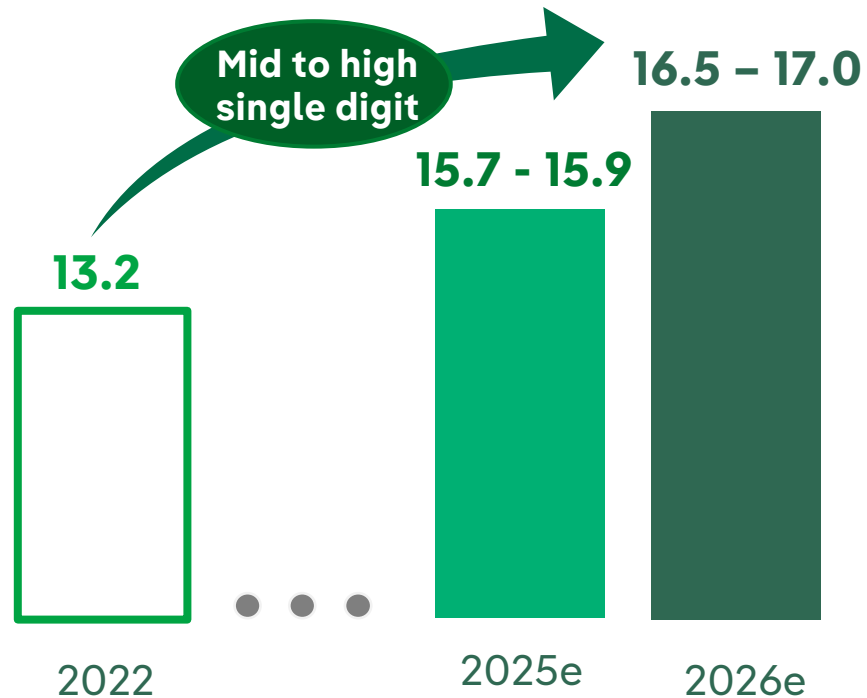




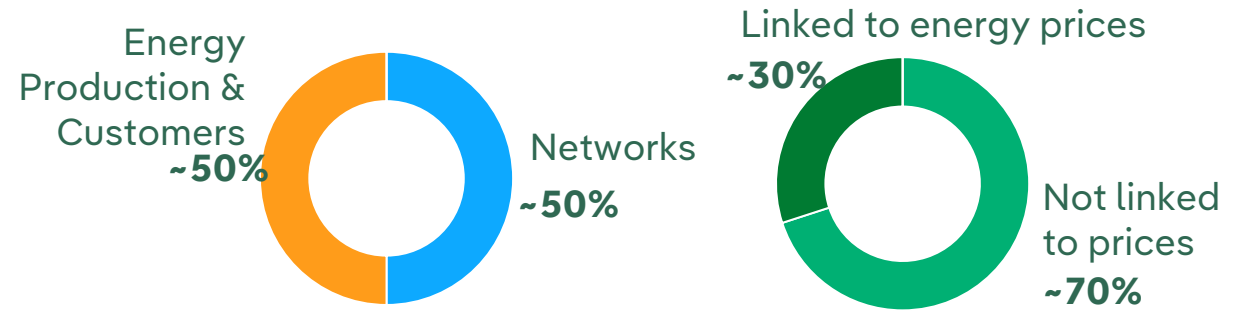
# Outlook 2026

## EBITDA between Eur 16.5-17 Bn by 2026, with “mid to high single digit” CAGR 2022-2026 driven by investments and efficiencies

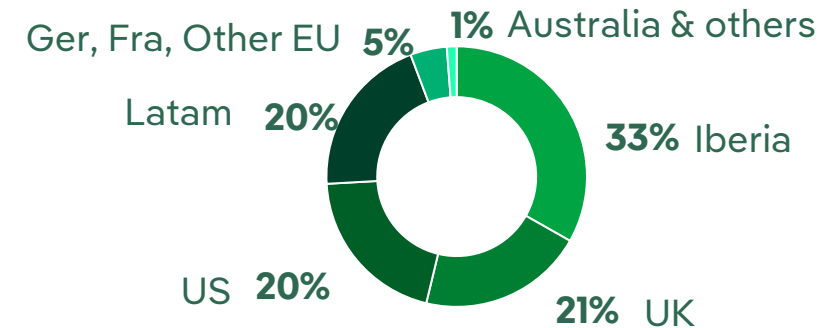
### EBITDA expected growth (Eur Bn)



### 2026E by business



### 2026E by geography



**~70% of EBITDA not linked to power market prices**

## 2026 EBITDA equally split between Networks and Energy Production & Customers...

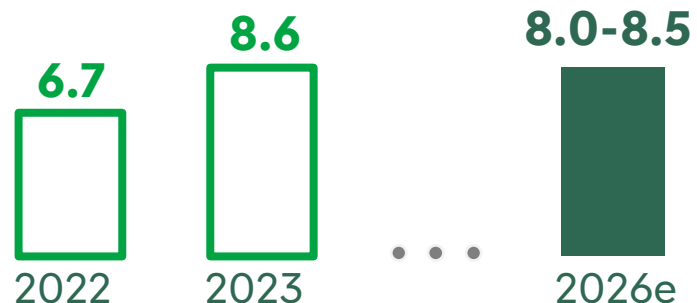
### Networks EBITDA (Eur Bn)



Networks 2026 EBITDA reaching **Eur ~8-8.5 Bn**

- ✓ Annual increase in line with RAB
- ✓ Transmission as growth driver: EBITDA of **Eur ~1.3-1.5 Bn** in 2026 (+650 M vs 2022)

### Energy Production & Customers EBITDA (Eur Bn)



Energy Production & customers 2026 EBITDA of **Eur ~8-8.5 Bn**

- ✓ New renewables to close generation/supply gap
- ✓ Offshore wind as growth driver: EBITDA reaching **EUR 1.8 Bn** (+1 Bn vs 2022/23)
- ✓ Additional **Storage**
- ✓ Normalization of **Retail margins** after exceptional situation of last 2 years (low in 2022 and high in 2023)

... with Transmission and Offshore wind as new growth drivers

## Progressing on our plan ahead of schedule (CMD Nov 2022): Net Profit of Eur 5.3-5.4 Bn in 2025...

PNM transaction cancellation

Impact of Mexico transaction

Higher interest rates

Lower prices

...VS...

Networks: Higher investment,  
better rate cases, growth in Transmission

Renewables: growth mainly in Offshore wind

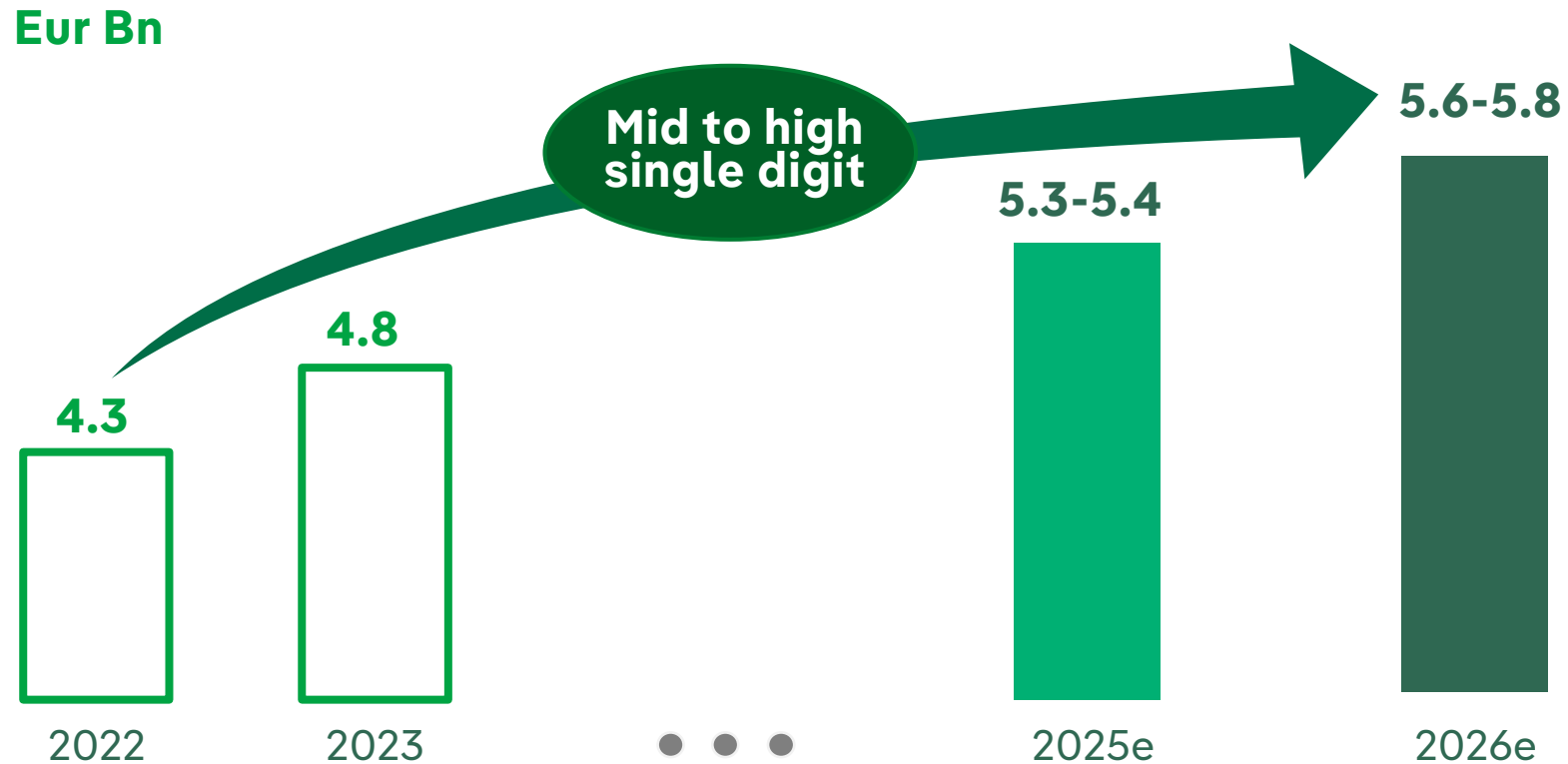
Optimization of Routes to Market

Lower debt expenses

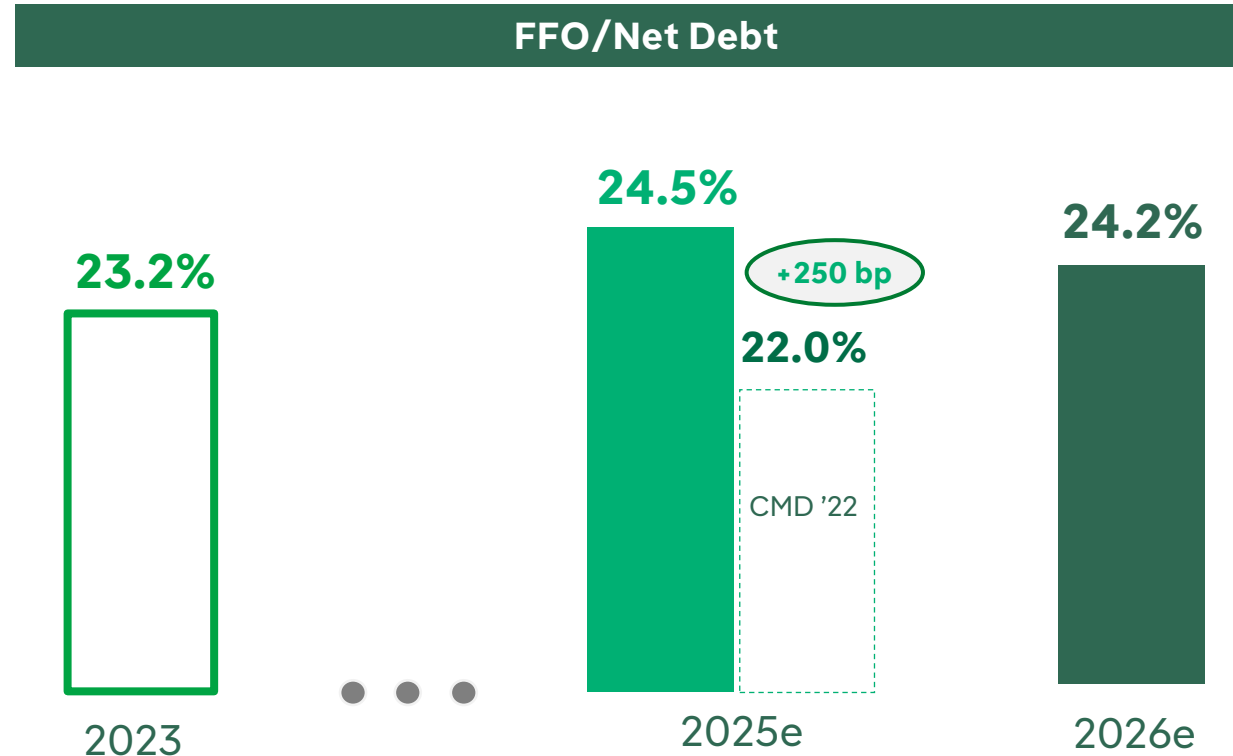
Lower Depreciation & Amortization  
(PNM & Mexico)

...with an expected shareholder remuneration of 0.55-0.58 Eur/share

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



## Increasing financial solidity and ratios...



...exceeding previous targets driven by Cashflow and Asset Rotation

**Shareholder remuneration growing in line with results...**

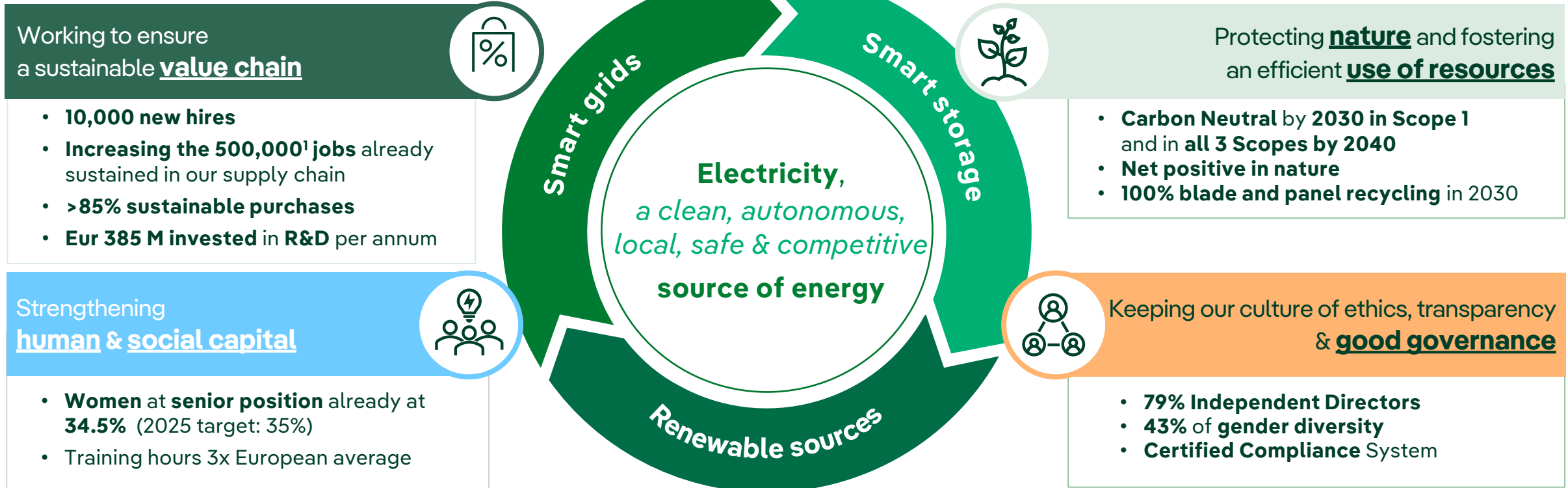
**PAY-OUT BETWEEN 65% AND 75% OF EPS**  
**(earning estimates lead to a DPS in the range of approx. 0.61 - 0.66 in 2026)**

**2024-26: DPS floor at Eur 0.55 /share**  
**(equivalent to 2023 DPS)**

**Maintaining the flexibility for shareholders with the**  
**“Iberdrola Retribución Flexible” program, including share buy-back**

**...for an estimated amount of Eur 11 Bn in 2024-2026 vs. Eur ~9.5 Bn 2021-2023**

**~90% CAPEX aligned with EU taxonomy, and mostly financed by sustainable/green instruments**



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





# Outlook 2030

## Reaffirming our vision and maintaining growth...

### 2030 Outlook



**Boosting electrification:**  
More investments in Networks (T&D)



▶ RAB reaching **Eur 65-70 Bn** by 2030 in  
Transmission and Distribution

**Faster Growth in Renewables**  
due to fossil fuels and nuclear replacement



- ▶ New capacity contributing from 2027:
  - **3,000** new offshore MW
  - **c. 6,000** new onshore MW
- ▶ **>100,000 MW** of renewable pipeline
- ▶ Higher value of **Storage**:  
**120 M kWh operating + pipeline of 150 M kWh**
- ▶ Access to additional investments with **Tier 1 partners**

New opportunities for **Manageable Renewables**

Optionality to capture **demand from new uses**

## ...preserving our commitment with financial strength and dividend