CAPITAL MARKETS DAY - 2020

IBERDROLA

SUSTAINABLE EVENT

Business positioning & key actions

Francisco Martínez Córcoles

Business CEO & Board Member

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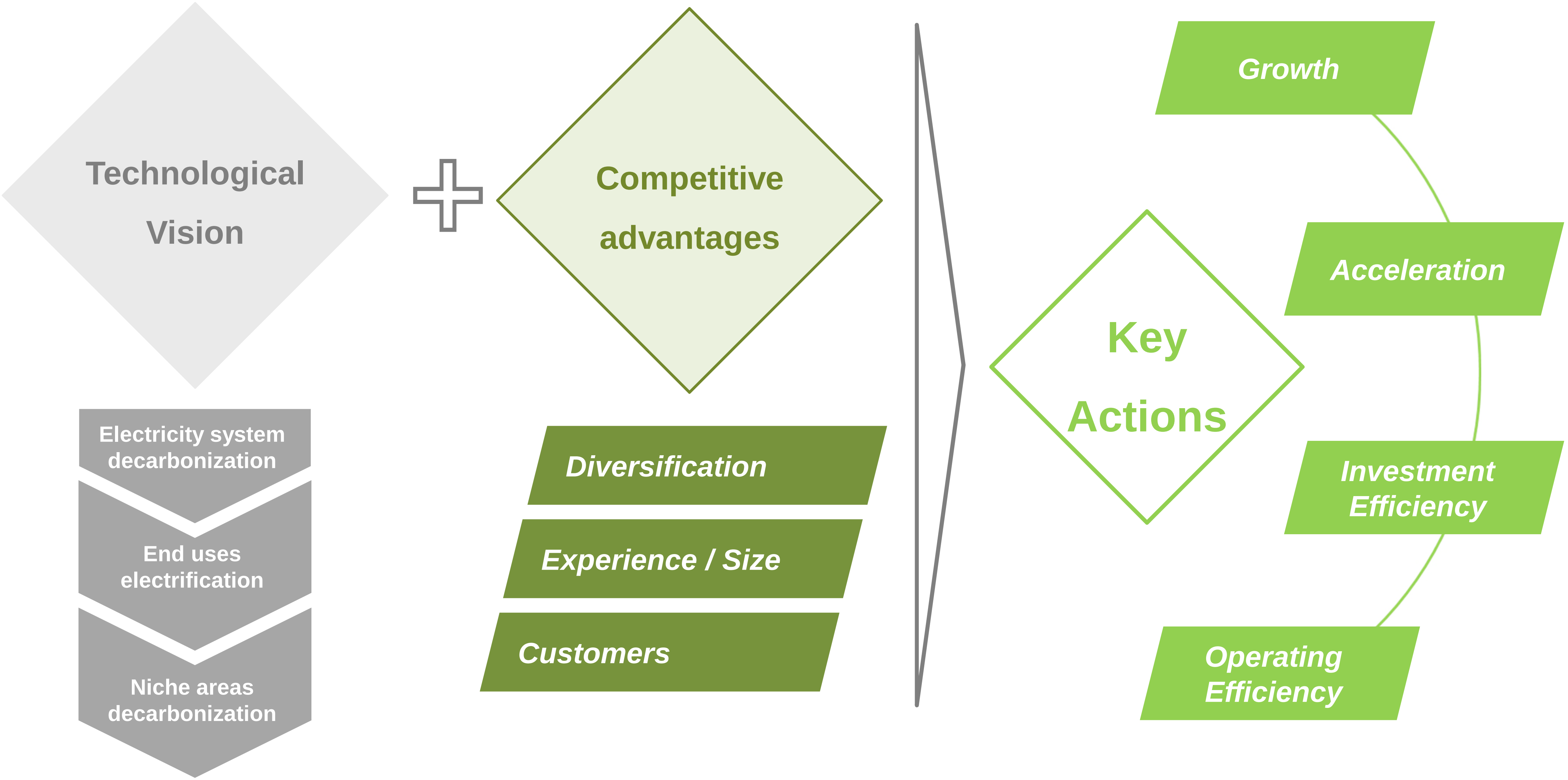
Business positioning and key actions

Positioning ahead of time and competitiveness as key to optimize growth



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Technological Vision

Technological Vision

The evolution of technology will be driven by the **decarbonization challenge**…

Electricity system decarbonization

+

Networks & Storage

84% of demand
Short-medium term

End uses electrification

+

16% of demand
Medium-long term

Green H2 / bios hard-to-abate

H_2

… resulting in **more renewables, more networks & efficient storage and more smart solutions** (including green H2)

Technological Vision: competitiveness in the electricity system

Renewables are already **competitive and the most cost-efficient solution**

2020-2030 Global Projection

	GW capacity 2020-30	LCOE %var. 2020-30
Solar Photovoltaic	4 x	- 40%
Onshore wind	3 x	- 30%
Offshore wind	7 x	- 50%

***LCOE reduction as a combination of CAPEX decrease, load factor increase, O&M and financial costs reduction…**

Electricity system

- 65% Renewables* participation by 2030
- 85% Renewables* participation by 2050
- Demand side response
- Storage

* European Commission estimates (2030 Impact Assessment and Long term scenarios)

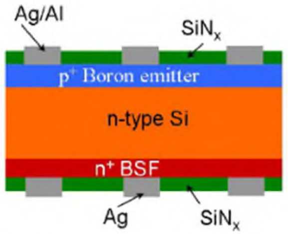
Massive growth expected to achieve the electricity system decarbonization

Technological Vision: PV evolution by 2030

Innovations

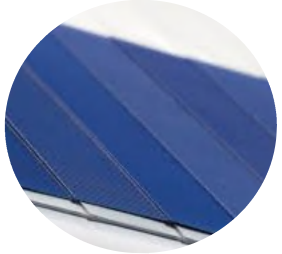
Under development

Bifacial



N-type

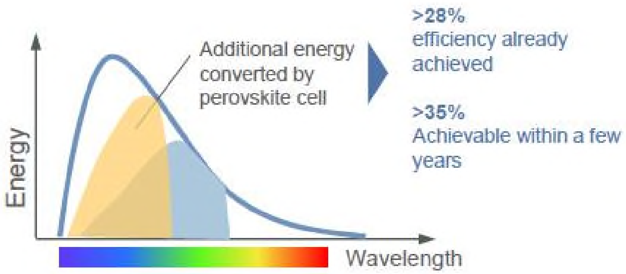
Large cells



Inter-cells space
(Shingling, paving, tiling)

Improvement in manufacture performance

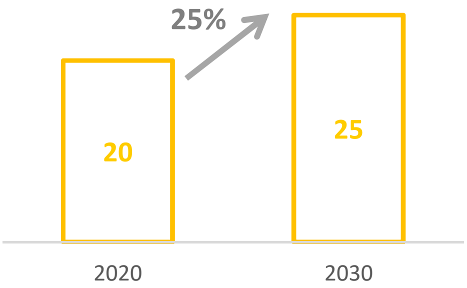
Medium Term



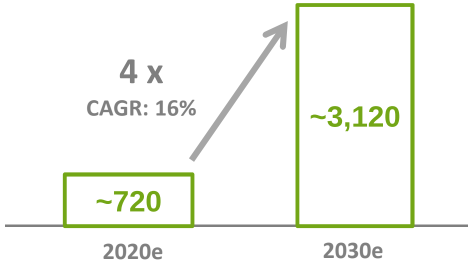
Tandem Cells (Perovskitas)

Ultrafine wafers

Efficiency (%)



Installed Capacity GW



Solar output 2030: 4,800 TWh
16% of global production

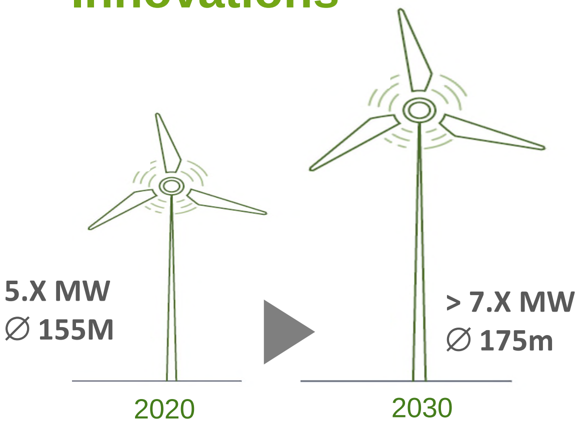
Improvement drivers

- Efficiency increase in modules
- Reduction of material needs
- Performance increase in production lines

Source: Company data and elaborated from Sustainable Development Scenario. World Energy Outlook 2020, International Energy Agency (IEA)

Technological Vision: onshore wind evolution by 2030

Innovations

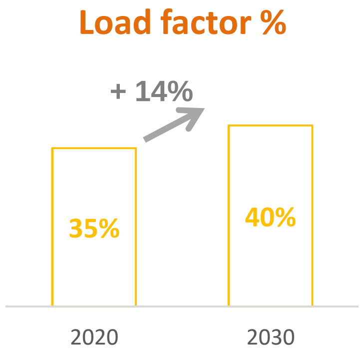


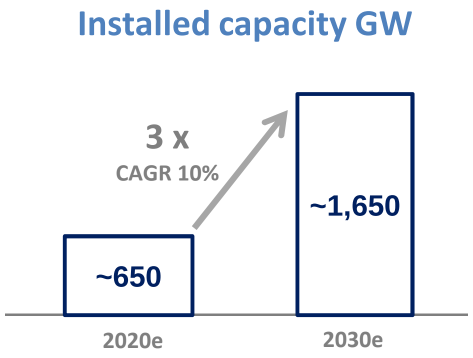
Larger turbines, rotors and towers

Hybrid towers

Segmented blades and towers

Modular platforms





Improvement drivers

- Larger size (capacity factor)
- Weight reduction (new materials)
- Modular components
- Digitization

Control systems and sensors

Innovations in construction and operation

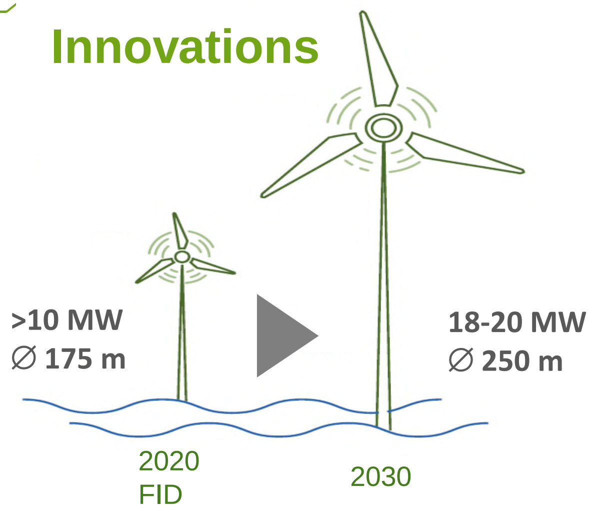
On site construction and manufacture

Onshore output 2030: 5,100 TWh
17% of global production

Source: Company data and elaborated from Sustainable Development Scenario. World Energy Outlook 2020, International Energy Agency (IEA)

Technological Vision: offshore wind evolution by 2030

Innovations

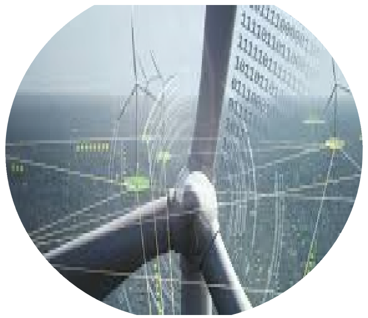


Larger turbines and towers

FID- *Final investment decision*

Windfarm Hubs

Construction innovations

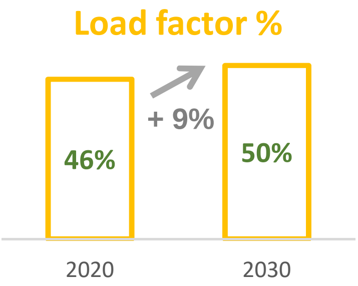


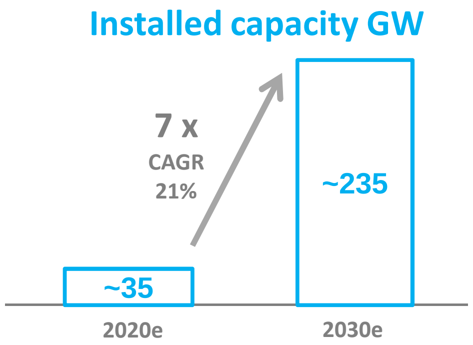
Digitization-Predictive maintenance

Controls, sensors and robots

Improvement drivers

- Economies of scale: larger size of turbines and windfarms (capex)
- Standardization and modularity
- Innovations in construction and operation
- Floating offshore: new markets and areas to develop



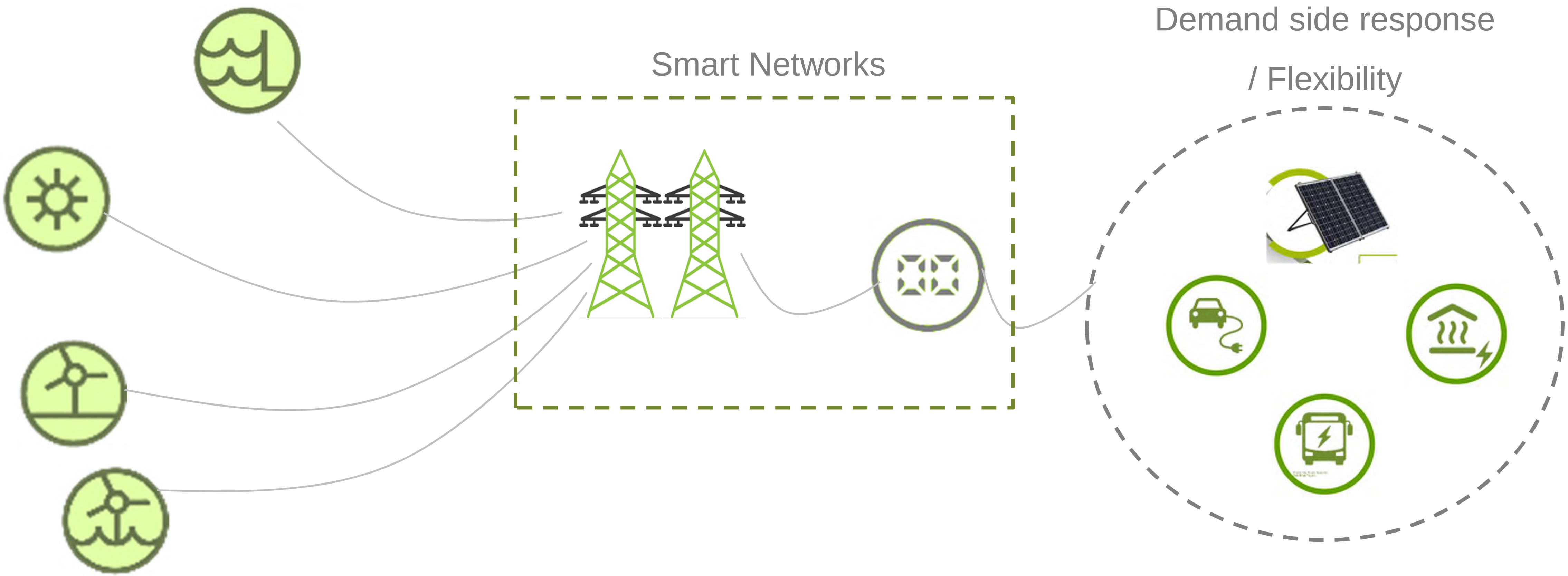


Offshore output 2030: 850 TWh
3% of global production

Source: Company data and elaborated from Sustainable Development Scenario. World Energy Outlook 2020, International Energy Agency (IEA)

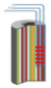
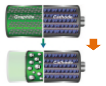
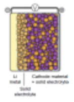
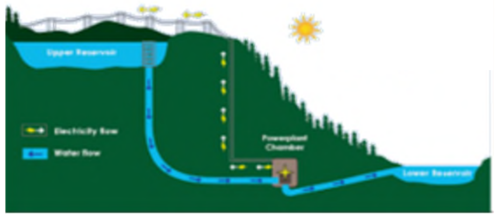
Technological Vision: networks in the electricity system

Smart Networks are the essential element for integrating the different needs of the system



Technological Vision: storage in the electricity system

More storage is needed to integrate renewables…

Storage technologies			Cost comparison 2019	2050
Batteries	 Cell level sensors  Silicon anodes  Self-healing  Solid electrolyte	*365 cycles/yr Efficiency: 90%*	~100 €/MWh	~45 €/MWh
Pumped Hydro		*40-80 cycles/yr Efficiency : 80%*	30-50 €/MWh	30-50 €/MWh
Power to Hydrogen to Power	e → H_2 → e^-	*365 cycles/yr Efficiency : 35%*	> 200 €/MWh	> 100 €/MWh

Source: Company data

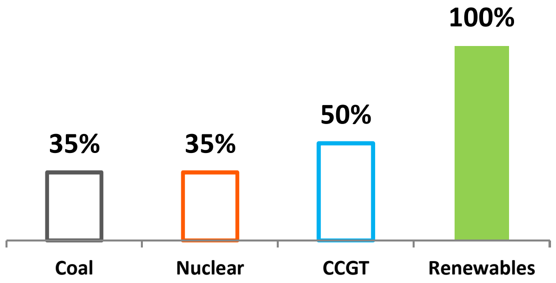
… being **energy efficiency** the key for competitiveness

Technological Vision: end uses electrification

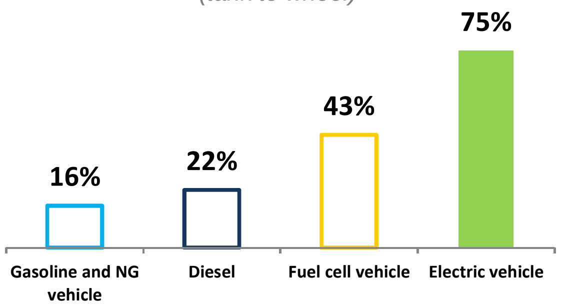
End uses decarbonization driven by the efficiency:

RES electricity + electric vehicle + electric heat pump as the most cost-effective solutions

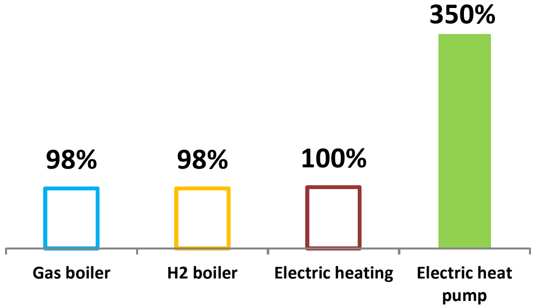
Efficiency of electricity generation



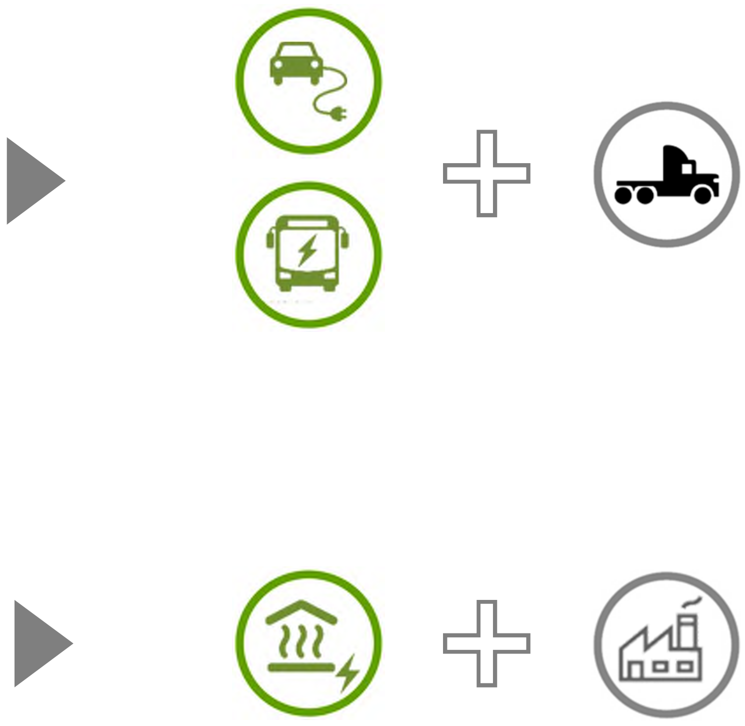
Efficiency of transport technologies
(tank to wheel)



Efficiency of heating technologies



Short term **Medium term**



Potential electrification **in long-haul transport and industries**

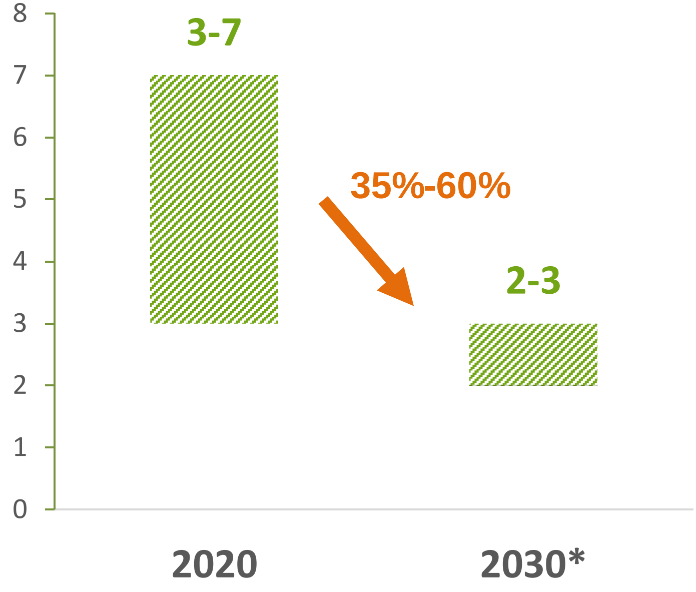
Technological Vision: niche areas decarbonization

Green H2 and biofuels as decarbonization alternatives for niche areas, where electrification is not possible or competitive

Key drivers for green H2 production cost reduction

Electricity cost	↓	**~ 30-40%**	Solar PV, onshore & offshore wind
Electrolyzer Capex	↓	**~ 40-50%**	Economies of scale, innovations
Electrolyzer Load Factor	↑	**~ 10-20%**	Higher load factors from renewables

Cost range of Green H2 Production, €/kg



* In range with Bloomberg NEF forecast

H2 is a feedstock in many industrial processes: **decarbonizing current H2 market** should be the first priority of green H2 and will help drive costs down for the niche applications

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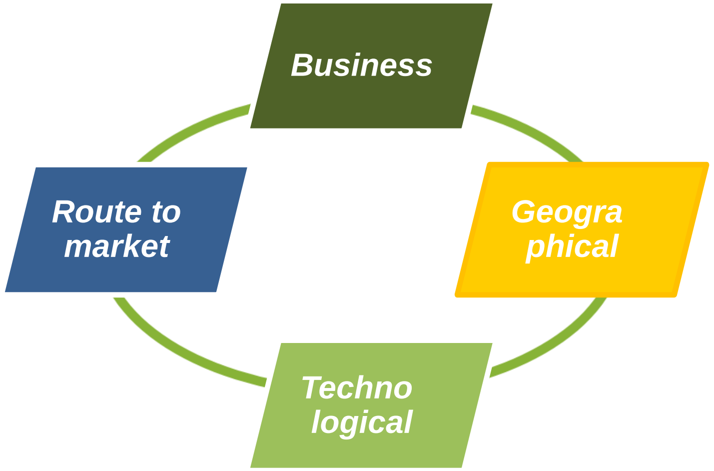
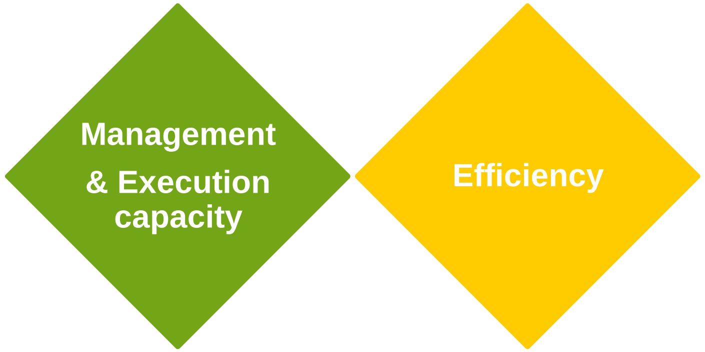
Competitive advantages

Competitive advantages

Diversification



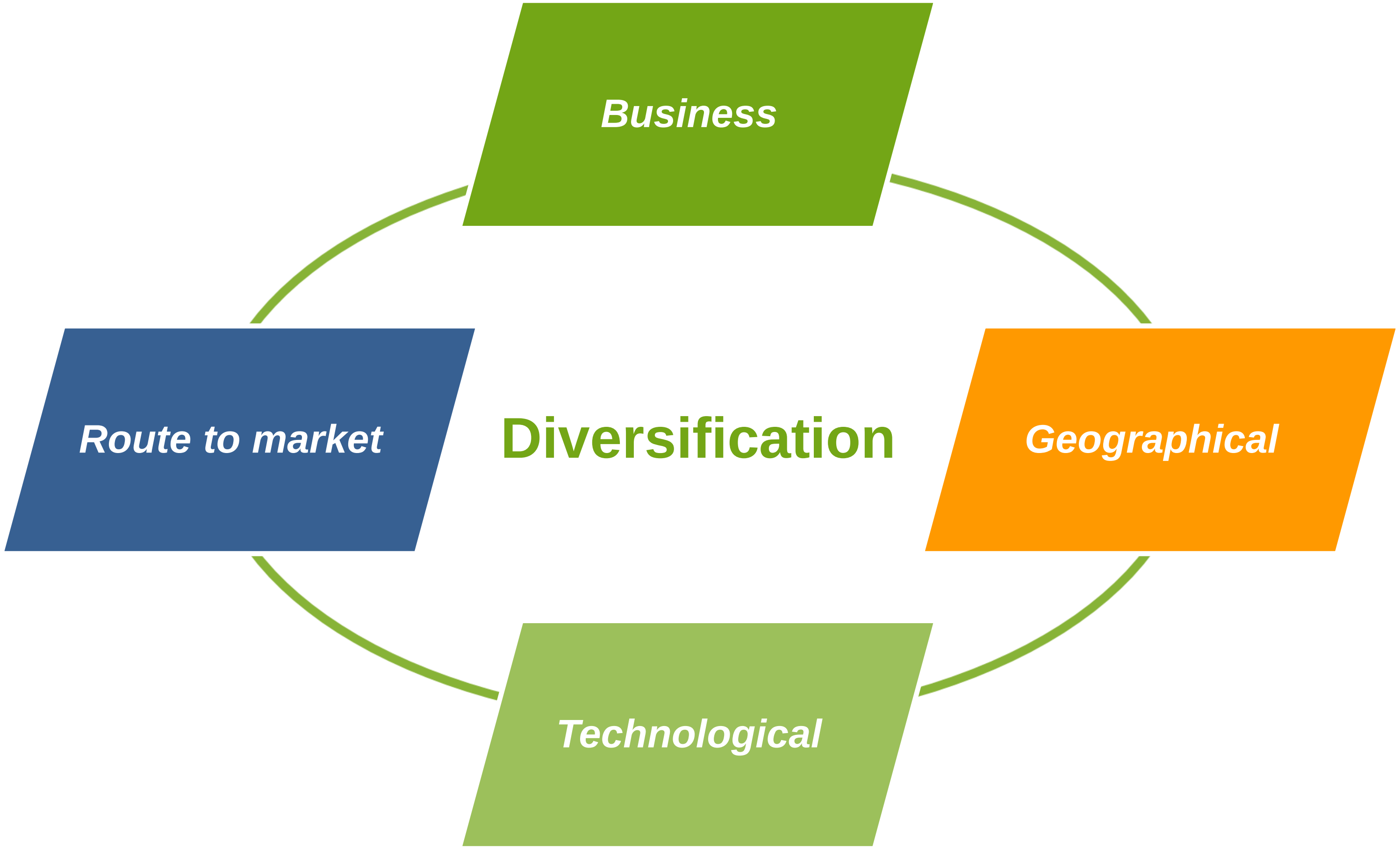
Experience / Size



Customers

Diversification

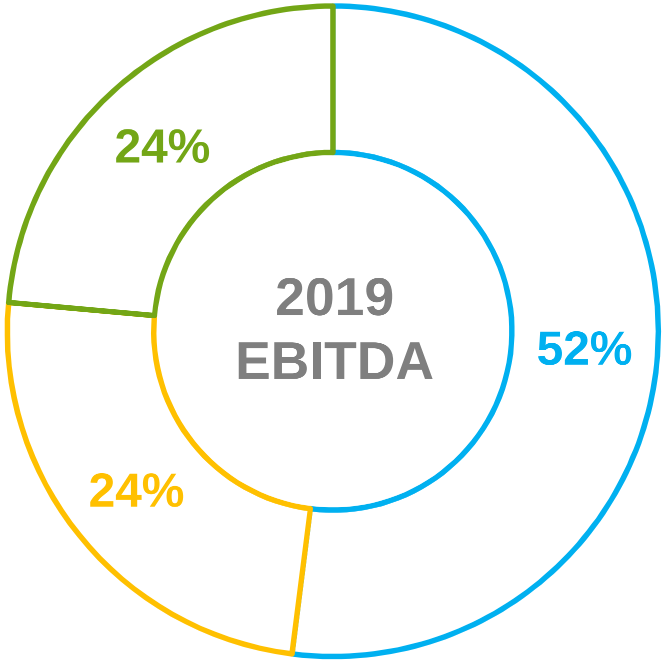
Diversification in all scopes to enable **more stable results**



Business Diversification

Strong and **diversified business model**…

- ***Renewables***
  - *Production technologies*
  - *Efficient storage*
  - *Hybridisation*
- ***Networks***
  - *Regulated business*
  - *Competitive transmission*
  - *HVDC projects*
- ***Generation & Retail***
  - *Contracted generation*
  - *Smart Solutions*
  - *Green Hydrogen*



… continuously adapting units and products to compete in different scenarios and new needs

Geographical Diversification

Our **global expansion balances our position** both by country and by business

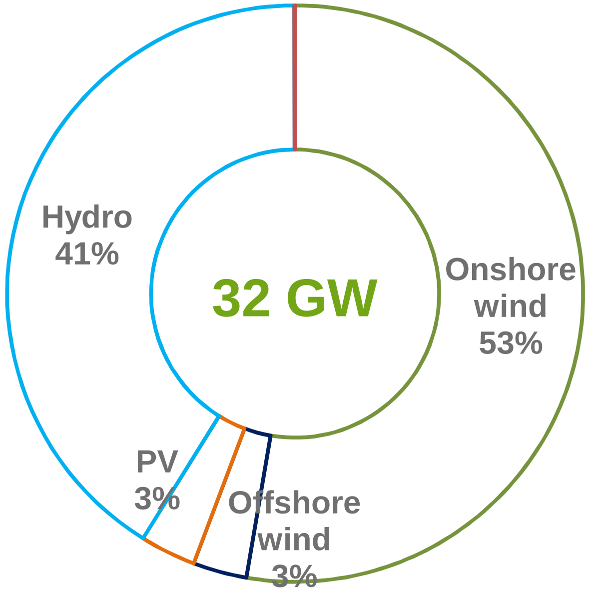
Renewables

Generation & Retail

Networks

Pioneers in renewables and added-value services…

Renewable capacity mix by Technology 2019



Services mix 2019

* Heating and cooling

… enabling an **integrated & sustainable model** to our customers

Route to market Diversification

Multiple approach to optimize position and results

						*
PPA	✓✓	✓✓	✓✓✓	✓✓	✓	✓
Customer base	✓✓✓	✓✓✓	✓	✓✓	✓	✓✓
Auctions	✓	✓✓	✓✓	✓	✓✓✓	✓✓✓
Other-hybrids	✓	✓		✓		

* IEI includes France, Germany, Italy, Portugal, Ireland, Greece, Australia and others

Experience: management & execution capacity

Track record of **organic growth** based on preserving **know-how, customer & ESG focus**…

Management & Execution capacity

Core activities vs low added value outsourcing

- ✓ **Maintain know-how in house** (technology, conceptual design, construction supervision…)
- ✓ **Outsource low value activities** (construction, construction engineering, call centers, back office…)

Global model & local activities

- ✓ **Global model for each business** (standard organisations, processes…) with **local delivery** (development, construction, sales…)
- ✓ **Global procurement and local provider**

Customer & social dividend

- ✓ **Customer needs at the center**
- ✓ **ESG focus:** vulnerable consumer protection, quality of service, health & safety as a priority, training, local industry development, high quality employment…

… and an effective combination of **global model and local capabilities**

Experience: management & execution capacity
Renewables

Maintaining **control of key activities** to secure increasing growth

Development	*Engineering & procurement*	*Construction*	*O&M*	*ESG*
Investment prioritization Resource analysis Permitting & lands Development and prioritization of pipeline	Technology Watch Design & equipment standardization Design engineering Global procurement	Construction supervision Permitting	Regional O&M Global procedures	Health & safety Training Local industry High quality employment
Resource data Environmental studies Co-development Land leasing and acquisition management	Construction support engineering Local providers	Packages outsource (no EPCs) BoP construction, substation and lines Installation and commissioning of main equipment	Independent Service Providers Low-value activities outsource	

Experience: management & execution capacity
Networks

Ensuring **consistency and control of operations**

Planning	*Engineering & procurement*	*Construction*	*O&M*	*ESG*
Central planning Investment prioritization	Technology Design & equipment standardization Design engineering Global procurement	Construction supervision Permitting	Regional O&M Global procedures	Quality of service Health & safety Training Local industry High quality employment
	Detail engineering Local providers	Packages outsource (no EPCs)	Low-value activities outsource	

Experience: management & execution capacity
Retail

Taking care of the **complete experience of the customer**

Energy Management	***Products***	***Channels***	***Operations***	***ESG***
Portfolio optimization Mitigation of price risk	Product design Tailored solutions Data Analytics Campaigns	Omni-channel approach Sales & Customer service Commercial alliances Customer experience	Regional operation Global procedures	Vulnerable customers Payments plans Social collaborations: • AECC and CRUK* • Aid to Paralympic Objective Sport • Universe of Women and Female Sports

Sales & Customer Service

Call Center

Back Office

Debt recovery

** Asociación Española Contra el Cáncer* and Cancer Researh UK

Experience: efficiency

Best in class efficiency based on digitization and exchange of global best practices

Efficiency

Digitization

- ✓ **Digital processes, sales, customer interaction, retail back office…**
- ✓ **Predictive O&M** (data analytics and AI)

Central control & dispatching

- ✓ **Smart Operations** (Central control & dispatching of operating assets, remote diagnostic & monitorization,…)
- ✓ **Early detection of fraud, losses and grid faults**

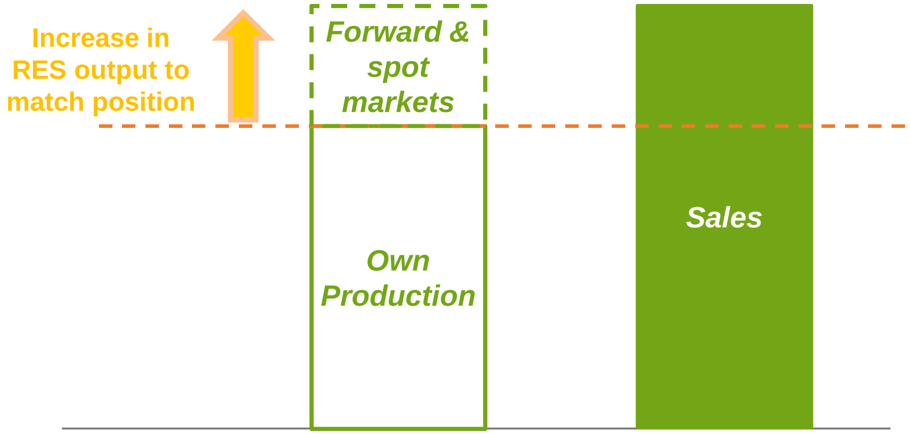
Best practices exchange

- ✓ **O&M**
- ✓ **Health & safety**
- ✓ **Standardization…**

Customers: generation hedge

Customer base as a **natural hedge** of our own generation, **mitigating the risk** from price fluctuations

Annual position



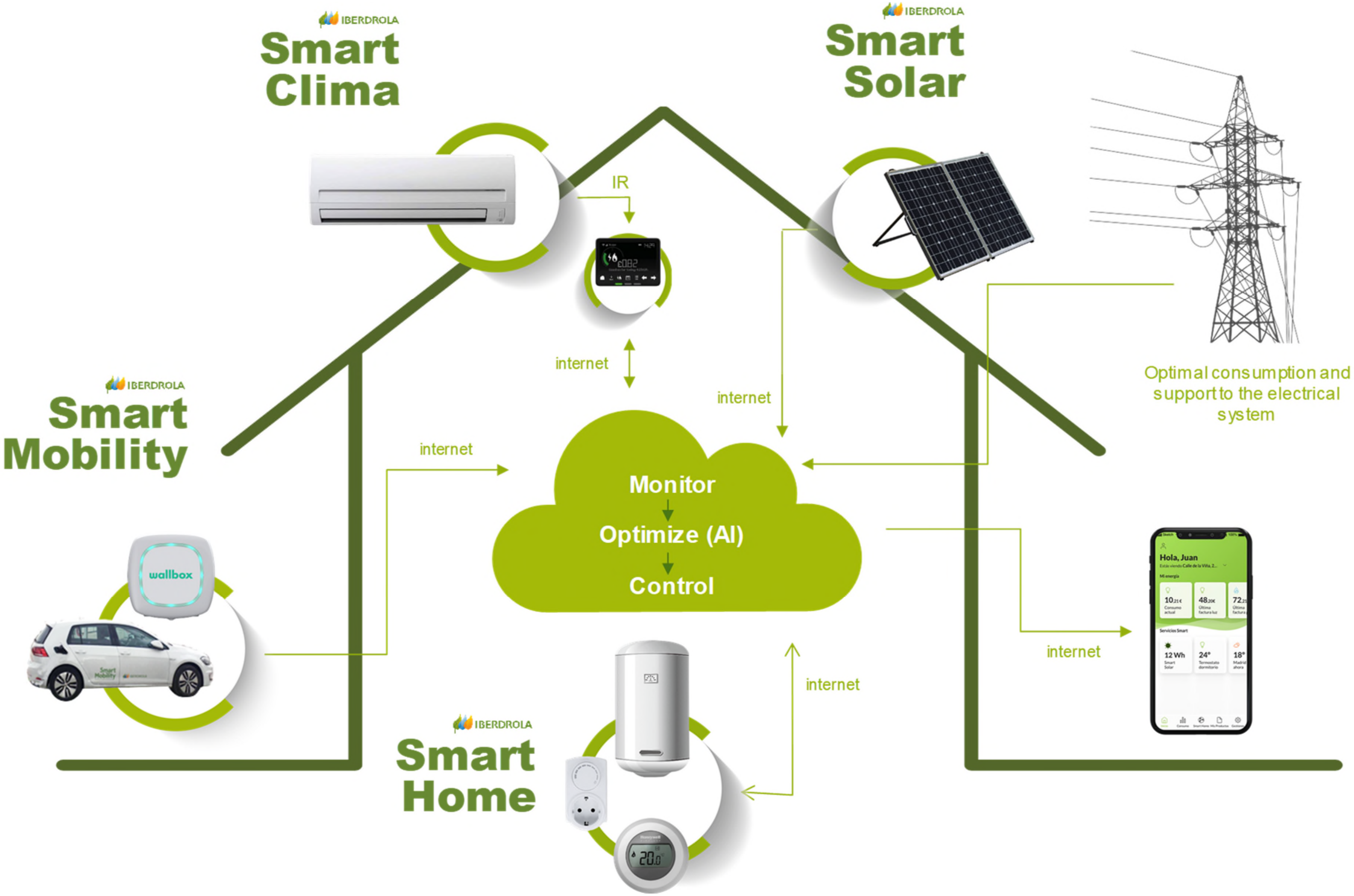
Wholesale Electricity Spot Price Spain (€/MWh)

Growth in renewable energy to **balance our short position** in the markets

Stable prices for **customers** willing to have a more predictable view of prices

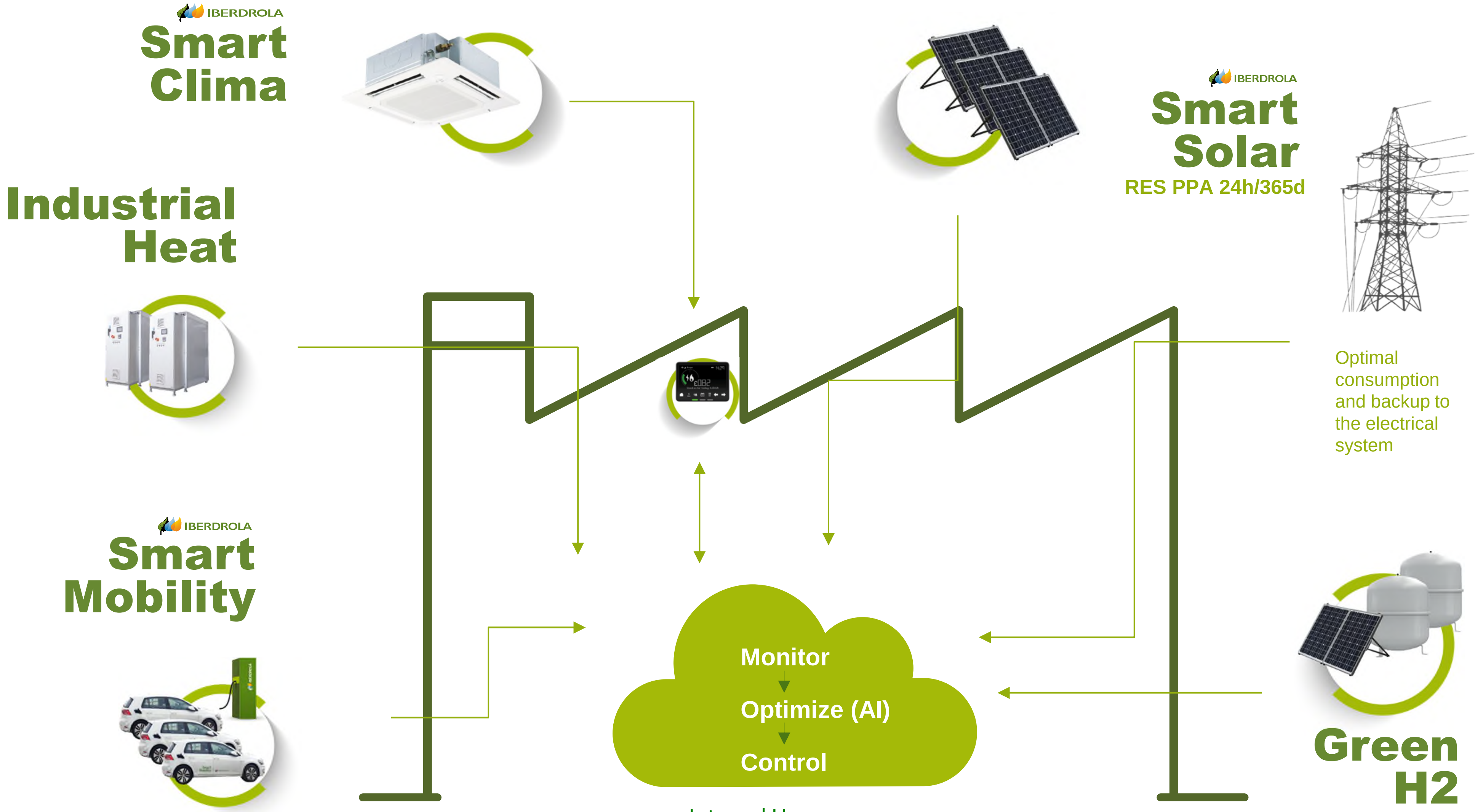
Customers: residential view

Electrification of residential demand implies a huge opportunity in terms of **increasing consumption and larger product variety**



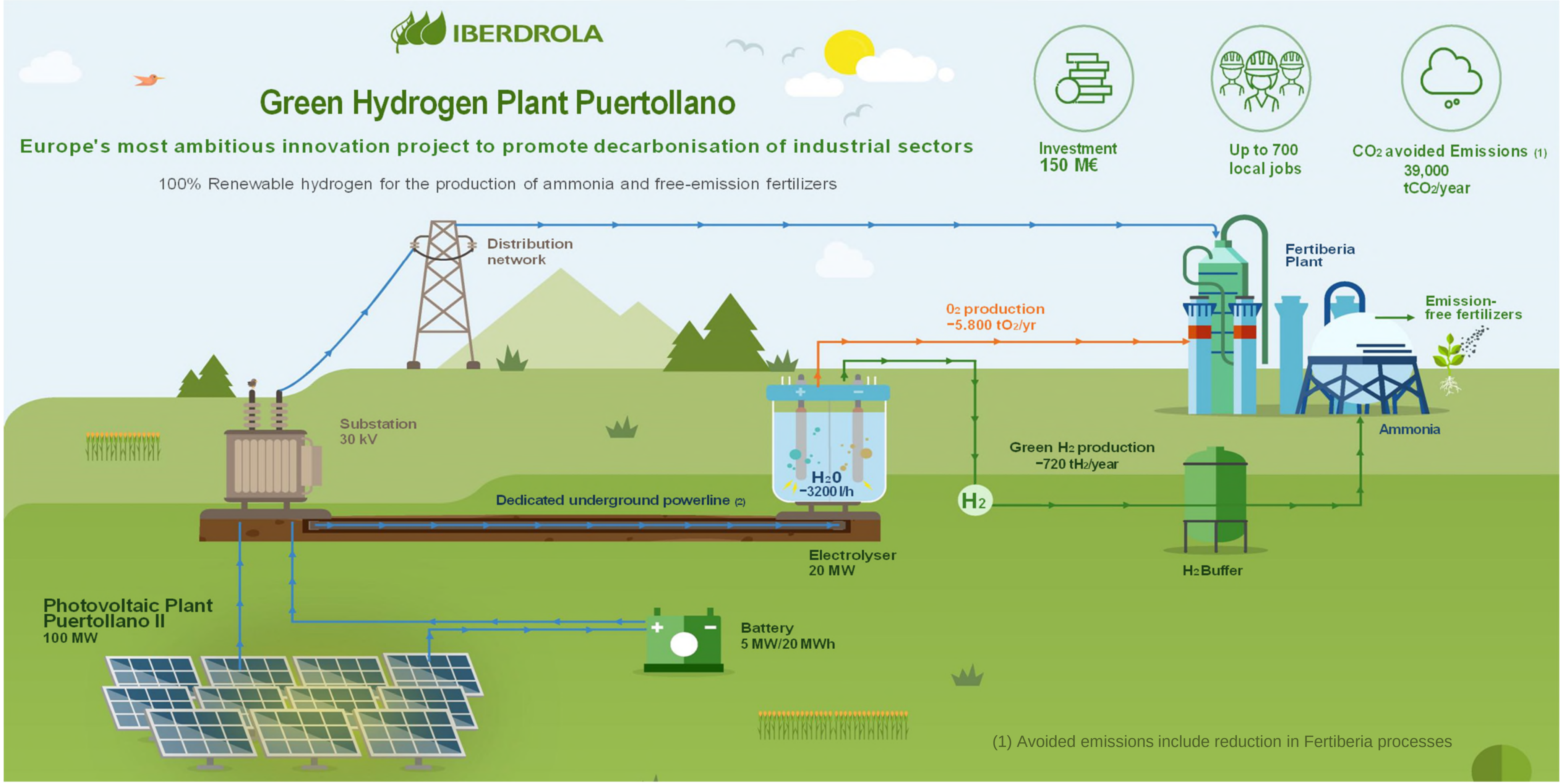
Customers: industrial view

Integrated model to fulfill 100% of our **customers' needs**



Customers: industrial view

Opportunities derived from **decarbonizing the use of hydrogen as industry feedstock**



(1) Avoided emissions include reduction in Fertiberia processes

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Key Actions

Key Actions

Key Actions

Growth — Benefiting from opportunities across the three businesses

Acceleration — Increasing momentum and getting ready >2025 growth

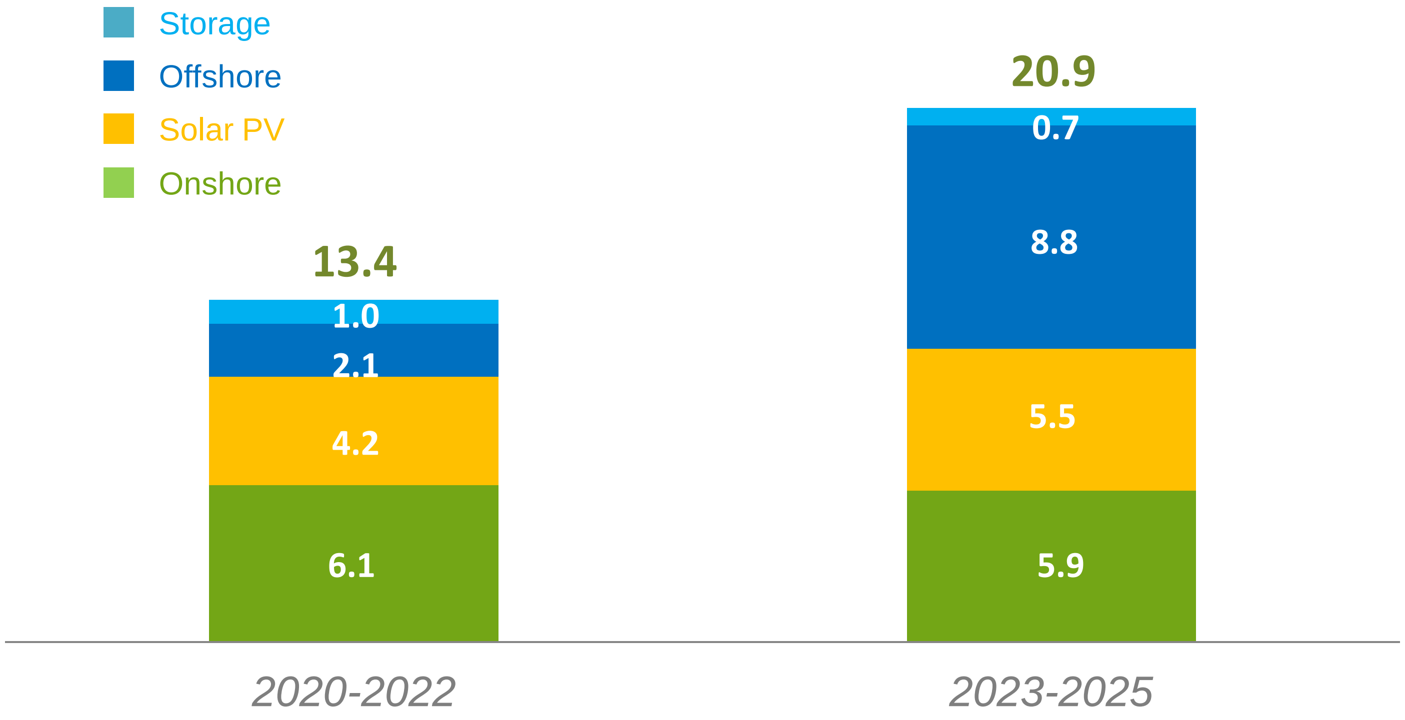
Investment Efficiency

Operating Efficiency

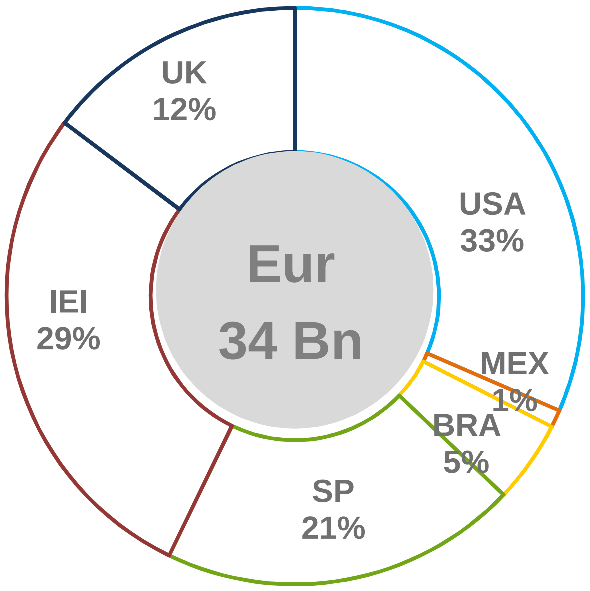
Gaining competitiveness

Investments of EUR 34 Bn during the period...

Gross Investments (EUR Bn) by technology[1]



2020-2025 Gross Investments (EUR Bn) by geography[1]



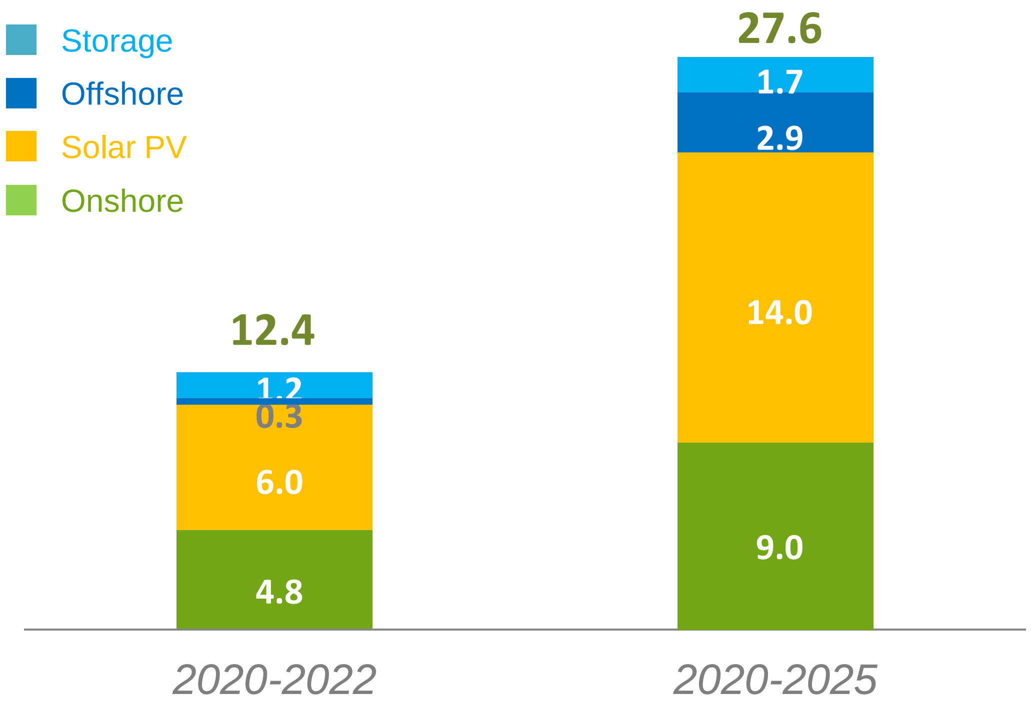
~90% growth
~60% secured

… increasing diversification, especially with growth in offshore and IEI

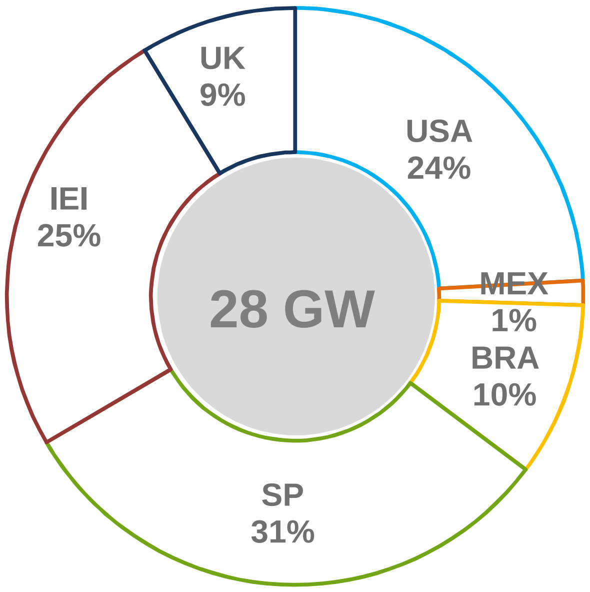
1/ Includes Iberdrola estimates of PNM resources

Capacity growth by 28 GW, with a larger contribution from PV and onshore…

New Installed capacity (GW) by technology[1]



2020-2025 Installed capacity (GW) by geography[1]



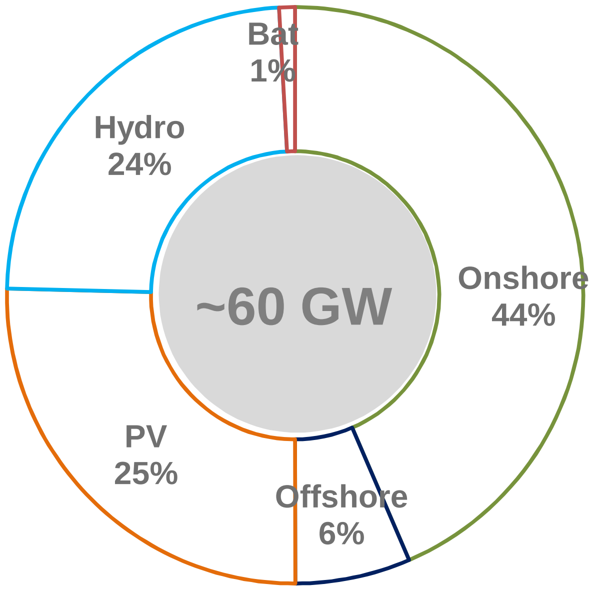
1/ Includes Iberdrola estimates of PNM resources

Renewables: Capacity Mix

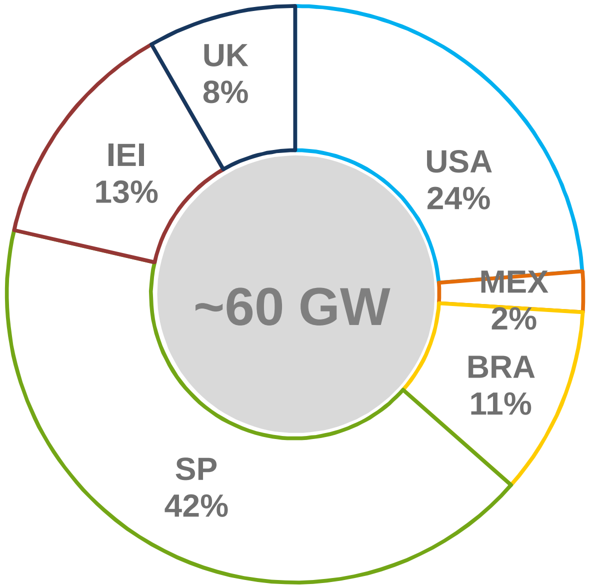
CAPITAL MARKETS DAY - 2020 IBERDROLA

… to reach a total of ~**60 GW by 2025**

Capacity mix by Technology 2025[1]



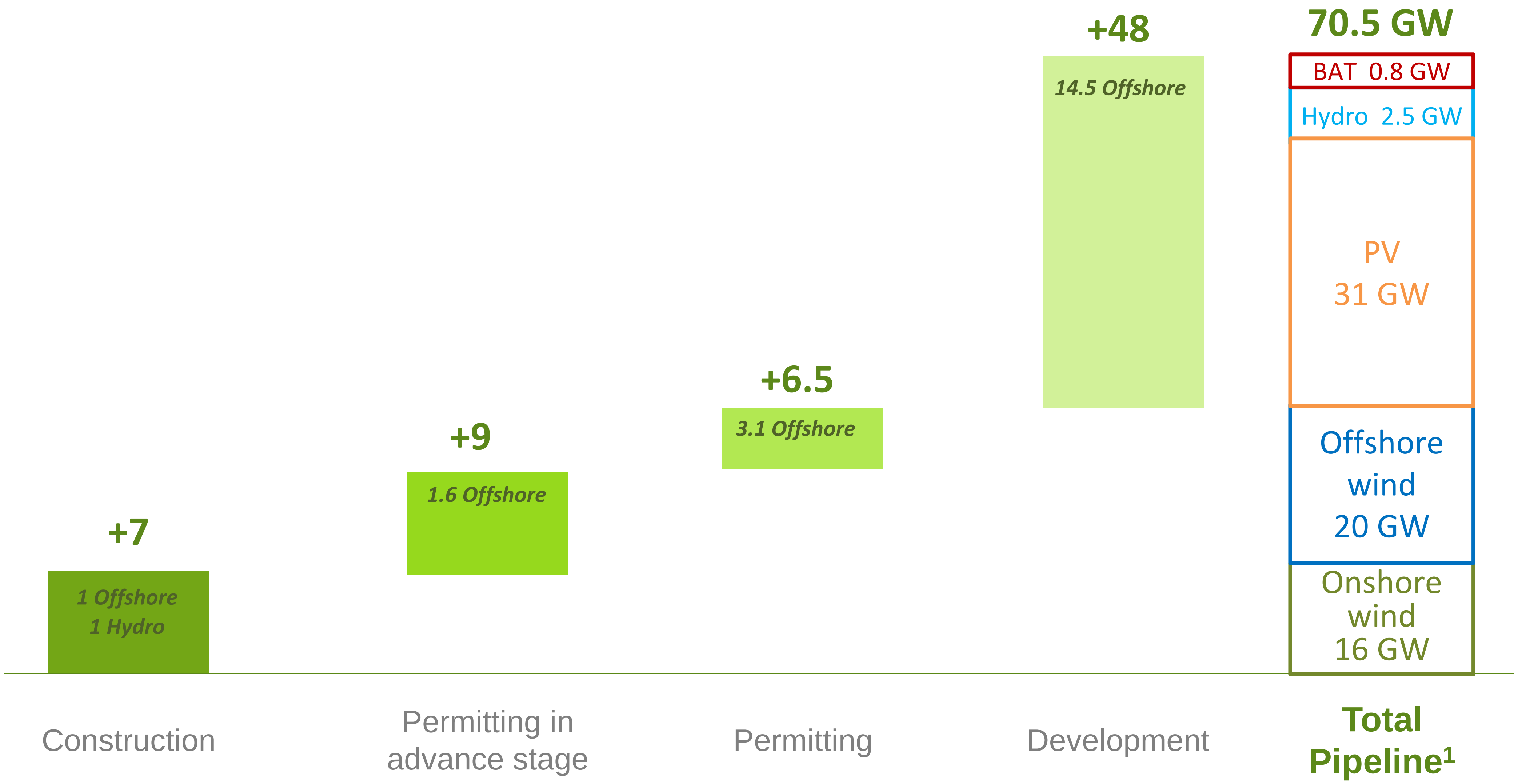
Capacity mix by country 2025[1]



1/ Includes Iberdrola estimates of PNM resources

Renewables: Pipeline by status

Over **70 GW pipeline**, with an annual increase over 10 GW/year



1/ Includes Iberdrola estimates of PNM resources

Growth
Renewables: Pipeline detail

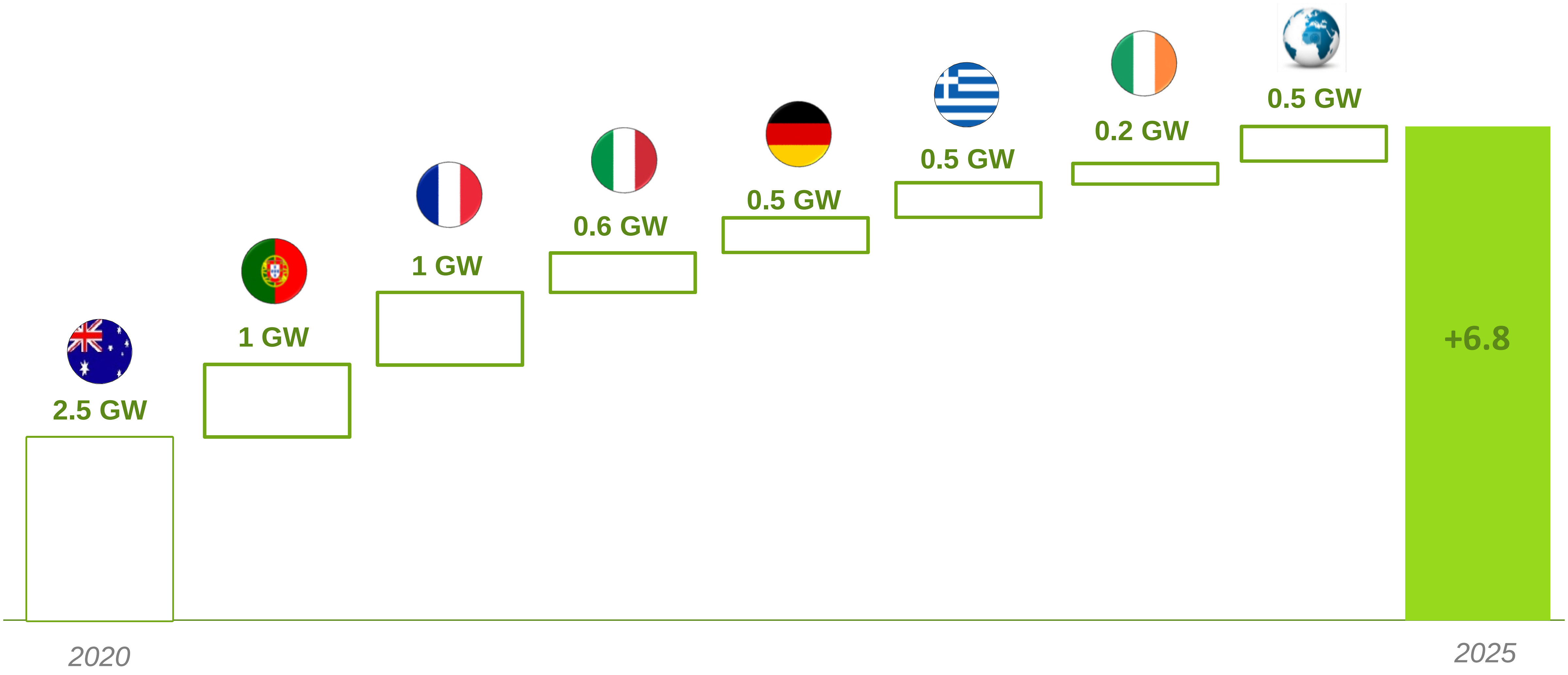
(GW)	Onshore	Offshore	Solar PVdc	Battery	Hydro	TOTAL
US[1]	4.5	7.5	10.8			22.9
UK	2.4	3.1	0.8	0.8		7.0
Brazil	2.5		2.7			5.2
Mexico	0.9		4.0			5.0
Spain	2.8		7.6	0.02	1.3	11.7
International	3.2	9.6	4.7	0.01	1.2	18.7
Germany		*0.8*				*0.8*
Australia	*1.5*		*1.0*			*2.5*
France	*0.7*	*0.5*	*0.22*			*1.4*
Greece	*0.3*		*0.5*		*0.01*	*0.8*
Italy	*0.1*		*1.0*			*1.1*
Portugal	*0.3*		*1.2*	*0.01*	*1.2*	*2.6*
Japan		*3.3*				*3.3*
Sweden		*5.0*				*5.0*
Others	*0.3*		*0.8*			*1.1*
TOTAL	16.3	20.2	30.7	0.8	2.5	70.5

Under construction projects included

1/ Includes Iberdrola estimates of PNM resources

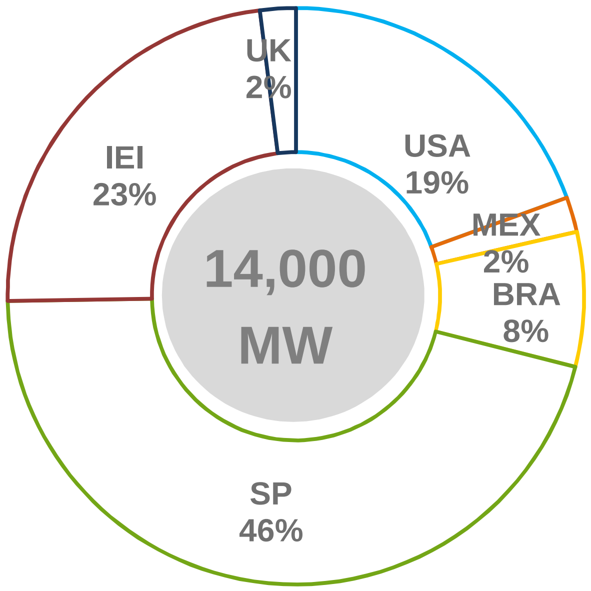
Renewables: Iberdrola Energía Internacional

Increase of almost **7 GW by 2025**



Growth
Renewables: PV

New Installed Capacity[1] 2020-2025



6,000 MW secured

2,700 MW already under construction

Main projects

Francisco Pizarro
Ceclavin
Arenales
Puertollano
Campo Arañuelo

Montague Solar
Lundhill
Mohawk
Bakeoven

Cuyoaco

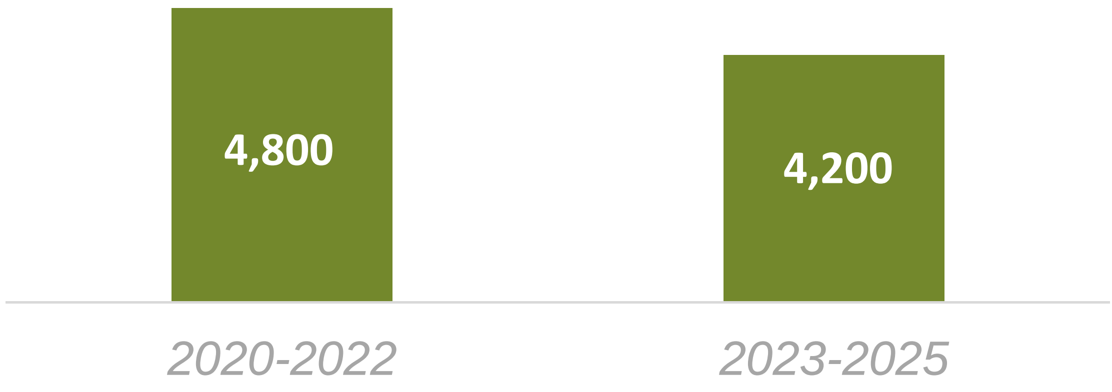
Carland Cross Hybrid
Coldham Hybrid
Coal Clough Hybrid

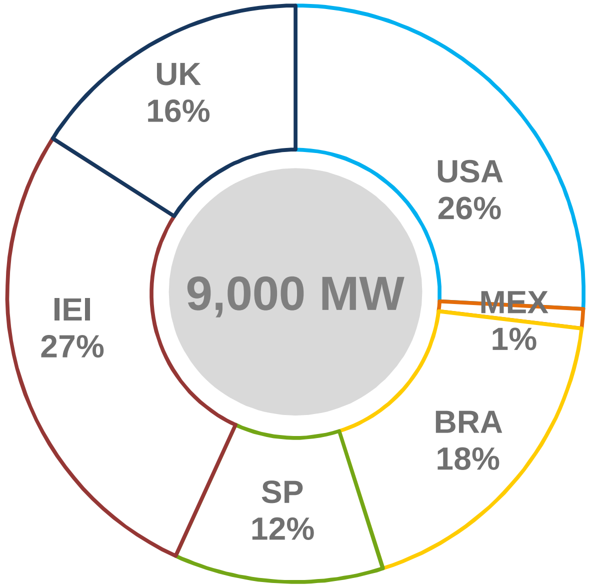
Algarve Setubal
Montalto di Castro

1/ Includes Iberdrola estimates of PNM resources

Growth
Renewables: Onshore wind

New Installed Capacity[1] 2020-2025





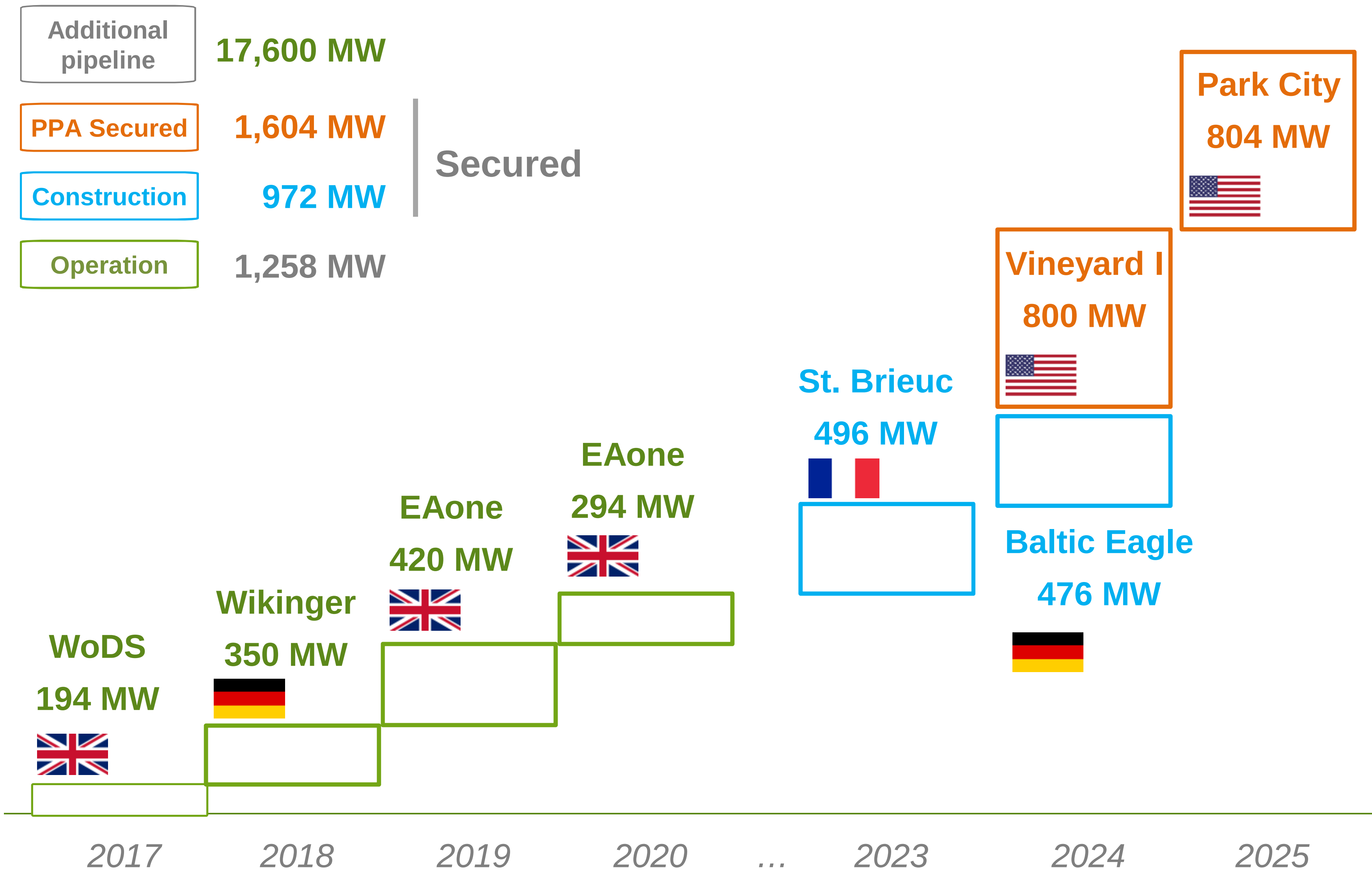
4,800 MW secured
2,200 MW already under construction

Main projects

- Puylobo
  ERPASA
  Martín de la Jara
- Pier
  Santiago
- Beinn and Tuirc 3
  Halsary
- Chafariz
  Oitis
- La Joya I-II
  Midland
  Golden Hills
- Mikronoros
  Rokani
  Askio II-III

1/ Includes Iberdrola estimates of PNM resources

Growth
Renewables: Offshore wind



- USA: Vineyard 3,400 MW 2025+ (includes Liberty II)
- UK: EA Hub 3,100 MW 2026+
- USA: Kitty Hawk 2,500 MW 2027+
- Germany 300 MW
- Sweden 5,000 MW
- Japan 3,300 MW

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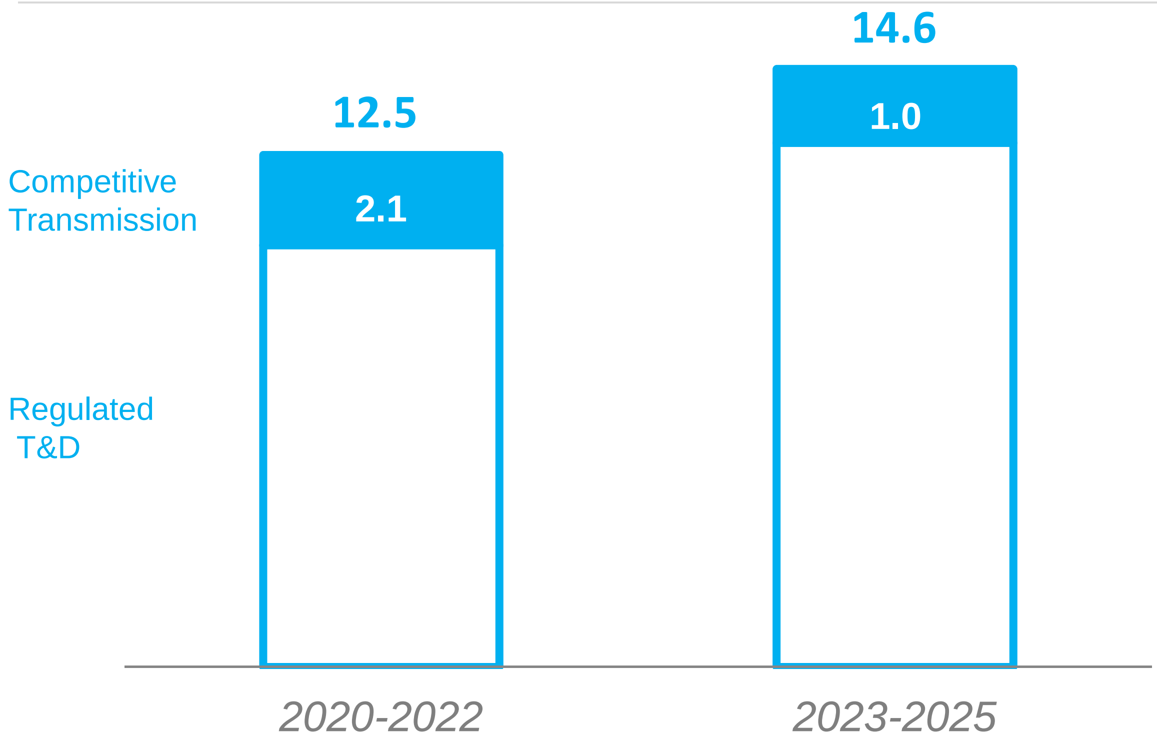
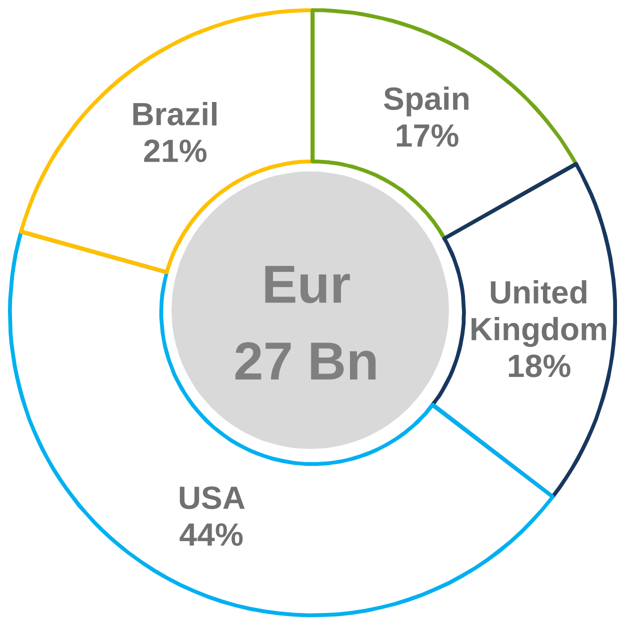
EUR 27 Bn investments in 2020-25, increasing along time with decarbonization needs

Organic Gross Capex[1] (EUR Bn)



2020-2025 Organic Gross Investments (EUR Bn) by geography[1]

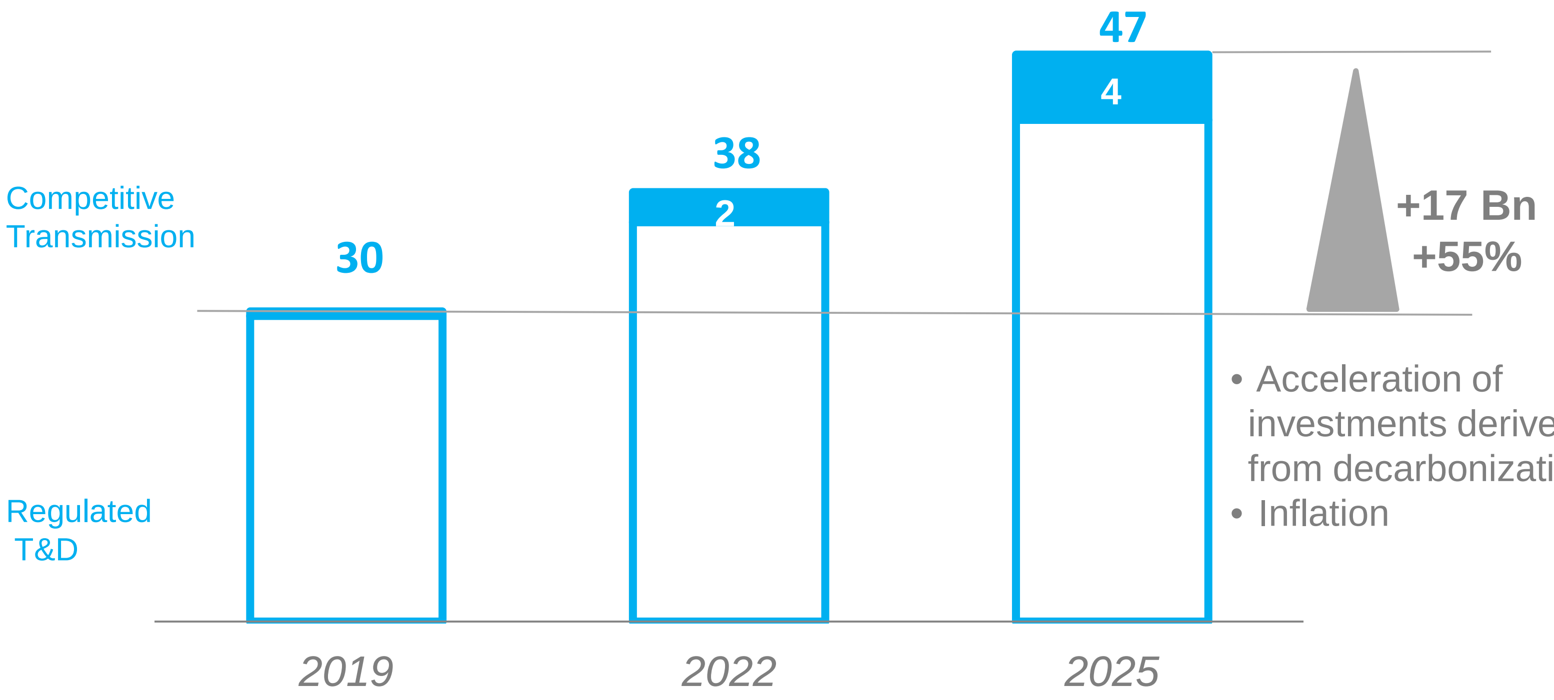


~60% growth
~90% secured

1/ Iberdrola estimates of PNM Resources transaction investment

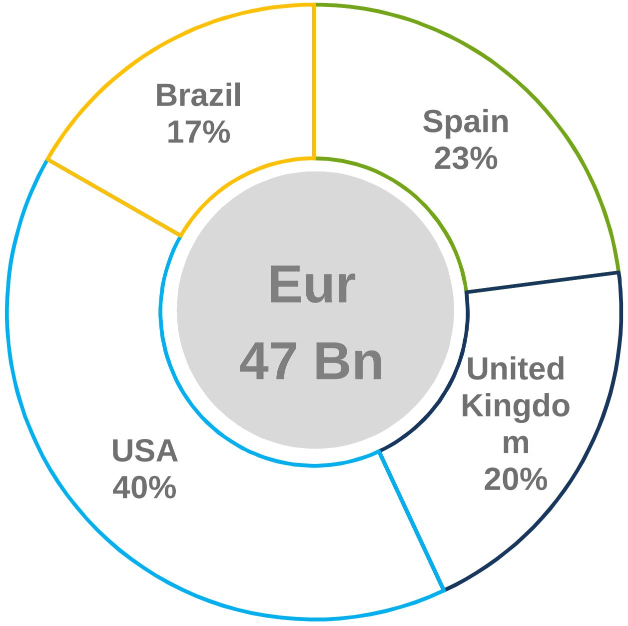
Asset base grows in all countries close to EUR 47 Bn in 2025 **(+55%)**

Asset base[1] (EUR Bn)



- Acceleration of investments derived from decarbonization
- Inflation

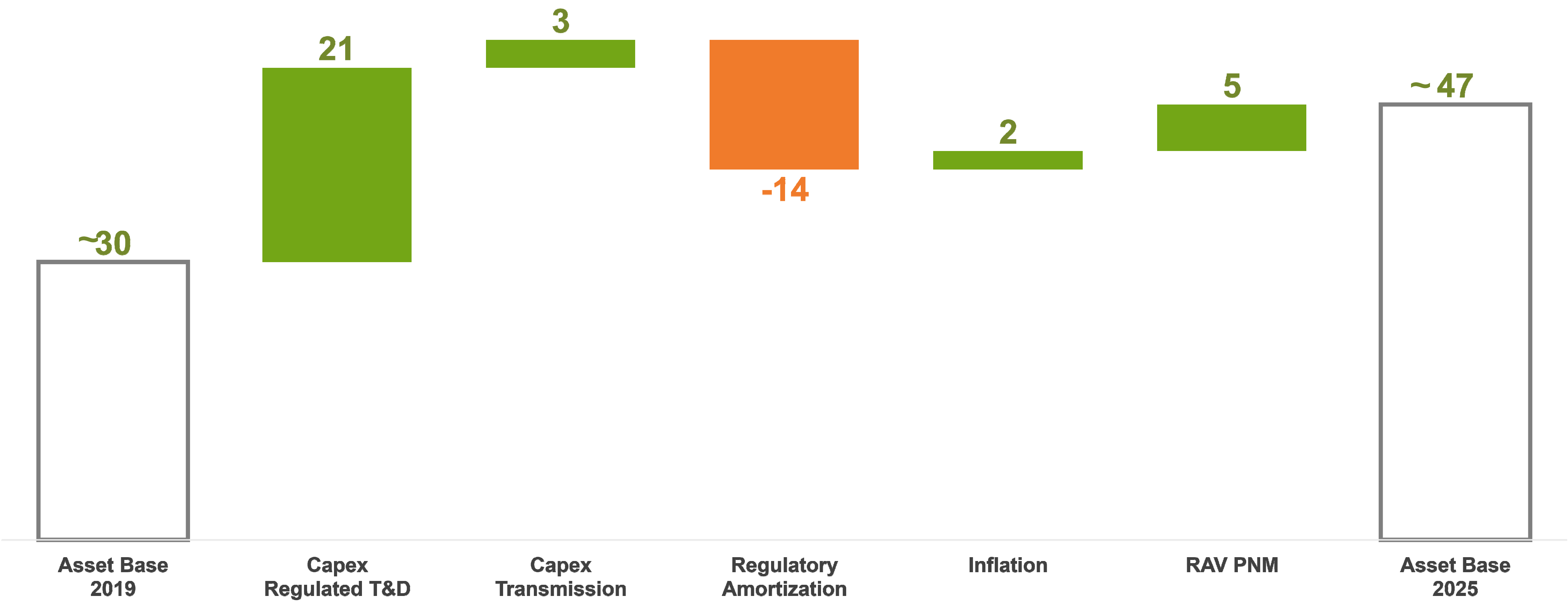
Asset base[1] 2025 (EUR Bn)



1/ Asset base* includes regulated T&D and competitive transmission
Iberdrola estimates of PNM Resources transaction investment

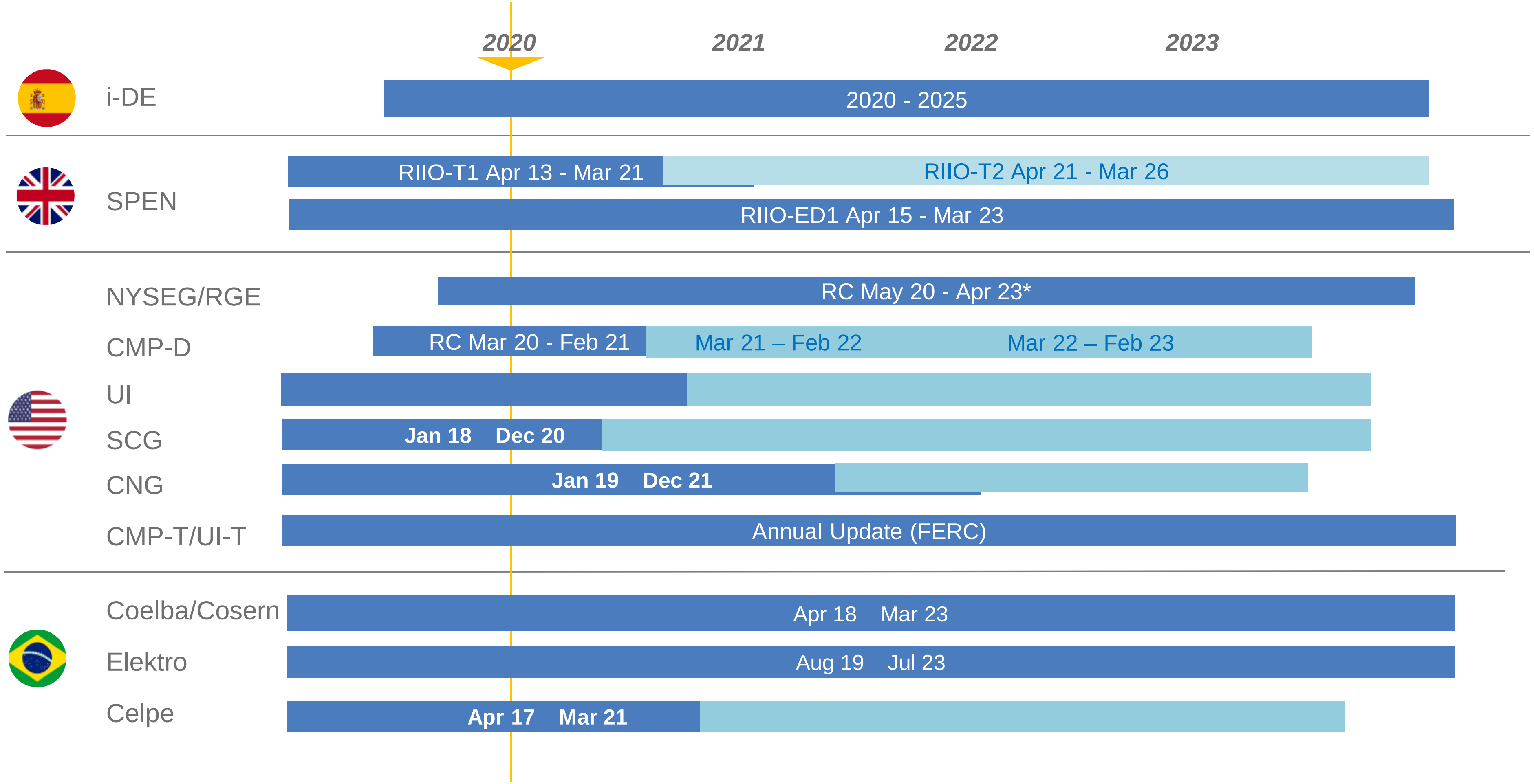
Growth
Networks: Asset Base evolution

Asset Base[1] (EUR Bn)



1/ Iberdrola estimates of PNM Resources transaction investment

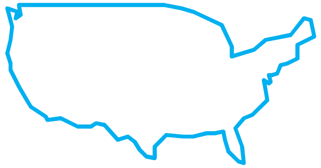
Stable and geographically diversified returns approved through regulatory frameworks, with ~80% secured to 2022



** Pending final PSC Order*

Growth
Networks: Competitive Transmission

Multiple growth opportunities up to 2025 and beyond in areas with geographic presence



	CAPEX Secured	CAPEX Opportunities
NECEC	**USD 1 Bn**	
Incumbent area		USD 3.3 Bn
Non-incumbent area		USD 2.5 Bn
Offshore transmission*		USD 5.3 Bn

*Subject to offshore transmission and generation decoupling

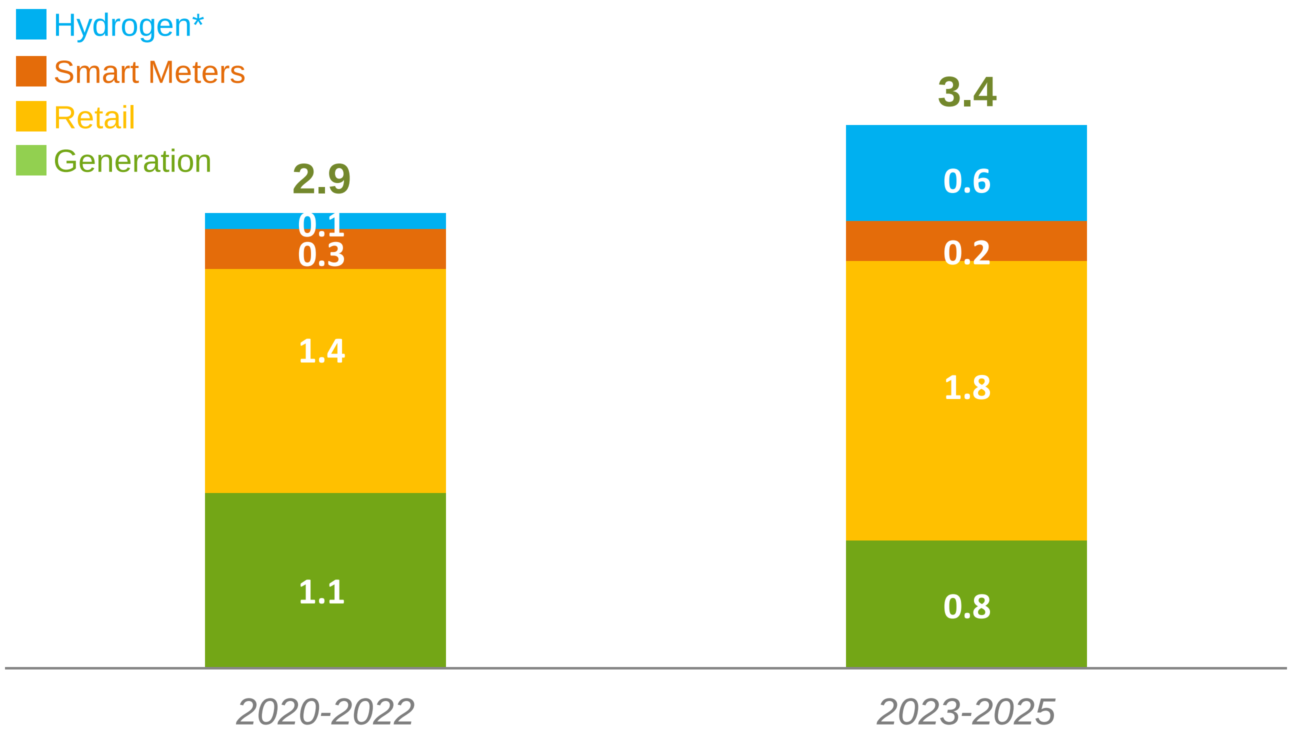
	CAPEX Secured	CAPEX Opportunities
Current Portfolio (2017-2019 auctions)	**BRL 7.6 Bn**	
ANEEL auctions (2021-2025)		BRL 44.6 Bn

Analyzing additional opportunities in new geographies where the Group is present

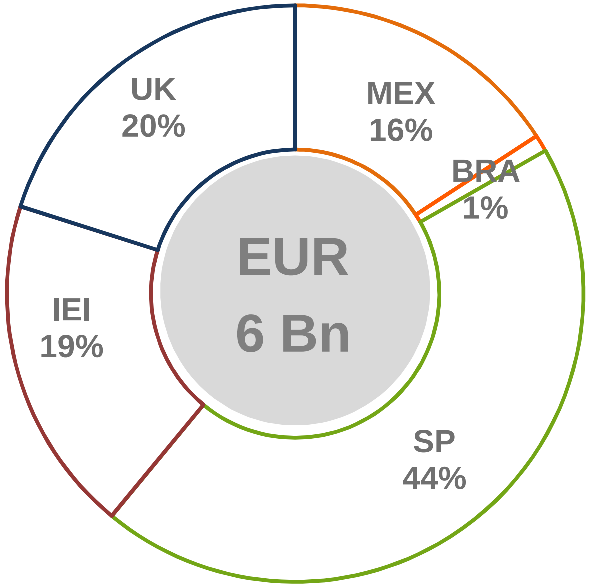
CAPITAL MARKETS DAY - 2020

Investing over EUR 6 Bn during the period

Gross Investments (EUR M)



2020-2025 Gross Investments (EUR Bn) by geography

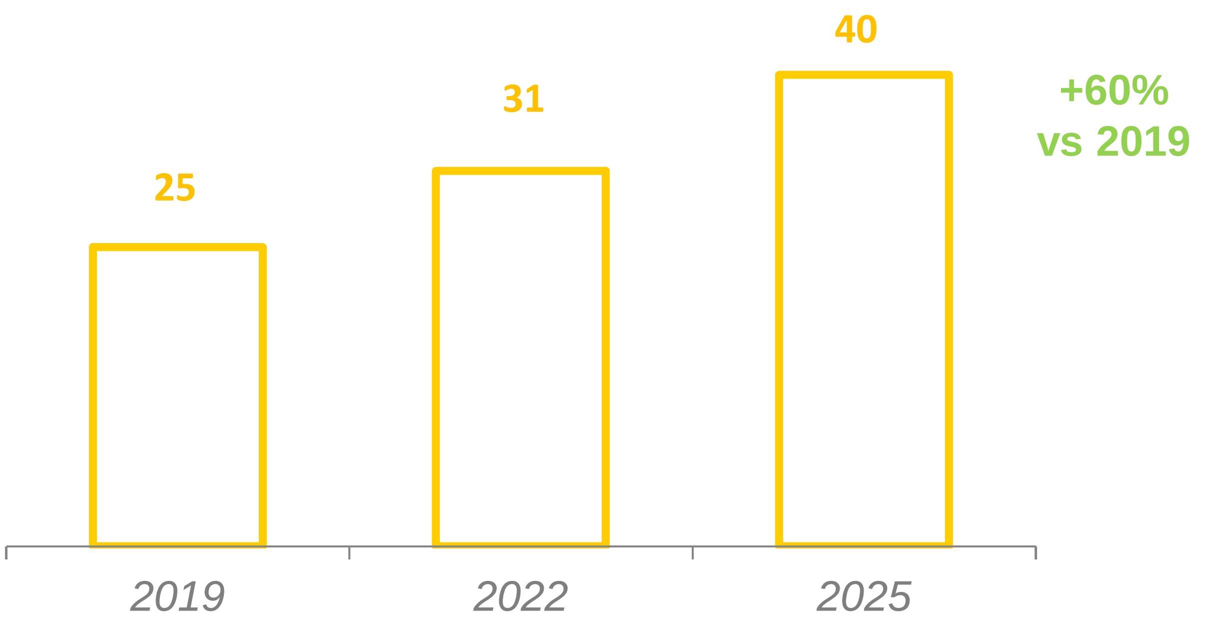


~60% growth
~50% secured

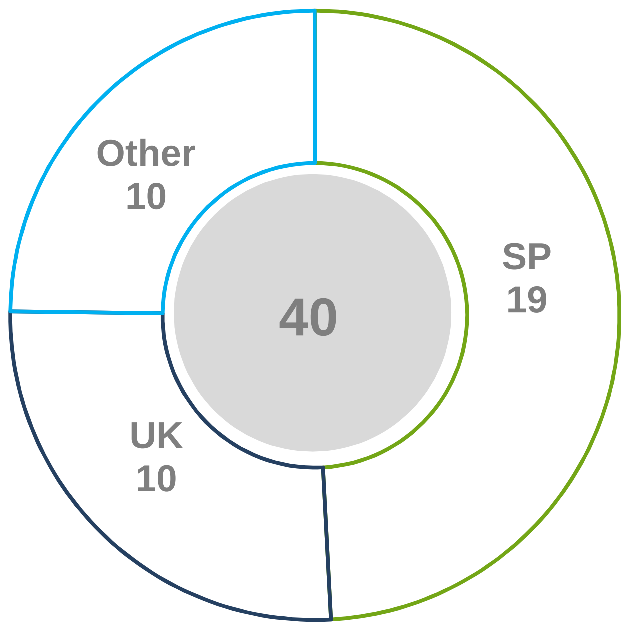
** Total gross investments, not including potential grants from European Funds*

Strong growth on **Smart Solutions** while expanding in **new markets**

Services to customers (M)



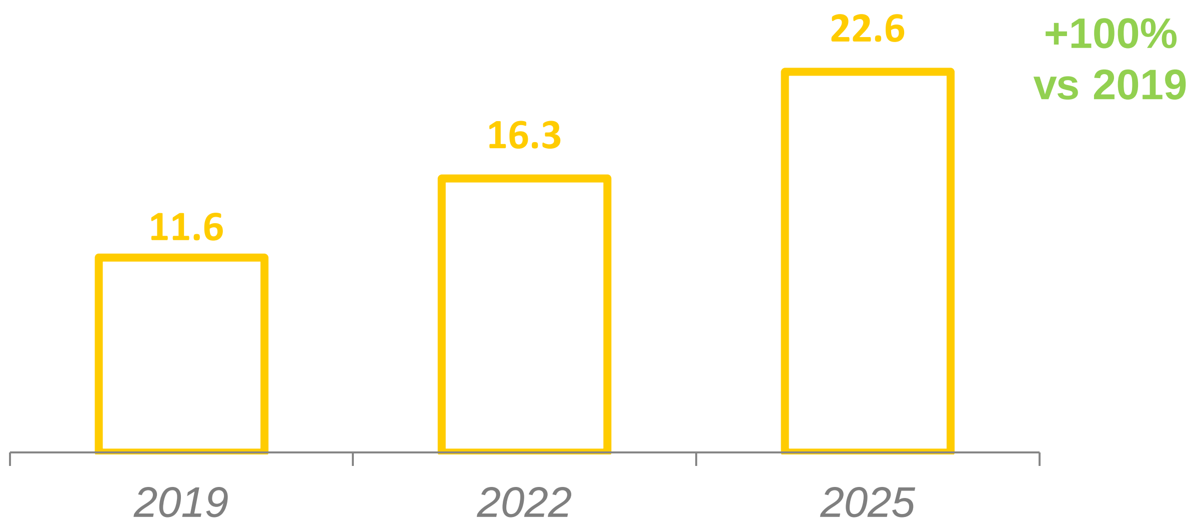
2025 Services breakdown (M)



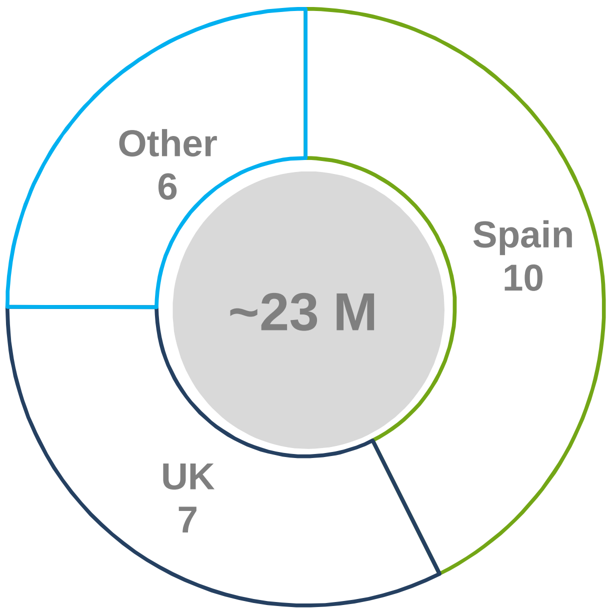
Growth
Retail: Smart Solutions

+11 Millions increase of Smart Solutions in the period

Smart Solutions to customers (M services)



2025 Smart Solutions by geography (M)



Growth
Retail: Alliances

Building growth **alliances with manufacturers & customers** along the value chain

	Manufacturers	Car dealers	Service Stations	Retail, Distribution…	Associations
SMART MOBILITY	SEAT, VOLVO, NISSAN	Main agreements: Arnold Clark, Grupo Marcos, Montalt, Grupo Huertas, Grupo Julián	AVIA, BALLENOIL	IKEA, McDonald's, Auchan, IFEMA Feria de Madrid	FACONAUTO, iac, AMDA, HOSBEC

Relevant Projects

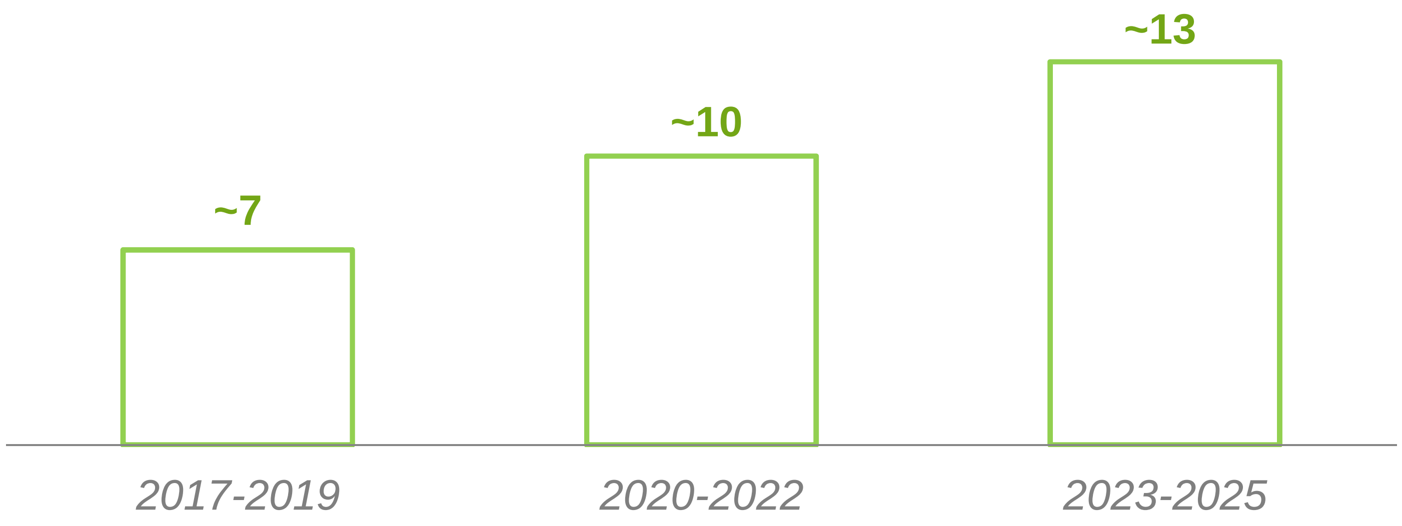
SMART SOLAR GREEN H_2

MAPFRE, makro, Marqués de Riscal, BOLLO ARTE EN FRUTA, LURDEIA Arte, Cultura, Naturaleza y Tradición, SENDAVIVA, Fertiberia

Acceleration: investments

Increase of average investments in line with **growth opportunities**

Average Gross Investments[1] (EUR Bn/Year)

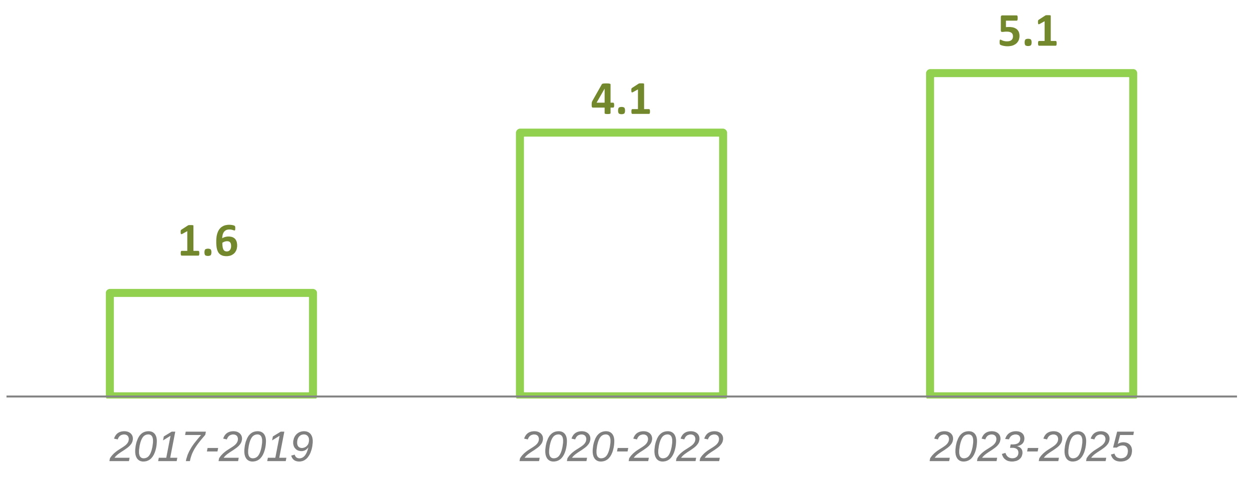


1/ Iberdrola estimates of PNM Resources transaction investment

Acceleration: renewable capacity

Strong growth acceleration

Δ Renewable Capacity[1] (GW/Year)



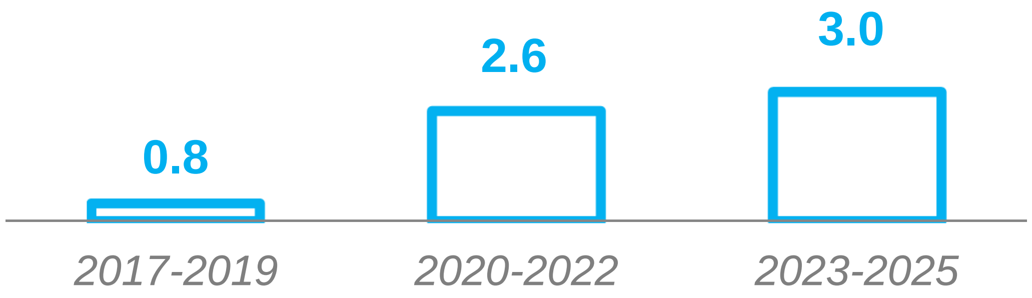
IEI:

1/ Includes Iberdrola estimates of PNM resources

Acceleration: regulated asset base

Acceleration of grid investments derived from **decarbonization**

Δ Asset Base[1] (EUR Bn/Year)



2025 targets[2]

Modernization, digitization & automation:
Improve Quality: -20%[3]

Renewables Connections:
> 15 GW[4]

Electrification of mobility:
> 1.7 M EVs connected to the grid

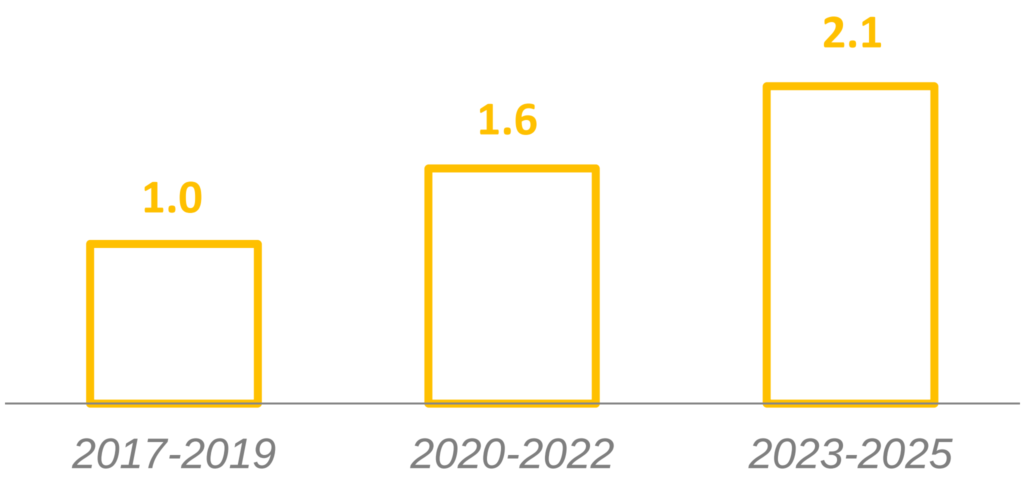
Electrification of buildings & industry:
+1.4 M Heat Pumps

1/ Iberdrola estimates of PNM Resources transaction investment
2/ Targets in our Service Territory
3/ vs 2017-19 average
4/ Additional to 2020

Acceleration: services to customers

Increasing growth rhythm derived from **larger consumption volume and more products**

Δ Smart Solutions to customers (M services/Year)



Investment Efficiency

Optimization of processes, standardization and synergies capture along the entire investment lifecycle

Reduction of development & construction periods

- Permitting and sites optimization
- Low-value activities outsource
- Construction standards and packaging
- On-Site scopes and preassemblies
- Replicable Retail Platform

CAPEX optimization

- Projects and equipment standardization
- Modular power plants and works simultaneity
- Standard size of plants (small, medium, large)
- Design optimization

Global development management

- Technology evolution
- Economies of scale
- Global procurement
- Exchange of competitiveness gains and know-how

Operating Efficiency

Benefiting from **digitization, experience and economies of scale**

Smart Operations	▪ Remote monitoring & diagnosis ▪ Increasing remote operations ▪ Processes, systems and tools ▪ Data analytics
Asset value optimization	▪ Logistics & resource distribution ▪ Operational experience ▪ Availability maximization ▪ Process standardization
Economies of scale	▪ Technology control and evolution ▪ Global procurement ▪ Health & Safety and Environment

CAPITAL MARKETS DAY - 2020

IBERDROLA

Conclusions

Conclusions

Iberdrola's positioning enables a **sustainable and increasing growth in 2020-2025**…

Technological Vision

Electricity system decarbonization

End uses electrification

Niche areas decarbonization

Need for

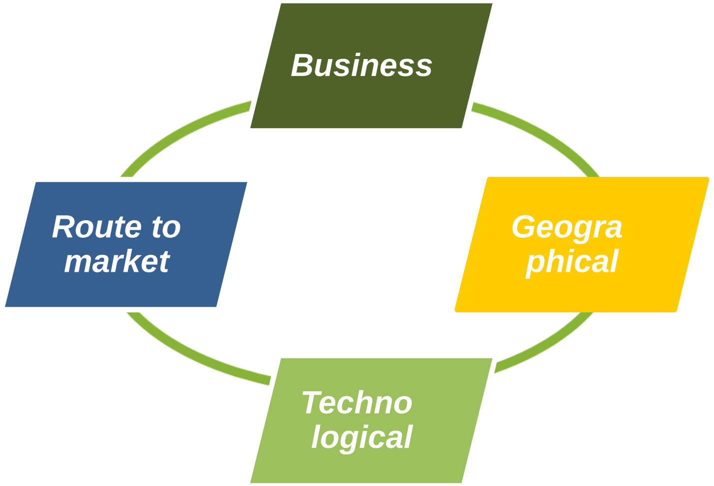
	2019 Figures	Gross Investments[1]	Growth 2020-2025[1]
+ Renewables & Storage	30 GW installed capacity 70 GW pipeline	EUR 34 Bn	+28 GW
+ Networks	EUR 30 Bn Asset Base	EUR 27 Bn	EUR +17 Bn Asset Base
+ Customer Solutions	25 Million services	EUR 6 Bn	+15 Million services +600 MW green H_2

1/ Iberdrola estimates of PNM Resources transaction investment

Conclusions

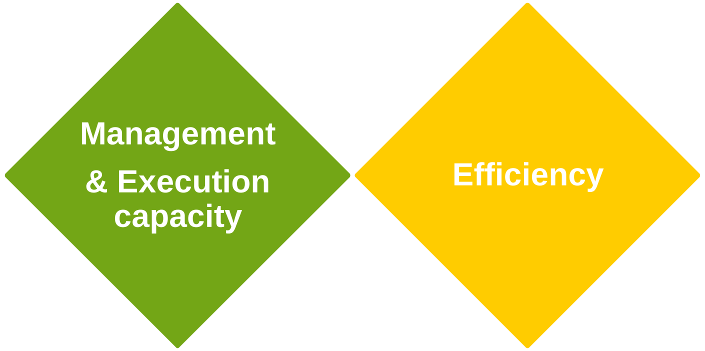
… and to **optimize the opportunities** derived from decarbonization

Diversification



+ *Stable results*
Growth opportunities

Experience / Size



+ *Competitiveness*
Know-how

Customers

+ *Price hedge*
Demand
Products