Iberdrola, “utility of the future”:

Building the foundations for growth in the next decade

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Business CEO
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Outlook 2020 update: objectives

2020 objectives on track to be achieved

<table>
<thead>
<tr>
<th>New Capacity (MW)</th>
<th>RAV (EUR Bn)</th>
<th>Services to Customers (Mill)</th>
</tr>
</thead>
<tbody>
<tr>
<td>+11,400</td>
<td>+8,200</td>
<td></td>
</tr>
<tr>
<td>7,800 construction</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>3,600 operation</td>
<td>29</td>
<td>~23</td>
</tr>
<tr>
<td>2016-2017 actual</td>
<td>2015 actual</td>
<td>2017 actual</td>
</tr>
<tr>
<td>2016-2020 objective</td>
<td>2020 objective</td>
<td>2020 objective</td>
</tr>
<tr>
<td>21</td>
<td>~25</td>
<td></td>
</tr>
</tbody>
</table>
Outlook
2018-2022: Profitable growth
Profitable growth: Capacity under development

Commissioning 11,900 MW* by 2022, with EUR 11.4 Bn of net growth investments. 9,100 MW (76%) already in construction, +496 MW Offshore St Brieuc COD 2023.

Cumulative new capacity in construction (MW)

* Includes Belo Monte, that is consolidated via the equity method
Profitable growth: Capacity Mix

59.5 GW installed by 2022, with a diversified mix by technology and country.

Capacity mix by technology (GW)

<table>
<thead>
<tr>
<th>Year</th>
<th>Nuclear</th>
<th>CCGT &amp; cogen</th>
<th>Coal</th>
<th>Wind</th>
<th>Hydro</th>
<th>PV &amp; others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>16.1</td>
<td>12.8</td>
<td>0.8</td>
<td>15.3</td>
<td>3.2</td>
<td>0.2</td>
</tr>
<tr>
<td>2022</td>
<td>19.9</td>
<td>14.7</td>
<td></td>
<td>20.0</td>
<td>3.2</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Capacity mix by country (GW)

- **Brazil**: 21%
- **Mexico**: 16%
- **USA**: 16%
- **UK**: 16%
- **ROW**: 7%
- **Iberia**: 45%

59.5 GW

Iberdrola, “utility of the future”
Profitable growth: Production

Production increases by 48%, exceeding 200 TWh in 2022

Production by technology (TWh)

- Nuclear
- CCGT & cogen
- Coal
- Wind
- PV & others

2022 Production by country (TWh)

- Brazil
- Mexico
- USA
- UK
- ROW

*Hydro average year for 2022
Iberdrola will maintain one of the lowest emissions levels in the industry.

### 2022 Technology mix (GW)

- **PV & Others**: 33%
- **Nuclear**: 34%
- **Wind**: 25%
- **Hydro**: 3% (66% emissions-free)
- **Gas**: 5%

### Unitary emissions (gCO2/kWh)

- **Average European Carbon 2017**: 275 gCO2/kWh
- **Iberdrola**
  - **2017**: 187 gCO2/kWh (-32%)
  - **2022**: 178 gCO2/kWh (-5%)
  - **2030**: 150 gCO2/kWh
Profitable growth: Regulated Asset Value

Net Investments of EUR 15.5 Bn.
38% increase of RAV, reaching EUR 40 Bn by 2022.

RAV* (EUR Bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>RAV (EUR Bn)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>40</td>
<td>+38%</td>
</tr>
</tbody>
</table>

2022 RAV breakdown

- Spain: 24%
- USA: 33%
- UK: 21%
- Brazil: 22%

* Includes new transmission assets with regulated remuneration
### Profitable growth: Customers

**Investments of EUR 1.9 Bn.**

32 million services to customers by 2022, +9 million vs 2017.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2022</th>
<th>+40%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services to customers (Mill)</td>
<td>~23</td>
<td>32</td>
<td>+40%</td>
</tr>
</tbody>
</table>

**2022 services to customer asset base**

- **Spain**: 32 Mill
- **UK**: 34%
- **ROW**: 13%
- **Spain**: 53%

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*IBERDROLA* / OUTLOOK 2018 / 2022

Iberdrola, “utility of the future”

London / 21 February / 11
New growth investments of EUR 23.5 Bn during the period...

Cumulative Net investment vs 2017 (EUR Bn)

<table>
<thead>
<tr>
<th>Networks</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAV increase</td>
<td>EUR 0.8 Bn</td>
<td>EUR 3 Bn</td>
<td>EUR 5.3 Bn</td>
<td>EUR 8.3 Bn</td>
<td>EUR 11 Bn</td>
</tr>
<tr>
<td><strong>Renewables</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Capacity</td>
<td>900 MW</td>
<td>2,650 MW</td>
<td>4,650 MW</td>
<td>6,650 MW</td>
<td>7,100 MW</td>
</tr>
<tr>
<td><strong>Contracted Generation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Capacity</td>
<td>1,000 MW</td>
<td>2,800 MW</td>
<td>3,650 MW</td>
<td>4,750 MW</td>
<td>4,800 MW</td>
</tr>
<tr>
<td><strong>Retail &amp; Cust. solutions:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of services</td>
<td>0.6 M</td>
<td>1.5 M</td>
<td>3.8 M</td>
<td>5.9 M</td>
<td>9.0 M</td>
</tr>
</tbody>
</table>
Profitable growth: New EBITDA from investments

... to achieve EUR 3,100 M of additional EBITDA by 2022.

Cumulative additional EBITDA vs 2017 (EUR M)
Outlook
2018-2022: Operational Excellence
Operational Excellence: a story of continuous improvement

Efficiency gains driven by the transformation of processes through technology

NOE / Gross Margin (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>NOE / Gross Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>33%</td>
</tr>
<tr>
<td>2017*</td>
<td>31%</td>
</tr>
</tbody>
</table>

EUR 5.6 Bn invested in digitalisation in the past years

- Centralised assets management (DCG, CORE, CODs)
- 100% automated Generation
- O&M: Independent Service Providers, drones...
- 13 Million Smart Meters
- 100% automated HV grid in Spain, UK and Brazil, 80% in USA
- 100% automated customer back office

50 Innovation projects / year

* 2017 impacted by negative hydro conditions and restructuring costs
Operational Excellence: Outlook 2018-2022

Further efficiencies derived from data analytics and artificial intelligence. Specific plans to transfer best practices into USA & Brazil networks processes.

<table>
<thead>
<tr>
<th>NOE / Gross Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31% *</td>
</tr>
<tr>
<td>26%</td>
</tr>
</tbody>
</table>

2017 2022

EUR 4.8 Bn investments in digitalisation

- Predictive O&M: data analytics and AI
- Improvement in generation availability
- 20 Million Smart Meters (100% Spain, UK and USA)
- 100% automated HV grid in USA
- 50% increase in MV automation
- Early detection of fraud, losses and grid faults
- DSO functions
- Digitalisation of customer front office

75 Innovation projects / year

* 28% in a 2022 like for like basis
Operational Excellence: Outlook 2018-2022

Cumulative Efficiency gains over EUR 1,000 M on a like for like basis, to achieve an additional EBITDA of EUR ~ 350 M by 2022.

Gains in efficiency (EUR M)
Outlook
2018-2022: Customer at the centre
Smart energy: Customers’ requirements

All businesses devoted to meet customers’ requirements

Artificial intelligence to enhance tariff personalisation

Value added products

Reliability of services & supply

Customer empowerment

Connectivity and ease of use

24/7 service and excellent customer service

Decision making thanks to bidirectional solutions

Multichannel platforms
## Smart energy: Customers’ requirements

Investments to improve the resilience of the system and to transform our processes...

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm generation capacity (nuclear + thermal)</td>
<td>19 GW</td>
<td>23 GW</td>
</tr>
<tr>
<td>(nuclear + thermal)</td>
<td>+21%</td>
<td></td>
</tr>
<tr>
<td>Utility scale storage capacity</td>
<td>80 GWh</td>
<td>100 GWh</td>
</tr>
<tr>
<td></td>
<td>+25%</td>
<td></td>
</tr>
<tr>
<td>HV/MV Network digitalisation</td>
<td>65%</td>
<td>75%</td>
</tr>
<tr>
<td>Value added products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reliability of services &amp; supply</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer empowerment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connectivity and ease of use</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e-billing</td>
<td>37%</td>
<td>&gt;75%</td>
</tr>
</tbody>
</table>
Smart energy: Customers’ requirements

... in order to maximise customers’ choices

2022

<table>
<thead>
<tr>
<th>20 M</th>
<th>Smart Meters</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,500 MW</td>
<td>Generation &amp; Consumption solutions (CHP, Smart Solar, DSR…)</td>
</tr>
<tr>
<td>14 Millions</td>
<td>Smart Solutions services</td>
</tr>
<tr>
<td>250,000</td>
<td>Smart mobility users</td>
</tr>
</tbody>
</table>

Value added products
Reliability of services & supply
Connectivity and ease of use
Customer empowerment
Customer
Outlook
2018-2022:
Conclusions
Outlook 2018 – 2022: Conclusions

EUR 31 Bn of investments* to achieve EUR ~ 3,500 M of additional EBITDA by 2022…

Incremental EBITDA 2022 (EUR M)

Profitable Growth
3,100

Operational excellence
~350

Networks
+ EUR 11 Bn RAV
+ 1,000

~200

Renewables
+ 7,100 MW
+ 1,200

~50

Contracted Generation
+ 4,800 MW
+ 300

~100

Retail & Customer solutions
+ 9 M Services
+ 600

~100

* Business Net investments only
Outlook 2018 – 2022: Conclusions

... and pursuing further growth opportunities beyond 2022

Potential additional EBITDA >2022 (EUR M/yr)

- **Hydro capacity:**
  160 MW Tâmega commissioning in 2023

- **Transmission:**
  6 lots from Brazil 2017 auctions, commissioning in 2023

- **Onshore + PV:**
  6,000 MW highly likely / likely portfolio

- **Offshore:**
  2,500 MW highly likely / likely portfolio
  (France St. Brieuc 490 MW, USA, UK)

- **Contracted Generation / PPA:**
  +2,600 MW portfolio

Potential Growth >2022
+EUR 1,600 M/yr