

# OUTLOOK 2018 / 2022

London / 21 February



Iberdrola, “utility of the future”:

**Building the foundations for growth in the next decade**

**Francisco Martínez Córcoles**

Business CEO

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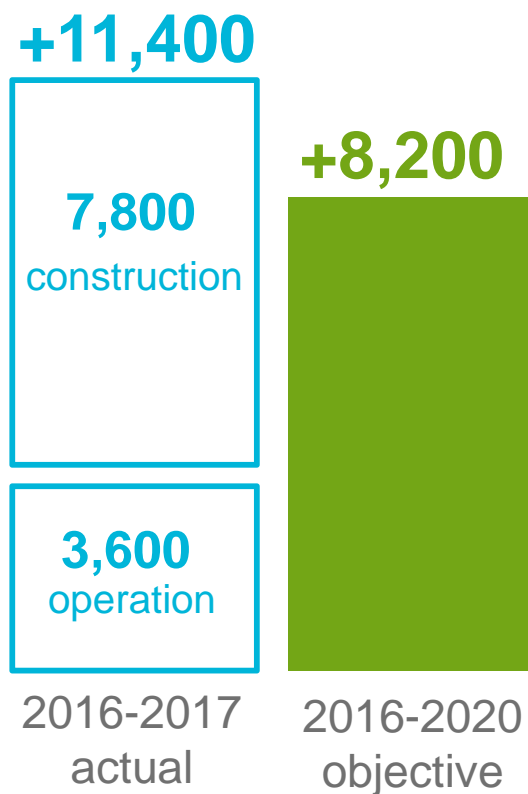
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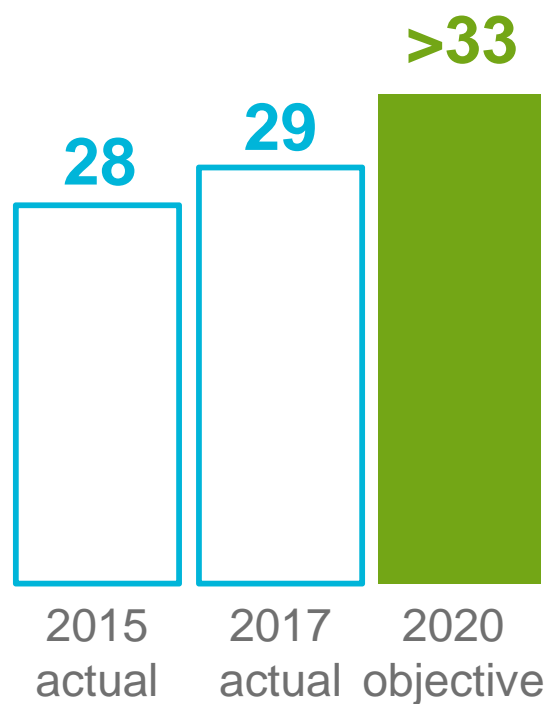
## Outlook 2020 update: objectives

### 2020 objectives on track to be achieved

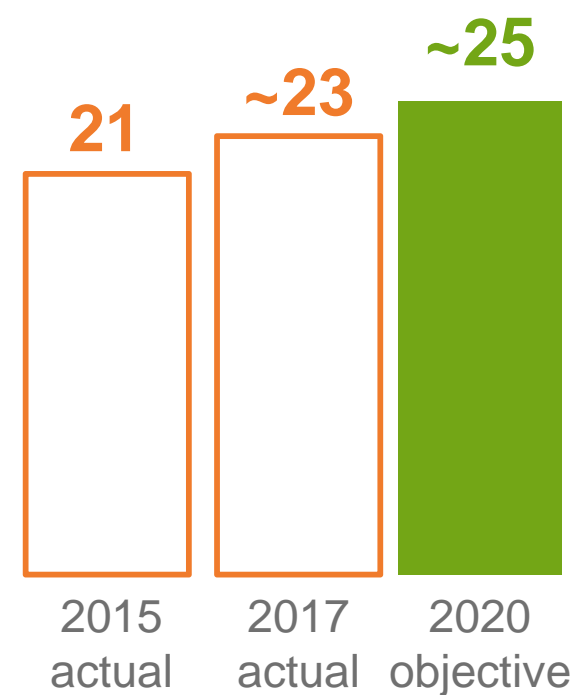
New Capacity (MW)



RAV (EUR Bn)



Services to Customers (Mill)



# Outlook

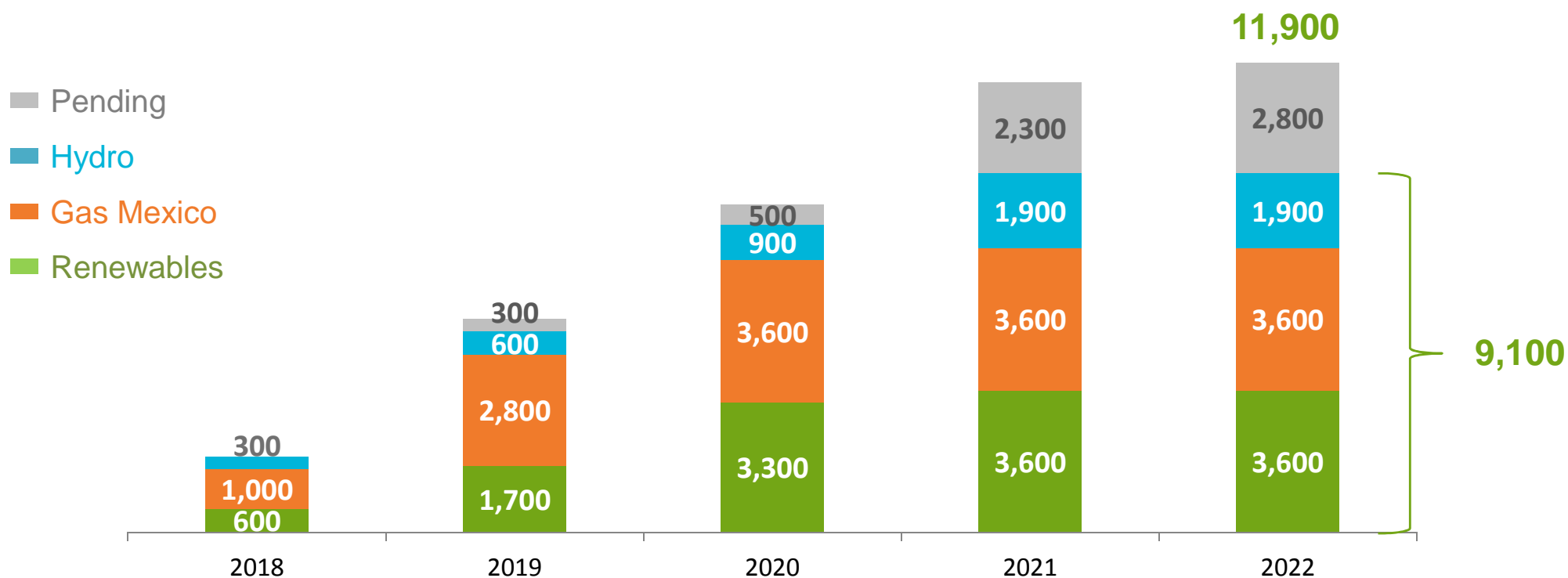
## 2018-2022:

### 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)

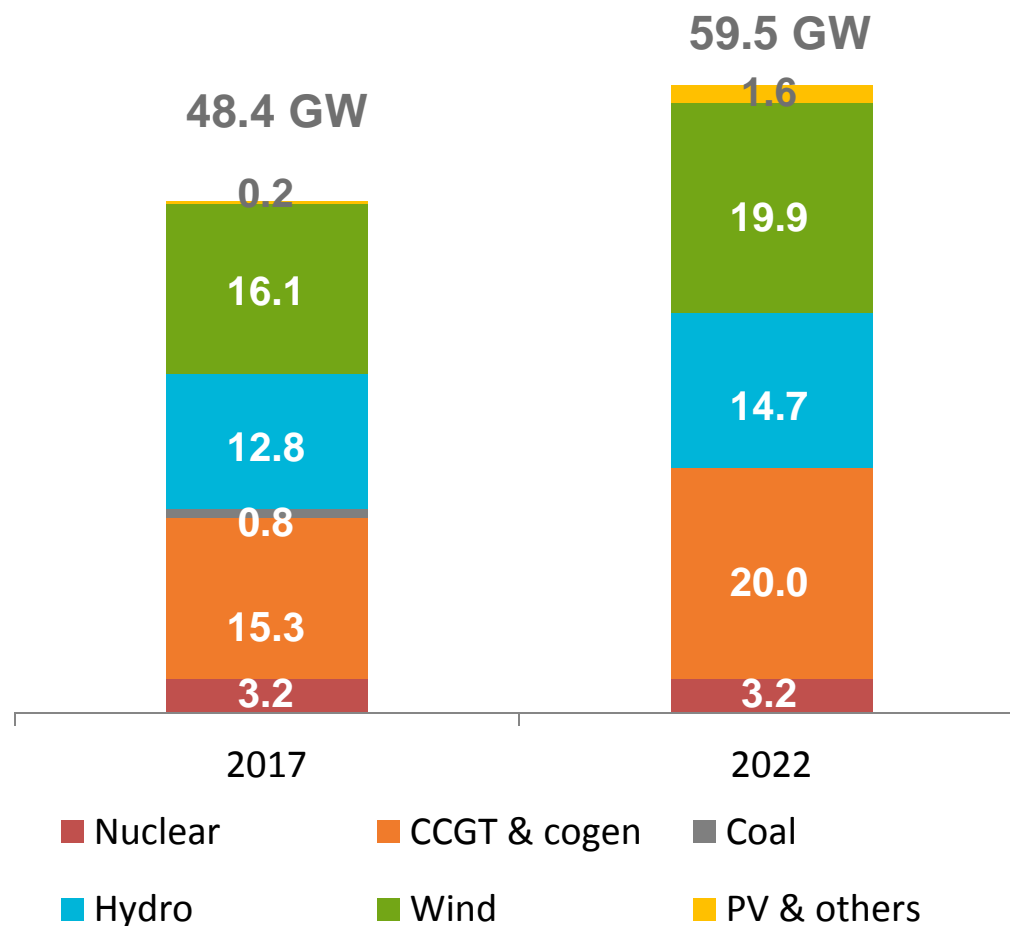


\* Includes Belo Monte, that is consolidated via the equity method

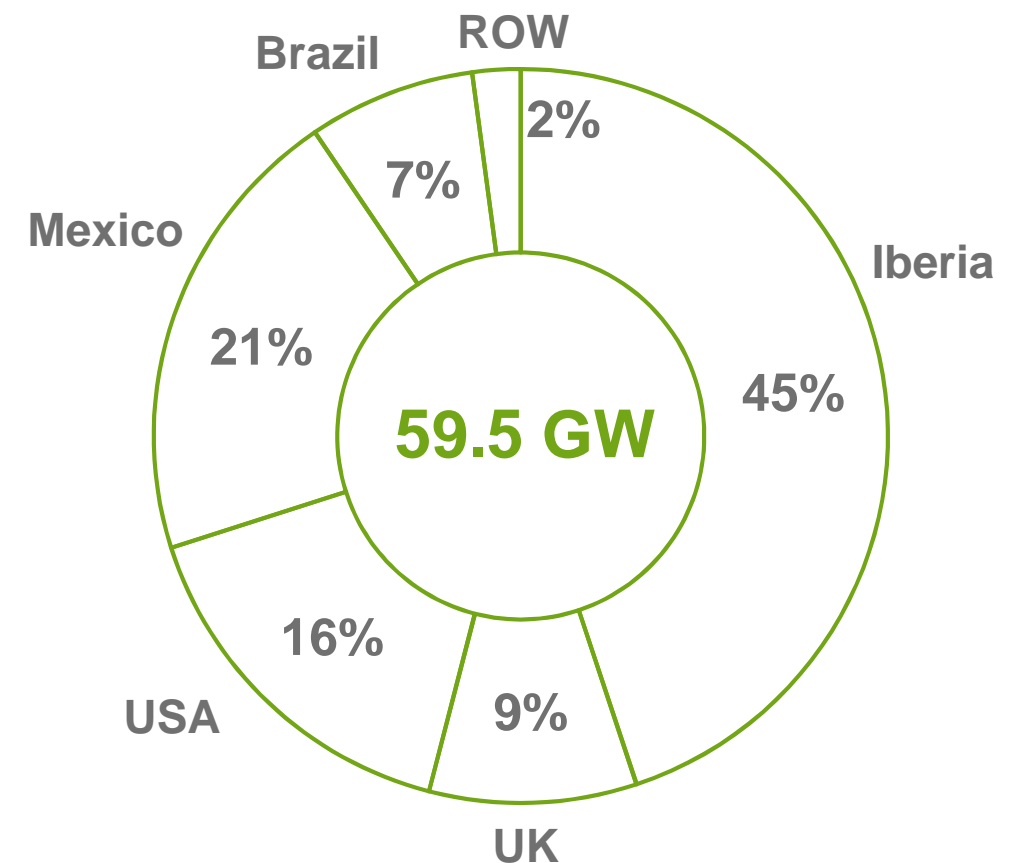
## Profitable growth: Capacity Mix

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

Capacity mix by technology (GW)



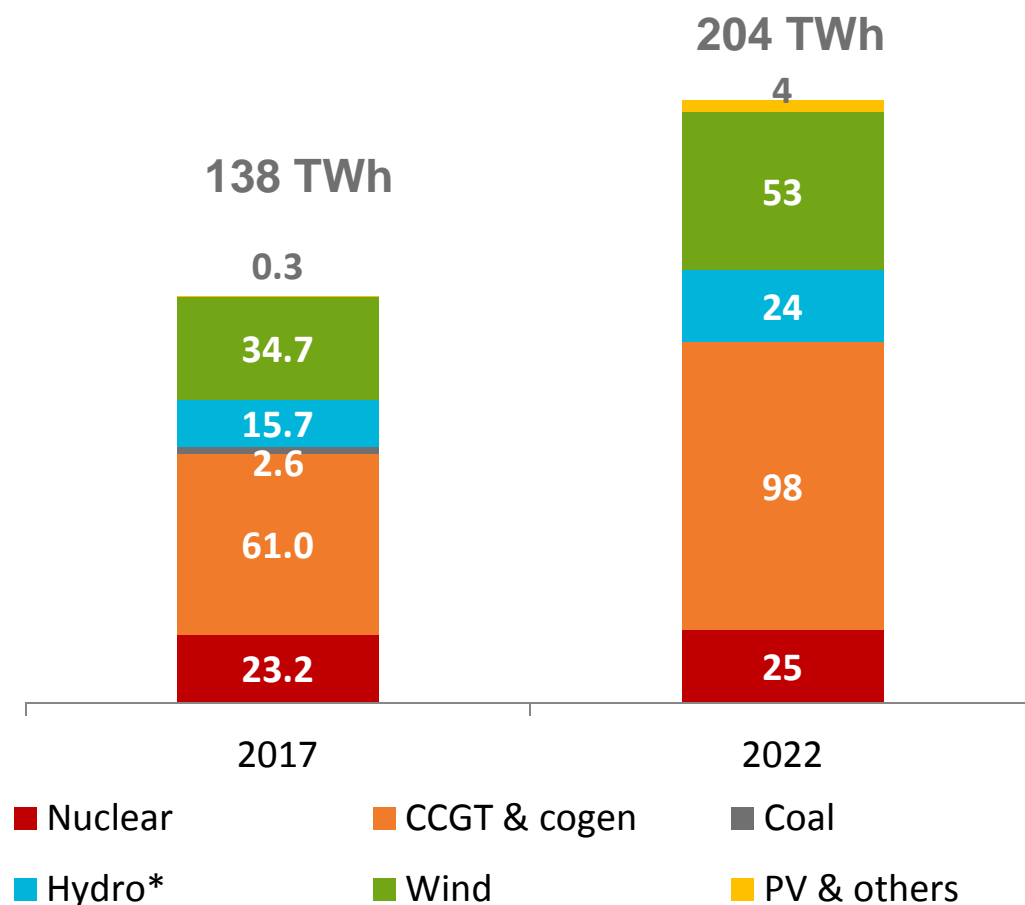
Capacity mix by country (GW)



## Profitable growth: Production

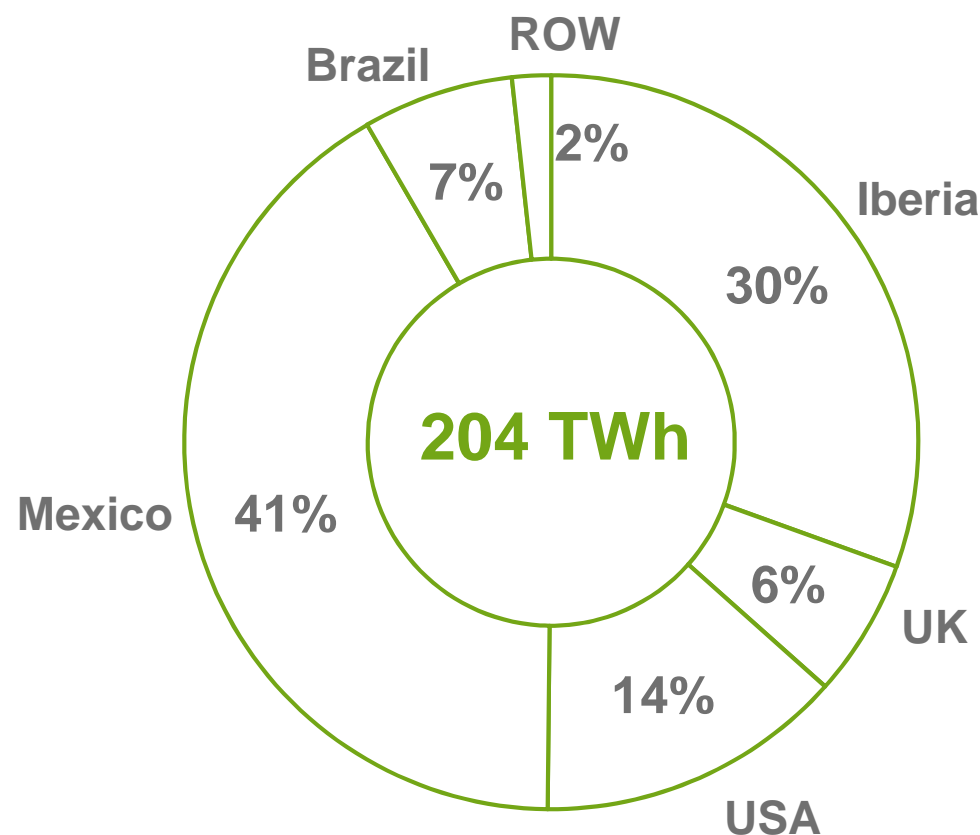
### Production increases by 48%, exceeding 200 TWh in 2022

Production by technology (TWh)



\*Hydro average year for 2022

2022 Production by country (TWh)

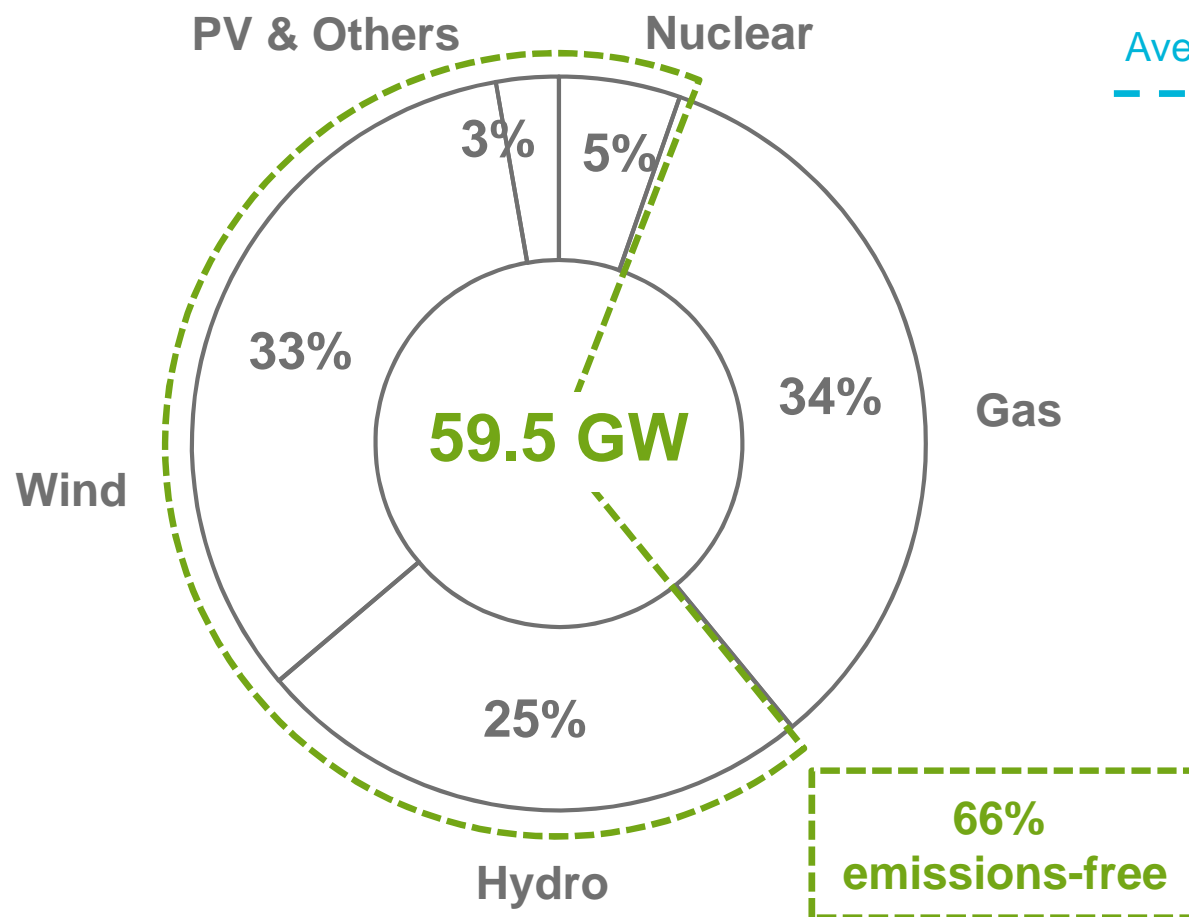




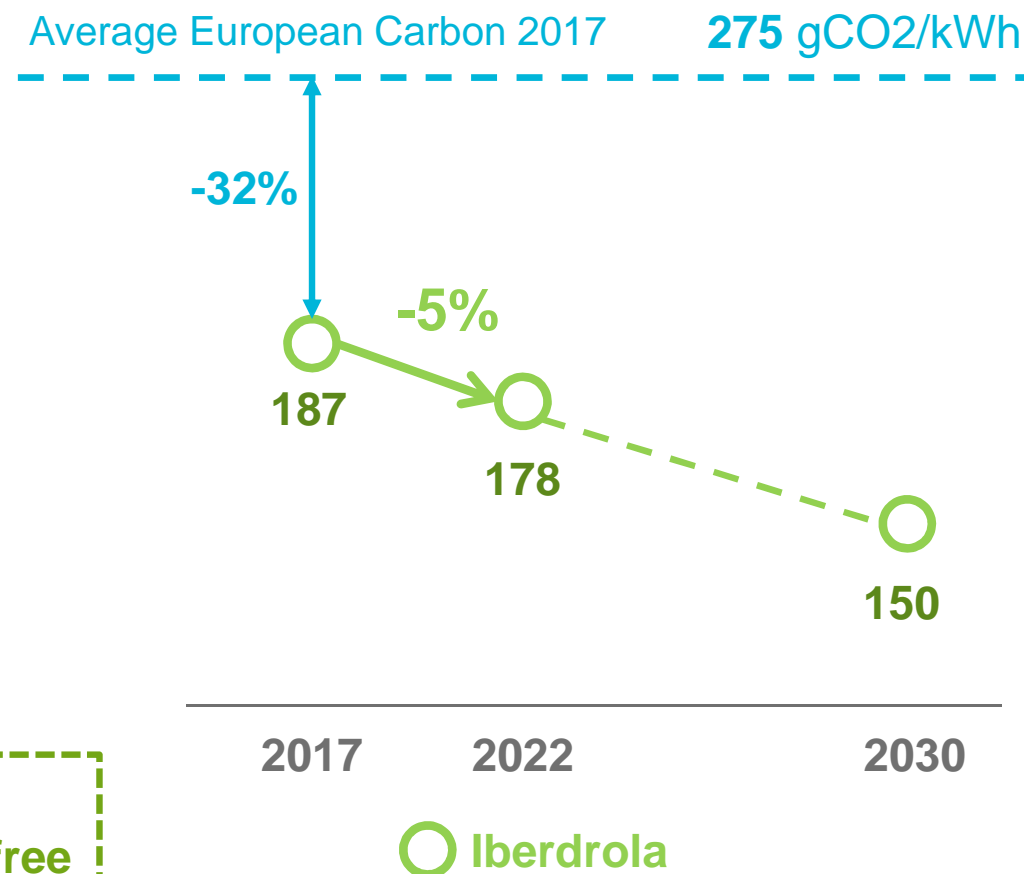
## Profitable growth: Emissions

Iberdrola will maintain one of the lowest emissions levels in the industry.

2022 Technology mix (GW)



Unitary emissions (gCO<sub>2</sub>/kWh)

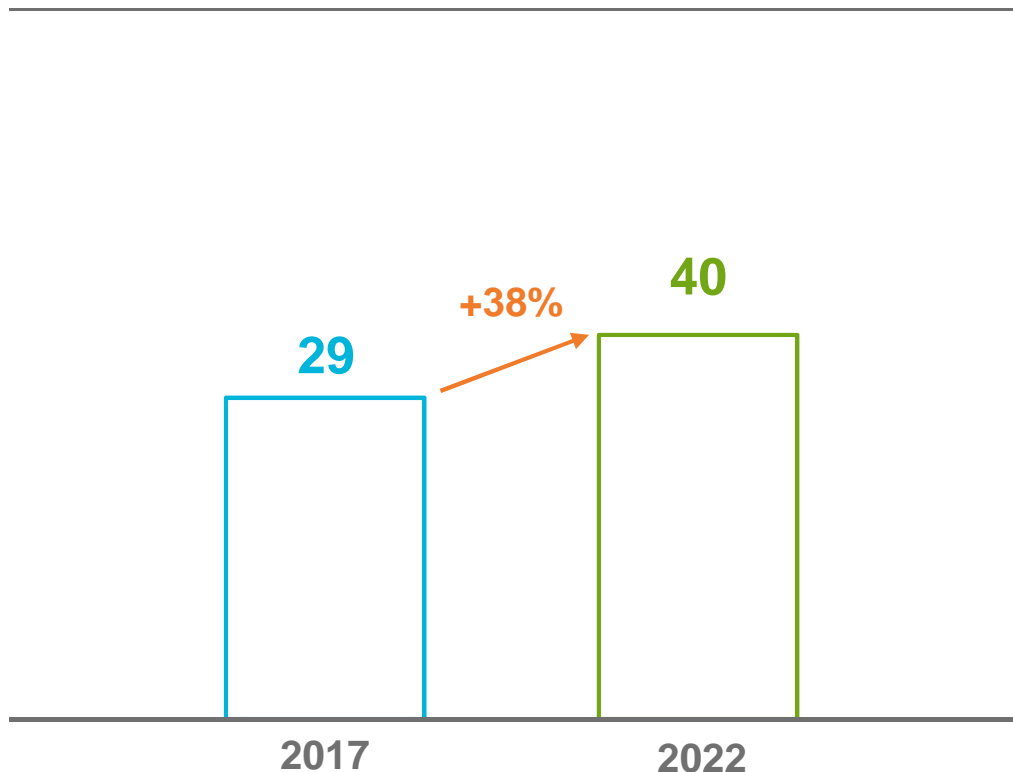


## Profitable growth: Regulated Asset Value

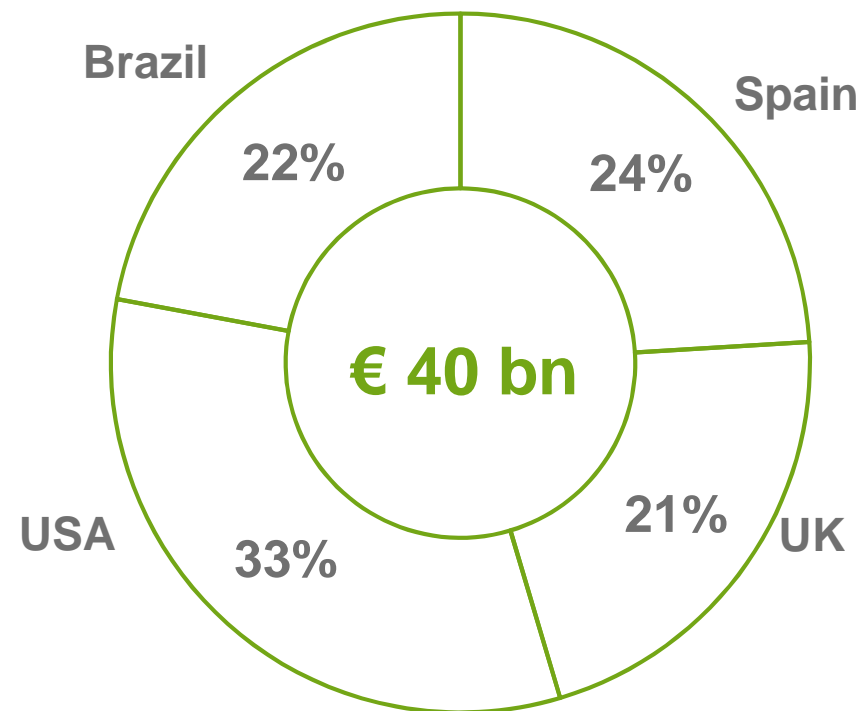
Net Investments of EUR 15.5 Bn.

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

RAV\* (EUR Bn)



2022 RAV breakdown



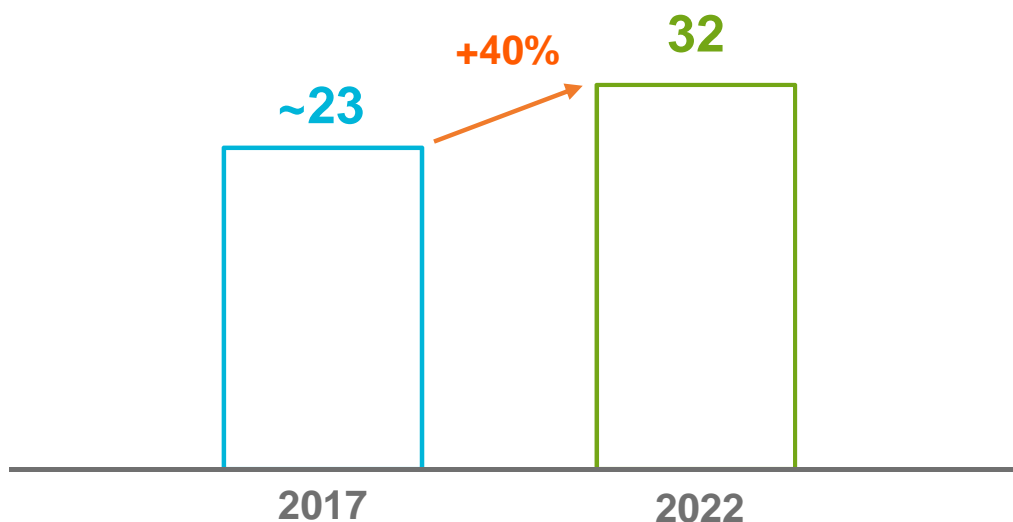
\* Includes new transmission assets with regulated remuneration

## Profitable growth: Customers

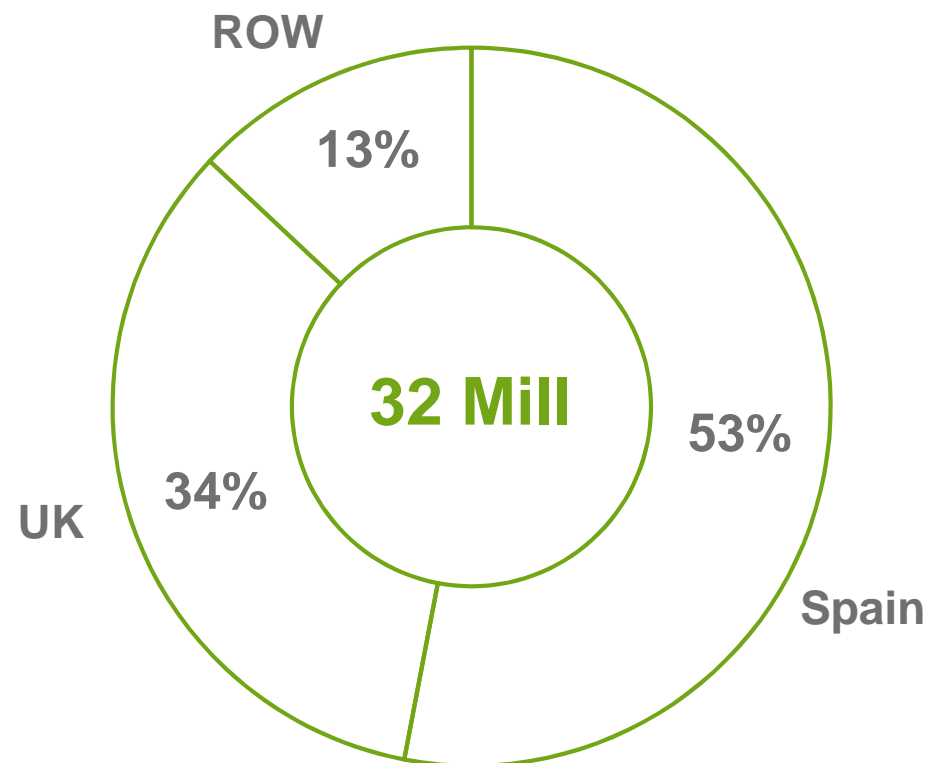
Investments of EUR 1.9 Bn.

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

Services to customers (Mill)



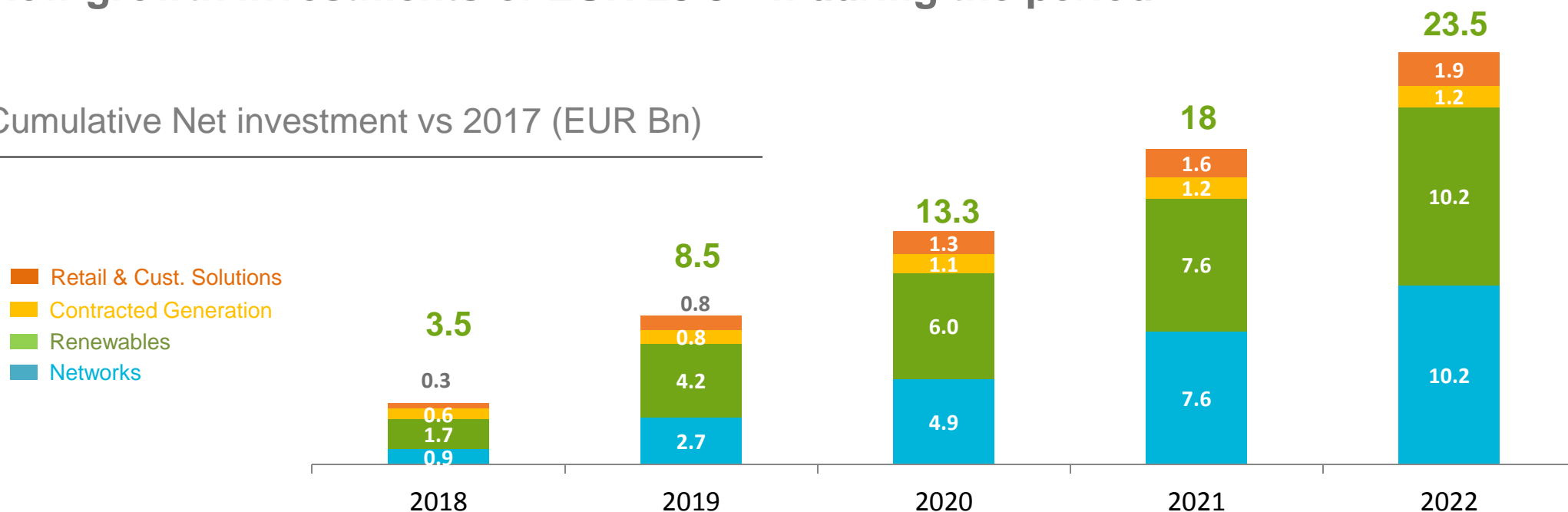
2022 services to customer asset base



## Profitable growth: New investments

### New growth investments of EUR 23.5 Bn during the period...

#### Cumulative Net investment vs 2017 (EUR Bn)

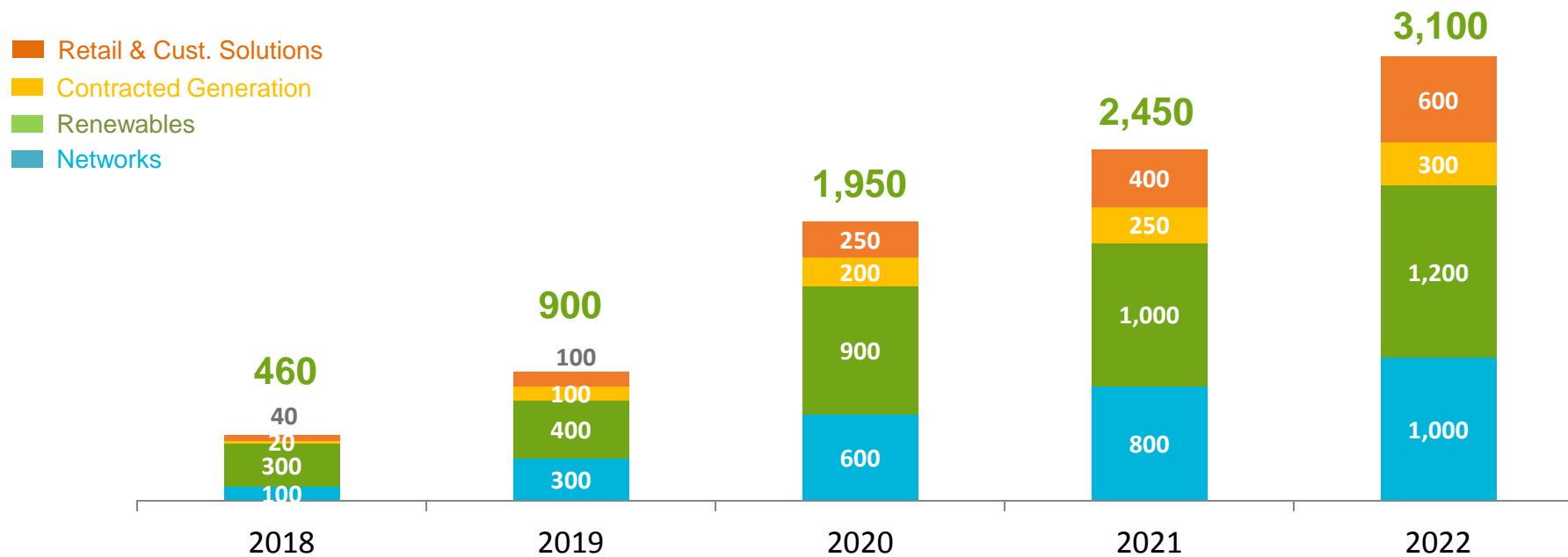


<b>Networks</b> RAV increase	EUR 0.8 Bn	EUR 3 Bn	EUR 5.3 Bn	EUR 8.3 Bn	EUR 11 Bn
<b>Renewables</b> New Capacity	900 MW	2,650 MW	4,650 MW	6,650 MW	7,100 MW
<b>Contracted Generation</b> New Capacity	1,000 MW	2,800 MW	3,650 MW	4,750 MW	4,800 MW
<b>Retail &amp; Cust. solutions:</b> No. of services	0.6 M	1.5 M	3.8 M	5.9 M	9.0 M

## Profitable growth: New EBITDA from investments

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

Cumulative additional EBITDA vs 2017 (EUR M)



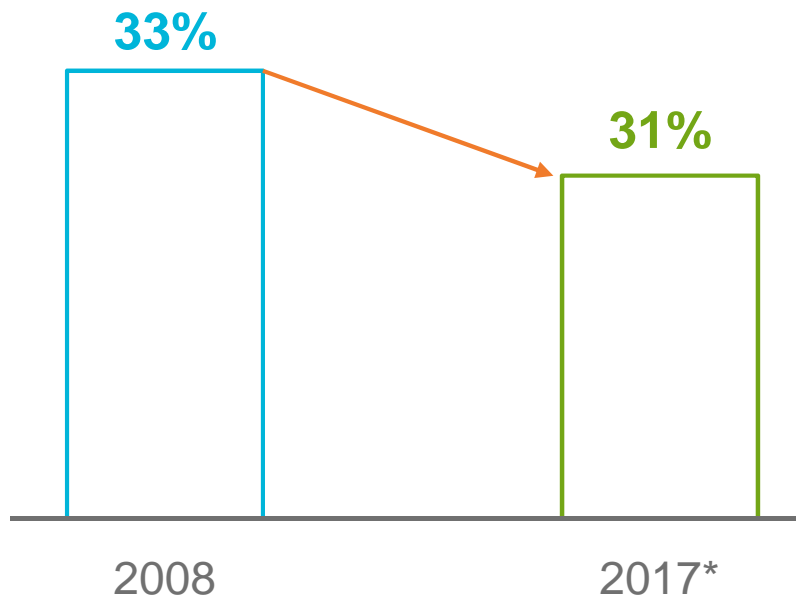
# Outlook

## 2018-2022:

# Operational Excellence

## Efficiency gains driven by the transformation of processes through technology

NOE / Gross Margin (%)



\* 2017 impacted by negative hydro conditions and restructuring costs

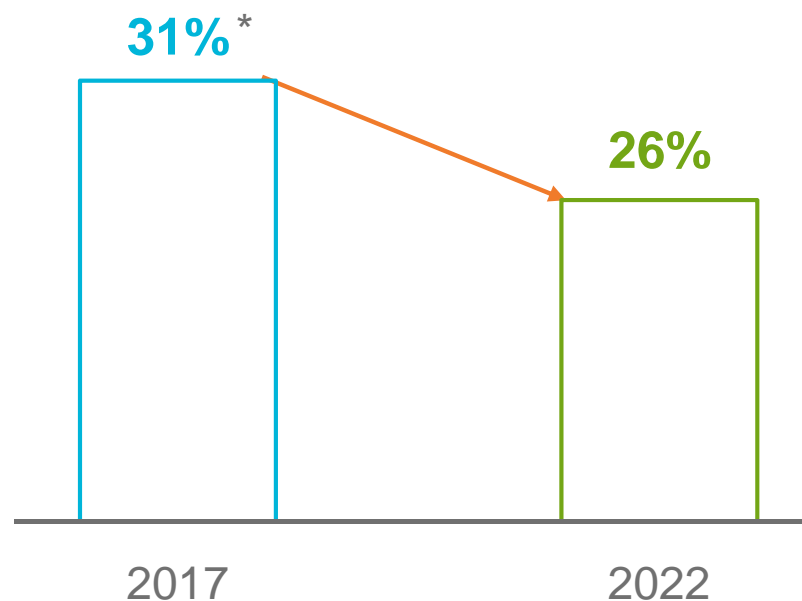
## EUR 5.6 Bn invested in digitalisation in the past years

- ✓ 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

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

NOE / Gross Margin (%)



\* 28% in a 2022 like for like basis

### 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

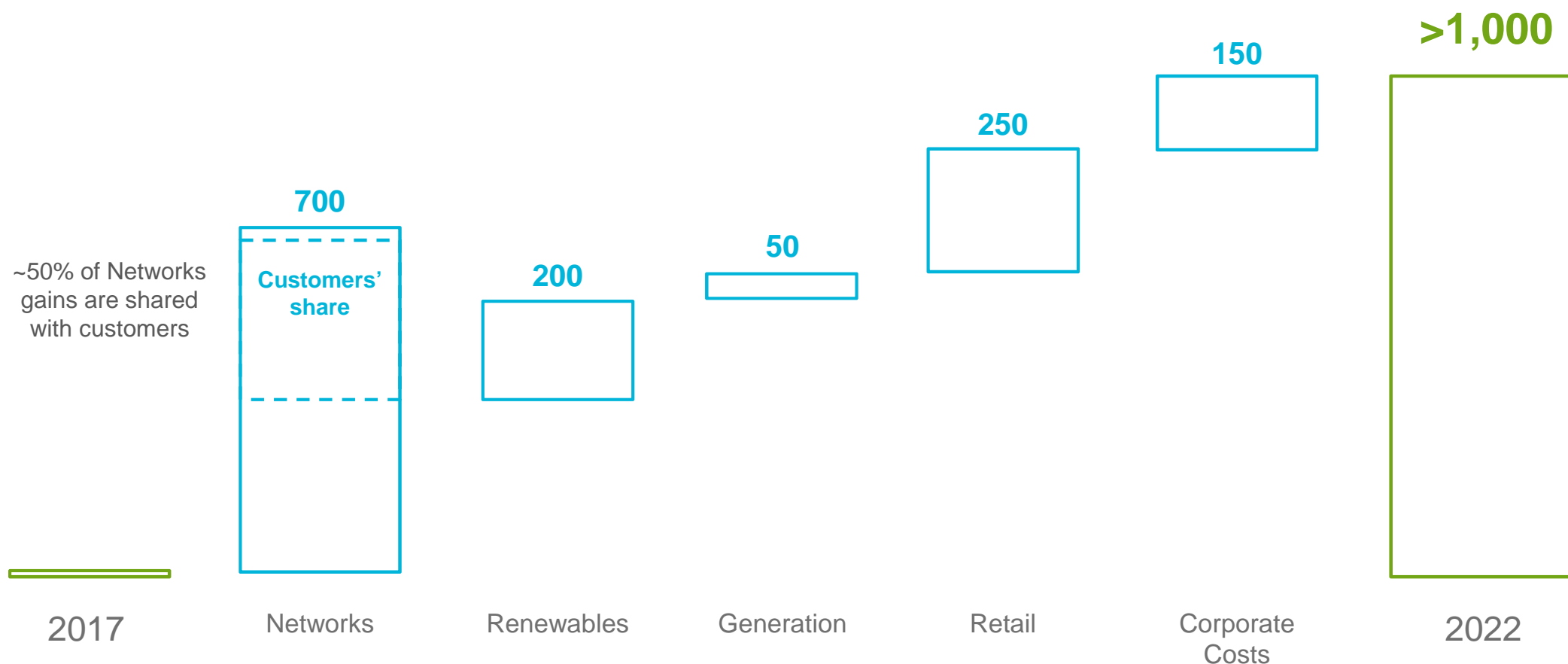
### 75 Innovation projects / year



## 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

## All businesses devoted to meet customers' requirements

Artificial intelligence to  
enhance tariff  
personalisation

**Value added  
products**



24/7 service and  
excellent customer  
service

**Reliability of  
services &  
supply**



**Customer  
empowerment**



**Connectivity  
and ease of use**

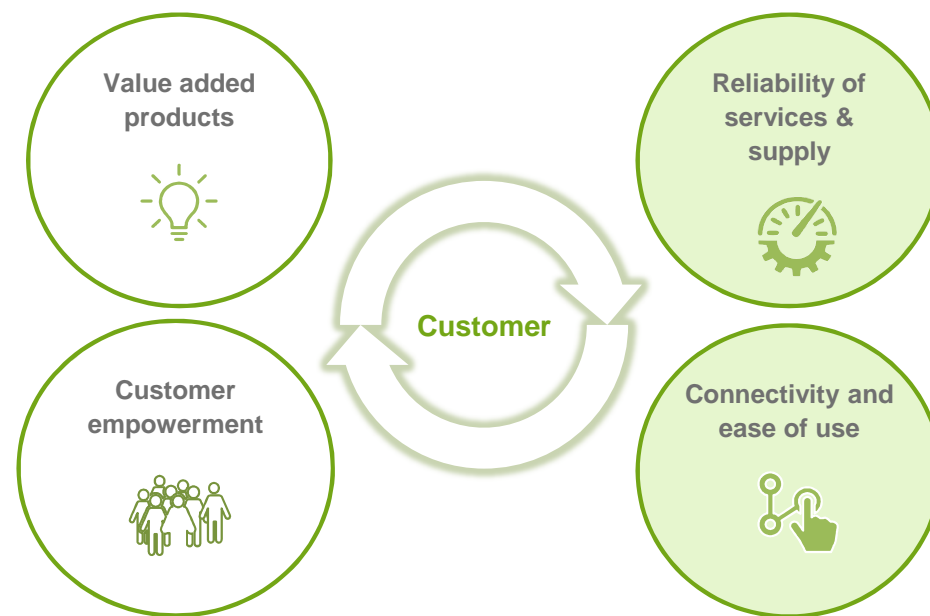
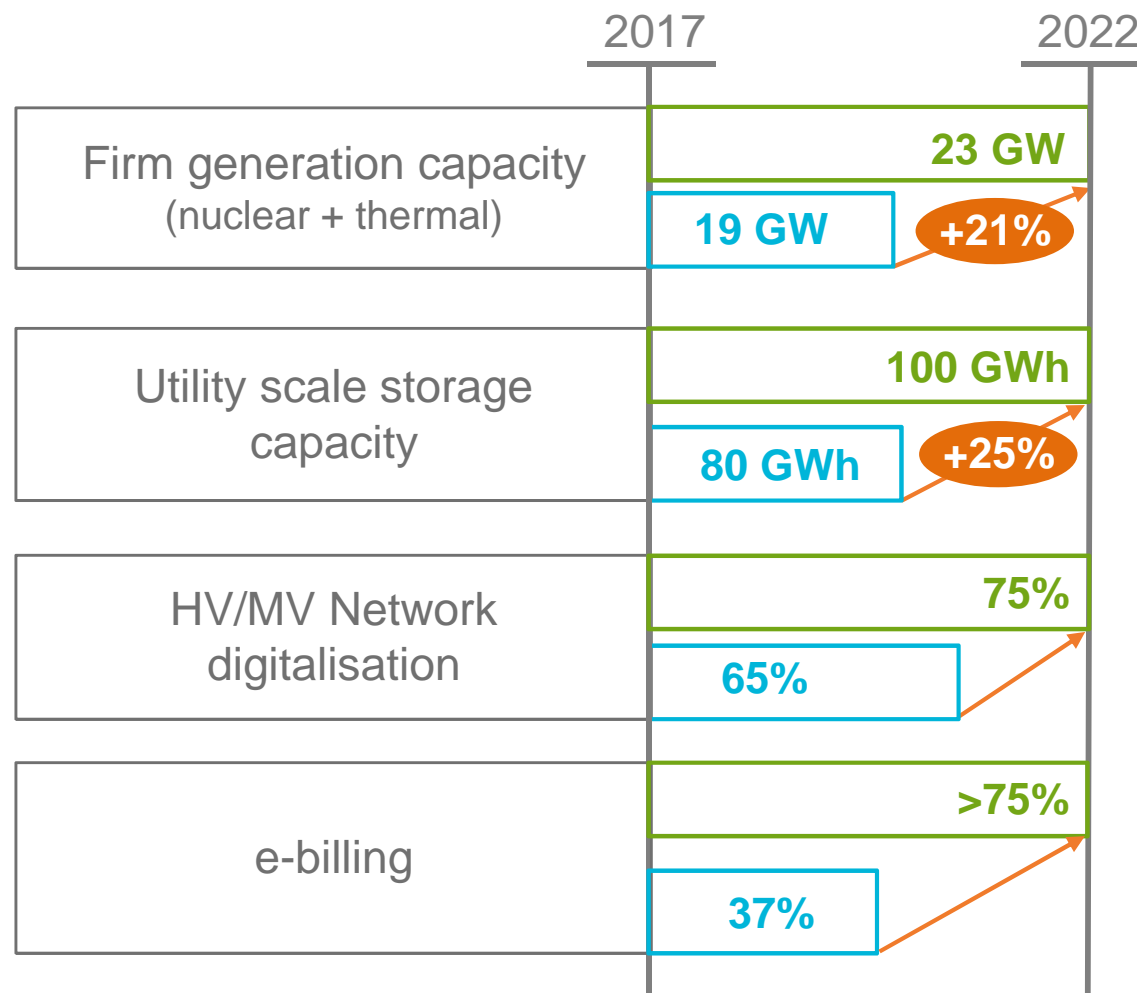


Decision making thanks  
to bidirectional solutions

Multichannel platforms

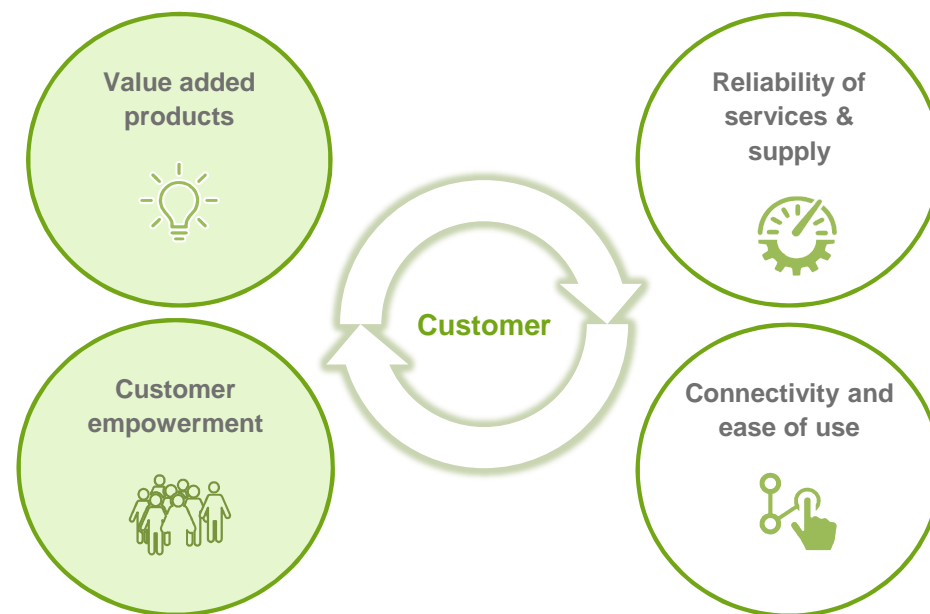
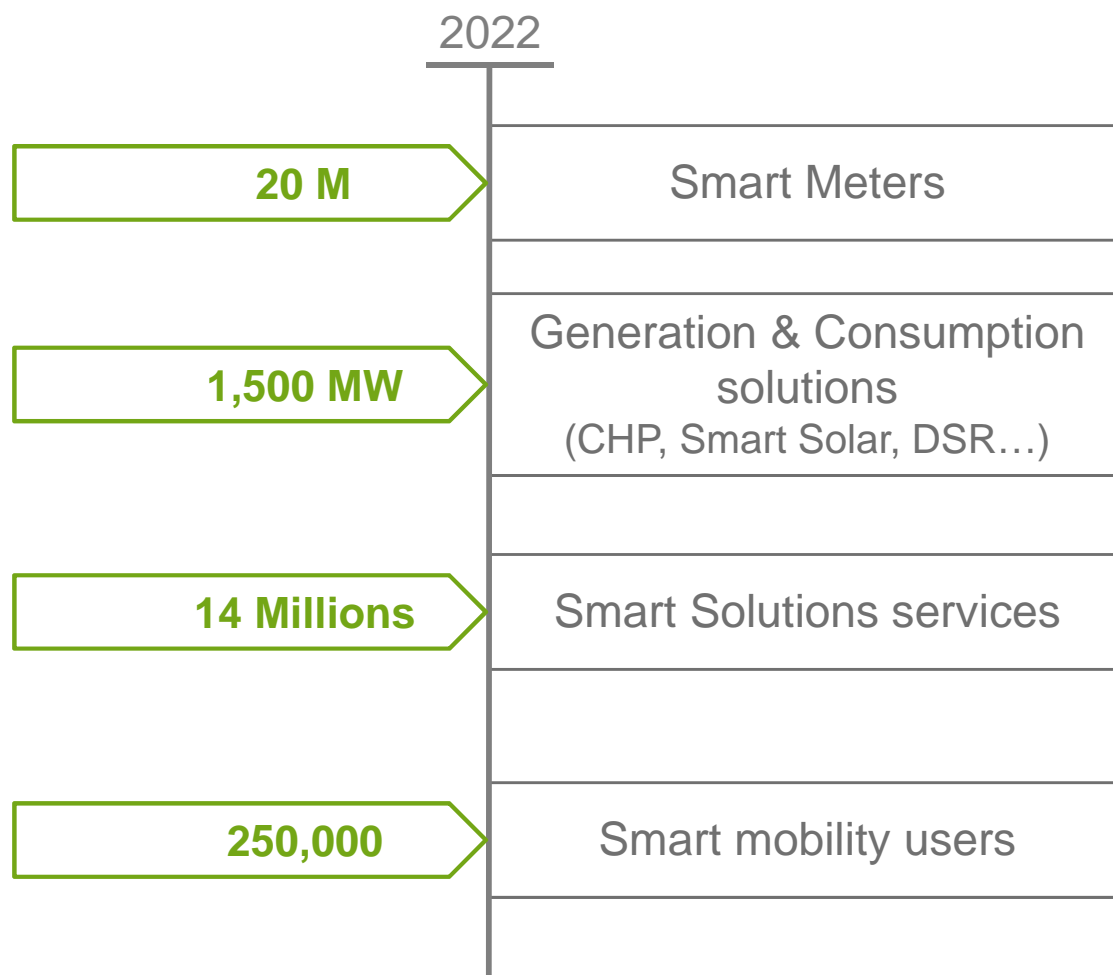
## Smart energy: Customers' requirements

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



# Smart energy: Customers' requirements

... in order to maximise customers' choices



# 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)



	<b>Networks</b>	+ EUR 11 Bn RAV	<b>+1,000</b>	<b>~200</b>
	<b>Renewables</b>	+ 7,100 MW	<b>+1,200</b>	<b>~50</b>
	<b>Contracted Generation</b>	+ 4,800 MW	<b>+300</b>	<b>~100</b>
	<b>Retail &amp; Customer solutions</b>	+ 9 M Services	<b>+600</b>	

\* Business Net investments only

### ... and pursuing further growth opportunities beyond 2022

Potential additional EBITDA >2022 (EUR M/yr)

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**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**