

Shareholder's Bulletin

Iberdrola:

We are investing all our energy in
building a sustainable future

December 2020



IBERDROLA

| SUSTAINABLE
EVENT



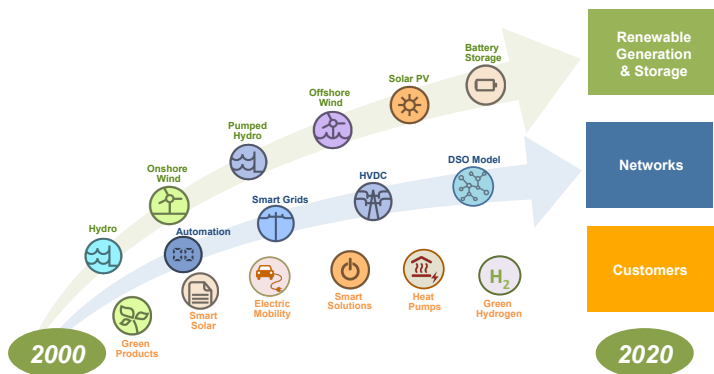
Committed to:



SDG

Iberdrola today: a global energy leader

Iberdrola is a leading global energy group, a world leader in wind production and one of the world's largest electricity companies in terms of market capitalisation. The position held by Iberdrola today is the result of a **profound transformation that started 20 years ago** and a business vision that made it possible to anticipate industry trends and implement the solutions required for the energy transition in the fight against climate change and a move towards a sustainable future. The three key pillars for this are **employees**, a firm commitment to the **social market economy** and, of course, you, our **shareholders**. We combined this with a proactive contribution to sustainable development, following the same principles that, a decade later, would shape the United Nations' Sustainable Development Goals.



Following this business model, Iberdrola has implemented various solutions centred around effectiveness and efficiency. In the area of renewables, Iberdrola was the first to commit to hydroelectric power, onshore wind power and pumped storage before later incorporating other technologies such as photovoltaic solar, offshore wind and batteries.

Our networks have been digitalised, which has enabled us not only to guarantee quality supply, but also to offer the most innovative energy solutions to our customers.

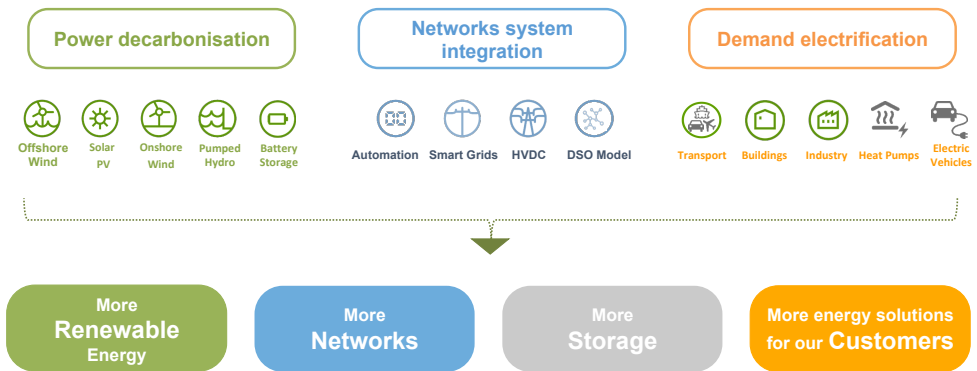
Iberdrola today

- We provide energy to **more than 100 million people**
- Our **CO₂/kWh emissions** are **two-thirds lower** than the European average
- Our **renewable installed capacity** exceeds **33,800 MW**
- We are a **leader in offshore wind energy**
- We have **1,200,000 kilometres of electricity networks**
- We have **70 GWh of efficient storage**, equivalent to more than 5 million domestic batteries
- We are the **world's largest corporate issuer of green bonds**, having issued over **EUR 11 billion** since 2014

2020-2025 Strategic Plan

Based on our successful business model

In November 2020 Iberdrola presented its new action plan for the next five years. Iberdrola's new strategic plan is a continuation of its successful business model based on:



Investments of EUR 75 billion to contribute to economic recovery

This plan includes investments of **EUR 75 billion** between 2020 and 2025, which will make a crucial contribution to economic recovery. This is the largest investment programme in history for a Spanish company, and it is aimed at revitalising industry and employment in the countries where the group operates.

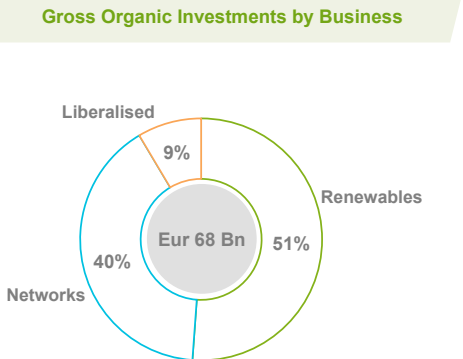
Of the total investment, 90% (EUR 68 billion) will be organic and will mainly be directed to the **renewables** (EUR 34.68 billion) and **networks** (EUR 27.2 billion) businesses. Investment will be concentrated in countries with ambitious climate policies and more than 83% of it will go to countries with an A-grade credit rating.

70% of this organic investment is already secured.

The remaining **7 billion** has been dedicated to the **acquisition of the American company PNM Resources**.

In terms of **distribution by country**:

- **Spain** will receive 21% of the investment (EUR 14.3 billion), a 60% increase compared to the previous plan.
- **The United States and the United Kingdom** will receive EUR 34 billion — 50% of the total.
- The commitment to **other international areas** has grown, with a plan to invest more than EUR 11 billion.



2020-2025 Strategic Plan

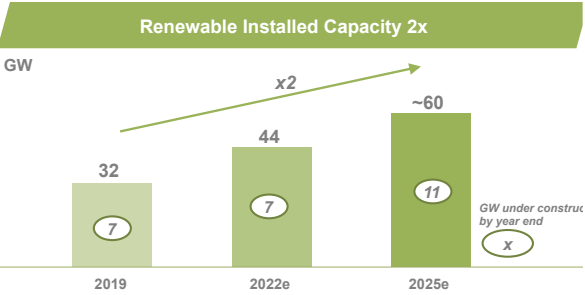
Iberdrola in 2025

As a result of this ambitious investment plan, by 2025 Iberdrola will have been able to:

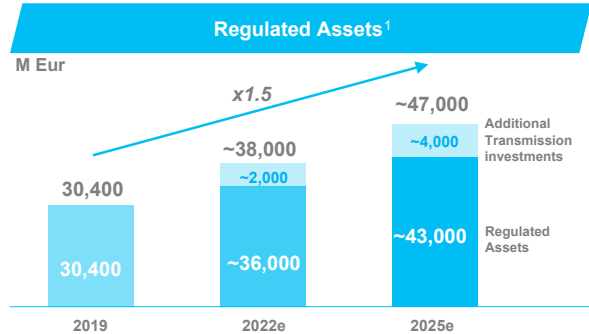
Renewables: Double its renewable capacity to 60 GW in just 6 years, with a strong focus on offshore wind.

There will be a healthy mix in terms of technology and origin, whereby offshore wind power accounts for over 40%, followed by solar and hydroelectric.

All of this will contribute to clean electrification in the aim of changing the way we produce and consume energy.



Networks: Increase its regulatory asset base by 50% to EUR 47 billion, multiplying its current value by 1.5.

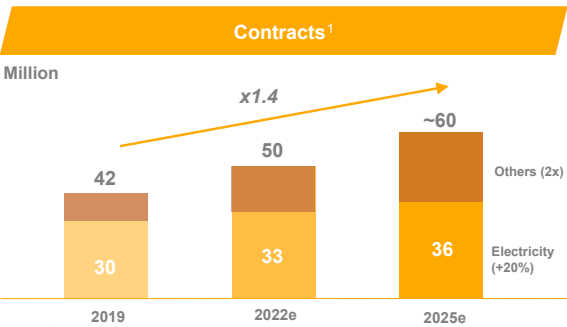


This will be achieved through organic investments in all markets and additional transport investments outside our franchise areas, which are growing rapidly in countries such as Brazil and the United States.

The digitisation of networks will continue and more than 21 million smart meters will be installed by 2025.

Customers: Increase the number of contracts with customers worldwide to 60 million, compared to the 42 million registered at the end of 2019.

This will be achieved by offering personalised products to residential customers and an integrated model to industrial customers that comprises all the necessary services: from PPAs to production using hydrogen and a multitude of other energy efficiency options.



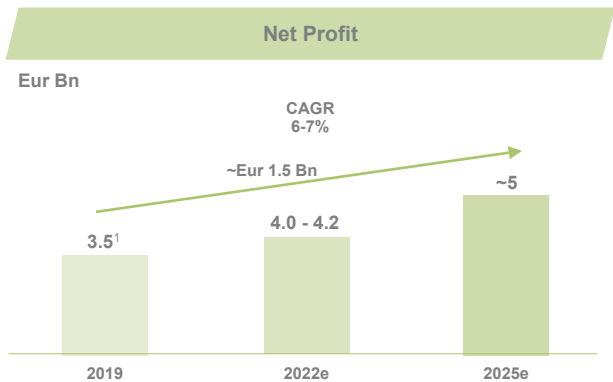
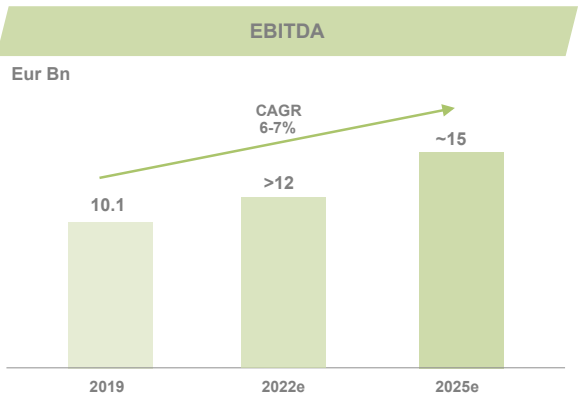
1/ Total Contracts include contracts in the retail business, as well as contracts served under regulated distribution business in US and Brazil.

2020-2025 Strategic Plan

Achieving annual growth of 6-7%

The Group expects to bring in a gross operating profit (EBITDA) of EUR 15 billion in 2025 — an increase of EUR 5 billion compared to 2019 at an annual growth rate of 6-7%.

80% of Operating Profits will continue to come from Networks and Renewables in 2025. Investments in green energy will increase the contribution of Renewables by more than 5 points during the period, taking it to above 30%.



1/ Net Profit 2019 restated for the recognition of the financial cost of the hybrid bond

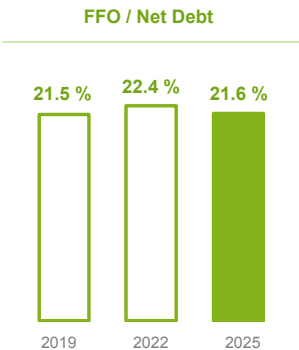
Net Profit will reach approximately EUR 5 billion in 2025, an increase of EUR 1.5 billion compared to 2019, following annual growth of 6-7% during the period.

Meanwhile, commitment to financial strength and strong credit ratings will be maintained.

Financially strong growth

This growing investment cycle will be financed while also maintaining financial discipline and strong solvency ratios throughout the period covered by the Plan.

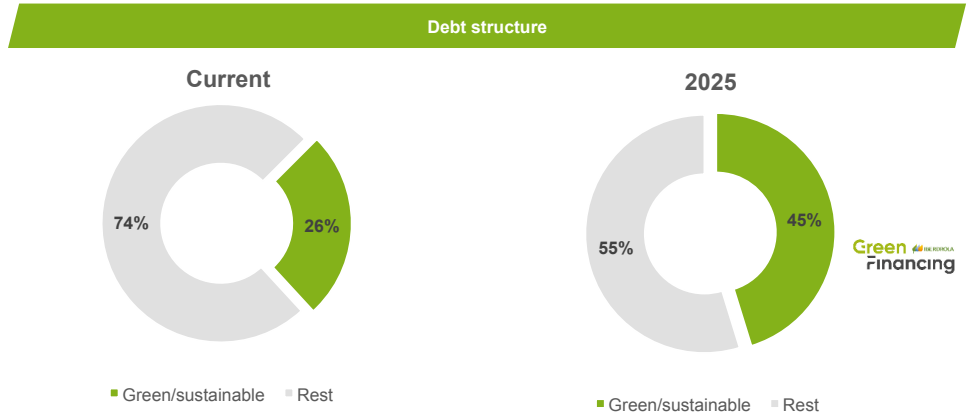
As such, the net debt to EBITDA ratio will be around 3.6-3.7, while the FFO to net debt ratio will be 21.5-22.4%.



2020-2025 Strategic Plan

Leaders in green finance

Green finance is the best fit for the Group's sustainable strategy, as is proven by the fact that Iberdrola is the world's largest corporate issuer of green bonds, having issued over EUR 11 billion since 2014.



Our green financing framework is considered best practice, in line with the green bond principles of the ICMA (International Capital Markets Association).

As such, 75% of the total investment plan will be considered sustainable/green under EU criteria.

In addition, Iberdrola has an asset rotation model with a flexible approach depending on investment opportunities and financial ratios. Divestments will meet the requirements we have established for this type of operation: based on their strategic fit, whether they provide low returns or if they are minority stakes.

Environmental, social and corporate governance objectives

Iberdrola continuará reforzando los pilares de su actividad en los ámbitos medioambiental, social y de gobernanza (ESG):

- Iberdrola will be classified as a carbon-neutral company in Europe by 2030 and will reduce its global CO₂ emissions by 86% to 50 g/kWh. As an additional contribution, the company will plant 20 million trees by 2030 (8 million by 2025).
- Investment in R&D will increase to EUR 400 million in 2025, compared to the EUR 330 million planned for 2022 and the EUR 280 million invested in 2019.
- In 2025, investment and purchases of goods and services will contribute to sustaining around 500,000 jobs worldwide. Approximately 20,000 new hires are foreseen within the Group during the period covered by the Plan.
- Increased training hours per employee, which are already four times higher than the European average.
- Commitment to gender equality: Iberdrola has increased its target for the amount of leadership positions held by women to 30%, compared to the current target of 20%, and aims to reduce the pay gap to less than 2% in 2025.
- Iberdrola will continue implementing corporate governance best practices — it will triple its cybersecurity activity and ensure that at least 75% of its suppliers have sustainability policies by 2025.

2020-2025 Strategic Plan

Enabling a sustainable dividend policy

In the context of growing investment, shareholder remuneration will increase in line with profits and the minimum pay-out will rise from EUR 0.40 per share in 2020-2022 to EUR 0.44 per share in 2023-2025.

In a strong growth scenario, **shareholder remuneration will grow in line with results**

Pay-out between 65% and 75% of EPS
(our earnings estimates would lead to a DPS in the range of approx. 0.53-0.56 in 2025)

Increasing DPS floor: 2020-2022: 0.40 Eur/share
2023-2025: 0.44 Eur/share (+10%)

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

The company **will continue to run the *Iberdrola Retribución Flexible* (Iberdrola Scrip Dividend) scheme** and its **share buyback** programme — both of which **prevent equity dilution**.



Legal notice

DISCLAIMER

This document has been prepared by Iberdrola, S.A. exclusively for use during the presentation "Capital Markets Day 2020". 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 shares, in accordance with the provisions of (i) the restated text of the Securities Market Law approved by Royal Legislative Decree 4/2015, of 23 October; (ii) 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; (iii) Royal Decree-Law 5/2005, of 11 March; (iv) Royal Decree 1310/2005, of 4 November; and (v) their 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 Day 2020". The financial information contained in this document has been prepared and is presented in accordance with the International Financial Reporting Standards ("IFRS"). 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 and the Securities and Exchange Commission ("SEC") website at www.sec.gov.

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) 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.

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 information regarding Neoenergia, please see the Neoenergia's investor relations website at www.ri.neoenergia.com and the Brazilian Comissão de Valores Mobiliários ("CVM") website at 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.

This document also contains pro forma statements, estimates, projections and other forward looking statements as to the financial and operational data of the Iberdrola group on a combined basis, including the impact of anticipated investments and capital expenditures, Avangrid's pending acquisition of PNM Resources, as well as other potential unidentified acquisitions and transactions. In addition to the other statements made herein by way of disclaimer as to any estimates, projections and forward-looking statements, including as to the sources and exercises whereupon they are based, the reader is informed that Iberdrola has not used or relied on any non-publicly disclosed information received by Iberdrola or Avangrid from PNM Resources and the reader is further reminded that the merger and acquisition of PNM Resources by Avangrid is subject to PNM Resources shareholder approval, regulatory approvals from the New Mexico Public Regulation Commission, the Public Utility Commission of Texas, the Federal Energy Regulatory Commission, the Department of Justice (Hart Scott-Rodino Clearance), the Nuclear Regulatory Commission, the Federal Communications Commission and the Committee on Foreign Investment in the United States, and other customary conditions and there is no certainty that the merger will be consummated in its established terms and foreseen timetable or that it will be consummated at all.



For further information on Iberdrola, please visit: www.iberdrola.com
Access to the Shareholders Quarterly Bulletins and Iberdrola Group quarterly information by capturing the corresponding QR code through your smartphone or tablet

Number for Shareholders (in Spain) / 900 10 00 19 (toll free)
Number for Shareholders (UK) Calls to this number are charged at 8p per minute from a BT landline. Other telephony providers costs may vary / (0) 871 384 2936
Number for Shareholders (US) / 1 (866) 726 8237 (toll free)
E-mail / accionistas@iberdrola.com
Web site / www.iberdrola.com