

Shareholder's Bulletin

2020

February 2021

Iberdrola to invest EUR 150 million to double in size and profit by 2030



**SUSTAINABLE
EVENT**



Committed to:



Chairman's key points



Ignacio Galán
Chairman & CEO of Iberdrola

“We have dedicated our balance sheet to aiding in recovery, making record investments of over EUR 9.2 billion and awards of EUR 14 billion—the largest in our history—to more than 22,000 companies to sustain 400,000 jobs at our suppliers”.

Sustainable Shareholder Remuneration

Dividend policy

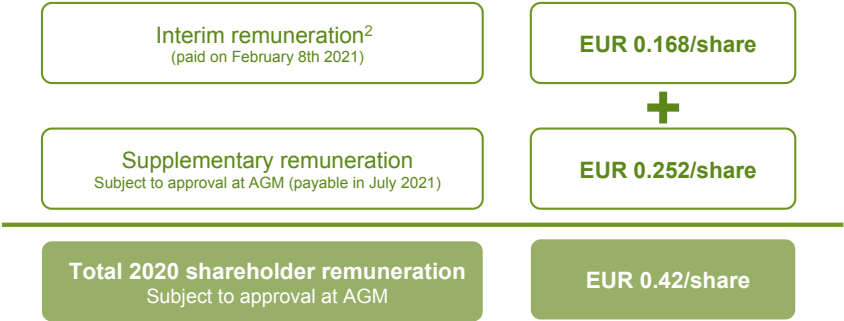
On 5 November, as part of its 2020 Capital Markets Day, Iberdrola updated its dividend policy, highlighting the following points:

- Dividend growth in line with the company's results, with a **pay-out** based on net profit of **65% to 75%** per share.
- New **minimum dividend payment of EUR 0.40 per share** during the 2020–2022 period, which will increase by 10% for the 2023–2025 period to EUR 0.44 per share on a gross basis.
- Shareholder options remain unchanged through the Iberdrola Scrip Dividend programme, which includes the **repurchase of shares**.

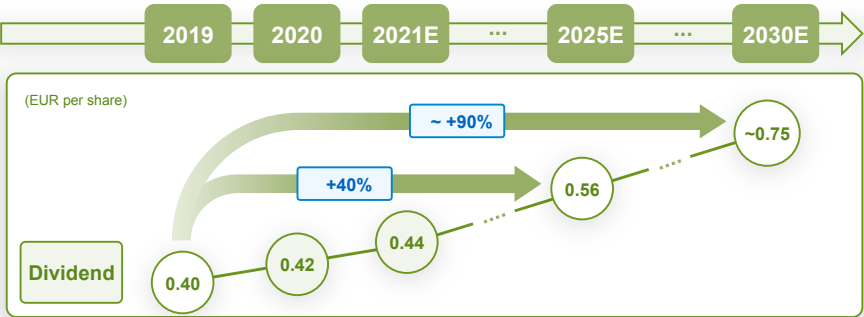
Proposal to increase the dividend by 5%

Following the 2020 results, a proposal has been submitted to the Board to increase the supplementary dividend by 5% (compared to the dividend paid in 2019) to EUR 0.252 per share on a gross basis, pending approval by the General Meeting of Shareholders and payable in July 2020.

Thus, if this amount is added to the interim dividend that has already been paid, dividend payments corresponding to the 2020 financial year could reach EUR 0.42 per share on a gross basis.



Dividend targets have been increased. Thus, in 2025, the Group expects to reach EUR 0.56 per share on a gross basis, 40% more than in 2019. In turn, in 2030 it aims to pay close to EUR 0.75 per share, an increase of 90% over the payment made in 2019.

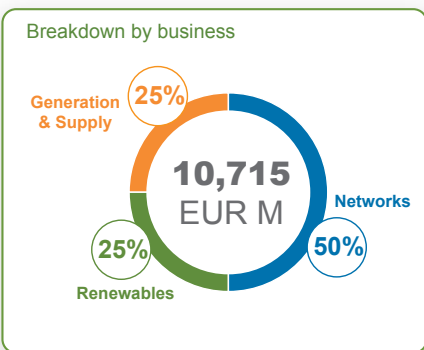
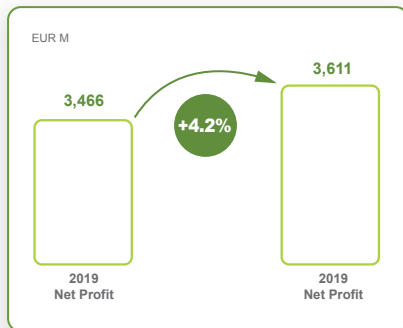


Highlights of the period

Reported net profit reaches EUR 3,611 million

In one of the most complicated scenarios in decades, Iberdrola responded by stepping up its activity, achieving strong results that have heightened its prospects for growth. This saw Iberdrola's reported net profit grow by 4.2% by 2020 year-end, reaching EUR 3.611 billion.

Excluding non-recurring effects, i.e. the net impact of COVID-19, adjusted net profit grew by 9.7%.



Adjusted operating profit (EBITDA) reaches EUR 10,715 million.

Adjusted operating profit has seen a slight reduction due to higher net operating expenses resulting from the uptick in activity affected by the exchange rate and the effect of COVID-19.

Excluding these effects, adjusted EBITDA grew by 8%, reaching EUR 10.715 billion.

With regard to **Renewables**, adjusted operating profit has grown by 8.4% to EUR 2,585.6 million. This is the result of new facilities such as offshore wind project East Anglia One, the contribution of Infigen and Aalto Power, an increase in average operating power and a higher charge factor, despite lower prices on average.

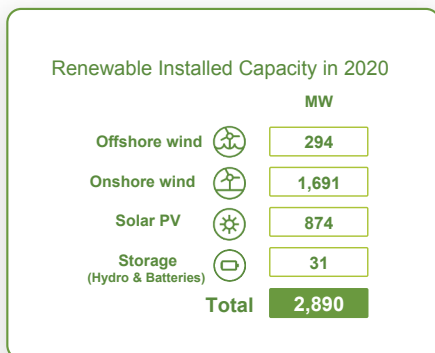
Operating profit in terms of **Generation and Supply** increased by 3.9% to EUR 2,564.8 million, primarily due to the operational improvement in the United Kingdom and Mexico, as well as the increased contribution of Smart Solutions.

Meanwhile, operational profit for **Networks** stands at EUR 4.777 billion, having been affected by the transition to the new regulatory period in Spain but offset by the new tariff agreement in the US and Brazil, as well as the increase in the regulated asset base in the United Kingdom.

Renewables growth vector

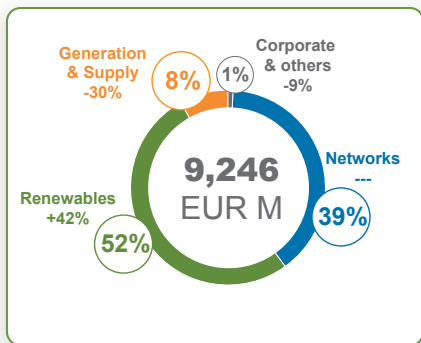
Despite restrictions due to COVID-19, Iberdrola has installed 4,000 MW in the last 12 months, of which approximately 75% are renewable. This represents an additional 2,890 MW, increasing the total renewable capacity worldwide to 35,000 MW.

The growing share of renewables in the generation mix has led to an 11% reduction in CO₂ emissions, putting them at just 98 grams per kWh. This means that the group is on track to meet the EU zero emissions target by 2030.



Highlights of the period

Record investments of EUR 9,246 million (+13%)



Iberdrola invested EUR 9.246 billion in 2020, 13% more than the previous year.

As such, installed capacity has increased by almost 6% to a total capacity of 55,111 MW, of which 34,820 MW is renewable capacity. This new capacity serves as an economic driver; over EUR 14 billion has been awarded toward purchases that will support our supply chain activity.

In 2020, the project portfolio also grew by more than 25,000 MW to reach 74,400 MW, with 17,400 MW of renewable capacity already under construction or secured.

“Leader in Energy Transition” according to credit rating agency S&P

Iberdrola’s financial position remains strong and at levels that comfortably meet our rating requirements, with all adjusted credit ratios showing an improvement over the previous year, as 76% of operating profit comes from countries with an ‘A’ credit rating, and we maintain a balanced mix of businesses and currencies.

The adjusted net financial debt fell by almost 7% in 2020, reaching EUR 35,142 million. Funds from operations in 2020 totalled EUR 8,192 million, up 1.6% compared to the same period in the previous year.

Liquidity has exceeded EUR 17 billion, covering 24 months of financial needs under normal conditions and 21 months under stress.

Adjusted credit metrics	Dec 2020 ^{2,3}	Dec 2019 ³
Adjusted Net Debt ¹ / EBITDA	3.5x	3.7x
FFO / Adjusted Net Debt ¹	23.5%	21.6%
RCF / Adjusted Net Debt ¹	21.3%	20.1%
Adjusted Leverage ¹	42.3%	44.0%

¹ Adjusted by market value of potential treasury stock cumulative hedges (EUR 602 M at Dec 2019 and EUR 784 M at Dec 2020)
² Proforma including Intigen and Aalto tower
³ Excluding provisions for efficiency plans
 TEI financing not included (EUR 216 M at Dec 2019 and EUR 391 M at Dec 2020)

Key benefits

Employment

>45,000 jobs per year

GDP

1.5% growth

Balance of Payments

EUR 1.0 Bn savings per annum

Quality of life

Air quality and noise reduction

Pulling effect

~350 companies mobilized

Next Generation EU, an opportunity to transform the economy

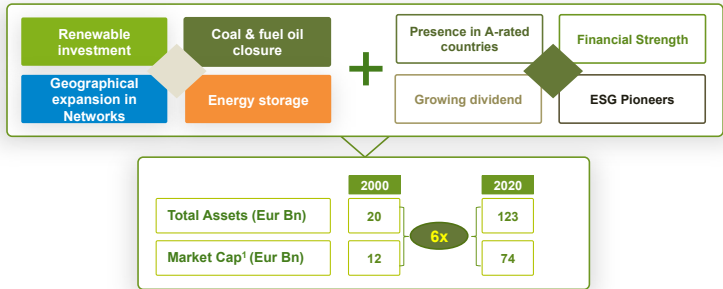
Iberdrola has presented a plan for 150 projects that could mobilise investments worth over EUR 21 billion, representing two thirds of Iberdrola’s current value, generating opportunities in addition to those in our 2020–2025 plan to transform the economy.

The need for decarbonisation in hard-to-abate sectors is creating significant growth prospects for green hydrogen, an area in which Iberdrola is already leading in development and has more than 50 projects with a total output of 60,000 tonnes per year. This technology is one of the key components in Iberdrola’s proposal for EU recovery funds and would be highly beneficial at all levels.

A model for success that began 20 years ago

A successful strategy that foresaw the energy transition

In 2001, Iberdrola anticipated the energy transition, understanding the enormous implications of electricity consumption in achieving efficient decarbonisation. It created a pioneering business model, based on values that were fully aligned with the highest environmental, social and governance standards.



Since then, it has invested over EUR 120 billion in renewable energy, smart grids and efficient storage, closing all of its coal and fuel oil plants ahead of schedule. Meanwhile, it also launched an ambitious internationalisation process—focusing on countries with attractive ratings and ambitious climate policies—maintaining financial strength and operational excellence at all times, along with a commitment to increasing its dividends.

	2000	2020
Total Assets (Eur Bn)	20	123
Market Cap ¹ (Eur Bn)	12	74

6x

	2000	2020	2025E	2030E
Renewable capacity (GW)	10	35	~60	~95
Fuel-oil & coal capacity (GW)	9	0	0	0
Networks Asset Base (Eur Bn)	4	31	~47	~60

A unique position for growth over the next decade

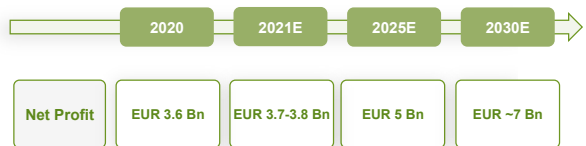
All of this puts Iberdrola in a unique position to accelerate its growth over the next decade.

In this regard, Iberdrola has a plan that contemplates invest-

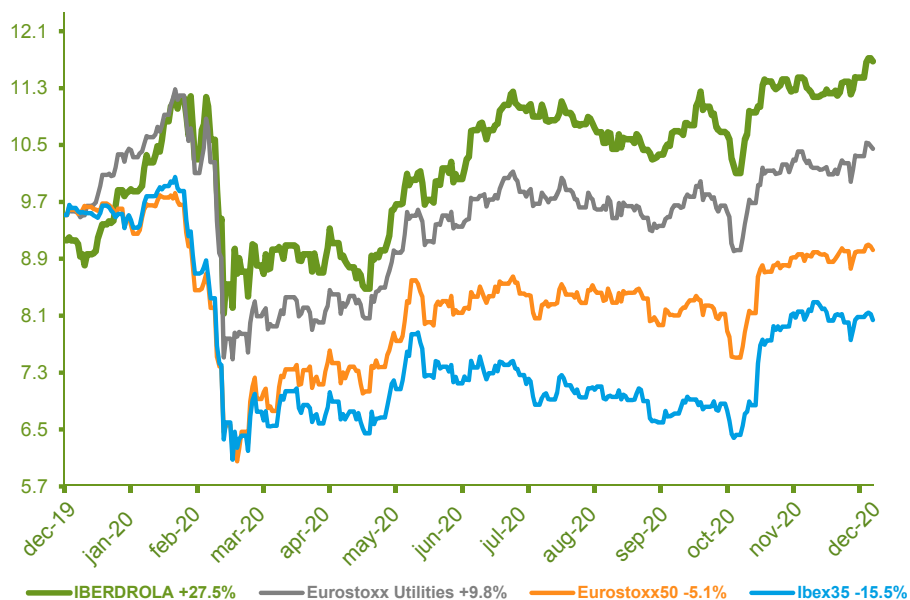
ments of EUR 75 billion by 2025 and EUR 150 billion by 2030, doubling its renewable capacity by 2025 and tripling it by 2030, to reach a capacity of close to 100,000 MW.

With the aim of DOUBLING the size and results of the Group again over the next ten years

These investments are focused exclusively on growing businesses, with over 90% directed towards electrical networks and renewables. Iberdrola also has an optimal level of diversification, with 76% of our EBITDA coming from countries with an 'A' credit rating and 80% of our gross margin being insured, with 70% of our generation sold through power purchase agreements (PPAs) or long-term agreements and 90% of our networks asset base already having regulatory frameworks in place until 2023. This will make it possible to achieve a net profit of EUR 5 billion by 2025 and around EUR 7 billion by 2030.



IBERDROLA and the stock market



Iberdrola's share price performance

	2020	2019
Number of outstanding shares	6,350,061,000	6,362,072,000
Share price at period end	11.700	9.180
Average share price over the period	10.106	8.405
Average daily volume	17,868,633	16,905,335
Maximum trading volume (03-20-2020 / 09-20-2019)	73,587,123	63,687,471
Minimum trading volume (12-24-2020 / 12-24-2019)	1,247,598	2,303,761
Dividends paid (€) ⁽¹⁾	0.405	0.356
Gross interim (02-05-2020 / 02-05-2019) ⁽²⁾	0.168	0.151
Gross complementary (08-04-2020 / 08-01-2019) ⁽²⁾	0.232	0.200
Attendance premium	0.005	0.005
Dividend yield ⁽³⁾	3.46%	3.87%

(1) Dividends paid in the last 12 months

(2) Iberdrola-guaranteed rights purchase price

(3) Dividends paid in last 12 months and attendance premium/share price at the close of the period

Stock Market Data

		12M 2020	12M 2019
Market capitalisation	EUR (million)	74,296	58,404
Earnings per share	€	0.55	0.53
<small>(6,350,061,000 shares at 31/12/20 and 6,362,072,000 shares, at 31/12/19)</small>			
Net operating cash flow per share	€	1.29	1.27
P.E.R.	Times	21.19	17.20



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