

Shareholder's Bulletin

Nine months October 2020

IBERDROLA accelerates its investments and increases its net profit by 5%

The acquisition of the North American company PNM, which supplies electricity in New Mexico and Texas, is a result of the strategy followed by the company for over 20 years.



IBERDROLA

**SUSTAINABLE
EVENT**



Committed to:



Chairman's key points



Ignacio Galán
Chairman & CEO of Iberdrola

"In the first nine months, the company has accelerated its investments, which have increased by 23% to reach a record high despite the complicated circumstances, while it has also continued to create new growth platforms for the future. With this, Iberdrola demonstrates once again its ability to achieve increasing results—with a net profit that has increased by 4.7% to EUR 2.681 billion—and to boost economic activity and employment".

Sustainable shareholder remuneration

On 21 October 2020, the Board of Directors approved **the delivery of an interim dividend of at least EUR 0.168 gross per share**, payable in February 2021, which demonstrates Iberdrola's commitment to remunerating its shareholders. Further to this amount, there will also be the supplementary dividend, once approved at the General Shareholder Meeting (to be paid in July 2021).

An **interim dividend** of at least EUR **0.168 gross per share**

As is standard practice, this remuneration will be available **through the "Iberdrola Scrip Dividend" system**, where Iberdrola shareholders can choose from the following options (or combine them up to the total value of the remuneration):

- A. Receive new fully paid shares;
- B. Sell all or a portion of the free allocation rights to the market;
- C. Receive cash compensation by collecting the Interim Cash Dividend.

Calendar

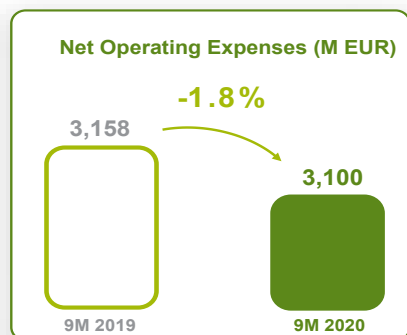
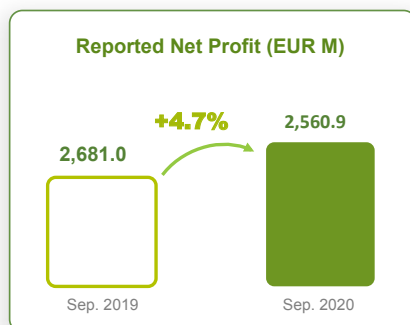
DATE	ACTIVITY
31 December 2020, 4, 5, 6 and 7 January 2021	Trading sessions considered for the calculation of the number of free allocation rights required to receive one newly-issued share and the amount per share corresponding to the Interim Dividend for the fiscal year 2020.
8 January 2021	Notice regarding the number of free allocation rights required to receive one newly-issued share and the gross amount of the Interim Dividend per share.
11 de enero de 2021	Last trading date on which the shares of Iberdrola are traded with the right to participate in the "Iberdrola Retribución Flexible" system.
12 January 2021	Ex-date from which the shares of Iberdrola are traded without the right to participate in the "Iberdrola Retribución Flexible" system.
From 12 to 26 January 2021	Common Election Period and the period for negotiating free allocation rights.
8 February 2021	Payment of the Interim Dividend to those shareholders who have elected to receive cash through this option.
10 February 2021	Expected date for the trading of the new shares.

Highlights of the period

El beneficio neto reportado alcanza los 2.681 M Eur.

In some of the most complicated circumstances in decades, Iberdrola has delivered strong results thanks to its resilient business model. Iberdrola's reported net profit grew by 4.7% over the 9 months of 2020, reaching EUR 2,681 million.

Adjusted net profit grew by 8.8% to EUR 2,55 billion. This item excludes the net impact of COVID-19, the capital gain on the sale of Siemens Gamesa and the non-recurring impact recorded on the UK tax line.



Maintaining operational efficiency

Net operating expenses improved by 1.8%, going up to EUR 3.1 billion, which was driven by cost containment and efficiency plans.

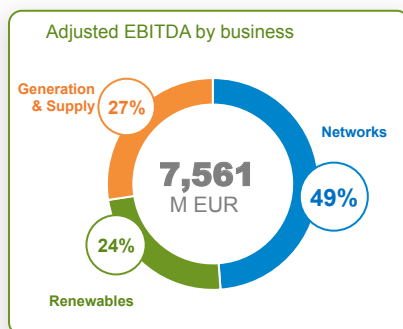
In this regard, the positive impact of the exchange rate of EUR 108 million offsets the EUR 43 million in donations and other expenses related to COVID-19.

The adjusted gross operating profit (EBITDA) reached EUR 7,561 million.

Operating profit for the **Networks** business, however, decreased to EUR 3.52 billion as a result of the transition to the new regulatory period in Spain and seasonal effects in the USA, deviations in demand, energy costs, and blackouts due to storms, like storm Isaias.

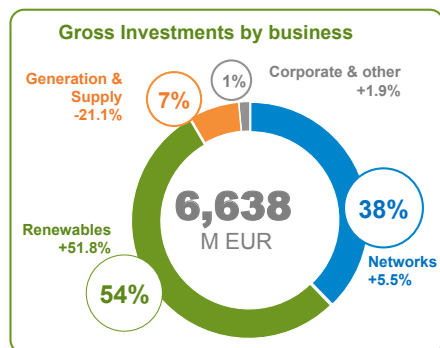
With regard to **Renewables**, operating profit grew by more than 5%, going up to EUR 1,771 million due to the contribution of new installations such as the East Anglia One offshore wind farm project, improved performance in the United States, driven by new wind capacity and greater availability, and the increase in hydroelectric production in Spain (with hydroelectric resources of 5.6 Twh, which is 50% above the figure for 2019) and Brazil.

Operating profit in terms of **Generation and Supply** increased by 27%, going up to EUR 1,949 million, already reflecting the normalisation of production and sales, while also benefiting from lower supply costs.



Highlights of the period

Committed to economic recovery



Despite the restrictions resulting from COVID-19, figures for net investment made have continued to reach record highs.

As of September, Iberdrola had invested EUR 6,638 million, which is 23% more than the previous year, due to the increase in activity in the third quarter, where investments increased by 60% year-on-year, going up to EUR 3 billion.

More than 4,600 MW have been installed in the last 12 months, reaching a total capacity of 54,000 MW. Furthermore, Iberdrola has 7,650 MW under construction, of which

1,000 MW come from offshore wind power, while it also has a project portfolio of more than 70,000 MW, ensuring future growth for the Group.

This confirms the new period of acceleration of the Group's investment and the investment of EUR 10 billion in 2020.

Financial strength

Iberdrola's financial position remains solid and at a comfortable level for our qualification requirements, despite the increase in adjusted debt of USD 1,400 million due to investments and agreements from Infigen and Aalto Power that have increased our debt by EUR 1,030 million. The ratio of funds from operations (FFO) to net debt of 21.9% improved by 2.2 pp compared to the 2019 figure.

The adjusted net financial debt at September 2020 amounted to EUR 37,883 million. Cash generation and the asset rotation programme offset the investment made in the period.

Funds from operations in the first nine months of 2020 totalled EUR 5,957.5 million, up 2.3% compared to the same period last year.

Liquidity reached EUR 13.8 billion, covering 30 months of financial requirements under normal conditions and 21 months under stressful conditions.

Adjusted credit metrics	Sep. 2020***	Sep. 2019**
Adjusted Net Debt* / EBITDA	3.8x	3.6x
FFO / Adjusted Net Debt*	21.9%	21.7%
RCF / Adjusted Net Debt*	19.9%	20.2%
Adjusted Leverage*	45.5%	43.9%

* Adjusted by market value of potential treasury stock cumulative hedges (EUR 700 M at Sep 2019 and EUR 961 M at Sep 2020)

** Restated including full IFRS16 criteria as considered in Dec19

*** Excluding provisions for efficiency plans, proforma including Infigen 1 year TEI financing not included (EUR 253 M at Sept 2019 and EUR 419 M at Sept 2020)

Highlights of the period

Avangrid–PNM Resources merger

On 20 October of this year, the Board of Directors of Avangrid Inc. approved the acquisition of PNM by Avangrid. This is a friendly takeover recommended by PNM's Board of Directors, to be carried out through a merger in which PNM shareholders will receive approximately USD 4.318 billion in cash. The purchase price represents a premium of 10% on the PNM share price as of Tuesday 20 October and 19.3% on the average PNM share price over the 30 days prior to Wednesday 21 October.

Iberdrola will provide Avangrid with a letter of commitment to provide funds to finance the operation

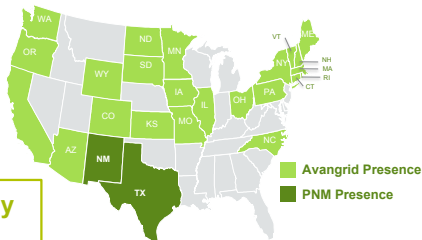
The operation is expected to be completed in 2021, subject to approval by PNM Resources shareholders and the relevant regulatory authorisations.

1 Growing renewables and regulated activities

The merged entity of Avangrid and PNM will manage more than 4.1 million supply points, a regulated asset base (RAB) of USD 14,400 million, more than 168,000 km of networks and approximately 10.9 GW of installed capacity, and a renewable portfolio of 19 GW, which will accelerate the growth of the Iberdrola Group in the United States.

2 Countries with high growths and good rating (Aaa)

The Avangrid incorporation will give rise to one of the largest companies in the North American sector with 10 regulated electricity companies in 6 states (New York, Connecticut, Maine, Massachusetts, New Mexico and Texas), making it the third leading renewable operator in the United States, with the company operating across 24 states.



3 The transaction will contribute positively to the results from the first year

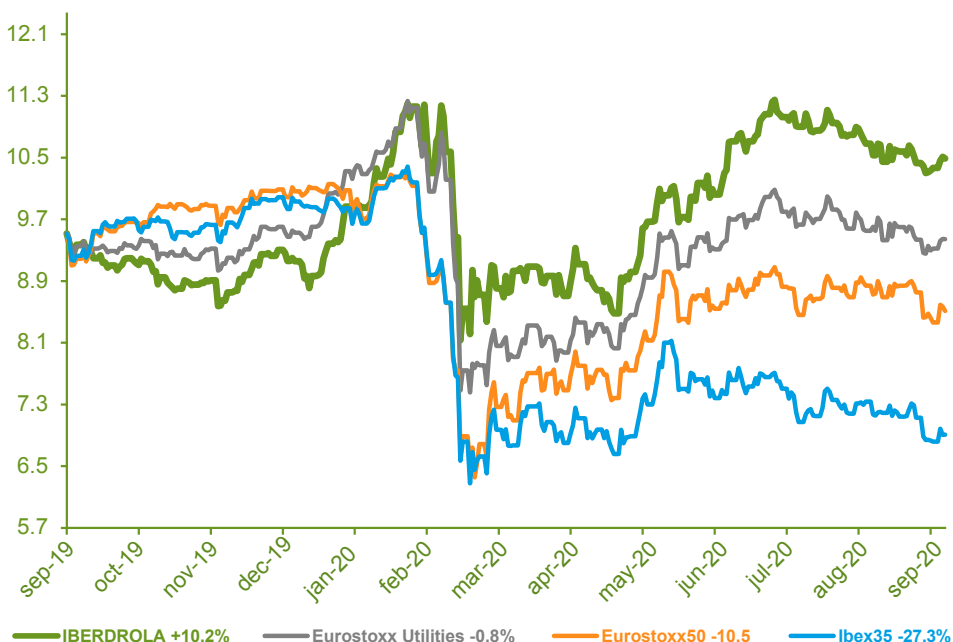
The merged Company will have assets worth more than USD 40,000 million, approximately USD 2,500 million in EBITDA and a net profit of USD 850 million.

4 Maintaining a strong balance sheet

The implied enterprise value would be approximately USD 8,300 million, considering net debt plus adjustments of approximately USD 4,000 million.

With this operation, the Iberdrola Group is accelerating its growth through its eighth corporate transaction since the start of the COVID-19 pandemic, following acquisitions in France (St Briec and Aalto Power), and Australia (Infigen), as well as in offshore wind farm companies in Sweden and Japan and land-based wind farm projects in Scotland and Brazil.

IBERDROLA y el mercado de valores



Iberdrola's share price performance

	9M 2020	9M 2019
Number of outstanding shares	6,350,061,000	6,362,072,000
Price at the end of the period	10.51	9.54
Average price of the period	9.84	9.33
Average daily volume	18,921,114	17,106,457
Maximum volume (03-20-2020 / 03-15-2019)	73,587,123	63,687,471
Minimum (01-06-2020 / 02-18-2019)	5,591,843	5,654,457
Dividends paid (€)	0.405	0.356
Gross Final dividend (02-05-2020 / 02-05-2019)	0.168	0.151
Gross interim (08-04-2020 / 08-01-2019) ⁽¹⁾	0.232	0.200
Shareholder's Meeting attendance bonus	0.005	0.005
Dividend yield ⁽²⁾	3.85%	3.73%

1) Purchase price of rights guaranteed by Iberdrola

(2) Dividends paid in the last 12 months and Shareholder's Meeting attendance bonus / price at the end of period

Stock Market Data

		9M 2020	9M 2019
Market capitalisation	(M€)	66,739	60,669
Earnings per share	€	0.124	0.138
(6,350,061,000 shares at 30/09/20 and 6,362,072,000 shares, at 30/09/19)			
Net operating cash flow per share	€	0.321	0.306
P.E.R	Times	19.11	17.72



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