

Results Presentation

Nine Months
October 21, 2020



IBERDROLA

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EVENT**



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Agenda

Highlights of the Period

Highlights of the period

Adjusted Net Profit grows 8.8% and Reported Net Profit rises 4.7%, to EUR 2,681 M

COVID-19: Progressive normalization of market conditions

Record investments, up to EUR 6,638 M (+22.9%)

4,600 MW installed y-o-y and 7,600 MW under construction

Expanding our geographical footprint and creating new growth platforms

Adjusted EBITDA grows 3.2 %, to EUR 7,561 M

Reported EBITDA reaches EUR 7,345 M

Maintaining interim shareholder dividend of EUR 0.168 per share

100% PNM Resources transaction for ~ USD 4.3 Bn cash

Corporate transaction

Avangrid-PNM Resources combination: accelerating growth in US

Iberdrola strategy

Growing renewables and regulated activities



Countries with high growths and good rating



Earnings per share accretion



Maintaining our financial strength



**Adding to previous operations: Infigen, Aalto Power, Sweden and Japan...
Supporting future growth**

Corporate transaction

Avangrid-PNM Resources combination: Electric utility in New Mexico and Texas

Avangrid Pro forma 2019 figures (USD M)

EBITDA	2,453
Avangrid	1,867
PNM	586
Net Income	846
Avangrid	673
PNM	173

Iberdrola Pro forma 2019 figures (EUR M)¹

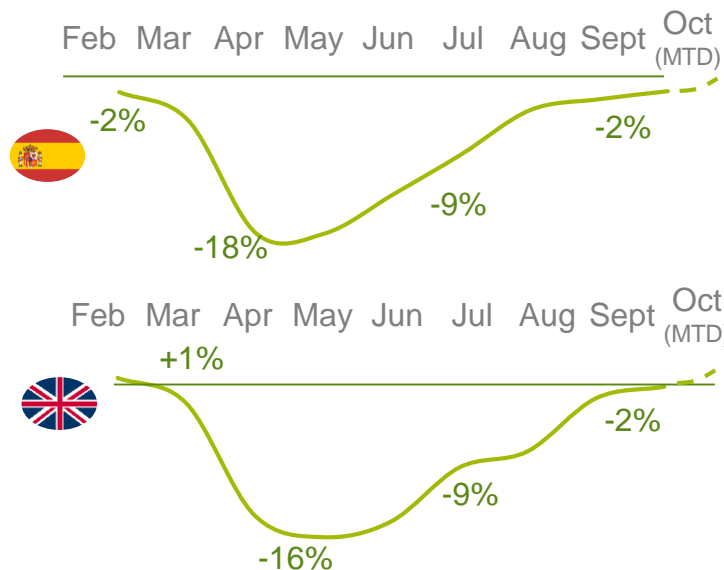
EBITDA	10,601
Iberdrola	10,104
PNM	498
Net Income	3,526 ²
Iberdrola	3,406
PNM	120

More than 3% EPS accretion for both companies

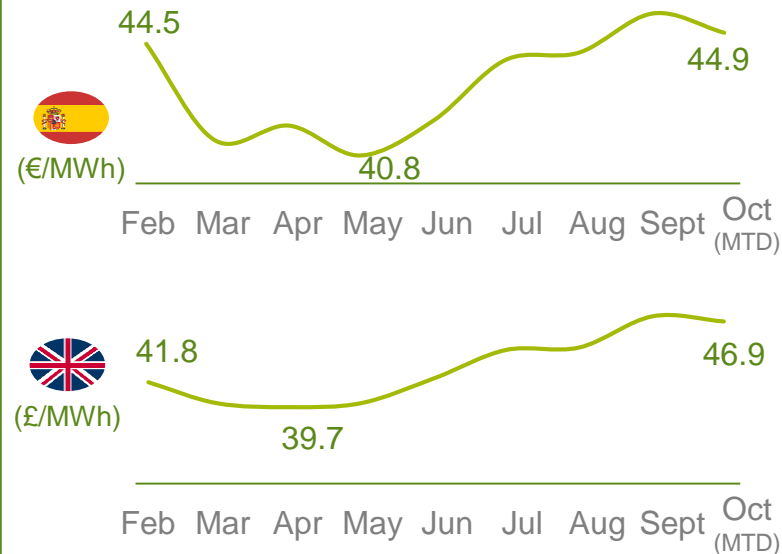
Business recuperation

Progressive normalization of market conditions

Monthly evolution electricity demand



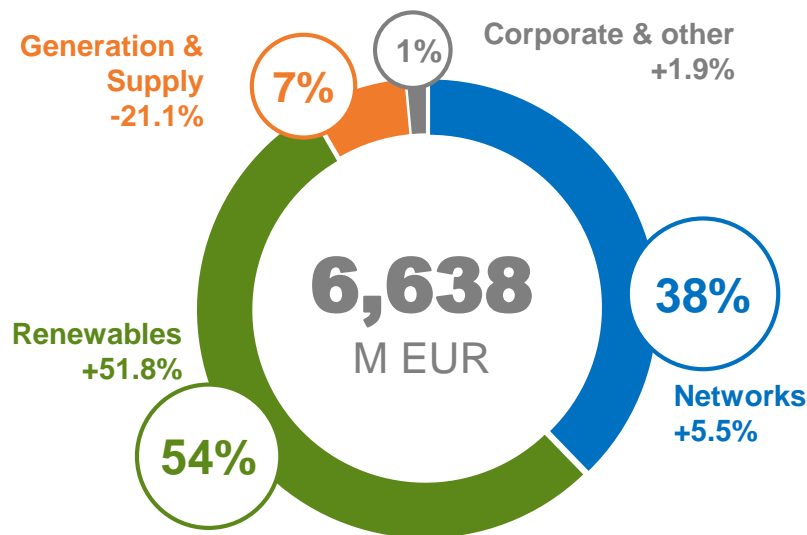
2021 forward price evolution



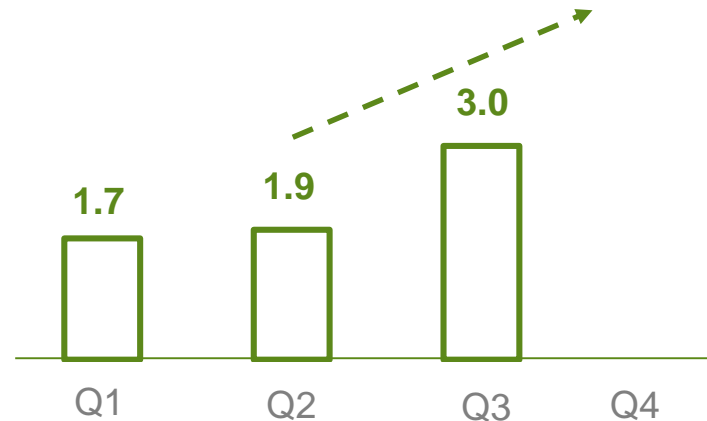
Gross Investments

Accelerating investments up EUR 6,638 M (+23%) despite COVID-19 restrictions
54% of total investments allocated to renewables

9M Gross Investments by business



Gross Investments by quarter
(Bn Eur)








Reaffirming our target to invest EUR 10 Bn for 2020

Installed Capacity

More than 4,600 MW of new installed capacity in the last 12 months...

...and 7,600 MW under construction of which around 1,000 MW offshore wind

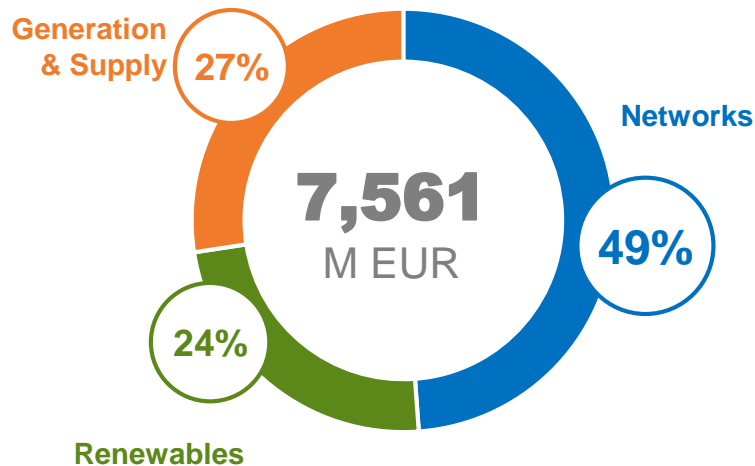
Capacity under construction (MW)

Offshore wind		1,000
Onshore wind		2,200
Solar PV		2,700
Storage (Hydro & Batteries)		1,250
		500
Total		7,650

More than 70,000 MW of pipeline

Financial performance: adjusted EBITDA¹ up +3.2%

Adjusted EBITDA by business



Networks

- Negative impact of new regulatory period in Spain, as expected
- Results in US affected by items reconcilable in US GAAP that will be registered in IFRS in future years
- Brazil: Higher contribution in Transmission offsets impact of COVID in Distribution
- Higher revenues in UK due to larger rate base



Renewables

- Impact of new capacity installed
- Wind: EA1 fully operational (UK); higher availability and more capacity (US)
- Hydro: higher production in Spain and Brazil with Spain's reserve levels ~50% above previous year



Generation and supply

- Lower procurements with prices hedged



FX

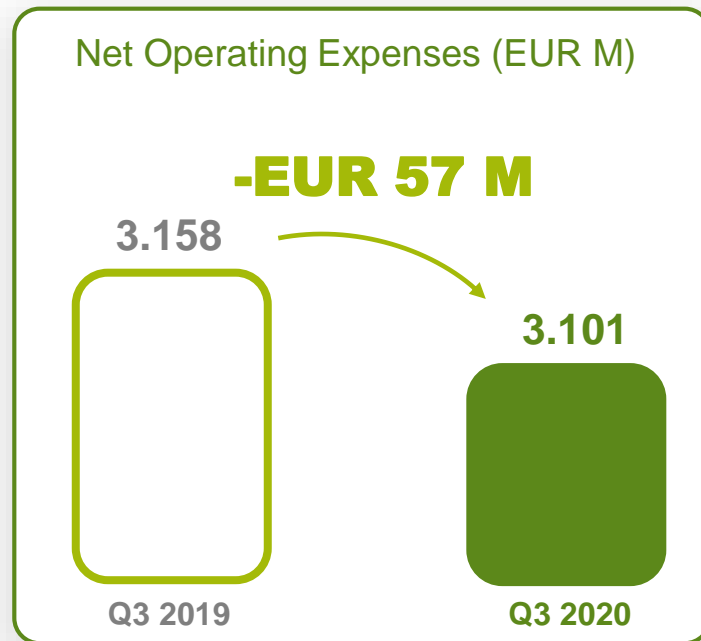
- USD and GBP appreciation partly mitigates BRL performance
- FX impact: 90% hedged at net profit level



COVID impact of EUR 216 M at EBITDA level
Adjusted EBITDA up 6.4% excluding FX impact

Operational efficiency

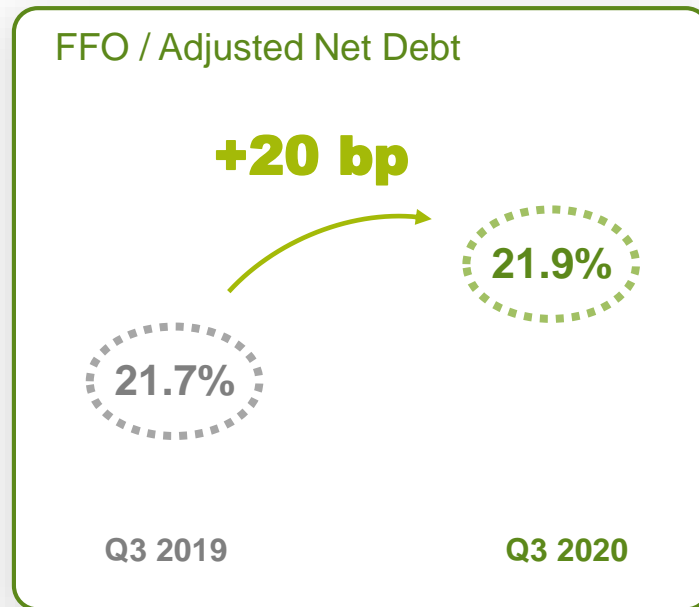
Net Operating Expenses improve by EUR 57 M...



...even after considering EUR 43 M expenses¹ related to COVID

Financial Strength

Cash flow up 2.3%, driving an improvement of financial ratios



Maintaining full access to capital markets

Recovery plans and increasing investments

A massive opportunity ahead in our current markets



55%

Emissions
reduction by 2030
vs 40%

65%

Share of
renewables by 2030
vs 55%

40GW

Hydrogen by 2030



140
Bn Eur

Coronavirus recovery
fund by 2030

72 Billion by 2023

- 37% Green Transition
- 33% Digital Transformation

4GW

Hydrogen
strategy by 2030

8.9 Billion by 2030



40GW

Offshore
wind by 2030
vs 30

1GW

Floating offshore
wind by 2030



4.9GW

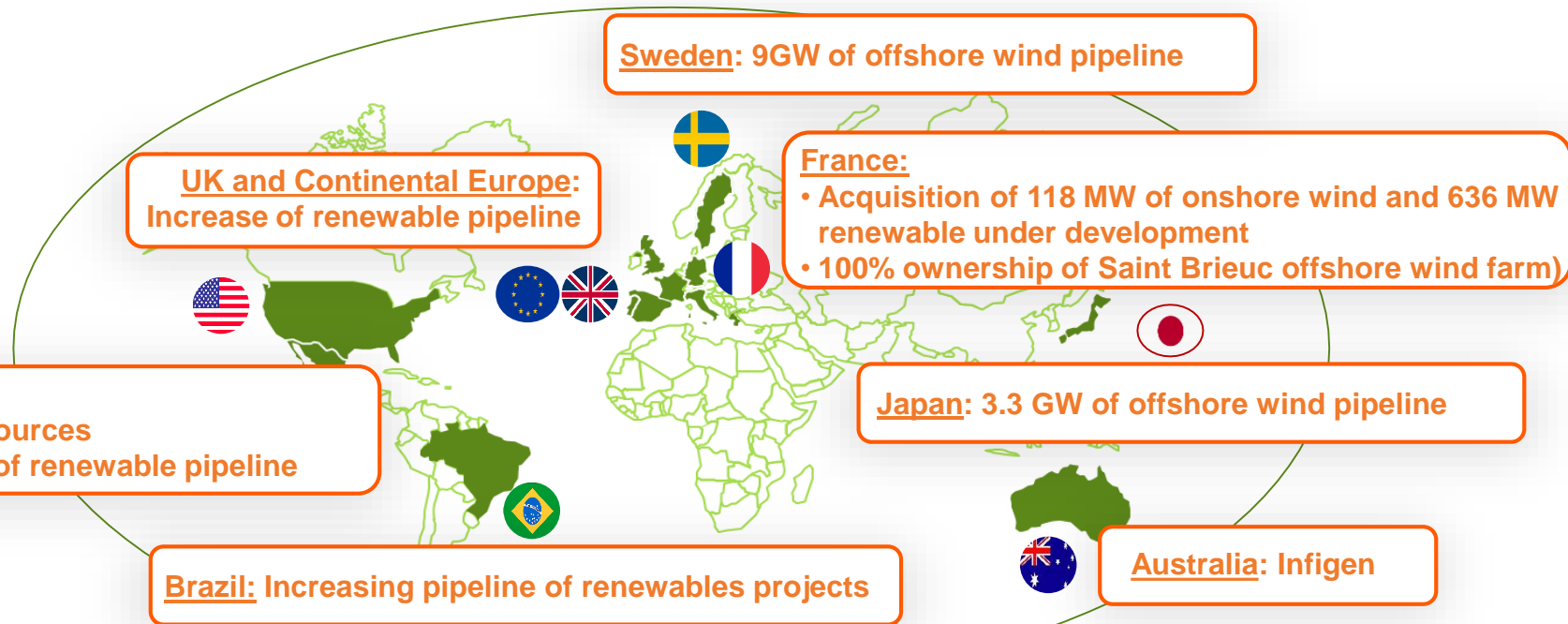
Offshore wind auctions
in NY & NJ in 2020 & 2021

5.2GW

Offshore wind
target in Virginia

New growth platforms

Expanding our geographical footprint and creating new growth platforms



Adding 14,000 MW to pipeline (~90% offshore wind) for a total of more than 70,000 MW

Other milestones

Multiple regulatory measures under development



- Electric vehicle program in NY
- New York rate case on track (tariffs applied retroactively from April)
- Interconnection with Canada progressing to start construction
- NY offshore auction up to 2,500 MW: bid submitted on October 20th



- RIIO T2 process ongoing.
 - CMA draft decision rising on water companies (Final decision by December)
- Auctioning of new offshore lease areas in England, Wales and Scotland up to 18 GW in 9 different areas



- BRL ~1,664 M Off-balance sheet COVID system loans paid by September
- Public Hearing about Extraordinary tariff review ongoing

Agenda

Analysis of Results

COVID impact / Group

Two main direct **COVID impacts** considered, totalling EUR 308 M in 9M 2020, ...

EUR M	DEMAND ⁽¹⁾		BAD DEBT ⁽²⁾	
	Networks	Generation & Supply	Networks	Generation & Supply
SPAIN	8	28	-	13
UK	23	34	-	27
US	61 ⁽³⁾	-	9	-
MEXICO	-	11	-	-
BRAZIL	30	2	31	-
IEI	-	19	-	12
TOTAL	122	94	40	52

... **Demand** (EUR 216 M) at EBITDA level and **bad debt** (EUR 92 M) at EBIT level

COVID impact / Group

Several measures underway in order to offset COVID impacts

Networks

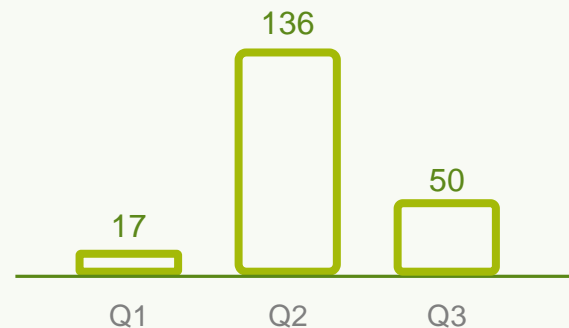
- ✓ Expected recovery of impacts in UK and US,
- ✓ and under negotiation in Brazil

Generation & Supply

- ✓ Bad debt impacts managed through commercial activity
- ✓ Proposal to OFGEM in UK for recognition of impacts in SVT

COVID Impact at Net Profit level by quarters

(EUR M)



Improving the impact in the second half of the year after removal of lockdown measures

Income Statement / Group

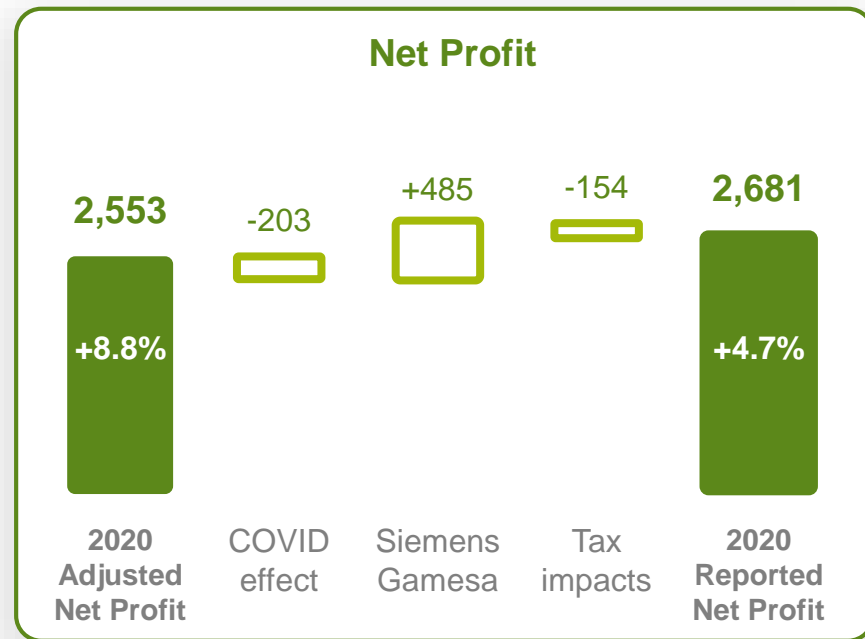
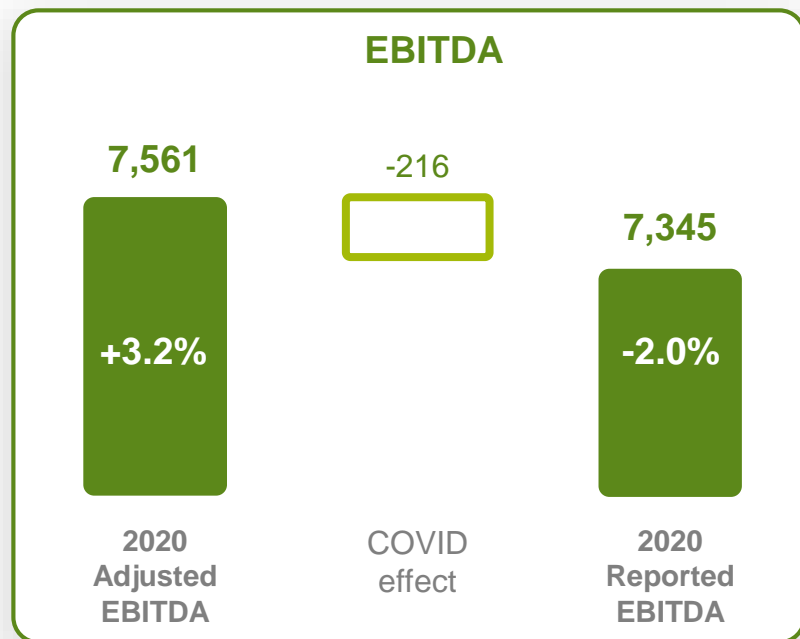
Reported Net Profit grows 4.7%, to EUR 2,681.0 M. **Adjusted Net Profit** grows +8.8%

EUR M	9M 2020	9M 2019	%	9M 2020 (Adjusted)	% Adjusted
Revenues	24,248.0	26,457.5	-8.4		
Gross Margin	11,841.3	12,086.7	-2.0		
Net Operating Expenses	-3,100.9	-3,158.2	-1.8		
Levies	-1,395.2	-1,429.6	-2.4		
EBITDA	7,345.2	7,498.9	-2.0	7,561.5	+3.2
EBIT	3,987.9	4,488.9	-11.2		
Net Financial Expenses	-640.8	-890.4	-28.0		
Non Recurring Results	514.7	122.4	n/a		
Taxes and Minorities	-1,161.6	-1,138.8	+2.0		
Reported Net Profit	2,681.0	2,560.9	+4.7	2,553.2	+8.8
Operating Cash Flow	5,957.5	5,824.7	+2.3		

Fx: USD +0.5%, GBP +0.3% and BRL -22.6%. With an impact of EUR -236 M at EBITDA level in 9M (vs EUR -92 M in H1)

Results reconciliation

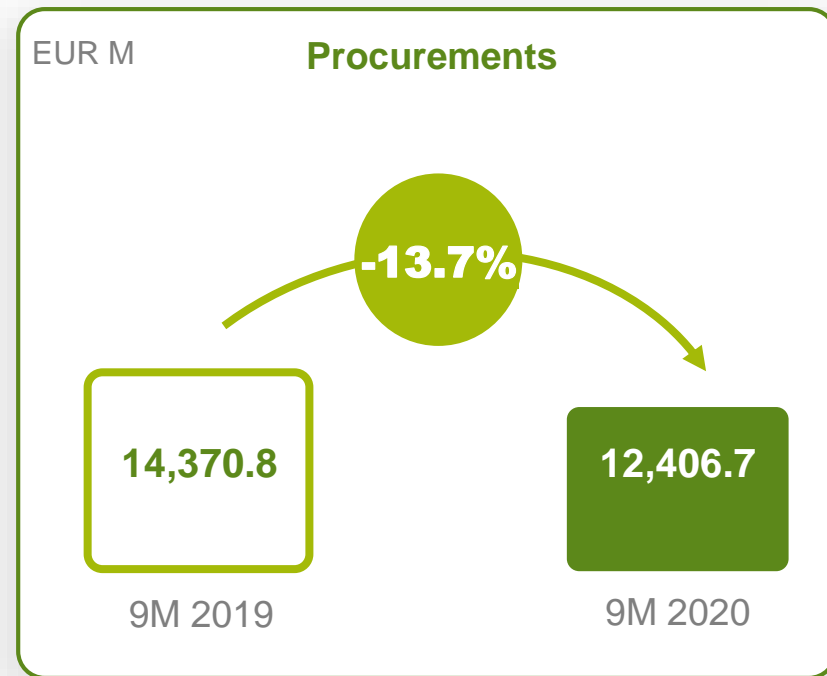
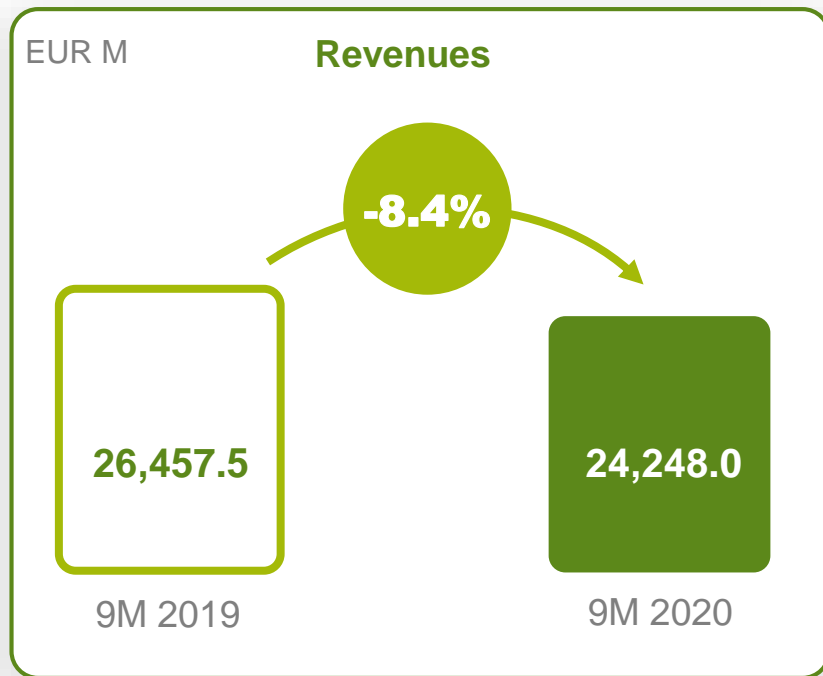
Adjusted results exclude main non-recurring impacts in 9M'19 and 9M'20, but not fx impact (EUR -236 M at EBITDA level at 9M 2020)



9M'19 Net Profit adjusted for LNG contracts sale (EUR 89 M EBITDA; EUR 66 M Net Profit), transfer of the fibre optic contracts (EUR 49 M EBITDA; EUR 123 M Net Profit) and settlements in Spanish Networks (EUR 33 M EBITDA; EUR 25 M Net Profit)

Gross Margin / Group

Gross Margin falls 2.0%, to EUR 11,841.3 M, with a negative fx impact of EUR 343 M, ...



... and grows 0.8% excluding fx impact

Net Operating Expenses / Group

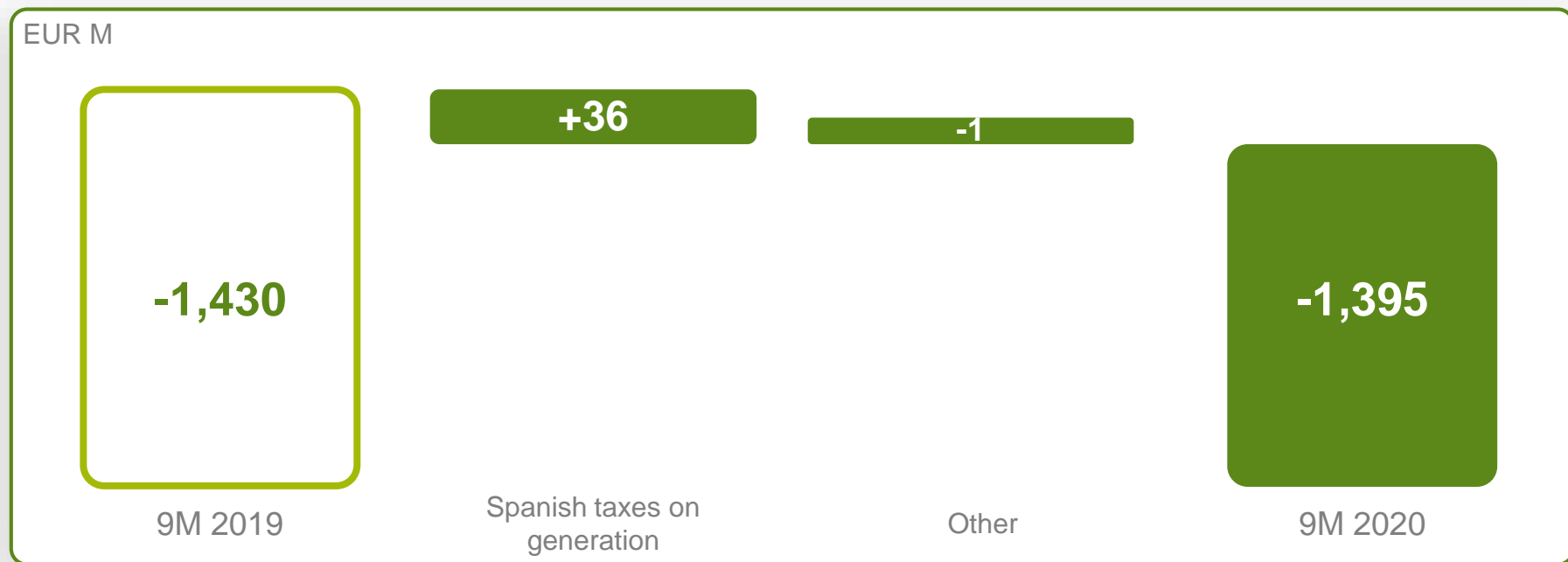
Net Operating Expenses improve 1.8%, to EUR 3,100.9 M, driven by cost containment, due to COVID and efficiency plans

EUR M			
Net Operating Expenses			
	9M 2020	9M 2019	vs 9M'19 (%)
Net Personnel Expenses	-1,595.7	-1,598.1	-0.2%
Net External Services	-1,505.2	-1,560.1	-3.5%
Total Net Op. Expenses	-3,100.9	-3,158.2	-1.8%

Positive fx impact (EUR +108 M) compensates EUR -43 M of donations and other expenses, related to COVID

Levies / Group

Levies fall 2.4%, to EUR 1,395.2 M, ...

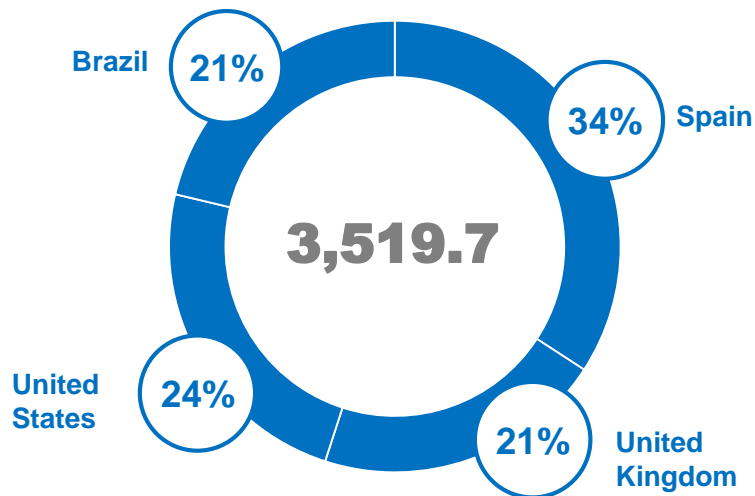


... due mainly to lower prices in Spain

Results by Business / Networks

Networks EBITDA falls 10.7%, to EUR 3,519.7 M

EBITDA by Geography (%)



Key Figures (EUR M)

	9M 2020	9M 2019	vs 9M'19 (%)
Gross Margin	5,625.1	6,080.5	-7.5%
Net Op. Exp.	-1,559.3	-1,606.9	-3.0%
Levies	-546.1	-531.7	+2.7%
EBITDA	3,519.7	3,941.9	-10.7%

EUR 122 M of COVID impact on demand and EUR 181 M of timing and storm effects in US

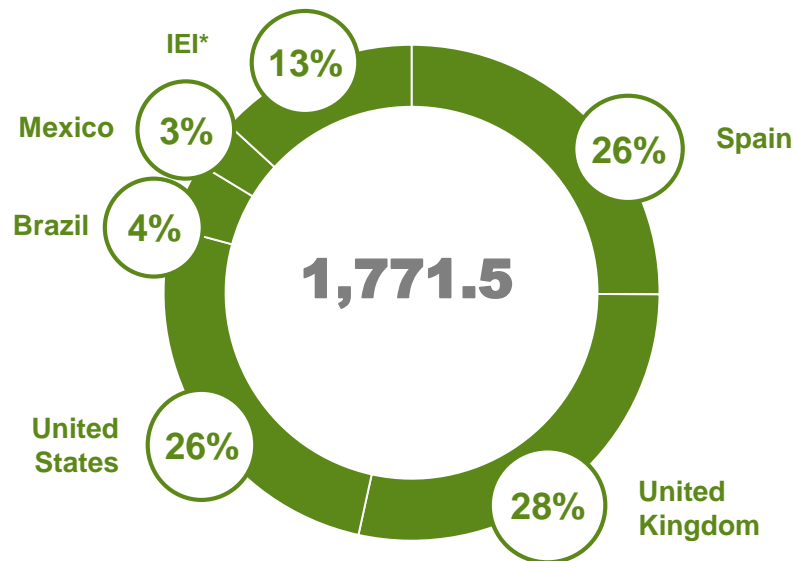
Results by Business / Networks

Spain	EBITDA EUR 1,202.9 M (EUR -93.0 M; -7.2%) , due to the lower remuneration established for 2020 in the regulatory framework (EUR -44 M), the impact of transferring the fibre optic contracts in Q3'19 (EUR-49 M) and positive settlements accounted for in 9M 2019 (EUR -33 M).
US	EBITDA IFRS USD 935.1 M (USD -244.1 M; -20.7%), EBITDA US GAAP USD 1,037 M (-1.1%) , driven mainly by USD -119 M of IFRS adjustments as a consequence of differences in volumes and energy that, together with the impact of Storm Isaias, will be recovered over the next years. USD -68 M of COVID impact on demand, including USD -66 M of NY Rate Case delay, to be recovered from 2021 onwards.
Brazil	EBITDA BRL 4,230.0 M (BRL +334.9 M; +8.6%) , as results due to investments in transmission and efficiencies compensate lower margins in distribution, affected by BRL -167 M of COVID impact on demand. BRL 1.7 bn “off balance” COVID-account for NEO already collected.
UK	EBITDA GBP 646.6 M (GBP +20.7 M; +3.3%) , with higher revenues, as a consequence of investments, partially offset by lower demand due to COVID (GBP -21 M), to be recovered in 2022.

Results by Business / Renewables

Renewables EBITDA up 5.6%, to EUR 1,771.5 M, driven by the US and the UK

EBITDA by Geography (%)



Key Figures (EUR M)

	9M 2020	9M 2019	vs 9M'19 (%)
Gross Margin	2,660.0	2,519.0	+5.6%
Net Op. Exp.	-599.7	-569.8	+5.3%
Levies	-288.7	-271.0	+6.5%
EBITDA	1,771.5	1,678.3	+5.6%

Average operating capacity increases to 29,175 MW and installed capacity to 33,964 MW

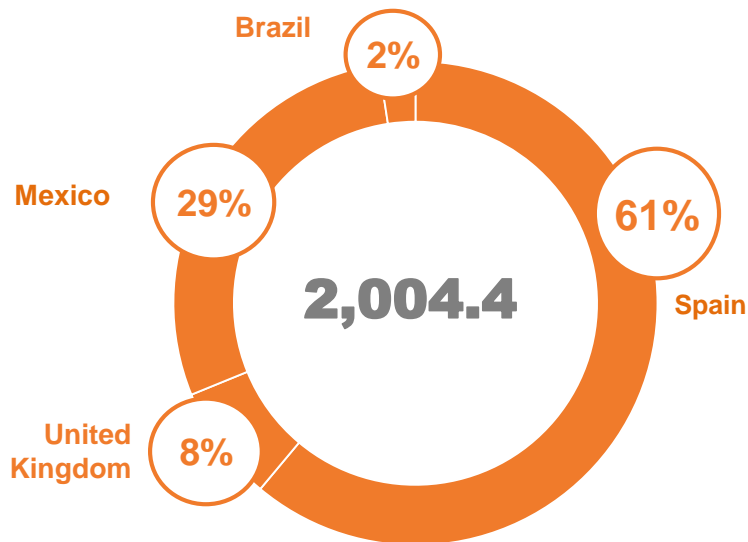
Results by Business / Renewables

UK	EBITDA GBP 442.8 M (GBP +141.3 M; +46.8%) , due to higher production both in onshore (+4.3%) and offshore (+258.2%), as a consequence of the contribution from East Anglia 1, 714 MW fully in operation since April 2020.
US	EBITDA USD 510.9 M (USD +42.4 M; +9.0%) , driven by higher output (+14.5%), due to higher wind resource vs 9M'19 (+0.9 p.p.) and increase in average operating capacity (+695 MW)
Spain	EBITDA EUR 444.8 M (EUR -70.8 M; -13.7%) , due to lower sale price to the Supply business, despite higher output (+22.6%) driven by hydro production (+53.9%) and higher PV capacity.
IEI	EBITDA EUR 233.6 M (EUR -13.6 M; -5.5%) , due one-off costs related to business expansion. Aalto Power consolidated from the 1 st of July and Infigen from the 5 th of August.
Brazil	EBITDA BRL 449.1 M (BRL +2.9 M; +0.7%) , with output increasing (+5.8%), as higher hydro production compensates the decline in wind output.
Mexico	EBITDA USD 62.2 M (USD -1.1 M; -1.8%) , lower load factor in wind (-0.8 p.p.) and PV (-1.6 p.p.) more than offsets higher average operating capacity (+53 MW).

Results by Business / Generation and Supply*

Generation & Supply EBITDA up 10.3% to EUR 2,004.4 M,...

EBITDA by Geography (%)



Key Figures (EUR M)

	9M 2020	9M 2019	vs 9M'19 (%)
Gross Margin	3,571.7	3,482.3	+2.6%
Net Op. Exp.	-973.2	-1,036.8	-6.1%
Levies	-594.1	-627.8	-5.4%
EBITDA	2,004.4	1,817.7	+10.3%

... with EUR -94 M of COVID impact on demand

* 9M 2020 Pro-forma excluding Iberdrola brand intercompany transactions: Lib Spain EUR -67 M, Lib. IEI EUR +11 M, Corporate EUR +56 M. Neutral effect at Group level

Results by Business / Generation and Supply

Spain*

EBITDA EUR 1,230.1 M (EUR +55.2 M; +4.7%)

- Lower output 25,356 GWh (-11.3%), higher purchases at lower prices vs 9M 2019
- Active management of customer portfolio: Energy + Smart Solutions
- LNG contracts sale (EUR 89 M) in Q2 2019

Mexico

EBITDA USD 642.6 M (USD +2.4 M; +0.4%): production increase, due to new installed capacity, partially offset by temporary lower availability of one CCGT plant.

UK

EBITDA GBP 136.6 M (GBP +99.3 M; +265.6%): recovery as a consequence of improved margins vs 2019, despite fall in sales.

Brazil

EBITDA BRL 273.4 M (BRL +73.6 M; +36.8%): business normalization after the one-off effect that impacted results during 2019.

IEI*

EBITDA EUR -2.9 M (EUR +11.4 M; +79.6%): improving but still affected by initial development costs. Reaching 1,741,000 contracts.

* 9M 2020 Pro-forma excluding Iberdrola brand intercompany transactions: Lib Spain EUR -67 M, Lib. IEI EUR +11 M, Corporate EUR +56 M. Neutral effect at Group level

EBIT / Group

Group **EBIT** falls 11.2%, to EUR 3,987.9 M, with **Depreciation** growing 8.7% due to higher asset base

D&A and Provisions (EUR M)

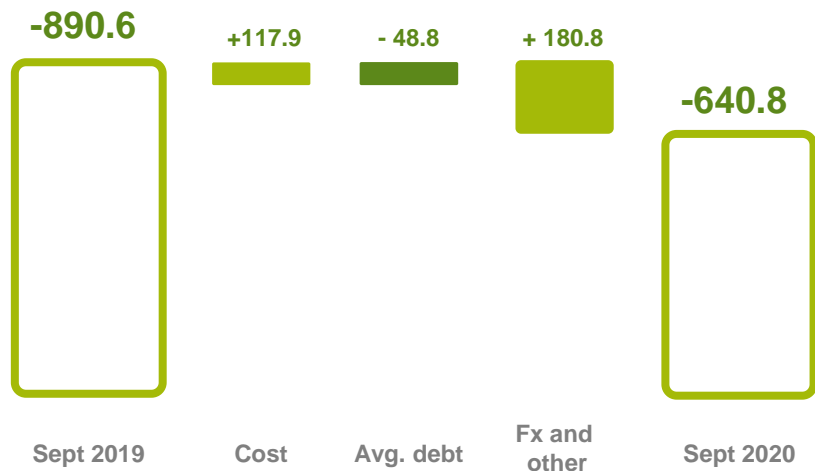
	9M 2020	9M 2019	vs 9M'19 (%)
D & A	-2,987.5	-2,748.6	+8.7%
Provisions	-369.8	-261.5	+41.7%
TOTAL	-3,357.3	-3,010.1	+11.5%

Provisions up +41.7%, including EUR 92 M of bad debt provisions: EUR 40 M in Networks, mostly in Brazil, under negotiation to be recovered, and EUR 52 M impact in Generation and Supply, a manageable amount through commercial activity

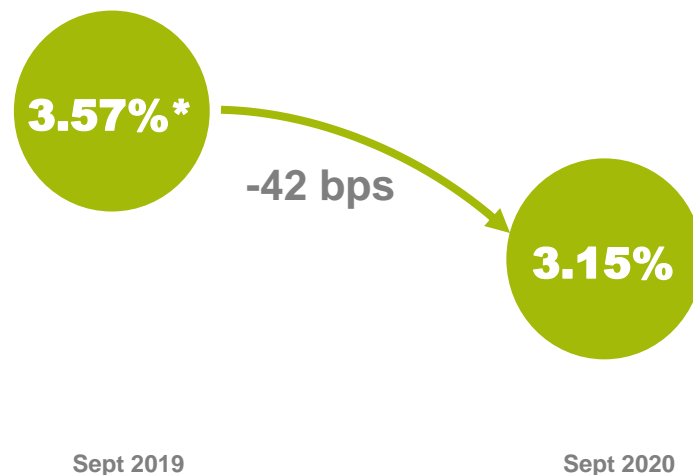
Net Financial Expenses / Group

Net Financial Expenses improve by EUR 250 M to EUR 640.8 M, due to one-off fx hedges and lower cost, ...

Net Financial Exp. evolution (EUR M)



Cost of Debt

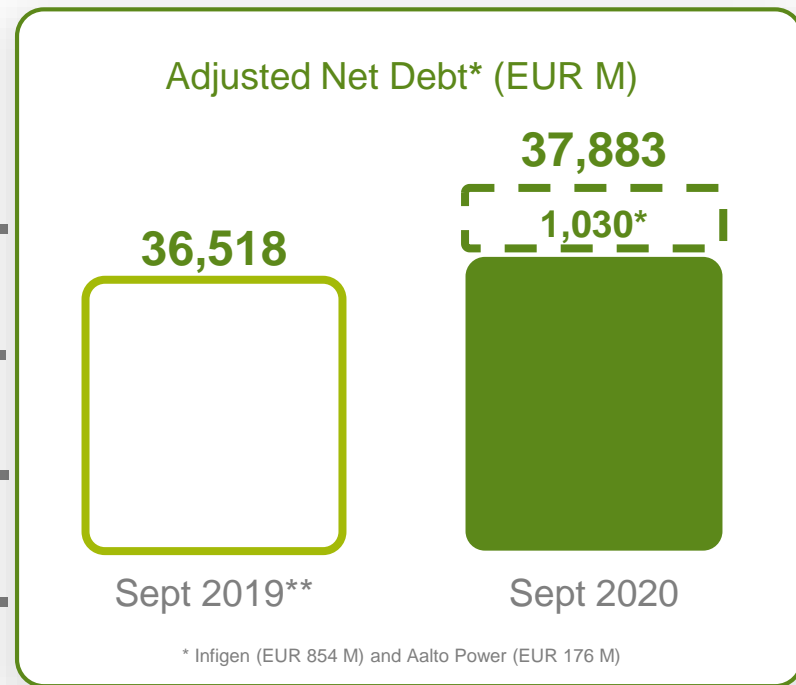


.... despite higher average debt

Adjusted Net Debt / Group

Strong credit metrics

Adjusted credit metrics	Sept 2020***	Sept 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%



On a like-for-like basis, FFO / Adjusted Net Debt improves 0.2 p.p. vs 2019

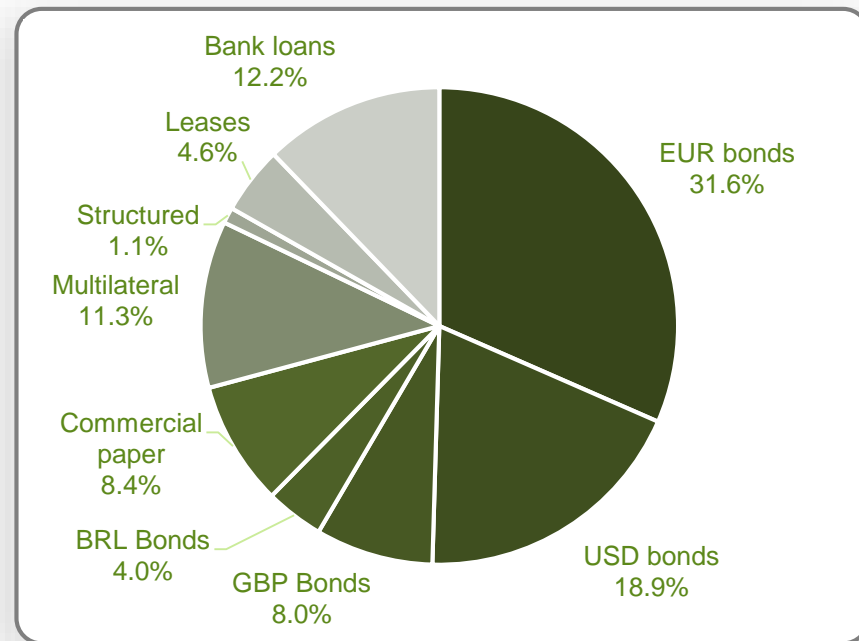
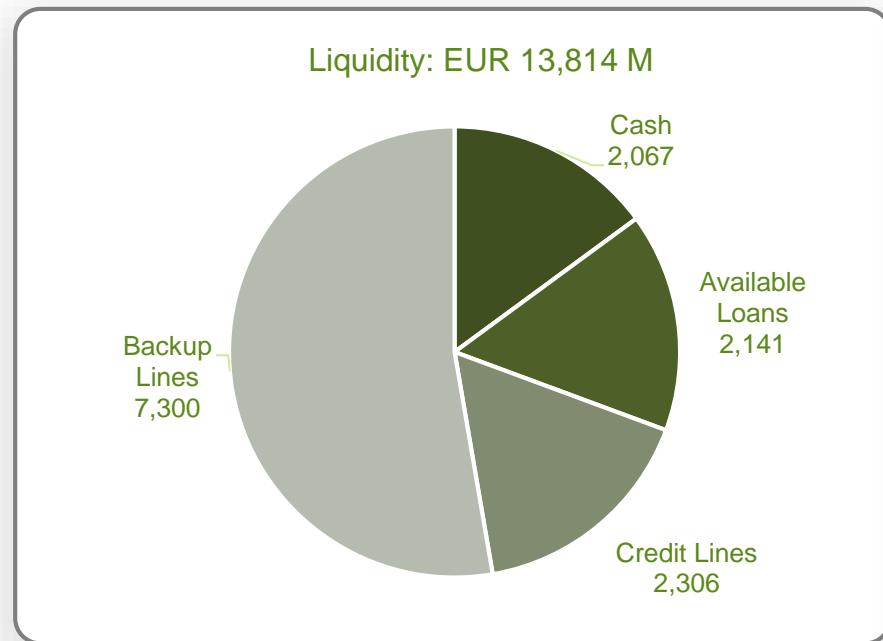
* Adjusted by market value of potential treasury stock cumulative hedges (EUR 700 M at Sep 2019 and EUR 961 M at Sep 2020)

** 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)

Liquidity and debt diversification / Group

Liquidity totals EUR 13,8 bn, covering 30 months of financing needs



Highly diversified sources of finance facilitates market access

Net Profit / Group

Reported Net Profit up 4.7%, to EUR 2,681.0 M, and Adjusted Net Profit +8.8% ...

EUR M	9M 2020	9M 2019	vs 9M'19 (%)
EBIT	3,987.9	4,488.9	-11.2%
- Net Financial Expenses	-640.8	-890.4	-28.0%
- Equity Method	-19.3	-21.1	-8.8%
- Non Recurring Results	+514.7	+122.4	n/a
- Corporate Tax	-954.5	-888.5	+7.4%
- Minorities	-207.1	-250.3	-17.3%
Reported Net Profit	2,681.0	2,549.5	+4.7%

... as previously explained in page 21 of this presentation

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Conclusions

Conclusions: nine months results

Reported Net Profit of EUR 2,681 M, up 4.7% and Adjusted Net Profit grows 8.8%

Gross investments reach EUR 6,638 M (+23%)

4,600 new MW in the last 12 months with 7,600 MW under construction

Maintaining financial strength (13.8 Bn of liquidity)

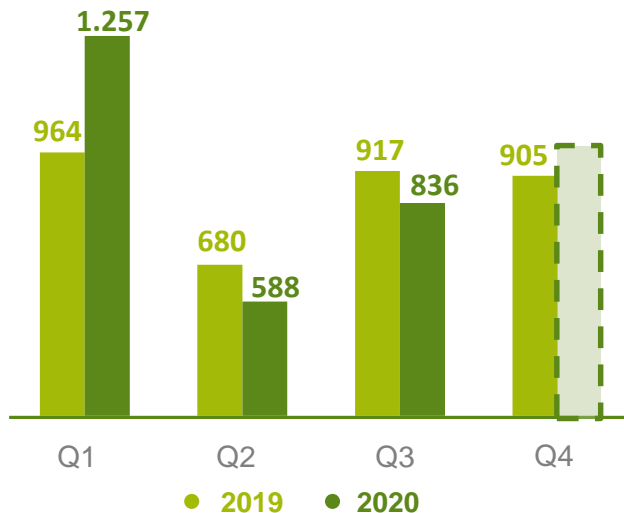
...despite COVID impacts (EUR 203 M)

Conclusions: 2020 Outlook

Improved results in second half of the year
after softening of COVID-19 measures

Net Profit by quarters

(EUR M)



Investment acceleration

New capacity

New Rate cases

Cost savings

Lower COVID-19 impact

Net Profit to accelerate
driven by operating performance and higher investments

Conclusions: 2020 Outlook

Strong underlying business performance thanks to our diversified model

... maintaining Net Profit guidance at mid / high single-digit growth...

**...and maintaining shareholder remuneration policy:
interim shareholder remuneration of EUR 0.168 per share**

Agenda

Annex: “*Iberdrola Retribución Flexible*” program January 2021

“Iberdrola Retribución Flexible” program: January 2021

