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*The company continues to consolidate as a key driver of economic recovery and employment, with the incorporation of 6,000 new recruits worldwide over the past 12 months*

# Iberdrola ramps up investment by 45% to €2.5 billion and posts €1.08 billion (+12%) adjusted net profit

**Ignacio Galán, Chairman and CEO of Iberdrola:** *“The acceleration of investments allows us to grow at a faster pace than initially planned while sustaining more than 30,000 quality jobs through our supply chain in Spain. Iberdrola is putting all its financial strength and leadership at the service of economic recovery in all the countries where we operate.”*

### Record investments for a green recovery

- **Investment of €2.5 billion (+45%)** in a single quarter: 92% is earmarked for grids (50%) and renewables (42%). The United States, Spain and Brazil account for nearly 80% of total investment
- **Accelerating hiring:** In the last 12 months, the number of new recruits across the Group has reached around 6,000 people worldwide (2,500 employees in the first quarter). Throughout the supply chain, the acceleration of investments supports 30,000 jobs in Spain
- **Iberdrola closes the quarter with 8,700 MW of renewables under construction**, after increasing investment in the business by 29%: 4,600 MW wind (2,600 MW offshore and the rest onshore); 2,800 MW photovoltaic; 1,160 MW hydroelectric and 150 MW in battery storage. The United States accounts for a third of the capacity under construction, Spain and Brazil for another third while in European markets such as Portugal, France and Germany, plus Australia
- **78,000 MW project pipeline** (more than 20,000 MW in offshore wind projects), **of which 18,700 MW are under construction:** covering 100% of the planned installed capacity for 2022 and 75% of estimated capacity by 2025. In Spain alone, the company has connection rights for 15,000 MW and land rights for an equivalent capacity.
- **65% more investment in networks:** the company accelerates investment in networks to €1.26 billion. In Spain, an investment plan for 2025 of more than €4.3 billion has been presented to help achieve the objectives of the National Energy and Climate Plan. This plan represents increasing current investments by 80%.
- **Strategic alliances to accelerate electrification with big players across different industries:** agreement with the finance industry for co-investment in renewables (Mapfre); energy companies for offshore wind or green hydrogen projects (Total and BP), companies linked to sustainable mobility (Volkswagen, Renault, Mercedes and Wallbox) and green hydrogen in industry (Fertiberia, Diageo and Porcelanosa)
- **Iberdrola, ready to continue leading green electrification after 20 years of investment:** CO<sub>2</sub> emissions in Europe at a record low, 28 g/kWh in the quarter, about one tenth of the emissions of its European and American competitors. 90% of future investments are aligned with the green investment criteria included in the taxonomy. In addition, the company no longer produces with coal or fuel oil, avoiding future risks of dismantling or associated labor

### Quarterly results above initial forecasts

- **Adjusted net profit grew +12%.** This item, which homogenizes the extraordinary impact of the divestment of Siemens Gamesa last year, stands at €1.08 billion. Reported net profit was €1.02 billion



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- **Ebitda stood at €2.81 billion (+2%):** Renewables (+27.8%) and Networks (+4.3%) drove gross operating profit while the Generation and Supply business was negatively affected by high energy prices and the adverse weather impacts of Filomena (Spain) and Mexico. 81% of Ebitda comes from countries with an A rating. Excluding the effects of Covid (€65m) and currency depreciation (€231m), adjusted EBITDA grew 12% to €3.11bn
- **Flat operating results in Spain offset by growth in the US, UK and Brazil.** The impacts of high energy prices and Filomena storm kept Iberdrola Spain's operating profit stable (-0.1%). Investment in Spain increased 50% to €530 million in the quarter
- **Sustainable financial strength:** Cash flow grows by 7% to €2.27 billion. Iberdrola reduced its debt by more than 1.3 billion in the first quarter and its average cost improves by 12 basis points. The company consolidates as a global benchmark in sustainable and green financing, which now exceeds €32 billion, and maintains liquidity of €17 billion

### Commitment to shareholders

- Iberdrola has hundreds of thousands of retail shareholders, the vast majority of whom reside in Spain
- **More dividend:** the group's strength means that a supplementary dividend of €0.252 per share will be proposed to the General Shareholders' Meeting to complete shareholder remuneration against 2020 earnings of €0.42 gross per share.
- **Reaffirms guidance for 2021:** net profit will reach between €3.7 billion and €3.8 billion, with end-of-year dividend set for €0.44 gross per share

Iberdrola has begun 2021 reaffirming its role as a driving force for the reactivation of the economy and employment in the countries where it operates. The group has made record **investments** in the first quarter amounting to €2.5 billion, an increase of 45%. This effort focused on the networks business (50% of the total) and renewables (42%). By country, the United States (€725 million), Brazil (€698 million) and Spain (€546.5 million) concentrate about 80% of the investment. Other European markets, the UK and Australia complete the remainder.

The record investments were accompanied by a good operating performance, with reported EBITDA growing 2% to €2.81 billion, including the negative impact of COVID-19 (-€65 million) and the exchange rate (-€231 million). Excluding these effects, Iberdrola's EBITDA for the quarter was €3.11 billion, up 12.2%. As of March, 81% of the group's EBITDA came from A-rated countries.

**Adjusted net profit** - excluding the extraordinary impact of the divestment of Siemens Gamesa in the first quarter of 2020 - rose 12% to €1.08 billion. Reported net profit, stood at €1.02 billion.

Ignacio Galán, Chairman and CEO of Iberdrola, said: "The acceleration of investments allows us to grow at a faster pace than initially planned while sustaining more than 30,000 quality jobs through our supply chain in Spain. Iberdrola is putting all its financial strength and leadership at the service of economic recovery in all the countries where we operate."

The company has added 6,000 new recruits in the last 12 months -2,500 hires have been in the first quarter of the year- and is contributing to the creation of 100,000 jobs across the global supply chain.

### Basis for growth: more investment in renewables, grids and storage

**Renewables investment** grew by 29% to €1.05 billion, representing 42% of total. In the first quarter, the company had 8,700 MW of new green capacity under construction: 4,600 MW wind (2,600 MW offshore and the rest onshore), 2,800 MW photovoltaic, 1,160 MW hydro and 150 MW in battery

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storage. By market, one third is in the United States, one third in Spain and Brazil, and one third in European countries such as Portugal, France and Germany, as well as Australia.

At the end of the quarter, Iberdrola's **pipeline** totals 78,000 MW, of which 18,700 MW are under construction and cover 100% of installed renewable capacity planned up to 2022 and 75% of estimated capacity to 2025, set to reach 60,000 MW installed renewables. In Spain alone, the company has connection rights for 15,000 MW and land rights for an equivalent capacity. The significant expansion of the offshore wind pipeline over the past twelve months -20,000 MW at the end of the quarter- bolstered by new growth markets with high potential, such as Japan, Poland, Sweden and Ireland, will enable the group to have 12,000 MW offshore wind in operation by 2030.

Half of the group's **investments** were earmarked for **networks** during the period and amounted to €1.26 billion euros, after growing by 65%, in line with the group's strategy to increase and strengthen key infrastructure for the energy transition and the electrification of the economy.

Half of the investment, €609 million, went to Brazil, which expanded its presence in the country with the acquisition of the Brasilia distribution company Neoenergia Distribuição Brasil (previously CEB-D) for €403 million. Approximately 30% went to the United States, where construction has started on the NECEC transmission line, which will enable renewable energy to be transported from Canada, with the process of acquiring PNM Resources progressing faster than expected. The remaining 20% was distributed between the United Kingdom and Spain, where an investment plan for 2025 of more than €4.3 billion has been presented to help achieve the objectives of the National Energy and Climate Plan (PNIEC). This plan represents increasing current investments by 80%.

### Renewables and grids boost operating results

**EBITDA** was boosted by the **networks** and **renewables** activities, which contributed 80% of the €2.81 billion posted, while the generation and supply business is negatively affected by high energy prices and adverse weather impacts from Filomena (Spain) and Mexico. By markets, operating results are flat in Spain but are offset by growth in the US, the UK and Brazil. Despite this, investments in Spain increased by 50% to €530 million.

The regulated networks business saw its EBITDA grow by 4.3% to €1.31 billion, with a positive performance in all markets where it operates, except in the United Kingdom, affected by lower demand due to COVID, although this effect will be recovered from 2023 onwards.

The renewables business generated €932.1 million EBITDA, after growing 27.8% by recording higher production, driven by new installed capacity and greater productivity of the facilities. As a result of this generation mix, Iberdrola's emissions in Europe were at an all-time low in the first quarter: 28 g CO<sub>2</sub>/kWh and one tenth of the emissions of its European and American competitors.

The company no longer generates electricity with coal or fuel oil, having relocated its workforce while creating new jobs through investments. Thus, the Group avoids future risks of dismantling or associated labor while is well positioned to maintain the leadership of its investment cycle in renewables and grids: 90% of its long-term plan is aligned with the green taxonomy defined by the European Union.

Iberdrola intensified its **alliance creation strategy** during the period, to accelerate the electrification of the economy. The company reached an agreement for co-investment in renewables with Mapfre and, together with Total, agreed to bid for a new offshore wind project in Denmark. With another oil company, BP, it will analyse the development of the largest green hydrogen project in the refining sector in Spain. Iberdrola has also formed strategic alliances with Volkswagen, Mercedes and Renault (to electrify vehicle production and promote sustainable mobility and (Wallbox) and is planning sustainable solutions based on green hydrogen technology with companies such as Fertiberia, Diageo (in the United Kingdom) and Porcelanosa.

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### Financial soundness and sustainability, increased shareholder remuneration and guidance confirmation

In the first three months of the year, Iberdrola continued to improve its financial strength and sustainability. The group reduced its debt by 1.3 bn to €36.3 billion, as well as its cost, to 3.3%, after lowering it by 12 basis points. **Cash flow** grew 7% at €2.27 billion while liquidity reached €17 billion, enough to cover 21 months' needs.

In the period, the company strengthened its leadership position in **green and sustainable financing**, exceeding €32 billion. It also remains the largest private issuer of green bonds in the world. As a reference, in April, the group signed a new multi-currency and sustainable credit line for €2.5 billion, with pre-Covid conditions, and launched the largest sustainable promissory note programme for a Spanish company, for €5 billion, linked to ESG (environmental, social and governance) indicators.

The results and financial strength of the group underpin Iberdrola's strategy of increasing shareholder **remuneration**. The Board of Directors has proposed to the General Shareholders' Meeting the distribution of a final dividend charged to 2020 of €0.252 gross per share. This completes a total remuneration of €0.42 gross per share, an increase of 5%.

The evolution of its activities, and a regulatory environment increasingly aligned with climate action, allow Iberdrola to reaffirm its guidance for the end of 2021, with net profit between €3.7 billion and €3.8 billion and a dividend charged to the year of around €0.44 euros gross per share, to be paid in 2022.

#### **About Iberdrola**

**Iberdrola** is a global energy leader, the number-one producer of wind power, and one of the world's biggest electricity utilities by market capitalisation. The group supplies energy to almost 100 million people across the world and carries out its renewables, networks and commercial activities in Europe (Spain, the United Kingdom, Portugal, France, Germany, Italy and Greece), the United States, Brazil, Mexico and Australia while maintaining presence in new growth markets with high potential, such as Japan, Ireland, Sweden and Poland, among others.

With a workforce of more than 35,000 and assets in excess of €122 billion, it achieved a turnover of €36.4 billion and a net profit of over €3.4 billion in 2019. The company contributes to the maintenance of 400,000 jobs across its supply chain, with annual procurement of €14 billion. A benchmark in the fight against climate change, it has allocated more than €120 billion over the last two decades to building a sustainable energy model, based on sound environmental, social and governance (ESG) principles.

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