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Acting as a driver of economic recovery

Iberdrola makes record investments of €9.24 billion (+13%) and posts €3.61 billion (+4.2%) net profit

Ignacio Galán, Chairman of Iberdrola:

"Our balance sheet is supporting economic recovery, with record investments of more than €9.2 billion and €14 billion awarded to over 22,000 suppliers, the largest in our history, to support 400,000 jobs in our markets".

"In this decade, we plan to invest €150 billion to triple our renewable capacity and double our network assets."

- **Investments in renewables and grids to accelerate recovery.** 91% of investments went to renewables and grids. Installed capacity grew by 4,000 MW in the past 12 months to 35,000 MW of green assets
- **Renewable projects.** Over 17,000 MW under construction as part of a 74,400 MW pipeline, after adding 25,000 MW in 2020
- **Offshore wind:** The offshore business EBITDA already stands at €585 million (+72%), thanks to 1,300 MW of operational capacity. This is set to treble thanks to 2,600 MW under construction. Total project pipeline stands at 19,000 MW, of which 9,000 MW are ready for construction
- **Growth in Networks:** Investments in all target markets and the addition of distributors of New Mexico, in the United States (PNM Resources), and of the capital of Brazil (CEB-D) will bring the asset base value in 2021 to €36 billion (+16%)
- **Strong operating performance:** Increased activity boosted underlying EBITDA by 8% to €10.71 billion, excluding impacts of exchange rate and COVID-19
- **Focus in countries with high credit rating.** 76% of EBITDA from A-rated countries
- **Improving financial ratios and leading in sustainable financing.** Cash flow grows to €8.19 billion with available liquidity at €17.4 billion. The company strengthens green finance leadership, having issued €24.5 billion
- **Lower performance in Spain, compensated by international growth which now provides two thirds of EBITDA.** Electricity demand in Iberia falls by 5.1%, impacted by the COVID-19 crisis. EBITDA for Iberdrola Spain fell by 5% and net profit by 13%. However, investment grew by 21% to €2.1 billion, reflecting the commitment to green recovery
- **Shareholder remuneration.** Dividend grows by 5% to €0.42 per share. A supplementary remuneration of €0.252 gross per share for 2020 will be proposed to the Shareholders' Meeting, in addition to the €0.168 per share already paid
- **Guidance for 2021:** in line to reach between €3.7 billion and €3.8 billion net profit (compared to €3.61 billion in 2020) and a dividend of €0.44 per share

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITMENT

- **Putting the company's balance sheet at the service of recovery:** Record procurement of €14 billion from 22,000 companies to sustain 400,000 jobs across the supply chain

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- **Committed to job creation:** 3,800 new recruits in 2020
- **Tax contribution:** €7.5 billion globally in 2020, of which €3.4 billion corresponds to Spain. The tax bill in Spain amounts to 43% of earnings before taxes and duties
- **The large utility with the lowest emissions.** Reduction of 11% in 2020, to 98 grCO₂/kWh, less than half those of its main competitors. Maintains commitment to become a “zero emissions” company in Europe by 2030
- **ESG plan for 2020-2025:** The company launches an environmental, social and governance plan with 350 measures to continue to lead in sustainability while reinforcing its current position

SOLID ROAD MAP TO 2025, UNIQUELY POSITIONED TO GROW OVER THE DECADE

- **Investments of €75 billion by 2025 and €150 billion by 2030:** Investments will boost net income to €5 billion in 2025 and approximately €7 billion in 2030
- **The green answer to the energy transition:** Iberdrola reaffirms target to double its renewable capacity to 60 GW installed by 2025 and to 95 GW by 2030
- **More smart grids.** The value of regulated assets is estimated at €47 billion by 2025 and €60 billion by 2030
- **Leading the development of green hydrogen.** The company has three projects to decarbonize industry and heavy transport and is negotiating to build up to 50 projects with investments of €2.5 billion to produce 60,000 tonnes per year

NEXT GENERATION EU, AN OPPORTUNITY

- **150 projects submitted with €21 billion investment in Spain.** An investment programme set to accelerate the energy transition with green generation, smart grids, storage and energy efficiency through electrification
- **Potential to create 45,000 jobs,** mobilising 350 companies, improving Spain's balance of payments by €1 billion annually while generating a 1.5% growth in GDP

In 2020, Iberdrola accelerated its response to the challenges of the energy transition in an unprecedented context and ramped up all of its activities with record investments of €9.24 billion, up 13% from previous year. 91% was allocated to the development of new renewables projects and electricity networks, in line with the group's strategy.

Good performance in all areas resulted in underlying EBITDA of €10.71 billion in 2020 (+8%), excluding an impact of €218 million from COVID-19 and the exchange rate effect, which was €487 million. By business, 75% of EBITDA was contributed from regulated areas (networks and renewables), while 76% comes from countries with an A rating. Offshore wind power contributed €585 million euros in this chapter, after growing by 72%.

The investment and operating performance increased the group's net profit in 2020 to €3.61 billion, up 4.2%. Growth would have reached 10%, but for the impact of COVID-19, which amounted to €238 million during the year. In 2021, the company expects to achieve net profit between €3.7 billion and €3.8 billion.

Despite the complexities of the pandemic, the company installed 4,000 new megawatts (MW) in the past 12 months – almost 3,000 MW ‘green’ in 2020 –, reaching 35,000 MW of installed renewables capacity. As a result, Iberdrola's emissions reduced by 11% in 2020 to 98 grCO₂/kWh, reaffirming its



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commitment to become a carbon neutral company in Europe by 2030. In 2020, its emissions were between half and nearly three times lower than those of two of its main global competitors.

In 2020, Iberdrola continued to strengthen future growth prospects, increasing its project pipeline by 25 GW to 74.4 GW. The company has 17.4 GW of green projects under construction and development, of which 8.7 GW correspond to new solar facilities, 4.5 GW to onshore wind, 2.6 GW to offshore wind, 1.2 GW to hydroelectric, and 400 MW to batteries.

During the year, offshore wind was confirmed as one of the group's growth areas: Iberdrola has 1.3 GW installed and is progressing with the construction of a further 2.6 GW, with almost no seabed costs. The current offshore wind pipeline now totals 19 GW, of which 9 GW are ready for construction and 10 GW are planned for development in Sweden, Japan, Poland and Ireland. In 2020, offshore wind projects contributed €585 million to EBITDA, after growing by 72%; this contribution is expected to rise to €2.3 billion by 2030.

By markets, the weaker performance in Spain was offset by international growth, which now contributes two thirds of EBITDA. Electricity demand in the Iberian Peninsula fell by 5.1%, impacted by the COVID-19 crisis, causing the EBITDA of the activity in Spain to fall by 5% and its net profit by 13% in 2020. Despite this situation, investments increased by 21% to €2.1 billion, reflecting the commitment to green recovery in the country.

Shareholder remuneration rises 5% and financial ratios improve

Improved results allow Iberdrola to propose a shareholder remuneration for 2020 of €0.42 gross per share, 5% more than in 2019. The Board of Directors will present to the Shareholders' Meeting the approval of a final dividend at €0.252 gross per share, which will be added to the €0.168 gross per share paid as interim dividend. For 2021, the company expects to distribute a dividend of €0.44 per share.

The company also revamped its main financial ratios and underpinned its balance sheet strength: operating cash flow stood at €8.19 billion, after growing by 1.6%, and debt was reduced by 6.4% to €35.14 billion. In 2020, the company renewed its leadership in green finance, with €24.5 billion available under green or sustainable facilities.

Liquidity stood at €17.4 billion, covering 24 months' funding needs, and the company demonstrated its ability to access the markets. Recently, it placed the largest green hybrid bond issue in history: €2 billion at the lowest cost (1.45% and 1.825%).

Progress on the 2020-2025 Plan and unique position for growth by 2030

Iberdrola is uniquely positioned to continue growing over the next decade. In this regard, the group's Chairman, Ignacio Galán, stated that "our balance sheet is supporting economic recovery, with record investments of more than €9.2 billion and €14 billion awarded to over 22,000 suppliers, the largest in our history, to support 400,000 jobs in our markets. In this decade, we plan to invest €150 billion to triple our renewable capacity and double our network assets."

The company is advancing its €75-billion investment plan to 2025, which will reach €150 billion by 2030. This investment will deliver an installed capacity of 95 GW towards the end of the decade – doubling the current capacity to 60 GW in 2025 – and a regulated asset base of €60 billion (€47 billion in 2025). At the end of 2020, the value of these assets amounted to €31.1 billion, and in 2021 it will continue to grow to approximately €36 billion (+16%) with the contribution of the latest operations (in the integration phase): PNM Resources, in the United States, and the electricity distributor CEB-D, in Brazil.

Iberdrola also anticipates growth in the coming years from its customer base. In 2020, Iberdrola registered 43.8 million contracts, which it plans to increase to 48.5 million by the end of 2021. This will



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rise to 60 million in 2025 and around 70 million by 2030. In 2020, personalised 'smart solutions', already contributed 4% to net profit.

Another major growth area will be green hydrogen. Iberdrola is developing several projects to decarbonise industry and heavy transport in Spain and the United Kingdom and develop the supply chain. The company has also presented 53 projects to the Next Generation EU programme, which could activate €2.5 billion investments to achieve an annual production of 60,000 t/year.

These projects are part of the Next Generation EU programme, which will accelerate investment, economic recovery and support jobs in the short term. In the medium term, the proposals could transform industry in Spain. The company is spearheading 150 proposals, which would mobilise €21 billion of investment in Spain in green generation projects, smart grids, storage and energy efficiency through electrification. These could generate 45,000 jobs, support up to 350 companies and contribute 1.5% to Spain's GDP growth. In addition, Spain's balance of payments would improve by around €1 billion euros/year.

These investments and the foreseen business performance up to 2030 would allow Iberdrola to reach €5 billion net profit by 2025 and approximately €7 billion by 2030.

Shareholder remuneration is expected to evolve in line with results: the company expects a dividend of €0.56 gross/share for 2025 and around €0.75 gross per share in 2030. This dividend policy represents a 40% increase in shareholder remuneration for the period 2019-2025 and approximately 90% increase between 2019-2030.

Forward-looking model based on ESG principles

Iberdrola will continue to strengthen its commitment to ESG (environment, society and governance) principles, which form the basis of its business model. A leader and pioneer in the energy transition, it is already a driver of social transformation and a benchmark in good governance and transparency.

This commitment has enabled the group to continue supporting a green economic recovery: with procurement from suppliers totaling €14 billion in 2020, helping to maintain 400,000 jobs across the value chain. New recruits during the year were 3,800 people. Also, the tax contribution for the year amounted to €7.5 billion worldwide, of which €3.4 billion corresponded to Spain. In the latter, the tax bill stands at 43% of earnings before taxes and duties.

The group has launched the 'Energy to Thrive' plan, implementing more than 350 measures to strengthen its ESG approach. As a result, Iberdrola will bolster its leadership in the energy transition, foster innovation, contribute to the creation of new quality jobs, improving the quality of life of the population; and continue to implement best governance practices, while promoting a sustainable financial market.

About Iberdrola

Iberdrola is one of the world's biggest energy companies, a leader in renewables, which is spearheading the energy transition to a low carbon economy. The group supplies energy to almost 100 million people in dozens of countries. It carries out renewables, networks and commercial activities in Europe (Spain, the United Kingdom, Portugal, France, Germany, Italy and Greece), the United States, Brazil, Mexico and Australia, and, as growth platforms, it is present in markets such as Japan, Ireland, Sweden and Poland, among others.

With a workforce of more than 37,000 and assets in excess of €122.5 billion, in 2020, it achieved a turnover of €33 billion and a net profit of over €3.6 billion. The company contributes to sustain 400,000 jobs along 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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