

## PRESS RELEASE

*Bolstered by accelerated delivery of targets and new opportunities in the various countries where it operates*

### Iberdrola speeds up global growth with investments of €34 billion by 2022

*Ignacio Galán, the Group's CEO, said: "Through this plan we give a major boost to the irreversible transition towards a low-carbon energy model. Our capital expenditure grows by €2 billion and our generation capacity will be 40% higher by the end of 2022"*

- **Commitment to a decarbonised model:** 86% of total investments will be in regulated or long-term contracted activities. Iberdrola to invest €16 billion in Networks and €13 billion in Renewables
- **Over 10,000 new megawatts executed or being built world-wide:** of which nearly 65% – 6,606 megawatts – is renewables
- **Adding to offshore wind farm projects:** a pipeline of over 10,000 megawatts in the U.S. and Europe enhances Iberdrola's global leadership in offshore wind
- **Leading the energy transition in Spain:** the Group will invest €8 billion over the period, 40% above previous plan, of which some €4.2 billion will be in renewables. The Group plans to grow three-fold its wind and solar capacity in the country with at least 10,000 new megawatts in operation by 2030
- **Future growth:** the Group will have €9 billion of capital in progress by the end of 2022 which guarantees its long-term growth
- **Former upper part of the range becomes the lower part of the new range for 2022:** the Group expects to obtain net profit between €3.7 billion and €3.9 billion in 2022, 30% up on 2018, and an EBITDA of over €12 billion
- **Dividend increases:** shareholder remuneration will continue to increase in line with earnings, with growing minimum annual pay-out reaching a floor of €0.40 gross per share by 2022
- **A strong balance sheet to tackle new opportunities:** cash flow to net debt ratio, expected to exceed 24% by the end of 2022, will enable the company to consider new projects in onshore and offshore wind, transmission and distribution



---

## PRESS RELEASE

**London.** Iberdrola is stepping up global growth with investment rising to €34 billion in the 2018-2022 period. This breakthrough means an upward revision from initial outlook, made possible by accelerated delivery of targets and new opportunities in the various countries where the company operates.

The updated 2018-2022 Outlook announced today in London follows the news that for the first time, Iberdrola has broken through the 3 billion-euro barrier in terms of net profit for a financial year – €3.014 billion in 2018 – within a context that is highly favourable to ensuring organic growth in the main geographical areas where it is present: Continental Europe (with the significant role played by Spain), United Kingdom, Brazil, United States and Mexico.

As the Group's Chairman, Ignacio Galán, explained "through this plan we give a major boost to the irreversible transition towards a low-carbon energy model. Our capital expenditure grows by €2 billion and our generation capacity will be nearly 40% higher by the end of 2022."

In particular, of the €34 billion total investment, 86% will be in regulated or long-term contracted activities, in line with the company's strategy of focussing on businesses characterised by stable and predictable returns. Thus, 47% of the overall amount – €16 billion – will be invested in Networks and 39% – €13.3 billion – in Renewables. Generation and Supply will receive 11% of the total – €3.8 billion –. As a result, Iberdrola will have increased its installed capacity by 29% throughout the implementation of its strategic outlook.

The company is currently advancing development and installation of 10,113 new megawatts (MW), of which 65.3% – 6,606 MW – correspond to renewable energy projects. In addition, by 2023, Iberdrola will have €5.3 billion of capital in progress, mainly in the offshore wind farm projects of Saint Briec (France), Vineyard Wind (USA) and Baltic Eagle (Germany), as well as the Tâmega hydroelectric complex in Portugal.

Practically all investment in Networks – around 98% – is already secured thanks to the regulatory frameworks established in the different countries. In consequence, the value of Iberdrola's regulated assets will have increased 34% by 2022, with the total standing at €38.9 billion.

In the three business areas – Renewables, Networks, and Generation and Supply – capital in progress towards the end of 2022 will be €9 billion which will contribute to profit generation beyond that date.

In Renewables, Iberdrola will have 9,900 new MW on stream by year-end 2022 compared to the 2017 close. The company will also reach 90 gigawatts



---

## PRESS RELEASE

per hour (GWh) of storage capacity in 2022, an increase of 20 GWh on current levels. Storage through pumped hydro technology is the key to ensuring greater penetration of clean energies in the power system.

With regard to currency spread, the company will continue to maintain a diversified profile: 36% of investment will be in dollars, 29% in euros, 17% in sterling and 18% in Brazilian reais.

### New opportunities – leading the energy transition

In a context of growing energy demand, the energy transition requires the implementation of a clean, reliable and intelligent energy model which facilitates the electrification of the economy. Thanks to innovation and technological progress, this transition is now possible at a lower cost, accompanied by ever-greater customer empowerment.

In this sense, new opportunities are opening up for Iberdrola. The company will be able to take on new renewable energy projects in all countries where it operates, as well as commissioning new transmission and distribution assets in the United States, Brazil and the United Kingdom.

In Spain, where the Government recently presented the Integrated National Energy and Climate Plan (NECP) for 2021-2030, the company will further consolidate its position at the forefront of renewable energy, leading the energy transition. The company will have 3,000 MW of new wind and solar power on stream by 2022 – up 51.9% from 2018 year end – and a total of 10,000 new MW by 2030, meaning that the company's wind and solar generating capacity will have grown three-fold. Iberdrola currently has 700 MW under construction, plus 2,500 MW under development and a project pipeline of over 7,000 MW.

Over 2018-2022, the company's total investments in Spain will be €8 billion, a rise of 40% from the initial plan estimates. New renewable initiatives in Spain will double the investment figure to €4.2 billion over the four year span. To deliver them, a long-term regulatory framework needs to solidify, thus providing certainty and stability to investments.

New opportunities are also emerging for Iberdrola in the offshore wind power industry. The company has a total project pipeline of over 10,000 MW, with new projects located in the United States, United Kingdom, Germany and France. Currently, the company has awarded projects which together with installed capacity will reach over 2,000 MW in 2022 and nearly 1,000 additional MW thereafter.



---

## PRESS RELEASE

### Higher earnings and dividend, keeping up financial strength

The new investments planned for 2018-2022 allow Iberdrola to step up expansion and improve its earnings forecasts for the period. The company expects to close 2022 with net profit between €3.7 billion and €3.9 billion, an increase of 30% on 2018 and an EBITDA in excess of €12 billion. Thus, former upper part of the range becomes the lower part of the new updated range for 2022.

Such results will allow Iberdrola to meet its commitment to increasing its annual shareholder return in line with earnings. Iberdrola will set growing minimum annual pay-outs, reaching a floor of €0.40 gross per share by 2022.

The implementation of its Outlook as revised today in London will also mean the continuous improvement of efficiency levels and implementing a non-strategic asset rotation plan, whose value will increase to €3.5 billion over the period. As a consequence of the above, the company will maintain balance sheet strength: the cash flow to net debt ratio will exceed 24% 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 is present in numerous countries and supplies energy to over 100 million people mainly in Spain, the United Kingdom (Scottish Power), the USA (AVANGRID), Brazil (Neoenergia) and Mexico. With a workforce of 34,000 and assets in excess of Euros 113 billion, it posted revenues of 35.0759 billion euros and a net profit of 3.014 billion euros in 2018.

Iberdrola is leading the transition towards a sustainable energy model through investments in renewable energy, smart grids, large-scale energy storage and digital transformation, offering the most advanced products and services to its customers. Thanks to its commitment to clean energy, Iberdrola is one of the companies with the lowest emissions and an international benchmark for its contribution to the fight against climate change and for sustainability.





---

## **PRESS RELEASE**

### **IMPORTANT INFORMATION**

This release does not constitute an offer of purchase, sale or exchange, nor a request for an offer of purchase, sale or exchange of securities in the United States of America or in any other jurisdiction. IBERDROLA S.A. shares may not be offered or sold in the United States of America except pursuant to an effective registration statement under the Securities Act of 1933 or a valid exemption from registration.

### **FORWARD-LOOKING STATEMENTS**

This communication contains forward-looking information and statements about IBERDROLA S.A. and AVANGRID Inc. ("Avangrid"). These forward-looking statements include certain financial projections and estimates and their underlying assumptions, statements in relation to the plans, targets and expectations regarding future operations, investments, synergies, products and services, and statements regarding future performance. Forward-looking statements are statements that are not historical facts and forecasts are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates" and similar expressions.

Although IBERDROLA, S.A. believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of IBERDROLA S.A. and Avangrid shares are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of IBERDROLA S.A. and Avangrid, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the documents sent by IBERDROLA S.A. to the Spanish National Securities Market Commission (CNMV) and by Avangrid to the U.S. Securities and Exchange Commission, which are available to the public.

Forward-looking statements are not guarantees of future performance. They have not been reviewed by the auditors of IBERDROLA S.A. and Avangrid. You are cautioned not to place undue reliance on the forward-looking statements, which refer only to the date on which they were made. All forward-looking statements hereby made or otherwise attributable to IBERDROLA S.A, Avangrid or any of its members, directors, officers, employees or any representatives are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements included herein are based on information available on the date thereof. Except as required by applicable law, IBERDROLA S.A. does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### **INFORMATION ON AVANGRID INC.**

This document and the information herein have been prepared by IBERDROLA S.A. solely in relation to IBERDROLA S.A.'s consolidated financial results. They have been prepared and are presented in accordance with the International Financial Reporting Standards (IFRS). This document does not contain and the information herein does not represent an announcement, statement or publication in relation to Avangrid earnings or profits.



---

## PRESS RELEASE

Neither Avangrid nor its subsidiaries assume any liability for the information in this document, which has not been prepared or presented in accordance with the United States Generally Accepted Accounting Principles (U.S. GAAP). These principles differ from the IFRS in several significant aspects. Financial results under the IFRS are not an indication of financial results as per the U.S. GAAP and should not be considered an alternative to or as the basis for predicting or estimating Avangrid's financial results. For further information on Avangrid's financial results for the nine-month period concluding on 30 September 2016, please see the press release published by Avangrid on 25 October 2016, available from the Investors section of the company's corporate website at [www.avangrid.com](http://www.avangrid.com) and the U.S. Securities and Exchange Commission's website, [www.sec.gov](http://www.sec.gov).

