

## Main projects under way

Investment in profitable long-term growth projects is one of the strategic pillars of Iberdrola's Prospects for 2018-2022. Of the €32 billion of investments envisaged for this period, 75% relates to projects that are assured or highly probable, including:

- **Offshore wind power:** In the United Kingdom, construction work continues on the East Anglia One project, which will be the world's biggest offshore wind farm when it comes into operation in 2020. This facility, situated in the North Sea, will have an installed capacity of 714 MW and will supply clean energy to 600,000 households.

In France, the company is building the Saint-Brieuc offshore wind farm: the first large-scale offshore wind project in the region of Brittany. With an investment of 2.5 billion euros, it is estimated that, when it begins operating in 2023, it will cover the energy demand of 835,000 people thanks to a total installed capacity of 496 megawatts (MW).

In the United States, through its Avangrid subsidiary, the group has been awarded the 800 MW Vineyard Wind farm off the Massachusetts coast, of which 400 MW will be operational in 2021 and the remaining 400 MW in 2022.

- **Onshore wind power:** In Brazil, Iberdrola, through its Neoenergia subsidiary, will add 472 MW of new capacity to the Paraíba onshore wind farm by 2022/2023, which will become the group's largest wind farm in Latin America with a total of 565 MW.
- **Hydroelectric power:** The company continues to develop the Tâmega complex in northern Portugal, the biggest hydroelectric project undertaken in the country in recent years in which it will invest more than €1.5 billion.
- **Photovoltaic energy:** The Santiago and Hermosillo photovoltaic power plants will be commissioned in 2018, situated in the Mexican states of San Luis Potosí and Sonora respectively. With 170-MW capacity, Santiago will be the largest facility of its kind built by Iberdrola and it will be capable of supplying nearly 140,000 homes. The Hermosillo plant, in turn, will have a capacity of 100 MW.
- **Grids:** During 2018, Iberdrola will complete the Western Link project, the undersea electricity interconnection between Scotland, England and Wales. With capital expenditure of €1.2 billion and measuring 850 kilometres in length - the longest in the world- the project will bring renewable energy from Scotland to homes and businesses in England and Wales and will increase the interconnection capacity by more than 2,200 MW, enough to meet the demand for power from more than four million households each year.

In addition, at the close of the first half of the year, Iberdrola has already surpassed the figure of 10.7 million digital meters installed in Spain and has adapted around 74,000 transformer centres, to which it has incorporated remote management, supervision and automation capabilities. The company has also installed one million smart meters in the United States, more than 220,000 in Brazil and one million in the United Kingdom. These figures mean the company has some of the world's most advanced smart grid infrastructure.

- **Regulated generation in Mexico:** Iberdrola is building four combined cycle power stations that will come into operation between 2018 and 2020 with a total capacity of approximately 3,500 MW. The development of these projects will consolidate Iberdrola's position as Mexico's leading private-sector energy producer.

## Wikinger: an iconic project for Iberdrola

At the end of 2017, Iberdrola connected the Wikinger offshore wind farm to the German grid, successfully completing its first solo offshore project, into which it has invested nearly 1.4 billion euros.

Wikinger has a capacity of 350 megawatts (MW) enabling it to provide renewable energy to 350,000 homes, whose consumption is equal to more than 20% of the power used by the state of Mecklenburg-West Pomerania, where the farm is located.

### **An emblematic project for Iberdrola**

The Wikinger offshore wind farm, located off the north-east coast of the German island of Rügen, meets the main goals of Iberdrola's strategy:

- International leadership in the development of renewable energies.
- Commitment to reducing emissions to combat climate change: Wikinger will avoid some 600,000 tonnes of atmospheric CO<sub>2</sub> emissions each year.
- Technological innovation at the service of a sustainable energy model.
- International growth in strategic geographical areas.
- Opening new businesses and markets to its vendors.
- Considerable stimulation effect: 2,000 construction jobs were created in the port of Mukran and in the factories where all its components were built, both in Germany and in Spain.

### **Commitment to offshore wind power**

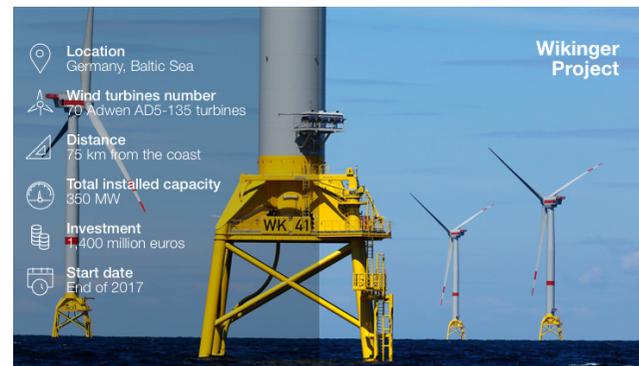
Offshore wind power is key to Iberdrola's growth and is the sector in which the company is investing most heavily, mainly in the United Kingdom, Germany and France.

In addition to Wikinger, the Group already operates the West of Duddon Sands (WoDS) wind farm in the Irish Sea, which came online in 2014. WoDS has a generating capacity of 389 MW and is capable of generating enough electricity to supply approximately 300,000 British homes.

Iberdrola is also developing the East Anglia One offshore wind farm in British waters in the North Sea, which will have a capacity of 714 MW and is located in an area where the company has three other new projects under development that will add up to a joint capacity of 2,800 MW.

Iberdrola is also developing the Saint-Brieuc project, 20 kilometres off the coast of Brittany in northern France, about 100 km from the city of Rennes. This offshore wind farm will have sixty-two Siemens-Gamesa turbines each with a 8 MW capacity.

Recently, and through Vineyard Wind, the Iberdrola Group has received authorisation from the Massachusetts Electric Distribution Companies (EDC) to build an offshore wind farm off the east coast of the United States. The project, which will involve large-scale investment by the company in this US business, will have a capacity



of 800 megawatts (MW). This facility is included in the objectives of the State of Massachusetts for the development of offshore wind infrastructure under its Green Communities Act.

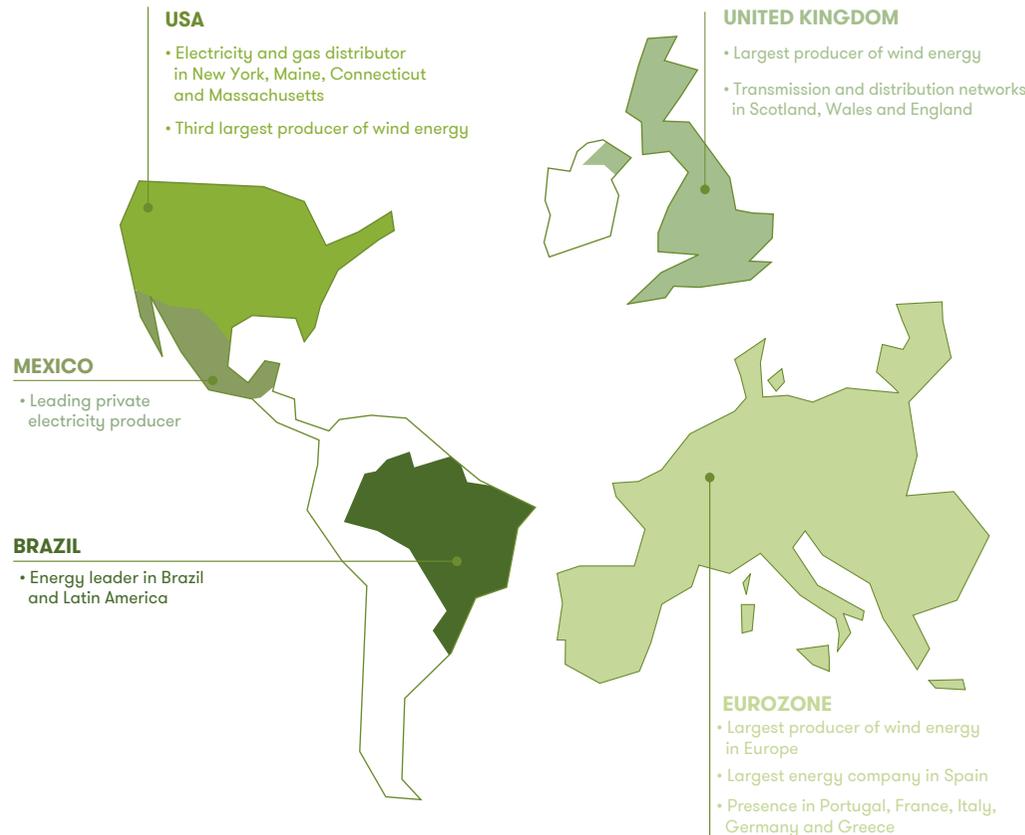
In addition to this, in April 2018, Iberdrola won a contract that will involve the construction of two new offshore wind farms in German Baltic waters, with a combined capacity of 486 MW, namely Baltic Eagle and Wikinger Süd.

# Iberdrola, “the utility of the future” / October 2018

## Iberdrola: an international energy leader

Iberdrola is one of the leading global energy groups, a world leader in wind power production and one of the world's biggest electricity utilities by market capitalisation. The group is present in numerous countries and supplies power to around 100 million people, mainly in Spain, the United Kingdom (ScottishPower), the United States (Avangrid), Brazil (Neoenergia) and Mexico.

With over one hundred years of experience in producing energy in the countries in which it operates, Iberdrola is an international benchmark for its leading position in advocating a sustainable energy model to combat climate change and contribute to the decarbonisation of the economy.



## Commitment to clean energy

At the end of the first half of 2018, Iberdrola had an installed capacity of 48,871 MW worldwide, of which nearly 29,500 MW are renewable, and 67% of its total capacity is emission-free, making the company's generation portfolio one of the cleanest in the energy sector. Thanks to its commitment to clean energy and the fight against climate change, its CO2 emission intensity is now 38% lower than that of its competitors in Europe.

### Data at 2017 year end

48,447 29,112

**MW**  
**Total installed capacity**

**MW**  
**Renewable Capacity**

### Data for first quarter 2018

48,871 29,479

**MW**  
**Total installed capacity**

**MW**  
**Renewable Capacity**

## Commitment to regions: Iberdrola's social dividend

Iberdrola is committed to the economic and social development of all the regions in which it is present and its activity is an engine for growth, job creation and wealth creation in all its operating regions. Furthermore, as part of its commitment to society - the company's social dividend - Iberdrola undertakes numerous programmes in areas such as training, cooperation, art and culture and biodiversity conservation.

Iberdrola incorporated the United Nations Sustainable Development Goals (SDG) into its business strategy in September 2015. In line with its activity, the company focuses its efforts on SDGs where its contribution is most relevant: affordable and non-polluting energy (SDG 7) and climate action (SDG 13).



Purchases from suppliers:  
€8.7 billion



Group tax contribution:  
€7.1 billion



Direct, indirect and induced employment:  
400,000 people

(Data for FY2017)

## The utility of the future

Iberdrola's current position is the result of a profound transformation that began in 2001, thanks to a business vision that was capable of anticipating the sector trends: the strong growth in world energy demand could not be met with an inefficient and environmentally unsustainable model based on fossil fuels. On the contrary, the shift towards the progressive decarbonisation of the economy, the increasing weight of electricity in the world energy balance and the growth of clean energy was an unstoppable and irreversible process.

Since then, Iberdrola has dedicated all its investment, technology and management potential to implementing the solutions required by the energy transition: more renewable energies; more grid infrastructure and smart networks; large-scale energy storage in pumped hydroelectric power plants; and a firm commitment to technological innovation and digitisation. All this allows it to offer its customers the most advanced products and services.

The deployment of this strategy, which has affirmed Iberdrola as the **utility of the future**, has been accompanied by the Group's international expansion into countries with a high energy-development potential.

## Prospects 2018-2022: paving the way to growth in the next ten years

Iberdrola is immersed in a period of strong growth in its main geographical and business areas, allowing it to continue to respond to the challenges of the energy transition towards a decarbonised model. The fundamental pillars of the group's development are based on profitable growth, operational excellence, innovation and new advances in the processes of digitisation, with the customer at the centre of its strategy and all its actions at all times.

The investments planned for the period 2018-2022 amount to 32 billion euros and they will lay the foundations for the company's sustainable growth over the next decade. More than 90% of the total will be directed towards regulated activities or long-term contracts, in line with the group's strategy of focusing on businesses with stable and predictable returns. Thus, 15.5 billion euros will be allocated to Grids, 11.5 billion to Renewable Energy, 2.8 billion to Generation and Customers and 1.4 billion to Contracted Generation.

Iberdrola forecasts that Ebitda will be between 11.5-12 billion euros at the end of the period and net profit will reach 3.5-3.7 billion euros, maintaining the company's financial soundness.

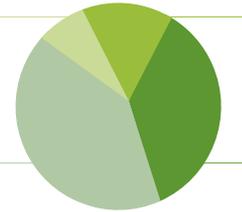
### Business Investments (1)

4% Contracted Generation €1.4 bn

9% Generation and Retail €2.8 bn

50% Networks €15.5 bn

37% Renewables(2) €11.5 bn



(1) Excluding corporate investments. (2) Including hydro.

## Iberdrola in figures\*

31.26  
€bn  
**Sales volume**

7.31  
€bn  
**EBITDA**

2.8  
€bn  
**Net profit**

110.68  
€bn  
**Assets**

5.89  
€bn  
**Investment**

40.81  
€bn  
**Stock market capitalisation**

\* Data at 2017 year end