



Strategic Vision

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Chairman & CEO

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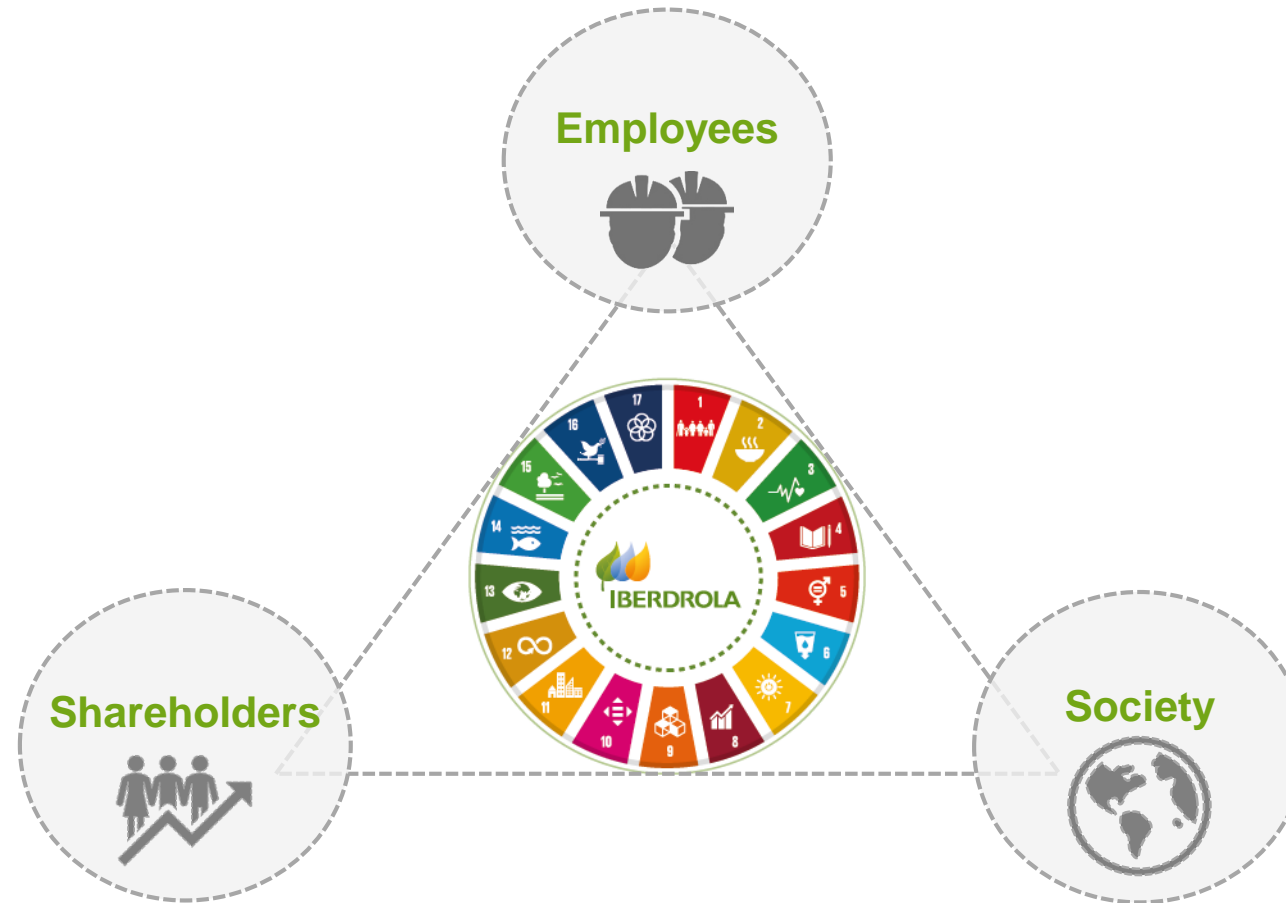
This document also contains pro forma statements, estimates, projections and other forward looking statements as to the financial and operational data of the Iberdrola group on a combined bases, including the impact of anticipated investments and capital expenditures, Avangrid's pending acquisition of PNM Resources, as well as other potential unidentified acquisitions and transactions. In addition to the other statements made herein by way of disclaimer as to any estimates, projections and forward-looking statements, including as to the sources and exercises whereupon they are based, the reader is informed that Iberdrola has not used or relied on any non-publicly disclosed information received by Iberdrola or Avangrid from PNM Resources and the reader is further reminded that the merger and acquisition of PNM Resources by Avangrid is subject to PNM Resources shareholder approval, regulatory approvals from the New Mexico Public Regulation Commission, the Public Utility Commission of Texas, the Federal Energy Regulatory Commission, the Department of Justice (Hart Scott-Rodino Clearance), the Nuclear Regulatory Commission, the Federal Communications Commission and the Committee on Foreign Investment in the United States, and other customary conditions and there is no certainty that the merger will be consummated in its established terms and foreseen timetable or that it will be consummated at all.

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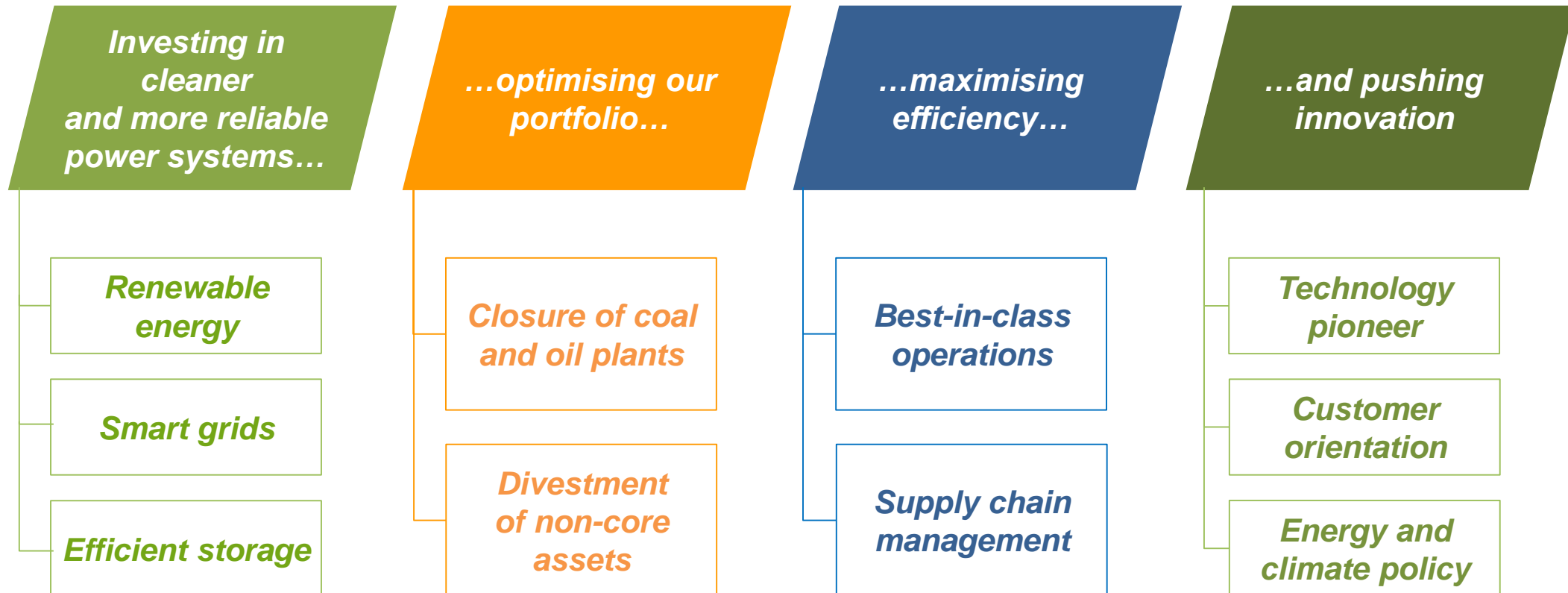
Iberdrola: Track record and positioning

Iberdrola's building blocks: **social market economy**
and a proactive contribution to **UN Sustainable Development Agenda...**

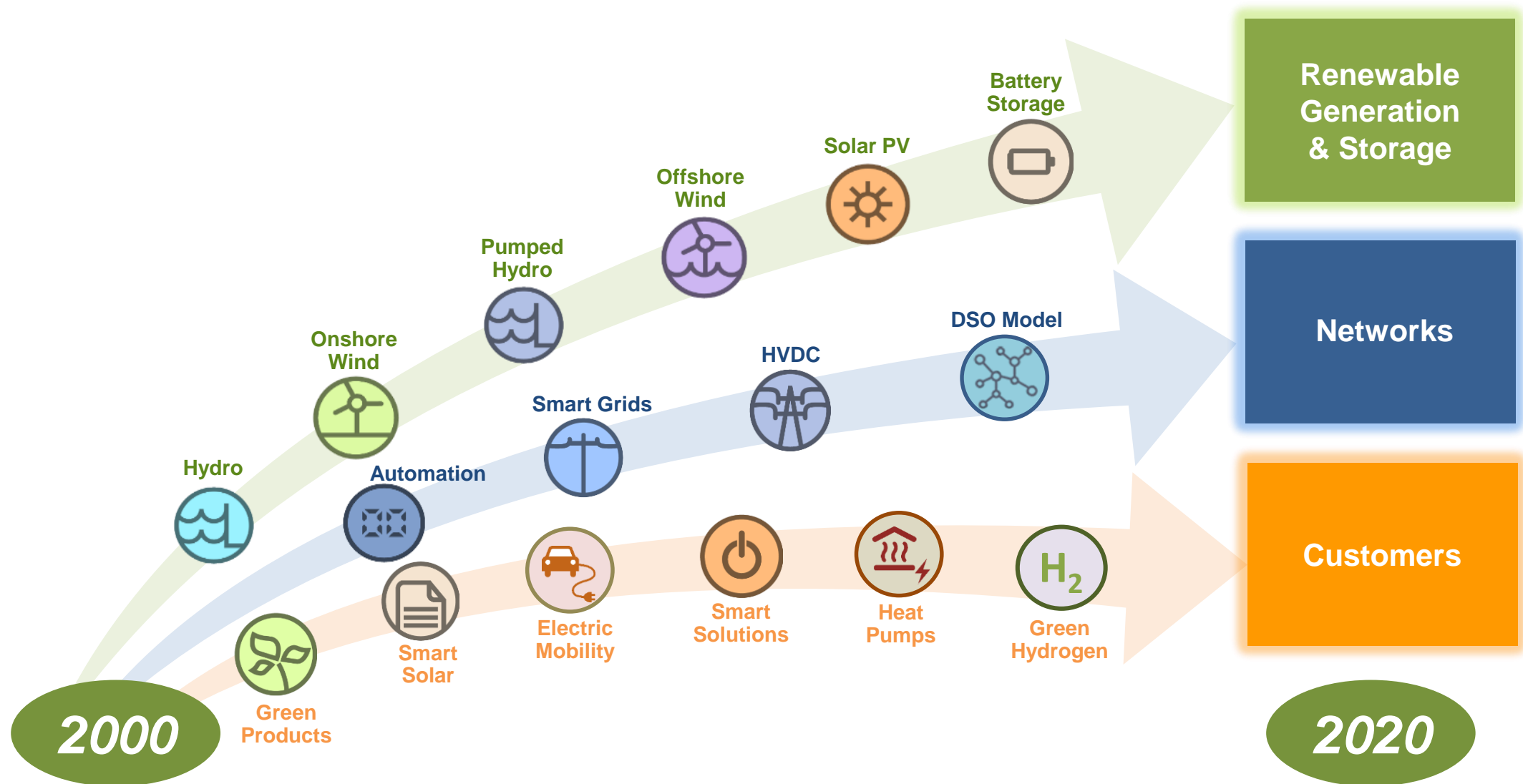


...fully integrated in the **company's strategy** and **corporate governance system**

20 years **anticipating** the energy transition



One **sustainable business model** with **innovative, flexible and efficiency-driven** execution



Increasing **geographical diversification** and maintaining **financial strength**

Geographical diversification

Core geographies

Growth, attractive ratings and ambitious climate policies

Expanding to new areas

Organic growth + “greenfield M&A”

Track record of successful integration processes

Financial strength

Sustained cash flow generation

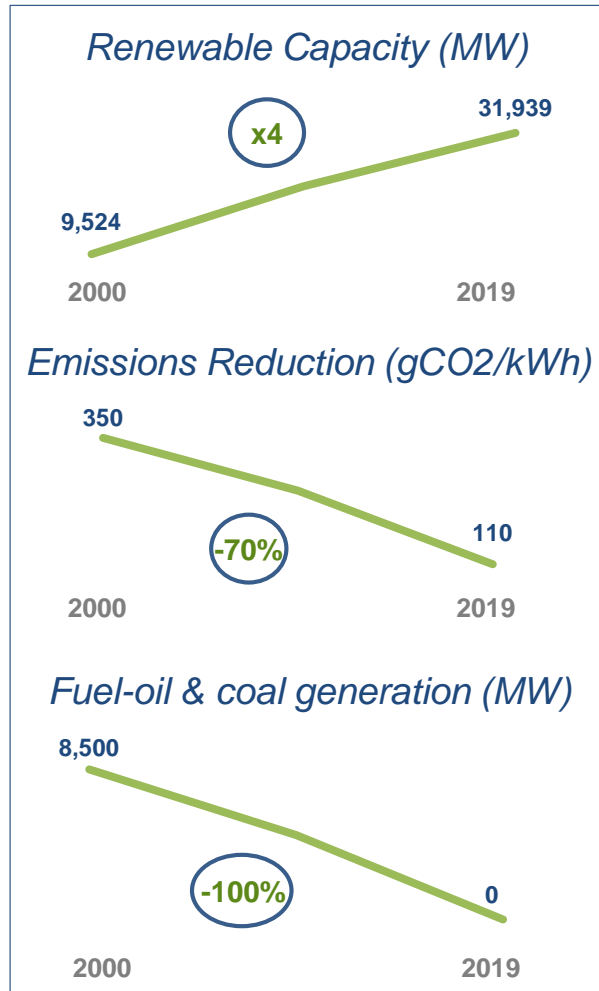
Green bonds issuing leader

Efficient liability management

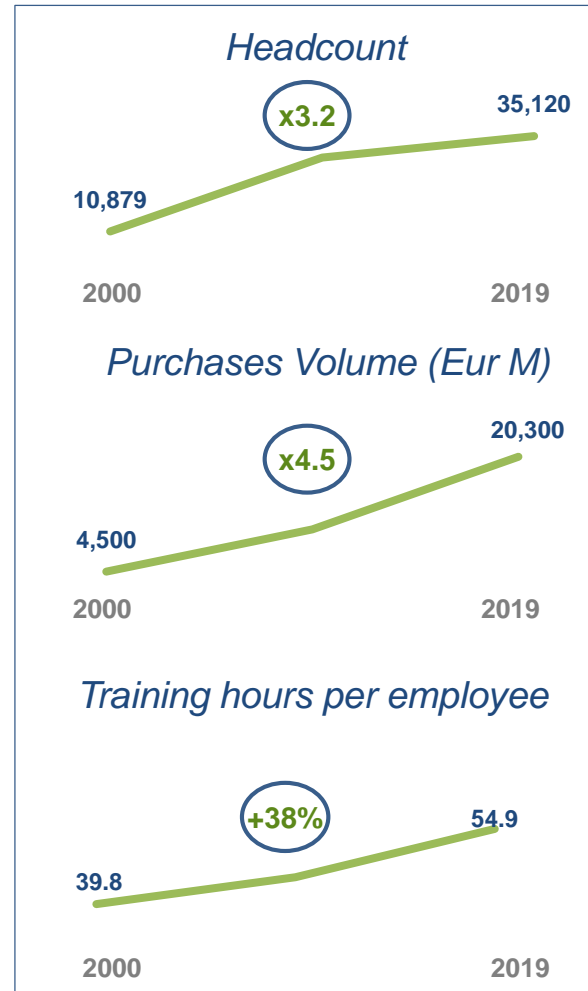
Open access to financial markets and structures

2000-2020: Constant improvement on **ESG** metrics...

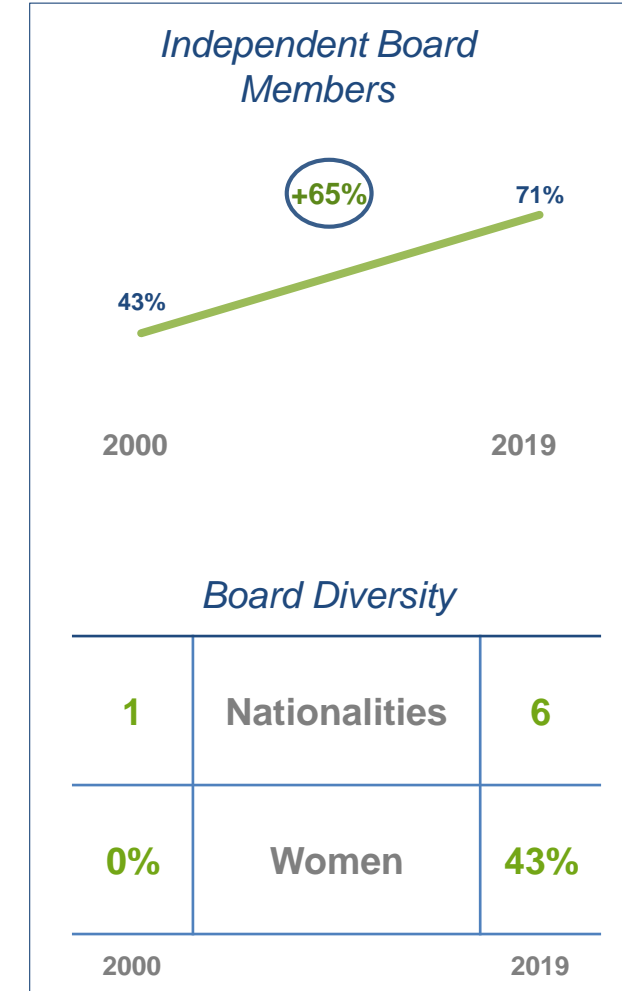
Environmental



Social

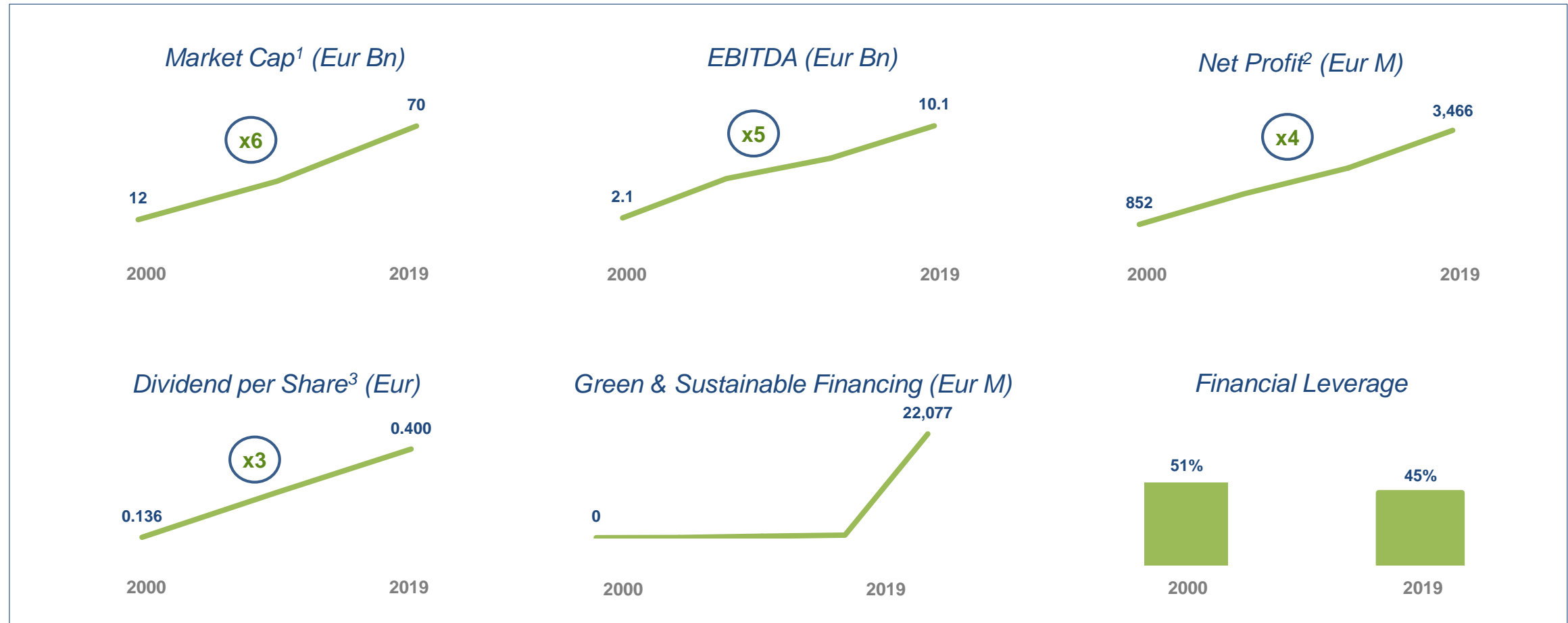


Governance



...combined with an outstanding **20-year financial performance (ESG+F)**

Financial



1/ Market Cap as of October 2020

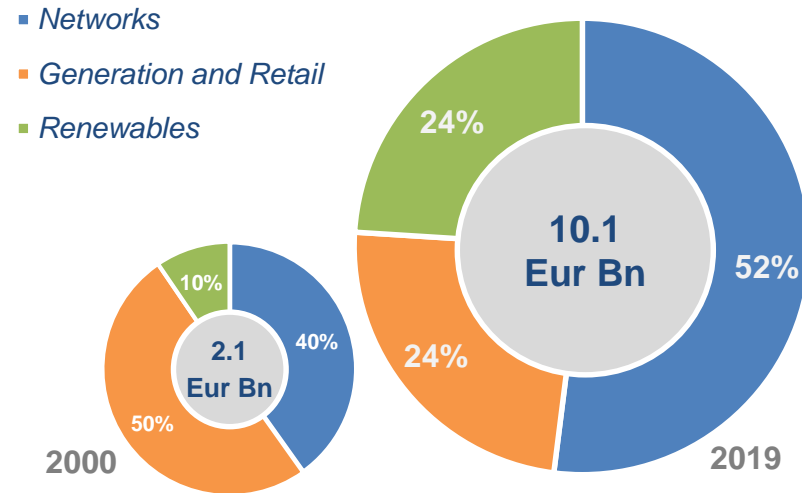
2/ Net Profit 2019 restated for the recognition of the financial cost of the hybrid bond

3/ DPS price announced to be paid on the following year

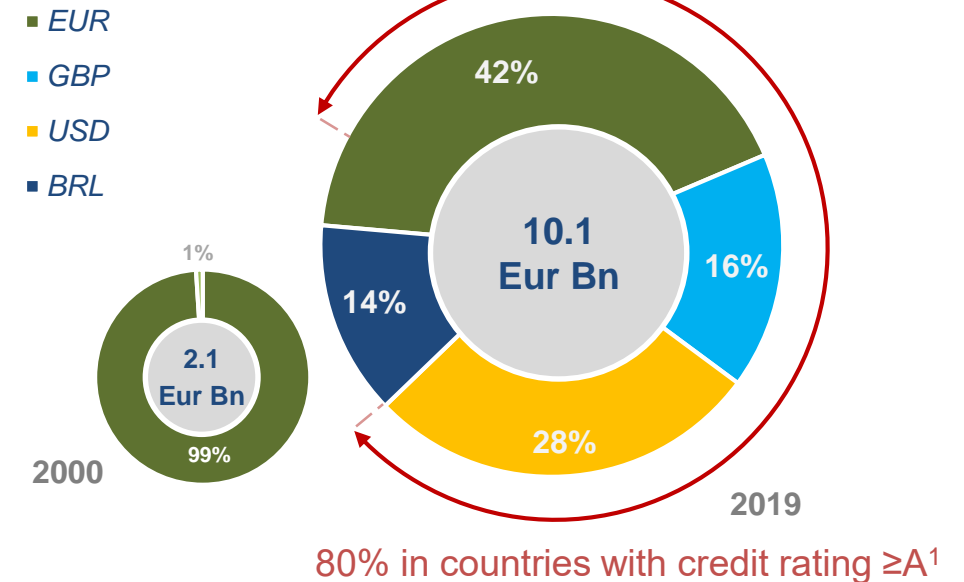
From a traditional local utility to a **global diversified Group**...

Financial

EBITDA by Business



EBITDA by Currency



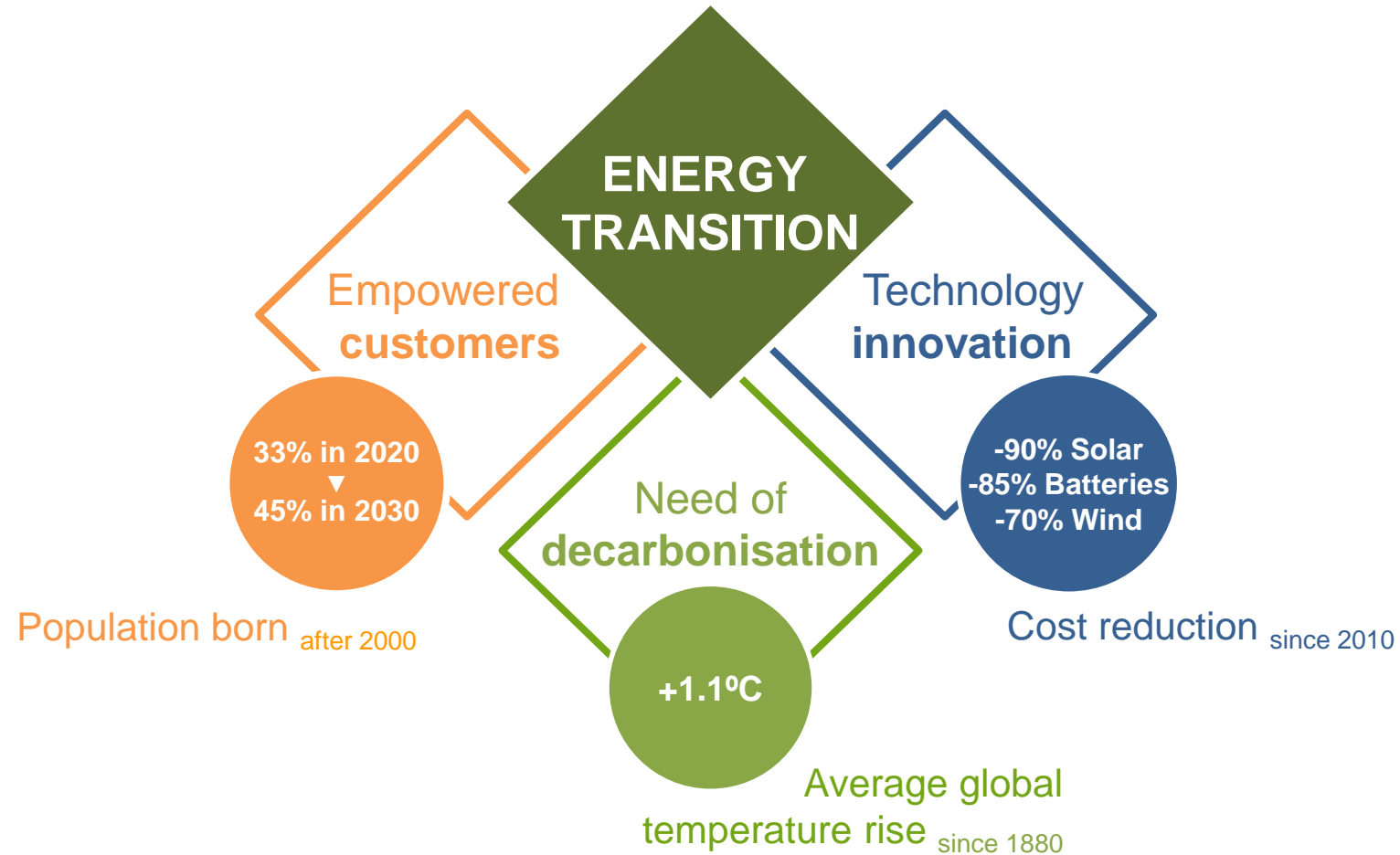
...based on **regulated business** and **renewables**

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**A new
energy context**

The **driving forces** transforming the energy sector are **strengthening**...



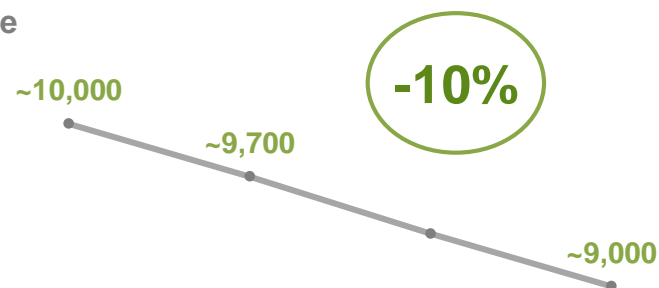
...while **climate action momentum** is growing **all around the world**

A new energy context

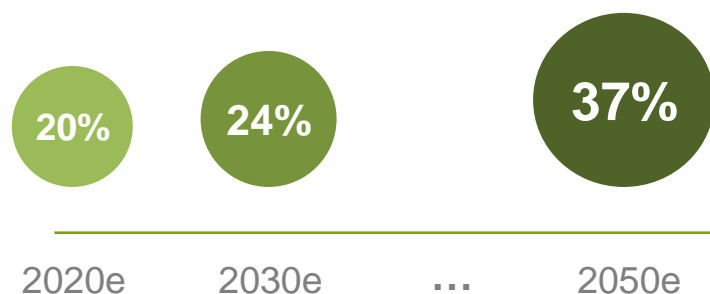
The **share of electricity** will **double by 2050** increasing overall energy efficiency

Total Final Energy Consumption

Mtoe

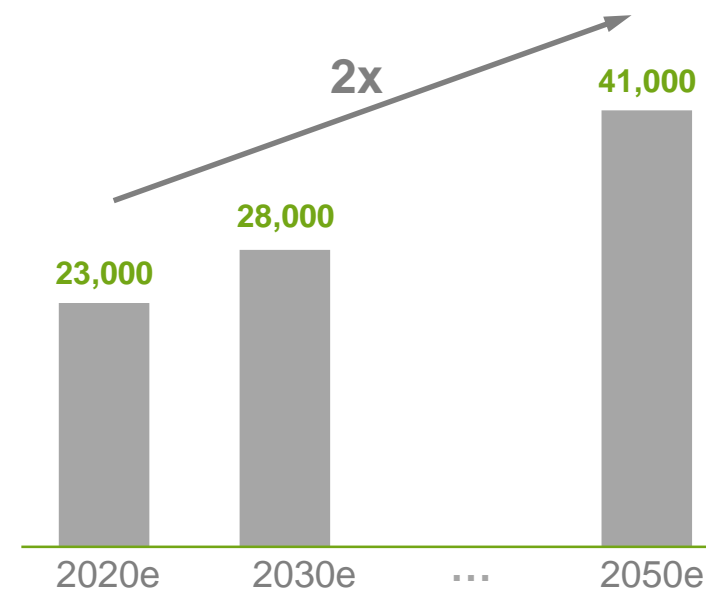


Share of electricity as a % of final energy



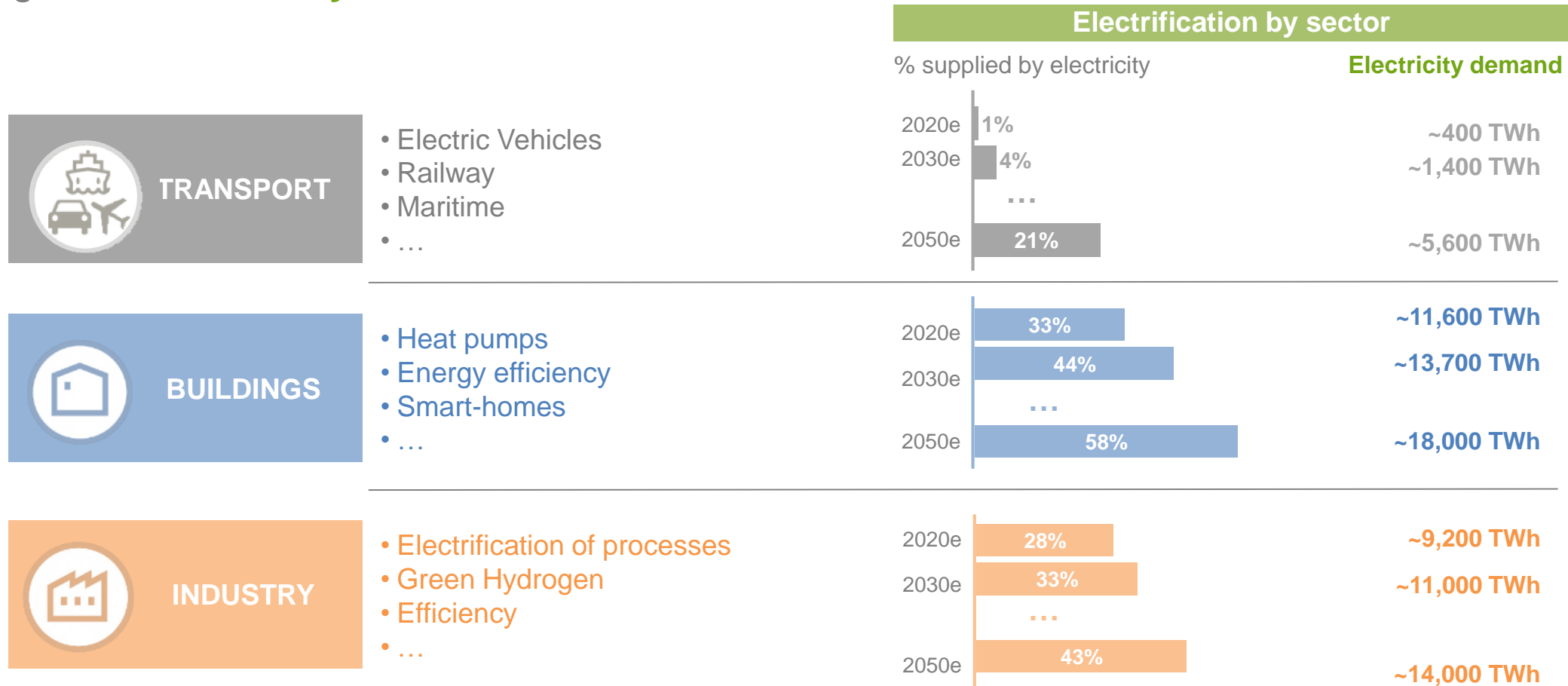
Electricity demand

TWh



Green electrification, key to accelerate the **new energy model**

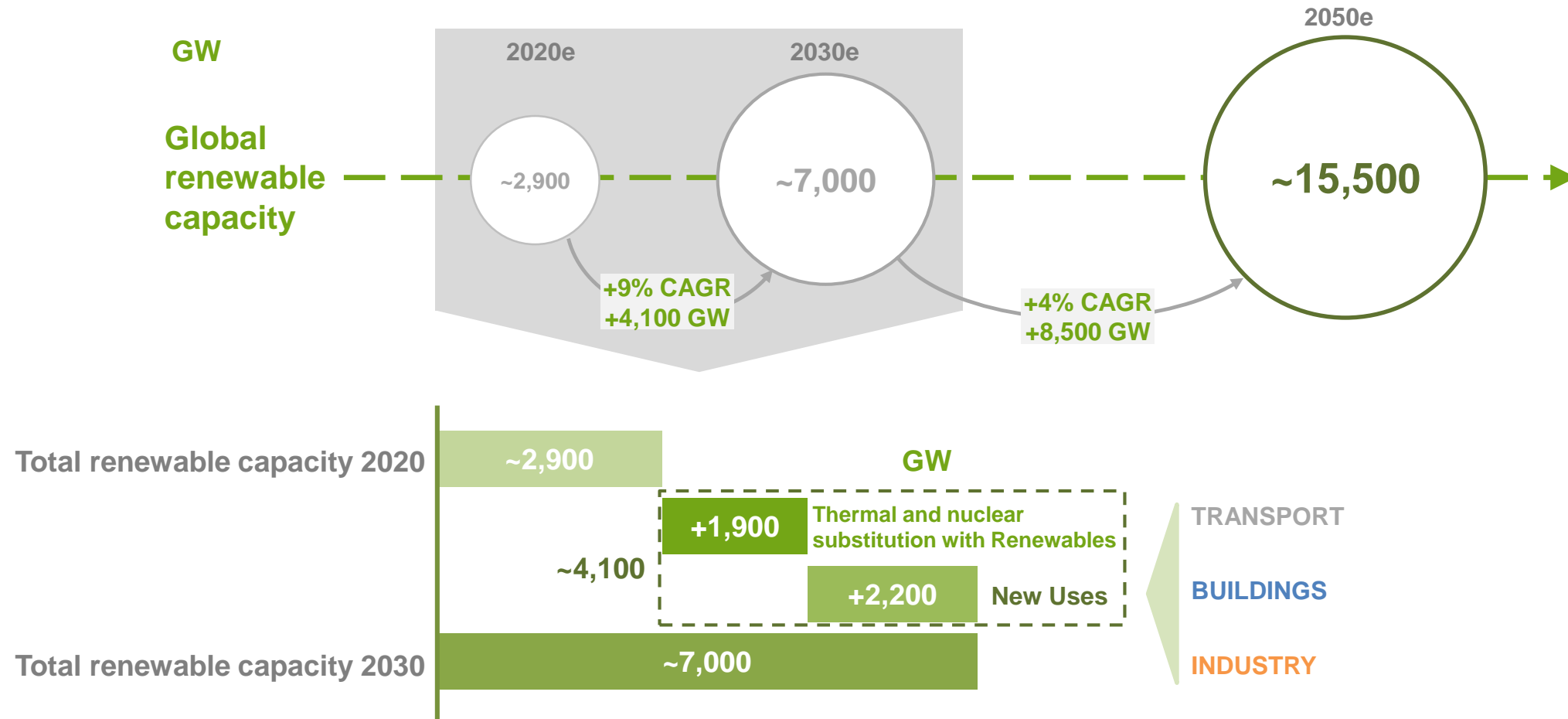
Multiplying annual investment by **3x** to **USD ~2.7 trillion** in **2030** (vs USD ~900 Bn in 2020)
along all the **electricity value chain**



Need of more **power generation** and **transmission & distribution** and **storage infrastructures**

A new energy context

Extensive use of **renewable energy**, at the core of the transition to a **sustainable energy system**...

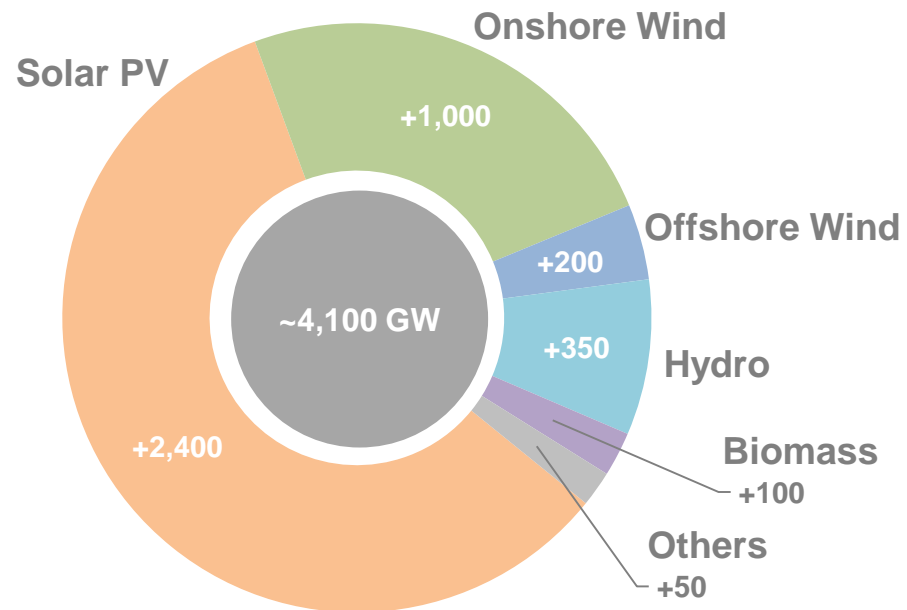


...driven by **lower costs** and **energy policy targets**

Renewable capacity to increase by **~4,100 GW (2.4x)** up to 2030, mostly **solar PV** and **wind**

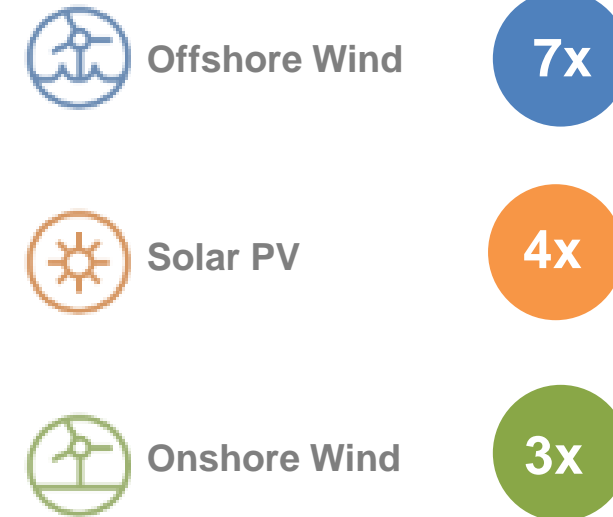
Additional capacity to 2030e by technology

GW

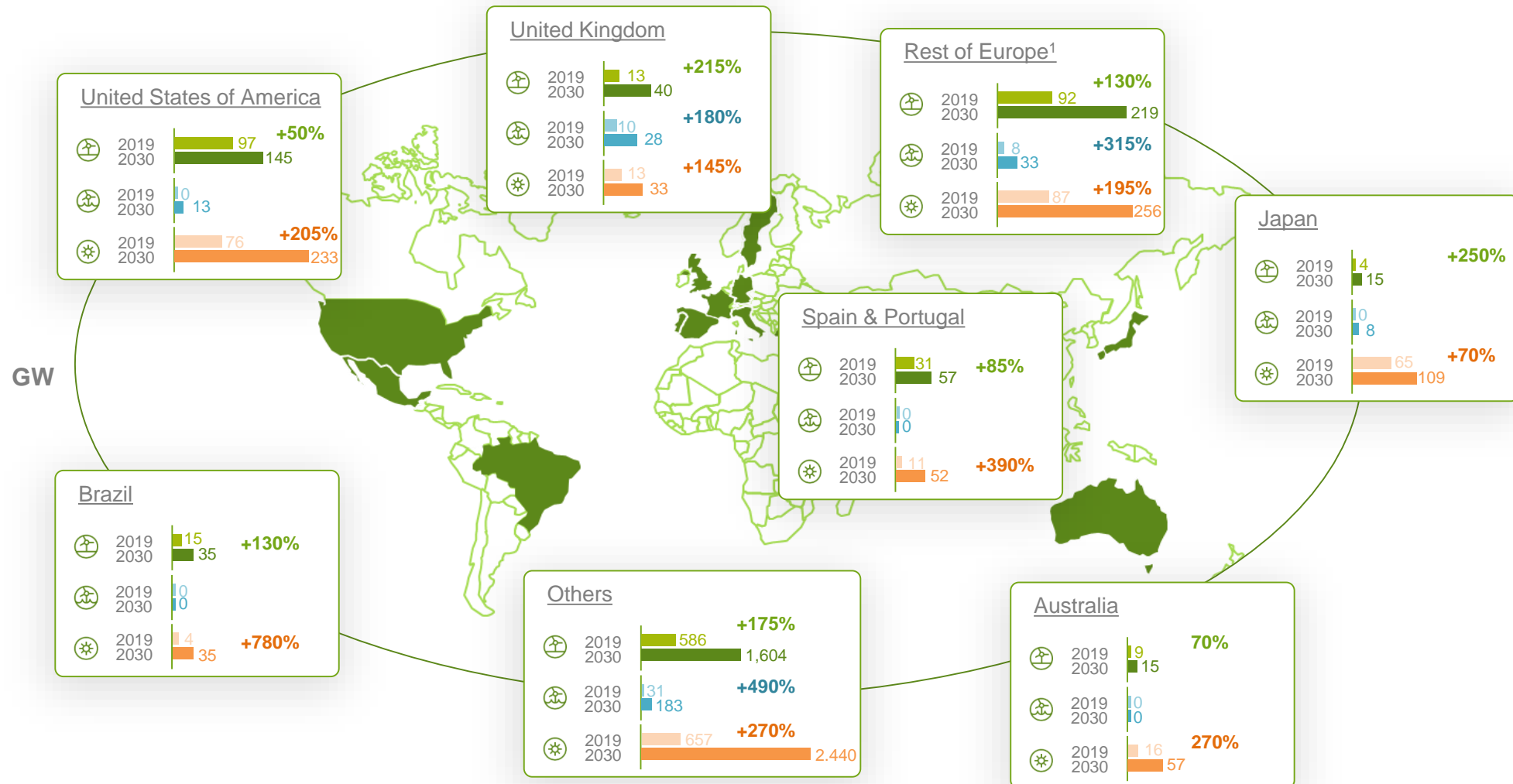


Capacity growth

2030e vs 2020e



Global **renewable** growth, a common trend in **all** geographies



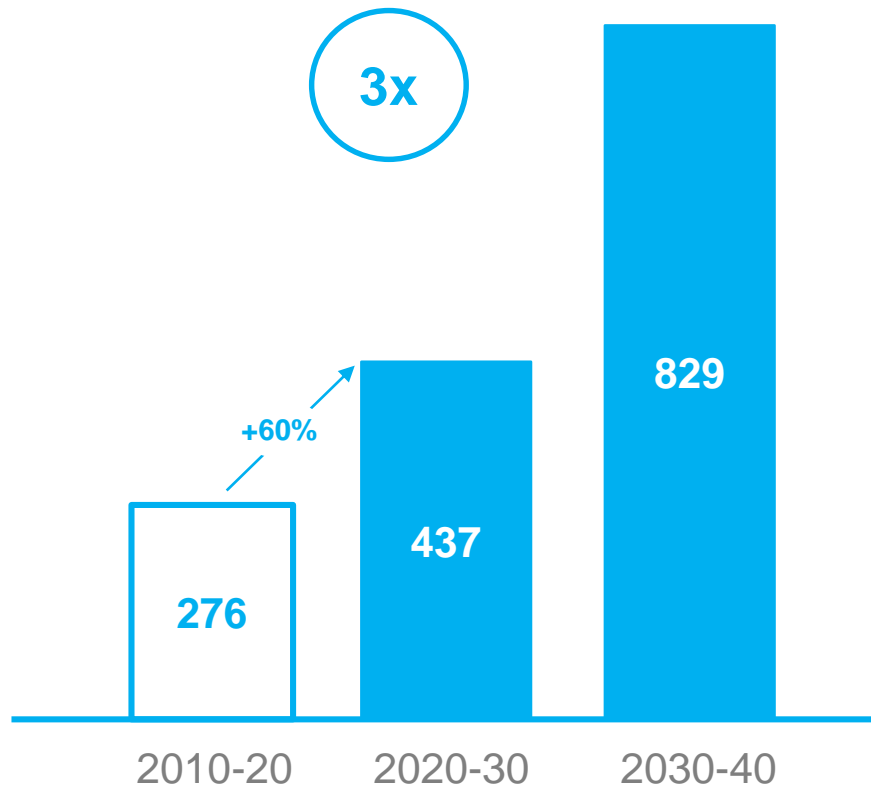
^{1/} Rest of Europe includes France, Germany, Italy, Sweden, Hungary, Romania, Cyprus and Greece

Source: Company data elaborated from Bloomberg NEF "New Energy Outlook 2019"

Unprecedented level of investment in **Transmission & Distribution Networks...**

Annual average global investments in Networks

USD Bn



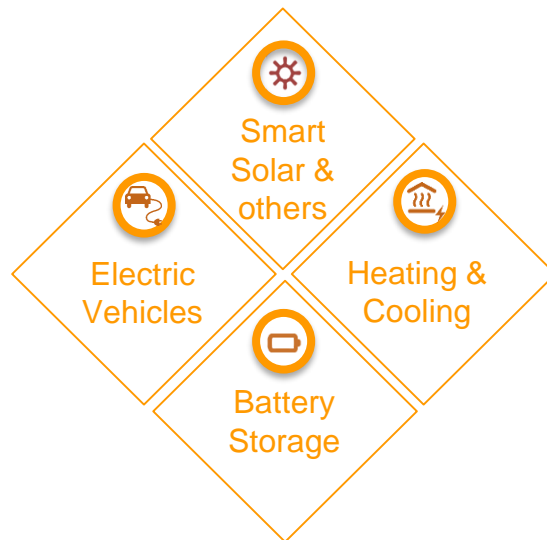
...driven by:

- New **interconnections**
- Increasing need of **renewables integration**
- **Smart grids**
- **Maintenance and reinforcement requirements**
- Measures to **increase efficiency** and to **minimise the environmental impact**

Customers, at the core of the transition: **electrification** of **energy demand** and **new services**...

Residential Customers

Placing customers
at the heart of the transition



Industrial & Commercial Customers

Increasing use of electricity
in **industrial processes**

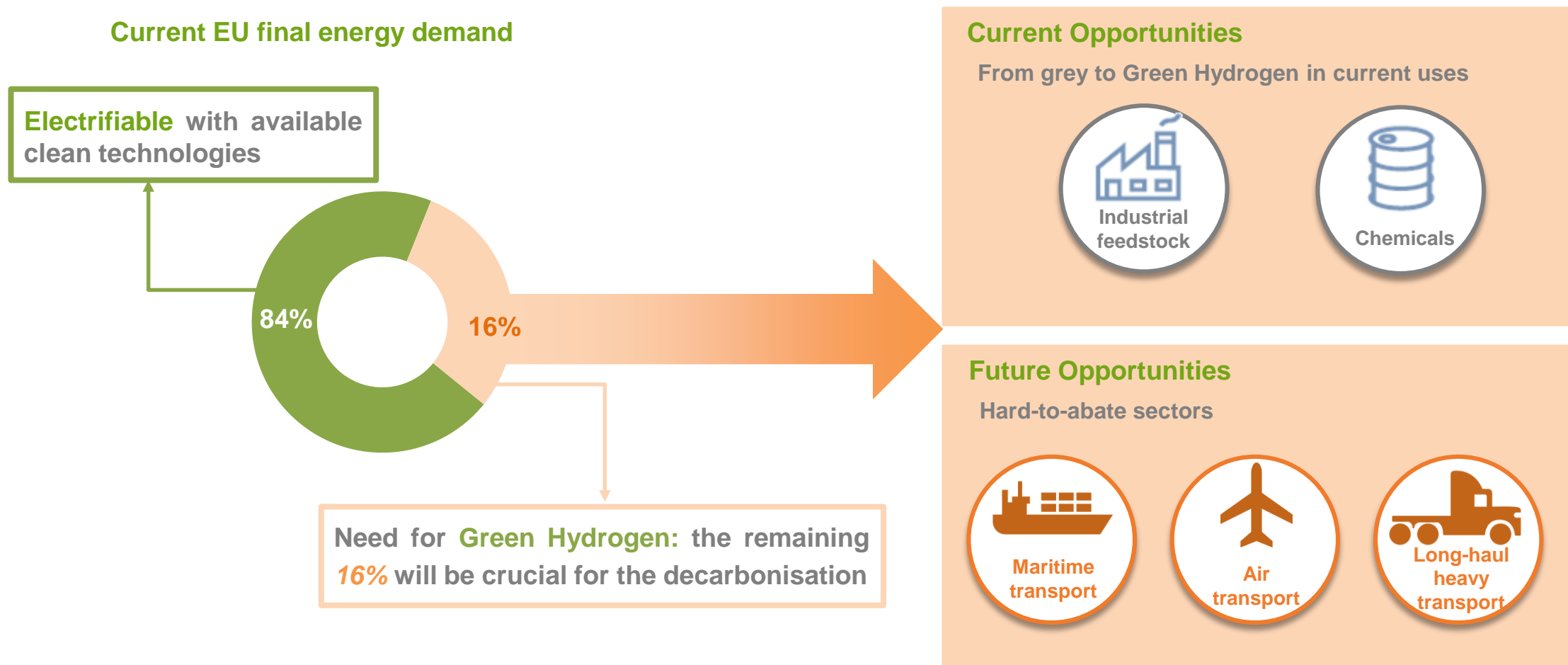


Access to **customers** as an opportunity to offer **additional services**

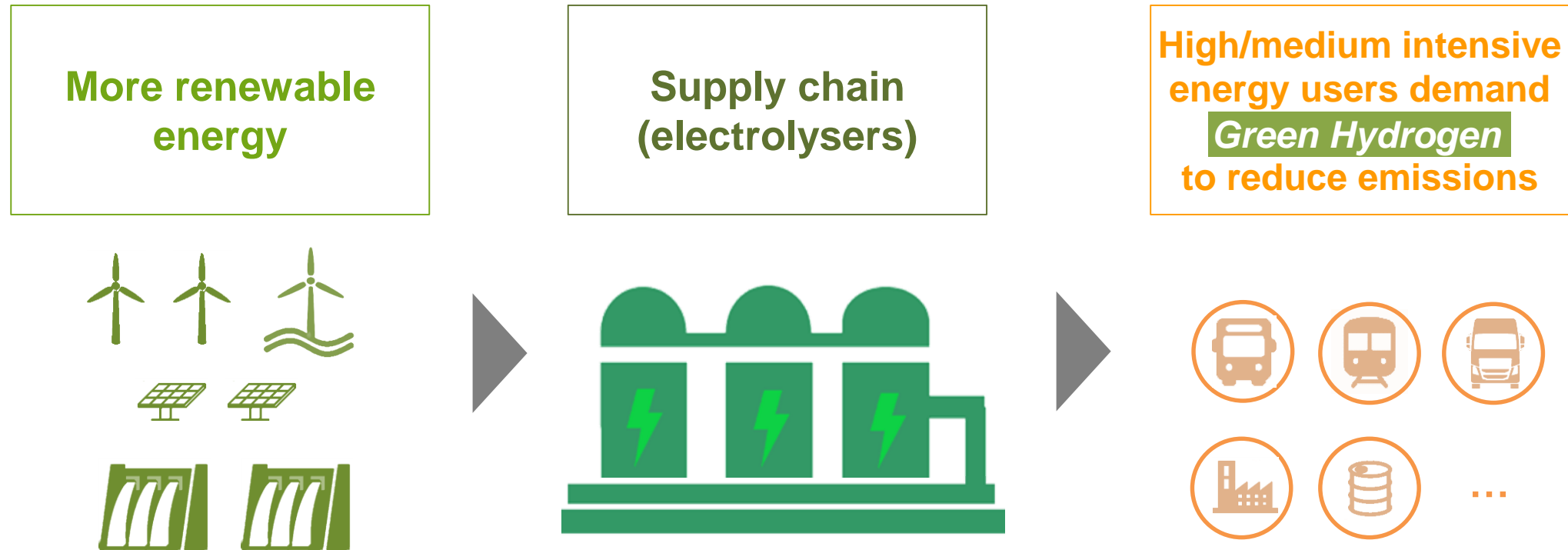
...accelerated by **technology**, **digitalisation** and **efficiency**

A new energy context

Green Hydrogen, key to decarbonize **industrial uses** and hard-to-abate sectors



Production of **Green Hydrogen** will boost **renewable energy**:

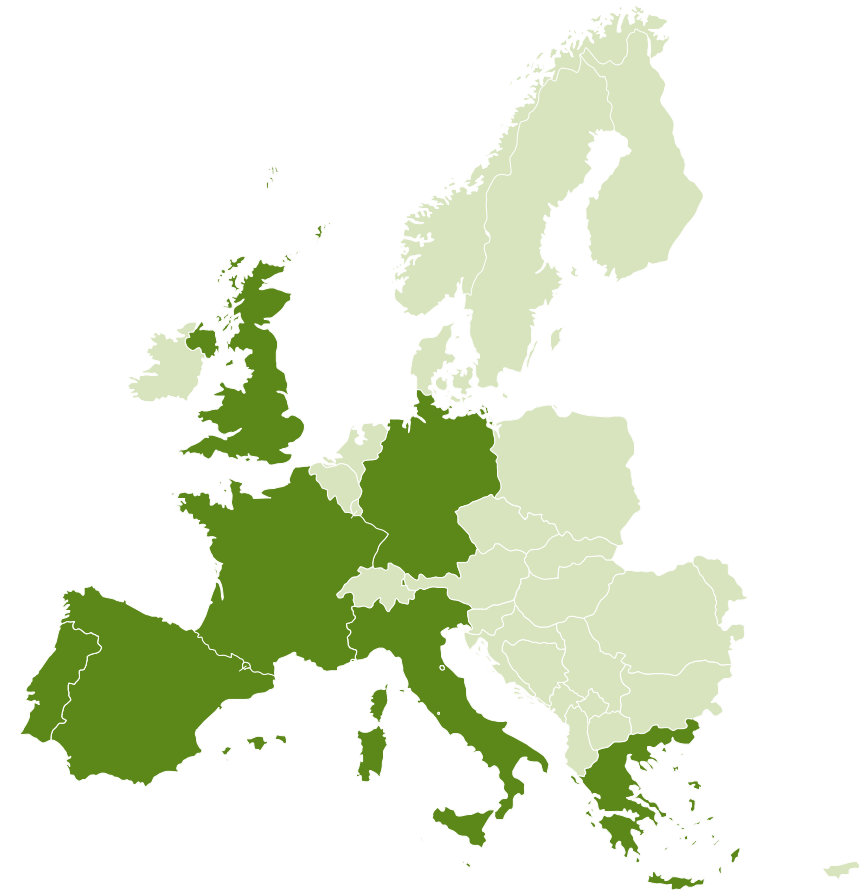


Replacing all **grey hydrogen** in the world would require **3,000 TWh/year¹** from **new renewables**

^{1/} Equivalent to current demand of Europe

Increasing need for Storage...

UK	~7 GW batteries (<2h) by 2030
Germany	18 GW batteries by 2035, mostly linked to distributed PV
France	1.5 GW pumped-hydro by 2030-35
Portugal	0.5 GW by 2030
Spain	6 GW by 2030 (NECP ¹)
Italy	+6 GW pumped-hydro/batteries by 2030 +3 GW of distributed batteries
Greece	+0.8 GW pumped-hydro +1.2 GW batteries



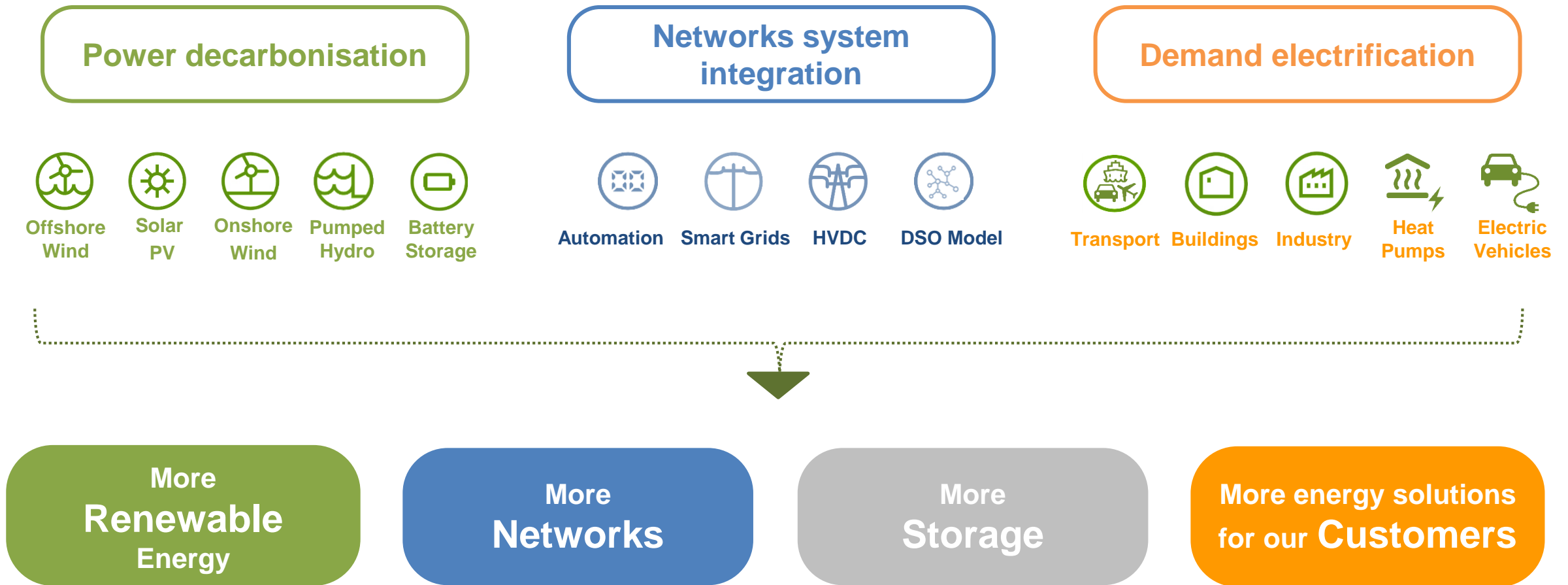
...with several **targets** being implemented across Europe

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Iberdrola Strategic Outlook

Consolidating our **successful business model**



Building on the **strategic pillars** that have triggered **2 decades of sustained growth**...

Geographical diversification: countries with high rating and ambitious climate policies

Energy transition: enabling decarbonisation and electrification

Efficiency: continuous drive for excellence

Portfolio optimization: contributing to the environmental and financial sustainability of our business model

Innovation: laying the foundations for the future



...to **accelerate value creation** for all stakeholders in the **new scenario**

Focused on countries with aggressive **climate and energy targets**



Carbon neutrality by 2050

EU Green Deal (goals by 2030):

- **Emissions:** -55% (vs 1990)
- **Renewable generation:** 65%
- **Green Hydrogen:** 40 GW

Eur 750 Bn Next Generation EU funds:

- **90%** (Eur 670 Bn) focused on **green and digital transitions** and the resilience of national economies



Energy & Climate Integrated plan (2030):

- **Renewable generation:** 74% by 2030 (+22 GW wind; +30 GW solar; +6 GW storage)
- **Electric Vehicles:** 5 million
- **Green Hydrogen:** 4 GW of electrolyzers
- **Green investments:** Eur 241 Bn

Eur 140 Bn Next Generation EU funds:

- **37%** focused on the **green transition**



Targets:

- **Emission:** -37% to -43% by 2025 (vs 2005)
- **Renewable gen.:** 23% by 2030 (exc. hydro)

Energy Expansion Plan (goals by 2029):

- **+24.5 GW wind**
- **+8.4 GW large scale solar**
- **+9.8 GW distributed solar**



- **Emissions:** -26% to -28% by 2025 (vs 2005)
- **State Carbon Neutrality targets**
- **State Offshore targets in CT, MA, ME, NY, NJ, MD, VA to meet ~28GW by 2035**
- **Renewable Portfolio Standards**



- **Renewable gen.:** 65% by 2030
- **Offshore:** 20GW by 2030; 40GW by 2040
- **Green Hydrogen:** 5 GW by 2030



Targets:

- **Emissions:** -28% by 2030 (vs 2005)
- **Emissions:** Net-Zero by 2050 at state level
- **Renewables:** State targets



- **Emission:** Net-Zero by 2050 (vs 1990)
- **Renewable gen.:** 50% by 2030
- **Offshore:** 40 GW by 2030



- **Renewable gen.:** 32% by 2030
- **Offshore:** 5.2 GW by 2028
- **Green Hydrogen:** 6.5 GW by 2030



- **Emission:** Net-zero economy by 2050
- **Offshore:** 10GW by 2030; 37GW by 2050



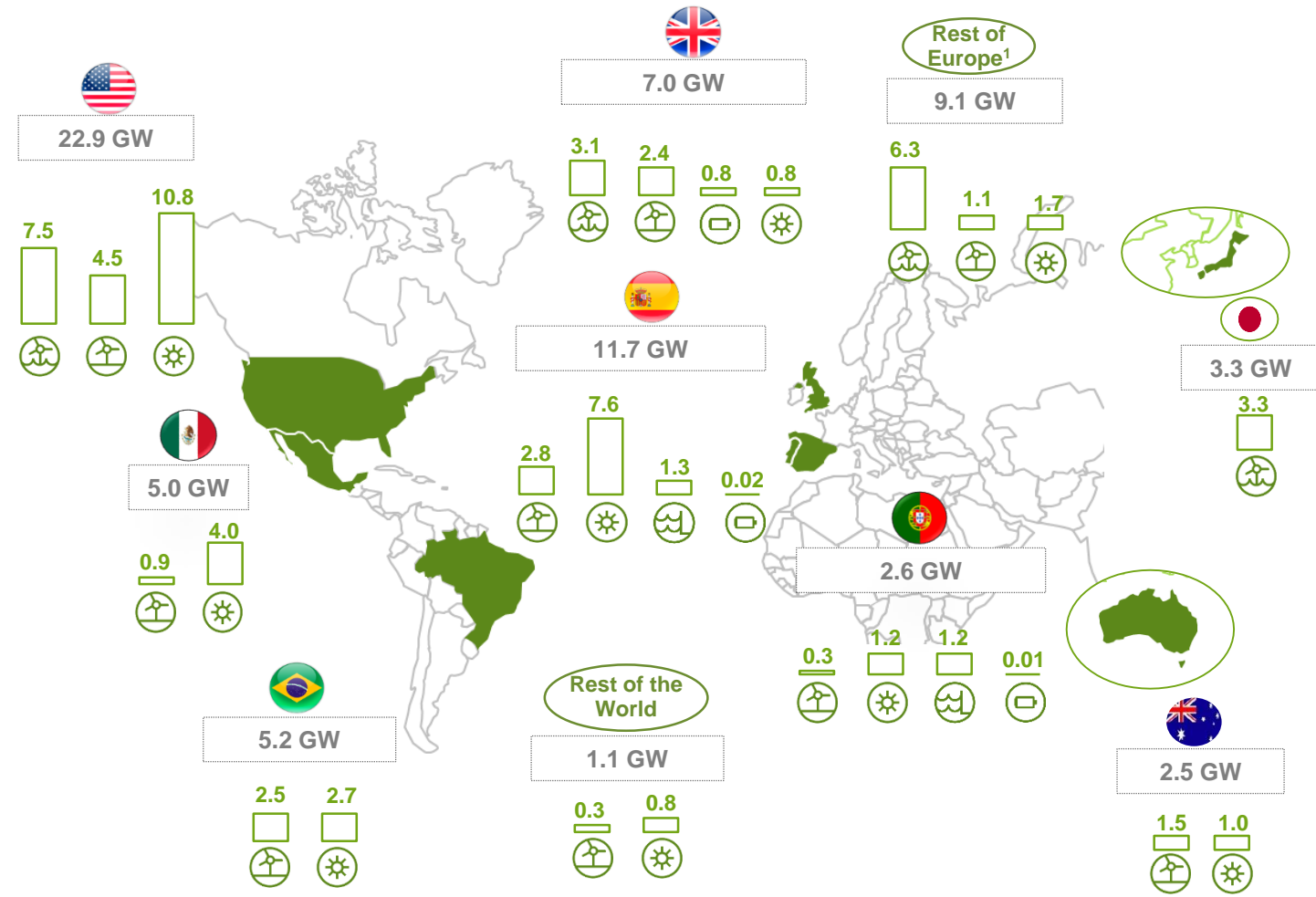
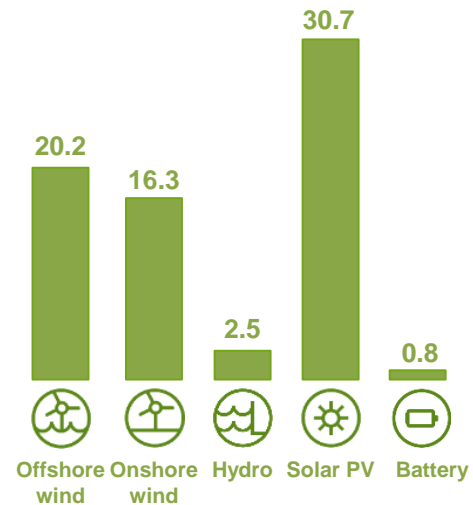
Other Offshore targets by 2030:

- Ireland: 5 GW
- Poland: 10 GW
- Belgium: 4 GW
- Denmark: 5 GW
- The Netherlands: 11 GW

One of the **largest RENEWABLE pipelines** in the industry: **>70 GW** (~7 GW under construction)...

Renewable Pipeline

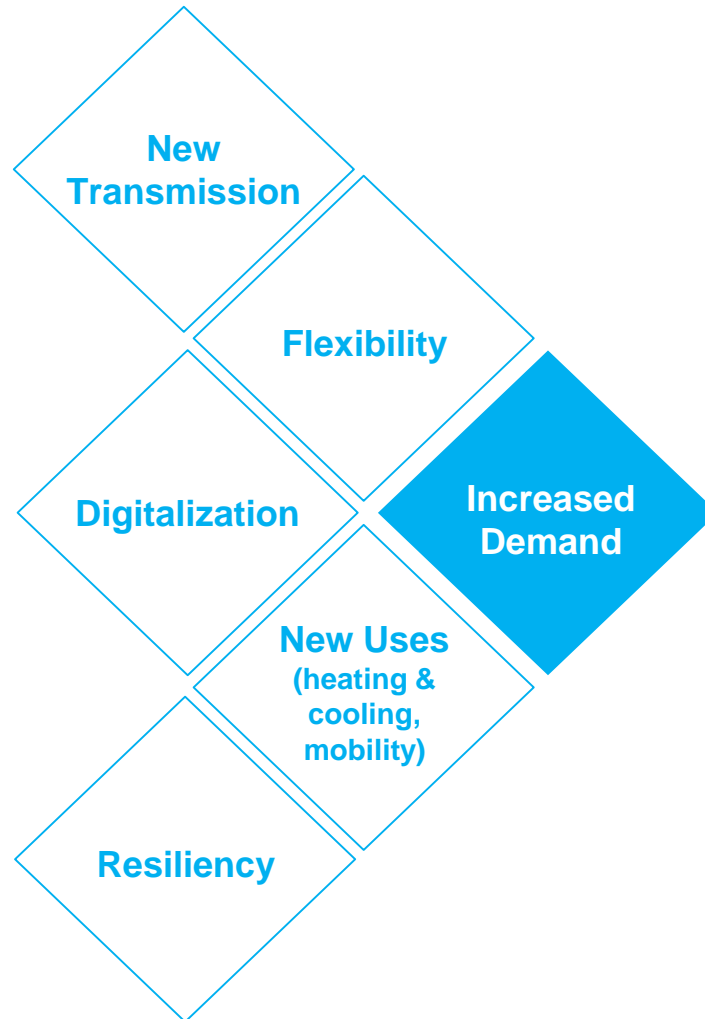
70.5 GW



...equivalent to **>150 GW** of solar PV pipeline in terms of investment

1/ Rest of Europe includes France, Germany, Italy, Sweden and Greece

Excellent position in **NETWORKS**: investment opportunities & stable frameworks



Networks

- Grid modernization
- Smart Grids and Meters
- New interconnections
- New transmission assets to support state renewable goals
- Improved resiliency vs extreme events



- Demand growth
- Improvement in losses and quality
- Smart Grids and Meters
- Integration of renewables
- New transmission assets



- Smart Grids and Meters
- Integration of renewables
- New transmission assets



- Integration of renewables
- Smart Grids
- Grid reinforcement
- Environmental mitigation



Leveraging on our **CUSTOMER** base to serve **increasing electricity consumption** and develop **new solutions**...

Customers

Presence in **10 countries**

Consolidated
markets



Spain



UK

Fast growing



Portugal



Italy



France

New opportunities



Brazil



USA



Germany



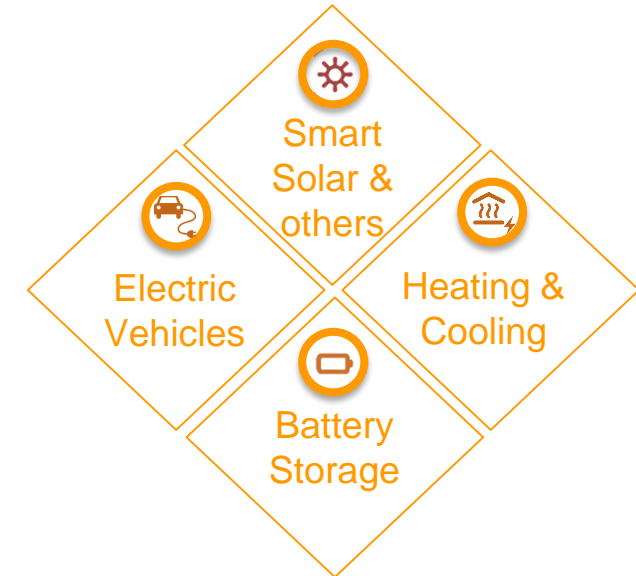
Ireland

> 40 million¹ contracts

...while growing in **new markets**

Electricity supply & other solutions

Residential



Industrial
&
Commercial



Electrification of processes



Green Hydrogen



Smart Solutions

1/ Total Contracts include contracts in the retail business, as well as contracts served under regulated distribution business in US and Brazil.

GREEN HYDROGEN, a new growth opportunity for Iberdrola

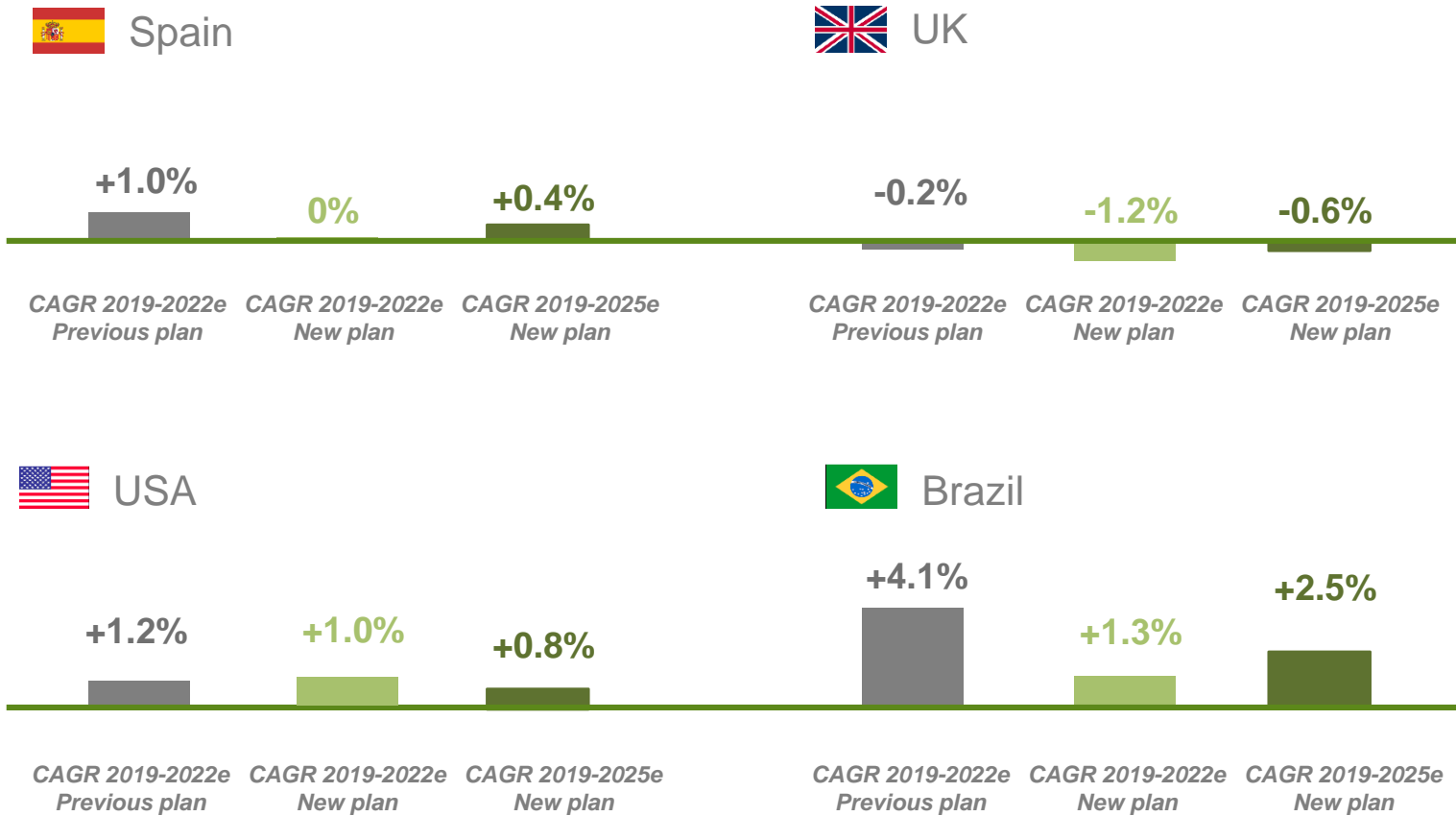




Scenario 2020-2025

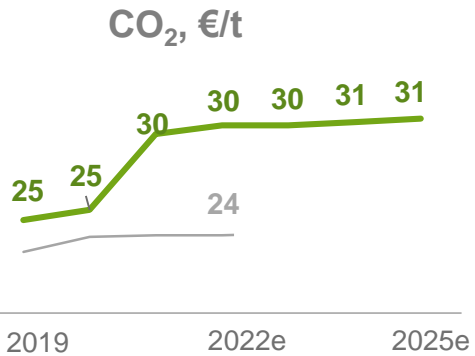
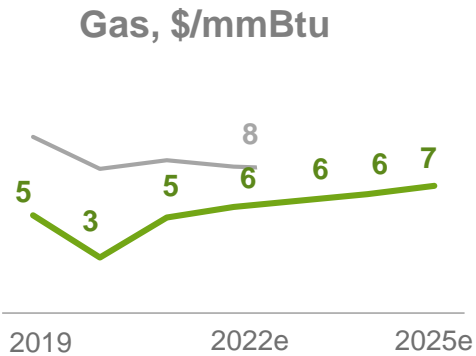
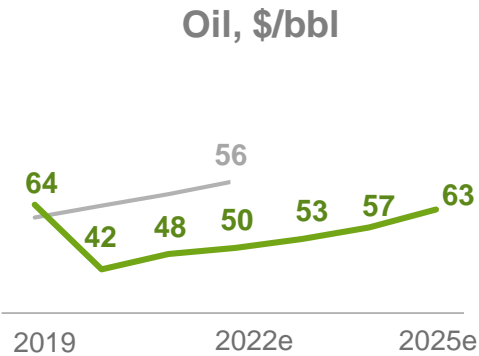
Electricity demand impacted by the current **health and economic crisis**

Electricity demand growth (CAGR₂₀₁₉)

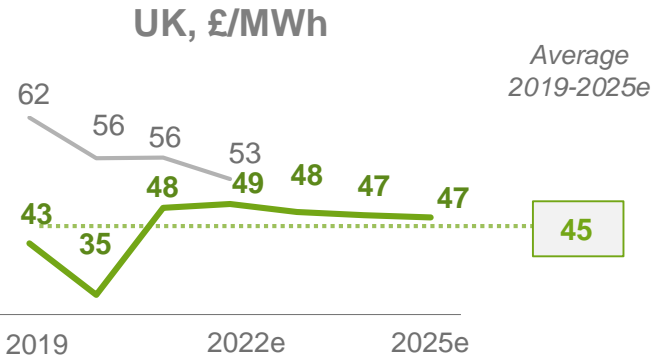
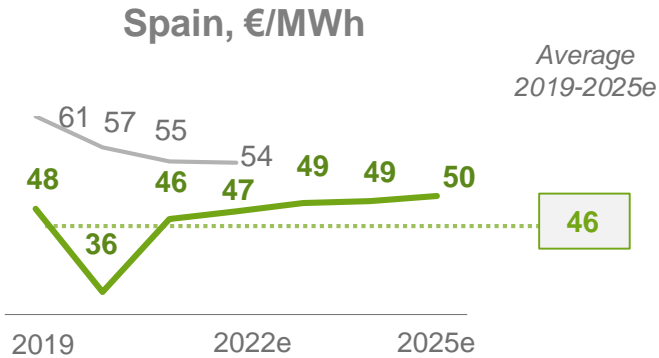


Lower commodity prices result in lower electricity prices

Commodity Prices



Power Prices

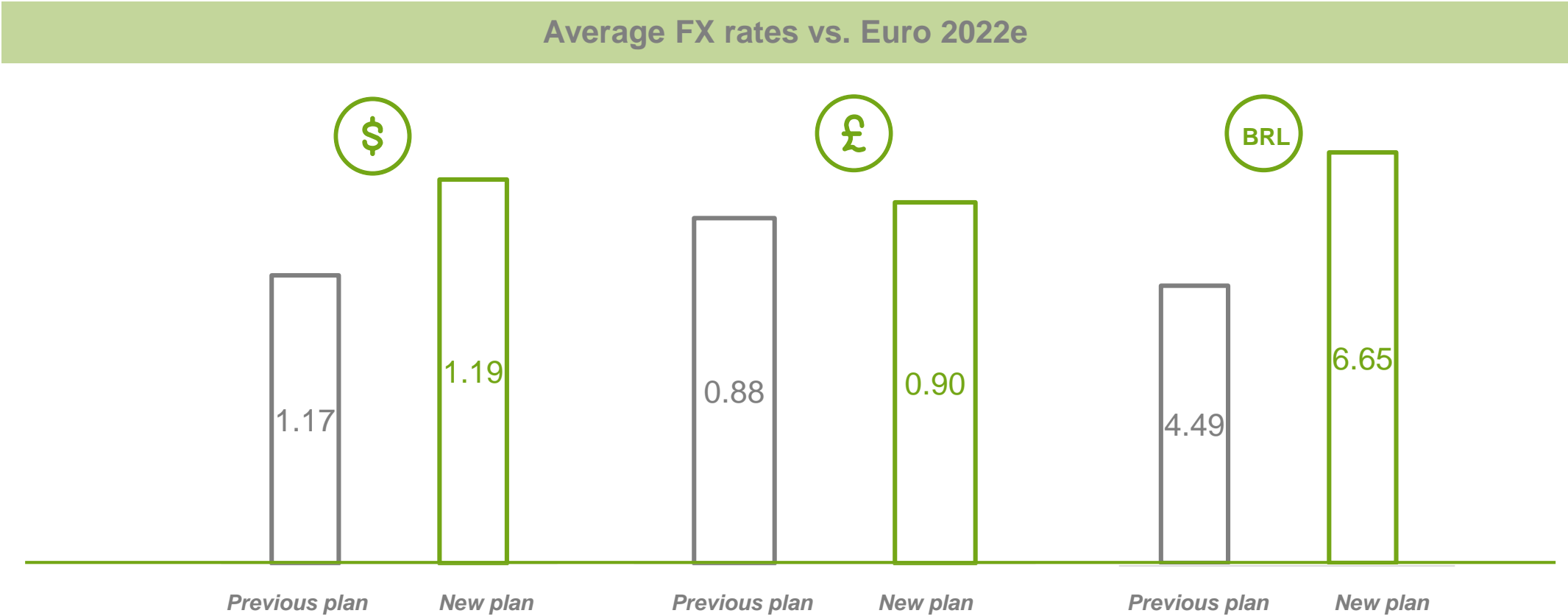


Previous plan 2022 (Feb'19)

New plan 2025

Source: prices derived from market quotations and estimates from analysts (Platts, WoodMac, IHS-CERA, Aurora, US-EIA)

Depreciation of **average FX rates**



Decrease of interest rates

Interest rates						
	2022e			2022e		
	Previous plan 3M		New plan 3M	Previous plan 10Y		New plan 10Y
€	1.25%	-170 bps	-0.48%	1.73%	- 160 bps	0.15%
\$	2.85%	-255 bps	0.30%	3.00%	-185 bps	1.15%
£	2.30%	-220 bps	0.08%	2.30%	-170 bps	0.6%
R\$	7.50%	-380 bps	3.73%	--	--	--



Outlook 2020-2022¹

¹ Includes Iberdrola estimates of PNM Resources

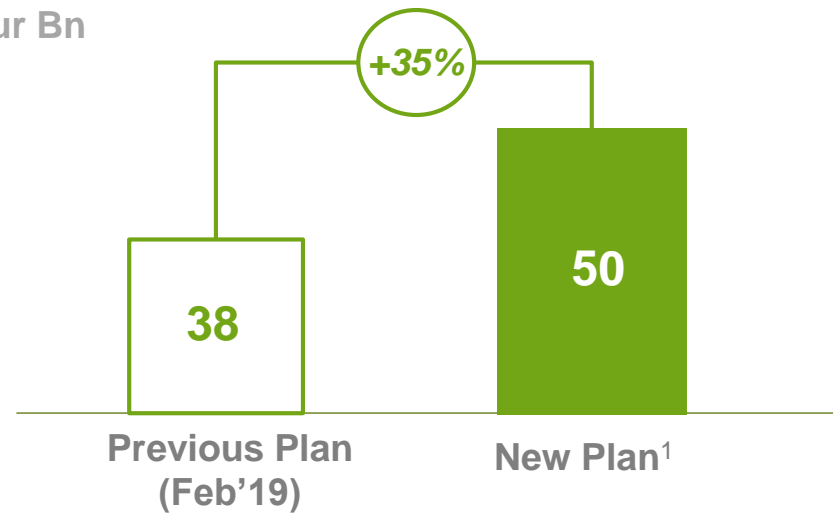
Increasing investments and efficiency measures...



Higher Gross Investment

2018-2022e

Eur Bn



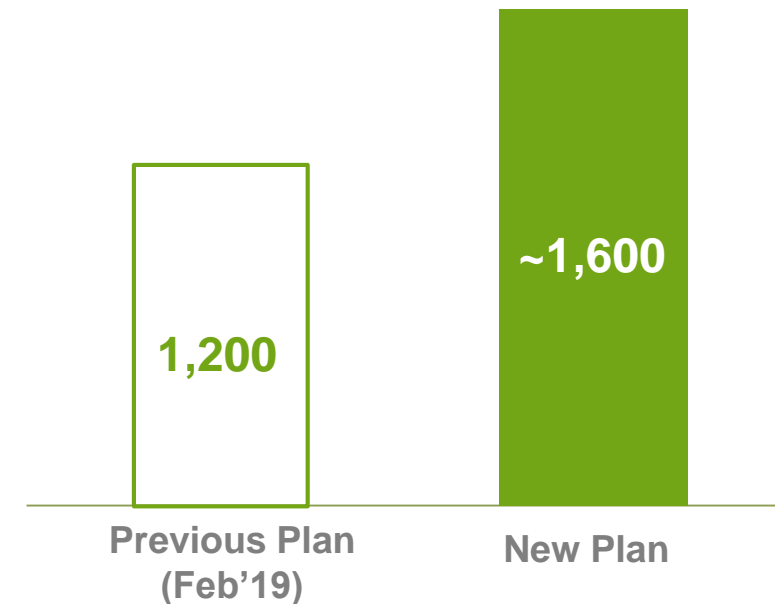
- Higher RENEWABLE investments in all geographies, particularly in Spain, IEI and the US
- Corporate transactions already announced: PNM Resources, Infigen and others in France, Japan and Sweden



Efficiencies

2018-2022e

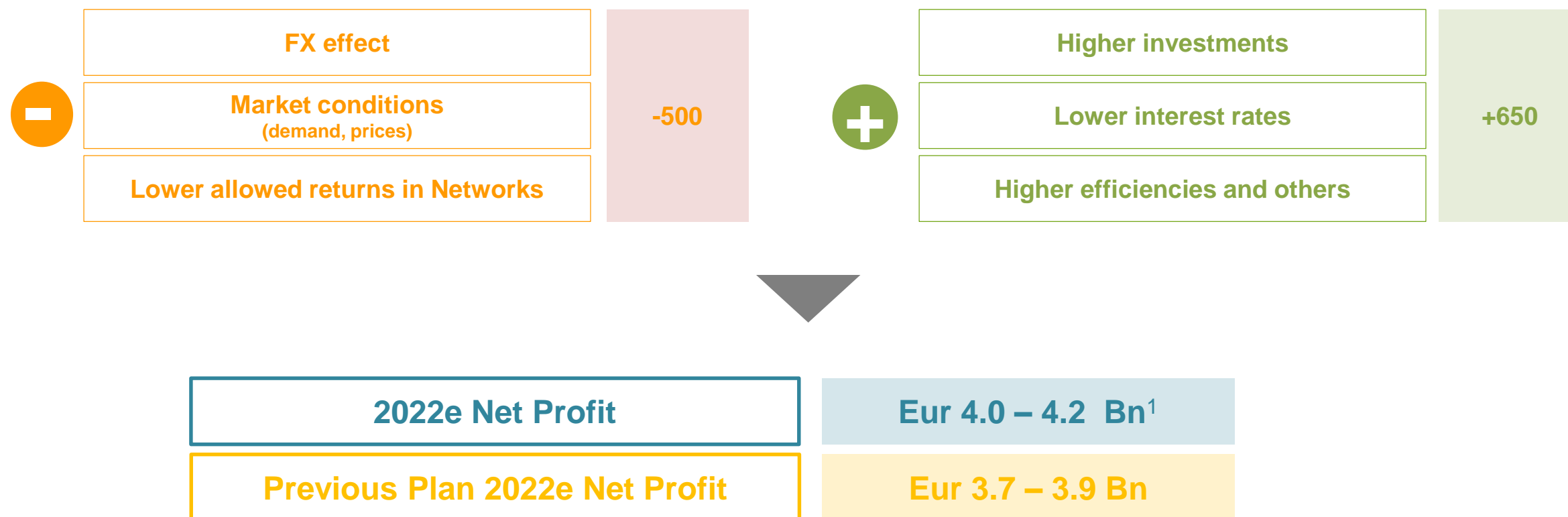
Accumulated Efficiencies 2018-2022e (Eur M)



^{1/} Includes Iberdrola estimates for PNM Resources

Net Profit 2022: Gaps vs. Previous Plan

...offsetting the impact of external factors: increasing 2022 Net Profit Outlook



Shareholder remuneration growing in line with results, with a **floor of 0.40 Eur/share**

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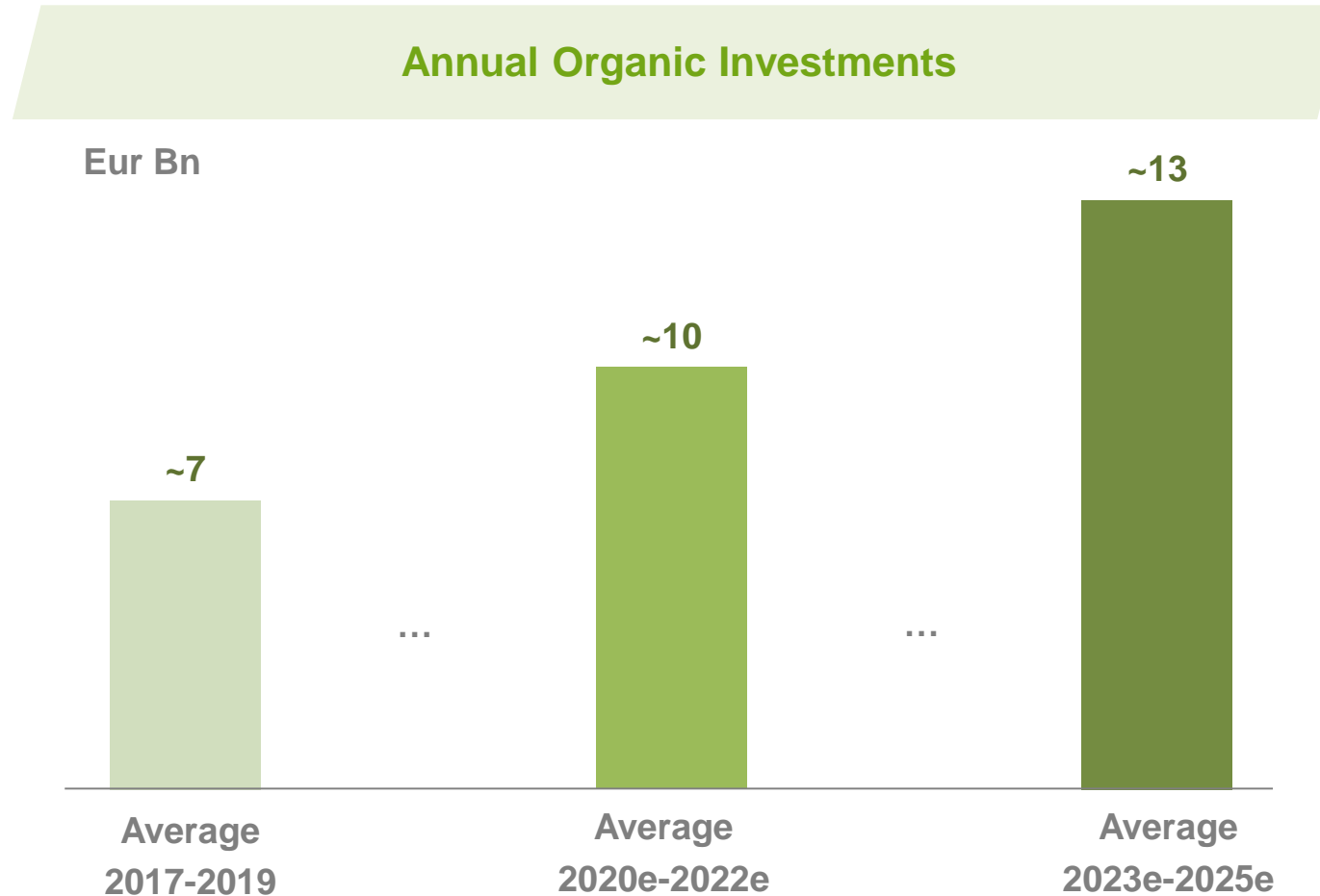
IBERDROLA

Outlook 2020-2025¹

¹ Includes Iberdrola estimates of PNM Resources

Gross investments of **Eur 75 Bn** in 2020-2025 (6 years):

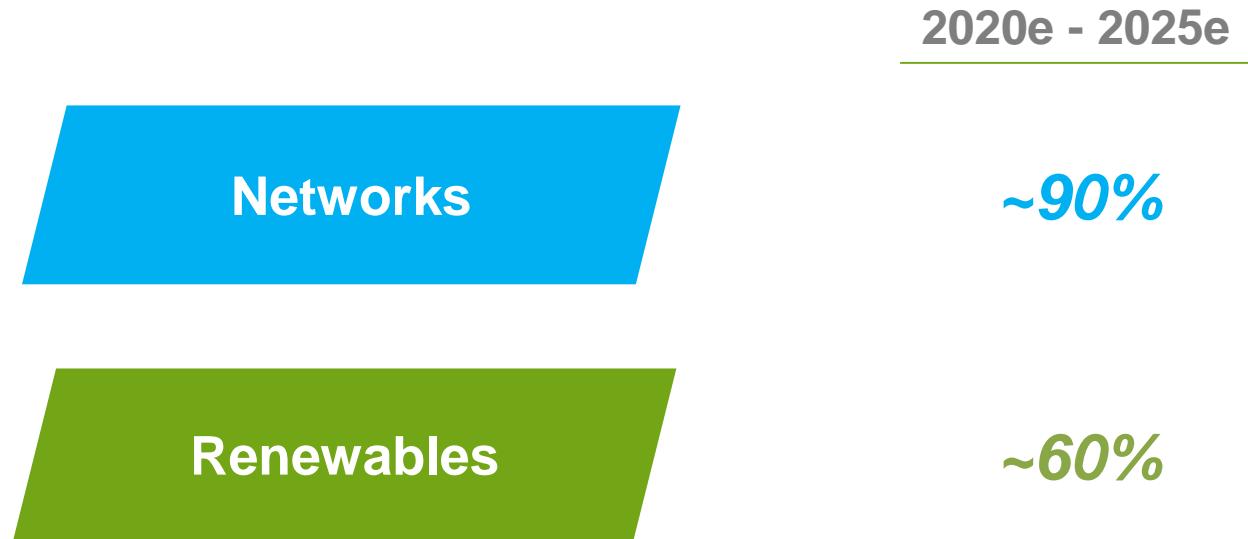
Eur 68 Bn of organic investments and **Eur 7 Bn¹** of PNM Resources transaction



**Growth
represents 75%
of total organic
investments
(Eur 50 Bn)**

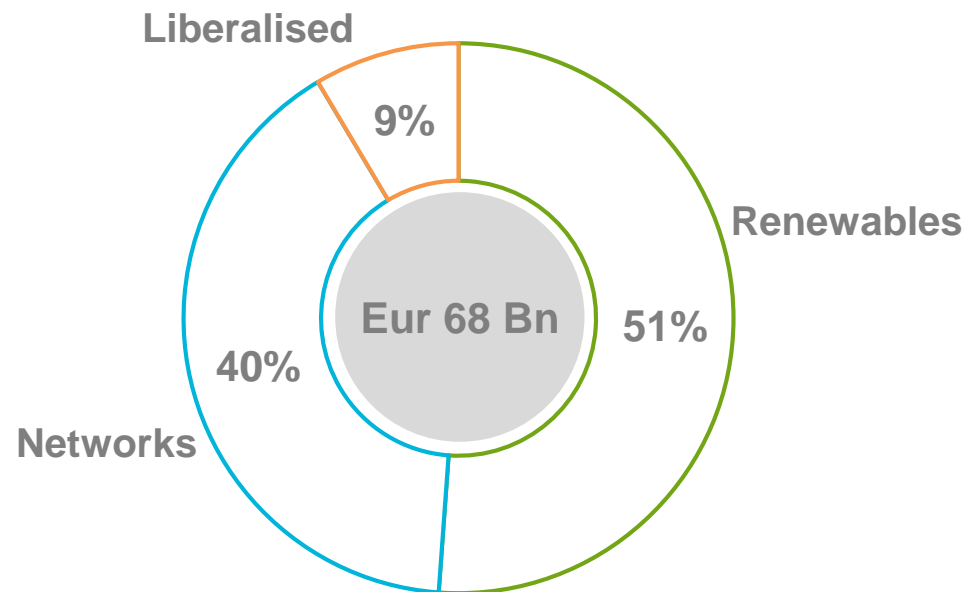
1/ Iberdrola estimates of PNM Resources transaction investment

70% of organic investments up to **2025** already secured

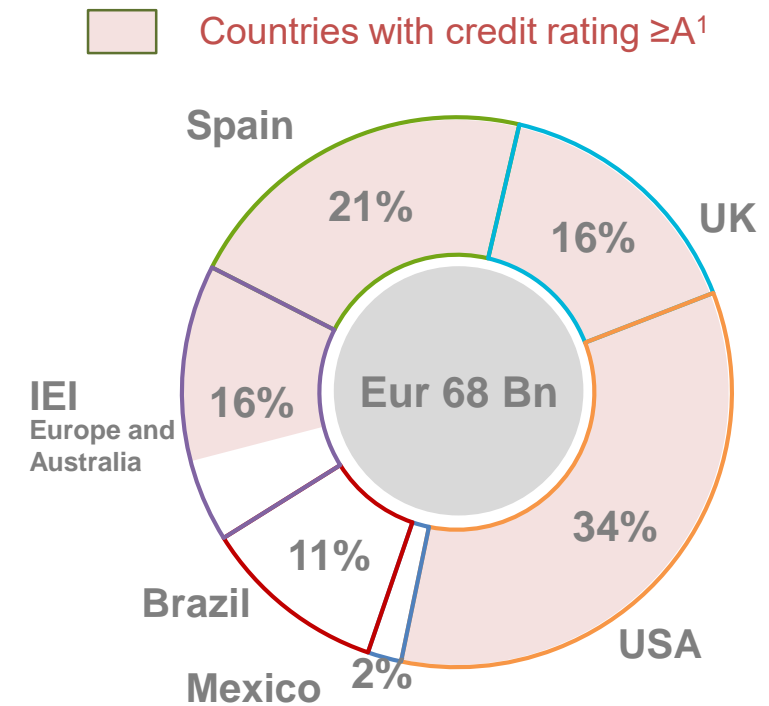


51% of investment in **renewables** and **~85%** in **Europe and the USA...**

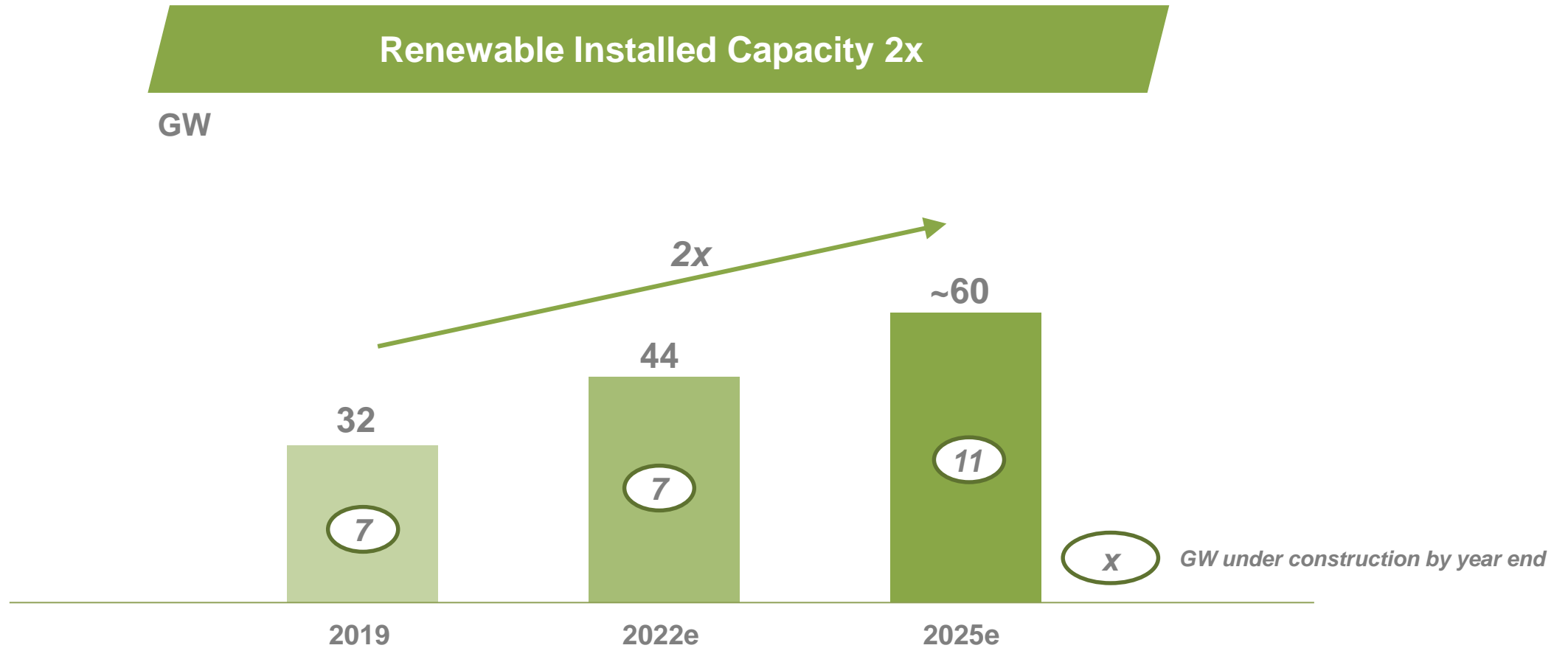
Gross Organic Investments by Business



Gross Organic Investments by Geography

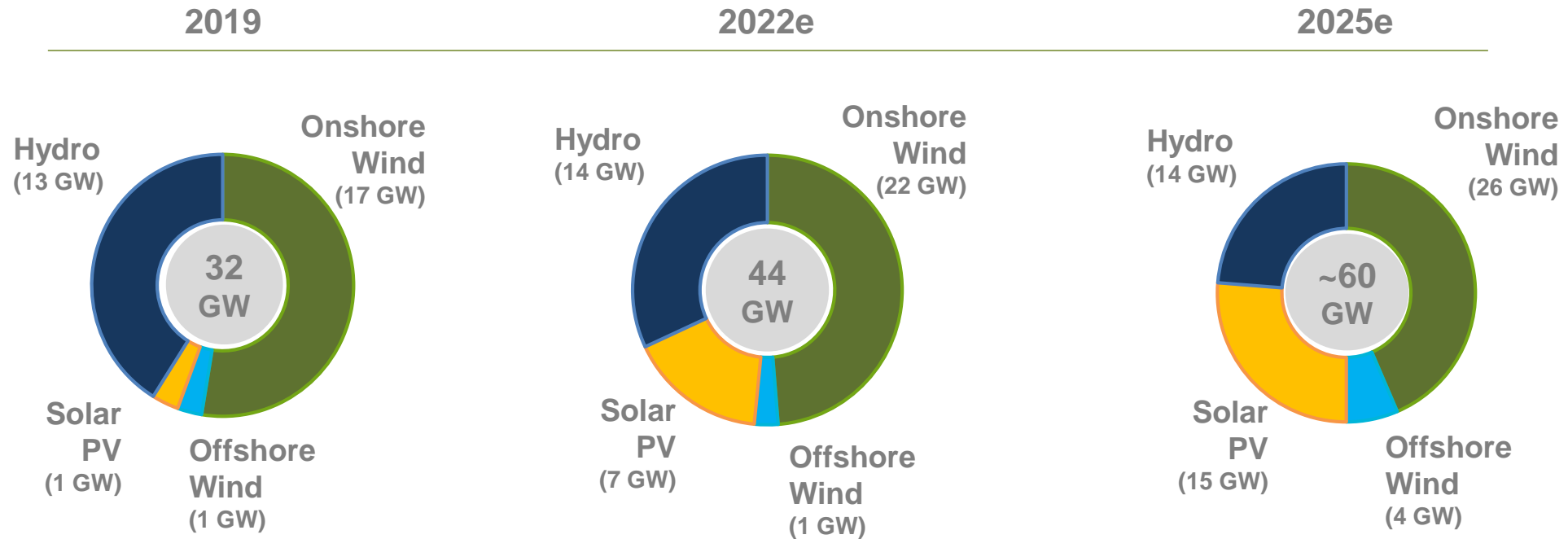


...more than **83%** allocated to **A-rated** countries



With more than **20 GW** of capacity in **other generation technologies**

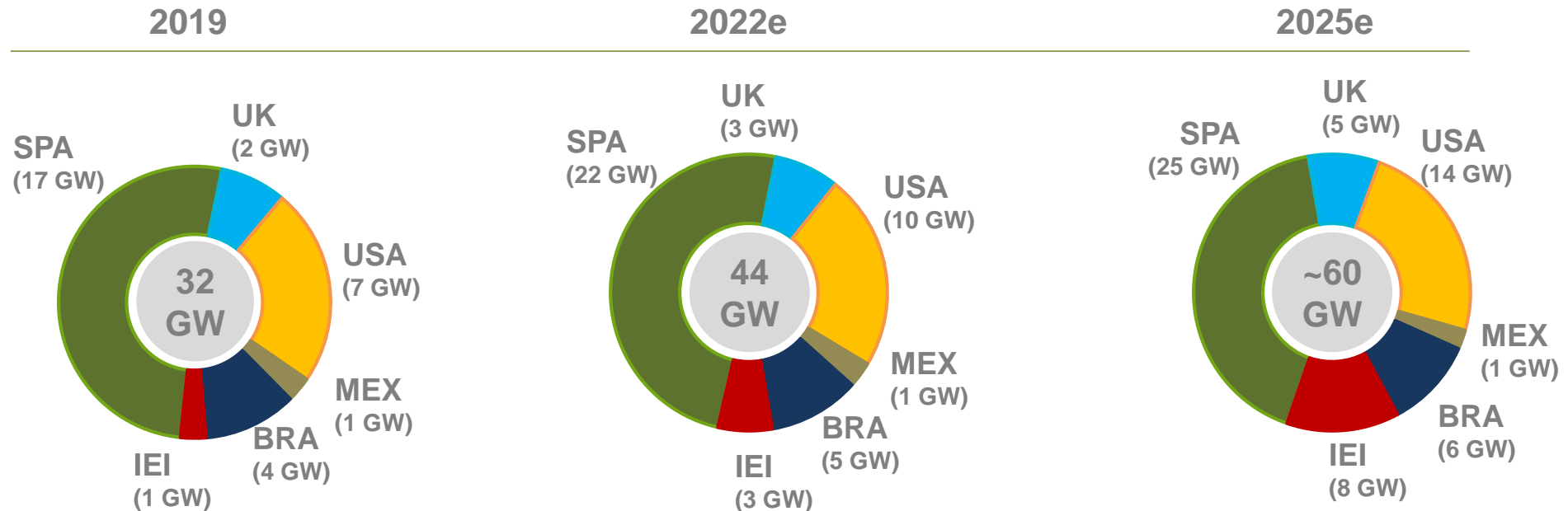
Renewable Capacity by Technology



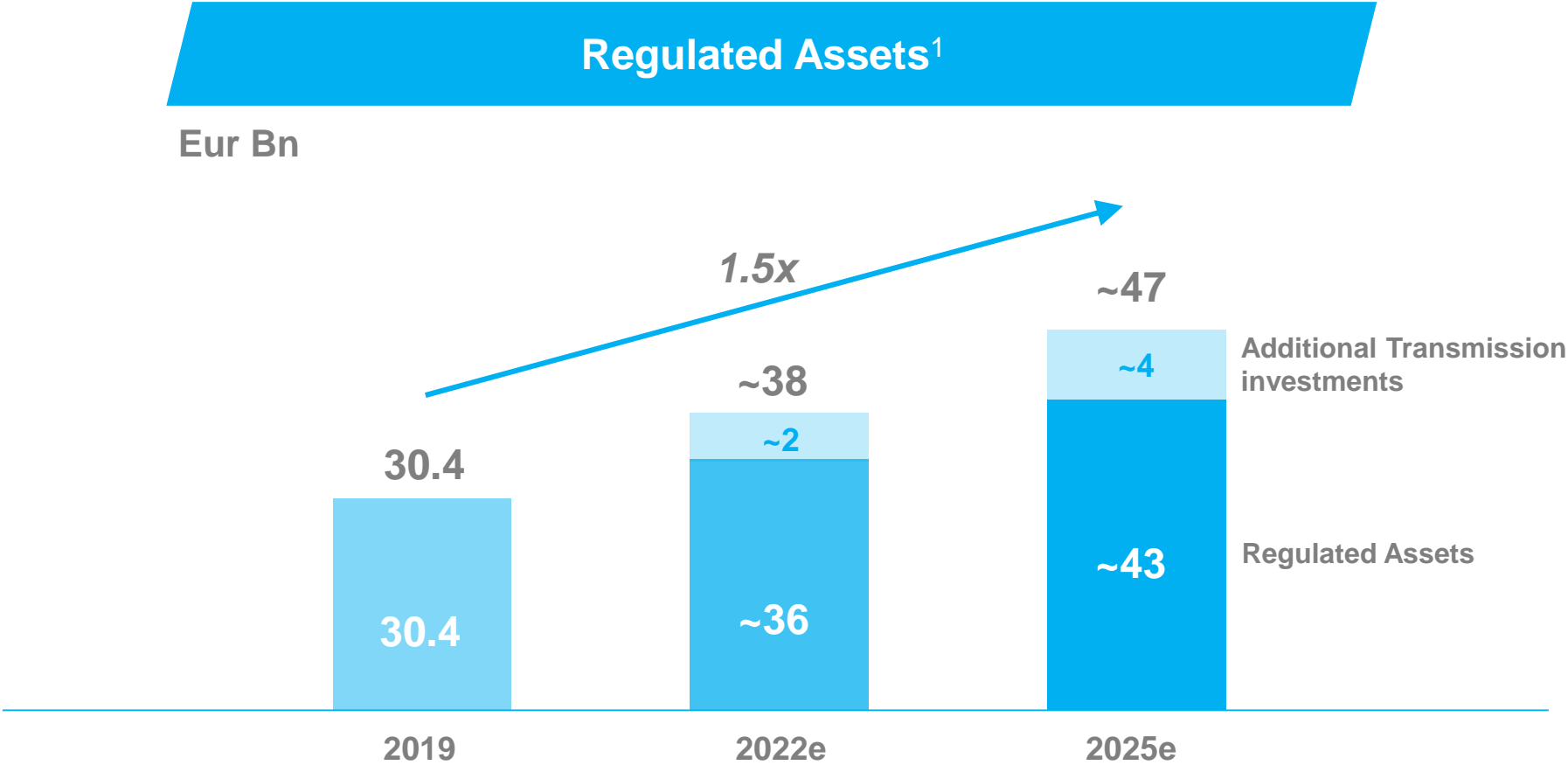
Offshore wind contributes **5x EBITDA/MW** vs **solar PV** and **3x** vs **onshore wind**

Iberdrola Energía Internacional (IEI) reaches **8 GW** of capacity by **2025**, **25%** over total additions...

Renewable Capacity by Geography

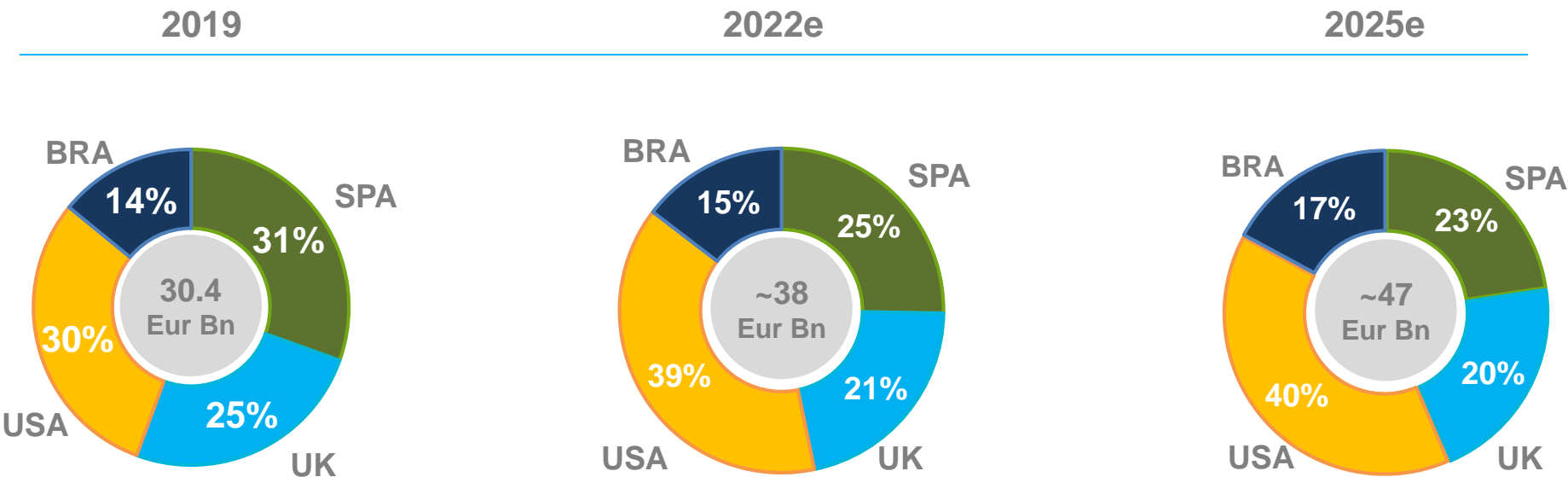


...and contributing **1 GW** to new offshore wind



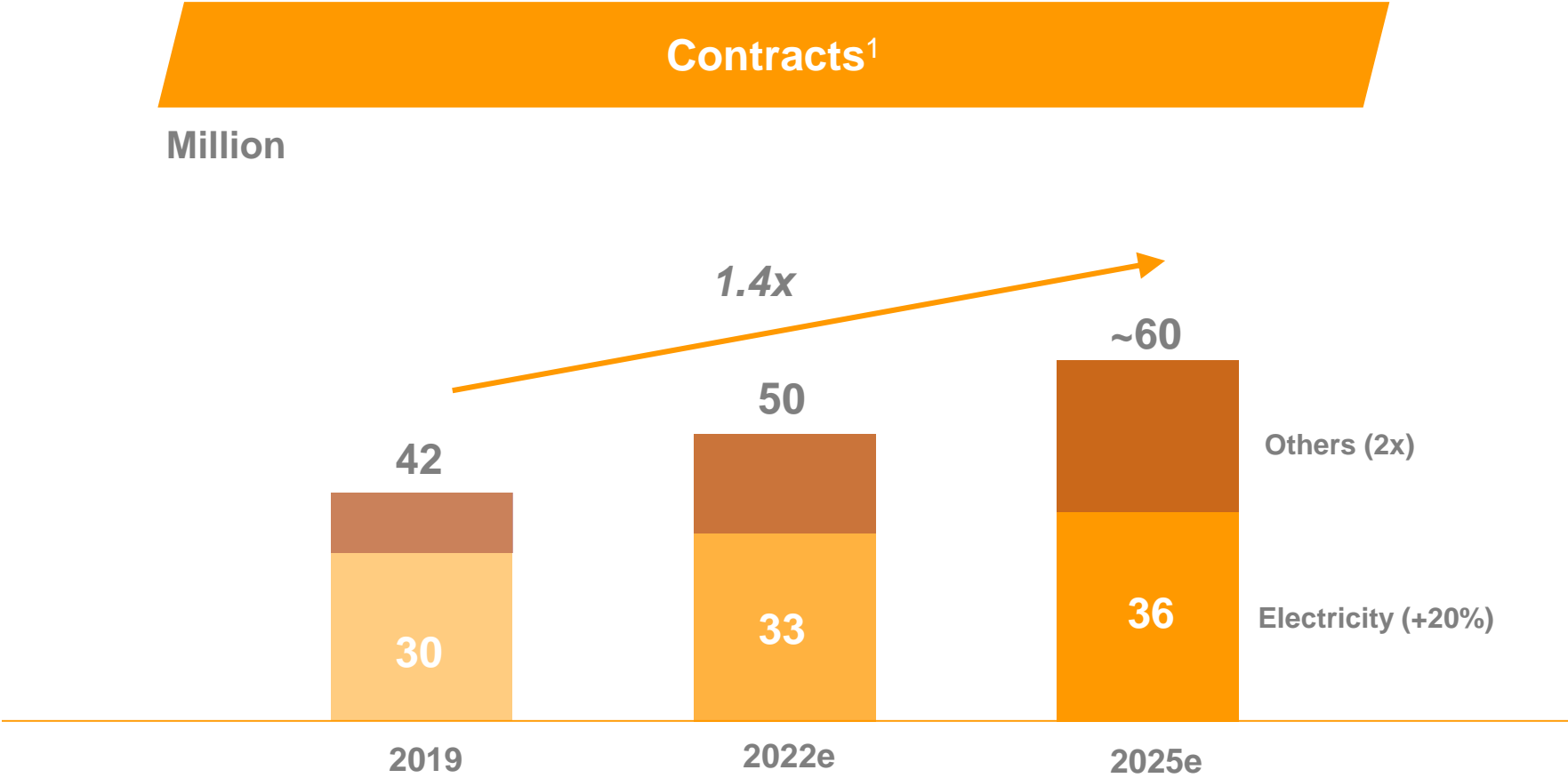
1/ Includes regulated generation in the US. Includes Iberdrola estimates for PNM Resources

Regulated Assets¹ by Geography



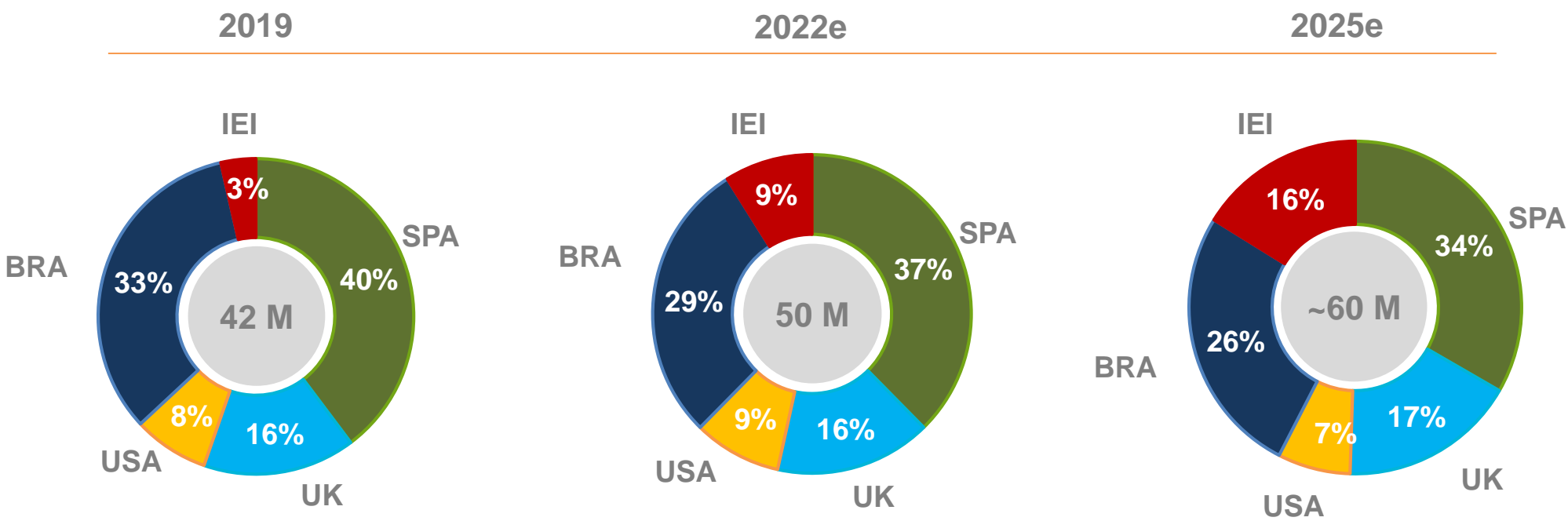
83% of assets in **A-rated** countries

1/ Includes regulated generation in the US. Includes Iberdrola estimates for PNM Resources



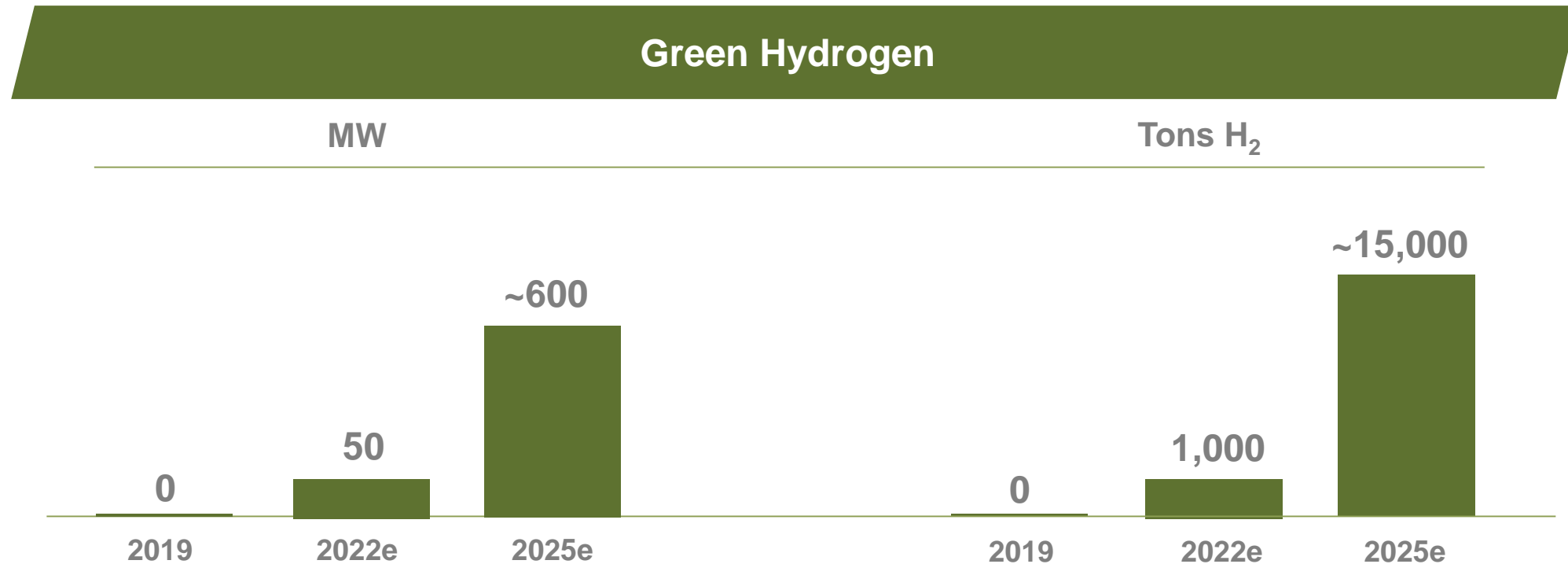
1/ Total Contracts include contracts in the retail business, as well as contracts served under regulated distribution business in US and Brazil.

Contracts¹ by Geography



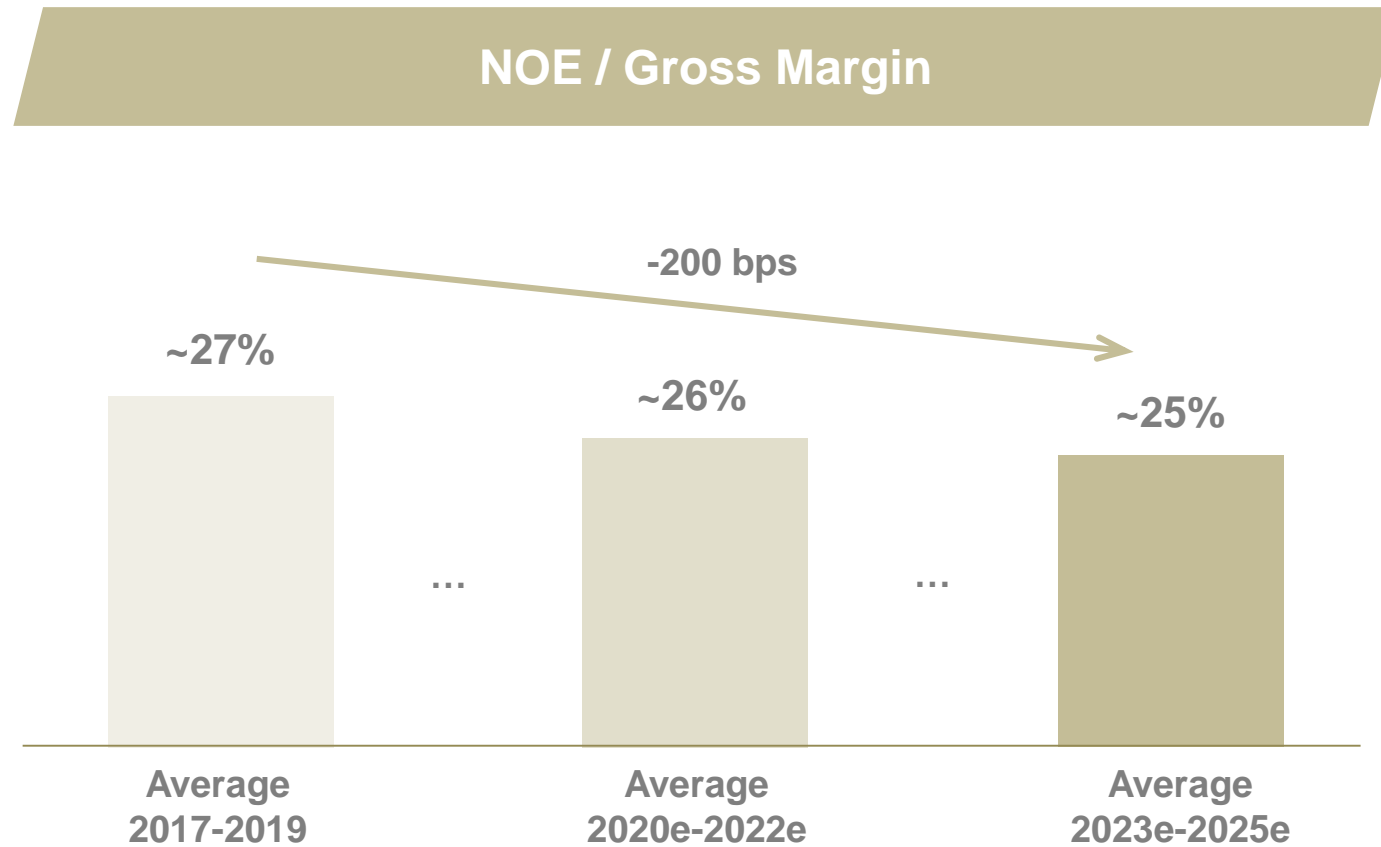
1/ Total Contracts include contracts in the retail business, as well as contracts served under regulated distribution business in US and Brazil.

Investing in **Green Hydrogen**, in line with **EU recovery plans**



- First projects in **Spain**: Puertollano and Palos, aligned with the 2030 strategy by the Government (4 GW)
- Starting to develop projects in **other countries**
- Benefiting from the **European Green Deal** support scheme

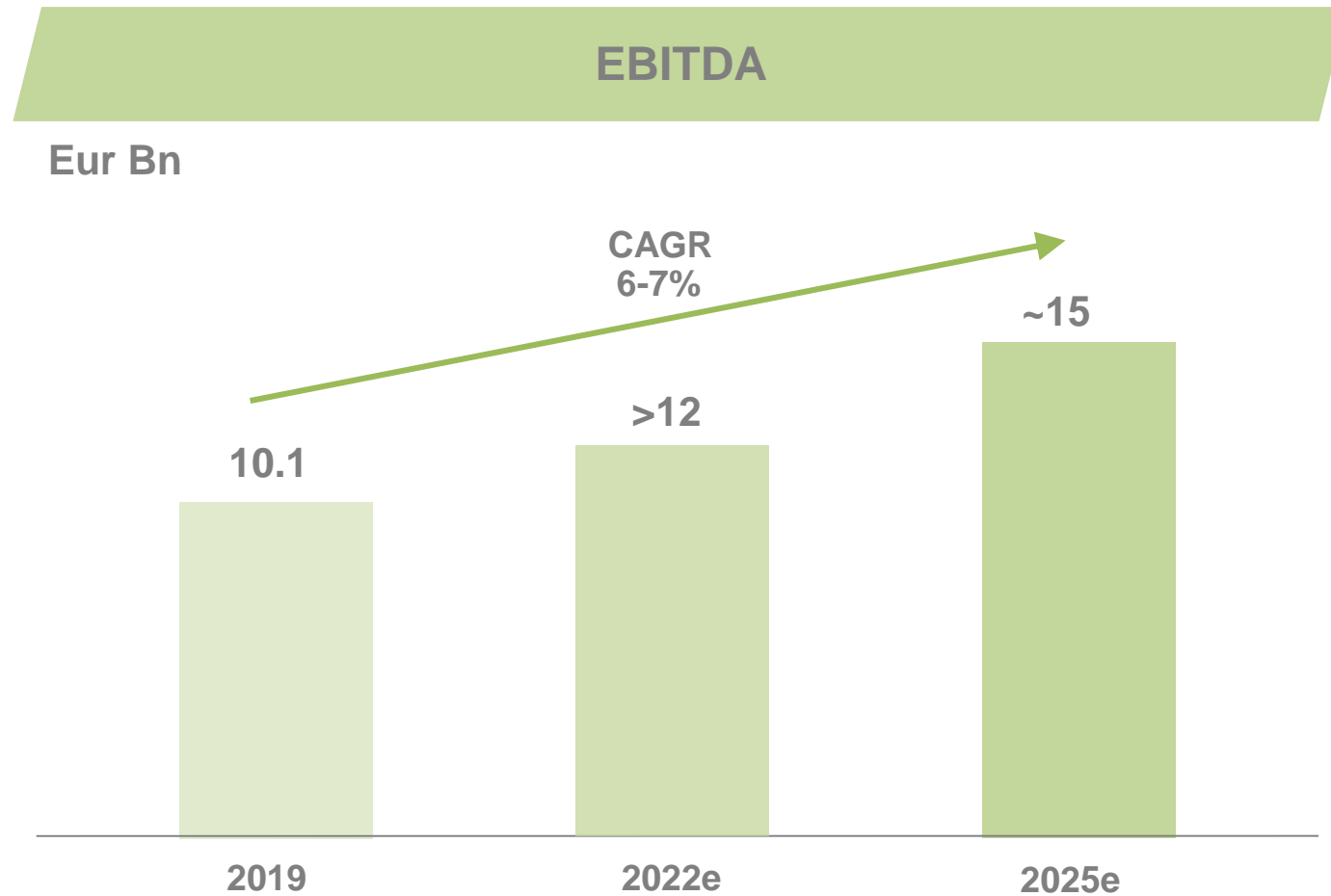
Achieving **efficiencies** of close to **~Eur 1.5 Bn** in **2020-2025**, of which **Eur 1 Bn** in **2023-2025...**



...NOE / Gross Margin ratio **constantly improving**, to reach below **25%** by **2025**

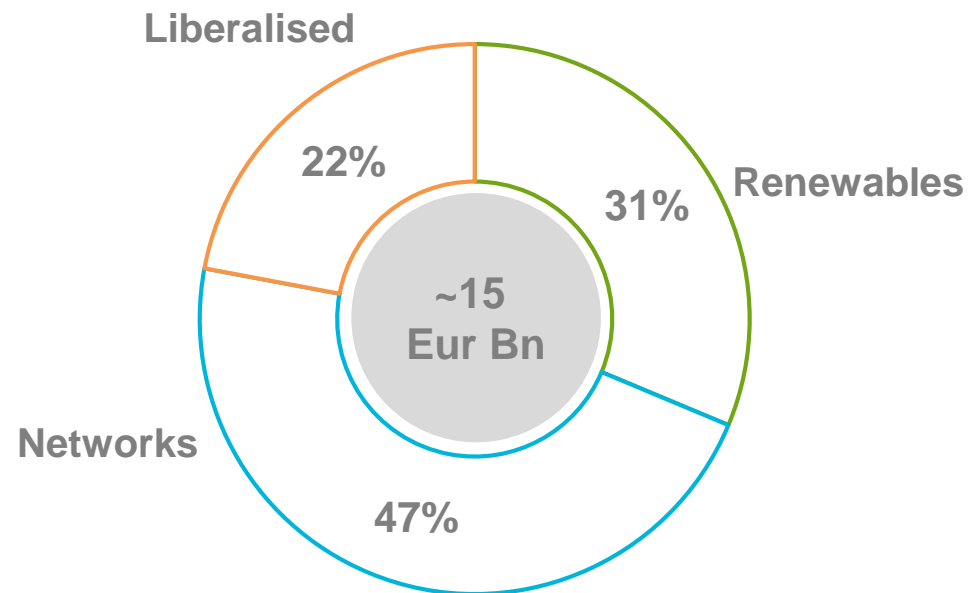
Outlook 2020-2025: EBITDA

EBITDA grows ~**Eur 5 Bn** from 2019 (**CAGR 6-7%**)...

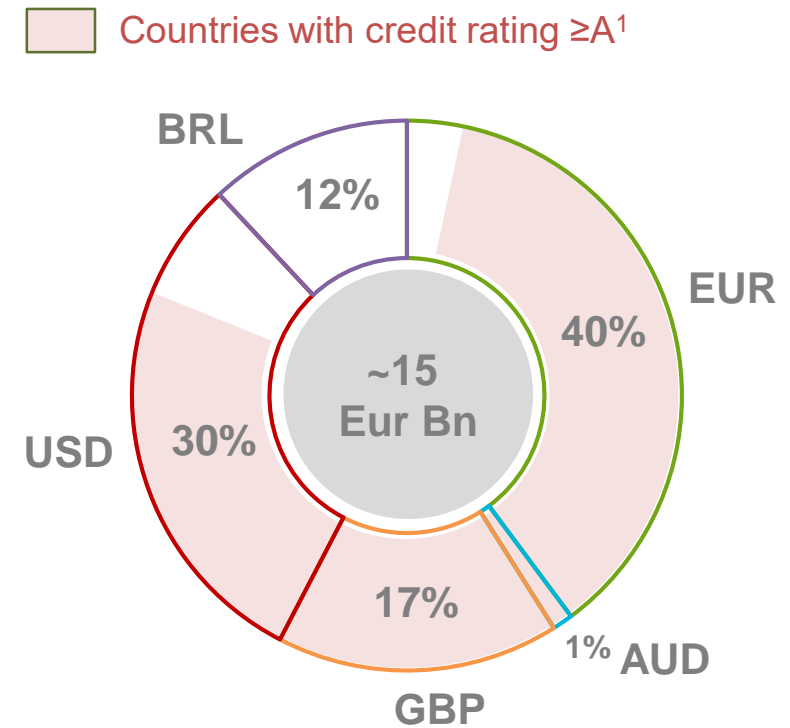


...increasing the share of **renewables** and **geographic diversification**...

EBITDA 2025e by Business



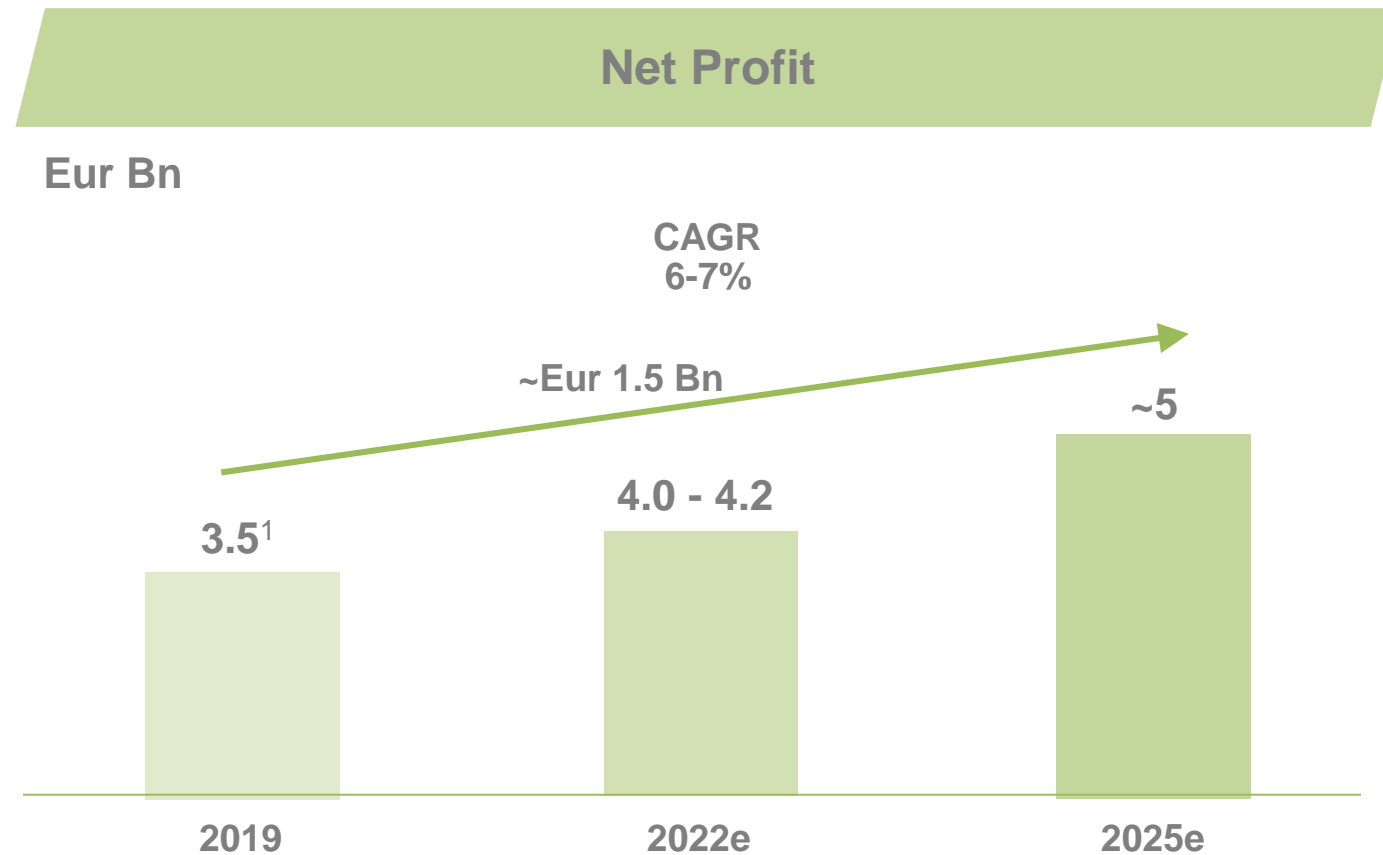
EBITDA 2025e by Currency



...with more than **80%** of EBITDA in **A-rated countries**

1/ Under Standard & Poor's categorization

Net Profit increase of ~**Eur 1.5 Bn** to reach **Eur ~5 Bn** in 2025 (**6-7% CAGR**)...



...maintaining **financial strength** and **solid rating**

1/ Net Profit 2019 restated for the recognition of the financial cost of the hybrid bond

In a strong growth scenario, shareholder remuneration will **grow in line with results**

Pay-out between 65% and 75% of EPS

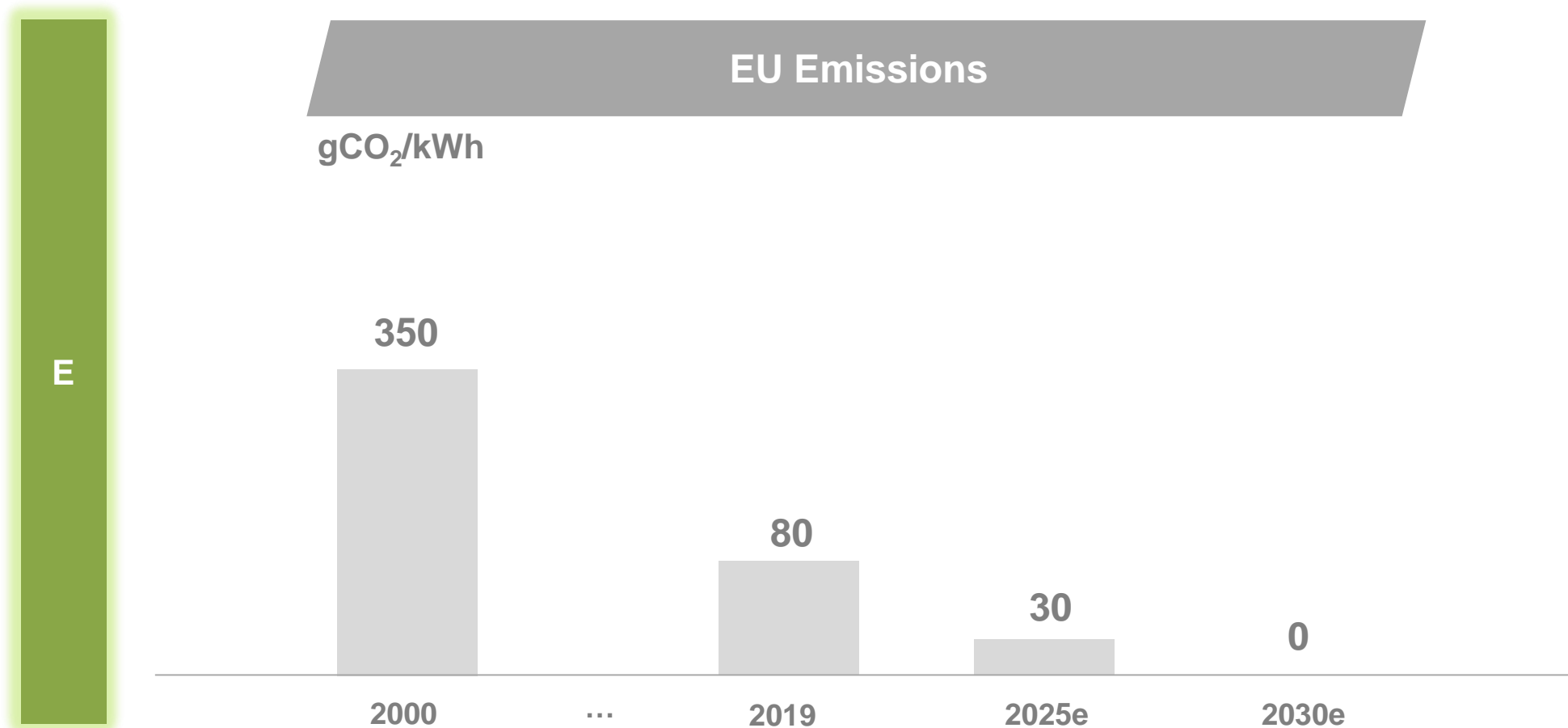
(our earnings estimates would lead to a DPS in the range of approx. 0.53-0.56 in 2025)

Increasing DPS floor: 2020-2022: 0.40 Eur/share
 2023-2025: 0.44 Eur/share (+10%)

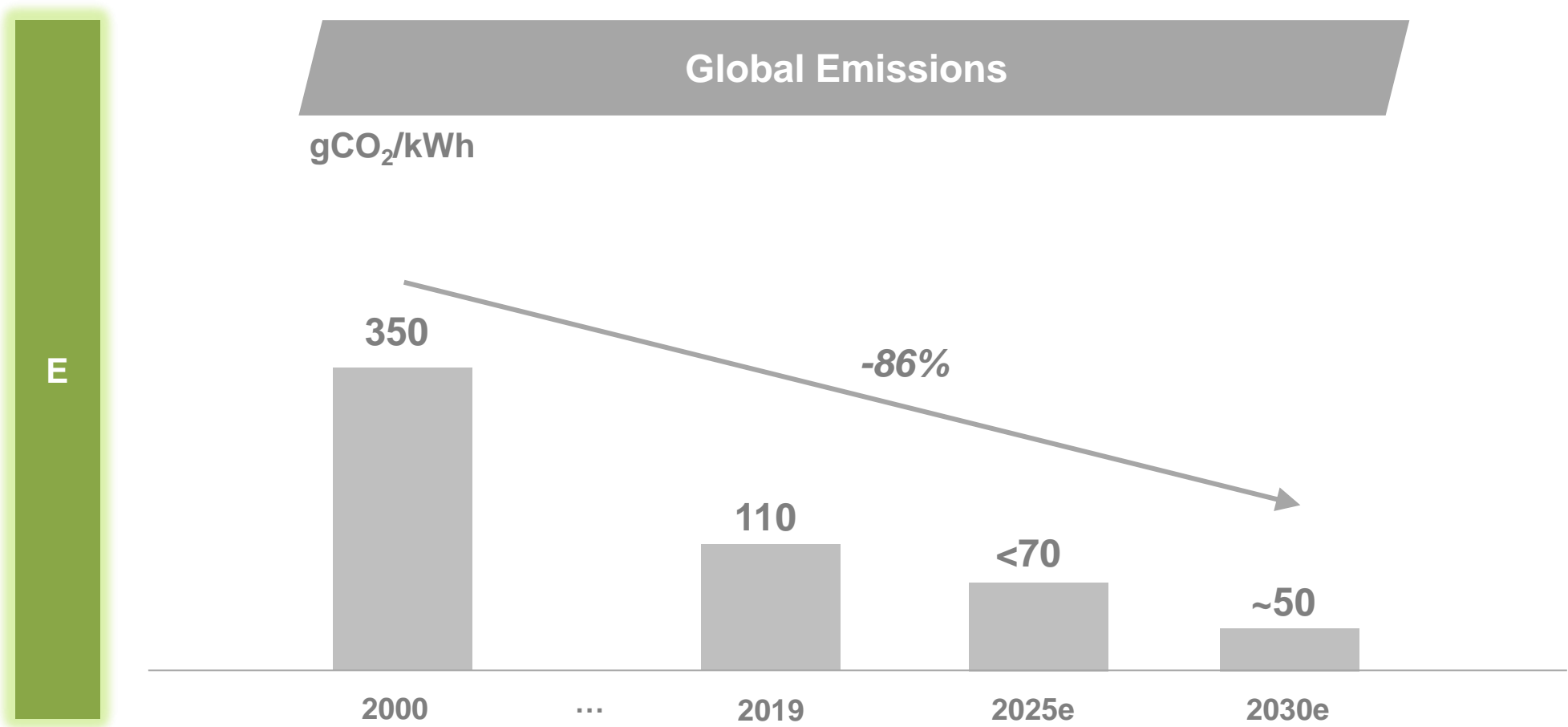
**Maintaining optionality for shareholders with the
“Iberdrola Retribución Flexible” program, including share buy-back**

		2019	2022e	2025e	
E	Emissions per kWh	gCO ₂ /kWh	110	~100	<70
	Biodiversity: reforestation	Tress, in Million		2.5	8
	Water consumption	m³/GWh	583	<500	<420
	Smart Grid implementation	% of HV and MV grids	68	75	83
	Smart meters	Number, in Million	14.5	16.7	21.2
	R&D investment	Million Euros	280	330	400
S	Training hours	Hours / employee year	55	>55	>55
	Customers: smart services	Number, in Million	8	12	18
	Jobs supported	Contribution to employment	~400,000	>400,000	>500,000
	Women in leadership positions	% of management positions	20	25	~30
	Gender pay gap	% women / men ratio	+5.2%	+/-2%	+/-2%
	Electricity for All	Beneficiaries, in Million	7	11.5	14
	Foundation	Beneficiaries, in Million		1.3	1.4
G	Best practices in Governance	Inclusion in Corporate Governance System	✓	✓	✓
	Cybersecurity	Annual number of security assessments	800	1,800	2,000
	Suppliers	% of supplier with sustainable policies	48%	70%	75%

Accelerating EU emission reduction targets:
already having just **1/3 of emissions** vs those of our **peers**...



...we will reach **zero emissions in Europe by 2030**



Iberdrola, at the forefront of **Corporate Governance** and Compliance

G

- **A leader in Corporate Governance for years in accordance with the highest national and international standards for listed companies:**

Recognition for 7 consecutive years as a Spanish company with best Corporate Governance practices by the World Finance Corporate Governance Awards



- **Listed and non-listed country sub-holding companies and subsidiaries also have the highest international standards**
- **Ongoing review of corporate governance system**

Ongoing implementation of best-in-class Diversity & Inclusion policies

- **Compliance System reflects best practices and international standards:**

Included in the list of World Most Ethical Companies since 2014, published by the Ethisphere Institute (USA)
ISO 37001 and UNE 19601 in force
Compliance Leader Verification issued by Ethisphere Institute (USA)
Award for the best compliance system 2018 -2019 awarded by Expansión

Full commitment to continue as a benchmark