Iberdrola

Capital Markets & ESG Day

21 March 2024

Sustainable Event

AENOR EVENTS SUSTAINABILITY ISO 20121

Committed SDG

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Financial Management

José Sainz Armada

Chief Financial Officer

Value Creation

Iberdrola's Business & Financial Model

An integrated business model that combines growth and predictability strengthened by a sustainable financial model that secures a stable rating and limits volatility

Business model

- Growth and predictable margin from Networks
  Higher Networks contribution (10 p.p.) than EU peers
- Geographical diversification
  >85% from A-rated countries
- Balanced generation-supply position
  Integrated Model with ~85% of total production 2024-26 already sold with margins secured

Financial model

- Sustainable financial strategy
  Higher % of debt fixed
  Strong liquidity
  FX hedges
- Partnership model adding stable and long-term value

TSR[1] >300% over the last 10 years

Net Profit growth above peers with lower volatility

DPS and Net Profit growth in line proving aligned & growing shareholder remuneration

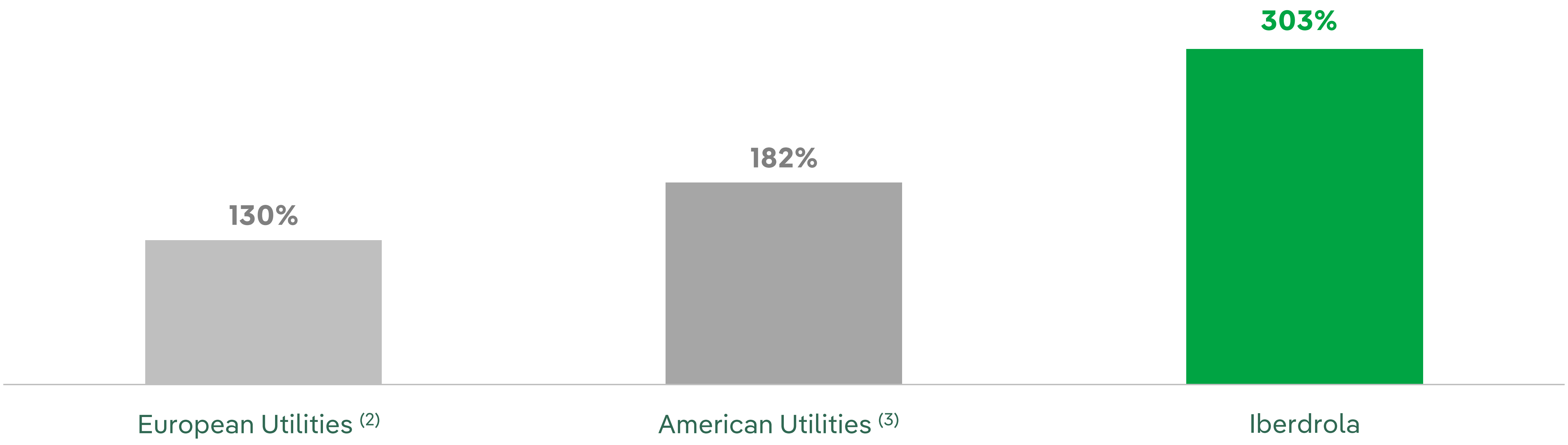
Over-delivery on annual guidance

DESERVES A PREMIUM

(1) Total Shareholder Return, including dividend reinvestment

Iberdrola's Total Shareholder Return last 10 years

Iberdrola Total Shareholder Return[1] over the last 10 years exceeds 300%...



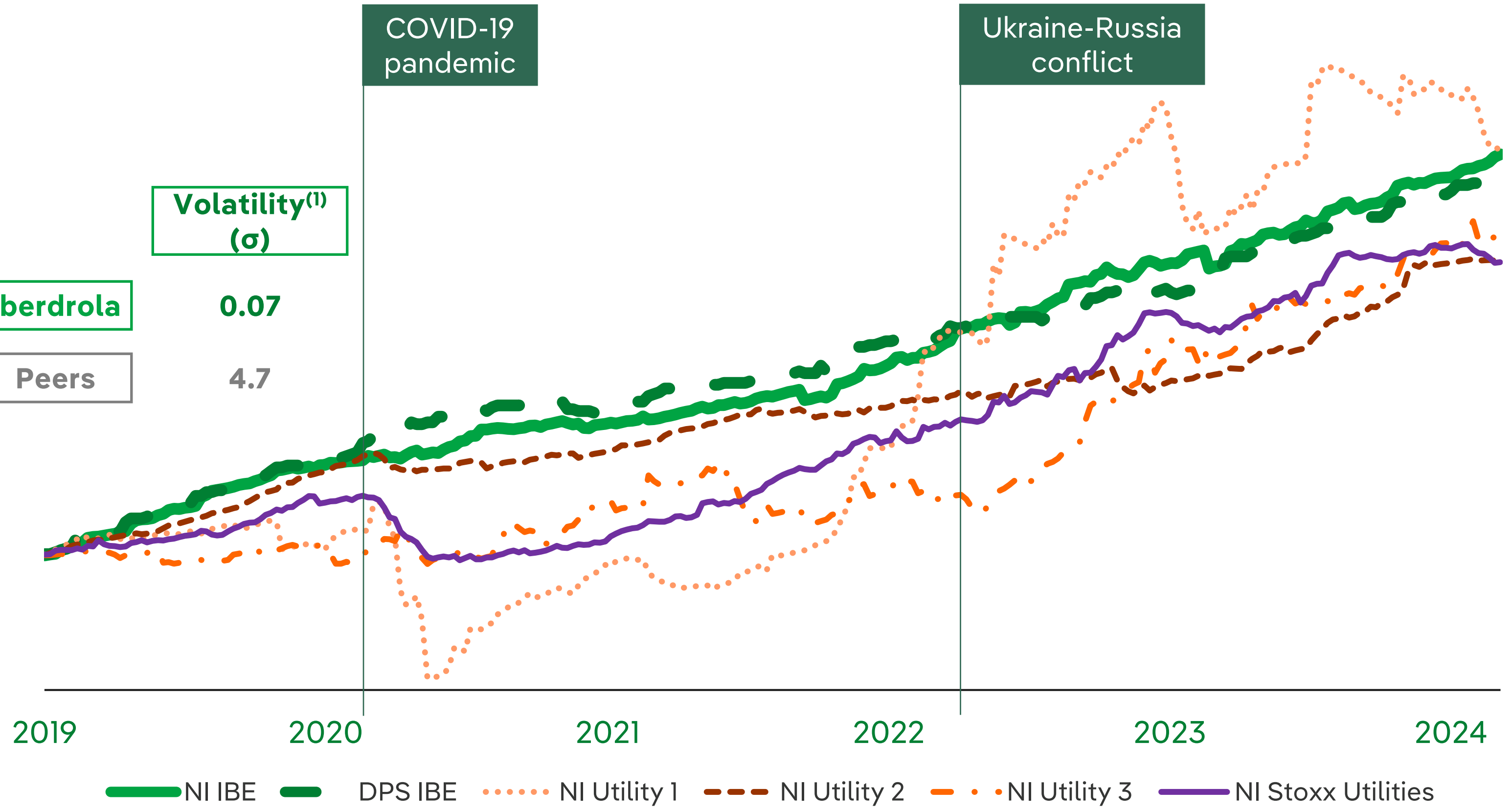
... based on higher growth than American & European peers

(1) Total Shareholder Return, including dividend reinvestment
(2) Arithmetic average of European Utilities (Enel, EDP, RWE, Engie, E.ON)
(3) Arithmetic average of American Utilities (NextEra Energy, Southern Co, Duke Energy)

Iberdrola's Net Profit & DPS evolution & volatility

Net Profit growth above peers with lower volatility[1] even during uncertain times

Volatility[1] (σ)	
Iberdrola	0.07
Peers	4.7



	Net Profit CAGR	DPS CAGR
5y	10%	10%
10y	6%	7%
20y	8%	6%

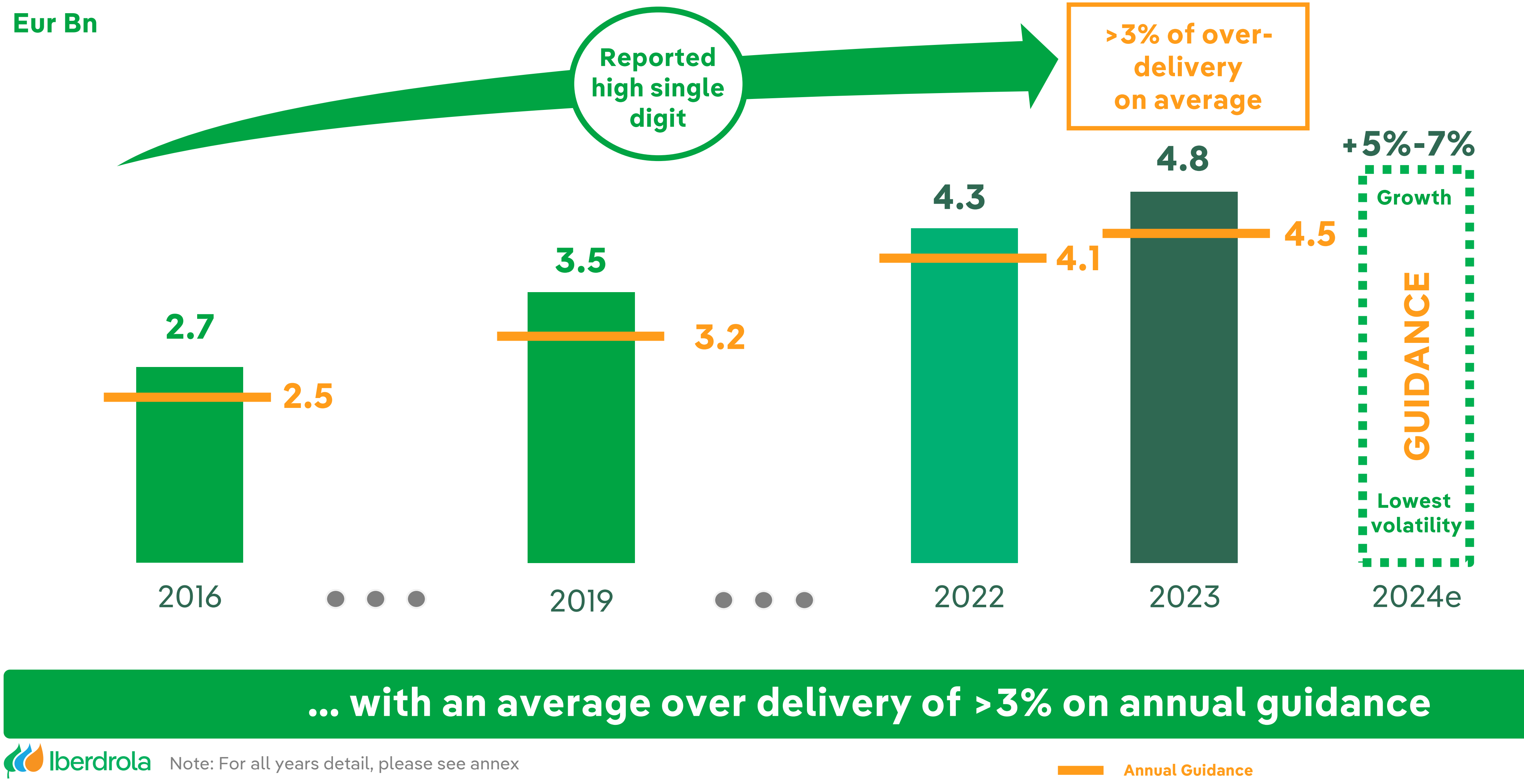
Shareholder remuneration aligned with Net Profit growth

Source: Bloomberg

(1) Calculated as standard deviation of Net Profit growth during the last 10 years

Track record of Net Profit delivery vs guidance

Reported Net Profit CAGR of high single digit since 2016...



... with an average over delivery of >3% on annual guidance

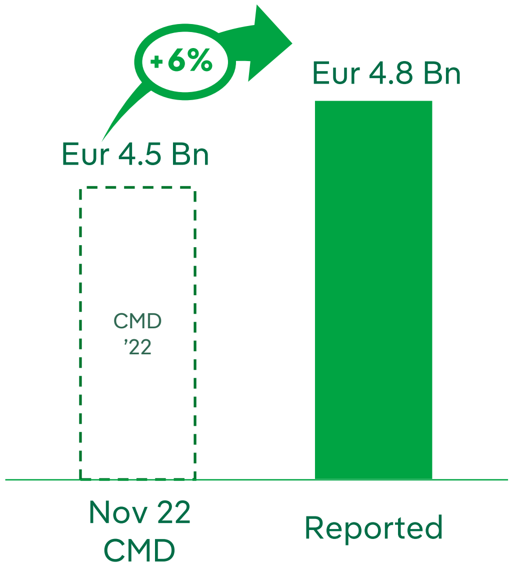
Note: For all years detail, please see annex

Delivery 2023-2025 Plan

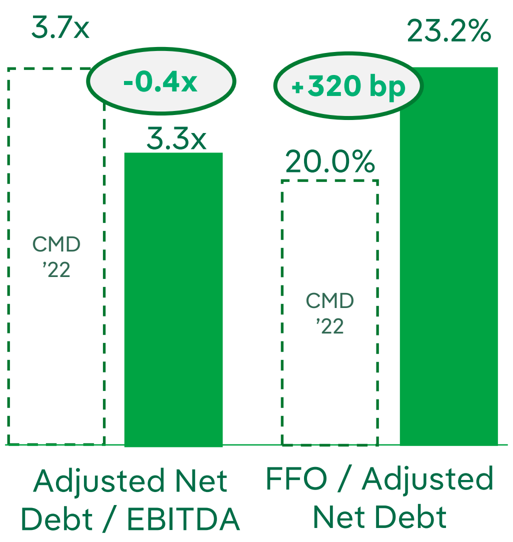
Financial & ESG achievements 2022-2023

Over delivery of financial and ESG targets reaffirming Iberdrola's execution track record

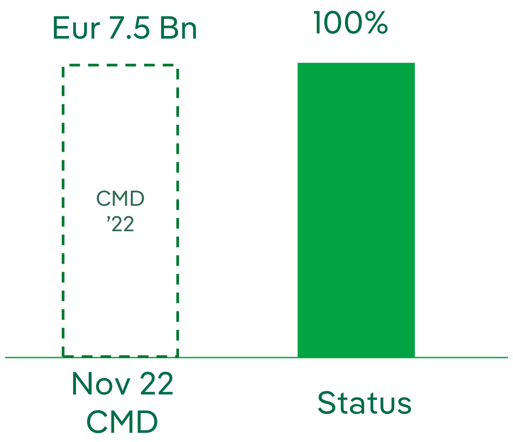
Net Profit 2023



Financial Ratios 2023

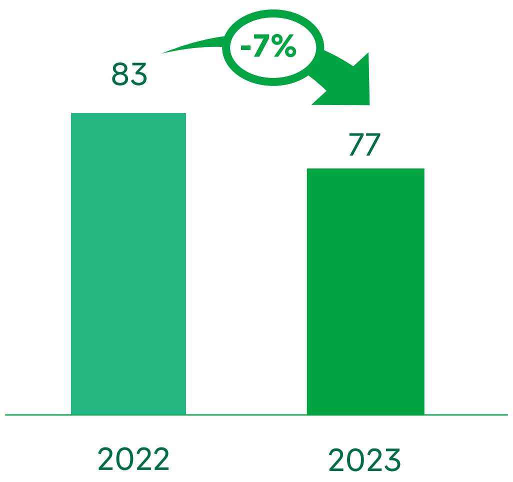


Asset Rotation & Partnerships



E S G F

Specific emissions g CO2 /kWh



Reported

Plan 2024-2026

Iberdrola's proposal to reach 100% of Avangrid: Strategic rationale

Funding of Avangrid's future growth can only be achieved by means of profit reinvestment or shareholders' support in the form of capital infusions

- **Increasing exposure to the US and Networks** as source of 80% of Avangrid's Net Profit comes from Networks
- **Investment opportunities**, mostly in networks… **core to Iberdrola' strategy**
- **Avangrid's leverage and dividend payout ratios constraining future growth** and new investment opportunities in the US
- **Simplifying Avangrid's corporate governance** structure
- Avangrid's market performance **reduces value as a currency**

Transaction to be closed within 9-12 months[1]

(1) Transaction closing is subject to definitive agreement being entered into between Iberdrola and Avangrid, and the closing will be conditional upon, among other things, (a) Avangrid Unaffiliated Committee's approval; (b) majority of minority shareholders' approval, (c) requisite regulatory approvals and (d) other customary conditions.

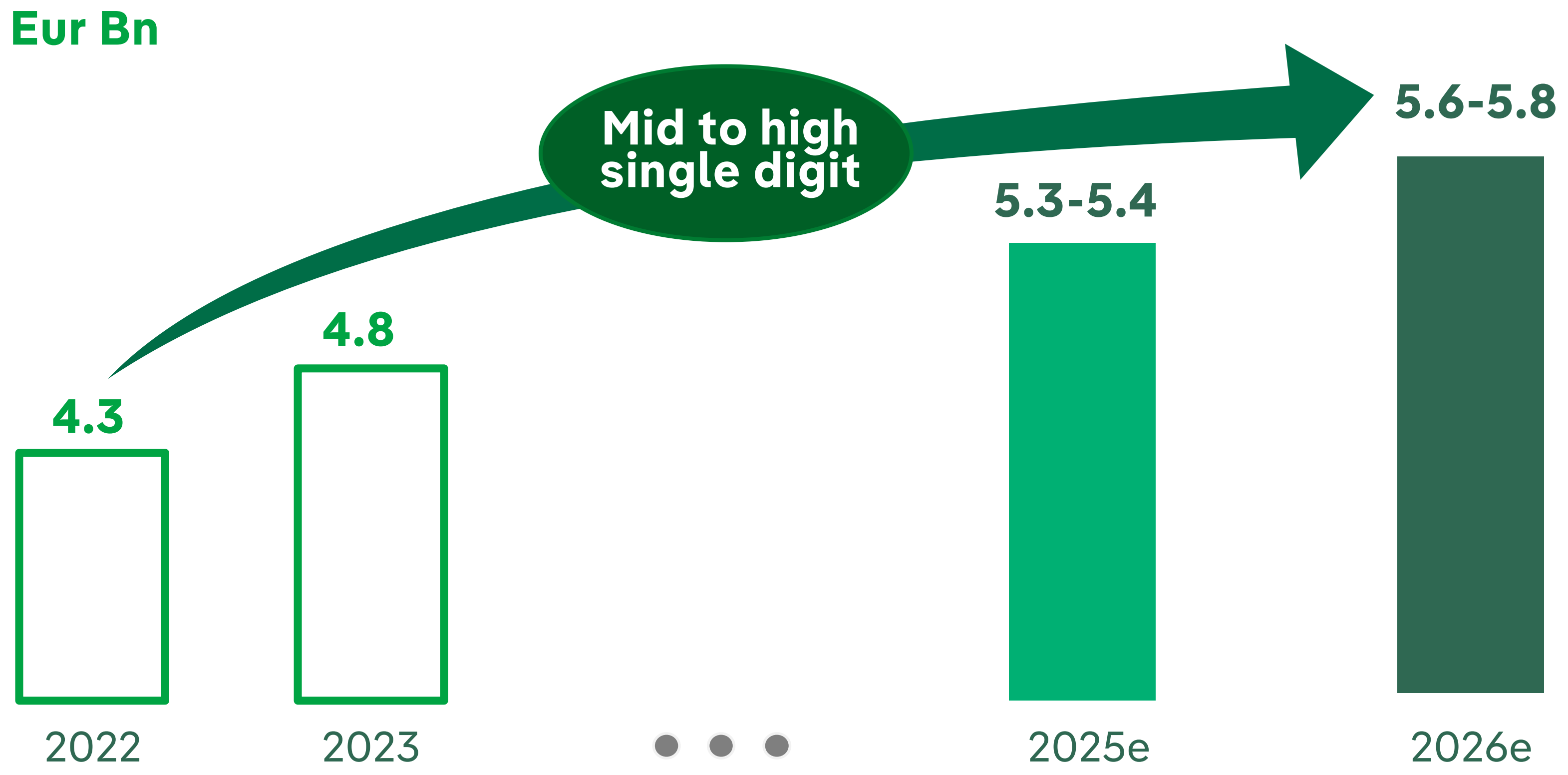
Macro hypothesis 2024-2026

Progressive stabilization on macro with inflation under control and interest rates normalizing

Inflation	**Gradually converging** to Central Bank's targets, but **slower than expected**
Interest Rates	**Short-term rates** reduction starting in 2024. Brazil will continue cutting in 2024 **Long-term rates** above short-term from 2025 onwards
Credit Spreads	**Stable during the plan**
Economic Growth	**Recovering gradually** in **2024/2025** reaching **potential growth** from **2026** onwards, **USA faster than the Eurozone** Mexico and Brazil maintaining strong growth
FX	**USD** depreciated vs. 2023-2025 plan **GBP** aligned to 2023-2025 plan **BRL** supported by good economic data and political stability

Net Profit 2022-2026

Net Profit reaches Eur 5.6-5.8 Bn in 2026 ("mid to high single digit" CAGR 2022-2026)...



Sensitivity analysis: Net Profit

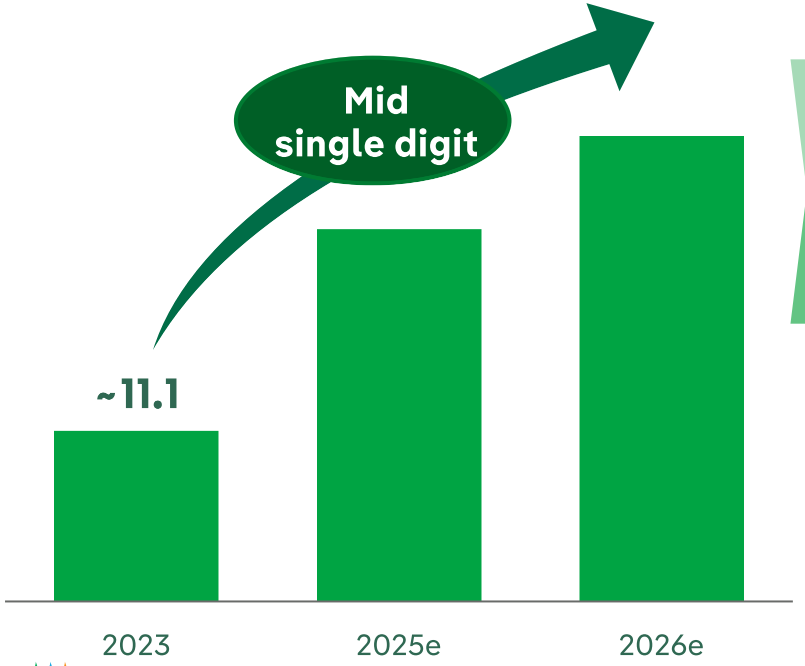
Limited Net Profit volatility

	VS			2025e (Eur M)	2026e (Eur M)
Energy prices Spain	Sensitivity vs. base case (60 €/MWh)	5 €/MWh		80	95
Energy prices UK	Sensitivity vs. base case (74 £/MWh)	5 £/MWh		3	15
Distribution returns Spain	Current regulatory returns (5.58%)	50 bp		-	40
Interest rates	Plan hypothesis	50 bp		50	70
FX	Plan hypothesis	5 %	$	50	50
			£	55	55
			R$	20	20

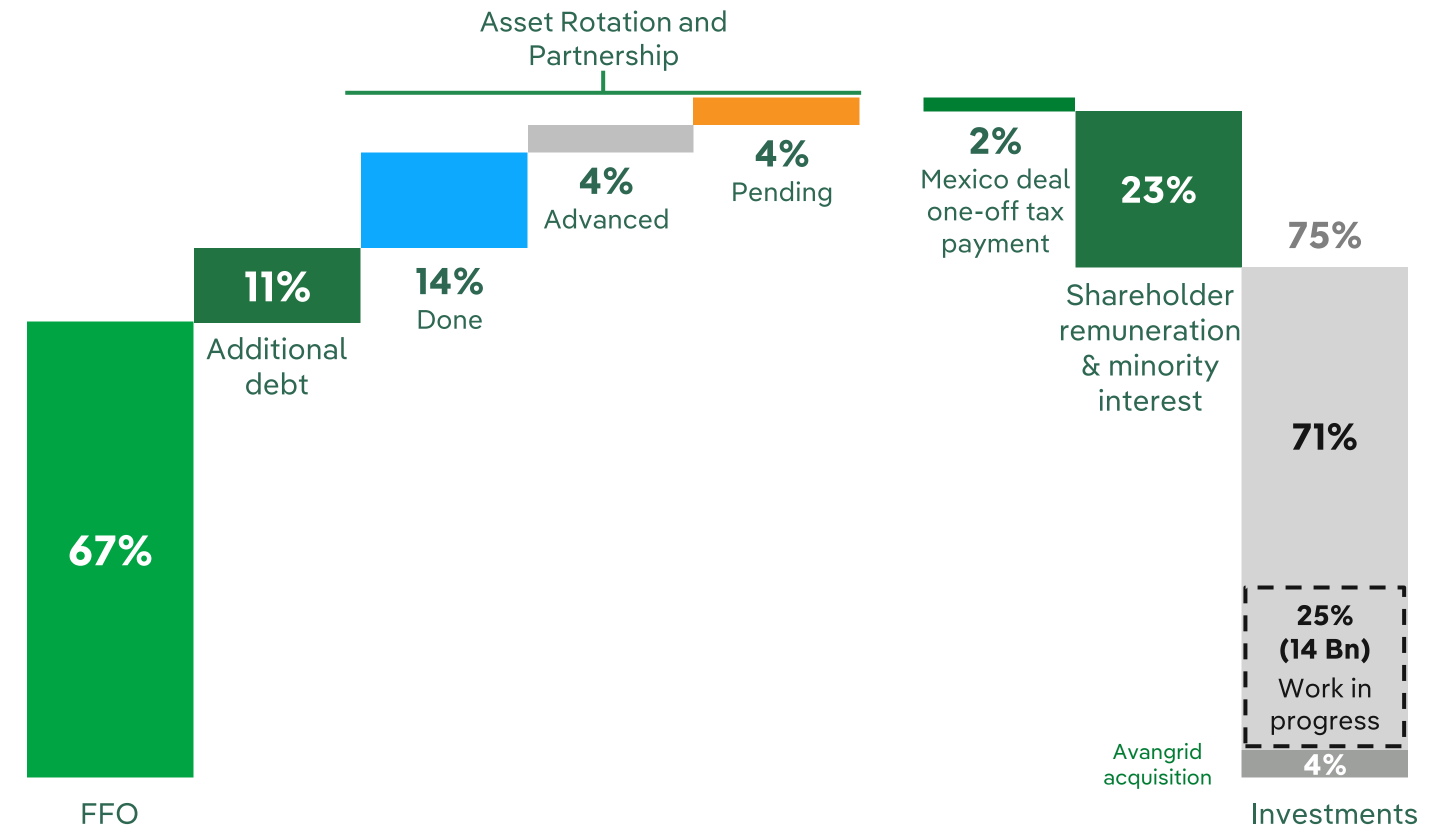
Sources and uses of funds

Additional debt to 11% of total sources thanks to FFO growth, covering 67% of uses, limiting funding risk

FFO 2023-2026 evolution (Eur Bn)



Sources & uses of funds 2024-2026 (%)



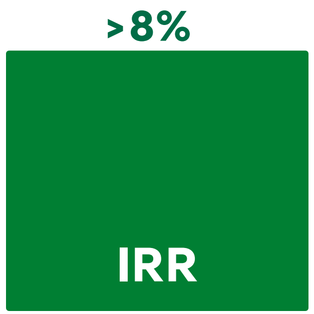
Value creation

Capex allocation to maximize value depending on business, geography, framework, route to market...

Networks

Average
EBITDA/Growth Capex >10%

Group's Growth Capex IRR

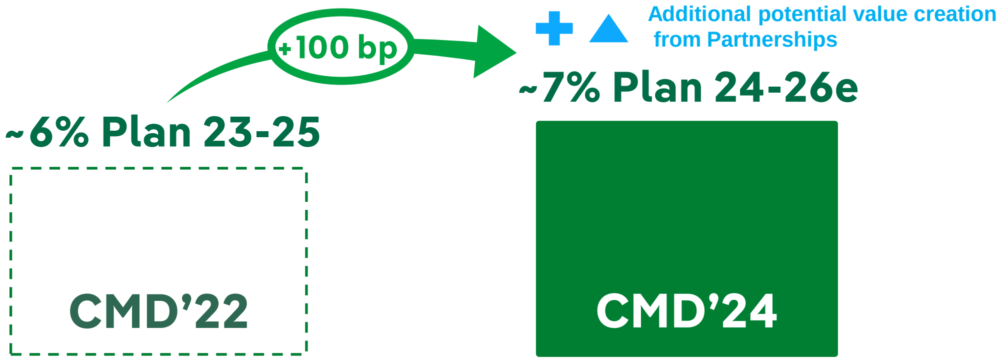


Renewables

IRR 7-12%

Spread to WACC >200 bps

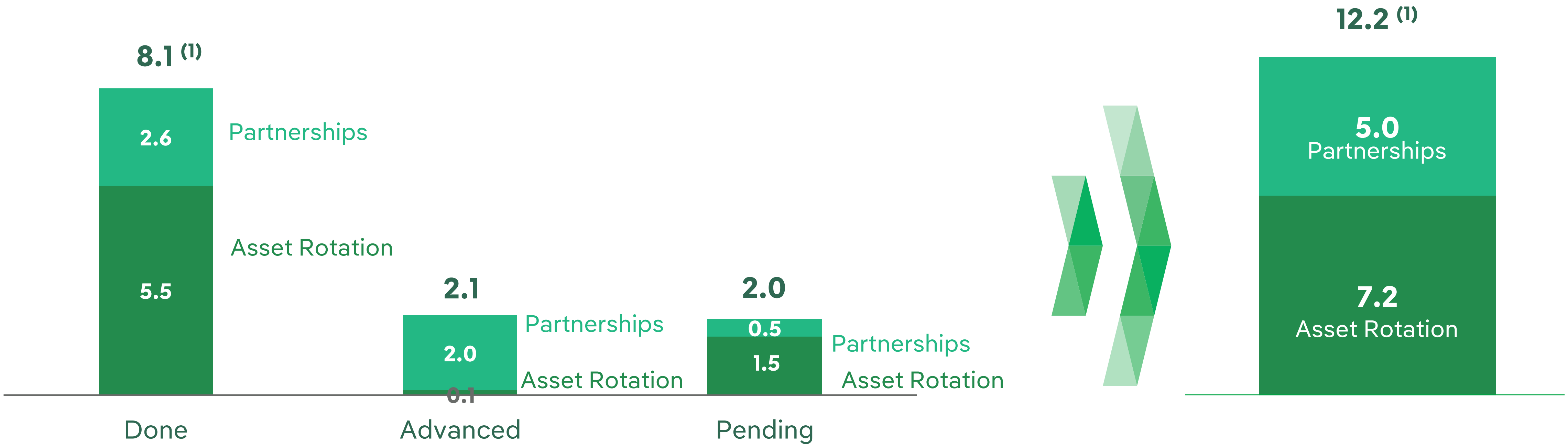
ROCE CMD'24 VS CMD'22



...with additional potential value creation from our partnership model

Asset rotation and partnerships targets: new target 2024-2026

Partnership model that attracts Tier 1 investors allowing us to raise equity with lower dilution than issuing in the capital markets



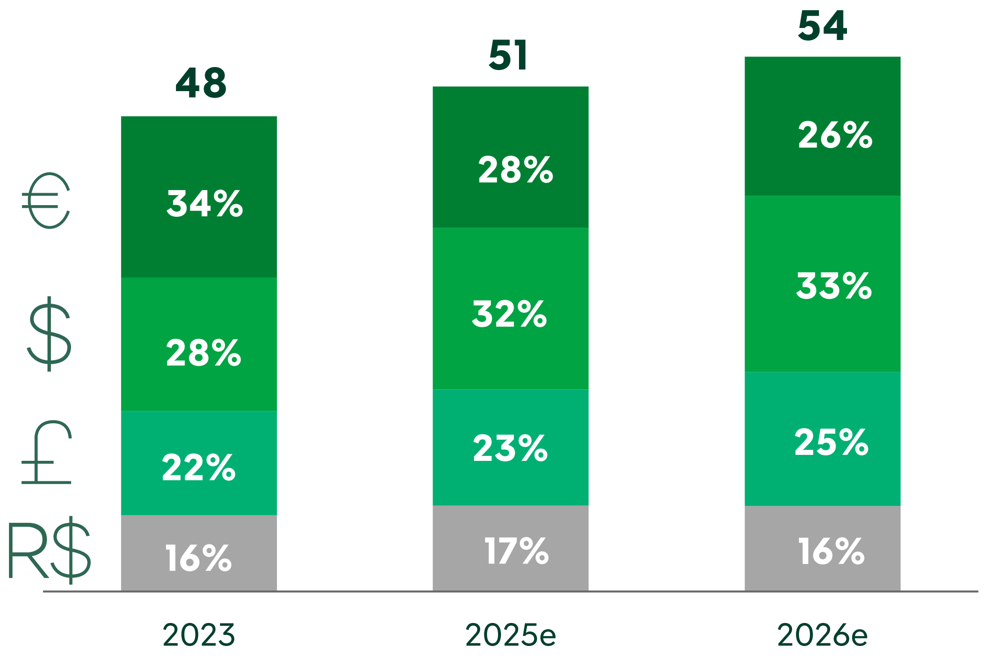
New asset rotation & partnerships 24-26 target: ~Eur 12.2 Bn, Eur 8.1 Bn done, Eur 2.1 Bn in advanced stages and Eur 2 Bn pending

(1) Including Mexico transaction closed & cash received in February 24

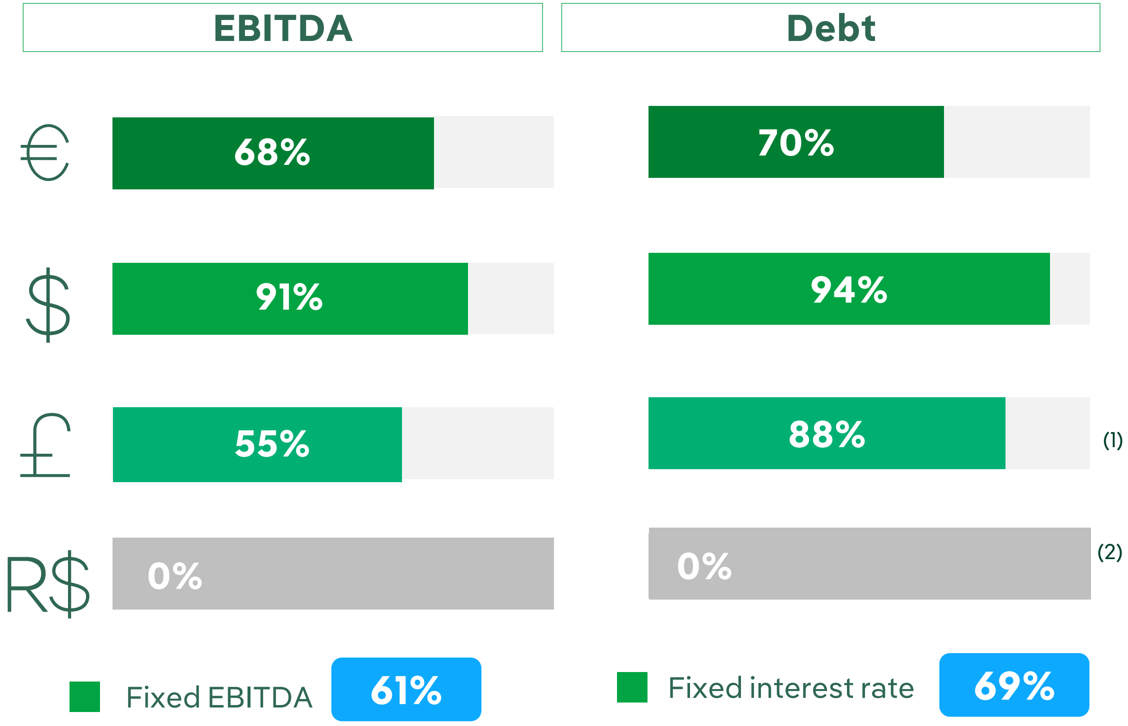
Net Debt evolution & structure

Net Debt increasing weight of non-euro currencies along the plan, while maintaining a prudent financial structure: 69% average of debt at fixed rate higher than 61% of fixed EBITDA

Net Debt evolution 2023-2026 (Eur Bn)



Debt vs. EBITDA structure 2024-2026 (%)



Iberdrola financial profile well positioned in different market environments

(1) Net debt with forward-start swaps excluding EA3
(2) Business EBITDA and debt highly indexed to inflation

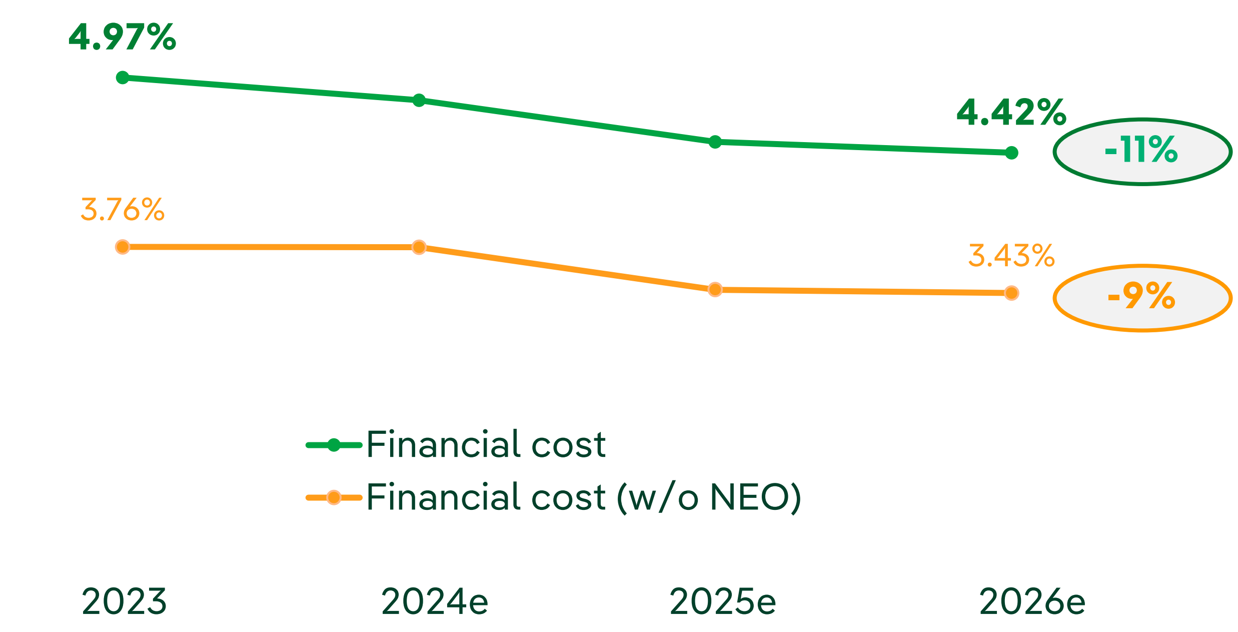
Cost of Net Debt

Cost of Net Debt decreasing along the plan despite higher cost currencies increasing weight...

Gross debt financial cost by currencies (%)

	2023	2026e
€	2.7%	2.1%
£	4.4%	3.3%
$	4.8%	4.7%
R$	11.4%	9.8%

Net financial cost (%)

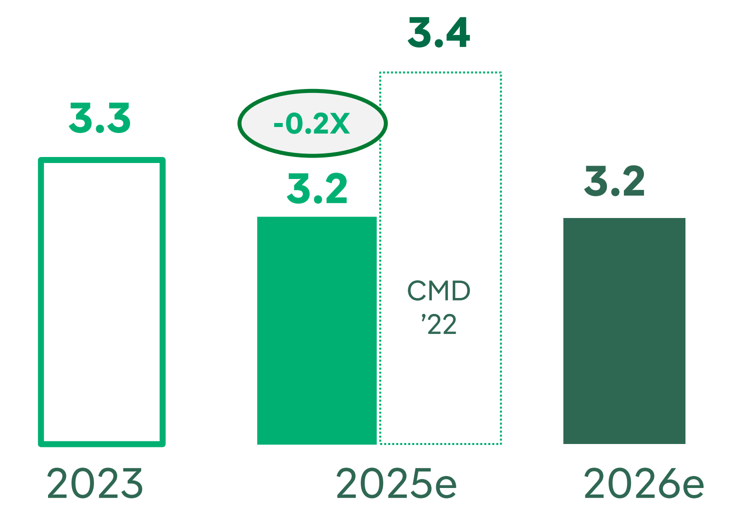


...2026 will be around 4.4% (3.4% w/o Brazil) supported by our competitive fixed debt levels & spreads thanks to rating stability

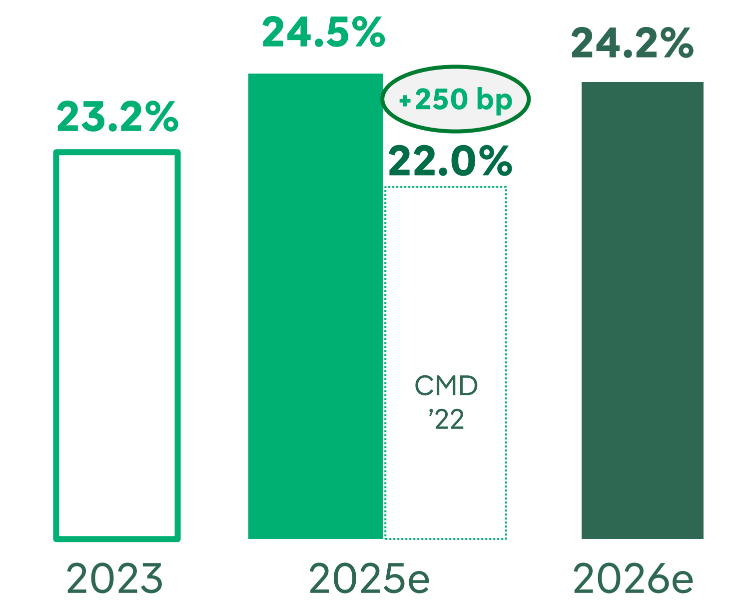
Solvency ratios

Strong ratios during the plan, improved vs. CMD'22, reinforcing our commitment towards current rating (BBB+/Baa1)

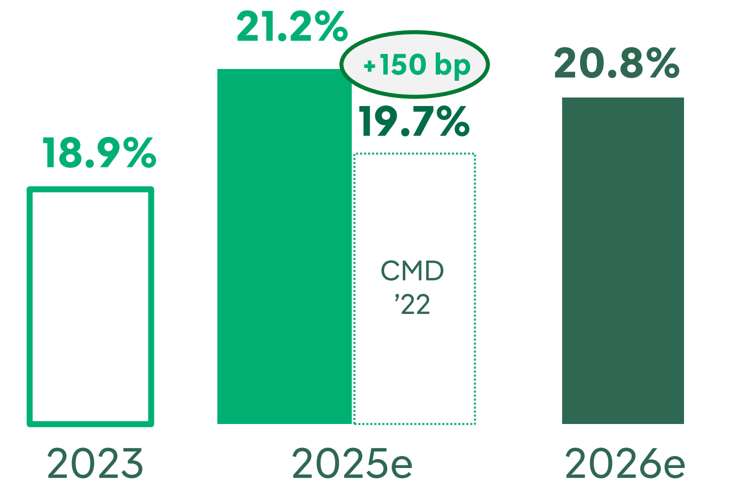
Net Debt / EBITDA



FFO / Net Debt



RCF / Net Debt

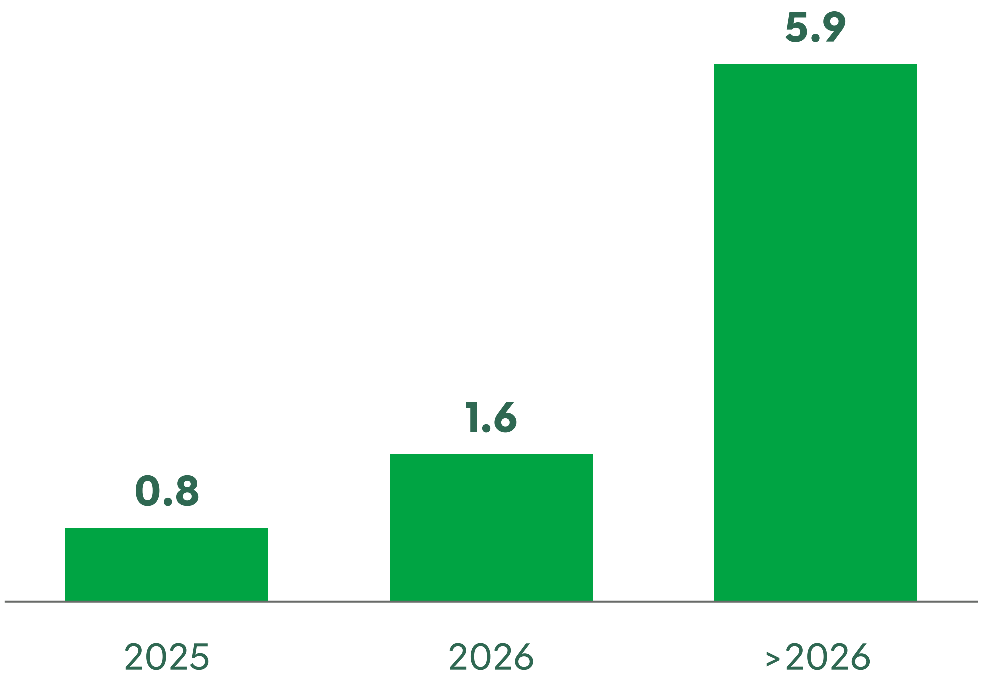


Exposure to A rated countries + "Regulated+long term contracted" business profile, together with financial strength commitment, allow better thresholds than peers from Rating Agencies

Hybrids

Comfortable situation of hybrid debt, maintaining current balance of Eur 8.25 Bn throughout the plan

Hybrids first reset date (Eur Bn)



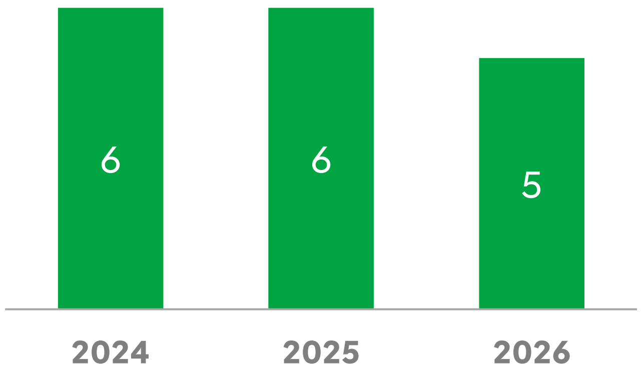
Highlights

- Iberdrola is comfortable and committed with its current hybrid portfolio
- Focused on the refinancing of the outstanding stock. Expected cost in 2026: 3.5%
- Reopening the hybrid bond market with an issue of Eur 700 M at 4.871% last January 9th to refinance 2018 hybrid
- Hybrid strategy will remain supportive of current ratings

Financing plan

Eur 22 Bn of 2024-2026 financing needs covered according to our financial model diversifying sources of financing increasing multilaterals, and bonds (Eur and other currencies)

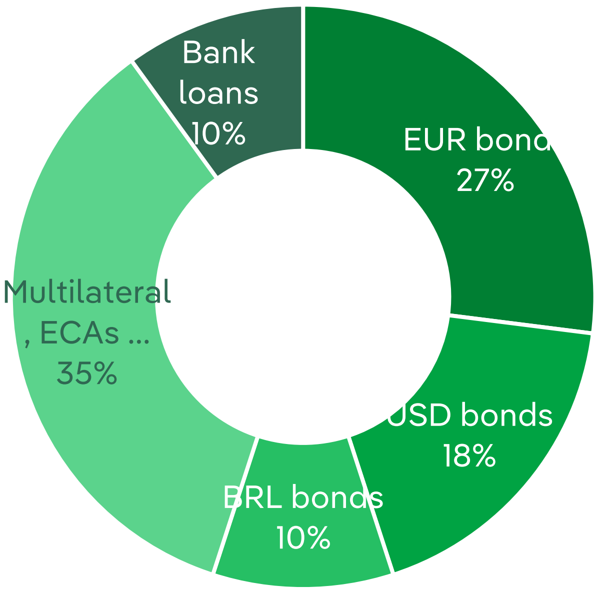
Debt maturities: Eur 17 Bn



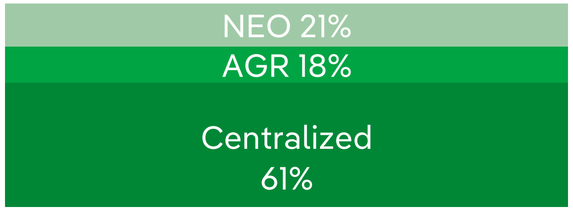
Additional Debt: Eur 5 Bn [1]

Coverage 2024-2026: Eur 22 Bn

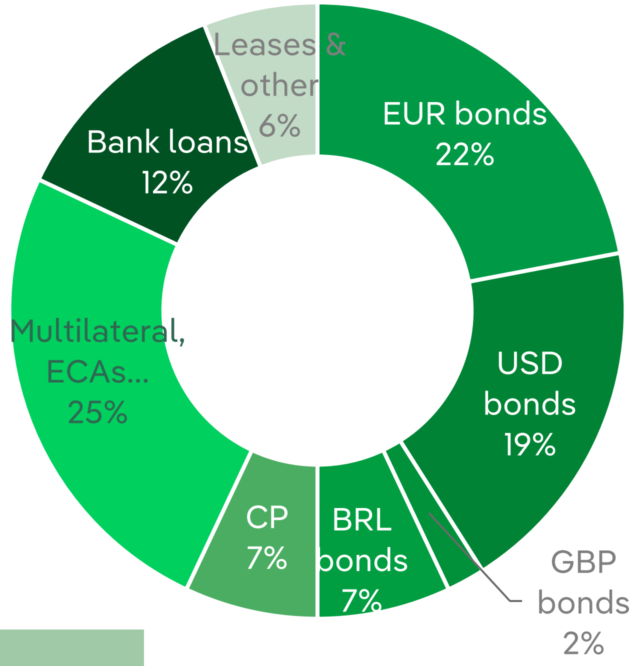
By product



By country



Debt structure by market 2026e

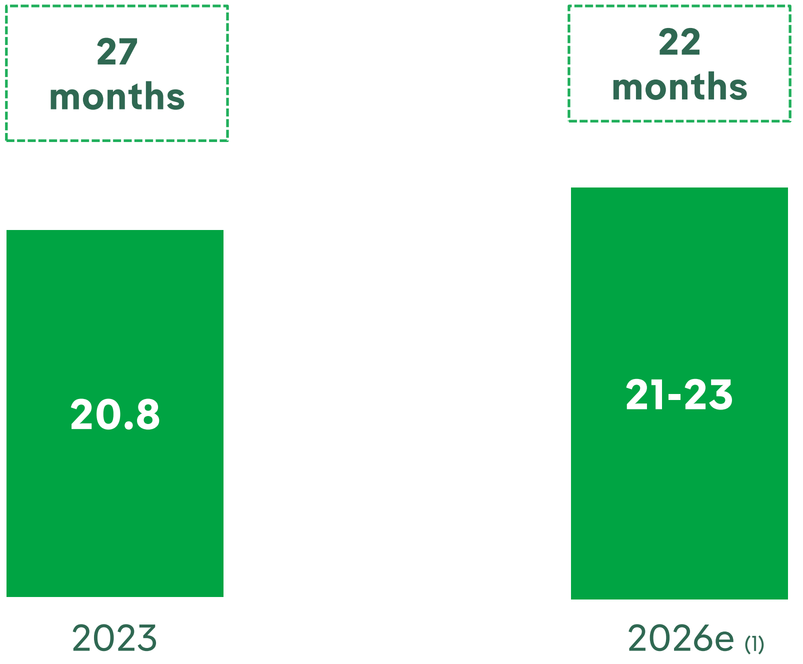


(1) Not included Eur 1 Bn Vineyard already financed

Liquidity

Liquidity management, complying with rating agencies requeriments

Liquidity 2023-2026 (Eur Bn)



(1) Aligned to Rating Agencies requirements level for strong / adequate classification

Sources of liquidity

Active Cash and equivalent management **optimizing cost**

Diversification of liquidity sources: cash & equivalents, syndicated and bilateral credit lines, multilateral loans, development banks and export credit agencies

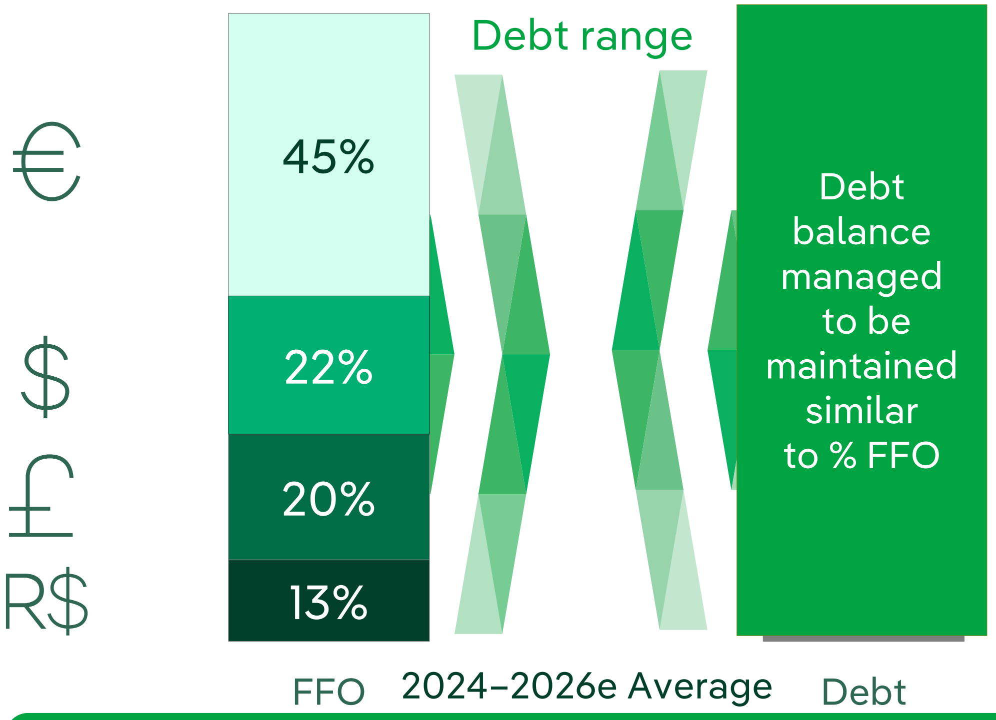
Sustainable Credit lines
Green undrawn loans

Average debt maturity of 6 - 7 years. Optimal position for risk-cost.

FX risk management: structural and annual

Structural FX hedge by having the debt in the same currency and similar % as the FFO to protect credit ratings…

Structural



Annual

- **Hedging Net Profit FX exposure** in currencies against the Euro on a yearly basis with positive results in P&L
- **Long-term FX management not possible** as it would generate P&L volatility

… while every year FX risk in the P&L account is hedged through derivatives avoiding impact on our accounts due to currency volatility

2024-2030 Sustainability Strategy: Main priorities

Progressing well towards 2025-2030 and increasing ambition vs. CMD22

E

Protecting **nature** and fostering an efficient **use of resources**

Working to ensure a sustainable **value chain**

F

Boosting electricity as a clean, autonomous, local, stable, safe and competitive source of energy

S

Keeping our culture of ethics, transparency and **good governance**

Strengthening **human and social capital**

G

New KPIs

1. **EU Taxonomy CAPEX alignment (%)**
2. **Sustainable suppliers (n°)**

Broader scope

1. **Circular economy** (blades **+PV panels**)
2. **Diversity** (gender **+new criteria**)
3. **Green mind** (Safety **+occupational health**)
4. **Green skilling** (**strategic capabilities**)

Increased ambition

	Increased ambition	Vs. 2023	Vs. CMD22
1	**Carbon neutral 2030:** **60 g CO_2/kWh** in 2025	- 17 g CO_2/kWh	-10 CO_2/kWh
2	**Storage:** **108 GWh** in 2025	+6 GWh	+6 GWh
3	**Smart grids(1):** **90%** automation in 2030	+12 p.p.	New 2030
4	**Water intensity:** **-32 %** in 2025 (vs 2021 value)	-24 p.p.	-13 p.p.
5	**Customer accessibility solutions:** **>60** in 2025&30	+20	+30
6	**Digital customers:** **75%** in 2025	+2 p.p.	+2 p.p.
7	**Corporate volunteering:** **23,000** in 2030	+2,500	+5,000

(1) High/medium voltage

EU Taxonomy

Commitment with sustainable finance to foster decarbonization having ~90% of total organic investment plan aligned with EU taxonomy…

% Taxonomy aligned Capex(1) Plan 2024-2026e

Capex

Green/Sustainable Financing in Iberdrola

- **Minimum 80% of new financial instruments** during the plan will be Green/Sustainable labelled(2) …
- …driving more than **70% accumulated Green/Sustainable(2) Financial instruments at the end of the plan**
- Green Financing: **Best in class** of green financing maximizing access to green bond market
- **"Green" rating obtained** in the "Transition Assessment" by **Sustainable Fitch**

… that will be financed mainly under green principles. Sustainability linked for credit lines and commercial paper.

(1) Organic capex; according to European Taxonomy Regulation.

(2) Link to KPIs: revolving credit facilities, commercial paper …

Conclusion

DELIVERING SUSTAINABLE VALUE CREATION ....

Growing & low volatile results
Mid to high single digit

Leaders in ESG+F

Shareholder remuneration growing in line with results
Floor guaranteed

Strong Financial Position
Rating stability

... THROUGHT A SUSTAINABLE FINANCIAL MODEL

Closing remarks

Ignacio S. Galán

Executive Chairman

Conclusion

Electrification is unstoppable

Self-sufficiency
...increasing energy security

Efficiency

Competitiveness

Decarbonisation
...the only viable route

Iberdrola

Higher Investment in Networks	Focus on highest value renewable technologies	Growth in Storage	Optimizing Customer Portfolio
• 60% of total investments • Transmission ~6.5 Bn	• > 50% in Offshore wind • 100% of capacity additions under construction/ready to build	• >100 M kWh + 20 M KWh under construction • 150 M kWh of pipeline	• ~85% of total production 2024-2026 already sold with margins secured

Reinforcing Iberdrola's competitive strengths...

Conclusion

...to consolidate growth & financial strength to 2026 and in 2030+...

Net investments 2024-2026
Eur ~36 Bn

Net Profit $_{2026}$
Eur 5.6-5.8 Bn

DPS in line with ΔEPS
Eur 0.61-0.66 in 2026

FFO/Net Debt $_{2026}$
>24%

... creating value for all

1. *According to current pay-out and EPS growth estimates*

Conclusion

A UNIQUE BUSINESS MODEL

Focus on Networks

Balanced
geographical diversification

Balanced
energy/customers mix

Iberdrola

*Track record of **increasing** and **predictable** returns & **overdelivery** vs estimates*

Financial strength
Rating BBB+/Baa1

Strong, experienced
and stable team

Growing dividend

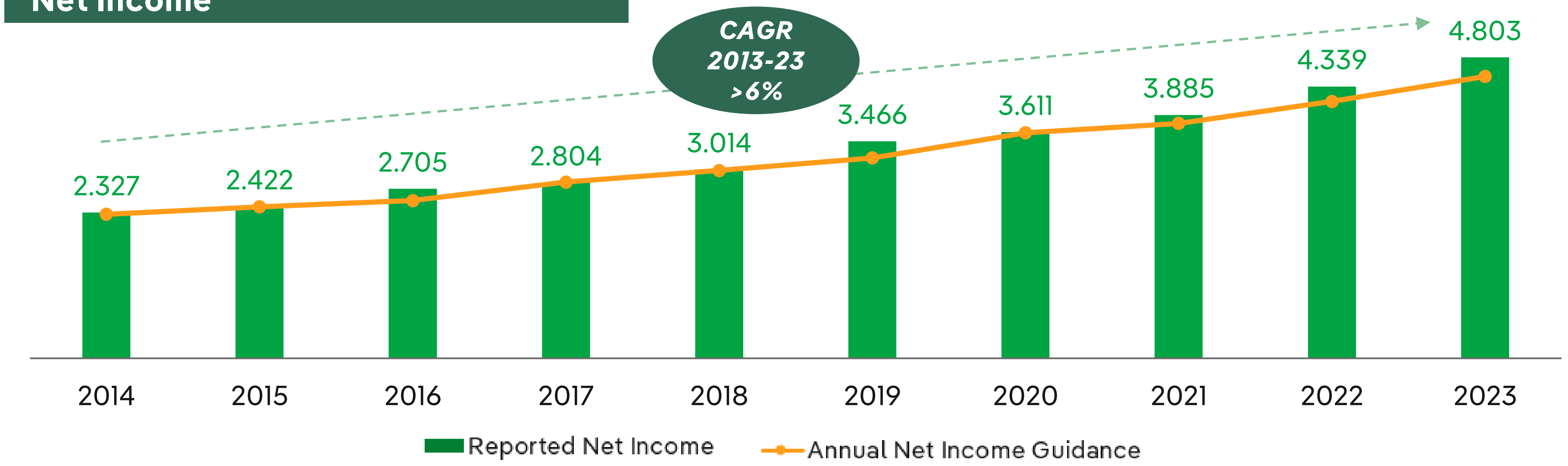
GROWTH, STABILITY, PREDICTABILITY, OVERDELIVERY

Annex
Financial Management

Track Record

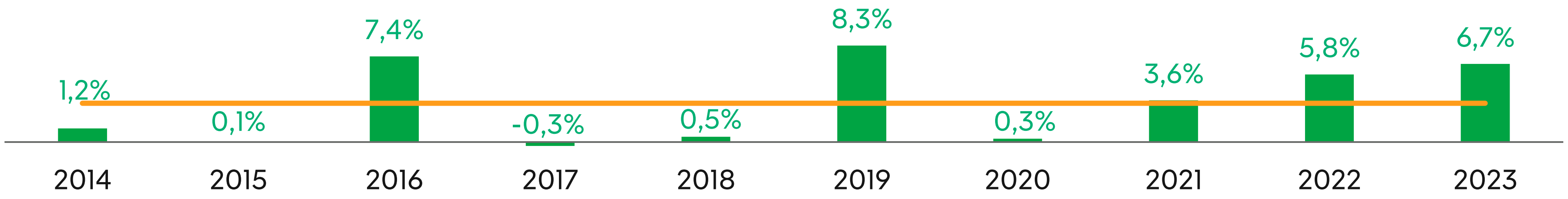
Average annual growth in line with CAGR, showing the sector' s lower volatility in results...

Net Income



>6% CAGR over 2013-2023 with constant growth

Historical Net Profit overdelivery versus guidance



Average over-delivery on guidance >3%

... with an average annual *overdelivery* of >3%

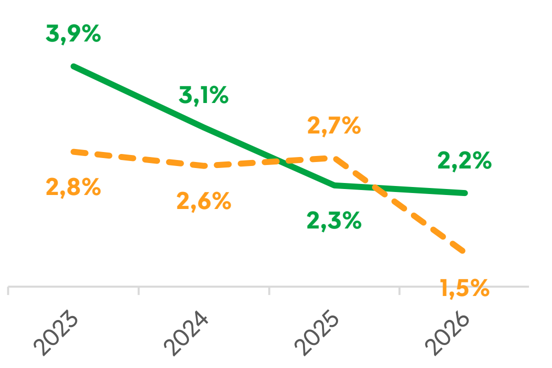
Note: Discrepancies may arise due to rounding

Macro hypothesis: Interest Rates (CMD24 vs CMD22)

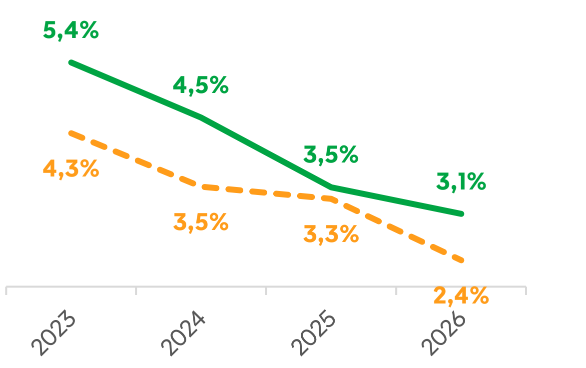
Capital Markets & ESG Day

Short term rates higher due to a persistent inflation while long term rates slightly lower in 2024 and 2025

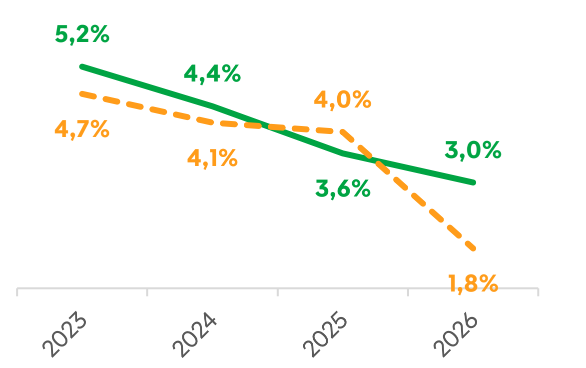
EUR YEAR END ECB DEPO



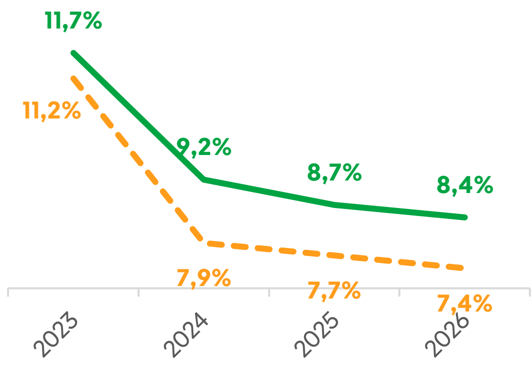
US YEAR END SOFR



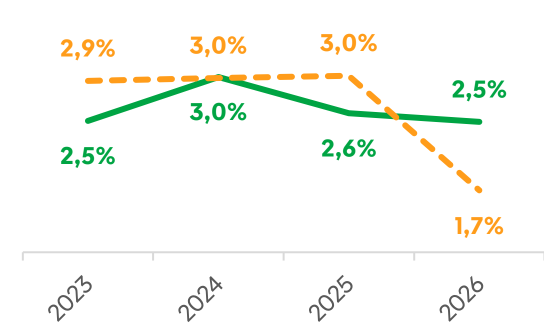
UK YEAR END SONIA



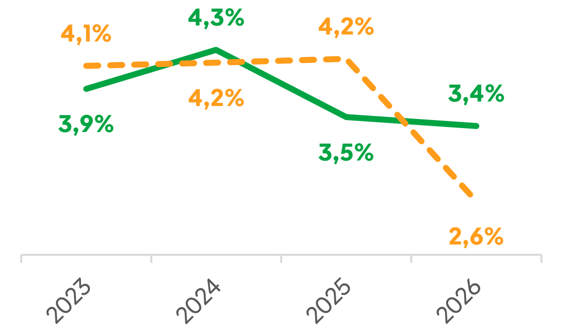
BRL YEAR END CDI



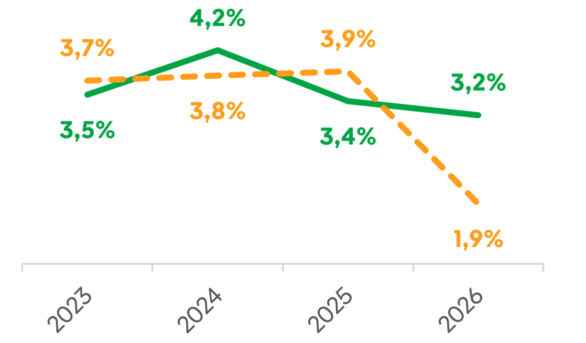
EUR YEAR END 10Y SWAP



US YEAR END 10Y TREASURY



UK YEAR END 10Y TREASURY



CMD 24

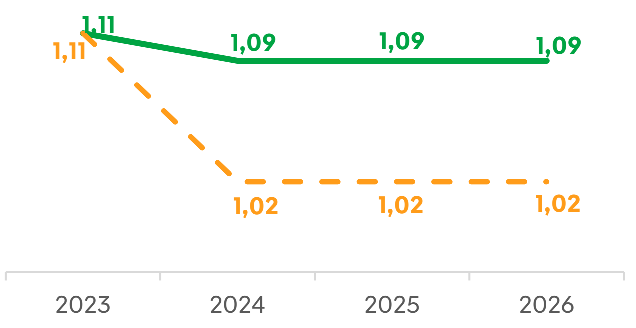
CMD 22

Iberdrola

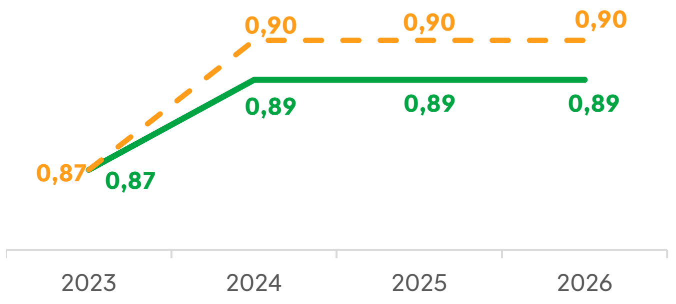
Macro hypothesis: FX Rates (CMD24 vs CMD22)

USD depreciated due to lower global risk situation while GBP and BRL appreciated slightly vs EUR

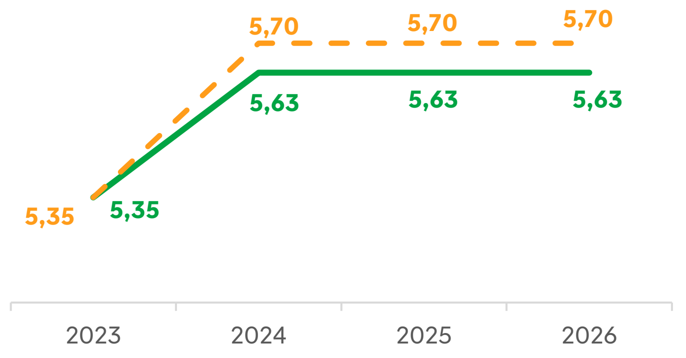
YEAR END USD/EUR



YEAR END GBP/EUR



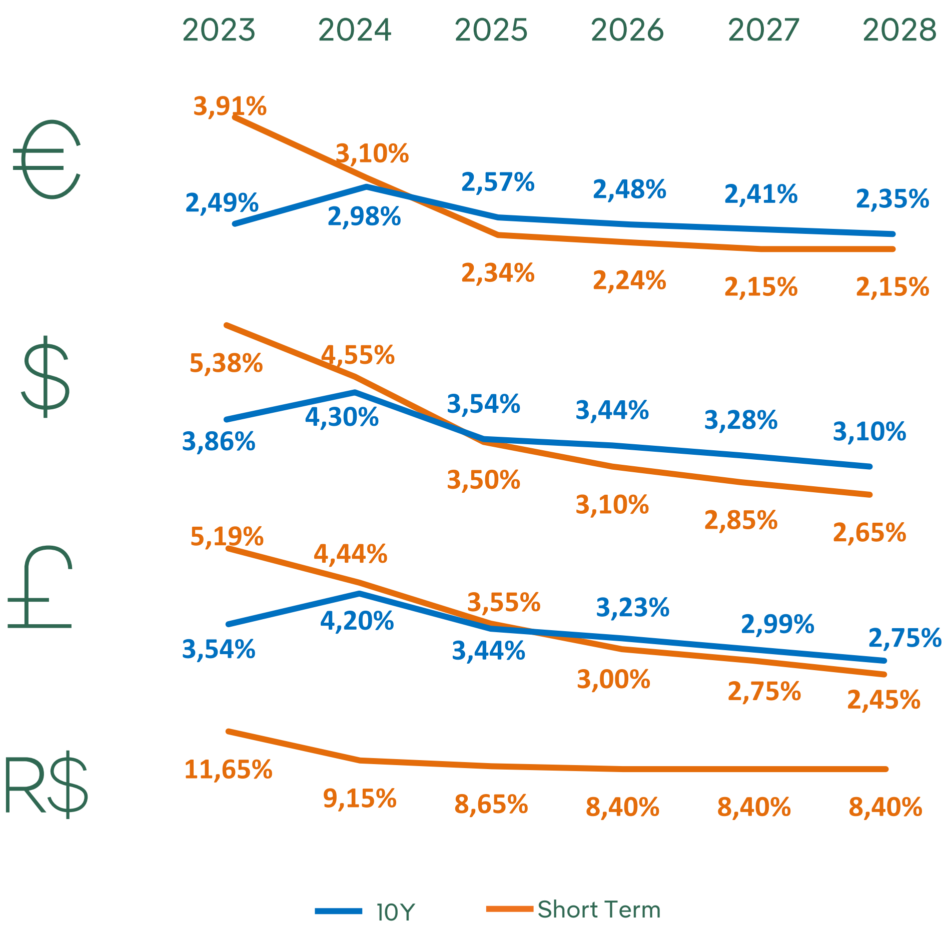
YEAR END BRL/EUR



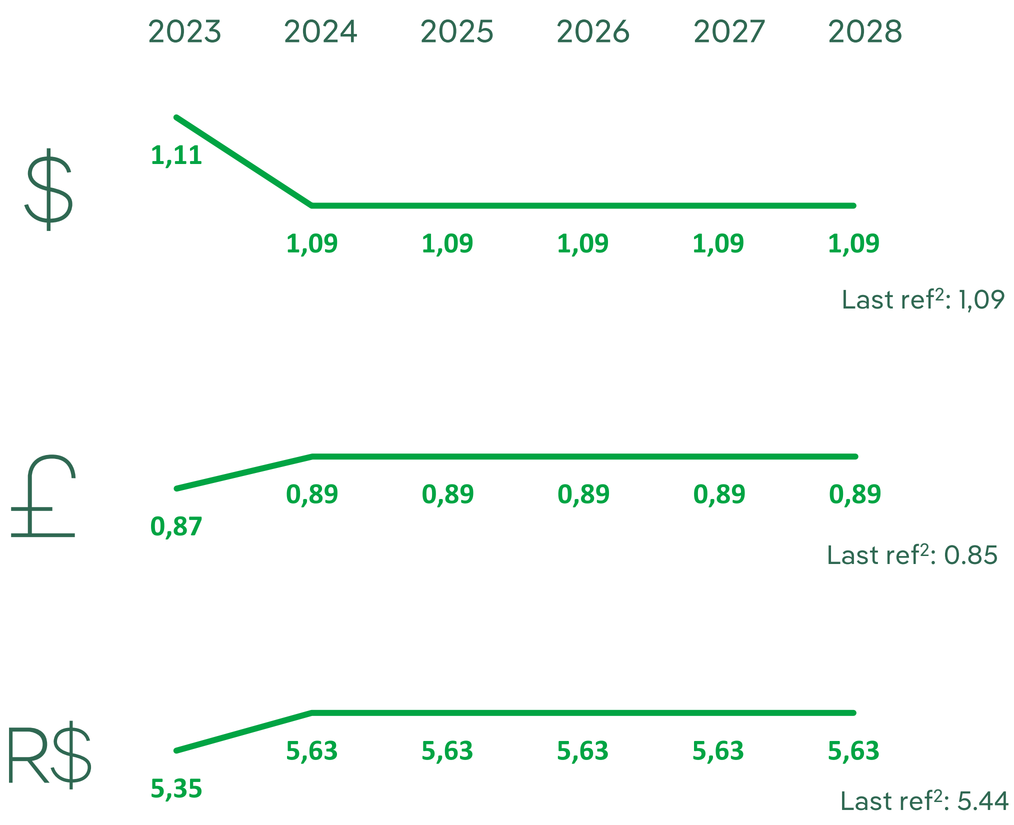
CMD 24 — CMD 22

Macro hypothesis: FX & Interest Rates

YEAR END INTEREST RATES[1]



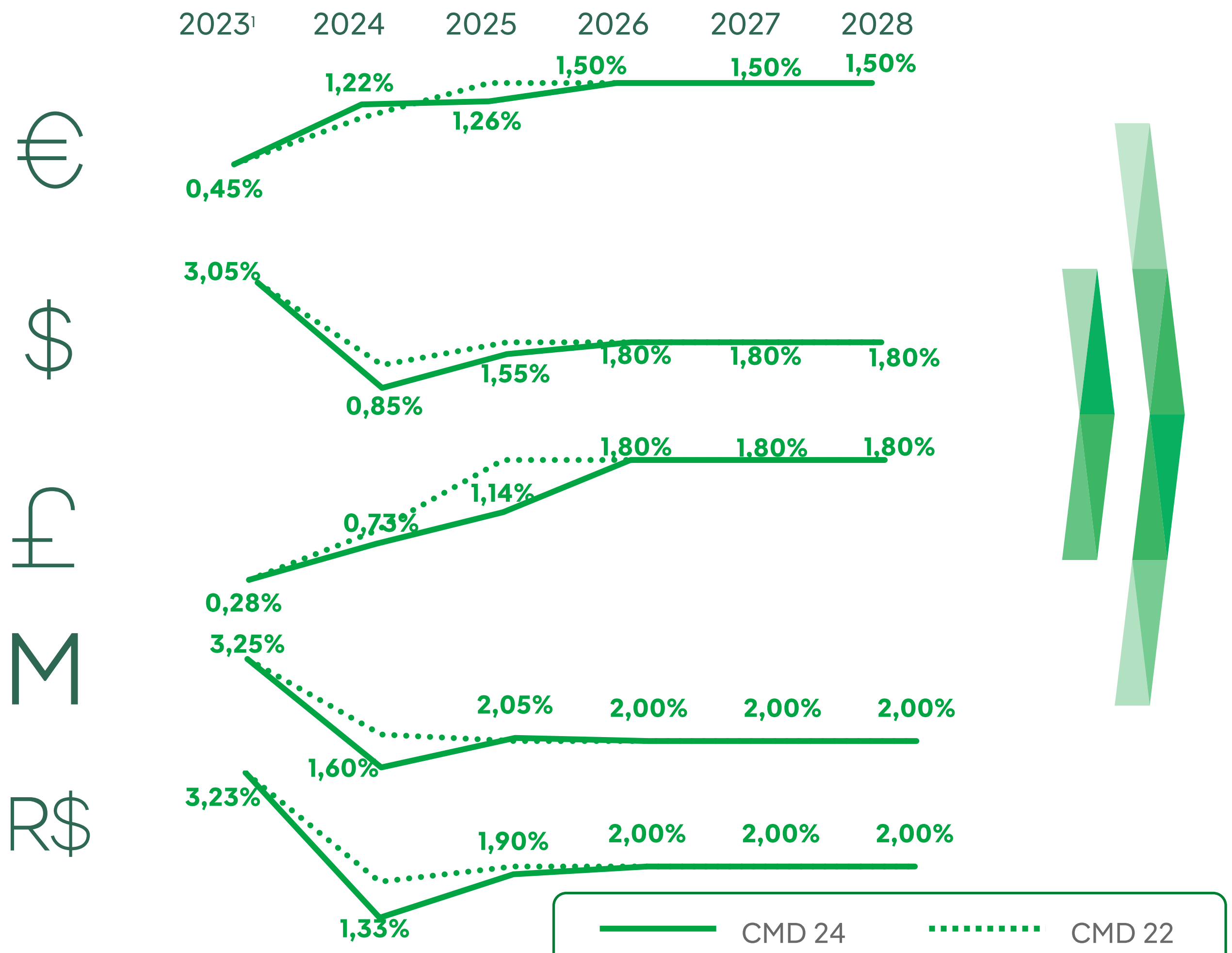
YEAR END FX RATES



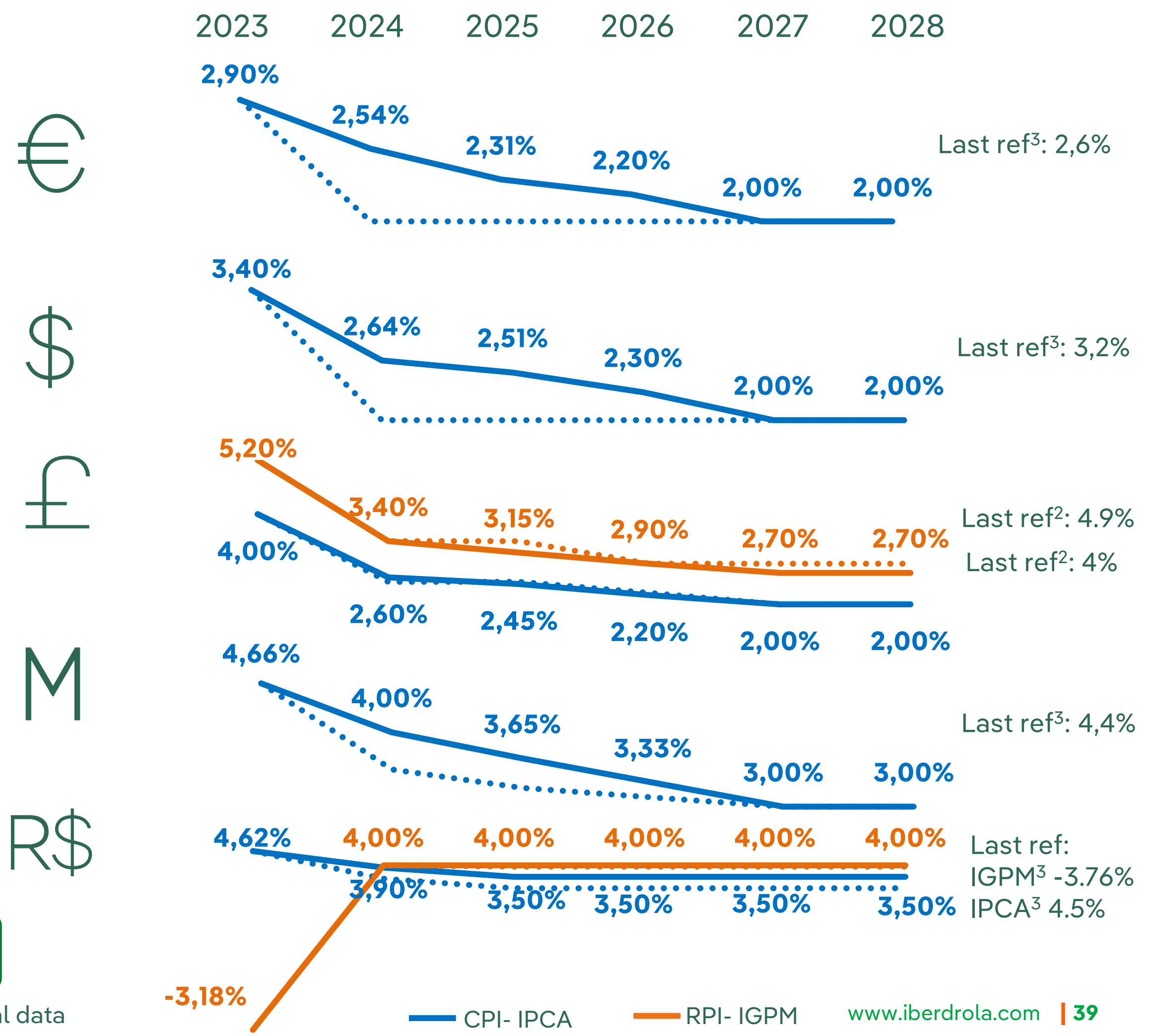
1/ Short term rates; Euribor 3M, SOFR, Sonia and Selic rate. Long term rates Euro swap 10Y, US and UK 10Y treasury 2/ 14th March 2024

Macro hypothesis: GDP & Inflation

AVERAGE GDP



YEAR END INFLATION

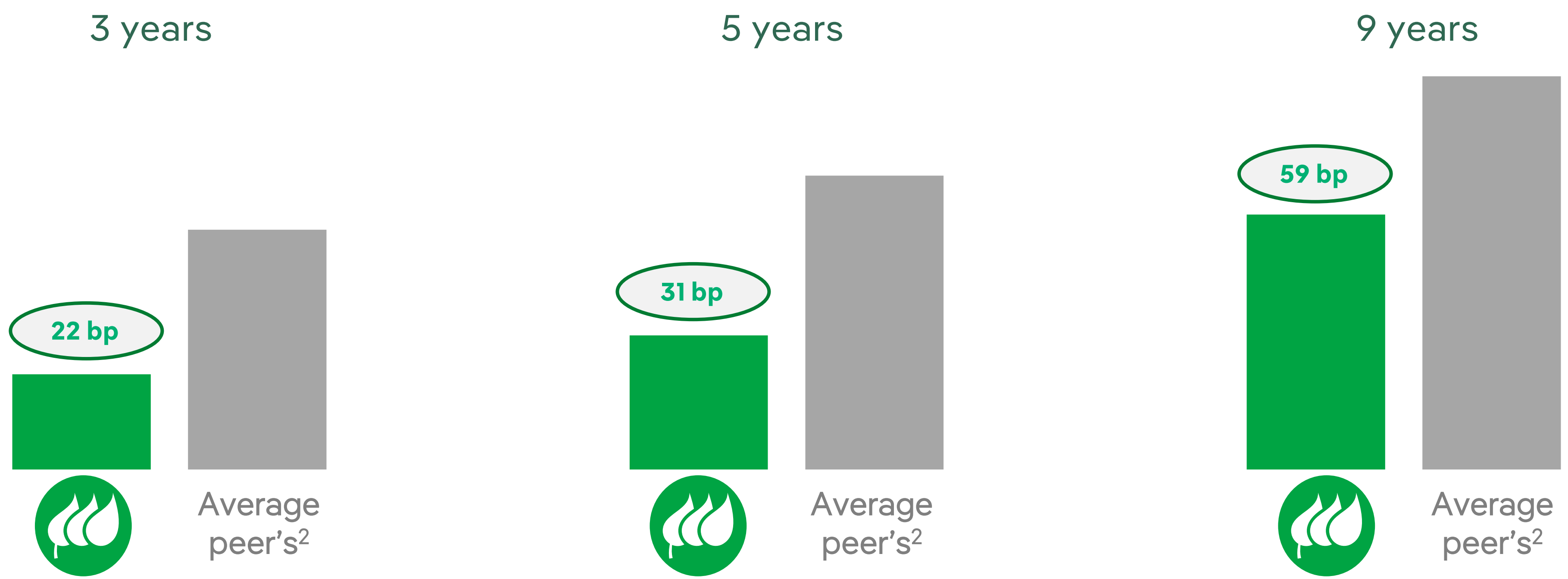


1/ 2023 as an average of the 4 first quarters of 2023 2/ January final data 3/ February final data

Cost of Debt – spread vs. average

Iberdrola has the most competitive cost of European utilities, 30-40 bp lower than peers…

Current credit spread[1] in bonds with maturities in 2027, 2029 and 2032 (bp)



… helped by Green Commitment, financing diversification and investor credibility

[1] Credit Spread: Difference between bond yield and Euro Swap interest rate

[2] Integrated companies

Structural subordination

Our model is based on the financing of group needs from the holding…

2023 — Along the plan

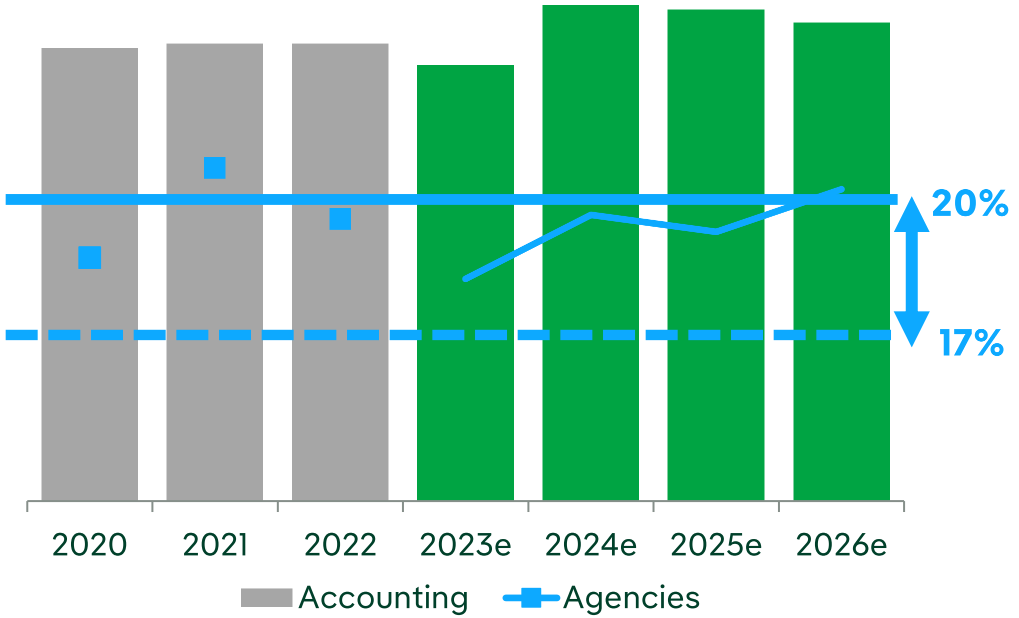
- Committed to maintain <30% levels in subsequent years
- **Direct access to cash flows from unlevered and fully owned subsidiaries (core EBITDA ~ 65%)**
- High visibility of centralized cash flows (regulated and long-term contracted)
- Centralized treasury and very strong liquidity at Holding

… Only financing from subholding for regulatory requirements (AGR) or country risk reasons (Brazil)

Rating Agencies' requirements

Commitment with current rating (Baa1/BBB+) and reinforcement of the Financial solidity with robust credit ratios, without exhausting the headroom of agencies thresholds

FFO / ND Agencies Ratio



Highlights

Balanced business mix providing certainty thanks to strong position in regulated networks and long term contracted generation

Good country diversification that will be reinforced with 85% capex allocated in A rated countries

Visibility of stream of cash flows that guarantees resiliency

- **Rating agencies** consider Iberdrola one of the energy transition leaders and allow for a higher debt tolerance
- **Fixed income investors** back the solid ratios and the credit with the oversubscription of books and with spreads tighter than comparable peers

Sensitivity analysis: EBITDA

Limited EBITDA volatility

	VS		2025 (Eur M)	2026 (Eur M)
Energy prices Spain	**Sensitivity vs. base case (60 €/MWh)**	5 €/MWh	105	125
Energy prices UK	**Sensitivity vs. base case (74 £/MWh)**	5 £/MWh	4	20
Distribution returns Spain	**Current regulatory returns (5.58%)**	50 bp	-	50
FX	**Plan hypothesis**	5 %		

FX	2025 (Eur M)	2026 (Eur M)
$	180	190
£	150	160
R$	120	130

Risk sources

Main sources of risk

+

Political and regulatory environment

Prices, spreads and competition

Foreign exchange | **Interest rates** | **Demand**

Supply chain and execution | **Weather / climate change**

Bad debt | **Cyber**

2025-2030 Sustainability Strategy: main targets

TARGET	METRIC	2023	2026e	2030e
Decarbonization				
Carbon Neutral in electricity generation in 2030	*Specific emissions (global mix) g CO2 /kWh*	77	55	Carbon Neutral [1]
Innovation and digitalization				
Smart Grids	*% automation of high and medium voltage assets*	78%	85%	90%
Investment in R&D	*Million euros (annual)*	384	443	550
Cybersecurity assessments	*Number of annual assessments or external verifications*	2,497	2,000	2,000
Sustainable finance				
CAPEX aligned	*% Taxonomy Aligned Capex* [2]	~90%	~90%	~90%
Sustainable Financing	*% of total financing*	90%	≤80%[3]	-
Biodiversity preservation				
Conservation, restoration and plantation of trees	*Number of trees (Million) & No Net Deforestation in 2025*	3.4	10	20
Net positive impact in 2030	*% assets with biodiversity assessment and Neutrality Plan*	0%	25%	100% (*Net positive*)
Efficient use of resources				
Water consumption	*% reduction of water intensity vs 2021*	-10.9%	-36%	-63%
Blades and Solar Panels Recycling	*% of blades and panels recycled of total Blades and panels dismantled*[4]	87%[5]	50%	100%
Sustainable supply chain				
Purchases from sustainable suppliers	*% of total purchases*	90	≥85%	≥85%
Customers				
Smart solutions portfolio	*Million of solutions*	14	19	21
Diversity & Inclusion				
Presence of women in relevant positions	*% women*	27.8%	31.2%	35%
External EDGEplus certification[6]	*Attainment*	In process	√	-
Occupational Safety	*TRIR (reduction vs 2021)*	-17%	-13%	-21%
Employee upskilling				
Green skilling	*Program deployment*	√	√	-
Community development				
Beneficiaries of the foundations programs	*Millions of annual beneficiaries*	7.2	8	10
Corporate governance	*Maintain best practices*	√	√	√
Composition of the Board of Directors				
Percentage of independent directors	*Over 50%*	√	√	√
Gender balance	*Maintain*	√	√	√

1 <10 gCO2/kWh
2 Organic capex; according to European Taxonomy Regulation.
3 Average ESG financing for 2024-26 period
4 Includes blades and panels out of operation with a destination decision different from disposal
5 Only includes blades
6 External Certification on Diversity and Inclusion, including generational diversity, disability inclusion, Race/Etnic, Nationality and LGTBQ+ (EDGEplus Certification) by 2026

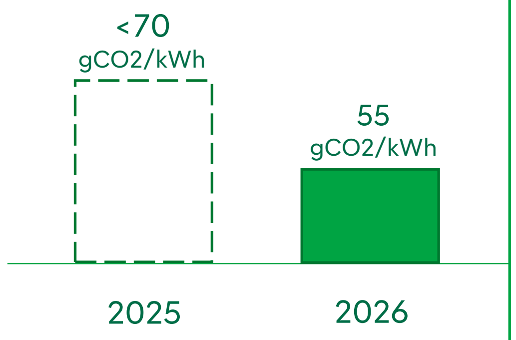
2025-2030 Sustainability Strategy: Sustainability targets

Capital Markets & ESG Day

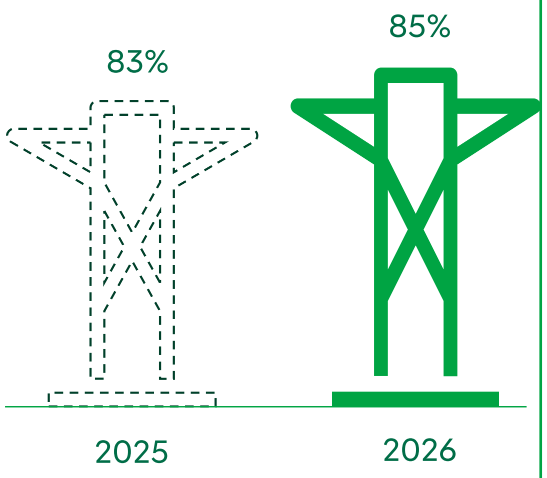
Rising level of ambition, reaffirming Iberdrola's commitment to sustainability

Electricity as a clean, autonomous, local, stable, safe and competitive source of energy…

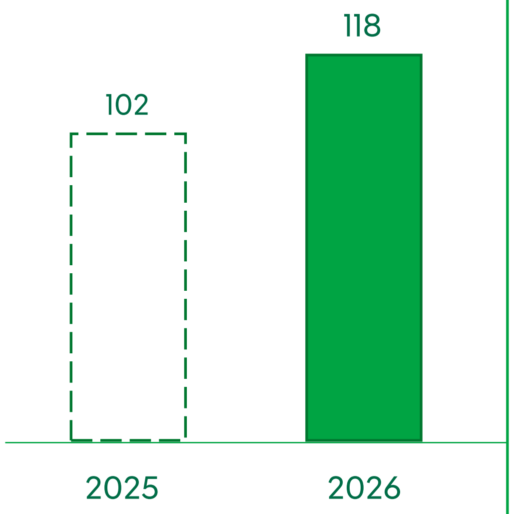
Carbon Neutral in electricity generation



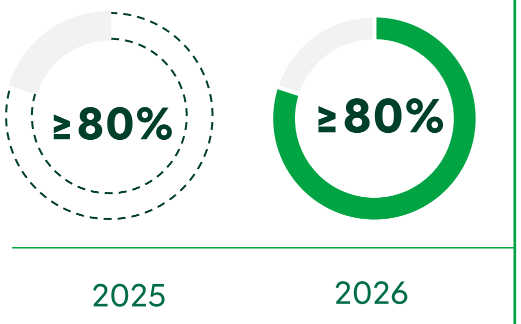
Smart Grids



Storage Capacity (GWh)



Sustainable Finance



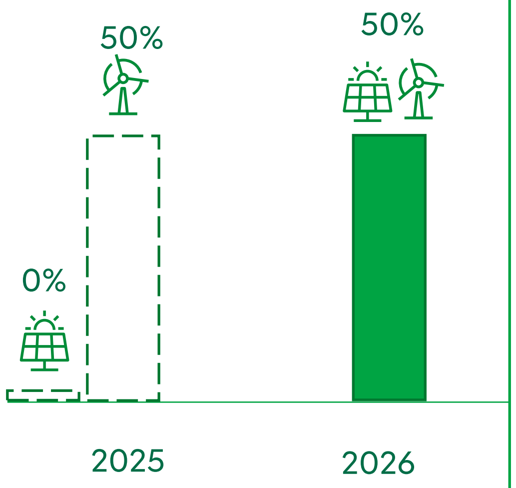
2022 CMD
2024 CMD

2025-2030 Sustainability Strategy: Sustainability targets

Rising level of ambition, reaffirming Iberdrola's commitment to sustainability

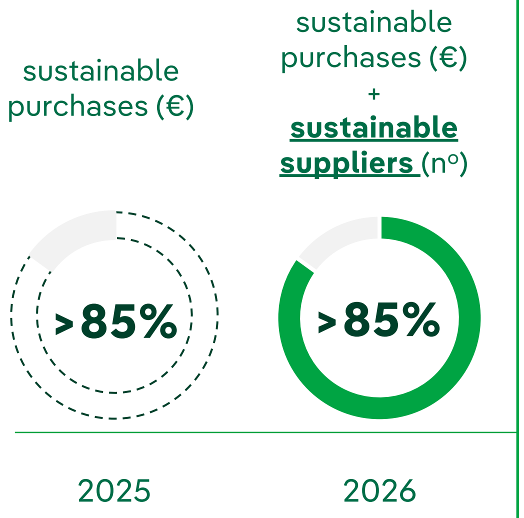
Nature and efficient use of resources

Blade and panel recycling



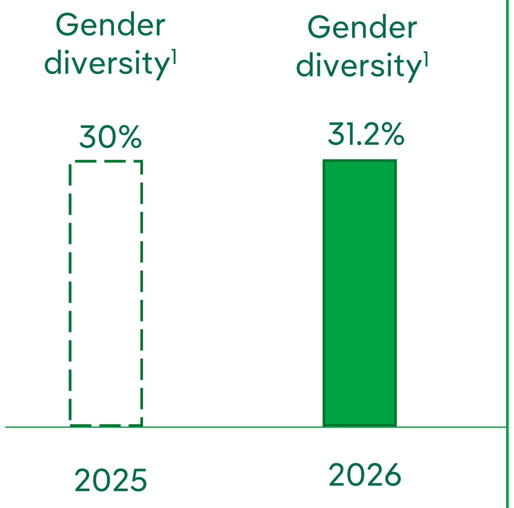
Sustainable value chain

Sustainable supply chain



Human and social capital

Diversity in workforce



[1] *Presence of women in relevant positions*

Culture of ethics, transparency & good governance

External certification/validation of compliance system

Maintain **external independent certifications and validations** for the compliance system in holding and **all subholding companies**

2022 CMD
2024 CMD