



The New Iberdrola Mexico

5 April 2023

Executive Summary

Agreement to sell 8,539 MW in Mexico for ~6 Bn USD

Transaction Overview

- Iberdrola Mexico has signed an agreement with Mexico Infrastructure Partners (MIP), being the transaction financed by Mexican public institutions (FONADIN and Development Banks)
- The portfolio includes **12 CCGTs** with a total 8,436 MW installed capacity and **1 windfarm** of 103 MW
- **7,400 MW** (87% of the total) contracted with CFE (PIE), under **Government concession** renewal
- Iberdrola keeps presence in Mexico with 1,059 MW in renewables, 1,166 MW CCGTs, 202 MW Cogen and a 6 GW renewable pipeline to secure energy to our private customers
- **Transaction calendar:** upon execution of final agreements and obtaining regulatory approvals, the transaction is expected to be closed before year end

Strategic fit

- ✓ **Growth based on Networks and Renewables**
 - Recycling capital towards Renewables, maintaining service to private customers
 - Maintaining commitment to Mexico, growing in the private sector by providing energy and renewable solutions
- ✓ **Full commitment to financial strength**
 - Improvement of financial ratios
 - Asset rotation & Partnerships targets almost complete
- ✓ **ESG as the foundation of our model**
 - Acceleration of 2040 Net Zero ambitions
 - Strengthening relationship with the Mexican authorities

Transaction meets both parties' strategic objectives

Transaction overview

Portfolio of assets with a total installed capacity of 8,539 MW including 12 combined cycles and 1 wind farm

Transaction meets both parties' strategic objectives

- Government: National energy policy targets
- Iberdrola: Focus in Renewables and clients

~7,400 MW (87% of the total) contracted with CFE¹ (PIE), under concession renewal

~5,000 MW (c.60% of the total) with already >16 years in operation

4 assets (~1,400 MW) stopped due to open litigations with regulatory bodies, transferred with the assets

Fair price:
EV/EBITDA 2023E 11.0x



Strategic fit

The deal fits within 2023-2025 Iberdrola's strategy

Growth based on Networks and Renewables



- Recycling capital towards rising growth in new opportunities in the US (IRA) and Europe (RePowerEU and NZIA¹). Increasing exposure to A rated geographies
- Accelerating growth in Mexico through our 6 GW renewable pipeline with increased certainty

Full commitment to financial strength



- >90% Asset rotation & Partnerships 2023-2025 targets already achieved, more than 2 years ahead of schedule
- Improvement of financial ratios

ESG as the foundation of our model



- Acceleration of 2040 Net-Zero ambitions in scope 1 and scope 3 emissions
- Improving Iberdrola's emission free capacity to ~ 85% from ~ 70%
- Strengthening relationships with the Mexican Government and regulator

Financial impact ^(e)

		Expected impact date
Gross cash proceeds	~ 6 Bn USD	2023
EBITDA (assets contribution 2023 ¹)	- 550 M USD	Pending accounting analysis
Net Profit (assets contribution 2023 ¹ – lower financial expenses)	- 90 M USD	2024
Capital gains	Pending on final structuring of the transaction	2023
FFO/Net Debt ²	50 bp improvement on 2023 FFO/Net Debt ratio	
Net debt/EBITDA ²	0,20x improvement on 2023 Net Debt/EBITDA ratio	

The new Iberdrola Mexico

New mix of generation in Mexico with ~50% of renewable capacity with a meaningful pipeline to foster growth in the country

Focus on Renewables and Customers

~2,400 MW in operation in the country (>1GW renewable)

~6.000 MW of Renewable pipeline to explore new opportunities

Contribution of 400 M USD in 2023 EBITDA (e)

Maintaining commercial activity and access to firm capacity to ensure the supply to Mexican private customers and foster renewables growth



Conclusions

Win-Win deal for both, Mexican Government and Iberdrola

Reaffirms the Group's strategy

Mexico remaining as a core market,
with a greener mix of generation and a focus on private customers

Iberdrola strengthens its financial position

Fair price and attractive valuation of the transaction

Securing >90% of the Asset rotation & Partnerships plan

Key step in the decarbonization strategy

Annex - Transaction Perimeter

Portfolio of assets with a total installed capacity of 8,539 MW including 12 combined cycles and 1 wind farm





	Asset	Technology	Capacity (MW)	COD
1	Monterrey (I, II)	PIE CCGT	449	2002
2	Altamira III y IV	PIE CCGT	1,096	2003
3	Altamira V (Del Golfo)	PIE CCGT	1,155	2005
4	Escobedo	PIE CCGT	878	2018
5	La Laguna	PIE CCGT	537	2004
6	Tamazunchale	PIE CCGT	1,179	2007
7	Baja California	PIE CCGT	324	2017
8	Topolobampo II	PIE CCGT	917	2019
9	Topolobampo III ¹	PIE CCGT	766	2023E
10	La Venta III	PIE Wind Onshore	103	2012
11	Monterrey III & IV ¹	CCGT Private	477	2002
12	Enertek ¹	CCGT Private	144	2002
13	Tamazunchale II	CCGT Private	514	2022
Total Perimeter			8,539	




Annex -The new Iberdrola in Mexico


New mix of generation in Mexico with ~50% of renewable capacity with a meaningful pipeline to foster growth in the country


New Asset Mix


	CCGTs	1,166 MW
	Cogeneration	202 MW
	Renewables	1,059 MW
		<hr/>
		2,427 MW
	Renewables Pipeline	6,000 MW

EBITDA USD ~400M in 2023 (e)

	Onshore Wind
Plants	6
Capacity (MW)	589
COD	2008-2021

	Solar PV
Plants	3
Capacity (MW)	470
COD	2018-2020

	CCGT
Plants	2
Capacity (MW)	1,166
COD	2016-2022

	Cogeneration
Plants	4
Capacity (MW)	202
COD	2002-2018

Annex - Mexico Infrastructure Partners (MIP)

Largest infrastructure and energy asset manager in Mexico

- Founded in 2012. Currently the largest infrastructure and energy asset manager in Mexico
- USD 4 billion of assets under management through various funds (5 public funds in Mexico and a private fund in Colombia, among others)
- Experience in structuring investment funds and asset management with strong relationships with regulatory bodies
- Regional presence with offices in Mexico City (Mexico), Bogotá (Colombia), San Diego (Ca., USA) and London (UK)
- Partner to the likes of Mitsui, FCC and Veolia

Legal Notice

DISCLAIMER

This document has been prepared by Iberdrola, S.A. exclusively for use during the presentation regarding the memorandum of understanding entered into by subsidiaries of Iberdrola Mexico, S.A. de C.V. with Mexico Infrastructure Partners on April 5, 2023. As a consequence thereof, this document may not be disclosed or published, nor used by any other person or entity, for any other reason without the express and prior written consent of Iberdrola, S.A.

Iberdrola, S.A. does not assume liability for this document if it is used with a purpose other than the above.

The information and any opinions or statements made in this document have not been verified by independent third parties; therefore, no express or implied warranty is made as to the impartiality, accuracy, completeness or correctness of the information or the opinions or statements expressed herein.

Neither Iberdrola, S.A. nor its subsidiaries or other companies of the Iberdrola group or its affiliates assume liability of any kind, whether for negligence or any other reason, for any damage or loss arising from any use of this document or its contents.

Neither this document nor any part of it constitutes a contract, nor may it be used for incorporation into or construction of any contract or agreement.

IMPORTANT INFORMATION

This document does not constitute an offer or invitation to purchase or subscribe any securities, in accordance with the provisions of (i) the restated text of the Securities Market Law approved by Royal Legislative Decree 4/2015, of 23 October; (ii) Regulation (EU) 2017/1129 of the European Parliament and of the Council, of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC; (iii) Royal Decree-Law 5/2005, of 11 March; (iv) Royal Decree 1310/2005, of 4 November; and (v) their implementing regulations.

In addition, this document does not constitute an offer of purchase, sale or exchange, nor a request for an offer of purchase, sale or exchange of securities, nor a request for any vote or approval in any other jurisdiction.

The shares of Iberdrola, S.A. 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 pursuant to a valid exemption from registration. The shares of Iberdrola, S.A. may not be offered or sold in Brazil except under the registration of Iberdrola, S.A. as a foreign issuer of listed securities, and a registration of a public offering of depositary receipts of its shares, pursuant to the Capital Markets Act of 1976 (Federal Law No. 6,385 of December 7, 1976, as further amended), or pursuant to a valid exemption from registration of the offering.

The financial information contained in this document has been prepared and is presented in accordance with the International Financial Reporting Standards ("IFRS"). In addition to the financial information prepared under IFRS, this presentation includes certain alternative performance measures ("APMs"), for the purposes of Commission Delegated Regulation (EU) 2019/979, of March 14, 2019 and as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es). The APMs are performance measures that have been calculated using the financial information from Iberdrola, S.A. and the companies within its group, but that are not defined or detailed in the applicable financial information framework. These APMs are being used to allow for a better understanding of the financial performance of Iberdrola, S.A. but should be considered only as additional information and in no case as a substitute of the financial information prepared under IFRS. Moreover, the way Iberdrola, S.A. defines and calculates these APMs may differ from the way these are calculated by other companies that use similar measures, and therefore they may not be comparable. Finally, please consider that certain of the APMs used in this presentation have not been audited. Please refer to this presentation and to the corporate website (www.iberdrola.com) for further details of these matters, including their definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS.

Legal Notice

FORWARD-LOOKING STATEMENTS

This communication contains forward-looking information and statements about Iberdrola, S.A., including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, capital expenditures, synergies, products and services, and statements regarding future performance. Forward-looking statements are statements that are not historical facts and 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. 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., 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 Comisión Nacional del Mercado de Valores, which are accessible to the public.

Forward-looking statements are not guarantees of future performance. They have not been reviewed by the auditors of Iberdrola, S.A. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they were made. All subsequent oral or written forward-looking statements attributable to Iberdrola, S.A. or any of its members, directors, officers, employees or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements included herein are based on information available to Iberdrola, S.A. on the date hereof. 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.

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 basis, including the impact of anticipated investments and capital expenditures, Avangrid’s pending acquisition of PNM Resources Inc., 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, S.A. has not used or relied on any non-publicly disclosed information received by Iberdrola, S.A. or Avangrid from PNM Resources Inc. and the reader is further reminded that the merger and acquisition of PNM Resources Inc. by Avangrid is subject to regulatory approval from the New Mexico Public Regulation Commission 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.