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An unprecedented expansion of activities and markets, such as Europe, America and Asia Pacific, consolidates the group's growth and its socio-economic impact in the short, medium and long term

Iberdrola increases investments by 37% to €5 billion and posts adjusted net profit of €1.84 billion (+8.4%) in the first six months

Ignacio Galán, Chairman of Iberdrola: "Improved health conditions have enabled us to accelerate investment in grids, renewables and storage, promoting economic activity and helping to create quality jobs around the world. The results presented here are the fruit of an unprecedented investment effort."

Investment prowess to underpin today's and future growth

- **Investments grow 37% to €4.9 billion.** Over 90% has been allocated to the development of new renewable capacity and networks. By markets, more than half of investments went to the United States and Spain. Investments in *Iberdrola International* gain weight, representing 18.8% of total
- **Accelerating construction and commissioning of green capacity.** In the past 12 months, 3,000 MW of renewable energy have come into operation: 1,950 MW onshore wind, 930 MW solar power and 80 MW batteries. **8,500 MW are currently being built, of which 4,000 MW will be commissioned before the end of the year**
- **The project pipeline stands at 81,500 MW, of which 25,200 MW are offshore wind technology.** Opportunities for offshore wind growth include new markets such as Japan, Poland, Sweden, Ireland, Korea, and Taiwan as well as traditional European markets (Iberia, United Kingdom, Germany, France and Italy), United States and Brazil
- **Procurement from suppliers accelerated to €18 billion** since the beginning of the pandemic, contributing to sustaining some 400,000 jobs across our global supply chain
- **New partnerships for decarbonisation, energy efficiency and green recovery.** The company continues to incorporate new partners, such as: Mapfre, Total and Shell in renewable energy; BP, Fertiberia, Cummins, Porcelanosa, Diageo and Foresa in green hydrogen; and the manufacturers Volkswagen, Renault, Irizar and Wallbox in sustainable mobility
- **Smart customer solutions are growing.** In the last twelve months, the number of smart solutions contracts that the company offers to its customers more than doubled: *Smart Mobility, Smart Solar, Smart Home and Smart Climate.*

Operational and financial strength, higher shareholder remuneration and keeping of guidance for 2021

- **Ebitda reached €5.44 billion (+10.2%).** 85% comes from grids and renewables with 80% generated in countries with A rating. Networks grows by 10.6% with distributed energy increasing in all geographies, after the ramp up of investment. Renewables grow by 63%, driven by higher installed capacity and production. The Ebitda of Generation and Supply falls by 40%, among other reasons, due to high prices in the Spanish electricity market and the effects of the Filomena storm (Spain) and Texas cold snap (United States)
- **Adjusted net profit in June grew by 8.4%** to €1.84 billion. As a result of the announced rise in UK corporation tax from 19% to 23%, which affects deferred tax liabilities, a provision of €465 million was required. In addition, following the Supreme Court ruling of 23 April, the reversal of the hydroelectric levy for 2013 and 2014 in Spain, for an amount of €245 million, is included. Subsequently, reported net profit amounted to €1.53 billion.

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- **Financial strength and leadership in green finance.** Cash flow grew by 8% to €4.24 billion. Net debt is reduced by more than €500 million, while liquidity reaches €17.6 billion and covers 21 months of financing needs. The company remains the world leader in green or sustainable financing, which stands at more than €32.4 billion
- **More dividend: Dividend per share** from 2020 earnings **grows 5.5%** to €0.422 gross per share
- **Reaffirms guidance for 2021.** The company maintains its profit and dividend guidance

Iberdrola reaffirmed its role as a driver of decarbonization, economic recovery and job creation during the first half of the year, after making **record investments of €4.9 billion, 37% more than in the same period of the previous year**. This investment effort also contributed to the company's unprecedented expansion strategy in markets such as Europe, America and Asia Pacific. More than 90% of investments were allocated to renewables activities (45%) and networks (46%). By markets, more than half went to the United States (27.1%) and Spain (25.4%). Investment in the *Iberdrola International* business area grew and represented 18.8% of the total, while Brazil received 14.5% and the United Kingdom 12%.

The Chairman of Iberdrola, Ignacio Galán, said that "improved health conditions have enabled us to accelerate investment in grids, renewables and storage, promoting economic activity and helping to create quality jobs around the world. The results presented here are the fruit of an unprecedented investment effort."

Between January and June 2021, the company **achieved a gross operating profit (Ebitda) of €5.44 billion (+10.2%)** (up 15%, excluding the impact of COVID-19 and the exchange rate). 85% of the total came from networks and renewables with 80% generated in countries with A rating.

Ebitda from networks grew by 10.6%, to €2.56 billion, after improved performance and an increase in distributed energy in all the markets where the company operates, specifically Brazil, which completed the integration of the distribution company in Brasilia, ramping up investment. Excluding the negative impact of COVID-19 and the exchange rate on this business, Ebitda would have grown by 18.5%.

Renewables increased its Ebitda in the period by 63%, to €2 billion, driven by the increase in production, greater installed capacity provided by its investment plan and higher load factors. The area also reflects the positive impact of the reversal of the hydroelectric levy for 2013 and 2014 in Spain.

Generation and Supply recorded an Ebitda of €803.3 million (-40.9%) and is mainly impacted by high prices in the Spanish electricity market and the effects of extreme cold weather in Spain (Filomena) and Texas, in the United States.

Adjusted net profit, which excludes the extraordinary results recorded in 2020 – such as capital gains from the sale of the Siemens Gamesa stake (€485 million) – stands at €1.84 billion, up 8.4%. As a result of the announced increase in UK corporate income tax from 19% to 23%, which affects deferred tax liabilities, a provision of €465 million was required. In addition, following the Supreme Court ruling of 23 April, the reversal of the hydroelectric levy for 2013 and 2014 in Spain, for an amount of €245 million, is included. Thus, reported net profit stands at €1.53 billion.

Ongoing investment plan: more renewables, more networks and new markets

Iberdrola's investment plan allowed for the company's renewable operating capacity to grow over the six-month period and it now exceeds 35,600 MW. **In the last 12 months, Iberdrola has commissioned 2,960 MW of new green capacity**, of which 1,950 MW are onshore wind, 930 MW solar photovoltaic and 80 MW battery storage.

The company, which expects to end the year with an additional 4,000 MW in operation, is currently progressing with the construction of 8,500 MW. By geographies, 1,700 MW (20%) is being built in Spain, *Iberdrola Energía Internacional* is constructing 2,860 MW and 2,750 MW are under construction in the United States. At present, the company has 1,050 MW of green capacity under construction in Brazil, and 150 MW in the United Kingdom, of which 100 MW are battery storage.

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Iberdrola has committed to install and commission a total of 27,600 MW in the period 2020-2025, with the aim of reaching 60,000 MW of renewable capacity. As of June 2021, nearly 22,000 MW are under construction or in advanced development, meaning that **80% of the new capacity planned in that period is assured**.

As of June, **the group's project pipeline amounts to 81,500 MW**, of which 25,200 MW are offshore wind; 15,500 MW onshore wind; 36,600 MW photovoltaic; 3,400 MW hydro and 1,100 MW batteries. Opportunities for offshore wind growth include new markets such as Japan, Poland, Sweden, Ireland, Korea, and Taiwan as well as traditional European markets (Iberia, United Kingdom, Germany, France and Italy), the United States and Brazil.

To support this phase of expansion, Iberdrola has **accelerated the procurement process** – which has amounted to €18 billion since the beginning of the pandemic – contributing to sustaining some 400,000 jobs across the company's global supply chain.

Growth platforms: offshore wind, PNM Resources, alliances, and smart solutions

One of the group's main growth platforms is the development of offshore wind projects. The company already operates more than 1,300 MW and is progressing on schedule with the Saint-Brieuc (France, 496 MW), Vineyard Wind 1 and Park City Wind (United States, 800 and 804 MW respectively) projects. As well as Baltic Eagle (Germany, 476 MW) in order to double its offshore wind capacity in the coming years.

Iberdrola's strategy in offshore wind will be boosted by the auction processes planned in the short term in key markets: Europe (37,000 MW between 2021-2022), US and Asia Pacific (13,800 MW by 2024).

The United States is another growth market, with the **acquisition of PNM Resources** set to be completed before the end of the year. The only pending approval, from New Mexico's regulator, is now expected in September. This will consolidate Iberdrola as one of the largest electricity distribution companies in the North American industry and the third largest operator of renewable energy.

Company alliances are also advancing the process of decarbonization of the economy, as well as the reactivation of industry and employment. Iberdrola continued to incorporate new partners, such as MAPFRE to co-invest in renewable projects in Spain and the companies Total and Shell in offshore wind. It also sealed agreements with Fertiberia, Cummins, BP, Porcelanosa, Diageo and Foresa in green hydrogen and promoted alliances for electrification and electric mobility, among others, with Volkswagen, Renault, Irizar and the smart charging solutions company Wallbox which it also supports as a shareholder.

Smart solutions for customers also point to growth opportunities, highlighting the expansion of smart solutions in electric mobility, and residential: Smart Mobility contracts have grown nearly three-fold; Smart Solar contracts have more than doubled; and Smart Home and Smart Climate has grown 1.2-fold and 1.4-fold, respectively.

More dividends, financial strength and confirmation of guidance for 2021

Iberdrola accelerates the pace of its investments while maintaining the strength of its balance sheet. The company **has increased its operating cash flow by 8%, to €4.2 billion**. It also strengthened its financial ratios, having trimmed down its adjusted net debt by more than €500 million and **increased liquidity at the end of June to €17.6 billion**, covering 21 months of financing needs.

The group remains a **leader in green and sustainable financing**, with €32.4 billion of available financing, and continues to build on its position as the world's first corporate issuer of green bonds.

The performance of the company was recently supported by its shareholders. At the recent Annual General Meeting shareholders approved the Board's management and proposals with an average 97.6% of the votes.

Dividend per share from 2020 earnings grows 5.5% to €0.422 gross per share.

The Group's results and financial strength underpin the company's earnings guidance for 2021, which maintains its profit and dividend expectations for the year.

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About Iberdrola

[Iberdrola](#) is one of the world's biggest energy companies – third by market capitalization –, a leader in renewables, which is spearheading the energy transition to a low carbon economy. The group supplies energy to almost 100 million people in dozens of countries. It carries out renewables, networks and commercial activities in Europe (Spain, the United Kingdom, Portugal, France, Germany, Italy and Greece), the United States, Brazil, Mexico and Australia, and, as growth platforms, it is present in markets such as Japan, Ireland, Sweden and Poland, among others.

With a workforce of more than 37,000 and assets in excess of €122.5 billion, in 2020, it achieved a turnover of €33 billion and a net profit of over €3.6 billion. The company contributes to sustain 400,000 jobs along its supply chain, with annual procurement of €14 billion. A benchmark in the fight against climate change, it has allocated more than €120 billion over the last two decades to building a sustainable energy model, based on sound environmental, social and governance (ESG) principles.

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