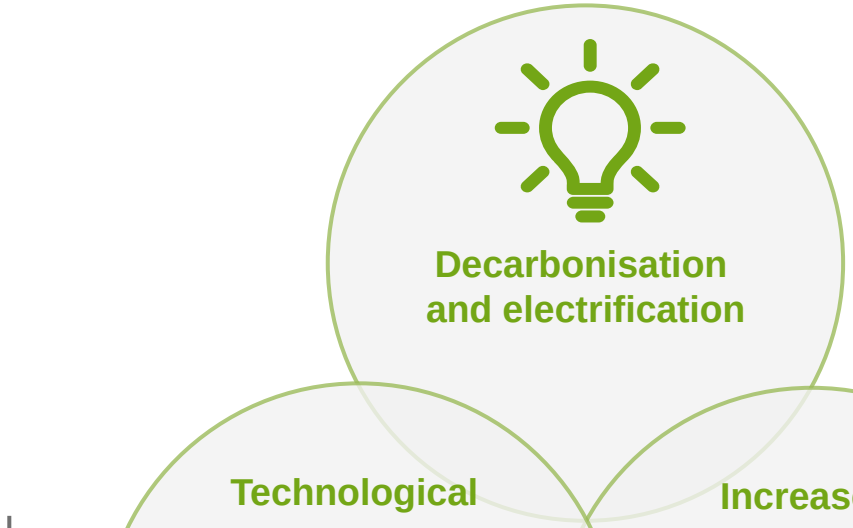
EU Utility Perspective

Challenges in Electricity Decarbonisation

5th Annual EPRI-IEA Expert Workshop
8 November 2018

Francisco Laverón
Head of Energy Prospective
Energy Policies and Climate Change

The energy sector continues to transform

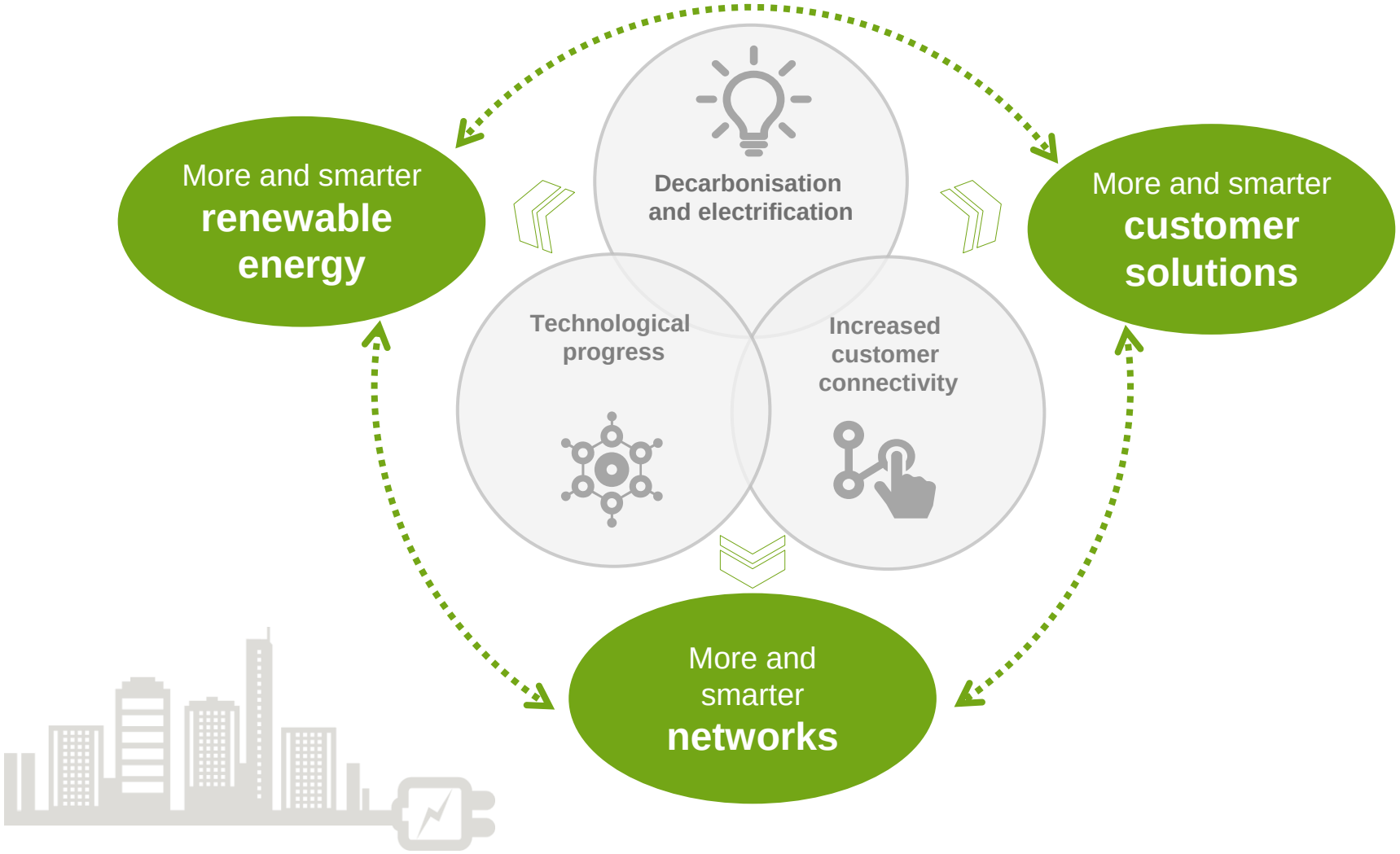


Driving more electricity demand, renewables and networks

Driving cost reductions and creating new business opportunities

Creating opportunities for further customer empowerment through enhanced interactions and services

These trends reinforce the focus of our three businesses

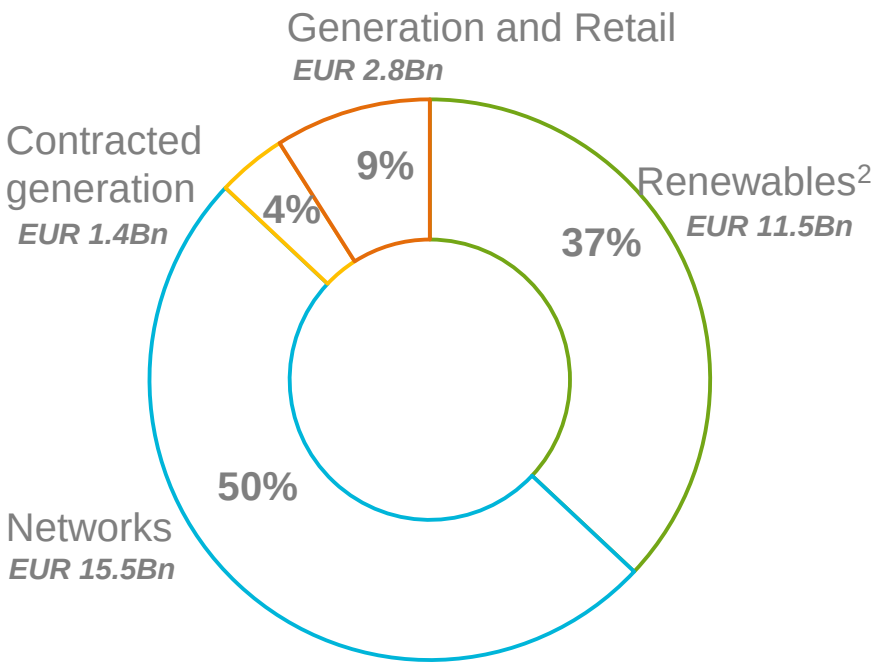


We will accelerate value creation of our businesses through five strategic pillars

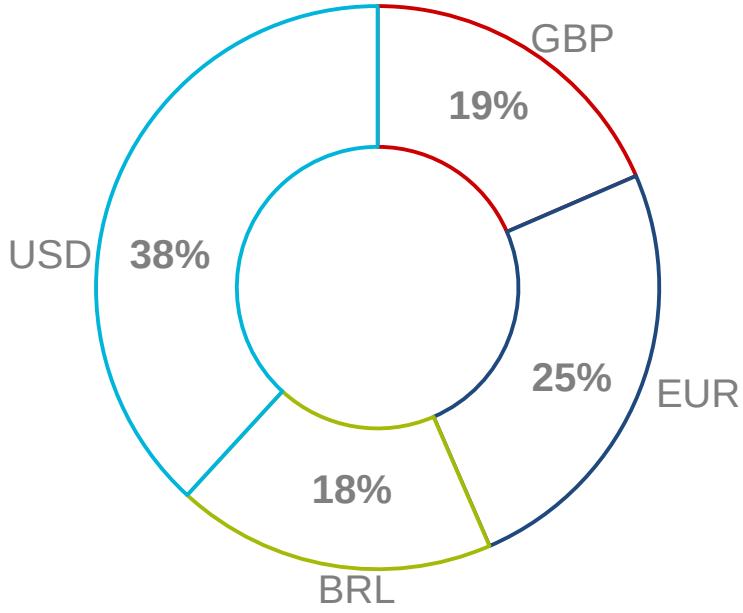


Net investments of EUR 32 Bn: building the foundations for growth in the next decade

Business investments[1]



Investment by currency



[1]Excluding Corporate investments

[2]Including hydro

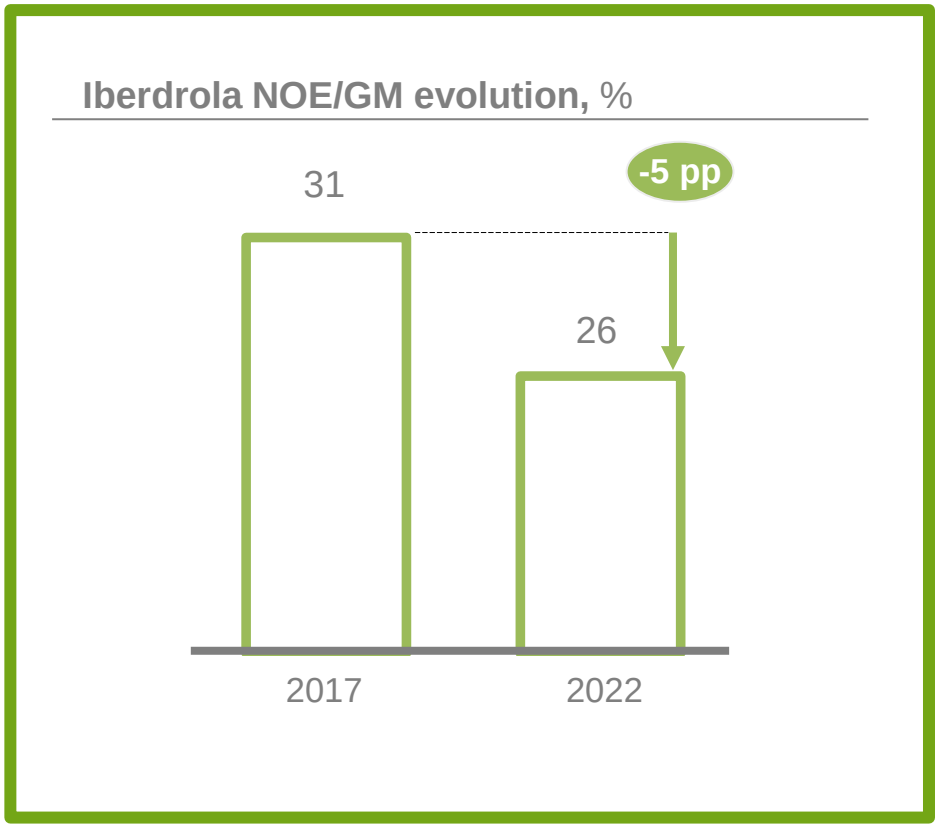
Over 90% allocated to regulated or long-term contracted activities

Iberdrola's Outlook 2018-2022



We will continue to push the efficiency frontiers

2017-2022 plan savings



Enhanced efficiency plan leveraging

- **Synergies**
- **Digitalisation**
- Implementation of **Group best practices**:
  - **Purchasing** model
  - Continuous **Operational improvement**
  - **Control and Administration** model
  - ...

>1,000 M EUR of savings in the period

Enhancing our capital optimisation programme to grow and maintain a solid credit rating



Asset rotation plan

EUR ~3 Bn
asset rotation plan execution



Continue active debt management



Partnering Green

Partnering Green
as an option for future projects

Our purpose is to deliver an increasing, inclusive, and sustainable social dividend

Employees	*Shareholders*	*Customers*
We help our team to **develop talent** within an **inclusive and balanced work environment**	We develop a **resilient business model** to assure **long term profitability** of invested capital	We apply **innovation** to provide our customers with **sustainable, efficient and quality energy solutions**
x4 European average training hours per employee	Total **shareholder return**	Investment **R+D+i: EUR 246M** in 2017
Diversity: sole continental European utility in **2018 Bloomberg Gender-Equality Index**	Promoting **engagement**	**Smart grids** to boost service
		Widening **products portfolio**

Society and environment

We **contribute to our communities** through

local procurements, engagement and a global decarbonisation plan

Emissions reduction: 2017 carbon intensity 32% below European average with an objective of 150 g CO2/kWh in 2030

Economic growth[1]: ~400,000 jobs generated worldwide

Local commitment: purchases of **EUR 8,700 M[2]** in 2017

Tax contribution[3]: EUR **7,100 M** in 2017

[1] According to PwC report, based on Iberdrola's activity in 2016, jobs include direct, indirect and induced.
[2] Excluding fuel procurements
[3] Taxes include due and collected taxes

Iberdrola has linked the Sustainable Development Goals to its business strategy

Main Focus





Direct contribution











Indirect contribution to all other SDGs

Long-term incentive plan

linked to contribution to

SDGs 7 and 13

First credit line

launched with

sustainable indicators, aligned with SDGs