



M&A DEAL OVERVIEW

IBERDROLA TO ACQUIRE US-BASED PNM RESOURCES IN ALL-CASH
\$4.3BN DEAL



ACQUIRER	Iberdrola, S.A. (MAD: IBE)	
ACQUIRER DETAILS	<ul style="list-style-type: none"> Iberdrola, S.A. engages in the generation, transmission, distribution and supply of electricity in Spain and internationally It generates and markets electrical power using renewable sources, such as onshore and offshore wind, hydro, solar thermal, photovoltaic, biomass, etc Incorporated in 1992, headquarters in Bilbao, Spain Employees – 34,078 	
ACQUIRER FINANCIAL INFORMATION	<ul style="list-style-type: none"> Market Cap: €69.23 billion EV: €117 billion LTM Revenue: €34.23 billion Forward P/E Ratio: 19.3x 	<ul style="list-style-type: none"> LTM EBITDA: €10.42billion LTM EV / Revenue: 3.76x LTM EV / EBITDA: 13.24x
TARGET	PNM Resources, Inc. (NYSE: PNM)	
TARGET DETAILS	<ul style="list-style-type: none"> PNM is an electric utility that provides electric generation, transmission, and distribution service to its rate-regulated customers Other services provided by PNM include wholesale transmission services to third parties, as well as the generation and sale of electricity into the wholesale market Incorporated in 1882, headquarters in Albuquerque, New Mexico Employees – 1,660 	
TARGET FINANCIAL INFORMATION	<ul style="list-style-type: none"> Market Cap: \$3.91 billion EV: \$7.55 billion LTM Revenue: \$1.51 billion Forward P/E Ratio: 22.4x 	<ul style="list-style-type: none"> LTM EBITDA: \$607.67 million LTM EV / Revenue: 3.99x LTM EV / EBITDA: 8.18x
DEAL POINTS	<ul style="list-style-type: none"> Deal announced – 21/10/2020 Expected Closing Date: Q4 2021 Deal Price - \$4.3 billion purchase price all-cash The purchase price represents a premium of 10% over the PNM`s share price as of Tuesday 20th October and 19.3% over the average PNM share price during the 30 days prior to prior to Wednesday 21st October Acquirer Advisor – Morgan Stanley and BNP Paribas Target Advisor – Evercore 	
RATIONALE	<ul style="list-style-type: none"> The integration into Avangrid will create one of the largest companies in the US utility industry with 10 regulated electricity companies in 6 states (New York, Connecticut, Maine, Massachusetts, New Mexico and Texas) and the third largest renewable energy operator in the United States with a total presence in 24 states The combined company will have assets in excess of \$40 billion, have approximately \$2.5 billion in EBITDA and a net profit of \$850 million The combination of Avangrid and PNM will manage more than 4.1 million supply points, a regulated asset base (RAB) of \$14.4 billion, more than 168,000 km of networks and approximately 10.9 GW of installed capacity With this transaction, the Iberdrola Group accelerates its growth through the 8th corporate transaction since the beginning of the Covid pandemic following acquisitions in France (St Brieuc and Aalto Power), in Australia (Infigen), offshore wind companies in Sweden and Japan and onshore wind projects in Scotland and Brazil The purchase was a part of its stated strategy of growing in regulated and renewables businesses and of increasing its exposure in countries with highly-rated sovereign debt of 'Aaa' quality 	