

# LINKLATERS ASSISTS BANKS IN IBERDROLA'S €750M GREEN HYBRID BONDS ISSUANCE

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**Linklaters has advised financial entities on Iberdrola's issuance of €750 million green bonds**



Iberdrola has recently fixed the terms and conditions for a new green hybrid bond for a total of €750 million and has notified the National Securities Market Commission (CNMV). This operation will also finance the group's renewable development as per its strategic plan, with projects in Australia and Poland.

The transaction is structured as a single tranche, perpetual, but with a buyback date at par in six years. Iberdrola may subsequently buy back the bond on a yearly basis, coinciding with the coupon payment date. This has been set at 1.575 %. These conditions are extremely advantageous for a subordinated instrument.

To take advantage of good market conditions, the amount of €750 million will be brought forward to 2021, accounting for half of the needs for hybrids established in the strategic plan for next year, limiting the risks of interest rate hikes or a possible downturn in the credit markets. This will allow Iberdrola to continue to maintain its excellent financial health. In addition, hybrid bonds count as 50 % capital according to the methodology used by the main rating agencies, so this operation also contributes to maintaining the group's credit ratings.

Despite market volatility, the demand registered shows that investors are very interested in fixed income from Iberdrola, up to three billion euros, which is four times the offer. This is possible thanks to the participation of almost 200 qualified international investors, mainly European. The placement was made by UniCredit, Barclays, Crédit Agricole, Deutsche Bank, HSBC, JP Morgan and Mizuho.

The proceeds will be used to finance and refinance renewable wind and solar farms in Australia and Poland with a combined installed capacity of 757 MW. These projects are part of the 75-billion-euro investment plan launched by Iberdrola for the period 2020-2025. Of this amount, most of it will go to growth in renewables in order to double capacity to 60 GW by 2025, new smart grids and more storage capacity. This means 80 % of the plan would represent sustainable investments, according to EU criteria.

Linklaters' team was made up of Madrid office Capital Markets partners Federico Briano (pictured top left) and Jorge Alegre (pictured top right), along with managing associates Yiannis Kyriakides (pictured bottom left) and Stacey Zverev (pictured bottom right).