

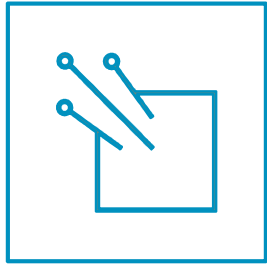


**RED**  
**ELÉCTRICA**  
CORPORACIÓN



## 2018 Half Year Results

1 August 2018



# 2018

## Half Year Results



# Major developments in 1H 2018

## Results

- Net profit totalled 356.97 M€, 5.0% higher than profits during the same period in 2017.
- Dividend payment of €0.9188 per share charged to FY2017, up 7% from 2016.
- EUR 600 million 9-year euromarket bond issue at a cost of 1.316%.
- S&P confirmed the company's 'A-' credit rating, with a stable outlook.

## Investments

- Group investment: 183.0 M€. Investment in Spain's transmission grid: 154.0 M€.
- Progress in the Spain-France electricity interconnection through the Bay of Biscay.
- On 12 July, Red Eléctrica Chile agreed to acquire Centinela Transmisión S.A., consisting of 3 lines and total length of 265 kilometres, for \$117.2 M.
- Through its subsidiary Transmisora Eléctrica del Sur 2, Red Eléctrica Internacional commissioned the 115 km Azángaro-Juliaca-Puno line in southern Peru.

## Regulation

- Submission of the spread proposal to apply in order to establish the financial remuneration rate for transmission activity in the 2020-2025 regulatory period.
- The spread proposal is based on:
  - Adequate remuneration.
  - Financing cost of comparable efficient and well-managed transmission companies.
  - Investment needs.

# Major developments in 1H 2018

## System operation

- Launch of the European Cross-Border Intraday Market (XBID).

## Corporate Governance

- The Board of Directors of the Company, during the meeting held the 31st of July 2018, has resolved as follows:
  - Accept the resignation tendered by Mr. José Folgado Blanco as Director, in the category of “other external” directors, as a consequence, accept his removal as non-executive Chairman of the Board of Directors and Chairman of the Company.
  - Appoint Mr. Jordi Sevilla Segura as Director, in the category of “other external” directors, and as non-executive Chairman of the Board of Directors and Chairman of the Company.

## Sustainability

- Ranked second in the Utilities/Network Operators sector on the *Oekom Corporate Responsibility Review 2018*.
- REE is a permanent fixture in the family of Ethibel (ESI) Excellence Europe sustainability indices.

The achievements in the first half of the year help further the progress of the commitments made with the market.

# Key figures

| M€                      | 1H17                   | 1H18       | 2017-18      |
|-------------------------|------------------------|------------|--------------|
| Turnover                | 987                    | 990        | 0.3 %        |
| EBITDA                  | 770                    | 777        | 0.9 %        |
| Profit before tax       | 454                    | 476        | 4.8 %        |
| <b>FY profit</b>        | <b>340</b>             | <b>357</b> | <b>5.0 %</b> |
| <b>Total investment</b> | <b>198<sup>1</sup></b> | <b>183</b> |              |

1. Includes payment for the acquisition of 45% of Redesur made in January 2017.

**First half profit rose 5.0 %.**

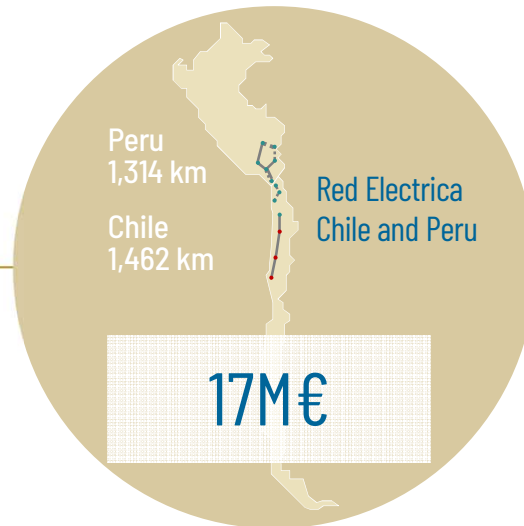
**Results in line with 2014-19 Strategic Plan targets.**

# Investment in 1H 2018

## Transmission in Spain



## Transmission in LatAm



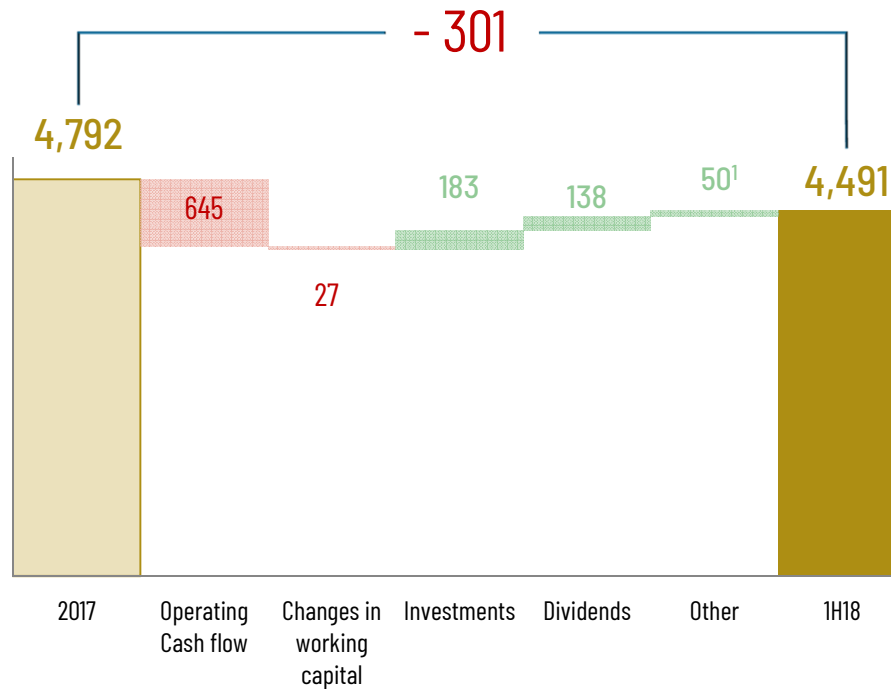
## Other investments



On 12 July 2018, Red Eléctrica reached an agreement to acquire 100% of the share capital in the Chilean company, Centinela Transmisión, for \$117.2 million. The company will now manage a 1,729 km grid in Chile.

# Financial structure

## Net financial debt performance (M€)



Average term to maturity: 5.8 years

The cost of debt in 1H18 was 2.44 %  
vs. 2.83% in 1H17

91% of debt at fixed rates

1. Includes the impact of nearly EUR 45 million allocated to the application of IFRS 9, "Financial Instruments."

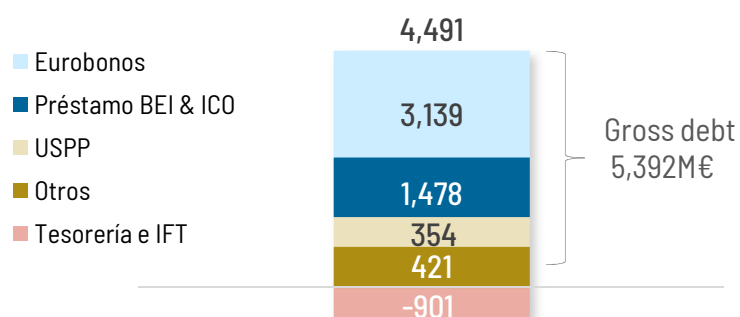
# Financial structure

## Solvency ratios

| M€                    | 1H17   | 1H18   |
|-----------------------|--------|--------|
| EBITDA / Interest (*) | 10.6x  | 11.4x  |
| FFO / Net Debt        | 24.4 % | 26.5 % |
| Net Debt / EBITDA     | 3.2x   | 2.9x   |

(\*) EBITDA / net financial expenses excluding the effect of activations.

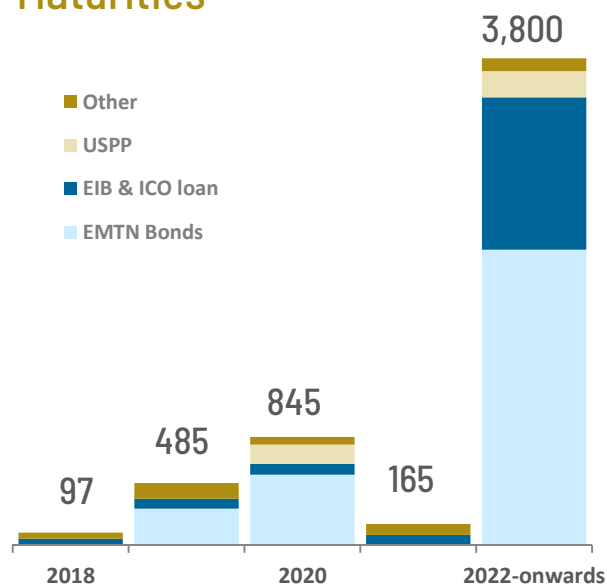
## Debt structure by instrument (M€). 1H18



**EUR 600 million 9-year euromarket bond issue at a cost of 1.316%.**

## Sources of liquidity 2,651 M€

## Maturities

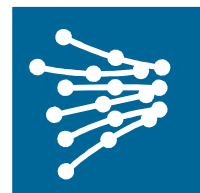




# Conclusions

- The results for the first half of the year are in line with the targets established in the 2014-2019 Strategic Plan.
- Strong cash flow performance and favourable evolution of financial indicators. The Standard & Poor's rating agency confirmed the company's A- rating, with a stable outlook.
- Investments in the transmission grid in Spain reached 154 million euros and progress was made on the French interconnection through the Bay of Biscay.
- Strengthening of international electricity transmission activity:
  - Peru: commissioning of the 115 km Azángaro-Juliaca-Puno line in the country's southern region.
  - Chile: acquisition of Centinela Transmisión S.A.
- High visibility of the shareholder remuneration policy: dividend growth of 7% CAGR in 2014-2019.

Enabling and boosting the challenge of energy transition.



# RED ELÉCTRICA CORPORACIÓN



[relacioninversores@ree.es](mailto:relacioninversores@ree.es)

Presentation available at:

[www.ree.es](http://www.ree.es)

Shareholders and investors







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