



RED
ELÉCTRICA
CORPORACIÓN

Results 1H2014



30 July 2014



1H14 highlights

Results/ Financial

- Net profit of €290.0 million, 6.6% up on 1H13
- Payment of a dividend on 2013 earnings of €2.5422 per share
- €300 million issue, at a cost of 2.176%, 9 years maturity
- S&P's and Fitch improve their outlook for the REE rating from neutral to positive, as a result of the improved rating for Spain

Investment

- Investment of €249 million, of which €230 million relates to the transmission grid in Spain
- Commissioning of a new interconnection with Portugal which connects with 400kV Almaraz-Guillena line
- Commissioning of the 220 kV Tintaya-Socabaya line and substations in Peru, in a 30 year concession involving Transmisora Eléctrica del Sur
- Addition of new activities to the Transmission Grid Development Plan (IET/1132/214) worth €917.5 million, particularly investment in island systems
- REE wins a tender for the operation and commercialization of the fibre-optic network of ADIF for 20 years. The deal is valued at €462 million, subject to performance of the conditions set out in the tender terms and conditions



1H14 highlights

Regulation

- Submission of evidence to the regulator demonstrating investment in renewing and improving facilities commissioned prior to 1998 in order to request an increase of their residual life
- Submission of audited information relating to the construction, operation and maintenance standards of transmission facilities

Corporate governance and Responsibility

- Signature of a new collective bargaining agreement to run for 5 years, based on principles of labour-market efficiency, work-life balance and sustainability.
- The undersea interconnection between Mallorca and the peninsula will reduce CO₂
- Highest rating among spanish corporates for the European Seal of Excellence +500



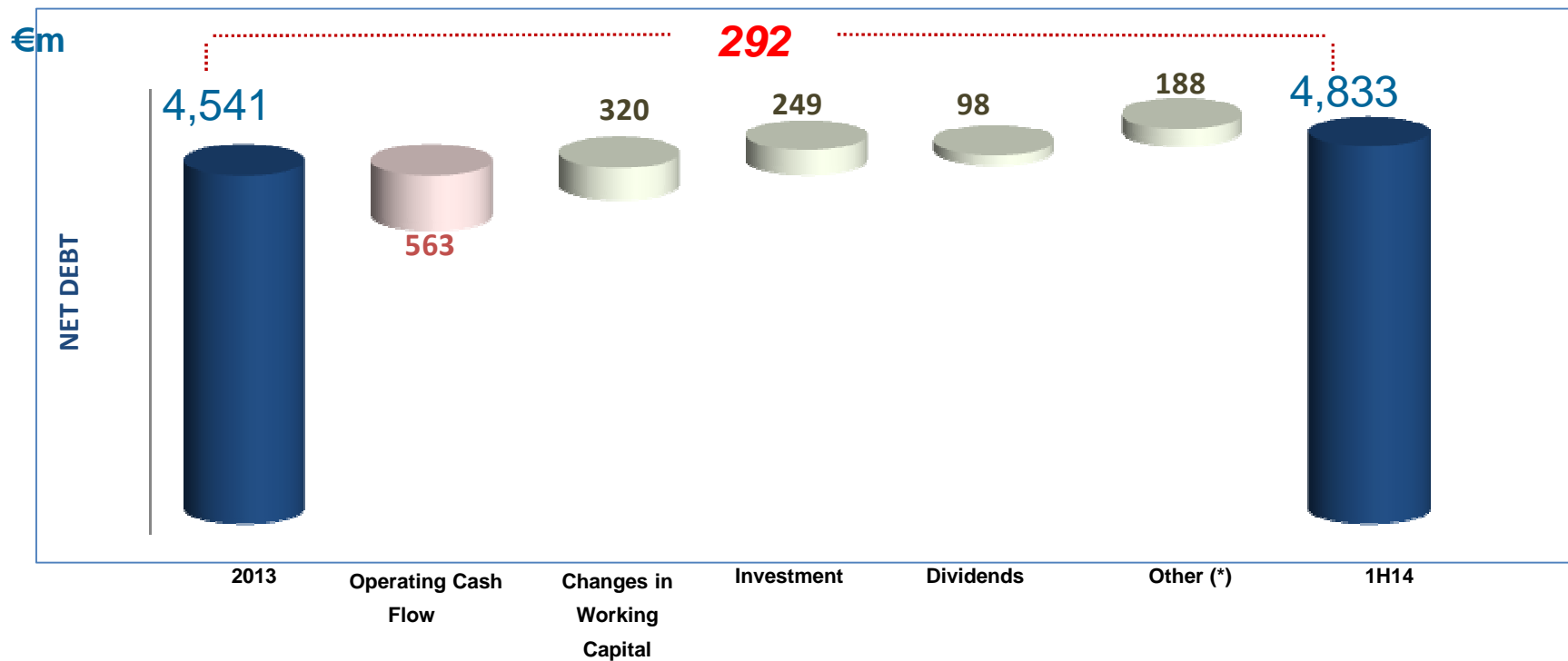
Results 1H14: main figures

€M	1H2013	1H2014	Δ%
Revenue	856	926	8.2
Gross operating result (EBITDA)	645	695	7.7
Net operating result (EBIT)	445	485	9.0
Profit before tax	362	415	14.5
Profit for the year	272	290	6.6

6.6% increase in profit, including the positive impact of asset revaluation in 2013 (Law 16/2012).



2013 balance sheet: net debt

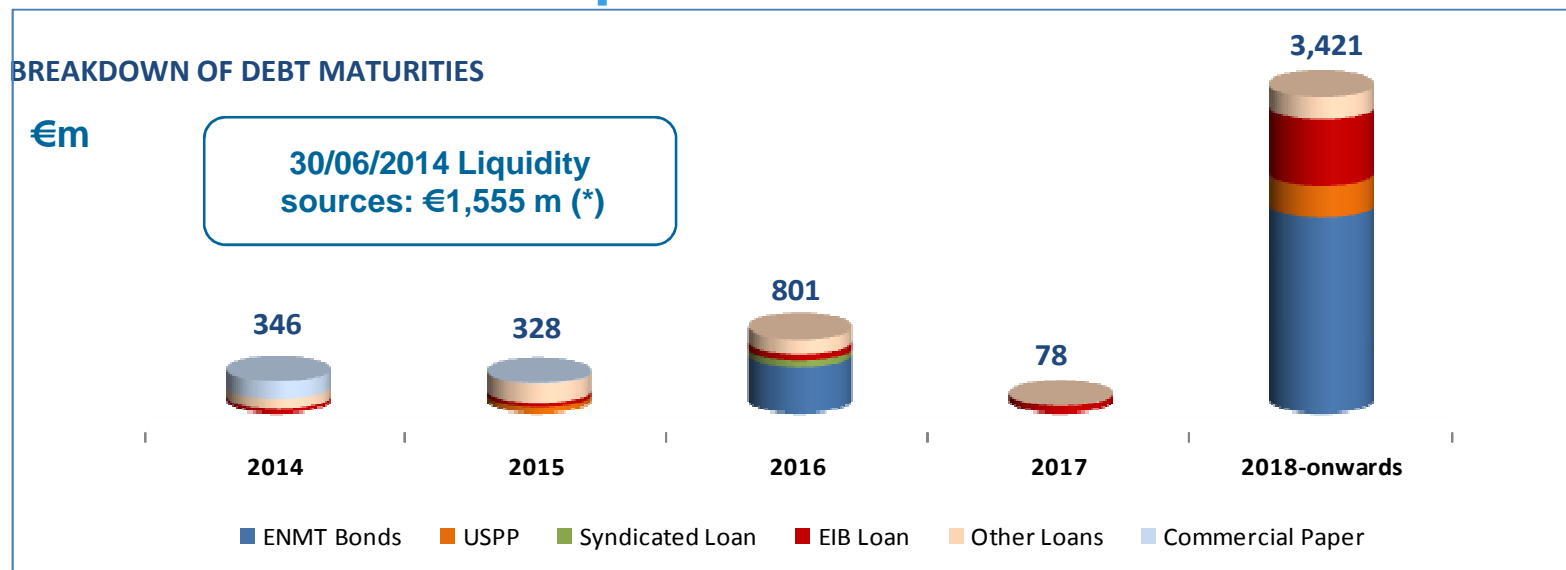


Average cost of debt 3.61%. Average debt maturity 5.2 years

(*) "Other" includes changes in other non-current assets and liabilities, suppliers of property, plant and equipment, and exchange rate derivatives



Debt: Robust cash position



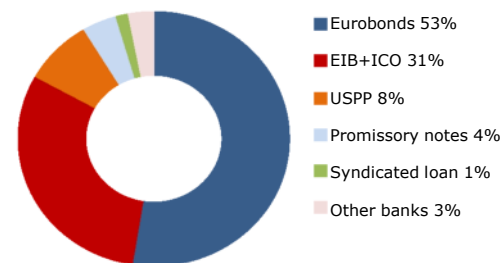
(*) On 1 July, there was a payment of €300 million for the bond issued on 16 June

SOLVENCY RATIOS

	2013	1H2014
EBITDA / Interest ^(*)	6.8	8.5
FFO / Debt	21.5%	20.9%
Debt/EBITDA	3.5	3.6

(*) EBITDA / (net finance costs excluding capitalisations)

DEBT STRUCTURE BY INSTRUMENT





2014 outlook

EPS

Profits up by between 4% and 5%

Investment

- Interconnection with France and Portugal brought into service.
- Progress on the Mallorca-Ibiza interconnection.
- Investment of between €500 and €550 million.

Adapting to the new environment

- Appropriate financial policy for the new remuneration framework.
- Definition of Strategic Plan for future years.

Our results show we are on track to achieve our 2014 objectives



RED
ELÉCTRICA
CORPORACIÓN

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Presentation available at:

www.ree.es

Shareholders and investors



MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM



Appendix





Consolidated income statement

(in thousands of euros)	30/06/2014	30/06/2013	2014/2013
Revenue	926,472	856,363	8.2%
Own work capitalised	9,101	8,295	9.7%
Supply costs	(35,667)	(26,049)	36.9%
Other operating income	2,448	6,783	(63.9%)
Personnel expenses	(65,176)	(62,411)	4.4%
Other operating expenses	(142,509)	(137,740)	3.5%
Gross Operating Result (EBITDA)	694,669	645,241	7.7%
Amortisation/depreciation of non-current assets	(216,003)	(207,022)	4.3%
Release of grants related to non-financial assets	6,627	6,589	0.6%
Impairment of and gains/losses on disposals of fixed assets	-	212	(100.0%)
Net Operating result (EBIT)	485,293	445,020	9.0%
Finance income	8,223	9,551	(13.9%)
Financial costs	(78,438)	(95,602)	(18.0%)
Exchange differences	(176)	(325)	-
Impairment and gains/losses on disposal of financial instruments	-	3,219	(100.0%)
Net finance expense	(70,391)	(83,157)	(15.4%)
Results of companies accounted for using the equity method	-	411	(100.0%)
Profit before tax	414,902	362,274	14.5%
Income tax expense	(124,282)	(90,224)	37.7%
Consolidated profit for the period	290,620	272,050	6.8%
A) Consolidated profit attributable to the parent company	289,972	271,975	6.6%
B) Consolidated profit attributable to non-controlling interests	648	75	-



Consolidated balance sheet

Assets (in thousands of euros)	30/06/2014	31/12/2013
Intangible assets	99,618	86,693
Property, plant and equipment	8,447,234	8,426,782
Investment properties	2,539	2,561
Non-current financial assets	77,794	63,532
Deferred tax assets	33,440	34,586
Other non-current assets	393	317
Non-current assets	8,661,018	8,614,471
Inventories	43,759	44,980
Trade and other receivables	810,801	544,535
Current financial assets	670	1,018
Cash and cash equivalents	139,317	214,861
Current assets	994,547	805,394
Total assets	9,655,565	9,419,865
LIABILITIES (in thousands of euros)	30/06/2014	31/12/2013
Equity	2,290,413	2,248,628
Share capital	270,540	270,540
Reserves	1,732,436	1,548,523
Treasury shares and own equity instruments (-)	(2,535)	(1,707)
Profit attributable to the parent company	289,972	529,139
Interim dividend	-	(97,867)
Adjustments due to changes in value	(47,886)	(42,041)
Non-controlling interests	19,909	18,061
Equity	2,262,436	2,224,648
Grants and other non-current advances	415,126	418,297
Non-current provisions	84,266	84,151
Non-current financial liabilities	4,681,165	4,662,995
Deferred tax liabilities	604,717	598,855
Other non-current liabilities	71,769	72,978
Non-current liabilities	5,857,043	5,837,276
Current provisions	-	10
Current financial liabilities	1,194,289	991,904
Trade and other payables	341,797	366,027
Current liabilities	1,536,086	1,357,941
Total equity and liabilities	9,655,565	9,419,865



Consolidated cash flow statement

Consolidated Cash Flow Statement

(in thousands of euros)	30/06/2014	30/06/2013
CASH FLOWS FROM OPERATING ACTIVITIES	207,563	533,891
Profits before tax	414,902	362,274
Adjustments to profit	280,610	286,809
Depreciation/amortization	216,003	207,022
Other adjustments to results (net)	64,607	79,787
Changes in working capital	(320,189)	17,080
Other cash flows from operating activities	(167,760)	(132,272)
Interest paid	(113,800)	(90,954)
Collection of interest	3,657	2,578
Collection of dividends	4,566	5,310
Corporate income tax received/ (paid)	(56,731)	(48,706)
Other collections/(payments) on operating activities	(5,452)	(500)
CASH FLOWS FROM INVESTING ACTIVITIES	(401,671)	(317,996)
Payments from investments	(406,250)	(319,573)
Property, plant and equipment, intangible assets and investment property	(403,817)	(314,026)
Other financial assets	(2,433)	(5,547)
Proceeds from disposals	201	561
Other cash flows from investing activities	4,378	1,016
CASH FLOWS FROM FINANCING ACTIVITIES	118,383	426,984
Proceeds from/(payments for) equity instruments	334	3,147
Acquisitions	(37,167)	(78,449)
Disposals	37,501	81,596
Proceeds from/(payments for) financial liabilities	214,890	513,326
Issue and placements	486,873	739,510
Redemption and write-off	(271,983)	(226,184)
Dividend payments	(97,867)	(91,216)
Other cash flows from financing activities	1,026	1,727
Effect of variations in exchange rates	181	317
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(75,544)	643,196
Cash and cash equivalents at beginning of period	214,861	40,314
Cash and cash equivalents at end of period	139,317	683,510



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