

RED
ELÉCTRICA
CORPORACIÓN

1H16 Results

28 July 2016



1H16 results

Relevant events in 1H16

Financial results

- Net profit came to €323million, 4.8% higher than profit in 1H15
- Dividend of €3.21 per share charged to 2015 profits, up 7% on 2014
- €300 million 10-year Euromarket bond issue with a cost of 1.042%
- Fitch upgraded our rating to 'A' with a stable outlook, while S&P's rating is 'A-', rating with a stable outlook

Investments

- Investment in transmission network in Spain amounted to €152million
- Start-up of the second cable in the Majorca - Ibiza Interconnection
- Acquisition of 50% of Transmisora Eléctrica del Norte (TEN) for €199.8 million. Construction and commercial operation of the first interconnection between the northern and central electricity subsystems of Chile

Regulation

- Ministerial Order IET/981/2016 of 15 June, establishes transmission remuneration for 2016, applying the new unit values of investment and operation and maintenance of transmission facilities (Ministerial Order IET/2659 of 12 December)

Relevant events in 1H16

Corporate Governance

- GSM re-elected Mr. José Folgado, holding the position of non-executive Chairman of the Board of Directors
- GSM approved the splitting of company shares, by reducing par value from €2 to €0.50 per share, at a ratio of four new shares for each old share. Trading of the new shares of Red Eléctrica Corporación, S.A. began on 11 July

Corporate Social Responsibility

- Red Eléctrica is ranked 35th of 100 companies with the best reputation in Spain according to The Spanish Corporate Reputation Monitor (MERCO)
- Approval of the Company's Annual Corporate Responsibility Program, which forms part of the 2014-2016 Corporate Responsibility Plan. Development of 81 projects linked to a sustainable energy model, corporate governance and ethics, employees, company and environment
- Red Eléctrica obtained 'Gold Class' distinction in the 2016 Sustainability Yearbook, published by RobecoSAM

1H16 Highlights

€ million

Revenue

EBITDA

Profit before tax

Net profit

Capex

1H15

1H16

2015-16

973

968

-0.5%

740

754

1.9%

507

514

1.3%

309

323

4.8%

226

365¹

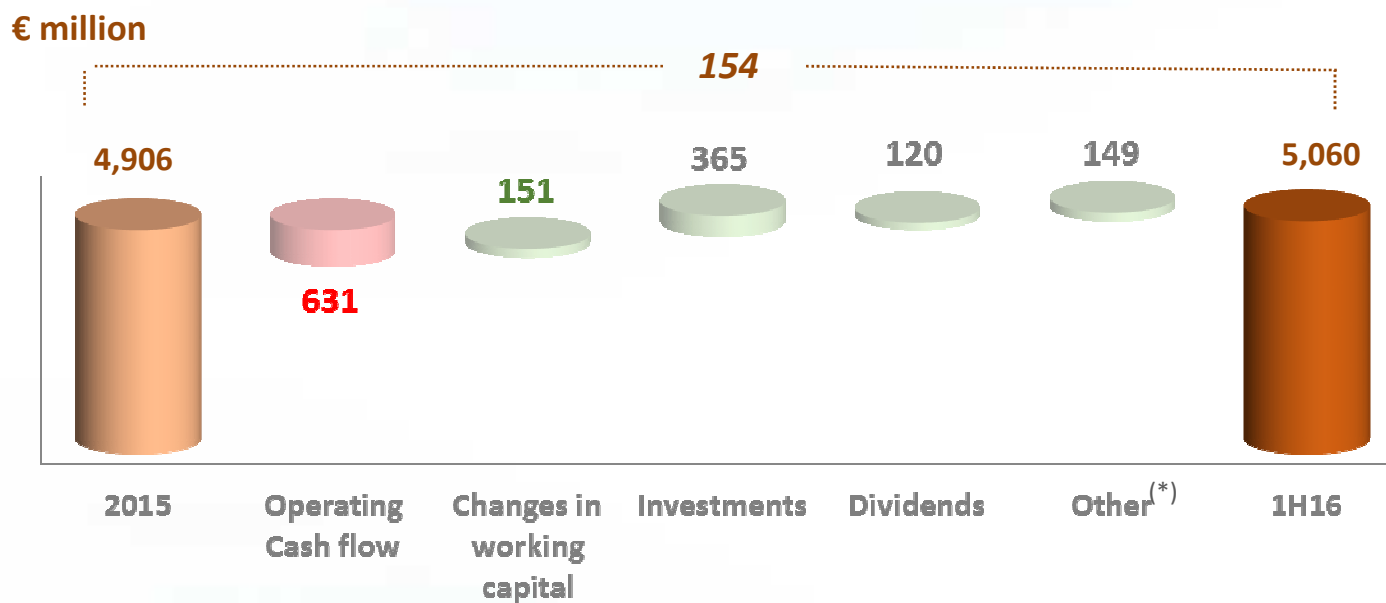
¹ Includes payment of €199,8 million for the acquisition of 50% of TEN, carried out in January 2016 following approval by the European Commission

Profit for the period rose 4.8%

Net profit compatible with growth target included in 2014-19 Strategic Plan

1H16 Balance sheet

Net financial debt performance



(*) "Other" includes changes in other non-current assets and liabilities, suppliers of property, plant and equipment, exchange rate derivatives and other items that did not involve inflows or outflows of cash

The average remaining term to maturity stands at 5.7 years

The cost of debt in 1H16 was 3.00% vs. 3.24% in 1H15

86% of debt at fixed rates

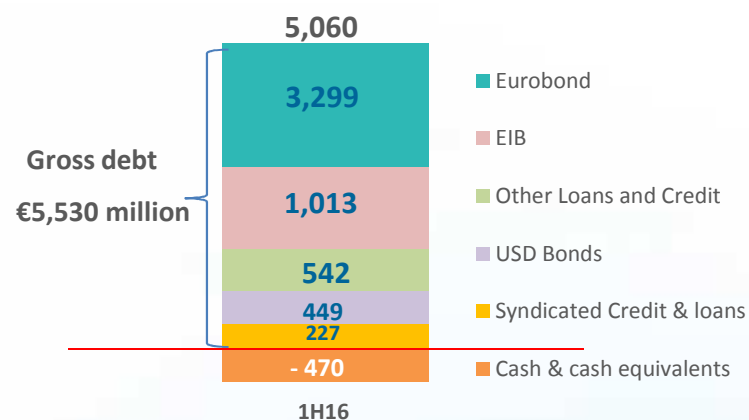
1H16 Balance sheet

Solvency ratios

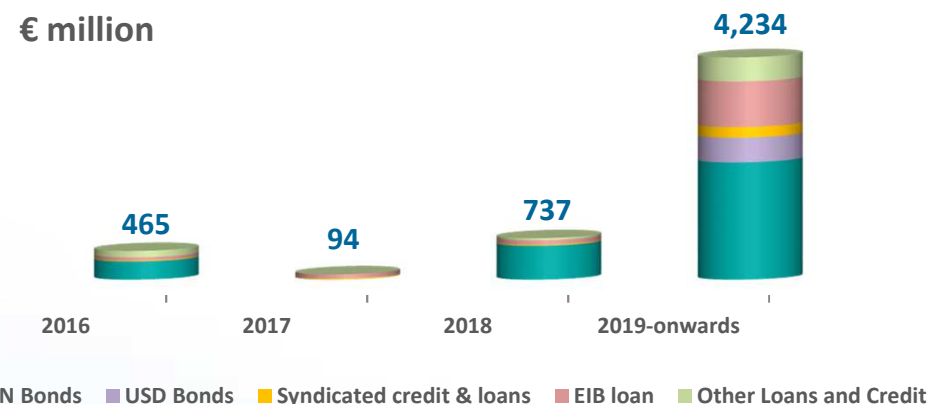
€ million	1H15	1H16
EBITDA / Interest ¹	8.7x	9.5x
FFO / Debt	21.4%	22.4%
Debt / EBITDA	3.5x	3.4x

¹ EBITDA / net financial expenses excluding capitalisations

Debt structure by instrument



Maturities



€300 million 10-year euromarket bond issue with a cost of 1.042%



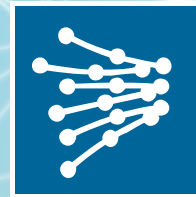
Confirmation of 2014-2019 targets

Confirmation of 2014-2019 targets

	2014 - 2019 targets	
 Investment in consolidated activities ¹	€3,575 Mn	✓
 New investment opportunities	€1,000 Mn	✓
 Improvement in EBITDA margin by 2019	≥200 bp	✓
 Average net debt/EBITDA	3.5x	✓
 Δ EPS (CAGR 2019/13)	5-6%	✓
 Δ 7% dividend per share (CAGR since 2014)	7.0%	✓

¹ Investment in transmission and telecommunications network

Confirmation of growth once regulatory reform is completed



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Presentation available at:

www.ree.es

Shareholders and investors



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