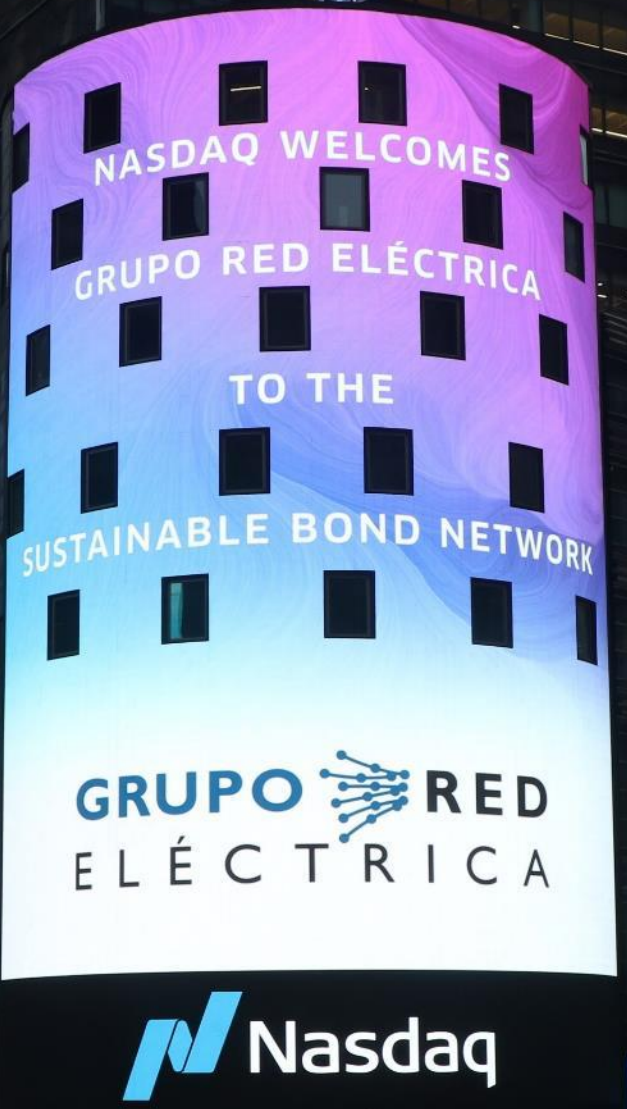




GRUPO RED
ELÉCTRICA

RESULTS PRESENTATION First Half **2021**

28 July 2021



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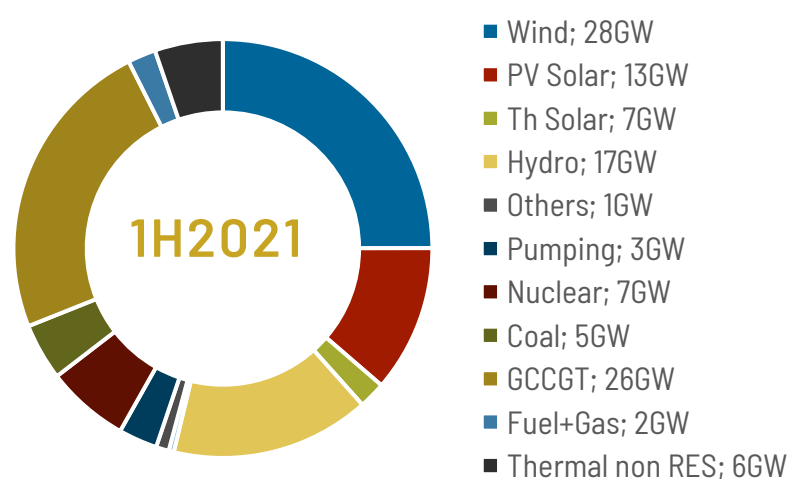
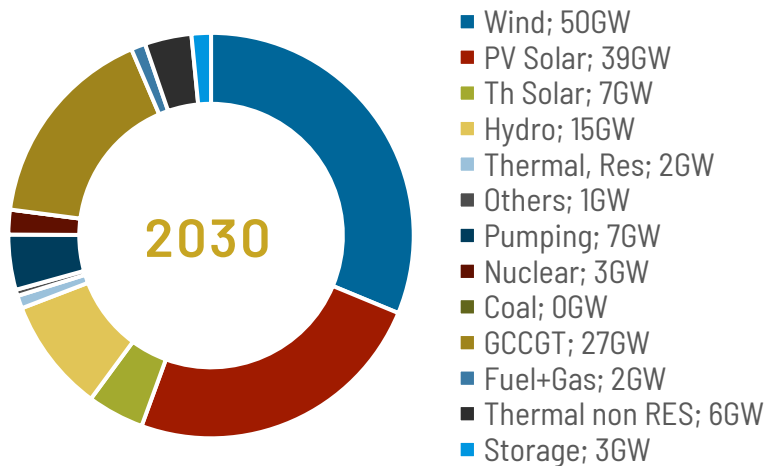
Sector environment



Electrification as a basis for the sustainable economy

- *European Green Deal*, a roadmap to drive the economy and address climate challenges. Support from the Next Generation recovery fund to implement the Green Deal.
- *Comprehensive National Energy and Climate Plan (PNIEC)*.

INSTALLED CAPACITY



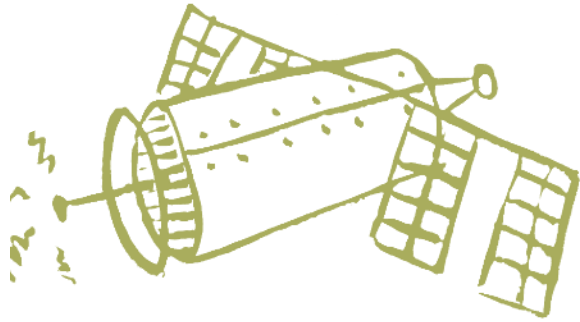
Red Electrica, a key agent in making it possible to integrate a significant increase in installed capacity of renewable energies by 2030.

The PNIEC establishes the need for investments in the transmission network of EUR 9 billion until 2030.

- Approved the hydrogen roadmap, a plan for the deployment of this sustainable energy vector by 2050. Capacity to store large scale electricity.



Telecommunications sector environment



- Vital role of telecommunication infrastructure during the pandemic. Challenge of expanding networks and reducing the digital divide.
- Huge drive towards connectivity. Transformation of the business fabric from technology.
- Growth of cloud platforms.
- Technological transformation in the satellite sector. Demand for data on new use cases such as mobility, residential broadband or corporate networks.
- Deployment and expansion of the 5G.



Highlights



MAIN HIGHLIGHTS

Red Electrica, the backbone that makes energy transition in Spain possible...

Expected approval of the Plan by the end of the year.

Acceleration of the investment in the transmission network.

- The Spanish National Markets and Competition Commission (CNMC) issued a positive report on the proposed Electricity Transmission Network Plan for 2021-2026.
- The System Operator submitted the transmission network development proposal for 2021-2026 to the Ministry for the Ecological Transition after analysing the agents' submissions to the initial proposal. The Ministry has 4 months to draft the final proposal and begin its parliamentary approval.
- Maximum efforts are being made to carry out the investments by optimising the processes that allow the processing and construction of the facilities to be accelerated.
- Investments in the transmission network during the period amounted to EUR 172 million, up 32.3% on 2020.



... providing neutrality to the electricity system

New regulatory framework for access and connection.

- The CNMC approved these regulations, which are of vital importance for the orderly development of renewable energies. New requests for access are permitted as from 1 July.
- Red Eléctrica webinar explaining the new regulations on access, connection to the transmission network and new online platform at www.ree.es

Approval of Spanish Law 7/2021 on climate change.

- The Act establishes minimum national targets for 2030, in accordance with EU regulations, with the ultimate goal of achieving a 100% renewable electricity system by 2050.

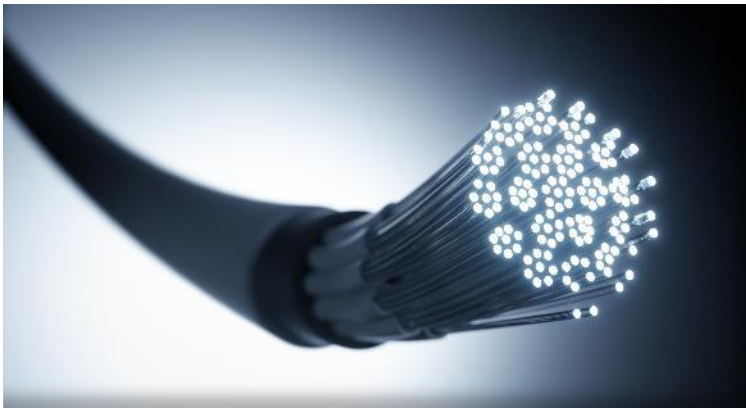


MAIN HIGHLIGHTS

The Group continues to grow further through diversification...

TELECOMMUNICATIONS

- Hispasat Agreement with Media Networks Latin America (Telefónica Group) to acquire the management and signal transmission, strengthening its position as a benchmark operator in the region in the video hierarchy.
- The investment in the Amazonas Nexus satellite is well under way, most notably including the loan of \$80.7 million granted by the Board of EXIM Bank to provide long-term financing for the project's launch service and insurance.



- CNMC has approved the resolution related to the fibre optic network assignment for use contract between Red Eléctrica de España and REINTEL.



... scoring important milestones during the period

INTERNATIONAL



- Centinela 220 kV substation in Chile entered into service.
- International investments are progressing well in accordance with our Strategic Plan.
- The Chilean regulator is completing the process of valuing the regulated assets, which it carries out every four years on certain assets of the main system.

WHAT TYPE OF INITIATIVES ARE WE PROPOSING?

Investments linked to the National Recovery, Transformation and Resilience Plan

- Integration of offshore renewable energy sources.
- Storage in the Canary Islands.
- Renewable hydrogen.
- Environmental projects.
- New satellite development.
- 5G and satellite connectivity.
- Digitalisation of the transmission network.



The President of the Government of Spain met with the President of the European Commission at the Red Eléctrica Control Centre to approve the Spanish Recovery, Transformation and Resilience Plan.

The European Commission approved the Recovery Plan submitted by Spain of EUR 69,500 M in direct transfers, which can be increased to more than Eur 140,000 M in credit.



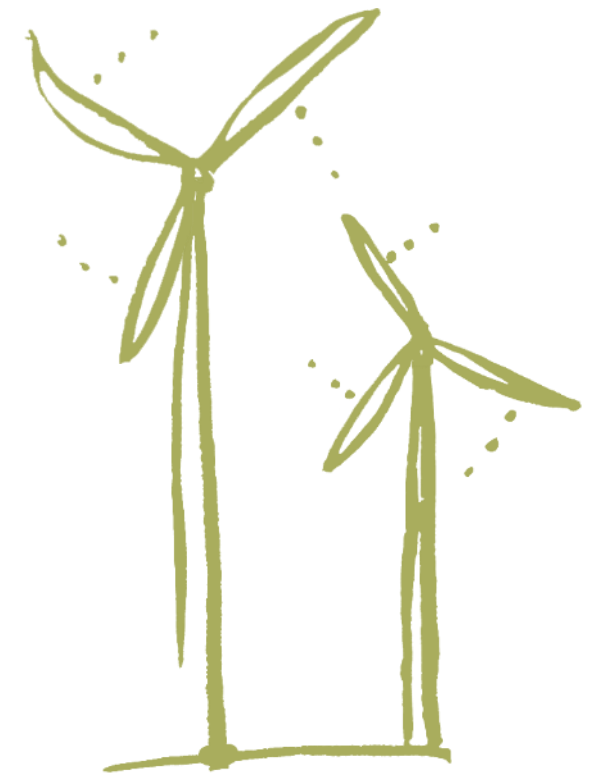
Carrying out our activities with a clear commitment to sustainable development...

Commitment to green financing.

- Issuance of a green bond of EUR 600 million with a 12-year maturity at a rate of 0.625%, with the lowest spread in issues of more than 10 years in the last decade.
- We have reached 29.5% financing with ESG criteria.

Leaders in transparency on tax liability.

- Ranking prepared by the Commitment and Transparency Foundation in its 2020 Contribution and Transparency Report, which analyses Ibex 35 companies.





MAIN HIGHLIGHTS

...moving forward on all aspects of ESG

Renewal of the Diversity Charter.

- Red Eléctrica renewed its commitment to adhere to the Diversity Charter for 2021-2023, in recognition of its commitment to equality and inclusion policies in the labour force.

Corporate Responsibility.

- The shareholders at the AGM approved a new long-term incentive plan to drive the energy transition, reduce the digital divide and promote diversification.





1H2021 Results



Good performance of results in a year in which regulated income in Spain was reduced due to a more restrictive regulatory framework

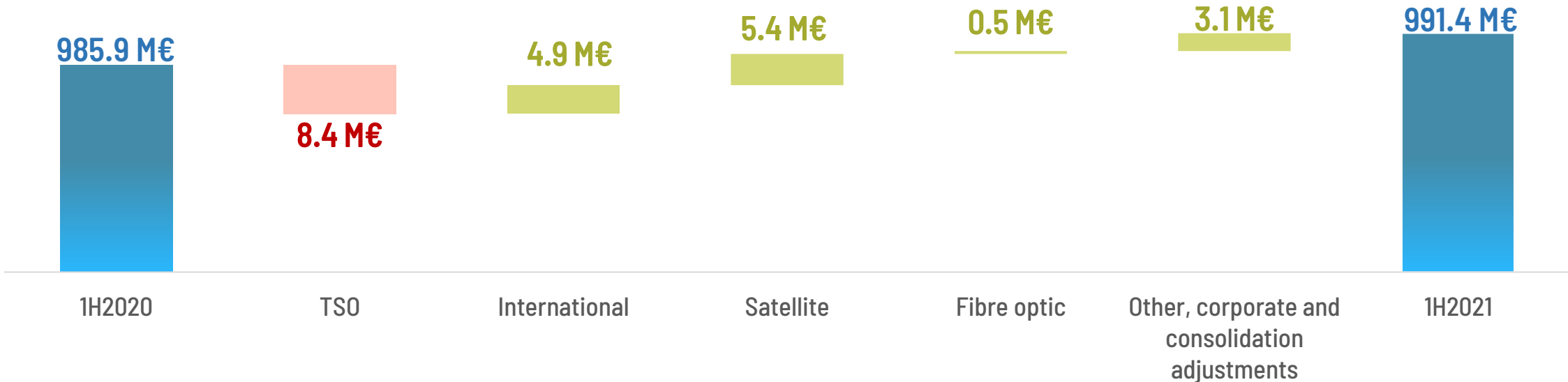
M€	1H2021	1H2020	Δ%
Revenues	975.9	977.9	-0.2%
Share of profit of companies accounted for using the equity method	15.5	8.0	+93.8%
Other income and in-house work on non-current assets	32.2	37.7	-14.6%
Operating expenses	-252.3	-257.3	-1.9%
EBITDA	771.3	766.3	+0.7%
Depreciation, amortisation and other	-243.7	-257.0	-10.0%
EBIT	527.5	509.3	+3.6%
Financial profit/(loss)	-49.6	-69.5	-28.6%
Profit/(Loss) before tax	477.9	439.7	+8.7%
Income tax expense	-118.0	-108.0	+9.2%
Profit/(Loss) attributable to non-controlling interests	-1.7	0.04	-
Profit/(Loss) attributable to the Parent	358.2	331.7	+8.0%

Profit for the period grew by 8 %, driven by diversification, cost containment and a reduction of finance costs as a result of better interest rates.



The Group's diversification made it possible to offset the drop in income of TSO

INCOME EVOLUTION*



Income increased by 0.6 % on the previous year.

The growth of telecommunications and international businesses drives revenue growth in the period.

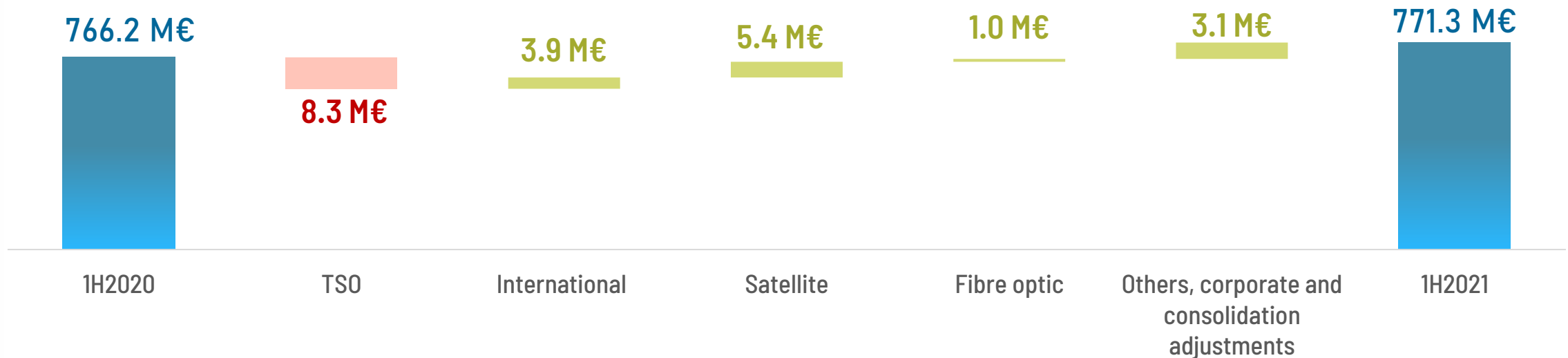
* Includes revenue and share of profit of companies accounted for using the equity method (TEN, Argo and Hisdesat).



1H2021 RESULTS

EBITDA increased by 0.7 %, underpinned by the effort to contain operating costs

EBITDA EVOLUTION



The Group's diversification has led to a strong performance of gross profit from operations in an environment of lowering the financial rate of return of TSO.

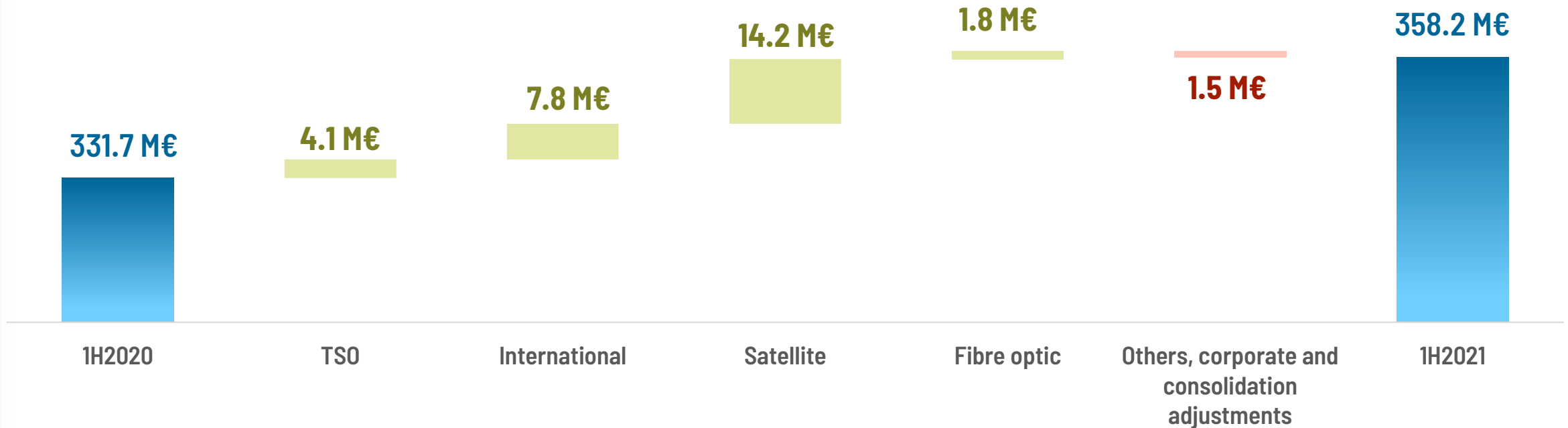
The EBITDA margin reached 79 % vs. 78.4 % in 1H20.



1H2021 RESULTS

Increase in net profit by 8.0 %, also driven by financial efficiency

NET PROFIT EVOLUTION



Strong boost in profit for the period in 1H21, underpinned by operational and financial efficiency.

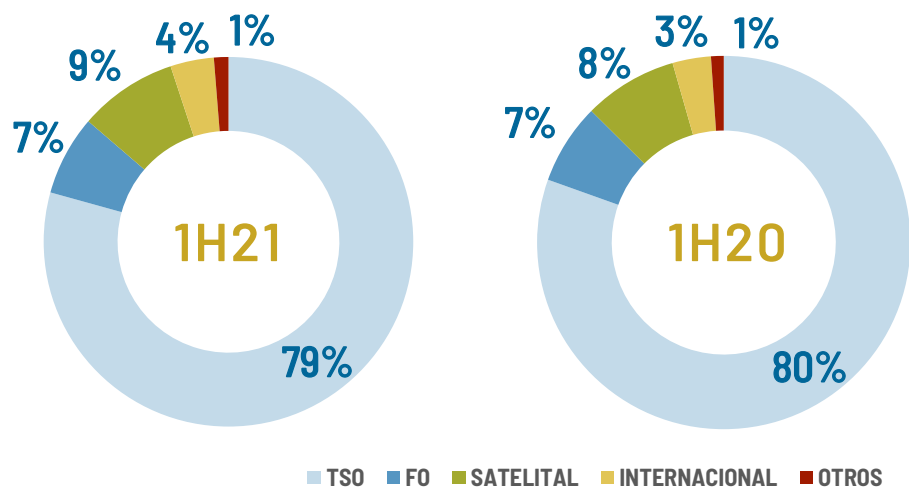


PERFORMANCE OF THE GROUP'S MAIN BUSINESSES

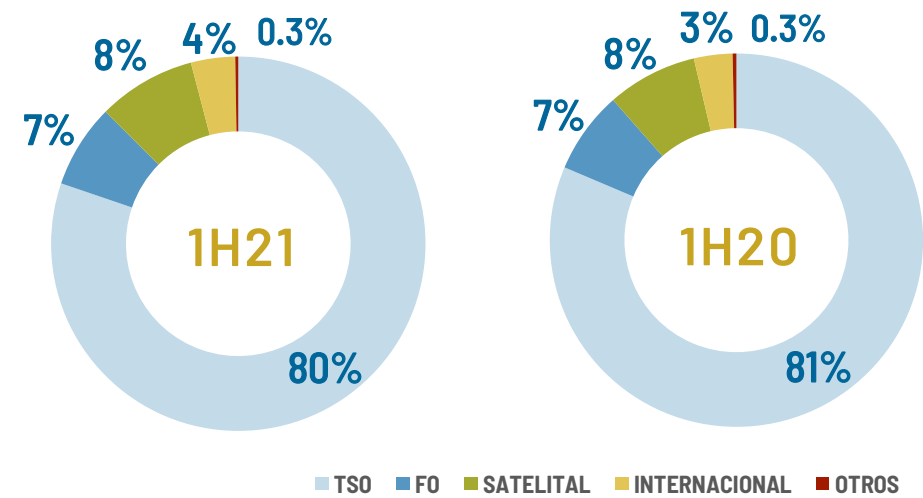
Breakdown by businesses

	Income			EBITDA			Net Profit		
	1H21	1H20	Δ%	1H21	1H20	Δ%	1H21	1H20	Δ%
TSO	809.0	817.5	-1.0%	615.3	623.6	-1.3%	295.8	291.7	+1.4%
International	37.8	32.8	+15.2%	29.5	25.6	+15.1%	16.9	9.1	+86.1%
Satellite	85.5	80.1	+6.7%	65.3	59.9	+9.1%	14.4	0.2	-
Fibre optics	69.4	68.9	+0.7%	55.7	54.7	+1.8%	30.8	29	+6.2%
Other and consolidation adjustments	-10.3	-13.4	-23.2%	5.4	2.4	-	0.2	1.7	-
Total Group	991.4	985.9	+0.6%	771.3	766.2	+0.7%	358.2	331.7	+8.0%

INCOME



EBITDA





1H2021 Investments



The Red Eléctrica Group's investments reached EUR 253 M



Management and operation of national electricity infrastructure

- Transmission network investment in Spain EUR 172 M vs. EUR 130.5 M in 1H20.
- System operation and storage in the Canary Islands EUR 11 M, vs. EUR 8.9 M in 1H20.

183.0
M€ invested
vs. 139.4 M€ in 1H20



Management and operation of international electricity infrastructure

- Investment in Chile EUR 11.4 M vs. EUR 17.8 M in 1H20.
- Investment in Peru EUR 3.7 M vs. EUR 6.0 M in 1H20.

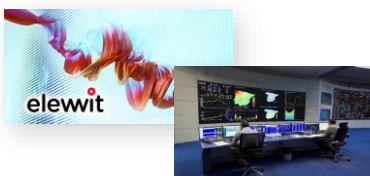
15.1
M€ invested
vs. 398.1(*) M€ in 1H20



Telecommunications (fibre + satellites)

- Investment in Hispasat EUR 43.9 M vs. EUR 22.5 M in 1H20.
- Investment in Reintel EUR 2.5 M vs. EUR 0.7 M in 1H20.

46.4
M€ invested
vs. 23.2 M€ in 1H20



Other investments

- Investment in data processing centres, information systems, start-ups, etc.

8.3
M€ invested
vs. 6.6 M€ in 1H20

(*) includes acquisition of Argo (Brazil) for EUR 374.3 M

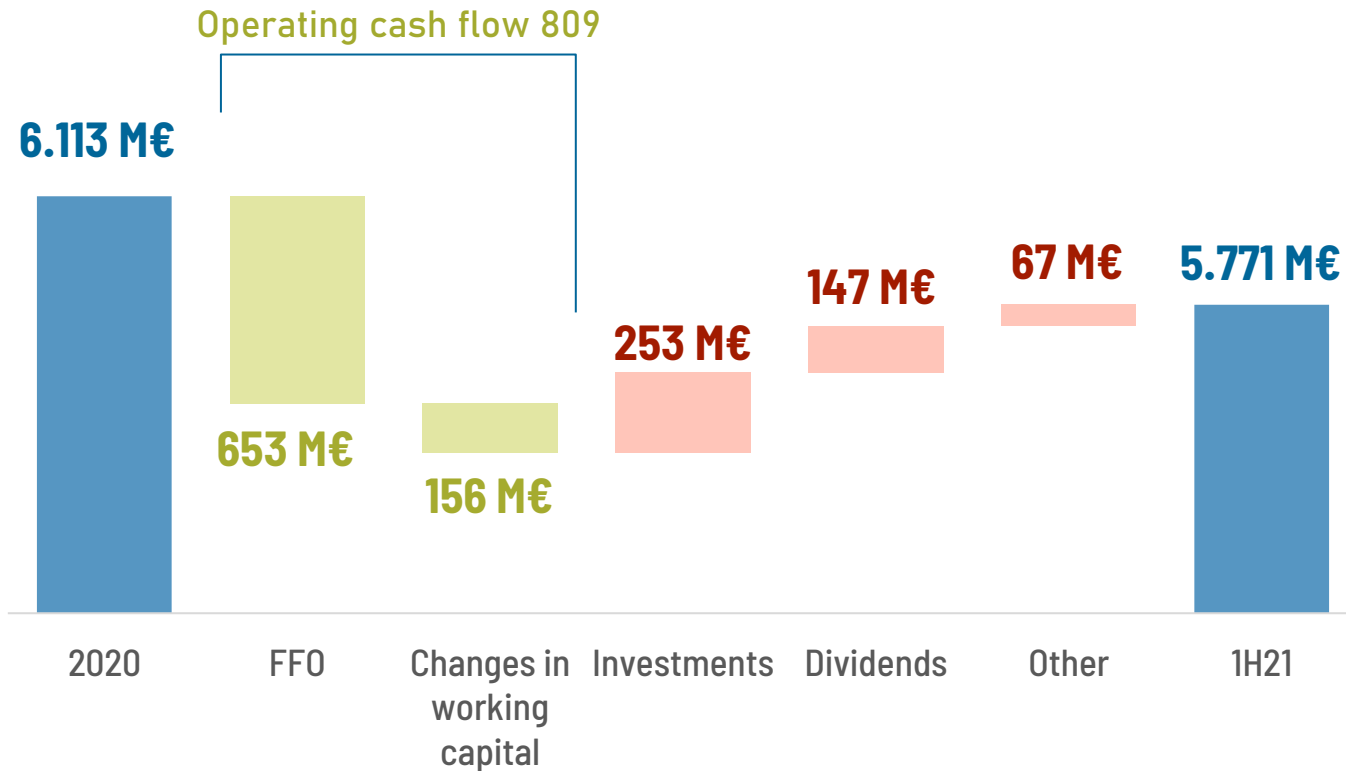


1H2021 Financial Debt



FINANCIAL DEBT

The Red Eléctrica Group's financial debt reached EUR 5,771 M€



Strong cash generation in the period, which allowed the financial debt to be reduced by EUR 343 M.

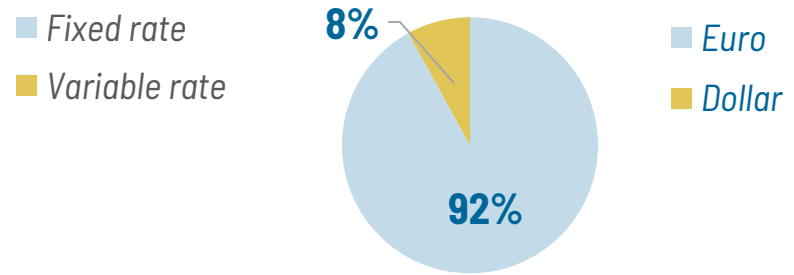
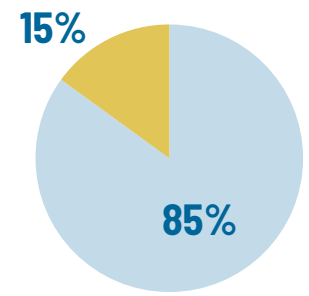
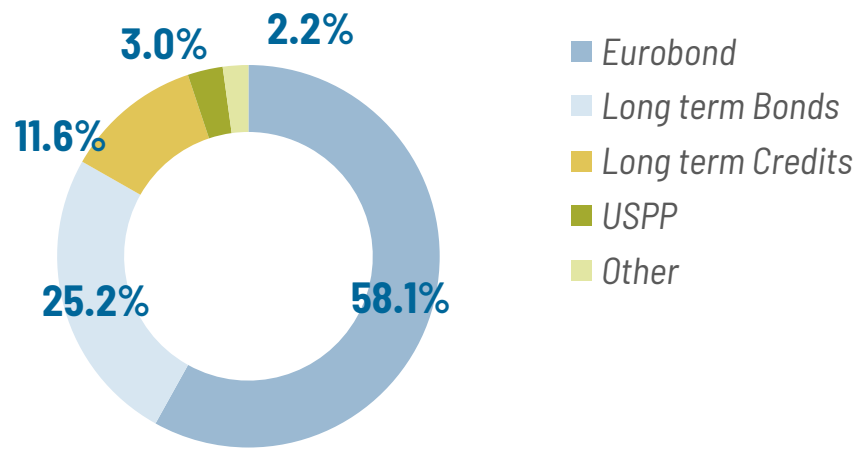
Positive changes in working capital as a result of better performance of receivables due to settlements in transmission.



BALANCE SHEET STRENGTH AND SOLID LIQUIDITY POSITION

Well diversified debt, with a good liquidity position...

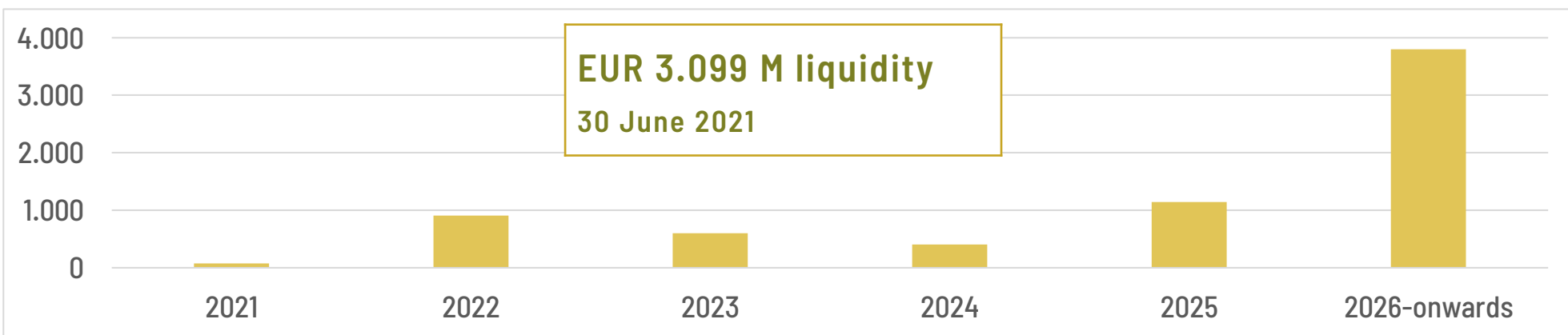
DEBT STRUCTURE



Gross debt: **6.921 M€** at 30/06/2021

Net debt: **5.771 M€** at 30/06/2021

VENCIMIENTOS





BALANCE SHEET STRENGTH AND SOLID LIQUIDITY POSITION

... progressing towards the 100 % ESG financing commitment by 2030

29.5 %
ESG financing
22.3 % in 1H20

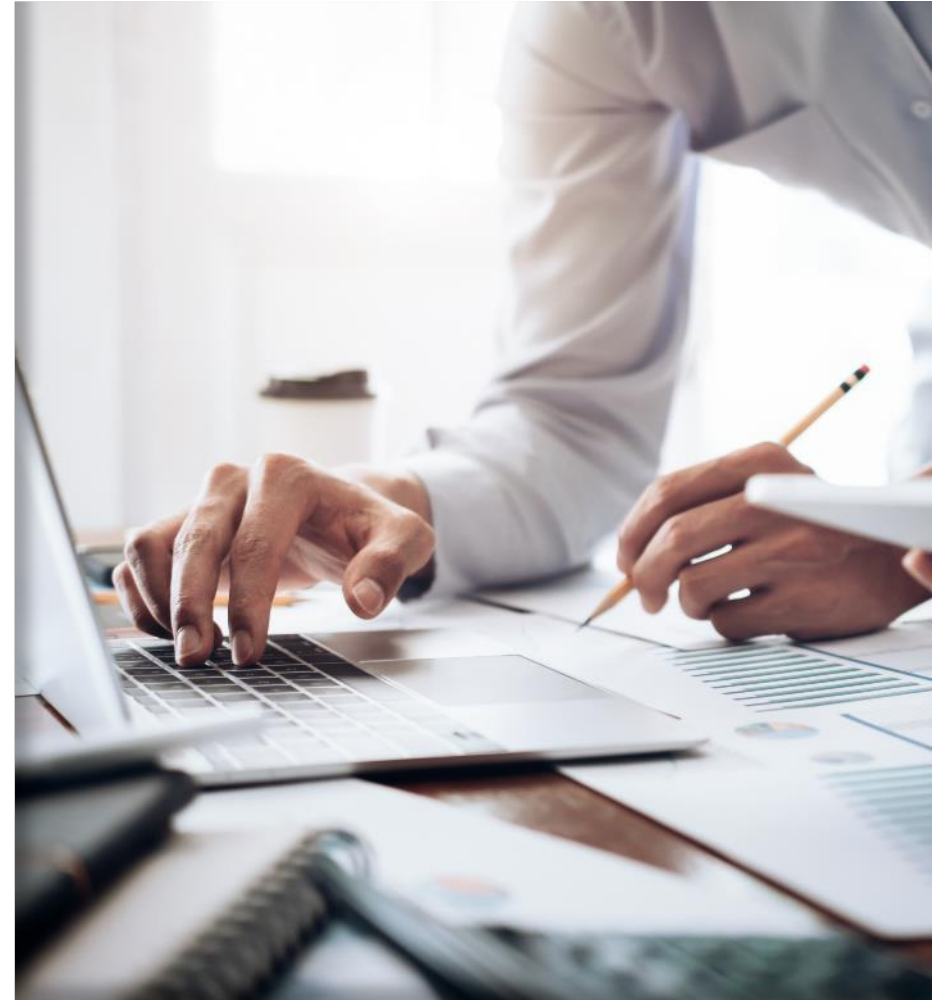
'A-'
stable outlook,
Fitch y S&P

5.7 years
Average life
5.6 years in 1H20

3.7x
ND/EBITDA
4.0x in 1H20

1.53 %
Cost of debt
1.93 % in 1H20

21.5 %
FFO/Debt
20.1 % in 1H20





Conclusions



CONCLUSIONS

The good results and investments in the first half of the year ...

- Increase in domestic transmission investment compared to the previous year.
- The expected approval of the Transmission Network Plan before the end of the year will allow the investments necessary for the energy transition to be made at the beginning of 2022.
- Growth in revenue from telecommunications and international businesses drives the Group and offsets the reduction of TSO income.
- Solid financial structure: FFO/NFD 21.5 % and NFD/EBITDA 3.7x.
- Confirmation of the A- credit rating with a stable outlook by S&P and Fitch.
- Fulfilment of our dividend policy commitment.





2021-2025 OBJECTIVES

... represent a solid step towards achieving the objectives of the Strategic Plan

TOTAL INVESTMENT



4,400 M€

~ **75%**

*earmarked for the transmission grid,
cross-border connections,
energy storage and system operation*

DIVIDEND POLICY



2021-2022

1.0 €/share

2023-2025

Floor of **0.8** €/share

FINANCIAL EFFICIENCY 2025



EBITDA
MARGIN

70%



FFO/NET DEBT
RATIO

> 15%



NET DEBT /
EBITDA
RATIO

< 5x



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