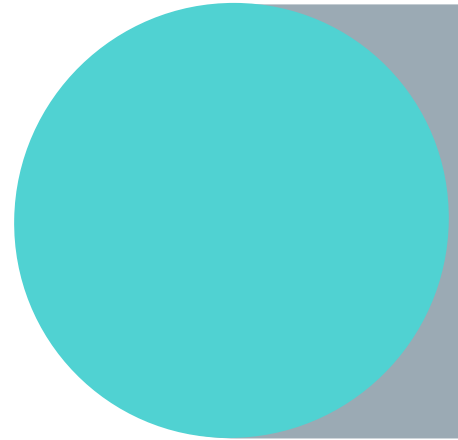




# Results FY 2023

February 2024



1. Building a sustainable future.
2. Highlights & 2023 results.
3. Outlook for 2024.
4. Progress on Strategic Plan 2021-2025.



1

## Building a sustainable future



# Energy and climate legislative impulse

## Regulatory developments

### Spanish Presidency. 2nd half of 2023:

- **Reform of the electricity market design**, with measures to promote energy independence; integration of renewables; and consumer empowerment.
- Others: **Hydrogen and Decarbonised Gases** Directive and Regulation; **Energy Efficiency** Directive; **Nature Restoration Regulation**; ....
- MOU - **Action Plan for Interconnections** between the Iberian Peninsula and the rest of the EU.

### Government of Spain. Milestones 2023:

- **New proposal to update the PNIEC 2023-30**, with more ambitious targets. The final document will be published in June 2024.
- The Ministry has started the hearing process for the **modification of specific aspects of the electricity planning** until 2026, with an additional net investment of 321M€.
- Start of processing of a **new 2025-2030 Planning**.
- Others: **PVPC** reform; deployment of **offshore wind**...

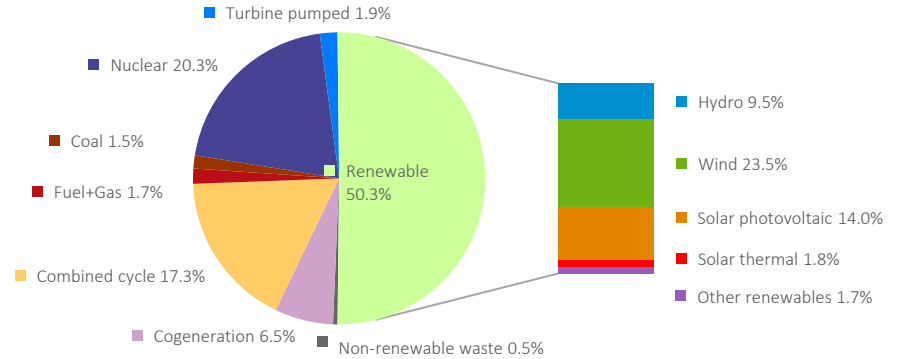


# Spain as Europe's renewable energy driver

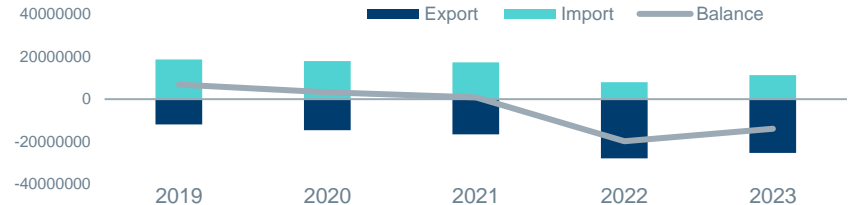
## Benchmark in renewables integration thanks to Red Eléctrica

- **2023** was **the most renewable year in history** and with **the lowest CO2 equivalent emissions** associated with electricity generation.
- 5.7 GW of **new renewable capacity**.
- **More than half of Spain's electricity generation** comes from **renewable energies**, and 72% of installed capacity comes from emission-free sources.
- **2023 closed with an export balance** of c.14,000 GWh for its international exchanges, continuing the change in trend from the previous year.

Electricity demand coverage 2023 (%)



Evolution of the export balance (MWh)



# Flexibility tools for the system operation

Key in a context of high renewable energy penetration

## Active demand response service

- In October we held the second auction of this **balancing mechanism** to ensure the necessary balance between generation and demand.





## Automatic power reduction system

- **Maximizing the integration of renewable generation** while maintaining the security and quality of the electricity supply.



# Strengthening networks, a strategic pillar

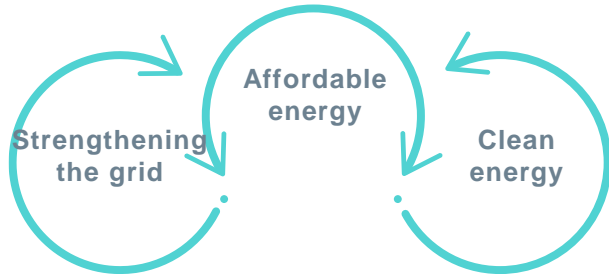
## European Commission Network Action Plan

-  **Growth in demand:** electricity consumption will grow by 60% by 2030.
-  **Integrating** a large volume of renewables.
-  **Adaptation** to a more decentralised, digitalised and flexible electricity system.
-  **Interconnections:** objective of doubling European capacity by 2030 (+23 GW).



584,000  
€ M

Expected network investment over the next decade



### Challenges on which the action plan is based

- Accelerating the **implementation of existing PCIs\*** and developing new projects.
- Encouraging **long-term network planning**.
- Introducing a **favourable** and future-proof **regulatory framework**.
- **Better use of existing networks** and making them **smarter**.
- Improving **access to finance**.
- Ensuring **faster and more agile permitting** processes.
- Strengthening the **supply chain**.

# Building networks for the future ...

... assuming a central role in the energy transition

Red  
Eléctrica  
inversions  
+ 55 %

**Strengthening our efforts:  
€ 825 M investment in 2023**

## Strategic developments:

- **Ibiza – Formentera**: commissioned 6 months ahead of schedule.
- First works on **Interconnection with France** and with **Portugal**
- Progress on the **Tenerife - La Gomera** link works.
- **Cerdá substation** for the electrification of the Port of Barcelona, in service.





## Consolidation of our diversification businesses ...

... that support the growth of the Group

### redinter

- **Consolidating** our presence in **Latin America**.
- Focusing our growth in **low-risk countries** where we have **competitive advantages**.

### reintel

- Focused on **narrowing the digital divide**, offering universal and inclusive connectivity.

### elewit

- New **innovative solutions** to the energy and digital transformations and key support for the **entrepreneurial ecosystem**.

### hispasat

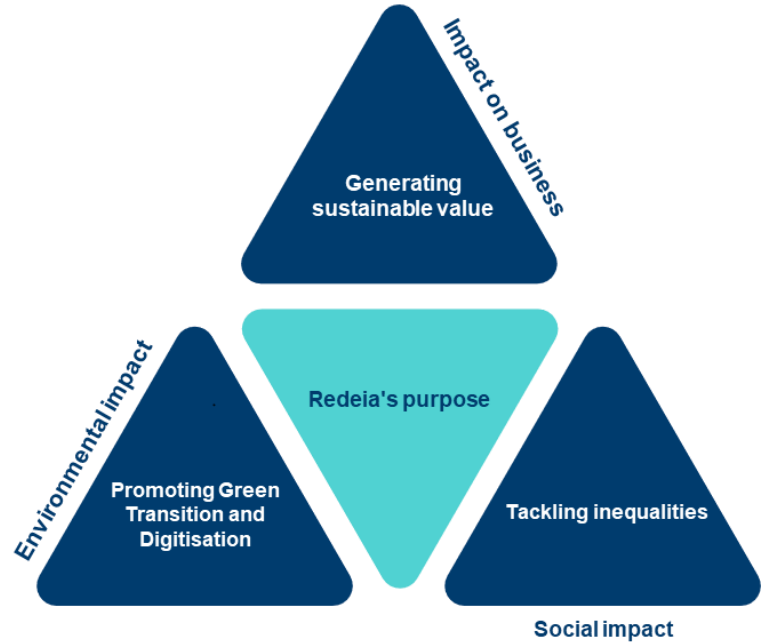
- Successful launch of the Amazonas Nexus, which allows us **to capture the opportunities that arise in terms of global connectivity and mobility**.
- Reinforcement of the company's structure aimed at providing Hispasat with **optimal strategic positioning in areas with great growth potential** in satellite communications: Latin America and the B2B solutions market.
- Commercial launch of the **ÚNICO Rural Demand** Program, financed with European 'Next Generation' funds, which enables the digital divide in Spain to be closed.

# Accelerating our efforts in all sustainability dimensions for greater value creation in the future

Sustainable business model for social transformation

## Milestones 2023

- Deployment of a **Comprehensive Impact Strategy** that will multiply our social and environmental contribution in all the geographies and business areas.
- Redeia is a **pioneer in measuring the impact that its activity has on society**. In the last financial year analysed, it generated a positive impact equivalent to 14.5 times its net profit.
- During 2023, **progress has been made in the 2023-25 Sustainability Plan** with a cumulative fulfilment of 52% of the targets included in the entire plan.



# ESG excellence recognised by leading institutions

Redeia is among the world's top 10 most sustainable companies in its sector according to the Sustainability Yearbook 2024, and included in the 2024 ESG Top-Rated Companies List by Sustainalytics



|          | DJSI                  | Sustainalytics        | FTSE 4 Good              | MSCI             | Moody's Analytics             | ISS ESG                       | Bloomberg GEI | CDP        |
|----------|-----------------------|-----------------------|--------------------------|------------------|-------------------------------|-------------------------------|---------------|------------|
| Industry | Electricity utilities | Electricity utilities | Conventional electricity | Utilities Sector | Gas and electricity utilities | Gas and electricity utilities | Utilities     | -          |
| Scale    | 0 – 100               | 0 – 100               | 0 – 5                    | CCC – AAA        | 0 – 100                       | “D-” – “A+”                   | 0 – 100       | “D-” – “A” |

2

## Highlights & 2023 results



## Accelerating our investments in Spain to enable the energy transition

### TSO:

- **Sustainable development of transmission network:** 157 km of circuit and 143 positions.
- **High levels of quality service:** national transmission grid availability rate over 97.6%.
- **Integration of a record amount of wind and photovoltaic energy** into the electricity system.
- **Significant net export balance** (13,938 GWh) which has generated revenues of €511 M for the electricity system.

**+55 %**  
vs  
FY22

**TSO investments  
exceed € 800 M**

### Regulatory developments:

- **Final transmission Tariff Order for 2020.**
- **Approval of the modification of parameters** related to the resolution on **singularity** of the **Bay of Biscay Project**.
- **EU Recovery Plan (Next Generation EU Funds):** €900M to finance actions under the Electricity Planning.
- **Approval of the CNMC calendar**, which includes the modification of Circular 2/2019, to make certain **adjustments to the methodology for calculating the financial remuneration rate**, to adapt it to the challenges of the energy transition, and to enable efficient investment in grids.
- The European Commission endorses Red Eléctrica as owner of the **Salto de Chira** power plant.

# TSO relevant upcoming milestones in 2024

## Estimated dates



## redinter

- Commissioning of **Tesur 4** in January, ahead of schedule.
- Start-up of the second phase of the **Redenor project in Chile**.
- Development of a **new electrical control centre** jointly with Engie in Chile.

## reintel

- **Stable business model** with natural hedging against the current macro environment.

## hispasat

- **Amazonas Nexus** launch and entry into commercial operation. The **strategic agreement between Hispasat and Intelsat** is extended to provide connection on aircrafts.
- Hispasat is awarded the subsidies **UNICO Rural Demand Program** for € 76M.
- Member of the European consortium for the tender of the future **IRIS<sup>2</sup> constellation**.



## Net Profit growth above our estimates ...

Dividend proposed to the AGM amounts to €1 per share to be charged to 2023, fulfilling our commitment

€ **2,129** M  
Revenues\*

€ 2,065 M in 2022

€ **1,508** M  
EBITDA

€ 1,491 M in 2022

€ **690** M  
Net Profit

€ 665 M in 2022

€ **996** M  
Investments

€ 1,032 M in 2022

€ **4,975** M  
Net Financial Debt

€ 4,634 M in 2022

€ **0.2727** per share  
Distribution of interim dividend

5 January 2024

€ **1,156** M  
FFO

€ 1,147 M in 2022

\* Including revenues and share of profits of companies accounted for using the equity method (TEN, Argo and Hidesat).



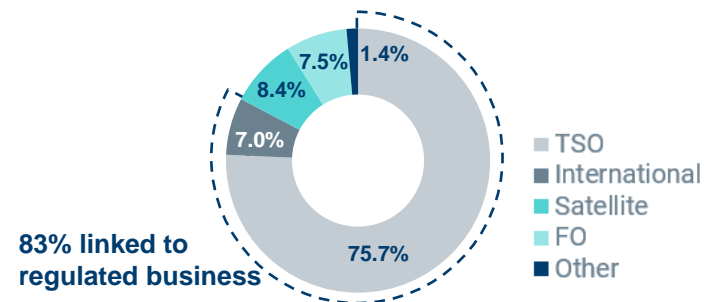
## ... with favourable evolution of EBITDA and significant contribution from financial results

| P&L (€M)                               | FY23           | FY22           | Δ€M          | Δ%          |
|--|----------------|----------------|--------------|-------------|
| Revenues*                              | 2,129.2        | 2,065.4        | +63.8        | +3.1        |
| Other income and OWC**                 | 126.2          | 140.6          | -14.3        | -10.2       |
| Operating expenses                     | -747.6         | -714.8         | -32.8        | +4.6        |
| <b>Gross operating result (EBITDA)</b> | <b>1,507.8</b> | <b>1,491.3</b> | <b>+16.5</b> | <b>+1.1</b> |
| Depreciation and amortisation          | -518.1         | -529.7         | +11.6        | -2.2        |
| <b>Net operating profit (EBIT)</b>     | <b>989.7</b>   | <b>961.6</b>   | <b>+28.1</b> | <b>+2.9</b> |
| Net financial results                  | -79.5          | -92.0          | +12.5        | -13.6       |
| <b>Profit before tax</b>               | <b>910.1</b>   | <b>869.5</b>   | <b>+40.6</b> | <b>+4.7</b> |
| Corporate tax                          | -190.5         | -188.3         | -2.2         | +1.1        |
| Non-controlling interests              | -30.0          | -16.5          | -13.5        | -           |
| <b>Profit for the year</b>             | <b>689.6</b>   | <b>664.7</b>   | <b>+24.9</b> | <b>+3.7</b> |

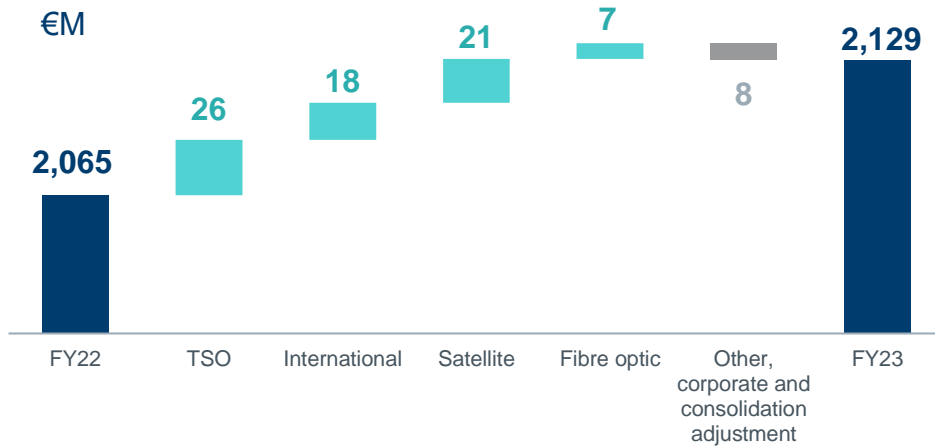
\* Including turnover and share in profits of companies valued by the equity method (TEN, Argo and Hisdesat).

\*\* Own work capitalised

| EBITDA                              | FY23           | FY22           | Δ€M          | Δ%          |
|-------------------------------------|----------------|----------------|--------------|-------------|
| TSO                                 | 1,141.7        | 1,132.9        | +8.8         | +0.8        |
| International                       | 105.0          | 90.4           | +14.6        | +16.1       |
| Satellite                           | 126.0          | 147.7          | -21.7        | -14.7       |
| Fibre optic                         | 113.7          | 105.7          | +8.0         | +7.6        |
| Other and consolidation adjustments | 21.5           | 14.6           | +6.9         | +47.2       |
| <b>Total</b>                        | <b>1,507.8</b> | <b>1,491.3</b> | <b>+16.5</b> | <b>+1.1</b> |



# Revenues increased by 3.1%, due to growth in all businesses

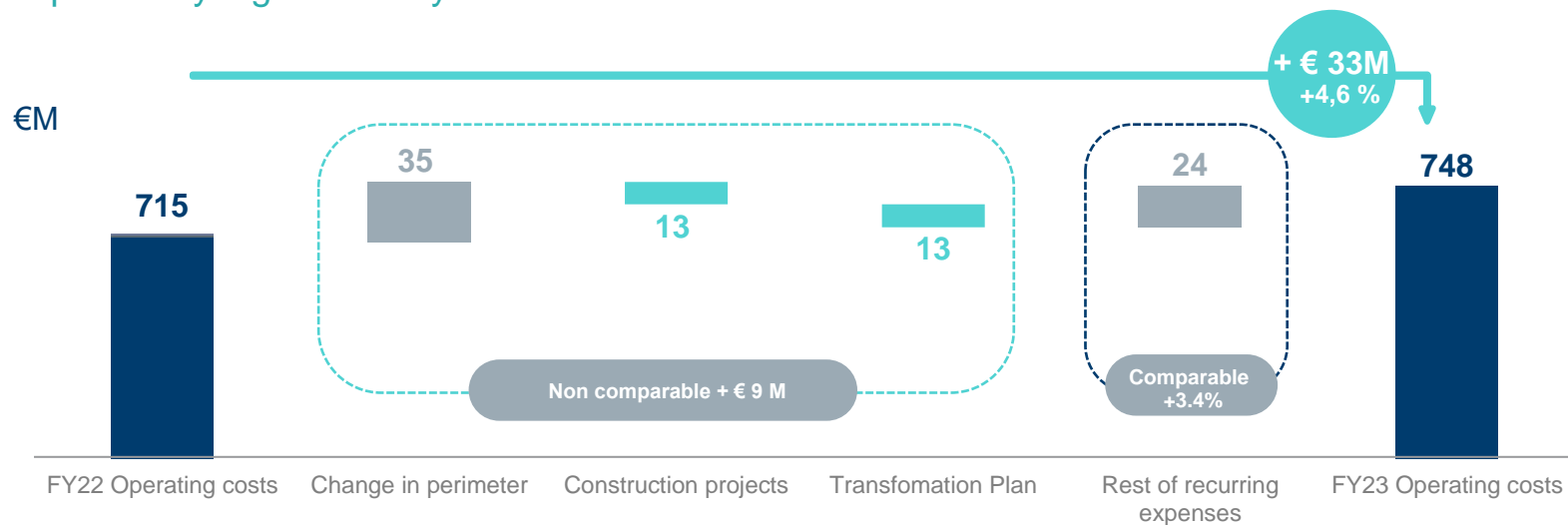


- **Regulated business Spain (+1.6%)**: higher transmission revenues and increased revenues from operation following the review of remuneration parameters 2023-2025, together with larger projects for third parties.
- **International business (+14.8%)**: commissioning of Redenor (Chile) and Tesur 4 (Peru), together with new assets in the perimeter of Argo (Brazil) and the improved results of TEN in Chile.
- **Satellite business (+9.1%)**: thanks to the contribution of Amazonas Nexus (+22 M€) and the incorporation of Axxess, despite the planned termination of certain video services in Brazil.
- **Fibre optic business (+5.2%)**: positive evolution of inflation-linked contracts.

**Note:** Including turnover and share in profits of companies valued by the equity method (TEN, Argo and Hisdesat).

# Comparable operating expenses grew by 3.4%

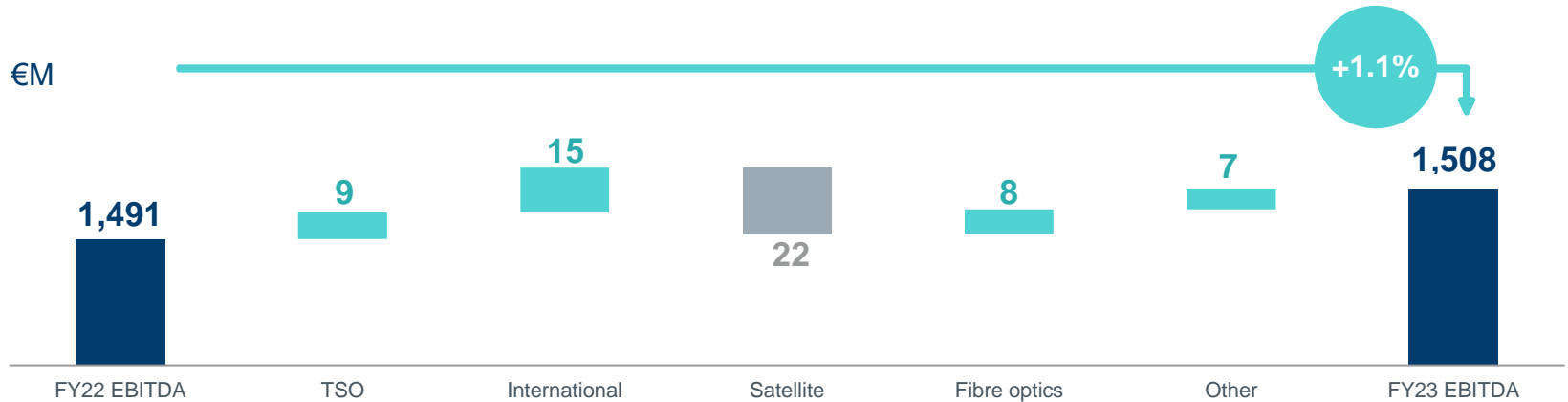
Impacted by higher activity volume



## Evolution of **non-comparable expenses**:

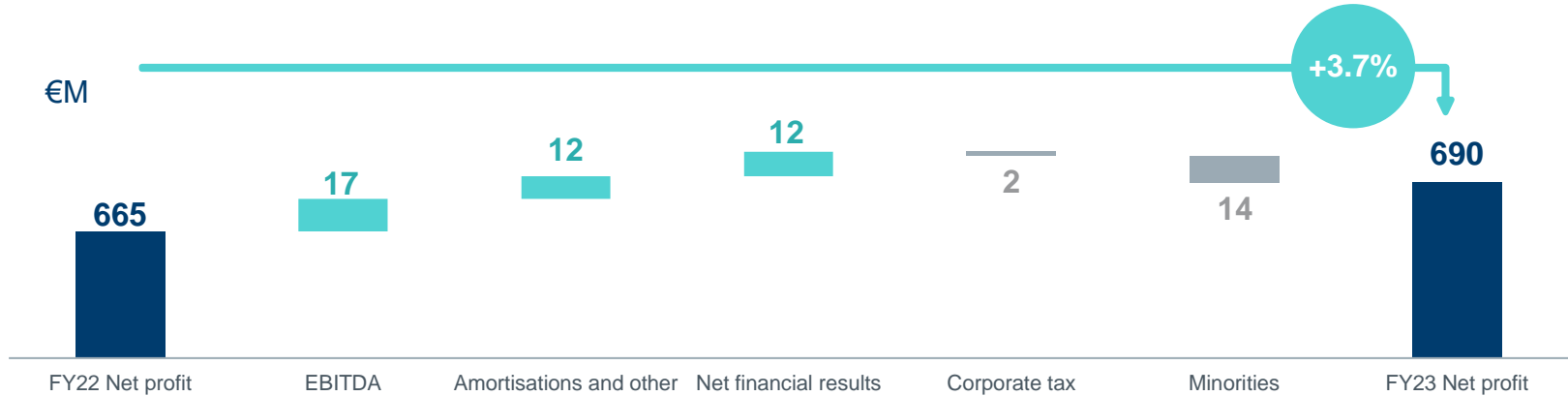
- Higher costs in 2023 associated with **change in perimeter**, mainly due to Axess incorporation in August 2022.
- Lower costs in 2023 related to **construction projects**, mainly in the international area.
- Accounting in 2022 for an extraordinary personnel expense mainly associated with the **Early Retirement Plan**.

# EBITDA increased by 1.1% driven by regulated businesses and fibre optic



- **TSO** grows with higher revenues from transmission and System Operator, partially offset by higher operating expenses.
- Positive contribution from the **international business** due to the commissioning of assets and changes in the accounting perimeter.
- Decrease in the **satellite business** mainly due to the completion of some video services in Brazil, partially compensated by the commercialisation of Amazonas Nexus in the middle of the year.
- **Fibre optic business** increased reflecting the impact of inflation on contracts and cost containment.

# Strong operating performance and financial management boost the Net Profit



- Lower **amortisations and other**, due to the end of the useful life of the Amz-2 satellite (replaced by the Nexus) and higher revenues from subsidies received by Hispasat, associated with the Único Program.
- Improved **financial results** driven by an efficient management of existing liquidity, which resulted in higher financial revenues, and lower average gross debt, partially offset by a higher cost of debt (2.14% vs. 1.62% in 2022).
- **Corporate tax** slightly higher, with an effective rate of 21%.
- Increase in **minority interests** following the sale of 49% of Reintel in June 2022.

# Strong growth in TSO investments, exceeding €800 million

More than 83% of Group investments are eligible under the European Taxonomy

## TSO: € 825M (+55 %)

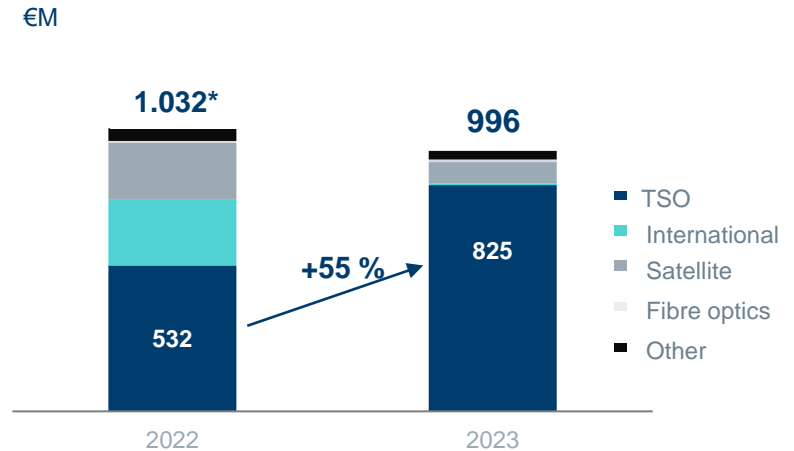
- Development of **new electric axes** (Hospitalet-Cerdá-Zona Franca).
- **Inter-island interconnections** (Ibiza-Formentera).
- **Interconnection with France** associated to contracts with cable and converter suppliers (170 M€).
- Progress in the processing of the **Galicia-Portugal interconnection**.
- **Energy storage** with the Chira-Soria pumping station (€58 million).

## International: € 6M

- Completion of ongoing investment projects in **Peru and Chile**.

## Telecoms: € 128M

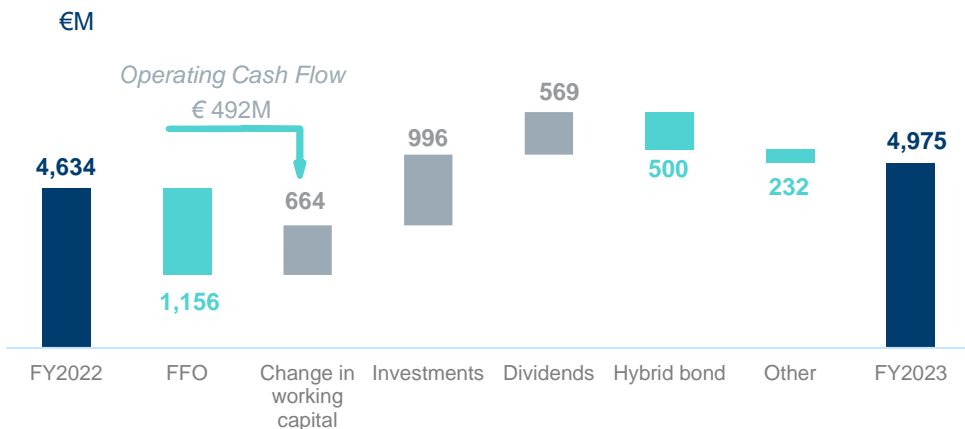
- Launch of **Amazonas Nexus**, in commercial operation since July.
- Continued implementation of the **railway fibre optic** renewal plan.



\* 2022 includes inorganic investments in the International business for €200 M and in the Satellite business for €120 M.

# Focus on balance sheet strength

Net Debt increases by 7%



- **FFO** increased by 0.8 % compared to the previous year.
- The **change in working capital** represents an outflow of funds mainly due to the repayment of part of the over-collection of tariffs from previous years.
- Funds from the **green hybrid bond** issued in January 2023.

**3.3 x**  
ND/EBITDA

**23.2 %**  
FFO/DN

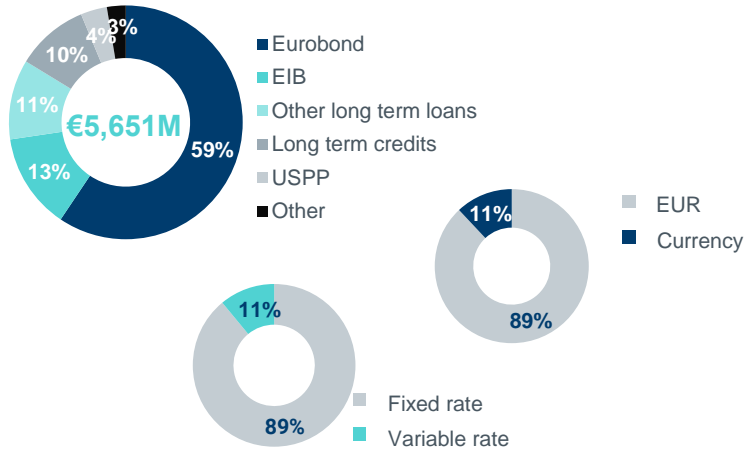
**'A-'**  
Stable perspective  
Fitch & S&P

*Note: under rating agencies' methodology (including 50% of the hybrid bond as financial debt), the FFO/Net Debt ratio is 22.1% and the Net Debt/EBITDA ratio would reach 3.5x in 2023.*

# Sound financial structure and comfortable liquidity position

Diversified funding sources at competitive costs, with the support of public entities

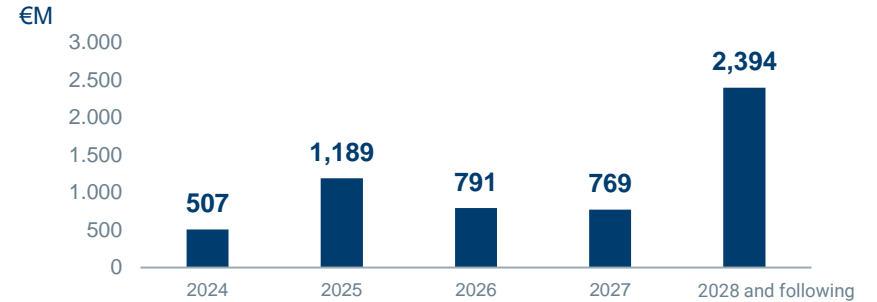
## Gross debt structure



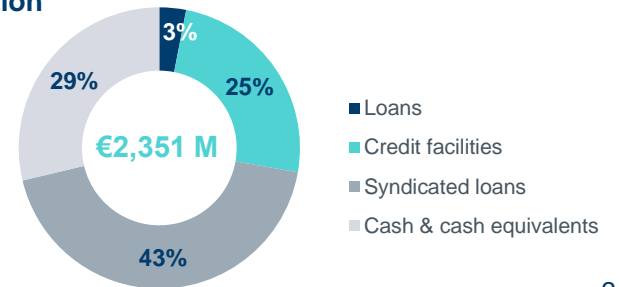
**2.14 %**  
**Cost of debt**  
 1.62 % in FY22

**4.5 years**  
**Average life**  
 5 years in FY22

## Maturities



## Liquidity position

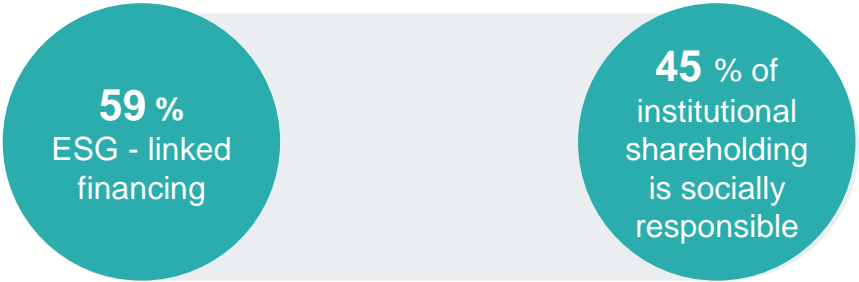




# Sustainable financing

## Aligned with European Taxonomy

- **Green hybrid bond issuance of €500 M** in January 2023, with a coupon of 4.625% and aligned with Redeia's Green Financing Framework.
- Issuance of **€ 500 M green bonds** in January 2024 with a 10-year maturity and a yield of 3.070%.
- **EIB's support for these issues is noteworthy**, helping to **strengthen the capital structure** and materialise the planned investment in the transmission grid **to make Spain's energy transition possible**.



## EU Taxonomy

100% of Red Eléctrica activity is environmentally sustainable and contributes to mitigating and adapting to climate change.

3

## Outlook for 2024

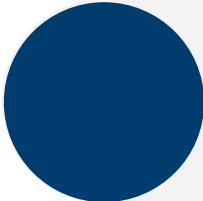
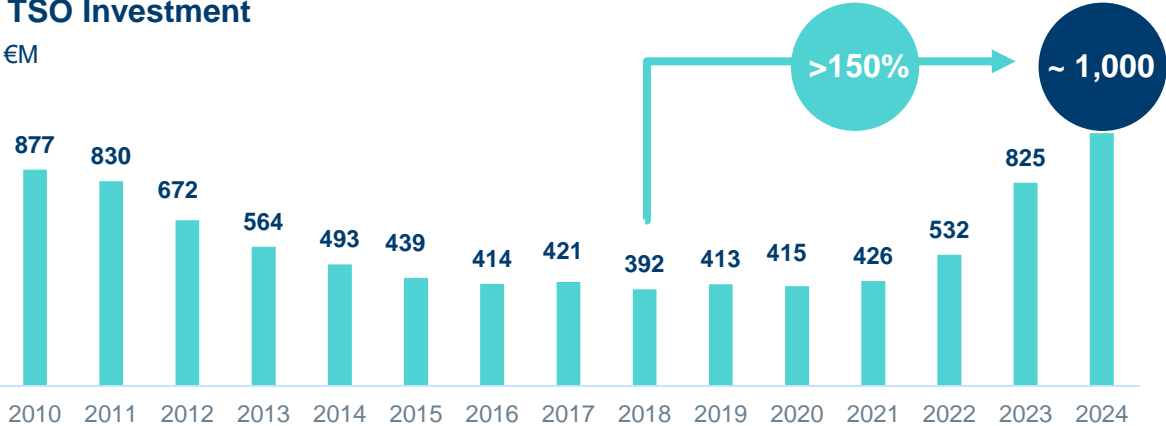


# 2024: base year for future growth

TSO will make the largest investment in history, assuming its responsibility as the backbone of the energy transition

## TSO Investment

€M



~ € 1,000 M /year estimated gross investment in the coming years

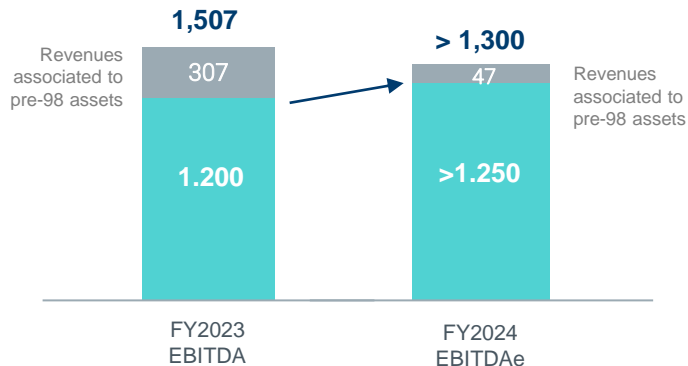
# 2024: base year for future growth

## Results impacted by termination of pre-98 assets

### 2024 Estimated results

|                       |             |
|-----------------------|-------------|
| EBITDA                | > € 1,300 M |
| Net Profit            | ~ € 500 M   |
| Net Debt <sup>1</sup> | ~ € 6,000 M |

### 2024 EBITDA growth on a like-for-like basis



### TSO

- Termination of remuneration for pre-98 assets due to the end of their regulatory useful life (- 307 M€) and start of REVU<sup>2</sup> recognition for these facilities (+ 47 M€).

### International

- Consolidation of the platform after completion of ongoing projects.

### Satellite

- Full year contribution of the Amazonas Nexus (~ €60M estimated revenue in 2024) and the Unico Program at the revenue level.

### Fibre optic

- Good performance, with revenues contractually protected from inflation.

1) Not including hybrid debt, in accordance with IFRS criteria.

2) REVU: remuneration for extension of useful life.

4

# Progress on Strategic Plan 2021-2025

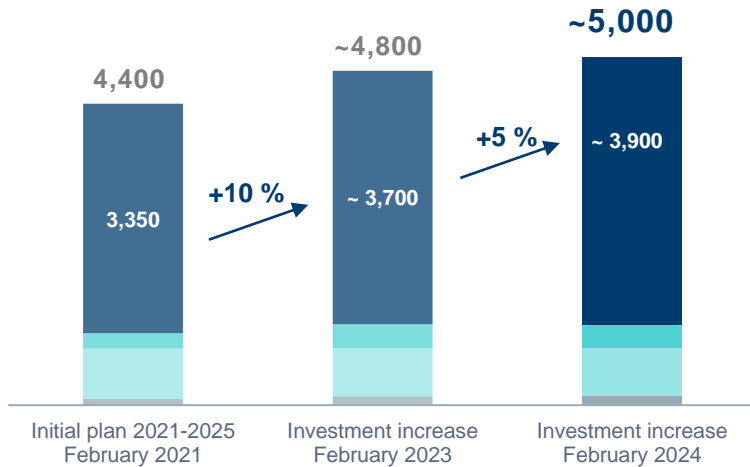


# New increase in TSO investments, reaching €3.9 billion following the modification of the current National Transmission Plan

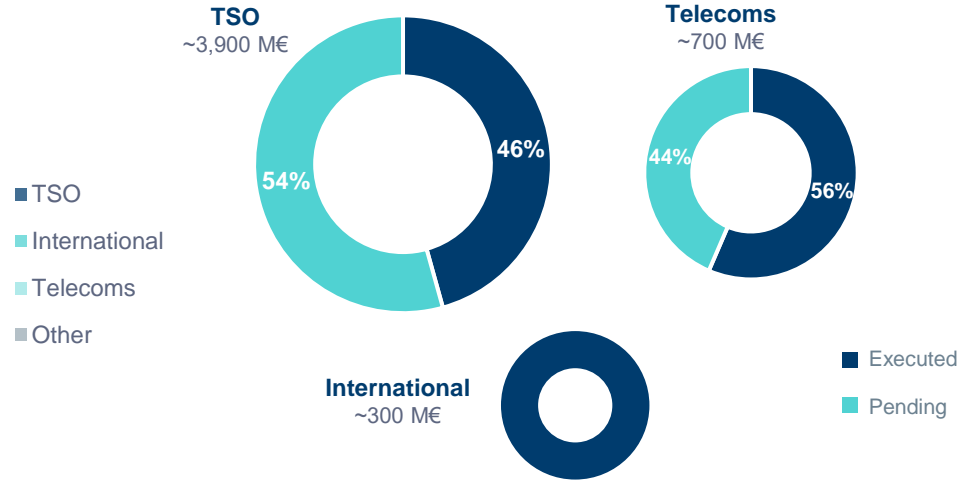
Redeia's total investment reaches €5 billion in the period 2021-25

## Capex 2021-2025

€M



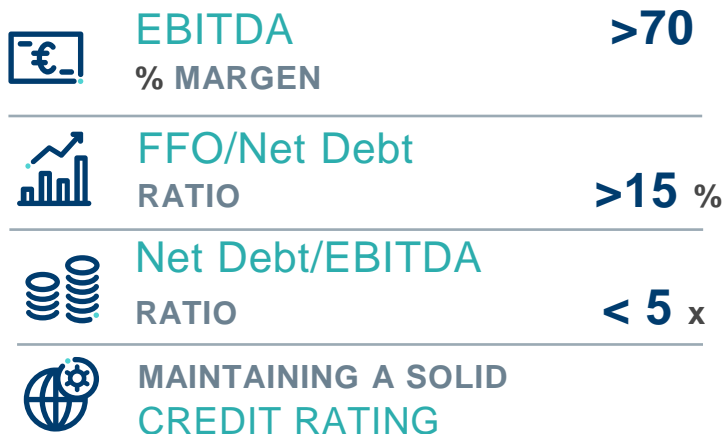
## Progress 2021-2023



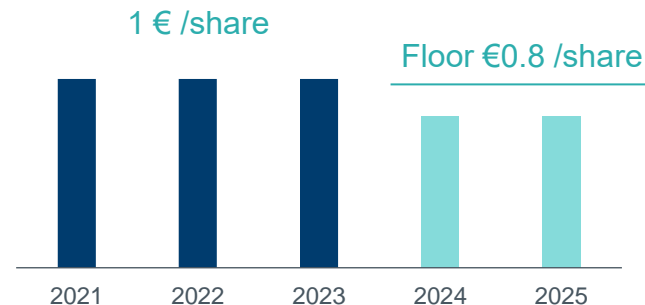
# Confirming our financial targets for the period 2021-2025

Attractive shareholder remuneration and sound financial structure

## Financial efficiency 2025



## Sustainable dividend policy



# redeaia

The value of the essential

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red eléctrica

reintel

hispasat

redinter

elewit



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