



**RED**  
**ELÉCTRICA**  
CORPORACIÓN

# Financial results

## January - March 2013

**Profit for the first three months of 2013 rose 6.8% year-on-year to €149.6 million**

**EBITDA was 5.3% higher year-on-year, at €358.3 million.**

**The Red Eléctrica Group invested a total of €89.6 million in the period, of which €85.2 was earmarked for development of the national transmission grid.**

26 April 2013

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## 1. Red Eléctrica: Financial highlights (\*)

### Income statement

(in thousands of euros)	January - March		
	2013	2012	Δ %
Net revenue	450,524	427,476	5.4
Gross operating result (EBITDA)	358,253	340,140	5.3
Net operating result (EBIT)	258,463	242,561	6.6
Profit before taxes	213,645	201,680	5.9
Profit for the period	149,649	140,118	6.8

### Balance sheet

(in thousands of euros)	March 2013	December 2012	Δ %
Non-current assets	8,467,211	8,487,685	(0.2)
Equity	2,140,673	1,991,545	7.5
Net financial debt <sup>(1)</sup>	4,828,946	4,872,546	(0.9)

(1) Includes currency derivatives.

### Other financial figures

(in thousands of euros)	January - March		
	2013	2012	Δ %
Operating cash flow after taxes	312,743	298,865	4.6
Investments	89,627	144,058	(37.8)
Dividends paid	91,216	90,932	0.3

(\*) The 2012 accounts include the Bolivian company, Transportadora de Electricidad, S.A., TDE. Additionally, the results for the first quarter of 2013 include the costs and income relating to the Peruvian company, TESUR, in accordance with accounting standard interpretation IFRIC 12.

Neither of these impacts is significant, and they will become even more diluted as the year goes on.



## 2. Earnings performance

**Revenue** for the first quarter of 2013 amounted to €450.5 million, representing year-on-year growth of 5.4%. Transmission revenues reflect both the implementation of Royal Decree 2/2013, which stipulates that the index to be used for updating should be the consumer price index at constant tax rates excluding unprocessed foods and energy products instead of the general consumer price index, which was being used up until now, and also the facilities that came into service during 2012.

**EBITDA** totalled €358.3 million, up 5.3% on the previous year. EBITDA growth was driven by revenue performance, coupled with operating cost control:

- **Cost of supplies and other operating expenses**, were 10.3% higher year-on-year, due to upgrades and improvements on assets bought in 2010 and mainly relating to non-mainland systems.
- **Personnel expenses** dropped 7.2% year-on-year. Adjusting for the impact of the indemnity expenses included in the first quarter of 2012 and also for the personnel expenses at TDE, personnel expenses rose 0.5%, in line with the growth in the average **headcount** in Spain.

The **headcount** as at 31 March 2013 stood at 1,709.

### Operating expenses

(in thousands of euros)	January - March		
	2013	2012	Δ %
Supply costs and other operating expenses	67,384	61,072	10.3
Personnel expenses	31,041	33,456	(7.2)
<b>Operating expenses</b>	<b>98,425</b>	<b>94,528</b>	<b>4.1</b>

**EBIT** advanced 6.6% on the first quarter figure for 2012.

**Net finance expense** was €-45,1 million, compared with €-41,3 million during the same period last year, the driver being the rise in financial expense caused by the debt increase and a higher average interest rate. These were partially offset by higher financial income. The increase in financial debt is due to pre-financing operations, which will enable Red Eléctrica to meet its maturities due this year.

Lastly, **profit for the period** grew 6.8% year-on-year. The effective tax rate was 30%.



### 3. Cash flow and balance sheet performance

#### Cash flows

(in thousands of euros)	January - March		
	2013	2012	Δ %
Profit before tax	213,645	201,680	5.9
Taxes paid on earnings	(13)	-	
Provision for amortisation/depreciation of non-current assets	103,277	100,692	2.6
Other adjustments	(4,166)	(3,507)	18.8
<b>After-tax cash flows from operations</b>	<b>312,743</b>	<b>298,865</b>	<b>4.6</b>
Changes in working capital and other non-current assets and liabilities	(88,411)	(168,241)	(47.4)
Investments	(89,627)	(144,058)	(37.8)
<b>Free cash flow</b>	<b>134,705</b>	<b>(13,434)</b>	<b>-</b>
Dividends paid	(91,216)	(90,932)	0.3
<b>Variation in net financial debt*</b>	<b>(43,489)</b>	<b>104,366</b>	<b>-</b>

(\*) The difference between this figure and the change in Net Financial Debt shown on page 2 is due to items that do not involve cash movements.

**Operating cash flow after taxes** amounted to €312.8 million, enabling the financing of working capital, capex, the quarter's dividends, and a net reduction in debt of €43.5 million.

Group **capex** during the first quarter of 2013 totalled €89.6 million, down 37.8% year-on-year, €85.2 million of which was earmarked for the development of the national grid.

The **interim Dividend** paid out in the first quarter of 2013 was €91.2 million, equivalent to €0.6764 per share

The Group's **net financial debt** at 31.03.13 was €4,828.9 million compared to €4,872.5 million at 31.12.12.

#### Net debt

(in thousands of euros)	National currency	Foreign currency	Total
Cash and cash equivalents	(309,079)	(2,009)	(311,088)
Long-term debenture bonds(*)	3,409,935	-	3,409,935
Long-term loans	1,674,999	29,134	1,704,133
Promissory notes and current loans	14,981	10,985	25,966
<b>Total net financial debt</b>	<b>4,790,836</b>	<b>38,110</b>	<b>4,828,946</b>

(\*) Includes €800 million falling due in September 2013.



Of the Group's net debt, 91% is fixed rate and 9% is floating rate.

This meant that the average cost of Group debt was 3.92% during the first quarter of 2013. The average debt balance was €5,156.7 million, similar to the figure for the same period last year. In the same period in 2012, the average cost of debt was 3.7% and the average balance €4,825.5 million.

At 31.03.13, the Red Eléctrica Group's equity totalled €2,140.7 million, marking growth of 7.5% on the year-end 2012 balance, thanks mainly to the earnings for the first three months of the year.

#### 4. Relevant events during the quarter

- On 25 January 2013, Red Eléctrica launched a **€400 million bond** issue with a coupon of 3.894%, maturing in 2022. This transaction strengthens Red Eléctrica's liquidity position, allowing the Group to cover its financing requirements for the coming years. Once again, strong investor demand for the issue underlined the company's solid creditworthiness and attractive risk profile.
- On 17 January, **Ministerial Order 18/2013** was published. This highlighted the need for investment in a series of strategic transmission facilities for the grid, the start-up of which is regarded as urgent and forms part of an extraordinary programme that will act as a bridge between the moratorium on new investments, established by Royal Decree-Law 13/2012 of 30 March last year, and the new plan for 2014-2020, which is currently at the administrative stage. These new facilities, along with the projects already commissioned by the company in previous years, bring average annual investments in the development of new facilities to an average of €550-600 million per annum.
- On 1 February, **Royal Decree-Law 2/2013** was published. This, in Article 1, provides for a change in the adjustment of electricity tariffs with effect from 1 January 2013. From that date onwards, the consumer price index will be replaced by the consumer price index at constant tax rates excluding unprocessed foods or energy products.
- On 14 February, the **Tariff Order** was approved, stipulating transmission income for the company of €1,627.6 million in 2013.
- **Annual General Meeting:** At its meeting on 13 March 2013, the company's Board of Directors resolved to call the Annual Shareholders' Meeting, which was held at second call on 18 April 2013. At the meeting, the shareholders approved the payment of a dividend against 2013 earnings of €2.3651 per share. Of this total, €0.6764 per share was already paid out on 02.01.13 in the form of an interim dividend.



## Red Eléctrica Group

## Consolidated income statement

(in thousands of euros)	31/03/2013	31/03/2012	2013/2012
Revenue	450,524	427,476	5.4%
Own work capitalised	3,564	3,228	10.4%
Supply costs	(6,809)	(5,574)	22.2%
Other operating income	2,590	3,964	(34.7%)
Personnel expenses	(31,041)	(33,456)	(7.2%)
Other operating expenses	(60,575)	(55,498)	9.1%
<b>EBITDA</b>	<b>358,253</b>	<b>340,140</b>	<b>5.3%</b>
Amortisation/depreciation of non-current assets	(103,277)	(100,692)	2.6%
Release of grants related to assets	3,290	3,065	7.3%
Impairment of and gains/losses on fixed asset disposals	197	48	-
<b>Net operating profit</b>	<b>258,463</b>	<b>242,561</b>	<b>6.6%</b>
Finance income	2,447	545	-
Finance costs	(47,060)	(41,811)	12.6%
Exchange differences	(525)	(73)	-
<b>Net finance expense</b>	<b>(45,138)</b>	<b>(41,339)</b>	<b>9.2%</b>
Results of companies accounted for using the equity method	320	458	(30.1%)
<b>Profit before tax</b>	<b>213,645</b>	<b>201,680</b>	<b>5.9%</b>
Income tax expense	(64,020)	(61,584)	4.0%
Consolidated profit for the period	<b>149,625</b>	<b>140,096</b>	<b>6.8%</b>
<b>A) Consolidated profit attributable to the parent company</b>	<b>149,649</b>	<b>140,118</b>	<b>6.8%</b>
<b>B) Consolidated profit attributable to non-controlling interests</b>	<b>(24)</b>	<b>(22)</b>	<b>-</b>



## Red Eléctrica Group

## Summary consolidated balance sheet

(in thousands of euros)	31/03/2013	31/12/2012
Non-current assets	8,467,211	8,487,685
Current assets	886,933	727,506
<b>Total assets</b>	<b>9,354,144</b>	<b>9,215,191</b>

LIABILITIES (in thousands of euros)	31/03/2013	31/12/2012
Equity	2,140,673	1,991,545
Non-current liabilities	5,533,522	5,185,874
Current liabilities	1,679,949	2,037,772
<b>Total equity and liabilities</b>	<b>9,354,144</b>	<b>9,215,191</b>

## Summary consolidated cash flow statement

(in thousands of euros)	31/03/2013	31/03/2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>309,427</b>	<b>206,375</b>
Profit before tax	213,645	201,680
Adjustments to profit	144,241	138,180
Changes in working capital	(2,122)	(105,242)
Other cash flow from operating activities	(46,337)	(28,243)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(168,196)</b>	<b>(228,729)</b>
Payments for investments	(168,860)	(232,621)
Proceeds from disposals	226	229
Other cash flow from investing activities	438	3,663
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>128,921</b>	<b>16,480</b>
Proceeds from/(payments for) equity instruments	(7,148)	9,059
Proceeds from/(payments on) financial liabilities	227,285	98,353
Dividend payments	(91,216)	(90,932)
<b>Effect of variations in exchange rates</b>	<b>622</b>	<b>(139)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>270,774</b>	<b>(6,013)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>40,314</b>	<b>19,343</b>
<b>Cash and cash equivalents at end of period</b>	<b>311,088</b>	<b>13,330</b>



## Financial calendar

### Upcoming events

### Estimated dates

Payment of the final dividend from 2012 profit	1 July 2013
1H13 results presentation	26-31 July 2013

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Red Eléctrica has the following credit ratings: BBB from S&P and Baa2 from Moody's.



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## APPENDIX

### Corporate Responsibility certifications



Red Eléctrica included in the DJSI World Index for the seventh year running, with a score of 79 points out of 100.



Awarded the “Bronze Class” award for the fifth consecutive year in the Sustainability Yearbook.



Overall score of 4.5 out of 5 and a relative score of 100 points out of 100 (\*).



Included in the Ethibel Excellence index since 2008.



Included in the Aspi Eurozone index since 2011.



Included in the Kempen SNS SRI index since 2004.



Included in the ESG STOXX Leaders index since 2011.



Inclusion in the ECPI Ethical EMU Equity Index since 2011.



Awarded “Best in class” distinction in 2009.



Selected as one of the four best European companies in 2011, obtaining the maximum score (96 out of 130).



Included in the investor universe in 2010. Top-ranked in a comparative analysis of the sustainability performance of 13 European utilities.

(\*) FTSE Group confirms that Red Eléctrica Corporación has been independently evaluated in accordance with FTSE4Good criteria and complies with the requirements to be ranked in the FTSE4Good indices, the global index established by the FTSE Group. FTSE4Good is a global index designed to encourage investments in companies that meet globally recognised corporate responsibility standards. Companies ranked in the FTSE4Good index adhere to strict environmental, social and corporate governance criteria, and are in a position to benefit from sustainable business practices.