



**RED**  
ELÉCTRICA  
CORPORACIÓN

## Financial Results January - June 2020

29 July 2020

The condensed consolidated interim financial statements, forming part of the financial information presented in this document, were subject to a limited review and granted an unqualified opinion by the auditors. This information was drawn up in accordance with the International Financial Reporting Standards (IFRS).

In order to facilitate comprehension of the information provided in this document, certain alternative performance measures have been included. Their definition can be found at [www.ree.es](http://www.ree.es).



## Contents

<b>1. Main highlights .....</b>	<b>3</b>
<b>2. Red Eléctrica Group: Highlights .....</b>	<b>4</b>
<b>3. Profit performance.....</b>	<b>5</b>
<b>4. Cash flow and balance sheet performance .....</b>	<b>6</b>
<b>5. Significant events in first half and thereafter .....</b>	<b>8</b>
<b>Appendix 1. Consolidated financial statements.....</b>	<b>10</b>
<b>Consolidated income statement .....</b>	<b>10</b>
<b>Consolidated balance sheet .....</b>	<b>11</b>
<b>Consolidated Cash Flow Statement.....</b>	<b>12</b>
<b>Financial calendar.....</b>	<b>13</b>
<b>Appendix 2. Sustainability certifications .....</b>	<b>14</b>



## 1. Main highlights

### COVID-19

The activity of the Red Eléctrica Group in these first six months of the year, both in Spain and in the countries where the Group is present, has been largely affected by the **COVID-19** during the first six months of the year. Thanks to the measures implemented, the efforts already made in recent years to adapt to new ways of working and the fact that we have highly qualified teams, it has been possible to minimise the effects of the pandemic at an operational level; although some items, such as those related to the construction of new infrastructures in Spain and Latin America, have suffered temporary delays due to the total or partial paralysis of economic activities imposed by the authorities. It is expected that the initially planned levels of investment will be partially recovered in the last months of the year.

Considering the complexity of this health crisis, it is not yet possible to know the consequences of the crisis on the Group's activities and the value of its assets with precision. Its effects will largely depend on the time frame for the definitive eradication of the pandemic, as well as on the capacity to exit the pandemic and the recovery of global economic activity to the pre-crisis situation. The company will continue to evaluate the situation and monitor any incidents that may occur in the infrastructure as well as other external factors and the impact that these may have on the financial statements.

### Electricity System

The evolution of the Spanish **electricity sector** has been affected by the COVID-19. The demand for electricity has fallen in these first months of the year by 8% compared to the previous year, having fallen by 13.3% during the period of the state of alarm, between 15 March and 21 June. Likewise, in this first part of the year, renewable generation has played a major role and reached 46.1% of the total electricity generated in Spain in the first half of the year. Particularly noteworthy is the strong boost to solar PV generation with a 92% growth in this month of June compared to the same month last year. The transmission grid has shown excellent **availability rates** so far this year. On the mainland it has been 99.0%, in the Balearic Islands 97.6% and in the Canary Islands 99.2%.

### First half results

From an economic point of view, it is worth noting the incorporation of Hispasat into the Group's consolidation perimeter for the first time since the beginning of the year, which has allowed **turnover** to reach €977.9 million, 1.5% less than that achieved in the first half of 2019 due to the application of the new remuneration parameters contained in the circulars approved by the CNMC.

This drop has affected the group's **EBITDA** of €766.2 million, which is down by 1.7% compared to the first six months of 2019. The company has made significant efforts to improve efficiency in recent years and has redoubled its efforts in 2020.

In addition, the increase of more than 10% in amortization due to the incorporation of Hispasat and also a greater financial burden, as a consequence of the increase in financial debt, have led to a **result** of €331.7 million in the first half of the year, 8.4% less than that achieved in the first half of 2019.

On July 1st Red Eléctrica distributed €0.7729 per share as a **complementary dividend**. Thus, the company has distributed a total of **€1.0519** per share against 2019 results, 7% more than the previous year.

Finally, on July 2nd the CNMC issued a report on the "Initial proposal for the development of the transmission grid" for the period 2021-2026 made by Red Eléctrica. This report assesses Red Eléctrica's proposal positively, as it includes the grid's needs to advance on the energy transition path defined in the Integrated National Energy and Climate Plan. These needs have been initially valued at €6,443 million.



## 2. Red Eléctrica Group: Highlights

### Income statement

<i>(in thousands of euros)</i>	January - June			April - June		
	2020	2019	Δ %	2020	2019	Δ %
Revenue	<b>977,892</b>	993,074	(1.5)	<b>477,419</b>	493,336	(3.2)
EBITDA	<b>766,249</b>	779,361	(1.7)	<b>364,280</b>	373,465	(2.5)
EBIT	<b>509,264</b>	544,707	(6.5)	<b>234,461</b>	255,677	(8.3)
Profit before tax	<b>439,718</b>	480,881	(8.6)	<b>208,500</b>	226,954	(8.1)
Profit for the year	<b>331,707</b>	362,199	(8.4)	<b>159,132</b>	171,174	(7.0)

### Income statement by segment

<i>(in thousands of euros)</i>	Operation & Management		Telecom. (fibre + satellites)	Other business, Corp. & adjust- ments	Total
	Electrical Infrastructures				
	Domestic	International			
Revenue	817,470	25,648	148,155	(13,381)	<b>977,892</b>
EBITDA	623,649	25,604	114,610	2,385	<b>766,249</b>
EBIT	445,894	17,239	42,823	3,308	<b>509,264</b>
Profit before tax	390,248	10,864	34,481	4,124	<b>439,718</b>
Profit for the year	291,748	9,062	29,233	1,664	<b>331,707</b>

### Balance sheet

<i>(in thousands of euros)</i>	June 2020	December 2019 (*)	Δ %
Non-current assets	<b>11,081,145</b>	10,868,397	2.0
Equity	<b>3,399,175</b>	3,585,156	(5.2)
Net financial debt (**)	<b>6,266,174</b>	6,038,069	3.8

(\*) Figures restated as a result of the accounting recording of the Hispasat business combination with effect from 3 October 2019.

(\*\*) Includes exchange rate derivatives.

### Other financial figures

<i>(in thousands of euros)</i>	January - June			April - June		
	2020	2019	Δ %	2020	2019	Δ %
Operating cash flow after taxes	<b>646,459</b>	647,866	(0.2)	<b>279,597</b>	279,882	(0.1)
Investments	<b>567,252</b>	166,067	241.6	<b>110,139</b>	94,721	16.3
Dividends paid	<b>147,002</b>	147,250	(0.2)	-	-	-

### Credit rating

Agent	Credit rating	Outlook	Date
Standard & Poor's	A-	Stable	11/06/2020
Fitch Ratings	A-	Stable	23/04/2020



### 3. Profit performance

**Revenue** for the first half of 2020 amounts to €977.9 million. It is worth noting the positive performance of system operations, the incorporation for the first time in the first half of this year of Hispasat, with revenues of €79.2 million, and the good progress of the activity related to the marketing of optical fibre and the international business, which includes a full quarter of the Brazilian company Argo. Only electricity transmission performed negatively compared to the previous year, due to the application of new remuneration parameters that affect transmission activity in Spain from January 1. All of the above has led to a 1.5% drop in revenue compared to the first half of 2019, which has led to a 1.5% drop in turnover compared to the first half of 2019.

The **gross operating profit (EBITDA)** amounts to €766.2 million, a 1.7% decrease compared to the same period of the previous year. The EBITDA includes the contributions to results of the companies consolidated by the equity method, TEN, Argo and Hisdesat.

Operating costs performed as follows:

- **Supply costs and other operating expenses** dropped by 2.3% compared to the first half of last year, despite incorporating €13.4 million from Hispasat and a provision for the incident on the island of Tenerife in September 2019. The evolution of this item highlights the important efforts undertaken by the Red Eléctrica Group in terms of cost containment.
- The **final headcount** at 30 June was 2,031, while the average headcount was 2,052 employees.

**Personnel expenses** rose by 13.6% year-on-year. This increase is mainly due to the 14% increase in the average workforce, as a result of the incorporation of Hispasat to the Group. This item of expenditure also includes those associated with the voluntary departure plan launched at the beginning of this year.

#### Operating expenses

<i>(in thousands of euros)</i>	January - June			April - June		
	2020	2019	Δ %	2020	2019	Δ %
Supplies and other operating expenses	169,841	173,771	(2.3)	94,959	99,382	(4.5)
Personnel expenses	87,483	77,023	13.6	43,136	39,150	10.2
<b>Operating expenses</b>	<b>257,324</b>	<b>250,794</b>	<b>2.6</b>	<b>138,095</b>	<b>138,532</b>	<b>(0.3)</b>

**Net operating profit (EBIT)** stood at €509.3 million, down by 6.5% year-on-year. In addition to the decline in revenues from the transmission activity in Spain, this item was also affected by higher depreciation due to the incorporation of Hispasat to the Group's consolidation perimeter, which resulted in a higher allocation of €59.7 million.

The negative **financial result** increased to €69.5 million, 9.0% more than in the first six months of 2019, as a result of the increase in average gross financial debt, which rose from €5,779 at June 30, 2019 to €6,919 million a year later.

Finally, profit for the period amounted to 331.7 million euros, a 8.4% decline year-on-year. The effective tax rate was 24.6%.





## 4. Cash flow and balance sheet performance

### Cash flows <sup>(1)</sup>

<i>(in thousands of euros)</i>	January - June			April - June		
	2020	2019	Δ %	2020	2019	Δ %
Profit before tax	439,718	480,881	(8.6)	208,500	226,953	(8.1)
Income taxes paid	(55,895)	(68,112)	(17.9)	(60,069)	(64,852)	(7.4)
Depreciation and amortisation charge and other adjustments	262,636	235,097	11.7	131,166	117,781	11.4
<b>Operating cash flow after taxes</b>	<b>646,459</b>	<b>647,866</b>	<b>(0.2)</b>	<b>279,597</b>	<b>279,882</b>	<b>(0.1)</b>
Changes in working capital	(36,615)	(73,932)	(50.5)	(13,023)	(93,717)	(86.1)
Changes in other assets and liabilities	(43,297)	5,590	-	(28,120)	(3,879)	-
Changes in payables to non-current asset suppliers	(85,528)	(60,670)	41.0	(27,898)	13,384	-
Investments	(567,252)	(166,067)	-	(110,139)	(94,721)	16.3
<b>Free cash flow</b>	<b>(86,233)</b>	<b>352,787</b>	<b>-</b>	<b>100,417</b>	<b>100,949</b>	<b>(0.5)</b>
Dividends paid	(147,002)	(147,250)	(0.2)	-	-	-
<b>Change in net financial debt <sup>(2)</sup></b>	<b>233,235</b>	<b>(205,537)</b>	<b>-</b>	<b>(100,417)</b>	<b>(100,949)</b>	<b>(0.5)</b>

(1) This table is solely for the purpose of simplifying the consolidated cash flows table. It includes investments made by the Group in this period; the difference between this figure and payments due to investments is included mainly under changes in other assets and liabilities.

(2) The difference between this figure and the change in Net Financial Debt shown on page 4 is owing to items that do not involve cash movements.

**Operating cash flow after taxes** was €646.5 million, similar to the 647.9 generated in the first half of 2019.

**Changes in working capital** amounted to -€36.6 million in June 2020, the main reason being higher payments to creditors.

**Changes in other assets and liabilities** in the first half mainly include payments for the settlement of derivatives. In the first half of 2019 this item is affected by a repayment of the intra-group loan from the Chilean company TEN.

**Investments** carried out by the Group during the period amounted to €567.3 million. €130.5 million were invested in the development of the Spanish transmission grid, compared to €133.1 million in the first half of 2019. €398.1 million were allocated to international investments, including €374.3 million paid for 50% of the equity in the Brazilian electricity transmission company Argo. The remaining €38.7 million were devoted to the operation of the system and to telecommunications activity for the most part.

**Dividends paid** in the first half totalled €147.0 million, which is similar to that paid in the previous year. After the payment on July 1 of €0.7729 per share corresponding to the supplementary dividend, the dividend paid against 2019 earnings was EUR 1.0519 per share, 7% higher than the previous year.

The Red Eléctrica Group's **net financial debt** at 30 June 2020 amounts to €6,266.2 million, compared to €6,038.1 at the end of 2019.



## Net financial debt (\*)

<i>(in thousands of euros)</i>	National currency	Foreign currency	Total
Cash and cash equivalents	(532,860)	(35,256)	<b>(568,116)</b>
Non-current debt securities	3,415,900	516,881	<b>3,932,781</b>
Non-current loans	2,514,354	367,149	<b>2,881,503</b>
Promissory notes and current loans	20,006	-	<b>20,006</b>
<b>Total net financial debt</b>	<b>5,397,395</b>	<b>848,774</b>	<b>6,266,174</b>

(\*) Debt classified according to its original contracting, without considering short-term transfers.

At 30 June 2020, 99.8% of the Group's financial debt was long term. As regards interest rates, 83% of the Group's net debt is at a fixed rate, while the remaining 17% is at a floating rate.

The average cost of the Group's financial debt in the first half of the year was 1.93%, compared to 2.30% in the same period of the previous year. Meanwhile, the average balance of gross debt stood at €6,918.5 million, compared to €5,778.8 million in the first half of the previous year.

Finally, at 30 June 2020, the Red Eléctrica Group's **Equity** stood at €3,399.2 million.

## Hispasat PPA

The price for the acquisition of 89.68% of Hispasat's share capital amounted to €933 million. On 3 October 2019 payment was made for the transaction and the Red Eléctrica Group took control of Hispasat.

Goodwill has been calculated as the difference between the cost of acquisition and the share in the fair value of the identifiable assets and liabilities existing at the date of the transaction. At the end of December fair value adjustments were provisionally recognized. Goodwill amounts to €228.1 million.

## Credit rating

Standard & Poor's has given Red Eléctrica Group a long-term credit rating of "A-" with a stable outlook and a short-term credit rating of "A-2". Fitch granted the Group a long-term rating of "A-" with a stable outlook and a short-term rating of "F2".

The S&P rating is based on the stability of the cash flows arising mainly from regulated transmission activities. Fitch also highlighted the low level of business risk given TSO's natural monopoly position in Spain and the steady increase in the flow of income from contracts of the telecommunications business and the electricity transmission concessions in Peru and Chile.



## 5. Significant events in first half and thereafter

Below are the significant events that have taken place in the period, in addition to the included in the presentation of first-quarter results:

- On July 2nd, the CNMC issued a report on the "Initial proposal for the development of the transmission grid" of the System Operator and Manager of the electricity transmission grid for the period 2021-2026. Said report assesses Red Eléctrica's proposal positively, as it includes the grid's needs to advance on the energy transition path defined in the Integrated National Energy and Climate Plan. These needs have been initially valued at €6,443 million.
- On 29 June, the Supreme Court's ruling was published in relation to the contentious-administrative appeal filed by the government in April 2018 with the Supreme Court against Order IET/981/2016, which definitively set the remuneration for transmission for the 2016 fiscal year, and which proposed the revision of certain remuneration parameters. This ruling partially upholds the declaration of the harmfulness of Order IET 981/2016, and upholds some of the arguments put forward by the Company and urges the regulator to review the calculation methodology of some of the parameters under review. In the absence of a final resolution of this review, the Company considers that, in view of the information currently available, it has reasonably covered this risk. The assessment will be updated as more information becomes available on how the regulator will set the aforementioned methodology.
- On 23 June the Council of Ministers approved Royal Decree-Law 23/2020 which contains measures to promote energy transition to a 100% renewable electricity system and to encourage economic recovery in line with the European Green Pact. Among the aspects with the greatest impact on Red Eléctrica, it is worth highlighting the modification of the percentage of annual investment in the transmission grid in relation to the gross domestic product (GDP) from 0.065% to 0.075% in the three-year period 2020-2022 and the modification of specific aspects of the planning in order to incorporate strategic facilities linked to energy transition.
- On 18 June the new underwater link between Menorca and Mallorca entered service, an infrastructure that will decisively improve the security and quality of supply in Menorca. The cost of this investment was €84 million, and it will play a substantial role in the energy transition process planned for Menorca and for all the Balearic Islands by facilitating greater efficiency in the management of the island's electricity system, maximising the integration of current and future renewable energies under safe conditions and reducing CO2 emissions.
- On 5 June the Supreme Court issued an Order rejecting the move for dismissal regarding the residual life of the installations prior to 1998, not admitting the appeal on the useful life of these facilities. There is no possibility of appeal against this Order.
- In June, through the Group's technological subsidiary Elewit, the Company participated in two investment projects with great potential. First, it participated in a financing round of Zeleros Hyperloop, a company that develops the so-called "fifth means of transport" through hyperloop technology. It has also participated in the financing round of CounterCraft, a leading European company in cyber security with pioneering technology to defend against cyber threats.
- On 27 May the Board of Directors of Red Eléctrica Corporación appointed Carlos Méndez Trelles García as the new Secretary of the Board of Directors, replacing Rafael García de Diego Barber, who is retiring.
- On 14 May, the General Shareholders Meeting of Red Eléctrica was held telematically for the first time. The meeting ratified the appointment of Beatriz Corredor, president of the Red Eléctrica Group, as a director in the "other external" category, as well as Roberto García Merino as executive director. Carmen Gómez de la Barreda has also been re-elected as an independent director.





- On 7 May their Majesties the King and Queen of Spain visited the Control Centre of Red Eléctrica de España, the brain of the Spanish electricity system. During the visit they were accompanied by the fourth vice-president and minister for Ecological Transition and the Demographic Challenge, Teresa Ribera.
- Red Eléctrica has chosen to take part in numerous initiatives in recent months with the aim of trying to mitigate the effects of COVID-19 on our society. The projects it participated in include the donation of food to vulnerable groups, support for rural communities and participation with other energy companies in the Positive Energy+ programme, whose objective is to support startups in the development of projects from an energy perspective and in the areas of environmental sustainability, mobility, social impact, digitalisation, telecommunications and 4.0.



## • Appendix 1. Consolidated financial statements

Red Eléctrica Group

### Consolidated income statement

<i>(in thousands of euros)</i>	30/06/2020	30/06/2019	2020/2019
Revenue	977,892	993,074	(1.5%)
Work on non-current assets	26,713	25,663	4.1%
Share in the profits of companies accounted for using the equity method (with activities similar to those of the Group)	8,007	3,639	-
Supply costs	(13,436)	(13,923)	(3.5%)
Other operating income	10,961	7,779	40.9%
Personnel expenses	(87,483)	(77,023)	13.6%
Other operating expenses	(156,405)	(159,848)	(2.2%)
<b>Gross operating profit</b>	<b>766,249</b>	<b>779,361</b>	<b>(1.7%)</b>
Depreciation and amortisation charge for non-current assets	(271,679)	(246,757)	10.1%
Allocation to profit or loss of grants related to non-financial assets	15,354	12,104	26.9%
Impairment and gains or losses on disposal of non-current assets	(660)	(1)	-
<b>Net operating profit</b>	<b>509,264</b>	<b>544,707</b>	<b>(6.5%)</b>
Finance income	8,697	6,667	30.4%
Finance costs	(75,358)	(71,004)	6.1%
Exchange differences	(2,885)	511	-
<b>Net finance expense</b>	<b>(69,546)</b>	<b>(63,826)</b>	<b>9.0%</b>
<b>Profit before tax</b>	<b>439,718</b>	<b>480,881</b>	<b>(8.6%)</b>
Income tax expense	(108,050)	(118,685)	(9.0%)
<b>Consolidated profit for the period</b>	<b>331,668</b>	<b>362,196</b>	<b>(8.4%)</b>
<b>A) Consolidated profit attributable to the Parent</b>	<b>331,707</b>	<b>362,199</b>	<b>(8.4%)</b>
<b>B) Consolidated profit attributable to non-controlling interests</b>	<b>(39)</b>	<b>(3)</b>	<b>-</b>



Red Eléctrica Group  
**Consolidated balance sheet**

<b>ASSETS (in thousands of euros)</b>	<b>30/06/2020</b>	<b>31/12/2019 (*)</b>
Intangible assets	745,028	737,142
Property, plant and equipment	9,583,462	9,673,135
Investment property	1,335	1,345
Investments accounted for using the equity method	536,642	259,594
Non-current financial assets and derivatives	144,415	127,303
Deferred tax assets	67,206	66,009
Other non-current assets	3,057	3,869
<b>Non-current assets</b>	<b>11,081,145</b>	<b>10,868,397</b>
Inventories	43,983	42,720
Trade and other receivables	1,304,112	1,346,007
Current financial assets and derivatives	46,300	69,511
Cash and cash equivalents	568,116	328,570
<b>Current assets</b>	<b>1,962,511</b>	<b>1,786,808</b>
<b>Total assets</b>	<b>13,043,656</b>	<b>12,655,205</b>

<b>LIABILITIES (in thousands of euros)</b>	<b>30/06/2020</b>	<b>31/12/2019 (*)</b>
Equity	3,471,370	3,564,982
Share capital	270,540	270,540
Reserves	2,910,478	2,763,196
Treasury shares and own equity instruments (-)	(41,355)	(36,504)
Profit for the year attributable to the Parent	331,707	714,752
Interim dividend	-	(147,002)
Valuation adjustments	(141,135)	(52,466)
Non-controlling interests	68,940	72,640
<b>Equity</b>	<b>3,399,175</b>	<b>3,585,156</b>
Grants and other	716,212	705,762
Non-current provisions	161,634	151,406
Non-current financial liabilities and derivatives	6,617,877	5,375,875
Deferred tax liabilities	436,316	466,283
Other non-current liabilities	98,471	94,902
<b>Non-current liabilities</b>	<b>8,030,510</b>	<b>6,794,228</b>
Current financial liabilities and derivatives	1,189,686	1,851,533
Trade and other payables	402,447	396,943
Other current liabilities	21,838	27,345
<b>Current liabilities</b>	<b>1,613,971</b>	<b>2,275,821</b>
<b>Total liabilities</b>	<b>13,043,656</b>	<b>12,655,205</b>

(\*) Amounts restated as a result of the accounting recording of the business combination with effect from 3 October 2019.



Red Eléctrica Group  
**Consolidated Cash Flow Statement**

<i>(in thousands of euros)</i>	<b>30/06/2020</b>	<b>30/06/2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>580,463</b>	<b>539,918</b>
Profit before tax	439,718	480,881
Adjustments to profit	330,184	301,962
Depreciation/amortisation	271,679	246,757
Other adjustments to results (net)	58,505	55,205
Changes in working capital	(36,615)	(73,932)
Other cash flows from operating activities	(152,824)	(168,993)
Interest paid	(104,739)	(105,021)
Collection of dividends	4,848	4,848
Collection of interest	2,992	898
Income tax recovered/(paid)	(55,895)	(68,112)
Other collections/(payments) on operating activities	(30)	(1,606)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(638,796)</b>	<b>(183,211)</b>
Payments from investments	(652,780)	(226,737)
Property, plant and equipment, intangible assets and investment property	(278,518)	(226,737)
Group companies, associates and business units	(374,262)	-
Other financial assets	-	-
Proceeds from disposal	3,463	24,549
Property, plant and equipment, intangible assets and investment property	144	-
Other assets	3,319	24,549
Other cash flows from investing activities	10,521	18,977
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>300,773</b>	<b>(270,446)</b>
Proceeds from and payments for equity instruments	(4,892)	(804)
Acquisitions	(22,852)	(38,665)
Disposals	17,960	37,861
Proceeds and payments relating to financial liability instruments	472,781	(119,069)
Issue and placements	1,572,765	568,471
Redemption and write-off	(1,099,984)	(687,540)
Dividend payments	(147,002)	(147,250)
Other cash flows from financing activities	(20,114)	(3,323)
<b>Effect of variations in exchange rates</b>	<b>(2,894)</b>	<b>207</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>239,546</b>	<b>86,468</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>328,570</b>	<b>767,152</b>
<b>Cash and cash equivalents at end of the period</b>	<b>568,116</b>	<b>853,620</b>



## Financial calendar

### Upcoming events

#### Estimated dates

First nine months 2020 results presentation	October 2020
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#### For more information

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## Appendix 2. Sustainability certifications



Renewed presence in the world index (DJSI World)



"Silver Class" distinction from the 2020 Sustainability Yearbook produced by S&P's Global in cooperation with RobecoSAM.



Included in the FTSE4Good index since 2008<sup>(\*)</sup>.



Remained in the STOXX Global ESG Leaders index.



Remained in the MSCI ESG index, achieving the maximum rating "AAA".



Permanence in the Euronext-Vigeo sustainability indexes (Eurozone 120 and Europe 120 and Global 120 and inclusion in the Euro-next Eurozone ESG Large 80 index).



Renewed presence in the MSCI Global Sustainability Indices following its inclusion in 2014.



Ranked first in the Utilities/Network Operators sector with a B+ rating.



Permanence in the ECPI indexes since its inclusion in 2008.



Recognised with an A- rating for its commitment to the fight against climate change.

(\*) FTSE Group confirms that Red Eléctrica Corporation has been independently assessed in accordance with FTSE4Good criteria and meets the requirements to be ranked in the FTSE4Good indices, the global index created by the FTSE Group. FTSE4Good is a stock market index designed to facilitate investment in companies that comply with the social responsibility standards recognised around the world. Companies included in the FTSE4Good index have met strict environmental, social and corporate governance criteria, and they are positioned to take advantage of the benefits of responsible business practice.