



Results for the first half of 2022

Valuing the essentials

July 2022

redeia
Valuing the essentials

1. New brand.
2. Global environment.
3. Highlights first half of 2022.
4. Results for the first half of 2022.
5. Our vision for 2022 and 2025 financial targets.



redeia

1.

New brand

Redeia. Valuing the essentials

We have modernised our image through the new Group brand

redeia



red eléctrica

Backbone of the electricity system and guarantee of a secure, efficient and sustainable electricity supply.



reintel

Largest provider of dark fibre in Spain, essential for offering universal and inclusive connectivity.



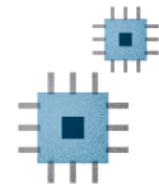
hispasat

Leading player in digital transformation and the connection of territories, reducing the digital divide.



redinter

Driver for decarbonisation of the energy model and sustainable development in Latin America.



elewit

Technological innovation platform to drive energy transition and connectivity.

redeia

2.

Global Environment

New energy paradigm, a turning point towards a more integrated Europe



Complex geopolitical environment

- Urgent measures in response to the economic and social consequences of the war in Ukraine.
- Need for a more **interconnected Europe**.
- **REPowerEU** roadmap for increasing security of supply in Europe.



Very high inflation levels in a large number of countries

- Record electricity prices due to extreme gas volatility.
- Increased **recession** fears.



Tight monetary policy

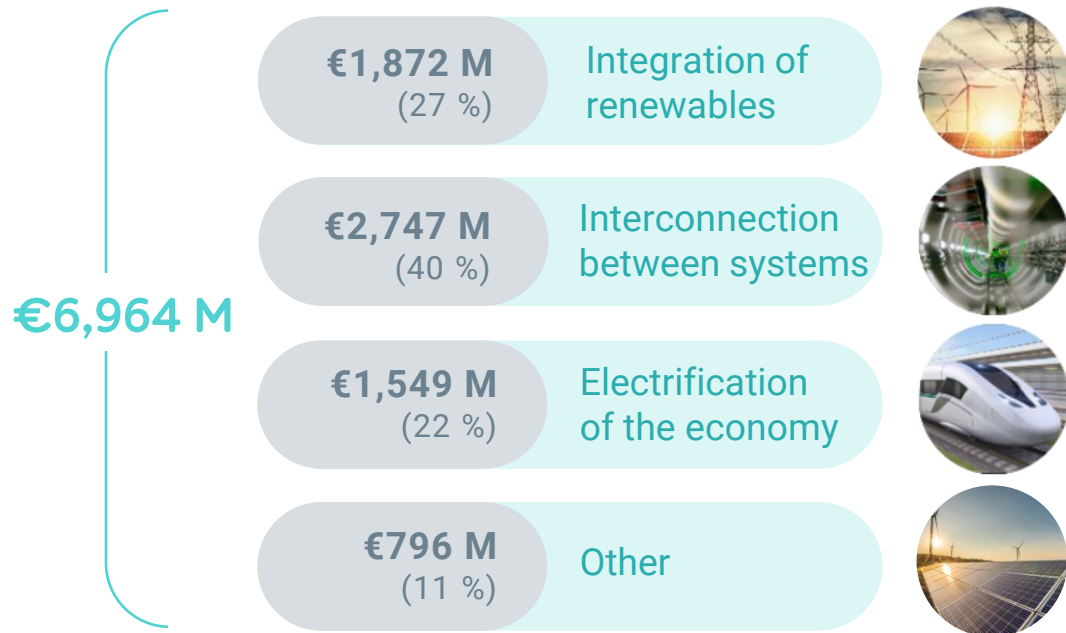
- ECB **tapering** of asset purchase programmes.
- Rising **interest rates**.

3.

**Highlights
first half of 2022**

Laying the foundations for the energy transition...

Approval of Transmission Network Plan: A transmission network by 2026 that underpins the National Integrated Energy and Climate Plan (PNIEC) and drives the energy transition.



Results for the first half of 2022. July 2022

...and progressing in meeting our strategic targets...

Redeia

- Crystallisation of value: sale of **49 % of Reintel** completed after obtaining the relevant authorisations, for €995.6 M. Capital gain of €919M in equity.
- Solid first half results, with **net profit up** 1.4 %.
- **Investments** reach €273 M, +8.2 %.
- Payment of the **final dividend** approved by the AGM, and in line with the Strategic Plan bringing the total dividend to €1.0/share out of the 2021 results*.

* Paid on 1 July 2022.

Results for the first half of 2022. July 2022



... through activities that contribute to climate change mitigation and sustainability...

- Progress on **climate change**: Approval by **SBTI** of our Scope 1+2 and Scope 3 emission reduction commitments. Presentation to SBTI of our commitment to carbon neutrality by 2050.
- Progress on **biodiversity**: No Deforestation Commitment.
- **Human rights** commitment: Strengthening due diligence processes to avoid and minimise the possible negative effects of our activities.
- Commitment to **green financing**, green framework adapted to the EU taxonomy.
- Excellent **ESG rating from S&P**, 82 out of 100.

80 %
of our activity is sustainable according to EU taxonomy



... developing key transmission projects in Spain and Latin America...



Red Eléctrica

- Commissioning of the **Lanzarote-Fuerteventura interconnection** and completion of the first phase of works for the period 2021-2022 on the **Ibiza-Formentera link**, with commissioning estimated for 2023.
- Start of the last administrative phase for the electricity **interconnection** with **France via the Bay of Biscay**.
- Progress in the implementation of the **special maintenance plan**.
- Draft **pumping regulation methodology**, remuneration for work in progress.



Redinter

- Acquisition of Rialma III in **Brazil** in early January 2022.
- Good progress in the development of ongoing projects in **Peru** and **Chile**.



... and boosting connectivity through telecommunications businesses.



Reintel

- New outlook for the future after the entry of KKR as a strategic partner.
- Activity positively impacted by inflation developments.



Hispasat

- Acquisition process of **Axess Networks** nearing completion.
- Progress in the construction and pre-commercialisation of the new satellite **Amazonas Nexus**.
- Agreements with service providers in Spain for the roll-out of satellite internet to 100 % of the population.
- New projects related to rural connectivity in LATAM and mobility services (airplanes, boats).

3.

**Results for the first
half of 2022**

Strong economic performance aligned with our future commitments...

Key figures for the first half of 2022

€ **1,031** M
Revenue*
€991 M in 1H21

€ **273** M
Investments
€253 M in 1H21

+ 10.8 %
in TSO

+1.7 %

€ **785** M
EBITDA
€771 M in 1H21

€ **4,375** M
Net debt
€5,648 M in 2021

Significant increase in investments in the period and remarkable debt reduction due to the sale of 49 % of Reintel.

€ **621** M
FFO
€632 M in 1H21

€ **363** M
Net profit
€358 M in 1H21

+ 1.4 %

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

Profit and loss account

€M	1H22	1H21	Δ €M	Δ%
Revenue*	1,031.0	991.4	+39.6	+4.0
Other income and OWC**	33.4	32.2	+1.1	+3.5
Operating expenses	-279.8	-252.3	-27.4	+10.9
Gross operating profit (EBITDA)	784.6	771.3	+13.3	+1.7
Depreciation and amortisation	-260.5	-243.7	-16.8	+6.9
Net operating profit (EBIT)	524.1	527.5	-3.4	-0.7
Net financial results	-44.4	-49.6	+5.3	-10.6
Profits before tax	479.7	477.9	+1.8	+0.4
Corporate tax	-115.5	-118.0	+2.5	-2.1
Non-controlling interests	-1.2	-1.8	+0.5	-30.3
Profit for the year	363.0	358.2	+4.9	+1.4

- Increased **revenues with growth in all businesses**, especially in the international and satellite businesses.
- **EBITDA** mainly impacted by roll-out of the specific O&M plan for critical TSO assets (~€20 M).
- Increase in **depreciation and amortisation** affected by the higher activity and change in the scope of consolidation.
- Better **financial results** due to lower cost and average debt.

Profit for the year up 1.4%.

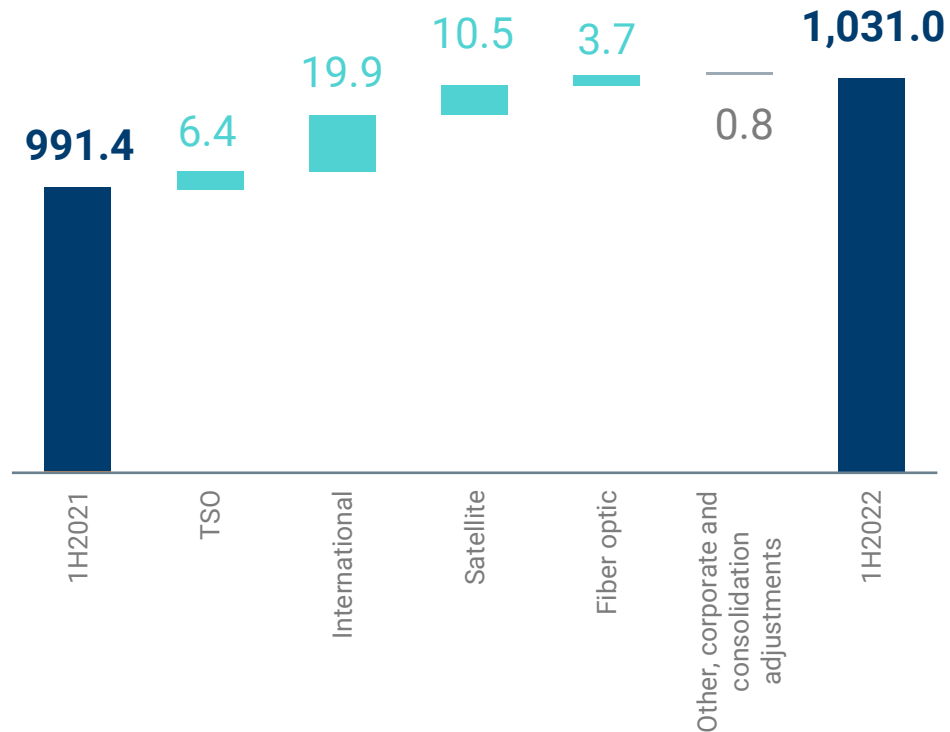
* Includes turnover and share in profits of companies valued by the equity method (TEN, Argo and Hisdesat).

** OWC: Own work capitalised.

...driven by international activity and telecommunications...

Revenue up 4.0 %

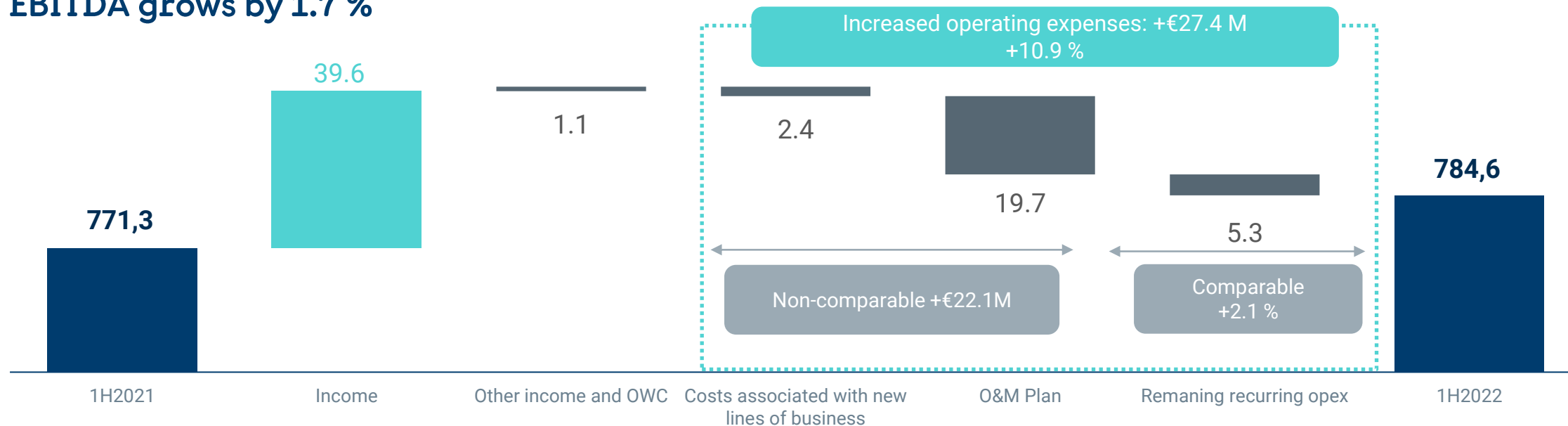
€M



- Positive contribution from **regulated business in Spain**.
- Improved activity in **Brazil**, following the commissioning of Argo II and Argo III and the acquisition of Rialma, as well as the favourable exchange rate effect.
- Higher contribution from **Hispasat** due to increased sales, the acquisition in Peru in May 2021, and the favourable exchange rate effect.
- Positive evolution of **Reintel** inflation-linked contracts.

... and significant containment of recurring operating costs, in a context of high inflation.

EBITDA grows by 1.7 %



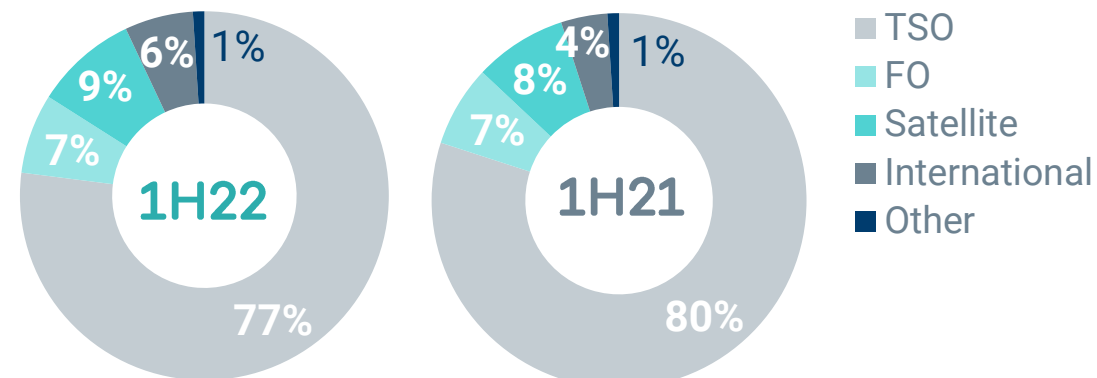
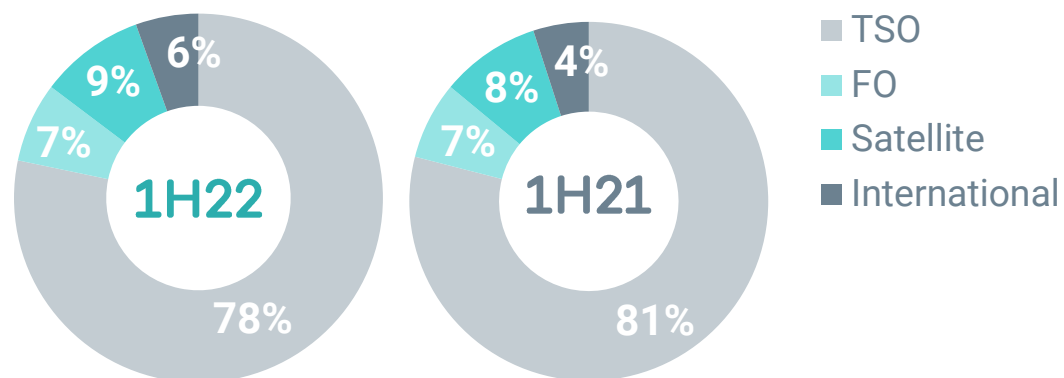
- **Comparable operating expenses** increased by €5.3 M (+2.1 %), containing the effect of inflation thanks to the procurement policy with l/t contracts and efficiency measures.
- Impact of the **O&M plan** for critical assets, around €20 M.
- Incorporation of costs associated with new business lines €2.4 M, mainly after the deal involving the **satellite business in Peru**.

Performance of Redeia's main businesses

Solid contribution from international business in Brazil and Hispasat

Revenue (€M)	1H22	1H21	Δ€M	Δ%
TSO	815.4	809.0	+6.4	+0.8
International	57.7	37.8	+19.9	+52.7
Satellite	96.0	85.5	+10.5	+12.3
Fibre Optic	73.0	69.4	+3.7	+5.3
Other & consolidation adjustments	-11.1	-10.3	-0.8	+8.2
Total Group	1,031.0	991.4	+39.6	+4.0

EBITDA (€M)	1H22	1H21	Δ€M	Δ%
TSO	602.1	615.3	-13.2	-2.1
International	47.5	29.5	+18.0	+61.1
Satellite	69.8	65.3	+4.5	+6.8
Fibre Optic	56.7	55.7	+1.0	+1.7
Other & consolidation adjustments	8.6	5.4	+3.1	+57.3
Total Group	784.6	771.3	+13.3	+1.7



Results for the first half of 2022. July 2022

TSO investments amounted to €203 M, +10.8 % and Group investments €273 M, +8.2 % compared to 1H21

73.4 % of investments during the period eligible according to European taxonomy



TSO: €203 M (+10.8 % vs 1H21)

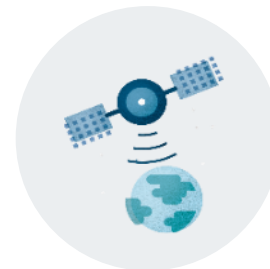
- Significant progress in projects to strengthen meshing and improve reliability and quality of supply, notably the Sabinal axes in the Canary Islands and the East Madrid Plan.
- Spain-France interconnection via the Bay of Biscay, last administrative phase prior to the start of construction, and Spain-North Portugal link.
- Links between electricity systems, notably the commissioning of the Torrent substation in the Ibiza-Formentera interconnection, and the submarine line for the Lanzarote-Fuerteventura interconnection.
- Progressing on the first phase of work on the Salto de Chira pumping station in Gran Canaria.



International: €16 M (+4.1 % vs 1H21)*

- Good progress Tesur 4 in Peru, and Nuevo Pozo Almonte Parinacota (Redenor) in Chile with commissioning estimated in the last quarter of the year.

**This figure does not include the €32.4 M acquisition of Rialma III in Brazil.*



Telecommunications: €36 M (-23 % vs 1H21)**

- Progress on new high-performance Amazonas Nexus satellite, scheduled to go into orbit in 2023.

***This change reflects the acquisition of the satellite business in Peru in 1H21.*

Committed to a strong and balanced capital structure...

Growing role of sustainable finance

38.4 %
ESG financing
29.5 % in 1H21

5.3 years
Average life
5.7 years in 1H21

1.46 %
Cost of debt
1.53 % in 1H21

2.9 x
ND/EBITDA
3.7 x in 1H21

26.7 %
FFO/ND
21.5 % in 1H21

'A-'
Stable outlook
Fitch and S&P

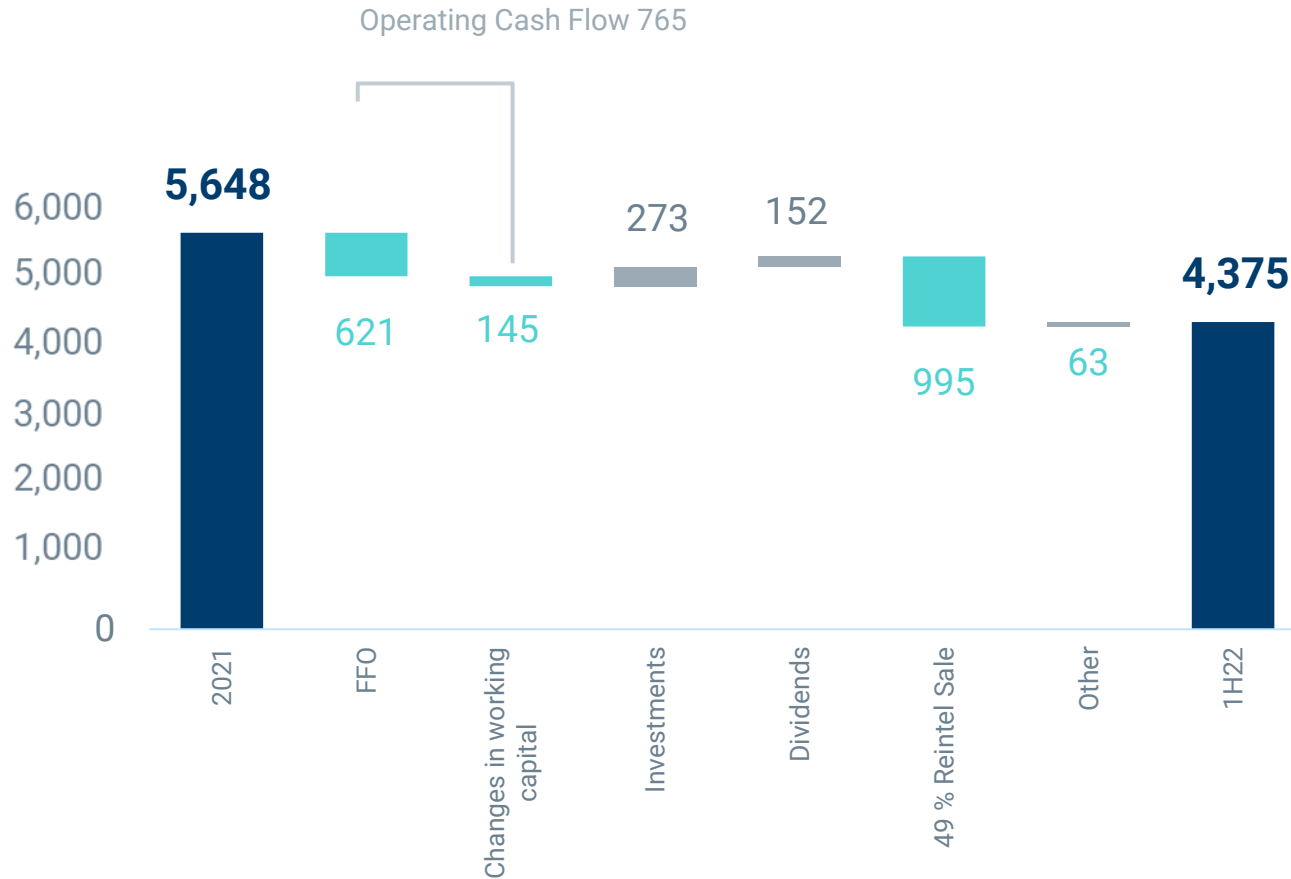
Dividend
for 2021

1.0 € /share
Fulfilling the commitment to
the market.

... with reduced levels of financial debt...

Commitment to credit strength

€M

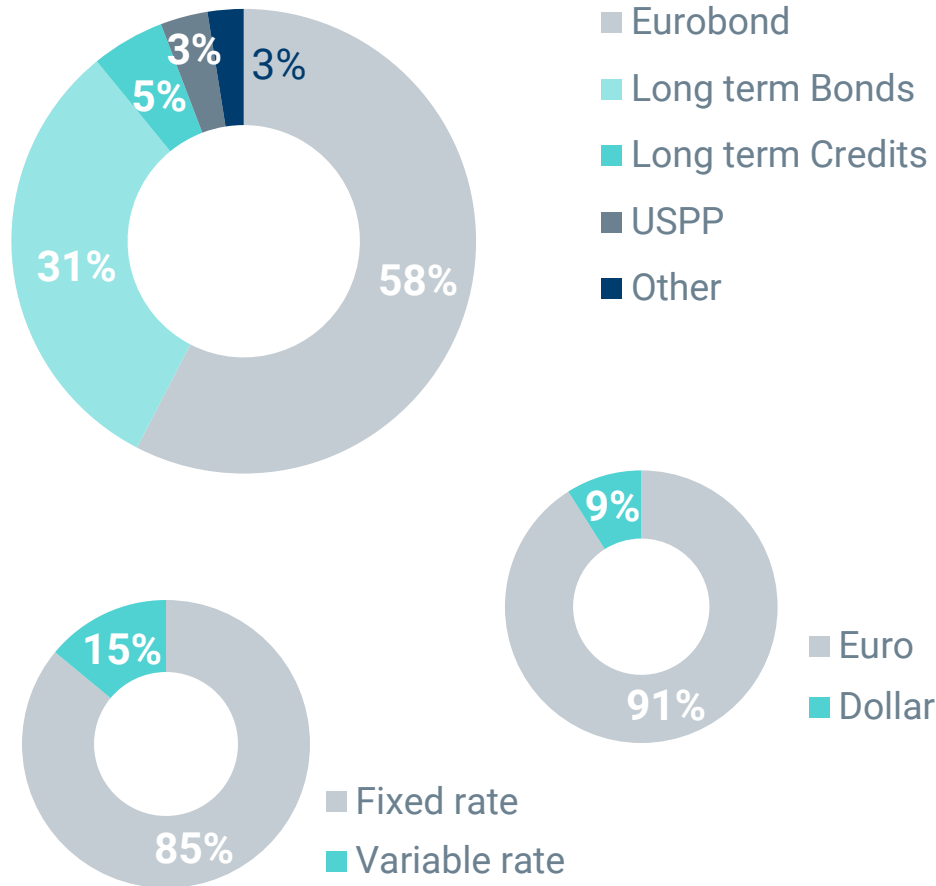


€4,375 M
Net Debt

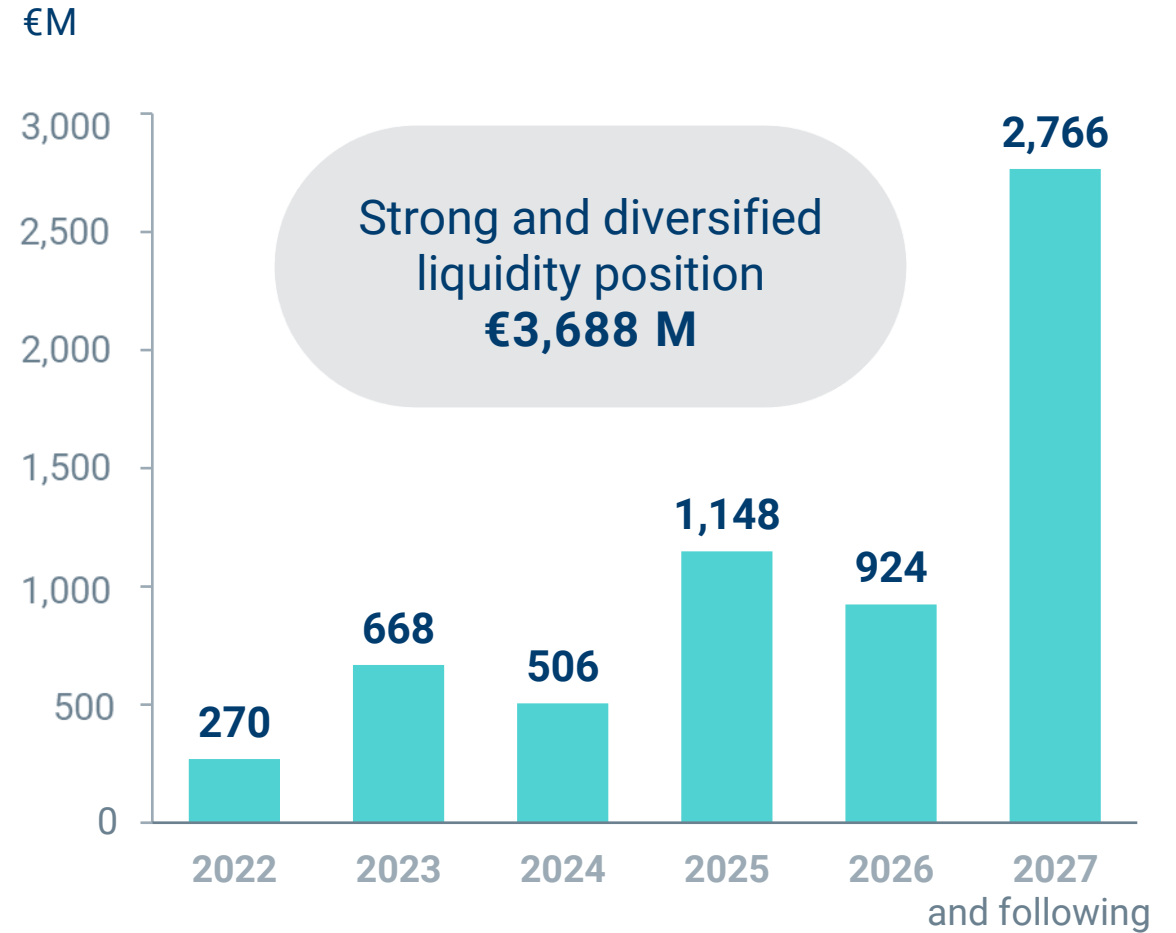
Improving due to proceeds from sale of 49 % of Reintel.

- Strong **cash flow** generation, which has allowed for a reduction in the volume of financial debt.
- Positive contribution from **working capital** due to higher revenues from the transmission tariff, and from items pending settlement to the system.

Gross Debt Structure



Maturities



4.

**Our vision for 2022
and financial targets
in 2025**

EBITDA forecast in 2022 in line with 2021 and estimated investment levels of around €800 M

2022: Strategic Plan acceleration year



Electricity business in Spain (TSO)

- Acceleration initiatives to boost investment in the 2021-2026 Plan.
- More than €500 M TSO investment planned for 2022.
- Slight decrease in **EBITDA** due to the special maintenance plan.



Satellite business

- Repositioning towards **satellite services and solutions company**.
- Estimated investments over €150 M.
- Expected **EBITDA** higher than in 2021.



International electricity business

- **Organic growth** in Peru, Chile and Brazil, increasing our international footprint.
- Significant **EBITDA growth**.



Fibre optic and 5G business

- Investments in **upgrading the railway fibre optic backbone network** and in projects associated with **5G technology**.
- **EBITDA** slightly higher than in 2021.

Strengthening the balance sheet and improving shareholder remuneration

The closing of the Reintel deal materializes its latent value within the group and underlines its leadership in the Spanish dark fibre market.



Strengthening balance sheet and reinforcing equity of Red Eléctrica

Reinforcement of the company's equity strength to meet energy transition challenges.



Improving shareholder remuneration

Increase of the dividend to be paid out of the 2023 results from 0.8 euro to 1.0 euro per share.

2021-2025 targets

More favourable dividend policy in 2023 after sale of 49 % of Reintel

Total investment



€4,400 M

*75 % for the transmission network,
international interconnections,
storage and system operation*

Dividend policy



2021-2023
€1.0/share

2024-2025
Floor of
€0.8/share

Financial efficiency 2025



MARGIN

EBITDA

70 %



RATIO

FFO/DEBT

>15 %



RATIO

**NET DEBT/
EBITDA**

< 5_x



**MAINTAINING STRONG
CREDIT RATING**

redeia
Valuing the essentials

red eléctrica reintel hispasat redinter elewit

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