



# Results for the first half 2023

July 2023

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1.

# First half of 2023 Highlights

# We are increasing our efforts to strengthen the energy transition and digital transformation

First half 2023



We have successfully completed **the launch and orbiting of the Amazonas Nexus satellite** that will enable greater global connectivity and advance a more sustainable future.

We have designed a **Sustainability Plan 2023-2025** to maximise our contribution to sustainable development.

We have accelerated our **Strategic Plan by increasing investments** aimed at facilitating the decarbonisation of the electricity system.

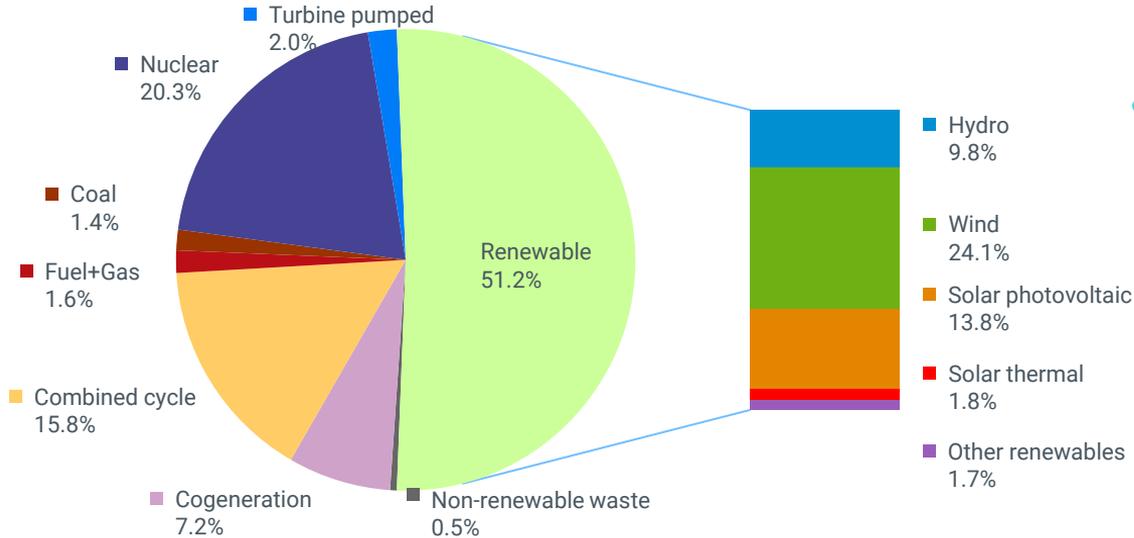


We have completed the process of negotiating labour agreements with the signing of the **XII Collective Agreement of Red Eléctrica de España S. A. U.**

# Redeia is ready for future challenges

An increasingly decarbonised electricity system

## Coverage of electricity demand in 1H23 (%)



## Global leader in renewable integration

- **60 %** of the installed capacity in Spain is renewable and **68 %** comes from emission-free sources.
- **51%** of electricity generation derives from renewable sources.

Integration of a record amount of wind and photovoltaic energy into the electricity system thanks to CECRE.

# New National Energy and Climate Plan (NECP) proposal

The published draft introduces more ambitious targets

## 160 GW Renewable installed capacity

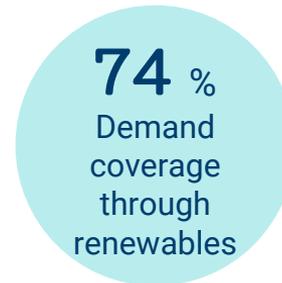
- **62 GW** installed **wind** capacity vs 50 GW previously
- **76 GW** installed **solar** capacity vs 46 GW previously
- **22 GW** of **storage** vs 16.5 GW previously

Planning is key to meeting the NECP's energy commitments: decarbonisation, efficiency and strengthening interconnections.

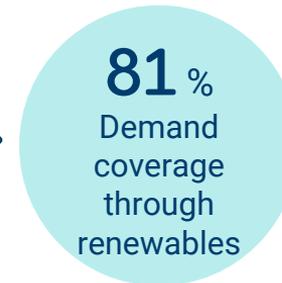
The final document will be published in June 2024.

The transmission network will have a facilitating role in this energy transition to integrate renewables, reduce emissions and decrease energy dependency

Previous target



New **2030** target



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

- **Investments in the regulated domestic business** amounted to €350 M, 74% higher than in 1S 2022.
- **Commissioning of the new submarine link between Ibiza and Formentera**, which enables 100% of Formentera's energy demand to be covered in conditions of security and quality of supply.
- Agreement between regulators (CNMC and CRE) on the **distribution of the financing of the Spain-France interconnection** through the Bay of Biscay, and **resolution of singularity** by which it is included in the remuneration system for non-standard investments.
- Progress in civil works at the **Chira Soria plant**.

**+70 %**  
vs  
1H22

TSO investments increase exceeding € 350 M.

Creating sustainable, smart and resilient networks.



# ... reaching new milestones in our diversification business ...



## Redinter

- Progress on the extension of the **Centinela substation at Redenor 2**.
- **Tesur 4** commissioning in January, ahead of schedule.
- Solid contribution from the assets acquired in **Brazil** at the end of 2022.



## Hispasat

- **Amazonas Nexus** reaches its 61W orbital position on July 15 and starts commercial operation. Committed capacity reaches 80%
- **UNICO Rural Demand** programme launched on June 18.
- Member of the European consortium for the tender of the future **IRIS<sup>2</sup> constellation**.



## Reintel

- **Agreements** reached with **local and regional operators** for the deployment of a nationwide network, as part of the company's organic growth plan.

IRIS<sup>2</sup>: Infrastructure for Resilience, Interconnectivity and Security by Satellite

# ... and with a leading position in the main sustainability indices.



- **CDP** : A
- **ISS ESG** : B+
- In addition, **S&P ESG** assessed Redeia with **82 points out of 100**.
- Redeia, among the **10 most sustainable companies** in its industry in the world, according to the **Sustainability Yearbook 2023**.

	DJSI	Sustainalytics	FTSE 4 Good	MSCI	Vigeo Eiris	Bloomberg GEI
Industry	Electric utilities	Electric utilities	Conventional electric utilities	Utilities sector	Gas and electricity utilities	Utilities
Scale	0-100	0-100	0-5	CCC-AAA	0-100	0-100



2.

First half of 2023  
Results

# Making progress towards the achievement of our targets ...

Final dividend payment of €0.7273 on July 3, reaching € 1 per share

€ **1,064** M  
Revenues\*  
€ 1,031 M in 1H22

€ **789** M  
EBITDA  
€ 785 M in 1H22

€ **354** M  
Net Profit  
€ 363 M in 1H22

€ **414** M  
Investments  
€ 273 M in 1H22

€ **4,313** M  
Net financial debt  
€ 4,634 M Dec. 22

€ **632** M  
FFO  
€ 621 M in 1H22

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

## ... with a favourable EBITDA evolution and impact of higher minority interests on Net Profit.

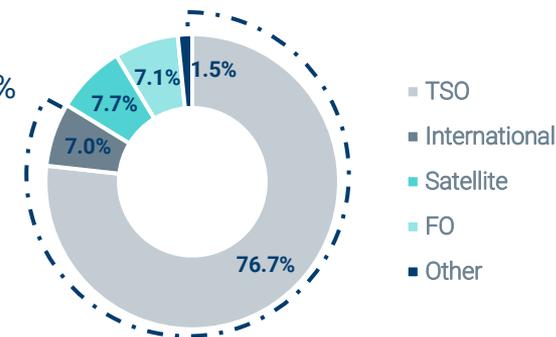
P&L	1H23	1H22	Δ€M	Δ%
Revenues*	1,063.9	1,031.0	+32.9	+3.2
Other income and OWC**	55.1	33.3	+21.8	+65.4
Operating expenses	-329.8	-279.8	-50.0	+17.9
<b>Gross operating result (EBITDA)</b>	<b>789.3</b>	784.6	<b>+4.7</b>	<b>+0.6</b>
Depreciation and amortisation	-261.7	-260.5	-1.2	+0.5
<b>Net operating profit (EBIT)</b>	<b>527.6</b>	524.1	<b>+3.5</b>	<b>+0.7</b>
Net financial results	-39.5	-44.4	+4.8	-10.9
<b>Profit before tax</b>	<b>488.1</b>	479.7	+8.4	+1.7
Corporate tax	-120.2	-115.5	-4.7	+4.1
Non-controlling interests	-13.6	-1.2	-12.4	-
<b>Profit/(Loss) for the year</b>	<b>354.3</b>	363.0	<b>-8.7</b>	<b>-2.4</b>

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

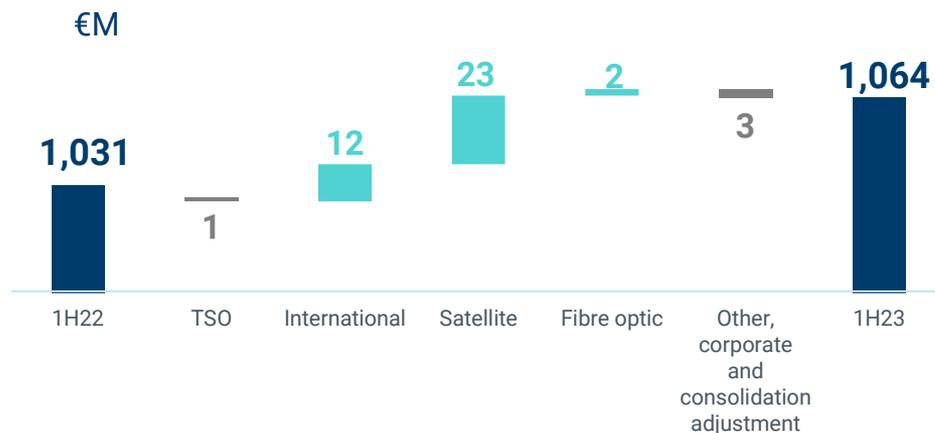
\*\* OWC: Own work capitalised.

EBITDA	1H23	1H22	Δ€M	Δ%
TSO	605.8	602.1	+3.7	+0.6
International	54.9	47.5	+7.4	+15.7
Satellite	60.8	69.8	-9.0	-12.9
Fibre optic	55.8	56.7	-0.9	-1.6
Other and consolidation adjustments	12.1	8.6	+3.6	+41.5
<b>Group Total</b>	<b>789.3</b>	784.6	<b>+4.7</b>	<b>+0.6</b>

More than 83 %  
related to  
regulated  
business



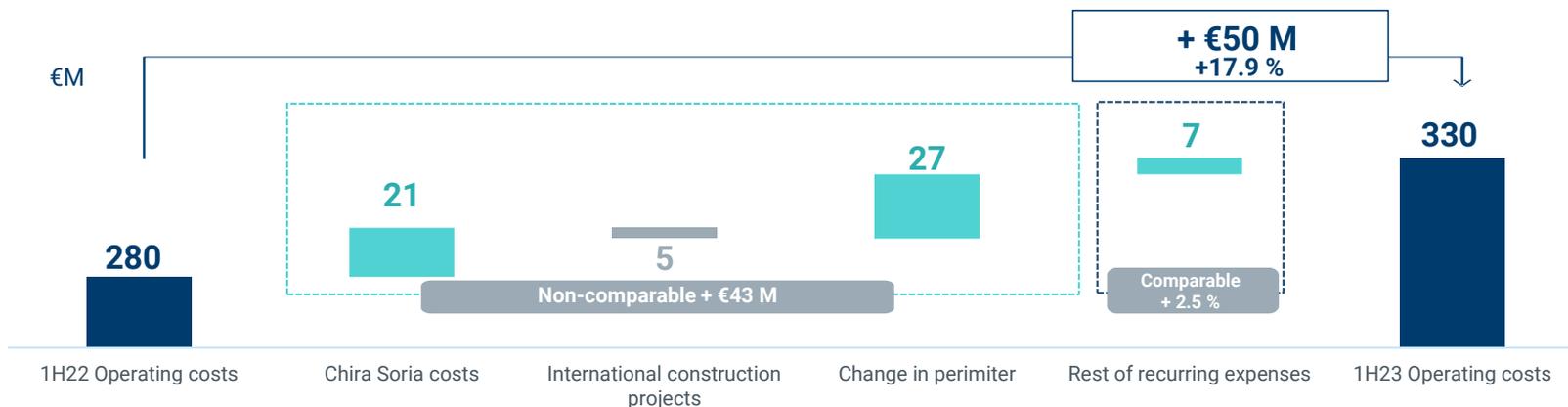
## Revenues increase by 3.2%, due to growth in diversification businesses



- **Regulated business Spain (-0.2%):** higher revenues from System Operation following the review of parameters for 2023-2025 and larger projects for third parties, offset by the fall in transmission activity after final tariff orders from 2016 to 2019.
- **International business (+21.2%):** commissioning of Redenor (Chile) and Tesur 4 (Peru), positive contribution from the 5 new concession lines in Brazil and good results from TEN in Chile.
- **Satellite business (+23.6%):** positive evolution mainly due to the incorporation of Axess, and better results of Hisdesat, despite the planned completion of certain video services in Brazil.
- **Fibre optic business (+2.9%):** positive evolution of inflation-linked contracts.

**Note:** including revenues and share in profits of companies accounted for using the equity method (TEN, Argo and Hisdesat).

# Containment of comparable operating costs, increasing by 2.5 %



- **Chira-Soria construction costs** of €20.6 M not contemplated in 1H22. At the same time, income of €24.2 M was recorded under “Other income and OWC” in the income statement.
- Costs associated with **change in perimeter**, mainly due to Axess incorporation in August 2022.
- **Comparable costs** affected by higher personnel expenses, compensated by lower maintenance cost.

## EBITDA improves by 0.6 % driven by the regulated activities

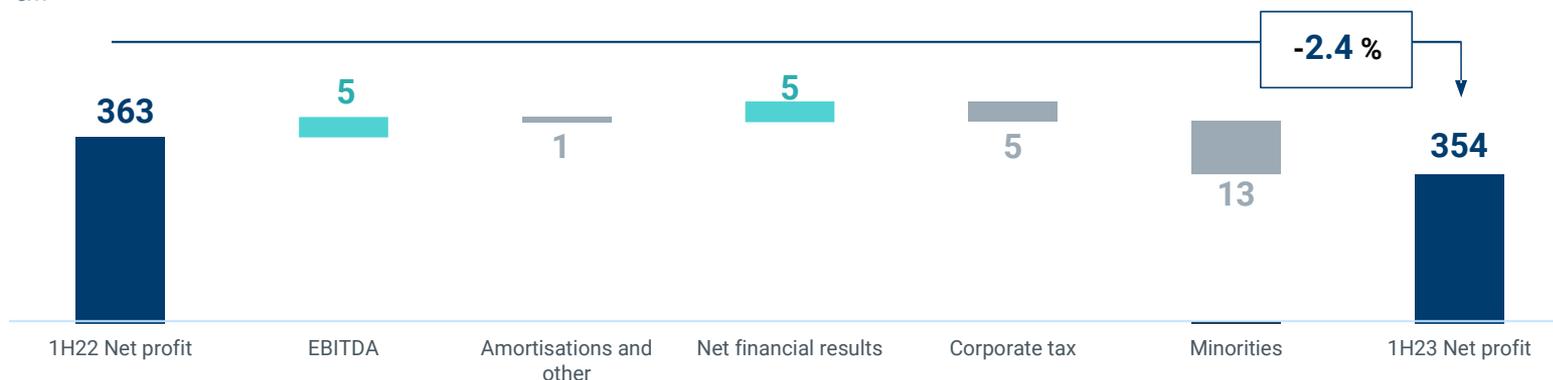


- **TSO** increases thanks to operating cost containment that offsets the reduction in regulated revenues.
- Positive contribution from **international** business due to assets commissioned and changes in accounting perimeter.
- Decreasing satellite **business** mainly because of the completion of certain video services in Brazil.
- The **fibre optic** business showed a slight decline due to higher costs linked to electricity prices.

# Net Profit decreases by 2.4 % due to higher minority interests after the sale of Reintel

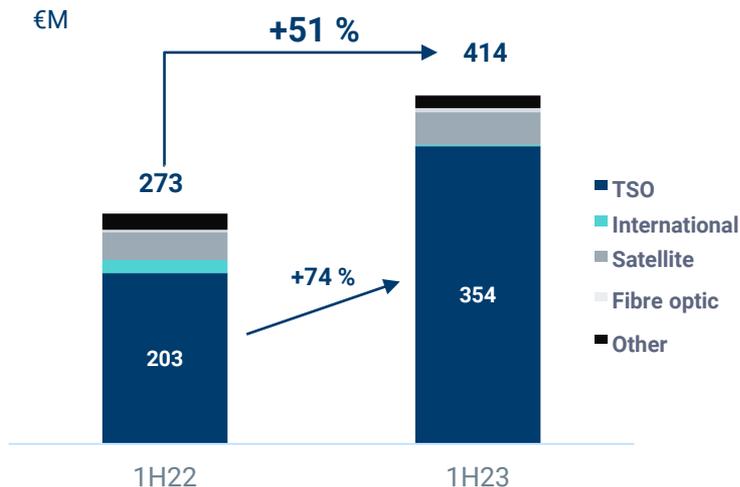
Consolidated profit before minorities increases by 1.0 % reaching € 368 M

€M



- **Amortizations and other** in line with previous year.
- Improved **financial result** due to the management of cash surpluses and lower average gross debt, partially offset by higher cost of debt (2.11 % in 1H23 vs 1.46 % in 1H22).
- **Corporate tax** increases, with higher effective tax rate mainly due to taxation associated with dividends received from group companies.
- Increase in **minority interests** following the sale of a 49 % stake in Reintel in June 2022.

# TSO investments increase by 74%, exceeding € 350 M



More than 85 % of the group's investments are eligible under European Taxonomy.

## TSO: € 354 M (+74 %)

- Development of the transmission grid amounts to €320.5 M, mainly due to the new interconnection with France.
- Storage in the Canary Islands €24.2 M.

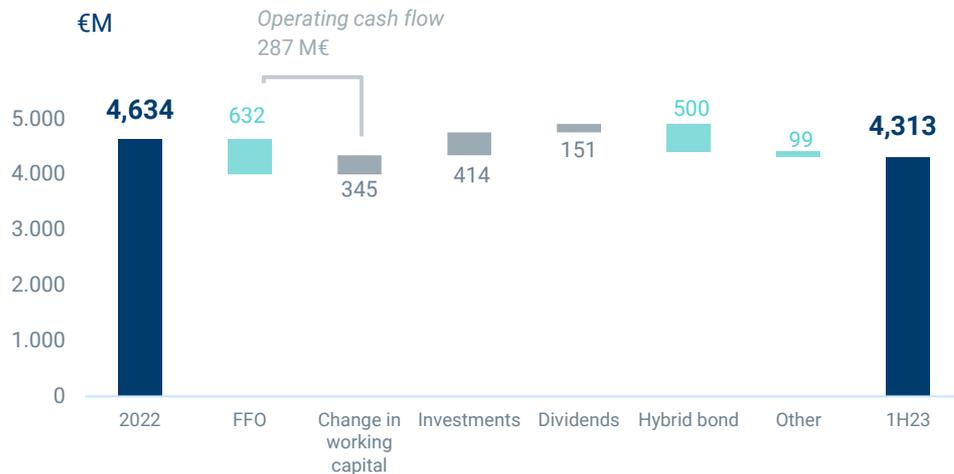
## International: € 1.5 M

- Completion of the Tesur 4 project in Peru, commissioned in January.
- Progress on the extension of the Centinela substation at Redenor 2 (Chile).

## Telecommunications: € 44 M

- Launch of the Amazonas Nexus satellite in February mainly, with commercial operation beginning on July 15.
- Implementation of the railway fibre optic renewal plan.

# Net Debt decreases by 7%, to €4,313 M



- Positive evolution of **FFO**, growing by 1.9%.
- The **change in working capital** represents an outflow of funds due to the repayment of part of the over-collection of tariffs from 2016 to 2019.
- Funds from the **green hybrid bond** issued in January.

**2.9 x**  
Net Debt/EBITDA  
2.9 x in 1H22

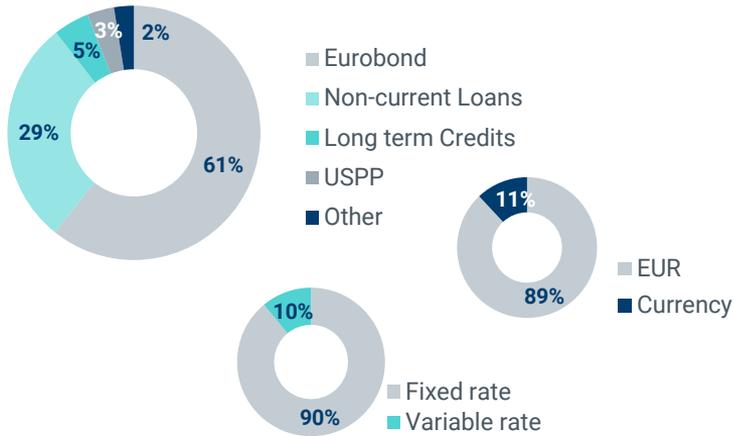
**'A-'**  
Stable outlook  
Fitch and S&P

**23.3 %**  
FFO/Net Debt\*  
26.7 % in 1H22

**Note:** including 50% of the hybrid bond as Net Debt, according to rating agencies criteria, ND/EBITDA ratio would be 3.0x and FFO/ND would be 22.0%. Calculation taking into account EBITDA and FFO for the last 12 months.

(\*) If FFO would not consider the interim corporate tax payments on account related to the capital gain from the sale of 49% of Reintel (€154M) in 4Q 2022 (this amount was classified as "Change in working capital" instead of as other cash flows and will be returned to Redeia in the coming months), the FFO/ND ratio would be 26.9%.

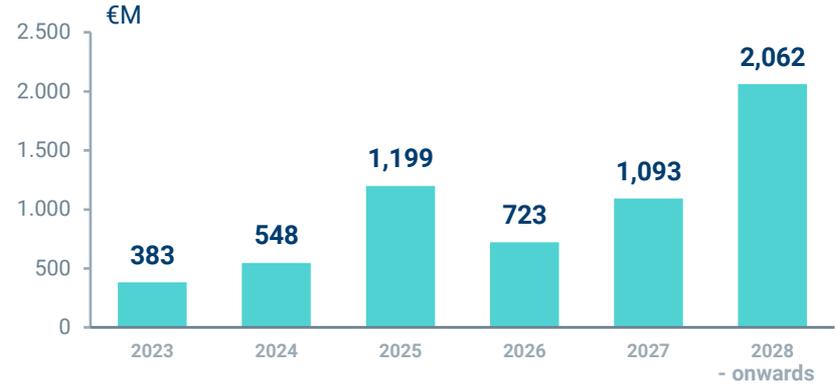
## Gross debt structure



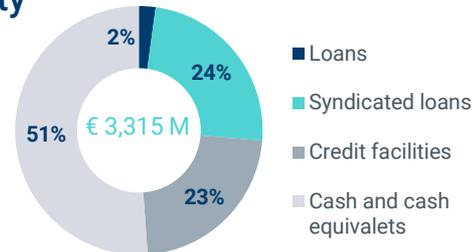
**2.11 %**  
Cost of debt  
1,46 % in 1H22

**4.7 years**  
Average life  
5.3 years in 1H22

## Maturities



## Liquidity



# Sustainable financing

Aligned with the European Taxonomy

**Green hybrid bond issuance** of €500 M to reinforce a solid capital structure, strengthening the Group's solvency and diversifying its investor base.

**OFISO 2023 Sustainable Finance Award**, recognising the commitment and leadership in sustainable finance, and Redeia's efforts to promote the use of financial resources for green, social and sustainable projects and activities.

**57 %** of financing linked to ESG criteria

**45 %** of institutional shareholding is socially responsible investment



## EU Taxonomy

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



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## First half of 2023 2023 outlook

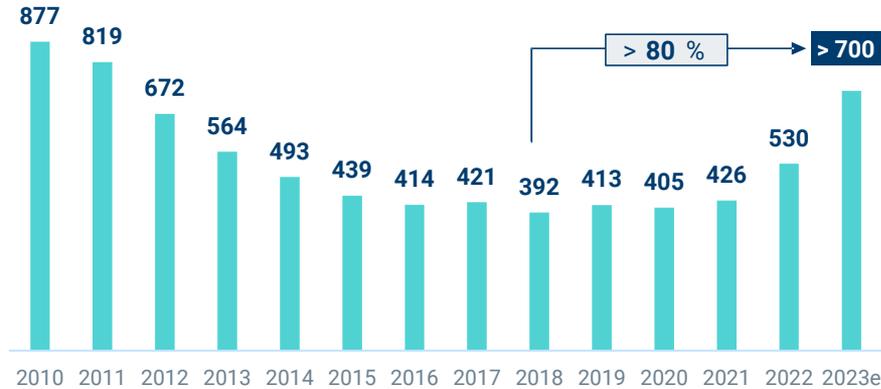


# Confirming our 2023 targets

TSO investments above € 700 M,  
Group EBITDA above € 1,500 M and Net Profit in line with 2022

## TSO Investments

M€



Accelerating capex to levels near record highs



### TSO

- Greater commissioning of assets and update in the System Operator remuneration.
- Progress of the Chira-Soria project.



### International

- Contribution of new lines acquired in Brazil and assets commissioned.



### Satellite

- Start of Amazonas Nexus commercial activity in July 2023.
- Already planned completion of certain existing video services in Brazil.



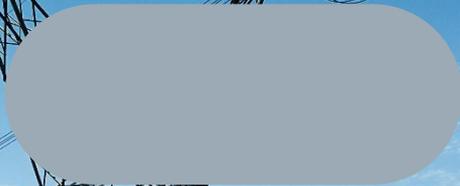
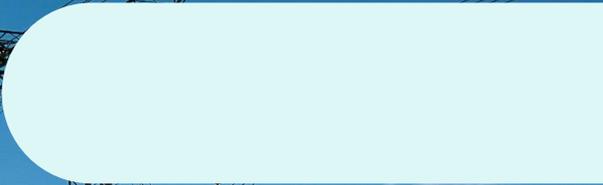
### Fibre optic

- Good performance, with income contractually protected from inflation.



4.

# First half of 2023 Progress of the Strategic Plan 2021-2025



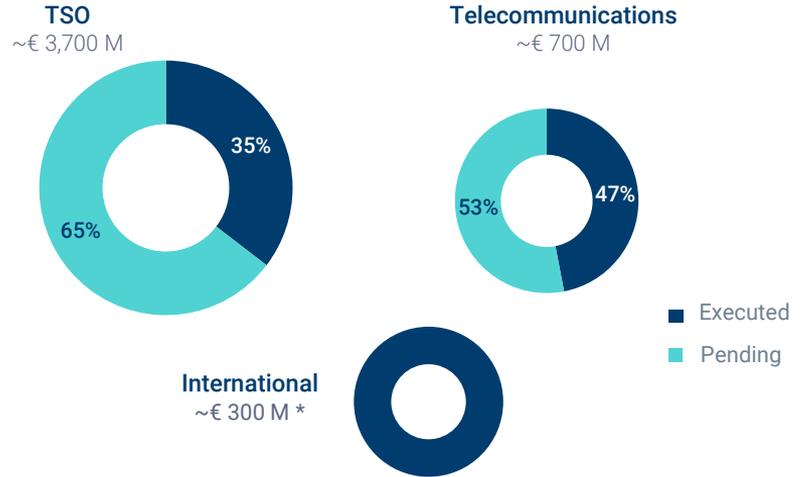
# Increased TSO investments in the period 21-25

€ 3,700 M to boost energy transition

## 2021-2025 Investments



## Progress of the period



\*International Business initial 2025 capex target: €224 M.

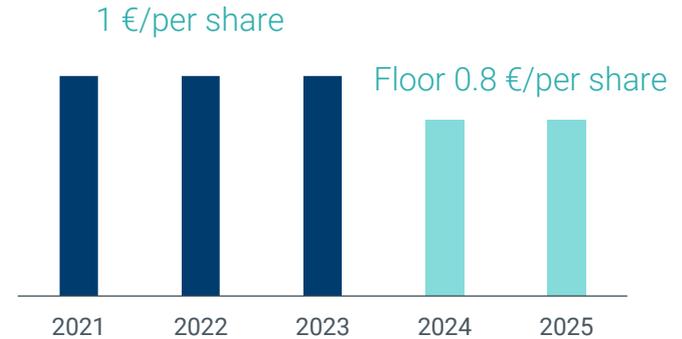
# Confirming 2021-2025 financial targets

Sound financial structure and attractive shareholder remuneration

## Financial efficiency 2025

	EBITDA MARGIN	<b>&gt;70</b> %
	FFO/Net Debt RATIO	<b>&gt;15</b> %
	Net Debt/EBITDA RATIO	<b>&lt; 5</b> x
	Maintaining a solid CREDIT RATING	

## Sustainable dividend policy





5.

Q&A  
Session

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# redeaia

Valuing the essentials

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red eléctrica

reintel

hispasat

redinter

elewit

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