redeia

El valor de lo esencial

2024 First Half Results

31 July 2024

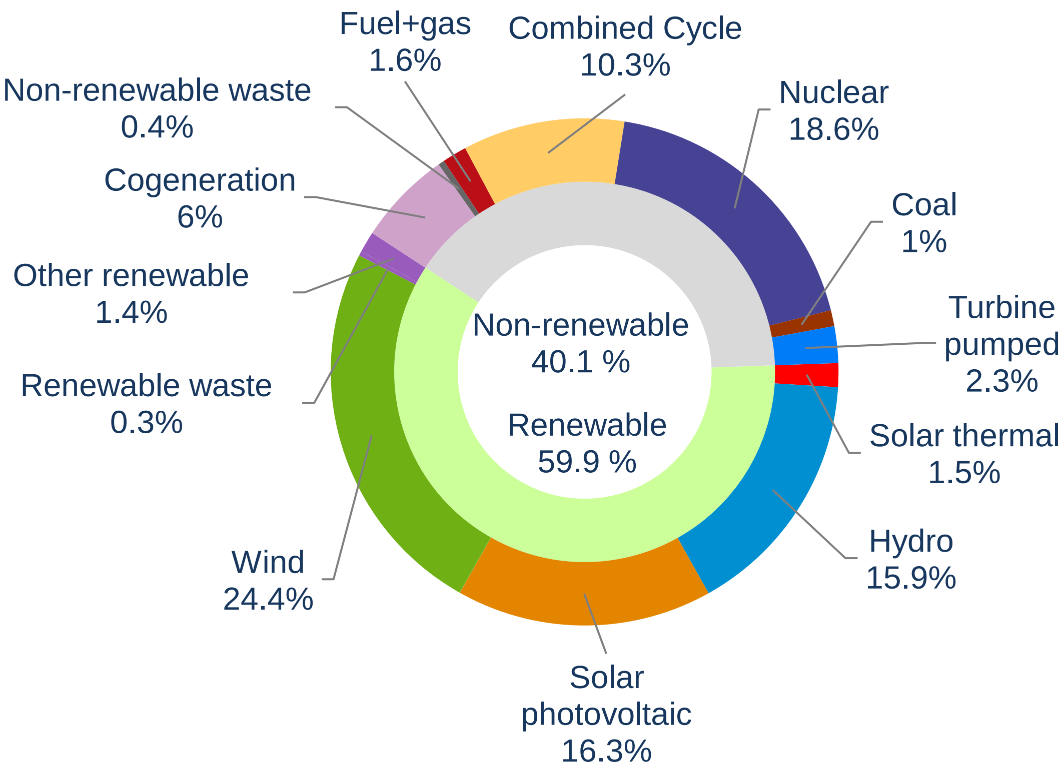
Index

1. Highlights

Unprecedented opportunity as a leader in deployment and integration of renewable energy

- **60 % of generation** in Spain comes from **renewable energies,** and 78.4 % of installed capacity comes from emission-free sources, thanks to the increase in electricity from hydro and photovoltaic.
- **Wind energy** continues to be the most important renewable technology in the national generation mix (24.4 % of the total), with wind and **solar PV** (16.3 % of the mix) registering record highs.
- **Electricity demand** in Spain grew by 0.7 % to 120.8 TWh in the first half, and by 1.4 % corrected for temperature and labour effects.
- The **average electricity price** on the spot market stood at € 39.12 MWh in the first half of 2024, 55 % below the average price recorded in 2023.

Coverage of electricity demand from January to June 2024



Updated PNIEC 2023-2030 with new and more ambitious targets...

Final document to be published soon

160 GW

Renewable installed capacity

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

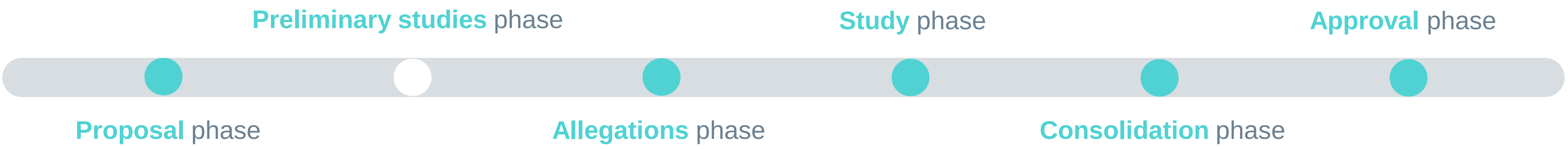
The **transmission network** will play an essential role in the energy transition to integrate renewables, reduce emissions and decrease energy dependence.

Previous target		New **2030** target
74 % Demand coverage with renewables	→	**81** % Demand coverage with renewables

* PNIEC: National Energy and Climate Plan. Data from the draft PNIEC published in June 2023.

... new Planning 2025-2030 to achieve the PNIEC objectives...

- In January, the Ministry initiated the processing of a **new Electricity Planning** that defines the electricity system in the medium and long term, in terms of generation, demand and electricity transmission grid.
- **Red Eléctrica, in its role as the sole transmission agent of the Spanish electricity system**, will execute the projects for the construction of new infrastructures or adaptation of existing ones, once authorised.
- The process is structured in 6 phases. We are currently in the **preliminary studies phase** (from 1 April 2024 to 1 October 2024): Red Eléctrica carries out the technical studies and prepares the initial development proposal that will send to the Ministry of Ecological Transition and Demographic Challenge.
- The first draft is expected in October this year and **final approval** in **2025**.



... in this context, the implementation of new investments is key for Spain

Red Eléctrica responds and will reach the largest investment in its history in 2024

- Progress in the development of international **interconnections**, new inter-island **links** and **energy storage**.
- **100 % of TSO investments** are eligible according to the **European Taxonomy**.

Increase in TSO investments up to € 421 M

+19 %
vs
1H 2023

Modification of Specific Aspects of Planning 2021-2026

- Approved in April with an **additional investment** of **€489 M.**
- Increase in the **total amount of investment** to **€7,453 M**.
- It includes **73 actions** to meet new high power, storage and renewable generation demands, as well as operational needs.
- Recovery, Transformation and Resilience Plan (**REPowerEU funds**) includes **€931 M** to finance actions included in the Planning.

Incorporating improvements in the new remuneration model

... is crucial to obtaining a reasonable return on our investments

Regulatory developments 1H 2024

- **CNMC calendar approval**, which includes the modification of Circular 2/2019 to make adjustments to the **methodology for calculating the financial remuneration rate**, to adapt it to the energy transition challenges and to enable efficient investment in networks. Hearing process scheduled for December 2024.
- **Public consultation on the financial remuneration rate** for electricity transmission and natural gas regasification for the regulatory period 2026-2031.
- **Public consultation** for the revision of the **methodology for calculating the remuneration of electricity transmission activity** in the period 2026-2031.
- **Public consultation** on the **modification of the network investment limit**.
- Preliminary Draft Law on the **CNE re-establishment**.

Relevant upcoming milestones for the TSO in the second half of 2024

Estimated dates

Public consultation on **financial remuneration rate** calculation methodology

June

Public consultation on the modification of the **network investment limit**. Public consultation on the **transmission remuneration model**.

PNIEC* 2023-2030 Update.
Law creating the **CNE**.

RD **Recovery, Transformation and Resilience Plan** grant for transmission network projects related to energy transition and decarbonisation.

Draft new **Planning 2025-2030**.

Resolution on **definitive** transmission **remuneration** for **2022** and **2023**.

Hearing for modification of CNMC Circular 2/2019 to establish **the financial remuneration rate** in the 3rd regulatory period 2026-2031.

December

* PNIEC: National Energy and Climate Plan

Consolidation of our diversification businesses

... that support the Group's growth

Redinter

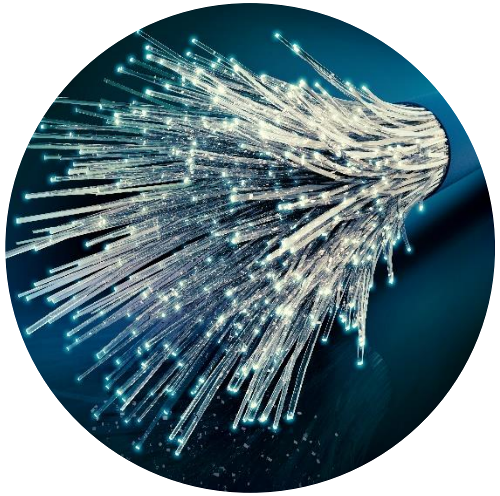
- Consolidating our platform in Latin America to continue driving sustainable development.

Reintel

- More fibre optic network to achieve universal connectivity.

Hispasat

- Boosting digital transformation through satellite connectivity.
- Commercial roll-out of the Único Rural programme, which reduces the digital divide in Spain.



2.

2024 First Half Results

Results in line with expectations...

Payment of the final dividend of € 0.7273 per share on 1 July, achieving € 1 per share.

€ **948** M
Revenues*
€ 1,064 M in 1H23

€ **681** M
EBITDA
€ 789 M in 1H23

€ **269** M
Net Profit
€ 354 M in 1H23

€ **457** M
Investments
€ 414 M in 1H23

€ **5,111** M
Net Debt
€ 4,975 M in Dec.2023

€ **693** M
FFO
€ 632 M in 1H23

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

... impacted by the end of the regulatory useful life of pre-98 assets...

Showing growth on a like-for-like basis

P&L (€M)	1H24	1H23	Δ€M	Δ%
Revenues*	948.3	1,063.9	-115.6	*-10.9*
Other income and OWC**	76.2	55.2	+21.0	*+38.1*
Operational expenses	-343.3	-329.8	-13.5	*+4.1*
Net Opex	-267.1	-274.6	+7.5	*-2.7*
Gross operating profit (EBITDA)	**681.3**	**789.3**	**-108.0**	***-13.7***
Depreciation and amortization	-267.6	-261.7	-5.9	*+2.3*
Net operating profit (EBIT)	**413.7**	**527.6**	**-113.9**	***-21.6***
Financial results	-44.0	-39.5	-4.5	*+11.3*
Profit before tax	**369.6**	**488.1**	**-118.5**	***-24.3***
Corporate tax	-84.9	-120.2	+35.3	*-29.4*
Minority interests	-15.4	-13.6	-1.8	*+13.7*
Net Profit	**269.3**	**354.3**	**-85.0**	***-24.0***

Excluding pre-98 effect in both years

€ **925** M
Revenues
€ 910 M in 1H23
+1.6 %

€ **658** M
EBITDA
€ 636 M in 1H23
+3.5 %

€ **252** M
Net Profit
€ 239 M in 1H23
+5.2 %

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

** Owned work capitalised.

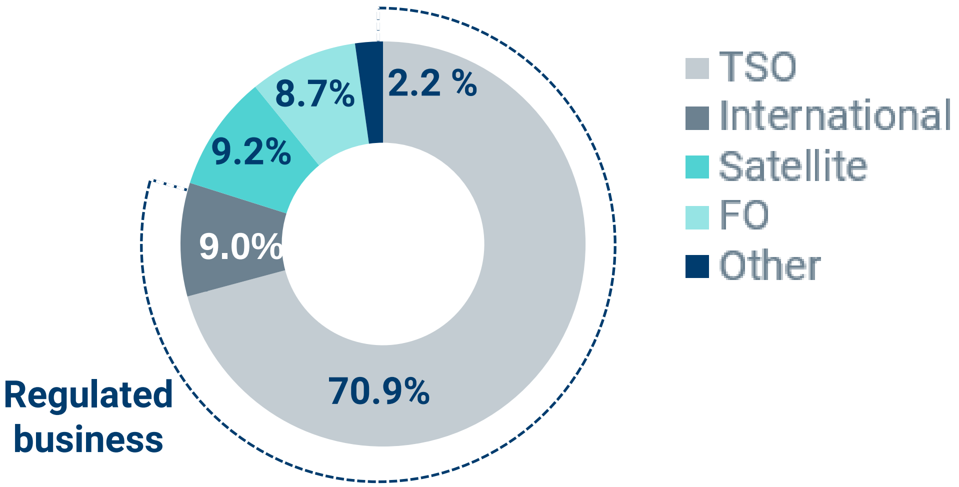
Note: Figures excluding in 2023 the financial remuneration associated with pre-98 assets (€154M gross and €115M net), and in 2024 the revenues associated with the life extension incentive (REVU) (€24M gross and €17M net). Estimated impacts as of June 2024.

... with a positive performance in the rest of the businesses

Highlighting the contribution to EBITDA from international activity

EBITDA (€M)	1H24	1H23	Δ€M	Δ%
TSO	**483.1**	605.8	-122.7	*-20.3*
International	**61.6**	54.9	+6.7	*+12.2*
Satellite	**62.9**	60.8	+2.1	*+3.5*
Fibre Optic	**58.9**	55.8	+3.1	*+5.7*
Other and consolidation adjustments	**14.7**	12.1	+2.6	*+21.6*
Total	**681.3**	**789.3**	**-108.0**	***-13.7***

1H24 EBITDA breakdown



Regulated business accounts for 80 % of EBITDA in 1H 2024

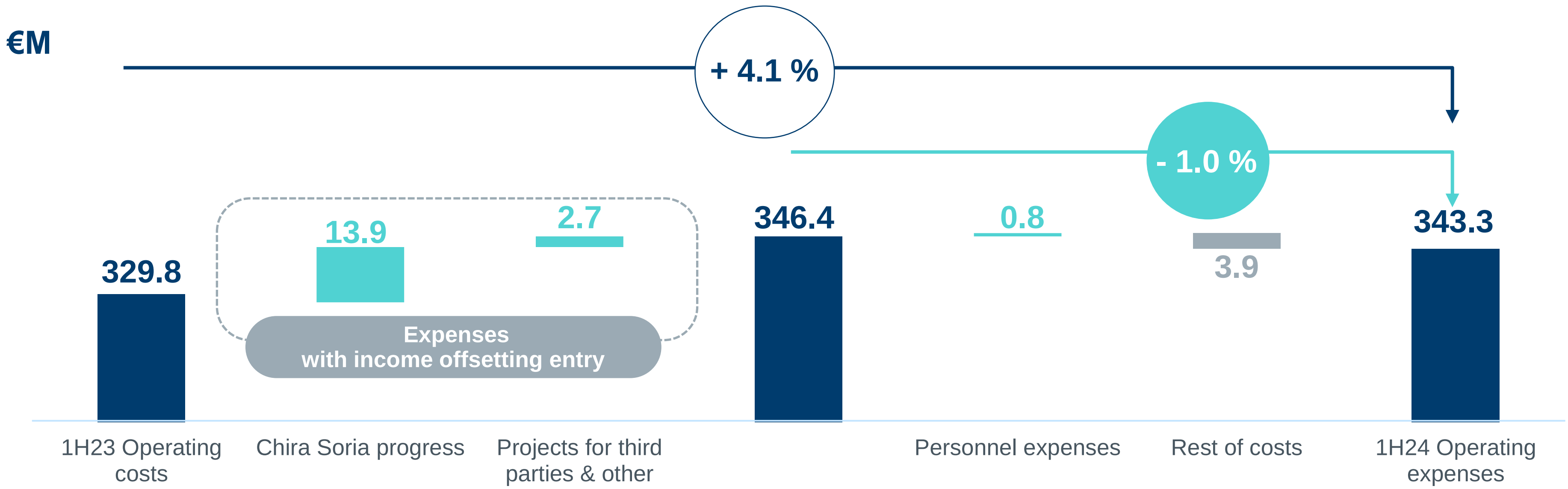
Revenues fell 10.9 % due to the impact of pre-98 assets, with a positive contribution from the rest of the businesses

Excluding pre-98 effect, revenues grow by 1.6 %

- **Regulated business Spain (-15.1 %)**: lower transmission revenues due to the end of the regulatory useful life of pre-98 assets. Excluding this effect, revenues grew by 1.1 %.
- **International (+5.1 %)**: due to better performance mainly from Brazil.
- **Satellite business (+4.4 %)**: thanks to the contribution of Amazonas Nexus.
- **Fibre optic business (+1.4 %)**: positive evolution due to inflation-linked contracts.

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

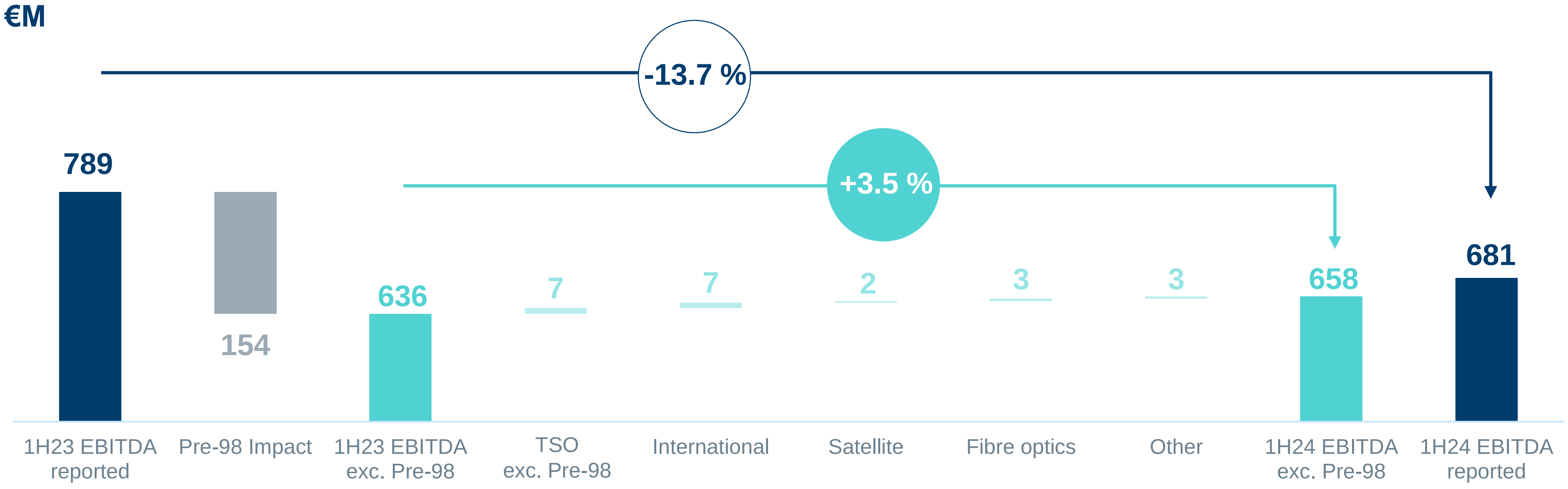
Containment of operating costs



- Higher **expenses with offsetting in other operating income**, such as Chira Soria due to higher work progress and costs of projects for third parties.
- **Personnel expenses** increase due to a higher average headcount, partially offset by the non-recurring effect of the new collective agreements recorded in 1H 2023.
- Reduction in **the rest of supplies and other operating expenses** due to lower asset maintenance at the TSO (-€6M), as a result of the completion of an extraordinary plan in 2023, partly offset by higher expenses on European projects for the System Operator.

EBITDA decreases impacted by the TSO

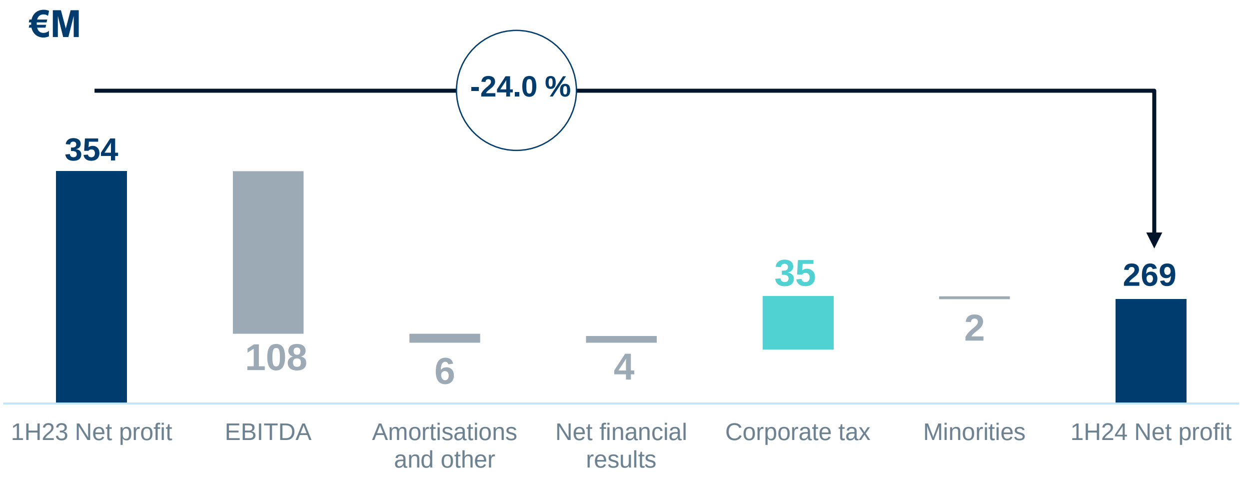
Excluding pre-98 effect, EBITDA grows by 3.5%

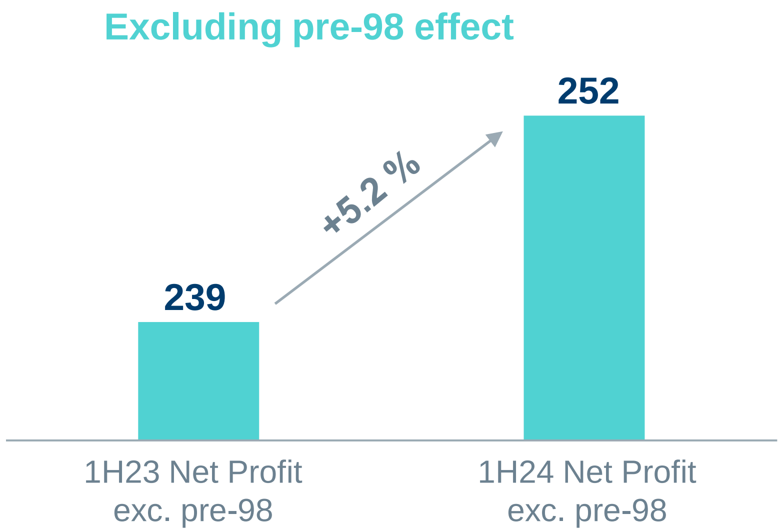


- Lower contribution from **TSO** due to the impact of pre-98 assets, without this effect it grows by € 7M (+1.6%).
- **International business** increased due to the good performance of Peru and Argo (Brazil).
- Growth in the **satellite business** thanks to the contribution from Amazonas Nexus and revenues from the entry of the Unico programme, partially offset by higher operating expenses.
- **Fibre optic business** grew reflecting the impact of inflation on contracts and operating cost containment.

Net Profit performance in line with expectations

Excluding pre-98 effect increases by 5.2 %

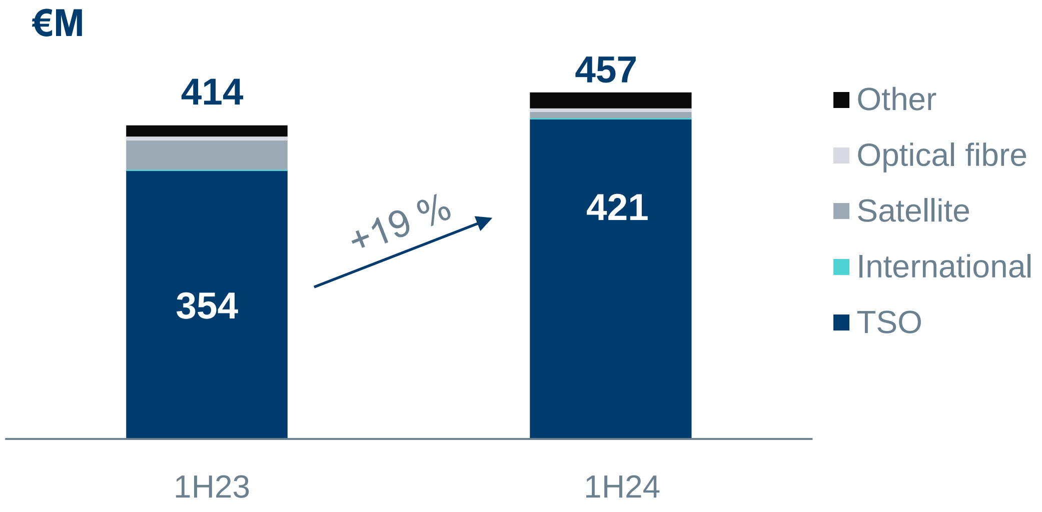




- Higher **amortisations and other**, mainly in the satellite business due to Amazonas Nexus, partially offset by higher subsidies associated with the Unico programme.
- **Financial results** worsened due to higher cost (2.22% vs. 2.11% in 1H23) and higher average gross debt, partly offset by the management of existing liquidity, which led to an increase in financial revenues.
- **Corporate income tax** decreases due to a lower pre-tax result.
- Slight increase in **minority interests**.

TSO investments increase by 19 %

More interconnections and storage to advance the energy transition



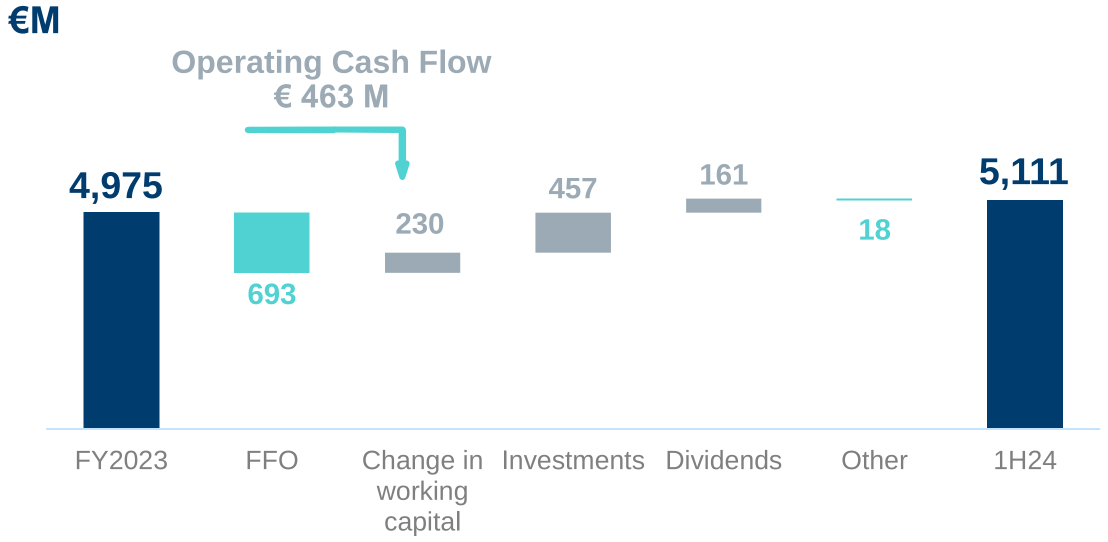
Progress of strategic TSO projects

- Progress in **interconnection with France** (€75M 1H24).
- Administrative Authorisation enabling civil works on the **Peninsula-Ceuta Interconnection**.
- **Galicia-Portugal interconnection**. Commissioning of the Beariz substation and the Beariz input-output line.
- Commissioning of the **Güeñes-Itxaso line**, 147 km of circuit.
- **Chira-Soria pumping station**, civil works continue on the hydraulic pipeline (€39.7M 1H24).

More than 92 % of Group investments are eligible under the European Taxonomy

Focus on balance sheet strength

Net Debt increases by 2.7%



3.9 x
ND/EBITDA

20.3 %
FFO/ND

'A-'
Stable outlook
Fitch and S&P

- **FFO** increased by 9.6% due to the collection of the 2022 income tax refund (€193M), mainly related to the capital gain on the sale of Reintel.
- The **change in working capital** represents a cash outflow of €230M, with a €122M repayment of excess tariffs collected in previous years.

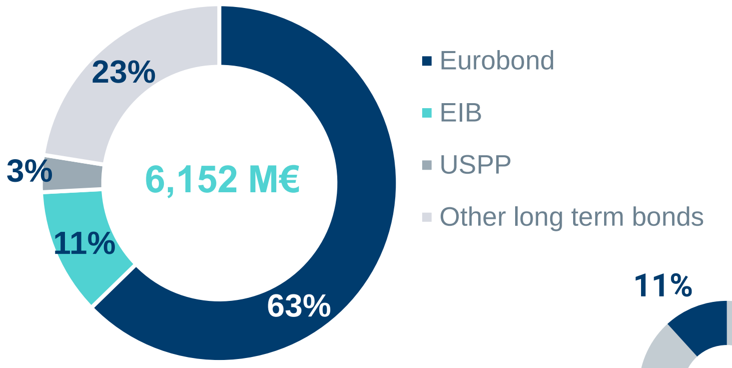
Note: the ratios have been calculated taking into account EBITDA and FFO for the last 12 months.

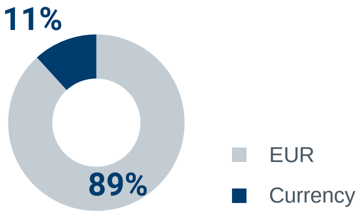
The ratios do not include the *Rating* Agencies' methodology adjustments, among others, the hybrid bond.

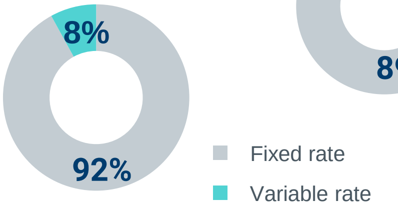
Sound financial structure and comfortable liquidity position

Strengthening our sustainable financing with a new green bond issuance, reaching 66 % of ESG-linked financing

Gross debt structure



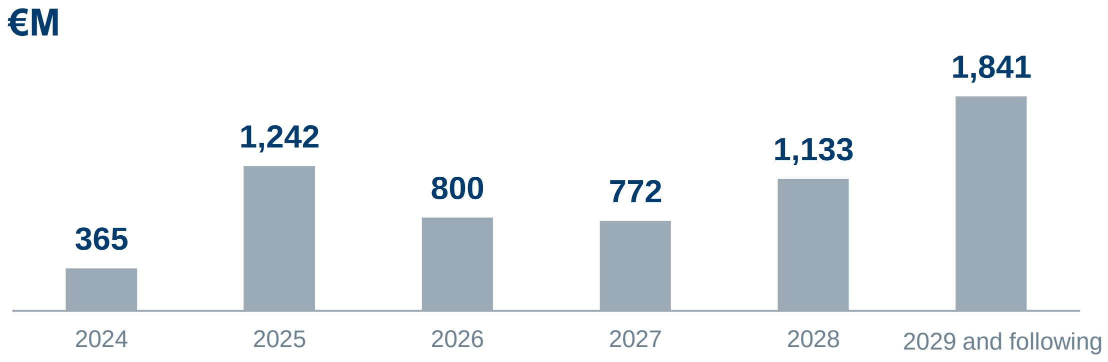




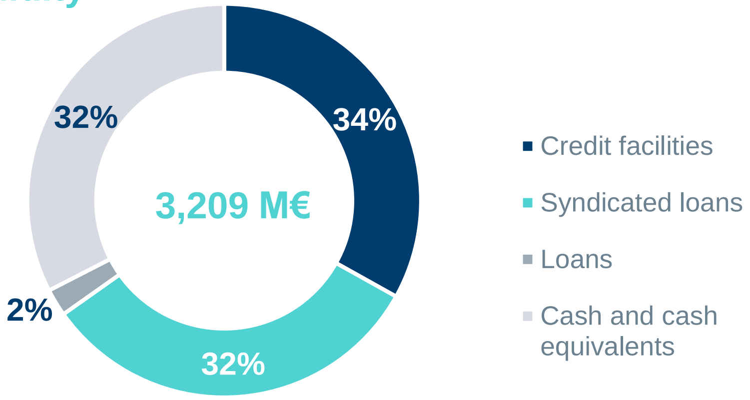
2.22 %
Cost of debt
2.11 % in 1H23

4.6 years
Average life
4.7 years in 1H23

Maturities



Liquidity

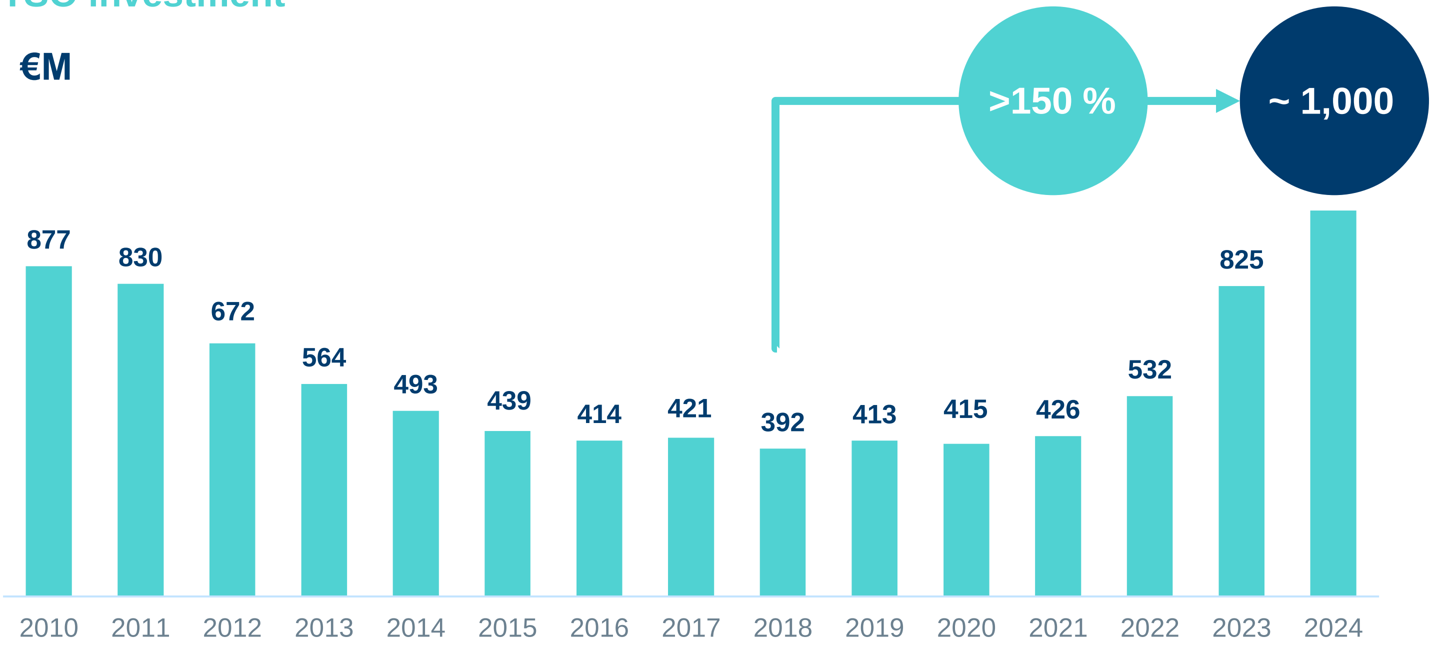


3. Outlook for 2024

2024: base year for future growth

Significant TSO investment acceleration by assuming its responsibility as the backbone of the energy transition

TSO investment



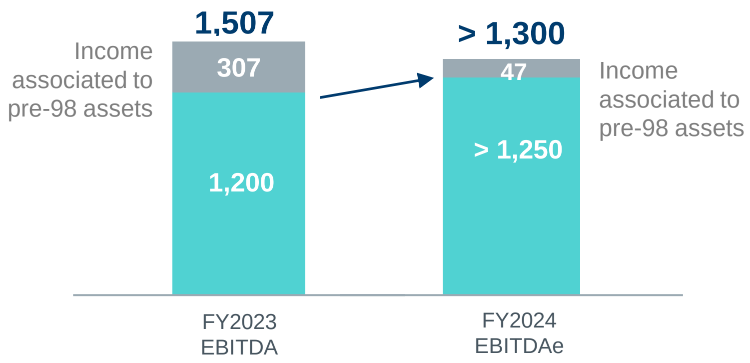
> € 1,000 M/year estimated gross investment in the coming years

2024 results affected by termination of pre-98 assets

2024 Estimated results

EBITDA	> € 1,300 M
Net Profit	~ € 500 M
Net Debt [1]	~ € 5,700 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[2] recognition for these facilities (+ € 47 M).

International

- Consolidation of the platform after completion of ongoing projects.

Satellite

- Full year contribution of Amazon Nexus and the Unico Programme at revenue level.

Fibre Optic

- Good performance, with revenues contractually protected from inflation.

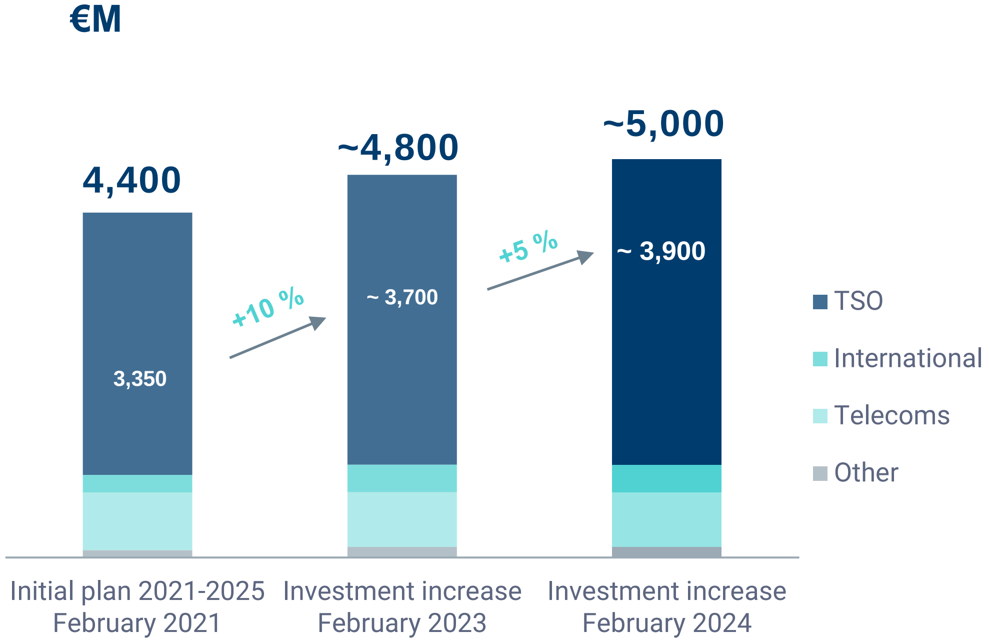
1) Not including hybrid debt, in accordance with IFRS criteria.
2) REVU: Remuneration for extension of useful life.

4. Progress on Strategic Plan 2021-2025

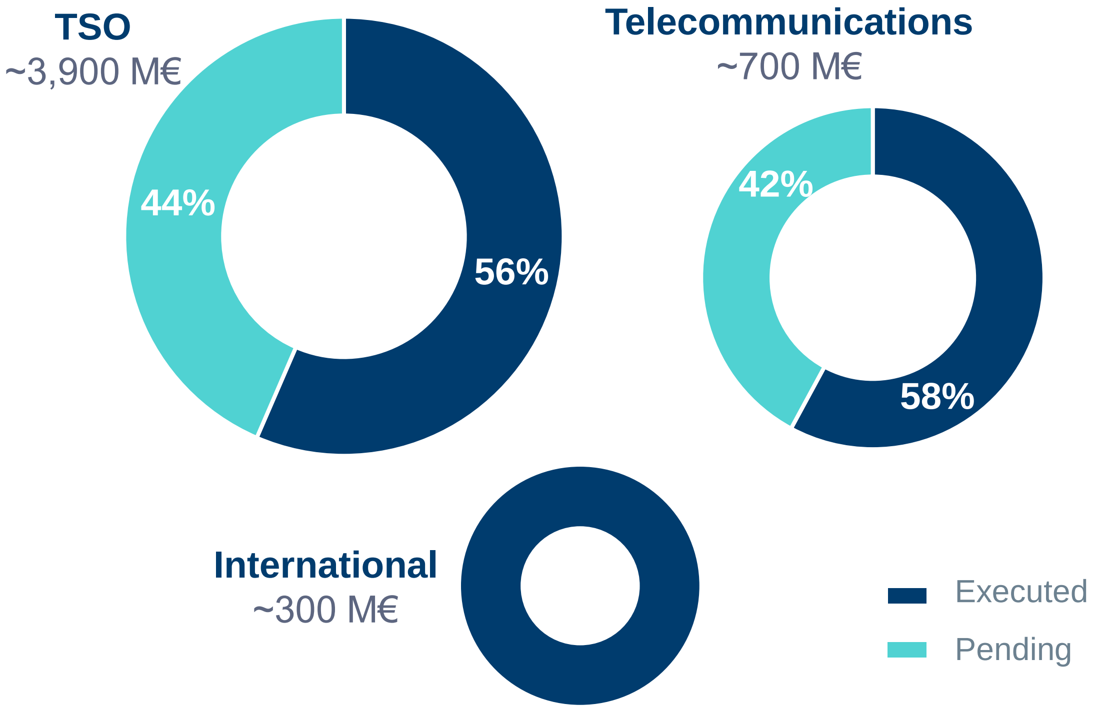
TSO investments of €3.9 Bn following the modification of the current National Transmission Plan

Redeia's total investment of €5 Bn in the period 2021-2025

Investments 2021-2025



Progress 2021-1H24



Confirming our financial targets 2021-2025

Sound financial structure and attractive shareholder remuneration

Financial Efficiency 2025

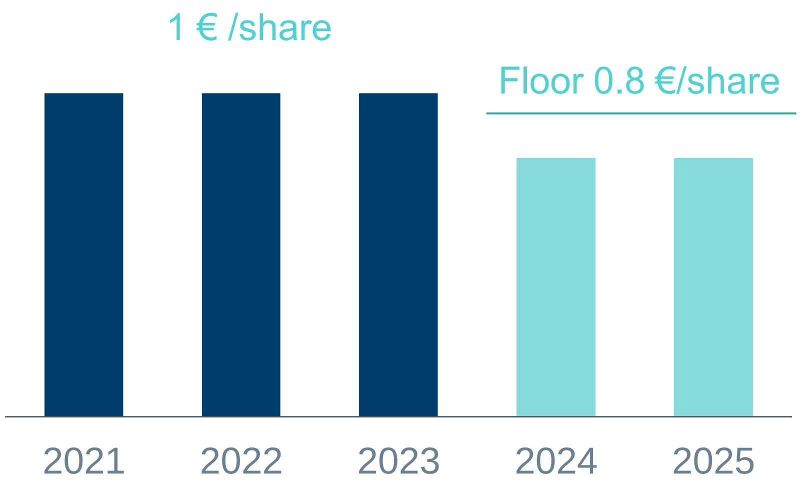
MARGIN
EBITDA >70 %

RATIO
FFO/Net Debt >15 %

RATIO
Net Debt/EBITDA <5 x

MAINTAINING A SOLID
Credit rating

Sustainable dividend policy



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Valuing the essentials

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