



Q1 2023 Results

April 2023

redeia
Valuing the essentials

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1.

Q1 2023 Highlights & Results



Highlights



TSO

- Agreement between CNMC and CRE on the distribution of the financing of **the Spain-France interconnection** through the Bay of Biscay.
- **Investments increase by 33%** compared to Q1'22. Progress in civil works at the **Chira Soria plant**.
- Issuance of **€500 million green hybrid bond** with annual fixed coupon of 4.625 %. It will be allocated to the execution of the 2021-2026 National Infrastructure Plan.



International Business

- Progress in the expansion of the Centinela substation in **Redenor 2** (Chile).
- Completion of the **Tesur 4** project in Peru, commissioned last January.



Satellite business

- Successful **Amazonas Nexus** launch on February 7, with commercial operation expected in the summer.

Stable results in a complex macroeconomic environment...

Dividend proposed to the General Shareholders Meeting amounts to € 1 per share, fulfilling our commitment with the market

€537 M
Revenues*
€512 M in Q122

€402 M
EBITDA
€395 M in Q122

€180 M
Net profit
€182 M in Q122

€155 M
Investments
€121 M in Q122

€4.436 M
Net Debt
€4.634 M Dec 22

€363 M
FFO
€348 M in Q122

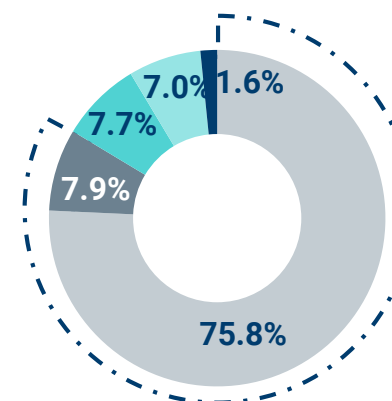
€0.2727 per share
Distribution of interim dividend
9 January 2023

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

... with a solid contribution from international business

| P&L (€ M) | Q123 | Q122 | Δ M€ | Δ % |
|--|--------------|--------------|-------------|-------------|
| Revenues* | 537.2 | 512.4 | 24.8 | 4.8 |
| Other income and OWC** | 28.6 | 15.5 | 13.2 | 85.3 |
| Operating expenses | -164.0 | -132.5 | -31.6 | 23.8 |
| Net operating expenses | -135.4 | -117.0 | -18.4 | 15.7 |
| Gross operating result (EBITDA) | 401.8 | 395.4 | 6.4 | 1.6 |
| Depreciation and amortisation | -130.2 | -130.1 | -0.0 | 0.0 |
| Net operating profit (EBIT) | 271.6 | 265.3 | 6.4 | 2.4 |
| Net financial results | -24.5 | -23.5 | -1.0 | 4.2 |
| Profit before tax | 247.2 | 241.8 | 5.4 | 2.2 |
| Corporate tax | -59.5 | -59.1 | -0.4 | 0.7 |
| Non-controlling interests | -7.3 | -0.7 | -6.7 | - |
| Profit/(Loss) for the year | 180.4 | 182.1 | -1.7 | -0.9 |

| EBITDA (€ M) | Q123 | Q122 | Δ €M | Δ% |
|-------------------------------------|--------------|--------------|------------|------------|
| TSO | 304.4 | 306.3 | -1.9 | -0.6 |
| International | 31.8 | 21.9 | 9.9 | 45.0 |
| Satellite | 31.1 | 34.7 | -3.6 | -10.5 |
| Fibre optics | 28.2 | 28.1 | 0.2 | 0.6 |
| Other and consolidation adjustments | 6.3 | 4.4 | 1.9 | 42.0 |
| Group total | 401.8 | 395.4 | 6.4 | 1.6 |



More than 83 % related to regulated business

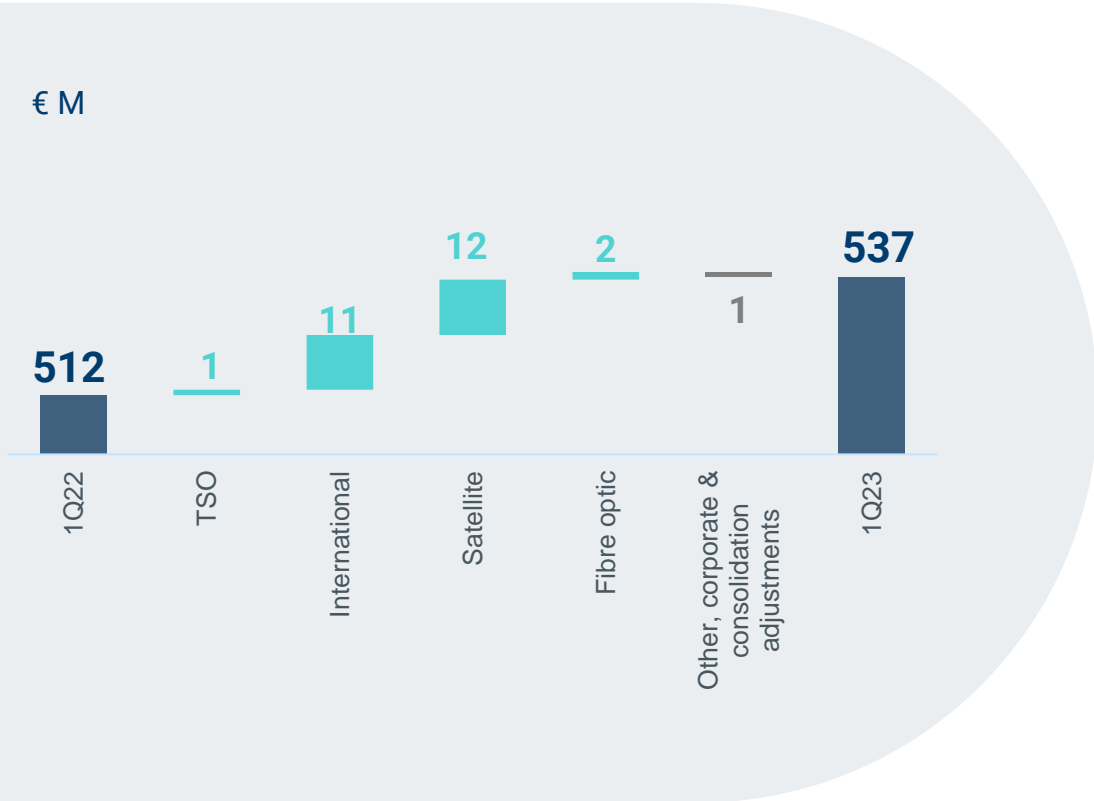
- TSO
- International
- Satellite
- FO
- Other

NOTE: Other operating income and operating expenses include the income and costs associated with the construction of Chira-Soria amounting to € 15.0 M and € 13.3 M respectively.

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

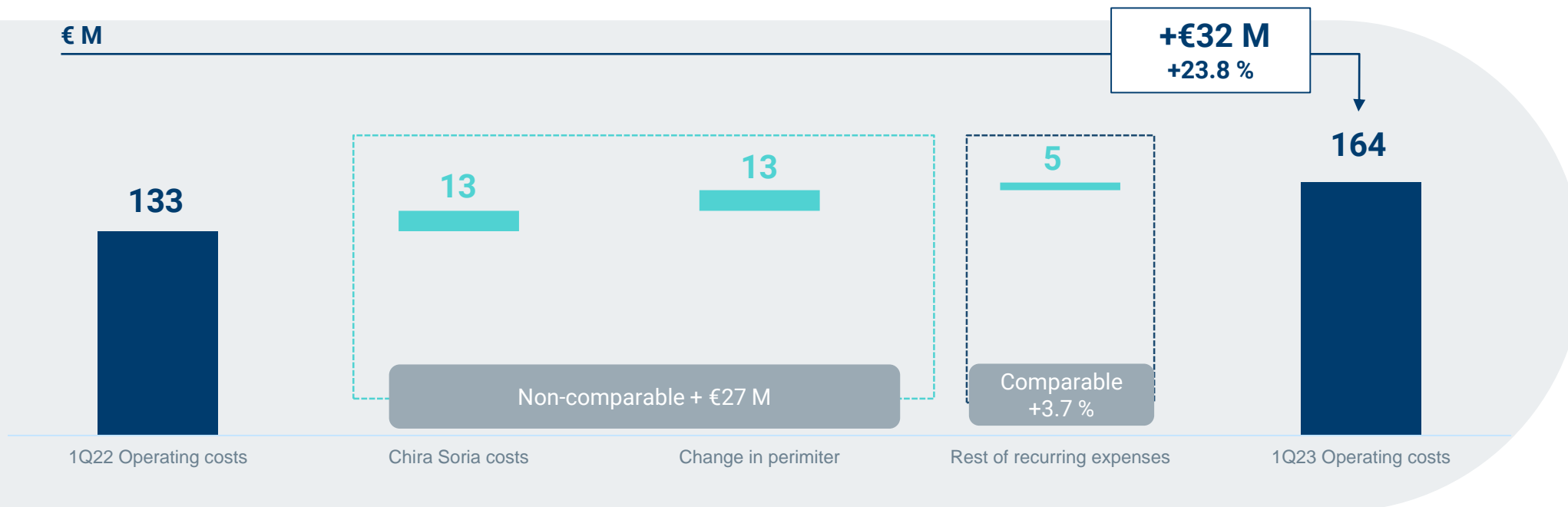
** OWC: Own work capitalised.

Revenues increase by 4.8 %, with growth in all businesses



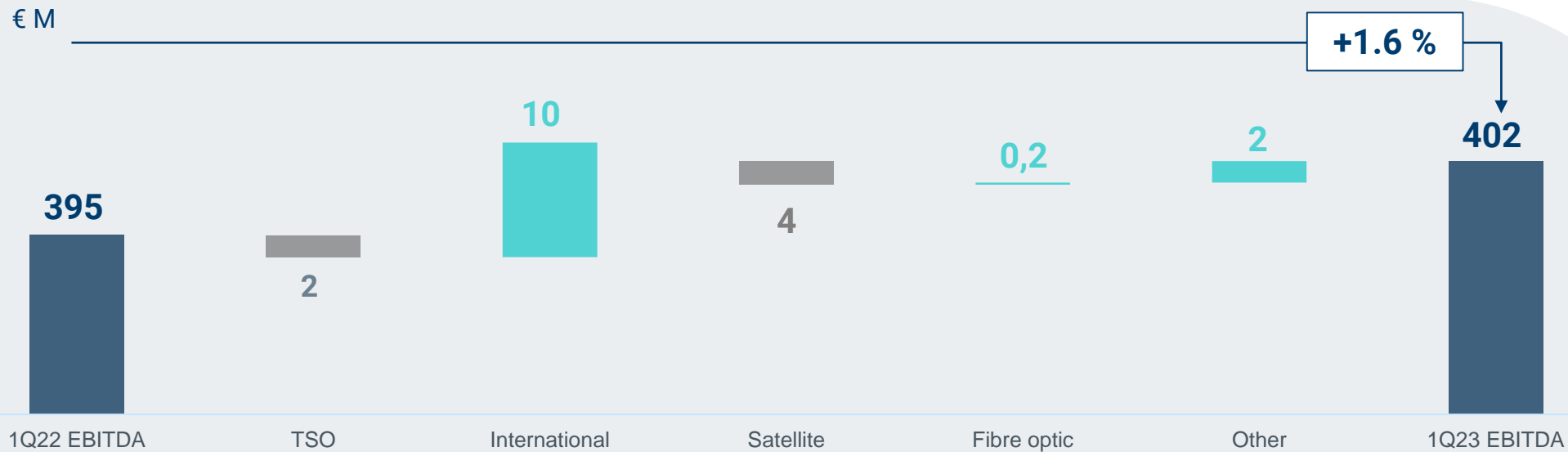
- Regulated business in Spain (+0.3%):** positive contribution from the System Operator, following the review of parameters for the period 2023-25 (+ €1.5 M), and increased projects for third parties, partially offset by the fall in transmission activity after final tariff orders for 2016 to 2019 (- €1.4 M).
- International Business (+43.2%):** commissioned facilities in Chile and Peru (Redenor and Tesur 4), positive contribution from the 5 new lines in Brazil and good results from TEN in Chile.
- Satellite business (+22.7%):** positive evolution mainly due to Axess incorporation. In opposite direction, lower revenues due to planned completion of certain video services in Brazil.
- Fibre optic business (+4.4%):** positive evolution due to inflation-linked contracts.

Containment of comparable operating costs, increasing by 3.7 % in a high-inflation environment



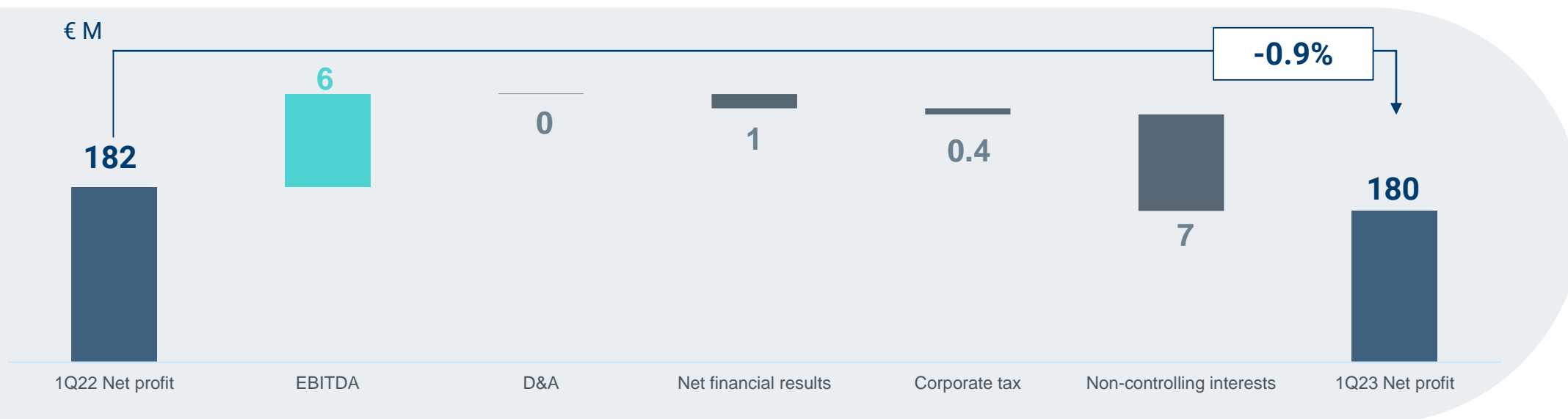
- **Chira-Soria construction costs** of €13.3 M not contemplated in Q122. At the same time, income of €15 M was recorded under "Other income and OWC" in the income statement.
- Costs associated with **change in perimeter** €13.3 M, mainly due to the incorporation of Axess in August 2022.
- **Comparable costs** affected by higher personnel and maintenance expenses.

EBITDA increases by 1.6 % driven by the international business



- Decline in **TSO** activity primarily due to higher maintenance costs.
- Significant contribution from **international business**, mainly due to assets commissioned and changes in the accounting perimeter.
- Decreasing **satellite business EBITDA** due to the completion of certain video services in Brazil, already known.
- The **fibre optic** business presented a stable contribution.

Net Profit decreases by 1 % due to higher non controlling interests after the sale of Reintel

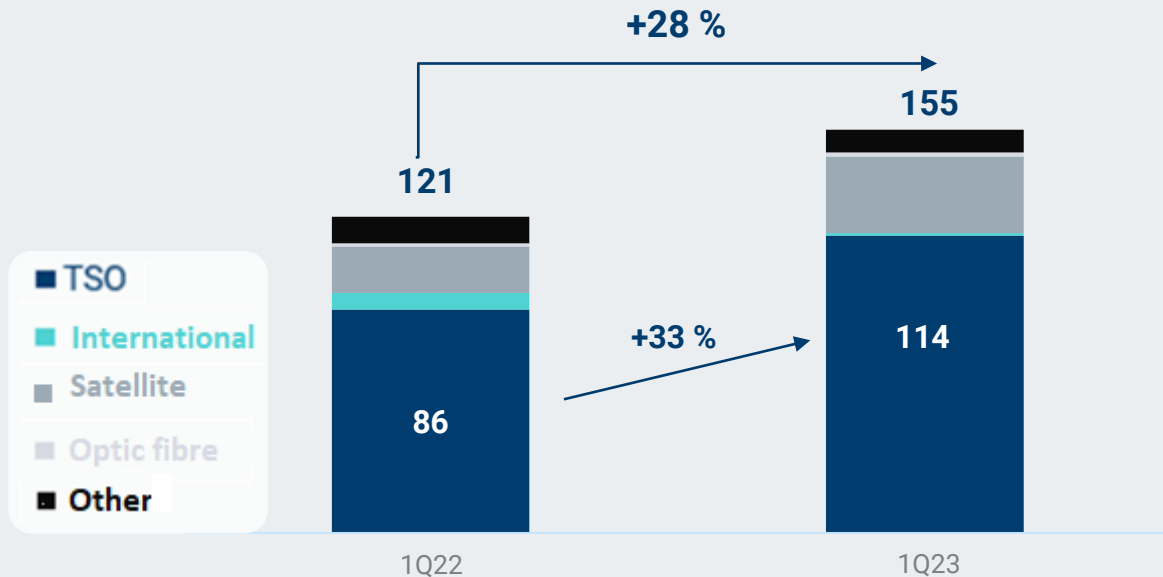


- **Amortizations** in line with the previous year.
- **Financial result** shows a higher average cost of debt (+2.08%), offset by lower average gross debt and higher financial revenues due to the management of cash surpluses.
- **Corporate tax** was slightly lower than in the previous year, with a tax rate of 24.1% vs 24.4% in Q122.
- Increase in **minority interests** following the sale of a 49% stake in Reintel in June last year.

Group investments reached € 155M, with strong TSO growth

c.75 % of investments eligible according to European Taxonomy

€ M



TSO: € 114 M (+33.2 %)

- Development of the transmission grid amounting to €95.1 M.
- Storage in the Canary Islands €15.0 M.

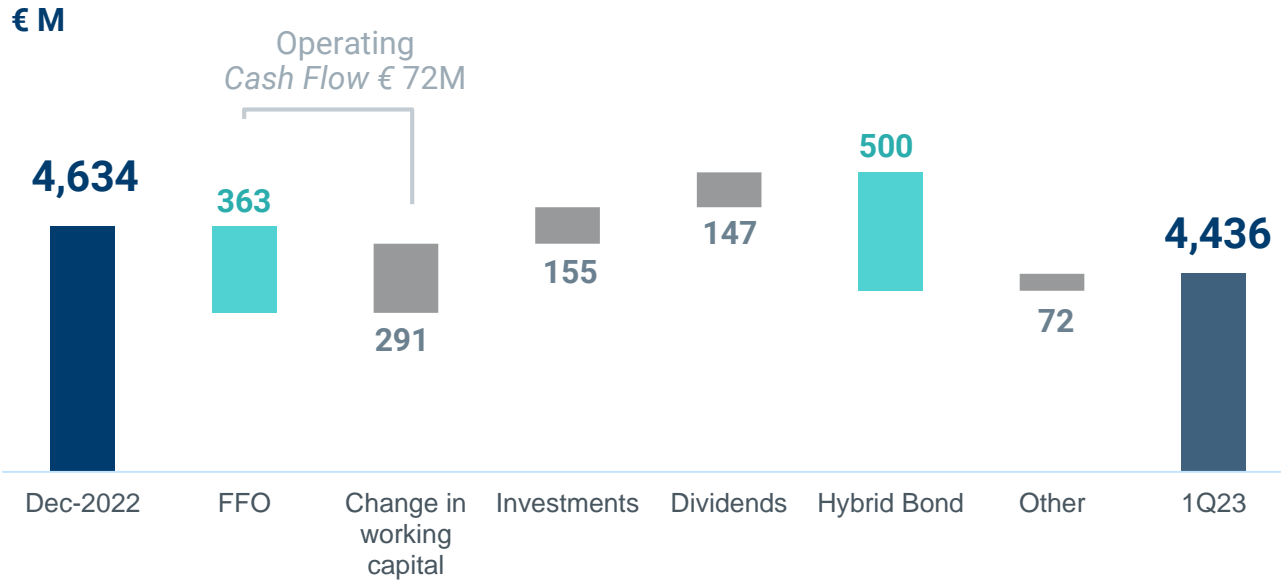
International: € 1.0 M

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

Telecommunications: € 31 M

- Mainly the launch of Amazonas Nexus satellite in February, expected to start commercial operation in the summer.
- Execution of the railway fibre optic renewal plan.

Decrease in Net Debt to € 4,436 M (-4.3 %)



- Positive evolution of **FFO**, growing by 4.3%.
- The **variation in working capital** represents an outflow of funds due to the repayment of part of the tariff over-collection from 2016 to 2019.
- Funds from the **green hybrid bond** issued in January.

3.0 x
ND/EBITDA
3.7 x in Q122

22.7 %
FFO/ND*
21% in Q122

'A-'
Stable outlook
Fitch and S&P

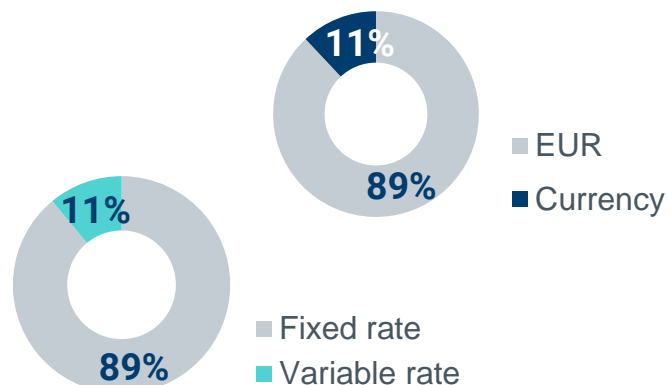
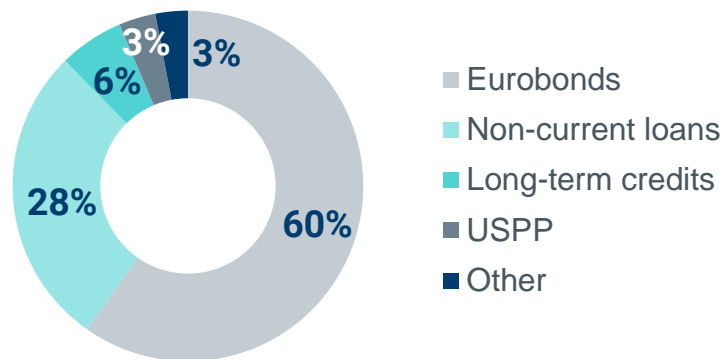
Note: Including 50% of the hybrid bond as Net Debt, according to rating agencies criteria, ND/EBITDA ratio would be 3.1x and the FFO/ND ratio would be 21.5%.

Calculation taking into account EBITDA and FFO for the last 12 months.

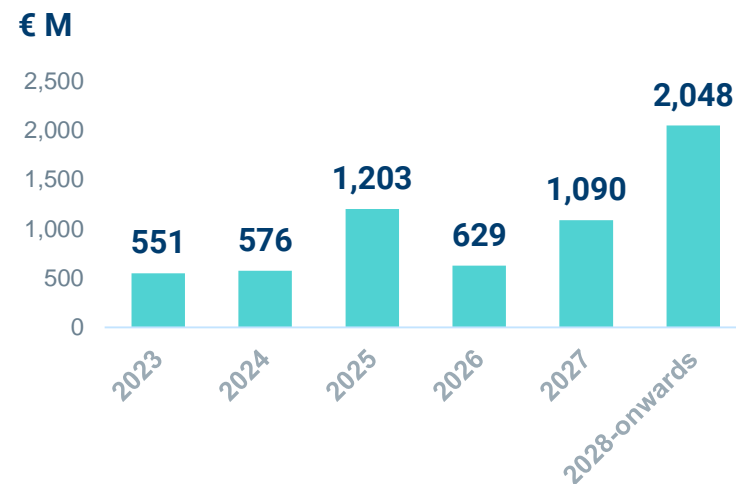
(*) If FFO would not consider the income tax payments on account related to the capital gain from the sale of 49% of Reintel (€154 million) in Q4 2022 (this amount was classified as "Change in working capital" rather than as other cash flows and will be returned to Redeia in the coming months), FFO/ND ratio would be 26.2%.

Solid financial structure and liquidity position with a comfortable maturity profile

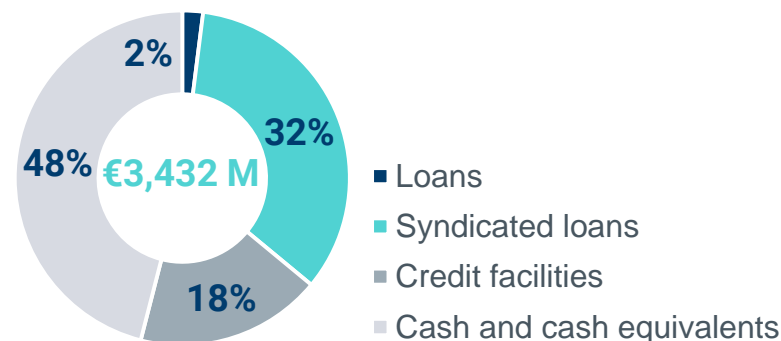
Gross debt structure



Maturities



Liquidity



46%
ESG financing*
42 % in Dec 2022

4.8 years
Average life
5.5 years in Q122

2.08%
Cost of debt
1.46 % in Q122

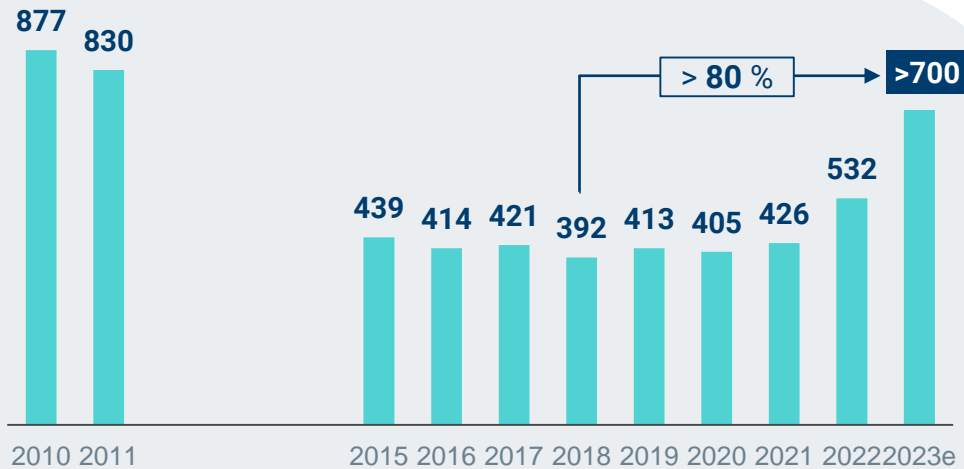
3.

Outlook for 2023

2023 turning point year in the TSO

Accelerating investments to levels near record highs

TSO Investments



2023 EBITDA exceeding € 1.500 M and Net profit in line with 2022

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 scheduled for September 2023.
- Already planned completion of certain existing video services in Brazil.

Fibre optic

- Good performance, with income contractually protected from inflation.

4.

Progress on the 2021-2025 Strategic Plan

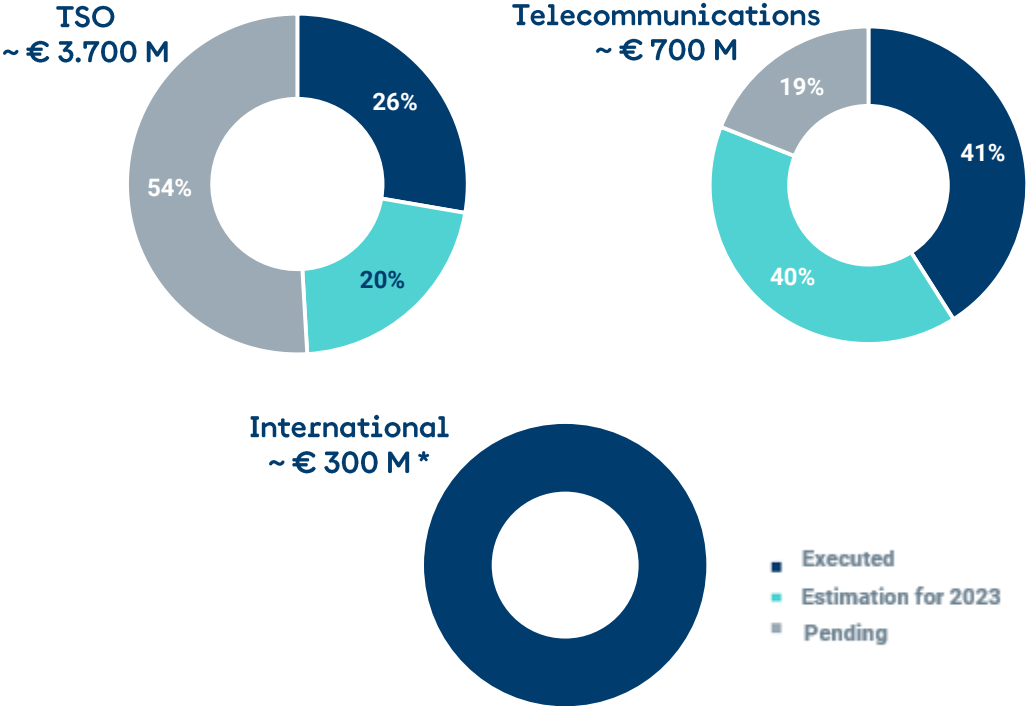
Increased investment target in the regulated domestic business by 2025

Boosting TSO investments. catalyst for energy transition

Capex 2021-2025



Progress of the period



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

Attractive shareholder remuneration and sound financial structure

Financial efficiency 2021-2025

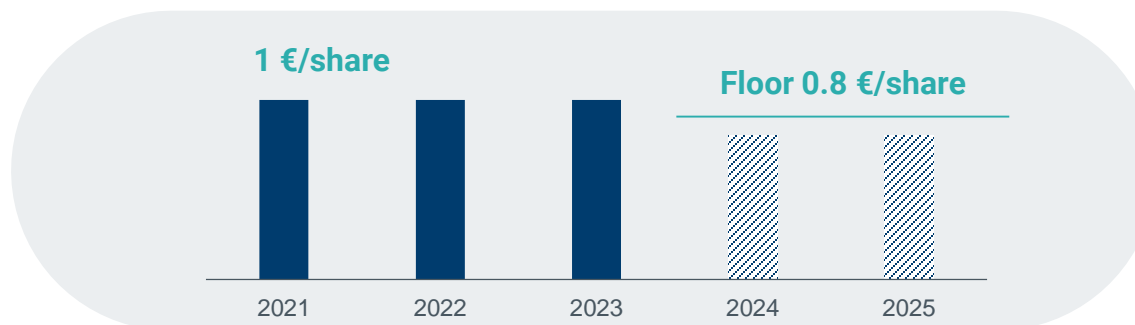
| | 2022 | 2023e | 2025e |
|------------------|-----------------------|-----------------------|---------|
| | Actual | Estimate | Targets |
| EBITDA Margin | 73.7 % | > 72 % | > 70 % |
| FFO / Net Debt | 21.3 % ⁽¹⁾ | > 21 % ⁽²⁾ | > 15 % |
| Net Debt/ EBITDA | 3.1x | ~ 3.6x ⁽²⁾ | < 5 x |

(1) If FFO would not consider corporate income tax payments on account related to the capital gain from the sale of 49% of Reintel (€154 million) in Q4 2022 (this amount was classified as "Change in working capital" rather than as other cash flows and will be returned to Redeia in the coming months), FFO/ND ratio would be 24.7%.

(2) Following the rating agencies' methodology (including 50 % of the hybrid bond as financial debt) the FFO/Net Debt ratio is > 20 % and the Net Debt/EBITDA ratio would reach 3.8x in 2023.

Sustainable dividend policy

Aligned with the company's strategy.
demanding in terms of investments. and in a complex macroeconomic environment.



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