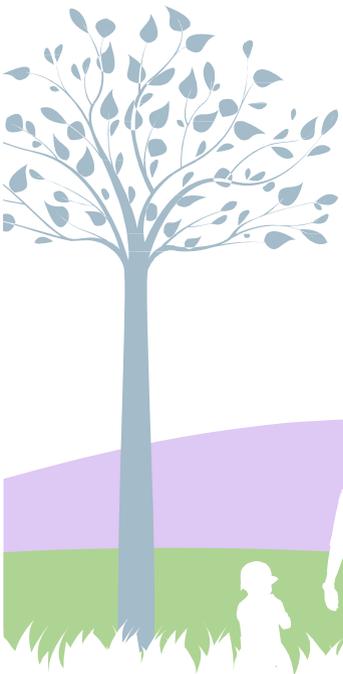


**RED ELÉCTRICA**  
CORPORACIÓN

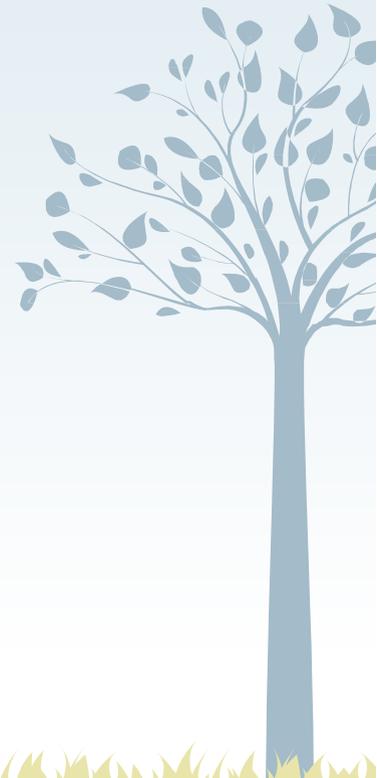
**Shareholders'  
General Meeting  
2013**

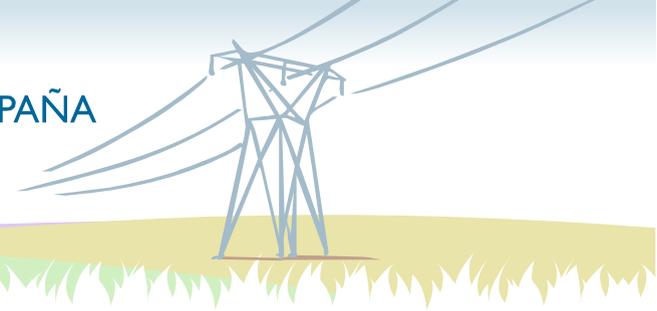




# **RED ELÉCTRICA** DE ESPAÑA

**In 2012, we  
returned a robust  
financial  
performance  
in a challenging  
economic and  
energy environment.**

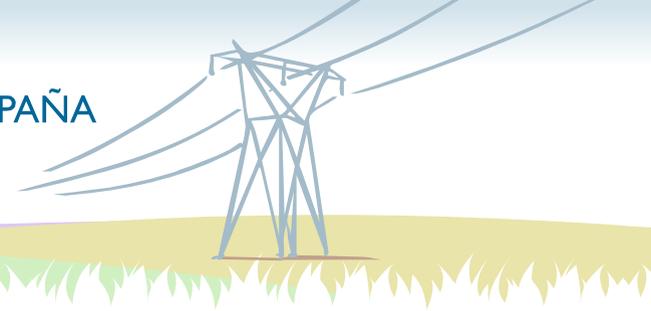




## ECONOMIC RECOVERY

### The foundations of sustainable growth

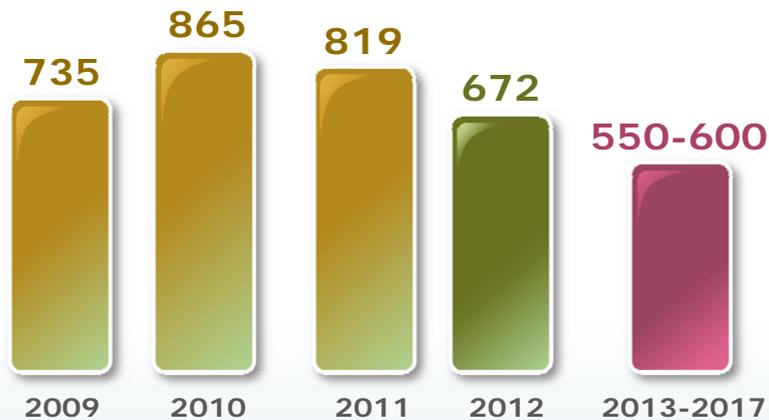
- 1** Company rationalisation: Increasing competitiveness.
- 2** Rebalancing the current account balance.
- 3** Structural reform: employment, financial and public sector.
- 4** Excellent infrastructure network and basic equipment.



## IMPROVEMENT OF TRANSMISSION GRID

### Annual investment

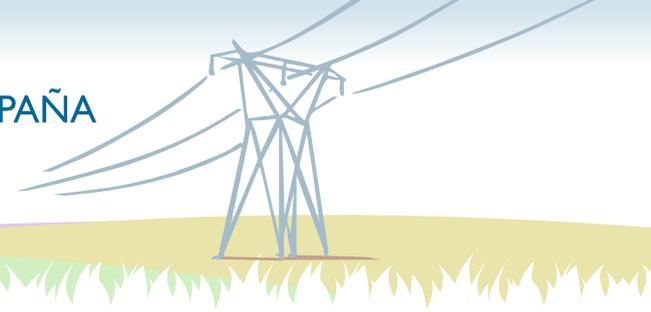
(€mn)



### Enhanced grid in service in 2012

- ◆ 860 km of new lines.
- ◆ 188 new positions.
- ◆ 4,820 MVA increase in transformer capacity.
- ◆ Mainland-Balearics **link**.

Transport grid more interconnected and integrated with increased service quality.



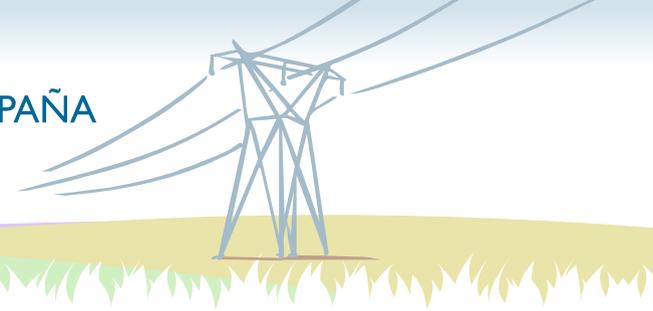
## IMPROVED GRID ON THE ISLANDS

### Asset improvement plan

- ◆ Facilities renovation and upgrade programme (MAR project).
- ◆ Bringing up to the company's quality standards.
- ◆ Improved service quality in 2011 and 2012.

### High capex

- ◆ Need for structural development of the grid.
- ◆ €125-150 million per year investment (2013-2017).
- ◆ Main project: Mallorca-Ibiza interconnection.



## INTERNATIONAL INTERCONNECTIONS

### Spain-France interchange capacity

(MW)

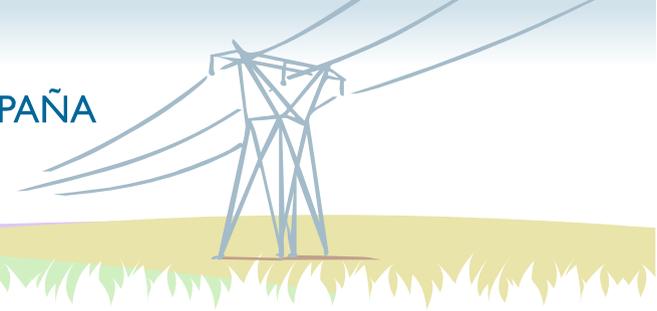


\* 10% of installed capacity.

### New interconnection with France

- ◆ Doubling of current interchange capacity.
- ◆ Increasing security of supply for the Iberian system.
- ◆ Increased support for integration of renewables.

**Outlook to 2020: Study of a new interconnection from the Basque Country through the Bay of Biscay.**



## INTEGRATION OF RENEWABLE ENERGY

### Wind generation/demand (%)

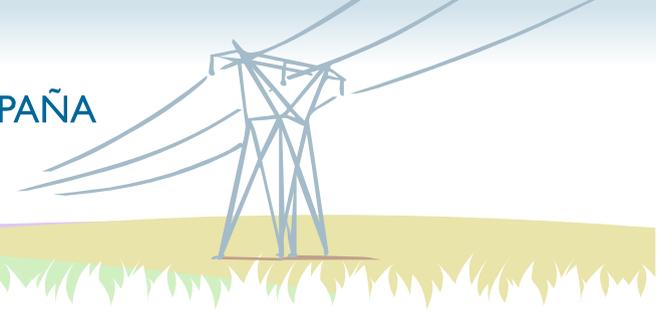


#### Other renewable energy data

- ◆ For the **4th consecutive year** almost a third of demand (32 % in 2012) met by renewables.
- ◆ **64 %** record coverage of instantaneous demand with wind energy (24/09/2012).
- ◆ **17,056 MW**: a new record for instantaneous wind production (06/02/2013).

# CECRE

A world-class centre for  
integration of renewable energy.



## 2012: A CHALLENGING YEAR

### Regulation

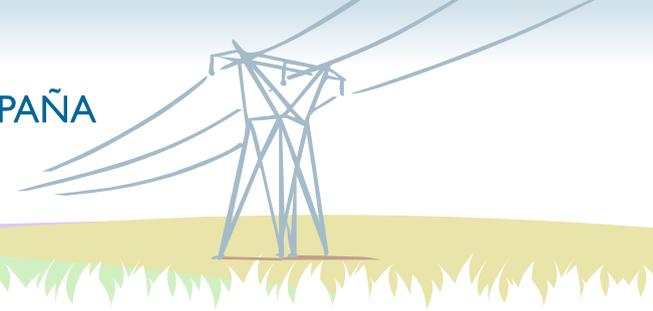
- ◆ One year delay in collection of remuneration for assets commissioned.
- ◆ €45 million cut in revenues.
- ◆ A change to the index for updating revenues: core CPI at constant tax rates.

### Capex

- ◆ Ending of accelerated depreciation.
- ◆ Paralysation of new investment authorisations until approval of a new Infrastructure Plan.

### Bolivia

- ◆ Nationalisation of Transportadora de Electricidad, S.A. (TDE) in May 2012.
- ◆ Claim for fair compensation.



## KEY CONSOLIDATED DATA

### Net revenue

(€mn)



### EBITDA

(€mn)

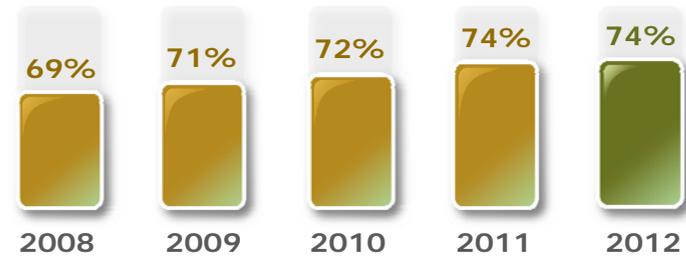


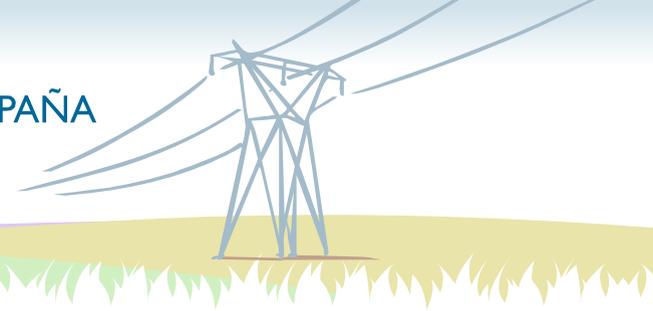
### Net profit

(€mn)



### EBITDA/Net revenue

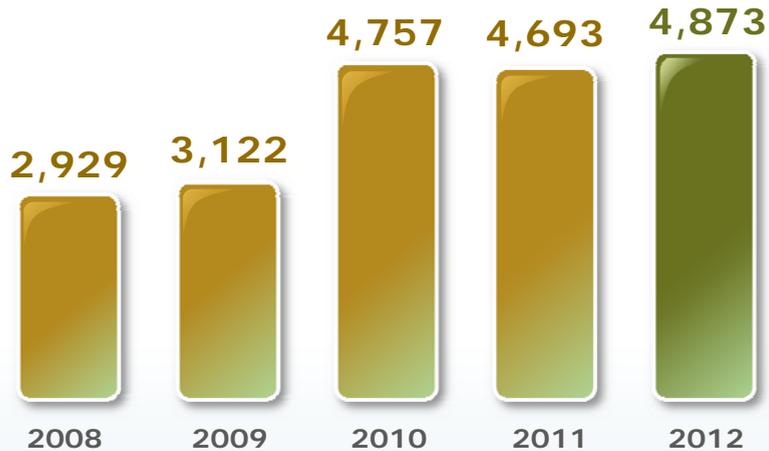




## FINANCIAL STRENGTH

### Net debt

(€mn)



	2011	2012
Leverage	72 %	71 %
Average cost	3.7 %	3.8 %
Net debt/EBITDA	3.9 x	3.8 x

### Credit rating:

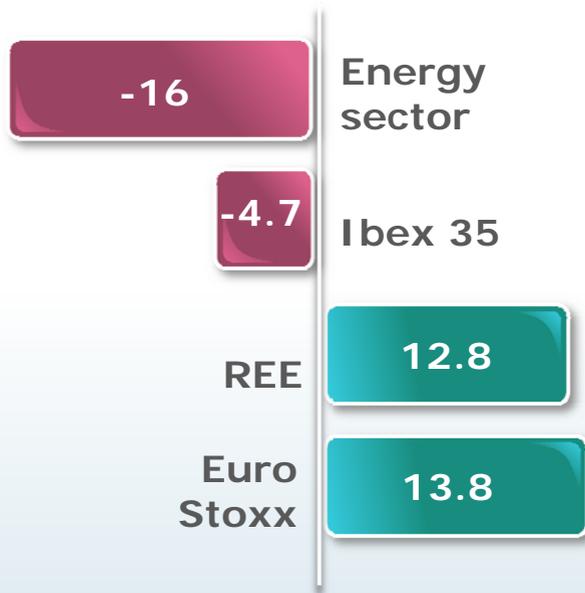
One notch above Spain's rating.

**BBB** Standard & Poor's  
**Baa2** Moody's

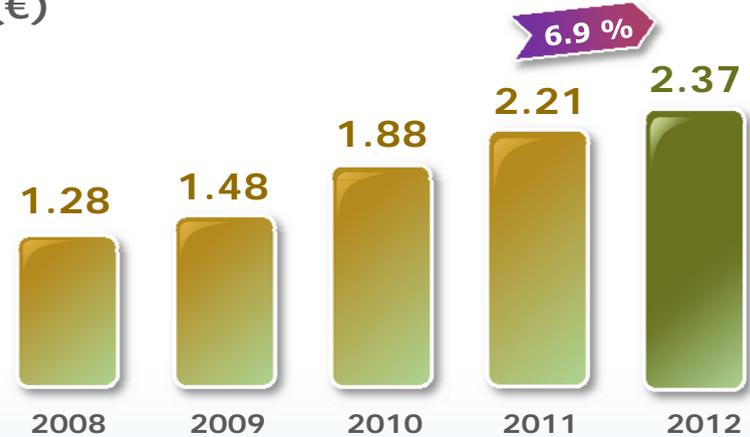
**Our financial strength forms a solid foundation for pursuit of our future business objectives.**

## SHAREHOLDER RETURNS

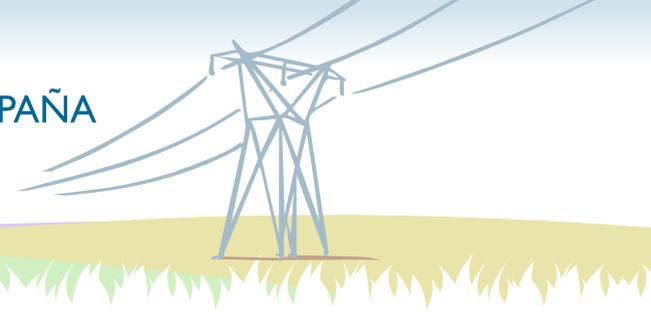
### Stock market performance 2012 (%)



### Dividend per share (€)



**Pay-out: 65 %**



## CORPORATE RESPONSIBILITY AND GOOD GOVERNANCE

### Highlights

#### Equal opportunities at work

- ◆ Over the last 5 years: 28 % more women in the workforce, and 50 % more female managers.
- ◆ 36 % of Board members are women.

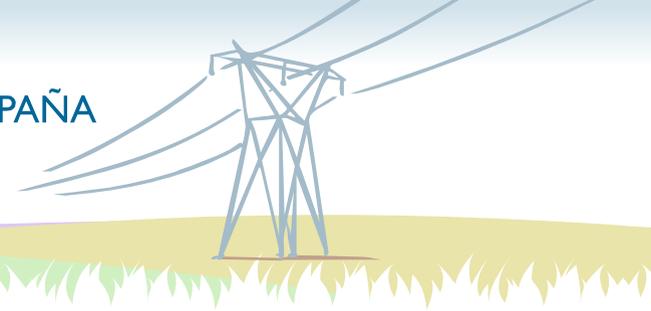
#### Committed to the environment

##### Climate change strategy

- ◆ Greater integration of renewable energy.
- ◆ Control of pollutant emissions → Offsetting emissions with the REE Forest.

##### Preserving biodiversity

- ◆ Protection of habitats and species.
- ◆ Working with local authorities to fight fires.
- ◆ Fostering projects that protect biodiversity.



## CORPORATE RESPONSIBILITY AND GOOD GOVERNANCE

### New corporate governance practices implemented

**Counterweight measures/separation of functions of the chief executive and Chairman.**

- ◆ Creation of the Coordinating Independent Director.

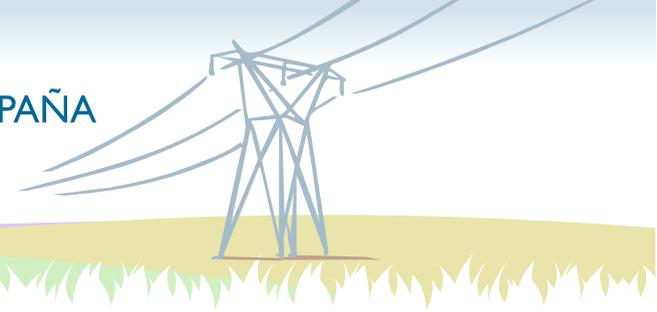
**Reinforcing the independence of Board committees.**

- ◆ Committees made up of external directors (majority independent).
- ◆ Chaired by independent directors.

**Increased transparency in Board compensation.**

- ◆ New compensation structure for 2013.
- ◆ 5 % reduction compared to 2012 compensation. Frozen since 2007.

**100 % compliance with the Unified Good Governance Code.**

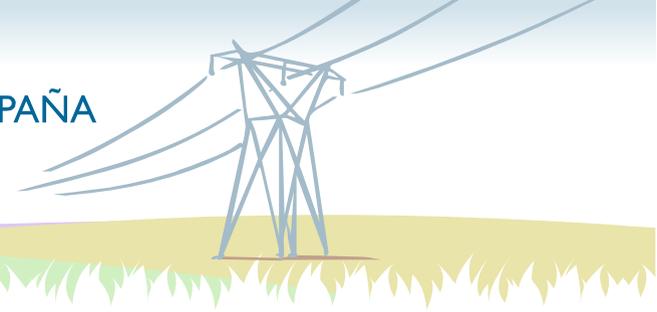


## STRATEGIC OBJECTIVES

### Main challenges

- ◆ To achieve optimum electrification of the country.
- ◆ To continue developing the grid (Peninsula and islands).
- ◆ To continue boosting international interconnections.
- ◆ To foster energy storage in the electricity sector.
- ◆ To promote the development of smart grids and the super-grid.
- ◆ To boost energy-efficiency measures.

**Key factors for more efficient and sustainable future energy supplies.**



## 2013-2017 FINANCIAL OBJECTIVES

- ◆ **Profit:** 6-8 % compound average growth over the period.
- ◆ **Dividend:** increase in line with profits (Pay-out 65 %).
- ◆ **Capex:** €550-600 million per year.

We will continue to focus on creating value and providing a safe, efficient and sustainable electricity supply for the country.