



**RED**  
**ELÉCTRICA**  
CORPORACIÓN

**ADDRESS**

**GENERAL SHAREHOLDERS MEETING**

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## **CONTENTS**

**1. INTRODUCTION**

**2. BUSINESS IN 2014**

**3. REE'S ECONOMIC AND FINANCIAL PERFORMANCE**

**4. CORPORATE RESPONSIBILITY AND GOOD  
GOVERNANCE**

**5. STRATEGIC OBJECTIVES AND CONCLUSIONS**

## INTRODUCTION

Hello and welcome, ladies and gentlemen.

As you all know, we are now celebrating the thirtieth anniversary of our company, making this meeting a particularly significant occasion I am honoured to preside over. On behalf of the Board of Directors, I welcome you and thank you for attending this General Shareholders Meeting of Red Eléctrica. I would also like to welcome and thank those following the event through our webcast.

### Outline of the results for the year

Last year can be seen as a turning point in the recent fortunes of our company. We witnessed a number of significant events during the year; events that affected the company's earnings while also shaping its future outlook.

These one-off events significantly impacted our earnings and include the agreement reached with the Plurinational State of Bolivia to pay compensation for the nationalisation in May 2012 of the company Transportadora de Electricidad (TDE); plus the signing of the agreement to assign rights to use and oversee the operation of ADIF's dark optical fibre network for a 20-year term; and also the reform of the Spanish Corporate Enterprises Act, which will lower the tax rate for Red Eléctrica.

Stripping out these one-off impacts, profit for the year climbed by 5.4%, exceeding the guidance we announced in early 2014 of 4 to 5% growth for 2014.

A number of concerns previously shrouded in doubt also became clearer during the year, enabling us to complete our Strategic Plan.

Firstly, the geostrategic panorama of the global energy sector is now beginning to take shape. We have recently been seeing significant changes on a regular basis, such as the energy independence of the United States, the search for new sources of primary energy, the consolidation of renewable energies, the advances in distributed generation and energy self-sufficiency, and the growth of smart grids. All these factors are inevitably going to require many traditional companies to rethink their business approach.

### **European energy policy**

Secondly, a welcome new course has firmly been set at the highest level of European energy policy. Policymakers went to great lengths last year and have also been busy in 2015 to strike a better balance between the three core objectives of the policy: competitiveness, supply security and sustainability.

Two major milestones were reached on the European stage. On the one hand, the new political framework for climate and energy policies for the 2020-2030 horizon was approved by the European Council on 23 and 24 October, setting new specific targets for 2030 that go beyond the traditional 20/20/20 weighting. These are: reducing greenhouse gas emissions by at least 40% below the 1990 level; increasing the share of renewable energy to at least 27% of the EU's energy consumption; and improving energy efficiency by at least 27% on projected energy consumption.

However, the real highlight of this new political framework has been the announcement of a fourth target, which I believe will be key to the success of the three other targets: attaining 10% electricity

interconnection capacity across all borders between member states by 2020 and hiking this to 15% by 2030.

The second milestone on the European energy policy agenda is the so-called “Energy Union Package” published by the European Commission on 25 February and setting out a new strategic framework for accomplishing these four targets. This will entail an overhaul of the existing European energy system through a strategy based on five dimensions: reducing energy dependency; creating a fully integrated European energy market; ensuring energy efficiency contributing to moderation of demand; decarbonising the economy; and championing research, innovation and competitiveness.

The European Union is acutely aware of the importance of energy interconnection in accomplishing these five dimensions and has therefore included in its Energy Union Package a specific strategy to ensure full integration of the internal electricity market through appropriate levels of interconnection. So, to achieve the 2020 interconnection target of at least 10% of installed electricity production capacity for all members states, specific actions are envisaged on three different fronts: regulatory, financial and political. The latter will focus on fortifying regional cooperation while facilitating agreement between member states to get around possible political obstacles.

On this point, I would like to single out Madrid Declaration, a key political initiative resulting from the summit on energy interconnections held on 4 March in the Spanish capital and involving the heads of state and government of Spain, France and Portugal, together with the European Commission and the European

Investment Bank (EIB). The agreements reached at the summit included not only the underwater connection with France through the Bay of Biscay, but also two new interconnection projects running across the Pyrenees, which will boost electricity interconnection between France and Spain to approximately 8,000 MW. The first project will span Cantegrit and Navarra or the Basque Country while the second will link Marsillón and Aragón. The exact route the infrastructure is to follow is currently under review.

To roll out these initiatives as quickly as possible, ENTSOE and the European Commission are working together to group these three initiatives under one umbrella project called the France-Spain Western Interconnection. This would bring them within the scope of the planning instruments in place to ensure that they are recognised as projects of common interest, thus allowing them to be financed with European funds.

We are confident that this added political support for the development of new interconnections will continue into the future. As infrastructure operators, we remain committed to the effective performance and completion of the projects rolled out by policymakers, with strict adherence to applicable law and regulations.

### **Macro trends**

Thirdly, and turning now to Spain, 2014 turned out to be a busy year on the regulatory front. The new electricity framework has placed greater requirements and restrictions on regulated companies, while also consolidating our profit and earnings, which has had a knock-on effect on our market position.

We saw steady improvements to our earnings and business outlook over the course of 2014, matching the positive march of the Spanish economy. Expectations have changed radically over recent years, illustrating the success of the reforms and all the hard work, and confirming the economy's change of track towards annual GDP growth of over 2.5%. The upturn in economic activity is already generating considerable employment, as shown by the 434,000 jobs created in 2014. We are confident this will pick up pace and continue for the years to come, allowing the country to reduce the unemployment spike triggered by the crisis.

From an economic standpoint, we see no factors that might limit our growth potential, and we even view the absence of pricing pressure as a plus. Further positives include the healthy position of our external sector, no doubt buoyed by falling oil prices, which have slumped from \$110/barrel in mid-2014 to slightly below \$60/barrel at year-end; the rock-bottom interest rates; improved access to borrowing; and the depreciation of the euro seen over the last quarter of 2014. All these factors, along with the European investment plans, will surely help kick-start our economy and that of our European partners.

This new and promising outlook is down to the fine efforts made by our companies in adapting to the new global economic climate by reviewing and streamlining production processes to make gains in efficiency and competitiveness. Further support has come from the government in the form of structural reforms, which have eliminated the financial tensions concerning Spanish sovereign debt and helped boost economic activity, generating trust in the markets and among consumers, an essential ingredient for economic recovery.

## Electricity reform

The reforms undertaken by the government include the shake-up of the electrical sector initiated in 2012. Various laws were passed in 2014, with relative highlights including Royal Decree 413/2014, setting a new remuneration framework for electricity produced from renewable energy sources, cogeneration and waste. The Decree is the culmination of the process of reviewing and updating remuneration models for regulated activities to bring them in line with the general principles envisaged in Act 24/2013.

With the enactment of the Decree, 2014 was the first year in which the new regulatory framework for the electricity sector was applied, and nearly fully. Although the cost calculations for 2014 are not yet final, we believe that the shortfall between regulated income and costs for the sector will be minimal, and certainly a far cry from the tariff deficits upwards of three billion euros that first emerged in 2006. With the elimination of this shortfall, it would therefore appear that one of the priority targets under the reform has been met.

Although the process of reforming the electricity sector is now entering the final straight, a number of important developments remain pending, some of which are needed to finalise the remuneration model for energy transmission activity. This delay will almost certainly mean that the new remuneration model for power transmission activity envisaged under Royal Decree 1047/2013 will not be seen until 2016. The pillars of this new law are clearly set out in our assessment report on the impact of the Decree, which estimated annual growth of around 3% for the 2015-2019 regulatory period.



I cannot possibly end this overview of the regulatory climate in 2014 without at least mentioning the approval of Order IET/728/2014, of 28 April, governing the transfer to the system operator of the future 200 MW Chira-Soria reversible flow hydro pumping station on Gran Canaria. In accordance with this Order, Red Eléctrica entered into a purchase and sale agreement with UNELCO on 23 January 2015 for the transfer of the plant to Red Eléctrica. Following the signing, both companies have undertaken to speed up the administrative steps and formalities needed to place the project firmly in the hands of Red Eléctrica.

## **BUSINESS IN 2014**

### **Investments**

I will now go straight to the heart of the matter and report on the balance sheet and results for year just ended. And I will start with the mercurial protagonist of our business, namely investment. Investment in 2014 amounted to 957.6 million euros, 433.7 million of which stem from the agreement signed with Adif in November of 2014, while 492.6 million relate to the development of the power transmission grid in Spain.

With these investments, we have commissioned 600 km of new lines and 95 new substation positions, thus increasing transformation capacity by 3,250 MVA. We are now managing a reliable and secure power transmission grid of 42,600 km of line across Spain, plus 5,292 substation positions and upwards of 84,000 MVA of transformation capacity.

In 2014, the company's investment drive continued to focus on reinforcing the structure of the transmission grid and on developing

interconnections internationally and between the islands of Spain. This process has not only improved supply quality and security, but is also helping to integrate renewable energies into the mix and allow for the efficient and competitive functioning of the electricity market.

### **International interconnections**

As I mentioned previously, the political push towards new international interconnections is key to overcoming the traditional isolation of the Iberian Peninsula from the Central European electricity system. We may therefore congratulate ourselves on the interconnection unveiled in February between France and Spain, traversing the Eastern Pyrenees. This new interconnection utilises direct current and spans 64.5 kilometres, linking up the commune of Baixas in the Languedoc-Roussillon region (France) with Santa Llogaia in Alt Empordà (Spain). The construction cost of this ambitious project is just shy of 700 million euros, met in equal parts over the last four years by the two companies involved, RTE and Red Eléctrica.

Operational testing and start-up is scheduled for the first half of 2015. This new link-up marks a significant step forward for Spain, not only because it is the first to have been built between Spain and France since 1982, but also because it posed a major technological challenge due to the nature of the project. Under favourable operating conditions, the new link will effectively double the commercial flow of electricity between both countries, climbing from 1,400 to 2,800 MW.

A new phase-shifting transformer for the 220 kV Arkale-Argia interconnection line is also envisioned, the aim being to balance commercial export and import interchange capacities in the mid term.

A further recent development in the electrical interconnection between Spain and France was the successful full price coupling on 13 May 2014 of the day-ahead electricity markets in the south-west, west and north of Europe. This coupling means that the electrical systems from Portugal to Finland now operate under a common system for calculating the price of electricity in the day-ahead markets. This go-live marks a significant step forward in the process of integrating the internal energy market in Europe and will ultimately benefit end consumers in the coupled markets thanks to a more efficient use of the electricity system and existing cross-border infrastructure.

In relation to interconnections between Spain and Portugal, I would highlight the start-up of the 25 km line between Puebla de Guzmán and Tavira, which will increase interchange capacity with our neighbour from 2,300 to 2,700 MW. The interconnection links up with the Almaraz-Guillena line through the Guillena-Puebla de Guzmán line, thus ensuring quality of supply in Extremadura and Andalusia while fortifying existing connections with Portugal.

### **Links between islands**

Despite the restrictions on investing in the transmission grid owing to an energy policy aimed primarily at lowering the tariff deficit, the government has over the last two years prioritised investment in the Spanish islands in terms of power grid planning. Key investments in

this regard include the commencement of the Majorca-Ibiza underwater interconnection, which will link up the two electrical sub-systems currently operating on the Balearic Islands: Majorca-Menorca and Ibiza-Formentera. This new link is a further step towards integrating the electricity system of the Balearic Islands with the mainland system and will be essential to guaranteeing supply reliability across the archipelago, while also cutting system costs and improving competition when it comes to power generation on the islands.

Of equal importance is the investment plan -roughly 800 million euros- that Red Eléctrica plans to roll out in the coming years on the Canary Islands with the aim of bringing about a gradual change in the energy model; a change based on integrating renewable energy and developing interconnections between islands. A further boost to the Canary Islands came in the form of the agreement reached with Endesa, and which I mentioned previously, for the transfer of the future Chira-Soria hydroelectric pumping station on Gran Canaria, with investment in the project coming to roughly 300 million euros. The facility will be a powerful tool in the hands of the system operator to ensure the stability and security of the supply of electricity.

### **Integration of renewable energies**

Our Renewable Energy Control Centre (CECRE) is an international benchmark in the monitoring and control of renewable energies. It received 672 visitors in 2014, 235 of whom belonged to foreign delegations from 19 different countries. Thanks to the work of CECRE, renewable energy production across the peninsula electricity system covered 43% of demand in 2014. To champion the

integration of renewable energies and to increase system efficiency, we are continuing to make progress on 66 technology innovation projects aimed at driving growth and efficiency.

### **International investment**

And on a final note in relation to investment, the 220 kV Tintaya-Socabaya line in Peru was successfully brought online in June 2014 within the timeframe agreed upon with the Peruvian government and the country's regulatory bodies. Transmisora Eléctrica del Sur has now started the operational phase of the concession, which will run for 30 years.

Furthermore, Red Eléctrica Internacional, in partnership with the Peruvian fund management firm AC Capitaes, secured a contract in February 2015 for the 220 kV Azángaro-Juliaca-Puno line in Peru as part of an international public tender process. The project is expected to require an initial investment of 70 million dollars and will have a construction period of 33 months, embracing the design, financing, construction, and 30-year operation and maintenance of the 115 km line and associated substations.

## **REE'S ECONOMIC AND FINANCIAL PERFORMANCE**

### **Results**

Next, I'll go over the main P&L figures. Revenue rose 5% last year to €1,847 million, with 93% coming from electricity transmission. Growth was driven primarily by higher revenue from the new facilities brought on stream.

EBITDA totalled €1,385 million, an increase of 6.4% from 2013. EBITDA performance was underpinned by control over operating costs, specifically supplies and other operating expenses.

EBIT was 5.6% higher, while net profit rose 35.7% to €718 million. The sharp increase in the bottom line was the result of two exceptional items, the €52 million received in relation to the agreement with Bolivian authorities over TDE, and the fiscal reform, which yielded a positive impact of €106 million. Stripping out these non-recurring effects and the impact of the ADIF transaction, the growth in the Company's ordinary activity was 5.4%, as noted previously.

### **Balance sheet**

Turning to the balance sheet, net debt at 31 December 2014 stood at €5,409 million.

Strong cash flow generation allowed Red Eléctrica to meet investment payments of over €950 million, pay €344 million of dividends and partially fund the negative working capital caused by the reversal in 2014 of the favourable conditions the year before and certain temporary shortfalls arising from the electricity tariff and the VAT on the acquisition of fibre optic usage rights. The entire VAT balance and part of the temporary shortfall in the 2014 tariff were collected in the first quarter of 2015.

The average cost of debt eased to 3.49% from 3.84% in 2013, with an average term to maturity of 4.9 years.

Our prudent financial policy, high solvency and strong liquidity position provide a solid foundation for delivering our targets.

Key highlights for 2014 include the arrangement in October of a new long-term syndicated credit facility for €800 million with a term of 5 years, which can be rolled over for an additional two years at the Euribor rate plus a spread of 0.6%. This extends the maturity of one of our main sources of liquidity.

Also in June, we tapped the euromarket with a €300 million issue of 9-year 2.125% bonds.

As you can see, we have a well diversified debt structure despite the struggles of the Spanish economy, with 79% of debt at fixed rates. Our liquidity position is also strong, with long terms of available funds.

### **Stock market performance**

Red Eléctrica's share price and market cap have soared in recent years and I cannot thank our shareholders enough for the unwavering trust they have placed in the Company, its Board of Directors, its management and its employees. Their investment in Red Eléctrica has paid off handsomely. The share price rose 51% in 2014, extending its bullish run of the two previous years. During my three-years as Executive Chairman, Red Eléctrica's stock market value has practically doubled. Its market cap has gone from around €5 billion to over €10 billion. The company has easily outperformed the main stock markets, as well as the Spanish and European benchmark utilities indices.

### **Dividends**

Regarding shareholder remuneration via dividends, we want our policy to be transparent, sustainable and highly visible. The proposal

presented to the General Shareholders Meeting is to pay a dividend of €3 per share out of 2014 profit, representing an 18% increase on the amount paid out of 2013 profit.

The share price performance clearly underscores the support and trust spawned by the figures indicated previously regarding investments, as well as our balance sheet and income statement. But it also the result of our management. As Chairman, I have been fortunate to be surrounded by a skilled and committed Board of Directors, with active and enriching participation both in Board and Board committee meetings. I am moved by the dedication and pride in belonging to Red Eléctrica shown by members of the Management Committee, managers and all our workers. And I would like to believe that awards –such as the best stock in 2014 according to readers of a leading financial journal- are not based solely on investment, balance sheet and P&L numbers, but also on how we have coped with the overall economic crisis and the tariff shortfall, how we have implemented the principles and values guiding our actions in terms of corporate responsibility and good governance, and how we have mapped out the future through our strategic plan.

## **CORPORATE RESPONSIBILITY AND CORPORATE GOVERNANCE**

Red Eléctrica considers corporate social responsibility to be part of its business culture and to constitute the framework for all its activities. It strives to be a sustainable, ethical and socially committed company, managed with a focus on excellence and responsibility in conducting its business.



As for the management of ethics, in line with our firm commitment to the responsible monitoring of all companies with which we work, we have a specific Code of Conduct for suppliers. We also have a Code of Ethics, updated in 2013, which builds on the original Code of the Company drawn up back in 1987 together with our stakeholders. This code is a core element in the management of ethics across the organisation. Red Eléctrica also has an 'Ethics Manager' to deal with questions, complaints and grievances received regarding application of the Code of Ethics. Our intention is to continue making inroads on this front, having already embarked on a number of initiatives in 2015 including a new Compliance Programme and the preparation of guidelines to strengthen transparency.

Red Eléctrica is also committed to the environment, paying particular attention to protecting and preserving biodiversity and combating climate change. In this vein, we work together with all agents affected in order to minimise the impact of plant sites and layouts. As for the protection of biodiversity, noteworthy was the project entitled "Birds and power lines: mapping of bird flight paths", which garnered the European Business Awards for the Environment 2014 in the "Business and Biodiversity" category.

Another leading project is "Red Eléctrica Forecast", which began in 2009 and is an ongoing project with a dual objective: to offset part of the Company's emissions by planting trees, and to restore degraded landscapes, thereby helping preserve biodiversity. Since this project has been in place, more than 100,000 tonnes of CO<sub>2</sub> have been offset.

We are also committed to stable, quality employment, aware that job stability fosters employees' pride in belonging and strengthens their commitment to the business project. The X Collective Bargaining Agreement, signed in early 2014 and in force until the end of 2017, includes measures designed to boost efficiency and promote work-life balance and job flexibility, as well as personal and career development, which help to attract and retain talent. The Agreement, which also includes a new formula for calculating wage increases that is no longer based on inflation, but rather on internal productivity and GDP growth, was signed by all the trade unions and backed by 82.74% of staff in a consultation in which 83.60% of workers took part.

Also last year, a 'healthy company model' was designed to encourage the health, safety and well-being of employees. These are among our key issues and concerns, as are the commitment to diversity and equality, embodied in the Code of Ethics and the Company's internal policies. An example is the steady increase in the number of female employees and, specifically, women managers, of 43.8% over the past five years.

We also have a significant number of female directors on the Board of Directors; Red Eléctrica was the first IBEX 35 company with women accounting for half of its external directors. In line with international best practices, the number of independent directors has increased on both of the Board committees, the Audit Committee and the Corporate Responsibility and Governance Committee. Moreover, efforts made in recent years that have successfully made Red Eléctrica a benchmark for corporate

governance led to the roll-out in 2014 of the Company's first corporate governance policy.

Moving on to Director Remuneration, the Board of Directors decided voluntarily to submit their remuneration to approval by shareholders at this General Shareholders Meeting, for a period of three years, as a separate item on the agenda from the Annual Report on Directors Remuneration. This is to give shareholders the autonomy necessary to decide on both the Director remuneration scheme for the next three years and the remuneration for this year. I would like to take this moment to say that Director remuneration has been frozen in recent years except for 2012, when it was cut by 5% in view of the situation of the economy and the power industry.

So the Company can work towards delivering its commitments, the Corporate Responsibility and Governance Committee approved a new Corporate Responsibility Plan for 2014-2016, structured in five areas of action: corporate governance and ethics; sustainable energy model; commitment to employees; commitment to society; and commitment to the environment.

In this respect, corporate social responsibility management will be included as a management objective in 2015 for the first time through execution of the annual CR programme and compliance with criteria of excellence under the framework of the EFQM model. This marks a major step forward in the Company's commitment to sustainability.

Meanwhile, the pillar of Red Eléctrica's corporate culture is the achievement of business excellence through the application of efficient and sustainable management models. The Company

maintains in good standing the Seal of Excellence 500+ awarded by the Club de Excelencia en Gestión (the Spanish partner of the EFQM), and is still a constituent of the FTSE4Good index. Red Eléctrica has also been included in the MSCI indices and in the Euronext Vigeo index family in recognition of its high level of performance in corporate responsibility and sustainability.

## **STRATEGIC OBJECTIVES AND CONCLUSIONS**

### **Strategic Plan 2014-2019**

Before ending my speech, I would like to say a few words about the Strategic Plan for 2014-2019, which was recently approved by the Board of Directors. The Plan is still based on developing Red Eléctrica's role as a TSO in Spain, strengthening efficiency criteria, adapting to the new regulatory and remuneration framework, and preparing to address the new challenges arising in Spain and the rest of Europe. The Plan also considers the increasing scope of other businesses linked to traditional activities, such as fibre optic management, and business growth through energy storage and international investment.

Needless to say, Red Eléctrica's core business is related to its status as the Spanish electricity system's sole transmission agent and operator. Accordingly, the Company's main strategy is predicated on developing a transmission grid that is increasingly meshed, robust and better connected, and contributing successfully to making the challenge of sustainable development a reality through the integration of renewable energy and the promotion of projects aimed at energy efficiency and innovation.

The Strategic Plan 2014-2019 calls for investment of €3.1 billion to develop the Spanish electricity system's power transmission grid, in particular through the development of electricity interconnections between islands given their importance for security of supply. Another €100 million has been earmarked for projects and developments related to system operation.

The Plan also considers an additional investment of around €1.5 billion for the development of the telecommunications business, the construction of energy storage facilities on the Canary Islands and new investments abroad.

As I said earlier, in November 2014, Red Eléctrica embarked on this investment process with the assignment of rights to use Adif's fibre optic network and the start-up of the commercial operation of this network for a period of 20 years. With this, we have doubled the fibre optic network in operation and are now managing a 33,000 km-long network.

This transaction will have positive results for the telecommunications industry by enabling the creation of a neutral telecommunications infrastructure operator at a nation-wide level, as well as the integration of the fibre optic networks of both companies, improving the quality and performance of the services they offer.

The agreement for the transfer of the Chira-Soria project with Endesa noted previously marks the first step toward carrying out the new storage business and is the largest investment project in the Canary Islands, with other projects expected to be undertaken over the coming years. It must be borne in mind that storage and pumping are exclusively a tool for guaranteeing electricity supply

and the stability of the system as the Canary Island becomes more involved in renewable energies. By law, Red Eléctrica is, logically, prohibited from carrying out deregulated power generation and selling activities.

Internationally, the Company is always on the lookout for investment opportunities that are aligned to its core businesses and that may arise in stable markets capable of offering adequate returns. The Company's international expansion is backed by its know-how as network manager and its long-term commitment to countries with low risk and stable regulatory frameworks.

Meanwhile, the new, more restrictive remuneration model makes it more important for us to extract operational and financial efficiencies. This implies undertaking new challenges with respect to management and business culture related to efficiency and sustainability in the development of our activities. This process will enable us to create value by improving operating margins which, coupled with financial efficiencies, will feed through to higher earnings.

Obviously, the strategic lines discussed depend on people, who are the real cornerstone of the entire strategy and who make it possible to achieve any objective. Therefore, we will continue to work on cultivating talent so the Company can meet its challenges in a healthy business environment.

We will continue to gear efforts towards creating value for our shareholders, strengthening our commitment to efficiency, preserving our solid capital structure, raising our financial solvency

and working to guarantee supply while maintaining maximum quality levels.

In this respect, execution of the Strategic Plan would enable us to maintain growth in earnings per share, based on the 2013 return, of between 5% and 6% a year through to 2019, improve the EBITDA margin by at least 200 basis points by the end of the period and maintain a solvency ratio -average net debt to EBITDA- of 3.5 times throughout the period.

With respect to shareholder remuneration, starting with a 2014 dividend of €3 per share, the Plan calls for compound annual growth of 7% to 2019.

A crucial feature of the new Strategic Plan is the promotion of technological innovation as a driver for growth to overcome the key challenges of the future and improve the Company's social, economic and environmental performance.

All the goals for the EU that I highlighted at the beginning of my speech determine challenges we will have to overcome in the years ahead. Grid and market integration, cooperation among system operators and energy storage to make up for the reduced ability to manage renewable energies will be key tools that will help develop a low-emission electricity system. This will help boost the country's level of electrification and consolidate a fully-functioning and interconnected internal energy market.

This electrification would have the greatest impact on the transportation of people and goods. Accordingly, this is where the greatest efforts should be made. The transition of Spain's fleet of

motor vehicles to electric cars and the promotion of rail transport are two key areas for the electrification of our economy. And Red Eléctrica must contribute through proper development of the transmission grid and efficient system operation.

Our challenge is to build a flexible grid capable of adapting to the changing needs of the system, that is bidirectional, intensive and safe in the use of infrastructures and that can be operated safely and meets the new patterns of generation and demand.

In this respect, the experience gained by Red Eléctrica over the past few years in both the construction and management of interconnections, as well as the integration of renewables, puts us in a privileged position to lead what will surely be a profound transformation of the electricity sector.

To conclude, I would like to reiterate how happy it makes me to work with such excellent teams, the Board of Directors as well as the company's entire workforce. They are behind our stellar performance and will enable us this year, in what will mark Red Eléctrica's 30th anniversary, to face a future that will not be easy, with optimism to deliver our commitments.