

RED
ELÉCTRICA
CORPORACIÓN

Grupo Red Eléctrica

1Q 2021 Results and Strategic Plan 2021-2025

April 2021



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- 2. Strategy 2021-2025
- 3. Financial targets and dividend policy 2021-2025



1Q 2021 Results

- The Congress approved the Draft Law on Climate Change and Energy Transition, which establishes the targets to achieve the decarbonization of the economy before 2050, with an 100% renewable electricity system. This project is aligned with the National Energy and Climate Plan. The text of this Law will now pass to the Senate.
- The share of renewable energy in covering electricity demand, accounted for 54.3% of the energy generated in the country. Wind energy reached more than 18,000 GWh in this quarter and is the first source of production in the energy mix of our country.
- The demand for electricity has risen by 0.3% in comparison with the first three months of 2020.
- Presentation of the new Tenerife-La Gomera interconnection project, an impulse for energy transition in the Canary Islands.
- Last March, Fitch Ratings and Standard & Poor's rating agencies have confirmed their long-term rating for Red Eléctrica Corporación, S.A. as 'A-' with a stable Outlook.

1Q 2021 RESULTS

Highlights vs. 1Q 2020

Results marked by a complex scenario.

<p>€483.6_M</p> <p>Turnover -3,4 %</p>	<p>€388.4_M</p> <p>EBITDA -3,2 %</p>	<p>€181.1_M</p> <p>Net profit -4,9 %</p>
<p>€360.6_M</p> <p>FFO -1.7 %</p>	<p>€64.8_M</p> <p>Transmission grid investment +1,1 %</p>	<p>€81.9_M</p> <p>Total investment -82,1 %*</p>
<p>€5,942.8_M</p> <p>Net Financial Debt -2.8 % in 2020</p>	<p>1.52%</p> <p>Cost of debt 2.09 % in 1Q 2020</p>	<p>3.8_x</p> <p>Net Debt/EBITDA 4.0x in 1Q 2020</p>

Figures
at 31 March 2020.

* It includes Argo's acquisition amounting to 374.3mn euro, in 1Q 2020

1Q 2021 RESULTS

Key financial figures

€M	1Q 2021	1Q 2020	Δ%
Turnover	483.6	500.5	-3.4
Operating expenses	-118.8	-119.2	-0.4
Gross operating result (EBITDA)	388.4	401.2	-3.2
Provisions for amortisation, asset depreciation	-122.1	-127.2	-4.0
Net operating profit (EBIT)	266.3	274.0	-2.8
Financial result	(26.5)	(42.8)	-38.1
Result for the year	181.1	172.6	+4.9
Total group investments	81.9	457.1*	-

* It includes Argo's acquisition amounting to 374.3mn euro, in 1Q 2020

- Lower **transmission revenue** arising from the application of financial return reduced by 42bp.
- No significant variations in the rest of the activities carried out by the Group at **revenues** line, in comparison with the previous year.
- **Gross operating result (EBITDA)**, Hispasat has contributed €31.3 million. The EBITDA includes the results of subsidiary companies of the electricity transmission in Chile, TEN, and Brazil, Argo, and Hisdesat. These companies have contributed a total of €8.7 million.
- Lower **amortisation**, affected by lower depreciation on Hispasat's fixed assets.
- **Financial results** marked by the lower average financial debt and the lower cost of debt.

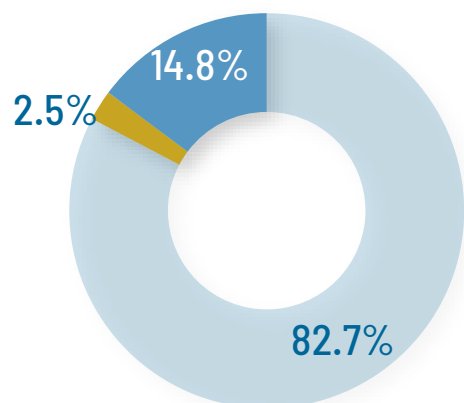
1Q 2021 RESULTS

Breakdown by business

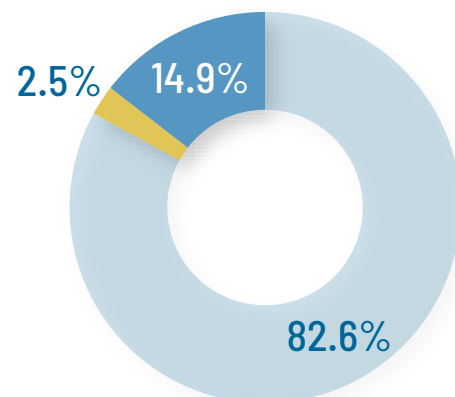
Diversification of results in line with the Strategic Plan 2018-2022.

Turnover

1Q 2020



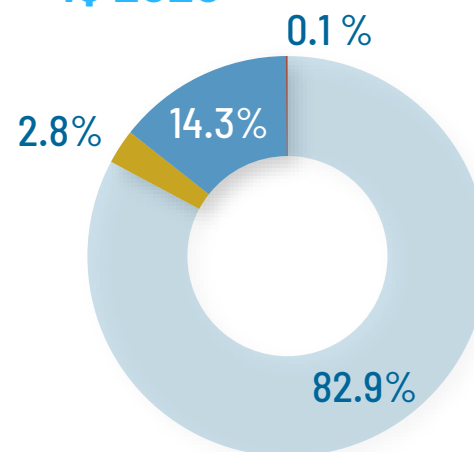
1Q 2021



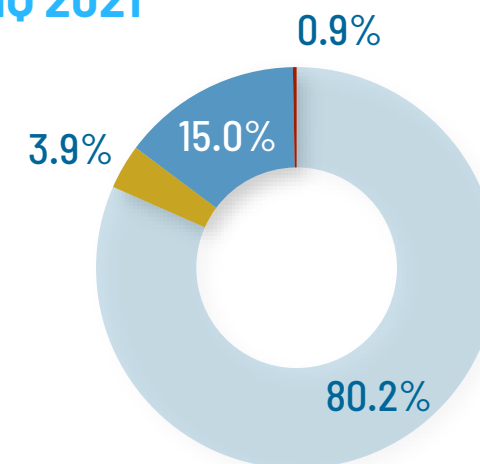
- Management and operation of domestic electricity infrastructure
- Management and operation of international electricity infrastructure
- Telecommunications (fibre + satellites)

EBITDA

1Q 2020



1Q 2021



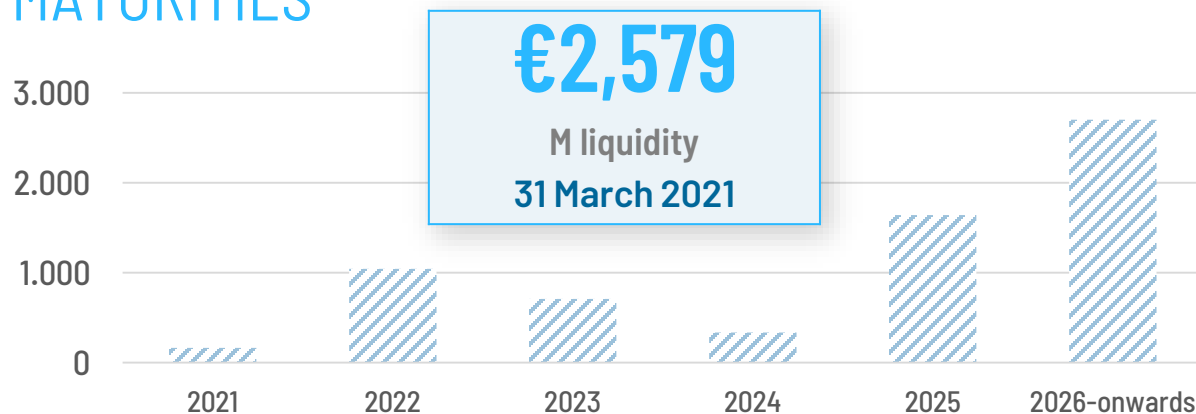
- Management and operation of domestic electricity infrastructure
- Management and operation of international electricity infrastructure
- Telecommunications (fibre + satellites)
- Other company business and adjustments

COMPANY DEBT

Balance strength

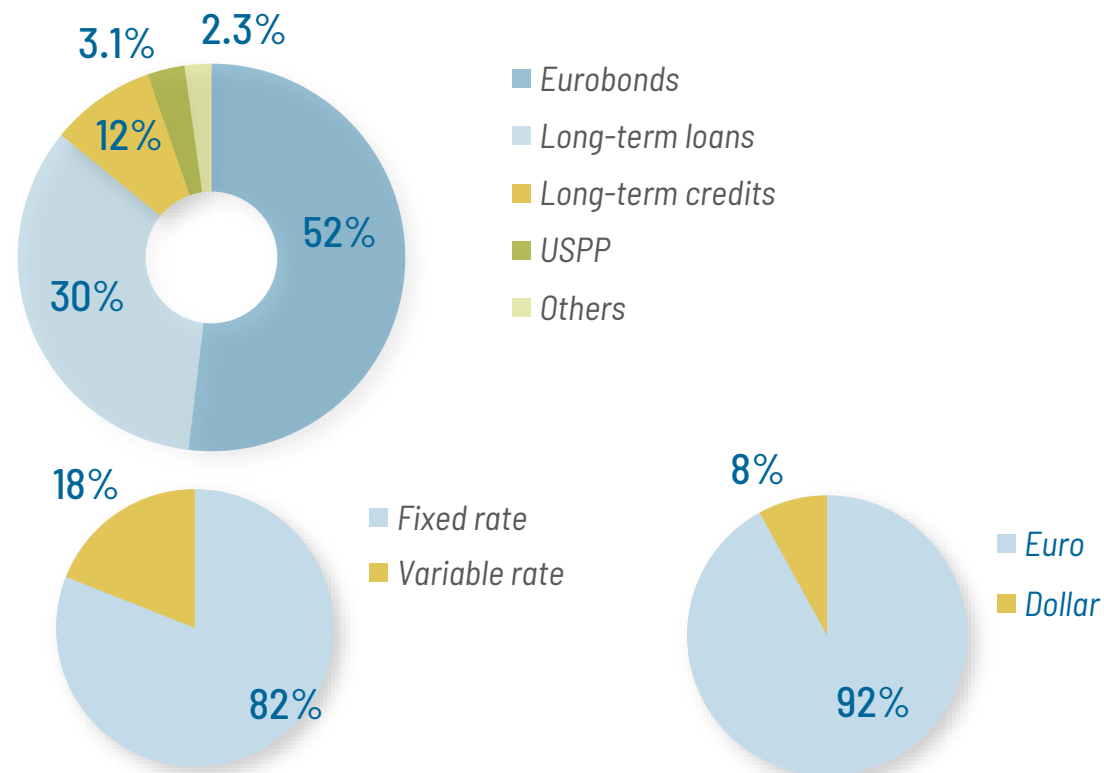
Strong advance towards commitment to 100% ESG financing in 2030.

MATURITIES



- Average maturity of debt 5.1 years and cost of debt 1.52%.
- Rates of net debt/EBITDA 3.8 and FFO/Debt 20.6 %.
- Rating: 'A-' Standard & Poor's and Fitch with stable outlook.

DEBT STRUCTURE



Gross debt: €6,568 M at 31 March 2021



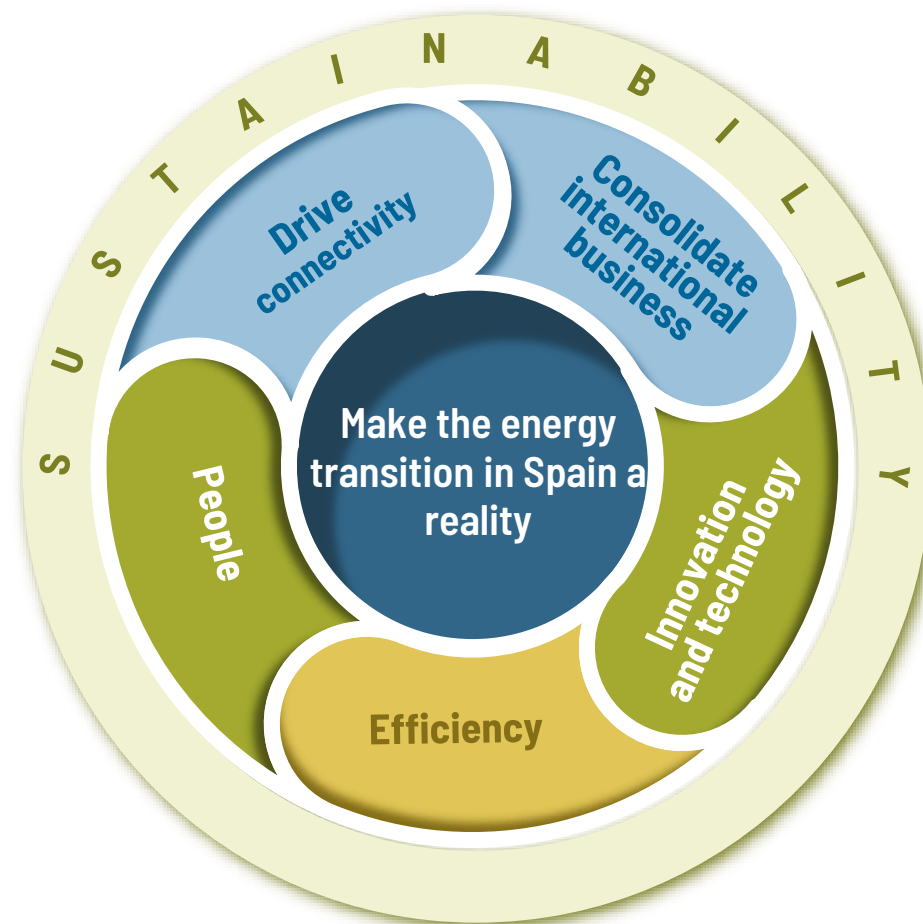
Strategy 2021-2025

STRATEGIC PLAN

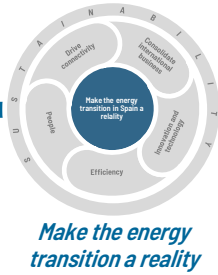
Strategic pillars

Our goal is to drive the green and digital transformation,

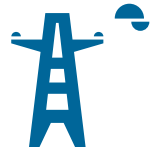
- as the backbone of a decarbonised energy system,
- offering access to the electricity system and telecommunications,
- helping to bridge the digital divide and
- contributing to innovation and the development of society.



MAKE THE ENERGY TRANSITION A REALITY AND FIGHT CLIMATE CHANGE



Key actor in ecological transition with the massive inclusion of renewable sources in the electricity system.



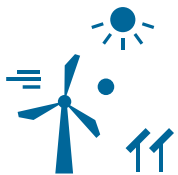
Develop the infrastructures needed for energy transition

A transmission grid that is robust, smart and more interconnected. Strengthening these connections is vital to achieve our decarbonisation targets.



Design, build and operate storage infrastructures

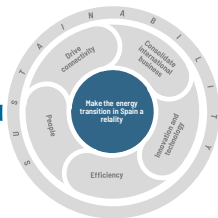
Storage will ensure maximum integration of renewable energy and increase the flexibility, efficiency and security of the System.



Run a more complex, dynamic and digital electricity system

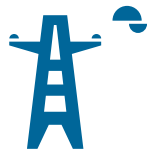
Include tools for the electricity systems of the future using reliable, smart networks that help to ensure safe, competitive supply.

INVESTMENT IN SPAIN'S ELECTRICAL INFRASTRUCTURES 2021-2025



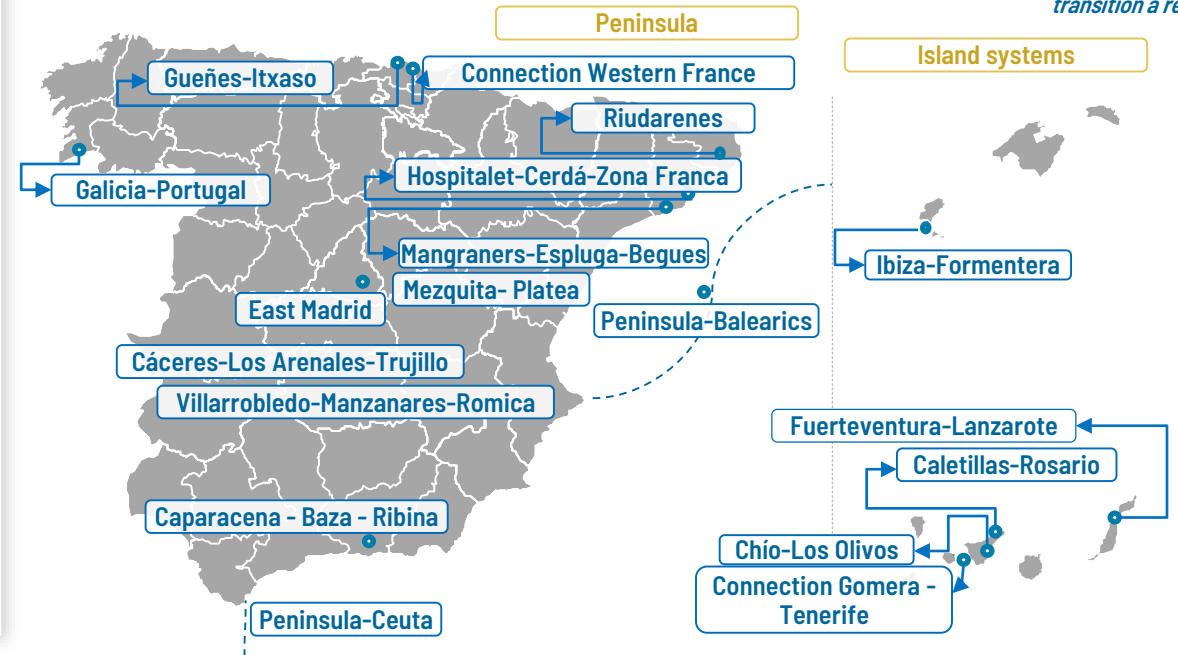
Make the energy transition a reality

SIGNIFICANT LEVELS OF INVESTMENTS AFTER THE APPROVAL OF THE INFRASTRUCTURE PLAN 21-26



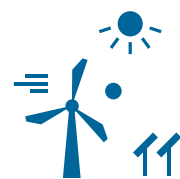
Investment in Transmission Grid: €2,846 M

- International connections France-Bay of Biscay.
- Connection Peninsula-Ceuta.
- Connections between islands in the Canaries and Balearics.
- Second connection Peninsula-Balearics.
- Connection Galicia-Portugal.
- Evacuation projects for renewable energy:
 - 230 km Caparacena-Baza-Ribina line (Andalusia).
 - 336 km Villarrobledo-Manzanares-Romica Axis (Castilla-La Mancha).
 - 235 km Mangraners-Espluga-Begues Axis (Catalonia).



Storage: €411 M

- Chira-Soria project.
- Tenerife project.

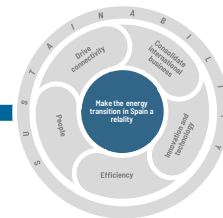


System operation: €92 M

New systems for operation and development of control systems.

Main actions shown prior to individual identification of actions in the draft Plan 21-26

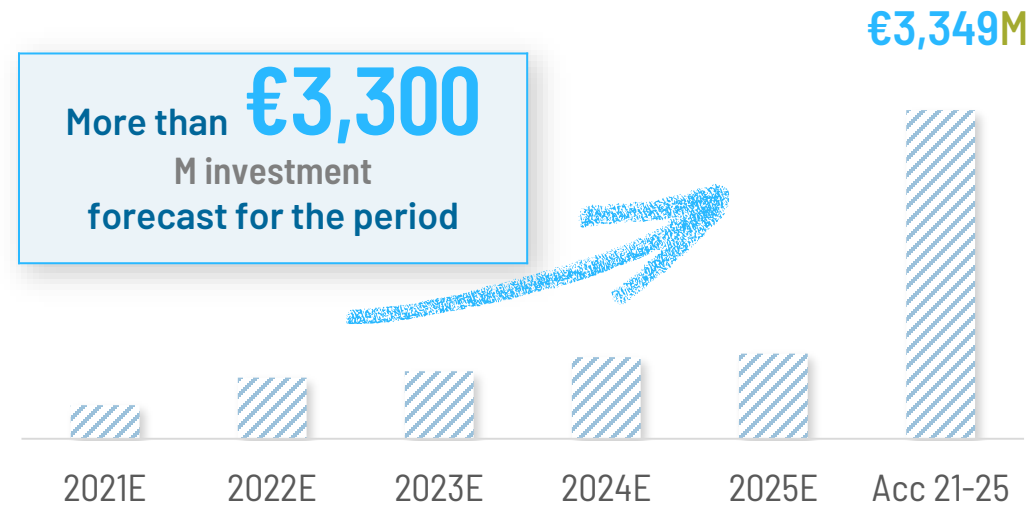
INVESTMENT IN SPAIN'S ELECTRICAL INFRASTRUCTURES 2021-2025



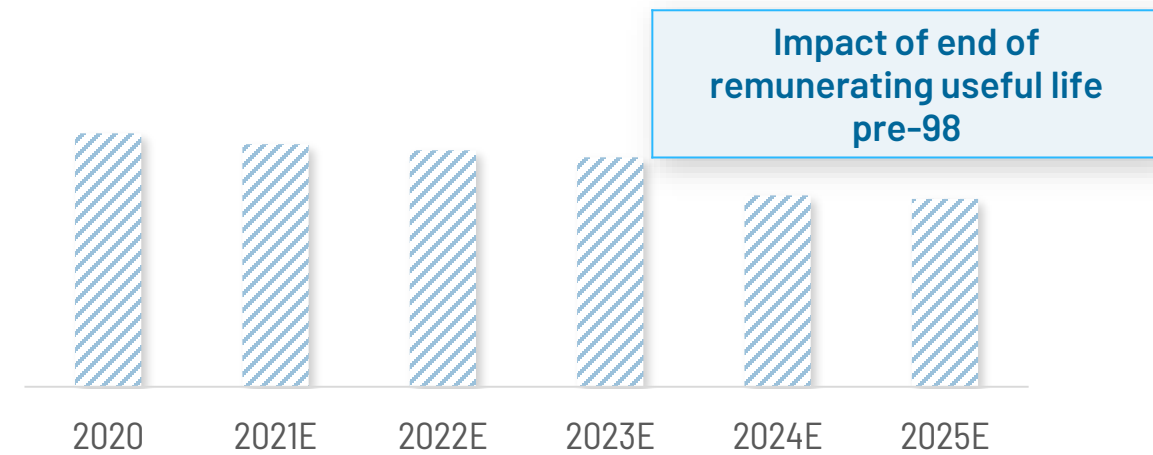
Make the energy transition a reality

Estimated growth of main figures 2021-2025. TSO

TSO INVESTMENTS

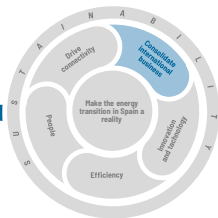


EBITDA ESTIMATED GROWTH



**Last years affected by the end of pre-98 assets useful life income.
2025 turning point for a company with strong potential growth from its asset base.**

CONSOLIDATE THE INTERNATIONAL PRESENCE OF THE RED ELÉCTRICA GROUP AS A SOURCE OF DIVERSIFICATION AND GROWTH



Consolidate international business

More than €1,300M invested in international assets up to 2020.
Critical mass in LatAm to drive organic growth.

PERU: 30-year concessions

- 1,558 km commercial use.
- 128 km under construction.
- EBITDA 2020: €35.8M.

BRAZIL: 30-year concessions

- 1,430 km commercial use.
- Argo II under construction.
- EBITDA 2020: €49.9M²

CHILE: assets held indefinitely

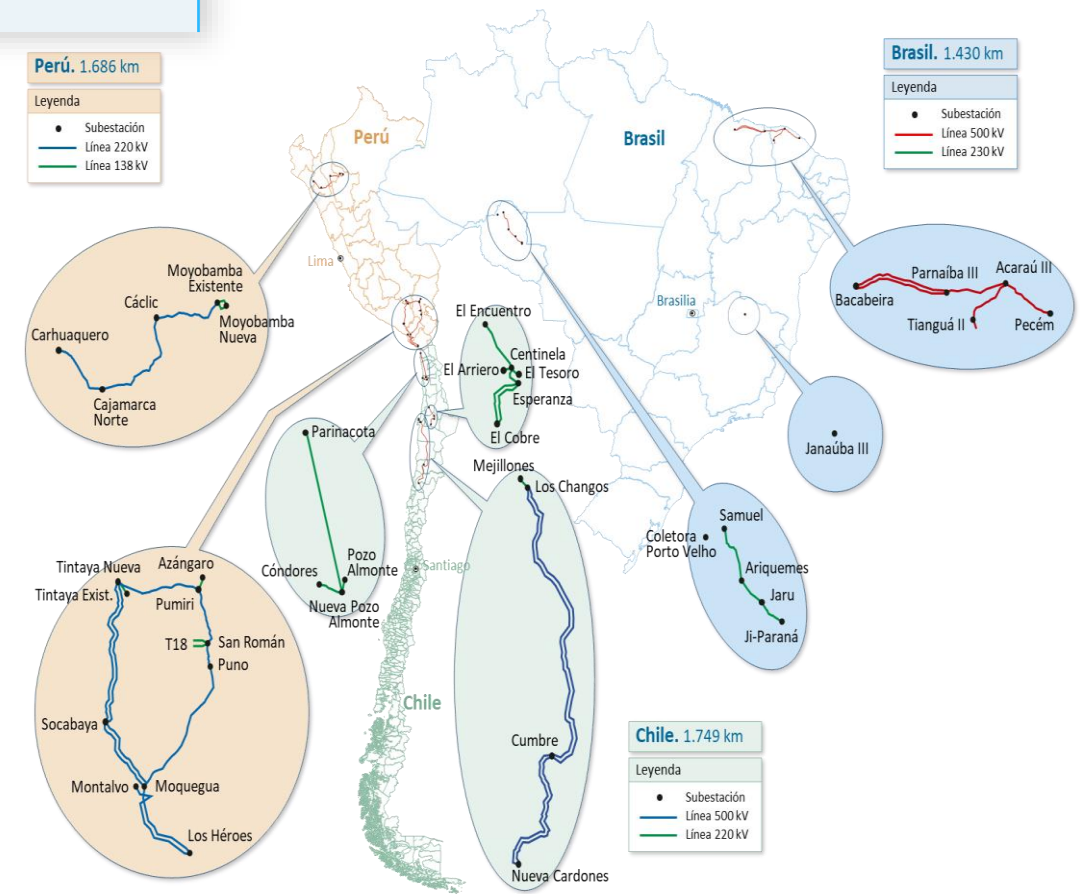
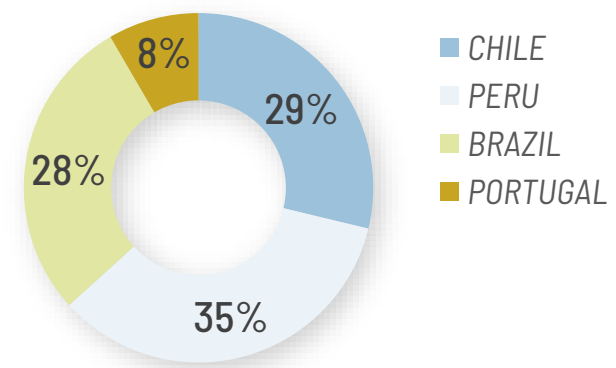
- 1,471 km commercial use.
- 278 km under construction.
- EBITDA 2020: €29.6M¹

PORTUGAL

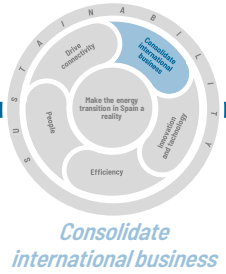
- 5% participation in REN.
- Dividends 2020: €5.7M

1. Includes 50% EBITDA from TEN.
 2. Includes 50% EBITDA from ARGO.

Distribution of international investment by countries



CONSOLIDATE THE INTERNATIONAL PRESENCE OF THE RED ELÉCTRICA GROUP AS A SOURCE OF DIVERSIFICATION AND GROWTH



Organic growth in Brazil, Peru and Chile

Participation in tender processes for transmission infrastructures that can be seen as strategic for the positioning of the RE Group. Completion of current projects.

Other developments

Growth of assets in third-party access, creation of a control centre in Chile and Peru for own and third-party facilities, rental of surplus dark optical fibre, etc.

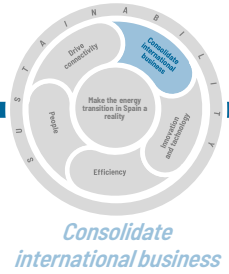
International investment: €224M

Peru: Commissioning Tesur 4, second circuit CCNCM.

Chile: Completion of Redenor and Redenor 2 transmission projects for our clients in the region for evacuating the renewable power generated. Expansion of the Centinela sub-station.

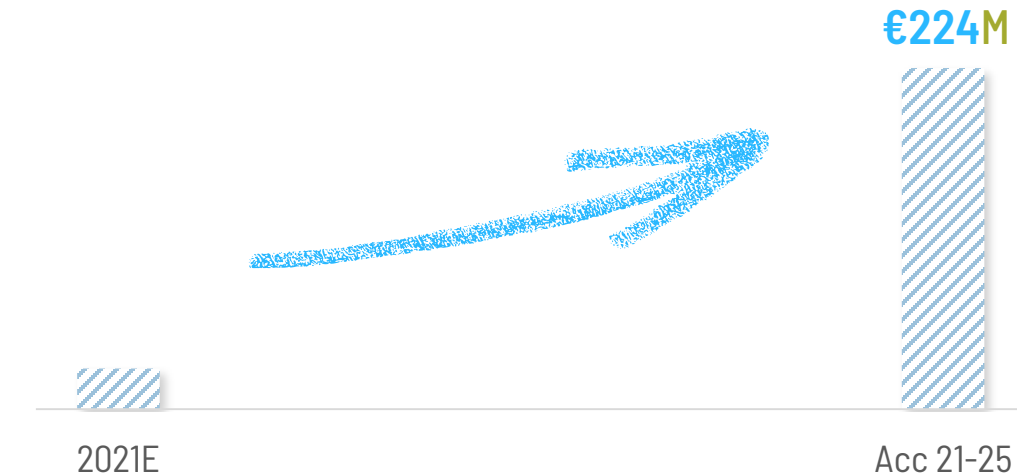
Brazil: Completion of current Argo projects.

INVESTMENT IN INTERNATIONAL ELECTRICAL INFRASTRUCTURES 2021-2025

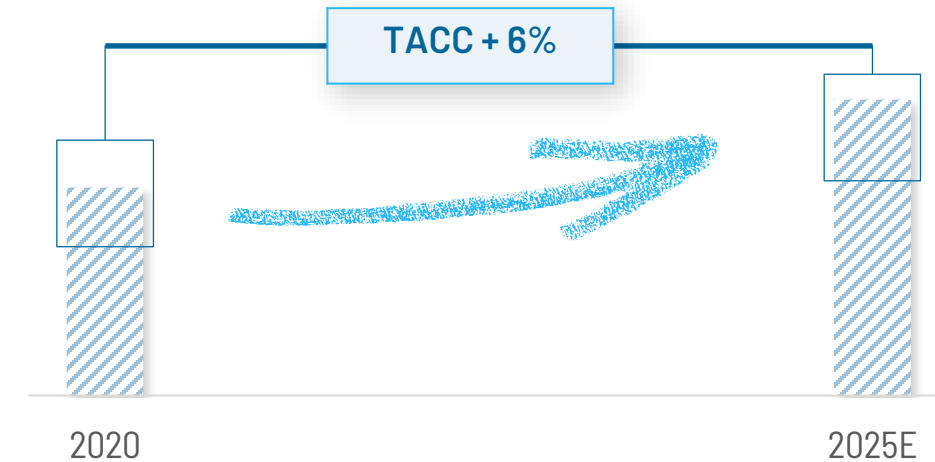


Estimated growth of main figures 2021-2025. International business

INVESTMENT

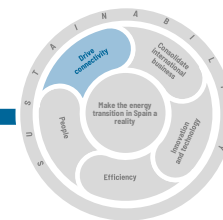


ESTIMATED GROWTH EBITDA

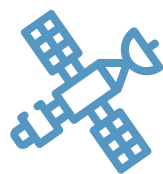


Strong growth in the period after the consolidation of the latest international business investments.

TELECOMMUNICATIONS ARE A KEY ELEMENT FOR PROGRESS TOWARDS BETTER CONNECTIVITY...



Drive connectivity



The satellite business as a tool to bridge the digital divide

- High-quality connectivity for homes and SMEs in rural areas and digital hubs to offer basic public services.
- Grow by following market trends: mobility and connectivity.
- Transformation of a satellite infrastructure company into a service company.



Boost the current optical fibre business

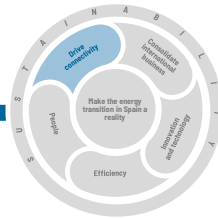
Include new types of clients, expand the service portfolio, or search for strategic partners who can support the search for new projects and/or markets.



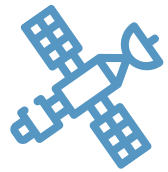
Develop new opportunities around the deployment of 5G

The deployment of 5G technology will require a larger optical fibre network to support the expected data traffic.

...MAKING INVESTMENTS AMOUNTING TO €735M



Drive connectivity



Satellite infrastructure investment: €620M

- New Amazonas Nexus satellite to replace AMZ 2, with new technologies that are more efficient and versatile.
- Transformation towards more vertical integration.
- Alliances to develop new vertical services with growth.

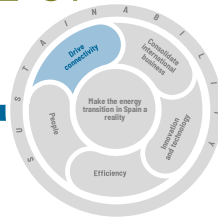


Investment in Reintel and 5G technology: €115M

- “Renove” Plan for railway optical fibre, connection with customers and others.
- Deployment of 5G mobile network facilities in the infrastructures of the RE Group to allow connectivity among base stations.

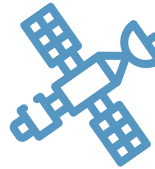


HISPASAT: NEW STRATEGIC PLAN TO OPTIMISE CURRENT BUSINESS AND TAKE ADVANTAGE OF OPPORTUNITIES IN A SECTOR IN A PHASE OF TECHNOLOGICAL CHANGES

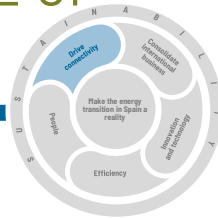


Drive connectivity

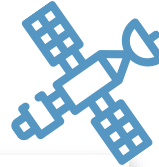
- Hispasat is the **world's 10th satellite operator** by revenue, 4th satellite operator in Latin America and leader in the distribution of content in Spanish and Portuguese. Consolidated base of stable strategic customers.
- Current fleet of **9 satellites** with an additional satellite in inclined orbit, with coverage of **Europe, North Africa and the Americas**, and 1 satellite under construction, **Amazonas Nexus**.
- **Main control centres** in Arganda del Rey and Serviente (Río de Janeiro), with back up centres in Tres Cantos (Madrid), Maspalomas (Gran Canaria) and Guaratiba (Rio de Janeiro). Own platforms for providing managed broadband services in Europe and the Americas.



HISPASAT: NEW STRATEGIC PLAN TO OPTIMISE CURRENT BUSINESS AND TAKE ADVANTAGE OF OPPORTUNITIES IN A SECTOR IN A PHASE OF TECHNOLOGICAL CHANGES



Drive connectivity



MAIN STRATEGIC LINES

The strategy of Hispasat must:

- Consolidate its current markets (mainly Video in LatAm)...
- ...to invest in growing market segments along with the leaders (Mobility through alliances)...
- ...while offering a differentiated service that enables sustainability and growth for the company in the medium and long term.

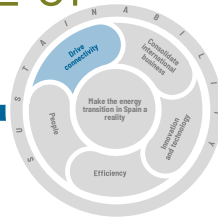
Continuity of current business: Video and Connectivity

- Continuity of LatAm business.
- Continuity of Spain and Portugal business.

Grow by following market trends: Mobility and Connectivity

Business diversification based on new technologies, services and alliances

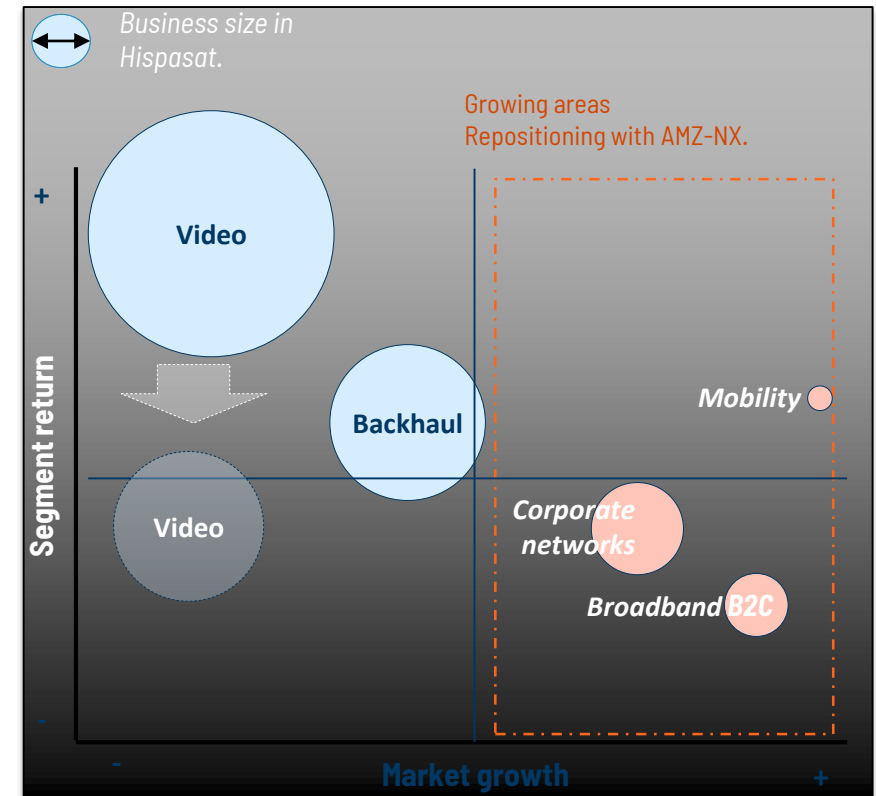
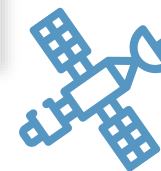
HISPASAT: NEW STRATEGIC PLAN TO OPTIMISE CURRENT BUSINESS AND TAKE ADVANTAGE OF OPPORTUNITIES IN A SECTOR IN A PHASE OF TECHNOLOGICAL CHANGES



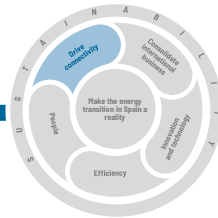
Drive connectivity

SITUATION AM-NX PROGRAMME

- The satellite will start testing in 2022 and is expected to be **fully operational in 2023**.
- **Investment** period over €200M.
- The AMZ-NX coverage is based on HTS capacity in **North and South America**, as well as the main **air corridors in the North and South Atlantic**.
- In the medium term, Hispasat must work to **consolidate its GEO-HTS capacity in Ku band** as the best option for connectivity with aeroplanes. AMZ-NX opens opportunities for collaboration with other operators who are deploying similar capacities.



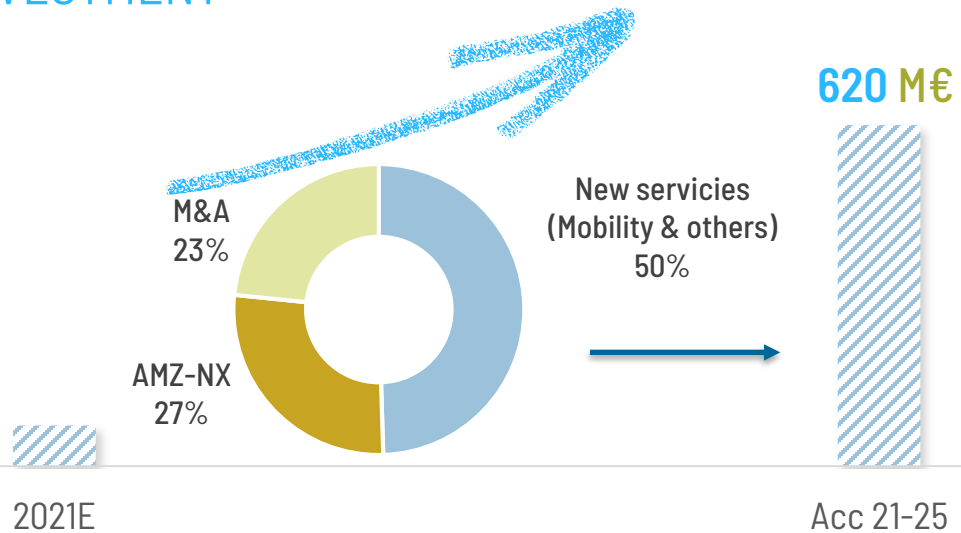
HISPASAT: NEW STRATEGIC PLAN TO OPTIMISE CURRENT BUSINESS AND SEIZE OPPORTUNITIES IN A SECTOR UNDERGOING TECHNOLOGICAL CHANGE



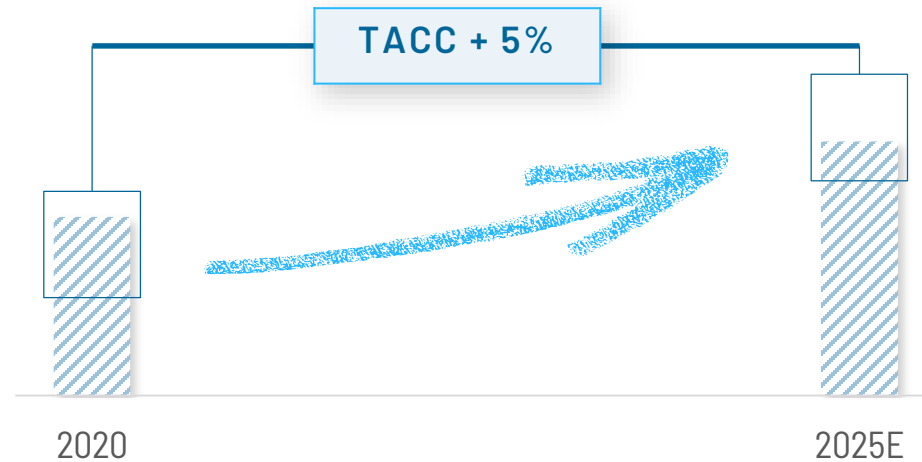
Drive connectivity

Estimated evolution of main magnitudes 2021-2025. Hispasat

INVESTMENT



EBITDA ESTIMATED EVOLUTION



Turning point in satellite business with new revenues from connectivity and mobility services, and launch of Amazonas Nexus.

DEVELOPMENT OF THE OPTICAL FIBRE BUSINESS AND NEW OPPORTUNITIES WITH THE DEPLOYMENT OF 5G NETWORKS



Drive connectivity

MAIN STRATEGIC LINES

Continue to develop the dark optical fibre business, expanding the target market and the product portfolio

- Expansion of the target market to regional and local telecommunications operators.
- Maintenance and renovation service for client telecommunications equipment in the electrical and railway sectors.
- Rental contracts from dark optical fibre network to neutral points.
- Develop connectivity capacity between systems and sub-systems with optical fibre.

Strategic partners to support the search for new products and/or markets. Value alternatives inorganic growth

- Acquire portfolio of optical fibre contracts and infrastructures.
- Majority stake in optical fibre infrastructure operator at local and regional level.
- Commercial and strategic alliances for management and running optical fibre infrastructures.

Develop new opportunities around the deployment of 5G

- Contribution of 5G mobile infrastructure network, based on the infrastructure of RE Group to enable connectivity between base stations.

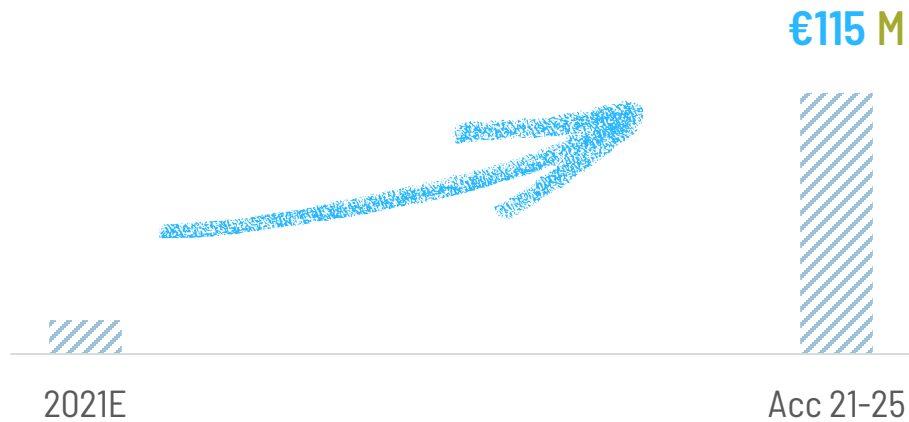
DEVELOPMENT OF THE OPTICAL FIBRE BUSINESS AND NEW OPPORTUNITIES WITH THE DEPLOYMENT OF 5G NETWORKS



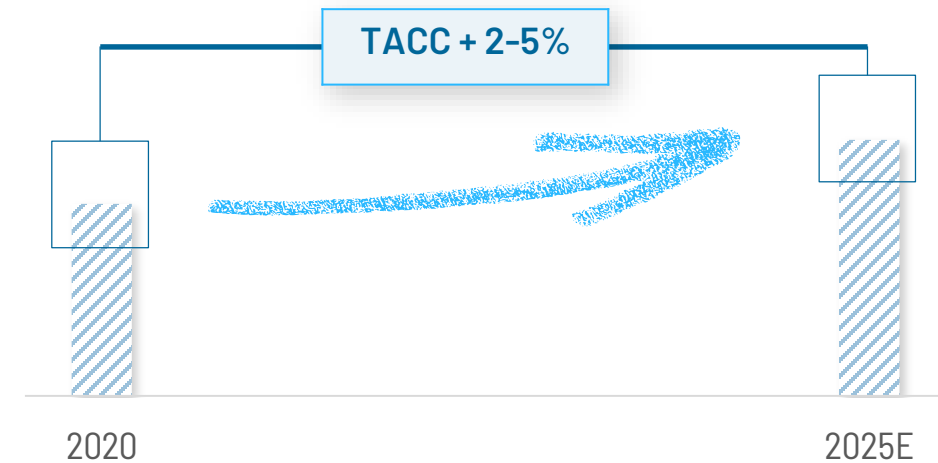
Drive connectivity

Estimated growth of main figures 2021-2025. Reintel + 5G

INVESTMENT

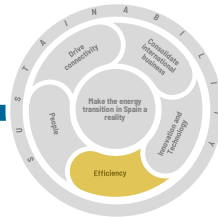


ESTIMATED GROWTH EBITDA



Growing need for optical fibre infrastructures and the deployment of 5G will increase the Group's value.

EFFICIENCY IN OPERATIONS, FINANCE AND CONTINUOUS IMPROVEMENT ARE KEY FACTORS TO DEVELOP OUR STRATEGIC PILLARS



Efficiency

Efficiency based on the generation of value through the **correct handling of resources**, identification of **synergies** and the **optimisation of processes**.



Optimisation of finance and capital

Adjust the financial structure to ensure the solvency of the Group, compliance with CNMC ratios and a solid credit rating.



Operating agility

Realign the most resource-intensive processes and transform the organisation to generate financial and operational efficiency.



Guarantee the continuity of Group services

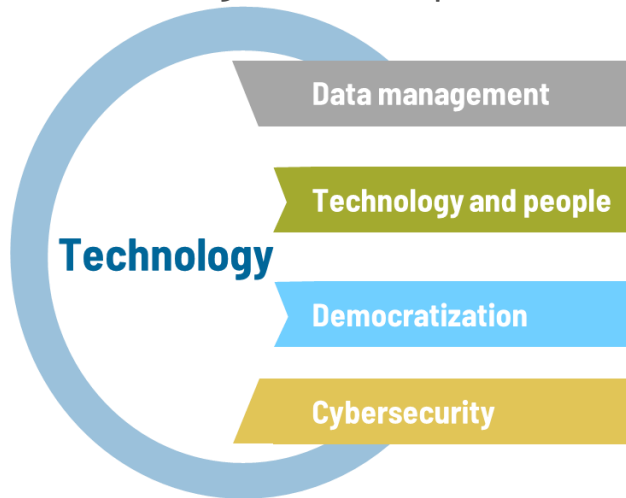
Anticipate and forestall possible future events that can affect the security of the Group.

Financial alternatives that can be activated when required by the market to optimise our capital structure.



INNOVATION AND TECHNOLOGY

- Greater importance of **new technologies** in driving the group's business.
- Red Eléctrica is consolidating through **Elewit** its commitment to innovation, entrepreneurship and technological development.



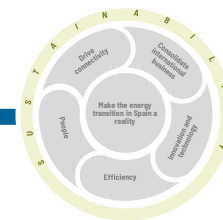
Real backing for innovation through Elewit, to boost talent and support value creation.



PEOPLE

- Promote cultural transformation, sustainable management and convert the organisation into leadership as a **healthy company**.
- Promote people's safety and well-being to achieve **healthy workplaces**.
- Develop an innovative, agile and collaborative culture. **Promote talent**, anticipate needs and create an organisation capable of overcoming the challenges of the strategic plan in a changing environment.

WE WILL CONTINUE TO MOVE FORWARD IN OUR COMMITMENT TO SUSTAINABILITY AND ENSURE RESPONSIBLE MANAGEMENT OF THE GROUP'S BUSINESS.



Sustainability

The Red Eléctrica Group focuses on the **creation of shared value through responsible development of its activities**, to advance towards compliance with the Sustainability Commitment for **2030** and maximise the contribution of all the companies in the Group to achieving the global targets, which include the United Nations' **Sustainable Development Goals (SDG)**. This commitment is also based on the roadmap to achieving a practically decarbonised economy in 2050.



... anticipate and respond to the challenges of the future,



... manifest the existing opportunities,



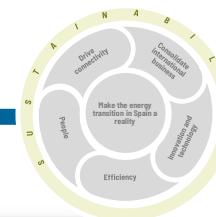
... generate positive impacts through alliances with our environment



... and raise awareness of the Group's role in sustainable development.

The Group's Strategic Plan sees Sustainability as a driver of energy transition and access to connectivity, with the ultimate goal of achieving climate neutrality in 2050.

OUR COMMITMENT TO SUSTAINABILITY IN 2030 IS INTENDED TO BE PERMANENT



Sustainability



Decarbonisation of the economy

- **Reduce** our GHG emissions by over 40%.
- **Empower 100% of society** to be actively involved in the energy transition process.
- **Safely integrate 100% of the renewable energy**, minimising waste and accelerating progress towards meeting the energy transition objectives.



Anticipating change and taking action

- **Leading technology player**, driving at least 120 technological innovation initiatives that contribute to energy transition and telecommunications, making the world a more connected, intelligent and sustainable place.
- **A leading company in the circular economy.**



Contribution to the improvement of the environment

- **Leader in gender equality: parity in management in 2030.**
- **Leader in diversity: inclusion of groups at risk of social exclusion as partners.**
- **Generate a positive net impact on the natural capital** in the areas around our facilities.
- **Eliminate the digital divide: 100% connection rate** for people in the areas around our facilities.

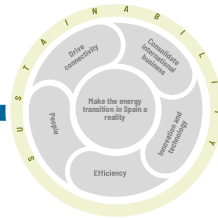


Responsible value chain

- **A driver of change** for our suppliers.
- **A company financed 100% with ESG criteria** in 2030.



LEADERSHIP IN THE MAIN SUSTAINABILITY INDICATORS



Sustainability

Prominent position and ample recognition in prestigious rankings that show our excellent level of commitment and firm belief in transparency and open business.



Consolidating our presence in ESG leadership with a high score.

- The RE Group is present in the European (**DJSI Europe**) and global indices (**DJSI World**). Recognised in 2020 as one of the best companies in the world for sustainability in the Electric Utilities sector.
- Recognised with the “**Silver Class**” in the S&P Global Sustainability YearBook 2021.
- Permanent position in the **FTSE4Good** index since 2008, and the **MSCI ESG** index, with the highest rating “AAA”.
- Recognised as category **A** in the **CDP list** for its commitment to the fight against climate change.
- Ranked first in the **Utilities/Network Operators** sector with an OEKOM B+ rating in Corporate Responsibility.
- Red Eléctrica was the first IBEX 35 company to apply the **SASB international report standard**.



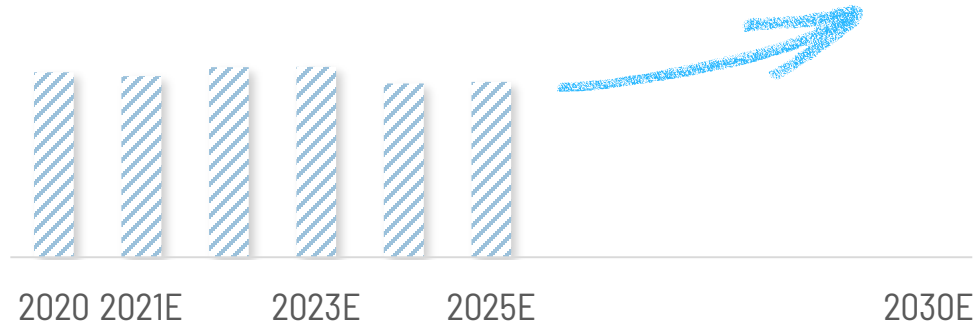
Financial targets and dividend policy 2021-2025

OBJECTIVES 2021 - 2025

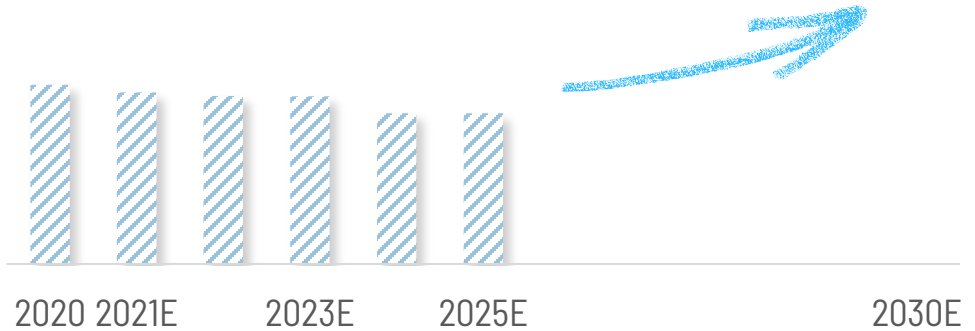
Changes in main figures

Visibility and clarity in the medium and long-term goals.

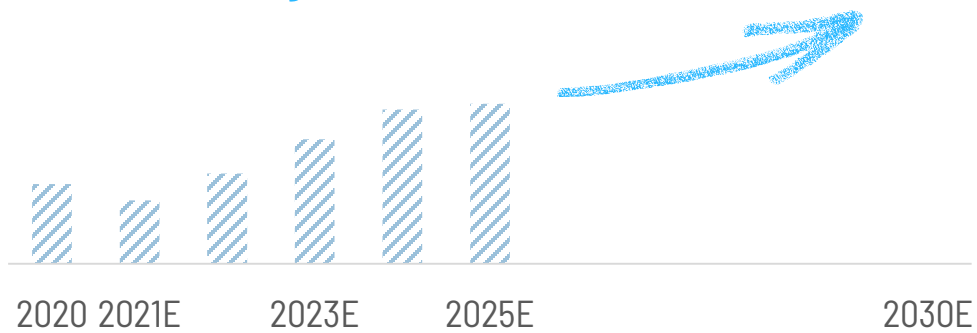
Turnover 2020-2025



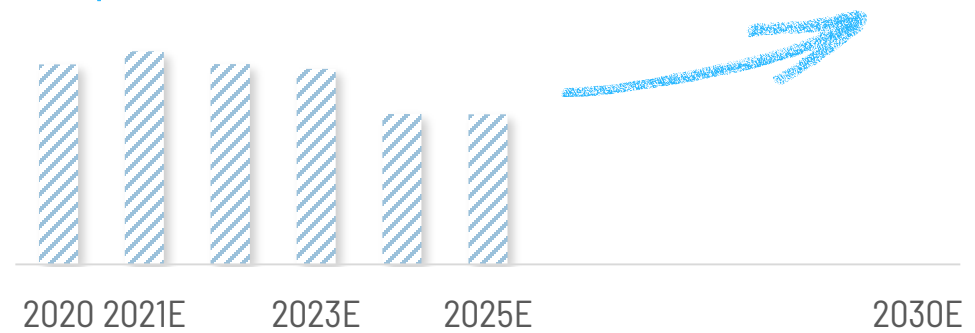
EBITDA



Transmission grid investment



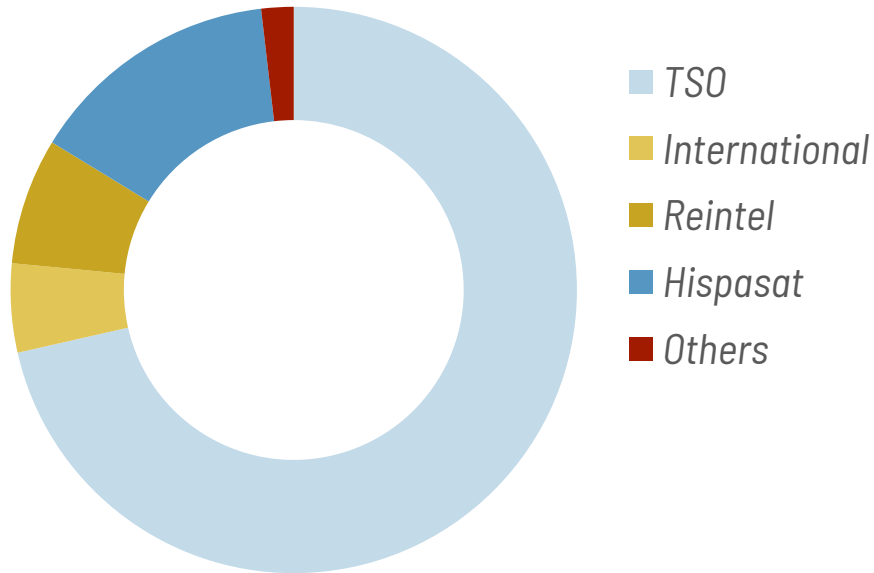
Net profit



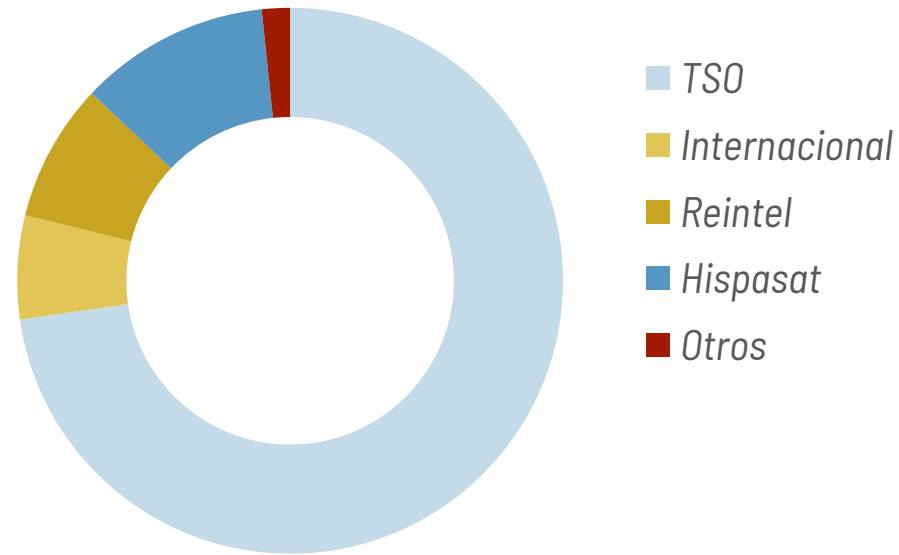
OBJECTIVES 2021 - 2025

Revenue distributed by business sector

Turnover 2025



EBITDA 2025



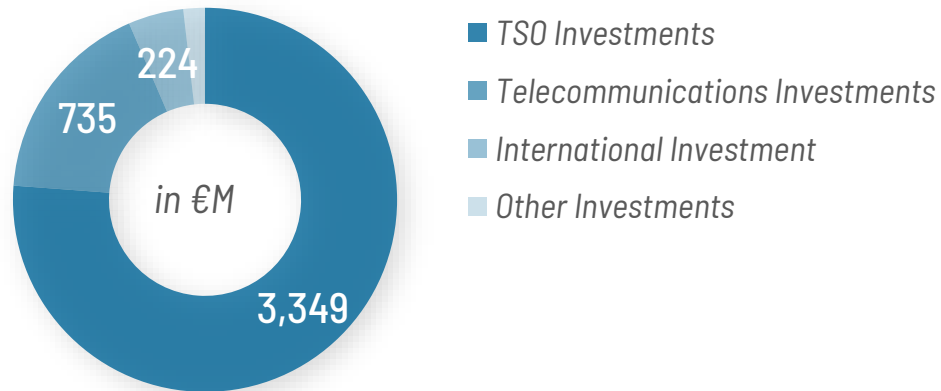
Regulated business will be around 80% of the Group's turnover in 2025. Diversification strategy partially offsets the TSO reduction in revenues impact.

OBJECTIVES 2021 - 2025

Financial objectives

Sustainable dividend policy aligned with a demanding growth profile.

Investments 2021-2025: €4,400 M (*)



Financial efficiency 2025

- EBITDA Margin 70%.
- FFO Ratio/ Debt >15%.
- Net debt/EBITDA <5x.
- Maintain solid credit rating (Use of hybrid credit instruments and assessment of alternatives).

Evaluation of strategic assets

- Assess the value of the group's strategic businesses, through the incorporation of minority associates to boost its development.

Dividend policy

€/share



(*) It does not include the effect of the projects presented in the Recovery Plan.

Thank you for your attention



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