

14 MAY

GENERAL **SHAREHOLDERS'** **MEETING**

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*Committed
to intelligent energy*



Speeches

- Chairwoman and CEO.



Beatriz Corredor Sierra

CHAIRWOMAN

(SPEECH)



RED
ELÉCTRICA
CORPORACIÓN

GSM2020

OUR RESPONSE TO THE HEALTH CRISIS (COVID-19)

Main actions

■ Guaranteed provision of the essential services in our sector:

- COVID-19 monitoring group and application of a comprehensive contingency plan.
- Deployment of a third control centre.
- Digital transformation.
- The commitment and professionalism of our employees.

■ Active participation in social support schemes:

- The Cruz Roja Responde Programme (essential food and accompaniment).
- Open Ventilator project to make medical equipment.
- Support for small agricultural businesses in the rural environment in collaboration with Messengers for Peace, Caritas and Food Banks.
- Support programmes for startups developing projects to mitigate the economic and social impacts of the crisis.

OUR OBJECTIVE

To ensure the health of our employees and guarantee the national electricity supply and telecommunications network, offering our support to those around us.

DEVELOPMENT OF THE COMPANY, 35TH ANNIVERSARY

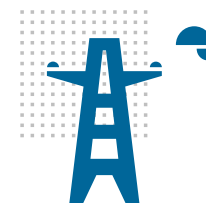
Global infrastructure operator

- We have become a global operator of strategic infrastructures.
- The main strategic infrastructure operator in Spain (in the electricity sector and in telecommunications).
- One of the main infrastructure operators for electricity transmission in Latin America.
- One of the world's most important satellite telecommunications operators.
- We see technological innovation as the lever for change and generating business.
- The talent and commitment of the 2,056 employees in this business group.

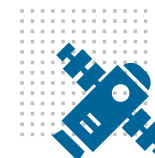
Our proposal: to be at the heart of global transformation.

WHAT MAKES US DIFFERENT

Electricity



Telecomm-
unications



Talent



GROWTH OF THE COMPANY, 35TH ANNIVERSARY

35 years after it was founded, Red Eléctrica is a business group...

- More diversification.
- Stronger.
- Bigger.

- More committed.
- More necessary.
- More useful to society.
- More valuable.

■ €1,870 M investment in 2019:

- €396.4 M investment in electricity distribution in Spain.
- €226 M investment in international business.
- €1,215 M in telecommunications business.

- High availability of the infrastructure network.
- 37.5 % integration of renewable energy in Spain.
- Over 26.6 million tonnes of CO₂ prevented.
- Generation of an estimated 641 million euros in production in the relevant business sectors, the equivalent of more than 4,727 jobs.
- 97 % of permanent contracts in our Group.
- More than 1,000 suppliers (91 % of them based in Spain).
- 732 million euros in total tax revenue:

ENERGY TRANSITION AND CLIMATE CRISIS

Strategic plan 2018-2022

Reinforce TSO to make energy transition possible

- Development of a smart, robust, and ever more connected transmission grid.
- Reinforcement of interconnections.
- Optimised operation of the electricity system.
- More progress in demand management measures.
- Incorporation of storage systems and new elements, such as electric vehicles.
- Promotion of innovative activities such as smart networks, digitalisation and datahubs.
- New services to enable coordination between different agents.

53 % of investments under the strategic plan 2018-2022 are aimed at making energy transition possible.



**OBJECTIVE
2030**

Safely integrate **100 %**
of the renewable energy available
to the electricity system.



**OBJECTIVE
2030**

Empower 100 % of society
in the energy transition process.

ENERGY TRANSITION AND CLIMATE CRISIS

Main commitments

- Willingness and commitment to fight against climate change. Climate change action plan (2015-2020-2030).
- Objectives approved by the international Science-Based Target group.
- Signing up for the Business Ambition for 1.5 °C initiative, part of the United Nations' Global Compact.
- Adaptation to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD):
 - Governance model.
 - Potential risks associated with climate change.
 - Opportunities arising from climate change.



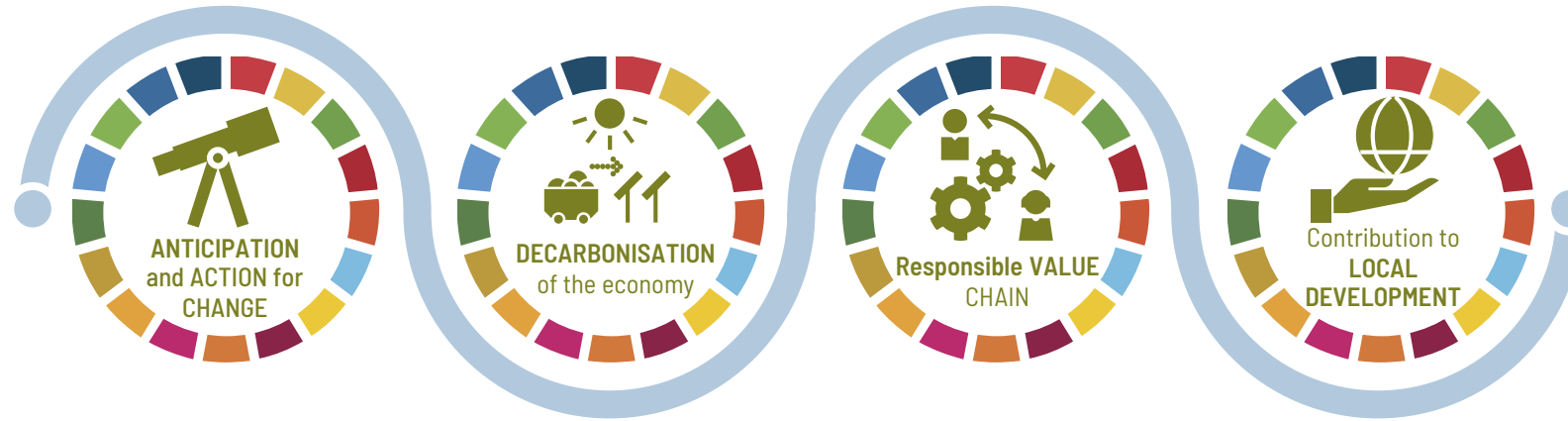
**OBJECTIVE
2030**

Reduce our **greenhouse** gas emissions by **40 % per MWh transported** in 2030,

SUSTAINABILITY AND CORPORATE GOVERNANCE

Main actions

- Strategic commitment to Sustainability 2030 across all our business.



- Adoption of Agenda 2030 as a contribution to Sustainable Development Goals (SDG).
- Direct commitment of the Board of Directors through the Sustainability Committee.
- Definition of eleven 2030 Sustainability objectives for the Red Eléctrica Group

Sustainability
Essential support
that shapes our
business strategy.

SUSTAINABILITY AND CORPORATE GOVERNANCE

Main actions

■ Gender equality (data 31.12.2019)

25.9 %

WOMEN IN THE
WORKFORCE

31.8 %

WOMEN
DIRECTORS

41.7 %

WOMEN ON THE BOARD
OF DIRECTORS

■ Help for youth training and access to the job market:

- Dual vocational training as Advanced Power Station Technicians. Potential risks associated with climate change.
- 80 % of students in the first class were hired by Red Eléctrica Group.



OBJECTIVE
2030

To be a leading **company in gender equality**: parity among the company directors.



OBJECTIVE
2030

To be a leading **company in diversity**: inclusion of groups at risk of social exclusion as work partners.

SUSTAINABILITY AND CORPORATE GOVERNANCE

Main actions

- New long-term financing deal for 375 million euros and 30 million dollars, with sustainability parameters.
- Green Financing Framework.
 - First issuance of green bonds for 700 million euros



OBJECTIVE 2030

To be a company **with good governance and financed with social and environmental criteria** in 2030.

■ Creation of RETIT with four priority lines:

- Technological innovation to develop energy transition and telecommunications.
- Open innovation.
- Acceleration and Venture Capital.
- Sales.

■ €10,6 M investment in R+D+i.



OBJECTIVE 2030

To be a **leading technology player**, driving at least 120 technology innovation initiatives in 2030, making the world a more connected, smarter and sustainable place.

SUSTAINABILITY AND CORPORATE GOVERNANCE

Main actions

- Design of a responsible assessment and analysis method for natural capital.
- Red Eléctrica Marine Forest.
 - Cinco Días award for Business Innovation in the category of “Most innovative business initiative” in corporate social responsibility.



OBJECTIVE 2030

Generate a **positive net impact on the natural capital** in the areas surrounding our facilities.

- Road Map for the Circular Economy 2030.
 - Materials.
 - 0 Waste.
 - Land.
 - Water.
 - Energy.



OBJECTIVE 2030

To be a leading **company in the circular economy.**

SUSTAINABILITY AND CORPORATE GOVERNANCE

Main actions

- Social innovation plan.
- Over €8 M investment in 545 social initiatives:
 - Promoting regional social and economic development.
 - Encouraging the repopulation of the rural environment.



OBJECTIVE 2030

Completely eliminate the **digital divide** to ensure that 100 % of the people in the areas near our facilities are connected.

- Collaboration programme with suppliers to lower our carbon footprint.
- Training programme on the fight against corruption.



OBJECTIVE 2030

To be **a driver of change for our suppliers.**

SUSTAINABILITY AND CORPORATE GOVERNANCE

Main actions

- Final revision stage of our revised Ethical Code.
- Approval of the Global Compliance Policy for the Red Eléctrica Group.
- Continued progress in the application of best good governance practices:
 - Appointments through co-opting of the CEO and Non-Executive Chairwoman of this Board.
 - Re-election of the Independent Coordinating Board Member.
 - Update of the contingency plans for the succession of the Chair of the Board of Directors and CEO, and the orderly succession of both positions.
 - Application and permanent update of the matrix of individual responsibilities for the Board of Directors.

Recognition

- Renovation of the “Ambassador of European Excellence” award by EFQM.
- I National Prize for Excellent, Innovative and Sustainable Management, awarded by the *Club Excelencia en Gestión*.
- Presence in sustainability indexes:



Thoughts on the future

Red Eléctrica's commitment to a new, more sustainable model:

- Leading role in energy transition.
- Guarantee of a efficient, safe and sustainable power supply for the whole of society.
- Leading operator in telecommunications infrastructure.
- Reduction of the digital divide.
- Technological innovation to respond to present and future challenges.
- Protection and conservation of the environment.
- Contribution to community progress.



A change of paradigm is necessary:

We believe in a recovery based on sustainable development.

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*Committed
to intelligent energy*





Roberto García Merino

CHIEF EXECUTIVE OFFICER

(SPEECH)



RED
ELÉCTRICA
CORPORACIÓN

GSM2020

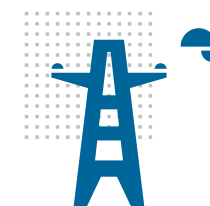
ACTIONS DURING THE STATE OF EMERGENCY

Main measures to guarantee security of supply

- Application of medical-hygiene measures and safety for employees.
- Deployment of a 3rd Control Centre in record time.
- Identification of an alternative operations team and support operators:
 - Working remotely from home.
- Separation of independent operational teams:
 - The teams of operators on the islands are separated.
 - New control rooms have been deployed in the centres of Tres Cantos, Balearic and Canary Islands.
- Availability of backup personnel to intervene in any unforeseen situation.
- Group staff working from home when their presence at the installations is not strictly required.

We provide normal service in a completely abnormal situation.

SECURITY OF THE ELECTRICITY SUPPLY



550 people

GARANTEE
THE OPERATION
OF THE SYSTEM
AND THE MAINTENANCE
OF THE TRANSMISSION
GRID

DEMAND FOR ELECTRICITY IN THE STATE OF EMERGENCY

Evolution of electricity consumption

Implementation of the state of emergency

(Start of the confinement period)

 **-8 / -10 %**
FALL IN THE
1st and 2nd WEEK

Period of strictest confinement

(Only essential activities)

 **-20 %**
FALL IN THE
3rd and 4th WEEK

After the 'hibernation' period

(From 13 April)

 **-15 %**
DECREASE IN
COMPARISON WITH
SIMILAR DATES IN 2019

Electricity demand in April 2020 has been 17 % lower, than that recorded in the same period the previous year.

SIGNIFICANT EVENTS

Main actions in 2019

■ Design of a road map for energy transition:

- Publication of the 'Spanish National Integrated Energy and Climate Plan' (Spanish acronym: PNIEC) 2021-2030.
- Start of the Electric Planning Process 2021-2026.

■ New remuneration method:

- Approval of the remuneration for the electricity transmission and system operator business.

■ Advances in international business:

- Start of electricity transmission business in Brazil.

■ Telecommunications business:

- Acquisition of 89.68 % of Hispasat.

■ New technology company:

- Creation of RETIT to boost innovation and technological development.

2019

We consolidated our position as a global operator of essential infrastructures that guarantee citizens' well-being.

ECONOMIC IMPACT OF THE COVID-19 CRISIS

Sustainable economic recovery

- Manifesto by several European countries to use the European Green Deal as the roadmap for economic recovery.
 - Spain has signed up to this initiative through the Ministry for Ecological Transition and Demographic Challenge.



Objective

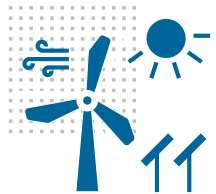
Promote a 'green' economic recovery with a focus on fighting the climate crisis.

ACTIONS TOWARDS ENERGY TRANSITION

The leading role of Red Eléctrica

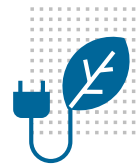
- **Access and electric power connection to the new renewable generation transmission grid:**
 - Design of a remote management platform to attend access requests.
 - Management of access permits to 102 GW energy from wind and solar power.
- **Integration of renewables in the system:**
 - Commissioning of 6456 new 'green' MW, 12.9 % of the installed renewable generation capacity .
 - 50 % of generation capacity in Spain currently comes from renewable sources.

IN 2019



37.5 %

DOMESTIC DEMAND MET
BY RENEWABLES



60 %

ELECTRICITY GENERATED
WITHOUT CO₂ EMISSIONS

ACTIONS TOWARDS ENERGY TRANSITION

More meshed and sustainable transmission grid

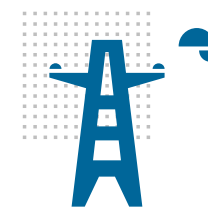
Main actions in figures

198	kilometres of new lines.
168	new substations.
1,335	MVA increased transformer capacity.
97.94 %	index of availability of the grid in the peninsula .

Destination of investments

Resolving technical restrictions.
Reinforcement of the the transmission grid meshing.
Improved security in supply and grid reliability.
Reinforcement of interconnections between systems.

DEVELOPMENT OF THE TRANSMISSION GRID



€396 M
INVESTMENT IN 2019

ACTIONS TOWARDS ENERGY TRANSITION

Decarbonisation projects for the electricity sector

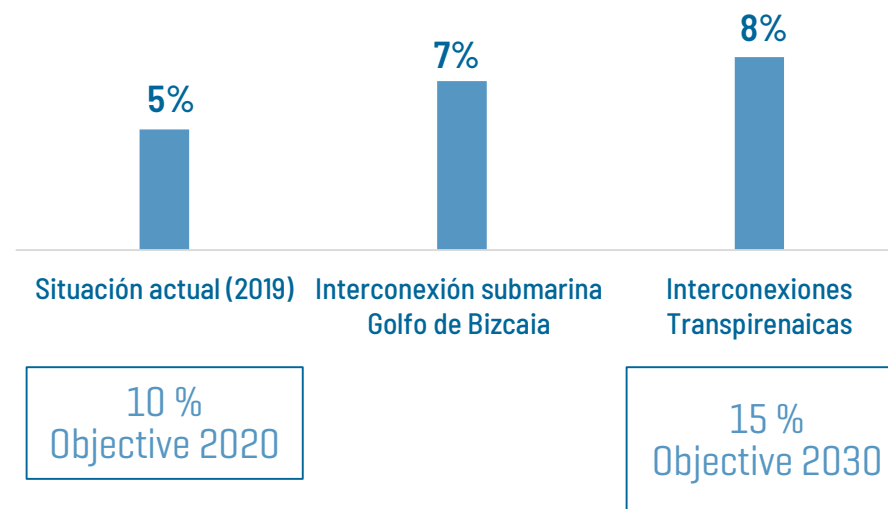
Integration with the European market

- **Submarine interconnection in the Gulf of Biscay**
 - 370 km long interconnection, 280 km submarine.
 - Transmission Capacity 2 x 1,000 MW.
 - Increased exchange capacity to 5,000 MW.
- **Cross-Pyrenees interconnections**
 - European Projects of Common Interest.
 - Projects included in the PNIEC.

Interconnection with Morocco

- Agreement between Spain and Morocco for the installation of the 3rd interconnection cable.

Ratio of interconnections in Spain

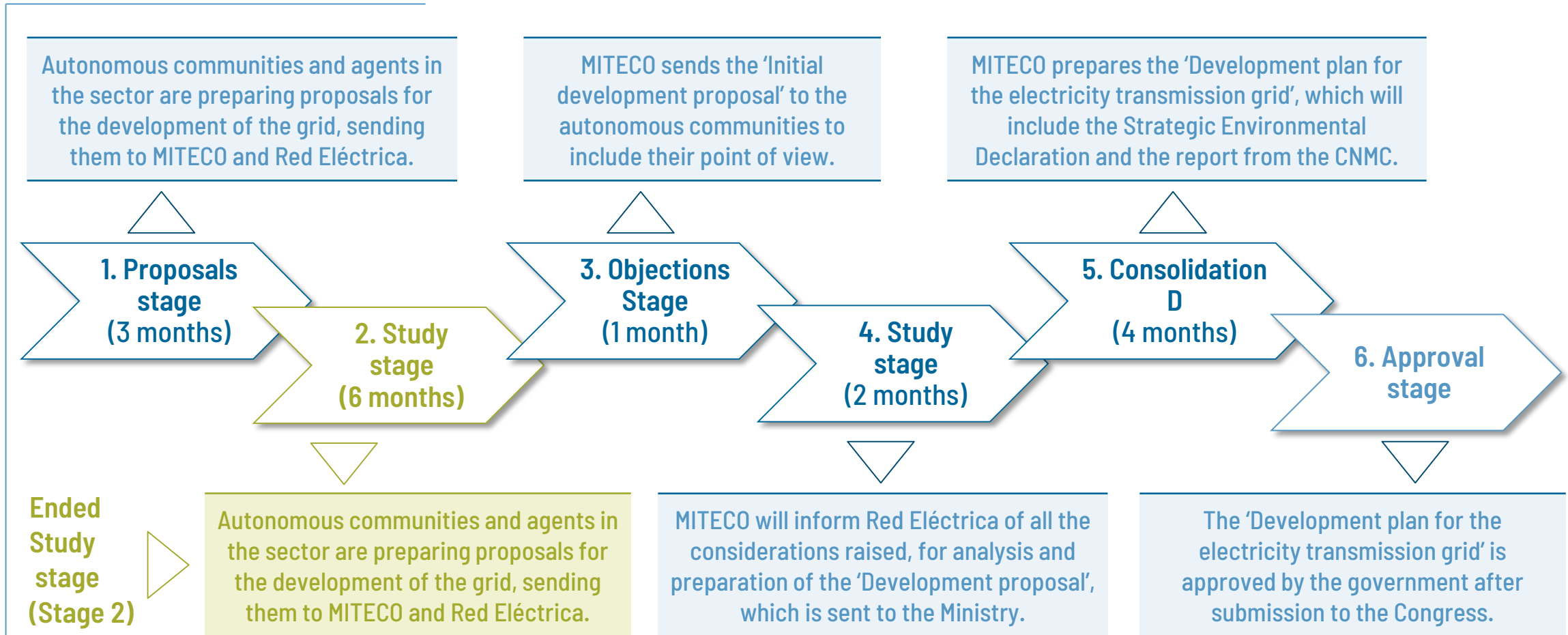


Decarbonisation of island systems

- Second Peninsula-Balearic link.
- Energy storage (PHPS Chira-Soria).
- Reinforcement of the grid in isolated systems.

ELECTRICITY PLANNING 2021-2026

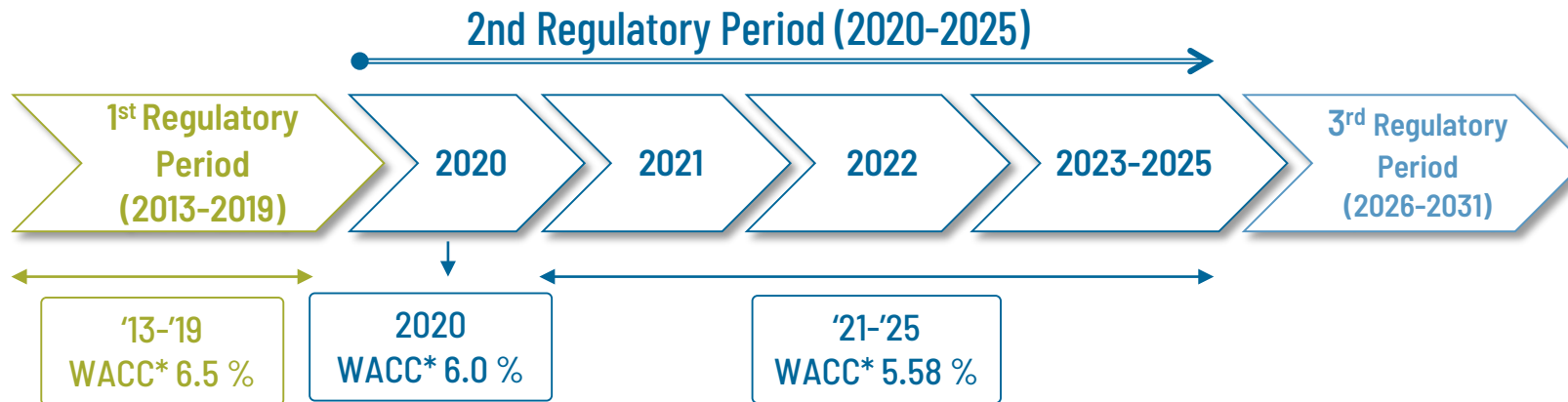
Start of the planning process for electricity infrastructures



NEW REMUNERATION METHOD

Regulatory stability

■ Electricity transmission.



■ System operation.

- First time a remuneration method has been set up.
- Regulatory parameters defined for the period 2020-2022

* WACC: Average weighted cost of capital.

Methodology to follow on from that applied in the first regulatory period.

Extension of useful life:

- Annual increase of 30 % in maintenance of assets that end their useful life.
- Renovation and improvement plan for installations whose useful life has expired.

- Availability and efficiency incentives.
- Adjustment of O&M remuneration.

INTERNATIONAL ACTIVITY

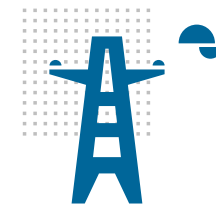
Main actions in 2019

- **Enter the energy transmission business in Brazil:**
 - Acquisition 50 % of Argo Energia, owner of 3 electricity transmission licences in Brazil, for €382 M.
- **Business consolidation in Chile and Peru:**
 - Acquisition of 100 % of the Carhuaquero–Moyobamba line in Peru, valued at \$205 M.
 - Founding of REDELNOR, licensee of this acquisition.

Energy transmission assets in South America

1,686 kilometres of lines in Peru.
1,729 kilometres of lines in Chile.
1,460 kilometres of lines in Brazil.

TRANSMISSION GRID IN SOUTH AMERICA



4,875 km

OF LINES MANAGED
IN 2019

TELECOMMUNICATIONS AND INNOVATION ACTIVITY

Main activities

Telecommunications business

■ Positioning as a global telecommunications operator:

- Acquisition of 89.68 % of Hispasat equity for €933 M.
- Hispasat: 9 satellite fleet and another planned for 2022.

Fibre optics business (REINTEL)

- 5 years of consecutive growth, increased client portfolio.
- Largest dark fibre optic operator in the country.

Innovation and technology

■ Founding of the technology company RETIT:

- Drive for innovation through concepts, incubation and acceleration of technology-based initiatives.

8th

GLOBAL SATELLITE
OPERATOR

4th

SATELLITE OPERATOR
IN SOUTH AMERICA

50,688 km

FIBRE OPTIC
NETWORK

1,181

TECHNICAL BASES

Programmes

THAT
ACCELERATE
STARTUPS

Investment

IN VENTURE CAPITAL

ECONOMIC AND FINANCIAL RESULTS

Key financial indicators

	€M		
	2018	2019	Δ %
Revenue	1,949	2,007	3.0
Gross operating profit (EBITDA)	1,540	1,582	2.8
Profit before tax	936	949	1.3
Profit for the year	705	718	1.9
Investment	547	1,870	242.2



Dividend in 2019

- €1.0519 /share
- 7 % increase

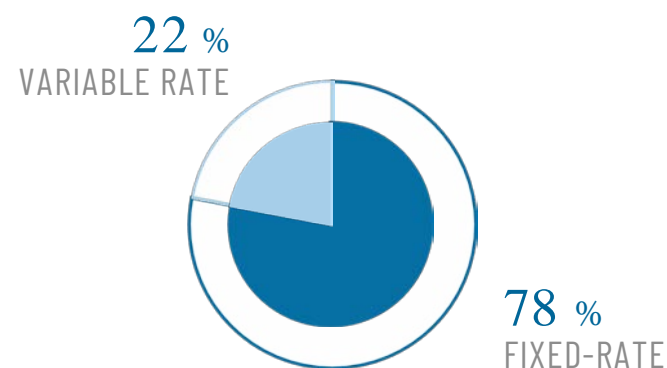
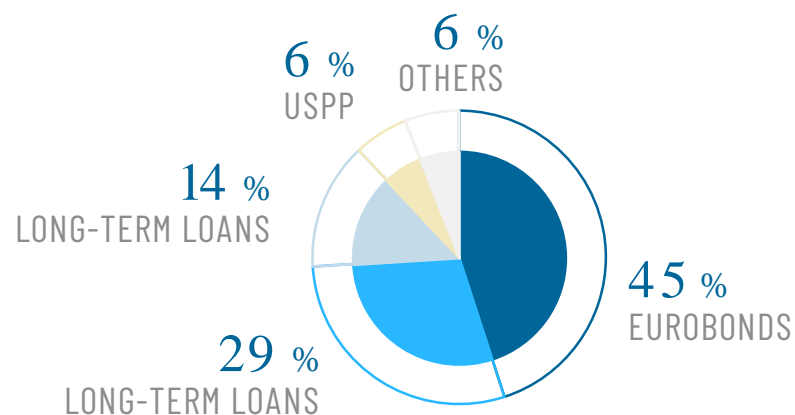


Stable growth and solid results

FINANCIAL SOUNDNESS

Debt structure

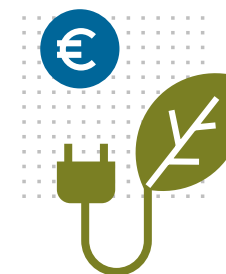
Net debt: €6,026 M on 31/12/2019



Average debt life	5.2 years
FFO/Debt	20.8 %
Net debt/EBITDA	3.8 x

Sustainable financing

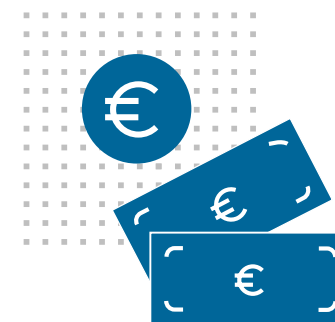
- €800 M syndicated loan and €375 M bilateral loans linked to ESG criteria.
- Bond issue in Euromarket for €700 M to finance and/or refinance suitable projects as part of the Green Financing Framework.



COMPLIANCE WITH STRATEGIC PLAN 2014-2019

Compliance of market commitments

	Market commitments	Compliance Plan 2014-19	
Investment	> €4,500M	€4,861M	✓
Improved EBITDA MARGIN in 2019	≥ 200 p.b.	479 p.b.	✓
Average NET DEBT/EBITDA	3.5 x	3.4 x	✓
Δ profit per share (TACC 2019/2013)	5-6 %	5.2 %	✓
Δ dividend per share (TACC 2019/2014)	7.0 %	7.0 %	✓



ADVANCE ON STRATEGIC PLAN 2018-2022

Significant progress in strategic investments 2018-2019 period

Electricity sector Spain

€775 M Investment in the transmission grid.

International business

€382 M Agreement for the acquisition of 50 % of Argo Energía in Brazil.

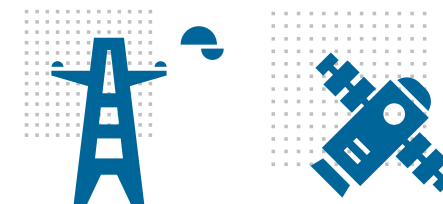
€219 M Investment in Peru.

€145 M Investment in Chile.

Telecommunications business

€933 M Acquisition of Hispasat.

LEVEL OF
PROGRESS
2018-2019



46 %
OF THE INVESTMENT GOAL

ADVANCE ON STRATEGIC PLAN 2018-2022

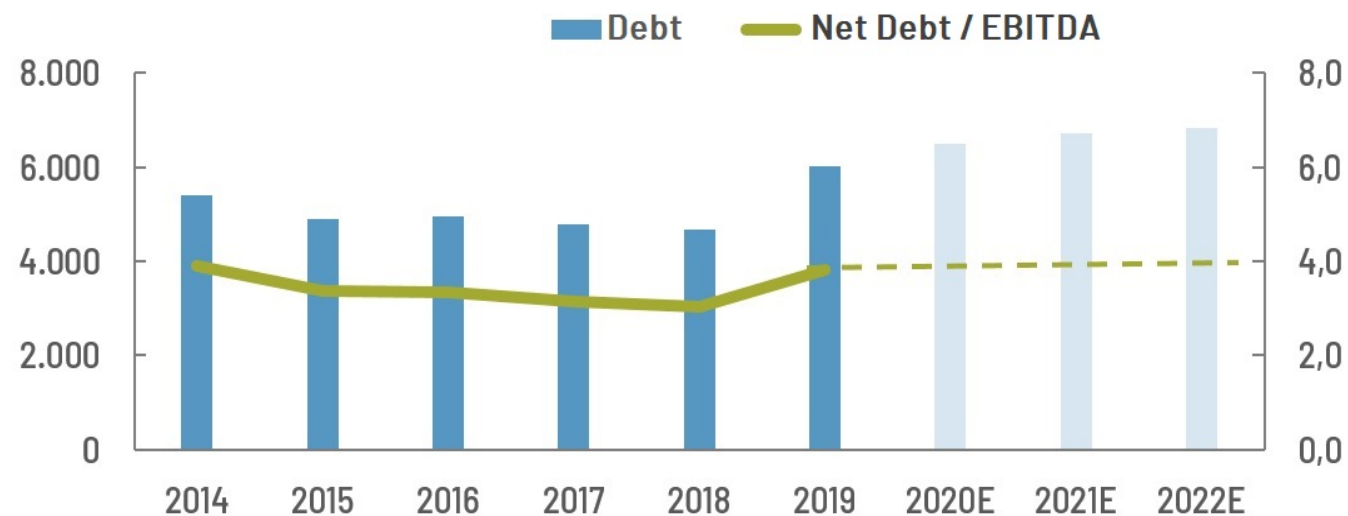
Strategic objectives

■ EBITDA MARGIN:

- > 76 % average in the period.

■ FINANCIAL DISCIPLINE:

- Net Debt / EBITDA ~4x average.



78.9 %

EBITDA MARGIN 2018-19

3.4 x

NET DEBT / EBITDA 2018-19

Our commitment

Sustainability of net profits and dividends

■ Earnings After Tax:

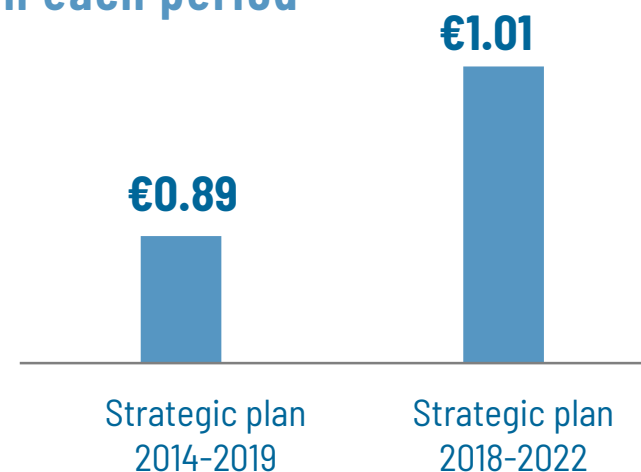
- EAT > 1 % TACC 2018-2022.

■ Dividend policy:

- 2018: €0.98 per share.
- 2019: €1.05 per share.
- 2020-2022: at least €1 per share.

Profit per dividend for shareholder above 5 % in 2019.

Average dividend per share in each period



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