



**RED**  
**ELÉCTRICA**  
CORPORACIÓN



## Main lines of the Strategic Plan

20 February 2019

# The only sure thing is change

“What we see as an overall architecture underpinning our world as we know it is a bit of a puzzle now; if you like, it has collapsed into many tiny parts, and with it, unpredictability has increased.”

-Angela Merkel

# Red Electrica Group seeks security through controlled diversification (I)

Electricity, telecommunications, and talents are the new raw materials for economic and social development.

**Electricity:** a key vector to achieve decarbonisation targets

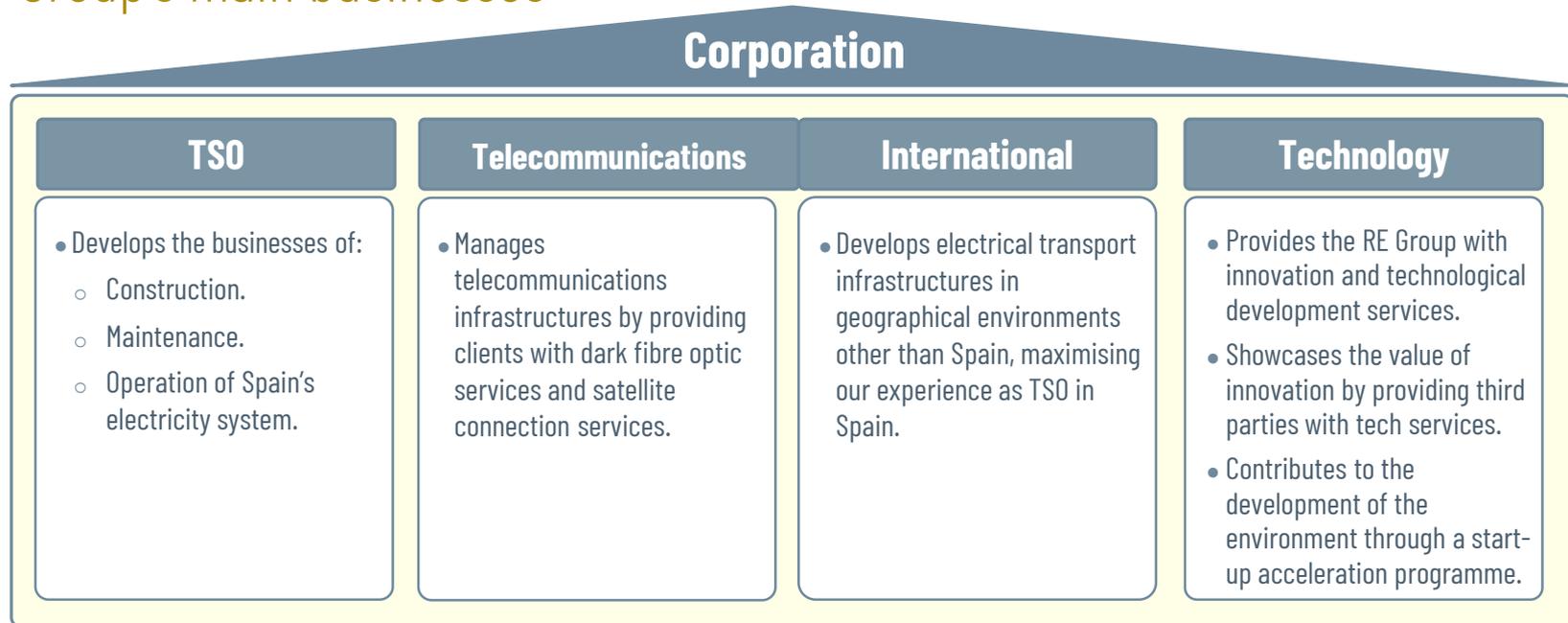
**Telecommunications:** the driver of industry 4.0

**Talent:** the key factor in the success of the global revolution that we are experiencing

A transition that can meet society's energy needs to be made urgently, as well as a redesign of the globalisation models to make a sustainable future possible

# Red Electrica Group seeks security through controlled diversification (II)

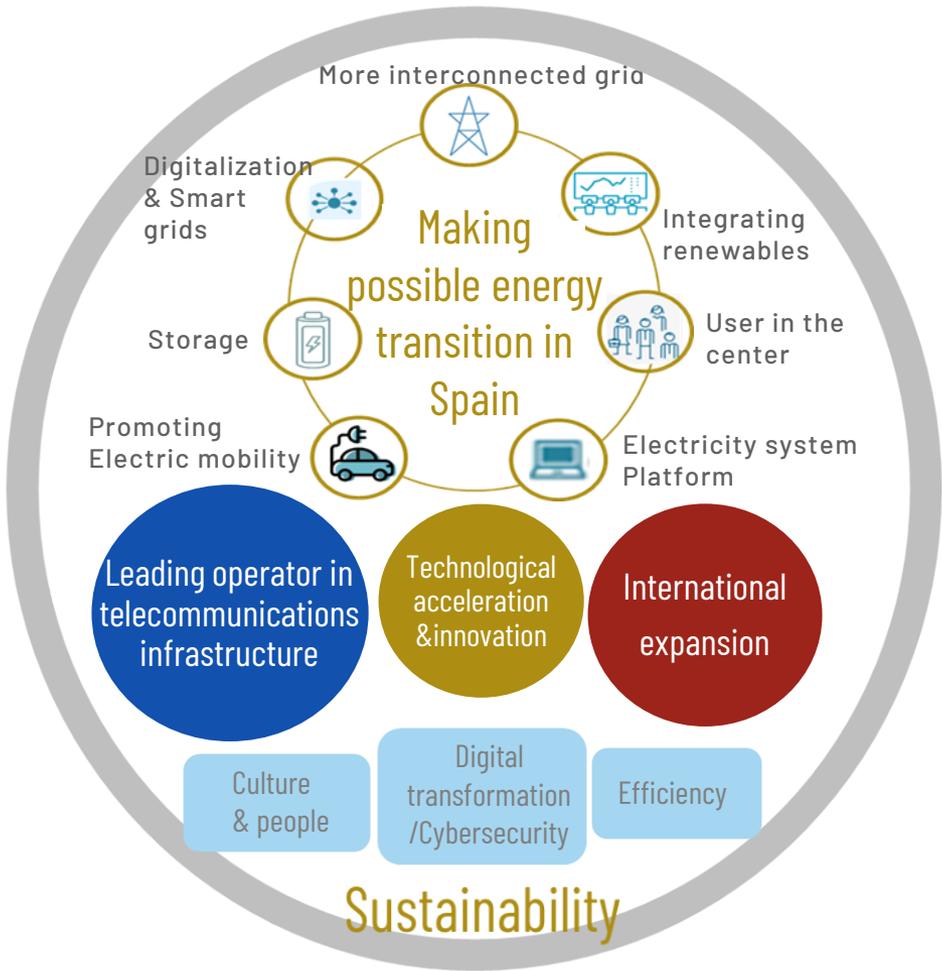
## Group's main businesses



The Strategic Plan envisions a model balanced between two primary lines of action:

- ✓ More operations subject to market risk that offset the concentration of regulatory risk
- ✓ Operations in regulated fields that offset market risk

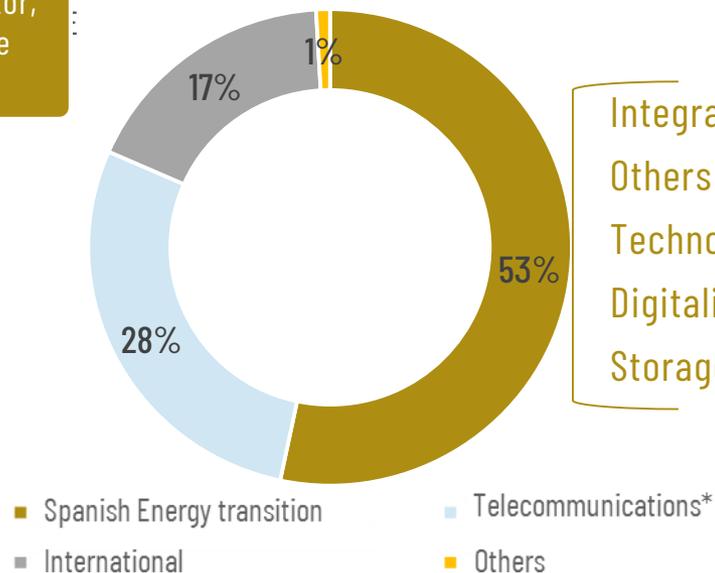
# Our response to challenges posed by the economical model transformation



# Red Electrica Group's Investments: €6,000 M

## Investments breakdown

Integration of renewables will be the main investment vector, representing 25.5% of the total investments



Integration of renewables: 1,538 M€  
Others transmission grid: 908 M€  
Technology: 298 M€  
Digitalization: 262 M€  
Storage: 215 M€

(\*) Telecommunications: Includes HISPASAT's 89,68% stake acquisition

RE Group will reinforce the capital structure of the different business for their optimal development

RE Group will answer to the future challenges with strong investment commitment



# The System Operation will meet the needs of the Energy Transition

## Challenges

Guaranteeing supply with a high proportion of variable generation.

Managing a more complex system.

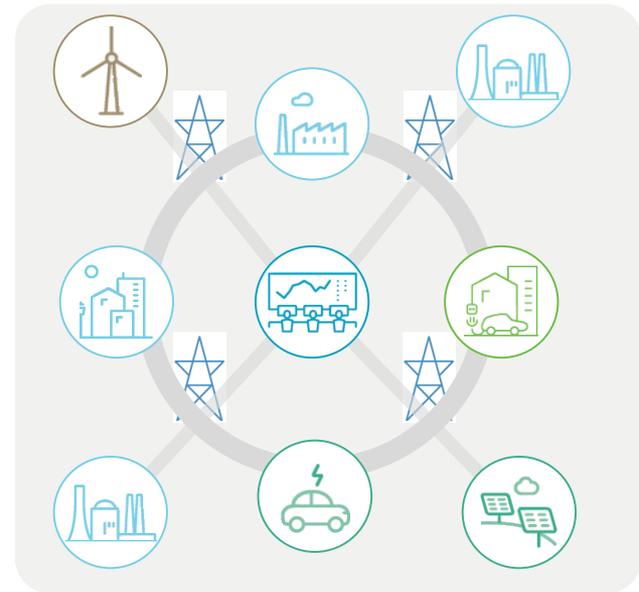
Integration of a greater number of distributed resources.

More data

More intelligence

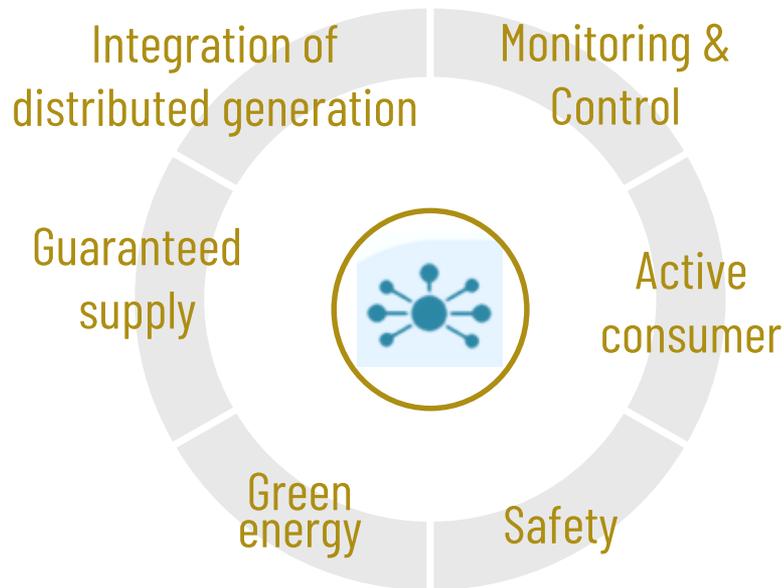
More flexibility

Platform for the future electricity sector



Red Electrica will develop services to facilitate the energy transition and to achieve a better understanding of its TSO role

# We will incorporate more network intelligence for the Energy Transition...



## Increase in the investment effort

- Investments for connecting renewable generation and reducing technical constraints.
- Increase interconnection capacity for:
  - Guarantee the supply related to the renewable generation volatility.
  - Facilitate the development of the Internal Energy Market.

## Transmission Grid

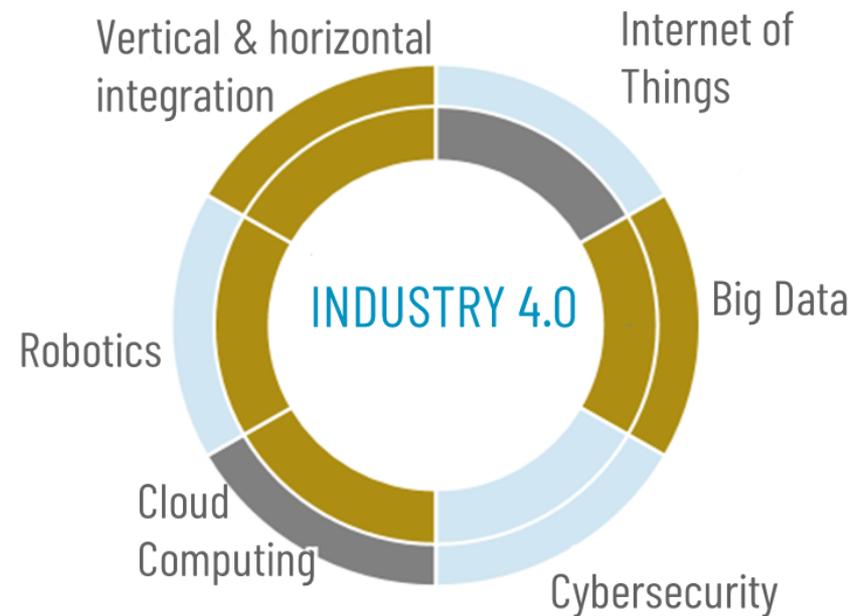
- New equipment and systems based on high-power electronics.
- Smart Transmission Grid equipment maintenance.
- Process Automation and Robotising.
- Data analysis using artificial intelligence.

Red Electrica will boost smart grids initiatives to shape the future energy grid

# Telecommunications

## Telecommunications infrastructures as the driver of industry 4.0

- Need for infrastructures that meet the need for:
  - Exponential increase in data volumes.
  - Need for higher quality technologies that reduce latency.
  - Universal coverage (hyperconnectivity).



# Innovation, entrepreneurship, and technological development: Initiatives to face future challenges

## Technological factory

- A space where Labs will be created to develop new R+D solutions to shared challenges (robotics, artificial intelligence, immersive reality, Internet of Things).

## Start-up accelerator

- It will make it possible to establish mechanisms for contact, interaction, identification, and acquisition of technological start-ups that, due to their activity, are of interest as the basis for exploration of new digital-based businesses, and/or to generate strategic partnerships.

## Project Management Office

- Facilitator of means and resources. It will provide support to achieve the strategy and goals set and monitor them.

## Innovation Hub

- It will promote intrapreneurship by launching internal entrepreneurship corporate programmes to mobilise the entrepreneurial talent among employees.

REE is committed to being a benchmark in the promotion and creation of shared value in the digital transformation process, promoting a minimum of 120 initiatives

# Corporate Governance progress



- ✓ Separation of non executive Chairman and CEO functions insight.
- ✓ 58% Independent Directors.
- ✓ 42% of the Board members are women.
- ✓ Constitution of the Sustainability Committee, mainly constituted by Independent Directors.

Red Electrica committed within Board of Directors independence, diversity, adequate balance of powers and accurate supervision

# Sustainability Commitment 2030

## Decarbonisation of the economy

- Reducing our Greenhouse Gas Emissions by more than 40%.
- Empowering 100% of society for active involvement in the energy transition process.
- Guaranteeing the supply of electricity from renewable energy sources in at least 80% of the total demand.

## Responsible value chain

- Being the driver of change in our suppliers.
- Being a company financed with 100% ESG criteria by 2030.

## Contribution to the development of the environment

- Being a leader in gender equality: parity in senior management in 2030.
- Being a leader in diversity: inclusion of minorities at risk of social and work exclusion.
- Generating a positive net impact on the Natural Capital in the environment near our facilities.
- Completely closing the digital gap: 100% of people connected in the environment near our facilities.

## Anticipation and action for change

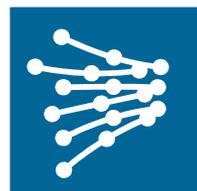
- Being a leader in the promotion and creation of shared value in the digital transformation process, promoting a minimum of 120 initiatives.
- Being a 100% circular company.

The Red Eléctrica Group understands sustainability to mean the commitment of the company's permanence through the creation of shared value for all of its stakeholders in the responsible execution of its activities

# The new Strategic Plan leads to a Red Eléctrica Group that is...



- ✓ More diversified in key sectors of the economy.
- ✓ Stronger and more solid, with more capitalised businesses.
- ✓ Larger, with more investments.
- ✓ More useful socially.
- ✓ More profitable for its stakeholders.
- ✓ More stable, due to better diversification between regulatory and market risk.



# RED ELÉCTRICA CORPORACIÓN

[relacioninversores@ree.es](mailto:relacioninversores@ree.es)

Presentation available at:

[www.ree.es](http://www.ree.es)

Shareholders and investors



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