

RED
ELÉCTRICA
CORPORACIÓN

2011 Results

2011-2015 Business Plan

28 February 2012



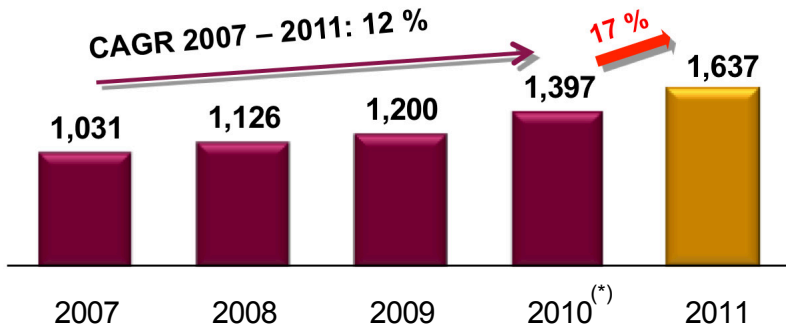
Red Eléctrica's Achievements in 2011

- Financial and operating results exceeded our targets
- Integration of assets acquired in 2010 progressing
- Capex in line with strategic objectives
- Record in the number of assets put into operation (more than 1,700km circuit) including the mainland to Baleares connection
- Bridge loan and 2012 maturities refinanced in the long term
- Consolidation of pay-out level in 65%

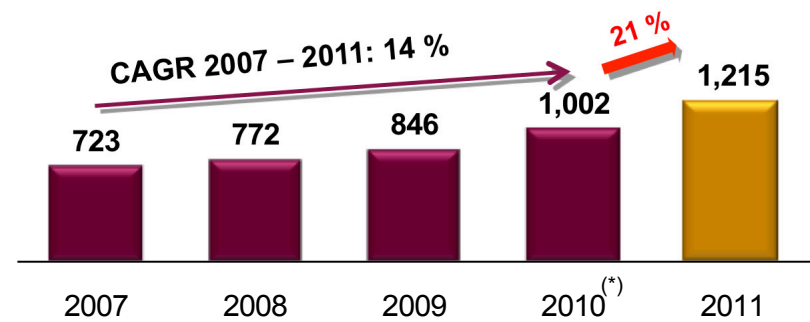


Results Summary

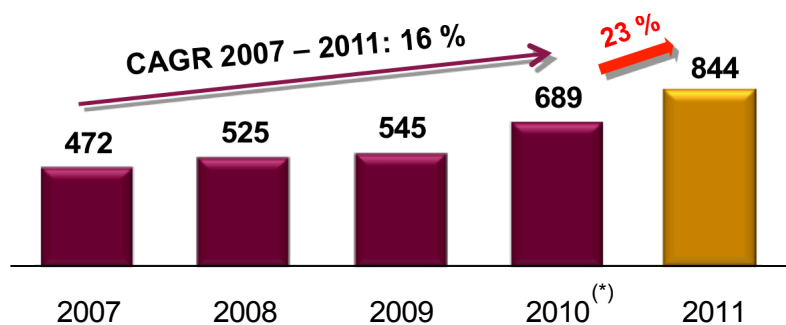
REVENUES (€m)



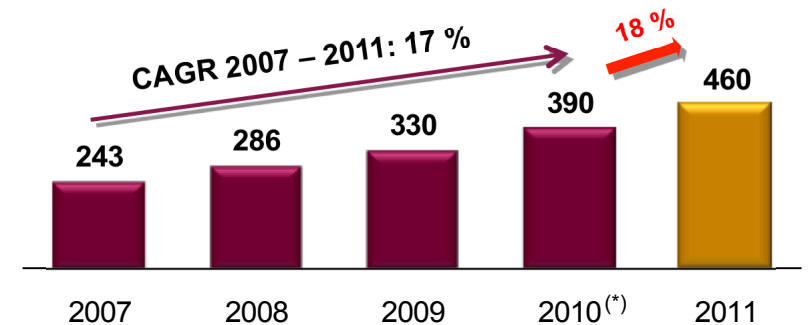
EBITDA (€m)



EBIT (€m)

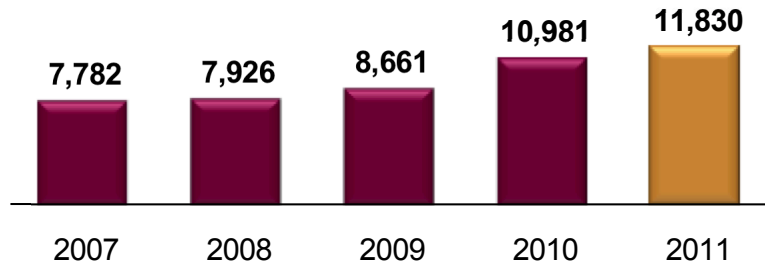


NET PROFIT (€m)

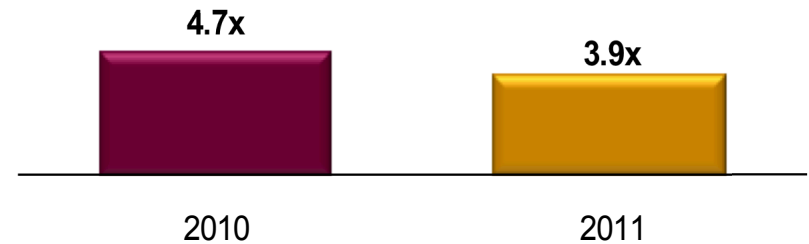


Financial Strength

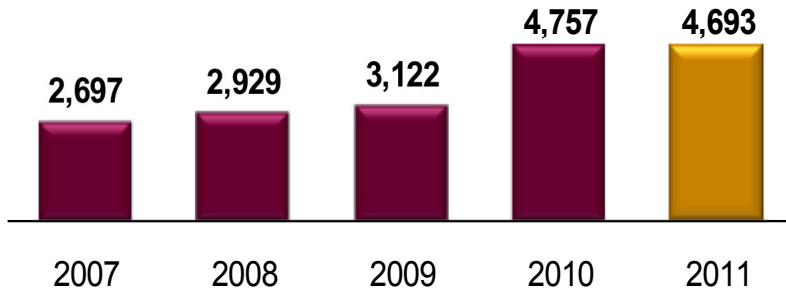
GROSS TANGIBLE ASSETS (€m)



NET DEBT / EBITDA



NET DEBT (€m)



OTHER PARAMETERS

	2010	2011
Leverage (D/D+E)	74 %	72 %
Average Cost of Debt	3.2 %	3.7 %
EBITDA / Interests	7.7 x	6.8 x



Key Strategic Initiatives



OPERATING EXCELLENCE

DEVELOPMENT OF INFRASTRUCTURE PLAN AND INTEGRATION OF ASSETS ACQUIRED

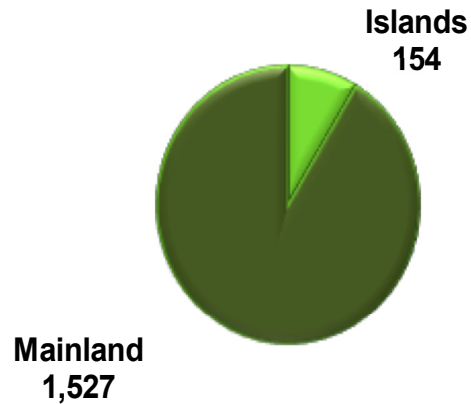
INTEGRATION OF RENEWABLE ENERGY

OPERATING EFFICIENCY & FINANCIAL STRENGTH

2012 Regulated Revenues

REGULATED REVENUES

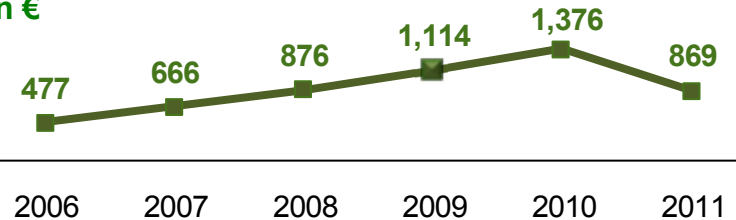
Mn €



Source: Orden IET/3586/2011, 30 December in which access tolls are defined from 1 January 2012.

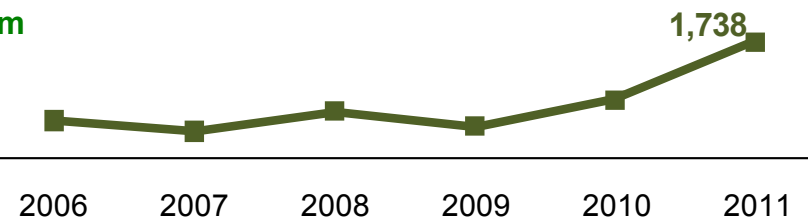
ASSETS UNDER CONSTRUCTION

Mn €



ASSETS PUT INTO OPERATION

km

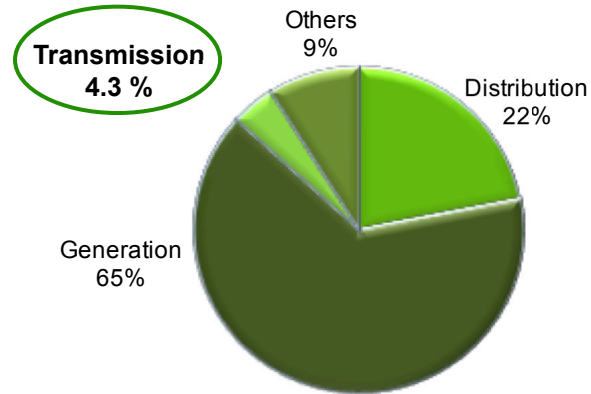


- High level of assets put into operation in 2011
- >12% growth in regulated revenues

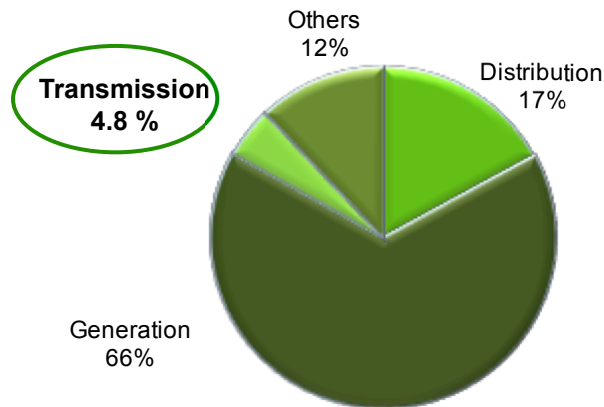
Reduced Weight in the Total Cost System

ELECTRIC SYSTEM COSTS

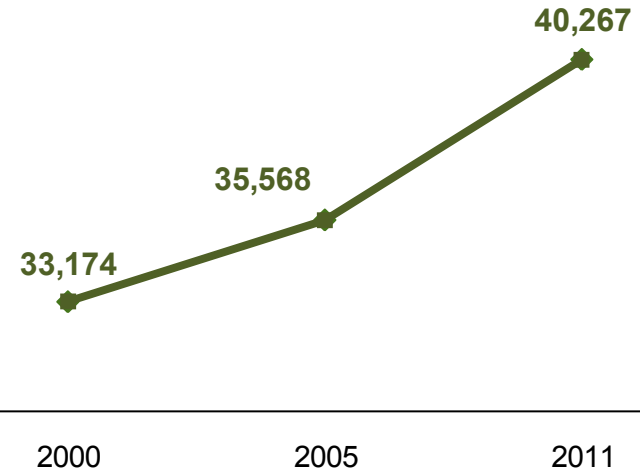
2000



2011

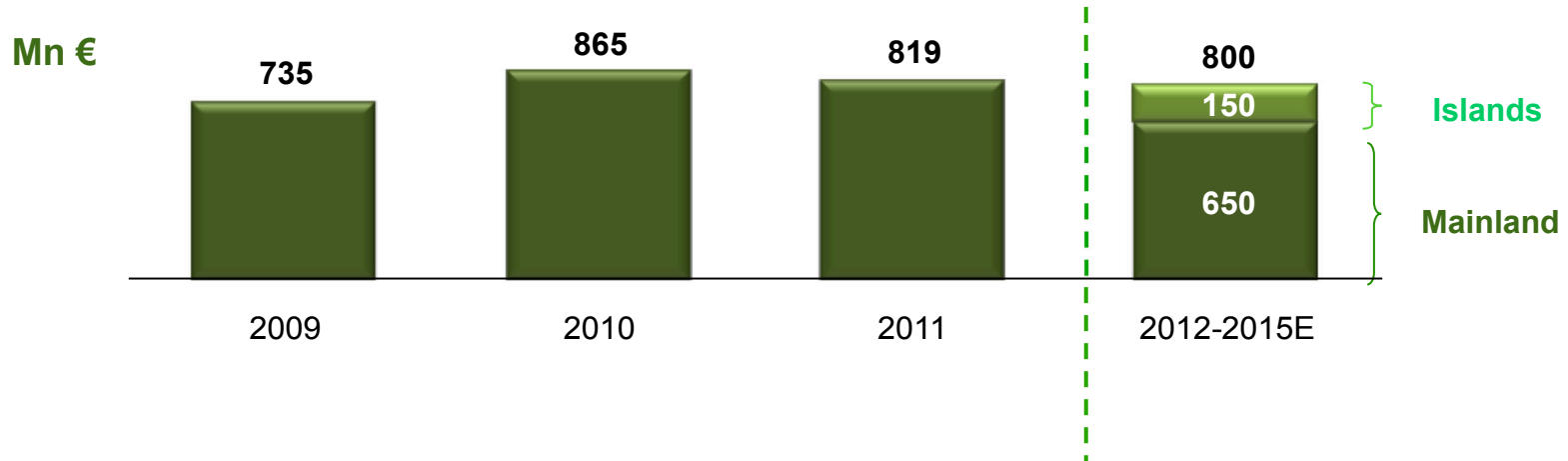


TRANSMISSION NETWORK EVOLUTION (km of circuit)



Electricity transmission regulated revenues have remained constant with a reduce weight over the last decade

Investments for 2011 and Coming years



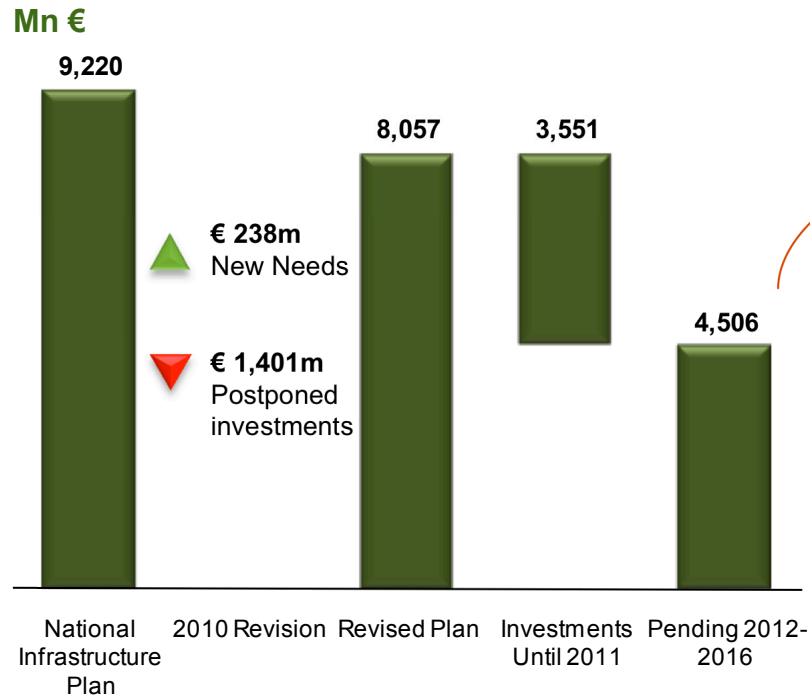
- Singular projects: East Spain – France interconnection (€239m between 2012-2014), Spain - Portugal interconnection (€27m between 2012-2014)⁽¹⁾, Islands interconnections⁽²⁾ (€334m between 2012-2015)
- After the islands acquisition, investment levels in those systems will be €150m / year

(1)Andalucia – Algarve 2013 and Galicia – Oporto 2014.

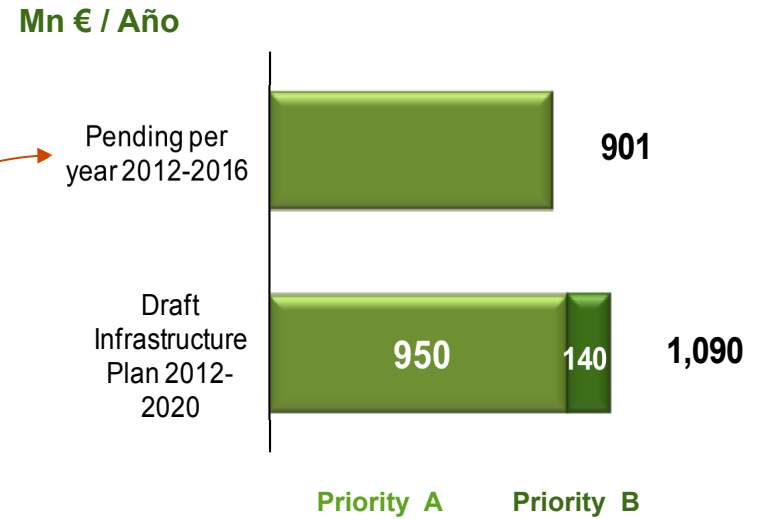
(2)Interconnections: Mallorca – Ibiza, Ibiza – Formentera, Mallorca – Menorca and Fuerteventura – Lanzarote.

Infrastructure Plan

2008-2016 INFRASTRUCTURE PLAN (excl. Islands)



AVERAGE ANNUAL INVESTMENTS INFRASTRUCTURE PLAN (excl. Islands)

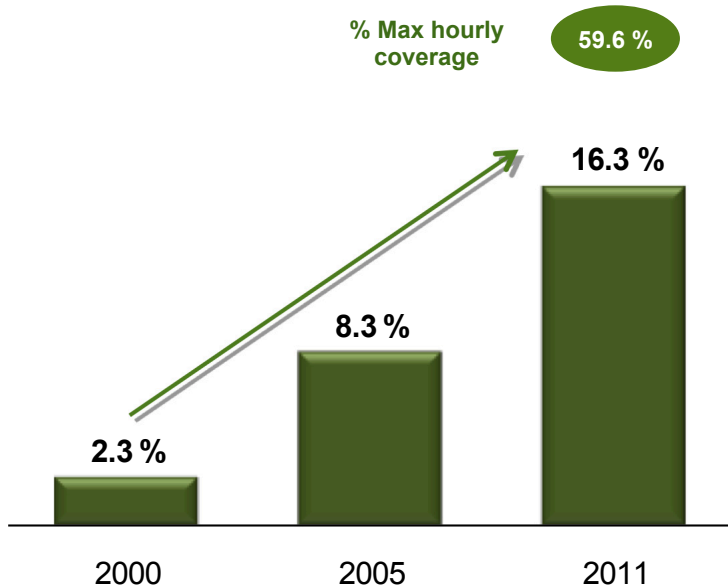


- 2008-2016 Plan revised to lower levels in November 2010 due to changes in the environment
- 2012-2020 Infrastructure Plan under revision and pending approval. Framework for investments from 2016 onwards

Renewable Assets Integration

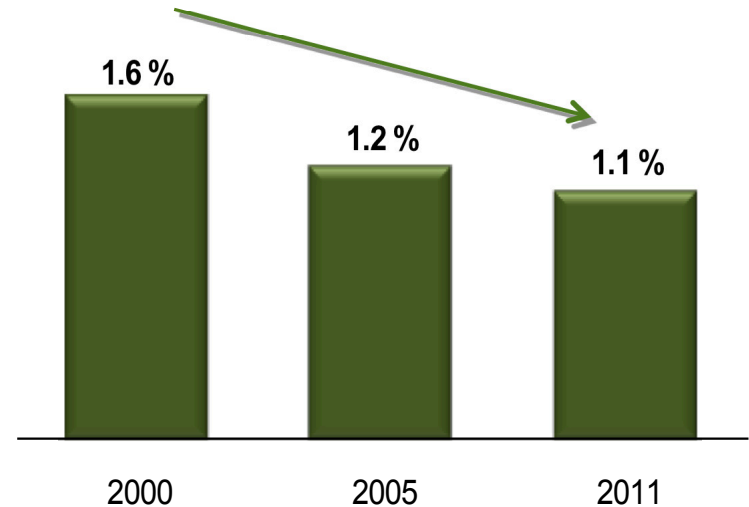
% WIND GENERATION / TOTAL DEMAND

WIND ENERGY INTEGRATION



% DEMAND

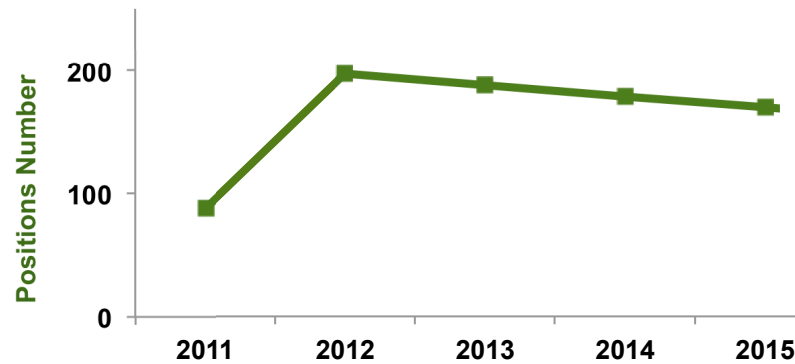
TRANSMISSION LOSSES REDUCTION



- Pre assigned power pending to put in operation: 2,412MW wind; 1,469MW solar thermoelectric; 592MW photovoltaic
- 2020 European objectives remain in place

Integration of Assets Acquired in 2010

ADAPTATION PLAN



- Implementation finalised in Islands: 13 working centres; 80 employees
- 100% of facilities acquired to be remotely controlled
- Start of adaptation of facilities to the Company's quality standards: extended at 6%

Operating Efficiency

<p>2011 EBITDA Margin</p>	<ul style="list-style-type: none"> • 2011 EBITDA Margin improvement, reaching 74% of revenues • Economies of scale due to a higher volume of assets in 2010 • Purchasing improvement of goods and services • Structure costs restrained and progress in the information systems development 	<p>Improvement Objective Met</p>
<p>2012-2015 EBITDA Margin</p>	<ul style="list-style-type: none"> • Lower margin 2012 due to integration costs • Margin recovery in the following years • Continued improvements in operating efficiency will compensate assets integration 	<p>Consolidation of 2011 levels</p>



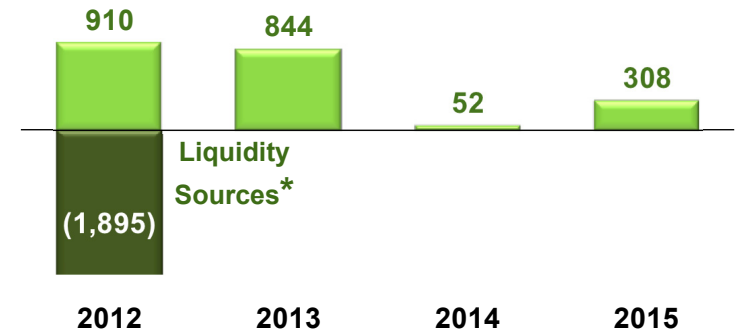
Refinancing and Debt Maturity

MAIN REFINANCINGS

Instrument	Eurobond	Eurobond	Eurobond	Eurobond
Date	September 2010	February 2011	April 2011	February 2012
Size	€500m	€600m	€300m	€250m
Maturity	October 2016	February 2018	April 2020	April 2020
Yield	3.6%	4.8%	4.9%	4.5%

DEBT MATURITY SCHEDULE

Mn €

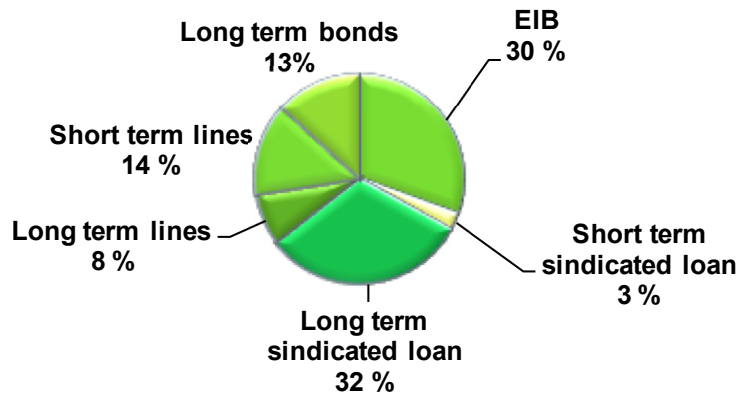


- Conservative financial policy, providing long term refinancings with attractive terms
- Strong liquidity position allows to face upcoming maturities in the following years

* Liquidity as of 31 December of 2012, adding the €250m bond issued 13 February of 2012.

Liquidity Sources and Rating

LIQUIDITY SOURCES



S&P AND MOODY'S RATING EVOLUTION

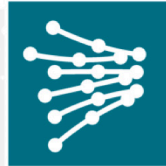
		Red Eléctrica	Kingdom of Spain
2007	S&P	AA-	AAA
	Moody's	A2	Aaa
2012	S&P	A+	A
	Moody's	A2	A3

- Red Eléctrica maintains a positive credit rating. Today the company has a credit rating higher than the Kingdom of Spain (by Standard & Poor's and Moody's)
- The Company's financial strength has allowed to issue debt in the market at a lower cost than the Spanish treasury



2012-2015 Objectives

Net Income	CAGR \geq 12%
Dividend	Growth in line with net income (payout 65%)
Investment	€800m / year



RED ELÉCTRICA CORPORACIÓN

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Presentation available in:

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Sustainability Indexes
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