

THE VALUE OF CONNECTED ENERGY



CONSOLIDATED
BALANCE SHEET
2014

Note: Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

RED ELÉCTRICA GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014 AND 2013

In thousands of Euros

ASSETS	31/12/2014	31/12/2013
Intangible assets (note 5)	109,069	86,693
Property, plant and equipment (note 6)	8,923,262	8,426,782
Investment property (note 7)	2,517	2,561
Non-current financial assets (note 16)	71,998	63,532
Deferred tax assets (note 20)	30,938	34,586
Other non-current assets	380	317
NON-CURRENT ASSETS	9,138,164	8,614,471
Inventories (note 9)	46,445	44,980
Trade and other receivables (note 10)	1,072,690	544,535
Trade receivables	28,400	20,987
Other receivables	1,003,501	521,788
Current tax assets	40,789	1,760
Other current financial assets (note 16)	1,304	1,018
Cash and cash equivalents	299,368	214,861
CURRENT ASSETS	1,419,807	805,394
TOTAL ASSETS	10,557,971	9,419,865

RED ELÉCTRICA GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014 AND 2013 (CONT.)

In thousands of Euros

EQUITY AND LIABILITIES	31/12/2014	31/12/2013
Capital and reserves	2,589,360	2,248,628
Capital	270,540	270,540
Reserves	1,723,852	1,548,523
Own shares (-)	(10,390)	(1,707)
Profit attributable to the Parent	717,821	529,139
Interim dividend (-)	(112,463)	(97,867)
Valuation adjustments	(59,894)	(42,041)
Available-for-sale financial assets	7,950	4,648
Hedging transactions	(69,273)	(46,290)
Translation differences and other	1,429	(399)
EQUITY ATTRIBUTABLE TO THE PARENT	2,529,466	2,206,587
Non-controlling interests	22,986	18,061
TOTAL EQUITY (note 11)	2,552,452	2,224,648
Grants and other (note 12)	482,442	418,297
Non-current provisions (note 13)	105,522	84,151
Non-current financial liabilities (note 16)	5,037,125	4,662,995
Loans and borrowings, bonds and other marketable securities	4,955,001	4,552,158
Other non-current financial liabilities	82,124	110,837
Deferred tax liabilities (note 20)	482,584	598,855
Other non-current liabilities (note 14)	70,726	72,978
NON-CURRENT LIABILITIES	6,178,399	5,837,276

RED ELÉCTRICA GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014 AND 2013 (CONT.)

In thousands of Euros

	31/12/2014	31/12/2013
Current provisions	-	10
Current financial liabilities (note 16)	1,549,431	991,904
Loans and borrowings, bonds and other marketable securities	844,057	245,268
Other current financial liabilities	705,374	746,636
Trade and other payables (note 18)	277,689	366,027
Suppliers	200,128	201,220
Other payables	57,445	142,030
Current tax liabilities	20,116	22,777
CURRENT LIABILITIES	1,827,120	1,357,941
TOTAL EQUITY AND LIABILITIES	10,557,971	9,419,865

Notes 1 to 32 and Appendices I and II form an integral part of these consolidated annual accounts.

RED ELÉCTRICA GROUP

CONSOLIDATED INCOME STATEMENT 2014 AND 2013

In thousands of Euros

CONSOLIDATED INCOME STATEMENT	2014	2013
Revenues (note 21-a)	1,846,714	1,758,266
Self-constructed assets	17,710	19,647
Supplies (note 21-b)	(59,711)	(67,025)
Other operating income	7,288	14,655
Personnel expenses (note 21-c)	(132,967)	(127,263)
Other operating expenses (note 21-b)	(293,641)	(296,403)
Depreciation and amortisation (notes 5, 6 and 7)	(440,699)	(416,565)
Non-financial and other capital grants (note 12)	13,651	13,200
Impairment and gains/(losses) on disposal of fixed assets (notes 6 and 21-d)	(9,146)	211
RESULTS FROM OPERATING ACTIVITIES	949,199	898,723
Finance income	11,973	13,825
Finance costs (note 21-e)	(160,240)	(183,592)
Exchange gains	253	427
Impairment and gains/(losses) on disposal of financial instruments (note 21-f)	52,311	3,219
NET FINANCE COST	(95,703)	(166,121)
Share in profit of equity-accounted investees	-	411
PROFIT BEFORE INCOME TAX	853,496	733,013
Income tax (note 20)	(134,434)	(203,215)
CONSOLIDATED PROFIT FOR THE YEAR	719,062	529,798
A) CONSOLIDATED PROFIT FOR THE YEAR ATTRIBUTABLE TO THE PARENT	717,821	529,139
B) PROFIT FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1,241	659
EARNINGS PER SHARE IN EUROS		
Basic earnings per share in Euros (note 30)	5.31	3.92
Diluted earnings per share in Euros (note 30)	5.31	3.92

Notes 1 to 32 and Appendices I and II form an integral part of these consolidated annual accounts.

GRUPO RED ELÉCTRICA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 2014 AND 2013

In thousands of Euros

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2014			2013		
	Total Group	Attributable to the Parent	Non-controlling interests	Total Group	Attributable to the Parent	Non-controlling interests
CONSOLIDATED PROFIT FOR THE YEAR	719,062	717,821	1,241	529,798	529,139	659
ITEMS THAT COULD BE RECLASSIFIED TO PROFIT OR LOSS	(15,532)	(17,853)	2,321	(2,735)	(1,904)	(831)
Translation differences	6,347	3,252	3,095	(1,546)	(359)	(1,187)
Cash flow hedges	(27,115)	(27,115)	-	(7,168)	(7,168)	-
Available-for-sale financial assets	4,486	4,486	-	4,886	4,886	-
Other items that could be reclassified to profit or loss	(816)	(816)	-	(77)	(77)	-
Tax effect of items that could be reclassified to profit or loss	1,566	2,340	(774)	1,170	814	356
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	(13,170)	(13,170)	-	(1,648)	(1,648)	-
Actuarial gains and losses and other adjustments	(17,051)	(17,051)	-	(2,354)	(2,354)	-
Tax effect of items that will not be reclassified to profit or loss	3,881	3,881	-	706	706	-
TOTAL OTHER COMPREHENSIVE INCOME	690,360	686,798	3,562	525,415	525,587	(172)
A) TOTAL OTHER COMPREHENSIVE INCOME	690,360	686,798	3,562	525,415	525,587	(172)

Notes 1 to 32 and Appendices I and II form an integral part of these consolidated annual accounts.

RED ELÉCTRICA GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2014 AND 2013

In thousands of Euros

EQUITY	Current period									
	Equity attributable to the Parent								Non-controlling interests	Total equity
	Subscribed capital	Reserves	Interim dividend	Own shares	Profit attributable to the Parent	Valuation adjustments	Equity attributable to the Parent			
Balances at 1 January 2014	270,540	1,548,523	(97,867)	(1,707)	529,139	(42,041)	2,206,587	18,061	2,224,648	
I. Comprehensive income for the year	-	(13,170)	-	-	717,821	(17,853)	686,798	3,562	690,360	
II. Transactions with shareholders or owners	-	3,142	(14,596)	(8,683)	(343,856)	-	(363,993)	-	(363,993)	
- Distribution of dividends (note 12)	-	-	(14,596)	-	(343,856)	-	(358,452)	-	(358,452)	
- Transactions with own shares (note 12)	-	3,142	-	(8,683)	-	-	(5,541)	-	(5,541)	
III. Other changes in equity	-	185,357	-	-	(185,283)	-	74	1,363	1,437	
- Transfers between equity line items	-	185,283	-	-	(185,283)	-	-	-	-	
- Other changes	-	74	-	-	-	-	74	1,363	1,437	
Balances at 31 December 2014	270,540	1,723,852	(112,463)	(10,390)	717,821	(59,894)	2,529,466	22,986	2,552,452	
EQUITY	Prior period									
	Equity attributable to the Parent								Non-controlling interests	Total equity
	Subscribed capital	Reserves	Interim dividend	Own shares	Profit attributable to the Parent	Valuation adjustments	Equity attributable to the Parent			
Balances at 1 January 2013	270,540	1,370,426	(91,216)	(14,698)	492,288	(40,177)	1,987,163	4,382	1,991,545	
I. Comprehensive income for the year	-	(1,688)	-	-	529,139	(1,864)	525,587	(172)	525,415	
II. Transactions with shareholders or owners	-	6,528	(6,651)	12,991	(319,646)	-	(306,778)	-	(306,778)	
- Distribution of dividends (note 12)	-	-	(6,651)	-	(319,646)	-	(326,297)	-	(326,297)	
- Transactions with own shares (note 12)	-	6,528	-	12,991	-	-	19,519	-	19,519	
III. Other changes in equity	-	173,257	-	-	(172,642)	-	615	13,851	14,466	
- Transfers between equity line items	-	172,642	-	-	(172,642)	-	-	-	-	
- Other changes	-	615	-	-	-	-	615	13,851	14,466	
Balances at 31 December 2013	270,540	1,548,523	(97,867)	(1,707)	529,139	(42,041)	2,206,587	18,061	2,224,648	

Notes 1 to 32 and Appendices I and II form an integral part of these consolidated annual accounts.

RED ELÉCTRICA GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS 2014 AND 2013

In thousands of Euros

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES	511,985	1,191,850
Profit before tax	853,496	733,013
Adjustments for:	538,303	583,337
Depreciation and amortisation	440,699	416,565
Other adjustments (net)	97,604	166,772
Share in profit of equity-accounted investees	-	(411)
Gains/losses on disposal/impairment of non-current assets and financial instruments	(52,311)	(3,430)
Accrued finance income	(11,973)	(13,825)
Accrued finance costs	160,240	183,592
Charge to/surplus provisions for liabilities and charges	19,497	18,225
Capital and other grants taken to income	(17,849)	(17,379)
Changes in operating assets and liabilities	(497,681)	208,878
Changes in inventories, receivables, prepayments for current assets and other current assets	(493,291)	115,425
Changes in trade payables, current revenue received in advance and other current liabilities	(4,390)	93,453
Other cash flows used in operating activities	(382,133)	(333,378)
Interest paid	(159,738)	(174,915)
Dividends received	4,566	5,313
Interest received	7,407	11,381
Income tax received/(paid)	(227,442)	(166,536)
Other proceeds from and payments for operating activities	(6,926)	(8,621)

RED ELÉCTRICA GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS 2014 AND 2013 (CONT.)

In thousands of Euros

	2014	2013
CASH FLOWS USED IN INVESTING ACTIVITIES	(1,049,095)	(555,312)
Payments for investments	(1,109,640)	(584,437)
Property, plant and equipment, intangible assets and investment property	(1,104,920)	(578,608)
Other financial assets	(4,720)	(566)
Other investments in subsidiaries	-	(5,263)
Proceeds from sale of investments	29,636	838
Other financial assets	739	838
Other assets	28,897	-
Other cash flows from investing activities	30,909	28,287
Other proceeds from investing activities	30,909	28,287
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	621,398	(461,386)
Proceeds from and payments for equity instruments	(5,541)	19,519
Acquisition	(107,416)	(125,602)
Disposal	101,875	145,121
Proceeds from and payments for financial liability instruments	969,359	(164,580)
Issue and drawdowns	1,943,673	1,585,044
Redemption and repayment	(974,314)	(1,749,624)
Dividends and interest on other equity instruments paid	(343,782)	(319,031)
Other cash flows from financing activities	1,362	2,706
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS	219	(605)
NET INCREASE IN CASH AND CASH EQUIVALENTS	84,507	174,547
Cash and cash equivalents at beginning of year	214,861	40,314
Cash and cash equivalents at year end	299,368	214,861

Notes 1 to 32 and Appendices I and II form an integral part of these consolidated annual accounts.