

2019 Results

Profit of the Red Eléctrica Group for the year reached €718 million, up 1.9% on 2018.

- Revenue in 2019 rose to €2,007.2 million, representing an increase of 3% over the previous year.
- Investments totalled €1,870 million, about 3.4 times the total invested in 2018.
- The Board of Directors has agreed to propose to the General Shareholders' Meeting a dividend per share of €1.0519 paid against 2019 profits.

Madrid, 26 February 2020

The Red Eléctrica Group ended 2019 with a profit of €718 million, a figure 1.9% higher than that achieved in 2018. In addition, the Gross Operating Result (EBITDA) totalled €1,582.4 million, 2.8% more than in the previous year, 9% corresponding to the telecommunications business and 2% to electricity transmission abroad. Lastly, investments totalled €1,870 million, about 3.4 times the total that was invested in 2018.

(Thousands of euros)	January - December		
	2019	2018	%
Revenue	2,007,240	1,948,540	3.0
Gross operating result (EBITDA)	1,582,418	1,539,669	2.8
Net operating result (EBIT)	1,081,355	1,069,793	1.1
Profit before taxes	948,725	936,252	1.3
Profit for the period	718,040	704,558	1.9

Electricity transmission and system operation activities in Spain have been geared towards facilitating the energy transition and enabling proper integration of renewable energy sources, with the ultimate goal of driving progress towards a low-carbon economy. Throughout the year, the Company has maintained high levels of service quality with a grid availability of more than 98% on the Spanish Peninsula, 96.9% on the Balearic Islands and 98.9% on the Canary Islands. Generation obtained from renewable sources accounted for 37.5% of the total national production, while CO2-free generation represented 59.5%.

In 2019, the Group's investments were aligned with the Strategic Plan and its diversification programme. Of the €1,870 million disbursed, €396 million were allocated to transmission grid development, €225 million to the development of the electricity transmission business abroad and €1,215 million to the telecommunications business, with the latter figure including the payment for the acquisition of Hispasat, which was formalised on 3 October.



Furthermore, noteworthy was the investment in the Brazilian electricity transmission company Argo, which will give our Group access to a very dynamic market. The acquisition of this company will be completed in the coming months, when the relevant permits are obtained from the Brazilian authorities.

As regards the dividend, the Board of Directors, at its meeting held on 25 February, agreed to propose to the General Shareholders' Meeting a dividend per share of €1.0519 paid against 2019 profits, pursuant to the dividend policy communicated by the company in its Strategic Plan. The €0.2727 per share interim dividend paid on 7 January must be deducted from this amount, which was the first of two payments of €1.0519 that will be made with a charge to 2019, up 7% on the previous year, as stipulated in the 2018-2022 Strategic Plan.

Lastly, Standard & Poor's has given Red Eléctrica a long-term credit rating of 'A-' with a stable outlook and a short-term credit rating of 'A-2'. Fitch granted the Company a long-term rating of 'A-' with a stable outlook and a short-term rating of 'F1'.

The S&P rating is based on the stability of the cash flows arising mainly from regulated transmission activities. Fitch also highlighted the low level of business risk given the TSO's natural monopoly position in Spain and the steady increase in the flow of income from contracts of the telecommunications business and the electricity transmission concessions in Peru and Chile.

Relevant events

- The Board of Directors of Red Eléctrica Corporación, S.A. adopted the following resolutions at its meeting held on 25 February 2020:
 - I. Appoint Ms. Beatriz Corredor Sierra as Director, in the category of "other external" directors, in accordance with the report issued by the Appointments and Remunerations Committee and the Board of Directors.
 - II. Appoint Ms. Beatriz Corredor Sierra non-executive Chairwoman of the Board of Directors and Chairwoman of the Company.
- Red Eléctrica Corporación, through its subsidiary Red Eléctrica Financiaciones, S.A.U., issued bonds totalling €700 million on 9 January. The funds obtained from this bond will be used to finance and/or re-finance Eligible Projects within the Green Financing Framework recently published by Red Eléctrica de España, S.A.U. This issue, which matures in eight and a half years and is payable on 24 January 2020, has an annual coupon of 0.375% and an issue price of 98.963%, representing a yield of 0.500%.
- On 12 and 27 November and 5 December, respectively, the Spanish National Markets and Competition Commission approved Circulars 2/2019, 4/2019, 5/2019 and 7/2019. Circular 2/2019 establishes the methodology for calculating the remuneration rate of, among others, electricity transmission activities. Circular 4/2019 introduces into Spanish regulations a methodology for the remuneration of electricity system operators. Circular 5/2019 establishes the methodology for calculating the remuneration of electricity transmission activities. Lastly, Circular 7/2019 approves reference values for benchmark installations and operation and maintenance cost.

These circulars constitute significant milestones in Red Eléctrica's business activity. Circular 2/2019 therefore brings the Spanish remuneration system into line with that of other European countries, establishing remuneration based on the weighted cost of capital. In Circular 4/2019, for the first time, the Spanish regulator has developed a methodology for remunerating system operation in which incentives play an important role. Similarly, Circular 5/2019 and 7/2019 have meant the end of the regulatory cycle in



Spain, establishing, as stated in Spanish law, the revision of the main remuneration parameters that affect transmission activities.

- On 22 November 2019, Red Eléctrica Internacional, S.A.U. (REI) and the Colombian company Grupo Energía Bogotá S.A. ESP (GEB) jointly, and in equal parts, acquired 100% of the ordinary shares of Argo Energía, a company that owns 3 electricity transmission concessions in Brazil for a 30-year period. The acquisition agreement includes a total of 1,460 km of 500 kV and 230 kV circuit and 11 substations, of which 1,150 km of circuit and 5 substations have been in operation since October 2019. The final price of the acquisition of 50% of the shares was set at 1,775 million Brazilian reals (BRL), 382 million euros at the exchange rate announced in the transaction. The concessions, which are part of the Brazilian national transmission system, will generate revenue of nearly €190 million in 2023 once all assets are operational.
- On 3 October, Red Eléctrica Sistemas de Telecomunicaciones, S.A.U. formalised the acquisition of 89.68% of the shareholding of Hispasat. The acquisition price for 89.68% of the share capital of Hispasat amounted to €933 million and was included in the financial statements of the Red Eléctrica Group on 3 October. The Red Eléctrica Group has therefore positioned itself as a global operator of electricity and telecommunications infrastructure, both in Spain and internationally. In order to carry out this transaction, Red Eléctrica Corporación, S.A. entered into a credit facility agreement for €500 million with a term of 5 years, with the possibility of extending it to 7 years.
- On 17 September, the new ranking of the Dow Jones Sustainability Index was published. Red Eléctrica was once again chosen by the prestigious Index. In this new ranking, 2,526 of the world's largest companies in terms of market capitalisation were eligible, of which only the 318 most sustainable companies were selected, including the Red Eléctrica Group, following a rigorous analysis process. Only 16 Spanish companies were included in the latest ranking of this world index.