

Red Eléctrica presents its first results following the coming into force of the new regulatory parameters

- The result for the first quarter of 2020 was €172.6 million, 9.7% down on last year.
- In spite of the seriousness of the COVID-19 crisis and the unprecedented situation the country is currently undergoing, the Company, as sole transmission agent and operator of the Spanish electricity system, continues to guarantee the electricity supply and is progressively increasing the integration of energy from renewable sources.

Madrid, 29 April 2020

The Red Eléctrica Group presents its financial results for the first quarter of 2020 which, for the first time, reflect the coming into force of the new regulatory parameters that affect the regulated activities carried out by the Company. In this respect, the remuneration rate for transmission assets has dropped from 6.5% to 6% in 2020, and the standard facilities and the operation and maintenance unit values per facility have been approved. In addition, a new methodology for calculating the remuneration for the electricity system operator activities has been applied. Additionally, this has been the first full quarter in which Hispasat has been incorporated into the Group's scope of operations following the completion of the acquisition of Hispasat in October last year. This incorporation, together with the contribution of the Company's activity abroad, largely explains why revenues in this quarter have remained virtually unchanged compared to the first quarter of 2019.

Gross operating profit (EBITDA) amounted to €402 million, 1% less than in the previous year. This result is due to the Group's efforts in terms of efficiency.

Profit for the first quarter stood at €172.6 million, 9.7% less compared to the same period last year, in line with the Company's forecasts and includes an increase in depreciation and amortisation, due to the incorporation of new businesses and increased financial costs, as a result of an increase in financial debt.

<i>(in thousands of euros)</i>	January - March		
	2020	2019	Δ%
Revenues	500,473	499,738	0.1
Gross operating result (EBITDA)	401,969	405,897	(1.0)
Net operating profit (EBIT)	274,803	289,031	(4.9)
Profit before tax	231,218	253,928	(8.9)
Profit for the year	172,575	191,026	(9.7)

For its part, the Group's investments amounted to €457 million as a consequence of the acquisition of 50% of the share capital of the Brazilian company Argo for a total of €374.3 million. This operation was consolidated on 26 March and since that date Argo is included in the consolidated accounts of the Red Eléctrica Group using the equity method through the Group's subsidiary Red Eléctrica Internacional (REI).



With regard to the dividend, the Board of Directors maintains the proposal of 1.0519 euros per share agreed at its meeting held in February and from which the €0.2727 per share paid out by Red Eléctrica on 7 January 2020 as an interim dividend for the 2019 financial year will be deducted.

Red Eléctrica and COVID-19

The COVID-19 outbreak has also marked the reality of the Group in recent weeks. Despite the seriousness of the situation and the declaration of the state of emergency in Spain on 14 March, the Company, as the sole transmission agent and operator of the Spanish electricity system, continues to guarantee the electricity supply nationwide and continues to increase the integration of energy from renewable sources. In this regard, in March, 50% of the generation in Spain came from renewable sources, a figure that has accounted for almost 45% of the share in the overall energy mix in the first quarter of 2020.

Furthermore, the challenges faced by the operation of the electricity system during this first part of the year, which have included a significant drop in demand and a different composition of the energy mix, were met by maintaining high standards of service quality, which reached 99.1% availability on the Spanish Peninsula, 98.1% in the Balearic Islands and 98.6% in the Canary Islands.

In this context, considering the economic-financial sphere, the Group is in a solid financial position to face these difficult times. Its liquidity has been strengthened by the two bond issues made in 2020 for an amount of €1.1 billion. Loan and credit agreements, amounting to €375 million, have also been subscribed to in recent weeks. As a result of these operations, the liquidity position of the Group in mid-April stood at 3 billion euros.

In this regard, during this period and subsequently, on 6 March and 6 April respectively, the rating agencies Standard & Poor's and Fitch issued reports on the rating of the companies of the Red Eléctrica Group. Both agencies have ratified the ratings awarded previously, in the case of Standard & Poor's 'A-' in the long term and 'A-2' in the short term, and in the case of Fitch 'A-' in the long term and 'F2' in the short term. Of note is that both agencies maintain a stable outlook.

The Group has made an initial estimate of the quantitative impact that the situation resulting from the management of the impact of the COVID-19 may have on its results, concluding that given the sectors in which it operates and despite the uncertainties that still exist today, the impact on the forecasted result for 2020 is not expected to be very significant. The Management Team and the Board of Red Eléctrica will continue to assess the situation, carrying out an exhaustive monitoring of any incidents that may occur in the essential infrastructure it manages as well as following-up on other external factors that may have an influence on the Group's business and the impact all these elements may have on the financial statements.