

Financial results from January to June 2021

The Red Eléctrica Group reports a profit of €358.2 million in the first half of the year, 8% up on the same period in 2020

- The positive evolution is mainly due to the higher contribution from business abroad and from the satellite and the fibre optics business, in addition to the improvement in the Group's financial results.
- Investment in transmission grid development totalled €172 million, up 32% on the previous year.

Madrid, 28 July 2021

The Red Eléctrica Group has reported a net profit of €358.2 million in the first six months of 2021, a value 8% higher than in the same period of the previous year, which stood at €331.7 million. The evolution of this result, in line with the Company's forecasts, is mainly due to the higher contribution of the Company's business abroad and from both the satellite and the fibre optic business, in addition to the improvement in the Group's financial results.

Group revenues in the period, which totalled €991.4 million (includes revenues and investment income, which are 0.6% higher than in the same period of the previous year), were driven by growth in the Company's business in telecommunications and abroad, which help offset the decline in regulated revenues in 2021 mainly due to the application of the new remuneration parameters for the electricity transmission business in Spain.

The Group's electricity business abroad increased its contribution by €4.9 million due to the greater profit of ARG0, a Brazilian company in which the Group has a shareholding, which in the first 6 months of 2020 only contributed to the Group's result in the second quarter.

Regarding the satellite business, there was an increase of €5.4 million in the period, mainly due to the acquisition by Hispasat of the management and signal transport business of Media Networks Latin America, which strengthens its position as a leading operator for satellite TV related services in the region. Higher organic growth and a greater contribution from HISDESAT also contributed to this increase. Lastly, fibre optic business closed the first half slightly higher than in the previous year.

Gross operating profit (EBITDA) reached €771.3 million, up 0.7% on that reported in the first half of 2020, due to a greater contribution from the Group's electricity business abroad, the evolution of revenues from both the satellite and the fibre optic business, and the containment of operating expenses.

The Group's financial result improved by 28.6%, mainly as a result of the lower average cost of debt, which fell from 1.9% to 1.5%.

Net financial debt was €343 million lower, mainly as a result of the strong cash generation in the period, standing at €5.771 billion.



<i>(in thousands of euros)</i>	January - June		
	2021	2020	Δ%
Revenues	975,853	977,892	(0.2)
Share of profit of companies accounted for using the equity method	15,528	8,007	93.9%
Gross operating result (EBITDA)	771,269	766,249	0.7
Net operating profit (EBIT)	527,538	509,264	3.6
Profit before tax	477,912	439,718	8.7
Profit for the period	358,170	331,707	8.0

Investments made by the Group in the first six months of the year amounted to €252.8 million, 31% more than in the same period of 2020, after deducting the impact of the acquisition of 50% of the share capital of the Brazilian company Argo, which was paid in March 2020.

Investment allocated for the management and operation of electricity infrastructure in Spain amounted to €183 million, of which €172 million were earmarked for transmission grid development, up 32% on the previous year, and €11 million to system operation and energy storage in the Canary Islands.

With regard to dividends, the Red Eléctrica Group approved at its General Shareholders' Meeting a payment of 1 euro per share for this year, in line with the provisions of its Strategic Plan. Dividends paid at the close of the first half totalled €147 million, corresponding to the payment of an interim dividend of 0.2727 euros per share against the results for the 2020 financial year. In addition, on 2 July, Red Eléctrica distributed a final dividend of 0.7273 euros gross per share.

Relevant events in the first six months

During these first six months of 2021, Red Eléctrica continued to work on its commitment to efficiency and financial discipline, which has allowed it to maintain its credit rating. In March, the credit rating agency Standard & Poor's issued a new report in which it affirms the Company's long-term credit rating at 'A-' and the short-term rating at 'A-2', with a stable outlook. Fitch Ratings also affirmed its long-term rating at 'A-', with a stable outlook, and the short-term rating at 'F1'.

In June, the Spanish National Markets and Competition Commission issued a report with a positive assessment of the proposed planning of the electricity transmission grid for the period 2021-2026. Subsequently, after analysing the comments and arguments presented to the initial proposal, the electricity system operator sent the transmission grid development proposal to the Ministry for Ecological Transition and the Demographic Challenge.

Moreover, the Group's ESG financing stands at 29.5% after issuing a new green bond with the best credit spread in the last decade for issues with a maturity of over 10 years.