

Red Electrica Corp SA

ELC Electric Utilities

Member of DJSI World, DJSI Europe

Company Information

Country	Spain
Market cap (USD million)*	9,247

*Source: S&P Global BMI, 31 July 2017

Company Description

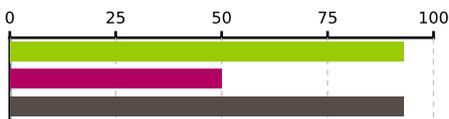
Red Electrica was founded in 1985 as the first company in the world exclusively dedicated to both the transmission of electricity and the operation of the electricity system. The Group's main activity is conducted in Spain, where it serves as the sole transmission agent and operator of the Spanish electricity system. 92% of Red Electrica's revenues stem from its electricity activity in Spain, where its network stretches over more than 42,000 kilometers. The other eight percent of its revenues stem from international electricity activities in Chile and Peru through its subsidiary Red Electrica International, from energy storage activities in the Canary Islands through its subsidiary REINCAN, telecommunication activities through its subsidiary REINTEL, and risk reinsurance and financing activities. With a workforce of over 1,700 people, Red Electrica achieved net revenues of over EUR 1.9 billion in 2016 and a net profit of EUR 636.9 million, which represents an increase of 5.1% over 2015.

Industry Drivers

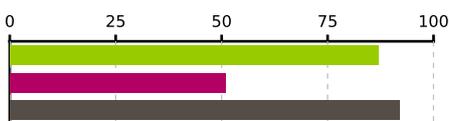
Electric utilities is a market in flux and faces an onslaught of fundamental changes including more stringent government regulations, decarbonization, GHG reduction concerns, the availability of cheaper renewable alternatives, and changing power grid dynamics. The once oligopolistic utilities operators, are under threat from new market entrants offering energy alongside other conveniently-bundled technologies and services. The increasing integration of renewable energies into the energy mix requires flexible power management and smart, integrated energy solutions. Enormous efforts are also needed to develop and replace an aging grid. While electric utilities need to cope with rising costs, sales of conventional energy products (e.g. coal, nuclear) have stopped growing in developed markets and face increasing competition from decentralized power generation such as solar energy. Within emerging markets, industrialization and urbanization will require massive investments to create additional sustainable generation capacity. At the same time, companies must increasingly factor in concerns of external stakeholders (e.g. community groups, special interest lobbies) opposed to large-scale power projects. In addition, an uncertain and changing regulatory context increases the risk to long-term financing typical within this industry. In order to be competitive, electric utilities will need to develop innovative business models that can generate new sources of revenues that can adapt to the changing political, economic and technical challenges posed by these environments.

Sustainability Scores

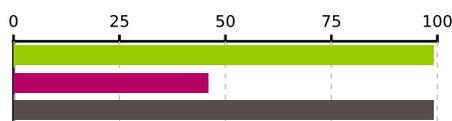
Total Scores



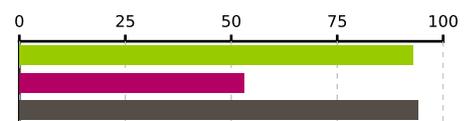
Economic Dimension



Environmental Dimension



Social Dimension



■ Industry best score ■ Industry average score ■ Red Electrica Corp SA

Sustainability Performance

With a clear management commitment to achieve an energy model based on security of supply, sustainability and competitiveness, while at the same time mitigating the effects of climate change, Red Electrica has attained the sustainability leader position within the Utilities industry. The company achieved outstanding environmental performance, with an action plan aimed at promoting activities that contribute to the sustainability of the energy model, via integrating renewable energies, promoting electric mobility and committing to reduce its carbon footprint by reducing or offsetting emissions by 21% between 2010 and 2020. Red Electrica has also demonstrated excellence performance in stakeholder engagement: in developing new infrastructure, the company not only seeks to minimize environmental impact, but to simultaneously integrate society at large in the implementation process via accompanying projects with collaboration programs reflecting its social commitment that contribute to the development of local communities.

Company Performance for Selected Criteria



■ Industry best score ■ Industry average score ■ Red Electrica Corp SA

For more information on assessment criteria, please visit www.robecosam.com/csa

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