2018 Full Year Results

22 March 2019

Contents

1. Redexis at a glance

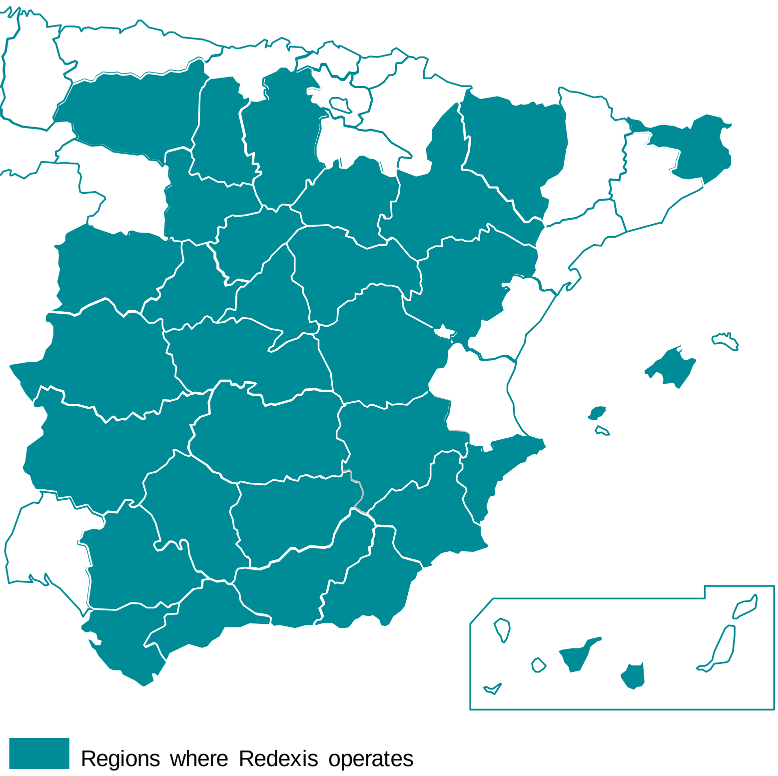
Redexis Gas, S.A. ("Redexis" or "the Company" or "the Group") is an integrated energy infrastructure company that is active in the development and operation of networks for the transmission and distribution of natural gas, the distribution and sale of liquefied petroleum gas and the promotion of new gas-powered mobility infrastructure, renewable gas and hydrogen.

The Group's strategy is to continue expanding its infrastructures to create additional value in the regions where it operates. Redexis provides its services to 680,512 connection points throughout Spain and manages its own energy infrastructure network for 10,498 kilometres across ten autonomous communities, providing Spanish homes, businesses and industries with access to new, more sustainable and efficient energy sources.

The Company has licenses to operate in 607 municipalities across 32 provinces of the Autonomous Communities of Aragon, Andalusia, the Balearic Islands, the Canary Islands, Castile and Leon, Castile-La Mancha, Valencia, Madrid, Murcia, Catalonia and Extremadura.

The Company maintains a robust and continuous expansion plan, with 1,300 million euros invested since 2010, and its continuing aim is to create lasting value in the communities in which it operates. As of 31 December 2018, Redexis provides 334 direct jobs and generates indirect employment for a further 2,800 people.

Redexis is owned by Universities Superannuation Scheme ("USS") (33.3%), Arbejdsmarkedets Tillægspension ("ATP") (33.3%), and Guoxin Guotong Fund LLP ("GT Fund") and CNIC Corporation Limited ("CNIC") jointly (33.3%).



Key highlights

- **More than 45 thousand new users connected.**
- **Significant growth of the industrial and tertiary sector with an increase of 17.6% in energy distributed.**
- **Revenue up by 5.4% to €244.3 million**
- **EBITDA increased 4.5%, to reach €169.4 million**
- **IT innovation supporting growth and efficiencies.**
- **Development of vehicular natural gas (VNG) refuelling stations, promoting its demand as an alternative fuel in transportation.**
- **From 20 June 2018, the shareholding structure of Redexis is as follows: ATP 33.3%, USS 33.3% and GT Fund and CNIC jointly 33.3%. The investment of GT Fund and CNIC is implemented through Gutong Romeo Holdings Ltd, a SPV where GT fund and CNIC respectively owns 51% and 49%.**
- **Redexis continued to implement a sound financial policy with investment grade rating on its debt.**
- **New loan of €125 million with the European Investment Bank (EIB) to finance gas distribution projects in Spain.**
- **Agreement with Enagás to promote hydrogen by means of the creation of "H2Gas".**
- **Redexis obtained the ISO 50001 certification on energy management and the verification of carbon footprint.**

OPERATING HIGHLIGHTS

Operating highlights	Unit	For the full year 2018	For the full year 2017	%change
NG (P<4b)	#	595.067	570.097	4,4%
LPG	#	85.159	79.278	7,4%
NG (P>4b)	#	286	278	2,9%
Distribution Connection Points (CPs)	**#**	**680,512**	**649,653**	**4.8%**
Municipalities served	**#**	**500**	**485**	**3.1%**
Network length	**Km**	**10,498**	**9,990**	**5.1%**
Distribution network length	Km	8,855	8,348	6.1%
Transmission network length	Km	1,643	1,643	
Energy distributed	**GWh**	**34,065**	**32.277**	**5.5%**
P<4b	GWh	6,128	5,577	9.9%
LPG	GWh	456	415	9.8%
4b<P<60b	GWh	8,296	7,052	17.6%
P>60b	GWh	19,184	19,232	(0.2%)

FINANCIAL HIGHLIGHTS

Financial highlights	For the full year 2018	For the full year 2017	%change
Data in €million unless otherwise stated			
Revenues and other income	**244.3**	**231.8**	**5.4%**
Distribution - regulated	105.6	100.0	5.6%
Other regulated distribution income	25.9	28.3	(8.5%)
Transmission - regulated	61.9	63.0	(1.7%)
LPG regulated business	28.4	25.0	13.6%
Other operating income	8.9	3.3	169.7%
Self-constructed non-current assets	13.5	12.2	11.5%
EBITDA	**169.4**	**162.2**	**4.4%**
EBITDA Margin (%)	69.3%	70.0%	(0.6 pp)
EBITDA Margin ex LPG dilution (%)	75.6%	75.0%	0.5 pp
Capex	**138.4**	**129.3**	**7.0%**

1.1. Key events for the period

- **Attractive growth in its distribution and LPG businesses**

During the year 2018, Redexis has added 45 thousand new users connected which includes the acquisition of 3,4 thousand LPG points to Nedgia (distribution company of Naturgy) and Cepsa, reaching 680.512 net connection points, an increase of 4.8% compared to 2017.

In the last twelve months, Redexis has grown organically four times faster than the Spanish gas sector in terms of number of points of supply (4.2% versus 1.0%), representing 39% of the total net additions for the sector.

This performance reflects the development of new channels, the adoption of commercial best practices, the professionalisation of the salesforce and the implementation of an expansion model based on advanced artificial intelligence tools and more efficient business processes.

As of 31 December 2018, the Company operates more than 595 thousand connection points of natural gas and 85 thousand of LPG points in 500 municipalities (distribution of natural gas and LPG may co-exist in the same municipality) in Spain, through 10,498 kilometres of distribution and transmission network.

The Company has increased its presence in municipalities where it was already operating and has expanded its activities to new regions and municipalities in accordance with its long-term investment plan. In this regard, in 2018, Redexis obtained five new authorisations in Eastern Andalusia, nine new authorisations in Castilla - La Mancha and nine new authorisations in Extremadura. In addition, the Company commissioned with natural gas to

- the following municipalities which previously had LPG supply: five in Andalusia, two in Murcia, four in Castille and Leon, two in Aragon, and three in Castille-La Mancha / Madrid;
- one municipality in Andalusia without previously supply; and
- three urban centers in the Balearic Islands and another one in Andalusia.

In addition, the company has integrated 14 municipalities from the acquisition of LPG points to Cepsa.

During 2018, Redexis closed an Agreement with Nedgia for the acquisition of 2,876 LPG points in the regions of Andalusia, Aragon, Catalonia, Castile and Leon and Community of Valencia. In addition, the Company also closed an Agreement with Cepsa by which it acquired 539 additional LPG points in Daroca (Aragon), -a town in which it began its activity- and Cistierna (Castilla y León) where it already operated.

At the same time, Redexis Gas focused on energy intensive industrial and terciary clients by implementing targeted offerings to capture new clients and increase the consumption of existing ones. The effort in these sectors resulted in an increase of the consumption of 17.6% compared to the year 2017.

- **Redexis supports the development of a network of vehicular natural gas refuelling stations for the use of natural gas as a fuel**

Taking advantage of its experience, Redexis continues to extend and broaden its activity and services and is committed to growth, connecting with the real needs of society.

The Group is committed to the development of a network of vehicular natural gas refuelling stations for the use of natural gas as a fuel for both heavy and light vehicles as an economic and sustainable alternative to traditional fuels.

As of 31 December 2018, Redexis has connected 8 gas service stations ("gas refuelling stations") and has also signed an Agreement with the Mallorca Transport Consortium for the promotion of compressed natural gas (CNG) for the regular interurban transport of passengers in Mallorca. Within this scope, it has also signed an agreement with the Zaragoza Auto-Taxi Cooperative for the construction, start-up and maintenance of a gas refuelling station in Zaragoza, which will enable the regular supply of compressed natural gas (CNG).

In addition, in July 2018, Redexis participated in the "I Forum on natural gas for vehicles" organized by the Madrid Community General Directorate of Industries, Energy and Mines, the Madrid Community Energy Foundation and Gasnam (Association that promotes the use of natural gas and gas renewable in land mobility and maritime), which took place at the Industrial Engineers of the Universidad Politécnica of Madrid.

The aim of the conference was to promote the environmental and economic advantages of natural gas as an alternative fuel, especially for heavy transport.

- **ATP, USS and GT Fund / CNIC have completed the acquisition of Redexis**

On 4 April 2018, ATP and USS, as well as the financial investors GT Fund and CNIC signed agreements to acquire a 50.1% interest in Redexis Gas, S.A. and Redexis Gas Finance B.V. from the infrastructure funds managed by Goldman Sachs ("GSIP").

The closing of the acquisition took place on 20 June 2018 leaving the shareholding structure of Redexis as follows: ATP 33.3%, USS 33.3% and GT Fund and CNIC jointly 33.3%. The investment of GT Fund and CNIC is implemented through Gutong Romeo Holdings Ltd, a SPV where GT fund and CNIC respectively owns 51% and 49%.

- **Strong, well invested and supportive long-term standing shareholders driven by Investment Grade rating policy**

Redexis and its shareholders are committed to maintaining an investment grade debt structure with long term financing and flexibility in dividends and growth strategy.

Within this context and based on maintaining the investment grade rating, in April 2018, Redexis paid a €220 million special dividend to shareholders.

On 20 November 2018, S&P's confirms its long-term credit rating of Redexis at "BBB-" with a "Stable" outlook[1].

[1] Note: This rating can be revised, suspended or removed by the rating agency at any time.

- **Redexis signed a new Facility with the European Investment Bank**

In December 2017 Redexis closed a new facility amounting to €50 million with the European Investment Bank. Moreover, in January 2018 the Company closed an additional facility of €75 million. Both facilities have the same documentation.

The loan, with a maximum term of 20 years and a repayment grace period of three years, is part of the support offered by the EIB under the European Fund for Strategic Investments (EFSI).

The facility will be used to fund investments in gas distribution assets in order to provide access to natural gas to households and industries across Spain.

As of 31 December 2018, the loan was undrawn.

- **IT innovation supporting growth and efficiencies**

Redexis is an organization in constant evolution, adapting to the needs of its customers and society's demands.

At present, Redexis has implemented new applications of artificial intelligence technology, such as the optimisation of inspection routes, predictive management of network maintenance and risk prevention. These developments add to the portfolio of artificial intelligence developed in previous years, such as the new network roll out techniques, that continues to operate creating value.

- **Redexis started a joint venture with Enagás to promote renewable hydrogen production projects**

In March 2018, Redexis has signed a joint venture agreement with Enagás to promote renewable energy by creating 'H2Gas'. The purpose of 'H2Gas' will be the technological development and promotion of production and transport of hydrogen generated from renewable energies.

Under the 'H2Gas' framework, Enagás and Redexis are studying a first project that will consist on the development of the technology required to produce renewable hydrogen, to be used in the industrial and mobility sectors. Additionally, both companies will work jointly to advance and develop the introduction of renewable energy into the gas transmission and distribution network.

The project contemplates the use of 'Power to Gas' technology, which allows generating hydrogen from water and electricity and injecting it into the gas pipeline network, whether directly or converted into synthetic natural gas or biomethane.

Redexis, through the project 'H2Gas', is making progress in its strategy of committing to, and investing in R&D projects based on sustainable energies, which favour technologic innovation and promote energy within the environmental sustainability framework.

- **Key Environmental, Social and Governance (ESG) events**

– In June 2018, Redexis adapted the Integrated Management System to the latest version of the ISO 14001:2015 standard. In addition, the management system was audited, maintaining the certification pursuant to the Environmental Management System (ISO 14001:2.015 Standard).

– In June 2018, the Company successfully passed an audit process, maintaining the certification of Health and Safety Management System (OHSAS 18001:2007 Standard).

– On the back of the opportunities for improvement found, in June 2018 Redexis implement and obtained the ISO 50001:2011 on energy management, to increase the energetic efficiency and reduce the environmental impact.

– In June 2018, Redexis was subjected to GRESB Infrastructure[2] assessment with satisfactory results as evidence of their ESG (Environmental, Social, Governance) policies, processes and projects.

– In June 2018, Redexis, as a member of the Global Compact, participated in the Seminar on Sustainable Development Goals (SDGs) for corporations that took place in Palma de Mallorca (Balearic Islands). The objective of this Seminar was to analyze the way in which the SDGs are changing companies and their activity.

– In December 2018, the Group obtained the carbon footprint, with no reservations and with the declaration of a positive opinion by an external and independent entity.

– In December 2018, Redexis participated in the II Conference on Energy Sustainability organized by Universidad Politécnica of Madrid in order to find out which will be the energy vectors of the future.

- **Spanish's Government returns to the CNMC the powers on tolls**

In January 2019, the Government has approved a Royal Decree-Law to return to the National Commission on Markets and Competition (CNMC) the capacity to establish tolls for access to the electricity and gas system in line with European Directives.

- **Gas System evolution**

In February 2019, the CNMC published the 12th interim report on the settlement of revenues and costs for the system for the year 2018. The main components were:

– The number of consumers reached 7,890 thousand an increase of 80 thousand in the year.

– The energy distributed totalled 315.6TWh, an increase of 0.5% versus the 12th interim report of 2017 mainly driven by a consumption of 63.7TWh in Group 3 (Residential), representing an increase of 14.2% versus the same period of 2017.

[2] Note: GRESB Infrastructure provides systematic assessment, objective scoring, and peer benchmarking for environmental, social, and governance (ESG) performance of infrastructure companies and funds. It enables institutional investors to request standardized ESG reporting from investments and provides tools to analyze critical aspects of management, policy, implementation, and performance.

2. Analysis of Financial Results

2.1. Notes to the Consolidated Income Statement

Business Consolidated Income Statement[3]

P&L account	For the full year 2018	For the full year 2017	%change
Data in € million			
Distribution – regulated	105,6	100,0	5,6%
Other regulated distribution income	25,9	28,3	(8,5%)
Transmission – regulated	61,9	63,0	(1,7%)
LPG regulated business	28,4	25,0	13,6%
Other Operating Income	8,9	3,3	169,7%
Self-constructed non-current assets	13,5	12,2	11,5%
Total Revenues and other income	**244,3**	**231,8**	**5,4%**
Supplies	(21,6)	(16,8)	28,5%
Personnel expenses	(26,6)	(25,7)	3,2%
Other Operating expenses	(26,7)	(27,1)	(1,3%)
EBITDA	**169,4**	**162,2**	**4,4%**
EBITDA margin (%)	*69,3%*	*70,0%*	*(0,6pp)*
EBITDA Margin ex LPG dilution (%)	*75,6%*	*75,0%*	*0,5pp*
Depreciation and amortisation	(83,5)	(79,0)	5,7%
Impairment on non-current assets	(2,4)	(0,7)	
Restructuring and other non-recurring expenses	(10,1)	(1,9)	
EBIT	**73,4**	**80,5**	**(8,9%)**
Finance income	0,3	0,5	(43,9%)
Finance costs	(33,3)	(30,7)	8,4%
Net financial result	**(33,0)**	**(30,2)**	**9,3%**
EBT	**40,3**	**50,3**	**(19,9%)**
Income tax	(10,5)	(0,6)	
Net result for the period	**29,9**	**49,7**	**(39,8%)**
Result for the period attributable to owners of the Parent	29,9	49,7	(39,8%)
Result for the period attributable to non-controlling interests	-	(0,0)	

2.1.1. Revenues and other income

Redexis is diversified across regulated business lines, the majority of its revenues coming from natural gas distribution and transmission activities. Other regulated distribution income includes activation and service line rights, meter rents, IRC rents, inspections, and other services such as connection and reconnection services.

The Company operates under a stable, supportive and transparent regulatory framework, which provides long-term visibility, while incentivising growth and operational outperformance.

The most important revenue source consists of regulated remuneration received from the gas system for transmission and distribution activities, acknowledged by the national regulatory authorities (Ministry of Ecological Transition and the National Commission for Markets and Competition), allowing the Group to recover investments made, obtain a reasonable return and promote efficient management.

[3] Please see IFRS Consolidated Income Statement in the Annex section.

The following table illustrates Redexis' revenue split and the variation between the periods indicated:

Revenue Split	For the full year 2018	For the full year 2017	%change
Data in € million			
Distribution - regulated	105,6	100,0	5,6%
Other regulated distribution income	25,9	28,3	(8,5%)
Transmission - regulated	61,9	63,0	(1,7%)
LPG regulated business	28,4	25,0	13,6%
Other operating income	8,9	3,3	169,7%
Self-constructed non-current assets	13,5	12,2	11,5%
Total Revenues and other income	**244,3**	**231,8**	**5,4%**

As of 31 December 2018, Redexis recorded revenues of €244.3 million, representing an increase of 5.4% versus the same period of 2017, mainly due to the increase in the number of distribution connection points and the demand, especially in the industrial and tertiary sectors.

Distribution revenues increased by 5.6% reaching €105.6 million primarily as a result of the increased number of users connected and demand, and the Company's focus on increasing these revenues per connection point.

Other regulated distribution income decreased by 8.5%, reaching €25.9 million, mainly due to the new natural gas meter rental prices in c.€4.7 million from January 2018, despite the organic growth in the other components within this caption.

Transmission revenues reaching €61.9 million after the commissioning of transmission pipelines in 2017. In April 2018, Redexis obtained the favourable opinion of the CNMC for the construction of the Puerto Santa María – Chiclana pipeline in Andalusia and is awaiting the approval from the Ministry.

The LPG points acquired represent an additional lever of growth, offering a unique opportunity to enhance the Company's competitive position and generate additional regulated revenues. LPG revenues reached €28.4 million, a 13.6% increase versus the previous period of 2017, mainly due to the increase in demand by 9.8%.

2.1.2.Operating expenses ("Opex")

The following table sets forth Redexis Opex and the percentage change from period to period for each of the periods indicated:

Opex	For the full year 2018	For the full year 2017	%change
Data in €million unless otherwise stated			
Supplies	(21,6)	(16,8)	28,6%
Personnel expenses	(26,6)	(25,7)	3,1%
Other operating expenses	(26,7)	(27,1)	(1,5%)
Opex	**(74,9)**	**(69,6)**	**7,6%**

The addition of LPG points is the main reason for the increase in supplies by 28.5% in correlation with the evolution of revenues from the LPG business.

2.1.3.EBITDA

As of 31 December 2018, EBITDA amounted to €169.4 million, representing an 4.4% increase compared to the same period of 2017, and reaching a 69.3% margin (75.6% excluding the LPG margin dilution effect), due to the growth in the regulated revenues, the economies of scale, the operational initiatives and some one -off positive impacts, which have been partially offset by lower margins in the LPG business and the new natural gas metre rental prices from January 2018. The lower margins in the LPG regulated business dilute the overall EBITDA margin.

2.1.4.Restructuring and other non-recurring expenses

Restructuring and other non-recurring expenses include non-recurring expenses from the shareholders reorganisation (including compensation), cost of redundancies and other one-off costs.

2.1.5.Net financial result

Net financial result includes the financial expenses from our debt instruments. For the year ended on 31 December 2018, it reached €33.0 million, an increase of 9.3% as a result of the bonds issued in November 2017.

2.1.6.Income tax expenses

Income tax reached €10.5 million for the year ended on 31 December 2018.

In 2017, Redexis recorded a reversal of deferred tax liabilities in the connection with its corporate reorganization and deductions for Research and Development, as a result of applying the tax benefit from the new expansion model based on advanced artificial intelligence tools.

2.1.7.Net result for the period

The net result for the year 2018 amounted to €29.9 million, representing a 39.8% decrease versus the same period of 2017, mainly due to one-off non-recurring expenses and corporate income tax positive one-off impact in 2017.

2.2. Notes to the Business Cash Flow Statement

Business Cash Flow Statement[4]

Business Cash Flow	2018	2017	%change
Data in € million			
EBITDA	**169,4**	**162,2**	**4,4%**
Adjustment for non-cash items (included in EBITDA):			
Change in provisions	(0,3)	(0,1)	200,0%
Government grants taken to income	(0,9)	(0,7)	28,6%
Net change in working capital	(6,3)	(4,9)	
Cash flow from operating activities	**161,9**	**156,4**	**3,5%**
Acquisition of GLPs	(7,0)	(0,7)	
Acquisition of property, plants and equipments	(129,2)	(127,3)	1,4%
Income tax paid	(3,4)	(8,4)	(59,8%)
Free Cash Flow	**22,4**	**19,9**	**12,5%**
Interest paid	(27,6)	(29,1)	(5,3%)
Interest received	0,3	0,5	(43,9%)
Cash flow ex financing activities	**(4,9)**	**(8,7)**	**(43,8%)**
Acquisition financial assets	(0,5)	0,0	
Proceeds / (Repayment) of Facility	-	(30,0)	(100,0%)
Proceeds / (Repayment) of 2027 bond tap	(3,5)	249,7	(101,4%)
Proceeds / (Repayment) of Dividends	(220,0)	(0,4)	
Proceeds from other financial liabilities	(0,6)	-	
Sale of 2014 deficit	-	41,7	
Restructuring and other non-recurring expenses	(10,1)	(1,9)	445,4%
Net increase / decrease in cash and cash equivalents	**(239,7)**	**250,4**	**(195,7%)**
Cash and cash equivalents BOP	289,4	39,0	
Cash and cash equivalents EOP	49,7	289,4	(82,8%)

2.2.1. Cash flow from operating activities

Cash flow from operating activities amounted to €161.9 million, an increase of 3.5% compared to the same period of 2017, mainly due to the growth in the business.

2.2.2. Investing cash flow

The total Capex of Redexis reached €138.4 million for the year ended 31 December 2018 which have been mainly invested in organic growth (94.9% of total investments), in particular in distribution networks.

Distribution investments reached €123.1 million, a 9.8% increase due to the higher number of connection points added, despite the higher efficiency.

Transmission investments decreased by 64,9% due to the delay in the tendering of natural gas transmission facilities by the Spanish Government.

Investments in intangible assets increased by 5.5% due to the IT investments and roll out of Artificial Intelligence Algorithms to support optimal network deployment and deliver average capex efficiencies.

[4] Please see IFRS Cash Flow in the Annex section.

The investments in LPG points come from the acquisition to Cepsa and Nedgia.

Capex breakdown	2018	2017	%change
Data in €million unless otherwise stated			
Distribution	123,1	112,1	9,9%
Transmission	2,2	6,1	(64,9%)
Intangible assets	5,8	5,5	5,5%
LPG points purchase	7,0	0,7	877,5%
Other assets	0,3	4,9	(94,7%)
Total Capex	**138,4**	**129,3**	**7,1%**

2.2.3. Free Cash flow

As of 31 December 2018, Free cash flow amounted to €22.4 million, an increase of 12.5% compared to the same period of 2017.

2.2.4. Cash flow ex financing activities

As of 31 December 2018, Cash flow ex financing activities amounted to €4.9 million negative, a decrease of 43.8% compared to the same period of 2017.

The interest payment amounted to €27.3 million which includes the bond issued in 2017 which occurred in April 2018 and the financing activities carried out in the fourth quarter of 2017.

2.2.5. Cash flow from financing activities

As of 31 December 2018, Cash flow from financing activities amounted to €239.7 million negative, mainly due to the non-recurring expenses from the shareholders reorganisation (including compensation), cost of redundancies and other one-off costs.

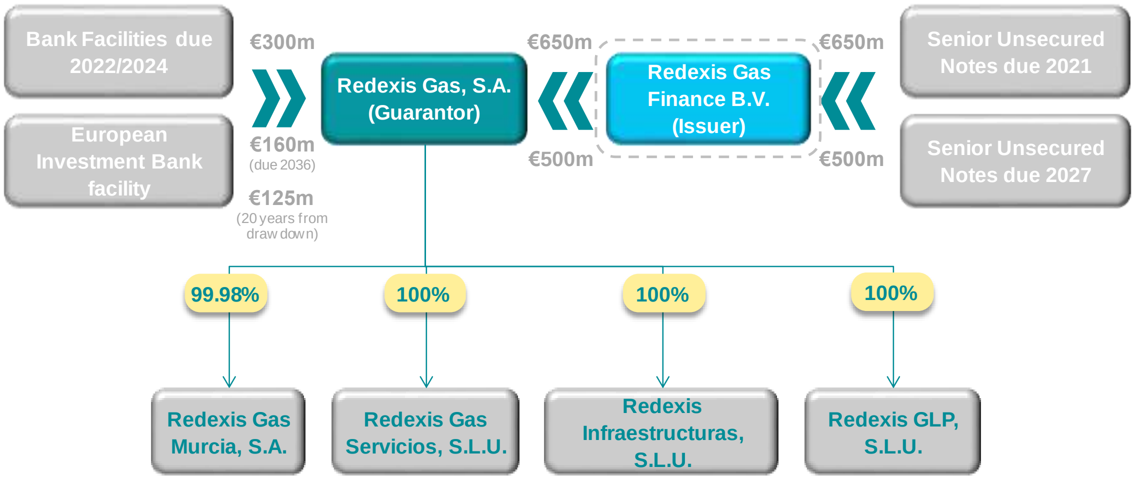
2.3. Notes to the Consolidated Balance Sheet

Consolidated Balance Sheet

Balance Sheet	For the full year 2018	For the full year 2017
Data in € million		
ASSETS		
Property, plant and equipment	1.243,2	1.190,6
Goodwill	219,2	219,2
Other intangible assets	557,5	557,1
Rights for use of assets	2,2	3,3
Deferred tax assets	46,6	52,4
Non-current financial assets	7,7	7,2
Trade and Other Receivables	5,2	11,1
TOTAL NON-CURRENT ASSETS	**2.081,5**	**2.040,9**
Inventories	5,9	5,5
Trade and other receivables	55,4	66,2
Other current financial assets	0,2	0,6
Other current assets	5,6	17,8
Cash and cash equivalents	49,7	289,4
TOTAL CURRENT ASSETS	**116,8**	**379,5**
TOTAL ASSETS	**2.198,4**	**2.420,5**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	100,0	100,0
Share premium	105,4	105,4
Other reserves	418,7	589,2
Other comprehensive income - P&L	29,9	49,7
Equity attributable to equity holders	654,0	844,3
Non-controlling interest	0,0	0,0
TOTAL EQUITY	**654,0**	**844,3**
Financial liabilities from issuing bonds and other marketable securities	1.139,5	1.137,0
Loans and borrowings	158,3	158,1
Other financial liabilities	2,3	4,9
Lease liabilities	0,9	2,2
Deferred tax liabilities	105,9	105,1
Provisions for employee benefits	4,0	4,0
Other provisions	0,6	0,7
Government grants and other liabilities	21,3	22,9
TOTAL NON-CURRENT LIABILITIES	**1.432,8**	**1.434,8**
Interest payable on bonds and other marketable securities issued	19,4	19,4
Loans and borrowings	1,8	1,0
Trade and other payables	84,8	116,7
Current income tax liabilities	0,8	0,3
Provisions for employee benefits	0,1	0,1
Other current liabilities	3,3	2,7
Lease liabilities	1,3	1,2
TOTAL CURRENT LIABILITIES	**111,5**	**141,4**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2.198,4**	**2.420,5**

2.3.1. Debt structure

Corporate structure of Redexis Group



The key pillars of Redexis' financial strategy are to maintain the investment grade rating, diversify the financing sources, reduce financing costs, increase flexibility and extend the debt maturity profile.

The Company's financial structure is characterised by its flexibility and its long-term maturity, supporting the growth-oriented strategy.

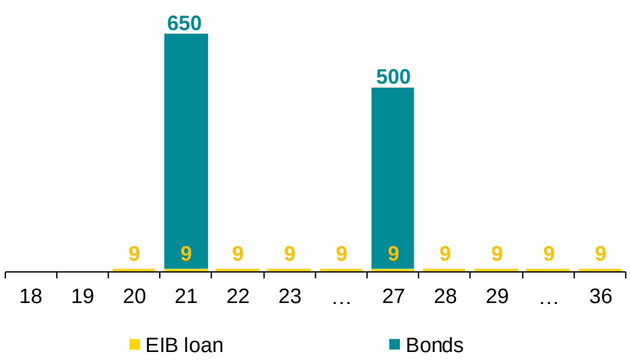
In December 2017 Redexis closed a new facility amounting to €50 million with the European Investment Bank. Moreover, in January 2018 the Company closed an additional facility of €75 million. Both facilities have the same documentation.

The loan, with a maximum term of 20 years and a repayment grace period of three years, is part of the support offered by the EIB under the European Fund for Strategic Investments (EFSI).

The facility will be used to fund investments in gas distribution assets in order to provide access to natural gas to households and industries across Spain. As of 31 December 2018, the loan was undrawn.

The transaction demonstrates the EIB's confidence in the Company and provides Redexis with further financing at an efficient cost and on attractive terms.

Maturity profile on drawn debt facilities (€m)



Redexis is rated by S&P[5]. The rating assigned is the following:

Agency	Corporate	Senior Unsecured Bonds	Outlook
S&P	BBB-	BBB-	Stable

The table below illustrates the debt structure of the Group:

Instrument		Rate	Issue date	Principal (€m)	Drawn @ 31/12/2018 (€m)	Maturity	Coupon
EIB	Loan facility	Fixed	December 2015	160	160	2036	
		Fixed / Variable	December 2017/ January 2018	125	-	20 years from drawdown	
Capital market financing	Bonds	Fixed	April 2014	650	650	2021	2.75%
		Fixed	April 2015/ December 2017	500	500	2027	1.88%
Bank financing	Revolving Capex Facility	Floating	November 2017	300	-	2022	
Total				**1,735**	**1,310**		
Cash and cash equivalents					(50)		
Net debt					**1,260**		

At the end of 2018, net debt was €1,260 million, including the above-mentioned drawn debt and €50 million in cash and cash equivalents.

As of 31 December 2018, Redexis had an additional €425 million of available undrawn facilities.

[5] Note: This rating can be revised, suspended or removed by the rating agency at any time.

Annex 1: IFRS Consolidated Income Statement

P&L account	2018	2017	%change
Data in € million			
Revenue	221,4	216,3	2,4%
Other income	8,9	3,3	172,2%
Self-constructed non-current assets	16,0	12,2	31,5%
Supplies	(21,6)	(16,8)	28,5%
Personnel expenses	(37,6)	(27,5)	36,5%
Depreciation and amortisation	(83,5)	(79,1)	5,7%
Impairment losses on non-current assets	(2,4)	(0,7)	
Other operating expenses	(27,8)	(27,1)	2,8%
Results from operating activities	**73,4**	**80,5**	**(8,9%)**
Finance income	0,3	0,5	(43,9%)
Finance costs	(33,3)	(30,7)	8,4%
Net finance income/(cost)	(33,0)	(30,2)	9,2%
Profit before income tax	**40,3**	**50,3**	**(19,8%)**
Income tax expense	(10,5)	(0,6)	
Profit for the year	**29,9**	**49,7**	**(39,9%)**
Profit for the year attributable to equity holders of the Parent	29,9	49,7	(39,9%)
Profit for the year attributable to non-controlling interests	-	-	

Redexis

Annex 2: IFRS Cash Flow Statement

Cash Flow	2018	2017	%change
Data in € million			
Earnings before tax (EBT)	**40.3**	**50.3**	**(19.9%)**
Adjustment for:			
Depreciation and amortisation	83.5	79.0	5.7%
Impairment losses on non-current assets	2.4	0.7	242.9%
Change in provisions	(0.3)	(0.1)	200.0%
Government grants taken to income	(0.9)	(0.7)	28.6%
Financial income	(0.3)	(0.5)	(40.0%)
Financial expenses	33.3	30.7	8.5%
Cash flow from operating activities (pre-working capital)	**158.1**	**159.5**	**(0.9%)**
Net change in working capital	**(6.3)**	**36.3**	
Cash flow from operations	**151.8**	**195.8**	**(22.5%)**
Interest and commissions paid, net	(27.3)	(28.2)	(3.2%)
Income tax paid	(3.4)	(8.4)	(59.5%)
Net cash from operating activities	**121.1**	**187.4**	**(23.9%)**
Payments for purchases of LPG assets in service	(7.0)	(0.7)	
Current payments for acquisition of property, plant and equipment	(129.2)	(126.1)	2.4%
Investing Cash Flow	**(136.1)**	**(128.1)**	**7.2%**
Financial assets	(0.5)		
Proceeds / (Payments) of loans - banks (Capex Facility)	-	(30.0)	
Proceeds / (Payments) of bonds	(3.5)	249.7	
Dividend paid	(220.0)	(0.4)	
Proceeds from other financial liabilities	0.7		
Payments of lease liabilities	(1.3)	(1.2)	11.6%
Net cash from financing activities	**(224.7)**	**218.1**	
Net increase / decrease in cash and cash equivalents	**(239.7)**	**250.4**	
Cash and cash equivalents BOP	289.4	39.0	
Cash and cash equivalents EOP	49.7	289.4	(82.8%)

Annex 3: Reporting structure

We are reporting the consolidated results of Redexis, S.A. and subsidiaries as of and for the year ended 31 December 2018. The consolidated results of Redexis Gas, S.A. include Redexis Gas Finance B.V.

The financial information included in this document has been prepared under IFRS unless otherwise stated.

Certain numerical figures included in this document have been rounded-off. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding-off. The term “pp” means percentage points when describing the change in a percentage between two periods.

Annex 4: Important legal disclaimer

This document contains forward-looking statements (that is, statements relating to future, not past, events and those made solely with respect to historical facts) based upon management’s beliefs and data currently available to them. Because of their nature, these forward-looking statements address matters that are, to different degrees, uncertain, and are based on a variety of assumptions that may not be realised and are subject to significant business, economic, legal and competitive risks and uncertainties, including those set forth below, many of which are beyond Redexis’ (“the Company”) control. The Company’s actual operations, financial condition or position, cash flows or operating results may differ materially from those expressed or implied by any such forward-looking statements contained in this document, and the Company undertakes no obligation to update or revise any such forward-looking statements.

All statements other than statements of historical fact included in this document, including, without limitation, those regarding any party’s intentions, beliefs, current expectations, targets and projections about future events, business strategy, management plans and objectives or future financial condition or position, operations and customers are forward-looking statements. These forward-looking statements involve known risks, uncertainties and other factors, which may cause the actual results, performance or achievements, or industry results of a transaction, project or relevant party, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions. Forward-looking statements are not guarantees of future performance and actual results may differ materially from those made in or suggested by the forward-looking statements contained in this document. As there is always uncertainty with respect to any forward-looking statement, potential investors must not rely on the forward-looking statements in making investment decisions in respect of any securities described in this document. Forward-looking statements speak only as of the date of this document and the Company expressly disclaims any obligation or undertaking to release any update of, or revisions to, any forward-looking statements in this document, any change in the Company’s expectations or any change in events, conditions or circumstances on which these forward-looking statements are based.

Given these and other uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements contained in this release.