



# 1<sup>st</sup> Half year 2021 Semi-annual Results

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December 2021

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<b>1</b>	<b>Executive Summary</b>
<b>2</b>	<b>Key Financials</b>
<b>3</b>	<b>GRESB score</b>
<b>4</b>	<b>New businesses</b>

- The first half of the year 2021, **reflects stable and predictable revenue generation of the company:**
  - ✓ **Revenues amounting to €96MM** which is €7MM higher than previous year mainly explained by the inspection cycle that takes place in 2021, stronger LPG demand and adjustments to remuneration coming from previous year's greater demand.
  - ✓ **EBITDA amounting to c. €74MM**, increased 8% compared to previous year
  - ✓ **Cash conversion ratio above 90%**
- **Stable free cash flow €88MM**, -2% compared to the preceding year mainly explained by higher adjustments to remuneration coming from previous years that were cashed in 2020.
- As of June 2021, the company has reached **891.332 connection points (+ 0.6% YoY)**. The Community of Madrid region is the economic leader among all the Spanish regions and one of the regions with greatest population growth.
- High resilience to unexpected events. No impact in 2021 financials from COVID-19
- Financial policy driven by the **commitment to maintain an investment grade rating:**
  - ✓ On June 2021 S&P has affirmed MRG's rating in BBB- and has revised outlook to stable from negative.
  - ✓ On August 2021 DBRS reaffirmed rating at BBB-
- **GRESB** score for the year 2021 showed a remarkable improvement reaching **93 points** out of 100 possible. Also, MRG has achieved 2nd European place in **sustainability** in the gas sector ranking.
- **Involved in energy transition** promoting energy efficiency and alternative energy solutions to reduce emissions and to promote renewable gases.

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## Income Statement - €MM

6 month period ending 30 June	2020	2021 <sup>(1)</sup>	% var.
Remuneration	70,9	72,8	3%
Other regulated revenue	6,4	10,1	59%
Other revenue	11,6	13,2	14%
<b>Total costs</b>	<b>(20,4)</b>	<b>(22,2)</b>	<b>9%</b>
<b>EBITDA</b>	<b>68,5</b>	<b>73,9</b>	<b>8%</b>
Margin	77%	77%	0%

## Comments

- EBITDA increased 8% mainly explained by:
- Variation in remuneration driven by adjustment to previous year demand recognized in 2021.
- Other regulated revenues increasing mainly due to higher volume of planned inspections explained by seasonality factor.
- Increase in other revenue mainly due to higher volume of LPG sales, on the back of lower temperatures.

## Cash Flow Statement - €MM

6 month period ending 30 June	2020	2021 <sup>(1)</sup>	Var %
EBITDA post non-cash items <sup>(2)</sup>	70.7	71.0	0%
Income tax paid	(1.8)	(1.6)	-13%
Working capital	7.5	(8.4)	>99%
Tariff Deficit	17.8	31.0	74%
Capex	(4.4)	(4.0)	-8%
<b>Recurring Free Cash Flow</b>	<b>89.8</b>	<b>87.9</b>	<b>-2%</b>

## Comments

- Recurring free cash flow variation is -2%, mainly due to:
- Working capital variation mainly driven by higher adjustments to remuneration coming from previous years that were cashed in 2020.
- Tariff Deficit variation explained by higher tariff surplus compared to previous year. The year 2020 is impacted by the one-off Castor project payment to the owner of the 2014 system tariff deficit <sup>(3)</sup>.
- Lower Capex explained by delay in planned investments.

(2) EBITDA after non-cash items coming from remuneration adjustments

## Balance Sheet - €MM

	Dec. 2020	June 2021	Var
Gas distribution licences	751.0	740.4	(10.5)
Net fixed assets	339.2	339.2	0.0
<b>Total Network Fixed Assets</b>	<b>1,090.1</b>	<b>1,079.7</b>	<b>(10.5)</b>
<b>Goodwill</b>	<b>57.4</b>	<b>57.4</b>	<b>(0.0)</b>
<b>Deferred Tax Asset</b>	<b>17.9</b>	<b>14.0</b>	<b>(3.9)</b>
<b>Other Non-Current Assets</b>	<b>212.1</b>	<b>288.7</b>	<b>76.7</b>
<b>Current Assets</b>	<b>47.7</b>	<b>21.8</b>	<b>(25.9)</b>
<b>Cash and cash equivalents</b>	<b>46.6</b>	<b>49.2</b>	<b>2.6</b>
<b>Total Assets</b>	<b>1,471.8</b>	<b>1,510.8</b>	<b>39.0</b>
<b>Equity</b>	<b>362.5</b>	<b>401.0</b>	<b>38.6</b>
<b>Long Term Debt</b>	<b>945.2</b>	<b>945.7</b>	<b>0.6</b>
<b>Deferred Tax</b>	<b>70.0</b>	<b>74.9</b>	<b>4.9</b>
<b>Other Non-Current liabilities</b>	<b>38.6</b>	<b>38.3</b>	<b>(0.3)</b>
<b>Current Liabilities</b>	<b>55.6</b>	<b>50.8</b>	<b>(4.8)</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>1,471.8</b>	<b>1,510.8</b>	<b>39.0</b>

## Comments

- Other non current assets increase explained by the withdrawal from the intercompany loan between MRG and its parent company and its accrued interest.
- Gross debt remains stable. Financing structure underpinned by different tenors and bond size, spreading maturities and reducing refinancing risk.
- Undrawn Revolving Credit Facility available up to €75MM, reinforces cash reserves.
- Cash returns to shareholders will be in line with the overall leverage and rating maintenance policy, and always subject to maintaining an adequate investment grade rating.
- MRG is committed to a resilient and flexible financial policy framework that supports an investment grade rating, to maintain investor, creditor and market confidence and to ensure the sustainability of future business.

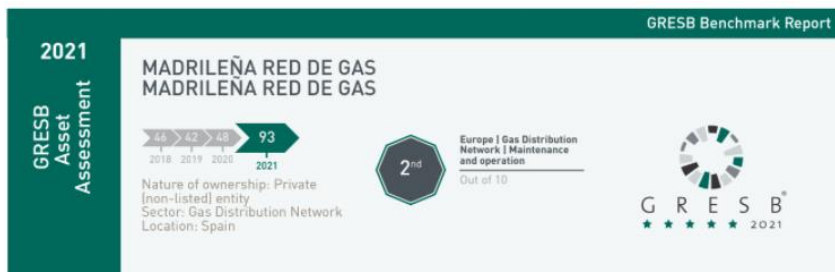
(1) Figures under IFRS as of December 31st, 2020 are audited.

(2) Figures under IFRS as of June 30<sup>th</sup>, 2021, are not audited.

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## GRESB 2021 Score



## Comments

- GRESB score of **93 points** over 100 possible and 5 stars (maximum level), which breakdown to:
  - Environmental: 28/28
  - Social: 44/46
  - Governance: 21/26
- MRG has achieved **second** European place in **sustainability** in the gas sector ranking.
- In addition, two mentions have been awarded to MRG as **“Infrastructure asset most improved”** both in its sector and region.

### ESG Breakdown



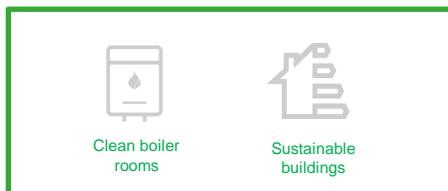
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- The group, through Aliara Energía (a company outside of the bond perimeter), has continued to foster growth in efficiency and alternative energies, following the strategy to play a key role in the energy transition

## Energy Transition

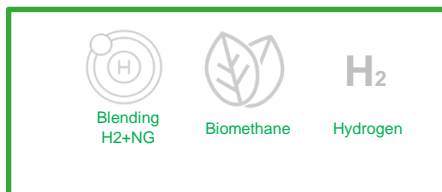


Energy solutions for Domestic and Industrial customers



The pace of growth is maintained with new customers

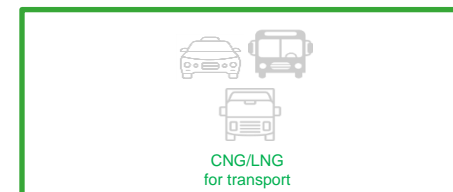
Renewable gases



Active participation in the initiatives that have merged in sectors committed to energy transition:



Natural Gas for Transport



Ongoing promotion. Investment in new gas stations in different locations in Spain



Combination of the hydrogen expertise and experiences across European gas distribution companies

INSPIRA MADRID

Promoting green H<sub>2</sub> for urban transport in Madrid

HENARES CORRIDOR

Production of green hydrogen in the Henares corridor area for the decarbonation of the local industrial and mobility consumption

