



Madrileña Red de Gas

CY 2023 Annual Results

May 2024

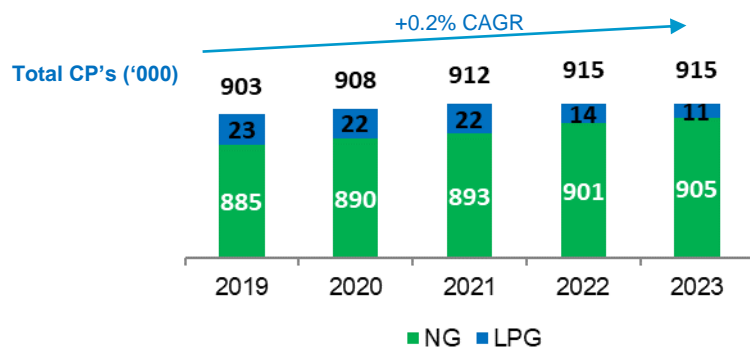
Executive Summary	3
Operating Overview	5
Key initiatives	7
Key financials	11
Capital structure	15
ESG	17
Main takeaways	19
Annexes	20

General Context	<ul style="list-style-type: none"> Natural gas demand affected by unusually warm temperatures, the geopolitical situation and macroeconomic instability. In 2023 lower volatility on natural gas prices but still above the historical levels.
2023 Performance	<ul style="list-style-type: none"> EBITDA amounting to €114.3m, -14% Y-o-Y driven by lower remuneration, due to the 2021-2026 regulatory period haircut applied, warmer temperatures, partially offset by lower costs. Sustained high cash generated from operations amounting to €86.3m (c.88% cash conversion ratio). More than 904k natural gas connection points reached (900k the previous year). Successful achievement of the LPG to natural gas customer conversion plan (3,588 connection points converted).
Key initiatives “Committed to Energy Transition”	<ul style="list-style-type: none"> Active participants in H2 and Biogas projects: First to engage in the development of green hydrogen for residential heating and first to install a demo heating and hot water H2 boiler using 100% renewable H2. Natural gas for mobility: 16 gas stations in service, +5 new stations started operations in 2023. Completed the Analysis of gas network retrofit to hydrogen in one municipality of MRG territory (Villanueva del Pardillo in Comunidad de Madrid). ESG score: 5/5 stars and 100/100 points in GRESB (96 points in 2022). GRESB infrastructure sector leader in 2023.
Financial Policy & Debt Profile “Committed to IG rating”	<ul style="list-style-type: none"> Flexible and sustainable financing supported by a 5-year and sustainability – linked Term Loan facility (€225m). Low exposure to market volatility – 89% of debt at fixed rate. €75M Revolving Credit Facility available, maturing in April 2027. Strong shareholder commitment to investment grade rating. On July 2023, S&P has affirmed MRG’s rating in BBB- (Outlook stable). On August 2023, DBRS reaffirmed rating at BBB (low). Good sustainability performance, leading benefits on the cost of debt of the Sustainability-linked term loan.
Additional update ⁽¹⁾	<ul style="list-style-type: none"> The Company is in regular communication with the CNMC to comply with the binding legal decision issued in the resolution of March 17, 2023 and it is exploring different alternatives The Company is exploring different alternatives considering the feedback of the regulator and other stakeholders

Executive Summary	3
Operating Overview	5
Key initiatives	7
Key financials	11
Capital structure	15
ESG	17
Main takeaways	19
Annexes	20

Key Operating Metrics

Connection Points ('000)

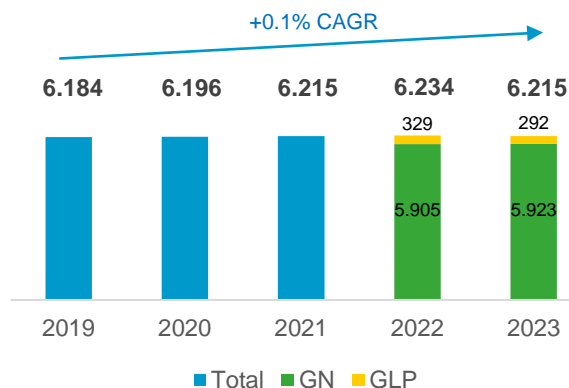


Source: MRG
Total CP's including LPG (MRG + Aliara GLP)

Comments

- Continued growth in connection points with a **+0.2% CAGR**:
 - Reached **905,000 NG connection points**
 - Successful implementation of LPG connections points to natural gas conversion plan. LPG connections points remaining in MRG will gradually be converted to natural gas.
- Slight reduction in total network length due to LPG transformation which results in the deactivation on LPG network which leads to a more efficient network.
- Natural gas network increased** in terms of length **by 0.3%** in 2023.

Network Length (Km)

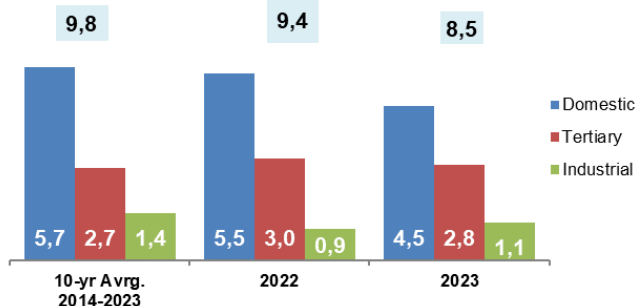


Source: MRG
Including LPG network (MRG+ Aliara GLP)

Key Operating Metrics

Distributed Energy

MRG's Demand (TWh)



Source: MRG

Domestic: P<4bar, Cons.<=50MWh/y
 Tertiary: P<4bar, Cons.<=8GWh/y
 Industrial: Cons.>8GWh/y

Natural Gas Demand in Spain 2023 (TWh)

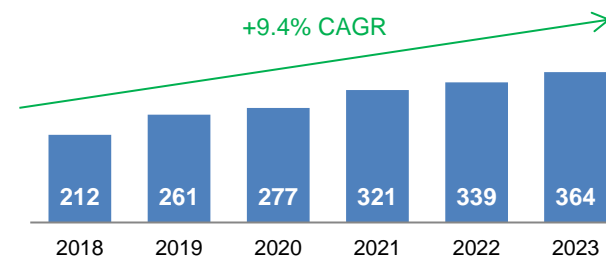
	Jan-Dec 2023	Var. vs 2022
DEMAND	325.5	-10.7%
Conventional	229.8	+1.5%
Domestic	48.6	-7.0%
Industrial	169.7	+3.8%
Tankers	11.6	+8.3%
Electricity generation	95.7	-30.7%

Source: Sedigas Progreso mensual de la Demanda, December 2023

Comments

- Total distributed energy** during 2023 was **8.5 TWh** (-9.7% Y-o-Y).
 - Domestic (-17% Y-o-Y), due to warmer temperatures in 2023 in the colder months⁽¹⁾, given the sensitivity of the domestic demand to temperatures.
 - Tertiary demand remained in line with previous year, despite warmer temperatures.
 - Industrial (+22% Y-o-Y) recovering due to better prices.
- NGV distributed through MRG network shows continuous growth**, despite prices instability.

NGV Demand (GWh)



Source: MRG

(1) As published by the AEMET (Agencia Estatal de Meteorología) in its "Avance Climático Nacional de invierno de 2022-2023" and "Avance Climático Nacional de invierno de 2023-2024" reports.

Executive Summary	3
Operating Overview	5
Key initiatives	7
Key financials	11
Capital structure	15
ESG	17
Main takeaways	19
Annexes	20

MRG group takes part in several initiatives with the aim of becoming a pioneer in the field of Green Hydrogen in Spain

Green Hydrogen field



Generating, supplying and promoting green H2 for all productive sectors in Madrid

- The project has received a **grant under CINEA programs 2021-2027** (European Climate, Infrastructure and Environment Executive Agency).
- Project to decarbonize public **urban mobility** in the Madrid region and extending the use of **green H2** to all productive sectors.
- **MRG** partnering with **FRV** (leading global solar energy solutions company) and **Grupo Ruiz** (Spanish passengers mobility group).
- **5MW electrolyzer** and **5 public hydrogen refueling stations** (HRS) to supply **445t of H2**.



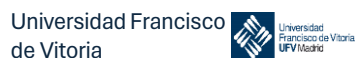
MRGs contribution to sustainable climatization and decarbonization through green H2

- **Pioneers** in domestic use of H2 for heating and hot water with the construction of dwellings with a centralized **hydrogen boiler**.
- First project in Spain featuring green hydrogen for domestic use.



Making H2 heating solution a reality

- MRG has the first **heating and hot water installation using 100% renewable H2 (#1 of real H2 for heating in Madrid)**. The installation is located in its technical building in Alcorcón, Madrid.



Promoting the broadening of H2 use through alliances with universities

- **Implementation of H2 in the university facilities** to promote its use and involve engineering departments in the development of H2 applications.

MRG group takes part in several initiatives with the aim of becoming a pioneer in the field of Green Hydrogen in Spain

Biomethane & other initiatives contributing to the energy transition

Injection of biomethane into natural gas network

- MRG has received **requests for biomethane injection in our gas network**.
- Given the viability and capacity of our infrastructures, the projects are at different stages of development and processing by the promoters.



Continued investment on NGV, contributing to decarbonization of transports

- NGV continues to grow: **five new NGV stations** operating in 2023.

14
CNG Stations

+4
vs. last year

2
LNG Station

+1
vs. last year



Promotion of use of natural gas as a cleaner energy source

- **MRG is a key player** in the “**Plan Renove**” from the Community of Madrid from **individual atmospheric boilers to condensing boilers**.



ARTHUR D. LITTLE

Demonstration of competitiveness of natural gas, renewable gases; use of hydrogen in existing gas network

- **Cavendish Report** with **Sedigas**, proving the competitiveness of natural gas, renewable gases, and the use of hydrogen in Natural gas grid.
- Analysis with **Arthur D. Little** to demonstrate the competitiveness of **boilers vs. heat pumps** in residential use.

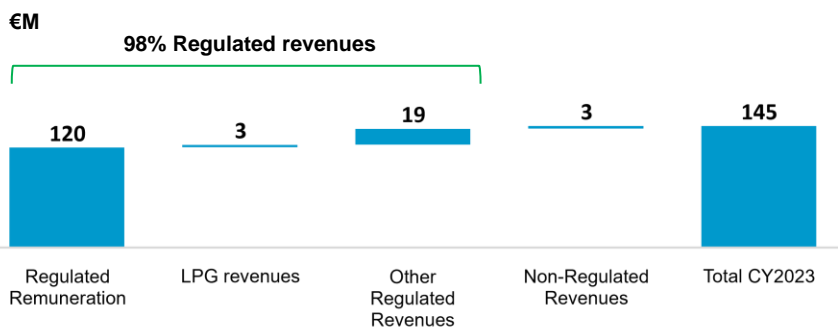
Executive Summary	3
Operating Overview	5
Key initiatives	7
Key financials	11
Capital structure	15
ESG	17
Main takeaways	19
Annexes	20

Income Statement - €m ⁽¹⁾

12-month period ending on December 31 st	2022	2023	Var. %
Remuneration	133.1	119.7	(11%)
Other regulated revenues	19.8	19.1	(3%)
LPG regulated revenues	11.0	3.2	<(99%)
Other non-regulated revenues	3.6	3.5	(3%)
Total revenues	167.4	145.5	(15%)
Recurring EBITDA	130.4	114.3	(14%)
EBITDA margin (%)	78%	79%	
EBITDA margin ex LPG dilution (%)	82%	80%	
Depreciation & Amortisation & Impairment	(30.4)	(29.5)	(3%)
EBIT	97.2	84.4	(15%)
Financial result	24.7	(8.5)	>99%
Income tax expense	(31.8)	(19.8)	(60%)
Net Income	90.1	56.1	(61%)

Source: MRG

Revenue Breakdown (CY2023)



Source: MRG

Comments

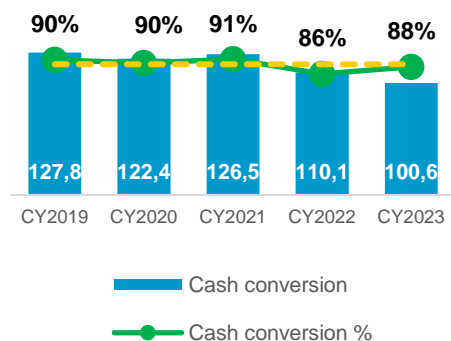
- MRG achieved **strong financial performance in 2023** with an EBITDA of €114.3m, -14% Y-o-Y mainly explained by:
 - **The company has obtained lower revenues from remuneration, due to warmer temperatures** that have motivated the reduction of demand, plus the 2021-2026 regulatory period remuneration haircut applied.
 - Slight decrease in Other regulated revenues mainly due to a lower volume of Periodical inspections performed, according to the inspections cycle.
 - **LPG conversion plan to natural gas** explains the variance in LPG regulated revenues.
 - Revenues continue to be concentrated in regulated activities.
 - **Lower costs** as a result of **lower volume of activity in LPG** due to the **conversion plan to natural gas**.
 - Financial result in 2022 includes financial income coming from debt capitalization.

Cash Flow Statement - €m ⁽¹⁾

	2022	2023	Var. %
EBITDA	127.6	113.9	(12%)
Income tax paid	(5.2)	(3.7)	(38%)
Working capital	(1.7)	4.4	>99%
Tariff Deficit	(7.0)	(15.0)	54%
Capex	(17.6)	(13.3)	(33%)
Organic growth	(14.0)	(9.5)	(47%)
Maintenance	(3.6)	(3.8)	4%
LPG sale to Aliara*	11.1	-	-
Free Cash Flow	107.3	86.3	(24%)
Free Cash Flow excluding one-off effects	96.2	86.3	(11%)

Source: MRG
Audited under IFRS
* Sale of LPG connection points to the group company Aliara GLP.

Cash conversion



Cash conversion = EBITDA – Capex

Source: MRG

Comments

Sustainable cash generated from operations totaled €86.3 million, reflecting a -11% decrease compared to the previous year.

The main variances are explained by:

- **EBITDA** result.
- **Better working capital position** mainly due to a lower decrease in billing in the last two months of the year compared with the previous year.
- The year 2023 resulted in a greater Gas system deficit compared to the year 2022, which explains the variation in **Tariff deficit**.
- The company **has invested a total of €13.3m in**:
 - expanding its network and executing the LPG conversion plan into natural gas, aligning with its expansion strategy which mainly targets selective extensions and developments on a profitable and sustainable basis.
 - maintenance and other initiatives, including digitalization, process automation, and system development, all aimed at enhancing cost efficiency and customer satisfaction.
- **Cash conversion ratio of 88%** in 2023, remains within the historical range. MRG's capex is largely discretionary.

Balance Sheet - €m ⁽¹⁾

At December 31 st	2022	2023
Non-current assets	1,123.5	1,098.0
Current Assets	35.5	47.1
Cash and cash equivalents	16.2	58.3
Total Assets	1,175.2	1,203.5
Equity	752.9	789.2
Long Term Debt	225.0	225.0
Deferred Tax	91.9	100.7
Other Non-Current liabilities	37.0	34.9
Short-term debt	21.5	2.1
Other Current Liabilities	46.9	51.5
Total Liabilities & Shareholders' Equity	1,175.2	1,203.5

Comments

- The long-term debt balance captures the term-loan of €225MM due August 2027.
- In addition, MRG holds a RCF amounting €75m which as of December 31st, 2023 remains fully undrawn. The RCF maturity has been extended in February 2024 until February 2027.

Executive Summary	3
Operating Overview	5
Key initiatives	7
Key financials	11
Capital structure	15
ESG	17
Main takeaways	19
Annexes	20

	Apr-25 Note	Apr-29 Note	Mar-31 Note	RCF	Bank debt
Issuer	MRG Finance, B.V.	MRG Finance, B.V.	MRG Finance, B.V.	MRG S.A.U.	MRG S.A.U.
Guarantee	MRG S.A.U.	MRG S.A.U.	MRG S.A.U.	-	-
Issuance amount	€300m	€300m	€75m	€75m*	€225m
Maturity	April 2025	April 2029	March 2031	February 2027	August 2027
Pricing	Fixed 1.375%	Fixed 2.250%	Fixed 3.500%	Euribor + margin	55% Fixed 45% Eur + margin
Ranking	Senior	Senior	Senior	Senior	Senior

* Undrawn

Rating

S&P: BBB-
DBRS: BBB (low)

Main features

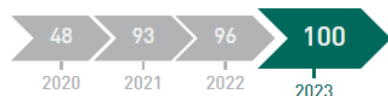
- +** **Investment grade bonds** issued under MRG's €2bn EMTN Program with different tenors. Reduced refinancing risk by spreading maturities.
- +** **Long term and flexible financing** amounts €900m, providing **strong financial capacity**.
- +** **ESG-linked to GRESB score financing** (€225m Term Loan).
- +** **Flexible financial policy** in place that strongly supports investment grade commitment.
- +** **Low exposure to market volatility** – **89%** of debt at **fixed rate**.
- +** **Flexible dividend distribution policy**.

Executive Summary	3
Operating Overview	5
Key initiatives	7
Key financials	11
Capital structure	15
ESG	17
Main takeaways	19

GRESB 2023 Score

GRESB Rating
★★★★★

Participation & Score



Peer Comparison

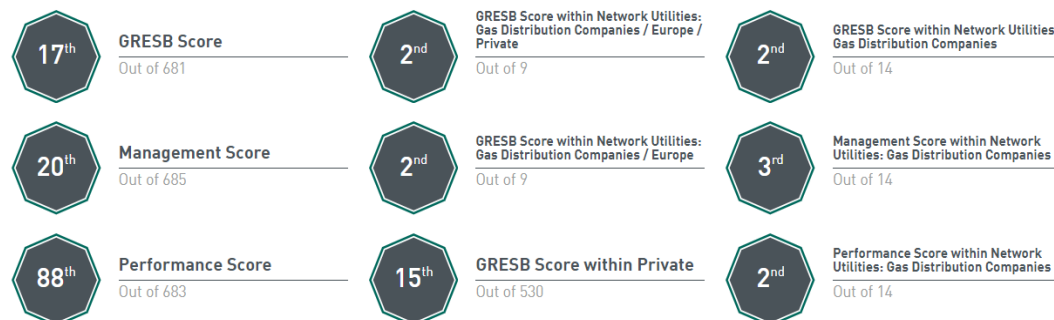


GRESB
INFRASTRUCTURE
sector leader 2023

- GRESB score of **100 points*** over 100 possible and 5 stars (maximum level), which breakdown to:
 - Environmental: 27/27
 - Social: 45/46
 - Governance: 27/27
- GRESB infrastructure sector leader in 2023.**
- MRG is among the top 3 in 5 of the 9 indicators (out of 680 participants).
- MRG is among the top 20 companies that participate in GRESB (out of 680 participants).

Rankings

 Guidance



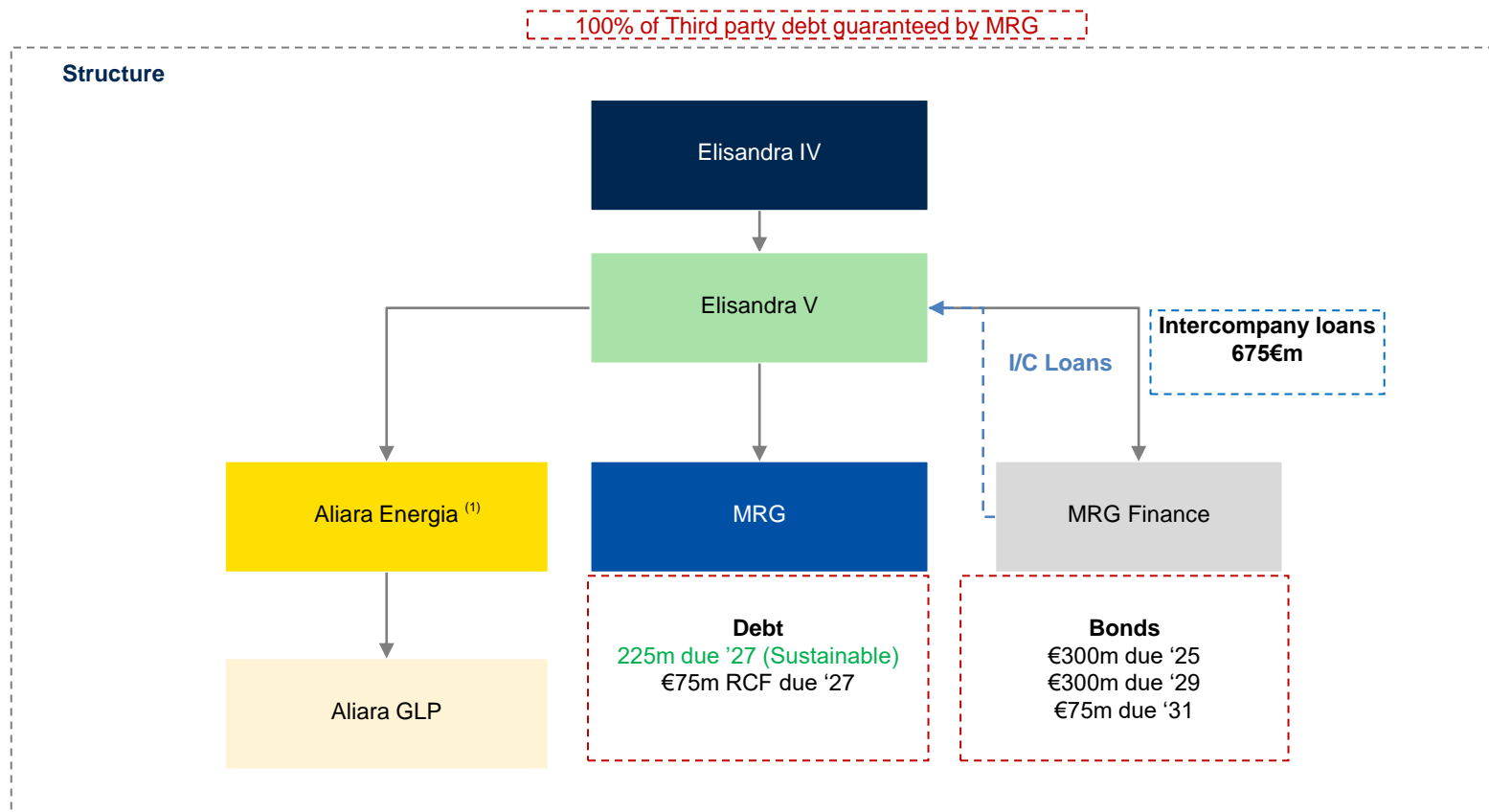
* There are decimal positions in the segregated scores which add up to a 99.6 total score which is rounded up by GRESB to 100 points in the global score.

Executive Summary	3
Operating Overview	5
Key initiatives	7
Key financials	11
Capital structure	15
ESG	17
Main takeaways	19
Annexes	20

- 1 High resilience, financial strength and revenue generation predictability
- 2 Highly focused on cost efficiencies and fast reaction and adaptability to customer needs to improve customer satisfaction
- 3 Network suitable for renewable gases such as hydrogen and bio methane
- 4 Involved in key H2 initiatives of the Madrid Region. Development of gas stations network for low carbon emissions mobility
- 5 Strong financial and liquidity position. Commitment with Investment Grade qualification
- 6 Committed with ESG: 5 stars rating and 2nd GRESB score within Network Utilities: Gas distribution Companies / Europe and the 1st position in the management score ratio over the entire ESG score universe



Annexes



(1) Aliara Energia owns a 33% of Inspira Madrid Hidrogeno Verde S.L. with no activity as of as of Dec 31, 2023,

Consolidated Income Statement - €m ⁽¹⁾⁽²⁾

12-month period ending on December 31 st	2022	2023	Var. %
Remuneration	133.1	119.7	(11%)
Other regulated revenues	19.8	19.1	(3%)
LPG regulated revenues	14.9	9.1	(65%)
Other non-regulated revenues *	13.5	10.3	(31%)
Total revenues	181.3	158.1	(15%)
Recurring EBITDA	128.6	114.0	(13%)
<i>EBITDA margin (%)</i>	71%	72%	
<i>EBITDA margin ex LPG dilution (%)</i>	77%	76%	
Depreciation & Amortisation & Impairment	(31.7)	(32.4)	2%
EBIT	92.5	80.9	(14%)
Financial result	(4.4)	(22.2)	80%
Income tax expense	(22.9)	(14.3)	(60%)
Net Income	65.2	44.3	(47%)

Source: MRG

* Non-regulated revenues coming from MRG non-regulated activities plus Aliara Energía.

Comments

- The consolidated income statement represents the results coming from MRG and other subsidiaries belonging to the group.
- Consolidated recurring EBITDA largely provided by MRG, which is the regulated company.
- The main revenue sources are regulated activities: natural gas distribution and commercialization and distribution of LPG, representing 94% of total revenues.
- Non-regulated activities are carried out by the group company Aliara Energía including NGV (Natural gas for vehicles) and energy efficiency.

Consolidated Cash Flow Statement - €m ⁽¹⁾⁽²⁾

At December 31 st	2022	2023
Profit/(loss) for the period before income tax	88.1	58.6
Adjustments	35.4	53.0
<i>Amortization and depreciation</i>	31.8	31.2
<i>Net Financial expenses</i>	4.3	22.2
<i>Others</i>	(0.7)	(0.5)
Changes in working capital	(8.3)	(12.0)
Interest paid	(32.8)	(20.6)
Income tax paid	(5.3)	(3.9)
Cash flow from operating activities	77.0	75.1
Investments	(20.8)	(13.8)
Amounts collected from grants	2.3	0.9
Debt service	(30.7)	(20.8)
<i>Issuance of bank loans</i>	255.2	-
<i>Repayments and amortizations</i>	(285.8)	(20.8)
Share premium and reserves distributions	(41.2)	-
Net increase in cash	(13.2)	41.4

Source: MRG

- Cash flow from operating activities is largely provided by MRG.
- The main difference between MRG cash flow and consolidated cash flow is interest paid, which includes the bonds coupons payment.

Consolidated Balance Sheet - €m ⁽¹⁾⁽²⁾

At December 31 st	2022	2023
Non-current assets	1.941	1.917
Current Assets	40	53
Cash and cash equivalents	29	70
Total Assets	2.009	2.039
Equity	711	752
Long Term Debt	898	899
Deferred Tax	309	317
Other Non-Current liabilities	28	28
Short-term debt	32	13
Other Current Liabilities	31	31
Total Liabilities & Shareholders' Equity	2.009	2.039

Source: MRG

- The long-term debt balance captures the following:
 - MRG Finance BV debt (issuer of outstanding unsecured notes)
 - €300MM 1,3750% due April 2025
 - €300MM 2,250% due April 2029
 - €75MM 3,500% due March 2031
 - MRG term-loan:
 - €225MM due August 2027
 - Aliara Energía bank debt :
 - €0.7MM several loans maturing from 3 to 8 years.

NOT FOR DISTRIBUTION IN THE UNITED STATES, CANADA OR JAPAN

This presentation has been prepared by Madrileña Red de Gas, S.A.U. (the “**Company**”). Certain statements in this presentation are forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described in this presentation. Forward-looking statements contained in this presentation that refer to past trends or activities should not be taken as a representation that such trends or activities will necessarily continue in the future. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as at the date of this presentation. It should be noted that the Company’s auditors have not reviewed the information in this presentation.

This presentation (and its contents) are being made available on the basis that the information contained herein may not be reproduced, disclosed, redistributed or passed on, directly or indirectly, to any other person (unless he or she is affiliated with the recipient and has agreed to comply with these restrictions on redistribution) or published, in whole or in part, for any purpose without the prior written consent of the Company.

The distribution of this document in certain jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

This document does not constitute or form part of, and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Company in any jurisdiction or an inducement to enter into investment activity. No part of this document, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

The information contained herein is not for publication or distribution in the United States of America (the “United States”), Canada, Japan or any other jurisdiction where the distribution of such information is restricted by law, and does not constitute an offer to sell, or solicitation of an offer to buy, securities in the United States, Canada, Japan or in any other jurisdiction in which it is unlawful to make such an offer or solicitation. Offers and sales of securities in the United States may not be made absent registration under the U.S. Securities Act of 1933, as amended, or an applicable exemption there from. This document does not solicit money, securities or any other type of consideration, and, if any money, securities or other type of consideration is sent in response hereto, it will not be accepted.