1Q14 Highlights

- EBITDA stood at €126.5M, a slight YoY decrease (-0.7%, -€0.9M). This was mainly due to the decrease of €2.0M in hydro land remuneration as a result of regulatory changes concerning the methodology of calculation of RoR, despite the expansion of the RAB remuneration (+€1.8M), as well as the reduction achieved in operational costs;

- Net Financial Income improved €4.8M, reaching -€29.3M, on account of the decline of both net debt (to €2,366.6M in 1Q14 vs €2,473.0M in 1Q13) and average cost of debt (to 4.80% from 5.74%);

- Recurrent Net Income increased by 11.4% (+€3.4M), mainly due to the improvement in the Group’s Financial Result;

- Net Income stood at €26.3M (-9.6%, -€2.8M), penalized by the accrual of the energy sector extraordinary levy in 1Q14 established in 2014 State budget law. REN is analyzing the issue in all its aspects to protect the rights of the company and of all its stakeholders;

- Total CAPEX stood at €9.5M, a YoY decrease of €10.8M (-53.2%), mainly due to the late start in some new electricity investments;

- In April, REN signed an €200M 5-year credit facility with Bank of China.
## 1Q14 Main financial indicators

<table>
<thead>
<tr>
<th>€M</th>
<th>1Q14</th>
<th>1Q13</th>
<th>Δ%</th>
<th>Δ Abs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>126.5</td>
<td>127.4</td>
<td>-0.7%</td>
<td>-0.9</td>
</tr>
<tr>
<td>Net Financial Income</td>
<td>-29.3</td>
<td>-34.2</td>
<td>14.2%</td>
<td>4.8</td>
</tr>
<tr>
<td>Recurrent Net Income</td>
<td>33.3</td>
<td>29.9</td>
<td>11.4%</td>
<td>3.4</td>
</tr>
<tr>
<td>Net Income</td>
<td>26.3</td>
<td>29.1</td>
<td>-9.6%</td>
<td>-2.8</td>
</tr>
<tr>
<td>Average RAB</td>
<td>3,499.8</td>
<td>3,436.6</td>
<td>1.8%</td>
<td>63.2</td>
</tr>
<tr>
<td>CAPEX</td>
<td>9.5</td>
<td>20.3</td>
<td>-53.2%</td>
<td>-10.8</td>
</tr>
<tr>
<td>Net Debt</td>
<td>2,366.6</td>
<td>2,473.0</td>
<td>-4.3%</td>
<td>-106.4</td>
</tr>
</tbody>
</table>
Portugal’s perceived sovereign debt risk has decreased

PT 10Y Treasury Bond Yields\(^{(1)}\) and PT 5Y CDS

<table>
<thead>
<tr>
<th>Date</th>
<th>Electricity</th>
<th>Gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q13</td>
<td>8.06%</td>
<td>8.00%</td>
</tr>
<tr>
<td>1Q14</td>
<td>7.87%</td>
<td>7.91%</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Electricity RoR is calculated as a function of the average PT 5Y CDS between Oct. 1\(^{st}\) year\(_n-1\) and 30\(^{th}\) Sep. year\(_n\);

\(^{(2)}\) Natural Gas RoR is calculated as a function of the average PT 10Y TB between 01/Apr./13 and 31/Mar./14.
Transfers to RAB increased by €3.8M

CAPEX

<table>
<thead>
<tr>
<th></th>
<th>1Q13</th>
<th>1Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.3</td>
<td>3.8</td>
<td>0.0</td>
</tr>
<tr>
<td>16.5</td>
<td>7.0</td>
<td>2.5</td>
</tr>
</tbody>
</table>

-10.8€M (-53.2%)

TRANSFERS TO RAB

<table>
<thead>
<tr>
<th></th>
<th>1Q13</th>
<th>1Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.2</td>
<td>0.5</td>
<td>5.7</td>
</tr>
<tr>
<td>2.4</td>
<td>1.9</td>
<td>0.5</td>
</tr>
</tbody>
</table>

+3.8€M (+156.7%)

Electricity
Natural gas
Other

Electricity

+3.8€M (+156.7%)
Average RAB grew by €63.2M
Electricity Assets with premium (RoR 9.4%) increased by €131M

1) RoR is equal to the specific remuneration, divided by the average RAB.
Electricity return on RAB increased by €1.3M
Mainly due to the positive evolution in the average RAB

RAB REMUNERATION
ELECTRICITY (ex. hydro lands)
(€M)

Impact of the increase in the asset base by €88M to €2,098M.

RAB REMUNERATION
NATURAL GAS (ex. tariff smoothing effect)
(€M)

Impact of the €11M decrease in the asset base, to a total of €1,102M.

1Q13 1Q14

43.6 44.9

23.9 22.4

19.7 22.5

RAB REMUNERATION
ELECTRICITY
(€M)

Impact of the change in asset mix - assets with premium weight increased to 45% in 1Q14 from 41% in 1Q13.

Impact of the indexation of the base rate of return - to 9.4% from 9.6% in assets with premium, and to 7.9% from 8.1% in assets without premium.

Electricity with premium
Electricity without premium

+€1.3M (+2.9%)

+€1.9M

+€0.4M

-€1.0M

-€0.5M (-2.1%)
OPEX was down by €3.4M
Reflecting a continued reduction in ESS and Personnel Costs

OPERATIONAL COSTS
(€M)

-3.4€M
(-12.8%)

26.3
(-21.1%)

-2.6

-0.7
(-5.3%)

23.0

OPEX 1Q13
Δ External Supplies and Services (1)
Δ Personnel Costs
OPEX 1Q14

(1) Includes Δ-€0.3M of Other Operating Costs.

Note: values do not include costs incurred with the construction of concession assets (IFRIC 12): €14.7M in 1Q13 and €4.9M in 1Q14.
Core OPEX stood 12.0% below 1Q13

**CORE OPEX**

(€M)

<table>
<thead>
<tr>
<th></th>
<th>1Q13</th>
<th>1Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPEX</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>System services</td>
<td>26.3</td>
<td>23.0</td>
</tr>
<tr>
<td>and cross-border</td>
<td></td>
<td></td>
</tr>
<tr>
<td>costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs with NG</td>
<td></td>
<td></td>
</tr>
<tr>
<td>transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forest clearing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overhead lines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>deviation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>access to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>networks cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs with ERSE</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Core OPEX</strong></td>
<td>22.2</td>
<td>19.6</td>
</tr>
</tbody>
</table>

**Note:** values do not include costs incurred with the construction of concession assets (IFRIC 12): €14.7M in 1Q13 and €4.9M in 1Q14.
EBITDA down by €0.9M
Essentially due to the decrease in Hydro Land remuneration

(€M)

(1) Includes Δ+€1.0M of NG tariff smoothing effect.
Below EBITDA
Net Financial Income improved €4.8M

DEPRECIATION
(€M)

<table>
<thead>
<tr>
<th></th>
<th>1Q13</th>
<th>1Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50.0</td>
<td>50.4</td>
</tr>
</tbody>
</table>

+0.4€M (+0.8%)

NET FINANCIAL INCOME
(€M)

<table>
<thead>
<tr>
<th></th>
<th>1Q13</th>
<th>1Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-34.2</td>
<td>-29.3</td>
</tr>
</tbody>
</table>

+4.8€M (+14.2%)

TAXES
(€M)

<table>
<thead>
<tr>
<th></th>
<th>1Q13</th>
<th>1Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14.1</td>
<td>6.2</td>
</tr>
</tbody>
</table>

+6.3€M (+44.7%)

1Q13        | 1Q14
---|---
14.1        | 14.2
6.2         |
Net Income was down by 9.6% (-€2.8M)
Net Debt decreased by €36M to €2,367M

The average cost of debt decreased to 4.80% (5.54% in 2013);

Net debt/EBITDA was up to 4.68x (4.61x in 2013).

Operating cash flow = EBIT + Depreciation + Provisions - Non cash items
Final remarks

- In 1Q14, REN’s operational results were penalized by regulatory changes in hydro land remuneration, which were partially offset by the reduction in operational costs and the increase displayed in the average RAB;

- The average cost of debt is clearly in a downward trend, and the level of net debt also decreased reflecting the slowdown in CAPEX;

- REN paid €0.171 cents per share as dividend in relation to its 2013 results (dividend yield of 6%);

- The end of REN’s privatization process is planned to be accomplished during 1H14. The placement of the State's remaining 11% stake, should improve the liquidity of the stock.
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