2014 Highlights

Year end Net income stood at €112.8M, 7.0% below 2013 (-€8.5M) and negatively impacted by the €25.1M extraordinary levy to the energy sector established in 2014’s State budget law. This result was partially offset by the improvement reached in financial performance (+€28.4M) underpinned by a lower average cost of debt (cut to 4.7% from 5.5%). Excluding extraordinary effects, Recurrent net income increased by €19.6M (+16.3%) to €140.3M;

EBITDA reached €505.2M, 3.1% below 2013 (-€16.3M). The decline is explained by three main reasons: (1) a decrease in hydro land remuneration (-€8.2M); (2) a reversal of an impairment of receivable debts in 2013 (-€5.3M); (3) a reduction in financial own works (-€3.8M). However, it benefited from: (1) a decrease in Opex (-€4.5M) reflecting a continued effort towards optimization and operational efficiency; and (2) an increase in recovery of depreciation (+€1.8M);

CAPEX was €163.3M, -€24.6M than in 2013, despite the increase in average RAB (+€38.4M) reaching €3,529.2M. REN is still waiting for the Government’s authorization to purchase the two gas storage cavities belonging to Galp Energia (for an estimated amount of €71.7M);
In 2014, REN proceeded with its financing strategy, with special emphasis on the flexibility of the financial instruments contracted, thus allowing the company to adjust quickly and significantly its cost of debt to the improvement seen in credit market conditions. The following operations were undertaken: (1) REN signed a €200M 5-year credit facility with the Bank of China; (2) the EIB approved a new long-term financing agreement of €200M; (3) four commercial paper programmes were also renegotiated, with a total amount of €650M;

Moody’s upgraded REN’s rating to investment grade (Baa3, outlook stable). Last January, S&P upgraded REN’s Outlook to positive from stable (rating: BB+), while Fitch maintained REN’s rating (BBB, stable outlook). REN continues to be the Portuguese company with the best overall rating.
## 2014 Main financial indicators

<table>
<thead>
<tr>
<th>€M</th>
<th>4Q14</th>
<th>2014</th>
<th>2013</th>
<th>Δ%</th>
<th>Δ Abs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>131.0</td>
<td>505.2</td>
<td>521.5</td>
<td>-3.1%</td>
<td>-16.3</td>
</tr>
<tr>
<td>Net Financial Income</td>
<td>-34.8</td>
<td>-113.8</td>
<td>-142.2</td>
<td>20.0%</td>
<td>28.4</td>
</tr>
<tr>
<td>Recurrent Net Income</td>
<td>34.4</td>
<td>140.3</td>
<td>120.7</td>
<td>16.3%</td>
<td>19.6</td>
</tr>
<tr>
<td>Net Income</td>
<td>27.9</td>
<td>112.8</td>
<td>121.3</td>
<td>-7.0%</td>
<td>-8.5</td>
</tr>
<tr>
<td>Average RAB</td>
<td>3,529.2</td>
<td>3,529.2</td>
<td>3,490.8</td>
<td>1.1%</td>
<td>38.4</td>
</tr>
<tr>
<td>CAPEX</td>
<td>93.9</td>
<td>163.3</td>
<td>187.8</td>
<td>-13.1%</td>
<td>-24.6</td>
</tr>
<tr>
<td>Net Debt</td>
<td>2,436.2</td>
<td>2,436.2</td>
<td>2,402.3</td>
<td>1.4%</td>
<td>33.9</td>
</tr>
</tbody>
</table>
Portugal’s perceived sovereign debt risk continues to decrease

PT 10Y Treasury Bond Yields and PT 5Y CDS

Source: Bloomberg
Transfers to RAB reached €194.2M

In gas, another underground storage cavity (REN C6) was concluded

CAPEX

<table>
<thead>
<tr>
<th>Year</th>
<th>Electricity</th>
<th>Natural gas</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>157.6</td>
<td>29.9</td>
<td>0.4</td>
<td>187.8</td>
</tr>
<tr>
<td>2014</td>
<td>137.4</td>
<td>25.8</td>
<td>0.1</td>
<td>163.3</td>
</tr>
</tbody>
</table>

-24.6€M (-13.1%)

TRANSFERS TO RAB

<table>
<thead>
<tr>
<th>Year</th>
<th>Electricity</th>
<th>Natural gas</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>197.3</td>
<td>47.7</td>
<td>0.1</td>
<td>245.0</td>
</tr>
<tr>
<td>2014</td>
<td>146.0</td>
<td>48.2</td>
<td>0.1</td>
<td>194.2</td>
</tr>
</tbody>
</table>

-50.8€M (-20.7%)
Higher average RAB (+€38.4M) with focus on Electricity Assets premium (RoR 9.3%, +€102.0M)

RoR

8.0%¹

0.3%

7.6%

7.8%

9.3%

7.5%¹

RAB

Average RAB 2013

3,491

-13

-7

-43

+102

3,529

Average RAB 2014

Lands

Natural gas

Electricity without premium (2)

Electricity with premium

1) RoR is equal to the specific remuneration, divided by the average RAB;
2) Includes RAB related to Enondas.
Electricity return on RAB in line with 2013
Average RAB with positive evolution

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

-€0.2M (-0.1%)
+€5.0M
+€1.1M
-€6.3M

Impact of the increase in the asset base by €59M to €2,128M.
Impact of the change in asset mix - assets with premium weight increased to 47% in 2014 from 43% in 2013.
Impact of the indexation of the rate of return - to 9.3% from 9.6% in assets with premium, and to 7.8% from 8.1% in assets without premium.

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

-€6.1M (-6.9%)
-€5.6M
-€0.5M

Impact of the reduction in the rate of return, to 7.6% from 8.0%.
Impact of the €7.1M decrease in the asset base, to a total of €1,107M.

Electricity return on RAB in line with 2013
Average RAB with positive evolution

2013
2014

Electricity without premium
Electricity with premium
Efficiency continues to improve as OPEX fell over 4% YoY

OPERATIONAL COSTS

(€M)

110.7

106.2

-4.5€M
(-4.1%)

-3.7
(-6.6%)

-0.8
(-1.4%)

OPEX 2013

Δ External Supplies and Services (1)

Δ Personnel Costs

OPEX 2014

(1) Includes Δ-€0.5M of Other Operating Costs.

Note: values do not include costs incurred with the construction of concession assets (IFRIC 12): €162.2M in 2013 and €142.8M in 2014.
Core OPEX was reduced by 6.0% compared with 2013

**CORE OPEX**

(€M)

<table>
<thead>
<tr>
<th>Year</th>
<th>OPEX</th>
<th>System services and cross-border costs</th>
<th>Costs with NG transportation</th>
<th>Forest clearing</th>
<th>Overhead lines deviation</th>
<th>Electricity: access to networks cost</th>
<th>Costs with ERSE</th>
<th>Core OPEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>110.7</td>
<td>-2.9</td>
<td>-2.8</td>
<td>-0.4</td>
<td>0.0</td>
<td>-0.4</td>
<td>-8.8</td>
<td>95.3</td>
</tr>
<tr>
<td>2014</td>
<td>106.2</td>
<td>-0.8</td>
<td>-3.0</td>
<td>-3.1</td>
<td>-0.1</td>
<td>-0.8</td>
<td>-9.0</td>
<td>89.5</td>
</tr>
</tbody>
</table>

**Note:** values do not include costs incurred with the construction of concession assets (IFRIC 12): €162.2M in 2013 and €142.8M in 2014.
EBITDA achieved €505.2M negatively impacted by lower hydro land remuneration

(€M)

521.5
-0.3 (-0.1%)

+1.8 (+0.9%)

-7.8 (-45.1%)

+1.8 (+17.7%)

-11.8 (-33.3%)

505.2

(1) Includes Δ+€6.0M of NG tariff smoothing effect;
(2) Δ-€8.2M related to Hydro land remuneration and Δ+€0.4M related to Remuneration of fully depreciated assets;
(3) Includes Δ-€1.1M of Opex own works;
(4) Includes +€5.3M related to a reversal of an impairment of receivable debts, in 2013.
**Below EBITDA**

Net Financial Income behavior improved by €28.4M vs 2013

<table>
<thead>
<tr>
<th>DEPRECIATION (€M)</th>
<th>NET FINANCIAL INCOME (€M)</th>
<th>TAXES (€M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 201.2</td>
<td>2013 -142.2</td>
<td>2013 56.7</td>
</tr>
<tr>
<td>2014 202.6</td>
<td>2014 -113.8</td>
<td>2014 76.0</td>
</tr>
</tbody>
</table>

**DEPRECIATION**
- €1.4M (+0.7%)

**NET FINANCIAL INCOME**
- €28.4M (+20.0%)

**TAXES**
- €19.3M (+34.0%)

REN
Net Income slightly below YoY result (€-8.5M) negatively affected by the extraordinary levy

(€M)

- Net Income 2013: 121.3 (-3.1%)
- Δ EBITDA: -16.3 (+8.2%)
- Δ Below EBITDA: 32.8 (-7.0%)
- Energy sector extraordinary levy: -25.1 (n.m.)
- Net Income 2014: 112.8
The average cost of debt decreased by 87 b.p. to 4.7%;

- Net debt/EBITDA increased to 4.82x (4.61x in 2013).
Final remarks

- 2014 was also marked by REN’s privatization process which was successfully accomplished. The placement of the State's remaining 11% stake, improved the free float of the stock, together with it’s liquidity;

- This year the Portuguese economy continued its recovery path. The country’s macro-economic environment allowed REN to adjust the marginal cost of debt to the credit market conditions. REN has taken advantage from the current financial environment to proceed with the reorganization of its debt, reinforcing liquidity and financial solidity, promoting the diversification of its sources of funding and base of lenders while also reducing the risk of refinancing;

- Aligned with REN’s financial performance advancement was the improvement in the rating, with Moody’s investment grade status. REN already had an identical rating from Fitch, but this new rating contributed to a more favorable climate among REN’s creditors and opened the doors for future issues of debt securities at significantly lower costs;
Final remarks

This year REN’s Net Income was down by 7.0% to €112.8M. The evolution was penalized by changes in hydro land revenues, the decrease in the rates of return and the energy special levy, which were partially offset by the improvement in financial costs and decrease in effective tax rate. On February 10th, REN proceeded with the payment of the energy sector extraordinary levy correspondent to the 2014 period. Nevertheless, REN will legally challenge this contribution due to questions about its legality;

REN’S Board of Directors will propose to the General Shareholders’ Meeting the payment of a dividend of 17.1 cents per share in respect of 2014.
Visit our web site at www.ren.pt

or contact us:

Ana Fernandes - Head of IR
Alexandra Martins
Telma Mendes

Av. EUA, 55
1749-061 Lisboa
Telephone: +351 210 013 546
ir@ren.pt
Disclaimer

This presentation and all materials, documents and information used therein or distributed to investors in the context of this presentation do not constitute, or form part of, a public offer, private placement or solicitation of any kind by REN, or by any of REN’s shareholders, to sell or purchase any securities issued by REN and its purpose is merely of informative nature and this presentation and all materials, documents and information used therein or distributed to investors in the context of this presentation may not be used in the future in connection with any offer in relation to securities issued by REN without REN’s prior consent.