RESULTS PRESENTATION
1H 2017

July 27th, 2017
In the first half of 2017, **EBITDA** rose by €2.5M (1.0%) to €242.7M, reflecting the contribution from the 42.5% Electrogas’ stake acquired by REN in the first quarter of the year. However, it was negatively affected by a drop in the gas regulatory asset base remuneration (€-7.4M vs 1H16);

**Net Profit** increased by €12.4M (30.7%), standing at €53.0M, while **Recurrence Net Profit** grew by €14.4M (21.7%) to €80.9M. The positive results were supported by REN's operational efficiency but mostly by stronger **Financial Results**. These improved by €14.2M (34.0%) to €27.5M, strengthened by the steady decline in the average cost of debt (to 2.6% from 3.5% in 1H16);

**Net Debt** stood at €2,577.4M, showing a small 4.0% increase when compared with the end of 2016 despite the purchase of Electrogas (€169.3M). As in recent years, undermining REN’s results were the costs incurred with the extraordinary energy sector levy (€25.8M in 2017);

**Total CAPEX** reached €41.0M and **Transfers to RAB** amounted to €2.3M (€-9.4M). **Average RAB** stood at €3,470.3M (€-52.5M);

With the purpose of financing the announced acquisition of EDP Gás (EDPG), in 11th May 2017, REN and REN Finance B.V. entered into a **financing agreement** with a syndicate of banks, in the amount of €532.0M, with extension options. EDPG’s acquisition is being subjected to standard legal and regulatory approvals, which are expected to be accomplished shortly.
# Results at a Glance

<table>
<thead>
<tr>
<th>€M</th>
<th>2Q17</th>
<th>1H17</th>
<th>1H16</th>
<th>Δ%</th>
<th>Δ Abs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>119.1</td>
<td>242.7</td>
<td>240.2</td>
<td>1.0%</td>
<td>2.5</td>
</tr>
<tr>
<td>Financial Result</td>
<td>-12.0</td>
<td>-27.5</td>
<td>-41.7</td>
<td>34.0%</td>
<td>14.2</td>
</tr>
<tr>
<td>Net Profit</td>
<td>39.5</td>
<td>53.0</td>
<td>40.5</td>
<td>30.7%</td>
<td>12.4</td>
</tr>
<tr>
<td>Recurrent Net Profit</td>
<td>41.6</td>
<td>80.9</td>
<td>66.5</td>
<td>21.7%</td>
<td>14.4</td>
</tr>
<tr>
<td>Average RAB</td>
<td>3,470.3</td>
<td>3,470.3</td>
<td>3,522.8</td>
<td>-1.5%</td>
<td>-52.5</td>
</tr>
<tr>
<td>CAPEX</td>
<td>27.8</td>
<td>41.0</td>
<td>37.6</td>
<td>8.9%</td>
<td>3.3</td>
</tr>
<tr>
<td>Net Debt</td>
<td>2,577.4</td>
<td>2,577.4</td>
<td>2,526.5</td>
<td>2.0%</td>
<td>50.9</td>
</tr>
</tbody>
</table>
EVOLUTION OF PORTUGUESE 10Y BOND YIELDS
With a slight increase versus 1H16

PT 10Y Treasury Bond Yields

Source: Bloomberg, REN
CAPEX WAS STABLE DURING THE FIRST SIX MONTHS

**CAPEX**

<table>
<thead>
<tr>
<th></th>
<th>1H16</th>
<th>1H17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>37.6</td>
<td>41.0</td>
</tr>
<tr>
<td>Natural gas</td>
<td>3.1</td>
<td>3.3</td>
</tr>
<tr>
<td>Electricity</td>
<td>34.6</td>
<td>37.5</td>
</tr>
</tbody>
</table>

- **€3.3M (8.9%)**

**TRANSFER TO RAB**

<table>
<thead>
<tr>
<th></th>
<th>1H16</th>
<th>1H17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>11.7</td>
<td>11.0</td>
</tr>
<tr>
<td>Natural gas</td>
<td>0.8</td>
<td>1.3</td>
</tr>
<tr>
<td>Electricity</td>
<td>11.0</td>
<td>2.3</td>
</tr>
</tbody>
</table>

- **€-9.4M (-80.2%)**
6.3%\(^1\), 0.4%, 6.4%, 7.2%, 6.3%, 6.1%\(^1\)

RoR is equal to the specific asset remuneration, divided by the average RAB.

Average RAB declined by 1.5%
RAB REMUNERATION WAS €4.0M LOWER THAN IN 1H16
Despite the increase in the electricity return on RAB (€3.4M)

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

€3.4M (4.9%)
€0.1M
€3.3M

69.0
37.2
31.8

72.4
39.7
32.7

1H16 1H17

Impact from the change in asset mix – assets with premium increased to 52% in 1H17 from 51% in 1H16 (the asset base increased by €0.9M to €2,129.1M).

Impact from the change in the rate of return – to 7.16% from 6.85% in assets with premium, and to 6.41% from 6.10% in assets without premium.

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

€-7.4M (-18.0%)
€-6.2M
€-1.3M

41.3
33.8

1H16 1H17

Impact from the decrease in the rate of return, to 6.25% from 7.35%.

Impact from the €40.7M decrease in the asset base, to a total of €1,082.5M.
OPEX GREW BY €4.3M

The **External Supplies and Services** upsurge was mainly due to: (1) €1.9M from the EDPG (currently underway) and Electrogas acquisitions; (2) €1.0M from electricity costs related to the increase in the LNG Terminal activity; and (3) €1.6M of pass-through costs (mainly cross-border costs).

(1) Includes Δ€0.4M of Other Operating Costs.
CONTROLLABLE COSTS ROSE BY €2.7M

**CORE OPEX**

(€M)

1H16

<table>
<thead>
<tr>
<th>OPEX</th>
<th>ITC(^{(1)}) mechanism</th>
<th>Costs with NG transportation</th>
<th>Forest clearing</th>
<th>Overhead lines deviation</th>
<th>Costs with ERSE</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>48.0</td>
<td>-0.6</td>
<td>-1.6</td>
<td>0.0</td>
<td>-0.1</td>
<td>-4.9</td>
<td>-0.7</td>
</tr>
</tbody>
</table>

1H17

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</thead>
<tbody>
<tr>
<td>52.3</td>
<td>-2.3</td>
<td>-1.1</td>
<td>-0.3</td>
<td>0.0</td>
<td>-4.9</td>
<td>-0.9</td>
</tr>
</tbody>
</table>

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Core OPEX

€2.7M (6.7%)

\(^{(1)}\) ITC - Inter Transmission System Operator Compensation for Transits.
EBITDA GREW BY €2.5M TO €242.7M
Electrogas contributed with €3.7M

(1) Includes €2.0M of NG tariff smoothing effect;
(2) Includes €0.9M of Remuneration of fully amortized assets;
(3) Includes €1.2M and €0.7M related to the one-off costs with Electrogas and EDPG acquisitions (respectively) and €1.0M of OPEX own works.

EBITDA 1H16  Δ Asset remuneration\(^1\)  Δ Recovery of amortizations  Δ Other revenues from assets\(^2\)  Δ OPEX contribution\(^3\)  Electrogas’ Net Profit proportion  Δ Other  EBITDA 1H17

240.2  -2.0 (-1.9%)  1.8 (1.7%)  0.9 (8.3%)  -3.8 (-77.9%)  3.7 (n.m.)  1.9 (22.9%)  242.7

€2.5M (1.0%)

EBITDA 1H17
Financial Results improved by 34.0%
**RESULTS PRESENTATION**

**NET DEBT**

(€M)

- **Net Debt stood at €2,577.4M** (4.0% vs 2016)

- Tariff deviations had a positive effect of €72.7M

**Average cost of debt** displayed a steady improvement across 2017 (2.6% in 1H17 vs 3.2% in the end of 2016);

**FFO/Net Debt** ratio stood at 11.2%.
NET PROFIT GREW BY €12.4M
With gains in operational and financial activities

(€M)  

Net Profit 1H16 | Δ EBITDA | Δ Below EBITDA | Δ CESE | Net Profit 1H17

40.5  | 2.5 (1.0%)  | 9.8 (5.6%)  | 0.1 (0.5%)  | 53.0

€12.4M (30.7%)
In 1H17, REN achieved a sound set of operating results, with Electrogas also adding value. This, together with improved financial results led to a growing Net Profit and Recurrent Net Profit;

REN’s results were nevertheless penalized by the special levy on energy companies and the reduction in gas asset remuneration;

With the purpose of financing the expected acquisition of EDPG, the second biggest gas distribution company in Portugal, in May 2017, REN entered into a financing agreement(1), in the amount of €532.0M. Once the transaction is approved, a capital increase and a bonds’ issue will follow. EDPG acquisition will reinforce REN’s local business focus, without compromising REN’s strong financial and credit profile maintaining the alignment with REN’s ongoing strategic framework.

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