



INVESTOR PRESENTATION

October 2018



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1. Industry-leading energy infrastructure operator in Portugal with best-in-class efficiency and service quality

2. Solid domestic business with stable regulatory framework

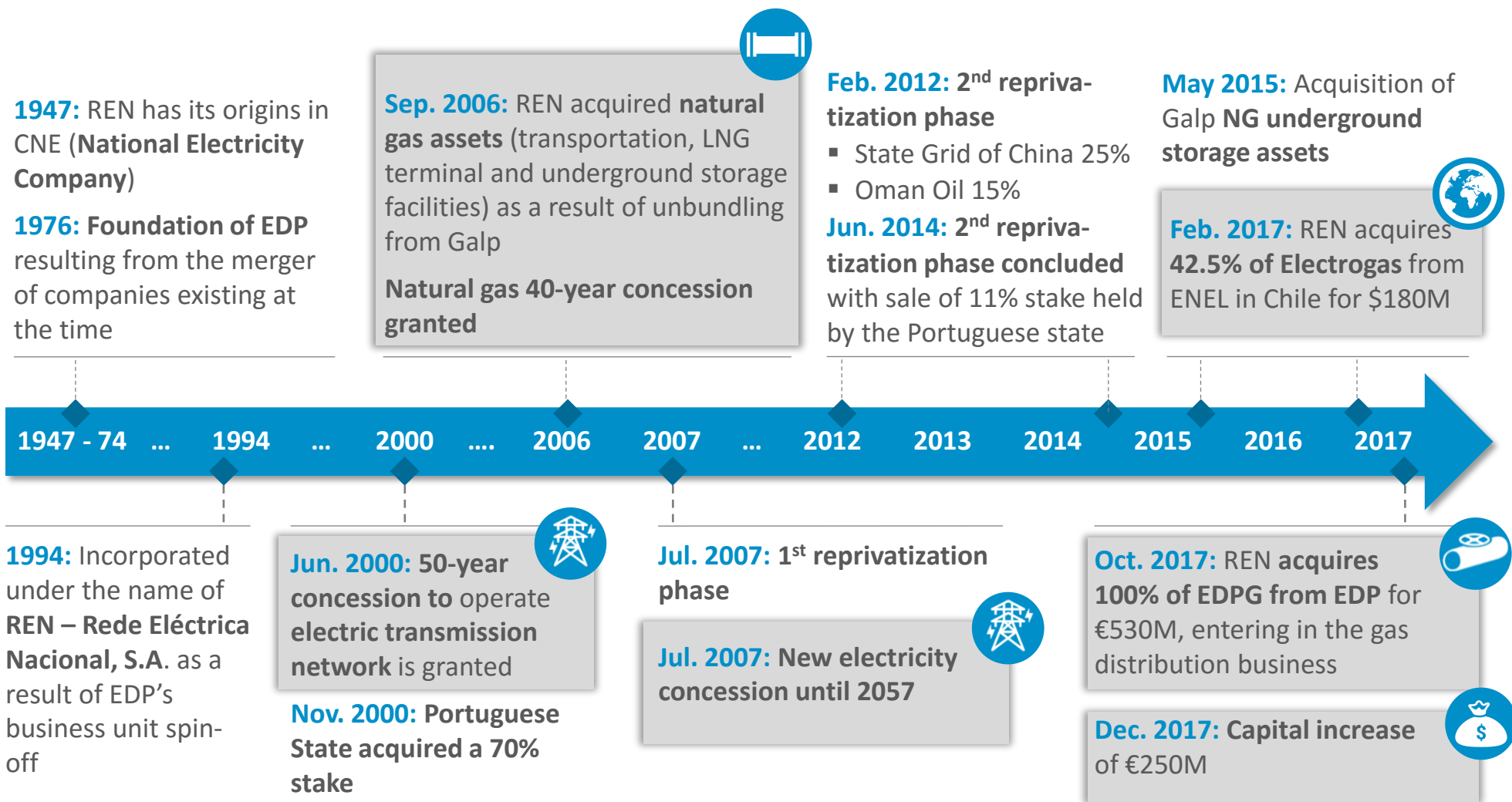
3. Business profile strengthened during 2015-2017

4. Disciplined growth policy, focusing on Portugal and regulated assets

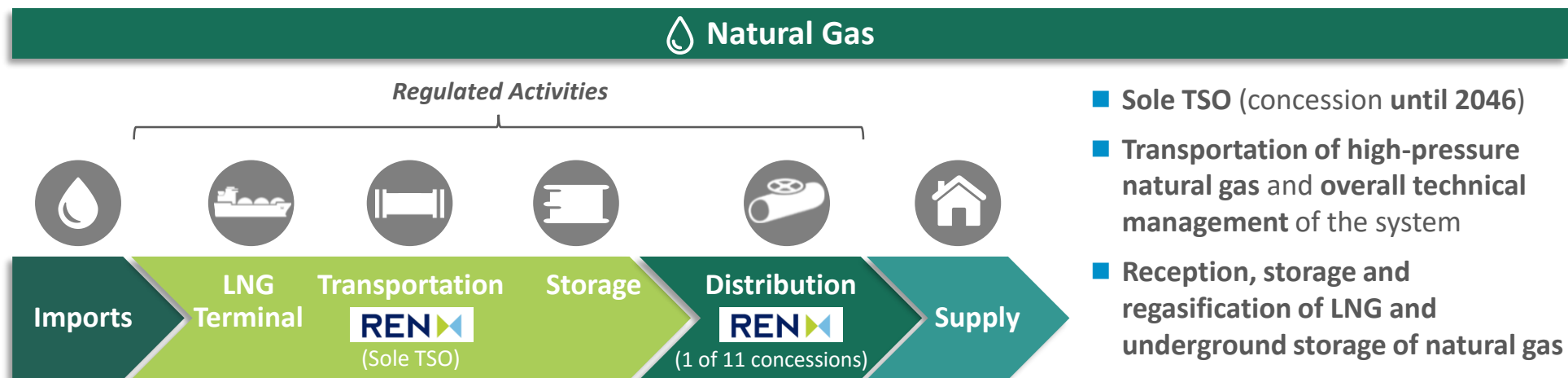
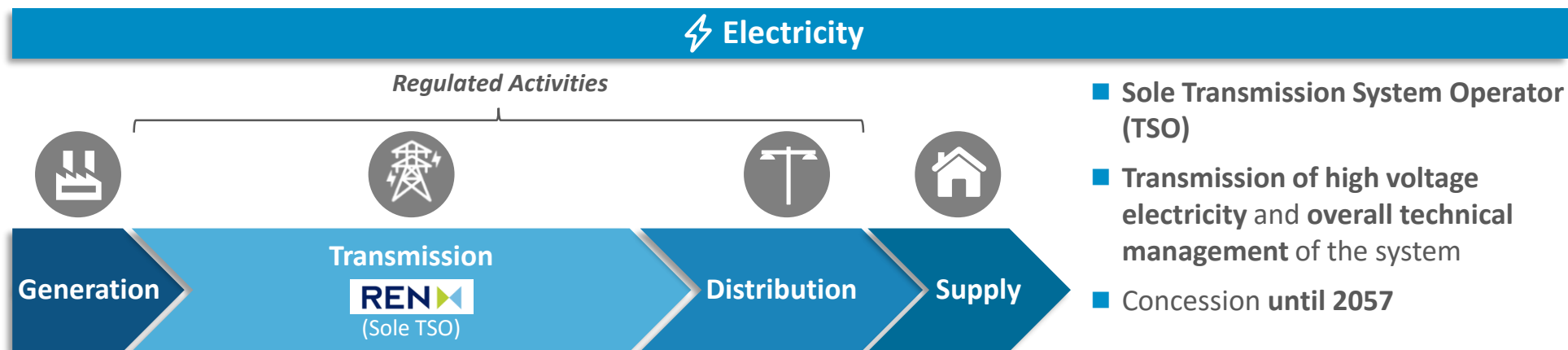
5. Robust business plan grounded on a stable financial position with investment grade credit metrics

6. Attractive shareholder return underpinned by stable dividend policy

REN has a 70-year track record as a leading energy infrastructure operator in Portugal



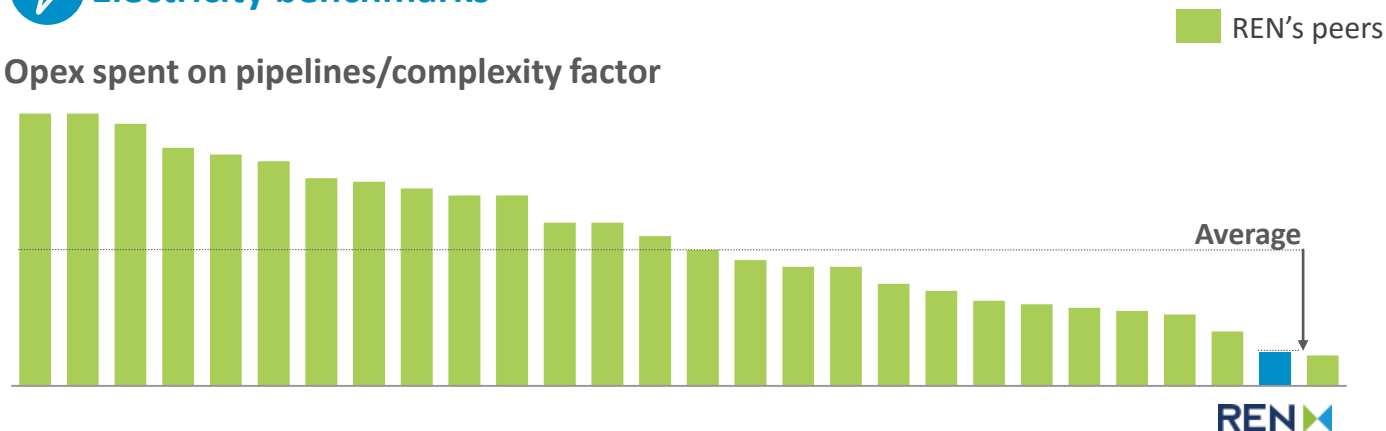
▶ In Portugal, REN is the sole electricity and natural gas TSO and holds the second-largest natural gas distribution concession



REN is one of the most efficient electricity TSOs in the EU and maintains superior operational performance

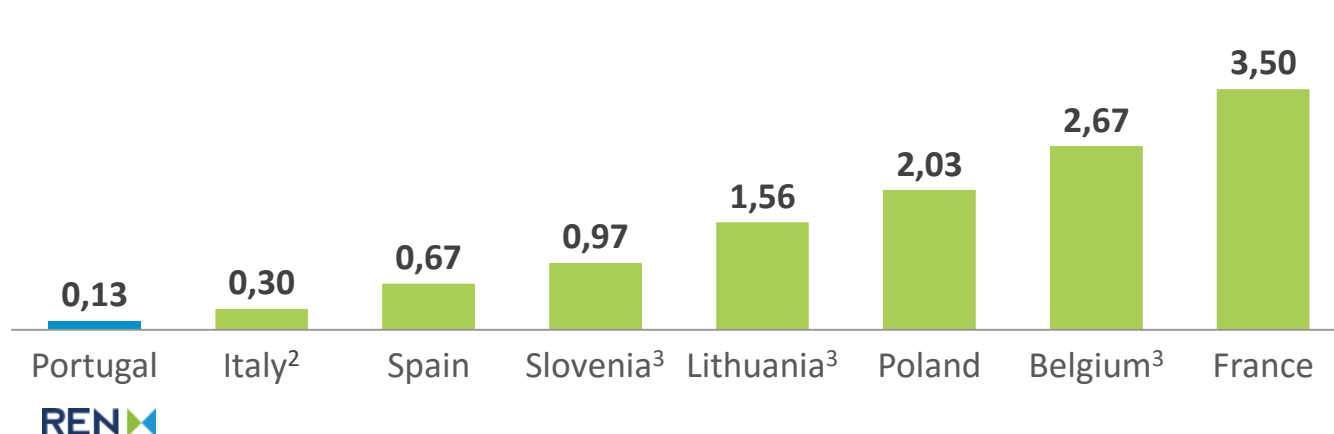
Electricity benchmarks

Opex spent on pipelines/complexity factor



REN's performance significantly above peers average

Average interruption time¹ 2012-16; minutes lost per year



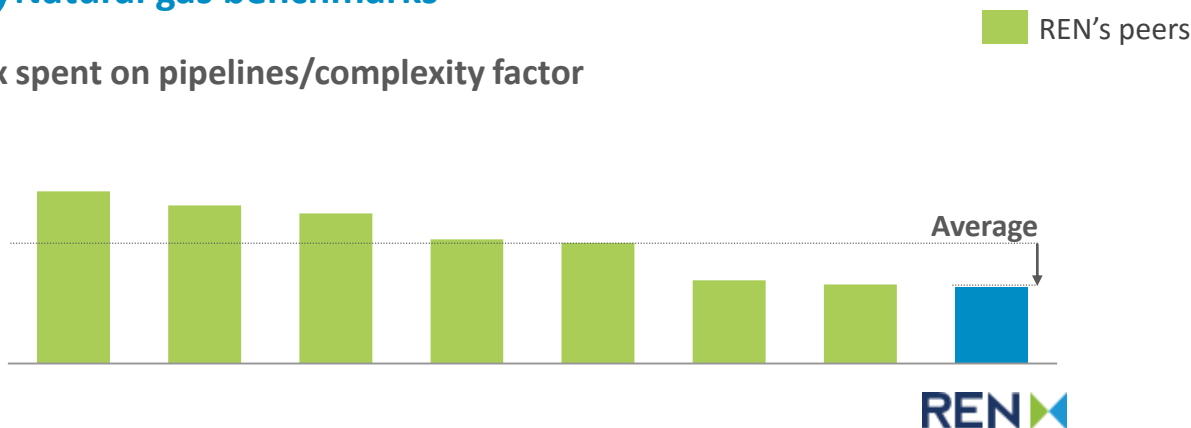
REN has one of the lowest interruptions times across Europe

1) Unplanned energy not supplied at transmission level – without exceptional events; 2) Average 2012-2015; 3) Average 2010-2014

Similarly to electricity, REN's natural gas transmission business is well-ranked among international peers regarding efficiency

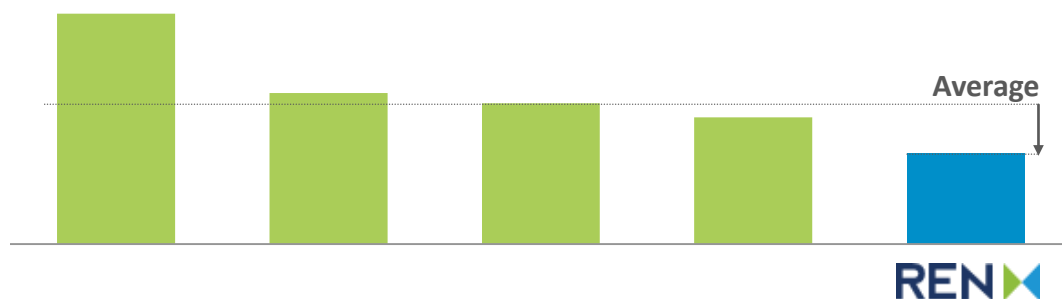
Natural gas benchmarks

Opex spent on pipelines/complexity factor



REN is ranked in the **first quartile** at the Gas Transmission Benchmarking Initiative

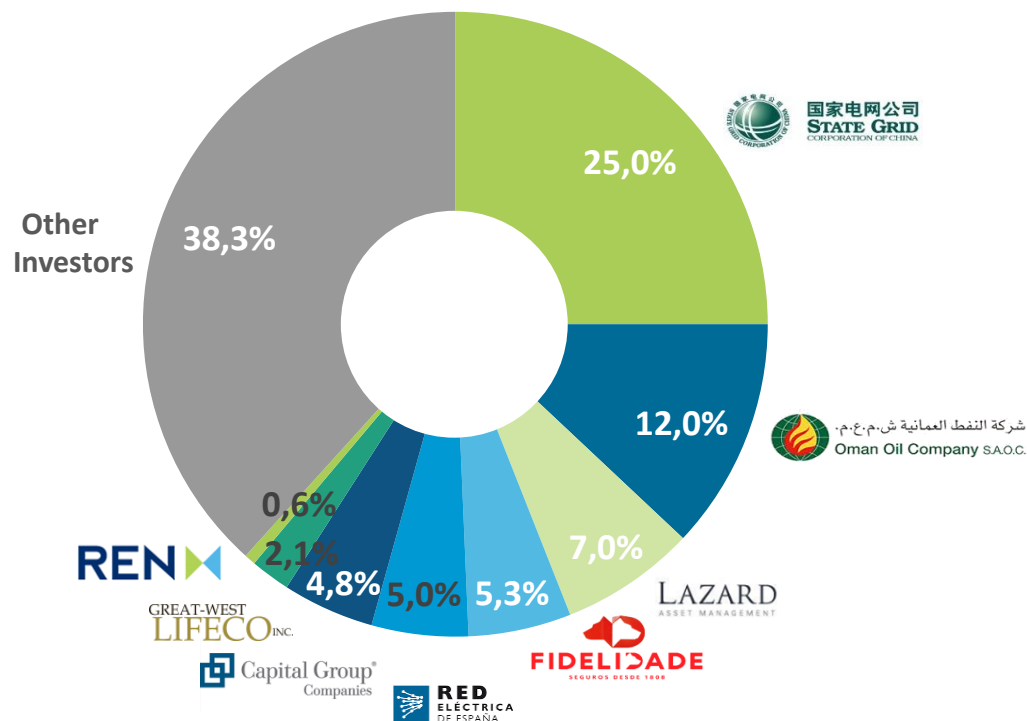
LNG terminal costs/complexity factor



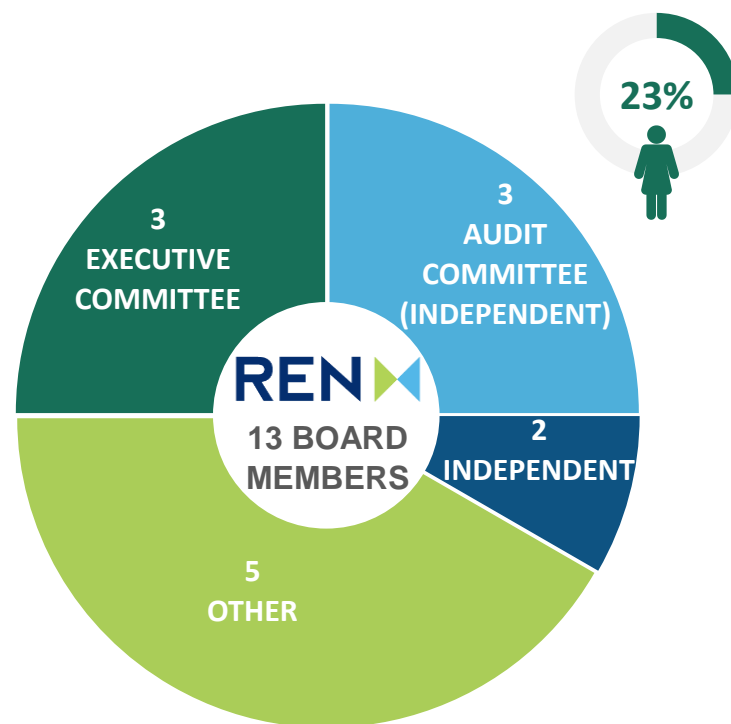
REN's LNG Terminal is the **most efficient** facility at the LNG Receiving Terminals Benchmarking

Since the 2014 reprivatization, REN has a stable shareholder base and robust governance and control measures

Shareholder structure¹



Board composition



In line with best practices, REN also has special committees in place (Remuneration, Corporate Governance and Nomination and Appraisal committees) and, as supervision bodies, the Audit Committee (fully independent) and Statutory Auditor

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3. Business profile strengthened during 2015-2017

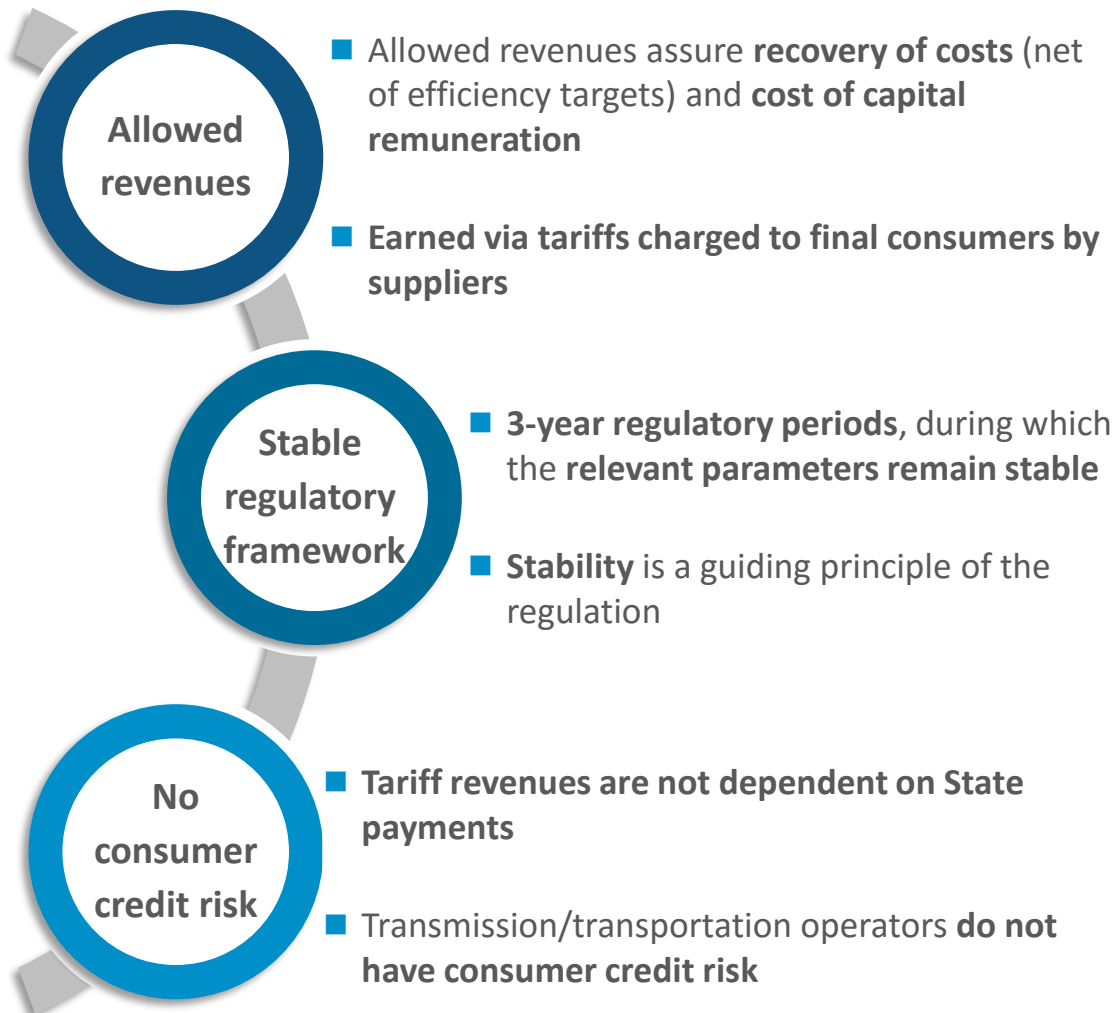
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6. Attractive shareholder return underpinned by stable dividend policy

Fully regulated domestic business...

Regulatory framework overview



Key regulatory stakeholders



- **Setting the energy policies** and their implementation



- In charge of the **design, promotion and evaluation of policies on energy** and geological resources

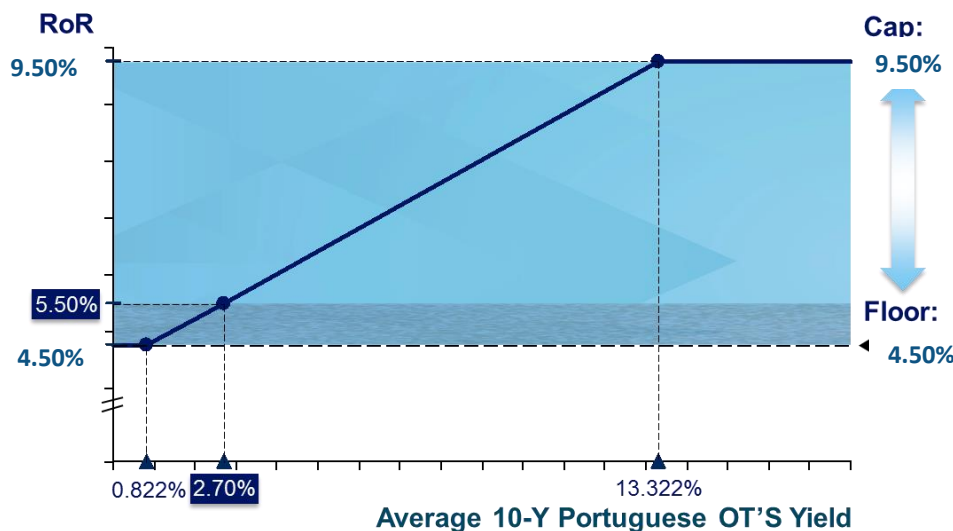


- **Independent regulator for electricity and natural gas**, responsible for setting tariffs

... with a transparent and stable return mechanism linked to the 10-year Portuguese bond yield...

⚡ Electricity Transmission RoR (2018-20)

- Base RoR indexed to the average Portuguese government 10-Y bond yields, with a fixed floor (4.50%) and cap (9.50%)
- RoR starting point was set at 5.50%, for a 2.70% 10Y bond yield yearly average, and it is adjusted annually



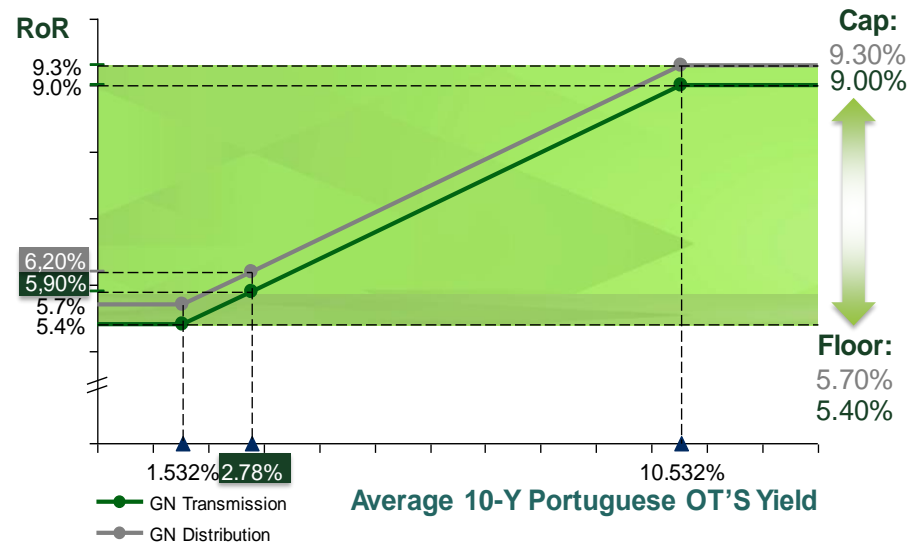
Base RoR evolution

2014	2015	2016	2017	1H18
7.76%	5.99%	6.13%	6.33%	5.18%

Note: Rates of return are pre-tax
Source: ERSE

💧 Natural Gas RoR (2016-19)

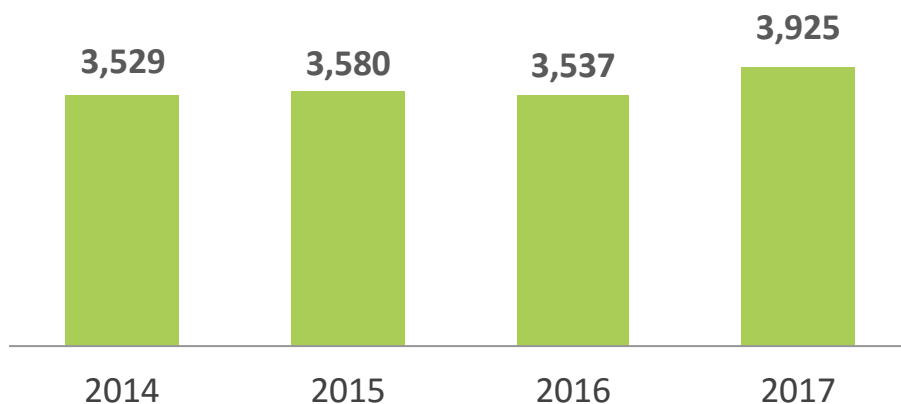
- Base RoR indexed to the average Portuguese government 10-Y bond yields, with a fixed floor (5.40% to GN_T, 5.70% to GN_D) and cap (9.00% to GN_T, 9.30% to GN_D)
- RoR starting point was set at 5.90% to GN_T and 6.20% to GN_D, for a 2.78% 10Y bond yield yearly average, and it is adjusted annually



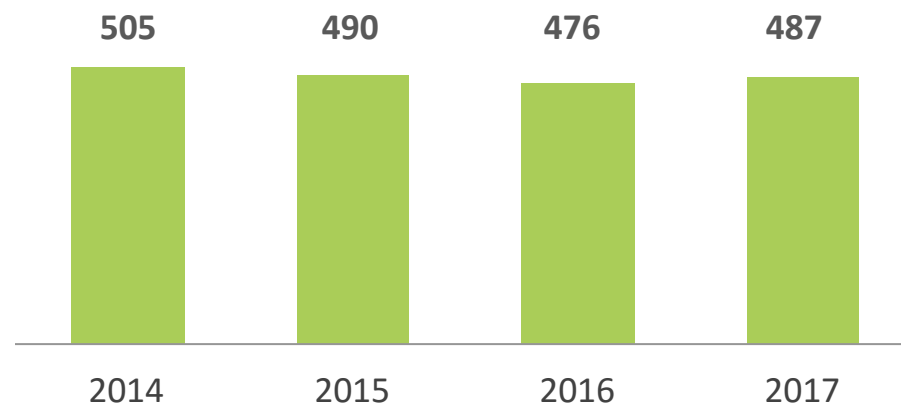
Base RoR	2014	2015	2016	2017	1H18
Gás _T	7.48%	7.20%	6.70%	6.02%	5.52%
Gás _D				6.32%	5.82%

... resulting in a solid domestic business with stable financial performance

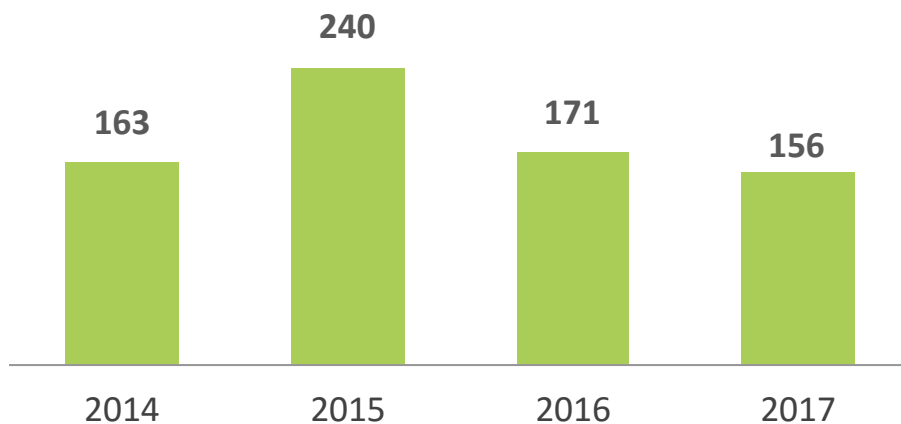
Average RAB (€M)



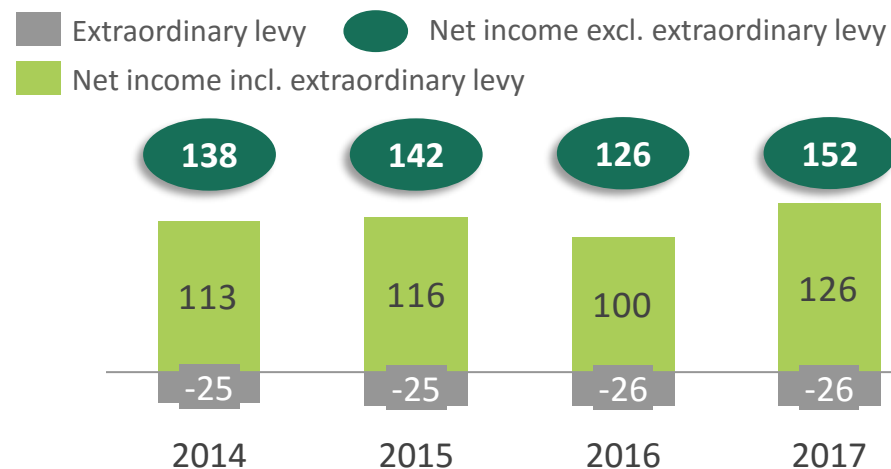
EBITDA (€M)



Capex (€M)



Net Income (€M)

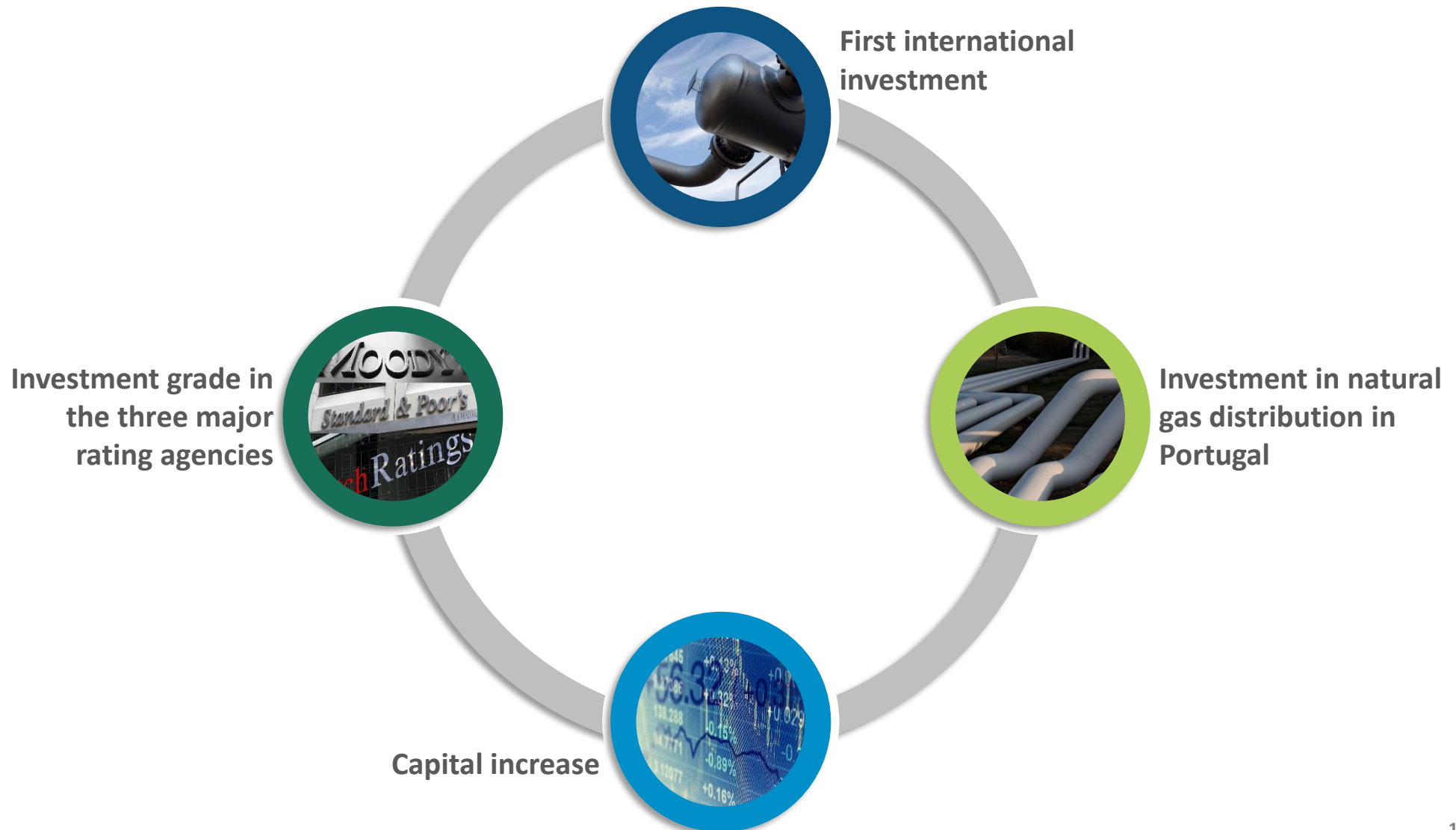




REN's Equity Story

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During 2015-2017, REN successfully strengthened its business profile



In 2017, REN completed its first international investment through the acquisition of Electrogas

Electrogas overview

- On **February 7th 2017**, REN acquired 42.5% of Electrogas from Enel
- Electrogas operates a (i) a **165.6 km natural gas** and a (ii) **20.5 km diesel oil** pipeline
- The only **gas pipeline connecting Quintero's regasification terminal to Chile's largest population centre (Santiago)**
- Established **long-term take-or-pay gas transportation contracts**
- **Key customers** comprise **blue-chip electricity generators, industrial companies and major local gas distribution players**



Impact on REN (2017)

Acquisition price (\$M)

180

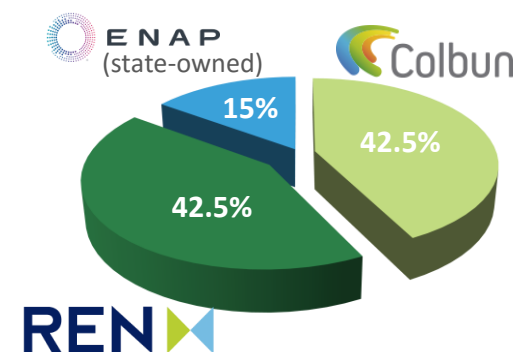
Dividends received (€M)

9.1

EBITDA¹ (€M)

6.0

Shareholder structure

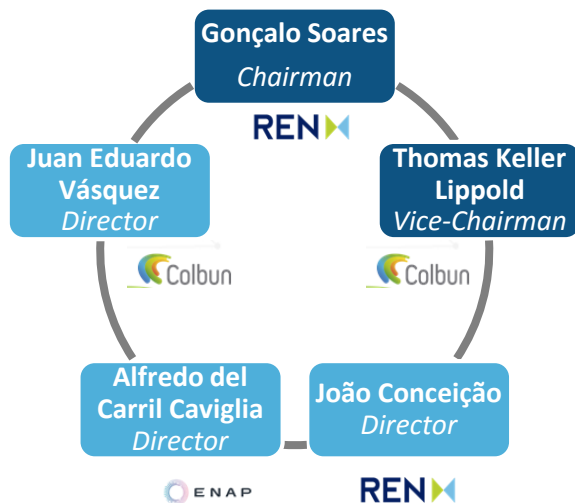


1) Including one-off costs of 1.2€M

As expected, REN holds a relevant influence on Electrogas' decisions and the company delivered a good financial and operational performance during 2017

Electrogas governance

- REN has appointed two members to the Board of Directors of Electrogas, namely Gonalo Morais Soares as chairman and Joo Faria Conceio as Executive Director

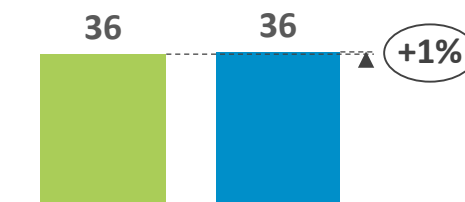


Operational performance (2017)

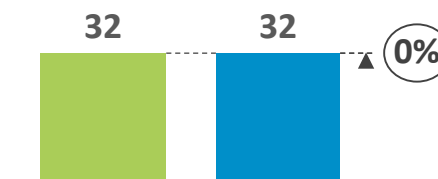
- Maintenance of **100% pipeline availability** for the 5th consecutive year
- Maximum** historical gas transport volumes (3,649 Mm³)
- Exports to Argentina** for the second time
- New firm transport contracts** with Enel (250,000m³/day) and with Metrogas (1Mm³/day)

Financial performance (2017)

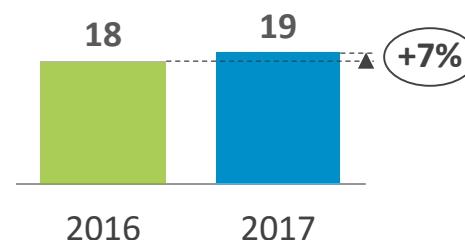
Turnover (\$M)



EBITDA (\$M)

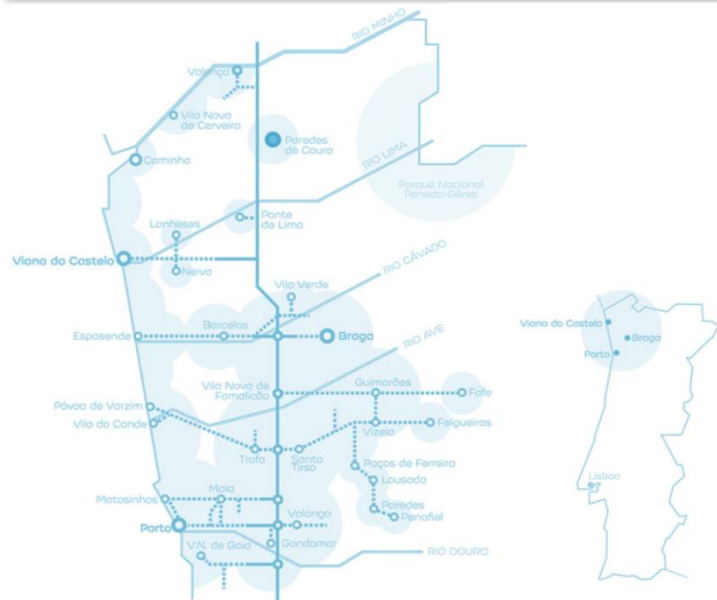


Net Income (\$M)



The acquisition of REN Portgás allowed REN to diversify its domestic business into natural gas distribution

REN Portgás overview



- On **October 4th 2017**, REN completed the acquisition of 100% of EDPG (subsequently renamed REN Portgás) from EDP
- **Second-largest gas distribution concession** in Portugal
- Provides services in the **coastal region of Northern Portugal**
- Operates under a **40-year concession** contract (ending in January 2048)

— Transmission network
 - - - Distribution network
 Natural gas area of influence

Key indicators (2017)

Acquisition price (€M) **530**

EBITDA (€M) **42**

Network length (km) **4,794**

Distributed gas (TWh) **7.2**

Connection points (#) **352,786**

Significant growth potential driven by...

- 1 Colder weather compared to Portugal as whole**, resulting in higher energy demand
- 2 Concession covers 21.7% of total households¹ in Portugal** (vs. 20.4% for Lisboagás' concession)
- 3 Low penetration rates** compared to other concession regions: **26.4% gas penetration rate²** vs. 45.3% for Lisboagás

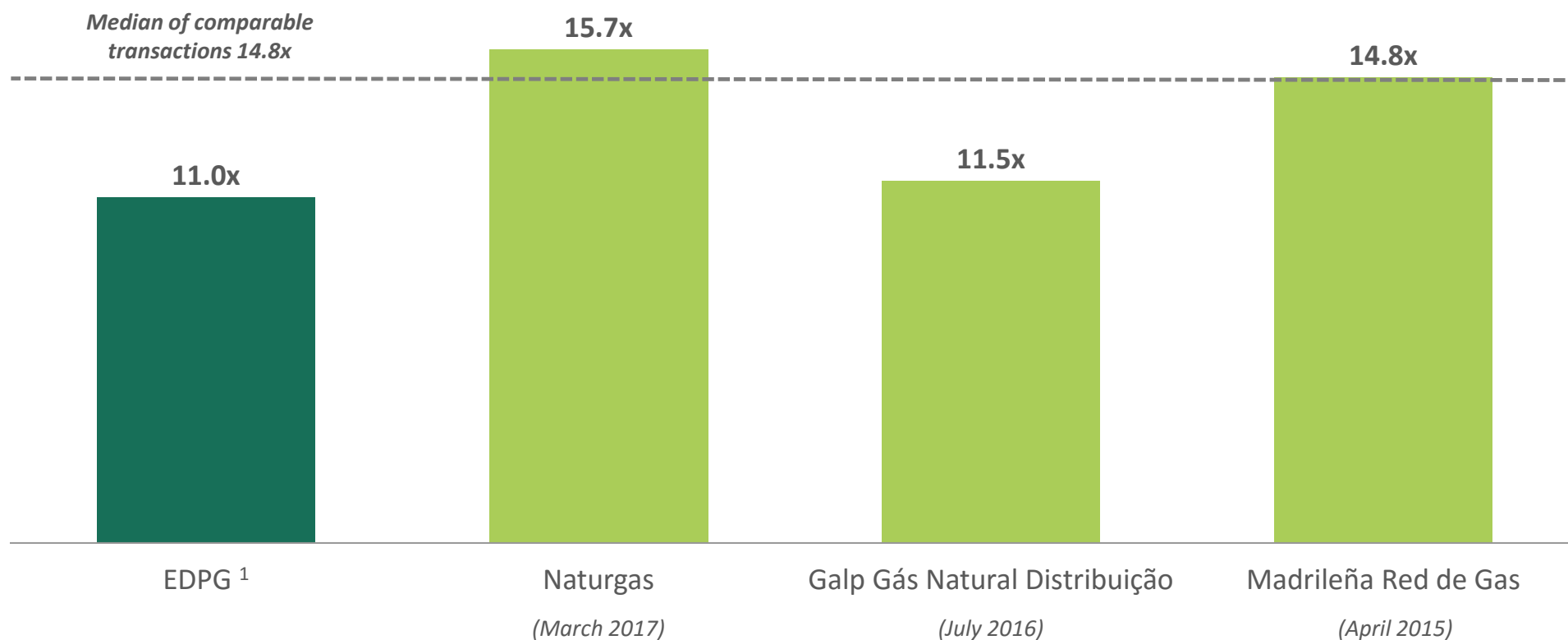
Source: Company information, Pordata and ERSE

1) Calculated as the number of households in the concession area divided by the total number of households in Portugal

2) Calculated as connection points divided by number of households, within the respective concession area

▶ The acquisition multiple was the lowest among recent comparable transactions

EV / EBITDA multiple



Additionally, the Share Purchase Agreement helps protect REN against post transaction risks

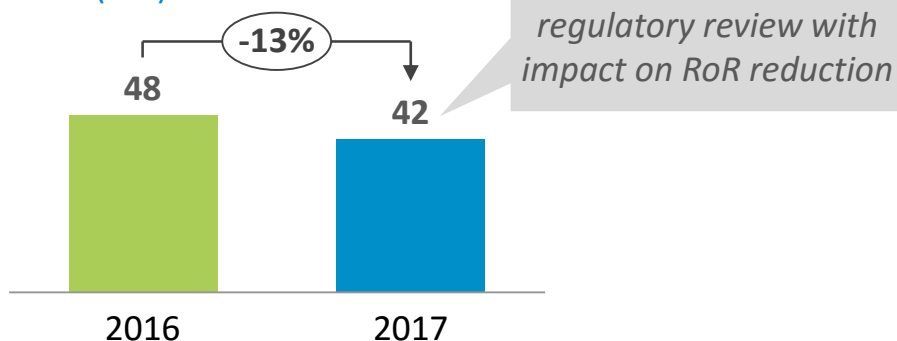
Source: Press releases, corporate presentations and REN

1) 2016 values

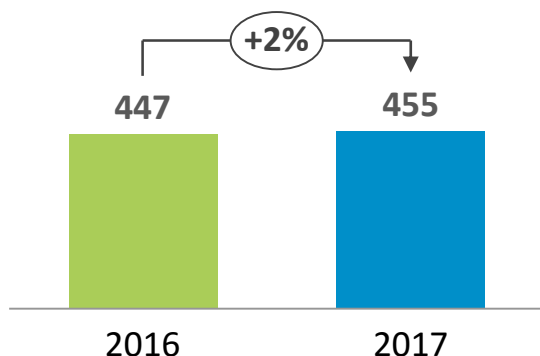
Portgás' integration into REN's Group as well as its performance in line with planned

Financial performance

EBITDA (€M)



Average RAB (€M)



Integration status



Organizational structure

- Portgás will continue to work as an **independent business unit**, as required by law
- REN has appointed a new **Board of Directors**, adding two of its own seasoned managers (the President and one Director) to the existing CEO and CFO



Migration of shared services

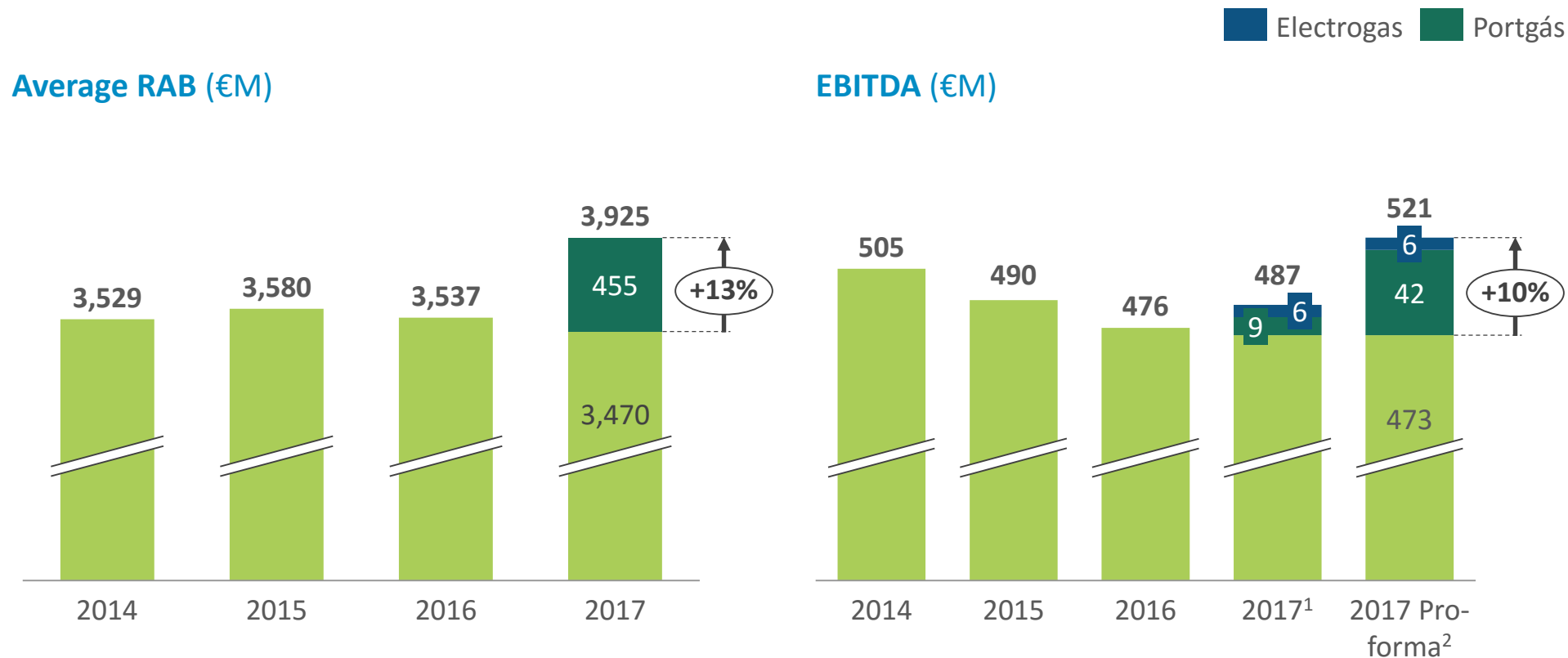
- In line with expected, REN will be **migrating IT support systems and other support functions** until the **first half of 2019**



Implementation of new branding

- REN recently **launched new Portgás' brand**

New businesses allowed REN to offset the decrease in domestic transmission businesses



Decrease in transmission businesses driven by lower returns on regulated assets due to lower 10Y PGB yields and RAB decrease

1) As reported. Includes 3 months of Portgás' consolidation

2) Including 12 months of Portgás' consolidation

➤ Additionally, REN took advantage both of its credit rating as investment grade and the favourable market conditions to optimize its financial costs

REN's rating

FitchRatings

BBB

STANDARD
& POOR'S

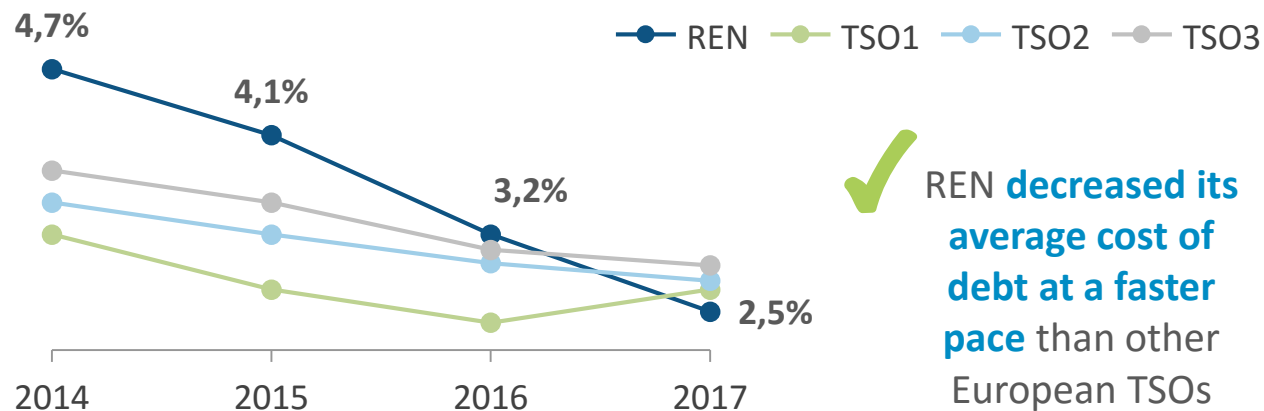
BBB-

MOODY'S

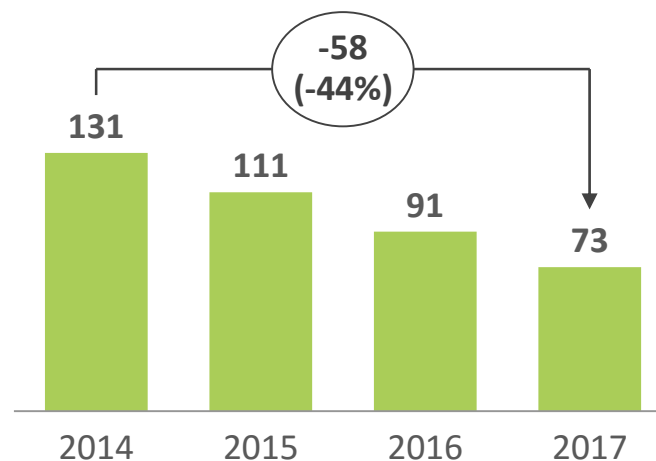
Baa3

✓ First Portuguese company with **investment grade rating** in the 3 main rating agencies

Average cost of debt



Financial costs (€M)



✓ REN already captured the effect of interest rates decrease on financial costs, **anticipating future losses** due to RoR decrease

Consequently, REN was able to achieve its business plan targets

	BUSINESS PLAN 2015-2018	ACTUAL RESULTS FY2017	
Capex	€175M-€200M per year	Average of €189M per year for 2015-2017	✓
RAB	Stable at c. €3.5B	€3,925M	✓
International investment	Diversify by investing in selected number of international projects	First international investment completed (Electrogas in Chile)	✓
Cost of debt	1.0% decrease in average cost of debt (4.7% in 2014)	2.5%	✓
Financial metrics	EBITDA €450M-€460M Net Income €120M-€130M	EBITDA €487M Net Income €126M	✓
Debt and credit metrics	Net Debt stable at c. €2.5B Investment-grade credit metrics	Net Debt of €2,756M Investment-grade credit metrics	✓
Dividend	Stable at €0.171 per share	€0.171 per share	✓

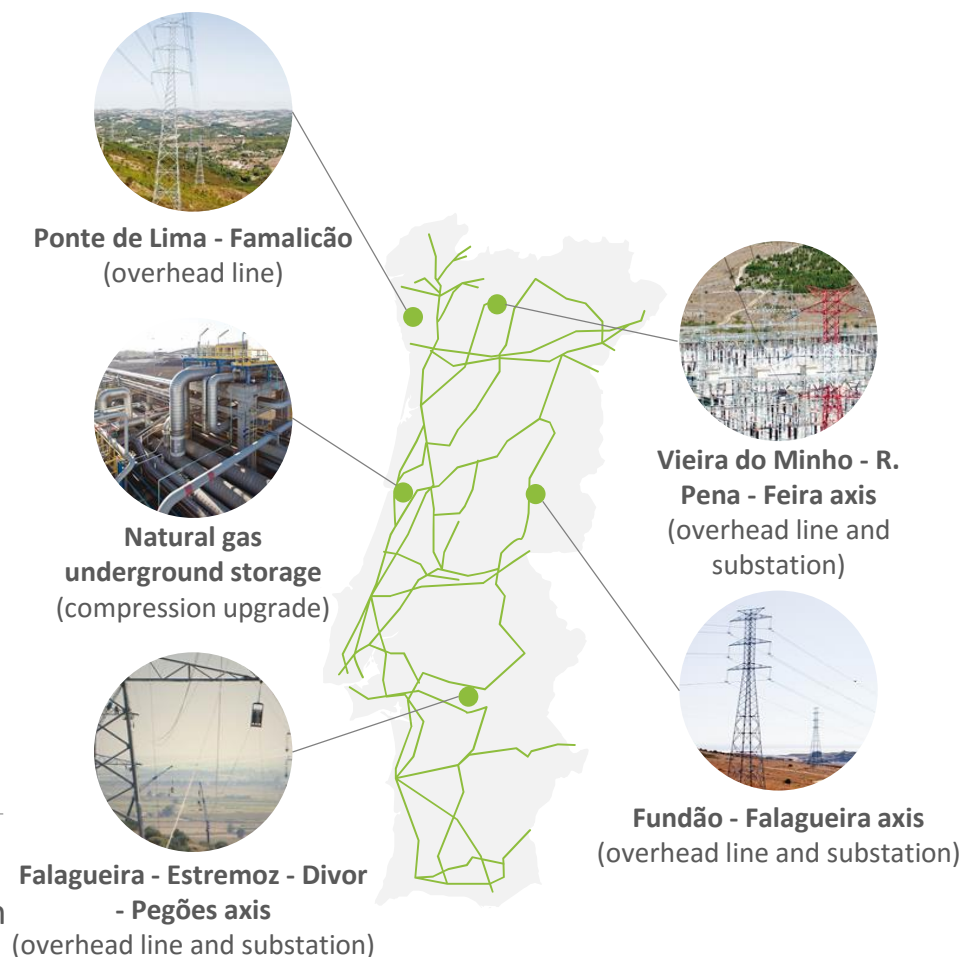
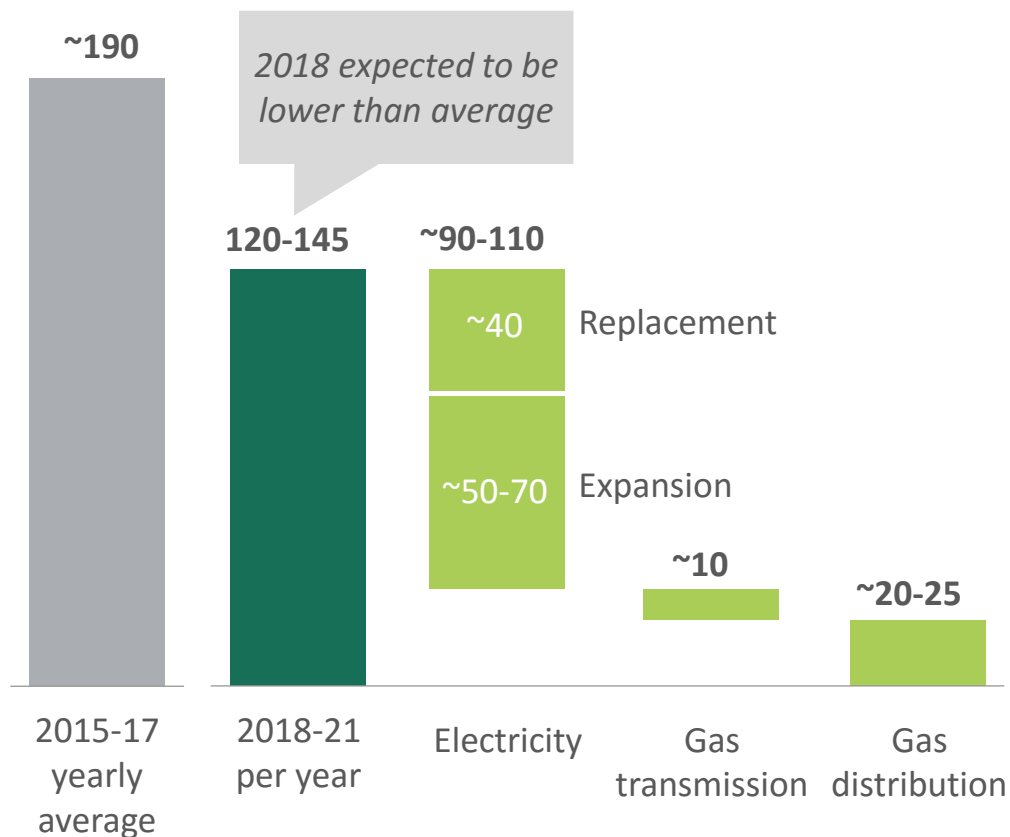


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REN's future growth is sustained on domestic organic capex...

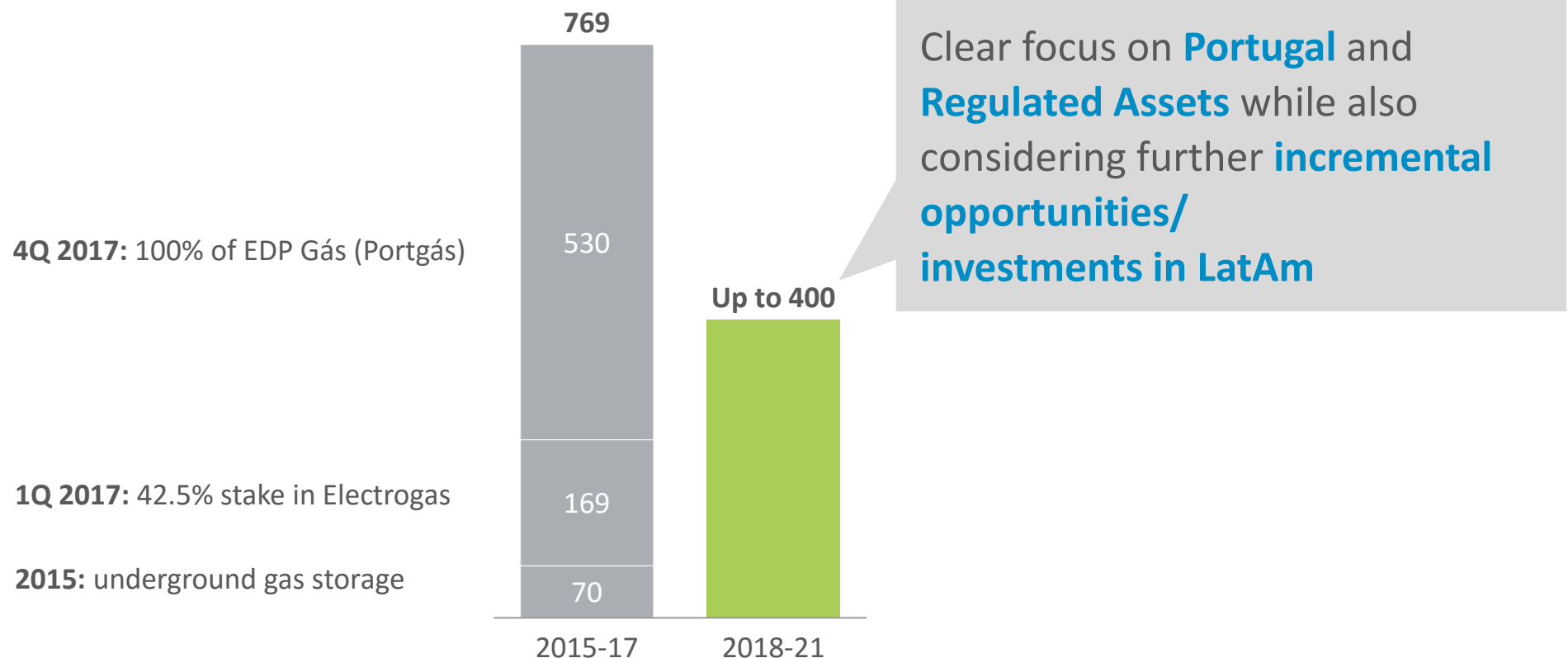
Domestic organic CAPEX (€M)



REN in planning to invest >€500M in the network in Portugal until 2021

✕ ... as well as other opportunities fitting REN profile that may arise

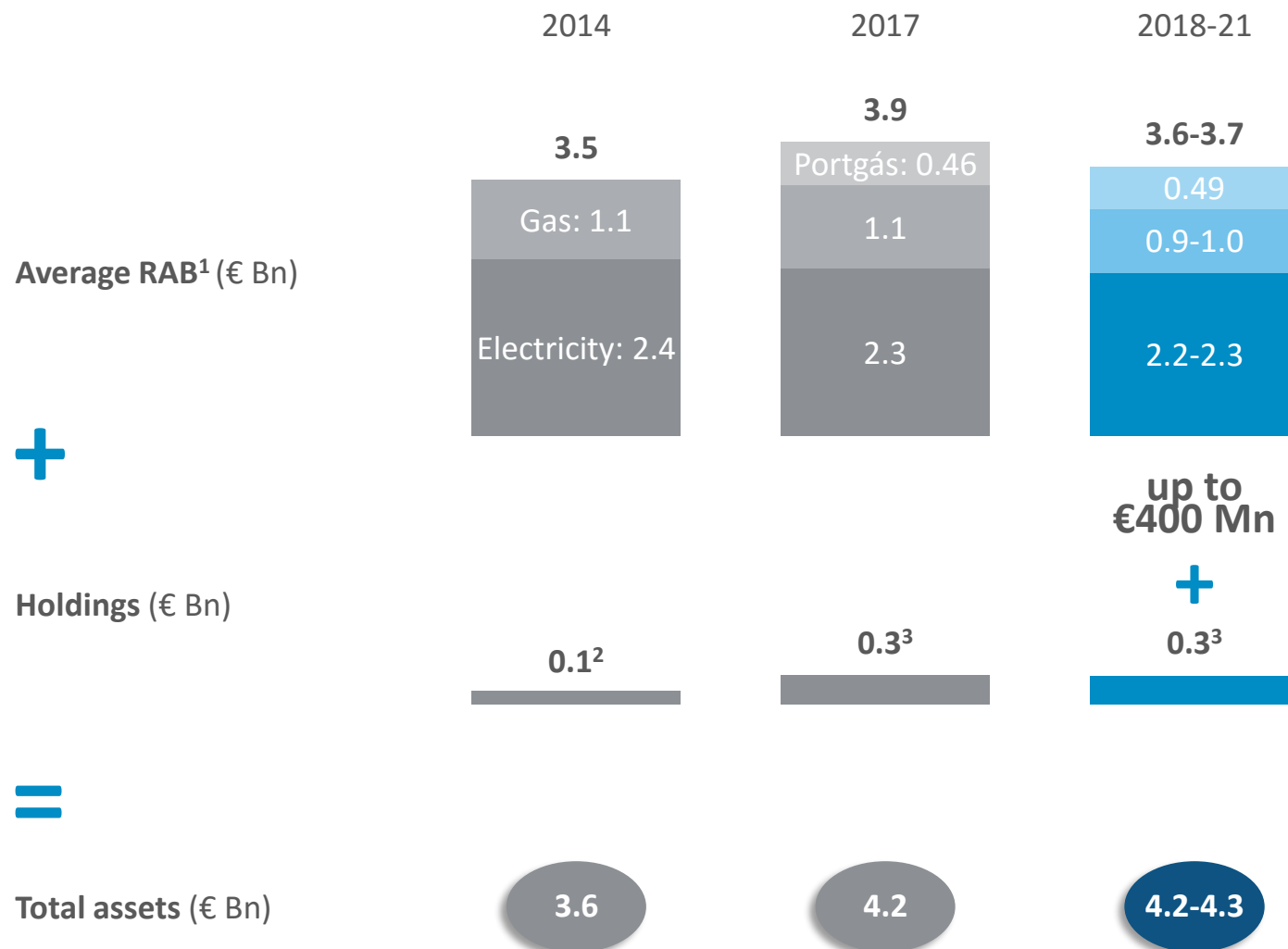
Inorganic investments (€M)



REN in planning to invest up to €400M until 2021 in additional growth opportunities, however potential upside on domestic CAPEX will always be the top priority for REN

▶ Total asset base will remain stable

Total asset base



1) Historical costs; 2) REE and HCB; 3) REE, HCB and Electrogas

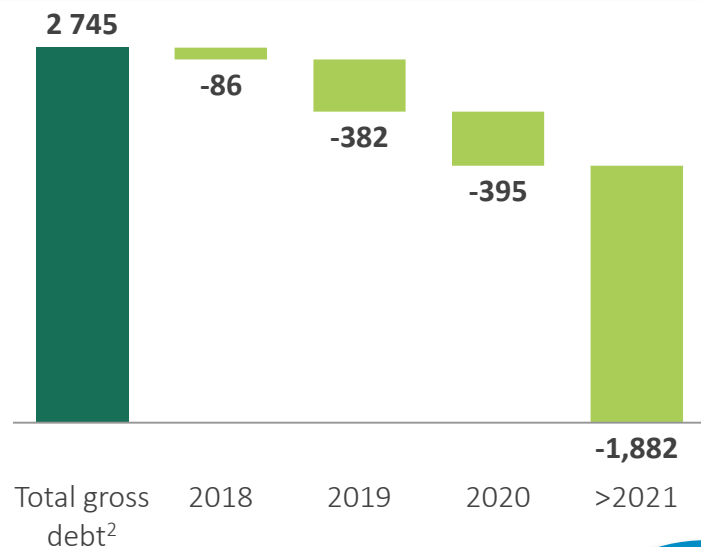


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REN has a stable credit profile with investment grade credit metrics

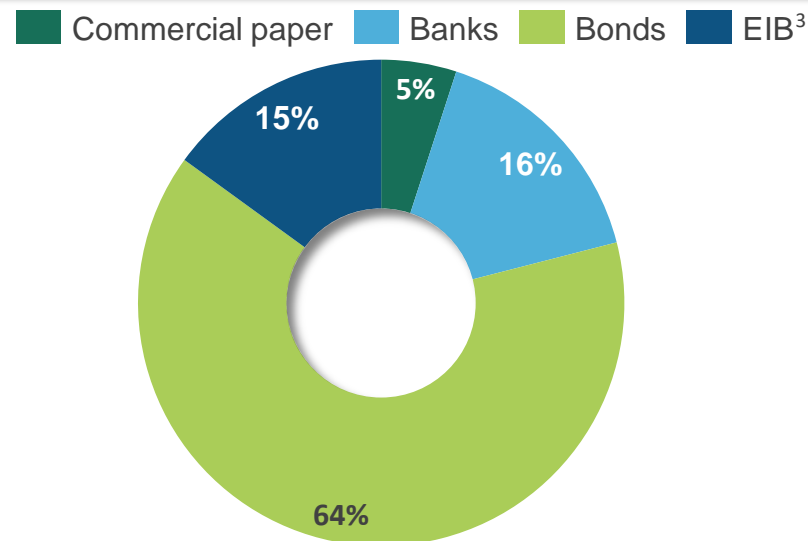
Gross debt maturity profile (1H 2018, €M)



Maturity slightly extended by taking advantage of market conditions

4.75 years
(1H 2018)

Gross debt funding sources¹ (1H 2018)



REN's goal is to **maintain its liquidity over two years**⁴

2.5 years
(1H 2018)

The three major rating agencies have been reaffirming REN's rating as investment grade

FitchRatings

(April 2018)

BBB

Stable outlook

MOODY'S

(April 2017)

Baa3

Stable outlook

**STANDARD
& POOR'S**

(October 2017)

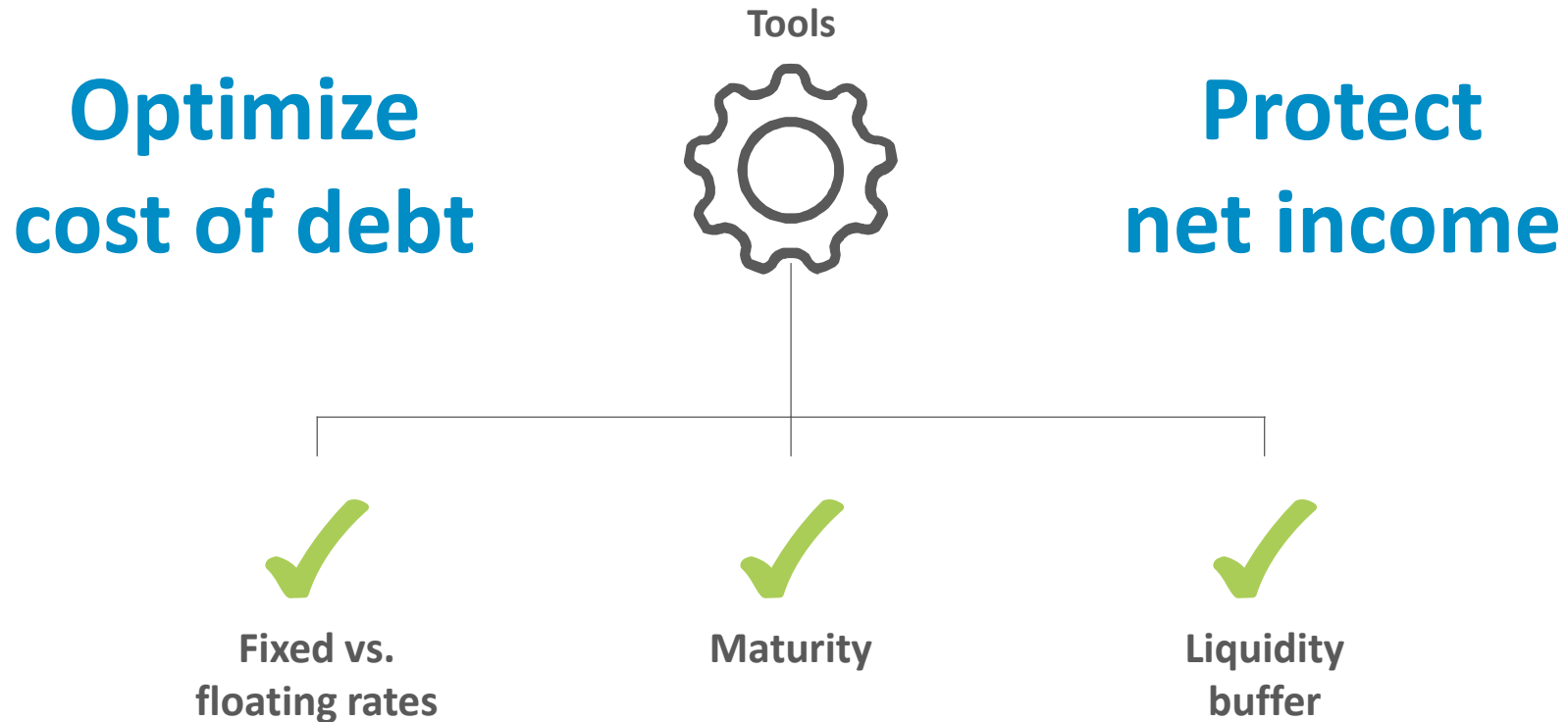
BBB-

Positive outlook

1) Fixed/variable rates: 61%/39%; 2) Adjusted by interest accruals and hedging on yen denominated debt; 3) European Investment Bank

4) Cash and bank deposits and undrawn committed credit facilities that are available to cover all funding needs for at least the following two years

- ▶ Debt management priorities are focused on cost of debt optimization and net income protection

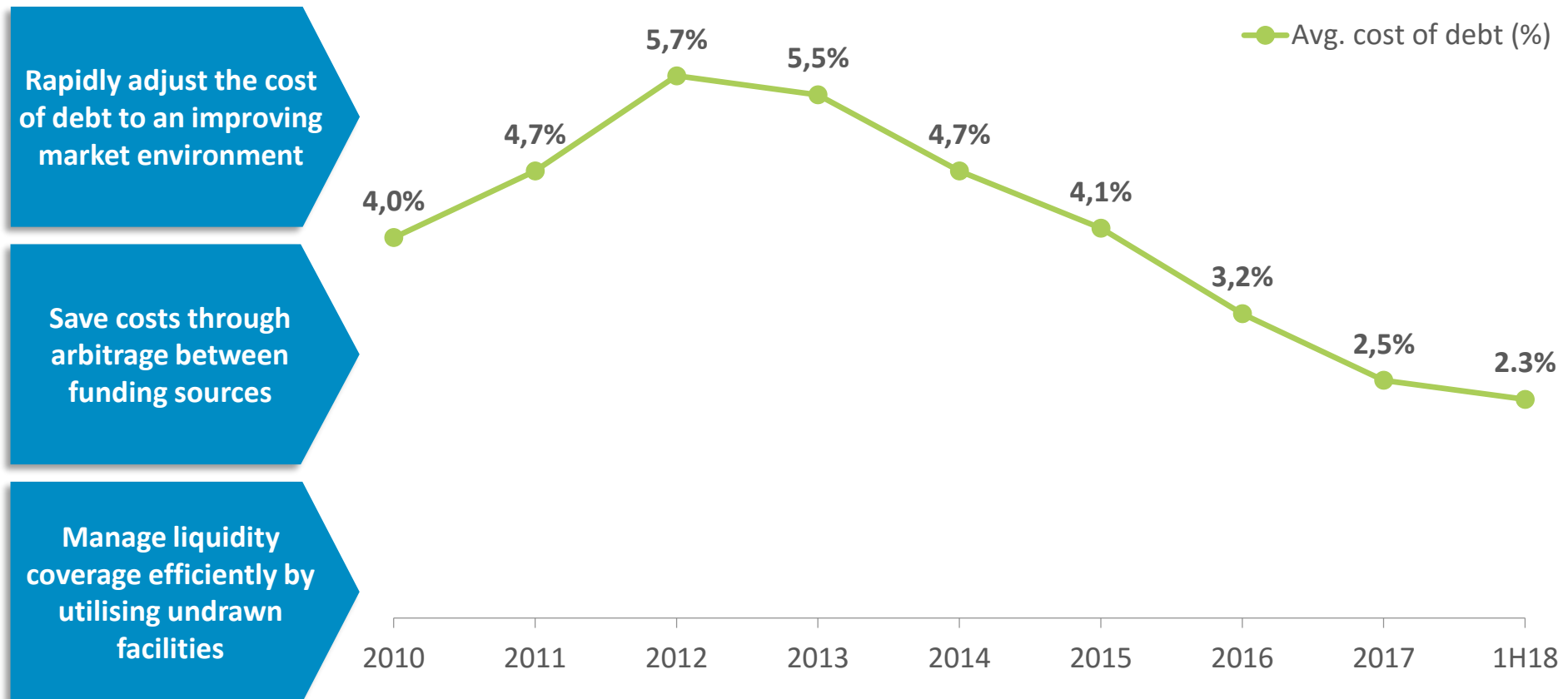


Allows for flexibility to grow while ensuring performance

REN has been significantly reducing its cost of debt...

Debt management strategy – cost of debt optimization

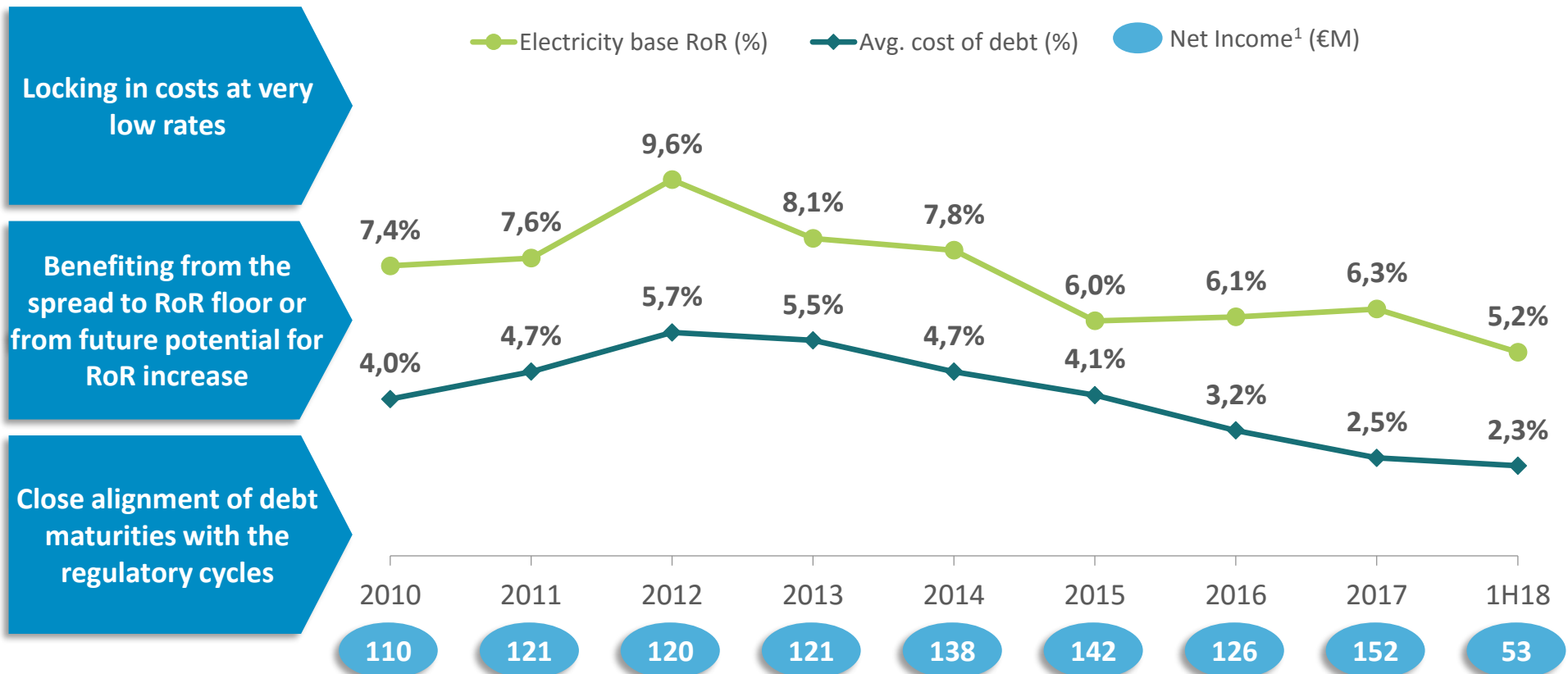
Keeping a flexible funding structure allowing for cost of debt optimization



... and has been successfully protecting its net income by aligning debt management with its regulated revenues profile

Debt management strategy – net income protection

Adjust the cost of debt to a changing RoR leading to a stable spread between cost and return, and consequently, to less volatility in results

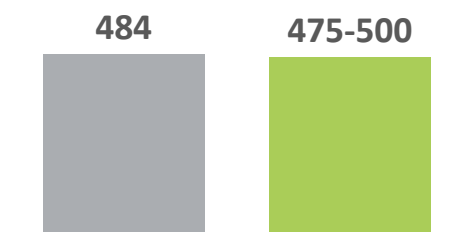


1) Excluding extraordinary levy

REN's performance going forward is expected to remain strong with credit metrics consistent with investment grade rating

REN's performance

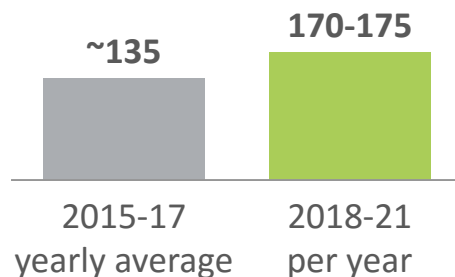
EBITDA (€M)



Net income (€M)



Free Cash Flow before inorganic investment and dividends¹ (€M)



Net debt and credit metrics

FFO/Net debt

11.7%

11-12%

Net debt (€B)

2.8

2.7-2.9

2017 EOY

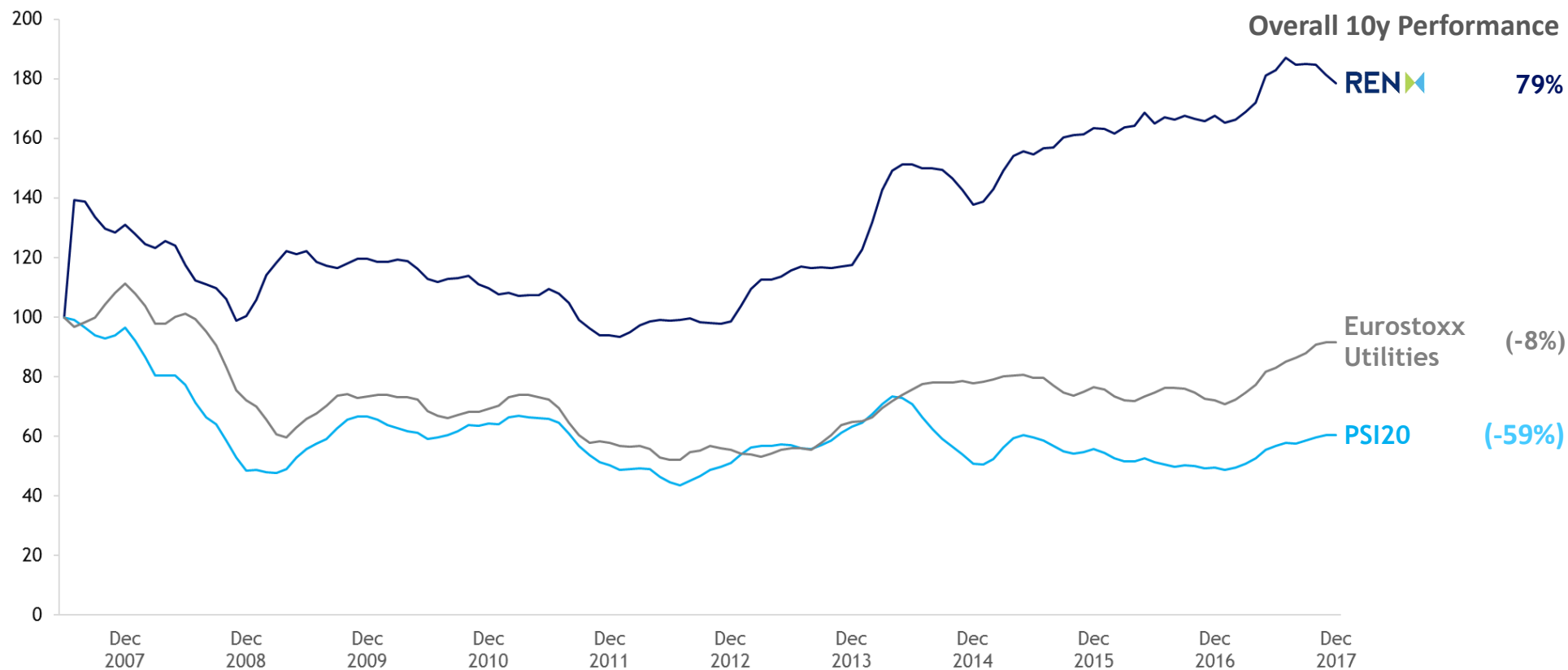
2018-21

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REN has been delivering compelling returns to shareholders...

Cumulative Total Shareholder Return¹ since REN's IPO, indexed from 100



REN dividends paid (€/per share)

0.163

0.164

0.167

0.168

0.169

0.170

0.171

0.171

0.171

0.171

0.171

Source: REN, Bloomberg

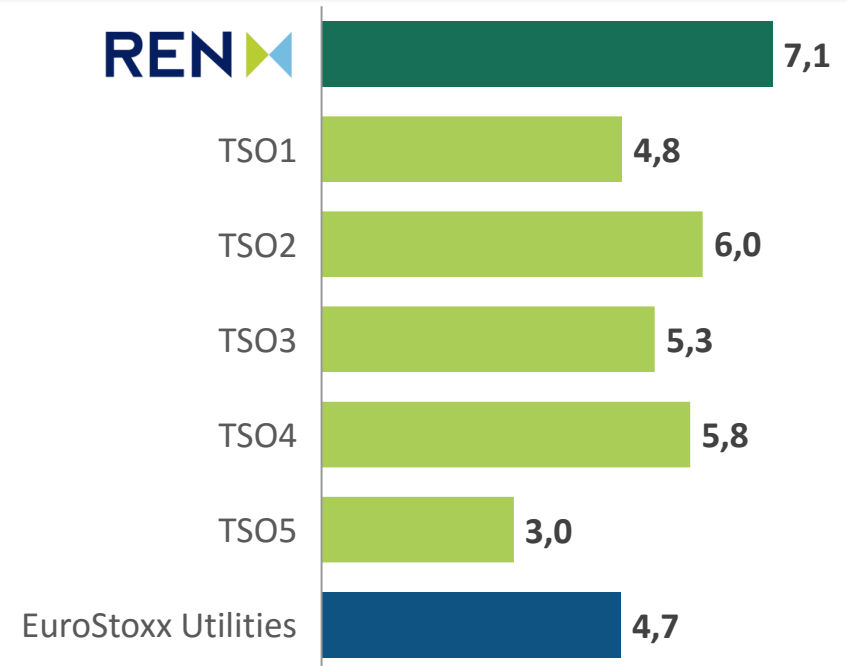
1) Total Shareholder Return = (Stock price end of period - Stock price beginning of period + Dividends) / Stock price beginning of period

... supported by REN's stable dividend per share

REN Dividend per share (€)



Dividend yield – June 2018 (%)



High sustainability given REN's capacity of generating cash flow



One of the highest dividend yields in the industry

Thank you

Visit our web site at www.ren.pt or
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