Hi, everybody. Thank you for joining us today. First time we'll do this a little bit different. First, Gonçalo will go through the presentation as he always does. And after that, Rodrigo and the executive team will address a little bit more the COVID-19 situation and trend. Gonçalo?

Gonçalo Morais Soares
Thank you, Ana. So I will go through the presentation now.
So if you want, you can go directly to Slide #3, where we have the highlights.
So what can we say about the first quarter account? So EBITDA, so that's EUR 118.9 million, so this is a drop of slightly over 5%. And this is mainly due to a couple of reasons. So first is the drop in remuneration of the asset base. We will see that and it is followed from basically the drop of the rate, which -- and secondly, results from the new gas regulatory framework coming into life this year. Third, there is an increase in OpEx, which I will explain.

Part of it is, I would say, temporary or is not going to repeat itself in exactly the same fashion in the coming quarters. And we have a small but, I say, significant positive impact from the outside operations. We are comparing a quarter where we didn't have Transemel in Chile, and now we have it. So we have a little bit more of impact from the international operator. Secondly and looking at financial results, they also have a positive performance. You see that the net cost -- the average cost of debt is now 1.8%. I will go into this a little bit more.
Third, and this is, I'd say, the continued bad news on the tax part is that we still have the extraordinary energy sector levy on debt this year. It is higher. We have explained to most analysts before or showed analysts before that in the first couple of years, given the way that we acquired Portgás, we were not liable to pay this for those years. And now the third year, 2020, it's the first year that we will be paying for Portgás. Also since all these increases and since we put all of the levy in this first quarter, that's why you see it here now.

And that impact quite a bit net income because since net income in the first quarter, due exactly to that, is not very large. Small variances make it go up or down a little bit more. In terms of net debt, what you see is an increase that's deriving from the acquisition of Transemel, so completely expected. And you see that also CapEx is rising, but as you know, first quarter in...
our company in terms of CapEx and transfers to RAB are not very meaningful, but I will, again, go into a little bit more of detail, okay?

So we can, I think, keep Slide #4. It's just the main numbers.

If you want to pass to Slide #5 and look at gas rate. What you see is that rate came down in the asset base. And so rates are now, in gas transmission, electricity, a little bit over 4.5%, which compare to rate a little bit higher in the last year, mainly in gas. So there is a drop, which is linked to the evolution of the Portuguese sovereign, but a drop also in there which is driven to the reset of the regulatory framework. So that's where you see the main impact, okay? Given this recent COVID situation, what you actually see is that recently, Portuguese yields have been slightly higher, which as you know, for us in particular, have a slightly positive impact in terms of remuneration of the assets, okay?

Finally, and just commenting here on the rate. As you've heard, the regulator is considering delaying the implementation of the regulatory period of electricity for one more year. João Conceição can give a little bit more detail on that afterwards, but this on itself is probably, I'd say, marginally positive in terms of remaining with the same curve and the same -- and remaining stable for 1 additional year and going to 4 years in electric.

If you want to go to Slide #6 and to CapEx. So what you see here is an increase in CapEx and an increase in transfers to RAB. I will comment already a little bit on what can be some impacts of this crisis. Now again, I will leave little bit of room for João again to give you a little bit more color in specific in terms of CapEx. What we are seeing is, I would say, an impact which should be on the year, not very big in terms of CapEx. So we think that most of the CapEx that we have foreseen, we could do it a little bit less, but the impact on our budget, on our expectation should not be very large.

On transfers to RAB, it's a little bit more uncertain, and it will be certainly larger because a couple of months ago -- of delay in terms of execution of the construction, of course -- make that a couple of projects, mainly which are big projects that João and his teams are implementing this year on the terrain, may be delayed in terms of -- and it's sufficient to be 1 day for it not to be transferred this year.

That being said, and I also want to tell you that, even in a scenario, and we've been stress testing that, where you would have a little bit more of impact in terms of transfers to RAB, would have a limited impact in terms of EBITDA and net income. And to be honest with you, I think that, that impact would be in the same order or smaller than the positive impact that the rates would have. So I think that between the rate and the CapEx, you'd probably not have any material negative impact, and you could even have a slightly positive, okay?

So João has been resuming already construction. So some of the construction is already underway. And during this month and early next month, I think that he will resume most of the work that he has to do. You can also see that Transemel is already contributing a little bit in CapEx. CapEx in Transemel were a little bit delayed, not to do with anything with the COVID crisis. And it was operational issues that made it being delayed. But our expectation is that the budget and the objectives we have of CapEx for this year should be more or less unchanged and that these were more constructions that were expected to be done by midyear and will probably more concluded towards the end but should be concluded within the year.

So moving to Slide #7. No major comments. You see that it is electricity and Portgás that is growing. So I'd say it's normal kind of trend.

Going to Slide #8 and looking at remuneration. And so what you see is that's mainly the impact -- is the impact created by the RoR. You see that in the case of electricity, comes down around 0.5 percentage point. In gas, it comes down more or less 1 percentage point. And so gas impact is big this year. And in terms of the impact of RAB, what is actually funny is that the
positive impact that you have on the electricity and the gas distribution side almost compensates or is almost the same as the negative impact you have on the gas transmission. So it's not the same, but you don't have a big impact from RAB decrease in this quarter.

Moving to operational costs, which I think you have to explain a little bit some things. And you'll see it more on the next slide, but you don't have to go to it. It is that basically noncore OpEx is basically stable. So you have some items that go up, but mostly is basically stable. So the decrease you have in -- the increase you have in operational costs, which is EUR 2.3 million, is basically the increase you have in core OpEx, which is EUR 2.4 million, okay? So what is the explanation for this? So part of this is Transemel. So it's EUR 0.8 million, as you can see there on the graph. So you have still EUR 1.6 million that you have to explain. Personnel costs are flat. So as you know, typically, we do increase it. And so these start to be reflected more in the second quarter. So it's completely flat. There is no increase in cost here.

So it's basically in other costs. And this is related mainly and almost exclusively to maintenance costs. We have a big increase and because we are already anticipating some of the work in terms of forest cleaning, there is -- and this is more or less EUR 1.4 million that we did in this quarter. Last year, those costs were more concentrated in other quarters. That being said, you should not multiply this year-on-year, of course, by far. But in the year -- in the full year, you will see an increase in maintenance costs derived from forest cleaning, okay? If you want to get a little bit more detail, I think that Ana can give you, but -- so that's the trend. It's not this amount, but it is an increase. And then we had some costs that we did because of donations relating to this. And so I'd say that those 2 things explain most of the variance, but, forest cleaning is basically the one that explains almost everything, okay?

So on Slide #10, what you see is the noncore, and you see that there's a couple of ITC mechanism and costs with natural gas that go up and occupation levies comes down. So the -- as you know, these are passed through so it's a little bit less important to us. But one compensates the other, so there is not a lot of story here.

Going to Slide #11. So what you see is all of this put together. We've already talked about the, I'd say, mostly the domestic operations. In Electrogas, you see it's growing a little bit, but it's basically stable. So I'd say, no news, slightly better than last year, but I'd say, nothing major to point out in relation to Electrogas. In relation to Transemel, it wasn't here last year, so you see the impact. Actually, there is a couple of costs, which are, I'd say, not completely recurrent in this quarter. So the normal contribution of EBITDA or the yearly contribution is going to be larger than this number, times 4. So it is a little bit below, I'd say, the run rate that Transemel should have in terms of EBITDA for the full year. Again, if you want to have a little bit more detail, Ana can also give you, but I think it gives you an idea.

But again, this is not material in terms of the company, but it is important for you when looking at Transemel.

Moving to Slide #12 and below EBITDA. So depreciation is no news. I'd say everything more or less the same. In terms of taxes, the story here is, as you see, the increase on the special levy. Rodrigo will probably comment a little bit at the end about this and what kind of expectations or no expectations we have relating to this. And the rest, I'd say, is completely in line. Tax rate now is around 28.4% without the levy. So it's completely in line with what we have expected. So no kind of extra comments.

Going to -- looking at the financial results. What you can see here is the decrease and improvement. You actually have an increase in gross debt, but you have a more-than-compensating impact in terms of cost of debt. You had a cost of debt of 2.3% in the first quarter of last year. Full year last year, we had 2.1%, now it's at 1.8%. Just to manage expectations, I think that overall in the year, the cost of that will be probably slightly higher than this. And there is reasons why it's so -- a little bit lower. But other loans came in, in April and other months that will probably make it go up, but our expectation is that although it should be slightly above this level of 1.8%, it's going to be certainly below the 2% figure.
In terms of liquidity, so it's a strong EUR 1.2 billion as at the end of the first quarter of this year. I can actually tell you that it's not in the first quarter accounts. But after this, we've already renegotiated another major loan that we have and extended its tenure. And so now we have fully funded around 3.25 years, so we only have to go-to-market around June of next year. So it is a very comfortable position to be in. I think this is the position that we've put our sales in the last year. And so we've been now, as always, trying to optimize the cost but at the same time, to maintain a very conservative structure, namely in terms of liquidity which, in this type of scenario, is extremely important.

So going to Slide #13. This is, I'd say, again, the normal evolution of debt in the first quarter, we have a positive evolution in the first quarter. I would say that overall in the year and anticipating some comments of you that you may have, if we didn't have this crisis or the COVID crisis, I'd say that net debt would probably be more or less stable on the year, grow a little bit, decrease a little bit, but be more or less there. The reality is that with the decrease in consumption, that could have an impact in terms of tariff deviations, again, not very specific, various deviations, which may be the case that will put a little bit more of debt in this year. You have a little bit less CapEx. You have a little bit more of various deviations. Can this mean overall that you have EUR 50 million more of net debt at the end of the year? It may be, but I would say that it's in that ballpark, a little bit below, a little bit above. João can give you, when he talks about regulation on the Q&A, can give you a little bit more detail of what the regulator, kind of, measures that they took and other impacts, but the main impacts are the ones that also I told you about.

So going to Slide #14, just is the normal. So we see that there is a negative impact from EBITDA compensated a little bit by financial costs, but then the levy import gas makes it come down. And the levy, I forgot to explain that. The levy import gas is around a little bit over EUR 4 million, so it's around EUR 4.1 million in that overall number that you see. So if it wasn't for that, the amount would actually come down by around EUR 300,000, but adding this EUR 4.1 million makes it go up by EUR 3.8 million. So I'd say that -- and before passing to Rodrigo and to Slide #2 again, I'd say that this is a company where we see stability and safety on the operating side, it's a company that you see stability and resilience on a financial point of view. And so I think it's very well positioned even in this, let's say, challenging scenario.

So Rodrigo?

Rodrigo Costa

Do you want to go back to slide...

Gonçalo Morais Soares

Let's go back to Slide #2.

Rodrigo Costa

Hello, everybody. Well, this time, we decide to do a little bit differently because also the circumstances are different. And we went through the quarter results. I think it's quite easy to understand where we are. And now we enter into really something that it's really difficult to do forecast. We have -- we are going through a situation that is extremely complex from an economic perspective. And even among ourselves, we have some discussion how clear can we be in what regard to the future. Something we know, it's a future that it's solid. If we take in consideration our type of activity, the sources of our remuneration, the job we are able to do, I think we feel very strong and when we compare to most of the industries of the world, the services companies, I think we are really on the safe side. But at the same time, we need to understand that we have -- this is a big challenge to the system, and we -- you all know about that.
We have unemployment. Nobody knows where it will end. The recovery of the activity of the economic activity is going to take time.
People -- we all know that life will be back to normal when there is a vaccine or a very solid treatment. We -- even the more optimistic people, they say it can take between, let's say, 6 months to 1.5 years to get there. The debt of the countries is totally unpredictable at the moment. We have the European Commission forecasts that they are changing every week. Some people are very pessimistic, but even the optimistic ones, they are not predicting good things. And all in all, if we try to really -- to give you a view of what exactly it's going to happen, it's very difficult.

And I think we don't have the culture of guessing. And we prefer to share what we know. And what we know is solid business or as solid as it can be, but there is a few things that we will find out at the same time you will in the coming months. And this -- when we talk about sales, the tax, we know and Gonçalo explained very well how big the situation is for us. And by now, we should finally have had the first sales reduction that we were expecting. And now we are waiting. And like I said in the last conference call, we -- even if the analysts, the journalists, our employees, our shareholders ask that 10 times, we will have to give the same answer.

We are now waiting to see when the government is going to make the decisions and make them public. And this is something we cannot influence. They know exactly how much taxes we are paying. They know it's not right. They -- I know they want to make it right, but now they have a much bigger problem to deal with, and we need to wait for their decisions. One thing I know, whatever happens, it's not going to change the long-term view. They want to get rid of sales as much as we do. And now the question is are they going to change the time line. We just don't know. We need to wait for their decisions. In terms of the -- and I would encourage Gonçalo even to go a little bit deeper in some of the financial details of what we believe it could be the impact. But again, this is sharing perceptions. It's not sharing raw data. We don't have the data. We cannot be sure about the data. But I think we can try at least to share with you what we think and where we are.

And from an operational standpoint, how we dealt with the situation, what have we done internally, I would invite João to make a comment on the process that took us to where we are today, which I think is remarkable.

João Faria Conceição
Thanks, Rodrigo. Regarding the process, as we know, we went through a process of lockdown also in -- here in REN. But obviously, we have to maintain -- to find an equilibrium to maintain all the functions that are crucial for the systems to work.
The first priority of the company was always their employees, and at the same time, the security of supply of the system. So we have to manage a balance between those 2. And what we did is basically, we kept the couple of functions, the priority functions on the dispatch centers, on the terminal, on the emergency response of our network operating all the time. And at the same time, moving all the other people into telework in order to protect them and to make them as safe as possible.

Now it's time to move backwards into what can be called as the new normal. And we are, little by little, putting into operations again several functions from the investment area, field, the operation and maintenance areas. So step-by-step, we are moving people into the job in the present way in the different places that they operate. And that's where we are at the moment. Of course, as it was already mentioned by Rodrigo and Gonçalo, we follow strictly all the rules and guidelines set by the government, set by the national authorities, and we adjust them, complement them with our own rules in order to maintain the security of supply and the safety-ness of our people.

Gonçalo mentioned that the regulator has shared a couple of rules. And basically, in Slide 2, you have on the tariff deviation, you basically have the nutshell of those changes that regulators there need. The most important one, which is not yet final but
we are confident that it's going to be what is going to happen, is the postponement of, by 1 year, of the new regulatory period for the electricity sector.

The regulator has gone through a public consultation and has asked the tariff council to put forward their opinion in terms of postponing this new regulatory period. Until now, from what we know, there was almost a unanimous position in terms of the comments by the tariff council as well as the different stakeholders that everyone sees benefits in postponing 1 year because due to the instability that we are going through and changing all these parameters and these guidelines is obviously important to have a stable framework in order for them to be sustainable. So we are waiting for the final decision from the regulator, but we are confident that it's going to -- that is what is going to happen.

Secondly, the regulator took 2 measures: one, addressing the households, both in electricity and natural gas, by allowing the cases where there was a stop in payments not to be cut by the corresponding distributors and allowing them to have a longer period to pay back their retailers and to avoid being cut. This, in what concerns to REN, does not affect us because we are speaking about households, except for the Portgás area, where even there, we believe the impact is relatively minor because we're speaking about a region where natural gas is supplying households that are less affected by this economic crisis. So we are obviously monitoring, but we are not expecting to have a big impact on that regard.

The second measure the regulator did was regarding the industrial consumers, and in this part, they accepted in the specific areas where the corresponding activities are under big stress, they can renegotiate with the retailers, the payment of the network tariffs. This has an impact on us. We are calculating exactly because until now, it's not possible to know what is the size of the impact. We are not expecting to be significant neither and even this impact is not affecting the P&L, but is affecting only on tariff deviation and the cash position. All these deviations are recovered in 1 or 2 years later.

The third impact of which has nothing to do with the regulator, but Gonçalo has already mentioned, is the changes that might happen in terms of the consumption. What we have been witnessing so far is that the consumption has stabilized in the last 3 weeks both in the electricity and natural gas. There was an important drop in electricity, about 10% to 12% in April, a bigger drop in natural gas up to 26% also in April, but you have to put that into perspective because if we compute the change from January to April on electricity, this drop is much less, and it's about 3%.

On the natural gas side, this big drop was explained by the lockdown period and the fact that all the economic activity was reduced. As you may know, our consumption of natural gas is mainly driven by the combined-cycle plants for electricity generators and the industry.

We don't have a big consumption from the household. So there, there is not a big impact. And for that regard, we have to wait some time more to see what is going to be the recovery of the economy in order to see if this consumption is recovered or not.

**Gonçalo Morais Soares**

So just to give you a little bit more color in numbers as Rodrigo's suggestion. So -- and complementing what João was saying. So in terms of CapEx, let's say that what we were looking at the numbers, we say, that versus what we have in mind. And we don't give normally guidance, but versus what is our internal objective, we can see that CapEx may be 5% or 10% lower than that number. So even if it's 10% lower than that number, not only is that number not significant in terms of our evolution. But secondly, this year, we also have an increase in Transemel on a year-on-year basis that compensates, if not all, most of that. And thirdly, bear in mind, preserving CapEx then is going to be more important for the next comment.

What we don't do this year is run when the things are going to recuperate next year. That is particularly important to transfers to RAB because there, yes, impact is a bit higher than the 10%. But on a 2-year process, so if there’s EUR 50 million or EUR
60 million that we don't transfer this year, there will be more EUR 50 million or EUR 60 million that we transfer next year. So it -- I'd say, you lose a little bit in this, you lose a little bit of EBITDA with this, but it is not something that you then don't recuperate. You will recuperate almost immediately.

Secondly, the impact of this in EBITDA is very small. So we are talking about a couple of million of euros in our estimate. Again, and to reinforce the impact of the rates of return within the Fed regulatory schemes, I think you can make your estimates, but it can very well be at least a couple of million, if not more. So I think that the impact of the delaying CapEx on one side and the other, I think, is conservatively neutral in terms of EBITDA and net income, okay? So the other topic was the net debt, and that I think and João already explained it, okay?

Rodrigo Costa
Just before now taking your questions, I think it's also important to make a general remark in terms of the politics and the economy. I think the government here, I think, overall -- and this is -- it is my opinion, but I think it represents most of the people's opinion. So far, they have been doing a good job. The positives are much bigger than the negatives, for sure. And the numbers are the ones we see. And there is numbers that they don't like. It's -- and I think it's a fair statement to recognize the good job they have been doing. I think the companies, and of course, we are a small country. We have a small industry, but even the small industry we have, they are trying to reinvent themselves, and we can see that with the factories starting to produce health-protection materials. We -- people are trying to find new markets. And of course, the -- we hope that as soon as the situation will improve, I think life will get to normal.

I think the big interrogation that we have and the whole world has now for the ones who are in the phase where we are is, we are starting to go back to work slowly, step-by-step, and nobody knows exactly what's going to happen again. Are the numbers going to be growing under control, without control? But here we will be to deal with that. I think as you heard João Conceição explaining and Gonçalo, I think the job done is working pretty well. The systems are working well. The effort we did in digitalization proved to be effective. Our people are extremely responsible. Of course, we have the benefit of having our employees, the very large majority have a very strong education, and they understand the need for the discipline. We are a disciplined company, too. And at this moment, that makes a huge difference.

And I think we -- now with that, I would move to the Q&A.

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**Q&A**

**Sara Piccinini - Mediobanca - Analyst**
I hope you and your families are all well. The first question is a clarification, if possible, on your indication on the net debt. So if I understood correctly, you said that you expect an increase in debt of EUR 50 million, correct? So you were expecting a flat net debt if the situation was not happening, and now you forecast EUR 50 million, if this is correct? And also, if this EUR 50 million are the tariff deficit that could be recovered in the next 2 years according to the regulator role? This is the first question.

The second is still related to debt. If you have threshold in terms of net debt-to-EBITDA to which you would reconsider your strategy and therefore, maybe to reallocate your CapEx or even reconsider your dividend policy.
And the third question is on M&A. There has been an article reporting that Galp would be considering the sale of its gas distribution assets and REN was mentioned among interested parties. Would you consider this acquisition? And if yes, would you also consider to recur to a capital increase?

**Gonçalo Morais Soares**
Commenting on the net debt, the first 2 questions, and then Rodrigo will address the last question you had. So yes, so those EUR 50 million, I mean, we don't know but it's our best estimate. So it could be less than that. It could be a little bit higher. We are not certain exactly what the impact is due to this change in consumption. So if you want to kind of have a ballpark, that's what I would use, but it's a best guess at this time.

In terms of the metrics that you asked, we don't look, in terms of leverage, so much at net debt-to-EBITDA because, as you know, in our company, it's not a very good indicator, okay, because EBITDA goes up and down in waves because the rates go up, EBITDA goes up. So normally, our sales and the rating agencies, what we follow very, very closely is FFO to net debt, okay? And so that's what we have been following and follow. And we don't think that any of this has a material impact on that metric. So it may have a very slight negative impact on that metric there on a stand-alone basis, but it is not a material, and it doesn't make us reconsider. That's why we built in the past years the liquidity buffer that we did so that we are comfortably with those metrics and investment grade. Rodrigo?

**Rodrigo Costa**
On the other questions. And I think basically, I don't think we -- in terms of -- you're asking about the reallocation of CapEx because of this situation, we are not really planning to do anything special. We will build -- what we want is to move ahead with the projects. As a matter of fact, we already start to be back to work. And now what we want is to recover, as much as we can, the portfolio of projects that we have. And we're starting that. And it will -- I'm sure it will go well.

In terms of the dividend policy, we didn't even pay the dividend of last year. We approved yesterday in our General Shareholder Meeting that went super well. We have almost unanimous support from all the shareholders. We even have more people last -- yesterday than we had a year ago. And I think on that, I think we remain committed with the policy we have. And we'll see in the future what's going to happen. But at the moment, we don't see any reason to be announcing any change of position in the company. We are where we are, where we have been in the past years.

In terms of, I would say, build, business, investments of this type, we never comment on this type of situation. If you ask us if we have to -- if we should look into that, of course, we look into everything that happens in the market whether it's in Portugal, in Spain or in Chile, but we only comment when it is the right time to comment. And if we would be talking about all the projects we look into, we will have a lot to say, but we -- it's a process to the extent the information we have even there is a lot of information still missing about what's going to happen, and we'll see. For sure, we are professionals, and we look into everything that happens in our market. But that's all we can talk at this point.

**Jorge Guimarães - JB Capital Markets – Analyst**
I have two. Firstly, is it possible to clarify the question about this forest-cleaning cost? I did not understand if the forest-cleaning cost were also included in the allowed revenues or not. So if it's possible to clarify that.

And secondly, if it is possible to give us an update on long-term projects like the link, the undersea cable between Portugal and Morocco.
And if you foresee any -- I know the uncertainty is very high currently, but if you have any idea of the impact of the current prices on your long-term projects or on your long-term CapEx expectations, namely the value that were published or put to public consultation with ERSE some months ago?

**Gonçalo Morais Soares**
Relative to the first question, and João will complement. So there is -- these costs, yes, are in the cap, in the allowed revenue, although there was a change, which was subsequent to the -- to also the regulatory review in legal terms that made things more stringent. So not all the cost is in equally. João, do you want to complement a little bit?

**João Faria Conceição**
Yes. There are different costs on forest cleaning, and some of them are indeed within the cap of OpEx revenue cap, regulatory OpEx revenue cap. And some others are out. What we have to do is to try to optimize all these costs in a nutshell because some of these costs are, in fact, costs that are affected or are affecting new developments of the grid and therefore, those costs are capitalized. Some other are affecting the existing part of the grid, and those costs are ones that affect the allowed revenues of -- that the regulator sets us.

**Rodrigo Costa**
Regarding the Moroccan project, there has been a while, since nobody asked about the cable. This is -- if I remember well, the last time I mentioned, we said that this is basically a political decision between the 2 countries. And if it was our decision, probably, we would have found a solution already, but since this is with politicians, it takes a little bit more time. And I would say this is something that is -- it will take the time, and we'll see what they want to decide. This is quite a big investment. We still believe it makes sense, but that's not enough to make it happen. There was a plan to have Portugal-Morocco Economic Forum going on in the beginning of April, but as you can expect, it was postponed. And I know this is one, and this was said by the Portuguese ambassador in Morocco and by the ambassador of Morocco in Portugal, this was one of the most important topics that the both governments want to discuss. I know it's important to Morocco. It's important to Portugal, but that's where we are.

**Ana Fernandes**
Okay. So have a safe weekend. Don't go out. Spend money at home and help your economies. Have a great day. Bye.

**Rodrigo Costa**
Thank you.