

RESULTS PRESENTATION

1H19

25th July

REN 

1H19 HIGHLIGHTS

- ▶ EBITDA totalled €247.4M in the first half of the year, 2.0% (€5.1M) below the same period of 2018. Lower rates of return, a decreasing RAB and OPEX contribution significantly contributed to this outcome. This was partly offset by the favorable progression of Portgás (+€0.8M) and Electrogas, that contributed with €3.9M to EBITDA;
- ▶ Net Profit slightly decreased by 3.3% (€1.8M), standing at €51.1M. Below EBITDA, the result benefited from stronger Financial Results (€0.5M) and lower taxes (-€1.4M). The effective tax rate was 38.8%, including the extraordinary levy (CESE). Without extraordinary effects, Recurrent Net Profit amounted to €75.5M, a 3.8% decrease over the previous year;
- ▶ Net Debt improved by 1.8%, standing at €2,638.7M (-€48.0M). The average cost of debt continued to go down, reaching 2.2% (versus 2.3% in 1H18);
- ▶ CAPEX and Transfers to RAB amounted both to €49.9M, an year-on-year increase of €10.5M and €30.5M, respectively, benefiting from higher investments in the electricity business.

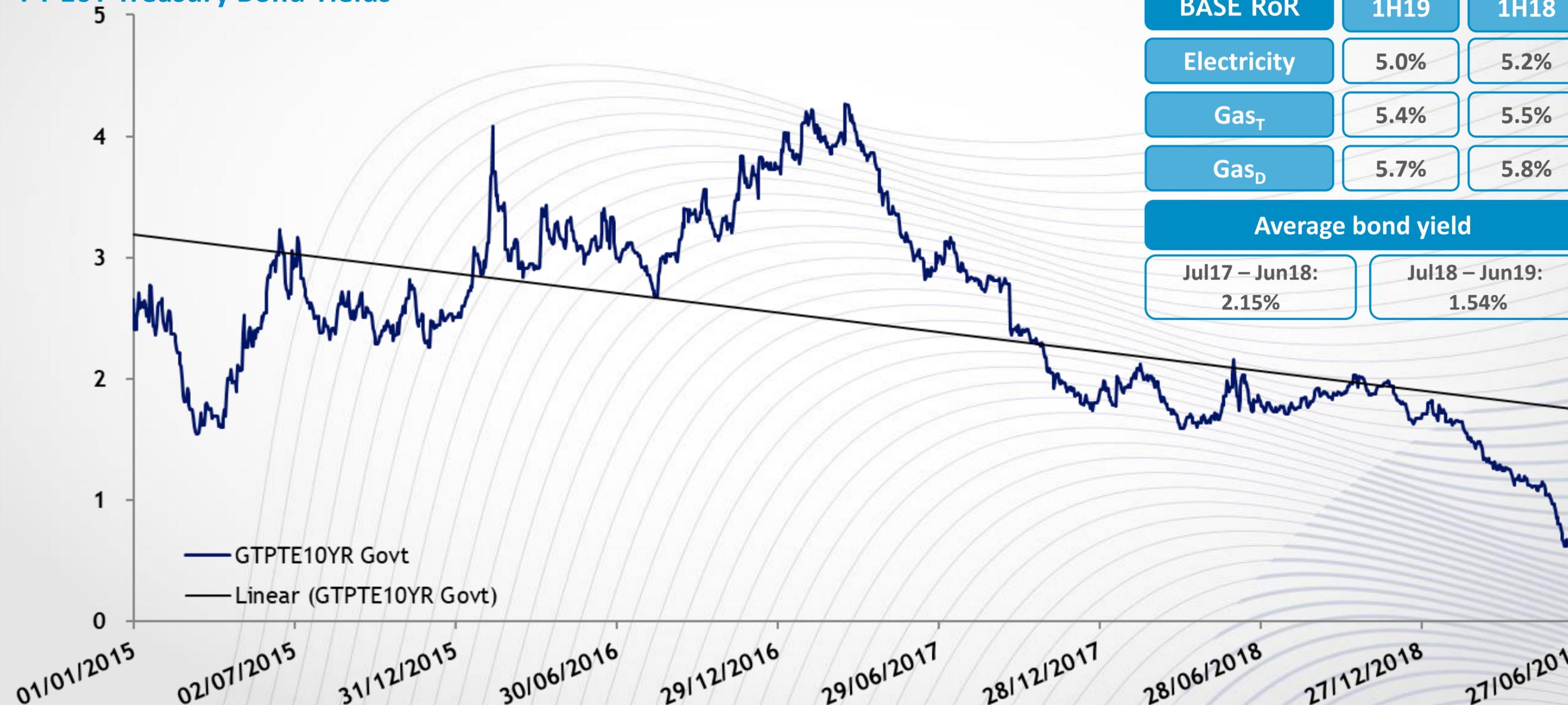
RESULTS AT A GLANCE

€M	2Q19	1H19	1H18	Δ%	Δ Abs.
EBITDA	122.0	247.4	252.4	-2.0%	-5.1
Financial Results	-11.4	-26.9	-27.3	1.7%	0.5
Net Profit	37.8	51.1	52.8	-3.3%	-1.8
Recurrent Net Profit	37.8	75.5	78.4	-3.8%	-3.0
Average RAB	3,738.2	3,738.2	3,855.2	-3.0%	-117.0
CAPEX	33.1	49.9	39.4	26.5%	10.5
Net Debt	2,638.7	2,638.7	2,686.7	-1.8%	-48.0

SOVEREIGN DEBT RISK OF PORTUGAL

There was a significant reduction in yields in 2019

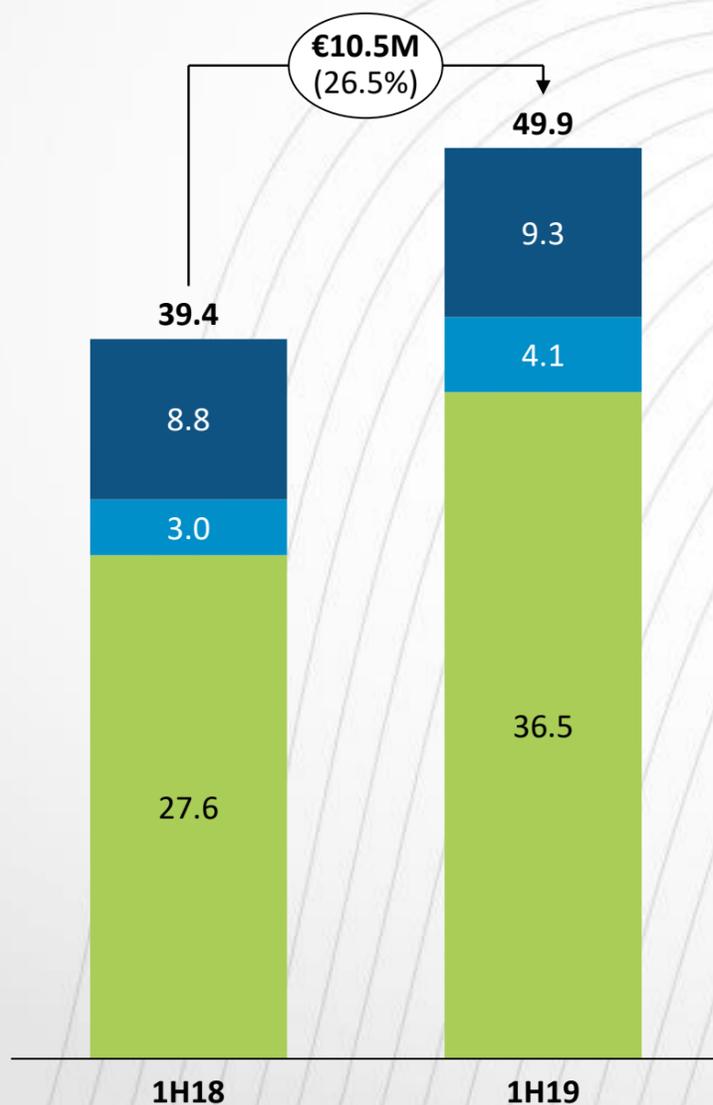
PT 10Y Treasury Bond Yields



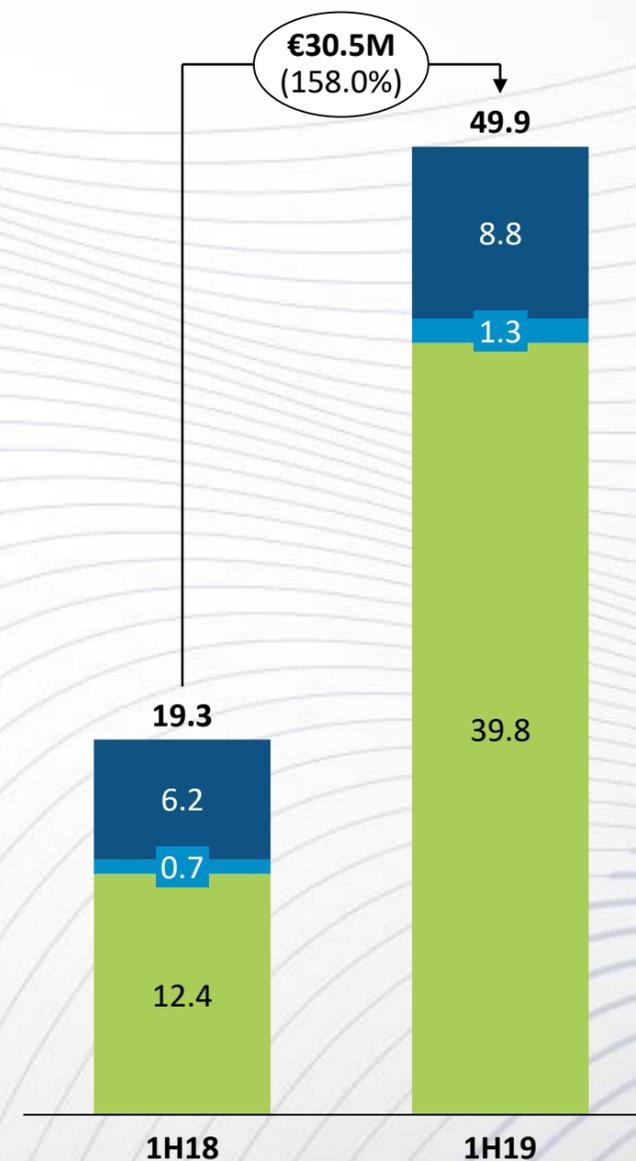
CAPITAL EXPENDITURES UP BY €10.5M TO €49.9M

Transfers to RAB increased by €30.5M year-on-year

CAPEX
(€M)



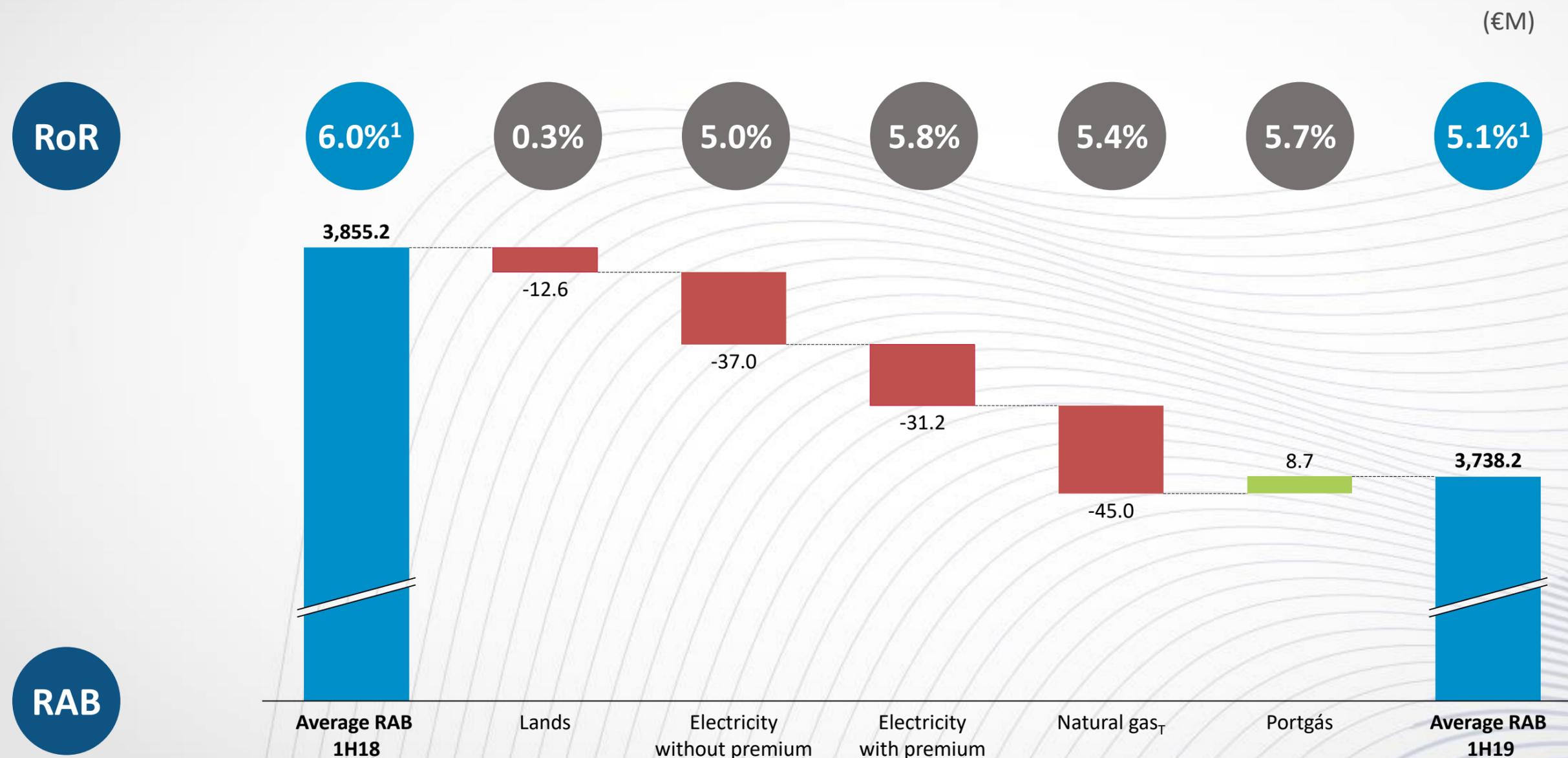
TRANSFERS TO RAB
(€M)



- Portgás
- Natural gas transportation
- Electricity

AVERAGE RAB FELL DOWN BY 3.0%

Despite the increase in Natural Gas Distribution (€8.7M)



RAB

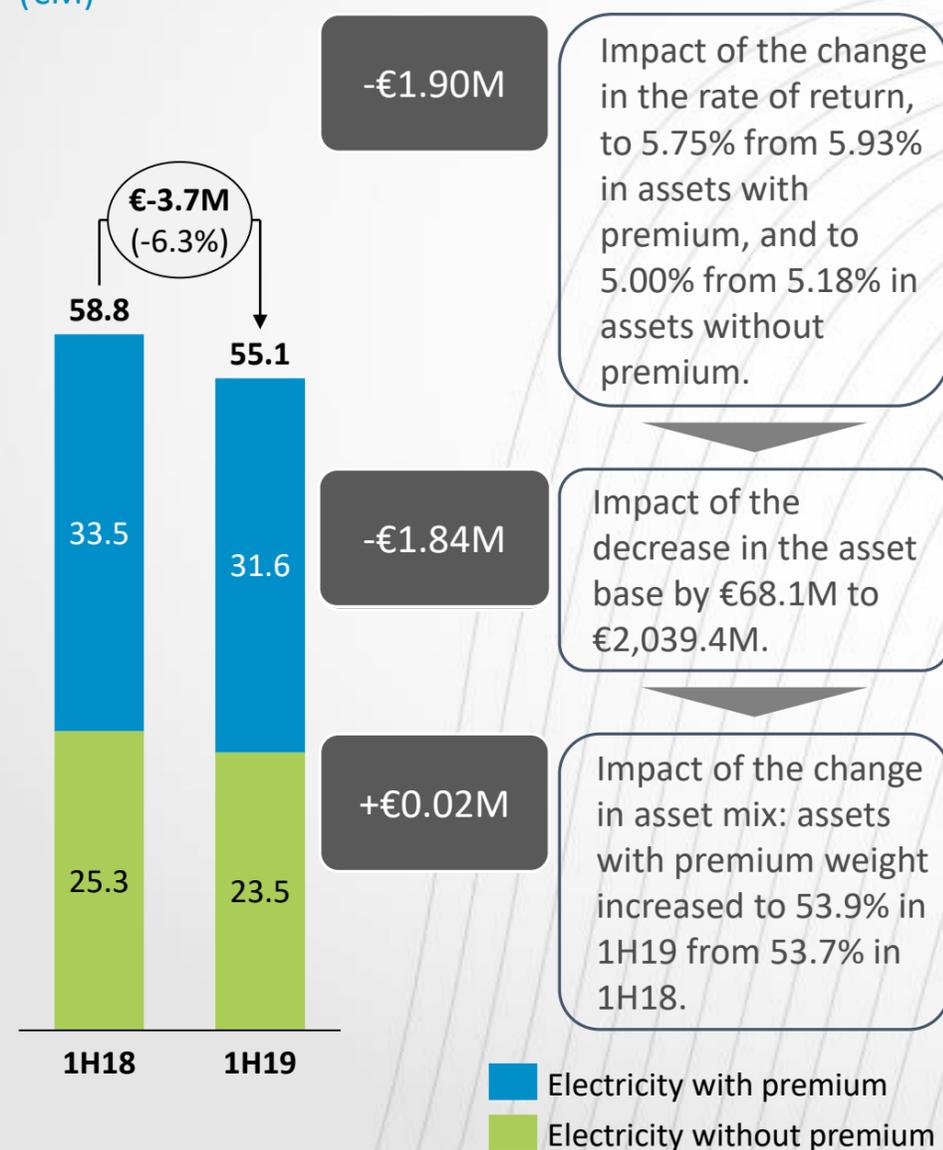
1) RoR is equal to the specific asset remuneration, divided by the average RAB.

RAB REMUNERATION DOWN BY 5.6%

Reflecting the reduction in RoR and RAB (excluding Portgás)

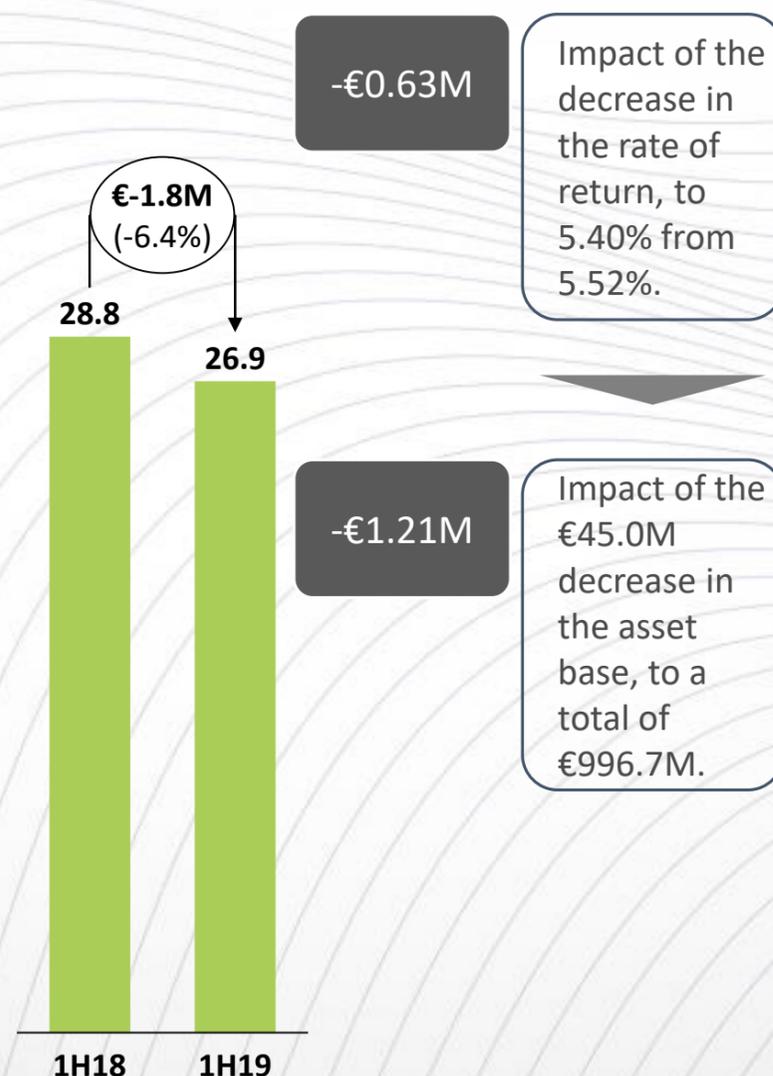
RAB REMUNERATION ELECTRICITY

(ex. Lands)
(€M)



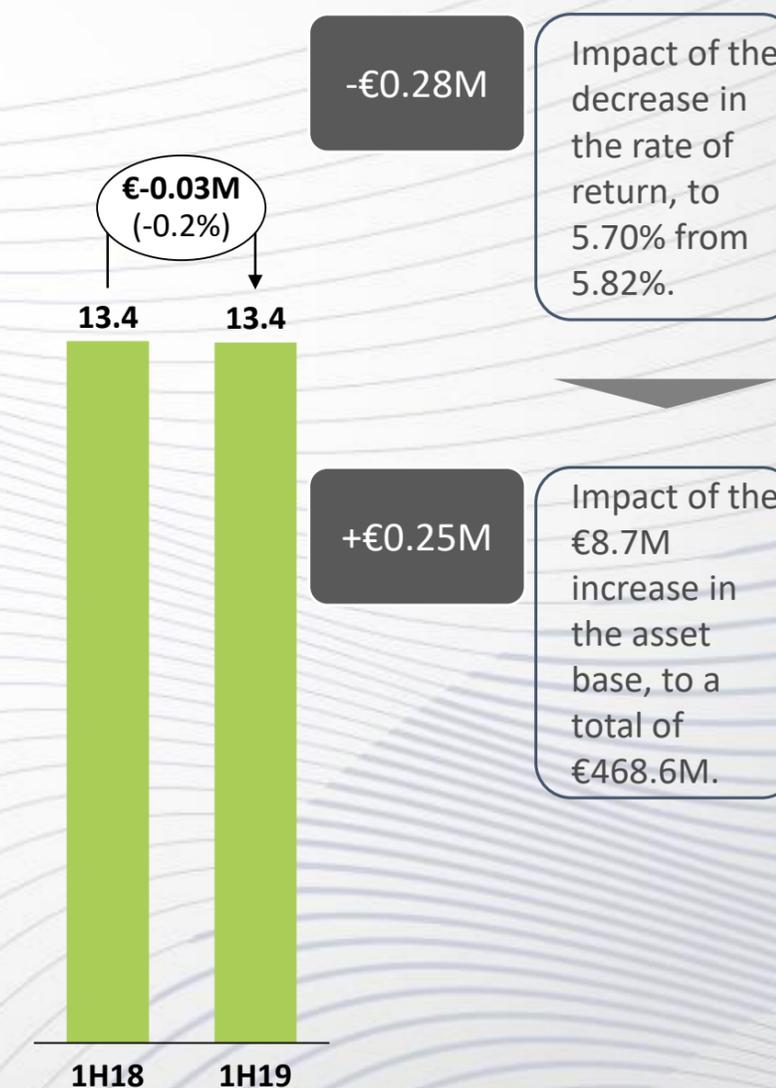
RAB REMUNERATION NATURAL GAS_T

(€M)



RAB REMUNERATION PORTGÁS

(€M)

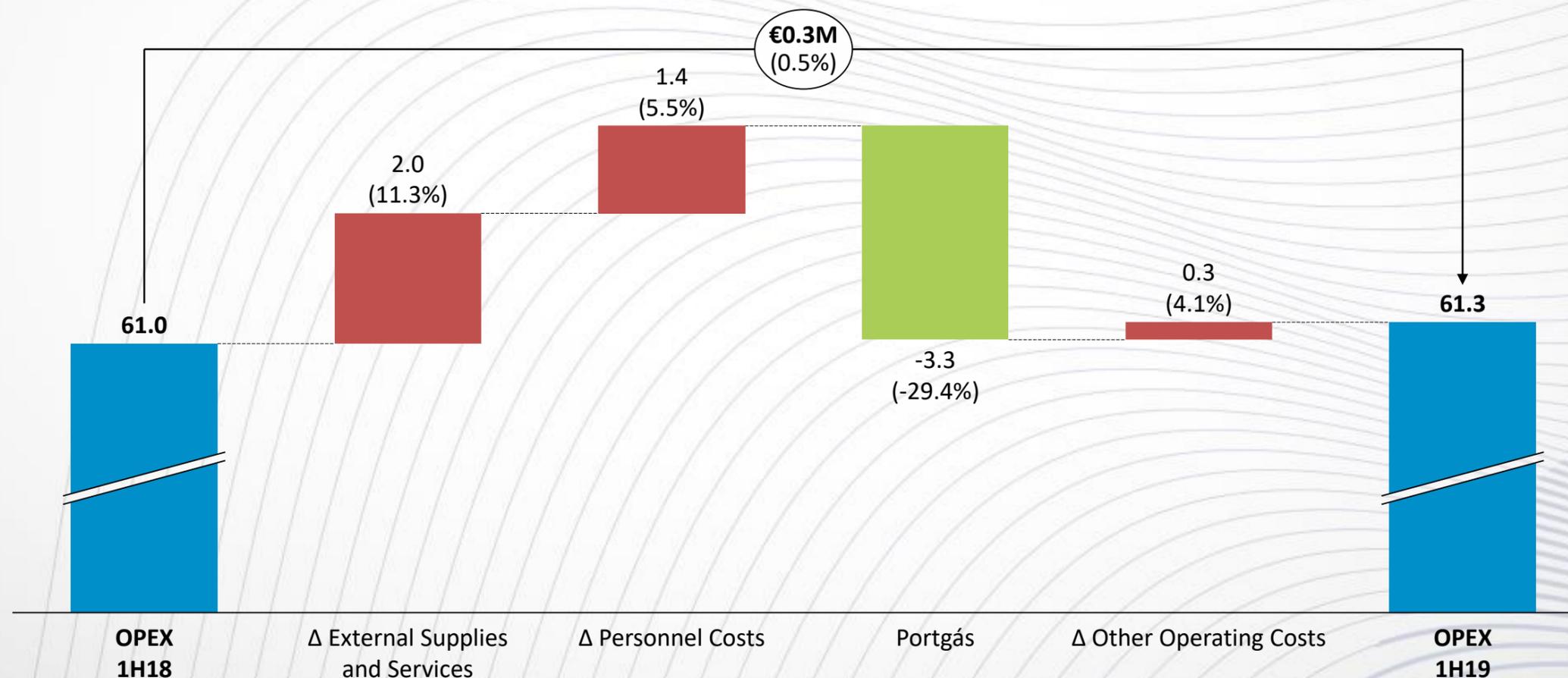


OPEX IN LINE WITH PREVIOUS YEAR

Portgás performance improved by €3.3M

OPERATIONAL COSTS

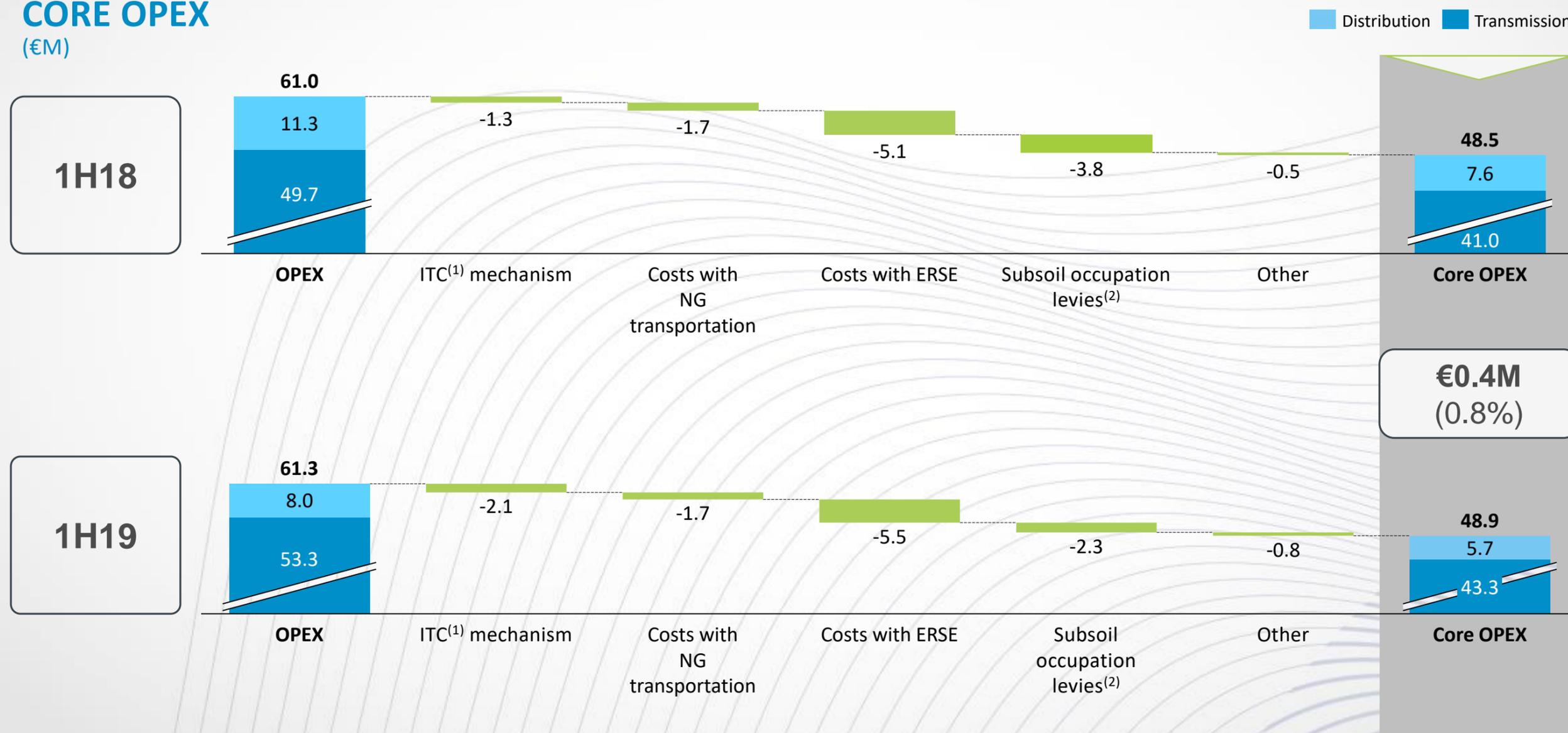
(€M)



OPEX CORE STOOD STEADY IN 1H19

Portgás had a €1.9M positive evolution

CORE OPEX (€M)

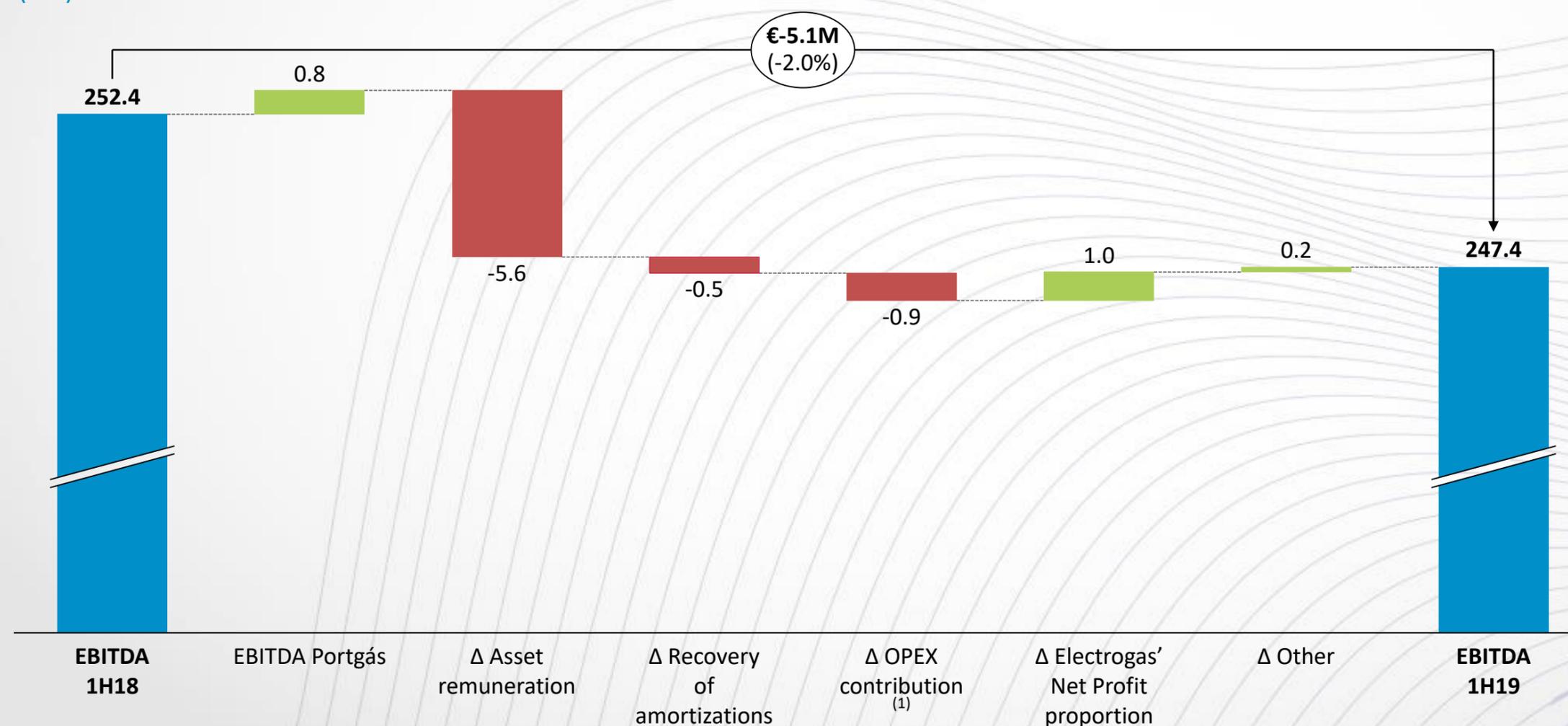


(1) ITC - Inter Transmission System Operator Compensation for Transits;
 (2) Item related to Portgás.

EBITDA WAS PENALIZED BY LOWER TRANSMISSION ASSETS' REMUNERATION

Partially offset by Portgás and Electrogas performance

EBITDA
(€M)

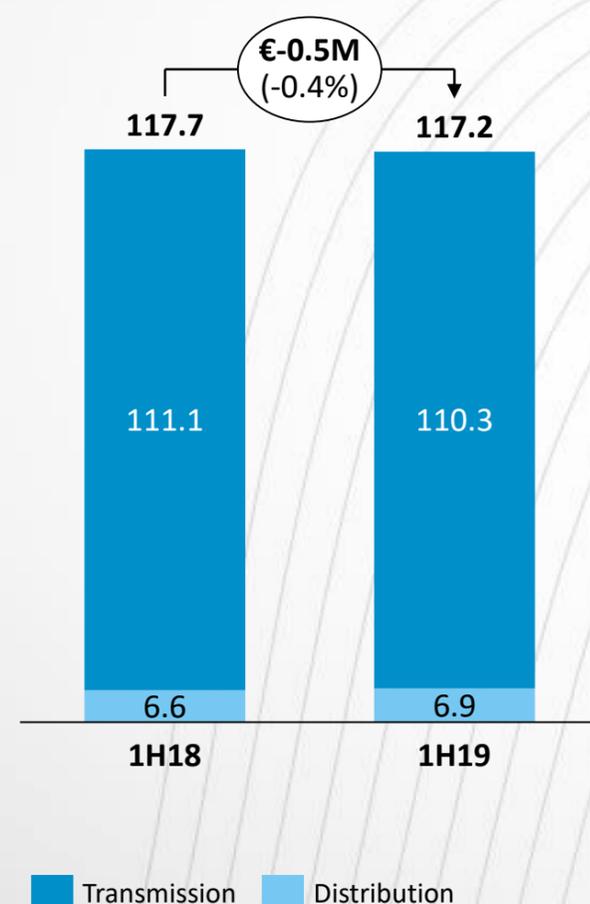


(1) Includes Δ€0.27M of OPEX own works.

BELOW EBITDA

Financial Results benefited from lower net debt and average cost of debt

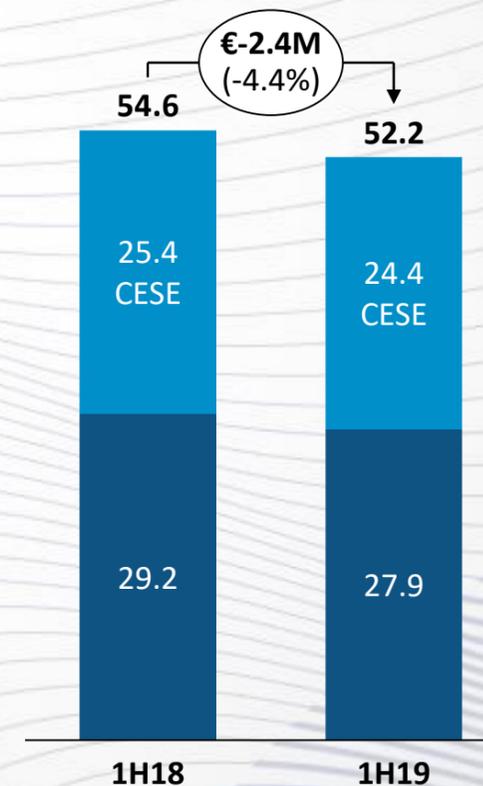
DEPRECIATIONS AND AMORTIZATIONS
(€M)



FINANCIAL RESULTS⁽¹⁾
(€M)



TAXES⁽²⁾
(€M)



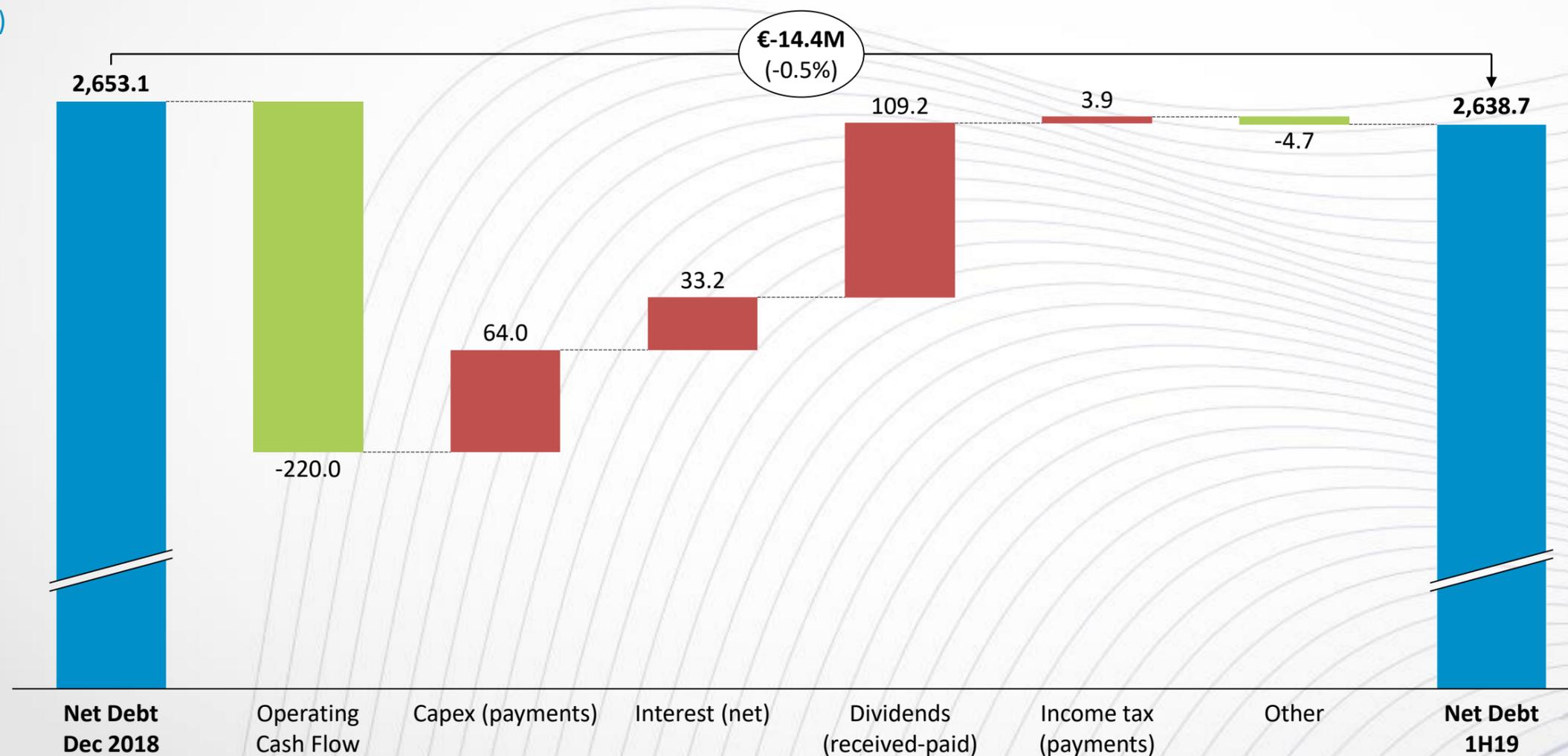
(1) Average cost of debt dropped to 2.2% from 2.3% in 1H18;

(2) In 1H19, without taking into account the special levy on the energy sector, the effective tax rate reached 27.0%, versus 27.2% in the previous year, which led to a €1.4M decrease in taxes.

NET DEBT DECLINED TO €2,638.7M (-0.5%)

Reflecting a cash flow higher than Capex and financial needs

NET DEBT (€M)

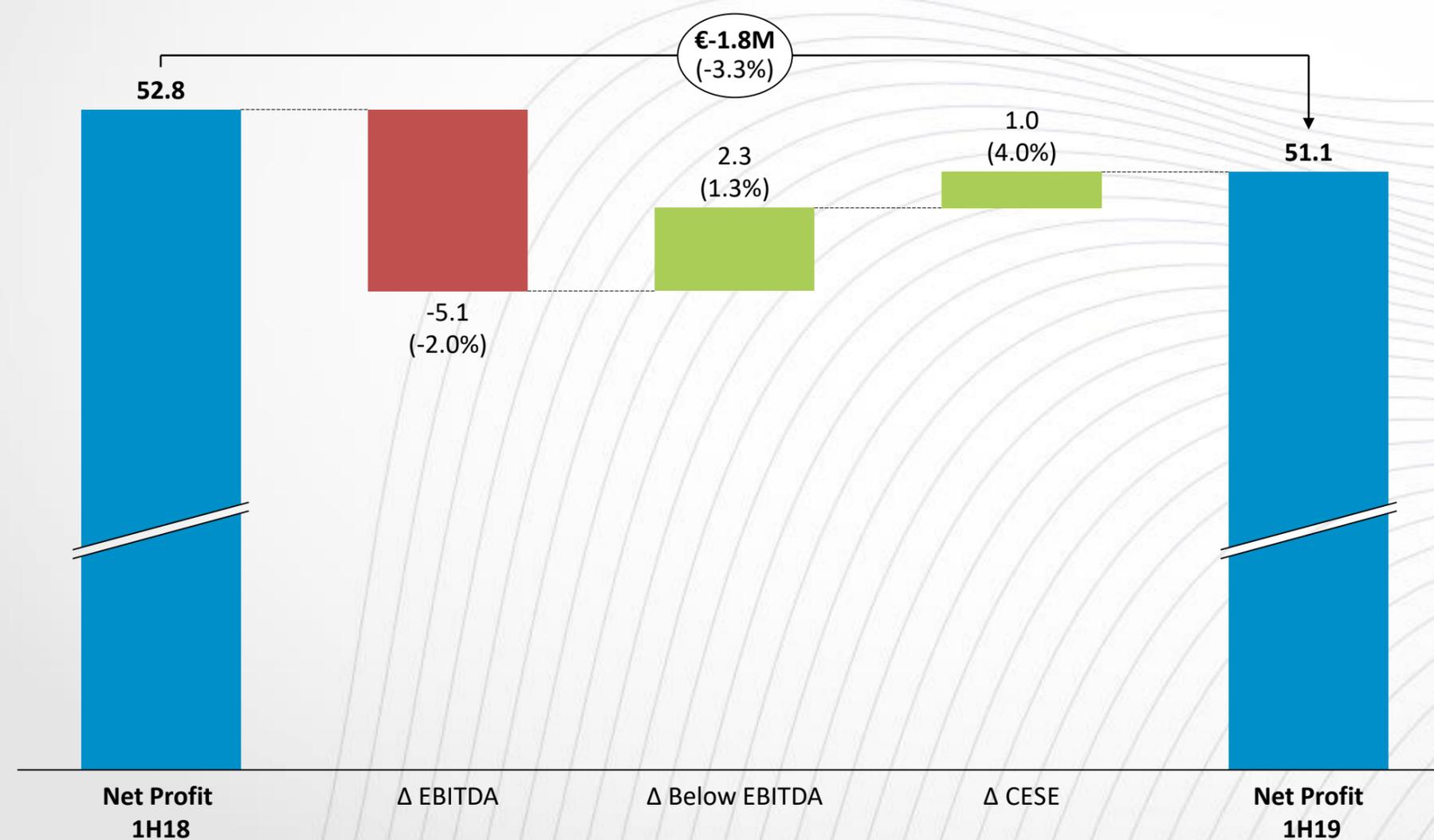


NET PROFIT WAS SLIGHTLY LOWER YOY (-€1.8M)

Financial Results strengthened Net Profit by €0.5M

NET PROFIT

(€M)



FINAL REMARKS

- ▶ This semester, REN's operational performance was penalized by lower asset remuneration. However, higher Financial Results and the decrease in taxes partially mitigated this negative impact in Net Profit;
- ▶ A decrease in the stock of Debt allowed the company to have stronger Financial Results. Nevertheless, the special levy on energy companies continued to hurt REN's results, leading the effective tax rate to 38.8%;
- ▶ Both Portgás and Electrogas contributed positively to the results and are performing according to plan;
- ▶ On July 23rd, REN announced the acquisition of 100% of Transemel, for 167 million USD. Transemel is located mainly in northern Chile, operating 92 km of electricity transmission lines and 5 substations, with approximately 93% of its revenues coming from regulated activities owns. This will be the second acquisition that REN makes in Chile after the purchase of 42.5% of Electrogas, and is in line with REN's strategic plan, which is based on a conservative growth strategy. The transaction will be financed solely with debt and will take place in the beginning of October.

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