

Results Report

2020

18th March 2021

- 1.** Overview of the period
- 2.** Business performance
- 3.** 2018-21 Strategic Plan execution & Outlook
- 4.** Shaping a sustainable future
- 5.** Closing remarks

1. Overview of the period



KEY MESSAGES



2020



EBITDA reached €470.2M, a decrease of 3.3% (-€16.1M) **YoY** attributed to (1) lower RAB remuneration (-€23.8M), due to **declining rates** from lower sovereign bond yields coupled with new parameters in the gas regulatory framework and a smaller RAB; (2) a reduced OPEX contribution, and (3) a one-off improvement in the Economic efficiency of investments (REI) incentive of **+€7M**.

The **performance** from the **international segment benefited EBITDA by €5.0M**, namely the **consolidation of Transemel**.



Net Profit amounted to €109.2M (€9.7M lower than in 2019), with a **positive contribution** from Financial results (increase of €5.7M to -€46.8M), mostly due to a **lower cost of debt** (from 2.1% to 1.8%), an increase in dividends received and a **lower income tax** (with a reduction of €9.9M to €44.9M and with the benefit of a tax credit of €5.6M. All of which helped bring net debt down.

REN continued to be penalized by the **special levy, which rose €3.7M** due to the inclusion of Portgás and stood at **€28.1M**. Since its introduction in 2014 REN has deposited **more than €180M** into the State's coffers.



COVID-19 added an additional layer of challenge to REN's operations but other than for a short period of time between mid-March and early May, when only emergency and critical activities could be performed the whole company was able to securely adapt and deliver in all fronts. The result was visible as quality of service remained at the usual very high levels.



After extensive work during the fourth quarter of 2020, last February, REN was licensed to issue "**green bonds**" rated as **B ("Prime")** by the International Shareholder Services ESG (ISS-ESG).



Service quality remained high, with **0.03min of electricity interruption time** (0.72min in 2019) and **natural gas combined availability rate** at approximately **100%**, the same rate as in 2019



Renewable energy sources reached **59%** of the total supply (51% in 2019). **Consumption of electricity and natural gas** decreased by 3.0% and 1.6% respectively, mainly due to COVID-19.

SECTOR OVERVIEW

In 2020 the Energy Transition was at the center of the Portuguese Government agenda



PNEC 2030 and EN-H2 approved

- The **PNEC 2030** (National Energy and Climate Plan) was approved **setting mandatory targets for renewable energy incorporation in electricity** (80% up to 2030, from 52% at present) and **carbon reductions until 2030**
- The **National Strategy for Hydrogen** (EN-H2) was approved, setting **targets for incorporation of hydrogen in natural gas networks** (10% to 15%) and **hydrogen consumption** (1.5% to 2% in final energy consumption)



EU Innovation fund Projects Call

- In July the **EU Innovation fund opened the first call for large-scale projects** with a budget of € 1 billion for breakthrough technologies for renewable energy, energy-intensive industries, energy storage, and carbon capture, use and storage.
- **REN submitted a project to the Innovation Fund** that will enable the use of hydrogen mixed with natural gas in the high pressure network and to prepare the underground storage at Carriço for the same purpose.



Solar projects

- **A new solar capacity auction of 670 MW was held** in August. Most of the capacity (483 MW) was sold in the storage option, and price references comparable but lower than to the previous auction were confirmed
- In 2020, the negotiation stage of the bilateral agreements for the grid connection of 14 photovoltaic solar PV energy projects, totaling 3.5 gigawatt, was finalized. The respective contracts are due to be signed in the second quarter of 2021. The bilateral agreements constitute one of the three routes available for renewable energy production plants to access the Public Service Electricity Network (RE SP).



New tariffs for electricity and gas

- In June, the regulator approved the tariffs for the new gas-year of 2020-2021, and in December, the electricity tariffs for 2021.
- In electricity, as expected, the regulatory **parameters for the 2018-2020 regulatory period became exceptionally applicable in 2021** due to COVID-19 pandemic, and the system **tariff deficit is expected to remain unchanged**, at €2.757M at the end of 2021. The trajectory of the tariff deficit is referred as one of the required parameters to decrease the special levy.

COVID-19



Main financial impacts arising from the COVID-19 pandemic were felt in investment execution

Main effects of COVID-19

Description

- | | |
|---|---|
| <p>1 Delay in transfers to RAB</p> | <p>Due to the coronavirus pandemic that led to a temporary suspension of works in March and April, some projects were not concluded in 2020</p> <p style="text-align: right;">To be recovered in 2021 ✓</p> |
| <p>2 Additional costs</p> | <p>There were additional costs to enable the workforce to perform their jobs both remotely and on location, due to the extra need of health and safety precautions, including personal protection equipment, as well as the adaptation of the Company's sites to the pandemic challenges. REN also made significant contributions participating in community efforts.</p> |
| <p>3 Increase in tariff deviations</p> | <p>Higher tariff deviations as a result of the reduction in electricity consumption. By the end of 2020, the tariff deviations consumption-related increased by 33.5M versus year-end 2019</p> |

Impact on REN's financial performance is overall **neutral in EBITDA** with a **slight decrease in Net Debt** and a **delay in transfers to RAB**



2. Business performance

BUSINESS HIGHLIGHTS

Superior quality of service in Portugal, notwithstanding a higher share of renewables and some deterioration in demand



Electricity

Consumption

48.8TWh ↓ 1.5 TWh (3.0%)

2019: 50.3TWh

Renewables in consumption supply

58.6% ↑ 7.5pp

2019: 51.1%

Energy transmission losses

1.8% ↑ 0.1pp

2019: 1.7%

Average interruption time

0.03min ↓ 0.69min (95.7%)

2019: 0.72min

Line length

9,036km ↑ 34km (0.4%)

2019: 9,002km



Gas Transmission

Consumption

66.9TWh ↓ 1.1TWh (1.6%)

2019: 67.9TWh

Combined availability rate

100% = 0.0pp

2019: 100%

Line length

1,375km = 0km (0.0%)

2019: 1,375km



Gas Distribution

Gas distributed

7.3TWh ↓ 0.1TWh (0.9%)

2019: 7.3TWh

Emergency situations with response time up to 60min

98.7% ↑ 0.1pp

2019: 98.6%

Line length

5,897km ↑ 192km (3.4%)

2019: 5,705km

FINANCIAL HIGHLIGHTS

Net profit decreased despite the improvement in Financial results and due to the decline in EBITDA

EBITDA

€470.2M

↓ 16.1
(3.3%)

2019: €486.2M

Financial results

-€46.8M

↑ 5.7
(10.9%)

2019: -€52.5M

Net Profit

€109.2M

↓ 9.7
(8.1%)

2019: €118.9M

CAPEX

€173.3M

↓ 15.3
(8.1%)

2019: €188.6M

Average RAB¹

€3,635.0M

↓ 118.3
(3.2%)

2019: €3,753.3M

Net Debt²

€2,741.9M

↓ 84.0
(3.0%)

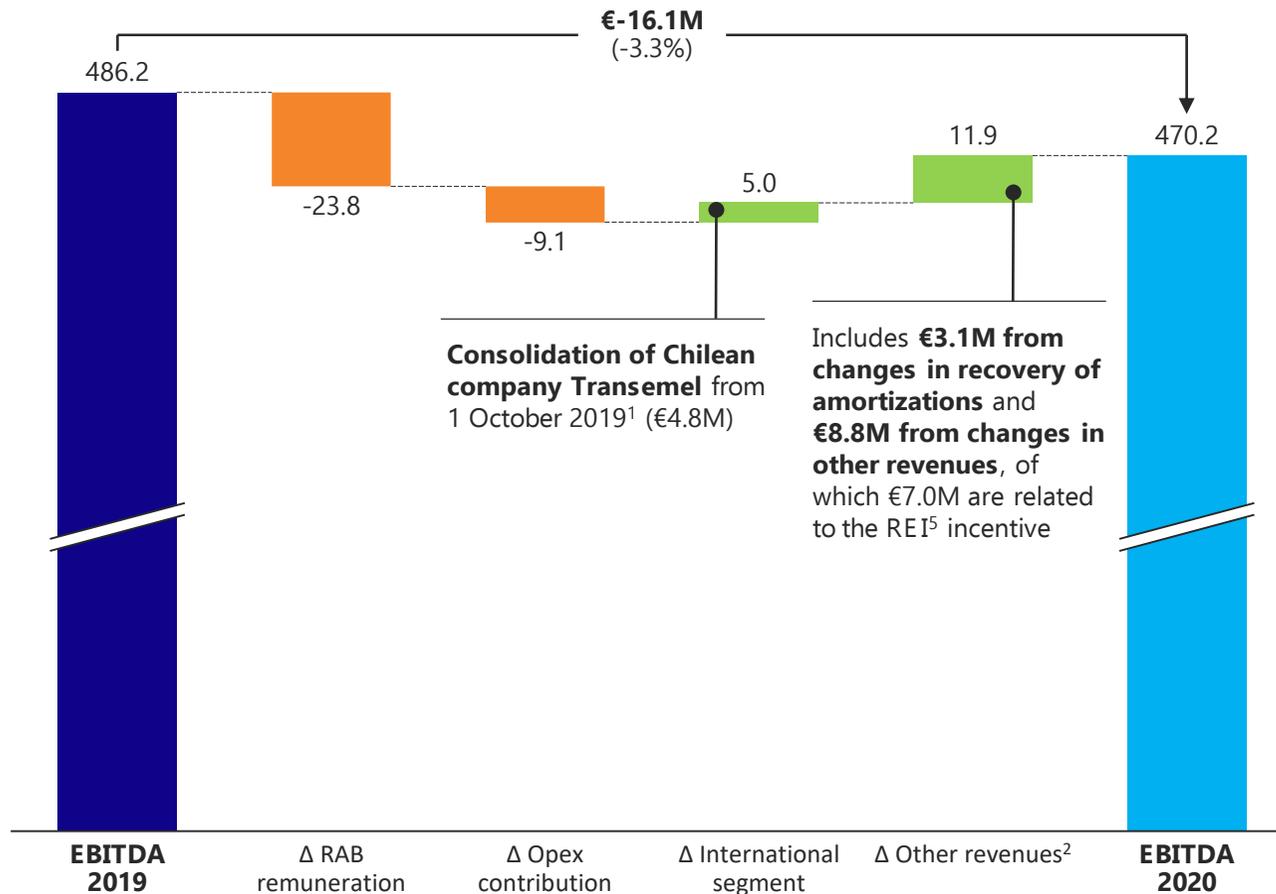
2019: €2,826.0M

CONSOLIDATED VIEW

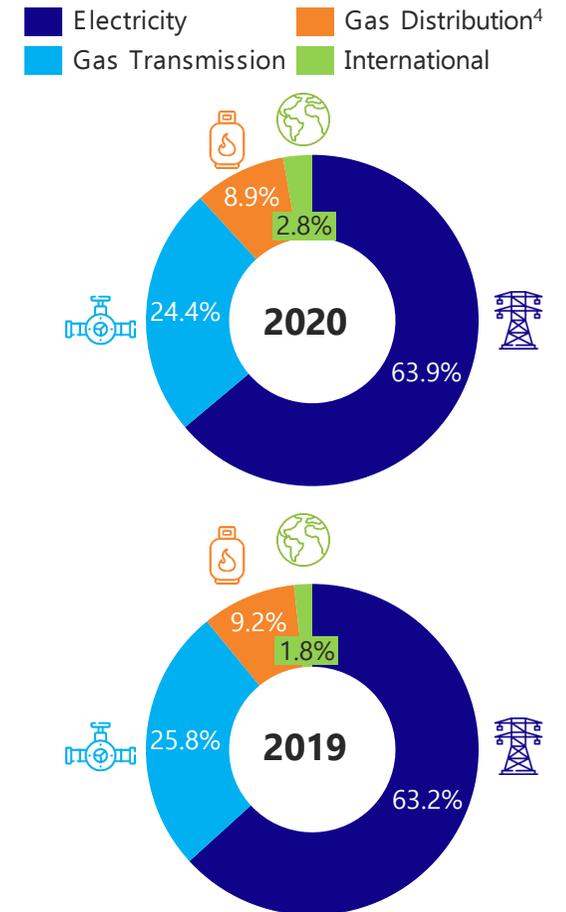


Decline in EBITDA mostly due to lower remuneration rates and greater OPEX costs, partially offset by REN's international exposure

EBITDA evolution breakdown €M



EBITDA contribution by business segment³ %



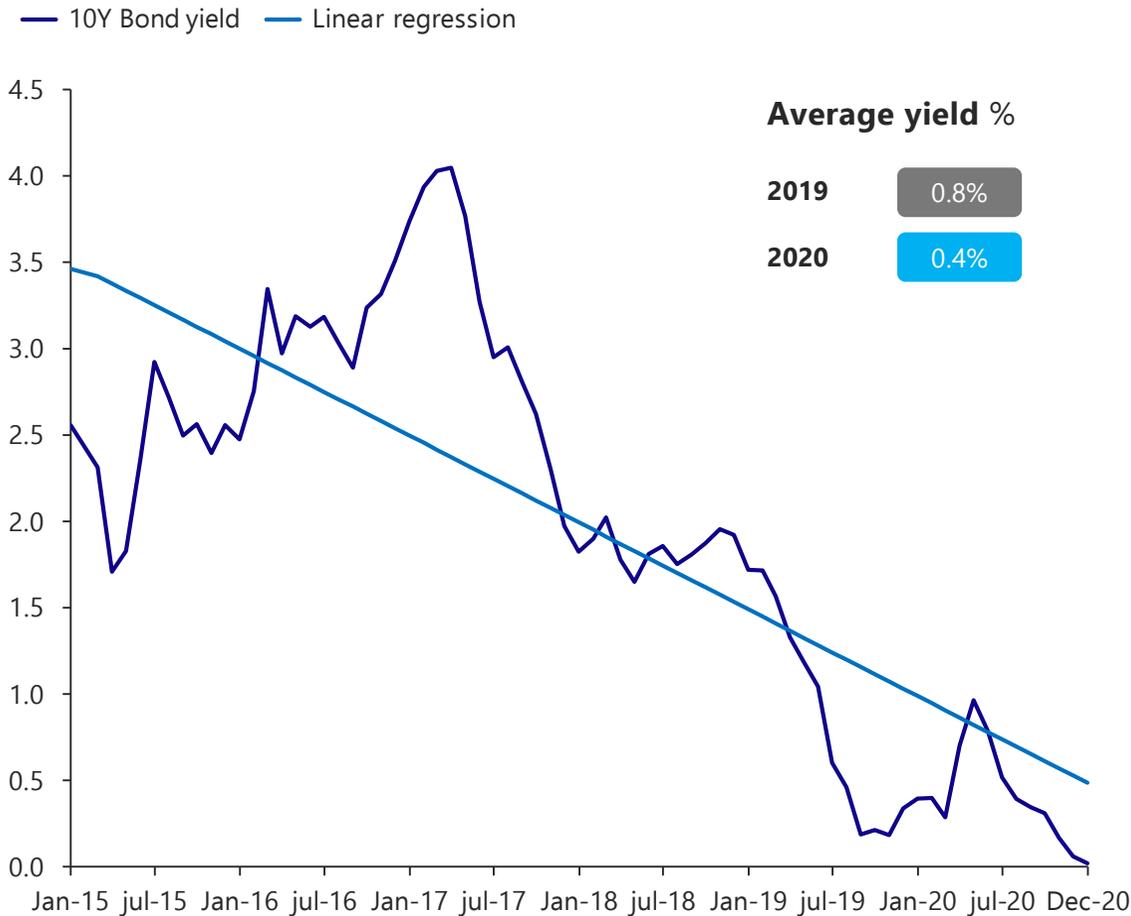
1 Includes Apolo SpA costs | 2 Includes amortizations recovery, subsidies amortization, REN Trading incentives, telecommunication sales and services rendered, interest on tariff deviation, consultancy revenues and other services provided, OMIP and Nester results | 3 Excludes the segment "Other", which includes REN SGPS, REN Serviços, REN Telecom, REN Trading, REN PRO and REN Finance B.V. | 4 Refers to Portgás | 5 REI: Economic efficiency of investments

DOMESTIC BUSINESS

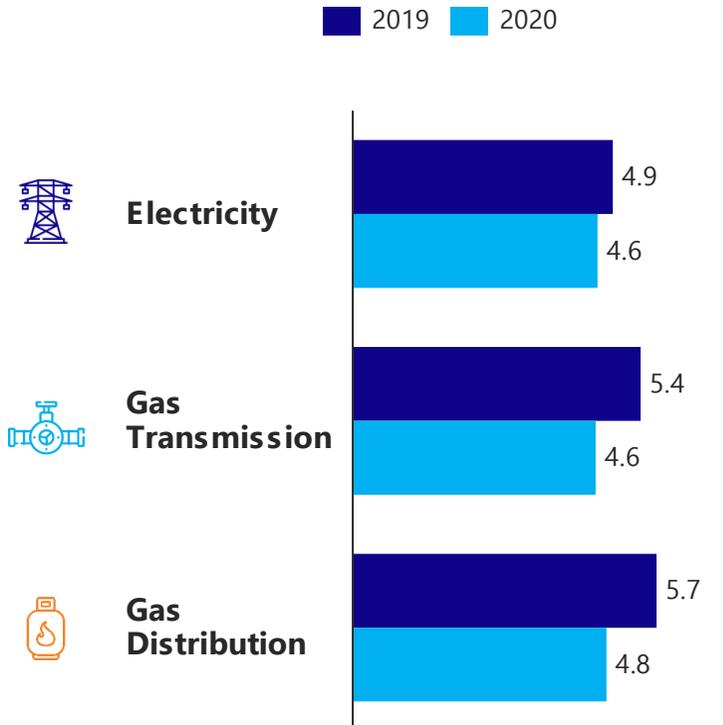
Return on RAB negatively influenced by the downward trend in the Portuguese bond yields



Portuguese 10Y Treasury Bond Yields %



Base Return on RAB (RoR)* %



SOURCE: Bloomberg; REN

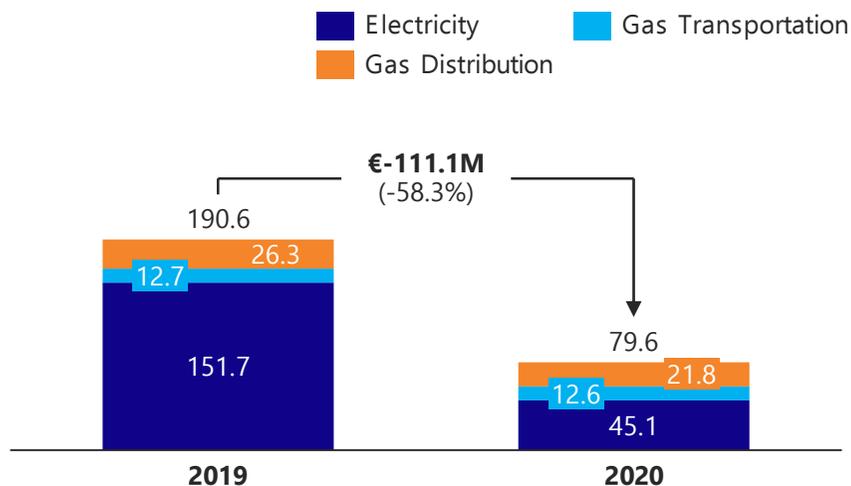
* Electricity regulatory period: from Oct-19 to Sep-20, Gas regulatory period: from Jan-20 to Dec-20

DOMESTIC BUSINESS

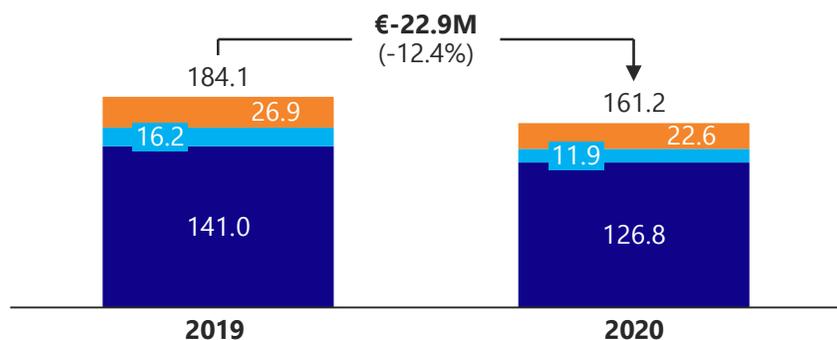
Transfers to RAB and CAPEX dropped YoY, driven by COVID-19 hurdles




Transfers to RAB €M



Capex €M



Key highlights



Electricity

▪ Main investment projects:

- New 400 kV Castelo Branco-Fundão line, where a new 400/200 kV substation is also under construction
- New connection between the Ponte de Lima area and the Vila Nova de Famalicão substation
- New Ribeira de Pena substation and power line Feira-Ribeira de Pena



Gas Transmission

▪ Main investment projects concluded:

- Carricho Storage: the first phase of the Water Firefighting System upgrade
- Pipeline Network and Sines Terminal: replacement and upgrade of equipment and systems at the end-of-life



Gas Distribution

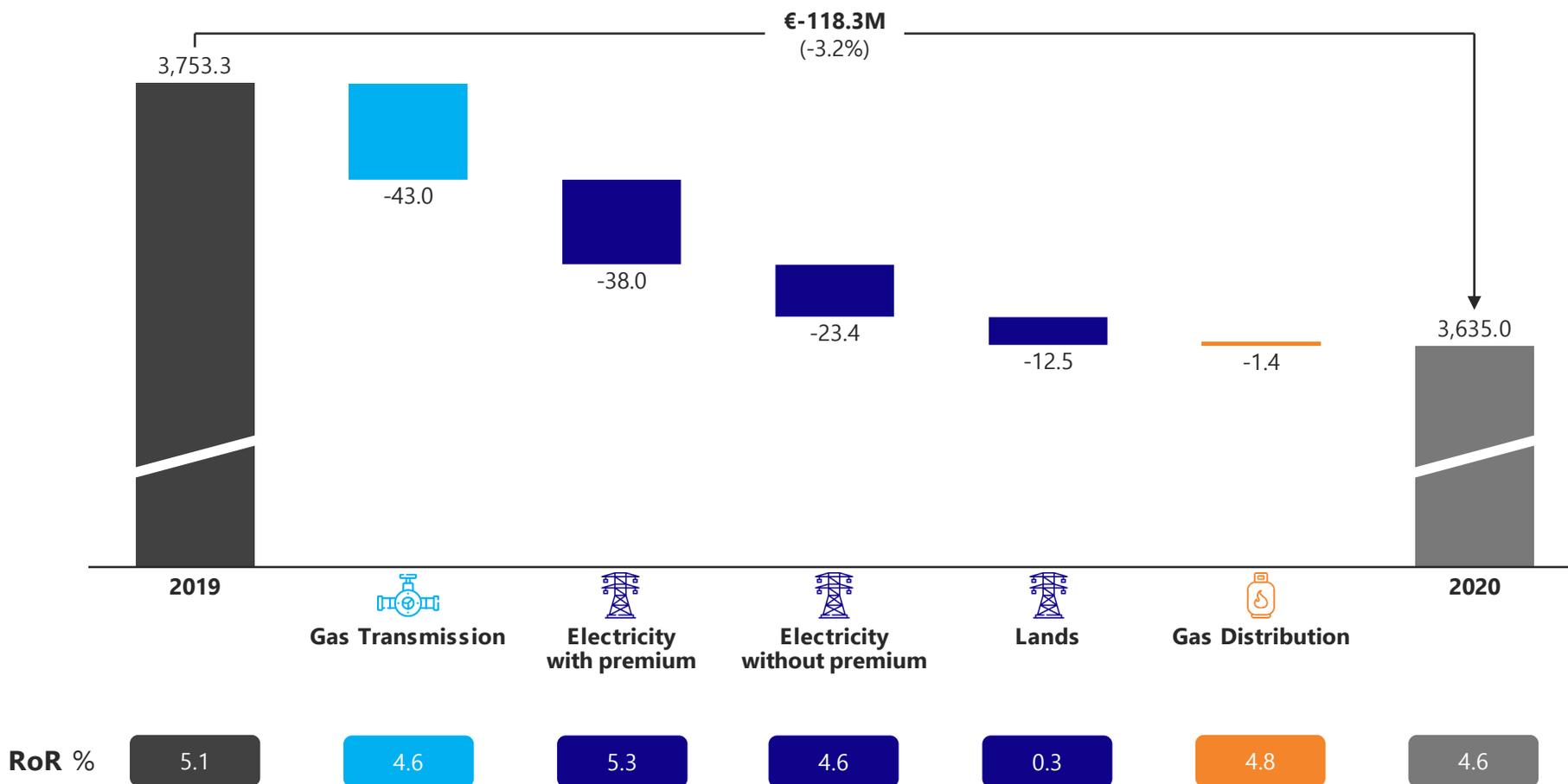
- Investments for **network expansion and densification**, mostly for B2C, with new prospects for B2B investments continuing to be monitored, alongside with firm contracts
- **Network decarbonization process** on the move

DOMESTIC BUSINESS

Decrease in the RAB over all asset categories



Average RAB evolution €M

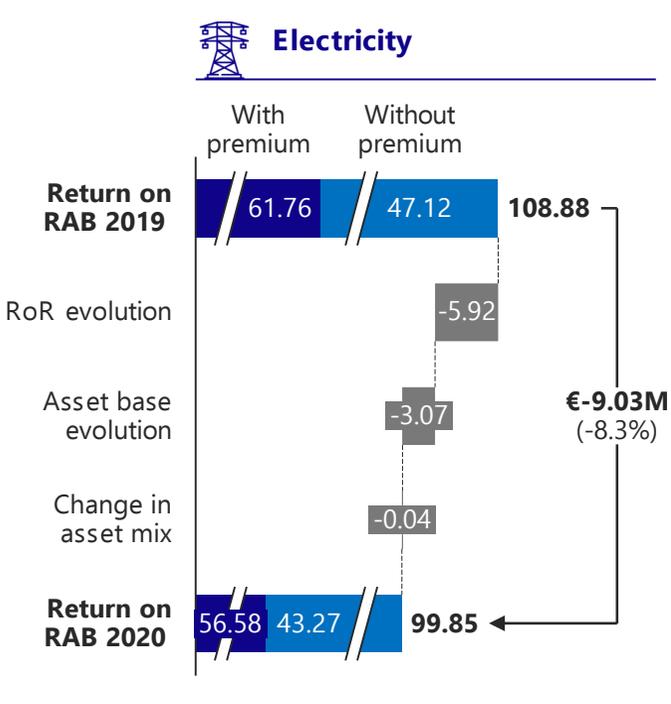


DOMESTIC BUSINESS

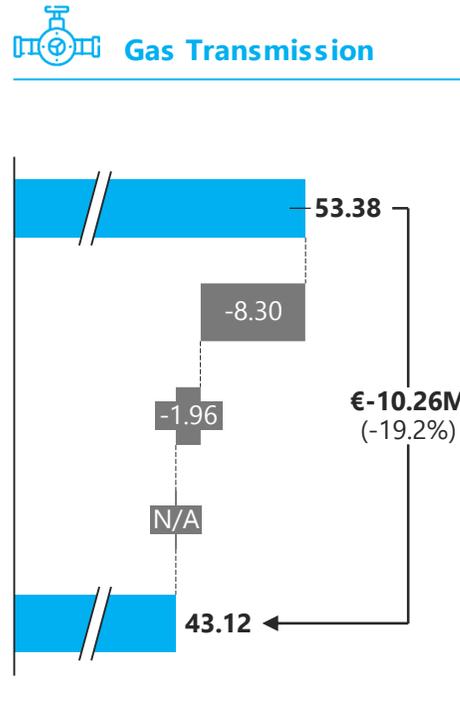


RAB remuneration decreased across all businesses, but especially in the gas business, where RoR fell 80bps YoY, with new regulatory parameters

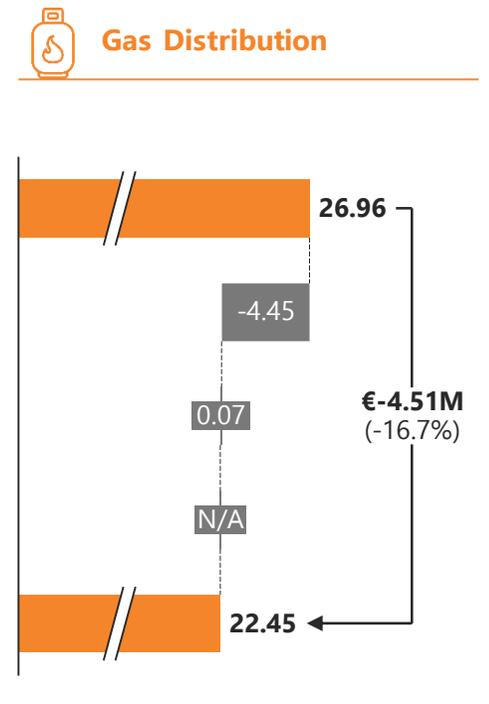
Return on RAB evolution breakdown €M



Return on RAB drop caused by a **lower rate of return on assets** with and without premium¹, a **smaller asset base** (by €61.5M to €2,000.0M) and a reduction in weight of assets with premium²



Decline in Return on RAB justified by a **lower RoR** of 4.56% (-0.80bps), and a **smaller asset base** (by €43.0M to a total of €945.5M)



Return on RAB reduction attributed to a **lower rate of return** (from 5.70% to 4.76%) and a smaller **asset base** (by €1.4M to a total of €471.6M)

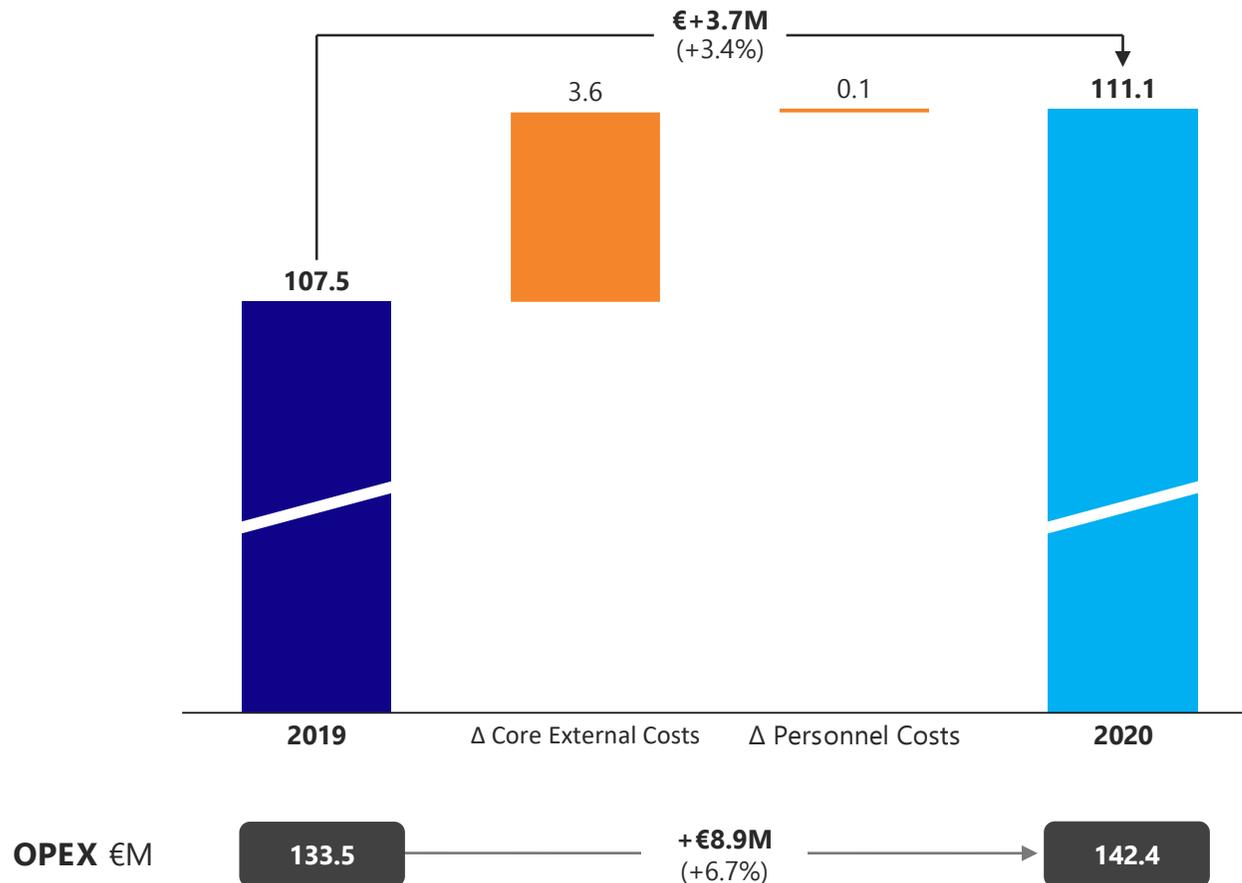
1 From 5.63% to 5.35% for assets with premium, and from 4.88% to 4.60% for assets without premium | 2 From 53.2% to 52.9%

DOMESTIC BUSINESS

OPEX increased by 6.7% YoY, mainly in pass-through costs, with core OPEX rising only 3.4%



Core OPEX¹ evolution €M



Key highlights

Core external costs

- Maintenance costs (+€2.9M), mostly related to **forest clearing** (+€3.6M), as a result of more vegetation area managed (9,587ha in 2020 vs 7,873ha in 2019);
- **COVID-19** related costs² (+€1.1M)
- Lower **electricity costs in the LNG Terminal** (-€1.3M)
- Other (e.g., travel & transport, IT, 3rd party services)

Personnel costs

- Reflects essentially the **increase in wages**, partially offset by **lower overtime costs and travel allowances**

Non-core costs

- Pass-through costs (costs accepted in the tariff) **increased by €5.2M**, of which €3.7M correspond to **costs with cross-border and system services costs** and €0.3M to **costs with NG transportation**

¹ Calculated as OPEX minus pass-through costs (e.g., ITC mechanism, NG transportation costs, ERSE costs and subsoil occupation levies)

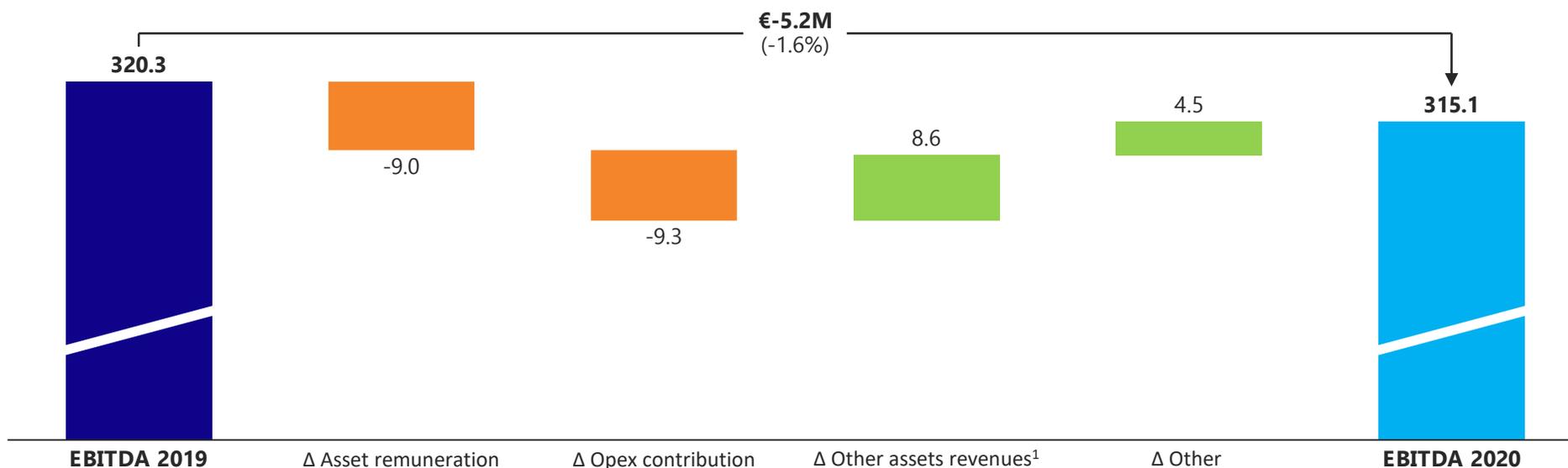
² Includes donations of masks to the health authorities and to a ventilators' scientific project, individual protection equipment for employees

DOMESTIC BUSINESS: ELECTRICITY



Decline in Electricity EBITDA, mostly justified with lower return on assets and greater OPEX

EBITDA breakdown €M



Capex	Transfers to RAB	Average RAB ²	Base RoR ³	Core OPEX
€126.4M ↓ €14.5M (10.3%) 2019: €140.9M	€45.1M ↓ €106.6M (70.3%) 2019: €151.7M	€2,217.9M ↓ €73.9M (3.2%) 2019: €2,291.8M	4.6% ↓ 0.3pp 2019: 4.9%	€50.2M ↑ €8.0M (19.0%) 2019: €42.2M

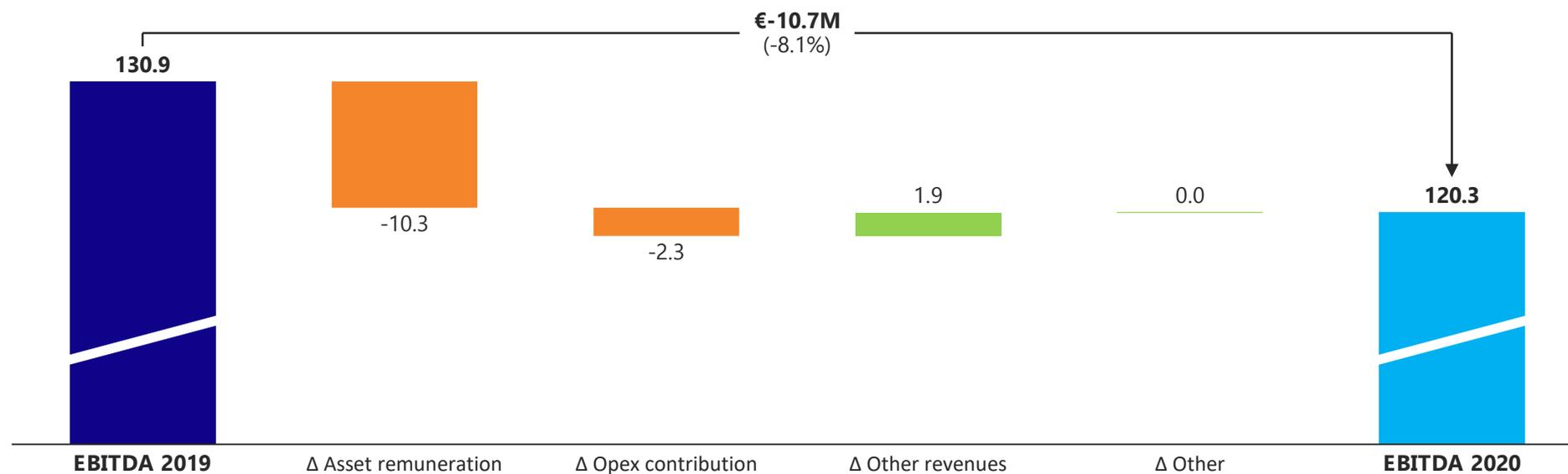
1 Of which €7.0M are related to the Investment Economical Rationalization incentive | 2. Includes €941.5M of Electricity without premium (€964.9M for 2019) and €1,058.5M of Electricity with premium (€1,096.5M for 2019); Includes Lands (€217.9M in 2020 and €230.4M in 2019) | 3. RoR for Electricity with premium was 5.3% in 2020 (5.6% in 2019), and for other Lands 0.3% in 2020 (0.3% 2019)

DOMESTIC BUSINESS: GAS TRANSMISSION

Gas Transmission EBITDA reduction mainly explained by lower asset remuneration



EBITDA breakdown €M



Capex

€11.9M

↓ €4.3M
(26.7%)

2019: **€16.2M**

Transfers to RAB

€12.6M

↓ €0.0M
(0.2%)

2019: **€12.7M**

Average RAB

€945.5M

↓ €43.0M
(4.3%)

2019: **€988.5M**

RoR

4.6%

↓ 0.8pp

2019: **5.4%**

Core OPEX

€19.9M

↓ €1.3M
(6.0%)

2019: **€21.1M**

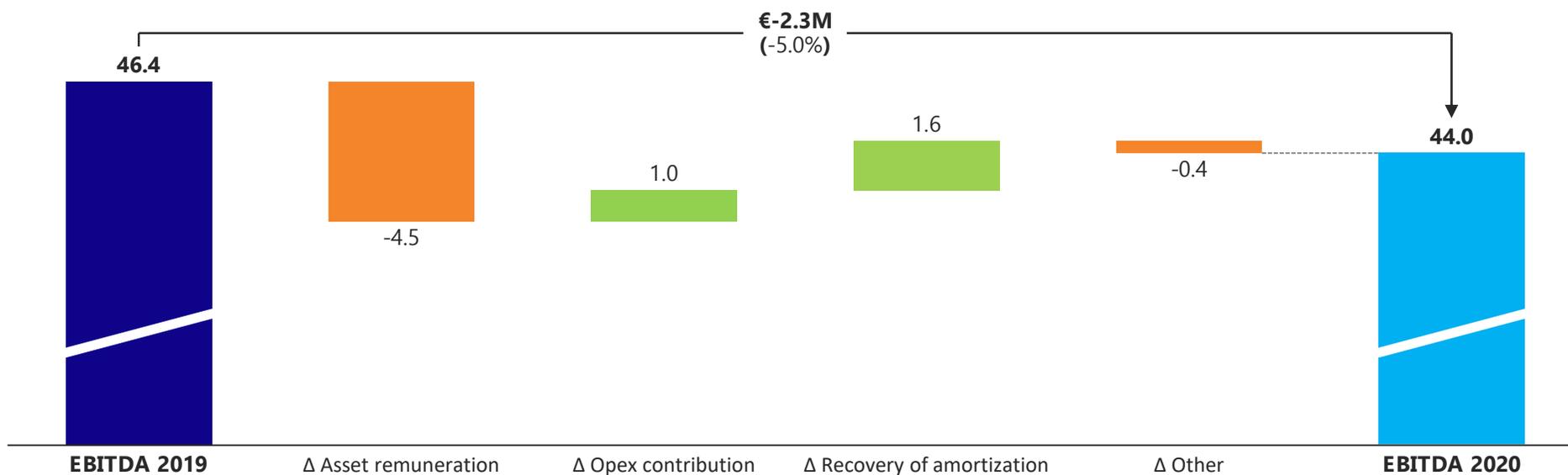
DOMESTIC BUSINESS: GAS DISTRIBUTION

REN



Relatively stable Gas Distribution's EBITDA, with changes in remuneration rates partially offset by higher recovery of amortization

EBITDA breakdown €M



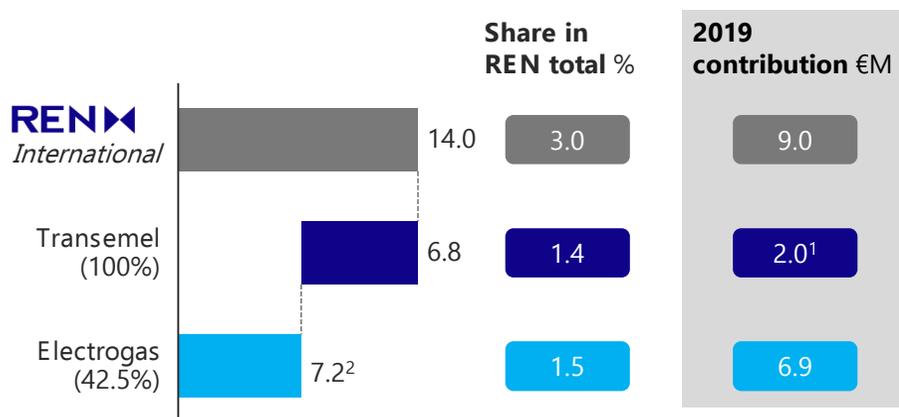
Capex €22.6M ↓ €4.3M (16.0%) 2019: €26.9M	Transfers to RAB €21.8M ↓ €4.5M (17.0%) 2019: €26.3M	Average RAB €471.6M ↓ €1.4M (0.3%) 2019: €473.0M	RoR 4.8% ↓ 0.9pp 2019: 5.7%	Core OPEX €8.9M ↓ €1.6M (15.3%) 2019: €10.5M
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INTERNATIONAL BUSINESS

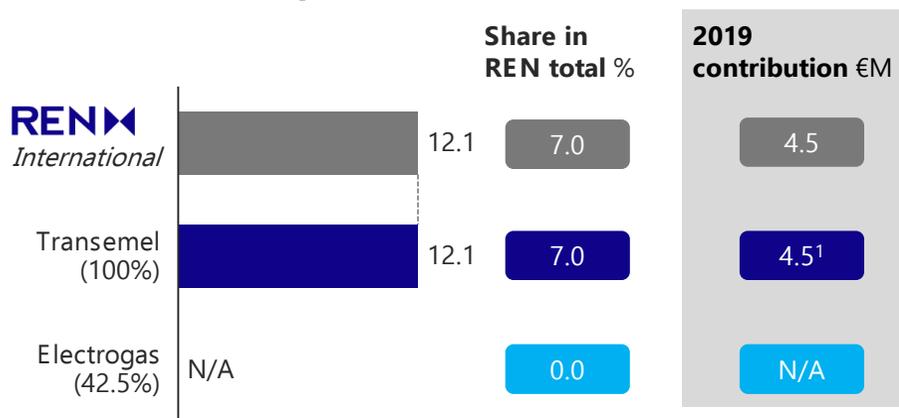
Solid performance from the Chilean businesses



Contribution to EBITDA 2020 €M



Contribution to Capex 2020 €M



Key highlights

Transemel, Chile

- Revenues decreased YoY mainly driven by extraordinary items in 2019 while National revenues increased despite being offset by exchange rate effects (peso depreciation)

Revenues	EBITDA
€10.1M ↓ €3.1M (23.3%) 2019: €13.2M	€6.8M ↓ €4.2M (38.1%) 2019: €11.0M

Electrogas, Chile

- EBITDA decreased YoY, driven by lower revenues from services provided to clients, despite the slight take-or-pay revenues growth

Revenues	EBITDA
€31.3M ↓ €1.1M (3.5%) 2019: €32.4M	€27.5M ↓ €0.8M (3.0%) 2019: €28.3M

CONSOLIDATED VIEW



Positive development from items below EBITDA, with better financial results, as the cost of debt decreased and with lower tax contributions

Depreciation & Amortization

€241.2M  €5.5M
(2.4%)

2019: €235.6M

Increase of Depreciation and amortization includes **€1.1M reflecting the incorporation of Transemel**

Financial results

-€46.8M  €5.7M
(10.9%)

2019: -€52.5M

Decrease in the average cost of debt of 0.27p.p. to 1.8%

Higher dividends recognized from REE (Δ€0.4M) and HCB (Δ€0.1M)

Taxes

€73.0M  €6.2M
(7.9%)

2019: €79.2M

Total taxes include the **extraordinary levy of €28.1M** (€24.4M in 2019) and **income tax which reduced** €9.9M to €44.9M

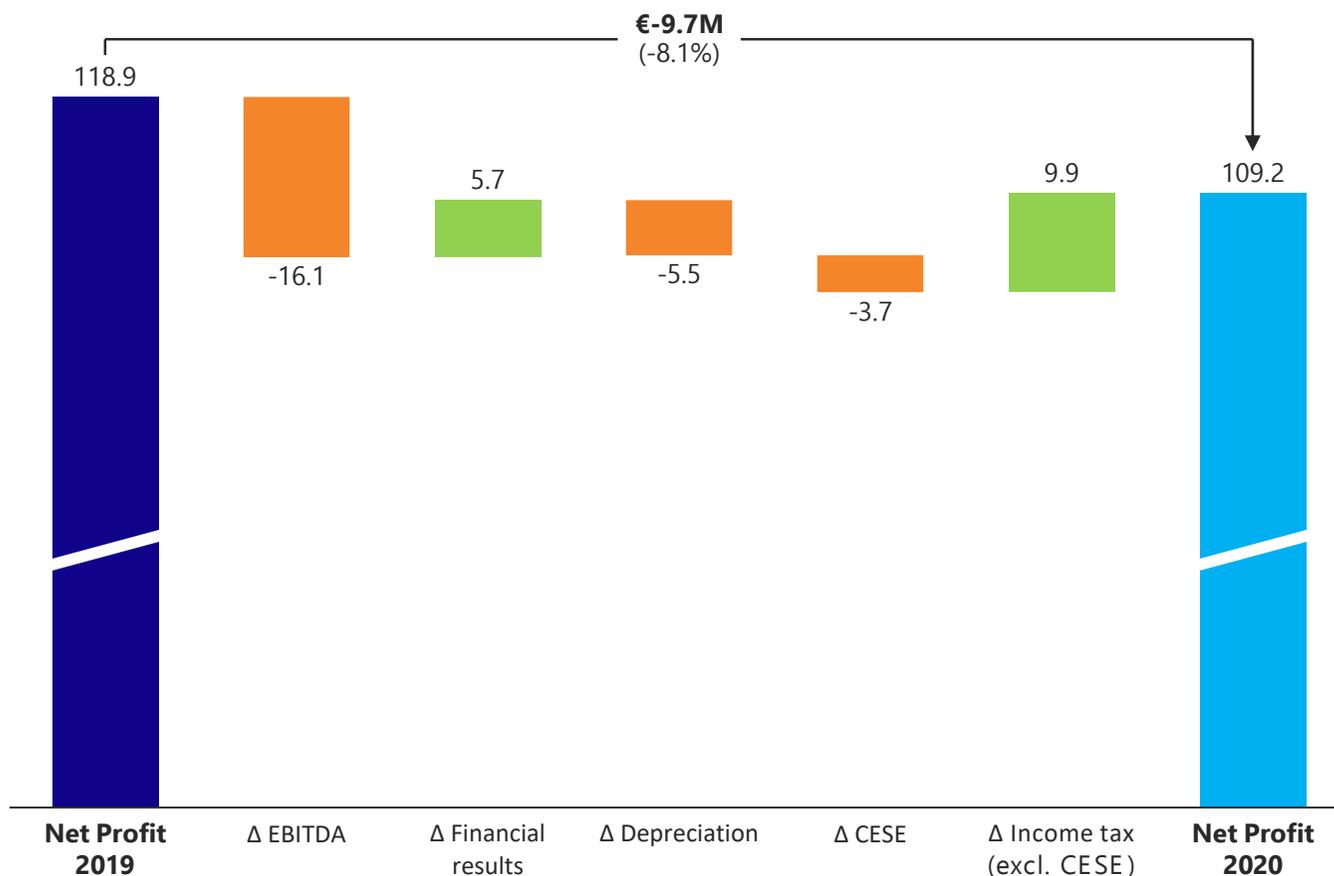
From 2020 onwards, the extraordinary levy also **includes the Gas Distribution segment** – Portgás (Δ€4.1M)

Effective tax rate reached 40.0%, the same rate than in 2019 (including the levy), with a **€5.6M one-off proceeds related to the recovery of taxes** from previous years

CONSOLIDATED VIEW

Net Profit reduction as a result of a lower EBITDA and a growth in CESE but mitigated by financial results and a tax recovery

Net profit evolution breakdown €M



Key highlights

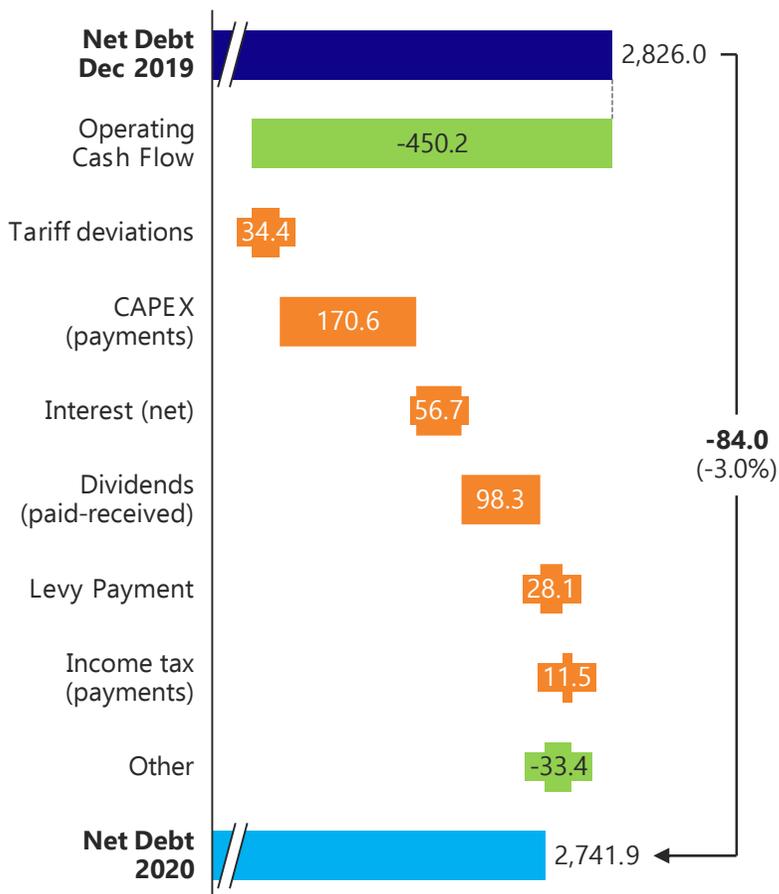
- The **Positive effect** of €5.7M from **Financial Results** as a consequence of better financial conditions and higher dividends from associates (Δ€0.4M)
- **The extraordinary charge by CESE penalized Net Profit** (Δ€-3.7M), now also **applicable to the gas distribution** business
- **A €5.6M tax recovery** from previous years contributed positively to the decrease of the effective tax rate
- **Impact of €4.1M** resulting from the **acquisition of 100% of Transemel** in October 2019

CONSOLIDATED VIEW



Net Debt improvement due to a higher operating cash flow overtaking the outflows of investment and financing activities

Net debt evolution €M



**Net Debt/
EBITDA**

5.7

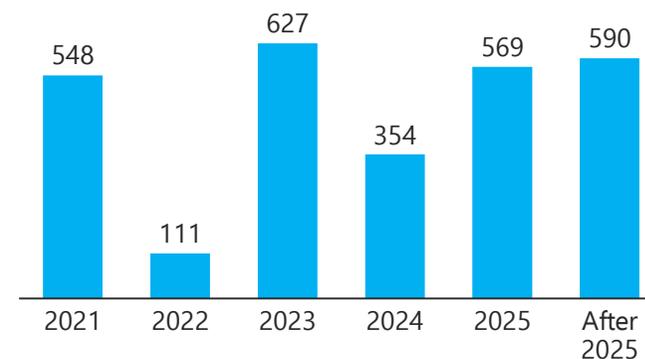
**Cost of
Debt %**

2.1

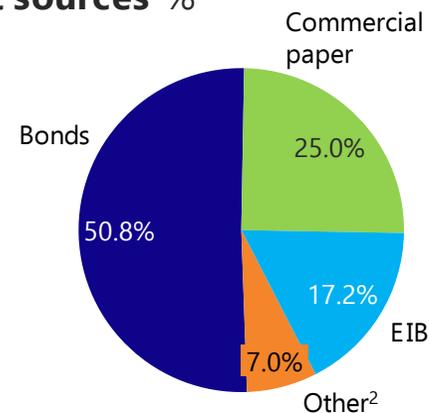
5.8

1.8

Adjusted Gross Debt Maturity¹ €M



Debt sources %



¹ Calculated as Net Debt plus Cash, bank deposits and derivative financial instruments (€81M), excluding effects of hedging on yen denominated debt, accrued interest and bank overdrafts | ² Includes loans (8.9%), Transemel's debt (0.3%) and leasing (0.2%)

SHARE PRICE & SHAREHOLDER RETURN



Share price evolution mostly in line with the performance of PSI-20

Annualized closing prices %



Analyst recommendations¹

Average Price target

€2.78 ↑ €0.01 (0.4%)
 2019: **€2.77**

Upside/Downside (+/-)

17.5% ↑ 15.7pp
 2019: **1.8%**

Buy recommendations

60.0% ↑ 35.0pp
 2019: **25.0%**

Hold recommendations

40.0% ↓ 18.3pp
 2019: **58.3%**

¹ End of period
 SOURCE: Bloomberg, REN

3. 2018-21 Strategic Plan execution & Outlook

STRATEGIC PLAN EXECUTION

Despite a challenging context, in 2020 REN was able to deliver according to the 2018-21 strategic guidelines

Strategic guidelines 2018-21

Operational excellence and core business consolidation



Key achievements during 2020

- Maintenance of **high service quality levels**, with an average of 0.26 min of electricity interruption time and 99.83% natural gas combined availability rate during 2018-20
- Ongoing support to the **execution of the energy transition targets**, particularly, **the promotion of the connection of additional renewable energy generation sources to the grid**

Disciplined growth



- **Focus on Transemel's integration**, a Chilean transmission company acquired in 2019 for US\$ 168.6M, while ensuring the development and conclusion of **important expansion projects** (e.g., Parinacota substation 220kV and Duqueco substation 220kV)

Solid financials



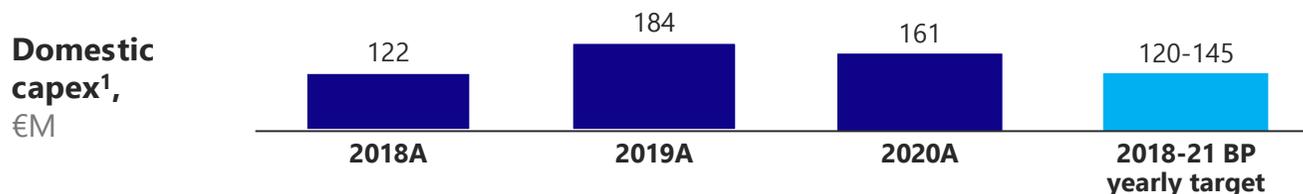
- Maintenance of **credit metrics consistent with an investment grade credit rating** in all three major rating agencies – Moody's, Fitch and S&P
- Delivery on **all business plan targets, surpassing domestic capex targets** for two consecutive years
- **COVID-19 with limited impact on REN's overall financial performance**, despite some delays in investment execution (expected to be recovered during 2021)

STRATEGIC PLAN TARGETS



REN has successfully met the 2018-21 Business Plan targets

Comparison Actuals vs Business plan 2018-21



✓ At least, average results during the period met the BP targets

Key highlights

✓ **International acquisitions** partially compensated the impact of the **10Y PGB yields decrease** in the regulatory remuneration

✓ **Net Income supported by the positive trend of financial costs**, in a context of decreasing operational results

✓ **Net Debt increase** driven by the acquisition of **Transemel** and **domestic capex increase**, fully in line with BP targets

✓ **Despite 2020 capex execution delays related to COVID-19, targets were surpassed**, in part due to the development of the Wind float project in 2019

1. Capex at total costs (including capitalized own works)
A: Actuals; BP: Business Plan

OUTLOOK

Outlook for 2021 focused on COVID-19 recovery and Transemel integration, with more clarity to be provided by the new business plan



Domestic business

- **Delays on capex and transfers to RAB** due to the COVID-19 pandemic expected to be **reversed in 2021**
- **Electricity tariff deviations** stock increase to €33.5M driven by the pandemic expected to be **recovered by 2022** as per ERSE's tariff code



International footprint

- In the short term, focus on **Transemel's integration process**



Interests and taxes

- **Financial costs** expected to **remain relatively stable** in the following year
- Conclusion of **certification process for green bonds**, providing new financing opportunities



Strategy

- **Strategic plan** revision for 2021-24 to be **announced in the 2nd quarter**

An aerial photograph of an industrial facility, likely a refinery or chemical plant, featuring several large cylindrical storage tanks and various processing units. The facility is situated near a body of water with a pier and dock. A large, bright blue energy beam or particle stream enters from the left, passing through the facility and extending towards the right. The background shows a vast landscape with more industrial structures and green fields under a clear sky.

4. Shaping a sustainable future

ESG INITIATIVES

Several initiatives developed to address UN's Sustainable Development Goals, some already with major achievements

UN's Sustainable Development Goals

Initiatives/ achievements

Internal wellbeing



- **Gender Equality** | **27%** of women in 1st and 2nd line management positions
- **Training** | **25,325 hours** of training for employees (36.44 h/employee)
- **Bloomberg Gender Equality Index** | REN included in 2021

Environmental protection



- **“Reforestation program”** | Over **1M** indigenous trees planted since 2010
- **UN Business Ambition -1.5°** | REN was one of the first companies in Portugal to sign this commitment

Community



- **AGIR Award** | **>6,500** people directly benefited from awarded projects since 2014 (editions dedicated to fighting poverty, unemployment and social exclusion)
- **REN Award** | **28** applications received in the 25th edition of the award distinguishing the best energy Master and Doctoral theses in Portugal
- **SHARE Program** | **555h** of corporate volunteering initiatives

Governance and ethics



- **CEO Guide to Human Rights BCSD Portugal** | Agreement in defense of human rights and improving people's living conditions
- **Excellent Performance** | REN code of conduct | APEE awards

International ESG scores



B / [A+, D-]

Top quartile¹



BBB / [AAA+, CCC]

Average¹



60.1 / [0-100]

Strong



C / [A, D-]

Average¹

¹ When compared to industry average score

ENERGY TRANSITION includes gas

Hydrogen-ready policy sets the gas network as the future national green gas backbone as set in the 62/2020 Decree-Law

Kick started with National Hydrogen Strategy



IPCEI¹ call of interest issued by the Portuguese Government selected 32 candidate projects out of 72 for a possible application. These projects cover multiple industrial areas for **hydrogen** in the energy transition covering:

- **The value chain** – renewable energy production and storage, hydrogen production, distribution, transport, storage, commercialization and export built on Portuguese solar competitive advantage, and new business models.
- **Production of value-added equipment** for hydrogen projects cost efficiency in cooperation with multiple international companies with focus on Portugal.



A collaborative laboratory is under development to support production technologies to allow gains to scale along the hydrogen value chain.



REN is developing and adapting its own infrastructure while providing technical cooperation to projects for network hydrogen injection. Pressure is building up as the Portuguese Government has launched a call for POSEUR-01-2020-19 with 40 M€ budget for renewables gases production support ending in April and schedule to start production until 2023.

REN actions

+20 companies, institutes and universities already involved in **Hylab** an hydrogen **R&D cluster** with labs in Sines Lisbon and Porto with REN as a founding member.

Innovation fund application was delivered to develop and refurbish the existing high pressure network and equipment for hydrogen capability together with an underground storage project to deliver development.

Cooperation with the major national projects as infrastructure facilitator.



5. Closing remarks

CLOSING REMARKS

Core businesses remained resilient despite COVID-19, while gains deprivation came attached to regulatory changes and CESE increments



This past year was unarguably peculiar, the consequences caused by the pandemic both on the economy and, above all, on public health were devastating. Still, REN ensured the safety of its employees whilst it helped the community through donations. Regardless of the challenges, REN's success is visible in the high-quality services provided and commitment to its part in society.



EBITDA was positively influenced by international exposure. Namely, the inclusion of Transemel and solid performance from Electrogas. The focus and discipline that define REN remained preserved and a lower cost of debt was attained. However, its performance has deteriorated, not only due to a lower return on assets from gas, imposed by the regulatory framework of 2020-23, as well as the CESE contribution, which led the company to pay a total of €180M, in the last 7 years.



The certification to issue "**Green Bonds**" was concluded and REN will be able to tap the market in the **second quarter of 2021**. This is an important step in driving forward REN' sustainable development goals, keeping its rating and a very conservative funding structure.



The Board of Directors will propose, at the General Shareholders' Meeting on April 23, the **payment of a dividend of 17.1 cents per share**, in line with previous years and with REN's current dividend policy.



On May 14, REN will host its **Capital Markets Day**, where the Board of Directors will present the **new business plan 2021-24**. In a scenario in which the energy transition is increasingly important, REN will maintain its focus delivering a stellar quality of service as well as address the challenges coming from the changing energy environment.



Appendix

APPENDIX

Results breakdown

€M	2020	2019	2020/2019	
			Δ %	Δ Abs.
1) TOTAL REVENUES	758.5	787.0	-3.6%	-28.5
Revenues from assets	431.4	445.1	-3.1%	-13.7
Return on RAB	165.4	189.2	-12.6%	-23.8
Electricity	99.9	108.9	-8.3%	-9.0
Natural gas	43.1	53.4	-19.2%	-10.3
Portgás	22.4	27.0	-16.7%	-4.5
Lease revenues from hydro protection zone	0.7	0.7	-1.2%	0.0
Economic efficiency of investments	32.0	25.0	28.0%	7.0
Recovery of amortizations (net from subsidies)	214.3	212.3	0.9%	2.0
Subsidies amortization	19.0	17.9	6.2%	1.1
Revenues from Transemel	10.1	2.7	271.1%	7.4
Revenues of OPEX	130.1	130.0	0.1%	0.1
Other revenues	26.0	25.2	3.1%	0.8
Construction revenues (IFRIC 12)	160.9	183.9	-12.6%	-23.1
2) OPEX	145.8	134.4	8.5%	11.4
Personnel costs	55.6	55.3	0.6%	0.3
External supplies and services	68.5	60.0	14.3%	8.5
Other operational costs	21.6	19.1	12.9%	2.5
3) Construction costs (IFRIC 12)	142.0	164.6	-13.7%	-22.6
4) Depreciation and amortization	241.2	235.6	2.4%	5.5
5) Other	0.5	1.7	-70.5%	-1.2
6) EBIT	229.0	250.6	-8.6%	-21.6
7) Depreciation and amortization	241.2	235.6	2.4%	5.5
8) EBITDA	470.2	486.2	-3.3%	-16.1
9) Depreciation and amortization	241.2	235.6	2.4%	5.5
10) Financial result	-46.8	-52.5	-10.9%	5.7
11) Income tax expense	44.9	54.8	-18.1%	-9.9
12) Extraordinary contribution on energy sector	28.1	24.4	15.1%	3.7
13) NET PROFIT	109.2	118.9	-8.1%	-9.7
14) Non recurrent items	22.5	25.9	-13.2%	-3.4
15) RECURRENT NET PROFIT	131.7	144.8	-9.0%	-13.1

NON RECURRENT ITEMS:
 2020: i) Extraordinary energy sector levy, as established in the 2020 State budget law (€28.1M); ii) recovery of taxes from previous years (€5.6M)
 2019: i) Extraordinary energy sector levy, as established in the 2019 State budget law (€24.4M)

APPENDIX

Other operational revenues and costs breakdown

€M	2020	2019	2020/2019	
			Δ %	Δ Abs.
Other revenues	26.0	25.2	3.1%	0.8
Allowed incentives	1.3	1.3	-3.3%	0.0
Interest on tariff deviation	0.5	0.5	-7.8%	0.0
Telecommunication sales and services rendered	6.7	6.6	2.0%	0.1
Consultancy services and other services provided	2.9	2.1	35.9%	0.8
Other revenues	14.6	14.6	-0.2%	0.0
Other costs	21.6	19.1	12.9%	2.5
Costs with ERSE	11.5	11.1	3.8%	0.4
Other	10.1	8.1	25.3%	2.1

← Includes revenues related to Electrogas' Net Profit proportion (€7.2M in 2020 and €7.1M in 2019)

APPENDIX

EBITDA breakdown (Electricity)



€M	2020	2019	2020/2019	
			Δ %	Δ Abs.
1) REVENUES	495.8	503.5	-1.5%	-7.7
Revenues from assets	288.9	289.3	-0.2%	-0.4
Return on RAB	99.9	108.9	-8.3%	-9.0
Hydro land remuneration	0.0	0.0		0.0
Lease revenues from hydro protection zone	0.7	0.7	-1.2%	0.0
Economic efficiency of investments	32.0	25.0	28.0%	7.0
Recovery of amortizations (net from subsidies)	143.2	142.8	0.3%	0.5
Subsidies amortization	13.1	12.0	9.2%	1.1
Revenues of OPEX	72.2	68.6	5.2%	3.6
Other revenues	8.3	4.7	78.8%	3.7
Interest on tariff deviation	0.4	0.1	173.7%	0.3
Other	7.9	4.5	75.7%	3.4
Construction revenues (IFRIC 12)	126.4	140.9	-10.3%	-14.5
2) OPEX	68.3	55.4	23.1%	12.8
Personnel costs	17.1	17.8	-3.7%	-0.7
External supplies and services	40.0	29.2	37.2%	10.8
Other operational costs	11.1	8.5	31.2%	2.6
3) Construction costs (IFRIC 12)	112.2	126.5	-11.3%	-14.3
4) Depreciation and amortization	155.7	154.3	0.9%	1.4
5) Other	0.2	1.2	-82.1%	-1.0
6) EBIT (1-2-3-4-5)	159.4	166.0	-4.0%	-6.6
7) Depreciation and amortization	155.7	154.3	0.9%	1.4
8) EBITDA (6+7)	315.1	320.3	-1.6%	-5.2

APPENDIX

EBITDA breakdown (Natural gas transmission)



€M	2020	2019	2020/2019	
			Δ %	Δ Abs.
1) REVENUES	158.9	175.0	-9.2%	-16.1
Revenues from assets	104.5	114.9	-9.0%	-10.4
Return on RAB	43.1	53.4	-19.2%	-10.3
Recovery of amortizations (net from subsidies)	55.5	55.6	-0.2%	-0.1
Subsidies amortization	5.8	5.8	-0.1%	0.0
Revenues of OPEX	40.9	44.3	-7.5%	-3.3
Other revenues	1.6	-0.3	-644.3%	1.9
Interest on tariff deviation	-0.4	-0.3	23.5%	-0.1
Consultancy services and other services provided	0.2	0.2	-14.5%	0.0
Other	1.8	-0.2	-857.9%	2.0
Construction revenues (IFRIC 12)	11.9	16.2	-26.7%	-4.3
2) OPEX	28.9	30.0	-3.5%	-1.1
Personnel costs	8.2	7.9	3.9%	0.3
External supplies and services	15.4	17.0	-9.1%	-1.5
Other operational costs	5.3	5.1	3.6%	0.2
3) Construction costs (IFRIC 12)	9.7	14.0	-30.6%	-4.3
4) Depreciation and amortization	60.7	60.8	-0.2%	-0.1
5) Other	-0.1	0.1	-207.0%	-0.1
6) EBIT	59.6	70.2	-15.0%	-10.5
7) Depreciation and amortization	60.7	60.8	-0.2%	-0.1
8) EBITDA	120.3	130.9	-8.1%	-10.7

A negative revenue is consistent with a negative tariff deviation

APPENDIX

EBITDA breakdown (Portgás)

REN



€M	2020	2019	2020/2019	
			Δ %	Δ Abs.
1) REVENUES	77.1	84.9	-9.3%	-7.9
Revenues from assets	38.0	40.9	-7.1%	-2.9
Return on RAB	22.4	27.0	-16.7%	-4.5
Recovery of amortizations (net from subsidies)	15.5	13.9	11.5%	1.6
Subsidies amortization	0.1	0.1	25.4%	0.0
Revenues of OPEX	16.9	17.1	-0.9%	-0.2
Other revenues	-0.5	0.1	-943.0%	-0.5
Interest on tariff deviation	0.0	0.0	-85.3%	0.0
Adjustments previous years	-1.0	-0.2	404.6%	-0.8
Other services provided	0.2	0.2	-0.9%	0.0
Other	0.4	0.1	309.4%	0.3
Construction revenues (IFRIC 12)	22.6	26.9	-16.0%	-4.3
2) OPEX	13.0	14.4	-9.7%	-1.4
Personnel costs	4.2	4.1	1.1%	0.0
External supplies and services	3.9	5.2	-24.7%	-1.3
Other operational costs	4.9	5.0	-2.9%	-0.1
3) Construction costs (IFRIC 12)	20.1	24.1	-16.7%	-4.0
4) Depreciation and amortization	15.8	14.2	11.4%	1.6
5) Other	0.0	0.1	-136.5%	-0.1
6) EBIT	28.2	32.2	-12.3%	-4.0
7) Depreciation and amortization	15.8	14.2	11.4%	1.6
8) EBITDA	44.0	46.4	-5.0%	-2.3

APPENDIX

EBITDA breakdown (Transemel)



€M	2020	2019 As If ¹
1) REVENUES	10.1	2.7
2) OPEX	3.3	0.5
3) Depreciation and amortization	1.5	0.4
4) EBIT	5.3	1.8
5) Depreciation and amortization	1.5	0.4
6) EBITDA	6.8	2.2

APPENDIX

EBITDA breakdown (Other¹)

€M	2020	2019	2020/2019	
			Δ %	Δ Abs.
1) TOTAL REVENUES	16.5	20.8	-20.5%	-4.3
Other revenues	16.5	20.8	-20.5%	-4.3
Allowed incentives	1.3	1.3	-3.3%	0.0
Interest on tariff deviation	0.4	0.7	-37.1%	-0.2
Telecommunication sales and services rendered	6.7	6.6	2.0%	0.1
Consultancy services and other services provided	0.6	1.5	-60.0%	-0.9
Other	7.5	10.7	-30.0%	-3.2
2) OPEX	32.2	34.0	-5.4%	-1.8
Personnel costs	25.8	25.4	1.5%	0.4
External supplies and services	6.1	8.1	-24.7%	-2.0
Other operational costs	0.4	0.6	-36.3%	-0.2
3) Depreciation and amortization	7.2	5.4	32.5%	1.8
4) Other	0.4	0.4	0.3%	0.0
5) EBIT	-23.5	-19.5	-20.2%	-4.0
6) Depreciation and amortization	7.4	5.9	25.6%	1.5
7) EBITDA	-16.0	-13.6	17.9%	-2.4

Includes the negative impacts of the PPAs² of Portugás (€5.2M in 2020, same of 2019) and Transemel (€1.7M in 2020, +€1,2M YoY)

1 Includes REN SGPS, REN Serviços, REN Telecom, REN Trading, REN PRO, Aerio Chile SPA, Apolo and REN Finance BV
2 PPA - Purchase Price Allocation

APPENDIX

Capex and RAB

€M	2020	2019	2020/2019	
			Δ %	Δ Abs.
CAPEX	173.3	188.6	-8.1%	-15.3
Electricity	126.4	140.9	-10.3%	-14.5
Natural gas _T	11.9	16.2	-26.7%	-4.3
Natural gas _D	22.6	26.9	-16.0%	-4.3
Transemel	12.1	4.5	167.6%	7.6
Other	0.3	0.2	102.5%	0.2
Transfers to RAB	79.6	190.6	-58.3%	-111.1
Electricity	45.1	151.7	-70.3%	-106.6
Natural gas _T	12.6	12.7	-0.2%	0.0
Natural gas _D	21.8	26.3	-17.0%	-4.5
Average RAB	3,635.0	3,753.3	-3.2%	-118.3
Electricity	2,000.0	2,061.4	-3.0%	-61.5
With premium	1,058.5	1,096.5	-3.5%	-38.0
Without premium	941.5	964.9	-2.4%	-23.4
Land	217.9	230.4	-5.4%	-12.5
Natural gas _T	945.5	988.5	-4.3%	-43.0
Natural gas _D	471.6	473.0	-0.3%	-1.4
RAB e.o.p.	3,564.2	3,738.8	-4.7%	-174.6
Electricity	1,954.9	2,069.9	-5.6%	-115.0
With premium	1,033.4	1,083.6	-4.6%	-50.2
Without premium	921.5	986.3	-6.6%	-64.8
Land	211.7	224.1	-5.5%	-12.3
Natural gas _T	924.0	967.0	-4.4%	-43.0
Natural gas _D	473.5	477.8	-0.9%	-4.3

Transfers to RAB include direct acquisitions RAB related

APPENDIX

RAB



€M	2020	2019	2020/2019	
			Δ %	Δ Abs.
RAB's remuneration	166.1	189.9	-12.5%	-23.8
Electricity	99.9	108.9	-8.3%	-9.0
With premium	56.6	61.8	-8.4%	-5.2
Without premium	43.3	47.1	-8.2%	-3.8
Land	0.7	0.7	-1.2%	0.0
Natural gas _T	43.1	53.4	-19.2%	-10.3
Natural gas _D	22.4	27.0	-16.7%	-4.5
RoR's RAB	4.6%	5.1%		-0.5p.p.
Electricity	5.0%	5.3%		-0.3p.p.
With premium	5.3%	5.6%		-0.3p.p.
Without premium	4.6%	4.9%		-0.3p.p.
Land	0.3%	0.3%		0.0p.p.
Natural gas _T	4.6%	5.4%		-0.8p.p.
Natural gas _D	4.8%	5.7%		-0.9p.p.

APPENDIX

Tariff deviations

€M	2020	2019
Electricity	75.1	38.7
Trading	156.0	138.1
Natural gas _T	-79.1	-57.8
Natural gas _D	-2.9	-4.4
Total	149.0	114.6

! The value of the tariff deviations is paid in full and with interest over a two year period from the moment it is created

APPENDIX

Funding sources



€M	Current	Non Current	2020
Bonds	0.0	1,442.9	1,442.9
Bank borrowings	96.6	574.9	671.5
Commercial paper	450.0	250.0	700.0
Bank overdrafts	0.3	0.0	0.3
Finance lease	1.6	3.2	4.8
TOTAL	548.5	2,271.0	2,819.5
Accrued interest	22.4	0.0	22.4
Prepaid interest	-8.3	-10.1	-18.5
TOTAL	562.6	2,260.9	2,823.4

- In 2020, with the coronavirus pandemic, the global economy suffered a deep contraction. However, REN maintained its financial strength and continued to present high liquidity and a low average cost of debt;
- REN's total liquidity reached €886M, including credit facilities, loans, non-used commercial paper programmes, cash and bank deposits;
- Bank borrowings were mainly represented by EIB loans (€480.8M);
- The Group had credit lines negotiated and not used in the amount of €80.0M, maturing up to one year, which are automatically renewed periodically (if they are not resigned in the contractually specified period for that purpose);
- REN also had nine active commercial paper programmes in the amount of €2,000.0M, of which €1,300.0M were available for use;
- REN's financial liabilities had the following main types of covenants: Cross Default, Pari Passu, Negative Pledge and Gearing;
- The effect of the foreign exchange rate exposure was not considered as this exposure is totally covered by a hedge derivate in place. The average interest rates for borrowings, including commissions and other expenses, was 1.81% at the end of December.

APPENDIX

Debt and debt metrics



	2020	2019
Net Debt (€M)	2,741.9	2,826.0
Average cost	1.8%	2.1%
Average maturity (years)	3.4	3.6
Net Debt / EBITDA	5.8x	5.7x
DEBT BREAKDOWN		
Funding sources		
Bond issues	50.8%	60.5%
EIB	17.2%	15.5%
Commercial paper	25.0%	16.3%
Other	7.0%	7.8%
TYPE		
Float	38%	42%
Fixed	62%	58%

RATING	Long term	Short term	Outlook	Date
Moody's	Baa3	-	Stable	05/06/2020
Standard & Poor's	BBB	A-2	Stable	29/10/2020
Fitch	BBB	F3	Negative	05/06/2020

CMVM: MAIN PRESS RELEASES (from January 2020)

- Jan-09: Qualified shareholding from Great-West Lifeco
- Feb-12: Summary of annual information disclosed in 2019
- Feb-26: Qualified shareholding from The Capital Group Companies
- Feb-27: Qualified shareholding from The Capital Group Companies
- Mar-25: 2019 Consolidated results
- Apr-9: Notice to convene the annual general shareholders meeting and deliberation proposals
- Apr-9: Accounts reporting documents referring to the financial year ended on 31st December 2019 - item 1 of the agenda for the general shareholders meeting
- Apr-9: Corporate Governance report included in the 2019 Report and Accounts
- May-05: First 3 months 2020 consolidated results
- May-05: Resolutions approved at the General Shareholders meeting
- May-12: Payment of dividends relating to the financial year of 2019
- May-13: Extraordinary extension of the regulation period of the electricity sector until 2021
- Jun-05: Fitch affirms REN's rating at 'BBB' and revises outlook to negative
- Jul-29: First half 2020 consolidated results
- Aug-10, Aug-13, Sep-01, Sep-02, Sep-07, Sep-11, Sep-21 , Sep-21 , Nov-02 , Nov-11: Qualified shareholding from Norges Bank
- Nov-13: First 9 months 2020 consolidated results



Consolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS



Financial position

€M	2020	2019
ASSETS		
Non-current assets	4.736.611	4.909.964
Property, plant and equipment	127.119	125.649
Intangible assets	4.130.562	4.214.916
Goodwill	5.367	5.969
Investments in associates and joint ventures	158.845	172.278
Investments in equity instruments at fair value through other comprehensive income	150.850	155.676
Derivative financial instruments	25.685	27.229
Other financial assets	102	71
Trade and other receivables	45.507	114.509
Deferred tax assets	92.575	93.666
Current assets	512.048	395.341
Inventories	2.450	3.919
Trade and other receivables	448.099	353.725
Current income tax recoverable	0	14.921
Derivative financial instruments	0	1.732
Other financial assets	0	0
Cash and cash equivalents	61.499	21.044
TOTAL ASSETS	5.248.658	5.305.305

€M	2020	2019
EQUITY		
Shareholders' equity:		
Share capital	667.191	667.191
Own shares	-10.728	-10.728
Share premium	116.809	116.809
Reserves	289.887	316.681
Retained earnings	240.853	242.853
Other changes in equity	-5.561	-5.561
Net profit for the period	109.249	118.899
TOTAL EQUITY	1.407.700	1.446.144
LIABILITIES		
Non-current liabilities	2.915.960	2.731.269
Borrowings	2.260.875	2.112.296
Liability for retirement benefits and others	100.507	103.309
Derivative financial instruments	29.215	24.848
Provisions	8.508	8.416
Trade and other payables	371.886	340.627
Deferred tax liabilities	144.969	141.774
Current liabilities	924.999	1.127.891
Borrowings	562.557	757.158
Trade and other payables	353.800	370.733
Income tax payable	8.641	0
TOTAL LIABILITIES	3.840.958	3.859.160
TOTAL EQUITY AND LIABILITIES	5.248.658	5.305.305

CONSOLIDATED FINANCIAL STATEMENTS



Profit and loss

€M	2020	2019
Sales	64	79
Services rendered	563,232	565,707
Revenue from construction of concession assets	160,856	183,944
Gains / (losses) from associates and joint ventures	7,498	8,984
Operating grants	0	0
Other operating income	26,683	28,049
Operating income	758,333	786,763
Cost of goods sold	-719	-904
Cost with construction of concession assets	-142,036	-164,636
External supplies and services	-69,022	-60,500
Personnel costs	-55,529	-54,745
Depreciation and amortizations	-241,165	-235,626
Provisions	-185	310
Impairments	87	-2,050
Other expenses	-20,895	-18,240
Operating costs	-529,464	-536,391
Operating results	228,869	250,372
Financial costs	-59,637	-65,438
Financial income	5,651	6,254
Investment income - dividends	7,318	6,905
Financial results	-46,667	-52,278
Profit before income tax and ESEC	182,202	198,094
Income tax expense	-44,858	-54,795
Energy sector extraordinary contribution (ESEC)	-28,095	-24,400
Net profit for the year	109,249	118,899
Attributable to:		
Equity holders of the Company	109,249	118,899
Non-controlled interest	0	0
Consolidated profit for the year	109,249	118,899
Earnings per share (expressed in euro per share)	0.16	0.18

CONSOLIDATED FINANCIAL STATEMENTS

Cash flow

€M	2020	2019
Cash flow from operating activities		
Cash receipts from customers	1,838,089	2,425,093
Cash paid to suppliers	-1,323,307	-1,909,369
Cash paid to employees	-78,820	-74,296
Income tax received/ paid	-11,456	-16,889
Other receipts/ (payments) relating to operating activities	-48,242	-80,372
Net cash flows from operating activities (1)	376,264	344,166
Cash flow from investing activities		
Receipts related to:		
Investment associates	220	292
Property, plant and equipment	0	0
Other financial assets	0	0
Investment grants	34,747	7,177
Interests and other similar income	0	30
Dividends	15,105	13,970
Payments related to:		
Other financial assets	0	0
Financial investments	0	-162,347
Property, plant and equipment	0	0
Intangible assets - Concession assets	-13,985	-5,279
Net cash flow used in investing activities (2)	-156,631	-170,567
Cash flow from financing activities	-120,544	-316,724
Receipts related to:		
Borrowings	2,426,000	5,088,550
Capital and supplementary obligations	0	0
Interests and other similar income	0	0
Payments related to:		
Borrowings	-2,474,415	-4,956,395
Interests and other similar expense	-53,201	-59,707
Dividends	-113,426	-113,426
Net cash from/ (used in) financing activities (3)	-215,042	-40,978
Net (decrease)/increase in cash and cash equivalents (1)+(2)+(3)	40,677	-13,537
Effect of exchange rates	-29	-190
Cash and cash equivalents at the beginning of the year	20,521	34,096
Changes in the perimeter	0	152
Cash and cash equivalents at the end of the period	61,169	20,521
Detail of cash and cash equivalents		
Cash	0	0
Bank overdrafts	-330	-523
Bank deposits	61,499	21,044
	61,169	20,521

These amounts include payments and receipts relating to activities in which the Group acts as agent, income and costs being reversed in the consolidated statement of profit and loss.

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