

2014 1st QUARTER RESULTS REPORT

May 08th, 2014



1Q14 Highlights

MAIN INDICATORS

€M	1Q14	1Q13	Δ%	Δ Abs.
EBITDA	126.5	127.4	-0.7%	-0.9
Net Financial Income	-29.3 ⁽¹⁾	-34.2	14.2%	4.8
Recurrent Net Income	33.3	29.9	11.4%	3.4
Net Income	26.3	29.1	-9.6%	-2.8
Average RAB	3,499.8	3,436.6	1.8%	63.2
CAPEX	9.5	20.3	-53.2%	-10.8
Net Debt	2,366.6	2,473.0	-4.3%	-106.4

(1) Excludes the Financial cost as of the interconnection capacity auctions between Spain and Portugal (€0.5M), known as FTR (Financial Transaction Rights), that were reclassified to Revenues.

- ▶ EBITDA stood at €126.5M, a slight YoY decrease (-0.7%, -€0.9M). This was mainly due to the decrease of €2.0M in hydro land remuneration as a result of regulatory changes concerning the methodology of calculation of RoR, despite the expansion of the RAB remuneration (+€1.8M), as well as the reduction achieved in operational costs;

- ▶ Net Financial Income improved €4.8M, reaching -€29.3M, on account of the decline of both net debt (to €2,366.6M in 1Q14 vs €2,473.0M in 1Q13) and average cost of debt (to 4.80% from 5.74%);
- ▶ Recurrent Net Income increased by 11.4% (+€3.4M), mainly due to the improvement in the Group's Financial Result;
- ▶ Net Income stood at €26.3M (-9.6%, -€2.8M), penalized by the accrual of the energy sector extraordinary levy in 1Q14 established in 2014 State budget law. REN is analyzing the issue in all its aspects to protect the rights of the company and of all its stakeholders;
- ▶ In April, REN signed an €200M 5-year credit facility with Bank of China.

Average RAB rose by €63.2M

CAPEX and RAB

€M	1Q14	1Q13	Δ%	Δ Abs.
Average RAB	3,499.8	3,436.6	1.8%	63.2
Electricity	2,098.4	2,010.4	4.4%	88.1
Hydro lands	299.2	312.7	-4.3%	-13.5
Natural gas	1,102.1	1,113.6	-1.0%	-11.4
RAB end of period	3,479.9	3,415.2	1.9%	64.7
Electricity	2,086.3	1,997.1	4.5%	89.2
Hydro lands	297.6	311.0	-4.3%	-13.5
Natural gas	1,096.1	1,107.2	-1.0%	-11.1
CAPEX	9.5	20.3	-53.2%	-10.8
Electricity	7.0	16.5	-57.6%	-9.5
Natural gas	2.5	3.8	-33.2%	-1.3
Other	0.0	0.0		0.0
RAB variation e.o.p.	-39.9	-42.7		
Electricity	-24.5	-26.6		
Hydro lands	-3.3	-3.4		
Natural gas	-12.1	-12.8		

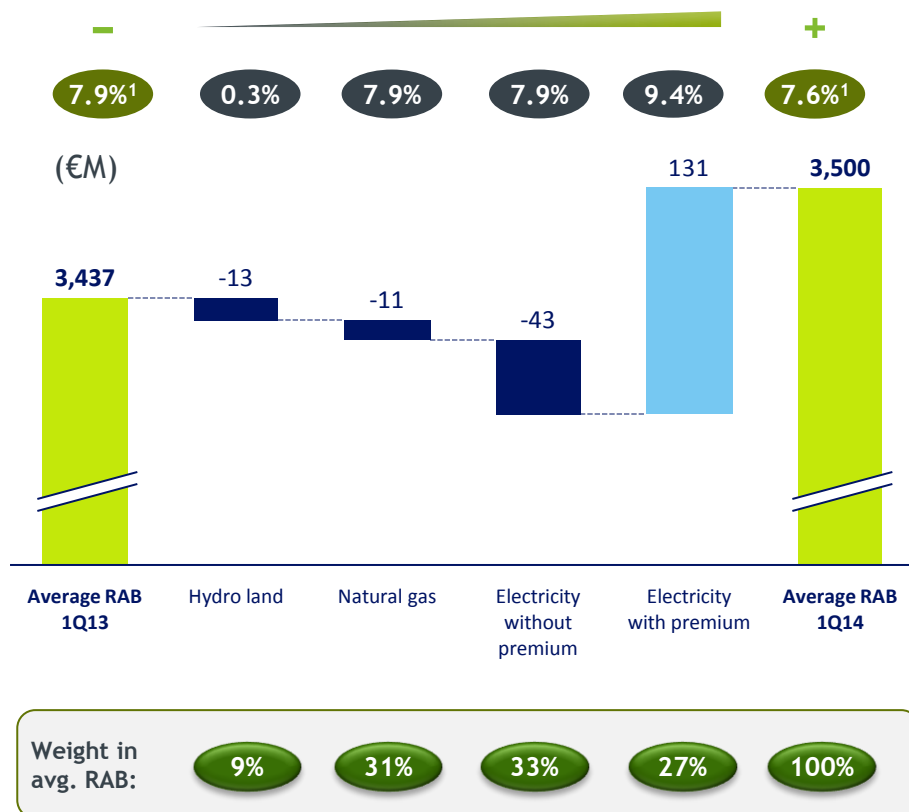
▶ Total Capex was €9.5M, a YoY decrease of €10.8M (-53.2%), mainly due to the late start in some new investments in the electricity business;

▶ The most relevant facts in electricity are the investments in the construction of the switchyard station of Vieira do Minho, 400 kV, for connecting the reinforcements of hydropower stations in the Cávado river, and the new substation 150/60 kV of Fafe, for strengthening power distribution, both in the north of the country;

▶ The most relevant project for the gas natural is the ongoing works for a new cavern (REN C6).

Growth focused in electricity assets with premium

RoR



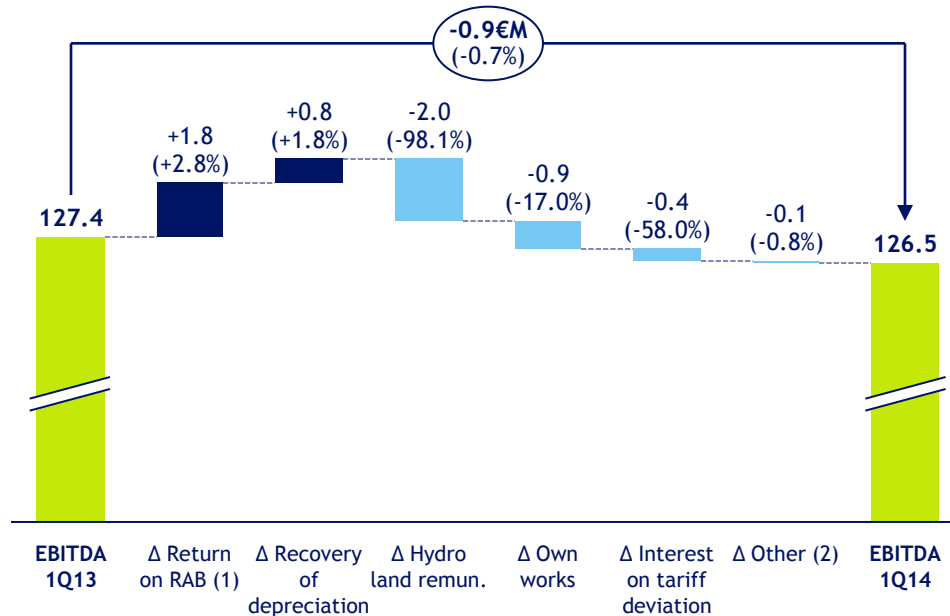
- ▶ Average RAB grew by €63.2M. This growth was focused on the category with the highest Rate of Return (RoR);
- ▶ The base rate of return of electricity RAB dropped to 7.9% from 8.1% yoy. Electricity average RAB with premium (with a 9.4% RoR) was up €130.9M vs 1Q13, while the category with the lowest rate of return (the hydro lands, with a 0.3% RoR) saw the value of its average RAB go down by €13.5M;
- ▶ In Natural gas, the average RAB was down by €11.4M (RoR 7.9%);
- ▶ At the end of 1Q14, electricity accounted for 60% of the average RAB, natural gas for 31% and hydro lands for the remaining 9%.

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

EBITDA decreased slightly to €126.5M

Mainly due to the decrease in hydro land remuneration

(€M)



- ▶ EBITDA benefited from the increase in Return on RAB (+€1.8M) of which +€1.3M in electricity and +€0.5M in natural gas;
- ▶ Recovery of depreciation improved €0.8M, consistent with a higher asset base;
- ▶ The impact from the Hydro land remuneration was negative (-€2.0M), as a result of regulatory changes concerning the methodology used to calculate the RoR (RoR was down to 0.1% from 2.8%);
- ▶ Interest on tariff deviation decreased by €0.4M to €0.3M.

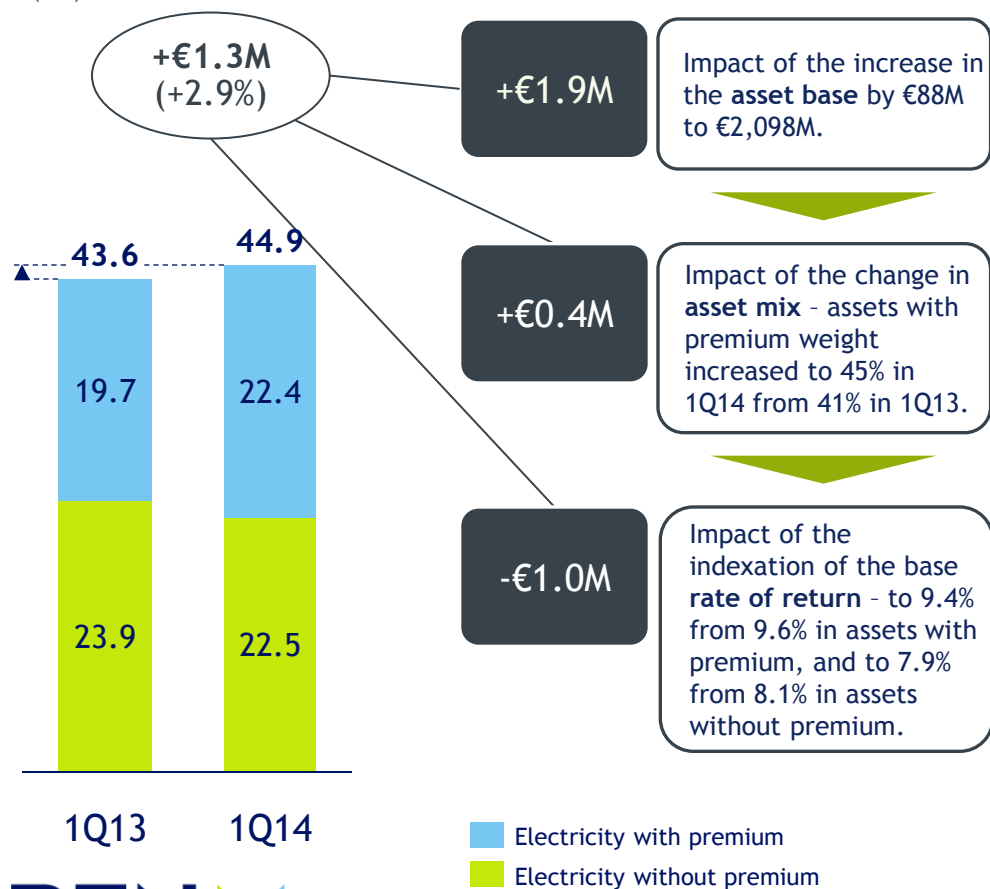
- (1) Includes Δ+€1.0M of NG tariff smoothing effect;
 (2) Includes Δ+€1.8M of OPEX (net of revenues from OPEX), Δ+€0.1M of Allowed incentives, Δ-€0.9M of Hedging contracts, Δ-€0.3M of Subsidies amortization and Δ-€0.8M of Other revenues.

Electricity return on RAB increased by €1.3M

Mainly due to the positive evolution in the average RAB

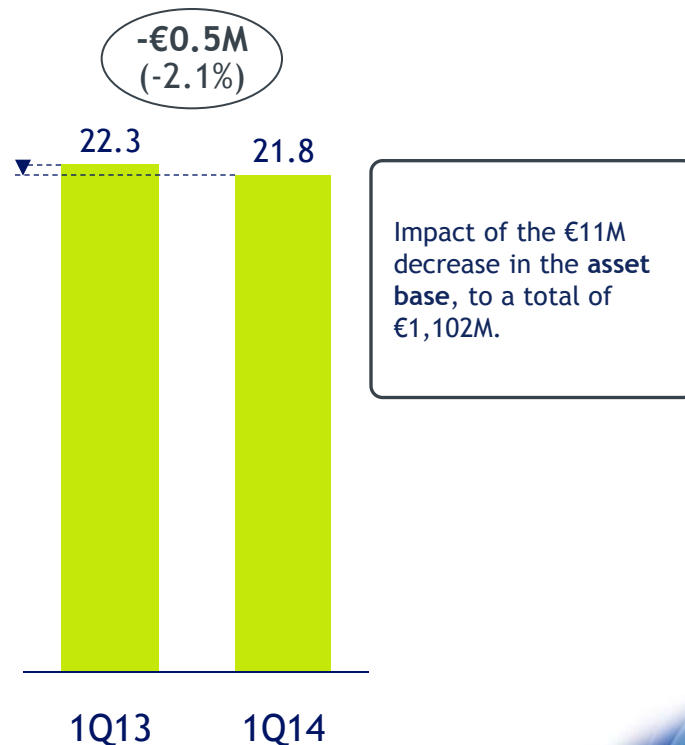
RAB REMUNERATION ELECTRICITY (ex. Hydro lands)

(€M)



RAB REMUNERATION NATURAL GAS (ex. tariff smoothing effect)

(€M)

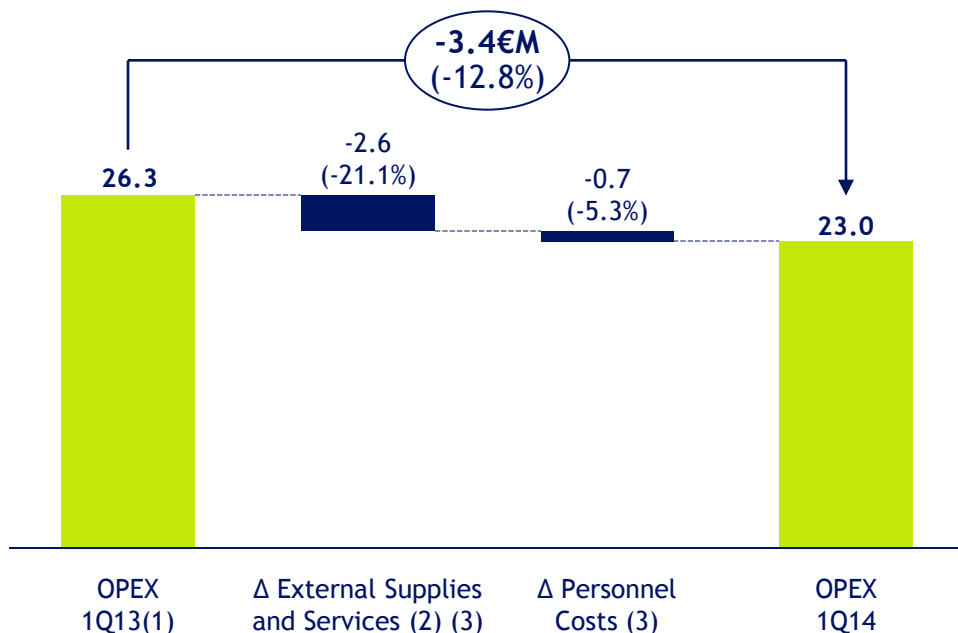


OPEX fell by €3.4M vs 1Q13

Reflecting REN's operational costs reduction

OPERATIONAL COSTS

(€M)



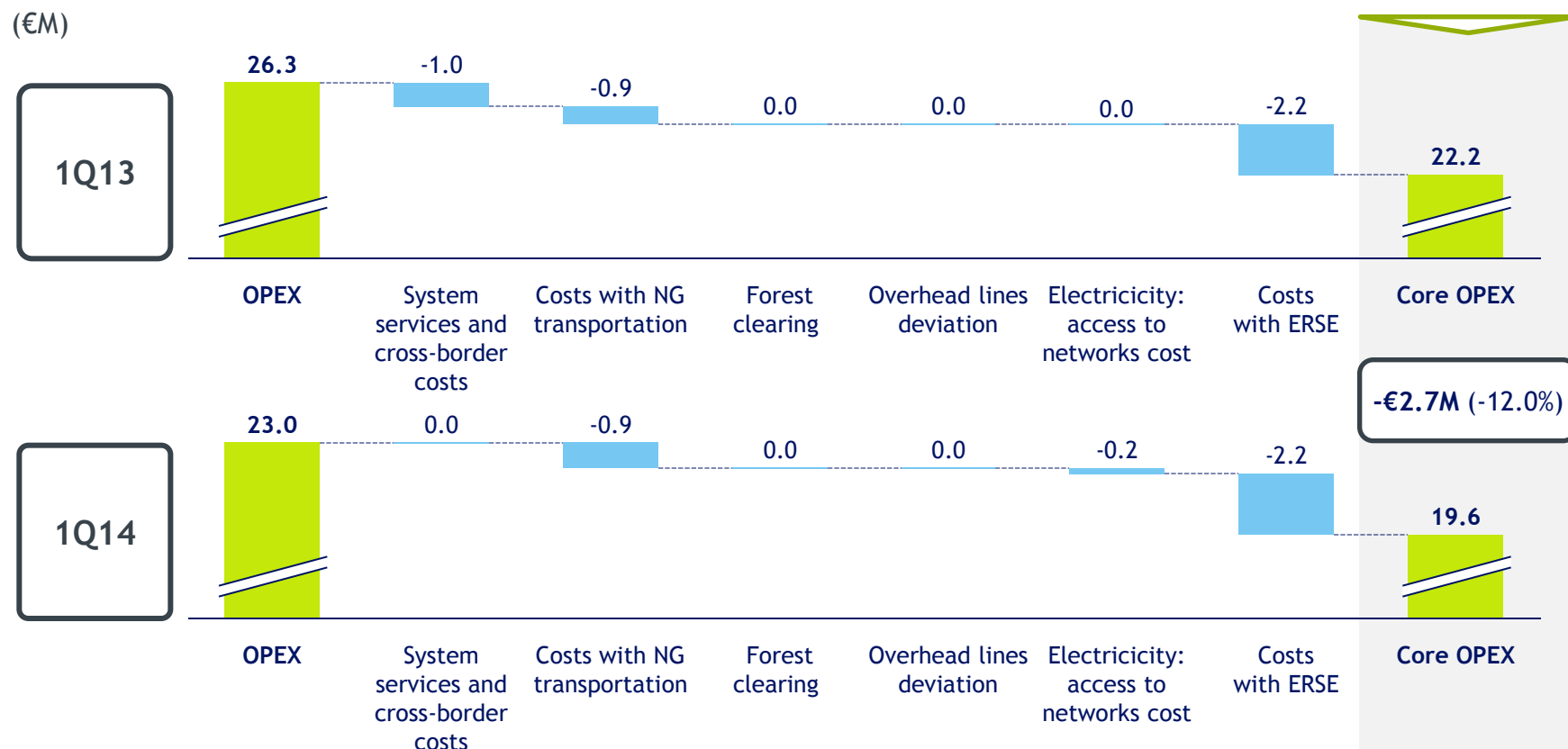
- ▶ External Supplies and Services (ESS) decreased by €2.6M (-21.1%) due to the efforts towards the reduction of external services and the decrease in cross-border costs (pass-through costs); Other Operational costs (included in ESS) dropped by €0.3M (-7.3%);
- ▶ Personnel costs decreased by €0.7M, although penalized by the change in actuarial assumptions.

- (1) Includes re-classification of staff fuel costs, from external costs to staff costs (0.03M€);
(2) Includes Δ-€0.3M of Other Operating Costs;
(3) Includes re-classification of training and seminar from external costs to staff costs.

Note: values do not include costs incurred with the construction of concession assets (IFRIC 12): €14.7M in 1Q13 and €4.9M in 1Q14.

Core OPEX stood 12.0% below 1Q13

- ▶ Excluding pass-through costs, Core OPEX was down by 12.0% (to €19.6M from €22.2M)



Note: values do not include costs incurred with the construction of concession assets (IFRIC 12): €14.7M in 1Q13 and €4.9M in 1Q14.

Net financial costs increased

reflecting the strengthening of the company's liquidity profile

NET INCOME

€M	1Q14	1Q13	Δ%	Δ Abs.
EBITDA	126.5	127.4	-0.7%	-0.9
Depreciation	-50.4	-50.0	0.8%	0.4
Net financial income	-29.3 ⁽¹⁾	-34.2	14.2%	4.8
Profit before income tax	46.7	43.2	8.2%	3.5
Income tax	-14.2	-14.1	0.7%	0.1
Contrib. energy sector	-6.2	0.0		-6.2
Net income	26.3	29.1	-9.6%	-2.8
Recurrent net income	33.3	29.9	11.4%	3.4

(1) Excludes the Financial cost as of the interconnection capacity auctions between Spain and Portugal (€0.5M), known as FTR (Financial Transaction Rights), that were reclassified to Revenues.

- ▶ The average cost of debt was 4.80% versus 5.74% in March 2013;
- ▶ Net income in 1Q14 decreased by 9.6% yoy, reaching €26.3M. Despite the improvement in net financial income (€4.8M) - on the back of: (1) lower net debt (-€106.4M) and (2) lower average cost of debt (5.74% to 4.80%) - Net Income was negatively affected by the accrual of the energy sector extraordinary levy (1Q13 impact of 6.2M€; expected full year impact of €24.9M). REN is analyzing the issue in all its aspects to protect the rights of the company and of all its stakeholders;
- ▶ Income tax increased by €0.1M, to €14.2M;
- ▶ In 2014, the Group is being taxed at a Corporate Income Tax rate of 23%, increased by a municipal surcharge up the maximum of 1.5% over the taxable profit and (i) a state surcharge of an additional 3% of taxable profit between €1.5M and €7.5M, (ii) an additional 5% of taxable profit between €7.5M and €35.0M and (iii) 7% over the taxable profit in excess of €35.0M.

- ▶ Net financial income stood at -€29.3M, 14.2% higher than in 1Q13;

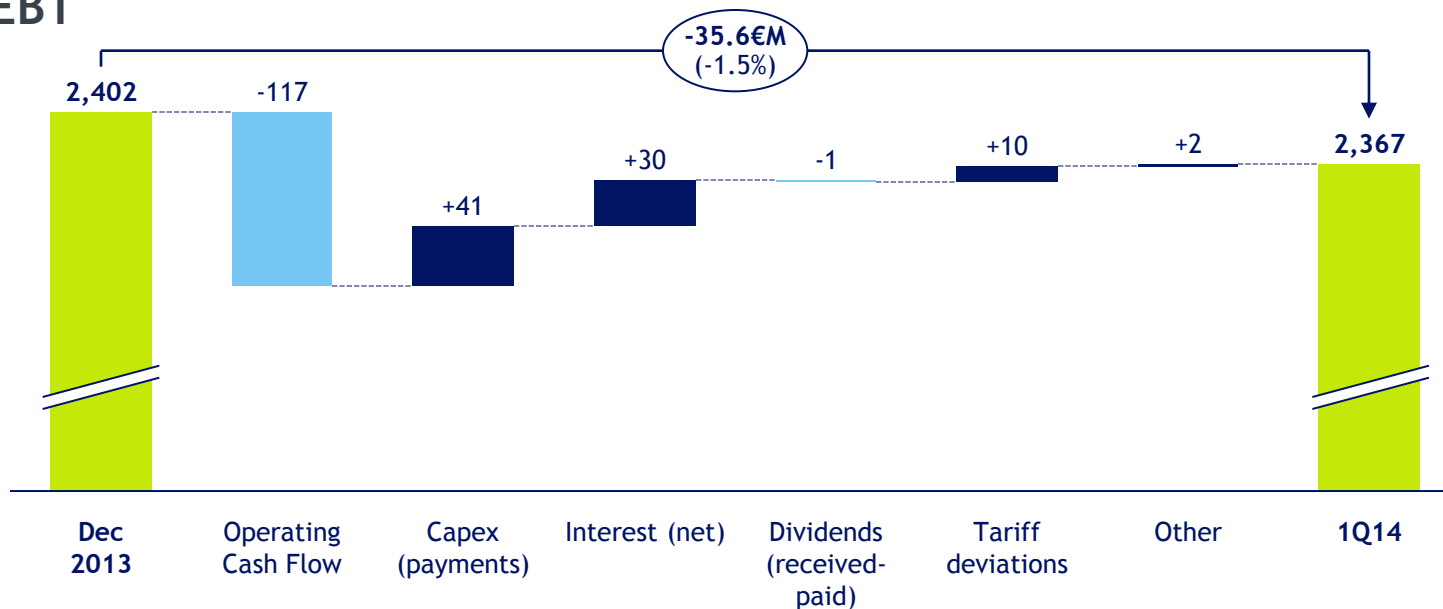
Debt profile improved, decreasing €36M

- ▶ **Net debt** decreased to €2,367M in March 2014 from €2,402M in December 2013 (-1.5%), mainly due to lower CAPEX payments;

- ▶ The **average cost of debt** decreased by 74bp, to 4.80% (from 5.54% in the end of 2013).

NET DEBT

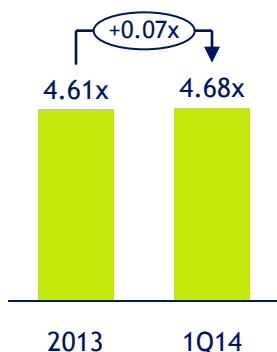
(€M)



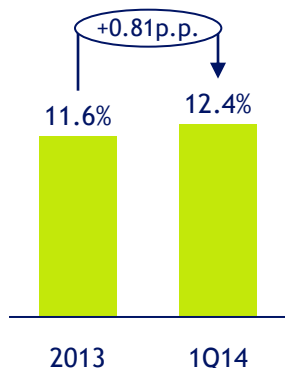
Operating Cash flow = EBIT + Depreciation + Provisions - Non cash items

REN is already funded beyond 2016

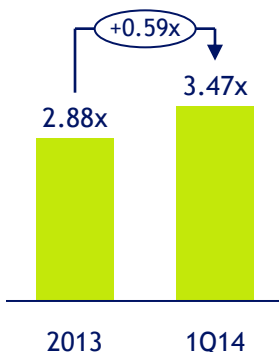
Net debt / EBITDA



FFO / Net debt

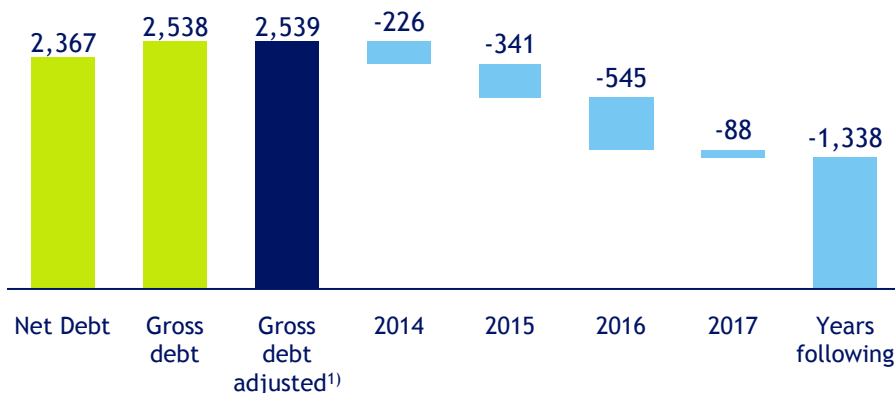


FFO interest coverage



DEBT MATURITY SCHEDULE

(€M)



1) Adjusted by interest accruals, hedging on yen denominated debt, bank overdrafts and finance lease.

- ▶ The financial rating assigned to REN has been strongly penalized by the successive downgrades of Portugal's sovereign rating. Despite this situation, REN is committed not to ease its credit metric goals. Since 2008 REN has been actively reshaping its debt in order to improve its average maturity. REN is also using a combination of floating and fixed rate issues and/or interest rate swaps to achieve a suitable interest rate mix. Finally, REN keeps enlarging its international financial partners' base and has managed to build a supportive group of relationship banks;
- ▶ Since October, all three major rating agencies upgraded REN's Outlook to stable. REN continues to be the Portuguese company with the highest rating;
- ▶ The average debt maturity is currently 4.28 years.

Balance sheet

€M	1Q14	2013
Fixed assets RAB related	3,822.6	3,862.9
Investments and goodwill ¹	374.9	297.8
Tariff deviations	195.6	156.1
Receivables ²	336.5	559.2
Cash	54.8	168.0
Other ³	16.6	17.4
Total assets	4,801.1	5,061.3
Shareholders equity	1,121.7	1,079.6
Debt (end of period)	2,537.6	2,680.5
Provisions	5.8	5.9
Tariff deviations	82.1	52.7
Payables ⁴	899.4	1,079.4
Other ⁵	154.5	163.2
Total equity and liabilities	4,801.1	5,061.3

- ▶ Total amount of fixed assets RAB related increased to €3,822.6M;
- ▶ *Investments and goodwill* (1) increased to €374.9M from €297.8M at the end of 2013. This item includes Goodwill, available-for-sale financial assets, derivative financial instruments, investments in associates and other investments;
- ▶ *Receivables* (2) related to trade and other receivables, deferred tax assets and current income tax recoverable, reached €336.5M in 1Q14, an increase from €559.2M at the end of 2013;
- ▶ *Other Assets* (3) stood at €16.6M, which comprises Inventories, guarantee deposits, fixed assets and assets in progress (not RAB related);
- ▶ *Payables* (4) include trade and other payables, deferred tax liabilities and income tax payable. These totaled €899.4M at the end of March 2014, versus €1,079.4M in 2013;
- ▶ *Other liabilities* (5) stood at €154.5M, which includes retirement and other benefits obligations, derivative financial instruments and guarantee deposits (€163.2M in 2013).

The balance of tariff deviation totalized €113.5M to be received from tariffs

TARIFF DEVIATIONS

€M	1Q14	1Q13
Electricity	39.3	42.5
Natural gas	74.2	63.1
TOTAL	113.5	105.6

Increased diversification of funding sources

BORROWINGS

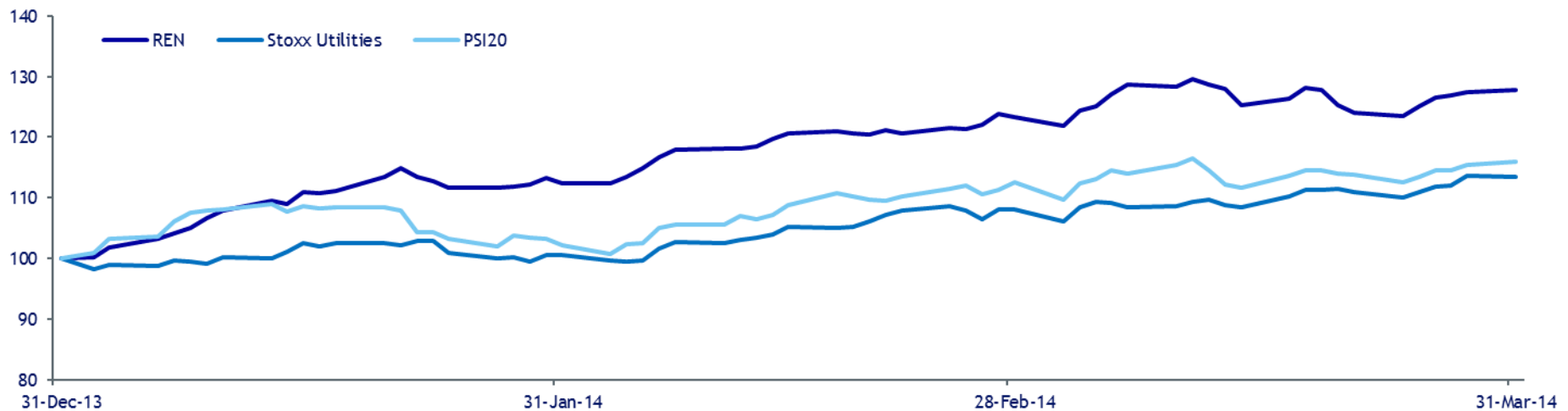
€M	Current	Non Current	TOTAL
Bonds	233.5	1,371.9	1,605.4
Bank borrowings	71.2	784.0	855.2
Commercial paper	5.0	72.0	77.0
Bank overdrafts	0.1	0.0	0.1
Finance lease	0.7	1.6	2.3
TOTAL	310.5	2,229.5	2,540.0
Accrued interest	22.5	0.0	22.5
Prepaid interest	-24.9	0.0	-24.9
TOTAL	308.1	2,229.5	2,537.6

- ▶ At the end of 1Q14 REN had five active commercial paper programmes amounting to €675M of which €598M are undrawn. From the total amount of commercial paper programs, €575M have subscription guarantees;

- ▶ In 2013 the Group agreed to a credit line with the Industrial and Commercial Bank of China in the amount of €160M, having already disbursed €10M;
- ▶ The Group also has credit lines negotiated and not used in the amount of €81.5M, with a maturity of up to one year, which are automatically renewable periodically (if they are not terminated in the contractually specified period for that purpose);
- ▶ REN obtained a bank loan providing as collateral its share capital stakes in Red Eléctrica Corporación and in Enagás. REN maintains in full the rights inherent to such shareholdings, including voting rights and dividends;
- ▶ REN's financial liabilities have the following main types of covenants: Cross default, Pari Passu, Negative Pledge, Gearing (ratio of total consolidated equity to the amount of the Group's total conceded assets). The Group's gearing ratio comfortably fulfills the contractually defined limits, being 95% above the minimum level;
- ▶ The borrowings from EIB - European Investment Bank include ratings covenants. In the event of ratings below the levels specified, REN can be called to provide a guarantee acceptable to EIB.

Share performance: REN ended 1Q14 with a total return of +27.8% (YTD)

ANNUALIZED CLOSING PRICES



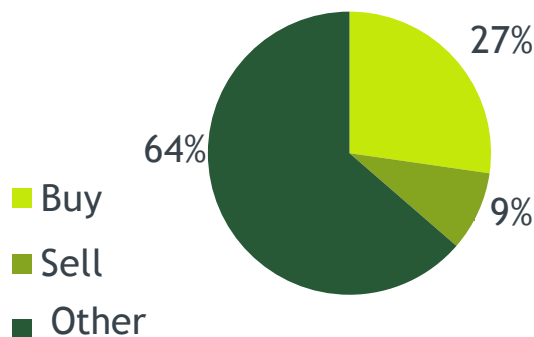
Source: Bloomberg

Market information

ANALYST RECOMMENDATIONS

▶ Average price target
€2.62

▶ Upside/Downside_(+/-)
-8.4%



CMVM: MAIN PRESS RELEASES (from January 2014)

- ▶ **Jan-17** : Fitch revises REN's Outlook to stable
- ▶ **Jan-29**: S&P removes REN from CreditWatch negative and affirms its BB+ rating with stable outlook
- ▶ **Mar-06**: Changes to the composition of the governing bodies
- ▶ **Mar-10**: 2013 Annual consolidated results
- ▶ **Mar-10**: 2013 Annual consolidated results report
- ▶ **Mar-11**: Notice to Convene the Annual General Shareholders Meeting, preparatory information and deliberation proposals
- ▶ **Mar-11**: 2012 Annual consolidated results
- ▶ **Mar-11**: Corporate Governance report included in the 2013 Annual Report
- ▶ **Mar-11**: Accounts reporting documents referring to the financial year ended on 31st December 2013 - item 1 of the Agenda for the General Shareholders Meeting
- ▶ **Apr-01**: Credit facility agreement with Bank of China
- ▶ **Apr-03**: Resolutions approved at the General Shareholders meeting
- ▶ **Apr-09**: Payment of dividends relating to the financial year of 2013
- ▶ **Apr-21**: Resignation of member of the Board of Directors
- ▶ **Apr-29**: Transaction over shares

REN's total shareholder return was +50.6% (ITD)

REN	
1Q14	
END OF PERIOD	
Price (€)	
Close	2.861
High YTD	2.900
Low YTD	2.238
Variation YTD	27.8%
Nr. of shares (M)	534
Own shares (M)	3.9
Market cap. (€M)	1,527.8
Volume (M shares)	0.195
Volume WAP	2.664
Performance indicators	
Div. yield	6.0%
PER	12.9x
Total shareholder return YTD	27.8%
Cumulative total return*	
REN	50.6%
PSI20	-25.4%
EuroStoxx Utilities	-26.4%

* Inception to date (July 9th 2007)
Source: Bloomberg

APPENDIX

EBITDA breakdown

€M	1Q14	1Q13	2013	1Q14/1Q13	
				Δ %	Δ Abs.
1) TOTAL REVENUES	154.3	168.4	788.8	-8.4%	-14.1
Revenues from assets	117.5	117.2	475.7	0.2%	0.3
Return on RAB	66.7	65.9	269.0	1.2%	0.8
Electricity	44.9	43.6	180.1	2.9%	1.3
Natural gas	21.8	22.3	88.9	-2.1%	-0.5
Hydro land remuneration	0.0	2.1	8.3	-98.1%	-2.0
Lease revenues from hydro protection zone	0.2	0.2	0.7	-1.1%	0.0
Remuneration of fully depreciated assets	2.2	2.1	8.3	3.3%	0.1
Tariff smoothing effect (natural gas)	-2.0	-2.9	-11.5	-33.4%	1.0
Recovery of depreciation (net from subsidies)	45.9	45.1	181.7	1.8%	0.8
Subsidies amortization	4.4	4.8	19.1	-7.0%	-0.3
Revenues of OPEX	24.2	25.8	104.6	-6.0%	-1.5
Other revenues	3.1	5.1	21.1	-39.2%	-2.0
Construction revenues (IFRIC 12)	9.5	20.3	187.5	-53.1%	-10.8
2) OPEX	23.0	26.3	110.7	-12.8%	-3.4
Personnel costs	13.1	13.9	54.2	-5.3%	-0.7
External supplies and services	6.6	9.0	43.4	-26.4%	-2.4
Other operational costs	3.2	3.5	13.1	-7.3%	-0.3
3) Construction costs (IFRIC 12)	4.9	14.7	162.2	-66.7%	-9.8
4) Depreciation	50.4	50.0	201.2	0.8%	0.4
5) Other	0.0	0.0	-5.5		0.0
6) EBIT	76.0	77.3	320.3	-1.7%	-1.3
7) Depreciation	50.4	50.0	201.2	0.8%	0.4
8) EBITDA	126.5	127.4	521.5	-0.7%	-0.9
9) Depreciation	50.4	50.0	201.2	0.8%	0.4
10) Net financial income	-29.3	-34.2	-142.2	14.2%	4.8
11) Income tax expense	14.2	14.1	56.7	0.7%	0.1
12) Extraordinary contribution on energy sector	6.2	0.0	0.0		6.2
13) NET INCOME	26.3	29.1	121.3	-9.6%	-2.8
14) Non recurrent items*	7.0	0.8	-0.6		6.2
15) RECURRENT NET INCOME	33.3	29.9	120.7	11.4%	3.4

Non recurrent items:

* 1Q14: i) Cost of carry of EIB escrow account of -€1.1M (-€0.7M after taxes); ii) Energy sector Extraordinary levy (-€6.2M);

1Q13: i) cost of carry of EIB escrow (-€1.2M; -€0.8M after taxes).

Other operational revenues and costs breakdown

€M	1Q14	1Q13	2013	1Q14/1Q13	
				Δ %	Δ Abs.
Other revenues	3.1	5.1	21.1	-39.2%	-2.0
Allowed incentives	0.6	0.5	3.0	27.8%	0.1
Interest on tariff deviation	0.3	0.7	2.7	-58.0%	-0.4
Hedging contracts	0.0	0.9	1.5		-0.9
Telecommunication sales and services rendered	1.2	1.3	5.4	-1.5%	0.0
Grid availability incentive	0.0	0.0	1.0		0.0
Consultancy services and other services provided	0.2	0.2	3.0	-6.5%	0.0
Other revenues	0.8	1.7	4.4	-50.3%	-0.8
Other costs	3.2	3.5	13.1	-7.3%	-0.3
Costs with ERSE	2.2	2.2	8.8	2.7%	0.1
Other	1.0	1.3	4.3	-24.3%	-0.3

EBIT breakdown (Electricity¹)

€M	1Q14	1Q13	2013	1Q14/1Q13	
				Δ %	Δ Abs.
1) REVENUES	107.4	118.1	572.4	-9.1%	-10.7
Revenues from assets	83.6	82.9	338.4	0.8%	0.7
Return on RAB	44.9	43.6	180.1	2.9%	1.3
Hydro land remuneration	0.0	2.1	8.3	-98.1%	-2.0
Lease revenues from hydro protection zone	0.2	0.2	0.7	-1.1%	0.0
Remuneration of fully depreciated assets	2.2	2.1	8.3	3.3%	0.1
Recovery of depreciation (net from subsidies)	33.3	31.9	128.9	4.4%	1.4
Subsidies amortization	3.0	3.0	12.1	0.1%	0.0
Revenues of OPEX	15.7	16.4	66.8	-4.0%	-0.7
Other revenues	1.1	2.3	9.6	-52.0%	-1.2
Allowed incentives	0.6	0.5	3.0	27.8%	0.1
Interest on tariff deviation	0.0	0.4	1.5	-95.5%	-0.4
Other	0.5	1.5	5.1	-65.1%	-1.0
Construction revenues (IFRIC 12)	7.0	16.5	157.6	-57.6%	-9.5
2) OPEX	10.5	12.8	52.0	-17.9%	-2.3
Personnel costs	6.0	6.5	23.9	-8.7%	-0.6
External supplies and services	2.5	4.2	20.7	-41.9%	-1.8
Other operational costs	2.0	2.0	7.4	3.1%	0.1
3) Construction costs (IFRIC 12)	3.2	11.9	137.2	-72.8%	-8.7
4) Depreciation	36.5	35.2	142.0	3.7%	1.3
5) Other	0.0	0.0	-5.7		0.0
6) EBIT (1-2-3-4-5)	57.2	58.2	246.9	-1.8%	-1.1
7) Depreciation	36.5	35.2	142.0	3.7%	1.3
8) EBITDA (6+7)	93.6	93.4	388.8	0.2%	0.2

¹ Includes Electricity, REN Trading and Enondas (wave energy concession).

EBIT breakdown (Natural gas)

€M	1Q14	1Q13	2013	1Q14/1Q13	
				Δ %	Δ Abs.
1) REVENUES	45.4	47.9	209.0	-5.2%	-2.5
Revenues from assets	33.9	34.3	137.3	-1.2%	-0.4
Return on RAB	21.8	22.3	88.9	-2.1%	-0.5
Tariff smoothing effect (natural gas)	-2.0	-2.9	-11.5	-33.4%	1.0
Recovery of depreciation (net from subsidies)	12.6	13.2	52.8	-4.5%	-0.6
Subsidies amortization	1.4	1.8	7.1	-19.0%	-0.3
Revenues of OPEX	8.5	9.4	37.8	-9.5%	-0.9
Other revenues	0.5	0.4	4.0	15.3%	0.1
Interest on tariff deviation	0.3	0.3	1.2	-12.8%	0.0
Other	0.2	0.1	2.8	132.9%	0.1
Construction revenues (IFRIC 12)	2.5	3.8	29.9	-33.2%	-1.3
2) OPEX	6.1	6.4	26.8	-4.6%	-0.3
Personnel costs	1.9	2.2	8.3	-12.6%	-0.3
External supplies and services	3.1	3.1	14.2	-0.5%	0.0
Other operational costs	1.1	1.1	4.2	-0.3%	0.0
3) Construction costs (IFRIC 12)	1.7	2.8	25.0	-41.2%	-1.2
4) Depreciation	13.9	14.8	59.0	-6.1%	-0.9
5) Other	0.0	0.0	0.1		0.0
6) EBIT	23.7	23.9	98.2	-0.6%	-0.2
7) Depreciation	13.9	14.8	59.0	-6.1%	-0.9
8) EBITDA	37.6	38.6	157.2	-2.7%	-1.1

EBIT breakdown (Other¹)

€M	1Q14	1Q13	2013	1Q14/1Q13	
				Δ %	Δ Abs.
1) TOTAL REVENUES	1.6	2.4	7.5	-35.8%	-0.9
Other revenues	1.6	2.4	7.5	-35.8%	-0.9
Hedging contracts	0.0	0.9	1.5		-0.9
Telecommunication sales and services rendered	1.2	1.3	5.4	-1.5%	0.0
Consultancy services and other services provided	0.0	0.2	0.4		-0.2
Other	0.3	0.1	0.1	161.0%	0.2
2) OPEX	6.4	7.1	31.8	-11.1%	-0.8
Personnel costs	5.2	5.1	22.0	2.2%	0.1
External supplies and services	1.0	1.6	8.5	-36.1%	-0.6
Other operational costs	0.1	0.4	1.4	-75.6%	-0.3
3) Depreciation	0.1	0.1	0.3	21.4%	0.0
4) Other	0.0	0.0	0.2		0.0
5) EBIT	-4.9	-4.8	-24.8	-1.9%	-0.1
6) Depreciation	0.1	0.1	0.3	21.4%	0.0
7) EBITDA	-4.8	-4.7	-24.5	-1.7%	-0.1

¹ Includes REN SGPS, REN Serviços, REN Telecom and REN Finance.

CAPEX and RAB

€M	1Q14	1Q13	2013	1Q14/1Q13	
				Δ %	Δ Abs.
CAPEX*	9.5	20.3	187.8	-53.2%	-10.8
Electricity	7.0	16.5	157.6	-57.6%	-9.5
Natural gas	2.5	3.8	29.9	-33.2%	-1.3
Other	0.0	0.0	0.4	-100.0%	0.0
Transfers to RAB**	6.2	2.4	245.0	156.7%	3.8
Electricity	5.7	1.9	197.3	191.3%	3.7
Natural gas	0.5	0.5	47.7	14.2%	0.1
Average RAB	3,499.8	3,436.6	3,488.9	1.8%	63.2
Electricity	2,098.4	2,010.4	2,067.2	4.4%	88.1
With premium	954.3	823.4	892.4	15.9%	130.9
Without premium	1,144.1	1,186.9	1,174.8	-3.6%	-42.8
Hydro lands	299.2	312.7	307.6	-4.3%	-13.5
Natural gas	1,102.1	1,113.6	1,114.1	-1.0%	-11.4
RAB e.o.p.	3,479.9	3,415.2	3,519.9	1.9%	64.7
Electricity	2,086.3	1,997.1	2,110.8	4.5%	89.2
Hydro lands	297.6	311.0	300.9	-4.3%	-13.5
Natural gas	1,096.1	1,107.2	1,108.2	-1.0%	-11.1
RAB's variation e.o.p.	-39.9	-42.7	61.9		
Electricity	-24.5	-26.6	87.2		
Hydro lands	-3.3	-3.4	-13.5		
Natural gas	-12.1	-12.8	-11.8		
RAB's remuneration	66.9	68.1	278.1	-1.8%	-1.3
Electricity	44.9	43.6	180.1	2.9%	1.3
With premium	22.4	19.7	85.3	13.6%	2.7
Without premium	22.5	23.9	94.7	-5.9%	-1.4
Hydro lands	0.2	2.3	9.1	-90.1%	-2.0
Natural gas	21.8	22.3	88.9	-2.1%	-0.5
RoR's RAB	7.6%	7.9%	8.0%		-0.3p.p.
Electricity	8.6%	8.7%	8.7%		-0.1p.p.
With premium	9.4%	9.6%	9.6%		-0.2p.p.
Without premium	7.9%	8.1%	8.1%		-0.2p.p.
Hydro lands	0.3%	2.9%	3.0%		-2.6p.p.
Natural gas	7.9%	8.0%	8.0%		-0.1p.p.

* Total costs

** Transfers to RAB include direct acquisitions RAB related

DEBT

	1Q14	1Q13	2013
Net debt (€M)	2,366.6	2,473.0	2,402.3
Average cost	4.80%	5.74%	5.54%
Average maturity (years)	4.3	3.3	4.4

DEBT BREAKDOWN

Funding sources

Bond issues	63%	72%	60%
EIB	25%	24%	23%
Commercial paper	3%	0%	9%
Loans	5%	4%	5%
CDB	4%	0%	4%

TYPE

Fixed	55%	77%	52%
Float	45%	23%	48%

CREDIT METRICS

Net Debt / EBITDA	4.7x	4.9x	4.6x
FFO / Net debt	12.4%	10.3%	11.6%
FFO interest coverage	3.5x	2.9x	2.9x

RATING	Long term	Short term	Outlook	Date
Fitch	BBB	F3	Stable	01/17/2014
Moody's	Ba1	-	Stable	11/13/2013
Standard & Poor's	BB+	B	Stable	01/29/2014



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements:

Financial Position (tEuros)

	Mar 2014	Dec 2013
ASSETS		
Non-current assets		
Property, plant and equipment	831	934
Goodwill	3.774	3.774
Intangible assets	3.836.600	3.877.420
Investments in associates and joint ventures	12.191	12.155
Available-for-sale financial assets	178.555	156.886
Derivative financial instruments	3.190	0
Other financial assets	102.261	102.274
Trade and other receivables	117.478	81.588
Deferred tax assets	77.404	67.800
	4.332.285	4.302.831
Current assets		
Inventories	1.862	1.880
Trade and other receivables	337.264	565.923
Other financial assets	74.899	22.728
Cash and cash equivalents	54.838	167.987
	468.864	758.518
TOTAL ASSETS	4.801.149	5.061.349

	Mar 2014	Dec 2013
EQUITY		
Shareholders' equity		
Share capital	534.000	534.000
Own shares	-10.728	-10.728
Reserves	287.497	271.634
Retained earnings	284.660	163.356
Net profit for the period	26.293	121.303
TOTAL EQUITY	1.121.722	1.079.566
LIABILITIES		
Non-current liabilities		
Borrowings	2.229.544	2.430.159
Liability for retirement benefits and others	125.683	126.231
Derivative financial instruments	26.651	34.320
Provisions	4.690	4.690
Trade and other payables	381.948	370.298
Deferred tax liabilities	90.617	73.956
	2.859.133	3.039.654
Current liabilities		
Borrowings	308.071	250.325
Provisions	1.073	1.213
Trade and other payables	453.207	642.973
Income tax payable	55.731	44.935
Derivative financial instruments	2.212	2.683
	820.294	942.129
TOTAL LIABILITIES	3.679.427	3.981.783
TOTAL EQUITY AND LIABILITIES	4.801.149	5.061.349

Consolidated Statements:

Profit and Loss (tEuros)

	Period ended March	
	2014	2013
Sales	21	56
Services rendered	139.996	140.747
Revenue from construction of concession assets	9.524	20.307
Gains from associates and joint ventures	36	45
Other operating income	5.296	7.260
Operating income	154.874	168.415
Cost of goods sold	-54	-40
Cost with construction of concession assets	-4.901	-14.739
External supplies and services	-6.683	-9.125
Personnel costs	-13.058	-13.729
Depreciation and amortizations	-50.417	-50.011
Impairments	-28	0
Other expenses	-3.162	-3.428
Operating costs	-78.302	-91.072
Operating results	76.572	77.343
Financial costs	-32.529	-35.964
Financial income	2.685	1.810
Financial results	-29.844	-34.153
Profit before income taxes	46.728	43.190
Income tax	-14.217	-14.120
Extraordinary contribution on energy sector	-6.217	0
Net Profit for the period	26.293	29.070
Attributable to:		
Shareholders of the Company	26.293	29.070
Non-controlled interest	0	0
Consolidated profit for the period	26.293	29.070

Consolidated Statements:

Cash Flow (tEuros)

	Period ended March	
	2014	2013
Cash flow from operating activities		
Cash receipts from customers	1.060.148	657.686
Cash paid to suppliers	(860.736)	(497.283)
Cash paid to employees	(14.060)	(13.422)
Income tax received/(paid)	(1.223)	211
Other receipts/(payments) relating to operating activities	(21.246)	(26.455)
Net flows from operating activities	162.884	120.736
Cash flow from investing activities		
Receipts related to:		
Other financial assets	5.000	-
Grants related to assets	177	-
Interests and other similar income	4.287	1.260
Dividends	980	916
Payments related to:		
Other financial assets	(57.172)	(201.690)
Available-for-sale	(100)	-
Property, plant and equipment	(1)	(476)
Intangible assets	(40.638)	(45.242)
Net cash used in investing activities	(87.467)	(245.233)
Cash flow from financing activities		
Receipts related to:		
Borrowings	1.723.000	853.151
Interests and other similar income	65	8
Payments related to:		
Borrowings	(1.876.222)	(671.228)
Interests and other similar expense	(34.611)	(26.886)
Net cash (used in)/from financing activities	(187.768)	155.046
Net (decrease)/increase in cash and cash equivalents	(112.351)	30.548
Cash and cash equivalents at de beginning of the year	167.126	61.246
Cash and cash equivalents at the end of the period	54.775	91.794
Detail of cash and cash equivalents		
Cash	21	22
Bank overdrafts	(64)	(273)
Bank deposits	54.817	92.045
	54.775	91.794

a) 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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