RESULTS PRESENTATION 1H 2013

August 1st, 2013

1H13 Highlights

- EBITDA stood at €259.9M, slightly below 1H12 (-0.7%). This is mainly due to the decrease in electricity's RAB remuneration (-€11.9M, -12.1%), as a consequence of a decrease in electricity's base rate of return (down from 9.76% to 8.03% y.o.y.);
- Opex decreased by €2.3M (-4.2%) against 1H12, and Core Opex was €1.4M higher (+3.3%) essentially due to the change in actuarial assumptions related to the pensions liabilities and the reinstatement of the CLA in May 2012;
- Net financial income improved 2.1% y.o.y. to -€65.7M, mainly due to the positive contribution of dividends registered (5,3M€ vs 2,0M€ in 1H12);
- Net Income stood at €64.1M, a 9.3% y.o.y. decrease (-€6.5M). Recurrent Net Income decreased by 7.2% (-€4.7M), from €65.0M to €60.3M. These figures show that the decrease in Net Income is smoothing out along the year, in line with expectations;
- Total Capex amounted to €58.9M, a decrease of €16.0M (-21.4%) versus 1H12.

Main financial indicators 1H13

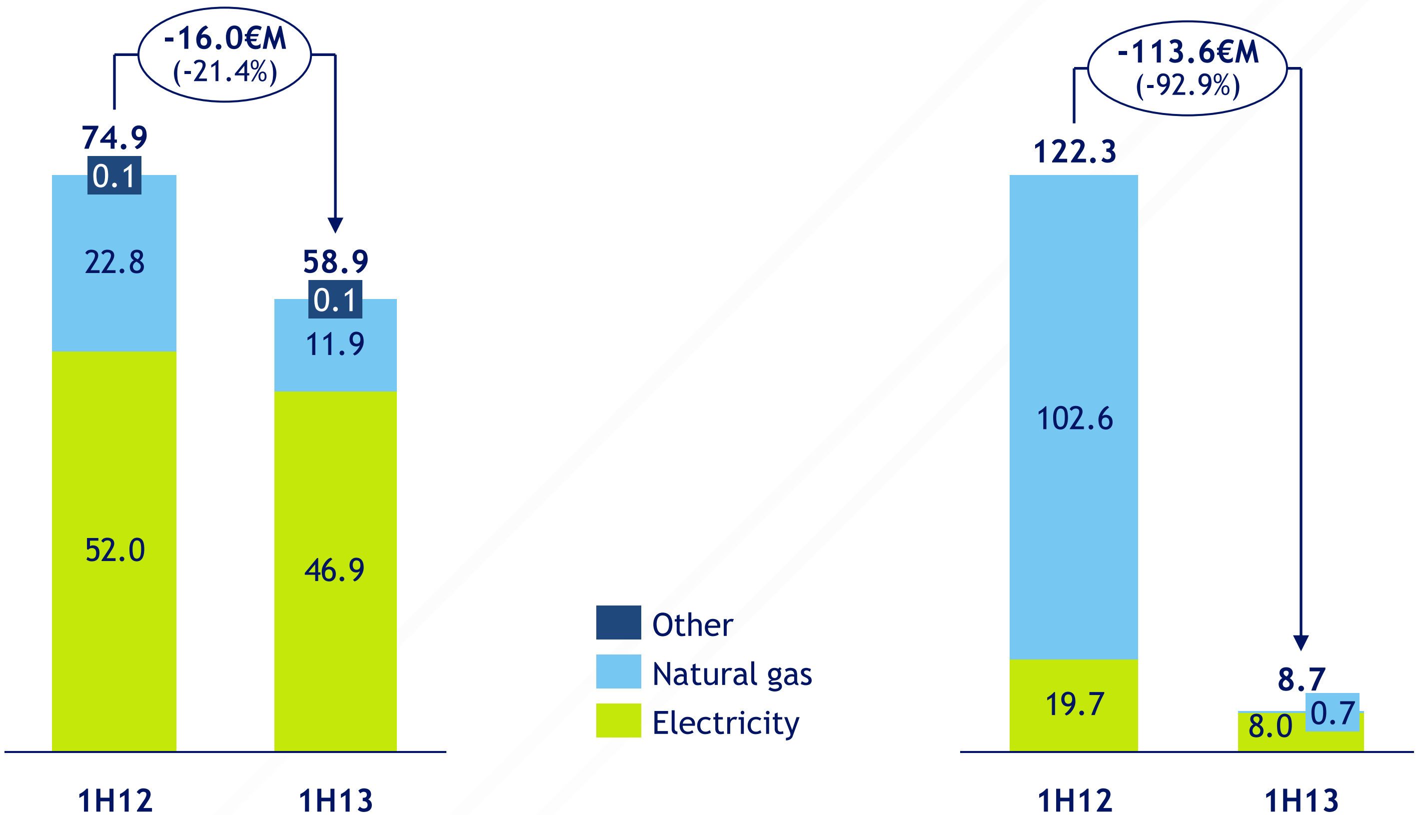
€M	1H12	1H13	Δ%	Δ Abs.
EBITDA	261.7	259.9	-0.7%	-1.8
Net Financial Income	-67.2	-65.7	2.1%	1.4
Net Income	70.6	64.1	-9.3%	-6.5
Recurrent Net Income	65.0	60.3	-7.2%	-4.7
Average RAB	3,320.2	3,416.4	2.9%	96.1
CAPEX	74.9	58.9	-21.4%	-16.0
Net Debt	2,452.2	2,499.4	1.9%	47.2

Transfers to RAB decreased by €113.6M

1H12 impacted by the LNG terminal project conclusion

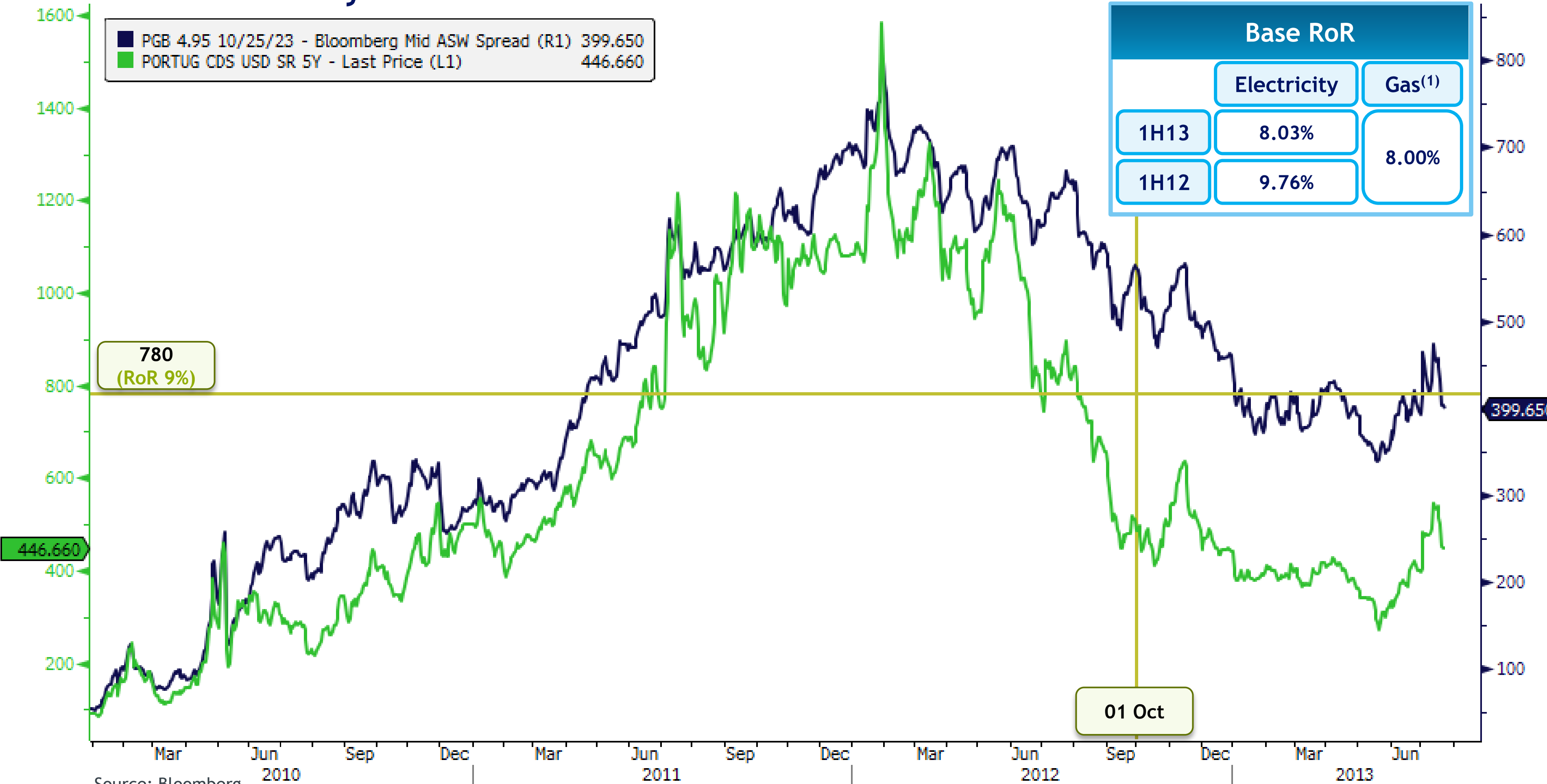
CAPEX

TRANSFERS TO RAB



Portugal's perceived sovereign debt risk has decreased despite the recent political uncertainty

PT 10Y Treasury Bond Yields[1] and PT 5Y CDS



Base RoR	Electricity	Gas[1]
1H13	8.03%	8.00%
1H12	9.76%	

Source: Bloomberg

- CDS values have dropped as a result of an improvement in Portugal's macro economic imbalances and in the management of the Eurozone crisis - negative impacted on RoR values.

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[1] Natural Gas RoR is calculated as a function of the average PT 10Y TB from 1st July.

Return on RAB decreased

due to the evolution of RoR and despite the increase in the asset base

RAB REMUNERATION ELECTRICITY (ex. land)

(€M)

€-11.9M
(-12.1%)

Electricity with premium
Electricity without premium

+€4.1M
Impact of the increase in **asset base** by €95M to €1,998M.

+€0.5M
Impact of the change in **asset mix** - assets with premium weight increased to 41% in 2013 from 38% in 2012.

-€16.5M
Impact of indexation of the base **rate of return** - to 9.5% from 11.3% in assets with premium, and to 8.0% from 9.8% in assets without premium.

RAB REMUNERATION NATURAL GAS (ex. tariff smoothing effect)

(€M)

+€0.6M
(+1.4%)

Impact of the €14.8M **increase in the asset base**, to a total of €1,107M, thanks to the conclusion of the Sines LNG Terminal expansion.

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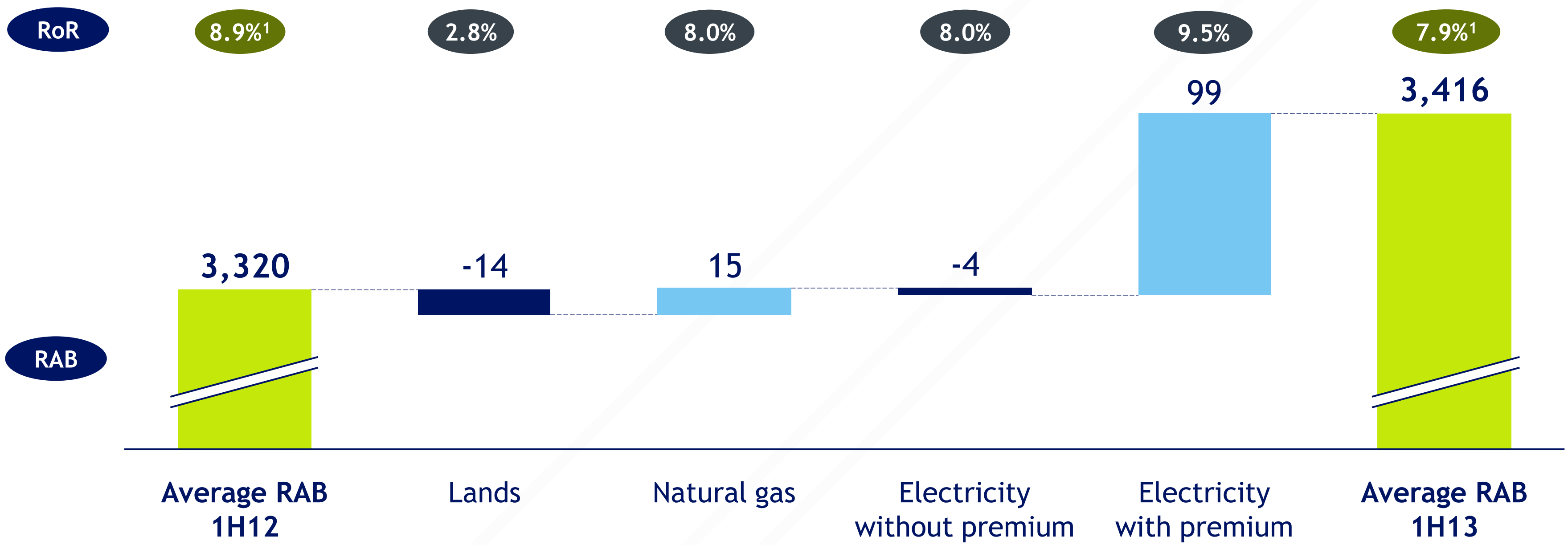
Average RAB grew by 2.9%

As usual, with an increasing weight of premium RoR assets

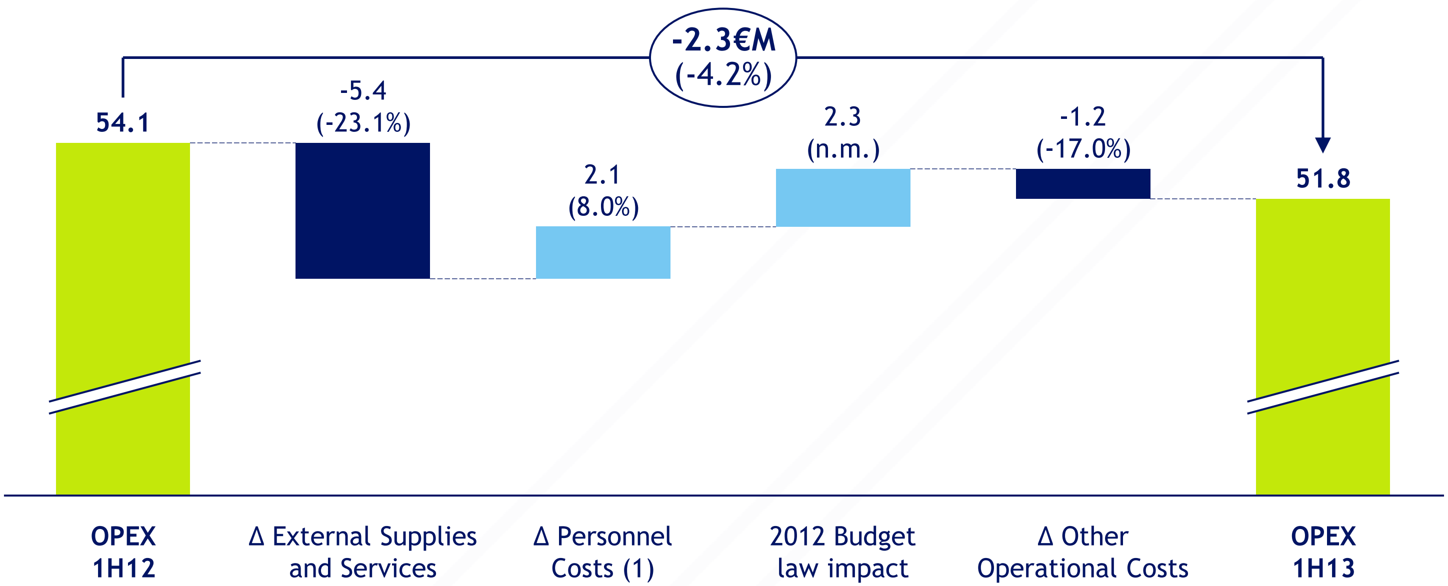


1) RoR is equal to the specific remuneration, divided by average RAB.

OPEX down €2.3M

OPERATIONAL COSTS

(€M)



(1) Includes €1.9M due to the change in actuarial assumptions in 2012 related to the pensions liabilities. Excludes the impact of the 2012 Budget Law.

Note: values do not include costs incurred with the construction of concession assets (IFRIC 12): €46.7M in 1H13 and €61.0M in 1H12.

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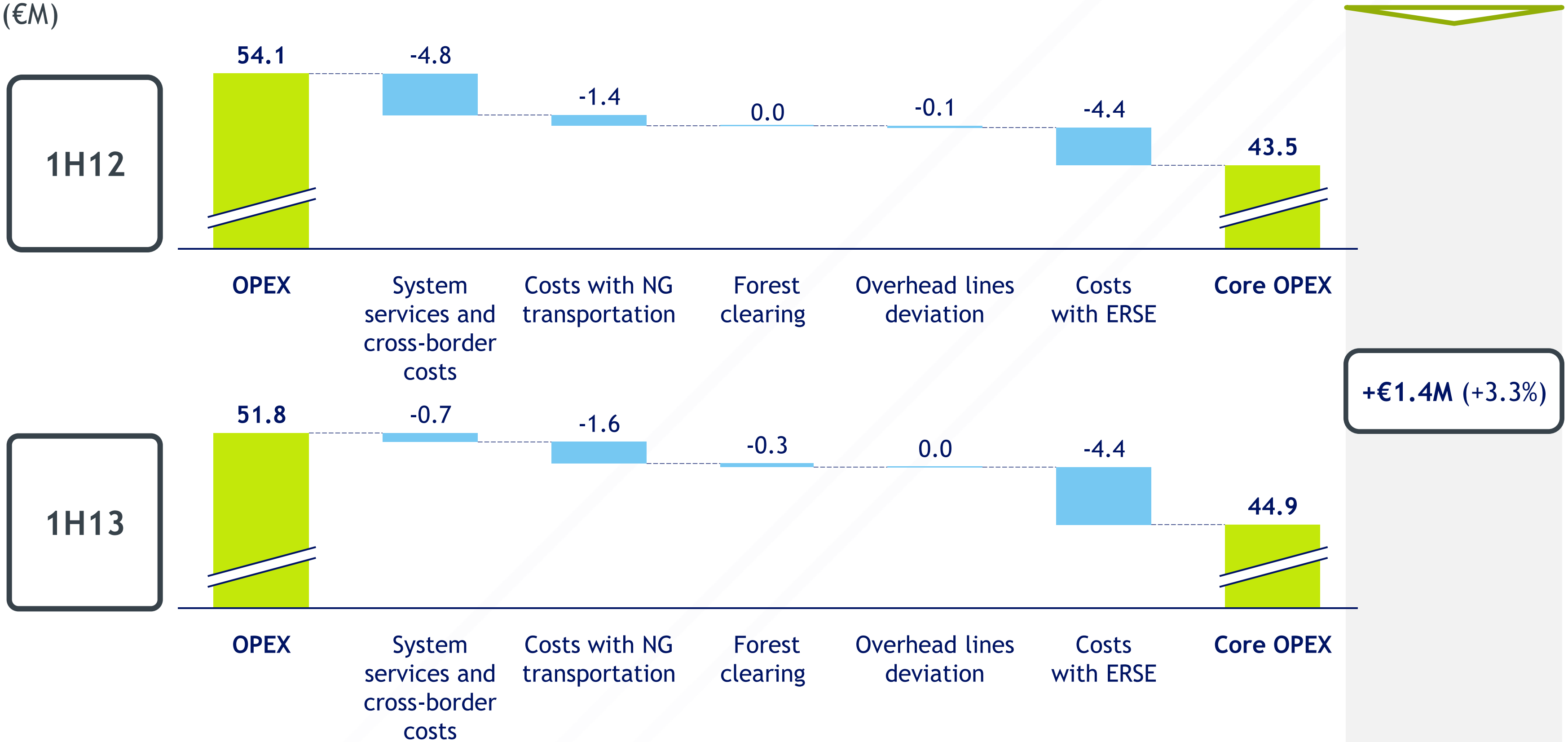
Core OPEX slightly increased by 3.3%

Mainly due to actuarial assumptions and the reinstatement of the CLA

CORE OPEX

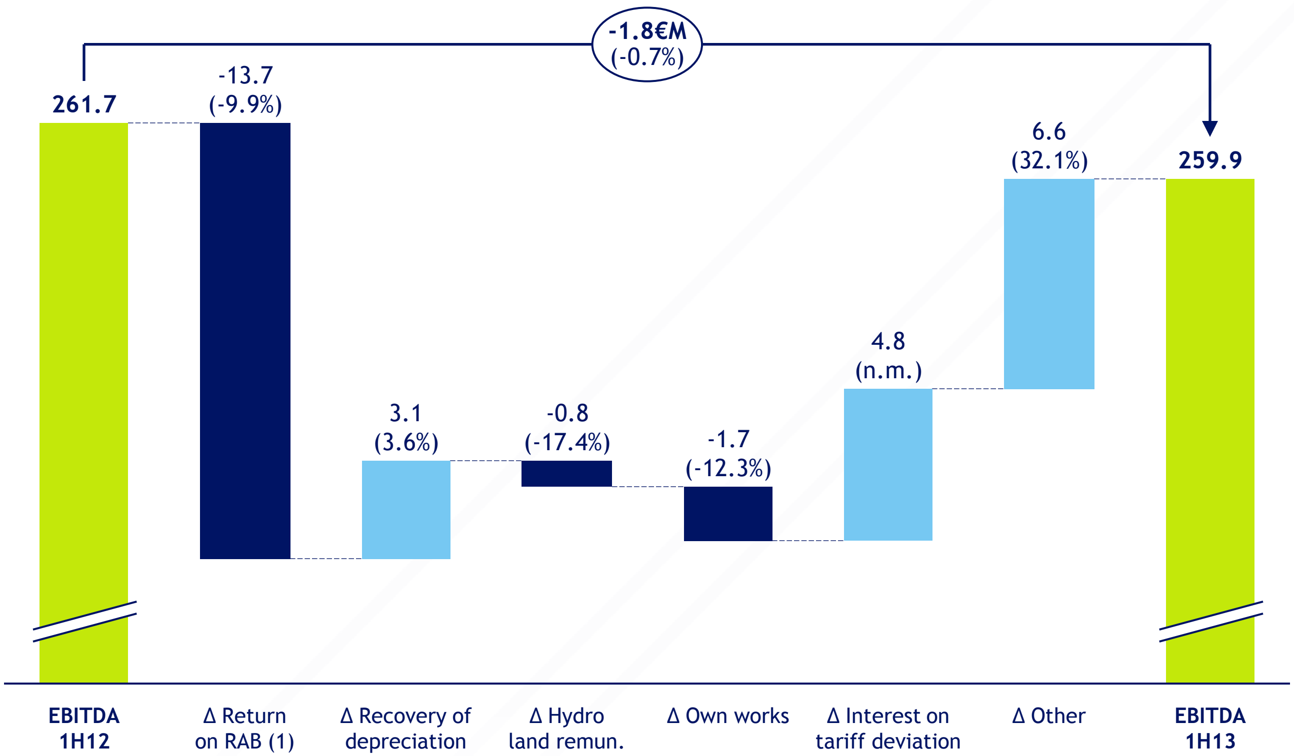
(€M)



Note: values do not include costs incurred with the construction of concession assets (IFRIC 12): €46.7M in 1H13 and €61.0M in 1H12.
CLA = Collective Labor Agreement

EBITDA decreased slightly by 0.7%

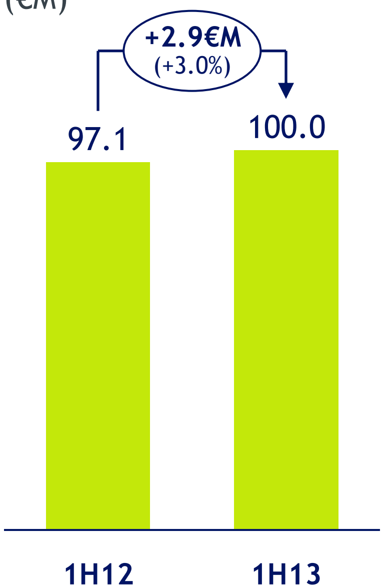
(€M)



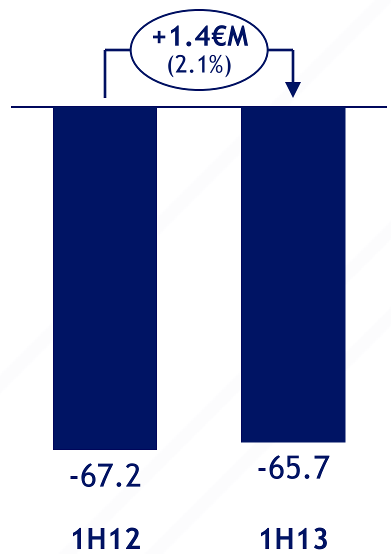
(1) Includes Δ-€2.4M of NG tariff smoothing effect.

Below EBITDA, financial costs improved slightly

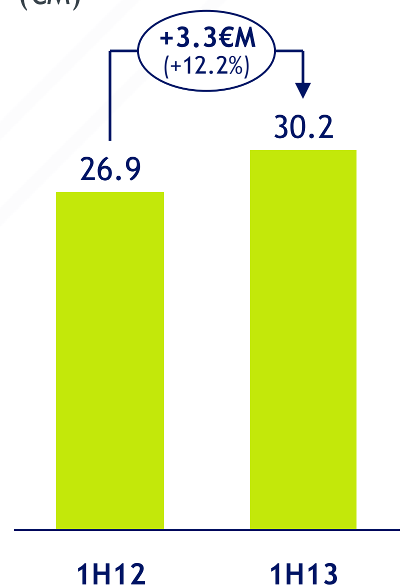
DEPRECIATION
(€M)



NET FINANCIAL INCOME
(€M)



TAXES(1)
(€M)



(1) 1H12 includes a non-recurrent effect of -5,6M€

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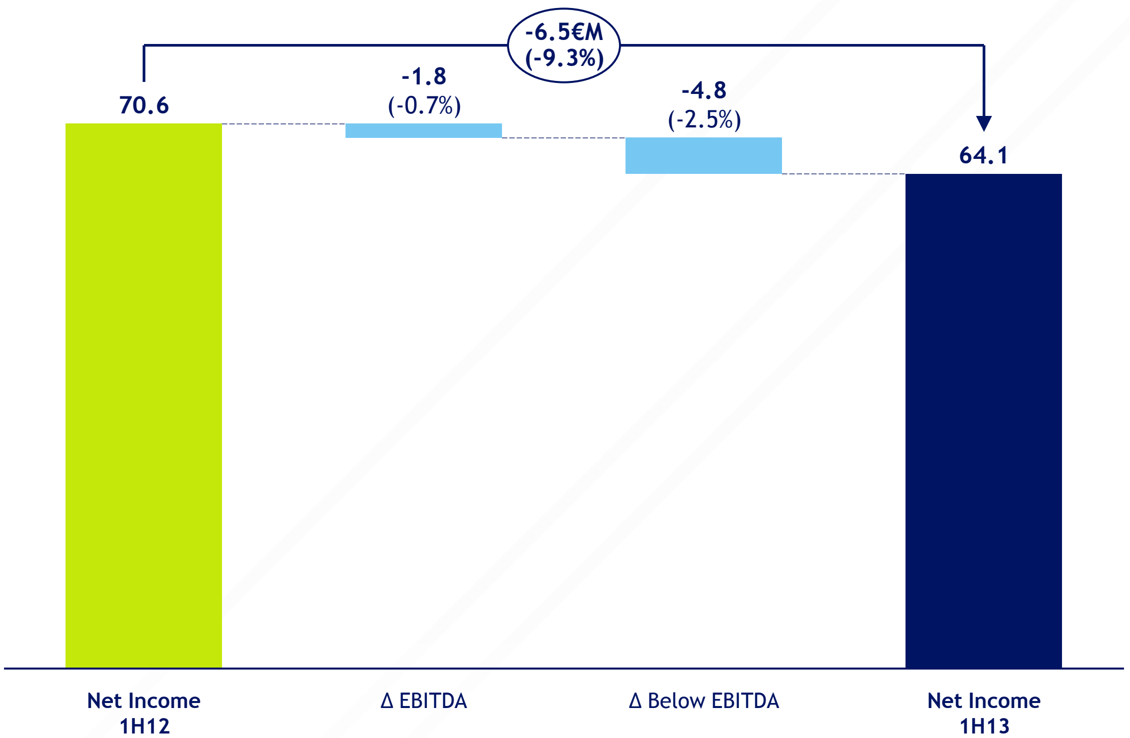
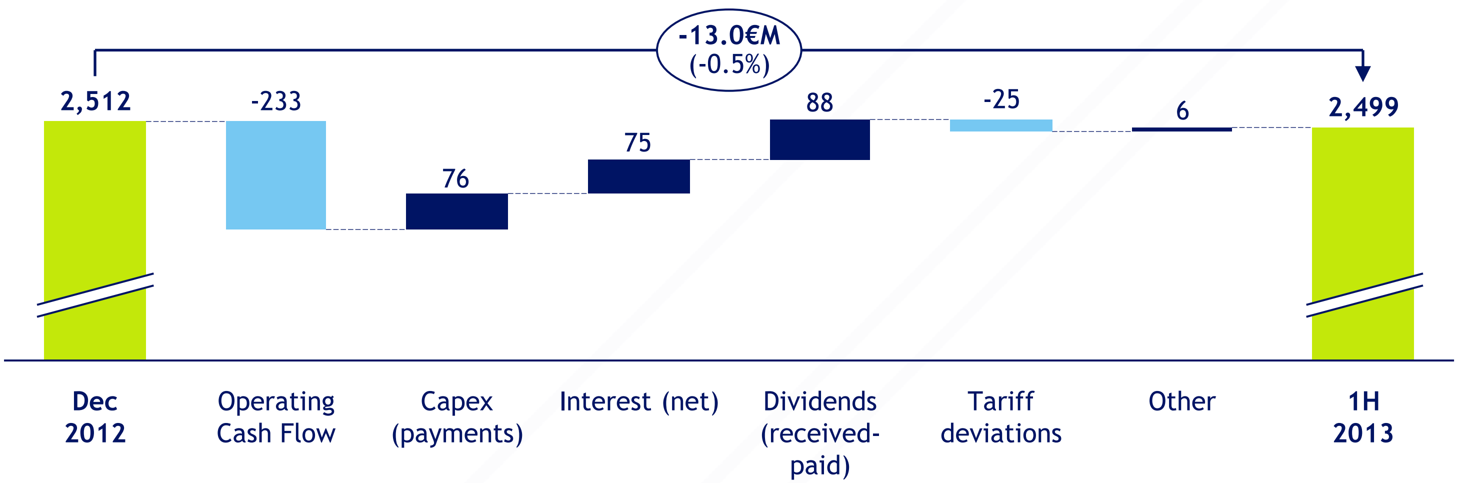
Net Income down by 9.3% (-€6.5M)

(€M)



Net debt started to decrease in 1H13

NET DEBT
(€M)



- The **average cost of debt** was 5.65% (5.70% in 2012);
- **Net debt/EBITDA** slightly improved (down to 4.81x from 4.91x).

Operating cash flow = EBIT + Depreciation + Provisions – Non cash items

MAIN CONCLUSIONS

- REN's operational results were in line with expectations, displaying a decrease due to the asymmetry of the impact of interest rate reductions in the revenue and in the cost sides of the P&L (impact on revenues is immediate while impact on financial costs is delayed);

- The average cost of debt, which suffered heavily from the sovereign debt crisis over the past three years, started to revert its upward trend; the stock of debt also started to decrease reflecting the reduction in CAPEX;

- The dividend related to fiscal year 2012 amounted to €90.8M and was paid on May 27th, representing a dividend yield of 7.7%;

- The new regulatory framework for natural gas was published on June 14th. As expected, the main change in the regulatory model was the introduction of a rate of return linked to the average value of the yields of the 10-year treasury bonds, with a floor and a cap; furthermore, the incentive mechanisms and the definition of efficiency goals for operational expenses were extended to the underground storage activity;

- The second quarter results show that the decrease in the first quarter is being smoothed along the year, in accordance with our expectations.

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