



March, 15th 2018

RESULTS PRESENTATION 2017



2017 HIGHLIGHTS



RESULTS
PRESENTATION

- ▶ In the full year of 2017, **EBITDA** rose to €487.5M (2.4%). Consistent with this trend, **Net Profit** amounted to €125.9M and **Recurrent Net Profit** was €154.8M, respectively 25.7% and 22.5% above 2016;
- ▶ **EBITDA** included the positive contributions of three months of consolidation of Portgás (€8.9M) and of Electrogas' results (€7.2M). Additionally, the **Regulatory Asset Base** improved 11.0%, standing at €3,924.7M. This resulted in an increase in revenues asset-related of €2.2M;
- ▶ **Net Profit** continued to be boosted by strong **financial result** that stood at -€61.2M (23.3%), on the back of the sustained lowering trend in the average cost of debt (2.5%, versus 3.2% in FY2016). **Net Debt** reached €2,756.2M (11.2%) impacted by the acquisitions of Electrogas (€169.3M) and Portgás (€530.3M), which was partly compensated by the €250.0M capital increase. Additionally, REN's results were penalized by the extraordinary levy on the energy sector. Since 2014, REN has paid more than €100M and in 2017 this payment brought the effective corporate tax rate to **38.4%**;
- ▶ In 7th December, REN accomplished a **capital increase** of €250M, through the issue of 133,191,262 new shares, at the unitary subscription price of 1.877 euros. These shares were admitted to trading in the Euronext Lisbon regulated market in 13th December;
- ▶ In 11th January 2018, REN issued **€300M of bonds** (through its EMTN programme) with a maturity of ten years. The proceeds were used to repay the bridge loan used on the recent REN Portgás acquisition.

RESULTS AT A GLANCE



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€M	4Q17	2017	2016	Δ%	Δ Abs.
EBITDA	123.1	487.5	476.0	2.4%	11.4
Financial Result	-16.7	-61.2	-79.9	23.3%	18.6
Net Profit	37.1	125.9	100.2	25.7%	25.7
Recurrent Net Profit	38.0	154.8	126.3	22.5%	28.5
Average RAB	3 924.7	3 924.7	3 537.1	11.0%	387.7
CAPEX	75.3	155.6	171.5	-9.3%	-15.9
Net Debt	2 756.2	2 756.2	2 477.7	11.2%	278.5

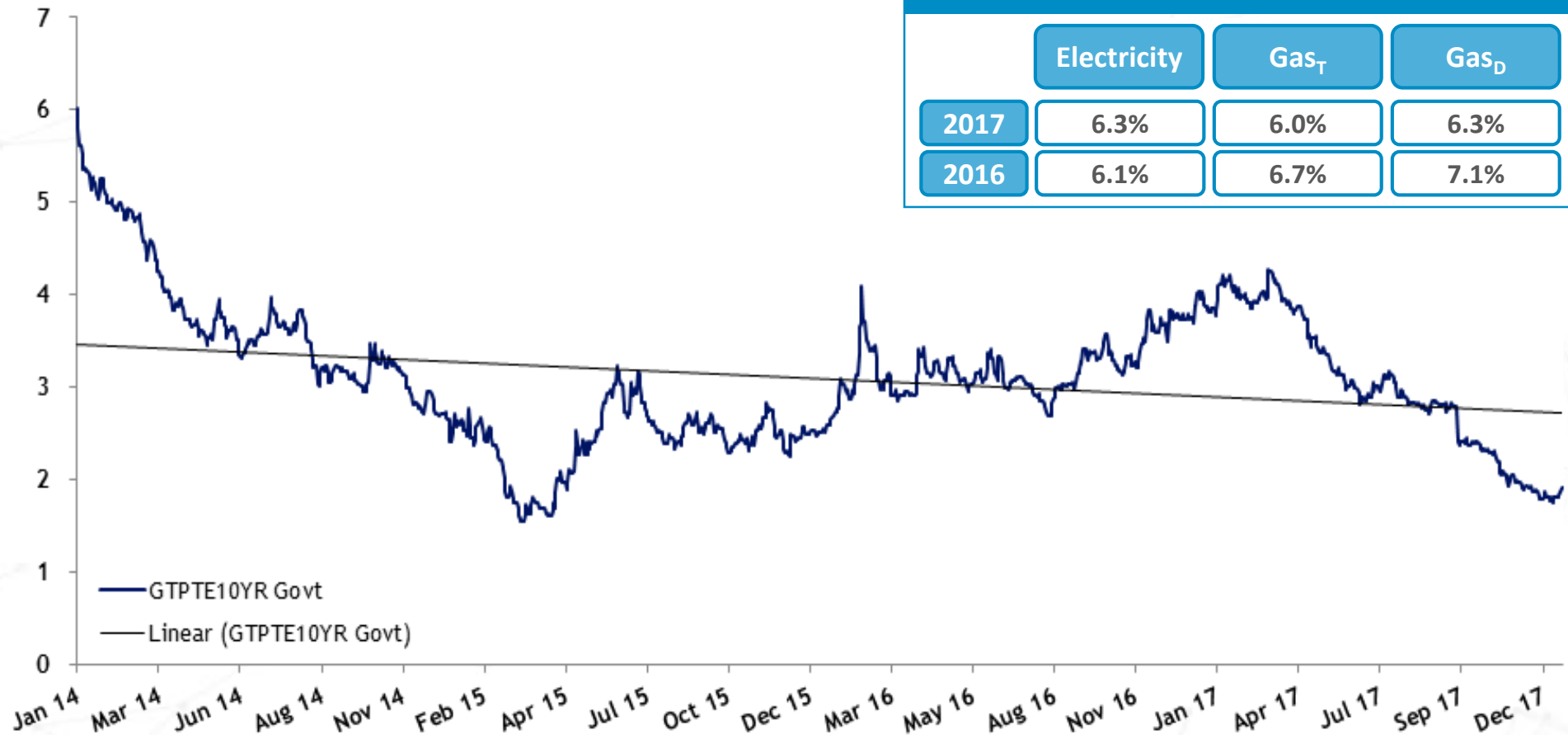
PORTUGUESE PERCEIVED SOVEREIGN DEBT RISK

The rate levels have been recently coming down



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PT 10Y Treasury Bond Yields



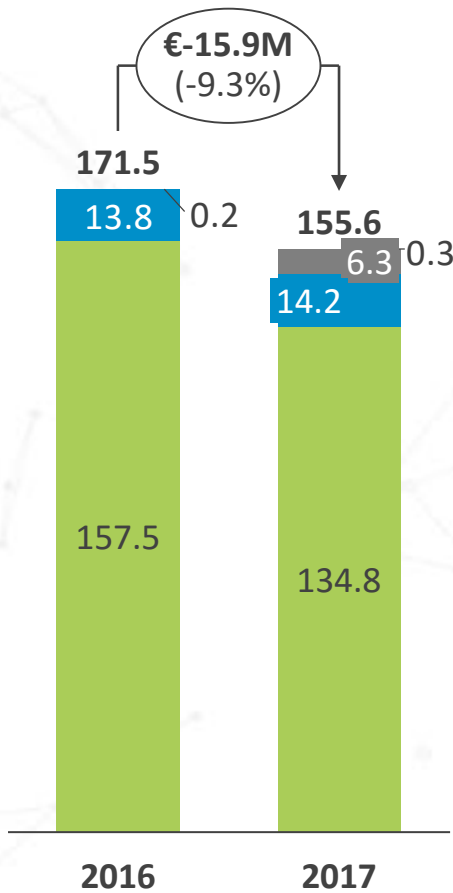
BASE RoR			
	Electricity	Gas _T	Gas _D
2017	6.3%	6.0%	6.3%
2016	6.1%	6.7%	7.1%

CAPEX DECREASED BY €15.9M



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CAPEX
(€M)



- Other
- Portgás
- Natural gas transmission
- Electricity

TRANSFERS TO RAB
(€M)

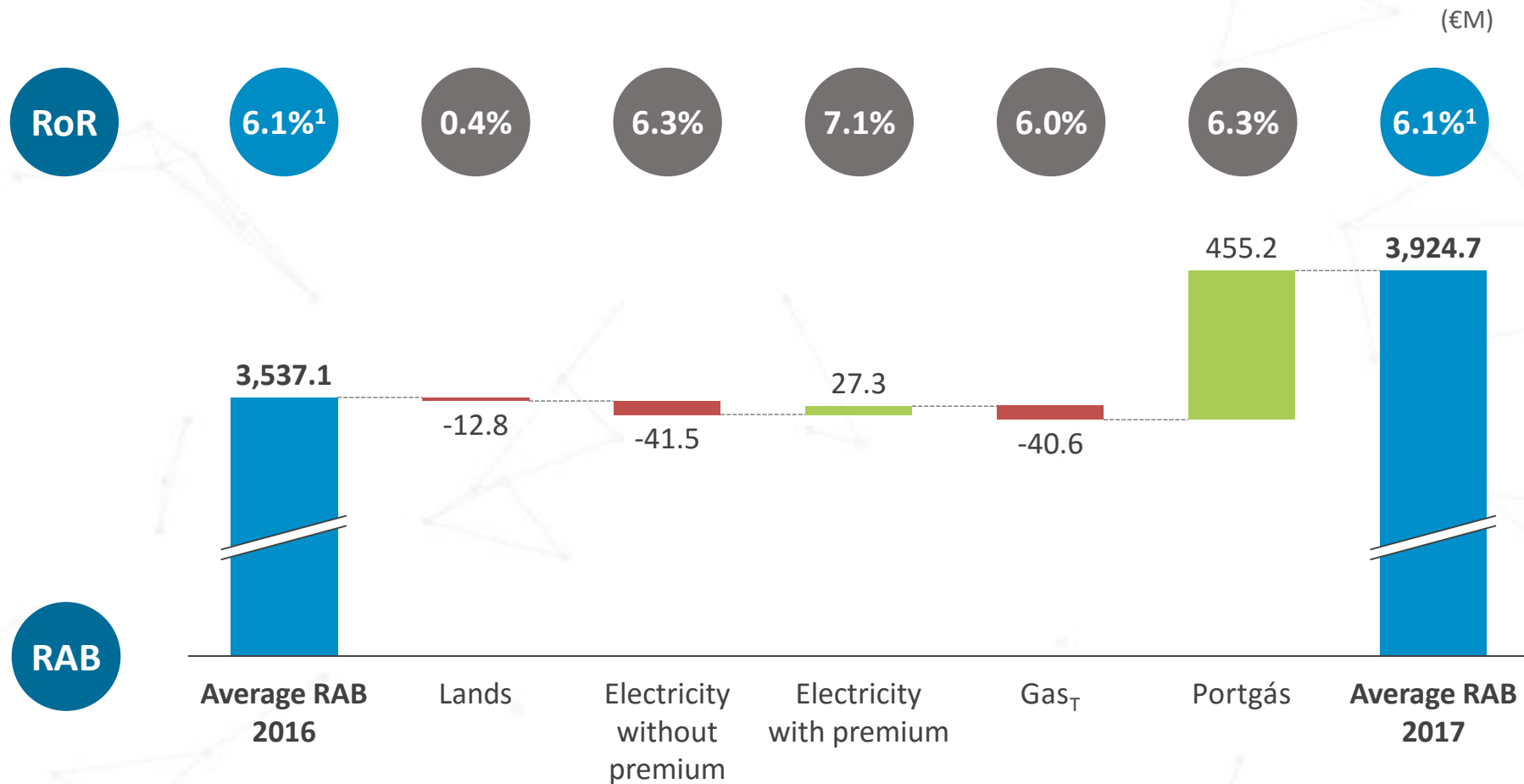


AVERAGE RAB INCREASED BY 11.0%

With the acquisition of Portgás (€455.2M)



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

TRANSMISSION RAB REMUNERATION DROPPED €6.3M

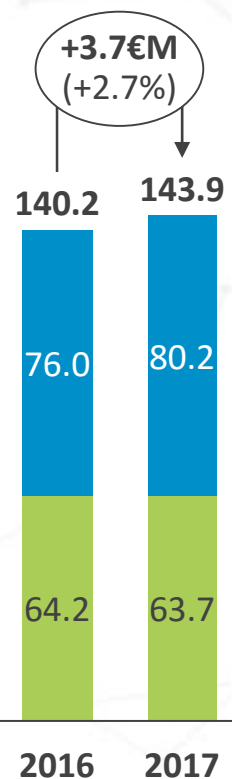
Despite the positive contribution of electricity



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RAB REMUNERATION ELECTRICITY

(ex. Lands)
(€M)



-€0.95M

Impact of the decrease in the **asset base** by €14.2M to €2,138.4M.

+€0.26M

Impact of the change in **asset mix** – assets with premium weight increased to 53% in 2017 from 51% in 2016.

+€4.43M

Impact of the indexation of the **rate of return** – to 7.08% from 6.88% in assets with premium, and to 6.33% from 6.13% in assets without premium.

Electricity with premium
Electricity without premium

RAB REMUNERATION NATURAL GAS_T

(ex. tariff smoothing effect)
(€M)



-€7.63M

Impact of the decrease in the **rate of return**, to 6.02% from 6.70%.

-€2.44M

Impact of the €40.6M decrease in the **asset base**, to a total of €1,075.5M.

RAB REMUNERATION PORTGÁS¹⁾

(€M)



-€3.36M

Impact of the decrease in the **rate of return**, to 6.32% from 7.07%.

+€0.52M

Impact of the €8.2M increase in the **asset base**, to a total of €455.2M.

1) FY2017 values. Portgás contributed with €7.1M (last 3 months of 2017) for REN's RAB remuneration.

OPEX INCREASED BY €14.0M

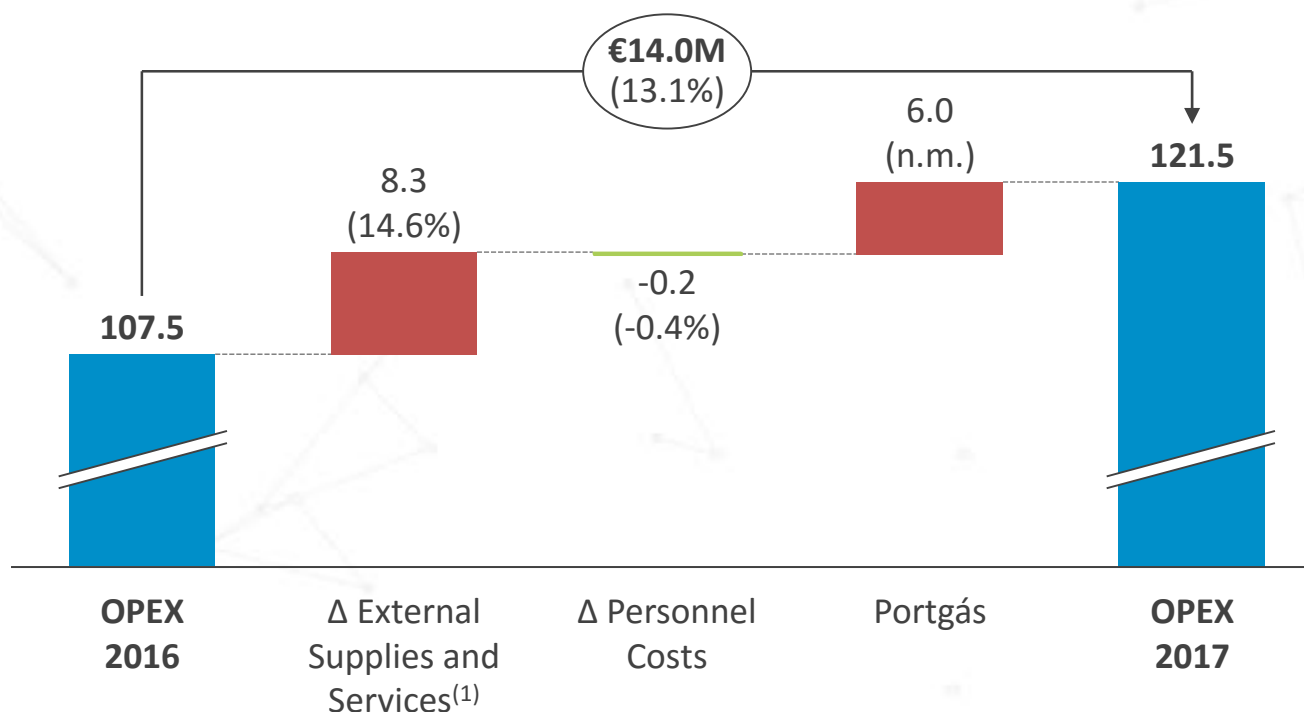
Driven by non recurrent, non core and revenue related costs



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OPERATIONAL COSTS

(€M)



- ▶ The **External Supplies and Services** evolution was mostly explained by: (1) €3.3M from the Portgás and Electrogas acquisitions; (2) €2.1M from electricity costs related to the increase in the LNG Terminal activity; and (3) Δ€1.9M from ITC mechanism costs⁽²⁾. **Without these effects and on a like for like comparison, OPEX was roughly the same as in 2016 (+0.7%).**

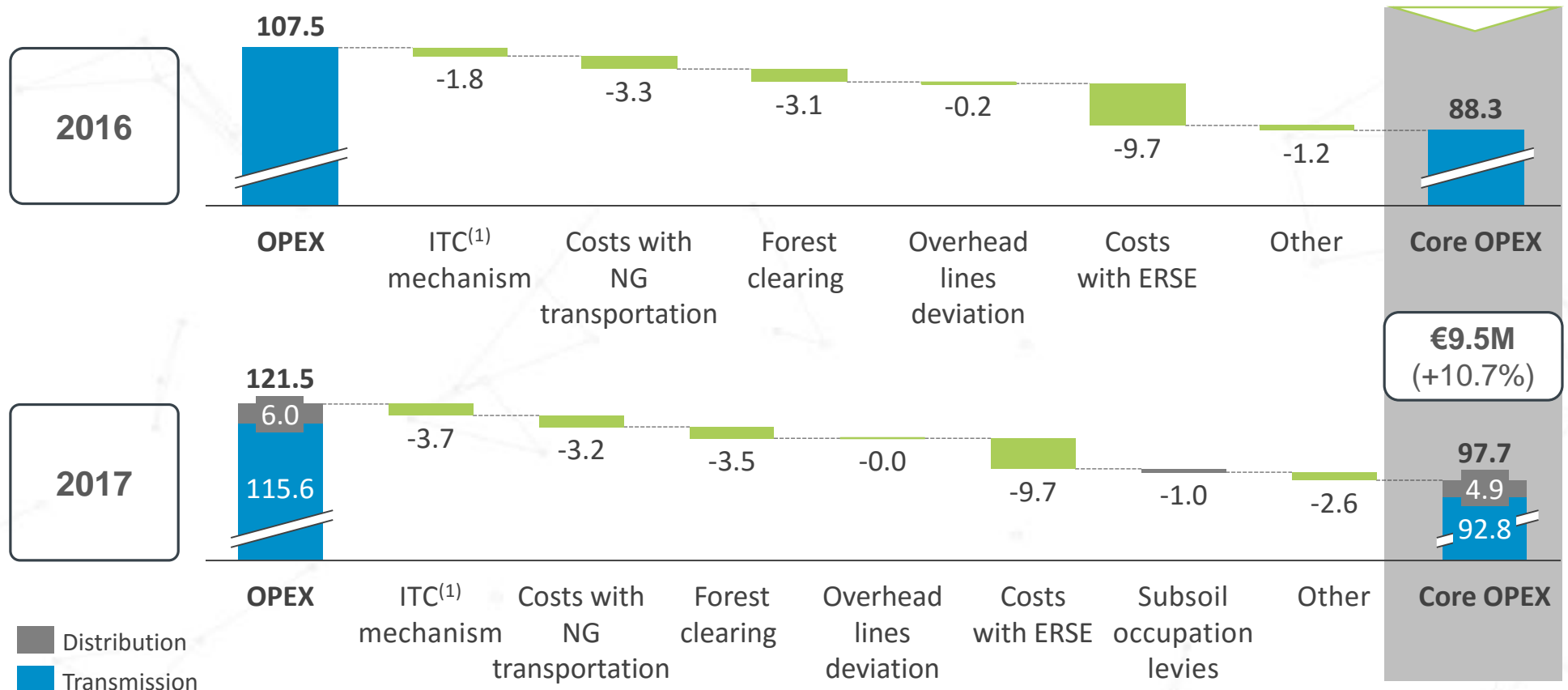
⁽¹⁾ Include Δ€0.2M of Other Operating Costs;

⁽²⁾ Note: (3) are costs related with revenues and pass-through.

IN 2017, CORE OPEX ROSE BY €9.5M (10.7%)

Without Portgás and the non recurrent and revenue related costs, it went down by 1%

CORE OPEX (€M)



(1) ITC - Inter Transmission System Operator Compensation for Transits.

EBITDA WAS UP BY 2.4%

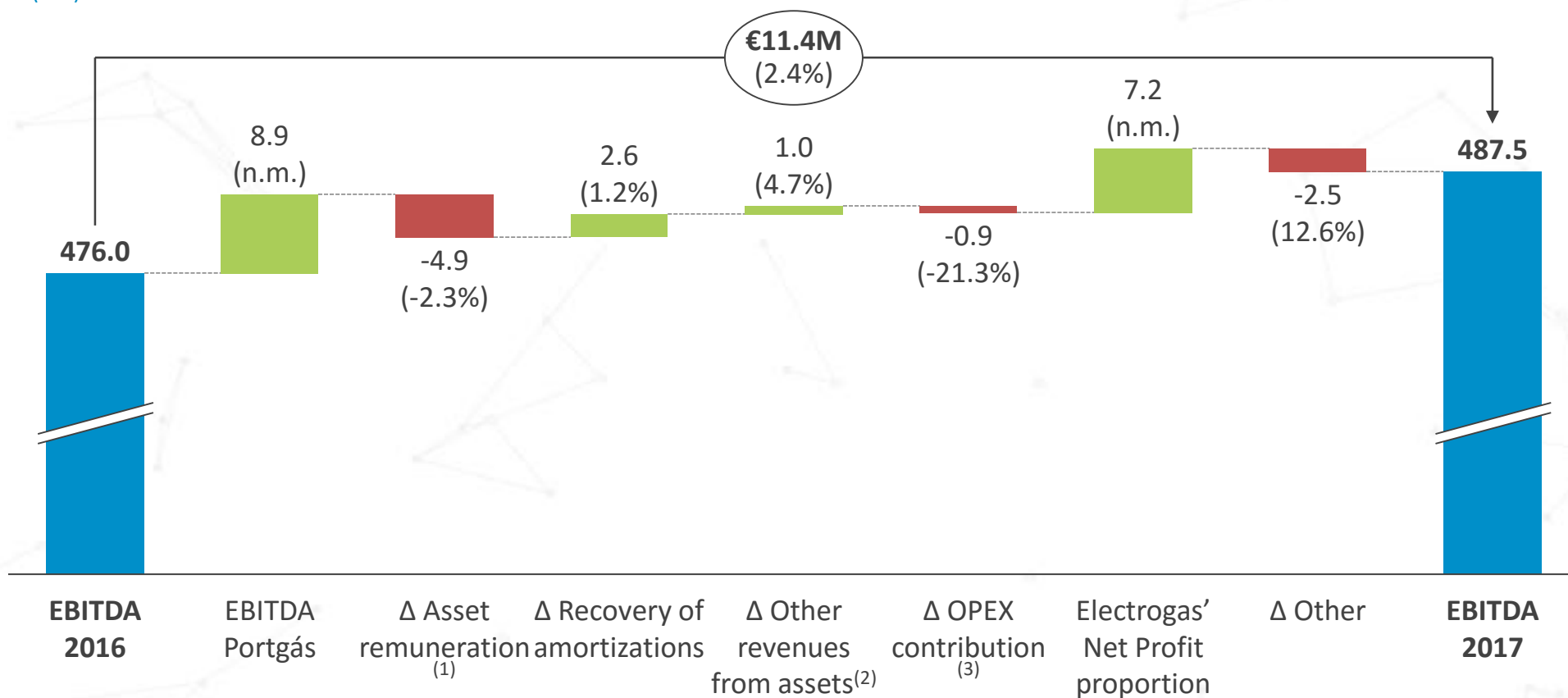
Benefiting from the Portgás (€8.9M) and Electrogas (€7.2M) acquisitions



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EBITDA

(€M)



The notes below refer to the transmission business only.

⁽¹⁾ Includes Δ€1.5M of NG tariff smoothing effect (natural gas);

⁽²⁾ Transmission business only; Includes Δ€1.0M of Remuneration of fully amortized assets;

⁽³⁾ Includes €1.2M and €2.1M related to the one-off costs with Electrogas and EDPG acquisitions (respectively) and Δ€1.6M of OPEX own works.

BELOW EBITDA

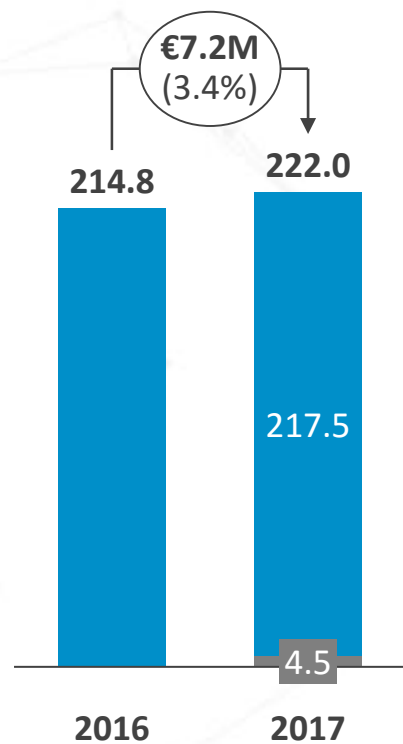
Financial Results favored by a lower average cost of debt (2.5%)



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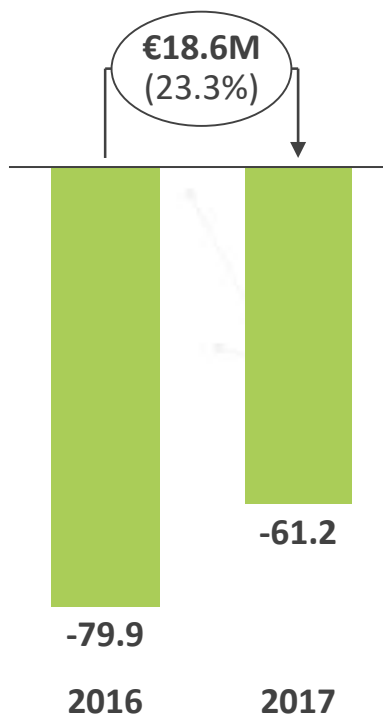
DEPRECIATIONS AND AMORTIZATIONS

(€M)



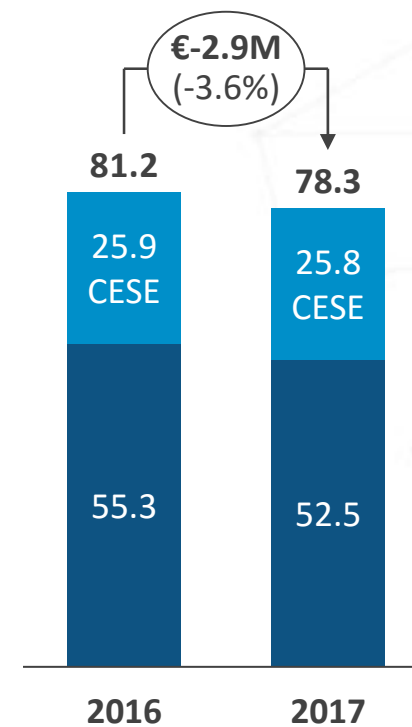
FINANCIAL RESULTS

(€M)



TAXES

(€M)



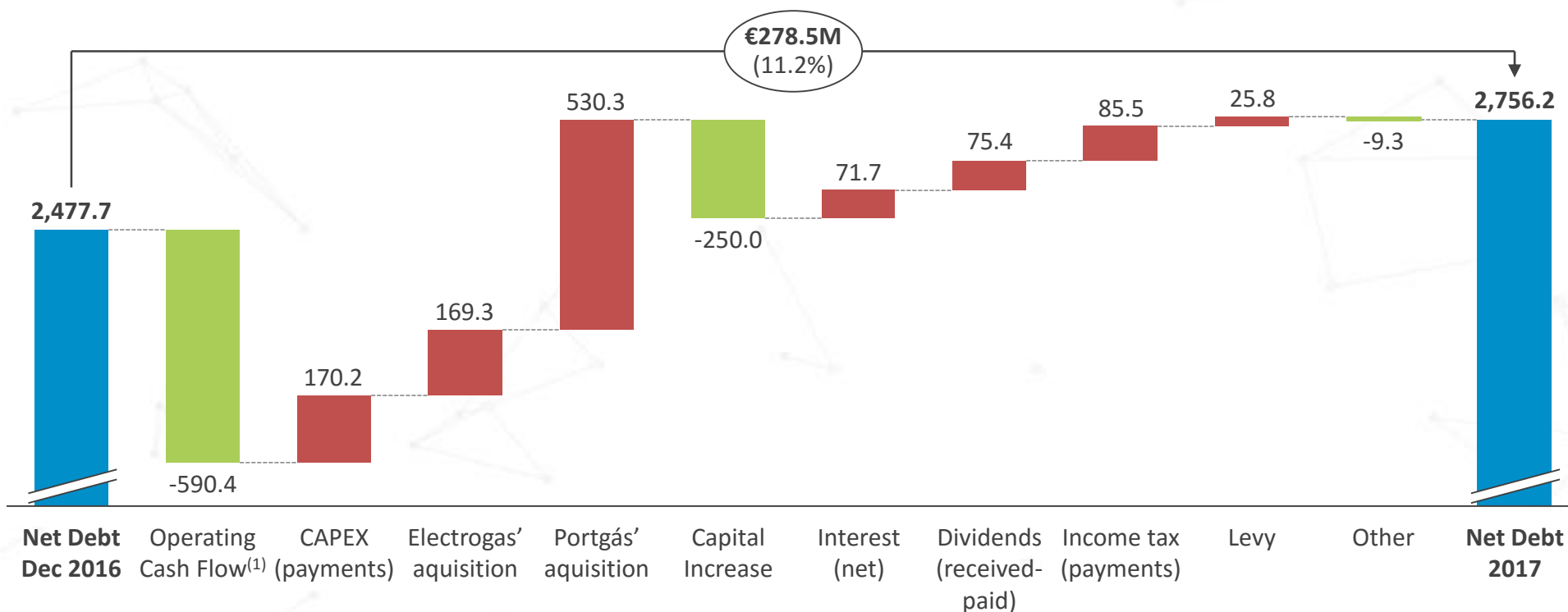
- Transmission
- Distribution

NET DEBT AMOUNTED TO €2,756.2M (11.2%)

Mainly impacted by the Electrogas and Portgás acquisitions as well as the tariff deviations cash inflow

NET DEBT

(€M)



- ▶ **Average cost of debt** decreased consistently over the year (2.5% in 2017 vs 3.2% in 2016);
- ▶ **FFO/Net Debt** ratio reached 11.7%.

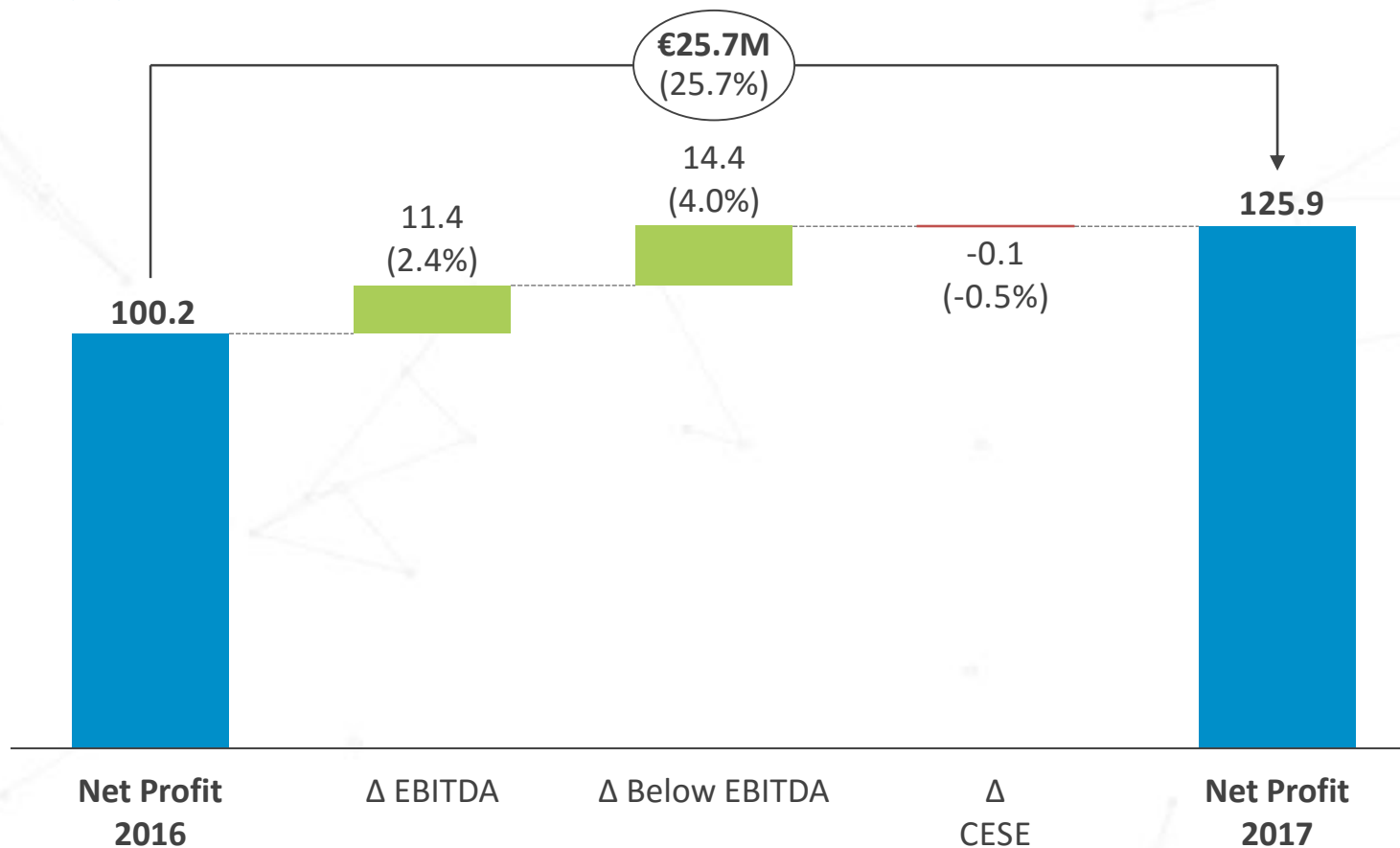
(1) Includes Δ€144.4M of **tariff deviations**.

NET PROFIT STOOD AT €125.9M (25.7%)



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NET PROFIT (€M)



- ▶ Over the last year, **REN's underlying businesses** showed a robust resilience, as a result of considerable efforts both at the operational and financial levels. However, REN's results continued to be constrained by the special levy on energy sector and lower natural gas asset remuneration;
- ▶ 2017 marked a new level of compliance with the existing strategic plan. With the purchase of 42.5% of Electrogas, REN stepped in the international market scene and with the acquisition of Portgás it streamlined the focus on Portugal;
- ▶ In the context of the acquisition of Portgás, REN proceeded with a **capital increase** and a **bond issue**, which were both well perceived by the market. The capital increase had a demand level 65.6% above supply, and in the debt issue demand was seven times greater than supply;
- ▶ REN is updating its strategy for the 2018-2021 period which will be presented to the market in May 2018, at the "**Capital Markets Day**" event;
- ▶ At the General Shareholders' Meeting, the Board of Directors will propose the **payment of a dividend of 17.1 cents per share**, in line with the previous year and with the announced dividend policy.

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