

# Corporate presentation

March 2024



REN



# Key messages



## Exclusive TSO in Portugal

Focused in Portugal with growth opportunities in Chile



## Operational excellence

Highly efficient and reliable player, committed to innovation and technology



## Stable business context

Stable regulatory context with long term contracts



## Solid results

Strong financial discipline leading to attractive shareholder returns



## Strategic cycle 2021-24

REN at the core of energy transition reinforcing its ESG standards and delivering growth, superior operational performance and solid financials



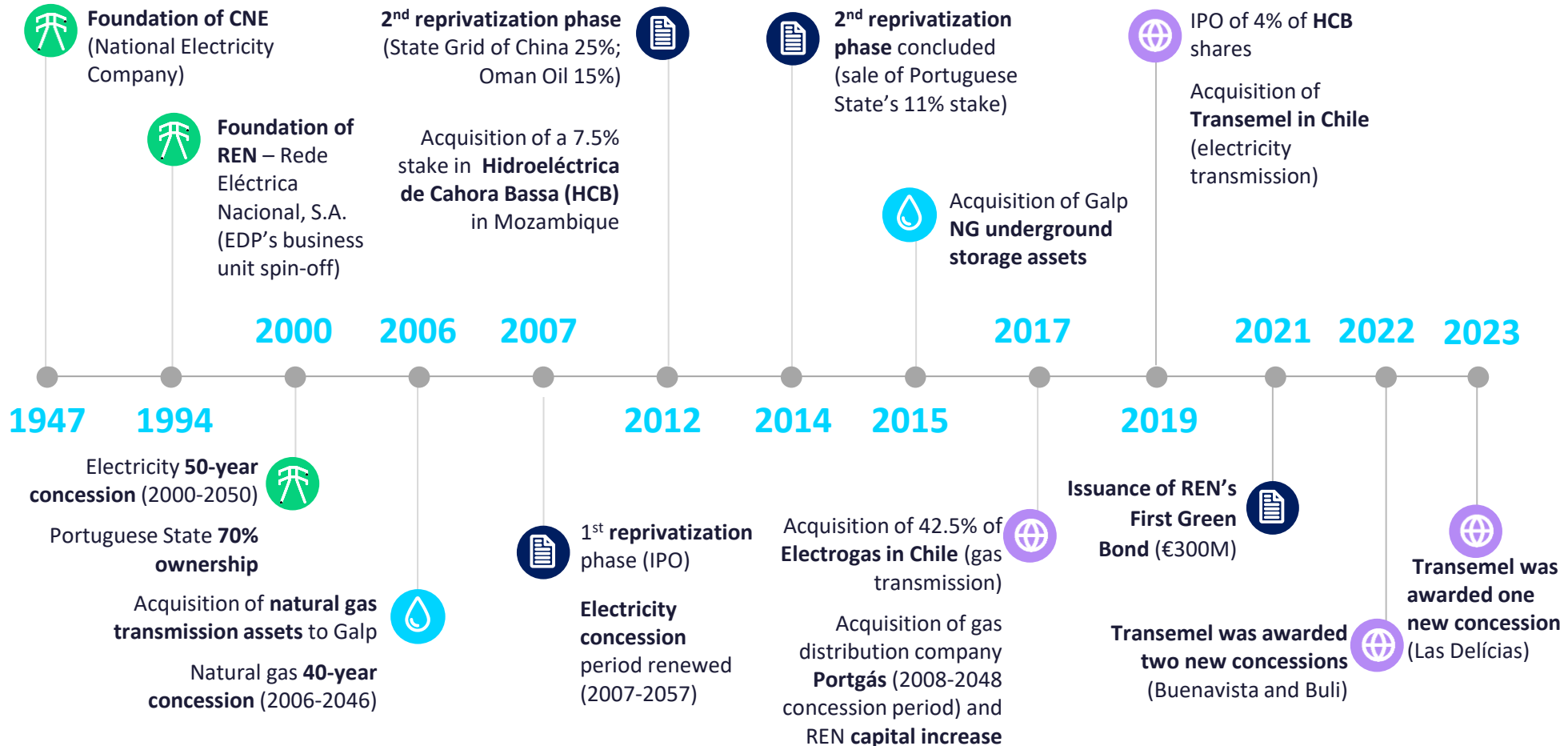


# Exclusive TSO in Portugal

Focused in Portugal with growth opportunities in Chile



# 70-year track record as a leading energy infrastructure operator focused in Portugal



# Exclusive TSO and largest natural gas DSO in Portugal, with international presence



## Portugal



## Chile



## Spain



## Mozambique



Transmission



\* 1% stake

Distribution



\*42.5% stake

Telecomun.



Generation



\*7.5% stake

Network and EBITDA figures from 2023; For Spain and Mozambique EBITDA figures refer to 2022.

# Portugal's electricity transmission and system management activity

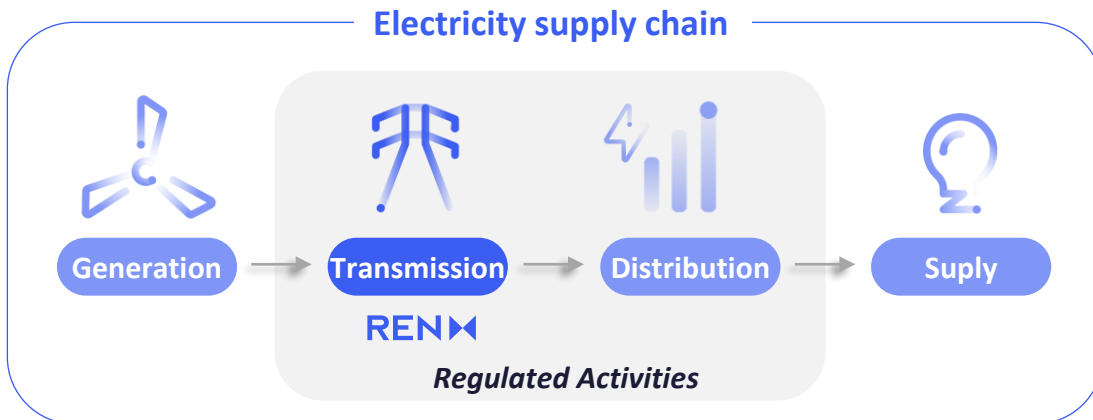
- ✓ Exclusive Transmission System Operator (TSO)
- ✓ Transmission of very high voltage electricity
- ✓ Overall technical management of the system
- ✓ Concession until 2057

**2,044 M€**

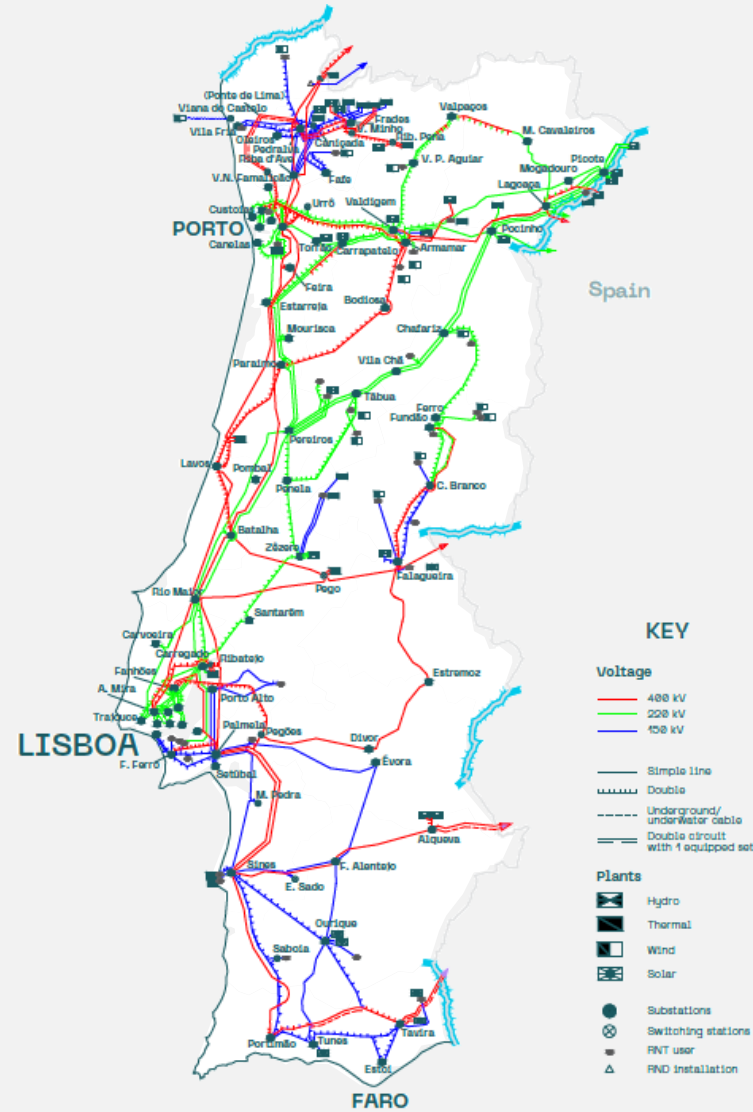
AVERAGE RAB<sup>1</sup>  
2023

**9,409 km**

NETWORK  
2023



1. RAB: Regulated Asset Base; Excludes hydroland (for historical reasons, besides transmission and system management assets, REN owns lands allocated to hydro power plants which are in public hydric domain)



National Electricity Transmission System

# The only player in Portugal's natural gas transmission activity

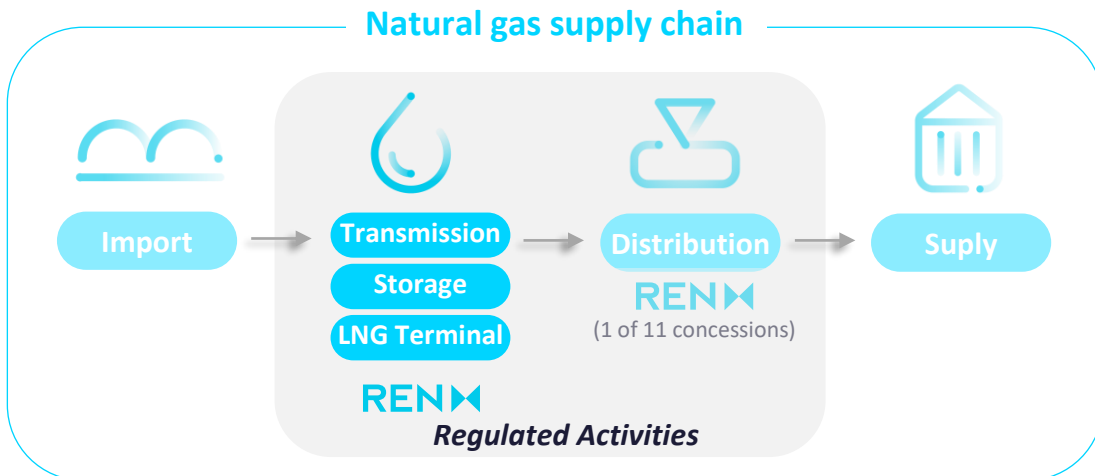
- ✓ **Exclusive TSO** (concession until 2046)
- ✓ **Transportation** of high-pressure natural gas and overall technical **management of the system**
- ✓ **Reception, storage and regasification of LNG** and **underground storage** of natural gas

**831 M€**

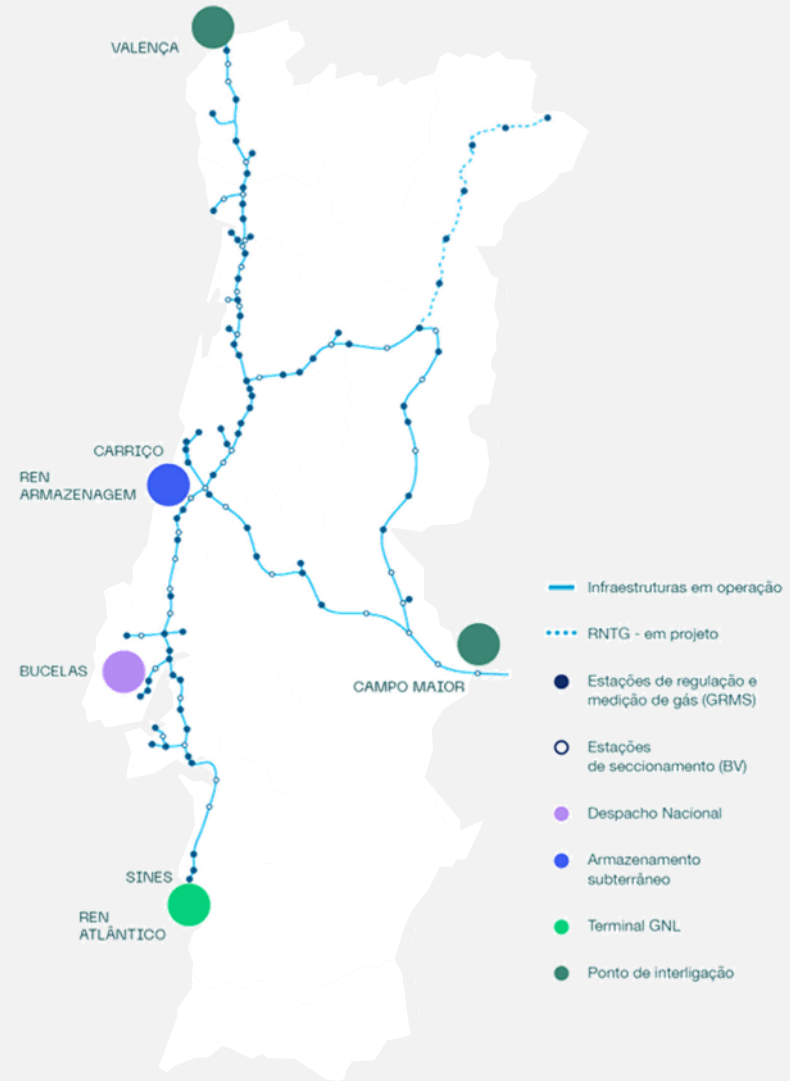
**AVERAGE RAB**  
2023

**1,375 km**

**NETWORK**  
2023



Acronyms: RAB - Regulated Asset Base  
CORPORATE PRESENTATION



Gas transmission network

# Largest player in Portugal's natural gas distribution activity

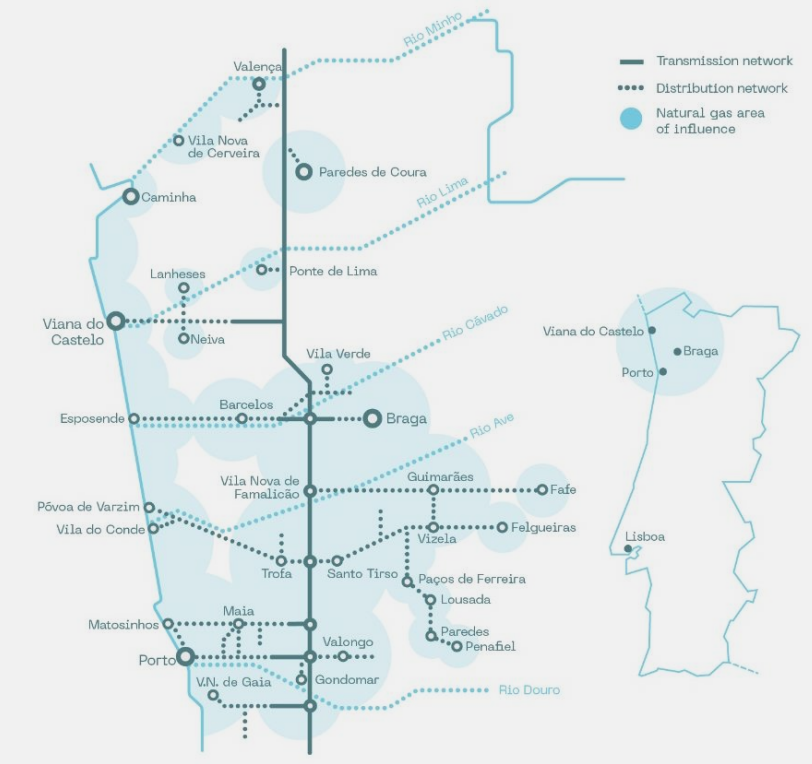
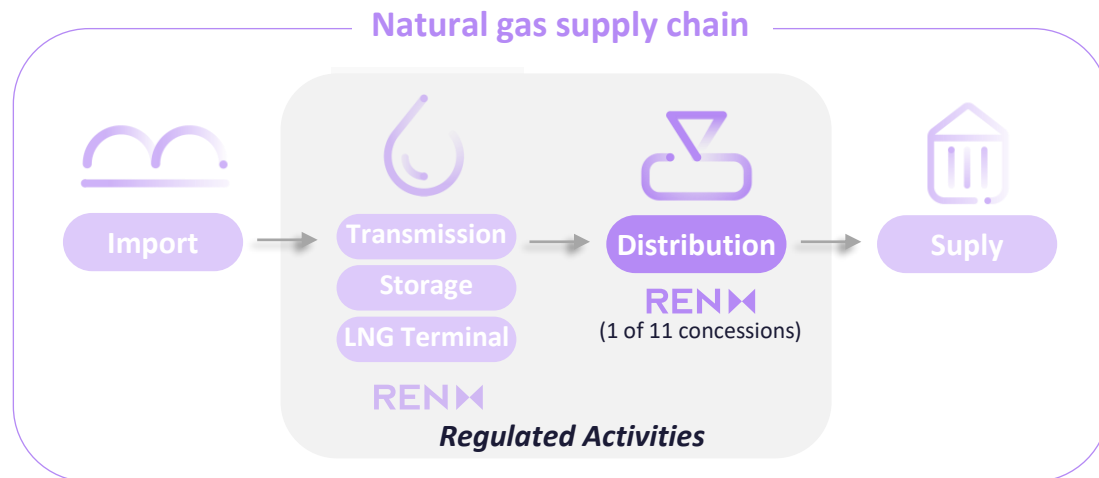
- ✓ Largest gas distribution concession in Portugal among 11 companies with exclusive regional concessions
- ✓ Provides services in the coastal region of Northern Portugal
- ✓ Concession until 2048

492 M€

AVERAGE RAB  
2023

6,485 km

NETWORK  
2023



Portgás network

5,716 GWh

DISTRIBUTED  
GAS, 2023

406,209

CONNECTION  
POINTS, 2023



# Telecommunications business carried through **REN Telecom** and strong IT infrastructures

## REN Telecom

- ✓ Public **telecommunications network operator** since 2002
- ✓ Leverage the existing surplus of **secure telecommunications network** capacity in the electricity and gas backbones
- ✓ **Services provided** include rental of fibre optics, data transmission, data centres, maintenance, projects and consulting

## Strong IT infrastructures

- ✓ Data Centers in **different locations**
- ✓ **Redundancy** with emergency dispatch centers

8,106km  
optical fiber

2,875m<sup>2</sup>  
datacenters

Neutral  
Secure  
Redundant



# Growing its international presence in the Chilean energy transmission business



## Electrogas

(42.5% stake since 2017)



- ✓ Operates a gas transmission system in the central region of Chile
- ✓ Connects Quintero's regasification terminal to Santiago
- ✓ Long-term take-or-pay gas transportation contracts

US\$ 53M

REVENUES, 2023

US\$ 31M

NET INCOME, 2023

166 km

NG NETWORK, 2023



## Transemel

(100% since 2019)



- ✓ Strategic location in the Chilean power market, where demand is expected to grow
- ✓ Revenues under a stable regulatory framework
- ✓ Growth platform in a country that still requires significant investments in transmission

21 M€

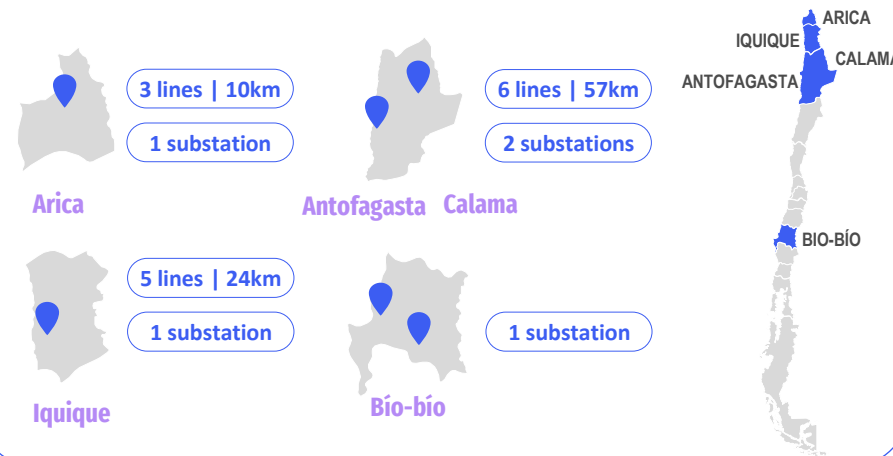
REVENUES, 2023

16 M€

EBITDA, 2023

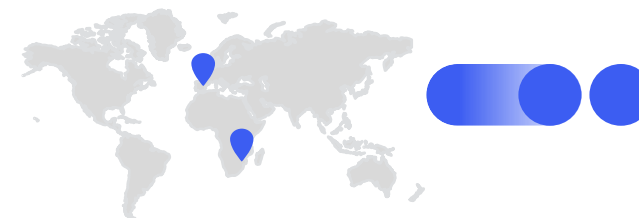
92 km

NETWORK, 2023





# Holdings in the Spanish electricity TSO and Cahora Bassa hydro-plant in Mozambique



## Red Eléctrica Corporación

(1% stake)

- ✓ **Sole transmission agent and operator** of the Spanish electricity system
- ✓ Construction, management and operation of **transmission grids outside Spain**, currently in Peru, Chile and Brazil
- ✓ Spain's neutral **telecommunications infrastructure operator of reference** (through REINTEL)
- ✓ Development of **energy storage infrastructure in the Canary Islands** (through REINCAN)



REN   
(REN accounts)

1,491M€

EBITDA  
2022

665M€

NET INCOME  
2022

81M€

ASSET VALUE  
2023

5M€

DIVIDENDS  
2023

## Hidroeléctrica de Cahora Bassa

(7.5% stake)

- ✓ **Concession holding company operating the Cahora Bassa hydro-plant** located on the Zambezi River, in the province of Tete, in Mozambique
- ✓ **Largest power generation plant in Mozambique**, comprising five turbines with a capacity to generate 415 Mw each
- ✓ Committed to the **rehabilitation and modernization of its assets**, within the scope of the Capex Vital program (medium term investment plan of around 500M€)

HIDROELÉCTRICA DE  
CAHORA BASSA 

REN   
(REN accounts)

249M€

EBITDA  
2022

136M€

NET INCOME  
2022

51M€

ASSET VALUE  
2023

5M€

DIVIDENDS  
2023



# Operational excellence

Highly efficient and reliable player, committed to innovation and technology



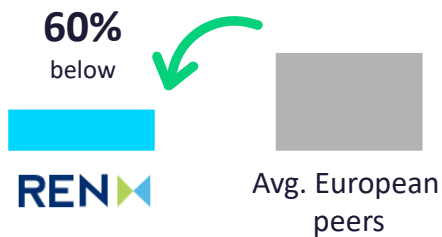
# Amongst the most efficient TSO's with superior service quality in international benchmarks



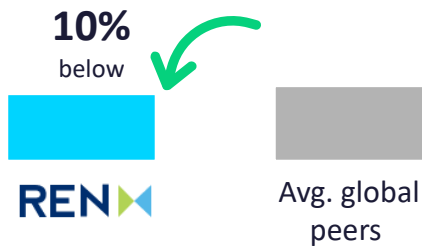
## Electricity

*Service level in line with or outperforming peers*

### Line cost

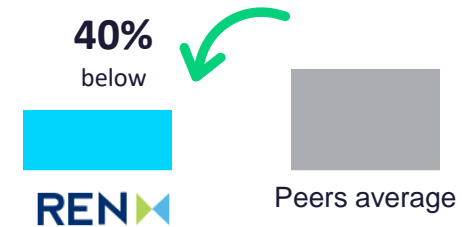


### Substation cost

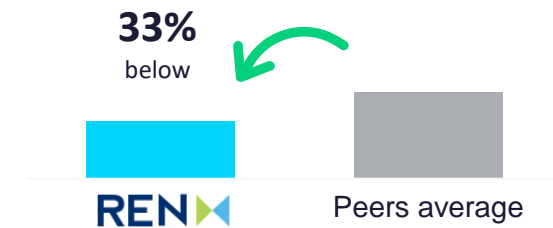


## Natural Gas Transmission

### Opex on pipelines



### Opex LNG Terminal Operators



Source: ITOMS 2018, published in 2019 - International benchmark of European, American, Asian and Australian transmission operators; Gas transmission benchmarking initiative 2021, published in 2022; LNG receiving terminals benchmarking 2021, published in 2022

# Enabling a renewable future



Closing of Portugal's last remaining **coal plant** in November

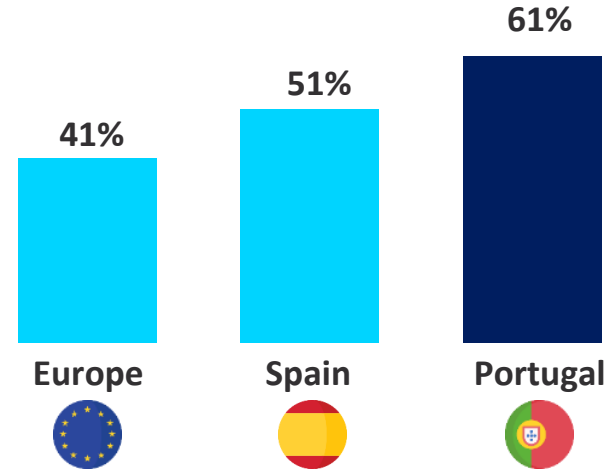
2021

Renewable generation supplied **61% of national electricity consumption**

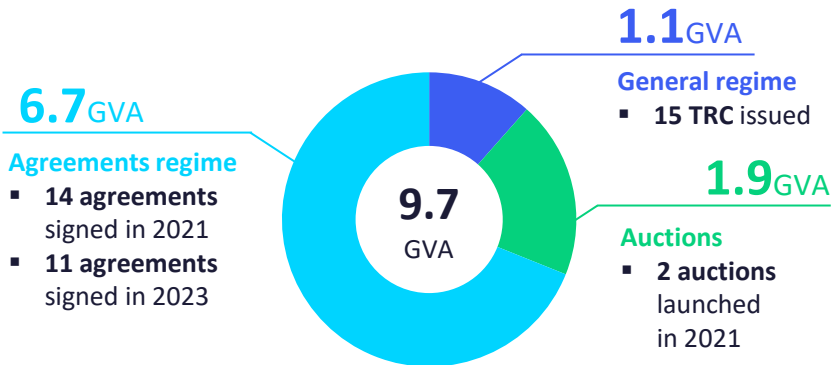
2023

**149-hour period** with renewable production exceeding consumption

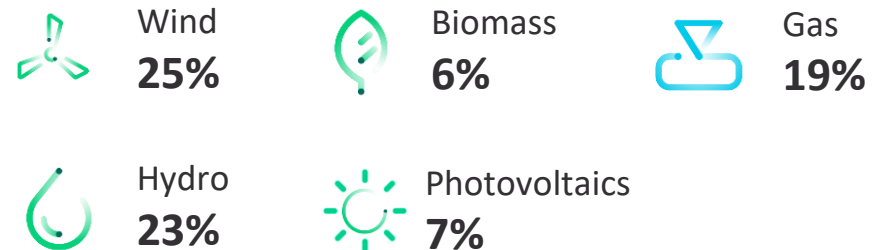
% Electricity consumption from renewable sources<sup>1</sup> 2022



## Capacity assigned to RES producers since 2019



% Electricity consumption by source<sup>2</sup> 2023



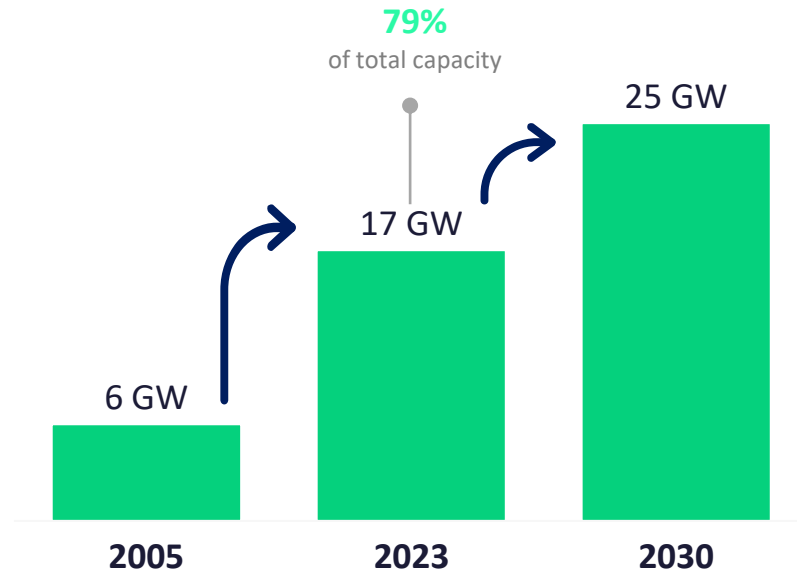
1. Data from Eurostat; 2. Data from REN; energy imported represents 20% and is considered as a separate/additional source  
Acronyms: TRC - Capacity Reservation Certificates



# REN secured green transformation in Portugal



## Installed capacity of renewables



**REN's investment of >3.1B€ to electricity grid maintenance and expansion allowed Portugal to be a clear leader in EU**

(~50% of electricity volume from green sources in 2020 for Portugal vs. ~35% for Europe)

## REN kept a stable and reliable service

**1.2 Bn€**  
Domestic capex  
in 2018-23



**42 days**  
of 100% renewable  
energy in 2023

**0.00 min**  
of gas supply interruption  
duration per offtake in 2023



**0.39 min**  
of electricity average  
interruption time in 2023<sup>1</sup>

1. Excludes interruptions by fortuitous of force majeure and exceptional events.

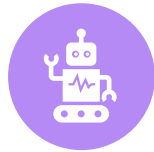
# Leverage REN's DNA of **innovation** and energy transition



## Innovation Strategy pillars



**Quality and business continuity**



**Smart and digital networks and operations**



**Sustainable development and energy transition**



**New business models**

## Key projects in 2023

- Pilot project on gas pipeline monitoring with fiber optic sensing
  - Use of robots to clean electrical substations and gas stations
- Pilot internal training project at REN for the use of fixed-wing drones
- TransForm – Agenda for the digital transformation of forestry value chains
  - DFOS – Distributed Fiber Optic Sensing for detecting collisions in power lines Very High Voltage (MAT)

**33**

**RESEARCH, DEVELOPMENT AND INNOVATION PROJECTS UNDERWAY | 2023**

**1.5M€**

**INVESTMENT IN INNOVATION | 2023**



**Consolidation of innovation results through a strong innovation culture**

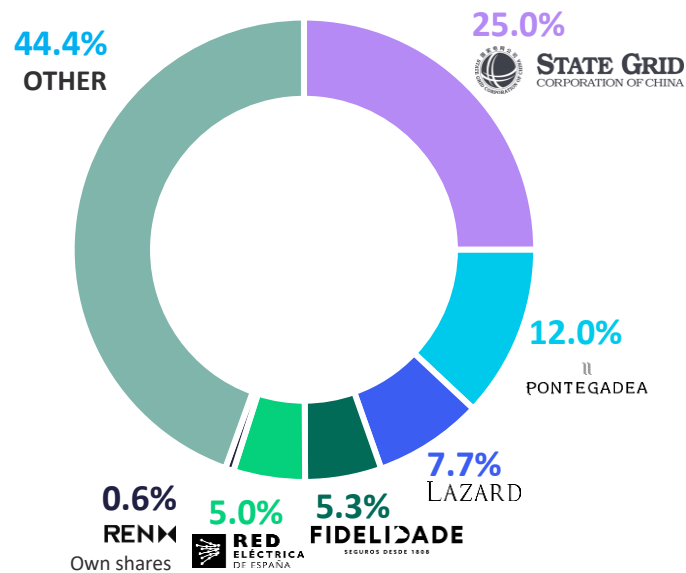


Development a strong internal program complemented with and external ecosystem development

# Solid shareholder base with best-in-class corporate governance



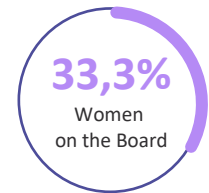
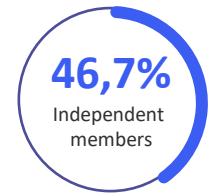
Shareholder structure<sup>1</sup>



Board composition



✓ Board diversity and independence



## Special committees and supervisory bodies

- Corporate governance
- Nomination and Appraisal
- Audit Committee
- Sustainability Committee
- Statutory Auditor
- Remuneration (external members)

1. March 13th, 2024; Ownership and voting rights are limited to 25% maximum



# REN remains committed to the highest ESG standards



## Environmental



## Social



## Governance

TARGETS

**CO<sub>2</sub> emissions reduction** by 2030 vs. 2019 2023: -45% -55%

**Carbon neutral** by 2040 ✓ On track

**>1/3 of women** in 1st line management positions by 2030 ✓ 33% 2023

**Increasing ESG weight** in managers' performance metrics by 2022 ✓ +5p.p.

**100% of new bond emissions** to be green ✓ On track

ACHIEVEMENTS 2023

**Climate** | Approval of near-term scope 1, 2 and 3 reduction targets according to the methodology and criteria of the Science Based Target initiative; Installation of 1.5 MW of self-consumption systems (photovoltaic and solar thermal); Development of a circular economy strategy and roadmap

**Forest** | Implementation of nature-based solutions and reforestation with native species

**Mobility** | Fleet electrification (49% in 2023 vs 34% in 2022)



**Gender equality** | In 2023, REN achieves the target of 1/3 of women in first line management positions

**Local communities** | REN donated 16 vehicles in 2022 to fire departments, teams of civil protection of municipalities and other entities



**Ethical and anti-corruption culture** | In 2023 REN joined the UN Anti-Corruption Call






**Sustainability governance** | REN created in 2021 a Sustainability Committee at Board level, which held 3 meetings during 2022



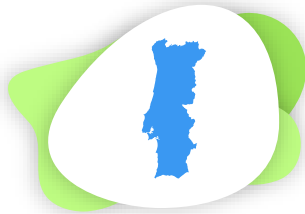
1. Scope 1+2 (reduction not including Chile and Portgás); Baseline 2019; Target updated from 50 to 55,3% following the committed submitted and approved by the Science Based Target initiative.

# Good performance in international ESG scores but with ambition to do more



	Scale	Score	YOY	Strengths	Latest assessment
 S&P Global	0-100	60	↓	Innovation, environmental reporting, and social reporting	February 2024
 CDP	D-A	A-	↑	Governance, business strategy, financial planning, scenario analysis, and scope 1 and 2 emissions	February 2024
 SUSTAINALYTICS	100-0	18.5	↑	Emissions, occupational health and safety, land use and biodiversity, human capital, and carbon	November 2023
 MSCI	CCC-AAA	AAA	↑	Biodiversity and land use, carbon emissions, and governance	March 2023
 ISS ESG	D-A	B	=	Community outreach, occupational health and safety	September 2023

# REN displaying reliable and consistent performance for all stakeholders



## Economy

**>4 B€**

invested in Portuguese infrastructure since 2005

**~95%**

of payments directed to national suppliers / industry partners

**~41%<sup>1</sup>**

average effective tax rate vs. 22% for top PSI-20 in 2018-21



## Society

**~11 M**

people connected to grid with no material interruption time

**+1 M**

trees of indigenous species planted since 2010

**>4,000 hectares**

replanted since 2010



## People

**748**

employees in stable team (>65% with at least bachelor degree)

**+1,500**

indirect collaborators (service providers and contractors)

**Commitment**

kept with industry partners, even during challenging times (Covid)

1. Excluding non-recurring effects



# Stable business context

Stable regulatory context with long term contracts

# Fully regulated domestic business



## REN Regulatory framework

### Stable regulatory framework

- **4-year regulatory periods**, for electricity and natural gas respectively, during which the **relevant parameters remain stable**
- **Stability** is a guiding principle of the regulation

### No consumer credit risk

- **Tariff revenues are not dependent on State payments**
- Transmission/transportation operators **do not have consumer credit risk**

### Allowed revenues

- Allowed revenues assure **cost of capital remuneration** and **recovery of costs through revenue cap** (allows REN to obtain efficiency gains by being below the revenue cap set by the regulator)
- **Earned via tariffs charged to final consumers by suppliers**

## Key regulatory stakeholders

● **Ministry of Environment and Climate Action** | Setting the energy policies and their implementation

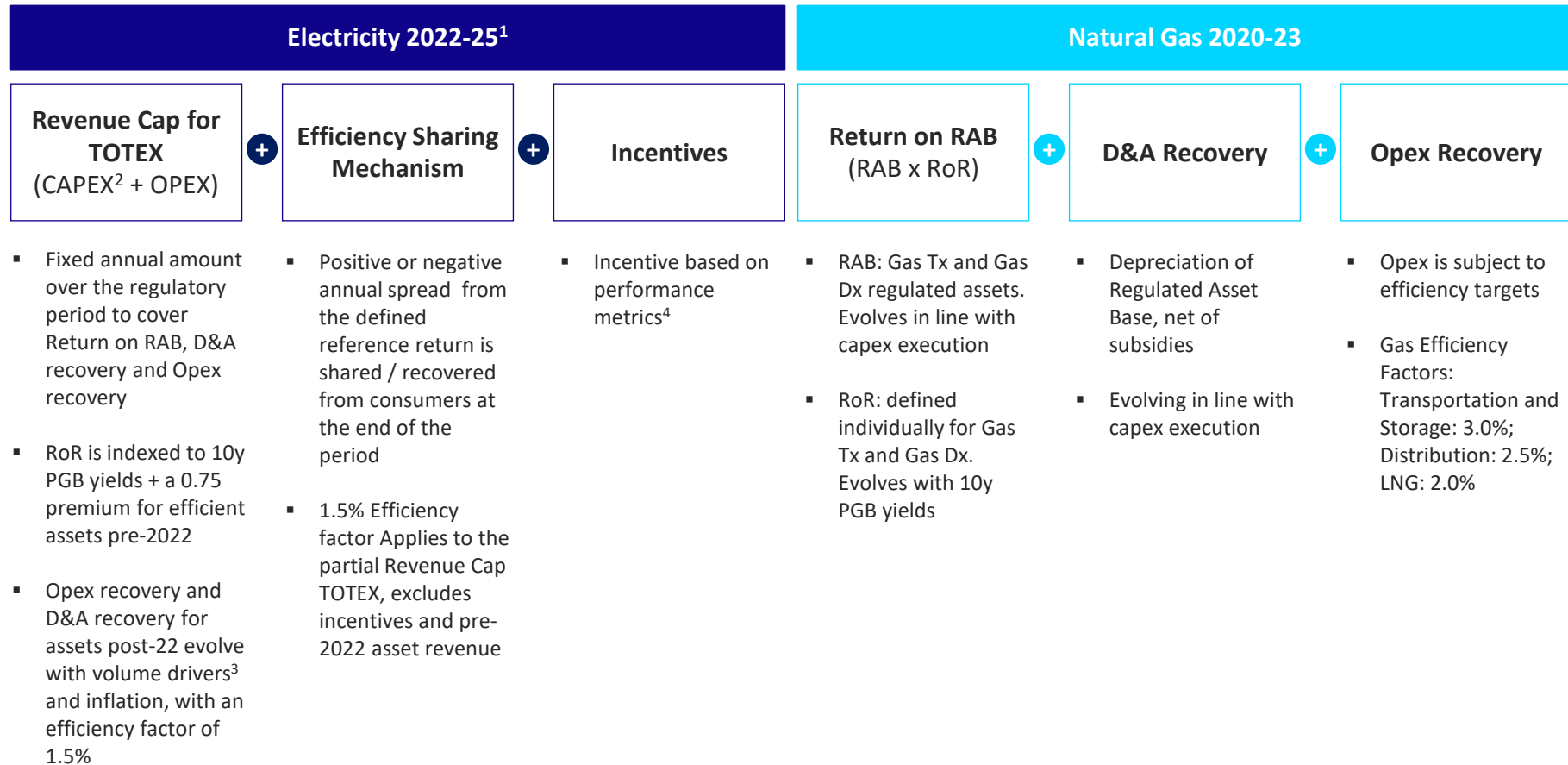
● **ERSE** | Energy independent regulator, responsible for setting tariffs

● **DGEG** | Design policies on energy and geological resources

# Introduction of TOTEX regulation in the electricity business



## REN's domestic allowed revenues breakdown



1. Only for Electricity Transmission Activity (excludes System Management activity); 2. Underlying RAB evolution for the period was forecasted by the regulator (ERSE) based on the approved investment plan; 3. €/ km of network and €/ MVA connected by producer; 4. Equivalent interruption time (TIE: Tempo de Interrupção Equivalente), Network and equipment availability (TCD: Taxa combinada de disponibilidade) and Interconnection capacity



# Transparent and **stable return** mechanism



## RoR indexation mechanism

At the start

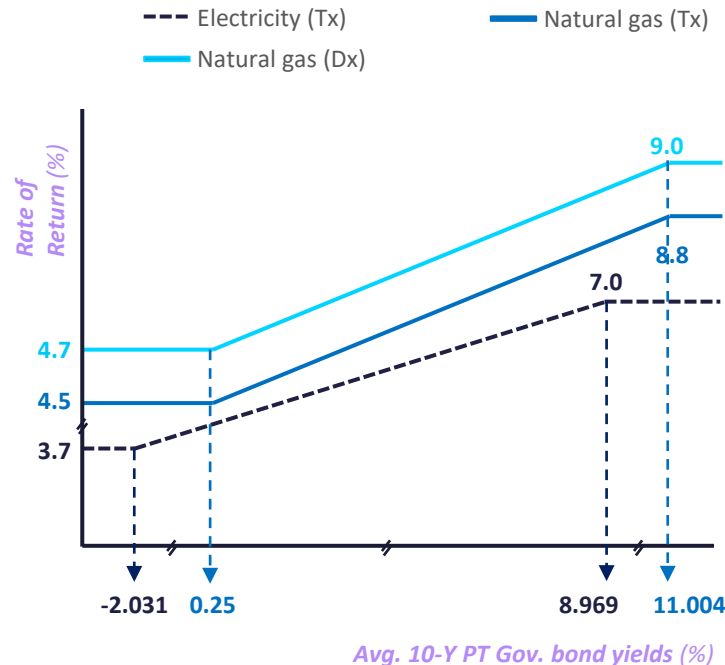
- Base RoR indexed to the **average Portuguese government 10-Y bond yields** (using CAPM as a reference)
- RoR starting point set **at the beginning of the regulatory period**

Every year

- Calculation of the **RoR** using the average bond yield

New gas regulatory period starting in 2024

- Base **RoR set at 5.30% and 5.70%** for transmission and distribution, respectively (implied **10y PGB of 3.177%**). **Minimum and maximum RoR** was set at 3.1% and 7.4% for Transmission and 3.5% and 7.8% for Distribution
- **RoR / 10y PGB relation of 0.3** (i.e., 1% change in RoR reflects a 3.3% change in 10y PGB)



## RoR evolution, %

### Electricity (base)



### Gas Transmission



### Gas Distribution



# Stable financial performance



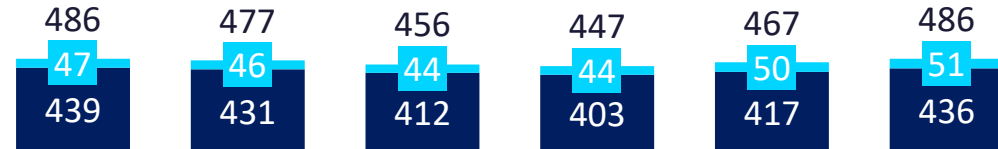
■ Distribution ■ Transmission



The regulatory framework provides REN with stable results

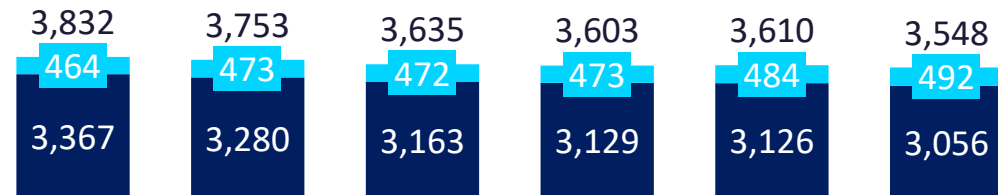
## EBITDA<sup>1</sup>

M€



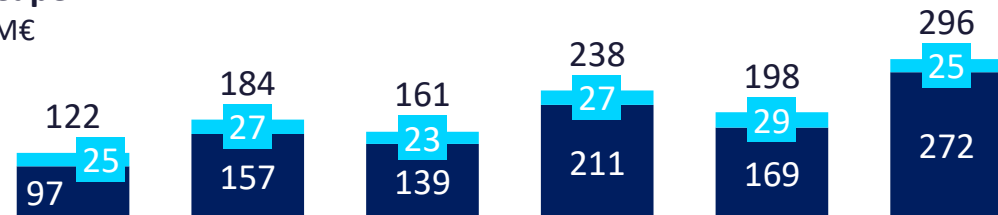
## Average RAB<sup>1</sup>

M€



## Capex<sup>1</sup>

M€

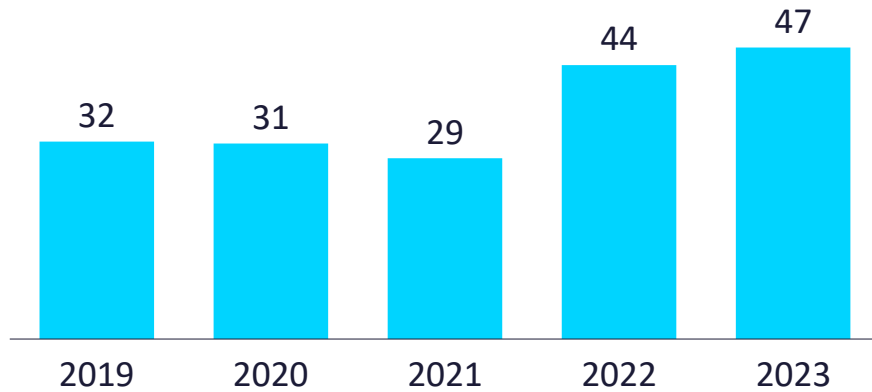


1. Domestic business  
Acronyms: RAB - Regulated Asset Base

# International gas transmission business very stable

Electrogas business has high EBITDA margins and low capex requirements...

EBITDA  
US\$ M



EBITDA Margin, %

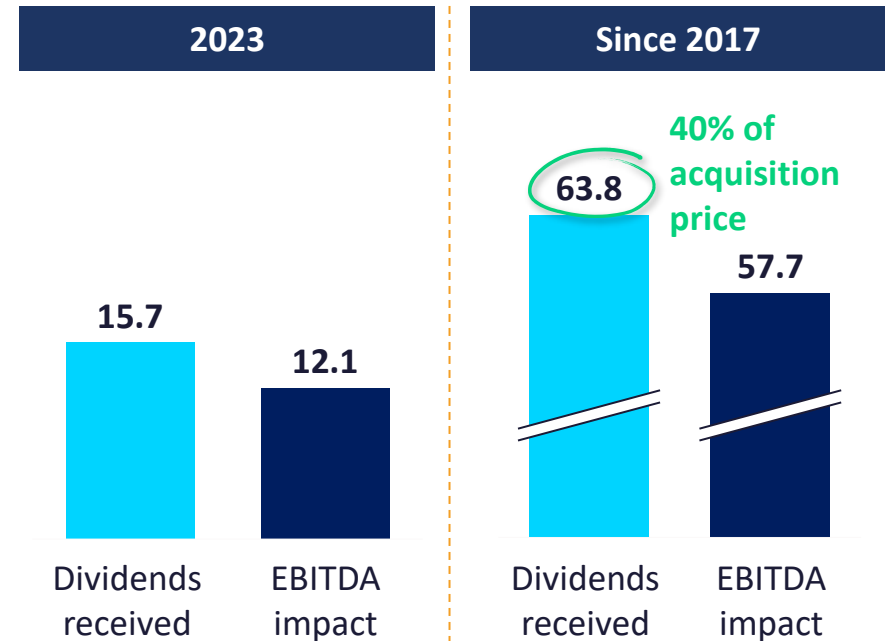


NG Transport., bcm



...with positive impact in REN's results

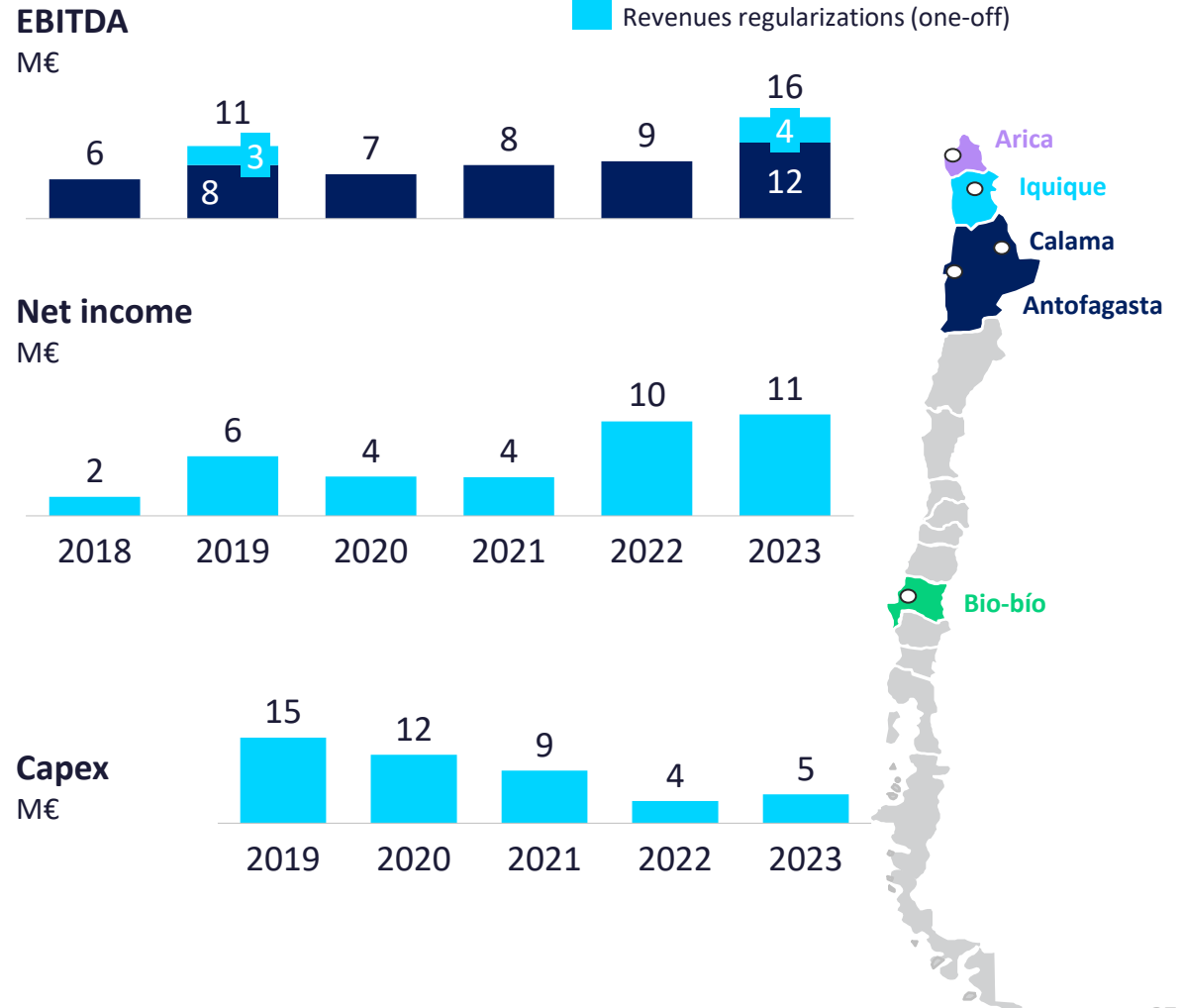
Impact on REN  
M€



# International electricity transmission business with attractive growth potential



Transemel's results are expected to grow until 2025 reflecting strong expansion capex plans



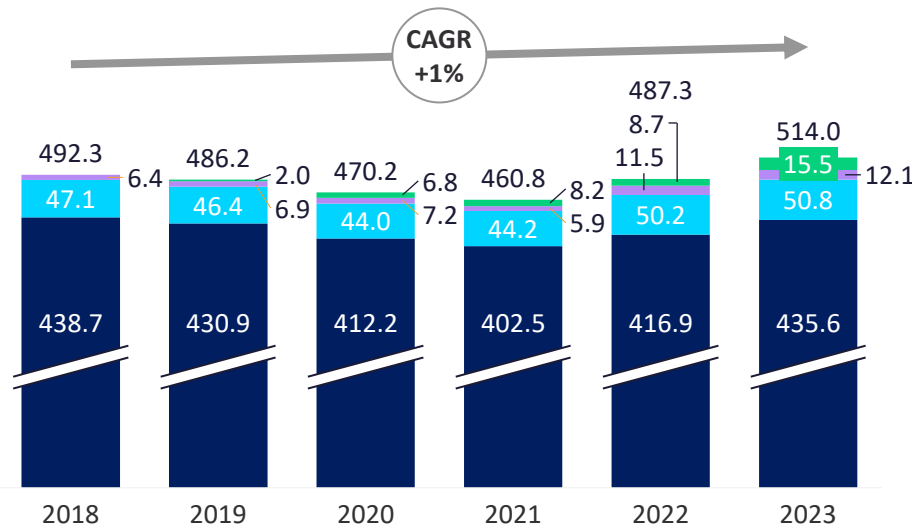


# Strong operational performance and stable asset base

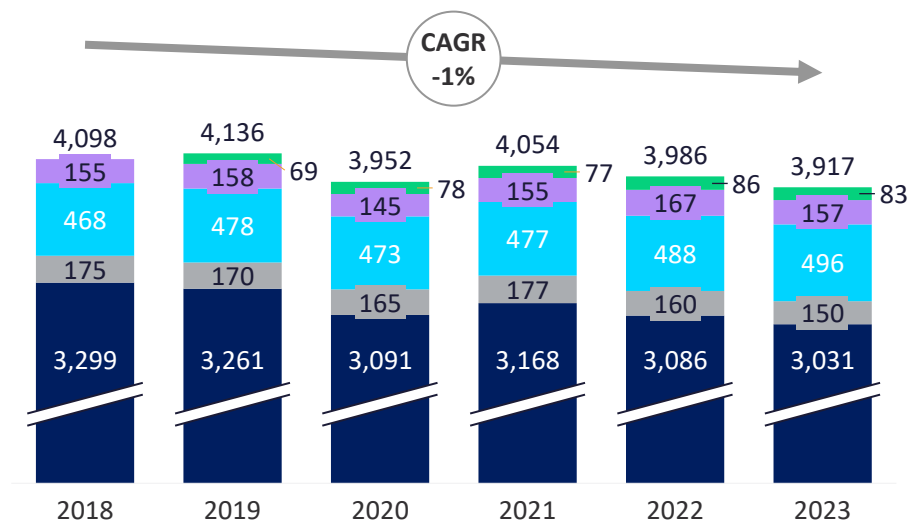


New businesses allow for an overall **asset base stabilization and sustainable operational results**, despite mature domestic transmission business

REN EBITDA  
M€



Regulated asset base and other investments' assets,  
M€



Transemel  
Electrogas  
Portgás  
Transmission business

Transemel  
Electrogas  
Distribution RAB (eop)  
Other investments and financial assets  
Transmission RAB (eop)

# Solid results

Strong financial discipline leading to attractive  
shareholder returns

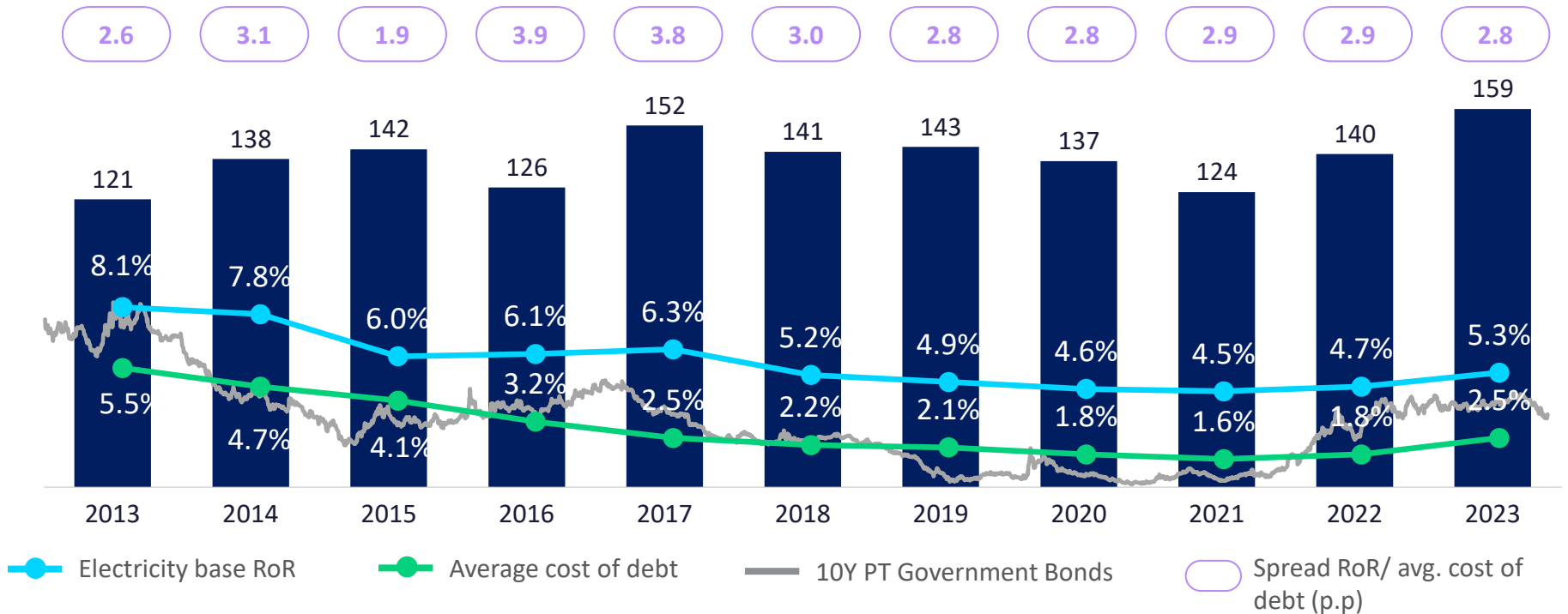
# Stable net income



Despite some volatility in 10y Portuguese Government Bonds, REN has been able to **maintain a stable net income**



Net income<sup>1</sup>  
M€

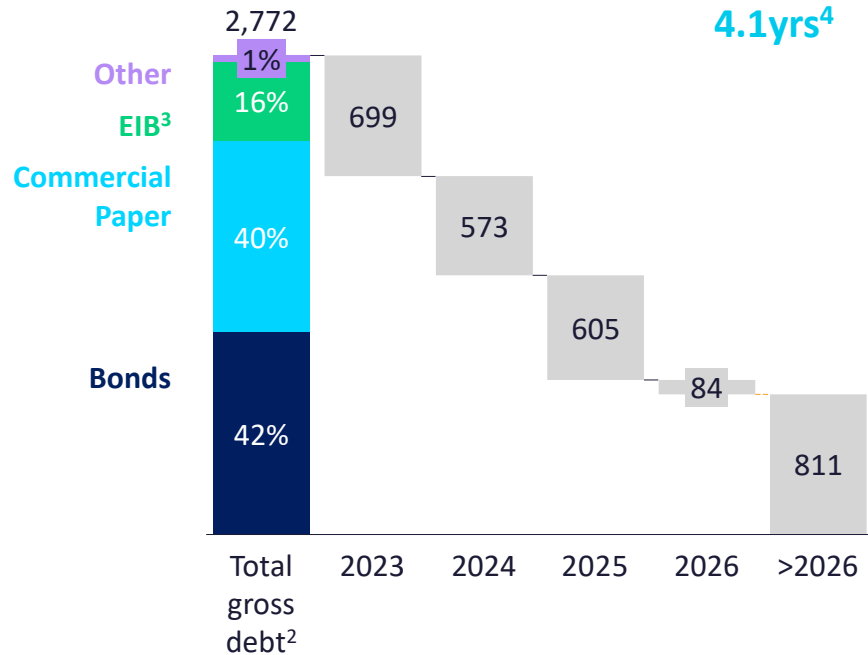


1. Excluding extraordinary levy since 2014, and non recurring fiscal effect in 2023  
Source: REN

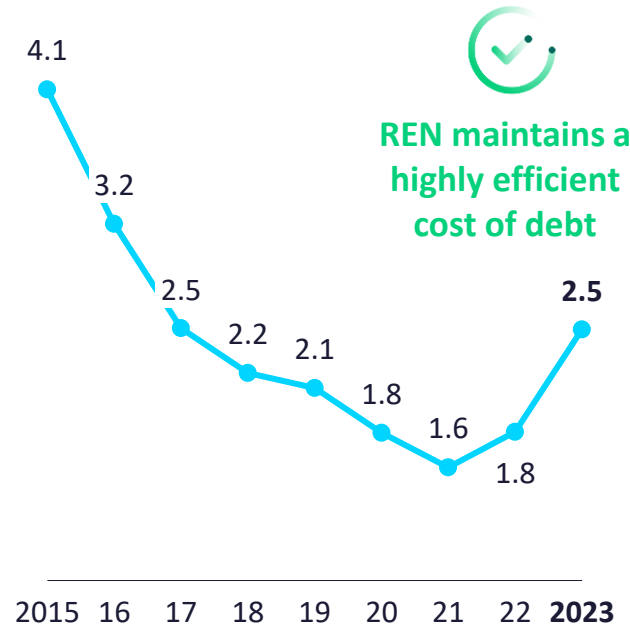
# Balanced credit profile with investment grade credit metrics and lower cost of debt

Gross debt maturity profile and funding sources<sup>1</sup>  
2023, M€

Avg. Maturity 2023  
**4.1yrs<sup>4</sup>**



Cost of debt evolution %



Rating agencies credit ratings

**STANDARD & POOR'S**

**BBB**

Stable outlook

**FitchRatings**

**BBB**

Stable outlook

**MOODY'S**

**Baa2**

Stable outlook

REN debt management priorities are **cost of debt optimization** and **net income protection** achieved through a **flexible funding structure** and **adequate liquidity position**

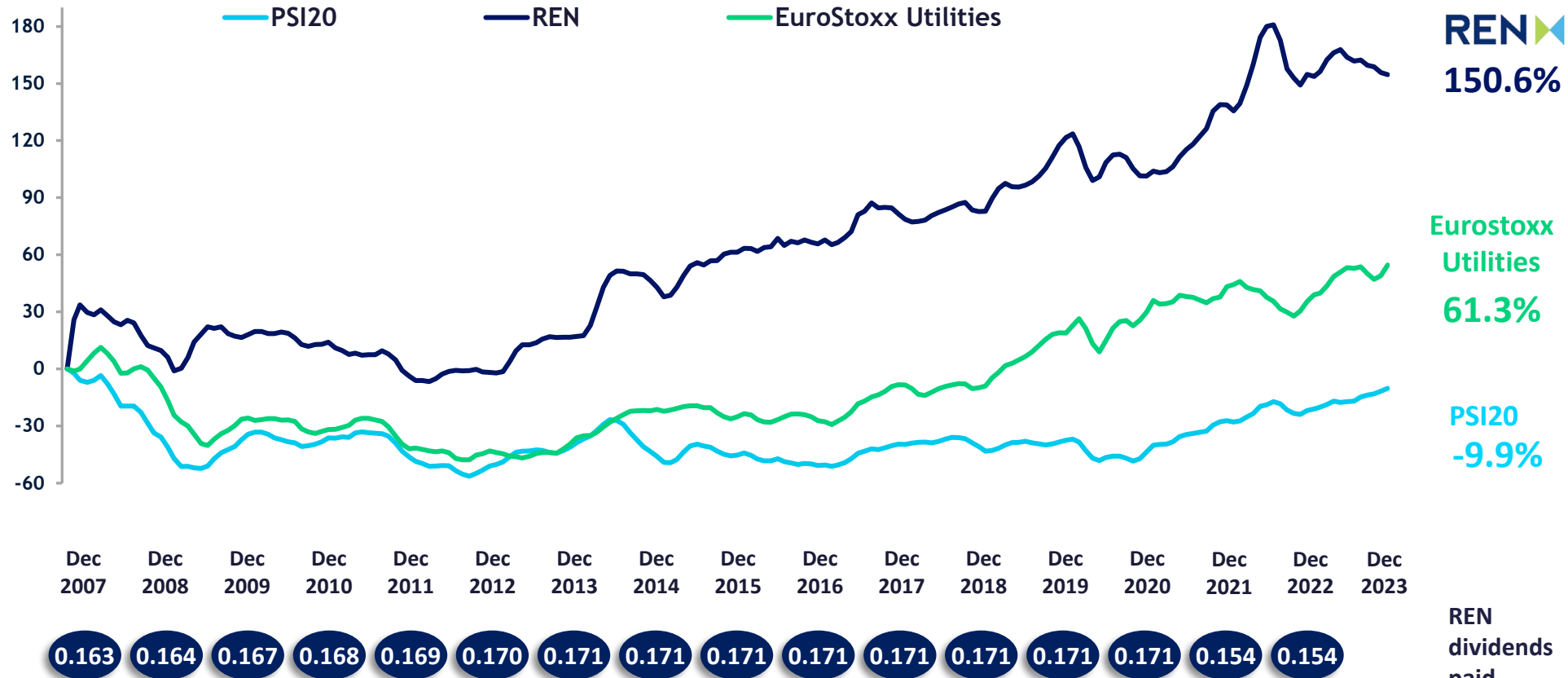
1. Fixed/variable rates: 62%/38%; 2. Adjusted by interest accruals and hedging on yen denominated debt; 3. European Investment Bank; 4. Includes liquidity available; The debt maturity was obtained in an exercise where all of REN's financial instruments, either currently issued or available to issue, are used



# Delivering compelling returns to shareholders

## Cumulative Total Shareholder Return<sup>1</sup> since REN's IPO

Indexed from 100



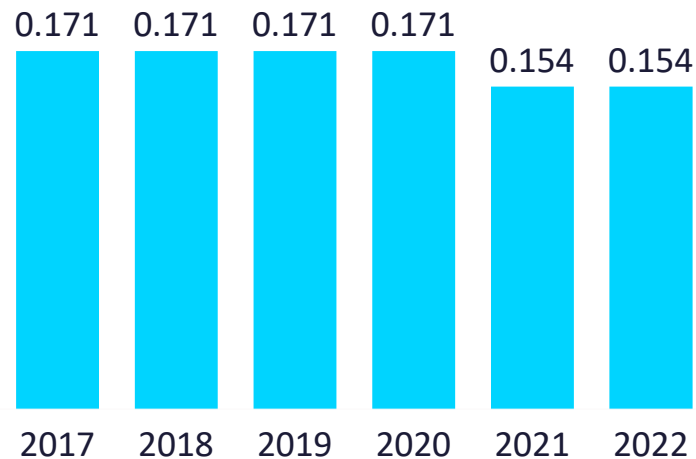
Source: REN, Bloomberg

1. Total Shareholder Return = (Stock price end of period - Stock price beginning of period + Dividends) / Stock price beginning of period;

# Stable and attractive dividend per share

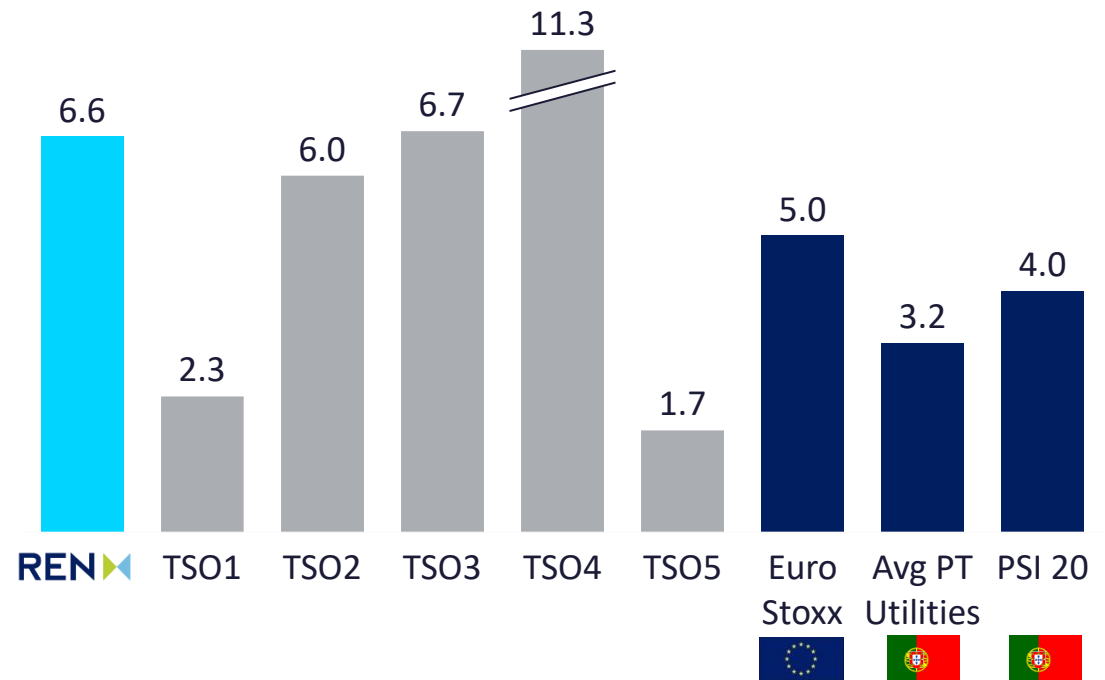
## REN Dividend per Share

€



## Dividend yield

2023, %



**REN has delivered stable and attractive remuneration to its shareholders**

# Strategic cycle 2021-24

REN at the core of energy transition reinforcing its ESG standards and delivering growth, superior operational performance and solid financials

# REN is enhancing its journey through 3 strategic pillars



**ESG highest standard**



**Investment growth story, delivering superior service quality**



**Solid financials and sustainable shareholder returns**



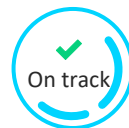
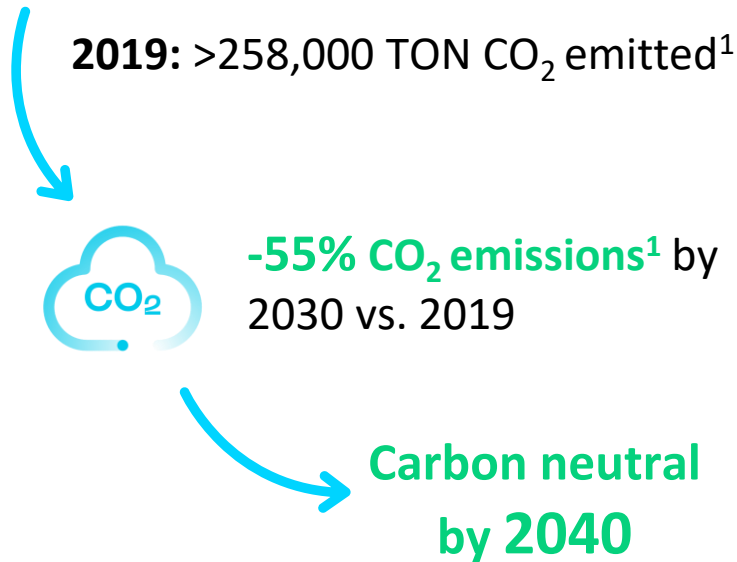
# REN is stepping up and accelerating its ESG commitment



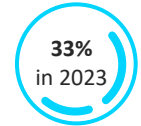
## Environmental



## Social & Governance



**>1/3 of women in 1<sup>st</sup> line management positions by 2030**



**Increasing ESG weight in managers' performance metrics already by 2022**



**100% of new bond emissions to be green**

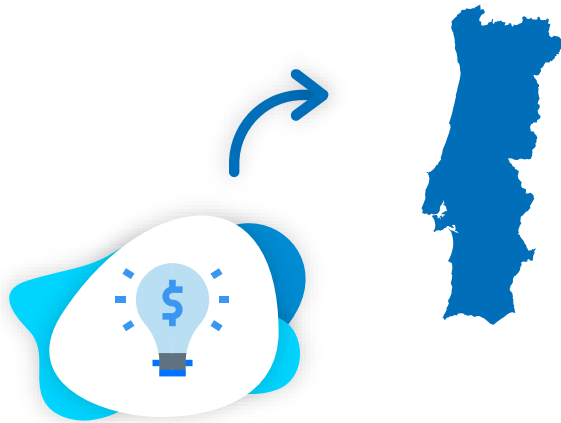


1. Scope 1+2 (reduction not including Chile and Portugal); Baseline 2019; Target updated from 50 to 55,3% following the committed submitted and approved by the Science Based Target initiative.

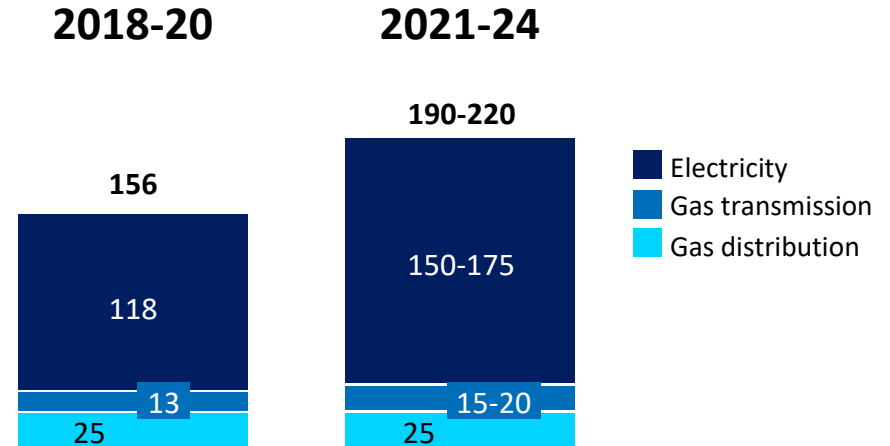
# REN pushing for investment growth in Portugal and Chile



Average annual capex, M€



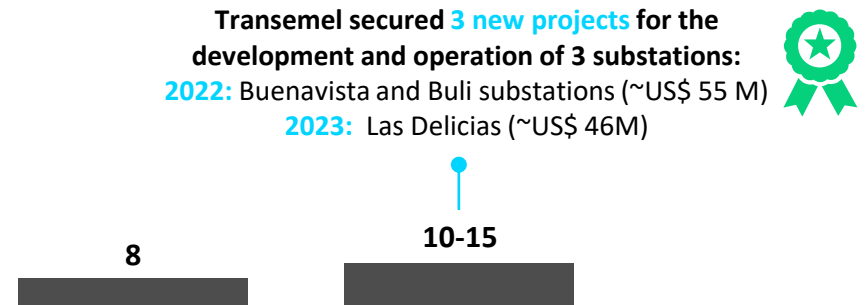
**Up to 40%**  
Increase in domestic avg. annual capex vs. last strategic cycle



**+900M€**  
to be invested in 2021-24



**+2x**  
Growth in international avg. annual capex vs. last strategic cycle



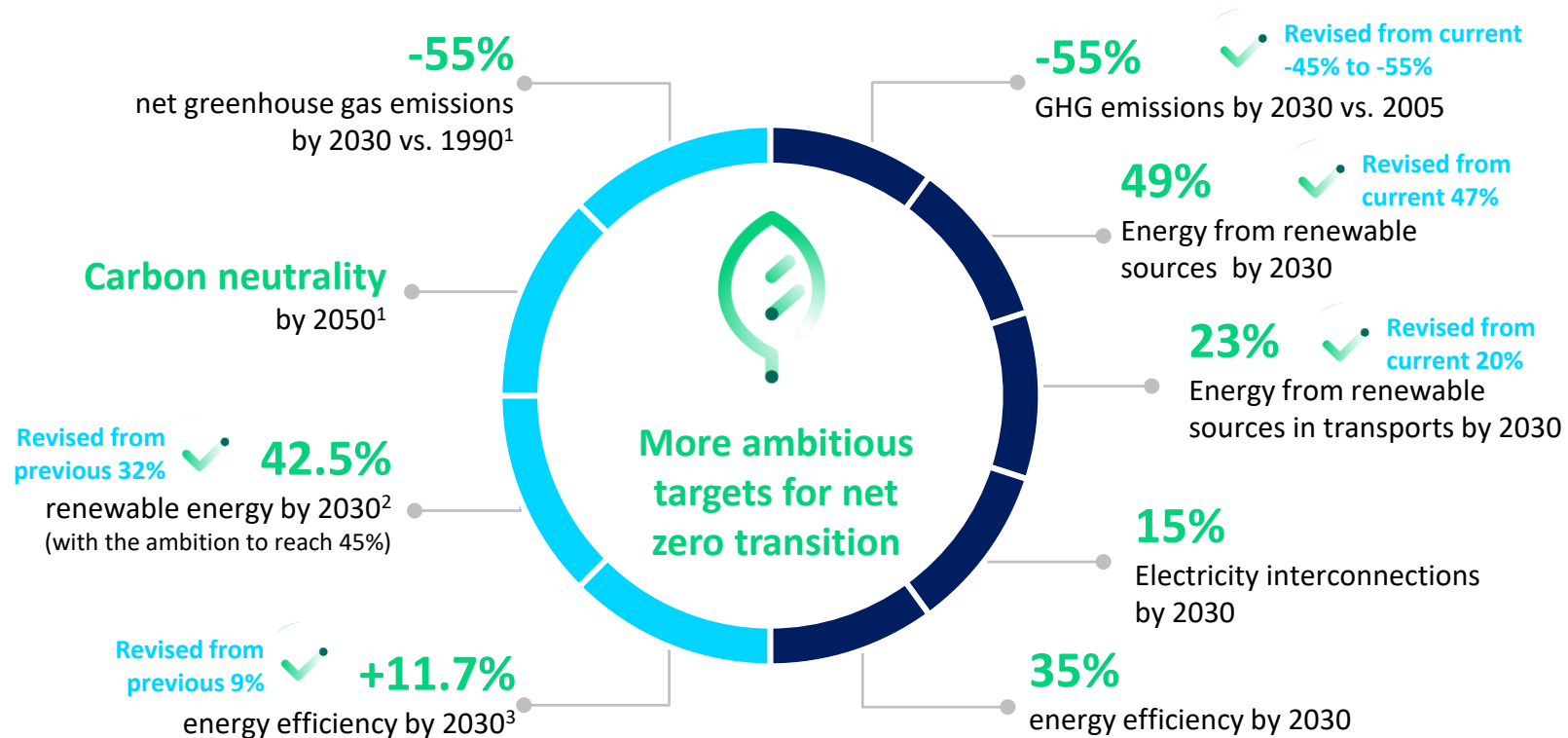
# European and National energy policies are setting more ambitious targets for decarbonization



The EU is setting more ambitious targets towards a net zero transition



Portugal is adapting PNEC 2030 to cope with new EU targets



By 30 June 2023, Portugal submitted the revised PNEC 2030 draft to the EC. The final version will be submitted on 30 June 2024

1. European Climate Law, 9 July 2021; 2. Revised Renewable Energy Directive, September 2023; 3. Revised Energy Efficiency Directive, September 2023

# REN's investment is expected to rise to enable more ambitious national decarbonization goals



## Electricity

Targets announced in 2021



150-175 M€ capex p.a. (2021-24)

~70-75%

Expansion to accommodate new renewable resources

~20-25%

Modernization, resilience and climate change adaptation

Direct agreements between REN and PV promoters to connect solar plants



3.5 GVA



3.5 GVA

14 direct agreements signed in 2021 (capex to be concluded in 2026)

18 direct agreements (11 already signed)

## Gas



40-45 M€ capex p.a. (2021-24)

40M€

Of total gas capex transmission between 2022-26 dedicated to investment in H<sub>2</sub> projects

25M€ p.a.

Of gas distribution capex, which includes preparing the grid for compatibility with green gases

Hydrogen projects

- > Prepare gas infrastructure for renewable gases
- > H2 Green Valley to be concluded in 2025
- > Celza H<sub>2</sub> pipeline application to PCI submitted

5% Target H<sub>2</sub> blending into grid by 2026

## Chile



10-15 M€ capex p.a. (2021-24)

**Transemel:** Present in regions favorable to solar PV and green H<sub>2</sub> development, namely in the north

**Electrogas:** Gas to remain key element to enable energy transition



REN to contribute to Chile's ambitious decarbonization agenda and expected grid expansion



# Concrete investments in **resilience and innovation** deployment to keep strong operational performance



## Resilience and quality

- Reinforcement with new overhead lines
- Refurbishment of overhead lines to increase resilience to “ice sleeves”
- Vegetation management



## Innovative and digital enabled

- Digital substations upgrade and deployment
- 5G nano-sensors for asset monitoring and integrity
- Transformers monitoring through analytical models
- Enterprise solutions to facilitate new ways of working
- Enterprise solutions to facilitate new ways of working
- AR<sup>1</sup>/VR<sup>2</sup> for field force training and safety
- AR<sup>1</sup> for planning, design and vegetation mgmt.
- Integrated forest and fire mgmt. using real time data

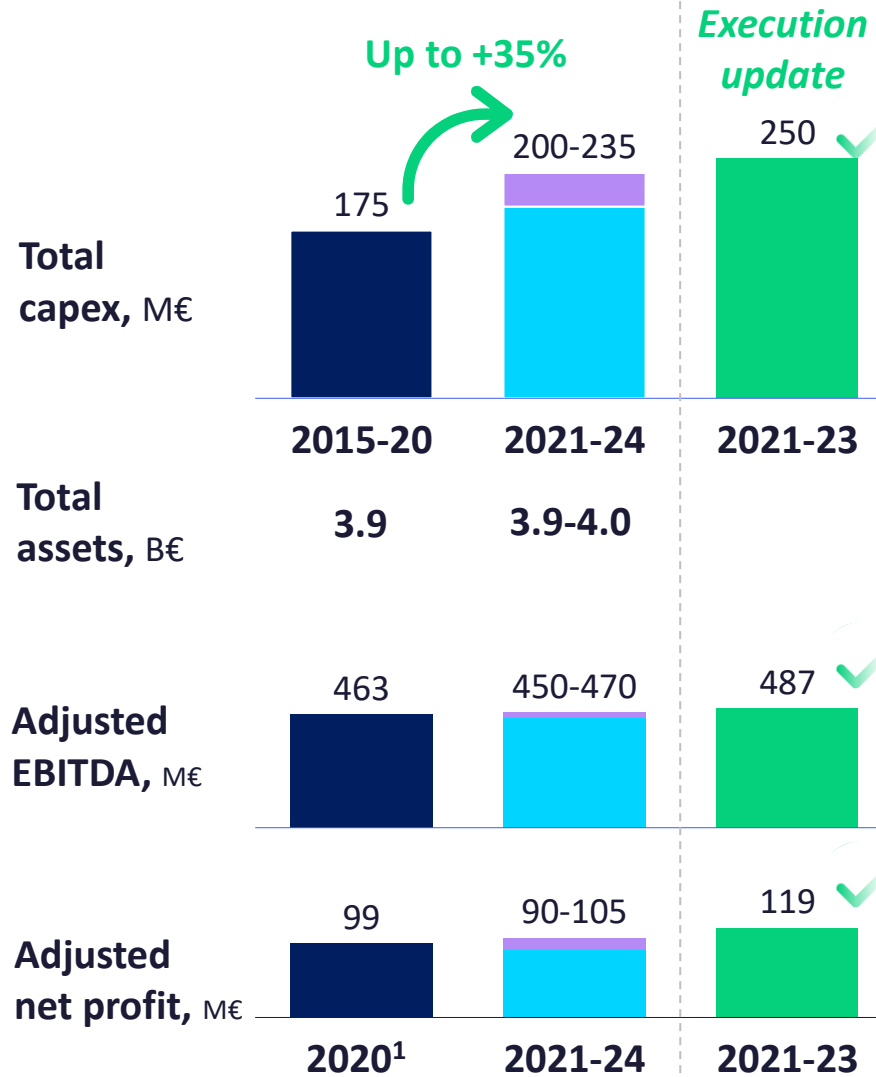
**Up to 10% of electricity capex related to digital initiatives, properly backed with strong cybersecurity**

# Investment growth and solid financials



  
**Capex growth  
 and RAB stability**

  
**Solid P&L  
 metrics**



**Strong capex level  
 aligned with strategy,  
 leading to a stable RAB**

**REN able to preserve  
 solid performance in  
 EBITDA and net profit**

*Steady regulatory framework with  
 actions taken to mitigate effect of  
 current macroeconomic context*

1. EBITDA and net profit adjusted for non-recurring impacts from incentives and taxation

# Robust debt management and attractive returns



Execution update

  
**Strong credit ratings**

Optimize cost of debt

Protect net profit

Committed to investment grade

FFO/ Net debt, % **11-13%** **12-14%**  
beyond 2022 (~11% in 2021)

**15-17%** ✓  
2022-23 (11% in 2021)



  
**Attractive and sustainable returns**



Dividend floor at 0.154€/share



Implementation of a bi-annual dividend distribution policy since 2022






Aim for a **payout below 100%**, while considering that **potential uplift** to DPS may occur if there are material **net income upsides**

**92%** ✓  
Dividend payout in 2022

**69%** ✓  
Dividend payout in 2023

# 2023 Results



		INDICATOR	2022	2023	Δ 2022/23	
 Results		<b>EBITDA<sup>1</sup></b>	487.3	<b>514.0</b>	26.7	5.5%
		<b>Net financial income<sup>1</sup></b>	-44.0	<b>-40.6</b>	3.4	7.7%
		<b>Net income</b>	111.8	<b>149.2</b>	37.5	33.5%
		<b>Recurrent net income</b>	108.7	<b>125.0</b>	16.4	15.1%
 Investment		<b>CAPEX<sup>2</sup></b>	201.5	<b>301.5</b>	100.0	49.6%
		<b>Transfers to RAB<sup>3</sup></b>	163.3	<b>222.6</b>	59.3	36.3%
		<b>Average RAB</b>	3,609.8	<b>3,547.8</b>	-61.9	-1.7%
 Debt		<b>Net debt</b>	2,043.7	<b>2,748.7</b>	705.0	34.5%
		<b>Net debt</b> (excluding tariff deviations)	2,543.1	<b>2,421.2</b>	-121.8	-4.8%
		<b>Average cost of debt</b>	1.8%	<b>2.5%</b>	0.7p.p.	

1. Includes the reclassification of costs with Financial Transmission Rights from Net Financial Income to EBITDA; 2. Capex includes direct acquisitions; 3. Transfers to RAB (at historic costs) includes direct acquisitions RAB related:

Acronyms: RAB - Regulated Asset Base

Note: Values in millions of euros unless otherwise stated



# REN at a glance<sup>1</sup>



## FINANCIAL

**149.2 M€**  
NET INCOME

**301.5 M€**  
INVESTMENT

**3,547.8 M€**  
AVERAGE RAB



## ELECTRICITY

**44.8 TWh**  
ENERGY TRANSMITTED

**50.7 TWh**  
CONSUMPTION

**0.39 min**  
INTERRUPTION TIME<sup>2</sup>



## GAS

**55.6 TWh**  
TRANSPORTED ENERGY

**49.0 TWh**  
CONSUMPTION

**95%**  
LNG TERMINAL



## COMMUNITIES

**670 k€**  
INV. IN THE COMMUNITY

**1,535 hours**  
VOLUNTEERING



## HUMAN CAPITAL

**748**  
EMPLOYEES

**28.2%**  
WOMEN IN MANAGEMENT<sup>3</sup>



## NATURAL CAPITAL

**49%**  
ELECTRIFIED FLEET

**47,378**  
TREES PLANTED

1. 2023 figures; 2. Average interruption time excluding interruptions by fortuitous or force majeure and exceptional events; 3. 1<sup>st</sup> and 2<sup>nd</sup> line management  
Acronyms: RAB - Regulated Asset Base