

# **Consolidated Results**

## **First 9 months of 2011**

November 7<sup>th</sup> 2011

- Net Income totaled €95.6M, an increase of 20.7% over the same period of 2010. Recurrent Net Income reached €99.2M, 11.8% more than in 9M2010.
- EBITDA rose 9.6% in the first nine months of this year, reaching €350.2M. The main factor behind this growth was the increase in average RAB (6.7%) and in its (weighted average) rate of return.
- OPEX costs continued to display a strong reduction, reflecting gains in operational efficiency and reductions in personnel costs. Core OPEX costs decreased by 5.9% (€-4.4M), versus the same period of 2010.
- Global CAPEX amounted to €229.0M, of which €168.4M in electricity and €60.4M in natural gas.
- At the end of September Net debt was €2,322M and the average cost of debt reached 4.5%.

# Main financial indicators 9M11

(€M)	9M10	9M11	Δ%
EBITDA	319.5	350.2	9.6%
Net financial income	-61.0	-71.4	17.1%
Net income	79.2	95.6	20.7%
Recurrent net income	88.7	99.2	11.8%
RAB <sup>1) 2)</sup>	2,860.4	3,046.7	6.5%
CAPEX	204.9	229.0	11.8%
Net debt	2,173	2,322	6.8%

<sup>1)</sup> End of period.

<sup>2)</sup> 9M10 is based on historical costs and 9M11 is based on reference costs.

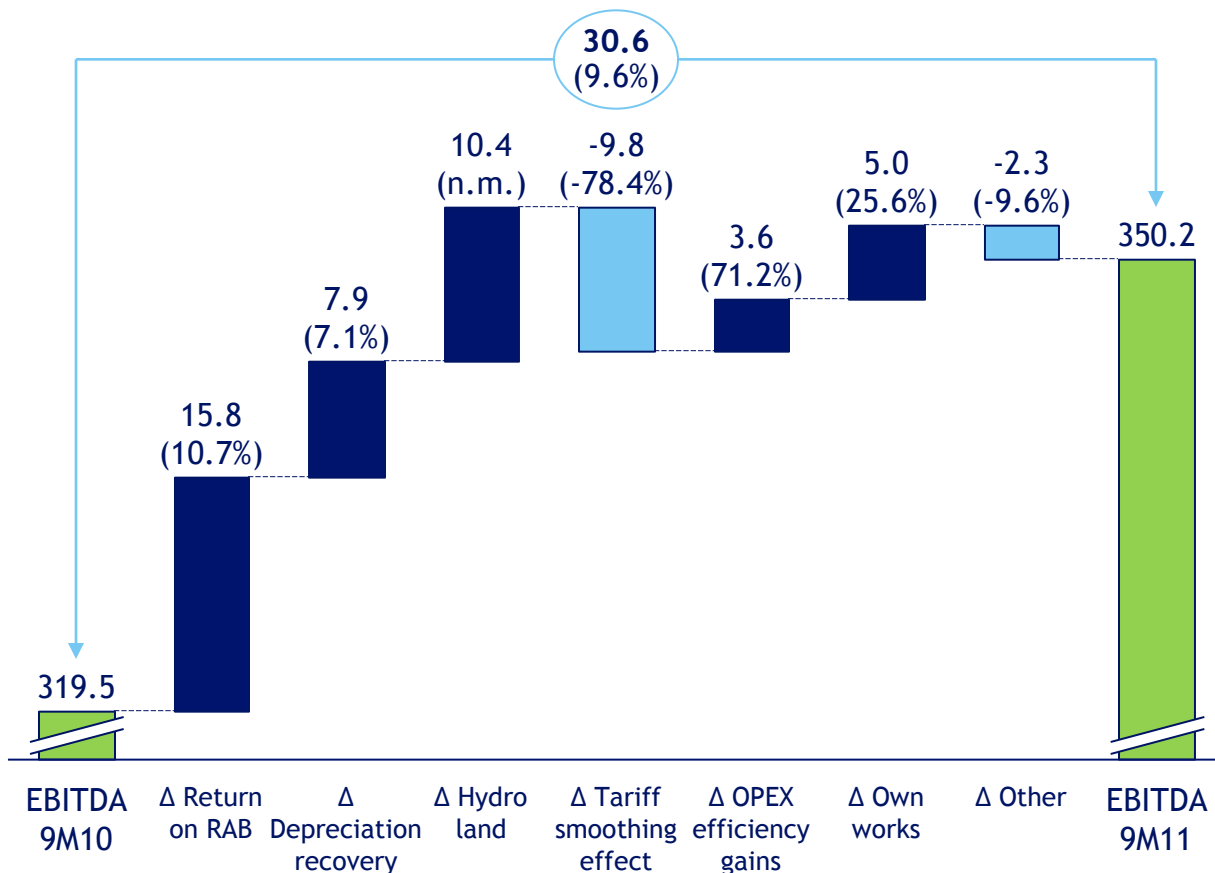


# Profit and loss breakdown 9M11

(€M)	9M10	9M11	Δ%
<b>1) Total revenues</b>	<b>615.6</b>	<b>638.2</b>	<b>3.7%</b>
<b>Activity remuneration</b>	<b>168.4</b>	<b>184.3</b>	<b>9.4%</b>
Return on RAB	147.5	163.3	10.7%
Electricity	89.3	102.1	14.3%
Natural Gas	58.2	61.2	5.2%
Hydro land remuneration	-1.0	9.4	
Remuneration of fully depreciated assets	3.8	5.3	38.9%
Commercial gains	2.3	1.9	-17.7%
Interest on tariff deviation	3.4	1.8	-46.4%
Tariff smoothing effect (natural gas)	12.5	2.7	-78.4%
<b>Recovery of costs</b>	<b>192.3</b>	<b>199.5</b>	<b>3.7%</b>
Recovery of OPEX	79.9	79.1	-1.0%
Recovery of depreciation (net from subsidies)	112.4	120.4	7.1%
<b>Other operational revenues</b>	<b>51.5</b>	<b>25.6</b>	<b>-50.3%</b>
Construction revenues (IFRIC 12)	203.3	228.8	12.5%
<b>2) OPEX</b>	<b>108.1</b>	<b>83.8</b>	<b>-22.5%</b>
Personnel costs	39.2	36.4	-7.0%
External supplies and services	56.8	34.9	-38.5%
Other operational costs	12.2	12.5	2.3%
<b>3) Construction costs (IFRIC 12)</b>	<b>183.8</b>	<b>204.3</b>	<b>11.1%</b>
<b>4) Provisions</b>	<b>12.5</b>	<b>0.0</b>	
<b>5) EBITDA non recurring items</b>	<b>8.3</b>	<b>0.0</b>	
<b>6) EBITDA (1-2-3-4+5)</b>	<b>319.5</b>	<b>350.2</b>	<b>9.6%</b>
7) Depreciation	127.0	134.9	6.2%
8) Financial income	-61.0	-71.4	17.1%
<i>of which IFRIC 12</i>	-8.9	-13.4	50.0%
9) Income tax	44.0	48.2	9.5%
<b>10) NET INCOME (6-5-7+8-9)</b>	<b>79.2</b>	<b>95.6</b>	<b>20.7%</b>
11) NI non recurring items	9.5	3.6	-62.0%
<b>12) RECURRENT NET INCOME (10+11)</b>	<b>88.7</b>	<b>99.2</b>	<b>11.8%</b>

# Change in EBITDA (9M10 - 9M11)

(€M)



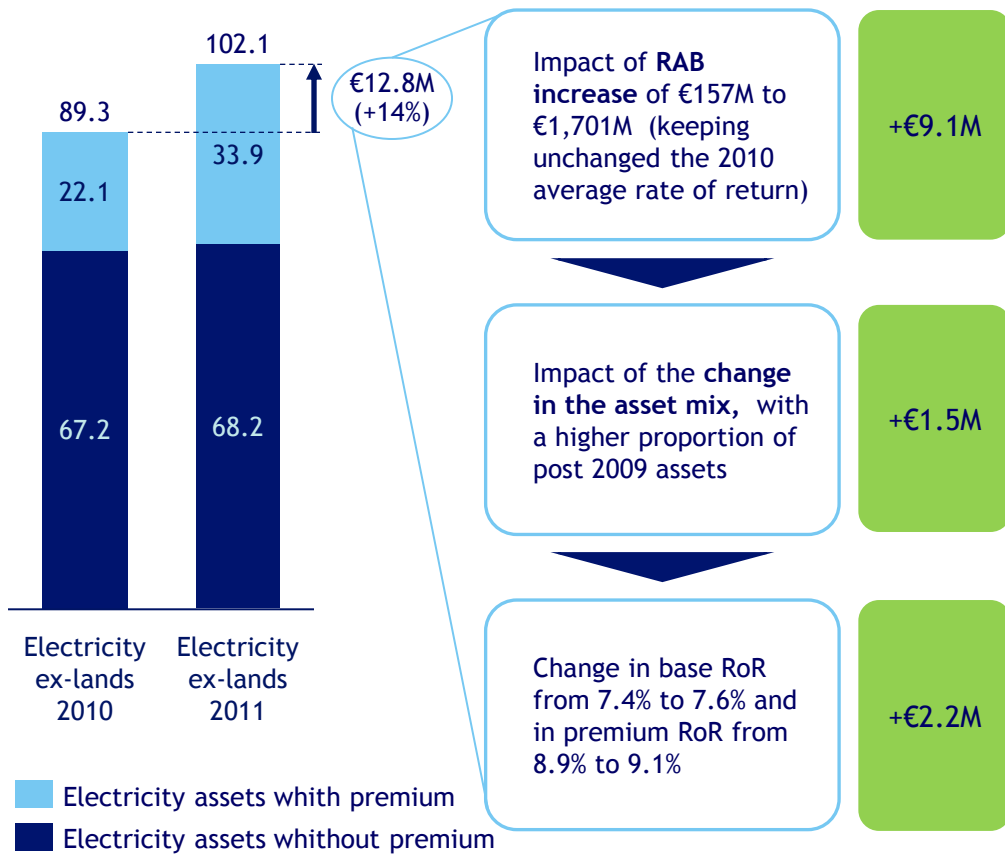
EBITDA grew by 9.6% (€30.6M), this growth was mainly affected by:

- An increase in the average RAB and a change in the asset mix.
- The decrease of €9.8M in the revenues from the gas tariff smoothing effect.
- The impact of the remuneration formula applicable to hydro land (currently indexed to the midswap rate).
- OPEX efficiency gains of €8.6M (vs €5.0M in 9M10).

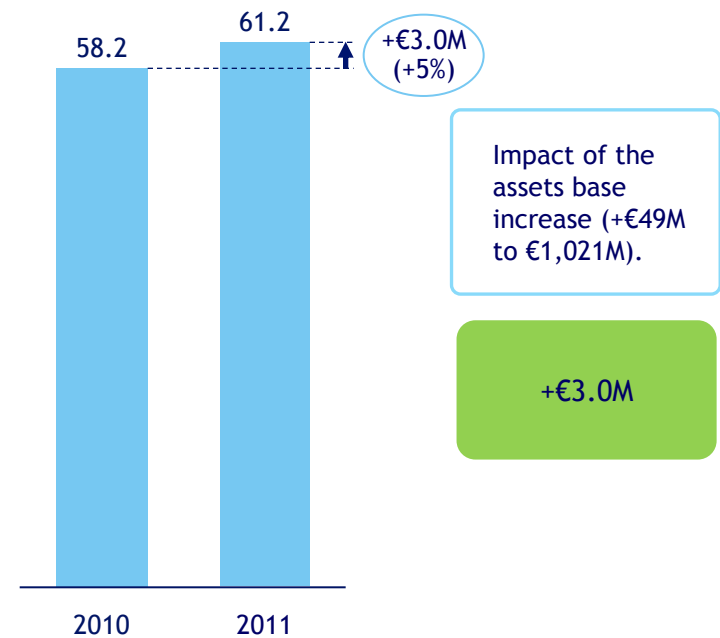
# Return on RAB breakdown

(€M)

## Electricity return on RAB (ex. lands)

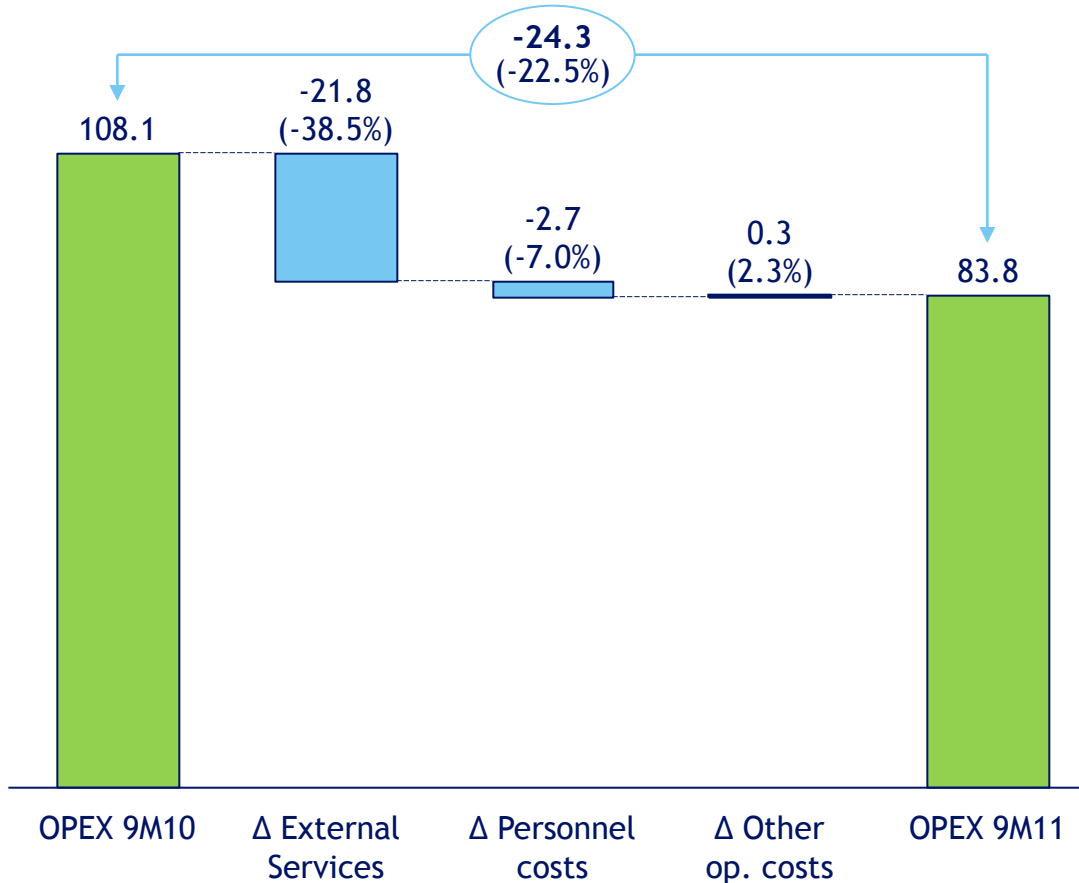


## Natural Gas return on RAB



# Operational costs down by €24.3M

(€M)

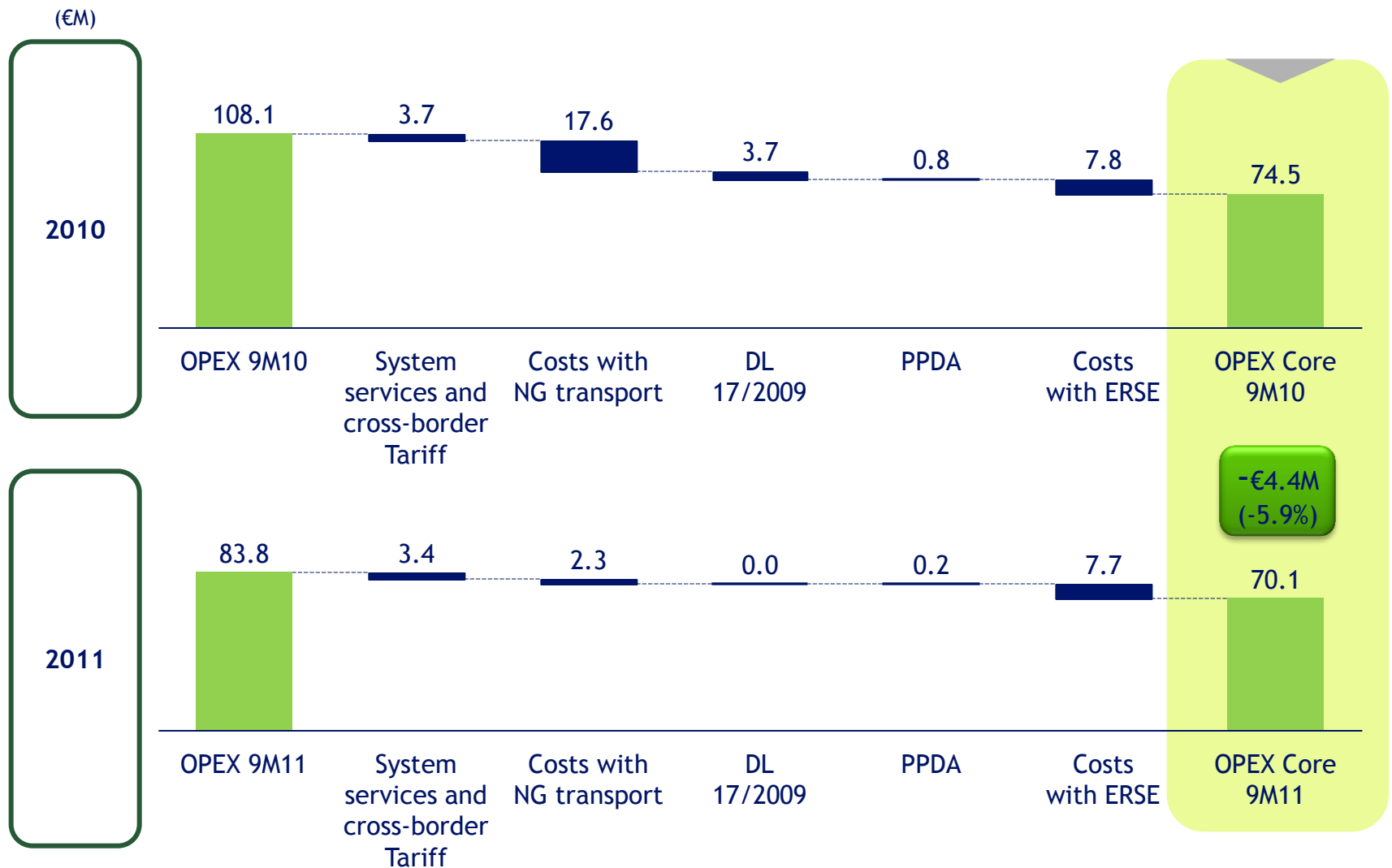


- Operational costs dropped by 22.5%, reaching €83.8M. External services decreased by 38.5% and personnel costs by 7.0%.

- This decrease reflects two main events:
  - higher operational efficiency;
  - change in the consolidation method of natural gas transport subsidiaries.

**Note:** values do not include costs incurred with the construction of concession assets (€184.0M in 2010 and €204.3M in 2011).

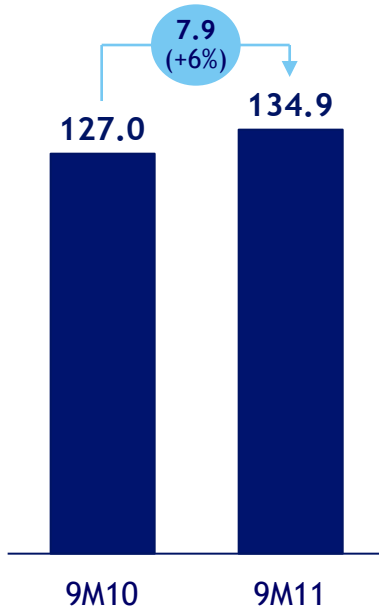
# Opex Core: 5.9% reduction in controllable costs



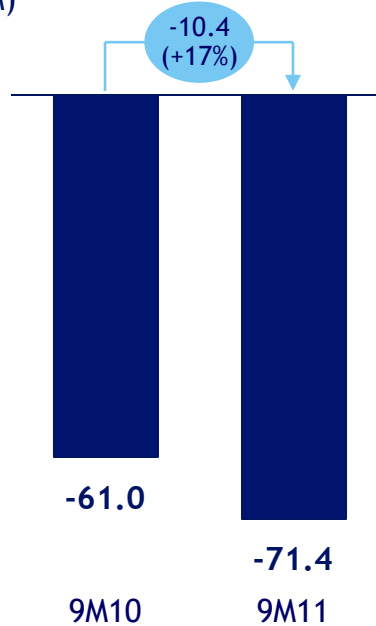
Note: figures do not include costs incurred with the construction of concession assets (€184.0M in 2010 and €204.3M in 2011).



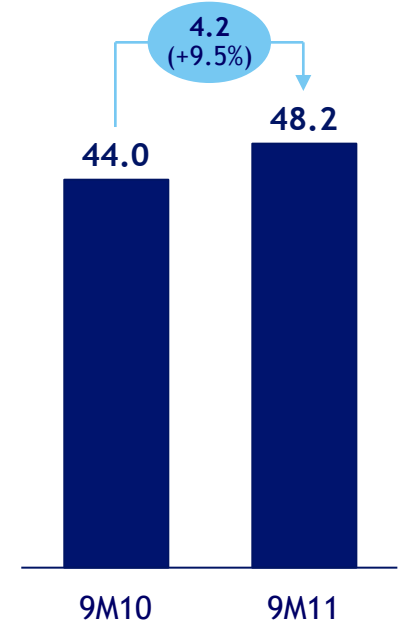
Depreciation  
(€M)



Net financial income  
(€M)



Taxes  
(€M)



- The increase in depreciation follows the growth of RAB.

- Financial results rose to -€71.4M versus -€61.0M in the same period of last year.
- The average cost of debt was 4.5% (3.91% in 2010).

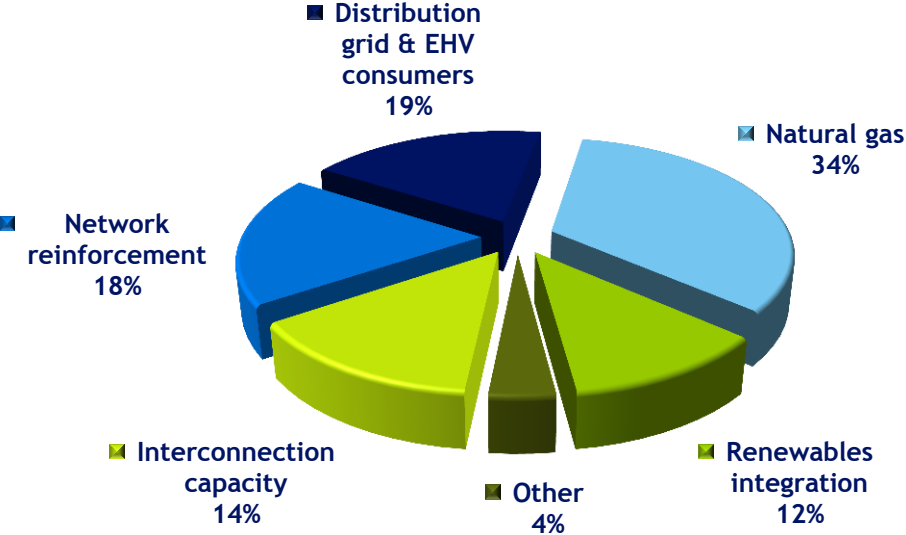
- Taxes increased by €4.2M, reflecting the growth in profits before taxes (+16.7%) and in the effective tax rate.

(€M)	9M10	9M11	Δ%
<b>Total average RAB<sup>1)</sup></b>	<b>2,866.8</b>	<b>3,058.6</b>	<b>6.7%</b>
Electricity	1,544.4	1,701.4	10.2%
Hydro land	350.9	336.6	-4.1%
Natural Gas	971.5	1,020.7	5.1%
<b>RAB end of period<sup>1)</sup></b>	<b>2,860.4</b>	<b>3,046.7</b>	<b>6.5%</b>
Electricity	1,548.5	1,709.8	10.4%
Hydro land	345.3	331.4	-4.0%
Natural Gas	966.7	1,005.5	4.0%
<b>CAPEX</b>	<b>204.9</b>	<b>229.0</b>	<b>11.8%</b>
Electricity	151.7	168.4	11.0%
Natural Gas	51.9	60.4	16.4%
Other	1.3	0.2	-88.3%
<b>RAB variation<sup>1)</sup></b>	<b>6.1</b>	<b>-7.9</b>	
Electricity	8.2	32.9	
Hydro land	-11.1	-10.3	-7.8%
Natural Gas	9.0	-30.6	

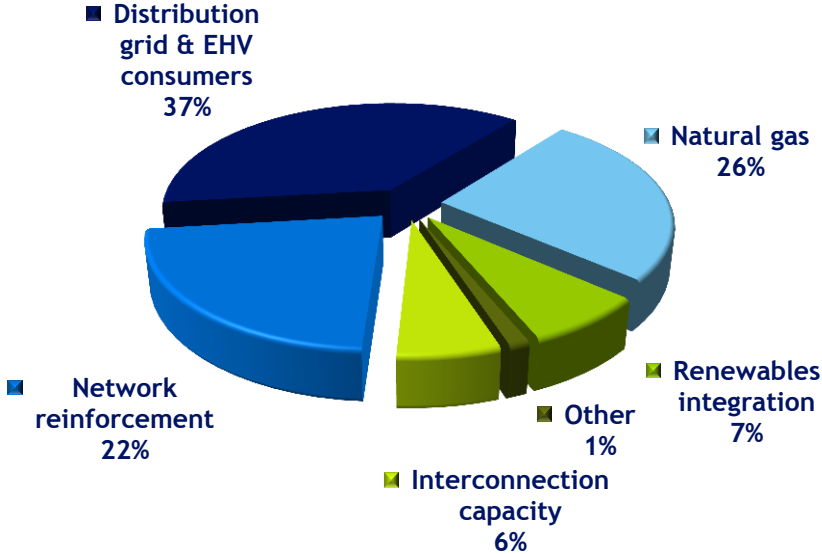
- CAPEX amounted to €229.0M, an increase of 11.8% compared to 2010.
- The total refurbishment with SF<sub>6</sub> technology of 60 and 150 kV voltage levels in Fernão Ferro substation, and the underground 220 kV cable Sacavém - A.S. João are the most important projects on the electricity side.
- The Sines LNG Terminal expansion remains as the single most important project in the natural gas business.
- Average RAB increased 6.7%, reaching €3,059M.

<sup>1)</sup> 9M10 is based on historical costs and 9M11 is based on reference costs.

## 2010

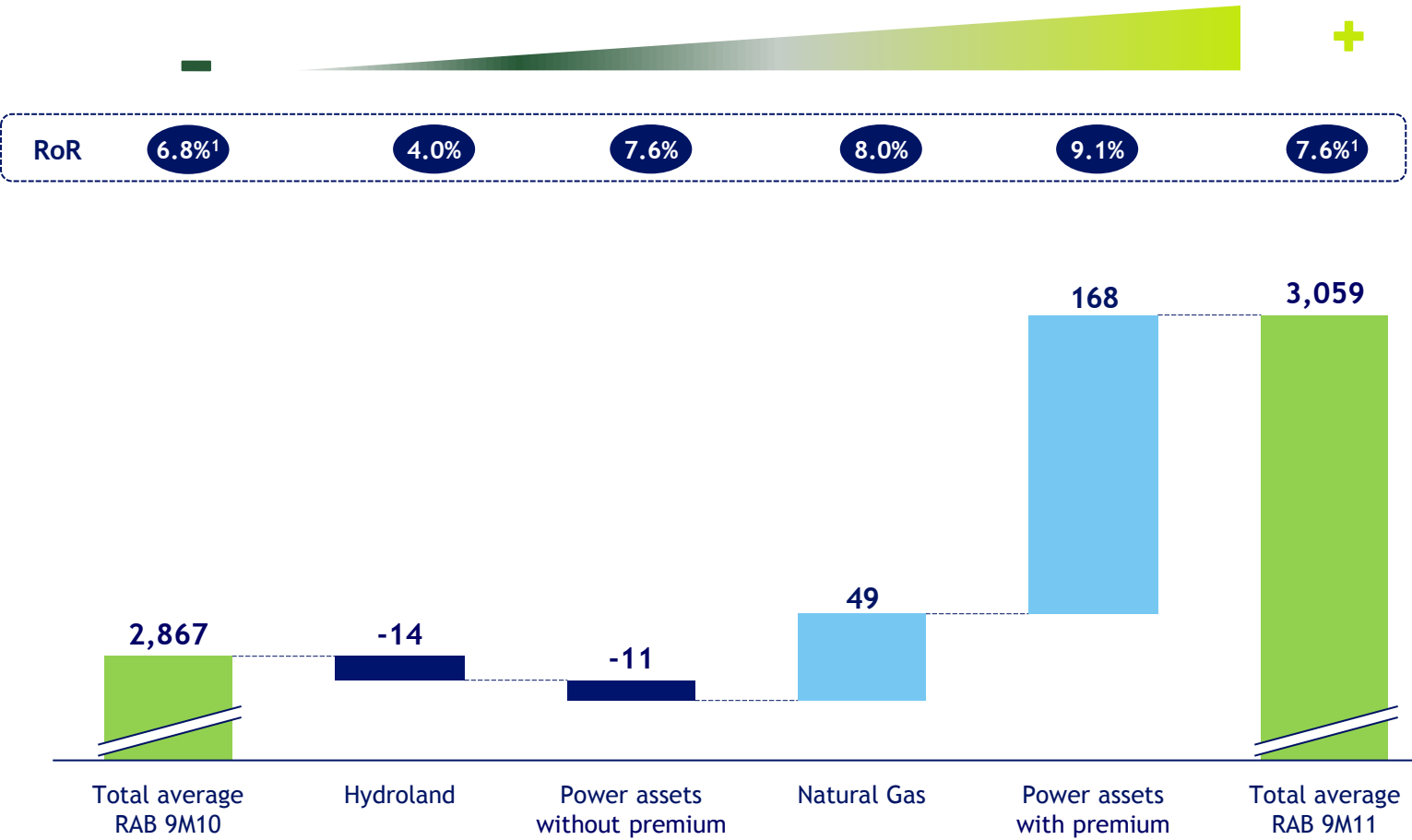


## 2011E



# Average RAB breakdown

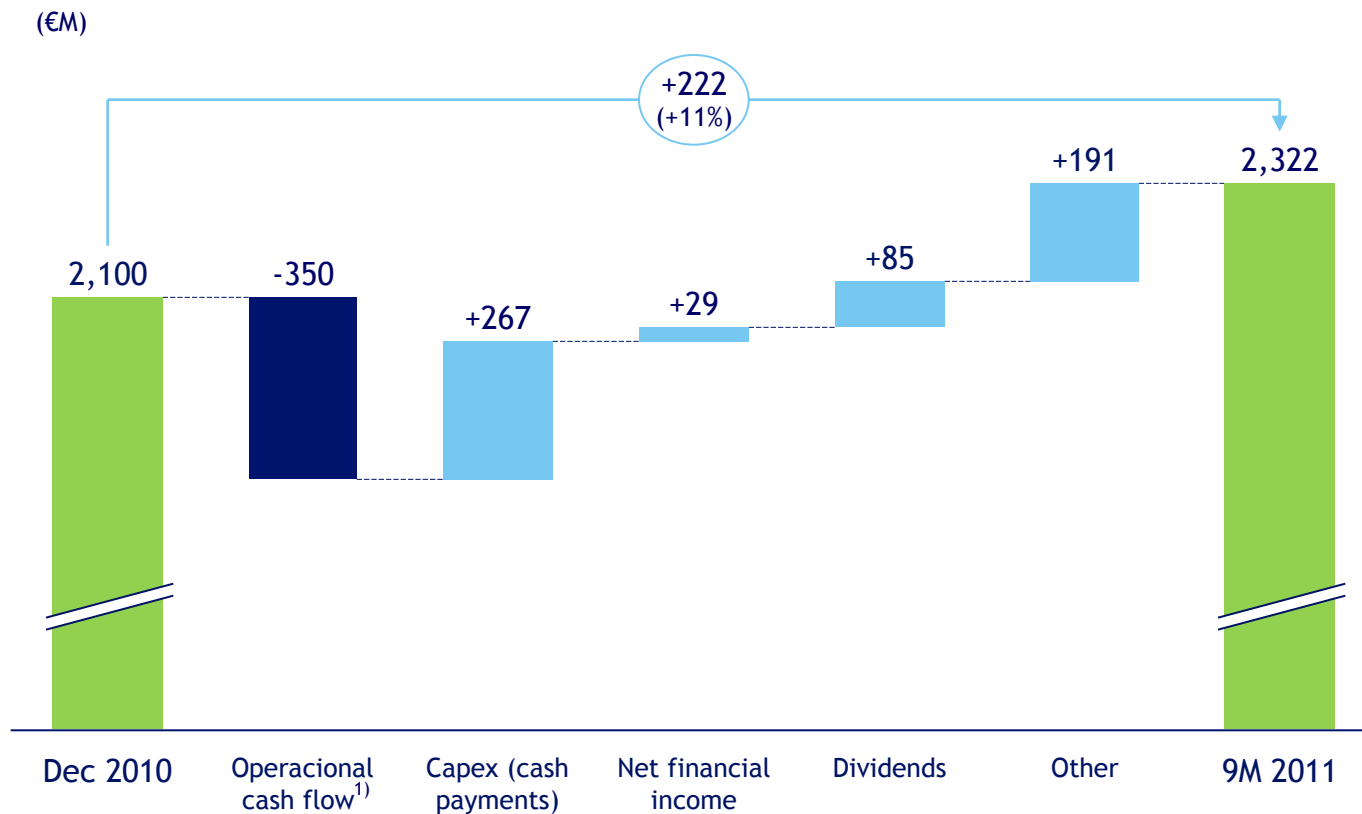
(€M)



<sup>1</sup>RoR obtained as both the RAB and hydro and protection zone land remuneration, divided by the total average RAB.

(€M)	Average RAB	Average rate of return	Return
<b>Electricity</b>	<b>1,701.4</b>	<b>8.0%</b>	<b>102.1</b>
Assets with premium	499.0	9.1%	33.9
Assets without premium	1,202.4	7.6%	68.2
Hydro land	336.6	4.0%	10.0
<b>Natural Gas</b>	<b>1,020.7</b>	<b>8.0%</b>	<b>61.2</b>
<b>TOTAL</b>	<b>3,058.6</b>	<b>7.6%</b>	<b>173.3</b>

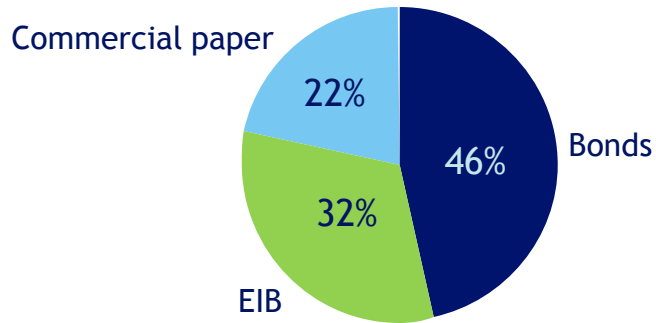




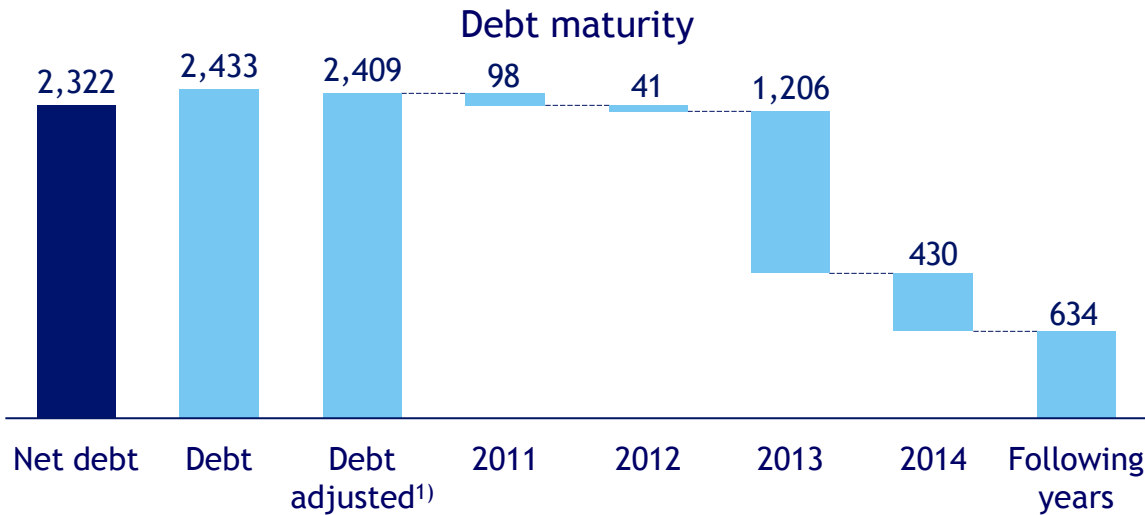
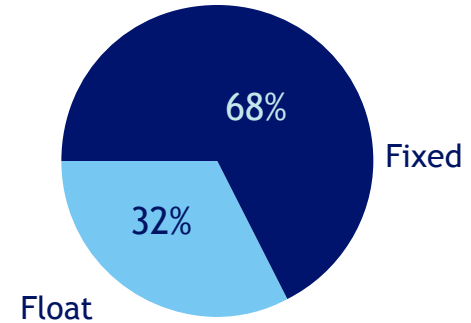
- Net debt at the end of the third quarter reached €2,322M, resulting in a growth of 11% compared with the end of 2010.
- The average cost of REN's debt was 4.5%.

<sup>1)</sup> Operational Cash flow = EBIT + Depreciation+ Provisions

### Debt by source of funds



### Debt by interest rate type



Average maturity:  
**4.15 years**

<sup>1)</sup> Adjusted by yen currency exchange.

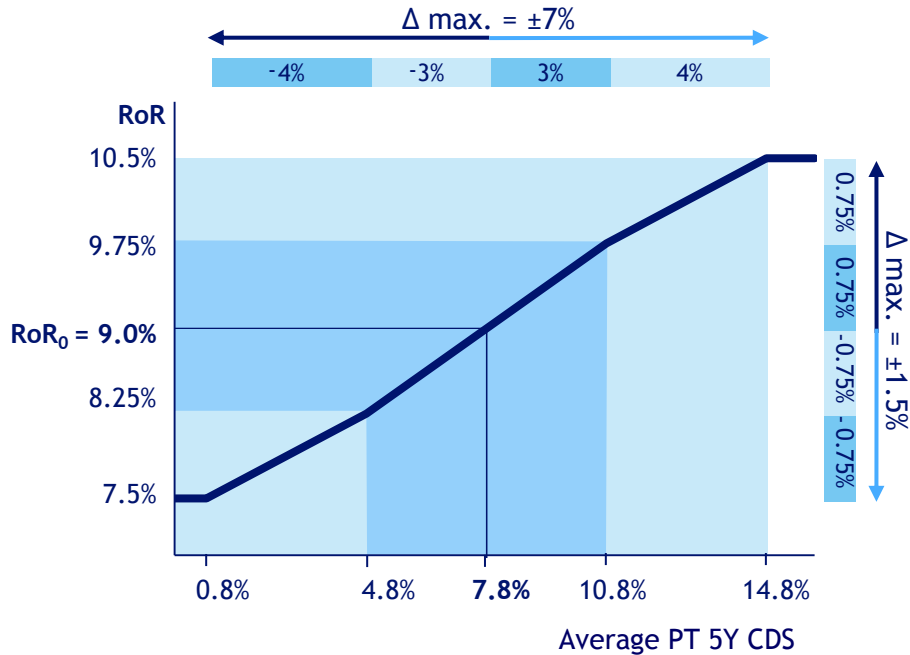
	9M10	9M11
Net Debt / EBITDA	5.3x	5.0x
FFO / Net Debt	10.3%	11.3%
FFO interest coverage	3.6x	3.6x

REN's credit metrics display an improvement versus 9M2010

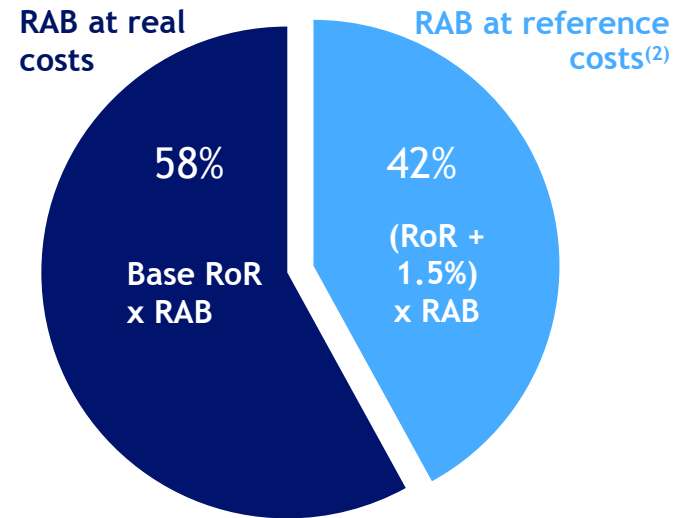




Base RoR as a function of CDS<sup>(1)</sup>



Average RAB 2012  
(ERSE's estimates)



- The RoR is calculated as a function of the average Portuguese 5 year CDS between October 1<sup>st</sup> year<sub>t-1</sub> and September 30<sup>th</sup> year<sub>t</sub>
- The preliminary blended RoR for 2012 is 9.63%
- The average CDS rate from October 1<sup>st</sup> to November 4<sup>th</sup> was 10.85%
- If the Portuguese 5 year CDS were to remain at 10.85% until September 30<sup>th</sup> 2012 the blended RoR would be 10.4%

1 - In case the value of Portuguese Republic CDS increases (decreases) between 0% and 3%, RoR will be subject to a step up (step down) of between 0% and 0.75%. If the referred value goes up (down) between 3% and 7%, the RoR will be increased (reduced) up to plus (minus) 0.75%, up to the total variation limit of  $\pm 1.5\%$ . Therefore, assets' remuneration rate effectively occurring in 2012 will only be known in October of that year.

2 - Assets operating since January, 1<sup>st</sup> 2009



(€M)	9M10	9M11	Δ%
<b>Other operational revenues</b>	<b>51.5</b>	<b>25.6</b>	<b>-50.3%</b>
Subsidies depreciation	18.7	12.4	-33.3%
Electricity	7.5	8.0	6.0%
Natural Gas	11.1	4.5	-59.8%
Revenues from natural gas JV	7.5	0.0	
Services rendered to natural gas JV	5.9	0.0	
Hedging contracts	6.2	0.8	-87.7%
Recovery of cross-border costs	2.7	1.2	-56.8%
Lease revenues from hydro protection zone	0.6	0.6	1.9%
Telecoms	3.7	2.9	-22.7%
Services provided to Market Operator	1.9	1.9	-2.1%
Other services provided	4.2	5.8	39.6%
<b>Other operational costs</b>	<b>12.2</b>	<b>12.5</b>	<b>2.3%</b>
Costs with ERSE	7.8	7.7	-0.2%
Other	4.4	4.7	6.8%

# EBIT breakdown (electricity<sup>1</sup>)

(€M)	9M10	9M11	Δ%
Operational revenues	397.1	433.1	9.1%
Return on RAB	89.3	102.1	14.3%
Land remuneration	-1.0	9.4	
Remuneration from the use of fully depreciated assets	3.8	5.3	38.9%
Commercial gains	2.3	1.9	-17.7%
Interest on tariff deviation	3.2	1.3	-60.0%
OPEX recovery	53.7	50.4	-6.2%
Recovery of depreciation (net from subsidies)	81.0	85.6	5.7%
Other operational revenues	13.3	8.8	-33.9%
Construction revenues (IFRIC 12)	151.4	168.4	11.2%
Operational costs	186.8	191.4	2.5%
External supplies and services	23.6	19.1	-19.4%
Personnel costs	20.1	16.2	-19.4%
Other operational costs	7.5	6.9	-8.6%
Construction costs (IFRIC 12)	135.5	149.2	10.2%
<b>EBITDA</b>	<b>210.3</b>	<b>241.7</b>	<b>14.9%</b>
Depreciation	90.7	95.2	4.9%
<b>EBIT</b>	<b>119.6</b>	<b>146.5</b>	<b>22.5%</b>

<sup>1</sup>) Includes Electricity, REN Trading and Enondas (wave energy concession).

# EBIT breakdown (natural gas)

(€M)	9M10	9M11	Δ%
Operational revenues	205.5	197.6	-3.9%
Return on RAB	58.2	61.2	5.2%
Interest on tariff deviation	0.1	0.5	
Tariff smoothing effect	12.5	2.7	-78.4%
OPEX recovery	26.2	28.7	9.5%
Recovery of depreciation (net from subsidies)	31.4	34.8	10.6%
Other operational revenues	25.1	9.3	-63.2%
Construction revenues (IFRIC 12)	51.9	60.4	16.4%
Operational costs	86.4	76.4	-11.5%
External supplies and services	27.3	10.7	-60.8%
Personnel costs	7.6	6.7	-12.2%
Other operational costs	3.1	4.0	27.3%
Construction costs (IFRIC 12)	48.3	55.0	13.9%
Non recurring items	-4.2	0.0	
<b>EBITDA</b>	<b>114.9</b>	<b>121.1</b>	<b>5.4%</b>
Depreciation	36.1	39.4	9.2%
<b>EBIT</b>	<b>83.0</b>	<b>81.7</b>	<b>-1.6%</b>

# EBIT breakdown (other<sup>1</sup>)

(€M)	9M10	9M11	Δ%
<b>Operational revenues</b>	<b>13.0</b>	<b>7.5</b>	<b>-42.1%</b>
Other operational revenues	13.0	7.5	-42.1%
<b>Operational costs</b>	<b>18.8</b>	<b>20.3</b>	<b>8.0%</b>
External supplies and services	5.8	5.1	-11.1%
Personnel costs	11.5	13.6	18.0%
Other operational costs	1.5	1.6	5.1%
Provisions / reversions	12.5	0.0	
Non recurring items	12.5	0.0	
<b>EBITDA</b>	<b>-5.7</b>	<b>-12.7</b>	
Depreciation	0.3	0.3	26.8%
<b>EBIT</b>	<b>-18.4</b>	<b>-13.0</b>	<b>-29.3%</b>

<sup>1</sup>) Includes REN SGPS, REN Serviços and REN Telecom.

- Net Tariff deviations were worth -€27.3M in the balance sheet at the end of 9M11 as follows :
  - Electricity: -€74.5M
  - Natural Gas: €47.3M



# Profit and loss statement

(€M)	9M10	9M11	Δ%
<b>Operational revenues</b>	<b>615.6</b>	<b>638.2</b>	<b>3.7%</b>
Sales and services rendered	374.3	388.6	3.8%
Construction revenues (IFRIC12)	203.3	228.8	12.5%
Other operational revenues	30.5	20.8	-31.8%
JV revenues	7.5	-	
<b>Operational costs</b>	<b>-431.4</b>	<b>-423.0</b>	<b>-2.0%</b>
External supplies and services	-56.8	-34.9	-38.5%
Personnel	-39.2	-36.4	-7.0%
Construction costs (IFRIC 12)	-183.8	-204.3	11.1%
Depreciation	-127.0	-134.9	6.2%
Provisions	-12.5	-	
Others	-12.2	-12.5	2.3%
<b>EBIT</b>	<b>184.2</b>	<b>215.3</b>	<b>16.8%</b>
<b>Net financial income</b>	<b>-61.0</b>	<b>-71.4</b>	<b>17.1%</b>
Financial costs	-66.9	-78.8	17.8%
Financial revenues	2.1	2.8	32.2%
Investment income (dividends)	3.8	4.6	21.3%
<b>EBT</b>	<b>123.2</b>	<b>143.8</b>	<b>16.7%</b>
Income tax	-44.0	-48.2	9.5%
<b>NET INCOME</b>	<b>79.2</b>	<b>95.6</b>	<b>20.7%</b>





(€M)	2010	9M11
Fixed assets RAB related	3,701.8	3,797.0
Investments and goodwill <sup>1</sup>	118.1	114.1
Tariff deviations	124.5	89.3
Receivables <sup>2</sup>	279.0	221.6
Cash	138.6	87.8
Other <sup>3</sup>	98.5	124.0
<b>Total assets</b>	<b>4,460.5</b>	<b>4,433.8</b>
Shareholders equity	1,021.9	1,007.1
Debt (end of period)	2,257.8	2,432.9
Provisions	17.1	17.1
Tariff deviations	129.1	116.6
Payables <sup>4</sup>	887.2	678.5
Other <sup>5</sup>	147.5	181.8
<b>Total equity and liabilities</b>	<b>4,460.5</b>	<b>4,433.8</b>

1. *Goodwill* and financial investments

2. Trade and other receivables, deferred tax assets, current income tax recoverable

3. Inventories and guarantee deposits, fixed assets and assets in progress (not RAB related)

4. Trade and other payables, deferred tax liabilities and income tax payable

5. Retirement and other benefits obligations, derivative financial instruments and guarantee deposits

# Disclaimer

This presentation and all materials, documents and information used therein or distributed to investors in the context of this presentation do not constitute, or form part of, a public offer, private placement or solicitation of any kind by REN, or by any of REN's shareholders, to sell or purchase any securities issued by REN and its purpose is merely of informative nature and this presentation and all materials, documents and information used therein or distributed to investors in the context of this presentation may not be used in the future in connection with any offer in relation to securities issued by REN without REN's prior consent.

Visit our web site at [www.ren.pt](http://www.ren.pt)  
or contact us:  
Av. EUA, 55  
1749-061 Lisbon  
Telephone: +351 210 013 546  
[ir@ren.pt](mailto:ir@ren.pt)