RESULTS PRESENTATION 1Q14

May 08th, 2014

1Q14 Highlights

- 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;
- Total CAPEX stood at €9.5M, a YoY decrease of €10.8M (-53.2%), mainly due to the late start in some new electricity investments;
- In April, REN signed an €200M 5-year credit facility with Bank of China.

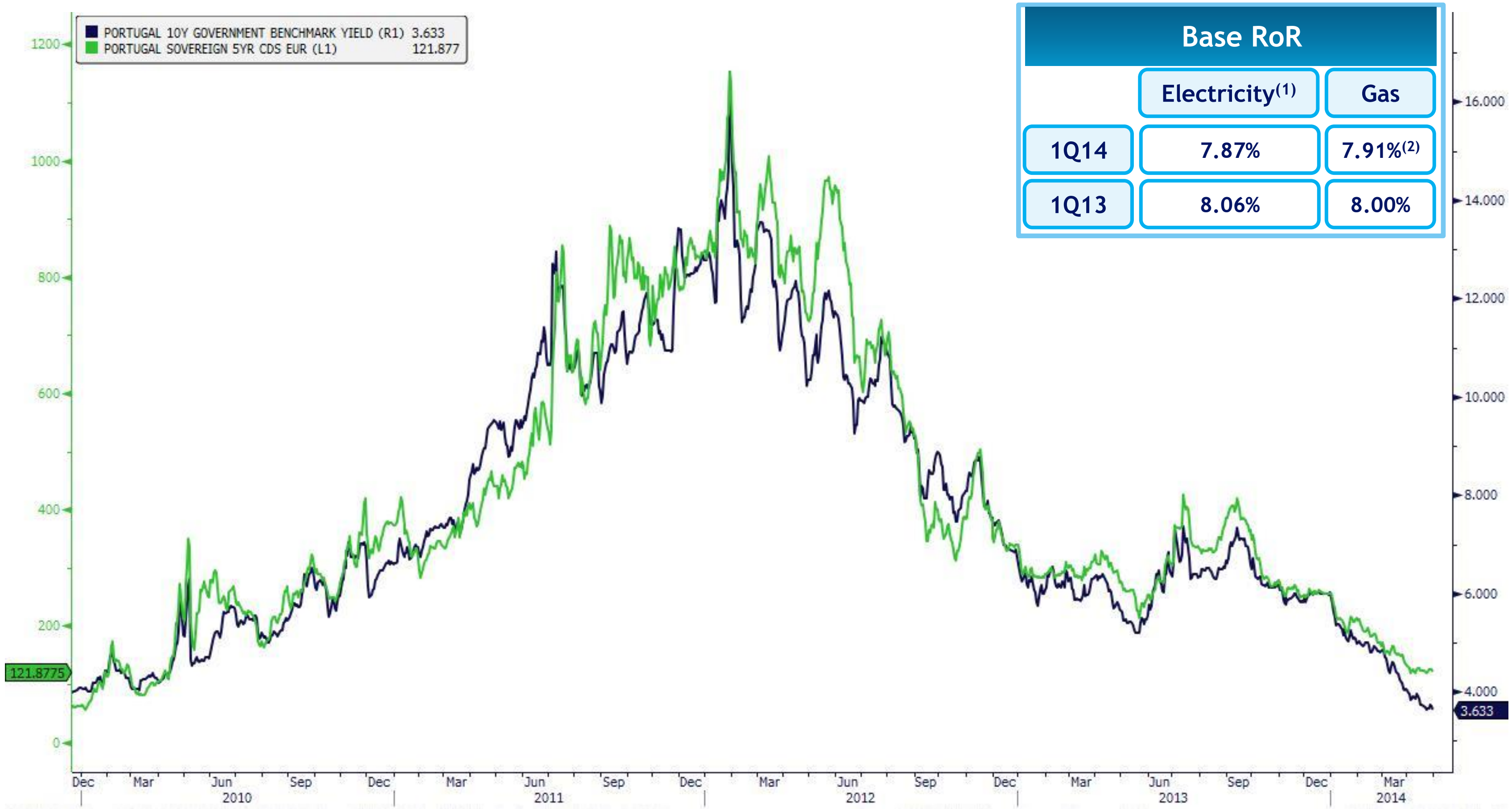
1Q14 Main financial indicators

€M	1Q14	1Q13	Δ%	Δ Abs.
EBITDA	126.5	127.4	-0.7%	-0.9
Net Financial Income	-29.3	-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

REN

Portugal's perceived sovereign debt risk has decreased

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



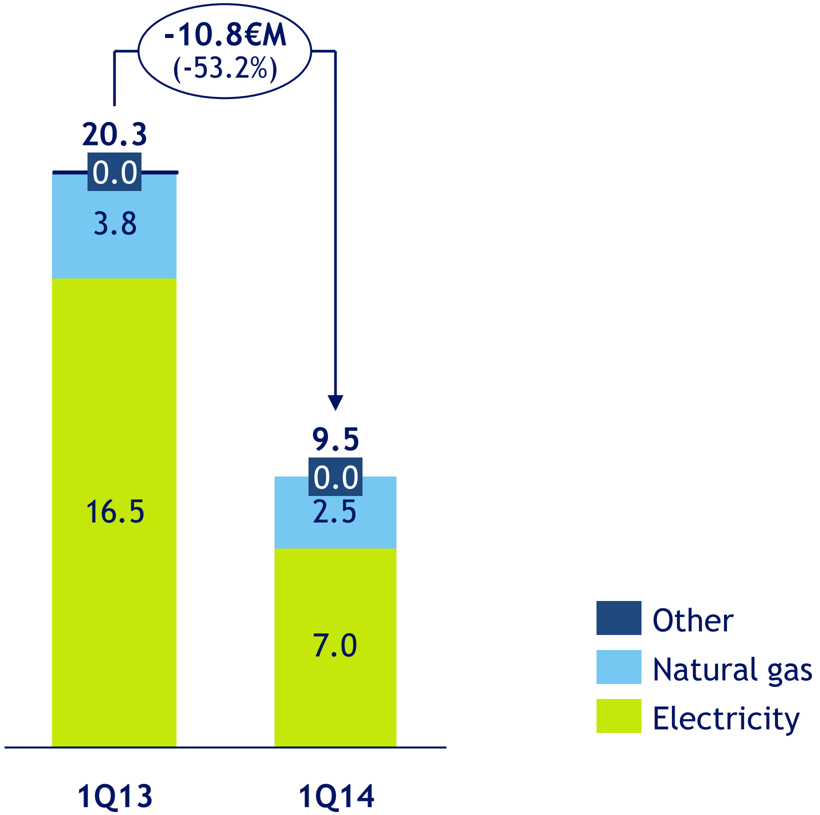
Base RoR		
	Electricity[1]	Gas
1Q14	7.87%	7.91%[2]
1Q13	8.06%	8.00%

Source: Bloomberg

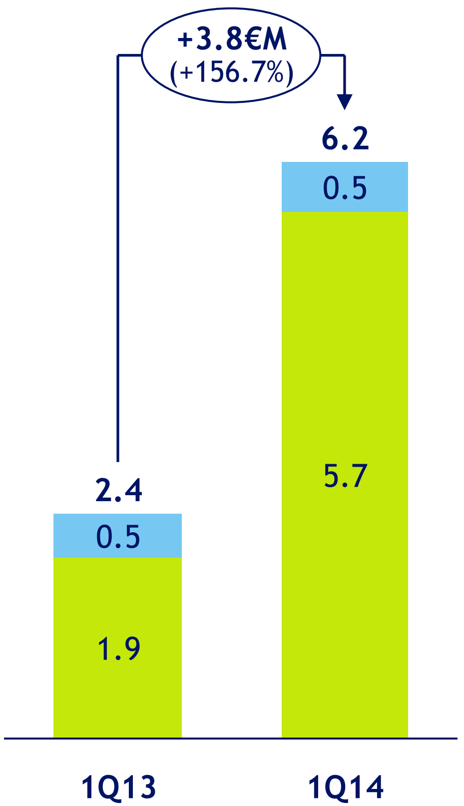
[1] Electricity RoR is calculated as a function of the average PT 5Y CDS between Oct. 1st $year_{n-1}$ and 30th Sep. $year_n$;
[2] Natural Gas RoR is calculated as a function of the average PT 10Y TB between 01/Apr./13 and 31/Mar./14.

Transfers to RAB increased by €3.8M

CAPEX

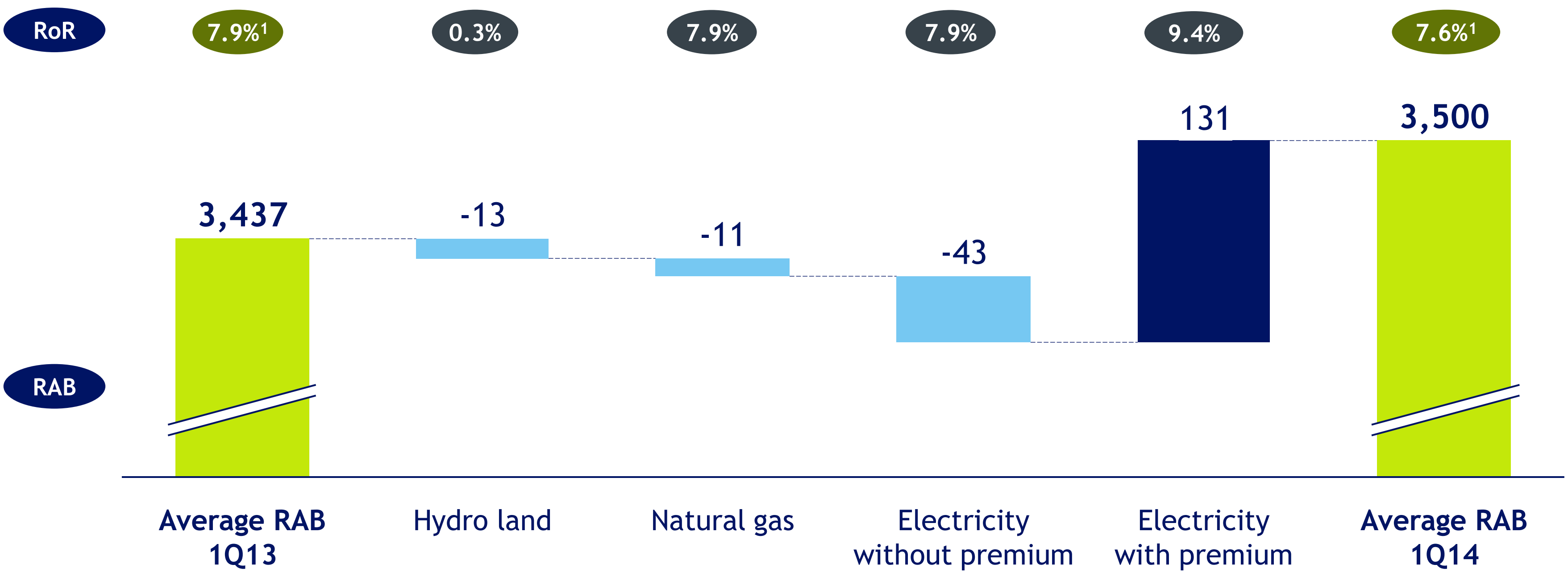


TRANSFERS TO RAB



Average RAB grew by €63.2M

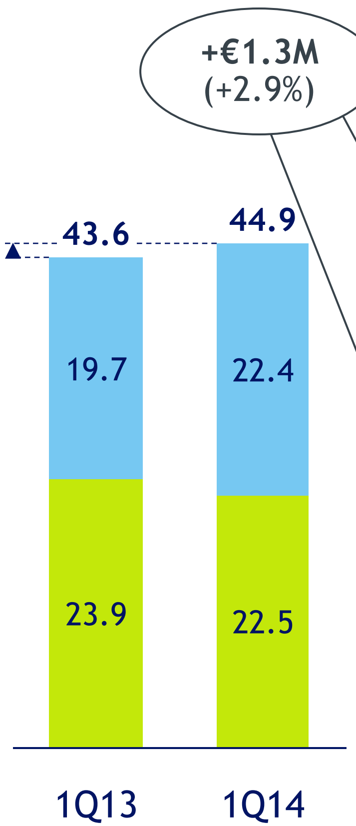
Electricity Assets with premium (RoR 9.4%) increased by €131M



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

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)



Electricity with premium
Electricity without premium

+€1.9M	Impact of the increase in the **asset base** by €88M to €2,098M.
+€0.4M	Impact of the change in **asset mix** - assets with premium weight increased to 45% in 1Q14 from 41% in 1Q13.
-€1.0M	Impact of the indexation of the base **rate of return** - to 9.4% from 9.6% in assets with premium, and to 7.9% from 8.1% in assets without premium.

RAB REMUNERATION NATURAL GAS (ex. tariff smoothing effect)
(€M)

Impact of the €11M decrease in the **asset base**, to a total of €1,102M.

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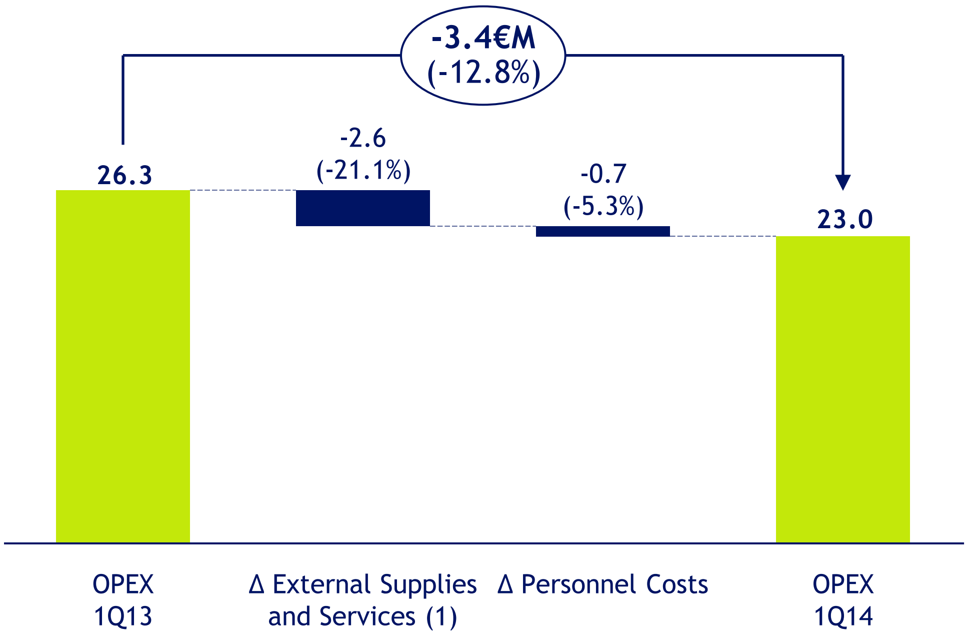
OPEX was down by €3.4M
Reflecting a continued reduction in ESS and Personnel Costs

OPERATIONAL COSTS
(€M)



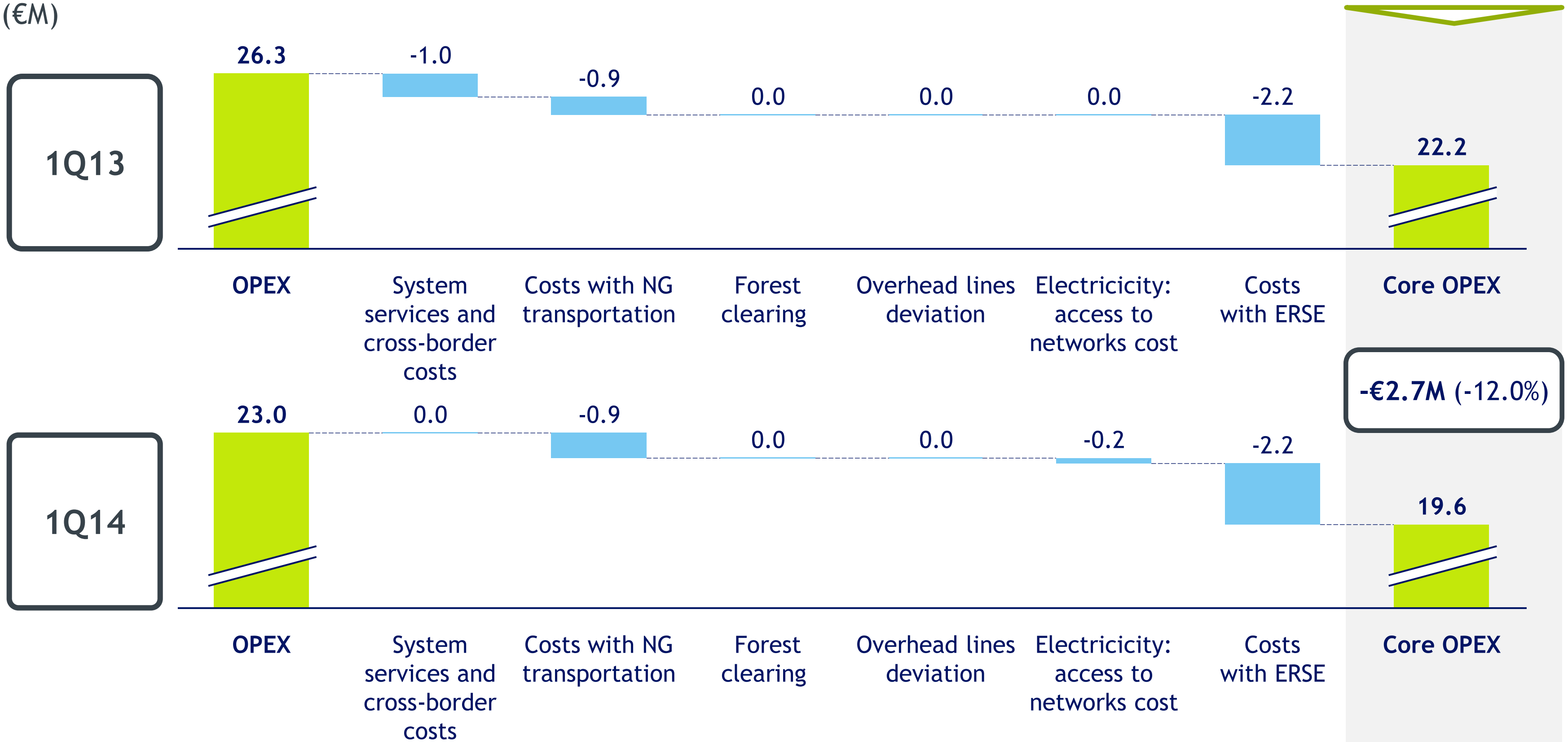
(1) Includes Δ-€0.3M of Other Operating Costs.

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

CORE OPEX

(€M)



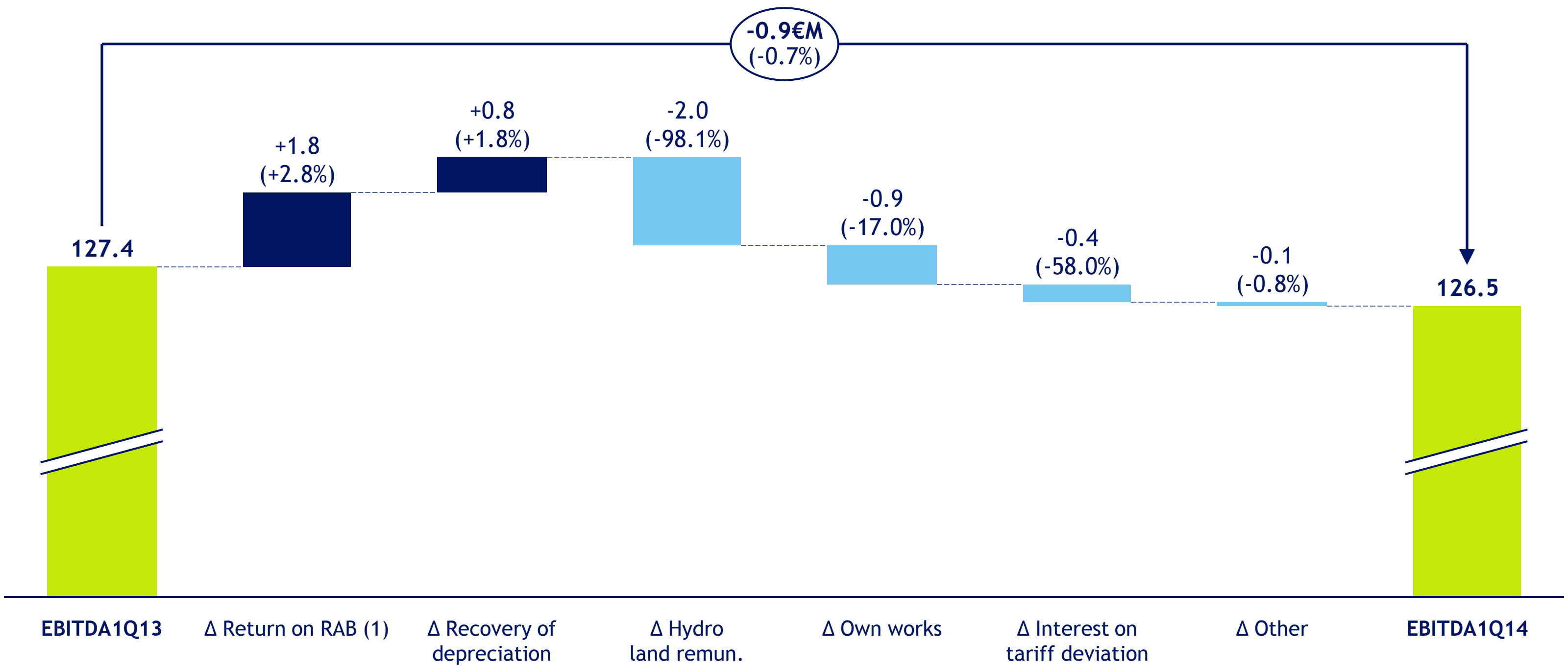
Note: values do not include costs incurred with the construction of concession assets (IFRIC 12): €14.7M in 1Q13 and €4.9M in 1Q14.

REN

EBITDA down by €0.9M

Essentially due to the decrease in Hydro Land remuneration

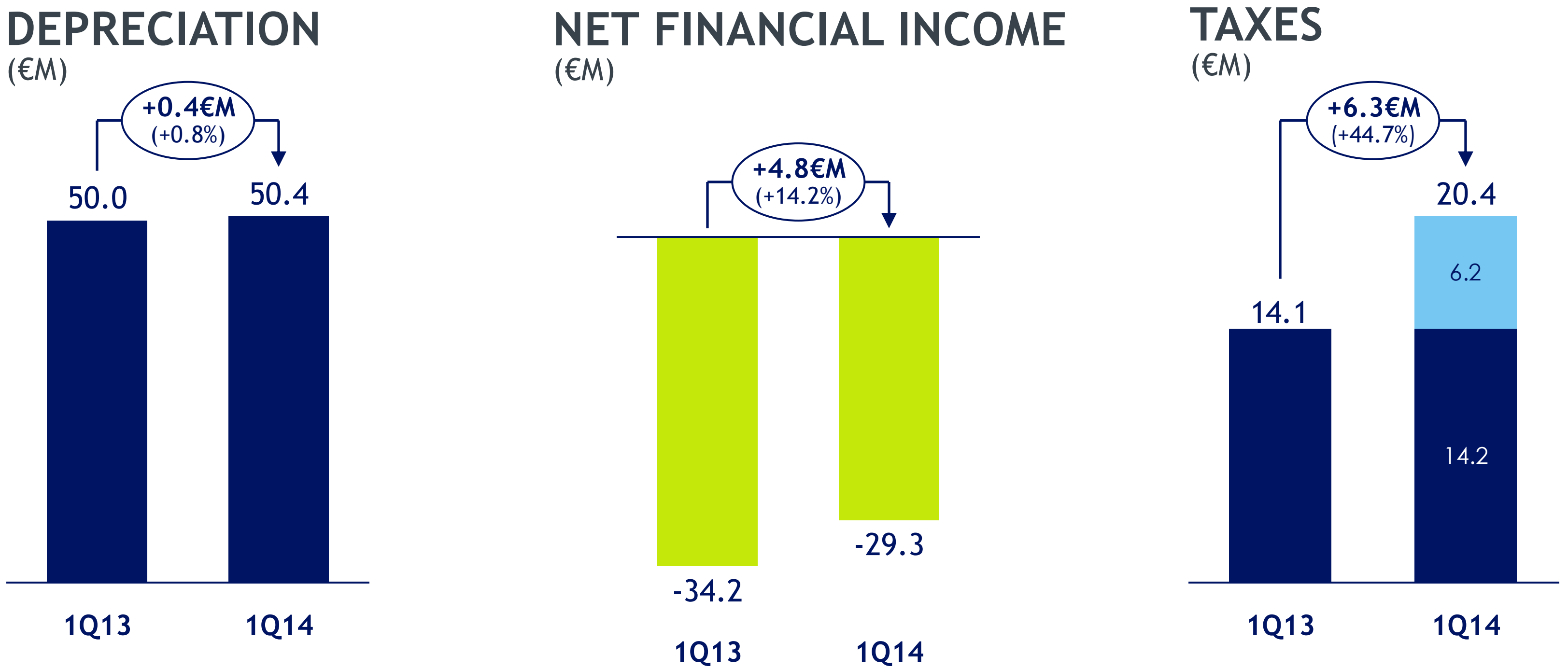
(€M)



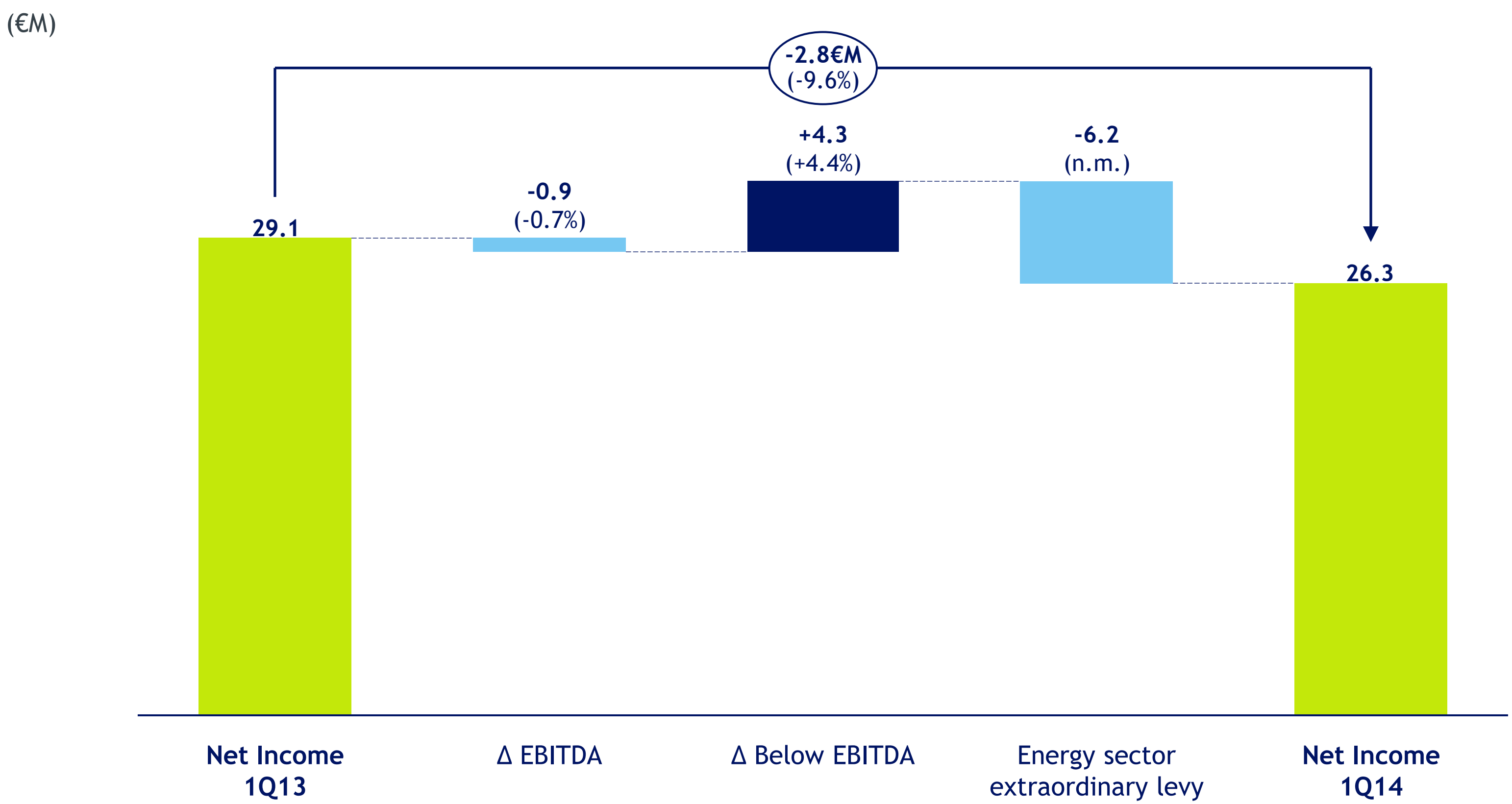
(1) Includes Δ+€1.0M of NG tariff smoothing effect.

Below EBITDA

Net Financial Income improved €4.8M



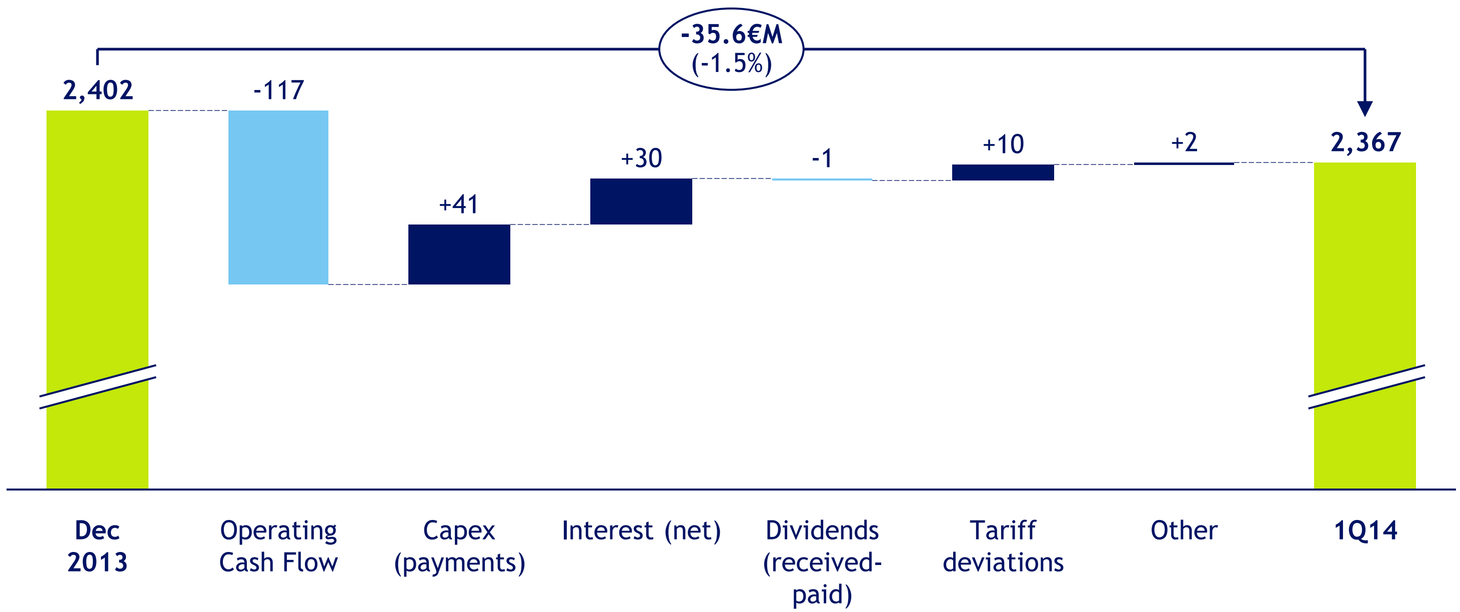
Net Income was down by 9.6% (-€2.8M)



Net Debt decreased by €36M to €2,367M

NET DEBT

(€M)



- The **average cost of debt** decreased to 4.80% (5.54% in 2013);
- **Net debt/EBITDA** was up to 4.68x (4.61x in 2013).

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

Final remarks

- In 1Q14, REN’s operational results were penalized by regulatory changes in hydro land remuneration, which were partially offset by the reduction in operational costs and the increase displayed in the average RAB;
- The average cost of debt is clearly in a downward trend, and the level of net debt also decreased reflecting the slowdown in CAPEX;
- REN paid €0.171 cents per share as dividend in relation to its 2013 results (dividend yield of 6%);
- The end of REN’s privatization process is planned to be accomplished during 1H14. The placement of the State's remaining 11% stake, should improve the liquidity of the stock.

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