



# RESULTS PRESENTATION 9M 2015

November 13<sup>th</sup>, 2015



- ▶ **Net Profit** stood at €91.6M, a 16.5% increase over 9M14. This outcome was essentially the result of: (1) the improvement reached in REN's **Financial Results** (+10.8% led by the decline in the average cost of debt, cut to 4.0% from 4.7%); (2) the recovery of taxes (+€9.9M); and (3) the costs incurred with the extraordinary levy to the energy sector established in 2015's State budget law;
- ▶ Excluding extraordinary effects, **Recurrent Net Profit** decreased by 11.9% to €93.3M;
- ▶ **EBITDA** was slightly lower than in 9M14, reaching €372.3M (-0.5%). Despite the capital gain achieved with the sale of REN's stake in Enagás (+€20.1M), the result was penalized by both the changes in the regulation in the electricity sector and the reduction in the Portuguese sovereign yield in the RoR mechanism;
- ▶ **CAPEX** stood at €145.8M, a 110.3% growth yoy, explained by the acquisition of the two gas storage facilities from Galp Energia, which also affected positively the evolution of average RAB (+2.2% to €3,534.2M);
- ▶ In October, Standard & Poor's (S&P) **upgraded REN's rating to investment grade** (BBB-, outlook positive). Thus, REN strengthened further its position as **the Portuguese company with the best rating from all three major agencies**;
- ▶ In November, the existing credit facility agreement with the Industrial and Commercial Bank of China (ICBC) was negotiated. The maturity was extended to 2020, the amount available was reduced to €120M and the cost decreased.

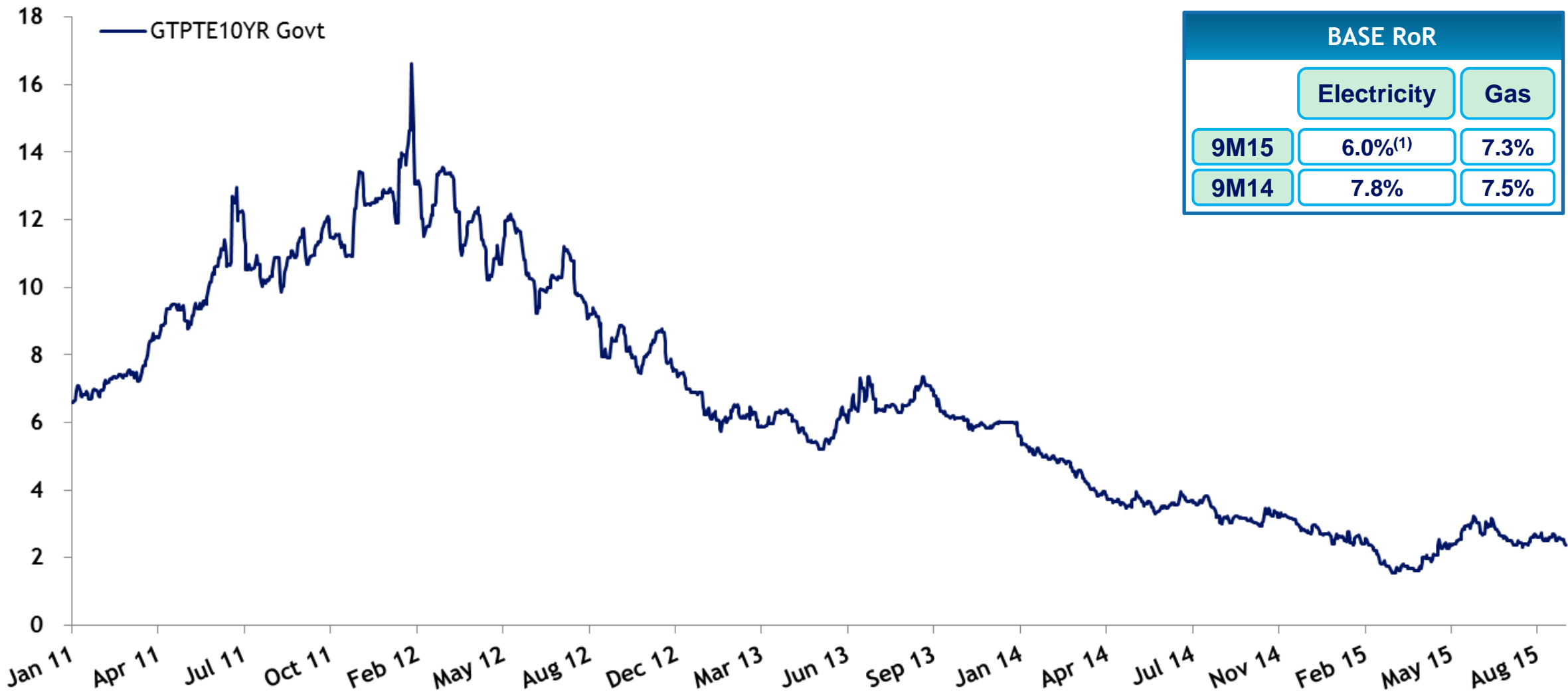
# 9M15 MAIN FINANCIAL INDICATORS

€M	3Q15	9M15	9M14	Δ%	Δ Abs.
<b>EBITDA</b>	<b>118.0</b>	<b>372.3</b>	<b>374.2</b>	<b>-0.5%</b>	<b>-1.9</b>
<b>Financial Results</b>	<b>-25.6</b>	<b>-70.5</b>	<b>-79.0</b>	<b>10.8%</b>	<b>8.6</b>
<b>Net Profit<sup>1</sup></b>	<b>16.3</b>	<b>91.6</b>	<b>78.7</b>	<b>16.5%</b>	<b>13.0</b>
<b>Recurrent Net Profit</b>	<b>29.7</b>	<b>93.3</b>	<b>106.0</b>	<b>-11.9%</b>	<b>-12.6</b>
<b>Average RAB</b>	<b>3,534.2</b>	<b>3,534.2</b>	<b>3,459.5</b>	<b>2.2%</b>	<b>74.7</b>
<b>CAPEX</b>	<b>47.1</b>	<b>145.8</b>	<b>69.3</b>	<b>110.3%</b>	<b>76.5</b>
<b>Net Debt</b>	<b>2,447.0</b>	<b>2,447.0</b>	<b>2,432.0</b>	<b>0.6%</b>	<b>15.1</b>

1) In 9M15, REN recognized the full amount of the energy sector extraordinary levy. For comparative purposes, 9M14 has been restated to include the same recognition criteria. In each quarter the levy accounts for €6.36M and €6.28M in 2015 and 2014 respectively.

# PORTUGAL'S PERCEIVED SOVEREIGN DEBT RISK remained low

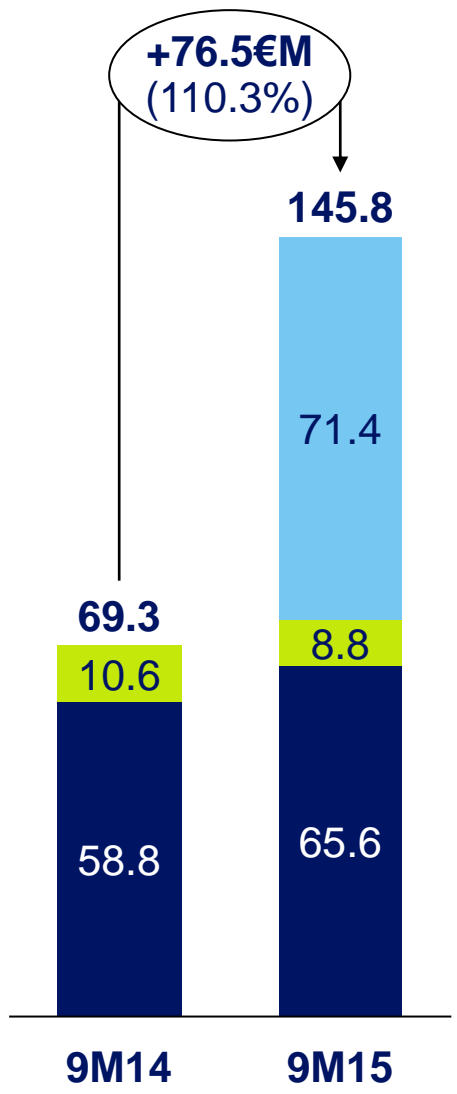
## PT 10Y Treasury Bond Yields



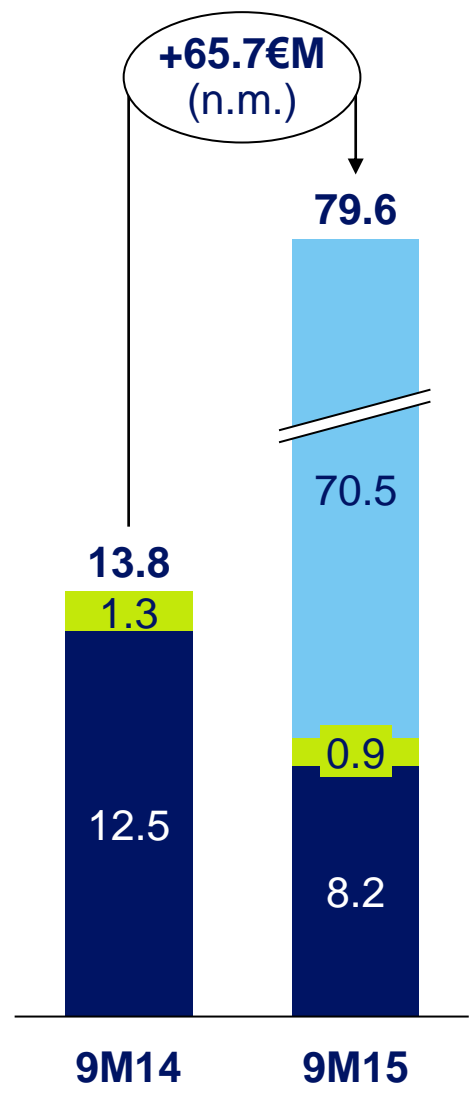
1) The value set by ERSE for 2015 is 5.99338%.  
Source: Bloomberg

# CAPEX INVESTED DURING 9M15 INCREASED TO €145.8M explained by the recent acquisition of GALP's NG caverns

## CAPEX



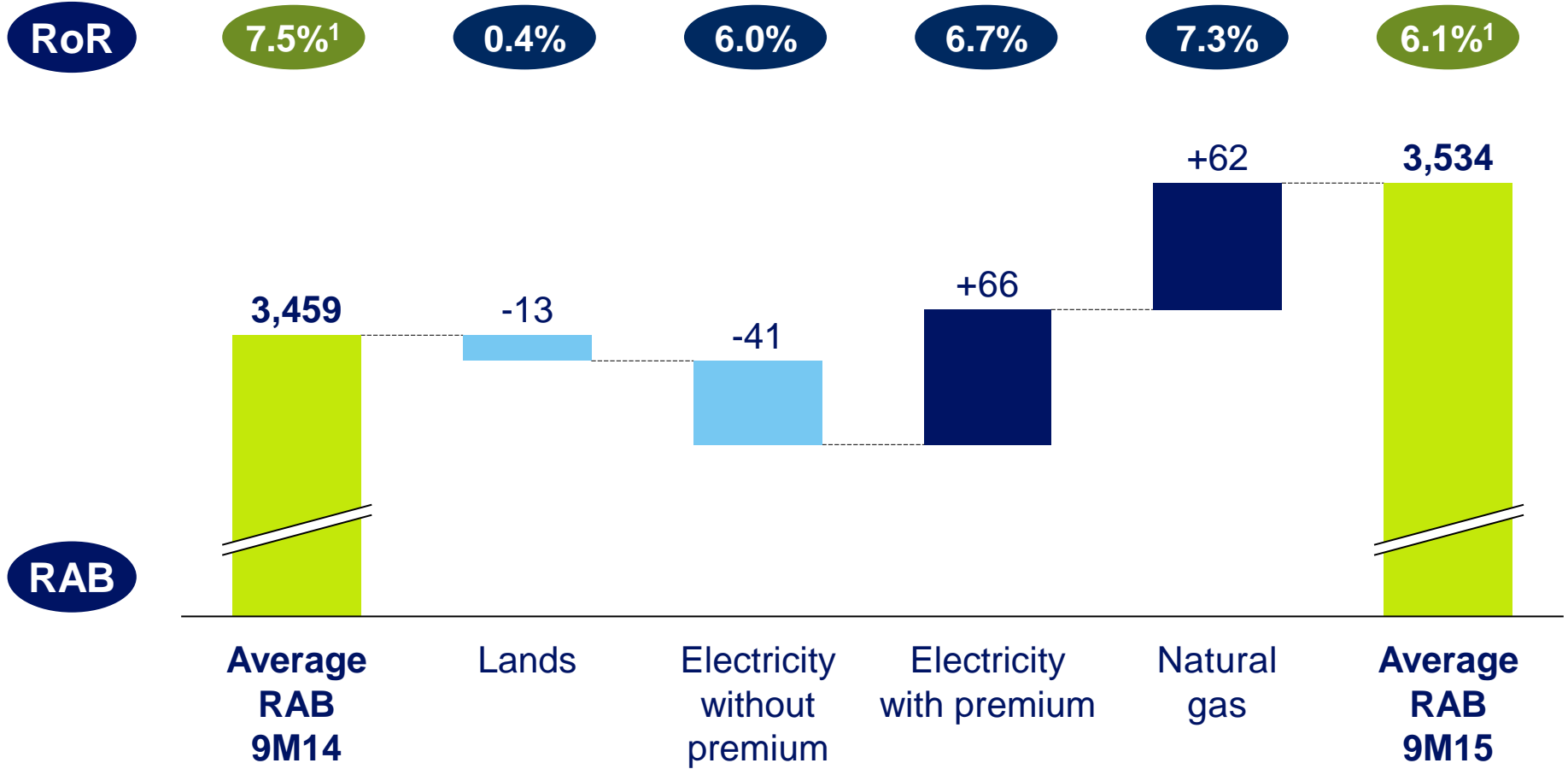
## TRANSFERS TO RAB



■ New NG caverns  
■ Natural gas  
■ Electricity

# AVERAGE RAB ROSE BY 74.7€M (+2.2%) boosted by gas storage facilities and electricity with premium

(€M)



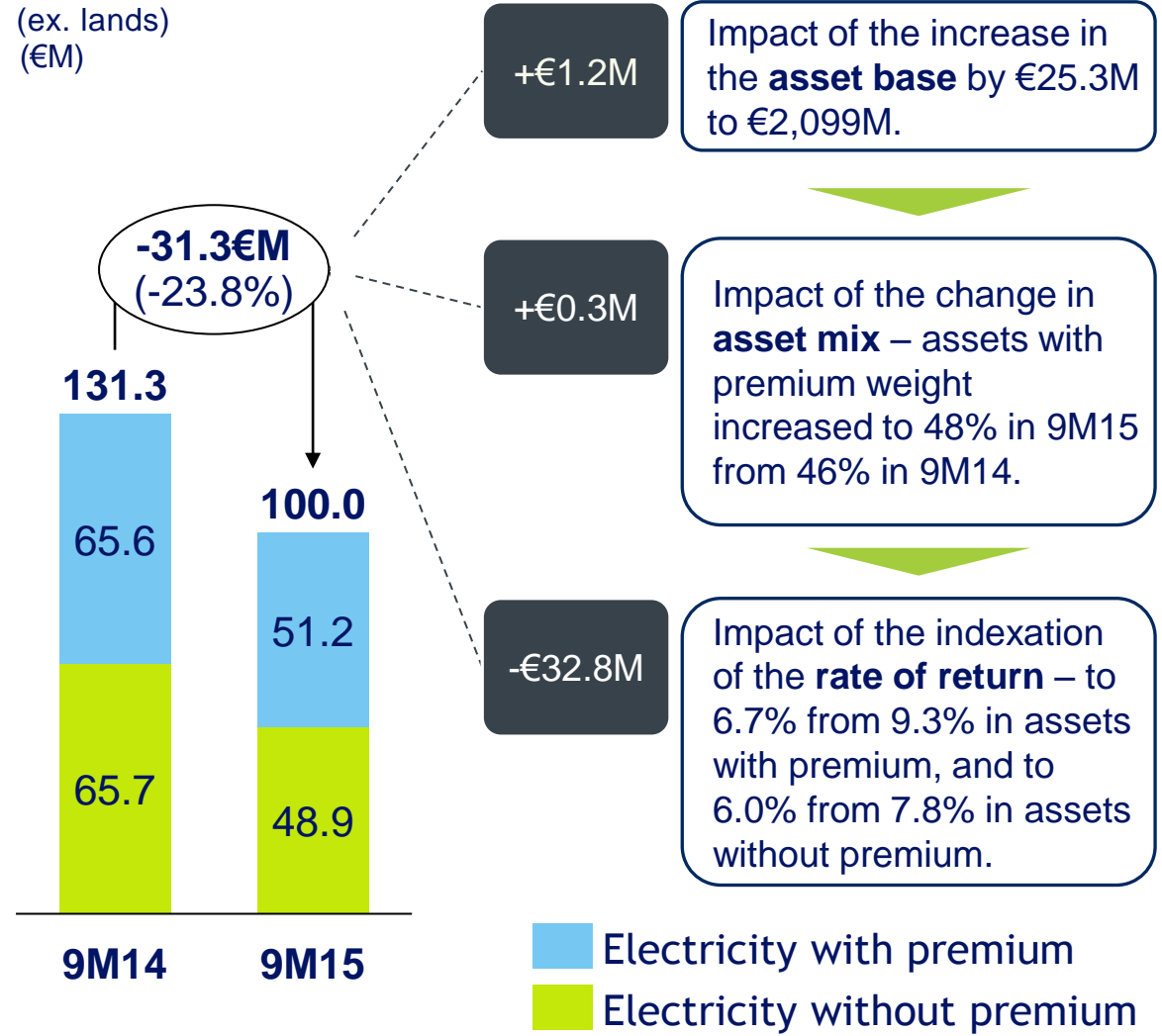
1) RoR is equal to the specific asset remuneration, divided by the average RAB.

# RAB REMUNERATION PENALIZED BY A LOWER RoR

Natural Gas benefited from the acquisition of the 2 new NG caverns

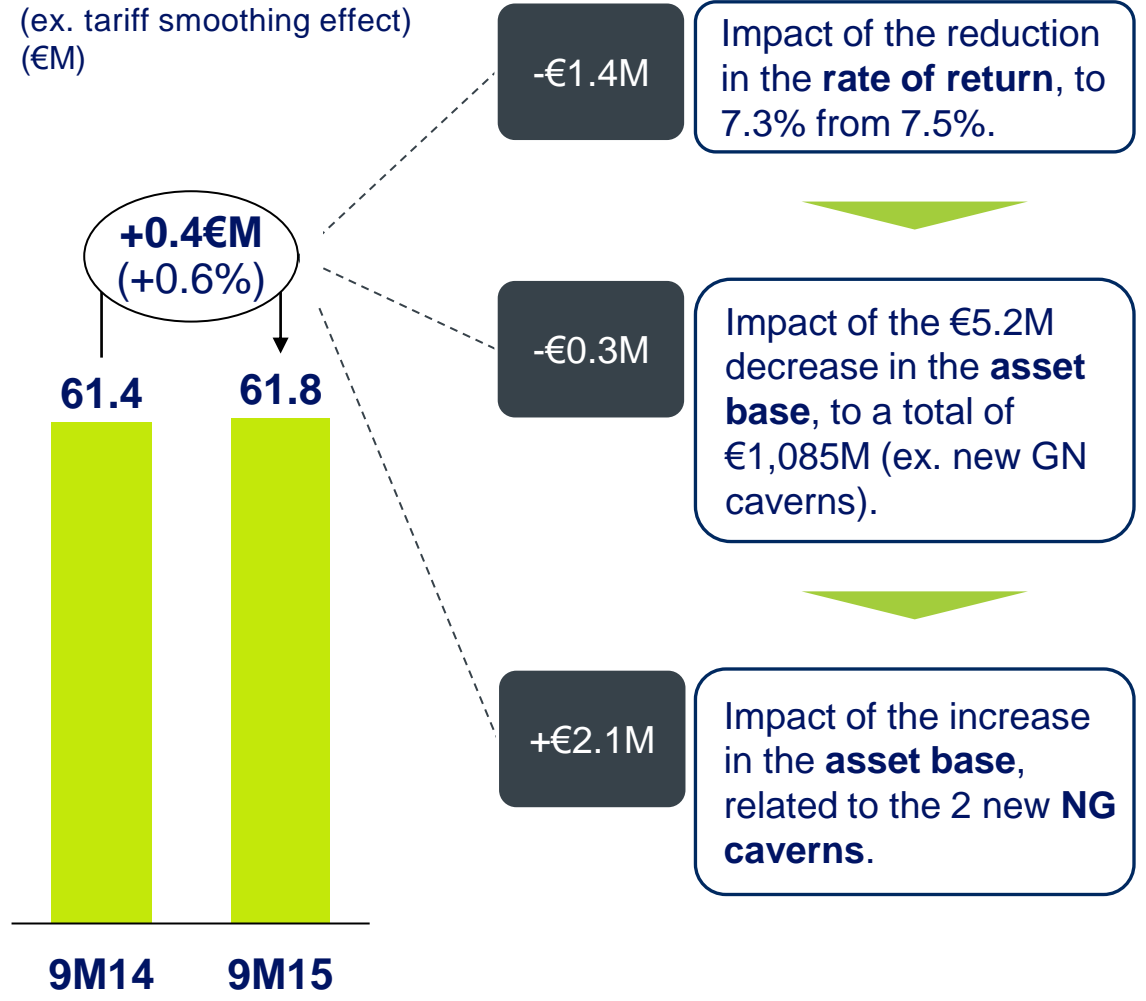
## RAB REMUNERATION ELECTRICITY

(ex. lands)  
(€M)



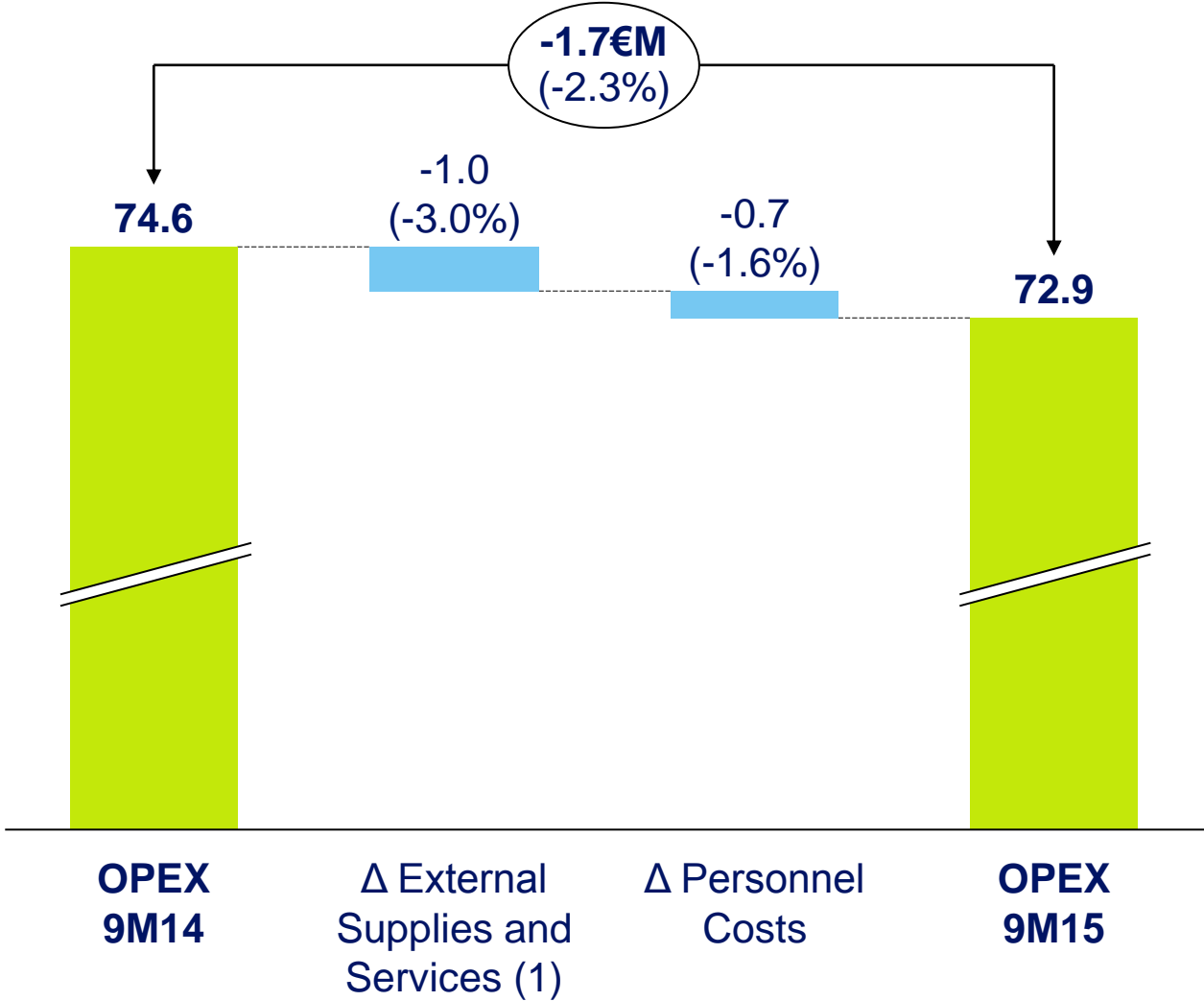
## RAB REMUNERATION NATURAL GAS

(ex. tariff smoothing effect)  
(€M)



# OPEX FELL OVER 2.3% VERSUS 9M14 reflecting REN's efficiency efforts

## OPERACIONAL COSTS (€M)



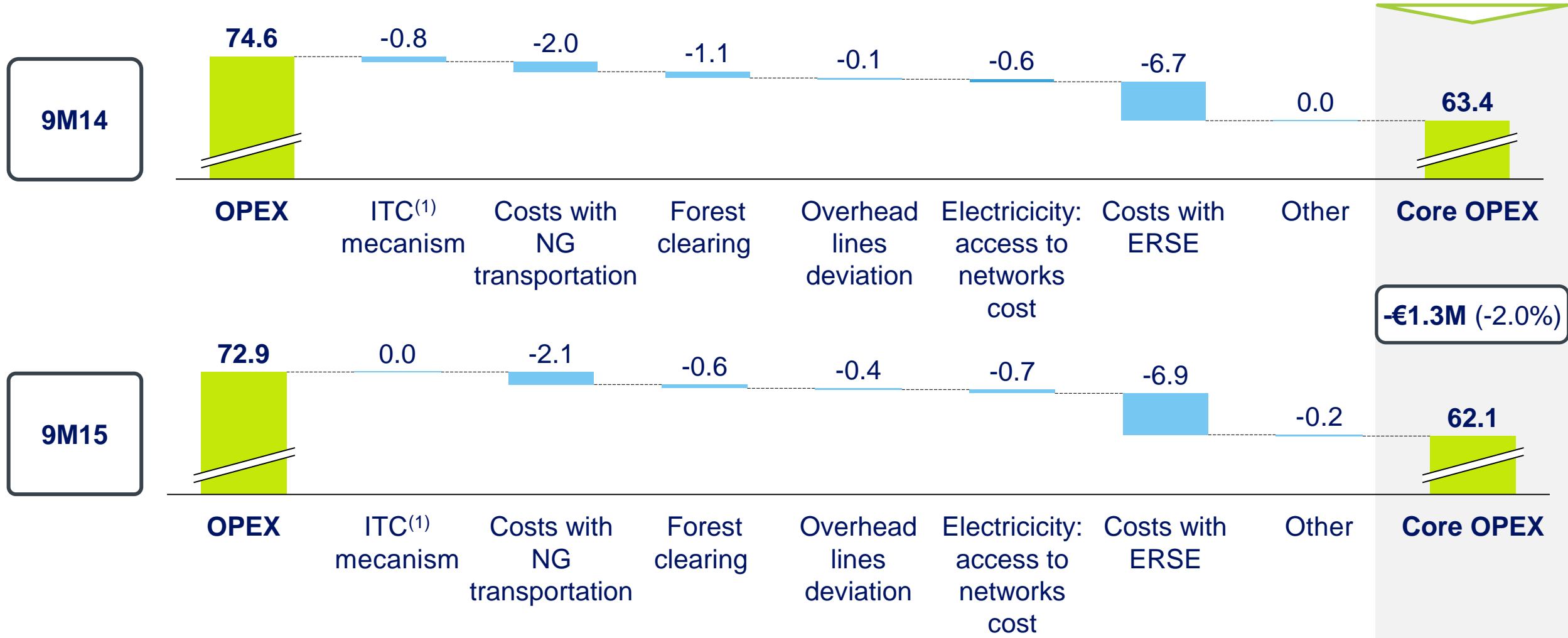
(1) Includes Δ+€0.01M of Other Operating Costs.



# CORE OPEX DECLINED BY 2.0% TO €62.1M

## CORE OPEX

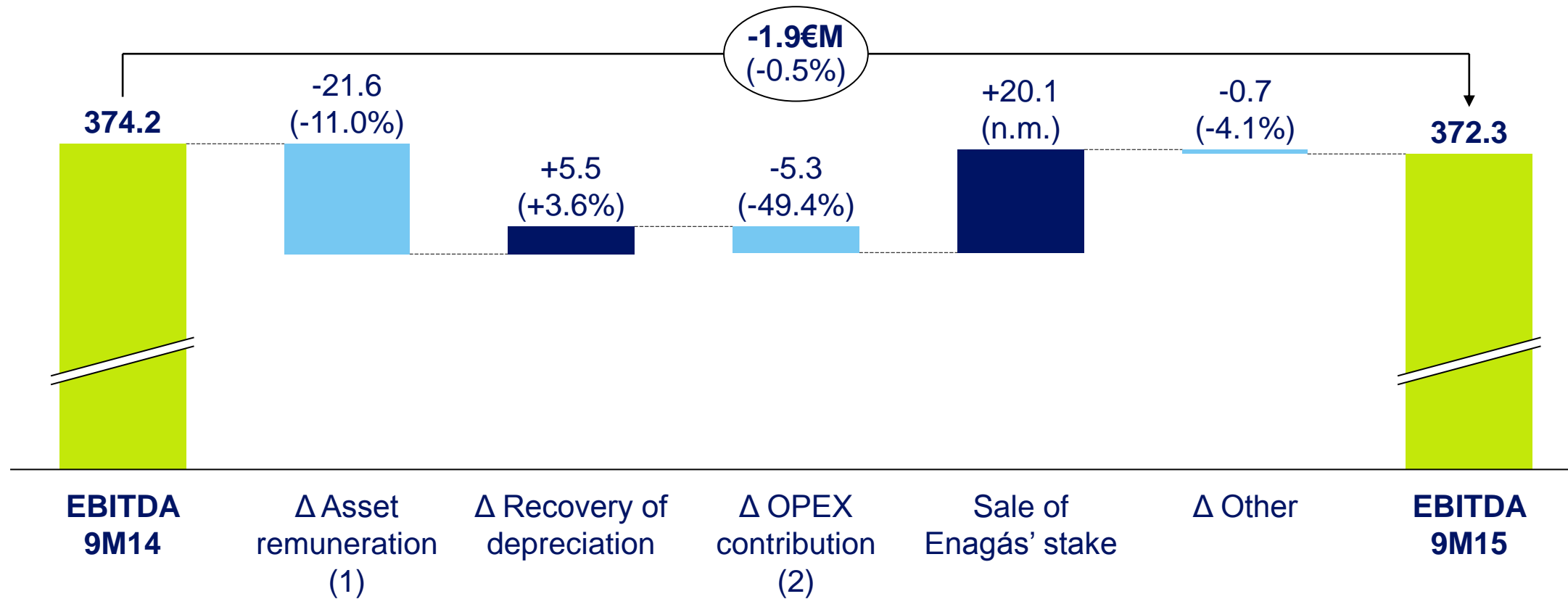
(€M)



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

# EBITDA SLIGHTLY BELOW 9M14 (-0.5%) penalized by the changes in the new electricity regulatory framework

(€M)



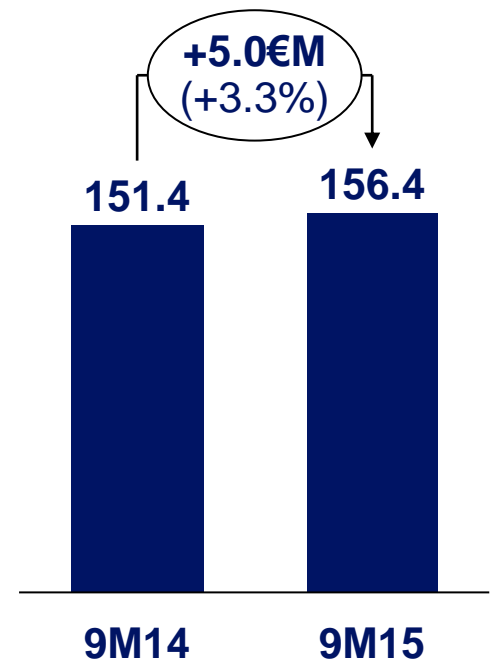
(1) Includes Δ+€1.8M of NG tariff smoothing effect;

(2) Includes Δ-€1.1M of Opex own works.

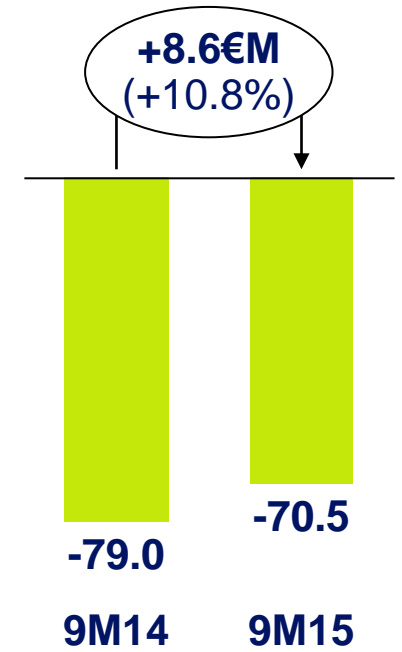
# BELOW EBITDA

## Financial Results strengthened by lower avg. cost of debt

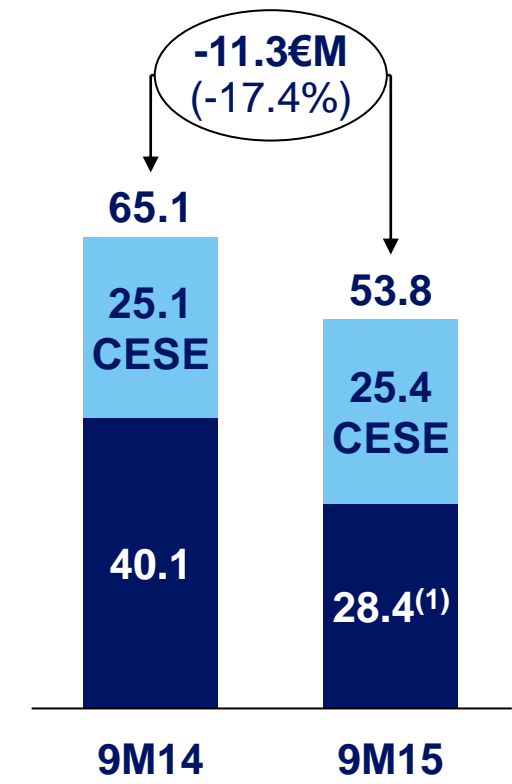
### DEPRECIATION (€M)



### FINANCIAL RESULTS (€M)



### TAXES (€M)



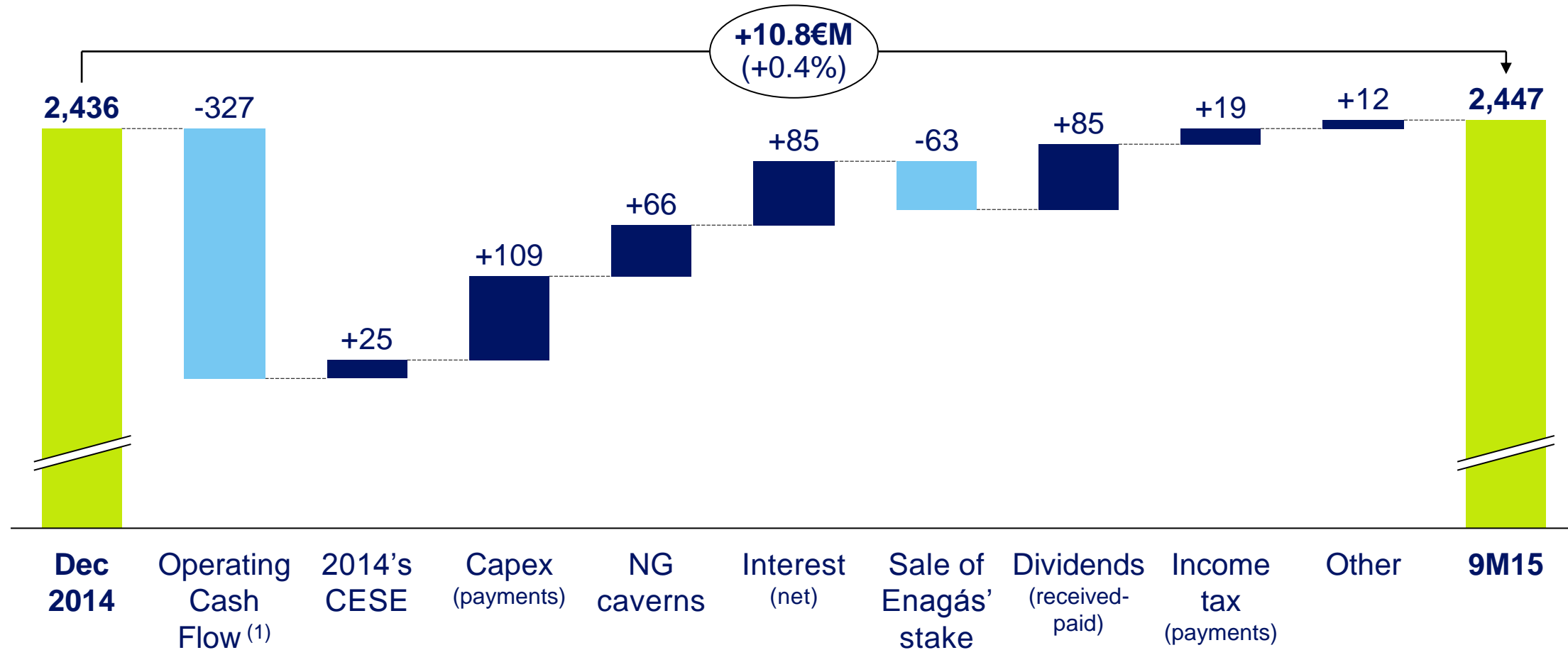
(1) Includes the one-off recovery of a tax impairment of €9.9M in 9M15.

# NET DEBT SLIGHTLY INCREASED BY 0.4%

## Essentially on the back of the new NG caverns

### NET DEBT

(€M)

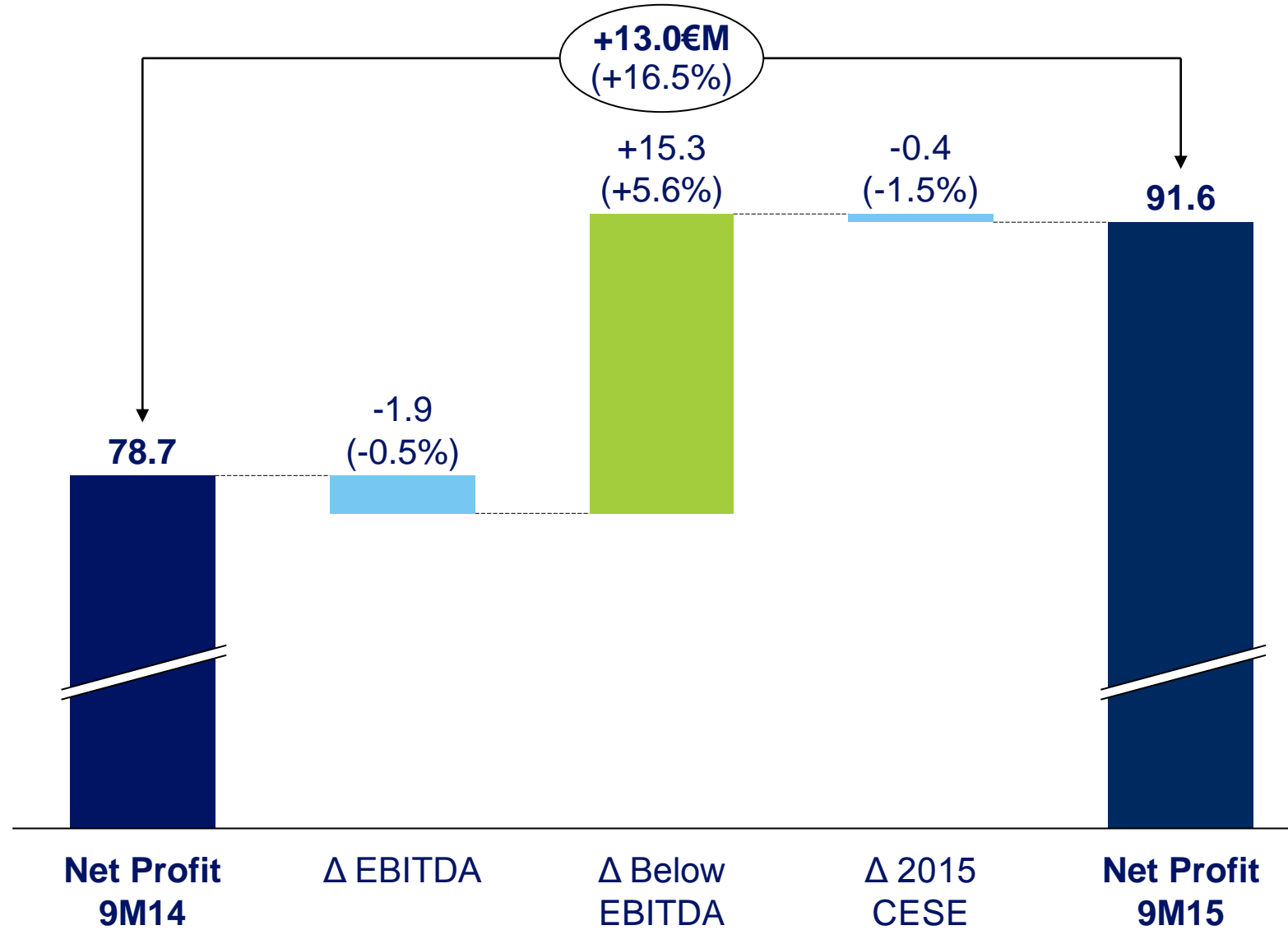


- ▶ The **average cost of debt** decreased to 4.0% (4.7% in 2014);
- ▶ **Net Debt/EBITDA** increased to 5.00x (4.82x in 2014) due to a decrease in annualized EBITDA.

(1) EBIT + Depreciation + Provisions – Non cash items.

# NET PROFIT GREW TO €91.6M (+16.5%) explained by a better financial results and a tax impairment recovery

(€M)



- ▶ REN presented a solid operating performance, despite the negative impact of the electricity regulatory changes;
- ▶ The improvement of Financial Results, due to the downward trend of the average cost of debt, had a positive impact on Net Income, notwithstanding the negative effect of the special levy on energy companies;
- ▶ Aligned with REN's good financial performance was the improvement in the rating, with S&P's upgrade to investment grade status (BBB- with a positive outlook). REN already had an identical rating from Fitch and Moody's, but this new rating contributes to a more favorable climate among REN's creditors and helps to open the doors for future issues of debt securities at lower costs.

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:**

Ana Fernandes – Head of IR

Alexandra Martins

Telma Mendes

Av. EUA, 55

1749-061 Lisboa

Telephone: +351 210 013 546

[ir@ren.pt](mailto:ir@ren.pt)