

Results Report

Nine Months 2020

13th November 2020

- 1.** Overview of the period
- 2.** Business performance
- 3.** Closing remarks

1. Overview of the period

KEY MESSAGES

9M2020



Electricity and natural gas consumption decreased by 3.5% and 1.5% respectively, with **renewable sources reaching 56% of the total supply** (11pp higher than in 9M2019)



Service quality remained high, with **0.03min of electricity interruption time** (93% lower than 9M2019) and **natural gas combined availability rate at 100%**, the same rate as in 9M2019



EBITDA reached €352.5M, a **4.2% decrease** (-€15.5M) mainly explained by **lower remuneration rates** from lower sovereign bond yields coupled with the new parameters in the gas regulatory framework (-€15.6M) and **higher results** from the **international segment** (€5.4M), especially from the **consolidation of Transemel in Chile**



Net Profit decreased to €76.1M (€10.3M lower than in 9M19), despite the **positive effects** of a **lower cost of debt** in Financial results (reduction of €2.8M to -€36.7M) and **lower income tax** (reduction of €10.3M to -€31.7M), but with an **increase** in the **extraordinary energy sector levy** of **€3.8M** to €28.2M, as for the first time this year it also covered Portugás



COVID-19 had a **limited impact** on REN's financial performance overall, with **neutral impact in Net Income**, a **slight increase in Net Debt** and **delays in investment execution**, which are expected to be **recovered in 2021**



The credit agency **S&P reaffirmed REN's rating at 'BBB'** and outlook stable (October 29th)

SECTOR OVERVIEW

The Energy Transition is at the center of the Portuguese Government agenda



PNEC 2030 is approved

- In July the Portuguese Government **approved the PNEC 2030 (National Energy and Climate Plan)**, the prime instrument for the implementation of **the Portuguese roadmap for carbon neutrality**
- This sets **mandatory targets for renewable energy incorporation in electricity** (80% up to 2030, from 52% at present) and **carbon reductions until 2030**



Hydrogen Projects Call

- On June 17, following the public consultation on the National Hydrogen Strategy, the Portuguese Government has issued *Despacho* n.º 6403-A/2020 regarding the **opening of a call for parties to communicate their interest to participate in a future Important Project of Common European Interest (IPCEI) about hydrogen**
- **REN was one of the respondents together with a group of relevant national companies.** There were around **74 responses, and 34 passed** to the next selection phase of the **IPCEI** call



Gas Law amendment for Renewable Gases namely Hydrogen

- A new Decree-Law that establishes the organization and functioning of the *Sistema Nacional de Gás* and its legal framework, was published. This is set for the **decarbonisation in domestic and industrial gas consumption introducing a horizon to the gas networks role in a low carbon future**
- Production of renewable and low carbon gases is defined as a liberalized market activity. The producers of renewable or low carbon gases may use the product for any purpose. Related to REN ownership unbundling certification, the same restrictions apply as for the electricity sector
- The Decree-Law provides for the **growing recognition of renewable gases, in particular hydrogen, as a clean and versatile energy carrier**, and definitely a solution for the incorporation of these renewable gases in the gas networks. The mixing targets for hydrogen in the gas network becomes mandatory. REN is already preparing the required upgrades



Solar capacity auctions

- **A new solar capacity auction of 670 MW was held** on the 15th and 24th of August. Most of the capacity (483 MW) was sold in the storage option, and price references comparable but lower than to the previous auction were confirmed

COVID-19

Main financial impacts arising from the COVID-19 pandemic were felt in investment execution and RoR



Main effects of COVID-19

	Description	
1	Delay in transfers to RAB	Due to the coronavirus pandemic that led to a temporary suspension of works in March and April , some projects will not be concluded before year-end
		✓ To be recovered in 2021
2	Increase in 10Y Portuguese Government bonds	The increase in 10Y PT Government Bonds in 2020 have a slightly positive impact in REN's rate of return . In electricity the base rate for 2020 is 4.6%
3	Additional costs	There were additional costs with donations and safety measures , partially offset by savings with remote work
4	Increase in tariff deviations	Higher tariff deviations as a result of the reduction in electricity consumption. By the end of 9M20, the tariff deviations amounted to €168.8M

Impact on REN's financial performance is overall neutral in Net Income with a slight increase in Net Debt and a delay in transfers to RAB



2. Business performance

BUSINESS HIGHLIGHTS

In Portugal, service quality remained high, in a context of declining consumption and an increased share of renewables supply



Electricity

Consumption

36.0TWh ↓ 1.3TWh (3.5%)

9M2019: **37.3TWh**

Renewables in consumption supply

55.9% ↑ 10.8pp

9M2019: **45.1%**

Energy transmission losses

1.84% ↑ 0.24pp

9M2019: **1.60%**

Average interruption time

0.03min ↓ 0.43min (93.5%)

9M2019: **0.46min**

Line length

9,002km ↑ 94km (1.1%)

9M2019: **8,907km**



Gas Transmission

Consumption

49.6TWh ↓ 0.7TWh (1.5%)

9M2019: **50.3TWh**

Combined availability rate

100% = 0.0pp

9M2019: **100%**

Line length

1,375km = 0km (0.0%)

9M2019: **1,375km**



Gas Distribution

Gas distributed

5.3TWh ↓ 0.1TWh (1.9%)

9M2019: **5.4TWh**

Emergency situations with response time up to 60min

99.1% ↑ 0.4pp

9M2019: **98.7%**

Line length

5,814km ↑ 212km (3.8%)

9M2019: **5,602km**

FINANCIAL HIGHLIGHTS

Net Profit with negative evolution, driven by lower EBITDA and despite better financial results

EBITDA

€352.5M  15.5
(4.2%)

9M2019: **€368.0M**

Financial results

-€36.7M  2.8
(7.0%)

9M2019: **-€39.4M**

Net Profit

€76.1M  10.3
(11.9%)

9M2019: **€86.3M**

CAPEX

€103.7M  6.6
(6.0%)

9M2019: **€110.3M**

Average RAB¹

€3,652.9M  64.9
(1.7%)

9M2019: **€3,717.8M**

Net Debt²

€2,743.0M  156.5
(6.1%)

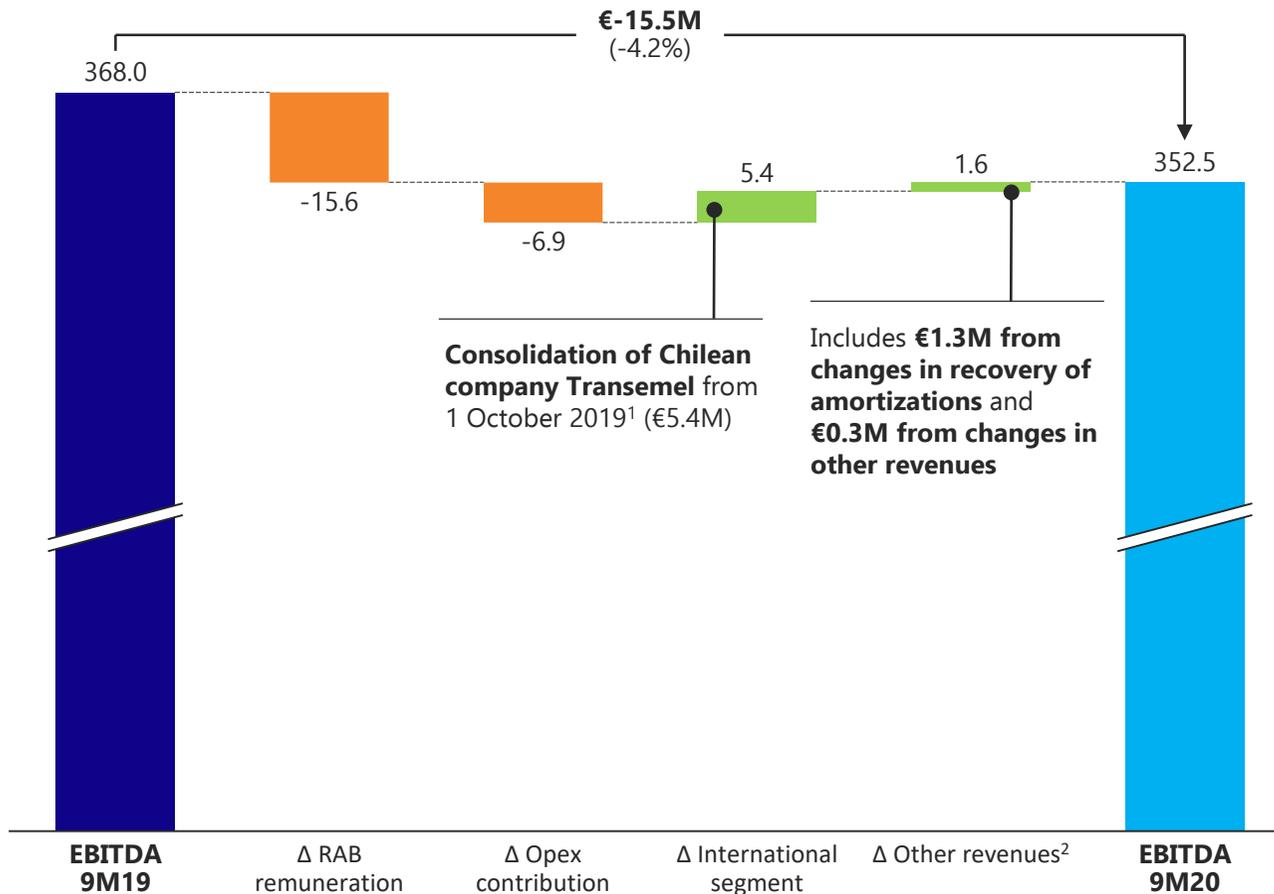
9M2019: **€2,586.5M**

CONSOLIDATED VIEW

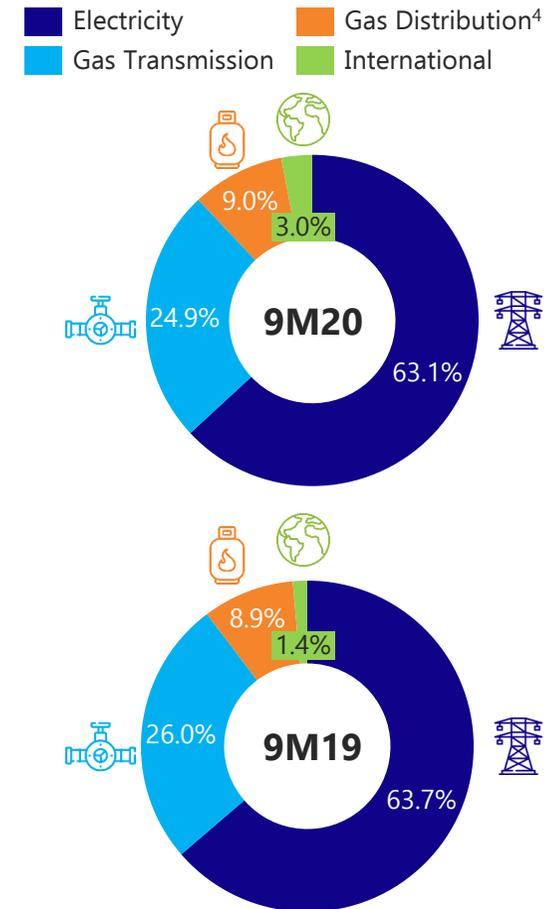


Decrease in EBITDA explained by lower remuneration rates and higher OPEX costs, partially offset by Chile's contribution

EBITDA evolution breakdown €M



EBITDA contribution by business segment³ %



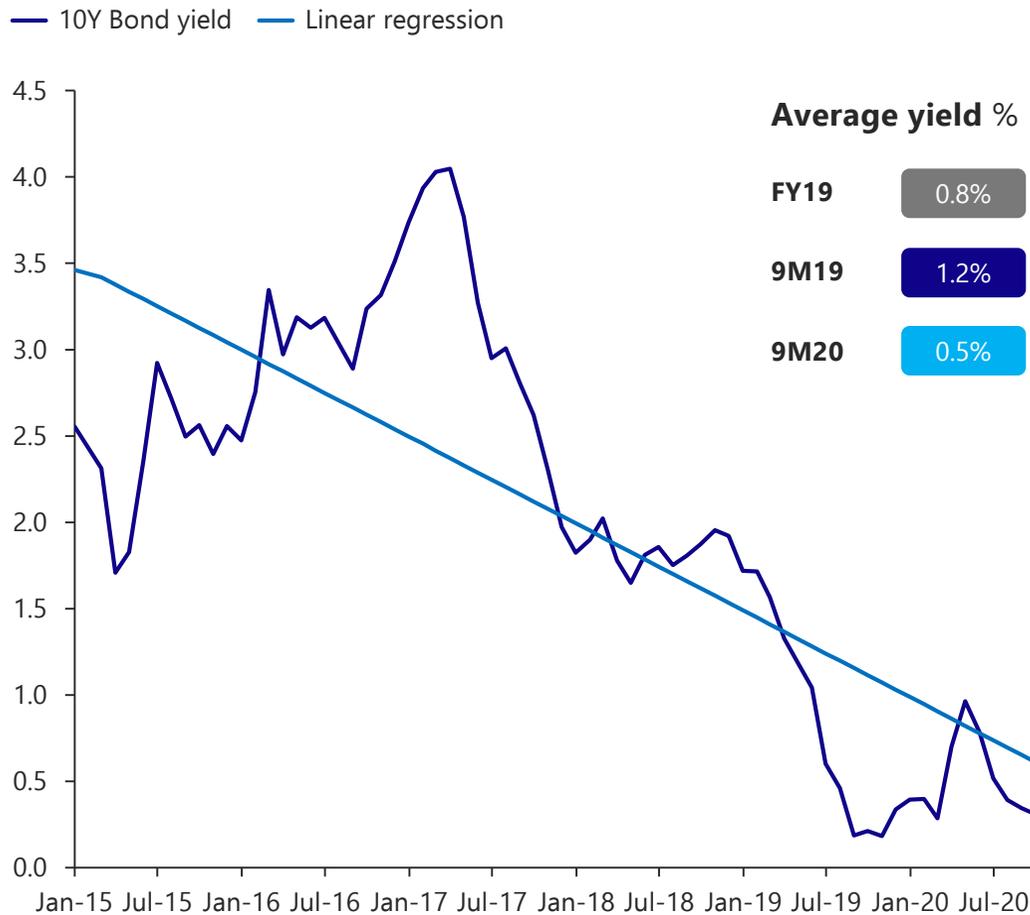
1 Includes Apolo SpA costs | 2 Includes amortizations recovery, subsidies amortization, REN Trading incentives, telecommunication sales and services rendered, interest on tariff deviation, consultancy revenues and other services provided, OMIP and Nester results | 3 Excludes the segment "Other", which includes REN SGPS, REN Serviços, REN Telecom, REN Trading, REN PRO and REN Finance B.V. | 4 Refers to Portugal

DOMESTIC BUSINESS

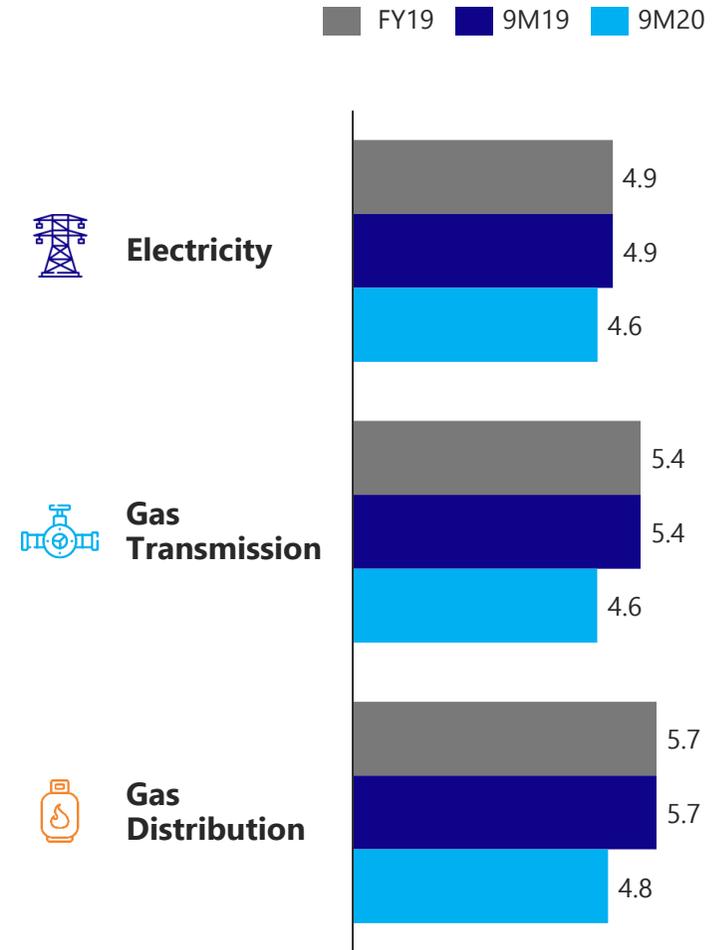
Return on RAB negatively influenced by the downward trend in Portuguese bond yields



Portuguese 10Y Treasury Bond Yields %



Base Return on RAB (RoR) %

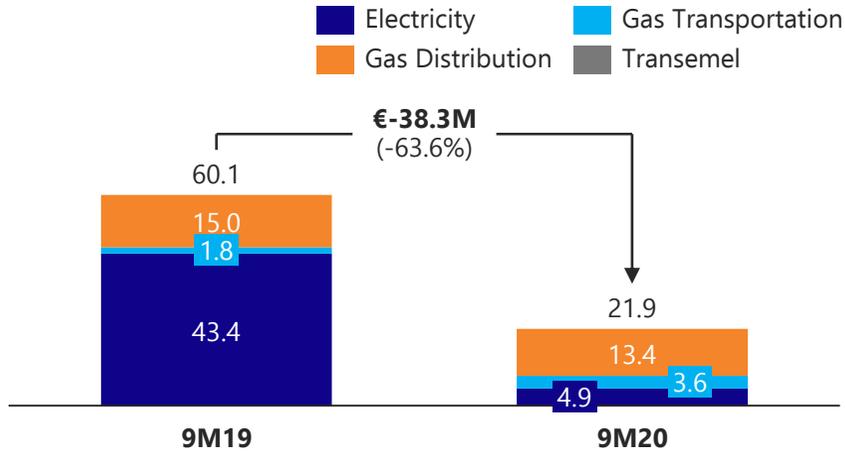


DOMESTIC BUSINESS

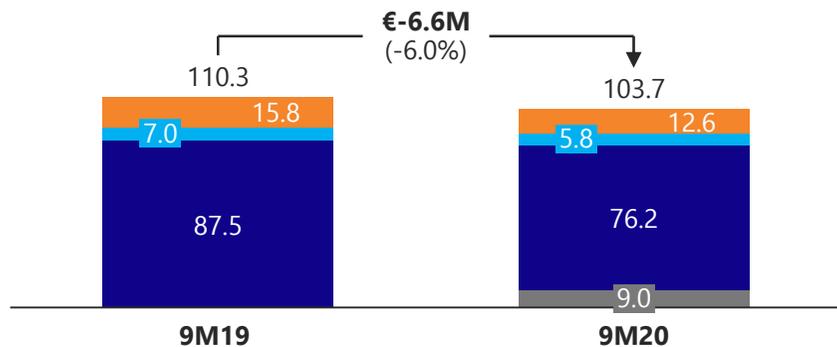
Transfers to RAB and CAPEX below 9M19, with delays caused by the COVID-19 pandemic



Transfers to RAB €M



Capex €M



Key highlights



Electricity

- **Main investment projects concluded:**
 - Chafariz substation: **new 220 kV bay** to connect Sincelo wind farm
 - Sacavém and Falagueira substations: **refurbishment of the command and protection systems**



Gas Transmission

- **Main investment projects concluded:**
 - **Pipeline network:** replacement of flow computers
 - **Sines terminal:** replacement and upgrade of the electrochlorination station



Gas Distribution

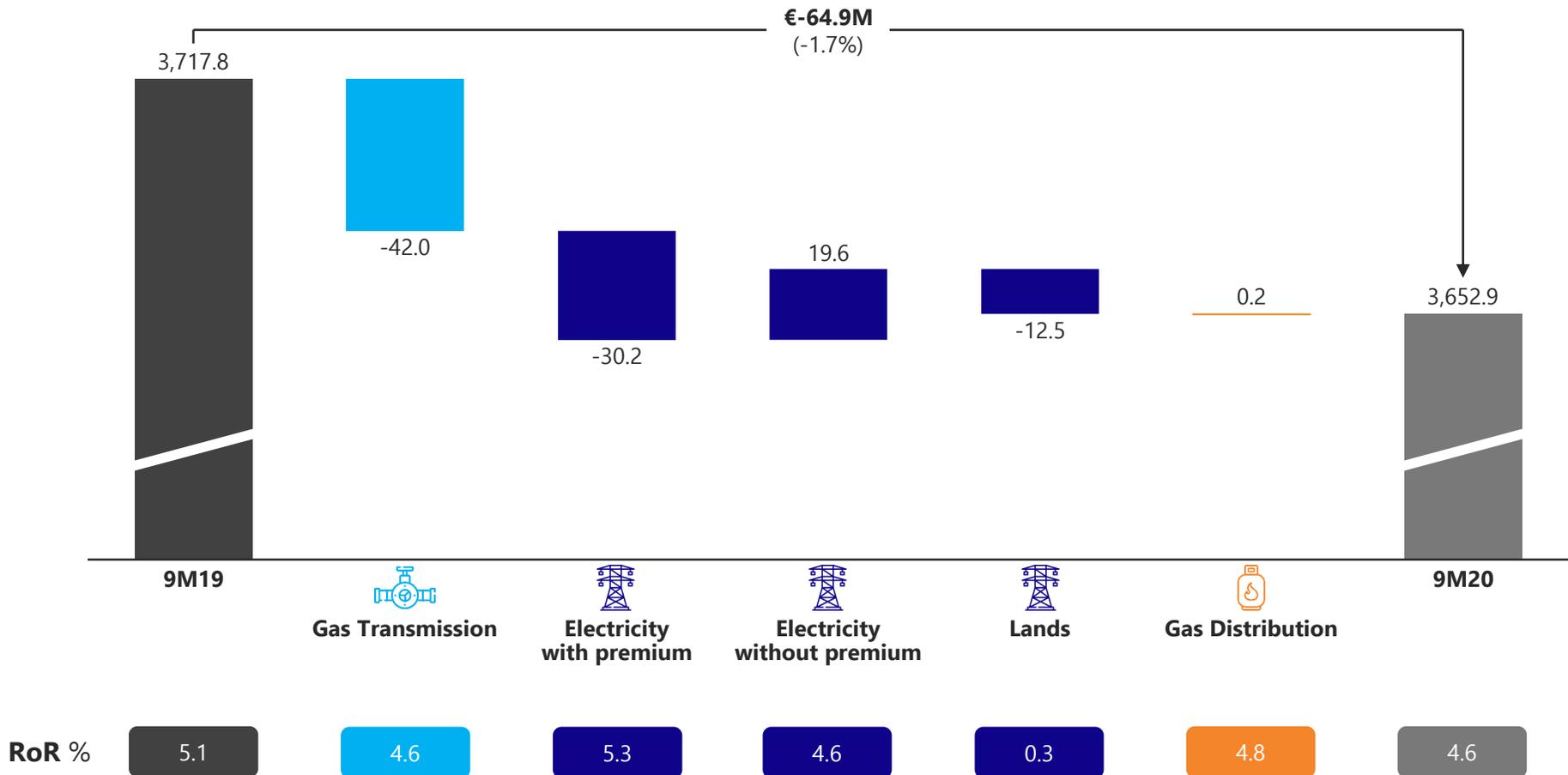
- Investments for **network expansion and densification**, mostly for B2C, with new prospects for B2B investments continuing to be monitored, alongside with firm contracts
- **Network decarbonization process** on the move

DOMESTIC BUSINESS

RAB relatively stable despite small declines in almost all asset classes



Average RAB evolution €M

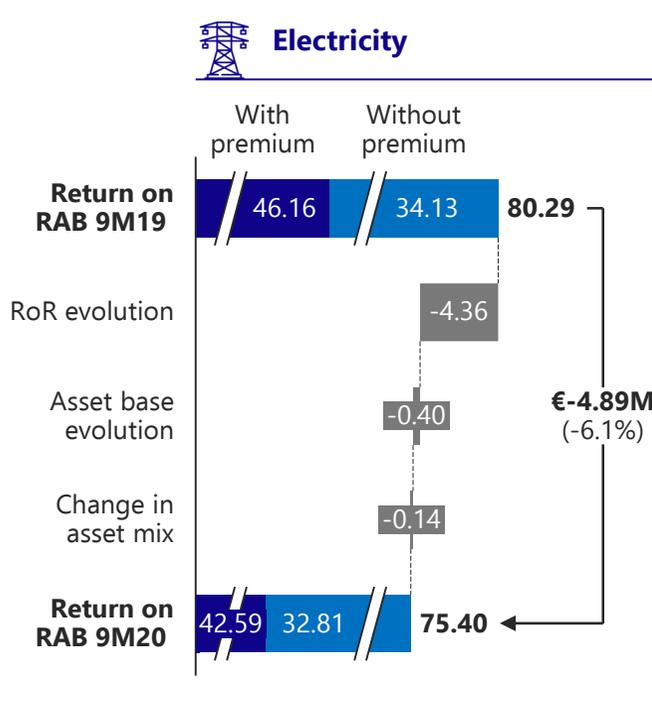


DOMESTIC BUSINESS

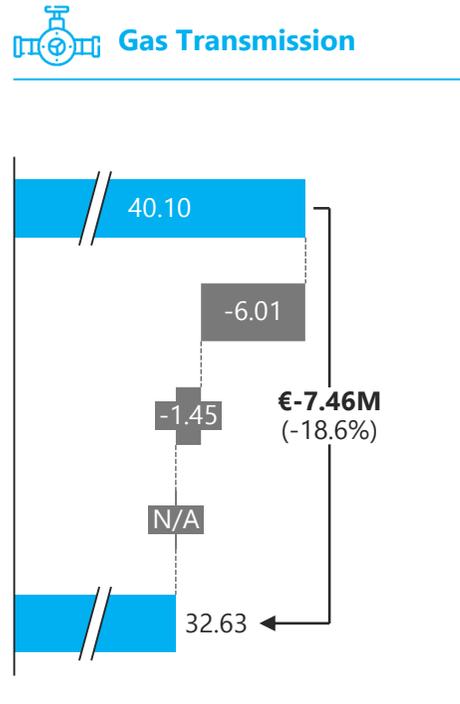


Overall, the decrease in RAB remuneration is largely explained by lower rates

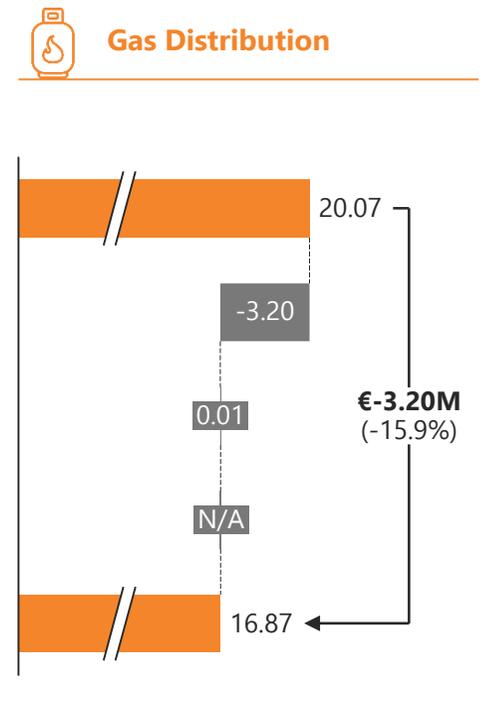
Return on RAB evolution breakdown €M



Decrease in Return on RAB explained by a **lower rate of return on assets** with and without premium¹, a **smaller asset base** (by €10.6M to €2,015.8M) and a decrease in weight of assets with premium²



Return on RAB with negative evolution due to a **lower RoR** (from 5.40% to 4.59%), and a **smaller asset base** (by €42.0M to a total of €948.0M)



Return on RAB decreasing mostly due to a **lower rate of return** (from 5.70% to 4.79%), although the **asset base increased** by €0.2M (to a total of €469.7M)

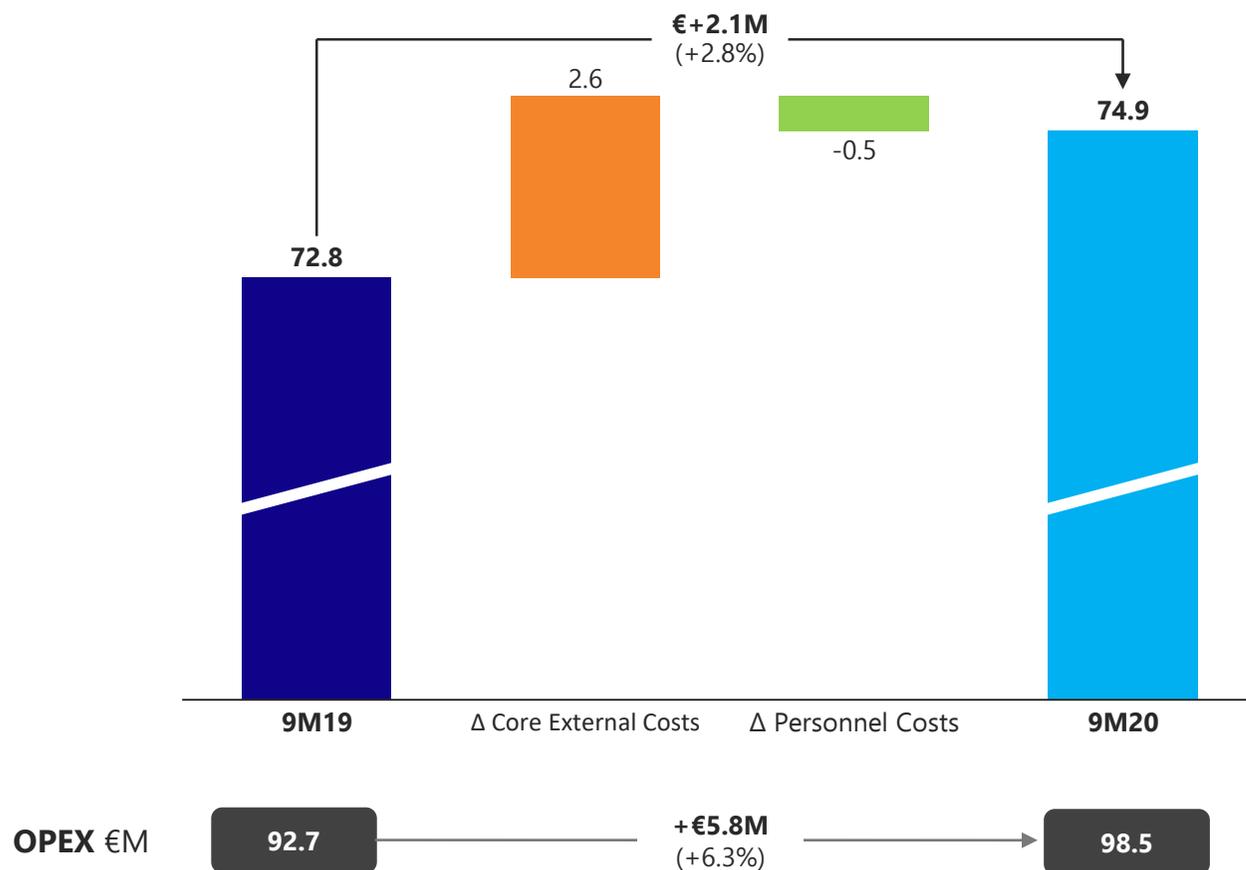
1 From 5.63% to 5.35% for assets with premium, and from 4.88% to 4.60% for assets without premium | 2 From 53.9% to 52.7%

DOMESTIC BUSINESS

Increase in OPEX mostly related to pass-through costs, with core OPEX increasing only ~3%



Core OPEX¹ evolution €M



Key highlights

Core external costs

- Maintenance costs (+€4.0M), mostly related to **forest clearing** (+€4.2M), as a result of more demanding legislation
- **COVID-19** related costs² (+€1.0M)
- Lower **electricity costs in the LNG Terminal** (-€1.1M)
- Other (e.g., travel & transport, IT, 3rd party services) (-€1.4M)

Personnel costs

- Reflects essentially the **decrease in overtime costs and travel allowances** (-€0.3M) and the **net effect of entries and exits** (-€0.4M)

Non-core costs

- Pass-through costs (costs accepted in the tariff) **increased by €3.8M**, of which €2.4M correspond to **costs with cross-border and system services costs** and €0.5M to **costs with NG transportation**

¹ Calculated as OPEX minus pass-through costs (e.g., ITC mechanism, NG transportation costs, ERSE costs and subsoil occupation levies)

² Includes donations of masks to the health authorities and to a ventilators' scientific project, individual protection equipment for employees

DOMESTIC BUSINESS: ELECTRICITY



Electricity EBITDA with a slight decrease, mainly explained by lower return on assets and higher OPEX costs

EBITDA breakdown €M



Capex	Transfers to RAB	Average RAB ¹	Base RoR ²	Core OPEX
€76.0M ↓ €11.5M (13.1%) 9M2019: €87.5M	€4.9M ↓ €38.6M (88.8%) 9M2019: €43.4M	€2,015.8M ↓ €10.6M (0.5%) 9M2019: €2,026.4M	4.6% ↓ 0.3pp 9M2019: 4.9%	€32.2M ↑ €4.9M (17.9%) 9M2019: €27.3M

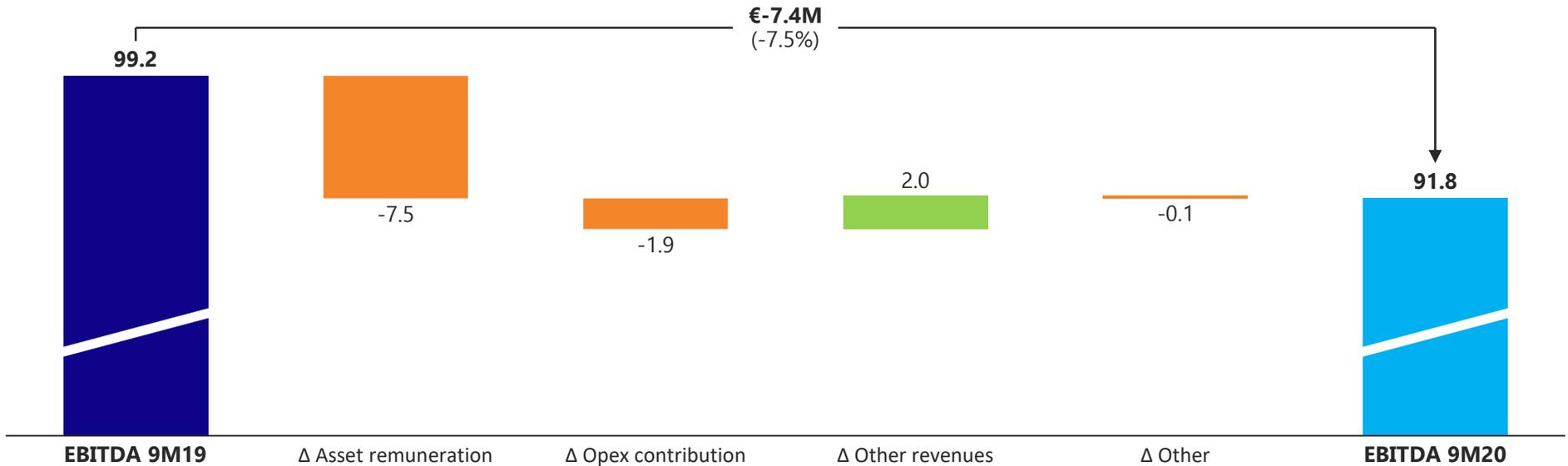
¹ Includes €953.4M of Electricity without premium (€933.8M for 9M19) and €1,062.4M of Electricity with premium (€1,092.6M for 9M19); Includes Lands (€219.5M in 9M20 and €231.9M in 9M19) | ² RoR for Electricity with premium was 5.3% in 9M20 (5.6% in 9M19), and for Lands 0.3% in 9M20 (0.3% 9M19)

DOMESTIC BUSINESS: GAS TRANSMISSION



Decreasing Gas Transmission EBITDA largely explained by lower asset remuneration

EBITDA breakdown €M



Capex

€5.8M

↓ €1.2M (17.1%)

9M2019: €7.0M

Transfers to RAB

€3.6M

↑ €1.9M (104.7%)

9M2019: €1.8M

Average RAB

€948.0M

↓ €42.0M (4.2%)

9M2019: €990.0M

RoR

4.6%

↓ 0.8pp

9M2019: 5.4%

Core OPEX

€14.1M

↓ €0.9M (6.0%)

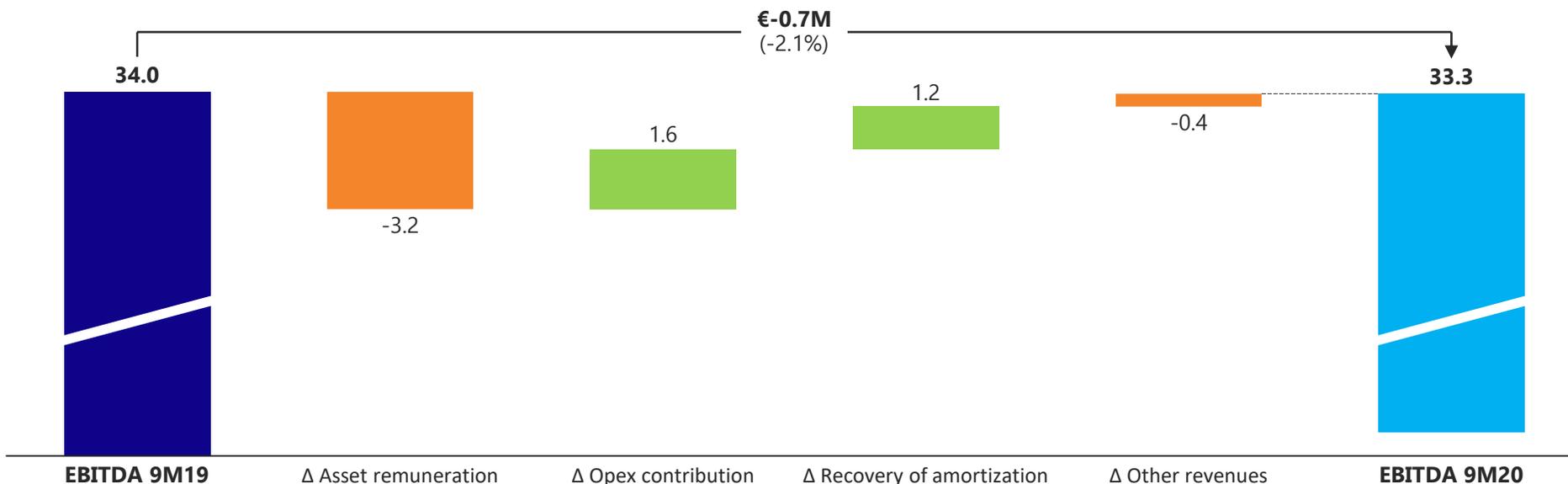
9M2019: €15.0M

DOMESTIC BUSINESS: GAS DISTRIBUTION



Gas Distribution's EBITDA remained relatively stable, with changes in remuneration rates partially offset by lower OPEX costs

EBITDA breakdown €M



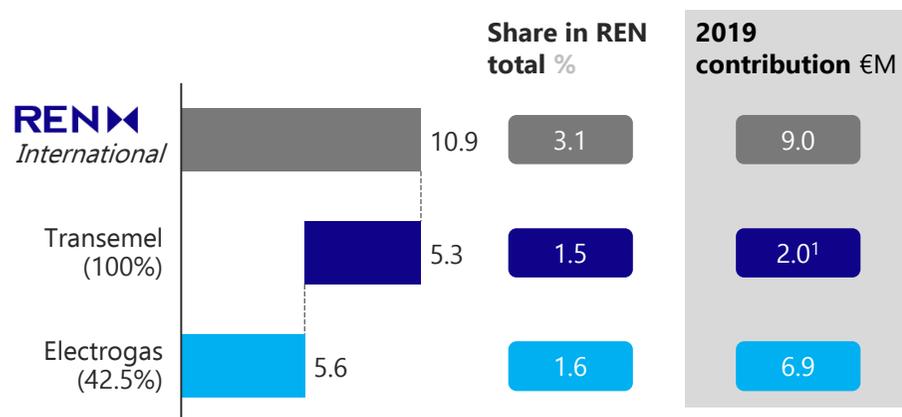
<p>Capex</p> <p>€12.6M ↓ €3.2M (20.0%)</p> <p>9M2019: €15.8M</p>	<p>Transfers to RAB</p> <p>€13.4M ↓ €1.6M (10.4%)</p> <p>9M2019: €15.0M</p>	<p>Average RAB</p> <p>€469.7M ↑ €0.2M (0.0%)</p> <p>9M2019: €469.5M</p>	<p>RoR</p> <p>4.8% ↓ 0.9pp</p> <p>9M2019: 5.7%</p>	<p>Core OPEX</p> <p>€6.2M ↓ €1.4M (18.4%)</p> <p>9M2019: €7.6M</p>
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INTERNATIONAL BUSINESS

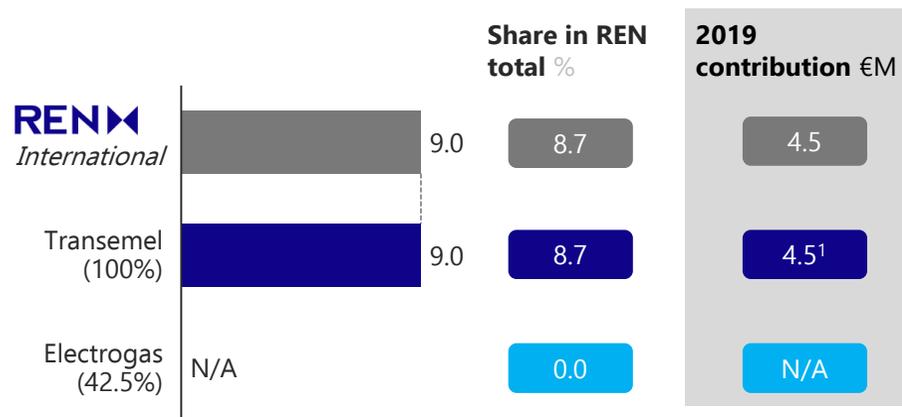
Businesses in Chile contributed positively



Contribution to EBITDA 9M20 €M



Contribution to Capex 9M20 €M



Key highlights

Transemel, Chile

- Revenues decreased YoY mainly driven by extraordinary items in 9M2019, as asset revenues remained relatively stable

Revenues

€7.5M

↓ €3.0M
(28.7%)

9M19: €10.5M

EBITDA

€5.3M

↓ €3.7M
(41.0%)

9M19: €9.0M

Electrogas, Chile

- EBITDA slightly decreased YoY despite higher gas consumption in Argentina and take-or-pay revenues

Revenues

€24.1M

↓ €0.3M
(1.1%)

9M19: €24.4M

EBITDA

€21.7M

↓ €0.3M
(1.3%)

9M19: €22.0M

CONSOLIDATED VIEW

Below EBITDA, financial results improving due to lower cost of debt, and taxes with overall positive evolution despite the increase in CESE

Depreciation & Amortization

€179.9M  €4.1M
(2.3%)

9M2019: **€175.8M**

Increase of Depreciation and amortization includes **€1.1M from the incorporation of Transemel**

Financial results

-€36.7M  €2.8M
(7.0%)

9M2019: **-€39.4M**

The average cost of debt dropped 0.30p.p. to 1.9%

Higher dividends recognized from REE (+€0.4M) and HCB (+€0.1M)

Taxes

€59.9M  €6.5M
(9.9%)

9M2019: **€66.4M**

Total taxes include the **extraordinary levy CESE of €28.2M** (€24.4M in 9M2019) and **income tax which reduced** €10.3M to €31.7M

From 2020 onwards, the extraordinary levy also **includes the Gas Distribution segment** – Portgás (€4.1M)

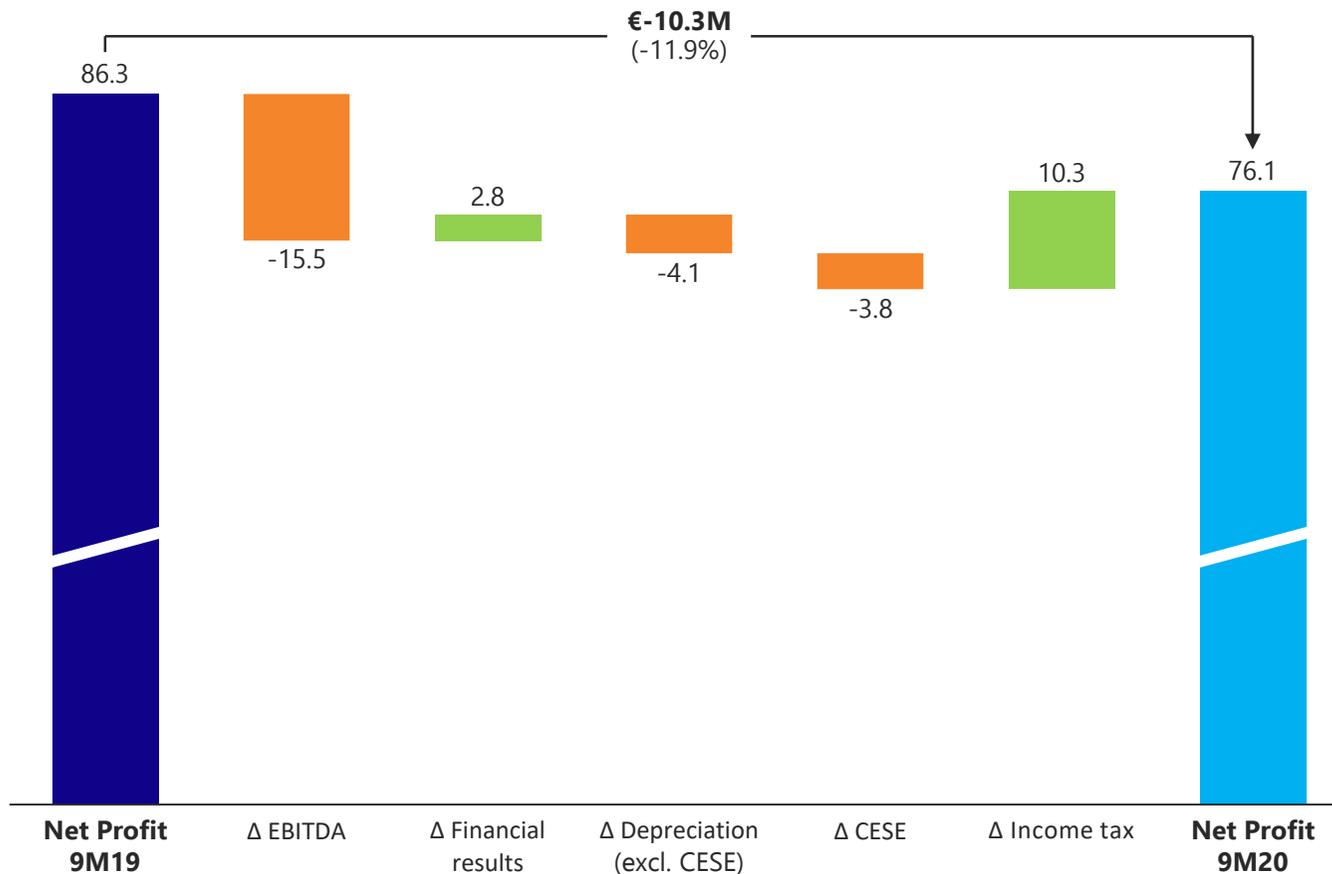
Effective income tax rate reached 23.3%, versus 27.5% in 9M19 (excluding CESE), with **€5.6M improvement related to the recovery of taxes** from previous years

CONSOLIDATED VIEW



Net Profit decreased as a result of lower EBITDA and larger scope of CESE, despite the positive effect from financial results and tax recovery

Net profit evolution breakdown €M



Key highlights

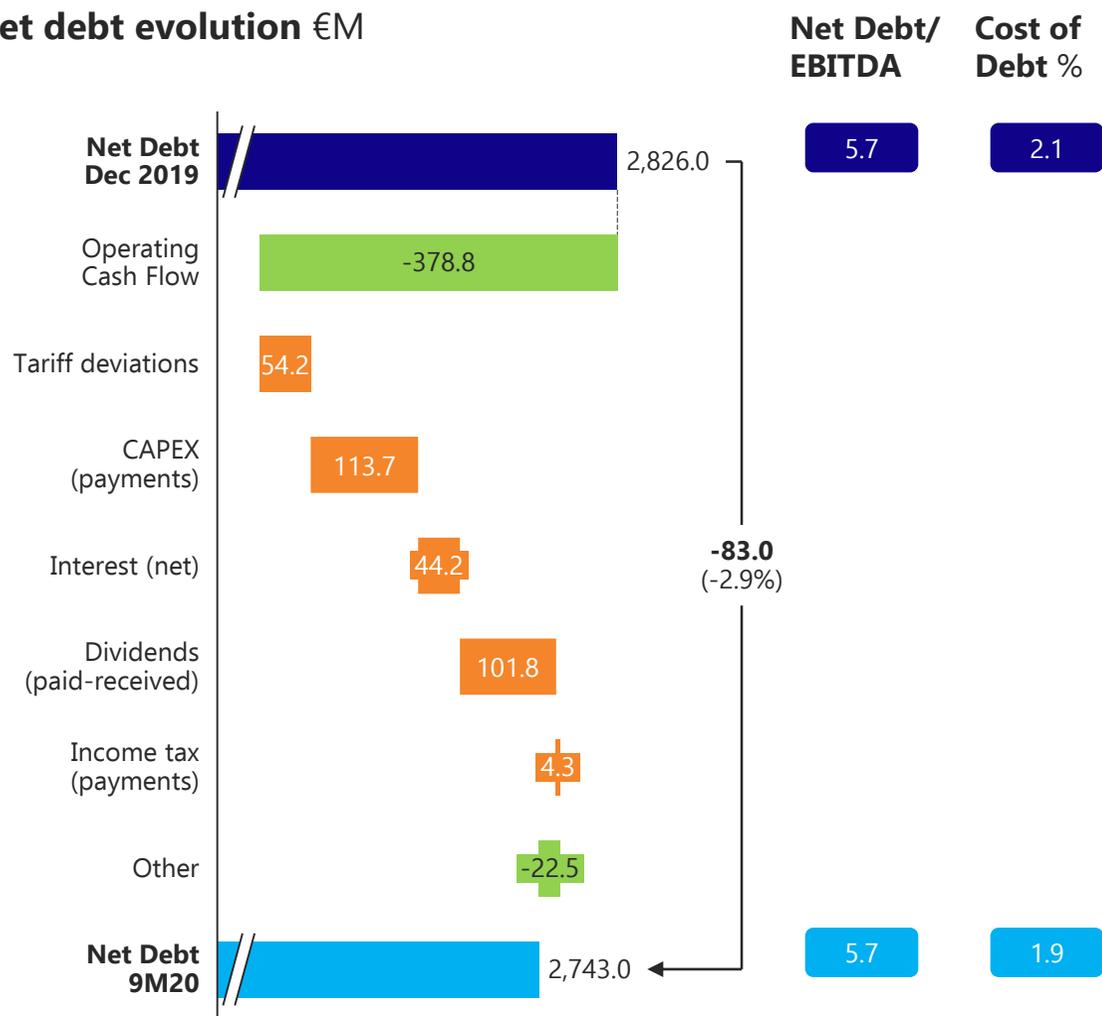
- **A Prudent financial policy** led to the **strengthening of Financial Results** and a **positive effect on Net Profit** (€2.8M), on the back of lower costs
- **The extraordinary levy CESE continued to penalize Net Profit** (€-3.8M), now also **applicable to the gas distribution** business
- **A recovery of tax** from previous years in €5.6M contributed to the decrease of income tax

CONSOLIDATED VIEW

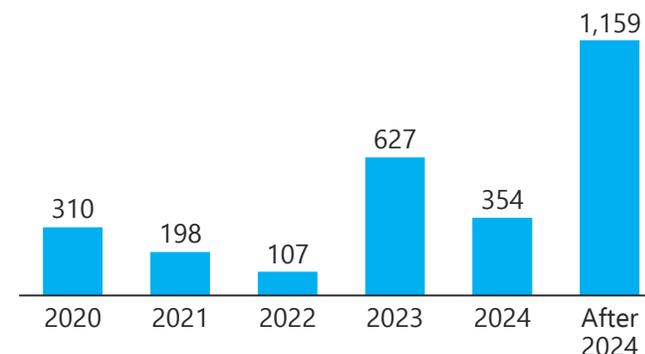


Net Debt nearly flat, with operating cash flow covering payments related to investing and financing activities

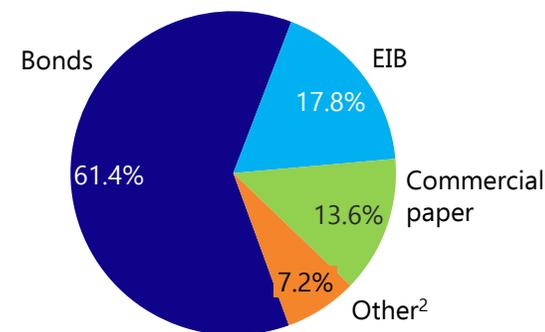
Net debt evolution €M



Adjusted Gross Debt Maturity¹ €M



Debt sources %



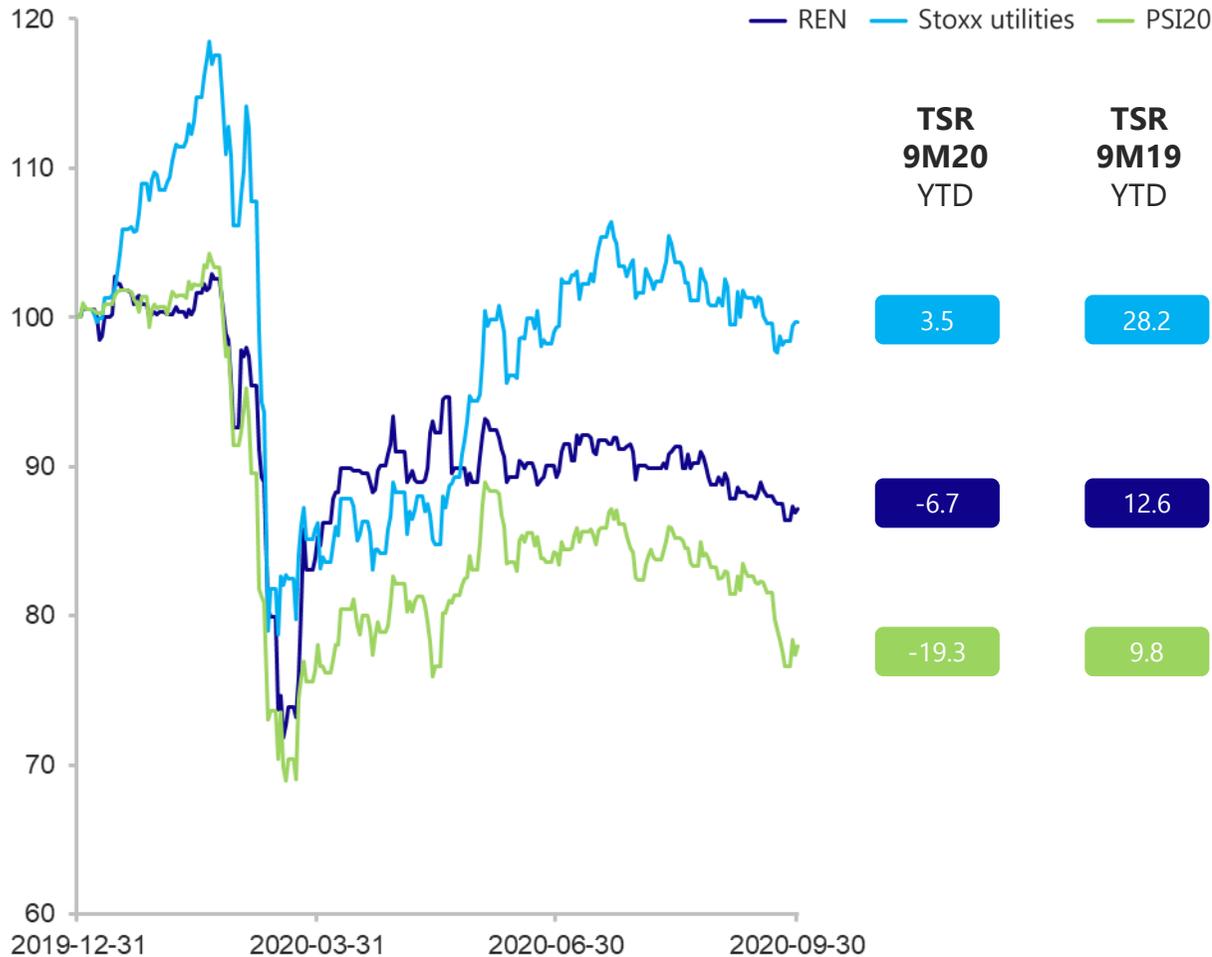
¹ Calculated as Net Debt plus Cash, bank deposits and derivative financial instruments (€47M), excluding effects of hedging on yen denominated debt, accrued interest and bank overdrafts | ² Includes loans (6.9%), Transemel's debt (0.3%) and leasing (0.1%)

SHARE PRICE & SHAREHOLDER RETURN



Shareholder return penalized by share price drop following the PSI-20 trend, with no “sell” recommendations from analysts

Annualized closing prices %



Analyst recommendations¹

Average Price target

€2.80 ↑ €0.07 (2.6%)
9M2019: **€2.73**

Upside/Downside (+/-)

19.7% ↑ 14.7pp
9M2019: **5.0%**

Buy recommendations

60.0% ↑ 43.0pp
9M2019: **17.0%**

Hold recommendations

40.0% ↓ 35.0pp
9M2019: **75.0%**

¹ October 26th 2020 used for 9M20 data and 18th October 2019 for 9M19
SOURCE: Bloomberg, REN

3. Closing remarks

CLOSING REMARKS

REN with limited COVID-19 impact but penalized by the new gas regulatory framework



The COVID-19 impact on REN's financial performance was overall neutral in Net Income, with a slight increase in Net Debt, however some projects were temporarily suspended



EBITDA benefited from the inclusion of Transemel and the good performance of Electrogas. However, it suffered from lower remuneration rates resulting from the new regulatory framework in gas, the decrease in bond yields, and the decrease in RAB



Net Profit continued to be penalized by the extraordinary levy that raised the effective tax rate to 38.9%. However, it benefited from the strengthening of Financial Results, due to lower costs



Appendix

APPENDIX

Results breakdown

€M	9M20	9M19	2019	9M20/9M19	
				Δ %	Δ Abs.
1) TOTAL REVENUES	534.8	557.5	787.0	-4.1%	-22.7
Revenues from assets	317.9	332.2	445.1	-4.3%	-14.3
Return on RAB	125.0	140.5	189.2	-11.1%	-15.6
Electricity	75.5	80.4	108.9	-6.1%	-4.9
Natural gas	32.6	40.1	53.4	-18.6%	-7.5
Portgás	16.9	20.1	27.0	-15.9%	-3.2
Lease revenues from hydro protection zone	0.5	0.5	0.7	-1.2%	0.0
Economic efficiency of investments	18.8	18.8	25.0	0.0%	0.0
Recovery of amortizations (net from subsidies)	159.8	159.0	212.3	0.5%	0.8
Subsidies amortization	13.9	13.3	17.9	3.8%	0.5
Revenues from Transemel	7.5	0.0	2.7		7.5
Revenues of OPEX	97.1	97.7	130.0	-0.6%	-0.6
Other revenues	17.8	17.4	25.2	2.7%	0.5
Construction revenues (IFRIC 12)	94.5	110.3	183.9	-14.3%	-15.8
2) OPEX	100.8	92.9	134.4	8.6%	8.0
Personnel costs	41.2	41.7	55.3	-1.2%	-0.5
External supplies and services	44.6	36.1	60.0	23.6%	8.5
Other operational costs	15.0	15.1	19.1	-0.3%	0.0
3) Construction costs (IFRIC 12)	81.2	96.4	164.6	-15.7%	-15.1
4) Depreciation and amortization	179.9	175.8	235.6	2.3%	4.1
5) Other	0.2	0.3	1.7	-15.5%	0.0
6) EBIT	172.6	192.2	250.6	-10.2%	-19.6
7) Depreciation and amortization	179.9	175.8	235.6	2.3%	4.1
8) EBITDA	352.5	368.0	486.2	-4.2%	-15.5
9) Depreciation and amortization	179.9	175.8	235.6	2.3%	4.1
10) Financial result	-36.7	-39.4	-52.5	-7.0%	2.8
11) Income tax expense	31.7	42.0	54.8	-24.5%	-10.3
12) Extraordinary contribution on energy sector	28.2	24.4	24.4	15.5%	3.8
13) NET PROFIT	76.1	86.3	118.9	-11.9%	-10.3
14) Non recurrent items	22.5	24.4	25.9	-7.6%	-1.9
15) RECURRENT NET PROFIT	98.6	110.7	144.8	-10.9%	-12.1

NON RECURRENT ITEMS:

9M20: i) Extraordinary energy sector levy, as established in the 2020 State budget law (€28.2M); ii) recovery of taxes from previous years (€5.6M)

9M19: i) Extraordinary energy sector levy, as established in the 2019 State budget law (€24.4M)

APPENDIX

Other operational revenues and costs breakdown

€M	9M20	9M19	2019	9M20/9M19	
				Δ %	Δ Abs.
Other revenues	17.8	17.4	25.2	2.7%	0.5
Allowed incentives	1.1	1.1	1.3	-6.7%	-0.1
Interest on tariff deviation	0.4	0.4	0.5	-12.3%	0.0
Telecommunication sales and services rendered	5.1	4.9	6.6	3.8%	0.2
Consultancy services and other services provided	1.4	1.4	2.1	2.9%	0.0
Other revenues	9.9	9.6	14.6	3.9%	0.4
Other costs	15.0	15.1	19.1	-0.3%	0.0
Costs with ERSE	8.6	8.3	11.1	3.8%	0.3
Other	6.4	6.8	8.1	-5.4%	-0.4

Includes revenues related to
Electrogas' Net Profit proportion
(€5.7M in 9M20 and €5.7M in 9M19)

APPENDIX

EBITDA breakdown (Electricity)



€M	9M20	9M19	2019	9M20/9M19	
				Δ %	Δ Abs.
1) REVENUES	344.0	356.7	503.5	-3.6%	-12.7
Revenues from assets	210.9	215.6	289.3	-2.2%	-4.7
Return on RAB	75.5	80.4	108.9	-6.1%	-4.9
Hydro land remuneration	0.0	0.0	0.0		0.0
Lease revenues from hydro protection zone	0.5	0.5	0.7	-1.2%	0.0
Economic efficiency of investments	18.8	18.8	25.0	0.0%	0.0
Recovery of amortizations (net from subsidies)	106.7	107.0	142.8	-0.2%	-0.3
Subsidies amortization	9.4	9.0	12.0	5.0%	0.5
Revenues of OPEX	53.3	51.3	68.6	3.8%	1.9
Other revenues	3.8	2.3	4.7	63.9%	1.5
Interest on tariff deviation	0.3	0.1	0.1		0.2
Other	3.5	2.2	4.5	58.5%	1.3
Construction revenues (IFRIC 12)	76.0	87.5	140.9	-13.1%	-11.5
2) OPEX	45.5	36.9	55.4	23.2%	8.6
Personnel costs	13.1	13.4	17.8	-2.6%	-0.4
External supplies and services	25.5	17.2	29.2	48.2%	8.3
Other operational costs	6.9	6.3	8.5	10.3%	0.6
3) Construction costs (IFRIC 12)	66.1	76.9	126.5	-14.0%	-10.7
4) Depreciation and amortization	115.8	115.6	154.3	0.2%	0.2
5) Other	0.0	0.0	1.2		0.0
6) EBIT (1-2-3-4-5)	116.6	127.3	166.0	-8.4%	-10.7
7) Depreciation and amortization	115.8	115.6	154.3	0.2%	0.2
8) EBITDA (6+7)	232.4	243.0	320.3	-4.3%	-10.6

APPENDIX

EBITDA breakdown (Natural gas transmission)



€M	9M20	9M19	2019	9M20/9M19	
				Δ %	Δ Abs.
1) REVENUES	117.0	126.0	175.0	-7.1%	-9.0
Revenues from assets	78.6	86.2	114.9	-8.8%	-7.6
Return on RAB	32.6	40.1	53.4	-18.6%	-7.5
Recovery of amortizations (net from subsidies)	41.6	41.7	55.6	-0.3%	-0.1
Subsidies amortization	4.4	4.4	5.8	-0.1%	0.0
Revenues of OPEX	30.8	33.0	44.3	-6.7%	-2.2
Other revenues	1.8	-0.2	-0.3		2.0
Interest on tariff deviation	-0.3	-0.2	-0.3	39.8%	-0.1
Consultancy services and other services provided	0.1	0.1	0.2	0.4%	0.0
Other	2.0	-0.1	-0.2		2.1
Construction revenues (IFRIC 12)	5.8	7.0	16.2	-17.1%	-1.2
2) OPEX	21.0	21.4	30.0	-1.9%	-0.4
Personnel costs	6.2	5.9	7.9	5.1%	0.3
External supplies and services	10.8	11.6	17.0	-7.2%	-0.8
Other operational costs	4.0	3.9	5.1	3.3%	0.1
3) Construction costs (IFRIC 12)	4.3	5.4	14.0	-21.4%	-1.2
4) Depreciation and amortization	45.4	45.6	60.8	-0.3%	-0.1
5) Other	0.0	0.0	0.1		0.0
6) EBIT	46.3	53.6	70.2	-13.6%	-7.3
7) Depreciation and amortization	45.4	45.6	60.8	-0.3%	-0.1
8) EBITDA	91.8	99.2	130.9	-7.5%	-7.4

A negative revenue is consistent with a negative tariff deviation

APPENDIX

EBITDA breakdown (Portgás)



€M	9M20	9M19	2019	9M20/9M19	
				Δ %	Δ Abs.
1) REVENUES	53.8	59.6	84.9	-9.7%	-5.8
Revenues from assets	28.4	30.3	40.9	-6.5%	-2.0
Return on RAB	16.9	20.1	27.0	-15.9%	-3.2
Recovery of amortizations (net from subsidies)	11.5	10.3	13.9	11.3%	1.2
Subsidies amortization	0.0	0.0	0.1		0.1
Revenues of OPEX	13.0	13.3	17.1	-2.1%	-0.3
Other revenues	-0.3	0.1	0.1		-0.4
Interest on tariff deviation	0.0	0.0	0.0		0.0
Adjustments previous years	-0.5	-0.1	-0.2		-0.4
Other services provided	0.1	0.1	0.2	-10.0%	0.0
Other	0.1	0.1	0.1	25.4%	0.0
Construction revenues (IFRIC 12)	12.6	15.8	26.9	-20.0%	-3.2
2) OPEX	9.6	11.5	14.4	-16.1%	-1.8
Personnel costs	3.2	3.3	4.1	-3.7%	-0.1
External supplies and services	2.5	3.6	5.2	-29.6%	-1.1
Other operational costs	3.9	4.6	5.0	-14.6%	-0.7
3) Construction costs (IFRIC 12)	10.8	14.1	24.1	-23.0%	-3.2
4) Depreciation and amortization	11.7	10.4	14.2	11.7%	1.2
5) Other	0.0	0.0	0.1		0.0
6) EBIT	21.6	23.6	32.2	-8.2%	-1.9
7) Depreciation and amortization	11.7	10.4	14.2	11.7%	1.2
8) EBITDA	33.3	34.0	46.4	-2.1%	-0.7

APPENDIX

EBITDA breakdown (Transemel)



€M	9M20	2019 As If ¹
1) REVENUES	7.5	2.7
2) OPEX	2.2	0.5
3) Depreciation and amortization	1.1	0.4
4) EBIT	4.1	1.8
5) Depreciation and amortization	1.1	0.4
6) EBITDA	5.3	2.2

APPENDIX

EBITDA breakdown (Other¹)

€M	9M20	9M19	2019	9M20/9M19	
				Δ %	Δ Abs.
1) TOTAL REVENUES	12.4	15.1	20.8	-17.8%	-2.7
Other revenues	12.4	15.1	20.8	-17.8%	-2.7
Allowed incentives	1.1	1.1	1.3	-6.7%	-0.1
Interest on tariff deviation	0.3	0.5	0.7	-37.1%	-0.2
Telecommunication sales and services rendered	5.1	4.9	6.6	3.8%	0.2
Consultancy services and other services provided	0.2	1.0	1.5	-76.9%	-0.7
Other	5.8	7.6	10.7	-24.5%	-1.9
2) OPEX	22.4	23.1	34.0	-2.7%	-0.6
Personnel costs	18.7	19.0	25.4	-1.7%	-0.3
External supplies and services	3.5	3.7	8.1	-3.6%	-0.1
Other operational costs	0.2	0.3	0.6	-44.9%	-0.2
3) Depreciation and amortization	5.8	4.1	5.9	41.6%	1.7
4) Other	0.3	0.3	0.4	0.4%	0.0
5) EBIT	-16.1	-12.3	-19.5	30.7%	-3.8
6) Depreciation and amortization	5.8	4.1	5.9	41.6%	1.7
7) EBITDA	-10.3	-8.2	-13.6	25.2%	-2.1

Includes the negative impacts of the PPAs² of Portugás (€0.2M) and Transemel (€1.5M)

1 Includes REN SGPS, REN Serviços, REN Telecom, REN Trading, REN PRO, Aerio Chile SPA, Apolo and REN Finance BV

2 PPA - Purchase Price Allocation

APPENDIX

Capex and RAB

€M	9M20	9M19	2019	9M20/9M19	
				Δ %	Δ Abs.
CAPEX	103.7	110.3	188.6	-6.0%	-6.6
Electricity	76.0	87.5	140.9	-13.1%	-11.5
Natural gas _T	5.8	7.0	16.2	-17.1%	-1.2
Natural gas _D	12.6	15.8	26.9	-20.0%	-3.2
Transemel	9.0	-	4.5		9.0
Other	0.2	0.0	0.1		0.2
Transfers to RAB	21.9	60.1	190.6	-63.6%	-38.3
Electricity	4.9	43.4	151.7	-88.8%	-38.6
Natural gas _T	3.6	1.8	12.7	104.7%	1.9
Natural gas _D	13.4	15.0	26.3	-10.4%	-1.6
Average RAB	3,652.9	3,717.8	3,753.3	-1.7%	-64.9
Electricity	2,015.8	2,026.4	2,061.4	-0.5%	-10.6
With premium	1,062.4	1,092.6	1,096.5	-2.8%	-30.2
Without premium	953.4	933.8	964.9	2.1%	19.6
Land	219.5	231.9	230.4	-5.4%	-12.5
Natural gas _T	948.0	990.0	988.5	-4.2%	-42.0
Natural gas _D	469.7	469.5	473.0	0.0%	0.2
RAB e.o.p.	3,575.2	3,666.7	3,738.8	-2.5%	-91.5
Electricity	1,961.6	1,998.6	2,069.9	-1.8%	-37.0
With premium	1,041.2	1,075.8	1,083.6	-3.2%	-34.6
Without premium	920.5	922.8	986.3	-0.3%	-2.3
Land	214.8	227.2	224.1	-5.5%	-12.4
Natural gas _T	929.0	970.0	967.0	-4.2%	-41.1
Natural gas _D	469.8	470.8	477.8	-0.2%	-1.0

Transfers to RAB include direct acquisitions RAB related

APPENDIX

RAB



€M	9M20	9M19	2019	9M20/9M19	
				Δ %	Δ Abs.
RAB's remuneration	125.5	141.0	189.9	-11.0%	-15.6
Electricity	75.5	80.4	108.9	-6.1%	-4.9
With premium	42.6	46.2	61.8	-7.7%	-3.6
Without premium	32.9	34.2	47.0	-3.9%	-1.3
Land	0.5	0.5	0.7	-1.2%	0.0
Natural gas _T	32.6	40.1	53.4	-18.6%	-7.5
Natural gas _D	16.9	20.1	27.0	-15.9%	-3.2
RoR's RAB	4.6%	5.1%	5.1%		-0.5p.p.
Electricity	5.0%	5.3%	5.3%		-0.3p.p.
With premium	5.3%	5.6%	5.6%		-0.3p.p.
Without premium	4.6%	4.9%	4.9%		-0.3p.p.
Land	0.3%	0.3%	0.3%		0.0p.p.
Natural gas _T	4.6%	5.4%	5.4%		-0.8p.p.
Natural gas _D	4.8%	5.7%	5.7%		-0.9p.p.

APPENDIX

Tariff deviations

€M	9M20	2019
Electricity	70.9	38.7
Trading	153.7	138.1
Natural gas _T	-53.5	-57.8
Natural gas _D	-2.2	-4.4
Total	168.8	114.6

! The value of the tariff deviations is paid in full and with interest over a two year period from the moment it is created

APPENDIX

Funding sources



€M	Current	Non Current	9M20
Bonds	267.8	1,444.9	1,712.6
Bank borrowings	83.0	603.6	686.6
Commercial paper	125.0	250.0	375.0
Bank overdrafts	2.9	0.0	2.9
Finance lease	1.2	1.7	2.9
TOTAL	479.9	2,300.2	2,780.1
Accrued interest	29.3	0.0	29.3
Prepaid interest	-7.8	-11.9	-19.7
TOTAL	501.4	2,288.4	2,789.8

- In 9M20, with the coronavirus pandemic, the global economy suffered a deep contraction. However, REN maintained its financial strength and continued to present high liquidity and a low average cost of debt;
- REN's total liquidity reached €858M, including credit facilities, loans, non-used commercial paper programmes, cash and bank deposits;
- Bank borrowings were mainly represented by EIB loans (€489.5M);
- The Group had credit lines negotiated and not used in the amount of €80.0M, maturing up to one year, which are automatically renewed periodically (if they are not resigned in the contractually specified period for that purpose);
- REN also had eight active commercial paper programmes in the amount of €1,400.0M, of which €1,025.0M were available for use;
- REN's financial liabilities had the following main types of covenants: Cross Default, Pari Passu, Negative Pledge and ratios of Leverage and Gearing;
- The effect of the foreign exchange rate exposure was not considered as this exposure is totally covered by a hedge derivate in place. The average interest rates for borrowings, including commissions and other expenses, was 1.87% at the end of September.

APPENDIX

Debt and debt metrics



	9M20	9M19	2019
Net Debt (€M)	2,743.0	2,586.5	2,826.0
Average cost	1.9%	2.2%	2.1%
Average maturity (years)	3.7	3.7	3.6
Net Debt / EBITDA	5.7x	5.3x	5.7x
DEBT BREAKDOWN			
Funding sources			
Bond issues	61%	63%	60%
EIB	18%	13%	15%
Commercial paper	14%	17%	16%
Other	7%	7%	8%
TYPE			
Float	41%	42%	42%
Fixed	59%	58%	58%

RATING	Long term	Short term	Outlook	Date
Moody's	Baa3	-	Stable	05/06/2020
Standard & Poor's	BBB	A-2	Stable	29/10/2020
Fitch	BBB	F3	Negative	05/06/2020

CMVM: MAIN PRESS RELEASES (from January 2020)

- Jan-09: Qualified shareholding from Great-West Lifeco
- Feb-12: Summary of annual information disclosed in 2019
- Feb-26: Qualified shareholding from The Capital Group Companies
- Feb-27: Qualified shareholding from The Capital Group Companies
- Mar-25: 2019 Consolidated results
- Apr-9: Notice to convene the annual general shareholders meeting and deliberation proposals
- Apr-9: Accounts reporting documents referring to the financial year ended on 31st December 2019 - item 1 of the agenda for the general shareholders meeting
- Apr-9: Corporate Governance report included in the 2019 Report and Accounts
- May-05: First 3 months 2020 consolidated results
- May-05: Resolutions approved at the General Shareholders meeting
- May-12: Payment of dividends relating to the financial year of 2019
- May-13: Extraordinary extension of the regulation period of the electricity sector until 2021
- Jun-05: Fitch affirms REN's rating at 'BBB' and revises outlook to negative
- Jul-29: First half 2020 consolidated results
- Aug-10, Aug-13, Sep-01, Sep-02, Sep-07, Sep-11, Sep-21: Qualified shareholding from Norges Bank



Consolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS



Financial position

€M	Sep 2020	Dec 2019
ASSETS		
Non-current assets		
Property, plant and equipment	126,424	125,649
Intangible assets	4,132,348	4,214,916
Goodwill	5,686	5,969
Investments in associates and joint ventures	166,383	172,278
Investments in equity instruments at fair value through other comprehensive income	145,191	155,676
Derivative financial instruments	27,646	27,229
Other financial assets	94	71
Trade and other receivables	199,702	114,509
Deferred tax assets	85,883	93,666
	4,889,357	4,909,964
Current assets		
Inventories	3,985	3,919
Trade and other receivables	237,034	353,725
Current income tax recoverable	236	14,921
Derivative financial instruments	1,654	1,732
Cash and cash equivalents	24,794	21,044
	267,704	395,341
TOTAL ASSETS	5,157,061	5,305,305

€M	Sep 2020	Dec 2019
EQUITY		
Shareholders' equity:		
Share capital	667,191	667,191
Own shares	-10,728	-10,728
Share premium	116,809	116,809
Reserves	298,194	316,681
Retained earnings	241,769	242,853
Other changes in equity	-5,561	-5,561
Net profit for the period	76,070	118,899
TOTAL EQUITY	1,383,862	1,446,144
LIABILITIES		
Non-current liabilities		
Borrowings	2,288,365	2,112,296
Liability for retirement benefits and others	100,577	103,309
Derivative financial instruments	29,961	28,848
Provisions	8,323	8,416
Trade and other payables	350,758	340,627
Deferred tax liabilities	145,250	141,774
	2,923,234	2,731,269
Current liabilities		
Borrowings	501,405	757,158
Trade and other payables	348,560	370,733
	849,965	1,127,891
TOTAL LIABILITIES	3,773,199	3,859,160
TOTAL EQUITY AND LIABILITIES	5,157,061	5,305,305

CONSOLIDATED FINANCIAL STATEMENTS

Profit and loss

€M	Sep 2020	Sep 2019
Sales	30	51
Services rendered	414,380	419,378
Revenue from construction of concession assets	94,460	110,270
Gains / (losses) from associates and joint ventures	5,926	7,499
Other operating income	19,815	20,143
Operating income	534,610	557,341
Cost of goods sold	-459	-539
Cost with construction of concession assets	-81,233	-96,362
External supplies and services	-44,672	-36,406
Personnel costs	-41,155	-41,412
Depreciation and amortizations	-179,851	-175,753
Provisions	0	1
Impairments	-238	-283
Other expenses	-14,545	-14,514
Operating costs	-362,153	-365,269
Operating results	172,457	192,072
Financial costs	-46,452	-50,499
Financial income	4,128	5,805
Investment income - dividends	5,823	5,377
Financial results	-36,501	-39,317
Profit before income tax and ESEC	135,955	152,755
Income tax expense	-31,721	-42,042
Energy sector extraordinary contribution (ESEC)	-28,165	-24,390
Net profit for the year	76,070	86,324
Attributable to:		
Equity holders of the Company	76,070	86,324
Non-controlled interest	0	0
Consolidated profit for the year	76,070	86,324
Earnings per share (expressed in euro per share)	0.11	0.13

CONSOLIDATED FINANCIAL STATEMENTS

Cash flow

€M	Sep 2020	Sep 2019
Cash flow from operating activities		
Cash receipts from customers	1,620,533	1,794,353
Cash paid to suppliers	-1,242,296	-1,381,425
Cash paid to employees	-54,554	-54,634
Income tax received/ paid	-4,334	-883
Other receipts/ (payments) relating to operating activities	924	-36,493
Net cash flows from operating activities (1)	320,272	320,917
Cash flow from investing activities		
Receipts related to:		
Investment associates	220	292
Investment grants	21,653	6,283
Interests and other similar income	0	24
Dividends	11,587	8,070
Payments related to:		
Property, plant and equipment	-11,077	-73
Intangible assets - Concession assets	-102,635	-105,393
Net cash flow used in investing activities (2)	-80,252	-90,797
Cash flow from financing activities		
Receipts related to:		
Borrowings	1,692,500	3,938,550
Payments related to:		
Borrowings	-1,782,320	-3,882,722
Interests and other similar expense	-34,986	-41,129
Dividends	-113,426	-113,426
Net cash from/ (used in) financing activities (3)	-238,232	-98,726
Net (decrease)/increase in cash and cash equivalents (1)+(2)+(3)	1,789	131,394
Effect of exchange rates	-441	-28
Cash and cash equivalents at the beginning of the year	20,521	34,096
Cash and cash equivalents at the end of the period	21,868	165,463
Detail of cash and cash equivalents		
Cash	22	26
Bank overdrafts	-2,926	-6,011
Bank deposits	24,772	171,448
	21,868	165,463

These amounts include payments and receipts relating to activities in which the Group acts as agent, income and costs being reversed in the consolidated statement of profit and loss.

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