REN

2014 ANNUAL RESULTS REPORT

March 19th, 2015

2014 Highlights

MAIN INDICATORS

€M	2014	2013	Δ%	Δ Abs.
EBITDA	505.2	521.5	-3.1%	-16.3
Net Financial Income[1]	-113.8	-142.2	20.0%	28.4
Recurrent Net Income	140.3	120.7	16.3%	19.6
Net Income	112.8	121.3	-7.0%	-8.5
Average RAB[2]	3,529.2	3,490.8	1.1%	38.4
CAPEX	163.3	187.8	-13.1%	-24.6
Net Debt	2,436.2	2,402.3	1.4%	33.9

- Year end Net income stood at €112.8M, 7.0% below 2013 (-€8.5M) and negatively impacted by the €25.1M extraordinary levy to the energy sector established in 2014's State budget law. This result was partially offset by the improvement reached in financial performance (+€28.4M) underpinned by a lower average cost of debt (cut to 4.7% from 5.5%). Excluding extraordinary effects, Recurrent net income increased by €19.6M (+16.3%) to €140.3M;
- EBITDA reached €505.2M, 3.1% below 2013 (-€16.3M). The decline is explained by three main reasons: (1) a decrease in hydro land remuneration (-€8.2M); (2) a reversal of an impairment of receivable debts in 2013 (-€5.3M); (3) a reduction in financial own works (-€3.8M). However, it benefited from: (1) a decrease in Opex (-€4.5M) reflecting a continued effort towards optimization and operational efficiency; and (2) an increase in recovery of depreciation (+€1.8M);
- In 2014, REN proceeded with its financing strategy, with special emphasis on the flexibility of the financial instruments contracted, thus allowing the company to adjust quickly and significantly its cost of debt to the improvement seen in credit market conditions. The following operations were undertaken: (1) REN signed a €200M 5-year credit facility with the Bank of China; (2) the EIB approved a new long-term financing agreement of €200M; (3) four commercial paper programmes were also renegotiated, with a total amount of €650M;
- Moody's upgraded REN's rating to investment grade (Baa3, outlook stable). Last January, S&P upgraded REN's Outlook to positive from stable (rating: BB+), while Fitch maintained REN's rating (BBB, stable outlook). REN continues to be the Portuguese company with the best overall rating.

(1) Excludes the financial cost from the interconnection capacity auctions between Spain and Portugal (€0.4M) - known as FTR (Financial Transaction Rights) - reclassified as Revenues;
(2) Includes Enondas regulated asset base value, which is now considered materially relevant. For comparison purposes, the values for the previous year were adjusted in accordance.

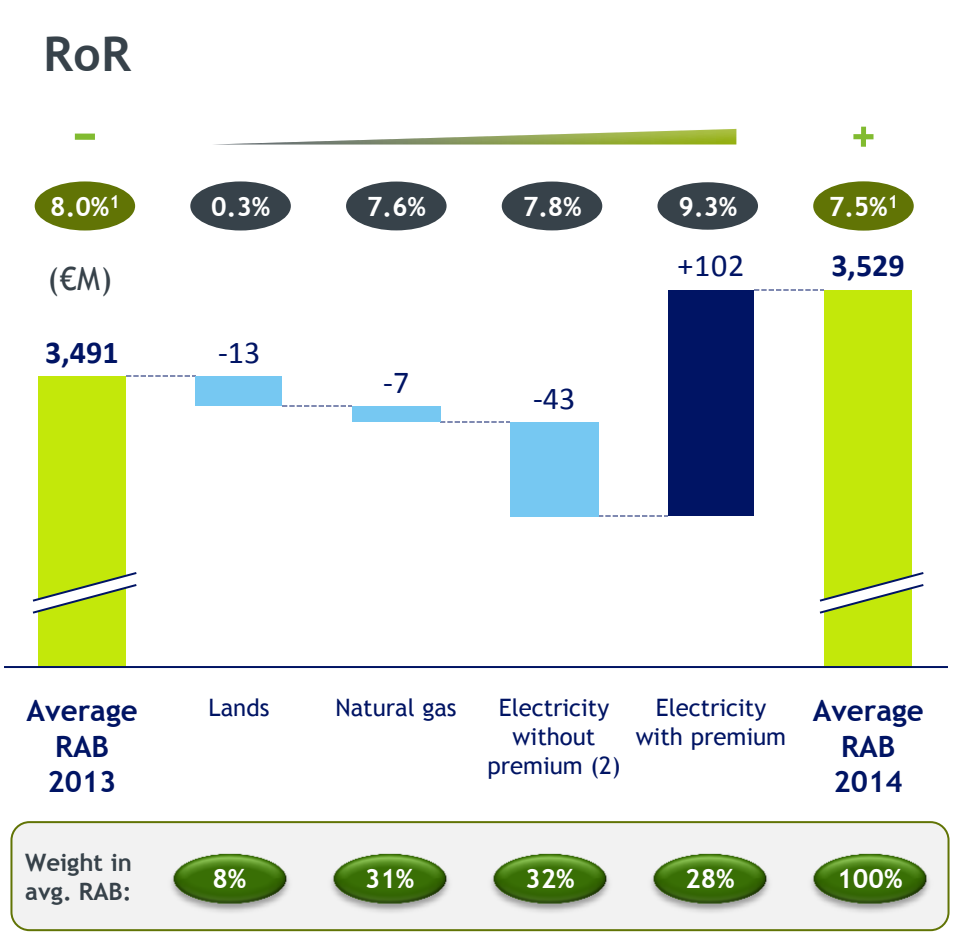
Average RAB increased €38.4M

CAPEX and RAB

€M	2014	2013	Δ%	Δ Abs.
Average RAB	**3,529.2**	**3,490.8**	1.1%	38.4
Electricity	2,128.0	2,069.1	2.8%	58.9
Land	294.3	307.6	-4.3%	-13.4
Natural gas	1,107.0	1,114.1	-0.6%	-7.1
RAB end of period	**3,536.8**	**3,521.8**	0.4%	15.0
Electricity	2,143.4	2,112.7	1.5%	30.7
Land	287.6	300.9	-4.4%	-13.2
Natural gas	1,105.7	1,108.2	-0.2%	-2.4
CAPEX	**163.3**	**187.8**	-13.1%	-24.6
Electricity	137.4	157.6	-12.8%	-20.2
Natural gas	25.8	29.9	-13.7%	-4.1
Other	0.1	0.4	-83.0%	-0.3
RAB variation e.o.p.	**15.0**	**62.1**		
Electricity	30.7	87.4		
Land	-13.2	-13.5		
Natural gas	-2.4	-11.8		

- CAPEX was €163.3M, -€24.6M than in 2013, despite the increase in average RAB (+€38.4M) reaching €3,529.2M. REN is still waiting for the Government's authorization to purchase the two gas storage cavities belonging to Galp Energia (for an estimated amount of €71.7M);
- The most relevant investments in the electricity business concluded in 2014 were the new sub stations of Fafe and Vieira do Minho together with the respective connection overhead lines to the existing grid, and the reconstruction to a new 400 kV overhead line of an old 220 kV line between Carrapatelo and Estarreja;
- The most relevant project in the Natural Gas business was the entry into operation of the new storage cavity: REN C6.

RAB with focus on Electricity Assets premium
(RoR 9.3%, +€102M)

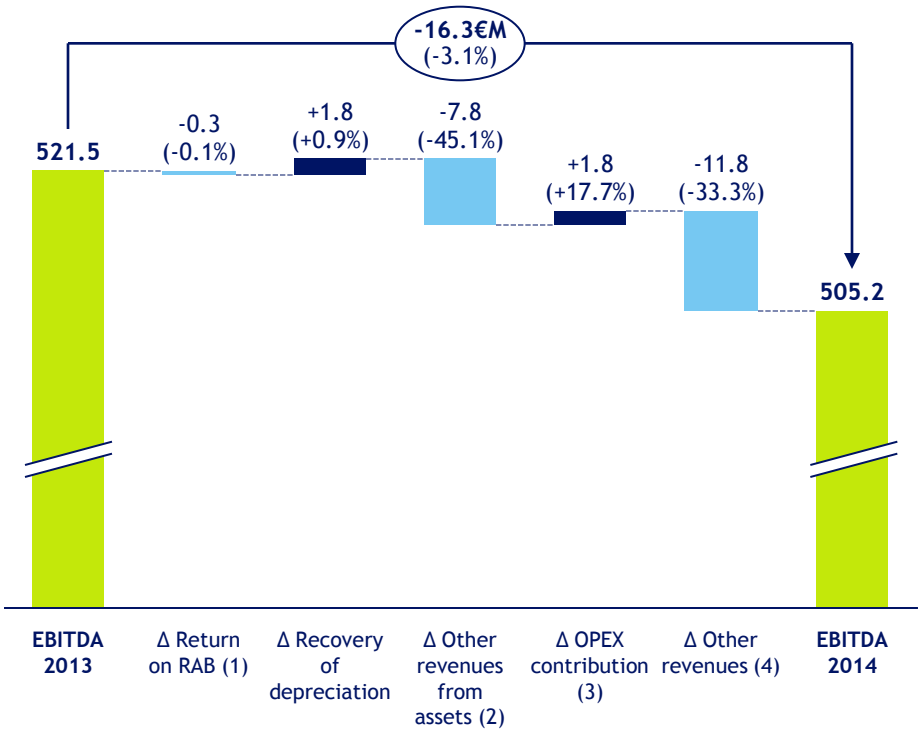


- Average RAB increased by €38.4M. This growth was driven by Electricity with premium, the category with the highest Rate of Return (RoR);
- The base rate of return in the electricity business dropped to 7.8% from 8.1% in 2013. Electricity average RAB with premium (with a 9.3% RoR) was up by €102.0M vs 2013, while lands, the category with the lowest rate of return (0.3% RoR), suffered a decrease in the value of its average RAB of €13.4M;
- In Natural gas, the average RAB had a decrease of €7.1M (RoR 7.6%);
- At the end of 2014, electricity accounted for 60.3% of the average RAB, natural gas for 31.4% and lands for the remaining 8.3%.

1) RoR is equal to the specific remuneration, divided by average RAB;
2) Includes RAB related to Enondas.

EBITDA stood at €505.2M
driven by a lower hydro land remuneration

(€M)



- EBITDA benefited from the increase in Recovery of depreciation (+€1.8M), consistent with a higher asset base;
- There was a negative impact from the Hydro land remuneration (-€8.2M), as a result of changes concerning the methodology used to calculate the RoR (RoR was down to 0.1% from 2.8%).

(1) Includes Δ+€6.0M of NG tariff smoothing effect;
(2) Δ-€8.2M related to Hydro land remuneration and Δ+€0.4M related to Remuneration of fully depreciated assets;
(3) Includes Δ-€1.1M of Opex own works;
(4) Includes +€5.3M related to a reversal of an impairment of receivable debts, in 2013.

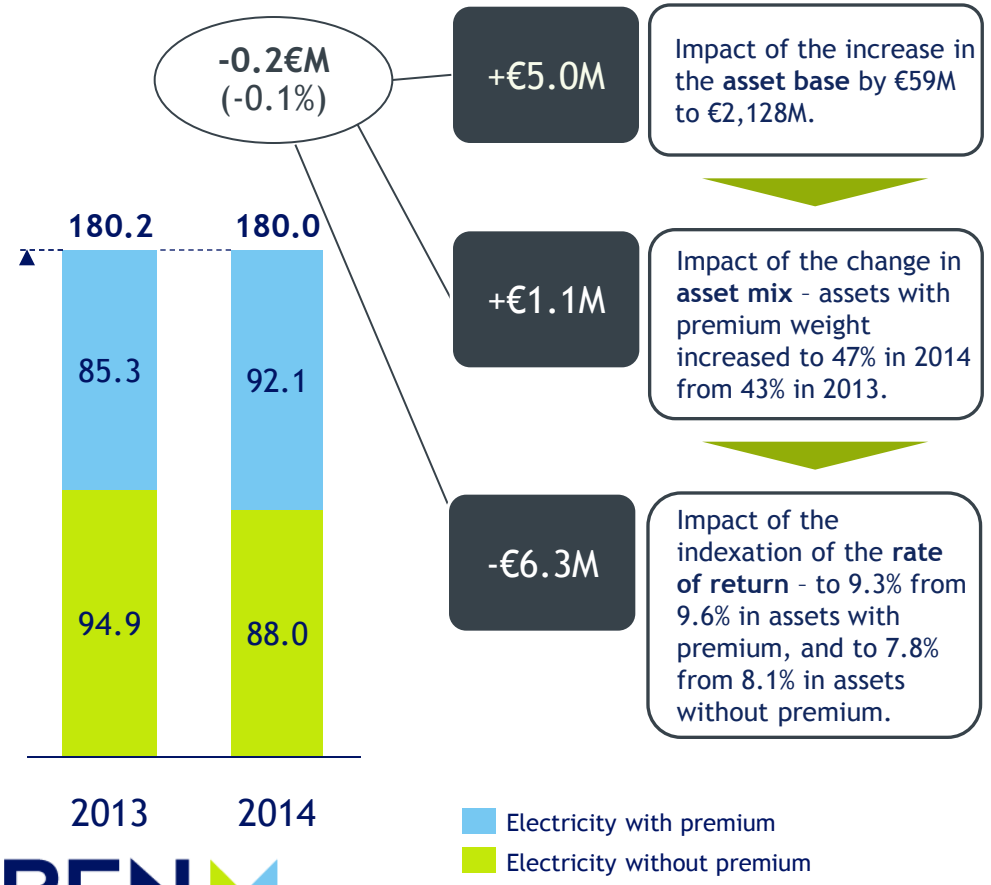
REN

Electricity return on RAB in line with 2013

Average RAB with positive evolution

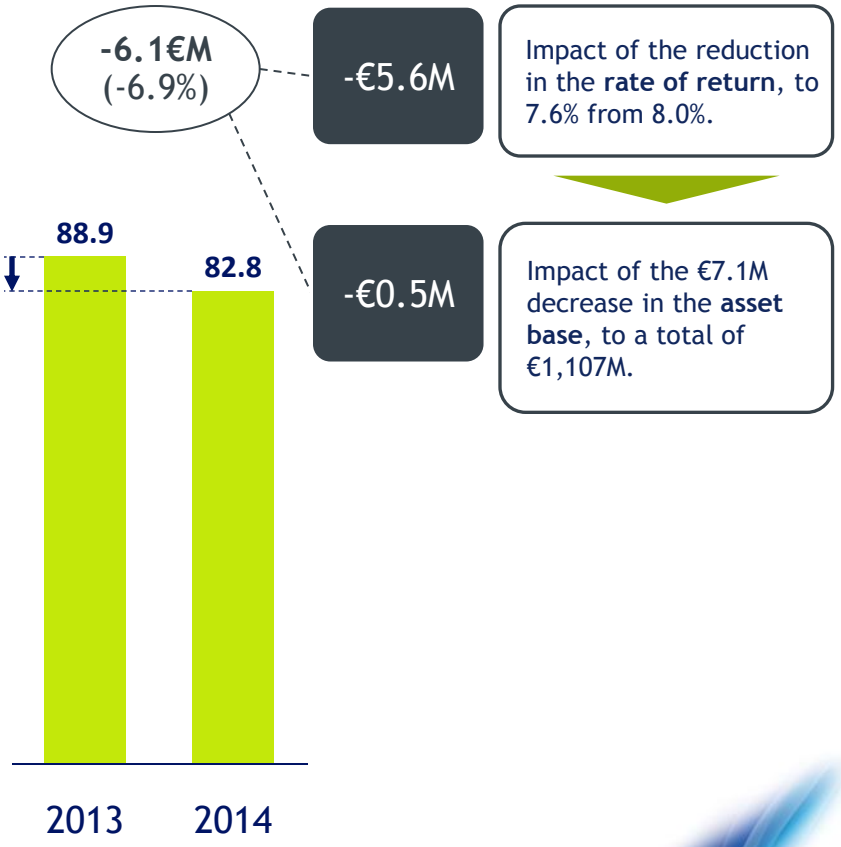
RAB REMUNERATION ELECTRICITY (ex. lands)

(€M)



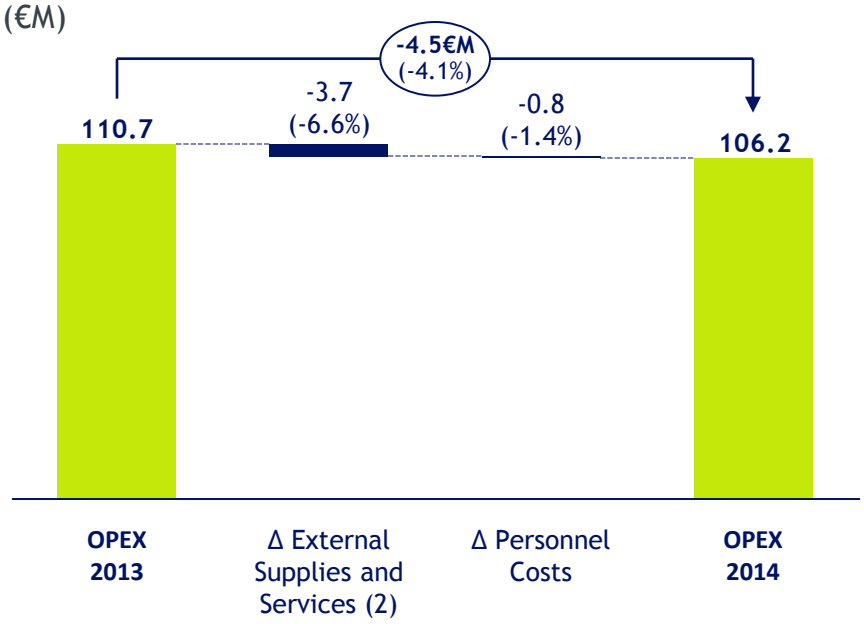
RAB REMUNERATION NATURAL GAS (ex. tariff smoothing effect)

(€M)



Efficiency continues to improve as OPEX fell over 4% YoY

OPERATIONAL COSTS(1)



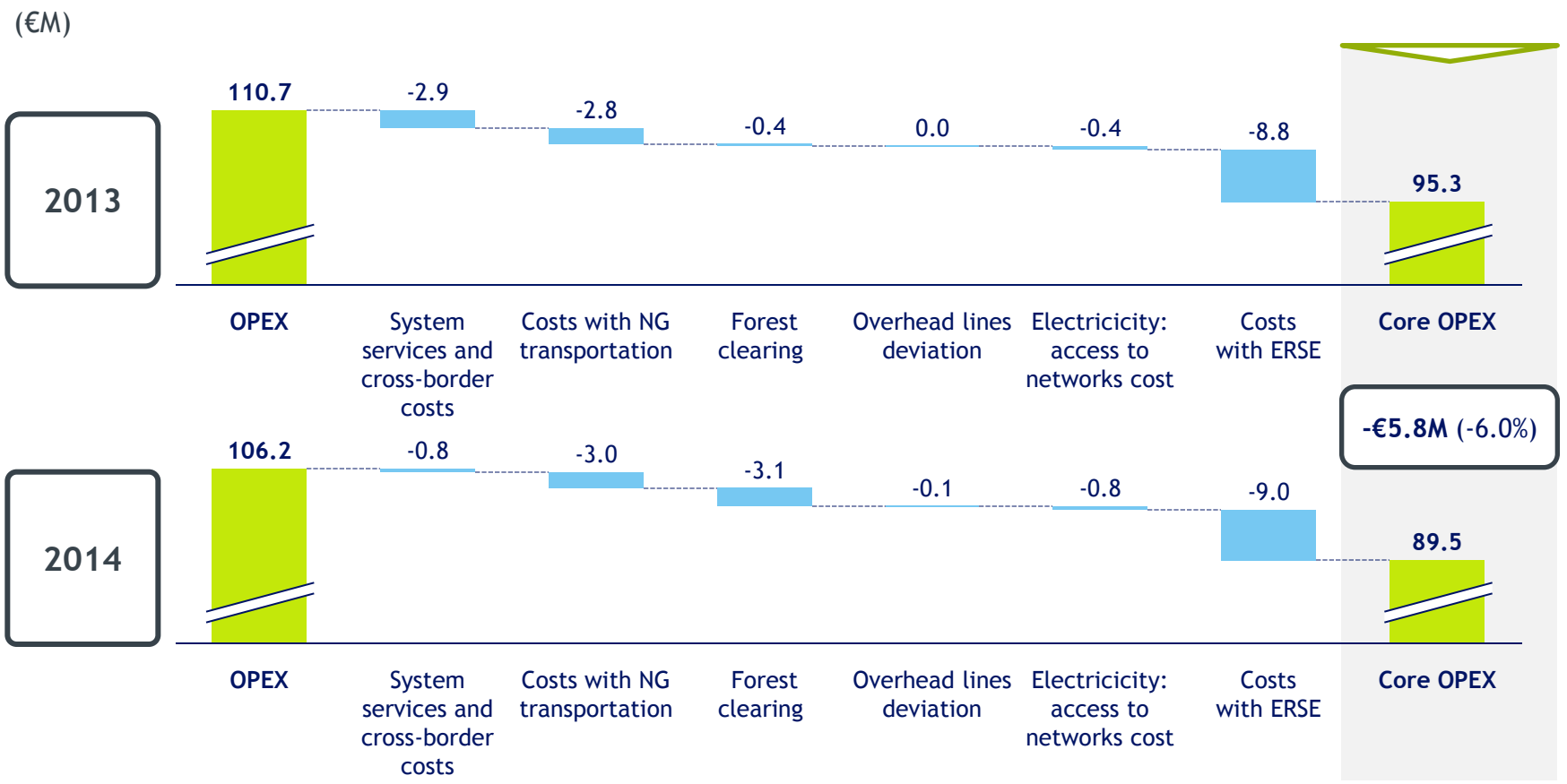
(1) Includes re-classification of training costs, from external costs to personnel costs (Δ-€0.2M);
(2) Includes Δ-€0.5M of Other Operating Costs.

- External Supplies and Services (ESS) decreased by €3.7M (-6.6%) due to the efforts towards the reduction of external services and the decrease in cross-border costs (pass-through costs); Other Operational costs (included in ESS) were down by €0.5M (-3.5%);
- Personnel costs had a €0.8M decrease, despite changes in actuarial assumptions that have a negative impact in costs reduction.

Note: values do not include costs incurred with the construction of concession assets (IFRIC 12): €162.2M in 2013 and €142.8M in 2014.

Core OPEX reduced by 6.0% compared with 2013

- Excluding pass-through costs, Core OPEX was down by €5.8M (from €95.3M to €89.5M)



Note: values do not include costs incurred with the construction of concession assets (IFRIC 12): €162.2M in 2013 and €142.8M in 2014.

Net financial income behavior improved €28.4M reflecting the strengthening of the company's liquidity profile

NET INCOME

€M	2014	2013	Δ%	Δ Abs.
EBITDA	505.2	521.5	-3.1%	-16.3
Depreciation	202.6	201.2	0.7%	1.4
Net financial income[(1)]	-113.8	-142.2	20.0%	28.4
Profit before income tax and levy	188.8	178.0	6.1%	10.8
Taxes	51.0	56.7	-10.2%	-5.8
Extraordinary levy	25.1	0.0		25.1
Net income	112.8	121.3	-7.0%	-8.5
Recurrent net income	140.3	120.7	16.3%	19.6

(1) Excludes the Financial cost as of the interconnection capacity auctions between Spain and Portugal (€0.4M), known as FTR (Financial Transaction Rights), that were reclassified to Revenues.

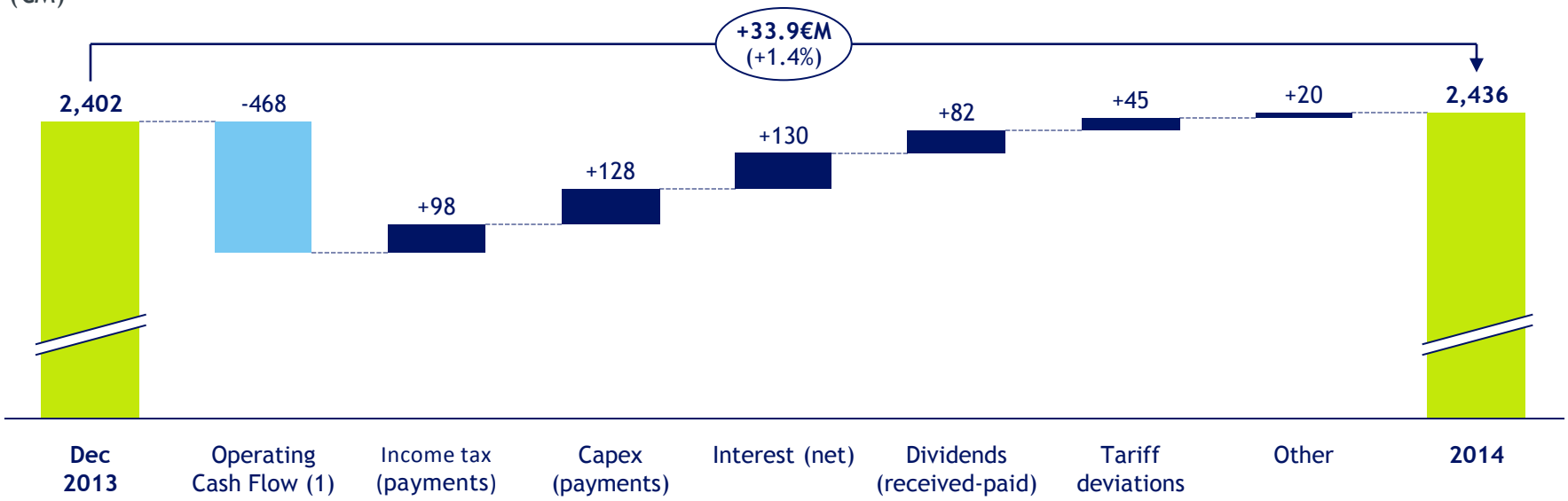
- The **average cost of debt** was **4.7%** versus 5.5% in 2013;
- **Net financial income** stood at -€113.8M, representing an improvement of 20.0% compared with 2013.
- **Net income** in 2014 decreased by 7.0% YoY, reaching €112.8M, despite the improvement in net financial income (+€28.4M) on the back of a lower average cost of debt (to 4.7% from 5.5%). Net Income was negatively affected by the energy sector extraordinary levy (€25.1M). Nevertheless, REN will legally challenge this contribution due to questions about its legality;
- **Income tax decreased** by 10.2%, to €51.0M;
- In 2014, the Group was taxed at a Corporate Income Tax rate of 23%, added by a municipal surcharge up the maximum of 1.5% over the taxable profit and (i) a State surcharge of an additional 3% of taxable profit between €1.5M and €7.5M, (ii) an additional 5% of taxable profit in excess of €7.5M and up to €35.0M and (iii) 7% over the taxable profit in excess of €35.0M, which results in a maximum aggregate tax rate of 31.5%.

Average cost of debt decreased by 87 b.p. to 4.7%

- **Net debt** increased to €2,436M in 2014 from €2,402M in December 2013 (+1.4%). In April, REN paid €91.3M in dividends to its shareholders;
- The **average cost of debt** was down to **4.7%** (from 5.5% in the end of 2013).

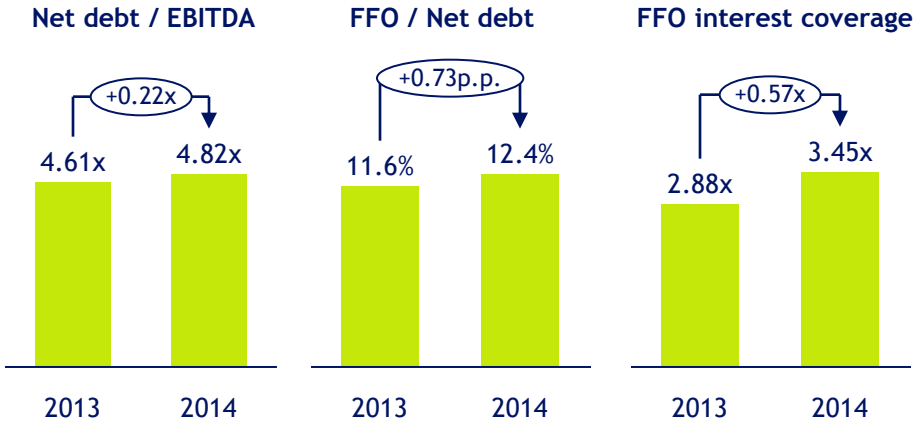
NET DEBT

(€M)

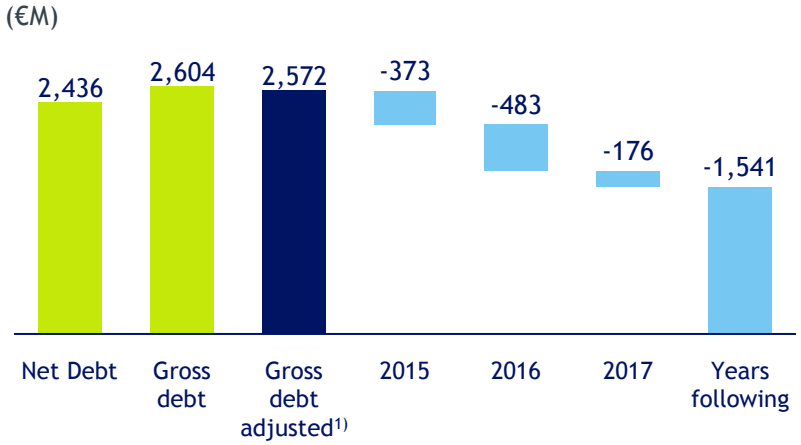


(1) **Operating Cash flow** = EBIT + Depreciation + Provisions - Non cash items

REN is already funded beyond 2016



DEBT MATURITY SCHEDULE



1) Adjusted by interest accruals, hedging on yen denominated debt, bank overdrafts and finance lease.

- This year the Portuguese economy continued its recovery path. The country's macro-economic environment allowed REN to adjust the marginal cost of debt to the credit market conditions. REN has taken advantage from the current financial environment to proceed with the reorganization of its debt, reinforcing liquidity and financial solidity, promoting the diversification of its sources of funding and base of lenders while also reducing the risk of refinancing;
- Aligned with REN's financial performance advancement was the improvement in the rating, with Moody's investment grade status. REN already had an identical rating from Fitch, but this new rating contributed to a more favorable climate among REN's creditors and opened the doors for future issues of debt securities at significantly lower costs;
- The average debt maturity is currently 3.92 years.

Balance sheet

€M	2014	2013
Fixed assets RAB related	3,827.6	3,864.9
Investments and goodwill[1]	347.6	297.8
Tariff deviations	206.6	156.1
Receivables[2]	415.6	559.2
Cash	114.3	168.0
Other[3]	13.1	15.3
Total assets	**4,924.8**	**5,061.3**
Shareholders equity	1,135.6	1,079.6
Debt (end of period)	2,604.5	2,680.5
Provisions	7.3	5.9
Tariff deviations	58.2	52.7
Payables[4]	968.0	1,079.4
Other[5]	151.2	163.2
Total equity and liabilities	**4,924.8**	**5,061.3**

- Total amount of *fixed assets RAB related* decreased to €3,827.6M (this value includes investment subsidies);
- *Investments and goodwill* (1) increased to €347.6M from €297.8M at the end of 2013. This item includes Goodwill, available-for-sale financial assets, derivative financial instruments, investments in associates and other investments;
- *Receivables* (2) related to trade and other receivables, deferred tax assets and current income tax recoverable, reached €415.6M in 2014, a decrease from €559.2M at the end of 2013;
- *Other Assets* (3) stood at €13.1M, which consists of Inventories, guarantee deposits, fixed assets and assets in progress (not RAB related);
- *Payables* (4) include trade and other payables, deferred tax liabilities and income tax payable. These totalized €968.0M at the end of 2014, versus €1,079.4M in 2013;
- *Other liabilities* (5) stood at €151.2M, which includes retirement and other benefit obligations, derivative financial instruments and guarantee deposits (€163.2M in 2013).

REN

The balance of tariff deviation totalized €148.4M to be received from tariffs

TARIFF DEVIATIONS

€M	2014	2013
Electricity	79.6	34.9
Natural gas	68.7	68.4
TOTAL	**148.4**	**103.3**

Increased diversification of funding sources

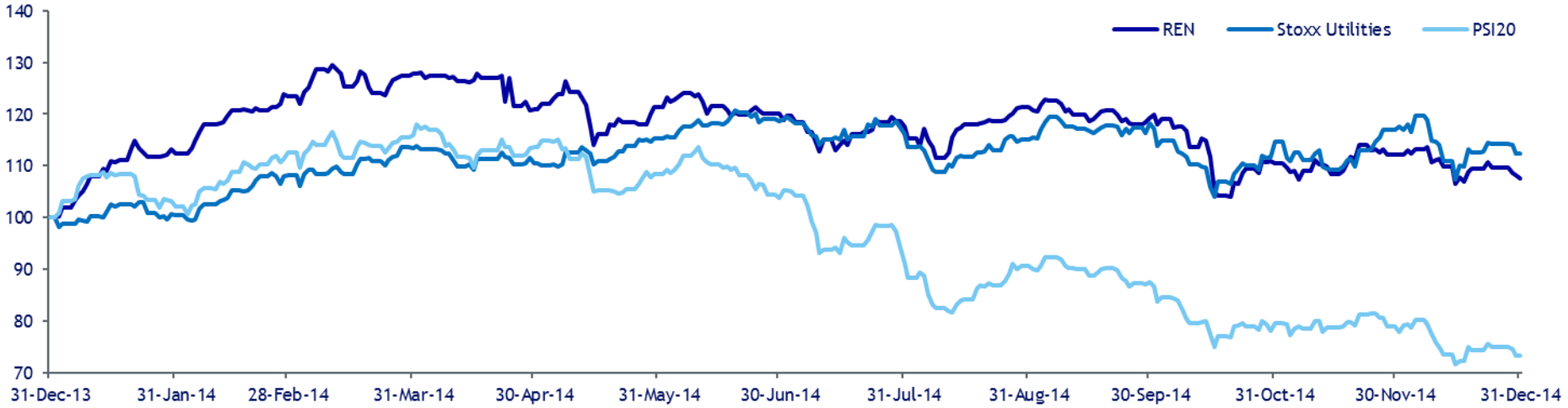
BORROWINGS

€M	Current	Non Current	TOTAL
Bonds	113.5	1,240.8	**1,354.3**
Bank borrowings	111.7	747.4	**859.0**
Commercial paper	150.0	227.0	**377.0**
Bank overdrafts	1.7	0.0	**1.7**
Finance lease	1.0	2.2	**3.3**
TOTAL	**377.9**	**2,217.4**	**2,595.2**
Accrued interest	25.8	0.0	**25.8**
Deferred borrowing costs	-6.7	-9.9	**-16.6**
TOTAL	**397.0**	**2,207.5**	**2,604.5**

- In 2014 two bond issues in the amount of €150M reached their maturity, and REN also proceeded to the early repayment of bonds in the amount of €120M;
- As of 31Dec14, the company had five commercial paper programs amounting to €900M of which €523M were undrawn;
- The bank loans are mainly (€539M) represented by EIB loans;
- In April the Group signed a credit facility with the Bank of China in the aggregate amount of €200M;
- The Group also had credit lines negotiated and not used in the amount of €80M, maturing up to one year, which are automatically renewed periodically (if they are not resigned in the contractually specified period for that purpose);
- REN held a bank loan to which it gave as collateral its holdings in Red Elétrica Corporación and Enagás. The Group maintained all the rights attached to such participations, including voting rights and the right of dividends;
- REN's financial liabilities have the following main types of covenants: Cross default, Pari Passu, Negative Pledge, Gearing (ratio of total consolidated equity to the amount of the Group's total concession assets). The Gearing ratio comfortably met the limits defined being, 97% above the minimum;
- The borrowings from the EIB include ratings covenants. In the event of ratings below the levels specified, REN can be called to provide a guarantee acceptable to the EIB.

Share performance: REN ended 2014 with a total return of +14.3% (YTD)

ANNUALIZED CLOSING PRICES

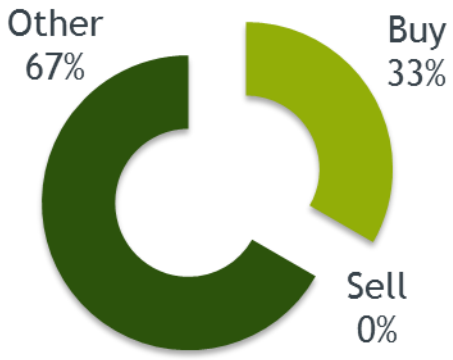


Source: Bloomberg

Market information

ANALYST RECOMMENDATIONS

- **Average price target**
  €2.72
- **Upside/Downside**(+/-)
  +13.1%



CMVM: MAIN PRESS RELEASES
(from January 2014)

- **Jan-17:** Fitch revises REN's Outlook to stable
- **Jan-29:** S&P removes REN from CreditWatch negative and affirms its BB+ rating with stable outlook
- **Mar-06:** Changes to the composition of the governing bodies
- **Mar-10:** 2013 Annual results Presentation
- **Apr-01:** Credit facility agreement with the Bank of China
- **Apr-03:** Resolutions approved at the General Shareholders meeting
- **Apr-09:** Payment of dividends
- **Apr-21:** Resignation of member of the Board of Directors
- **Apr-29:** Qualified holding (EGF)
- **May-08:** First quarter 2014 results presentation
- **May-08:** Co-optation of member of the Board of Directors
- **May-13:** Moody's places REN's Ba1 rating on review for upgrade
- **May-30:** Resignation of member of Board of the General Meeting
- **May-31:** Public offer of sale for 11.748.000 shares (Prospectus)
- **Jun-13:** REN's public offer pricing press release
- **Jun-23:** Qualified shareholding (Fidelidade)

REN's total shareholder return was +1.7% (ITD)

REN END OF PERIOD	2014
Price (€)	
Close	2.406
High YTD	2.900
Low YTD	2.238
Variation YTD	*7.5%*
Nr. of shares (M)	534
Own shares (M)	3.9
Market cap. (€M)	1,284.8
Volume (M shares)	0.194
Volume WAP	2.643
Performance indicators	
Dividend yield	7.1%
PER	9.3x
Total shareholder return YTD	14.3%
Cumulative total return*	
REN	+1.7%
PSI20	-47.3%
EuroStoxx Utilities	-19.9%

* Inception to date (July 9th 2007)
Source: Bloomberg

- **Jun-26:** Qualified shareholding (EGF)
- **Jul-28:** REN agrees to the purchase of Galp Energia's natural gas underground storage concession business
- **Jul-30:** Moody's upgrades REN's rating to investment grade with a stable outlook
- **Jul-31:** First half 2014 results presentation
- **Sep-09:** ERSE's Decision on the Certification of REN, S.A. and REN Gasodutos, S.A. as Transmission Grid Operators
- **Oct-15:** ERSE's proposal for tariffs and prices for electricity for 2015 and regulatory parameters for 2015-17
- **Nov-06:** First 9 months 2014 results presentation
- **Nov-17:** Extraordinary contribution over the energy sector
- **Dec-02:** Agreement in principle on new collective bargaining agreement
- **Dec-15:** Tariffs for electricity for 2015 and parameters for the 2015-2017 regulatory period
- **Dec-17:** Co-optation of members of the Board of Directors
- **Jan-23:** Resignation of member of the Board of Directors
- **Jan-30:** S&P affirms REN's rating with positive outlook
- **Feb-05:** Issue of debt instruments (€300M)
- **Feb-10:** Extraordinary contribution over the energy sector
- **Feb-11:** Qualified shareholding (Fidelidade)

APPENDIX

EBITDA breakdown

€M	2014	2013	2014/2013	
			Δ %	Δ Abs.
1) TOTAL REVENUES	**755.7**	**788.8**	**-4.2%**	**-33.2**
Revenues from assets	**469.7**	**476.0**	**-1.3%**	**-6.3**
Return on RAB	262.8	269.2	-2.3%	-6.3
Electricity	180.0	180.2	-0.1%	-0.2
Natural gas	82.8	88.9	-6.9%	-6.1
Hydro land remuneration	0.2	8.3	-98.1%	-8.2
Lease revenues from hydro protection zone	0.7	0.7	-1.1%	0.0
Remuneration of fully depreciated assets	8.6	8.3	4.2%	0.4
Tariff smoothing effect (natural gas)	-5.5	-11.5	52.4%	6.0
Recovery of depreciation (net from subsidies)	185.0	181.9	1.7%	3.1
Subsidies amortization	17.8	19.1	-6.9%	-1.3
Revenues of OPEX	**103.1**	**104.6**	**-1.5%**	**-1.6**
Other revenues	**19.7**	**20.7**	**-4.9%**	**-1.0**
Construction revenues (IFRIC 12)	**163.2**	**187.5**	**-13.0%**	**-24.3**
2) OPEX	**106.2**	**110.7**	**-4.1%**	**-4.5**
Personnel costs	**53.4**	**54.2**	**-1.4%**	**-0.8**
External supplies and services	**40.2**	**43.4**	**-7.5%**	**-3.3**
Other operational costs	**12.6**	**13.1**	**-3.5%**	**-0.5**
3) Construction costs (IFRIC 12)	**142.8**	**162.2**	**-12.0%**	**-19.4**
4) Depreciation	**202.6**	**201.2**	**0.7%**	**1.4**
5) Other	**1.5**	**-5.5**		**7.0**
6) EBIT	**302.6**	**320.3**	**-5.5%**	**-17.7**
7) Depreciation	**202.6**	**201.2**	**0.7%**	**1.4**
8) EBITDA	**505.2**	**521.5**	**-3.1%**	**-16.3**
9) Depreciation	202.6	201.2	**0.7%**	**1.4**
10) Net financial income	-113.8	-142.2	**20.0%**	**28.4**
11) Income tax expense	51.0	56.7	**-10.2%**	**-5.8**
12) Extraordinary contribution on energy sector	25.1	0.0		**25.1**
13) NET INCOME	**112.8**	**121.3**	**-7.0%**	**-8.5**
14) Non recurrent items*	27.6	-0.6		**28.2**
15) RECURRENT NET INCOME	**140.3**	**120.7**	**16.3%**	**19.6**

Non recurrent items:

* **2014:** i) Cost of carry of EIB escrow account of €3.6M (€2.5M after taxes); ii) Energy sector Extraordinary levy, as established in 2014 State budget law (€25.1M);

2013: i) Cost of carry of EIB escrow account of €4.6M (€3.2M after taxes); ii) annulment of the provision for impairment of receivables worth -€5.3M (-€3.8M after taxes).

Other operational revenues and costs breakdown

€M	2014	2013	2014/2013	
			Δ %	Δ Abs.
Other revenues	**19.7**	**20.7**	**-4.9%**	**-1.0**
Allowed incentives	3.1	3.0	1.7%	0.1
Interest on tariff deviation	1.2	2.7	-54.3%	-1.5
Available incentive	1.0	1.0	0.0%	0.0
Telecommunication sales and services rendered	5.5	5.4	0.8%	0.0
Consultancy services and other services provided	4.4	3.0	44.8%	1.4
Other revenues	4.6	5.6	-17.9%	-1.0
Other costs	**12.6**	**13.1**	-3.5%	**-0.5**
Costs with ERSE	9.0	8.8	2.7%	0.2
Other	3.6	4.3	-16.0%	-0.7

EBIT breakdown (Electricity[1])

€M	2014	2013	2014/2013	
			Δ %	Δ Abs.
1) REVENUES	**547.8**	**572.4**	**-4.3%**	**-24.5**
Revenues from assets	**336.1**	**338.7**	**-0.8%**	**-2.7**
Return on RAB	180.0	180.2	-0.1%	-0.2
Hydro land remuneration	0.2	8.3	-98.1%	-8.2
Lease revenues from hydro protection zone	0.7	0.7	-1.1%	0.0
Remuneration of fully depreciated assets	8.6	8.3	4.2%	0.4
Recovery of depreciation (net from subsidies)	134.4	129.0	4.2%	5.4
Subsidies amortization	12.1	12.1	0.0%	0.0
Revenues of OPEX	**68.4**	**66.8**	**2.4%**	**1.6**
Other revenues	**5.9**	**9.3**	**-36.2%**	**-3.3**
Allowed incentives	3.1	3.0	1.7%	0.1
Interest on tariff deviation	0.1	1.5	-95.5%	-1.5
Other	2.8	4.7	-41.0%	-1.9
Construction revenues (IFRIC 12)	137.4	157.6	-12.8%	-20.2
2) OPEX	**52.3**	**52.0**	**0.5%**	**0.2**
Personnel costs	24.2	23.9	1.1%	0.3
External supplies and services	20.4	20.7	-1.4%	-0.3
Other operational costs	7.7	7.4	3.8%	0.3
3) Construction costs (IFRIC 12)	120.6	137.2	-12.1%	-16.6
4) Depreciation	**146.8**	**142.0**	**3.4%**	**4.8**
5) Other	**1.0**	**-5.7**		**6.7**
6) EBIT (1-2-3-4-5)	**227.2**	**246.9**	**-8.0%**	**-19.7**
7) Depreciation	146.8	142.0	3.4%	4.8
8) EBITDA (6+7)	**374.0**	**388.8**	**-3.8%**	**-14.9**

[1] Includes Electricity, REN Trading and Enondas (wave energy concession).

EBIT breakdown (Natural gas)

€M	2014	2013	2014/2013	
			Δ %	Δ Abs.
1) REVENUES	**200.1**	**209.0**	**-4.3%**	**-8.9**
Revenues from assets	**133.6**	**137.3**	**-2.7%**	**-3.7**
Return on RAB	82.8	88.9	-6.9%	-6.1
Tariff smoothing effect (natural gas)	-5.5	-11.5	52.4%	6.0
Recovery of depreciation (net from subsidies)	50.6	52.8	-4.2%	-2.2
Subsidies amortization	5.7	7.1	-18.7%	-1.3
Revenues of OPEX	**34.6**	**37.8**	**-8.5%**	**-3.2**
Other revenues	**6.1**	**4.0**	**51.4%**	**2.1**
Interest on tariff deviation	1.2	1.2	-1.4%	**0.0**
Other	4.9	2.8	73.6%	2.1
Construction revenues (IFRIC 12)	25.8	29.9	-13.7%	-4.1
2) OPEX	**24.6**	**26.8**	**-8.1%**	**-2.2**
Personnel costs	7.8	8.3	-6.6%	-0.6
External supplies and services	12.7	14.2	-10.7%	-1.5
Other operational costs	4.2	4.2	-2.0%	-0.1
3) Construction costs (IFRIC 12)	22.2	25.0	-11.0%	-2.7
4) Depreciation	**55.6**	**59.0**	**-5.8%**	**-3.4**
5) Other	**0.4**	**0.1**		**0.3**
6) EBIT	**97.3**	**98.2**	**-0.9%**	**-0.9**
7) Depreciation	55.6	59.0	-5.8%	-3.4
8) EBITDA	**152.9**	**157.2**	**-2.7%**	**-4.3**

EBIT breakdown (Other[1])

€M	2014	2013	2014/2013	
			Δ %	Δ Abs.
1) TOTAL REVENUES	**7.7**	**7.5**	**3.5%**	**0.3**
Other revenues	**7.7**	**7.5**	**3.5%**	**0.3**
Consulting and other services	1.0	0.4		0.5
Telecommunication sales and services rendered	5.5	5.4	0.8%	0.0
Other	1.3	1.6	-18.7%	-0.3
2) OPEX	**29.3**	**31.8**	**-8.1%**	**-2.6**
Personnel costs	21.5	22.0	-2.2%	-0.5
External supplies and services	7.1	8.5	-16.9%	-1.4
Other operational costs	0.7	1.4	-47.4%	-0.7
3) Depreciation	**0.3**	**0.3**	**4.5%**	**0.0**
4) Other	**0.1**	**0.2**	**-25.3%**	**0.0**
5) EBIT	**-21.9**	**-24.8**	**11.5%**	**2.9**
6) Depreciation	**0.3**	**0.3**	**4.5%**	**0.0**
7) EBITDA	**-21.7**	**-24.5**	**11.7%**	**2.9**

[1] Includes REN SGPS, REN Serviços, REN Telecom and REN Finance.

CAPEX and RAB

€M	2014	2013	2014/2013 Δ %	2014/2013 Δ Abs.
CAPEX*	**163.3**	**187.8**	-13.1%	-24.6
Electricity	137.4	157.6	-12.8%	-20.2
Natural gas	25.8	29.9	-13.7%	-4.1
Other	0.1	0.4	-83.0%	-0.3
Transfers to RAB**	**194.2**	**245.0**	-20.7%	-50.8
Electricity	146.0	197.3	-26.0%	-51.3
Natural gas	48.2	47.7	1.0%	0.5
Average RAB	**3,529.2**	**3,490.8**	1.1%	38.4
Electricity	2,128.0	2,069.1	2.8%	58.9
With premium	994.4	892.4	11.4%	102.0
Without premium	1,133.6	1,176.7	-3.7%	-43.1
Land	294.3	307.6	-4.3%	-13.4
Natural gas	1,107.0	1,114.1	-0.6%	-7.1
RAB e.o.p.	**3,536.8**	**3,521.8**	0.4%	15.0
Electricity	2,143.4	2,112.7	1.5%	30.7
Land	287.6	300.9	-4.4%	-13.2
Natural gas	1,105.7	1,108.2	-0.2%	-2.4
RAB's variation e.o.p.	**15.0**	**62.1**		
Electricity	30.7	87.4		
Land	-13.2	-13.5		
Natural gas	-2.4	-11.8		
RAB's remuneration	**263.7**	**278.2**	-5.2%	-14.5
Electricity	180.0	180.2	-0.1%	-0.2
With premium	92.1	85.3	7.9%	6.7
Without premium	88.0	94.9	-7.3%	-6.9
Land	0.9	9.1	-90.1%	-8.2
Natural gas	82.8	88.9	-6.9%	-6.1
RoR's RAB	**7.5%**	**8.0%**		-0.5p.p.
Electricity	8.5%	8.7%		-0.2p.p.
With premium	9.3%	9.6%		-0.3p.p.
Without premium	7.8%	8.1%		-0.3p.p.
Lands	0.3%	3.0%		-2.6p.p.
Natural gas	7.5%	8.0%		-0.5p.p.

* Total costs

** Transfers to RAB include direct acquisitions RAB related

DEBT

	2014	2013
Net debt (€M)	2,436.2	2,402.3
Average cost	4.7%	5.5%
Average maturity (years)	3.9	4.4
DEBT BREAKDOWN		
Funding sources		
Bond issues	52%	60%
EIB	22%	23%
Commercial paper	15%	9%
Loans	6%	5%
CDB	6%	4%
TYPE		
Fixed	45%	52%
Float	55%	48%
CREDIT METRICS		
Net Debt / EBITDA	4.8x	4.6x
FFO / Net debt	12.4%	11.6%
FFO interest coverage	3.5x	2.9x

RATING	Long term	Short term	Outlook	Date
Moody's	Baa3	-	Stable	10/21/2014
Standard & Poor's	BB+	B	Positive	01/30/2015
Fitch	BBB	F3	Stable	01/15/2015

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CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements: Financial Position (tEuros)

	Dec 2014	Dec 2013
ASSETS		
Non-current assets		
Property, plant and equipment	682	934
Goodwill	3,774	3,774
Intangible assets	3,838,228	3,877,420
Investments in associates and joint ventures	12,575	12,155
Available-for-sale financial assets	144,443	156,886
Derivative financial instruments	21,970	-
Other financial assets	93,482	102,274
Trade and other receivables	86,182	81,588
Deferred tax assets	65,982	67,800
	4,267,320	**4,302,831**
Current assets		
Inventories	1,779	1,880
Trade and other receivables	459,785	565,923
Available-for-sale financial assets	62,530	-
Current income tax recoverable	10,219	-
Other financial assets	8,864	22,728
Cash and cash equivalents	114,258	167,987
	657,435	**758,518**
TOTAL ASSETS	**4,924,755**	**5,061,349**

	Dec 2014	Dec 2013
EQUITY		
Shareholders' equity:		
Share capital	534,000	534,000
Own shares	-10,728	-10,728
Reserves	315,621	271,634
Retained earnings	183,896	163,356
Net profit for the year	112,777	121,303
TOTAL EQUITY	**1,135,567**	**1,079,566**
LIABILITIES		
Non-current liabilities		
Borrowings	2,207,514	2,430,159
Liability for retirement benefits and others	126,617	126,231
Derivative financial instruments	24,581	34,320
Provisions	4,9171	4,690
Trade and other payables	328,228	370,298
Deferred tax liabilities	92,270	73,956
	2,784,157	**3,039,654**
Current liabilities		
Borrowings	396,952	250,325
Provisions	2,369	1,213
Trade and other payables	605,710	642,973
Income tax payable	-	44,935
Derivative financial instruments	-	2,683
	1,005,031	**942,129**
TOTAL LIABILITIES	**3,789,188**	**3,981,783**
TOTAL EQUITY AND LIABILITIES	**4,924,755**	**5,061,349**

Consolidated Statements: Profit and Loss (tEuros)

	Period ended December	
	2014	2013
Sales	575	112
Services rendered	570,275	575,886
Revenue from construction of concession assets	163,186	187,464
Gains/(losses) from associates and joint ventures	421	-361
Operating grants	10	-
Other operating income	21,576	25,744
Operating income	**756,042**	**788,845**
Cost of goods sold	-802	-303
Cost with construction of concession assets	-142,794	-162,179
External supplies and services	-40,537	-44,028
Personnel costs	-53,049	-53,599
Depreciation and amortizations	-202,628	-201,242
Provisions	-1,449	212
Impairment	-28	5,296
Other expenses	-11,795	-12,750
Operating costs	**-453,082**	**-468,593**
Operating results	**302,960**	**320,252**
Financial costs	-131,735	-162,703
Financial income	9,001	12,917
Investment income - dividends	8,569	7,558
Financial results	**-114,165**	**-142,228**
Profit before income tax	**188,795**	**178,024**
Income tax expense	-50,953	-56,721
Energy sector extraordinary contribution (ESEC)	-25,065	-
Net profit for the year	**112,777**	**121,303**
Attributable to:		
Equity holders of the Company	112,777	121,303
Non-controlled interest	-	-
Consolidated profit for the year	**112,777**	**121,303**

Consolidated Statements: Cash Flow (tEuros)

	Period ended December	
	2014	2013
Cash flow from operating activities:		
Cash receipts from customers[(a)]	2,459,521	2,056,635
Cash paid to suppliers[(a)]	(1,841,765)	(1,391,110)
Cash paid to employees	(62,993)	(63,160)
Income tax received/paid	(98,159)	(8,510)
Other (payments)/receipts relating to operating activities	(87,190)	(87,567)
Net flows from operating activities	**369,413**	**506,288**
Cash flow from investing activities		
Receipts related to:		
Other financial assets	22,728	207,264
Investment grants	1,154	5,051
Interests and other similar income	7,510	8,160
Dividends	8,422	7,493
Payments related to:		
Other financial assets	-	(210,000)
Capital contributions in Associates and Joint Ventures	-	(2,910)
Available-for-sale	(100)	(100)
Property, plant and equipment	(8)	(498)
Intangible assets	(127,510)	(162,687)
Net cash (used in)/from investing activities	**(87,806)**	**(148,227)**
Cash flow from financing activities		
Receipts related to:		
Borrowings	4,580,500	2,404,391
Interests and other similar income	73	17
Payments related to:		
Borrowings	(4,700,564)	(2,403,135)
Interests and other similar expense	(125,493)	(163,334)
Dividends	(90,650)	(90,120)
Net cash (used in)/from financing activities	**(336,134)**	**(252,180)**
Net (decrease)/increase in cash and cash equivalents	(54,527)	105,880
Cash and cash equivalents at de beginning of the year	167,126	61,246
Cash and cash equivalents at the end of the period	**112,599**	**167,126**
Detail of cash and cash equivalents		
Bank overdrafts	(1,659)	(861)
Bank deposits	114,258	167,987
	112,599	**167,126**

(a) 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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Visit our web site at 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

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