



2014 1st HALF RESULTS REPORT

July 31st, 2014



1H14 Highlights

MAIN INDICATORS

€M	1H14	1H13	Δ%	Δ Abs.
EBITDA	252.2	259.9	-3.0%	-7.8
Net Financial Income	-51.7 ⁽¹⁾	-65.7	21.3%	14.0
Recurrent Net Income	72.3	61.9	16.8%	10.4
Net Income	58.3	64.1	-9.0%	-5.8
Average RAB ⁽²⁾	3,480.6	3,418.1	1.8%	62.5
CAPEX	36.0	58.9	-38.8%	-22.9
Net Debt	2,452.5	2,499.4	-1.9%	-46.9

(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;

(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.

- ▶ EBITDA amounted to €252.2M, 3.0% below 1H13 (-€7.8M). This was mainly due to: (1) the reversal of an one-off impairment of receivable debts in 2013 (-€5.3M); (2) the decrease of €3.9M in hydro land remuneration; (3) the expansion of the RAB and its respective remuneration (+€1.5M); (4) the reduction achieved in operational costs;

- ▶ Recurrent net income increased by 16.8% (+€10.4M), mainly due to the improvement in net financial results which stood at -€51.7M, €14.0M better than 1H13, on account of the decline in both net debt (decreased by €46.9M to €2,452.5M) and average cost of debt (to 4.75% from 5.65%);

- ▶ Net income stood at €58.3M (-€5.8M, -9.0%), penalized by the accrual of the energy sector extraordinary levy established in 2014's State budget law;

- ▶ In June, REN's privatization process was successfully concluded. The placement of the State's remaining 11% stake, improved the free float of the stock (30.0% vs 19.6%) together with its liquidity;

- ▶ Yesterday, Moody's upgraded REN to a Baa3 investment grade rating with a stable outlook. REN remains the Top Rated Company in Portugal, and it comes on the back of a successful refinancing process.

Average RAB rose by €62.5M

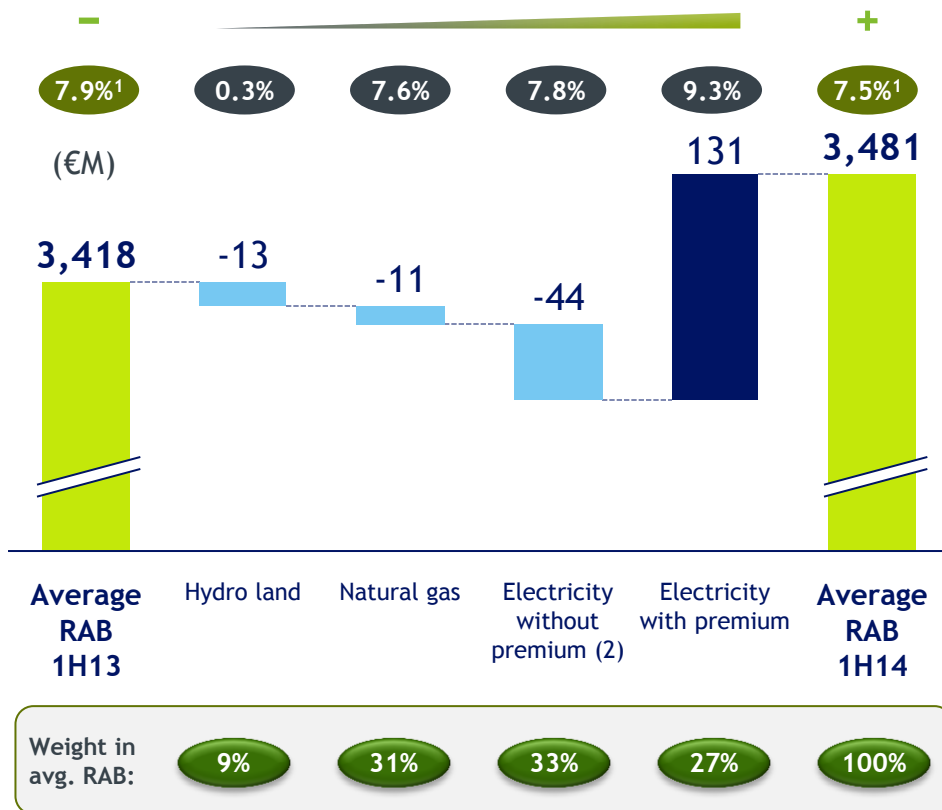
CAPEX and RAB

€M	1H14	1H13	Δ%	Δ Abs.
Average RAB	3,480.6	3,418.1	1.8%	62.5
Electricity	2,085.0	1,998.3	4.3%	86.7
Land	297.6	311.0	-4.3%	-13.5
Natural gas	1,096.1	1,107.1	-1.0%	-11.0
Enondas	1.9	1.7	10.0%	0.2
RAB end of period	3,439.6	3,376.5	1.9%	63.2
Electricity	2,059.5	1,972.9	4.4%	86.5
Land	294.2	307.6	-4.3%	-13.4
Natural gas	1,084.1	1,094.2	-0.9%	-10.1
Enondas	1.8	1.7	9.7%	0.2
CAPEX	36.0	58.9	-38.8%	-22.9
Electricity	30.0	46.9	-36.0%	-16.9
Natural gas	6.0	11.9	-49.4%	-5.9
Other	0.0	0.1		-0.1
RAB variation e.o.p.	-82.2	-82.4		
Electricity	-51.3	-50.7		
Land	-6.6	-6.8		
Natural gas	-24.1	-25.7		
Enondas	-0.1	-0.1		

- ▶ Total CAPEX stood at €36.0M, a YoY decrease of €22.9M (-38.8%), mainly due to the normal seasonality of the CAPEX cycle and the late start of some new electricity investments in the first quarter of 2014;
- ▶ The most relevant investments in electricity to be concluded in 2014 are the new sub stations of Fafe and Vieira do Minho together with the respective connection overhead lines to the existing grid and the reconstruction of an old 220 kV line, between Carrapatelo and Estarreja, that has reached the technical end of life and where there was a need to increase the transmission capacity;
- ▶ The most relevant project for the Gas Natural is the ongoing work for a new cavern REN C6.

Growth focused in electricity assets with premium

RoR



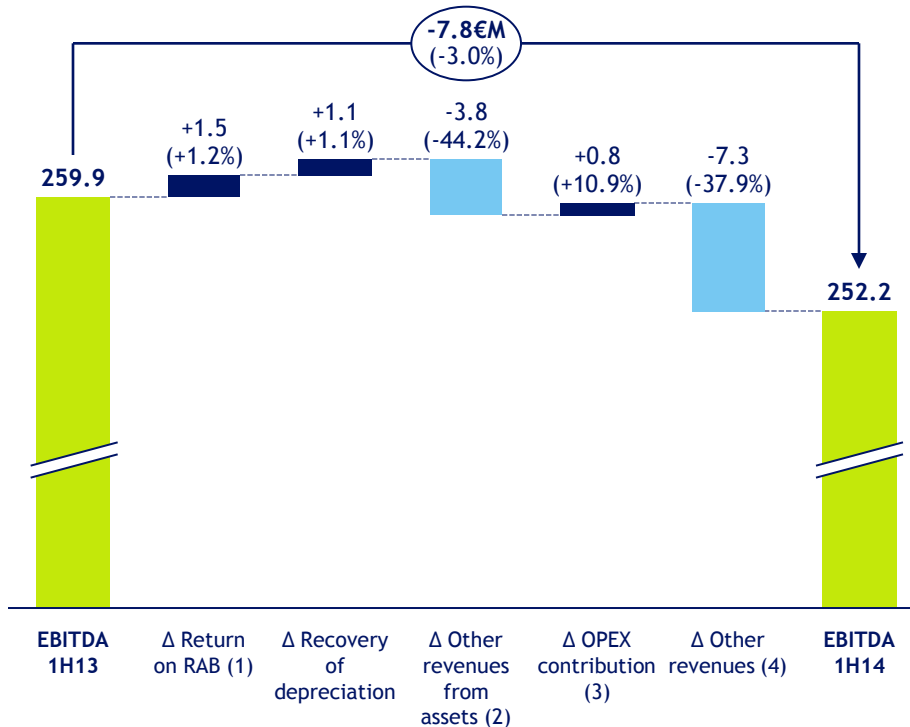
- ▶ Average RAB grew by €62.5M. This growth was focused on the category with the highest Rate of Return (RoR);
- ▶ The base rate of return of electricity RAB dropped to 7.8% from 8.0% yoy. Electricity average RAB with premium (with a 9.3% RoR) was up €131.0M vs 1H13, while the category with the lowest rate of return (the hydro lands, with a 0.3% RoR) saw the value of its average RAB go down by €13.5M;
- ▶ In Natural gas, the average RAB was down by €11.0M (RoR 7.6%);
- ▶ At the end of 1H14, electricity accounted for 60% of the average RAB, natural gas for 31% and hydro lands for the remaining 9%.

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

EBITDA down by 3.0%

Mainly due to the decrease in hydro land remuneration

(€M)



- ▶ EBITDA benefited from the increase in Return on RAB (+€1.5M) of which +€2.1M in electricity and -€0.6M in natural gas;
- ▶ Recovery of depreciation improved €1.1M, consistent with a higher asset base;
- ▶ The impact from the Hydro land remuneration was negative (-€3.9M), as a result of regulatory changes concerning the methodology used to calculate the RoR (RoR was down to 0.3% from 2.8%).

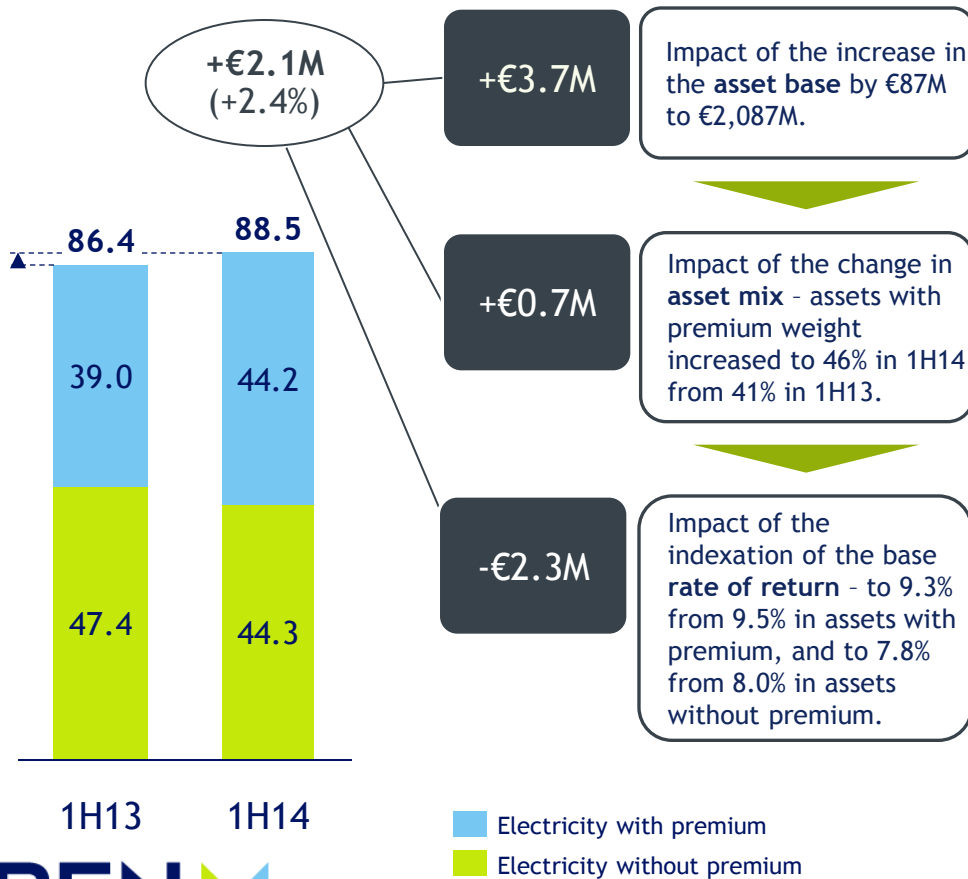
- (1) Includes Δ+€2.5M of NG tariff smoothing effect;
- (2) Δ-€3.9M related to Hydro land remuneration and Δ+€0.1M related to Remuneration of fully depreciated assets;
- (3) Includes Δ+€0.1M of Opex own works;
- (4) In 2013 includes +€5.3M related to a reversal of an impairment of receivable debts.

Electricity return on RAB increased by €2.1M

Mainly due to the positive evolution in the average RAB

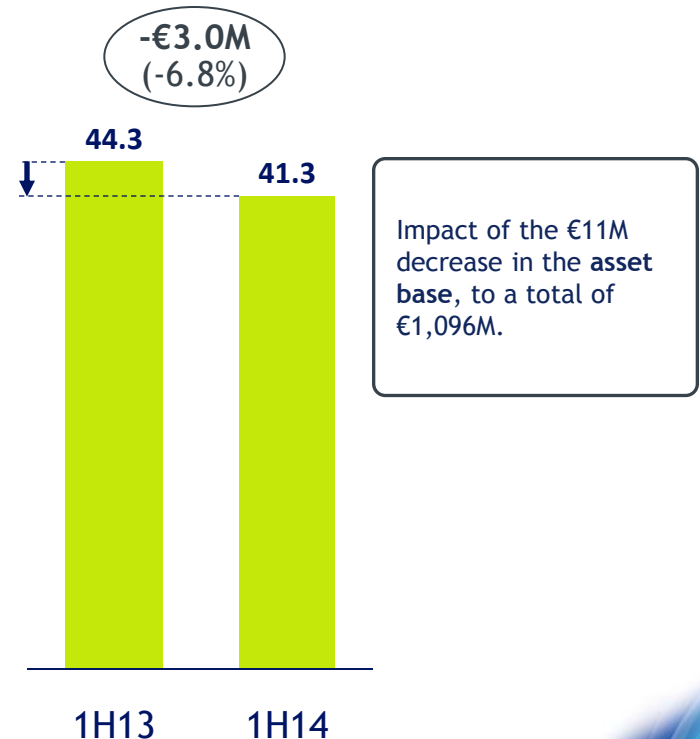
RAB REMUNERATION ELECTRICITY (ex. Hydro lands)

(€M)



RAB REMUNERATION NATURAL GAS (ex. tariff smoothing effect)

(€M)

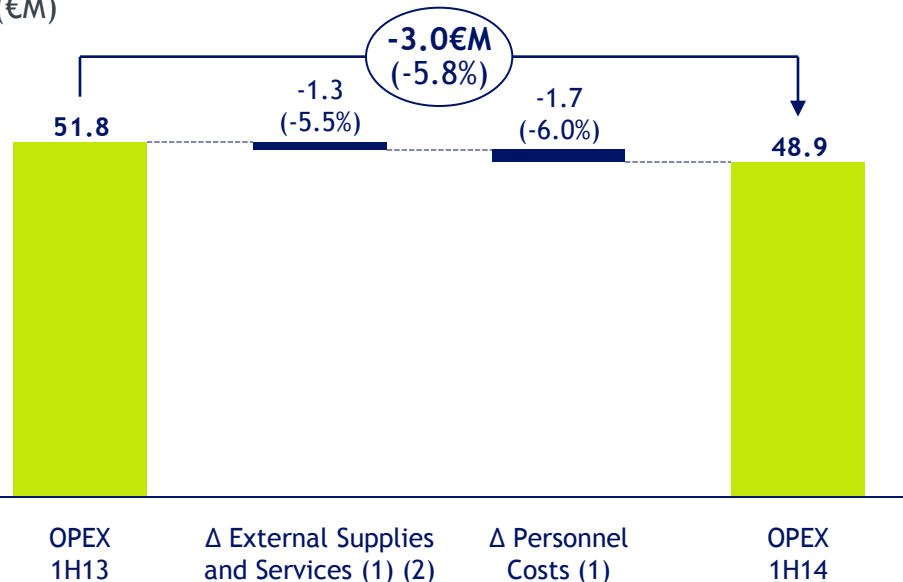


OPEX was down by €3.0M versus 1H13

Reflecting REN's operational costs reduction efforts

OPERATIONAL COSTS

(€M)



- ▶ External Supplies and Services (ESS) decreased by €1.3M (-5.5%) 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) up by €0.7M (12,3%);
- ▶ Personnel costs decreased by €1.7M, despite the change in actuarial assumptions.

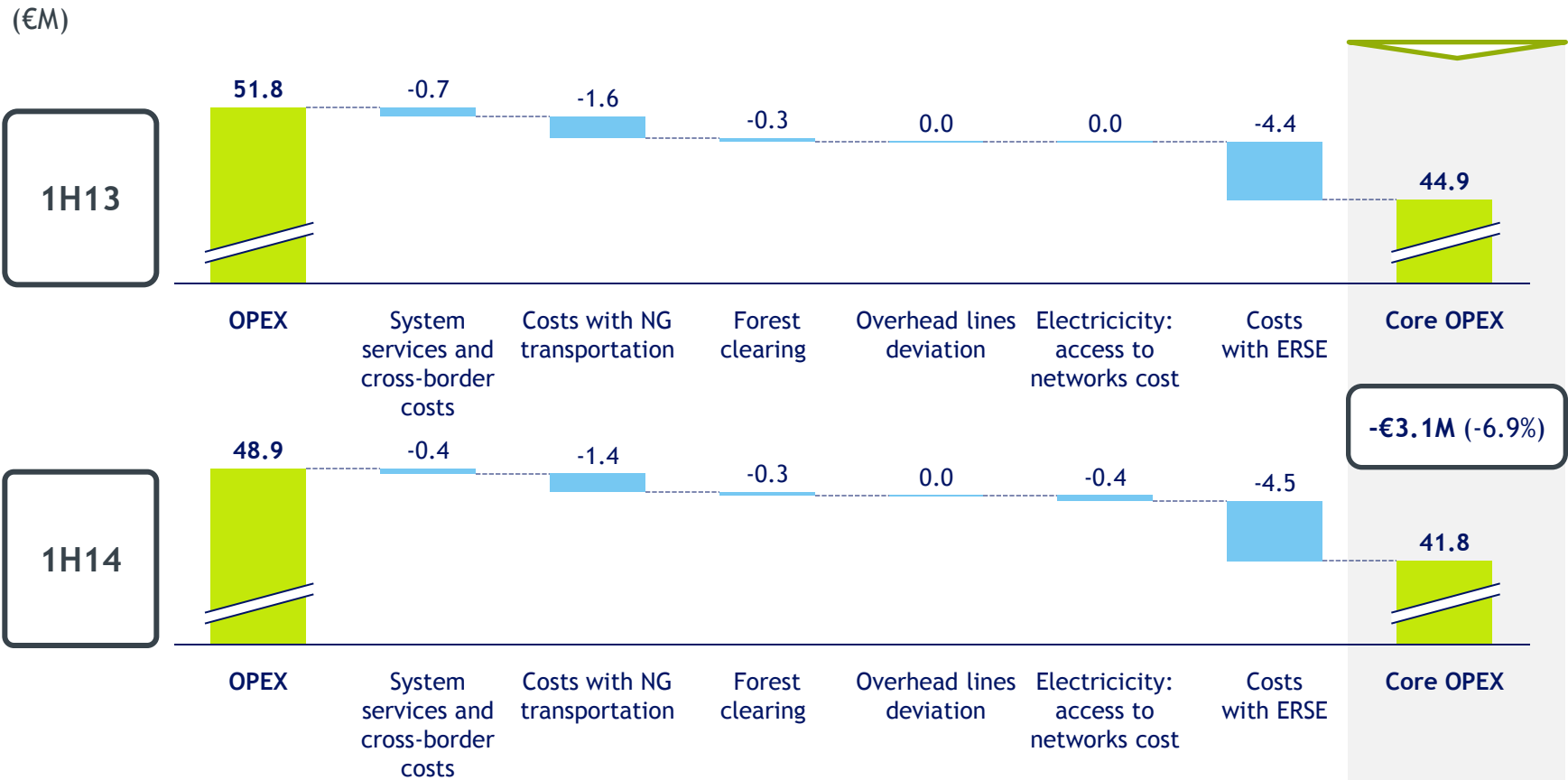
(1) Includes re-classification of training, seminar and staff fuel costs, from external costs to personnel costs (€0.29M);

(2) Includes Δ+€0.7M of Other Operating Costs.

Note: values do not include costs incurred with the construction of concession assets (IFRIC 12): €46.7M in 1H13 and €26.0M in 1H14.

Core OPEX fell 6.9% compared to 1H13

▶ Excluding pass-through costs, Core OPEX was down by 6.9% (to €41.8M from €44.9M)



Note: values do not include costs incurred with the construction of concession assets (IFRIC 12): €46.7M in 1H13 and €26.0M in 1H14.

Net financial income improved €14.0M

reflecting the strengthening of the company's liquidity profile

NET INCOME

€M	1H14	1H13	Δ%	Δ Abs.
EBITDA	252.2	259.9	-3.0%	-7.8
Depreciation	100.9	100.0	0.9%	0.9
Net financial income	-51.7 ⁽¹⁾	-65.7	21.3%	14.0
Profit before income tax and CESE	99.5	94.2	5.7%	5.3
Taxes	28.7	30.2	-4.7%	-1.4
Contrib. energy sector	12.5	0.0		12.5
Net income	58.3	64.1	-9.0%	-5.8
Recurrent net income	72.3	61.9	16.8%	10.4

(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 4.75% versus 5.65% in June 2013;
- ▶ Net financial income stood at -€51.7M, 21.3% better than in 1H13;

▶ Net income in 1H14 decreased by 9.0% yoy, reaching €58.3M. Despite the improvement in net financial income (€14.0M) - on the back of: (1) lower net debt (-€46.9M) and (2) lower average cost of debt (5.65% to 4.75%). Net Income was negatively affected by the accrual of the energy sector extraordinary levy (1H14 impact of €12.5M; expected full year impact of €25.1M). REN is analyzing the issue in all its aspects to protect the rights of the company and of all its stakeholders;

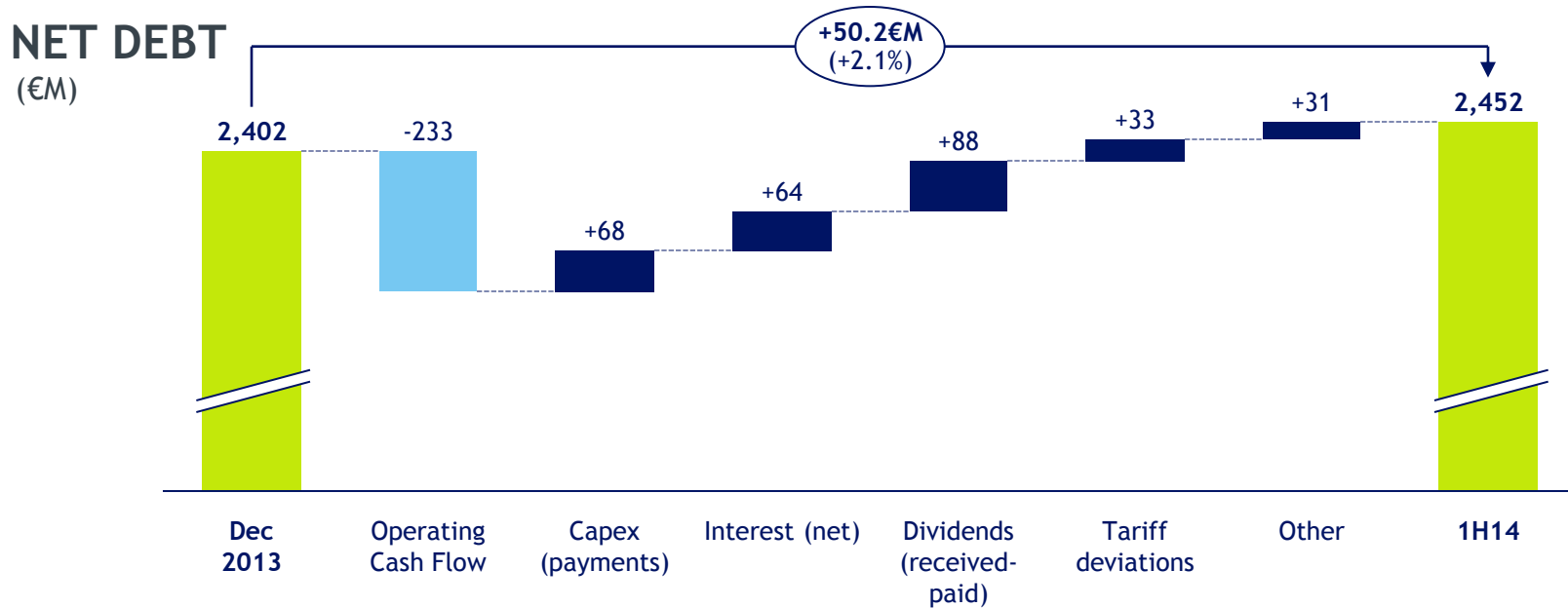
▶ Income tax decreased by €1.4M, to €28.7M;

▶ In 2014, the Group is being taxed at a Corporate Income Tax rate of 23%, increased 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 between €7.5M and €35.0M and (iii) 7% over the taxable profit in excess of €35.0M. It is likely that the effective tax rate will rise in 2H14 along with Net Income.

Average cost of debt decreased to 4.75% (-79bp vs 2013)

▶ Net debt increased to €2,452M in June 2014 from €2,402M in December 2013 (+2.1%); In April, REN paid €91.3M in dividends to its shareholders;

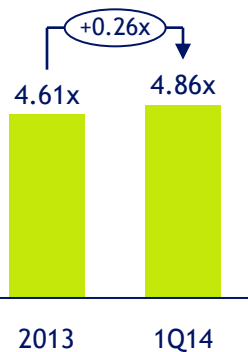
▶ The average cost of debt decreased by 79bp, to 4.75% (from 5.54% in the end of 2013).



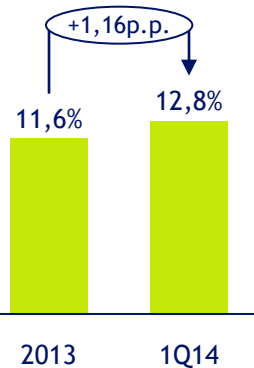
Operating Cash flow = EBIT + Depreciation + Provisions - Non cash items

REN is already funded beyond 2016

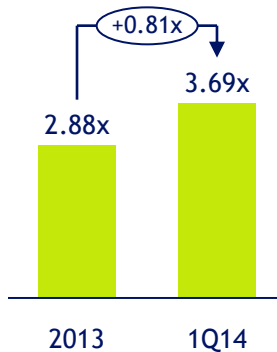
Net debt / EBITDA



FFO / Net debt

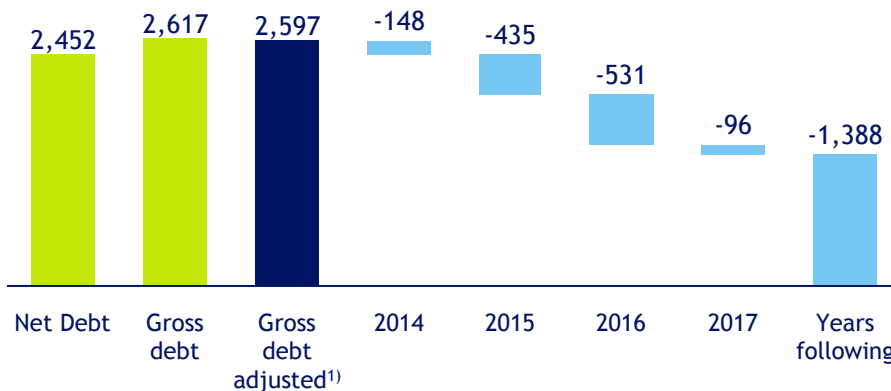


FFO interest coverage



DEBT MATURITY SCHEDULE

(€M)



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

▶ The financial rating assigned to REN has been penalized by Portugal's sovereign rating. Despite this situation, REN is committed not to ease its credit metric goals. Since 2008 REN has been actively reshaping its debt in order to improve its average maturity. REN is also using a combination of floating and fixed rate issues and/or interest rate swaps to achieve a suitable interest rate mix. Finally, REN keeps enlarging its international financial partners' base and has managed to build a supportive group of relationship banks;

▶ Since October 2013, all three major rating agencies upgraded REN's Outlook to stable. Two of the major rating agencies (Moody's and Fitch) have now assigned an investment grade rating to the Company. REN continues to be the Portuguese company with the highest rating;

▶ The average debt maturity is currently 4.08 years.

Balance sheet

€M	1H14	2013
Fixed assets RAB related	3,801.1	3,862.9
Investments and goodwill ¹	391.3	297.8
Tariff deviations	206.3	156.1
Receivables ²	258.4	559.2
Cash	46.3	168.0
Other ³	14.0	17.4
Total assets	4,717.4	5,061.3
Shareholders equity	1,073.3	1,079.6
Debt (end of period)	2,617.2	2,680.5
Provisions	6.0	5.9
Tariff deviations	69.6	52.7
Payables ⁴	801.8	1,079.4
Other ⁵	149.7	163.2
Total equity and liabilities	4,717.4	5,061.3

- ▶ Total amount of *fixed assets RAB related* increased to €3,801.1M (this value does not discard subsidies);
- ▶ *Investments and goodwill* (1) increased to €391.3M 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 €258.4M in 1H14, an increase from €559.2M at the end of 2013;
- ▶ *Other Assets* (3) stood at €14.0M, which comprises 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 €801.8M at the end of June 2014, versus €1,079.4M in 2013;
- ▶ *Other liabilities* (5) stood at €149.7M, which includes retirement and other benefit obligations, derivative financial instruments and guarantee deposits (€163.2M in 2013).

The balance of tariff deviation totalized €136.7M to be received from tariffs

TARIFF DEVIATIONS

€M	1H14	1H13
Electricity	56.8	45.2
Natural gas	79.9	63.1
TOTAL	136.7	108.2

Increased diversification of funding sources

BORROWINGS

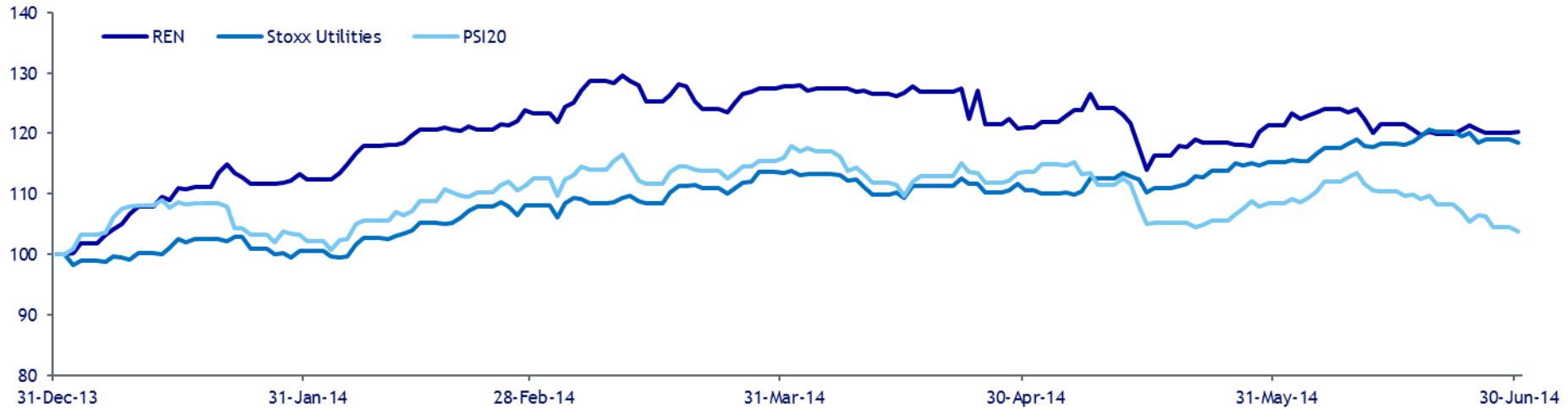
€M	Current	Non Current	TOTAL
Bonds	183,5	1.383,0	1.566,5
Bank borrowings	71,4	820,4	891,8
Commercial paper	90,0	59,0	149,0
Bank overdrafts	0,5	0,0	0,5
Finance lease	0,7	1,5	2,2
TOTAL	346,1	2.263,8	2.610,0
Accrued interest	32,0	0,0	32,0
Prepaid interest	-24,8	0,0	-24,8
TOTAL	353,3	2.263,8	2.617,2

- ▶ At the end of 1H14 REN had five active commercial paper programmes amounting to €675M of which €526M were undrawn. From the total amount of commercial paper programs, €575M have subscription guarantees;
- ▶ The bank loans are mainly (€586M) represented by EIB loans;

- ▶ In 2013 the Group agreed to a credit line with the Industrial and Commercial Bank of China in the amount of €160M, having already disbursed €10M. In April REN signed a credit facility with Bank of China in the aggregate amount of €200M. In June, the Group had used €10M;
- ▶ The Group also has 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 terminated in the contractually specified period for that purpose);
- ▶ REN obtained a bank loan providing as collateral its share capital stakes in Red Eléctrica Corporación and in Enagás. REN maintains in full the rights inherent to such shareholdings, including voting rights and 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 conceded assets). The Group's gearing ratio comfortably fulfills the contractually defined limits, being 88% above the minimum level;
- ▶ The borrowings from EIB include ratings covenants. In the event of ratings below the levels specified, REN can be called to provide a guarantee acceptable to EIB.

Share performance: REN ended 1H14 with a total return of +27.8% (YTD)

ANNUALIZED CLOSING PRICES

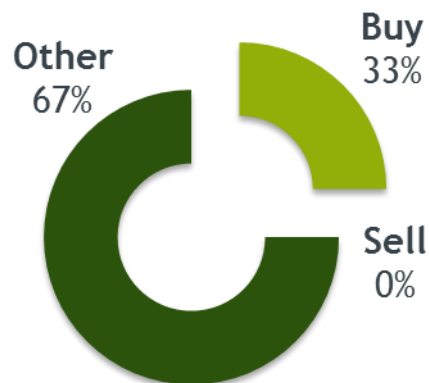


Source: Bloomberg

Market information

ANALYST RECOMMENDATIONS

- ▶ Average price target
€2.74
- ▶ Upside/Downside_(+/-)
+1.9%



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 consolidated results
- ▶ **Mar-11:** Notice to Convene the Annual General Shareholders Meeting
- ▶ **Mar-11:** 2012 Annual consolidated results
- ▶ **Mar-11:** Accounts reporting documents referring to the financial year ended on 31st December 2013
- ▶ **Apr-01:** Credit facility agreement with the Bank of China
- ▶ **Apr-03:** Resolutions approved at the General Shareholders meeting
- ▶ **Apr-09:** Payment of dividends' date relating to the financial year of 2013
- ▶ **Apr-21:** Resignation of member of the Board of Directors
- ▶ **Apr-29:** Qualified holding (EGF)

REN's total shareholder return was +50.5% (ITD)

REN	
END OF PERIOD	1H14
Price (€)	
Close	2.690
High YTD	2.900
Low YTD	2.238
Variation YTD	20.2%
Nr. of shares (M)	534
Own shares (M)	3.9
Market cap. (€M)	1,436.5
Volume (M shares)	1.241
Volume WAP	2.717
Performance indicators	
Div. yield	6.4%
PER	11.4x
Total shareholder return YTD	27.8%
Cumulative total return*	
REN	50.5%
PSI20	-31.8%
EuroStoxx Utilities	-21.0%

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

- ▶ **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)
- ▶ **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

REN 

APPENDIX

EBITDA breakdown

€M	1H14	1H13	2013	1H14/1H13	
				Δ %	Δ Abs.
1) TOTAL REVENUES	327.2	353.1	788.8	-7.3%	-25.8
Revenues from assets	232.2	233.4	476.0	-0.5%	-1.2
Return on RAB	129.8	130.7	269.2	-0.7%	-0.9
Electricity	88.5	86.4	180.2	2.4%	2.1
Natural gas	41.3	44.3	88.9	-6.8%	-3.0
Hydro land remuneration	0.1	4.0	8.3	-98.0%	-3.9
Lease revenues from hydro protection zone	0.4	0.4	0.7	-1.1%	-0.0
Remuneration of fully depreciated assets	4.3	4.2	8.3	3.3%	0.1
Tariff smoothing effect (natural gas)	-3.3	-5.8	-11.5	42.5%	2.5
Recovery of depreciation (net from subsidies)	92.0	90.3	181.9	1.9%	1.7
Subsidies amortization	8.9	9.6	19.1	-7.0%	-0.7
Revenues of OPEX	48.8	51.2	104.6	-4.5%	-2.3
Other revenues	10.2	9.8	20.7	4.7%	0.5
Construction revenues (IFRIC 12)	36.0	58.8	187.5	-38.7%	-22.8
2) OPEX	48.9	51.8	110.7	-5.8%	-3.0
Personnel costs	26.4	28.1	54.2	-6.0%	-1.7
External supplies and services	15.6	17.7	43.4	-11.6%	-2.1
Other operational costs	6.8	6.1	13.1	12.3%	0.7
3) Construction costs (IFRIC 12)	26.0	46.7	162.2	-44.4%	-20.7
4) Depreciation	100.9	100.0	201.2	0.9%	0.9
5) Other	0.3	-5.4	-5.5	104.7%	5.6
6) EBIT	151.3	159.9	320.3	-5.4%	-8.7
7) Depreciation	100.9	100.0	201.2	0.9%	0.9
8) EBITDA	252.2	259.9	521.5	-3.0%	-7.8
9) Depreciation	100.9	100.0	201.2	0.9%	0.9
10) Net financial income	-51.7	-65.7	-142.2	21.3%	14.0
11) Income tax expense	28.7	30.2	56.7	-4.7%	-1.4
12) Extraordinary contribution on energy sector	12.5	0.0	0.0		12.5
13) NET INCOME	58.3	64.1	121.3	-9.0%	-5.8
14) Non recurrent items*	14.0	-2.2	-0.6		16.2
15) RECURRENT NET INCOME	72.3	61.9	120.7	16.8%	10.4

Non recurrent items:

* 1H14: i) Cost of carry of EIB escrow account of €2.2M (€1.5M after taxes); ii) Energy sector Extraordinary levy, as established in 2014 State budget law (€12.5M);

1H13: i) Cost of carry of EIB escrow account of €2.3M (€1.6M 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	1H14	1H13	2013	1H14/1H13	
				Δ %	Δ Abs.
Other revenues	10.2	9.8	20.7	4.7%	0.5
Allowed incentives	1.1	0.9	3.0	27.8%	0.2
Interest on tariff deviation	0.6	1.4	2.7	-58.0%	-0.8
Availability incentive	0.0	0.0	1.0		
Telecommunication sales and services rendered	2.7	2.9	5.4	-7.6%	-0.2
Consultancy services and other services provided	2.4	0.9	3.0		1.6
Other revenues	3.4	3.7	5.6	-9.2%	-0.3
Other costs	6.8	6.1	13.1	12.3%	0.7
Costs with ERSE	4.5	4.4	8.8	2.7%	0.1
Other	2.3	1.7	4.3	37.6%	0.6

EBIT breakdown (Electricity¹)

€M	1H14	1H13	2013	1H14/1H13	
				Δ %	Δ Abs.
1) REVENUES	230.8	248.0	572.4	-6.9%	-17.1
Revenues from assets	166.1	164.9	338.7	0.7%	1.2
Return on RAB	88.5	86.4	180.2	2.4%	2.1
Hydro land remuneration	0.1	4.0	8.3	-98.0%	-3.9
Lease revenues from hydro protection zone	0.4	0.4	0.7	-1.1%	-0.0
Remuneration of fully depreciated assets	4.3	4.2	8.3	3.3%	0.1
Recovery of depreciation (net from subsidies)	66.8	63.9	129.0	4.5%	2.9
Subsidies amortization	6.0	6.0	12.1	0.1%	0.0
Revenues of OPEX	32.3	32.2	66.8	0.3%	0.1
Other revenues	2.4	4.0	9.3	-39.7%	-1.6
Allowed incentives	1.1	0.9	3.0	27.8%	0.2
Interest on tariff deviation	0.0	0.8	1.5	-95.5%	-0.7
Other	1.2	2.4	4.7	-47.3%	-1.1
Construction revenues (IFRIC 12)	30.0	46.9	157.6	-36.0%	-16.9
2) OPEX	23.1	24.7	52.0	-6.7%	-1.7
Personnel costs	12.1	12.9	23.9	-6.5%	-0.8
External supplies and services	6.7	8.2	20.7	-18.0%	-1.5
Other operational costs	4.3	3.6	7.4	17.8%	0.6
3) Construction costs (IFRIC 12)	21.6	37.0	137.2	-41.7%	-15.4
4) Depreciation	73.1	70.4	142.0	3.8%	2.7
5) Other	0.2	-5.4	-5.7		5.6
6) EBIT (1-2-3-4-5)	112.9	121.3	246.9	-6.9%	-8.3
7) Depreciation	73.1	70.4	142.0	3.8%	2.7
8) EBITDA (6+7)	186.0	191.6	388.8	-3.0%	-5.7

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

EBIT breakdown (Natural gas)

€M	1H14	1H13	2013	1H14/1H13	
				Δ %	Δ Abs.
1) REVENUES	92.8	100.1	209.0	-7.3%	-7.3
Revenues from assets	66.0	68.5	137.3	-3.5%	-2.4
Return on RAB	41.3	44.3	88.9	-6.8%	-3.0
Tariff smoothing effect (natural gas)	-3.3	-5.8	-11.5	42.5%	2.5
Recovery of depreciation (net from subsidies)	25.2	26.4	52.8	-4.5%	-1.2
Subsidies amortization	2.9	3.5	7.1	-19.0%	-0.7
Revenues of OPEX	16.5	19.0	37.8	-12.8%	-2.4
Other revenues	4.2	0.8	4.0		3.4
Interest on tariff deviation	0.6	0.6	1.2	-12.8%	-0.1
Other	3.6	0.2	2.8	%	3.5
Construction revenues (IFRIC 12)	6.0	11.9	29.9	-49.4%	-5.9
2) OPEX	11.9	13.0	26.8	-8.1%	-1.1
Personnel costs	3.8	4.1	8.3	-7.9%	-0.3
External supplies and services	5.9	6.8	14.2	-13.8%	-0.9
Other operational costs	2.3	2.1	4.2	10.3%	0.2
3) Construction costs (IFRIC 12)	4.4	9.7	25.0	-54.8%	-5.3
4) Depreciation	27.7	29.5	59.0	-6.1%	-1.8
5) Other	0.0	0.0	0.1		0.0
6) EBIT	48.8	48.0	98.2	1.7%	0.8
7) Depreciation	27.7	29.5	59.0	-6.1%	-1.8
8) EBITDA	76.5	77.5	157.2	-1.3%	-1.0

EBIT breakdown (Other¹)

€M	1H14	1H13	2013	1H14/1H13	
				Δ %	Δ Abs.
1) TOTAL REVENUES	3.6	4.9	7.5	-27.1%	-1.3
Other revenues	3.6	4.9	7.5	-27.1%	-1.3
Telecommunication sales and services rendered	2.7	2.9	5.4	-7.6%	-0.2
Other	0.9	2.1	2.0	-54.5%	-1.1
2) OPEX	13.9	14.1	31.8	-1.9%	-0.3
Personnel costs	10.6	11.1	22.0	-4.6%	-0.5
External supplies and services	3.0	2.7	8.5	13.7%	0.4
Other operational costs	0.2	0.4	1.4	-31.2%	-0.1
3) Depreciation	0.1	0.1	0.3	16.0%	0.0
4) Other	0.0	0.0	0.2		0.0
5) EBIT	-10.4	-9.3	-24.8	-12.2%	-1.1
6) Depreciation	0.1	0.1	0.3	16.0%	0.0
7) EBITDA	-10.3	-9.2	-24.5	-12.2%	-1.1

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

CAPEX and RAB

€M	1H14	1H13	2013	1H14/1H13	
				Δ %	Δ Abs.
CAPEX*	36.0	58.9	187.8	-38.8%	-22.9
Electricity	30.0	46.9	157.6	-36.0%	-16.9
Natural gas	6.0	11.9	29.9	-49.4%	-5.9
Other	0.0	0.1	0.4		-0.1
Transfers to RAB**	10.1	8.7	245.0	16.7%	1.4
Electricity	9.0	8.0	197.3	12.9%	1.0
Natural gas	1.1	0.7	47.7	58.4%	0.4
Average RAB	3,480.6	3,418.1	3,490.8	1.8%	62.5
Electricity	2,085.0	1,998.3	2,067.2	4.3%	86.7
With premium	949.8	818.8	892.4	16.0%	131.0
Without premium	1,135.3	1,179.5	1,174.8	-3.8%	-44.3
Land	297.6	311.0	307.6	-4.3%	-13.5
Natural gas	1,096.1	1,107.1	1,114.1	-1.0%	-11.0
Enondas	1.9	1.7	1.9	10.0%	0.2
RAB e.o.p.	3,439.6	3,376.5	3,521.8	1.9%	63.2
Electricity	2,059.5	1,972.9	2,110.8	4.4%	86.5
Land	294.2	307.6	300.9	-4.3%	-13.4
Natural gas	1,084.1	1,094.2	1,108.2	-0.9%	-10.1
Enondas	1.8	1.7	1.9	9.7%	0.2
RAB's variation e.o.p.	-82.2	-82.4	63.0		
Electricity	-51.3	-50.7	87.2		
Land	-6.6	-6.8	-13.5		
Natural gas	-24.1	-25.7	-11.8		
Enondas	-0.1	-0.1	0.2		
RAB's remuneration	130.2	135.1	278.2	-3.6%	-4.9
Electricity	88.5	86.4	180.1	2.4%	2.1
With premium	44.2	39.0	85.3	13.2%	5.1
Without premium	44.3	47.4	94.7	-6.5%	-3.1
Land	0.4	4.4	9.1	-89.7%	-3.9
Natural gas	41.3	44.3	88.9	-6.8%	-3.0
Enondas	0.1	0.1	0.2	6.8%	0.0
RoR's RAB	7.5%	7.9%	8.0%		-0.4p.p.
Electricity	8.5%	8.6%	8.7%		-0.2p.p.
With premium	9.3%	9.5%	9.6%		-0.2p.p.
Without premium	7.8%	8.0%	8.1%		-0.2p.p.
Enondas	7.8%	8.0%	8.1%		-0.2p.p.
Lands	0.3%	2.8%	3.0%		-2.5p.p.
Natural gas	7.6%	8.0%	8.0%		-0.4p.p.

* Total costs

** Transfers to RAB include direct acquisitions RAB related

DEBT

	1H14	1H13	2013
Net debt (€M)	2,452.5	2,499.4	2,402.3
Average cost	4.75%	5.65%	5.54%
Average maturity (years)	4.1	3.3	4.4

DEBT BREAKDOWN

Funding sources			
Bond issues	60%	69%	60%
EIB	23%	23%	23%
Commercial paper	6%	4%	9%
Loans	5%	4%	5%
CDB	6%	0%	4%

TYPE

Fixed	52%	75%	52%
Float	48%	25%	48%

CREDIT METRICS

Net Debt / EBITDA	4.9x	4.8x	4.6x
FFO / Net debt	12.8%	11.0%	11.6%
FFO interest coverage	3.7x	3.0x	2.9x

RATING	Long term	Short term	Outlook	Date
Moody's	Baa3	-	Stable	07/30/2014
Standard & Poor's	BB+	B	Stable	01/29/2014
Fitch	BBB	F3	Stable	01/17/2014



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements:

Financial Position (tEuros)

	Jun 2014	Dec 2013
ASSETS		
Non-current assets		
Property, plant and equipment	746	934
Goodwill	3,774	3,774
Intangible assets	3,812,640	3,877,420
Investments in associates and joint ventures	12,380	12,155
Available-for-sale financial assets	191,669	156,886
Derivative financial instruments	15,159	-
Other financial assets	102,316	102,274
Trade and other receivables	150,925	81,588
Deferred tax assets	73,376	67,800
	4,362,986	4,302,831
Current assets		
Inventories	1,690	1,880
Trade and other receivables	240,393	565,923
Other financial assets	66,035	22,728
Cash and cash equivalents	46,274	167,987
	354,392	758,518
TOTAL ASSETS	4,717,378	5,061,349

	Jun 2014	Dec 2013
EQUITY		
Shareholders' equity:		
Share capital	534,000	534,000
Own shares	-10,728	-10,728
Other reserves	303,118	271,634
Retained earnings	188,586	163,356
Net profit for the period	58,278	121,303
TOTAL EQUITY	1,073,254	1,079,566
LIABILITIES		
Non-current liabilities		
Borrowings	2,263,819	2,430,159
Liability for retirement benefits and others	124,631	126,231
Derivative financial instruments	23,784	34,320
Provisions	4,881	4,690
Trade and other payables	379,211	370,298
Deferred tax liabilities	96,658	73,956
	2,892,984	3,039,654
Current liabilities		
Borrowings	353,339	250,325
Provisions	1,073	1,213
Trade and other payables	376,229	642,973
Income tax payable	19,255	44,935
Derivative financial instruments	1,244	2,683
	751,140	942,129
TOTAL LIABILITIES	3,644,124	3,981,783
TOTAL EQUITY AND LIABILITIES	4,717,378	5,061,349

Consolidated Statements:

Profit and Loss (tEuros)

	Period ended June	
	2014	2013
Sales	59	86
Services rendered	280.433	280.504
Revenue from construction of concession assets	36.009	58.764
Gains from associates and joint ventures	226	-533
Operating subsidies	2	-
Other operating income	10.959	14.251
Operating income	327.688	353.072
Cost of goods sold	-262	-188
Cost with construction of concession assets	-25.957	-46.679
External supplies and services	-15.776	-17.957
Employee compensation and benefit expense	-26.279	-27.829
Depreciation and amortizations	-100.912	-100.006
Provisions	-227	82
Impairments	-28	5.296
Other expenses	-6.539	-5.866
Operating costs	-175.979	-193.147
Operating results	151.709	159.925
Financial costs	-63.285	-77.650
Financial income	4.924	6.557
Investment income - dividends	6.200	5.377
Financial results	-52.161	-65.717
Profit before income tax and CESE	99.548	94.209
Income tax expense	-28.738	-30.157
Extraordinary contribution on energy sector (CESE)	-12.532	-
Net profit for the period	58.278	64.052
Attributable to:		
Equity holders of the Company	58.278	64.052
Non-controlled interest	-	-
Consolidated profit for the period	58.278	64.052

Consolidated Statements:

Cash Flow (tEuros)

	Period ended June	
	2014	2013
Cash flow from operating activities		
Cash receipts from customers	1,575,624	1,167,062
Cash paid to suppliers	(1,229,067)	(836,646)
Cash paid to employees	(32,464)	(27,197)
Income tax received/ (paid)	(45,507)	(56)
Other receipts/ (payments) relating to operating activities	(42,189)	(50,087)
Net flows from operating activities	226,397	253,076
Cash flow from investing activities		
Receipts related to:		
Derivative financial instruments	-	1,790
Other financial assets	13,864	-
Grants related to assets	177	-
Interests and other similar income	5,057	2,311
Dividends	2,837	2,371
Payments related to:		
Other financial assets	(57,172)	(212,530)
Investments in associates and joint ventures	-	(2,910)
Available-for-sale	(100)	-
Property, plant and equipment	(1)	(480)
Intangible assets - Concession assets	(67,533)	(75,771)
Net cash used in investing activities	(102,870)	(285,219)
Cash flow from financing activities		
Receipts related to:		
Borrowings	2,674,450	963,151
Interests and other similar income	75	8
Payments related to:		
Borrowings	(2,769,357)	(690,007)
Interests and other similar expense	(59,439)	(55,455)
Dividends	(90,650)	(90,120)
Net cash (used in)/from financing activities	(244,922)	127,578
Net (decrease)/increase in cash and cash equivalents	(121,395)	95,434
Cash and cash equivalents at de beginning of the year	167,126	61,246
Cash and cash equivalents at the end of the period	45,731	156,680
Detail of cash and cash equivalents		
Cash	17	23
Bank overdrafts	(542)	(131)
Bank deposits	46,257	156,788
	45,731	156,680

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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