

REN 

CAPITAL MARKETS DAY 2021

May 14



Agenda for today

09h30 Capital Markets' Presentation

Consistent success journey

REN's strategy: at the core of energy transition

- ESG highest standard
- Investment growth story
- Solid financials and shareholder return

Closing remarks

Rodrigo Costa (CEO)

João Conceição (COO)

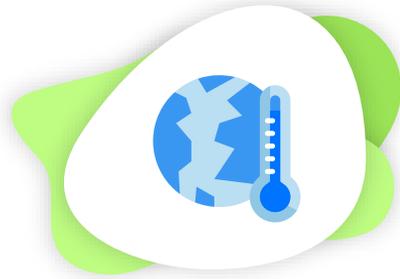
Gonçalo Morais Soares (CFO)

Rodrigo Costa (CEO)

10h30 Q&A

11h00 Closure





World moving to tackle global warming

1.5°C

limit to achieve **climate neutrality**, as committed in the **Paris Agreement**

+55%

CO₂ emissions cut by **2030**, established by **European Green Deal** to facilitate the 2050 climate neutrality target

x9

increase in **green hydrogen demand** by **2050**, reaching 650 million tons



Companies deploying strategies accordingly

~2 Tn€

investment in **power T&D** over 2019-40 to ensure energy transition in Europe

x2

increase of volume of **assets under management** in dedicated **ESG funds** in last 2 years (+1.5 Tn€ in 2020)

TSOs are adapting priorities in line with recent trends



Backbone

Dedicated **investment cycles** to sustain quality and security of supply in the context of **infrastructure aging**

Increasing **interconnections** across countries, while **debottlenecking** areas to accommodate renewables and distributed resources growth



Resilience

Need for **improved reliability requirements** to face power interruptions and extreme climate events



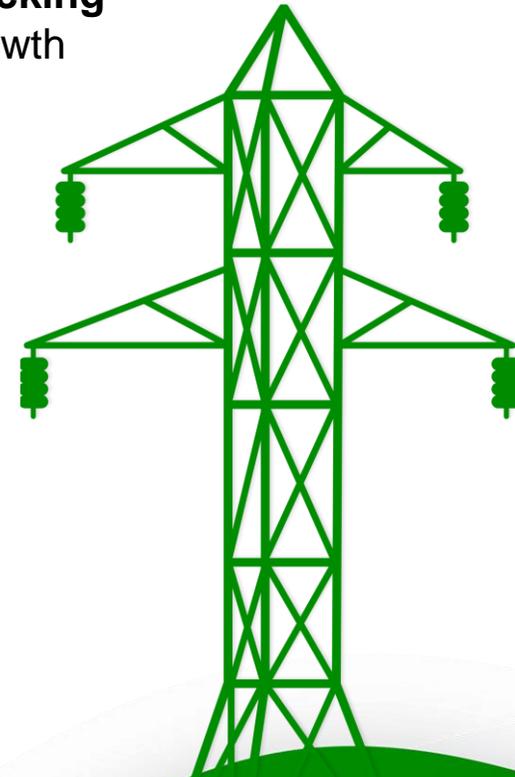
Digitalization

New **wave of operational excellence** through advanced analytics and automation



Evolving market design

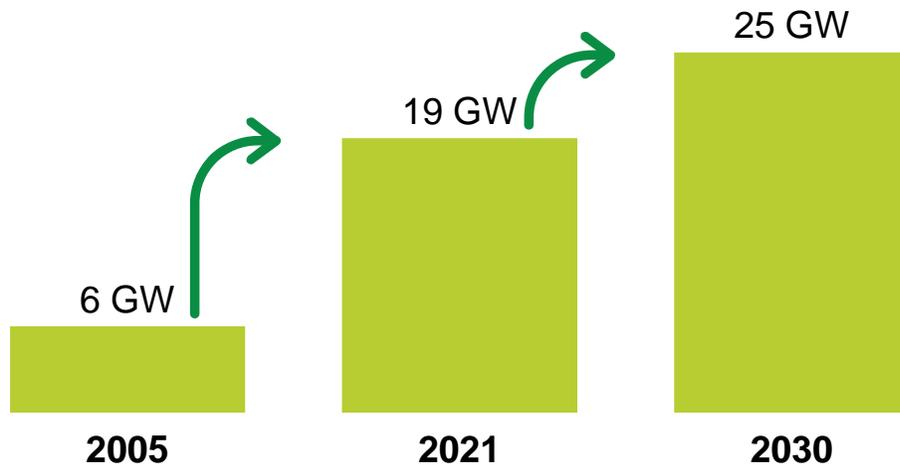
Alternative remuneration schemes benefiting output focus



REN secured green transformation in Portugal

REN has enabled green sources to grow in Portugal...

Installed capacity of renewables



REN's investment of >3.1B€ to electricity grid maintenance and expansion allowed Portugal to be a clear leader in EU (~50% of electricity volume from green sources in 2020 YE for Portugal vs. ~35% for Europe)

... while keeping a stable and reliable service

+460 M€

Domestic capex in 2018-20



24 days

of 100% renewable energy in 2020



0.00 min

of gas supply interruption duration per offtake in 2020



0.03 min

of electricity average interruption time in 2020



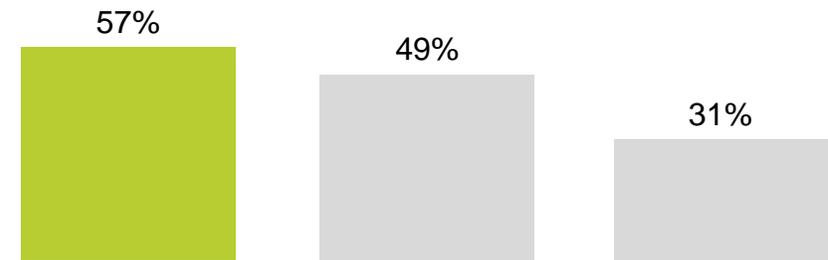
REN successfully met 2018-21 Business Plan targets and provided solid returns to investors

Average results met 2018-21 BP yearly targets

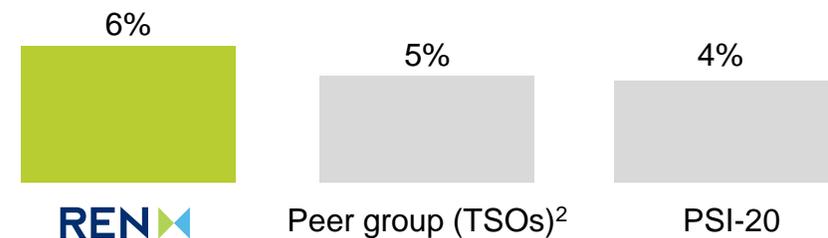
EBITDA M€	475-500	✓
Net profit M€	110-115	✓
Net debt B€	2.7-2.9	✓
Domestic capex¹ M€	120-145	✓

REN achieved key regulatory efficiency targets, with stability remaining a guiding principle of the regulation going forward

Total shareholder return (2015 to Apr. 21)



Dividend yield (2015 to 2019)

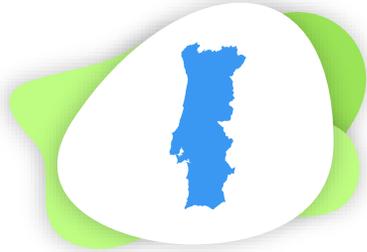


1. Capex at total costs (including capitalized own works); excludes Transemel organic capex

2. Considering 5 reference European TSO peers

Source: Bloomberg

REN displaying reliable and consistent performance for all stakeholders



Economy

~4 B€

invested in Portuguese infrastructure since 2005

~95%

of payments directed to national suppliers / industry partners

~40%

average effective tax rate vs. 23% for top PSI-20 in 2018-19



Society

~11 M

people connected to grid with no material interruption time

+1 M

trees of indigenous species planted since 2010

>39,000 hectares

of forest cleaning in the last 7 years



People

~700

employees in stable team (>65% with bachelor degree)

+1,300

indirect collaborators (service providers and contractors)

Commitment

kept with industry partners, even during challenging times (Covid)

REN will enhance its journey through 3 strategic pillars

ESG highest standard



At the core of energy transition

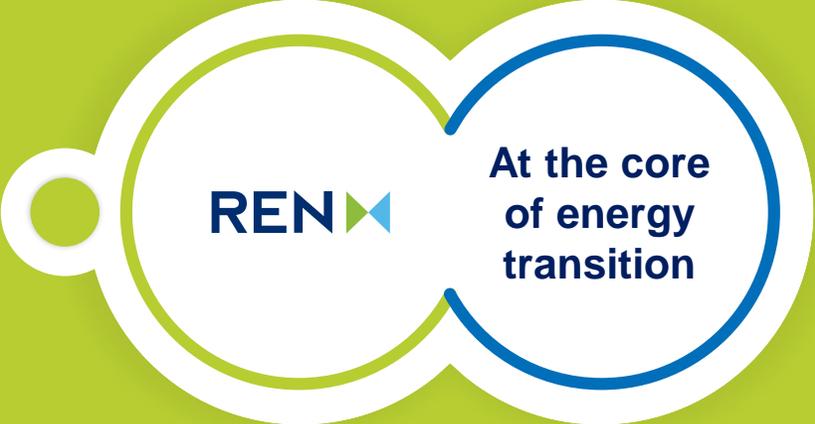
Investment growth story, delivering superior service quality



Solid financials and sustainable shareholder returns

REN will enhance its journey through 3 strategic pillars

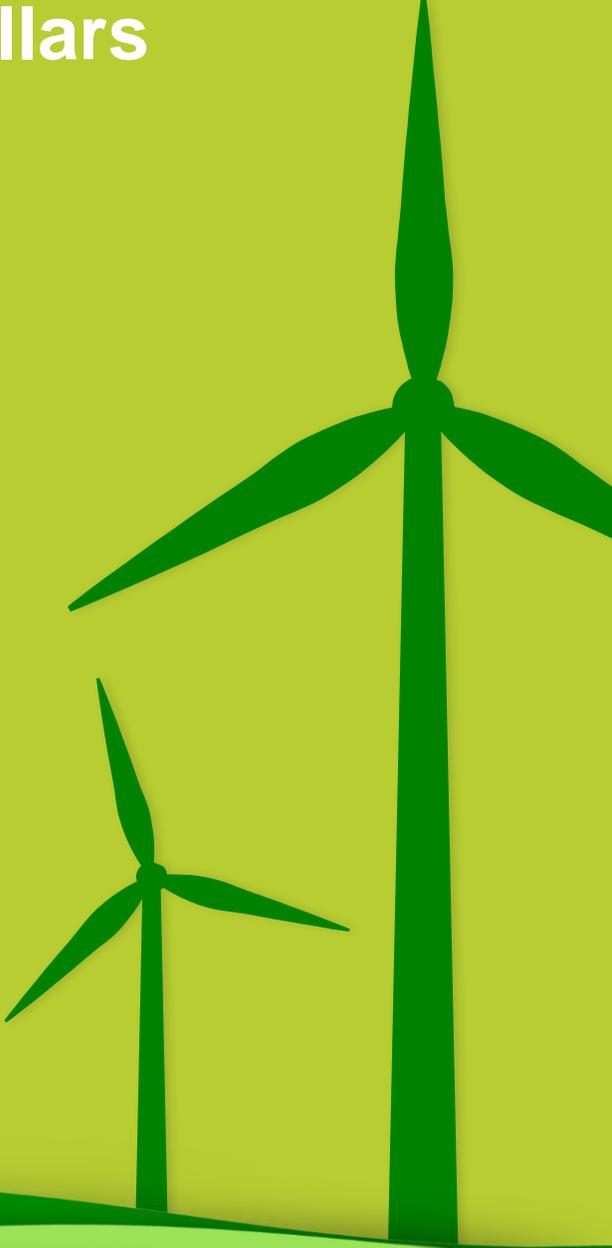
ESG highest standard



Strong and recognized track record



Clear and ambitious new targets



REN remains committed to UN's Sustainable Development Goals, engaging in several initiatives



Environmental



Education | Environmental and biodiversity educational initiatives
Reforestation | Reforestation of right of way with native species
Climate | Subscription to UN Business Ambition for 1.5°C, to limit global warming



Social



Gender Equality | In 2020, REN had 27% of women in management positions
Training | In 2020, REN ran courses for its employees for a total of ~25k hours
Social initiatives | Close relationship with local communities through CSR programs design to address social issues



Governance



United Nations Global Compact | Founding member, REN adopted 10 principles
CEO Guide to Human Rights BCSD Portugal | Defense of human rights

Efforts already recognized by ESG rating agencies

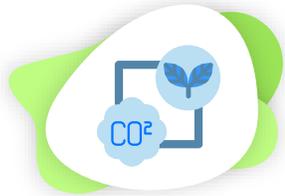


Environmental



Social & Governance

2019: >258,000 TON CO₂ emitted¹



-50% CO₂ emissions¹
by 2030 vs. 2019

Carbon neutral
by 2040



>1/3 of women in 1st line
management positions by 2030



Increasing ESG weight in
managers' performance
metrics already by 2022



100% of new bond emissions
to be **green**

1. Scope 1+2 (reduction not including Chile and Portgás)

REN will enhance its journey through 3 strategic pillars

ESG highest standard



At the core of energy transition

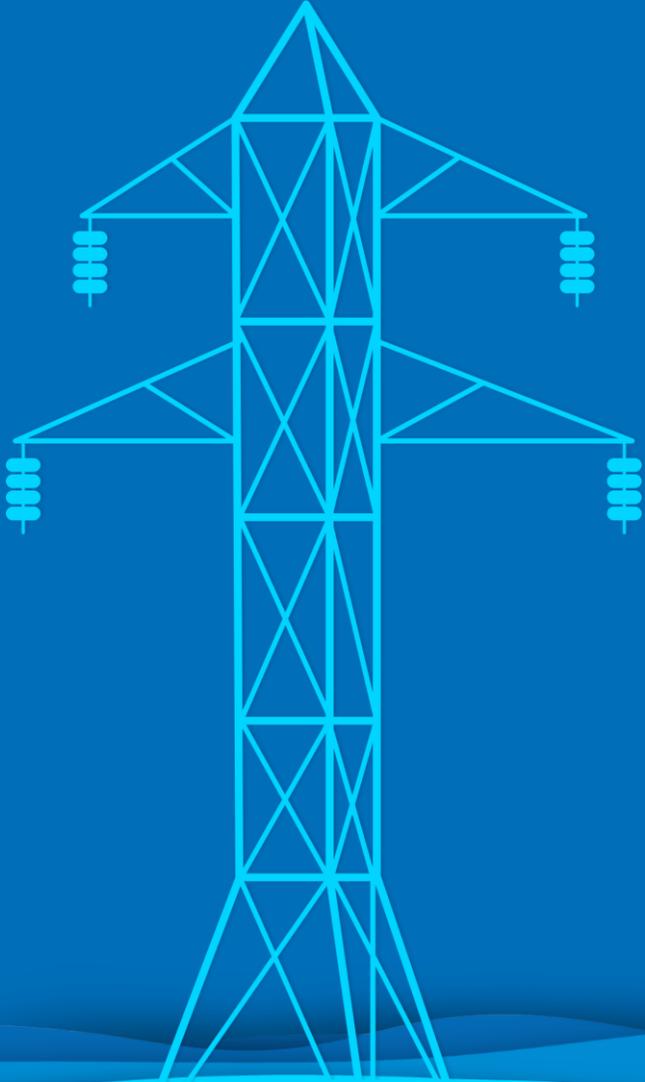
Investment growth story, delivering superior service quality



Solid financials and sustainable shareholder returns



REN will enhance its journey through 3 strategic pillars



**Investment
growth story,
delivering superior
service quality**



**Strong growth
driven by
electrification**



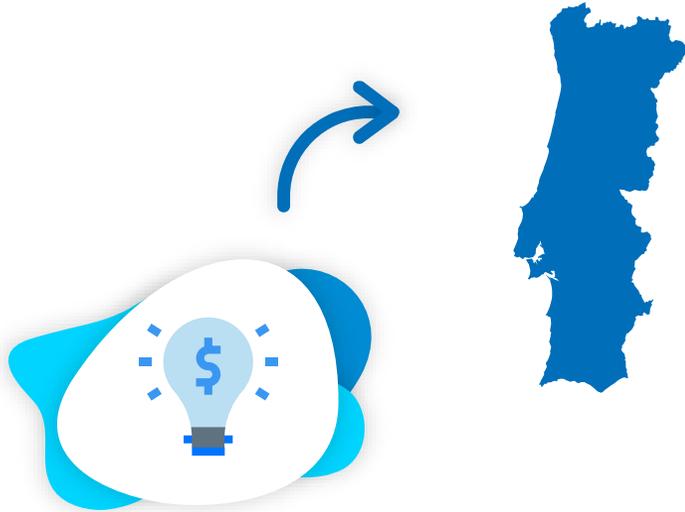
**Decarbonization
of gas grids
through H₂**



**Resilience and
innovation
deployment**

REN pushing for investment growth in Portugal and Chile

Average annual capex, M€



Up to 40%

Increase in **domestic avg. annual capex** vs. last strategic cycle



2018-20



2021-24



- Electricity
- Gas transmission
- Gas distribution

+900M€

to be invested in 2021-24

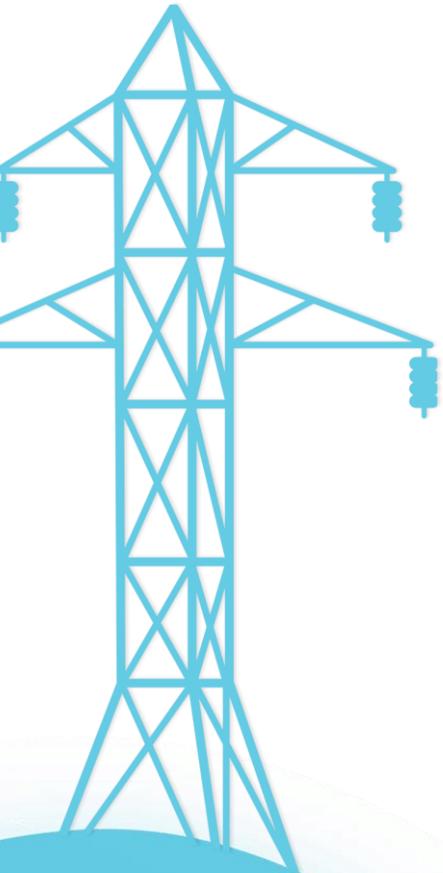


+2x

Growth in **international avg. annual capex** vs. last strategic cycle

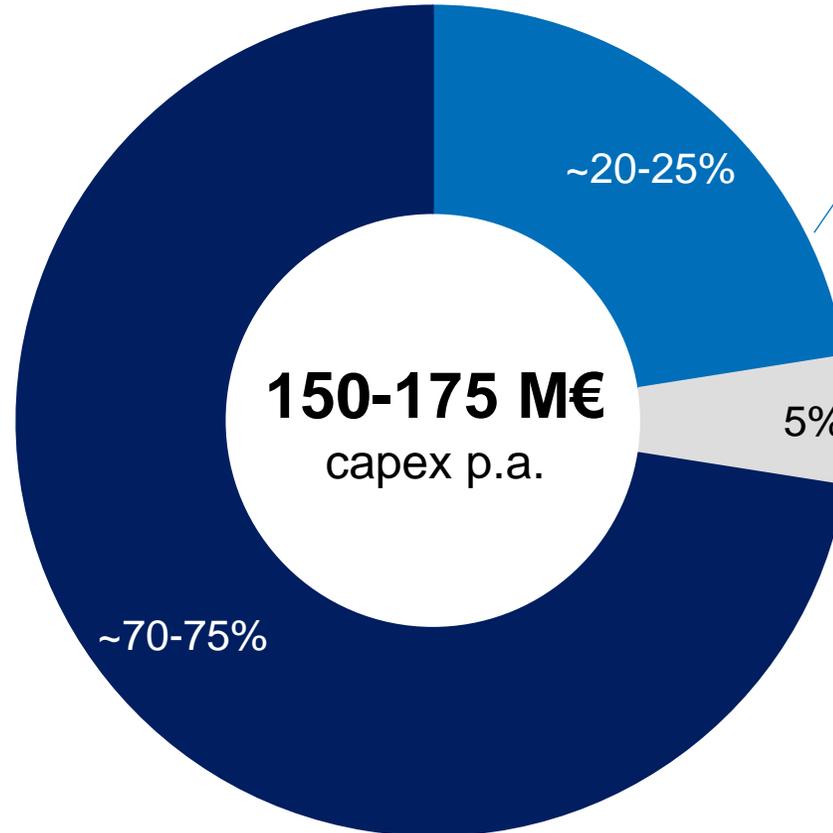


REN allocating up to 75% of electricity capex to expansion



Expansion

To accommodate new renewable resources



Modernization, resilience and climate change adaptation

To deliver a resilient service and keep efficiency and quality

Other

10% in digitalization transversal to topics above

REN doubling-down on green energy enablement by connecting renewables



Solar

~3.5 GW

direct agreements – negotiated between REN and **solar PV promoters**

~1.6 GW

solar projects recently awarded in **regulated auctions**

+

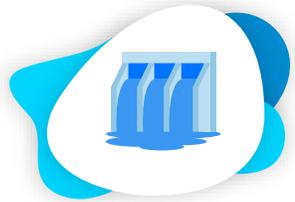


Wind

~1.4 GW

onshore (~1.2 GW), including repowering, and **offshore projects** (up to 0.2 GW)

+



Hydro

~1.2 GW

connection of the **Tâmega hydro plant** in 2021-23



REN will enable growth in renewable energy sources while maintaining security of supply as priority in a context of coal phase out

REN aims to ensure gas decarbonization in the next decade and lead H₂ adoption leveraging sector coupling experience



Strong national decarbonization targets with an H₂ plan focused on establishing mechanisms for initial projects, while maintaining grids as a key piece to sustain security of supply

~60% GHG gases reduction by 2050 vs. 1990 emission levels

+10% Blending of H₂ in gas grids by 2030

REN will lead H₂ deployment in Portugal

2026

Make H₂ a reality for tomorrow

5%

Target H₂ blending into grid

33%

Of total gas capex transmission dedicated to investment in H₂ projects, representing ~40M€

2030

Pave the next wave for gas

10-15%

Potential H₂ blending into grid

Investment in additional opportunities
(H₂ dedicated pipes in industrial clusters, charging stations and debundling solutions)



Portgás preparing grid compatibility with green gases to deliver H₂ transformation to the final consumer and industries, while participating in related European forums

Internationally, REN is committed to Chile and intends to contribute for the country's decarbonization



Chile is decarbonizing fast, with an ambitious green H₂ agenda and expected grid expansion



~40 GW of additional RES dedicated to H₂ production until 2030



< 2 USD/kg H₂ for levelized cost of green hydrogen, achieving the lowest value globally by 2030



~3,000 km of additional line length to support renewables growth until 2025

REN's diversified and growing portfolio



Present in **regions favorable to solar PV and green H₂ development**, namely in the north
Strong **organic growth** momentum



Gas to remain **key element** to enable **energy transition**
Growing **natural gas consumption**, including residential sector

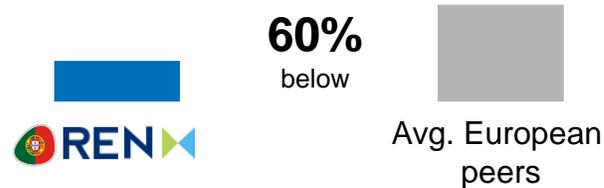


Leading player in operational performance, while planning concrete investments in resilience to keep strong positioning

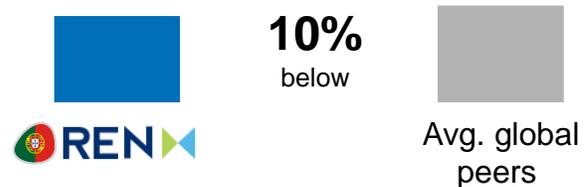
Electricity

Service level in line with or outperforming peers

Line cost



Substation cost



Natural gas transmission

Opex on pipelines



Resilience and quality

Reinforcement with new overhead lines

Refurbishment of overhead lines to increase resilience to "ice sleeves"

Vegetation management

Innovative and digital enabled

Digital substations upgrade and deployment to boost extended automation

5G nano-sensors for asset monitoring and integrity

Transformers monitoring through analytical models

Enterprise solutions to facilitate new ways of working

EV charging patent to connect directly to transmission grid

AR¹/VR² for field force training and safety

AR¹ for planning, design and vegetation mgmt.

Integrated forest and fire mgmt. using real time data

Up to 10% of electricity capex related to digital initiatives, properly backed with strong cybersecurity

1. Augmented reality | 2. Virtual reality

Source: ITOMS 2019 (maintenance and refurbishment activities); Gas transmission benchmarking initiative 2019; LNG receiving terminals benchmarking 2019

REN will enhance its journey through 3 strategic pillars

ESG highest
standard

REN 

At the core
of energy
transition

Investment
growth story,
delivering superior
service quality

Solid financials
and sustainable
shareholder returns



REN will enhance its journey through 3 strategic pillars



**Solid financials
and sustainable
shareholder returns**



**Capex growth
and RAB stability**



**Solid P&L
metrics**



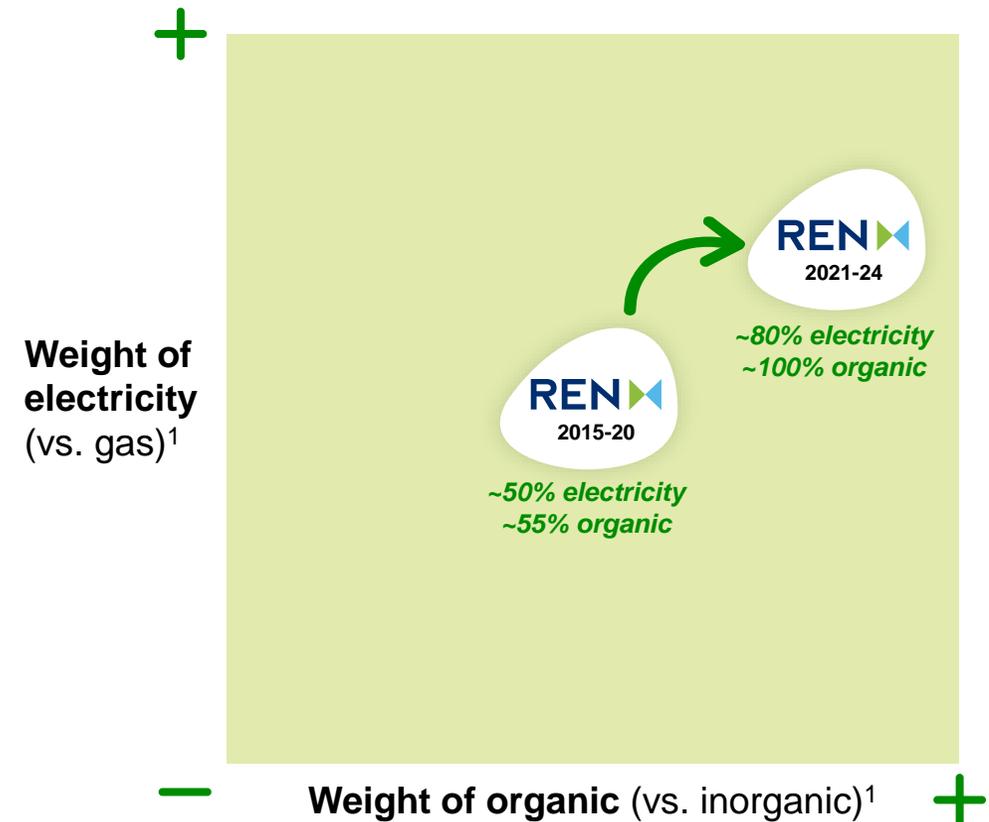
**Strong credit
ratings**



**Attractive and
sustainable returns**

Portfolio re-alignment
with shift towards
electricity to respond to
current market trends
and demand changes
from society

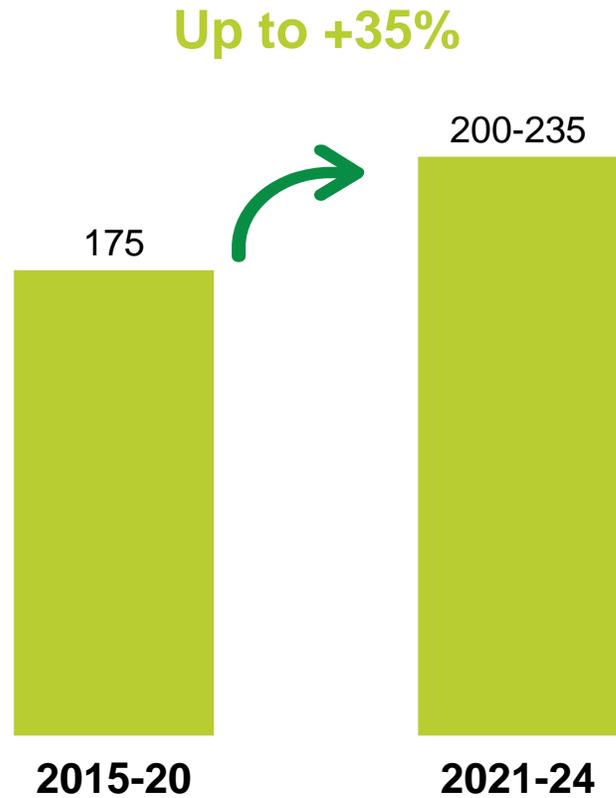
Capital allocation



1. In total investment

Strong capex level aligned with strategy, leading to stable RAB

Total capex, M€



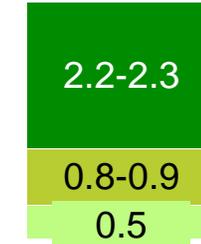
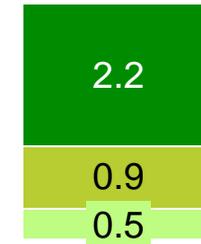
Total assets, B€



3.9

3.9-4.0

Domestic assets, B€



Electricity

Gas transmission

Gas distribution

Chilean assets¹, B€



0.2

0.3

Other holdings², B€

0.2

0.2

2020

2021-24

1. Transemel and Electrogas | 2. REE and Cahora Bassa share

Steady regulatory framework with actions taken to mitigate effect of current macroeconomic context



**Stable regulation
complemented with
incentive mechanisms¹**



Adequate regulatory period for electricity and natural gas, during which relevant **parameters' calculation remain constant**

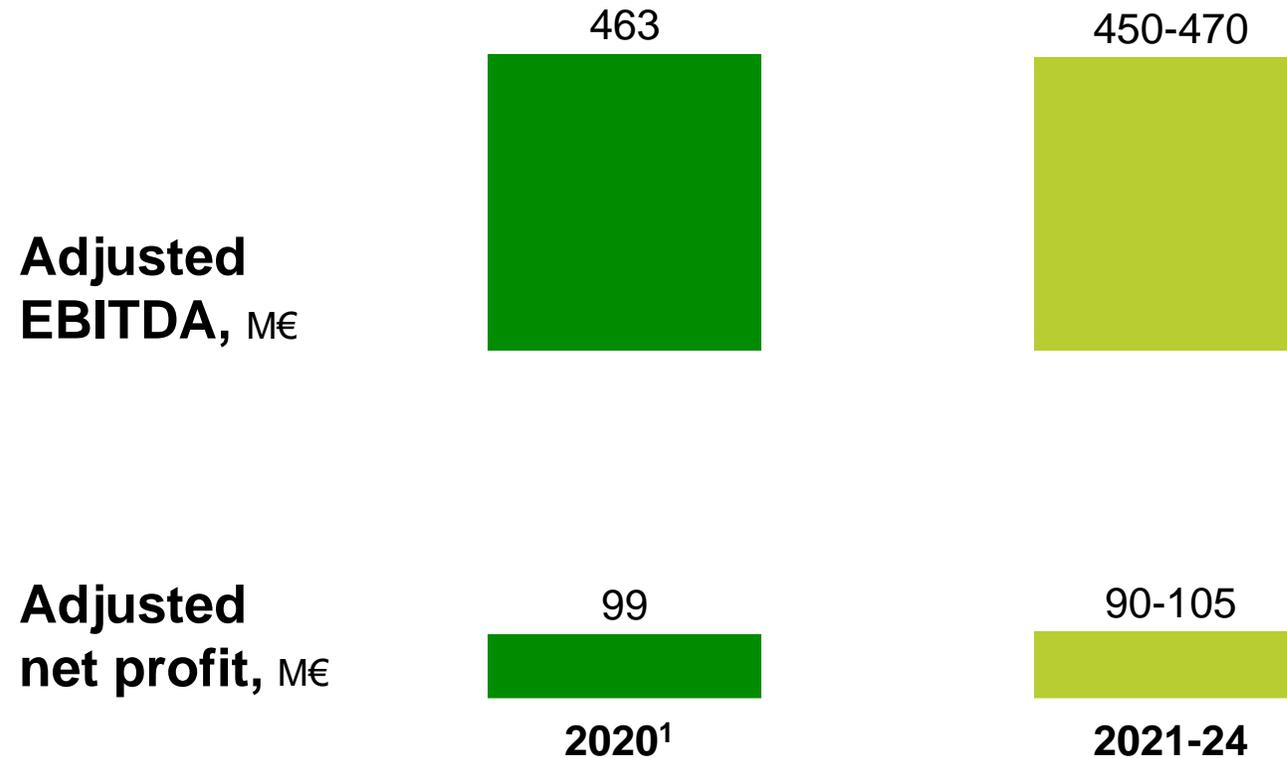
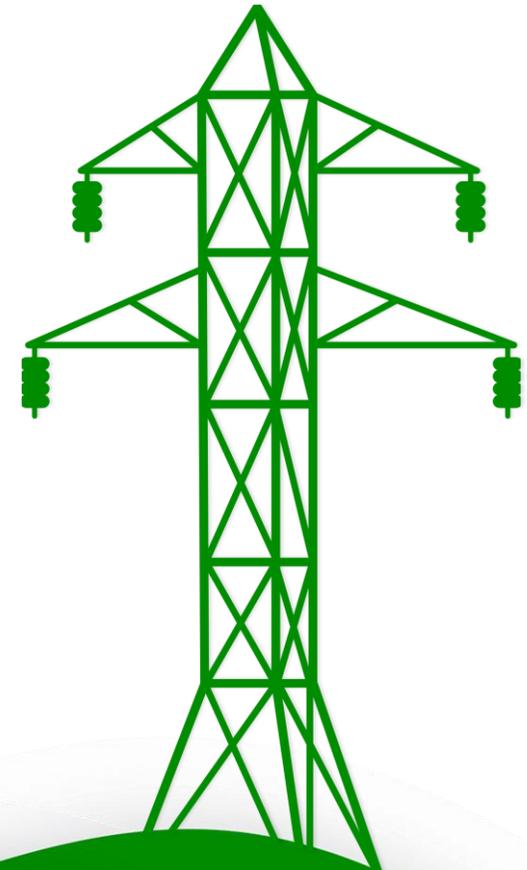


Suitable efficiency targets and incentives mechanism¹ to promote operational performance and assets' life extension

Given current macroeconomic context of historically **low yields**, REN is **taking action** to manage the consequent **effect on financial results** through **capex expansion**, focus on **efficiency** and evolution of **portfolio mix**

1. In electricity business

REN able to preserve solid performance in EBITDA and net profit



1. EBITDA and net profit adjusted for non-recurring impacts from incentives and taxation

Our goals remain the same, translating into a prudent financial strategy...



Optimize cost of debt



Protect net profit



Credit rating

Strictly committed to **investment grade**



Liquidity

Funding needs fully covered for the next **>24 months**



Interest and exchange rate risk

Use **fixed** and **floating mix** to align duration with regulatory periods
Exchange rate risk from Chilean operation **covered**



Green funding

100% new bond funding to be **green**

... and resulting in robust debt management

FFO/ Net debt, %

11-13%

12-14%

beyond 2022 (~11% in 2021)

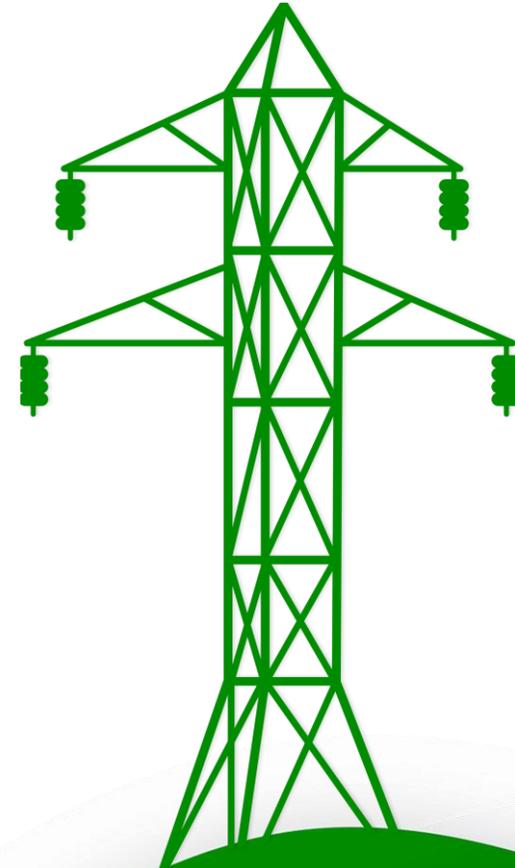
Net debt, B€

2.8-2.7

2.7-2.5

2018-20

2021-24



REN has maintained a clear dividend policy



Predictable

Dividend fixed
at 0.171€ since 2013



Attractive

Avg. dividend yield since 2015
above reference peers' average
and 10Y gov. bond yields



Sustainable

Cash flow dividend payout of
~30% since 2015 and below
reference peers' average

Net income payout increasingly pressured by CESE

In order to manage risk and remove uncertainty, REN has revised its dividend policy over 2021-24

Revised dividend policy for 2021-24 cycle



Dividend floor at 0.154€/share



Implementation of a **bi-annual dividend distribution policy** in 2022 (starting at the end of year)



Aim for a **payout below 100%**, while considering that **potential uplift** to DPS may occur if there are material **net income upsides**



Predictable



Attractive



Sustainable

REN has a strong equity story, complemented with clear KPIs commitment for 2021-24

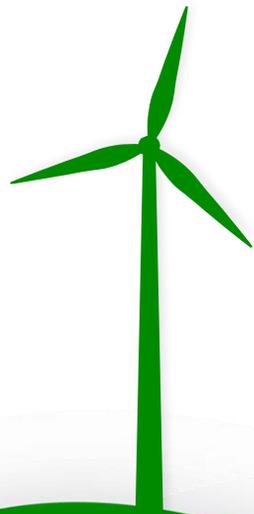
- ✓ Growth in **electricity** sector and in **organic** investment weight
- ✓ **Stable regulatory** framework
- ✓ Prudent funding strategy committed to **investment grade**
- ✓ **Attractive shareholder return**

Capex	Assets
200-235 M€	3.9-4.0 B€

EBITDA
450-470 M€

Net debt	FFO / Net debt
2.7-2.5 B€	12-14% beyond 2022

Net profit	DPS floor
90-105 M€	0.154€



REN will enhance its journey through 3 strategic pillars

ESG highest
standard

REN 

At the core
of energy
transition

Investment
growth story,
delivering superior
service quality

Solid financials
and sustainable
shareholder returns



REN will commit to ambitious new targets – **carbon neutrality** by 2040 (and **-50% CO₂ emissions** by 2030), increased **diversity**, implementation of **ESG incentivization** and pledge to **100% green financing**



REN will double down on **electrification** and lead the **decarbonization** of the grids through **H₂ enablement**, while strengthening **resilience** and **digitalization**



REN will deliver solid **capex growth**, leading to a **steady RAB**, while maintaining commitment to **investment grade** and **sustainable investor returns**

REN will remain at the core of energy transition reinforcing its ESG standards and delivering growth, superior operational performance and solid financials

Muito obrigado

Please visit our website at www.ren.pt or our investors' app:

