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

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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
Our world is evolving and companies are adapting

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)

Source: Paris Agreement; European Green Deal; Hydrogen Council; World Energy Outlook; OECD/IEA 2019; Bloomberg
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

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>Achieved</th>
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<tbody>
<tr>
<td>EBITDA</td>
<td>€475-500</td>
<td>✔</td>
</tr>
<tr>
<td>Net profit</td>
<td>€110-115</td>
<td>✔</td>
</tr>
<tr>
<td>Net debt</td>
<td>€2.7-2.9</td>
<td>✔</td>
</tr>
<tr>
<td>Domestic capex¹</td>
<td>€120-145</td>
<td>✔</td>
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REN achieved key regulatory efficiency targets, with stability remaining a guiding principle of the regulation going forward

Total shareholder return (2015 to Apr. 21)

- 57%
- 49%
- 31%

Dividend yield (2015 to 2019)

- 6%
- 5%
- 4%

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

At the core of energy transition

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
REN is stepping up and accelerating its ESG commitment

**Environmental**

- **2019:** >258,000 TON CO₂ emitted¹
- **-50% CO₂ emissions¹** by 2030 vs. 2019
- **Carbon neutral by 2040**

**Social & Governance**

- >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

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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

+900 M€
to be invested in 2021-24

2018-20
156
118
25
13

2021-24
190-220
150-175
25
15-20

+2x
Growth in international avg. annual capex vs. last strategic cycle

8
10-15
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

150-175 M€ capex p.a.

~70-75%

~20-25%

5%
REN doubling-down on green energy enablement by connecting renewables

- **Solar:**
  - ~3.5 GW
  - Direct agreements – negotiated between REN and solar PV promoters

- **Wind:**
  - ~1.6 GW
  - Solar projects recently awarded in regulated auctions
  - ~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

2030

Pave the next wave for gas

10-15% Potential H₂ blending into grid

33% Of total gas capex transmission dedicated to investment in H₂ projects, representing ~40M€

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

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

Source: National Low Carbon Roadmap (2050); Hydrogen National Plan (2020)
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.

Source: National Green H₂ Strategy (2020); BloombergNEF; CDEC SIC.
### Leading player in operational performance, while planning concrete investments in resilience to keep strong positioning

#### Electricity

*Service level in line with or outperforming peers*

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<thead>
<tr>
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<tbody>
<tr>
<td>Line cost</td>
<td>60% below</td>
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<tr>
<td>Substation cost</td>
<td>10% below</td>
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**Resilience and quality**

<table>
<thead>
<tr>
<th>Action</th>
<th>Description</th>
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<tbody>
<tr>
<td>Reinforcement</td>
<td>Reinforcement with new overhead lines</td>
</tr>
<tr>
<td>Refurbishment of overhead lines</td>
<td>Refurbishment of overhead lines to increase resilience to “ice sleeves”</td>
</tr>
<tr>
<td>Vegetation management</td>
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**Innovative and digital enabled**

<table>
<thead>
<tr>
<th>Technology</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital substations</td>
<td>Upgrade and deployment to boost extended automation</td>
</tr>
<tr>
<td>5G nano-sensors for asset monitoring and integrity</td>
<td></td>
</tr>
<tr>
<td>Transformers monitoring through analytical models</td>
<td></td>
</tr>
<tr>
<td>Enterprise solutions</td>
<td>To facilitate new ways of working</td>
</tr>
<tr>
<td>Integrated forest and fire mgmt.</td>
<td>Using real time data</td>
</tr>
</tbody>
</table>

**Natural gas transmission**

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Avg. European Peers</th>
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</thead>
<tbody>
<tr>
<td>Opex on pipelines</td>
<td>50% below</td>
</tr>
</tbody>
</table>

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

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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

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
REN evolving its equity story, prioritizing organic investments

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

Capital allocation

Weight of electricity (vs. gas)$^1$

- $\sim50\%$ electricity
- $\sim55\%$ organic

Weight of organic (vs. inorganic)$^1$

- $\sim80\%$ electricity
- $\sim100\%$ organic

1. In total investment
### Strong capex level aligned with strategy, leading to stable RAB

**Total capex, M€**

- **2015-20**: 175
- **2021-24**: 200-235

**Up to +35%**

<table>
<thead>
<tr>
<th>Segment</th>
<th>2020</th>
<th>2021-24</th>
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<tbody>
<tr>
<td>Domestic assets, B€</td>
<td>2.2</td>
<td>2.2-2.3</td>
</tr>
<tr>
<td>Gas transmission</td>
<td>0.9</td>
<td>0.8-0.9</td>
</tr>
<tr>
<td>Gas distribution</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Chilean assets(^1), B€</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Other holdings(^2), B€</td>
<td>0.2</td>
<td>0.2</td>
</tr>
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</table>

**Total assets, B€**

- **2020**: 3.9
- **2021-24**: 3.9-4.0

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1. Transemel and Electrogas  
2. REE and Cahora Bassa share
Steady regulatory framework with actions taken to mitigate effect of current macroeconomic context

- **Adequate regulatory period** for electricity and natural gas, during which relevant parameters’ calculation remain constant
- **Suitable efficiency targets** and incentives mechanism\(^1\) 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

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1. In electricity business
REN able to preserve solid performance in EBITDA and net profit

Adjusted EBITDA, M€
- 463

Adjusted net profit, M€
- 99
  - 2020¹
  - 90-105
  - 2021-24

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**
  - 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**

- **Protect net profit**
... 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**
  2018-20
- **2.7-2.5**
  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

<table>
<thead>
<tr>
<th>Feature</th>
<th>Capex</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth in electricity sector and in organic investment weight</td>
<td>200-235 M€</td>
<td>3.9-4.0 B€</td>
</tr>
<tr>
<td>Stable regulatory framework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prudent funding strategy committed to investment grade</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attractive shareholder return</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net debt</td>
<td>2.7-2.5 B€</td>
<td>12-14% beyond 2022</td>
</tr>
<tr>
<td>FFO / Net debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>90-105 M€</td>
<td>0.154€</td>
</tr>
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</table>
REN will enhance its journey through 3 strategic pillars

- ESG highest standard
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Closing remarks

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: