REN

Results Presentation

REN 1Q22

20th May 2022

AGENDA

1. Overview of the period

2. Business performance

3. Closing remarks

1. Overview of the period

KEY MESSAGES

1Q22

EBITDA grew 3.5% YoY to €118.4M, reflecting the positive performance of both domestic and international operations.

Domestic EBITDA improvement driven by: (1) the positive impact from **TOTEX revenues[1] (+€5.1M)**; (2) the increase in Opex Revenues (+€1.2M); (3) higher remuneration from RAB (+€0.7M). However, these were offset by **lower regulated incentives** in the electricity business **(-€4.4M)** and higher core opex (+€1.7M), due to higher electricity costs.

Positive international business contribution, with **EBITDA growing +€2.1M**, with Transemel representing +€1.2M.

Net Profit improved to €6.0M (an increase of 32.6% versus 1Q21), mostly due to **EBIT improvement** (+€2.0M) **and better Financial Results** (+€1.3M), partially offset by higher taxes (+€0.9M) and higher levy (+€0.9M), following the increase in regulated asset base. 1Q still impacted by full amount of yearly energy sector levy.

Capex decreased €4.5M to €27.3M (vs €31.8M in 1Q21). **Transfers to RAB** were down €3.7M vs 1Q21, mostly driven by the electricity and gas transmission businesses (which decreased €4.1M), partially offset by the increase in Natural Gas Distribution (+€0.4M).

Renewable energy sources (RES) reached **48.8%** of total supply (approx.-29.9pp than in 1Q21), due to the reduced availability of renewable energy, partially attributed to the severe drought. Electricity **consumption increased** by 1.3% whilst **natural gas consumption grew** by 6.6%.

High quality of service delivered during the first three months of the year. The **level of energy transmission losses decreased** relatively to the previous year and the **gas combined availability rate remained at full capacity**.

1 Includes RAB remuneration and amortizations, as well as opex recovery in electricity transmission activity. This comes as a result of the new remuneration model based on Totex, introduced in 2022, for the Electricity Transmission activity, under which REN's Opex and Capex is remunerated through a fixed annual amount defined by the regulator for the entire regulatory period, from 2022 to 2025.

SECTOR OVERVIEW

Commitment to hydrogen infrastructure and energy transition

Hydrogen Readiness

- **Relevant national gas infrastructures must become hydrogen ready according to the Portuguese law, to allow H_2 and natural gas blends up 5% in 2025 and 10-15% in 2030. REN created a Task Force (TF H2REN) to identify** and carry out the required activities and investments to ensure that its gas transmission, storage and distribution facilities will be compliant with natural gas & hydrogen blends up to 10% until 2023.

Exceptional setting of electricity tariffs from 1 July 2022

- According to ERSE this exceptional review of tariffs in 2022 is essential to ensure greater tariff stability in the face of the current context of high volatility and high price in the wholesale electricity market. This review intents to mitigate the energy cost impact in consumer bills, through the reduction of the Network Access tariffs.
- This reduction is made possible by the early return to consumers of the higher than expected returns from electricity production under the special regime (PRE) and with the Power Purchase agreement still under operation, as well as additional revenues from the greenhouse gas emission allowance auctions'.
- ERSE submitted to the Tariff Council (TC) the confidential documentation supporting its proposal for tariffs. The TC must issue an opinion on the proposal within 3 weeks, and it is up to ERS, to publish its final decision until 15th June. On 1st July, tariffs for the next six months will come into effect.

Proposal for natural gas tariffs 2022/2023

- ERSE submitted to the Tariff Council (TC) the confidential documentation supporting its proposal for tariffs and gas prices. The TC must issue an opinion on the proposal within 30 days, and it is up to ERSE to publish its final decision until 1st June. On October 1st, tariffs for the next year (which runs from 1st October 2022 to 30th September 2023) come into effect.
- As this is a regulatory intermediary year for gas, there are no relevant regulatory issues for REN.

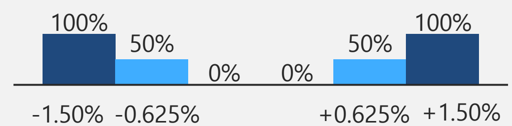
Energy Transition and renewable gas

- **REN applied to the Last Phase of the Portuguese Recovery and Resilience Plan (PRR)** with the "H_2 Green Valley" Agenda, for the development of a Green H_2 ecosystem in Sines with relevant partners, Dianagás, Bosch, Hylab, INL and IST, just to name a few. This project focuses on pure H_2 and could be complemented by an integrated storage to improve flexibility for H2 producers and consumers. The Final proposal was submitted on the 13th April and a decision is expected in 2Q.

NEW ELECTRICITY REGULATION

For the regulatory period 2022-2025, ERSE established a TOTEX model – a revenue cap applied to total controllable costs

Electricity Revenues 2022-25[1]

	Overview	Detail
Revenue Cap for TOTEX (CAPEX + OPEX)	▪ REN recognizes in the income statement the **annual rent fixed by the regulator for the entire regulatory period**, which aims to remunerate both the OPEX and CAPEX ▪ The rent value is **updated annually according to its cost drivers namely the RoR.** An efficiency factor is set for new investments and Opex ▪ **Accounting recognition methodology was discussed with REN's external auditor**	**The annual remuneration starts at 264.3M€** and is updated according to: ✓ RoR indexed to **10Y PGB yields** (including 2022) ✓ Annual change of **Inflation**[2] (from 2023 onwards) ✓ Annual **efficiency factor** of 1.5% (from 2023 onwards) ✓ **Volume drivers** (Km of network and power producer connections; including 2022)
+ **Efficiency Sharing Mechanism**	▪ The mechanism application is only closed at the end of the regulatory period. ▪ In the next regulatory cycle, REN may **share gains or losses with consumers** ▪ **During the period, REN may recognize contingent assets or liabilities** in order to reflect potential gains or losses as a result of the mechanism ▪ **No efficiencies have been recorded into REN's accounts** under this mechanism. The best estimate should be registered near the end of the regulatory cycle	**Efficiencies are shared progressively** (between 0%, 50% and 100%) and are measured against the reference return set by ERSE  *Efficiencies vs reference return set by ERSE*
+ **Incentives**	▪ New **Incentive to the Improvement of the TSO Technical Performance (IMDT)** based on performance metrics ▪ Incentive ranges between -20M€ and 20M€	✓ Equivalent **Interruption Time** ✓ Network and equipment **availability** ✓ **Interconnection** capacity targets From 2022 onwards

1. Excludes System Management activity 2. Annual change of Internal Basic Wholesale Price Index (annual change ending at 2nd quarter of year n-1);

2. Business performance

OPERATIONAL HIGHLIGHTS

REN

Quality of service remained high, despite the lower availability of renewables and the increasing importance of gas

Electricity

Consumption

13.2TWh ↑ 0.2 TWh (1.3%)

1Q21: **13.1TWh**

Energy transmission losses

1.8% ↓ 0.5pp

1Q21: **2.3%**

Line length

9,366km ↑ 334km (3.7%)

1Q21: **9,032km**

Renewables in consumption supply

48.8% ↓ 29.9pp

1Q21: **78.7%**

Average interruption time

0.06min ↑ 0.06min

1Q21: **0.00min**

Combined availability rate

99.1% ↓ 0.3pp

1Q21: **99.4%**

Gas Transmission

Consumption

16.0TWh ↑ 1.0TWh (6.6%)

1Q21: **15.0TWh**

Combined availability rate

100.0% = 0.0pp

1Q21: **100.0%**

Line length

1,375km = 0km (0.0%)

1Q21: **1,375km**

Gas Distribution

Gas distributed

1.9TWh ↓ 0.4TWh (17.1%)

1Q21: **2.2TWh**

Emergency situations with response time up to 60min

98.6% ↑ 0.3pp

1Q21: **98.3%**

Line length

6,148km ↑ 220km (3.7%)

1Q21: **5,928km**

NOTE: These figures are representative of the Portuguese activities alone

FINANCIAL HIGHLIGHTS

REN

Strong consolidation of Net Profit, mostly attributed to EBIT and Financial results improvement

EBITDA

€118.4M ↑ 4.0 (3.5%)

1Q21: **€114.4M**

Financial results

-€9.4M ↑ 1.3 (12.2%)

1Q21: **-€10.8M**

Net Profit

€6.0M ↑ 1.5 (32.6%)

1Q21: **€4.5M**

CAPEX

€27.3M ↓ 4.5 (14.1%)

1Q21: **€31.8M**

Average RAB[1]

€3,660.1M ↑ 118.9 (3.4%)

1Q21: **€3,541.2M**

Net Debt

€2,098.7M ↓ 449.3 (17.6%)

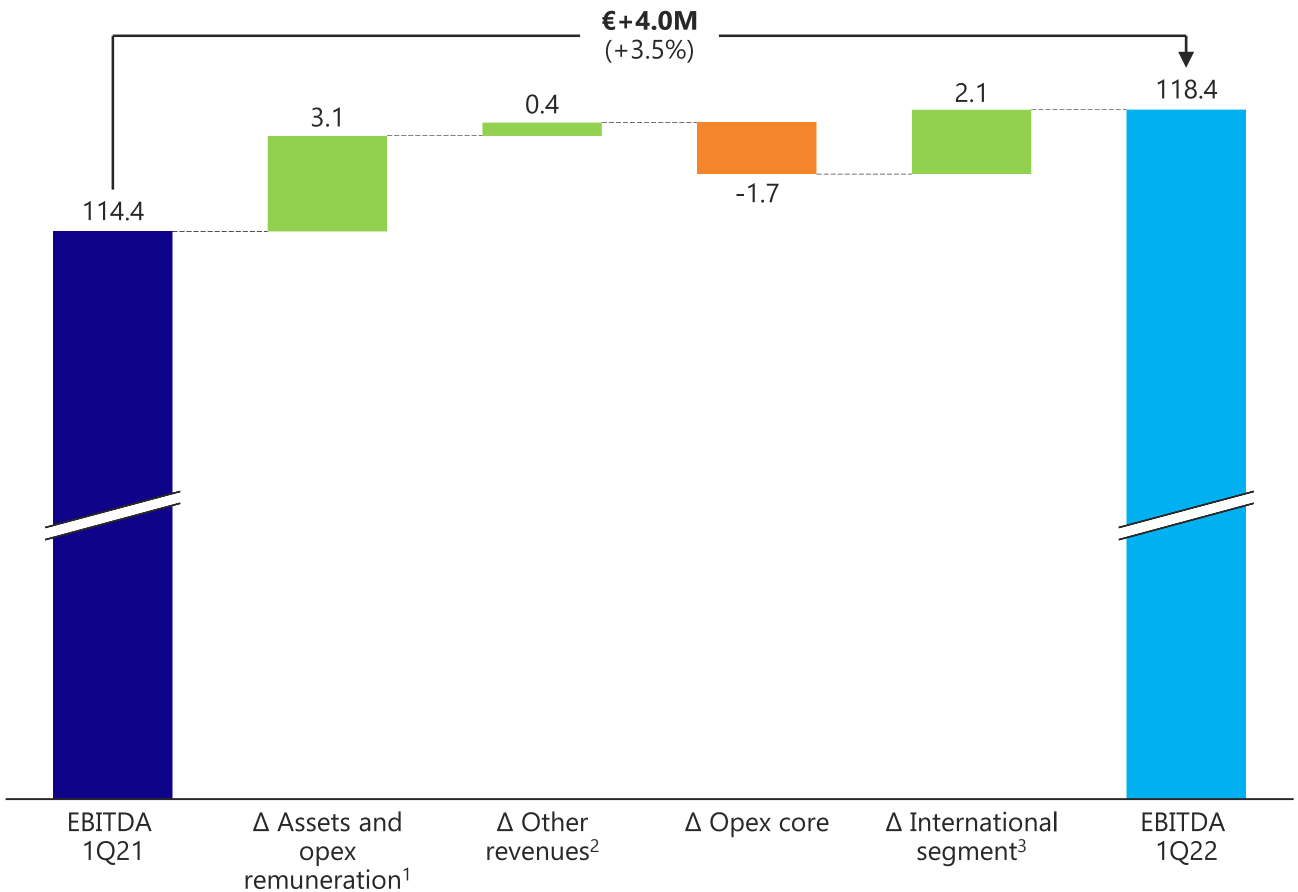
1Q21: **€2,547.9M**

1 Refers only to Domestic RAB

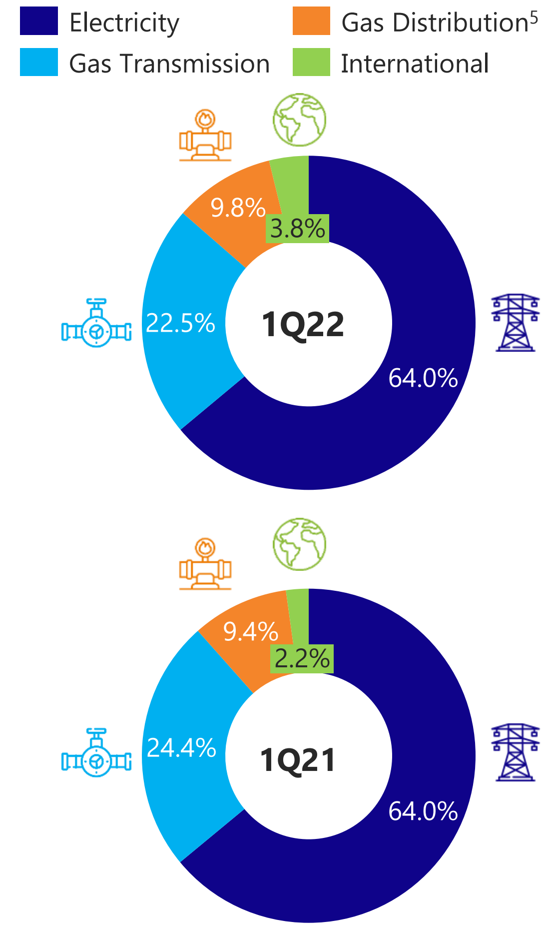
CONSOLIDATED VIEW

Increase in EBITDA driven by assets and opex in domestic business and by international business performance

EBITDA evolution breakdown €M



EBITDA contribution by business segment[4] %

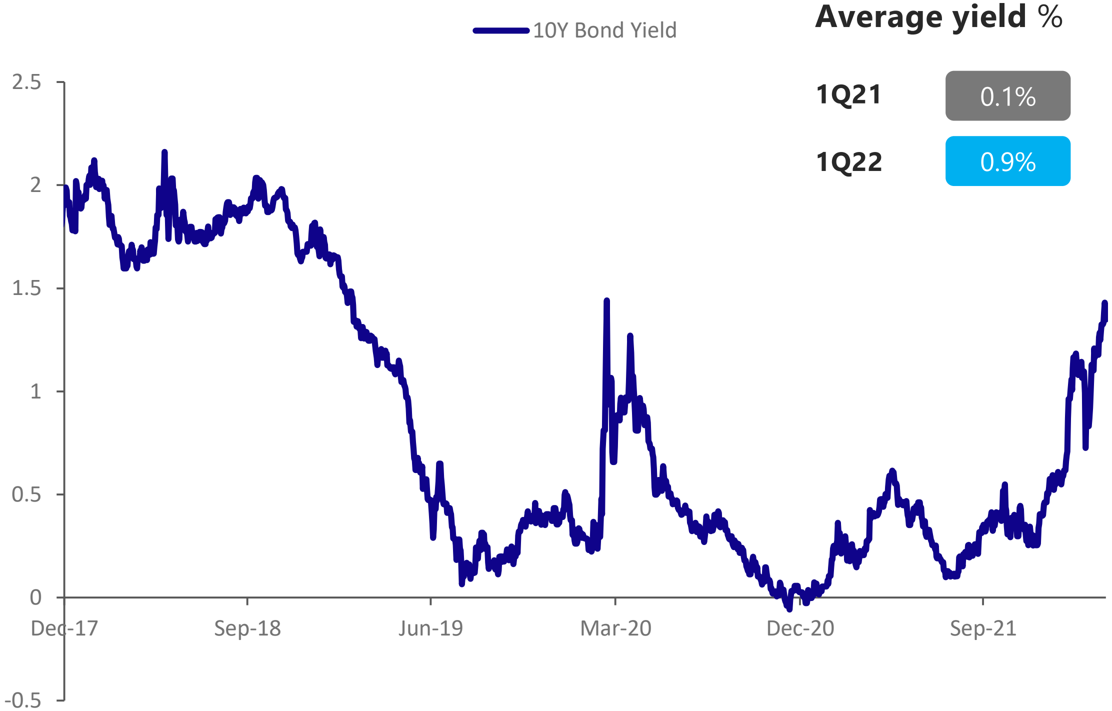


1 Includes electricity regulatory incentives (in 1Q21 €6.3M from the Incentive for the Rationalization of Economic Investments, and in 1Q22 €1.9M from the Incentive to the Improvement of the TSO Technical Performance) and excludes Opex remuneration related to pass-through costs | 2. Includes REN Trading incentives, telecommunication sales and services rendered, interest on tariff deviation, consultancy revenues and other services provided, OMIP and Nester results | 3. Includes Apolo SpA and Aerio Chile SpA costs | 4 Excludes the segment “Other”, which includes REN SGPS, REN Serviços, REN Telecom, REN Trading, REN PRO and REN Finance B.V. | 5 Refers to Portgás

DOMESTIC BUSINESS

Upward trend in 10Y Treasury bond yields matching the yield in March 2020

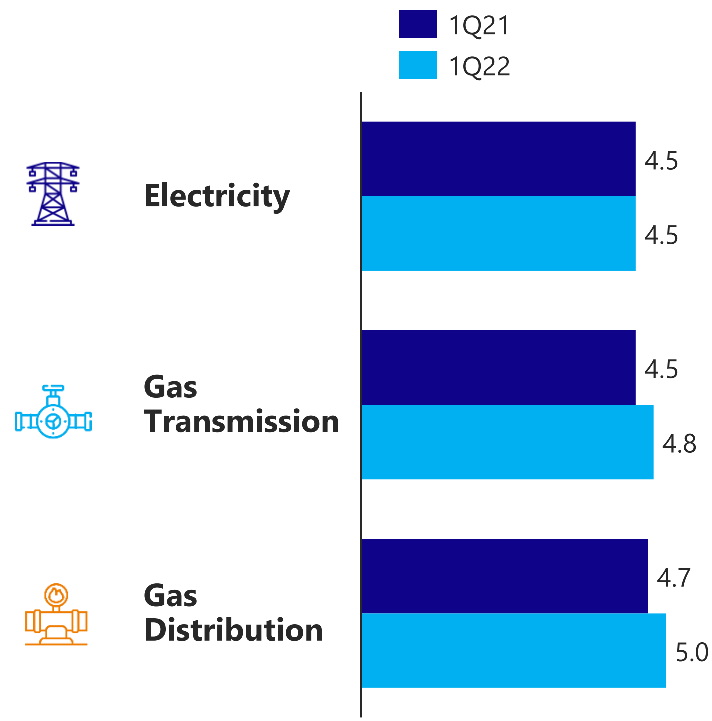
Portuguese 10Y Treasury Bond Yields %



Average yield %

1Q21	0.1%
1Q22	0.9%

Base Rate of Return on RAB (RoR)* %

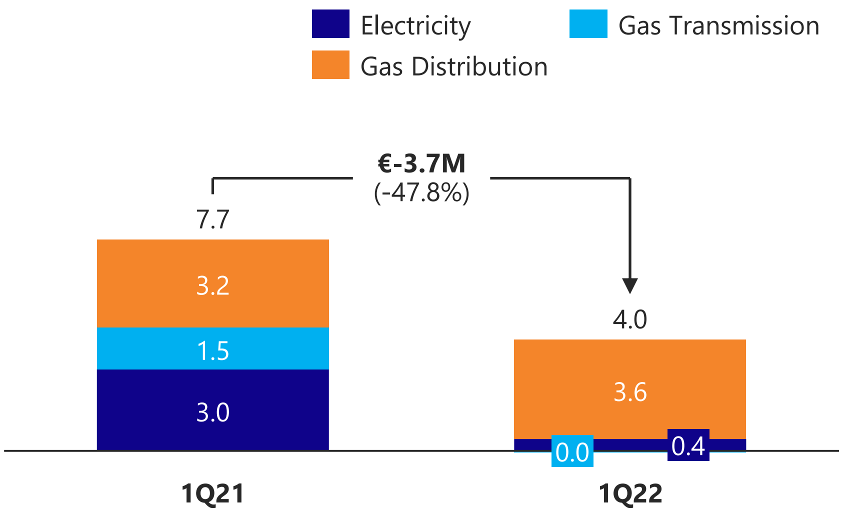


SOURCE: Bloomberg; REN
* Electricity data collected from Oct-21 to Sep-22; Gas data collected from Jan-22 to Dec-22

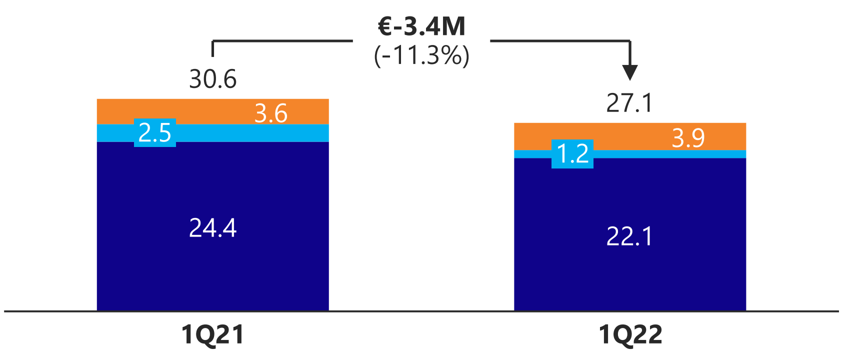
DOMESTIC BUSINESS

Transfers to RAB and CAPEX decreased YoY, as last year REN recovered delayed projects

Transfers to RAB €M



Capex €M



Key highlights

Electricity

Main investment projects:

- 150kV connection between the Fernão Ferro – Trafaria substations
- Remodeling of the 400kV Palmela - Sines 1 and Palmela Sines 2 lines, as well as the remodeling of 400kV Alcochete Fanhões line

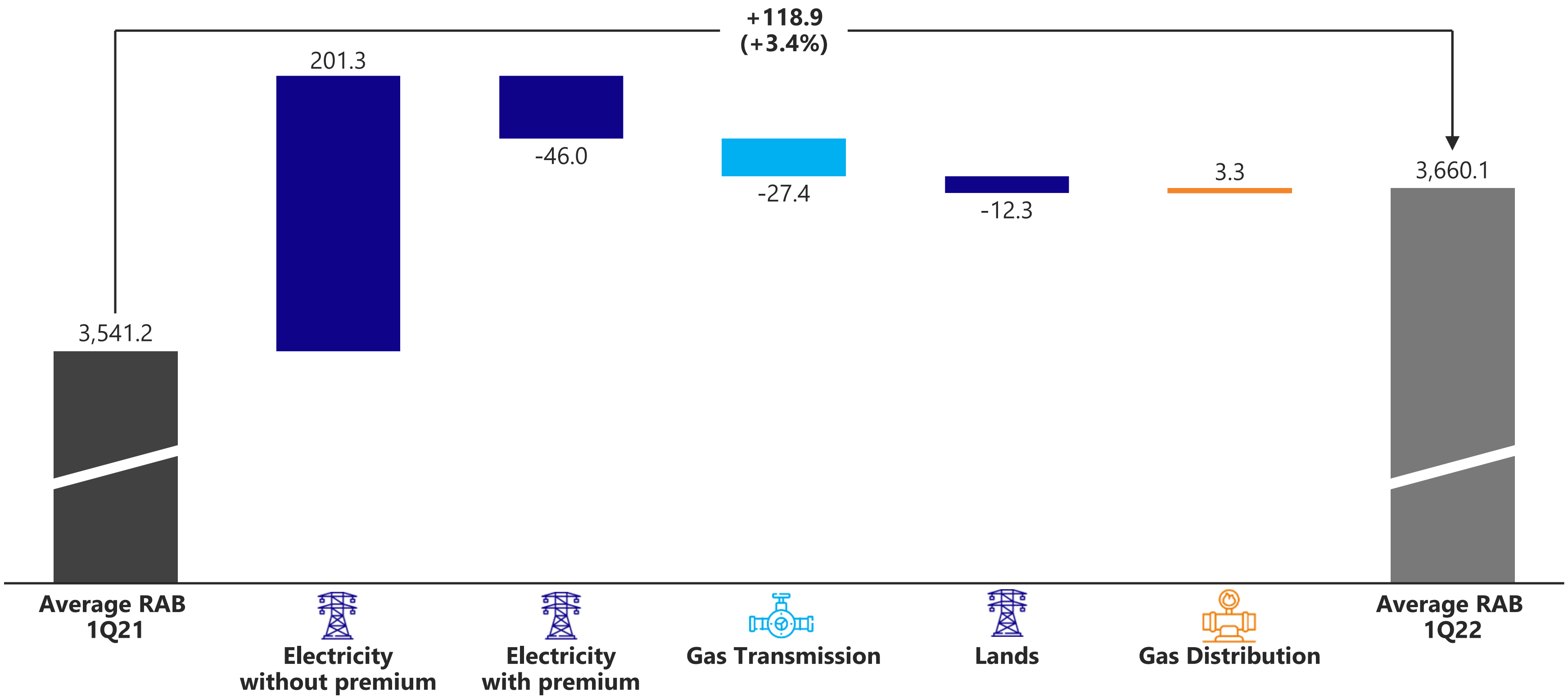
Gas Distribution

- Investments for **network expansion and densification**, mostly for B2C
- New prospects for B2B investments closely monitored in order to provide client comfort regarding network costs.
- Decarbonizing and digitalization plan on the move
- **New investment plan 23-27 delivered to DGEG and ERSE (April 2022)**
- Expansion to new industrial zones under preparation

DOMESTIC BUSINESS

Increase in average electricity RAB triggered by the new regulatory model which defines a fixed RAB for the entire regulatory period

Average RAB evolution €M

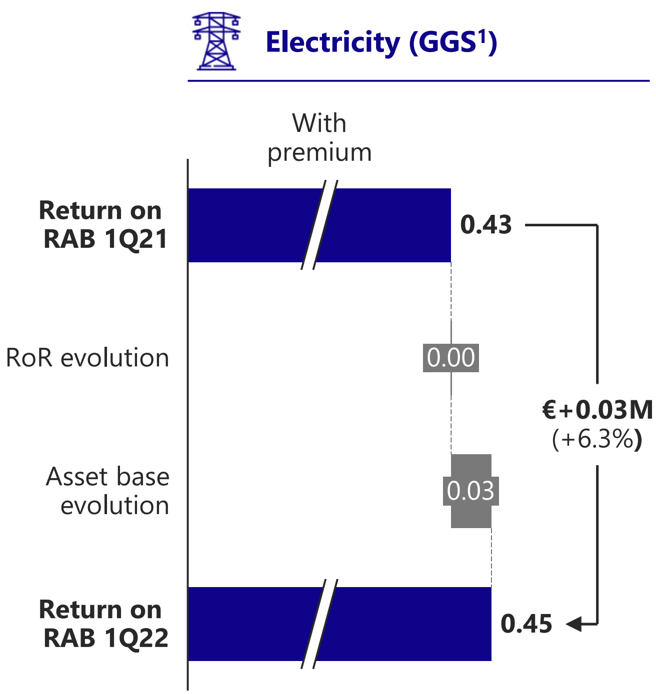


	Average RAB 1Q21	Electricity without premium	Electricity with premium	Gas Transmission	Lands	Gas Distribution	Average RAB 1Q22
RoR %	4.5	4.5	5.3	4.8	0.3	5.0	4.6

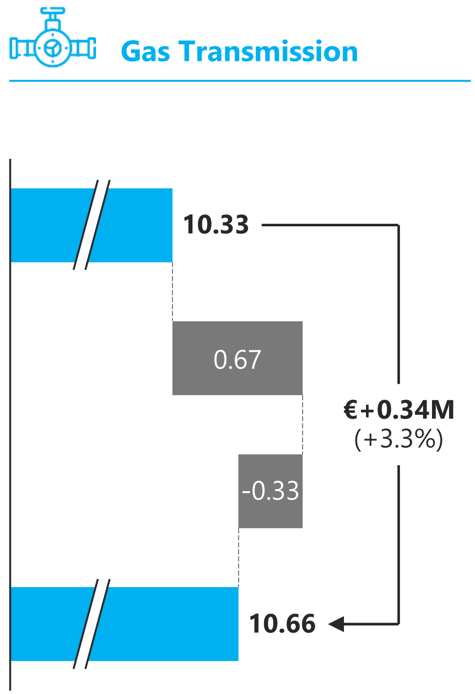
DOMESTIC BUSINESS

RAB remuneration increased across all businesses, mostly driven by the increase in the rate of return

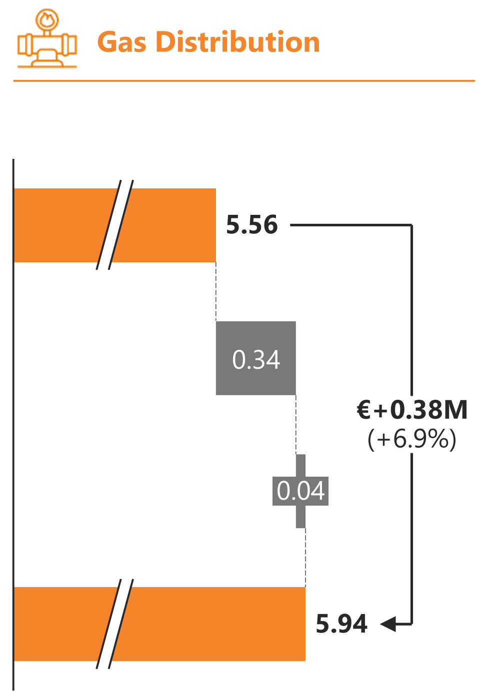
Return on RAB evolution breakdown €M



Return on RAB increase as a result of a **higher asset base** (by €2.4M to €40.2M)



Increase in Return on RAB justified by a **higher RoR** of 4.79% (vs 4.50%), despite **smaller asset base** (by €27.4M to a total of €890.4M)



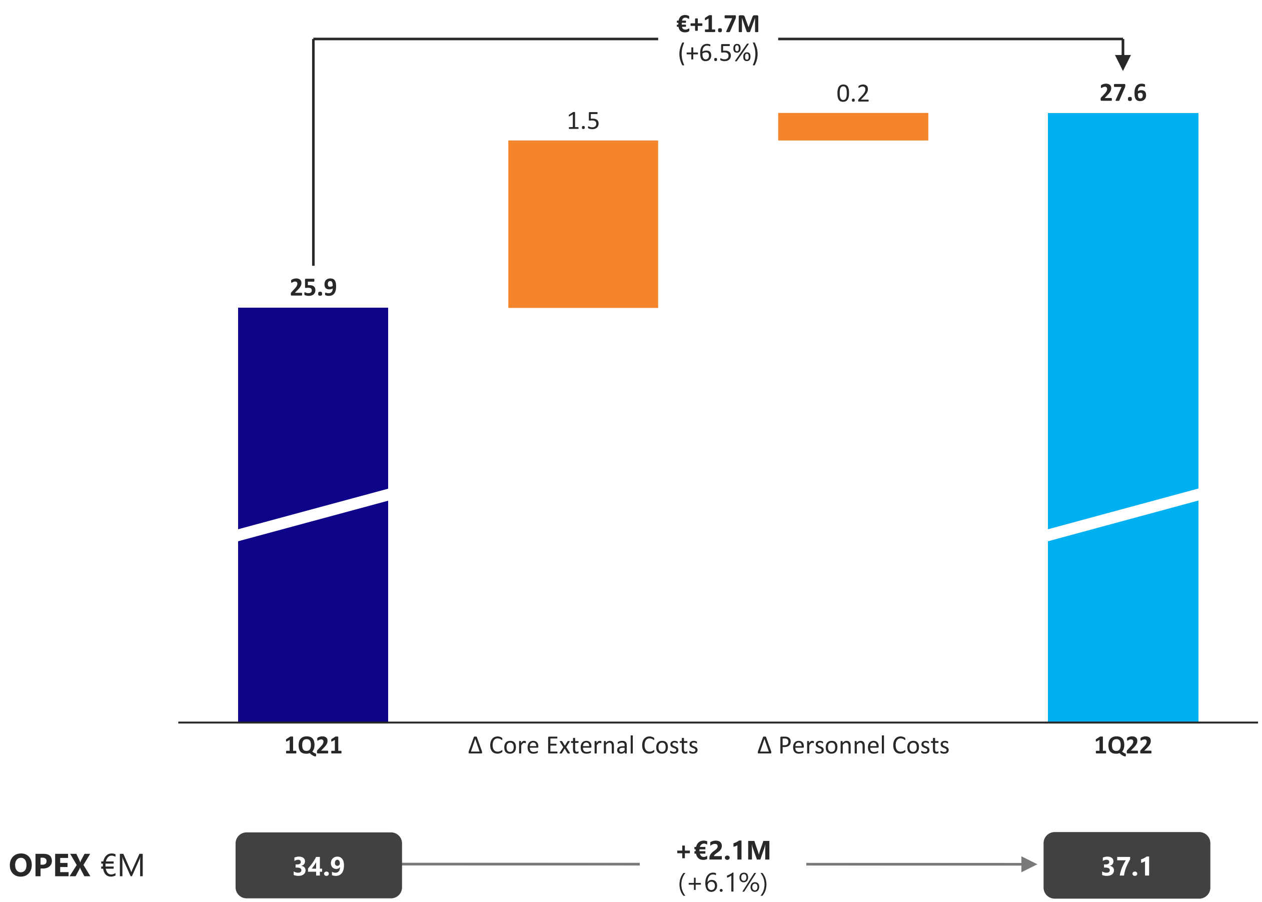
Higher return on RAB attributed to a **higher rate of return** (from 4.70% to 4.99%) and higher **asset base** (+€3.3M to a total of €476.1M)

1 Only General System Management (GGS) activity

DOMESTIC BUSINESS

OPEX climbed 6.1% YoY, with core OPEX rising 6.5%

Core OPEX[1] evolution €M



Key highlights

Core external costs

- Electricity costs in LNG terminal (+2.7M€) are still a major part

Non-core costs

- Pass-through costs (costs accepted in the tariff) **increased by €0.4M**, of which €1.0M correspond to the **acquisition of operation gas** related to the beginning of the Mibgás organized gas market in Portugal, +€1.6M in subsoil occupation levies, and -€1.8M in **costs with cross-border and system services costs**

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

INTERNATIONAL BUSINESS

Strong consolidation of the Chilean businesses

Contribution to EBITDA 1Q22 €M

	1Q22	Share in REN total %	1Q21 contribution €M
REN International	4.7	4.0	2.6
Transemel (100%)	2.4	2.0	1.2
Electrogas (42.5%)	2.3	2.0	1.4

Contribution to Capex 1Q22 €M

	1Q22	Share in REN total %	1Q21 contribution €M
REN International	0.2	0.7	1.2
Transemel (100%)	0.2	0.7	1.2
Electrogas (42.5%)	N/A	0.0	N/A

Key highlights

Transemel, Chile

- **EBITDA increased YoY** mainly driven by higher revenues and lower Opex

Revenues

€3.1M ↑ €0.8M (36.1%)

1Q21: **€2.3M**

EBITDA

€2.4M ↑ €1.2M (97.0%)

1Q21: **€1.2M**

Electrogas, Chile

- **EBITDA increased YoY,** driven by higher revenues (higher tariff)

Revenues

€9.3M ↑ €2.9M (44.2%)

1Q21: **€6.5M**

EBITDA

€8.4M ↑ €2.8M (49.6%)

1Q21: **€5.6M**

CONSOLIDATED VIEW

Positive performance in Financial Results, reflecting favorable FX rates despite slight increase in average cost of debt

Depreciation & Amortization

€62.1M €2.0M (3.3%)

1Q21: **€60.1M**

- Increase of €2.0M versus 1Q21, mainly attributed to the evolution of gross assets.

Financial results

-€9.4M €1.3M (12.2%)

1Q21: **-€10.8M**

- **Positive change in financial results** (+€1.3M) reflecting the **lower net debt** and **favorable FX rates differences,** despite increase in the average cost of debt of 0.04 p.p. from 1.58% to 1.62%.

Taxes

€40.9M €1.8M (4.7%)

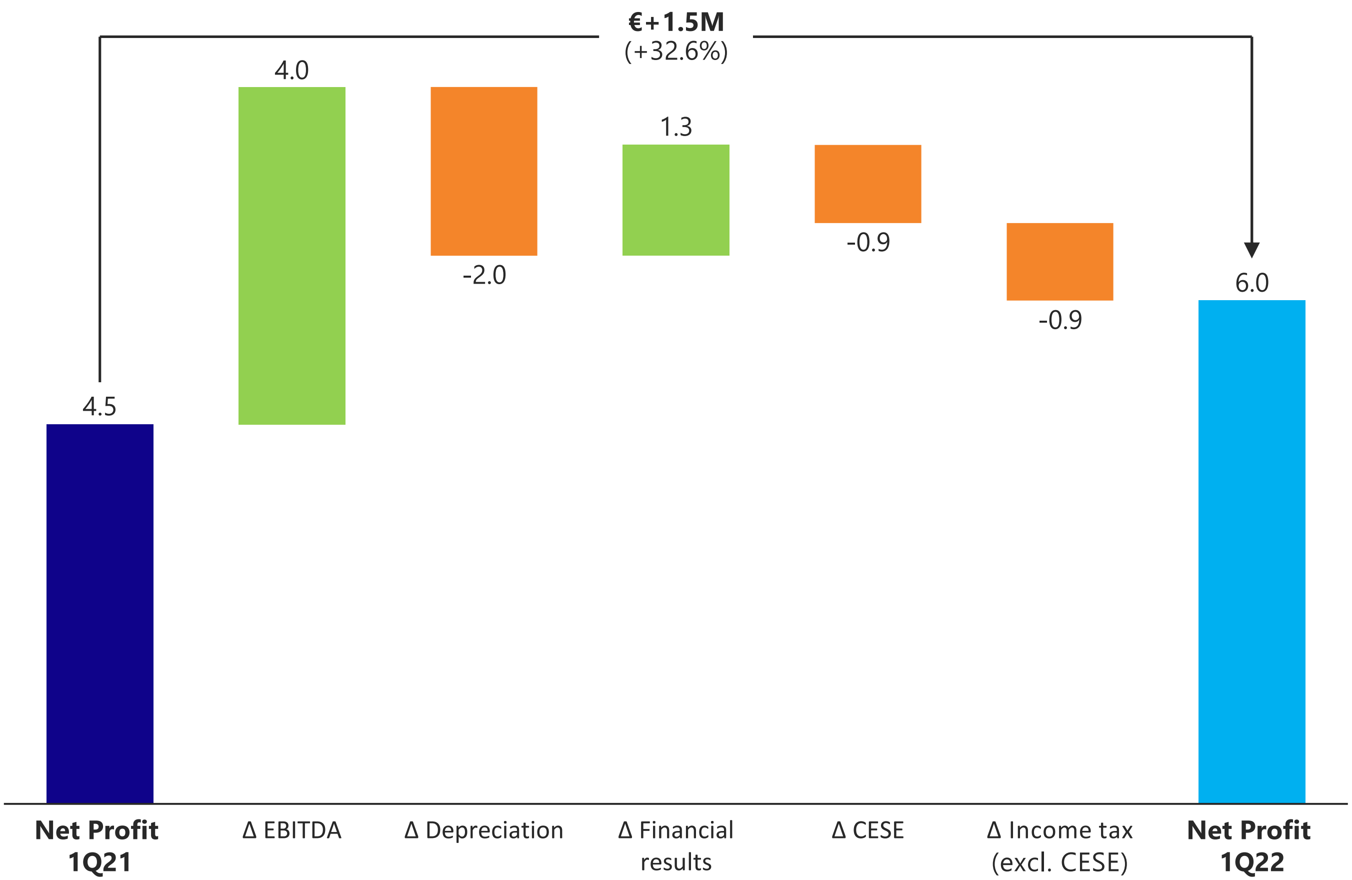
1Q21: **€39.0M**

- Total taxes include the **extraordinary levy of €28.0M** (€27.1M in 1Q21) and **income tax which grew by** €0.9M to €12.9M.
- **Effective tax rate reached 42.4%,** a 0.6 p.p. decrease relatively to 1Q21 (including the levy).
- **Increase vs 1Q21** reflecting the increase in EBT (+€3.3M).

CONSOLIDATED VIEW

Net Profit increased as a result of higher EBITDA and financial results, partially offset by higher depreciations, taxes and CESE

Net profit evolution breakdown €M



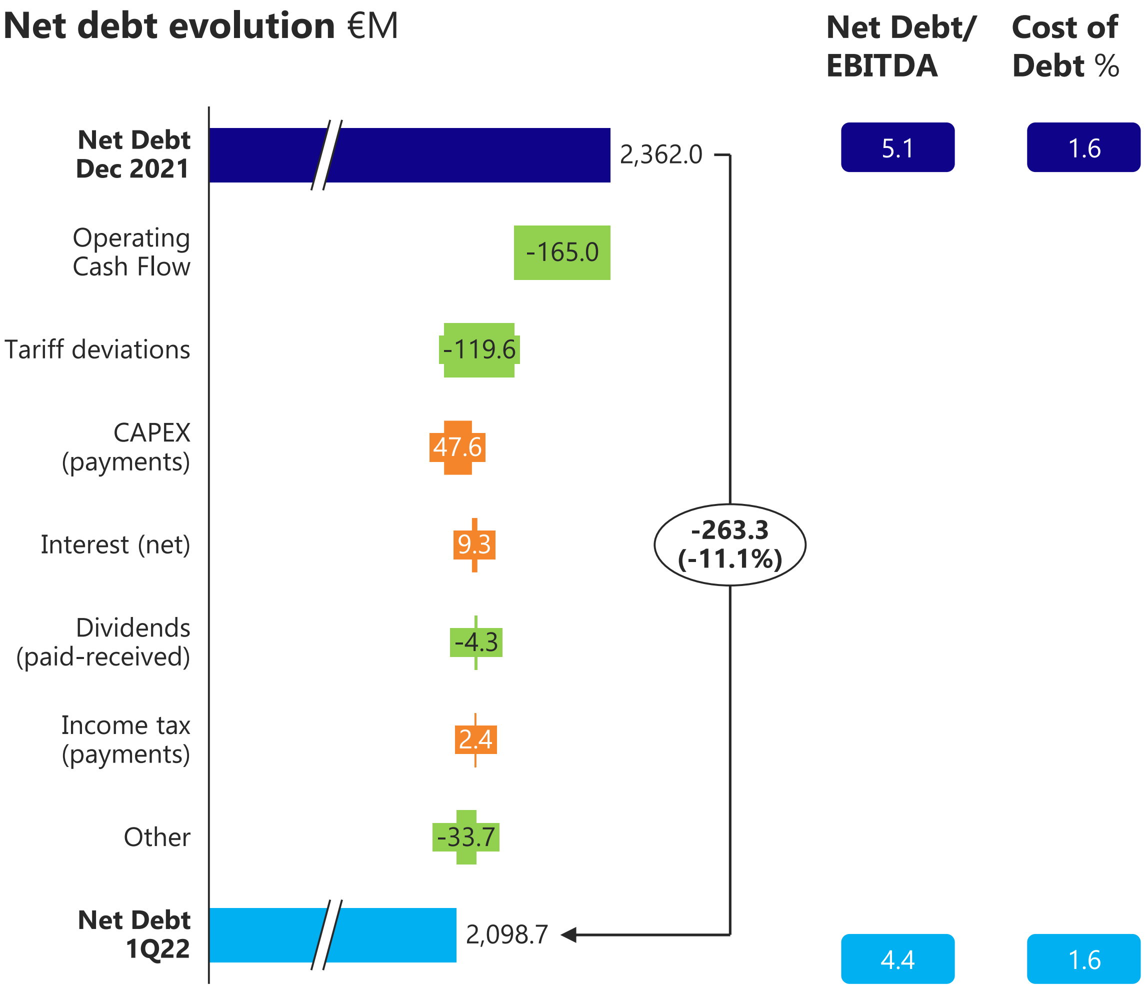
Key highlights

- The **increase in EBITDA (+€4.0M),** reflecting the positive contributions from both international (€2.1M) and domestic businesses
- The **positive effect** of €1.3M from **Financial Results,** as a consequence of better financial conditions, lower net debt and exchange rate differences
- **Higher CESE impact** (Δ€0.9M), reflecting the evolution of the asset base

CONSOLIDATED VIEW

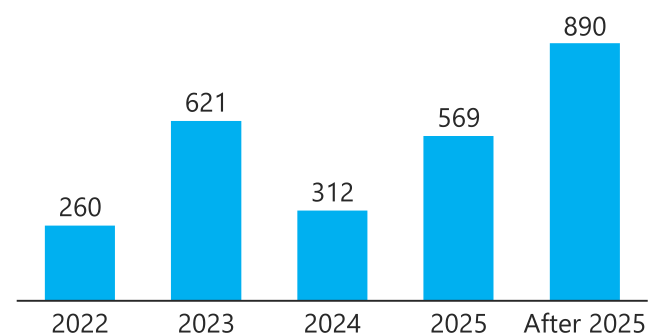
Net Debt enhancement attributed to operating cash flow and tariff deviations surpassing outflows of investment and financing activities

Net debt evolution €M

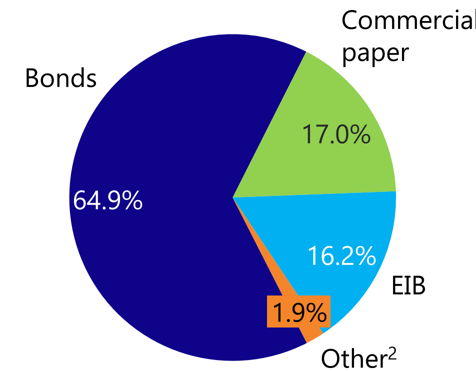


Net Debt 1Q22 includes the balance of tariff deviations of €386.2M to be given back to tariffs

Adjusted Gross Debt Maturity[1] €M



Debt sources %

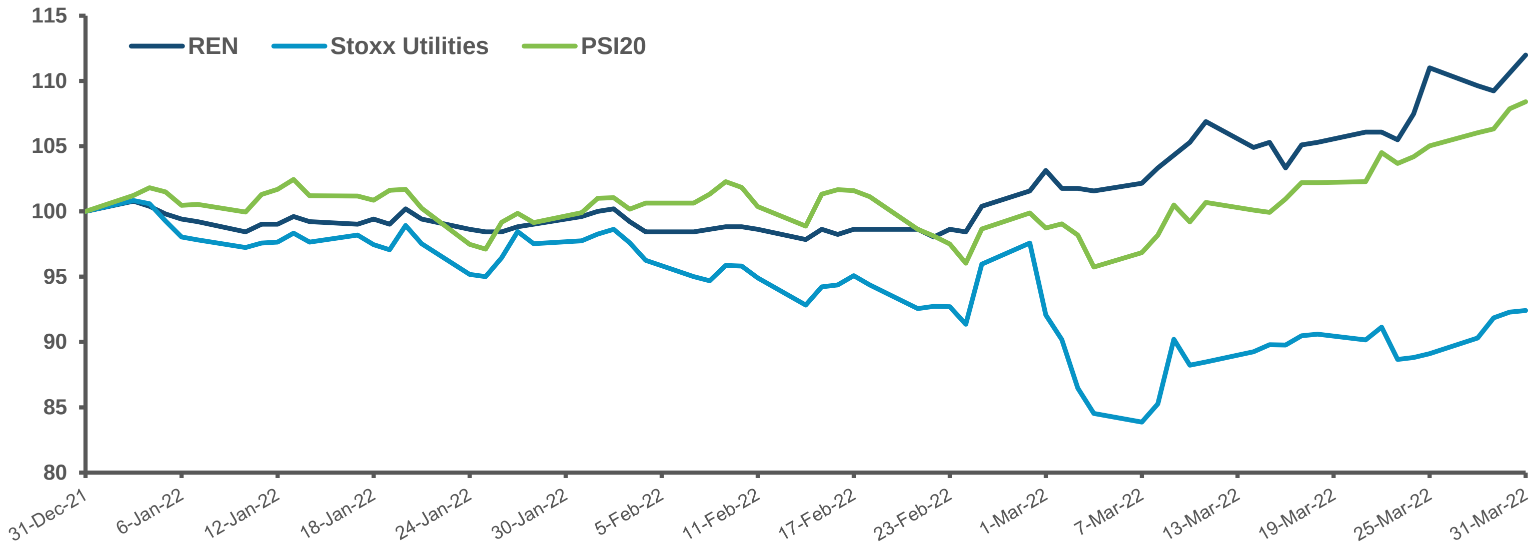


1 Calculated as Net Debt plus Cash, bank deposits and derivative financial instruments (€530M), excluding effects of hedging on yen denominated debt, accrued interest and bank overdrafts | 2 Includes loans (1.7%) and leasing (0.2%)

SHARE PRICE & SHAREHOLDER RETURN

REN's share ended Q1 with a TSR of 12% strikingly above sector

Annualized closing prices %



	% TSR 1Q22	% TSR 1Q21
REN	12.0	0.6
PSI20	8.4	0.6
Stoxx Utilities	-6.6	0.6

Analyst recommendations[1]

Average Price target
€2.55 ↓ €0.1 (3.8%)
1Q21: **€2.65**

Upside/Downside (+/-)
-1.3% ↓ 14.3pp
1Q21: **13.0%**

Buy recommendations
20.0% ↓ 25.0pp
1Q21: **45.0%**

Hold recommendations
50.0% ↓ 5.0pp
1Q21: **55.0%**

1 End of period
SOURCE: Bloomberg, REN

3. Closing remarks

CLOSING REMARKS

Strong commitment to provide a quality service, achieve financial stability and offer sustainable returns

EBITDA of €118.4M an increase of €4.0M YoY (+3.5%)**,** mainly due to the positive impact from TOTEX revenues, higher remuneration from RAB and international business performance.

Net Profit reached €6.0M (+32.6%) partly attributed to the positive impact from EBIT and Financial results, despite these being partially offset by higher taxes and higher levy.

Remarkable **Net Debt progress** as a result of higher operating cash flow and tariff deviations coupled with stable average cost of debt.

Capex and Transfers to RAB slowed down YoY, as last year REN recovered delayed projects.

The **payment of a dividend of 15.4 cents per share** was approved with majority at the General Shareholder's meeting on the 28th of April and started to be payed on the 19th of May.

DISCLAIMER

This presentation and all materials, documents and information used therein or distributed to investors in the context of this presentation do not constitute, or form part of, a public offer, private placement or solicitation of any kind by REN, or by any of REN's shareholders, to sell or purchase any securities issued by REN and its purpose is merely of informative nature and this presentation and all materials, documents and information used therein or distributed to investors in the context of this presentation may not be used in the future in connection with any offer in relation to securities issued by REN without REN's prior consent.

Visit our web site at :
www.ren.pt

or contact us:

Madalena Garrido – Head of IR

Alexandra Martins

José Farinha

Telma Mendes

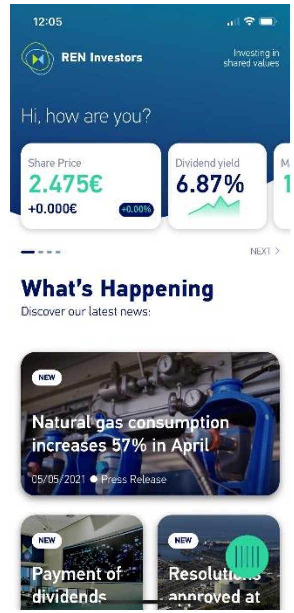
Av. EUA, 55

1749-061 Lisboa

Telephone: +351 210 013 546

ir@ren.pt

REN INVESTORS



Available on the App Store

Android app on Google play