ANNUAL RESULTS PRESENTATION 2015

March 17th, 2016

2015 HIGHLIGHTS

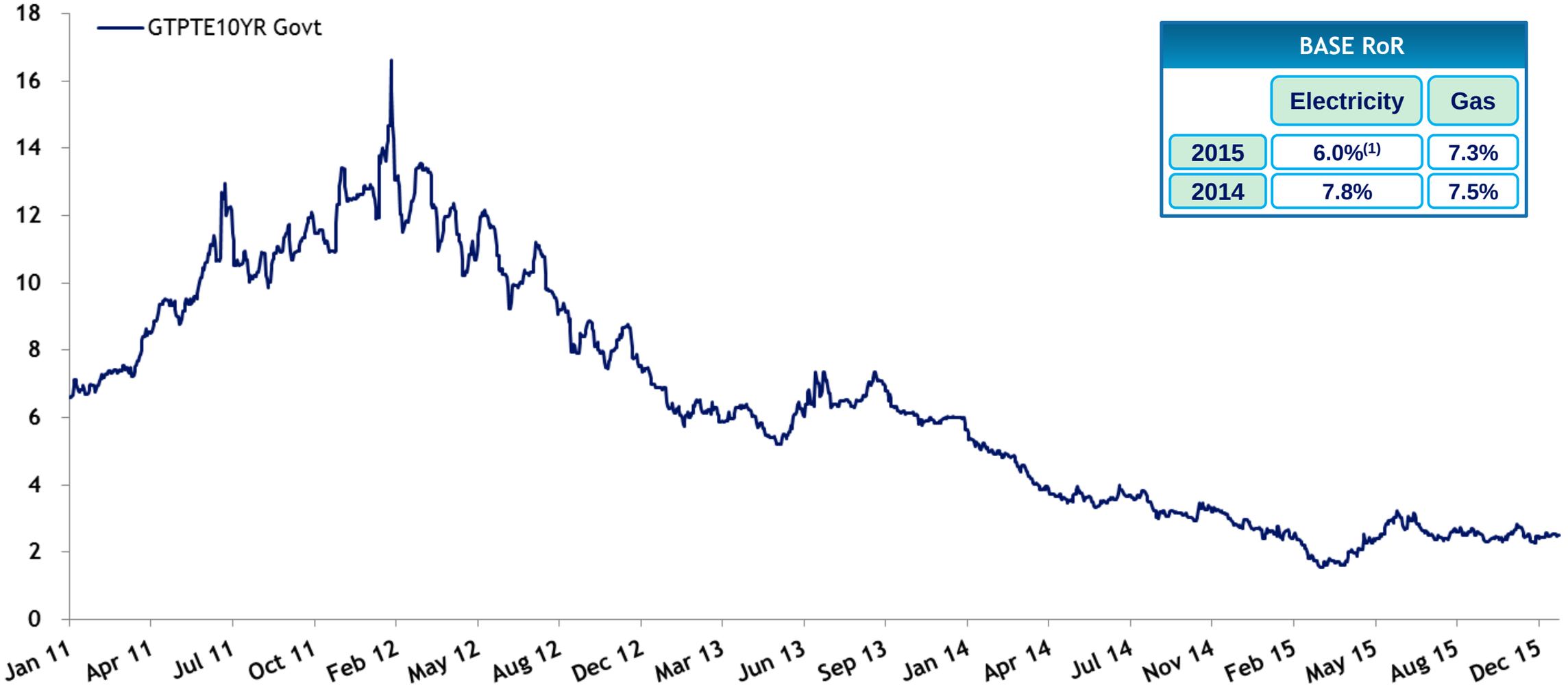
- In 2015, **Net Profit** increased 3.0% (+€3.3M) yoy, standing at €116.1M. This improvement was the result of: (1) a capital gain from the sale of REN's Enagás stake (+€16.1M); (2) a €9.9M tax credit; and (3) the boost in **Financial Results** (+€14.9M). Compromising Net Profit was the reduction in regulatory returns (-€30.9M) and the maintenance of the costs with the extraordinary levy to the energy sector established in 2015's State budget law;
- Without extraordinary effects, **Recurrent Net Profit** amounted to €118.1M, a 15.9% decrease over 2014;
- **EBITDA** was €489.7M (-3.1%), a decrease explained by both the changes in the regulation in the electricity sector and the reduction in the Portuguese sovereign yield in the RoR mechanism, partly offset by the capital gain achieved with the sale of REN's stake in Enagás (+€20.1M, at EBITDA level);
- **CAPEX** and **Transfers to RAB** in 2015 rose to €240.4M (+€77.1M) and €231.6M (+€37.5M) respectively, benefiting from the acquisition of the two gas storage facilities from Galp Energia, which also positively affected the evolution of **average RAB** (+€56.5M to €3,585.8M);
- In November, REN signed with the European Investment Bank (EIB) a new long-term financing agreement for €80M, the first tranche of a loan of €200M. The amount will support REN's investment program, mainly focused on projects to extend and improve the electricity transmission grid.

2015 MAIN FINANCIAL INDICATORS

€M	4Q15	2015	2014	Δ%	Δ Abs.
EBITDA	117.4	489.7	505.2	-3.1%	-15.5
Financial Result	-28.4	-98.8	-113.8	13.1%	14.9
Net Profit	24.5	116.1	112.8	3.0%	3.3
Recurrent Net Profit	24.7	118.1	140.3	-15.9%	-22.3
Average RAB	3,585.8	3,585.8	3,529.2	1.6%	56.5
CAPEX	94.6	240.4	163.3	47.2%	77.1
Net Debt	2,465.5	2,465.5	2,436.2	1.2%	29.3

PORTUGAL'S PERCEIVED SOVEREIGN DEBT RISK
continued to deliver low levels in 2015

PT 10Y Treasury Bond Yields

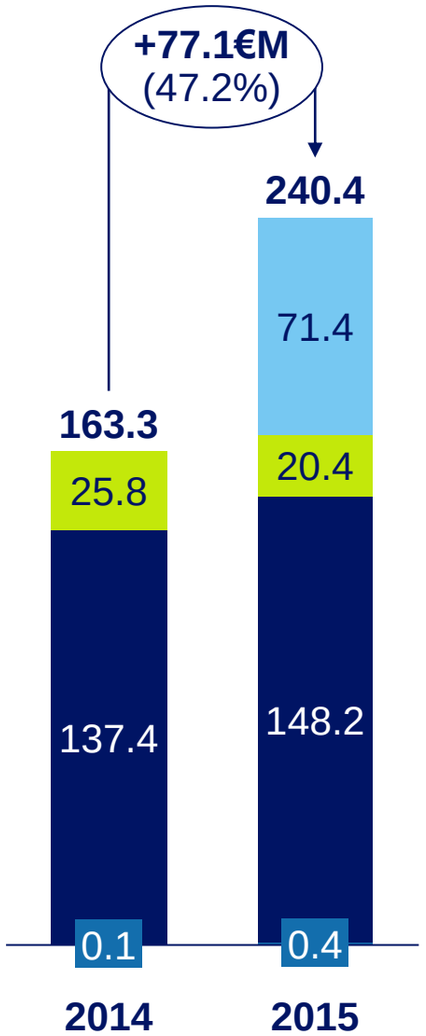


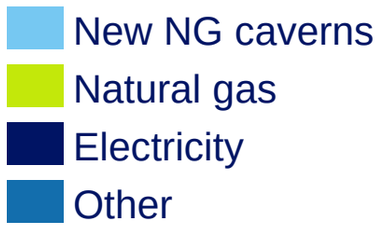
BASE RoR	Electricity	Gas
2015	6.0%(1)	7.3%
2014	7.8%	7.5%

1) The value set by ERSE for 2015 was 5.99338%.
Source: Bloomberg

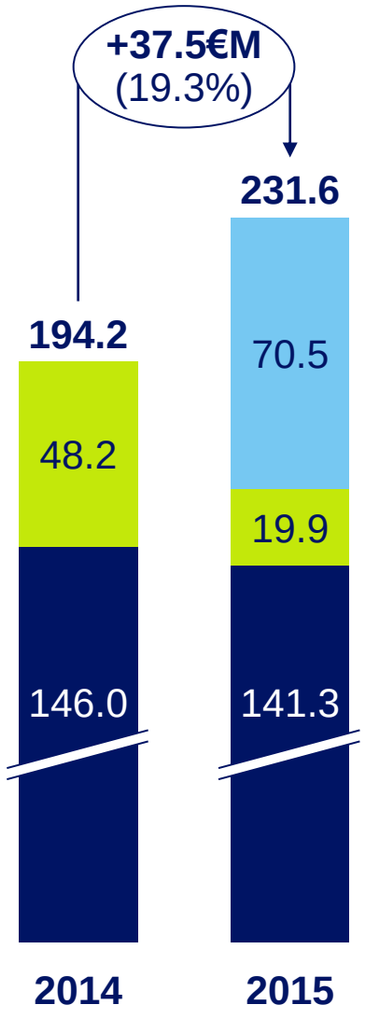
CAPITAL EXPENDITURES GREW 47.2% IN 2015
mainly due to the acquisition of Galp's NG caverns

CAPEX





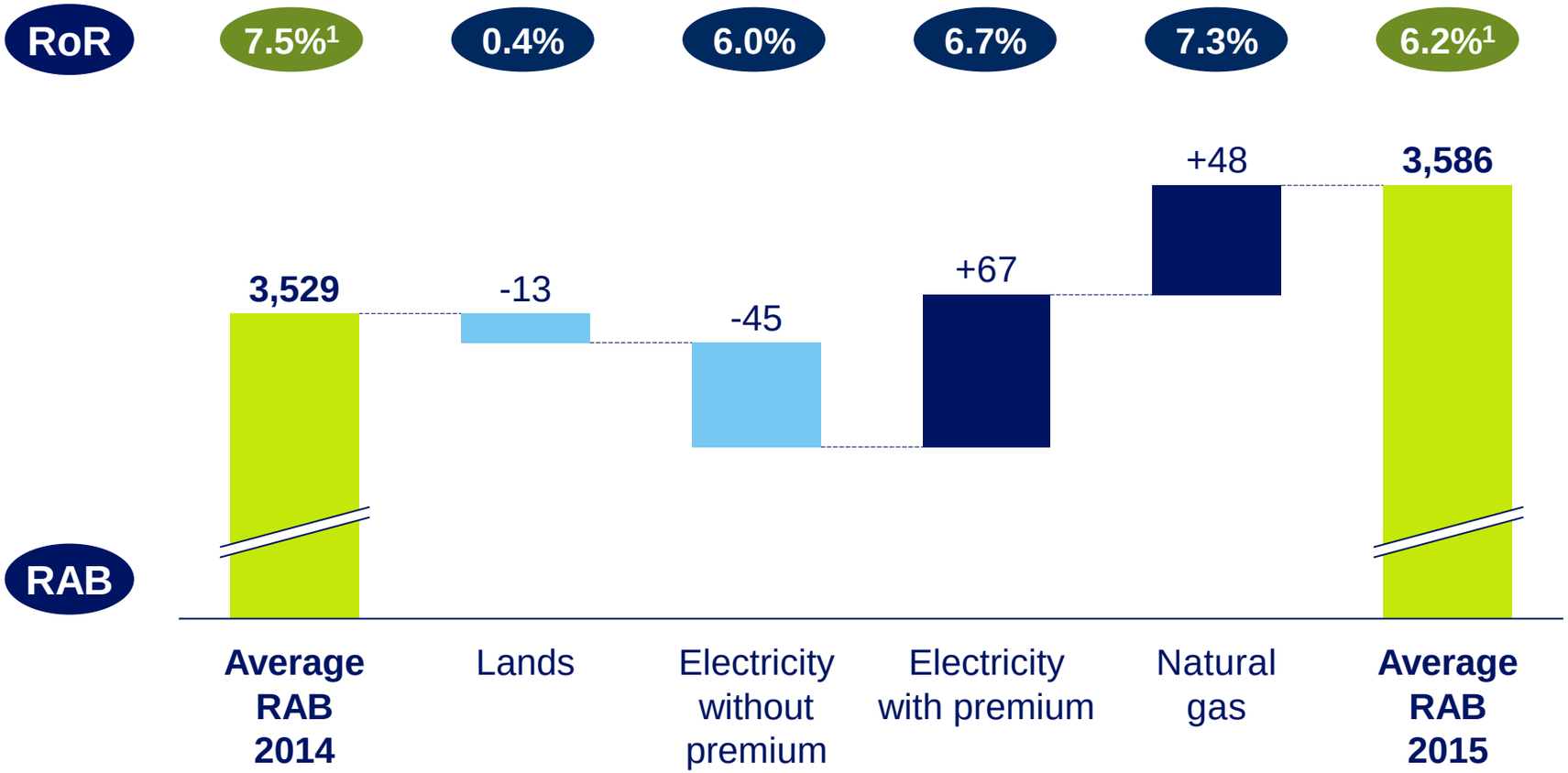
TRANSFERS TO RAB



AVERAGE RAB ROSE BY €56.5M (+1.6%)

supported by the new gas storage facilities and electricity with premium

(€M)

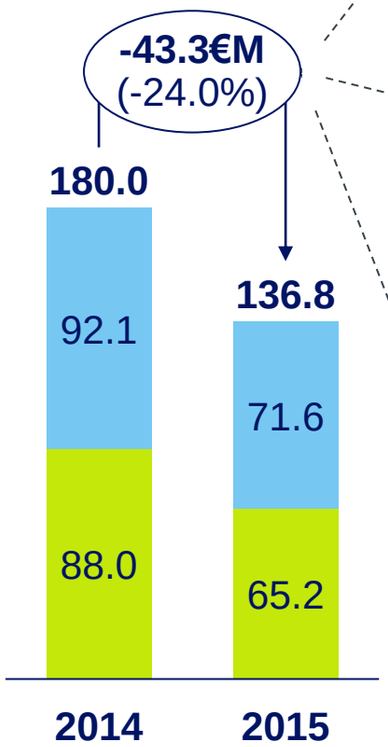


1) RoR is equal to the specific asset remuneration, divided by the average RAB.

RAB REMUNERATION PENALIZED BY A LOWER RoR
partially compensated by the increase in the NG asset base

RAB REMUNERATION ELECTRICITY

(ex. lands)
(€M)



+€1.4M — Impact of the increase in the **asset base** by €21.4M to €2,149M.

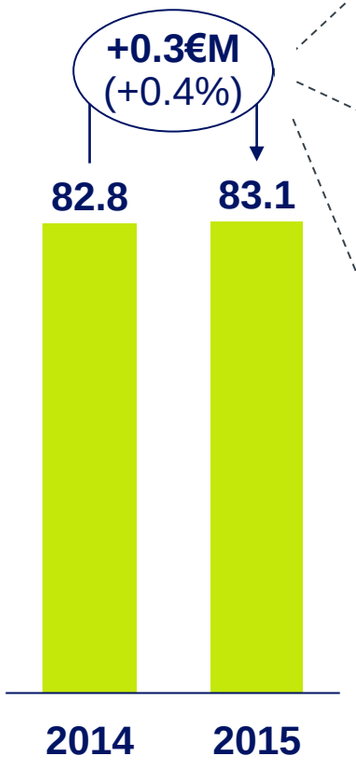
+€0.4M — Impact of the change in **asset mix** – assets with premium weight increased to 49% in 2015 from 47% in 2014.

-€45.0M — Impact of the indexation of the **rate of return** – to 6.7% from 9.3% in assets with premium, and to 6.0% from 7.8% in assets without premium.

Electricity with premium
Electricity without premium

RAB REMUNERATION NATURAL GAS

(ex. tariff smoothing effect)
(€M)



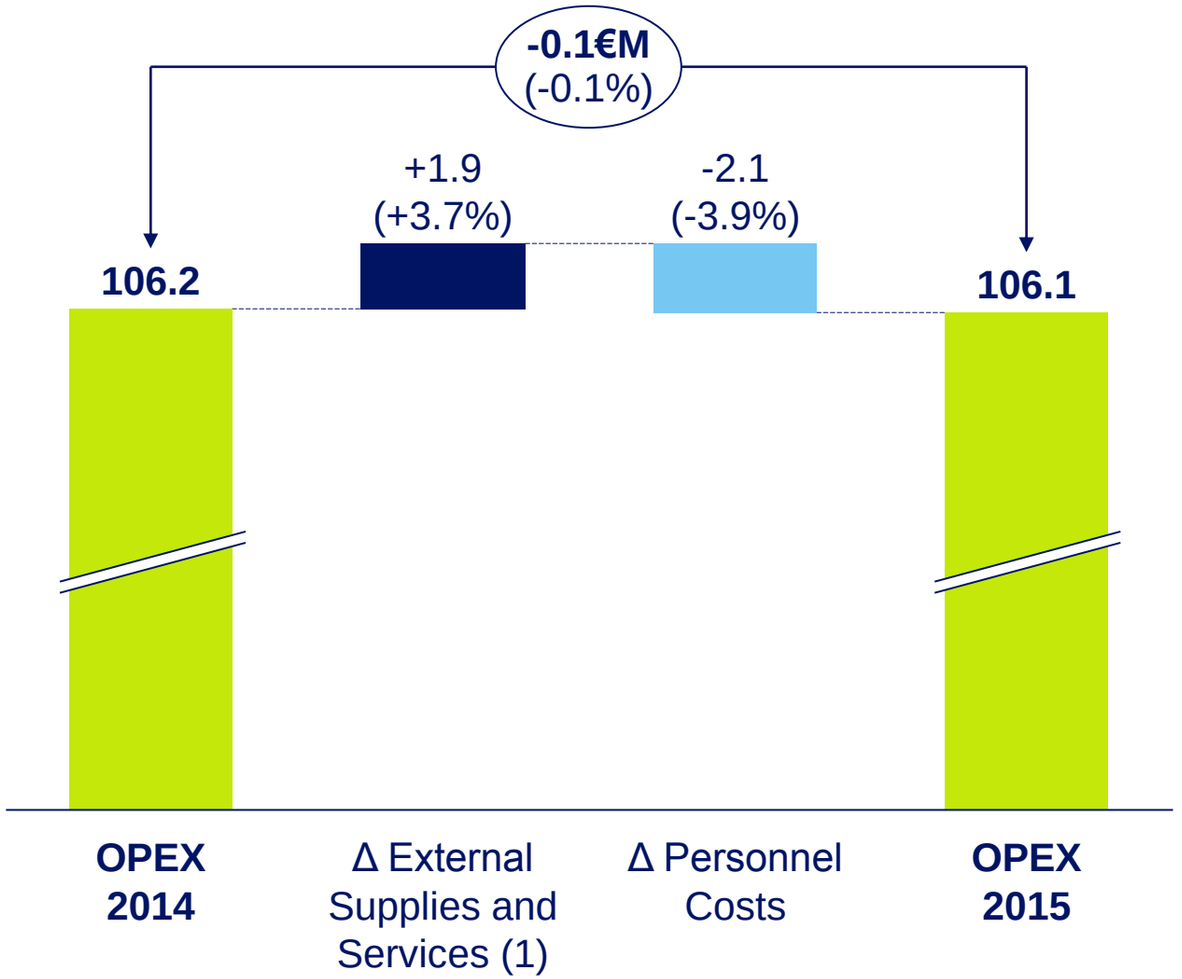
-€1.5M — Impact of the reduction in the **rate of return**, to 7.3% from 7.5%.

-€1.4M — Impact of the €19.3M decrease in the **asset base**, to a total of €1,088M (ex. new GN caverns).

+€3.3M — Impact of the increase in the **asset base**, related to the 2 new **NG caverns**.

OPEX STOOD STEADY IN 2015
Driven by REN's cost discipline efforts

OPERACIONAL COSTS
(€M)

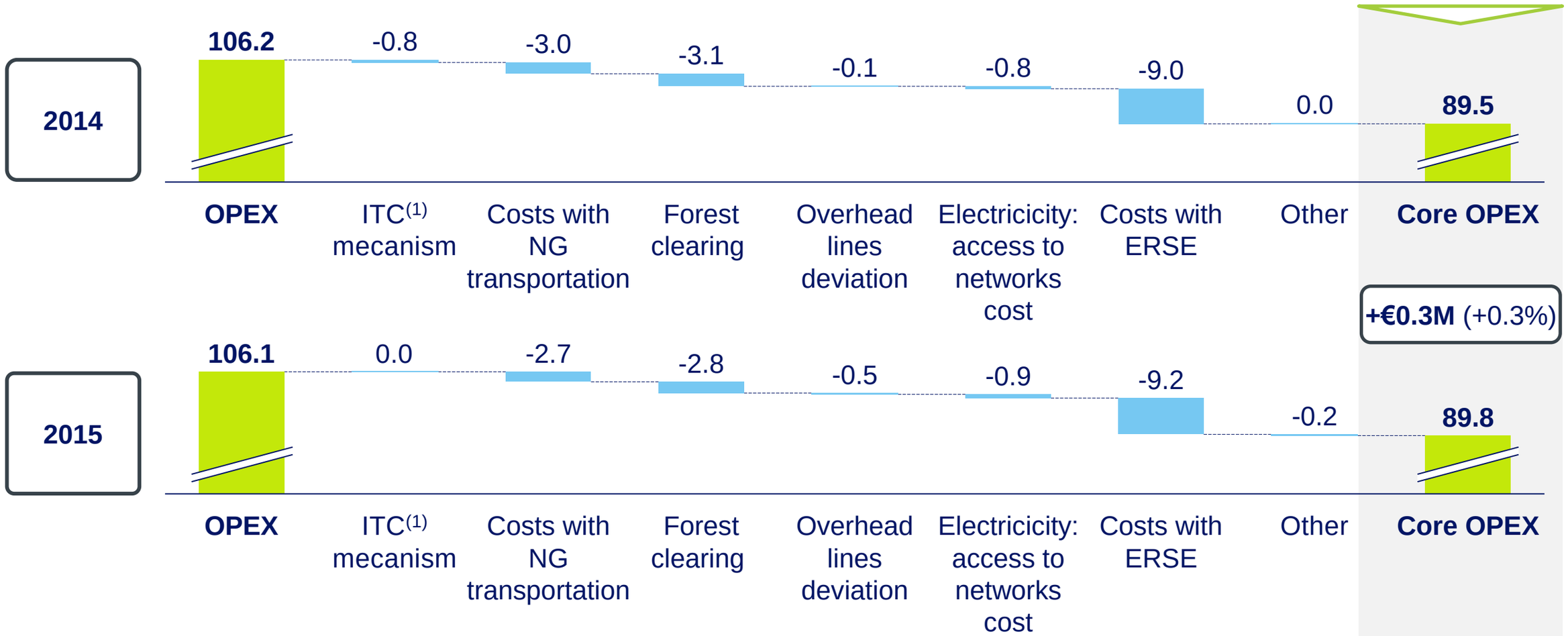


(1) Includes Δ-€0.1M of Other Operating Costs.

CORE OPEX IN LINE WITH PREVIOUS YEAR

CORE OPEX

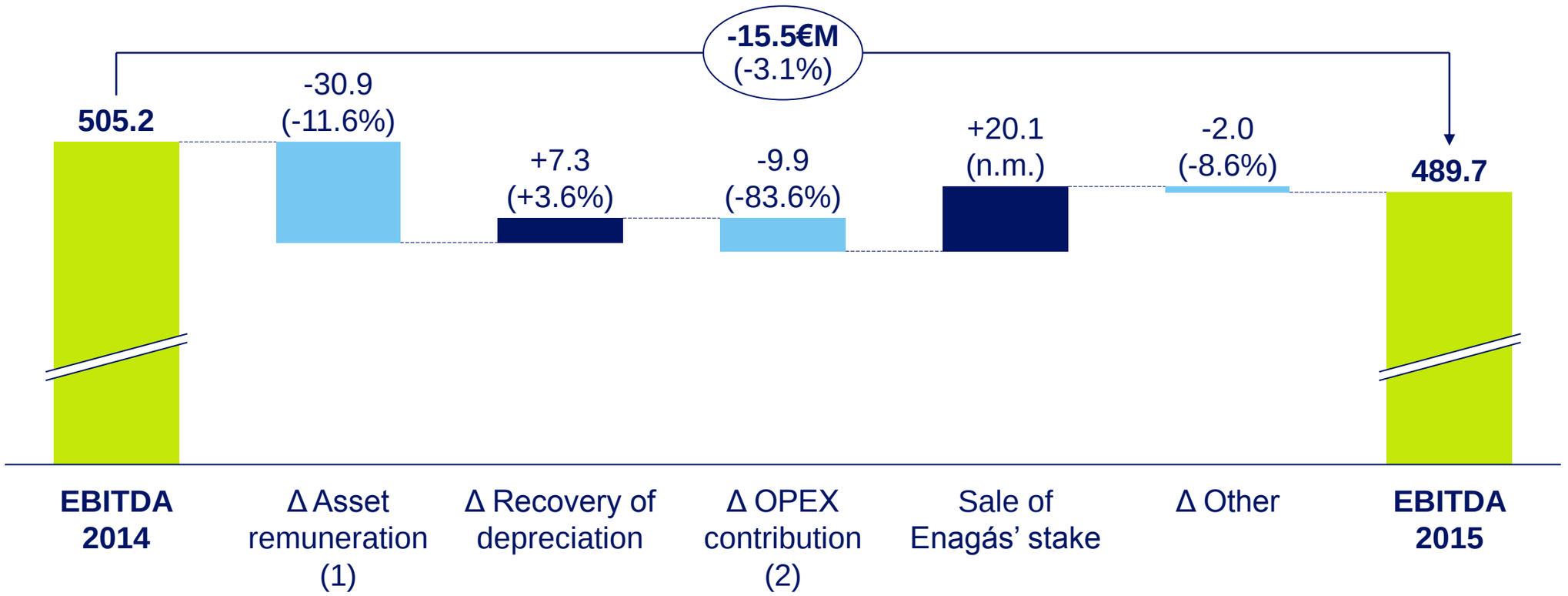
(€M)



(1) ITC - Inter Transmission System Operator Compensation for Transits.

EBITDA 3.1% BELOW 2014 AS EXPECTED
affected by the changes in the new electricity regulatory framework

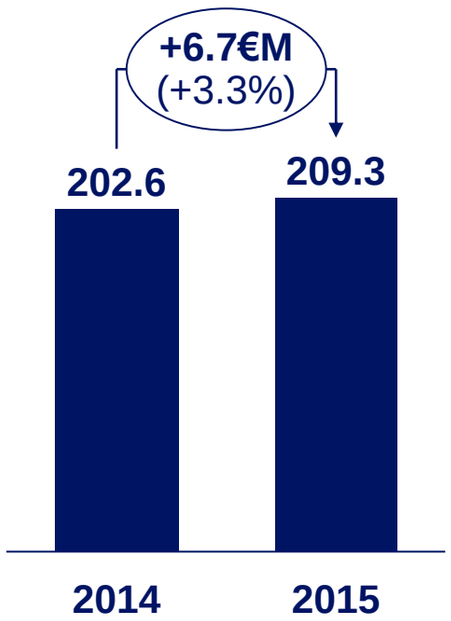
(€M)



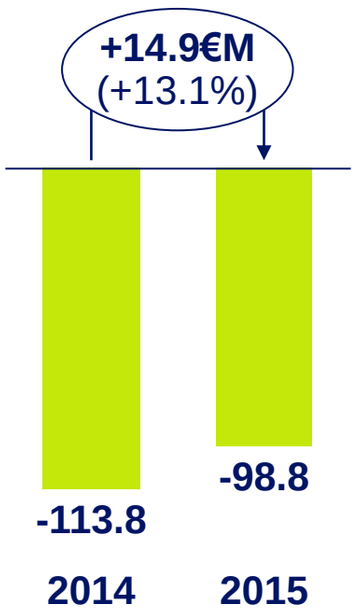
(1) Includes Δ+€2.0M of NG tariff smoothing effect;
(2) Includes Δ-€1.3M of Opex own works.

BELOW EBITDA
Lower Financial Costs

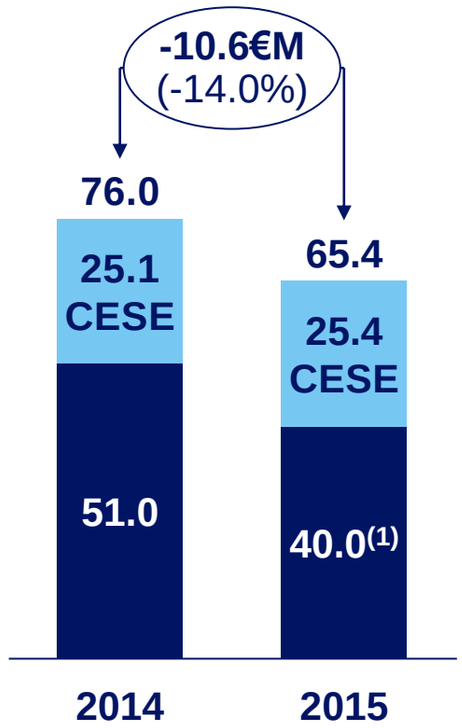
DEPRECIATION
(€M)



FINANCIAL RESULTS
(€M)



TAXES
(€M)

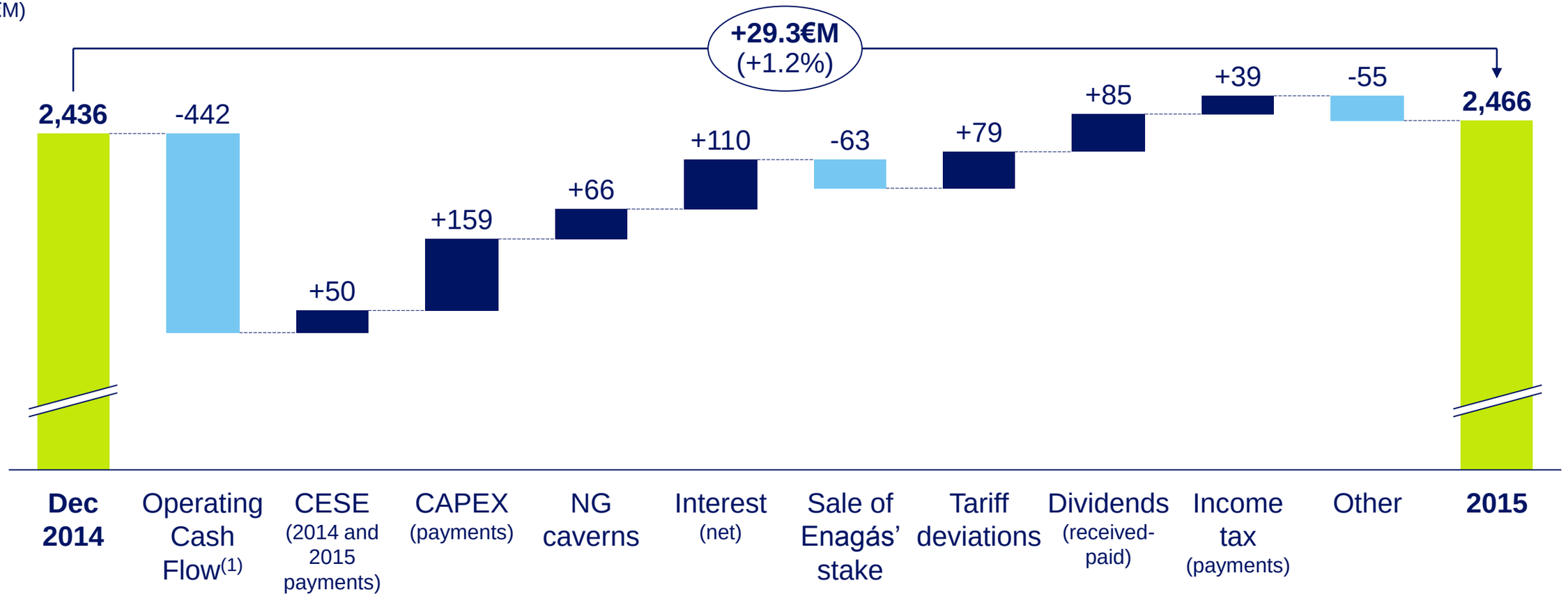


(1) Includes the one-off recovery of a tax impairment of €9.9M in 2015.

NET DEBT UP BY 1.2% VS 2014
Following the investment in the new NG caverns

NET DEBT

(€M)



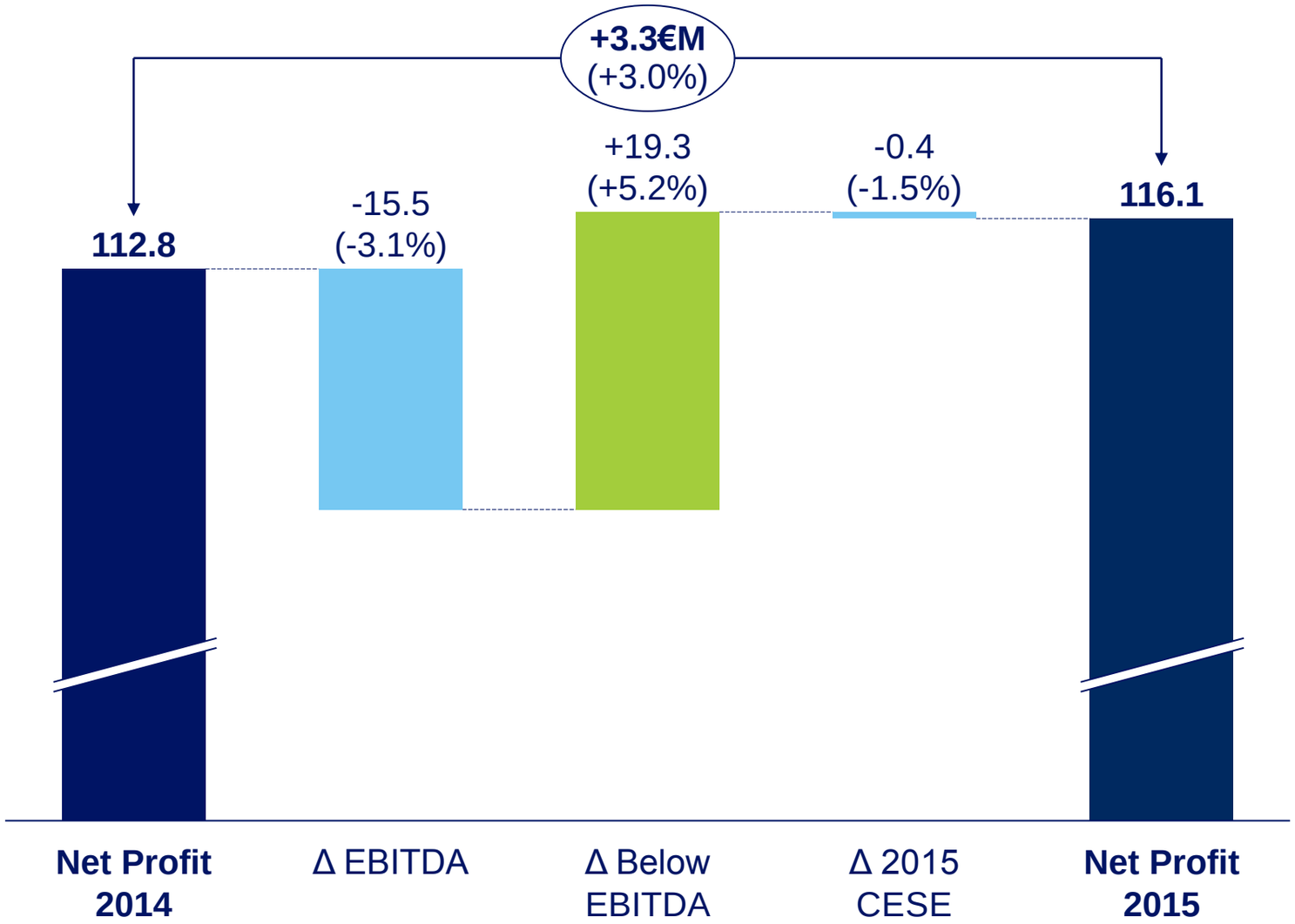
- The **average cost of debt** decreased to 4.1% (4.7% in 2014);
- **Net Debt/EBITDA** increased to 5.04x (4.82x in 2014) due to a decrease in EBITDA.

(1) EBIT + Depreciation + Provisions – Non cash items.

HIGHER NET PROFIT IN 2015 (3.0% yoy)

Benefiting from a better financial result and tax recovery

(€M)



FINAL REMARKS

- During 2015, REN's operating performance was affected by the changes in the electricity regulatory framework. However, the company managed to mitigate this negative impact and sustain net income;
- The year was market by a significant downward trend in the average cost of debt leading to a better Financial Result and taking Net Income higher. Nevertheless, the special levy on energy companies continued to penalize REN's results;
- In 2015, REN's risk profile improved, after S&P updated REN's rating to investment grade (BBB- with positive outlook), a status already achieved by the company from Fitch and Moody's. This circumstance allowed for outstanding debt to be refinanced under more competitive conditions and for a better relation with REN's creditors;
- The Board of Directors will propose to the General Shareholders' Meeting the payment of a dividend of 17.1 cents per share, in line with the previous year and with the announced dividend policy.

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