



# RESULTS REPORT 1H 2015

July 31<sup>st</sup>, 2015



## MAIN INDICATORS

€M	2Q15	1H15	1H14	Δ%	Δ Abs.
<b>EBITDA</b>	116.0	254.3	252.2	0.8%	2.1
<b>Financial Results<sup>(1)</sup></b>	-20.4	-44.8	-51.7	13.3%	6.9
<b>Recurrent Net Profit</b>	33.3	63.6	72.3	-12.0%	-8.7
<b>Net Profit</b>	35.9	75.3	58.3	29.2%	17.0
<b>Average RAB</b>	3,558.8	3,558.8	3,480.6	2.2%	78.2
<b>CAPEX</b>	90.3	98.7	36.0	174.1%	62.7
<b>Net Debt</b>	2,494.0	2,494.0	2,452.5	1.7%	41.5

▶ At the end of the first half of 2015, **EBITDA** rose by €2.1M (+0.8%) to €254.3M, when compared with the corresponding period in 2014. This result was mainly driven by the positive impact of the capital gain from the sale of REN's stake in Enagás (+€20.1M) and negatively affected by both the changes in the regulation in the electricity sector and the evolution of the Portuguese sovereign interest rates in the RoR mechanism;

▶ **Financial Results** improved to -€44.8M (-€51.7M in the same period of 2014), on the back of a sustained drop in REN's average cost of debt (to 4.0%, from 4.8% in 1H14). **Net Debt** grew slightly to €2,494.0M, impacted by the payment of dividends and the NG underground caverns purchase;

▶ The sound operational and financial performance achieved by REN, together with the recovery of a tax impairment (in the amount of €9.9M), led the **Net profit** to €75.3M, a 29.2% increase compared with the same period of 2014. **Recurrent Net Profit** decreased by 12.0% to €63.6M.

(1) Excludes (1) Financial cost from the interconnection capacity auctions between Spain and Portugal (€0.4M in 1H14 and -€0.2M in 1H15) – known as FTR (Financial Transaction Rights) - reclassified as Revenues.

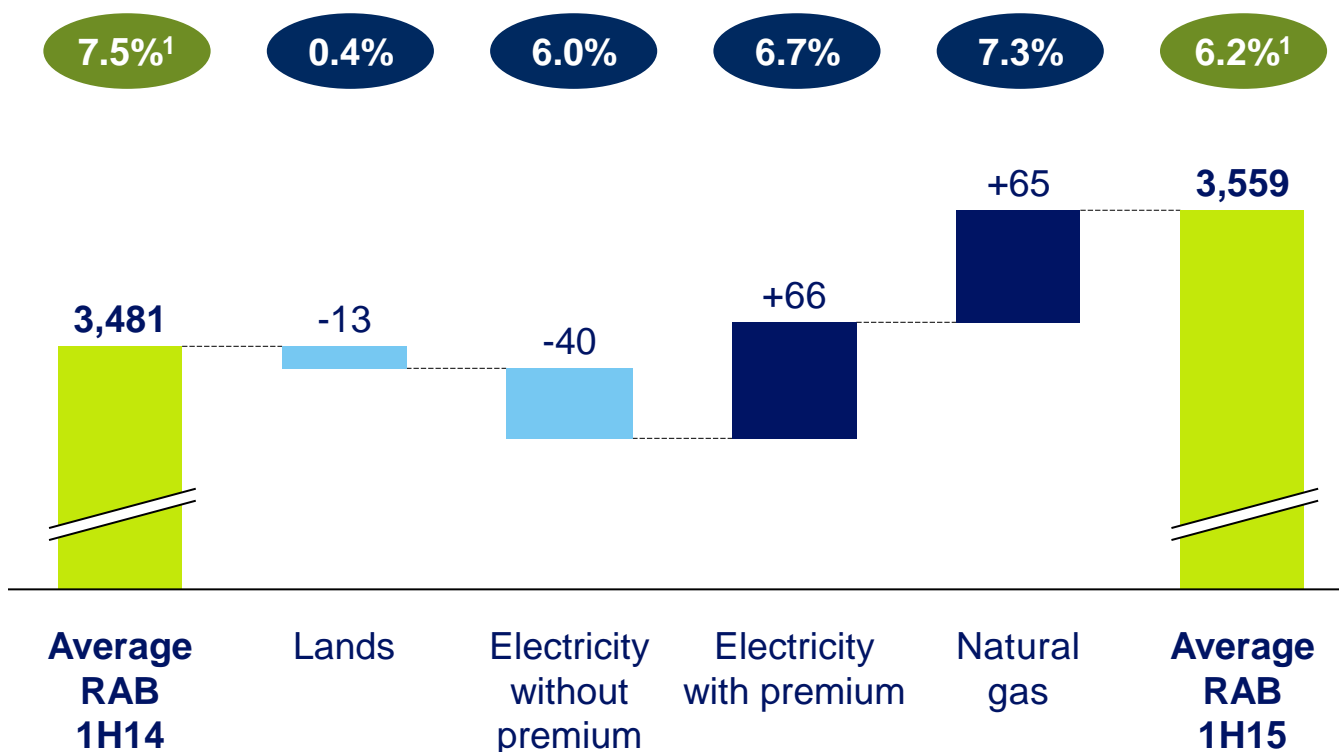
### CAPEX and RAB

€M	1H15	1H14	Δ%	Δ Abs.
<b>Average RAB</b>	<b>3,558.8</b>	<b>3,480.6</b>	2.2%	78.2
Electricity	2,113.3	2,086.9	1.3%	26.4
Land	284.4	297.6	-4.4%	-13.1
Natural gas	1,161.0	1,096.1	5.9%	64.9
<b>RAB end of period</b>	<b>3,512.4</b>	<b>3,439.6</b>	2.1%	72.8
Electricity	2,083.1	2,061.3	1.1%	21.8
Land	281.2	294.2	-4.4%	-13.1
Natural gas	1,148.2	1,084.1	5.9%	64.1
<b>CAPEX</b>	<b>98.7</b>	<b>36.0</b>		62.7
Electricity	23.9	30.0	-20.4%	-6.1
Natural gas	74.8	6.0		68.7
Other	0.1	0.0		0.1
<b>RAB variation e.o.p.</b>	<b>-24.4</b>	<b>-82.2</b>		
Electricity	-60.4	-51.4		
Land	-6.5	-6.6		
Natural gas	42.4	-24.1		

- ▶ In May, REN completed the purchase of the two gas storage assets belonging to Galp Energia. This acquisition boosted **CAPEX** levels to €98.7M (€36.0M in 1H14) and average **RAB** to €3,558.8M (+€78.2M vs 1H14);
- ▶ In the electricity business the construction of a new line between Porto and the substation of Vila Nova de Famalicão (which is also under construction) was initiated. The construction of the Alto de São João substation (220 kV) continued, this will be a new point of delivery and will strengthen the power distribution network in the city of Lisbon;
- ▶ The most relevant project for the Natural Gas Business in the first semester of 2015 was the partial transfer to REN of Galp's natural gas underground storage concession.

# AVERAGE RAB WAS UP TO €3,558.8M (+€78.2M) benefiting from the gas storage assets and electricity with premium

## RoR (€M)

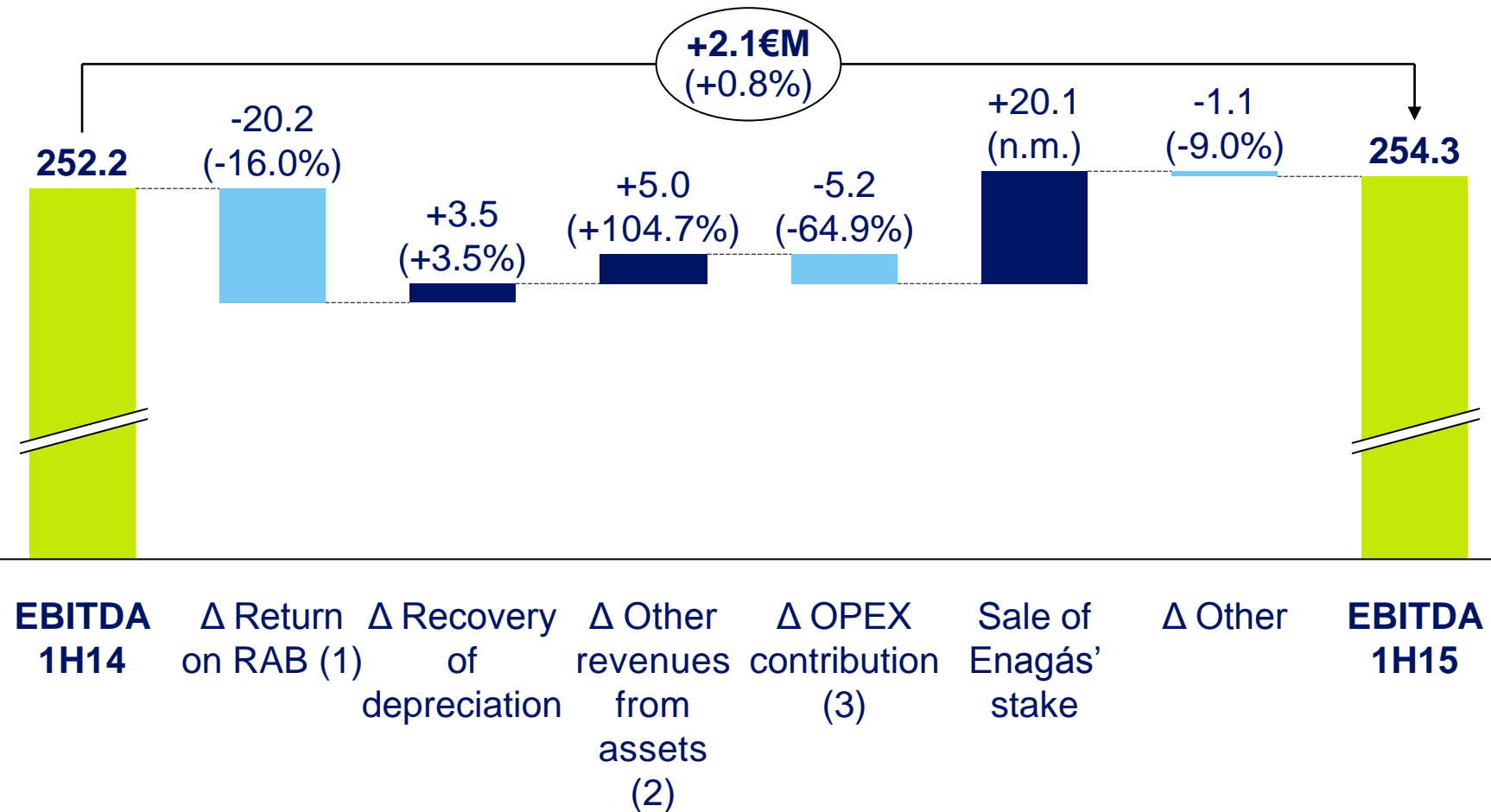


- ▶ Average RAB increased by €78.2M. This growth was driven by Electricity with premium and Natural Gas;
- ▶ The base rate of return in the electricity business dropped to 6.0% from 7.8% in 1H14. Electricity with premium (with a 6.7% RoR) was up by €66.3M vs 1H14, while lands, the category with the lowest rate of return (0.4%), suffered a decrease in the value of its average RAB of €13.1M, to €284.4M;
- ▶ In Natural gas, the average RAB had an increase of €64.9M (RoR 7.3%);
- ▶ At the end of 1H15, electricity accounted for 59.4% of the average RAB, natural gas for 32.6% and lands for the remaining 8.0%.

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

# EBITDA GREW BY €2.1M (+0.8%) TO €254.3M benefiting from the sale of Enagás' stake

(€M)



- ▶ EBITDA increased by €2.1M, benefitting from the sale of Enagás' stake (+€20.1M);
- ▶ There was a negative impact from Return on RAB (-€20.2M) and OPEX contribution (-€5.2M), partially offset by the increase in Other Revenues from assets (+€5.0M) and Recovery of Depreciation (+€3.5M), consistent with a higher asset base.

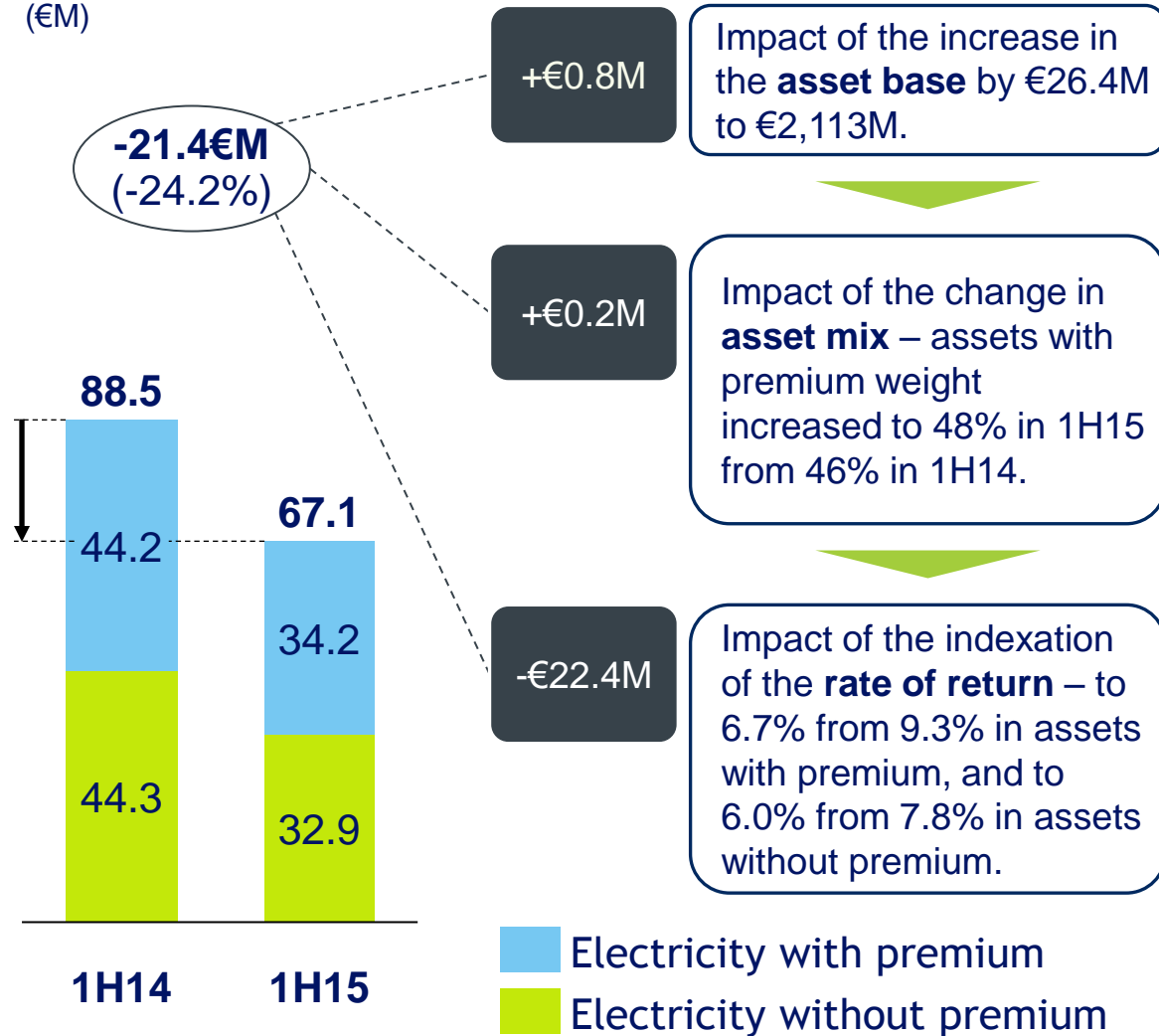
(1) Includes Δ+€1.6M of NG tariff smoothing effect;

(2) Related to the incentive to maintain in use the assets at end of life;

(3) Includes Δ-€1.5M of Opex own works.

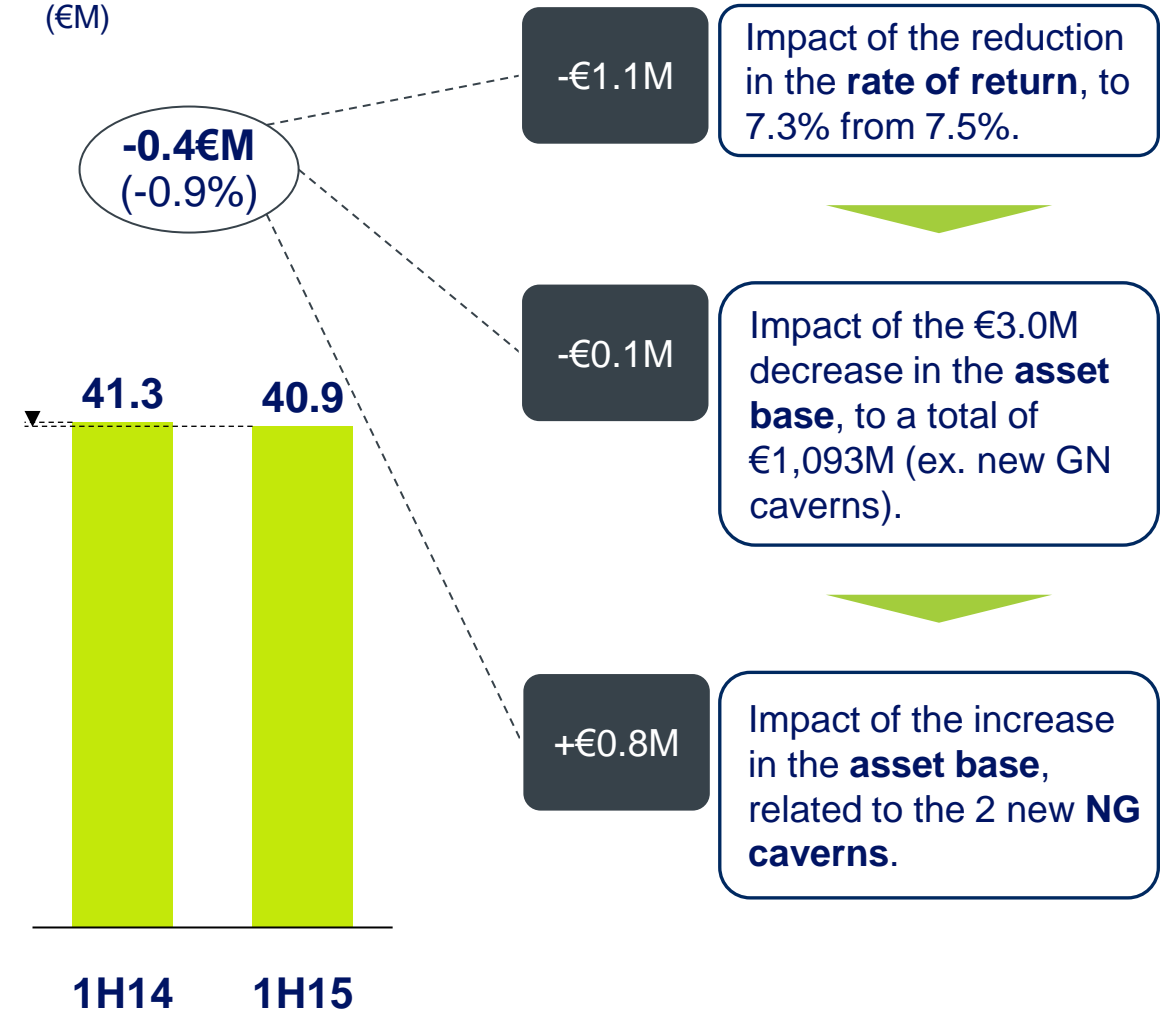
### RAB REMUNERATION ELECTRICITY

(ex. lands)  
(€M)



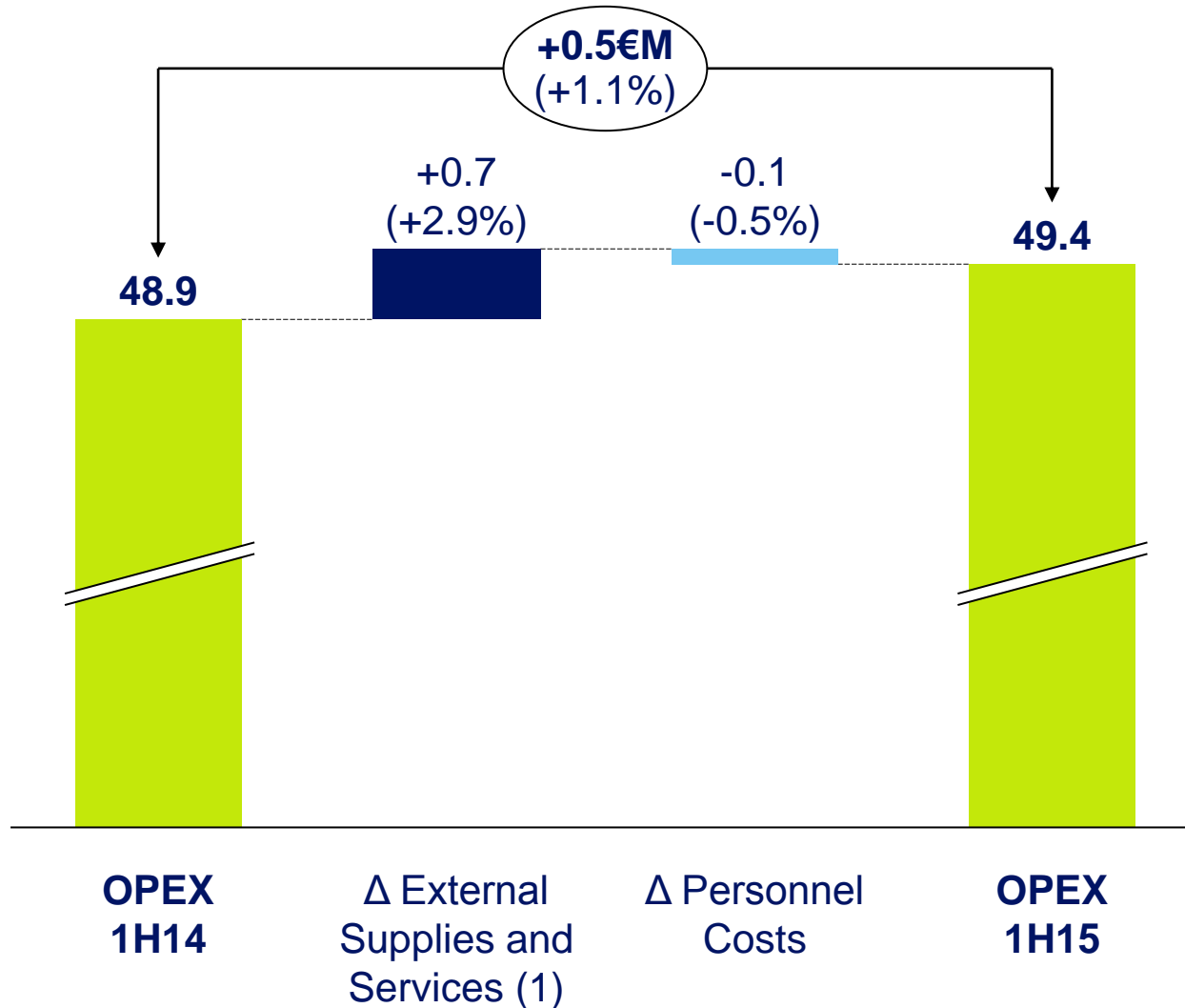
### RAB REMUNERATION NATURAL GAS

(ex. tariff smoothing effect)  
(€M)





### OPERACIONAL COSTS (€M)



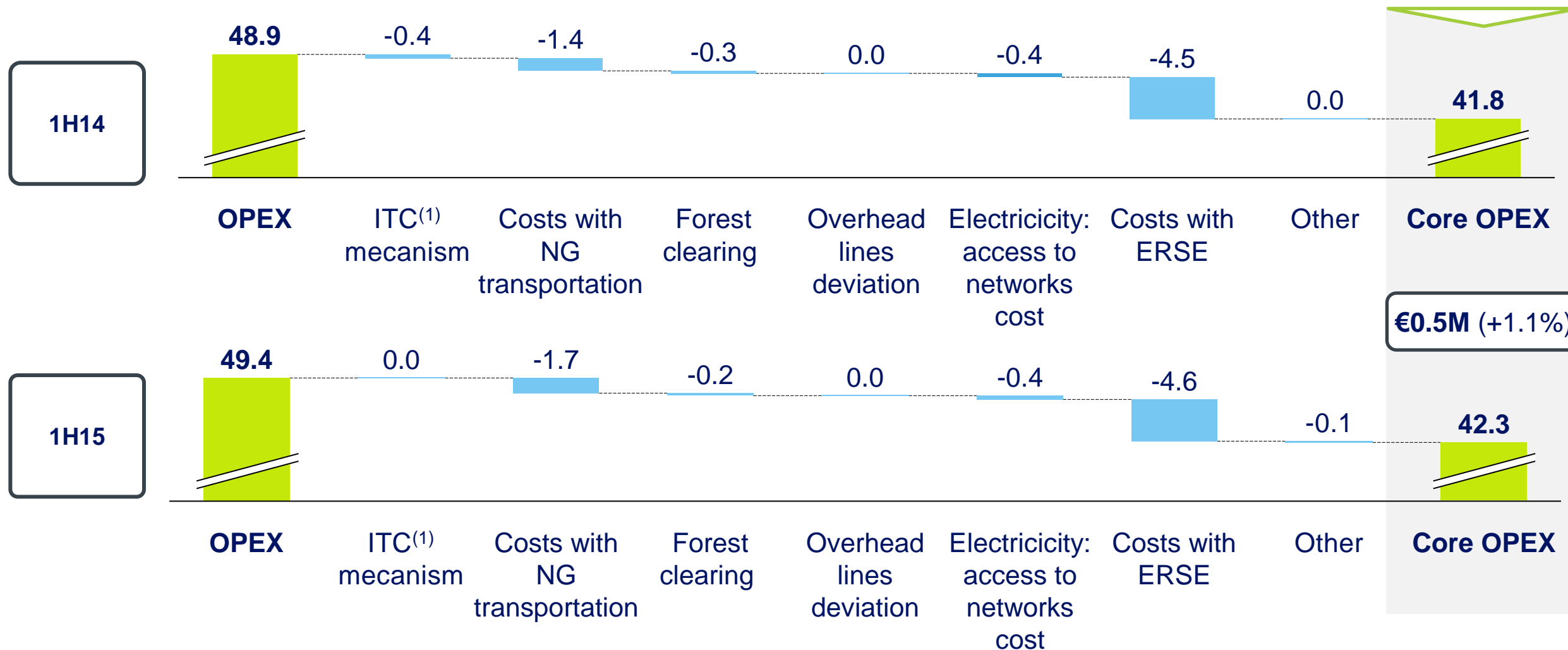
- ▶ External Supplies and Services (ESS) increased 2.9% (+€0.7M) due to consultancy services and the issue of debt instruments in the first quarter; Other Operational Costs (included in ESS) were down by €0.2M (-2.3%);
- ▶ Personnel Costs had a €0.1M decrease, despite changes in actuarial assumptions and post-employment benefits, which increased costs.

(1) Includes Δ-€0.2M of Other Operating Costs.

# CORE OPEX ROSE SLIGHTLY, REACHING €42.3M IN 1H15

### OPEX CORE

(€M)



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



# FINANCIAL RESULTS IMPROVED €6.9M

reflecting the strengthening of the company's liquidity profile

## NET PROFIT

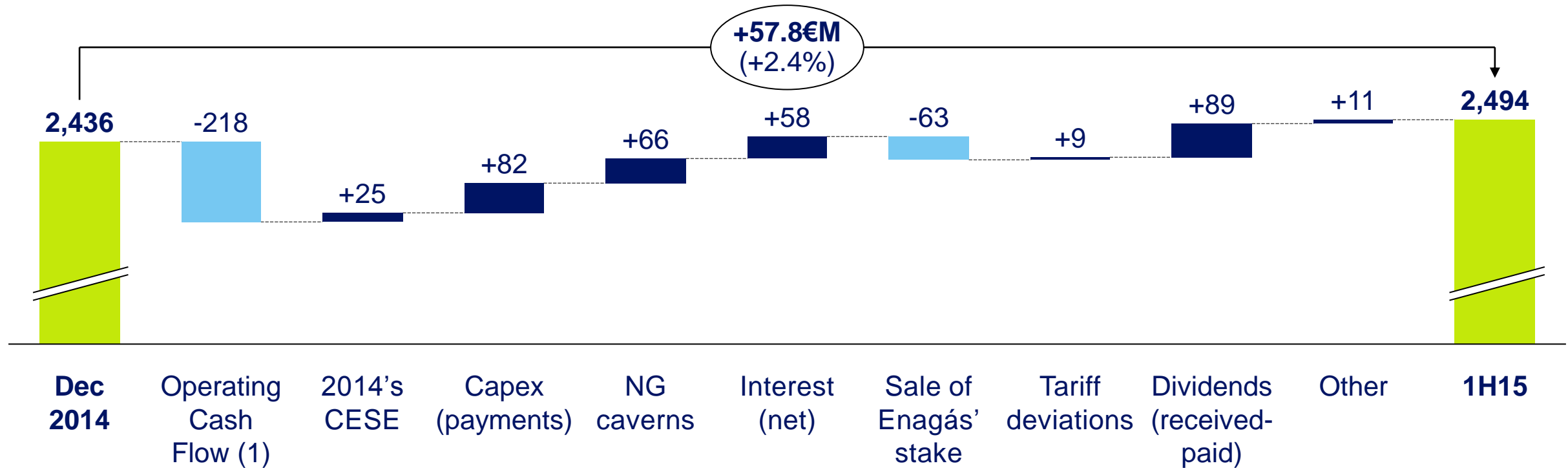
€M	1H15	1H14	Δ%	Δ Abs.
<b>EBITDA</b>	254.3	252.2	0.8%	2.1
<b>Depreciation</b>	104.1	100.9	3.2%	3.2
<b>Financial Results<sup>(1)</sup></b>	-44.8	-51.7	13.3%	6.9
<b>Profit before income tax and levy</b>	105.3	99.5	5.8%	5.8
<b>Taxes</b>	17.3	28.7	-39.6%	-11.4
<b>Extraordinary levy</b>	12.7	12.5	1.5%	0.2
<b>Net Profit</b>	75.3	58.3	29.2%	17.0
<b>RECURRENT Net Profit</b>	63.6	72.3	-12.0%	-8.7

- ▶ The **average cost of debt** was **4.0%** versus 4.8% in June 2014;
- ▶ **Financial Results** stood at -€44.8M, representing an improvement of 13.3% when compared with 1H14;

(1) Excludes the Financial Cost as of the interconnection capacity auctions between Spain and Portugal (€0.4M in 1H14 and -€0.2M in 1H15), known as FTR (Financial Transaction Rights), that were reclassified to Revenues.

- ▶ In 1H15, **Net Profit** increased by 29.2%, reaching €75.3M, with the improvement in Financial Results (+€6.9M on the back of a lower average cost of debt to 4.0% from 4.8%). Net Profit benefitted from the capital gain resulting from the sale of the Enagás' stake, but was negatively affected by both the energy sector extraordinary levy and the changes in the new electricity regulatory framework;
- ▶ Reported **Income Tax** decreased by 39.6% to €17.3M, given that REN benefited from the recovery of a tax impairment of €9.9M;
- ▶ In 2015, the Group is being taxed at a Corporate Income Tax rate of 21%, added by a municipal surcharge up the maximum of 1.5% over the taxable profit and (i) a State surcharge of an additional 3.0% of taxable profit between €1.5M and €7.5M, (ii) an additional 5.0% of taxable profit in excess of €7.5M and up to €35.0M and (iii) 7.0% over the taxable profit in excess of €35.0M.

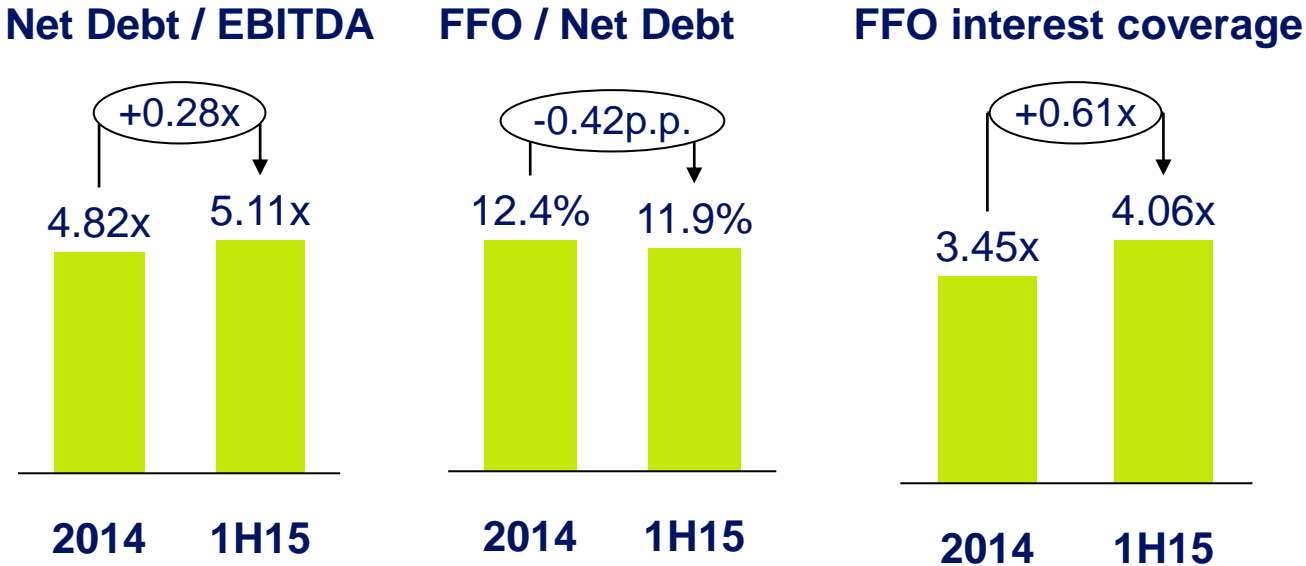
**NET DEBT  
(€M)**



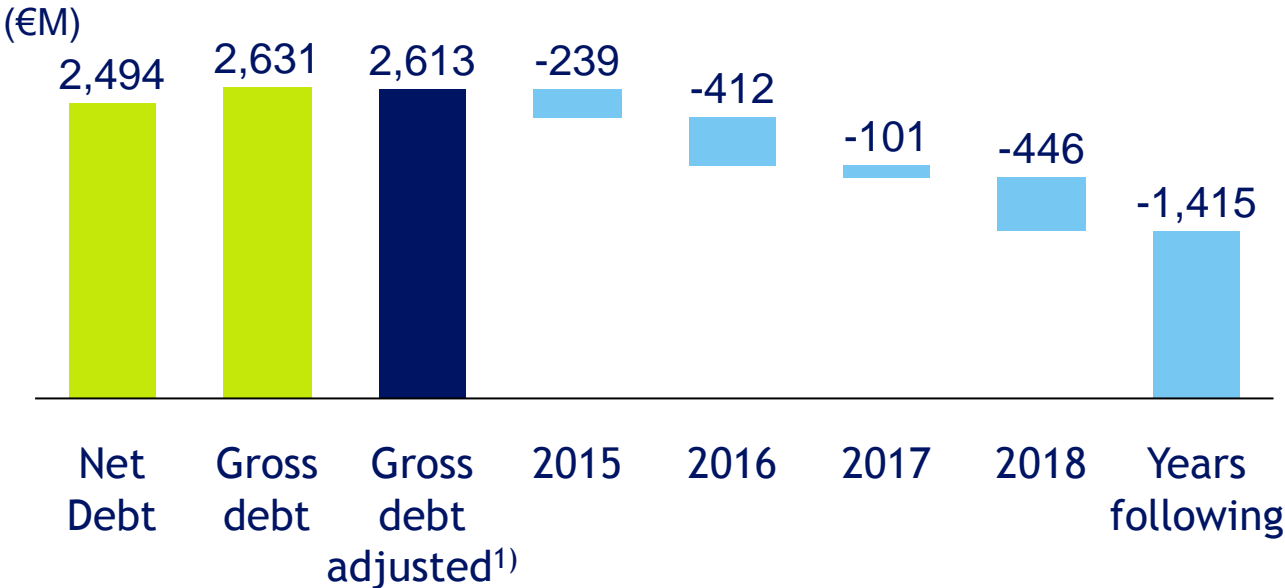
▶ The **average cost of debt** decreased by 66 b.p. when compared with 2014;

▶ **Net Debt/EBITDA** increased to 5.11x (4.82x in 2014) due to a decrease in annualized EBITDA.

(1) Operating Cash flow = EBIT + Depreciation + Provisions – Non cash items



### DEBT MATURITY SCHEDULE



- ▶ The Portuguese economy continued its recovery path. The country's macro-economic environment allowed REN to adjust the marginal cost of debt to the credit market conditions. REN has taken advantage from the current financial environment to proceed with the reorganization of its debt, reinforcing liquidity and financial solidity, promoting the diversification of its sources of funding and lender base while also reducing the risk of refinancing;
- ▶ Aligned with its financial health REN enjoys an investment grade rating from both Moody's and Fitch. That fact contributes to a more favorable climate among REN's creditors and can open the door for future issues of debt securities at lower costs;
- ▶ The average debt maturity is currently **4.58** years.

1) Adjusted by interest accruals and hedging on yen denominated debt.

€M	1H15	2014
Fixed assets RAB related	3,823.1	3,827.6
Investments and goodwill <sup>1</sup>	298.2	347.6
Tariff deviations	200.6	206.6
Receivables <sup>2</sup>	287.0	415.6
Cash	68.0	114.3
Other <sup>3</sup>	12.0	13.1
<b>Total assets</b>	<b>4,689.0</b>	<b>4,924.8</b>
Shareholders equity	1,121.3	1,135.6
Debt (end of period)	2,630.8	2,604.5
Provisions	6.9	7.3
Tariff deviations	43.6	58.2
Payables <sup>4</sup>	731.6	968.0
Other <sup>5</sup>	154.7	151.2
<b>Total equity and liabilities</b>	<b>4,689.0</b>	<b>4,924.8</b>

- ▶ The total amount of *fixed assets RAB related* decreased to €3,823.1M (this value includes investment subsidies and the recent new caverns recently purchased from Galp);
- ▶ *Investments and goodwill* (1) decreased to €298.2M from €347.6M at the end of 2014. 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 €287.0M in 1H15, a decrease from €415.6M at the end of 2014;
- ▶ *Other Assets* (3) stood at €12.0M, which item is consisted of 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 €731.6M at the end of 1H15, versus €968.0M in 2014;
- ▶ *Other liabilities* (5) stood at €154.7M, which include retirement and other benefit obligations, derivative financial instruments and guarantee deposits (€151.2M in 2014).

# THE BALANCE OF TARIFF DEVIATION TOTALIZED €157.0M to be received from tariffs

## TARIFF DEVIATIONS

€M	1H15	1H14
Electricity	38.0	13.5
Natural gas	60.2	79.9
Trading	58.8	43.3
<b>TOTAL</b>	<b>157.0</b>	<b>136.7</b>

### BORROWINGS

€M	Current	Non Current	TOTAL
Bonds	80.0	1,493.3	<b>1,573.3</b>
Bank borrowings	113.1	722.1	<b>835.2</b>
Commercial paper	100.0	102.0	<b>202.0</b>
Bank overdrafts	0.6	0.0	<b>0.6</b>
Finance lease	1.1	1.9	<b>2.9</b>
<b>TOTAL</b>	<b>294.8</b>	<b>2,319.3</b>	<b>2,614.1</b>
Accrued interest	32.5	0.0	<b>32.5</b>
Prepaid interest	-5.8	-10.0	<b>-15.8</b>
<b>TOTAL</b>	<b>321.5</b>	<b>2,309.3</b>	<b>2,630.8</b>

▶ The Group had five active commercial paper programmes, in the amount of €900M, of which €698M were available to be used. From the total amount of commercial paper programs, €600M had subscription guarantees;

- ▶ In the first half, the following changes were made: (1) REN issued debt in the amount of €300M at a fixed rate; (2) as part of the financing agreement that REN signed in 2010 with the EIB (to finance projects on the electricity sector) the second tranche in the amount of €75M was disbursed;
- ▶ Bank borrowings were mainly (€591M) represented by EIB loans;
- ▶ The Group also had 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 resigned in the contractually specified period for that purpose);
- ▶ REN's financial liabilities had 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 concession assets). The Gearing ratio comfortably met the limits defined, being 94% above the minimum level;
- ▶ The borrowings from the EIB included ratings covenants. In the event of ratings below the levels specified, REN can be called to provide a guarantee acceptable to the EIB.



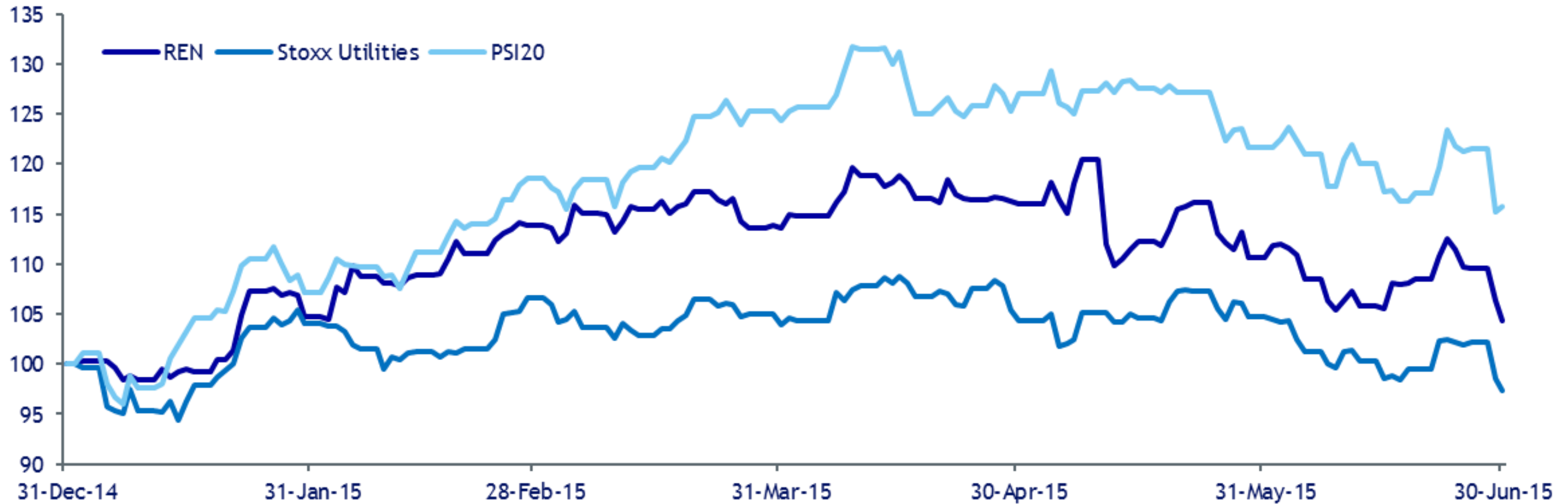
# SHARE PERFORMANCE

REN ended 1H15 with a total return of +11.0% (YTD)



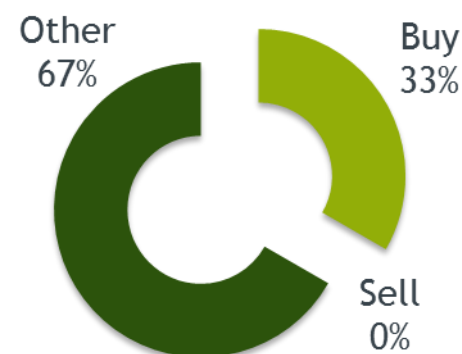
RESULTS  
REPORT

## ANNUALIZED CLOSING PRICES



### ANALYST RECOMMENDATIONS

- ▶ **Average price target**  
**€2.93**
- ▶ **Upside/Downside<sub>(+/-)</sub>**  
**+16.7%**



### CMVM: MAIN PRESS RELEASES (from January 2015)

- ▶ **Jan-23:** Resignation of member of the Board of Directors
- ▶ **Jan-30:** S&P affirms REN's rating with positive outlook
- ▶ **Feb-05:** Issue of debt instruments
- ▶ **Feb-10:** Extraordinary contribution over the energy sector
- ▶ **Feb-11:** Qualified shareholding (Fidelidade)
- ▶ **Mar-19:** 2014 Annual results presentation
- ▶ **Mar-27:** Qualified shareholding (EGF)
- ▶ **Apr-17:** Resolutions approved at the General Shareholders meeting
- ▶ **Apr-24:** Payment of dividends
- ▶ **May-10:** First quarter 2015 consolidated results presentation
- ▶ **May-15:** Strategic Update 2015-2018
- ▶ **Jul-09:** Transactions over REN shares (Board Member)
- ▶ **Jul-20:** Transaction of REN shares (Gestmin)
- ▶ **Jul-24:** Qualified shareholding (EGF)
- ▶ **Jul-24:** Qualified shareholding (Logofinance)

# REN'S TOTAL SHAREHOLDER RETURN WAS +12.9% (ITD)



## REN

1H15

### END OF PERIOD

#### Price (€)

Close	2.511
High YTD	2.899
Low YTD	2.367
<i>Variation YTD</i>	<i>4.4%</i>
Nr. of shares (M)	534
Own shares (M)	3.9
Market cap. (€M)	1,340.9
Volume (M shares)	0.588
Volume WAP	2.686

#### Performance indicators

Dividend yield	6.8%
PER	8.9x
Total shareholder return YTD	11.0%
Cumulative total return*	
REN	12.9%
PSI20	-37.5%
EuroStoxx Utilities	-19.7%

\* Inception to date (July 9<sup>th</sup> 2007)  
Source: Bloomberg



# APPENDIX

€M	1H15	1H14	2014	1H15/1H14	
				Δ %	Δ Abs.
<b>1) TOTAL REVENUES</b>	<b>395.0</b>	<b>327.2</b>	<b>755.7</b>	<b>20.7%</b>	<b>67.8</b>
<b>Revenues from assets</b>	<b>220.4</b>	<b>232.2</b>	<b>469.7</b>	<b>-5.0%</b>	<b>-11.7</b>
Return on RAB	108.0	129.8	262.8	-16.8%	-21.8
Electricity	67.1	88.5	180.0	-24.2%	-21.4
Natural gas	40.9	41.3	82.8	-0.9%	-0.4
Hydro land remuneration	0.1	0.1	0.2	69.0%	0.1
Lease revenues from hydro protection zone	0.4	0.4	0.7	-1.2%	0.0
Remuneration of fully depreciated assets	9.3	4.3	8.6	114.4%	4.9
Tariff smoothing effect (natural gas)	-1.8	-3.3	-5.5	46.9%	1.6
Recovery of depreciation (net from subsidies)	95.5	92.0	185.0	3.8%	3.5
Subsidies amortization	8.9	8.9	17.8	0.6%	0.1
<b>Revenues of OPEX</b>	<b>45.7</b>	<b>48.8</b>	<b>103.1</b>	<b>-6.5%</b>	<b>-3.2</b>
<b>Other revenues</b>	<b>30.3</b>	<b>10.2</b>	<b>19.7</b>		<b>20.0</b>
<b>Construction revenues (IFRIC 12)</b>	<b>98.6</b>	<b>36.0</b>	<b>163.2</b>		<b>62.6</b>
<b>2) OPEX</b>	<b>49.4</b>	<b>48.9</b>	<b>106.2</b>	<b>1.1%</b>	<b>0.5</b>
Personnel costs	26.3	26.4	53.4	-0.5%	-0.1
External supplies and services	16.4	15.6	40.2	5.2%	0.8
Other operational costs	6.6	6.8	12.6	-2.3%	-0.2
<b>3) Construction costs (IFRIC 12)</b>	<b>91.0</b>	<b>26.0</b>	<b>142.8</b>		<b>65.0</b>
4) Depreciation	104.1	100.9	202.6	3.2%	3.2
5) Other	0.4	0.3	1.5	39.6%	0.1
<b>6) EBIT</b>	<b>150.2</b>	<b>151.3</b>	<b>302.6</b>	<b>-0.7%</b>	<b>-1.1</b>
7) Depreciation	104.1	100.9	202.6	3.2%	3.2
<b>8) EBITDA</b>	<b>254.3</b>	<b>252.2</b>	<b>505.2</b>	<b>0.8%</b>	<b>2.1</b>
9) Depreciation	104.1	100.9	202.6	3.2%	3.2
10) Financial results	-44.8	-51.7	-113.8	13.3%	6.9
11) Income tax expense	17.3	28.7	51.0	-39.6%	-11.4
12) Extraordinary contribution on energy sector	12.7	12.5	25.1	1.5%	0.2
<b>13) NET PROFIT</b>	<b>75.3</b>	<b>58.3</b>	<b>112.8</b>	<b>29.2%</b>	<b>17.0</b>
14) Non recurrent items*	-11.7	14.0	27.6	-	-25.7
<b>15) RECURRENT NET PROFIT</b>	<b>63.6</b>	<b>72.3</b>	<b>140.3</b>	<b>-12.0%</b>	<b>-8.7</b>

### NON RECURRENT ITEMS:

- \* **1H15:** i) Cost of carry of EIB account of €1.9M (€1.4M after taxes);  
 ii) energy sector extraordinary levy, as established in 2015 State budget law (€12.7M); iii) capital gains with the sale of the group's stake in Enagás (-€20.1M; -€16.1M after taxes); and iv) a one-off effect related to the recovery of tax impairment generated in the constitution of REN, S.A. (-€9.9M; -€9.7M net of associated costs and after taxes);
- 1H14:** i) Cost of carry of EIB escrow account of €2.2M (€1.5M after taxes), and ii) Energy sector extraordinary levy, as established in 2015 State budget law (€12.5M).

# OTHER OPERACIONAL REVENUES AND COSTS BREAKDOWN

€M	1H15	1H14	2014	1H15/1H14	
				Δ %	Δ Abs.
<b>Other revenues</b>	<b>30.3</b>	<b>10.2</b>	<b>19.7</b>		<b>20.0</b>
Allowed incentives	1.3	1.1	3.1	17.1%	0.2
Interest on tariff deviation	1.4	0.6	1.2		0.8
Available incentive	0.0	0.0	1.0		0.0
Gains in related companies	20.1	0.0	0.0		20.1
Telecommunication sales and services rendered	2.8	2.7	5.5	6.2%	0.2
Consultancy services and other services provided	2.2	2.4	4.4	-7.8	-0.2
Other revenues	2.4	3.4	4.6	-30.2%	-1.0
<b>Other costs</b>	<b>6.6</b>	<b>6.8</b>	<b>12.6</b>	<b>-2.3%</b>	<b>-0.2</b>
Costs with ERSE	4.6	4.5	9.0	2.4%	0.1
Other	2.0	2.3	3.6	-11.5%	-0.3



# EBIT BREAKDOWN (ELECTRICITY<sup>1</sup>)

€M	1H15	1H14	2014(2)	1H15/1H14	
				Δ %	Δ Abs.
<b>1) REVENUES</b>	<b>206.0</b>	<b>228.9</b>	<b>543.1</b>	<b>-10.0%</b>	<b>-22.8</b>
<b>Revenues from assets</b>	<b>152.3</b>	<b>166.1</b>	<b>336.1</b>	<b>-8.3%</b>	<b>-13.9</b>
Return on RAB	67.1	88.5	180.0	-24.2%	-21.4
Hydro land remuneration	0.1	0.1	0.2	69.0%	0.1
Lease revenues from hydro protection zone	0.4	0.4	0.7	-1.2%	0.0
Remuneration of fully depreciated assets	9.3	4.3	8.6	114.4%	4.9
Recovery of depreciation (net from subsidies)	69.3	66.8	134.4	3.8%	2.5
Subsidies amortization	6.1	6.0	12.1	0.7%	0.0
<b>Revenues of OPEX</b>	<b>28.0</b>	<b>32.3</b>	<b>68.4</b>	<b>-13.3%</b>	<b>-4.3</b>
<b>Other revenues</b>	<b>1.9</b>	<b>0.4</b>	<b>1.2</b>	<b>317.9%</b>	<b>1.4</b>
Interest on tariff deviation	0.6	-0.8	-1.6	176.9%	1.4
Other	1.3	1.2	2.8	2.2%	0.0
Construction revenues (IFRIC 12)	23.9	30.0	137.4	-20.4%	-6.1
<b>2) OPEX</b>	<b>23.1</b>	<b>22.9</b>	<b>51.8</b>	<b>0.9%</b>	<b>0.2</b>
Personnel costs	11.8	11.9	23.8	-1.0%	-0.1
External supplies and services	7.1	6.7	20.3	6.7%	0.5
Other operational costs	4.1	4.3	7.7	-3.2%	-0.1
<b>3) Construction costs (IFRIC 12)</b>	<b>17.4</b>	<b>21.6</b>	<b>120.6</b>	<b>-19.4%</b>	<b>-4.2</b>
<b>4) Depreciation</b>	<b>75.3</b>	<b>73.0</b>	<b>146.8</b>	<b>3.1%</b>	<b>2.2</b>
<b>5) Other</b>	<b>0.1</b>	<b>0.2</b>	<b>1.0</b>	<b>-68.1%</b>	<b>-0.1</b>
<b>6) EBIT (1-2-3-4-5)</b>	<b>90.2</b>	<b>111.2</b>	<b>223.0</b>	<b>-18.8%</b>	<b>-21.0</b>
7) Depreciation	75.3	73.0	146.8	3.1%	2.2
<b>8) EBITDA (6+7)</b>	<b>165.5</b>	<b>184.2</b>	<b>369.8</b>	<b>-10.2%</b>	<b>-18.7</b>

(1) Includes Electricity and Enondas (wave energy concession).

(2) For comparison purposes, 2014 values were adjusted excluding REN Trading.

# EBIT BREAKDOWN (NATURAL GAS)

€M	1H15	1H14	2014	1H15/1H14	
				Δ %	Δ Abs.
<b>1) REVENUES</b>	<b>163.4</b>	<b>92.8</b>	<b>200.1</b>	<b>76.1%</b>	<b>70.6</b>
<b>Revenues from assets</b>	<b>68.2</b>	<b>66.0</b>	<b>133.6</b>	<b>3.2%</b>	<b>2.1</b>
Return on RAB	40.9	41.3	82.8	-0.9%	-0.4
Tariff smoothing effect (natural gas)	-1.8	-3.3	-5.5	46.9%	1.6
Recovery of depreciation (net from subsidies)	26.2	25.2	50.6	3.7%	0.9
Subsidies amortization	2.9	2.9	5.7	0.3%	0.0
<b>Revenues of OPEX</b>	<b>17.7</b>	<b>16.5</b>	<b>34.6</b>	<b>6.8%</b>	<b>1.1</b>
<b>Other revenues</b>	<b>2.8</b>	<b>4.2</b>	<b>6.1</b>	<b>-32.4%</b>	<b>-1.4</b>
Interest on tariff deviation	0.6	0.6	1.2	11.1%	0.1
Other	2.2	3.6	4.9	-39.0%	-1.4
Construction revenues (IFRIC 12)	74.8	6.0	25.8		68.7
<b>2) OPEX</b>	<b>12.0</b>	<b>11.9</b>	<b>24.6</b>	<b>0.2%</b>	<b>0.0</b>
Personnel costs	3.8	3.8	7.8	0.2%	0.0
External supplies and services	6.1	5.9	12.7	3.0%	0.2
Other operational costs	2.1	2.3	4.2	-7.2%	-0.2
3) Construction costs (IFRIC 12)	73.6	4.4	22.2		69.2
<b>4) Depreciation</b>	<b>28.7</b>	<b>27.7</b>	<b>55.6</b>	<b>3.5%</b>	<b>1.0</b>
<b>5) Other</b>	<b>-0.3</b>	<b>0.0</b>	<b>0.4</b>		<b>-0.4</b>
<b>6) EBIT</b>	<b>49.6</b>	<b>48.8</b>	<b>97.3</b>	<b>1.6%</b>	<b>0.8</b>
7) Depreciation	28.7	27.7	55.6	3.5%	1.0
<b>8) EBITDA</b>	<b>78.2</b>	<b>76.5</b>	<b>152.9</b>	<b>2.3%</b>	<b>1.7</b>

# EBIT BREAKDOWN (OTHER<sup>1</sup>)

€M	1H15	1H14	2014(2)	1H15/1H14	
				Δ %	Δ Abs.
<b>1) TOTAL REVENUES</b>	<b>25.5</b>	<b>5.6</b>	<b>12.4</b>		<b>20.0</b>
<b>Other revenues</b>	<b>25.5</b>	<b>5.6</b>	<b>12.4</b>		<b>20.0</b>
Consulting and other services	0.6	0.3	1.0		0.3
Telecommunication sales and services rendered	2.8	2.7	5.5	6.2%	0.2
Allowed incentives	1.3	1.1	3.1		0.2
Interest on tariff deviation	0.2	0.8	1.7		-0.7
Gains in related companies	20.1	0.0	0.0		20.1
Other	0.5	0.7	1.3	-21.9%	-0.1
<b>2) OPEX</b>	<b>14.4</b>	<b>14.1</b>	<b>29.7</b>	<b>2.2%</b>	<b>0.3</b>
Personnel costs	10.7	10.8	21.9	-0.3%	0.0
External supplies and services	3.2	3.0	7.1	6.2%	0.2
Other operational costs	0.4	0.2	0.7	57.2%	0.1
<b>3) Depreciation</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>	<b>-7.4%</b>	<b>0.0</b>
<b>4) Other</b>	<b>0.6</b>	<b>0.0</b>	<b>0.1</b>		<b>0.6</b>
<b>5) EBIT</b>	<b>10.4</b>	<b>-8.7</b>	<b>-17.7</b>		<b>19.1</b>
6) Depreciation	0.1	0.1	0.3	-7.4%	0.0
<b>7) EBITDA</b>	<b>10.5</b>	<b>-8.5</b>	<b>-17.4</b>		<b>19.1</b>

(1) Includes REN SGPS, REN Serviços, REN Telecom, REN Trading and REN Finance;

(2) For comparison purposes, 2014 values were adjusted considering REN Trading.

€M	1H15	1H14	2014	1H15/1H14	
				Δ %	Δ Abs.
<b>CAPEX*</b>	<b>98.7</b>	<b>36.0</b>	<b>163.3</b>		62.7
Electricity	23.9	30.0	137.4	-20.4%	-6.1
Natural gas	74.8	6.0	25.8		68.7
Other	0.1	0.0	0.1		0.1
<b>Transfers to RAB**</b>	<b>76.0</b>	<b>10.1</b>	<b>194.2</b>	%	65.9
Electricity	4.7	9.0	146.0	-47.3%	-4.2
Natural gas	71.3	1.1	48.2		70.1
<b>Average RAB</b>	<b>3,558.8</b>	<b>3,480.6</b>	<b>3,529.2</b>	2.2%	78.2
Electricity	2,113.3	2,086.9	2,128.0	1.3%	26.4
With premium	1,016.0	949.8	994.4	7.0%	66.3
Without premium	1,097.3	1,137.2	1,133.6	-3.5%	-39.8
Land	284.4	297.6	294.3	-4.4%	-13.1
Natural gas	1,161.0	1,096.1	1,107.0	5.9%	64.9
<b>RAB e.o.p.</b>	<b>3,512.4</b>	<b>3,439.6</b>	<b>3,536.8</b>	2.1%	72.8
Electricity	2,083.1	2,061.3	2,143.4	1.1%	21.8
Land	281.2	294.2	287.6	-4.4%	-13.1
Natural gas	1,148.2	1,084.1	1,105.7	5.9%	64.1
<b>RAB's variation e.o.p.</b>	<b>-24.4</b>	<b>-82.2</b>	<b>15.0</b>		
Electricity	-60.4	-51.4	30.7		
Land	-6.5	-6.6	-13.2		
Natural gas	42.4	-24.1	-2.4		
<b>RAB's remuneration</b>	<b>108.5</b>	<b>130.2</b>	<b>263.7</b>	-16.7%	-21.7
Electricity	67.1	88.5	180.0	-24.2%	-21.4
With premium	34.2	44.2	92.1	-22.5%	-9.9
Without premium	32.9	44.3	88.0	-25.9%	-11.5
Land	0.5	0.4	0.9	11.2%	0.1
Natural gas	42.6	41.3	82.8	-0.9%	-0.4
<b>RoR's RAB</b>	<b>6.2%</b>	<b>7.5%</b>	<b>7.5%</b>		-1.3p.p.
Electricity	6.4%	8.6%	8.5%		-2.1p.p.
With premium	6.7%	9.3%	9.3%		-2.6p.p.
Without premium	6.0%	7.8%	7.8%		-1.8p.p.
Land	0.4%	0.3%	0.3%		0.0p.p.
Natural gas	7.3%	7.5%	7.5%		-0.2p.p.

\* Total costs

\*\* Transfers to RAB include direct acquisitions RAB related

	1H15	1H14	2014
Net Debt (€M)	2,494.0	2,452.5	2,436.2
Average cost	4.0%	4.8%	4.7%
Average maturity (years)	4.6	4.1	3.9

**DEBT BREAKDOWN**

## Funding sources

Bond issues	60%	60%	52%
EIB	23%	23%	22%
Loans	3%	5%	6%
CDB	6%	6%	6%
Other	8%	6%	15%

**TYPE**

Fixed	41%	52%	45%
Float	59%	48%	55%

**CREDIT METRICS**

Net Debt / EBITDA	5.1x	4.9x	4.8x
FFO / Net Debt	11.9%	12.8%	12.4%
FFO interest coverage	4.1x	3.7x	3.5x

**RATING**

	Long term	Short term	Outlook	Date
Moody's	Baa3	-	Stable	10/21/2014
Standard & Poor's	BB+	B	Positive	01/30/2015
Fitch	BBB	F3	Stable	01/15/2015



# CONSOLIDATED FINANCIAL STATEMENTS



# CONSOLIDATED STATEMENTS

## Financial position (teuros)



## RESULTS REPORT

	Jun2015	Jun2014
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	692	682
Goodwill	3,774	3,774
Intangible assets	3,832,847	3,838,228
Investments in associates and joint ventures	12,971	12,575
Available-for-sale financial assets	146,130	144,443
Derivative financial instruments	33,029	21,970
Other financial assets	93,469	93,482
Trade and other receivables	118,393	86,182
Deferred tax assets	68,744	65,982
	<b>4,310,050</b>	<b>4,267,320</b>
<b>Current assets</b>		
Inventories	1,552	1,779
Trade and other receivables	289,351	459,785
Available-for-sale financial assets	0	62,530
Current income tax recoverable	11,155	10,219
Other financial assets	8,864	8,864
Cash and cash equivalents	67,991	114,258
	<b>378,913</b>	<b>657,435</b>
<b>TOTAL ASSETS</b>	<b>4,688,963</b>	<b>4,924,755</b>

	Jun2015	Jun2014
<b>EQUITY</b>		
<b>Shareholders' equity:</b>		
Share capital	534,000	534,000
Treasury shares	-10,728	-10,728
Other reserves	320,791	315,621
Retained earnings	201,235	183,896
Others changes in equity	30	0
Net profit for the period	75,275	112,777
<b>TOTAL EQUITY</b>	<b>1,120,603</b>	<b>1,135,567</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	2,309,285	2,207,514
Liability for retirement benefits and others	124,788	126,617
Derivative financial instruments	29,939	24,581
Provisions	5,220	4,947
Trade and other payables	338,787	328,228
Deferred tax liabilities	86,523	92,270
	<b>2,894,543</b>	<b>2,784,157</b>
<b>Current liabilities</b>		
Borrowings	321,476	396,952
Provisions	1,725	2,369
Trade and other payables	324,926	605,710
Income tax payable	25,690	0
	<b>673,818</b>	<b>1,005,031</b>
<b>TOTAL LIABILITIES</b>	<b>3,568,360</b>	<b>3,789,188</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,688,963</b>	<b>4,924,755</b>

# CONSOLIDATED STATEMENTS

## Profit and loss (teuros)

	Period ended June	
	2015	2014
Sales	400	59
Services rendered	264,634	280,433
Revenue from construction of concession assets	98,632	36,009
Gains from associates and joint ventures	396	226
Operating subsidies	0	2
Other operating income	30,863	10,959
<b>Operating income</b>	<b>394,926</b>	<b>327,688</b>
Cost of goods sold	-425	-262
Cost with construction of concession assets	-90,979	-25,957
External supplies and services	-16,666	-15,776
Employee compensation and benefit expense	-26,233	-26,279
Depreciation and amortizations	-104,103	-100,912
Provisions	245	-227
Impairments	-600	-28
Other expenses	-6,218	-6,539
<b>Operating costs</b>	<b>-244,979</b>	<b>-175,979</b>
<b>Operating results</b>	<b>149,947</b>	<b>151,709</b>
Financial costs	-55,105	-63,285
Financial income	6,467	4,924
Financial income - dividends	4,036	6,200
<b>Financial results</b>	<b>-44,602</b>	<b>-52,161</b>
<b>Profit before income tax</b>	<b>105,345</b>	<b>99,548</b>
Income tax expense	-17,348	-28,738
Energy sector extraordinary contribution	-12,722	-12,532
<b>Net profit for the period</b>	<b>75,275</b>	<b>58,278</b>
<b>Attributable to:</b>		
Equity holders of the Company	75,275	58,278
Non-controlled interest	-	-
<b>Consolidated profit for the period</b>	<b>75,275</b>	<b>58,278</b>

# CONSOLIDATED STATEMENTS

## Cash flow (teuros)



## RESULTS REPORT

	Period ended June	
	2015	2014
<b>Cash flow from operating activities:</b>		
Cash receipts from customers <sup>(a)</sup>	1,097,928	1,575,624
Cash paid to suppliers <sup>(a)</sup>	(867,671)	(1,229,067)
Cash paid to employees	(31,446)	(32,464)
Income tax received/(paid)	(588)	(45,507)
Other receipts/(payments) relating to operating activities	(53,278)	(42,189)
<b>Net cash flows from operating activities (1)</b>	<b>144,946</b>	<b>226,397</b>
<b>Cash flow from investing activities</b>		
Receipts related to:		
Available-for-sale	63,278	-
Other financial assets	-	13,864
Grants related to assets	-	177
Interests and other similar income	122	5,057
Dividends	1,203	2,837
Payments related to:		
Other financial assets	-	(57,172)
Available-for-sale	-	(100)
Property, plant and equipment	(2)	(1)
Intangible assets - Concession assets	(150,984)	(67,533)
<b>Net cash flows used in investing activities (2)</b>	<b>(86,383)</b>	<b>(102,870)</b>
<b>Cash flow from financing activities</b>		
Receipts related to:		
Borrowings	1,151,000	2,624,450
Interests and other similar income	-	75
Payments related to:		
Borrowings	(1,113,896)	(2,719,357)
Interests and other similar expense	(50,219)	(59,439)
Dividends	(90,650)	(90,650)
<b>Net cash flows from/(used in) financing activities (3)</b>	<b>(103,765)</b>	<b>(244,922)</b>
Net (decrease)/increase in cash and cash equivalents (1)+(2)+(3)	(45,203)	(121,395)
Cash and cash equivalents at the beginning of the year	112,599	167,126
Cash and cash equivalents at the end of the period	67,397	45,731
<b>Detail of cash and cash equivalents</b>		
Cash	22	17
Bank overdrafts	(594)	(542)
Bank deposits	67,969	46,257
	<b>67,397</b>	<b>45,731</b>

(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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