RESULTS PRESENTATION
2018

21st MARCH
2018 HIGHLIGHTS

In 2018, EBITDA stood at €492.3M, an increase of 1.0% compared with the previous year, mainly driven by the Portgás consolidation (€34.2M). Additionally, there was a positive contribution from the sale of the LPG\(^{(1)}\) business (€3.7M) and Electrogas (Δ€0.7M). However, these gains were partially offset by the decline in asset remuneration (Δ€35.3M), following the parameters set in the current electricity regulatory period and the decrease in bond yields;

Net profit and Recurrent Net Profit decreased to €115.7M (-8.1%) and €137.2M (-11.4%), respectively, in spite of the positive contribution of Financial Results that reached €57.8M (5.7% YoY). Financials benefited from the reduction in the average cost of debt (2.2% versus 2.5% in 2017) and the decrease in Net Debt (€103.1M to €2,653.1M);

The maintenance of CESE\(^{(2)}\) led to an effective tax rate of 42.0% for the full year;

The deceleration of demand for new gas and electricity infrastructures resulted in a reduction in Total CAPEX and Transfers to RAB. Capex amounted to €121.9M (€155.6M in 2017) and Transfers to RAB to €88.5M (€158.8M in 2017);

The Cabinet of the Energy Secretary of State approved the PDIRGN\(^{(3)}\), in January 04, and the PDIRT-E\(^{(4)}\), in February 19, which include a total amount of CAPEX of €55M and €535.1M, respectively, for the period 2018-2027.

\(^{(1)}\) Liquefied Petroleum Gas; \(^{(2)}\) Extraordinary energy sector levy; \(^{(3)}\) Natural Gas System’s Development and Investment Plan; \(^{(4)}\) Electricity Transmission System’s Development and Investment Plan.
## RESULTS AT A GLANCE

<table>
<thead>
<tr>
<th>€M</th>
<th>4Q18</th>
<th>2018</th>
<th>2017</th>
<th>Δ%</th>
<th>Δ Abs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>113.9</td>
<td>492.3</td>
<td>487.5</td>
<td>1.0%</td>
<td>4.8</td>
</tr>
<tr>
<td>Financial Result</td>
<td>-14.3</td>
<td>-57.8</td>
<td>-61.2</td>
<td>5.7%</td>
<td>3.5</td>
</tr>
<tr>
<td>Net Profit</td>
<td>24.8</td>
<td>115.7</td>
<td>125.9</td>
<td>-8.1%</td>
<td>-10.2</td>
</tr>
<tr>
<td>Recurrent Net Profit</td>
<td>24.7</td>
<td>137.2</td>
<td>154.8</td>
<td>-11.4%</td>
<td>-17.6</td>
</tr>
<tr>
<td>Average RAB</td>
<td>3 832.0</td>
<td>3 832.0</td>
<td>3 924.7</td>
<td>-2.4%</td>
<td>-92.8</td>
</tr>
<tr>
<td>CAPEX</td>
<td>54.7</td>
<td>121.9</td>
<td>155.6</td>
<td>-21.6%</td>
<td>-33.6</td>
</tr>
<tr>
<td>Net Debt</td>
<td>2 653.1</td>
<td>2 653.1</td>
<td>2 756.2</td>
<td>-3.7%</td>
<td>-103.1</td>
</tr>
</tbody>
</table>
SOVEREIGN DEBT RISK OF PORTUGAL
with a slightly decreasing trend

PT 10Y Treasury Bond Yields

Source: Bloomberg, Bank of Portugal, REN.
CAPEX REACHED €121.9M
Of which Portgás accounted for €24.9M
AVERAGE RAB DOWN BY 2.4% TO €3,832.0M
Portgás had a positive contribution of €9.3M

1) RoR is equal to the specific asset remuneration, divided by the average RAB.
RAB REMUNERATION DROPPED BY €36.7M
Driven by the decrease in both RoR and asset bases (Electricity and NGₜ)

**RAB REMUNERATION ELECTRICITY**
(ex. Lands) (€M)

-27.4€M (-19.0%)

-€2.59M

-€24.92M

-€5.29M

-€2.37M

Impact of the change in the rate of return resulting from the new framework – to 5.92% from 7.08% in assets with premium, and to 5.17% from 6.33% in assets without premium.

Impact of the decrease in the asset base by €46.5M to €2,091.9M.

Impact of the change in asset mix – assets with premium weight increased to 54% in 2018 from 53% in 2017.

**RAB REMUNERATION NATURAL GASₜ**
(ex. tariff smoothing effect) (€M)

-7.7€M (-11.8%)

-€2.37M

-€5.29M

Impact of the decrease in the rate of return, to 5.52% from 6.02%.

Impact of the €42.9M decrease in the asset base, to a total of €1,032.6M.

**RAB REMUNERATION PORTGÁS⁽¹⁾**
(€M)

-1.7€M (-6.0%)

+€0.54M

-€2.27M

Impact of the change in the rate of return, to 5.82% from 6.32%.

Impact of the €9.3M increase in the asset base, to a total of €464.5M.

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1) In 2017, Portgás contributed with €7.1M (last 3 months of 2017) for REN’s RAB remuneration.
OPEX WAS €131.3M, 8.0% ABOVE 2017 VALUE
Without Portgás, OPEX fell by 2.3%

OPERATIONAL COSTS (€M)

- Δ Other Operating Costs: €-1.5M (-11.1%)
- Δ External Supplies and Services: €-1.2M (-5.2%)
- Δ Personnel Costs: €0.7M (1.5%)

External Supplies and Services include €1.2M from Electrogas acquisition in 2017.
With the new electricity regulatory period starting in 2018, “Forest clearing” costs are now subject to revenue cap (Core OPEX), and therefore no longer a pass-through cost. This amounted to €3.8M in extra Core OPEX.

(1) ITC - Inter Transmission System Operator Compensation for Transits; (2) Item related to Portgás.
EBITDA REACHED €492.3M
Portgás contributed with €34.2M

(1) Includes -Δ€0.6M of NG tariff smoothing effect (natural gas);
(2) Includes €1.2M related to the one-off costs with Electrogas (in 1Q17) and Δ€0.09M of OPEX own works.
In 2018, without taking into account the special levy on the energy sector, the effective tax rate reached 29.3%, versus 25.7% in the previous year, which led to a €5.9M difference in taxes. This variation was mainly due to a higher State surcharge (Δ€2.2M), to 9% in 2018 from 7% in 2017, and a higher amount of deferred taxes, due to the increase in receivables from tariff deviations (Δ€2M).
The Average cost of debt decreased by 0.31p.p. to 2.2%.

(1) Includes Δ€6.4M of positive tariff deviations.
NET PROFIT DECREASED BY 8.1% TO €115.7M
On the back of higher amortizations (€13.1M) due to the Portgás acquisition

**NET PROFIT**
(€M)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Profit</th>
<th>Δ EBITDA</th>
<th>Δ Below EBITDA</th>
<th>Δ CESE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>125.9</td>
<td>4.8</td>
<td>-15.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2018</td>
<td>115.7</td>
<td>-10.2M</td>
<td></td>
<td></td>
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</tbody>
</table>

-15.5 (4.6%)

€10.2M (-8.1%)
In 2018, REN’s EBITDA was stable, with the contribution from Portgás almost fully compensating for the decrease in returns from assets. Operational income also benefitted from the sale of the LPG business that belonged to Portgás;

Financials improved as a result of the reduction in the amount of Debt and its effective average cost;

Despite these positive effects, Net Income was hurt by an increased level of Amortization, higher Taxes and the payment for the fifth time of CESE. By year-end, the Company paid €25.3M, which brought the effective corporate tax rate to 42.0%. Over the last five years, the total CESE payments made by REN amounted to €127.5M;

During this year, S&P upgraded REN’s rating to ‘BBB/A-2’ from ‘BBB-/A-3’ (in October) and Fitch reaffirmed REN’s Rating at ‘BBB’, with a stable outlook (in April). Consequently, REN maintained its position as the Portuguese listed Company with the best rating from all three major agencies;

With reference to 2018 results, the Board of Directors will propose, at the General Shareholders’ Meeting that will take place on May 3, the payment of a dividend of 17.1 cents per share. This decision is in line with the previous year and with REN’s dividend policy.
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