

REN 

# CAPITAL MARKETS DAY 2024



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# Agenda

The imperative of the Energy Transition

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Rodrigo Costa (CEO)

Reinforcing our sustainability commitments

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Enabling the Energy Transition

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João Conceição (COO)

Delivering sustainable profitable growth

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Gonçalo Morais Soares (CFO)

Closing remarks

Rodrigo Costa (CEO)



A landscape of wind turbines at sunset. The sky is filled with dark, dramatic clouds, and the sun is low on the horizon, creating a warm orange and yellow glow. Several wind turbines are visible, with the one in the foreground being the most prominent. A large, vibrant rainbow graphic is overlaid on the right side of the image, extending from the top to the bottom. The rainbow is composed of several distinct bands of color: red, orange, yellow, green, cyan, blue, and purple. The overall scene conveys a sense of clean energy and environmental progress.

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Rodrigo Costa

## **The imperative of the Energy Transition**

# The Energy Transition is imperative

The world is moving to tackle climate change



The energy sector will play a vital role in the transition



**1.5°C**

limit to achieve **climate neutrality**, as committed in the **Paris Agreement**

**+55%**

**CO2 emissions cut by 2030**, established by the **European Green Deal** to facilitate the 2050 climate neutrality target

**+60%**

**Expected EU power demand rise** until 2030 driven by a **shift towards electrification** and **green H<sub>2</sub> production**

**+600GW**

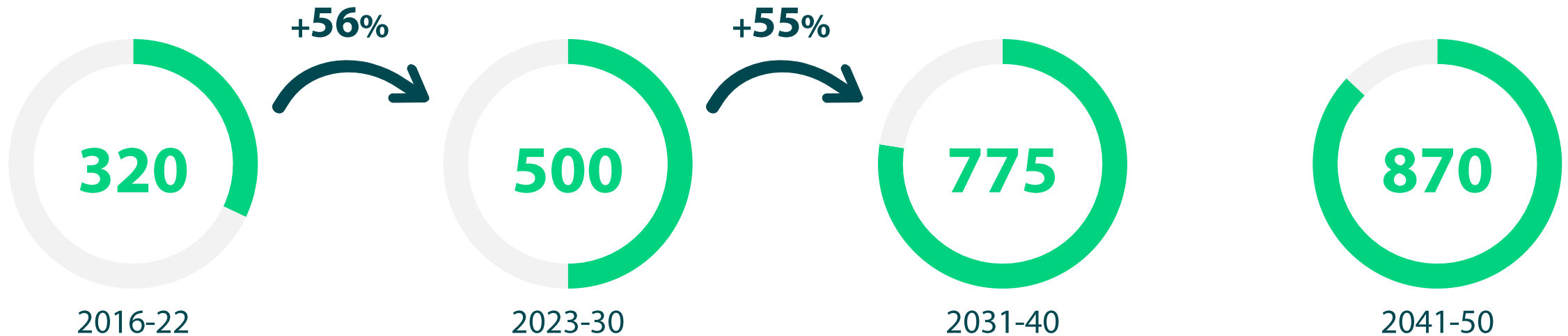
**Necessary wind and solar installed capacity** increase by 2030 in line with **EU Action Plan for Grids**

**+87GW**

**Cross-border transmission capacity** needed in Europe by 2030 in line with **EU Action Plan for Grids**

## The transition will not happen without grids

Global average annual T&D investments, B\$ 2022



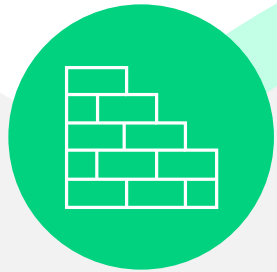
// Grid investment needs to accelerate and match investment in supply

IEA, November 23

// Europe will only ensure its energy security and deliver on its climate ambitions if our power infrastructure expands and evolves to be fit for a decarbonized energy system. Grids need to be an enabler, not a bottleneck in the clean energy transition

Kadri Simson, Commissioner for Energy. November 23

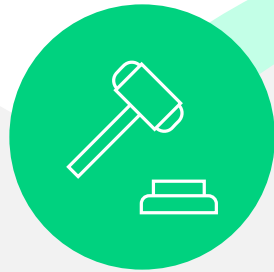
## Yet, the journey does not come without challenges



**Supply  
chain  
constraints**



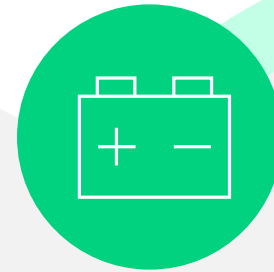
**Lengthy  
permitting  
processes**



**Evolving  
regulatory  
frameworks**



**Increasing  
physical  
hazards**



**Emergence  
of new  
technologies**



**Political  
volatility**

## In the past decade, we have successfully adapted to evolving investment contexts

### Key milestones

2015-17

#### Tactical M&A

**Inorganic gas diversification** (Portgás and underground gas storage assets)

**Chile** market entry (Electrogas)

**Investment grade rating** from all agencies

2018-20

#### Disciplined growth

Focus on **domestic core** (~155M€/year, avg.)

Reinforcement of **investment in Chile** (Transemel)

1st wave of **direct solar agreements** signed (3.5GW)

2021-23

#### Domestic growth and ESG commitment

**Investment growth** at the core of the domestic **Energy Transition** (~245M€/year, avg.)

Reinforced **ESG standards**

**First green bonds** issuance (€300M)

➤ **Going forward, we will accelerate our commitments to enable the Energy Transition**

Average investment, M€

445

210

250



## We are positioned in two of the leading regions on the energy transition path



**Portugal**

**>25GW**

**RES capacity**  
to be installed until 2030<sup>1</sup>

**~46€/MWh**

**solar utility-scale**  
**LCOE in Iberia<sup>2</sup> in 2022**

**Up to 30%**

**Green H2 production cost**  
advantage vs. Central Europe<sup>3</sup>



**Chile**

**>30GW**

**RES capacity**  
to be installed until 2030

**~42€/MWh**

**solar utility-scale**  
**LCOE in 2022**

**160 Mton**

**yearly green hydrogen**  
**production potential**

1. Based on the latest national PNEC 23-30 draft  
2. Spain as reference for Iberia  
3. Considering 2022 and Germany as references (data from the European Hydrogen Observatory)

# We remain committed to our role – at the center of the energy system to enable its transition



## We are critical for...



Seamlessly **integrating renewable** capacity



Guaranteeing **system flexibility** amid rising intermittent sources



Delivering a **robust and reliable** grid performance



Ensuring **security of supply**, even in challenging times

Renewable capacity<sup>2</sup>

6 GW

19 GW

44 GW

Electricity consumption from RES, %

28%

61%

85%

2005

2023

2030 target<sup>1</sup>

>**3.1 B€** REN's **cumulative investment** in **grid maintenance** and **expansion** allowed Portugal to become a leader in renewables

1. Target from PNEC (June 2023)

2. Including data for mainland Portugal, Madeira and Azores

# We continue to focus on operational excellence to provide a robust and reliable grid for all

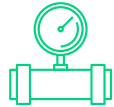
Quality and efficiency benchmark



## Electricity transmission

**98.4%**

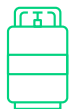
Combined availability rate



## Natural gas transport

**100%**

Combined availability rate



## Natural gas distribution

**98.9%**

Emergency situations with response time up to 60 min.

## Electricity

### Line cost



Avg. global peers



**-70%**

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### Substation cost



Avg. global peers



**-10%**

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## Natural gas

### OPEX on pipelines



Avg. EU peers



**-40%**

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### OPEX LNG terminal operators



Avg. EU peers



**-40%**

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## We continue to deliver reliable and consistent value to all stakeholders

### We are contributing to Portugal's economic growth

**>4 B€**  
invested in Portuguese infrastructure since 2005

**~42%<sup>1</sup>**  
average effective tax rate vs. 20% for PSI in 2020-22

**~95%**  
of payments directed to national suppliers/industry partners

**+13 GW**  
of renewable capacity since 2000, providing lower production costs for the energy system

### We are managing our environmental footprint

**>4,000 ha**  
replanted since 2010

**+1 M**  
trees of indigenous species planted since 2010

**-45%**  
scope 1 and 2 emissions reduction vs. 2019

### We are committed to our communities

**~750**  
employees in stable teams (>65% with bachelor degree)

**100%**  
availability rate for gas transport in 2022, despite gas shortages throughout Europe

**+1,500**  
indirect collaborators (service providers and contractors)

**Stability**  
for industry partners, staying together even during challenging times (inflation, interest rates, geopolitical conflicts)



1. Excluding non-recurring effects



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# Our strategy

2024-27

## Reinforcing our sustainability commitments

Stepping-up ESG targets  
Fostering people excellence

## Enabling the Energy Transition

Executing on the electricity transmission growth  
Unlocking the role of green gases  
Consolidating growth in Chile

## Delivering sustainable profitable growth

Growing our asset base sustainably  
Maintaining strong credit ratings  
Ensuring attractive returns to our shareholders



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Rodrigo Costa

**Reinforcing our  
sustainability commitments**



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**Our  
strategy**  
2024-27

**Reinforcing our sustainability  
commitments**

**Enabling the Energy Transition**

**Delivering sustainable  
profitable growth**

Stepping-up  
ESG targets

Fostering people  
excellence

## We will continue to accelerate our environmental commitment

### Our core commitments



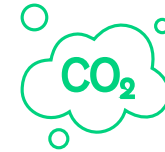
**Scope 1 and 2 emissions**  
reduction target by 2030 vs. 2019

**-60%** (vs. 50% 2021's  
CMD target)



**Scope 3 emissions**  
reduction target by 2030 vs. 2021

**-30%**



**Carbon neutral  
target**

**2040**

### Our path to achieve it

Fleet electrification  
(% of total) by 2030

**80%**

Renewable capacity for  
self-consumption by 2030

**15MW**

Reduce SF6 emissions  
by 2030 vs. 2023

**-50%**

Suppliers contracted volume  
compliant with SBTi by 2030

**50%**

Reduce CH4 emissions  
by 2030 vs. 2023

**-30%**

# We are focused on improving our impact on society with new and reinforced commitments



## Social

**>1/3**

women in first-line  
management  
positions by 2030

**100%**

employees  
trained in ESG  
by 2030

**3M€**

investment  
in communities  
by 2027<sup>1</sup>

## Governance

**ESG as a key  
performance metric**  
across company  
(vs. for managers previously)

**100%**  
**Green debt**  
by 2030

1. Not including compensation measures



# We will continue to foster internal people excellence across culture, talent and ways of working to attract and retain the capabilities needed

People excellence goals



## Culture

People-oriented environment with a **safety-first** mindset

**Zero**

Tolerance for accidents with fatalities and technical incidents that could result in fatalities

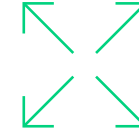


## Talent

Enhancing capabilities through **training** and **digitalization** efforts

**2M€**

Investment in employee capabilities by 2027



## Ways of working

Promoting **equality, inclusion, diversity, people development, and work-life balance**

**>75%**

Remain in 1st tier of employee satisfaction<sup>1</sup>

1. Employee Satisfaction question: "I'm satisfied in working for REN"



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## Enabling the Energy Transition



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**Our  
strategy**  
2024-27

Reinforcing our sustainability commitments

Executing on the electricity transmission growth

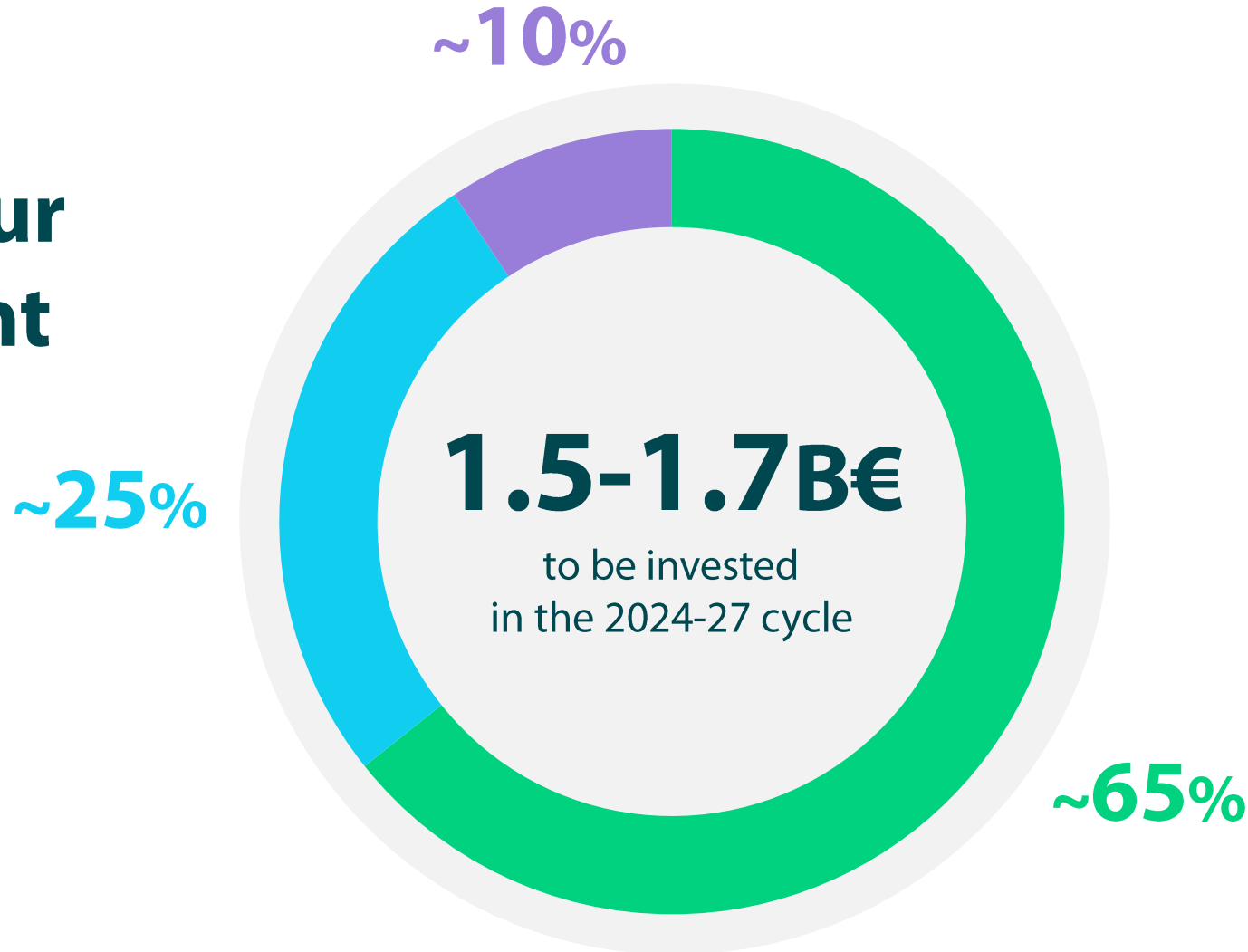
**Enabling the Energy Transition**

Unlocking the role of green gases

Delivering sustainable profitable growth

Consolidating growth in Chile

# We will step-up our investment



**Up to 70%**  
annual avg. investment  
vs. the 2021-23 cycle

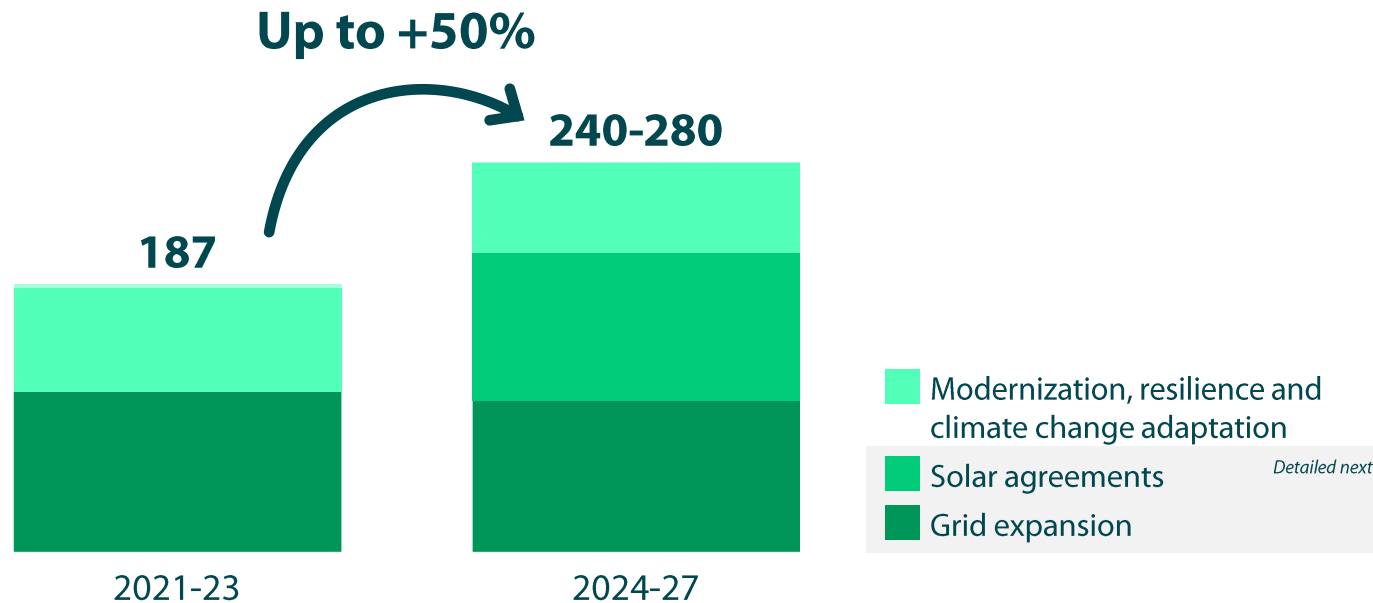
- Electricity
- Gas
- International

## We will further enhance and expand the electricity grid in Portugal, recognizing its critical role as the Energy Transition backbone

Electricity transmission

### Annual average domestic electricity investment

M€/year



Enabling the **integration of additional renewable energy** capacity into the system and **accelerating its decarbonization**

# We will continue to connect Portugal's ambitious portfolio of new renewable projects while expanding grid capacity to foster economic growth

2024-27 investment plan for electricity grid expansion

## Technology



Solar

## Capacity to be connected

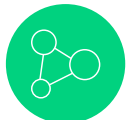
**3.5GW** direct agreements with solar PV promoters (*total pipeline of 7GW*)

**2.5GW** solar projects awarded in **regulated auctions**



Wind

**0.2GW** onshore projects, including **repowering**



Hybrid

**0.3GW** hybrid wind-solar-storage plant in Pego and **floating solar** project in Alqueva



Expanding grid capacity to meet the growing needs of large industrial consumers and reinforcing the Tâmega hydro plant connection

Adapting to **enable rapid growth in RES** and **facilitate economic growth** by allowing increased **industrial activity**



Enhancing our ability to **manage flexibility** by deploying **innovative solutions** and **advanced grid planning** – to reduce curtailment and diminish the need for redundant investments



# Solar agreements will allow us to speed-up the Energy Transition, with a low risk profile, in line with the traditional regulatory framework

Electricity transmission – Solar Agreements

○ <150 MVA   ○ 150-500 MVA   ○ 500-1,000 MVA   ○ >1,000 MVA   ● 1st wave agreements   ● 2nd wave agreements

## 32

**direct agreements signed** with solar promoters since 2021 (*two waves*)

## Similar returns

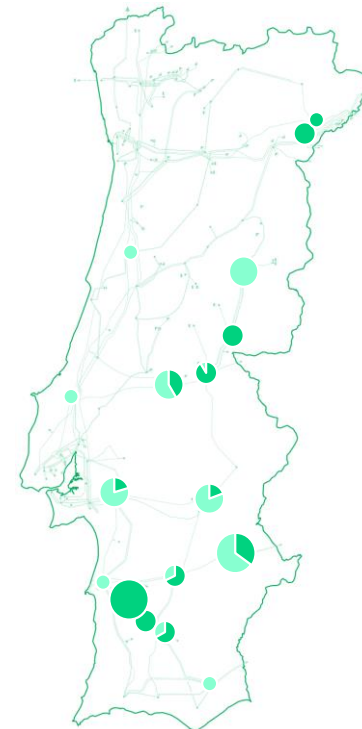
to the traditional regulated model, with **guarantees providing low risk profile**, with a **short-term cash flow** and **promoters as counterparties**

## Simplified

**grid connection** and accelerate the Energy Transition

## Expanding

**project pipeline** through additional direct agreements if necessary to **enable the Energy Transition**



## 7.0GW

**total capacity agreed** with solar promoters

## 3.5GW

capacity of **direct agreements** (1st wave) connected by 2027

## Long-term, we are preparing to enable the introduction of offshore wind in the future energy mix

Electricity transmission – Offshore Wind

Strategically preparing ourselves with the necessary **resources and expertise to start offshore transmission ventures towards the decade's end**

**Dedicated floating offshore team in place by 2024**

**2GW**

**2030 national plan target for offshore wind installed capacity**

### Windfloat

In 2019, REN **successfully connected** Portugal's first offshore wind project – 200MW of transmission capacity



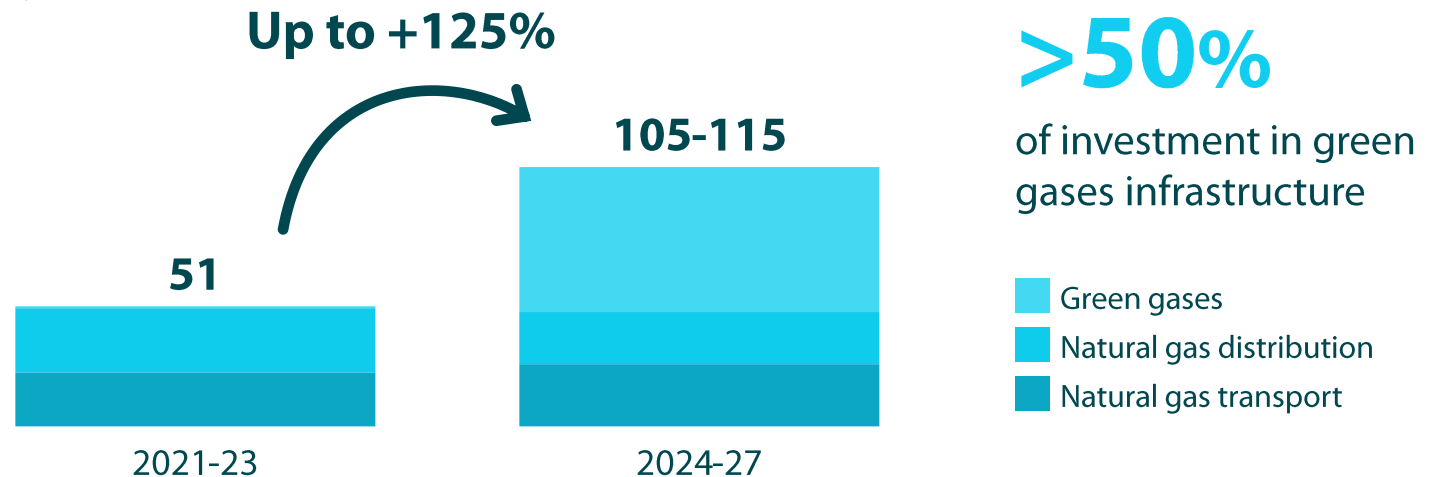
## We will strengthen the gas infrastructure to ensure security of supply and be ready to enable green hydrogen and biomethane ramp-up

Gas infrastructure

Committed to ensuring **security of supply** through targeted investments in **system efficiency and reliability**, while developing/adapting infrastructure for green gases to **accelerate decarbonization** of key industrial sectors

### Annual average investment in gas infrastructure

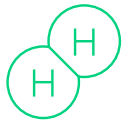
M€/year



The investment plan for green gases carries some degree of **uncertainty** despite domestic energy policies, yet with **limited financial impact**, underscoring the **resilience of the plan**

# We are committed to proactively unlock the green gases opportunity by leveraging the current gas infrastructure and develop new dedicated one

Gas infrastructure



## Green hydrogen

Pursuing the development of **regional H2 valleys**

**~15km** sines H2 valley  
dedicated pipeline

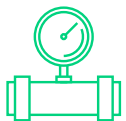
Developing **2 new H2-ready storage caverns** to ensure security of supply

**+1.2TWh** new caverns gas  
storage capacity

Adapting the grid infrastructure for **H2 blending**

Assessing Portugal's **integration into the H2Med corridor<sup>1</sup>**

**10%** target H2  
blending



## Biomethane

**On track to connect Portugal's first biomethane plants** to the grid this year

**+0.4TWh** biomethane capacity  
connected to the  
grid by 2027

**Actively seeking for partnerships** to connect producers and support them throughout their project development phase

1. Not considered in 2024-27 Investment Plan

# We will manage execution risk by mitigating inflation and volume risks across our value chain and proactively engaging with our stakeholders

## We are taking concrete steps to address and mitigate risks



Reinforcement of **procurement long-term strategic agreements** for 2026 onwards



**Forward-looking, inflation-indexed contracts** to reserve critical materials and equipment



**Lean tendering processes** to ease pressure on suppliers



**Engaging with key stakeholders** to address issues and streamline processes

**2-3x**

increase in average annual kilometers of new transmission line in 2024-27 (vs. 2021-23)

**+78**

tons of steel required for metallic infrastructures in 2024-27 (equivalent to 25 de Abril bridge)

**>85%**

transmission line works contracted<sup>1</sup> (to be built by 2027)

1. Includes those in process of being contracted



# We will leverage digitalization and innovation to enable and empower our operations

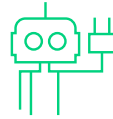
Innovation strategy pillars and key initiatives



## Quality and business continuity

Digital tools to improve system operations and flexibility management

Augmented and Virtual Reality solutions



## Smart and digital networks

Drone, satellite and linear assets monitoring

AI for predictive maintenance

Automated robots



## Sustainable development

TransForm agenda

Distributed Fiber Optic Sensing

Sustainable Substations



## New business models

Telco and Data Centers

Speed-E

**+60M€** spending<sup>1</sup> in digital and innovation initiatives in 2024-27



1. Includes both Capex and Opex  
2. Charging and Energy category, 2022

# A stable and fair regulatory framework is essential to enable and promote the Energy Transition

Domestic core business

## Regulatory models

### Electricity transmission

**2022-25**

revenue-cap (TOTEX)

### Natural gas and green gases

**2024-27**

price-cap (OPEX) and  
rate-of-return (CAPEX)



Regulation will be key in the next investment cycle to ensure...



**Returns aligned with system goals**, promoting system flexibility and creating value for the society



**Stable parameters and adequate remuneration** for increased investment to enable the Energy Transition



**Suitable incentives and efficiency targets** to drive operational excellence, and asset availability



**Ability** to maximize capturing of **European funding / support** to decrease society transition's cost



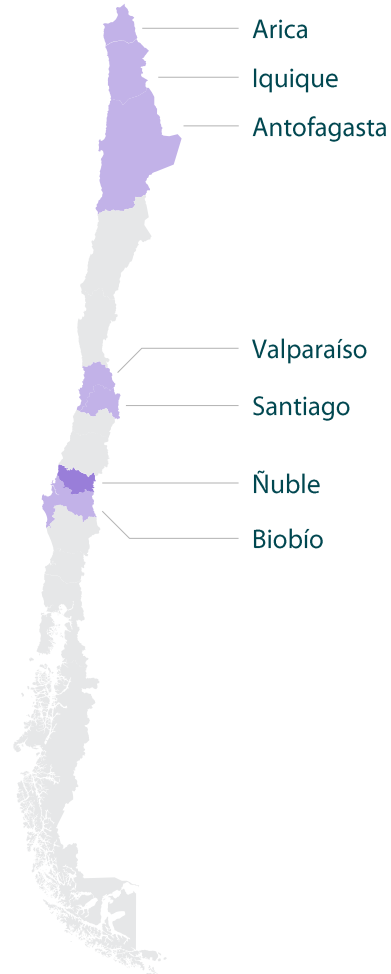
**Adaptation** to the **current macroeconomic context** and geopolitical uncertainty

# We are committed to consolidate Chile's footprint through stable organic growth

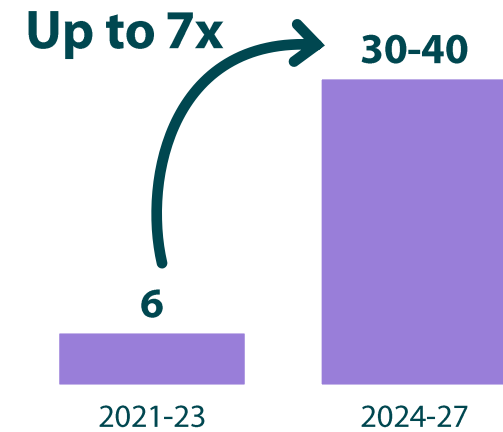
International business

## Chilean footprint

- Existing
- Upcoming



## Average annual international CAPEX, M€



**100M€ project pipeline** (80% secured in the past **2 years**), with upcoming auctions valued at **+1B€**



**Critical asset for Chile's energy transition**, where gas continues to be a key element





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Gonçalo Morais Soares

**Delivering sustainable  
profitable growth**



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**Our  
strategy**  
2024-27

Reinforcing our sustainability commitments

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Growing our asset base sustainably

Maintaining strong credit ratings

Ensuring attractive returns to our shareholders

# We successfully outperformed 2021-24 Business Plan targets and provided solid returns to investors

Avg. 2021-23 results outperformed last BP yearly targets

	Yearly targets	Avg. 2021-23
EBITDA	450-470M€	✓ 487M€
Recurrent net profit	90-105M€	✓ 110M€
Net debt	2.5-2.7B€	✓ 2.4B€
Capex <sup>1</sup>	200-235M€	✓ 250M€

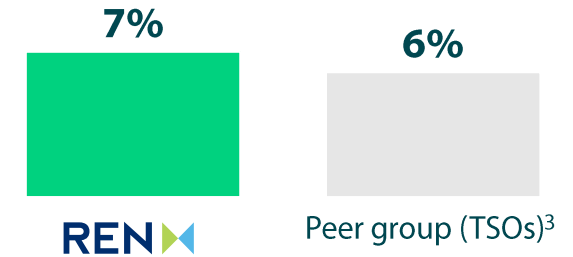
Outperformance driven by continued success in meeting key regulatory efficiency targets



Total shareholder return<sup>2</sup> (2019-23)



Average year-end dividend yield (2019-23)



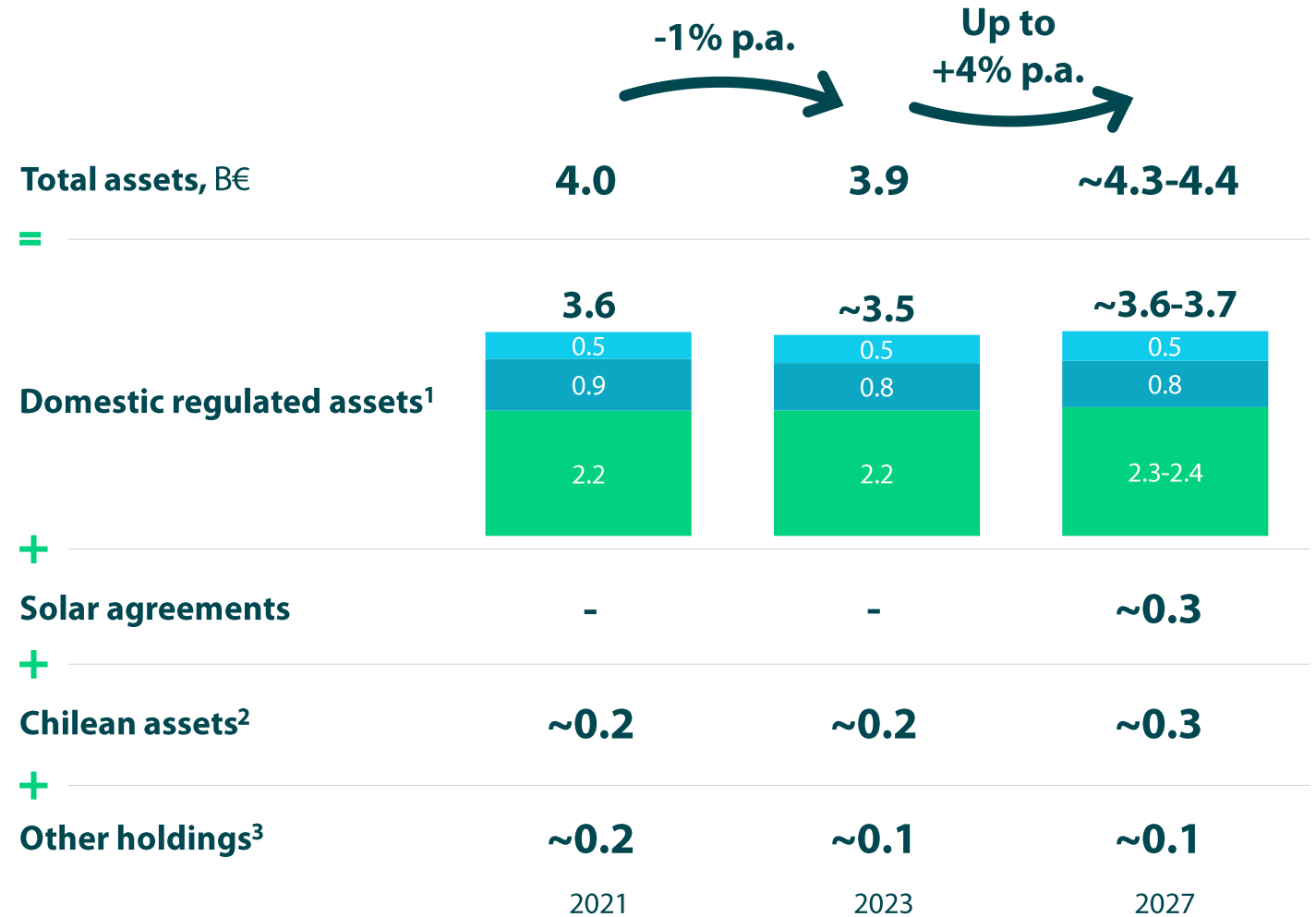
1. Capex at total costs (including capitalized own works)  
 2. Doesn't include reinvestment of dividends  
 3. Considering four reference Southern European TSO peers



# Enabling the Energy Transition in Portugal and Chile will allow us to drive asset base growth

- Electricity transmission
- Gas transport
- Gas distribution

1. Considering average RAB at reference costs  
 2. Transemel and Electrogas  
 3. REE and Cahora Bassa



## We see our domestic RAB following the Energy Transition acceleration, with the 2024-27 cycle as an inflection point

Average RAB at reference costs, B€



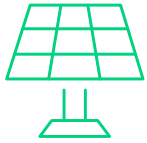
**Uptake in renewables capacity and impending green gases acceleration to drive significant investment growth in electricity and gas infrastructure, leading to up to +1% p.a. RAB growth during the 2023-27 period**

1. Includes hydro land assets and Enondas

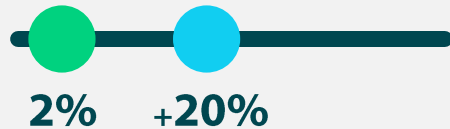
# We are also evolving our story, diversifying and de-risking our core business through increased investments in solar, green gases, and international

Additional levers of growth

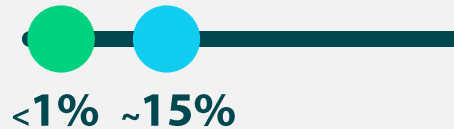
Share of organic investment ● 2018-23 avg. ● 2024-27 avg.



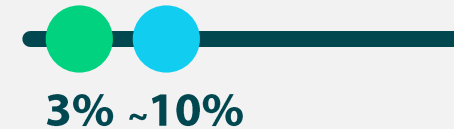
## Delivering on direct solar agreements<sup>1</sup>



## Unlocking green gases (H2 & Biomethane)



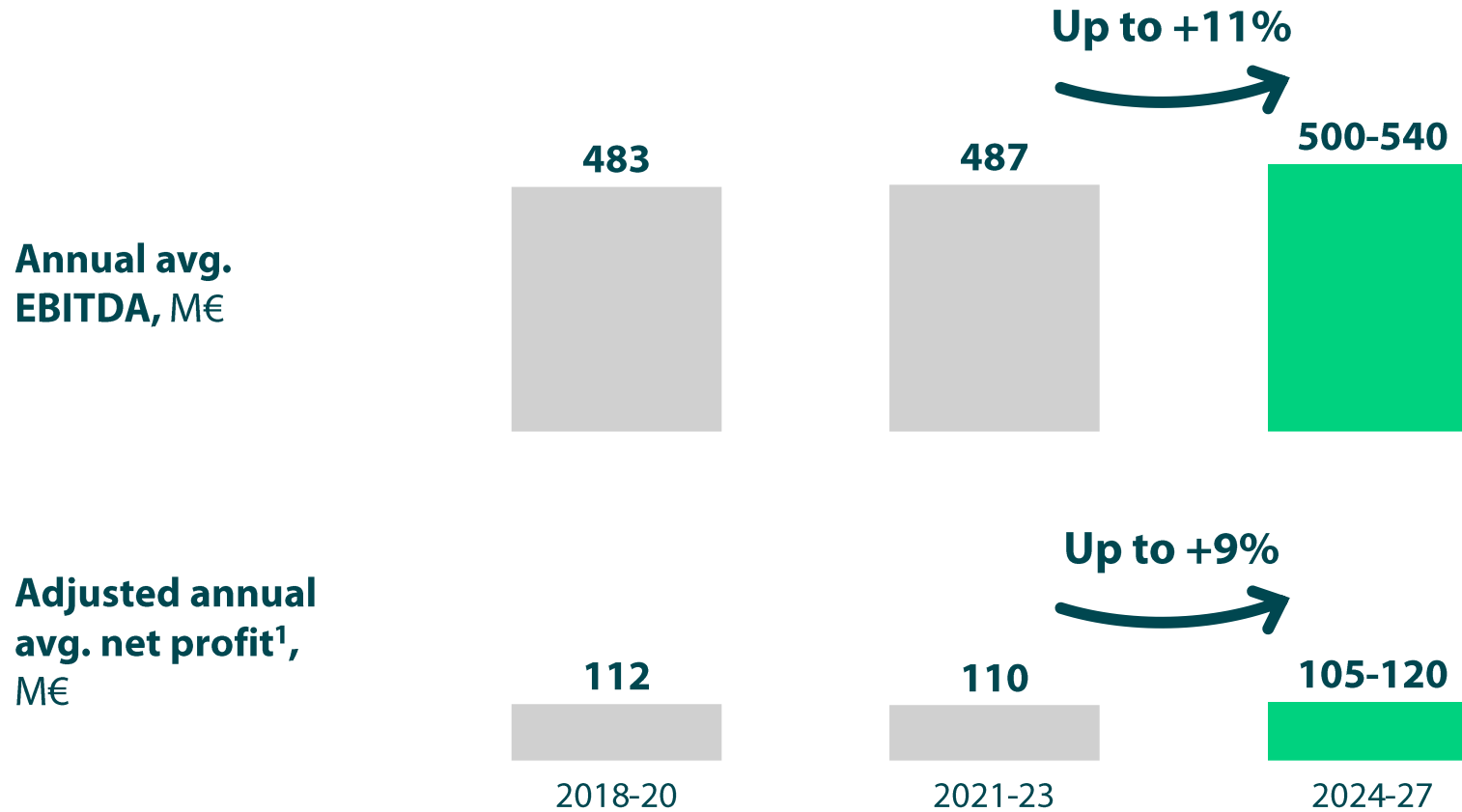
## Consolidating international exposure (Chile)



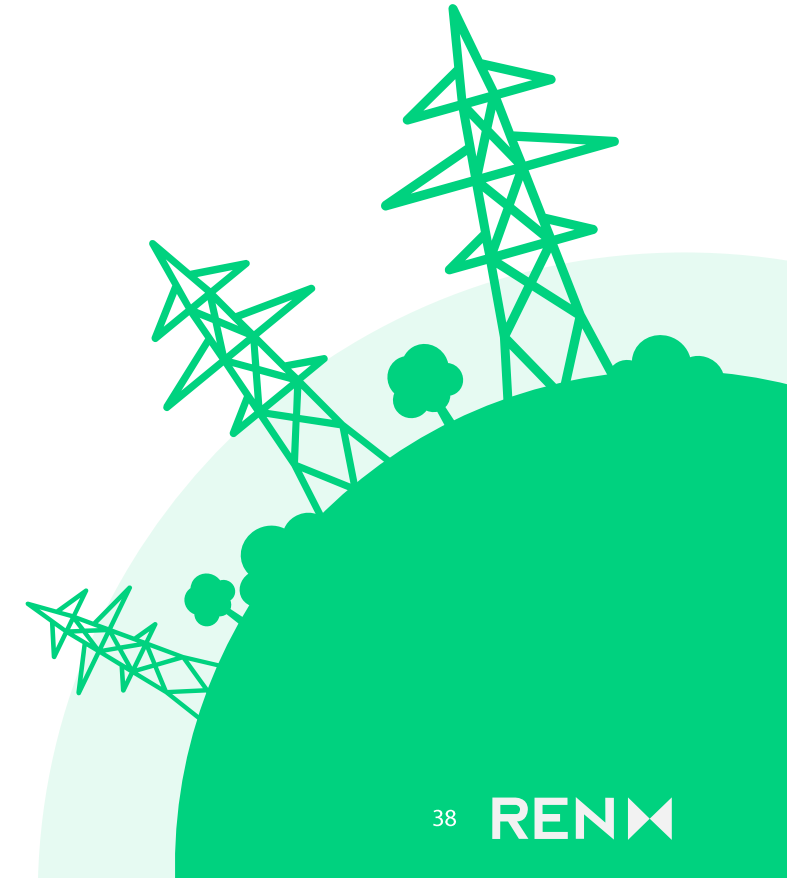
Despite diversification, for the next cycle, we will concentrate on expanding through organic growth opportunities within our core businesses

1. In line with allowed regulatory returns but with a different cash flow profile

## Our path in this strategic cycle will unlock EBITDA and net profit growth



1. Adjusted for non-recurring impacts from incentives and taxation



# We will maintain our financial strategy, with focus on stability and prudence, to protect net profit



Optimize cost of debt and maturity profile



Protect net profit

## Credit rating

Strictly committed to **investment grade**

MOODY'S

**Baa2** (stable outlook)

FitchRatings

**BBB** (stable outlook)

STANDARD  
& POOR'S

**BBB** (stable outlook)

## Interest and exchange rate risk

Use **fixed** and **floating mix** to align duration with regulatory periods

Exchange rate risk from Chilean operation **not material**

## Green funding

**100%** new bond funding to be **green**

// REN makes first green bond issue for 300 million"

REN's corporate site, April 2021

// REN issues green bonds with demand seven times higher than supply"

REN's corporate site, February 2024

## We are reinforcing our solid credit metrics consistent with investment grade rating

FFO/Net debt<sup>1</sup>

12-14%

13-15%

2.7-2.4

2.6-2.5

Net debt, B€

2021-23

2024-27

Liquidity

Funding needs fully covered for the next **>24 months**

Maturity

**>5 years debt maturity** from 2025 onwards

1. Range encompassing methodologies from the different rating agencies



## We have a predictable, attractive and sustainable dividend policy, and we are increasing our dividend per share 2% per annum until 2027



**Growing asset base**



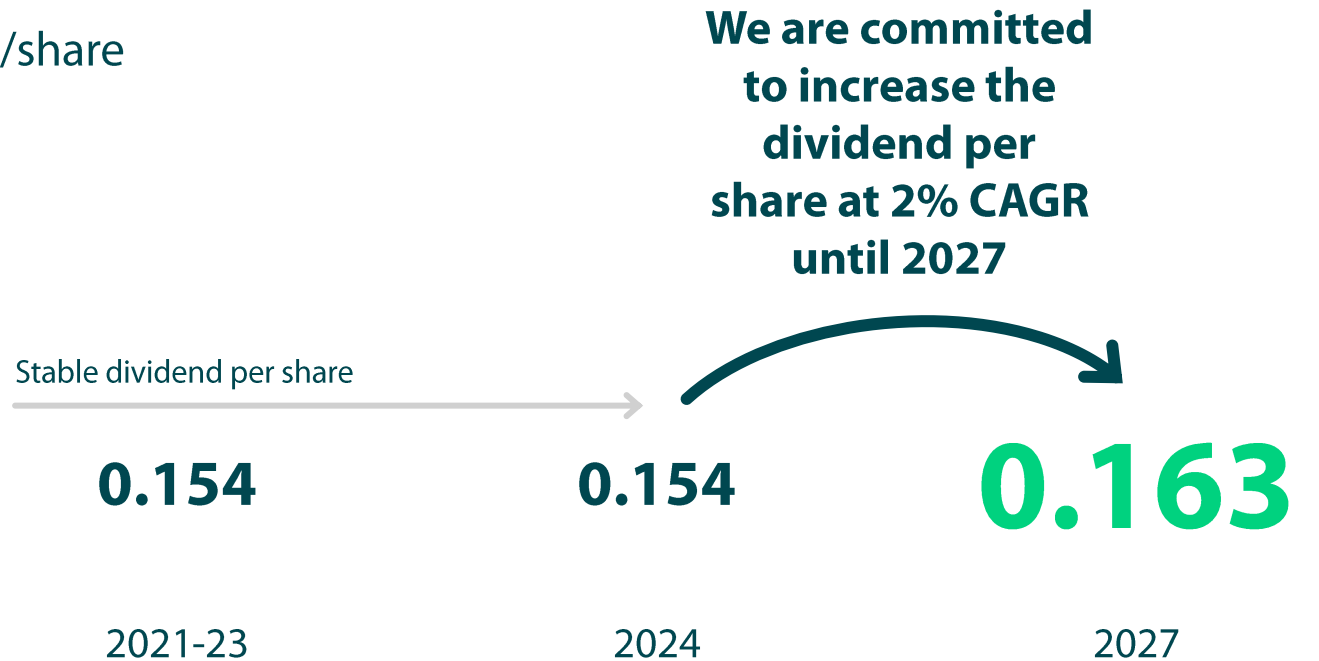
**Improved net income**



**Strengthened  
financial position**

### Dividend

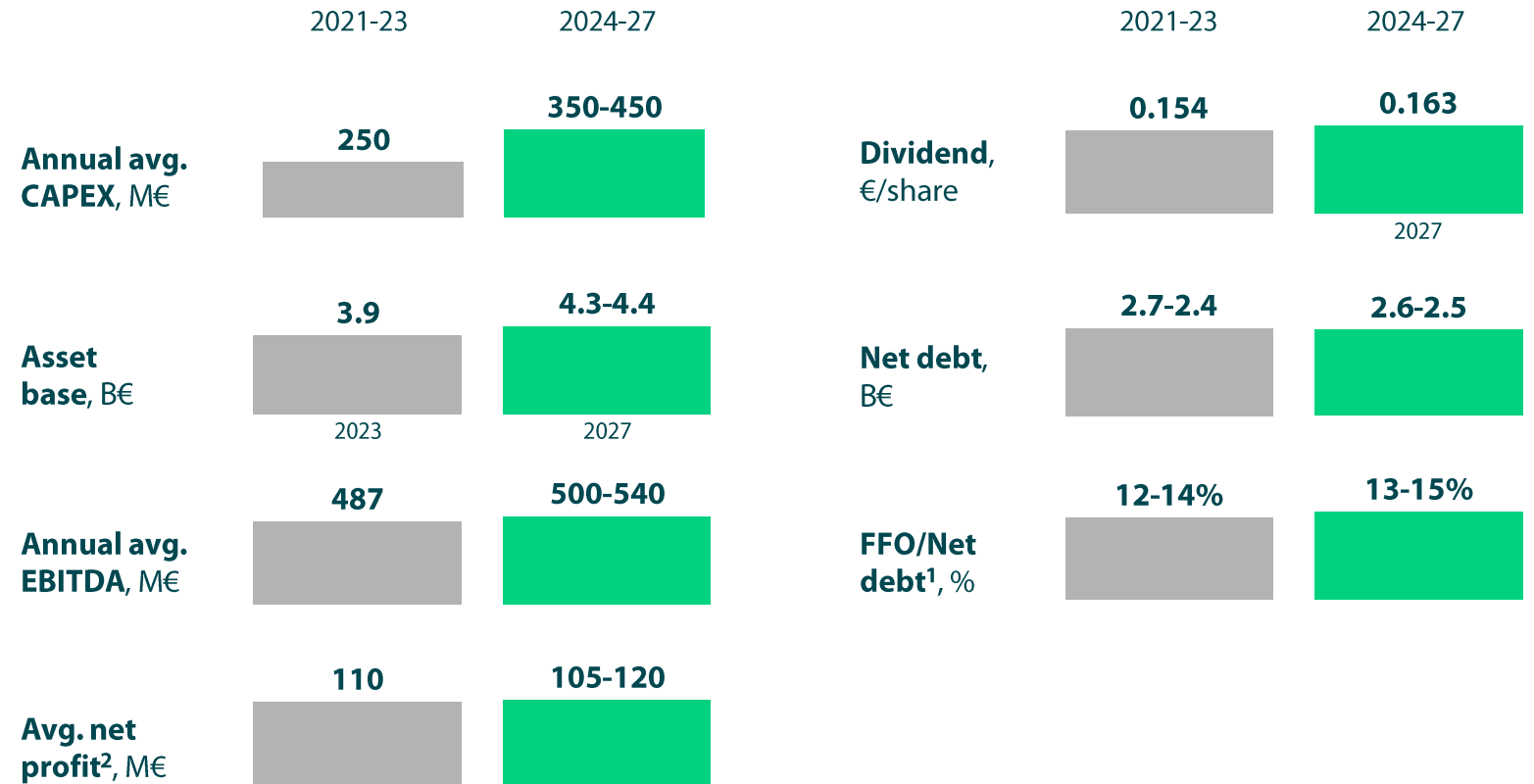
€/share



Note: Maintenance of a bi-annual dividend distribution policy

## Firm commitment to strong fundamentals, fueled by significant investment growth to enable the Energy Transition

- ✓ Significant investment increase driving **asset base growth**
- ✓ Managing **portfolio and execution risk** carefully
- ✓ **Stable and supportive regulatory** framework
- ✓ **Prudent debt management** and commitment to maintain **investment grade rating**
- ✓ **Predictable, sustainable and attractive dividend** policy



1. Range encompassing methodologies from the different rating agencies  
2. Recurrent net profit, excluding one-off effects

A landscape of wind turbines at sunset. The sky is filled with dark, dramatic clouds, and the sun is low on the horizon, creating a warm orange and yellow glow. Several wind turbines are visible, with the one in the foreground being the most prominent. A large, vibrant rainbow graphic is overlaid on the right side of the image, consisting of several concentric, semi-transparent bands of color (red, orange, yellow, green, cyan, blue, purple) that curve around the turbines.

REN

Rodrigo Costa

**Closing remarks**



REN 

# Our strategy

2024-27

**Reinforcing our  
sustainability commitments**

**Enabling the Energy  
Transition**

**Delivering sustainable  
profitable growth**

# We are up to the challenge

- ✓ We are **delivering on our commitments**, recognizing we are a **key force in driving the Energy Transition** – investing to **enable electrification efficiently and stably**, delivering **solid returns** to investors, and serving **societal interests**
- ✓ We have a **significant investment plan** for 2024-27 – **1.5-1.7B€ investment** (up to 70% increase vs. previous cycle), continuing to **enable** the growth in **renewables**, strengthening infrastructure for **green gases**, and consolidating **Chile's footprint**
- ✓ We will **continue to deliver efficiently** – leveraging on our **digitally-enabled operations** and **managing for supply chain complexity**
- ✓ We are **committed to our ESG targets** – we are **reinforcing our emission reduction targets** – and to **foster our people excellence** practices through culture, talent and ways of working
- ✓ We will deliver **solid financials** and **sustainable profitable growth** for our shareholders – growing our asset base sustainably, maintaining strong credit ratings and ensuring attractive returns to our shareholders

# Muito obrigado!



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CAPITAL  
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DAY 2024

