



# Consolidated Financial **Statements**

**31 March 2019**

**REN – Redes Energéticas Nacionais, SGPS, S.A.**

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## 1. FINANCIAL PERFORMANCE

### 1 RESULTS FOR THE 3<sup>RD</sup> QUARTER OF 2019

In the first 3 months of 2019, net income reached 13.2 million euros, up 0.2 million euros (+1.3%) from the same period of the previous year. Net income growth was mainly driven by the good performance of both financial results (+1.1 million euros) and the Natural Gas Distribution business (+0.3 million euros in EBIT; +0.5 million euros in EBITDA), and the decrease of 0.9 million euros in the Extraordinary Levy on the Energy Sector (following the decrease in the value of the levied regulated assets), partially offset by the drop in Electricity and Natural Gas Transmission business results (-3.2 million euros in EBIT; -3.5 million euros in EBITDA).

Similarly to the previous years, the results for 2019 reflect the continuation of the Extraordinary Levy on the Energy Sector (24.4 million euros in 2019 and 25.3 million euros in 2018<sup>1</sup>).

Investment grew 21.1% (+2.9 million euros) to 16.8 million euros and transfers to RAB increased 1.5 million euros to 3.7 million euros. On the other hand, average RAB dropped by 134.7 million euros (-3.5%), to 3,743.0 million euros.

The average cost of debt remained unchanged y.o.y at 2.3%, and net debt decreased to 2,613.9 million euros, -1.1% (-29.8 million euros) over the same period of the previous year.

| MAIN INDICATORS<br>(MILLIONS OF EUROS)            | March<br>2019 | March<br>2018 | VAR.%   |
|---|---------------|---------------|---------|
| EBITDA  | 125.3         | 128.4         | -2.4%   |
| Financial results <sup>2</sup>                    | -15.5         | -16.6         | 6.8%    |
| Net income <sup>1</sup>                           | 13.2          | 13.1          | 1.3%    |
| Recurrent net income                              | 37.6          | 38.4          | -2.0%   |
| Total Capex                                       | 16.8          | 13.9          | 21.1%   |
| Transfers to RAB <sup>3</sup> (at historic costs) | 3.7           | 2.2           | 66.4%   |
| Average RAB (at reference costs)                  | 3 743.0       | 3 877.8       | -3.5%   |
| Net debt  | 2 613.9       | 2 643.7       | -1.1%   |
| Average cost of debt                              | 2.3%          | 2.3%          | 0.0p.p. |

<sup>1</sup> The full amount of the levy was recorded in the 1st quarter of 2019 and 2018, according to the Portuguese Securities Market Commission (CMVM) recommendations.

<sup>2</sup> The net financial cost of 0.1 million euros in March 2019 and 0.4 million euros in March 2018 from electricity interconnection capacity auctions between Spain and Portugal – referred to as FTR (Financial Transaction Rights), were reclassified from financial income to Revenue.

<sup>3</sup> Includes direct acquisitions (RAB related).

## Operational results – EBITDA

### Electricity and Natural Gas Transmission Business

EBITDA for the Transmission business reached 114.0 million euros in the first 3 months of 2019, a 3.0% drop over the same period of 2018 (-3.5 million euros).

| EBITDA - TRANSMISSION<br>(MILLIONS OF EUROS)   | March<br>2019 | March<br>2018 | VAR.%         |
|--|---------------|---------------|---------------|
| <b>1) Revenues from assets</b>   | <b>102.0</b>  | <b>104.2</b>  | <b>-2.1%</b>  |
| RAB remuneration   | 41.5          | 44.2          | -6.0%         |
| Hydro land remuneration  | 0.0           | 0.1           | -100.0%       |
| Lease revenues from hydro protection zone  | 0.2           | 0.2           | -1.2%         |
| Economic efficiency of investments   | 6.3           | 5.4           | 15.8%         |
| Recovery of amortizations<br>(net of investment subsidies)   | 49.5          | 49.8          | -0.6%         |
| Amortização dos subsídios ao Investimento  | 4.5           | 4.5           | -0.9%         |
| <b>2) Revenues from opex</b>   | <b>26.2</b>   | <b>26.8</b>   | <b>-2.3%</b>  |
| <b>3) Other revenues</b>   | <b>6.1</b>    | <b>7.1</b>    | <b>-14.2%</b> |
| <b>4) Own works (capitalised in investment)</b>  | <b>3.9</b>    | <b>3.7</b>    | <b>5.7%</b>   |
| <b>5) Earnings on Construction (excl. own works<br/>capitalised in investment) – Concession assets</b> | <b>9.2</b>    | <b>6.4</b>    | <b>44.2%</b>  |
| <b>6) OPEX</b>   | <b>24.1</b>   | <b>24.2</b>   | <b>-0.4%</b>  |
| Personnel costs <sup>4</sup>   | 12.5          | 12.1          | 3.4%          |
| External costs   | 11.6          | 12.1          | -4.2%         |
| <b>7) Construction costs – Concession assets</b>   | <b>9.2</b>    | <b>6.4</b>    | <b>44.2%</b>  |
| <b>8) Provisions</b>   | <b>0.0</b>    | <b>0.0</b>    | <b>n.m.</b>   |
| <b>9) Impairments</b>  | <b>0.1</b>    | <b>0.1</b>    | <b>0.0%</b>   |
| <b>10) EBITDA (1+2+3+4+5-6-7-8-9)</b>  | <b>114.0</b>  | <b>117.5</b>  | <b>-3.0%</b>  |

The decrease in EBITDA resulted mainly from:

- The decrease of 2.7 million euros in RAB remuneration (-6.0%) arising from:
  - The 1.7 million euros drop in the remuneration of electricity transmission regulated assets, reflecting (i) the reduction in the base rate of return (RoR) from 5.2% in March 2018 to 5.1% in March 2019 – as a result of the negative evolution of the yields of the Portuguese Republic 10Y Treasury Bills; and (ii) the reduction of 80.9 million euros (-3.8%) in electricity transmission average RAB.
  - Reduction of 1.0 million euros in the remuneration of natural gas transmission regulated assets, reflecting (i) the reduction in the rate of return from 5.5% in March 2018 to 5.4% in March 2019 – as a result of the negative evolution of the yields of the Portuguese Republic 10Y Treasury Bills; and (ii) the reduction of 45.3 million euros (-4.3%) in natural gas transmission average RAB.
- The 1.0 million euros (-14.2%) drop in other revenues, of which -1.5 million euros in REN Trading allowed incentives, partially offset by the positive evolution of the results with the 42.5% stake in Electrogas (+0,5 million euros);
- The decrease of 0.6 million euros (-2.3%) in Opex revenues.

<sup>4</sup> Includes training and seminars costs

On the other hand, the following positive effects were recorded:

- Increase of 0.9 million euros in the incentive to economic efficiency of investments (+15.8%);
- Decrease of 0.1 million euros in Opex (-0.4%), of which -0.5 million euros (-4.2%) in external costs, despite the increase of 0.4 million euros in Personnel Costs (+3.4%).

#### Natural Gas Distribution Business

The EBITDA for the Natural Gas Distribution business reached 11.4 million euros in the first 3 months of 2019, a 4.4% increase over the same period of 2018 (+0.5 million euros).

The increase in EBITDA resulted mainly from:

- The decrease of 0.9 million euros (-12.0%) in opex, of which -0.2 million euros in personnel costs and -0.7 million euros in external costs. The decrease in external costs was partially driven by the sale of the LPG business in July of 2018;
- The 0.4 million euros growth in Revenues from opex.

On the other hand, EBITDA were penalized by:

- The decrease of 0.7 million euros in other revenues, reflecting the sale of LPG business in July of 2018.

| EBITDA - DISTRIBUTION<br>(MILLIONS OF EUROS)   | March<br>2019 | March<br>2018 | VAR.%          |
|--|---------------|---------------|----------------|
| <b>1) Revenues from assets</b>   | <b>10.0</b>   | <b>10.1</b>   | <b>-0,9%</b>   |
| RAB remuneration   | 6.7           | 6.8           | -1.4%          |
| Recovery of amortizations<br>(net of investment subsidies)   | 3.3           | 3.3           | 0.0%           |
| <b>2) Revenues from OPEX</b>   | <b>7.2</b>    | <b>6.8</b>    | <b>6.1%</b>    |
| <b>3) Other revenues</b>   | <b>0.1</b>    | <b>0.7</b>    | <b>-92.7%</b>  |
| <b>4) Own works (capitalised in investment)</b>  | <b>0.6</b>    | <b>0.5</b>    | <b>5.4%</b>    |
| <b>5) Earnings on Construction (excl. own works<br/>capitalised in investment) – Concession assets</b> | <b>3.2</b>    | <b>3.3</b>    | <b>-4.0%</b>   |
| <b>6) OPEX</b>   | <b>6.4</b>    | <b>7.3</b>    | <b>-12.0%</b>  |
| Personnel costs <sup>5</sup>   | 1.1           | 1.3           | -15.3%         |
| External costs   | 5.3           | 6.0           | -11.3%         |
| <b>7) Construction costs – Concession assets</b>   | <b>3.2</b>    | <b>3.3</b>    | <b>-4.0%</b>   |
| <b>8) Provisions</b>   | <b>0.0</b>    | <b>0.0</b>    | <b>n.m.</b>    |
| <b>9) Impairments</b>  | <b>0.0</b>    | <b>-0.1</b>   | <b>-100.0%</b> |
| <b>10) EBITDA (1+2+3+4+5-6-7-8-9)</b>  | <b>11.4</b>   | <b>10.9</b>   | <b>4.4%</b>    |

<sup>5</sup> Includes costs for training and seminars and provisions for staff costs

## Net income

Overall, the Group's net income for the first 3 months of 2019 increased 0.2 million euros (+1.3%) y.o.y., reaching 13.2 million euros. The increase was mostly driven by: (i) the increase in financial results (+1.1 million euros, +6.8%), reflecting the decrease in net debt to 2,613.9 million euros, (-29.8 million euros; -1.1%), with the average cost of debt remaining unchanged at 2.3%; and (ii) the decrease of 0.9 million euros in the Extraordinary Levy on the Energy Sector following the decrease in the value of the levied regulated assets. On the other hand, EBITDA dropped 3.0 million euros (-2.4%) reflecting the decrease in Electricity and Natural Gas Transmission business (-3.5 million euros), despite the growth in the Natural Gas Distribution business (+0.5 million euros).

Excluding non-recurring items, Net Income for the first 3 months of 2019 dropped 0.8 million euros (-2.0%). Non-recurring items considered in the first 3 months of 2019 and 2018 are as follows:

- i) In 2019: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2019 (24.4 million euros);
- ii) In 2018: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2018 (25.3 million euros).

| NET INCOME<br>(MILLIONS OF EUROS)                    | March<br>2019 | March<br>2018 | VAR. %       |
|--|---------------|---------------|--------------|
| <b>EBITDA</b>  | <b>125.3</b>  | <b>128.4</b>  | <b>-2.4%</b> |
| Depreciations and amortizations                      | 58.5          | 58.7          | -0.2%        |
| Financial results                                    | -15.5         | -16.6         | 6.8%         |
| Income tax expenses                                  | 13.7          | 14.7          | -6.8%        |
| Extraordinary levy on the energy sector <sup>6</sup> | 24.4          | 25.3          | -3.7%        |
| <b>Net income</b>                                    | <b>13.2</b>   | <b>13.1</b>   | <b>1.3%</b>  |
| Non-recurring items                                  | 24.4          | 25.3          | -3.7%        |
| <b>Recurrent net income</b>                          | <b>37.6</b>   | <b>38.4</b>   | <b>-2.0%</b> |

## 2 AVERAGE RAB AND CAPEX

In the first 3 months of 2019, Capex reached 16.8 million euros, a 21.1% y.o.y. increase (2.9 million euros), and transfers to RAB reached 3.7 million euros, a 1.5 million euros increase over the first 3 months of 2018.

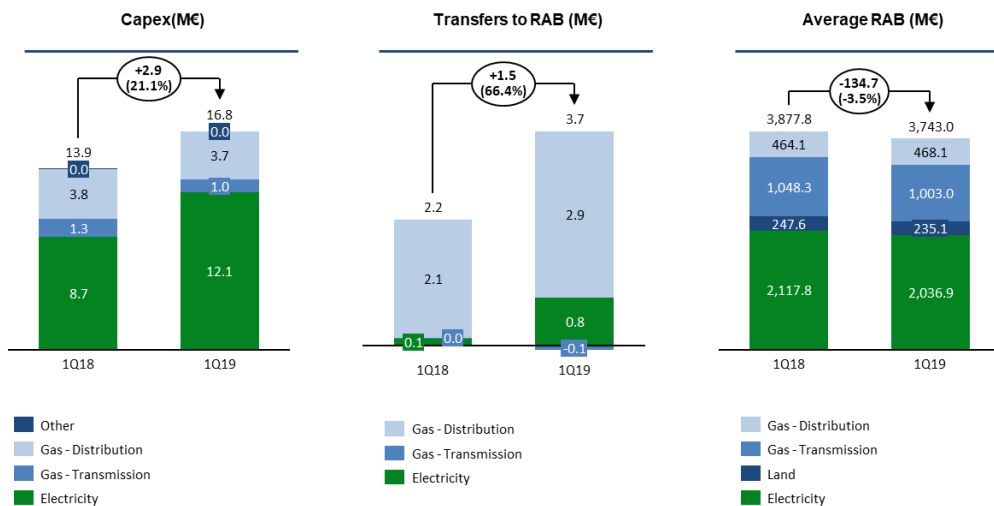
In electricity, investment increased 39.1% to 12.1 million euros, of which 1.2 million euros in the construction of a submarine cable to connect a floating wind power plant in Viana do Castelo to the electricity network (Windfloat), and transfers to RAB increased 0.7 million euros to 0.8 million euros.

In natural gas transmission, investment reached 1.0 million euros, 27.6% lower than the same period of the previous year, and transfers to RAB decreased 0.1 million euros.

In natural gas distribution, investment was 3.7 million euros, 42% for new supply points and 37% with the expansion of the distribution network.

<sup>6</sup> The full amount of the levy was recorded in the 1st quarter of 2019 and 2018, according to the Portuguese securities market commission (CMVM) recommendations

Average RAB was 3,743.0 million euros, a 134.7 million euros (-3.5%) y.o.y decrease. In electricity, the average RAB (excluding lands) reached 2,036.9 million euros (-80.9 million euros, -1.6%), of which 1,102.3 million euros in assets remunerated at a premium rate of return, while lands reached 235.1 million euros (-12.6 million euros, -5.1%). In natural gas transmission, the average RAB was 1,003.0 million euros (-45.3 million euros, -4.3%), while in natural gas distribution the average RAB reached 468.1 million euros (+4.0 million euros, +0.9%).



## 2. CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 MARCH 2019 AND 31 DECEMBER 2018

(Amounts expressed in thousands of Euros – tEuros)  
(Translation of statements of financial position originally issued in Portuguese - Note 33)

|  | Notes    | Mar 2019         | Dec 2018         |
|--|----------|------------------|------------------|
| <b>ASSETS</b>  |          |                  |                  |
| <b>Non-current assets</b>  |          |                  |                  |
| Property, plant and equipment  | 5        | 485              | 561              |
| Goodwill   | 6        | 3,782            | 3,877            |
| Intangible assets  | 5        | 4,150,709        | 4,192,619        |
| Investments in associates and joint ventures                                       | 7        | 168,658          | 167,841          |
| Investments in equity instruments at fair value through other comprehensive income | 9 and 10 | 159,872          | 162,552          |
| Derivative financial instruments   | 9 and 12 | 24,971           | 21,010           |
| Other financial assets   | 9        | 51               | 45               |
| Trade and other receivables  | 9 and 11 | 70,089           | 50,246           |
| Deferred tax assets  | 8        | 92,959           | 92,495           |
|  |          | <b>4,671,577</b> | <b>4,691,247</b> |
| <b>Current assets</b>  |          |                  |                  |
| Inventories  |          | 2,138            | 2,095            |
| Trade and other receivables  | 9 and 11 | 500,173          | 427,126          |
| Current income tax recoverable   | 8 and 9  | 21,144           | 35,371           |
| Cash and cash equivalents  | 9 and 13 | 20,536           | 35,735           |
|  |          | <b>543,991</b>   | <b>500,327</b>   |
| <b>Total assets</b>  | <b>4</b> | <b>5,215,567</b> | <b>5,191,574</b> |
| <b>EQUITY</b>  |          |                  |                  |
| <b>Shareholders' equity</b>  |          |                  |                  |
| Share capital  | 14       | 667,191          | 667,191          |
| Own shares   | 14       | (10,728)         | (10,728)         |
| Share premium  |          | 116,809          | 116,809          |
| Reserves   | 15       | 321,695          | 326,906          |
| Retained earnings  |          | 370,090          | 253,505          |
| Other changes in equity  |          | (5,561)          | (5,561)          |
| Net profit for the period  |          | 13,243           | 115,715          |
| <b>Total equity</b>  |          | <b>1,472,740</b> | <b>1,463,837</b> |
| <b>LIABILITIES</b>   |          |                  |                  |
| <b>Non-current liabilities</b>   |          |                  |                  |
| Borrowings   | 9 and 16 | 2,249,568        | 2,274,939        |
| Liability for retirement benefits and others                                       | 17       | 95,779           | 98,288           |
| Derivative financial instruments   | 9 and 12 | 21,326           | 12,952           |
| Provisions   | 18       | 8,796            | 8,852            |
| Trade and other payables   | 9 and 19 | 380,901          | 367,743          |
| Deferred tax liabilities   | 8        | 110,405          | 113,644          |
|  |          | <b>2,866,775</b> | <b>2,876,418</b> |
| <b>Current liabilities</b>   |          |                  |                  |
| Borrowings   | 9 and 16 | 406,727          | 431,401          |
| Trade and other payables   | 9 and 19 | 469,325          | 419,917          |
|  |          | <b>876,052</b>   | <b>851,319</b>   |
| <b>Total liabilities</b>   | <b>4</b> | <b>3,742,827</b> | <b>3,727,737</b> |
| <b>Total equity and liabilities</b>  |          | <b>5,215,567</b> | <b>5,191,574</b> |

The accompanying notes form an integral part of the consolidated statement of financial position as of 31 March 2019.

The Accountant

The Board of Directors



## CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2019 AND 2018

(Amounts expressed in thousands of Euros – tEuros)  
(Translation of statements of profit and loss originally issued in Portuguese - Note 33)

|   | Notes    | Mar 2019         | Mar 2018        |
|---|----------|------------------|-----------------|
| Sales   | 4 and 20 | -                | 8               |
| Services rendered                                       | 4 and 20 | 139,084          | 144,911         |
| Revenue from construction of concession assets          | 4 and 21 | 16,803           | 13,881          |
| Gains / (losses) from associates and joint ventures     | 7        | 2,802            | 1,148           |
| Other operating income                                  | 22       | 9,652            | 9,935           |
| <b>Operating income</b>                                 |          | <b>168,341</b>   | <b>169,883</b>  |
| Cost of goods sold                                      |          | (160)            | (433)           |
| Costs with construction of concession assets            | 21       | (12,338)         | (9,656)         |
| External supplies and services                          | 23       | (9,499)          | (10,743)        |
| Personnel costs   | 24       | (13,537)         | (13,361)        |
| Depreciation and amortizations                          | 5        | (58,550)         | (58,671)        |
| Provisions  |          | 1                | -               |
| Impairments   |          | (94)             | (19)            |
| Other expenses  | 25       | (7,313)          | (6,943)         |
| <b>Operating costs</b>                                  |          | <b>(101,491)</b> | <b>(99,826)</b> |
| <b>Operating results</b>                                |          | <b>66,850</b>    | <b>70,057</b>   |
| Financial costs   | 26       | (17,526)         | (17,946)        |
| Financial income  | 26       | 1,981            | 972             |
| <b>Financial results</b>                                |          | <b>(15,545)</b>  | <b>(16,974)</b> |
| <b>Profit before income tax and ESEC</b>                |          | <b>51,305</b>    | <b>53,083</b>   |
| Income tax expense                                      | 8        | (13,673)         | (14,677)        |
| Energy sector extraordinary contribution (ESEC)         | 27       | (24,390)         | (25,333)        |
| <b>Net profit for the year</b>                          |          | <b>13,243</b>    | <b>13,073</b>   |
| <b>Attributable to:</b>                                 |          |                  |                 |
| Equity holders of the Company                           |          | 13,243           | 13,073          |
| Non-controlled interest                                 |          | -                | -               |
| <b>Consolidated profit for the year</b>                 |          | <b>13,243</b>    | <b>13,073</b>   |
| <b>Earnings per share (expressed in euro per share)</b> | 28       | <b>0.02</b>      | <b>0.02</b>     |

The accompanying notes form an integral part of the consolidated statement of profit and loss for the three-month period ended 31 March 2019.

The Accountant

The Board of Directors

## CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2019 AND 2018

(Amounts expressed in thousands of Euros – tEuros)  
(Translation of statements of other comprehensive income originally issued in Portuguese - Note 33)

|  | Notes    | Mar 2019      | Mar 2018      |
|--|----------|---------------|---------------|
| <b>Consolidated Net Profit for the period</b>  |          | <b>13,243</b> | <b>13,073</b> |
| <b>Items that will not be reclassified subsequently to profit or loss:</b>   |          |               |               |
| Actuarial gains / (losses) - gross of tax  |          | 1,243         | (312)         |
| Tax effect on actuarial gains / (losses)   | 8        | (373)         | 94            |
| Other changes in equity  |          | -             | 51            |
| <b>Items that may be reclassified subsequently to profit or loss:</b>  |          |               |               |
| Exchange differences on translating foreign operations   | 7        | 2,964         | (3,966)       |
| Increase / (decrease) in hedging reserves - cash flow derivatives  | 12       | (7,845)       | 2,686         |
| Tax effect on hedging reserves   | 8 and 12 | 1,765         | (564)         |
| Gain/(loss) in fair value reserve - Investments in equity instruments at fair value through other comprehensive income | 10       | (2,680)       | (10,721)      |
| Tax effect on items recorded directly in equity  | 8 and 10 | 603           | 2,251         |
| Other changes in equity  |          | (17)          | -             |
| <b>Comprehensive income for the period</b>   |          | <b>8,903</b>  | <b>2,592</b>  |
| <b>Attributable to:</b>  |          |               |               |
| Equity holders of the company  |          | 8,903         | 2,592         |
| Non-controlled interest  |          | -             | -             |
|  |          | <b>8,903</b>  | <b>2,592</b>  |

The accompanying notes form an integral part of the consolidated statement of comprehensive income for the three-month period ended 31 March 2019.

The Accountant

The Board of Directors

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2019 AND 2018

(Amounts expressed in thousands of Euros – tEuros)  
(Translation of statements of changes in equity originally issued in Portuguese - Note 33)

| Changes in the year                                     | Notes | Attributable to shareholders |            |               |               |                              |                           |                |                         |                   | Total     |                     |
|---|-------|------------------------------|------------|---------------|---------------|------------------------------|---------------------------|----------------|-------------------------|-------------------|-----------|---------------------|
|   |       | Share capital                | Own shares | Share premium | Legal Reserve | Fair Value reserve (Note 10) | Hedging reserve (Note 12) | Other reserves | Other changes in equity | Retained earnings |           | Profit for the year |
| At 31 December 2017                                     |       | 667,191                      | (10,728)   | 116,809       | 106,800       | 53,778                       | (9,702)                   | 159,315        | (5,541)                 | 225,342           | 125,925   | 1,429,189           |
| Adoption of IFRS 9 - Financial instruments              |       | -                            | -          | -             | -             | -                            | -                         | -              | -                       | 9,223             | -         | 9,223               |
| At 1 January 2018                                       |       | 667,191                      | (10,728)   | 116,809       | 106,800       | 53,778                       | (9,702)                   | 159,315        | (5,541)                 | 234,565           | 125,925   | 1,438,412           |
| Net profit of the period and other comprehensive income |       | -                            | -          | -             | -             | (8,470)                      | 2,122                     | (3,915)        | -                       | (219)             | 13,073    | 2,592               |
| Transfer to other reserves                              |       | -                            | -          | -             | -             | -                            | -                         | -              | -                       | 125,925           | (125,925) | -                   |
| At 31 March 2018  |       | 667,191                      | (10,728)   | 116,809       | 106,800       | 45,308                       | (7,580)                   | 155,400        | (5,541)                 | 360,271           | 13,073    | 1,441,004           |
| At 1 January 2019                                       |       | 667,191                      | (10,728)   | 116,809       | 113,152       | 57,711                       | (10,577)                  | 166,620        | (5,561)                 | 253,505           | 115,715   | 1,463,837           |
| Net profit of the period and other comprehensive income |       | -                            | -          | -             | -             | (2,077)                      | (6,080)                   | 2,947          | -                       | 870               | 13,243    | 8,903               |
| Transfer to other reserves                              |       | -                            | -          | -             | -             | -                            | -                         | -              | -                       | 115,715           | (115,715) | -                   |
| At 31 March 2019  |       | 667,191                      | (10,728)   | 116,809       | 113,152       | 55,634                       | (16,657)                  | 169,567        | (5,561)                 | 370,090           | 13,243    | 1,472,740           |

The accompanying notes form an integral part of the consolidated statement of changes in equity for the three-month period ended 31 March 2019.

The Accountant

The Board of Directors

## CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2019 AND 2018

(Amounts expressed in thousands of Euros – tEuros)  
(Translation of statements of cash flow originally issued in Portuguese - Note 33)

|   | Note      | Mar 2019        | Mar 2018        |
|---|-----------|-----------------|-----------------|
| <b><u>Cash flow from operating activities:</u></b>                        |           |                 |                 |
| Cash receipts from customers  |           | 548,290 a)      | 574,102 a)      |
| Cash paid to suppliers  |           | (423,709) a)    | (397,176) a)    |
| Cash paid to employees  |           | (14,975)        | (14,261)        |
| Income tax received/paid  |           | (1,594)         | (503)           |
| Other receipts / (payments) relating to operating activities              |           | (18,462)        | 12,524          |
| <b>Net cash flows from operating activities (1)</b>                       |           | <b>89,551</b>   | <b>174,687</b>  |
| <b><u>Cash flow from investing activities:</u></b>                        |           |                 |                 |
| <b>Receipts related to:</b>   |           |                 |                 |
| Investment grants   |           | 569             | 3,018           |
| Interests and other similar income  |           | 8               | 19              |
| Dividends   | 7 and 10  | 1,477           | 1,380           |
| <b>Payments related to:</b>   |           |                 |                 |
| Financial investments   |           | -               | (12)            |
| Property, plant and equipment   |           | (20)            | (64)            |
| Intangible assets - Concession assets                                     |           | (36,673)        | (62,255)        |
| <b>Net cash flow used in investing activities (2)</b>                     |           | <b>(34,639)</b> | <b>(57,914)</b> |
| <b><u>Cash flow from financing activities:</u></b>                        |           |                 |                 |
| <b>Receipts related to:</b>   |           |                 |                 |
| Borrowings  |           | 1,279,000       | 949,999         |
| <b>Payments related to:</b>   |           |                 |                 |
| Borrowings  |           | (1,328,271)     | (1,001,339)     |
| Interests and other similar expense                                       |           | (19,549)        | (23,905)        |
| <b>Net cash from / (used in) financing activities (3)</b>                 |           | <b>(68,820)</b> | <b>(75,245)</b> |
| <b>Net (decrease) / increase in cash and cash equivalents (1)+(2)+(3)</b> |           | <b>(13,909)</b> | <b>41,528</b>   |
| Effect of exchange rates  |           | 2               | (99)            |
| Cash and cash equivalents at the beginning of the year                    | 13        | 34,096          | 60,449          |
| <b>Cash and cash equivalents at the end of the period</b>                 | <b>13</b> | <b>20,189</b>   | <b>101,880</b>  |
| <b>Detail of cash and cash equivalents</b>                                |           |                 |                 |
| Cash  | 13        | 25              | 23              |
| Bank overdrafts   | 13        | (346)           | (412)           |
| Bank deposits   | 13        | 20,511          | 102,269         |
|   |           | <b>20,189</b>   | <b>101,880</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.

The accompanying notes form an integral part of the consolidated statement of cash flow for the three-month period ended 31 March 2019.

The Accountant

The Board of Directors

### 3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

(Translation of notes originally issued in Portuguese - Note 33)

#### 1 GENERAL INFORMATION

REN – Redes Energéticas Nacionais, SGPS, S.A. (referred to in this document as “REN” or “the Company” together with its subsidiaries, referred to as “the Group” or “the REN Group”), with head office in Avenida Estados Unidos da América, 55 – Lisbon, resulted from the spin-off of the EDP Group, in accordance with Decree-Laws 7/91 of 8 January and 131/94 of 19 May, approved by the Shareholders’ General Meeting held on 18 August 1994, with the objective of ensuring the overall management of the Public Electric Supply System (PES).

Up to 26 September 2006 the REN Group’s operations were concentrated on the electricity business through REN – Rede Eléctrica Nacional, S.A. On 26 September 2006, as a result of the unbundling transaction of the natural gas business, the Group went through a significant change with the purchase of assets and financial participations relating to the transport, storage and re-gasification of natural gas activities, comprising a new business.

In the beginning of 2007, the Company was transformed into a holding company and, after the transfer of the electricity business to a new company incorporated on 26 September 2006, renamed REN – Serviços de Rede, S.A., changed its name to REN – Rede Eléctrica Nacional, S.A..

The Group presently has two main business segments, Electricity and Gas, and a secondary business of Telecommunications.

The Electricity business includes the following companies:

a) REN – Rede Eléctrica Nacional, S.A., incorporated on 26 September 2006, whose activities are carried out under a concession contract for a period of 50 years as from 2007 which establishes the overall management of the Public Electricity Supply System (Sistema Eléctrico de Abastecimento Público - SEP);

b) REN Trading, S.A., was incorporated on 13 June 2007, whose main function is the management of Power Purchase Agreements (“PPA”) from Turbogás, S.A. and Tejo Energia, S.A., which did not terminate on 30 June 2007, date of the entry into force of the new Contracts for the Maintenance of the Contractual Equilibrium (Contratos para a Manutenção do Equilíbrio Contratual – CMEC). The operations of this company include the trading of electricity produced and of the installed production capacity, to domestic and international distributors;

c) Enondas, Energia das Ondas, S.A. was incorporated on 14 October 2010, its capital being fully owned by REN - Redes Energéticas Nacionais, SGPS, S.A., with the main activity being management of the concession to operate a pilot area for the production of electric energy from sea waves.

The Gas business includes the following companies:

a) REN Gás, S.A. was incorporated on 29 March 2011, with the corporate purpose of promoting, developing and carrying out projects and developments in the natural gas sector, as well as defining the overall strategy and coordination of the companies in which it has direct interests;

b) REN Gasodutos, S.A., was incorporated on 26 September 2006, the capital of which was paid up through carve-in of the gas transport infrastructures (network, connections and compression);

c) REN Armazenagem, S.A., was incorporated on 26 September 2006, the capital of which was paid up through integration into the company of the gas underground storage assets;

d) REN Atlântico, Terminal de GNL, S.A., acquired under the acquisition of the gas business, previously designated “SGNL – Sociedade Portuguesa de Gás Natural Liquefeito”. The operations of this company comprise the supply, reception, storage and re-gasification of natural liquefied gas through the GNL marine terminal, being responsible for the construction, utilization and maintenance of the necessary infrastructures;

e) REN Portgás Distribuição, SA (“REN Portgás”), acquired as part of the expansion of the gas business on 4 October 2017. The operations of this company comprise the distribution of natural gas in low and medium pressure, as well as production and distribution of other channelled fuel gases and other activities related, namely the production and sale of flaring equipment.

The operations of the companies indicated in b) to d) above are developed in accordance with the three concession contracts separately granted for periods of 40 years starting 2006. The company indicated in f) above develops its activities in accordance with one concession contract granted for 40 years starting 2008.

The telecommunications business is managed by RENTELECOM – Comunicações, S.A. whose activity is the establishment, management and operation of telecommunications infrastructures and systems, the rendering of telecommunications services and optimizing the optical fibre excess capacity of the installations owned by REN Group.

REN SGPS fully owns REN Serviços, S.A., a company whose purpose is the rendering of services in the energetic area and the general services of business development support to group companies and third parties, receiving a fee for the services rendered, as well as the management of financial participations in other companies.

On 10 May 2013 REN Finance, B.V., a company based in Netherlands and fully owned by REN SGPS, whose purpose is to participate, finance, collaborate and lead the management of group companies, was incorporated.

Additionally, on 24 May 2013, together with China Electric Power Research Institute, a State Grid Group company, Centro de Investigação em Energia REN – State Grid, S.A. (“Centro de Investigação”) was incorporated under a Joint Venture Agreement on which REN holds 1,500,000 shares representing 50% of the total share capital.

The purpose of this company is to implement a Research and Development centre in Portugal, dedicated to the research, development, innovation and demonstration in the areas of electricity transmission and systems management, the rendering of advisory services and education and training services as part of these activities, as well as performing all related activities and complementary services to its object.

On 14 December 2016, Aéreo Chile SPA was incorporated, a company fully owned by REN Serviços, S.A., headquartered in Santiago, Chile, whose purpose is to realize investments in assets, shares and rights of companies and associations.

In addition, on November 21, 2018, REN PRO, SA was incorporated, a company fully owned by REN, headquartered in Lisbon, whose purpose is to provide support services, namely administrative, logistical, communication and development support of the business, as well as business consulting, in a remunerated manner, either to companies that are in a group relation or to any third party, and IT consulting.

As of 31 March 2019, REN SGPS also holds:

- a) 42.5% interest in the share capital of Electrogas, S.A., a provider of natural gas and other fuels transportation. The participation was acquired on 7 February 2017;
- b) 40% interest in the share capital of OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. (“OMIP SGPS”), being its purpose the management of participations in other companies as an indirect way of exercising economic activities;
- c) 10% interest in the share capital of OMEL - Operador do Mercado Ibérico de Energia, S.A., the Spanish pole of the Sole Operator;
- d) 1% interest in the share capital of Red Eléctrica Corporación, S.A. (“REE”), entity in charge of the electricity network management in Spain;
- e) 7.9% interest in the share capital of Coreso, S.A. (“Coreso”), entity that assists the European transmission system operators (“TSO”), in coordination and safety activities to ensure the reliability of Europe’s electricity supply;
- f) Participations in the share capital of: (i) Hidroeléctrica de Cahora Bassa, S.A. (“HCB”) – 7.5%; (ii) MIBGÁS, S.A.- 6.67%; and (iii) MIBGÁS Derivatives, S.A. – 9.7%.

## 1.1 Consolidation perimeter

The following companies were included in the consolidation perimeter as of 31 March 2019 and 31 December 2018:

| Designation / address   | Activity  | Mar 2019 |            | Dec 2018 |            |
|---|---|----------|------------|----------|------------|
|   |   | Group    | Individual | Group    | Individual |
| <b>Parent company:</b>  |   |          |            |          |            |
| REN - Redes Energéticas Nacionais, SGPS, S.A.                                     | Holding company   | -        | -          | -        | -          |
| <b>Subsidiaries:</b>  |   |          |            |          |            |
| <b>Electricity segment:</b>   |   |          |            |          |            |
| REN - Rede Eléctrica Nacional, S.A.<br>Av. Estados Unidos da América, 55 - Lisboa | National electricity transmission network operator (high and very high tension)                                       | 100%     | 100%       | 100%     | 100%       |
| REN Trading, S.A.<br>Praça de Alvalade, nº7 - 12º Dto, Lisboa                     | Purchase and sale, import and export of electricity and natural gas   | 100%     | 100%       | 100%     | 100%       |
| Enondas-Energia das Ondas, S.A.<br>Mata do Urso - Guarda Norte - Carriço- Pombal  | Management of the concession to operate a pilot area for the production of electric energy from ocean waves           | 100%     | 100%       | 100%     | 100%       |
| <b>Telecommunications segment:</b>  |   |          |            |          |            |
| RENTELECOM - Comunicações S.A.<br>Av. Estados Unidos da América, 55 - Lisboa      | Telecommunications network operation  | 100%     | 100%       | 100%     | 100%       |
| <b>Other segments:</b>  |   |          |            |          |            |
| REN - Serviços, S.A.<br>Av. Estados Unidos da América, 55 - Lisboa                | Back office and management of participations  | 100%     | 100%       | 100%     | 100%       |
| REN Finance, B.V.<br>De Cuserstraat, 93, 1081 CN Amsterdam,<br>The Netherlands    | Participate, finance, collaborate, conduct management of companies related to REN Group.                              | 100%     | 100%       | 100%     | 100%       |
| REN PRO, S.A.<br>Av. Estados Unidos da América, 55 - Lisboa                       | Communication and Sustainability, Marketing, Business Management, Business Development and Consulting and IT Projects | 100%     | 100%       | 100%     | 100%       |
| <b>Natural gas segment:</b>   |   |          |            |          |            |
| REN Atlântico, Terminal de GNL, S.A.<br>Terminal de GNL - Sines                   | Liquefied Natural Gas Terminal maintenance and regasification operation   | 100%     | 100%       | 100%     | 100%       |
| <b>Owned by REN Serviços, S.A.:</b>   |   |          |            |          |            |
| REN Gás, S.A.<br>Av. Estados Unidos da América, 55 - 12º - Lisboa                 | Management of projects and ventures in the natural gas sector   | 100%     | -          | 100%     | -          |
| Aério Chile SPA<br>Santiago do Chile  | Investments in assets, shares, companies and associations.  | 100%     | -          | 100%     | -          |
| <b>Owned by REN Gas, S.A.:</b>  |   |          |            |          |            |
| REN - Armazenagem, S.A.<br>Mata do Urso - Guarda Norte - Carriço- Pombal          | Underground storage development, maintenance and operation  | 100%     | -          | 100%     | -          |
| REN - Gasodutos, S.A.<br>Estrada Nacional 116, km 32,25 - Vila de Rei - Bucelas   | National Natural Gas Transport operator and natural gas overall manager   | 100%     | -          | 100%     | -          |
| REN Gás Distribuição SGPS, S.A.<br>Av. Estados Unidos da América, 55 - Lisboa     | Management of holdings in other companies as an indirect form of economic activity                                    | -        | -          | 100%     | -          |
| REN Portgás Distribuição, S.A.<br>Rua Linhas de Torres, 41 - Porto                | Distribution of natural gas   | 100%     | -          | 100%     | -          |

## Changes in the consolidation perimeter

### - 2019

On January 22, 2019, a merger of the entities REN Gás, S.A. and REN Gás Distribuição SGPS, S.A. was effected by means of the global transfer of the assets of REN Gás Distribuição SGPS, S.A. to REN Gás, S.A..

### - 2018

On July 2, 2018, REN sold the liquefied petroleum gas (LPG) business to ENERGYCO II, S.A. and, additionally, on November 21, 2018, REN PRO, S.A., a company fully owned by REN, was incorporated.

## 1.2 Approval of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors at a meeting held on 3 May 2019. The Board of Directors believes that the consolidated financial statements fairly present the financial position of the companies included in the consolidation, the consolidated results of their operations, their consolidated comprehensive income, the consolidated changes in their equity and their consolidated cash flows in accordance with the International Financial Reporting Standards for interim financial statements as endorsed by the European Union (IAS 34).

## 2 BASIS OF PRESENTATION

The consolidated financial statements for the three-month period ended 31 March 2019 were prepared in accordance with International Financial Reporting Standards (IFRS) for interim financial reporting as endorsed by the European Union (IAS 34), therefore do not include all information required for annual financial statements so should be read in conjunction with the annual financial statements issued for the year ended 31 December 2018.

The Board of Directors evaluated the Group's going concern capability, based on all the relevant information, facts and circumstances, of financial, commercial and other natures, including subsequent events occurred after the financial statement report date. Particularly, as of 31 March 2018, current liabilities in the amount of 876,052 thousand Euros are greater than current assets, which total 543,991 thousand Euros.

However, in addition to the consolidated results and cash flows estimated for 2019, the Group has, as of 31 March 2019, credit lines in the form of commercial paper available for use in the amount of 738,000 thousands Euros, with a substantial part with guaranteed placement (Note 16).

In result of this assessment, the Board concludes that the Group has the adequate resources to proceed its activity, not intending to cease its operations in short term, and therefore considers adequate the use of a going concern basis in the preparation of the financial statements.

The consolidated financial statements are presented in thousands of Euros - tEuros.

## 3 MAIN ACCOUNTING POLICIES

The consolidated financial statements were prepared for interim financial reporting purposes (IAS 34), on a going concern basis from the books and accounting records of the companies included in the consolidation, maintained in accordance with the accounting standards in force in Portugal, adjusted in the consolidation process so that the financial statements are presented in accordance with International Financial Reporting Standards as endorsed by the European Union in force for the years beginning as from 1 January 2019.

Such standards include International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board ("IASB"), International Accounting Standards (IAS), issued by the International Accounting Standards Committee ("IASC") and respective IFRIC and SIC interpretations, issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standard Interpretation Committee ("SIC"), that have been endorsed by the European Union. The standards and interpretations are hereinafter referred generically to as IFRS.

The accounting policies used to prepare these consolidated financial statements are consistent in all material respects, with the policies used to prepare the consolidated financial statements for the year ended 31 December 2018, as explained in the notes to the consolidated financial statements for 2018. The policies were consistently applied in the periods presented.

### Adoption of new standards, interpretations, amendments and revisions

The following standards, interpretations, amendments and revisions have been endorsed by the European Union with mandatory application in effective for annual periods beginning on or after 1 January 2019:

- **IFRS 16 – Leases**

This standard replaces IAS 17 – Leases and the associated interpretations, with impact on the accounting performed by lessees, which are obliged to recognize for lease contracts a lease liability corresponding to future lease payments and, respectively, an asset related with the "right of use". The future adoption of this standard is not expected to have significant impacts on REN's consolidated financial statements.



- **Amendment to IFRS 9 - Prepayment Features with Negative Compensation**

This amendment allows the classification / measurement of financial assets at amortized cost even if they include conditions that allow the prepayment for a lower value than the nominal value ("Negative compensation"), being an exemption to the requirements predicted in IFRS 9 for the classification of financial assets at amortized cost. Additionally, it is also clarified that when there is a change in the conditions of a financial liability that does not implies a derecognition, the measurement difference must be registered immediately in the year's results. The future adoption of this standard is not expected to have significant impacts on REN's consolidated financial statements.

- **IFRIC 23 - Uncertainty Over Income Tax Treatments**

Clarifies how the recognition and measurement requirements of IAS 12 - Income Tax are applied when there is uncertainty about the tax treatment. The future adoption of this standard is not expected to have significant impacts on REN's consolidated financial statements.

- **Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures**

These amendments clarify that long-term investments in associates and joint ventures, which are not being measured by the equity method, are accounted under IFRS 9. This clarifies that long-term investments in associates and joint ventures are subject to the IFRS 9 impairment rules (3-step model of expected losses), before being considered for impairment testing of the global investment in an associate or when there are indicators of impairment. The future adoption of this standard is not expected to have significant impacts on REN's consolidated financial statements.

- **Annual Improvements to IFRS Standards (cycle 2015-2017)**

The changes introduced in the 2015-2017 cycle focused on the revision of: (i) IAS 23 - Borrowing Costs (clarifies the computation of the average interest rate); (ii) IAS 12 - Income Tax (establishes that the tax impact of the dividends distribution should be accounted for when the account payable is recorded); and (iii) IFRS 3 and IFRS 11 (clarifies that when obtaining control of a joint venture the financial interest should be accounted for at fair value).

- **Amendments to IAS 19: Plan Amendment, Curtailment or Settlement**

If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

There are no standards, interpretations, amendments and revisions endorsed by the European Union with mandatory application in future economic exercises at the date of 31 March 2019.

## Standards and interpretations, amended or revised not endorsed by the European Union

The following standards, interpretations, amendments and revisions, with mandatory application in future years, have not, until the date of preparation of these consolidated financial statements, been endorsed by the European Union:

| Standard   | Applicable for financial years beginning on or after | Resume   |
|--|--|--|
| IFRS 17 - Insurance Contracts                                | 01/jan/21  | This standard is intended to replace IFRS 4 and requires that all insurance contracts to be accounted for consistently.  |
| Amendments to References to the Conceptual Framework in IFRS | 01/jan/20  | The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.   |
| Amendment to IFRS 3: Business Combinations                   | 01/jan/20  | These amendments: (i) clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; (ii) narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; (iii) add guidance and illustrative examples to help entities assess whether a substantive process has been acquired. |
| Amendments to IAS 1 and IAS 8: Definition of Material        | 01/jan/20  | The changes in Definition of Material all relate to a revised definition of 'material' which is "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".   |

These standards and interpretations were not yet endorsed by the European Union and consequently REN has not adopted them on the 31 March 2019 consolidated financial statements.

## 4 SEGMENT REPORTING

The REN Group is organised in two main business segments, Electricity and Gas and one secondary segment. The electricity segment includes the transmission of electricity in very high voltage, overall management of the public electricity system and management of the power purchase agreements (PPA) not terminated at 30 June 2007 and the pilot zone for electricity production from sea waves. The gas segment includes high pressure gas transmission and overall management of the national natural gas supply system, as well as the operation of regasification at the LNG Terminal, the distribution of natural gas in low and medium pressure and the underground storage of natural gas.

Although the activities of the LNG Terminal and underground storage can be seen as separate from the transport of gas and overall management of the national natural gas supply system, since these operations provide services to the same users and they are complementary services, it was considered that it is subject to the same risks and benefits.

The telecommunications segment is presented separately although it does not qualify for disclosure.

Management of external loans are centrally managed by REN SGPS, S.A. for which the Company choose to present the assets and liabilities separate from its eliminations that are undertaken in the consolidation process, as used by the main responsible operating decision maker.

The results by segment for the three-month period ended 31 March 2019 were as follows:

|   | Electricity   | Gas           | Telecommunications | Others       | Eliminations    | Consolidated   |
|---|---------------|---------------|--------------------|--------------|-----------------|----------------|
| <b>Sales and services provided</b>                  | <b>87,938</b> | <b>51,892</b> | <b>1,509</b>       | <b>8,407</b> | <b>(10,662)</b> | <b>139,084</b> |
| Inter-segments                                      | 358           | 1,987         | -                  | 8,318        | (10,662)        | -              |
| Revenues from external customers                    | 87,580        | 49,905        | 1,509              | 90           | -               | 139,084        |
| Revenue from construction of concession assets      | 12,110        | 4,693         | -                  | -            | -               | 16,803         |
| Cost with construction of concession assets         | (8,704)       | (3,634)       | -                  | -            | -               | (12,338)       |
| Gains / (losses) from associates and joint ventures | -             | -             | -                  | 2,802        | -               | 2,802          |
| Personnel costs                                     | (9,342)       | (9,207)       | (581)              | (2,485)      | 12,116          | (9,499)        |
| Employee compensation and benefit expense           | (4,599)       | (2,965)       | (70)               | (5,904)      | -               | (13,537)       |
| Other expenses and operating income                 | 3,420         | 325           | (4)                | (108)        | (1,454)         | 2,178          |
| <b>Operating cash flow</b>                          | <b>80,823</b> | <b>41,104</b> | <b>855</b>         | <b>2,712</b> | <b>-</b>        | <b>125,493</b> |
| Investment income - dividends                       | -             | -             | -                  | -            | -               | -              |
| <b>Non reimbursable expenses</b>                    |               |               |                    |              |                 |                |
| Depreciation and amortizations                      | (38,545)      | (19,950)      | (8)                | (47)         | -               | (58,550)       |
| Provisions  | -             | -             | -                  | 1            | -               | 1              |
| Impairments   | -             | -             | -                  | (94)         | -               | (94)           |
| <b>Financial results</b>                            |               |               |                    |              |                 |                |
| Financial income                                    | 336           | 1,682         | 8                  | 37,864       | (37,910)        | 1,981          |
| Financial costs                                     | (10,893)      | (5,574)       | (0)                | (38,969)     | 37,910          | (17,526)       |
| <b>Profit before income tax and ESEC</b>            | <b>31,721</b> | <b>17,262</b> | <b>855</b>         | <b>1,467</b> | <b>-</b>        | <b>51,305</b>  |
| Income tax expense                                  | (8,719)       | (4,686)       | (201)              | (66)         | -               | (13,673)       |
| Energy sector extraordinary contribution (ESEC)     | (17,434)      | (6,955)       | -                  | -            | -               | (24,390)       |
| <b>Profit for the year</b>                          | <b>5,568</b>  | <b>5,620</b>  | <b>654</b>         | <b>1,401</b> | <b>-</b>        | <b>13,243</b>  |

Results by segment for the three-month period ended 31 March 2018 were as follows:

|  | Electricity     | Gas             | Telecommunications | Others         | Eliminations    | Consolidated    |
|--|-----------------|-----------------|--------------------|----------------|-----------------|-----------------|
| <b>Sales and services provided</b>                         | <b>90,834</b>   | <b>55,755</b>   | <b>1,569</b>       | <b>8,879</b>   | <b>(12,119)</b> | <b>144,919</b>  |
| Inter-segments   | 79              | 3,719           | -                  | 8,321          | (12,119)        | -               |
| Revenues from external customers                           | 90,755          | 52,036          | 1,569              | 558            | -               | 144,919         |
| <b>Revenue from construction of concession assets</b>      | <b>8,709</b>    | <b>5,173</b>    | <b>-</b>           | <b>-</b>       | <b>-</b>        | <b>13,881</b>   |
| <b>Cost with construction of concession assets</b>         | <b>(5,418)</b>  | <b>(4,238)</b>  | <b>-</b>           | <b>-</b>       | <b>-</b>        | <b>(9,656)</b>  |
| <b>Gains / (losses) from associates and joint ventures</b> | <b>-</b>        | <b>-</b>        | <b>-</b>           | <b>1,148</b>   | <b>-</b>        | <b>1,148</b>    |
| <b>Personnel costs</b>                                     | <b>(9,766)</b>  | <b>(10,874)</b> | <b>(345)</b>       | <b>(3,375)</b> | <b>13,617</b>   | <b>(10,743)</b> |
| <b>Employee compensation and benefit expense</b>           | <b>(4,753)</b>  | <b>(3,088)</b>  | <b>(66)</b>        | <b>(5,454)</b> | <b>-</b>        | <b>(13,361)</b> |
| <b>Other expenses and operating income</b>                 | <b>4,219</b>    | <b>(613)</b>    | <b>(4)</b>         | <b>456</b>     | <b>(1,497)</b>  | <b>2,559</b>    |
| <b>Operating cash flow</b>                                 | <b>83,824</b>   | <b>42,114</b>   | <b>1,154</b>       | <b>1,654</b>   | <b>-</b>        | <b>128,747</b>  |
| <b>Investment income - dividends</b>                       | <b>-</b>        | <b>-</b>        | <b>-</b>           | <b>-</b>       | <b>-</b>        | <b>-</b>        |
| <b>Non reimbursable expenses</b>                           |                 |                 |                    |                |                 |                 |
| Depreciation and amortizations                             | (38,857)        | (19,760)        | (7)                | (47)           | -               | (58,671)        |
| Provisions   | -               | -               | -                  | -              | -               | -               |
| Impairments  | -               | -               | -                  | (19)           | -               | (19)            |
| <b>Financial results</b>                                   |                 |                 |                    |                |                 |                 |
| Financial income   | 153             | 3,047           | 8                  | 37,323         | (39,559)        | 972             |
| Financial costs  | (11,772)        | (7,066)         | -                  | (38,666)       | 39,559          | (17,946)        |
| <b>Profit before income tax and ESEC</b>                   | <b>33,347</b>   | <b>18,334</b>   | <b>1,156</b>       | <b>244</b>     | <b>-</b>        | <b>53,083</b>   |
| <b>Income tax expense</b>                                  | <b>(9,954)</b>  | <b>(5,193)</b>  | <b>(272)</b>       | <b>741</b>     | <b>-</b>        | <b>(14,677)</b> |
| <b>Energy sector extraordinary contribution (ESEC)</b>     | <b>(18,123)</b> | <b>(7,210)</b>  | <b>-</b>           | <b>-</b>       | <b>-</b>        | <b>(25,333)</b> |
| <b>Profit for the year</b>                                 | <b>5,270</b>    | <b>5,932</b>    | <b>884</b>         | <b>985</b>     | <b>-</b>        | <b>13,073</b>   |

Inter-segment transactions are carried out under normal market conditions, equivalent to transactions with third parties.

Revenue included in the segment "Others" is essentially related to the services provided by the management and *back office* to Group entities as well as third parties.

Assets and liabilities by segment as well as capital expenditures for the three-month period ended 31 March 2019 were as follows:

|  | Electricity      | Gas              | Telecommunications | Others           | Eliminations       | Consolidated     |
|--|------------------|------------------|--------------------|------------------|--------------------|------------------|
| <b>Segment assets</b>  |                  |                  |                    |                  |                    |                  |
| Group investments held                                       | -                | 759,472          | -                  | 1,708,304        | (2,467,776)        | -                |
| Property, plant and equipment and intangible assets          | 2,529,764        | 1,621,038        | 40                 | 352              | -                  | 4,151,194        |
| Other assets   | 586,010          | 338,511          | 7,550              | 6,382,401        | (6,250,100)        | 1,064,373        |
| <b>Total assets</b>  | <b>3,115,774</b> | <b>2,719,021</b> | <b>7,590</b>       | <b>8,091,057</b> | <b>(8,717,876)</b> | <b>5,215,567</b> |
| <b>Total liabilities</b>                                     | <b>2,453,375</b> | <b>1,424,854</b> | <b>5,102</b>       | <b>6,109,560</b> | <b>(6,250,065)</b> | <b>3,742,827</b> |
| <b>Capital expenditure - total</b>                           | <b>12,110</b>    | <b>4,693</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>16,803</b>    |
| Capital expenditure - property, plant and equipment (Note 5) | -                | -                | -                  | -                | -                  | -                |
| Capital expenditure - intangible assets (Note 5)             | 12,110           | 4,693            | -                  | -                | -                  | 16,803           |
| <b>Investments in associates (Note 7)</b>                    | <b>-</b>         | <b>-</b>         | <b>-</b>           | <b>165,958</b>   | <b>-</b>           | <b>165,958</b>   |
| <b>Investments in joint ventures (Note 7)</b>                | <b>-</b>         | <b>-</b>         | <b>-</b>           | <b>2,699</b>     | <b>-</b>           | <b>2,699</b>     |

Assets and liabilities by segment at 31 December 2018 as well as investments on tangible assets and intangible assets were as follows:

|  | Electricity      | Gas              | Telecommunications | Others           | Eliminations       | Consolidated     |
|--|------------------|------------------|--------------------|------------------|--------------------|------------------|
| <b>Segment assets</b>  |                  |                  |                    |                  |                    |                  |
| Group investments held                                       | -                | 1,048,895        | -                  | 1,806,895        | (2,855,790)        | -                |
| Property, plant and equipment and intangible assets          | 2,556,204        | 1,636,523        | 48                 | 404              | -                  | 4,193,180        |
| Other assets   | 542,992          | 537,379          | 7,618              | 6,374,865        | (6,464,460)        | 998,394          |
| <b>Total assets</b>  | <b>3,099,196</b> | <b>3,222,798</b> | <b>7,666</b>       | <b>8,182,164</b> | <b>(9,320,250)</b> | <b>5,191,574</b> |
| <b>Total liabilities</b>                                     | <b>2,398,236</b> | <b>1,509,250</b> | <b>3,940</b>       | <b>6,280,771</b> | <b>(6,464,460)</b> | <b>3,727,737</b> |
| <b>Capital expenditure - total</b>                           | <b>85,608</b>    | <b>36,167</b>    | -                  | <b>173</b>       | -                  | <b>121,948</b>   |
| Capital expenditure - property, plant and equipment (Note 5) | -                | -                | -                  | 173              | -                  | 173              |
| Capital expenditure - intangible assets (Note 5)             | 85,608           | 36,167           | -                  | -                | -                  | 121,775          |
| Investments in associates (Note 7)                           | -                | -                | -                  | 165,207          | -                  | 165,207          |
| Investments in joint ventures (Note 7)                       | -                | -                | -                  | 2,635            | -                  | 2,635            |

The liabilities included in the segment "Others" are essentially related to external borrowings obtained directly by REN SGPS, S.A. and REN Finance, BV for financing the several activities of the Group.

The captions of the statement of financial position and profit and loss for each segment result of the amounts considered directly in the individual financial statements of each company that belongs to the Group included in the perimeter of each segment, corrected with the eliminations of the inter-segment transactions.

## 5 TANGIBLE AND INTANGIBLE ASSETS

During the three-month period ended 31 March 2019, the changes in tangible and intangible assets were as follows:

|   | 1 January 2019   |                          |                  | Changes       |                          |           |                     |  | 31 March 2019    |                          |                  |
|---|------------------|--------------------------|------------------|---------------|--------------------------|-----------|---------------------|--|------------------|--------------------------|------------------|
|   | Cost             | Accumulated depreciation | Net book value   | Additions     | Disposals and write-offs | Transfers | Depreciation charge | Depreciation - disposals, write-offs and other reclassifications | Cost             | Accumulated depreciation | Net book value   |
| <b>Property, plant and equipment:</b>                               |                  |                          |                  |               |                          |           |                     |  |                  |                          |                  |
| Transmission and electronic equipment                               | 107              | (107)                    | -                | -             | -                        | -         | -                   | -  | 107              | (107)                    | -                |
| Transport equipment   | 1,008            | (572)                    | 437              | -             | (65)                     | -         | (57)                | 59   | 943              | (570)                    | 374              |
| Office equipment  | 404              | (288)                    | 116              | -             | (3)                      | -         | (12)                | 3  | 401              | (297)                    | 104              |
| Property, plant and equipment in progress                           | 27               | (19)                     | 8                | -             | -                        | -         | (1)                 | -  | 27               | (20)                     | 7                |
| Assets in progress  | -                | -                        | -                | -             | -                        | -         | -                   | -  | -                | -                        | -                |
|   | <b>1,546</b>     | <b>(985)</b>             | <b>561</b>       | <b>-</b>      | <b>(68)</b>              | <b>-</b>  | <b>(70)</b>         | <b>62</b>  | <b>1,478</b>     | <b>(994)</b>             | <b>485</b>       |
|   |                  |                          |                  |               |                          |           |                     |  |                  |                          |                  |
|   | 1 January 2019   |                          |                  | Changes       |                          |           |                     |  | 31 March 2019    |                          |                  |
|   | Cost             | Accumulated depreciation | Net book value   | Additions     | Disposals and write-offs | Transfers | Depreciation charge | Depreciation - disposals, write-offs and other reclassifications | Cost             | Accumulated depreciation | Net book value   |
| <b>Intangible assets:</b>   |                  |                          |                  |               |                          |           |                     |  |                  |                          |                  |
| Concession assets   | 8,161,166        | (4,073,426)              | 4,087,740        | 420           | (663)                    | 2,719     | (58,480)            | 430  | 8,163,642        | (4,131,476)              | 4,032,166        |
| Concession assets in progress                                       | 104,880          | -                        | 104,880          | 16,383        | -                        | (2,719)   | -                   | -  | 118,543          | -                        | 118,543          |
|   | <b>8,266,046</b> | <b>(4,073,426)</b>       | <b>4,192,619</b> | <b>16,803</b> | <b>(663)</b>             | <b>-</b>  | <b>(58,480)</b>     | <b>430</b>   | <b>8,282,185</b> | <b>(4,131,476)</b>       | <b>4,150,709</b> |
|   |                  |                          |                  |               |                          |           |                     |  |                  |                          |                  |
| <b>Total of property, plant and equipment and intangible assets</b> | <b>8,267,591</b> | <b>(4,074,411)</b>       | <b>4,193,180</b> | <b>16,803</b> | <b>(731)</b>             | <b>-</b>  | <b>(58,550)</b>     | <b>492</b>   | <b>8,283,663</b> | <b>(4,132,470)</b>       | <b>4,151,194</b> |

The changes in tangible and intangible assets in the in the year ended 31 December 2018 were as follows:

|   | 1 January 2018   |                          |                  | Changes        |                          |           |                     |  | 31 December 2018 |                          |                  |
|---|------------------|--------------------------|------------------|----------------|--------------------------|-----------|---------------------|--|------------------|--------------------------|------------------|
|   | Cost             | Accumulated depreciation | Net book value   | Additions      | Disposals and write-offs | Transfers | Depreciation charge | Depreciation - disposals, write-offs and other reclassifications | Cost             | Accumulated depreciation | Net book value   |
| <b>Property, plant and equipment:</b>                               |                  |                          |                  |                |                          |           |                     |  |                  |                          |                  |
| Transmission and electronic equipment                               | 259              | (107)                    | 152              | -              | (152)                    | -         | -                   | -  | 107              | (107)                    | -                |
| Transport equipment   | 1,112            | (365)                    | 748              | 138            | (242)                    | -         | (360)               | 153  | 1,008            | (572)                    | 437              |
| Office equipment  | 1,791            | (386)                    | 1,405            | 35             | (1,422)                  | -         | (44)                | 142  | 404              | (288)                    | 116              |
| Property, plant and equipment in progress                           | 27               | (14)                     | 13               | -              | -                        | -         | (5)                 | -  | 27               | (19)                     | 8                |
| Assets in progress  | 910              | -                        | 910              | -              | (910)                    | -         | -                   | -  | -                | -                        | -                |
|   | <b>4,099</b>     | <b>(871)</b>             | <b>3,227</b>     | <b>173</b>     | <b>(2,726)</b>           | <b>-</b>  | <b>(409)</b>        | <b>295</b>   | <b>1,546</b>     | <b>(985)</b>             | <b>561</b>       |
|   |                  |                          |                  |                |                          |           |                     |  |                  |                          |                  |
|   | 1 January 2018   |                          |                  | Changes        |                          |           |                     |  | 31 December 2018 |                          |                  |
|   | Cost             | Accumulated depreciation | Net book value   | Additions      | Disposals and write-offs | Transfers | Depreciation charge | Depreciation - disposals, write-offs and other reclassifications | Cost             | Accumulated depreciation | Net book value   |
| <b>Intangible assets:</b>   |                  |                          |                  |                |                          |           |                     |  |                  |                          |                  |
| Concession assets   | 8,072,173        | (3,838,256)              | 4,233,918        | 4,158          | (1,311)                  | 86,146    | (234,646)           | (524)  | 8,161,166        | (4,073,426)              | 4,087,740        |
| Concession assets in progress                                       | 72,499           | -                        | 72,499           | 117,617        | 910                      | (86,146)  | -                   | -  | 104,880          | -                        | 104,880          |
|   | <b>8,144,672</b> | <b>(3,838,256)</b>       | <b>4,306,417</b> | <b>121,775</b> | <b>(401)</b>             | <b>-</b>  | <b>(234,646)</b>    | <b>(524)</b>   | <b>8,266,046</b> | <b>(4,073,426)</b>       | <b>4,192,619</b> |
| <b>Total of property, plant and equipment and intangible assets</b> | <b>8,148,770</b> | <b>(3,839,128)</b>       | <b>4,309,644</b> | <b>121,948</b> | <b>(3,127)</b>           | <b>-</b>  | <b>(235,055)</b>    | <b>(229)</b>   | <b>8,267,591</b> | <b>(4,074,411)</b>       | <b>4,193,180</b> |

The main additions verified in the periods ended 31 March 2019 and 31 December 2018 are made up as follows:

|   | Mar 2019      | Dec 2018       |
|---|---------------|----------------|
| <b>Electricity segment:</b>   |               |                |
| Power line construction (150 KV, 220 KV and others)                         | 4,253         | 24,108         |
| Power line construction (400 KV)  | 1,933         | 13,394         |
| Construction of new substations   | 161           | 290            |
| Substation Expansion  | 3,757         | 29,906         |
| Other renovations in substations  | 535           | 5,460          |
| Telecommunications and information system                                   | 909           | 5,807          |
| Pilot zone construction - wave energy                                       | 47            | 208            |
| Buildings related to concession   | 190           | 2,702          |
| Other assets  | 324           | 3,733          |
| <b>Gas segment</b>  |               |                |
| Expansion and improvements to gas transmission network                      | 452           | 6,362          |
| Construction project of cavity underground storage of natural gas in Pombal | 97            | 1,703          |
| Construction project and operating upgrade - LNG facilities                 | 421           | 3,277          |
| Natural gas distribution projects   | 3,723         | 24,825         |
| <b>Others segment</b>   |               |                |
| Other assets  | -             | 173            |
| <b>Total of additions</b>   | <b>16,803</b> | <b>121,948</b> |

The main transfers that were concluded and began activity during the periods ended 31 March 2019 and 31 December 2018 are made up as follows:

|   | Mar 2019     | Dec 2018      |
|---|--------------|---------------|
| <b>Electricity segment:</b>   |              |               |
| Power line construction (150 KV, 220 KV and others)                         | -            | 12,610        |
| Power line construction (400 KV)  | -            | 1,957         |
| Substation Expansion  | 748          | 26,221        |
| Other renovations in substations  | -            | 3,965         |
| Telecommunications and information system                                   | -            | 5,153         |
| Buildings related to concession   | -            | 1,442         |
| Other assets under concession   | -            | 1,215         |
| <b>Gas segment:</b>   |              |               |
| Expansion and improvements to natural gas transmission network              | -            | 4,724         |
| Construction project of cavity underground storage of natural gas in Pombal | -            | 1,734         |
| Construction project and operating upgrade - LNG facilities                 | -            | 3,556         |
| Natural gas distribution and transmission projects                          | 1,972        | 23,570        |
| <b>Total of transfer</b>  | <b>2,719</b> | <b>86,146</b> |

The intangible assets in progress at 31 March 2019 and 31 December 2018 are as follows:

|   | Mar 2019       | Dec 2018       |
|---|----------------|----------------|
| <b>Electricity segment:</b>   |                |                |
| Power line construction (150KV/220KV e 400KV)                               | 56,485         | 50,298         |
| Substation Expansion  | 36,332         | 32,015         |
| New substations projects  | 5,502          | 6,113          |
| Buildings related to concession   | 2,196          | 2,006          |
| Other projects  | 2,889          | 1,700          |
| <b>Gas segment:</b>   |                |                |
| Expansion and improvements to natural gas transmission network              | 7,474          | 6,906          |
| Construction project of cavity underground storage of natural gas in Pombal | 2,441          | 2,350          |
| Construction project and operating upgrade - LNG facilities                 | 502            | 106            |
| Natural gas distribution projects   | 4,725          | 3,386          |
| <b>Total of assets in progress</b>  | <b>118,543</b> | <b>104,880</b> |

Borrowing costs capitalized on intangible assets in progress in the period ended 31 March 2019 amounted to 566 thousand Euros (2,017 thousand Euros as of 31 December 2018), while overhead and management costs capitalized amounted to 3,899 thousand Euros (17,408 thousand Euros as of 31 December 2018) (Note 21).

The net book value of the intangible assets acquired through finance lease contracts at 31 March 2019 and 31 December 2018 was as follows:

|   | Mar 2019     | Dec 2018     |
|---|--------------|--------------|
| Cost                                      | 6,671        | 6,525        |
| Accumulated depreciation and amortization | (2,792)      | (2,481)      |
| <b>Net book value</b>                     | <b>3,879</b> | <b>4,044</b> |



## 6 GOODWILL

Goodwill represents the difference between the amount paid for the acquisition and the net assets fair value of the companies acquired, with reference to the acquisition date, and at 31 March 2019 and 31 December 2018 is detailed as follows:

| Subsidiaries                         | Year of acquisition | Acquisition cost | %    | Mar 2019     | Dec 2018     |
|--------------------------------------|---------------------|------------------|------|--------------|--------------|
| REN Atlântico, Terminal de GNL, S.A. | 2006                | 32,580           | 100% | 2,547        | 2,642        |
| REN Portgás Distribuição, S.A.       | 2017                | 503,015          | 100% | 1,235        | 1,235        |
|                                      |                     |                  |      | <b>3,782</b> | <b>3,877</b> |

The movement in the Goodwill caption for the period ended 31 March 2019 was:

| Subsidiaries                         | At 1 January 2018 | Increases | Decreases    | Correction to purchase price | At 31 December 2018 | Increases | Decreases   | At 31 March 2019 |
|--------------------------------------|-------------------|-----------|--------------|------------------------------|---------------------|-----------|-------------|------------------|
| REN Atlântico, Terminal de GNL, S.A. | 3,020             | -         | (377)        | -                            | 2,642               | -         | (95)        | 2,547            |
| REN Portgás Distribuição, S.A.       | 16,082            | -         | -            | (14,847)                     | 1,235               | -         | -           | 1,235            |
|                                      | <b>19,102</b>     | -         | <b>(377)</b> | <b>(14,847)</b>              | <b>3,877</b>        | -         | <b>(95)</b> | <b>3,782</b>     |

## 7 INVESTMENTS IN ASSOCIATES AND JOIN VENTURES

At 31 March 2019 and 31 December 2018, the financial information regarding the financial interest held is as follows:

|   |                        | 31 March 2019 |                |                    |                     |                         |          |                   |               |                            |        |                 |                                |              |
|---|------------------------|---------------|----------------|--------------------|---------------------|-------------------------|----------|-------------------|---------------|----------------------------|--------|-----------------|--------------------------------|--------------|
|   |                        | Share capital | Current assets | Non-current assets | Current liabilities | Non-current liabilities | Revenues | Net profit/(loss) | Share capital | Total comprehensive income | %      | Carrying amount | Group share of profit / (loss) |              |
| Activity  | Head office            |               |                |                    |                     |                         |          |                   |               |                            |        |                 |                                |              |
| <b>Equity method:</b>                                     |                        |               |                |                    |                     |                         |          |                   |               |                            |        |                 |                                |              |
| <b>Associate:</b>   |                        |               |                |                    |                     |                         |          |                   |               |                            |        |                 |                                |              |
| OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. | Holding company        | Lisbon        | 2,610          | 1,008              | 28,500              | 309                     | -        | 218               | 103           | 29,199                     | 29,302 | 40              | 10,694                         | 877          |
| Electrogas, S.A.  | Gas Transportation     | Chile         | 18,929         | 11,041             | 44,674              | 16,877                  | 11,360   | 8,007             | 4,426         | 27,478                     | 31,904 | 42.5            | 155,264                        | 1,861        |
|   |                        |               |                |                    |                     |                         |          |                   |               |                            |        |                 | <b>165,958</b>                 | <b>2,738</b> |
| <b>Joint venture:</b>                                     |                        |               |                |                    |                     |                         |          |                   |               |                            |        |                 |                                |              |
| Centro de Investigação em Energia REN - STATE GRID, S.A.  | Research & Development | Lisbon        | 3,000          | 6,132              | 39                  | 754                     | 13       | 500               | 129           | 5,405                      | 5,534  | 50              | 2,699                          | 65           |
|   |                        |               |                |                    |                     |                         |          |                   |               |                            |        |                 | <b>168,658</b>                 | <b>2,802</b> |

|   |                        | 31 December 2018 |                |                    |                     |                         |          |                   |               |                            |        |                 |                                |              |
|---|------------------------|------------------|----------------|--------------------|---------------------|-------------------------|----------|-------------------|---------------|----------------------------|--------|-----------------|--------------------------------|--------------|
|   |                        | Share capital    | Current assets | Non-current assets | Current liabilities | Non-current liabilities | Revenues | Net profit/(loss) | Share capital | Total comprehensive income | %      | Carrying amount | Group share of profit / (loss) |              |
| Activity  | Head office            |                  |                |                    |                     |                         |          |                   |               |                            |        |                 |                                |              |
| <b>Equity method:</b>                                     |                        |                  |                |                    |                     |                         |          |                   |               |                            |        |                 |                                |              |
| <b>Associate:</b>   |                        |                  |                |                    |                     |                         |          |                   |               |                            |        |                 |                                |              |
| OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. | Holding company        | Lisbon           | 2,610          | 1,179              | 26,180              | 353                     | -        | 1,117             | (1,360)       | 27,006                     | 25,646 | 40              | 9,817                          | (531)        |
| Electrogas, S.A.  | Gas Transportation     | Chile            | 18,573         | 6,178              | 44,843              | 5,834                   | 11,069   | 30,695            | 15,764        | 34,118                     | 49,882 | 43              | 155,390                        | 6,495        |
|   |                        |                  |                |                    |                     |                         |          |                   |               |                            |        |                 | <b>165,207</b>                 | <b>5,964</b> |
| <b>Joint venture:</b>                                     |                        |                  |                |                    |                     |                         |          |                   |               |                            |        |                 |                                |              |
| Centro de Investigação em Energia REN - STATE GRID, S.A.  | Research & Development | Lisbon           | 3,000          | 6,015              | 83                  | 806                     | 16       | 1,447             | (353)         | 5,276                      | 4,923  | 50              | 2,635                          | (176)        |
|   |                        |                  |                |                    |                     |                         |          |                   |               |                            |        |                 | <b>167,841</b>                 | <b>5,787</b> |

## Associates

The changes in the caption "Investments in associates" during the period ended at 31 March 2019 and 31 December 2018 was as follows:

| <b>Investments in associates</b>     |                |
|--------------------------------------|----------------|
| <b>At 1 de January de 2018</b>       | <b>159,216</b> |
| Effect of applying the equity method | 5,964          |
| Changes in equity                    | 6,914          |
| Dividends of Electrogas              | (6,917)        |
| Others                               | 29             |
| <b>At 31 December 2018</b>           | <b>165,207</b> |
| Effect of applying the equity method | 2,738          |
| Changes in equity                    | 2,964          |
| Dividends of Electrogas              | (4,933)        |
| Others                               | (17)           |
| <b>At 31 March 2019</b>              | <b>165,958</b> |

In the year ended December 31, 2017, the Group acquired a 42.5% interest in the share capital of the Chilean company - Electrogas S.A., for 169,285 thousand Euros. This company owns a pipeline in the central zone of Chile with 165.6 km of length. It is a pipeline of great relevance in the country, linking the regasification terminal of Quintero to Santiago (the capital and largest Chilean population center) and Valparaiso (one of Chile's most important ports). The company's corporate purpose is to provide transportation services for natural gas and other fuels.

The total amount of dividends recognized as associates during the three-month period ended 31 March 2019 was 4,933 thousand Euros.

The proportional value of the OMIP, SGPS includes the effect of the adjustment resulting of changes to the Financial Statement of the previous year, made after the equity method application. This participation is recorded as an Associate.

## Joint ventures

The movement in the caption "Investments in joint ventures" during the period ended 31 March 2019 and 31 December 2018 was as follows:

| <b>Investments in joint ventures</b> |              |
|--------------------------------------|--------------|
| <b>At 1 January 2018</b>             | <b>2,811</b> |
| Effect of applying the equity method | (176)        |
| <b>At 31 December 2018</b>           | <b>2,635</b> |
| Effect of applying the equity method | 65           |
| <b>At 31 March 2019</b>              | <b>2,699</b> |

Following a joint agreement of technology partnership between REN – Redes Energéticas Nacionais and the State Grid International Development (SGID), in May 2013 an R&D centre in Portugal dedicated to power systems designed – Centro de Investigação em Energia REN – STATE GRID, SA ("Centro de Investigação") was incorporated, being jointly controlled by the above mentioned two entities.

The Research Centre aims to become a platform for international knowledge, a catalyst for innovative solutions and tools, applied to the planning and operation of transmission power.

At 31 March 2019 and 31 December 2018, the financial information of the joint venture was as follows:

|                                   | 31 March 2019             |                               |                                   |                                 |                 |                             |
|-----------------------------------|---------------------------|-------------------------------|-----------------------------------|---------------------------------|-----------------|-----------------------------|
|                                   | Cash and cash equivalents | Current financial liabilities | Non-current financial liabilities | Depreciations and amortizations | Financial costs | Income tax- (cost) / income |
| <b>Joint venture:</b>             |                           |                               |                                   |                                 |                 |                             |
| Centro de Investigação em Energia |                           |                               |                                   |                                 |                 |                             |
| REN - STATE GRID, S.A.            | 5,593                     | 6                             | 13                                | (44)                            | (1)             | (3)                         |

|                                   | 31 December 2018          |                               |                                   |                                 |                 |                             |
|-----------------------------------|---------------------------|-------------------------------|-----------------------------------|---------------------------------|-----------------|-----------------------------|
|                                   | Cash and cash equivalents | Current financial liabilities | Non-current financial liabilities | Depreciations and amortizations | Financial costs | Income tax- (cost) / income |
| <b>Joint venture:</b>             |                           |                               |                                   |                                 |                 |                             |
| Centro de Investigação em Energia |                           |                               |                                   |                                 |                 |                             |
| REN - STATE GRID, S.A.            | 5,201                     | 6                             | 16                                | (493)                           | (1)             | (7)                         |

## 8 INCOME TAX

REN is taxed based on the special regime for the taxation of group companies ("RETGS"), which includes all companies located in Portugal that REN detains directly or indirectly at least 75% of the share capital, which should give at more than 50% of the voting rights, and comply with the conditions of the article 69º of the Corporate Income Tax law.

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for social security), except when there are tax losses, tax benefits granted or tax inspections, claims or appeals in progress, in which case the period can be extended or suspended, depending on the circumstances. Consequently, the Company's tax returns for the years from 2016 to 2019 are still subject to review.

The Company's Board of Directors understands that possible corrections to the tax returns resulting from tax reviews /inspections carried out by the tax authorities will not have a significant effect on the financial statements as of 31 March 2019 and 31 December 2018.

In 2019, the Group is taxed in Corporate Income Tax rate of 21%, increased by a municipal surcharge up the maximum of 1.5% over the taxable profit; and a State surcharge of an additional (i) 3% of taxable profit between 1,500 thousand Euros and 7,500 thousand Euros; (ii) of 5% over the taxable profit in excess of 7,500 thousand Euros and up to 35,000 thousand Euros; and (iii) 9% for taxable profits in excess of 35,000 thousand Euros, which results in a maximum aggregate tax rate of 31.5%.

The tax rate used in the valuation of temporary taxable and deductible differences as of 31 March 2019, was updated for each Company included in the consolidation perimeter, using the average tax rate expected in accordance with future perspective of taxable profits of each company recoverable in the next periods.

Income tax registered in the three-month period ended 31 March 2019 and 2018 was as follows:

|   | Mar 2019      | Mar 2018      |
|---|---------------|---------------|
| Current income tax                            | 15,380        | 24,540        |
| Adjustments of income tax from previous years | -             | (755)         |
| Deferred income tax                           | (1,708)       | (9,109)       |
| <b>Income tax</b>                             | <b>13,673</b> | <b>14,677</b> |

Reconciliation between tax calculated at the nominal tax rate and tax recorded in the consolidated statement of profit and loss is as follows:

|  | Mar 2019      | Mar 2018      |
|--|---------------|---------------|
| <b>Consolidated profit before income tax</b>           | <b>51,305</b> | <b>53,083</b> |
| <b>Permanent differences:</b>                          |               |               |
| Positive / (negative) equity variation                 | -             | 3,490         |
| Non deductible costs                                   | 393           | 540           |
| Non taxable income                                     | (1,528)       | 1,586         |
| <b>Timing differences:</b>                             |               |               |
| Tariff deviations                                      | 8,522         | 28,190        |
| Provisions and impairment                              | (13)          | -             |
| Revaluations   | (1,140)       | (548)         |
| Pension, helthcare assistance and life insurance plans | (412)         | (948)         |
| Derivative financial instruments                       | (5)           | (2)           |
| Others   | (12)          | (13)          |
| <b>Taxable income</b>                                  | <b>57,110</b> | <b>85,376</b> |
| Income tax   | 11,879        | 17,222        |
| State surcharge tax                                    | 2,425         | 5,707         |
| Municipal surcharge                                    | 872           | 1,417         |
| Autonomous taxation                                    | 204           | 195           |
| <b>Current income tax</b>                              | <b>15,380</b> | <b>24,540</b> |
| Deferred income tax                                    | (1,708)       | (9,109)       |
| Adjustments of income tax from previous years          | -             | (755)         |
| <b>Income tax</b>                                      | <b>13,673</b> | <b>14,677</b> |
| <b>Effective tax rate</b>                              | <b>26.6%</b>  | <b>27.7%</b>  |

## Income tax

The caption "Income tax" payable and receivable at 31 March 2019 and 31 December 2018 is made up as follows:

|  | Mar 2019      | Dec 2018      |
|--|---------------|---------------|
| <b>Income tax:</b>                         |               |               |
| Corporate income tax - estimated tax       | (15,380)      | (50,405)      |
| Corporate income tax - payments on account | 2,325         | 85,367        |
| Income withholding tax by third parties    | 186           | 895           |
| Income recoverable / (payable)             | 34,013        | (487)         |
| <b>Income tax recoverable</b>              | <b>21,144</b> | <b>35,371</b> |

## Deferred taxes

The effect of the changes in the deferred tax captions in the years presented was as follows:

|  | Mar 2019     | Dec 2018        |
|--|--------------|-----------------|
| <b>Impact on the statement of profit and loss:</b> |              |                 |
| Deferred tax assets                                | (928)        | (1,833)         |
| Deferred tax liabilities                           | 2,636        | (7,706)         |
|  | <b>1,708</b> | <b>(9,540)</b>  |
| <b>Impact on equity:</b>                           |              |                 |
| Deferred tax assets                                | 1,392        | (3,310)         |
| Deferred tax liabilities                           | 603          | (6,404)         |
|  | <b>1,996</b> | <b>(9,714)</b>  |
| <b>Net impact of deferred taxes</b>                | <b>3,703</b> | <b>(19,254)</b> |

The changes in deferred tax by nature were as follows:

### Change in deferred tax assets – March 2019

|                                    | Provisions and Impairments | Pensions | Tariff deviations | Derivative financial instruments | Revalued assets | Others | Total   |
|------------------------------------|----------------------------|----------|-------------------|----------------------------------|-----------------|--------|---------|
| At 1 January 2019                  | 2,818                      | 29,403   | 38,621            | 1,259                            | 18,360          | 2,034  | 92,495  |
| Increase/decrease through reserves | -                          | (373)    | -                 | 1,765                            | -               | -      | 1,392   |
| Reversal through profit and loss   | (58)                       | (745)    | (715)             | (41)                             | -               | -      | (1,559) |
| Increase through profit and loss   | -                          | 373      | -                 | -                                | 236             | 22     | 631     |
| Change in the period               | (58)                       | (745)    | (715)             | 1,724                            | 236             | 22     | 465     |
| At 31 March 2019                   | 2,760                      | 28,658   | 37,906            | 2,983                            | 18,595          | 2,056  | 92,959  |

### Change in deferred tax assets – December 2018

|                                    | Provisions and Impairments | Pensions | Tariff deviations | Derivative financial instruments | Revalued assets | Others | Total   |
|------------------------------------|----------------------------|----------|-------------------|----------------------------------|-----------------|--------|---------|
| At 1 January 2018                  | 2,886                      | 36,506   | 36,227            | 928                              | 21,117          | 74     | 97,737  |
| Perimeter changes                  | 727                        | 61       | 713               | -                                | 12,752          | (108)  | 14,145  |
| Increase/decrease through reserves | -                          | (5,546)  | -                 | 492                              | -               | 1,744  | (3,310) |
| Reversal through profit and loss   | (64)                       | (1,558)  | (15)              | (161)                            | (2,662)         | -      | (4,461) |
| Increase through profit and loss   | -                          | -        | 2,410             | 1                                | -               | 217    | 2,627   |
| Change in the period               | (68)                       | (7,104)  | 2,394             | 331                              | (2,756)         | 1,961  | (5,242) |
| At 31 December 2018                | 2,818                      | 29,403   | 38,621            | 1,259                            | 18,360          | 2,034  | 92,495  |

Deferred tax assets at 31 March 2019 correspond essentially to: (i) to liabilities for benefit plans granted to employees; (ii) tariff deviations liabilities to be settled in subsequent years; and (iii) revalued assets.

## Evolution of deferred tax liabilities – March 2019

|                                  | Tariff deviations | Revaluations | Fair value | Investments in equity instruments at fair value through other comprehensive income | Others | Total   |
|----------------------------------|-------------------|--------------|------------|--|--------|---------|
| At 1 January 2019                | 37,784            | 21,398       | 37,855     | 12,926   | 3,682  | 113,644 |
| Increase/decrease through equity | -                 | -            | -          | (603)  | -      | (603)   |
| Reversal through profit and loss | (1,948)           | (140)        | (342)      | -  | (205)  | (2,634) |
| Change in the period             | (1,948)           | (140)        | (342)      | (603)  | (205)  | (3,239) |
| At 31 March 2019                 | 35,836            | 21,258       | 37,513     | 12,323   | 3,477  | 110,405 |

## Evolution of deferred tax liabilities – December 2018

|                                  | Tariff deviations | Revaluations | Fair value | Investments in equity instruments at fair value through other comprehensive income | Others | Total   |
|----------------------------------|-------------------|--------------|------------|--|--------|---------|
| At 1 January 2018                | 26,639            | 22,856       | 39,240     | 10,790   | 9      | 99,534  |
| Increase/decrease through equity | -                 | -            | -          | 2,136  | 4,268  | 6,404   |
| Reversal through profit and loss | -                 | (1,458)      | (1,385)    | -  | (595)  | (3,439) |
| Increase through profit and loss | 11,145            | -            | -          | -  | -      | 11,145  |
| Change in the period             | 11,145            | (1,458)      | (1,385)    | 2,136  | 3,673  | 14,110  |
| At 31 December 2018              | 37,784            | 21,398       | 37,855     | 12,926   | 3,682  | 113,644 |

Deferred tax liabilities relating to revaluations result from revaluations made in preceding years under legislation. The effect of these deferred taxes reflects the non-tax deductibility of 40% of future depreciation of the revaluation component (included in the assets considered cost at the time of the transition to IFRS).

The legal documents that establish these revaluations were the following:

| Legislation (Revaluation) |                        |
|---------------------------|------------------------|
| Electricity segment       | Natural gas segment    |
| Decree-Law n° 430/78      | Decree-Law n° 140/2006 |
| Decree-Law n° 399-G/81    | Decree-Law n° 66/2016  |
| Decree-Law n° 219/82      |                        |
| Decree-Law n° 171/85      |                        |
| Decree-Law n° 118-B/86    |                        |
| Decree-Law n° 111/88      |                        |
| Decree-Law n° 7/91        |                        |
| Decree-Law n° 49/91       |                        |
| Decree-Law n° 264/92      |                        |

## 9 FINANCIAL ASSETS AND LIABILITIES

The accounting policies for financial instruments in accordance with the IFRS 9 categories have been applied to the following financial assets and liabilities:

### - March 2019

|  | Notes | Credits and other receivables | Fair value - hedging derivative financial instruments | Fair value - Trading derivatives | Fair value - Equity instruments through other comprehensive income | Other financial assets/liabilities | Total carrying amount | Fair value       |
|--|-------|-------------------------------|---|----------------------------------|--|------------------------------------|-----------------------|------------------|
| <b>Assets</b>  |       |                               |   |                                  |  |                                    |                       |                  |
| Cash and cash equivalents  | 13    | -                             | -   | -                                | -  | 20,536                             | 20,536                | 20,536           |
| Trade and other receivables  | 11    | 570,262                       | -   | -                                | -  | -                                  | 570,262               | 570,262          |
| Other financial assets   |       | -                             | -   | -                                | -  | 51                                 | 51                    | 51               |
| Investments in equity instruments at fair value through other comprehensive income | 10    | -                             | -   | -                                | 159,872  | -                                  | 159,872               | 159,872          |
| Income tax receivable  | 8     | 21,144                        | -   | -                                | -  | -                                  | 21,144                | 21,144           |
| Derivative financial instruments   | 12    | -                             | 24,971  | -                                | -  | -                                  | 24,971                | 24,971           |
|  |       | <b>591,406</b>                | <b>24,971</b>   | <b>-</b>                         | <b>159,872</b>   | <b>20,587</b>                      | <b>796,835</b>        | <b>796,835</b>   |
| <b>Liabilities</b>   |       |                               |   |                                  |  |                                    |                       |                  |
| Borrowings   | 16    | -                             | -   | -                                | -  | 2,656,295                          | 2,656,295             | 2,741,559        |
| Trade and other payables   | 19    | -                             | -   | -                                | -  | 580,600                            | 580,600               | 580,600          |
| Derivative financial instruments   | 12    | -                             | 18,452  | 2,874                            | -  | -                                  | 21,326                | 21,326           |
|  |       | <b>-</b>                      | <b>18,452</b>   | <b>2,874</b>                     | <b>-</b>   | <b>3,236,895</b>                   | <b>3,258,221</b>      | <b>3,343,485</b> |

### - December 2018

|  | Notes | Credits and other receivables | Fair value - hedging derivative financial instruments | Fair value - Trading derivatives | Fair value - Equity instruments through other comprehensive income | Other financial assets/liabilities | Total carrying amount | Fair value       |
|--|-------|-------------------------------|---|----------------------------------|--|------------------------------------|-----------------------|------------------|
| <b>Assets</b>  |       |                               |   |                                  |  |                                    |                       |                  |
| Cash and cash equivalents  | 13    | -                             | -   | -                                | -  | 35,735                             | 35,735                | 35,735           |
| Trade and other receivables  | 11    | 477,372                       | -   | -                                | -  | -                                  | 477,372               | 477,372          |
| Other financial assets   |       | -                             | -   | -                                | -  | 45                                 | 45                    | 45               |
| Investments in equity instruments at fair value through other comprehensive income | 10    | -                             | -   | -                                | 162,552  | -                                  | 162,552               | 162,552          |
| Income tax receivable  | 8     | 35,371                        | -   | -                                | -  | -                                  | 35,371                | 35,371           |
| Derivative financial instruments   | 12    | -                             | 21,010  | -                                | -  | -                                  | 21,010                | 21,010           |
|  |       | <b>512,743</b>                | <b>21,010</b>   | <b>-</b>                         | <b>162,552</b>   | <b>35,780</b>                      | <b>732,086</b>        | <b>732,086</b>   |
| <b>Liabilities</b>   |       |                               |   |                                  |  |                                    |                       |                  |
| Borrowings   | 16    | -                             | -   | -                                | -  | 2,706,340                          | 2,706,340             | 2,765,151        |
| Trade and other payables   | 19    | -                             | -   | -                                | -  | 515,196                            | 515,196               | 515,196          |
| Derivative financial instruments   | 12    | -                             | 10,877  | 2,076                            | -  | -                                  | 12,952                | 12,952           |
|  |       | <b>-</b>                      | <b>10,877</b>   | <b>2,076</b>                     | <b>-</b>   | <b>3,221,536</b>                   | <b>3,234,489</b>      | <b>3,293,299</b> |

Loans obtained, as referred to in Note 3.6 to the annual consolidated financial statements for the period ended December 31, 2018 are measured, initially at fair value and subsequently at amortized cost, except for those which it has been contracted derivative fair value hedges (Note 12) which are measured at fair value. Nevertheless, REN proceeds to the disclosure of the fair value of the caption Borrowings, based on a set of relevant observable data, which fall within Level 2 of the fair value hierarchy.

The fair value of borrowings and derivatives are calculated by the method of discounted cash flows, using the curve of interest rate on the date of the statement of financial position in accordance with the characteristics of each loan.

The range of market rates used to calculate the fair value ranges between -0.356% and 0.8375% (maturities of one day and fifteen years, respectively).

The fair value of borrowings contracted by the Group at 31 March 2019 is 2,741,559 thousand Euros (at 31 December 2018 was 2,765,151 thousand Euros), of which 410,407 thousand Euros are recorded partly at amortized cost and includes an element of fair value resulting from movements in interest rates (at 31 December 2018 was 403,336 thousand Euros).

## Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value at 31 March 2019 in accordance with the following hierarchy levels of fair value:

- Level 1: the fair value of financial instruments is based on net market prices as of the date of the statement of financial position;
- Level 2: the fair value of financial instruments is not based on active market prices but rather on valuation models;
- Level 3: the fair value of financial instruments is not based on active market prices, but rather on valuation models, for which the main inputs are not taken from the market.

|  | Mar 2019                     |                |                |          | Dec 2018       |                |                |          |                |
|--|------------------------------|----------------|----------------|----------|----------------|----------------|----------------|----------|----------------|
|  | Level 1                      | Level 2        | Level 3        | Total    | Level 1        | Level 2        | Level 3        | Total    |                |
| <b>Assets:</b>   |                              |                |                |          |                |                |                |          |                |
| Investments in equity instruments at fair value through other comprehensive income | Shares                       | 102,881        | 53,409         | -        | 156,290        | 105,562        | 53,409         | -        | 158,971        |
| Financial assets at fair value   | Cash flow hedge derivatives  | -              | 11,999         | -        | 11,999         | -              | 10,940         | -        | 10,940         |
| Financial assets at fair value   | Fair value hedge derivatives | -              | 12,971         | -        | 12,971         | -              | 10,070         | -        | 10,070         |
|  |                              | <b>102,881</b> | <b>78,379</b>  | <b>-</b> | <b>181,261</b> | <b>105,562</b> | <b>74,419</b>  | <b>-</b> | <b>179,981</b> |
| <b>Liabilities:</b>  |                              |                |                |          |                |                |                |          |                |
| Financial liabilities at fair value  | Loans                        | -              | 410,407        | -        | 410,407        | -              | 406,336        | -        | 406,336        |
| Financial liabilities at fair value  | Cash flow hedge derivatives  | -              | 18,452         | -        | 18,452         | -              | 10,877         | -        | 10,877         |
| Financial liabilities at fair value through profit and loss                        | Trading derivatives          | -              | 2,874          | -        | 2,874          | -              | 2,076          | -        | 2,076          |
|  |                              | <b>-</b>       | <b>431,733</b> | <b>-</b> | <b>431,733</b> | <b>-</b>       | <b>419,288</b> | <b>-</b> | <b>419,288</b> |

With respect to the current receivables and payables balances, its carrying amount corresponds to a reasonable approximation of its fair value.

The non-current accounts receivable and accounts payable refers, essentially, to tariff deviations whose amounts are communicated by ERSE, being its carrying amount a reasonable approximation of its fair value, given that they include the time value of money, being incorporated in the next two years tariffs.

## Financial risk management

From the last annual report period until 31 March 2019, there were no significant changes in the financial risk management of the Company compared to the risks disclosed in the consolidated financial statements as of 31 December 2018. A description of the risks can be found in Section 4 - Financial Risk Management of the consolidated financial statements for the year ended 2018.

## 10 INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The assets recognised in this caption at 31 March 2019 and 31 December 2018 corresponds to equity interests held on strategic entities for the Group, which can be detailed as follows:

|  | Head office |            |         | Book value     |                |
|--|-------------|------------|---------|----------------|----------------|
|  | City        | Country    | % owned | Mar 2019       | Dec 2018       |
| OMEL - Operador del Mercado Ibérico de Energia (Pólo Espanhol) | Madrid      | Spain      | 10.00%  | 3,167          | 3,167          |
| Red Eléctrica Corporación, S.A. ("REE")                        | Madrid      | Spain      | 1.00%   | 102,881        | 105,562        |
| Hidroeléctrica de Cahora Bassa ("HCB")                         | Maputo      | Mozambique | 7.50%   | 53,409         | 53,409         |
| Coreso, S.A.   | Brussels    | Belgium    | 7.90%   | 164            | 164            |
| MIBGAS, S.A.   | Madrid      | Spain      | 6.67%   | 203            | 202            |
| MIBGÁS Derivatives, S.A.                                       | Madrid      | Spain      | 9.70%   | 48             | 48             |
|  |             |            |         | <b>159,872</b> | <b>162,552</b> |



The changes in this caption were as follows:

|                        | OMEL  | HCB    | REE     | Coreso | MIBGÁS | MIBGÁS Derivatives | Others | Total   |
|------------------------|-------|--------|---------|--------|--------|--------------------|--------|---------|
| At 1 January 2018      | 3,167 | 51,591 | 101,311 | 164    | 202    | -                  | 5      | 156,439 |
| Acquisitions           | -     | -      | -       | -      | -      | 48                 | -      | 48      |
| Fair value adjustments | -     | 1,818  | 4,251   | -      | -      | -                  | -      | 6,069   |
| Others                 | -     | -      | -       | -      | -      | -                  | (5)    | (5)     |
| At 31 December 2018    | 3,167 | 53,409 | 105,562 | 164    | 202    | 48                 | -      | 162,552 |
| At 1 January 2019      | 3,167 | 53,409 | 105,562 | 164    | 202    | 48                 | -      | 162,552 |
| Fair value adjustments | -     | -      | (2,681) | -      | 1      | -                  | -      | (2,680) |
| At 31 March 2019       | 3,167 | 53,409 | 102,881 | 164    | 203    | 48                 | -      | 159,872 |

Red Eléctrica Corporación, S.A. ("REE") is the transmission system operator of electricity in Spain. The Group acquired 1% of equity interests in REE as part of the agreement signed by the Portuguese and Spanish Governments. REE is a listed company in Madrid's index IBEX 35– Spain and the financial asset was recorded on the statement of financial position at the market price on 31 March 2019.

REN holds 2,060,661,943 shares representing 7.5% of the stock capital and voting rights of HCB, a company incorporated under Mozambican law, at the Hidroeléctrica de Cahora Bassa, SA ("HCB"), as a result of fulfilling the conditions of the contract entered into on April 9, 2012, between REN, Parpública - Participações Públicas, SGPS, SA, CEZA - Companhia Eléctrica do Zambeze, SA and EDM - Electricidade de Moçambique, EP. This participation was initially recorded at its acquisition cost (38,400 thousand Euros) and subsequently adjusted to its fair value.

REN Company holds a financial stake in the Coreso's share capital, a Company which is also hold by other important European TSO's which, as initiative of the Coordination of Regional Security (CRS), assists the TSO's in the safely supply of electricity in Europe. In this context, Coreso develops and executes operational planning activities since several days before until near real time.

On 31 March 2019, REN also holds a 6.67% financial interest in the share capital of MIBGÁS, SA, acquired during the first half of 2016, a company in charge of the development of the natural gas wholesale market operator in the Iberian Peninsula.

As part of the process of creating the Single Operator of the Iberian Electricity Market (Operador Único do Mercado Ibérico de Eletricidade – OMI) in 2011 and in accordance with the provisions of the agreement between the Portuguese Republic and the Kingdom of Spain on the establishment of an Iberian electricity market, the Company acquired 10% of the capital stock of OMEL, Operador del Mercado Iberico de Energia, SA, a Spanish operator of the sole operator, for a total value of 3,167 thousand Euros.

On March 31, 2019, REN also holds a 9.70% financial interest, acquired for the amount of 48 thousand Euros, of the share capital of MIBGÁS Derivatives, SA, the management company of the organized futures market natural gas, spot products of liquefied natural gas and spot products in underground storage in the Iberian Peninsula.

As there are no available market price for these investments (OMEL, MIBGÁS, MIBGÁS Derivatives and Coreso) and as it is not possible to determine the fair value of the period using comparable transactions, these investments are recorded at acquisition deducted of impairment losses, as describe in Note 3.6 of the consolidated financial statements for the year ended 2018.

REN understands that there is no evidence of impairment loss regarding the investments of OMEL, Coreso, MIBGÁS and MIBGÁS Derivatives at 31 March 2019.

The adjustments to fair value of available-for-sale financial assets are recognised in the equity caption "Fair value reserve". This caption at 31 March 2019 and 31 December 2018 is made up as follows:

| Fair value reserve<br>(Note 15) |               |
|---------------------------------|---------------|
| <b>1 January 2018</b>           | <b>53,778</b> |
| Changes in fair value           | 6,069         |
| Tax effect                      | (2,136)       |
| <b>31 December 2018</b>         | <b>57,711</b> |
| <b>1 January 2019</b>           | <b>57,711</b> |
| Changes in fair value           | (2,680)       |
| Tax effect                      | 603           |
| <b>31 March 2019</b>            | <b>55,634</b> |

In the period ended 31 March 2019 the total amount of associated companies' dividends received and included in the cash flows statement was 1,477 thousand Euros, relative to dividends recognised during the year ended 31 December 2018.

## 11 TRADE AND OTHER RECEIVABLES

Trade and other receivables at 31 March 2019 and 31 December 2018 are made up as follows:

|                                    | Mar 2019       |               |                | Dec 2018       |               |                |
|------------------------------------|----------------|---------------|----------------|----------------|---------------|----------------|
|                                    | Current        | Non-current   | Total          | Current        | Non-current   | Total          |
| Trade receivables                  | 389,412        | 6,005         | 395,417        | 294,602        | 6,005         | 300,607        |
| Impairment of trade receivables    | (2,942)        | -             | (2,942)        | (2,942)        | -             | (2,942)        |
| <b>Trade receivables net</b>       | <b>386,470</b> | <b>6,005</b>  | <b>392,475</b> | <b>291,660</b> | <b>6,005</b>  | <b>297,665</b> |
| Tariff deviations                  | 85,955         | 64,084        | 150,039        | 116,561        | 44,241        | 160,802        |
| State and Other Public Entities    | 27,748         | -             | 27,748         | 18,904         | -             | 18,904         |
| <b>Trade and other receivables</b> | <b>500,173</b> | <b>70,089</b> | <b>570,262</b> | <b>427,126</b> | <b>50,246</b> | <b>477,372</b> |

The most relevant balances included in the trade receivables caption as of 31 March 2019 are: (i) the receivable of EDP – Distribuição de Energia, SA in the amount of 86,006 thousand Euros (80,037 thousand Euros at 31 December 2018); (ii) the receivable of Galp Gás Natural, S.A., in the amount of 16,247 thousand Euros (11,547 thousand Euros at 31 December 2018); and (iii) the amount of 25,191 thousand Euros, as defined by the regulator ERSE in the context of sustainability measures of the National Electric System (31,638 thousand Euros at 31 December 2018).

In the trade and other receivables also stands out the amounts not yet invoiced of the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade), in the amount of 15,807 thousand Euros (22,722 thousand Euros at 31 December 2018) and the amount to invoice to EDP – Distribuição de Energia, S.A., of 186 thousand Euros (7,975 thousand Euros at 31 December 2018) regarding the CMEC, also reflected in the caption "Suppliers and other accounts payable" (Note 19).

This transaction is set up as an "Agent" transaction, being off set in the consolidated income statement.

Changes to the impairment losses for trade receivable and other accounts receivable are made up as follows:

|                       | Mar 2019       | Dec 2018       |
|-----------------------|----------------|----------------|
| Beginning balance     | (2,942)        | (3,043)        |
| Perimeter changes     | -              | 453            |
| Increases             | -              | (352)          |
| Reversing             | -              | -              |
| <b>Ending balance</b> | <b>(2,942)</b> | <b>(2,942)</b> |

## 12 DERIVATIVE FINANCIAL INSTRUMENTS

At 31 March 2019 and 31 December 2018, the REN Group had the following derivative financial instruments contracted:

|  | Notional     | 31 March 2019 |             |             |             |
|--|--------------|---------------|-------------|-------------|-------------|
|  |              | Assets        |             | Liabilities |             |
|  |              | Current       | Non-current | Current     | Non-current |
| <b>Derivatives designated as cash flow hedges</b>  |              |               |             |             |             |
| Interest rate swaps                                | 600,000 TEUR | -             | -           | -           | 18,452      |
| Interest rate and currency swaps                   | 72,899 TEUR  | -             | 11,999      | -           | -           |
|  |              | -             | 11,999      | -           | 18,452      |
| <b>Derivatives designated as fair value hedges</b> |              |               |             |             |             |
| Interest rate swaps                                | 400,000 TEUR | -             | 12,971      | -           | -           |
|  |              | -             | 12,971      | -           | -           |
| <b>Trading derivatives</b>                         |              |               |             |             |             |
| Trading derivatives                                | 60,000 TEUR  | -             | -           | -           | 2,874       |
|  |              | -             | -           | -           | 2,874       |
| <b>Derivative financial instruments</b>            |              | -             | 24,971      | -           | 21,326      |

|  | Notional     | 31 December 2018 |             |             |             |
|--|--------------|------------------|-------------|-------------|-------------|
|  |              | Assets           |             | Liabilities |             |
|  |              | Current          | Non-current | Current     | Non-current |
| <b>Derivatives designated as cash flow hedges</b>  |              |                  |             |             |             |
| Interest rate swaps                                | 600,000 TEUR | -                | -           | -           | 10,877      |
| Interest rate and currency swaps                   | 72,899 TEUR  | -                | 10,940      | -           | -           |
|  |              | -                | 10,940      | -           | 10,877      |
| <b>Derivatives designated as fair value hedges</b> |              |                  |             |             |             |
| Interest rate swaps                                | 400,000 TEUR | -                | 10,070      | -           | -           |
|  |              | -                | 10,070      | -           | -           |
| <b>Trading derivatives</b>                         |              |                  |             |             |             |
| Trading derivatives                                | 60,000 TEUR  | -                | -           | -           | 2,076       |
|  |              | -                | -           | -           | 2,076       |
| <b>Derivative financial instruments</b>            |              | -                | 21,010      | -           | 12,952      |

The valuation of the derivatives financial instruments portfolio is based on fair value valuations made by external entities.

The amount recorded in this caption relates to interest rate swaps and cross currency swap, contracted to hedge the risk of fluctuation of future interest and foreign exchange rates, whose counterpart are financial foreign and national entities financial entities with a solid credit rating.

The amounts presented above include the amount of interest receivable or payable at 31 March 2019 relating to these derivatives financial instruments, in the total net amount of 424 thousand Euros (2,136 thousand Euros receivable as of 31 December 2018).

The main features of the derivatives financial instruments contracted associated with financing operations at 31 March 2019 and 31 December 2018 are detailed as follows:

|                                  | Notional       | REN pays                                       | REN receives                        | Maturity             | Fair value at<br>31 March 2019 | Fair value at<br>31 December 2018 |
|----------------------------------|----------------|--|-------------------------------------|----------------------|--------------------------------|-----------------------------------|
| <b>Cash flow hedge:</b>          |                |  |                                     |                      |                                |                                   |
| Interest rate swaps              | 600,000 TEuros | [0.75%;1.266%]                                 | [-0.310%;0.00%] -<br>Floating Rates | [Jun-2024; Feb-2025] | (18,452)                       | (10,877)                          |
| Interest rate and currency swaps | 72,899 TEUR    | 5.64% (floating rate starting 2019)            | 2.71%                               | 2024                 | 11,999                         | 10,940                            |
|                                  |                |  |                                     |                      | <u>(6,453)</u>                 | <u>64</u>                         |
| <b>Fair value hedge:</b>         |                |  |                                     |                      |                                |                                   |
| Interest rate swaps              | 400,000 TEuros | [-0.233%;0.066%] - floating rates              | [0.611%; 1.724%]                    | [Oct-2020; Feb-2025] | 12,971                         | 10,070                            |
|                                  |                |  |                                     |                      | <u>12,971</u>                  | <u>10,070</u>                     |
| <b>Trading:</b>                  |                |  |                                     |                      |                                |                                   |
| Interest rate swaps              | 60,000 TEUR    | Floating rates, to be determined in the future | [0.00%;0.99%]                       | 2024                 | (2,874)                        | (2,076)                           |
|                                  |                |  |                                     |                      | <u>(2,874)</u>                 | <u>(2,076)</u>                    |
|                                  |                |  |                                     | <b>Total</b>         | <u>3,645</u>                   | <u>8,058</u>                      |

The periodicity of paid and received flows of the derivative financial instruments portfolio is quarterly and semi-annual contracts to the cash flow hedge contracts and biannual and annual basis for derivative designated as a fair value hedge.

The maturity schedule of cash flows and fair value hedge derivatives notional is shown in the following table:

|   | 2020           | 2021     | 2022     | 2023     | 2024           | Following<br>years | Total            |
|---|----------------|----------|----------|----------|----------------|--------------------|------------------|
| Interest rate swap (cash flow hedge)              | -              | -        | -        | -        | 300,000        | 300,000            | 600,000          |
| Interest rate and currency swap (cash flow hedge) | -              | -        | -        | -        | 72,899         | -                  | 72,899           |
| Interest rate swap (fair value hedge)             | 100,000        | -        | -        | -        | -              | 300,000            | 400,000          |
| Interest rate swap (trading)                      | -              | -        | -        | -        | -              | 60,000             | 60,000           |
| <b>Total</b>                                      | <u>100,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>372,899</u> | <u>660,000</u>     | <u>1,132,899</u> |

## Swaps:

### Cash flow hedges

The Group hedges part of its future payments of interests on borrowings and bond issues through the designation of interest rate swaps, on which REN pays a fixed rate and receives a variable rate.

As of 31 March 2019, the notional amount of derivatives is 600,000 thousand Euros (600,000 thousand Euros as of 31 December 2018). This is a hedge of the interest rate risk associated with variable interest payments arising from recognized financial liabilities. The hedged risk is the index of the variable rate to which the interest of the financing is associated. The objective of this hedge is to transform floating interest rate loans into fixed interest rates, and credit risk is not being hedged. The fair value of interest rate swaps at 31 March 2019 is negative 18,452 thousand Euros (at 31 December 2018, 10,877 thousand Euros negative).

In addition, the Group hedges its exposure to cash flow risk on its bond issue of 10,000 million JPY resulting from foreign exchange rate risk, through a cross currency swap with the main features equivalent to the debt issued. The same hedging instrument is used to hedge the fair value of the exchange rate risk of the bond issue through the forward start swap component which will only start in June 2019. The changes in the fair value of the hedging instrument are also recognized in hedging reserves. As from June 2019 the object will be to hedge exposure to JPY and the interest rate risk, transforming the operation into a fair value hedge, the changes in fair value of the debt issued resulting from the risks covered becoming recognized in the statement of profit and loss. The credit risk is not hedged.

The amounts resulting from the hedging instrument are recognized in the statement of profit and loss when the transaction hedged affects results for the year.

The fair value of the cross currency swap at 31 March 2019 was 11,999 thousand Euros positive (10,940 thousand Euros positive at 31 December 2018).

The underlying foreign exchange change (borrowing) for the period ended 31 March 2019, in the amount of, approximately, 894 thousand Euros negative (2,180 as of 31 March 2018), was offset by a positive change in the hedging instrument in the statement of profit and loss.

The inefficient component of the fair value hedge amounted to 8,257 thousand Euros positive (7,321 thousand Euros positive at 31 December 2018). Consequently, the effect recorded in the income statement for the three-month period ended 31 March 2019 amounts to 936 thousand Euros.

The amount recorded in reserves relating to the above mentioned cash flow hedges was 21,493 thousand Euros (13,647 thousand Euros at 31 December 2018).

The movements recorded in the hedging reserve were as follows:

|   | Fair value      | Deferred taxes impact | Hedging reserves (Note 15) |
|---|-----------------|-----------------------|----------------------------|
| <b>1 January 2018</b>                     | <b>(12,281)</b> | <b>2,580</b>          | <b>(9,702)</b>             |
| Changes in fair value and ineffectiveness | (1,366)         | 492                   | (875)                      |
| <b>31 December 2018</b>                   | <b>(13,647)</b> | <b>3,071</b>          | <b>(10,577)</b>            |
| <b>1 January 2019</b>                     | <b>(13,647)</b> | <b>3,071</b>          | <b>(10,577)</b>            |
| Changes in fair value and ineffectiveness | (7,845)         | 1,765                 | (6,080)                    |
| <b>31 March 2019</b>                      | <b>(21,493)</b> | <b>4,836</b>          | <b>(16,657)</b>            |

### Fair value hedge

To manage the fair value changes of debt issues, the Group contracted interest rate swaps on which it pays a variable rate and receives a fixed rate.

As of 31 March 2019, the notional amount of derivatives nominated as fair value hedge reached 400,000 thousand Euros (400,000 thousand Euros in 31 December 2018). The risk covered is the fixed rate indexer to debt issued. The covered risk is related with fair value changes of the debt issues according to the interest rate fluctuations. The objective of this hedging is to convert loans at fixed interest rates into variable interest rates, the credit risk not being hedged.

The fair value of these interest rate swaps at 31 March 2019 was 12,971 thousand Euros positive (10,070 thousand Euros positive as of 31 December 2018).

Changes in the fair value of the debt issued resulting from the interest rate risk are recorded in the income statement in order to offset changes in the fair value of the hedge instrument recorded in the income statement.

At 31 March 2019, the fair value change related with the 400,000 thousand Euros debt related with interest rate risk amounted to 4,071 thousand Euros negative (1,336 thousand Euros positive as of 31 March 2018), causing an inefficient component of around 41 thousand Euros (positive) (70 thousand Euros positive as of 31 March 2018).

### Trading derivatives

REN has an interest rate forward start swap with a start date on 2019 and end date on 2024, on which pays a fixed rate and receives a variable rate.

This derivative despite not being considered as a hedging instrument in accordance with IFRS 9, is hedging the economic risk of changes in the forward interest rates for the above mentioned period.

As of 31 March 2019, the notional amount of this negotiation derivative is 60,000 thousand Euros (60,000 thousand Euros as of 31 December 2018). This is a hedging of interest rate risk associated with future cash flows of variable interest rate associated with the Group finance liabilities. The hedged risk is the indexer of the variable rate to which the debt interests are associated. The objective of this hedging is to convert cash flows at a variable rate into a fixed rate, the credit risk is not hedged. The fair value of this negotiation derivative as of 31 March 2019 amounts to 2,874 thousand Euros negative (2,076 thousand Euros negative as of 31 December 2018).

The fair value changes of this negotiation derivative are recorded in the profit and loss statement. As of 31 March 2019, the amount related with the fair value of the trading derivative was an expense of 798 thousand Euros (income of 66 thousand Euros as of 31 March 2018).

### 13 CASH AND CASH EQUIVALENTS

The amounts considered as cash and cash equivalents in the consolidated statements of cash flows for the period ended 31 March 2019 and 31 December 2018 are made up as follows:

|   | Mar 2019      | Dec 2018      |
|---|---------------|---------------|
| Cash  | 25            | -             |
| Bank deposits   | 20,511        | 35,735        |
| <b>Cash and cash equivalents in the statement of financial position</b> | <b>20,536</b> | <b>35,735</b> |
| Bank overdrafts (Note 16)   | (346)         | (1,638)       |
| <b>Cash and cash equivalents in cash flow statement</b>                 | <b>20,189</b> | <b>34,096</b> |

### 14 EQUITY INSTRUMENTS

As of 31 March 2019 and 31 December 2018, REN's subscribed and paid up share capital is made up of 667,191,262 shares of 1 euro each.

|               | Mar 2019         |               | Dec 2018         |               |
|---------------|------------------|---------------|------------------|---------------|
|               | Number of shares | Share Capital | Number of shares | Share Capital |
| Share Capital | 667,191,262      | 667,191       | 667,191,262      | 667,191       |

At 31 March 2019, REN SGPS had the following own shares:

|            | Number of shares | Proportion | Amount   |
|------------|------------------|------------|----------|
| Own shares | 3,881,374        | 0.6%       | (10,728) |

No own shares were acquired or sold in the three-month period ended 31 March 2019.

In accordance with the Commercial Company Code (Código das Sociedades Comerciais) REN SGPS must at all times ensure that there are sufficient Equity Reserves to cover the value of own shares, in order to limit the amount of reserves available for distribution.

### 15 RESERVES AND RETAINED EARNINGS

The caption "Reserves" in the amount of 321,695 thousand Euros includes:

- Legal reserve: The Commercial Company Code in place requires that at least 5% of the net profit must be transferred to this reserve until it has reached 20% of the share capital. This reserve can only be used to cover losses or to increase capital. At 31 March 2019 this caption amounts to 113,152 thousand Euros;
- Fair value reserve: includes changes in the fair value of available for sale financial assets (55,634 thousand Euros positive), as detailed in Note 10;

- Hedging reserve: includes changes in the fair value of hedging derivative financial instruments when cash flow hedge is effective (negative 16,657 thousand Euros) as detailed in Note 12;
- Other reserves: This caption is changed by (i) application of the results of previous years, being available for distribution to shareholders; except for the limitation set by the Companies Code in respect of own shares, (ii) exchange rate changes associated to the financial investment whose functional currency is different of Euros; (iii) changes in equity of associates recorded under the equity method and (iv) share-based plan. On 31 March 2019, this caption amounts to 169,567 thousand Euros.

In accordance with the Portuguese legislation: (i) increases in equity as a result of the incorporation of positive fair value (fair value reserves and hedging reserves) can only be distributed to shareholders when the correspondent assets have been sold, exercised, extinct, settled or used; and (ii) income and other positive equity changes recognized as a result of the equity method can only be distributed to shareholders when paid-up. Portuguese legislation establishes that the difference between the equity method income and the amount of paid or deliberated dividends is equivalent to legal reserve.

## 16 BORROWINGS

The segregation of borrowings between current and non-current and by nature, at 31 March 2019 and 31 December 2018 was as follows:

|                           | Mar 2019       |                  |                  | Dec 2018       |                  |                  |
|---------------------------|----------------|------------------|------------------|----------------|------------------|------------------|
|                           | Current        | Non-current      | Total            | Current        | Non-current      | Total            |
| Bonds                     | 30,000         | 1,712,531        | 1,742,531        | 30,000         | 1,738,207        | 1,768,207        |
| Bank Borrowings           | 50,160         | 555,661          | 605,822          | 200,134        | 556,430          | 756,564          |
| Commercial Paper          | 312,000        | -                | 312,000          | 180,000        | -                | 180,000          |
| Bank overdrafts (Note 13) | 346            | -                | 346              | 1,638          | -                | 1,638            |
| Finance Lease             | 1,345          | 2,526            | 3,871            | 1,557          | 2,776            | 4,333            |
|                           | <b>393,851</b> | <b>2,270,719</b> | <b>2,664,570</b> | <b>413,329</b> | <b>2,297,413</b> | <b>2,710,742</b> |
| Accrued interest          | 19,060         | -                | 19,060           | 24,555         | -                | 24,555           |
| Prepaid interest          | (6,185)        | (21,151)         | (27,336)         | (6,482)        | (22,474)         | (28,956)         |
| <b>Borrowings</b>         | <b>406,727</b> | <b>2,249,568</b> | <b>2,656,294</b> | <b>431,401</b> | <b>2,274,939</b> | <b>2,706,340</b> |

The borrowings settlement plan was as follows:

|                    | 2019           | 2020           | 2021           | 2022          | 2023           | 2024           | Following years | Total            |
|--------------------|----------------|----------------|----------------|---------------|----------------|----------------|-----------------|------------------|
| Debt - Non current | -              | 330,318        | 114,261        | 99,125        | 608,582        | 207,285        | 911,146         | 2,270,719        |
| Debt - Current     | 363,080        | 30,771         | -              | -             | -              | -              | -               | 393,851          |
|                    | <b>363,080</b> | <b>361,089</b> | <b>114,261</b> | <b>99,125</b> | <b>608,582</b> | <b>207,285</b> | <b>911,146</b>  | <b>2,664,570</b> |

Detailed information regarding bond issues as of 31 March 2019 is as follows:

| 31 March 2019                                       |            |                      |                    |                      |                                 |
|---|------------|----------------------|--------------------|----------------------|---------------------------------|
| Issue date  | Maturity   | Initial amount       | Outstanding amount | Interest rate        | Periodicity of interest payment |
| <b>'Euro Medium Term Notes' programme emissions</b> |            |                      |                    |                      |                                 |
| 26/06/2009  | 26/06/2024 | TEUR 72,899 (i) (ii) | TEUR 72,899        | Fixed rate           | Semi-Annual                     |
| 16/01/2013  | 16/01/2020 | TEUR 150,000 (i)     | TEUR 30,000        | Floating rate        | Quarterly                       |
| 17/10/2013  | 16/10/2020 | TEUR 400,000 (ii)    | TEUR 267,755       | Fixed rate EUR 4,75% | Annual                          |
| 12/02/2015  | 12/02/2025 | TEUR 300,000 (ii)    | TEUR 500,000       | Fixed rate EUR 2,50% | Annual                          |
| 01/06/2016  | 01/06/2023 | TEUR 550,000         | TEUR 550,000       | Fixed rate EUR 1,75% | Annual                          |
| 18/01/2018  | 18/01/2028 | TEUR 300,000         | TEUR 300,000       | Fixed rate EUR 1,75% | Annual                          |

(i) These issues correspond to private placements.

(ii) These issues have interest currency rate swaps associated

As of 31 March 2019, the Group has five commercial paper programs in the amount of 1,050,000 thousand Euros, of which 738,000 thousand Euros are available for utilization. Of the total amount 530,000 thousand Euros have a guaranteed placement.

Bank loans are made up mostly of loans contracted with the European Investment Bank (EIB), which at 31 March 2019 amounted to 410,822 thousand Euros (at 31 December 2018 it was 409,388 thousand Euros).

The Group also has credit lines negotiated and not used in the amount of 87,500 thousand Euros, maturing up to one year, which are automatically renewable periodically (if they are not resigned in the contractually specified period for that purpose).

The balance of the caption Prepaid interest includes the amount of 20,413 thousand Euros (21,617 thousand Euros in 31 December 2018) related with the refinancing of bonds through an exchange offer completed in 2016.

As a result of the fair value hedge related to the debt emission in the amount of 400,000 thousand Euros, fair value changes concerning interest rate risk were recognized directly in statement of profit and loss, in an amount of 4,071 thousand Euros (negative) (at 31 March 2018 was 1,336 thousand Euros (positive)) (Note 12).

The Company's financial liabilities have 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 meets the limits defined being 90% above the minimum.

The bank loans with BEI include also covenants related with rating and other financial ratios in which the Group may be called upon to present an acceptable guarantee in the event of rating and financial ratios below the established values.

REN and its subsidiaries are a part of certain financing agreements and debt issues, which include change in control clauses typical in this type of transactions (including, though not so expressed, changes in control as a result of takeover bids) and essential to the realization of such transactions on the appropriate market context. In any case, the practical application of these clauses is limited to considering the legal ownership of shares of REN restrictions.

Following the legal standards and usual market practices, contractual terms and free market competition, establish that neither REN nor its counterparts in borrowing agreements are authorized to disclose further information regarding the content of these financing agreements.

## Leases

Minimal payments regarding lease contacts and the carrying amount of the finance lease liabilities as of 31 March 2019 and 31 December 2018 are made up as follows:

|   | Mar 2019     | Dec 2018     |
|---|--------------|--------------|
| <b>Finance lease liabilities - minimum lease payments</b>           |              |              |
| No later than 1 year  | 1,372        | 1,583        |
| Later than 1 year and no later than 5 years                         | 2,558        | 2,813        |
|   | <b>3,930</b> | <b>4,396</b> |
| Future finance charges on finance leases                            | (59)         | (63)         |
| <b>Present value of finance lease liabilities</b>                   | <b>3,871</b> | <b>4,333</b> |
|   |              |              |
|   | Mar 2019     | Dec 2018     |
| <b>The present value of finance lease liabilities is as follows</b> |              |              |
| No later than 1 year  | 1,345        | 1,557        |
| Later than 1 year and no later than 5 years                         | 2,526        | 2,776        |
|   | <b>3,871</b> | <b>4,333</b> |



## 17 POS-EMPLOYMENT BENEFITS AND OTHERS BENEFITS

REN – Rede Eléctrica Nacional, S.A. grants supplementary retirement, early-retirement and survivor pensions (hereinafter referred to as Pension Plan), provides its retirees and pensioners with a health care plan on a similar basis to that of its serving personnel, and grants other benefits such as long service award, retirement award and a death subsidy (referred to as “Other benefits”). The Group also grants their employees life assurance plans. The long service award is applicable to all Group companies.

At 31 March 2019 and 31 December 2018, the Group had the following amounts recorded relating to liabilities for retirement and other benefits:

|   | Mar 2019      | Dec 2018      |
|---|---------------|---------------|
| <b>Liability on statement of financial position</b> |               |               |
| Pension plan  | 54,360        | 56,904        |
| Healthcare plan and other benefits                  | 41,419        | 41,384        |
|   | <b>95,779</b> | <b>98,288</b> |

During the three-month period ended 31 March 2019 and 2018, the following operating expenses were recorded regarding benefit plans with employees:

|  | Mar 2019     | Mar 2018     |
|--|--------------|--------------|
| <b>Charges to the statement of profit and loss (Note 24)</b> |              |              |
| Pension plan   | 792          | 1,074        |
| Healthcare plan and other benefits                           | 311          | 324          |
|  | <b>1,103</b> | <b>1,398</b> |

The amounts reported to 31 March 2019 and 2018 result from the projection of the actuarial valuation as of 31 December 2018 and 2017, for the three-month period ended 31 March 2019 and 2018, considering the estimated increase in salaries for 2019 and 2018, respectively.

The actuarial assumptions used to calculate the post-employment benefits are considered by the REN Group and the entity specialized in the actuarial valuation reports to be those that best meet the commitments established in the Pension plan, and related retirement benefit liabilities, and are as follows:

|   | Dec 2018 | Dec 2017 |
|---|----------|----------|
| Annual discount rate  | 1.80%    | 1.80%    |
| Expected percentage of serving employees eligible for early retirement (more than 60 years of age and 36 years in service) - by Collective work agreement | 20.00%   | 20.00%   |
| Expected percentage of serving employees eligible for early retirement - by Management act  | 10.00%   | 20.00%   |
| Rate of salary increase   | 2.50%    | 2.50%    |
| Pension increase  | 1.50%    | 1.50%    |
| Future increases of Social Security Pension amount  | 1.30%    | 0.80%    |
| Inflation rate  | 1.50%    | 1.50%    |
| Medical trend   | 1.50%    | 1.80%    |
| Management costs (per employee/year)  | €290     | €306     |
| Expenses medical trend  | 1.50%    | 1.50%    |
| Retirement age (number of years)  | 66       | 66       |
| Mortality table   | TV 88/90 | TV 88/90 |

## 18 PROVISIONS FOR OTHER RISKS AND CHARGES

The changes in provisions for other risks and charges in the periods ended 31 March 2019 and 31 December 2018 were as follows:

|                          | Mar 2019     | Dec 2018     |
|--------------------------|--------------|--------------|
| <b>Beginning balance</b> | <b>8,852</b> | <b>9,035</b> |
| Changes in the perimeter | -            | (20)         |
| Increases                | -            | 511          |
| Reversing                | -            | (210)        |
| Utilization              | (56)         | (464)        |
| <b>Ending balance</b>    | <b>8,796</b> | <b>8,852</b> |
| <br>                     |              |              |
| Non-current provision    | 8,796        | 8,852        |
|                          | <b>8,796</b> | <b>8,852</b> |

At 31 March 2019, the caption "Provisions" corresponds essentially to estimates of the payments to be made by REN resulting from legal processes in progress for damage caused to third parties and a restructuring provision amounting to 486 thousand Euros related to the on-going restructuring process.

## 19 TRADE AND OTHER PAYABLES

The caption "Trade and other payables" at 31 March 2019 and 31 December 2018 was made up as follows:

|  | Mar 2019       |                |                | Dec 2018       |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
|  | Current        | Non current    | Total          | Current        | Non current    | Total          |
| <b>Trade payables</b>                    |                |                |                |                |                |                |
| Current suppliers (Note 9)               | 163,936        | -              | 163,936        | 208,416        | -              | 208,416        |
| <b>Other creditors</b>                   |                |                |                |                |                |                |
| Other creditors (Note 9)                 | 202,061        | 54,536         | 256,597        | 54,935         | 49,474         | 104,409        |
| Tariff deviations (Note 9)               | 43,666         | 74,515         | 118,182        | 56,814         | 63,608         | 120,423        |
| Fixed assets suppliers (Note 9)          | 15,534         | -              | 15,534         | 52,213         | -              | 52,213         |
| <b>Tax payables (Note 9) (i)</b>         | <b>19,505</b>  | <b>-</b>       | <b>19,505</b>  | <b>24,404</b>  | <b>-</b>       | <b>24,404</b>  |
| <b>Deferred income</b>                   |                |                |                |                |                |                |
| Grants related to assets                 | 17,776         | 251,850        | 269,626        | 17,803         | 254,661        | 272,465        |
| <b>Accrued costs</b>                     |                |                |                |                |                |                |
| Holidays and holidays subsidies (Note 9) | 6,846          | -              | 6,846          | 5,331          | -              | 5,331          |
| <b>Trade and other payables</b>          | <b>469,325</b> | <b>380,901</b> | <b>850,226</b> | <b>419,917</b> | <b>367,743</b> | <b>787,661</b> |

(i) Tax payables refer to VAT, personnel income taxes and other taxes

The caption "Trade and other payables" includes: (i) the amount of 20,942 thousand Euros, regarding the management of CAEs from Turbogás and Tejo Energia (54,796 thousand Euros at 31 December 2018); (ii) the amount of 12,015 thousand Euros of investment projects not yet invoiced (14,603 thousand Euros at 31 December 2018); (iii) the amount of 15,807 thousand Euros (22,722 thousand Euros at 31 December 2018) from the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade); and (iv) the amount of 186 thousand Euros of "CMEC – Custo para a Manutenção do Equilíbrio Contratual" to be invoiced by EDP – Gestão da Produção de Energia, S.A. (7,975 thousand Euros at 31 December 2018), also reflected in the caption "Trade receivables" (Note 11).

This transaction sets a pass-through in the consolidated income statement of REN.

The caption "Other creditors" includes: (i) the amount of 24,581 thousand Euros (25,682 thousand Euros at 31 December 2018) related with the Efficiency Promotion Plan on Energy Consumption ("PPEC"), which aims to financially support initiatives that promote efficiency and reduce electricity consumption, which should be used to finance energy efficiency projects, according to the evaluation metrics defined by ERSE and (ii) the responsibility for the extraordinary contribution on the energy sector in the amount of 24,390 thousand Euros (Note 27) (at 31 March 2018 was 25,333 thousand Euros).

## 20 SALES AND SERVICES RENDERED

Sales and services rendered recognized in the consolidated statement of profit and loss is made up as follows:

|   | Mar 2019       | Mar 2018       |
|---|----------------|----------------|
| <b>Goods:</b>   |                |                |
| Domestic market   | -              | 8              |
|   | -              | 8              |
| <b>Services:</b>  |                |                |
| Electricity transmission and overall systems management | 86,736         | 88,587         |
| Natural gas transmission                                | 20,000         | 24,292         |
| Natural gas distribution                                | 14,687         | 15,906         |
| Underground gas storage                                 | 11,348         | 7,609          |
| Regasification  | 3,870          | 3,546          |
| Telecommunications network                              | 1,509          | 1,561          |
| Trading   | 838            | 2,168          |
| Others  | 96             | 1,242          |
|   | <b>139,084</b> | <b>144,911</b> |
| <b>Total sales and services rendered</b>                | <b>139,084</b> | <b>144,919</b> |

## 21 REVENUE AND COSTS FOR CONSTRUCTION ACTIVITIES

As part of the concession contracts treated under IFRIC 12, the construction activity is subcontracted to specialized suppliers. Therefore the Group obtains no margin in the construction of these assets. The detail of the revenue and expenses with the acquisition of concession assets as of 31 March 2019 and 31 December 2018 were made up as follows:

|   | Mar 2019      | Mar 2018      |
|---|---------------|---------------|
| <b>Revenue from construction of concession assets</b> |               |               |
| Acquisitions  | 12,338        | 9,656         |
| Own work capitalised :                                |               |               |
| Financial expenses (Note 5)                           | 566           | 410           |
| Overhead and management costs (Note 5)                | 3,899         | 3,815         |
|   | <b>16,803</b> | <b>13,881</b> |
| <b>Cost of construction of concession assets</b>      |               |               |
| Acquisitions  | 12,338        | 9,656         |
|   | <b>12,338</b> | <b>9,656</b>  |

## 22 OTHER OPERATING INCOME

The caption "Other operating income" is made up as follows:

|  | Mar 2019     | Mar 2018     |
|--|--------------|--------------|
| Recognition of investment subsidies in profit and loss | 4,463        | 4,503        |
| Underground occupancy tax                              | 3,967        | 3,687        |
| Supplementary income                                   | 285          | 472          |
| Disposal of unused materials                           | 570          | 1,165        |
| Others   | 367          | 108          |
|  | <b>9,652</b> | <b>9,935</b> |

## 23 EXTERNAL SUPPLIES AND SERVICES

The caption "External supplies and services" for the three-month period ended 31 March 2019 and 2018 is made up as follows:

|  | Mar 2019     | Mar 2018      |
|--|--------------|---------------|
| Fees relating to external entities i)  | 2,154        | 3,447         |
| Electric energy costs                  | 2,183        | 1,613         |
| Maintenance costs                      | 1,678        | 1,165         |
| Cross border interconnection costs ii) | 828          | 1,226         |
| Insurance costs                        | 672          | 689           |
| Security and surveillance              | 469          | 499           |
| Gas transport subcontracts             | 378          | 798           |
| Travel and transportation costs        | 165          | 259           |
| Advertising and communication costs    | 183          | 222           |
| Other                                  | 789          | 824           |
| <b>External supplies and services</b>  | <b>9,499</b> | <b>10,743</b> |

i)The fees paid to external entities refer to specialized work and fees paid by REN for contracted services and specialized studies.

ii)The cross border interconnection costs refer to the cost assumed on cross-border trade in electricity.

## 24 PERSONNEL COSTS

Personnel costs are made up as follows:

|   | Mar 2019      | Mar 2018      |
|---|---------------|---------------|
| <b>Remuneration:</b>                              |               |               |
| Board of directors                                | 727           | 692           |
| Personnel   | 9,158         | 8,789         |
|   | <b>9,885</b>  | <b>9,481</b>  |
| <b>Social charges and other expenses:</b>         |               |               |
| Social security costs                             | 1,976         | 1,900         |
| Post-employment and other benefits cost (Note 17) | 1,103         | 1,398         |
| Social support costs                              | 524           | 541           |
| Other   | 49            | 42            |
|   | <b>3,653</b>  | <b>3,880</b>  |
| <b>Total personnel costs</b>                      | <b>13,537</b> | <b>13,361</b> |

The Corporate bodies' remuneration includes remunerations paid to the Board of Directors as well as the General Shareholders meeting attendance.

## 25 OTHER OPERATING COSTS

Other operating costs are made up as follows:

|                            | Mar 2019     | Mar 2018     |
|----------------------------|--------------|--------------|
| ERSE operating costs i)    | 2,553        | 2,432        |
| Underground occupancy tax  | 3,967        | 3,641        |
| Donations and quotizations | 471          | 541          |
| Taxes                      | 250          | 128          |
| Others                     | 72           | 201          |
|                            | <b>7,313</b> | <b>6,943</b> |

i) The caption "ERSE operating costs" corresponds to ERSE's operating costs, to be recovered through electricity and gas tariffs.

## 26 FINANCIAL COSTS AND FINANCIAL INCOME

Financial costs and financial income are made up as follows:

|                                     | Mar 2019      | Mar 2018      |
|-------------------------------------|---------------|---------------|
| <b>Financial costs</b>              |               |               |
| Interest on bonds issued            | 12,512        | 12,569        |
| Other borrowing interests           | 2,596         | 3,737         |
| Interest on commercial paper issued | 912           | 947           |
| Derivative financial instruments    | 1,069         | 10            |
| Other financing expenditure         | 438           | 683           |
|                                     | <b>17,526</b> | <b>17,946</b> |
| <b>Financial income</b>             |               |               |
| Derivative financial instruments    | 910           | 797           |
| Other financial investments         | 1,071         | 150           |
| Interest income                     | -             | 25            |
|                                     | <b>1,981</b>  | <b>972</b>    |

## 27 EXTRAORDINARY CONTRIBUTION OVER THE ENERGY SECTOR

Law No. 83-C / 2013 of 31 December introduced a specific contribution of entities operating in the energy sector, called Extraordinary Contribution over the Energy Sector ("ECES"), that was extended by Law 82-B / 2014 , of 31 December, Law 7-A / 2016, of 30 March, Law 114/2017, of 29 December and Law 71/2018, 31 December.

The regime introduced is aimed at financing mechanisms that promote systemic sustainability of the sector through the setting up of a fund with the main objective of reducing the tariff deficit. The entities subject to this regime are, among others, entities that are dealers of transport activities or distribution of electricity and natural gas.

The calculation of the ECES is levied on the value of the assets with reference to the first day of the financial year 2019 (1 January 2019) that include cumulatively, the tangible fixed assets, intangible assets, with the exception of industrial property elements, and financial assets related with regulated activities. In the case of regulated activities, the ECES is levied on the value of regulated assets (i.e. the amount recognized by ERSE in the calculation of the allowed income with reference to 1 January 2019) if it is greater than the value of those assets, over which the rate of 0.85% is applied.

To the extent that it is a present obligation whose facts originating already occurred, with timing and amounts certain or ascertainable, REN recorded liabilities in the amount of 24,390 thousand Euros (Note 19) (for the three-month period ended 31 March 2018 was 25,333 thousand Euros) against a cost in the statement of profit and loss.

## 28 EARNINGS PER SHARE

Earnings per share were calculated as follows:

|   |                | Mar 2019           | Mar 2018           |
|---|----------------|--------------------|--------------------|
| Consolidated net profit used to calculate earnings per share      | (1)            | 13,243             | 13,073             |
| Number of ordinary shares outstanding during the period (note 14) | (2)            | 667,191,262        | 667,191,262        |
| Effect of treasury shares (note 14) (average number of shares)    |                | 3,881,374          | 3,881,374          |
| <b>Number of shares in the period</b>                             | <b>(3)</b>     | <b>663,309,888</b> | <b>663,309,888</b> |
| <b>Basic earnings per share (euro per share)</b>                  | <b>(1)/(3)</b> | <b>0.02</b>        | <b>0.02</b>        |

The basic earnings per share are the same as the diluted earnings as there are no situations that could origin dilution effects.

## 29 DIVIDENDS PER SHARE

During the Shareholders General Assembly meeting held on 3 May 2018, the Shareholders approved the distribution of dividends, with respect to the Net profit of 2017, in the amount of 114,090 thousand Euros (0.171 Euros per share). The dividends attributable to own shares amounted to 664 thousand Euros, being paid to the shareholders a total amount of 113,426 thousand of Euros.

## 30 CONTINGENT ASSETS AND LIABILITIES

### 30.1 Contingent liabilities

Tejo Energia - Produção e Distribuição de Energia Eléctrica, SA ("Tejo Energia") has announced to REN - Rede Eléctrica Nacional, SA ("REN Eléctrica") and REN Trading SA ("REN Trading") its intention to renegotiate the Energy Acquisition Agreement (CAE), in order to reflect in the amounts payable to this producer the costs incurred with (i) financing of the social tariff and (ii) with tax on petroleum products and energy and with the rate of carbon. Turbogás - Produtora Energética S.A. also stated its intention to renegotiate the CAE, in order to reflect in the amounts payable the costs incurred with the financing of the social tariff. According to the CAE, Tejo Energia and Turbogás act as producers and sellers and REN Trading as purchaser of the energy produced in power plants. REN Eléctrica is jointly liable with REN Trading, regarding the execution of the CAE with Tejo Energia and Turbogás.

According to the information received, the total costs incurred by these companies by 2018 amount to about 62 million Euros. On the part of REN, it was transmitted the need for the regulator - ERSE - to monitor the negotiations, considering the regulated nature of the contracts in question.

## 30.2 Guarantees given

At 31 March 2019 and 31 December 2018, the REN Group had given the following bank guarantees:

| Beneficiary                               | Scope  | Mar 2019       | Dec 2018       |
|---|--|----------------|----------------|
| European Investment Bank (EIB)            | To guarantee loans   | 237,374        | 238,143        |
| General Directorate of Energy and Geology | To guarantee compliance with the contract relating to the public service concession          | 23,032         | 23,032         |
| Judge of District Court                   | Guarantee for expropriation processes  | 10,707         | 10,707         |
| Judge of District Court                   | Guarantee for expropriation processes  | 5,549          | 5,549          |
| Tax Authority and Customs                 | Ensure the suspension of tax enforcement proceedings   | 8,416          | 5,229          |
| Municipal Council of Seixal               | Guarantee for litigation   | 3,133          | 2,777          |
| Portuguese State                          | Guarantee for litigation   | 2,185          | 2,185          |
| Municipal Council of Maia                 | Guarantee for litigation   | 1,564          | 1,564          |
| Municipal Council of Odivelas             | Guarantee for litigation   | 1,119          | 1,119          |
| Municipal Council of Matosinhos           | Guarantee for litigation   | -              | 817            |
| Municipal Council of Porto                | Guarantee for litigation   | 368            | 368            |
| Municipal Council of Silves               | Guarantee for expropriation processes  | 352            | 352            |
| NORSCUT - Concessionária de Auto-estradas | To guarantee prompt payment of liabilities assumed by REN in the contract ceding utilization | 200            | 200            |
| EP - Estradas de Portugal                 | Guarantee for litigation   | 169            | 95             |
| Others (loss then 100 thousand Euros)     | Guarantee for litigation   | 146            | 220            |
|   |  | <b>294,316</b> | <b>292,359</b> |

## 31 RELATED PARTIES

### Main shareholders and shares held by corporate bodies

At 31 March 2019 and 31 December 2018, the shareholder structure of Group REN was as follows:

|  | Mar 2019           |             | Dec 2018           |             |
|--|--------------------|-------------|--------------------|-------------|
|  | Number of shares   | %           | Number of shares   | %           |
| State Grid Europe Limited (Grupo State Grid) | 166,797,815        | 25.0%       | 166,797,815        | 25.0%       |
| Mazon B.V. (Grupo Oman Oil Company S.A.O.C.) | 80,100,000         | 12.0%       | 80,100,000         | 12.0%       |
| Lazard Asset Management LLC                  | 46,611,245         | 7.0%        | 46,611,245         | 6.7%        |
| Fidelidade - Companhia de Seguros, S.A.      | 35,496,424         | 5.3%        | 35,496,424         | 5.3%        |
| Red Eléctrica Internacional, S.A.U.          | 33,359,563         | 5.0%        | 33,359,563         | 5.0%        |
| The Capital Group Companies, Inc.            | 24,355,192         | 3.7%        | 25,365,000         | 3.8%        |
| Great-West Lifeco, Inc.                      | 17,794,967         | 2.7%        | 17,794,967         | 2.7%        |
| Own shares                                   | 3,881,374          | 0.6%        | 3,881,374          | 0.6%        |
| Others                                       | 258,794,682        | 38.8%       | 257,784,874        | 38.6%       |
|  | <b>667,191,262</b> | <b>100%</b> | <b>667,191,262</b> | <b>100%</b> |



## Management remuneration

The Board of Directors of REN, SGPS was considered, in accordance with IAS 24, to be the only key members in the Management of the Group.

Remuneration of the Board of Directors of REN, SGPS in the three-month period ended 31 March 2019 amounted to 604 thousand Euros (580 thousand Euros in 31 March 2018), as shown in the following table:

|  | Mar 2019   | Mar 2018   |
|--|------------|------------|
| Remuneration and other short term benefits | 390        | 366        |
| Management bonuses (estimate)              | 214        | 214        |
|  | <b>604</b> | <b>580</b> |

## Transaction of shares by the members of the Board of Directors

There were no transactions carried out by members of the corporate bodies, in view of the consolidated financial statements of REN, as of December 31, 2018.

## Transactions with group or dominated companies

In its activity, REN maintains transactions with Group entities or with dominated parties. The terms in which these transactions are held are substantially identical to those practiced between independent parties in similar operations.

In the consolidation process the amounts related to such transactions or open balances are eliminated (Note 3.2) in the financial statements.

The main transactions held between Group companies were: (i) borrowings and shareholders loans; and (ii) shared services namely, legal services, administrative services and informatics.

## Balances and transactions held with shareholders, associates and other related parties

During the three-month periods ended 31 March 2019 and 2018, Group REN carried out the following transactions with reference shareholders, qualified shareholders and related parties:

### Revenue

|   | Mar 2019   | Mar 2018   |
|---|------------|------------|
| <b>Sales and services provided</b>                                    |            |            |
| Invoicing issued - REE  | 643        | 596        |
| Invoicing issued - Centro de Investigação em Energia REN - State Grid | 85         | 95         |
|   | <b>728</b> | <b>691</b> |

### Expenses

|   | Mar 2019     | Mar 2018     |
|---|--------------|--------------|
| <b>External supplies and services</b>                                   |              |              |
| Invoicing received - REE  | 2,058        | 1,540        |
| Invoicing received - Centro de Investigação em Energia REN - State Grid | -            | 1            |
| Invoicing received - CMS Rui Pena & Arnaut <sup>1</sup>                 | 35           | 64           |
|   | <b>2,093</b> | <b>1,605</b> |

<sup>1</sup> Entity related to the Administrator José Luis Arnaut

### Balance

The balances at 31 March 2019 and 31 December 2018 resulting from transactions with related parties were as follows:

|  | Mar 2019   | Dec 2018     |
|--|------------|--------------|
| <b>Trade and other receivables</b>                                     |            |              |
| Centro de Investigação em Energia REN - State Grid - Other receivables | 5          | 25           |
| REE - Trade receivables  | 200        | 193          |
|  | <b>205</b> | <b>218</b>   |
| <b>Trade and other payables</b>  |            |              |
| Centro de Investigação em Energia REN - State Grid - Other payables    | 1          | 165          |
| REE - Trade payables   | 238        | 1,051        |
| CMS - Rui Pena & Arnaut - Trade payables <sup>1</sup>                  | 30         | 16           |
|  | <b>269</b> | <b>1,232</b> |

<sup>1</sup> Entity related to the Administrator José Luis Arnaut

## 32 SUBSEQUENT EVENTS

After the date of the statement of financial position, there were no events that give rise to additional adjustments or disclosures in the consolidated financial statements of the Company for the three-month period ended in 31 March 2019.

## 33 EXPLANATION ADDED FOR TRANSLATION

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in accordance with IAS 34 – Interim Financial Reporting. In the event of discrepancies, the Portuguese language version prevails.

## The Accountant

Pedro Mateus

## The Board of Directors

Rodrigo Costa

(Chairman of the Board of Directors and Chief Executive Officer)

Omar Al Wahaibi

(Member of the Board of Directors)

João Faria Conceição

(Member of the Board of Directors and Chief Operational Officer)

Jorge Magalhães Correia

(Member of the Board of Directors)

Gonçalo Morais Soares

(Member of the Board of Directors and Chief Financial Officer)

Manuel Sebastião

(Member of the Board of Directors and Chairman of the Audit Committee)

Guangchao Zhu

(Vice-President of the Board of Directors designated by State Grid International Development Limited)

Gonçalo Gil Mata

(Member of the Board of Directors and of the Audit Committee)

Mengrong Cheng

(Member of the Board of Directors)

Maria Estela Barbot

(Member of the Board of Directors and of the Audit Committee)

Li Lequan

(Member of the Board of Directors)

José Luis Arnaut

(Member of the Board of Directors)

Note – The remaining pages of this Report & Accounts were initialled by the members of the Executive Committee and by the Certified Accountant, Pedro Mateus.