Results Presentation 1H23

20th July 2023

trensition

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01

OVERVIEW OF THE PERIOD

Key messages - Financial

- **EBITDA increased 11.1% to €264.9M vs 1H22**, driven by:

(1) **domestic business performance (+€19.6M)** as a result of the **increase in assets and opex remuneration** (+€15.5M), **other revenues** (+€1.9M) and **lower core OPEX** (-€2.2M) reflecting the decrease in electricity prices;

(2) **positive contribution from international business** (+€6.9M).

- **Net Profit grew €17.2M** (+37.5% vs 1H22), benefiting from **the increase in EBIT** (+€25.0M). This was **partially offset by lower financial results** (-€1.7M)**, higher taxes** (+€6.1M) and **higher levy** (+€0.1M)**,** following the **increase in regulated asset base.**

- **Net Debt,** excluding tariff deviation outflows**, decreased 8%,** to €2,339M (vs FY 22).

- **Capex raised to €111.8M** (an increase of 41.9% vs 1H22).

- **Transfers to RAB improved €11.1M. Decrease of 1.9% in average RAB** (-€32M in electricity, -€45M in gas transmission, and +€8M in gas distribution) reflecting the **level of amortization above the transfers to RAB.**

Key messages - Operational

- **Renewable Energy Sources (RES) increased to 60.7%** of the total supply in 1H23, vs 47.4% in 1H22.
- The **consumption of electricity remained in the same level as of 1H22** (25.2 TWh) and **consumption of natural gas decreased** by 21.1% vs 1H22.
- **High levels of service quality were maintained**. The **average interruption time in electricity was 0.09 minutes** (+0.02 minutes YoY) while the **gas transportation combined availability rate remained at 100%.**

- **Publication of the first version of the revision of the 2030 National Energy and Climate Plan (PNEC 2030)**, establishing: (i) New targets for reducing greenhouse gas emissions (in accordance with the Climate Law); (ii) New targets for RES; and (iii) New measures for its implementation.

- **ERSE** approved **Gas Tariffs for the new 2023-2024 gas year** and **set the parameters for the regulatory period 2024 and 2027**, on the 1st of June.
- For 2024, the **provisional WACC is 5.30%** (for high pressure infrastructures) and **5.70%** (for medium and low pressure) which is **indexed to the 10-year Portuguese bond yields (OT)** considering a **starting point of 3.177%** and a **linear variation similar to electricity with a 0.3 slope**.
- Efficiency factor between 1 and 2%; new indexation methodology for the recovery of electricity costs at the terminal; new incentive for distribution activity - Incentive to Optimization of Demand Forecasts.

02

BUSINESS PERFORMANCE

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Business highlights

ENERGY CONSUMPTION IN ELECTRICITY COMING FROM RENEWABLES REACHING 60.7% IN 1H23 WITH SOLID QUALITY OF SERVICE

Electricity

Consumption	25.2TWh	0TWh (0.0%) =	1H22: 25.2TWh
Renewables in consumption supply	60.7%	13.3 pp ↑	1H22: 47.4%
Energy transmission losses	2.2%	0.4 pp ↑	1H22: 1.8%
Average interruption time	0.09min	0.02min ↑	1H22: 0.07min
Line length	9,424km	51km (0.5%) ↑	1H22: 9,373km
Combined availability rate	98.4%	0.3 pp ↓	1H22: 98.7%

Gas Transportation

Consumption	24.6TWh	6.6TWh (21.1%) ↓	1H22: 31.2TWh
Combined availability rate	100.0%	0.0 pp =	1H22: 100.0%
Line length	1,375km	0km (0.0%) =	1H22: 1,375km

Gas Distribution

Gas distributed	3.0TWh	0.4TWh (10.5%) ↓	1H22: 3.4TWh
Emergency situations with response time up to 60min	99.4%	0.9 pp ↑	1H22: 98.5%
Line length	6,396km	186km (2.9%) ↑	1H22: 6,210km

NOTE: These figures are representative of the Portuguese activities alone

Financial highlights

POSITIVE NET PROFIT EVOLUTION DRIVEN BY ROBUST OPERATIONAL PERFORMANCE

EBITDA

€264.9

26.5
(11.1%) ↑

1H22: **€238.4M**

Financial results

€-16.7M

1.7
(11.0%) ↓

1H22: **€-15.1M**

Net Profit

€63.0M

17.2
(37.5%) ↑

1H22: **€45.9M**

CAPEX

€111.8M

33.0
(41.9%) ↑

1H22: **€78.8M**

Average RAB[1]

€3,533.2M

69.4
(1.9%) ↓

1H22: **€3,602.6M**

Net Debt

€2,393.7M

294.4
(14.0%) ↑

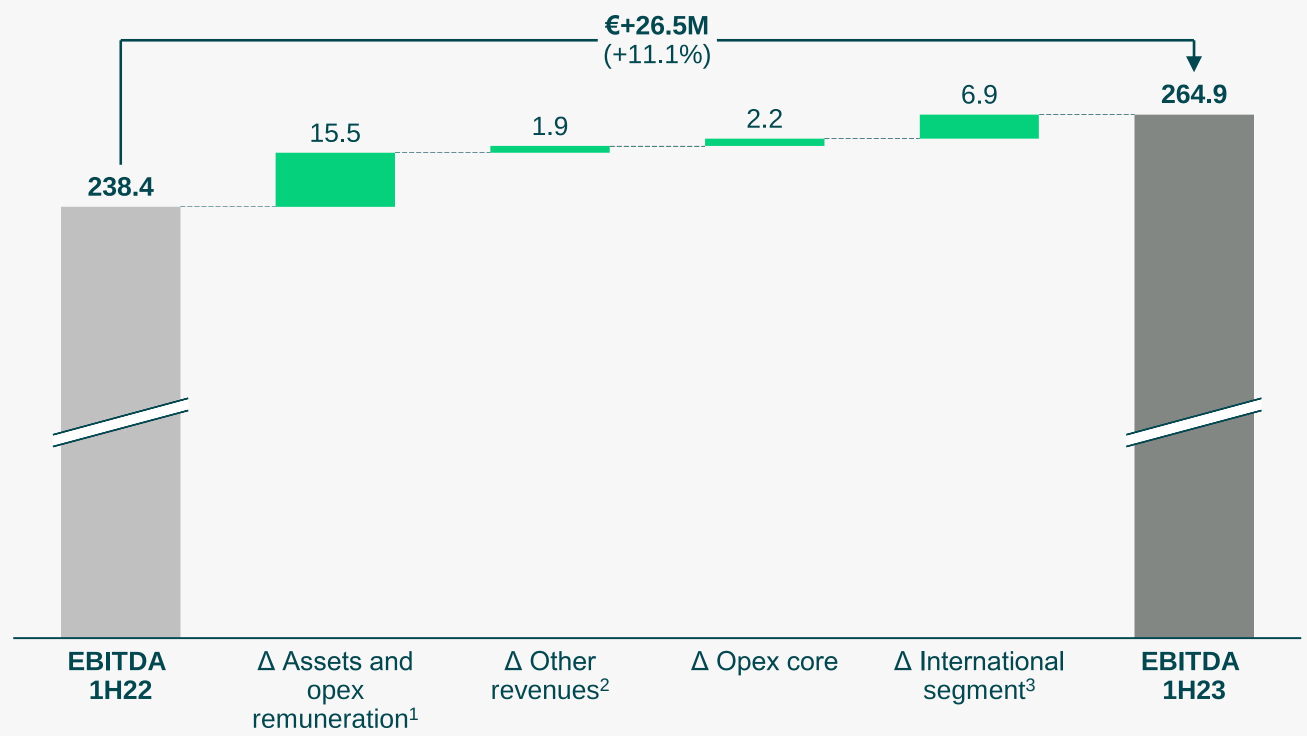
1H22: **€2,099.4M**

1 Refers only to Domestic RAB

Consolidated View

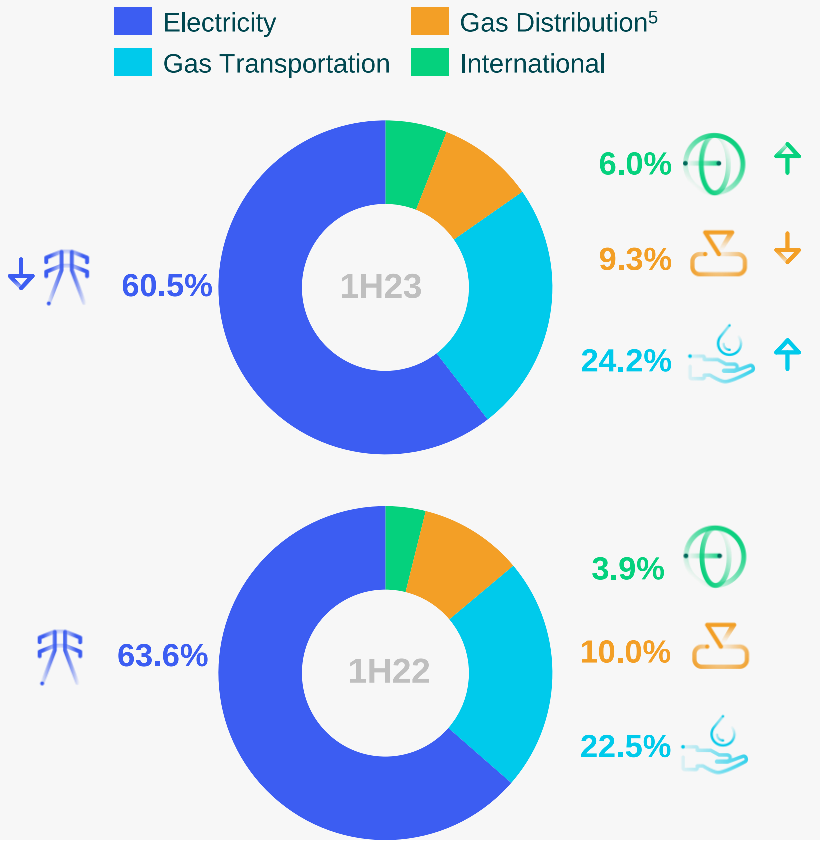
EBITDA INCREASED DRIVEN BY ASSETS AND OPEX REMUNERATION IN DOMESTIC BUSINESS AND BY STRONG INTERNATIONAL BUSINESS PERFORMANCE

EBITDA evolution breakdown - €M



1. Includes electricity regulatory incentives and excludes Opex remuneration related to pass-through costs | 2. Includes REN Trading incentives, telecommunication sales and services rendered, interest on tariff deviation, consultancy revenues and other services provided, OMIP and Nester results | 3. Includes Apolo SpA and Aerio Chile SpA costs | 4. This value takes into consideration the impact from the segment "Other", which includes REN SGPS, REN Serviços, REN Telecom, REN Trading, REN PRO and REN Finance B.V. | 5. Refers to Portgás

EBITDA contribution by business segment[4] - %

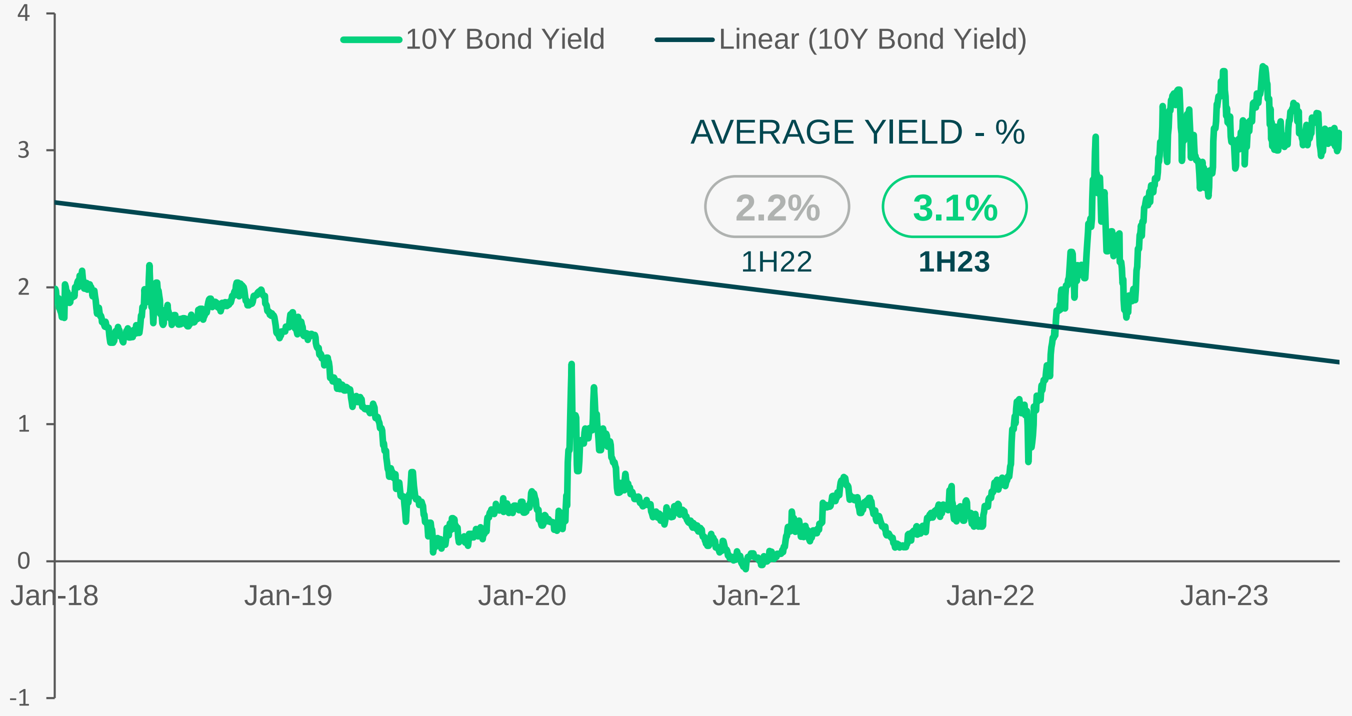


RoR Evolution

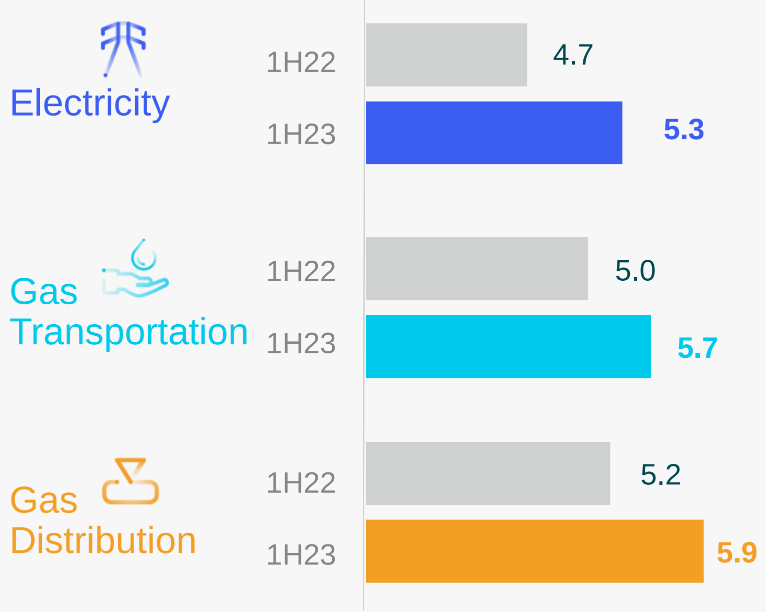
Domestic Business

HIGHER PORTUGUESE BOND YIELDS CONTINUE TO SUPPORT AN INCREASE IN RETURN ON RAB RATES

Portuguese 10Y Treasury Bond Yields - %



Base Return on RAB (RoR)* - %



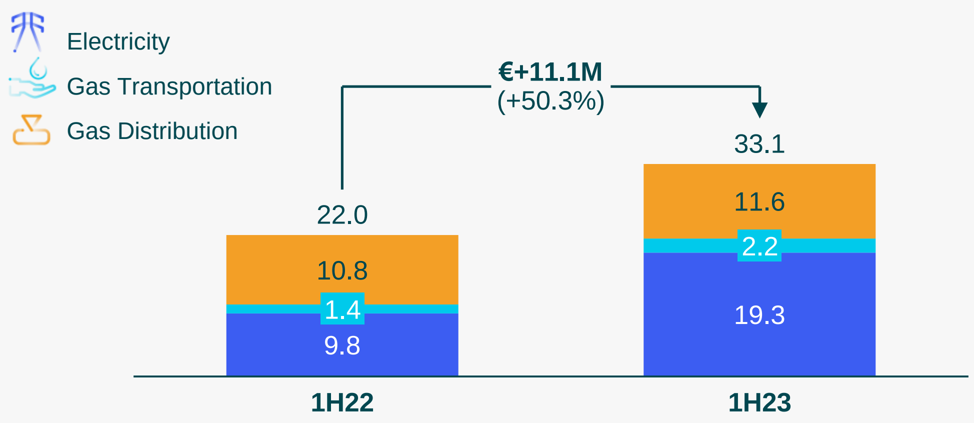
SOURCE: Bloomberg; REN
* Electricity data collected from Oct-22 to Sep-23; Gas data collected from Jan-23 to Dec-23

Investment

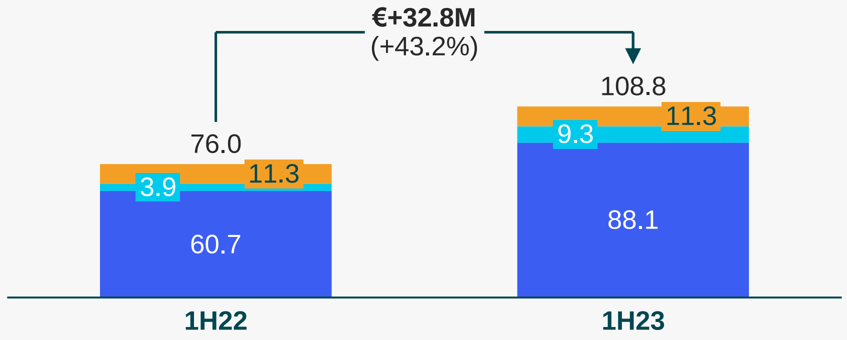
Domestic Business

TRANSFERS TO RAB AND CAPEX INCREASED IN 1H23

Transfers to RAB - €M



CAPEX - €M



Key Highlights

Electricity

- Installation of a 220 kV line bay at the Fundão Substation.
- Installation of a 150 kV line bay at the Castelo Branco Substation to connect a photovoltaic solar PP.
- Installation of a 60 kV line bay at the V.N. Famalicão Substation to connect a photovoltaic solar PP.
- Establishment of a new injection point at the V.N. Famalicão Substation, through the installation of a 400/60kV transformation, to support the consumption needs of the National Distribution Network (RND).
- The final phase of improving the command, control, and protection system at the Estoi Substation has been completed.

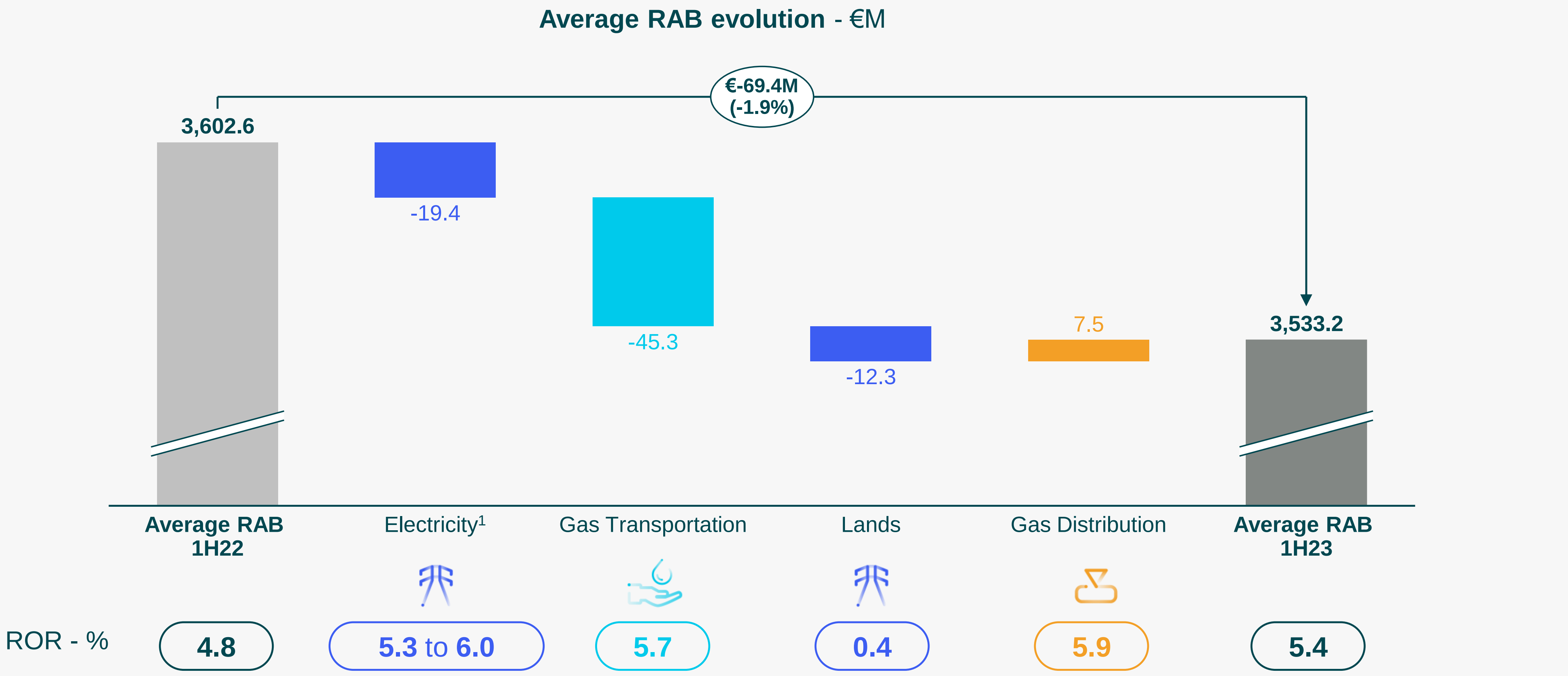
Gas Distribution

- Investments for network expansion and densification mostly for B2C, incentivizing building decarbonization through future renewable gases
- Ongoing expansion to new industrial zones, with new prospects for B2B investments closely monitored to provide both natural gas price visibility and client comfort regarding network costs
- Decarbonizing and digitalization plan on the move with encouraging results on H2 infrastructure readiness
- New investment plan 2023-27 delivered to DGEG for approval
- Technological Transformation on the move
- Increased proximity with key stakeholders assuring timely information regarding renewable gases transition

RAB Evolution

Domestic Business

DECREASE IN AVERAGE RAB REFLECTING HIGHER AMORTIZATION, MOSTLY IN GAS TRANSPORTATION BUSINESS



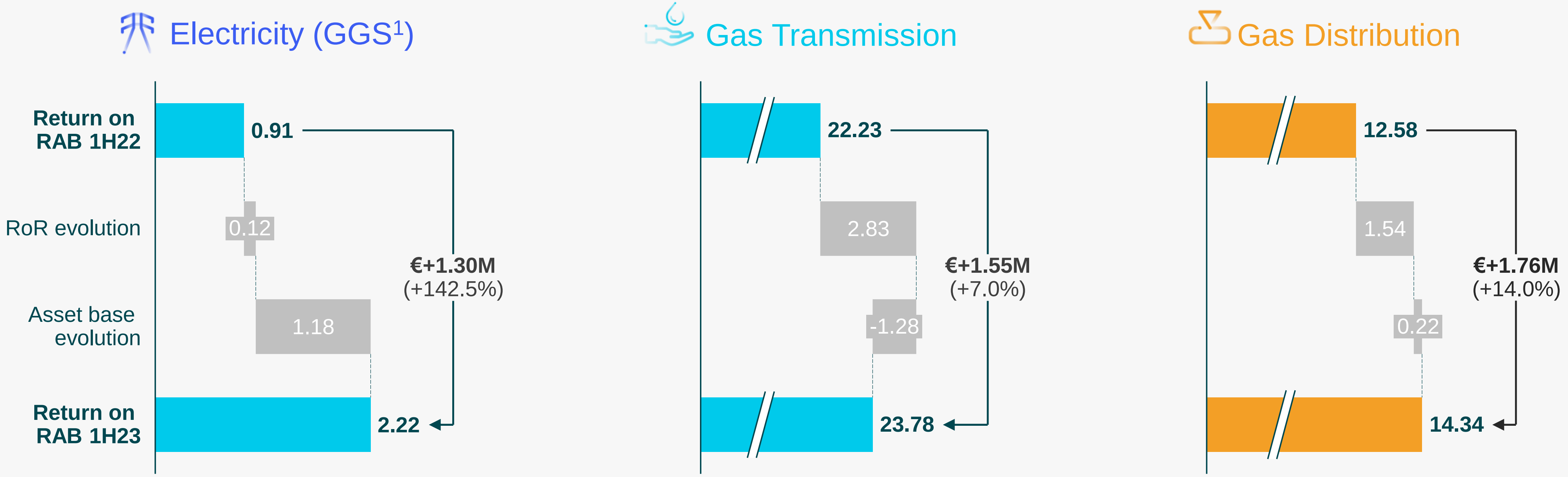
1. Includes Electricity with and without premium.

RAB Returns

Domestic Business

RAB REMUNERATION GROWTH ACROSS ALL BUSINESSES DRIVEN MOSTLY BY THE INCREASE IN THE RATE OF RETURN

Return on RAB evolution breakdown - €M



- Return on RAB increase caused by a **higher asset base** (by €45.0M[2] to €84.3M) and higher RoR of 5.26% (vs 4.65%)
- Increase in return on RAB justified by a **higher RoR** of 5.67% (vs 5.03%), despite the **smaller asset base** (by €45.3M to a total of €838.7M)
- Increase return on RAB attributed to a **higher rate of return** (from 5.23% to 5.87%) and **higher asset base** (+€7.5M to a total of €488.6M)

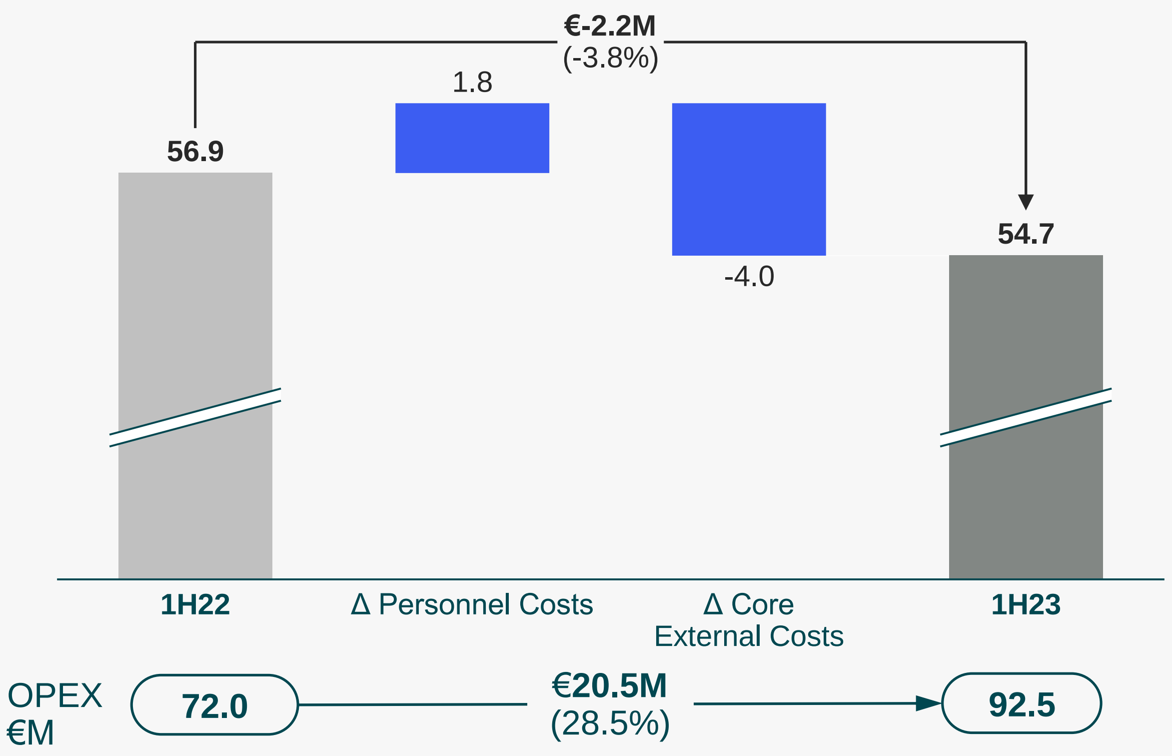
1 Only General System Management (GGS) activity, assets extra Totex model and Enondas | 2. The transfer of power line Fernão Ferro-Trafaria 2 , accepted by the regulator as extra Totex model, with average RAB in 1H23 of €43.8M

OPEX

OPEX INCREASED 28.5% YOY, WHILE CORE OPEX DROPPED 3.8%

Domestic Business

Core OPEX[1] evolution - €M



1. Calculated as OPEX minus pass-through costs (e.g., ITC mechanism, NG transportation costs, ERSE costs and subsoil occupation levies)

Key Highlights

CORE EXTERNAL COSTS

- LNG Terminal electricity costs decreased reflecting lower electricity prices (-€6.3M)
- Legal costs (+€0.7M), IT cost (+€0.5M)

PERSONNEL COSTS

- General increases and headcount increase (+3% growth YoY, achieving 725 people in June 2023), driven by operational areas growth

NON-CORE COSTS

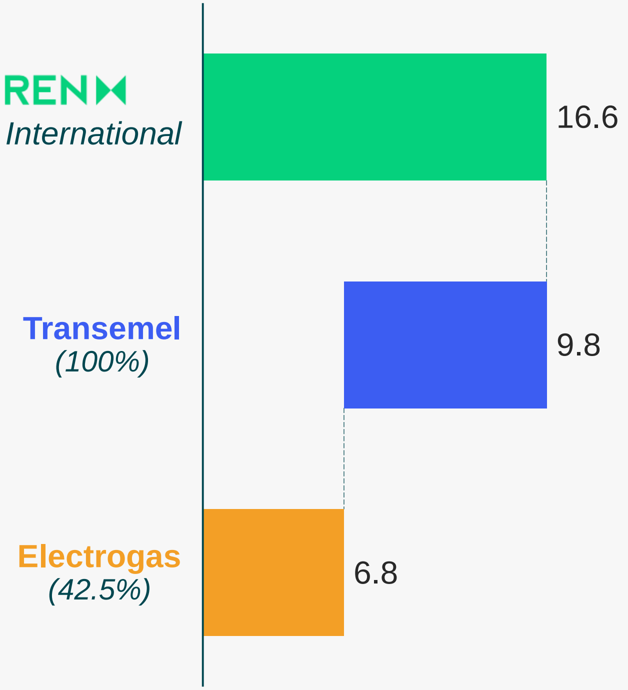
- Pass-through costs (costs accepted in the tariff) increased €22.7M of which +€17.8M in costs with cross-border

Chile Highlights

International Business

SOLID PERFORMANCE FROM THE CHILEAN BUSINESSES, CONTRIBUTING 6.0%[1] TO TOTAL EBITDA IN 1H23

Contribution to EBITDA 1H23 - €M



TRANSEMEL (100%)

- **EBITDA increased YoY** mainly driven by higher revenues

Revenues		EBITDA	
€12.4M	€5.8M (89.9%) ↑	€9.8M	€4.8M (97.2%) ↑
1H22: €6.5M		1H22: €5.0M	

ELECTROGAS (100%)

- **EBITDA increased YoY,** driven by higher revenues (higher tariff and higher transported volumes)

Revenues		EBITDA	
€25.8M	€5.9M (29.5%) ↑	€23.3M	€5.2M (28.9%) ↑
1H22: €19.9M		1H22: €18.1M	

1. This value takes into consideration the impact from the segment "Other", which includes REN SGPS, REN Serviços, REN Telecom, REN Trading, REN PRO and REN Finance B.V.

Below EBITDA

DECREASE IN FINANCIAL RESULTS, REFLECTING THE INCREASE IN THE AVERAGE COST OF DEBT

Depreciation & Amortization

€125.8 1.5 (1.2%)

1H22: **€124.2M**

- Increase of €1.5M vs 1H22, along with an increase in gross assets.

Financial results

€-16.7M 1.7 (11.0%)

1H22: **€-15.1M**

- Decrease of Financial results (€1.7M) to -€16.7M, mostly due to the increase in the average cost of debt to 2.4% (from 1.7% in 1H22), partially offset by dividends from HCB (an increment of +€0.3M YoY)
- Increase in Net Debt by €294M to €2,394M

Taxes

€59.4M 6.2 (11.6%)

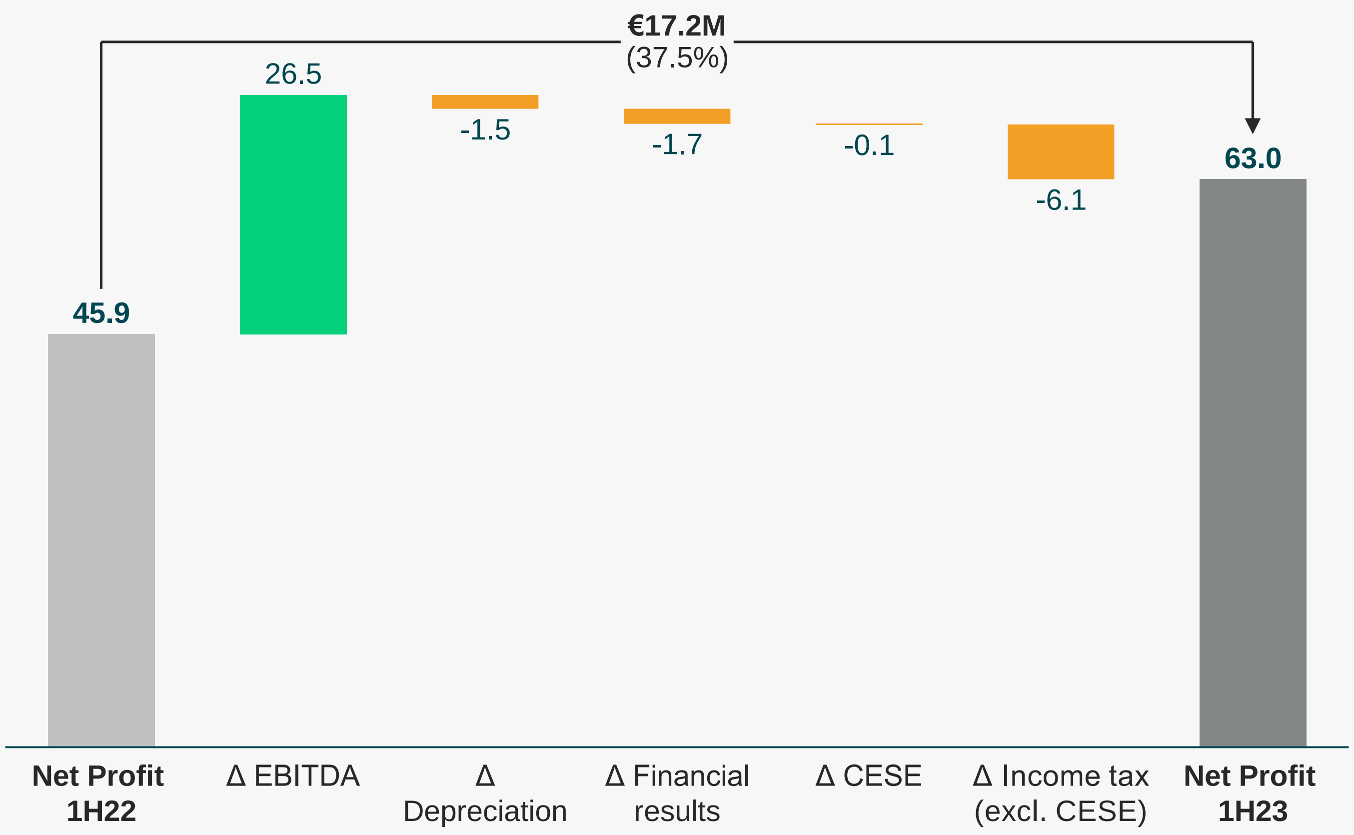
1H22: **€53.2M**

- Increase in Income tax (+€6.2M to €59.4M) due to higher EBT (+€23.3M to €122.4M) and higher extraordinary levy (+€0.1M to €28.1M), reflecting a higher regulated asset base.
- The Effective tax rate (including the levy) stood at 37.0%, 2.5 pp below last year.
- Taxes in 1H23 benefited from tax recovery (+€1.6M) of previous years. (€2.3M in 1H22)

Net Profit

NET PROFIT INCREASED AS A RESULT OF HIGHER EBITDA, PARTIALLY OFFSET BY LOWER FINANCIAL RESULTS AND HIGHER DEPRECIATIONS, TAXES AND CESE

Net profit evolution breakdown - €M

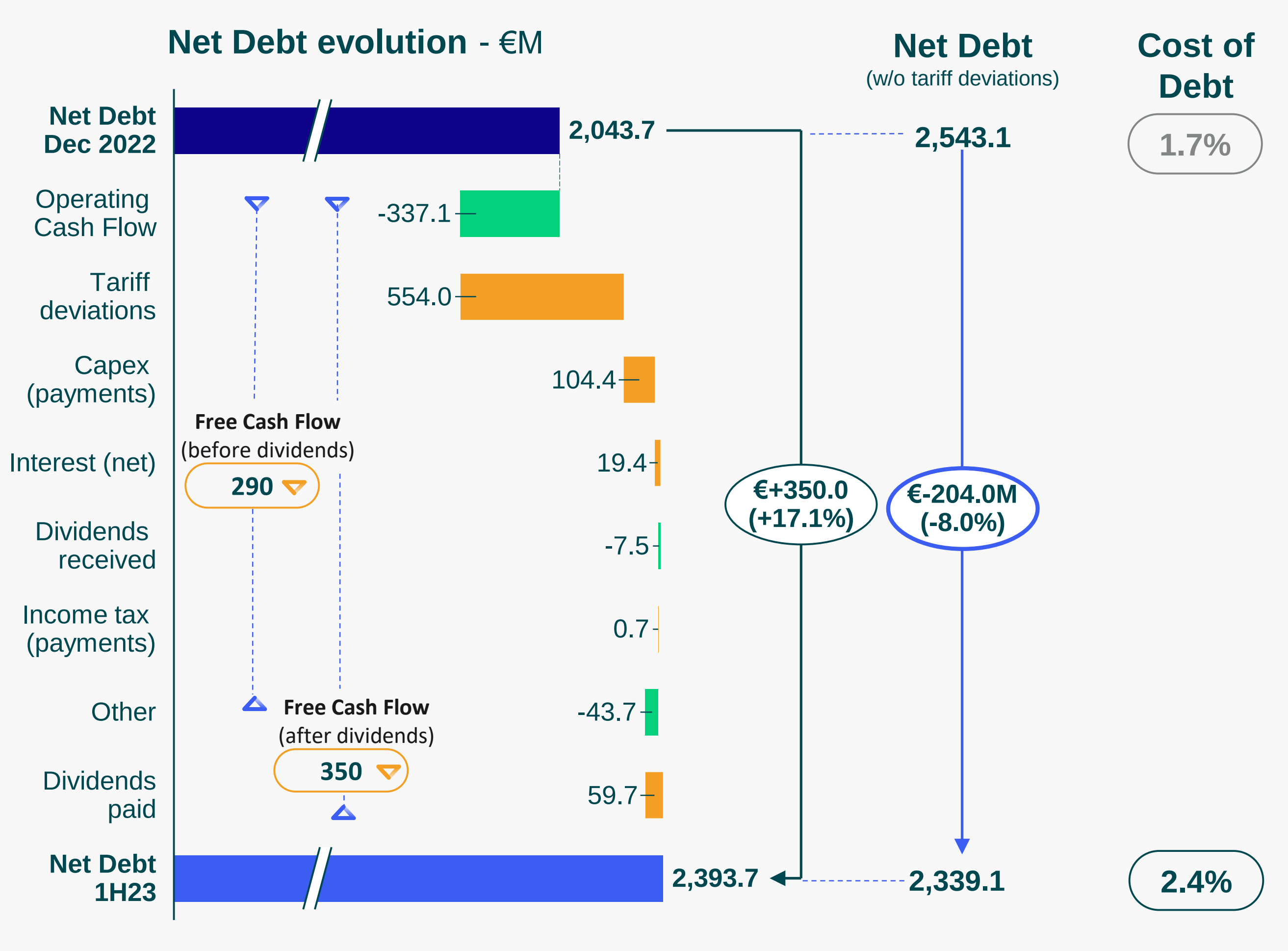


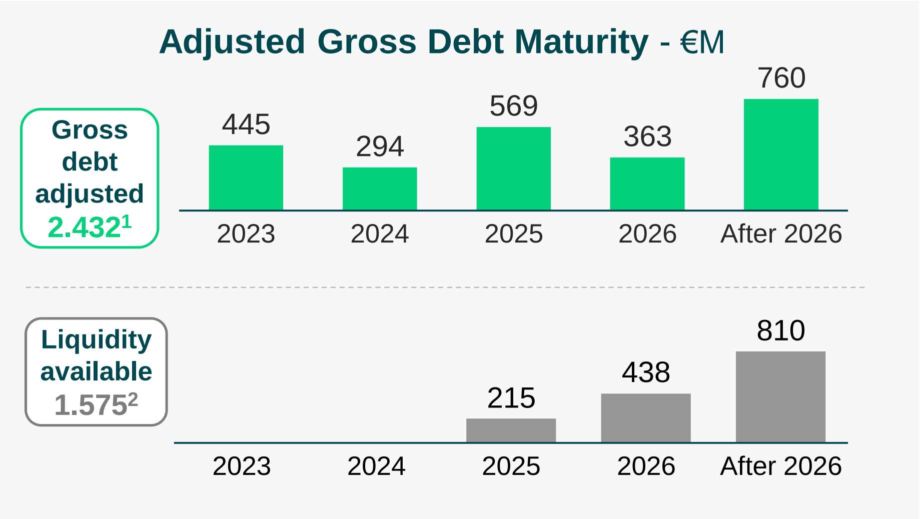
Key Highlights

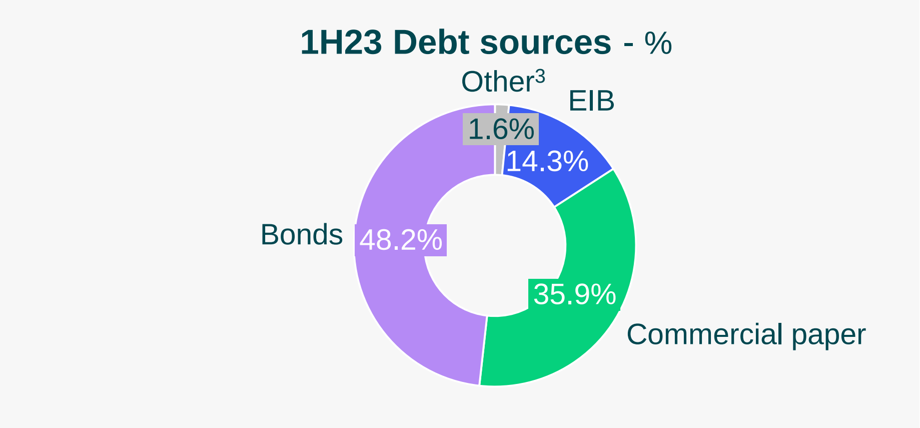
- **Increase in EBITDA** reflecting the positive contribution of both domestic (+€19.6M) and international businesses (+€6.9M).
- **Negative effect** of €1.7M from **Financial Results** as a consequence of higher cost of debt, and higher net debt

Debt

NET DEBT INCREASED DRIVEN BY TARIFF DEVIATIONS OUTFLOWS





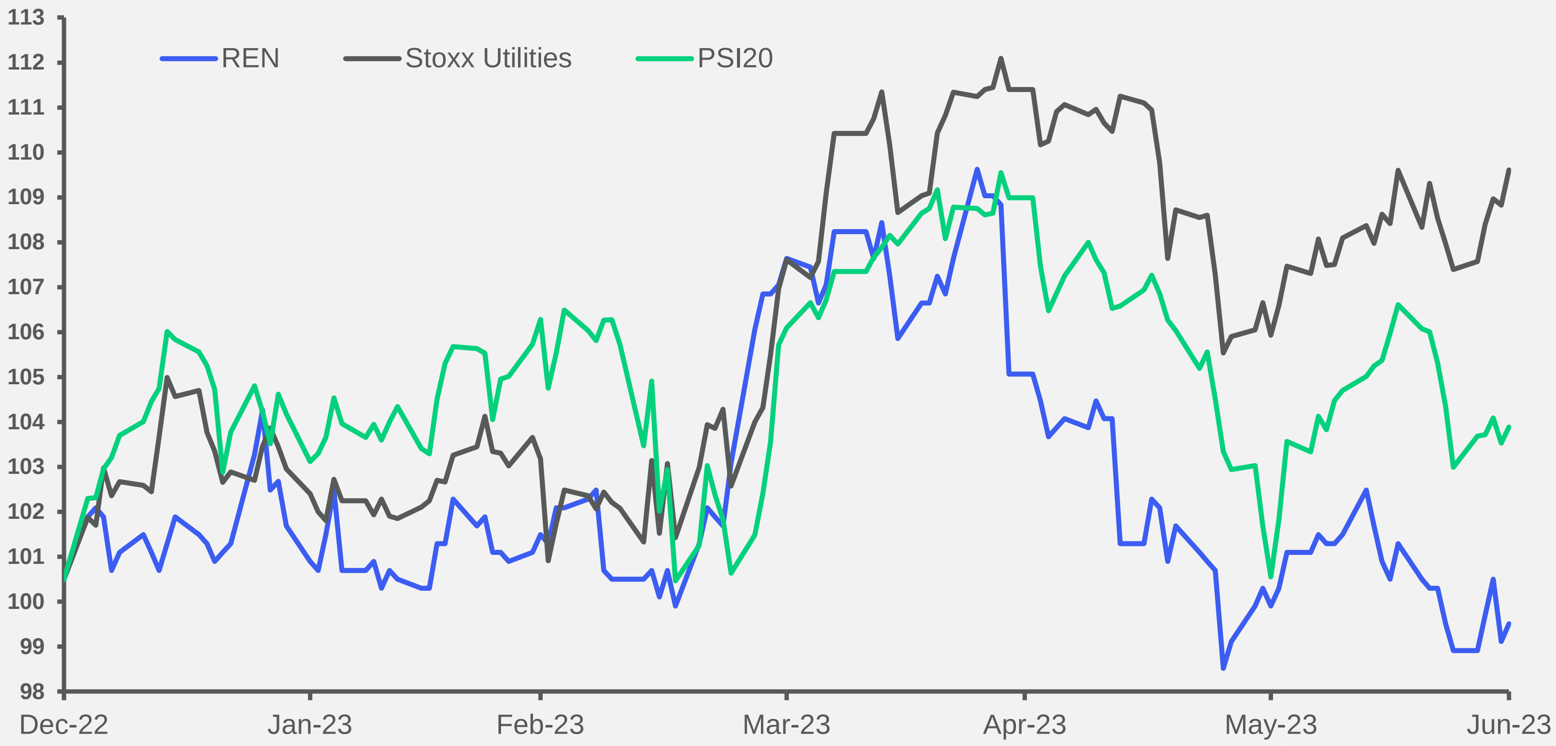


1. Excludes effects of hedging on yen denominated debt, accrued interest and bank overdrafts | 2. Includes 1.462M€ of available commercial paper programs and loans, and also 80M€ of credit lines available (automatically renewed), and 33M€ of cash and cash equivalents | 3. Includes loans (1.4%) and leasing (0.2%)

Share price & Shareholder Return

REN'S SHARE ENDED H1 WITH A TSR OF 2.5%, CONTINUING TO PROVIDE A POSITIVE RETURN

Annualized closing prices - %



Analyst recommendations[1]

Average Price target

€2.78

€0.12 (4.3%) ↑

1H22: €2.66

TSR 1H23 (%)	TSR 1H22 (%)
13.4	-13.6
6.9	12.1
2.5	19.2

[1] End of period
SOURCE: Bloomberg, REN

ESG highlights

REN IS STRONGLY COMMITTED WITH SUSTAINABILITY

ENVIRONMENTAL

TARGETS

-50% CO_2 emissions by 2030 vs. 2019

Carbon neutral by 2040

ACHIEVEMENTS

Greenhouse gas emissions | -19% of scope 1 and 2 emissions in 1S 2023 (vs. 1S 2022)

Climate | Transemel was once again recognized with the HuellaChile seal for its commitment to combat climate change

Biodiversity | Approval of REN's biodiversity commitment letter (strategy)

Circularity | Series of "design thinking" workshops to define a circular economy strategy

Suppliers | Organization of supplier meetings to further promote knowledge regarding REN's ESG commitments

SOCIAL

TARGETS

>1/3 of women in 1st line management positions by 2030

ACHIEVEMENTS

Diversity | REN was included for the third year in a row in the Bloomberg Gender-Equality Index

Human capital | REN signs pact to stimulate youth employment, promoted by the Portuguese State Secretariat for Work

Corporate social responsibility | "Gold Medal for Distinguished Services" awarded by the Portuguese Firefighters' League

Innovation | Innovation project distinguished with Honours at Prémio Nacional de Sustentabilidade (Sustainability National Award) promoted by Jornal de Negócios

GOVERNANCE

TARGETS

Increasing ESG weight in **managers' performance metrics** already by 2022

100% of new bond emissions to be **green**

ACHIEVEMENTS

Materiality | Stakeholder consultation (internal and external) and definition of double materiality matrix

Information security | Certification of the information security management system according to ISO 27001

Transparency | Strengthening of communication with the launch of a new corporate website with a focus on sustainability

Sustainability | REN is one of the top 10 Portuguese companies recognized for its "Sustainability Perception Value" by Brand Finance

Highest ESG Standards

IMPROVING OUR PERFORMANCE IN INTERNATIONAL ESG SCORES

	SCALE	SCORE	YoY	STRENGTHS	LATEST ASSESSMENT
S&P Global	0-100	62	▲	Innovation, environmental reporting, and social reporting	December 2022
CDP	D-A	B	▲	Governance, business strategy, financial planning, scenario analysis, and scope 1 and 2 emissions	December 2022
SUSTAINALYTICS	100-0	18.3	▲	Emissions, occupational health and safety, land use and biodiversity, human capital, and carbon	February 2023
MSCI	CCC-AAA	AAA	▲	Biodiversity and land use, carbon emissions, and governance	March 2023
ISS ESG	D-A	B	=	Community outreach, occupational health and safety	March 2023

03

CLOSING REMARKS

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Closing Remarks

REN KEEPS PROVIDING STABLE RESULTS AND SOLID RETURNS ALONG WITH A HIGH LEVEL OF EXECUTION AND SERVICE QUALITY

- **EBITDA of €264.9M,** representing an increase of €26.5M (+11.1% YoY) that reflects the improvements in the performance of both domestic and international businesses.

- **Net Profit increased to €63.0M (+37.5% YoY),** supported by a higher **EBIT,** and partially offset by **lower financial results, higher taxes** and **higher CESE.**

- **Net Debt** (adjusted for tariff deviations), **decreased to €2,339M** (-€193M YoY).

- **CAPEX remained at high levels, reaching €111.8M** (+41.9% vs 1H22) supporting energy transition;
- **Transfers to RAB increased to €33.1M** (+50.3% vs 1H22).

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