



# RESULTS PRESENTATION 9M16

November 04<sup>th</sup>, 2016



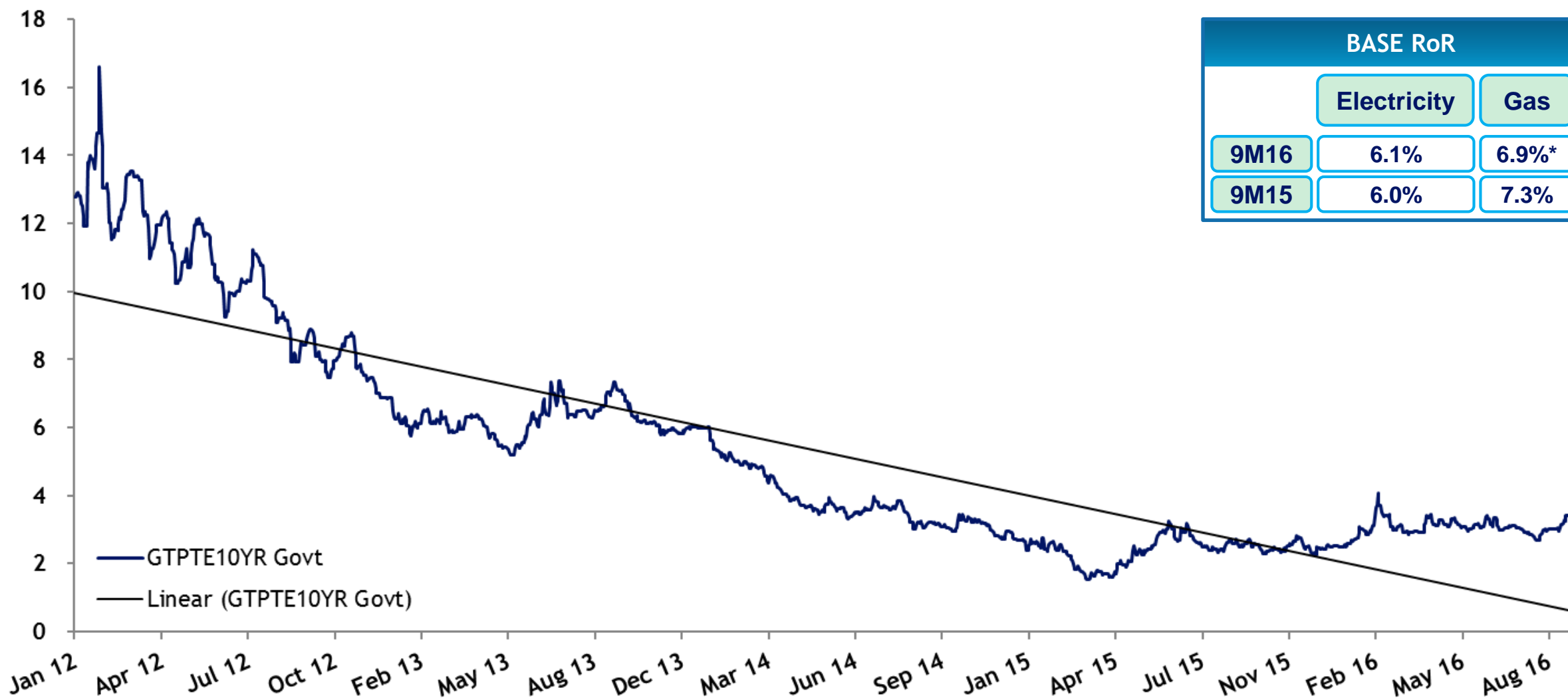
- ▶ In 9M16, **EBITDA** stood at €357.2M, a 4.1% decrease mainly explained by the capital gain from the sale of REN's stake in Enagás in 2015 (+€20.1M, at EBITDA level), that was partially offset by the increase in asset remuneration;
- ▶ **Net Profit** amounted to €70.5M (-23.1%) affected by the following 2015 non recurrent items: the capital gain from the sale of REN's Enagás stake (+€16.1M, at Net Profit level) and a tax credit (+€9.9M). The result was also penalized by the maintenance of the payment of the extraordinary levy to the energy sector established in the 2016's State budget law (€25.9M);
- ▶ **Recurrent Net Profit** rose by 3.3% (+€3.1M) to €96.4M, supported by the **Financial Results** attained by the company (+10.0%) following a lower average **cost of debt** (down to 3.4% from 4.0%);
- ▶ Total **CAPEX** was €73.4M (€145.8M in 9M15) and **Transfers to RAB** were €21.1M (€79.6M in 9M15).

€M	3Q16	9M16	9M15	Δ%	Δ Abs.
<b>EBITDA</b>	<b>116.9</b>	<b>357.2</b>	<b>372.3</b>	<b>-4.1%</b>	<b>-15.1</b>
<b>Financial Result</b>	<b>-21.7</b>	<b>-63.4</b>	<b>-70.5</b>	<b>10.0%</b>	<b>7.1</b>
<b>Net Profit</b>	<b>29.9</b>	<b>70.5</b>	<b>91.6</b>	<b>-23.1%</b>	<b>-21.2</b>
<b>Recurrent Net Profit</b>	<b>29.9</b>	<b>96.4</b>	<b>93.3</b>	<b>3.3%</b>	<b>3.1</b>
<b>Average RAB</b>	<b>3,502.0</b>	<b>3,502.0</b>	<b>3,534.2</b>	<b>-0.9%</b>	<b>-32.2</b>
<b>CAPEX</b>	<b>35.7</b>	<b>73.4</b>	<b>145.8</b>	<b>-49.7%</b>	<b>-72.4</b>
<b>Net Debt</b>	<b>2,484.9</b>	<b>2,484.9</b>	<b>2,447.0</b>	<b>1.5%</b>	<b>37.9</b>

# PORTUGAL'S PERCEIVED SOVEREIGN DEBT RISK

## Maintained rates at low levels in 2016

### PT 10Y Treasury Bond Yields



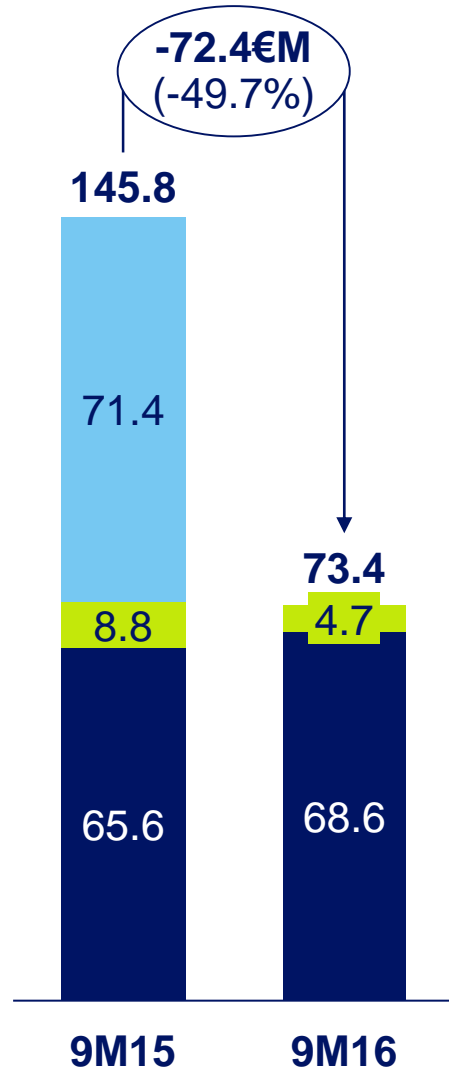
\* 7.3% in 1Q16 and 2Q16, and 6.01% in 3Q16.

Source: Bloomberg

# INVESTMENT FELL OVER €72.4M

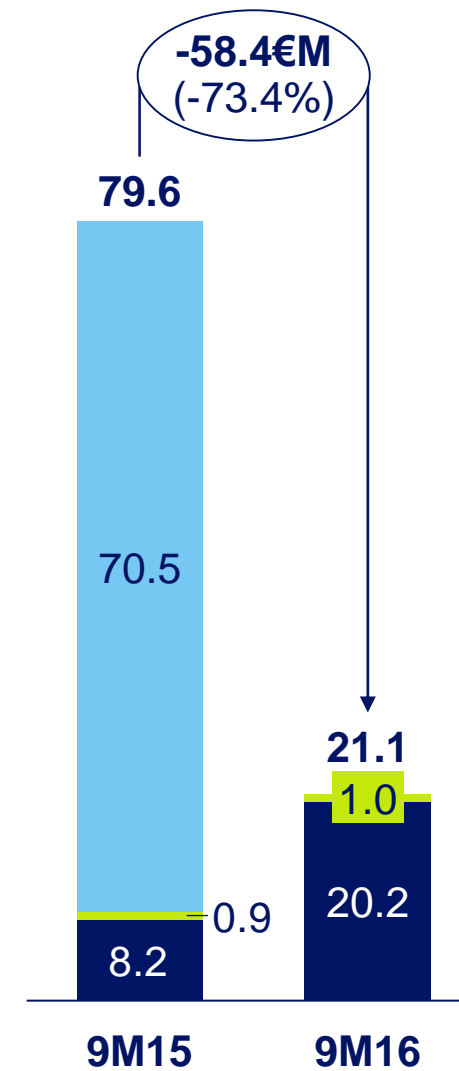
Following the acquisition of Galp's NG caverns in 1H15

## CAPEX



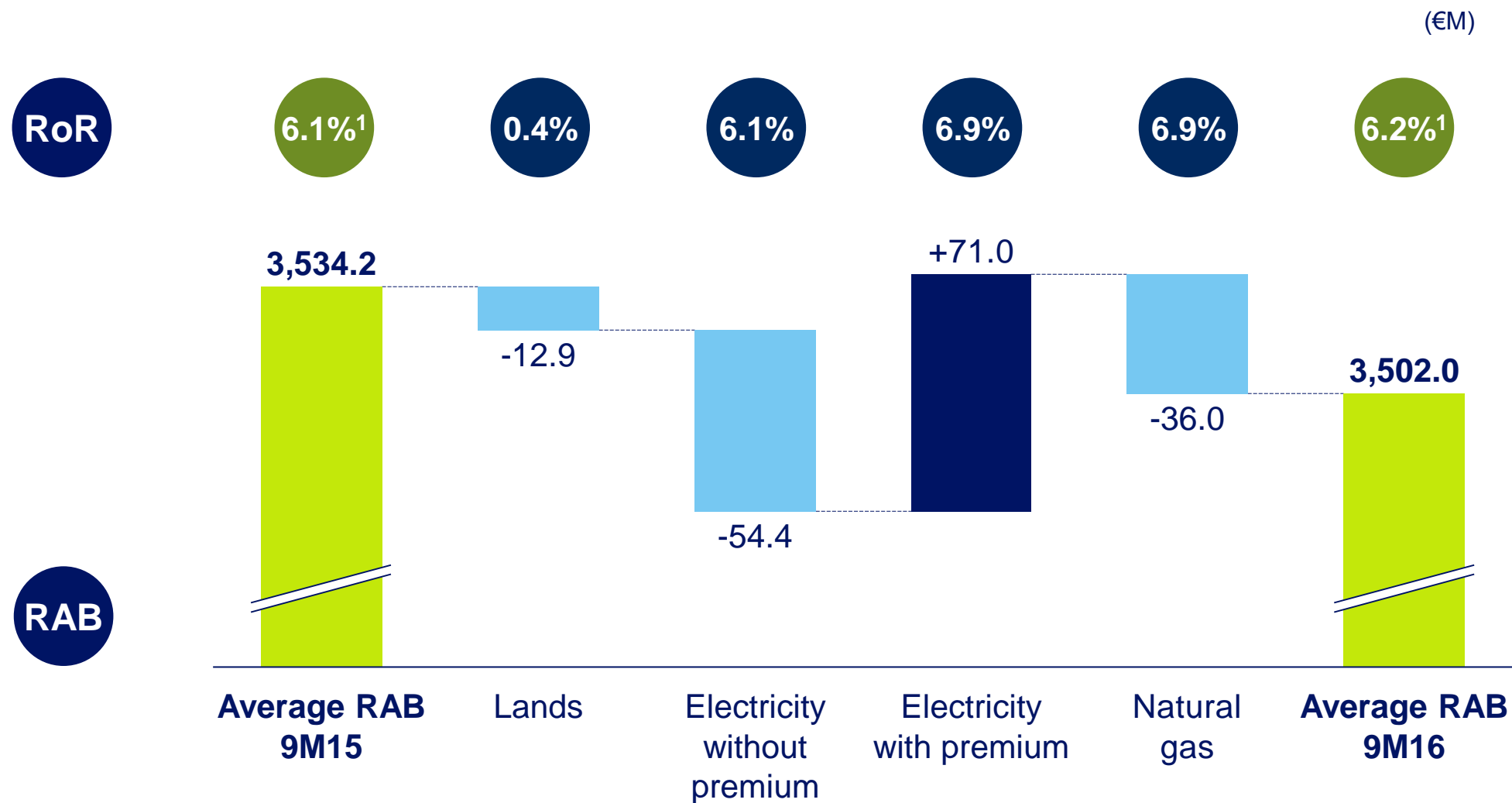
■ New NG caverns  
■ Natural gas  
■ Electricity

## TRANSFERS TO RAB



# AVERAGE RAB DECLINED BY €32.2M

## Despite focus on Electricity assets with premium

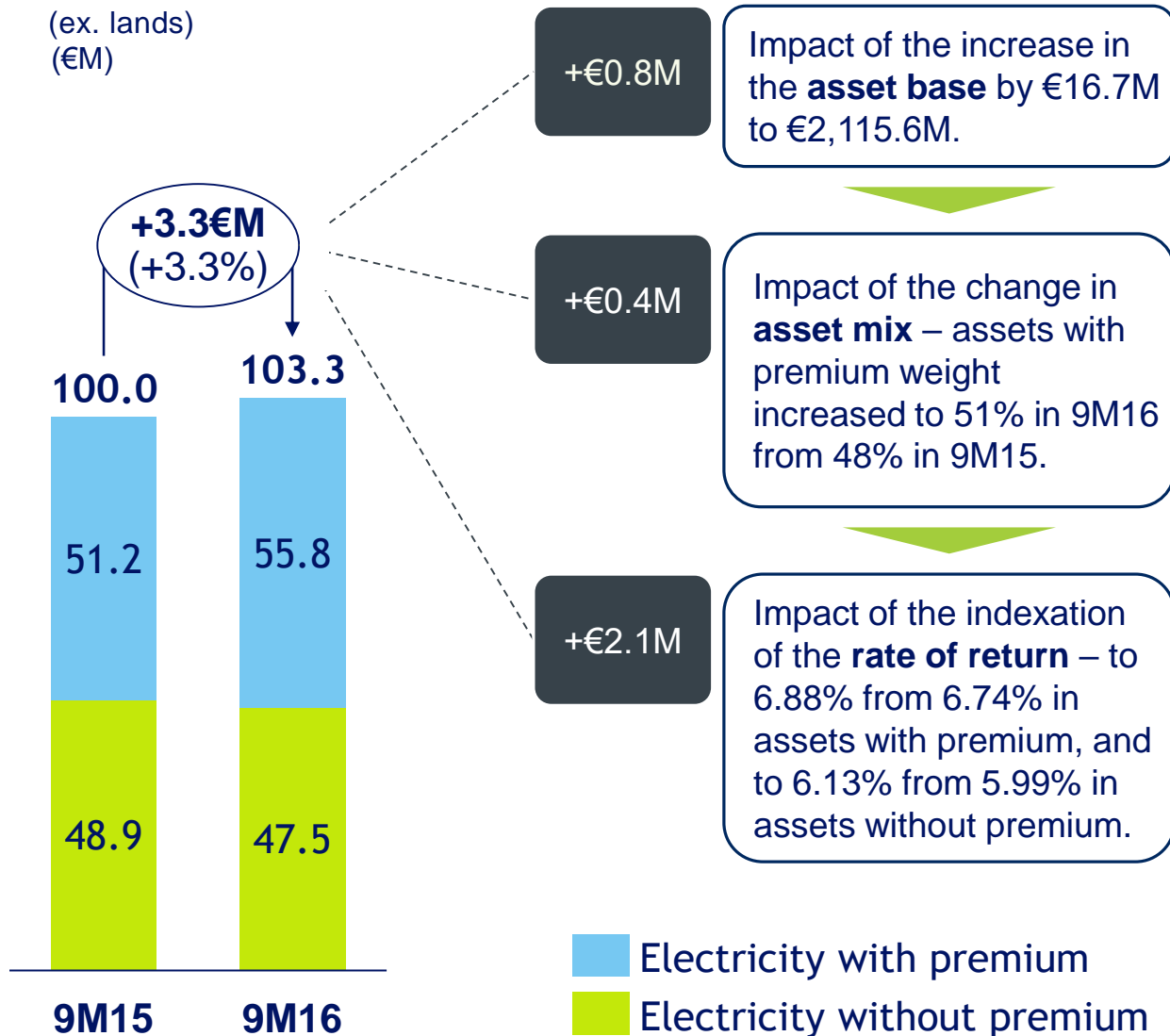


1) RoR is equal to the specific asset remuneration, divided by the average RAB.

# ELECTRICITY RETURN ON RAB INCREASED BY 3.3%

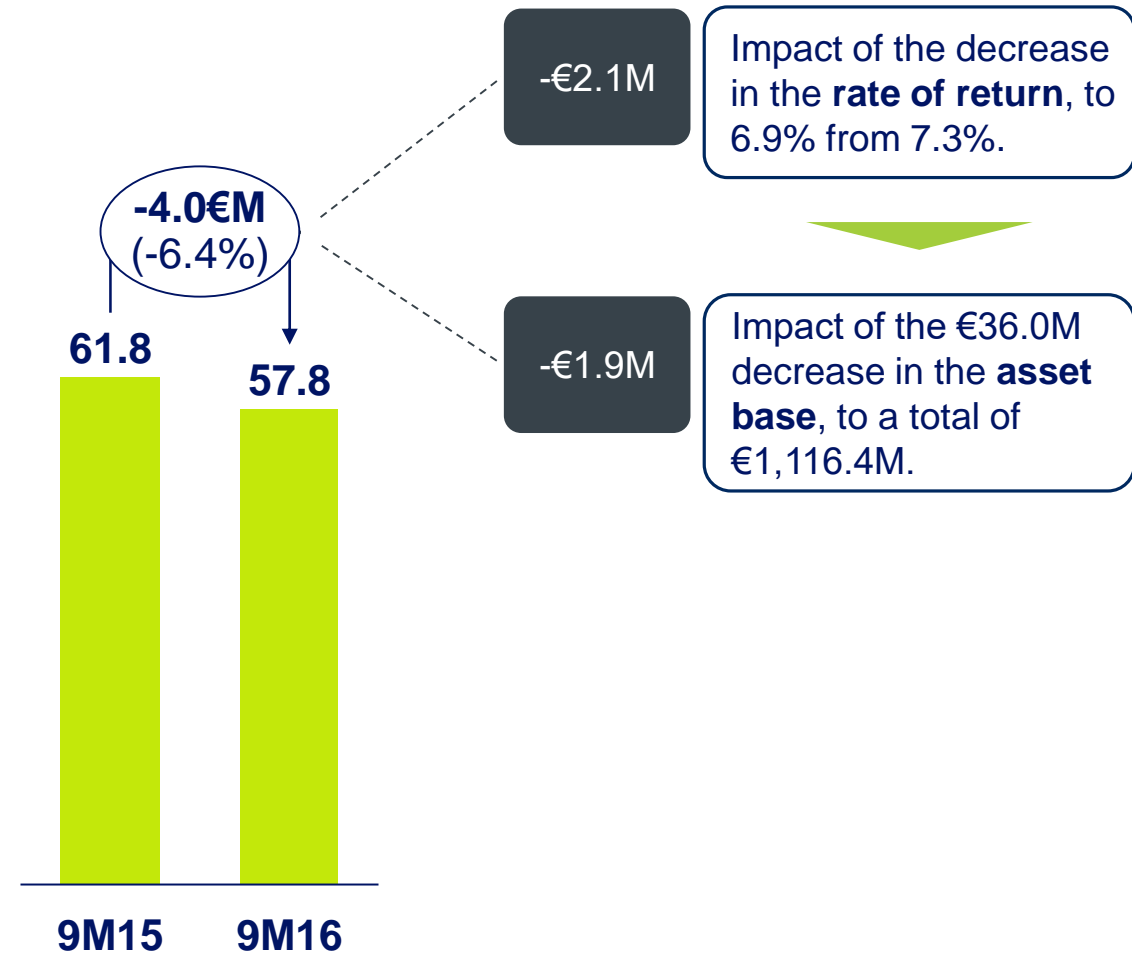
## RAB REMUNERATION ELECTRICITY

(ex. lands)  
(€M)



## RAB REMUNERATION NATURAL GAS

(ex. tariff smoothing effect)  
(€M)

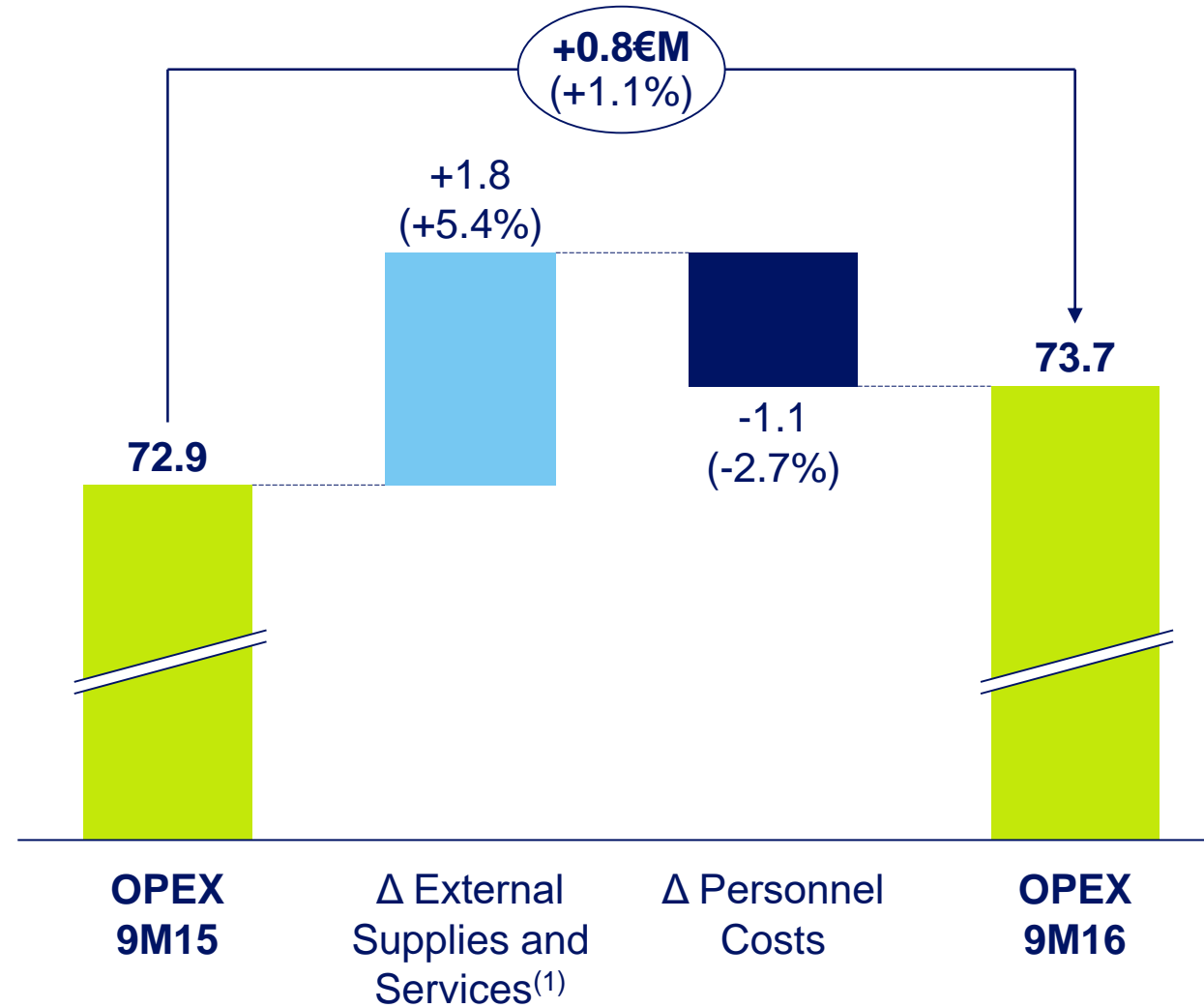


# OPEX SLIGHTLY ABOVE (+1.1%)

## Personnel Costs dropped by 2.7%

### OPERACIONAL COSTS

(€M)



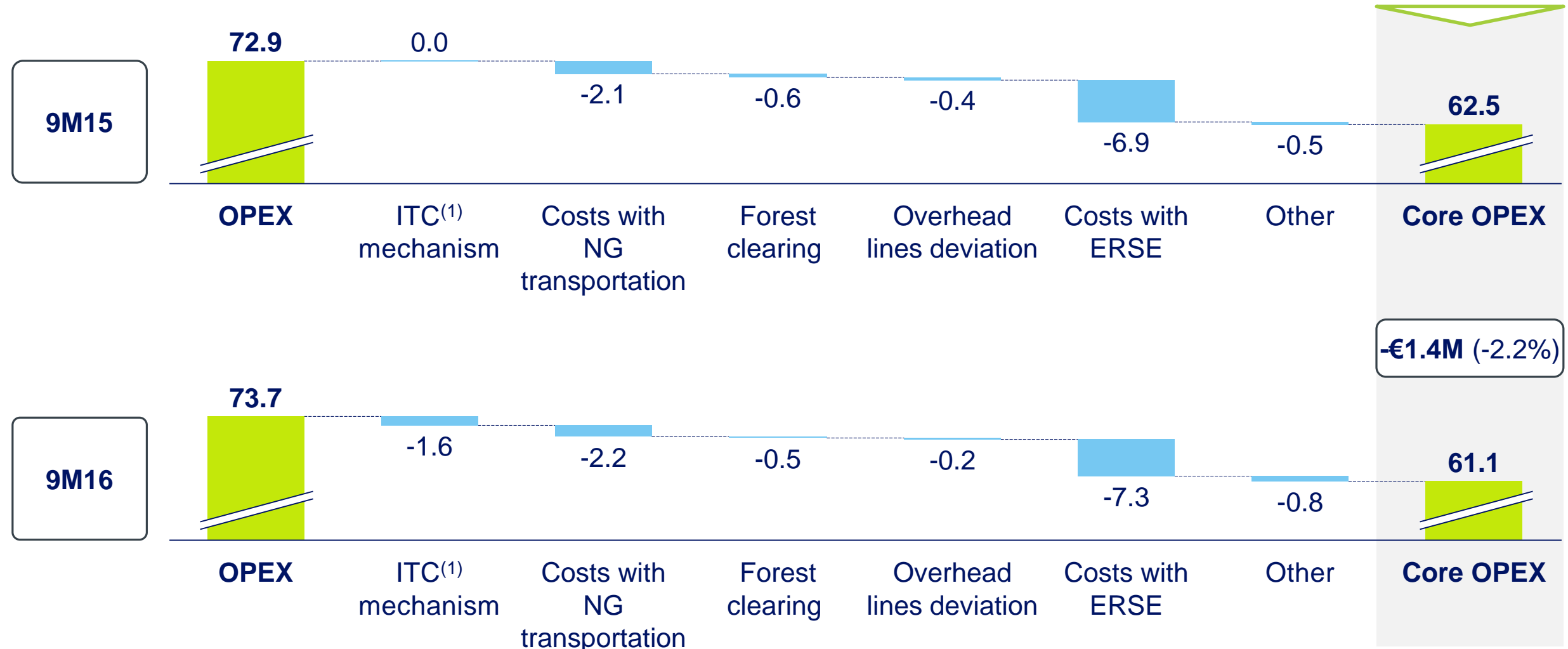
(1) Included Δ+€0.3M of Other Operating Costs.



# CORE OPEX IMPROVED BY 2.2%

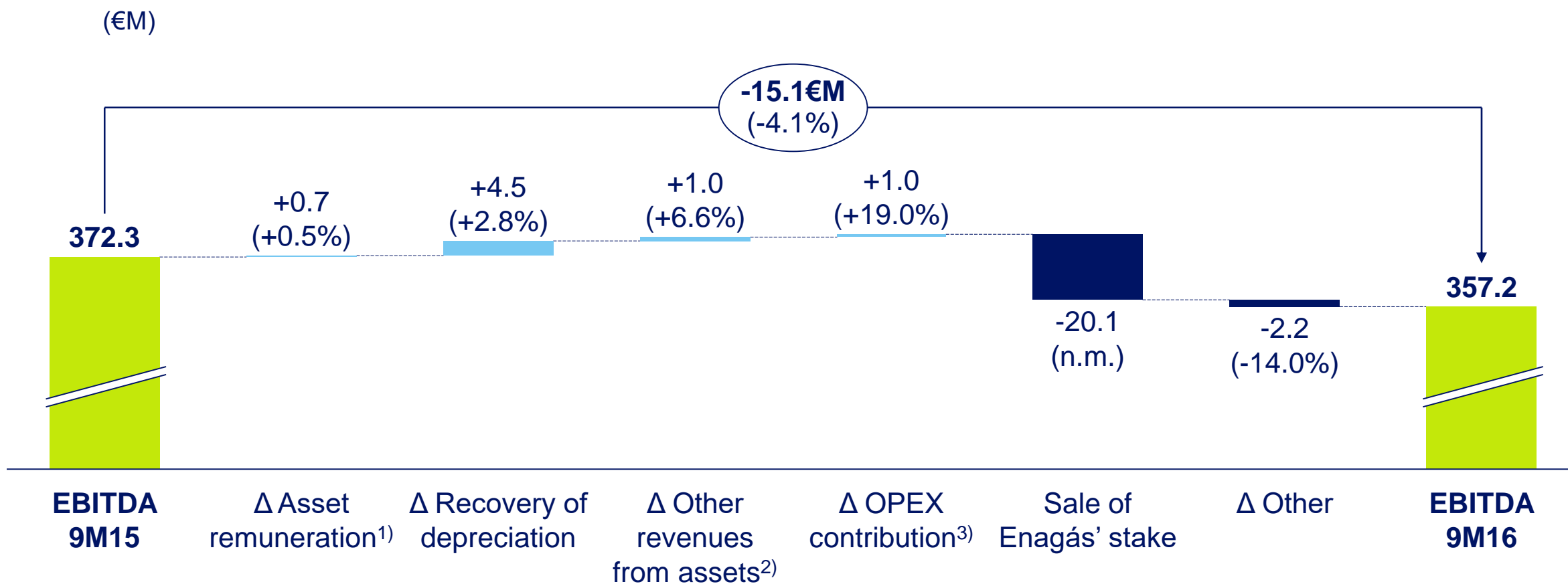
## CORE OPEX

(€M)



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

# EBITDA WAS SLIGHTLY LOWER (-4.1%) AS EXPECTED



(1) Included Δ+€1.5M of NG tariff smoothing effect;

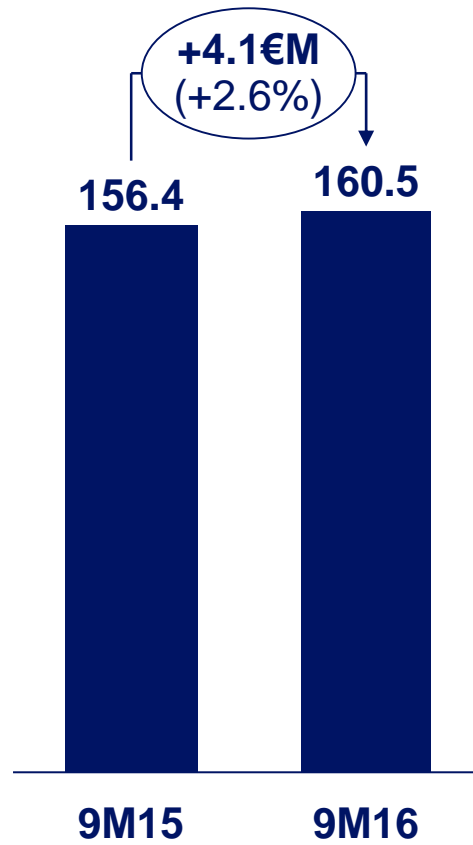
(2) Included Δ+€1.0M of Remuneration of fully depreciated assets;

(3) Included Δ-€0.6M of OPEX own works.

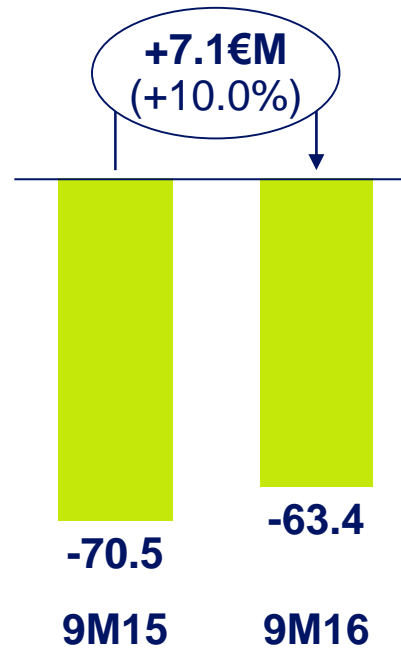
# BELOW EBITDA

Financial Results strengthened by the steady decline in avg. cost of debt

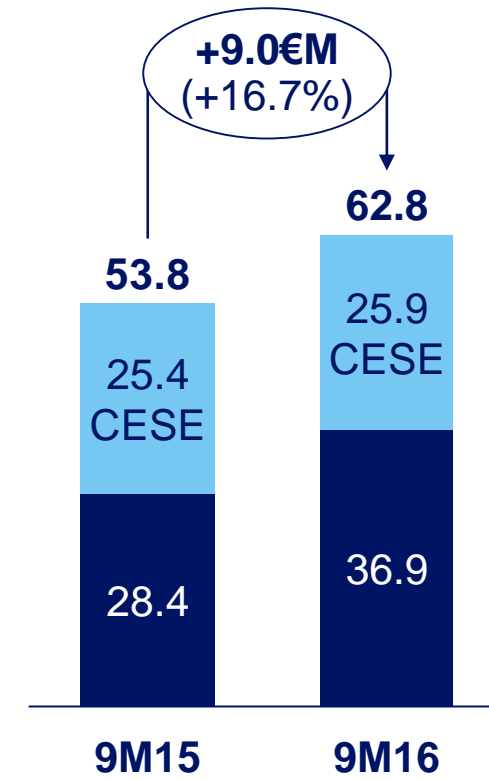
## DEPRECIATION (€M)



## FINANCIAL RESULTS (€M)

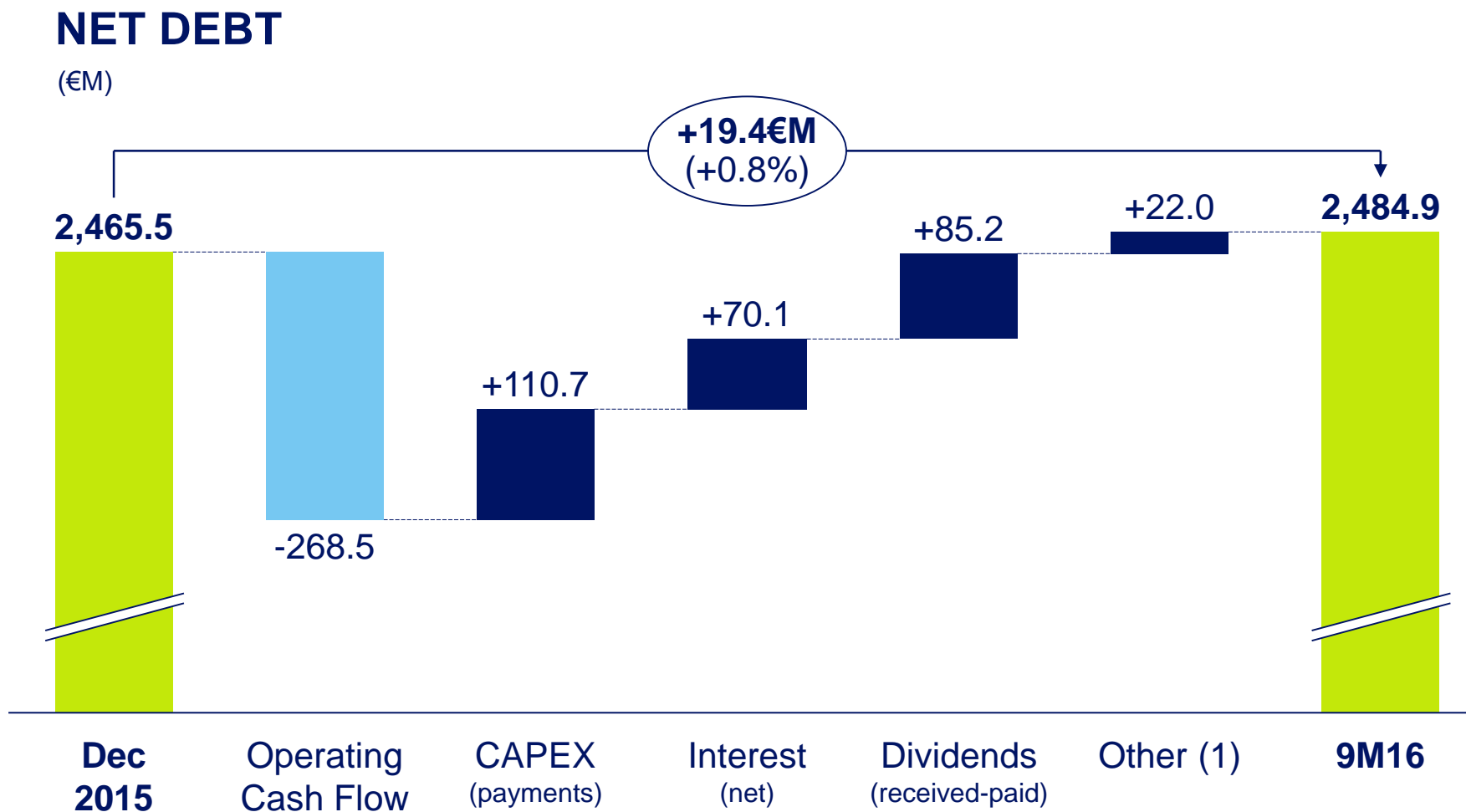


## TAXES (€M)



# NET DEBT AMOUNTED TO €2,485M

Average cost of debt fell ahead of expectations

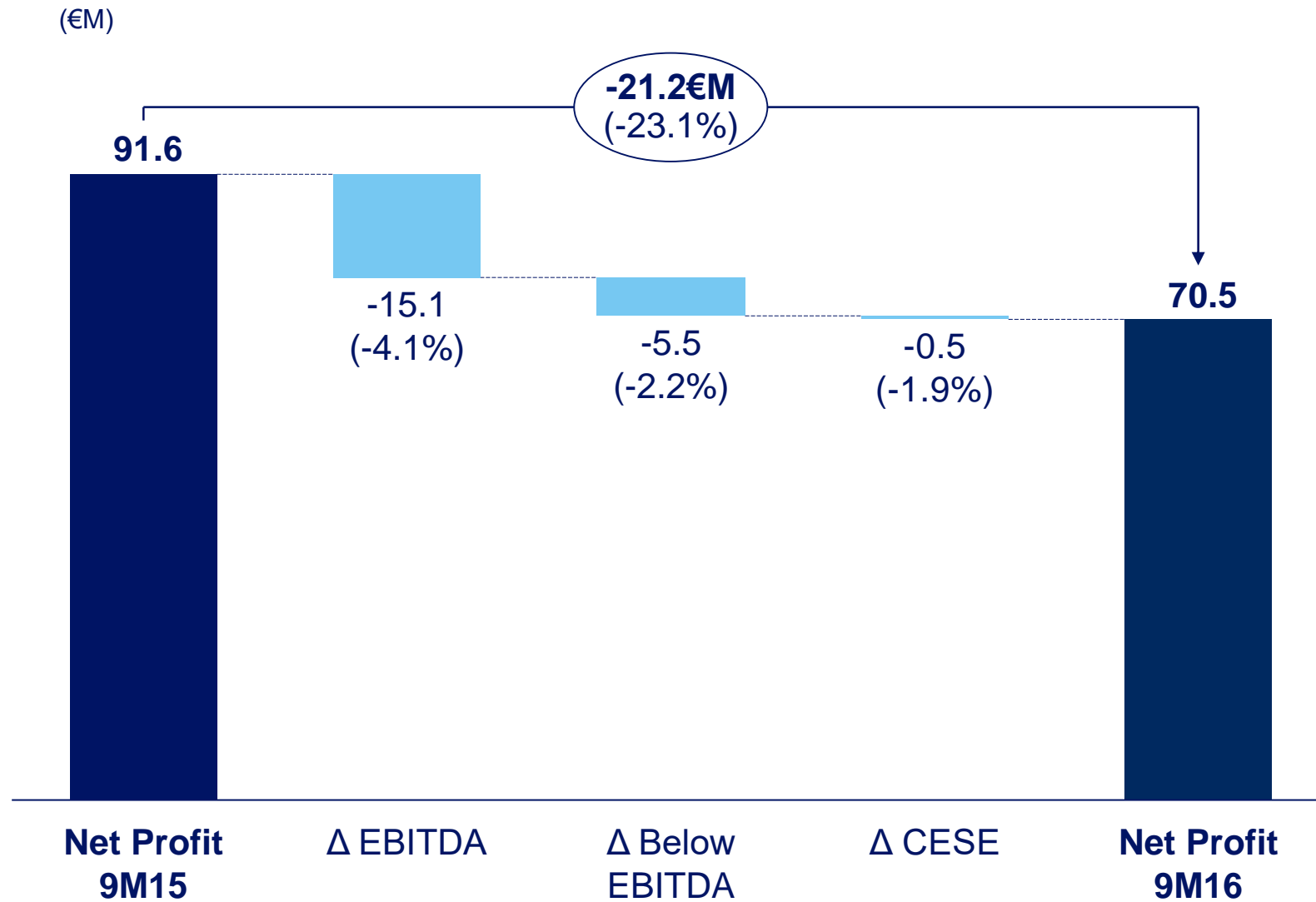


- ▶ **Average cost of debt** showed a significant drop throughout the current year (3.4% in 9M16, vs 4.1% in 2015);
- ▶ **FFO/Net Debt** was 11.5% (12.2% in 2015).

(1) Included tax payments (+€21.9M).

# NET PROFIT STOOD AT €70.5M

Despite the increase in Recurrent Net Profit of 3.3%



- ▶ REN presented a stable operating performance in line with expectations, displaying a small reduction in Operational Costs (Core OPEX) and an increase in Recurrent Net Income;
- ▶ In 7 October, REN issued a new tranche of notes (tap) of €200M, maturing in February 2025. This issue further optimized REN's funding sources and strengthened the Company's liquidity profile;
- ▶ In 17 October, Standard & Poor's (S&P) confirmed REN's rating to investment grade (BBB-, outlook positive). This reinforced REN's position as the Portuguese company with the best rating from all three major agencies;
- ▶ These operations are part of REN's ongoing financial strategy, although the special levy on energy companies continued to penalize REN's results.

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