



REN 2008 Annual Results

February 25th, 2009

2008 - A step forward in REN's life

2008 was signalled with a number of events which mark a new era in REN's existence:

- CAPEX reached its highest value ever with €313.5M: €268.1M in the electricity business, €45.1M in the gas business and €0.3M in corporate areas;
- The investment in the natural gas infrastructure in Portugal was resumed after almost one decade;
- In the last quarter of 2008 a new regulatory framework for the electricity business was announced bringing Portuguese electricity regulation closer to the Spanish one;
- REN reorganized its back-office activities with the launch of REN Serviços, to which 25% of REN's employees were transferred;

2008 - A step forward in REN's life (*cont.*)

- For the first time REN secured an international rating from the two main rating agencies and it is now the best rated company in the Portuguese stock exchange index PSI-20;
- The strategic partnership with Enagas took-off with the purchase of 1% of the Spanish gas grid operator;
- REN's debt restructuring started. The company issued the first €500M through its EMTN program, it obtained another €250M from the EIB and it renegotiated existing bank credit facilities, resulting in more liquidity and an increase in debt duration;
- In April, REN was reimbursed of its tariff deficit which enabled the company to reduce its debt level to €1.73B in December 2008.

Main financial data

(€M)	2007	2008	Δ%
Recurrent net income	87.8	94.8	+8.0%
Recurrent EBITDA	318.1	322.3	+1.3%
Non recurrent items	70.8	44.4	-37.3%
Net financial income	-77.5	-65.0	+16.1%
Income before taxes	187.4	171.9	-8.3%
Net income	145.2	127.4	-12.3%
Capex	249.8	313.5	+25.5%
Net debt	1 931	1 738	-10.0%
Average cost of debt	4.4%	4.8%	



2008 Main financial indicators (cont.)

- Recurrent Net income rose 8% in 2008 despite the reduction in hydro-land remuneration and the negative effect on revenues from the termination of almost all PPA's;
- Recurrent EBITDA increased 1.3% due to the growth in the electricity business' RAB.
- Financial income grew €12.5M mostly because of the reduction in debt related costs resulting from the reimbursement of the tariff deficit;

2008 Main financial indicators (cont.)

- Income before taxes was lower because of the following extraordinary events:

- . The termination of all but two PPA's during the second half of 2007 led to smaller commercial gains (from €16.5M in 2007 to €5.4M to 2008);

- . Several one-off events whose impact in income variation between 2007 and 2008 was (-) €26.4M.

Net Income was €127.4M, which corresponds to an EPS of €0.239.

- Net debt was reduced by €193M despite the high level of investment and because of the payment of the tariff deficit.

Income statement

(€M)	2007	2008	Δ%
Operational revenues	651.3	607.4	-6.7%
Sales and services provided	528.0	494.4	-6.4%
Other revenues	52.5	45.8	-12.8%
Non-recurrent revenues	70.8	67.2	-5.1%
Operational costs	386.4	370.5	-4.1%
External supplies and services	-145.5	-78.9	-45.8%
Personnel	-42.6	-49.7	16.7%
Depreciation	-123.9	-129.7	4.7%
Other costs	-74.4	-89.4	20.2%
Non recurrent costs	0.0	-22.8	n.a.
EBIT	264.9	236.9	-10.6%
Net financial income	-77.5	-65.0	16.1%
Income before taxes	187.4	171.9	-8.3%
Net income	145.2	127.4	-12.3%

Operational results

(€M)	2007	2008	Δ%
Sales and services provided	528.0	494.4	-6.4%
Return on non-land RAB*	158.7	164.7	3.8%
Recovery of OPEX and depreciation	312.0	258.3	-17.2%
Interest on tariff deficit/deviation	21.9	13.4	-38.8%
Commercial gains	16.5	5.4	-67.3%
Other tariff recognized costs	33.8	112.2	232.0%
Other services provided *	4.6	6.3	37.0%
Deviations and smoothing mechanism	-19.5	-65.7	+236.9%
Other operational revenues **	52.5	45.8	-12.8%
Non recurrent revenues	70.8	67.2	-5.1%
Operational revenues	651.3	607.4	-6.7%

* - Other services provided includes non regulated income such as OMIP/OMICLEAR and RENTelecom

** - Other operational revenues includes the depreciation of investment subsidies, profits from joint ventures and land remuneration

Operational costs

(€M)	2007	2008	Δ%
External supplies and services	145.5	78.9	-45.8%
Systems services	53.8	1.5	-97.2%
PPA's costs	21.8	-	-
Other external supplies and services	69.9	77.4	10.7%
Personnel	42.6	49.7	16.7%
Depreciations	123.9	129.7	4.7%
Other operational costs	48.6	89.4	84.0%
Remaining PPA's costs	35.5	69.0	94.4%
Other	12.8	14.5	13.5%
Provisions	25.8	22.8	-11.6%
Operational costs	386.4	370.5	-4.1%

Operational Income analysis

- Sales and services reached €494.4M. The reduction of €33.6M was due to the fact that system services are now borne directly by market players and commercial gains are smaller;
- In External supplies and services reached €78.9M; Personnel €49.7M and Depreciation €129.7M;
- When compared with 2007 the reduction in external supplies and services reflects the reduction in system services costs, which are no longer a revenue nor a cost since the second half of 2007 ;

Operational Income analysis (cont.)

- Depreciation in the electricity business grew 7.3%, when compared with 2007, due to the growth in new investment which entered operation in 2008. In the gas business because no new investments were finished, depreciation didn't vary.
- Other operational costs rose significantly after the termination of the PPA's and the liberalization of the electricity market in Portugal in the 2nd half of 2007. On that occasion the costs of the remaining two PPA's became a cost and a revenue in REN's accounts.
- A provision of €28.1M were created to reflect tariff deviations that will have to be returned to the tariff by REN in 2010.

Average RAB and CAPEX

Investment grew 25% while RAB grew only 3%. The difference arises from the fact that most of the gas projects will only be operational near the end of the first half of 2009, when the gas-year ends.

The increase in electricity RAB is similar to the increase in investments since there are always a great number of projects running simultaneously.

(€M)	2007	2008	Δ%
Total Average RAB	2 524.5	2 599.9	3.0%
Electricity	1 174.1	1 297.7	10.5%
Hydro land	393.4	378.6	-3.8%
Gas	957.0	923.6	-3.5%
Capex	249.8	313.5	25.5%
Electricity	243.4	268.1	10.1%
Gas	6.0	45.1	651.7%
Other	0.4	0.3	-24.1%



Breakdown of recurrent EBITDA between main business areas

Electricity's recurrent EBITDA grew by 10.1%, reflecting assets growth. Gas recurrent EBITDA didn't grow since the investments being made were still not finished.

(€M)	2007	2008
ELECTRICITY		
Sales and services provided	364.5	347.0
Other recurrent revenues	39.9	29.8
External supplies and services	-107.7	-43.6
Personnel	-28.9	-32.9
Depreciation	-78.9	-84.7
Other recurrent costs	-73.1	-85.8
Recurrent EBITDA	194.8	214.5

(€M)	2007	2008
GAS		
Sales and services provided	139.3	142.8
Other recurrent revenues*	18.0	20.7
External supplies and services	-35.8	-41.8
Personnel	-10.4	-11.3
Depreciation	-44.4	-44.3
Other recurrent costs	-3.2	-3.4
Recurrent EBITDA	107.9	107.0

- Profits from the Enagás *joint ventures* are included in other recurrent revenues.
- Important note: the data above reflects no consolidation between group companies

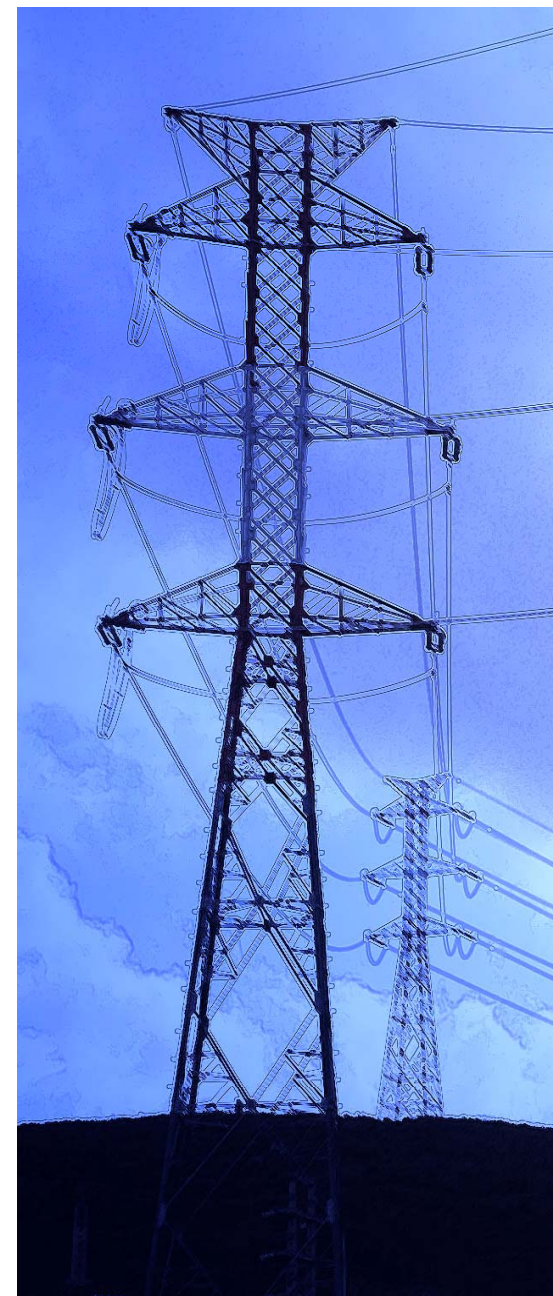
Breakdown of sales and services provided

(€M)	Electricity	Gas
Sales and services provided	347.0	142.8
Return on non-land RAB *	90.8	73.9
Recovery of OPEX and depreciation	161.2	97.4
Interest on tariff deficit/deviation	13.4	0.0
Commercial gains	5.4	0.0
Other tariff recognized costs **	85.8	3.4
Other services provided	29.8	20.7
Deviations and smoothing mechanism	-39.4	-52.6

* - Land remuneration was €9.4M and is accounted for as Other Operational Revenues

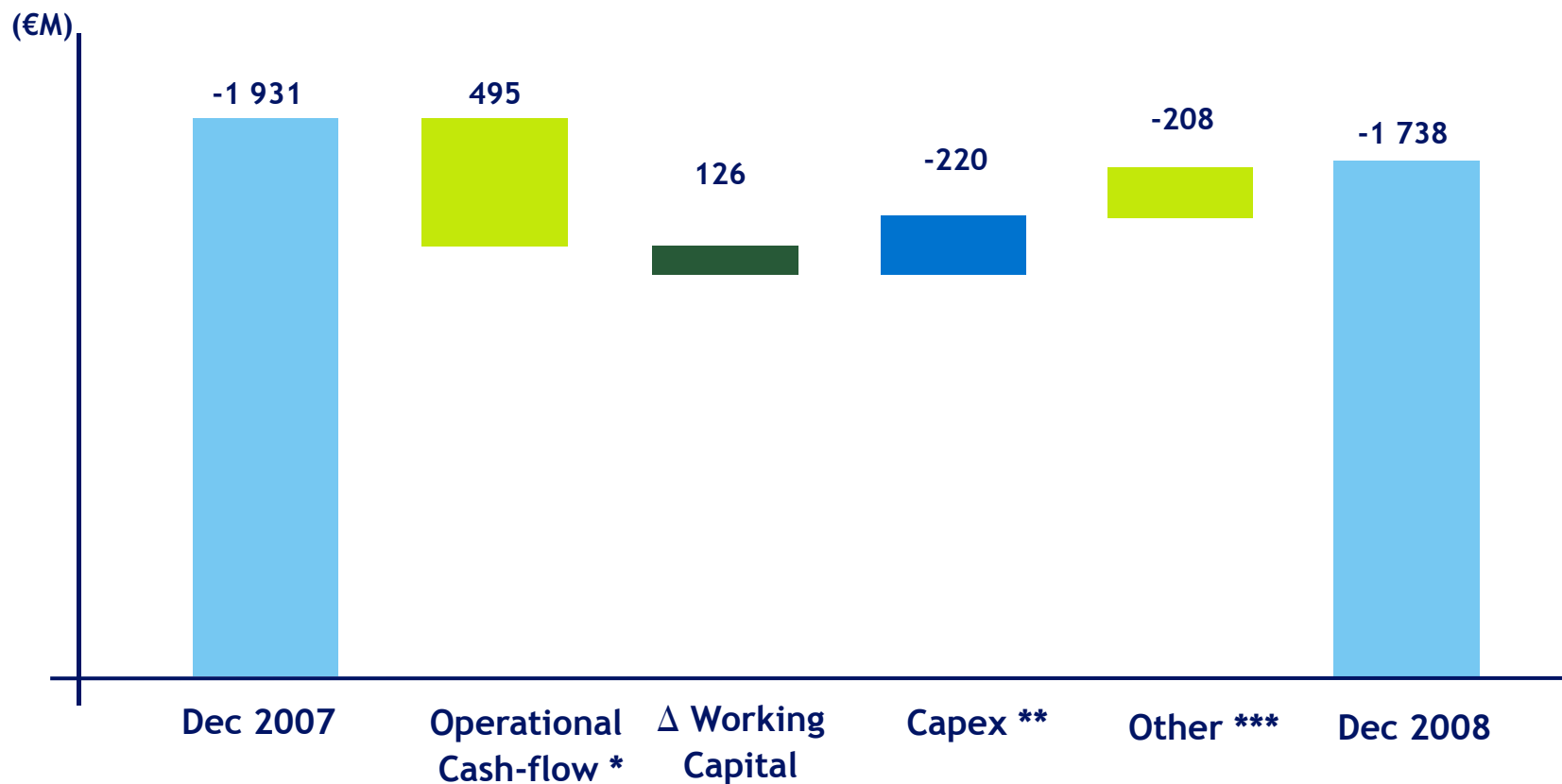
** - Includes, among other costs, the PPA's costs

Important note: the data above reflects no consolidation between group companies



Net Debt

Net debt had a significant reduction due to the prepayment of the tariff deficit in April.

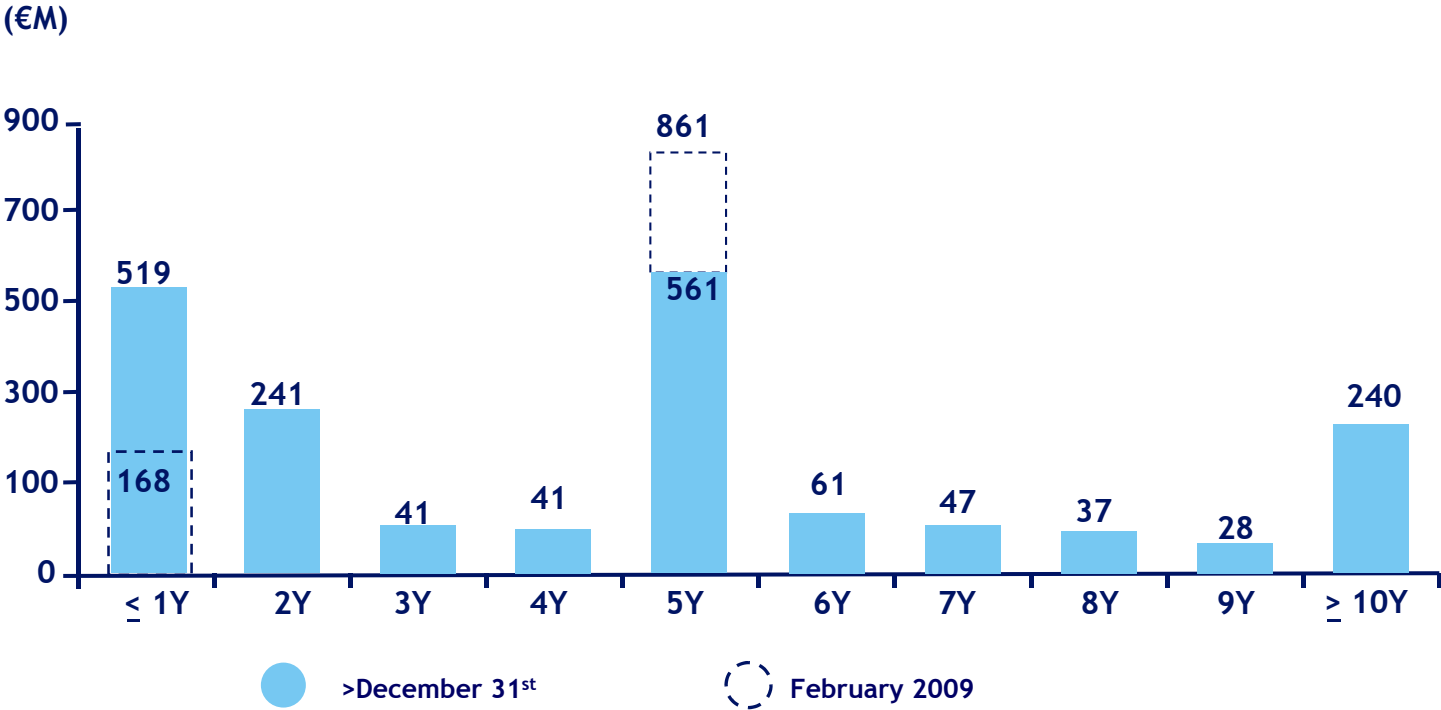


* - Operational cash - flow = Operational income + Depreciation + Provisions

** - Includes purchase of stake in ENAGAS *** - Includes payment of net financial costs and dividends paid

Debt maturity profile

After the 5 year bond issue and the new EIB loan, REN's debt duration increased.

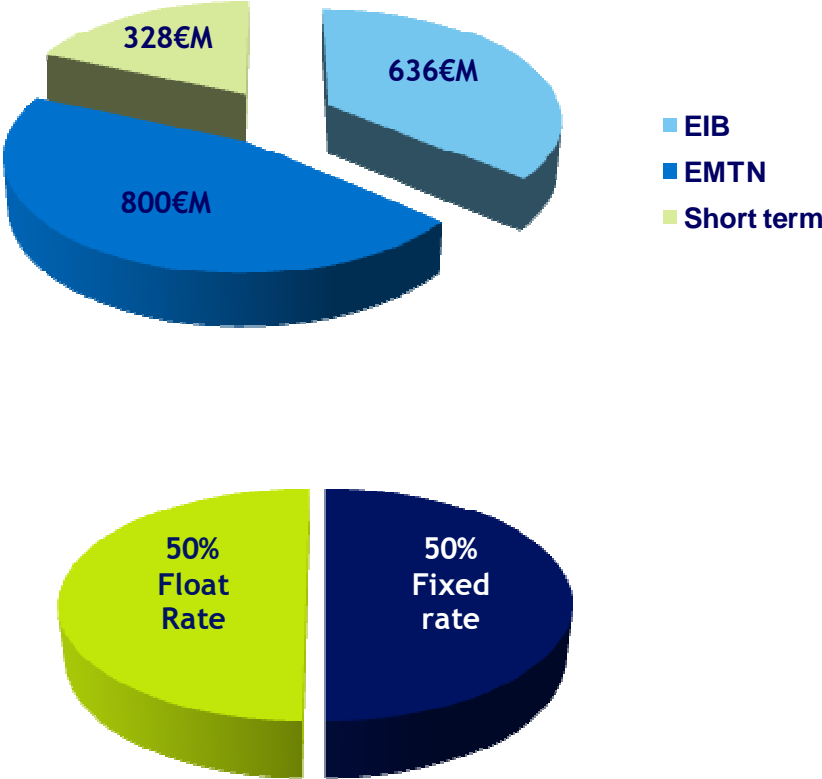


In February 2009, REN raised an additional €300M through a tap of its existing 5 year bond issue, to substitute short term debt.



Debt breakdown

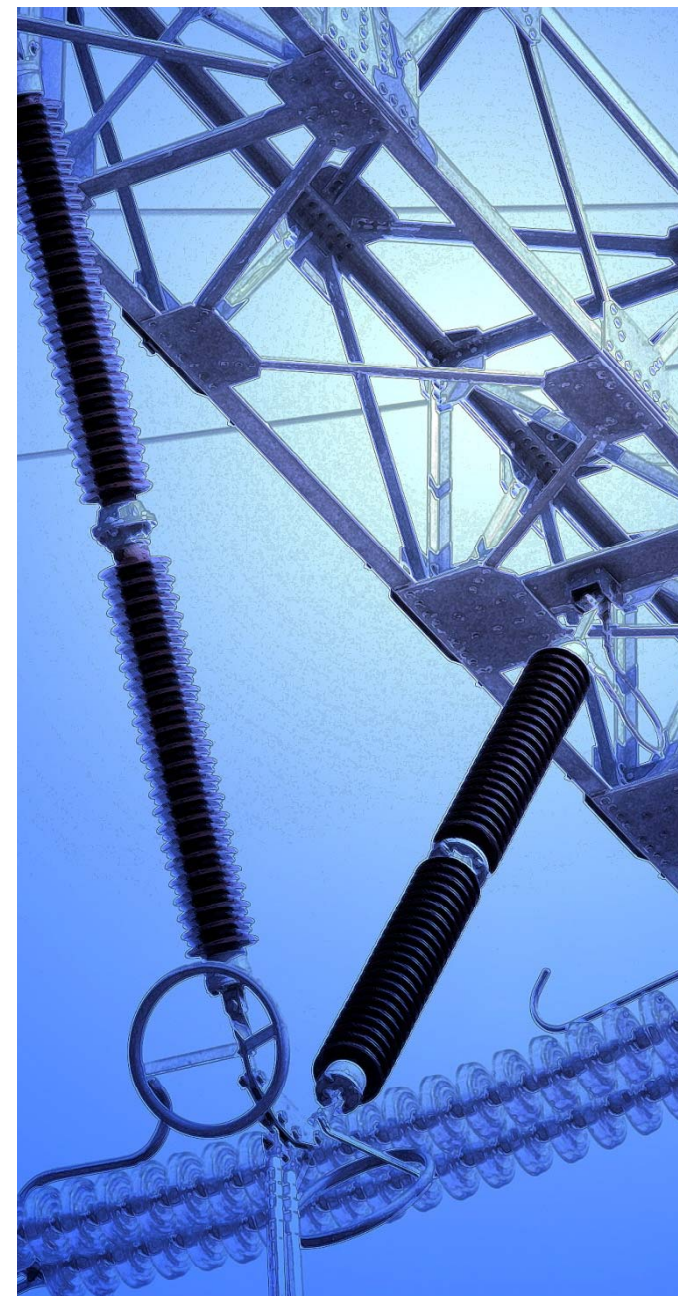
February 2009



Tariff Deficit (Regulatory GAAP)

The tariff deviation at the end of the year totalled €83.5M (Portuguese GAAP), this deviation will be paid back over two years. Nevertheless only €19M will be accounted for as revenues in the P&L (GUS and TEE deviations).

(M€)	Dez 07	Dez 08
Hydro-land deficit (1999-2003)	152.3	0.0
Low voltage tariff cap	313.9	0.0
Sub-total	466.2	0.0
Deviations	57.9	83.5
Total	524.1	83.5



Appendix 1

Fourth Quarter Figures

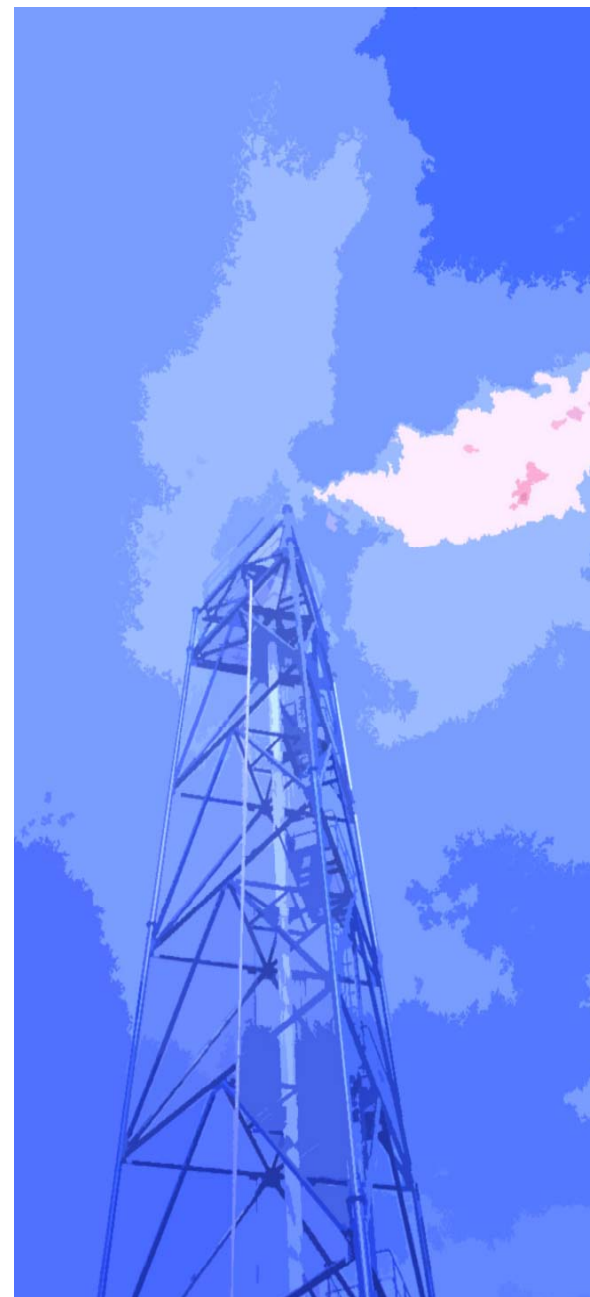
4Q08 main financial indicators

3Q08	(€M)	4Q07	4Q08	Δ%
48.2	EBIT	21.0	44.3	111.0%
80.4	Recurrent EBITDA	79.1	77.3	-2.3%
9.8	Financial Profit	1.5	2.7	80.0%
-24.3	Financial Cost	-22.5	-20.4	-9.3%
-14.5	Net financial income	-21.0	-17.8	-15.2%
33.9	Income before taxes	0.0	26.6	
-8.5	Income Tax	0.3	-7.3	
25.3	Net Income	0.4	19.3	



4Q08 detailed EBIT

3Q08	(€M)	4Q07	4Q08	Δ%
125.1	Operational Revenues	174.3	144.3	-17.2%
121.8	Sales and services provided	178.7	126.1	-29.4%
3.3	Other revenues	21.1	18.2	-13.7%
	Non-recurrent revenues	-25.5		
-76.9	Operational Costs	-153.4	-100.0	-34.8%
-16.8	External supplies and services	-50.4	-28.5	-43.5%
-11.5	Personnel	-9.9	-12.7	28.3%
-32.1	Depreciation	-32.6	-33.0	1.2%
-16.5	Other costs	-60.5	-25.8	-57.4%
	Provisions	0.0	0.0	0.0%
48.2	EBIT	20.9	44.3	112.0%



4Q08 recurrent EBIT from gas and electricity

(€M)	4Q07	4Q08
ELECTRICITY*		
Sales and services provided	123.5	87.1
Other recurrent revenues	21.1	15.0
Operating Revenues	144.7	102.1
External supplies and services	-41.1	-15.4
Personnel	-6.8	-9.8
Depreciation	-20.7	-21.7
Other recurrent costs	-61.8	-24.5
Recurrent EBITDA	35.0	52.4

	4Q07	4Q08
GAS		
Sales and services provided	34.6	37.5
Other recurrent revenues *	4.3	4.7
Operating Revenues	38.9	42.2
External supplies and services	-11.4	-13.1
Personnel	-1.9	-2.6
Depreciation	-11.7	-11.1
Other recurrent costs	-0.9	-0.9
Recurrent EBITDA	24.7	25.6

* - Profits from the Enagás *joint ventures* are included in other recurrent revenues.

- Important note: the data above reflects no consolidation between group companies

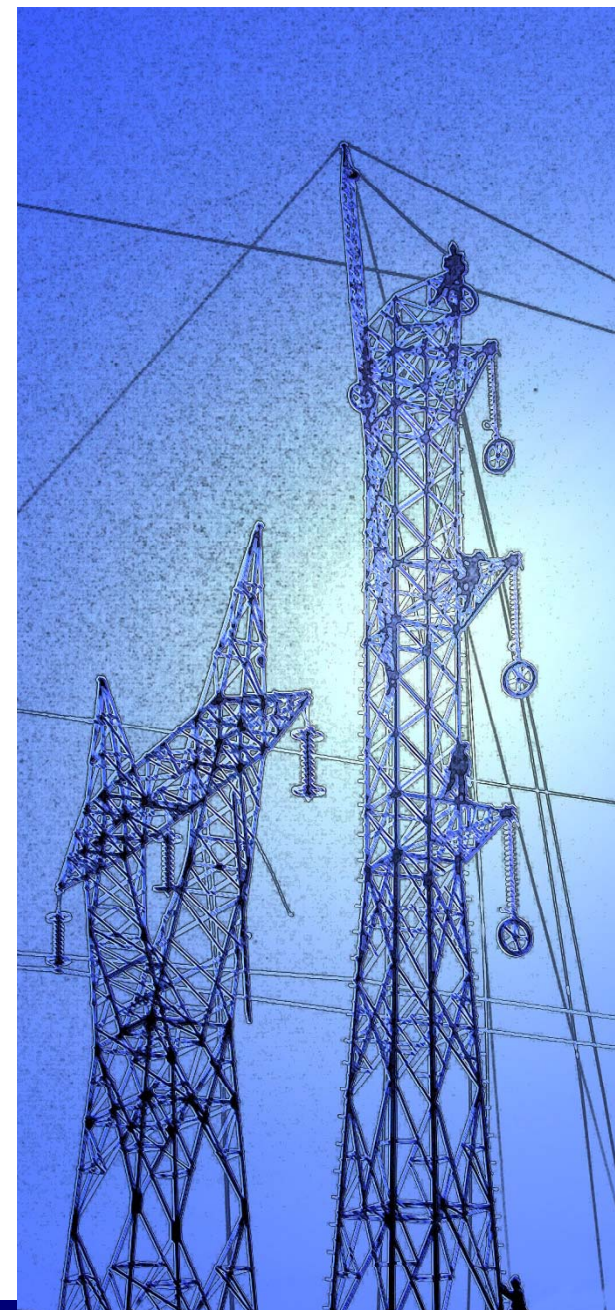
4Q08 breakdown of sales and services

(€M)	Electricity	Gas
Sales and services provided	87.1	37.5
Return on non-land RAB *	24.3	18.2
Recovery of OPEX and depreciation	46.9	26.8
Interest on tariff deviation	-0.4	0.0
Commercial gains	1.1	0.0
Recovery of other costs **	24.5	0.9
Other services provided	28.9	20.7
Deviations and smoothing mechanism	-38.2	-29.1

* - Land remuneration was €2.3M and is accounted for as Other Operational Revenues

** - Includes, among other costs, the PPA's costs

-Important note: the data above reflects no consolidation between group companies



Appendix 2

Income Statement and Balance Sheet

Income Statement

	As at 31 December	
	2008	2007
Sales of goods	437	242
Services provided	493,994	554,450
Operating revenue	494,431	554,692
Cost of goods sold	(530)	(284)
External supplies and services	(78,889)	(145,466)
Employee compensation and benefit expense	(49,739)	(42,619)
Depreciation and impairment charges	(129,721)	(123,919)
Provisions for liabilities and charges	(27,971)	14,878
Share of (loss)/profit of joint ventures	9,142	8,896
Other expenses	(83,545)	(48,282)
Other income	103,778	47,060
Operating profit	236,955	264,957
Finance costs	(90,338)	(82,813)
Investment income - dividends	2367	33
Finance income	22,996	5,284
Profit before income taxes	171,980	187,461
Income tax expense	(44,552)	(42,253)
Profit for the year	127,427	145,208
Attributable to:		
Equity holders of the Company	127,405	145,150
Minority interest	22	58
	127,427	145,208
Earnings per share attributable to the equity holders of the company during the year (expressed in euro per share)		
- basic	0.24	0.27
- diluted	0.24	0.27

Thousands of Euros

Balance Sheet

ASSETS	As at 31 December		EQUITY	As at 31 December	
	2008	2007		2008	2007
Non-current assets			Capital and reserves attributable to equity holders of the Company		
Property, plant and equipment	2,847,243	2,654,320	Share capital	534,000	534,000
Goodwill	3,774	3,774	Own Shares	(6,619)	
Investment properties	328,680	427,599	Other reserves	164,160	152,591
Interest in joint ventures	9,716	9,025	Retained earnings	192,156	174,033
Deferred income tax assets	46,147	19,416	Profit for the year attributable to equity holders of the Company	127,405	145,150
Available-for-sale financial assets	86,924	59,567		1,011,102	1,005,774
Trade and other receivables	90,393	100,264			
	3,412,876	3,273,965		1,011,102	1,005,774
Current assets			Minority interest	574	555
Inventories	8,364	3,073	Total equity	1,011,676	1,006,329
Trade and other receivables	263,856	511,457			
Income tax receivable	-	15,354	LIABILITIES		
Guarantee deposits	35,604	39,765	Non- current liabilities		
Derivative financial instruments	876		Borrowings	1,298,530	687,169
Cash and cash equivalents	101,431	125,920	Deferred income tax liabilities	92,333	178,345
	410,131	695,569	Retirement and other benefits obligations	45,198	28,016
			Provisions for other liabilities and charges	33,524	30,853
			Trade and other payables	351,060	280,585
				1,820,645	1,204,968
Total assets	3,823,007	3,969,534	Current liabilities		
			Borrowings	541,026	1,369,905
			Provisions for other liabilities and charges	25,300	
			Trade and other payables	296,426	288,778
			Income tax payable	92,331	59,789
			Guarantee deposits	35,604	39,765
				990,686	1,758,237
			Total liabilities	2,811,331	2,963,205
			Total equity and liabilities	3,823,007	3,969,534

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