

RESULTS PRESENTATION

9M19

15th November

REN 

9M19 HIGHLIGHTS

- ▶ EBITDA for the period stood at €368.0M, 2.7% (€10.4M) lower than the same period of the previous year. As expected, this was mainly due to the decrease in rates of return, following the drop in the Portuguese bond yield and the reduction in the Regulated Asset Base;
- ▶ Net Profit and Recurrent Net Profit amounted to €86.3M (-5.0%) and €110.7M (-1.6%), respectively. Financial Results (-€39.4M) impacted the results positively, benefiting from the decrease in Net Debt (-€57.4M) and the continuing decline in the average cost of debt (2.2% in 9M19, from 2.3% in 9M18). Taxes reached €42.0M, less 0.9% when compared with last year. Nevertheless, the payment of the extraordinary energy sector levy (CESE) penalized REN's results (€24.4M in 2019), raising the effective tax rate to 39.5%;
- ▶ CAPEX rose by 64.1% to €110.3M while Transfers to RAB increased by 84.8% to €60.1M. Both benefited from more investment in the electricity business, which represented 79.3% and 72.2% of the total, respectively;
- ▶ On October 01st, REN acquired the entire share capital of Transemel, for 168.6 million USD. This transaction was supported by debt. Since the announcement of this acquisition, all three major rating agencies have reaffirmed REN's rating at investment grade level. Despite this acquisition, Portugal continues to be REN's main target and natural market.

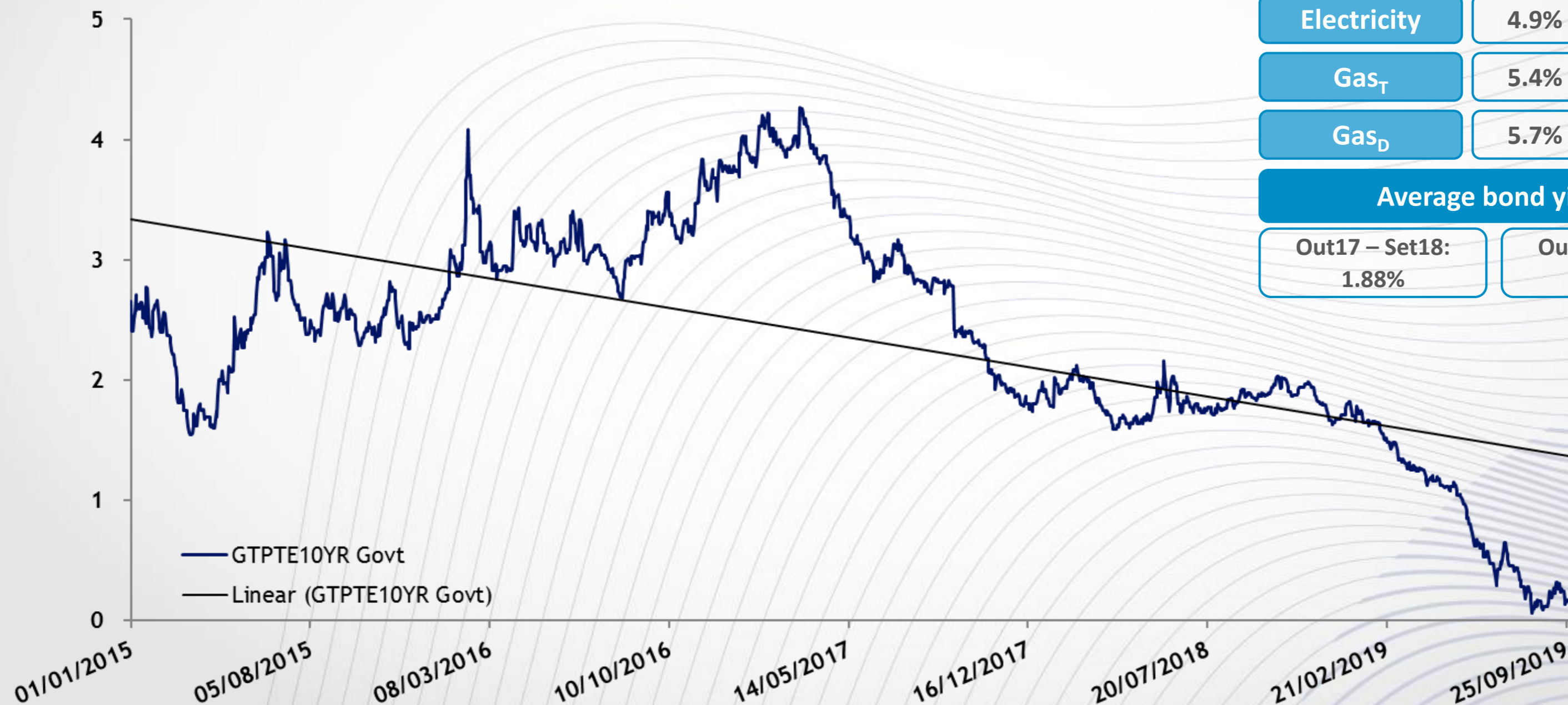
RESULTS AT A GLANCE

€M	3Q19	9M19	9M18	Δ%	Δ Abs.
EBITDA	120.6	368.0	378.4	-2.7%	-10.4
Financial Results	-12.6	-39.4	-43.5	9.3%	4.0
Net Profit	35.3	86.3	90.9	-5.0%	-4.5
Recurrent Net Profit	35.3	110.7	112.5	-1.6%	-1.8
Average RAB	3,717.8	3,717.8	3,835.2	-3.1%	-117.3
CAPEX	60.4	110.3	67.2	64.1%	43.1
Net Debt	2,586.5	2,586.5	2,643.8	-2.2%	-57.4

SOVEREIGN DEBT RISK OF PORTUGAL

Yields have decreased significantly throughout 2019

PT 10Y Treasury Bond Yields

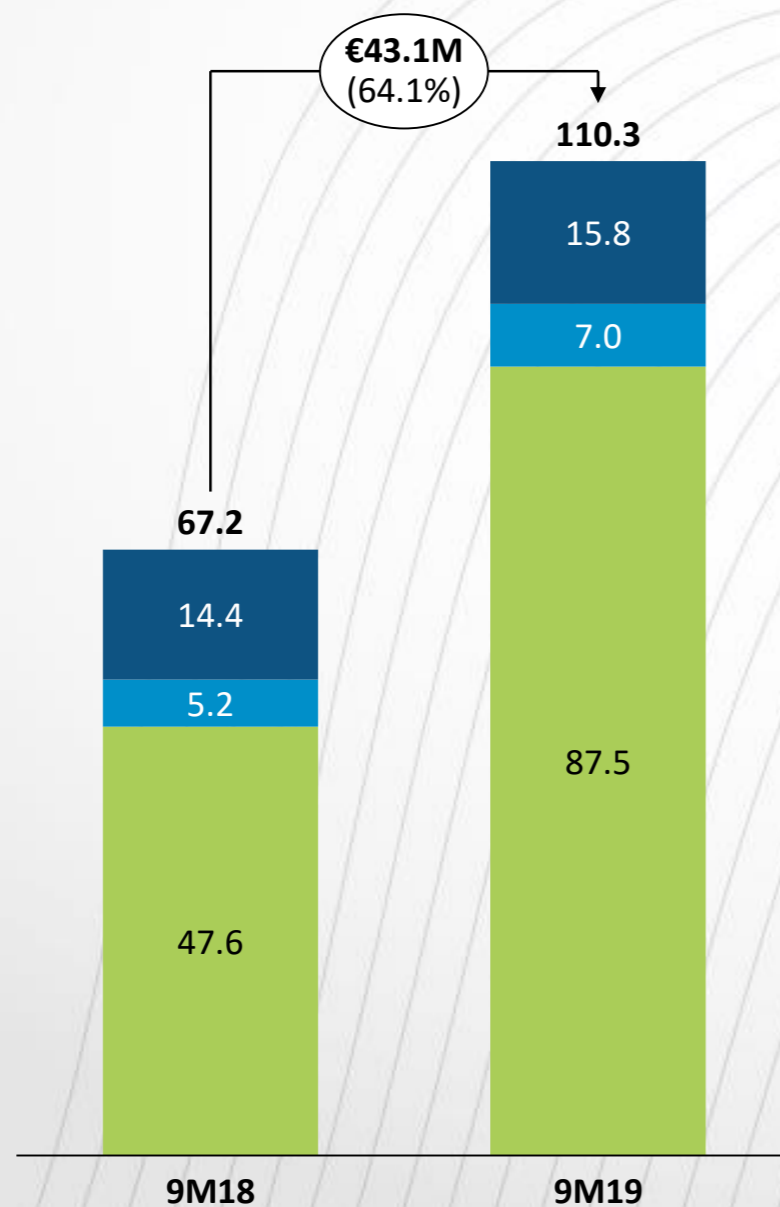


BASE RoR	9M19	9M18
Electricity	4.9%	5.2%
Gas _T	5.4%	5.5%
Gas _D	5.7%	5.8%
Average bond yield		
Out17 – Set18:	Out18 – Set19:	
1.88%	1.16%	

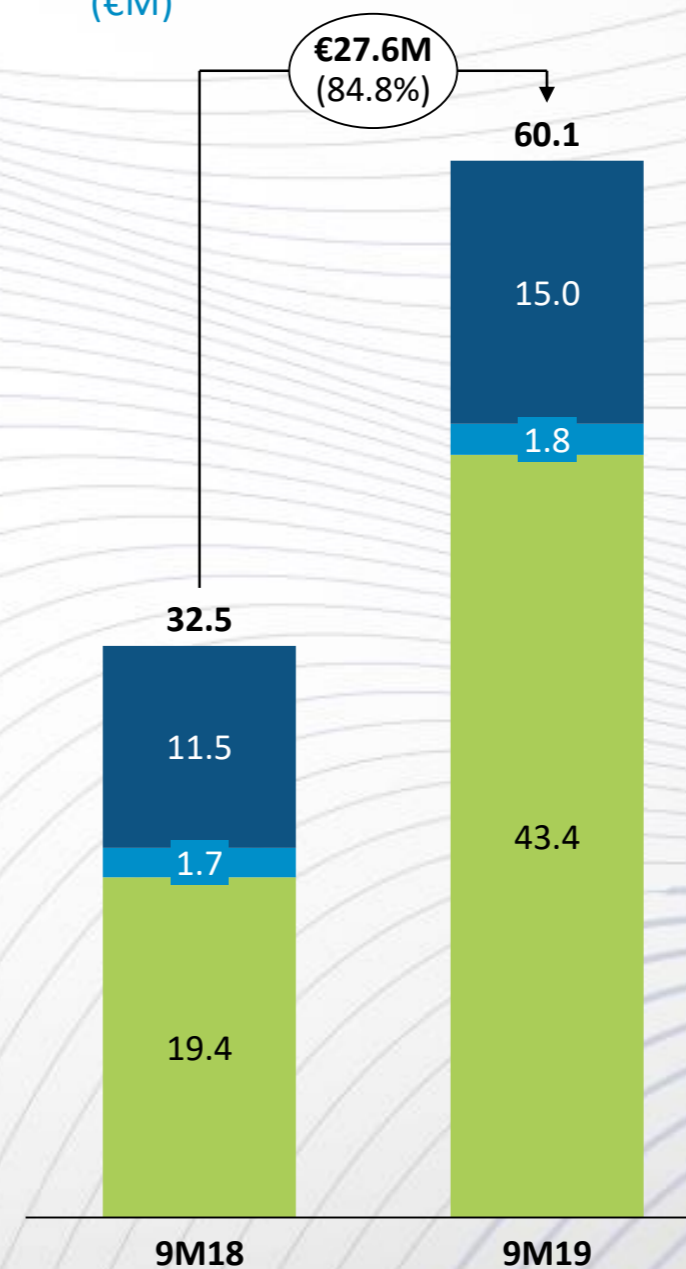
Source: Bloomberg, Bank of Portugal, REN.

CAPEX AND TRANSFERS TO RAB ROSE BY €43.1M AND €27.6M, RESPECTIVELY

CAPEX
(€M)



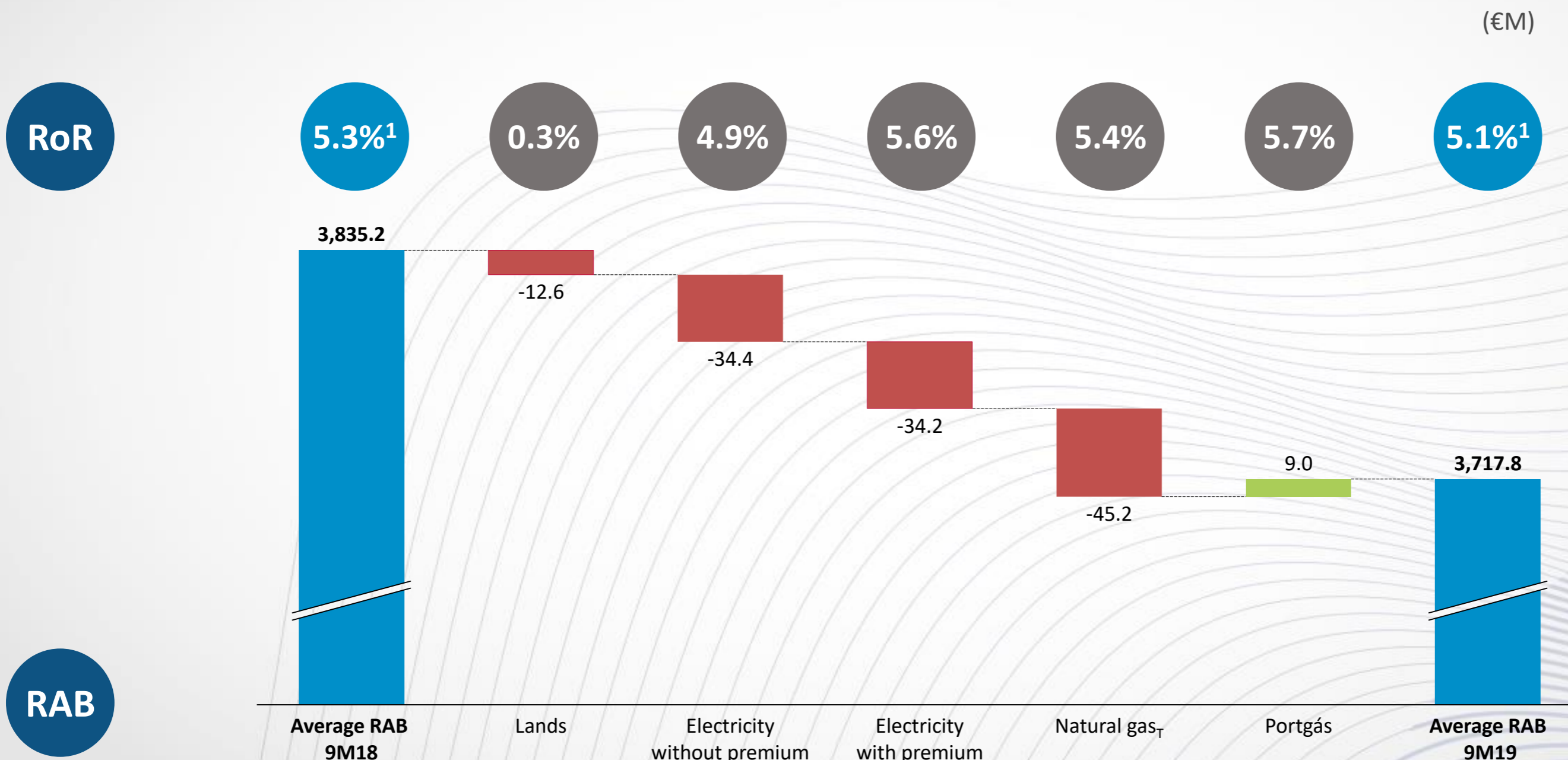
TRANSFERS TO RAB
(€M)



- Portgás
- Natural gas transportation
- Electricity

AVERAGE RAB DECREASED BY 3.1%

Despite the €9.0M rise in Portgás



RAB

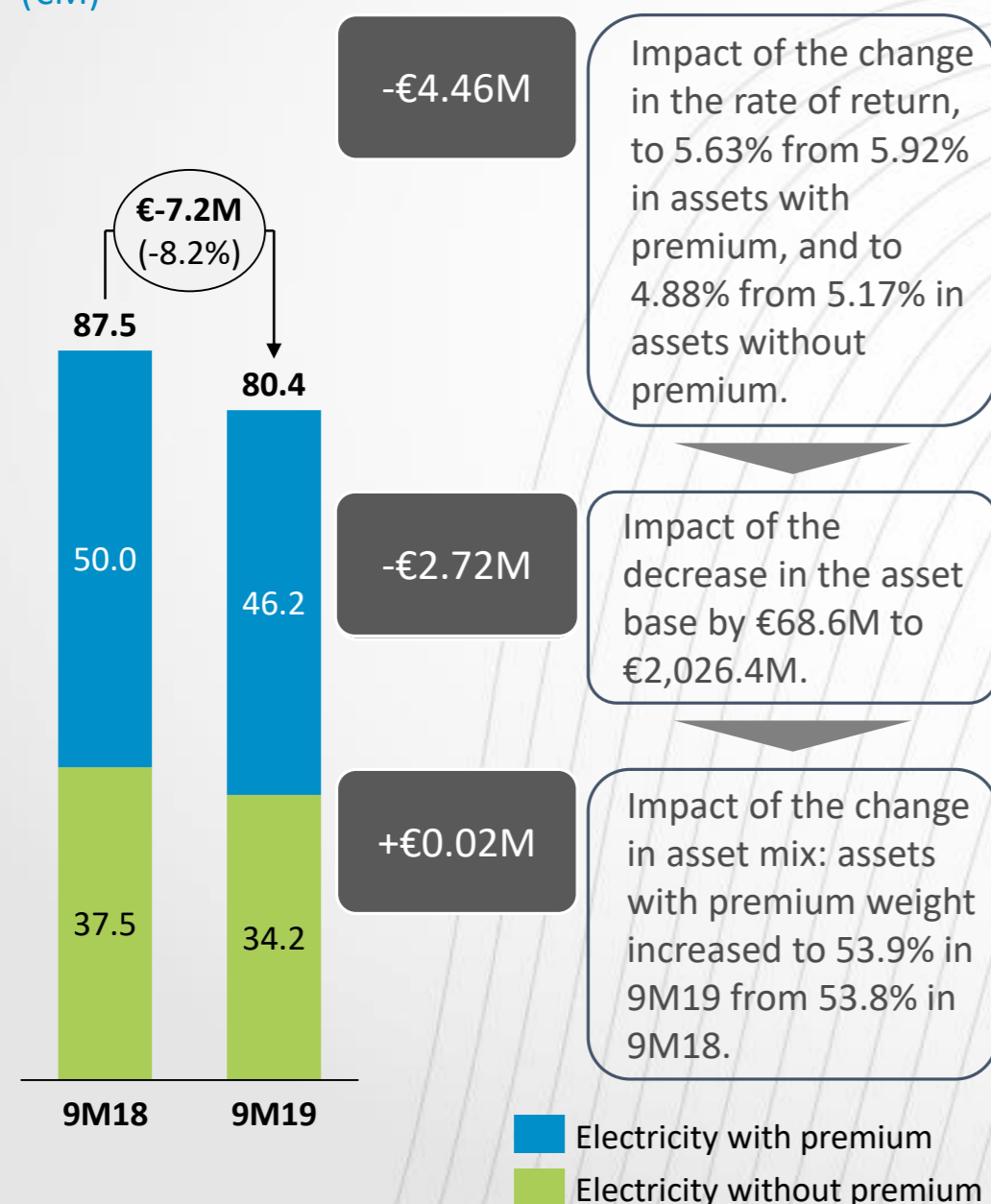
1) RoR is equal to the specific asset remuneration, divided by the average RAB.

RAB REMUNERATION DECLINED BY 6.7%

Following the reduction in RoR and RAB (excluding Portgás)

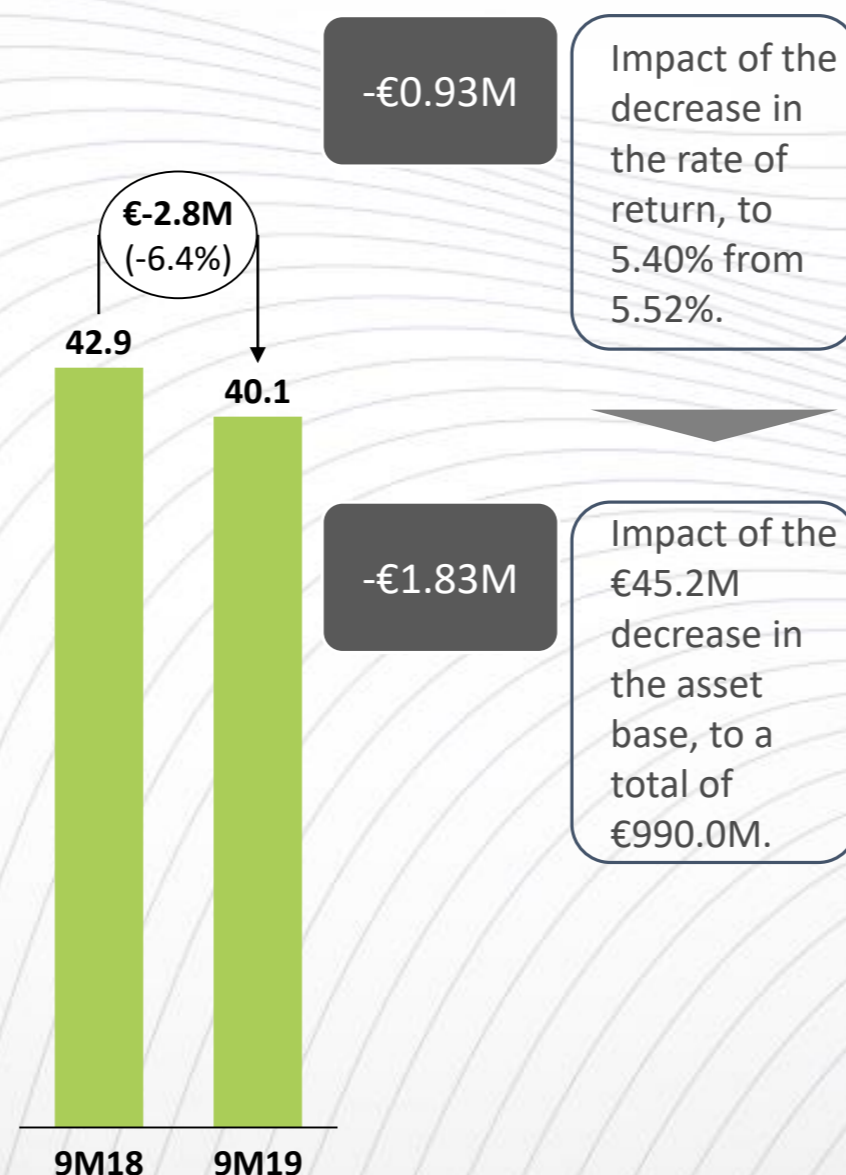
RAB REMUNERATION ELECTRICITY

(ex. Lands)
(€M)



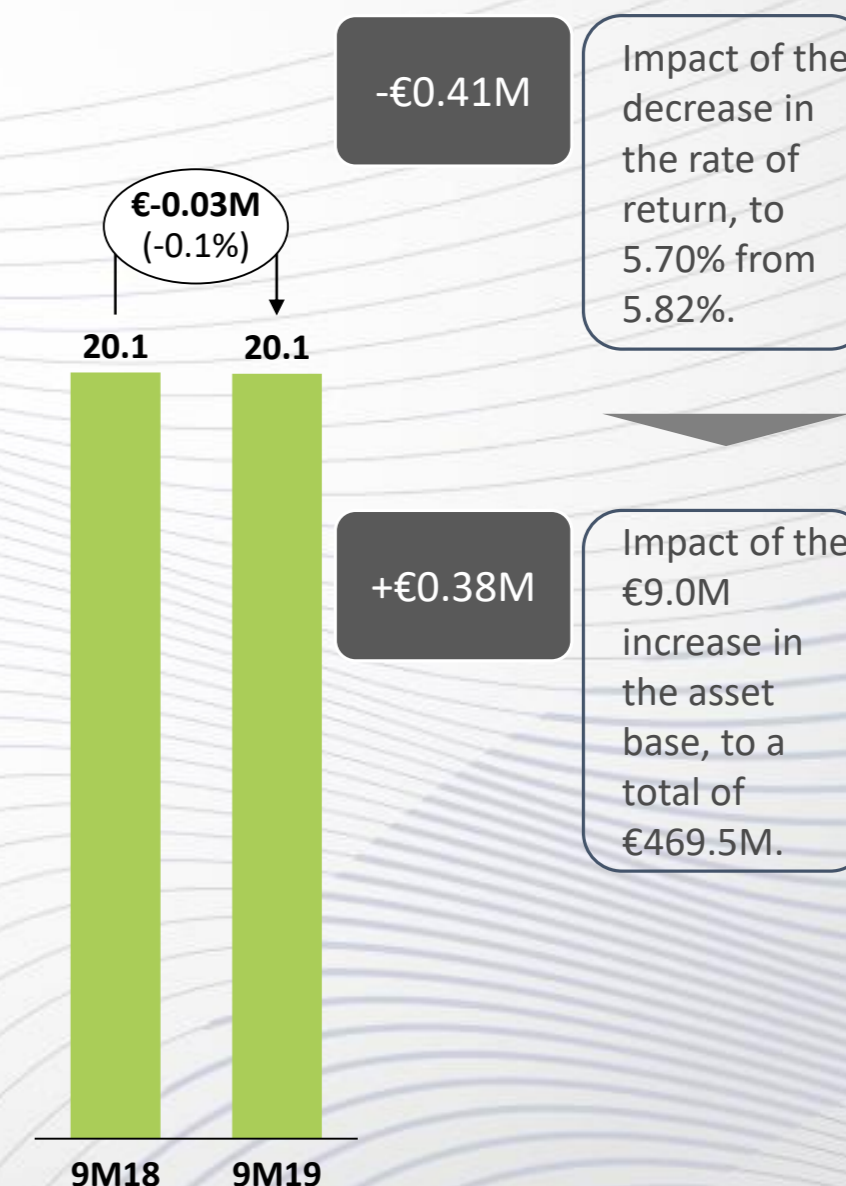
RAB REMUNERATION NATURAL GAS_T

(€M)



RAB REMUNERATION PORTGÁS

(€M)

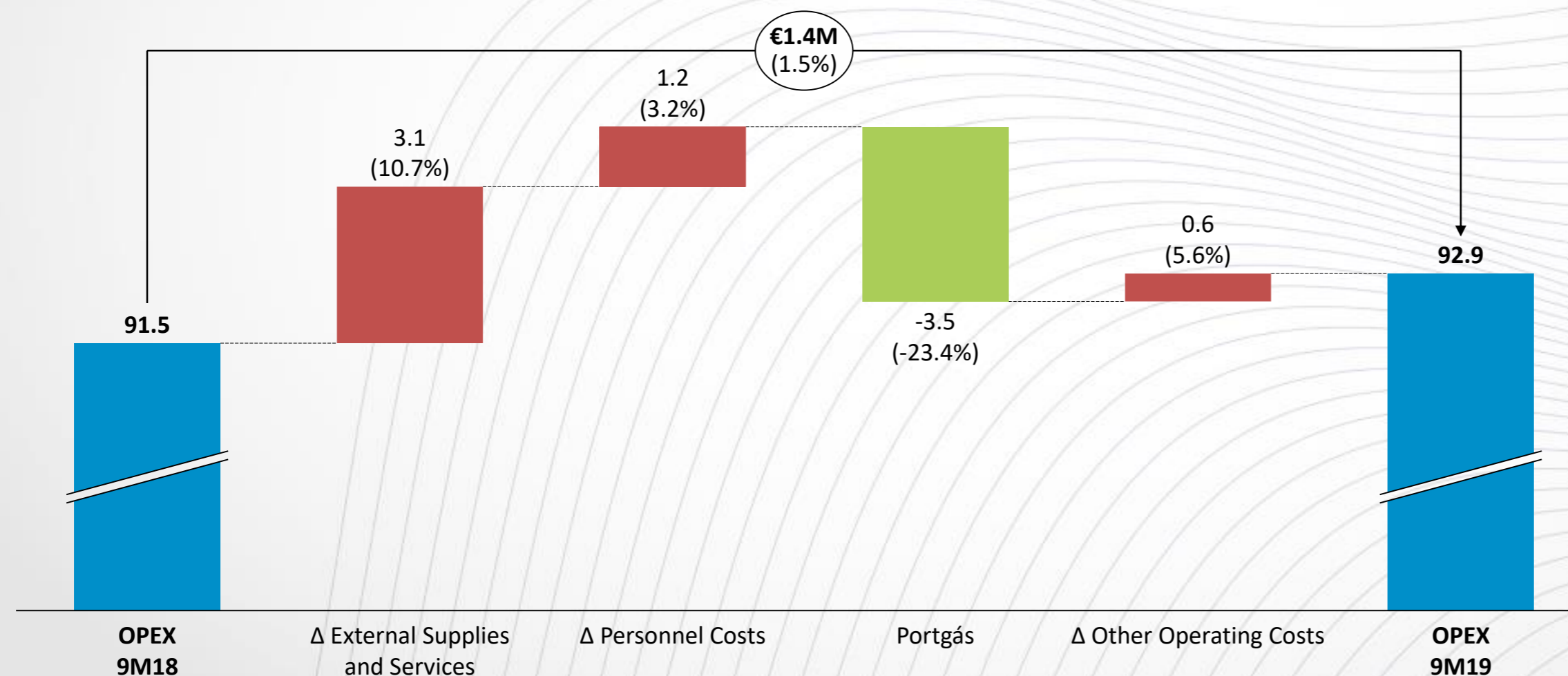


OPERATIONAL COSTS INCREASED BY €1.4M

Of which €2.5M were pass-through

OPERATIONAL COSTS

(€M)

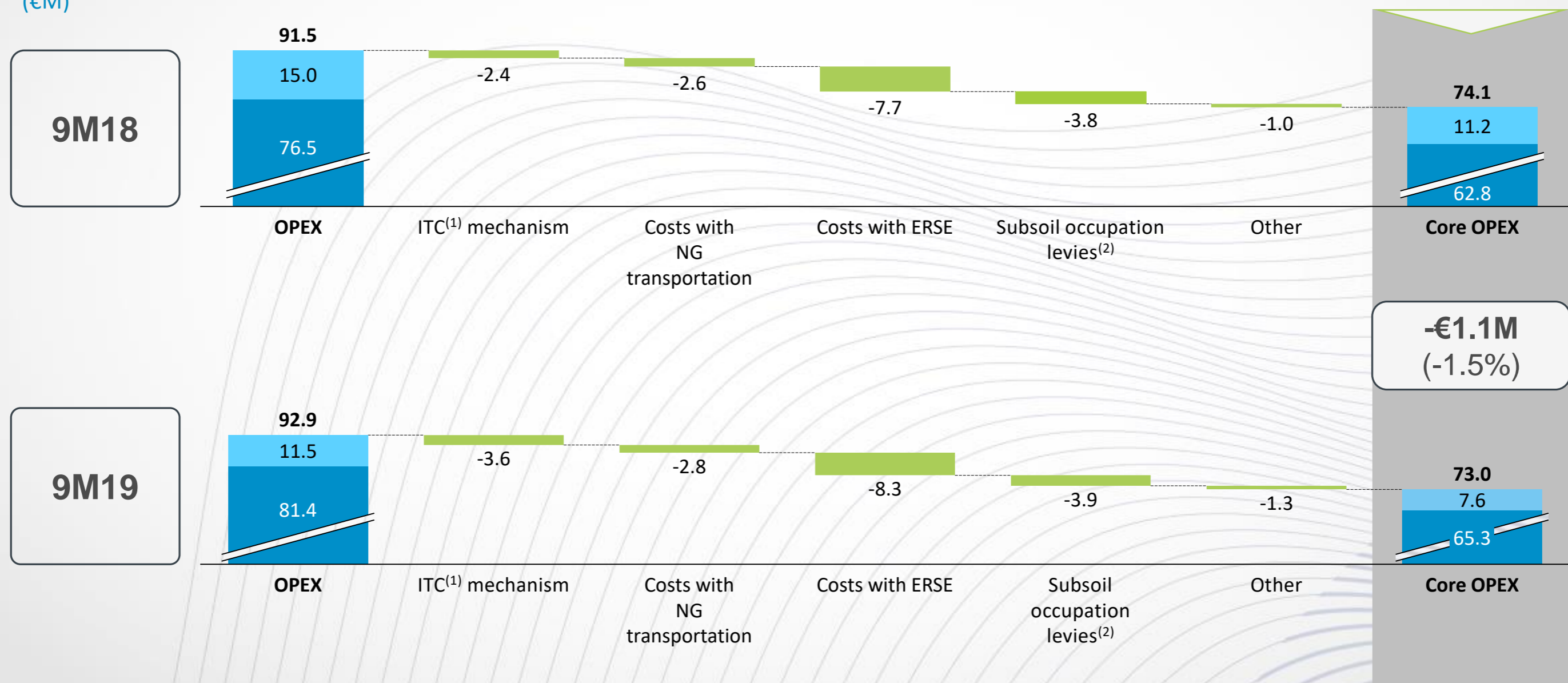


- ▶ Regarding the transmission business, External Supplies and Services included higher forest clearing costs, as a result of more demanding legislation, and higher electricity costs in the LNG Terminal, due to higher activity.

CORE OPEX WAS €1.1M LOWER YOY

Portgás had a €3.6M positive evolution

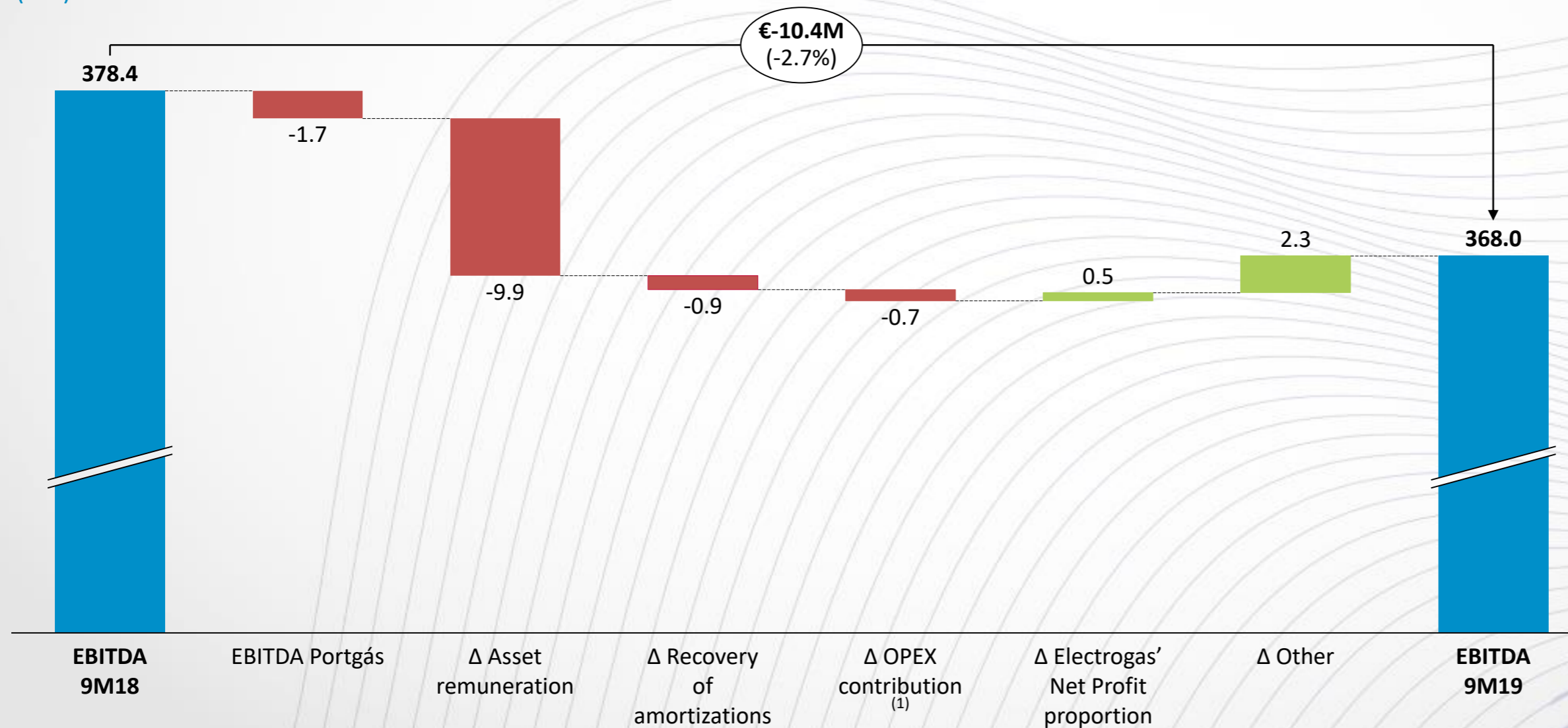
CORE OPEX (€M)



(1) ITC - Inter Transmission System Operator Compensation for Transits;
 (2) Item related to Portgás.

EBITDA WAS MAINLY PENALIZED BY LOWER TRANSMISSION ASSETS' REMUNERATION

EBITDA
(€M)

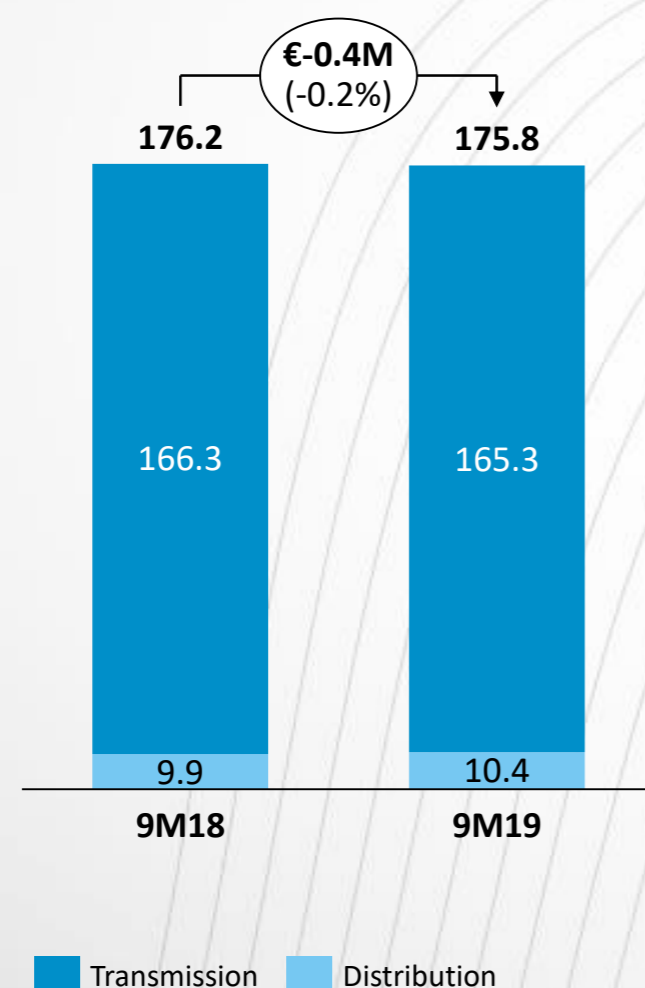


(1) Includes -Δ€0.08M of OPEX own works.

BELOW EBITDA

Financial Results were strengthened by lower Net Debt and average cost of debt

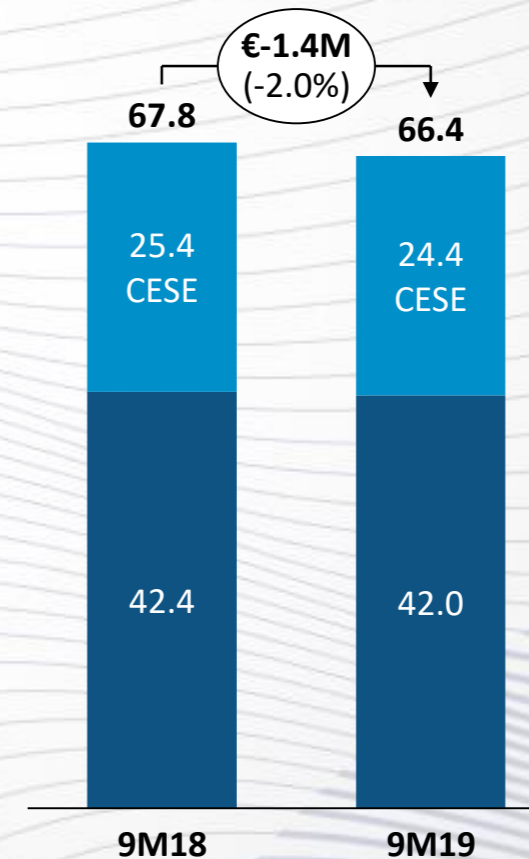
DEPRECIATIONS AND AMORTIZATIONS
(€M)



FINANCIAL RESULTS⁽¹⁾
(€M)



TAXES⁽²⁾
(€M)



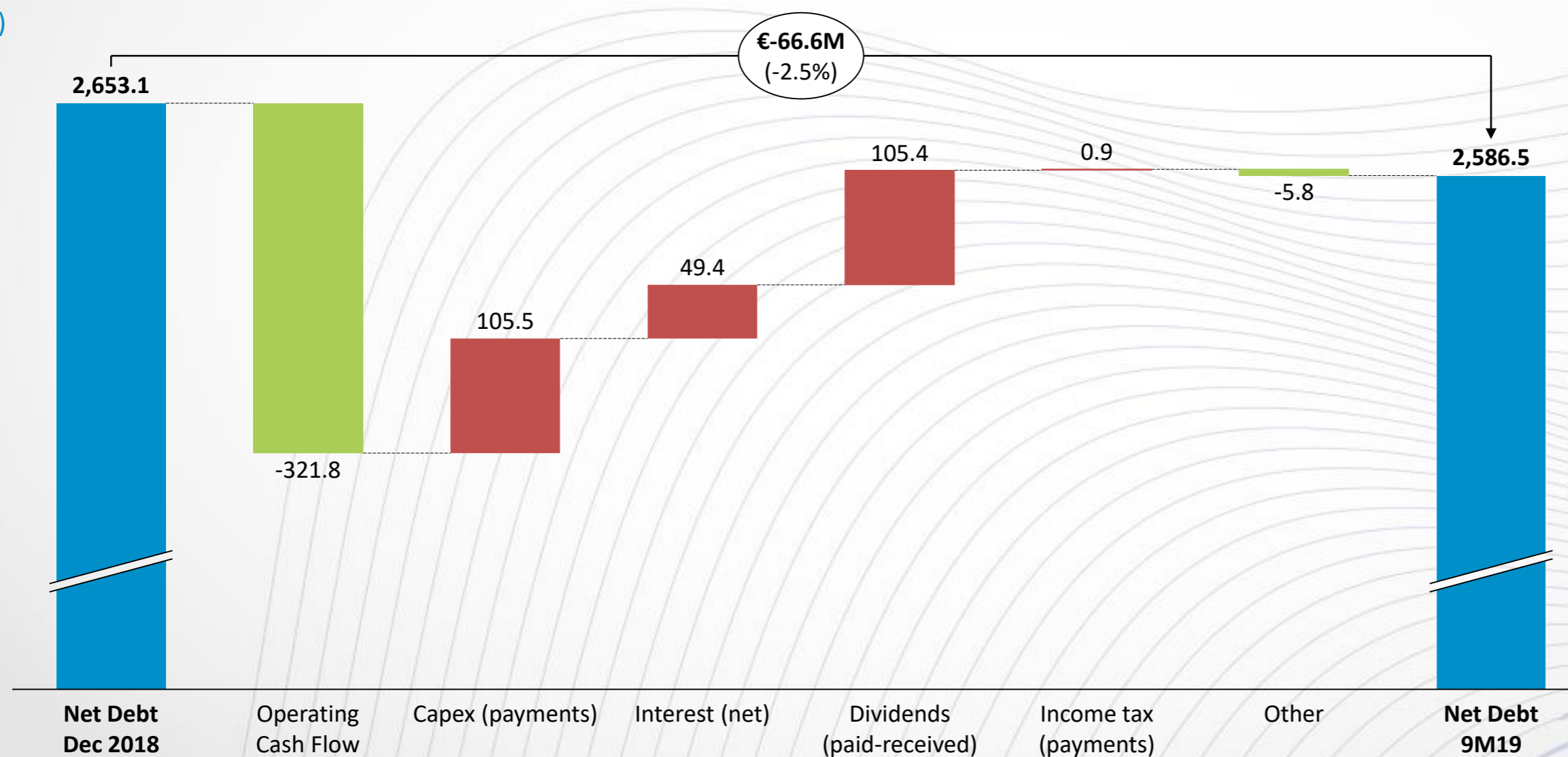
(1) Average cost of debt was 2.2% (2.3% in 9M18);

(2) In 9M19, without taking into account the special levy on the energy sector, the effective tax rate reached 27.5%, versus 26.7% in the previous year.

NET DEBT REDUCED BY €66.6M TO €2,586.5M

Reflecting a cash flow higher than CAPEX and financing needs

NET DEBT (€M)

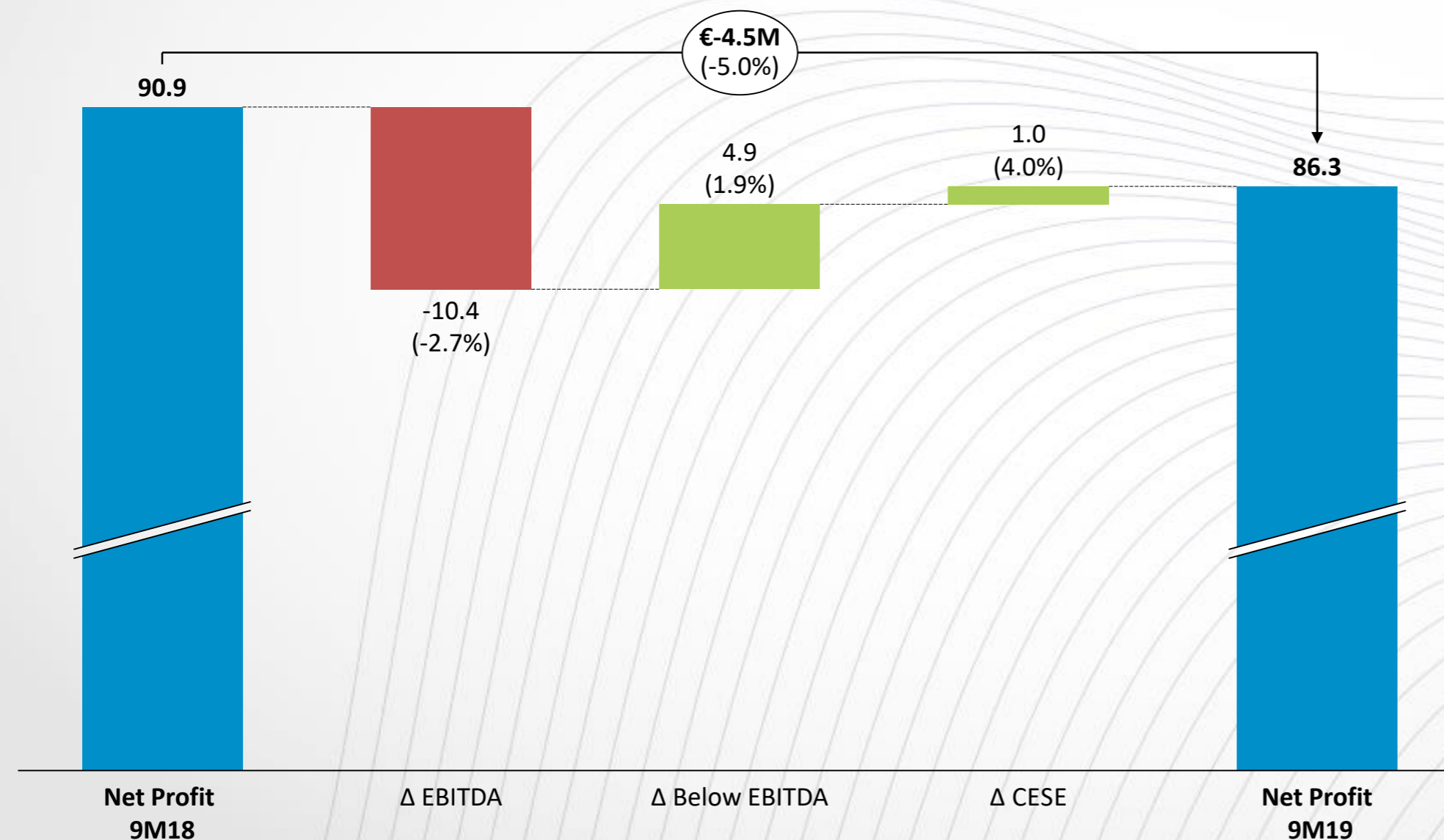


NET PROFIT DECLINED BY 5.0% TO €86.3M

Despite better Financial Results (€4.0M)

NET PROFIT

(€M)



FINAL REMARKS

- ▶ Until September 2019, REN's results were mostly penalized by both lower asset remuneration and a lower RAB, despite better financials;
- ▶ REN's effective tax rate was 39.5%, impacted by the special levy on energy companies;
- ▶ During 2019, REN reinforced one of its medium to long term objectives, expanding its international presence through the acquisition of Transemel. The Company is mostly located mainly in northern Chile, operating 92 km of electricity transmission lines and 5 substations, with approximately 93% of its revenues coming from regulated activities. This operation is in line with REN's strategic plan, which is based on a conservative growth strategy.

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