

Results Presentation

First Half 2020

HIGHLIGHTS

- In the first half of 2020, EBITDA decreased by €10.3M (-4.2%), to €237.0M. This is mainly explained by (1) a reduction in the remuneration rates (-€9.8M) resulting from lower sovereign bond yields coupled with the new parameters set for the regulatory framework in gas; and (2) higher contribution from OPEX (€4.2M). Conversely, EBITDA benefited from REN's business in Chile, which was €3.5M above the same period of the previous year with the introduction of Transemel in the accounts;
- Net Profit was €46.1M, €5.0M lower than in 1H19. Taxes decreased by €6.2M to -€21.7M, and Financial Results improved by €5.4M to -€21.4M, underpinned by the lower average cost of debt (1.9%, versus 2.2% YoY). However, the effective tax rate ascended to 37.3%, penalized by the extraordinary energy sector levy (€28.2M), which now and for the first time also covered Portugás (€4.1M);
- In May 13, due to the ongoing COVID-19 crisis, ERSE approved an extraordinary extension of the electricity sector's 2018-2020 regulatory period until December 2021;
- In June 5, the credit agency Fitch affirmed REN's rating at 'BBB' and revised its outlook to negative from stable.

RESULTS AT A GLANCE

(€M)

	2Q20	1H20	1H19	Δ%	Δ Abs.
EBITDA	118.1	237.0	247.4	-4.2%	-10.3
Financial Results	-7.8	-21.4	-26.9	20.2%	5.4
Net Profit	41.8	46.1	51.1	-9.8%	-5.0
Recurrent Net Profit	37.1	69.6	75.5	-7.8%	-5.9
Average RAB	3,681.4	3,681.4	3,738.2	-1.5%	-56.9
CAPEX	33.6	60.6	49.9	21.5%	10.7
Net Debt	2,839.9	2,839.9	2,638.7	7.6%	201.3



COVID-19: MAIN IMPACTS ARISING FROM THE PANDEMIC

Were felt in investment execution and RoR

Main effects of COVID-19

1 Delay in investment execution ✓
To be recovered in 2021

2 Increase in 10Y PT Government Bonds

3 Additional costs

4 Increase in tariff deviations

Delay in some major **projects that were temporarily suspended in March and April due to the coronavirus pandemic** and are no longer possible to conclude in 2020

Recent upward trend of 10Y PT Government Bonds evolution with slight **positive impact in REN's rate of return**

Additional costs with **donations and safety measures**, partially offset by savings with remote work

Higher tariff deviations as a result of the reduction in electricity consumption

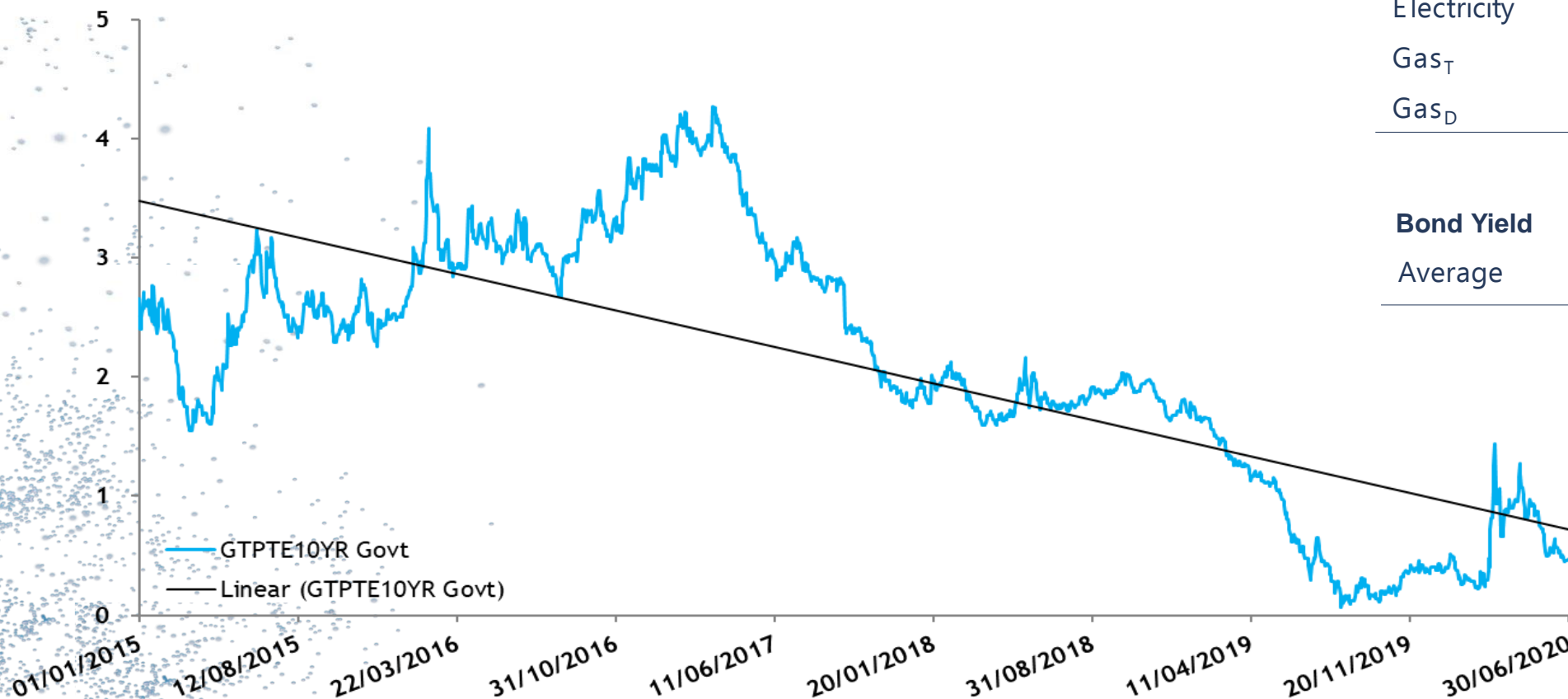
Impact on
REN's financial performance

Overall neutral in Net Income with a slight increase in Net Debt

PORTUGAL'S PERCEIVED SOVEREIGN DEBT RISK

Yields rose slightly since the coronavirus outbreak

PT 10Y Treasury Bond Yields



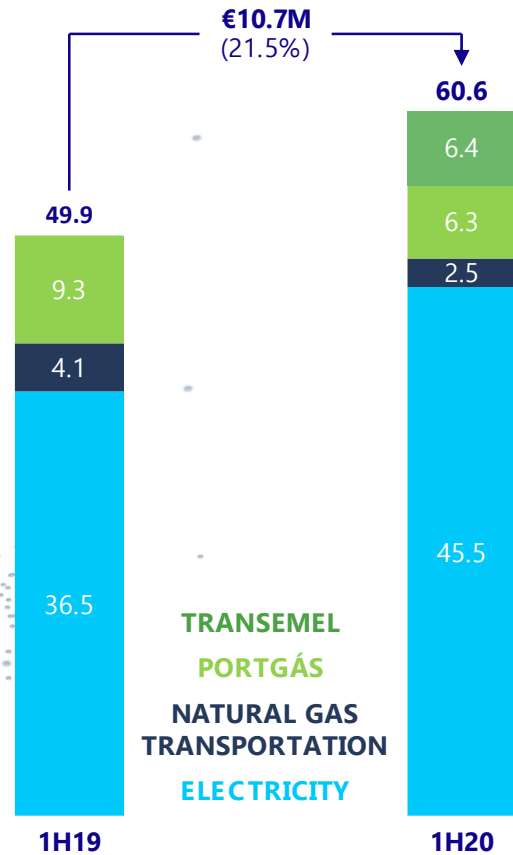
Base ROR	1H20	1H19
Electricity	4.61%	5.00%
Gas _T	4.64%	5.40%
Gas _D	4.84%	5.70%
Bond Yield	Jul19 - Jun20	Jul18 - Jun19
Average	0.45%	1.54%

Source: Bloomberg, REN.

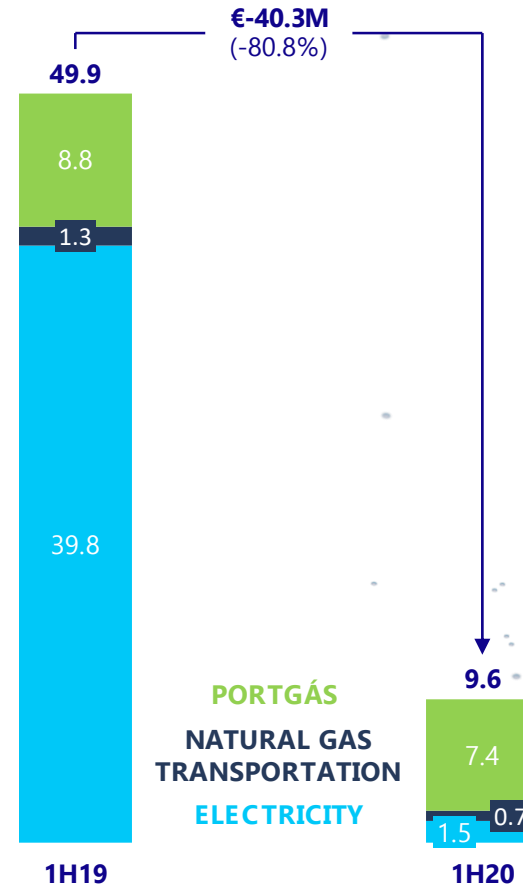
CAPEX STOOD AT €60.6M, €10.7M HIGHER

Of which €6.4M related to the inclusion of Transemel

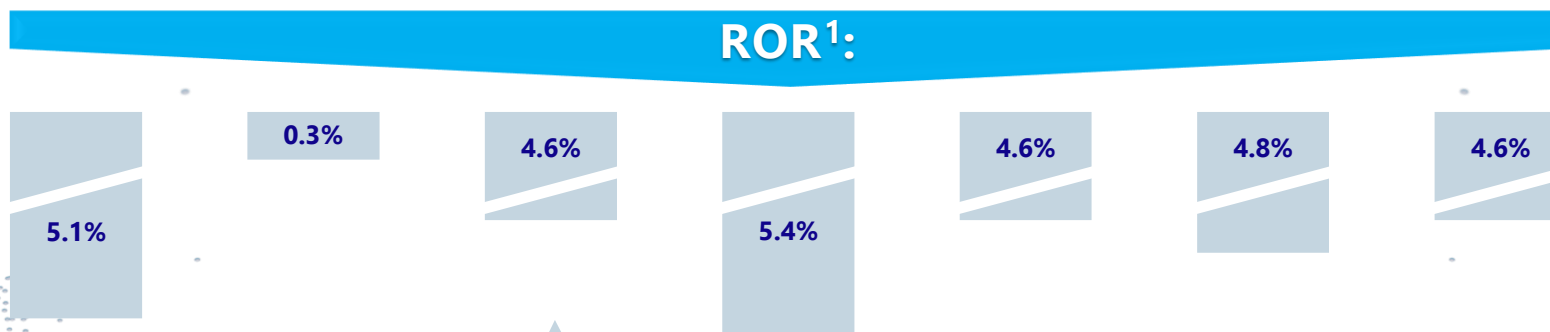
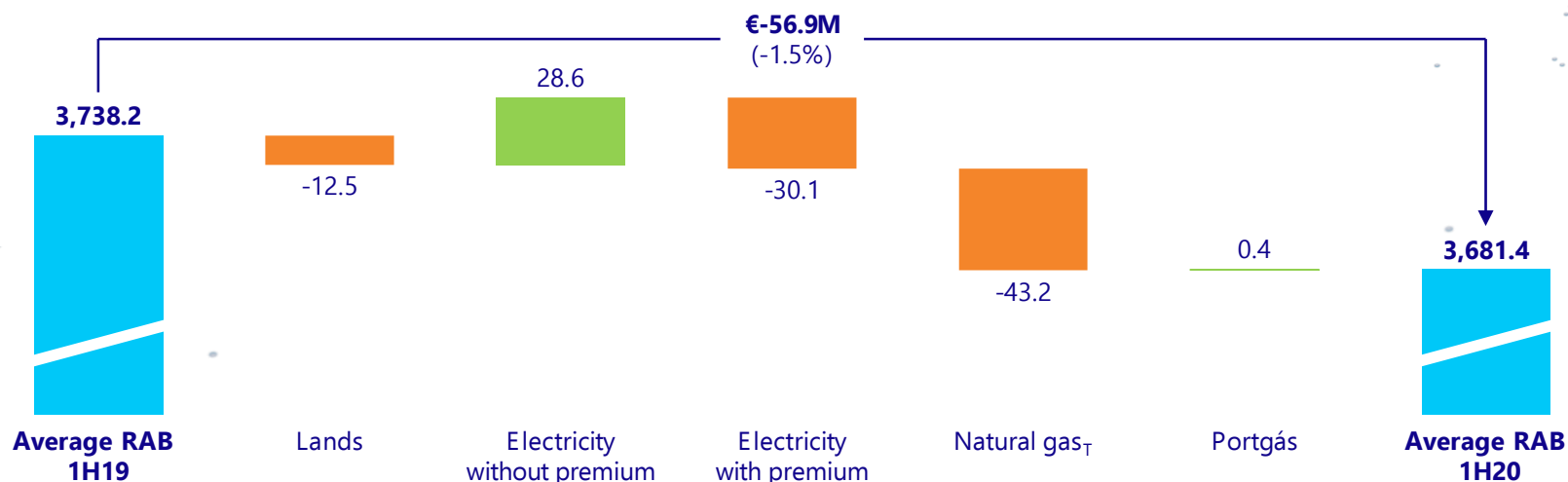
CAPEX



TRANSFERS TO RAB



AVERAGE RAB WAS €3,681.4M, 1.5% LOWER THAN 1H19



Includes transfers to RAB of the connection to the off-shore wind project "Windfloat" (that took place in Dec2019), which is remunerated at the base rate.

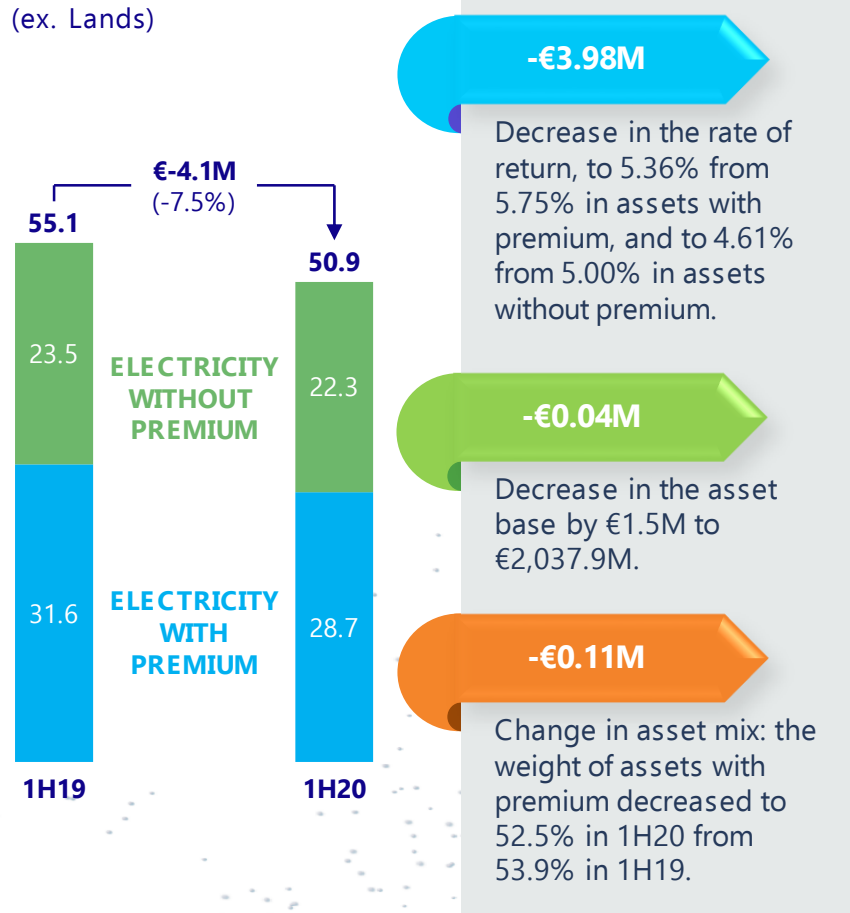
1) RoR is equal to the specific asset remuneration, divided by the average RAB.

RAB REMUNERATION DECREASED BY €10.9M

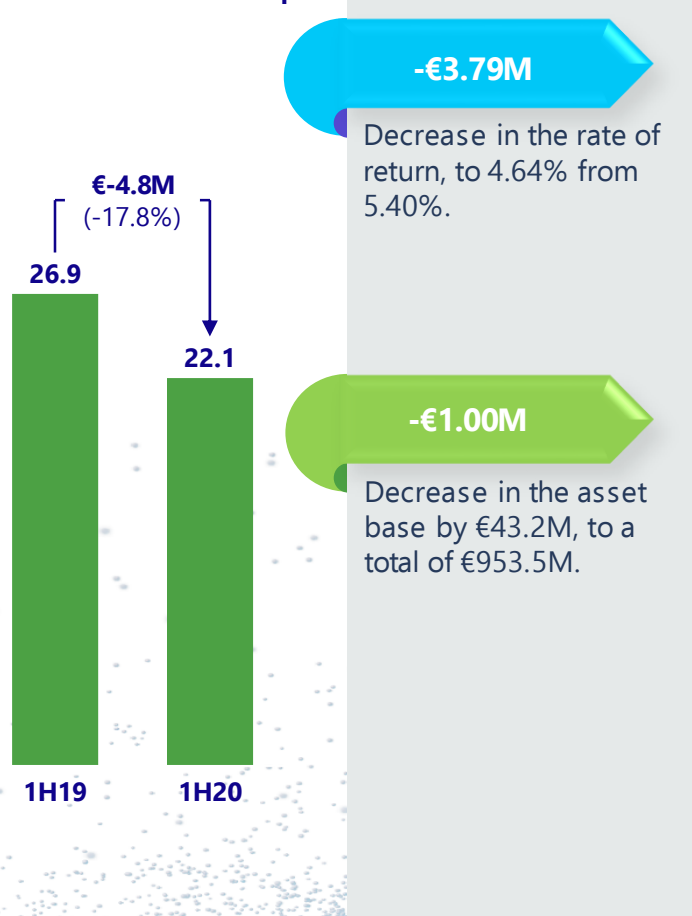
Essentially due to RoR evolution (-€9.8M)

RAB REMUNERATION ELECTRICITY

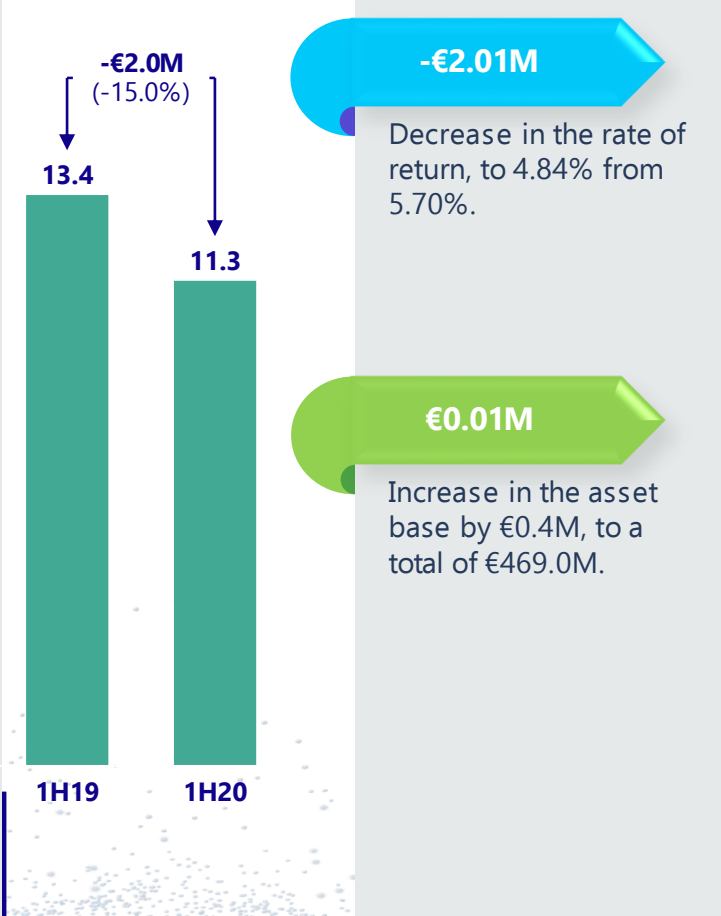
(ex. Lands)



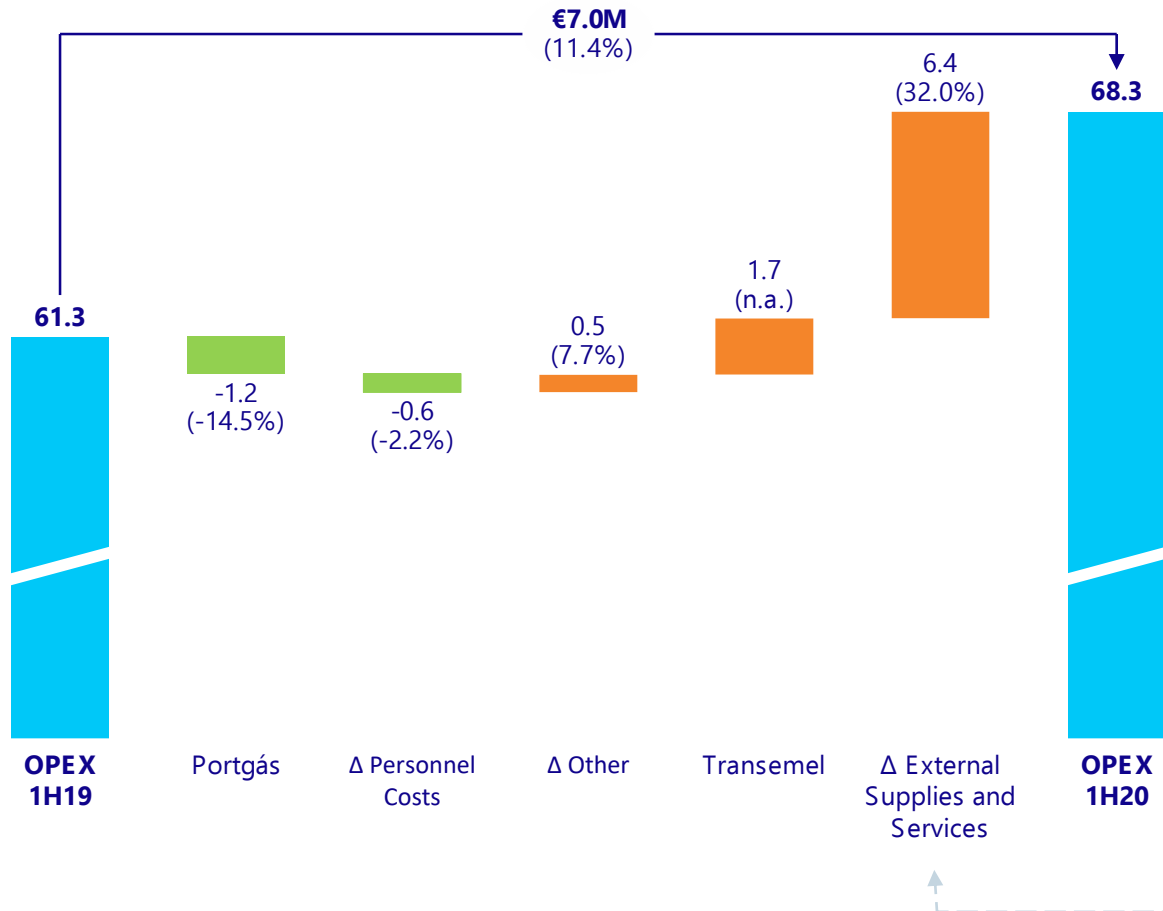
RAB REMUNERATION NATURAL GAS_T



RAB REMUNERATION PORTGÁS



OPEX AMOUNTED TO €68.3M



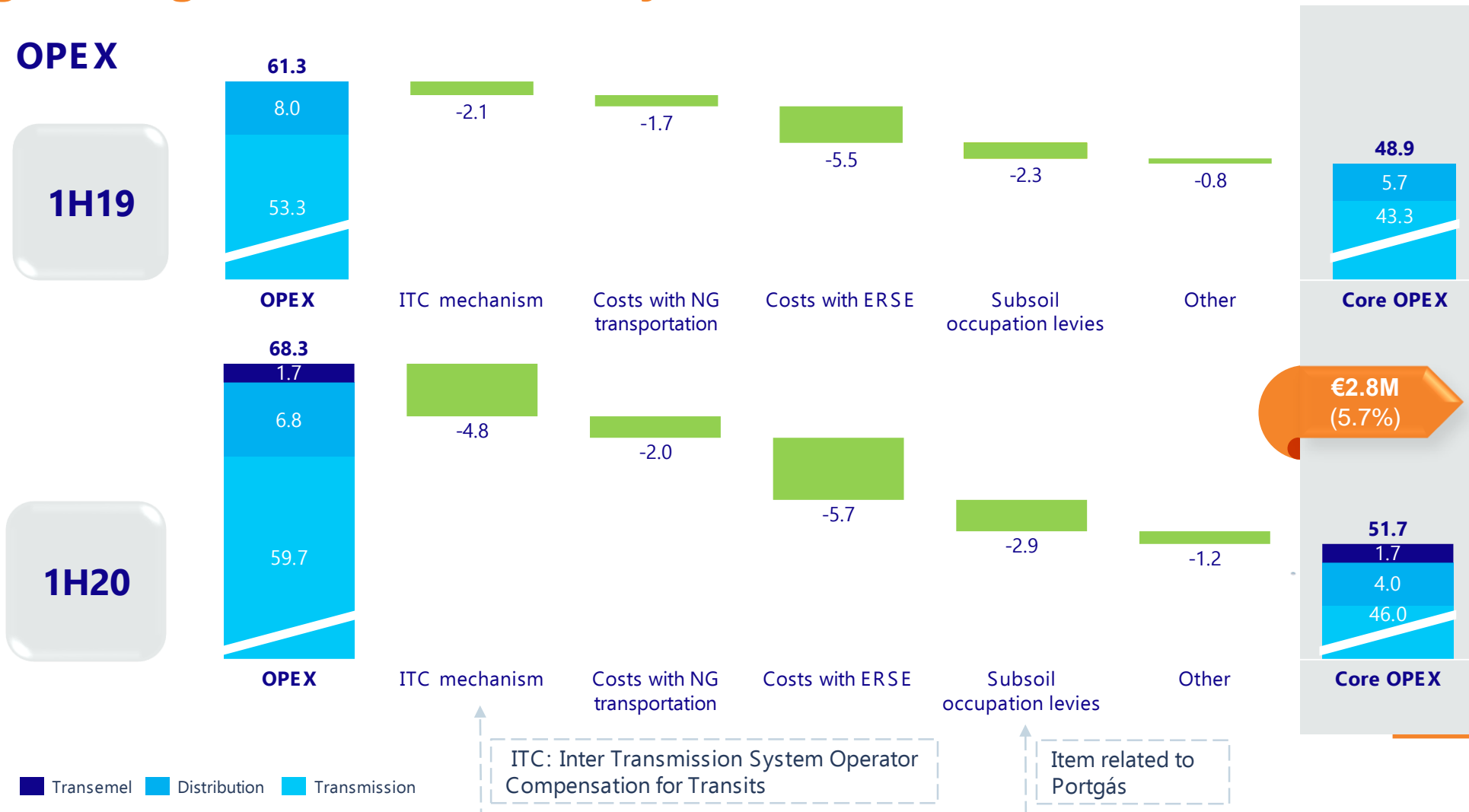
Main variations:

- €3.4M from maintenance costs with forest clearing, as a result of more demanding legislation;
- €0.9M costs following COVID-19 pandemic (donations of masks to the health authorities, a ventilators' scientific project, individual protection equipment for employees);
- €2.8M from ITC mechanism (pass through costs);
- -€0.9M from lower electricity costs in the LNG Terminal.

CORE OPEX STOOD AT €51.7M, MORE €2.8M YOY

Portgás mitigated this increase by €1.7M

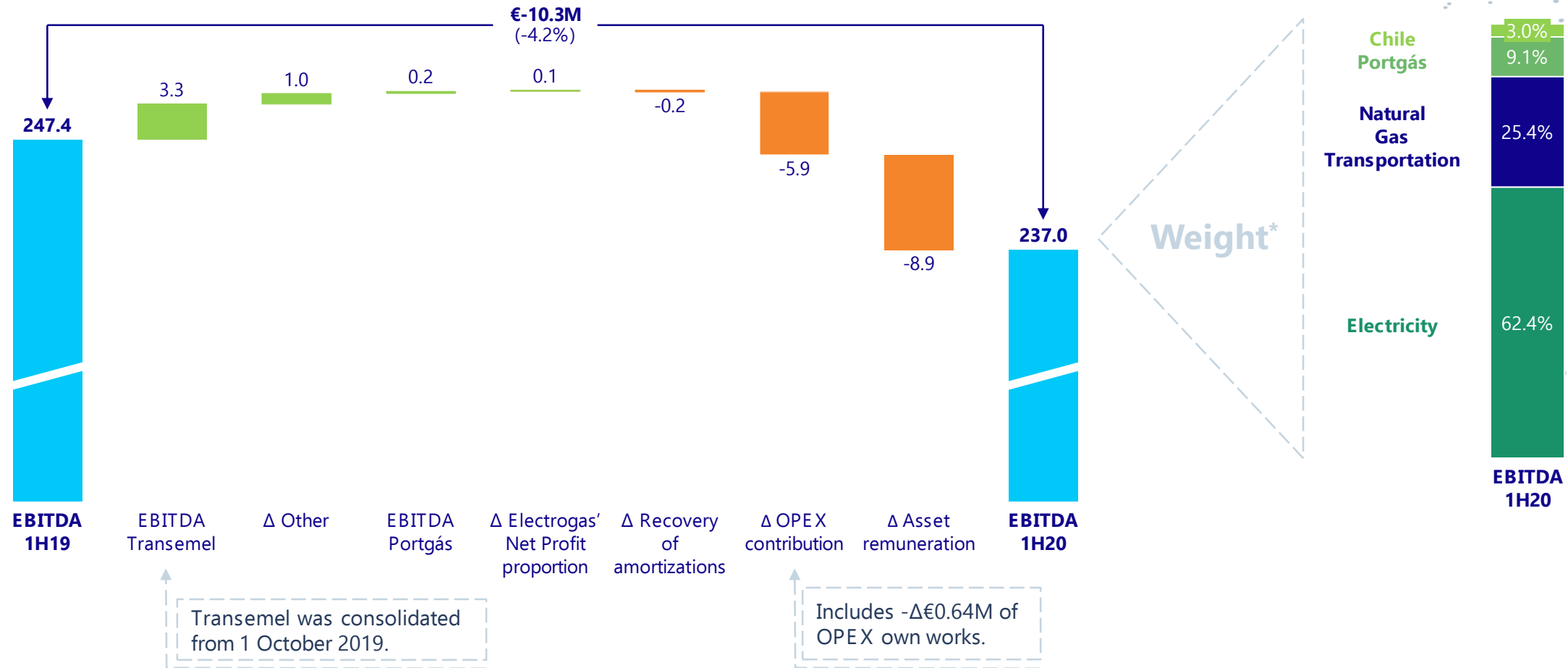
CORE OPEX (€M)



EBITDA LOWERED BY €10.3M, ACHIEVING €237.0M

Albeit the performance of Chile (€3.5M) and Portgás (€0.2M)

EBITDA

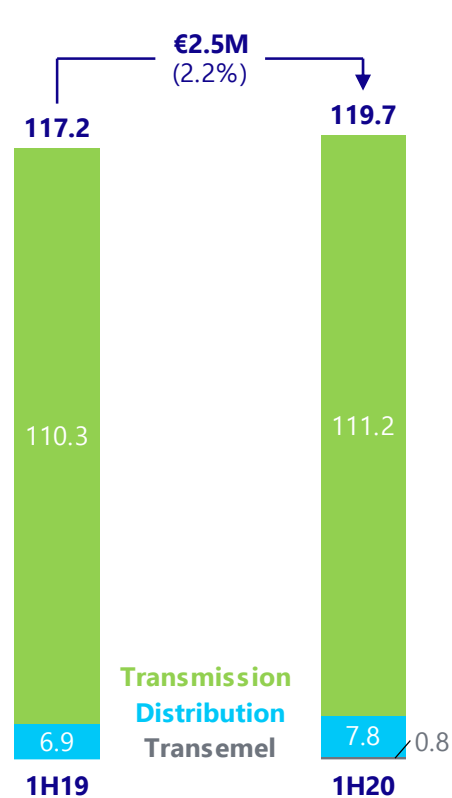


*"Other" not included (-€6.5M).

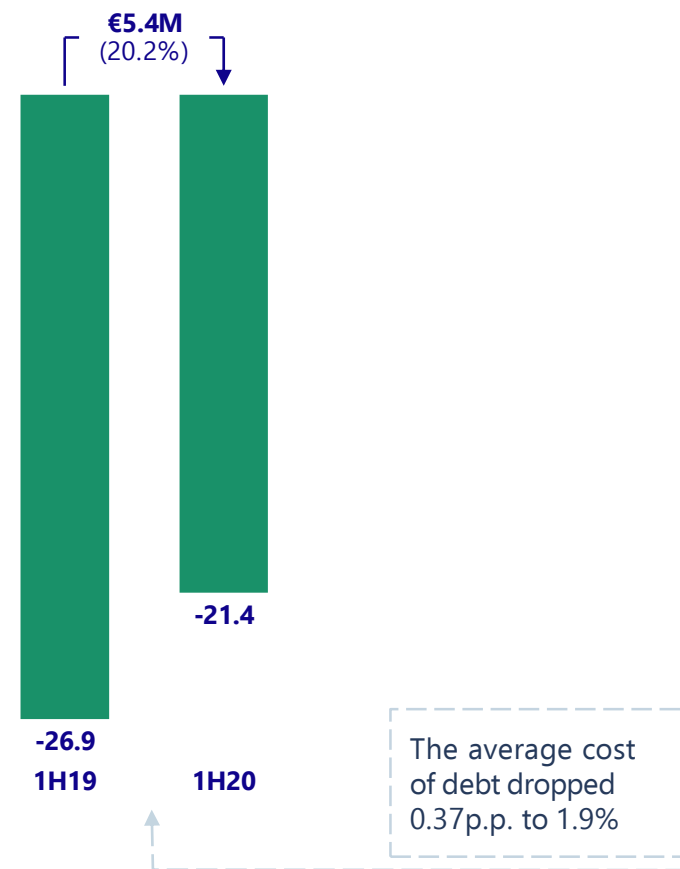
BELOW EBITDA

Better Financial Results and an increase in CESE

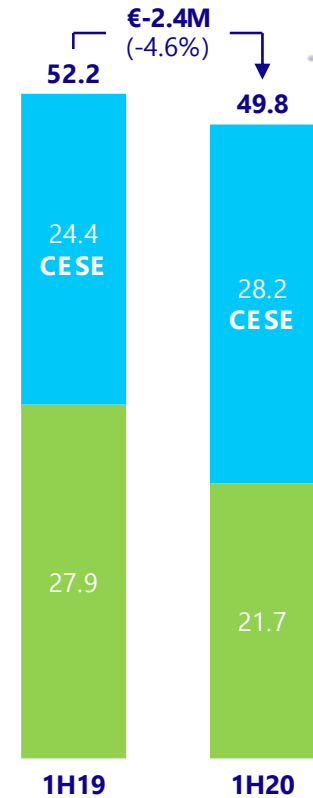
DEPRECIATIONS AND AMORTIZATIONS



FINANCIAL RESULTS



TAXES



From 2020, the CESE paid by REN also includes Portgás (€4.1M). Excluding the special levy on the energy sector, the effective tax rate reached 22.6%, versus 27.0% in 1H19 (€4.7M due to the recovery of taxes from previous years).

NET DEBT WAS NEARLY FLAT

Operating cash flow had a positive impact of €194.9M

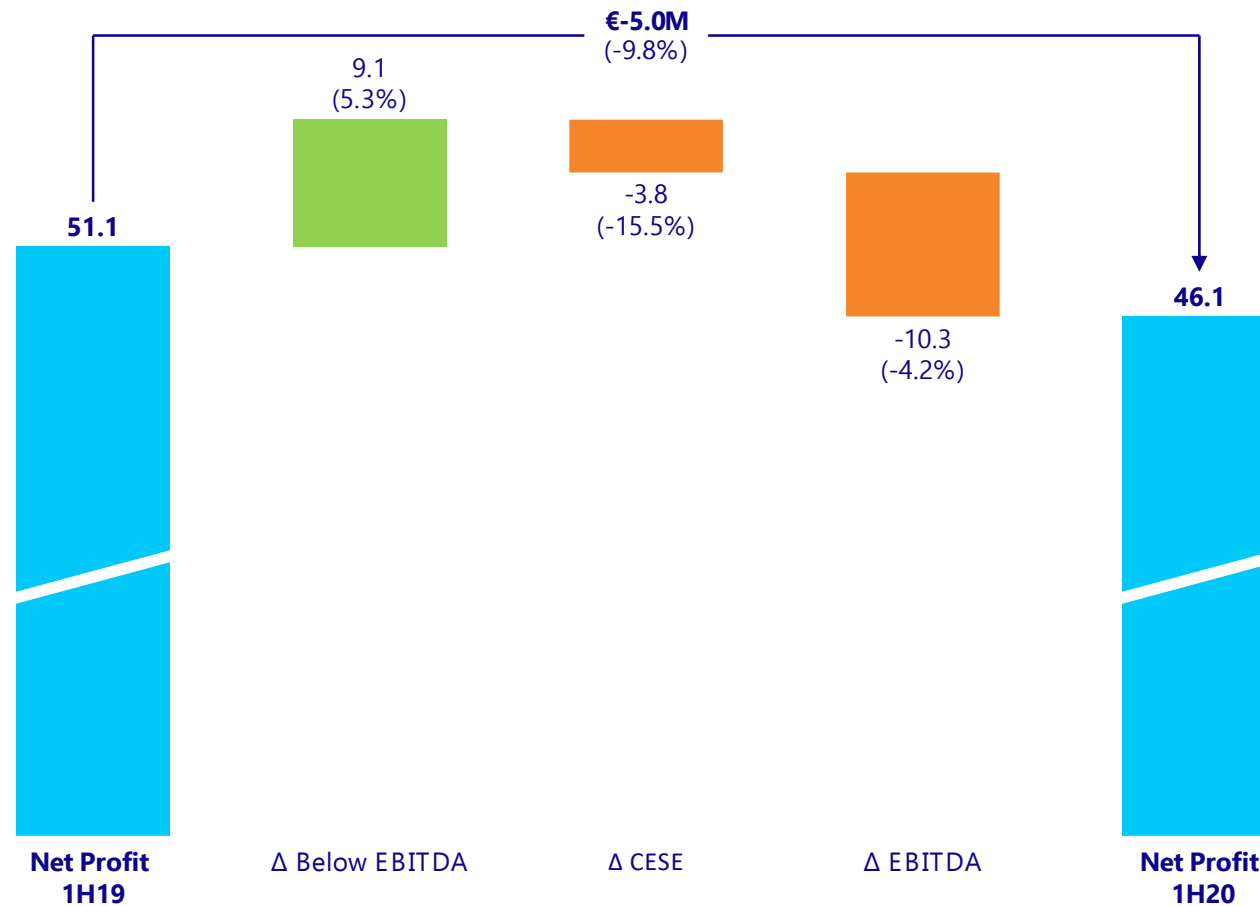
NET DEBT



NET PROFIT FELL BY €5.0M TO €46.1M

Despite better financials

NET PROFIT



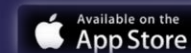
FINAL REMARKS

- ▶ Over the last six months with the COVID-19 pandemic still spreading globally REN had some of its major investment projects temporarily suspended, and also had additional costs with donations and safety measures, supporting the community and its employees. COVID-19 impact on REN's financial performance was overall neutral in Net Income, with a slight increase in Net Debt;
- ▶ During this period, REN's EBITDA benefited from the inclusion of Transemel and the good performance of Portgás and Electrogas. However, it suffered with lower remuneration rates resulting from the new regulatory framework in gas, the decrease in bond yields and in RAB, when compared to the same period of 2019;
- ▶ Net Profit of the period continued to be penalized by an extraordinary levy that raised the effective rate to 37.3%. However, a prudent financial policy led to the strengthening of Financial Results, on the back of lower costs.



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