ANNUAL RESULTS PRESENTATION

2016

March 30th, 2017

HIGHLIGHTS

- Year end **EBITDA** reached €476.0M, 2.8% below 2015's number. **Net Profit** stood at €100.2M, 13.7% lower yoy. Excluding extraordinary items, **Recurrent Net Profit** rose by 6.8% to €126.1M;

- The decrease in **EBITDA** was mainly driven by (1) a 2015 positive one-off from the sale of REN's stake in Enagás[1] and (2) a decline in gas' regulatory asset base remuneration (-€8.3M). The average Rate of Return (RoR) on gas assets dropped to 6.70% from 7.34% following the changes in its regulatory parameters introduced last July. These effects were only partially mitigated by the increase in the electricity's asset remuneration;

- **Net profit** evolution was mostly impacted by the following 2015 non recurrent gains: the capital gain from the sale of REN's Enagás stake[2] and a tax credit (+€9.9M). As in the past two years, 2016's results were also penalized by the payment of the extraordinary energy sector levy (€25.9M in 2016). Conversely, it benefited from the **Financial Results** improvement to -€79.9M (+19.2%) in 2016, as a consequence of further decreases in the average **cost of debt** (3.2% at the end of 2016, versus 4.1% in 2015). **Net Debt** stayed stable at €2,477.7M (+0.5%);

- Total **CAPEX** was €171.5M (€240.4M in 2015) and **Transfers to RAB** were €154.2M (€231.6M in 2015). In the previous year, both benefited from the acquisition of two natural gas storage facilities from Galp Energia;

- In 19th February 2017, REN acquired a 42.5% stake in **Electrogas** for $180M, supported entirely by available credit facilities;

- Since October 2016, all three major rating agencies have reaffirmed REN's **rating** at **investment grade level**.

[1] +€20.1M at EBITDA level;

[2] +€16.1M at Net Profit level.

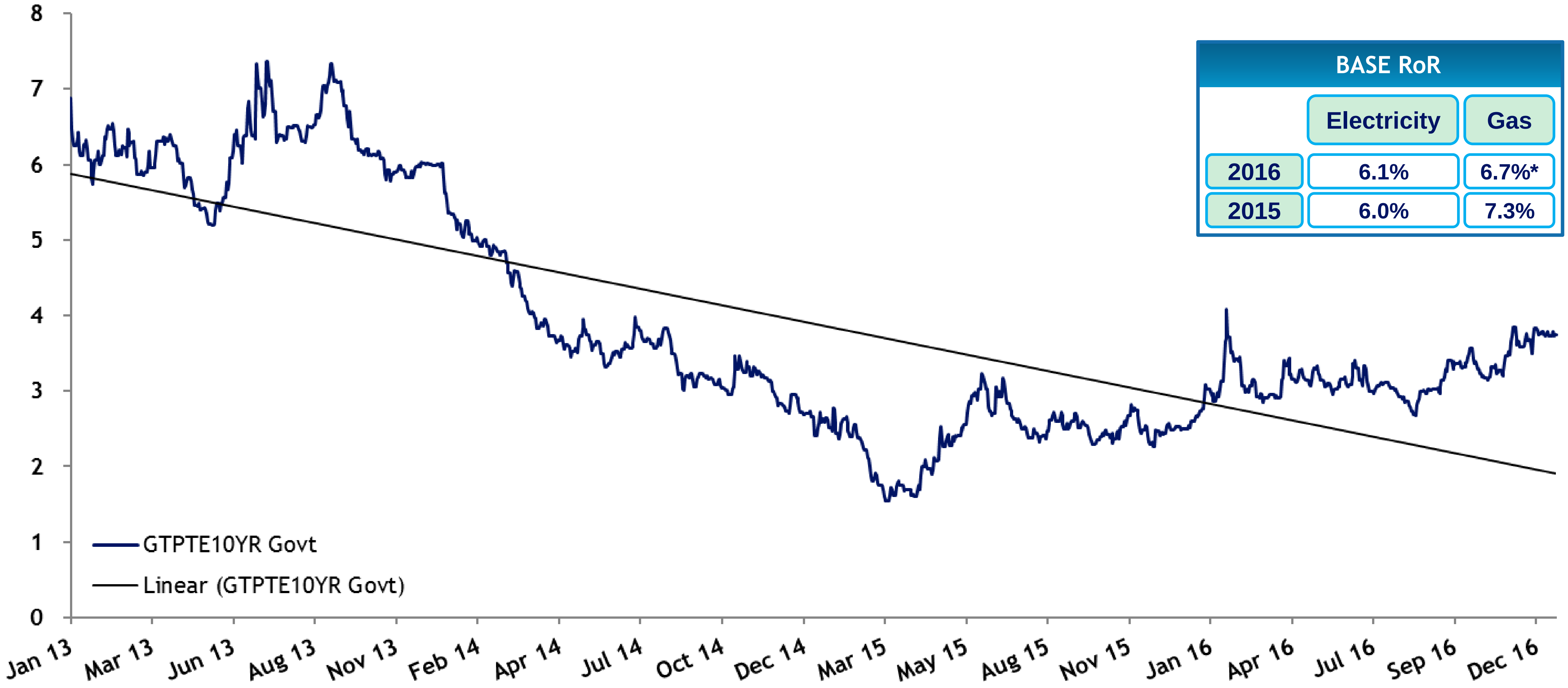
RESULTS AT A GLANCE

€M	4Q16	2016	2015	Δ%	Δ Abs.
EBITDA	118.9	476.0	489.7	-2.8%	-13.6
Financial Result	-16.5	-79.9	-98.8	19.2%	19.0
Net Profit	29.7	100.2	116.1	-13.7%	-15.9
Recurrent Net Profit	29.7	126.1	118.1	6.8%	8.1
Average RAB	3,537.1	3,537.1	3,585.8	-1.4%	-48.7
CAPEX	98.1	171.5	240.4	-28.7%	-68.9
Net Debt	2,477.7	2,477.7	2,465.5	0.5%	12.2

EVOLUTION OF PORTUGUESE 10Y BOND YIELDS

With a stable trend in 2016

PT 10Y Treasury Bond Yields



BASE RoR

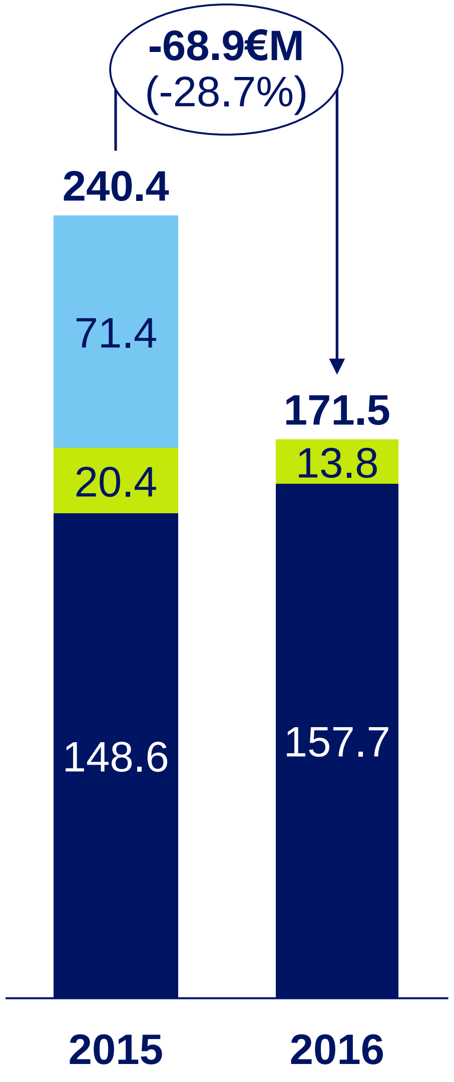
	Electricity	Gas
2016	6.1%	6.7%*
2015	6.0%	7.3%

• 7.35% in 1H16, and 6.05% in 2H16.
Source: Bloomberg

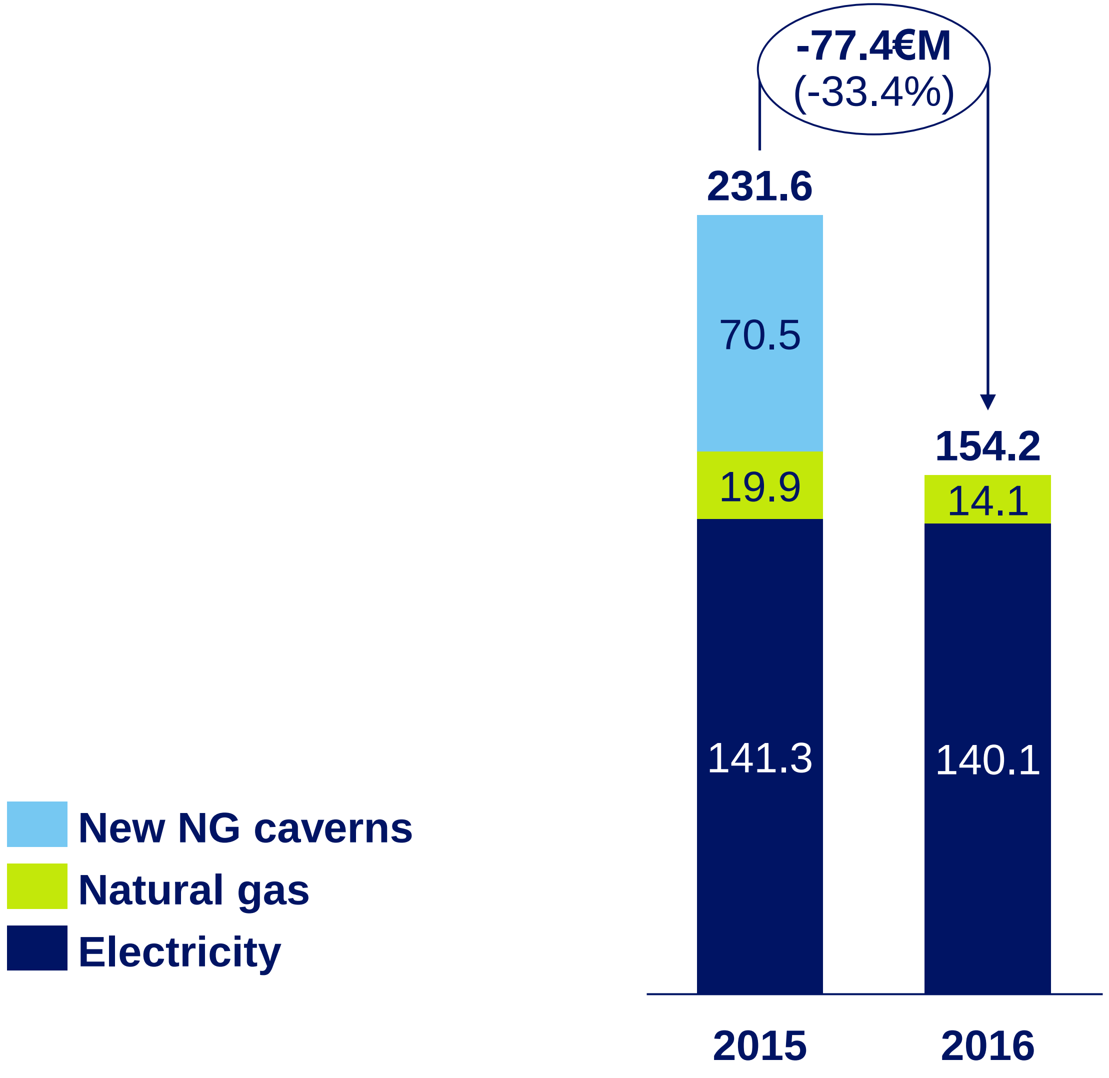
INVESTMENT HAD A DECREASE OF €68.9M

Explained by the acquisition of Galp's NG caverns in 2015

CAPEX

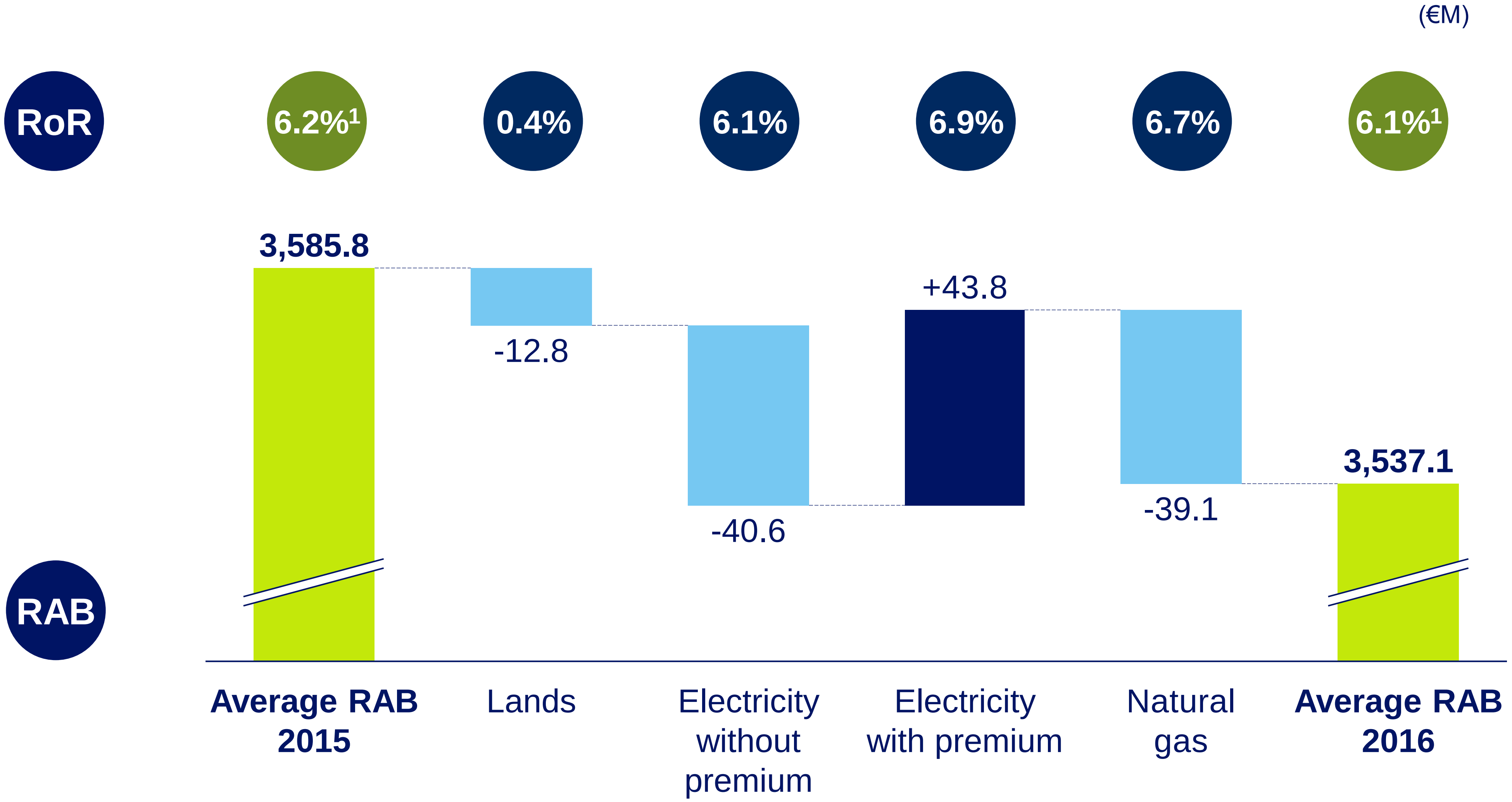


TRANSFERS TO RAB



AVERAGE RAB STAYED STABLE DURING 2016

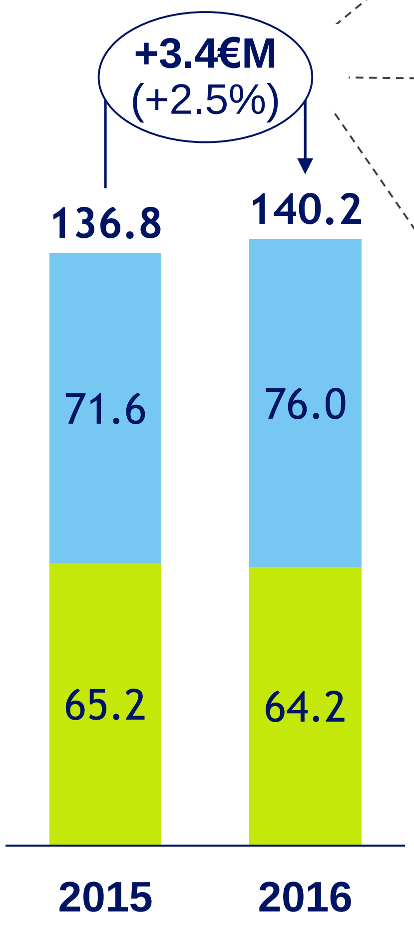
Albeit the increase in Electricity assets with premium



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

RETURN ON RAB HAD A €5.0M CUT
Penalized by a lower Rate of Return on gas assets

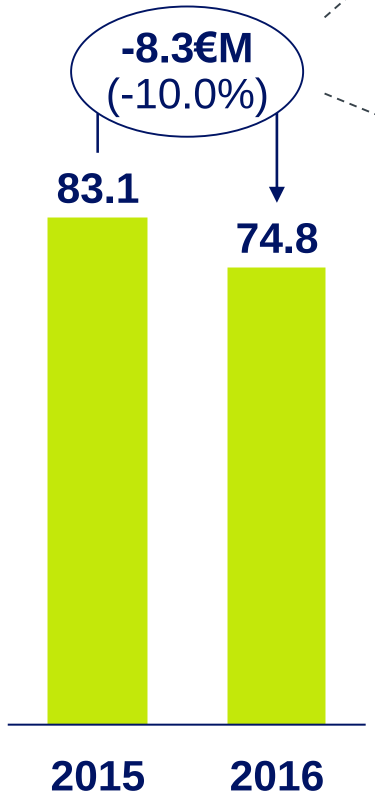
RAB REMUNERATION ELECTRICITY
(ex. lands)
(€M)



Electricity with premium
Electricity without premium

+€0.2M	Impact of the increase in the **asset base** by €3.2M to €2,152.6M.
+€0.3M	Impact of the change in **asset mix** – assets with premium weight increased to 51% in 2016 from 49% in 2015.
+€2.9M	Impact of the indexation of the **rate of return** – to 6.88% from 6.74% in assets with premium, and to 6.13% from 5.99% in assets without premium.

RAB REMUNERATION NATURAL GAS
(ex. tariff smoothing effect)
(€M)



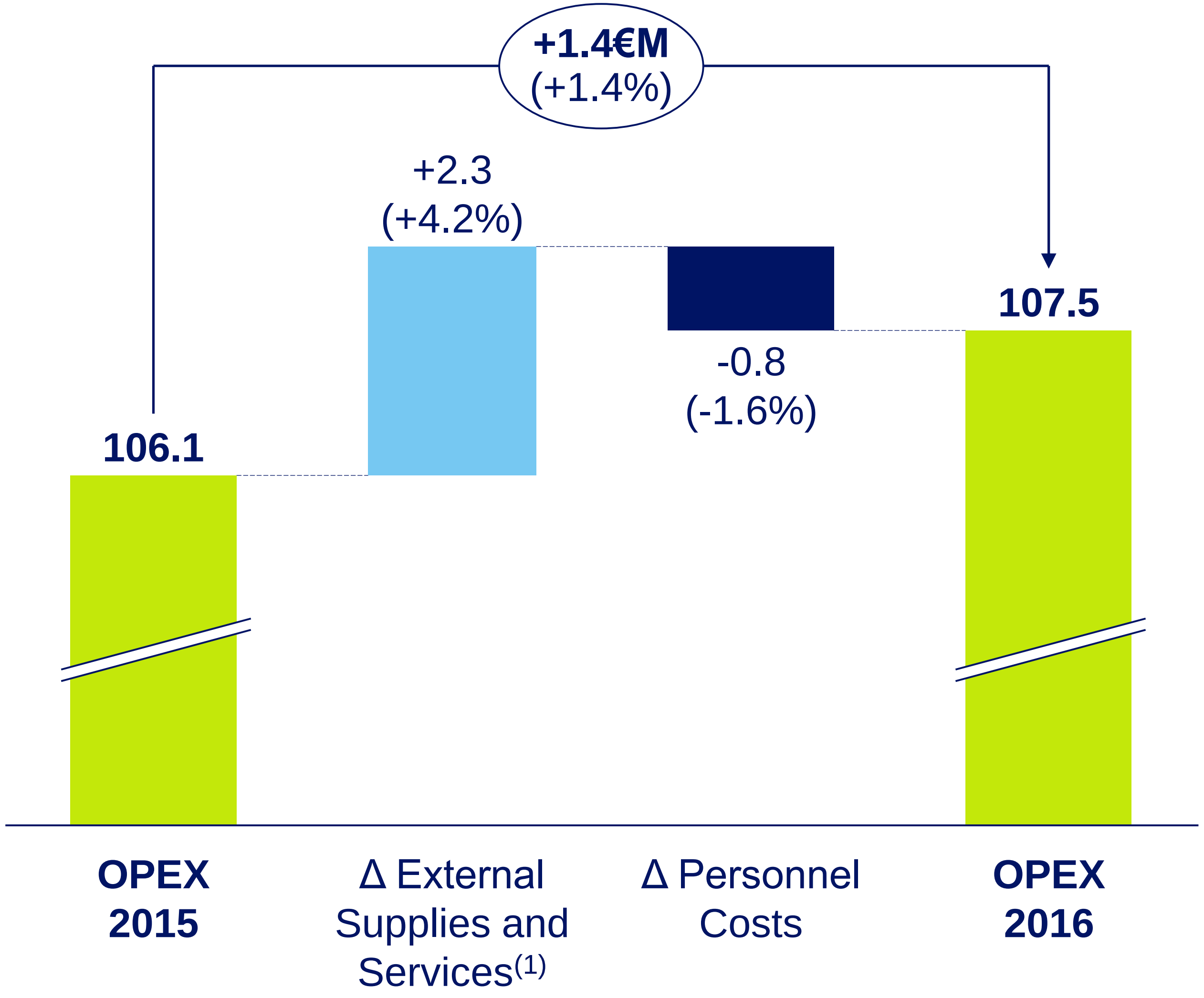
-€5.7M	Impact of the decrease in the **rate of return**, to 6.7% from 7.3%.
-€2.6M	Impact of the €39.1M decrease in the **asset base**, to a total of €1,116.1M.

OPEX HAD A SLIGHT INCREASE (+1.4%)
Personnel Costs dropped by 1.6%

RESULTS PRESENTATION

OPERACIONAL COSTS

(€M)

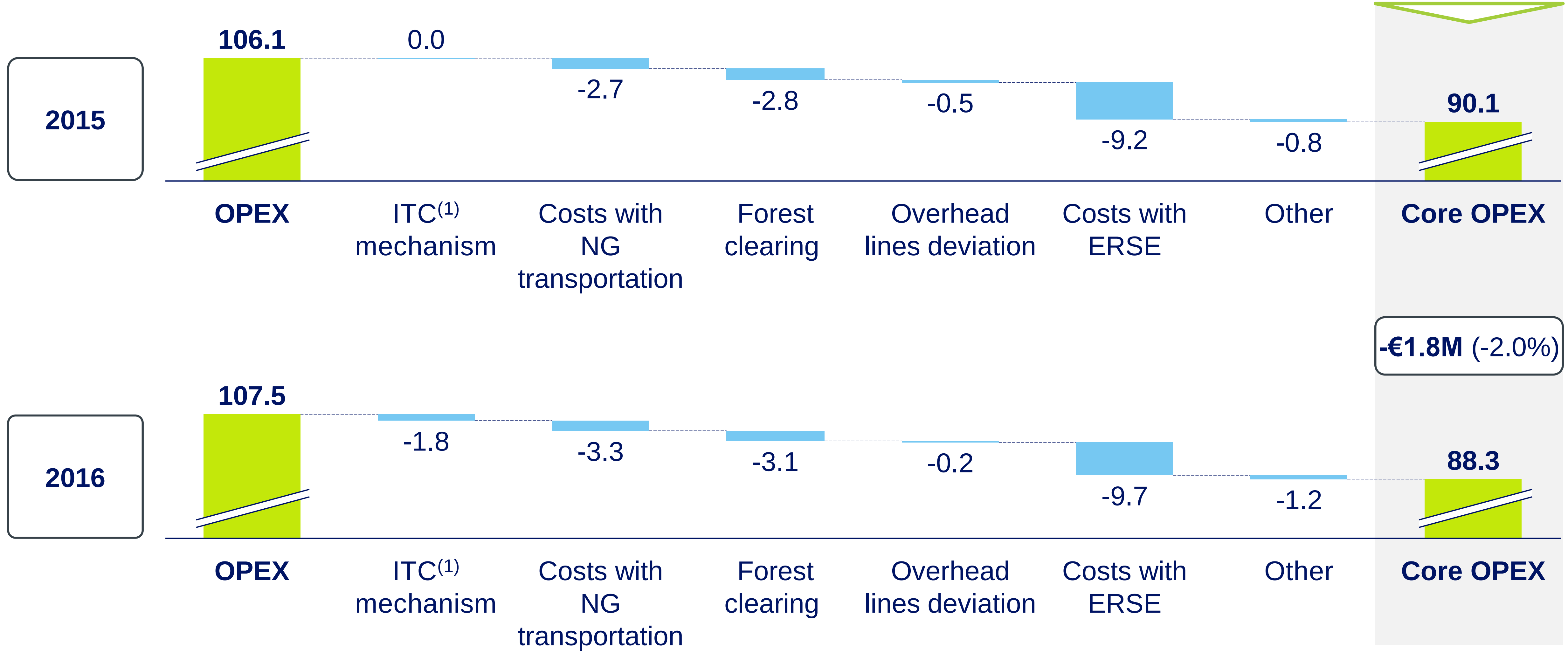


(1) Included Δ+€0.6M of Other Operating Costs.

CORE OPEX FELL BY 2.0% OVER THE PERIOD

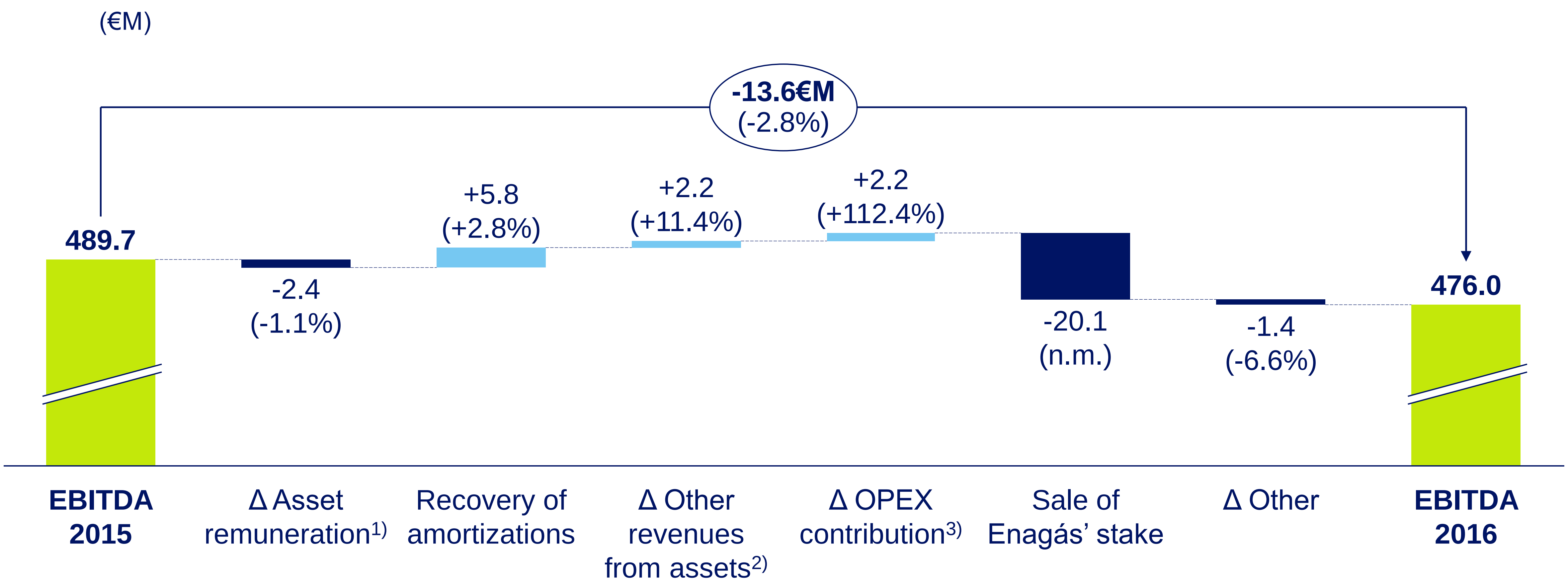
CORE OPEX

(€M)



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

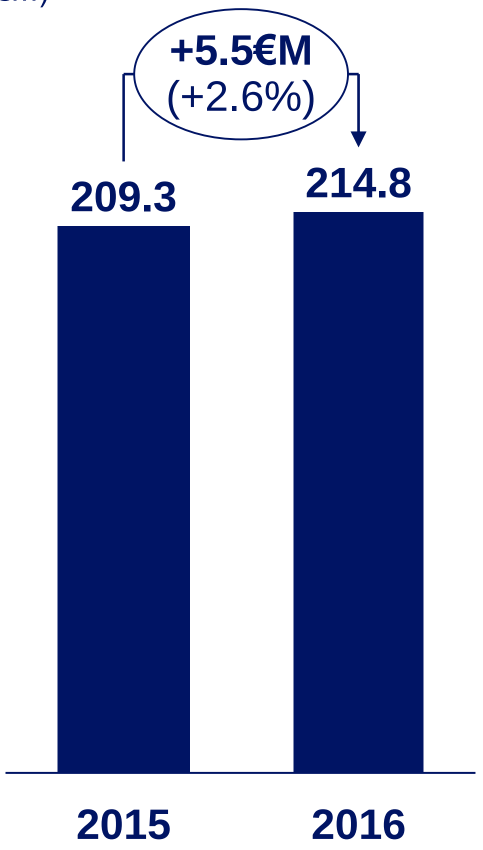
EBITDA WAS SLIGHTLY LOWER (-2.8%) AS EXPECTED
Grounded by the sale of Enagás' stake in 2015



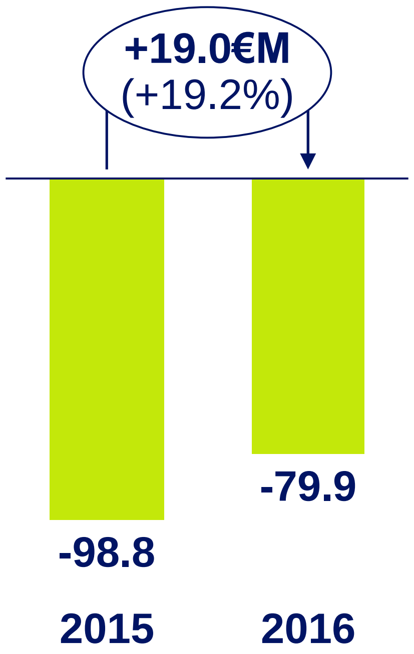
(1) Included Δ+€2.6M of NG tariff smoothing effect;
(2) Included Δ+€2.2M of Remuneration of fully amortized assets;
(3) Included Δ-€0.7M of OPEX own works.

BELOW EBITDA
Financial Results benefited from lower avg. cost of debt

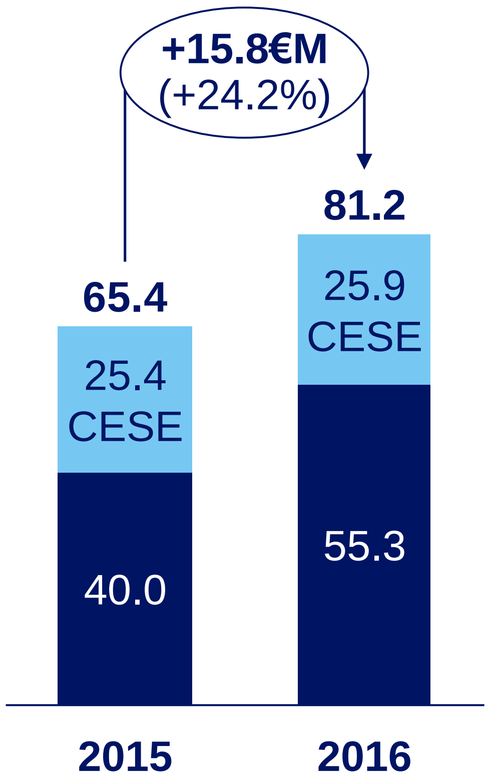
DEPRECIATIONS AND AMORTIZATIONS
(€M)



FINANCIAL RESULTS
(€M)



TAXES
(€M)

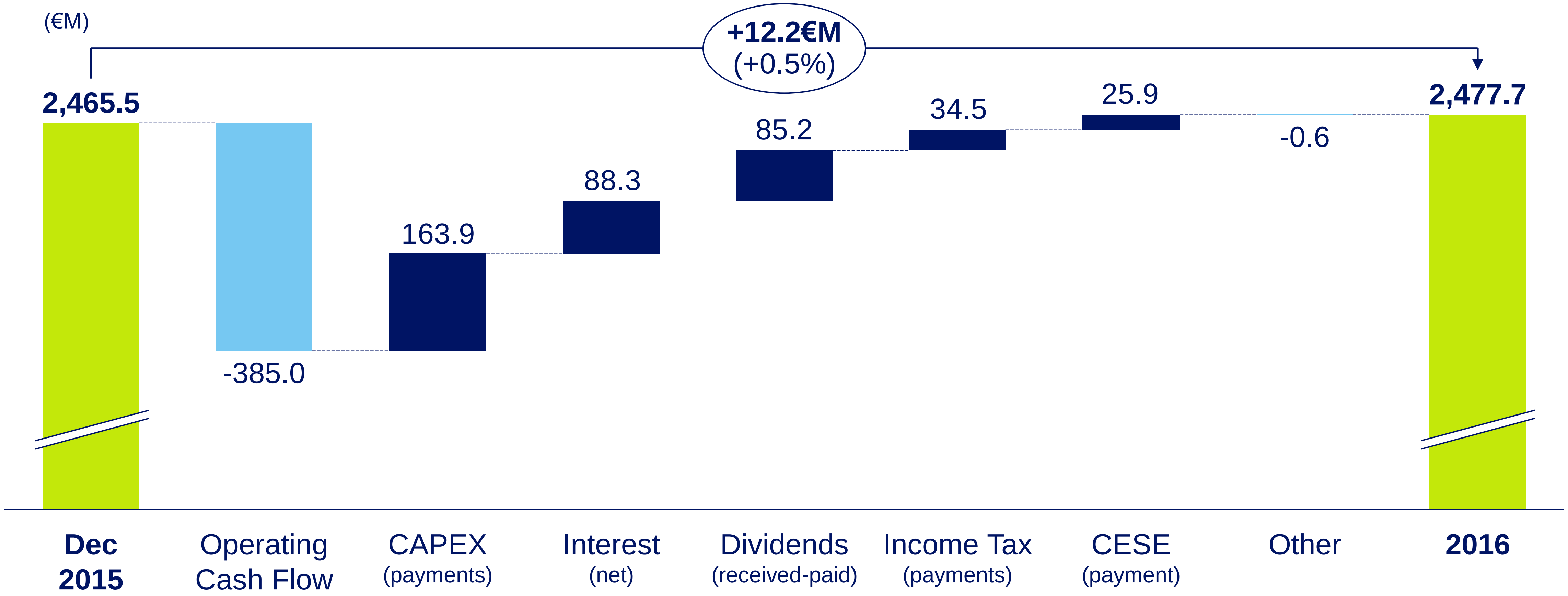


NET DEBT WAS KEPT STABLE DURING 2016

Average cost of debt declined more than expected

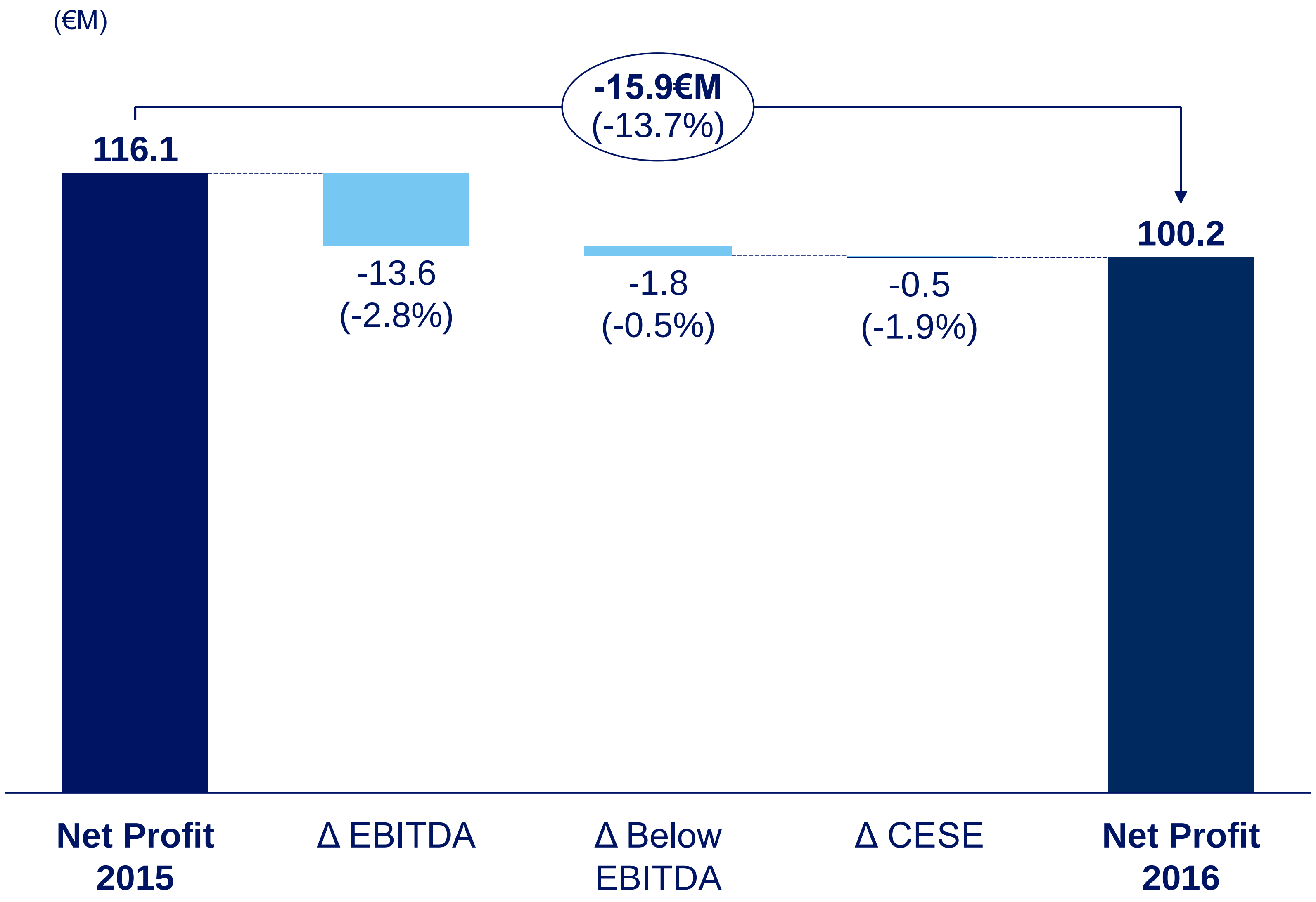
NET DEBT

(€M)



- **Average cost of debt** decreased consistently over the year (3.2% in 2016, vs 4.1% in 2015);
- **FFO/Net Debt** ratio stood at 11.4%.

NET PROFIT STOOD AT €100.2M
2015 impacted by one-offs at EBITDA level



FINAL REMARKS

- In 2016, one of the highlights was **REN's first international investment in LatAm**, the purchase of a 42.5% stake in Electrogas, a Chilean company that manages one of the most important gas pipelines in the country. With this operation REN achieved one of its medium to long term objectives;

- Throughout the year, REN focused on improving **Operational Performance**, translated in a growing **Recurrent Net Profit** (6.8%). Nevertheless, **Net Profit** was comparably lower given the one-offs that occurred in 2015 and the reduction in gas asset remuneration under the new 2016-2019 regulatory framework. In addition, results continued to be hurt by the Extraordinary Levy to the Energy Sector;

- In the context of a continuous improvement in Portuguese macroeconomic conditions, REN was able to take advantage of market sentiment to refinance outstanding debt under more competitive conditions. As a result, **REN's Financing Strategy** was reinforced, further **optimizing the average cost of debt** - over 0.8p.p. to 3.2%. Overall, REN achieved a strong funding profile and continued to be **the only Portuguese issuer with three investment grade ratings** – Fitch (BBB), Moody's (Baa3) and S&P (BBB- with a positive outlook);

- The Board of Directors will propose to the General Shareholders' Meeting the payment of a **dividend of 17.1 cents per share**, in line with the previous year and with the announced dividend policy.

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