



# RESULTS REPORT 1H 2016

July 28<sup>th</sup>, 2016



## MAIN INDICATORS

€M	2Q16	1H16	1H15	Δ%	Δ Abs.
<b>EBITDA</b>	<b>119.1</b>	<b>240.2</b>	<b>254.3</b>	<b>-5.5%</b>	<b>-14.0</b>
<b>Financial Result<sup>(1)</sup></b>	<b>-18.2</b>	<b>-41.7</b>	<b>-44.8</b>	<b>7.1%</b>	<b>3.2</b>
<b>Net Profit<sup>(2)</sup></b>	<b>34.4</b>	<b>40.5</b>	<b>62.6</b>	<b>-35.2%</b>	<b>-22.0</b>
<b>Recurrent Net Profit</b>	<b>34.4</b>	<b>66.5</b>	<b>63.6</b>	<b>4.5%</b>	<b>2.9</b>
<b>Average RAB</b>	<b>3,522.8</b>	<b>3,522.8</b>	<b>3,558.8</b>	<b>-1.0%</b>	<b>-36.0</b>
<b>CAPEX</b>	<b>26.3</b>	<b>37.6</b>	<b>98.8</b>	<b>-61.9%</b>	<b>-61.1</b>
<b>Net Debt</b>	<b>2,526.5</b>	<b>2,526.5</b>	<b>2,494.0</b>	<b>1.3%</b>	<b>32.5</b>

(1) Excludes Financial result from the interconnection capacity auctions between Spain and Portugal (+€0.2M in 1H15 and -€0.5M in 1H16) – known as FTR (Financial Transaction Rights) – that was reclassified from Financial Result to Revenues;

(2) In 1H16, REN recognized the full amount of the energy sector extraordinary levy. For comparative purposes, 1H15 has been restated to include the same recognition criteria.

▶ At the end of first half 2016, **EBITDA** reached €240.2M, -5.5% below 1H15. The capital gain achieved in 2015 with the sale of REN's stake in Enagás (+€20.1M, at EBITDA level) was the main reason for the decrease, despite better REN's **OPEX** performance (-€1.4M) reflecting a continued effort towards optimization and operational efficiency, as well as the increase in recovery of depreciation and in asset remuneration;

▶ **Net Profit** decreased by €22.0M reaching €40.5M, impacted by 2015 non recurrent items: the capital gain from the sale of REN's Enagás stake (+€16.1M) and the existence of a tax credit (+€9.9M). The result was also penalized by the maintenance of the costs incurred with the extraordinary levy to the energy sector established in the 2016's State budget law (€25.9M);

▶ Excluding extraordinary effects, **Recurrent Net Profit** increased by 4.5% (+€2.9M) to €66.5M, as a result of the sound **financial performance** attained by REN (+7.1%) supported by a lower average **cost of debt** (cut to 3.5% from 4.0%), despite the slight increase in **Net debt** (+1.3%) to €2,526.5M.

### CAPEX and RAB

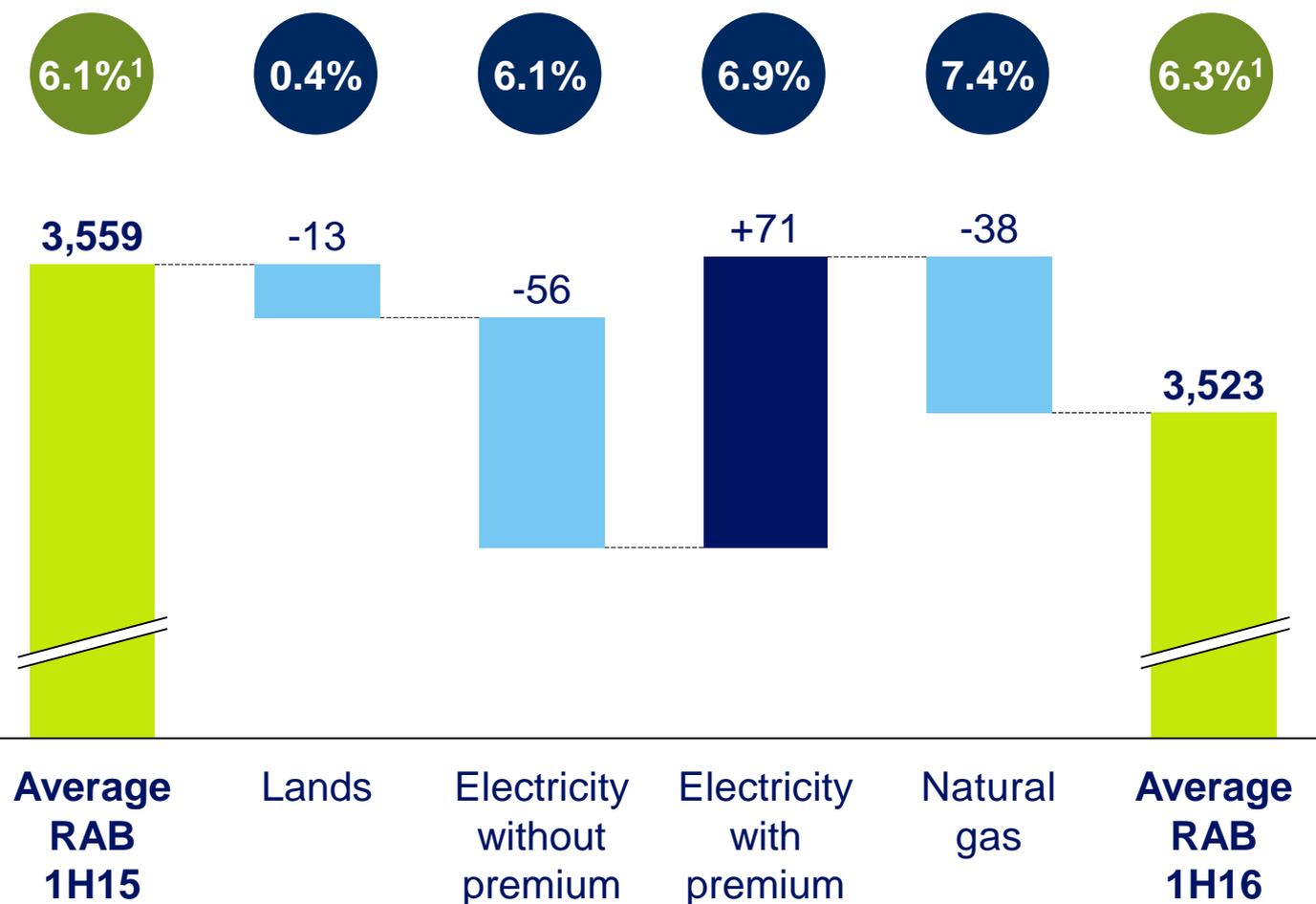
€M	1H16	1H15	Δ%	Δ Abs.
<b>Average RAB</b>	<b>3,522.8</b>	<b>3,558.8</b>	-1.0%	-36.0
Electricity	2,128.1	2,113.3	0.7%	14.8
Land	271.5	284.4	-4.5%	-12.9
Natural gas	1,123.1	1,161.0	-3.3%	-37.9
<b>RAB end of period</b>	<b>3,479.4</b>	<b>3,512.4</b>	-0.9%	-33.0
Electricity	2,101.1	2,083.1	0.9%	18.1
Land	268.3	281.2	-4.6%	-12.8
Natural gas	1,109.9	1,148.2	-3.3%	-38.3
<b>CAPEX</b>	<b>37.6</b>	<b>98.8</b>	-61.9%	-61.1
Electricity	34.6	23.9	44.9%	10.7
Natural gas	3.1	74.8	-95.9%	-71.7
Other	0.0	0.1	-96.8%	-0.1
<b>RAB variation e.o.p.</b>	<b>-86.9</b>	<b>-24.4</b>		
Electricity	-54.0	-60.4		
Land	-6.4	-6.5		
Natural gas	-26.5	42.4		

- ▶ Total CAPEX was €37.6M (-61.9% yoy) and transfers to RAB were €11.7M (-84.6% yoy);
- ▶ Within the electricity infrastructures the opening of the T. Altas Fafe – R. Ave, 150 kV overhead line, to the substation of Fafe, was concluded. The following projects are currently under construction:
  - ✓ Northern region
    - Pedralva - Ponte de Lima 400 kV overhead line;
  - ✓ Greater Lisbon region
    - Global refurbishment of a new AIS 150/60 kV substation in Porto Alto;
    - Global reconstruction of a new GIS 220/60 kV substation in Carregado;
- ▶ In the natural gas infrastructures, CAPEX is in line with the same period in 2015 notwithstanding the 2015 effect of the partial transfer to REN of GALP's Natural Gas underground storage concession (€71.4M).

# AVERAGE ROR INCREASED TO 6.3% FROM 6.1% benefiting from the electricity with premium evolution

## RoR

(€M)



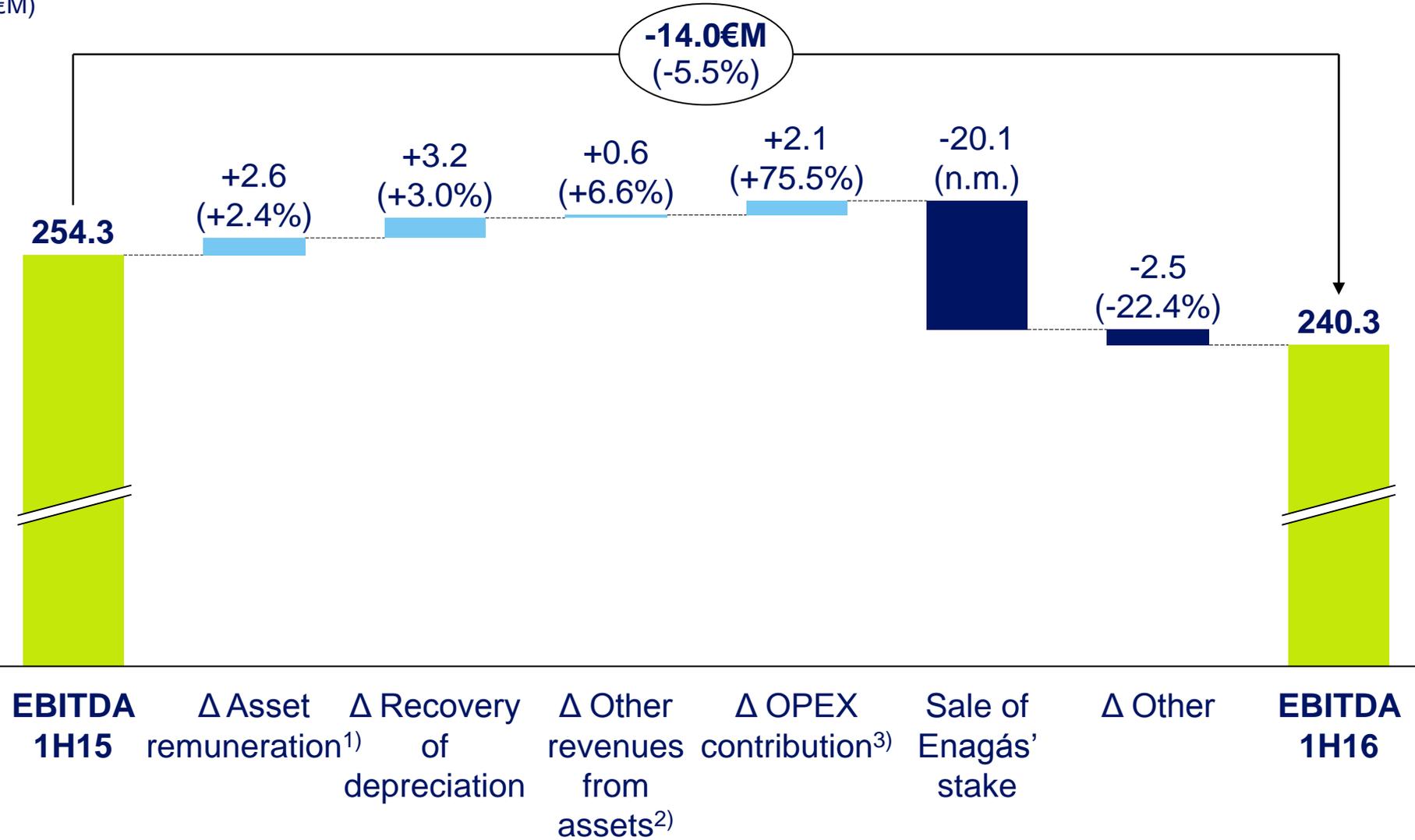
- ▶ Average RAB decreased by 1.0%, despite the favorable contribution from electricity with premium;
- ▶ The base rate of return in the electricity business increased to 6.1% from 6.0%. Electricity with premium (with a 6.9% RoR) was up by €70.6M vs 1H15, while lands, the category with the lowest rate of return (0.4%), suffered a decrease in the value of its average RAB of €12.9M, to €271.5M;
- ▶ In natural gas, the average RAB had a decrease of €37.9M (RoR 7.4%);
- ▶ At the end of 1H16, electricity accounted for 60.4% of the average RAB, natural gas for 31.9% and lands for the remaining 7.7%.

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

# EBITDA REDUCED BY €14.0M AS EXPECTED

representing a decrease of 5.5% yoy

(€M)

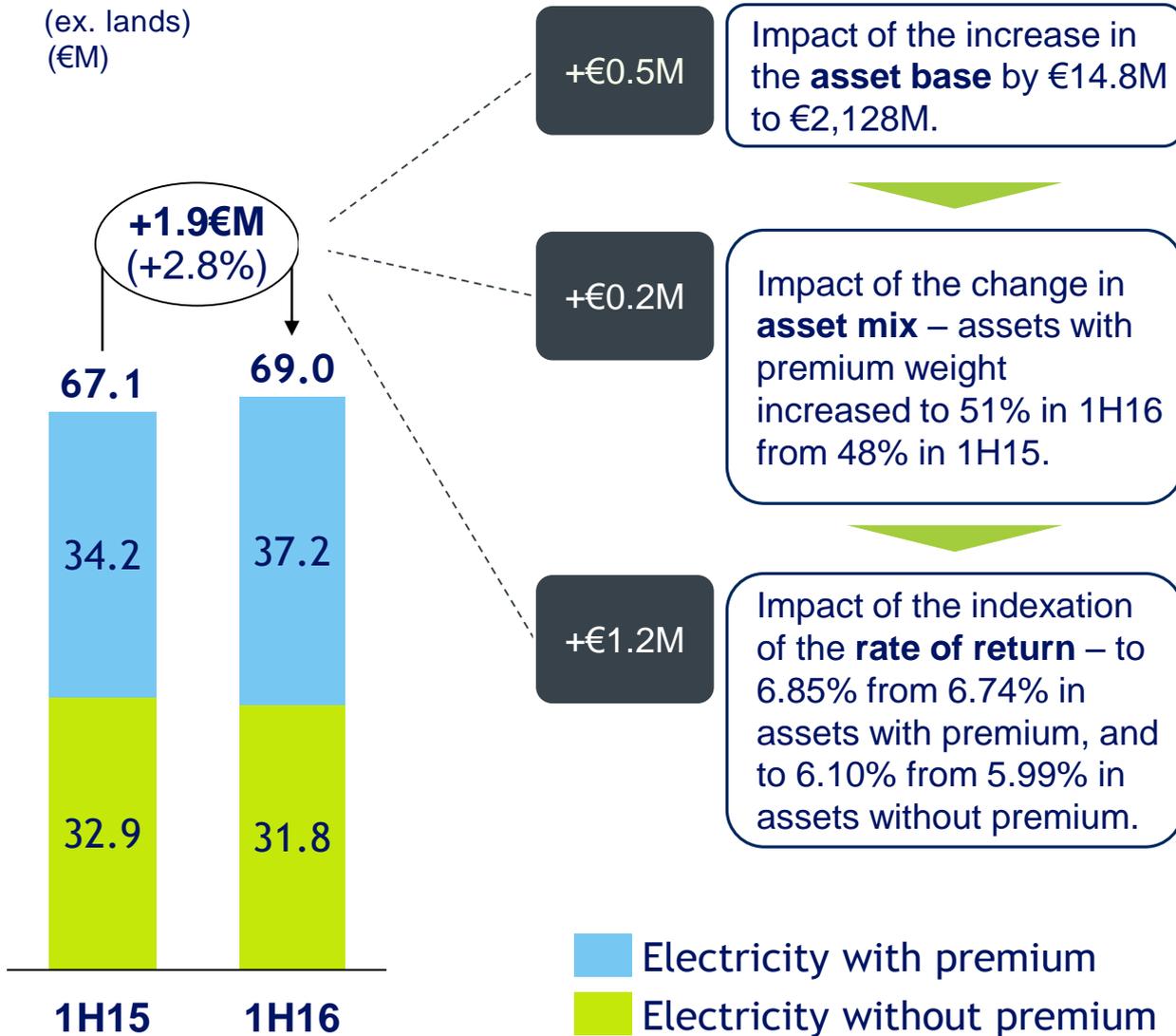


▶ EBITDA evolution was affected by the one-off sale of Enagás' stake in 2015.

(1) Includes Δ+€0.3M of NG tariff smoothing effect;  
 (2) Includes Δ+€0.7M of Remuneration of fully depreciated assets;  
 (3) Includes Δ-€0.4M of OPEX own works.

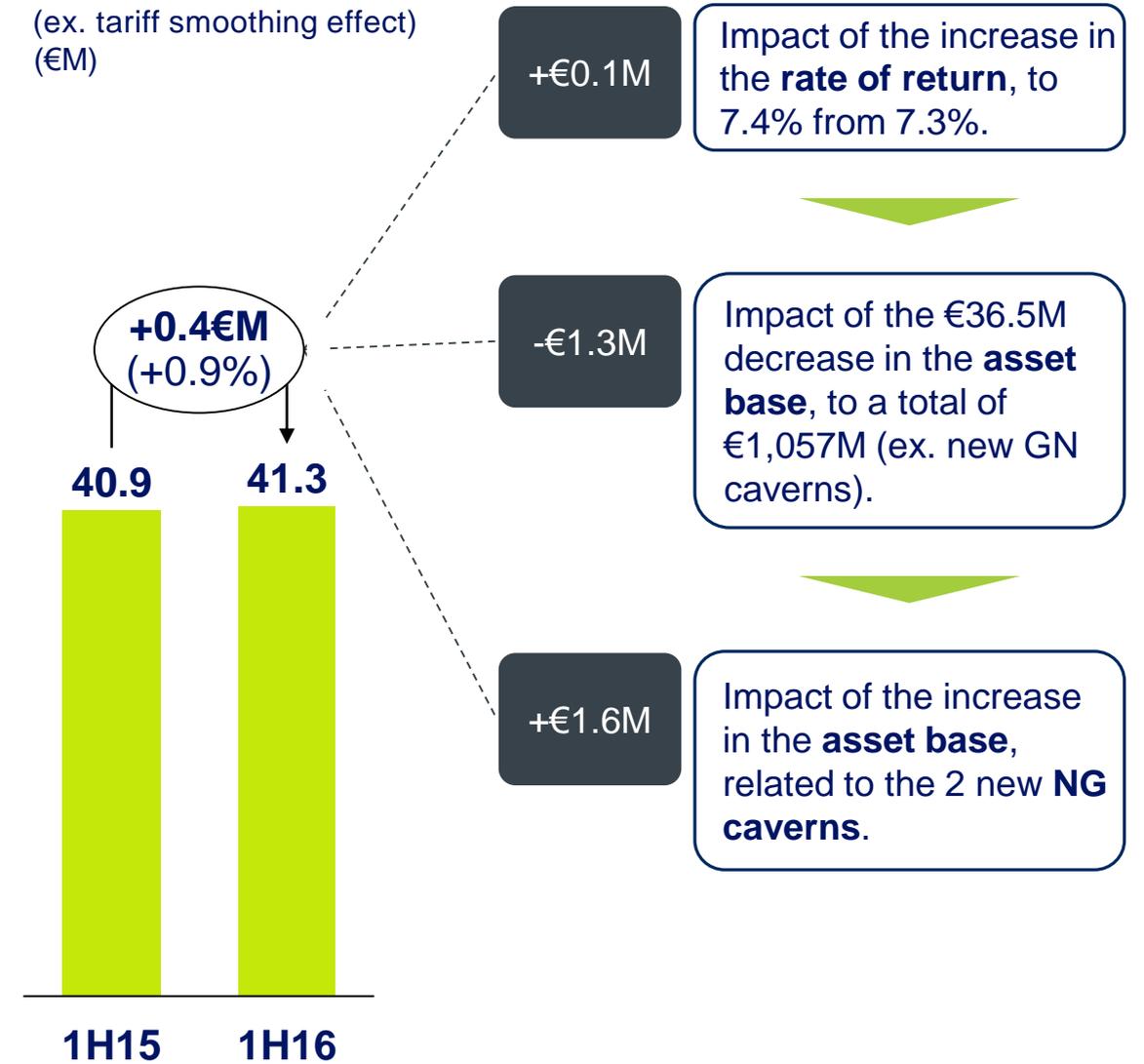
### RAB REMUNERATION ELECTRICITY

(ex. lands)  
(€M)



### RAB REMUNERATION NATURAL GAS

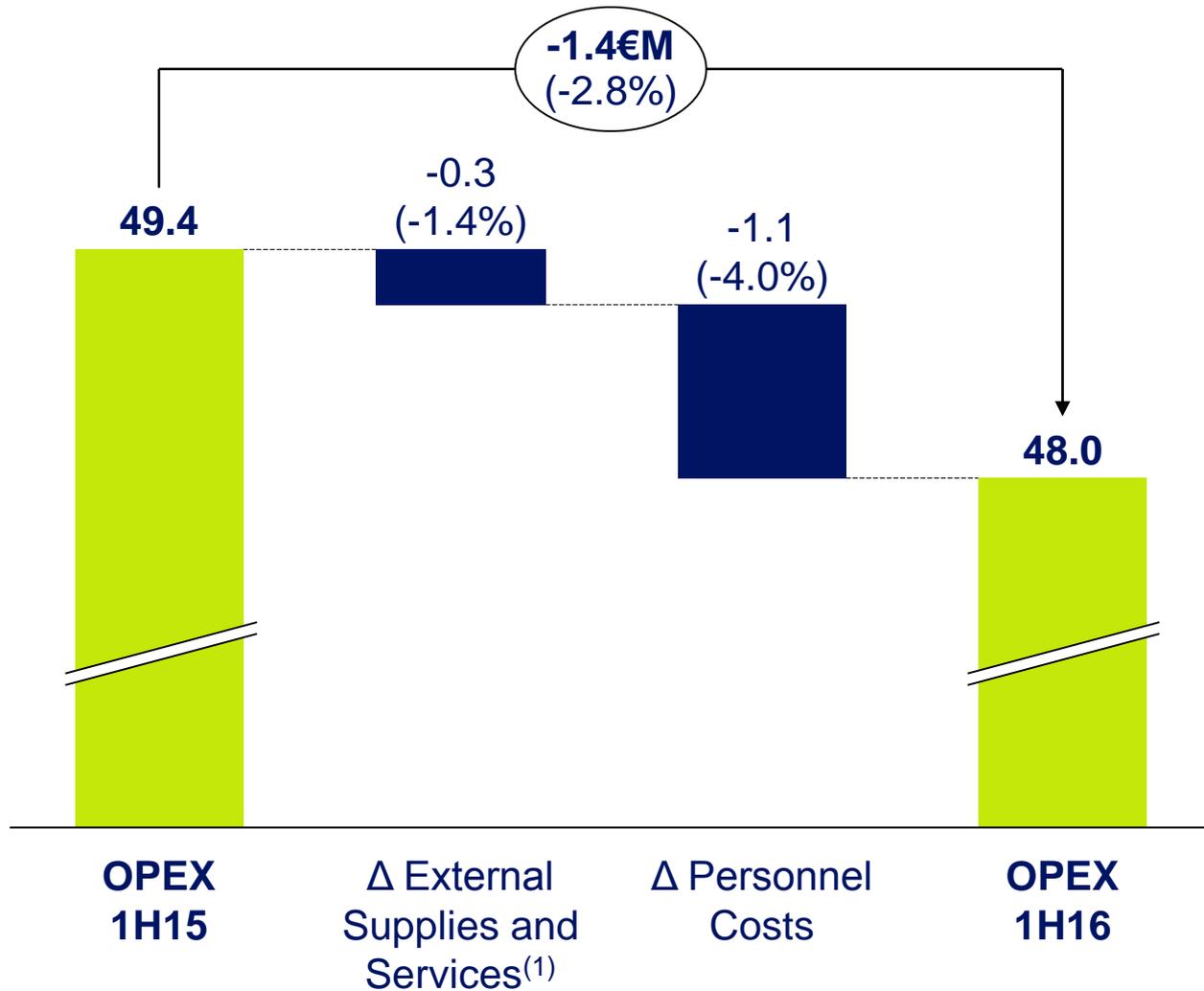
(ex. tariff smoothing effect)  
(€M)



# OPERATIONAL COSTS IMPROVED BY 2.8% following a reduction in ESS and Personnel Costs

## OPERACIONAL COSTS

(€M)



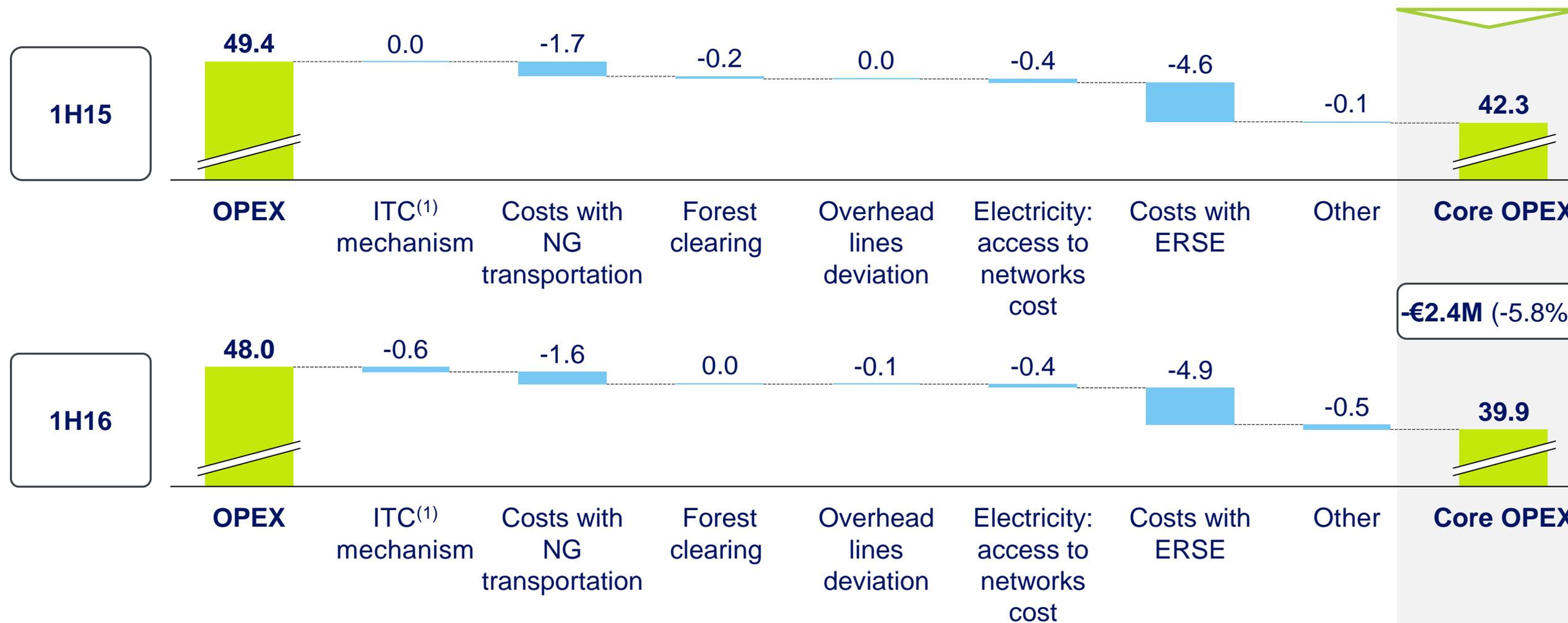
- ▶ Operational efficiency continued to have a positive behavior;
- ▶ ESS and Personnel Costs decreased by 1.4% and 4.0%, respectively.

(1) Includes Δ+€0.2M of Other Operating Costs.

# CORE OPEX STOOD 5.8% BELOW 1H15

### CORE OPEX

(€M)



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

€M	1H16	1H15	Δ%	Δ Abs.
<b>EBITDA</b>	240.2	254.3	-5.5%	-14.0
<b>Depreciation</b>	107.0	104.1	2.8%	2.9
<b>Financial Result</b>	-41.7	-44.8	7.1%	3.2
<b>Profit before income tax and levy</b>	91.6	105.3	-13.1%	-13.8
<b>Taxes</b>	25.1	17.3	44.6%	7.7
<b>Extraordinary levy</b>	25.9	25.4	1.9%	0.5
<b>Net Profit</b>	40.5	62.6	-35.2%	-22.0
<b>Recurrent Net Profit</b>	66.5	63.6	4.5%	2.9

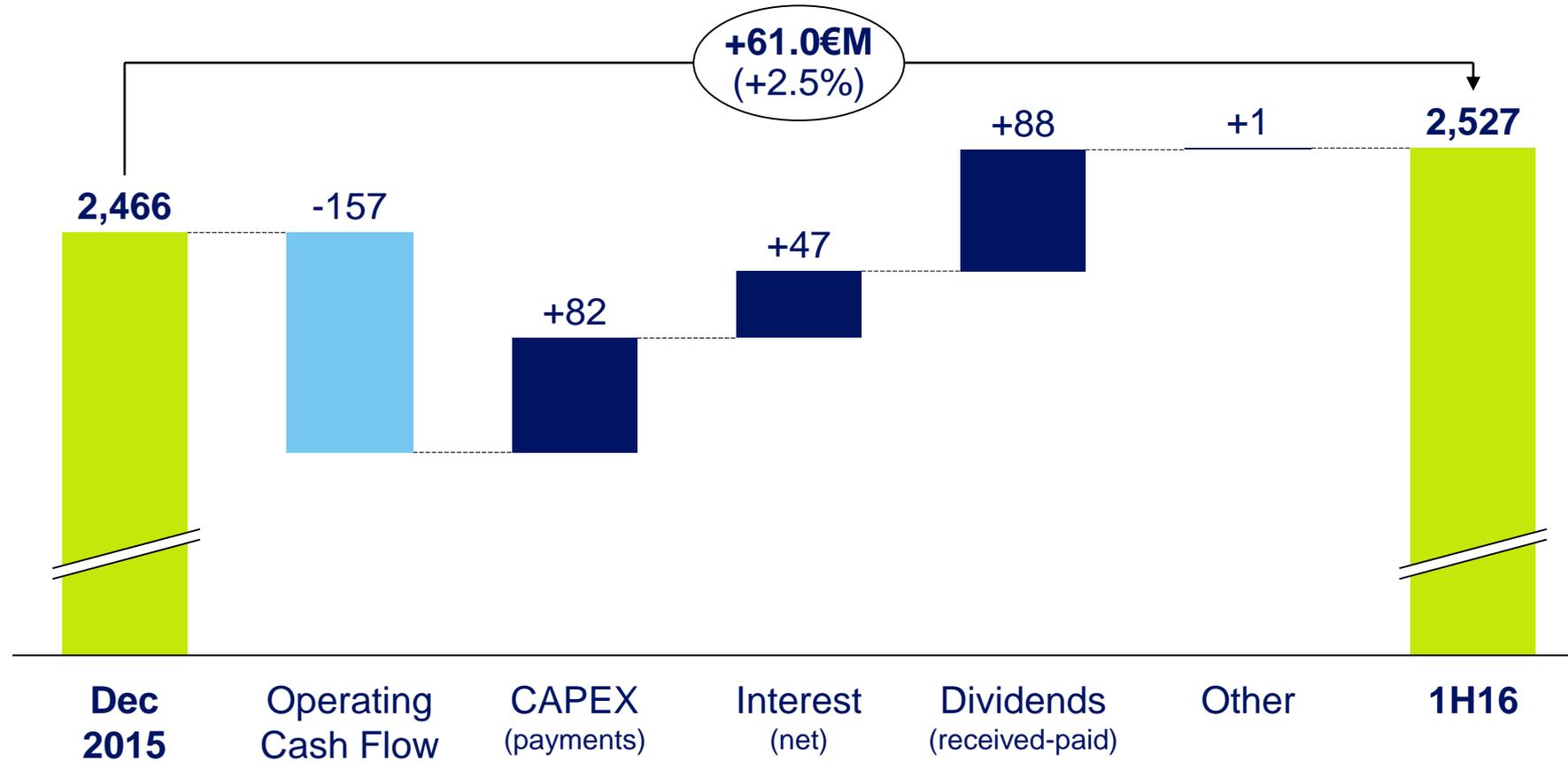
- ▶ The **average cost of debt** was **3.5%** versus 4.0% in 1H15;
- ▶ **Financial Result** improved to €41.7M, representing a positive evolution of 7.1% when compared with 1H15;

- ▶ **Recurrent Net Profit** increased by 4.5%, reaching €66.5M, with the improvement in Financial Result (+7.1% due to a lower average cost of debt). **Net Profit** was lower in 1H16 than in 1H15 because of the capital gain resulting from the sale of the Enagás' stake (+€16.1M), and continued to be negatively affected by the energy sector extraordinary levy;
- ▶ Reported **Income Tax** increased by €7.7M to €25.1M, affected by the increase in the effective tax rate (due to a fiscal credit in 2015);
- ▶ In 2016, the Group was taxed at a Corporate Income Tax rate of 21%, added by a municipal surcharge up the maximum of 1.5% over the taxable profit and (i) a State surcharge of an additional 3.0% of taxable profit between €1.5M and €7.5M, (ii) an additional 5.0% of taxable profit in excess of €7.5M and up to €35.0M and (iii) 7.0% over the taxable profit in excess of €35.0M, which results in a maximum aggregate tax rate of 29.5%.

**NET DEBT INCREASED BY 2.5%**  
but the average cost of debt declined ahead of expectations

**NET DEBT**

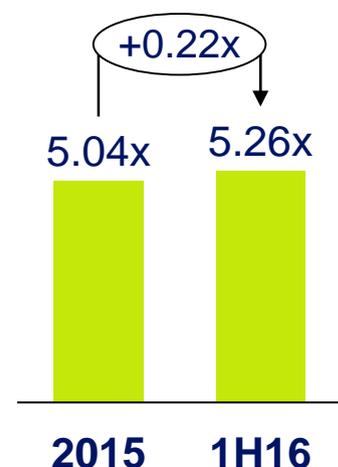
(€M)



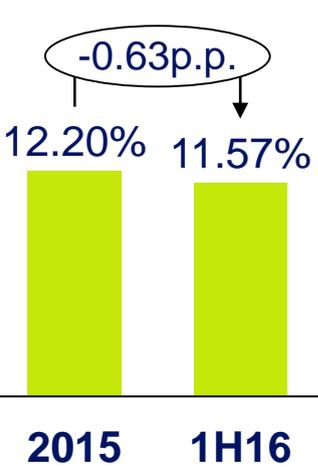
▶ The **average cost of debt** decreased by 53 bps to 3.5%, versus 2015;

▶ **FFO/Net Debt** decreased to 11.6% (12.2% in 2015).

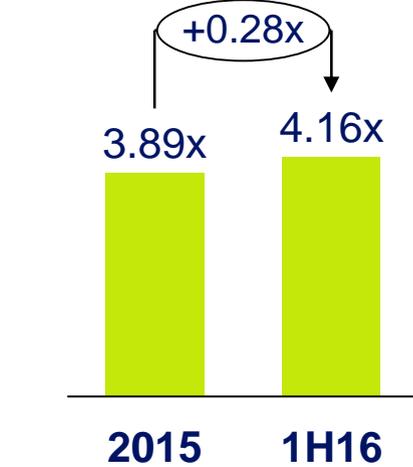
## Net Debt / EBITDA



## FFO / Net Debt

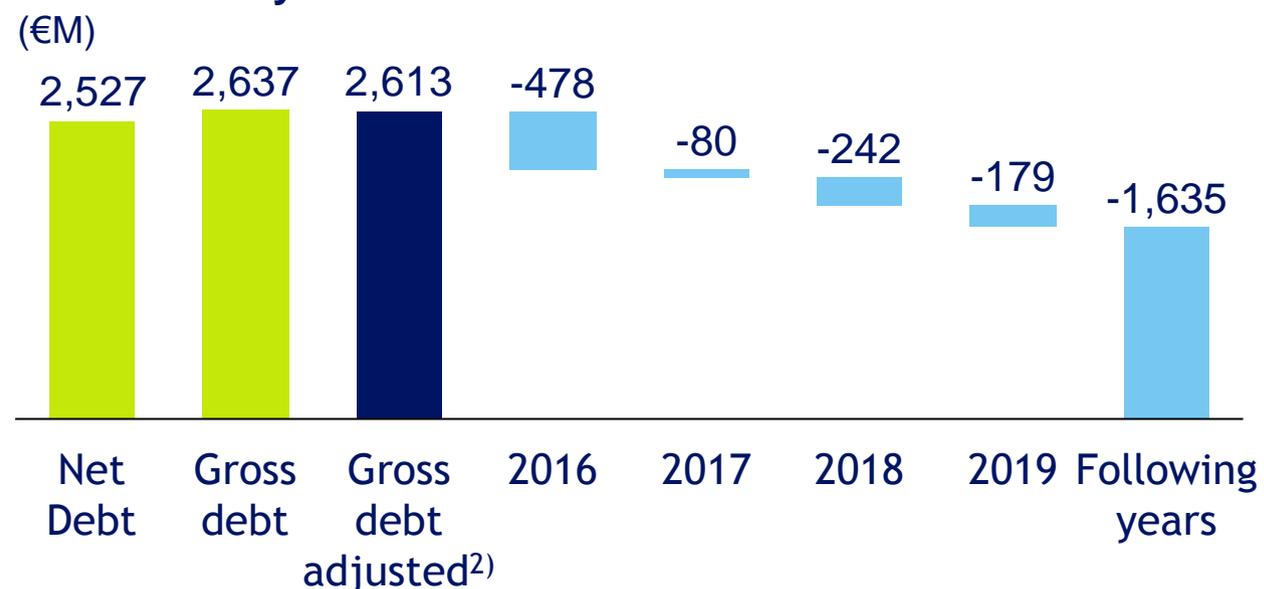


## FFO Interest Coverage



- ▶ In the semester, the cost of REN's debt declined ahead of expectations in thus continuing the trend set in 2015. This reduction was the result of the improvement in the country's macro-economic framework and REN's own risk profile;
- ▶ Last May, REN announced a tender offer to repurchase up to €700M of bonds and issued a new €550M bond with 7Y maturity;
- ▶ In June, the terms of the financing granted by the Bank of China to REN have been extended until 2021 and the maximum commitment has been increased to €250M;
- ▶ REN's financing strategy has placed special emphasis on the flexibility of the financial instruments contracted, thus allowing the Company to adjust the cost of debt to the improvement seen in credit market conditions both significantly and quickly;
- ▶ The average debt maturity is currently **4.71** years.

## Debt Maturity Schedule



1) Adjusted by interest accruals and hedging on yen denominated debt.

€M	1H16	2015
Fixed assets RAB related	3,792.0	3,860.3
Investments and goodwill <sup>1</sup>	216.4	184.9
Tariff deviations	192.7	205.8
Receivables <sup>2</sup>	342.1	262.8
Cash	68.4	63.7
Other <sup>3</sup>	11.2	12.5
<b>Total assets</b>	<b>4,622.8</b>	<b>4,590.0</b>
Shareholders equity	1,102.0	1,161.3
Debt (end of period)	2,637.0	2,542.0
Provisions	6.9	6.9
Tariff deviations	27.0	28.0
Payables <sup>4</sup>	700.0	708.2
Other <sup>5</sup>	149.9	143.6
<b>Total equity and liabilities</b>	<b>4,622.8</b>	<b>4,590.0</b>

- ▶ The total amount of *fixed assets RAB related* decreased to €3,792.0M (this value includes investment subsidies and the new caverns purchased from Galp);
- ▶ *Investments and goodwill* (1) increased to €216.4M from €184.9M at the end of 2015. This item includes goodwill, available-for-sale financial assets, derivative financial instruments, investments in associates and other investments;
- ▶ *Receivables* (2) related to trade and other receivables, deferred tax assets and current income tax recoverable, reached €342.1M in 1H16, an increase from €262.8M at the end of 2015;
- ▶ *Other Assets* (3) stood at €11.2M. This item consists of inventories, guarantee deposits, fixed assets and assets in progress (not RAB related);
- ▶ *Payables* (4) include trade and other payables, deferred tax liabilities and income tax payable. These totalized €700.0M at the end of the first semester 2016, versus €708.2M in 2015;
- ▶ *Other liabilities* (5) stood at €149.9M, these include retirement and other benefit obligations, derivative financial instruments and guarantee deposits (€143.6M in 2015).

# THE BALANCE OF TARIFF DEVIATIONS TOTALIZED €240.7M to be received from tariffs over the next two years

## TARIFF DEVIATIONS

€M	1H16	1H15
Electricity	144.6	63.0
Natural gas	38.6	60.2
Trading	57.4	58.8
<b>TOTAL</b>	<b>240.7</b>	<b>182.0</b>

- ▶ The value of the tariff deviations is paid in full and with interest over a two year period from the moment it is created.

## BORROWINGS

€M	Current	Non Current	TOTAL
Bonds	330.0	1,485.5	<b>1,815.5</b>
Bank borrowings	58.1	546.5	<b>604.6</b>
Commercial paper	133.0	99.5	<b>232.5</b>
Bank overdrafts	2.1	0.0	<b>2.1</b>
Finance lease	1.1	1.4	<b>2.5</b>
<b>TOTAL</b>	<b>524.3</b>	<b>2,133.0</b>	<b>2,657.3</b>
Accrued interest	23.1	0.0	<b>23.1</b>
Prepaid interest	-7.8	-35.6	<b>-43.4</b>
<b>TOTAL</b>	<b>539.6</b>	<b>2,097.4</b>	<b>2,637.0</b>

▶ On 30<sup>th</sup> June 2016 REN's total liquidity amounted to €1,051M, including credit lines, loans, non-used commercial paper facilities, cash and bank deposits;

- ▶ The Group had five active commercial paper programmes, in the amount of €1,000M, of which €768M were available to be used. From the total amount of commercial paper programs, €600M had subscription guarantees;
- ▶ Bank borrowings were mainly (€540M) represented by EIB loans;
- ▶ In June 2016, under the Euro Medium Term Programme, the Group issued a new bond in the amount of €550M with an associated coupon of 1.750%, with maturing date in June 2023. This issue allowed the refinancing through an Exchange Offer of the following bond issues: (1) €137M of the total issue of €300M, maturing date in January 2018 issued in January 2013 with an associated coupon of 4.125%; (2) €132M of the total issue of €400M, maturing date in October 2020 issued in October 2013 with an associated coupon of 4.750%;
- ▶ In 1H16, the Group proceeded to the total disbursement of the borrowing from the Bank of China in the amount of €10M. Additionally, in June 2016 the Group agreed to a credit line with the Bank of China in the amount of €250M;
- ▶ The Group also had credit lines negotiated and not used in the amount of €80M, maturing up to one year, which are automatically renewed periodically (if they are not resigned in the contractually specified period for that purpose);
- ▶ REN's financial liabilities had the following main types of covenants: Cross Default, *Pari Passu*, Negative Pledge, Gearing (ratio of total consolidated equity with the total consolidated regulated assets). The Group's gearing ratio comfortably met the limits contractually set, thus being above the limit by 57%;
- ▶ The borrowings from the EIB included rating covenants. In the event of ratings below the specified levels, REN can be called to provide a guarantee acceptable to the EIB.

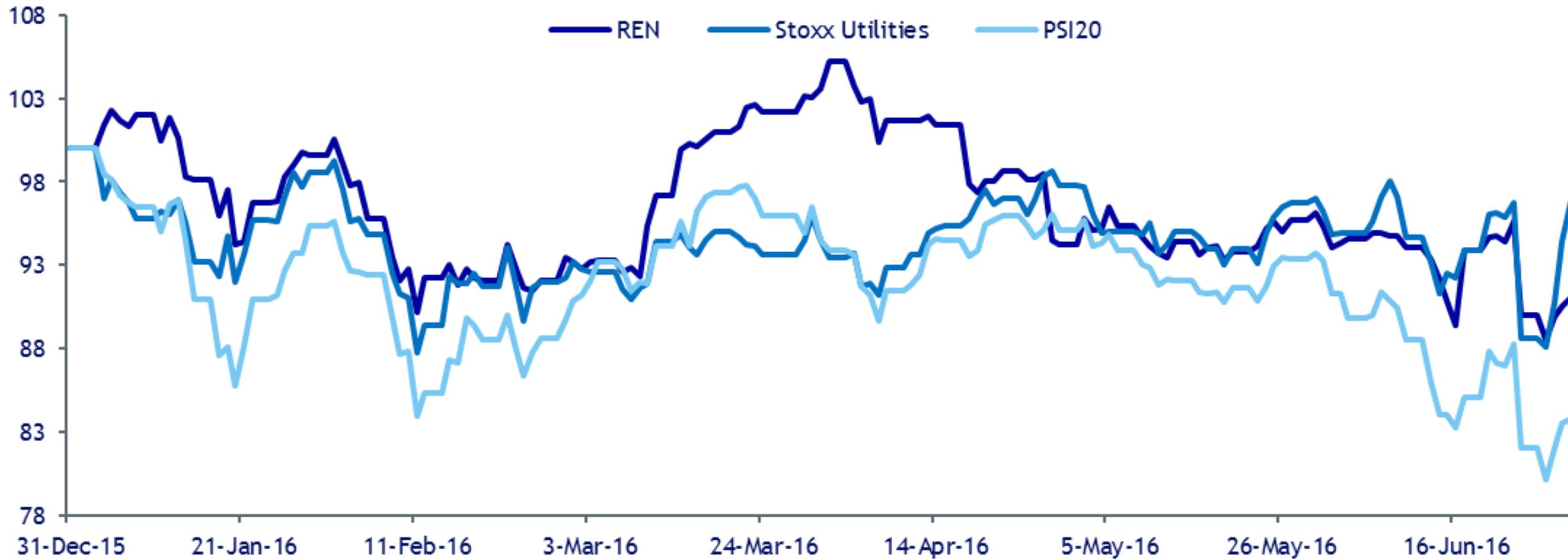
# SHARE PERFORMANCE

REN ended 1H16 with a total return of -3.0% (YTD)



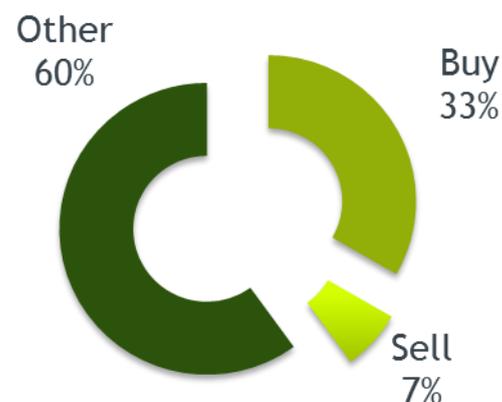
RESULTS  
REPORT

## ANNUALIZED CLOSING PRICES



### ANALYST RECOMMENDATIONS<sup>(1)</sup>

- ▶ **Average price target**  
**€2.94**
- ▶ **Upside/Downside<sup>(+/-)</sup>**  
**+9.0%**



### CMVM: MAIN PRESS RELEASES (from January 2016)

- ▶ **Feb-15:** Summary of annual information disclosed in 2015
- ▶ **Mar-07:** Temporary suspension of member of the Board of Directors
- ▶ **Mar-17:** 2015 Annual results presentation
- ▶ **Mar-27:** Transactions over REN shares
- ▶ **Apr-01:** Temporary suspension of member of the Board of Directors
- ▶ **Apr-05:** Qualified shareholding (The Capital Group Companies)
- ▶ **Apr-07:** Qualified shareholding and transactions over REN shares (Gestmin)
- ▶ **Apr-13:** Resignation of member of the Board of Directors
- ▶ **Apr-13:** Resolutions approved in the General Shareholders meeting
- ▶ **Apr-14:** ERSE's proposal for tariffs and prices for natural gas for the 2016-2017 gas year and parameters for the 2016-2019 regulatory period

(1) July 27<sup>th</sup> 2016.

# REN'S TOTAL SHAREHOLDER RETURN WAS +60.5% (ITD)

REN	1H16	2015
END OF PERIOD		
<b>Price (€)</b>		
Close	2.533	2.782
Average	2.683	2.683
High YTD	2.928	2.899
Low YTD	2.464	2.367
<i>Variation YTD</i>	-9.0%	15.6%
Market cap. (€M)	1,352.6	1,485.6
Nr. of shares (M)	534	534
Own shares (M)	3.9	3.9
Volume (M shares)	0.663	0.109
Volume WAP	2.718	2.687
<b>Performance indicators</b>		
Dividend yield	6.8%	6.1%
PER	10.5x	9.8x
Total shareholder return YTD	-3.0%	23.0%
Cumulative total return*		
REN	60.5%	65.6%
PSI20	-52.2%	-44.6%
EuroStoxx Utilities	-24.1%	-24.6%

- ▶ **Apr-21:** Payment of dividends
- ▶ **May-06:** Qualified shareholding (The Capital Group Companies)
- ▶ **May-09:** Transactions over REN shares (Gestmin)
- ▶ **May-13:** 1Q16 Results presentation
- ▶ **May-16:** Tender offer launch announcement
- ▶ **May-24:** Bond issue and tender offer
- ▶ **May-31:** Tender offer results
- ▶ **June-16:** Natural gas allowed revenues and regulation
- ▶ **June-16:** Facility agreement with the Bank of China

\* Inception to date (July 9<sup>th</sup> 2007).  
Source: Bloomberg



# APPENDIX

€M	1H16	1H15	2015	1H16/1H15	
				Δ %	Δ Abs.
<b>1) TOTAL REVENUES</b>	<b>318.7</b>	<b>395.0</b>	<b>819.3</b>	<b>-19.3%</b>	<b>-76.3</b>
<b>Revenues from assets</b>	<b>226.8</b>	<b>220.4</b>	<b>446.0</b>	<b>2.9%</b>	<b>6.4</b>
Return on RAB	110.3	108.0	219.9	2.1%	2.3
Electricity	69.0	67.1	136.8	2.8%	1.9
Natural gas	41.3	40.9	83.1	0.9%	0.4
Hydro land remuneration	0.1	0.1	0.3	-4.5%	0.0
Lease revenues from hydro protection zone	0.4	0.4	0.7	-1.2%	0.0
Remuneration of fully depreciated assets	9.9	9.3	18.5	7.1%	0.7
Tariff smoothing effect (natural gas)	-1.4	-1.8	-3.5	18.5%	0.3
Recovery of depreciation (net from subsidies)	98.5	95.5	192.1	3.2%	3.0
Subsidies amortization	9.1	8.9	18.0	1.2%	0.1
<b>Revenues of OPEX</b>	<b>46.8</b>	<b>45.7</b>	<b>94.2</b>	<b>2.5%</b>	<b>1.1</b>
<b>Other revenues</b>	<b>7.4</b>	<b>30.3</b>	<b>39.0</b>	<b>-75.4%</b>	<b>-22.8</b>
<b>Construction revenues (IFRIC 12)</b>	<b>37.6</b>	<b>98.6</b>	<b>240.0</b>	<b>-61.8%</b>	<b>-61.0</b>
<b>2) OPEX</b>	<b>48.0</b>	<b>49.4</b>	<b>106.1</b>	<b>-2.8%</b>	<b>-1.4</b>
Personnel costs	25.3	26.3	51.4	-4.0%	-1.1
External supplies and services	15.9	16.4	42.3	-3.4%	-0.6
Other operational costs	6.9	6.6	12.5	3.4%	0.2
3) Construction costs (IFRIC 12)	30.3	91.0	222.6	-66.7%	-60.7
<b>4) Depreciation</b>	<b>107.0</b>	<b>104.1</b>	<b>209.3</b>	<b>2.8%</b>	<b>2.9</b>
<b>5) Other</b>	<b>0.2</b>	<b>0.4</b>	<b>0.9</b>	<b>-43.1%</b>	<b>-0.2</b>
<b>6) EBIT</b>	<b>133.2</b>	<b>150.2</b>	<b>280.4</b>	<b>-11.3%</b>	<b>-17.0</b>
7) Depreciation	107.0	104.1	209.3	2.8%	2.9
<b>8) EBITDA</b>	<b>240.2</b>	<b>254.3</b>	<b>489.7</b>	<b>-5.5%</b>	<b>-14.0</b>
9) Depreciation	107.0	104.1	209.3	2.8%	2.9
10) Financial result	-41.7	-44.8	-98.8	7.1%	3.2
11) Income tax expense	25.1	17.3	40.0	44.6%	7.7
12) Extraordinary contribution on energy sector	25.9	25.4	25.4	1.9%	0.5
<b>13) NET PROFIT</b>	<b>40.5</b>	<b>62.6</b>	<b>116.1</b>	<b>-35.2%</b>	<b>-22.0</b>
14) Non recurrent items*	25.9	1.1	2.0		24.9
<b>15) RECURRENT NET PROFIT</b>	<b>66.5</b>	<b>63.6</b>	<b>118.1</b>	<b>4.5%</b>	<b>2.9</b>

### NON RECURRENT ITEMS:

\*1H16: i) Energy sector extraordinary levy, as established in the 2016 State budget law (€25.9M);

1H15: i) Cost of carry of the EIB escrow account of €1.9M (€1.4M after taxes); ii) Energy sector extraordinary levy, as established in the 2015 State budget law (€25.4M); iii) Capital gains with the sale of the Group's stake in Enagás (-€20.1M; -€16.1M after tax); and iv) One-off effect related to the recovery of taxes linked to the re-valuation/impairment of assets (-€9.9M; -€9.7M net of associated costs and after taxes).

# OTHER OPERACIONAL REVENUES AND COSTS BREAKDOWN

€M	1H16	1H15	2015	1H16/1H15	
				Δ %	Δ Abs.
<b>Other revenues</b>	<b>7.4</b>	<b>30.3</b>	<b>39.0</b>	<b>-75.4%</b>	<b>-22.8</b>
Allowed incentives	1.2	1.3	3.3	-12.5%	-0.2
Interest on tariff deviation	1.1	1.4	2.7	-20.6%	-0.3
Gains in related companies	0.0	20.1	20.1		-20.1
Telecommunication sales and services rendered	2.6	2.8	5.6	-8.0%	-0.2
Consultancy services and other services provided	0.9	2.2	3.3	-58.7%	-1.3
Other revenues	1.6	2.4	4.0	-30.9%	-0.7
<b>Other costs</b>	<b>6.9</b>	<b>6.6</b>	<b>12.5</b>	<b>3.4%</b>	<b>0.2</b>
Costs with ERSE	4.9	4.6	9.2	5.8%	0.3
Other	2.0	2.0	3.2	-1.8%	0.0

# EBITDA BREAKDOWN (ELECTRICITY<sup>1</sup>)

€M	1H16	1H15 <sup>2</sup>	2015	1H16/1H15	
				Δ %	Δ Abs.
<b>1) REVENUES</b>	<b>221.1</b>	<b>206.0</b>	<b>518.2</b>	<b>7.3%</b>	<b>15.1</b>
<b>Revenues from assets</b>	<b>156.8</b>	<b>152.3</b>	<b>307.7</b>	<b>3.0%</b>	<b>4.5</b>
Return on RAB	69.0	67.1	136.8	2.8%	1.9
Hydro land remuneration	0.1	0.1	0.3	-4.5%	0.0
Lease revenues from hydro protection zone	0.4	0.4	0.7	-1.2%	0.0
Remuneration of fully depreciated assets	9.9	9.3	18.5	7.1%	0.7
Recovery of depreciation (net from subsidies)	71.3	69.3	139.2	2.8%	2.0
Subsidies amortization	6.1	6.1	12.2	0.7%	0.0
<b>Revenues of OPEX</b>	<b>28.9</b>	<b>28.0</b>	<b>58.8</b>	<b>3.1%</b>	<b>0.9</b>
<b>Other revenues</b>	<b>0.8</b>	<b>1.9</b>	<b>3.4</b>	<b>-56.9%</b>	<b>-1.1</b>
Interest on tariff deviation	0.1	0.6	1.2	-88.1%	-0.5
Other	0.7	1.3	2.2	-42.0%	-0.5
Construction revenues (IFRIC 12)	34.6	23.9	148.3	44.9%	10.7
<b>2) OPEX</b>	<b>21.7</b>	<b>23.1</b>	<b>51.5</b>	<b>-5.7%</b>	<b>-1.3</b>
Personnel costs	10.1	11.8	21.6	-14.2%	-1.7
External supplies and services	7.2	7.1	22.2	1.2%	0.1
Other operational costs	4.4	4.1	7.8	6.3%	0.3
3) Construction costs (IFRIC 12)	28.2	17.4	133.4	62.3%	10.8
<b>4) Depreciation</b>	<b>77.1</b>	<b>75.3</b>	<b>151.0</b>	<b>2.4%</b>	<b>1.8</b>
5) Other	<b>0.3</b>	<b>0.1</b>	<b>0.6</b>		<b>0.2</b>
<b>6) EBIT (1-2-3-4-5)</b>	<b>93.7</b>	<b>90.2</b>	<b>181.5</b>	<b>3.9%</b>	<b>3.5</b>
7) Depreciation	77.1	75.3	151.0	2.4%	1.8
<b>8) EBITDA (6+7)</b>	<b>170.8</b>	<b>165.5</b>	<b>332.5</b>	<b>3.2%</b>	<b>5.3</b>

(1) Includes Electricity and Enondas (wave energy concession);

(2) For comparison purposes, 1H15 values were adjusted excluding REN Trading.

# EBITDA BREAKDOWN (NATURAL GAS)

€M	1H16	1H15	2015	1H16/1H15	
				Δ %	Δ Abs.
<b>1) REVENUES</b>	<b>91.8</b>	<b>163.4</b>	<b>269.8</b>	<b>-43.8%</b>	<b>-71.7</b>
<b>Revenues from assets</b>	<b>70.0</b>	<b>68.2</b>	<b>138.4</b>	<b>2.7%</b>	<b>1.9</b>
Return on RAB	41.3	40.9	83.1	0.9%	0.4
Tariff smoothing effect (natural gas)	-1.4	-1.8	-3.5	18.5%	0.3
Recovery of depreciation (net from subsidies)	27.3	26.2	52.9	4.1%	1.1
Subsidies amortization	2.9	2.9	5.9	2.3%	0.1
<b>Revenues of OPEX</b>	<b>17.9</b>	<b>17.7</b>	<b>35.4</b>	<b>1.4%</b>	<b>0.2</b>
<b>Other revenues</b>	<b>0.8</b>	<b>2.8</b>	<b>4.1</b>	<b>-72.6%</b>	<b>-2.1</b>
Interest on tariff deviation	0.5	0.6	1.1	-13.9%	-0.1
Other	0.2	2.2	3.0	-88.9%	-2.0
Construction revenues (IFRIC 12)	3.1	74.8	91.9	-95.9%	-71.7
<b>2) OPEX</b>	<b>11.9</b>	<b>12.0</b>	<b>25.0</b>	<b>-0.4%</b>	<b>-0.1</b>
Personnel costs	4.1	3.8	8.3	7.5%	0.3
External supplies and services	5.7	6.1	12.7	-5.6%	-0.3
Other operational costs	2.1	2.1	4.0	0.2%	0.0
3) Construction costs (IFRIC 12)	2.0	73.6	89.3	-97.2%	-71.5
<b>4) Depreciation</b>	<b>29.8</b>	<b>28.7</b>	<b>58.0</b>	<b>4.0%</b>	<b>1.1</b>
<b>5) Other</b>	<b>0.0</b>	<b>-0.3</b>	<b>-0.3</b>		<b>0.3</b>
<b>6) EBIT</b>	<b>48.0</b>	<b>49.6</b>	<b>97.9</b>	<b>-3.1%</b>	<b>-1.6</b>
7) Depreciation	29.8	28.7	58.0	4.0%	1.1
<b>8) EBITDA</b>	<b>77.8</b>	<b>78.2</b>	<b>155.9</b>	<b>-0.5%</b>	<b>-0.4</b>

# EBITDA BREAKDOWN (OTHER<sup>1</sup>)

€M	1H16	1H15 <sup>2</sup>	2015	1H16/1H15	
				Δ %	Δ Abs.
<b>1) TOTAL REVENUES</b>	<b>5.9</b>	<b>25.5</b>	<b>31.3</b>	<b>-77.1%</b>	<b>-19.7</b>
<b>Other revenues</b>	<b>5.9</b>	<b>25.5</b>	<b>31.4</b>	<b>-77.1%</b>	<b>-19.7</b>
Allowed incentives	1.2	1.3	3.3	-12.5%	-0.2
Interest on tariff deviation	0.5	0.2	0.3		0.3
Telecommunication sales and services rendered	2.6	2.8	5.6	-8.0%	-0.2
Gains in related companies	0.0	20.1	20.1		-20.1
Consultancy services and other services provided	0.7	0.6	1.1	9.7%	0.1
Other	0.9	0.5	1.1	77.8%	0.4
Construction revenues (IFRIC 12)	0.0	0.0	-0.2		0.0
<b>2) OPEX</b>	<b>14.4</b>	<b>14.4</b>	<b>29.6</b>	<b>-0.1%</b>	<b>0.0</b>
Personnel costs	11.1	10.7	21.5	3.1%	0.3
External supplies and services	2.9	3.2	7.4	-9.6%	-0.3
Other operational costs	0.4	0.4	0.7	-8.6%	0.0
3) Construction costs (IFRIC 12)	0.0	0.0	-0.2		0.0
<b>4) Depreciation</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>	<b>-7.4%</b>	<b>0.0</b>
<b>5) Other</b>	<b>-0.1</b>	<b>0.6</b>	<b>0.6</b>	<b>-114.6%</b>	<b>-0.7</b>
<b>6) EBIT</b>	<b>-8.5</b>	<b>10.4</b>	<b>1.0</b>		<b>-18.9</b>
7) Depreciation	0.1	0.1	0.3	-7.4%	0.0
<b>8) EBITDA</b>	<b>-8.4</b>	<b>10.5</b>	<b>1.2</b>		<b>-18.9</b>

(1) Includes REN SGPS, REN Serviços, REN Telecom, REN Trading and REN Finance B.V.;

(2) For comparison purposes, 1H15 values were adjusted considering REN Trading.

€M	1H16	1H15	2015	1H16/1H15	
				Δ %	Δ Abs.
<b>CAPEX*</b>	<b>37.6</b>	<b>98.8</b>	<b>240.4</b>	<b>-61.9%</b>	<b>-61.1</b>
Electricity	34.6	23.9	148.2	44.9%	10.7
Natural gas	3.1	74.8	91.8	-95.9%	-71.7
Other	0.0	0.1	0.4	-96.8%	-0.1
<b>Transfers to RAB**</b>	<b>11.7</b>	<b>76.0</b>	<b>231.6</b>	<b>-84.6%</b>	<b>-64.3</b>
Electricity	11.0	4.7	141.3	130.9%	6.2
Natural gas	0.8	71.3	90.4	-98.9%	-70.5
<b>Average RAB</b>	<b>3,522.8</b>	<b>3,558.8</b>	<b>3,585.8</b>	<b>-1.0%</b>	<b>-36.0</b>
Electricity	2,128.1	2,113.3	2,149.4	0.7%	14.8
With premium	1,086.6	1,016.0	1,061.2	6.9%	70.6
Without premium	1,041.5	1,097.3	1,088.2	-5.1%	-55.8
Land	271.5	284.4	281.2	-4.5%	-12.9
Natural gas	1,123.1	1,161.0	1,155.2	-3.3%	-37.9
<b>RAB e.o.p.</b>	<b>3,479.4</b>	<b>3,512.4</b>	<b>3,566.3</b>	<b>-0.9%</b>	<b>-33.0</b>
Electricity	2,101.1	2,083.1	2,155.2	0.9%	18.1
Land	268.3	281.2	274.7	-4.6%	-12.8
Natural gas	1,109.9	1,148.2	1,136.4	-3.3%	-38.3
<b>RAB's variation e.o.p.</b>	<b>-86.9</b>	<b>-24.4</b>	<b>29.5</b>		
Electricity	-54.0	-60.4	11.7		
Land	-6.4	-6.5	-12.9		
Natural gas	-26.5	42.4	30.6		
<b>RAB's remuneration</b>	<b>110.7</b>	<b>108.5</b>	<b>220.9</b>	<b>2.1%</b>	<b>2.3</b>
Electricity	69.0	67.1	136.8	2.8%	1.9
With premium	37.2	34.2	71.6	8.7%	3.0
Without premium	31.8	32.9	65.2	-3.3%	-1.1
Land	0.5	0.5	1.0	-2.1%	0.0
Natural gas	41.3	40.9	83.1	0.9%	0.4
<b>RoR's RAB</b>	<b>6.3%</b>	<b>6.1%</b>	<b>6.2%</b>		<b>0.2p.p.</b>
Electricity	6.5%	6.4%	6.4%		0.1p.p.
With premium	6.9%	6.7%	6.7%		0.1p.p.
Without premium	6.1%	6.0%	6.0%		0.1p.p.
Land	0.4%	0.4%	0.4%		0.0p.p.
Natural gas	7.4%	7.3%	7.3%		0.3p.p.

\* Total costs;

\*\* Transfers to RAB include direct acquisitions RAB related.

	1H16	1H15	2015
Net Debt (€M)	2,526.5	2,494.0	2,465.5
Average cost	3.5%	4.0%	4.1%
Average maturity (years)	4.7	4.6	4.2

#### DEBT BREAKDOWN

Funding sources			
Bond issues	68%	60%	61%
EIB	21%	23%	23%
Loans	2%	9%	2%
Other	9%	8%	15%

#### TYPE

Float	39%	59%	47%
Fixed	61%	41%	53%

#### CREDIT METRICS

Net Debt / EBITDA	5.3x	5.1x	5.0x
FFO / Net Debt	11.6%	11.9%	12.2%
FFO Interest Coverage	4.2x	4.1x	3.9x

RATING	Long term	Short term	Outlook	Date
Moody's	Baa3	-	Stable	10/21/2014
Standard & Poor's	BBB-	BB+	Positive	10/14/2015
Fitch	BBB	F3	Stable	03/24/2016



# CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENTS

## Financial position (teuros)

	Jun2016	Dec 2015
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	541	695
Goodwill	3,774	3,774
Intangible assets	3,799,765	3,869,085
Investments in associates and joint ventures	15,314	14,588
Available-for-sale financial assets	159,981	154,862
Derivative financial instruments	35,933	10,157
Other financial assets	10	7
Trade and other receivables	99,988	133,676
Deferred tax assets	67,389	65,838
	<b>4,182,695</b>	<b>4,252,682</b>
<b>Current assets</b>		
Inventories	2,913	2,985
Trade and other receivables	361,225	263,766
Current income tax recoverable	6,240	5,358
Other financial assets	1,345	1,510
Cash and cash equivalents	68,405	63,652
	<b>440,128</b>	<b>337,271</b>
<b>TOTAL ASSETS</b>	<b>4,622,822</b>	<b>4,589,953</b>

	Jun2016	Dec 2015
<b>EQUITY</b>		
<b>Shareholders' equity:</b>		
Share capital	534,000	534,000
Treasury shares	-10,728	-10,728
Other reserves	320,753	325,619
Retained earnings	217,463	196,253
Other changes in equity	30	30
Net profit for the period	40,530	116,115
<b>TOTAL EQUITY</b>	<b>1,102,049</b>	<b>1,161,289</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	2,097,355	1,891,245
Liability for retirement benefits and others	126,838	129,217
Derivative financial instruments	19,980	8,426
Provisions	6,014	5,717
Trade and other payables	323,673	332,232
Deferred tax liabilities	86,853	88,249
	<b>2,660,714</b>	<b>2,455,086</b>
<b>Current liabilities</b>		
Borrowings	539,644	650,755
Provisions	912	1,171
Trade and other payables	288,162	315,735
Income tax payable	28,309	0
Derivative financial instruments	3,033	5,918
	<b>860,060</b>	<b>973,579</b>
<b>TOTAL LIABILITIES</b>	<b>3,520,773</b>	<b>3,428,664</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,622,822</b>	<b>4,589,953</b>

# CONSOLIDATED STATEMENTS

## Profit and loss (teuros)

	Period ended Jun	
	2016	2015
Sales	154	400
Services rendered	270,405	264,634
Revenue from construction of concession assets	37,640	98,632
Gains / (losses) from associates and joint ventures	726	396
Other operating income	10,262	30,863
<b>Other operating income</b>	<b>319,188</b>	<b>394,926</b>
Cost of goods sold	-207	-425
Cost with construction of concession assets	-30,260	-90,979
External supplies and services	-16,047	-16,666
Employee compensation and benefit expense	-25,075	-26,233
Depreciation and amortizations	-107,038	-104,103
Provisions	-322	245
Impairments	120	-600
Other expenses	-6,665	-6,218
<b>Operating costs</b>	<b>-185,494</b>	<b>-244,979</b>
<b>Operating results</b>	<b>133,693</b>	<b>149,947</b>
Financial costs	-50,763	-55,105
Financial income	4,368	6,467
Investment income - dividends	4,260	4,036
<b>Financial result</b>	<b>-42,135</b>	<b>-44,602</b>
<b>Profit before income tax</b>	<b>91,559</b>	<b>105,345</b>
Income tax	-25,091	-17,348
Energy sector extraordinary contribution (CESE)	-25,938	-25,445
<b>Net profit for the year</b>	<b>40,530</b>	<b>62,552</b>
<b>Attributable to:</b>		
Equity holders of the Company	40,530	62,552
Non-controlled interest	0	0
<b>Consolidated profit for the period</b>	<b>40,530</b>	<b>62,552</b>

# CONSOLIDATED STATEMENTS

## Cash flow (teuros)

	Period ended Jun	
	2016	2015
<b>Cash flow from operating activities</b>		
Cash receipts from customers (a)	902,689	1,097,928
Cash paid to suppliers (a)	-685,652	-867,671
Cash paid to employees	-31,173	-31,446
Income tax received/(paid)	-673	-588
Other receipts/(payments) relating to operating activities	-28,732	-53,278
<b>Net flows from operating activities (1)</b>	<b>156,460</b>	<b>144,946</b>
<b>Cash flow from investing activities</b>		
Receipts related to:		
Available-for-sale	0	63,278
Grants related to assets	100	0
Interests and other similar income	4	122
Dividends	2,326	1,203
Payments related to:		
Available-for-sale	-202	0
Property, plant and equipment	-17	-2
Intangible assets	-81,966	-150,984
<b>Net cash used in investing activities (2)</b>	<b>-79,755</b>	<b>-86,383</b>
<b>Cash flow from financing activities</b>		
Receipts related to:		
Borrowings	2,863,000	1,151,000
Payments related to:		
Borrowings	-2,759,489	-1,113,896
Interests and other similar expense	-86,822	-50,219
Dividends	-90,650	-90,650
<b>Net cash from / (used in) financing activities (3)</b>	<b>-73,961</b>	<b>-103,765</b>
Net (decrease)/increase in cash and cash equivalents (1)+(2)+(3)	2,744	-45,203
Cash and cash equivalents at the beginning of the year	63,539	112,599
<b>Cash and cash equivalents at the end of the period</b>	<b>66,283</b>	<b>67,397</b>
<b>Detail of cash and cash equivalents</b>		
Cash	21	22
Bank overdrafts	-2,121	-594
Bank deposits	68,384	67,969
	<b>66,283</b>	<b>67,397</b>

(a) These amounts include payments and receipts relating to activities in which the Group acts as agent, income and costs being reversed in the consolidated statement of profit and loss.

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