



March, 15<sup>th</sup> 2018

# ANNUAL RESULTS REPORT 2017



## MAIN INDICATORS

€M	4Q17	2017	2016	Δ%	Δ Abs.	2017 Pro Forma <sup>1)</sup>
<b>EBITDA<sup>2)</sup></b>	<b>123.1</b>	<b>487.5</b>	<b>476.0</b>	<b>2.4%</b>	<b>11.4</b>	<b>520.5</b>
<b>Financial Result<sup>2)</sup></b>	<b>-16.7</b>	<b>-61.2</b>	<b>-79.9</b>	<b>23.3%</b>	<b>18.6</b>	<b>-65.1</b>
<b>Net Profit</b>	<b>37.1</b>	<b>125.9</b>	<b>100.2</b>	<b>25.7%</b>	<b>25.7</b>	<b>137.6</b>
<b>Recurrent Net Profit</b>	<b>38.0</b>	<b>154.8</b>	<b>126.3</b>	<b>22.5%</b>	<b>28.5</b>	<b>166.5</b>
<b>Average RAB</b>	<b>3,924.7</b>	<b>3,924.7</b>	<b>3,537.1</b>	<b>11.0%</b>	<b>387.7</b>	<b>3,924.7</b>
<b>CAPEX</b>	<b>75.3</b>	<b>155.6</b>	<b>171.5</b>	<b>-9.3%</b>	<b>-15.9</b>	<b>170.8</b>
<b>Net Debt<sup>3)</sup></b>	<b>2,756.2</b>	<b>2,756.2</b>	<b>2,477.7</b>	<b>11.2%</b>	<b>278.5</b>	<b>2,756.2</b>

1) Full year consolidation of Portgás. These figures were not audited and are merely indicative;

2) Financial result from the interconnection capacity auctions between Spain and Portugal (-€0.5M in 2016 and -€0.6M in 2017) – known as FTR (Financial Transaction Rights) was reclassified from Financial Result to Revenues (EBITDA level);

3) Fixed/Variable rates: 54%/46%; The €300M bond issue of January 2018 increased the proportion of fixed/variable debt.

## RESULTS AT A GLANCE

- ▶ In the full year of 2017, **EBITDA** rose to €487.5M (2.4%). Consistent with this trend, **Net Profit** amounted to €125.9M and **Recurrent Net Profit** was €154.8M, respectively 25.7% and 22.5% above 2016;
- ▶ **EBITDA** included the positive contributions of three months of consolidation of Portgás (€8.9M) and of Electrogas' results (€7.2M). Additionally, the **Regulatory Asset Base** improved 11.0%, standing at €3,924.7M. This resulted in an increase in revenues asset-related of €2.2M;
- ▶ **Net Profit** continued to be boosted by strong **financial result** that stood at -€61.2M (23.3%), on the back of the sustained lowering trend in the average cost of debt (2.5%, versus 3.2% in FY2016). **Net Debt** reached €2,756.2M (11.2%) impacted by the acquisitions of Electrogas (€169.3M) and Portgás (€530.3M), which was partly compensated by the €250.0M capital increase. Additionally, REN's results were penalized by the extraordinary levy on the energy sector. Since 2014, REN has paid more than €100M and in 2017 this payment brought the effective corporate tax rate to **38.4%**;
- ▶ In 7<sup>th</sup> December, REN accomplished a **capital increase** of €250M, through the issue of 133,191,262 new shares, at the unitary subscription price of 1.877 euros. These shares were admitted to trading in the Euronext Lisbon regulated market in 13<sup>th</sup> December;
- ▶ In 11<sup>th</sup> January 2018, REN issued **€300M of bonds** (through its EMTN programme) with a maturity of ten years. The proceeds were used to repay the bridge loan used on the recent REN Portgás acquisition.

# CAPEX DECREASED BY €15.9M

## CAPEX and RAB

€M	2017	2016	Δ%	Δ Abs.
<b>Average RAB</b>	<b>3,924.7</b>	<b>3,537.1</b>	11.0%	387.7
Electricity	2,138.4	2,152.6	-0.7%	-14.2
Land	255.6	268.3	-4.8%	-12.8
Natural gas <sub>T</sub>	1,075.5	1,116.1	-3.6%	-40.6
Natural gas <sub>D</sub>	455.2			
<b>RAB end of period</b>	<b>3,898.7</b>	<b>3,519.8</b>	10.8%	378.9
Electricity	2,134.2	2,162.0	-1.3%	-27.8
Land	249.2	262.0	-4.9%	-12.7
Natural gas <sub>T</sub>	1,055.2	1,095.8	-3.7%	-40.6
Natural gas <sub>D</sub>	460.0			
<b>CAPEX</b>	<b>155.6</b>	<b>171.5</b>	-9.3%	-15.9
Electricity	134.8	157.5	-14.4%	-22.7
Natural gas <sub>T</sub>	14.2	13.8	2.9%	0.4
Natural gas <sub>D</sub>	6.3			
Other	0.3	0.2	31.4%	0.1
<b>RAB variation e.o.p.</b>	<b>378.9</b>	<b>-46.5</b>		
Electricity	-27.8	6.8		
Land	-12.7	-12.8		
Natural gas <sub>T</sub>	-40.6	-40.6		
Natural gas <sub>D</sub>	460.0			

▶ Total **CAPEX** was €155.6M (€171.5M in 2016) and **Transfers to RAB** amounted to €158.8M (€154.2M in 2016). **Average RAB** improved 11.0%, standing at €3,924.7M;

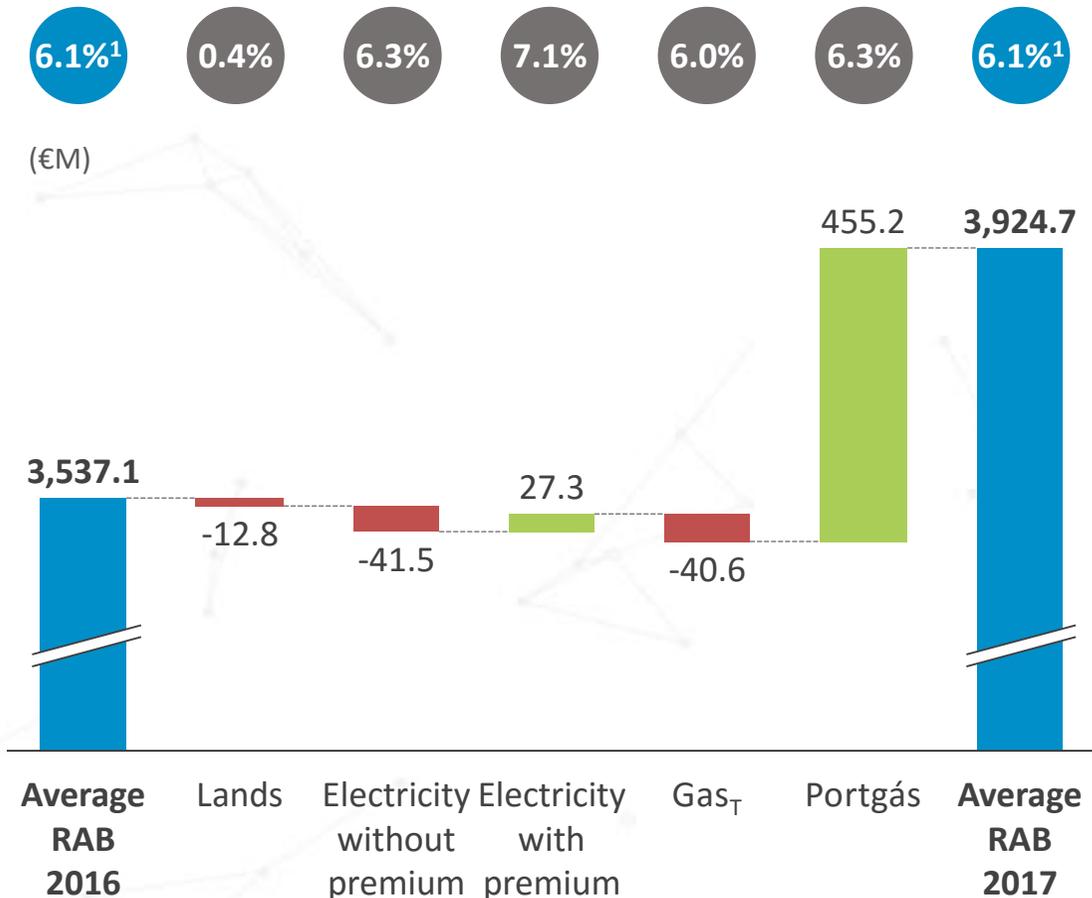
▶ Within the framework of the electricity transmission infrastructures, the following projects were completed:

- Recarei-Feira, Batalha-Paraimo and Pego-Rio Maior, 400 kV OHL, remodeling;
- New transformer 150/60 kV, 126 MVA and new bay substation 60 kV in Ourique to feed distribution network;
- New Autotransformer 400/150 kV, 450 MVA and new bay substation 60 kV in Tavira;
- Remodeling of the protection, automation, control systems and AT/BT equipment in Ermidas Sado switching station and substations of Riba de Ave, Canelas and Carriche.

▶ **Natural Gas** investments were in line with 2016, with no highlighted projects.

# AVERAGE RAB INCREASED BY 11.0%

With the acquisition of Portgás (€455.2M)



- ▶ The main reason why RAB was higher this year was the integration of Portgás, with an additional €455.2M of assets;
- ▶ The negative contribution of NG transmission and electricity without premium, mitigated the increase in average RAB that was up by 11.0%;
- ▶ In the electricity business, the base rate of return (RoR) increased to 6.3% from 6.1%. Electricity with premium (with a 7.1% RoR) was up by €27.3M vs 2016, while lands, the category with the lowest RoR (0.4%), saw a decrease in the value of its average RAB of €12.8M, to €255.6M;
- ▶ In natural gas transmission, the average RAB had a decrease of €40.6M (RoR 6.0%);
- ▶ At the end of 2017, electricity accounted for 54.5% of the average RAB, natural gas for 39.0% (Portgás included) and lands for the remaining 6.5%.

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

# EBITDA WAS UP BY 2.4%

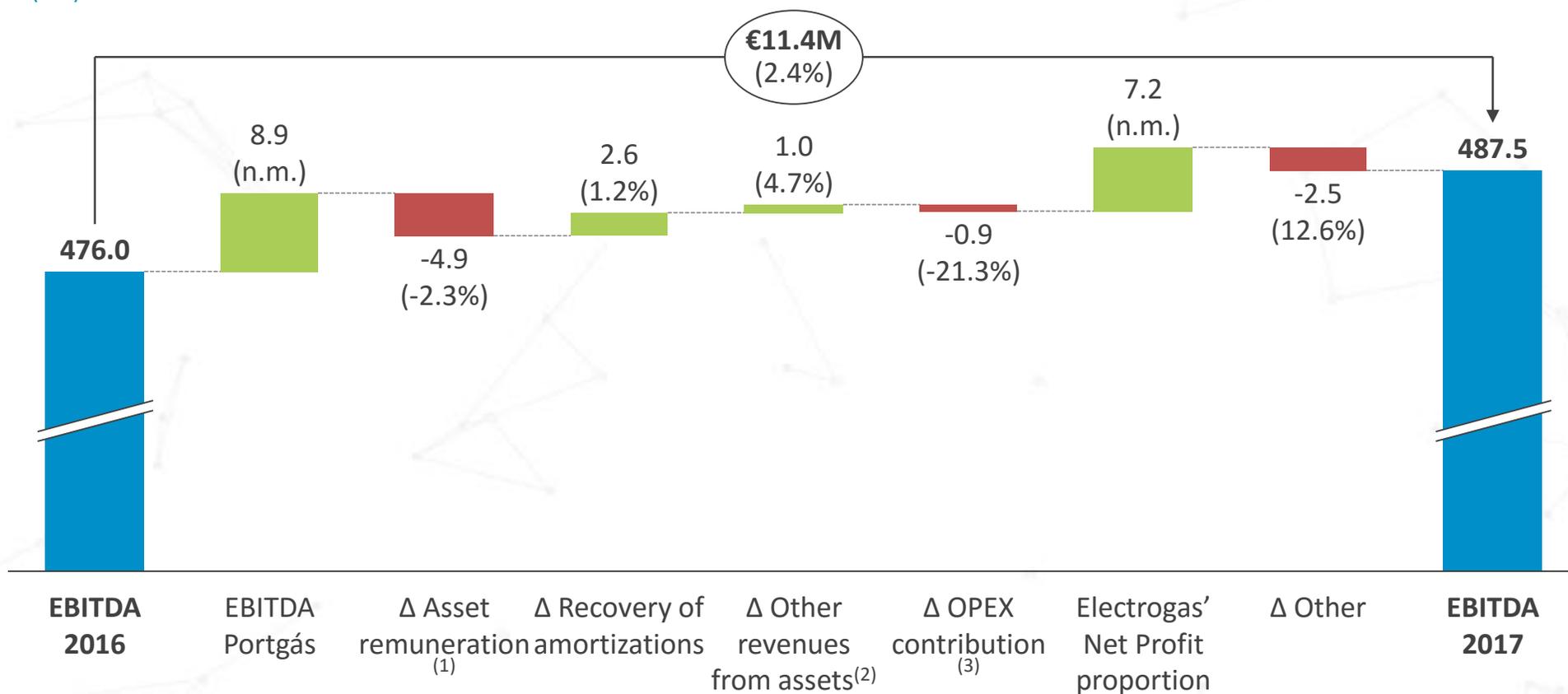
Benefiting from the Portgás (€8.9M) and Electrogas (€7.2M) acquisitions



RESULTS  
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## EBITDA

(€M)



The notes below refer to the transmission business only.

<sup>(1)</sup> Includes Δ€1.5M of NG tariff smoothing effect (natural gas);

<sup>(2)</sup> Transmission business only; Includes Δ€1.0M of Remuneration of fully amortized assets;

<sup>(3)</sup> Includes €1.2M and €2.1M related to the one-off costs with Electrogas and EDPG acquisitions (respectively) and Δ€1.6M of OPEX own works.

## FINANCIAL ASSETS

	% owned
<b>Associates</b>	
Electrogas	42.5%
OMIP	40%
Nester	50%
<b>Available-for-sale financial assets</b>	
REE	1%
HCB	7.5%
OMEL	10%
MIBGás	6.67%
Coreso	8.317%

Electrogas is an associate in which REN has significant influence but does not hold control (usually used for stakes between 20% and 50% of the share capital)

**Applicable consolidation methodology:**

Equity method  
(in accordance with IAS 28)

## APPLYING THE EQUITY METHOD:

- Investments in associates are initially recorded (in Balance sheet) at cost and are subsequently adjusted to reflect the investor's share of the net profit of the associate;
- A proportional value of the results of these entities (in this case, 42.5%) is accounted as operating income (and as EBITDA by choice);
- Dividends received from the associate company reduce the carrying amount of the investment, against cash inflow;
- On the other hand, in investment in associates with no significant influence or control (usually, holdings of less than 20%), the dividends are recognized as other financial income, by offsetting a cash inflow item. These investments are classified as assets available-for-sale (in the Balance sheet) in accordance with IAS 39 (as REE and HCB stake).

# TRANSMISSION RAB REMUNERATION DROPPED €6.3M

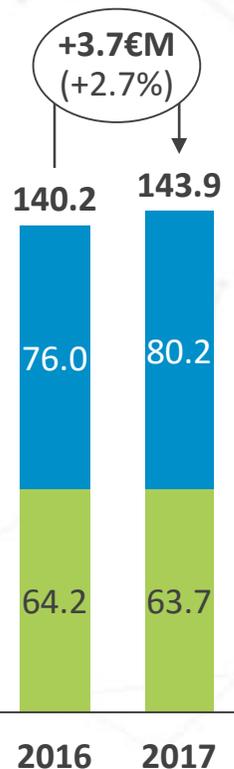
Despite the positive contribution of electricity



RESULTS  
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## RAB REMUNERATION ELECTRICITY

(ex. Lands)  
(€M)



-€0.95M

Impact of the decrease in the **asset base** by €14.2M to €2,138.4M.

+€0.26M

Impact of the change in **asset mix** – assets with premium weight increased to 53% in 2017 from 51% in 2016.

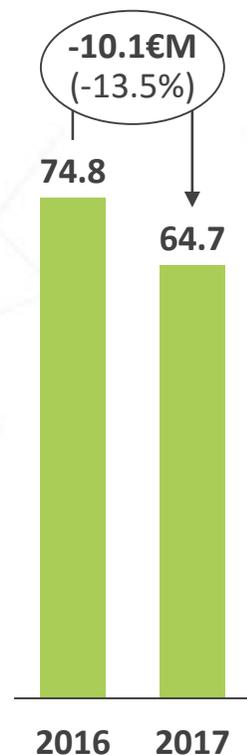
+€4.43M

Impact of the indexation of the **rate of return** – to 7.08% from 6.88% in assets with premium, and to 6.33% from 6.13% in assets without premium.

Electricity with premium  
Electricity without premium

## RAB REMUNERATION NATURAL GAS<sub>T</sub>

(ex. tariff smoothing effect)  
(€M)



-€7.63M

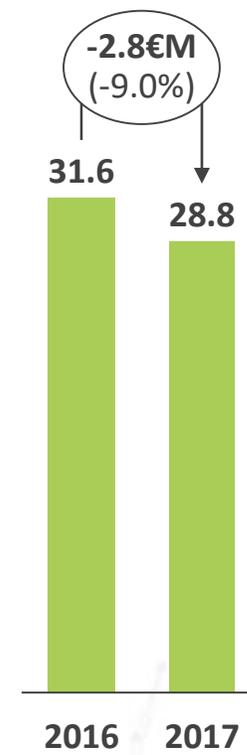
Impact of the decrease in the **rate of return**, to 6.02% from 6.70%.

-€2.44M

Impact of the €40.6M decrease in the **asset base**, to a total of €1,075.5M.

## RAB REMUNERATION PORTGÁS<sup>1)</sup>

(€M)



-€3.36M

Impact of the decrease in the **rate of return**, to 6.32% from 7.07%.

+€0.52M

Impact of the €8.2M increase in the **asset base**, to a total of €455.2M.

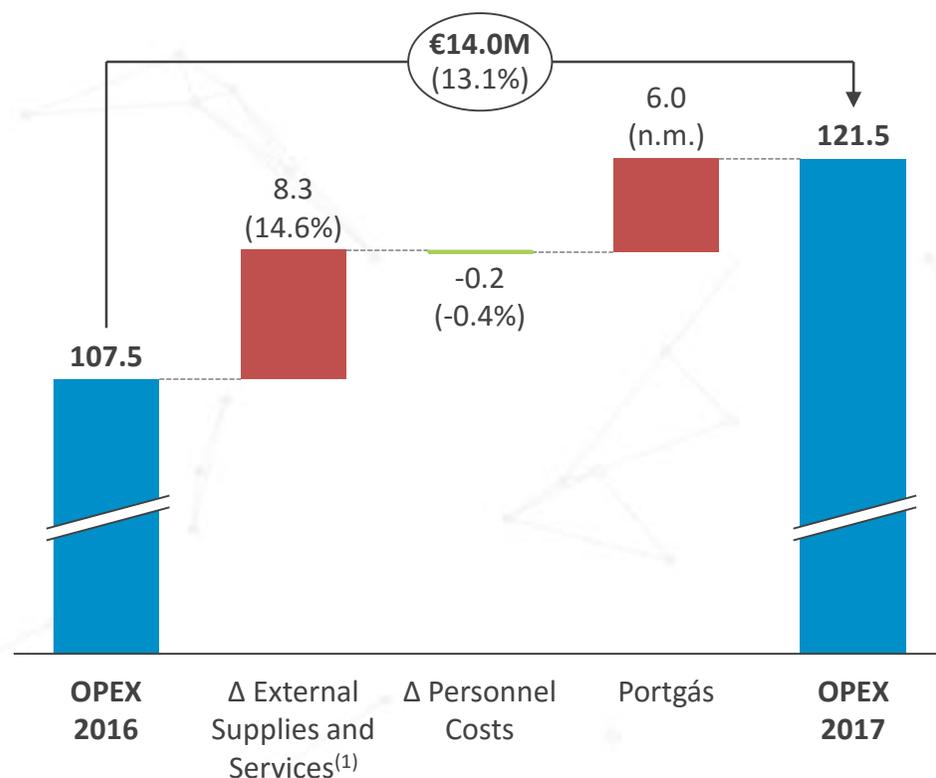
1) FY2017 values. Portgás contributed with €7.1M for REN's RAB remuneration (last 3 months).

# OPEX INCREASED BY €14.0M

Driven by non current, non core and revenue related costs

## OPERATIONAL COSTS

(€M)



▶ The **External Supplies and Services** evolution was mostly explained by: (1) €3.3M from the Portgás and Electrogas acquisitions; (2) €2.1M from electricity costs related to the increase in the LNG Terminal activity; and (3) Δ€1.9M from ITC mechanism costs<sup>(2)</sup>. **Without these effects and on a like for like comparison, OPEX was roughly the same as in 2016 (+0.7%).**

<sup>(1)</sup> Include Δ€0.2M of Other Operating Costs;

<sup>(2)</sup> Note: (2) and (3) are costs related with revenues and pass-through costs.

# IN 2017, CORE OPEX ROSE BY €9.5M (10.7%)

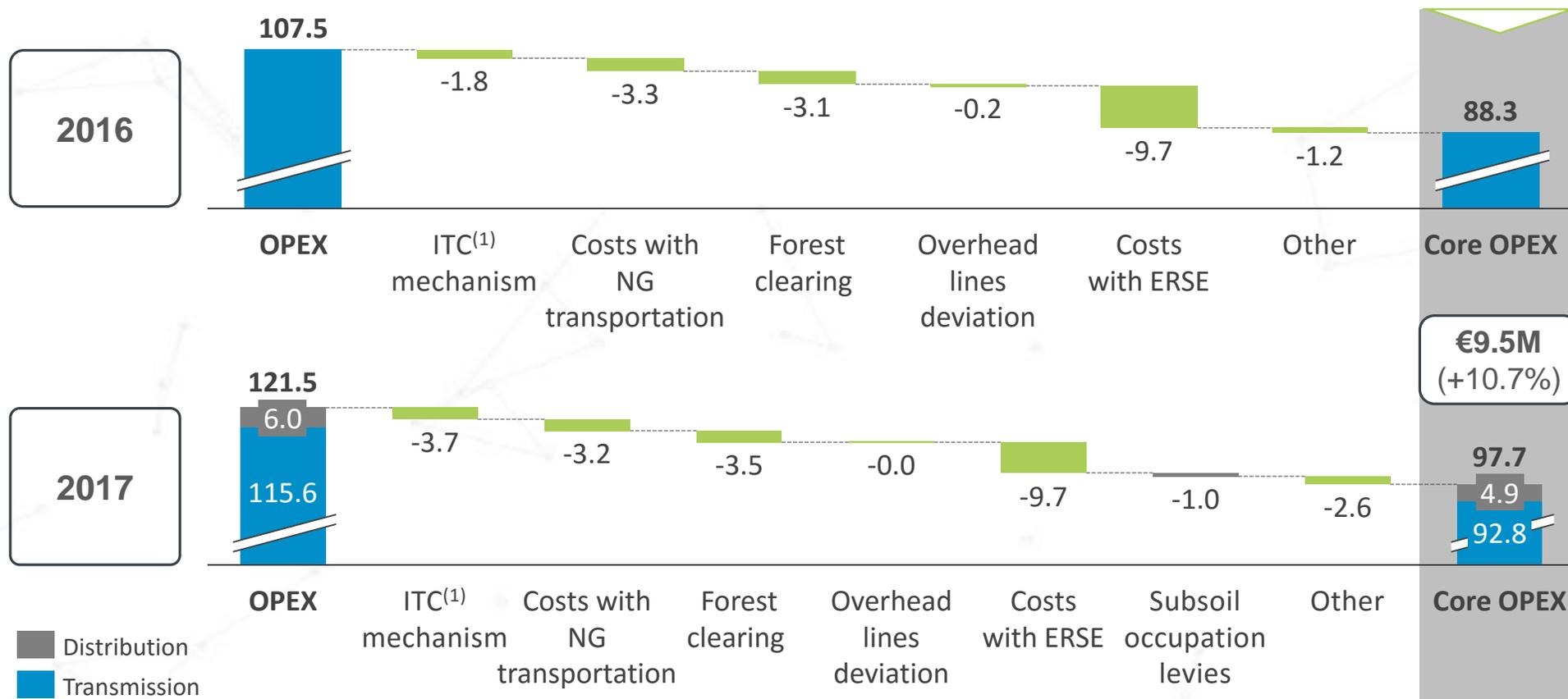
Without Portgás and the non recurrent and revenue related costs, it went down by 1%



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## CORE OPEX

(€M)



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

## BELOW EBITDA

Recurrent Results go up by €28.5M



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€M	2017	2016	Δ%	Δ Abs.	2017 Pro Forma <sup>1)</sup>
<b>EBITDA</b>	<b>487.5</b>	<b>476.0</b>	<b>2.4%</b>	<b>11.4</b>	<b>520.5</b>
<b>Depreciations and amortizations</b>	<b>222.0</b>	<b>214.8</b>	<b>3.4%</b>	<b>7.2</b>	<b>234.0</b>
<b>Financial Result</b>	<b>-61.2</b>	<b>-79.9</b>	<b>23.3%</b>	<b>18.6</b>	<b>-65.1</b>
<b>Profit before income tax and levy</b>	<b>204.3</b>	<b>181.4</b>	<b>12.6%</b>	<b>22.9</b>	<b>247.2</b>
<b>Taxes</b>	<b>52.5</b>	<b>55.3</b>	<b>-5.0%</b>	<b>-2.7</b>	<b>58.0</b>
<b>Extraordinary levy</b>	<b>25.8</b>	<b>25.9</b>	<b>-0.5%</b>	<b>-0.1</b>	<b>25.8</b>
<b>Net Profit</b>	<b>125.9</b>	<b>100.2</b>	<b>25.7%</b>	<b>25.7</b>	<b>137.6</b>
<b>Recurrent Net Profit</b>	<b>154.8</b>	<b>126.3</b>	<b>22.5%</b>	<b>28.5</b>	<b>166.5</b>

- ▶ **Depreciations and amortizations** increased by €7.2M (3.4%) to €222.0M;
- ▶ Reported **Income Tax** decreased by €2.7M to €52.5M. The effective tax rate reached **38.4%**;
- ▶ In 2017, the Group was taxed at a Corporate Income Tax rate of 21%, added by a municipal surcharge up to the maximum of 1.5% over the taxable profit plus (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.

- ▶ **Average cost of debt** was 2.5% versus 3.2% in 2016;
- ▶ **Financial Result** improved to -€61.2M, representing a positive yoy evolution of €18.6M.

1) Full year consolidation of Portgás. These figures were not audited and are merely indicative.

# NET DEBT AMOUNTED TO €2,756.2M (11.2%)

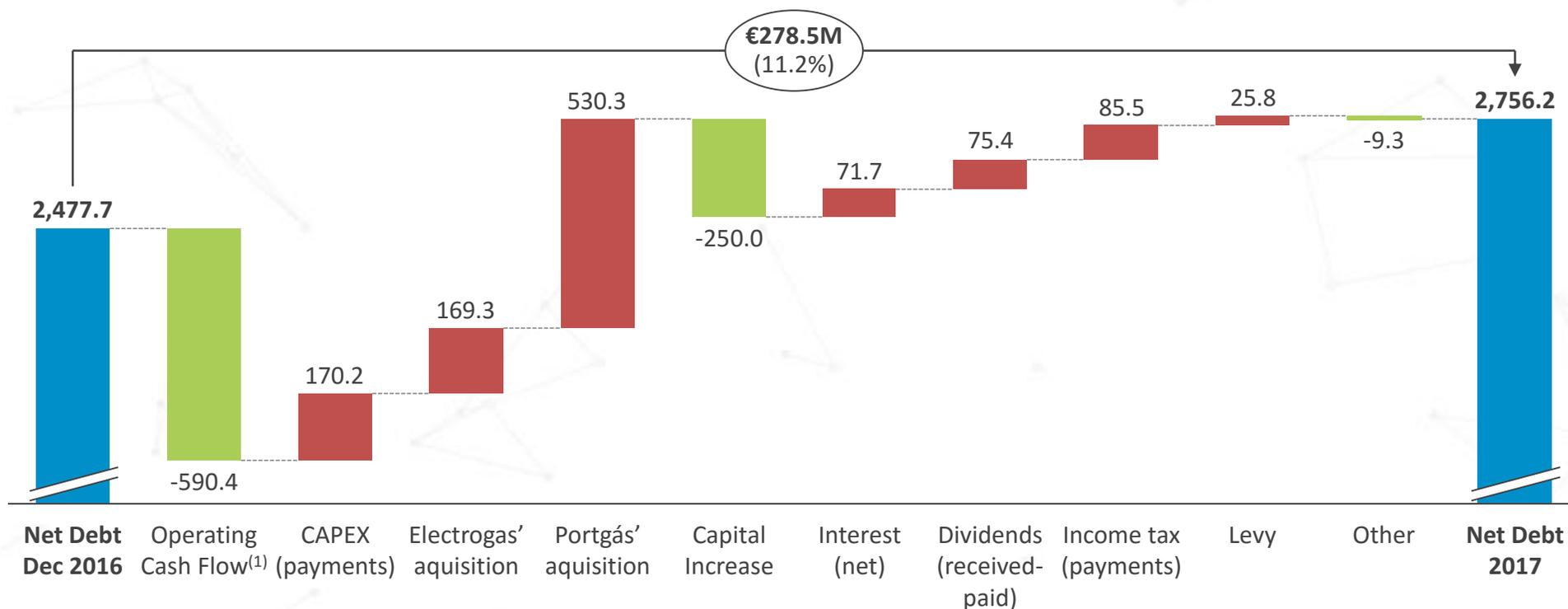


RESULTS  
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Mainly impacted by the Electrogas and Portgás acquisitions as well as the tariff deviations cash inflow

## NET DEBT

(€M)



- ▶ **Average cost of debt** decreased consistently over the year (2.5% in 2017 vs 3.2% in 2016);
- ▶ **FFO/Net Debt** ratio reached 11.7%.

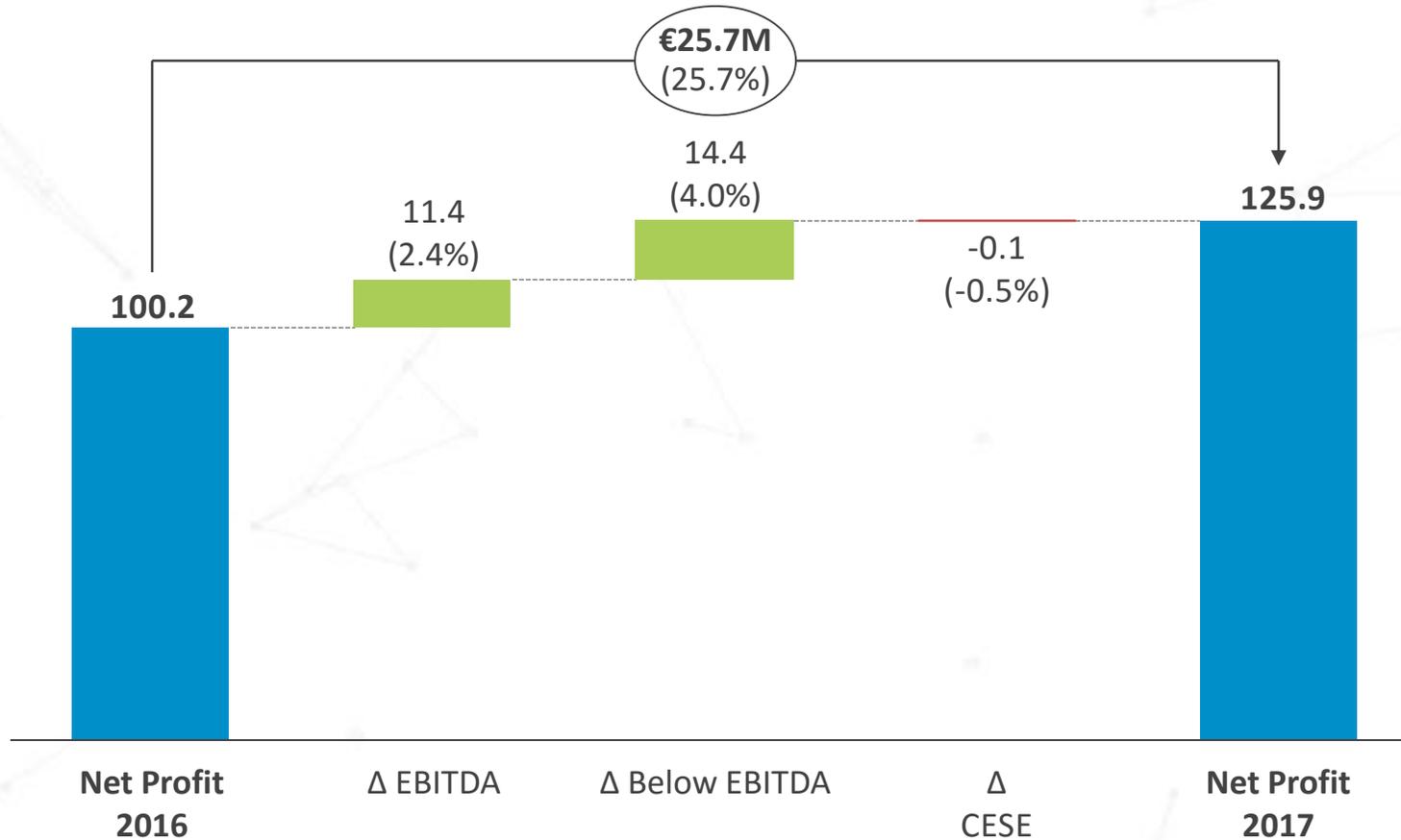
(1) Includes Δ€144.4M of **tariff deviations**.

# NET PROFIT STOOD AT €125.9M (25.7%)



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## NET PROFIT (€M)

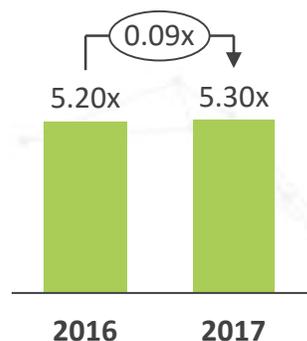


# REN IS ALREADY FUNDED OVER THE NEXT TWO YEARS

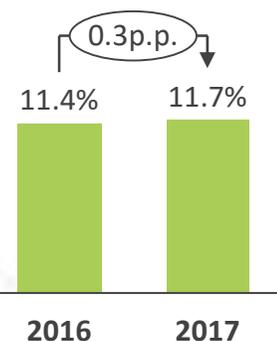


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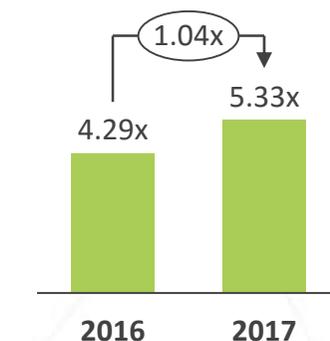
## Net Debt / EBITDA<sup>1)</sup>



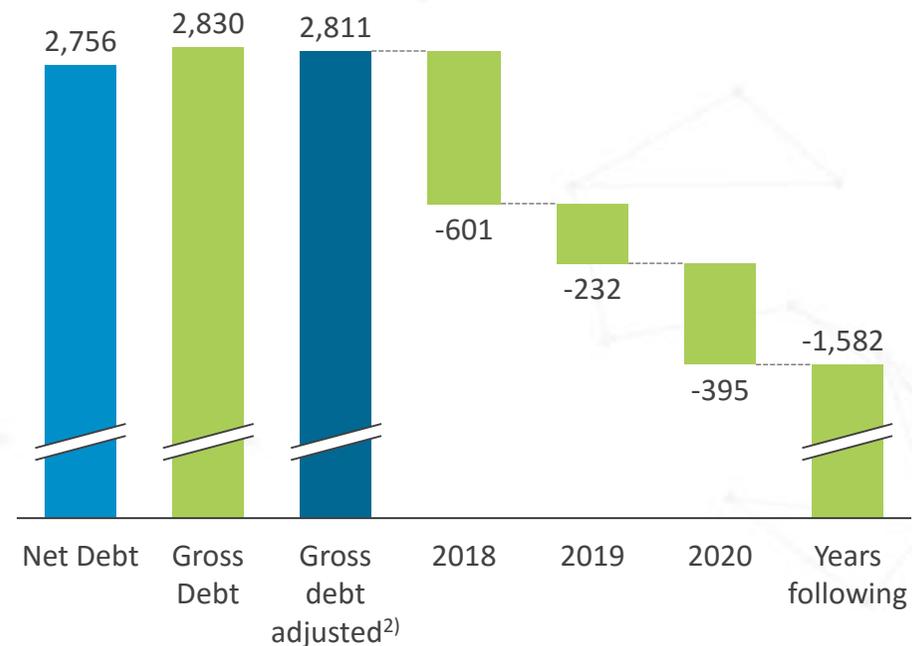
## FFO / Net Debt



## FFO interest coverage



## DEBT MATURITY SCHEDULE (€M)



▶ In 2017, the cost of REN's debt continued to come down, thus maintaining the trend set in 2014. This reduction was due to the relevant improvements in market conditions and REN's own risk profile that warrants its debt as investment grade by the three major rating agencies - S&P, Fitch and Moody's;

▶ The average debt maturity at the end of 2017 was **4.09** years. In January, REN issued €300M of 10 year fixed-rate bonds that increased maturity and the fixed/variable debt ratio.

1) The ratio was impacted by the Electrogas acquisition;

2) Value adjusted by interest accruals and hedging on yen denominated debt.

# BALANCE SHEET



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€M	2017	2016
Fixed assets c. related	4,179.2	3,818.2
Investments and goodwill <sup>1</sup>	345.5	190.3
Tariff deviations	105.4	138.8
Receivables <sup>2</sup>	539.8	383.0
Cash	61.5	10.8
Other <sup>3</sup>	133.4	8.7
<b>Total assets</b>	<b>5,364.7</b>	<b>4,549.8</b>
Shareholders equity	1,429.2	1,159.2
Debt (end of period)	2,829.7	2,515.1
Provisions	9.0	7.0
Tariff deviations	110.5	21.7
Payables <sup>4</sup>	857.3	707.9
Other <sup>5</sup>	128.9	138.9
<b>Total equity and liabilities</b>	<b>5,364.7</b>	<b>4,549.8</b>

- ▶ The total amount of **fixed assets concessions related** increased to **€4,179.2M** (this value includes investment subsidies);
- ▶ **Investments and goodwill** (1) increased to €345.5M from €190.3M at the end of 2016. This item includes goodwill, available-for-sale financial assets, derivative financial instruments, investments in associates (including Electrogas) and other investments;
- ▶ **Receivables** (2) related to trade and other receivables, deferred tax assets and current income tax recoverable, reached €539.8M in 2017, an increase from €383.0M at the end of 2016;
- ▶ **Other Assets** (3) stood at €133.4M. 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 €857.3M at the end of the period, versus €707.9M in 2016;
- ▶ **Other liabilities** (5) stood at €128.9M. These include retirement and other benefit obligations, derivative financial instruments and guarantee deposits (€138.9M in 2016).

# THE BALANCE OF TARIFFS DEVIATIONS FELL TO €65.7M

To be received from tariffs over the next two years



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## TARIFF DEVIATIONS

€M	2017	2016
Electricity <sup>1)</sup>	94.2	176.3
Trading	46.8	27.0
Natural gas <sub>T</sub>	-73.4	8.8
Natural gas <sub>D</sub>	-2.1	
<b>TOTAL</b>	<b>65.7</b>	<b>212.1</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.

1) Value adjusted to include the amount to be received from the Fund for the Systemic Sustainability of the Energy Sector (FSSSE) related with the PPA's (€95M in 2016 and €70.8M in 2017).

## BORROWINGS

€M	Current	Non Current	TOTAL
Bonds	192.8	1,462.8	<b>1,655.6</b>
Bank borrowings	337.2	606.6	<b>943.7</b>
Commercial paper	70.0	150.0	<b>220.0</b>
Bank overdrafts	1.0	0.0	<b>1.0</b>
Finance lease	1.4	2.2	<b>3.6</b>
<b>TOTAL</b>	<b>602.3</b>	<b>2,221.5</b>	<b>2,823.9</b>
Accrued interest	40.1	0.0	<b>40.1</b>
Prepaid interest	-18.1	-16.1	<b>-34.2</b>
<b>TOTAL</b>	<b>624.3</b>	<b>2,205.4</b>	<b>2,829.7</b>

- ▶ On 31 December 2017, REN's total liquidity reached €1,088M, including credit facilities, loans, non-used commercial paper programmes, cash and bank deposits;
- ▶ **Bank borrowings** were mainly represented by EIB loans (€450M);
- ▶ The Group had **credit lines** negotiated and not used in the amount of €91.5M, maturing up to one year, which are automatically renewed periodically (if they are not resigned in the contractually specified period for that purpose);
- ▶ REN also had five active **commercial paper** programmes in the amount of €1,075M, of which €855M were available for use;
- ▶ The balance of prepaid interest included €26.5M (as of 31 December 2016 it was €31M) related to the refinancing of bond issues through an Exchange Offer, carried out during the year 2016;
- ▶ REN's financial liabilities had the following main types of covenants: Cross Default, Pari Passu, Negative Pledge, Leverage ratios and Gearing (ratio of total consolidated equity with the total consolidated regulated assets).

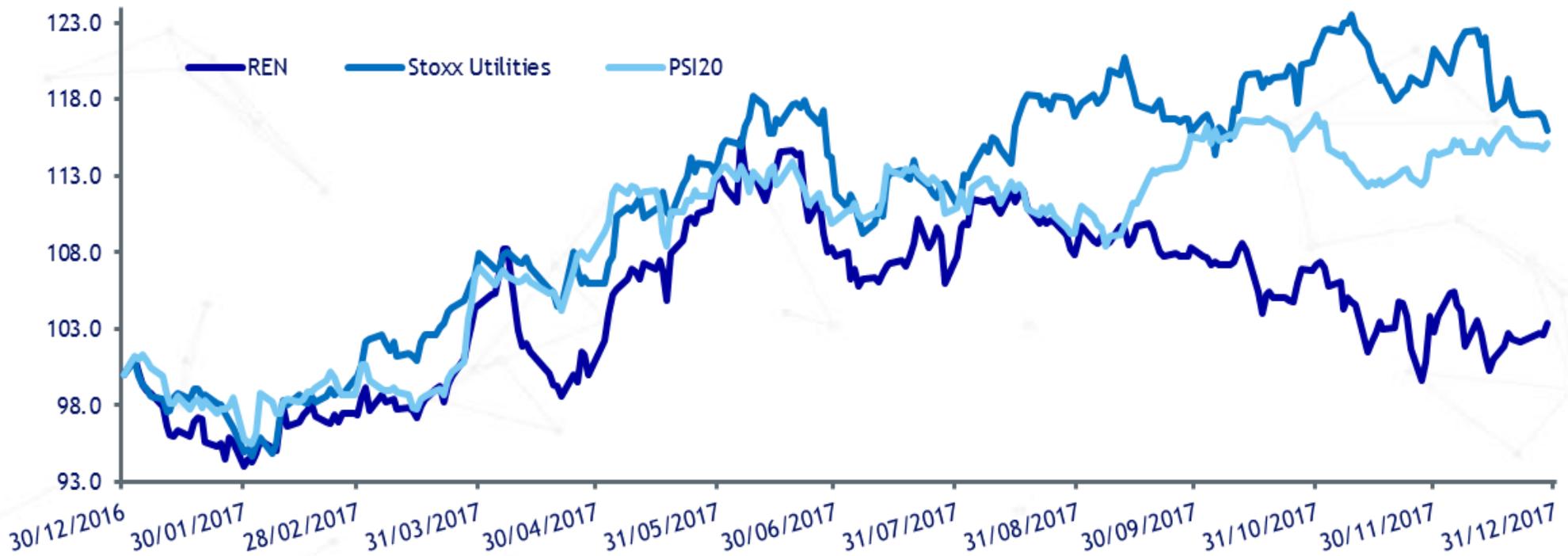
# SHARE PERFORMANCE

REN ended 2017 with a total shareholder return of 10.1% (YTD)



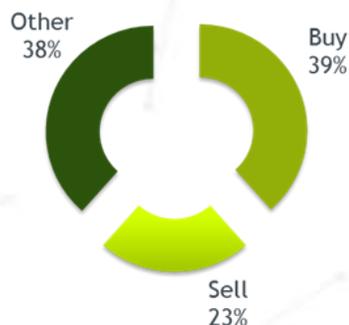
RESULTS  
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## ANNUALIZED CLOSING PRICES



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

- ▶ **Average Price target**  
**€2.70**
- ▶ **Upside/Downside(+/-)**  
**8.0%**



1) March 13<sup>th</sup>, 2018.

## CMVM: MAIN PRESS RELEASES (from January 2017)

- ▶ **Jan-09:** Summary of annual information disclosed in 2016
- ▶ **Feb-07:** Purchase of stake in Chilean gas pipeline
- ▶ **Mar-28:** Qualified shareholding (The Capital Group Companies, Inc.)
- ▶ **Mar-30:** 2016 consolidated results
- ▶ **Apr-07:** Acquisition of the EDP Gás distribution business
- ▶ **May-11:** Facility agreement with a syndicate of banks
- ▶ **May-16:** Payment of dividends
- ▶ **Jun-02:** Searches conducted by the Portuguese judicial police
- ▶ **Jun-28:** EDP's ABB on REN's shares
- ▶ **Jul-27:** 1H17 consolidated results
- ▶ **Aug-01:** Qualified shareholding (Lazard Asset Management LLC)
- ▶ **Sep-21:** Approval of acquisition of the EDP Gás Distribution business
- ▶ **Oct-04:** Completion of the acquisition of the EDP Gás distribution business
- ▶ **Oct-13:** ERSE's proposal for tariffs and prices for electricity for 2018 and parameters for the 2018-2020 regulatory period
- ▶ **Oct-27:** Qualified shareholding from Lazard Asset Management LLC
- ▶ **Nov-01:** Bank Facility with CDB
- ▶ **Nov-02:** Qualified shareholding (Omam Inc.)
- ▶ **Nov-03:** 9M17 consolidated results
- ▶ **Nov-13:** Terms and conditions of capital increase
- ▶ **Dec-07:** Results of the rights issue offer and allocation of shares
- ▶ **Dec-13:** Manager's transaction over REN shares (Manuel Sebastião)
- ▶ **Dec-14:** Qualified shareholding (Oman Oil)
- ▶ **Dec-15:** ERSE's decision for tariffs and prices for electricity for 2018 and parameters for the 2018-2020 regulatory period
- ▶ **Dec-15:** Qualified shareholding and transactions over REN shares (Fidelidade)
- ▶ **Dec-18:** Manager's transaction over REN shares (Manuel Sebastião)

# REN'S TOTAL SHAREHOLDER RETURN WAS +76.7% (ITD)



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REN END OF PERIOD	2017	2016
<b>Price (€)</b>		
Close	2.479	2.698**
Average	2.510	2.663
High YTD	2.767	2.928
Low YTD	2.254	2.464
<i>Variation YTD</i>	3.4%	-3.0%
Market cap. (€M)	1,654	1,441
Number of shares	667,191,262	534,000,000
Own shares (M)	3.9	3.9
Volume (M shares)	0.644	0.491
Volume WAP	2.672	2.662
<b>Performance indicators</b>		
Dividend yield	6.5%	6.3%
Total shareholder return YTD	10.1%	3.3%
<b>Cumulative total return*</b>		
REN	76.7%	71.0%
PSI20	-39.9%	-46.0%
EuroStoxx Utilities	-11.3%	-23.1%

Source: Bloomberg

\*Inception to date (July 09<sup>th</sup> 2007);

\*\*Adjusted to the capital increase, the price close is €2.398.

The background features a network diagram with various nodes and connecting lines. Some nodes are highlighted in green, blue, or yellow, while others are grey. The lines are thin and grey, creating a complex web of connections across the page.

# APPENDIX

# RESULTS BREAKDOWN



RESULTS  
REPORT

€M	2017	2016	2017/2016		2017 Pro forma <sup>1)</sup>
			Δ %	Δ Abs.	
<b>1) TOTAL REVENUES</b>	<b>747.8</b>	<b>739.0</b>	<b>1.2%</b>	<b>8.9</b>	<b>809.8</b>
<b>Revenues from assets</b>	<b>460.3</b>	<b>451.7</b>	<b>1.9%</b>	<b>8.6</b>	<b>491.6</b>
Return on RAB	215.7	214.9	0.3%	0.7	237.4
Electricity	143.9	140.2	2.7%	3.7	143.9
Natural gas	64.7	74.8	-13.5%	-10.1	64.7
Portgás	7.1	0.0		7.1	28.8
Hydro land remuneration	0.2	0.3	-4.7%	0.0	0.2
Lease revenues from hydro protection zone	0.7	0.7	-1.2%	0.0	0.7
Remuneration of fully amortized assets	21.8	20.8	5.0%	1.0	21.8
Tariff smoothing effect (natural gas)	0.6	-0.9		1.5	0.6
Recovery of amortizations (net from subsidies)	203.4	197.8	2.8%	5.6	213.0
Subsidies amortization	18.0	18.1	-0.8%	-0.2	18.0
<b>Revenues of OPEX</b>	<b>108.2</b>	<b>98.6</b>	<b>9.8%</b>	<b>9.6</b>	<b>120.2</b>
<b>Other revenues</b>	<b>24.7</b>	<b>17.4</b>	<b>41.4%</b>	<b>7.2</b>	<b>27.7</b>
<b>Construction revenues (IFRIC 12)</b>	<b>154.7</b>	<b>171.2</b>	<b>-9.7%</b>	<b>-16.6</b>	<b>170.2</b>
<b>2) OPEX</b>	<b>121.5</b>	<b>107.5</b>	<b>13.1%</b>	<b>14.0</b>	<b>136.5</b>
Personnel costs	51.8	50.5	2.5%	1.3	55.8
External supplies and services	55.0	43.9	25.3%	11.1	62.1
Other operational costs	14.7	13.0	12.8%	1.7	18.7
<b>3) Construction costs (IFRIC 12)</b>	<b>136.7</b>	<b>155.2</b>	<b>-11.9%</b>	<b>-18.5</b>	<b>150.5</b>
4) Depreciations and amortizations	222.0	214.8	3.4%	7.2	234.0
5) Other	2.1	0.2		1.9	2.2
<b>6) EBIT</b>	<b>265.5</b>	<b>261.3</b>	<b>1.6%</b>	<b>4.2</b>	<b>286.5</b>
7) Depreciations and amortizations	222.0	214.8	3.4%	7.2	234.0
<b>8) EBITDA</b>	<b>487.5</b>	<b>476.0</b>	<b>2.4%</b>	<b>11.4</b>	<b>520.5</b>
9) Depreciations and amortizations	222.0	214.8	3.4%	7.2	234.0
10) Financial result	-61.2	-79.9	23.3%	18.6	-65.1
11) Income tax expense	52.5	55.3	-5.0%	-2.7	58.0
12) Extraordinary contribution on energy sector	25.8	25.9	-0.5%	-0.1	25.8
<b>13) NET PROFIT</b>	<b>125.9</b>	<b>100.2</b>	<b>25.7%</b>	<b>25.7</b>	<b>137.6</b>
14) Non recurrent items*	28.9	26.2	10.5%	2.8	28.9
<b>15) RECURRENT NET PROFIT</b>	<b>154.8</b>	<b>126.3</b>	<b>22.5%</b>	<b>28.5</b>	<b>166.5</b>

## \* NON RECURRENT ITEMS:

**2017:** i) Extraordinary energy sector levy, as established in the 2017 State budget law (€25.8M); ii) costs from the Electrogas and Portgás acquisition processes (€4.3M, €3.1M after tax);

**2016:** Extraordinary energy sector levy, as established in the 2016 State budget law (€25.9M).

1) Full year consolidation of Portgás. These figures were not audited and are merely indicative.

# OTHER OPERATIONAL REVENUES AND COSTS BREAKDOWN



RESULTS  
REPORT

€M	2017	2016	2017/2016	
			Δ %	Δ Abs.
<b>Other revenues</b>	<b>24.7</b>	<b>17.4</b>	<b>41.4%</b>	<b>7.2</b>
Allowed incentives	3.2	3.1	3.2%	0.1
Interest on tariff deviation	1.4	1.9	-26.3%	-0.5
Adjustments previous years	-0.3			-0.3
Telecommunication sales and services rendered	5.2	5.5	-5.7%	-0.3
Consultancy services and other services provided	2.8	2.9	-0.2%	-0.0
Other revenues	12.4	4.1		8.3
<b>Other costs</b>	<b>14.7</b>	<b>13.0</b>	<b>12.8%</b>	<b>1.7</b>
Costs with ERSE	9.7	9.7	-0.1%	-0.0
Other	5.0	3.3	50.8%	1.7

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

€M	2017	2016	2017/2016	
			Δ %	Δ Abs.
<b>1) REVENUES</b>	<b>530.4</b>	<b>539.7</b>	<b>-1.7%</b>	<b>-9.4</b>
<b>Revenues from assets</b>	<b>324.2</b>	<b>317.3</b>	<b>2.2%</b>	<b>6.9</b>
Return on RAB	143.9	140.2	2.7%	3.7
Hydro land remuneration	0.2	0.3	-4.7%	0.0
Lease revenues from hydro protection zone	0.7	0.7	-1.2%	0.0
Remuneration of fully amortized assets	21.8	20.8	5.0%	1.0
Recovery of amortizations (net from subsidies)	145.4	143.1	1.6%	2.3
Subsidies amortization	12.1	12.2	-1.0%	-0.1
<b>Revenues of OPEX</b>	<b>64.5</b>	<b>62.3</b>	<b>3.4%</b>	<b>2.1</b>
<b>Other revenues</b>	<b>6.9</b>	<b>2.6</b>		<b>4.3</b>
Interest on tariff deviation	0.9	0.1		0.8
Other	6.0	2.5		3.5
<b>Construction revenues (IFRIC 12)</b>	<b>134.8</b>	<b>157.5</b>	<b>-14.4%</b>	<b>-22.7</b>
<b>2) OPEX</b>	<b>53.8</b>	<b>51.9</b>	<b>3.7%</b>	<b>1.9</b>
Personnel costs	19.5	20.5	-4.6%	-0.9
External supplies and services	26.0	23.2	11.8%	2.7
Other operational costs	8.3	8.2	1.4%	0.1
<b>3) Construction costs (IFRIC 12)</b>	<b>119.7</b>	<b>143.6</b>	<b>-16.6%</b>	<b>-23.9</b>
<b>4) Depreciations and amortizations</b>	<b>157.0</b>	<b>154.7</b>	<b>1.5%</b>	<b>2.3</b>
<b>5) Other</b>	<b>1.2</b>	<b>-0.1</b>		<b>1.2</b>
<b>6) EBIT (1-2-3-4-5)</b>	<b>198.7</b>	<b>189.7</b>	<b>4.8%</b>	<b>9.1</b>
7) Depreciations and amortizations	157.0	154.7	1.5%	2.3
<b>8) EBITDA (6+7)</b>	<b>355.8</b>	<b>344.4</b>	<b>3.3%</b>	<b>11.4</b>

1) Included Electricity and Enondas (wave energy concession).

# EBITDA BREAKDOWN (NATURAL GAS TRANSPORTATION )



RESULTS  
REPORT

€M	2017	2016	2017/2016	
			Δ %	Δ Abs.
<b>1) REVENUES</b>	<b>180.7</b>	<b>186.5</b>	<b>-3.2%</b>	<b>-5.9</b>
<b>Revenues from assets</b>	<b>126.2</b>	<b>134.4</b>	<b>-6.1%</b>	<b>-8.2</b>
Return on RAB	64.7	74.8	-13.5%	-10.1
Tariff smoothing effect (natural gas)	0.6	-0.9		1.5
Recovery of amortizations (net from subsidies)	55.1	54.7	0.9%	0.5
Subsidies amortization	5.9	5.9	-0.5%	0.0
<b>Revenues of OPEX</b>	<b>39.6</b>	<b>36.3</b>	<b>9.3%</b>	<b>3.4</b>
<b>Other revenues</b>	<b>0.6</b>	<b>2.1</b>	<b>-69.9%</b>	<b>-1.5</b>
Interest on tariff deviation	0.3	0.8	-67.1%	-0.5
Other services provided	0.0	1.2	-96.3%	-1.1
Other	0.3	0.2	77.0%	0.1
Construction revenues (IFRIC 12)	14.2	13.8	2.9%	0.4
<b>2) OPEX</b>	<b>26.9</b>	<b>24.6</b>	<b>9.3%</b>	<b>2.3</b>
Personnel costs	7.4	7.9	-6.0%	-0.5
External supplies and services	15.4	12.7	21.0%	2.7
Other operational costs	4.1	4.0	2.0%	0.1
<b>3) Construction costs (IFRIC 12)</b>	<b>11.8</b>	<b>11.7</b>	<b>1.5%</b>	<b>0.2</b>
<b>4) Depreciations and amortizations</b>	<b>60.2</b>	<b>59.8</b>	<b>0.8%</b>	<b>0.5</b>
<b>5) Other</b>	<b>0.1</b>	<b>0.0</b>		<b>0.1</b>
<b>6) EBIT</b>	<b>81.5</b>	<b>90.5</b>	<b>-9.9%</b>	<b>-8.9</b>
7) Depreciations and amortizations	60.2	59.8	0.8%	0.5
<b>8) EBITDA</b>	<b>141.8</b>	<b>150.2</b>	<b>-5.6%</b>	<b>-8.5</b>

# EBITDA BREAKDOWN (PORTGÁS)



RESULTS  
REPORT

€M	2017
<b>1) REVENUES</b>	<b>19.9</b>
<b>Revenues from assets</b>	<b>9.9</b>
Return on RAB	7.1
Recovery of amortizations (net from subsidies)	2.8
<b>Revenues of OPEX</b>	<b>4.1</b>
<b>Other revenues</b>	<b>0.3</b>
Interest on tariff deviation	0.0
Adjustments previous years	-0.3
Other services provided	0.7
Other	-0.0
Construction revenues (IFRIC 12)	5.7
<b>2) OPEX</b>	<b>6.0</b>
Personnel costs	1.5
External supplies and services	3.0
Other operational costs	1.5
<b>3) Construction costs (IFRIC 12)</b>	<b>5.1</b>
<b>4) Depreciations and amortizations</b>	<b>4.5</b>
<b>5) Other</b>	<b>-0.1</b>
<b>6) EBIT</b>	<b>4.4</b>
7) Depreciations and amortizations	4.5
<b>8) EBITDA</b>	<b>8.9</b>

Note: Three months consolidation.

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

€M	2017	2016	2017/2016	
			Δ %	Δ Abs.
<b>1) TOTAL REVENUES</b>	<b>16.9</b>	<b>12.7</b>	<b>33.0%</b>	<b>4.2</b>
Revenues of OPEX	0.1	0.0		0.1
Recovery of net OPEX	0.1	0.0		0.1
<b>Other revenues</b>	<b>16.8</b>	<b>12.7</b>	<b>32.4%</b>	<b>4.1</b>
Allowed incentives	3.2	3.1	3.2%	0.1
Interest on tariff deviation	0.2	1.0	-7.8%	-0.8
Telecommunication sales and services rendered	5.2	5.5	-5.7%	-0.3
Consultancy services and other services provided	2.1	1.7	26.3%	0.4
Other	6.1	1.4		4.6
Construction revenues (IFRIC 12)	0.0	0.0		0.0
<b>2) OPEX</b>	<b>34.9</b>	<b>31.0</b>	<b>12.6%</b>	<b>3.9</b>
Personnel costs	23.4	22.2	5.4%	1.2
External supplies and services	10.6	8.0	33.7%	2.7
Other operational costs	0.9	0.9	1.1%	0.0
<b>3) Construction costs (IFRIC 12)</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
<b>4) Depreciations and amortizations</b>	<b>0.2</b>	<b>0.2</b>	<b>-3.3%</b>	<b>0.0</b>
<b>5) Other</b>	<b>0.9</b>	<b>0.3</b>		<b>0.6</b>
<b>6) EBIT</b>	<b>-19.2</b>	<b>-18.9</b>	<b>1.8%</b>	<b>-0.3</b>
7) Depreciations and amortizations	0.2	0.2	-3.3%	0.0
<b>8) EBITDA</b>	<b>-19.0</b>	<b>-18.6</b>	<b>1.8%</b>	<b>-0.3</b>

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

# CAPEX AND RAB



RESULTS  
REPORT

€M	2017	2016	2017/2016	
			Δ %	Δ Abs.
<b>CAPEX*</b>	<b>155.6</b>	<b>171.5</b>	<b>-9.3%</b>	<b>-15.9</b>
Electricity	134.8	157.5	-14.4%	-22.7
Natural gas <sub>T</sub>	14.2	13.8	2.9%	0.4
Natural gas <sub>D</sub>	6.3			
Other	0.3	0.2	31.4%	0.1
<b>Transfers to RAB**</b>	<b>158.8</b>	<b>154.2</b>	<b>3.0%</b>	<b>4.6</b>
Electricity	134.2	140.1	-4.2%	-5.9
Natural gas <sub>T</sub>	14.6	14.1	3.4%	0.5
Natural gas <sub>D</sub>	10.0			
<b>Average RAB</b>	<b>3,924.7</b>	<b>3,537.1</b>	<b>11.0%</b>	<b>387.7</b>
Electricity	2,138.4	2,152.6	-0.7%	-14.2
With premium	1,132.3	1,105.0	2.5%	27.3
Without premium	1,006.1	1,047.6	-4.0%	-41.5
Land	255.6	268.3	-4.8%	-12.8
Natural gas <sub>T</sub>	1,075.5	1,116.1	-3.6%	-40.6
Natural gas <sub>D</sub>	455.2			
<b>RAB e.o.p.</b>	<b>3,898.7</b>	<b>3,519.8</b>	<b>10.8%</b>	<b>378.9</b>
Electricity	2,134.2	2,162.0	-1.3%	-27.8
Land	249.2	262.0	-4.9%	-12.7
Natural gas <sub>T</sub>	1,055.2	1,095.8	-3.7%	-40.6
Natural gas <sub>D</sub>	460.0			
<b>RAB's variation e.o.p.</b>	<b>378.9</b>	<b>-46.5</b>		
Electricity	-27.8	6.8		
Land	-12.7	-12.8		
Natural gas <sub>T</sub>	-40.6	-40.6		
Natural gas <sub>D</sub>	460.0			

€M	2017	2016	2017/2016	
			Δ %	Δ Abs.
<b>RAB's remuneration</b>	<b>216.7</b>	<b>215.9</b>	<b>0.4%</b>	<b>0.8</b>
Electricity	143.9	140.2	2.7%	3.7
With premium	80.2	76.0	5.5%	4.2
Without premium	63.7	64.2	-0.7%	-0.5
Land	1.0	1.0	-2.1%	0.0
Natural gas <sub>T</sub>	64.7	74.8	-13.5%	-10.1
Natural gas <sub>D</sub>	7.2			
<b>RoR's RAB</b>	<b>6.1%</b>	<b>6.1%</b>		<b>0.0p.p.</b>
Electricity	6.7%	6.5%		0.2p.p.
With premium	7.1%	6.9%		0.2p.p.
Without premium	6.3%	6.1%		0.2p.p.
Land	0.4%	0.4%		0.0p.p.
Natural gas <sub>T</sub>	6.0%	6.7%		-0.7p.p.
Natural gas <sub>D</sub>	6.3%	7.1%		-0.8p.p.

\* Total costs;

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

	2017	2016
Net Debt (€M)	2,756.2	2,477.7
Average cost	2.5%	3.2%
Average maturity (years)	4.1	5.1

## DEBT BREAKDOWN

## Funding sources

Bond issues	59%	67%
EIB	16%	20%
Loans	17%	3%
Other	8%	10%

## TYPE

Float	46%	36%
Fixed	54%	64%

## CREDIT METRICS

Net Debt / EBITDA	5.3x	5.2x
FFO / Net Debt	11.7%	11.4%
FFO Interest Coverage	5.3x	4.3x

## RATING

	Long term	Short term	Outlook	Date
Moody's	Baa3	-	Stable	04/12/2017
Standard & Poor's	BBB-	A-3	Positive	10/26/2017
Fitch	BBB	F3	Stable	04/20/2017

The background of the slide is a light gray network of interconnected nodes and lines, resembling a molecular or data network. The nodes are small circles, and the lines are thin, connecting them into various geometric shapes and paths. The overall effect is a complex, interconnected web of points and lines.

# CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENTS

## Financial position (teuros)



RESULTS  
REPORT

	2017	2016
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,227	578
Goodwill	19,102	3,397
Intangible assets	4,306,417	3,825,712
Investments in associates and joint ventures	162,027	14,657
Available-for-sale financial assets	156,439	150,118
Derivative financial instruments	7,907	20,425
Other financial assets	27	14
Trade and other receivables	6,528	10,145
Deferred tax assets	97,737	62,825
	<b>4,759,411</b>	<b>4,087,871</b>
<b>Current assets</b>		
Inventories	2,958	1,028
Trade and other receivables	540,849	448,826
Other financial assets	0	1,317
Cash and cash equivalents	61,458	10,783
	<b>605,265</b>	<b>461,954</b>
<b>TOTAL ASSETS</b>	<b>5,364,676</b>	<b>4,549,825</b>

	2017	2016
<b>EQUITY</b>		
<b>Shareholders' equity:</b>		
Share capital	667,191	534,000
Own shares	-10,728	-10,728
Share premium	116,809	0
Reserves	310,191	319,204
Retained earnings	225,342	216,527
Other changes in equity	-5,541	30
Net profit for the year	125,925	100,183
<b>TOTAL EQUITY</b>	<b>1,429,189</b>	<b>1,159,217</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	2,205,390	2,298,543
Liability for retirement benefits and others	121,977	125,673
Derivative financial instruments	6,960	12,212
Provisions	9,035	6,154
Trade and other payables	364,961	318,126
Deferred tax liabilities	99,534	73,027
	<b>2,807,857</b>	<b>2,833,735</b>
<b>Current liabilities</b>		
Borrowings	624,336	216,594
Provisions	0	801
Trade and other payables	473,337	311,539
Income tax payable	29,957	26,875
Derivative financial instruments	0	1,063
	<b>1,127,630</b>	<b>556,873</b>
<b>TOTAL LIABILITIES</b>	<b>3,935,487</b>	<b>3,390,608</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,364,676</b>	<b>4,549,825</b>

# CONSOLIDATED STATEMENTS

## Profit and loss (teuros)



RESULTS  
REPORT

	2017	2016
Sales	82	569
Services rendered	561,414	544,672
Revenue from construction of concession assets	154,651	171,247
Gains / (losses) from associates and joint ventures	5,749	1,314
Other operating income	26,470	21,649
<b>Operating income</b>	<b>748,366</b>	<b>739,452</b>
Cost of goods sold	-613	-450
Cost with construction of concession assets	-136,683	-155,217
External supplies and services	-55,418	-44,328
Personnel costs	-51,275	-49,583
Depreciation and amortizations	-221,991	-214,761
Provisions	-1,273	-516
Impairments	-955	-258
Other expenses	-14,103	-12,595
<b>Operating costs</b>	<b>-482,311</b>	<b>-477,708</b>
<b>Operating results</b>	<b>266,055</b>	<b>261,743</b>
Financial costs	-73,424	-91,182
Financial income	5,360	5,291
Investment income - dividends	6,268	5,550
<b>Financial results</b>	<b>-61,796</b>	<b>-80,341</b>
<b>Profit before income tax</b>	<b>204,259</b>	<b>181,403</b>
Income tax expense	-52,536	-55,282
Energy sector extraordinary contribution (ESEC)	-25,798	-25,938
<b>Net profit for the year</b>	<b>125,925</b>	<b>100,183</b>
<b>Attributable to:</b>		
Equity holders of the Company	125,925	100,183
Non-controlled interest		
<b>Consolidated profit for the year</b>	<b>125,925</b>	<b>100,183</b>

# CONSOLIDATED STATEMENTS

## Cash flow (teuros)



RESULTS  
REPORT

	2017	2016
<b>Cash flow from operating activities</b>		
Cash receipts from customers	2,388,176	1,872,348
Cash paid to suppliers	-1,710,859	-1,388,869
Cash paid to employees	-67,843	-64,113
Income tax received/(paid)	-85,506	-34,453
Other receipts/(payments) relating to operating activities	-44,857	-70,206
<b>Net cash flows from operating activities (1)</b>	<b>479,111</b>	<b>314,706</b>
<b>Cash flow from investing activities</b>		
Receipts related to:		
Available-for-sale	10	128
Property, plant and equipment	1,597	0
Other financial assets	1,309	0
Investment grants	7,369	2,172
Interests and other similar income	175	7
Dividends	15,285	5,466
Payments related to:		
Financial investments	-699,792	0
Available-for-sale	0	-202
Property, plant and equipment	-285	-20
Intangible assets - Concession assets	-169,954	-153,900
<b>Net cash flow used in investing activities (2)</b>	<b>-844,287</b>	<b>-146,349</b>
<b>Cash flow from financing activities</b>		
Receipts related to:		
Borrowings	5,427,401	5,546,236
Capital increase	250,000	0
Interests and other similar income	0	17,757
Payments related to:		
Borrowings	-5,120,734	-5,570,474
Interests and other similar expense	-67,615	-124,084
Dividends	-90,650	-90,650
<b>Net cash from/ (used in) financing activities (3)</b>	<b>398,402</b>	<b>-221,216</b>
<b>Net (decrease)/increase in cash and cash equivalents (1)+(2)+(3)</b>	<b>33,226</b>	<b>-52,859</b>
Effect of exchange rates	1,508	0
Cash and cash equivalents at the beginning of the year	10,680	63,539
Changes in the perimeter	15,034	0
<b>Cash and cash equivalents at the end of the period</b>	<b>60,448</b>	<b>10,680</b>
<b>Detail of cash and cash equivalents</b>		
Cash	1	1
Bank overdrafts	-1,009	-103
Bank deposits	61,457	10,782
	<b>60,448</b>	<b>10,680</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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