



REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. | Sociedade Aberta

Sede: Avenida dos Estados Unidos da América, n.º 55, Lisboa

Capital social: 667.191.262 Euros

Pessoa coletiva e matrícula na CRC de Lisboa n.º 503 264 032

COMUNICADO

Nos termos e para os efeitos do disposto no artigo 17.º do Regulamento (UE) número 596/2014 do Parlamento Europeu e do Conselho, de 16 de abril de 2014, no artigo 248.º - A do Código dos Valores Mobiliários e na demais regulamentação em vigor, a REN – Redes Energéticas Nacionais, SGPS, S.A. vem pelo presente informar e juntar em anexo a apresentação que hoje será divulgada no evento designado *“Capital Markets Day”* da REN e que inclui a atualização estratégia 2018 - 2021 (versão em Inglês).

Lisboa, 4 de maio de 2018

Fim de comunicado



LISBON

CAPITAL 201X
MARKETS DAY

RENX

MAY 4

AGENDA FOR TODAY

10h30 ▶ A successful journey

▶ Strategic guidelines

▶ Operational excellence

▶ Core business consolidation

▶ Disciplined growth

▶ Solid financials

▶ Robust business plan

▶ Closing remarks

12h00 ▶ Q&A

12h30 ▶ Lunch

RODRIGO COSTA

CHIEF EXECUTIVE OFFICER

JOÃO FARIA CONCEIÇÃO

CHIEF OPERATIONS OFFICER

GONÇALO MORAIS SOARES

CHIEF FINANCIAL OFFICER

RODRIGO COSTA

CHIEF EXECUTIVE OFFICER



2014

A **domestic-only** player

A **transmission-only** player

Sub investment grade ratings

Solid shareholder base

Today

► Focused on **domestic** but with **international** presence (Electrogas, Chile)

► With a **distribution** business (Portgás)

► **Investment grade** ratings

► **Solid base with higher liquidity after €250 Mn capital increase** (39% free float)

Maintaining **operational excellence** and **efficiency**, while committing to **public service**

Grid investments: electricity and natural gas



2014

2018

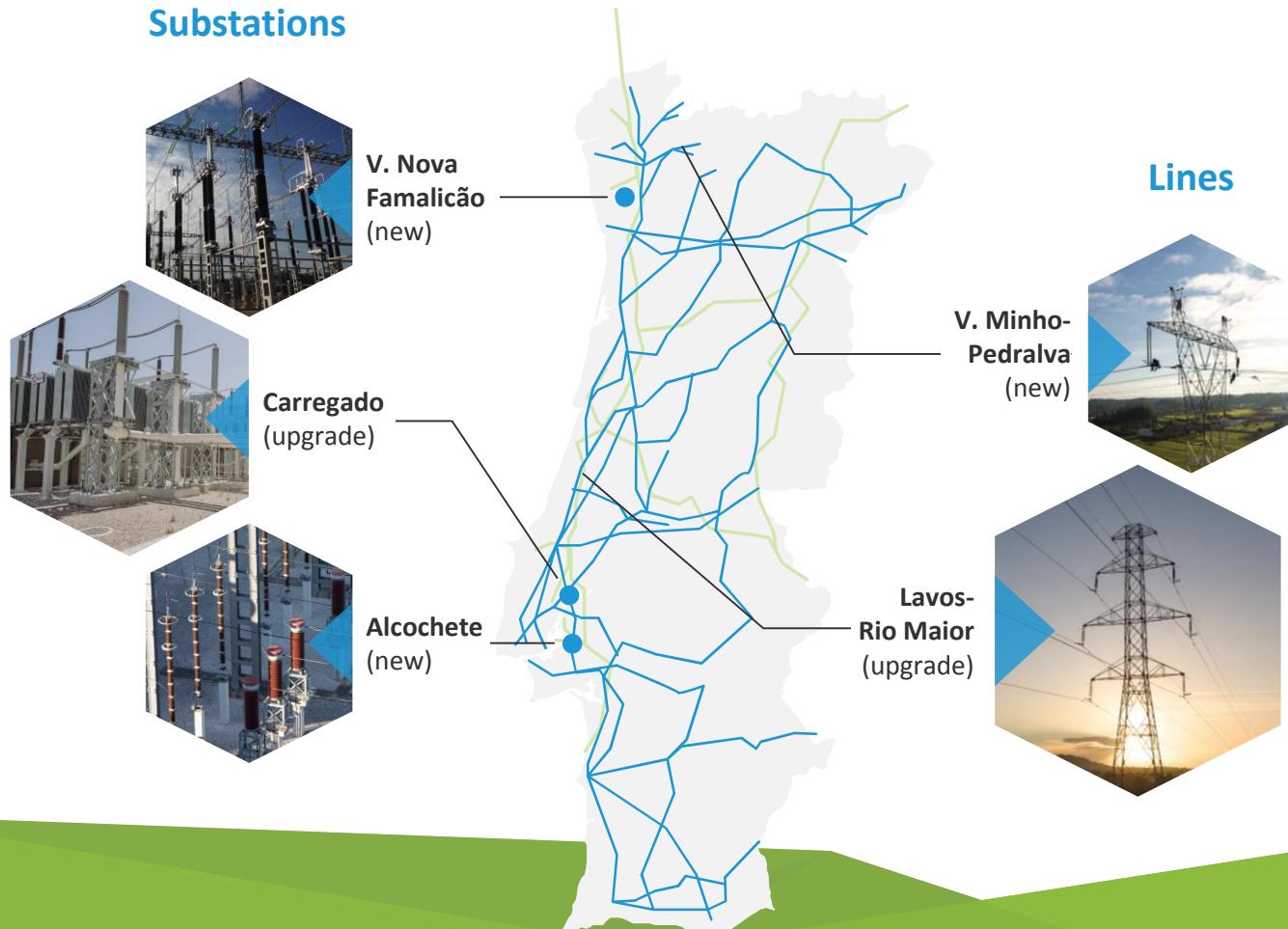
Underground gas storage

Electrogas

Portgás

A SUCCESSFUL JOURNEY

Supporting Portugal's energy policy and backbone



~€560 Mn CAPEX
in 2015-17

86%
fulfilled efficiency criteria

0.22 min/year
average interruption
time¹ in 2015-17

¹ Including exceptional events and force majeur

A SUCCESSFUL JOURNEY

Delivering on growth



2015



Underground gas storage,
becoming the only player in Portugal

€70 Mn

2017



First international investment
with 42.5% of Electrogas

€169 Mn

2017



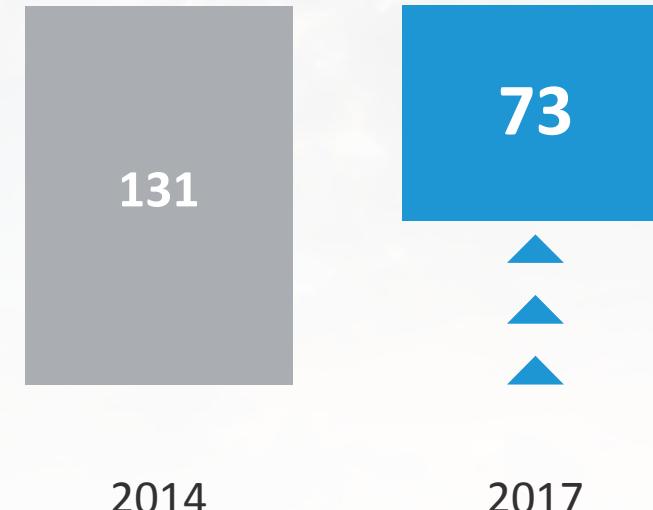
Expansion to distribution
network with Portgás

€530 Mn

A SUCCESSFUL JOURNEY

Marked by highly disciplined debt management, resulting in a strong credit profile

Financial costs (€ Mn)



Investment grade since 2015



1st
Portuguese
company

Moody's

Fitch Ratings

STANDARD
& POOR'S





A SUCCESSFUL JOURNEY

With a robust financial performance

EBITDA (€ Mn)

505

487

Special levy
(CESE) (€ Mn)

Net income (€ Mn)

138

+25

113

152

+26

126

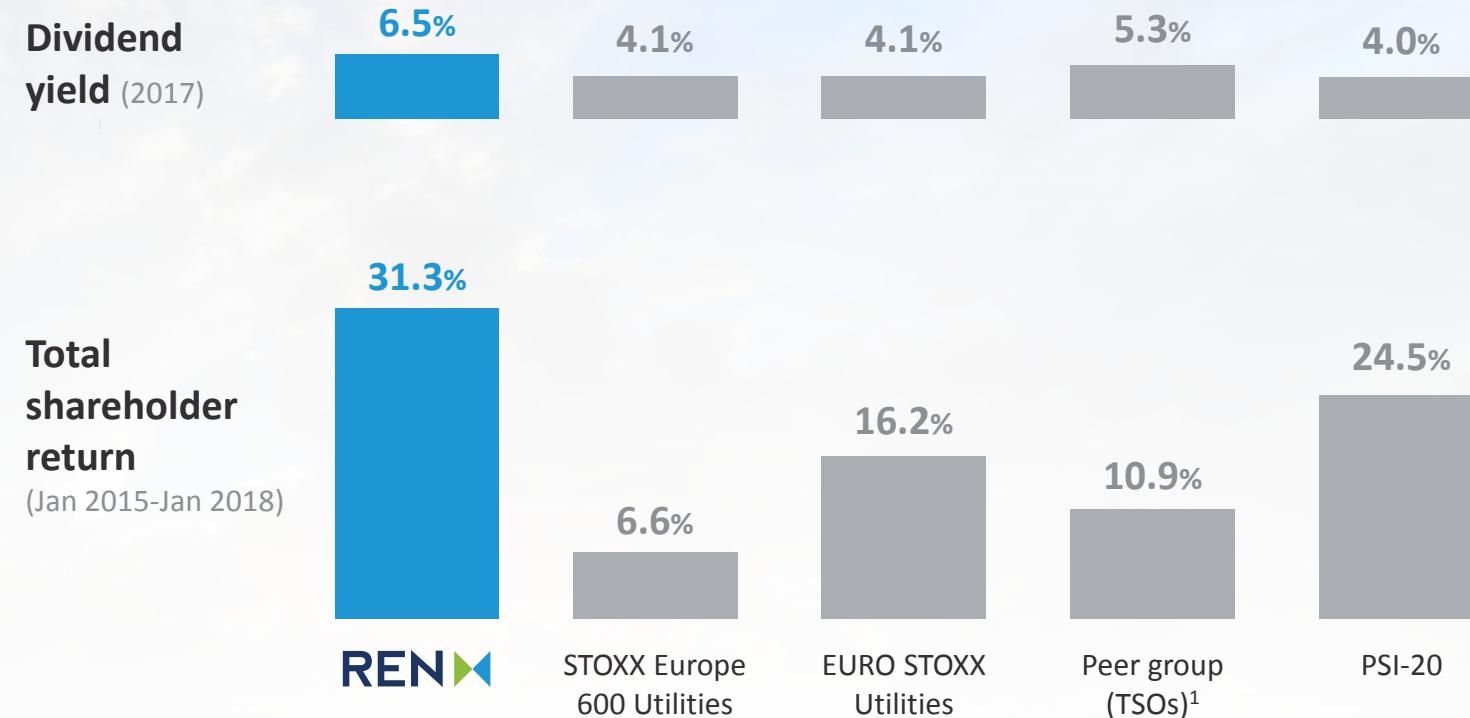
2014

2017



A SUCCESSFUL JOURNEY

Delivering value to the shareholders





A SUCCESSFUL JOURNEY

Enabling a renewable future



2016

✓ **4 consecutive days** 100% renewable

2018

✓ **Two 70-hour periods** 100% renewable

✓ Production in March **exceeded consumption** of mainland Portugal

A SUCCESSFUL JOURNEY

With best-in-class corporate governance and a stable shareholder base¹

Several **special committees** in place



Remuneration



Corporate governance



Nomination and Appraisal

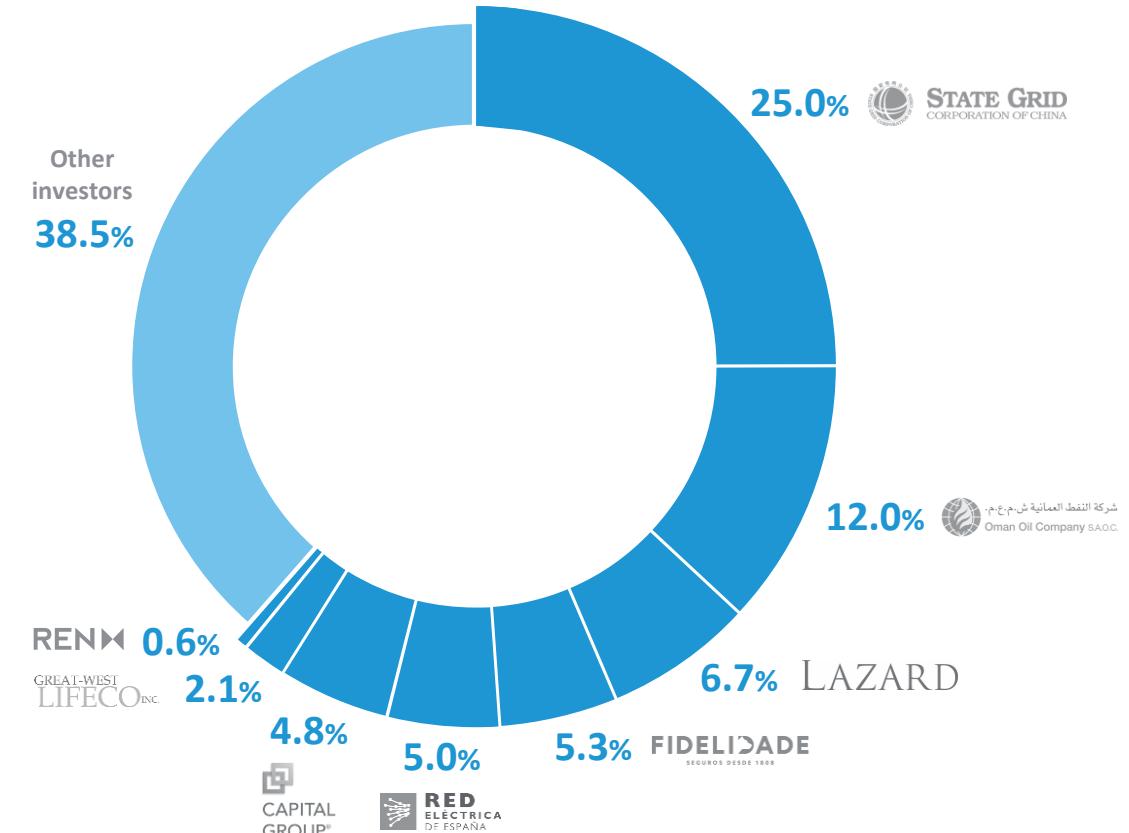
Independence of **supervisory bodies**



Audit Committee



Statutory Auditor



► UNPARALLELED RELEVANCE ON THE NATIONAL SCENE

► Responsible for high-quality energy transmission and distribution



**>€3.0 Bn invested
in energy
infrastructure
in Portugal, 2006-17**



**Top quartile in
quality of service
and efficiency
among European TSOs**



**Total tax
contribution
of ~€750 Mn
in 2006-17**



**Consistent
reduction in
weight on final
consumer tariff¹**

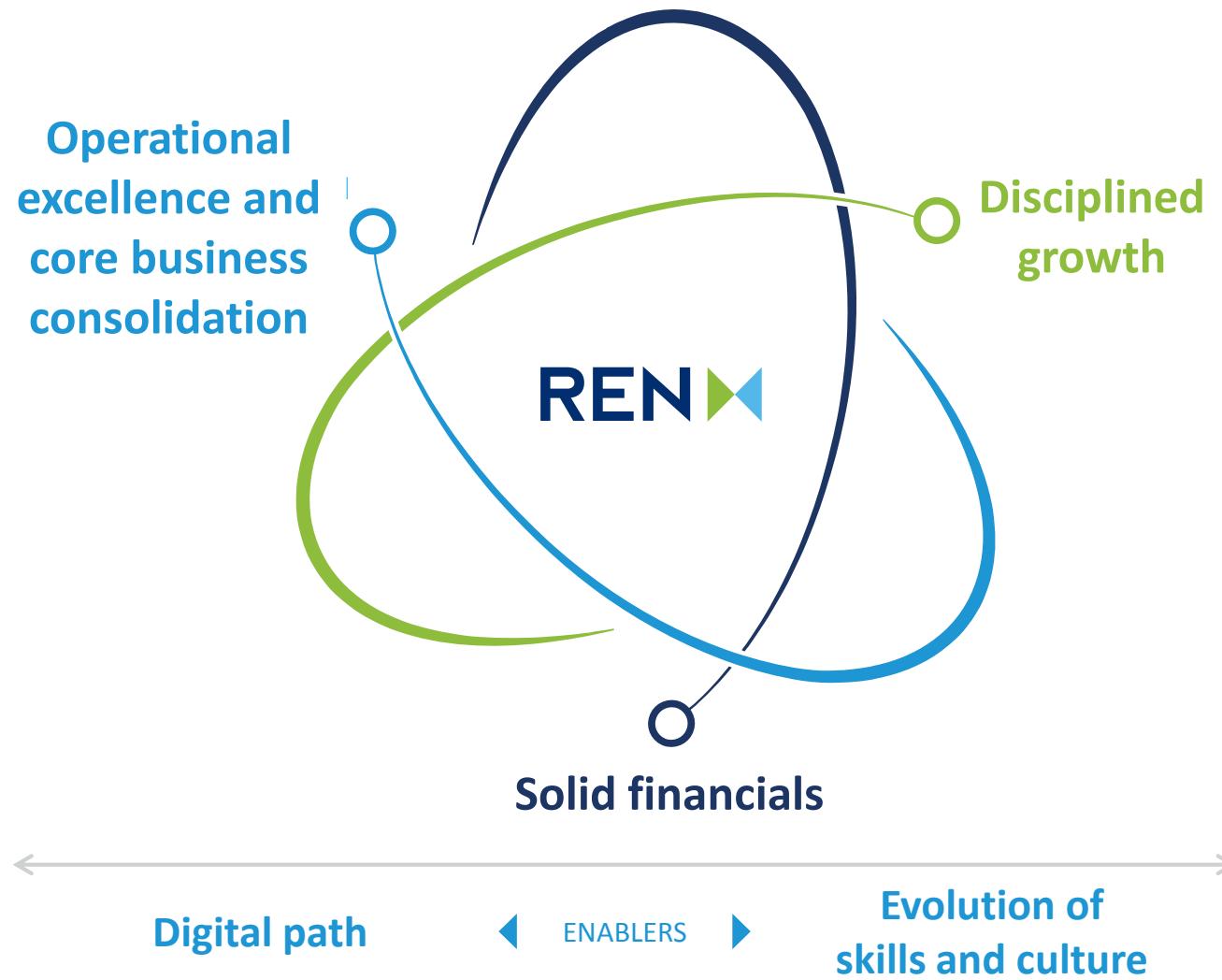


**Top quartile in
sustainability
performance²
vs. peers**

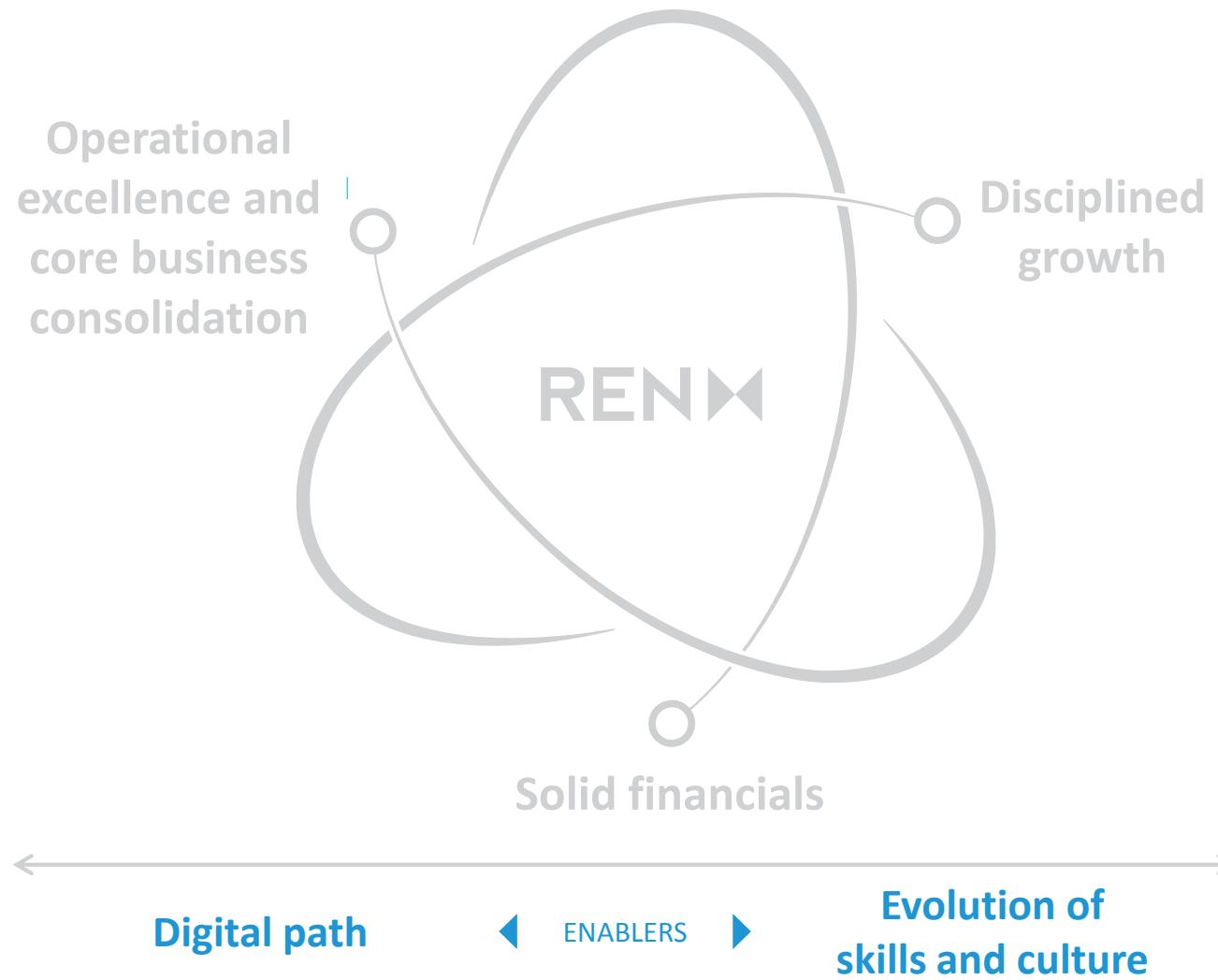
¹ >1pp reduction from 2014 to 2018 in electricity tariff, including transport and system management

² Environmental impact, social impact, and governance model (Oekom Corporate Rating 2017)

STRATEGIC GUIDELINES



STRATEGIC GUIDELINES



Digital path

Further effort on digital integration across the company

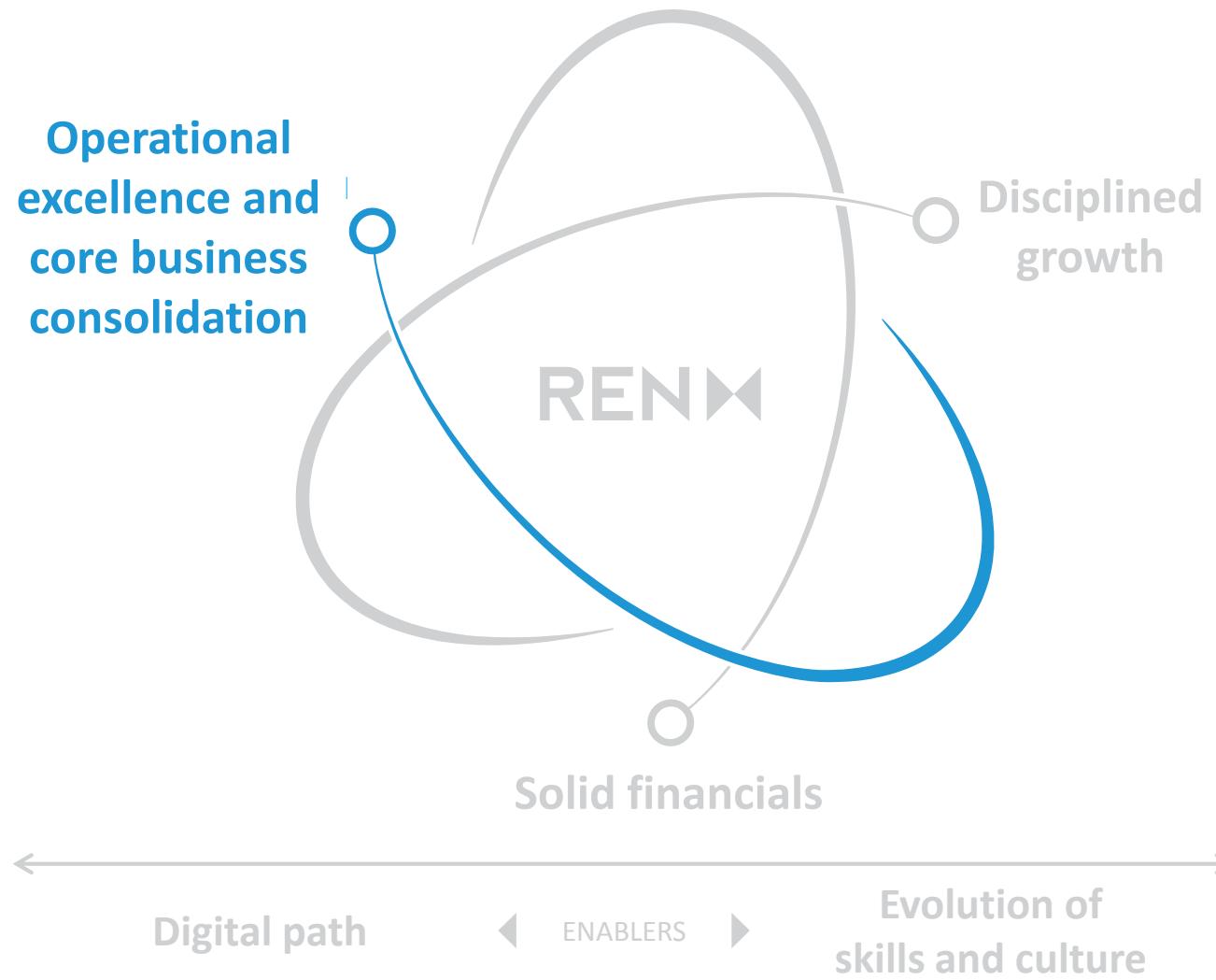
- ▶ **Asset management:** Condition assessment and predictive analytics based on extended monitoring and automation
- ▶ **Operations:** Use of digital tools by field workforce to facilitate productivity through real-time interconnection
- ▶ **Support:** Increased automation in support functions, improving productivity
- ▶ **Cibersecurity:** Consolidate company-wide initiatives and optimize current set-up especially in OT systems
- ▶ **System management:** Renewables integration (with growing support of data analytics) and optimization towards energy savings
- ▶ **Network planning:** Infrastructure design and development with positive environment impact

Evolution of skills and culture

Diversity, Development and Collaboration

- ▶ **Cross-functional** teams to further promote collaboration, accelerate improvements, decision-making and project delivery
- ▶ Focused **talent management** strategy to identify, develop and retain talent
- ▶ Development of workforce with focus on increasing the gender and academic background **diversity**
- ▶ Promotion of **intercompany mobility and professional development opportunities**

STRATEGIC GUIDELINES





- Experience**
managing systems with high penetration of **renewables**

- Service level**
above average of **European TSOs¹**

- 0.22 min/year**
average interruption time in 2015-17²

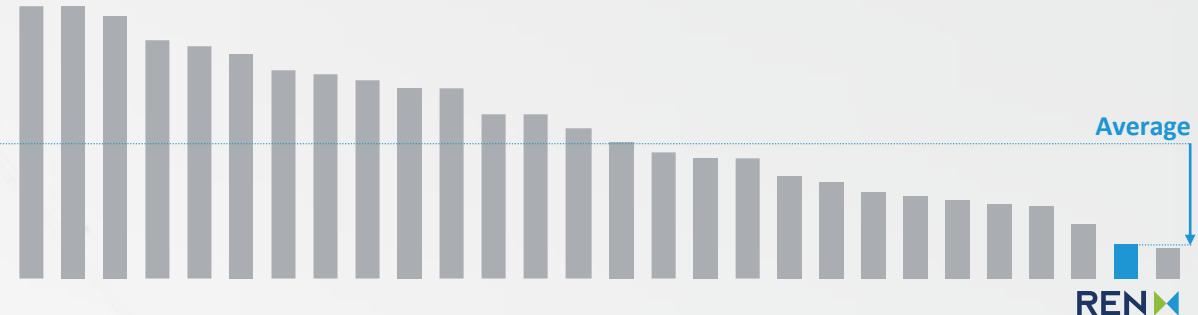
- Full response**
of **gas** infrastructure in 2017 (record consumption)

- Resilient performance**
in extremely adverse conditions (2017 devastating forest fires)

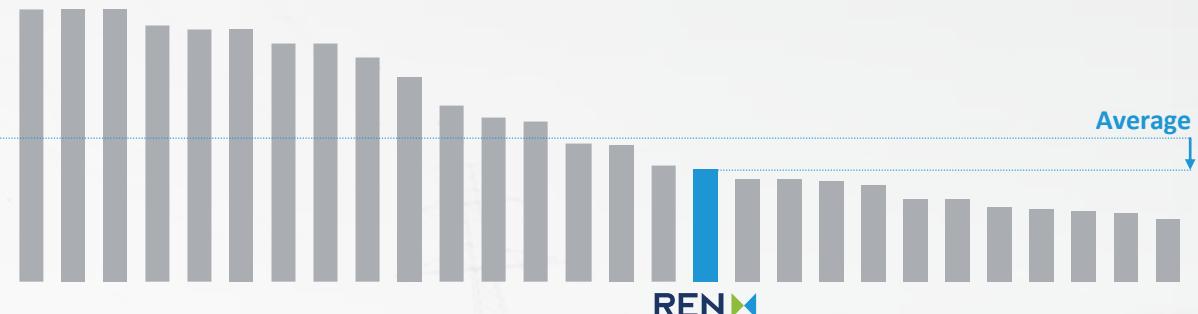

Maintain
focus on
EFFICIENCY

Electricity

Line costs/km



Substation costs/circuit end



Performance above European average



Natural gas

OPEX/complexity factor



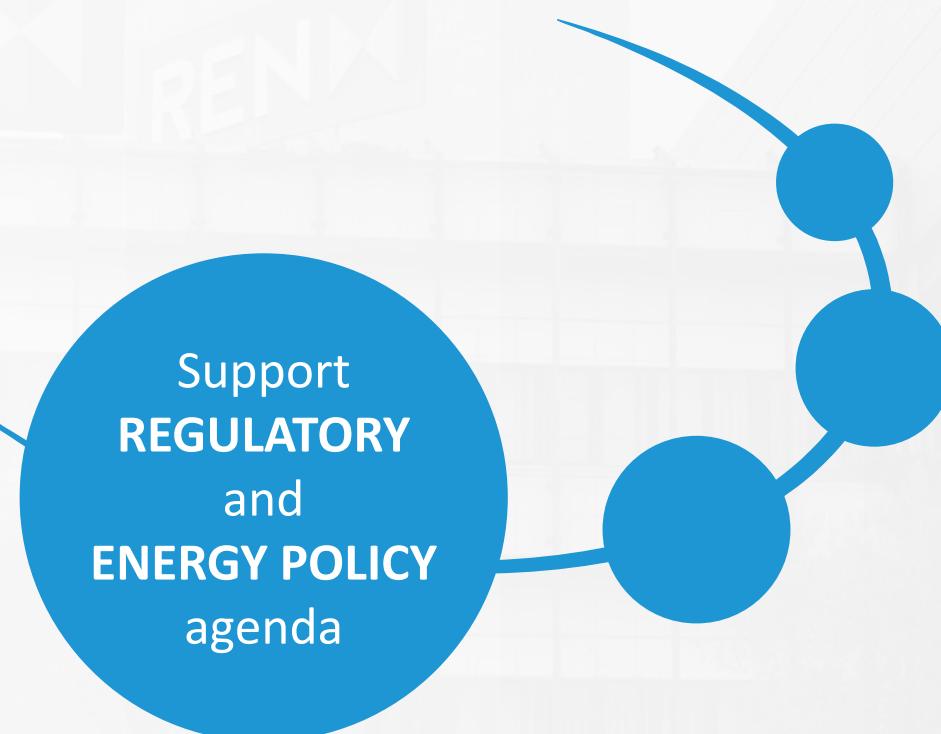
First quartile

LNG terminal costs/complexity factor



Best performance

CORE BUSINESS CONSOLIDATION



Limited weight on consumer **tariff**



Achieved regulatory **efficiency targets**

86% CAPEX
within efficiency
targets

4%
efficiency per year in
OPEX

~€20 Mn
incentives per year
for end-of-life
extension

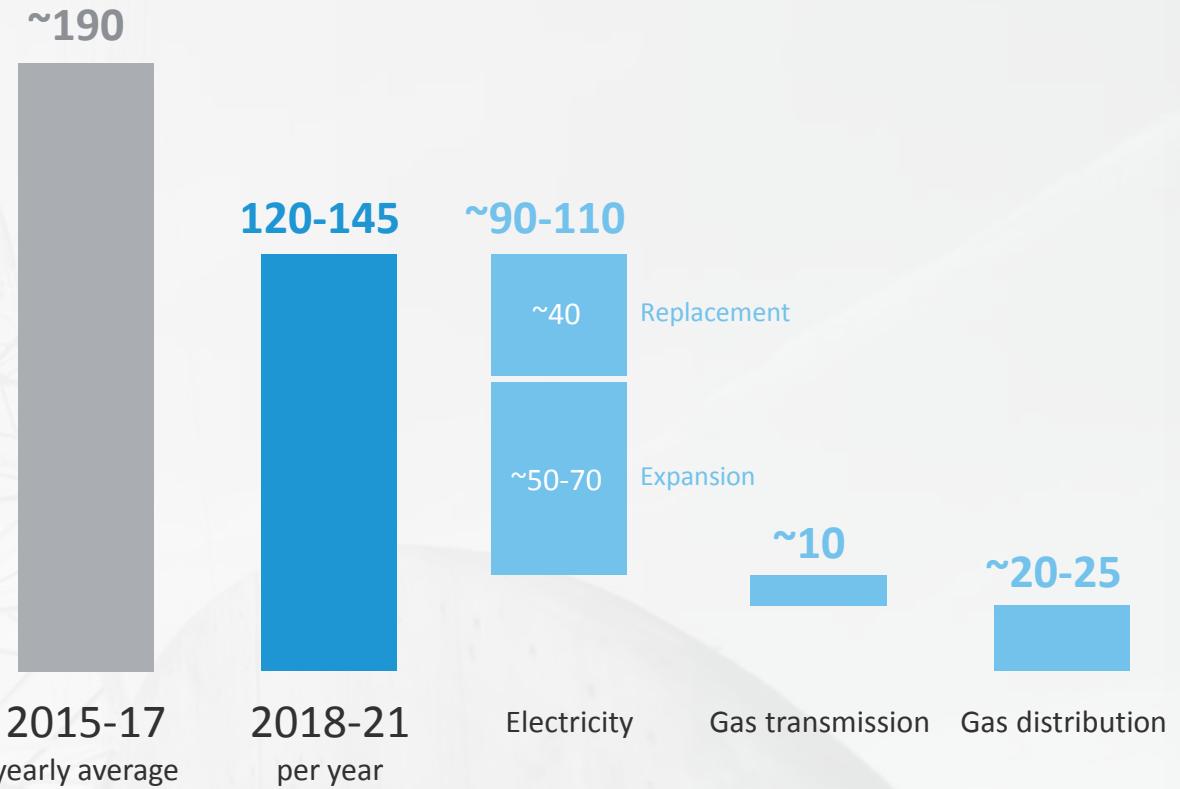


Partner for the national energy policy agenda

CORE BUSINESS CONSOLIDATION

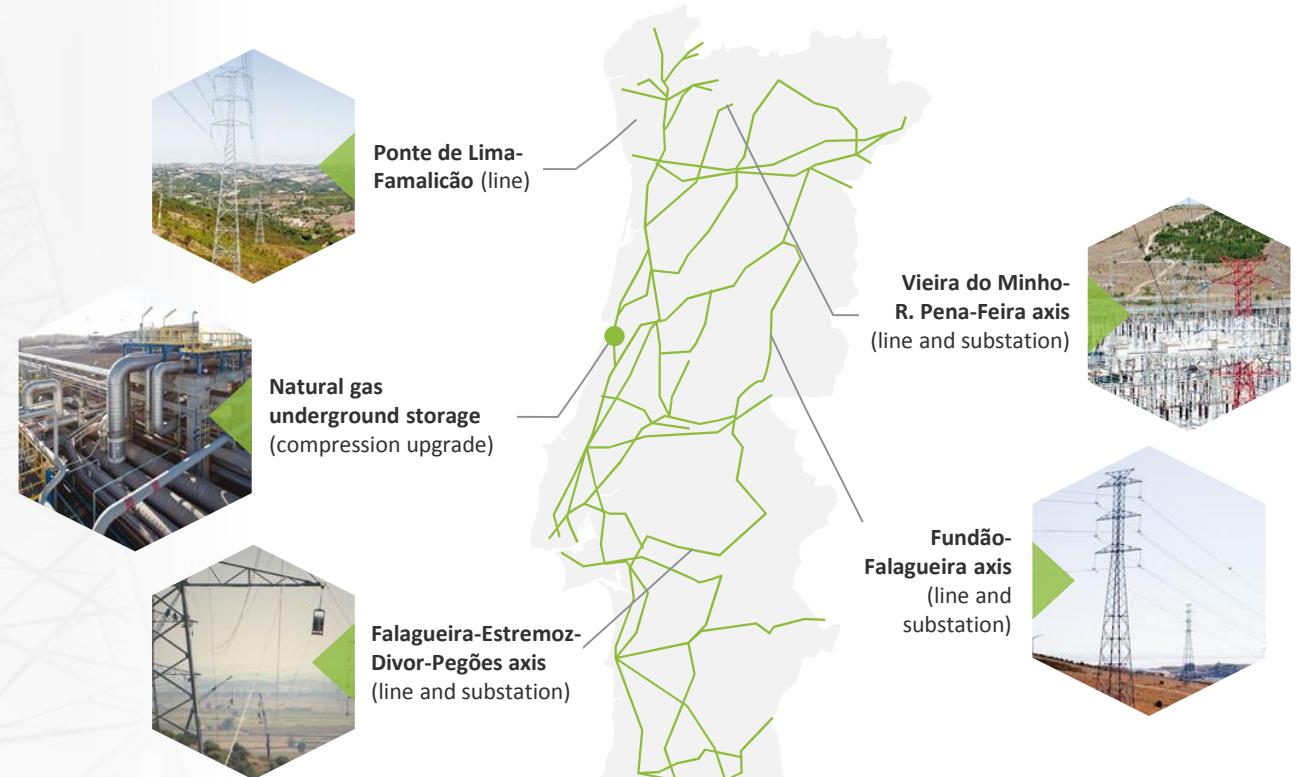
Invest
>€500 Mn
in the network
in Portugal
until 2021

Domestic organic CAPEX (€ Mn)



CORE BUSINESS CONSOLIDATION

Invest
>>€500 Mn
in the network
in Portugal
until 2021



Examples of potential upside (additional projects)

Further boost
in renewables

Interconnection
to Morocco

Underground cables
in Lisbon and Oporto

CORE BUSINESS CONSOLIDATION

Other gas distribution companies in Portugal

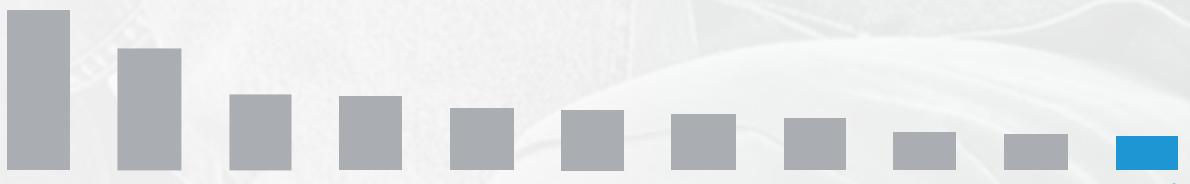
Consolidate
PORTGÁS

2nd largest gas distribution company in Portugal (km)

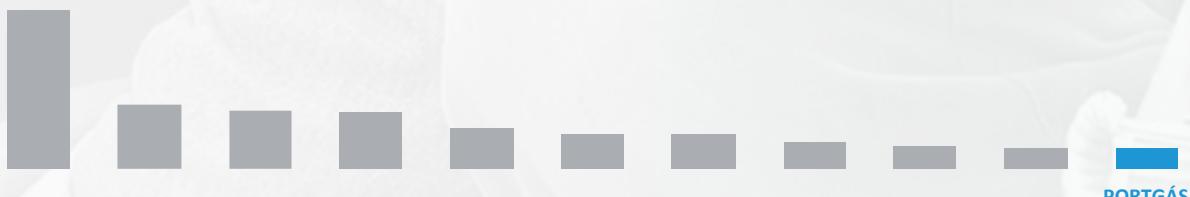


Most efficient gas distribution company in Portugal

OPEX/km

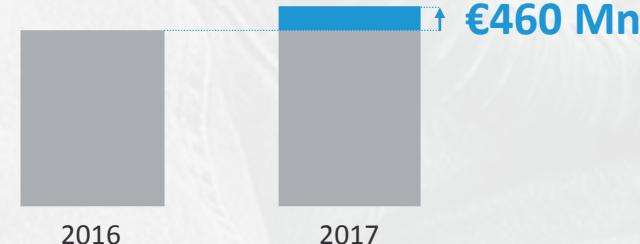


OPEX/connection point



Consolidate
PORTGÁS

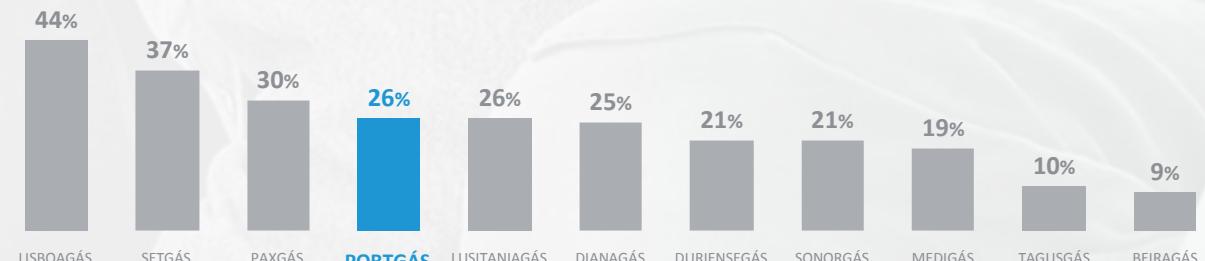
Increased REN's RAB in 11%



Consistent with regulatory framework



Growth potential from lower penetration (penetration rate)



Ongoing systems integration according to plan

CORE BUSINESS CONSOLIDATION

Leverage
REN's DNA of
INNOVATION



Direct impact
on operations, e.g., solar
photovoltaic forecasting tool



Recognition
of the scientific
community
(publications and
conferences)



Proprietary tools
developed,
including in
partnership with
universities

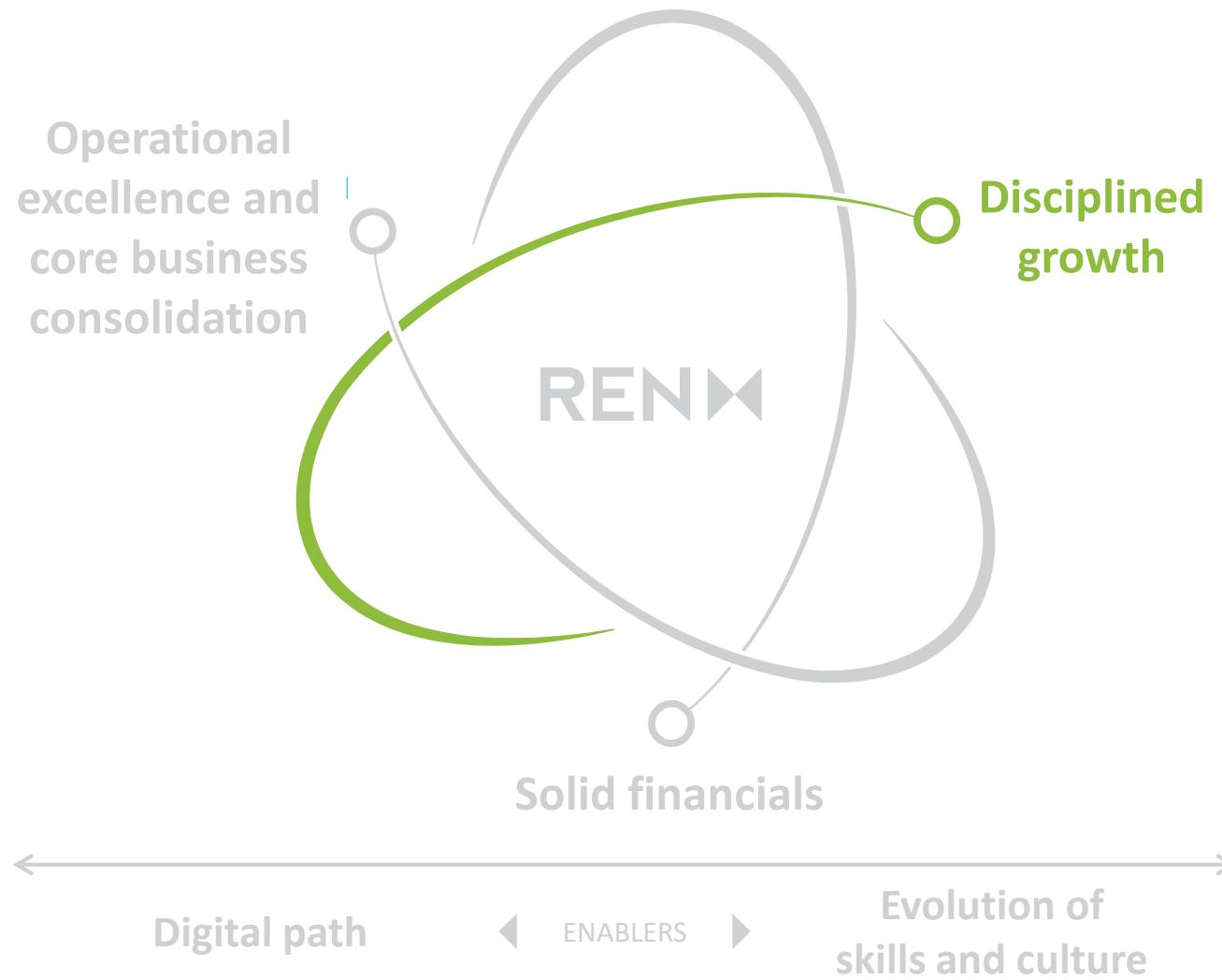


Partnership
with State Grid
for R&D

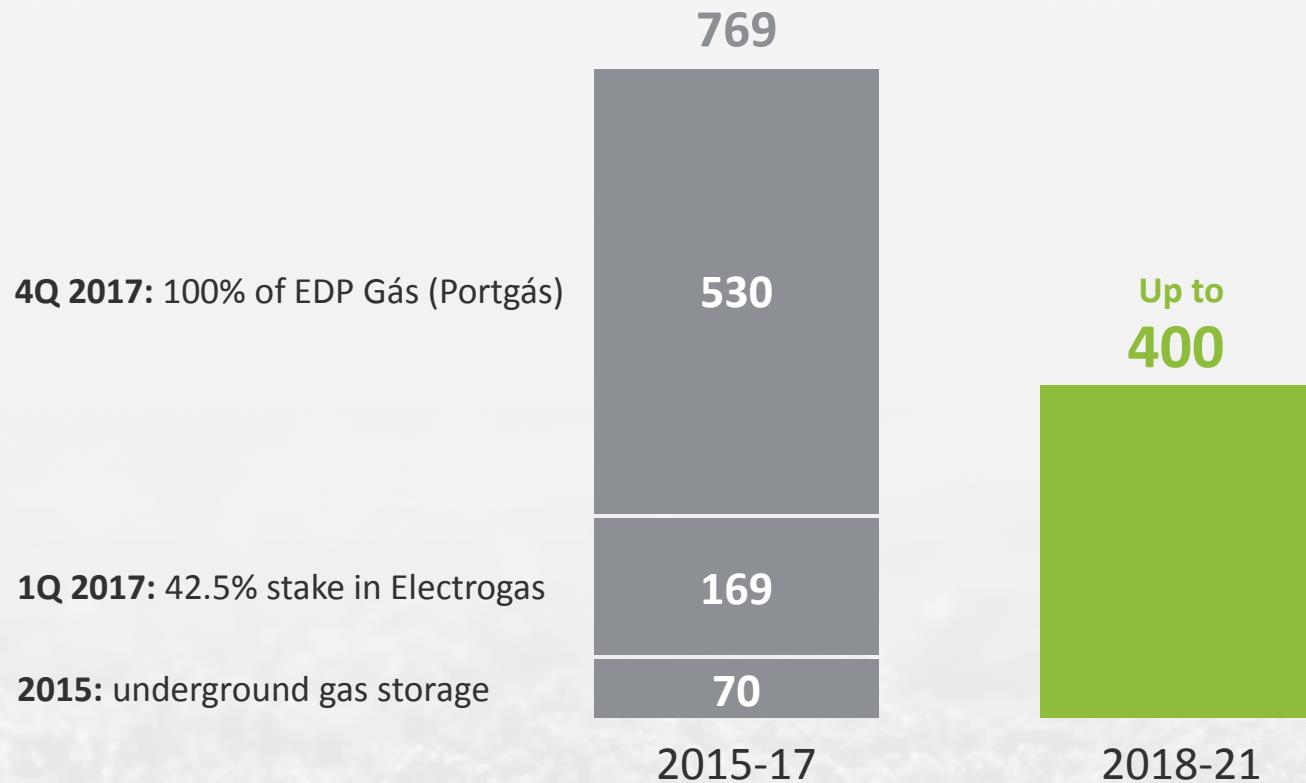


EV charging
ongoing
technological
development and
upcoming pilot

STRATEGIC GUIDELINES



Inorganic investments (€ Mn)



Invest up to
€400 Mn
until 2021 in
additional growth
opportunities

**Keep growth path in light of market opportunities
and leveraging strong track record**



**Regulated assets/
long-term
contracts**



**Attractive
risk-return
profile**



**Leveraging
REN's
know-how**



**Pace set to
maintain
credit rating**

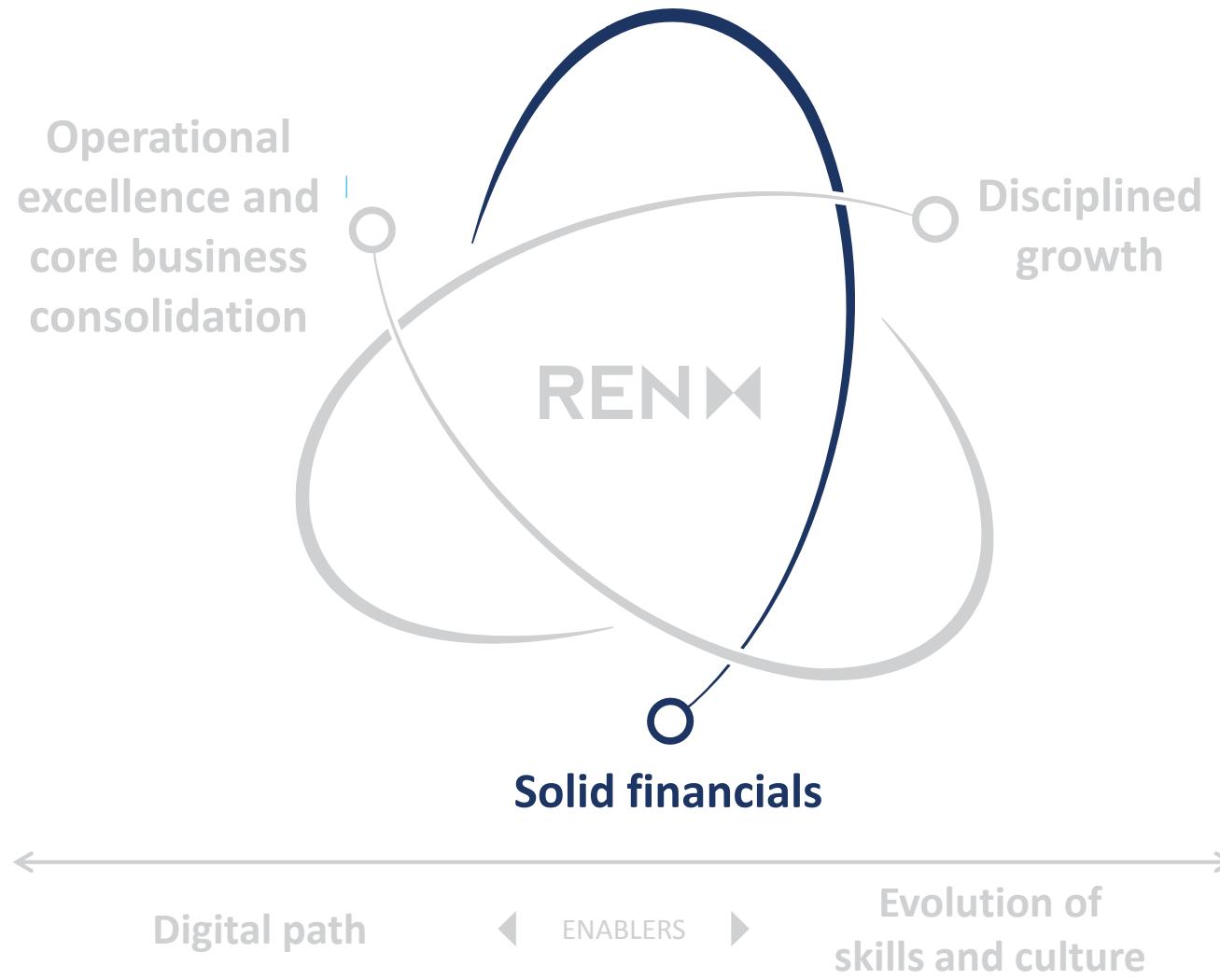


Clear focus on **Portugal** and **Regulated Assets** while also considering further **incremental opportunities/investments in LatAm**



Potential upside on domestic CAPEX always the top priority for REN

STRATEGIC GUIDELINES



Optimize cost of debt



Protect net income



Fixed vs.
floating rates



Maturity

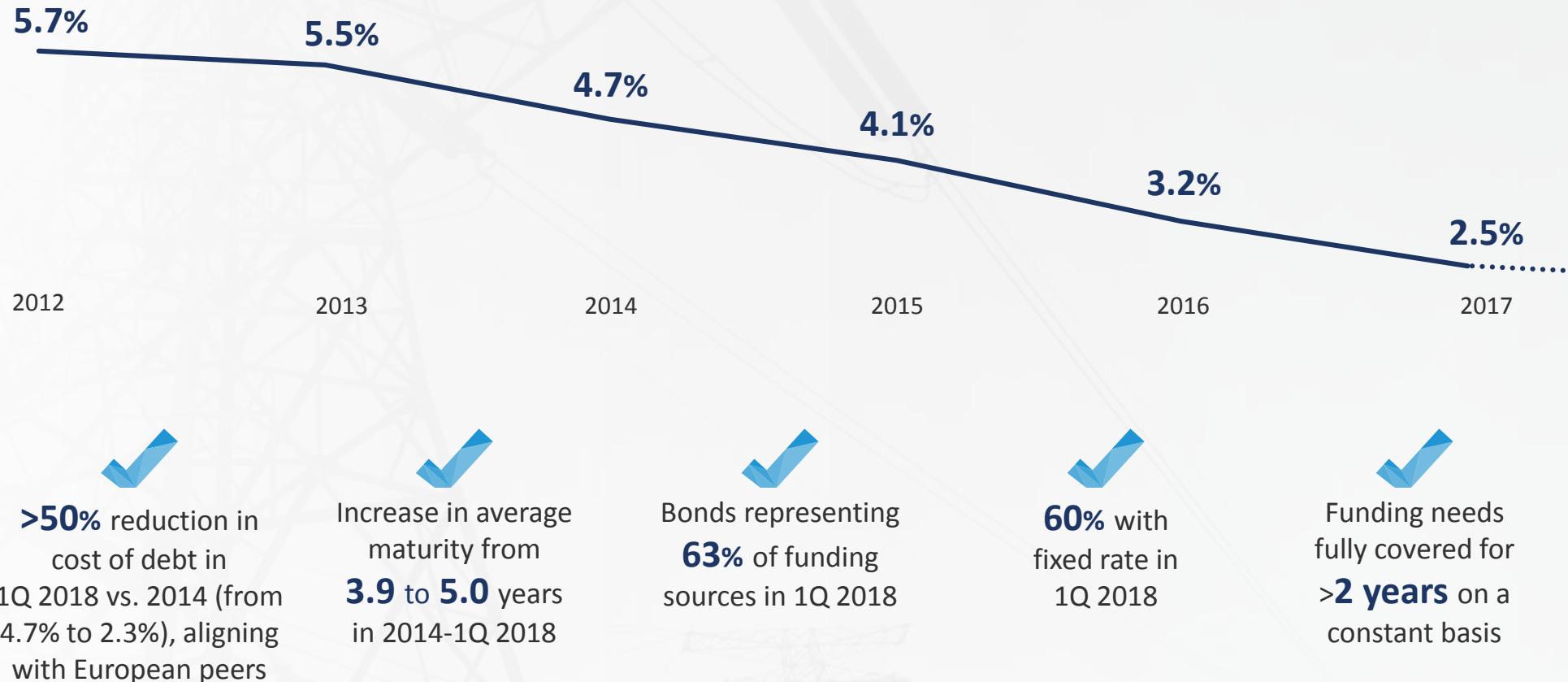


Liquidity
buffer

Allows for flexibility to grow while ensuring performance

SOLID FINANCIALS

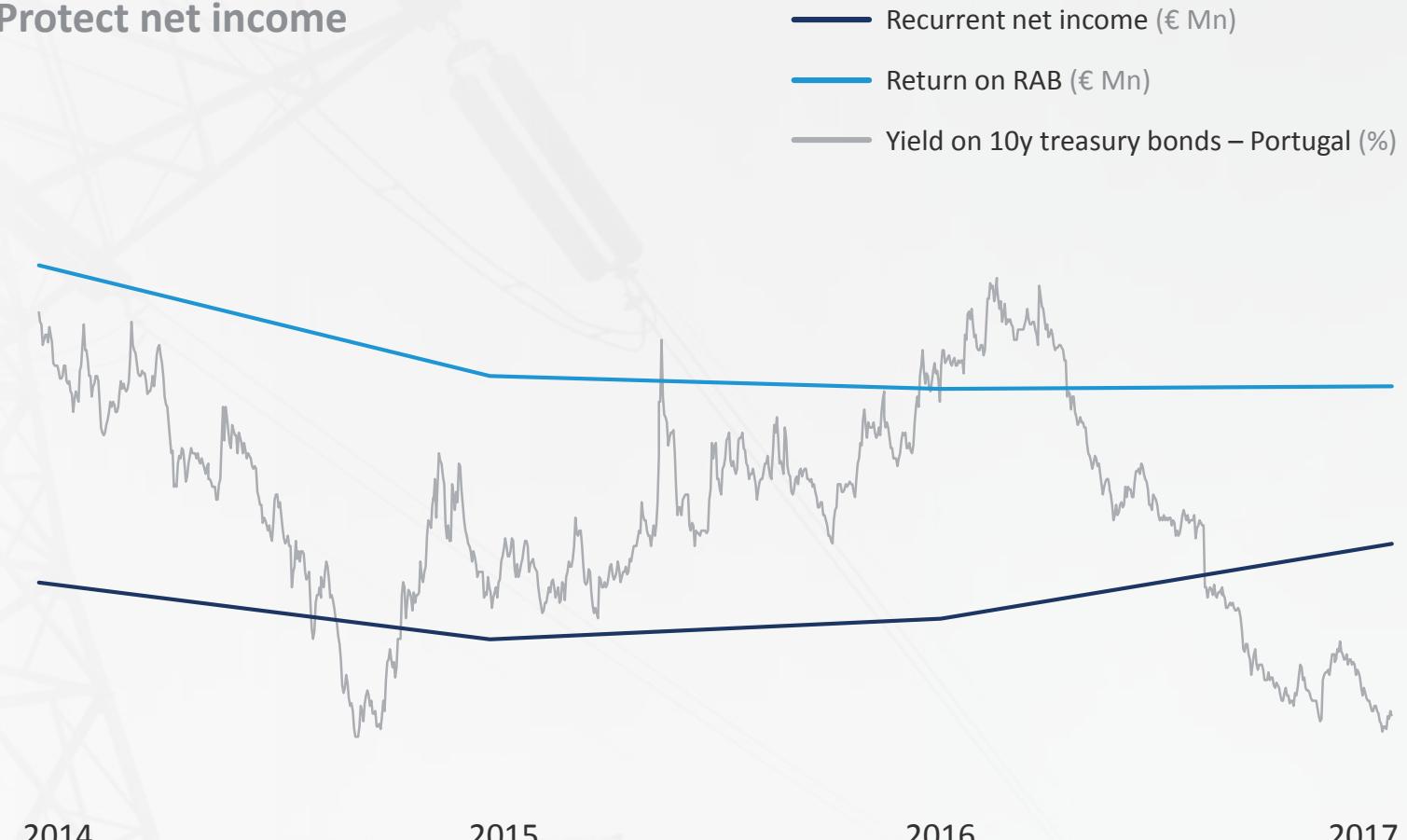
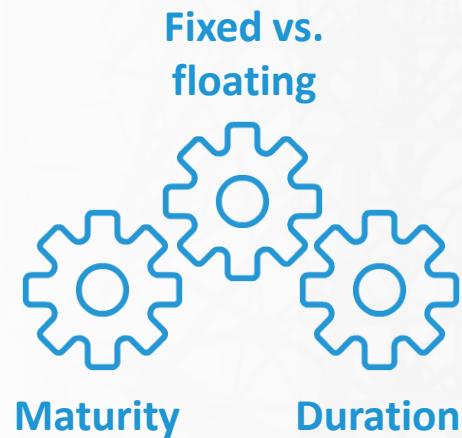
Debt management strategy – Optimize cost of debt



REN has been significantly reducing its cost of debt

SOLID FINANCIALS

Debt management strategy – Protect net income



REN has been successfully protecting its net income by aligning debt management with its regulated revenues profile

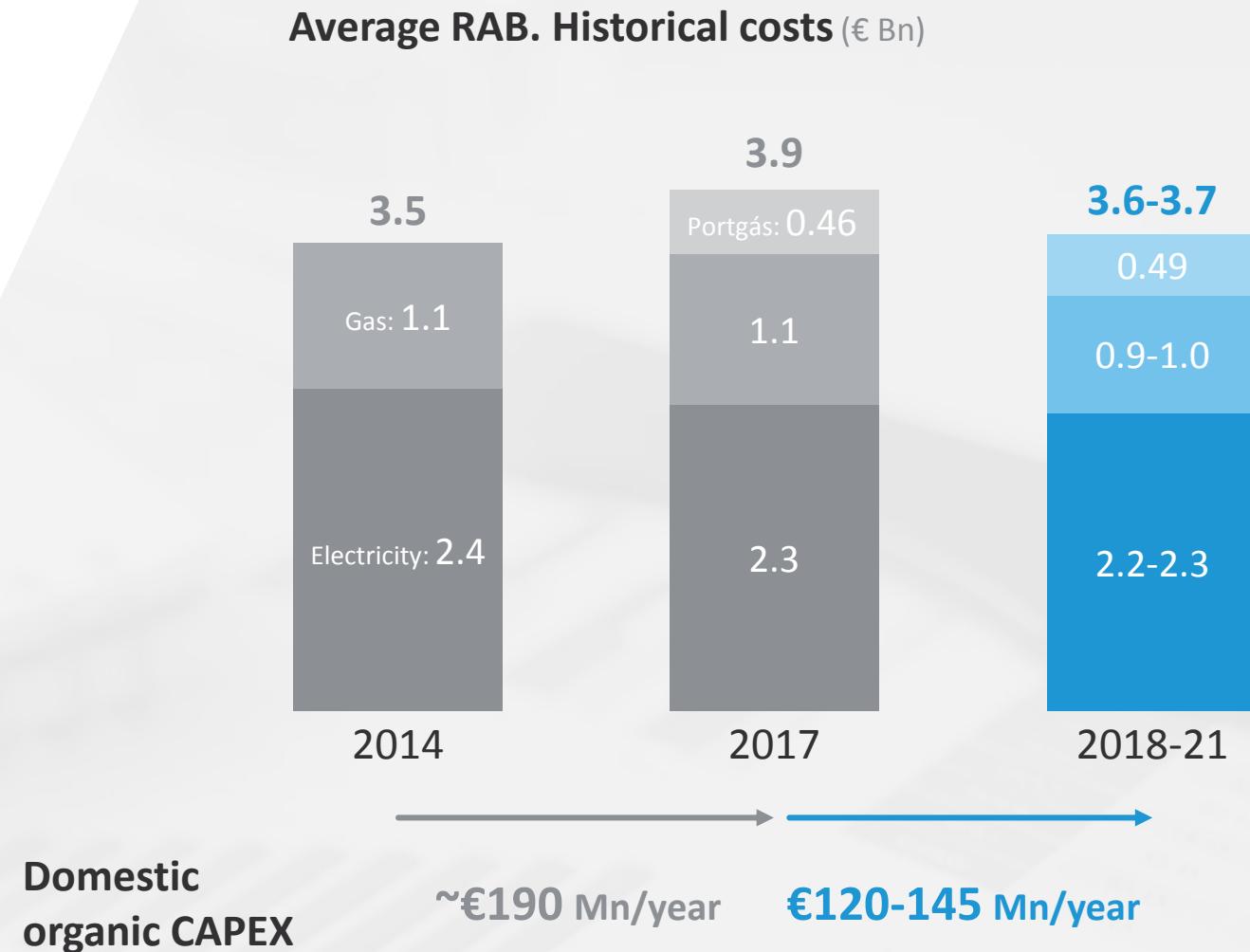


ROBUST BUSINESS PLAN



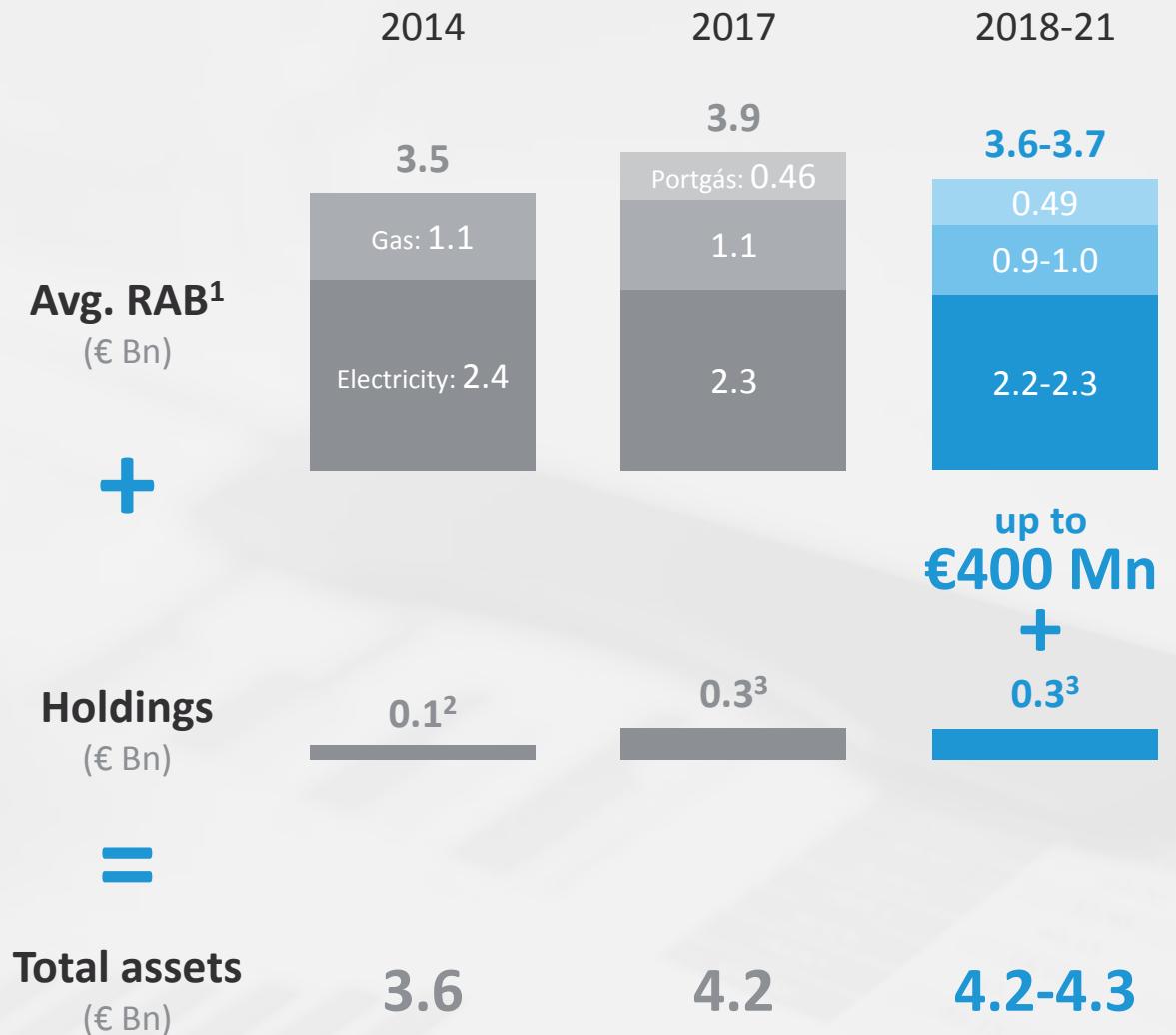
ROBUST BUSINESS PLAN

Expected lower
domestic organic
CAPEX enables
additional
investment
capacity



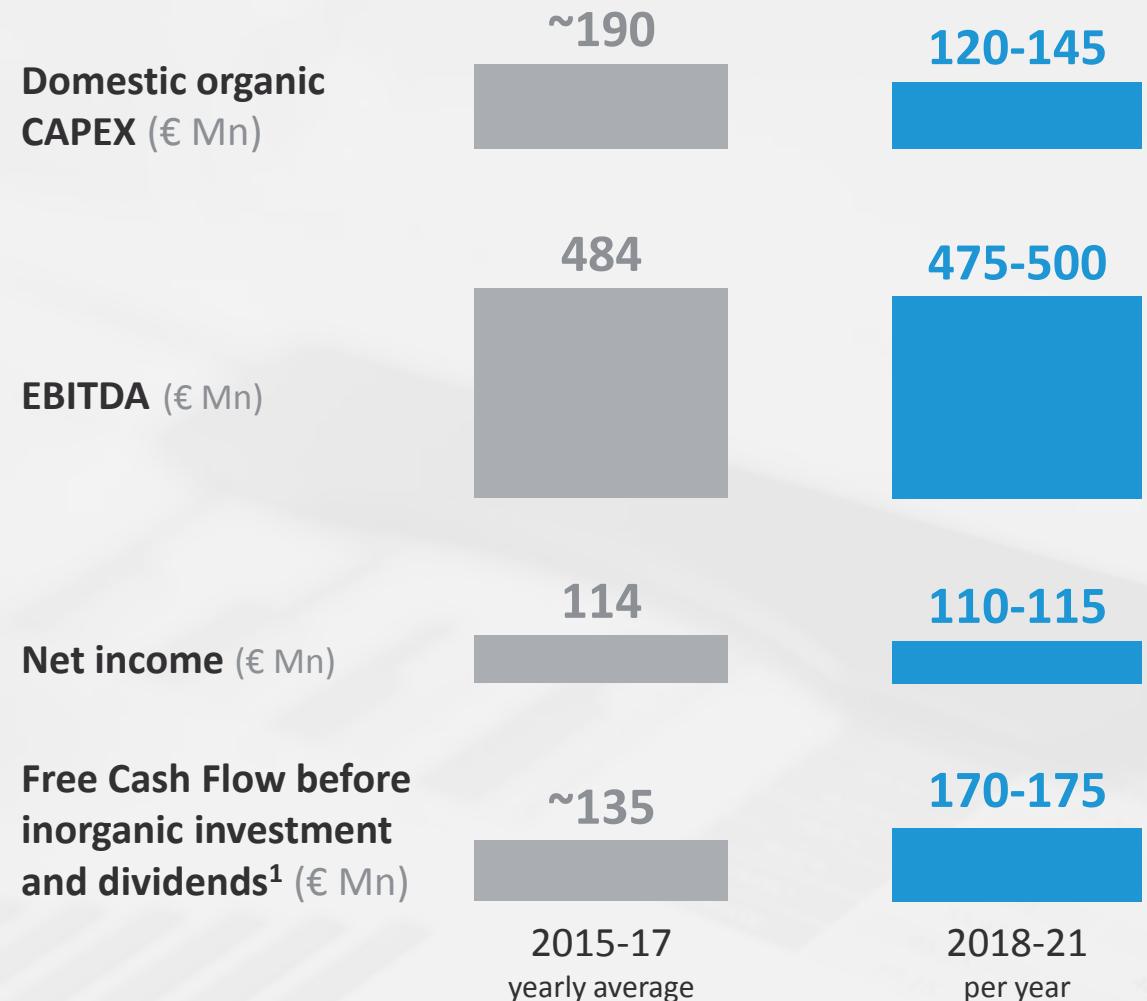
ROBUST BUSINESS PLAN

Total asset base
will remain stable



ROBUST BUSINESS PLAN

Performance
going forward will
remain strong



ROBUST BUSINESS PLAN

REN will maintain credit metrics consistent with investment grade rating

FFO/Net debt

11.7%

11-12%

Net debt (€ Bn)

2.8

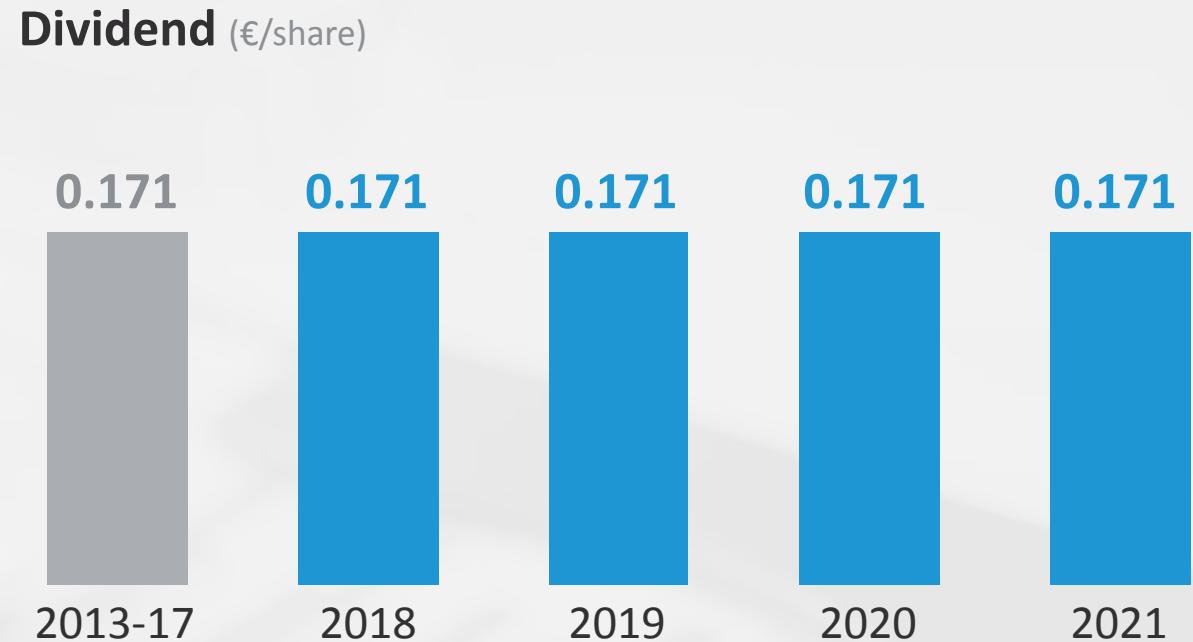
2.7-2.9

2017 EOY

2018-21

SUSTAINABLE DIVIDEND POLICY

REN plans to maintain the dividend policy



One of the highest dividend yields in the industry

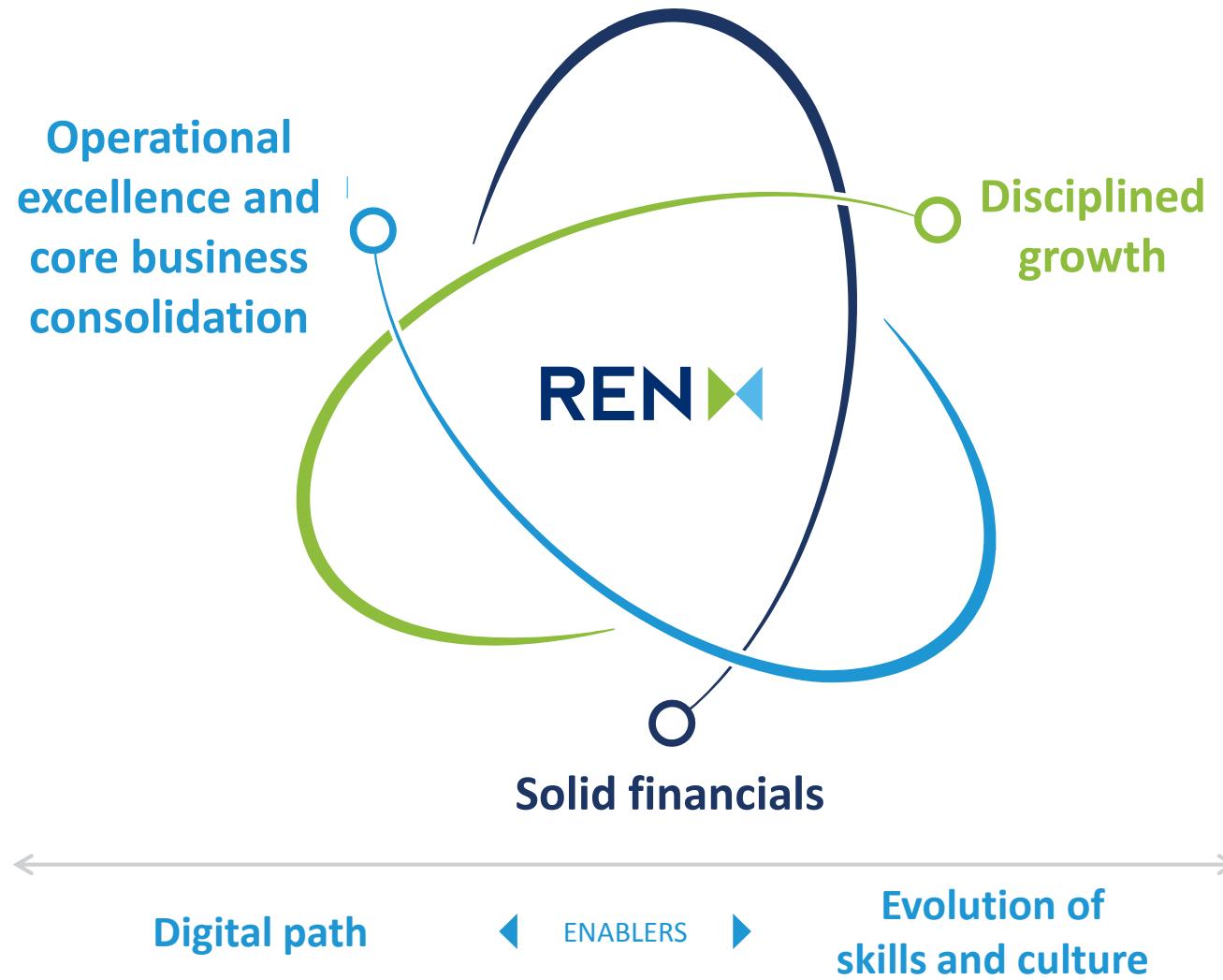


High sustainability given REN's capacity of generating cash flow





STRATEGIC GUIDELINES





- ✓ REN is now at an **intermediate point** of a path that started in 2015
- ✓ 2015-17 cycle was marked by **excellence in delivering core business** and **strong investment**
- ✓ REN was able to **initiate a move to inorganic growth** anticipating the impact from a maturing grid while **tightly managing funding costs**
- ✓ In 2018-21, REN will keep its focus on **delivering energy in Portugal**, also investing up to **€400 Mn in attractive opportunities** in line with its DNA (skills and risk profile)
- ✓ REN will continue its commitment to **investment grade rating** and **attractive shareholder returns** as well as the **highest sustainability standards**

MUITO OBRIGADO

