

# RESULTS PRESENTATION

1Q19

03<sup>rd</sup> MAY

REN 



# 1Q19 HIGHLIGHTS

- ▶ The first quarter of 2019 ended with EBITDA reaching €125.3M, a decrease of 2.4%. The main reason for this fall was lower assets' remuneration. Natural gas distribution business contributed with an additional €0.5M versus last year;
- ▶ Despite the decrease in EBITDA, Net Profit amounted to €13.2M, which was in line with what REN presented in 1Q18;
- ▶ For this stability in Net Profit, there were positive contributions from Financial Results, that improved by €1.1M, reaching -€15.5M, from the extraordinary levy (CESE), with a €0.9M decrease, and from taxes (-€1.0M). The effective tax rate, excluding the levy, was 26.6% while in 1Q18 it was 27.7%;
- ▶ Recurrent Net Profit got to €37.6M, -2.0% than last year;
- ▶ Net Debt decreased to €2,613.9M (-€29.8M) year on year. The average cost of debt remained mostly unchanged at 2.3%;
- ▶ CAPEX rose to €16.8M, €2.9M more than in 1Q18, with higher investments being deployed in the electricity business.

# RESULTS AT A GLANCE

€M	1Q19	1Q18	Δ%	Δ Abs.
<b>EBITDA</b>	<b>125.3</b>	<b>128.4</b>	<b>-2.4%</b>	<b>-3.0</b>
<b>Financial Results</b>	<b>-15.5</b>	<b>-16.6</b>	<b>6.8%</b>	<b>1.1</b>
<b>Net Profit</b>	<b>13.2</b>	<b>13.1</b>	<b>1.3%</b>	<b>0.2</b>
<b>Recurrent Net Profit</b>	<b>37.6</b>	<b>38.4</b>	<b>-2.0%</b>	<b>-0.8</b>
<b>Average RAB</b>	<b>3,743.0</b>	<b>3,877.8</b>	<b>-3.5%</b>	<b>-134.7</b>
<b>CAPEX</b>	<b>16.8</b>	<b>13.9</b>	<b>21.1%</b>	<b>2.9</b>
<b>Net Debt</b>	<b>2,613.9</b>	<b>2,643.7</b>	<b>-1.1%</b>	<b>-29.8</b>



# EVOLUTION OF PORTUGUESE 10Y BOND YIELDS

Kept rates of return at low levels in 2019

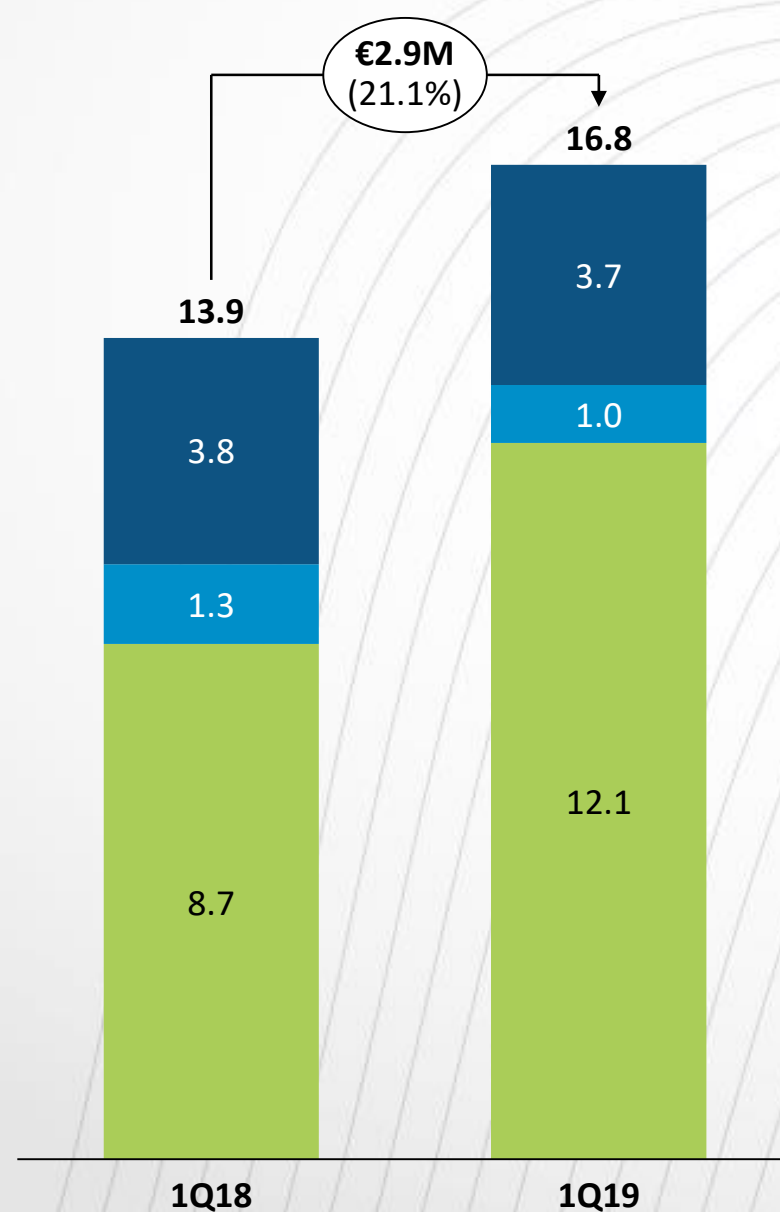
## PT 10Y Treasury Bond Yields



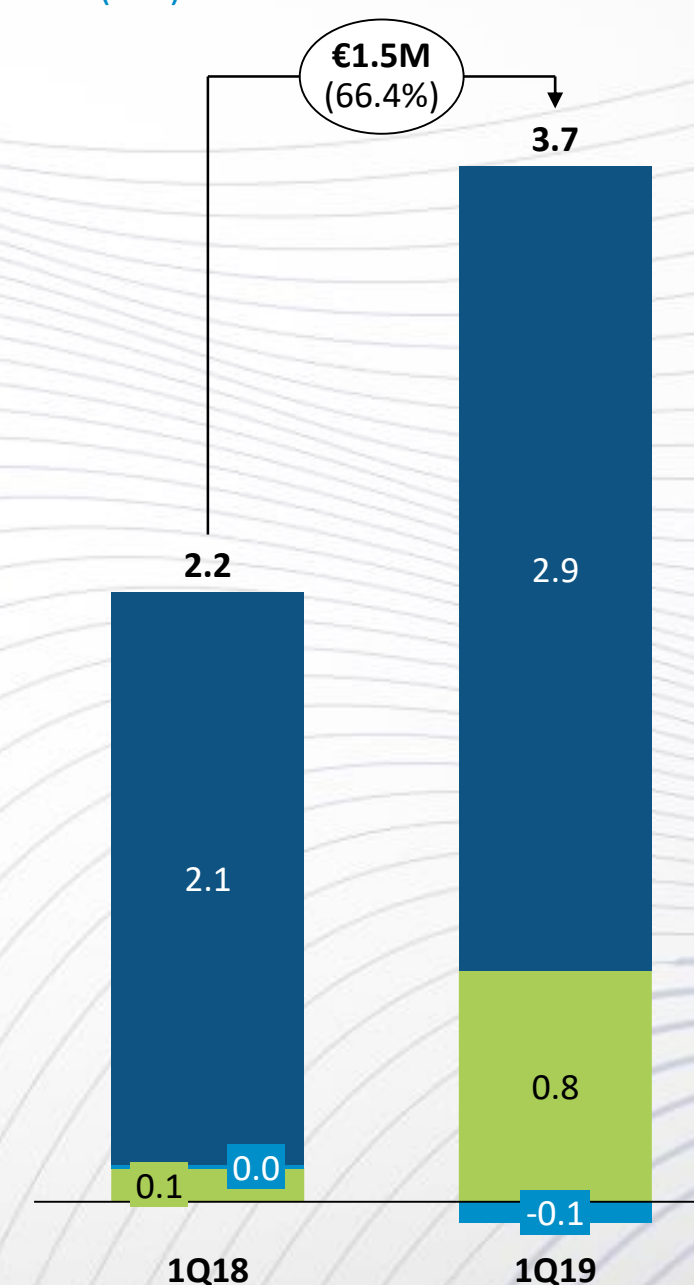
# CAPEX INCREASED BY €2.9M TO €16.8M

In 1Q19, the electricity sector benefited from the construction of a submarine cable (€1.2M)

**CAPEX**  
(€M)



**TRANSFERS TO RAB**  
(€M)

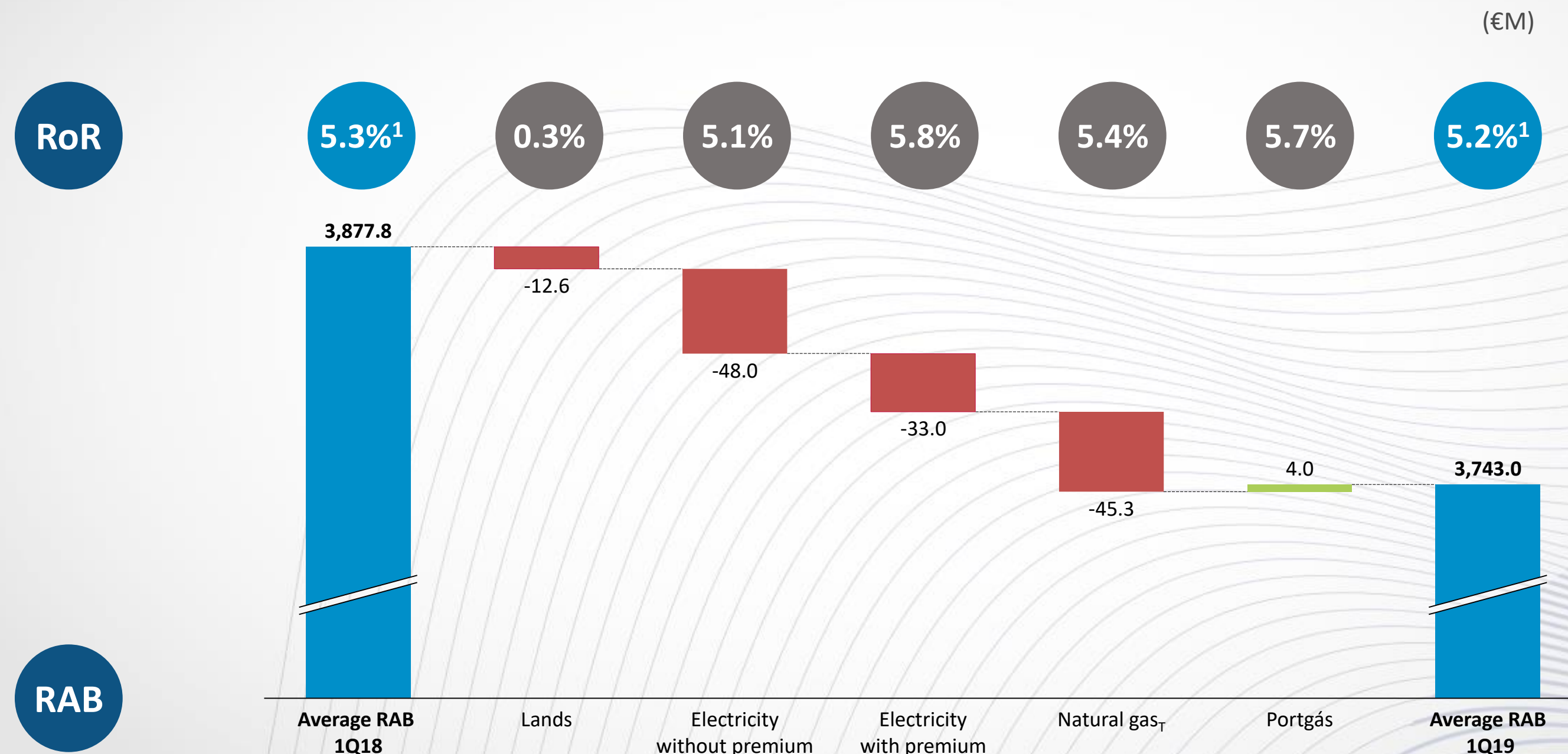


Portgás  
Natural gas transportation  
Electricity



# AVERAGE RAB WAS 3.5% BELOW 1Q18

Positive evolution of Portgás (€4.0M)



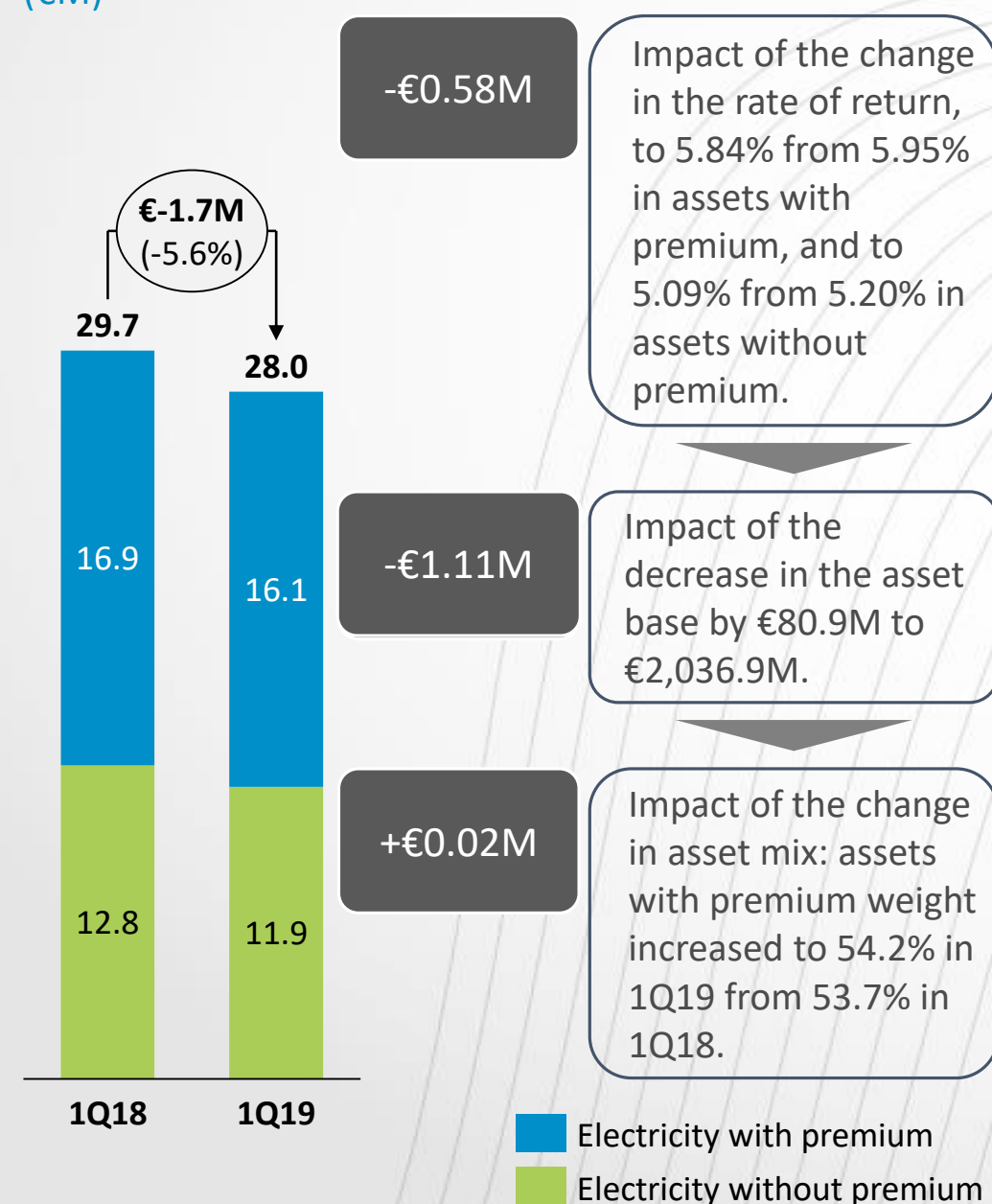
1) RoR is equal to the specific asset remuneration, divided by the average RAB.

# RAB REMUNERATION DECLINED BY 5.4%

With lower RoR and RAB (Electricity and NG<sub>T</sub>)

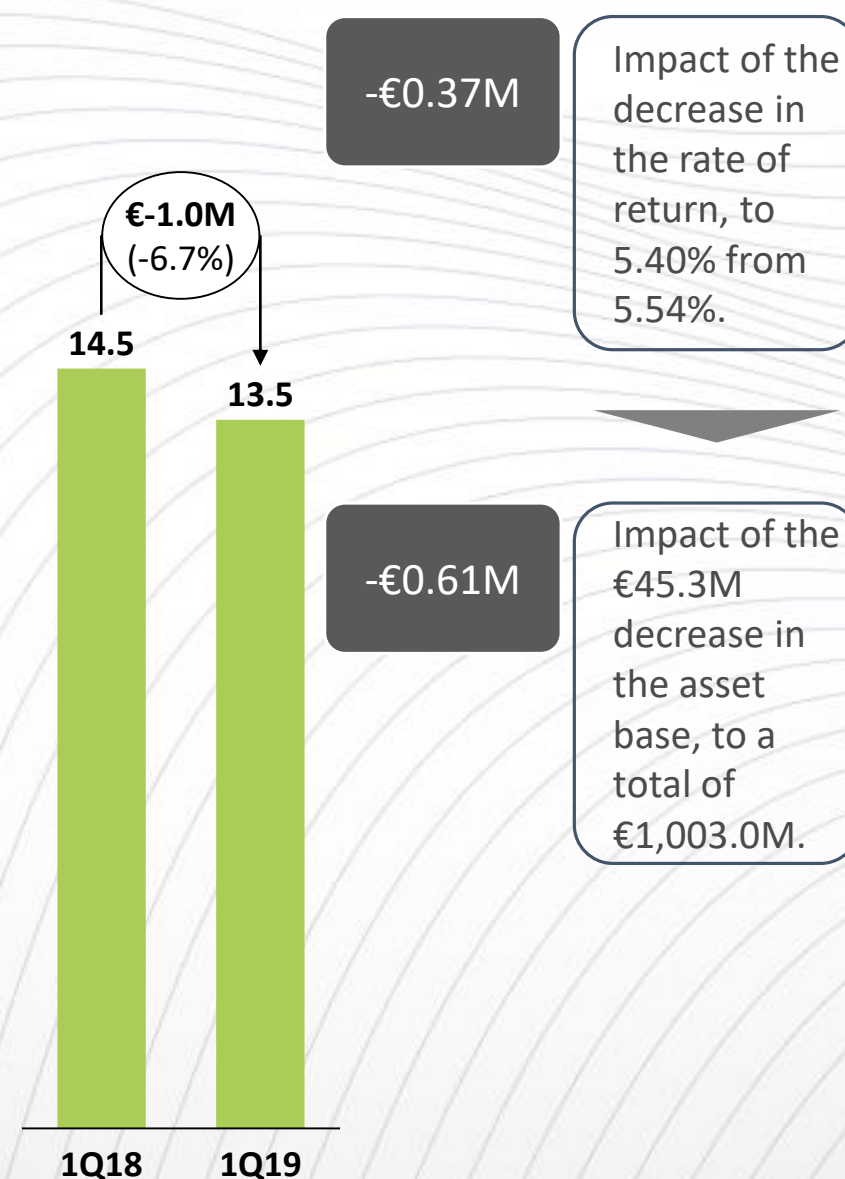
## RAB REMUNERATION ELECTRICITY

(ex. Lands)  
(€M)



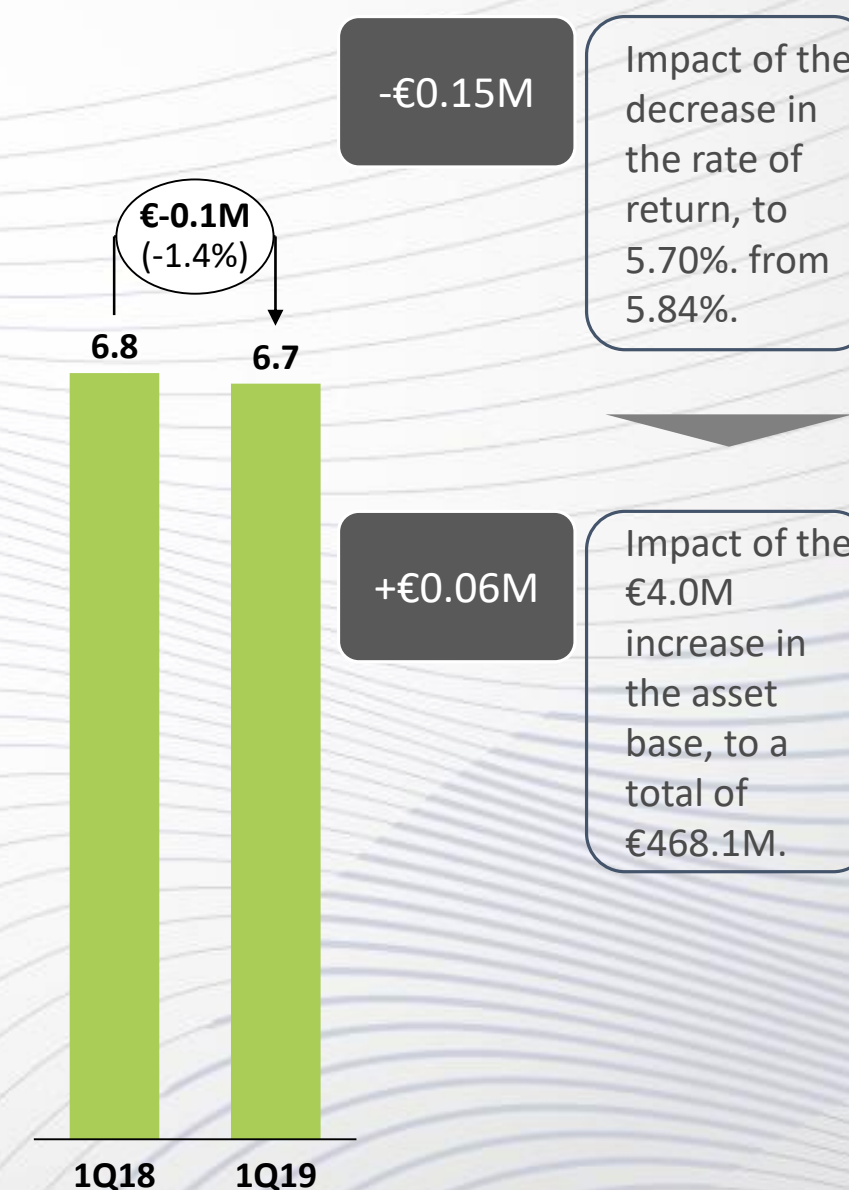
## RAB REMUNERATION NATURAL GAS<sub>T</sub>

(€M)



## RAB REMUNERATION PORTGÁS

(€M)



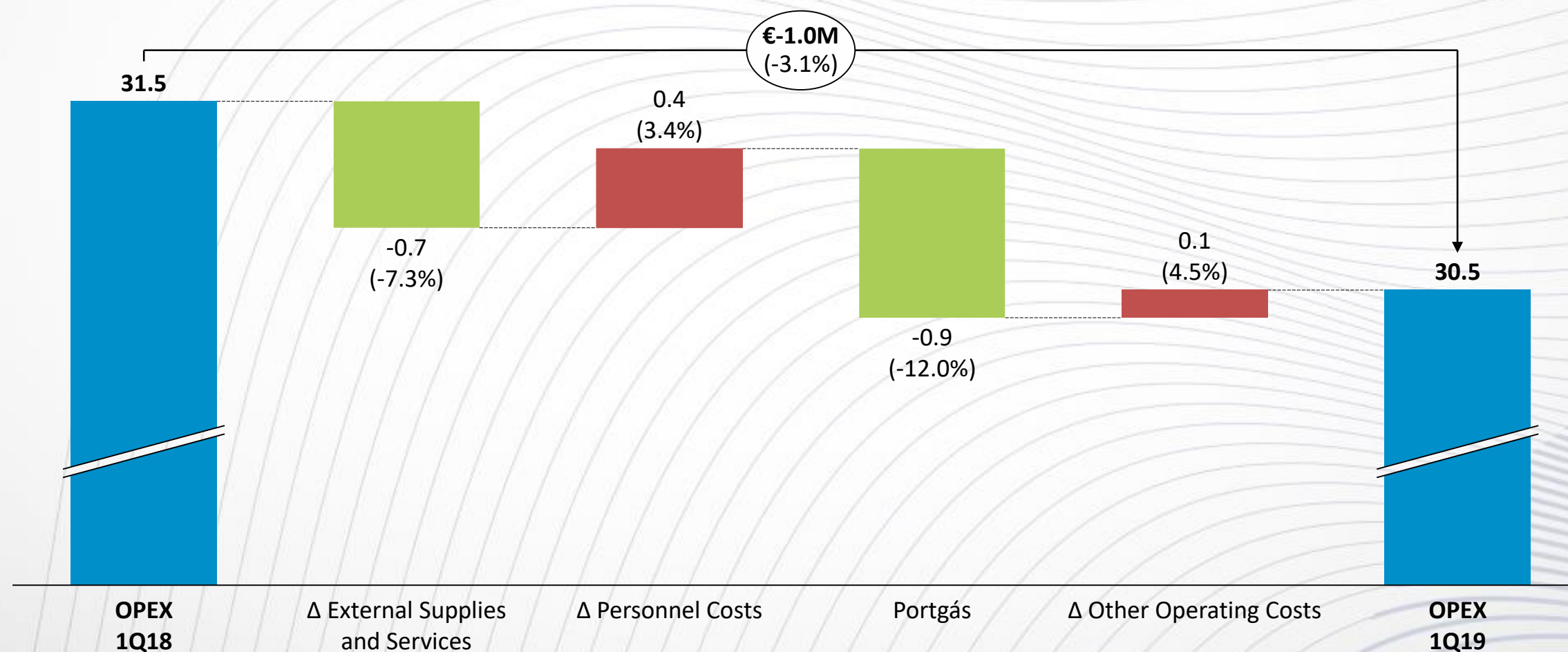


# OPEX IMPROVED BY 3.1%, TO €30.5M

On the back of a small reduction in ESS

## OPERATIONAL COSTS

(€M)



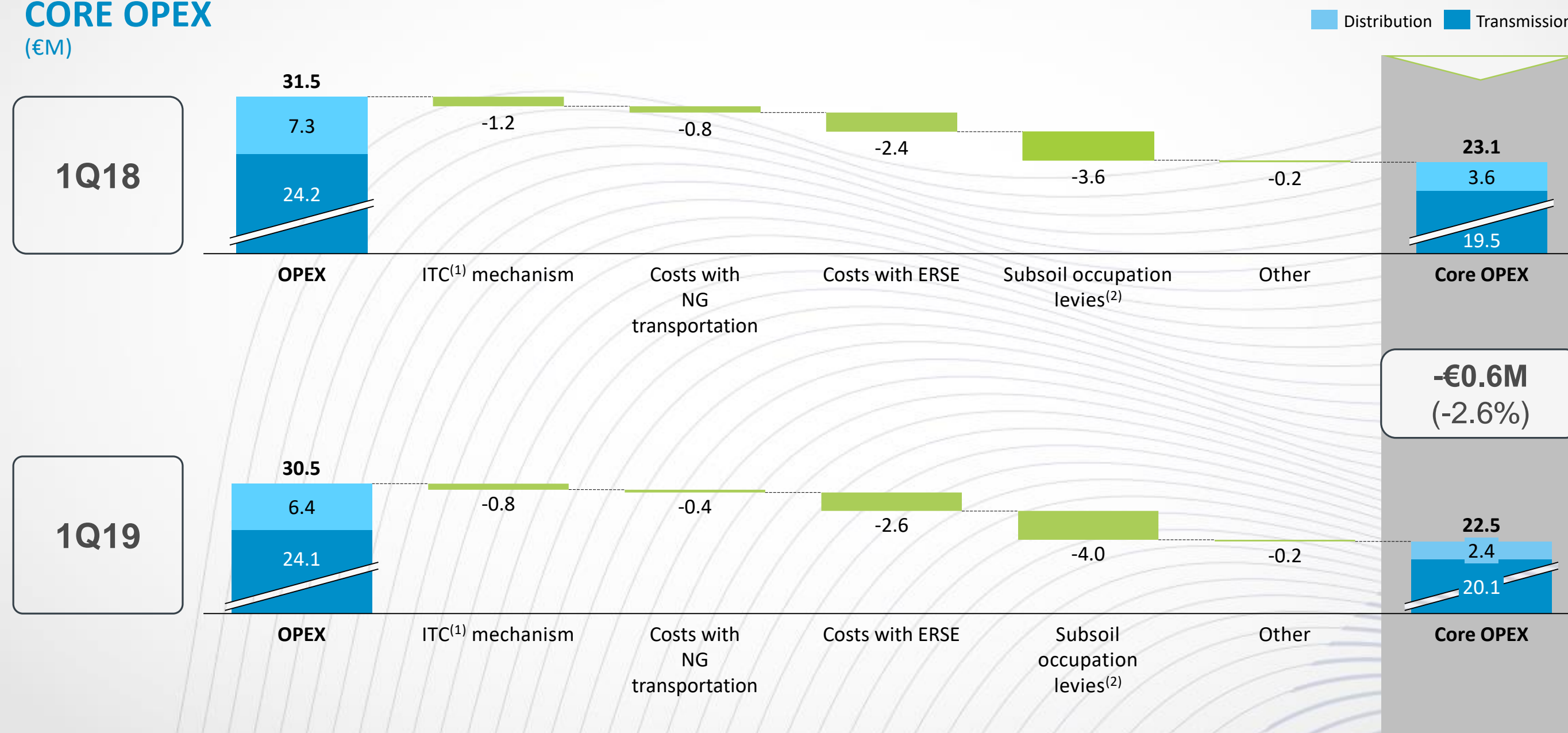


# CONTROLLABLE COSTS DECLINED BY 2.6% YOY

Mainly driven by the favorable evolution of Portgás

## CORE OPEX

(€M)



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

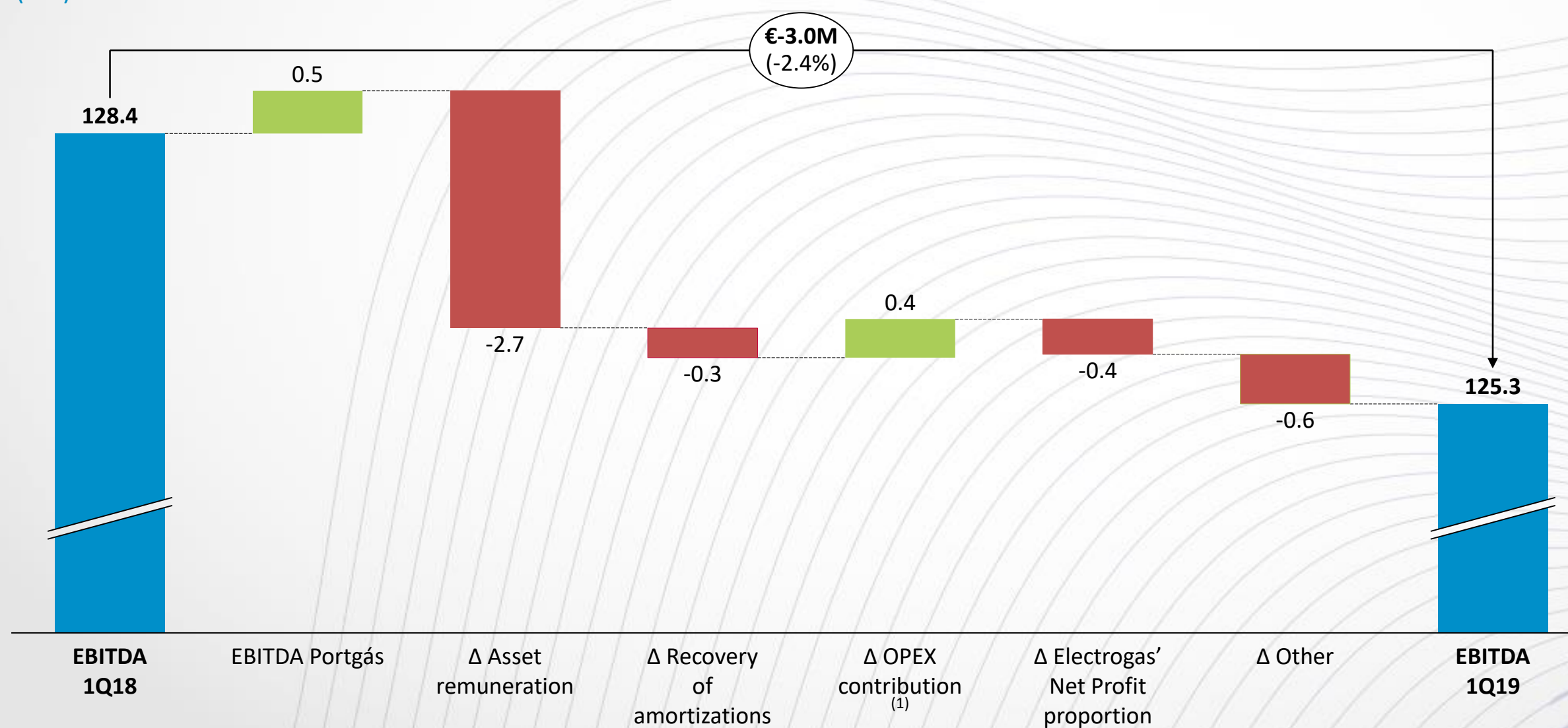
(2) Item related to Portgás.



# EBITDA STOOD AT €125.3M (-2.4% YOY)

The decrease in the transmission business (-€3.5M) was partially offset by the growth in Portgás (€0.5M)

## EBITDA (€M)



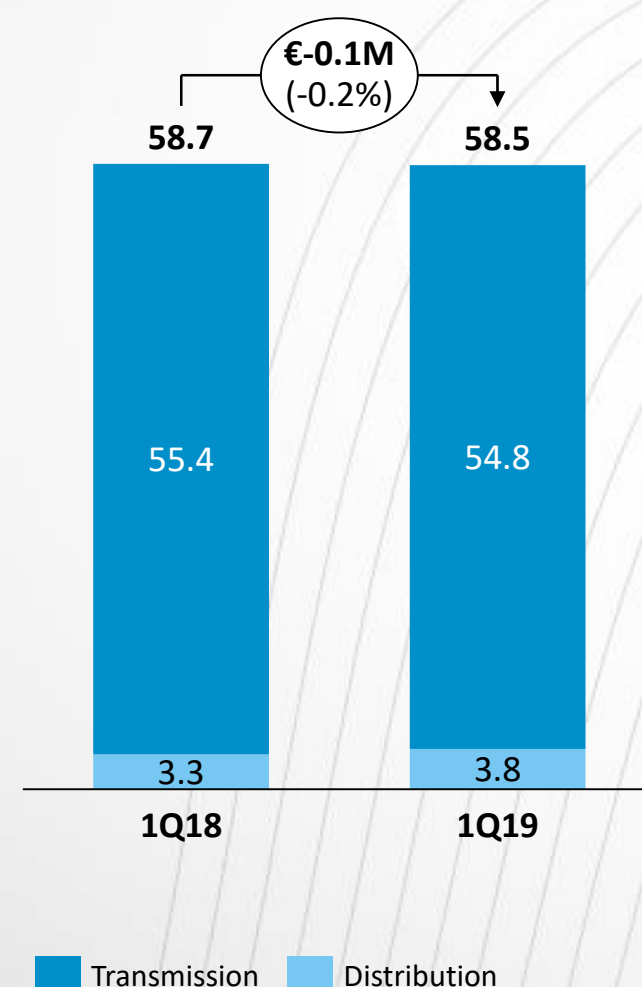
(1) Includes Δ€0.08M of OPEX own works.



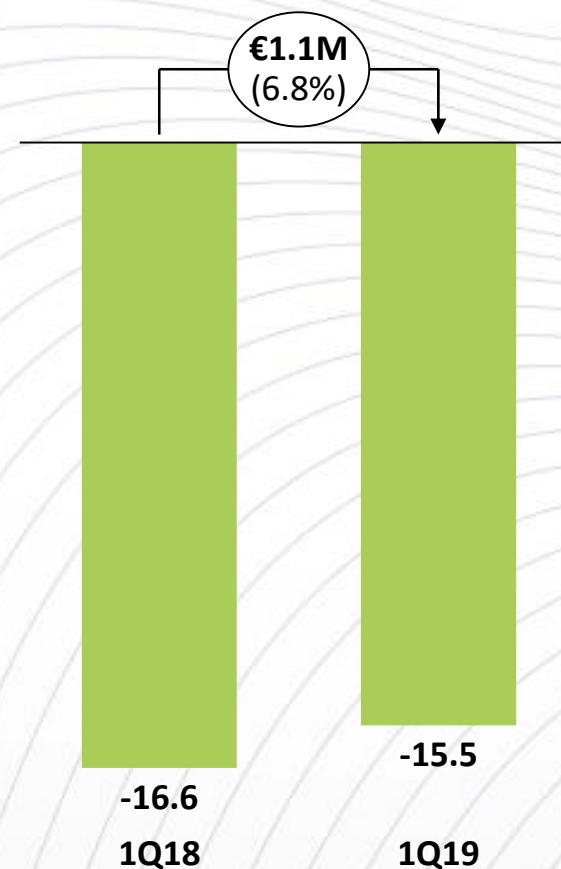
# BELOW EBITDA

Better financials supported by a decline in Net Debt

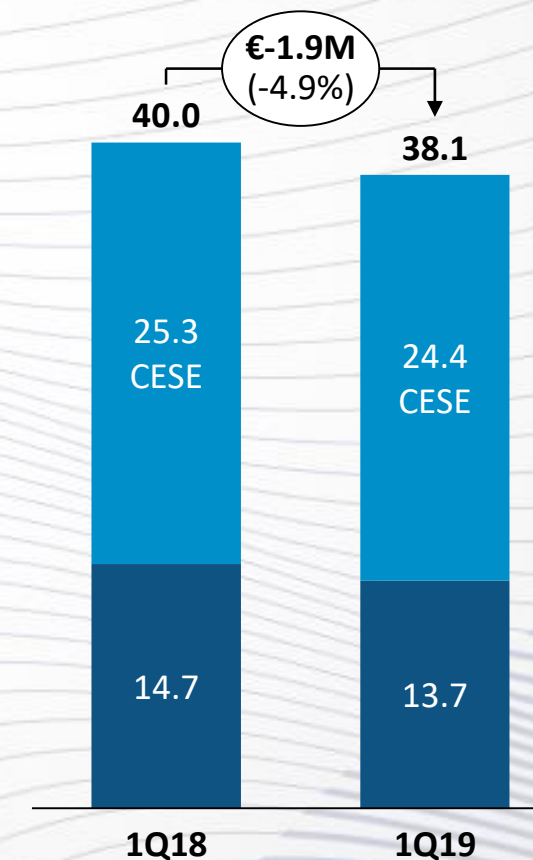
**DEPRECIATIONS AND AMORTIZATIONS**  
(€M)



**FINANCIAL RESULTS<sup>(1)</sup>**  
(€M)



**TAXES<sup>(2)</sup>**  
(€M)



(1) The Average cost of debt remained stable at 2.3%;

(2) In 1Q19, without taking into account the special levy on the energy sector, the effective tax rate reached 26.6%, versus 27.7% in the previous year, which led to a €1.0M decrease in taxes.

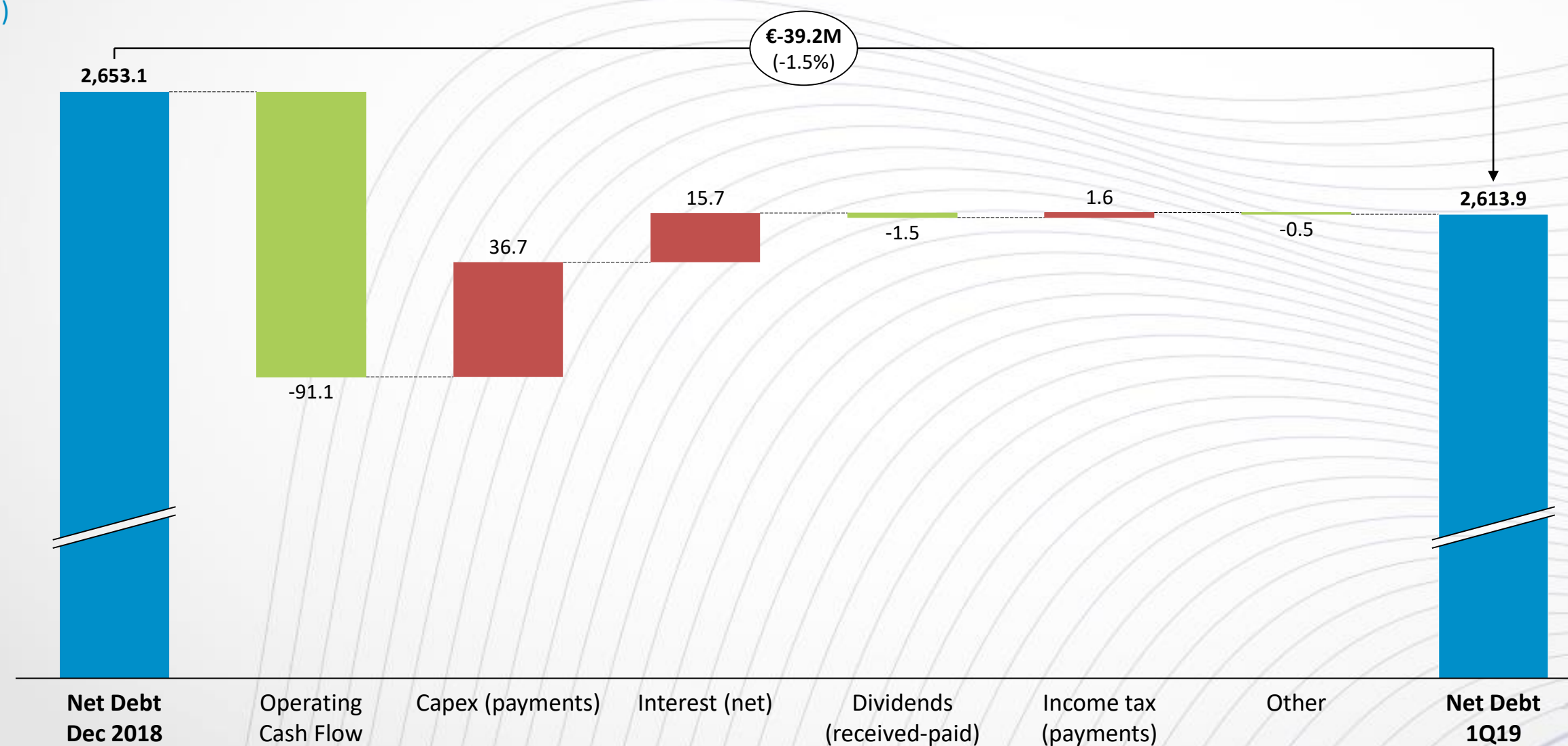


# NET DEBT DECREASED BY 1.5% TO €2,613.9M

Impacted by strong free cash flow

## NET DEBT

(€M)



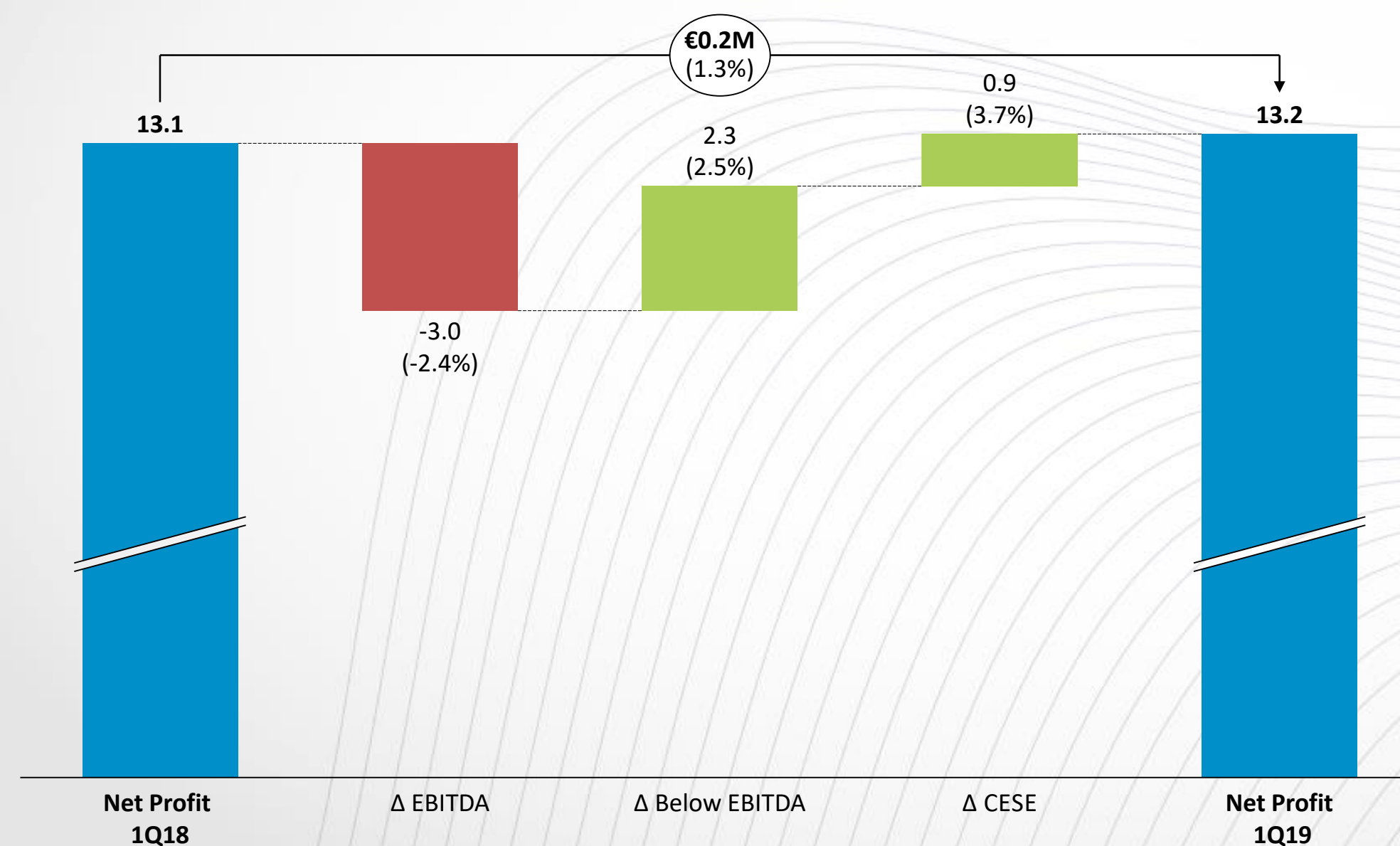


# NET PROFIT ROSE BY 1.3%, ACHIEVING €13.2M

Financial Results contributed with €1.1M

## NET PROFIT

(€M)



# FINAL REMARKS

- ▶ The first quarter of 2019 was uneventful in terms of results. EBITDA was slightly below that of the same period of 2018, given the decrease in asset remuneration;
- ▶ The slowdown in operational results was offset by lower financials and lower taxes;
- ▶ Financial Results benefited from a smaller stock of debt (Net Debt went down by €29.8M year-on-year) and a slightly lower cost of debt, it went down from 2.30% to 2.27%;
- ▶ Both Portgás and Electrogas contributed positively to results and are performing according to plan;
- ▶ All in all Net Profit stood flat in comparison to the same period of 2018;
- ▶ On April 1<sup>st</sup> ERSE made public some parameters for the 2020-2023 gas regulatory framework. They propose that for an average ten-year bond yield of 1.5% the rate of return shall be 5%. The new rules will be set for four years instead of the former three;
- ▶ This morning REN's General Shareholders Meeting approved the payment of a dividend of €0.171 per share that will be paid within the next 30 days.



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