

# Results Report

## 1H2021

29<sup>th</sup> July 2021

# AGENDA

- 1.** Overview of the period
- 2.** Business performance
- 3.** Closing remarks

# 1. Overview of the period



# KEY MESSAGES



## 1H2021



**EBITDA reached €227.9M, a contraction of 3.9%** (-€9.2M) **YoY** attributed to (1) a reduction in RAB remuneration (-€5.6M), motivated by the decrease in RAB (with an impact of -€3.7M) and in RoR (-€1.9M); (2) a smaller OPEX contribution (-€2.5M), partially offset by a higher incentive for economic efficiency of investments (+€0.9M).

International business performance had a negative delta of €1.3M, of which €1.1M attributed to Electrogas.



**Net Profit amounted to €39.5M**, due to (1) a **positive** contribution from **Financial results** (increase of €3.4M to -€18.0M), a consequence of the decrease of the **cost of debt** (from 1.9% to 1.6%); and (2) a lower energy levy (+€1.1M) recognized in 1Q21.



**Capex grew** by €18.7M vs 1H20 to €79.3M, while transfers to RAB increased by 7.3M€ to €16.9M. There were some delays in transfers to RAB due to the COVID pandemic but that should be concluded by year-end.



**Renewable energy sources (RES)** reached **68.1%** of total supply (approx. +4 p.p. than in 1H20). **Consumption** of electricity and natural gas **increased** as well as the amount of natural gas **distributed**.



**Quality of service** was stellar, for both electricity and NG, with **0.00 min of electricity interruption time**, and **natural gas combined availability rate** at approximately **100%**.



REN remains committed to the UN's Sustainable Development Goals, its efforts have not only already been recognized by ESG rating agencies, but also throughout this year, there has been several events such as, the **Green bond issue** and the **Capital Markets day** reinforcing this **commitment to ESG**.

# SECTOR OVERVIEW



## The Energy Transition is at the center of the Portuguese Government agenda



### New regulatory period for the electricity sector

- **ERSE launched a public consultation with proposals to revise the Tariff Regulation for the electricity sector**, with the aim of updating the regulatory mechanisms and methodologies related to the tariff structure and the allowed revenues model for the regulated activities, to be applied over the next regulatory period, from 2022 onwards
- According to ERSE, the proposed changes provide a flexible regulatory framework, in order to respond to the challenges of decarbonisation and decentralization of the electricity sector. In this sense, it is worth highlighting the proposal of a TOTEX regulation, applied to the transmission (VHV) and distribution (HV and MV) activities



### Gas Distribution Network Development Plans 2021-25

- **Public consultation on the Gas Distribution Network Development Plans for the period 2021-25.** ERSE concluded that the proposed investments do not result in tariff increases in 2025 and that there are quite different risk levels between the PDIRD-GN 2020 proposals of the different DSOs, leaving the final decision over these differences to the Government discretion, to approve part or all of the investment projects proposed by each DSO.
- ERSE considers relevant the concern of the DSO's to introduce **pilot projects in their PDIRD-GN 2020** proposals, with the objective of obtaining information and expertise in the of decarbonized gases injection, namely hydrogen, in the distribution networks.



### Natural Gas annual capacity auctions

- The yearly send-out capacity auction that took place last week resulted again in the **complete allocation of the Terminal send-out capacity with a price premium of 1% over the regulated tariff.**



### Electricity auctions

- During the month of June, ERSE promoted **an auction for placing electricity from Special Regime Production and an auction for the acquisition of energy by the Last Resource Supplier.** The total contract volume sold is equivalent to 872 355 MWh in the 39th PRE Auction and 110 430 MWh in the 8th Last resource supplier Auction, with an weighted average final price of: 87,78 EUR/MWh and 91,26 EUR/MWh, respectively.

## 2. Business performance



# BUSINESS HIGHLIGHTS



Superior quality of service in Portugal, albeit an increase in demand and a higher share of renewables



## Electricity

### Consumption

**24.6TWh** ↑ 0.8 TWh (3.2%)

1H20: **23.8TWh**

### Renewables in consumption supply

**68.1%** ↑ 3.7pp

1H20: **64.4%**

### Energy transmission losses

**2.1%** ↑ 0.1pp

1H20: **2.0%**

### Average interruption time

**0.00min** ↓ 0.03min (100.0%)

1H20: **0.03min**

### Line length

**9,038km** ↑ 36km (0.4%)

1H20: **9,002km**



## Gas Transmission

### Consumption

**31.6TWh** ↑ 1.5TWh (5.1%)

1H20: **30.0TWh**

### Combined availability rate

**99.9%** ↓ 0.11pp

1H20: **100.0%**

### Line length

**1,375km** = 0km (0.0%)

1H20: **1,375km**



## Gas Distribution

### Gas distributed

**4.1TWh** ↑ 0.4TWh (10.9%)

1H20: **3.7TWh**

### Emergency situations with response time up to 60min

**98.2%** ↓ 1.0pp

1H20: **99.2%**

### Line length

**5,977km** ↑ 225km (3.9%)

1H20: **5,752km**

# FINANCIAL HIGHLIGHTS



Positive contribution from Financial Results and solid improvement in Net Debt, nonetheless EBITDA and Net Profit declined

## EBITDA

**€227.9M**

↓ 9.2  
(3.9%)

1H20: **€237.0M**

## Financial results

**-€18.0M**

↑ 3.4  
(15.8%)

1H20: **-€21.4M**

## Net Profit

**€39.5M**

↓ 6.5  
(14.2%)

1H20: **€46.1M**

## CAPEX

**€79.3M**

↑ 18.7  
(30.9%)

1H20: **€60.6M**

## Average RAB<sup>1</sup>

**€3,515.2M**

↓ 166.1  
(4.5%)

1H20: **€3,681.4M**

## Net Debt

**€2,539.9M**

↓ 300.0  
(10.6%)

1H20: **€2,839.9M**

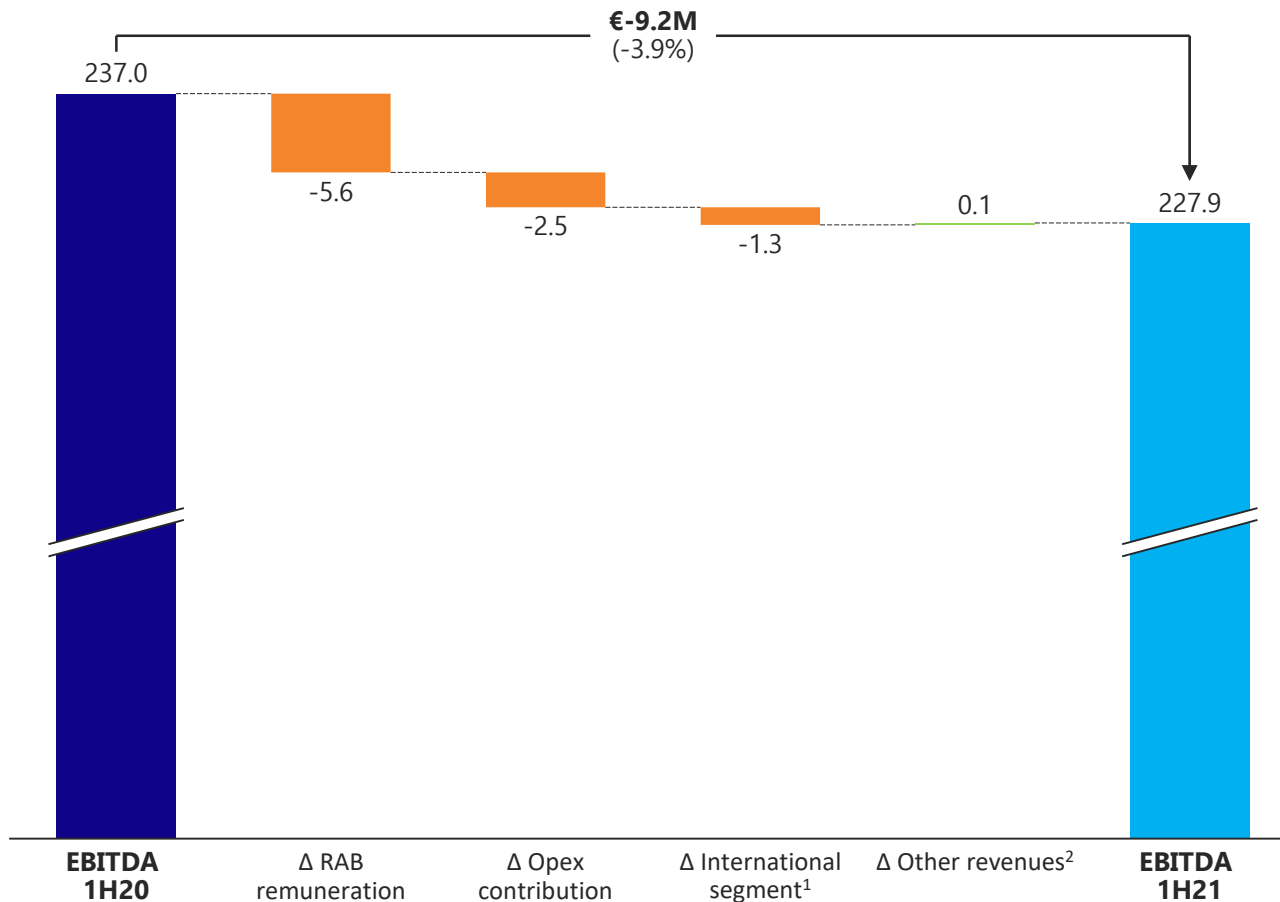


# CONSOLIDATED VIEW



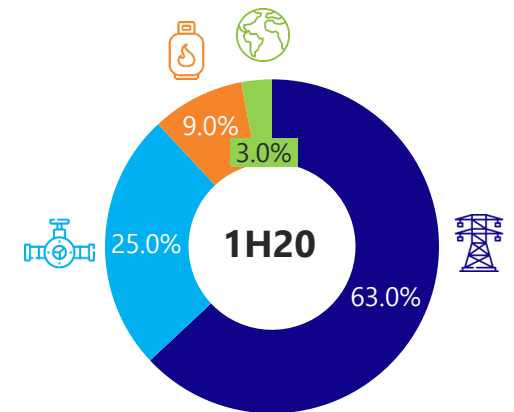
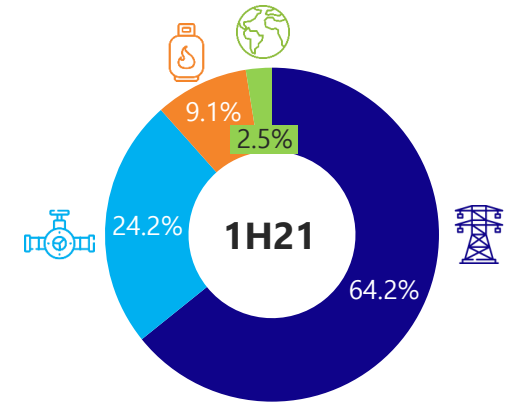
## EBITDA reduction mostly due to lower RAB, remuneration rates and greater OPEX costs

EBITDA evolution breakdown €M



EBITDA contribution by business segment<sup>3</sup> %

- Electricity
- Gas Distribution<sup>4</sup>
- Gas Transmission
- International



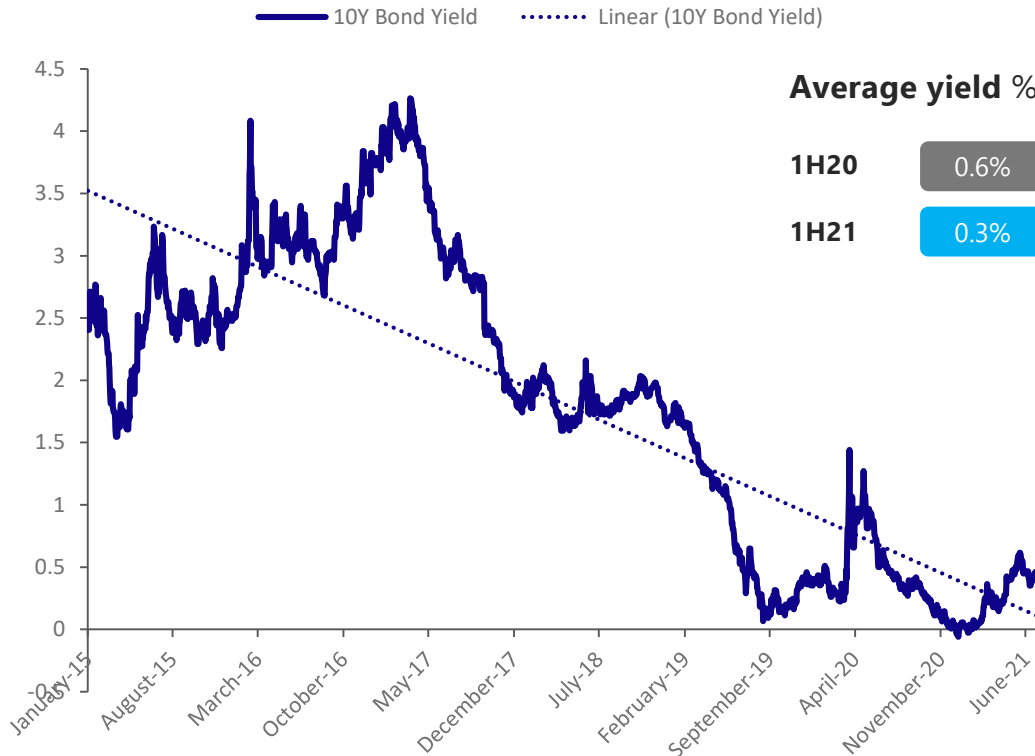
1 Includes Apolo SpA and Aerio Chile SpA costs | 2 Includes amortizations recovery, subsidies amortization, REN Trading incentives, telecommunication sales and services rendered, interest on tariff deviation, consultancy revenues and other services provided, OMIP and Nester results | 3 Excludes the segment "Other", which includes REN SGPS, REN Serviços, REN Telecom, REN Trading, REN PRO and REN Finance B.V. | 4 Refers to Portgás

# DOMESTIC BUSINESS

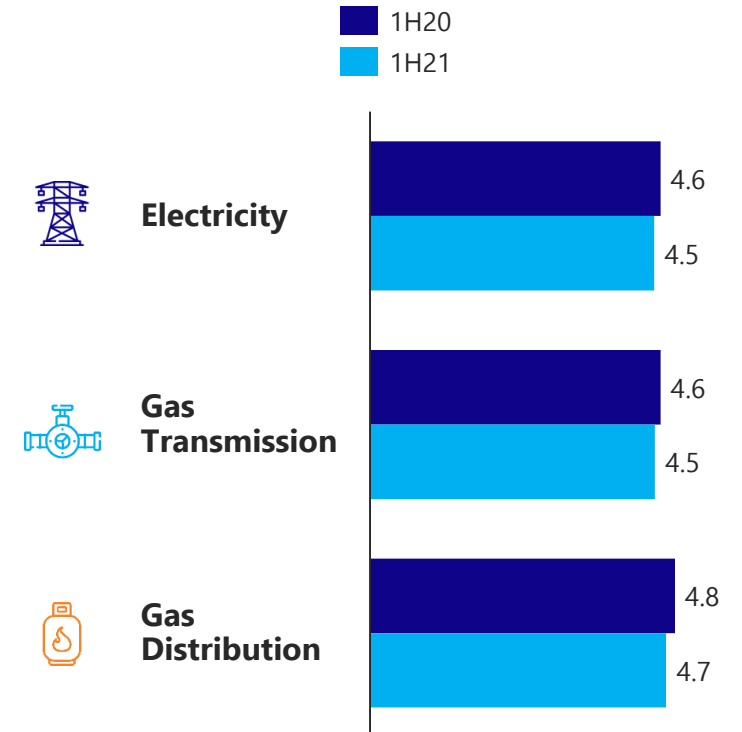
Return on RAB stable relatively to last year, with regulatory WACC at the set floor



## Portuguese 10Y Treasury Bond Yields %



## Base Return on RAB (RoR)\* %



SOURCE: Bloomberg; REN

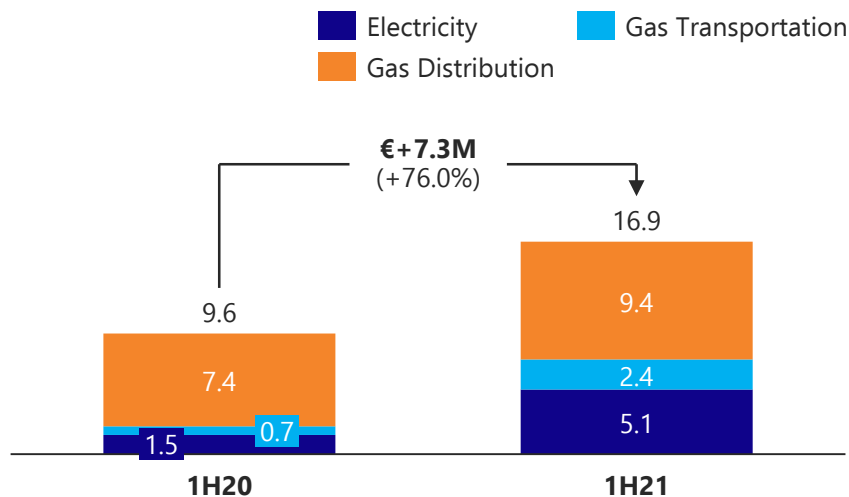
\* Electricity regulatory period: from Oct-20 to Sep-21, Gas regulatory period: from Jan-21 to Dec-21

# DOMESTIC BUSINESS

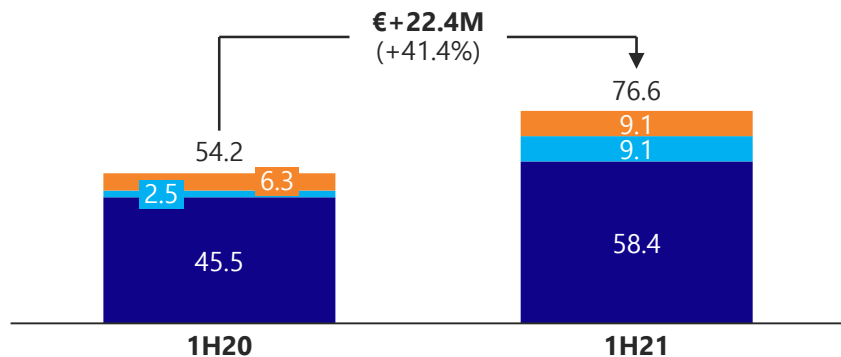
## Transfers to RAB and CAPEX increased despite the ongoing pandemic



### Transfers to RAB €M



### Capex €M



### Key highlights



#### Electricity

##### Main investment projects:

- New 60 kV bay at Castelo Branco substation, to reinforce the transmission grid
- New 400 kV Fundão - Falagueira axis through the extension of the current Falagueira - Castelo Branco line to Fundão and construction of a new 400/200kV substation
- The installation of new composite insulators on the Carregado - Fanhões 2 overhead line, at 220 kV, as well as anti-corrosion protection.



#### Gas Transmission

##### Main investment projects:

- Pipeline Network: GRMS heating systems and safety valves replacement as this equipment was at the end of its useful life



#### Gas Distribution

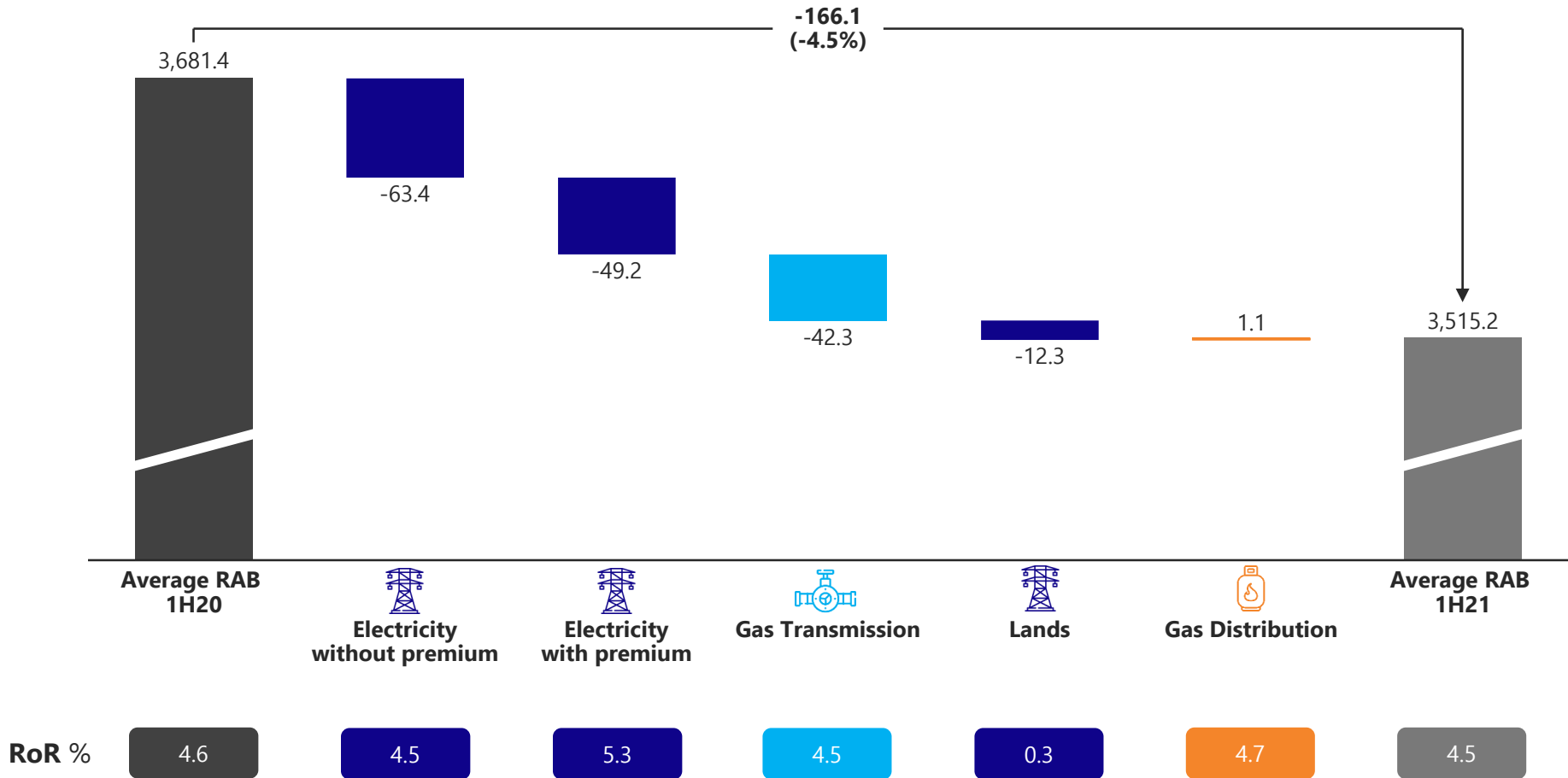
- Steady developments on the network expansion and densification, aiming at reaching new points of consumption (B2C)
- B2B is perceived as an anchor for network development, with 32 more clients connected in 1H2021 and constantly searching for ways to reinforcing it through mass market connections
- Licensing of **3 big projects** with Capex execution expected to occur in 2H 2021

# DOMESTIC BUSINESS

Decrease in RAB in most asset categories with Gas distribution being the exception



Average RAB evolution €M

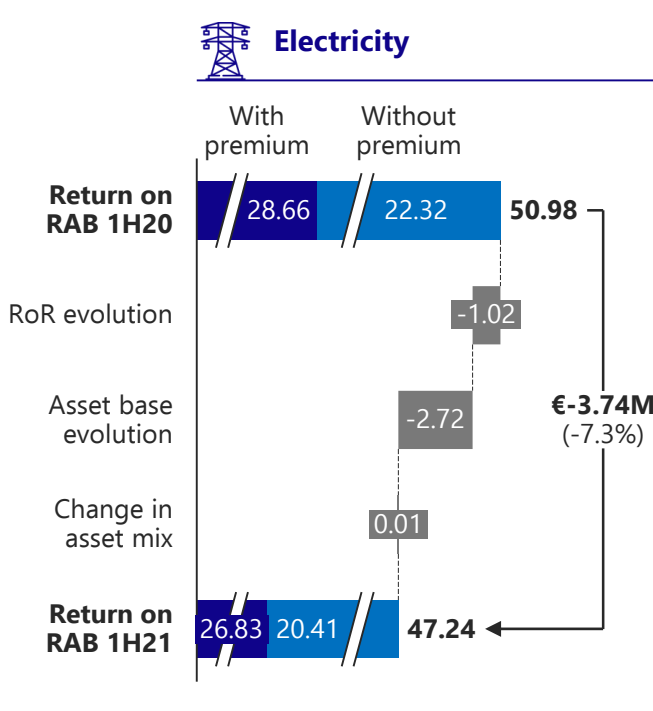


# DOMESTIC BUSINESS

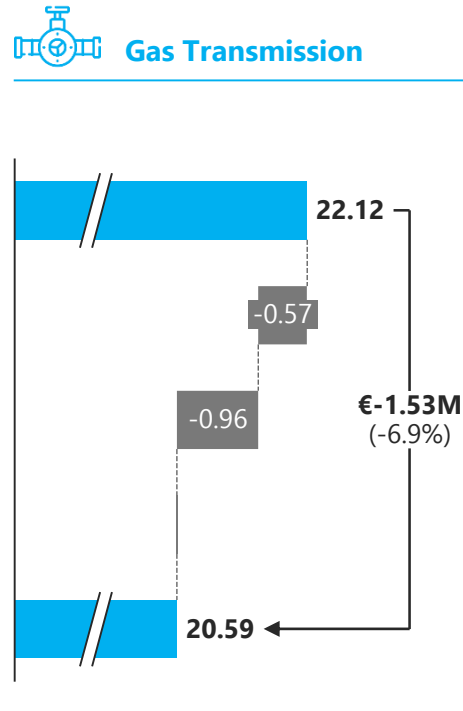


RAB remuneration decreased across all businesses, but more sharply in electricity, driven by the decrease in the asset base

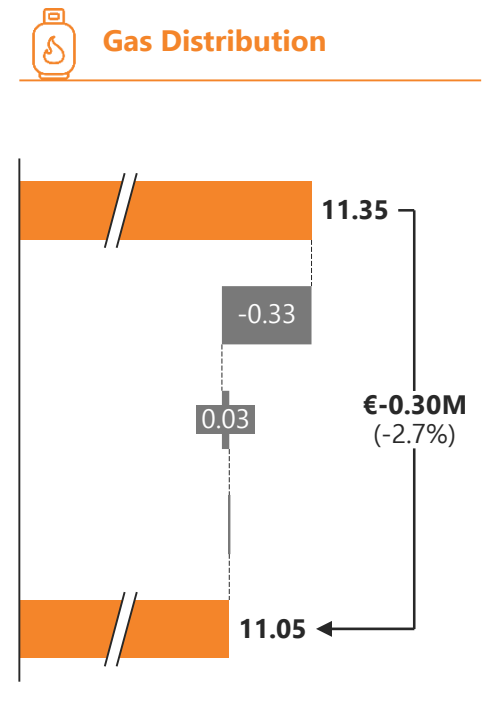
## Return on RAB evolution breakdown €M



Return on RAB fell due to a **smaller asset base** (by €112.7M to €1,925.3M) and **lower rate of return on assets** with and without premium<sup>1</sup>



Decline in Return on RAB attributed to a **smaller asset base** (by €42.3M to a total of €911.2M) and a **lower RoR** of 4.52% (-12bps)



Return on RAB reduction justified by a **lower rate of return** (from 4.84% to 4.72%) and practically same **asset base** (+€1.1M to a total of €470.1M)

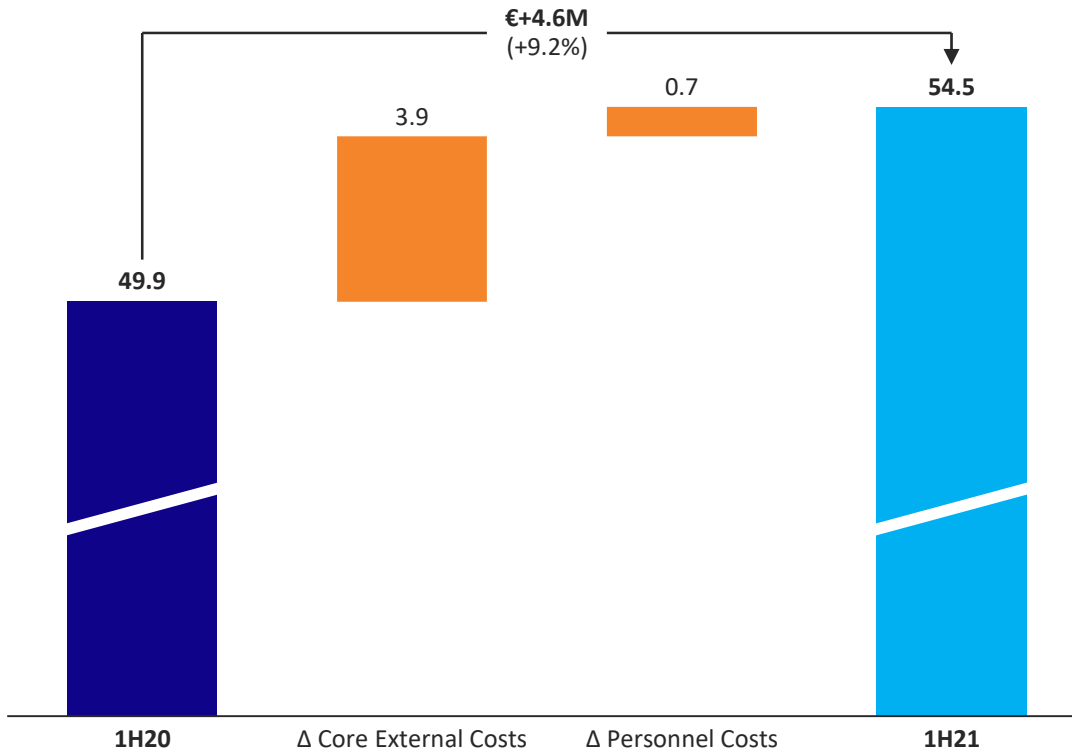
<sup>1</sup> From 5.36% to 5.26% for assets with premium, and from 4.61% to 4.51% for assets without premium

# DOMESTIC BUSINESS

OPEX increased by 8.9% YoY, with core OPEX rising 9.2%



## Core OPEX<sup>1</sup> evolution €M



## Key highlights

### Core external costs

- Consultancy services and other 3rd party services (+€1.5M), mostly related to strategic plan and bond issuance
- Insurance costs (+€1.0M)
- Electricity costs (+€0.9M) in LNG terminal

### Non-core costs

- Pass-through costs (costs accepted in the tariff) **increased by €1.3M**, of which €0.7M correspond to **costs with cross-border and system services costs** and **€1.0M to cost with NG transportation**

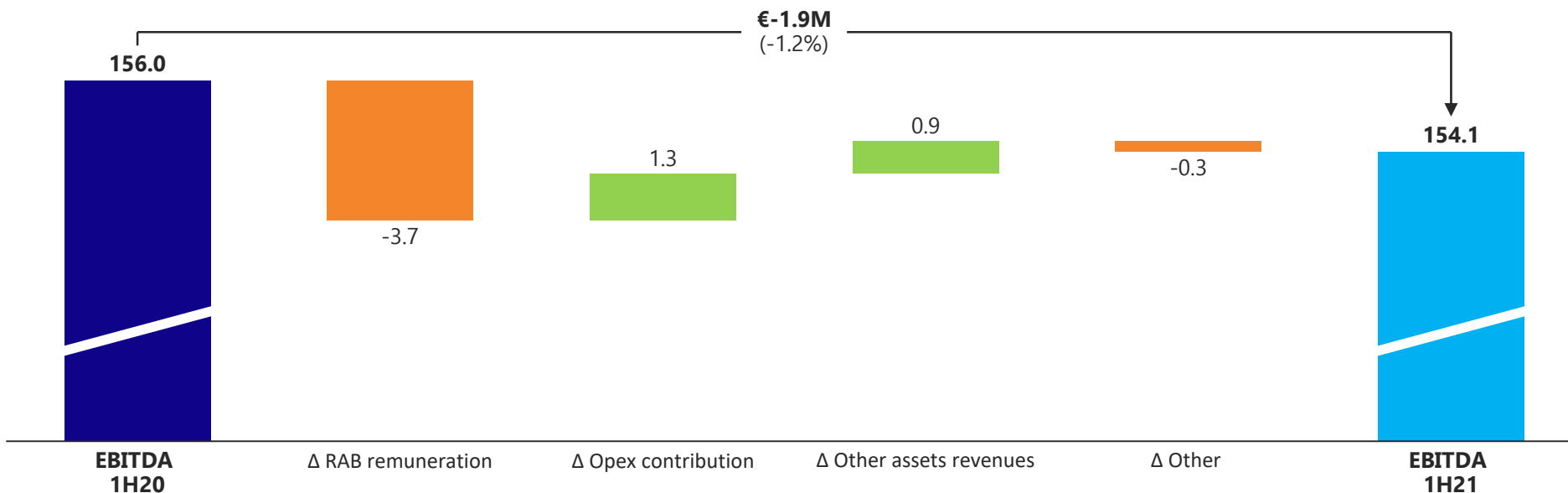
<sup>1</sup> Calculated as OPEX minus pass-through costs (e.g., ITC mechanism, NG transportation costs, ERSE costs and subsoil occupation levies)

# DOMESTIC BUSINESS: ELECTRICITY



Electricity EBITDA reduction due to decrease in RAB remuneration, partly offset by Opex contribution and other assets revenues

EBITDA breakdown €M



Capex	Transfers to RAB	Average RAB <sup>1</sup>	Base RoR <sup>2</sup>	Core OPEX
<p><b>€58.4M</b> <span style="color: green;">↑</span> €12.9M (28.4%)</p> <p>1H20: €45.5M</p>	<p><b>€5.1M</b> <span style="color: green;">↑</span> €3.6M (241.4%)</p> <p>1H20: €1.5M</p>	<p><b>€2,133.9M</b> <span style="color: orange;">↓</span> €125.0M (5.5%)</p> <p>1H20: €2,258.9M</p>	<p><b>4.5%</b> <span style="color: orange;">↓</span> 0.1pp</p> <p>1H20: 4.6%</p>	<p><b>€22.1M</b> <span style="color: orange;">↑</span> €0.5M (2.3%)</p> <p>1H20: €21.6M</p>

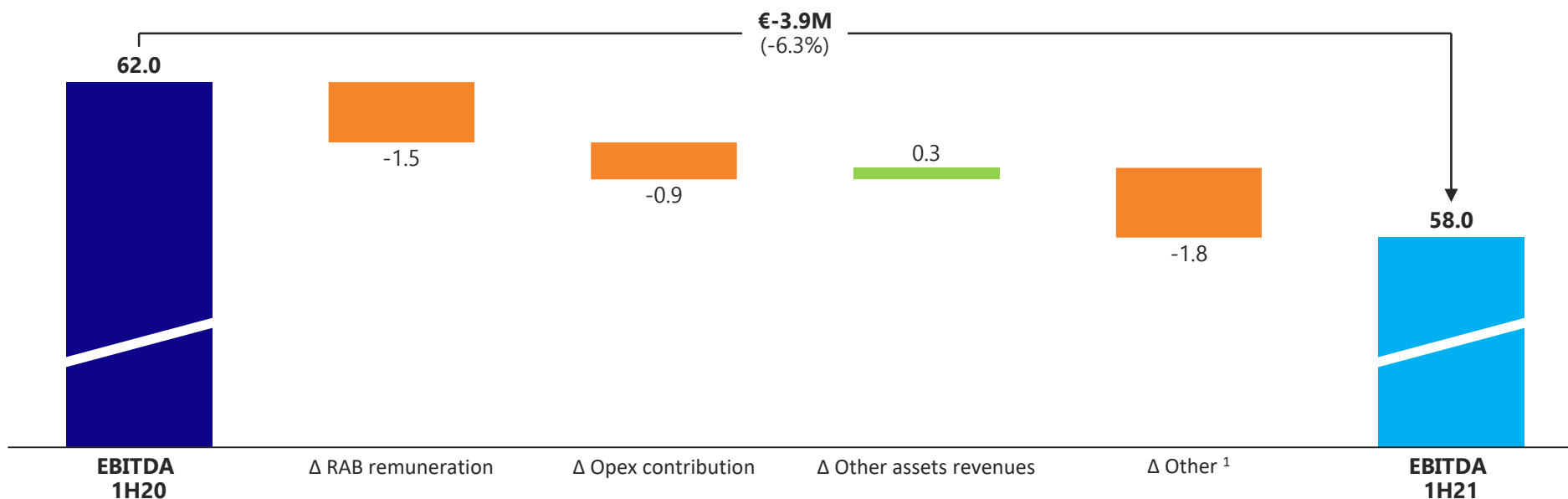
<sup>1</sup> Includes €905.0M of Electricity without premium (€968.4M for 1H20) and €1,020.2M of Electricity with premium (€1,069.5M for 1H20); Includes Lands (€208.7M in 1H21 and €221.0M in 1H20) | <sup>2</sup> RoR for Electricity with premium was 5.3% in 1H21 (5.4% in 1H20), and for other Lands 0.3% in 1H21 (0.3% in 1H20)

# DOMESTIC BUSINESS: GAS TRANSMISSION

Gas Transmission EBITDA reduction mainly explained by lower RAB remuneration and tariff deviations adjustments



## EBITDA breakdown €M



### Capex

**€9.1M**

↑ €6.7M  
(271.6%)

1H20: €2.5M

### Transfers to RAB

**€2.4M**

↑ €1.7M  
(248.5%)

1H20: €0.7M

### Average RAB

**€911.2M**

↓ €42.3M  
(4.4%)

1H20: €953.5M

### RoR

**4.5%**

↓ 0.1pp

1H20: 4.6%

### Core OPEX

**€10.7M**

↑ €1.3M  
(13.4%)

1H20: €9.4M

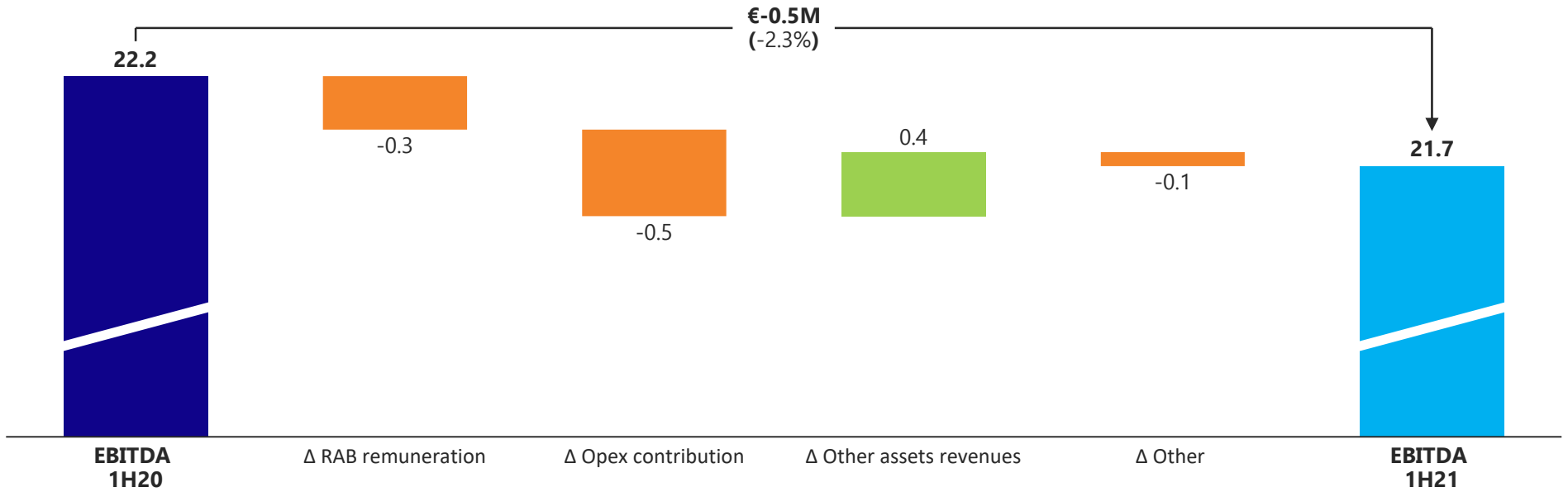


# DOMESTIC BUSINESS: GAS DISTRIBUTION

## Gas Distribution EBITDA fell slightly



EBITDA breakdown €M



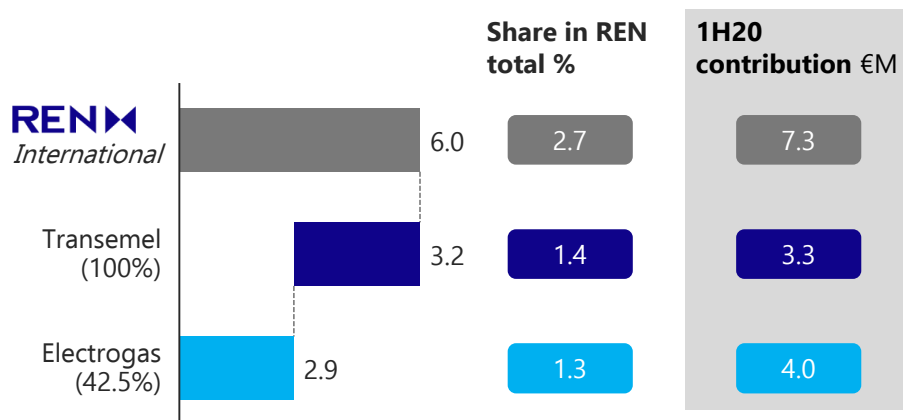
<p><b>Capex</b></p> <p><b>€9.1M</b> <span style="color: green;">↑</span> €2.8M (45.4%)</p> <p>1H20: €6.3M</p>	<p><b>Transfers to RAB</b></p> <p><b>€9.4M</b> <span style="color: green;">↑</span> €2.0M (26.5%)</p> <p>1H20: €7.4M</p>	<p><b>Average RAB</b></p> <p><b>€470.1M</b> <span style="color: green;">↑</span> €1.1M (0.2%)</p> <p>1H20: €469.0M</p>	<p><b>RoR</b></p> <p><b>4.7%</b> <span style="color: orange;">↓</span> 0.1pp</p> <p>1H20: 4.8%</p>	<p><b>Core OPEX</b></p> <p><b>€4.8M</b> <span style="color: orange;">↑</span> €0.8M (20.4%)</p> <p>1H20: €4.0M</p>
---	--	--	--	--

# INTERNATIONAL BUSINESS

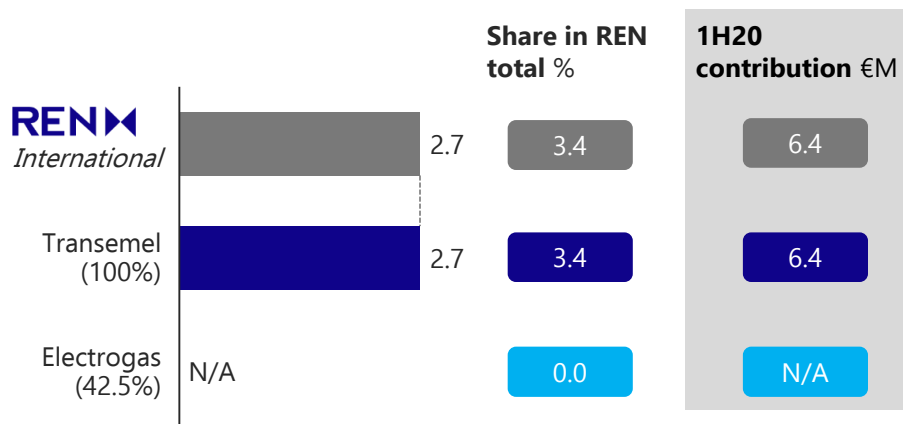
## Solid performance in Chile despite lower revenues



### Contribution to EBITDA 1H21 €M



### Contribution to Capex 1H21 €M



### Key highlights

#### Transemel, Chile

- Revenues decreased YoY mainly driven by the negative impact of the ongoing tariff review and delays in transfers to operation

#### Revenues

**€4.7M** ↓ €0.4M (7.1%)

1H20: €5.1M

#### EBITDA

**€3.2M** ↓ €0.2M (5.6%)

1H20: €3.3M

#### Electrogas, Chile

- EBITDA decreased YoY, driven by the end of the take-or-pay contract with Colbún in March of 2021 and lower available capacity of Argentinian gas

#### Revenues

**€13.4M** ↓ €3.4M (20.4%)

1H20: €16.8M

#### EBITDA

**€11.7M** ↓ €3.6M (23.6%)

1H20: €15.3M

## CONSOLIDATED VIEW

Solid gains in Financial Results, as the cost of debt maintained its downward trend

### Depreciation & Amortization

**€120.2M**  €0.5M  
(0.4%)

1H20: €119.7M

Increase of €0.5M versus 1H20,  
reflecting the evolution of gross assets

### Financial results

**-€18.0M**  €3.4M  
(15.8%)

1H20: -€21.4M

**Higher financial results** (+€3.4M)  
reflecting **the decrease in the average cost of debt** of 0.28 p.p. to 1.6%, lower net debt and higher dividends from HCB (€1.3M), despite lower dividends from REE (-€0.3M)

### Taxes

**€50.1M**  €0.2M  
(0.5%)

1H20: €49.8M

Total taxes include the **extraordinary levy of €27.1M** (€28.2M in 1H20) and **income tax which grew by €1.3M** to €23.0M, partially offset by the decrease in EBT (-€6.3M)

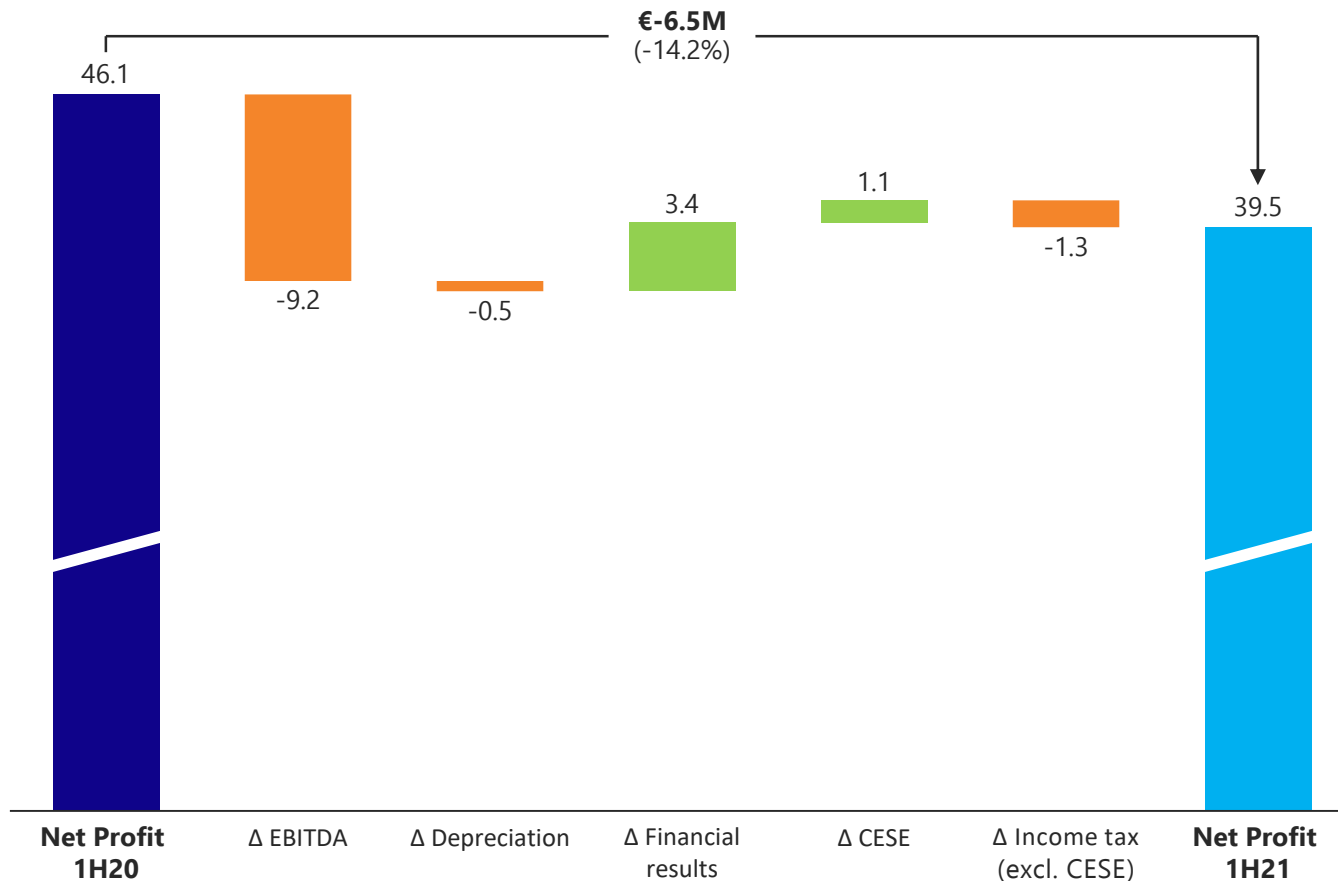
**Effective tax rate reached 40.8%**, a 3.5 p.p. increment relatively to 1H20 (including the levy)

**Increase in the effective tax rate vs 1H20** reflecting the different gains with the recovery of previous years taxes in 1H20 (€4.7M) and 1H21 (€2.3M)

## CONSOLIDATED VIEW

Net Profit decreased as a result of lower EBITDA, partially offset by higher financial results

### Net profit evolution breakdown €M



### Key highlights

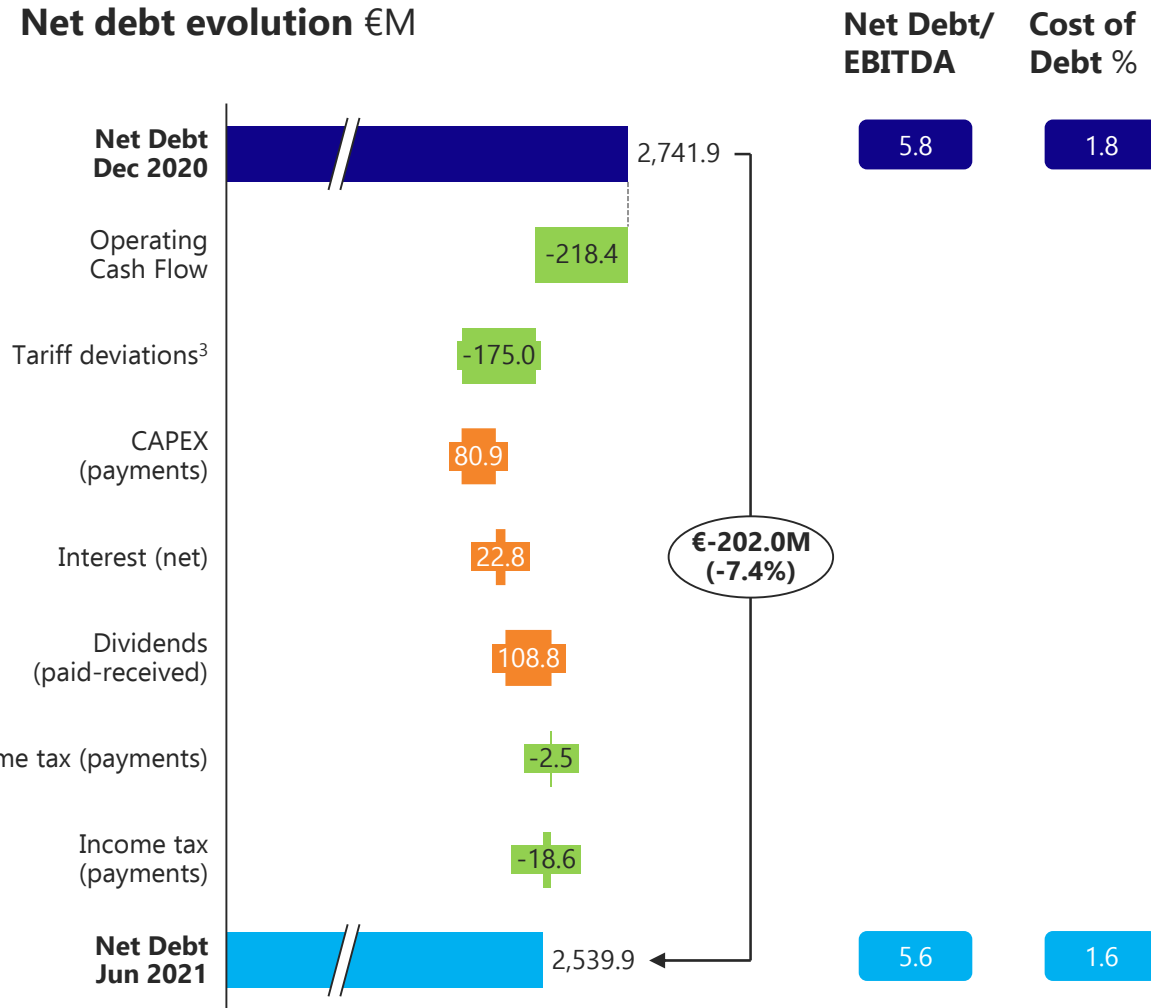
- The **positive effect** of €3.4M from **Financial Results** as a consequence of better market conditions and higher dividends from associates (Δ€1.3M)
- **Lower CESE charges** (Δ€-1.1M), reflecting the reduction of the asset base
- Decrease in **tax recovery** from previous years (Δ€-2.4M)

# CONSOLIDATED VIEW

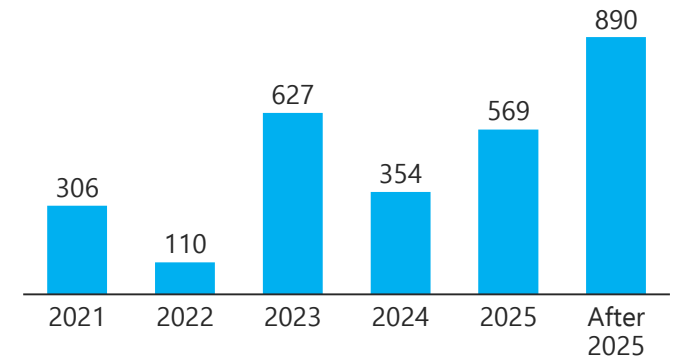


## Net Debt improvement due to a higher operating cash flow and positive tariff deviations

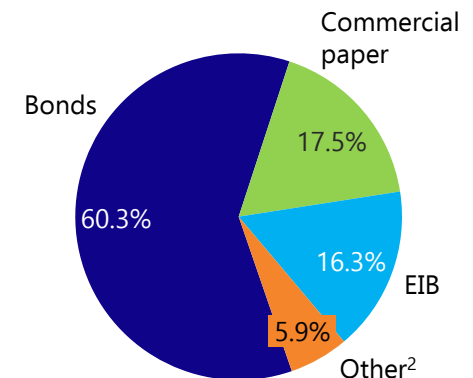
### Net debt evolution €M



### Adjusted Gross Debt Maturity<sup>1</sup> €M



### Debt sources %



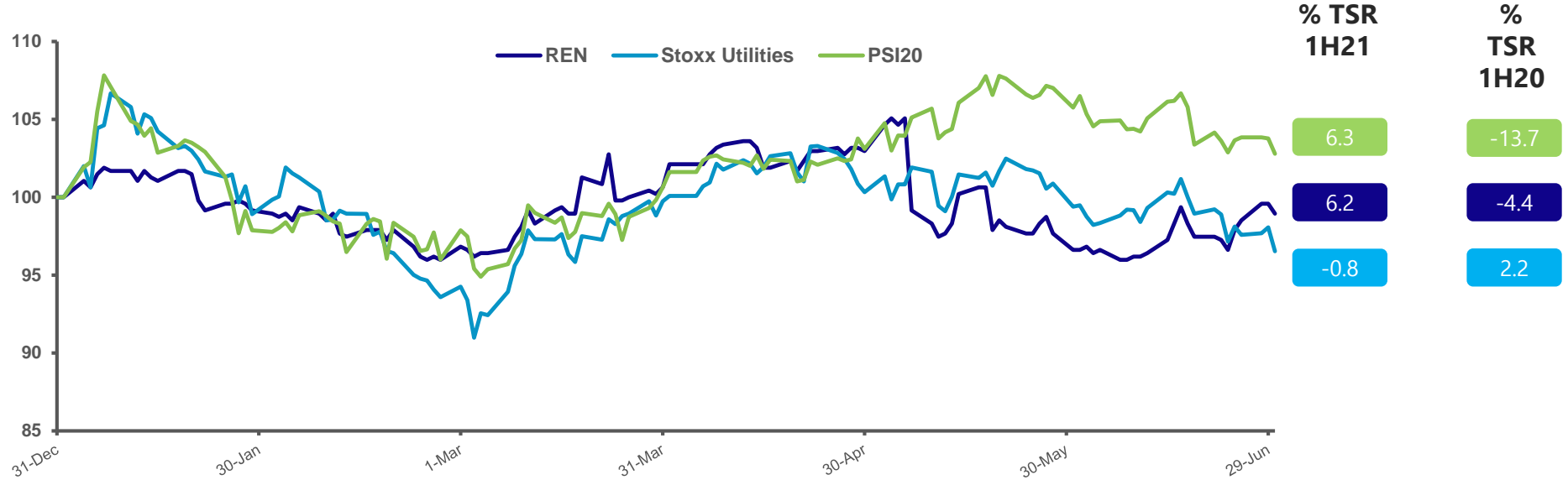
<sup>1</sup> Calculated as Net Debt plus Cash, bank deposits and derivative financial instruments (€323M), excluding effects of hedging on yen denominated debt, accrued interest and bank overdrafts | <sup>2</sup> Includes loans (5.7%) and leasing (0.2%) | <sup>3</sup> Includes amounts received from the Fund for Systemic Sustainability of the Energy Sector (FSSSE)

# SHARE PRICE & SHAREHOLDER RETURN



The share price moved in line with the Portuguese index

## Annualized closing prices %



## Analyst recommendations<sup>1</sup>

**Average Price target**  
**€2.60** ↓ €0.19 (6.8%)  
 1H20: €2.79

**Upside/Downside (+/-)**  
**10.6%** ↑ 2.5pp  
 1H20: 8.1%

**Buy recommendations**  
**50.0%** ↓ 12.0pp  
 1H20: 58.0%

**Hold recommendations**  
**50.0%** ↑ 8.0pp  
 1H20: 42.0%

<sup>1</sup> End of period  
 SOURCE: Bloomberg, REN

## 3. Closing remarks



## CLOSING REMARKS

### Focus on strengthening of financials and a sustainable shareholders return



As expected, **EBITDA** was lower as a result of **reduction in RAB remuneration**, which was driven by a decrease in both RAB and remuneration rates, as well as a **downturn in OPEX contribution**.



**Net Profit stood at €39.5M** mainly because of the EBITDA performance. Nevertheless, the positive impact from Financial Results mitigated this decline.



A lower **Net debt** was the result of a **higher operating cash flow** and **tariff deviations surpassing the outflows** resulting from investment and financing activities.



On the 14<sup>th</sup> of May REN hosted its **Capital Markets Day** where it presented its strategy for the 2021-2024 period **focused on energy transition** and an unwavering objective of achieving **carbon neutrality by 2040**.

The 2021-2024 Strategic Plan also provides guidance on the company's financing policy that will increasingly be focused on green bonds.



# Appendix



RENX

# APPENDIX

## Results breakdown

€M	1H2021	1H2020	2020	1H2021 / 1H2020	
				Δ %	Δ Abs.
<b>1) TOTAL REVENUES</b>	<b>368.6</b>	<b>350.8</b>	<b>758.5</b>	<b>5.1%</b>	<b>17.8</b>
Revenues from assets	208.8	212.9	431.4	-1.9%	-4.1
Return on RAB	78.9	84.5	165.4	-6.6%	-5.6
Electricity	47.2	51.0	99.9	-7.3%	-3.7
Natural gas	20.6	22.1	43.1	-6.9%	-1.5
Portgás	11.0	11.3	22.4	-2.7%	-0.3
Lease revenues from hydro protection zone	0.3	0.3	0.7	-1.2%	0.0
Economic efficiency of investments	13.4	12.5	32.0	7.5%	0.9
Recovery of amortizations (net from subsidies)	106.8	106.7	214.3	0.2%	0.2
Subsidies amortization	9.3	8.9	19.0	4.4%	0.4
Revenues from Transemel	4.7	5.1	10.1	-7.1%	-0.4
Revenues of OPEX	68.4	65.8	130.1	4.0%	2.6
Other revenues	10.1	13.0	26.0	-22.6%	-2.9
<b>Construction revenues (IFRIC 12)</b>	<b>76.5</b>	<b>54.0</b>	<b>160.9</b>	<b>41.7%</b>	<b>22.5</b>
<b>2) OPEX</b>	<b>74.1</b>	<b>68.3</b>	<b>145.8</b>	<b>8.4%</b>	<b>5.7</b>
Personnel costs	28.7	27.9	55.6	3.0%	0.8
External supplies and services	35.0	29.8	68.5	17.6%	5.2
Other operational costs	10.4	10.7	21.6	-2.9%	-0.3
<b>3) Construction costs (IFRIC 12)</b>	<b>66.5</b>	<b>45.3</b>	<b>142.0</b>	<b>46.9%</b>	<b>21.2</b>
4) Depreciation and amortization	120.2	119.7	241.2	0.4%	0.5
5) Other	0.2	0.2	0.5	0.0%	0.0
<b>6) EBIT</b>	<b>107.6</b>	<b>117.3</b>	<b>229.0</b>	<b>-8.3%</b>	<b>-9.7</b>
7) Depreciation and amortization	120.2	119.7	241.2	0.4%	0.5
<b>8) EBITDA</b>	<b>227.9</b>	<b>237.0</b>	<b>470.2</b>	<b>-3.9%</b>	<b>-9.2</b>
9) Depreciation and amortization	120.2	119.7	241.2	0.4%	0.5
10) Financial result	-18.0	-21.4	-46.8	-15.8%	3.4
11) Income tax expense	23.0	21.7	44.9	6.1%	1.3
12) Extraordinary contribution on energy sector	27.1	28.2	28.1	-3.9%	-1.1
<b>13) NET PROFIT</b>	<b>39.5</b>	<b>46.1</b>	<b>109.2</b>	<b>-14.2%</b>	<b>-6.5</b>
14) Non recurrent items	24.8	23.5	22.5	5.5%	1.3
<b>15) RECURRENT NET PROFIT</b>	<b>64.3</b>	<b>69.6</b>	<b>131.7</b>	<b>-7.5%</b>	<b>-5.2</b>

NON RECURRENT ITEMS:

1H2021: i) Extraordinary energy sector levy, as established in the 2021 State budget law (€27.1M);  
 ii) Taxes recovery from previous years (€2.3M)

1H2020: i) Extraordinary energy sector levy, as established in the 2020 State budget law (€28.2M)  
 ii) Taxes recovery from previous years (€4.7M)

# APPENDIX

## Other operational revenues and costs breakdown

€M	1H2021	1H2020	2020	1H2021 / 1H2020	
				Δ %	Δ Abs.
<b>Other revenues</b>	<b>10.1</b>	<b>13.0</b>	<b>26.0</b>	<b>-22.6%</b>	<b>-2.9</b>
Allowed incentives	0.7	0.7	1.3	9.6%	0.1
Interest on tariff deviation	0.2	0.2	0.5	-19.3%	0.0
Telecommunication sales and services rendered	3.5	3.4	6.7	2.6%	0.1
Consultancy services and other services provided	0.6	1.2	2.9	-51.1%	-0.6
Other revenues	5.1	7.6	14.6	-32.3%	-2.4
<b>Other costs</b>	<b>10.4</b>	<b>10.7</b>	<b>21.6</b>	<b>-2.9%</b>	<b>-0.3</b>
Costs with ERSE	5.0	5.7	11.5	-13.7%	-0.8
Other	5.4	4.9	10.1	9.6%	0.5

Includes revenues related to Electrogas' Net Profit proportion (€2.9M in 1H2021 and €4.0M in 1H2020)

# APPENDIX

## EBITDA breakdown (Electricity)



€M	1H2021	1H2020	2020	1H2021 / 1H2020	
				Δ %	Δ Abs.
<b>1) REVENUES</b>	<b>236.0</b>	<b>225.6</b>	<b>495.8</b>	<b>4.6%</b>	<b>10.4</b>
<b>Revenues from assets</b>	<b>138.2</b>	<b>141.1</b>	<b>288.9</b>	<b>-2.0%</b>	<b>-2.9</b>
Return on RAB	47.2	51.0	99.9	-7.3%	-3.7
Lease revenues from hydro protection zone	0.3	0.3	0.7	-1.2%	0.0
Economic efficiency of investments	13.4	12.5	32.0	7.5%	0.9
Recovery of amortizations (net from subsidies)	70.9	71.3	143.2	-0.6%	-0.4
Subsidies amortization	6.4	6.0	13.1	6.2%	0.4
<b>Revenues of OPEX</b>	<b>37.1</b>	<b>36.3</b>	<b>72.2</b>	<b>2.2%</b>	<b>0.8</b>
<b>Other revenues</b>	<b>2.4</b>	<b>2.9</b>	<b>8.3</b>	<b>-18.0%</b>	<b>-0.5</b>
Interest on tariff deviation	0.1	0.2	0.4	-26.6%	-0.1
Other	2.2	2.7	7.9	-17.4%	-0.5
<b>Construction revenues (IFRIC 12)</b>	<b>58.3</b>	<b>45.3</b>	<b>126.4</b>	<b>28.7%</b>	<b>13.0</b>
<b>2) OPEX</b>	<b>31.0</b>	<b>30.8</b>	<b>68.3</b>	<b>0.7%</b>	<b>0.2</b>
Personnel costs	8.6	8.9	17.1	-2.7%	-0.2
External supplies and services	19.1	17.2	40.0	11.0%	1.9
Other operational costs	3.3	4.7	11.1	-30.6%	-1.4
<b>3) Construction costs (IFRIC 12)</b>	<b>50.9</b>	<b>38.8</b>	<b>112.2</b>	<b>31.2%</b>	<b>12.1</b>
<b>4) Depreciation and amortization</b>	<b>77.0</b>	<b>77.0</b>	<b>155.7</b>	<b>-0.1%</b>	<b>-0.1</b>
<b>5) Other</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>		<b>0.0</b>
<b>6) EBIT (1-2-3-4-5)</b>	<b>77.1</b>	<b>78.9</b>	<b>159.4</b>	<b>-2.3%</b>	<b>-1.8</b>
7) Depreciation and amortization	77.0	77.0	155.7	-0.1%	-0.1
<b>8) EBITDA (6+7)</b>	<b>154.1</b>	<b>156.0</b>	<b>315.1</b>	<b>-1.2%</b>	<b>-1.9</b>

# APPENDIX

## EBITDA breakdown (Natural gas transmission)



€M	1H2021	1H2020	2020	1H2021 / 1H2020	
				Δ %	Δ Abs.
<b>1) REVENUES</b>	<b>82.2</b>	<b>77.3</b>	<b>158.9</b>	<b>6.3%</b>	<b>4.9</b>
<b>Revenues from assets</b>	<b>51.5</b>	<b>52.8</b>	<b>104.5</b>	<b>-2.3%</b>	<b>-1.2</b>
Return on RAB	20.6	22.1	43.1	-6.9%	-1.5
Recovery of amortizations (net from subsidies)	28.0	27.7	55.5	1.0%	0.3
Subsidies amortization	2.9	2.9	5.8	0.0%	0.0
<b>Revenues of OPEX</b>	<b>21.4</b>	<b>20.2</b>	<b>40.9</b>	<b>6.0%</b>	<b>1.2</b>
<b>Other revenues</b>	<b>0.2</b>	<b>1.9</b>	<b>1.6</b>	<b>-90.4%</b>	<b>-1.7</b>
Interest on tariff deviation	-0.2	-0.2	-0.4	9.9%	0.0
Consultancy services and other services provided	0.1	0.1	0.2	0.0%	0.0
Other	0.3	2.0	1.8	-84.8%	-1.7
<b>Construction revenues (IFRIC 12)</b>	<b>9.1</b>	<b>2.5</b>	<b>11.9</b>	<b>271.6%</b>	<b>6.7</b>
<b>2) OPEX</b>	<b>16.2</b>	<b>13.9</b>	<b>28.9</b>	<b>16.7%</b>	<b>2.3</b>
Personnel costs	4.4	4.2	8.2	5.5%	0.2
External supplies and services	9.0	7.0	15.4	29.0%	2.0
Other operational costs	2.8	2.7	5.3	2.3%	0.1
<b>3) Construction costs (IFRIC 12)</b>	<b>7.9</b>	<b>1.4</b>	<b>9.7</b>	<b>447.8%</b>	<b>6.5</b>
<b>4) Depreciation and amortization</b>	<b>30.6</b>	<b>30.3</b>	<b>60.7</b>	<b>1.0%</b>	<b>0.3</b>
<b>5) Other</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>		<b>0.0</b>
<b>6) EBIT</b>	<b>27.4</b>	<b>31.7</b>	<b>59.6</b>	<b>-13.3%</b>	<b>-4.2</b>
7) Depreciation and amortization	30.6	30.3	60.7	1.0%	0.3
<b>8) EBITDA</b>	<b>58.0</b>	<b>62.0</b>	<b>120.3</b>	<b>-6.3%</b>	<b>-3.9</b>

A negative revenue is consistent with a negative tariff deviation

# APPENDIX

## EBITDA breakdown (Portgás)



€M	1H2021	1H2020	2020	1H2021 / 1H2020	
				Δ %	Δ Abs.
<b>1) REVENUES</b>	<b>37.6</b>	<b>34.2</b>	<b>77.1</b>	<b>10.2%</b>	<b>3.5</b>
<b>Revenues from assets</b>	<b>19.0</b>	<b>19.0</b>	<b>38.0</b>	<b>0.3%</b>	<b>0.1</b>
Return on RAB	11.0	11.3	22.4	-2.7%	-0.3
Recovery of amortizations (net from subsidies)	8.0	7.6	15.5	4.4%	0.3
Subsidies amortization	0.0	0.0	0.1	171.6%	0.0
<b>Revenues of OPEX</b>	<b>10.0</b>	<b>9.3</b>	<b>16.9</b>	<b>7.0%</b>	<b>0.6</b>
<b>Other revenues</b>	<b>-0.5</b>	<b>-0.4</b>	<b>-0.5</b>	<b>18.3%</b>	<b>-0.1</b>
Interest on tariff deviation	0.0	0.0	0.0	-82.0%	0.0
Adjustments previous years	-0.6	-0.5	-1.0	10.5%	-0.1
Other services provided	0.0	0.1	0.2	-82.5%	-0.1
Other	0.0	0.0	0.4	59.9%	0.0
<b>Construction revenues (IFRIC 12)</b>	<b>9.1</b>	<b>6.3</b>	<b>22.6</b>	<b>45.4%</b>	<b>2.8</b>
<b>2) OPEX</b>	<b>8.2</b>	<b>6.8</b>	<b>13.0</b>	<b>19.6%</b>	<b>1.3</b>
Personnel costs	2.1	2.2	4.2	-2.2%	0.0
External supplies and services	2.1	1.6	3.9	36.1%	0.6
Other operational costs	3.9	3.1	4.9	26.4%	0.8
<b>3) Construction costs (IFRIC 12)</b>	<b>7.7</b>	<b>5.1</b>	<b>20.1</b>	<b>52.0%</b>	<b>2.6</b>
<b>4) Depreciation and amortization</b>	<b>8.1</b>	<b>7.8</b>	<b>15.8</b>	<b>4.8%</b>	<b>0.4</b>
<b>5) Other</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
<b>6) EBIT</b>	<b>13.6</b>	<b>14.5</b>	<b>28.2</b>	<b>-6.1%</b>	<b>-0.9</b>
7) Depreciation and amortization	8.1	7.8	15.8	4.8%	0.4
<b>8) EBITDA</b>	<b>21.7</b>	<b>22.2</b>	<b>44.0</b>	<b>-2.3%</b>	<b>-0.5</b>

# APPENDIX

## EBITDA breakdown (Transemel)



€M	1H2021	1H2020	2020	1H2021 / 1H2020	
				Δ %	Δ Abs.
1) REVENUES	4.7	5.1	10.1	-7.1%	-0.4
2) OPEX	1.6	1.7	3.3	-10.0%	-0.2
3) Depreciation and amortization	0.8	0.8	1.5	2.9%	0.0
4) EBIT	2.4	2.6	5.3	-8.1%	-0.2
5) Depreciation and amortization	0.8	0.8	1.5	2.9%	0.0
6) EBITDA	3.2	3.3	6.8	-5.6%	-0.2

# APPENDIX

## EBITDA breakdown (Other<sup>1</sup>)

€M	1H2021	1H2020	2020	1H2021 / 1H2020	
				Δ %	Δ Abs.
<b>1) TOTAL REVENUES</b>	<b>8.1</b>	<b>8.7</b>	<b>16.5</b>	<b>-6.9%</b>	<b>-0.6</b>
<b>Other revenues</b>	<b>8.1</b>	<b>8.7</b>	<b>16.5</b>	<b>-6.9%</b>	<b>-0.6</b>
Allowed incentives	0.7	0.7	1.3	9.6%	0.1
Interest on tariff deviation	0.2	0.2	0.4	8.7%	0.0
Telecommunication sales and services rendered	3.5	3.4	6.7	2.6%	0.1
Consultancy services and other services provided	0.3	0.2	0.6	95.0%	0.2
Other	3.3	4.2	7.5	-21.8%	-0.9
<b>2) OPEX</b>	<b>17.0</b>	<b>15.0</b>	<b>32.2</b>	<b>13.7%</b>	<b>2.1</b>
Personnel costs	13.3	12.6	25.8	6.0%	0.7
External supplies and services	3.5	2.3	6.1	52.3%	1.2
Other operational costs	0.2	0.1	0.4		0.1
3) Depreciation and amortization	3.7	3.8	7.4	-2.7%	-0.1
<b>4) Other</b>	<b>0.2</b>	<b>0.2</b>	<b>0.4</b>	<b>0.0%</b>	<b>0.0</b>
<b>5) EBIT</b>	<b>-12.9</b>	<b>-10.4</b>	<b>-23.5</b>	<b>24.6%</b>	<b>-2.5</b>
6) Depreciation and amortization	3.7	3.8	7.4	-2.7%	-0.1
<b>7) EBITDA</b>	<b>-9.2</b>	<b>-6.5</b>	<b>-16.0</b>	<b>40.7%</b>	<b>-2.6</b>

Includes the negative impacts of the PPAs<sup>2</sup> of Portgás (€2.7M) and Transemel (€0.9M) in 1H2021

1 Includes REN SGPS, REN Serviços, REN Telecom, REN Trading, REN PRO, Aerio Chile SPA, Apolo and REN Finance BV  
2 PPA - Purchase Price Allocation



# APPENDIX

## Capex and RAB



€M	1H2021	1H2020	2020	1H2021 / 1H2020	
				Δ %	Δ Abs.
<b>CAPEX</b>	<b>79.3</b>	<b>60.6</b>	<b>173.3</b>	<b>30.9%</b>	<b>18.7</b>
Electricity	58.3	45.3	126.4	28.7%	13.0
Natural gas <sub>T</sub>	9.1	2.5	11.9	271.6%	6.7
Natural gas <sub>D</sub>	9.1	6.3	22.6	45.4%	2.8
Transemel	2.7	6.4	12.1	-57.6%	-3.7
Other	0.1	0.2	0.3	-47.5%	-0.1
<b>Transfers to RAB</b>	<b>16.9</b>	<b>9.6</b>	<b>79.6</b>	<b>76.0%</b>	<b>7.3</b>
Electricity	5.1	1.5	45.1	241.4%	3.6
Natural gas <sub>T</sub>	2.4	0.7	12.6	248.5%	1.7
Natural gas <sub>D</sub>	9.4	7.4	21.8	26.5%	2.0
<b>Average RAB</b>	<b>3,515.2</b>	<b>3,681.4</b>	<b>3,635.0</b>	<b>-4.5%</b>	<b>-166.1</b>
Electricity	1,925.3	2,037.9	2,000.0	-5.5%	-112.7
With premium	1,020.2	1,069.5	1,058.5	-4.6%	-49.2
Without premium	905.0	968.4	941.5	-6.5%	-63.4
Land	208.7	221.0	217.9	-5.6%	-12.3
Natural gas <sub>T</sub>	911.2	953.5	945.5	-4.4%	-42.3
Natural gas <sub>D</sub>	470.1	469.0	471.6	0.2%	1.1
<b>RAB e.o.p.</b>	<b>3,469.6</b>	<b>3,632.1</b>	<b>3,564.2</b>	<b>-4.5%</b>	<b>-162.4</b>
Electricity	1,895.5	2,005.9	1,954.9	-5.5%	-110.4
With premium	1,007.0	1,055.4	1,033.4	-4.6%	-48.4
Without premium	888.5	950.5	921.5	-6.5%	-62.0
Land	205.6	217.9	211.7	-5.7%	-12.3
Natural gas <sub>T</sub>	898.4	940.0	924.0	-4.4%	-41.6
Natural gas <sub>D</sub>	470.1	468.3	473.5	0.4%	1.9

€M	1H2021	1H2020	2020	1H2021 / 1H2020	
				Δ %	Δ Abs.
<b>RAB's remuneration</b>	<b>79.2</b>	<b>84.8</b>	<b>166.1</b>	<b>-6.6%</b>	<b>-5.6</b>
Electricity	47.2	51.0	99.9	-7.3%	-3.7
With premium	26.8	28.7	56.6	-6.4%	-1.8
Without premium	20.4	22.3	43.3	-8.6%	-1.9
Land	0.3	0.3	0.7	-1.2%	0.0
Natural gas <sub>T</sub>	20.6	22.1	43.1	-6.9%	-1.5
Natural gas <sub>D</sub>	11.0	11.3	22.4	-2.7%	-0.3
<b>RoR's RAB</b>	<b>4.5%</b>	<b>4.6%</b>	<b>4.6%</b>		<b>-0.1p.p.</b>
Electricity	4.9%	5.0%	5.0%		-0.1p.p.
With premium	5.3%	5.4%	5.3%		-0.1p.p.
Without premium	4.5%	4.6%	4.6%		-0.1p.p.
Land	0.3%	0.3%	0.3%		0.0p.p.
Natural gas <sub>T</sub>	4.5%	4.6%	4.6%		-0.1p.p.
Natural gas <sub>D</sub>	4.7%	4.8%	4.8%		-0.1p.p.

# APPENDIX

## Tariff deviations

€M	1H2021	1Q2021	1H2020
Electricity	51.9	25.4	66.7
Trading	53.2	91.6	171.6
Natural gas <sub>T</sub>	-125.8	-102.2	-53.7
Natural gas <sub>D</sub>	-5.4	-7.9	-6.6
<b>Total<sup>1</sup></b>	<b>-26.0</b>	<b>7.0</b>	<b>178.0</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

1 Amount received from FSSSE in January 2021 (44,2M€), offset by amounts given back to the electricity tariff throughout the year (-22,1M€ in 1H21)

# APPENDIX

## Funding sources



€M	Current	Non Current	Jun 2021
Bonds	0.0	1,735.6	1,735.6
Bank borrowings	93.7	535.7	629.4
Commercial paper	250.0	250.0	500.0
Bank overdrafts	0.1	0.0	0.1
Finance lease	1.5	2.8	4.3
<b>TOTAL</b>	<b>345.3</b>	<b>2,524.2</b>	<b>2,869.4</b>
Accrued interest	9.3	0.0	9.3
Prepaid interest	-8.8	-8.4	-17.2
<b>TOTAL</b>	<b>345.7</b>	<b>2,515.8</b>	<b>2,861.5</b>

- REN maintained its financial strength and continued to present high liquidity and a low average cost of debt;
- REN's total liquidity reached €1,113.9M, including credit facilities, loans, non-used commercial paper programmes, cash and bank deposits;
- Bank borrowings were mainly represented by EIB loans, which at the 30<sup>th</sup> of June 2021 amounted to €465.9M (€480.8M at the 31<sup>st</sup> of December of 2020);
- The Group 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 also had eight active commercial paper programmes in the amount of €1,925M, of which €1,425M were available for use;
- During April 2021, the Group issued a Green Bond in the amount of 300,000 thousand Euros at a fixed rate.
- REN's financial liabilities had the following main types of covenants: Cross Default, Pari Passu, Negative Pledge and Gearing;
- The effect of the foreign exchange rate exposure was not considered as this exposure is totally covered by a hedge derivate in place. The average interest rates for borrowings, including commissions and other expenses, was 1.58% on the 30<sup>th</sup> June 2021 and 1.81% on the 31<sup>st</sup> of December 2020.

# APPENDIX

## Debt and debt metrics



	1H2021	1H2020	2020
Net Debt (€M)	2,539.9	2,839.9	2,741.9
Average cost	1.6%	1.9%	1.8%
Average maturity (years)	3.7	3.8	3.4
Net Debt / EBITDA	5.6x	5.9x	5.8x
<b>DEBT BREAKDOWN</b>			
Funding sources			
Bond issues	60.3%	59.0%	50.8%
EIB	16.3%	18.0%	17.2%
Commercial paper	17.5%	16.0%	25.0%
Other	5.9%	7.0%	7.0%
<b>TYPE</b>			
Float	40%	43%	38%
Fixed	60%	57%	62%

<b>RATING</b>	<b>Long term</b>	<b>Short term</b>	<b>Outlook</b>	<b>Date</b>
Moody's	Baa3	-	Positive	24/06/2021
Standard & Poor's	BBB	A-2	Stable	29/10/2020
Fitch	BBB	F3	Stable	02/06/2021

# APPENDIX

## Market information



### CMVM: MAIN PRESS RELEASES (from January 2021)

- Jan-09: Qualified shareholding from Great-West Lifeco
- Feb-17: Summary of annual information disclosed in 2020
- Mar-18: 2020 annual consolidated results
- Mar-23: Notice to convene the annual general shareholders meeting and deliberation proposals
- Mar-23 : Accounts reporting documents referring to the financial year ended on 31st December 2020 - item 1 of the agenda for the general shareholders meeting
- Mar-23 : Corporate Governance report included in the 2020 Report and Accounts
- Apr-09: Issuance of 300 million euros of green bonds
- Apr-23: Resolutions approved at the Annual General Shareholders Meeting
- Apr-30: Payment of dividends of the 2020 financial year
- May-14: First 3 months 2021 consolidated results report
- May-14: Strategic update 2021-2024
- May-18: Communication from the shareholder Oman Oil
- Jun-02: Fitch maintains REN's rating at BBB and revises outlook to stable
- Jun-24: Moody's maintains REN's rating at 'Baa3' and revises outlook to positive

# Consolidated Financial Statements



# CONSOLIDATED FINANCIAL STATEMENTS



## Financial position

Thousand Euros	Jun 2021	Dec 2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	128,606	127,119
Intangible assets	4,088,419	4,130,562
Goodwill	5,181	5,367
Investments in associates and joint ventures	161,784	158,845
Investments in equity instruments at fair value through other comprehensive income	143,226	150,850
Derivative financial instruments	17,996	25,685
Other financial assets	119	102
Trade and other receivables	69,776	45,507
Deferred tax assets	100,847	92,575
	<b>4,715,955</b>	<b>4,736,611</b>
<b>Current assets</b>		
Inventories	2,497	2,450
Trade and other receivables	370,725	448,099
Current income tax recoverable	0	0
Derivative financial instruments	250	0
Other financial assets	0	0
Cash and cash equivalents	<b>308,904</b>	<b>61,499</b>
	<b>682,376</b>	<b>512,048</b>
<b>Total assets</b>	<b>5,398,331</b>	<b>5,248,658</b>

Thousand Euros	Jun 2021	Dec 2020
<b>EQUITY</b>		
<b>Shareholders' equity</b>		
Share capital	667,191	667,191
Own shares	-10,728	-10,728
Share premium	116,809	116,809
Reserves	299,016	289,887
Retained earnings	231,202	240,853
Other changes in equity	-5,561	-5,561
Net profit for the period	39,539	109,249
<b>Total equity</b>	<b>1,337,469</b>	<b>1,407,700</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	2,515,787	2,260,875
Liability for retirement benefits and others	98,275	100,507
Derivative financial instruments	25,168	29,215
Provisions	8,508	8,508
Trade and other payables	437,762	371,886
Deferred tax liabilities	115,651	144,969
	<b>3,201,152</b>	<b>2,915,960</b>
<b>Current liabilities</b>		
Borrowings	345,746	562,557
Provisions	0	0
Trade and other payables	446,539	353,800
Income tax payable	67,426	8,641
	<b>859,710</b>	<b>924,999</b>
<b>Total liabilities</b>	<b>4,060,862</b>	<b>3,840,958</b>
<b>Total equity and liabilities</b>	<b>5,398,331</b>	<b>5,248,658</b>

# CONSOLIDATED FINANCIAL STATEMENTS



## Profit and loss

Thousand Euros	Jun 2021	Jun 2020
Sales	45	0
Services rendered	273,672	278,751
Revenue from construction of concession assets	76,536	54,021
Gains / (losses) from associates and joint ventures	3,095	4,137
Other operating income	15,426	13,849
<b>Operating income</b>	<b>368,774</b>	<b>350,759</b>
Cost of goods sold	-473	-248
Costs with construction of concession assets	-66,522	-45,292
External supplies and services	-35,097	-29,884
Personnel costs	-28,606	-27,764
Depreciation and amortizations	-120,229	-119,717
Provisions	0	0
Impairments	-189	-189
Other expenses	-9,880	-10,418
<b>Operating costs</b>	<b>-260,996</b>	<b>-233,510</b>
<b>Operating results</b>	<b>107,778</b>	<b>117,249</b>
Financial costs	-26,690	-30,378
Financial income	1,556	3,089
Investment income - dividends	6,947	5,932
<b>Financial results</b>	<b>-18,186</b>	<b>-21,357</b>
<b>Profit before income tax and ESEC</b>	<b>89,592</b>	<b>95,892</b>
Income tax expense	-22,982	-21,659
Energy sector extraordinary contribution (ESEC)	-27,070	-28,165
<b>Net profit for the period</b>	<b>39,539</b>	<b>46,068</b>
<b>Attributable to:</b>		
Equity holders of the Company	39,539	46,068
Non-controlled interest	0	0
<b>Consolidated profit for the period</b>	<b>39,539</b>	<b>46,068</b>
<b>Earnings per share (expressed in euro per share)</b>	<b>0.06</b>	<b>0.07</b>



# CONSOLIDATED FINANCIAL STATEMENTS

## Cash flow

Thousand Euros	Jun 2021	Jun 2020
<b>Cash flow from operating activities:</b>		
Cash receipts from customers	1,148,765	1,131,120 a)
Cash paid to suppliers	-724,190	-904,298 a)
Cash paid to employees	-38,824	-35,910
Income tax received/paid	2,527	725
Other receipts / (payments) relating to operating activities	7,709	3,972
<b>Net cash flows from operating activities (1)</b>	<b>395,987</b>	<b>195,609</b>
<b>Cash flow from investing activities:</b>		
Receipts related to:		
Investments in associates	0	0
Property, plant and equipment	0	0
Other financial assets	0	0
Investment grants	19,100	3,934
Interests and other similar income	0	0
Dividends	4,668	4,665
Payments related to:		
Other financial assets	0	0
Financial investments	0	0
Equity instruments through other comprehensive income	0	0
Property, plant and equipment	-167	-7,634
Intangible assets - Concession assets	-80,757	-68,934
<b>Net cash flow used in investing activities (2)</b>	<b>-57,155</b>	<b>-67,969</b>
<b>Cash flow from financing activities:</b>		
Receipts related to:		
Borrowings	1,335,000	1,407,500
Capital and supplementary obligations	0	0
Interests and other similar income	0	0
Payments related to:		
Borrowings	-1,278,051	-1,386,655
Interests and other similar expense	-34,686	-34,479
Dividends	-113,426	-113,426
<b>Net cash from / (used in) financing activities (3)</b>	<b>-91,163</b>	<b>-127,060</b>
<b>Net (decrease) / increase in cash and cash equivalents (1)+(2)+(3)</b>	<b>247,669</b>	<b>580</b>
Effect of exchange rates	13	-623
Cash and cash equivalents at the beginning of the year	61,169	20,521
Changes in the perimeter	0	0
<b>Cash and cash equivalents at the end of the period</b>	<b>308,852</b>	<b>20,478</b>
<b>Detail of cash and cash equivalents</b>		
Cash	23	24
Bank overdrafts	-52	-2,972
Bank deposits	308,881	23,426
	<b>308,852</b>	<b>20,478</b>

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.

# DISCLAIMER



This presentation and all materials, documents and information used therein or distributed to investors in the context of this presentation do not constitute, or form part of, a public offer, private placement or solicitation of any kind by REN, or by any of REN's shareholders, to sell or purchase any securities issued by REN and its purpose is merely of informative nature and this presentation and all materials, documents and information used therein or distributed to investors in the context of this presentation may not be used in the future in connection with any offer in relation to securities issued by REN without REN's prior consent.

Visit our web site at :  
[www.ren.pt](http://www.ren.pt)

or contact us:

Ana Fernandes – Head of IR

Alexandra Martins

Telma Mendes

José Farinha

Av. EUA, 55

1749-061 Lisboa

Telephone: +351 210 013 546

[ir@ren.pt](mailto:ir@ren.pt)



### What's Happening

Discover our latest news:

