



Rede Ferroviária Nacional – REFER, EPE

2011 Annual Results



June 2012

Disclaimer



2011 Financial Statements of Rede Ferroviária Nacional – REFER, E.P.E. (REFER) reflect a major change in the accounting policy applied to Investment in Long term Duration Infrastructures (LDI) since IFRIC 12 started to be applied.

All transactions related to Investment in LDI, previously reflected on the balance-sheet, have now reflex in P&L account. The net result from Investment in LDI is charged to the State as Grantor crediting Revenues against debiting Accounts Receivable – State as Grantor.

The financial figures presented herein have not been audited.



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Company Overview

2011 Highlights

Operating Income

Operating Costs

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Company Overview

COMPANY SNAPSHOT



REFER is the arm of the Portuguese State that is in charge of managing the infrastructure of the National Railway Network and is entrusted with particular responsibilities for infrastructure development and modernisation.

- REFER is 100% state-owned and benefits from a special legal status – “Entidade Pública Empresarial” (“EPE”)
- REFER’s aim is to carry out activities efficiently and effectively, guaranteeing quality, reliability and safety, protecting the environment and contributing to a greater use of the railways by operating in two business areas:
 - ✓ Infrastructure Management (operation, conservation and maintenance of the railway infrastructure)
 - ✓ Investment (activity carried out on behalf of the State and comprises building, renewing and modernisation of the infrastructure)
- Due to the nature of REFER’s activities, providing a strategic and critical public service, the company’s status as an “EPE” is and will remain unchanged and hence state-owned.

Company Overview

SUPPORTIVE LEGAL FRAMEWORK



The activity of an “Entidade Pública Empresarial” (“EPE”) is developed towards contributing to the economic-financial equilibrium of the public sector and obtaining the adequate levels of satisfaction of collective needs

- Entidades Públicas Empresariais are entities created by Decree Law (law issued by the Government), and not under the regime applicable to private companies:
 - Its articles of incorporation are defined as law
 - Statutory capital is entirely held by the State and may not be sold or divided in any form
 - Due to its status of EPE, REFER is not subject to the insolvency regime applicable to private companies
 - Extinction of REFER may only be carried out by the issue of a Decree Law enacted for such purpose
 - A privatization of the Company would require an Act of Parliament
 - Assets managed by REFER (including real estate) are legally defined as public domain (Decree Law 276/2003)
 - It enjoys the highest level of integration with the State permitted under Portuguese Law for an entrepreneurial activity (extensive State control and supervision).

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2011 Highlights



- EBITDA amounted to -80,5 M€ representing a 16% improvement against 2010 (excluding Employee Contract Termination Costs the impact on EBITDA represented an increase of 42%).
- Operational Revenues declined by 3% to 181,4 M€ mainly driven by Investment Activity.
- Operational Costs excluding amortizations, provisions and impairments declined 7% to -262 M€ for which the reduction of 25,7 M€ in External Supplies and Services contributed the most. Excluding Employee Contract Termination Costs, Operational Costs decreased by 43,9 M€ representing -16% over 2010.
- REFER was successful in anticipating the staff reduction objective to 2011. In December 2011 the total staff was 2815 representing a reduction of 630 employees throughout the year. Consequently, Employee Contract Termination Costs rose to -26,8 M€ but current Personnel Costs decreased by -14% to -97,9 M€.
- Global Financial Results⁽¹⁾ decreased by 38% to -251,5 M€.
- Global Net Financial Costs⁽²⁾ associated to debt increased to -259,6 M€ from -178,5 M€ in 2010 reflecting deterioration of financial conditions and the increase of debt.
- Net Income decreased 8% to -162 M€ driven by Financial Results' negative trend.
- Financial Debt increased 525 M€ to 6.551 M€.
- In 2011 Statutory Capital was strengthened by 125 M€ to 430,2M€.

(1) Global Financial Results = Financial Results – Financial Revenues from State as Grantor. This indicator allows real reading of financial activity performance.

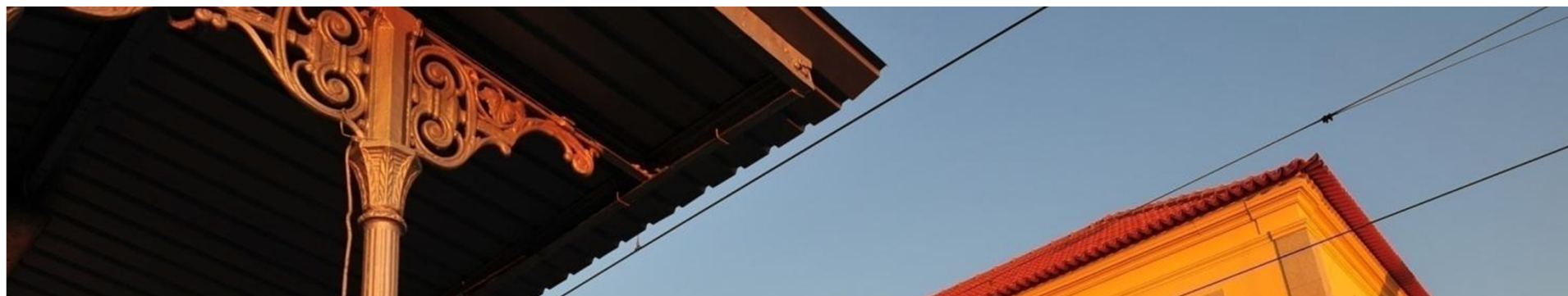
(2) Global Net Financial Costs = Interest Costs related to debt + Hedging Results (net interest revenues + mark-to-market changes)

2011 Highlights



10⁶ euros

Key Figures	2011	2010	Variation
Operational Revenues	181,4	186,8	-3%
Operational Costs	-270,8	-295,5	-8%
Operational Costs (excluding Employee Contract Termination Costs)	-244,1	-292,5	-17%
Depreciation + Provisions + Impairments	-8,9	-13,4	-34%
EBITDA	-80,5	-95,3	-16%
Net Financial Results	-72,3	-41,4	75%
Net Income	-162,0	-150,4	8%
Global Financial Results	-251,5	-182,4	38%
Global Net Financial Costs	-259,6	-178,5	45%
Financial Debt	6.551,3	6.025,9	9%
Statutory Capital	430,2	305,2	41%
# Employees	2.815	3.445	-18%



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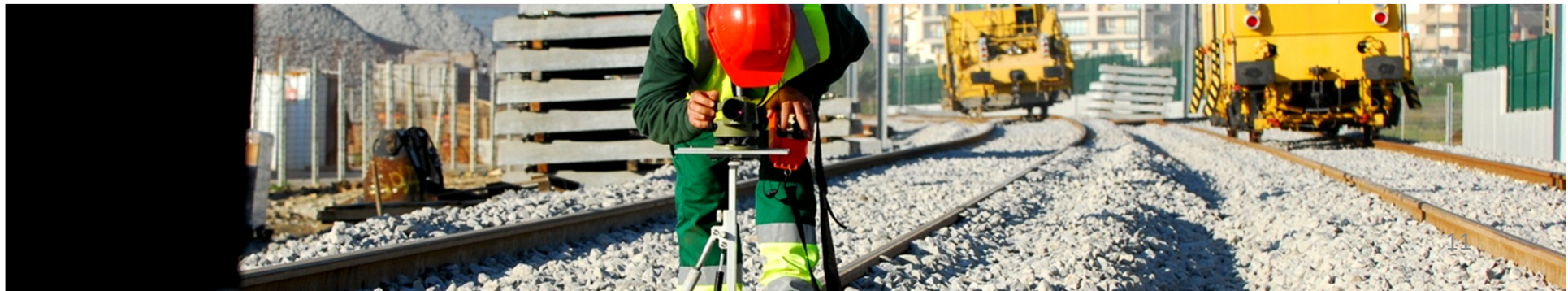
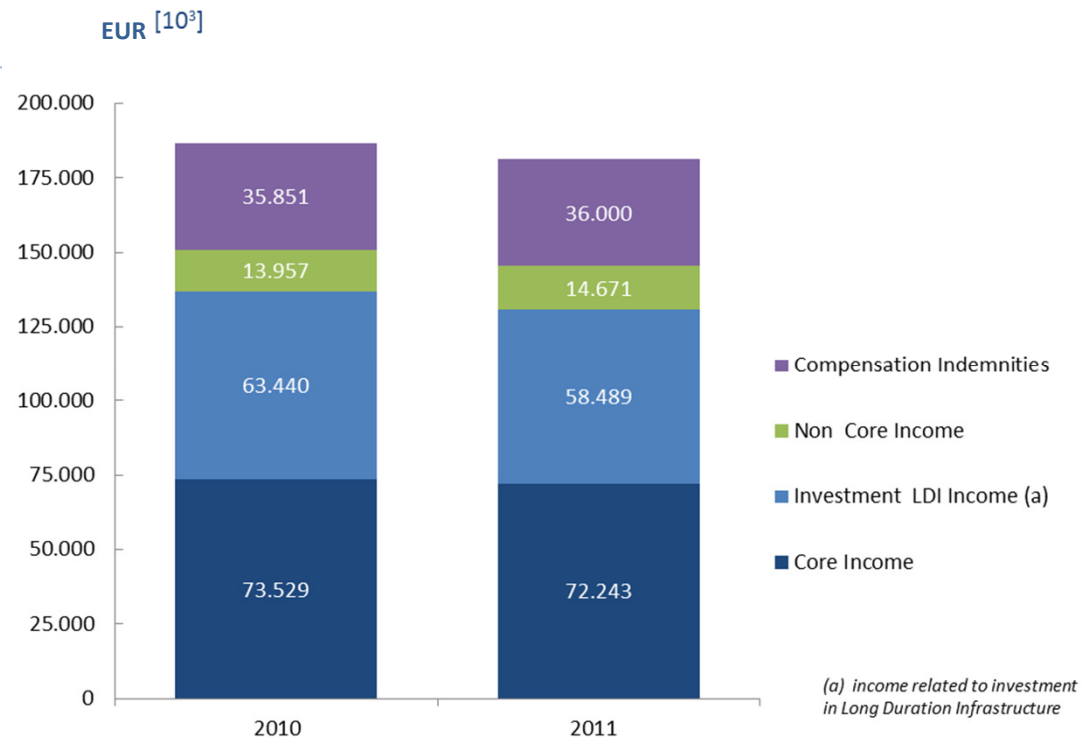
Financial Debt



Operating Income

CORE, INVESTMENT LDI, NON CORE, COMPENSATION INDEMNITIES

REFER
IF



Company Overview

2011 Highlights

Operating Income

Operating Costs

EBITDA

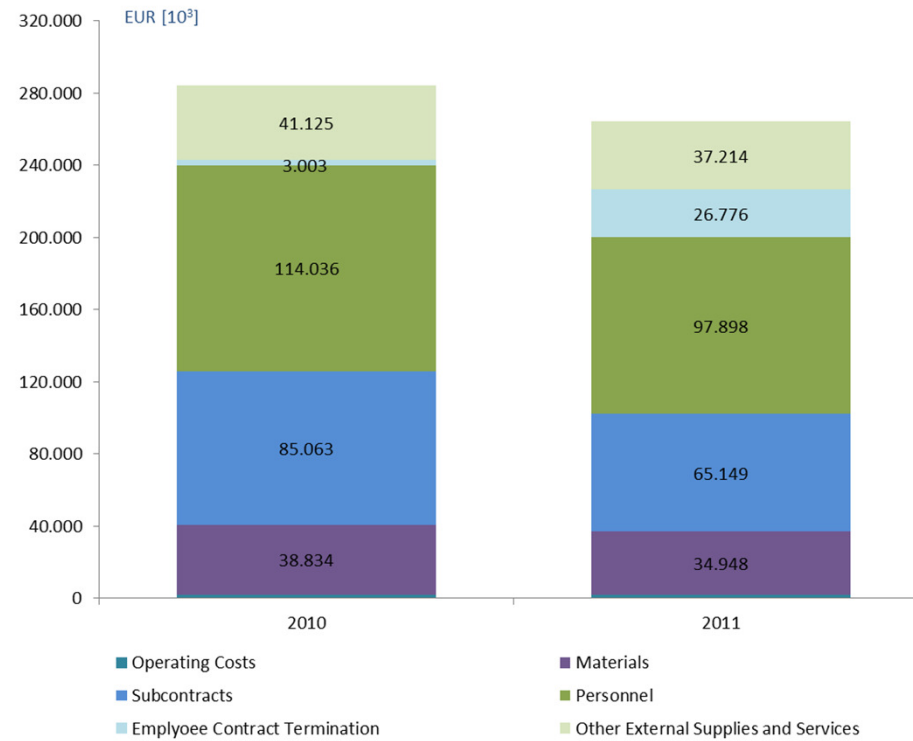
Investment

Financial Debt



Operating Costs

excluding depreciation + provisions + impairments



Company Overview

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Operating Income

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EBITDA

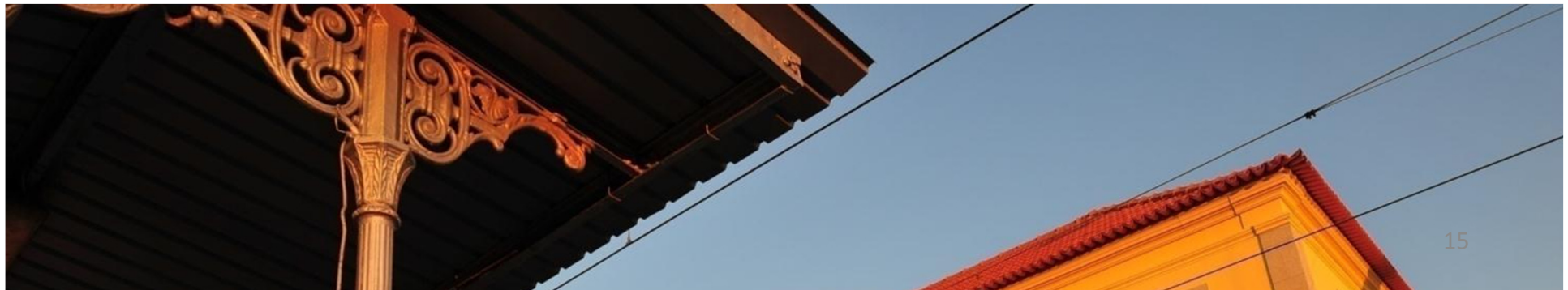
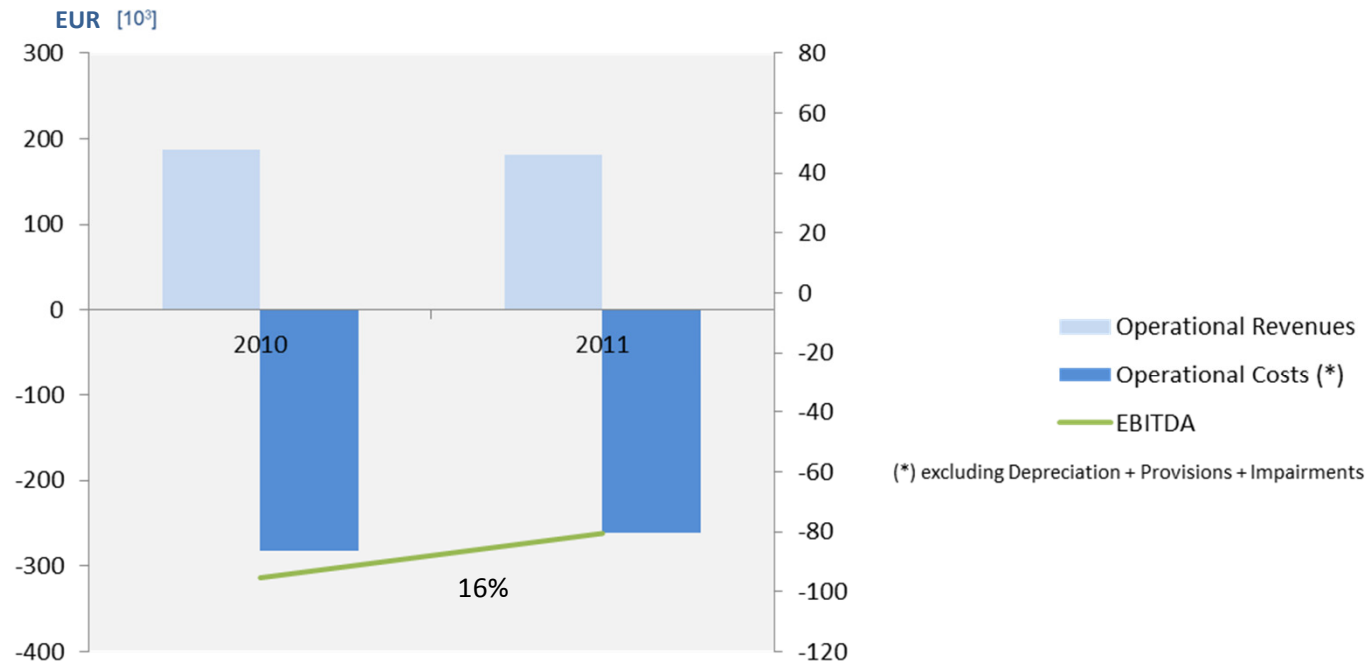
Investment

Financial Debt



EBITDA

Structure and evolution



Company Overview

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Operating Income

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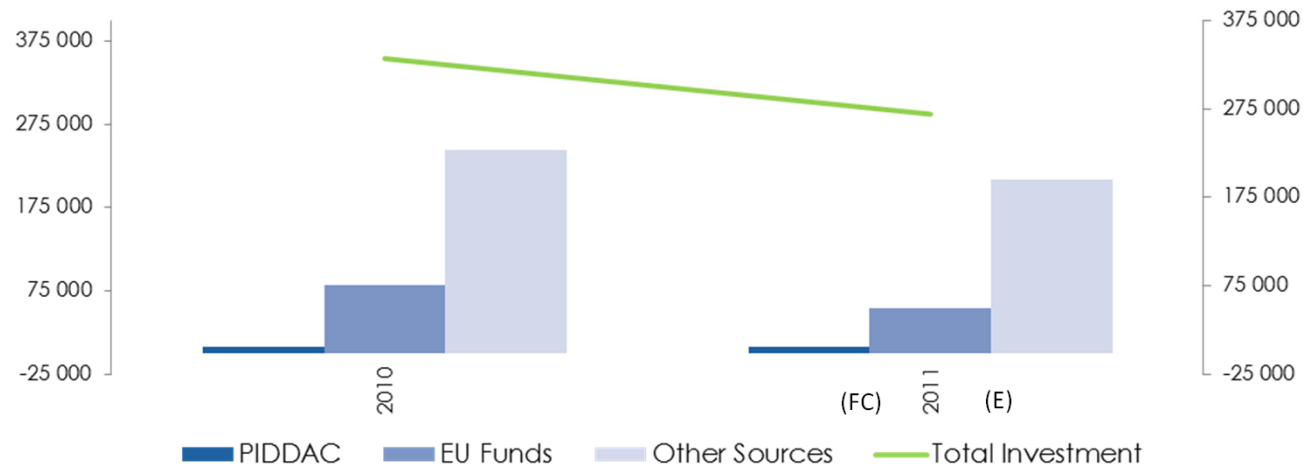
Investment

Coverage



Investment / Financial Coverage (Technical Costs)

EUR [10³]



Company Overview

2011 Highlights

Operating Income

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Investment

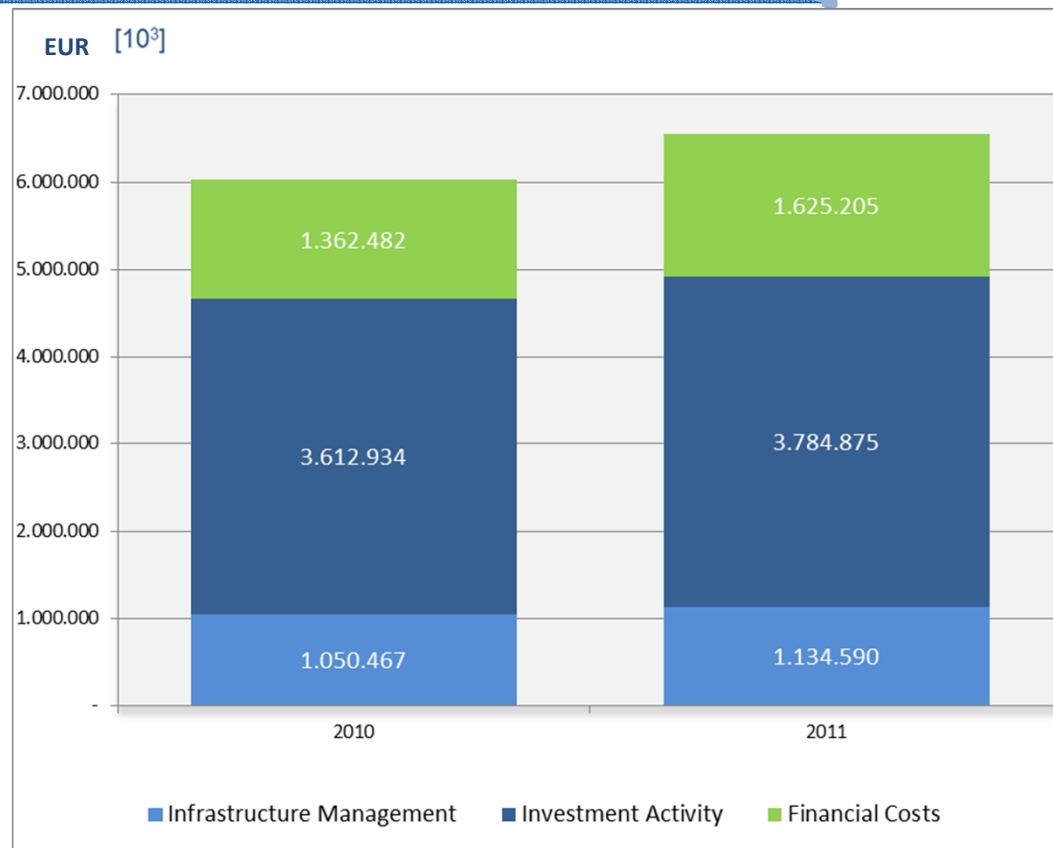
Financial Debt



Financial Debt

By Use of Funds

REFER
IF



EUR 10³

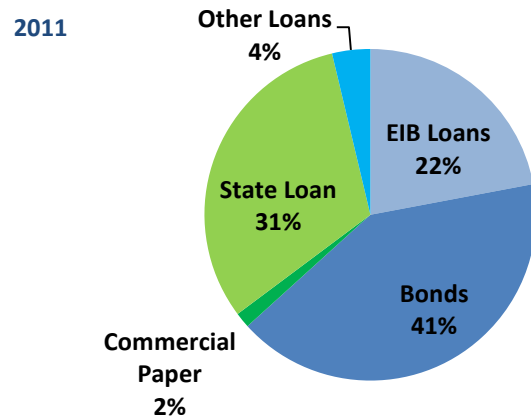
	2010	2011
Initial Debt	5.527.835	6.025.884
Net Change	498.049	525.426
Final Debt	6.025.884	6.551.310

Financial Debt

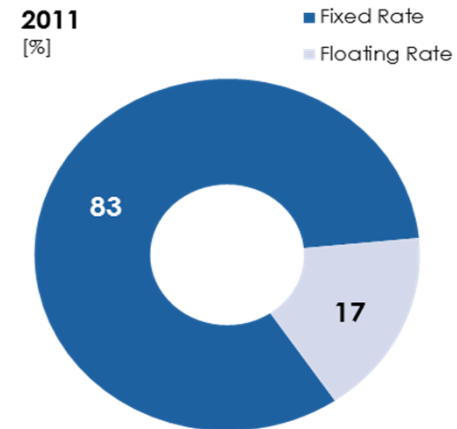
Profile



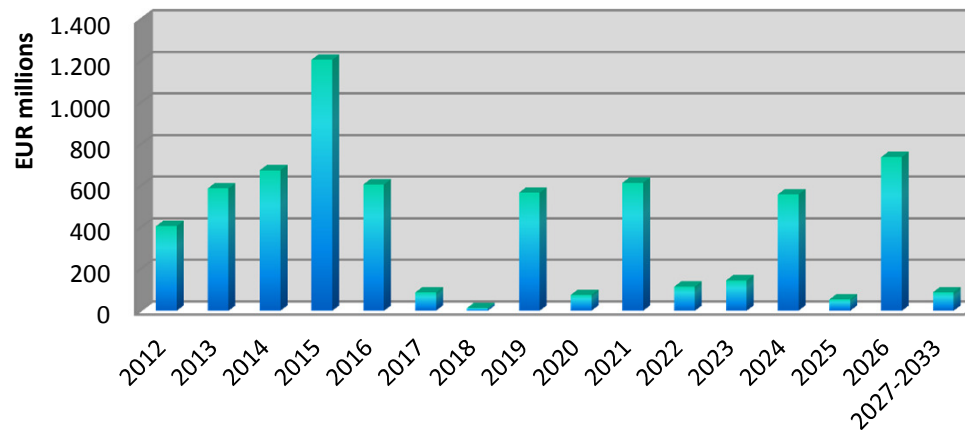
Debt Structure



Interest rate type



Debt Maturity Profile



Annual all-in cost

2011: 4,14%

2010: 3,47%

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RAILS FOR THE FUTURE

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