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Corporate participants

- **Rodrigo Costa** – Chairman and CEO
- **Gonçalo Morais Soares** – CFO & Executive Director
- **João Faria Conceição** – COO & Executive Director
- **Madalena Garrido** – Head of Investor Relations

Participants

- **Ignacio Doménech** – Analyst; JB Capital Markets
- **Jorge Alonso** – Analyst; Bernstein Research

Madalena Garrido

Hello, good morning, ladies and gentlemen, and welcome to REN's Third Quarter 2025 Results Conference Call. We appreciate your presence here today. Joining us this morning, we have the members of REN's Executive Committee, Rodrigo Costa, our CEO, Gonçalo Morais Soares, our CFO, and João Faria Conceição, our COO.

Rodrigo will begin with his opening remarks, and this will be followed by a detailed overview on REN's operational and financial performance for the third quarter. Following the presentation, we will open the floor to your questions. Thank you again for your attention and continued interest on REN.

Rodrigo Costa

Thank you, Madalena. And good morning, all. 2025 was a very challenging but a good year both from an operational perspective as well as a financial perspective. We believe we did quite well and achieved very good results. On my notes regarding 2024, just a year ago, I did a list of the challenges we went through in the last years and there were many. We had COVID. We had a lot of local political turmoil.

We had the beginning of the Ukraine war. We had a spike on energy prices, critical drought for a couple of years and, of course, the usual licensing processes, delays to develop infrastructures, and some challenges in the front of regulation and also high taxes.

In '25, we had a blackout in Spain that took our system down. We had multiple storms because -- not just the ones we had very recently, we had them also in the fall of last year and, of course, with all these, we have been quite busy. But the truth is that we have been consistently delivering in our plans.

Quarter after quarter, the numbers speak for themselves. We keep delivering consistent results and meet the best expectations. On top of the good operational and financial work, we saw some important progress with sales.

Also, on the tax front, we were able to take advantage, again, of a regimen that is now more favorable to business. We are also doing well in Chile, developing the business according to plan, as you are aware. We believe that our sector remains very interesting and full of opportunities.

Our government remains committed to the energy transition and that's, of course, quite positive for us. Energy is at the center of the world development, and we are core for that development. We are a catalyst of the energy transition, and we are doing what we are supposed to do, developing projects, managing existing infrastructures, and being efficient and consistent. And with that, I will move to Gonçalo.

Gonçalo Morais Soares

Thank you, Rodrigo. Welcome to you all to the 2025 results presentation. Moving to slide number four. So, I think that what you have before you are a set of very positive results that consolidate the year 2024, clearly, ahead of the business plan that we had assigned for you that year. EBITDA is growing 2% this year, around that, this is both on the back of growth in Portugal and in Chile.

Net income is growing a little bit more, almost 5%. And this is the result not only of the increase in EBITDA, but better financial results and stable taxes. So, almost EUR 160 million. So, this growth of 4.8%. Net debt is stable, but we are improving metrics, as the recent upgrade showed you. In terms of CapEx, the signs of acceleration, we are increasing CapEx. And this is something that we are going to maintain, that this is already a positive sign, as Rodrigo commented. But before I go into a little bit more detail, let me pass to João, our COO, so that he comments more on the operating side. João?

João Faria Conceição

Good morning to you all. On slide five, you have the summary of the main points from the operational perspective, and I would highlight the last one on the regulation points, which is the new regulatory framework for electricity. We will go in more detail later on in the slide, but to tell you that we got an improvement versus the previous regulatory framework on the different components. The most important one, the rate of return, which has a starting point of 6.19% base rate, plus incentives and plus some other upsides that we will detail later on.

Jumping to slide number seven, you have the main indicators. I would highlight the fact that we increased the electricity consumption by 3.2% versus last year, and this 53 terawatt hour overall, the 2025, was the highest consumption ever registered in the Portuguese electricity system.

Renewable share is approximately the same as the one we got in 2024. There is a slight decrease, and the reason is very simple. As you may remember, we had these blackouts on

the 28th of April, and after the blackout, we were forced to generate some electricity with combined cycle plants in order to ensure the necessary levels of security of supply of the system.

This is something that we are evolving, but affected the renewable share, and it's the reason of the increase on gas consumption of 11.1%, which is basically justified by this increased need of generating electricity with gas sources.

In terms of quality of service, in summary, nothing special to report. We were in line with the previous years, obviously considering the blackouts as a special event, not affecting the necessary indicators for quality of service. And with that, Gonçalo, I give back to you.

Gonçalo Morais Soares

Thank you, João. So, slide number eight is just the main financial slide. Let me just go through a little bit more detail in there. So, in slide number nine, in EBITDA, what you can see is this increase of 2%. So, on assets and OpEx remuneration, it's basically an increase in the amortizations revenue that we have due to the investments, plus also an increase in total tax revenues that did increase this year.

Other revenues increased a little bit more this year, mainly driven by corrections from previous years, okay? So, these are typically costs that were not accepted for some reason or some assets that were not accepted. This year, that impact is around EUR 6 million, so it explains almost everything in this line. It was a little bit higher than normal, but this happens. So, it's an unusual, I'd say, element, but it was slightly higher than normal.

Core OpEx, basically, it's a mix of increased in personnel costs, around EUR 2 million and then, basically, it's also other costs, mainly operation and maintenance. I'll go through those. In terms of the weights [ph], you can see a slight increase in the international. So, as you know, we are slightly ahead there in terms of the weight [ph] that is held (inaudible). Okay.

Moving to slide number 10, basically, no news. We already knew the rates of return since October. So, here, things are more or less stable. In slide number 11, so as I said, this is

clearly showing acceleration, mainly in electricity. We are growing transfers to around more than 10%. We are growing CapEx around 13%. Actually, if you look at electricity, CapEx is growing close to 16%, despite, as Rodrigo mentioned, several approval headwinds. So, it's still difficult to prove certain CapEx, but we are still pushing through and accelerating the deployment, which will continue to happen in the next years, as we'll comment a little bit after. Okay?

In terms of RAB returns, I'd say in slide 12, it's very clear. So, basically, in electricity, the positive impact comes from the asset-based evolution, and in gas, there's a big decrease also from that asset-based evolution, nothing out of the ordinary. The only thing is that here in this line, in electricity, you don't see the impact of solar, but it also exists.

Slide 13, in OpEx, as I told you, the evolution is a little bit linked both to core external and to personnel costs. Personnel costs increased around 3%, 1.2% of that is increase in headcount, so just more people, and the rest is more the general increases that we are giving. So, these increase in people, I'd say that in '26, you'll see that happen. It will start to taper off eventually.

External costs, it's mostly O&M costs, and it derives from, yes, a little bit of increase in price, but also the increase in the network, as we are building more network. Bear in mind that these costs are then reflected in regulation and recuperative versus the regulation, although sometimes the increases occur before then the reflection in regulation, right? There's also a little bit of increase in IT, but it's mostly electricity and O&M, okay?

Looking at Chile in slide 14, so strong performance, and the gas part is increasing a little bit, but it's basically stable. We are coming also from record years, so I'd say stability is the key number here. Electricity, growing quite a bit, so EBITDA growing almost 34%.

This is on the back of the acquisitions also that we did, but not only is the net income almost doubling or more than doubling, and this has to do with also an impact of exchange rates that was positive this year. In 2024, it was slightly negative, and so actually it has a higher year-on-year impact. That then is one of the reasons why financial results are also better.

But here in Chile, so we continue our focus of now integrating the small assets that we acquired in 2025 and continuing to pursue our organic growth agenda as we have defined, and so this is accounting almost 4% or 5% now of our EBITDA, okay? Below EBITDA, so in slide 15, no major news in depreciation. As always, financial results, so it's a mix of several things.

So, as I said, it's first of all an improvement in terms of the average cost of debt that came from 2.7% to 2.5%, but also there's a large impact of exchange rates and positive one this year, so it's slightly above EUR 4.5 million, but given the fact that last year was negative, so the year-on-year impact is almost 6 million, so that's why it's also on a year-on-year basis impacts a little bit more here. I'd say that's perhaps the explanation that you are missing from the numbers.

Then you have also the impacts on dividends that we received, but that's also -- that's a more normal kind of event. In terms of taxes, no major news, so what we see is that this year we still paid the full levy amount versus last year. We have a difference in the levy because in '24 we did have in the account some positive impact of court cases that we won. We already won more court cases during the year, but they are not completely final and as usual we rather be more conservative and not put it in the account, so we have not accounted for any court case winnings.

In 2025 that doesn't mean that there was any change, actually we continue to win court cases. In the gas part, in the electricity, there are no news, but in the gas part we continue to win court cases, but since they were not completely finalized, we didn't put anything in the account, but we are expecting that they will start to have an impact now in 2026, again, okay, so that's why in terms of levy there's a difference in terms of that tax incentive for capitalization.

It's now around EUR 34.5 million versus EUR 35.9 million the previous year. We actually have guided you to around EUR 30 million, so this year is slightly above. We are not changing I'd say the overall estimate of around average of 30 because we think that in the following year this is going to come down a little bit more.

I say that on average the number that we gave you of 90 million should be more or less the same that we are going to get, it's not going to be higher. So, I'd say that effective tax rate of 8% very much in line with what we have in 2024, so positive tax rate also in 2025.

Slide 16, so it's just basically the different impacts, okay? So, positives of EBITDA and financial results, depreciation coming down as it goes up in EBITDA, sales are slightly negative for the explanation that I told, okay? In terms of net debt, slide 17, you see a very strong stability without the tariff deviations which are now stabilizing slightly below 100 million. You have a small increase of net debt, but clearly slightly better than what we had expected and in line with expectations.

Cost of debt improved as we only issued also the debt this year, so it's normal that in '26 and '27 it may go up a little bit because of the issuance of the bond. Debt bond issuance have other impacts. You see that at the end of the year it has a maturity of 4.7. And I can anticipate to you that this maturity, even the recent bond issuance will go up, it's already up to 5.4. So, we want to maintain it at 5, so around 5, and so that is the aim. You don't have it here in this slide, but we also have at the end of the year slightly more variable than usual fixed rate. We were also waiting for the bond issuance and this is going to change, okay? And so, we are going to have more fixed than variable.

I'd say that it's going to set in the kind of normal range, so we'll have around 60% fixed by perhaps by the end of the quarter. As the interest rate environment also is changing, so we are now becoming slightly more fixed again, which was what we were aiming at.

Okay. We have this, but more importantly also, we have this positive development here with S&P. We were at grades that show that rating agencies are looking at the improvements in our credit metrics in a positive way. Okay. Slide 18 is just the share price evolution. So you all know that we have a good share price evolution.

Share prices continue to perform well in the beginning of 2026. We have been now in the range of slightly above 3.7, so we continue to improve in the stock market in line also with the sector or slightly above the sector. Okay. So just going over our sustainability agenda and

metrics in slide 20, we ended up the year stable or reducing slightly scope 1 and 2 emissions and this is in the face of, as João mentioned, an increase in use of gas given the blackout.

So, we were able to still improve a little bit, which makes that we are now at minus 57 versus 2019 with a no objective of minus 60 in 2030. So, we are well on our way to perform this. The same in scope 3, we are minus 29 and our objective is minus 30. So, we are basically there already and carbon neutral (inaudible) we are clearly on track. So, I think that this shows that we continue to deliver. You have the detail of this in slide 21, but I'm not going to go in detail over this.

And in slide 22, you see the main, yes, the standards. So, we don't work for this, for the standards themselves, but it's true that they recognize the hard work that we do in this area and the commitment. So, either we maintain because we are already at the top level or we are continuing to try and improve mainly in SMP global. Okay? Okay. So, looking a little bit and doing a summarized version of what is the strategic update. So, this is important because we have been delivering numbers that are better.

Bear in mind that this is a subset of the slides that you have in the longer form version of our presentation. So not all of the slides are here. And of course, specifically to the analysts, we are going to be meeting you face-to-face and you have that information already in the site with some additional information to what I'm going to say.

So that I don't have to go through all of the slides, but the main messages are going to be the same. Okay. But of course, when we meet you early next week and the following week, we'll be happy to go into all the detail that we in this call is a little bit more difficult to give you. Okay. So, in slide 29, and before going into the update, in 24, I'm sorry, in slide 24, and before giving you the report, it's important to register that we are delivering and outperforming versus what we gave you.

So, this is something that nowadays is important to refer because it's not always the case. We clearly came on targeting EBITDA. We clearly came very much ahead in net profit. We clearly came on the low range of net debt. We clearly came above the interval and within the interval and ahead of schedule on the CapEx deployment. So this is important and to give you that

idea. Of course, only in -- we are only giving you some numbers for '26 and '27, not because we don't want to give more visibility that this is the normal timing.

Next year, we are going to revise the full business plan. So, we are not giving you now a new business plan. What we are giving you is basically a limited revision of numbers for these two years, and then next year, we will revise the business plan with all of these components. Okay. So -- but looking at slide 25, what can we see in the numbers that we are giving you now? First of all is an acceleration of CapEx.

So clearly, we are giving you and telling you that we are going to be deploying more CapEx already in '26 and '27. Okay. And what we are saying is that this CapEx growth is coming basically from electricity. So, there is an increase in the electricity CapEx, and there is actually a decrease in gas CapEx versus what we have in the business plan. This is extremely well aligned with what's happening in our regulation. So we are -- this is what is happening now at the time where also regulation from electricity came out positive, as we have already mentioned before in the end of the year.

So we came out with a very healthy rate that allows us now to deploy CapEx with more confidence and to be able to accelerate knowing exactly the returns that we are going to have. So, I think that there's this kind of multiplication effect of both things happening at the same time, more CapEx and improved regulation. Then what I can tell you is that on the fiscal end funding, we are consolidating what we had before.

So fiscally, there is a major upgrade in terms of the taxes. That is what we have been seeing from the past years with the sales in gas now going away, with the corporate tax rate improving. So, there's a lot of small things that are improving tax and continue to improve and sustain tax.

And unlike other companies, we are actually improving credit metrics. The best sign is the upgrade from S&P. So, it's a little bit unique versus other TSOs. We are actually improving the credit metrics, which also allows us to build flexibility into the metrics so that if there is, and we hope there is more upside in CapEx coming from in the future, we are going to be able to capture that opportunity as it unfolds. Okay.

In slide 26, you have a little bit more detail on what the CapEx step-up is. So, as you can see, it is basically a step-up in electricity. Okay. So we are increasing in a material way the electricity CapEx range that we have versus the initial target. So it's more than 50% of increase versus the target. We are decreasing the ones in gas, basically because H2 development is growing at a slower pace.

It's not something that concerns us. We are deploying it in a conservative way. We are waiting for this to become a higher priority in certain agendas, so we are deploying it as it should. But again, let me focus on the electricity CapEx. This increase, this strong increase is across the board. It's mainly linked to integrating more renewable capacity into the power supply to these new high-demanding zones.

The fact that most of this is going to be done after 2027, it's more modernization of assets. So, it's more connecting to distribution networks. So, it's a whole range of things that is pushing CapEx to grow a little bit more. To comment specifically on solar agreements, they are, as I have already mentioned, slightly delayed in deployment. But we are expecting that between this year, but mainly 2027, we are going to be catching up with the timeline that we have. Okay. In Chile, no major news. I'd say that the major change was that we acquired those last year. So, there is a little bit less of organic CapEx that we acquired.

Slide 27. Most of this is already -- you already know. So, there was a good improvement in electricity regulation. Base rate is close to 6.2%. With the premium on all assets and with, let's say, a conservative view on incentives, we should be at or slightly above 7% of return. That is a positive. And we were developing and constructive development in terms of regulation. So we are much more comfortable in deploying CapEx now in electricity. And I think that this is going to have a positive impact, as we already know, in EBITDA.

So, summarizing. And in slide 28. So, what we are seeing and giving you as updated targets. In EBITDA, we are giving you -- and this is only for '26 and '27, a range of 540 to 560. Bear in mind that before, the maximum number in the interval was 540. And this is now the minimum interval. So around an increase of 12%. So, we think this is consolidating what we already were giving analysts as guidance.

In net profit, we will be a very large upgrade. So, we are putting around 150 to 160. This year, we were at 160. And we tend to be always a little bit more conservative in the intervals that we give you. But this is the number that we feel now comfortable for this year. Although, as I said, we are already at 160 in 2025. That's slightly more. We are spending a little bit more CapEx. It's normal that it increases.

But the relevant part is that the metrics behind it are improving. Okay. So it's not so much that the CapEx is improving or that the net debt is growing a little bit. The current metrics are, despite this increase, actually improving a little bit. Which, as I told you, is shown by that rate that we recently had. In CapEx, we have this interval of 350 to 450. We're increasing it to 450 to 550. So, we are increasing everything 100 million. So, we'll see. Again, we like to be conservative.

My colleague, João, has a lot of work in these past few months just redoing what was the impact of the storms in Portugal. So, it's a challenging year for his team on the construction side. They have not only to do a lot of new CapEx, but now they have to spend a lot of time redoing CapEx that was already.

So, we are always, I'd say, conservative in the way that we approach these numbers, as we like to be. But we are confident that CapEx is going to accelerate already in the next two years. Okay. So, concluding on slide 29, accelerating growth. We are seeing this asset-based growth in electricity of around 9% when we put regulated and non-regulated assets and solar agreements. We saw this improvement in regulation with expected above 7% returns.

We continue to see these favorable developments in the fiscal part. And we are not accounting for, in these numbers, this \$40 million a year. Even being slightly conservative on the incentive that we have now at \$34 million, we are not considering in these numbers any recuperation of lags that we may have in the year. So again, it's a very positive number with five on top. And in funding, as I said, unique position of improving credit metrics, although we are growing and accelerating.

So finally, slide 21, very good set of results in 2025. I think that guidance shows you that we are committed and we are seeing acceleration of growth. As I said, although we are only giving you this for '26 and '27, this is something that we see continuing for the next year. But we are only giving this for the next two years.

Also, since this is not a new business plan, we did not update everything. One of the things that we did not update as of now, we will update next year, is the dividend policy. So we prefer also to maintain the current dividend policy.

We have already anticipated growth one year. So, we maintain the 2%. And we are proposing, or the board is proposing to the AGM, a dividend of \$0.16 per share. And price has been performing very well and rewarding shareholders. So, I think that this is clearly keeping in line with what we have promised the market is 2%. So, thank you very much for your attention. This was a little bit longer than usual, but let's open up to questions that you may have. Thank you.

Q&A

Ignacio Domenech

Hi. Good morning. Thank you for the presentation. And thank you for taking my questions. The first question is on the lower financial cost and the higher financial income in the quarter. I believe, Gonçalo, you mentioned one of EUR 6 million.

But actually looking at the quarter, we're seeing a decline, both in the financial cost, but also an increase. So, I just wanted to understand what drove this one, which is quite material, and to understand if it was cash impacts, okay, if everything was cash. Then secondly, on your

CapEx plans, we saw a material increase versus the 2024-2027 targets, which you outlined in the business plan.

So, I just wanted to understand here as well if this is the right level of investments that we should expect going forward or post '27, if we should expect this number to decrease, assessing that part of this CapEx includes the solar direct agreements, okay, just to see if there is any upside risk there. Thank you very much.

Gonçalo Morais Soares

So, on the financial cost, the main change in the quarter is the thing that I mentioned, exchange rates, because things in the last quarter changed a lot in Chile, okay? So, you have actually negative exchange rates until then on the third quarter, and then they became positive, okay? Because of the elections and on the follow-up of the elections, there was a very strong reversal that became very positive.

So, that's why you see that change, which is a little bit, again, more abrupt than usual. So, usually, you would not see this change in this manner, but it's basically that, okay? So, that's basically when I can then give you the details, but it's basically this. It came from being negative almost 4 million to being positive almost 4 million, okay?

On the CapEx plan, so as I said, we were not giving you anything after '27, but yes, we are not expecting a decline, so we are expecting things to go up and to stay at a higher level, depending on any given year. So, it's not going to be every year.

It may be higher or lower. In '26 and '27, namely, there's a lot of CapEx to be done still in the first part of the first solar agreement, and the second solar agreement will kick more in '28, so in a few years. But so there is a lot of CapEx. If you go and check the years and the plans that are given, you can see that there is a lot of CapEx. That CapEx is reflective. Part of it is reflected in the regulation already of the -- that is the Totex model, so it's already there. So, we are expecting that it goes up and it stays higher, namely in electricity, but it can vary on any given year, okay?

Ignacio Domenech

Okay. A follow-up question, if I may, on the recurring net profit of 150 million, 160 million, I assume this includes the tax capitalization incentive, right? But it does exclude any upside from tax recoveries from CEFE [ph]. Is this correct?

Gonçalo Morais Soares

It's correct. So, we are assuming capitalization there. As I said, we are assuming actually an average that is below 30 million for '26 and '27, and actually in 2025 it was higher than 30 million, so it's around 28, 27.5 million that we are assuming for those years. But it's just because we like to be conservative. We don't have the visibility. We have an expectation that it may come down a little bit, but again, we like to be conservative.

On the levy, we are not assuming any change. We are assuming the same thing in 2026, minus the 10 million of gas. And in '27, basically, you are already assuming a small decrease in the electricity levy because according to the budget, the new assets, the ones that you deploy in '26, are already not such to it.

But you will only see that reflected in '27 because those assets are being amortized. The old ones are being amortized and you pay less levy, and the new ones you are not paying levy. So, you'll see the levy come down, I don't know, one, one and a half, two million per year. Okay? So, that's what we are assuming, a very small decrease on the levy on the average for the two years. Okay? But on an yearly basis, you could see a decrease of 1.52 million a year. Okay. That's only on '27. Thank you.

Ignacio Domenech

Understood. Thank you. Thank you very much. Bye.

Jorge Alonso

Hi and good morning. Thank you for taking my questions. Just a clarification in one of your slides on regarding on the CapEx. I know that you're not going to give us any figure for '28, '29. But just to understand, the National Transmission Network Plan that you put there, 801 billion between 2026, 2029, and then special CapEx for the C-NES [ph] region to be deployed by '31. Just to understand how overlapped is that.

So, just to understand if basically the C-NES [ph] CapEx are expected to be deployed already since 2026, or it will be more back and then loaded starting maybe 2028 to 2031. That's the first question, just to how to allocate that extra CapEx.

The other questions are regarding the tax breaks. If you can provide any color about it, if you think that these can be extended one year more. If not, if anyone, should we have news about that? And if you had any view about the potential complete removal of the special energy tax on electricity in the near future. If you think that the mood in the political landscape have changed and this is now more likely than in the past. Thank you very much.

Gonçalo Morais Soares

Relating to things, João can complement, but yes. So, it's clearly after '27. So, before '27 and in the CapEx that we have for these two years, we have not even 10% of that investment. So, I think that João is starting to going to doing that in '27, but very small amount now. So, it's more '28, '29, '30. Okay? And the government also is coming out now with a new process for basically new high demand areas.

These are basically linked, as we have said in the past, to centers and things like this. This is a process that is ongoing. We can't give you any news now, so it can result in additional CapEx that we don't have in the network. But again, if it does, and this is clarified along this year, it's only going to be deployed in '29, '30. So, it's not in the horizon for these two years. Next year,

so when we come with the business plan for '27, '28, '29, and '30, we are going to give you, and perhaps that is going to include most of this CapEx that we are talking about.

But in these numbers, you have basically almost nothing. Okay. So, it's an aside that is longer term. On the tax part, on the tax incentive, we don't know. So, it may be that it is extended. We don't know. We only know that it was created by the previous government. It was maintained by this one for already more than two years. So, it is something that appears to have some kind of consensus that it is an interesting tax incentive for companies. That's the only thing I can give you.

We are not revising any expectation relating to that. But again, another upside. It may happen. It's an upside. We like to be conservative on this. On the sales, there's no news. It's what I told you.

On the electricity side, we are seeing there is nothing new on the port side. There's no new news relative to any of the port cases that we have on electricity are moving. Okay. But there has been a change in the mood of the port. So, we will see. The reality is that the budget itself already limited. So, no new CapEx is going to have the levy. So, even if they didn't change it once and for all, it's already going to be declining starting in '27. Again, I think that there is an upside here that you may read into it that in a few years it may change, but we don't know.

So, I think this is following the trend of the gas. So, I think that they are now consolidating that gas has changed. And then I think that the court case, there is a point where the courts will have to also say that this doesn't make sense, but we are waiting and hoping that this changes. But there is no specific new news to give you on this front.

Madalena Garrido

So, thank you very much for attending. As mentioned by Gonçalo, we are still going to be able to take any of your questions offline. And we'll be discussing all the coming weeks. So, thank you again and speak to you soon. Thank you.