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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

- **Alessandro Di Vito** - Mediobanca; Analyst
- **Fernando Abril-Martorell** - Alantra; Analyst

Madalena Garrido

Good morning, ladies and gentlemen. Welcome to REN's First Half 2026 Results Conference Call. We appreciate your time and availability this morning. Joining us today are the members of REN's executive committee, Rodrigo Costa, our CEO, Gonçalo Morais Soares, our CFO, and João Conceição, our COO.

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

Rodrigo Costa

Well, thank you, Madalena. Good morning, all. And thanks again for being with us today. This is the call that just before the holidays as most of the people.

As you probably saw, we had another good quarter, both from operational and finance perspective, in Portugal and also in Chile. This time, we don't have any major events to report on. And today, the introduction will be really short and I believe we are making very good progress in all fronts, and we will go through the detail. And now Gonçalo takes the lead.

Gonçalo Morais Soares

Thank you, Rodrigo. Good morning to you all. So, I'd say another set of good and solid results. We are delivering on the strategic update that we made to you on March of this year, I'd say slightly ahead of that update.

On slide number four, you have the key messages. So EBITDA grew almost 11%, 10.8% to be more precise, mostly on the back of strong domestic EBITDA, which is mostly driven by the new regulatory framework in electricity, but also some contribution from international operations.

On net profit and building on that, you also see good growth. Also because of improving financial results and mostly because of tax impact, not only the leasing assets went away, but some of course gains that we made from previous decisions and recuperation that we are making on the left. So here we should clearly expect growth but do not expect this kind of percent-wise growth, percentage growth, for the full year.

In terms of net debt stability, most of the debt is basically in line. Average cost is coming down a little bit also on the back of improving ratings. On CapEx, we are delivering the growth that we have been promising. CapEx has increased around 23%.

Also, transfers throughout have also increased in this despite the fact that we have very strong storms, the Kristin storm at the beginning of the year.

Operating teams did an incredible job and were able to continue to work also on other fronts and deliver this growth. Let me just pass to João that will give you a brief update on what's going on on more of the operating side. João?

João Faria Conceição

Thanks, Gonçalo. Good morning to you all. On slide five, you have the key message from the operational perspective. I would highlight the fact that, on the electricity side, the Portuguese system maintains a very high level of renewables penetration, slightly above 70% of the total consumption in the first semester of 2026 was generated from renewable sources with approximately the same distribution per technology as the previous years, 2025.

We keep seeing the consumption increase around 3.5%, and that is the expectation, approximately the expectation we have for the following months, meaning that this is in line basically with the plans that we foresee and the need for additional infrastructure, as we presented in our investment plan.

On the natural gas side, you see here an increase in consumption of 6.1%. That's mainly driven by the usage of natural gas for electricity generation, and that derives from the fact that we were forced to introduce some combined cycle plants into the system for security of supply purpose, just after the last year event, the blackout in 28th of April, as well as the storms like Gonçalo mentioned, the Kristin storms that we had in Portugal in January 2026.

Another point to highlight in related to the blackout is the fact that the Portuguese regulator classified the blackout as an exceptional event. We were kind of expecting this classification, and that is quite important because it accounts for our quality-of-service indicators.

We also see another aspect that it is relevant from the operational perspective is the fact that the Portuguese government launched the consultation and the strategic plan for storage, which again will put some extra needs for CapEx within our infrastructure.

Moving to slide number seven. Basically, you have the different indicators apart from the consumption, which are in the renewable share which I mentioned. I would just highlight the fact that we keep very high levels of quality of service, even though you have an average interruption time on electricity significantly higher than the previous year. That derives from the fact that we are considering in these 3.41 minutes the impact of the Kristin Storm.

Although we are also expecting this to be classified as an exceptional event, and if that is the case, this will not count for the indicators. And the interruption time reduces significantly to 0.01 minutes, perfectly in line with the previous years. On natural gas, the levels of quality of service are kept at the high level as previous before. And with that, I pass to Gonçalo.

Gonçalo Morais Soares

João, thank you. So, on slide number eight, just the main highlights. I think I've gone through this increase in EBITDA, the increase of 42% in net profit and net debt stable. So, moving on to slide number nine in EBITDA. You can see that most of the increase comes from the assets and OpEx remuneration, and this is basically the increase in new regulation, in electricity.

There's also an increase in the semester of the incentives, which at year-end should be slightly lower than we had last year, as they are a little bit more challenging to achieve, and as we actually made the expectation to you. So, this will probably slightly be lower at the end of the year, but the logic is the same.

The costs are increasing mostly by personnel and some other external costs, which are also included partially in additional OpEx allowances that you see on the asset and OpEx remuneration.

Okay? The international segment delivered well, and so what you can see is electricity growing and surpassing clearly two-thirds of what the weight in EBITDA is. And you also see the international growing close to 6%, so still a small number as we like to keep it but growing at a good pace.

In slide number 10, you see basically the increase of rates in electricity, although rates are coming up a little bit. So probably the rates of return on the assets at the final, when we determine them in 30 of September, will be slightly higher, but not very much higher, but slightly higher than what was initially estimated at the beginning of the year.

In terms of 11 -- of investment, I'm sorry, in slide 11. As you know, it's still early, but I think that despite the fact, as João was mentioning, that we had the Storm Kristin and that we have all of the operating teams in the field. The fact that we are still delivering strong CapEx and we are still delivering strong transfer to Rev is a very positive sign. But we are let's say very optimistic and very constructive in looking at the full year.

We, I'd say, nice double-digit growth in CapEx versus last year, which would versus 2024, because last year had some, I'd say special CapEx in Chile. But if you compare it to 2024, you would have, let's say, significant increase in CapEx versus that year. Okay.

In terms of rough returns in slide 12, a little bit what you already know, so about the normal dynamic in these several segments. Nothing to add here. Let me just move to slide 13 to comment on OpEx.

So, I'd say that this is in line. We are still going after and controlling OpEx quite well. The business is growing, so it's normal that OpEx grows. This is basically on personnel driven by more people and some normal general increases. And in core external, it's basically tied to maintenance costs and IT costs, which are then protected also under the regulation.

It's normal that in the first year of regulation, the spread and these are a little bit -- you are still not recuperating what you want to recuperate in terms of external cost, but this is going to be quickly being recuperated through the regulatory framework. Okay.

In terms of international in slide 14, I'd say solid results. So Transemel growing a lot. This is mostly also, not only, but mostly because of the small acquisitions that we made last year. So everything in completely already internalized, the assets are already functioning well.

And the, I'd say, the normal assets that we have in Transemel are also progressing quite well, and we are in line to keep the investments and to be able to fulfill the investments that we had planned for Transemel this year in Chile. In Electrogas, you see very small decreases year-on-year.

But the reality, to be honest, is that we are optimistic on this business. We are seeing a renewed push for increasing the gas imports from Argentina, and there may be some growth here also in the coming future.

So, I think that this is also a segment that, although not as sexy and although not having as much growth as electricity, is also performing quite well and could actually have some growth in the coming years.

Looking at below EBITDA. So depreciation basically in line, nothing there to add. In terms of financial results, there is an improvement. This comes from several sources. First, because we are receiving interest from the levies that we are winning in court, that's important. Second, because Net Debt is slightly lower and in line. Third, because we are able to decrease a little bit the average cost of debt.

Bear in mind that the average cost of debt may increase now again, because we are seeing increases being implemented by ADSE. There may be another increase in September. So although we issued very well at the time that we issued it in February, there may be some pickup.

But the fact is that the improvement in the ratings that we are also now seeing also is helping us insulate from these increases, and is helping us control and maintain the cost of debt at a very optimized level.

In terms of taxes, basically the story is, one, the elimination of the levy in gas that we already have this year. It's EUR 10 million less. And secondly, is the recuperations that we see. We have this recuperation of EUR 4.1 million already in the account.

Although nothing has changed structurally in levy, so we have no news. We didn't have any court case in electricity that would be interesting to tell you. But what we are seeing is that the court cases in gas are slightly accelerating the dynamic. So, we are seeing more court cases being built.

So, we already recognized it could be that during the year, we recognize more things until the year-end relating to court cases of gas and recuperation in court. Okay?

So, in terms of net profit, is all of this in slide 16 put together, so strong EBITDA, strong financial results, strong tax recuperations, okay. All of this makes this 42% increase. As I said, we are not -- we are expecting an increase, but not this increase for the full year.

In slide 17, in depth, everything is very much in line. So Net Debt actually evolving positively quite well. Part of it is because of very deviations that are now at a very low level, and also because we are still dynamic of receiving and implementing the solar agreements. This other line that you see here is mostly related to that.

So, we are receiving, sometimes the CapEx will due a few months later, so this is also a kind of timing issue as the shown teams are building and implementing the solar agreement CapEx that we have in hand. Okay?

So Net debt very stable, maturity stable at the five years. A lot of liquidity, still, so control process. So, we are very comfortable with our funding position. We are seeing improving ratings, so we are clearly building flexibility here also at the net debt level.

In slide 18, just the share price is going up. Now in the last few days, it's come down a little bit, so I think we are still performing well with the market. But this kind of going up and down is the normal dynamic, nothing here to add.

In terms of the SDFG [ph], just going slide 20, just to repeat, and this builds on the comment that João made. So, the most interesting here is that you see the greenhouse gas emissions growing a little bit, around 3%, the Scope 1 and 2. This is driven by what João explained, the security of supply issues and measures that we took, so they made this increase.

We are expecting this to level off a little bit more on a full year kind of loss, okay? I'm not going to go through the details of slide 21. Slide 22 with the ratings, you are basically seeing that improvements are getting smaller. So, I think we did a lot of jobs. We are still investing a lot of time and resources in EFG [ph], but the results in terms of ratings are going to be slightly smaller because we are getting to a higher level, okay?

So, in terms of closing remarks, just to tell you, in slide 24. So, this is basically what we've been and what we told you in the update. In EBIT, we are seeing the positive impact of the constructive regulatory framework, in electricity, in net profits. And building on that, we see the impact of not only funding, but also of the tax recuperations that we knew.

In CapEx, we are seeing the growth and we promised to deliver. In net debt, we are basically seeing a strong balance sheet that is enabling improvements in rates. What you can also expect, and what we can also tell you, is that versus what we told you in March of this year in the strategy update we are delivering.

We are comfortable with the EBITDA interval that we gave you and with the consensus that we gave you. We are actually very comfortable with the net income consensus and the interval that we gave you on that. And on CapEx, we are also very comfortable with the interval, and I think we'll probably be closer to the upper range of the level that we gave you on that interval, rather than to the middle, okay?

So I think we are delivering well on what we promised you recently. And with that, I conclude, and I open up to any questions that you may have. Thank you.

Q&A

Alessandro Di Vito

Yes. Good morning, all. Thanks for taking my question. I have two. First one, I understand that you are comfortable with the ranges that you provided with the strategic update.

That said, the net income of first half is a little bit ahead of the midpoint of the range that you provided. So I wanted to understand whether do you see maybe some upside at bottom line at full year, or should we expect some seasonality maybe in the second half? And if yes, what could be the explanation of that?

The second question, I would be interested if you could provide some color on the consultation on the electricity storage that you mentioned at the beginning of the presentation. Specifically, if this could be also an opportunity for you or if, let's say, this segment would be only focused for liberalized operators. Many thanks.

Gonçalo Morais Soares

And on regulation as well can also complement. These preliminary discussions will start more or less a Okay, so on your first question, I think that everything that we have on the plate is kind of coming out as we planned. So, all of the impacts of regulation, all the CapEx, everything all over the cost. I think what makes it a little bit ahead or not also may be tax recuperation. So, if they happen faster in the fall, that's a timing that we don't control when they happen.

So, if they happen at, I'd say, at a faster pace, we may beat a little bit the number that we gave you. If they don't happen so fast, we might. So, it's not that it's anything structural with the business that would make you, but yes, there is a possibility of an upside versus the interval that we gave you.

So that's why I told you that we are very comfortable that most of this is, I'd say, is driven by these reasons. João, do you want to comment on the storage?

João Faria Conceição

Sure. Thanks, Gonçalo, and thanks for the question. Well, regarding the -- what has been announced by the government is a push on chemical storage, so the usage of batteries, what consider to be the short-term storage. But complemented by what they consider to be the long-term storage, which is pumping storage.

So they have some targets for -- that was announced. More short-term targets for the batteries, medium/long-term targets for the pumping storage. The storage is supposed to be developed by market agents and market operators. So, it's not considered to be something that is under the operation of the system management or the network operator.

Having said that, in order to connect to this new capacity, we will be obliged to develop extra grid elements, and we will be obliged to increase our CapEx so that these capacities is fully connected to the grid. Thank you.

Fernando Abril-Martorell

Hello. Good morning. Thank you for taking my question. It's only one since the factory, the storage plan has already been answered. This is about, I'm not sure your involvement, but it's about the Zona de Grande Procura process that is being held at the moment, I think, in Portugal.

So I don't know if you can give us some color about this process, how is it going, the amount of connection capacity requested versus what is currently available, and broadly speaking, the implications that this process may have to you on the investment targets. Thank you.

João Faria Conceição

Well, thanks for your question. Actually, this is the second formal process that the Portuguese system launched. The first one was very much spotted to the industrial side of Sines. The second one covers all the countries. This is what they call the national high demand areas, I would say, translating directly to English.

There were several market agents and operators, consumption and data centers and so on, that presented their interest. This goes through a relatively straight procedure of providing guarantees and to reinforce the need for these connection points.

In parallel, we are supposed to, and we have already presented to the government, the needs on extra CapEx to create the necessary conditions for all these players to connect.

So we are on the stage, and it's not public yet, we are at the stage of closing the procedure by making the necessary connection agreements with these consumers. And in parallel, waiting for the decision of the government regarding the specific CapEx that we have announced. Thank you.

Fernando Abril-Martorell

Thank you. Can I just follow up? A very quick one. It's just about the timing. So when do you expect an update on this process? Maybe after summer or maybe it may take longer?

João Faria Conceição

Well, ideally after summer, but there are some timings that we do not control, namely the decisions from the government. But ideally, I would say in the first quarter, we are supposed to be closing this procedure. Thank you.

Madalena Garrido

Thank you all. If there are no further questions, we would like to thank you again for your time and availability. We remain available to take any other questions offline, and we wish you all a very happy summer break. Thank you.