REN – Redes Energéticas Nacionais
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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
- **Pablo Cuadrado** – JB Capital Markets; Equity Research Analyst

Madalena Garrido

Hello, good morning, ladies and gentlemen, and welcome to REN's third quarter 2026 results conference call. We appreciate your presence here today. Joining us this morning, we have the members of our Executive Committee, Rodrigo Costa, our CEO; Gonçalo Morais Soares, our CFO; and João Conceicao, our COO.

Rodrigo will begin with his opening remarks, and then 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. Good morning, all. We have been in the news for a while due to the return of the Portuguese state to REN as a shareholder, as we all know. The process now is closed, according to the government, and for the time being, we do not have any more news. The process went smoothly. Both transactions happened without any leaks, as they should, and with no impact on our market liquidity. And to be honest, life goes on as normal, with our teams totally focused on our operations.

Talking about the results of the quarter, we had another busy one with good numbers. It all went well, as you know. Gonçalo will take us, as usual, through the numbers, and we will be able to go through questions afterwards. This week, we had to deal with a potential dangerous weather event that turned out to be tough, but softer than expected. Everything went pretty well.

The lessons learned with the Kristin storm were very useful, and I think we all learned with that. And now, as we speak, we are all dealing with the Microsoft Cloud service outage. This is the world we live in. Regular surprises that make our lives pretty unpredictable and exciting. But we are doing our job. Now, let's move to the presentation. Thank you.

Gonçalo Morais Soares

Thank you, Rodrigo. Good morning to you all. So, if you want to move to the presentation on slide four, you have the main numbers of what we believe is another strong quarter in terms of our financials.

The EBITDA is growing around 10%. This is mostly on the back of the domestic operations and the revised regulatory framework for electricity, but also with good contributions from international operations. Net profits, apart from being impacted by these operational activities, is also impacted by, on one side, a stable cost of funding, and on the other side, of the expected tax recuperations that we've been having. So, it's growing almost a third, so 34%.

Net debt is very stable, as is the cost of debt, and I'll go into a little bit more into that. So, we keep maintaining this strong funding profile. And CapEx, although in the quarter and up to now has decreased, we are expecting a strong fourth quarter and a strong year, as we have given guidance at the beginning of the year. So, let me pass to João that will go through the main operational event. João?

João Faria Conceição

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Gonçalo Morais Soares

Thank you very much. So slide eight is just a summary of the main numbers. I'm not going to spend a lot of time here, but we can go to slide number nine. So it's just a breakup of the evolutionary EBITDA. So basically, what you see is that most of the positive impact comes from Portugal, and this is mostly tied to not only and mainly to the change of regulation in electricity. That was slightly also amplified by the fact that the rates are going up. So that is having this impact. So it's mostly coming from the TotEx revenue.

The other revenues, they are kind of going down. This is a little bit cyclical. In this case, it has to do that. In the last year, we have sold some scrap materials. This year, we haven't. So it makes this sometimes go up a couple of millions. In this quarter, it's coming down around EUR 2 million.

OpEx is still growing in line with also the growth of the operations and as we have this also recognized on the TotEx revenues. And international segments also contributed positively. It is now around 6% from 4.8% that we had last year at this time. Okay.

On slide 10, you see the RoR evolution. So, you see that the rates have been trending upwards a little bit. This has had a small impact. And you can see that the base rate of electricity is higher than the base rate at the time when we estimated, which was [6.19] at the beginning of the period. So, this is driven a little bit by this increase, and as are the other rates, slightly higher and contributing to higher EBITDA.

On slide 11, and on investment, I want to pause a little bit to give you some [figures]. But here today, what you see is a CapEx coming down year on year. Sorry. But this is not, we believe, and we are almost certain, the story for the full year.

There were some delays. And this was mostly driven by the Christian storm at the beginning of the year. Some usual permitting delays. But we are expecting a pretty strong fourth quarter. And we are expecting, clearly, a year where overall CapEx will grow, mainly, a year where domestic CapEx in electricity will grow. So, we are very confident and very comfortable with the intervals that we gave you at the beginning of the year.

And we should see, full year, an expansion of overall CapEx, mainly of domestic CapEx. So, the teams are doing a great job. They've been working around the clock, but this small impact at the beginning maybe pushed a little bit more towards the last couple of months of the year. And so you don't see that result so much on the third quarter, but you will see it on the fourth quarter.

In terms of OpEx in slide number 12, as I said, is the normal kind of push that we've seen in some of these past quarters. Nothing is out of the ordinary or was not expected. Personal costs, I would say it's a mix of both more head count and increase of salaries. I'd say half and half. Around 3% is accounted by more people.

In terms of core external costs, it's several small things. Sometimes there's some timing issues that on the quarter make things a little bit higher than they should, but I'd say it is something that, along with personal costs, we are very mindful and very attentive to make sure that we are ramping up the

discipline on this as we are starting the new regulatory period in electricity. But the reality is that we have a lot of more operations and there is some inflation in this cost.

Looking at Chile in slide 13, as I said, Chile has increased its contribution to around 6% of EBITDA. So still, as we always said, a small part of the company, but a positive and growing part. So, the electricity part is clearly the one growing more on the back of the small assets that we acquired last year.

Everything is already integrated, everything is already kind of working okay. So, we continue to follow a disciplined approach of growth here so that not to grow not only very fast, but to grow also now with higher IRRs that we have in the past. And this is what we've seen and we are doing now in Transemel.

In Electrogas, which is the gas part, the year looks pretty good. Next year also looks pretty good. So, there is a growing push for the use of gas infrastructures in Chile, namely our pipeline. So, the only thing that sometimes affects these companies, namely Electrogas, is the exchange rate variation. Sometimes it's positive, sometimes it's negative. In these first nine months, it's a little bit negative, but nothing that, to be honest, concerns us a lot.

Looking at below EBITDA, what we are seeing depreciation, no news. On financial results, what you see is a stabilization and even a decline, but I'd say end of the year, more stabilization of net debt on the back of the continuing CapEx, but you'll see this grow more on the fourth quarter.

That being said, the average cost of debt is very much stable. As you know, this is by design. We typically have a cost of debt that trends a year, a year something behind the evolution of rates. So, you'll probably see this rate, this average cost of debt, go up next year when we continue to refinance debt, but this year we have been able, even to our funding structure, to keep it in the same place. In terms of taxes, this is where a lot of the impact also come at the net income level. So first, you know that the levy of the gas went away, so that's the first thing.

Secondly, we have additional impacts of levy. As of now, years to date, we have around EUR 14 million. This is divided between financial results and taxes, okay? So, you have around EUR 4.6 million that is in interest, so it is reducing our interest accounts as of now, and you have around EUR 9.4 million that is in taxes, so it's decreasing taxes. So this is an increase versus what we have in the second quarter, okay? Bear in mind that this ratio is not exactly like this because in the interest part of these are interest of things that we have already recognized in 2024.

As of now, we have around almost EUR 20 million recognized in the account, EUR 15 million is [taxed], this EUR 4.64. So, it's around a third of the amount is interest, okay? Which is relevant in terms of looking at it. We don't exclude any further impact this year, so we believe that in the fourth quarter, there may be, because we are monitoring things in court and we know that this may happen.

So, we are continuing, as we've told you, to have this positive impact on the levy. This is, as I said, all of these court cases, in particular, are related to gas, okay? So, on the electricity part on the court, we don't have any news to give you and everything is stable. Also, to tell you that on the capitalization incentive, it's likely below last year, as was expected. So, it's below around EUR 3 million versus last year. It should be, again, below what we had last year.

I don't know if it will be EUR 3 million, EUR 4 million, or EUR 5 million below last year. Last year was still a high number, around EUR 34 million. And so, it's almost certainly going to be below that. As of now, we are EUR 3 million below, okay? So, slide 15 is the summary of net profit, and nothing to add here.

Just moving to slide 16. So, what you see here is the evolution of net debt. And given the timing of CapEx as of the third quarter, you don't still see the impact here on CapEx payments, but we are expecting this to change a little bit. And without taking into account the evolution of the tariff deviations, which also have been positive, we are expecting this in the third quarter to increase a little bit.

And so net debt should be lower than what we are seeing here as of December of 2025, but it's going to increase almost certainly versus what we have on the line, okay? Maturity is still around five years. This is going to decrease a little bit as we refinance debt next year.

Again, normal pattern of evolution, nothing new. We are thinking of, we don't aim to do any refinancing this year, but next year we'll probably be looking at new bonds. We'll be looking at new EIB loans. So, this is the loans and the things that we'll probably be doing next year that will increase, again, maturity, refinance our debt, but will almost certainly also increase a little bit our average cost of debt.

Slide 17, share price, nothing new. So, the evolution has been, you've seen this, has been also positive this year. In slide 18, just some numbers on ESG without going into a lot of detail. You see namely that greenhouse emissions are more or less stable in scope 1 and 2. You have more information on the detailed presentation, but I say that we continue to have a positive evolution here, although we know a lot of metrics we are stabilizing and the ratings we are stabilizing. I think we've done a pretty good job in the past -- in the past years and quarters.

So, closing remarks, I'd say one, pretty strong net income numbers on the back of EBITDA and taxes. I think that this should be also the case for the full year. So, we are very confident with consensus and with intervals that we've given you.

Second, we don't take the nine months of CapEx as the full year. We are expecting a strong CapEx for the full year, okay? Third, I think that if you've seen the Portuguese state budget for 2017, it's also good news in the sense that taxes either are coming down or are stable, okay? So, there's a lot of stability in the tax framework, which is good in on itself. And again, the corporate tax rate is coming down.

Finally, the debt is under control on that side. We don't have any news. So, with that, I conclude the presentation and I open up to any questions that you may have. Thank you.

Q&A

Alessandro Di Vito

Hi. Good morning. Thanks for the presentation, and thanks for taking the question. I have two. First one is on the guidance. I assume that it was implicit that you confirmed your 2026 guidance.

Looking at the numbers, so the nine-month numbers, your current net income guidance of EUR 150 million to EUR 160 million excludes the chance of recovery. But even stripping out the positive rulings, the nine-month figure suggests that the full year guidance remains conservative. So, I wanted to understand whether you could explain the main trends that you expect in the fourth quarter and whether you see 2026 net income even above the upper part of the current range. This was my first question.

Second question is on CapEx. In July, if I remember correctly, you indicated that 2026 CapEx would be closer to the upper end of the guidance range, which is EUR 450 million to EUR 550 million. But the nine-month figure seems to run a bit behind.

So, are you still -- I mean, it seems that you're still comfortable with the range, but I wanted to understand whether maybe you see the CapEx to the lower part of the range and how much of the delay is shifting into 2027. And if you could also provide an update on the timing of the high-demand areas process and the related CapEx. Many thanks.

Gonçalo Morais Soares

I'll ask João to -- Hi. Sorry. On the high-demand areas, I'll ask João to comment on that. Just to tell you something, I think, as you said, the range that we gave you as a guidance was EUR 150 million to EUR 160 million. So, we are clearly expecting to be above this, as you are seeing the numbers coming out. So, not only I'm comfortable, but I can tell you that we are going to be above this EUR 160 million figure, for sure, okay?

So, in terms of CapEx, as I said, also the numbers we are expecting are pretty solid. So, we are not expecting to exceed this interval, but we are expecting to be comfortably on the higher end of this interval, okay? So, this is the number that we are expecting to get. I'm not going to give you a precise number as of now, but clearly, we are expecting to be closer to the higher end than to the lower end, and above the medium number that you have here, okay? So, we are extremely comfortable with that. João, do you want to comment on the high-demand areas?

João Faria Conceição

Sure, just a couple of comments. So, as you know, the government decided to put a cap on the demand that we [have] received from the different developers of this access to the grids. And in addition to that, as they decided to put a cap, they also decided to launch a tender for which we are preparing all the necessary information to be followed by the assessment of the Portuguese regulator,

which is actually happening now since the middle of this week. And then we have to wait for the decision on the regulator. And we are expecting to launch these tenders in the beginning of 2027.

Pablo Cuadrado

Yes. Hi, good morning, everyone. Let's do quick questions on my side very quickly. There's one on the recovery of the assessing the gas and what we have seen on the accounts. Clearly, we are seeing a trend of recovery from the decision from the courts. The question I would like to ask is at this stage and what you are seeing with the recovery coming on the gas field, are you the same or are you more positive that you think at some point you may have an extension of this recovery into the (inaudible)?

Just to have a view on that. And the second question would be on -- if you can remind us the (inaudible) financing needs that you have for next year. I think probably we are approaching a period where we're looking how the world evolution is being with increasing the risk rates for next year and how control your cost of debt is with a minor increase in the last 12 months.

This could be a very supportive scenario for you guys. So, just understand for next year if that trend that we are seeing of higher and lower control cost of debt could [remain in place]. Thank you.

Gonçalo Morais Soares

Hi. So, thank you. So, on your question -- on your question of the electricity and on the levy, so we don't have any. Of course, I mean, we do think that as time goes by the electricity level will have to end one of these days. So, everything is pointing positively, but we don't have a specific data point that I can give you. Okay.

On this set, they have changed. What we can tell you is that on the legal front, there is an accumulation of the electricity things in court and the other ones are getting solved. I don't know what will be the trigger for this.

It may be that there is one court case that they decide and then everything unravels. But, so, generically, I'm slightly more positive, but to be honest, there isn't any specific hard data point that I can give you very specifically in terms of that. Okay. So, in terms of funding, we don't really have anything very strong coming up next year. So, it's the normal refinancing. We have a bond in 2028 that we want to anticipate because of those two years of liquidity that we like to have.

So, what we are planning, if you want to do, is as I said in my call, one, we are now in conversations with EIB even the additional projects that we have to do an additional funding. So, these will be some hundreds of millions, but we have to wait for EIB approval and all of that. Secondly, if this goes through, we'll probably be doing either before or after the summer a bond issue to refinance that bond that you have in 2028.

This is going necessarily to push a little bit the cost from the 2.6 where you are now to slightly above three. Okay. So, I don't think it's going to go much more above that, but it will probably go. Bear in mind that it's what is normal. So, we have an abnormally low cost of debt as of now, okay?

So, we are continuing to push also. This is another thing with rating agencies. We do believe that even a lot of context around the company, and there is a discussion ongoing with them, but the reality is that we have to upgrade very recently.

So, we think that we have a positive outlook, but it's a discussion that we are ongoing with them. And given the fact that we have a new business plan coming -- a new business plan coming next year, it's also expected that they'll probably want to wait for those numbers to make any changes, but I think that the discussions with them are also positive. So, overall, this is what we are seeing. So, comfortable, but of course, some pressure on costs to go up (inaudible).

Madalena Garrido

Thank you, everyone on the line. If there are any additional questions, of course, we'll remain available to answer offline. Emails are not working today, so maybe if not today, maybe on Monday. Thank you very much and have a good remainder of the week.