

TGN RO: State to enforce ~90% payout across SOEs

The government intends to mandate the distribution of at least ~90% of 2025 net profit as dividends across state-owned enterprises, based on a memorandum instructing State representatives in General Meetings of Shareholders/Boards to implement the policy. The 2026 state budget assumes dividend inflows of ~RON 8.3b from SOEs. While exemptions remain possible, these have historically been granted selectively and primarily in cases of large, clearly defined investment programmes (e.g. Romgaz, Nuclearelectrica and Transgaz). In our view, Transgaz is the most directly exposed to the measure, while other listed SOEs (Romgaz and Nuclearelectrica) are more likely to pursue exemptions given their larger, more advanced investment programmes.

Our view: Transgaz previously obtained an exemption for the 2022 profit distribution, supported by strategic capex (notably Tuzla–Podișor). However, this did not extend to subsequent distributions, with the company reverting to a ~90% payout in 2024. Despite a sizeable long-term investment pipeline (~EUR 248m in advanced stages and ~EUR 3.4b in early-stage projects under the 2033 development plan), we see limited visibility on near-term, FID-backed projects that would justify an exemption. As such, we view a ~90% payout as the base case. On our estimates, this implies a DPS of ~RON 3.6/share (3.9% yield at current market price) based on the standalone net profit of RON 808m for 2025, versus ~RON 2.0/share (2% yield) at a 50% payout | **SLIGHTLY POSITIVE**