

*** TGN RO: The state proposes a DPS of RON 2.95/share | NEUTRAL**

* TGN RO: The Romanian state proposed the distribution of a gross dividend of RON 2.95/share, following the enforcement of the state memorandum requiring SOEs to distribute at least 90% of 2025 net profit.

*Our view: The higher payout ratio versus the initially proposed 50% distribution (DPS of RON 2.13/share) was, in our view, largely expected, as Transgaz currently does not benefit from meaningful near-term FID-backed projects that would justify a lower payout despite its sizeable long-term investment pipeline (EUR 248m in advanced-stage projects and EUR 3.4b in early-stage projects included in the 2033 development plan). However, the proposed DPS came below our initial rough estimate of around RON 3.6/share, mainly due to allocations to reserves and the establishment of own financing sources for investment projects. At the current market price, the implied dividend yield stands at a relatively modest 3.3% | NEUTRAL