

ARC RATINGS UPGRADES THE RATING ASSIGNED TO ENSE'S BOND ISSUE

Lisbon, 5 March 2025 - ARC Ratings, S.A. (ARC) upgrades the final long-term issue public rating assigned to the EUR 360.0 million bond issued by Entidade Nacional para o Setor Energético, E.P.E. (ENSE).

The below rating relates to the timely payment of interest and principal.

ISSUER	ISSUE	AMOUNT	RATING CLASS	RATING	OUTLOOK	NEXT REVIEW DATE
Entidade Nacional para o Setor Energético, E. P. E.	Bond Loan	EUR 360 million	Corporate Long-Term Issue	A	Positive	6 October 2025

This rating action follows the recent upgrade of the Portuguese Sovereign rating and is based on ARC Ratings' Non-Financial Corporate Entities Rating Methodology for State-owned entities, assessing the Sovereign's strong propensity and willingness to provide financial support to Entidade Nacional para o Setor Energético, E.P.E. (ENSE). ARC applies a top-down approach, using the sovereign rating as the starting point for determining the final long-term issue public rating assigned to the EUR 360.0 million bond issued by ENSE due to the following factors:

- The Portuguese Government wholly owns the ENSE's share capital.
- ENSE is a strategic entity for the country, primarily due to its role as Portugal's central stockholding entity responsible for acquiring and maintaining the strategic portion of national emergency reserves of oil and oil products (oil reserves).
- Its annual revenues are approved by the government and collected from the market participants, ensuring coverage of all operational and financial costs while maintaining a nil net profit in its core business. This structure reinforces ENSE's role as an extension of the government in fulfilling strategic duties for the broader energy system.
- Despite no legal obligation for timely support, ARC expects the government to intervene to prevent default if needed, given ENSE's strategic importance. Additionally, the company's bylaws state that in the event of ENSE's dissolution, the Portuguese government will assume any losses from asset liquidation and any remaining liabilities.

In addition, ENSE maintains a comfortable coverage of its net financial debt through the market value of its oil reserves, estimated at 1.87 times in 2024. However, this coverage ratio is subject to significant volatility due to fluctuations in oil prices. As a result, the primary factor driving the final long-term issue public rating continues to be its link to the Portuguese sovereign rating.

ARC Ratings will continue to monitor the key determinants of this rating and developments in the definition and implementation of ENSE's new responsibilities in the natural gas sector.

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RELATED CRITERIA AND RESEARCH

Rating Review Report.

ARC Ratings' Non-Financial Corporate Entities Rating Methodology

ARC Ratings' Methodologies are available for view at www.arcratings.com.

The rating was assigned by ARC Ratings, S.A. and endorsed by ARC Ratings (UK) Limited in accordance with Statutory Instrument 2019 n° 266 - The Credit Rating Agencies (Amendment etc.) (EU Exit).

REGULATORY DISCLOSURE

Disclosure Status - The ratings were disclosed to the rated entities.

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RATING AND RATING OUTLOOK

The rating relates to the previously rated issuer. This is not the first time that ARC has rated this issuer.

Initial Rating Release Date:	2 June 2008
Previous Rating Action Date:	4 October 2024
Current Rating Action Date:	5 March 2025

A Rating Action is an Indicative Rating, change to an existing Rating, Affirmation of an existing Rating, Withdrawal or Suspension of an existing Rating, or Rating Watch action, in each case as and when such action is Released.

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ARC Ratings' rating scale and outlook definition is available for view at [Credit Ratings and Other Analytical Products - Definitions and Scales](#), this includes worst- and best-case scenario ratings.

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This Review Report should be read together with initial Rating Report and with the subsequent Review reports.

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In the rating process, ARC Ratings adopts procedures and methodologies aimed at ensuring transparency, credibility and independence, and also that rating classifications are not influenced by conflicts of interest.

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