

[00:02 - 00:08] This teleconference will address the audited individual financial statements for 2023,

[00:09 - 00:22] actually the final results. Next to me is the CFO of the company, Mr. Vasile Dascalu. He's going to deliver the presentation and after delivering the presentation, you can ask whatever

[00:22 - 00:32] questions you want to or you need to. So, this being said, Vasile, the floor is yours. Thank you.

[00:33 - 00:40] Thank you. Hello, everybody, and welcome to the presentation. Today, we are going to present you

[00:40 - 00:48] the results of the financial statements of Nuclearelectrica for 12 months period at the end of 2023.

[00:50 - 01:02] Presentation will include 2023 financial results, net results evolution, income statement,

[01:02 - 01:10] financial position, final versus preliminary income statement, sales of electricity,

[01:12 - 01:20] sales structure analysis, information about OPEX and CAPEX main investments,

[01:21 - 01:34] KPI related to technical performances, and other details. Regarding the financial results,

[01:34 - 01:43] you may notice in terms of production sold at the end of 2023 that we have recorded 10.5 terawatts

[01:45 - 01:52] with a small variation of 0.5 percent compared with the year 2022.

[01:55 - 02:07] Total value increased by 16 percent or one billion lei. Regarding the CAPEX, we talk about the same value, in comparison with last year we have small differences

[02:09 - 02:13] when it comes to the OPEX,

[02:13 - 02:24] we have small differences. The windfall tax increased by 142%, representing 1.5 billion lei,

[02:25 - 02:39] EBITDA, compared with the last year, it is decreased by 13%, from 3.6 billion to 3.1

[02:40 - 02:52] financial results looked better than previous year increased by 83 percent. Net profit at the

[02:52 - 03:08] end of 2023 is 2.5 billion decreasing by nine percent versus previous year. The main elements

[03:08 - 03:13] that contributed to the net profit results are presented into this slide

[03:15 - 03:25] and we have a negative impact that is coming from increasing in windfall tax

[03:27 - 03:36] the contribution to the energy transition fund being 1.5 billion lei and

[03:39 - 03:49] increasing in cost with personal employees by 184 million lei. The positive impact is generated by increasing in

[03:49 - 04:03] sales electricity where the main factor was higher price or almost the same quantity sold with 1

[04:03 - 04:16] billion lei positive impact. We have also decrease in electricity traded generated by

[04:16 - 04:27] less unplanned outage hours. This cost is helping us with an impact of 392 million lei.

[04:31 - 04:40] then we have a detailed breakdown of the income statement where you can notice besides those

[04:40 - 04:51] presented earlier increasing cost with uranium fuel another operating expense which are mainly due by increasing in tariff

[04:51 - 05:01] of industrial water usage. Next slide underline the financial position

[05:03 - 05:09] where we can notice increasing in non-current assets by 24 percent

[05:11 - 05:23] represented by purchasing of long-term bonds issued by CEC bank almost half of billion lei

[05:23 - 05:36] and financial investments in affiliated entities. In the current assets we can notice increasing

[05:36 - 05:45] inventories due to growing of the activation cost of uranium and the quantities that

[05:45 - 05:57] we acquire a little bit higher than previous year and we have in stock. The same is for the decreasing in cash and cash equivalent

[05:58 - 06:08] to be noticed as a result of purchasing of the long-term bonds as i previously mentioned in terms of non-current liabilities we may notice

[06:10 - 06:19] decreasing of the long-term portion of the loan concluded with EURATOM which is now due in 2024

[06:23 - 06:33] current liabilities increased by 30% which is mainly due by windfall tax

[06:34 - 06:43] in December the increasing accounts payable coming mainly from higher transaction and increasing prices. Equity positions

[06:43 - 06:53] is including the profit carried forward for the previous period. The next slide

[06:56 - 07:03] is including details regarding the difference recorded between the preliminary and the audited

[07:04 - 07:18] financial statements. Here we can notice the profit increase by 24 million lei which is coming from

[07:18 - 07:27] reduction in personal expenses by 10 million, increasing in operating expense 20 million mainly

[07:27 - 07:40] generated by provisioning an amount of 19 million lei related to calculation of contribution to windfall tax and of course the updating of the profit tax calculation because the

[07:40 - 07:46] adjustment and correction that we perform between these statements

[07:48 - 08:01] Next slide presents the electricity sales evolution during the this period the local market particularities during this period is reflected into this line and where we

[08:01 - 08:10] may notice the impact of higher price we got on competitive market with a

[08:10 - 08:19] positive effect of 4.9 billion lei also gain from centralized mechanism

[08:19 - 08:30] regulated sorry regulated market by an increase of 2.2 billion lei. Also we have an

[08:32 - 08:37] reduction of the quantity sold on the competitive market

[08:39 - 08:49] by 53 percent that impact in a negative way the electricity sales evolution and you can notice here 5.3 billion

[08:49 - 09:02] lei impact. Yes, next slide it's related to the sales price evolution

[09:05 - 09:12] during this period we can notice selling on the market through the centralized electricity

[09:12 - 09:20] mechanism which is representing 47 percent of the total electricity sold at the price of 450

[09:20 - 09:28] lei per megawatt, the difference um being sold

[09:28 - 09:37] at the competitive market which is representing 42 percent with an average selling price of 940

[09:37 - 09:46] lei/ megawatt. The quantity of electricity sold on the spot market was similar with the previous

[09:46 - 09:51] year and this is representing 11 percent of the total sales volume.

[09:53 - 10:06] The average on the spot market was 513 lei. Next slide it's uh

[10:09 - 10:19] structure of the OPEX. We can notice the windfall tax that is representing 51% of the total

[10:19 - 10:33] cost. This tax increased by 140% due to changes in legislation. We are talking about the taxation

[10:33 - 10:46] percentage that increased to 100% from 80% starting September 2022. Also, we noticed the expense

[10:46 - 10:55] related to our personnel that increased by 33% due to slight increase in the number of employees

[10:55 - 11:07] and the company commitment regarding increasing of salaries and employees participation to the profit. Also, technological

[11:07 - 11:16] and non-technological water and energy cost increased by 35% due to higher utility prices

[11:16 - 11:28] recorded in 2023. Cost of traded electricity decreased by 76% due to few hours of unplanned outage.

[11:28 - 11:39] Therefore, a lower quantity of electricity was acquired during this period. Cost with repair and maintenance,

[11:40 - 11:52] recorded a slight increase of 7%. Electricity transmission expense recorded an increase of 63% due to increasing of transmission, grid tariff.

[11:56 - 12:01] Regarding the CAPEX, the investment program

[12:02 - 12:11] reached the amount of 630 million lei from the total plan of 710,

[12:11 - 12:24] representing a degree of completion of 89%. Here you may notice the split between ongoing investment,

[12:24 - 12:28] investment made on tangible assets, and equipments.

[12:35 - 12:47] The next part of the presentation is related to the main investments and long-term strategy projects. We talk about Unit 1 refurbishment,

[12:48 - 12:54] Unit 3 and 4 Project, Small Modular Reactors and Tritium Removal Facility project.

[12:59 - 13:11] Regarding Unit 1 refurbishment, I'm underlining the main stage of the project. The company signed a pro-project engineering contract with Candu Energy

[13:11 - 13:19] in March 2023 for a value of about 65 million Canadian dollars.

[13:21 - 13:31] In October 2023, the company signed the most important contract with the Canadian Commercial Corporation in association with Candu Energy

[13:31 - 13:40] for supplying of reactor components, supplying of the tools necessary for the same purpose and engineering services and technical assistance.

[13:42 - 13:54] On February 2024, SNN signed a memorandum of understanding with SACE and Ansaldo Nucleare.

[13:54 - 14:03] Ansaldo NUcleare expressed the interest to formulate a bid for the supply of engineering and project management services.

[14:04 - 14:10] SACE expressed his interest in supporting financing of Nucleare Electrica for two projects,

[14:11 - 14:18] Unit 1 refurbishment and Unit 3 and 4, for an amount of about 2 billion Euro.

[14:21 - 14:29] Regarding Unit 3 and 4, I am stressing the law 74 issued on 2023, which is the most important

[14:29 - 14:37] project in the project's history, regarding the support agreement between Romania, Romanian state, sorry, and Nuclearelectrica.

[14:39 - 14:53] The support agreement allows start of the phase 2 of the project, meaning conclusion of the contract for development of the critical engineer and design, which is necessary to update the project.

[14:56 - 15:08] In terms of financing, Canadian government shows the support for this project. Consequently, Canada's Minister of Energy and Natural Resources announced Canada's decision

[15:09 - 15:18] to support the development of Units 3 and Units 4 with 3 billion Canadian dollars.

[15:19 - 15:29] As I have mentioned earlier, SNN, Nuclearelectrica, signed a memorandum of understanding with SACE and Ansaldo Nucleare.

[15:33 - 15:42] From small modular reactors, as you probably know, on May 20, 2023, the US and multinational

[15:42 - 15:52] public-private partners looked to finance up to 275 million US dollars for the Small

[15:52 - 16:02] Modular Reactors project, which includes a letter of interest from US Export-Import Exim Bank for

[16:02 - 16:13] amount up to. 99 million US dollars. Uh, supported from EMP module engineer multiplier program.

[16:15 - 16:28] US Export Import and US International Development Finance Corporation issued letters of interest for financial support, up to 3 billion US dollars.

[16:29 - 16:42] And respectively 1 billion dollars for development of this project. The National local body issued the

[16:42 - 16:52] official approval letter in August 2023, as a confirmation of the licensing basis document compliance.

[16:53 - 17:06] Meaning the compliance with the national regularity requirements, which represent the key milestone in this project. And this will facilitate the

[17:06 - 17:18] implementation of the licensing process for all stages of the plant in Romania. Regarding the Tritium Removal Facility project, yes, next slide.

[17:20 - 17:33] This is in fact an installation that captured the Tritium from the heavy water. This project is contributing to an improvement of operational performance and financial efficiency,

[17:33 - 17:45] and increased protection of the population, staff and the environment. The company signed a contract in value of 195 million Euro for the

[17:45 - 17:57] completion of this facility with KHNP in June 2023. This is a Korean company with

[17:57 - 18:07] experience in the nuclear field. And also this year through the general meeting, you know, the shareholders approval

[18:09 - 18:21] This strategy was updated and the total estimated investment was updated to 254 million Euro, including the previous approval of 195.

[18:24 - 18:35] Then from KPI point of view, the radioactive emission were kept into the limits.

[18:35 - 18:45] Very good results also for the fuel burn up factor. And you may notice also for

[18:46 - 18:55] The capacity factor that it's a very good in this moment and also for 2023.

[18:57 - 19:06] Uh, the presentation slide ends here if you have questions, we are at your disposal.

[19:20 - 19:23] If you have any questions, please feel free to ask.

[19:23 - 19:44] OK, if there are no questions for this conference call,

[19:44 - 19:55] thank you very much for joining in. Right after the presentation, those of you who have confirmed by email are going to receive both the presentation and the audio file.

[19:56 - 20:08] Of course, the presentation and the audio file and the transcript of the teleconference will be published on our website on the investor relations page. Thank you all very much. Have a good day.