

[00:01] So, the recording has started. My name is Valentina Dinu. I am IRO with Nuclearelectrica, and today's conference call addresses the first half financial results of Nuclearelectrica.

[00:17] The CFO of the company, my colleague Vasile Dascalu, is going to deliver the presentation, and then you can go straight to questions and answers. This being said,

[00:30] Vasile the floor is yours. Thank you, thank you, Valentina! Hello everybody! Today's presentation will include the financial position at the end of June 2024, the income statement for six months 2024 versus six months 2023,

[01:02] net result evolution, income statement, actual versus budgeted information regarding OPEX, sales of electricity, sales structure analysis, information regarding CAPEX, technical performance indicators. Regarding the company's financial position at the end of the second quarter, we noticed

[01:19] that the total not current assets position remains stable compared with the previous year current assets, which are down by 11% due to increase of trade receivable position,

[01:35] mainly as a result of the electricity service reduction during this period, current liabilities decreased by 34% mainly because of the windfall tax reduction.

[01:49] Regarding the income statement, net profit for six months 2024 recorded at 35% decrease
[02:00] compared with the same period of 2023, and this is mainly due to decreases in revenue from energy sales, 1,684 million lei,

[02:17] out of which the windfall tax represents 1.4 billion lei, net impact and profit decreasing being 229 million lei.

[02:33] We also notice increase in other operating expenses by 57.8 million RON, mainly due to increase of technological water price during this period.

[02:48] We notice also increase in traded electricity cost resulted from negative price on the balancing market, 107.6 million lei impact.

[03:02] We notice also increase in personal costs by 46 million lei as a result of the salary of course, revenue recording during this period.

[03:29] Net profit at the end of Q1 is lei 843 million. The next slide is a graphic representation of the main contributing elements to the net results.

[03:42] As it was mentioned, the main impact is coming from decreasing of the electricity sales price compensated by decreasing of the windfall tax. As you probably know, the windfall tax for 2023 was 100% on the revenue exceeding 450 lei per megawatt.

[04:02] And in 2024, the threshold was changed to 400 lei starting 1st of April. Into the next slide, we talk about actual versus budget.

[04:18] And we notice here that revenue is higher by 5% than the budgeted level, operation costs are 8.5% lower than the budget,

[04:34] and consequently EBITDA is higher by 19% than budgeted. Level of operational expense, besides the information already presented in the previous

[04:55] slide, we may notice reduction of other operating expense by 11%, personal cost by 10%, cost of uranium fuel by 27%.

[05:09] Anyway, as I already mentioned, cost of traded electricity is higher by 32%. From sales structure point of view, we notice changes in the last year and this slide

[05:31] is presenting the information related to the quantity sold by market and the average price used on the market.

[06:19] It's showing an increase in the percentage of the sales on the competitive market. Next slide shows the sales price the competitive market. Next slide shows the sales price evolution during this period. The average selling price decreased by 43%,

[06:38] from 745 lei to 420 lei per megawatt. On the mechanism, on the centralized electricity selling mechanism, which is representing 59% of the total electricity sold in H1,

[06:53] selling price remains stable, 445 lei per megawatt. On the competitive market, the total electricity sold in H1 is representing 40% and the selling

[07:11] price, dropped from 970 lei to 364 lei per megawatt. In terms of quantity sold during this period, we notice a small reduction, 1.3%.

[07:29] With the next slide, we start the CAPEX presentation. And here we can notice that the investment value planned for this year, it's 1.8 billion lei. And the degree of completion is 19%,

[07:47] which is in line with the schedule for this year. The main investments and long-term strategic project are presented within the next slides. We should talk about unit one refurbishment,

[08:03] unit three and four, SMR and the tritium removal facility project. Regarding unit one, the refurbishment project it's in the second phase of implementation

[08:19] which includes provision of financial resources, obtaining approval and endorsement for project implementation. We like to underline the company completed a framework agreement related to preparation and implementation

[08:36] of the Cernavoda Nuclear Power Plant Unit 1 refurbishment project with an estimated value of approximately 240 million euro.

[08:53] This was concluded with Canadian nuclear partners and scope of work was management training services regarding unit one. Next slide. Project 3 and 4. Thank you! Besides the support agreement between Romanian state and SNN or Nuclearelectrica that allows securing the project financing by

[09:19] granting of the state guarantees for the project financing parties, implementation of the contract for difference and the in-kind contribution to financing of the project, Nuclearelectrica's shareholders approved the financing

[09:34] of the project through a credit agreement granted by Nuclearelectrica in value of 841 million lei which is dedicated for financing the preliminary works budget.

[09:50] We may notice during this period that the European Commission issued a positive opinion on the project, based on the Article 41 of the Euroatom Treaty, the opinion reflecting

[10:04] the assessment made by the European Commission regarding the technical and nuclear safety aspects of the project. Regarding the small modular reactors, we like to underline that on the 24th of July this year, Nuclearelectrica and the company nominated for this project, RoPower Nuclear,

[10:33] signed a contract for front-end engineering and design phase 2 with Fluor Corporation. On the other hand, Nuclearelectrica shareholders approve increasing of the loan facility granted

[10:48] by SNN up to the amount of 243 million USD.

[11:00] Access to this loan will be made only to the extent that there is no other source to secure financing of the project. Regarding the Tritium Removal Facility project,

[11:23] we need to underline that on 10th of June this year, SNN and Korea Hydro Nuclear Power announced and started the works at the tritium or the removal facility in Romania which is the first removal plant facility for tritium in Europe. From KPIs point of view, notice that the radioactive emissions accumulated for H1 were kept into the limits, 4.3 micro Sieverts. Good results were obtained also for the fuel burn up factor and for the capacity factor.

[12:14] The presentation it's ended here if you have questions we are at your disposal.

[12:42] Do you have any questions, please? Well, if not, thank you very much for joining in the conference.

[12:53] You will find later on today, the audio file and the presentation on our website, investor relations page and any questions you may have, you can also email us. We are going to have a brief national holiday

[13:09] but we will be back on Monday. Thank you very much for joining us in! Have a good day! Bye.