

Q1 2024 Results Presentation – 15 May 2024
Summary of Q&A

	Question	Answer
1.	Is the 20-21% drop in Q1 EBIDTA indicative of a trend for the entire year?	If prices and energy production remain consistent with Q1, EBIDTA will likely drop by 21% compared to last year. However, last year was unusually high, and there is currently insufficient information about future prices.
2.	Given the expectation for generation price decline by mid-single digits over '23 and '24, and the 20% hike upon previous price cap expiration, how do current market conditions (price cap at 400, lower generation price but higher balancing price) affect your generation EBIDTA?	Starting April 1, as the most important energy producer in Romania, we have begun forward trading for the coming months and 2025. Transactions have been transparent and prices for next year are above 400 lei.
3.	Can you provide an indication of your potential generation price in the current market environment, particularly since the price cap is 400 and sales are now in bilateral markets?	Recent transactions indicate prices for 2025 are higher than current levels. The mild winter and government adjustments, like the price cap reduction from 450 to 400, have impacted prices. We advise looking at average production over the last 10 years for guidance.
4.	How does the new market environment impact profits in retail, considering the regulation in Romania allows for an additional energy component margin by selling own output directly to customers, while the costs to suppliers and alternative generators are lower?	The new market environment and legislation changes affect our strategy. There is increased pressure on prices due to the mild winter and ample gas and oil supply, which influences our profit margins in retail.
5.	Clarification on the production guidance for this year. You mentioned 15.3 TWh, but previously discussed 16+ TWh for 2024, and this year's hydrology seems better than average. Where does the discrepancy come from?	The average production over the last 10 years is 15.9 TWh. For 2024, the budgeted production is 15.3 TWh, based on current information and past production trends.
6.	Why has the number of employees increased year-on-year? I thought	The number of employees has increased due to the acquisition of a new company within

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	refurbishment and digitalization were expected to lead to better efficiency and potentially reduce employee numbers.	the Hidroelectrica Group responsible for producing turbo generators. This company has 450 employees, contributing to the overall increase.
7.	What progress has been made on organic renewable development in solar and wind? You mentioned developing assets yourself rather than buying existing ones. Have there been any developments in the organic pipeline?	Progress has been made in solar projects, with various stages of development, including a 45 MW project in the permitting process and a floating solar project. There are no wind projects currently under development. Efforts continue on solar projects at hydropower plants and combined projects with hydrogen, but technical solutions are still being defined.
8.	What spread are you looking to achieve on renewables from an M&A perspective?	We are targeting a double-digit return rate. We avoid projects with an internal rate of return lower than our target.
9.	Are you looking to buy operational, ready-to-go mature assets, or are you considering projects at an earlier stage of the build process?	We are looking for new projects, not operational ones, to expand Hidroelectrica's portfolio. We analyze opportunities based on project maturity, size, and potential synergies, especially in optimizing balancing, operations, and sales processes. We had a positive experience with the 108 MW wind farm and seek similar new projects.
10.	Could you provide the split of volumes between household and non-household retail customers? Last year it was approximately 80% household and 20% non-household.	Last year, the split was 75% household and 25% non-household. This quarter, it's 69% household and the remaining percentage has shifted.
11.	What ways do you see to overcome delays in your investment plan, particularly regarding the re-technologization of large plants like Vidraru? Are there any alternatives to accelerate this process despite the public auction requirements?	For Vidraru, we relaunched the tender with the minimum timeline allowed by public acquisition legislation. The deadline has passed, and we are now evaluating offers. We expect results within a month. Our strategy is to use fast public acquisition procedures, especially for tenders with multiple attempts. Other significant projects include a 640 MW power plant tender due in June, and direct negotiations for three big

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	<p>projects with our affiliate, the newly acquired company. The main challenge is the market's capacity to handle complex projects, especially with supply chain disruptions caused by the war in Ukraine, leading us to shift to European suppliers.</p>
<p>12. Suppliers could choose between buying on MACEE or the spot market, while producers were obligated to offer quantities on MACEE and then turn to the spot market if suppliers declined. Starting in April, can both producers and suppliers choose their market?</p>	<p>Yes, that's correct. In March, the spot market price was below 450 per megawatt, leading suppliers to stay in the spot market. Until April, producers were required to sell in MACEE, but starting from April, this obligation was lifted. Now, both producers and suppliers can choose which market to enter. Suppliers have always had the choice, with no mandatory obligations.</p>
<p>13. Regarding MACEE and considering the fact that it's become optional, what are your expectations regarding volumes to be sold at the new regulated price during the current year?</p>	<p>The MACEE for this year has seen some changes. The positive aspect is that we are now allowed to sell forward, which was previously restricted. We will start selling different products in the second half of the year, during the third and fourth quarters. We prefer to use these products to determine the real market price. This year is essentially a transition period, where the real market price will be established after sufficient transactions have occurred.</p>
<p>14. For 2025, the CAPEX plans of over 3 billion, what is included here? Can you provide more color on this? Are new projects, rest projects, or mostly refurbishments?</p>	<p>It is a mix of all the projects that you mentioned. It depends a lot on the public procurement procedures that we have this year. We expect some of them to conclude, as we are now driving in that space. We also anticipate that the other projects combined with modernization projects with our subsidiaries could lead to some spikes in CAPEX next year. More details will be available at the end of the year. Additionally, when looking at the budget and investment annex, note that it shows individual, not consolidated figures. Maintenance or CAPEX work by our affiliates will result in changes in</p>

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		numbers between individual and consolidated investment projects.
15.	Given the 21% decline in Q1 EBITDA as a reference for the full year, would the 23% decline in net profit for Q1 also be a trend for the full year?	If nothing changes, EBITDA will stay at a 21% decrease from last year. No guidance on net profit yet; wait for the revised budget in 10-12 days.
16.	Can you provide guidance on the net cash position for the full year, considering the fluctuations in operating cash flow due to receivables?	No guidance on net cash position yet. Wait for the revised budget for more details.
17.	Of the 15.3 TWh expected generation, how much of the pricing is already locked in through retail regulation, contracts, etc.? What percentage of this volume has fixed pricing?	In the revised budget, available in 10-12 days, we will disclose the quantities and revenues aimed for this year.
18.	Can you clarify the changes in obligations for selling into MACEE, especially how it has changed since April 1st?	Please wait for the revised budget in 10-12 days for detailed information.