

# 2024 Preliminary Annual Results Conference Call

16 January 2025

## Marius Dan, Deputy CEO, Corporate Strategy:

Good afternoon and welcome everyone to our conference call to discuss the 2024 Preliminary Annual results and the December 2024 NAV developments. Johan Meyer, CEO Romania, Portfolio Manager, Catalin Cadaru, Financial Reporting Manager and I are pleased to host today's call.

The 2024 Preliminary Annual Results report can be found on the Fund's website, in the Financial results section and the presentation that we will be discussing is available on our website at [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro) in the "Investor Relations Calls" section.

After the presentation, we will have a 30-minute Q&A session.

As a reminder, this conference call is being recorded and the recording will be available on the Fund's website after the call.

That being the agenda, I would like to start with **slide 2** of the presentation where we highlight the key facts about the Fund. At the end of December, the Fund's NAV was RON 2.25 billion / USD 0.47 billion, and the NAV / share reached RON 0.7029 / USD 0.1472.

On the right-hand side, you can see the evolution of the Fund's adjusted share price and discount / premium since the Fund's listing in January 2011. As at yesterday's close, the Fund was trading at a discount of **50.68%** for the shares and **54.13%** for the GDRs.

On **slide 3** we present the Fund's shareholders structure as at 31 December 2024. Compared to the information presented during the previous conference call in August 2024, the cancellation of shares bought back in 2023 was finalized, resulting in a decrease in treasury shares ownership, while Romanian private individuals continued to increase their stake in the Fund.

On **slide 4** we show a summary of the NAV, share price and GDR performances since 2011, and the evolution of the Fund's average annual discount on BVB and LSE.

The NAV total return in 2024 was 17.0%, the total return for the local shares was (32.1)%, while the total return for the GDRs was (36.7)%.

In the next section, I now turn to Johan to give an update on the **Fund's Portfolio**

## Johan Meyer, CEO Romania, Portfolio Manager:

On **slide 6**, we show the portfolio structure as at the end of December: 82.6% in unlisted companies, 5.5% in listed equities, and 11.9% in Net cash and receivables. Net cash and receivables position as at 31 December 2024 was USD 56.2 mn.

On **slide 7** we present the main portfolio companies as at 31 December 2024, representing 83.8% of the Fund's NAV.

On **slide 8** we present the 9M 2024 figures for Bucharest Airports.

On the financial side:

- Operating revenues increased 20% compared to 9M 2023, to RON 1.1 bn;
- Operating result reached RON 523.8 mn from RON 420.2 mn in 9M 2023;

Traffic has recovered to pre-Covid levels in 2023 and continued to rise by 10% y.o.y., reaching 12.2 million passengers in 9M 2024. This trend, coupled with a more beneficial contract for commercial spaces, were the main positive drivers for the improved operational profitability, which was up by 24.7% y.o.y. to RON 523.8 million.

Regarding the litigation: On 7 March 2024, the Bucharest Court of Appeal ruled in favor of the Fund to annul the shareholders resolution no. 15/26.10.2021 related to the share capital increase with certain land plots. The Bucharest Court of Appeal's decision is final.

On the corporate governance front, in July 2024, the Board of Directors was appointed for a 4-year mandate. Fondul Proprietatea challenged the legality of these appointments in Court, which decided in January 2025 to suspend the appointments until a final Court decision on this issue. However, the suspension decision was appealed by the Company.

On **slide 9** we show the 9M 2024 figures for Constanta Ports.

On the financial side:

- Operating revenues decreased by 5% y.o.y. to RON 401.0 mn;
- Operating profit was RON 264.4 mn, up from RON 180.2 mn in 9M 2023;
- Net income was RON 269.1 mn, up 50% compared to the previous year.

Traffic reached 60.1 million tons in 9M 2024, 9.5% lower y.o.y., in the context of a significant drop of volumes linked to Ukraine, which decreased by more than half to approximately 8.6 million tons.

Operating profitability was up by 46.7% y.o.y., reaching RON 264.4 million in 9M 2024, boosted by a reversal of a legal provision of RON 112.9 million.

On the corporate governance front, all Board members have interim mandates. The selection process for full mandates has not yet started.

Regarding Salrom's H1 2024 results, on **slide 10**:

- Operating revenues increased by 2% y.o.y. to RON 241.7 mn;
- Operating profit was RON 66.1 mn, up from RON 57.5 mn in H1 2023;
- Net income was RON 61.4 mn, up 9% compared to the previous year.

On the corporate governance front, in February 2024, the Board of Directors was appointed for a 4-year mandate. Fondul Proprietatea appointed 2 out of 5 members. Also, the selection procedure based on GEO no. 109/2011 was completed and the Board appointed the General Manager for a period of 4 years starting with July 2024.

Regarding the company's IPO, the Fund continues to engage with the majority shareholder and the company in relation to preparations for a potential IPO.

On **slide 11** we show key financials for the Fund's largest holdings, including the 2023 figures, approved by shareholders.

Moving to the **Corporate Actions section**, I would like to invite Marius to comment.

#### **Marius Dan, Deputy CEO, Corporate Strategy:**

Thank you, Johan.

On **slide 13**, we outline the Fund's distributions since we started managing the Fund.

The 2024 amounts are based on the buybacks executed, the finalized Tender offer, the dividend distribution approved by the shareholders during the April Annual GSM and the number of paid shares excluding treasury shares as at 8th of October, the last trading day for the 2024 programme.

Total distributions made since 2010, including the amounts for 2024, reached RON 28.9 bn i.e., USD 7.0 bn.

On **slide 14**, we outline the latest updates on the Fund's buy-back programmes. The 15th buy-back programme was completed in October 2024. During the 2 December GSM, the Fund's shareholders approved the cancellation of shares bought back last year, and the process is currently ongoing. The 16th buy-back programme was approved by shareholders during the 2 December 2024 GSM.

On **slide 15** we include details on the Fund's annual net dividends and dividend payout ratios for the largest portfolio companies as at the end of December, based on the figures approved by shareholders. Total amount for top holdings is approximately RON 144.1 mn for the dividends approved in 2024, from 2023 profit.

On the following slide, **slide 16**, we show a summary of the total dividend income received from the portfolio companies in the last 10 years. Total dividends approved (regular and special) received in 2024 amount to RON 145.8 mn.

On **slide 17**, we include the Financial Calendar for Fondul Proprietatea.

The Fund's **Financial results** for the period are presented on the next **slides**, and I would like to invite Catalin Cadaru, Head of Financial Reporting to comment.

#### **Catalin Cadaru, Head of Financial Reporting:**

Thank you, Marius.

#### **Slide 19, Preliminary Unaudited Statement of Financial Position**

The net increase in equity investments of RON 197.3 million during 2024 is mainly related to the fair value increase of CN Aeroporturi Bucuresti SA (RON 156.2 million), of CN Administratia Porturilor Maritime SA (RON 43.4 million) netted by the fair value decrease of Complexul Energetic Oltenia SA (RON 21.7 million). The updated valuation reports were prepared with the assistance of KPMG Advisory and Darian DRS and these generally have the valuation date of 31 October 2024 and use financial information from portfolio companies at 30 September 2024.

As at the publication date of this Preliminary Results Report, the financial audit procedures are ongoing and these include a subsequent events analysis for the period between 31 October 2024 and 31 December 2024 (market data movement, regulatory changes, corporate actions, etc.). Any potential significant change in the valuation of portfolio companies will be included in the annual audited IFRS financial statements of the Fund and in subsequent NAV reports.

The equity elements at 31 December 2024 include an amount of RON 774 million, that corresponds to the loss from cancellation of the treasury shares acquired during 2023 within the 14th buy-back programme, which was completed in August 2024.

### **Slide 20, Preliminary Unaudited Statement of Comprehensive Income**

Fondul registered a preliminary unaudited profit of RON 339.4 million and the changes in the fair value of the portfolio holdings had a significant contribution. As mentioned in the previous slide, the audit procedures are still ongoing and any potential difference in valuations will be reflected in the audit IFRS financial statements.

The gross dividend income was mainly generated by CN Aeroporturi Bucuresti SA (RON 80.4 million) and Societatea Nationala a Sarii SA (RON 63.7 million).

As a result, or the Fiscal Code changes enacted at the end of 2023, Fondul was not able to fully utilize the prior periods fiscal losses balance and started to pay current income tax during 2024. The total income tax paid/ payable by Fondul for 2024 amounts to RON 13 million and includes amounts booked both in profit or loss and directly in equity.

**Marius:** Thank you Catalin. At this point, I would like to open it up for your questions.

Thank you again everyone for your time today. For any additional questions, please do not hesitate to contact me.