

H1 2024 Results Conference Call

30 August 2024

Marius Dan, Deputy CEO, Corporate Strategy:

Good afternoon and welcome everyone to our conference call to discuss the H1 2024 results and the July 2024 NAV developments. Johan Meyer, CEO Romania, Portfolio Manager, Catalin Cadaru, Financial Reporting Manager and I are pleased to host today's call.

The H1 2024 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 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 turn to Johan to give an update on the **Fund's key facts and Portfolio**.

Johan Meyer, CEO Romania, Portfolio Manager:

On **slide 2** of the presentation, we highlight the key facts about the Fund. At the end of July, the Fund's NAV was RON 2.31 billion / USD 0.50 billion, and the NAV / share reached RON 0.6666 / USD 0.1451.

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 **40.32%** for the shares and **33.01%** for the GDRs.

On **slide 3** we present the Fund's shareholders structure as at 31 July 2024. Compared to the information presented during the previous conference call in May 2024, Romanian institutional shareholders have reduced their stake in the Fund, whereas Romanian private individuals have been the net buyers of the Fund's shares.

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 H1 2024 was 10.3%, the total return for the local shares was (14.9)%, while the total return for the GDRs was (11.6)%.

For the first seven months of 2024, the NAV total return was 11.0%, the total return for the local shares was (9.5)% while the total return for the GDRs was (7.6)%.

Moving to the next section, on **slide 6**, we show the portfolio structure as at the end of July: 74.6% in unlisted companies, 5.5% in listed equities, and 19.9% in Net cash and receivables. Net cash and receivables position as at 31 July was USD 100.2 mn.

On **slide 7** we present the main portfolio companies as at 31 July 2024, representing 76.2% of the Fund's NAV.

On **slide 8** we present the H1 2024 figures for Bucharest Airports.

On the financial side:

- Operating revenues increased 18% compared to H1 2023, to RON 613.1 mn;
- Operating result reached RON 302.5 mn from RON 247.9 mn in H1 2023;

Traffic continued to rise in H1 2024, reaching 7.4 million passengers, an increase of 9% compared to H1 2023. Higher passenger traffic coupled with a more beneficial contract for commercial spaces, were the main positive drivers for the 22% increase in operational profitability, which reached RON 302.5 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 due to irregularities in the selection process and outcomes, which in our view go against the provisions of OUG 109/2011.

On **slide 9** we show the H1 2024 figures for Constanta Ports.

On the financial side:

- Operating revenues decreased by 3% y.o.y. to RON 268.4 mn;
- Operating profit was RON 227.5 mn, up from RON 117.7 mn in H1 2023;
- Net income was RON 231.6 mn, up 112% y.o.y.

Traffic declined marginally in H1 2024 compared to H1 2023 to 40.5 million tons due to a significant drop in volumes linked to Ukraine, which almost halved to approximately 6.5 million tons.

Operating profitability almost doubled y.o.y., reaching RON 227.5 million in H1 2024, primarily due to 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 estimations we've made based on the buybacks executed so far, the dividend distribution approved by the shareholders during the April Annual GSM and the number of paid shares excluding treasury shares as at 12th of July. Please note that the daily execution of the 15th buyback programme started on the 8th of April is currently suspended due to the ongoing Tender offer process.

Total distributions made since 2010, including the amounts for 2024, reached **RON 28.7 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 started in April 2024. During the annual GSM held on 30 April, the Fund's shareholders approved the cancellation of shares bought back last year, and the process is currently ongoing.

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 July, 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) to be received this year amount, so far, to RON 145.8 mn.

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

On the following slides we present the main points of the **27 September 2024 GSM Agenda**.

On the EGM agenda, on **slide 18**, the main topics are:

- The approval of the amendment of Article 19 par. (3) of the Constitutive Act of Fondul Proprietatea.
- The approval of the amendment of Article 20 of the Constitutive Act of Fondul Proprietatea.

On the OGM agenda, on **slides 19 and 20**, the main topics are:

- The approval of 2024 revised budget of Fondul Proprietatea, in accordance with the supporting materials.
- The appointment for a period of three (3) years of two (2) members of the Board of Nominees of Fondul Proprietatea.

- The appointment of Ernst & Young Assurance Services SRL as the financial auditor of Fondul Proprietatea, for auditing the financial statements of the fund for the financial year ended 31 December 2025 and setting the level of its remuneration for the financial audit services described above at a maximum level (without VAT) of EUR 115,235/year. (*secret vote*)
- The approval of the selection criteria, as prepared and proposed by the Board of Nominees on the basis of the advice received by the Board of Nominees from Numis Securities Limited, member of Deutsche Bank Group, and based on which the Board of Nominees shall select the alternative investment fund manager (“AIFM”) of Fondul Proprietatea.
- The appointment, following selection by the Board of Nominees, of Numis Securities Limited, member of Deutsche Bank Group, as selection advisor assisting Fondul Proprietatea through the members of the Board of Nominees in relation to the selection of the potential AIFM.
- The approval of a maximum advisory budget of RON 3,8 million to be used by the Board of Nominees for the services to be provided by Deutsche Numis pursuant to any appointment in accordance with a resolution adopted by the OGM following a favourable vote on item 5 of this OGM agenda, as well as for any other services related to the selection of an AIFM, including financial advisory services and legal services required for this purpose.
- The approval of the authorisation of the Chairperson of the Board of Nominees to take the following actions and to act in the name of and on behalf of the Fund (the “Authorisation”):
 - to select and appoint any advisors to assist Fondul Proprietatea and the Board of Nominees in relation to the AIFM selection process;
 - to negotiate and agree in the name and on behalf of Fondul Proprietatea, any documents regarding the Selection Process; and
 - to sign, execute and deliver all agreements with advisors, written instruments and all other documents in order to fulfil the Authorisation granted hereby.
- The approval of (i) the extension of the mandate of FTIS as the sole director and AIFM of Fondul Proprietatea for one (1) year starting with 1 April 2025 and until 31 March 2026, inclusive and (ii) the corresponding extension of the terms of the management agreement executed between Fondul Proprietatea and FTIS on 29 March 2024 until 31 March 2026, inclusive, in accordance with the addendum to the Management Agreement in the form set out in the supporting documentation (the “Addendum”), with all the other provisions of the Management Agreement remaining unchanged. (*secret vote*)
- The approval of the appointment of a new sole director of Fondul Proprietatea that will act as alternative investment fund manager for a mandate of two (2) years starting with 1 April 2025 (provided that all the legal requirements related to the appointment of the new sole director of Fondul Proprietatea that will act as AIFM are finalized by 31 March 2025, inclusive) and until 31 March 2027, inclusive, according to legal provisions in force, subject to point 8 of this OGM agenda not being approved by the OGM. (*secret vote*)

Request to supplement the convening notice of the 27 September 2024 GSM

On 29 August 2024 FTIS received from the shareholder Ministry of Finance, holding 6.53% of the Fund’s share capital as at 31 July 2024, a request to supplement the agenda of the Fund’s EGM and OGM convened for 27 September 2024 with the new items which are summarised below:

- If approved by shareholders, the suspension of the current buyback programme once the GSM Resolution is published in the Official Gazette and the interdiction to perform any other buybacks until 31 March 2025;
- The preservation of the current portfolio of the Fund and interdiction to perform any buyback programme, and the retention/use of cash held by FP exclusively for the management of the current portfolio and/or for investments, if shareholders approve to extend FTIS' mandate from 1 April 2025 until 31 March 2026.

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 22, Statement of Financial Position

The most important cash inflow during H1 2024 were related to the proceeds from disposal of the entire stake in Engie Romania SA (RON 432.6 million), while the most significant cash outflows were related to net dividends paid (RON 287.1 million) corresponding to all the ongoing distribution.

The dividend receivable mainly includes the amounts approved by Salrom and CN Bucharest Airports and all amounts have been collected as of today.

Slide 23, Statement of Comprehensive Income

As mentioned before, the gross dividend income was mainly generated by the amounts recorded from CN Aeroporturi Bucuresti SA (RON 80.4 million) and Societatea Nationala a Sarii SA (RON 63.7 million).

The gain from equity investments at fair value through profit or loss during H1 2024 was mainly generated by the valuation update at 30 Jun 2024 for the largest unlisted holdings in the Fund's portfolio while interest income arose on short term instruments held by the fund and distribution accounts.

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.