

# Q1 2024 Results Conference Call

15 May 2024

## Marius Dan, Deputy CEO, Corporate Strategy:

Good afternoon and welcome everyone to our conference call to discuss the Q1 2024 results and the April 2024 NAV developments. Johan Meyer, CEO Romania, Portfolio Manager, Catalin Cadaru, Financial Reporting Manager and I are pleased to host today's call.

The Q1 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](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 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 April, the Fund's NAV was RON 2.13 billion / USD 0.46 billion and the NAV / share reached RON 0.5990 / USD 0.1292.

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 **20.31%** for the shares and **23.56%** for the GDRs.

On **slide 3** we present the Fund's shareholders structure as at 30 April 2024 with no major changes since our last results conference call in February 2024.

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 Q1 2024 was (0.6)%, the total return for the local shares was (0.6)%, while the total return for the GDRs was (5.3)%.

For the first four months of 2024, the NAV total return was (0.3)%, the total return for the local shares was (1.2)% while the total return for the GDRs was (4.4)%.

Moving to the next section, on **slide 6**, we show the portfolio structure as at the end of April: 78.1% in unlisted companies, 5.9% in listed equities, and 16.0% in Net cash and receivables. Net cash and receivables position as at 30 April was USD 73.5 mn.

On **slide 7** we present the main portfolio companies as at 30 April 2024, representing 79.7% of the Fund's NAV.

On **slide 8** we present the 2023 figures for Bucharest Airports.

On the financial side:

- Operating revenues increased 21% compared to 2022, to RON 1.2 bn;
- Operating result reached RON 499.7 mn from RON 345.8 mn in 2022;

Net income has reached record high levels for FY 2023 of RON 453.3 million, an increase of 49% year-over-year. The main driver for the improved profitability was the higher passenger traffic, which recovered to pre-Covid levels, reaching 14.7 million passengers, up 17% year-over-year. Management proposed a 90% dividend pay-out ratio from 2023 earnings.

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, all Board members have interim mandates. The selection process has started, and it is expected to be finalised in the coming months.

On **slide 9** we show the 2023 figures for Constanta Ports.

On the financial side:

- Operating revenues increased by 12% y.o.y. to RON 571.2 mn;
- Operating profit was RON 195.9 mn, up from RON 131.5 mn in 2022;
- Net income was RON 195.4 mn, up 71% compared to the previous year.

Traffic reached 92.5 million tons in 2023, an increase of 22.4% year-over-year, driven by traffic of Ukrainian merchandise, which doubled year-over-year, to approximately 25 million tons. Higher traffic drove an improvement in profitability, which reached RON 195.4 million in 2023.

The board of the company did not propose the distribution to shareholders of any dividends out of the company's 2023 net profit. The Fund has supplemented the agenda of the company's Annual GSM convened for 23 May 2024 and proposed the distribution of a dividend of RON 44.2 million out of year 2023 net profit, in line with the 25% pay-out limit set by Government Ordinance no. 22/1999 as amended. Also, the Fund has introduced on the agenda of the Annual GSM the proposal for a special dividend in total amount of RON 114.8 million out of reserves.

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

Regarding Salrom's 2023 results, on **slide 10**:

- Operating revenues increased by 4% y.o.y. to RON 517.1 mn;
- Operating profit was RON 140.8 mn, up from RON 134.4 mn in 2022;
- Net income was RON 130.6 mn, up 8% compared to the previous year.

On the corporate governance front, following finalization of the selection procedure for Board Members based on GEO no. 109/2011 by the Ministry of Economy, shareholders appointed during the

GSM that took place on 23rd of February 2024 Board members for a period of 4 years. Fondul Proprietatea appointed 2 out of 5 members.

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 or pending shareholders' approval.

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 the 10<sup>th</sup> of May.

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 15<sup>th</sup> 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 April, based on the figures submitted for shareholders' approval. Total amount for top holdings is approximately RON 144.1 mn for the dividends submitted for shareholders' approval 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 0.9 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, Statement of Financial Position**

The liquid assets of the Fund included current accounts and term deposits with banks. The most important cash inflows during Q1 2024 were related to the proceeds from disposal of the entire stake in Engie Romania SA (RON 432.6 million). No other significant changes in the portfolio of Fondul during the first quarter of 2024.

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

The loss recorded during the first quarter of 2024 in amount of RON 5.8 million was mainly generated by the changes in the equity investments at fair value through profit or loss – Alro's BVB share price decrease had a total impact of RON 8.4 million.

Interest income during Q1 2024 arose from short term deposits held with banks and from the distribution bank account balances.

As a result of the latest changes to the tax regulations, Fondul recorded a CIT payable of RON 0.4 million for the first quarter of 2024.

**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.