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Earnings Call 1H 2024



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Therefore, the final results achieved may vary significantly from the forecasts, and the variations may be material.

Welcome to PE's 1H 2024 Earnings Call



José Garza
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Agenda

Opening remarks

Financial highlights

Segment overview

Market context

Q&A session





Opening remarks

by José Garza

We believe integrated, diversified business model is right strategy

Generation and management of renewable energy assets and the supply of renewable energy to non-households

Romania Renewable Energy



Romania Energy Supply

Supply of primarily electricity to approx. 1.4 million household and non-household customers in Romania



Distribution of natural gas to users and its supply to both household and non-household consumers in Romania and wholesale throughout the SEE region

Natural Gas



Moldova Electricity

Distribution of electricity to users and its supply to both household and non-household consumers in Moldova

In a challenging context of high balancing costs experienced in 2Q 2024, the rest of the vertically-integrated business – distribution, natural gas and Moldovan businesses – remained unaffected, allowing the Group to maintain overall stability and growth despite the market disruptions

The Group outperformed on items the management controls; profitability impacted by exogenous factors

1H 2024 RESULTS HIGHLIGHTS

| +21%

increase in Group normalized
revenues, to **EUR 534.8 million**

| 3%

growth in Group normalized EBITDA,
to **EUR 53.2 million**

| EUR -109 mn

adjusted net debt, indicating a net cash and
working capital **surplus**



7% growth

YoY increase in own
renewables production



+1.3m clients

Completed the CEZ
Vanzare acquisition



+48% growth

YoY increase in
electricity supplied



+26% growth

YoY increase in
gas supplied



11% growth

YoY increase in gas
distribution customers



Moldova on target

Performing as expected
on a normalized basis



Financial highlights

by Peter Stohr



1H'24 income statement overview

(€ in millions)	1H'24	1H'23	Δ%
Revenues	512	465	10%
Other operating income	40	25	
Gain on bargain purchase	14	4	
Operating expenses	(521)	(415)	
Depreciation and amortization	(12)	(10)	
FX Gain / Losses	(2)	(1)	
Profit from Operations	31	69	-55%
Net financial Inc/(Exp)	(8)	(4)	
Income tax expense	(3)	(15)	
Net income	20	50	-60%
Reported revenues	512	465	
Tariff Deviations (MD)	18	(36)	
Energy supplied but unbilled (MD)	5	13	
Normalized revenue	535	442	21%
Reported EBITDA	31	75	
Tariff Deviations (MD)	18	(36)	
Energy Supplied/Unbilled (MD)	5	13	
Normalized EBITDA	53	51	3%

- Normalized revenue growth of 21% (adjusting for tariff deviations and the tariff changes in energy supplied but unbilled in Moldova) fueled primarily by the strong growth within the supply businesses
- Normalized EBITDA grew at 3% - EBITDA growth was significantly hindered by the unprecedentedly high balancing costs in May and June paired with money-losing prosumer clients and the negative impacts from the new solidarity tax on renewable electricity production sources applicable since April 2024 as well as lower overall electricity prices
- EBITDA resilience a testament to the diversification and vertical integration of the business (the aforementioned issues had no material impact on the distribution, natural gas and Moldovan businesses)



EBITDA Normalization reflects tariff deviation differences in Moldova

in EUR m

	1H'24	1H'23	2023	2022	2021
IFRS Adjusted EBITDA ^(a)	0.5	43	75	33	4
A Impact of Tariff Deviation (non-IFRS)	18	36	48	13	23
Statutory EBITDA (non-IFRS)	(18)	7	27	46	27
B Impact of Energy Unbilled	(5)	13	10	(13)	1
Normalised EBITDA (non-IFRS)	23	20	37	33	29
Energy Unbilled – Ending Balance (GWh)	31	37	71	74	73
Tariff in force – End-of-Period (MDL)	2.19	2.82	2.23	4.50	1.43
Regulated WACC Return	11.7%	10.3%	10.3%	8.3%	7.8%

(a) EBITDA adjusted primarily for gain on bargain purchases.

Tariff deviation differences in the past few years have been driven by underlying energy market price fluctuations

Lower than anticipated energy prices in 2020 and 2023 caused the business to outperform the regulatory allowed return; the tariff deviation was then brought more into balance with underperformances vs. the regulatory allowed returns in 2021 and 1H 2024

Normalized EBITDA increasing primarily due to WACC return and RAB increases (with some impact from FX and other minor items)

A Tariff deviation

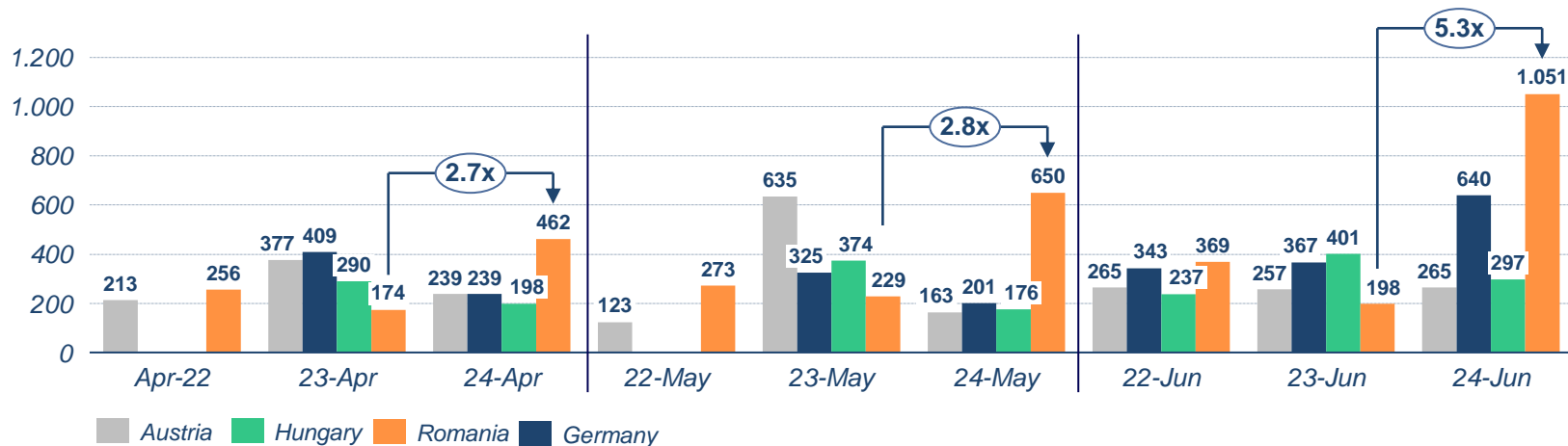
- Difference between forecasted and actual components of tariff, main impact referring to price evolution of procured electricity
- As a result of earning substantially more than the regulatory allowed return in 2023, the business had an over-performance deviation of ~€33 million at YE 2023. This deviation balance was cut in half as of June 2024

B Energy Unbilled

- Effect driven by timing difference between procured energy (fully accounted as expense) and the billing of energy-based meter reading (revenue accounted once meter reading performed)
- Dependent on YTD and YoY delta of (i) tariff in force on period ends and (ii) of supplied quantity on period ends

The electricity balancing costs were unsustainable in late 1H 2024

Standard deviation of imbalance surplus price | EUR/MWh



- Balancing costs in Romania in May 2024 were **2.8x higher** than in May 2023, and in June 2024, they surged to **over 5x higher on a relative basis**, leading to **limited/negative EBITDA** for most electricity producers and suppliers, including our operations.
- Pro forma for the F_garas balancing plant start of operation in July, and the 80 MW wind park acquisition (a plant that the Group managed and incurred all balancing costs on while having a lockbox of the target since Jan.), our renewable business would have been profitable in May and June despite these high balancing costs

Sources: all data regarding balancing costs for Romania contains final prices. For Germany, Austria, and Hungary, the data includes estimates, intermediary prices, as well as final prices. Data sources: ENTSO-E Transparency Platform (<https://transparency.entsoe.eu/>) and OPCOM (<https://www.opcom.ro/>). The prices applied are surplus rates intended to penalize excess energy.

Although the June balancing costs can be seen as unsustainable, Premier Energy's strategy offsets any greater impacts

Challenges

Multiple factors contributing such as lower hydroelectric production in 1H 2024 due to local draughts, growing penetration of renewable sources – some with no balancing responsibility, reconstruction of interconnection power lines, and limited competition in the balancing market, have impacted the balancing market pricing

Market Discrepancy: While the general electricity sector is subject to price caps and solidarity taxes, the balancing sector lacks such limitations, contributing to limited possibilities to offset these unsustainably high balancing costs

Wider Business Impact: The elevated balancing costs are not only affecting renewable energy production but also impacting electricity supply businesses

PE's approach

Commercial opportunity to participate in the balancing market: Back in October 2022, recognizing the importance balancing capabilities may play in the future, acquired an idle gas-to-power plant in Făgăraș, Romania, which became fully commercially operational as a licensed balancing plant on July 1st, 2024

Looking to enlarge its balancing capacities: Already today developing 23 MWh of battery storage capacity and analyzing further opportunities

Efficiencies due to scale and professionalism: With over 120 renewable production plants in Romania and 1.3 million electricity customers, the Group is focused on optimizing and gaining efficiencies across its growing production and supply businesses.

Diversified business model: Vertically integrated and diversified operating model provides stability irrespective of the market backdrop

Balance sheet overview

	Jun-24	Dec-23	Δ%
Non-current assets	507	471	8%
Current assets	453	260	74%
Total assets	960	731	31%
Equity	516	405	27%
Non-current liabilities	202	172	18%
Current liabilities	242	154	57%
Total liabilities and equity	960	731	31%

	Jun-24	Dec-23	Δ%
Short-term bank debt	94	54	73%
Long-term bank debt	103	100	2%
Less: Cash & Equivalents	(130)	(81)	60%
Net debt	66	74	-10%

Plus: Current Liabilities (excl. debt)	148	100	48%
Less: Current Assets (excl. cash)	(218)	(179)	81%
Working Capital Adj.Net Debt/(Cash)	(109)	(5)	1,904%

Total Assets: increased by 31% with fixed assets growing 8% due to strategic investments, including an 18 MW wind park acquisition and continued investments in distribution businesses in Romania (natural gas) and Moldova (electricity) as well as multiple renewable generation developments.

Current Assets: grew 74% fuelled by a 150% increase in trade receivables largely due to the acquisition of CEZ Vanzare, including over EUR 100 million in the government support scheme, and EUR 39 million in inventory (incl. gas-in-storage). Over EUR 70 million in the gov't support scheme receivables were collected in July and August 2024, improving cash flow. The cash position increased as a result of IPO proceeds as well as continued operational FCF generation

Equity: increased to EUR 516 million, bolstered by the successful IPO in May and profit after tax during the period

Liabilities & Net Debt: total liabilities grew to EUR 444 million as a result of the growth and acquisitions. Net debt stood at EUR 66 million with working capital-adjusted net debt being a negative EUR 109 million (so a net cash and WC position)

Of note is that over EUR 50 million has been invested into assets which did not yet generate any meaningful revenue/profits (new acquisitions and developments,

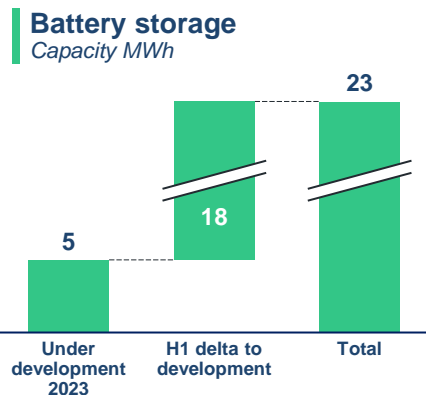
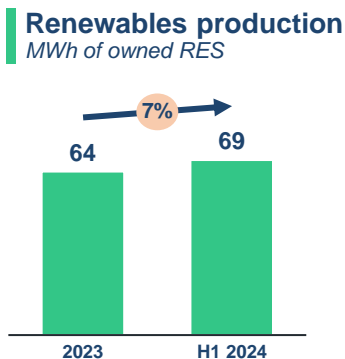
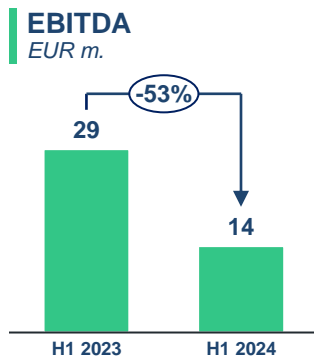
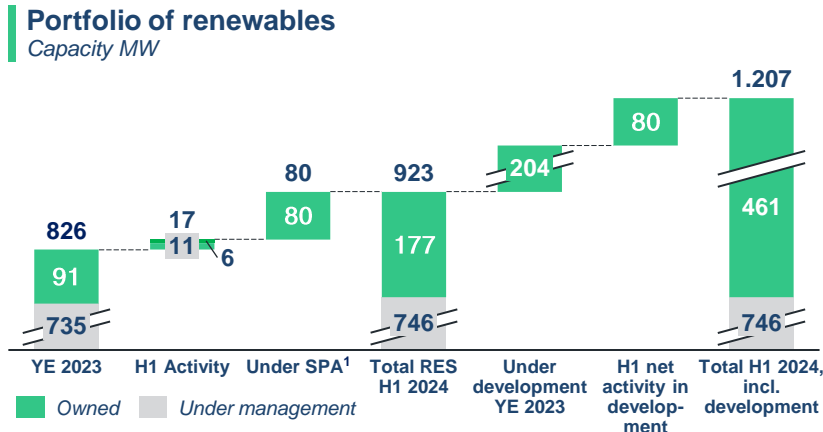
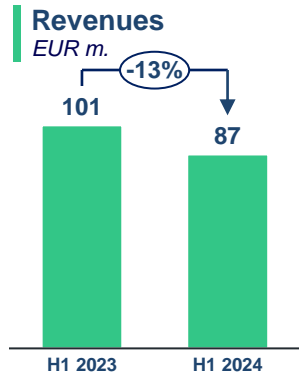




Segment overview

by Peter Stohr

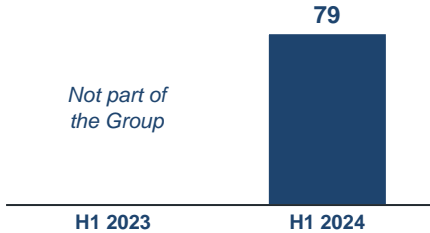
Continued strategy of growth, adding 86 MW of owned RES into the portfolio; unfortunately profitability was impacted by the balancing market & lower prices



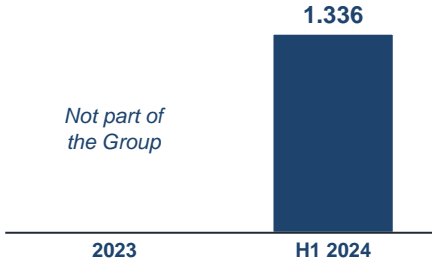
- Revenues declined 13% YoY, driven by lower electricity prices (including introduction of a lower cap on sales prices)
- Production from owned plants increased by 7% and were negatively impacted by overall less windy conditions in Romania during 1H 2024 - wind parks had 10-15% less electricity production
- Lower EBITDA of segment was driven by the lower revenue & balancing costs
- EBITDA would have been higher had the balancing plant in Fagaras started commercial balancing operations earlier than on 1st of July and if we could include the 80 MW wind plant that we managed (incl. balancing costs) all of 1H and that closed in July with lockbox from Jan. 1
- Portfolio of RES continues to grow, well on our way of achieving stated target of 1,400 – 1,600 MW of capacity by 2026:
- Closed the acquisition of the 80 MW wind plant in July
- 1H built 6MW of solar parks in Moldova, added another 5MW in August
- New development of 86 MW solar and 18 MWh of battery storage

Energy supply segment is tied to the regulatory framework, severely hit by the high balancing costs in May and especially in June

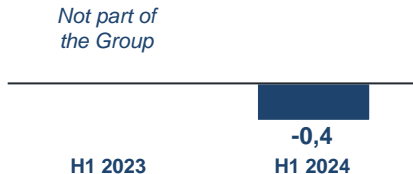
Revenues EUR m.



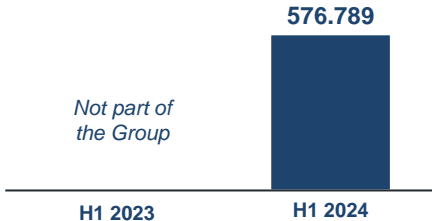
Customer evolution # ths.



EBITDA EUR m.



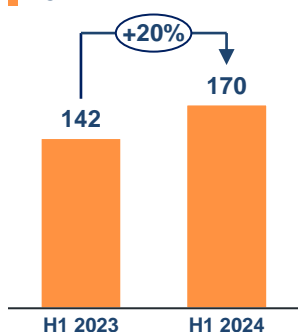
Electricity supplied volumes MWh



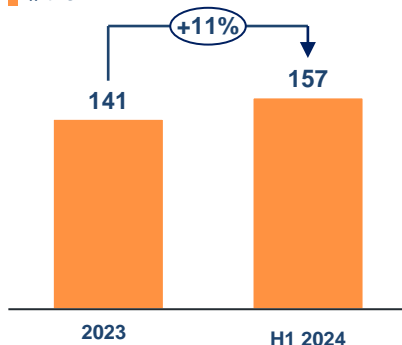
- Acquisition of CEZ Vânzare (renamed Premier Energy Furnizare) in Romania was completed in April 2024
- With the acquisition, the Group established itself as the #4 electricity supplier on the Romanian market (incl. with our Alive Energy subsidiary)
- P&L consolidation started on 1st of April
- Revenue generated during the first 3 months of inclusion amounted to EUR 79 million
- The EBITDA generated was minimal due to the high balancing costs combined with price caps and remuneration caps, including remuneration caps on the balancing costs which are tied to the value of the purchase price (vs. volume) as well as due to the increased volumes from prosumers
- Integration of Premier Energy Furnizare is ongoing but generally on schedule

Natural gas business had a strong performance

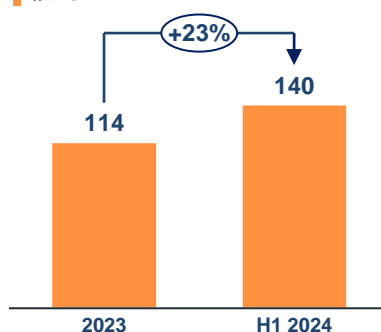
Revenues
EUR m.



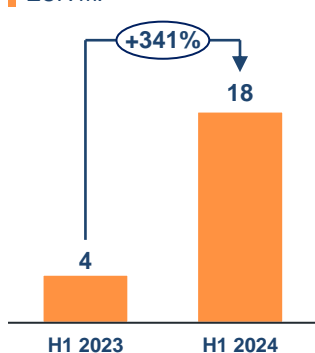
Distribution customers
ths.



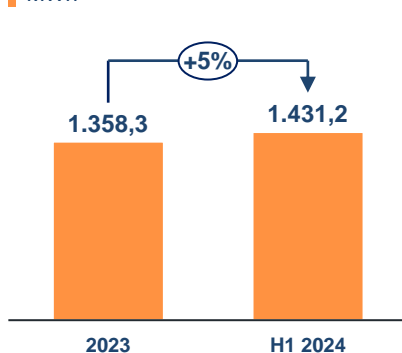
Supply customer evolution
ths.



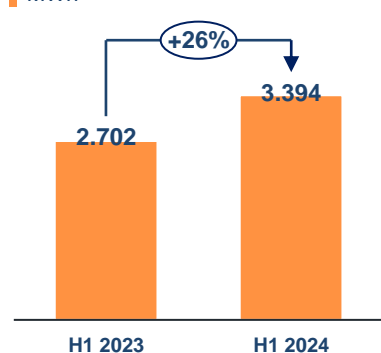
EBITDA
EUR m.



Distributed gas quantity
MWh



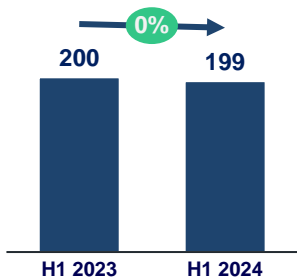
Gas supplied volumes
MWh



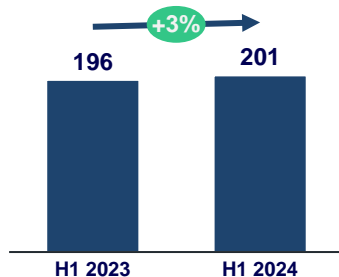
- The natural gas division generated a 20% revenue increase, reaching EUR 170 million in 1H 2024
- EBITDA increased by 341% reaching EUR 18 million supported by the growing volumes as well as increased margins, including through the increased regulatory margin limit from RON 12 / MW to RON 15 / MW starting in April 2024
- The natural gas distribution segment will be further bolstered in the future by the EUR 11 million of assets put into function in 1H 2024
- The Group added 16K customers to its distribution network, which is +11% YoY
- Won 2 new concessions agreements in 1H
- Out of the 26K growth in gas supply clients, ~21K were added by CEZ Vanzare acquisition
- Increased 1H 2024 supply volumes by 26% (24% on a LFL basis) due to strong Romanian domestic sales as well as wholesale sales outside of Romania

Moldova electricity segment performed as expected on a normalized basis, the return on RAB return increased to 11.71 % this year

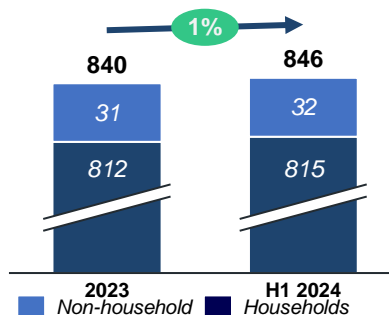
Normalized revenues
EUR m.



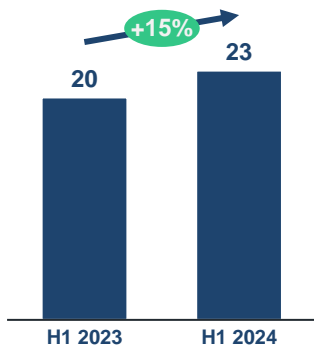
Distribution RAB
USD m.



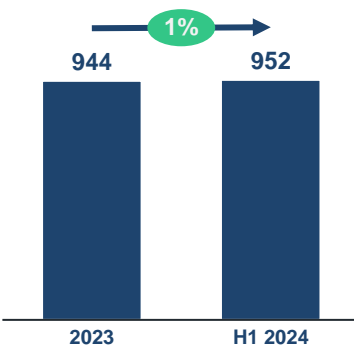
Customer evolution
ths.



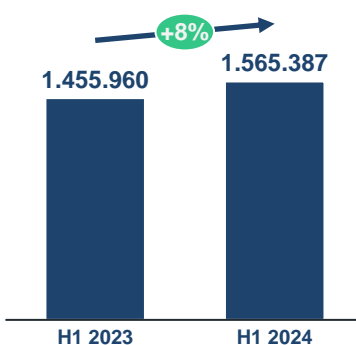
Normalized EBITDA
EUR m.



Distribution points
thousands



Electricity supplied
MWh



- Performance according to expectations, especially on a normalized basis (when adjusting for tariff deviations given the outperformance vs. regulatory allowed returns in 2023 which then caused 1H 2024 to underperform vs. the regulatory allowed returns)
- For normalization details please refer to slide 10
- Normalized Revenue was flat with last year (higher electricity supplied and RAB return offset by overall lower tariffs (even when adj. for tariff deviations) due to lower overall electricity prices)
- EBITDA grew on a normalized basis by 15% reaching EUR 23 million
- Electricity supplied increased by 8% driven by GDP growth and warmer weather compared to last year
- RAB return for 2024 increased to 11.71% from 10.28% (on the back of the US\$ 10-year treasury increase)



Market context

by Peter Stöhr

Market and Regulatory Update

Caping mechanism

- *Electricity production sales over LEI 400/MWh taxed at 100%; decreased from LEI 450*
- *Reimbursement mechanism for electricity suppliers at maximum LEI 700/MWh (based on average monthly sourcing costs)*
- *Increased capped profit margin for gas suppliers from LEI 12/MWh to LEI 15/MWh*

Gas distribution

- *The regulated rate of return increased to 6.94% from 6.39% with application for the next regulatory period starting from 1.1.2025*

Balancing costs

- *Balancing costs reimbursed to electricity suppliers only up to 5% of the value of purchased energy – balancing costs were higher than this in May and June*
- *Romania is scheduled to join the Picasso platform likely increasing the competition on the balancing market*

Prosumers

- *Prosumers reimbursed for their production costs based on the average monthly sourcing costs of the respective supplier, **so no link to the actual market price when the solar electricity is produced.***



Q&A



Thank you for joining us today!

- Premier Energy's consolidated H1 2024 results are available for download on our website, www.premierenergygroup.eu
- The recording of this conference call will be available on our website shortly.
- For any questions related to our activity, please do not hesitate to contact the IR Team at: investor.relations@premierenergygroup.eu

H1 2024 Report Premier Energy PLC

