Teleconferința Ziua Investitorilor SNN - Prezentarea rezultatelor financiare aferente semestrului I 2026”-20260814_160018-Meeting Recording.mp4

Speaker A

[00:01] So he's going to deliver the presentation and then we can have questions from your side. This being said, Daniel, the floor is yours.

[00:13] Thank you.

Speaker B

[00:14] Hello, everybody. We'll present today the reviewed individual and consolidated financial statements for the six month period ended June 30, 2026.

[00:27] I will jump to the six month financial results highlights. For the period was almost 1.2 billion RON, with 370 million RON versus last year, 2025, and above the budget with 26 million RON.

[00:59] Just a note here the company absorbed in the first half of the year the effects of the unplanned shutdown.

[01:11] Shutdown of unit 2 due to the transformer issue. Going back to the results, we have an increase from sales of electricity plus 2.7%.

[01:32] This is coming from better every selling prices, which increased with almost 13% due to a more favorable trading, and also compensated by a quantity low

[01:48] With almost 9%. This is the effect of the ample shutdown of Unit 2. And also, partly in this period, we had the planned, this time planned shutdown for Unit 1, which this year was longer than usual due to some preparation we are doing for the refurbishment of Unit 1.

[02:20] Was higher with 51 million. We had an increase in interest income. Also, the interest rates were quite high in the first half of the year and a positive impact from currency exchanges.

[02:41] Windfall tax was, as you may know, eliminated starting the second half of last year.

[02:55] 500 million RON. And we had a small saving in spare parts and so on. The decreases, as I already stated, purchase electricity since we had to make up for the lost production we had from Unit 2.

[03:17] We have a higher depreciation in amortization. As you may know, at the end of last year, we re evaluated the real estate assets.

[03:30] And we have an increase in operating expenses of 61 million, mainly driven by the ANDR contribution.

[03:42] They increased since October last year the tariff of 4 euro per megawatt coming from 2 euro per megawatt prior. And of course, due to the high results, we have also higher income tax expenses.

[04:05] We kind of went through the main deviations here. As you can see also in this waterfall presentation, the biggest effect of the better result this year compared to last year is the windfall tax.

[04:30] On the revenue side, higher sales, electricity, and financial result, and compensated by some negative deviations from the costs, namely traded electricity depreciation, other operating expense, and income tax.

[04:57] On individual versus consolidated financial performance, still the result is situated above 1 billion, 1.1 billion lay almost.

[05:13] We do have some consolidation effects coming from sales of energy made to Energonuclear.

[05:27] We have some processing services invoiced by our uranium processing plant, which are compensated by revenue recognized by FPCU, personal cost of subsidiaries, and so on.

[05:45] But the deviations are quite small versus the individual due to the smaller size of our subsidiaries.

[05:58] In terms of financial position, we have an increase in non-current assets of 240 million RON, or almost 2%.

[06:14] This is coming 960 million, coming from an increase in net value of tangible assets.

[06:26] The net impact of the inflows and outflows of tangible assets from the reporting period, mainly inflows related to the investment projects, and the biggest one there is the Unit 1 refurbishment project.

[06:44] We have a net decrease of 404 million, which represents the expense of depreciation and impairment of fixed assets, and several hundred million

[07:01] Represents the current portion of the loans granted to subsidiaries, which has been classified as part of the current assets due to the below one year time horizon.

[07:15] The current assets have increased with 20%, 879 million RON, mainly due to the increase in other assets measured at amortized cost, resulting from the recognition

[07:34] of the short-term portion of the loans granted, and 344 million due to an almost 13% increase in cash and bank deposits with a maturity of more than three months.

[07:52] Non-current liabilities increased with 18 million RON, increased related to the update of liability provisions, like for the DICA storage and the low radioactive waste.

[08:15] liabilities, we had an increase of 100%, mainly due to the recognition of the dividends payable in 2025, which amounted to almost 1.2 billion lei payment, which was affected in July 2026.

[08:39] And on the equity, we have the normal increase through return, individual versus consolidated financial position.

[08:54] Also, here we have a small impact of the consolidation where the consolidation equity, is increased to 444 million lay versus the individual.

[09:15] The difference is mainly on non-current assets. The difference is mainly represented by the cancellation of intra-group transactions. Transaction, loans granted, and shares held in subsidiaries.

[09:27] Of course, net of the subsidiaries' fixed assets. On the current assets, we have the elimination of the intragroup transaction that I mentioned also on the previous slide.

[09:39] And in the equity, we have the retained earnings from the subsidiaries' financial results following the adoption of IFRS. On the total liability side, we have the trade payables of the subsidiaries remaining after the elimination of intragroup transaction.

[09:57] Mainly the JP Morgan loan contracted by EnergoNuclear last year and the payables to capital asset suppliers of our Feldioara company and Nuclearelectrica Serv.

[10:17] On the sales of the electricity, we have an evolution of plus 71 million coming from the first half of 2025 to 2026.

[10:33] As previously stated, we had a better price coming from different mix, but decreased by almost 9% lower quantity due to the shutdown, unplanned shutdown of unit 2 during the first half of this year.

[11:10] we can see versus last year an increase in all the markets, competitive spot, and also the average.

[11:27] We have a significant increase. On competitive market for PCCB, the quantity of latest sold in 2026 represented 85.6% of the total sales, the average selling price during the reporting period was 578, almost an increase of almost 13%, as we previously discussed.

[12:01] Also, the spot market, the quantities increased, 14% of the total volume, and the average price was almost 608 compared with 550.

[12:19] Due to this, we are seeing also a bit of the issue, which impacted the gas, which also impacted our energy prices in the market.

[12:37] Now, on the OPEX, we have an OPEX of $1,654,000,000, lower than last year with $274,000,000.

[12:55] But with 73 million below the budget. Increasing costs in the period versus last year are coming from depreciation and amortization, 66 million.

[13:13] Cost of traded electricity, we mentioned prior, 111 million RON, and the ANDR contribution, which increased in October last year.

[13:26] And the windfall tax decrease of almost half a billion, slightly over half a billion RON. And we had a lower cost of uranium due to the fact that, due to these outages of plants in unit one and unplanned for unit two, also the consumption of fuel was lower.

[13:50] And the cost with the spare parts, we have a decrease of 34.6%. On the CAPEX side, we had a spending of $1,360,000,000 in the first half of this year, slightly lower than H1 2025, which was almost $1.4 billion.

[14:30] And this compared with the total investment program for the year of 3 billion 421 million. We have a decreased degree of completion for the previous period.

[14:49] This year we have 39.8% versus last year where we had 41.3%.

[15:01] But of course this depends on the heterogeneity of the investments.

[15:13] And in the first half of the year, the investments were made according to the planning.

[15:26] Some major aspects related to the main investments and the long-term strategic projects. Unit 1 refurbishment.

[15:38] In the first half of the year, regarding the PPC-free contract, reactor component manufacturing is advancing ahead of the schedule, and the fabrication of the Calandria tube.

[15:51] Has been already completed. On April 16, the EU Commission opened as a standard procedure, especially in all big projects, but especially also in nuclear projects, an in depth state aid investigation into Romanian state support of refurbishment of Unit 1.

[16:19] In May, SNN announced the completion of the first continuous concrete pour for the permanent structures. The most complex operation of this kind carried out the plant since the construction on Unit 2.

[16:36] 3,470 cubic meters of concrete were used to execute the foundation. That's around 380 trucks of concrete.

[16:53] In July 2026, SNN announced through a current report that the board of The European Investment Bank approved on 15 July the granting of an 800 million euro loan for the refurbishment project.

[17:12] On Units 3 and 4, in the first half of 2026, through an extraordinary general meeting of shareholder resolution, SNN was approved acting as a guarantor for Energonuclear up to 46 million euro equivalent in USD from US EXIM.

[17:41] And by different resolution in July 2026, the shareholders approved the loan agreement of up to 75 million euro between the EnergoNuclear as a borrower, SNN as a guarantor, and Export Development Canada as a lender.

[18:06] On SMR, in February 2026, the SNN shareholders approved the adoption of the FID for the project.

[18:32] And in July 2026, SNN shareholders rejected the approval of the initiation of steps to assess the feasibility of updating the implementation strategy for SMR project.

[18:49] For CTRF, the Tritium Removal Facility project, in the first half of 2026, KHMP continued negotiating contracts for the non contracted procurement packages, reaching 19 signed contracts out of 2023 by the end of June.

[19:09] Constructional activities were focused at the 95M level, metalwork assembly for installation, bash hammering, and so on.

[19:23] On June 2026, SNN announced the commencement of works on Europe's first tritium removal facility located at Cernavoda developed by the partnership with Korea.

[19:41] I think it's earlier of 2026, CNCAN approved the design change related to the project implementation.

[20:03] Also, a number of documents pertaining to the conceptual design stage were reviewed and approved. The nuclear safety reviews were completed and led the identification of the best solution for certain equipment so that the nuclear safety and production continuity will not be affected.

[20:27] On the technical performances in terms of combined emissions for both units, everything is in green.

[20:46] We are at a cumulative level of 2 millisieverts versus an annual limit of 10.

[21:00] In terms of nuclear full burn up, in terms of nuclear full burn up rate.

[21:20] We are in the normal parameters and envelope. Of course, you can see the effects in May and June on the planned or unplanned outages.

[21:43] The same here on the capacity factor. Both units were affected by the unplanned outages in May, June.

[22:00] And that's all. Thank you very much for your attention.

Speaker A

[22:04] Could we start with a question on the chat? I have a question from Christian Petre from NN regarding the progress on the refurbishment of Unit 1 compared to schedule.

[22:23] It will still be finalized in 32 months as it is scheduled. It was mentioned that it is going ahead of schedule, but planned achievement is 39%.

Speaker B

[22:35] Yeah. On the first question, we are with the total schedule on time and also on budget.

[22:51] So the timeline of the project to have the commercial operation date in summer of 2030 didn't change.

[23:03] What we mentioned that is going ahead of the schedule is a part of the refurbishment, meaning the fabrication of the Calandria tubes.

[23:16] And in terms of the planned versus the achievement, we are comparing the achievement in June out of the 100% schedule for the year.

[23:41] Is not a lack of performance. It may just be from the fact that more works are scheduled during autumn than in spring.

[23:54] So, in terms of project performance, we don't have any red flags up until now, neither on time, neither on budget.

Speaker C

[24:07] Thank you, Daniel. If you have any other questions, please.

Speaker A

[24:13] Okay, if no other questions, thank you very much.

[24:25] For joining us, we are going to publish the presentation, the audio file, and of course the transcript of this conference. And we have one more from Christian Petre.

[24:39] Can you comment on drought and force majeure?

Speaker B

[24:41] Sure. As I'm sure everybody knows, yesterday it was also the planned shutdown of, or the control shutdown, because it was not planned, the control shutdown.

[24:56] of Unit 2 due to the severe drought that we are experiencing on the Danube. Unit 1 was also shut down in a control and safety manner on 28th of July.

[25:14] This is coming from historically low levels of the Danube. Basically, the Danube is a third, and not only Romania, across the basin.

[25:28] It's a third of the multi annual July or August levels. And I think a couple of weeks ago or something like that, we already surpassed the record for low levels, which was standing since 1985.

[25:52] So 40 years ago, something like that. And Unit 1 was stopped in the end of July. There were a lot of efforts done by the government to address a bit some of the issues, and they did have a temporary benefit.

[26:19] As a general rule, there is a project which is mentioned also in the support law for UNESCO for Bala 2 underwater dam.

[26:31] It would solve this issue and provide the necessary water also for three and four, that project would increase the levels available in Cernavoda with more than one meter, as far as I understood.

[26:56] On Force Majeure, following the stoppage of Unit 1 in the end of July, the company started the process of obtaining from the Chamber of Commerce, the branch of Constanta, a force majeure certificate for our energy delivery contracts.

[27:39] And following that, we notified our customers that as of Wednesday, we are declaring force majeure until the end of August.

[28:08] I think 30th of August is the exact date. Drought persists, probably we'll have to extend that.

[28:23] We don't have a clear prognosis on the water on the Danube. There is some expectation that things will improve towards the end of August or beginning of September, but we shall see.

[28:41] So far, there are forecasts and not certainties.

Speaker A

[28:45] Okay. Thank you, Daniel. If there are no more questions, as I said, we're going to publish the presentation, audio file, and transcript on our website by the end of this day.

[29:04] We do have one more question. Ms. Irina Railean, please.

Speaker D

[29:09] Good afternoon. Yes, I also wrote it in the chat, but raise the hand just to make sure it will be addressed.

[29:20] Regarding this, if you have any estimate of the financial impact of this forced shutdown, I mean, how do you think the profitability will be impacted if you have a guidance for us at this point?

[29:35] And what this force majeure exactly implies for Nuclearelectrica from the commercial perspective? I mean, will just a certain amount of revenues not be recorded in Q3?

[29:51] If there be any penalties or any obligations for any quantities to buy, the market price to honor them. I mean, if you could a bit detail what we should expect from next quarter's financials and how the impact will be.

[30:10] And also, if you have any guidance on the shutdown costs and restart costs for this operation.

Speaker B

[30:18] Thank you. We don't have, at least for how to say, for investor use.

[30:33] not, how to say, certain enough to disclose this. Our expectation is that this will be solved in the beginning of September, and depending on how long it will be, then a more thorough and precise calculation can be done, which of course we will share with you at a later date.

[31:03] Both the profitability and cash flow can sustain some hits.

[31:15] In terms of what force majeure implies, according to the law, because this is part of the civil code, actually, based on this force majeure certificates, and of course, as you know, also the government.

[31:37] Declaring the southeast of the country this alert and emergency situation. That means that we are allowed since Wednesday, I think it was this week, to suspend the execution of our sales agreements due to this reason.

[32:10] this will allow us not to be obliged to buy from the market the energy that we cannot produce in the reactors?

[32:25] But mind you, we did that since the stoppage of Unit One until we had the certificates of force majeure. We did buy from the market in order to honor the agreements.

[32:43] I think it was another question.

Speaker D

[32:45] And any penalties also? You will not have to pay any penalties for this?

Speaker B

[32:51] That's basically the force majeure. That's why it's suspending the contracts without penalties. That's the whole point that this mechanism exists in the law.

[33:09] Thank you. That's perfectly clear.

Speaker D

[33:10] Thank you. Restarting production?

Speaker B

[33:20] I don't want to say that we don't have an internal view, but it's not fully baked and certain enough to make it public at this stage.

[33:32] And it also depends quite a lot because one of the effects that we have is that we are not selling energy. That's the impact.

[33:45] This is highly dependent on the time that the water levels will be sufficient enough to restart our reactors. Then we can draw the line, make a clear calculation, and probably we'll announce it in the next call.

[34:08] We do have an internal view based on some assumptions, but I'm not comfortable enough with the assumptions to share it with you.

Speaker D

[34:22] I understand. Thank you.

Speaker A

[34:23] You're welcome. Question on force majeure, and you may close.

Speaker B

[34:32] We are still recording the depreciation. Basically, the force majeure is applied on the commercial contracts because there is a procedure before you ask the Chamber of Commerce for a force majeure certificate.

[34:52] Basically, you are notifying the customers, and they are giving you a certificate for each agreement that you want to notify. Force majeure will not have an impact on how we calculate and book depreciation.

Speaker C

[35:11] Yes, that's it.

Speaker A

[35:27] Well, thank you very much. Hope to see you next time for the November reporting for the third quarter. Have a great afternoon. Thank you. Bye.

Speaker C

[35:37] Thank you. Bye bye.

Other speaker

[35:39] Thank you. Bye.