



Central Puerto S.A.

1Q 2024 Results Conference Call
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Time

CORPORATE PARTICIPANTS

Fernando Bonnet – *Chief Executive Officer*

Enrique Terraneo – *Chief Financial Officer*

Alejandro Diaz Lopez – *Corporate Finance & Investor Relations*

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CONFERENCE CALL PARTICIPANTS

Martin Arancet, *Balanz Capital*

Eva Lawrence, *Ion Group*

PRESENTATION**Operator**

“Good morning, ladies and gentlemen welcome to Central Puerto’s first quarter 2024 Earnings webcast. All participants will be in listen-only mode. Should you need assistance, please signal a Conference Specialist by pressing the star key followed by Zero. After today’s presentation, there will be an opportunity to ask questions. Please note, this event is being recorded.

If you do not have a copy of the press release, please refer to the Investor Relations Support section on the company’s corporate website at www.centralpuerto.com. In addition, a replay of today’s call may be accessed by accessing the Webcast link at the same section of the Central Puerto’s website.

Before we proceed, please be aware that all financial figures were prepared in accordance with IFRS and were converted from Argentine Pesos to U.S. dollars for comparison purposes only. The exchange rate used to convert Argentine Pesos to U.S. dollars was the reference exchange rate reported by the Central Bank for U.S. dollars for the end of each period. The information presented in U.S. dollars is for the convenience of the reader only and you should not consider these translations to be representations that the Argentine Peso amounts actually represent these U.S. dollars amounts or could be converted into U.S. dollars at the rate indicated.

Finally, it is worth noting that the financial statements for the **first quarter ended on March 31st, 2024**, include the effects of the inflation adjustment.

Also, please take into consideration that certain statements made by the Company during this conference call and answer to your questions may include forward-looking statements, which are subject to risks and uncertainties that could cause actual results to be materially different from the expectation contemplated by industry remarks, thus we refer you to the forward-looking statements section of our earnings release and recent filings with the SEC. Central Puerto assumes no obligation to update forward-looking statements except as required under applicable securities laws.

To follow the discussion better please download the webcast presentation available on the company's website. Please be aware that some of the numbers mentioned during the call may be rounded to simplify the discussion.

On the call today from Central Puerto is Fernando Bonnet, Chief Executive Officer, Enrique Terraneo, Chief Financial Officer and Alejandro Diaz Lopez member of Corporate Finance & Investor Relations team. And now, I will turn the call over to Alejandro Diaz Lopez. Please Alejandro, you may begin.

Alejandro Diaz Lopez– Corporate Finance & Investor Relations

Slide 3 - Agenda

Thank you very much, and good morning to you all.

Thank you for join us today on our earnings presentation, where our management team from Buenos Aires, Argentina, is going to comment on our financial results of the 1st quarter of 2024.

I would like to take a moment of your attention to review today's agenda. I will begin the presentation by addressing shortly the main figures of the 1Q24, followed by a quick update of the regulatory framework and news. Then I will show an overview of the Argentine energy sector, moving afterwards to our operational and financial results. Finally, at the end of the presentation, we will be happy to address any question you may have.

Slide 4 – Key Figures

Before going into a more exhaustive analysis of our financial and operational results, let me briefly review Central Puerto's main figures for the 1Q24.

As you may recall, with the acquisition of Central Costanera, performed at mid-February of 2023, and the Guañizuil solar farm, in October 2023, the group's installed capacity has jumped 49% Y/Y to 7,173 MW.

Furthermore, energy generation amounted to 5,520 GWh during the first 3 months of 2024, increasing by 8%.

These figures make Central Puerto the largest private energy generation company in Argentina, both in terms of installed capacity and energy generation, with a well-diversified portfolio of assets across almost all power generation technologies.

Regarding our financial results, it should be noted that after the sharp devaluation that happened in December 2023, the exchange rate kept almost flat during the first 3 months of 2024, while inflation, though decreasing from December 2023, was significantly higher. This dynamic generated inflation in dollars in Argentina. Due to Central Puerto's accounting methodology, all items in pesos must be adjusted for inflation to the end-of-the-quarter local currency, while the company reports its results in dollars by converting them at the end-of-the-period official exchange rate (the so called Central Bank A-3500 exchange rate). This causes a non-cash impact that affects, positively or negatively, as appropriate, our financial results.

Revenues for the 1Q24 amounted to 150 million dollars, increasing 15% y/y compared to the 1Q23, while Adjusted EBITDA reached 84 million dollars, a growth of 36% versus the first 3 months of 2023.

Net income for the period was positive in 32 million dollars, rising almost six times on a y/y basis.

Finally, after debt consolidation as a result of M&A's operations, loan repayments and dividend payments, our net debt as of March 31st 2024, amounted to 326 million dollars, a decrease of USD 100 MM, this means a net debt-to-Adj. EBITDA ratio of 1.1 times.

Slide 5 – Regulatory Update

Now, let's move to the most recent Regulatory updates and relevant facts:

We have anticipated in our last call the Resolution No. 9/2024, issued by the Secretariat of Energy in February of 2024. We should take into account that this resolution applies as of February 1st 2024, so it affects positively our revenues during the period.

On April 22, 2024, our subsidiary Proner entered into a common shares subscription agreement with AbraSilver Resource Corp (a Canadian company listed in the Canadian stock market) by means of which it was granted with a 4% interest in the share capital of the aforementioned company, that owns the silver-gold project Diablillos, located in the Northeast region of Argentina.

Finally, we should highlight the Resolution 58/2024, issued by the Secretariat of Energy a couple of days ago, which determined the payment mechanism for trade receivables accrued in Dec-23, Jan-24 and Feb-24 that are still unpaid (these receivables as of March 31st amount to ARS 102,123 MM or aprox USD 119 MM). The said mechanism establishes that receivables accrued in December 2023 and January 2024 will be paid with Argentine Republic USD bond at face value (the AE38) while receivables accrued in February 2024 will be paid with funds available in CAMMESA's bank accounts and transfers made by the National Government to the Stabilization Fund. Central Puerto is analyzing the impacts of the Resolution and assessing all the necessary measures that could be taken to preserve its rights. As of the date of the Resolution, if the aforementioned mechanism was put in place, the Company would have an estimated economic loss of approximately ARS 24,450 million (USD 29 million), without including any default interest.

Slide 6 – Market Overview Installed Capacity

Now, let's skip to the Argentine energy market picture of this quarter, that will be showed on slides 6 and 7.

By the end of the first quarter of 2024 the country's installed capacity reached 43,873 MW, which means an increase of 1% or 595 MW compared to the 43,278 MW recorded as of March 31st, 2023. The growth in capacity was basically due to: (i) the incorporation of 680 MW (a growth of 13%) from renewable sources, of which 378 MW corresponds to wind farms, 290 MW to solar photovoltaic projects and 12 MW to biogas power plants and (ii) a net decrease in thermal sources of 85 MW (representing a contraction of 1%), which includes the addition of 397 MW of combined cycles and a decommissioning of 345 MW and 137 MW of gas turbines and diesel engines, respectively. All of these figures may include MW of new facilities and adjustments and repowering of power plants that were already in operation.

Regarding energy generation in the 1Q24, it increased 2% to 39,285 GWh, compared to 38,629 GWh generated during the 1Q23. While thermal source continues to be the backbone of the Argentine electricity sector, this type of generation dropped 9% y/y and its participation share in the energy matrix declined 6 p.p. y/y to 54%. Nuclear power plants generated 71% more y/y while their participation share was 8%, followed by renewables, with a participation share of 14% (and a 20% y/y increment in generation) and hydro, with a participation share of 23% (and a 5% y/y growth in generation).

Lastly, it is worth to mention that the increase in nuclear generation along the quarter was basically explained by the reincorporation of Atucha II power plant in August 2023, being in maintenance shutdown before then. Also, the lower thermal dispatch during the 1Q24 triggered lower alternative fuels consumption (-96% y/y of fuel oil and -83% y/y of diesel).

Slide 7 - Market Overview Demand & Generation

Focusing now on the demand, as you can see, electricity demand of the 1Q24 dropped 4% vis-à-vis the 1Q23, prompted by a 6% shrink in residential consumption. The 1Q23 as a whole was exceptionally warmer than the 1Q24, especially March. This configuration boosted a trend decreasing demand along the quarter. But on February 1st, a new historical power demand peak was recorded: 29,572 MW. Shifts in temperatures and in specific conditions of generation units allowed energy exports in January and net imports in February and March.

Slide 8 - Central Puerto Operating Metrics

We now go to slide 8, to our key operating indicators for the quarter. We can see that energy generated by Central Puerto rose 8% to 5,520 GWh, compared to 5,122 GWh in 1Q23.

It should be noted that this increase includes the incorporation of 714 GWh generated by Central Costanera, which was acquired in mid-February 2023, as well as the 82 GWh produced by Guañizuil II A solar farm, acquired in October 2023.

During the 1Q24, hydro energy generation from Piedra del Aguila decreased 5% (or 40 GWh) as compared with 1Q23 levels, as a direct result of lower water availability for generation and a trend decreasing demand along the quarter.

With regards to renewables, except for the incorporation of Guañizuil II A solar plant there was a slightly higher wind generation as a result of higher wind resource during the period, which represented a 3% difference if compared to 1Q23.

The generation from Central Costanera represented 54% of our total thermal generation. It is worth to mention the performance of the Buenos Aires Combined Cycle, which rose its generation by 78% (+73 GWh) if compared to 1Q23, due to a deep maintenance and rehabilitation program put in place (this figures take into account that Central Costanera begun to be operated by Central Puerto by mid-February 2023). The energy generated by this site was partially offset by lower dispatch and availability of other units.

Finally, we should highlight the good availability figures for the quarter both against the market average and against Central Puerto own metrics for the 1Q23.

Slide 9 - Revenues

Now, let's move to our revenues breakdown. As you can see on slide 9, these amounted to 150 million dollars in the quarter, as compared to 130 million dollars in the same period of 2023.

It should be noted that the gap between inflation and devaluation in the period has positively affected the 1Q24 figures at a non-cash level, due to the company's accounting methodology and the conversion into dollars using the end-of-the-period official exchange rate, making the comparison with the 1Q23 more complex to analyze.

Thus, having in mind this effect, the variation in revenues is a consequence mainly of:

- (i) A growth in spot sales of 14% (or 9 million dollars), driven by Central Costanera acquisition (with full impact in the comparison of January and February figures).
 - a. This was partially offset by:
 - i. Lower remuneration in US dollars (partially offset with Res. 59/23)
 - ii. Lower dispatch (thermal ex CECO).
- (ii) A 16% or US\$9 million increase in sales under contracts, mainly explained by the recent acquisition of the solar farm Guañizuil II A, which contributed with sales of US\$4 million in the quarter, and higher sales of cogeneration units. Sales of wind farms were slightly higher due to higher wind resource.
- (iii) Finally we have, a 229% or US\$3 million increase in Forestry revenues as a result of EVASA group acquisition in May 2023.

Slide 10 - ADJ. EBITDA

On slide 10, we can see the dynamic of our Adjusted EBITDA. During the first quarter 2024, the group's Adjusted EBITDA amounted to 84 million dollars, including results of Central Costanera and the forestry companies. Thus, on a consolidated basis, the adjusted EBITDA of the quarter recorded a rise of 10% (or 8 million dollars) compared to the 75 million dollars in the 1Q23.

When analyzing the Adjusted EBITDA, we can observe that the variation is mainly explained by:

- (i) The previously stated higher aggregate sales, driven by spot sales and sales under contracts and a positive non-cash effect on the gap between currency devaluation and inflation.
- (ii) a 14% or 7 million dollars rise in cost of sales, explained basically by higher (i) employee compensations, (ii) higher energy and power purchases, (iii) higher maintenance expenses and (iv) and higher consumption of materials and spare parts, driven by CECO acquisition and a negative non-cash effect on the gap between currency devaluation and inflation.
- (iii) SG&A increased 34% or US\$4 million, mainly by: (i) lower interests from clients and (ii) a negative non-cash effect on the gap between currency devaluation and inflation.
- (iv) Finally, Other operating results net in the 1Q24 were increased 18% or US\$2million, basically as a consequence of higher (i) compensations to employees, (ii) higher fees and compensation for services and taxes, all driven by CECO acquisition. Also, a negative non-cash effect on the gap between currency devaluation and inflation.

Slide 11 - Net Income

Moving to the next slide, the Consolidated Net Income. During the 1Q24, Central Puerto's net income amounted to US\$32 million dollars, increasing by almost 6 times on a year over year basis. Despite of the higher Adjusted EBITDA of the period, the net income was positively impacted by:

- (i) Non cash effects increased 48 MM dollars, driven by basically:
 - a. Results generated by the change in purchasing power of the currency and;
 - b. Variation on biological assets
- (ii) Net financial results increased 16 MM dollars, driven by:
 - a. Lower foreign exchange differences on financial liabilities.
 - b. Lower bank commissions.

This was partially offset by a negative variation in the fair value of financial assets.

With a negative impact, we had:

- (i) Lower FONI FX difference & interest, mostly explained by lower FX differences due to lower FX variation.
- (ii) And a higher net income tax.

Slide 12 – Cash Flow

Finally, on slide 12 we have the Cash Flow dynamic during 1Q24:

Net cash provided by investing activities was US\$9 million during 1Q24. This amount is mainly explained by positive results from: (i) the sale of financial assets and (ii) Dividends collected, being all partially offset by (i) CAPEX applied in San Lorenzo facility and (ii) CAPEX in Brigadier applied in López facility.

Operating Cashflow was negative in 19 million dollars, which is mainly explained by: (i) lower FONI collections, (ii) higher income tax, being all partially offset by a higher Adj. EBITDA of the period.

Finally, **Financing Cashflow** was negative in US\$4 million dollars during 1Q24. This is basically the result of (i) Long term loan repayments and interest and (ii) Dividend payments, being all partially offset by (i) lower bank and investment accounts overdrafts, net and (ii) lower Long term loan disbursements.

Consequently, our cash position as of March 31st, 2024, amounted to US\$6 million. If financial assets are included, our total current liquidity amounts to 100 million dollars.

Slide 13 – Debt Maturity Schedule

On the slide 13 we present our financial debt repayment schedule as of March 31st 2024.

With this I conclude the presentation and now we invite you to ask any questions to our team. Thank you for your attention.

Operator

We will now begin the question-and-answer session. To ask a question you may press * (star key) then 1 on your touch-tone phone. If you are using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press * (star key) then 2. At this time, we will pause momentarily to assemble our roster.

Operator

Thank you. Our first question is coming from Martin Arancet with Balanz Capital. Your line is live.

Martin Arancet - Balanz Capital

Hi. Well, first of all, as always, thank you for the presentation. I have four questions. I would like to run them one by one, if that's okay. First, through Resolution 45, the government extended until mid-July the time to sign the PPAs of the Terconf auction. And you were one of the main winners of that auction. So, I was wondering what are your expectations for those PPAs? If, in your opinion, Secretaría de Energia could decide to move forward and sign those PPAs? Because, as far as we know, Secretaría de Energia did not like that several projects will use engines instead of turbines. And they also preferred that CAMMESA does not sign any new contracts. But, at the same time, some projects seem key to the sustainability of the system.

Fernando Bonnet - Chief Executive Officer

Okay. Thank you. Thank you, Martin, for your questions. Yes, as you mentioned, this extension was a little bit surprise for us. Because, as you mentioned, the governments are more in line with trying to promote private PPAs instead of public-private like in the former governments.

On the other hand, they start to analyze the possibility to extend, because they still have under analysis the needs of the system, especially in terms of AMBA, the AMBA region. And the technicians of CAMMESA are asking for additional capacity in AMBA. So, they want to keep analyzing the possibility to move forward with this auction. But, right now, we don't have additional insights from them in terms of really moving forward in that direction. So, I think, they still are making the analysis.

And the other thing is how fast they can move with the new regulations in order to promote the private PPA. I think they feel that they are moving. Or they have another priorities in terms of the subsidies,

reorganization, and so on. But right now, we don't have an insight if they are going to move forward after these 60 days or not.

Additionally, we are seeing, perhaps, a little bit of change. Not a little bit, but a change in how they are approaching all the solutions with CAMMESA debt. So, this will, perhaps, impact how we can move forward with these new contracts or not. So, I think, we are staying on how we can handle the situation with CAMMESA. And then, we will see after that if we can continue with this scheme or not.

Martin Arancet - Balanz Capital

Very clear. Thanks. And since you touched the CAMMESA delays, for what I saw, they also – and you mentioned a little bit on the presentation, they also didn't make the payments or some of the payments for FONI. And it's the first time ever that FONI is not getting paid. I don't know if you could share with us your opinion on FONI payments, if they are going to be resumed. Because, as far as I know, they are not considering this new offer of Resolution 58.

Fernando Bonnet - Chief Executive Officer

Yes. As you mentioned, the last month was the first time that the FONI doesn't pay on time. And the thing that we have been talking with CAMMESA and the Secretary of Energy is the FONI payments. We are not included in the Resolution 58 scheme. So, we expect to get collect or to start collecting the FONI in the near days, perhaps, in this month we can collect two installments and the regularization could happen in the next month and we can get the FONI back on time since, I think, June.

Martin Arancet - Balanz Capital

Okay. Thanks. Then, regarding your, well, you mentioned the AbraSilver investment. I think that you invest \$7 million there to acquire that 4% stake. Then, Bloomberg disclosed a possible investment in another corporate project owned by another Canadian company that is looking for a \$130 million investment. So, I was wondering what are your plans for AbraSilver if you are considering to increase the investment depending on some results maybe. And, on the other hand, how advanced are the talks to invest in other projects and how much are you considering investing in these mining projects in total?

Fernando Bonnet - Chief Executive Officer

Okay. In terms of AbraSilver, the money that we invest and the other company Kinross also is for the feasibility studies and other operating costs. So, we expect with that money that AbraSilver can perform the feasibility studies and maintain the operational cost and we are not in the near-term, we are not expecting additional money. So, after the feasibility study, of course, if we can move to the production stage, it will require more money. But, I think, it's not in the, for sure not this year, it could be next one or the other. And in terms of other investments in mining sector, we are not so close. We are analyzing other alternatives, but nothing really, really close.

Martin Arancet - Balanz Capital

Okay. Thanks. Then my last question. Earlier this year, Central Puerto disclosed its annual plan for investment and divestment. There you mentioned a possible merger with one of your subsidiaries. I was wondering do you plan to buy any shares of Central Costanera for the merger or a possible exchange for Central Puerto shares?

Also, in the same text, you opened the possibility of crossing the border with new power plants. I don't know if there is any particular country where you will consider investing. And since this document is an annual plan, I was wondering if we could see these things happening in 2024.

Fernando Bonnet - Chief Executive Officer

Yes. First of all, yes, we are moving forward with the reorganization in terms of renewables. This is something that is necessary in order to reduce all the administrative costs and be more effective in terms of selling as a unique block of capacity. So, it's not only administrative but it's operating also and commercial. So, we're going to move forward with these reorganizations. And in terms of moving abroad, in terms of having other plants outside Argentina, I think with all of this happening in Argentina today and I think for this year, I think we cannot be able to perform an important operation abroad.

So, I think, we're going to concentrate our effort in terms of Argentina operating, bringing a different alternative in order to install new capacity in the way of PPAs with the government or perhaps in private PPAs. And also, in terms of emerging our capacity or renewable capacity. So, I think, I don't see an operation abroad this year, no.

Martin Arancet - Balanz Capital

Okay. Thank you. One last question, sorry if I may. Regarding Capex, I was wondering how much CapEx do you expect for 2024 and if you could break that between San Lorenzo, Brigadier and maintenance CapEx?

Fernando Bonnet - Chief Executive Officer

Okay. In terms of Brigadier López, as you may know, we start the construction of the combined cycle or the closing of the combined cycle, in fact. And this, we already make a 30% advance payment to the construction company and we expect, perhaps this year, between 30% and 50% more of the total Capex, which is around \$150 million.

And in terms of regular CapEx, we expect an important maintenance in our combined cycle in Buenos Aires, but this is covered by the regular payments that we made in terms of the maintenance contract with GE. And we are not seeing a huge or big maintenance for this year. Perhaps next year is the time of Costanera combined cycle, Mitsubishi combined cycle, and we need to make payments in advance, perhaps last quarter of this year, around \$15 million, but not more than that.

Martin Arancet - Balanz Capital

Okay. And on San Lorenzo, sorry, I don't know if I missed it.

Fernando Bonnet - Chief Executive Officer

San Lorenzo already did the big maintenance, had the maintenance in the first quarter, so we are not expecting for San Lorenzo additional Capex this year.

Martin Arancet - Balanz Capital

Okay. Thank you very much. That's all on my side.

Fernando Bonnet - Chief Executive Officer

Okay. Thank you.

Operator

Thank you. Again, if you have a question, please press *then 1.
We've got a question coming from Eva Lawrence with Ion Group. Your line is live.

Eva Lawrence – Ion Group

Yes, can you hear me? I just would like to ask about your financing plans. How are you financing some of these projects that you're currently doing and that you will do?

Fernando Bonnet - Chief Executive Officer

Okay. Thank you for your question. Right now, we are working on two projects, big projects. One is the Brigadier López closing of combined cycle, and the other one is a solar project, 15 megawatts, so we are performing that project with our cash flow, so we have our cash and cash flow enough to cover the two projects. If we need to move forward with the project that we get awarded in the last auction that we have been talking in the previous question, for sure we need to go to the market to get some debt, additional debt, because we are talking about in terms of the two projects, Costanera project, around 3 or 5 hundred million dollars . So, in that case, it's not sure because the awarding is, as we talk in the last question is kind of in analysis. But in that case, we need to move forward to the market, but with the project that already are under construction, we have enough cash and cash flow to cover it.

Eva Lawrence – Ion Group

Thank you.

Fernando Bonnet - Chief Executive Officer

You're welcome.

Operator

Thank you. As we have no further questions, I would like to turn the conference back over to Mr. Fernando Bonnet for any closing remarks.

Fernando Bonnet - Chief Executive Officer

Thank you to everyone for your interest in Central Puerto. We encourage you to call us for any information that you may need. Have a great day.

Operator

Thank you. This concludes our question-and-answer session and our conference. You may disconnect your lines at this time and have a wonderful day. We thank you for your participation.