



Central Puerto S.A.

2Q 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, *Balanx Capital*

PRESENTATION

Operator

"Good morning, ladies and gentlemen welcome to Central Puerto's second 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 **second quarter ended on June 30th, 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 joining us today on our earnings presentation, where our management team from Buenos Aires, Argentina, is going to comment on our financial results of the 2nd 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 2Q24, followed by a quick update of the regulatory framework and relevant 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 2Q24.

The Group's installed capacity is 6,703 MW and energy generation amounted to 4,985 GWh during the second quarter of 2024, increasing 5% YoY. So, with these figures Central Puerto keeps its leading position as a private power generator company, both in terms of installed capacity and energy generation, through a well-diversified portfolio of assets and power generation technologies.

Regarding our financial results, it should be noted that after the sharp devaluation that happened on December 2023, the exchange rate kept almost flat during the first 6 months of 2024 while inflation, though decreasing since 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 metrics.

Revenues for the 2Q24 amounted to 168 million dollars, increasing 15% y/y compared to the 2Q23, while Adjusted EBITDA reached 46 million dollars, shrinking 27% versus the second quarter of 2023.

Net income for the period was positive in 8 million dollars, decreasing 49% y/y.

Finally, after debt consolidation as a result of M&A's operations, loan repayments and dividend payments, net debt as of June 30th, 2024, amounted to 229 million dollars, a reduction of USD 58 MM vis-à-vis December of 2023, showcasing a net debt-to-Adj. EBITDA ratio of 0.9 times.

Slide 5 and 6 – Regulatory Update

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

We have anticipated in our last call the Resolution 58/2024 issued by the Secretariat of Energy on May 6th, concerning unpaid trade receivables with CAMMESA. Regarding this resolution, Central Puerto finally accepted on May 16th the payment mechanism by means of which trade receivables accrued in December 2023 and January 2024 were paid with Argentine Republic USD bonds at face value (the so-called AE38) while trade receivables accrued in February 2024 were paid with funds available in CAMMESA's bank accounts and transfers made by the National Government to the Stabilization Fund. This resolution carried out a consolidated loss of approximately ARS 20,459 million (approximately USD 22.5 MM). However, it should be noted that this resolution did not affect the ordinary course of business of the Company, its payment capacity nor its available financing options.

Regarding the situation of Piedra del Aguila hydro operation, on May 17 the Secretariat of Energy issued Resolution 78/2024 by means of which extended the transition period up to December 28, 2024, as it is allowed in the concession contract.

On June 14th, the Secretariat of Energy issued Resolution SE N°99/2024, which updated remuneration prices for energy and power sold in the spot market. Remuneration values increased 25% since June 1st, 2024. So, this price adjustment affects positively our revenues during the period but just for one month.

Then, the thermal generation tender process called Terconf was finally cancelled, as it was determined by Resolution 151/24, issued by the Secretariat of Energy on July 8th.

Finally, there was another price adjustment determined recently by the Secretariat of Energy. Although it has no impact on the second quarter figures, it should be noticed that a 3% increase on power and energy prices was granted since August 1st by means of Resolution 193.

Continuing with news and relevant facts, we have also anticipated in our last call the investment made in the mining industry. Let me recall that on April 22, our subsidiary Proener entered into a common shares subscription agreement with AbraSilver Resource Corp by means of which it was granted with a 4% interest in the share capital of the aforementioned company, owner of the silver-gold project Diablillos, located in the Northeast region of Argentina.

With regards to the investment projects currently in execution, let me tell you that:

- In the case of **San Carlos solar farm**, construction agreements with Shanghai Electric Power Construction Company Ltd. were signed on March 27 and works began on July 31, being April 2025 the COD. As of today, all permits are in place, local vendors have already initiated their purchasing process and the site is being prepared for construction and assembly. Also, equipment is being delivered to Argentina.
- In the case of **Brigadier López combined cycle**, as you may recall, Central Puerto is going to convert an open cycle thermal power plant with a gas turbine into a combined cycle thermal power plant, with the addition of a steam turbine. The EPC supplier, SACDE, received the Notice-To-Proceed on February 26, 2024, and the COD is scheduled for October 2025. As of today, works on the site have already started, with the assembly of pipes and wires, communication systems and water intake systems.

It is important to notice that both projects are on schedule and on budget.

Slide 7 – Market Overview Installed Capacity

Now, let's skip to the Argentine energy market picture of this quarter, that will be showed on slides 7 and 8.

By the end of the second quarter of 2024 the country's installed capacity reached 43,603 MW, which means an increase of 0.5% or 198 MW compared to the 43,405 MW recorded as of June 30th, 2023. The variation is a combination of the installation of new power facilities and the addition of capacity, adjustments and repowering of power plants that were already in operation. The + variation of 198 MW is decomposed as follow: (i) an increase of 533 MW of renewable sources, of which 368 MW corresponds to wind farms (50 MW of new plants installed during the 2Q24), 155 MW to solar plants (12 MW of new plants installed during the 2Q24) and 9 MW to biogas power plants and (ii) a decrease of 335 MW in thermal sources, which includes a + variation of 527 MW of combined cycles and – variation of 862 MW of gas and steam turbines and diesel engines.

Generation rose 6% during the quarter on a year-over-year (YoY) basis. The growth was basically driven by nuclear generation (+66%) and hydro generation (+19%). Renewable generation also rose but on a much smaller scale (+9%). Nuclear supply was significantly higher as a result of the reincorporation of Atucha II power plant, which was in maintenance shutdown during the first half of 2023. This power plant

resumed operations in August 2023. Hydro generation rate of growth was remarkable (specially in May: a 60% growth YoY) due to the outstanding increment in the flow of rivers: Uruguay (+502%), Limay (+82%) and Collón Curá (+45%).

The higher supply of nuclear, hydro and renewables prompted lower thermal dispatch. And, as a consequence, a lower fuel consumption was registered (-12% YoY in equivalent natural gas million cubic meters).

Slide 8 - Market Overview Demand & Generation

Focusing now on the demand, as you can see, electricity demand increased 2% to 33.4 TWh compared to 32.9 TWh recorded during the 2Q23, which is basically explained by a rise in residential consumption due to weather conditions. On average, the temperature during the 2Q24 was 0.9° lower than the same period of last year. May was the coldest month during the second quarter of 2024, with temperatures 3.7° lower than the same month of 2023. Not surprisingly, residential demand skyrocketed along this single month, increasing 29%.

Although the electricity trade balance resulted in a net import situation, exports were higher (+1,514%) and imports lower (-53%) during the 2Q24 vis-à-vis 2Q23, thus reducing the net import balance.

Slide 9 - Central Puerto Operating Metrics

We now go to slide 9, to our key operating indicators for the quarter. We can see that energy generated by Central Puerto rose 5% to 4,985 GWh, compared to 4,762 GWh in 2Q23.

In 2Q24, hydro energy generation from Piedra del Aguila increased 94% as compared with the 2Q23 levels, reaching 978 GWh from 504 GWh, as a direct result of higher levels of water available for generation, which was a direct consequence of higher flows of river, as we have recently explained (Limay: +82% YoY, Collón Curá: 40% YoY).

With regards to renewables, energy generation increased 5% in 2Q24 compared to the 2Q23, being basically explained by the 48 GWh generated by Guañizuil II A solar farm, acquired in October 2023. Speaking specifically of wind generation, it decreased almost 8% (or 30 GWh), reaching 354 GWh during the 2Q24 versus 384 GWh during the same period of 2023. This is primarily due to the storm that hit Bahía Blanca in December 2023, which impacted La Castellana II. Generation from La Castellana I was also lower due to maintenance works carried on some blades.

Regarding thermal generation, it decreased 7% in the 2Q24 compared to the 2Q23, basically as a result of lower dispatch of some units, which was a direct consequence of higher hydro and nuclear aggregate supply in the system, as we explained earlier.

Regardless the lower dispatch, it should be highlighted the good availability figures for the quarter both against the market average and against Central Puerto own metrics for the 2Q23. Despite the lower thermal dispatch during this quarter for the whole ("hol") system and Central Puerto, it should be noted the higher generation of the Buenos Aires Combined Cycle as a consequence of the maintenance program carried out last year.

Slide 10 - Revenues

Now, let's move to our revenues breakdown. As you can see on slide 10, these amounted to 168 million dollars in the quarter, as compared to 147 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 2Q24 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 2Q23 more complex to analyze.

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

- (i) A 14% or US\$10 million increase in spot sales, driven by a higher dispatch of Piedra del Águila hydropower plant, higher availability of thermal units, specially in Central Costanera, and also higher generation from Buenos Aires Combined Cycle.
- (ii) An 8% or US\$5 million increase in sales under contracts, mainly explained by the recent acquisition of the solar farm Guañizuil II A and higher sales of cogeneration units (mostly Luján de Cuyo facility). Sales of wind farms were lower due to lower wind generation: as we mentioned before, La Castellana II was hit by a twister in December 2023 and there were maintenance works carried on some blades of La Castellana I.
- (iii) And a 42% or US\$ 3 million increase in steam sales, driven by basically higher production levels in Luján de Cuyo facility (higher availability and demand from YPF).

Slide 11 - ADJ. EBITDA

On slide 11, we can see the dynamic of our Adjusted EBITDA. During the second quarter of 2024, the group's Adjusted EBITDA amounted to 46 million dollars, shrinking 27% (or 17 million dollars) when compared to the 63 million dollars in the 2Q23.

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 4% or 2 million dollars decrease in cost of sales, explained basically by a reduction of some production costs: (i) compensations to employees; (ii) consumption of materials and spare parts and (iii) forestry and forest production services expenses..... partially offset by a negative non-cash effect on the gap between currency devaluation and inflation.
- (iii) SG&A decreased 9% or US\$2 million, mainly by: (i) lower fees and compensation for services and (ii) lower taxes.... Again partially offset by a negative non-cash effect on the gap between currency devaluation and inflation.
- (iv) Finally, Other Operating Results net in the 2Q24 were lower than 2Q23 figures by 365% or US\$42million, basically as a consequence of the impact of the Resolution 58/24. There were also lower (i) interest from clients and (ii) positive FX differences. And... a negative non-cash effect on the gap between currency devaluation and inflation.

Slide 12 - Net Income

Moving to the next slide, the Consolidated Net Income. During the 2Q24, Central Puerto's net income amounted to US\$8 million, decreasing 54% or US\$9 million on a year over year basis. The net income was positively impacted by:

- (i) Non-cash effects, including:
 - i. Results generated by the change in purchasing power of the currency;
 - ii. Variation on biological asset, and
 - iii. Lower D&A

These items were practically offset by lower FONI FX difference & interest.

Then, Net financial results decrease US\$ 1 YoY, basically by:

- a. Lower interest earned, and
- b. Variation in the fair value of financial assets.

Which were partially offset by:

- a. Lower foreign exchange differences on financial liabilities.
- b. Lower bank commissions.
- c. Higher share of the profit of associates.

Slide 13 – Cash Flow

Finally, on slide 13 we have the Cash Flow dynamic during 6M24:

Net cash provided by operating activities was US\$67 million during 6M24. This amount is mainly explained by (i) higher income before income tax for the period and (ii) interest earned from clients, being all partially offset by tax payments.

Net cash used by investing activities was US\$13 million during 6M24. This amount is mainly explained by CAPEX allocated to San Carlos and Brigadier Lopez projects, being partially offset by the sale of financial assets, net.

Finally, financing cash flow was negative in US\$66 million during 6MQ24. This is basically the result of (i) Long term loan repayments and interest payments and (ii) dividend payments, being all partially offset by (i) lower bank and investment accounts overdrafts, net and (ii) long-term loan disbursements.

Consequently, our cash position as of June 30th, 2024, amounted to US\$5 million. If financial assets are included, our total current liquidity amounts to 158 million dollars.

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

First, thank you for the presentation. And I have three questions, and I would like to run them one by one, if that's okay. The first one probably is recent, so I don't know if you might have an answer. But last Friday, the government issued a resolution to auction again some hydro plants, including Piedra del Aguila, but to prioritize them. So apparently, you will have the control of the asset until the end of 2024 after which there should be a transition period to the new owner. I was wondering what do you think about this privatization process if you are interested in participating, probably for Piedra del Aguila or maybe another hydro plant? And also, if you consider that being the current operator of Piedra del Aguila, it gives you an advantage if you choose to participate?

Fernando Bonnet - Chief Executive Officer

Thank you, Martin, for your question. In fact, as you mentioned, the government made an extension or used all the timing that is establishing the contract transition period and the additional year award was until the December 24, 2024. And today, the government issued a new decree establishing an additional extension going from December 2024 for Piedra del Aguila to December 2025; so we will be the operators for Piedra del Aguila until December 2025.

There are some in the decree that established some reduction in that period they performed the bidding process as mentioned a new bidding process for a new 30 years concession. Before that December 2025, they could reduce 90 days that period but if they cannot mainly perform the process, we will be operating the hydro until December 2025. Of course, as you mentioned, we are interested in continuing participating that bidding process, a new bidding process for another 30 years period for Piedra del Aguila.

The decree doesn't establish the process itself; they only call to The Secretary of Energy to start the process and to call the -- or to start the process in 180 days by the -- it doesn't establish how we do the process -- how we do the remuneration or the prices for these new concession periods will be a market pricing, so it will be a PPA. The revenue will be hydro, so we don't know yet the details, and we need to wait until we see the details; how it will be the new concession period.

As you know, the actual concession period was like challenging because they established market prices at the beginning, and then after seven years of market prices, we will see a completely controlled prices going down and the concession was not the one that we imagined at the beginning. So for the new period and how will be our participation in this new process, we need to see that the details about the remuneration and all the details about this new option. But as to your question, we are very interested in participating if the conditions are the correct ones. And as we mentioned, of course, we know the asset in detail. So we think that we will be -- we have an advantage there because we know the details, we have the people to operate that. So, of course, as we are there we have some advantages.

Martin Arancet - Balanz Capital

Thank you. Very clear. My second question then is, well, we learned that you will be interested in moving forward with a transmission project to take energy to the mining companies in the north of the country. I was wondering if you could tell us a little bit more of this project. And also, we heard something similar with YPF Luz. I don't know if they are two separate projects, or if you are considering probably moving forward together as they mentioned that they were trying to add other important participants in that project?

Fernando Bonnet - Chief Executive Officer

Yes. We are -- as you know, we are looking for a new development in terms of renewal, we are one of the bigger players there. And we see that the demand already or the demand that we have right now is not enough to develop new projects; we are reaching a limit there because -- in two sense, the limiting terms of transmission lines, but limits in terms of demand; the good contracts are already set, the good players and takers have already covered. So we think that the expansion need to come through -- try to put or to take these new developments -- renewable developments to the new demand; the new demand is right now the mining companies, and the lithium mining companies in the North.

The problem is they don't have alliance there because they are at 4,000 meters above the sea in the mountain; so we need to take the renewables or the energy produced by the renewables there, and the only way to do it is try to develop a new transmission lines in the North. And we are trying to get up to collect all the demands in order to know it is strong enough to develop a project there which is a transmission line crossing Salta and some part of Catamarca specifically Salta province, but entering in a portion of Catamarca also.

We know that YPF was at the beginning of the year talking about some process that could be senior or could be part of the project that we are thinking, but we don't have the opportunity to talk with YPF yet in order to analyze the possible working together project or working together scheme; but we are open to do it, and perhaps it will happen if they have the similar idea that we have, it will happen. But we are in early

stage yet because we are trying to collect the demand with -- and our understanding is strong enough to move forward with the project that requires a lot of engineering analysis because it's a challenging project. So, we are collecting information and talking with the care takers and talking with the province and try to develop the project.

Martin Arancet - Balanz Capital

Okay. Just a follow-up on that one. How would you recover the investment? Could you charge for the transmission line or would you have to recover that through the energy contract?

Fernando Bonnet - Chief Executive Officer

Well, the regulation is not already set. We construct the transmission line, we will need to have a new regulation scheme because right now there is not a clear regulation path to do it. But if we can build the transmission line, and we have the exclusivity to operate that transmission line, we will, of course want to produce and to deliver our -- also our renewable energy; so we will see that this will -- implies a charge for the transmission line, and also charge for the renewable energy also.

So we see a combination of businesses there; not only the transmission line by itself, and in case, the renewables going separate, we will see as a together business transmission line and the renewable procurement will be together for us.

Martin Arancet - Balanz Capital

Okay, thanks. And my final question then, it's -- what are you expecting in terms of CapEx for the remainder of 2024 and 2025? And if you're considering tapping the debt market anytime soon?

Fernando Bonnet - Chief Executive Officer

The CapEx that we are expecting is the one that we have been carrying on, which is the Brigadier Lopez closing of the combined cycle, and the project that the solar project that we are developing in Salta which is the San Carlos project. The two projects together we are talking about for the Brigadier Lopez is \$150 million; but more or less, we have less to expand around \$90 million. And in terms of San Carlos, we are talking in about \$15 million, and it's kind of -- like a \$13 million, we could spend \$13 million from now to the second or the third quarter of next 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. 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.