



89 Dyrachiou str. and Kifissou, Athens

Tel: +30 210 3636936

Fax: +30-210 5192324

## **ADMIE Holding**

### **“Full Year 2023 Financial Results Conference Call”**

Wednesday, 17<sup>th</sup> April 2024 16:00 GR Time

#### **Conductors:**

***Mr. Ioannis Karamelas, Chief Executive Officer***

***Mrs Eleni Zarikou, Deputy Chief Financial Officer of ADMIE***

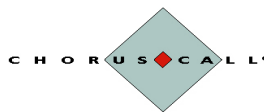
***Mrs. Lilian Filips, Head of IRO***

***Mr. Prokopis Mavronas, Financial Director of ADMIE***

***Mr. Nikolaos Nikolopoulos, Head of Branch***

***Group Financial Planning & Analysis***

Conference Call Conducted by Chorus Call Hellas



CHORUS CALL HELLAS

PROVIDER OF TELECONFERENCING SERVICES

TEL: +30 210 94 27 300 FAX: + 30 210 94 27 330

Web: [www.choruscall.com](http://www.choruscall.com)

OPERATOR: Ladies and Gentlemen, thank you for standing by. I am Popi your Chorus Call operator. Welcome and thank you for joining the ADMIE Holding Conference Call to present and discuss the Full Year 2023 Financial Results. At this time, I would like to turn the conference over to Mr. Ioannis Karampelas, CEO of ADMIE HOLDING SA.

Mr. Karampelas, you may now proceed.

KARAMPELAS I: Thank you, operator. Good afternoon, ladies and gentlemen, and good morning to those of you listening us across the globe. Welcome to this conference call of ADMIE Holdings Full Year Results 2023.

We would like to thank you for your joining us today. Mr. Prokopis Mavronas, Director of Financial and Accounting Department, and Mr. Nikos Nikolopoulos, Head of Group of Financial Planning and Analysis, are next to me, and Lilian Filips, IR Director. Also, I'm very honored to introduce you our new President of BOD, Ms. Christina Giovani. Christina, over to you, please.

GIOVANI C: Thank you very much. Good afternoon to all of you. I'm also very honored and excited of joining this call today, as well as ADMIE Holdings.

In the short time since I have assumed duties, I have the opportunity to gain some insight, I would say, in the history of IPTO, its operations, and of course, its people. Admittedly, there is more to be done from my side, as well as our team. But what I can share with you, my understanding, and we will all agree that it is an organization of significant contribution and an important role nationwide, as well as internationally.

As Mr. Karampelas said, our team today will provide all the necessary information relevant to the 2023 financial performance, the pillars of it, as well as of the strategic plan of IPTO group, and the prospects of years to come. So, without no further delay, I'll give the floor to Mr. Karampelas to proceed with the call today. Thank you very much.

KARAMPELAS I: Thank you, Christina. I will briefly highlight the financial performance of ADMIE Holdings, and then Prokopis will guide you through the main operational and financial highlights of IPTO. As this is only a summary of our results, please refer to the financial statements that are available on the company's website for further details, if needed.

After the first presentation, Lilian and our IR team will be available to answer any of your questions. Before I start discussing our financial performance, I would like to give you an overview of our role and a snapshot of our purpose, positioning, and performance of last year's. ADMIE Holdings owes 51% of the Hellenic Electricity Transmission System operator, and its purpose is to support the operator's activities by managing efficiently stakeholders' relationships and maximizing values.

Our market cap reached EUR525 million in March 2024, posting a substantial growth of 33% since the end of last year, reflecting our [profitability] growth that reached an all-time high in 2023. 2023 was a year of solid execution of our operational strategy. IPTO made substantial progress in executing the major plans and delivered robust growth in revenues and profitability.

As a result, we were able to increase our share holders' returns and propose dividends per share. Moving to the

financials in 2023, ADMIE Holdings achieved a net profit of EUR58.8 million, increased by 102% compared to the corresponding period of 2022, resulting from the increase of IPTO's group's net income. Operating expenses reached EUR870,000, related mainly to third-party such as legal, accounting, and auditing services required for covering extended operational needs.

Cash at the end of the period amounted to EUR5.4 million deposited in a special account in the Bank of Greece. Due to active cash management, the financial income amounted to EUR237,000, increased by 78% versus last year. It is worth noting that ADMIE Holdings has no debt.

The main revenue source for ADMIE Holdings is the dividend received from the affiliate company IPTO SA. IPTO SA has a dividend policy of distributing 50% of its net income to its shareholders while maintaining the rest in order to fund its extensive investment plan.

Turning to ADMIE Holdings' dividend policy for 2023, the company for the fiscal year 2023 distributed a gross interim dividend of EUR13.5 million or EUR0.058 per share, which was the maximum allowable amount for the dividend received from the taxable profits of the year 2022 by IPTO SA. This amount constitutes the final payment of the dividend for the fiscal year of 2023.

The Board of Directors will propose the distribution of the maximum allowable amount received as a dividend by IPTO SA within 2024 as an interim dividend. As a closing remark, I would like to note that we expect to continue delivering value for our stakeholders and supporting our operator in executing its ambitious network development plan while

maintaining our focus on building an inclusive and sustainable economy.

I am now handing over to IPTO's Director of Financial and Accountant Services Department, Prokopis Mavronas. Prokopis, over to you now.

MAVRONAS P: Thank you, Ioannis. Before starting to analyse the financial figures, I would like to share with you our latest main achievements.

2023 was a year of robust performance and profitability. We made substantial progress in our investment program and recorded another year of high capex amounting to EUR644 million. Our main projects are advancing with the Crete-Attica interconnection expected to be fully in operation by 2025.

The construction of the Northwest Cyclades interconnection being in full swing with a new generation of interconnections in the Dodecanese and Northeast Aegean Islands are about to commence. Our international investment plans that encompass strategic interconnections to Germany, Italy, the Balkans, North Africa, and the Middle East support Greece's vision to become a net exporter of green electricity.

Electricity demand reached 49.5 terawatt hours in 2023, slightly decreased versus the previous year, while renewable energy reached 51.3 up from 46.7% the previous year, which is a great achievement and paved the way to a sustainable economy.

In terms of imports, mix North Macedonia and Bulgaria account for the largest amount of 65.5% of the total 8.2 terawatt hours net imports. Turning to the next slide, I

would like to give you an overview of our actions against our strategic pillars. We have been investing in the development of the energy transition and have made good progress in energy generation from renewable sources, reaching 51.3% of energy production.

At the same time, we secured the electrical space for the development of offshore wind farms. Regarding people, environment, and governance, we have invested EUR5.4 million in supporting our communities. We have made good progress regarding diversity and inclusion, and now 36% of women are in leadership positions.

We have been investing in the development of our people and launched a new training centre with creating new opportunities for young scientists. Security and reliability form a crucial part of our strategy. We have invested in cloud-based systems to manage our electrical assets, ensuring a more secure and resilient organization.

This investment enhances our asset management efficiency and instills confidence in our stakeholders about our commitment to security. In terms of value-added services, we digitalized our infrastructure and operations to become more resilient and minimize risks.

With that, I would like to turn now to the financial performance of IPTO for fiscal year 2023. Total revenue increased by 33%, reaching EUR391.9 million, driven by the increase in the revenue from the transmission system rent. The revenue from transmission system rent reached EUR367.4 million, an increase of 35% versus the previous year, as a result of the increase in transmission unit system charges and of the increase on interconnection rights.

Revenue from balancing market increased by 30% and amounted to EUR15.6 million versus EUR11.9 million in 2022. Due to the delay in the implementation of the new system charges, the under-recovery of revenue amounted to EUR13 million and is expected to be fully recovered in 2025. Consolidated operating expenses increased by 11%, reaching EUR227.2 million compared to EUR205.4 million in 2022.

On the key elements of opex, payroll costs decreased by 4% to EUR54.9 million, mainly due to the voluntary redundancy scheme, which implemented in 2022, and third-party fees and benefits showed a cumulative increase of EUR8.2 million, attributed to the increase in the number of new employees with freelancer contracts, in order to cover the extended operational needs of the operator.

Operating income reached EUR164.7 million, increased by 85%, where operating profit margin increased to 42% versus 30.2% the previous year, driven by operating efficiencies and cost containment. Consolidated EBITDA for 2023 amounted to EUR277.5 million, an increase of 42.9% compared to EUR194.1 million in 2022. However, when excluding one of items, the adjusted EBITDA came in at EUR278.1 million, with a net positive contribution of non-recurring items of EUR6,32,000, concerning provisions for staff compensation and risks and gains from the revaluation of assets. Last year's non-recurring items amounted to 4.4 million.

Turning to the financials, financial income of the group amounted to EUR6.8 million from EUR3.1 million a year ago, attributed to the increase of deposits held at the Bank of Greece and the increase in the yield compared to last year.

Financial expenses amounted to EUR20.1 million versus EUR15.8 million a year ago, as a result of the increase in Euribor's floating interest rates.

At the bottom line, our consolidated net profit for the fiscal year 2023 amounted to EUR116.6 million compared to EUR58.2 million in 2022, while adjusted net profit amounted to EUR117.1 million compared to EUR54.8 million in the previous year, marking an increase of 113.5%. IPTO's investment program, as mentioned earlier, remains on track at the fastest possible pace with capital expenditures in 2023, reaching EUR644 million, increased by 92%.

The largest part of the capex was directed towards the Ariadne interconnection and Cyclades interconnection, that amounted to EUR392 million. The rest of the capex was directed towards the Greece-Cyprus-Israel interconnection EUR111 million, the Ionian Islands EUR29 million, and Greece-Bulgaria EUR11 million.

Moving to our key performance indicators, net debt reached EUR950.5 million, increased by 22.6% versus EUR775.4 million last year due to the capex plan. However, our ratios have improved driven by our profitability with net debt to EBITDA of 3.4 multiple, our interest coverage ratio 8.18 multiple, net debt to equity reached 0.63 multiple, and leverage ratio at 38.5%.

Net cash flows from financing activities of the group reached EUR179.2 million, substantially increased compared to EUR55.3 million last year, and sufficient to repay loans of EUR135.7 million, expenses and interest of EUR20.6 million, and payment of dividends of EUR29.5 million. In addition, the group raised a loan of EUR365 million.



The corresponding amounts for the company for the repayment of the loans are EUR135.7 million, expenses and interest of EUR20.5 million approximately, and payment of dividends of EUR29.5 million. Finally, the company raised a loan of EUR165 million. Cash of the group at the end of the period reached EUR245.7 million.

Next, we will discuss our WACC. On the 20th of July 2023, the energy sector of the Regulatory Authority of Energy, Water and Waste released its decision regarding the approval of the revised return, the WACC, on the regulated asset base of IPTO SA.

The return for the years 2023 to 2025 of the regulatory period 2022 to 2025 are calculated as follows. For 2023, 7.57%. For 2024, 7.51%. For 2025, 7.45%. Taking this into account, the allowed revenue in 2025 is EUR485 million.

In this regard to the project overview, important steps have been taken for the progress of our key projects, either on licensing process or construction activities. Our major projects the next seven years until 2031 will reach EUR6.1 billion and will be the following. The Crete to Attica interconnection Phase II with expected commissioning in 2025 and the project cost of EUR430 million.

Cyclades Phase D with expected commissioning in 2025 and cost EUR306 million. Second, 400 kilovolt branch of Peloponnese with expected commissioning in 2026 and the cost of EUR64 million. The Dodecanese Phase 1 and 2 interconnection expected commissioning in 2029 with a cost of EUR2 billion.

The North Aegean interconnection Phase 1 to 3 expected commissioning in 2030 and the cost of EUR1.2 billion. And

Greece to Italy interconnection expected commissioning in 2031 and the project cost of EUR507 million. The rest of the projects are expected to amount to EUR1.4 billion and include user connections, equipment renovation, and fiber optics.

Regarding the interconnection of Crete to Attica. After delay of the entire submarine electric and optical cables, the Crete to Attica interconnection is proceeding at an intensive phase with the terrestrial section of the interconnection along with the relevant study construction works by the contractors being in its final phase.

Regarding the converter stations, the installation of the converter transformers has been completed on the Attica side while the majority of the equipment has been manufactured and tested at the contractor's facilities. Additionally, the foundation works for the buildings at both ends of the interconnection have been completed and their construction is underway.

Regarding the progress of the terrestrial cables, construction of the underground conduit is advancing in Attica from the Koumoundourou high voltage substation towards the landing point in Pachi where approximately 90% of the infrastructure and 70% of the cable installation have been completed.

Electricity interconnection of the Cycladic Islands. The fourth and final phase of the electrical interconnection of Cyclades concerns the interconnection of Santorini, Folegandros, Milos, and Serifos.

The first phase of the interconnection Santorini to Naxos is already being constructed with the completion horizon of

2024. In the summer of 2022 the laying of the high voltage cable between the two islands has been completed and the construction of the high voltage substation in Santorini is progressing.

On November 2022, the tender process was completed and in February 2023 the contract for the cables were signed for the remaining three islands of the Southwest Cyclades for Legandros, Milos, and Serifos which will integrate the entire island complex into the high voltage system by the end of 2025.

On September 2023, the contracts of the high voltage substations for Legandros, Milos, and Serifos were signed putting the entire project in construction phase. On February 2024, the laying of the submarine high voltage cable for the Lavrio to Serifos interconnection was completed.

The completion of the interconnection of Cyclades will enable the development of renewable energy sources plants with a total capacity of 332 megawatts on the islands achieving a more stable green and economical energy mix for the island complex, the Dodecanese and Northeast Aegean islands electrical interconnections.

In the summer of 2023, IPTO has signed the contracts for the studies and marine surveys regarding the Dodecanese electrical interconnections and in November 2023 for the northeast Aegean islands electrical interconnections which are currently in progress specifically the seabed survey for the Corinth to Kos interconnection, Kos to Rhodes interconnection for the Dodecanese has been launched with the completion date of June 2024.

For the Northeast Aegean the seabed survey for the Skyros to Evia route has been completed and the surveys for the Lesvos to Skyros, Limnos to Lesvos, Limnos to Thrace routes are in progress. These surveys are expected to be completed by August 2024. In the upcoming weeks IPTO will launch a tender for a frame agreement regarding the procurement of the submarine cables for these two major projects.

The upgrade of Kumunduru high voltage substation. The construction process of the new gas insulated GIS Kumunduru high voltage substation which will replace the existing air insulated high voltage substation are in progress. The implementation of the new Kumunduru high voltage substation will serve the connection of the 400 kilovolt Eastern Peloponnese corridor will be the terminal of the Attica to Crete interconnection with the mainland grid and will enhance the reliability of the supply of loads mainly in Western Attica.

The project is co-financed by the recovery and resilience fund as part of the Megalopolis to Corinth and Kumunduru's high voltage substation transmission line. The upgraded Kumunduru high voltage substation is expected to be finalized in the second half of 2025. The Western corridor of Peloponnese.

The last section of the Megalopolis high voltage substation interconnection with the existing Achelous to Distomo transmission line of 400 kilovolt was completed and became fully operational in May 2023. The extension of the 400 kilovolt system to Megalopolis will drastically increase transmission capacity to and from the Peloponnese and will decongest the region's saturated grids thus enhancing

voltage stability for the Southern system as a whole. The Eastern corridor of Peloponnese.

The sub-project of the transmission line of 400 kilovolt that will connect the existing Megalopolis high voltage substation with the new Corinth high voltage substation was completed and put into operation in December 2022.

In December 2023, the contract of the sub-project of the new transmission line connecting the Corinth high voltage substation to the Kumunduru high voltage substation was signed putting the second part of the project in construction phase. The completion of this sub-project is expected in first half of 2026.

The Great Sea interconnection. In October 2023, IPTO was appointed as the project promoter of the project for the electrical interconnection between Greece, Cyprus and Israel which is included in the sixth list of projects of common interest in Europe. The assumption of the role of project promoter by the Greek PSO in the landmark project of the electrical interconnection between Cyprus and Israel into the European electricity system via Greece ensures the technical and financial adequacy of the project and lays the groundwork for its timely completion.

It is reminded that since 2021 IPTO has been assisting the project as a technical advisor having contributed significantly to its design maturity and the contractual arrangements critical for its progress. A project of energy significance for the wider region with years of systematic effort has now reached the critical point of construction commencement. Its completion will mark the electrical interconnection of Cyprus with the European transmission system ensuring robust energy security for the island.

Additionally, Israel will enhance its supply security gaining the ability to increase further and faster the participation of renewable energy sources in its energy balance. In December EuroAsia Interconnector Limited transferred the amount of Euro 55.2 million it had received as pre-financing from the European Union's Climate Infrastructure and Environment Executive Agency and the Connecting Euro Facility Mechanism of the EU.

With a receipt of an additional EUR109.2 million in January 2024 the total pre-financing received amounted to EUR164.5 million representing 25% of the total grant.

On the international front we remain committed to our role and responsibility in the context of strengthening regional cooperation with neighboring countries as well as the strategic integration of the European electricity market.

Completed the feasibility studies for the second Greece to Italy interconnection for one gigawatt together with the neighboring countries operator Terna and expected commissioning in 2031. In June 2023 commission together with the Bulgarian transmission system operator the second Greece to Bulgaria interconnection Nea Santa Maritsa which will significantly increase the margin for energy exchanges between the two countries.

We are in cooperation with the operator of Egypt and the project promoter ELICA SA with which has signed a memorandum of understanding regarding the launch of discussions dedicated to the evaluation of its participation in the share capital of the developer of the project GREGY green energy interconnector concerning the electrical interconnection between Greece and Egypt with a capacity of three gigawatts.

The project of the new Greece to Albania interconnection together with the transmission system operator of the neighboring country is maturing with an expected commissioning by 2030 with capacity of 200 megawatts.

The planning phase is completed for the construction of a new interconnection between Greece and Turkey which will strengthen the interconnection of the European and Turkish transmission system with capacity of 600 megawatts. Expected commissioning in 2029.

In 2023 a shareholder's agreement signed between IPTO and Saudi Electricity Company for the establishment of the SPV Saudi-Greek interconnection. The SPV established in 2024 is responsible to conduct the first studies of the interconnection.

Closing the presentation, I would like to take the opportunity to summarize a few main points. Going forward we expect to continue our positive momentum and the execution of our investment strategy.

Our ambitious investment plan of EUR6.1 billion is on track to drive the energy transition and support Greece's decarbonization objectives.

International interconnections are vital to our investment strategy [0:31:12 inaudible] to turn Greece into a critical exporter of green electricity. We will keep focusing on adhering to the highest corporate governance standards evolving our practices and creating a fair diverse and inclusive environment for our people.

Finally we remain committed to continuously creating value for our stakeholders and the economy. On the regular point of view as we said the regulator has revised our regulatory

requirements providing a fair remuneration that will enable us to execute the ambitious investment plan and secure a strong financial position.

With that, I would like to thank you for participating and we are ready to take any questions you may have.

OPERATOR: The first question comes from the line of Athanasoulas Nikos with Eurobank equities. Please go ahead.

ATHANASOULIAS N: Hello, I have two questions. The first one is regarding your capex plan, your capex budget for 2024. Will it be larger than the record level 644 million and where will that bring the regulated tax base by year end? What is your estimate?

And my second question relates to the dividend. I see the press release that they have not announced an interim dividend for this year. And I've seen that the board of directors of IPTO has announced a distribution, has decided the distribution of 59 million that translates to 30 million dividend for you. How much of that will be distributed to the shareholders? Thank you.

MAVRONAS P: So I am Prokopis Mavronas. I will answer you the first question regarding the capex for 2024. The capex for 2024 is planned in approximately 790 to 800 million. So, the RAB will be approximately at around [0:33:35 2 billion 600].

KARAMPELAS I: I'm Ioannis Karampelas and for your second question for the interim dividend I would like to inform you that first of all we don't announce an interim dividend because first of all we have to have the financial interim, financial result and afterwards we can announce exactly how much is going to be the interim. But as you mentioned as a board of directors, we decided to give the highest allowable interim dividend.



ATHANASOULIAS N: Okay, thank you. So that means that we will learn about the dividend after the half-year results. Am I correct?

KARAMPELAS I: Yes. Probably a month before but we have to have interim financial results first.

ATHANASOULIAS N: Okay. So sometime after June. Okay, great. Thank you very much.

OPERATOR: The next question comes from the line of Paraschos Dimitrios with Zotos IPA. Please go ahead.

PARASCHOS D: Good evening. I would like to make a couple of questions. First of all you said on February the 22nd that the work has been modified while you have already published first half results. Has the new work been applied to the whole 2023 or not? That's my first question.

MAVRONAS P: So I'm Prokopis Mavronas. Let me answer the question. The answer is no. The new work has not been incorporated in unitary system charges.

PARASCHOS D: And what does this mean for 2024? Are you going to have some additional revenues?

MAVRONAS P: We expect the regulatory authority to issue the required revenue decision for 2024.

PARASCHOS D: Okay and while you mentioned the series of figures you mentioned that you expect in 2026 if I'm right that the total revenues are going to go up to 485. Is that right? Can you analyse it a little bit where will this revenue come from?

MAVRONAS P: This is right. This is in the issued decision for allowed revenue regulatory period of 2022 to 2025 after the work revision. At this time, I do not have the full component how to analyse it between opex depreciation and drop multiplied

by work. But you know the methodology. These are the components that constitute the allowed revenue.

PARASCHOS D: You also mentioned that the investment for Ariadne for this year will come up to 430 million something like this. As far as I've studied Ariadne the total investment plan for Ariadne is about 1.04 billions or not. That's the rest of the investment. That's the remaining.

MAVRONAS P: I don't have the analysis right now in order to take it, but we will reply to you for this question.

PARASCHOS D: And what will be the work and the regulated asset base for Ariadne that the revenues will be calculated upon?

OPERATOR: Mr. Paraschos are you done with your question?

PARASCHOS D: No I made another question.

MAVRONAS P: Yes, so the special regulated asset base is 711.8 million.

PARASCHOS D: 700 excuse me 700

MAVRONAS P: 11.8 million.

PARASCHOS D: Okay.

MAVRONAS P: And what premium will also be included of 1%?

PARASCHOS D: On the work that has already been announced plus 1% on that is 8.51 or not?

MAVRONAS P: Yes 845.

PARASCHOS D: Because I guess two years later okay.

MAVRONAS P: How is the contest moving on because there was a delay do you think that by the second quarter the content will be completed for the sale of 20% of Ariadne.

- PARASCHOS D: Okay. Relating you mean the sale of the minority share, right?
- MAVRONAS P: Yes. That's right.
- PARASCHOS D: So the buying offers will be done in summer 2025. So after that, we expect 20, sorry summer 2024. So then we expect that the whole procedure will complete.
- MAVRONAS P: All right. And finally, a couple of questions for EuroAsia. You have already collected a subsidy about I think 164 million. That is one quarter of the total subsidy.
- PARASCHOS D: Yes.
- MAVRONAS P: What is the total capex for EuroAsia? And if you can analyse it, you can break it. Creta, Cyprus, and Cyprus, Israel.
- PARASCHOS D: Okay, so this is only for the part Crete to Cyprus, not for the part Cyprus to Israel.
- MAVRONAS P: Okay.
- PARASCHOS D: Indeed, the 165 million of subsidy is the 25% of the total subsidy. And this is the pre-financing. The total capex for this part is 1 billion 939 millions.
- MAVRONAS P: Okay. And the part, and you haven't made any study, I guess, for Cyprus, for the connection Cyprus-Israel.
- PARASCHOS D: No, not yet.
- MAVRONAS P: Okay.
- PARASCHOS D: There are discussions, so we expect that also this part will proceed.

MAVRONAS P: And I would like to make a question for this. How can you proceed with the project without having the approval of the Cyprian authorities? Because there are a lot of articles that say that there are a lot of problems. And in your report, you mentioned that you have already paid in advance for the cables, 110 million.

PARASCHOS D: Okay, so we do not comment on articles. There are regulatory decisions in place that cannot change. The European Commission has recognized IPTO as the project promoter.

The [SINEA] has also recognized IPTO as the project promoter. And both regulators have officially declared their commitment for the project to continue.

MAVRONAS P: Okay, I'm fine. Thank you very much. Have a nice evening. Thank you.

OPERATOR: Ladies and gentlemen, there are no further questions at this time. I will now turn the conference over to Mr. Karampelas for any closing comments. Thank you.

KARAMPELAS I: Well, thank you, operator. And I would like to thank everybody for joining the call today. I do appreciate it. I look forward to our next meeting. And we'll keep in touch.