

## Transcript for "MPCES Q4 report 2025"

**00:00:00 - 00:01:11**

Stefan Meichsner, CFO: Good afternoon, and welcome to today's webcast. My name is Stefan. I'm the Managing Director and Chief Financial Officer of MPC Energy Solutions. Today, I'm happy to share our preliminary operating results for the financial year, 2025. Before we begin, I'd like everyone to know that I will be making some forward-looking statements. Such statements are naturally uncertain and subject to change and risk, and I kindly refer you to read the respective disclaimers, which we have included in this presentation, but also in other presentation materials and reports. Should you at any time have any questions during this presentation, you can use the Q&A function, which you will find embedded in the platform that we use, and I will, as always, address questions after I have concluded my prepared remarks. As always, this presentation, the video feed, the audio feed, and the transcript, including the Q&A, will be made available on our website afterwards. If you like what you see and/or hear, you can watch it and listen to it over and over again.

**00:01:12 - 00:02:23**

Stefan Meichsner, CFO: All right. Today, I will very briefly address two main subjects. One, of course, is a review of the 2025 operating results, the preliminary ones, and our key metrics that we're tracking. Then, and I'm sure everybody is interested in this, a brief update on Project Merlin and the progress toward closing the transaction we announced in November last year. Please bear in mind that the numbers I will be sharing here are preliminary and still unaudited. The audited results will be published in late April. It's always possible that certain numbers change, though historically, any changes have been quite immaterial. With that, let's take a look at our key metrics, the preliminary results for 2025. As many of you know, there have been quite a few divestments that our company has done in 2024 and especially in 2025. That makes a direct comparison between the core metrics year over year a bit more difficult, or I would say less helpful, which is why we have also shared here what

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Stefan Meichsner, CFO: I will be focusing on: the like-for-like numbers. Why? That's because some projects may have contributed in 2024, but not in 2025, or not entirely. We just want to make sure that we take a look at the proper core portfolio, which is why we have included two projects for this like-for-like comparison. One is Neol CHP. It was a power plant that we sold in late 2024, and we have also entirely removed our previous joint venture, Planeta Rica. What you're looking at is basically the projects in El Salvador, Mexico, and Colombia. Starting with the energy output as the first key metric. We did actually experience quite poor weather conditions, or irradiation conditions, throughout the year. It was quite challenging. Especially in El Salvador, for many months, solar irradiation levels were significantly below what we expected or planned for. Nonetheless, we were able to mostly compensate for that. We had a great technical performance and availability across the entire portfolio. We had fewer grid-side shutdowns, which is also very important.

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Stefan Meichsner, CFO: We were, especially in El Salvador, hampered by that during 2024 for a little bit, and we are commonly not compensated for such shutdowns, for example, if maintenance work is being done on the power grid side. Despite the poor weather conditions, good technical availability and fewer grid-side shutdowns meant that we were able to increase our energy output by three percent to 97 gigawatt hours, actually 97.4 gigawatt hours. If it weren't for the poor weather conditions, we would have easily surpassed the 100 gigawatt-hour mark. This is, I think, quite a remarkable result. We did very well, and I'm especially grateful to the team that made this possible. On the revenue side, like-for-like, also an increase of three percent to 10.6 million. Some of our power purchase agreements that we have are tied to spot market tariffs, and we have a certain spot market tariff exposure. The good thing was that over the year 2025, compared to previous years, it was certainly less volatile.

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Stefan Meichsner, CFO: As we expanded our energy output correspondingly, we were also able to increase our revenues by three percent to 10.6 million. Most importantly though, and I think this is really the key takeaway for the year 2025, is that we've always been cautious and very much focused on making sure that our plants, our portfolio step by step, get to a profit level that we need them to be and that we believe is common for such renewable energy projects as the solar PV plants that we operate. 75 percent for the portfolio was always the target, and I'm happy to report that for 2025, we accomplished that. On a like-for-like basis, the margin was 76 percent, up from 67 percent last year. As we make sure that energy output is in line with expectations, we increase our revenues, we now finally also see a significant uptick in the profitability of these plants. On a like-

for-like basis, we had a 17 percent increase in the operating profit to 8 million, really quite a significant improvement.

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Stefan Meichsner, CFO: The improvement that we needed, and this for us is really the key. It's good if you grow and we manage to grow, but it's much more important that costs are under control. Costs are as low as they possibly can be without risking health and safety, and other matters. That's why I'm very proud to report that we dramatically increased our profitability. If we leave the project level behind and we look at the group as a whole, especially when looking at costs, many of you know that in the middle of 2023, late 2023, we started implementing quite substantial cost-cutting measures. We already had a substantial reduction between 2023 and 2024, and now we were able to lower these costs further by over 11 percent or roughly 11 percent, to 3.2 million in 2025. If I'm being quite frank, I was targeting an even better result. However, the transactions that we did and certain costs related to that, especially legal advisory fees and such, were simply a little bit higher than expected in Q4, they added to the cost structure.

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Stefan Meichsner, CFO: That's why ultimately we ended up with 11 percent. Looking ahead to 2026, our budget on the overhead side for 2026 is actually 2.3 million. Another significant decrease compared to what we already achieved in 2025. We have a much smaller setup now. We have a smaller team, so overall we are looking at spending roughly \$200,000 a month compared to more than 400,000 that we had two years ago. Our dedication to a lean structure, making sure that spending is under control, is very much paying off. For 2026, we really expect another drop in overhead costs overall. Very positively, also, of course, the free cash position, which we have been reporting for a while now, ended up at the higher end of the range that we projected for the year. Nine million free cash was available at the end of December 2025, and with the lower overhead that we have planned for 2026, and with the basically non-existent commitments or project investments going forward.

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Stefan Meichsner, CFO: We have a lot of flexibility, and this will, of course, help us in our target to ultimately maximize cash from these sales and then also start distributing significant amounts to our shareholders later this year. To conclude the preliminary result review, of course, a brief look at the other metrics. Total assets year over year changed very little. We still have a solid equity ratio, very much in line with what you see in the industry. We only have project-related debt. We have no corporate debt or anything like that. The consolidated cash position of all companies in the consolidated figures was nearly 14 million. Of that, as I mentioned, 9 million were free and available as per our definition. That concludes the preliminary results. As I said before, Q&A. Feel free to add your questions in the feed. While you do that, I will provide a brief update on Project Merlin. What is Project Merlin?

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Stefan Meichsner, CFO: Project Merlin is an agreement that we signed in November last year, and we, of course, published the information to the market that we will sell our projects in El Salvador and Guatemala. Two core projects in our portfolio, combining for 87.4 megawatt peak total capacity, so this is really a majority of our portfolio that we have agreed to sell. Ever since we signed the agreement, we have been working step by step toward making sure that we meet all of the different conditions that we need to meet before closing is achieved, and we can exchange ownership in the projects for the purchase price that we have agreed on. Our shareholders, many of you, I assume, have unanimously approved the transaction already in mid-December. That was one of the conditions that we needed to fulfill, and we have done that, but there are other things we have to walk through. Most importantly, of course, we need to put the plant in Guatemala into operation. We have now received the second of the third permits that we require.

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Stefan Meichsner, CFO: It's still an incredibly slow process, but it's a process where we at least see the end now. We know what is expected of us. Sometimes it felt like new regulations and demands were being implemented. We had to install additional equipment, and we had to change drawings. We had to put together a lot of information. There was a new element introduced where an authority said we need a certain report and a certain form, but there's only a handful of people in Guatemala who can prepare these reports. We've been working with everybody very diligently toward making that work, and we are making progress. As I said last time, the timing for this progress is so difficult to estimate because, as I said, it sometimes feels like new demands or new requests are being introduced as we are already working toward the finishing line. Nonetheless, we have some visibility on this. We do believe that we can accomplish this permitting process or complete this permitting process over the next six weeks.

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Stefan Meichsner, CFO: Then we can do the testing and commissioning, which will take another two. We should be able to put the plant into operation in Q2 and therefore also close the transaction in the second quarter of 2026. Certainly, a little bit more towards the end of the second quarter of 2026, as the other conditions that we have to meet are well underway, and we have already ticked a lot of boxes of what we have to do.

Something that also has not changed is that we still intend to distribute the proceeds and maybe an amount beyond that to our shareholders. If possible, the annual general meeting that we've scheduled for the middle of May will be used to make sure that we propose and put to a vote all the resolutions that we require to make that happen. After that, in the Netherlands, because we want to make sure it is tax-efficient, once these resolutions have been passed by the shareholders, there's a waiting period of two months. Then, after the two months, we can start with the distributions.

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Stefan Meichsner, CFO: As we projected before, it should be somewhere in the middle of the year, in July. By then, we should have closed the transaction and gotten the money. Then, having all the resolutions in place, start distributing cash to shareholders. As I said before, it remains very much a priority for us this year to downsize the portfolio and to maximize distributions and actually start distributions to shareholders. Wonderful. This concludes my prepared remarks entirely. I now have a few minutes left to address questions you might have. Should you have them, please use the Q&A function, and I will then go through them step by step.

[silence 00:13:05-00:13:10] All right. I have a first question here. Can you say more about the planned sale in 2026, and what do you think about dividends going forward, timing, and amount? I already briefly addressed that in my prepared remarks. The planned sale is first and foremost the transaction we already announced, the agreement that we've already signed.

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Stefan Meichsner, CFO: We want to make sure we close that transaction in the second quarter of 2026. Then we have our free cash. We have the sales proceeds available. In the middle of May, we will put the resolutions to a vote. I will assume now that the shareholders will support these resolutions that are required, to then turn around and make capital distributions. It will not be a dividend. We will take money out of the share capital and just return capital to the shareholders. That is the current plan, and that is what we believe to be the most tax-efficient option. As I said, with a waiting period that the law requires, we should be able to start doing that in July, unless anything dramatically changes on the timeline, to close the transaction. The next question I see here is, what will happen to the rest of the portfolio after Project Merlin is completed? What remains is basically a development project in El Salvador, an operating project in Mexico, and another operating project in Colombia.

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Stefan Meichsner, CFO: These combined, looking at their revenues, looking at their profitability, and the free cash that they generate will not be large enough to operate MPC Energy Solutions as a purely profitable company. We will make sure that we find options for these projects that also lean towards divesting them. Both Mexico and Colombia are different markets, challenging markets, so it will take time to make that happen. Even though timing is in our favor, the faster we can manage this, the better it is, because we will have to spend less on overhead in the meantime. It's difficult to estimate how long it will take to get a good price for it, because we don't want to sell them at any price. That is not what it is. We know what these projects are worth, and we want to make sure we also get, for our shareholders, a fair valuation in return. We're working on it, and of course, we're trying to move this forward quickly.

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Stefan Meichsner, CFO: This is also as much as we've said in the general meeting that we conducted in December. In the documents, this plan was mentioned, so this should not be surprising, and nothing new. Again, downsizing the portfolio, maximizing distributions. That is what's on the agenda for us this year. Next question. After the Guatemala sale, only two projects are left. What group EBITDA and group cash flow would you expect after holding costs for the portfolio on an annual basis, and would cash holdings and book value continue to decline or even decrease? Los Santos and Los Girasoles combined would generate around 5 million in revenues at what I believe is a solid 65 percent EBITDA margin. That's around 3.2 million in EBITDA. Then we have our overhead costs. We would generate around a million in group EBITDA at that time. Of course, Mexico still has project financing in place, so the group's overall free cash flow would likely be neutral at the time.

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Stefan Meichsner, CFO: As I said, that is not a model that would work on a sustainable basis, which is why we have to find a solution. Regarding the cash holdings and the book value, the cash holdings are there, and they will, of course, diminish slowly the longer it takes for us to divest these projects. Time is in our favor, but as I said, we need to find the right balance here. Once this large part of the portfolio is gone, and then maybe the next project is gone, costs will also come down. With 2.3 million, which we are projecting for 2026, we're already at a fairly low level. Don't forget that we are still a listed company. We need to undergo audits. We have a lot of tax work and advisory work to pay for, and there's just a certain level of expenses that will not go away as long as we are publicly listed, regardless of how many projects we have in the portfolio. I hope that answers that question. A question here is, can we expect a full wind-down of the company in 2027 and 2028? That's a long way out, and that's really not what we have considered at this time.

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Stefan Meichsner, CFO: What we're looking at is, let's close Project Merlin. Let's make sure that overhead spending is minimal to the extent possible. We will certainly sell our development project in El Salvador that I mentioned earlier because we don't want to spend money on development, but we believe there is some upside. We will find a buyer who is able to share that upside with us. Then, for the rest of the portfolio, Mexico and Colombia, we will try to find a solution. However, the timing is difficult to estimate. When all that is said and done, or before that, we will certainly sit down with the remaining members of the board, and we will have an honest discussion. I wouldn't say that you can expect the full wind-down or anything else. That is still far out. For now, we're focused very much on the year 2026 and just to deliver the proceeds from the sale and actually start distributing, because we've been in this position before where we wanted to and we were unable. Let's tick that box first, get that milestone done before we think about anything else.

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Stefan Meichsner, CFO: This is a follow-up question to my question on the group cash flow. Why is liquidity diminishing if the two projects are generating a small profit after holding costs? We need to look at this from a cash perspective. Just because the projects are profitable doesn't mean that they will regularly be able to distribute cash to us. They have other obligations to meet. First and foremost, bank debt and debt service related to that, especially in Mexico. Colombia doesn't have any debt. When you say we have to spend 2.3 million on the holding level, it's not guaranteed that we get 2.3 million out of these projects every year, because there are also other criteria to be met. When you have a bank debt, you have certain covenants that you need to meet. What I'm saying is, we will, for the most part, tap into the free cash reserves, and of course, we will try to get money out of these companies, especially when they're profitable. However, there is a timing gap between this.

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Stefan Meichsner, CFO: When you say liquidity, I assume that you are talking about the free cash. This is why I say timing is of the essence, because especially in the beginning, we will tap into the free cash reserves. This will increase if we decide to add part of the free cash to the distribution to shareholders. I hope that makes that clearer. All right. I'll give it a few more seconds. I don't see anything else right now. Good. If there are any more questions, we do have an email address, [ir@mpc-energysolutions.com](mailto:ir@mpc-energysolutions.com). Any questions that I did not answer today or that might come after, please feel free to address them there, and we will make sure to respond and also publish them if this concerns something that we have not publicly shared yet. Thank you all for your attention. This concludes today's webcast, and I'll talk to you again soon. Bye-bye.