Summary & Transcript

Renaud Saleur

1. Strategic Actions and Decisions

- **Capitalize on market disconnects: Energy investor Renault highlights a massive valuation gap in uranium equities, noting stocks trade below 40% of net present value.**
- **Initiate long positions in core miners: Focus long investments on deep-value uranium producers including Energy Fuels, ISOEnergy, and Uranium Energy Corp (UEC).**
- **Position in critical nuclear infrastructure: Acquire stakes in BWX Technologies (BWXT) to capture high-margin revenue from Small Modular Reactors (SMRs) and enrichment bottlenecks.**
- **Execute pair-trades against low-tier equity: Short Centrus Energy while maintaining long positions in established supply chain leaders like BWXT.**
- **Short high-risk SMR startups: Open short positions on speculative nuclear and hydrogen plays, specifically naming Oklo, Nano Nuclear, and Terrestrial.**

Executive Summary

The global energy market exhibits a severe structural dislocation, particularly in uranium and nuclear supply chains. Driven by AI data center demand, global electrification, and decarbonization mandates, long-term uranium demand is set to drastically outstrip current production levels. Despite bullish long-term fundamentals, uranium equities are trading at significant discounts to net present value. Leadership should position capital in proven nuclear infrastructure and established resource producers while aggressively avoiding or shorting unproven, speculative SMR startups. Capturing immediate upside requires focusing on enriched nuclear fuel bottlenecks, high-margin component suppliers, and verified long-term utility supply contracts.

Key Takeaways and Practical Lessons

1. Uranium equities offer asymmetric upside due to structural supply deficits:

- **Exploit pricing disconnects early: Accumulate positions in established uranium miners prior to mid-2027, when long-term utility supply squeezes are projected to materialize.**

2. Enriched nuclear fuel represents a critical global bottleneck:

- **Invest in strategic processing capabilities: Prioritize positions in domestic nuclear fuel processors like BWXT, given western dependency on Russian enriched uranium.**

3. Established industrial players will dominate the SMR market over venture-backed startups:

- **Filter investments by institutional track records: Allocate capital to incumbent manufacturers (e.g., Westinghouse, Rolls-Royce, GE-Hitachi) over early-stage SMR startups lacking proven operational histories.**

4. Speculative hype in nuclear and alternative energy creates ideal short candidates:

- **Hedge portfolios against unviable business models: Identify and short overvalued equities backed by narrative hype rather than revenue or functional technology.**

5. Alternative energy rallies often misinterpret core underlying revenue drivers:

- **Verify underlying operational catalysts: Thoroughly audit revenue sources before trading macro narratives, ensuring underlying contracts align with true decarbonization or gas supply realities.**

TRANSCRIPT

01:13:57:17 - 01:14:26:13
We're very fortunate today to have with us our next guest, one of the world's leading energy investor. He's been following energy for four decades. I owe him back to our days when we were young and we were good looking. Renault, back at fidelity. But Renault, managers and the kind of investments out of Europe. One of the top performing energy funds in the world, he's been a favorite at our conferences.

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And given how top of mind energy is for so many people right now, the timing of this couldn't be better. Hello, Renault. How are you, my friend? Hello, George. Nice to see you again. Exactly. And so, Renault, you follow resources broadly. So, you know, we'll have to do a complete webinar at some point, a podcast, but we only have 20, 25 minutes today.

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So, you know, maybe talk a little bit about what's going on in the resource sector. What do you see. And then get into your picks. Well, you know, most of the resource sector has been led by AI and data centers. And recently there's been a real dislocation of the energy market. Takes on examples. In the last few months, oil has been up 8%.

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Oil equities have been up 4%. And they should be up much more with the Ukraine and Iran oil destruction and what's happening between, you know, barrels being blocked in, the Strait of

Hormuz and, and a lot of installation being bombed by both Ukrainians and Iranians. But the most interesting dislocation is in uranium. Yeah. Everybody's talking datacenters, electrification, nuclear power being the source of decarbonization, power of a future.

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And in the last three months, uranium has been down 8% and uranium stocks have been down 33%, which is which is really amazing. And if we take I will tell you why. It is amazing in light of the big imbalance between supply and demand of uranium. But if we take, $120 for as a base case, which is actually the upper hand of the negotiated contracts between utilities and mines, you have most of the mines if you take their, reserves, which are trading below 40% of net present value, which is extremely cheap given given the outlook for the next 20 years of uranium demand.

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And if you take $200, which is our base case, and and target of uranium price in the next 18 months, this falls to between 10 to 20% of net present value. So extremely deep value stocks.

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So you know, we are loading up. We are benefiting from this, from this this location to load up in uranium mines and our preferred stocks here. Energy fuels ISO energy and Uranium Energy Corp. Why is it so compelling if you take uranium needs the extreme datacenters by themselves? The installed base is forecasted to be 370 gigawatt in 2057, compared to 120 gigawatt today.

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So, you know, an extra, 250GW if everything if, if you take for, for as an assumption that 40% of that is going to be powered by nuclear reactors, but is an extra need of 35,000 tons of uranium per year, the global market today of uranium is a demand of 90,000 tons per year. So an extra 37,000 tonnes is absolutely not insignificant.

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But if you forget about data centers and I because this may be slower or not as big as people expect. But if you focus only on electrification needs based upon demographics, electrification, transition and energy transition from fossil to electricity and global warming, which is increasing, energy needs dramatically. And if you take on India, for instance, India has recently signed an agreement with Australia to get you access to uranium, and India is going to build 100GW of, of nuclear power by 2040.

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So that's roughly 100 big reactors, and one gigawatt is roughly 200 tons of uranium per year. So we are talking about 20,000 extra tons of uranium per year only for India in a market which produces today only 60,000 tons. So it's very difficult not to be bullish on uranium price, nor it is to be bullish on uranium mines because we are really going to see an extremely big shortage.

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And there real squeeze which will dwarf the Hahn brothers, squeeze on the, silver market in the 70s.

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Wow. Okay. But but no, that's looking out, a few years. In the meantime, so in the meantime, prices can drift all over the place. But, I mean, if I were to say to you, okay, buy uranium stocks, go on a trip for, for for 6 or 7 years, come back. Sounds like pretty certain we're going to make a lot of money.

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Yeah, but but in the short run, say the next 6 or 7 months, we now at the end of the year, the price can be driven a lot by what sentiment and speculation and a lot of these things. There's no current earnings. So if it's a very thin market actually George, because we are talking people just focusing on the chart, if they're focusing on the you know, I know people focus on the short term and people focus on say, okay, this is a story of 19 of 2028 and beyond.

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However, you know, given that it is a very thin market and these things can be squeezed, any time, if you take the prices which are negotiated, the spot price of uranium is $85 today. But utilities are starting to recognize that they will be short of uranium in 2028. And most of the contracts we are negotiating today is 90 to $120 per pound.

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You know, it's really people people become, become really aware of that. If you see Modi going to Australia to negotiate a big contract with, with we will try as we get access to uranium, people are conscious that this is going to be very scarce resource of, for late 20s. And I guess the squeeze will begin end of mid 2027.

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So we might be a bit early to to get there. But you know, most the biggest market cap is Cameco. If you take the others like Uranium Energy Corp or Energy Fuels, you're talking of stocks which are 2 to $5 billion of market cap. If you want to get positions, you'd better be positions early in these equities.

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But but I'd like to talk to you about one, very interesting stock. And actually one very interesting portrait of a stock is BW Xe Technologies. This company is actually involved in three big markets. This is a major contractor for the US defense Intel of nuclear reactors for, for submarines, aircraft carriers. It's also one of a major, producer of nuclear fuels, for the Army, for these reactors.

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And this is interesting because their knowledge and expertise in producing, 20% to 40% enriched uranium for these, high, technology reactors, give them an edge to produce, nuclear fuels for s'mores and also for reactors for normal reactors, for a normal reactor, you you enrich uranium 3 to 4% for in this small 20% and for the Army, 40% and above.

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And this is where the real bottleneck is. If uranium has moved a lot, enriched uranium has gone up fourfold already. Why? Because enriched uranium is the scarce resource. Today, enriched uranium is only produced 60% by Russia, and the US are only producing 20% of their needs. Enriched uranium.

If Russia decides to stop, setting enriched uranium to the rest of the world, the rest of the world is fucked and the reactors will cease to be, working by 2028.

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And this is where I think, for real, black Swan events can occur, and make these markets extremely squeezy in, in the near term. So why is technology interesting? For these reasons, for their knowledge in fuel producing and also for itself, for their, knowledge in, components for small modular reactors, for instance, you're making very high quality steam generators for SMEs and one steam generator for small modular reactors worth $100 million.

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So the company, still over is $3 billion. So and the market for CMOs is supposed to be 2000 decimals. But in the mid, 2030s. So, we are talking about a $20 billion market. And this is one company that can capture a significant market share of this market. It also make it exchanges. And they have contracts with Terrapower Applied Atomics.

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So they have contracts with all the major small companies in the world. That's the second, big element, of interest for BW works. And the third one is we are very strong in medical isotopes, every, you know, gallium, germanium, etc. that you make to cobalt to, to, cure cancer. It is one of the few, companies in the sphere which has already begun.

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Things the stock is has got an idea of $660 million, for a market cap of $15 billion. And it is twice cheaper than Centaurus, which is the ultimate piece of crap. And, a centrist is centrist. Centrist is no river, no edge. Tell me what you really think a centrist? Go ahead. Yeah. Well, centrist is a major Schultz for us.

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We pretend to be pretend to be making nuclear fuels. But we have just made so sulfur, 120kg of 3% enriched uranium, which makes them a dwarf by Iranian standards.

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You ever know, actually, you know what? It's more fun to talk about centrist and Okello and Bloom Energy, by the way, by the way, I have to wait wait wait wait wait wait wait wait wait wait wait wait. I'm not going to let you finish. Finish your thing on on Betamax. But you have to talk about Oklo briefly and bloom energy.

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All right, finish it. Are we don't bw. And what? What are you talking about now? It'll be the next day. We are nearly finished. I mean, it's not a cheap stock, but it's a stock which has a an enormous market potential, with a, as you have on, on the, on the suit. I guess we, nuclear fuels is going to be a major bottleneck.

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And there are very few occidental companies making nuclear fuels, and this is the one which has you. But I have to interrupt because a couple of questions from the audience you've been talking about, BW t we have two questions. BW xt that's the name of the stock. Okay. Keep going on. Yeah. It's the ticker is, yeah.

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Okay. BW August space specials. Okay. So if you're not sure or she wants that, it's, not sure about the timing. It's actually a nice fair trade to be long. BW and short centers. Centers is also pretending to be in the nuclear fuel business. A pretend, pretend nuclear fuel company. Got it. Go on. Yeah, that's, you know, that's what is funny business.

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I was recently with a, with one of these small companies, and they said that, we have signed a contract with centers to be buying new fuel fuels from them for our SMR, which doesn't exist. And, we'll buy nuclear fuels, which doesn't exist for in this amount exists and this stuff. And, and the stock went up 20% on this piece of junk, which is absolutely ridiculous.

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You can't make this up. All right? We're no, we've got time here. All right. So. Or close or close, among all these, I had this interesting meeting with Fortum. Fortum? Ford is a big utility in Finland. And as, produces 50% of its electricity from from, nuclear. So they have been building nuclear reactors. We are big in nuclear reactors.

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And I ask them, you know, you're going to buy this Himars. I said, of course we are going to buy this. Inmarsat said, you're going to be interested to buy a CMOs from these small start ups in the US like Oklo, new scale, etc.. And they said, Stefan, you know, we want to buy a CMOs from people who have a track record and whom we are sure will be around in 20 years because we need maintenance, spare parts, etc., etc. so the only people they may consider to be buying us Himars from are Westinghouse, Rolls-Royce, Hitachi and Hitachi, which actually has a joint venture with GE Vanover and also Mitsubishi Heavy

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Materials. You just have a few people mainstream which are able to make it CMOs, which actually already works, when all the others. I've just got projects which are not even, working or being constructed and, and that's why I think, all in all, CLU is probably one of the worst company among these small companies because we, you know, he's fonder, I think was the worst, student in, nuclear, physics at MIT.

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It's not even that we had this discussion that he he he didn't even graduated and was kicked out of a program, and, and, Oklo is really a joke. And, you know, you can short or clo it would be worth absolutely nothing. It's a little bit like the bloom energy and the hydrogen for over 2021, which went berserk and then, collapsed completely.

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So we are short nano nuclear. We are short oklo. We are short, terrestrial. We are short. All these small, got it. All right. And then. And then quickly Renault, bloom energy. The market has really gone crazy on Bloom Energy. Yeah, I yeah, what do you think? What do you think? We have been, we have been short bloom energy recently and we covered, the stock collapse 25% this, this month.

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The story of Bloom Energy has been the story of data centers. You know, that I. You still overcharge.

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Okay. We're back. So we're. I know you were talking about Bloom Energy. We got to wrap this up. Yeah. We can, and, we have been cut by, probably by US administration.

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Who is. Yes, major shareholder Bloom Energy. So there we go. So it is very it's a story in Bloom Energy. And let's let's move on. The Solon bloom bloom energy is probably the best company in the field of hydrogen. But, and they went up a lot on the fact that they sold some fuel cells, over said this all fuel cells for data centers and, and therefore, you know, the market to, to them as a major, energy, seller, to data centers, blah, blah, blah.

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In fact, it's not at all a nitrogen story for data centers. It's a gas. It's a natural gas story. And, it has nothing to do with hydrogen. The contract is based upon, gas. Turbines, or gas power station and not hydrogen power stations. So the whole story has been, has been, a little bit misunderstood by the markets.

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And likewise, a stock is absolutely too expensive among the hydrogen stock. It's probably much better than proper, Ballard. And ITM and things like that. So it will not be my short of choice, but I wouldn't touch it. I think it's far too expensive. Got. All right. So. Albert. Sorry, Bruno. It's fantastic. You've been really killing it with your funds, if anyone's interested.

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I don't know if you can tell us investors, but, No, unfortunately not. But, unfortunately not, but but but but but, you know, you have a website, though. Anaconda invest, I think. Anaconda. Underline Anaconda. What you call the small. Yeah. Yeah, yeah, yeah. Underscore underscore underscore. Dot com score. Yeah. Yeah yeah yeah. Okay.

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Perfect. And perfectly by the way. So 40 years, you still look young. Don't worry.

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Hello. Hey, you. Good to see you, my friend. All right. Thanks for doing this. Bye bye. Do it again before. I thank you so much for doing. Thank you, thank you. Bye bye.