



# LATVENERGO GROUP UNAUDITED RESULTS 1H 2020

Investor Conference Webinar Presentation

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Information about the financial indicators and coefficients used by the Latvenergo Group is available in Latvenergo Group's consolidated and Latvenergo AS Unaudited Annual Financial statements, see the section “Formulas”.

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Group profile



Financials



Current events



Q&A





# Group profile



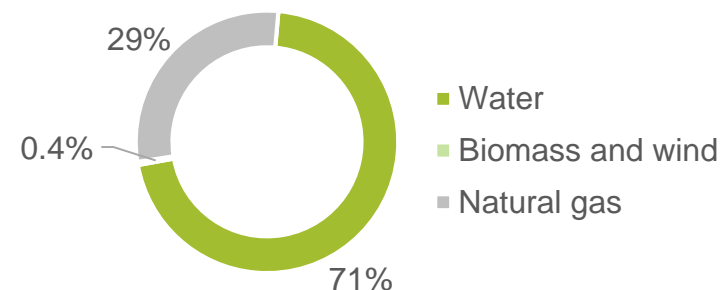
- One of the leading energy suppliers and leader in green energy generation in the Baltics

Balanced and environmentally friendly energy generation portfolio

- Low-cost hydropower plants
- Highly efficient combined heat and power plants

Share of renewable resources in the electricity output 1H 2020

**71%**



## Sound business model

- 30% of EBITDA by regulated distribution network activities (1H 2020)
- 31% of retail electricity trade supplied to customers in Lithuania and Estonia (1H 2020)
- Broad customer base



- **Baa2** credit rating with stable outlook by Moody's
- 100% owned by the Republic of Latvia A3 / A+ / A-
- 80 years of experience in energy sector



# Group profile

Vertically integrated utility

Installed generation capacities

Daugava HPPs – 1,559 MWeI

Latvenergo AS CHPPs – 1,025 MWeI; 1,617 MWth

Liepāja and small plants – 8 MWeI; 221 MWth

Length of distribution lines 92.9 K km

## Segments and Group structure 1H 2020

Segment	Revenues	EBITDA	Latvenergo Group	
Generation and trade – electricity and thermal energy generation and trade – natural gas trade	62%	66%	Latvenergo AS	
			Elektrum Eesti OÜ (EE)	100%
			Elektrum Lietuva UAB (LT)	100%
			Enerģijas publiskais tirgotājs AS	100%
			Liepājas enerģija SIA	51%
Electricity distribution	37%	30%	Sadales tīkls AS	100%

Lease of transmission system assets



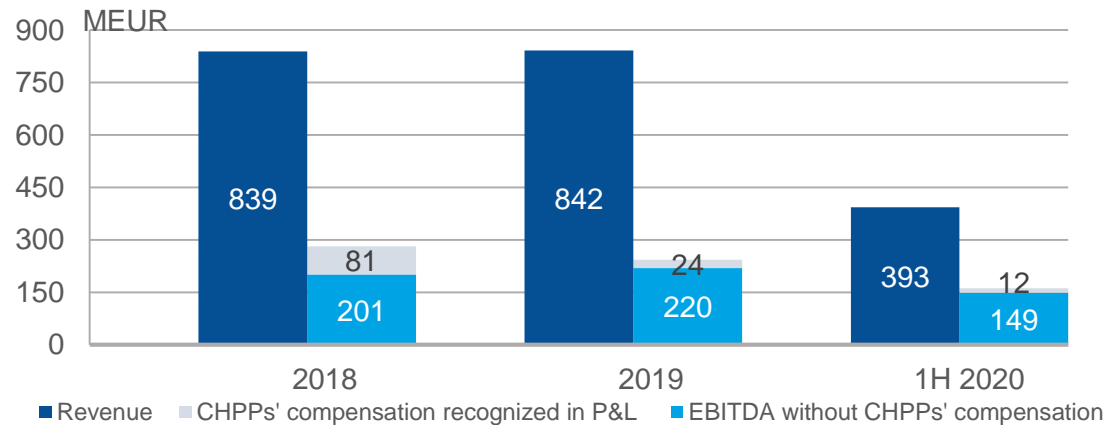
Latvijas elektriskie tīkli AS

100%

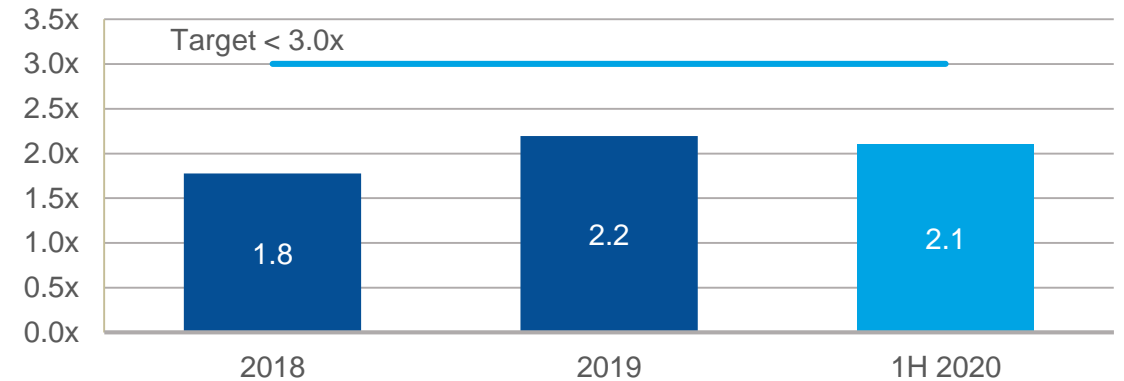
separated as of 10 June 2020 – no impact on credit rating of Baa2/stable

# Solid financial performance and strong capital structure

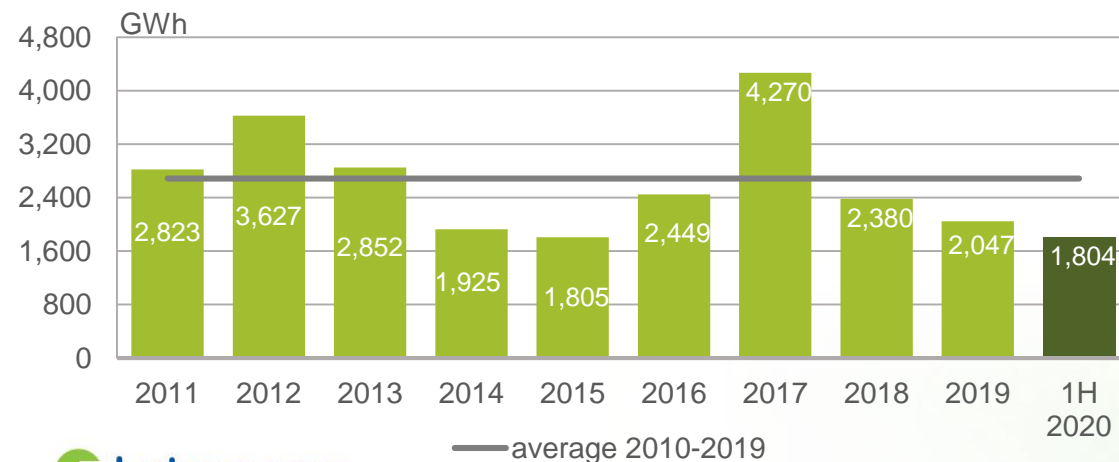
## Revenue and EBITDA\*



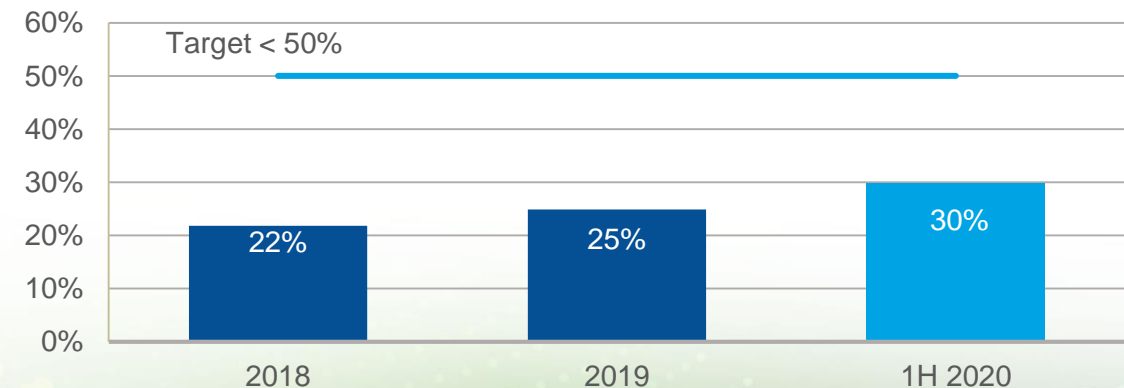
## Net debt to EBITDA\*



## Electricity generation at Daugava HPPs



## Net debt to equity\*





# Financials

## Market overview



## Revenue and profitability



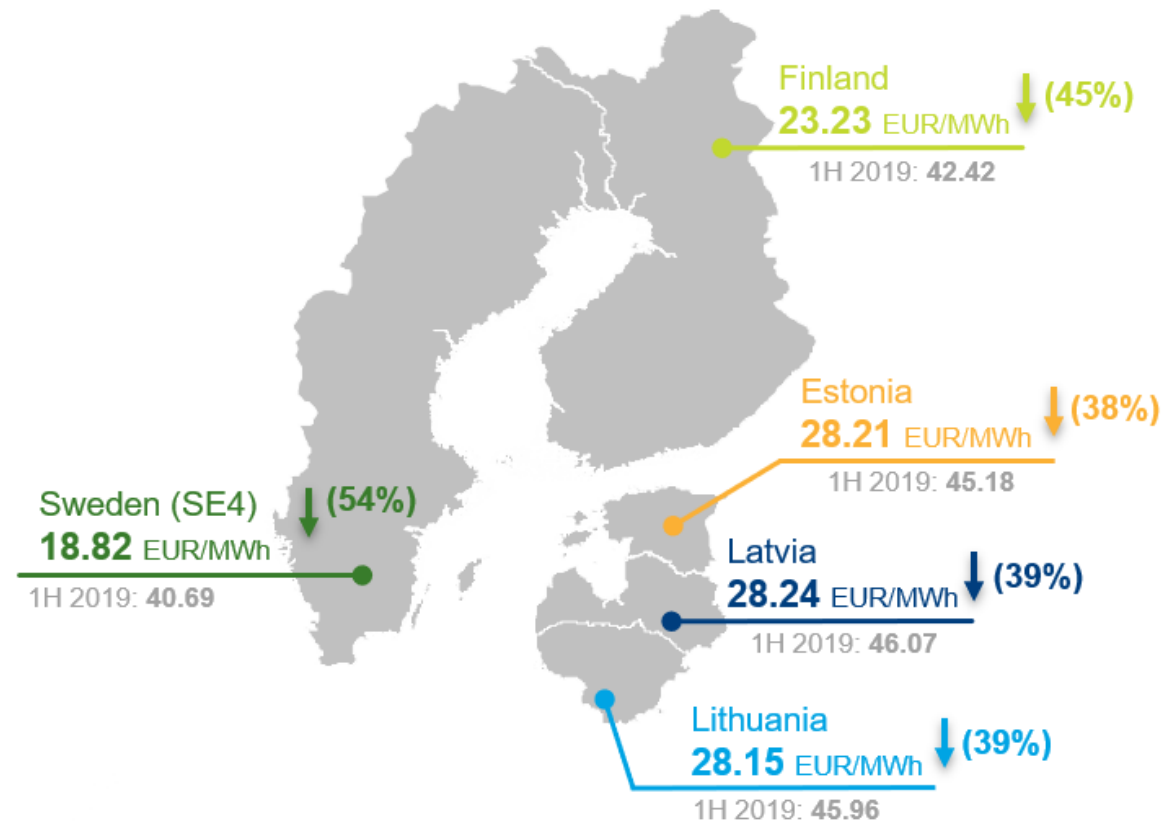
## Investments



## Funding



# Market overview



## Electricity prices decreased

- improvement of the Nordic hydrobalance
- lower demand due to warmer weather and COVID-19

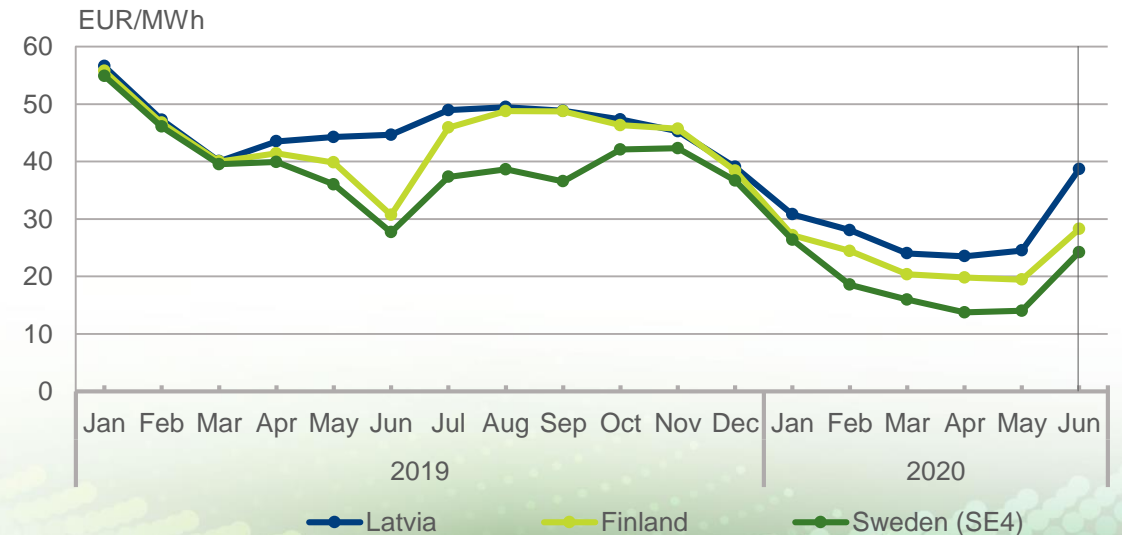
## The natural gas price decreased by 52%

The average natural gas price:

- GASPOOL 7.8 EUR/MWh
- TTF 7.6 EUR/MWh

## Electricity consumption decrease in Latvia by 3.7%

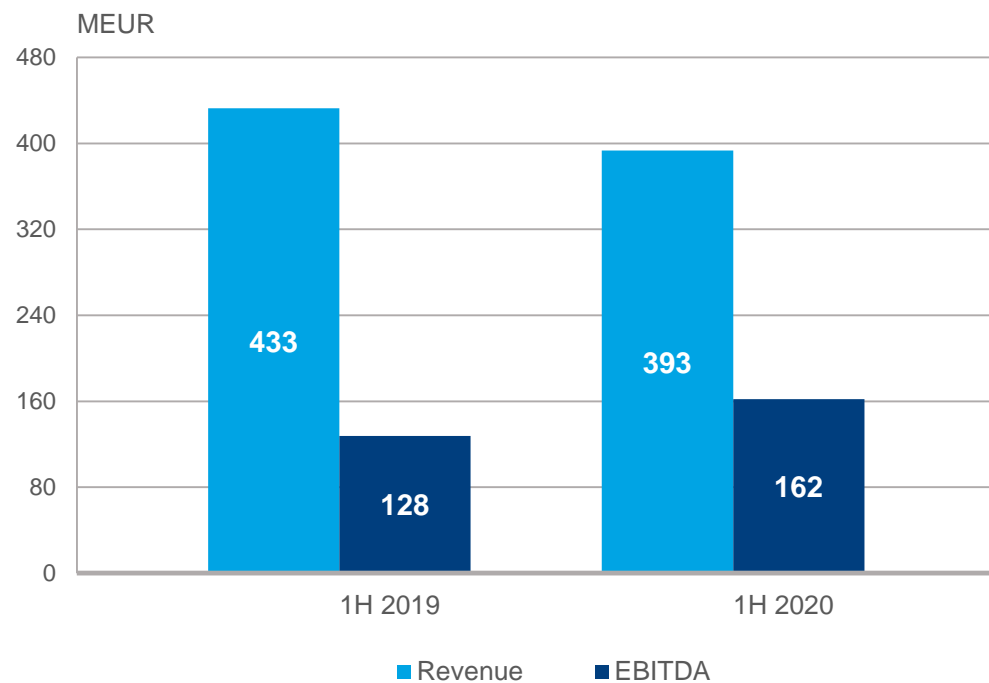
### Nord Pool electricity price





# Revenue and profitability

## Revenue\* and EBITDA\*



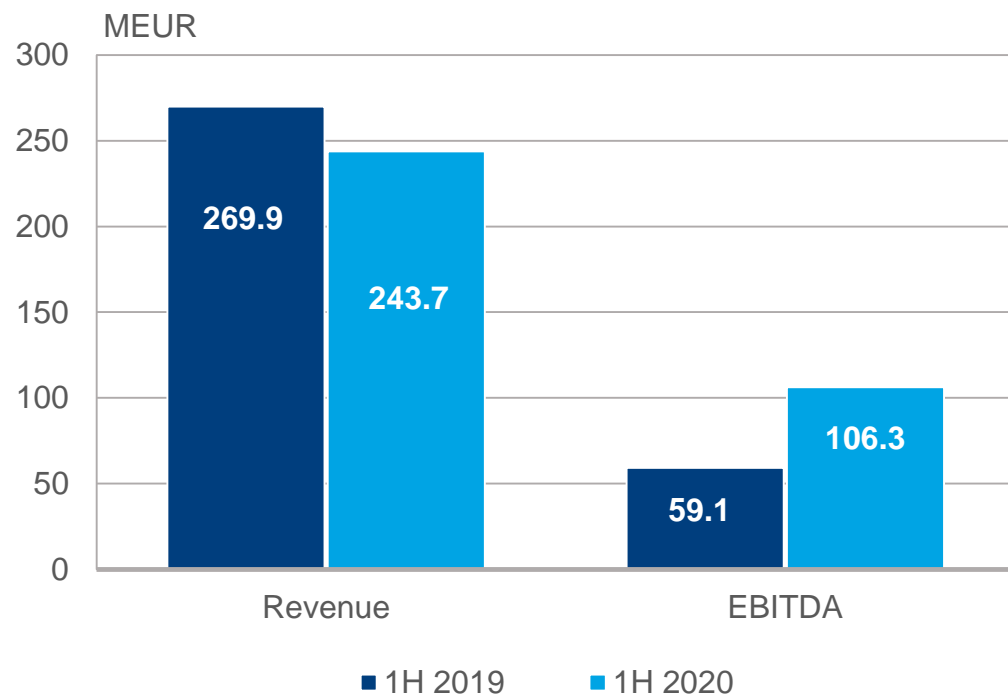
EBITDA increased by 27%

Profit 86.8 MEUR (1H 2019: 54 MEUR)

\*excluding discontinuing operations (unbundling transmission system asset ownership) – see Note 18 to the Unaudited Condensed Interim Financial Statements

# Generation and trade

## Revenue and EBITDA



### Negative impacts on revenue:

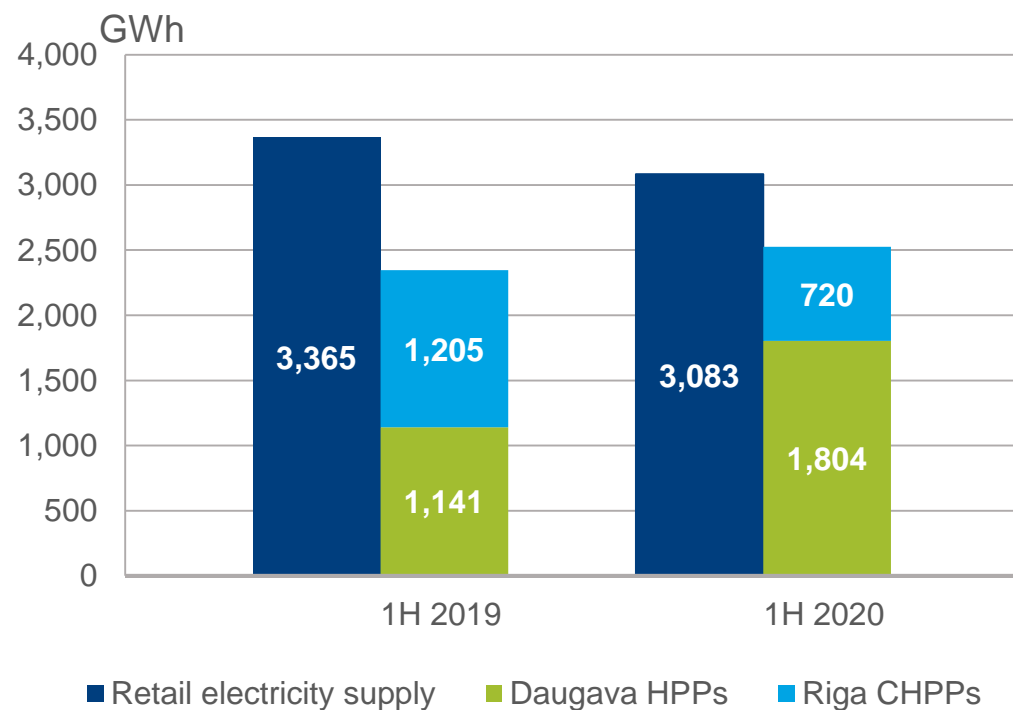
- 14% lower heat output due to atypically warm winter
- 4.3% lower Baltic electricity consumption due to warmer weather and COVID-19

### Positive impacts on EBITDA:

- higher electricity output at the Daugava HPPs
- lower electricity purchase prices

# Generation and trade

## Energy generation



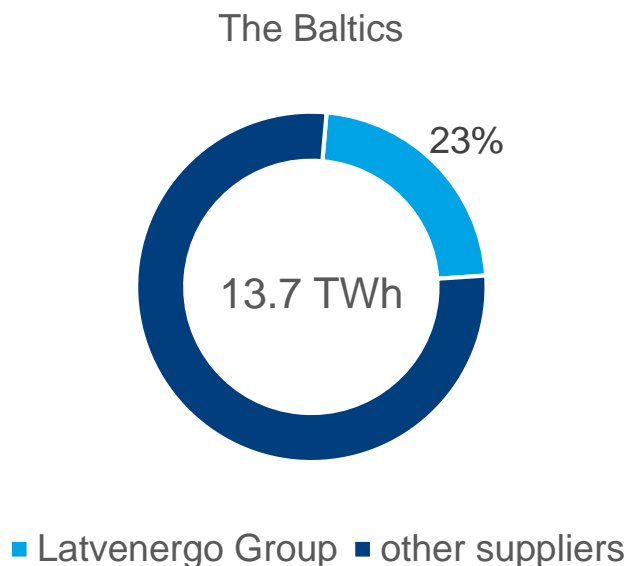
Latvenergo group was the largest electricity producer in the Baltics

Electricity generation at Latvenergo power plants corresponds to 83% of electricity sold to retail customers (1H 2019: 71%)

# Generation and trade

## Retail electricity supply

including operational consumption



3.1 TWh of electricity sold to Baltic retail customers

Natural gas sales to retail customers (227 GWh) are by 58% higher than in 2019

Launch of natural gas trade for Lithuanian households

740 K retail customers



238 new contracts were concluded for the installation of solar panels



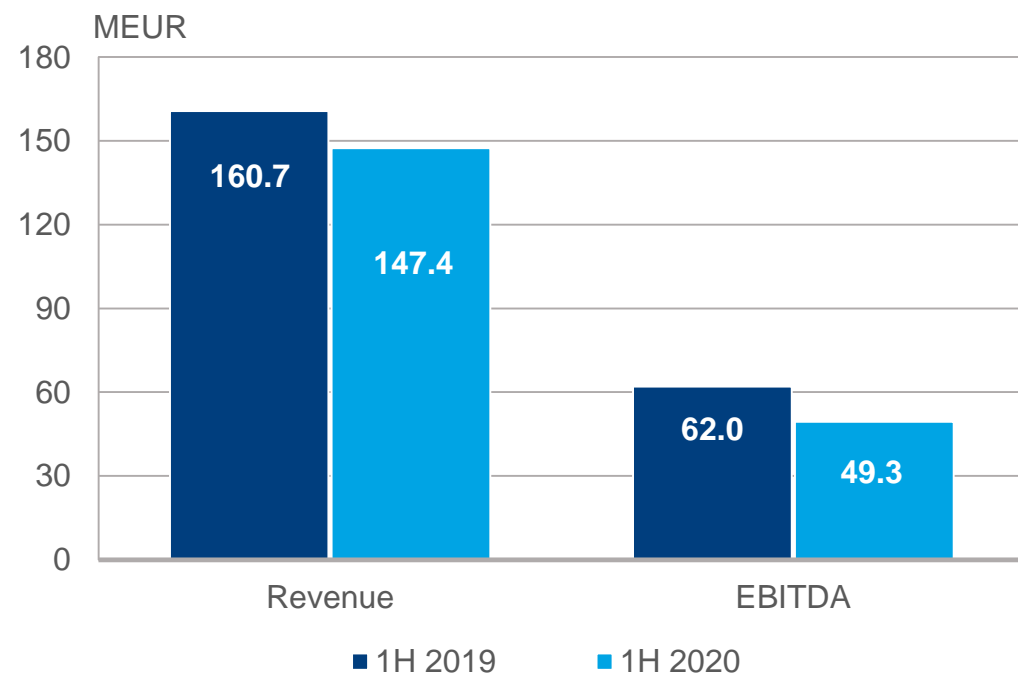
Total number of *Elektrum* Insured customers exceeded 79,800



2,500 units sold in the *Elektrum* e-shop

# Distribution

## Revenue and EBITDA



Electricity distributed: 3,134 GWh (1H 2019: 3,304 GWh)

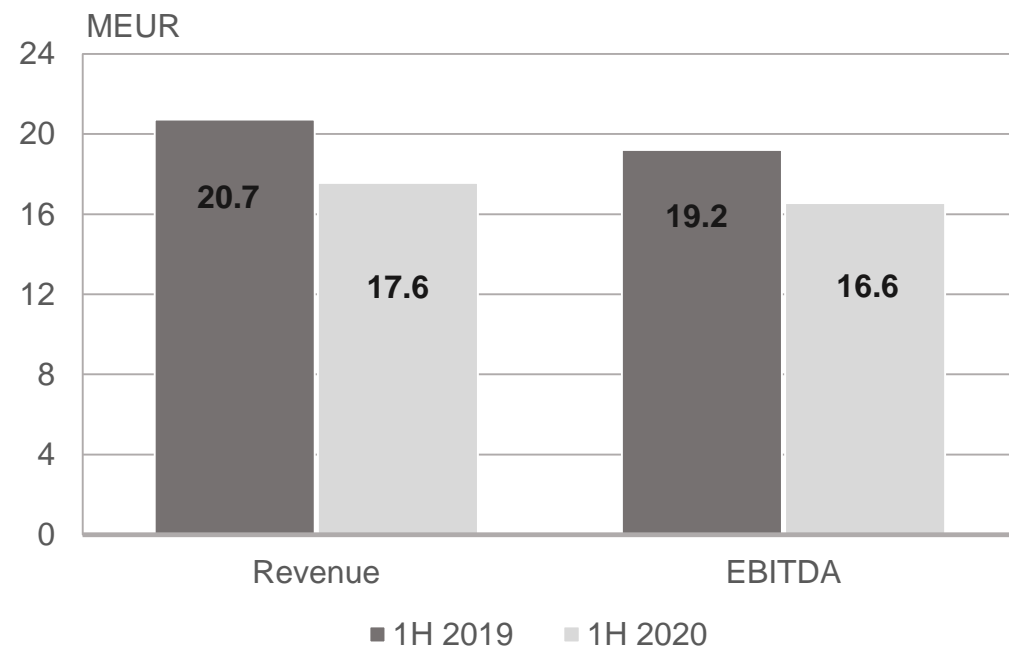
Efficiency programme contributes to 5.5% reduction in distribution system service tariff as of 1 January 2020

Web service [www.e-st.lv](http://www.e-st.lv) and data exchange platform recognized as examples of best practice in Europe



# Transmission system asset leasing

## Revenue and EBITDA



On 10 June 2020, Latvijas elektriskie tīkli AS was separated:

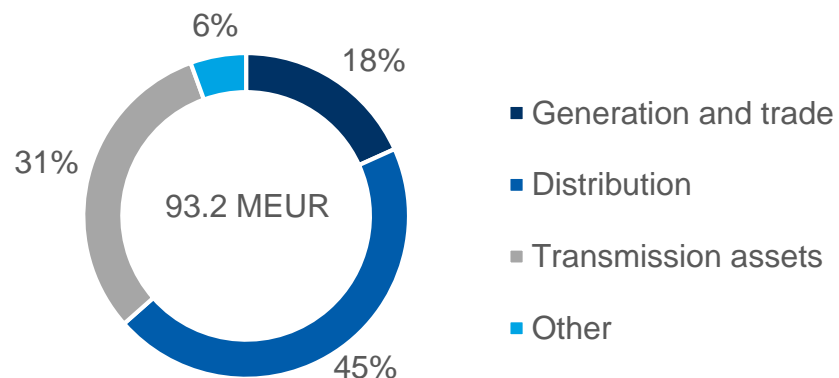
All shares of LET (222.7 MEUR) were transferred to the Ministry of Economics

- assets 694.3 MEUR
- liabilities 468 MEUR, incl. loans 225 MEUR

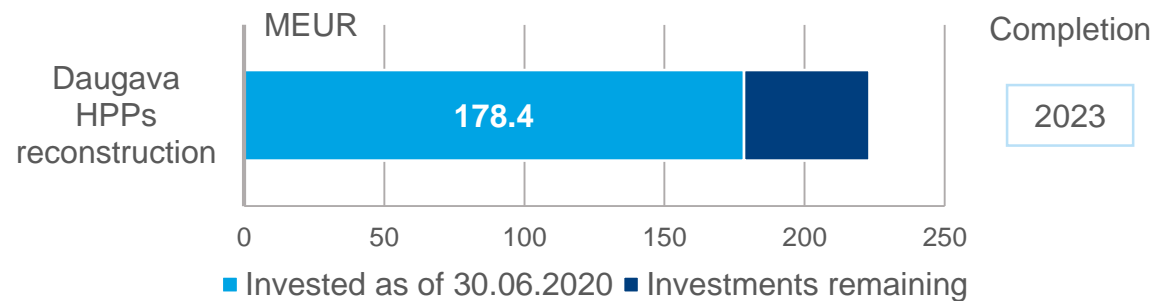
The operations of the transmission segment are reported as discontinuing operations

On 16 July 2020, the share capital of Latvenergo AS was increased by EUR 178.1 million by investing retained earnings

# Investments

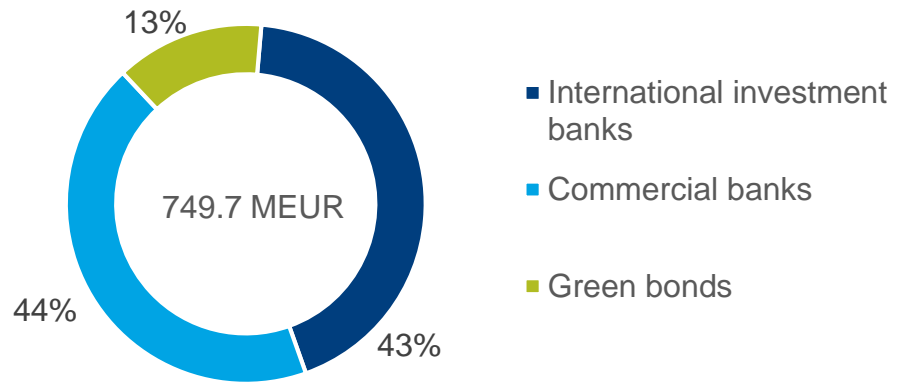


## Main investment project



The reconstruction will provide for further 40-year operation of hydropower units

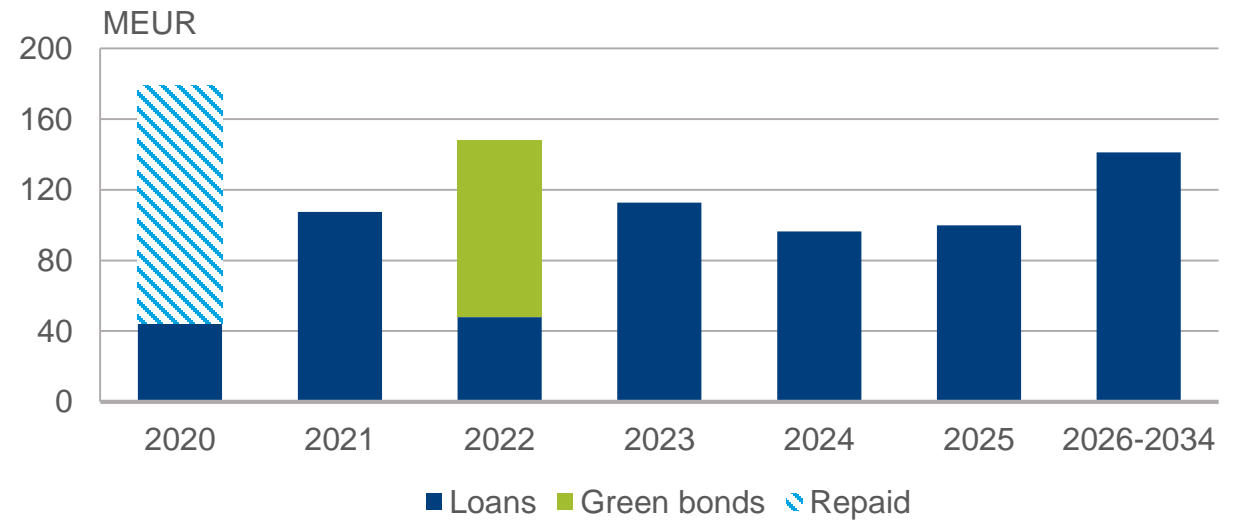
# Funding



Capital ratio 61%

All financial covenants have been met

## Debt repayment schedule





# Current events

## Supervisory Board

**Supervisory Board of Latvenergo AS**

Elected on 10 June 2020 for a 5-year term.  
Consists of five independent members:



**Ivars Golube**  
Chairman  
Has extensive experience in company management, strategy and infrastructure.



**Kaspars Rokums**  
Deputy Chairman  
Expert in energy construction with experience in management of international companies.



**Algirds Lazauskas**  
Member  
Professor at the Lithuanian University of Life Sciences and technologies, vice rector for student and teaching innovation.



**Rone Bilel**  
Member  
Has over 25 years of experience in energy management, operations in financial, banking and investment management areas.



**Guntars Rube**  
Member  
Has several years of experience as a Member of the Management Board, CEO and CFO of sustainable firms.



## Audit Committee

**Audit Committee of Latvenergo AS**

Approved on 18 June 2020 for a 3-year term.  
Consists of three independent members and two members of the Supervisory Board:



**Jekabs Patersons**  
Chairman (independent member)  
Member since 2012.



**Ivars Džudovčs**  
Member (independent member)  
Member since 2012.



**Marika Ingolvis**  
Member (independent member)  
Member since 2016.



**Rone Bilel**  
Member (member of the Supervisory Board)  
Member since 10 June 2020.



**Guntars Rube**  
Member (member of the Supervisory Board)  
Member since 10 June 2020.



## New bond issue


**New bond issue**

Bonds up to 200 MEUR labelled as green, maturity up to 10 years, 1st tranche planned later this year.

Latvenergo's Green Bond Framework, Dark Green shading by CICERO

Eligible Categories	Green Shading
Renewable energy and related infrastructure	Dark Green
Energy efficiency	Medium to Dark Green
Environmentally sustainable management of living natural resources and land use	Dark Green
<b>Overall shading</b>	<b>Dark Green</b>

Latvenergo's Green Bond Framework updated in April 2020.  
Rated **Dark Green** by CICERO Shading of Green (10 April 2020).



The overall assessment of governance structure and processes - **Excellent**



## Summary

**Summary**


State owned leading Baltic power supply provider with diverse customer base

Significant cash flow from regulated activities

Efficient generation capacities and green asset portfolio

Strong capital structure and diversified funding

Solid financial performance



# Supervisory Board of Latvenergo AS

Elected on 10 June 2020 for a 5-year term

Consists of five independent members:



**Ivars Golsts**  
Chairman

Has extensive experience in company management, finances and technical area



**Kaspars Rokens**  
Deputy Chairman

Expert in energy construction with experience in management of international companies



**Aigars Laizāns**  
Member

Professor of the Latvia University of Life Sciences and Technologies, vice-rector for studies and leading researcher



**Toms Siliņš**  
Member

Has over 25 years of experience in senior management positions in financial, banking and investment management areas



**Gundars Ruža**  
Member

Has several years of experience as a Member of the Management Board, CEO and CFO of Moller Group



# Audit Committee of Latvenergo AS

Approved on 10 June 2020 for a 3-year term

Consists of three independent members and two members of the Supervisory Board:



**Torben Pedersen**  
Chairman  
(independent member)

Member since 2012



**Svens Dinsdorfs**  
Member  
(independent member)

Member since 2012



**Marita Salgrāve**  
Member  
(independent member)

Member since 2015



**Toms Siliņš**  
Member  
(member of the Supervisory Board)

Member since 10 June 2020



**Gundars Ruža**  
Member  
(member of the Supervisory Board)

Member since 10 June 2020

# New bond issue

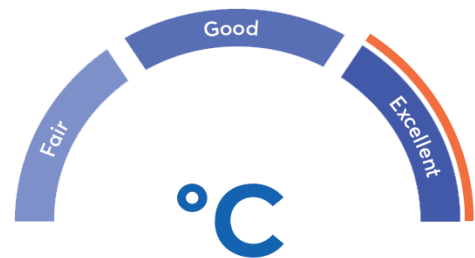
Bonds up to 200 MEUR labelled as green, maturity up to 10 years, 1st tranche planned later this year

Latvenergo's Green Bond Framework, *Dark Green* shading by CICERO

Eligible Categories		Green Shading
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Environmentally sustainable management of living natural resources and land use	°C	Dark Green
Overall shading		Dark Green

[Latvenergo's Green Bond Framework](#) updated in April 2020

[Rated \*Dark Green\* by CICERO Shades of Green](#) (15 April 2020)



The overall assessment of governance structure and processes - **Excellent**

# Summary

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State owned leading  
Baltic power supply  
provider with diverse  
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Significant cash flow  
from regulated  
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Efficient generation  
capacities and green  
asset portfolio


Strong capital  
structure and  
diversified funding

Solid financial  
performance



# Q&A

## Contacts

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