

# LATVENERGO GROUP UNAUDITED RESULTS FOR 2022

Investor Conference Webinar Presentation

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Group profile



Financials



Current events



Q&A



## Group profile



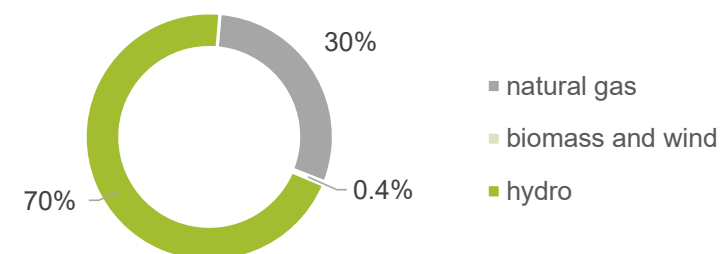
### One of the leading energy suppliers and leader in green energy generation in the Baltics

Balanced and environmentally friendly energy generation portfolio

- Low-cost hydropower plants (1,559 MW<sub>el</sub>)
- Highly efficient combined heat and power plants (1,039 MW<sub>el</sub>; 1,617 MW<sub>th</sub>)

Share of renewable resources in the electricity output 2022

**70%**



### Sound business model

- Stable cash flow from regulated distribution network activities
- 35% of retail electricity trade supplied to customers in Lithuania and Estonia
- Broad customer base

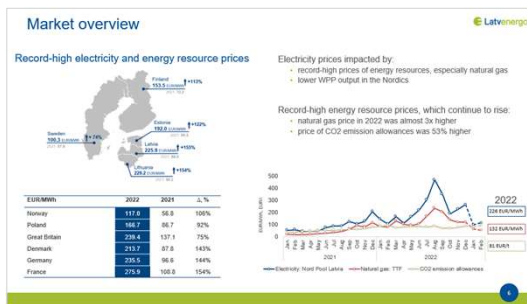


- **Baa2** credit rating with stable outlook by Moody's
- 100% owned by the Republic of Latvia A3 / A+ / A-
- 80+ years of experience in energy sector



# Financials

## Market overview



## Main indicators



## Revenue and profitability



## Investments

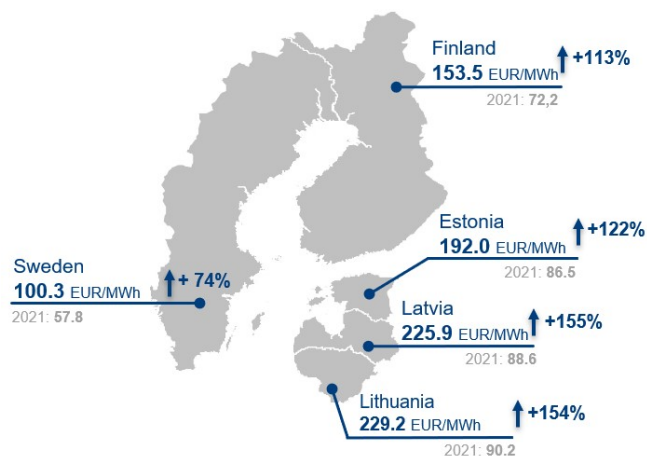


## Funding



# Market overview

## Record-high electricity and energy resource prices



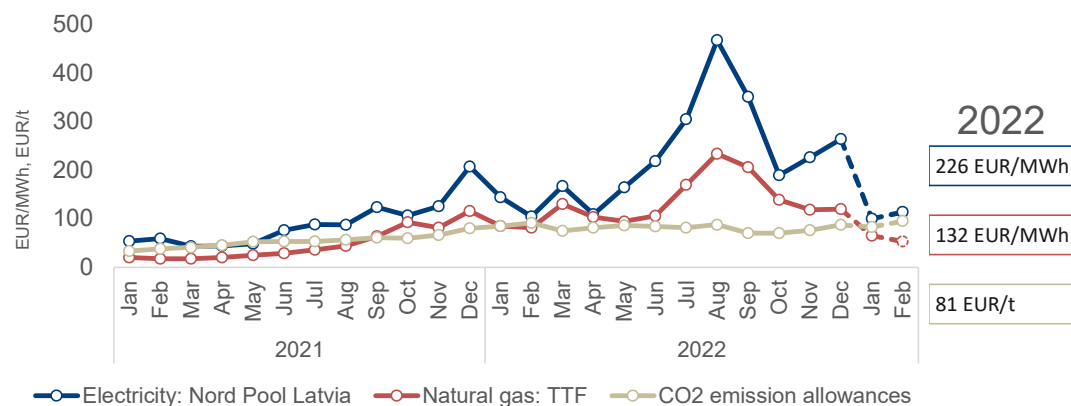
EUR/MWh	2022	2021	Δ, %
Norway	117.0	56.8	106%
Poland	166.7	86.7	92%
Great Britain	239.4	137.1	75%
Denmark	213.7	87.8	143%
Germany	235.5	96.6	144%
France	275.9	108.8	154%

Electricity prices impacted by:

- record-high prices of energy resources, especially natural gas
- lower WPP output in the Nordics

Record-high energy resource prices, which continue to rise:

- natural gas price in 2022 was almost 3x higher
- price of CO2 emission allowances was 53% higher

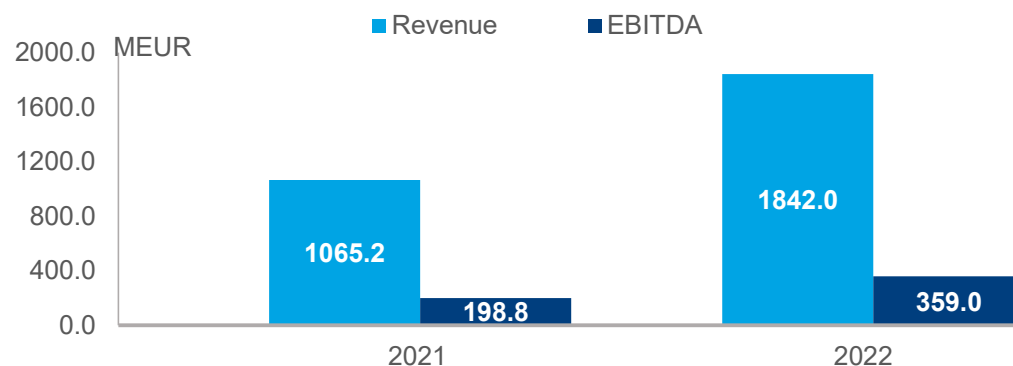


## Main indicators: Key financial figures 2022

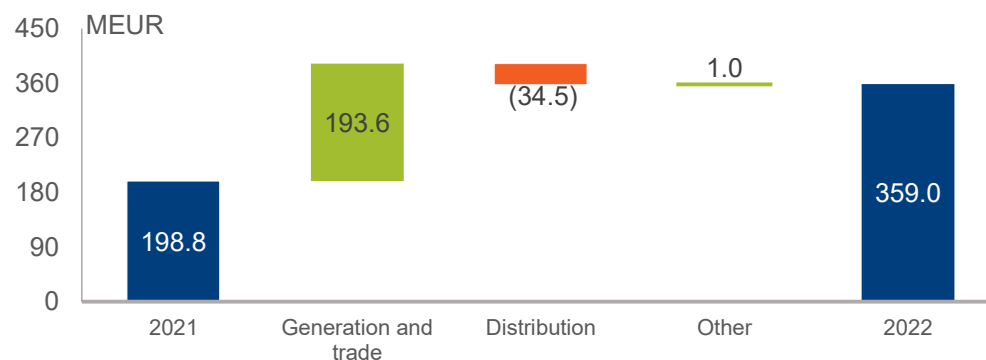
MEUR				
1,842	359	183	3,839	122
REVENUE	EBITDA	PROFIT	ASSETS	INVESTMENTS

# Revenue and profitability

## Revenue and EBITDA



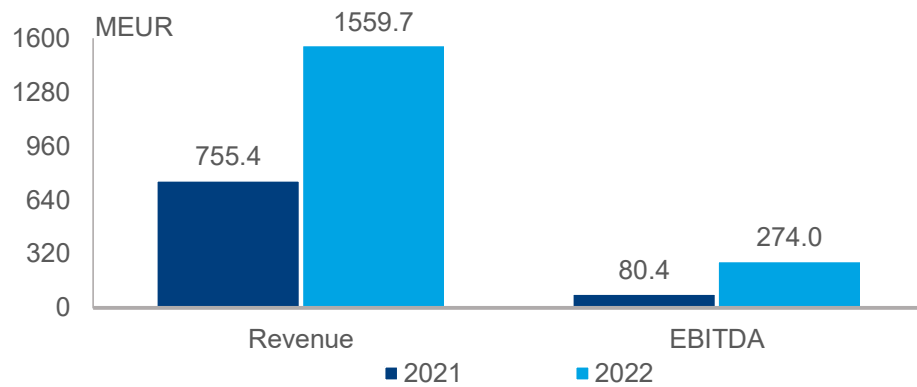
## EBITDA dynamics





# Generation and trade

## Revenue and EBITDA

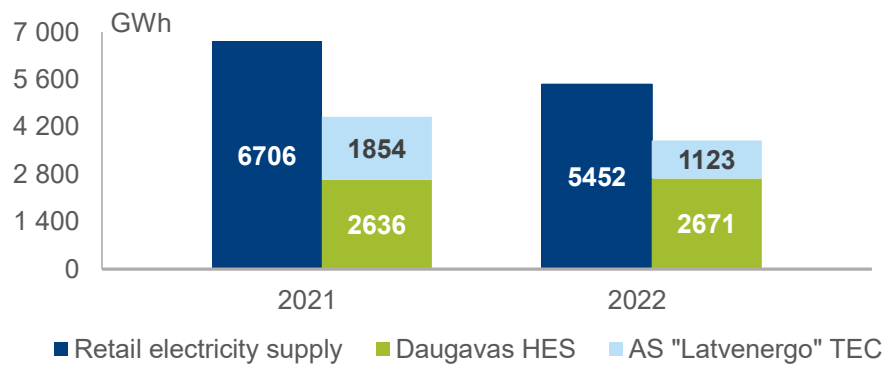


- Impacts on revenue:
  - higher electricity spot prices in the Baltics
  - higher price of natural gas
- Impacts on EBITDA:
  - adjustment of electricity sales prices to the market situation
  - well balanced hedging policy



## Main indicators: Generation

3,822 GWh of electricity generated



2022

-39%

CHPPs

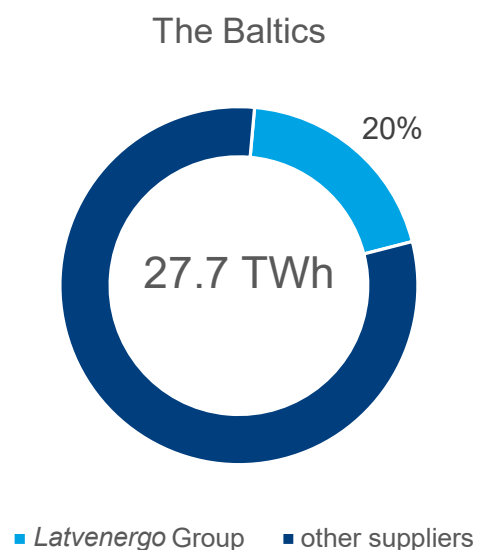
+1%

HPPs

- Latvenergo – largest green electricity producer in the Baltics
- 24% of the total electricity generated in the Baltics
- 70% generated from renewable energy sources
- Electricity generated at Latvenergo corresponds to 70% of the amount of electricity sold in retail

## Retail electricity supply in the Baltics

including operational consumption



The number of *Elektrum* electricity customers increased by 8%

5.5 TWh of electricity and 0.9 TWh of natural gas sold to Baltic retail customers

818 K retail electricity customers



The number of *Elektrum* customers outside Latvia increased almost 2x, exceeding 175,000



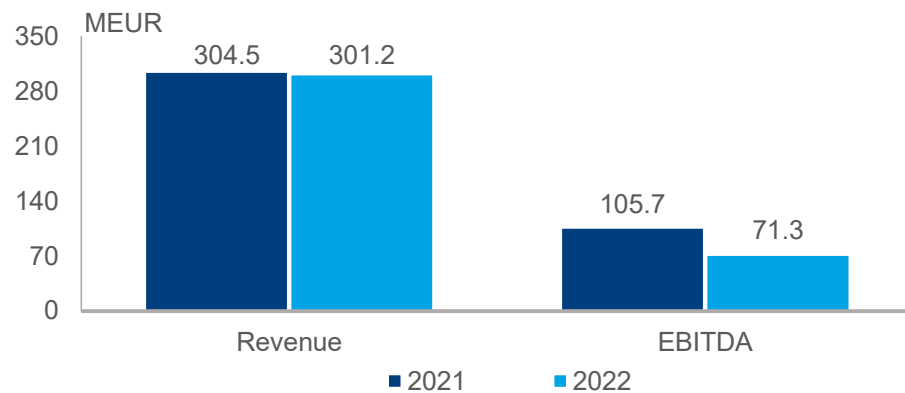
The total installed solar panel capacity provided to retail customers in the Baltics reached 38 MW



More than 24,000 electric vehicle charges were made at the *Elektrum Drive* electric car charging stations

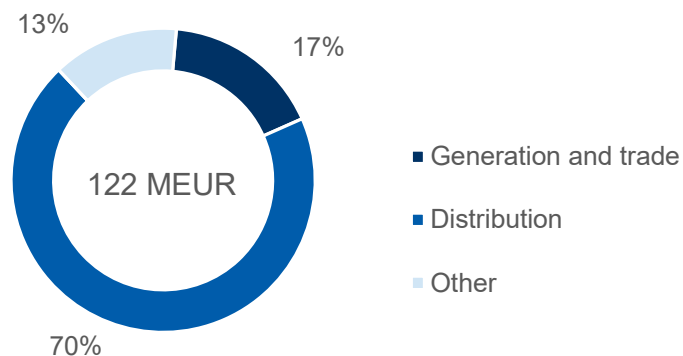
# Distribution

## Revenue and EBITDA

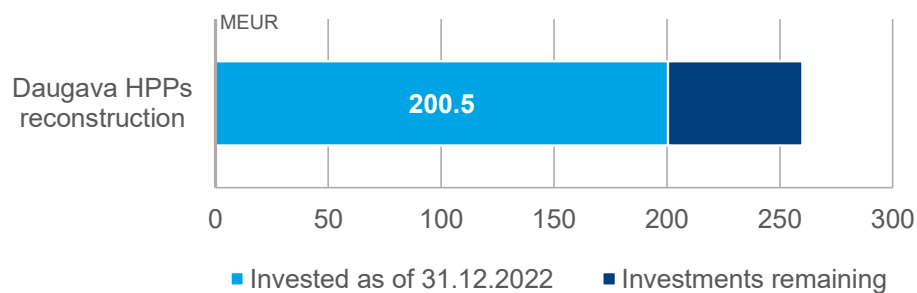


- Impacts on financial performance:
  - higher electricity loss costs
  - lower distributed electricity
- Electricity distributed: 6.2 TWh (2021: 6.5 TWh)
- Sadales tīkls AS submitted a new tariff project for evaluation in November due to increased costs

# Investments



## Main investment project

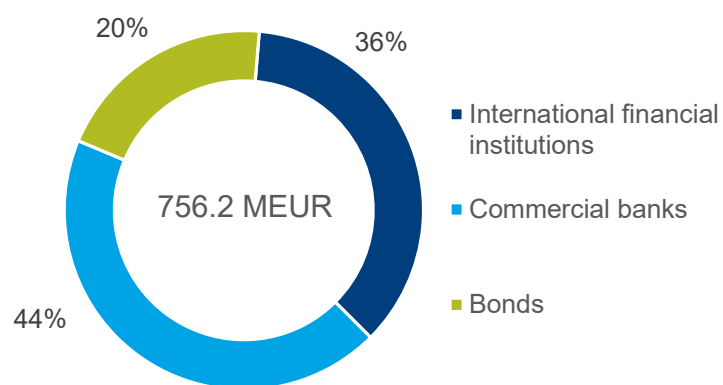


Investment in power network assets – 2/3 of the total

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



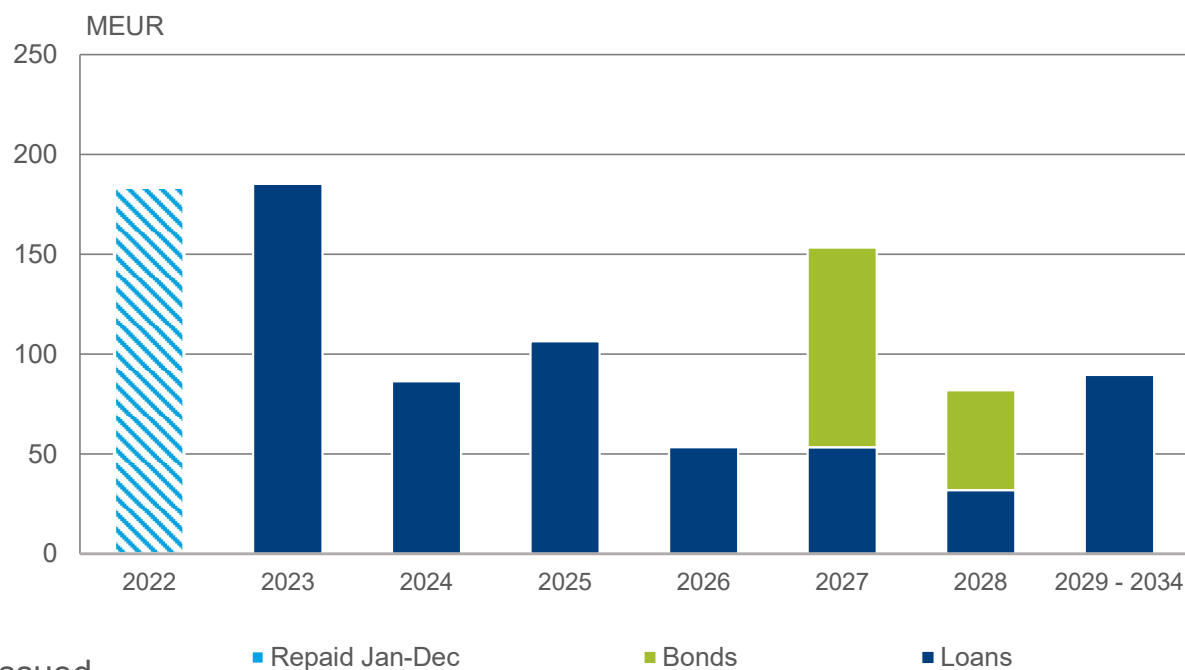
# Funding



Baa2/stable by Moody's

In February 2023, 6-year 50 MEUR green bonds issued under the 200 MEUR programme

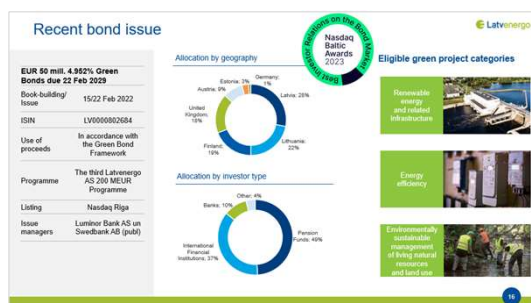
## Debt repayment schedule



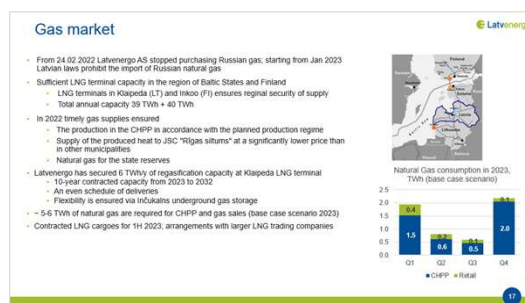


# Current events

## Recent bond issue



## Gas market



## Summary



# Recent bond issue

**EUR 50 mill. 4.952% Green Bonds due 22 Feb 2029**

Book-building/  
Issue 15/22 Feb 2022

ISIN LV0000802684

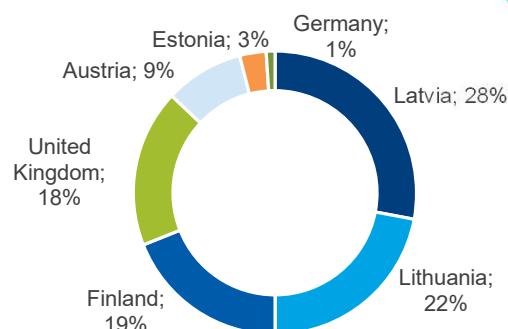
Use of  
proceeds In accordance with  
the Green Bond  
Framework

Programme The third Latvenergo  
AS 200 MEUR  
Programme

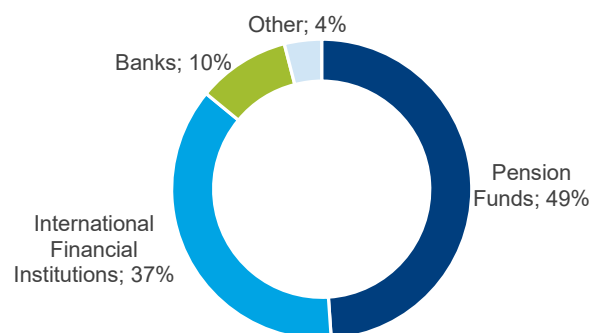
Listing Nasdaq Riga

Issue  
managers Luminor Bank AS un  
Swedbank AB (publ)

Allocation by geography



Allocation by investor type



## Eligible green project categories

Renewable  
energy  
and related  
infrastructure



Energy  
efficiency



Environmentally  
sustainable  
management  
of living natural  
resources  
and land use



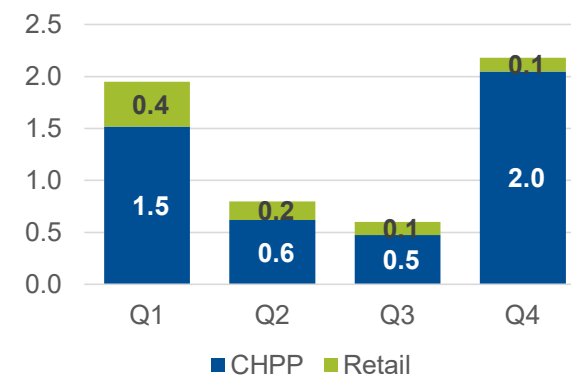


# Gas market

- From 24.02.2022 Latvenergo AS stopped purchasing Russian gas; starting from Jan 2023 Latvian laws prohibit the import of Russian natural gas
- Sufficient LNG terminal capacity in the region of Baltic States and Finland
  - LNG terminals in Klaipeda (LT) and Inko (FI) ensures regional security of supply
  - Total annual capacity 39 TWh + 40 TWh
- In 2022 timely gas supplies ensured
  - The production in the CHPP in accordance with the planned production regime
  - Supply of the produced heat to JSC "Rīgas siltums" at a significantly lower price than in other municipalities
  - Natural gas for the state reserves
- Latvenergo has secured 6 TWh/y of regasification capacity at Klaipeda LNG terminal
  - 10-year contracted capacity from 2023 to 2032
  - An even schedule of deliveries
  - Flexibility is ensured via Inčukalns underground gas storage
- ~ 5-6 TWh of natural gas are required for CHPP and gas sales (base case scenario 2023)
- Contracted LNG cargoes for 1H 2023; arrangements with larger LNG trading companies



Natural Gas consumption in 2023, TWh (base case scenario)



# Summary

Share of renewable  
energy 70%

The number of  
*Elektrum* electricity  
customers increased  
by 8%

Timely gas supplies  
ensured in 2022 and  
contracted LNG  
cargoes for 1H 2023

Group's EBITDA –  
359 MEUR,  
profit – 183 MEUR



# Q&A

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