

# LATVENERGO GROUP UNAUDITED RESULTS 1H 2021

Investor Conference Webinar Presentation

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8 September 2021, Riga

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Group profile



Financials



Current events



Q&A



## Group profile



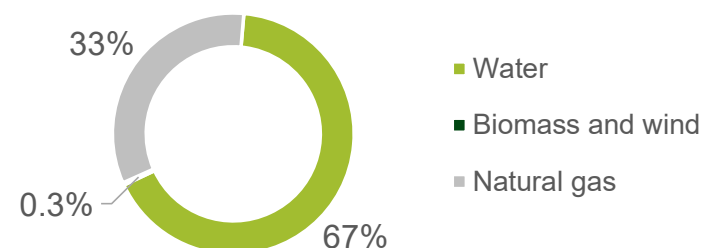
### One of the leading energy suppliers and leader in green energy generation in the Baltics

Balanced and environmentally friendly energy generation portfolio

- Low-cost hydropower plants (1,558 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 1H 2021

**67%**



### Sound business model

- 40% of EBITDA by regulated activities
- 40% of retail electricity trade supplied to customers in Lithuania and Estonia
- Broad customer base

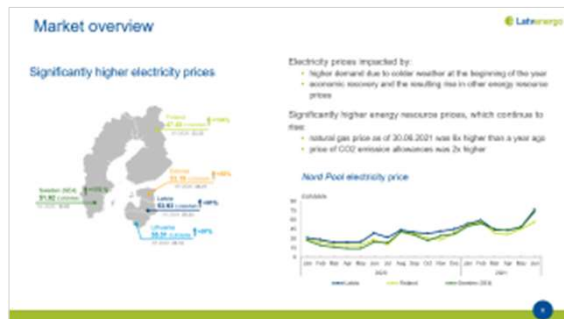


- **Baa2** credit rating with stable outlook by Moody's
- 100% owned by the Republic of Latvia A3 / A+ / A-
- 80 years of experience in energy sector



# Financials

## Market overview



## Key financial figures



## Revenue and profitability



## Investments

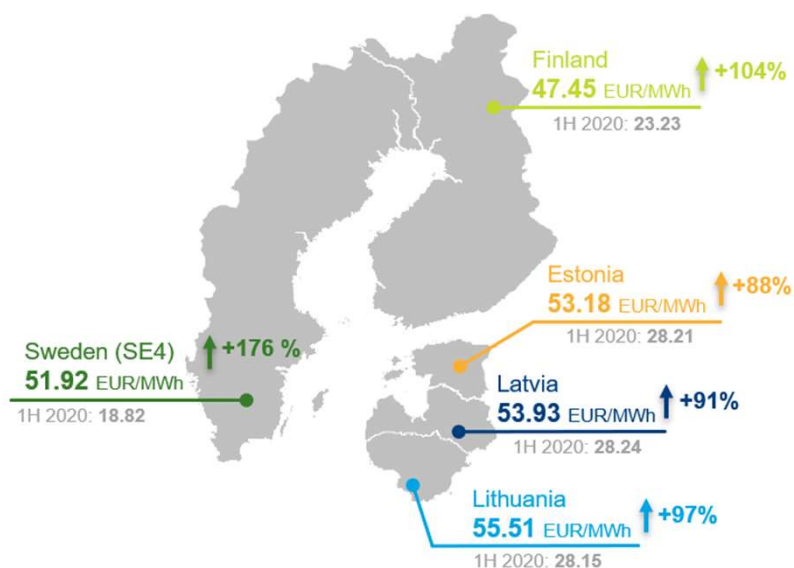


## Funding



# Market overview

## Significantly higher electricity prices



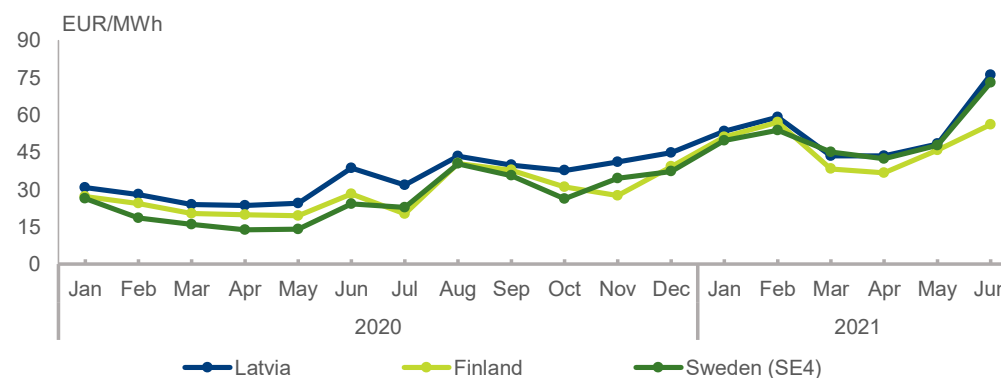
Electricity prices impacted by:

- higher demand due to colder weather at the beginning of the year
- economic recovery and the resulting rise in other energy resource prices

Significantly higher energy resource prices, which continue to rise:

- natural gas price as of 30.06.2021 was 6x higher than a year ago
- price of CO2 emission allowances was 2x higher

## Nord Pool electricity price





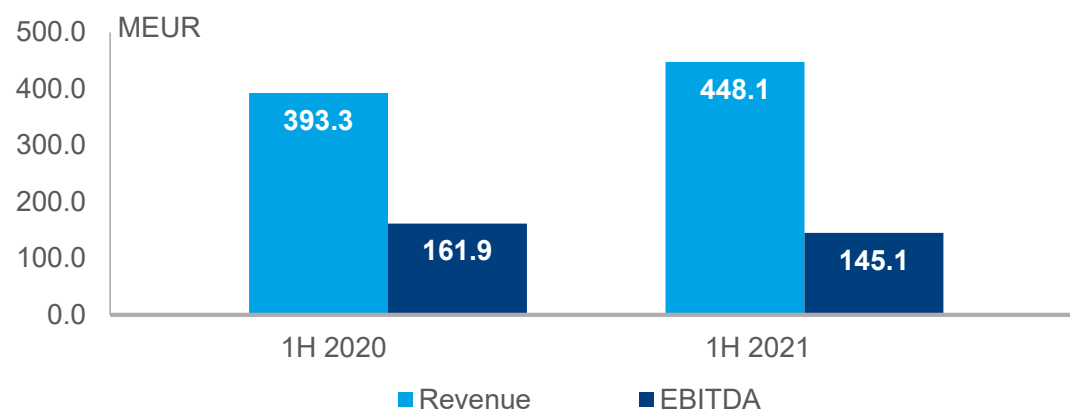
## Key financial figures 1H 2021

MEUR

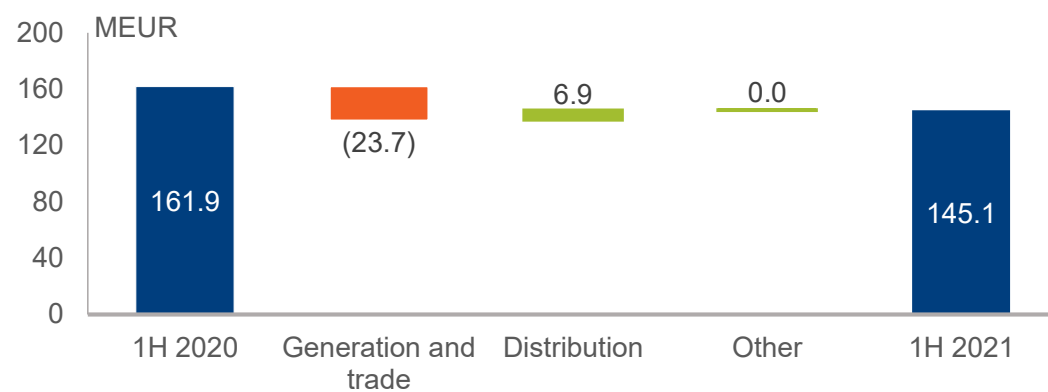
448	145	57	3,300	58
REVENUE	EBITDA	PROFIT	ASSETS	INVESTMENTS

# Revenue and profitability

## Revenue and EBITDA



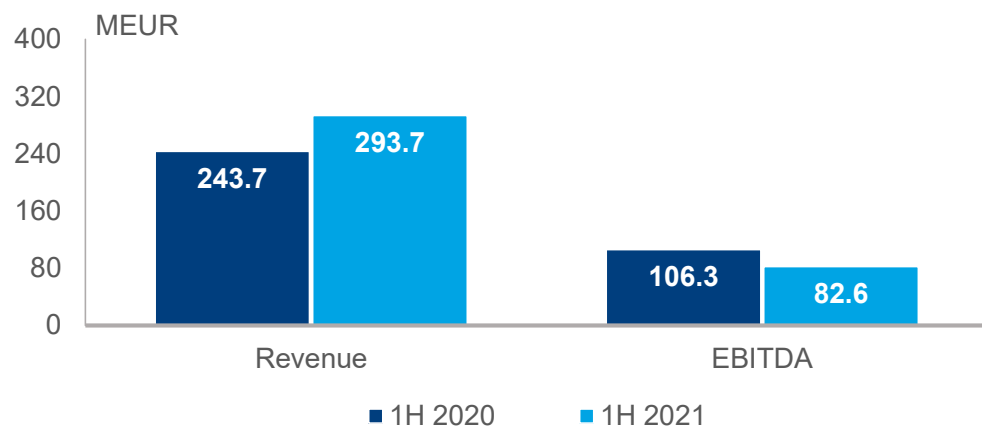
## EBITDA dynamics





# Generation and trade

## Revenue and EBITDA



### Impacts on revenue:

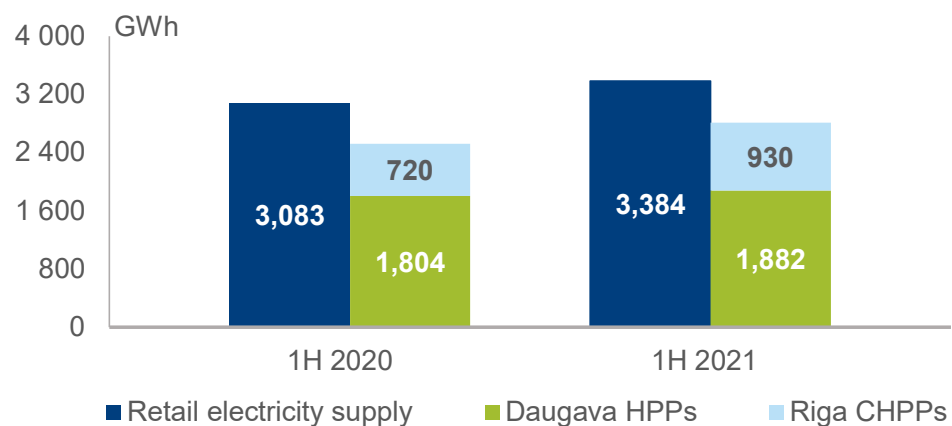
- 10% increase in retail sales volume
- higher electricity market prices
- 29% higher heat output due to colder weather

### Impacts on EBITDA:

- higher electricity purchase prices
- higher energy resource prices

# Generation

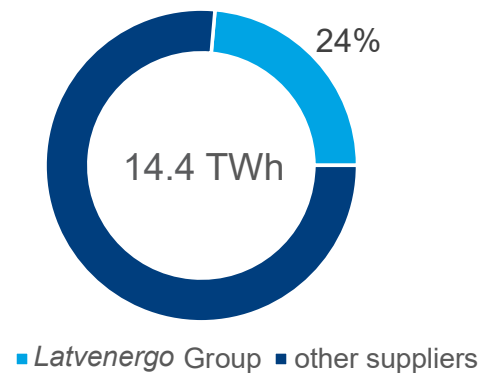
## Energy generation



- *Latvenergo* – the largest electricity producer and leader in green energy generation in the Baltics
  - producing 36% of the total electricity generated in the Baltics
  - 67% produced from renewable energy sources
- Total amount of electricity generated at Latvenergo PP corresponds to 84% of the amount of electricity sold to retail customers (1H 2021: 83%)

## Retail electricity supply in the Baltics

including operational consumption



3.4 TWh of electricity and 0.5 TWh of natural gas sold to Baltic retail customers

740 K retail electricity customers



- In June, the Group acquired shares in three micro-network service companies in Estonia
- 20,000 customer portfolio in Estonia acquired in August



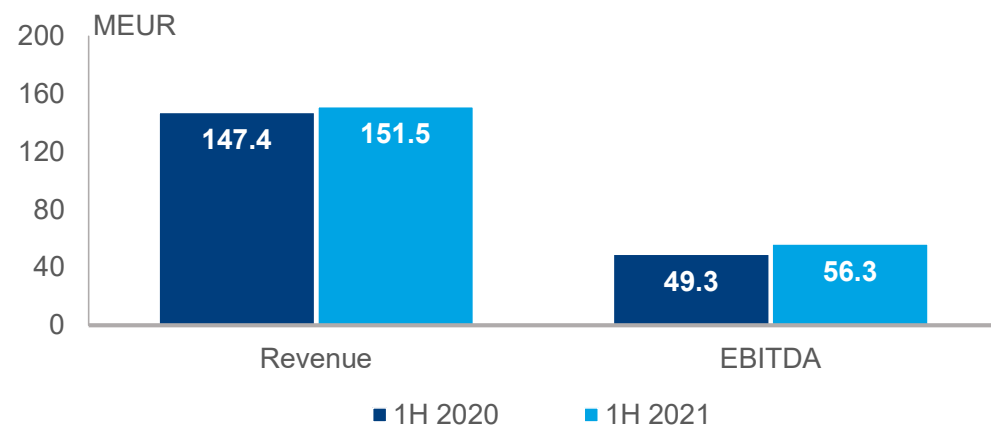
The total installed solar panel capacity provided to retail customers in the Baltics reached 8 MW



Customers of the mobile application *Elektrom* charged more than 50 MWh by making about 3,100 charges

# Distribution

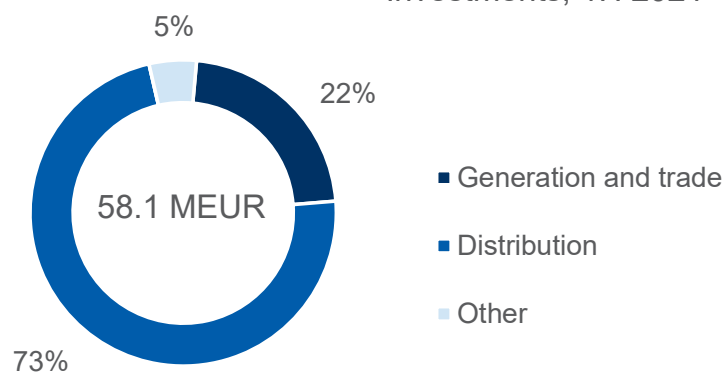
## Revenue and EBITDA



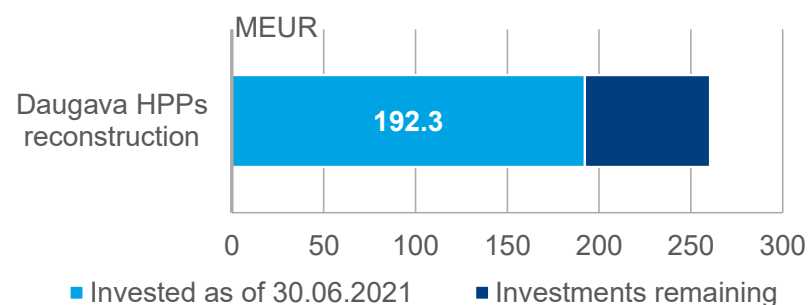
- Improvement in financial performance was mainly impacted by
  - higher distributed electricity
  - the reduction of operating costs
- Electricity distributed: 3,212 GWh (1H 2021: 3,134 GWh)

# Investments

Investments, 1H 2021



## Main investment project

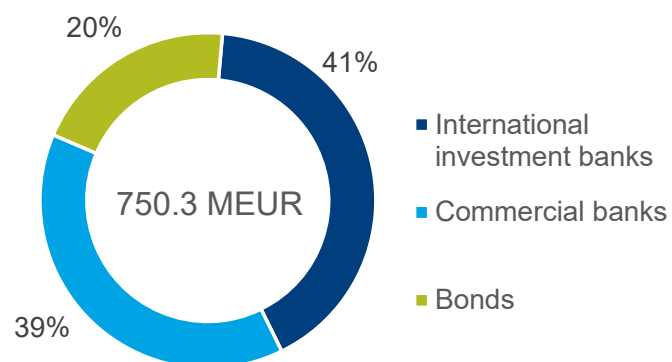


The reconstruction will provide for further 40-year operation of hydropower units

Investment in power network assets – 3/4 of the total



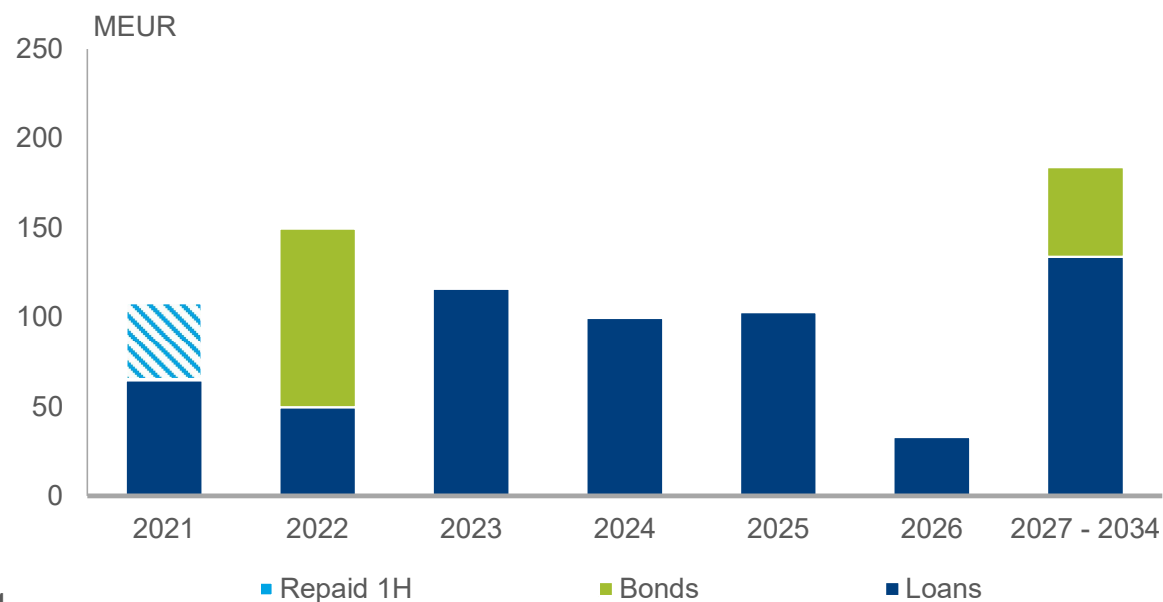
# Funding



Baa2/stable by Moody's

7-year 50 MEUR green bonds issued on 17 May 2021

## Debt repayment schedule





# Current events

## Group's developments

### Group's developments

In June 2021, the Group acquired shares in three micro-network service companies in Estonia

- 22 medium voltage (6-10 kV) / low voltage (0.4 kV) substations providing electricity supply (including distribution system service) to 26 companies
- Electricity distribution ~ 100 GWh per year

**Acquired customer portfolio**

- 20,000 customer portfolio in Estonia acquired as of August 2021
- Thus, customer base in Estonia increased by more than 50%
- Electricity supply ~ 190 GWh per year

### Benefits

- Basis for the development of new products and services
- The number of the Group's customers in Estonia significantly increased

## Sustainability in Latvenergo Group

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Sustainability is an integral part of the Group's business and CSR activities



Group strives to diversify, sustainably and resilient energy for all

Build robust and sustainable infrastructure, provide inclusive and sustainable industrialisation, and foster innovation

Take action to combat climate change and its impacts

### Latvenergo

- The Group's business and CSR activities are aligned with the UN Sustainable Development Goals (SDGs)
- 3 main focuses:
  - Climate neutrality in 2050
  - Voluntary activities for the development of education and science, to strengthen cooperation with local communities, and in the sector of environment
  - Promote innovation culture to meet business needs
- Through the CSR activities, the Group also contributes to the achievement of other SDGs



## Summary

### Summary

Share of renewable energy 67%	3.4 TWh of electricity sold to Baltic retail customers	40% of EBITDA by regulated activities	Total investments - 58 MEUR, 34 in power network assets	Group's EBITDA - 145 MEUR, profit - 57 MEUR
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# Group's developments

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# Sustainability in Latvenergo Group

Sustainability is an integral part of the Group's business and CSR activities



Ensure access to affordable, sustainable and modern energy for all



Build resilient and sustainable infrastructure, promote inclusive and sustainable industrialization, and foster innovation



Take action to combat climate change and its impacts

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# Sustainability in Latvenergo Group



## Green generation

- **Maintaining and improving efficiency of renewable energy units (hydro)**
- **Developing new capacities (wind, solar)**
- **Improving efficiency and reducing CO<sub>2</sub> emissions of natural gas cogeneration plants**
- Daugava HPP reconstruction programme
- Solar panel parks in LT and EE
- CO<sub>2</sub> emissions significantly lower than European average:
  - Considerable share of electricity output from renewable resources
  - Efficient CHPP generation modes
- In 1H 2021 67% of electricity output from renewable resources
- The largest green electricity production in the Baltics



## EV charging

- **Developing the charging network for electric vehicles in Latvia**
- In August, Elektrum EV charging stations were opened in 4 more Latvian cities
- 18 Elektrum EV charging stations with 67 ports operate in 9 Latvian cities
- The goal - more than 80 EV charging ports by the end of 2021

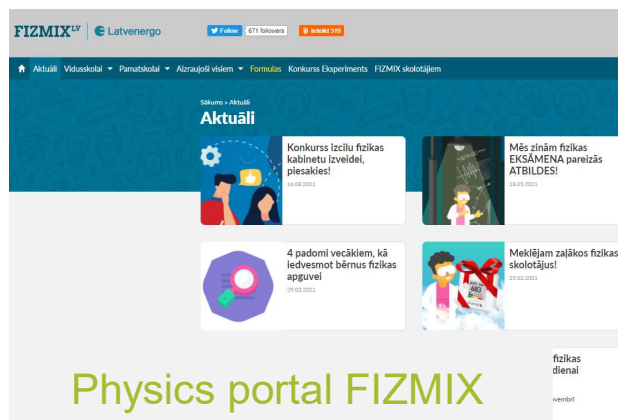
# Sustainability in Latvenergo Group

(to be continued in the next webinar)



## CSR: Science and education

Promote young people's interest in exact sciences  
Support young people's excellence



### Physics portal FIZMIX

- Physics portal for young people
- Physics teachers can also share their creative teaching methods
- Physics Teachers' Day webinar organised in November 2020



### Knowledge contest FIZMIX Experiments

- Yearly erudition contest for pupils (since 1995)
- The status of an open physics olympiad awarded by the National Centre for Education
- Every 4th school of Latvia participates
- In 2021, the contest was organized together with the Physics Day – educational lessons and experiments online



### Physics labs equipment

- Competition for Latvenergo support for the establishment of excellent physics labs announced
- Opportunity for 10 Latvian general education schools
- The total prize fund - 210,000 EUR

# Summary

Share of renewable  
energy 67%

3.4 TWh of electricity  
sold to Baltic retail  
customers

40% of EBITDA by  
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Total investments -  
58 MEUR; 3/4 in  
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Group's EBITDA –  
145 MEUR,  
profit – 57 MEUR



# Q&A

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