

LATVENERGO GROUP UNAUDITED RESULTS 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



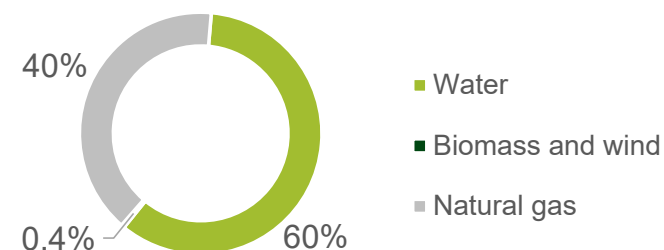
One of the leading energy suppliers and leader in green energy generation in the Baltics

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 2020

60%



Sound business model

- 40% of EBITDA by regulated activities
- 1/3 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

Group profile

Segments and Group structure 2020

Vertically integrated utility

Installed generation capacities

Daugava HPPs – 1,558 MWeI

Latvenergo AS CHPPs – 1,039 MWeI; 1,617 MWth

Liepāja and small plants – 8 MWeI; 221 MWth

Length of distribution lines 92.7 K km

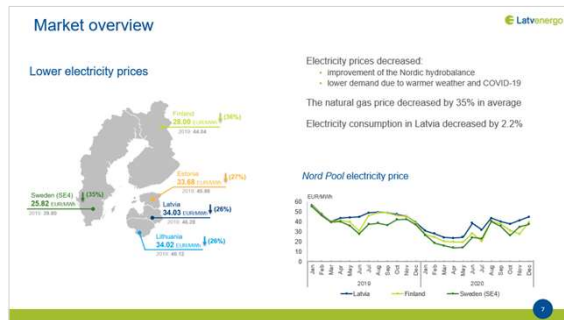
Segment	Revenues	EBITDA	Latvenergo Group	
Generation and trade – electricity and thermal energy generation and trade – natural gas trade	61%	57%	Latvenergo AS	
			Elektrum Eesti OÜ (EE)	100%
			Elektrum Lietuva UAB (LT)	100%
			Enerģijas publiskais tirgotājs AS	100%
			Liepājas enerģija SIA	51%
Electricity distribution	38%	38%	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



Financials

Market overview



Key financial figures



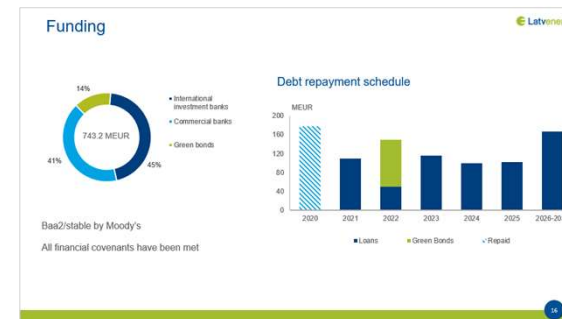
Revenue and profitability



Investments

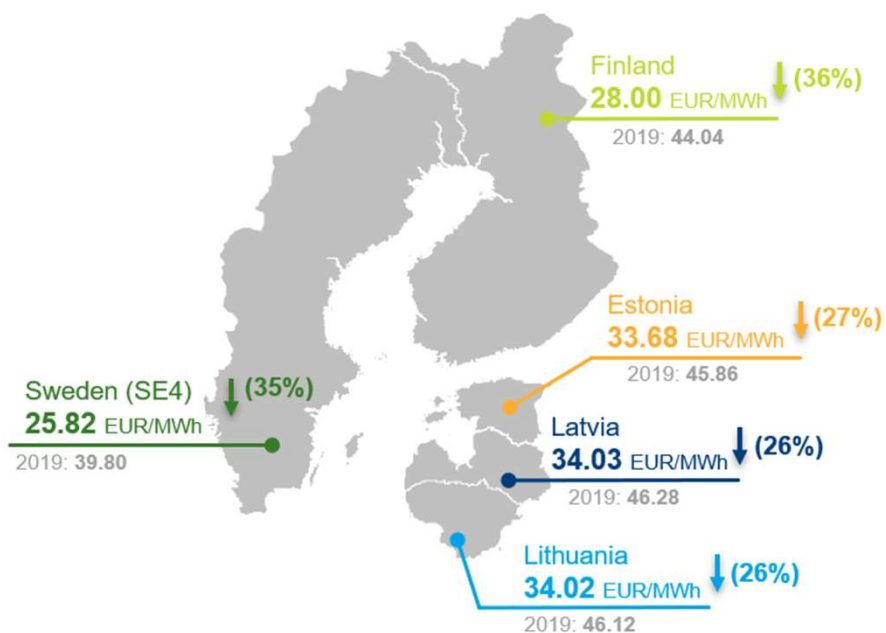


Funding



Market overview

Lower electricity prices



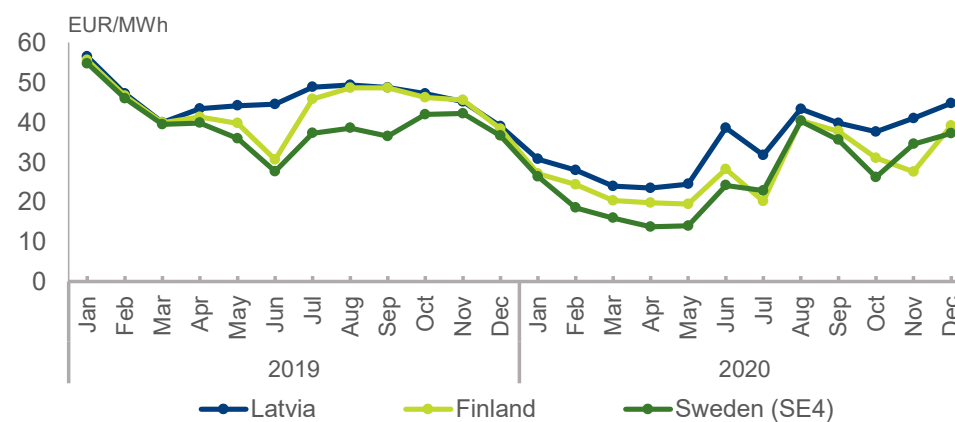
Electricity prices decreased:

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

The natural gas price decreased by 35% in average

Electricity consumption in Latvia decreased by 2.2%

Nord Pool electricity price





Key financial figures 2020

MEUR

774.1

REVENUE

278.8

EBITDA

115.8

PROFIT

3,366.9

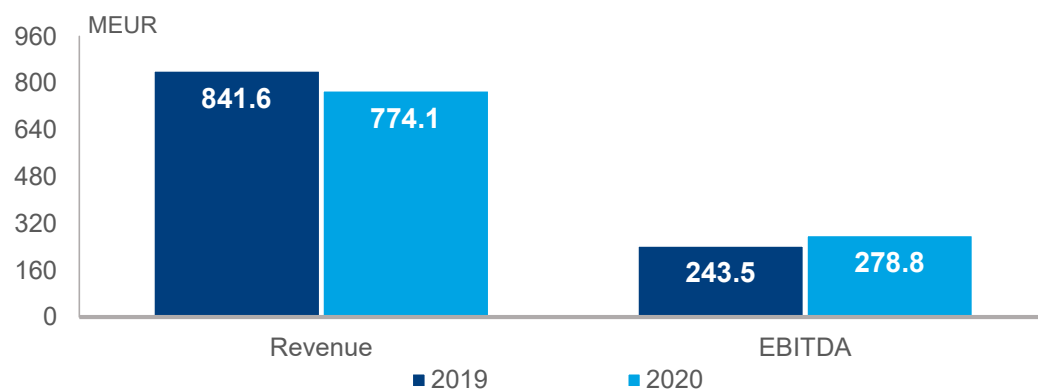
ASSETS

168.9

INVESTMENTS

Revenue and profitability

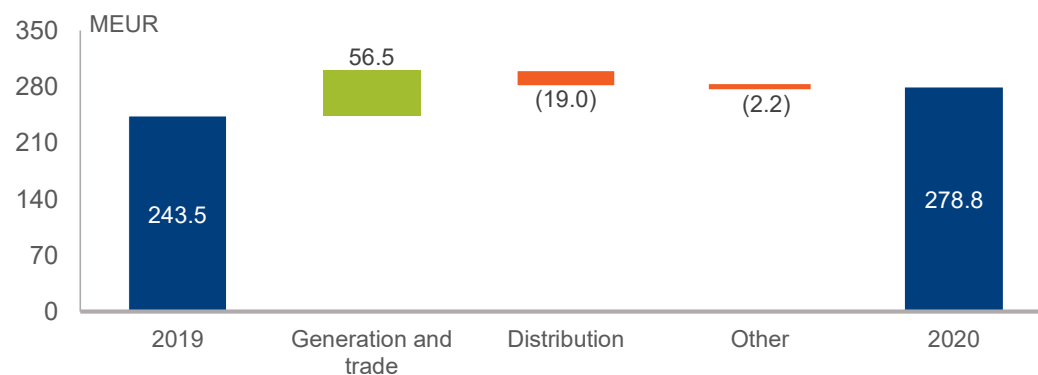
Revenue* and EBITDA*



EBITDA increased by 14%

Profit 116 MEUR (2019: 94 MEUR)

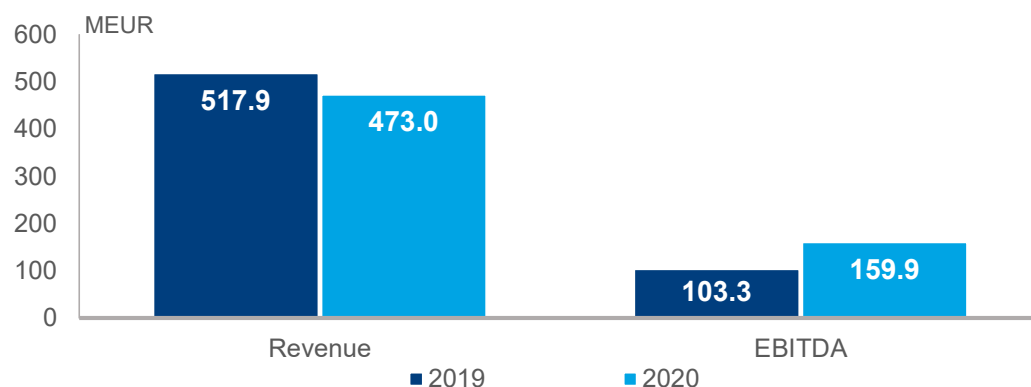
EBITDA dynamics



*excluding discontinuing operations (unbundling transmission system asset ownership) – see Note 18 to the Unaudited Condensed Financial Statements for 2020

Generation and trade

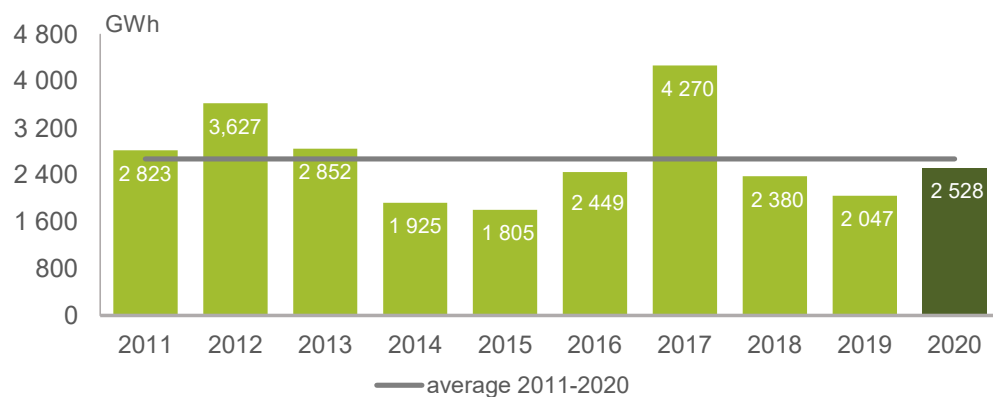
Revenue and EBITDA



Impacts on revenue:

- lower electricity market prices
- 13 % lower electricity generation
- 2.4% lower electricity consumption in the Baltics due to warmer weather and COVID-19
- 8% lower heat output due to warmer weather and lower electricity market prices

Electricity generation at Daugava HPPs

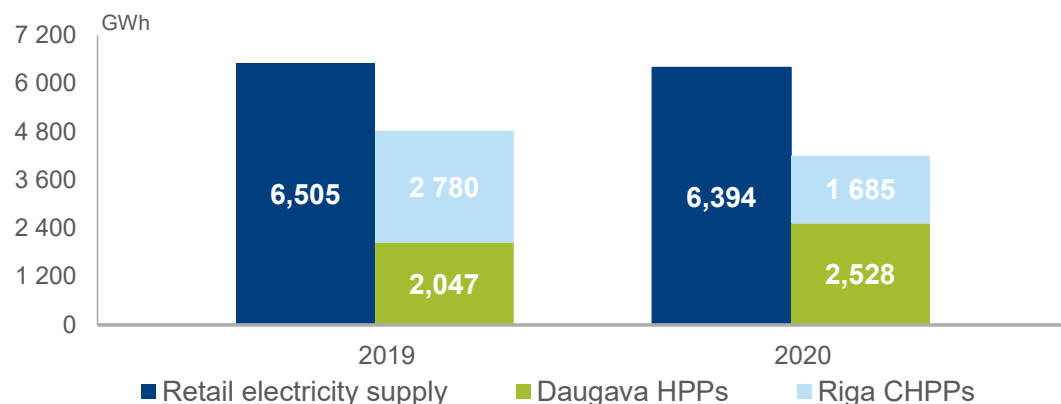


Impacts on EBITDA:

- lower electricity purchase prices
- 23 % higher electricity output at the Daugava HPPs

Generation

Energy generation

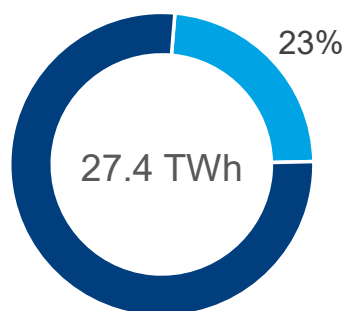


Latvenergo – the largest electricity producer in the Baltics, producing 29% of the total electricity generated in the Baltics. 60% produced from renewable energy sources

Total amount of electricity generated at Latvenergo power plants corresponds to 66% of the amount of electricity sold to retail customers (2019: 75%)

Retail electricity supply in the Baltics

including operational consumption



■ Latvenergo Group ■ other suppliers

6.4 TWh of electricity sold to Baltic retail customers

Latvenergo Group's natural gas sales were 70% higher than in the previous year, reaching 516 GWh

Launch of electricity trade for Lithuanian households

740 K retail electricity customers



600 new contracts were concluded for the installation of solar panels



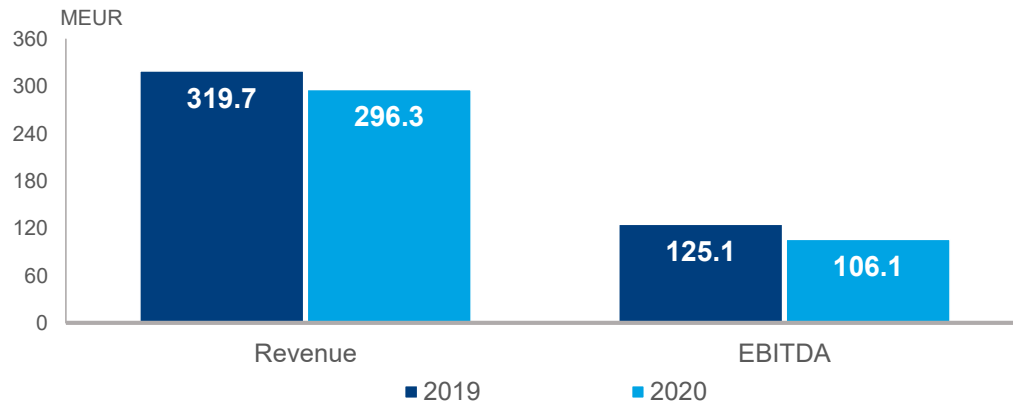
Total number of *Elektrum* Insured customers reached almost 100,000



Since the opening of the electric vehicle charging network, customers of the mobile application *Elektrum* made more than 8,000 charges

Distribution

Revenue and EBITDA



Sadales tīkls AS is an example of good practice for customer service solutions in Europe

Electricity distributed: 6,286 GWh (2019: 6,532 GWh)

Positive impacts:

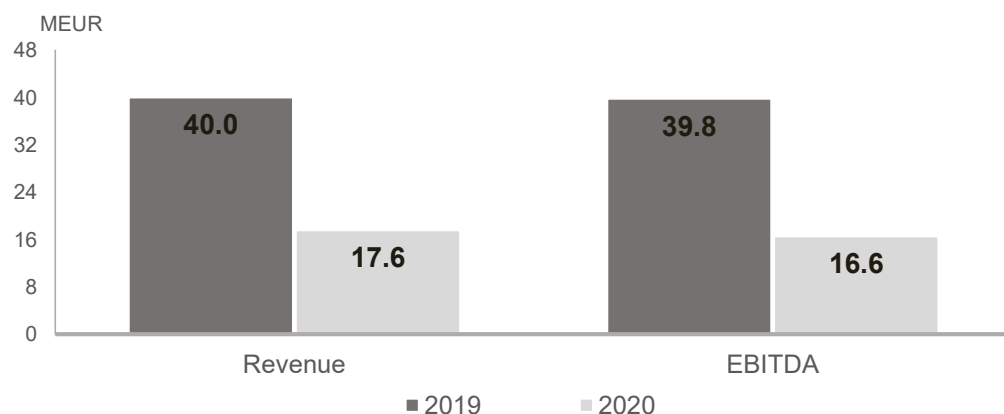
- Efficiency programme

Negative impacts:

- lower electricity consumption in Latvia
- reduction in the average electricity distribution service tariff of 5.5% as of 1 January 2020

Transmission system asset leasing

Revenue and EBITDA



In June 2020, Latvijas elektriskie tīkli AS was separated from Latvenergo Group:

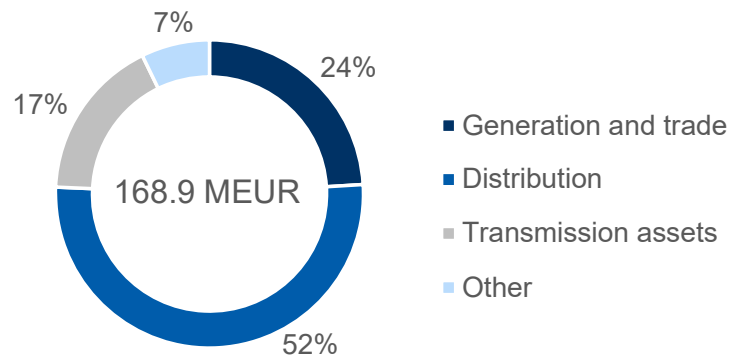
All shares of LET (222.7 MEUR) were transferred to the Ministry of Economics and then they were taken over by the Latvian transmission system operator Augstsprieguma Tīkls AS

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

The operations of the transmission segment are reported as discontinuing operations

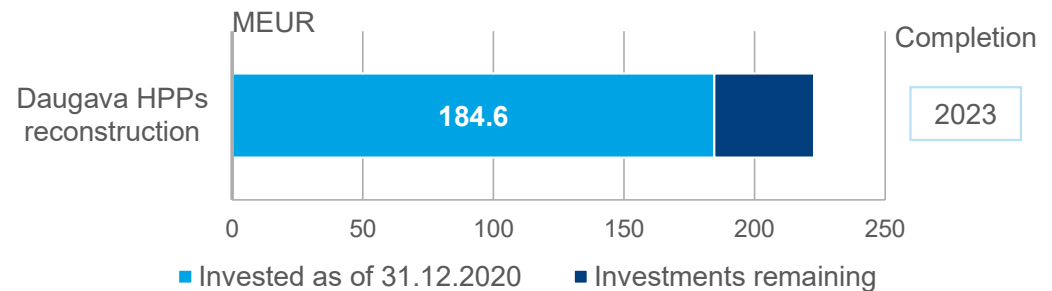
On 16 July 2020, the share capital of Latvenergo AS was increased by EUR 178.1 million by investing retained earnings

Investments



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

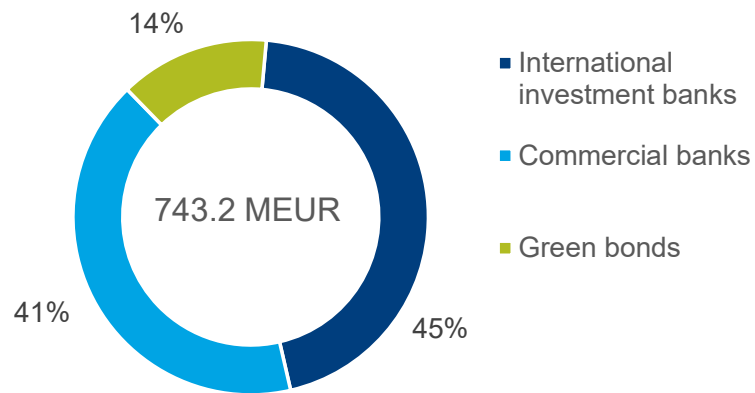
Main investment project



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



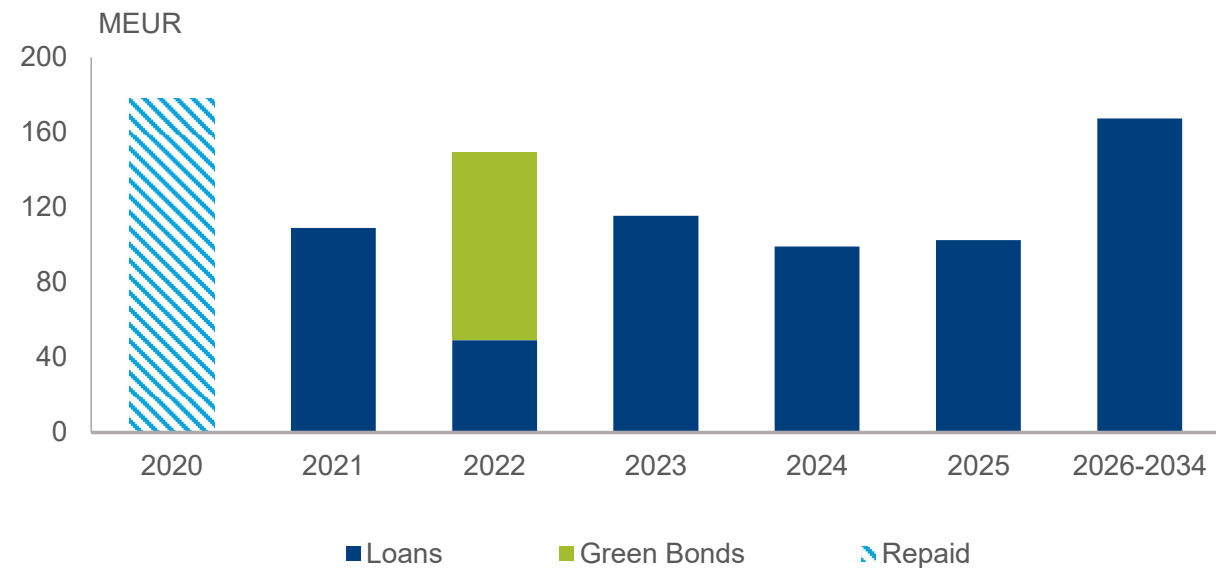
Funding



Baa2/stable by Moody's

All financial covenants have been met

Debt repayment schedule





Current events

Management Board

Management Board of Latvenergo AS



 Guntars Blatnaks Chairman Chief Financial Officer Term of office: 15.11.2025	 Kaspars Čihmača Member Chief Technology and Support Officer Term of office: 24.09.2023	 Arvils Kurks Member Chief Administrative Officer Term of office: temporary	 Uldis Muciņš Member Chief Commercial Officer Term of office: temporary
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On 8 February an open competition was announced for the positions of Chairman of the Board, Member of the Board (responsibility for generation) and Member of the Board (responsibility for commercial activities) of Latvenergo AS.

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Audit Committee

Audit Committee of Latvenergo AS



Approved on 3 February 2021 for a 3-year term
Consists of five independent members:

 Torben Pedersen Chairman Member since 2012	 Svend Christensen Member Member since 2012	 Bija Grība Member Member since 3 February 2021	 Toms Šķiņš Member (member of the Supervisory Board) Member since 2020	 Guntars Rūla Member (member of the Supervisory Board) Member since 2020
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Award for best investor relations

Best investor relations on the bond market



NASDAQ BALTIC AWARDS 2021
BEST INVESTOR RELATIONS ON THE BOND MARKET

1st Latvenergo
2nd Ignitis Group
3rd Inbank

Highlights of Latvenergo results:

- User friendly appearance/layout of the reports and prepared materials for investors
- Detailed information about the key financial figures describing economic development for the period up to 3 years,
- Detailed segment reporting
- Detailed description of risks and its management
- Environmental, Socials and Governance reporting in accordance with the international standards (GRI, UN sustainable development goals)
- Detailed and easy to find information about the bond issues
- Information on strategy/direction of the company provided
- Numerical and strategic goal(s) of the company provided
- Well structure, timely disclosures to the market
- Webinars to the investors
- Detailed, informative and user-friendly webpage

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Summary

Summary



Share of renewable energy – 60%	6.4 TWh of electricity sold to Baltic retail customers	40% of EBITDA by regulated activities	Total investments – 169 MEUR, of which 2/3 was made in power network assets	Group's EBITDA was 279 MEUR, profit – 116 MEUR
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Management Board of Latvenergo AS



Guntars Baļčūns
Chairman

Chief Financial Officer

Term of office: 15.11.2025



Kaspars Cikmačs
Member

Chief Technology and
Support Officer

Term of office: 24.09.2023



Arnis Kurgs
Member

Chief Administrative Officer

Term of office: temporary



Uldis Mucinieks
Member

Chief Commercial Officer

Term of office: temporary

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Audit Committee of Latvenergo AS

Approved on 3 February 2021 for a 3-year term

Consists of five independent members:



Torben Pedersen
Chairman

Member since 2012



Svens Dinsdorfs
Member

Member since 2012



Ilvija Grūba
Member

Member since 3 February 2021



Toms Siliņš
Member
(member of the Supervisory Board)

Member since 2020



Gundars Ruža
Member
(member of the Supervisory Board)

Member since 2020

Best investor relations on the bond market



1st Latvenergo
2nd Ignitis Group
3rd Inbank

- 14 bond issuers were evaluated for the 2021 award
- This is the second time Latvenergo receives this award. Previously - in 2017, when such an award was first presented to bond issuers

Highlights of Latvenergo results:

- User friendly appearance/layout of the reports and prepared materials for investors
- Detailed information about the key financial figures describing economic development for the period up to 5 years;
- Detailed segment reporting
- Detailed description of risks and its management
- Environmental, Socials and Governance reporting in accordance with the international standards (GRI; UN sustainable development goals)
- Detailed and easy to find information about the bond issues
- Information on strategy/direction of the company provided. Numerical and strategical goal(s) of the company provided
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Group's EBITDA was
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Q&A

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