

# LATVENERGO GROUP UNAUDITED RESULTS 2020

Investor Conference Webinar Presentation

Guntars Baļčūns, CFO

4 March 2021, Riga

# Disclaimer

This presentation and any materials distributed or made available in connection herewith (collectively, the “presentation”) have been prepared by Latvenergo AS (the “Company”) solely for your use and benefit for information purposes only. By accessing, downloading, reading or otherwise making available to yourself any content of the presentation, in whole or in part, you hereby agree to be bound by the following limitations and accept the terms and conditions as set out below.

You are only authorized to view, print and retain a copy of the presentation solely for your own use. No information contained in the presentation may be copied, photocopied, duplicated, reproduced, passed on, redistributed, published, exhibited or the contents otherwise divulged, released or disseminated, directly or indirectly, in whole or in part, in any form by any means and for any purpose to any other person than your directors, officers, employees or those persons retained to advise you, who agree to be bound by the limitations set out herein.

The presentation does not constitute or form part of, and should not be construed as, an offer, solicitation or invitation to subscribe for, underwrite or otherwise acquire, any securities of the Company or any member of its group nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of the Company or any member of its group, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. Any person considering the purchase of any securities of the Company must inform himself or herself independently before taking any investment decision. The presentation has been provided to you solely for your information and background and is subject to amendment. Further, the information in this presentation has been compiled based on information from a number of sources and reflects prevailing conditions as of its date, which are subject to change.

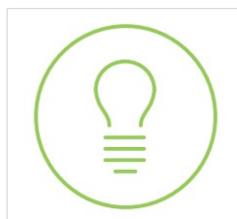
The information contained in this presentation has not been independently verified. The following consolidated financial statements are unaudited and no auditor has opined that these unaudited financial statements present fairly, in all material respects, the financial position and the results of operations of the Company for the period reported in accordance with generally accepted accounting principles. Therefore, once audited by an independent auditor, the audited financial statements of the Company may differ from the unaudited financial statements presented. However, the Company has prepared the unaudited financial statements on the same basis as its audited financial statements, and in the opinion of the Company’s management, the unaudited financial statements include all adjustments that the Company considers necessary for a fair presentation of its financial position and results of operations for the period presented.

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”.

The information in this presentation is subject to verification, completion and change without notice and the Company is not under any obligation to update or keep current the information contained herein. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its respective members, directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this presentation, and any reliance you place on such information or opinions will be at your sole risk. Neither the Company nor any of its respective members, directors, officers or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith.

This presentation includes “forward-looking statements,” which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words “targets,” “believes,” “expects,” “aims,” “intends,” “will,” “may,” “anticipates,” “would,” “plans,” “could” or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Accordingly, any reliance you place on such forward-looking statements will be at your sole risk. These forward-looking statements speak only as at the date as of which they are made. Past performance of the Company cannot be relied on as a guide to future performance. No statement in this presentation is intended to be a profit forecast.

This presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.



Group profile



Financials



Current events



Q&A



# Group profile



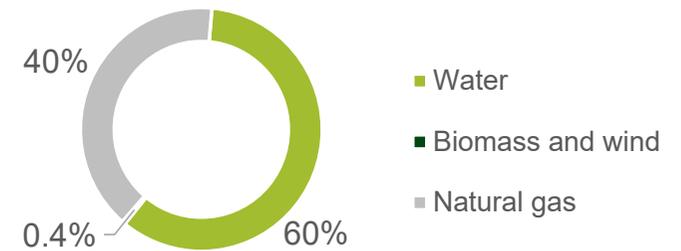
## One of the leading energy suppliers and leader in green energy generation in the Baltics

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

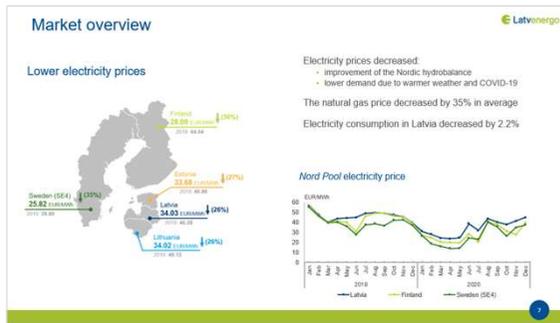
Segment	Revenues	EBITDA	Latvenergo Group	
<b>Generation and trade</b> – electricity and thermal energy generation and trade – natural gas trade	61%	57%	Latvenergo AS	
			Elektrum Eesti OÜ (EE)	100%
			Elektrum Lietuva UAB (LT)	100%
			Enerģijas publiskais tirgotājs AS	100%
			Liepājas enerģija SIA	51%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

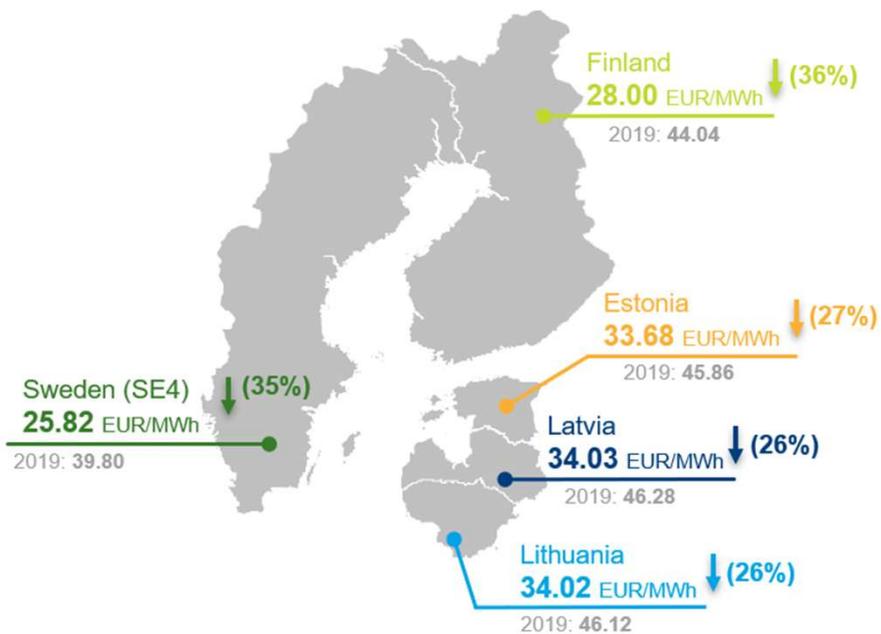


## Funding



# Market overview

## Lower electricity prices



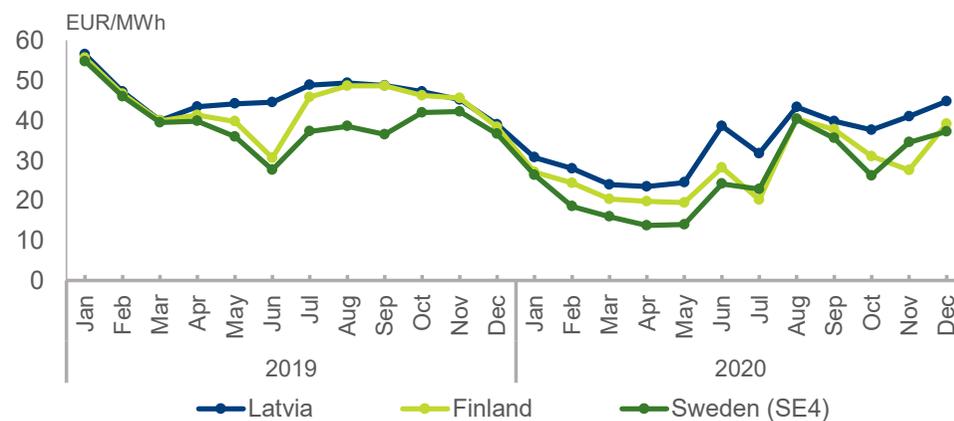
Electricity prices decreased:

- 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





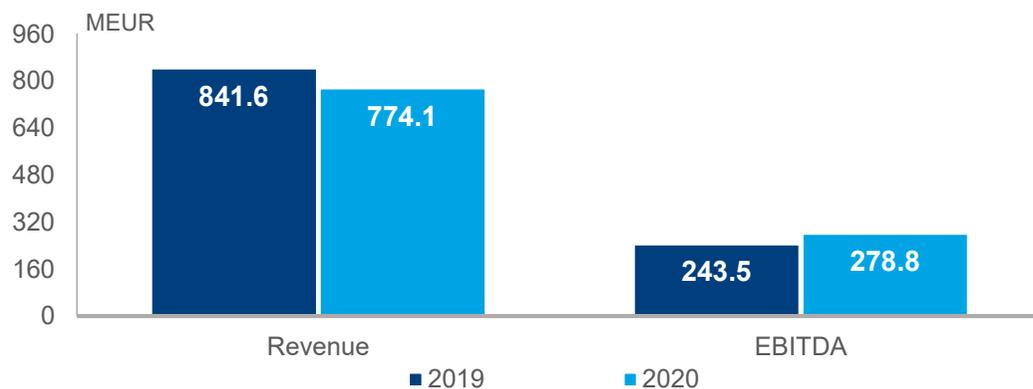
## Key financial figures 2020

MEUR

<b>774.1</b>	<b>278.8</b>	<b>115.8</b>	<b>3,366.9</b>	<b>168.9</b>
REVENUE	EBITDA	PROFIT	ASSETS	INVESTMENTS

# Revenue and profitability

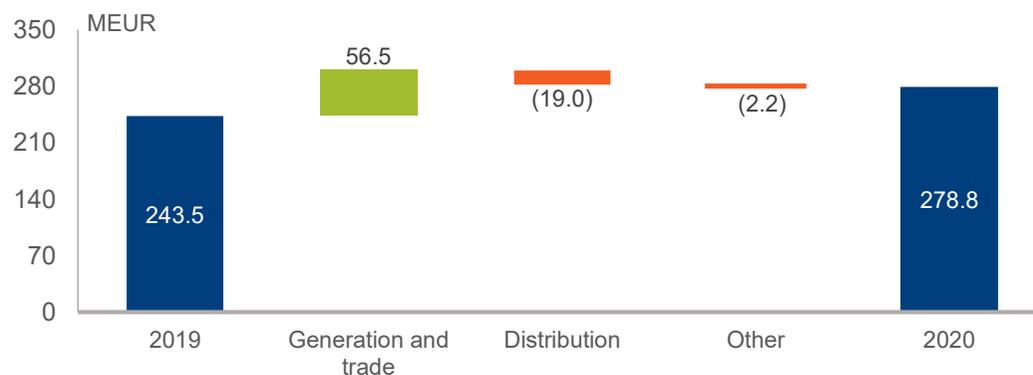
## Revenue\* and EBITDA\*



EBITDA increased by 14%

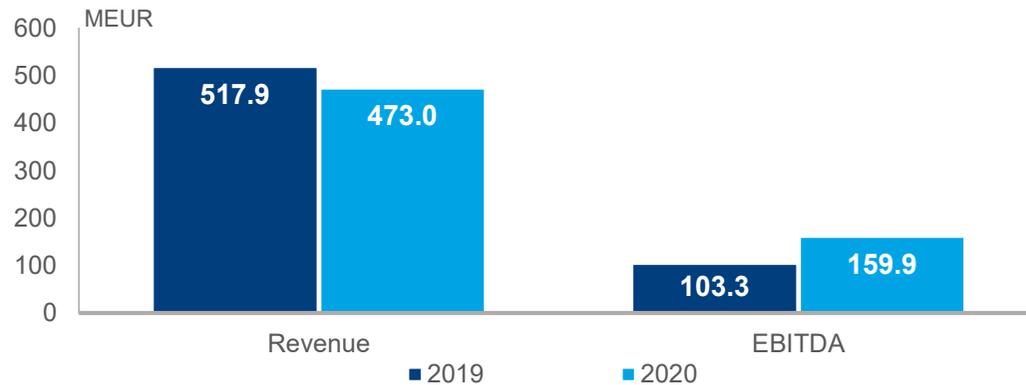
Profit 116 MEUR (2019: 94 MEUR)

## EBITDA dynamics



# Generation and trade

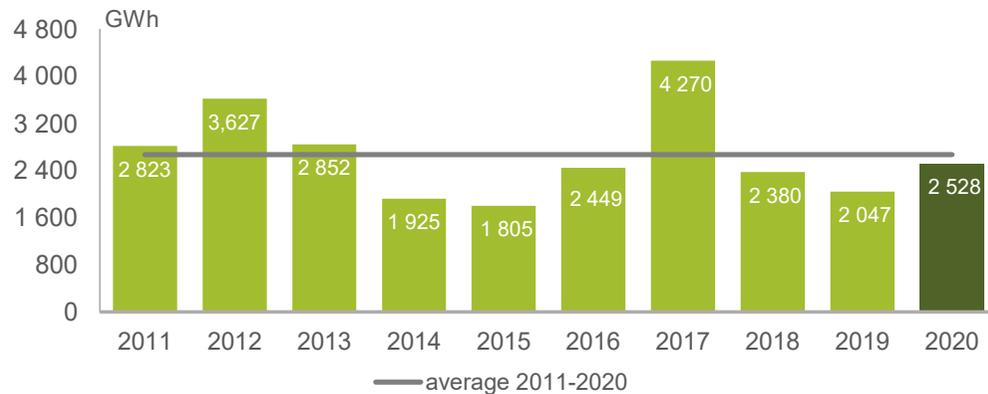
## Revenue and EBITDA



### 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

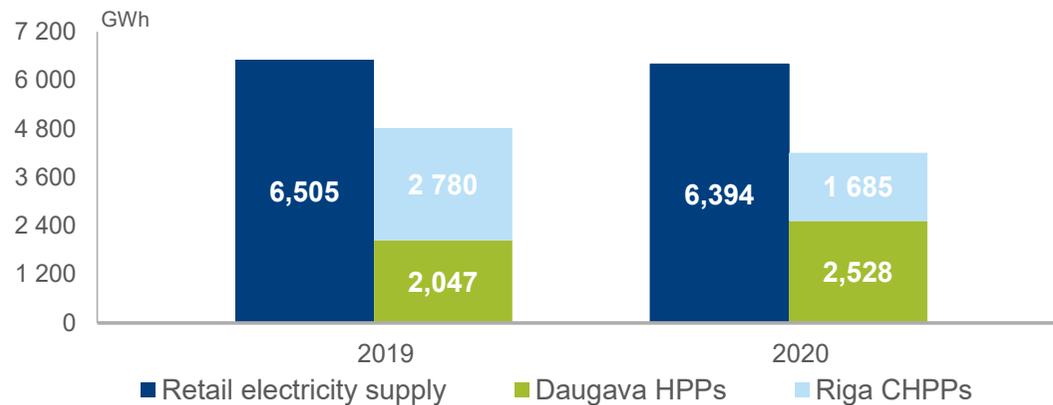


### Impacts on EBITDA:

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

# Generation

## Energy generation

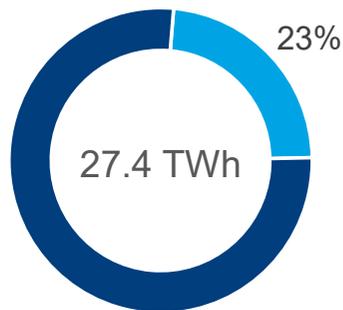


*Latvenergo* – the largest electricity producer in the Baltics, producing 29% of the total electricity generated in the Baltics. 60% produced from renewable energy sources

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



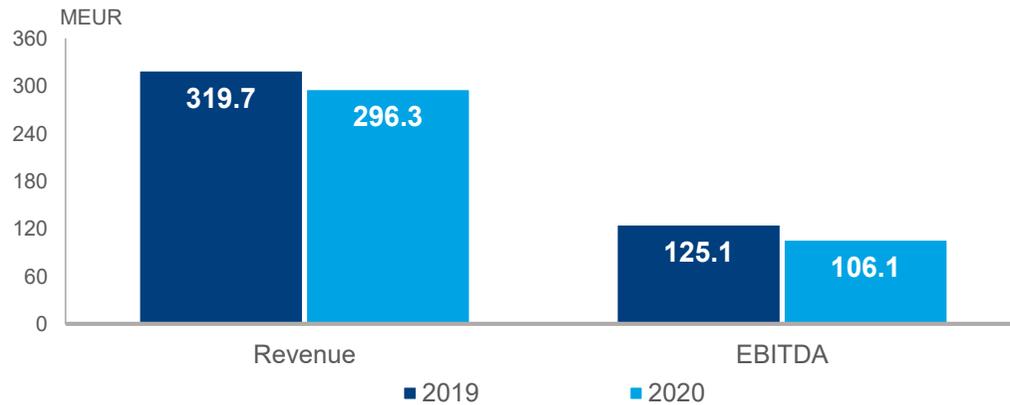
Total number of *Elektrum* Insured customers reached almost 100,000



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:

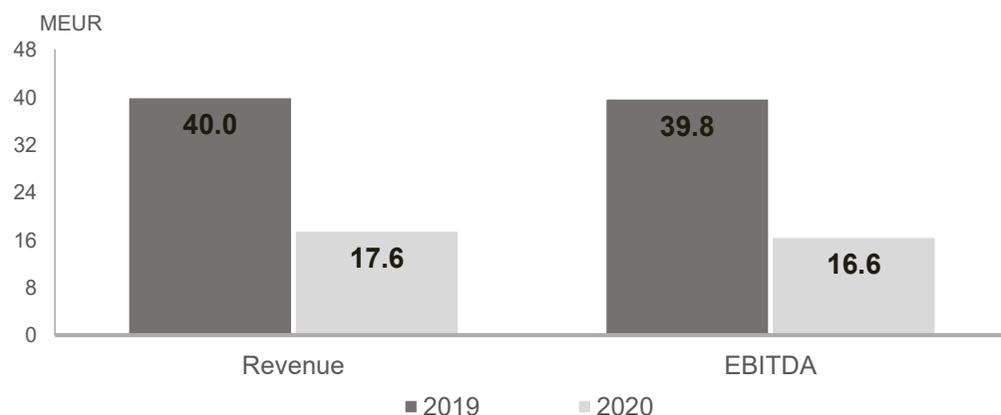
- Efficiency programme

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:

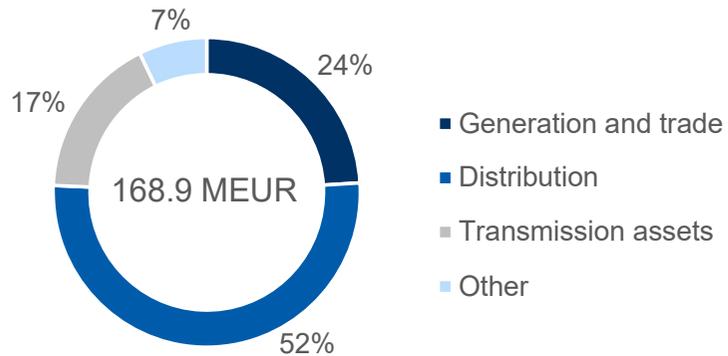
All shares of LET (222.7 MEUR) were transferred to the Ministry of Economics and then they were taken over by the Latvian transmission system operator Augstsprieguma Tīkls AS

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

The operations of the transmission segment are reported as discontinuing operations

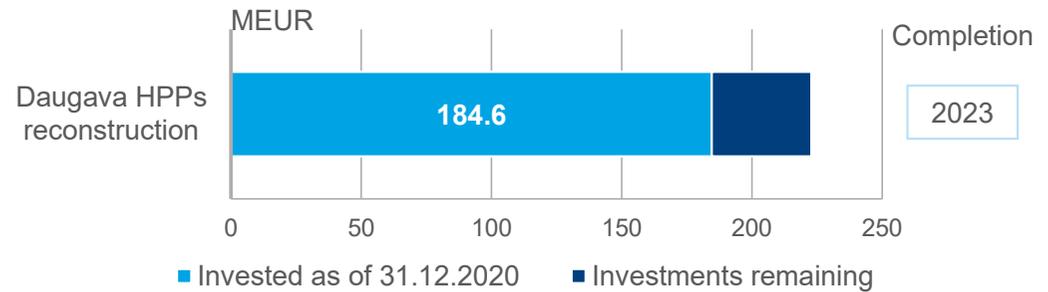
On 16 July 2020, the share capital of Latvenergo AS was increased by EUR 178.1 million by investing retained earnings

# Investments



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

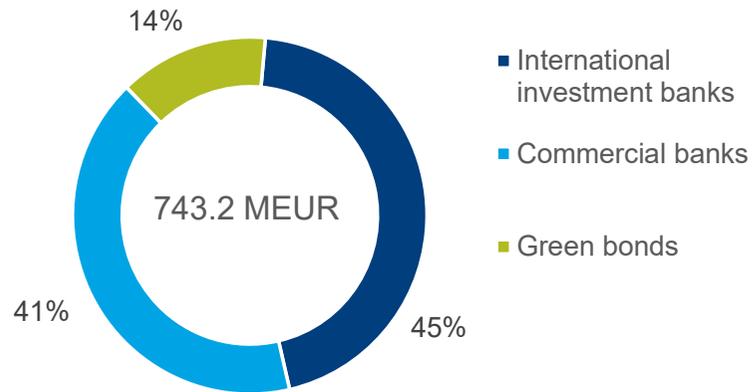
## Main investment project



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



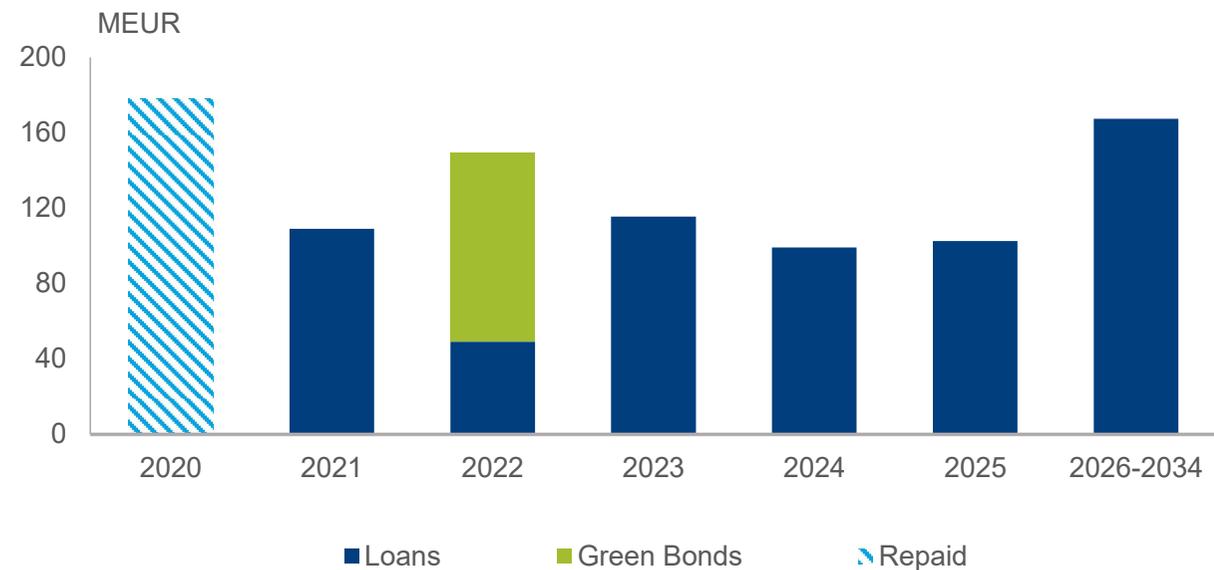
# Funding



Baa2/stable by Moody's

All financial covenants have been met

## Debt repayment schedule





# Current events

## Management Board

**Management Board of Latvenergo AS**

**Gunars Blažins**  
Chairman  
Chief Financial Officer  
Term of office: 15.11.2025

**Kaspars Cīmača**  
Member  
Chief Technology and Support Officer  
Term of office: 24.09.2023

**Arnis Kurgs**  
Member  
Chief Administrative Officer  
Term of office: temporary

**Uldis Muciņš**  
Member  
Chief Commercial Officer  
Term of office: temporary

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

## 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 Christoffers**  
Member  
Member since 2012

**Birja Grība**  
Member  
Member since 3 February 2021

**Tomis Šiška**  
Member  
(member of the Supervisory Board)  
Member since 2020

**Gintars Štala**  
Member  
(member of the Supervisory Board)  
Member since 2020

## Award for best investor relations

**Best investor relations on the bond market**

1<sup>st</sup> Latvenergo  
2<sup>nd</sup> Ignitis Group  
3<sup>rd</sup> 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

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.

## 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

# 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

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

# 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



1<sup>st</sup> Latvenergo

2<sup>nd</sup> Ignitis Group

3<sup>rd</sup> 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
- Well structure, timely disclosures to the market
- Webinars to the investors
- Detailed, informative and user-friendly webpage

# 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



# Q&A

AS Latvenergo  
Pulkveža Brieža iela 12,  
Rīga, LV-1230, Latvija

[investor.relations@latvenergo.lv](mailto:investor.relations@latvenergo.lv)

[www.latvenergo.lv](http://www.latvenergo.lv)

 Latvenergo

 latvenergo\_

 Latvenergo

 LatvenergoVideo