

# LATVENERGO GROUP UNAUDITED RESULTS 2021

Investor Conference Webinar Presentation

Guntars Baļčūns, Chief Financial Officer  
7 March 2022, Riga

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Group profile



Financials



Current events



Q&A



## Group profile



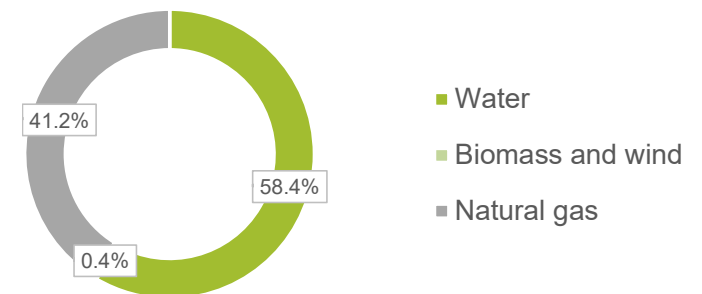
### One of the leading energy suppliers and leader in green energy generation in the Baltics

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 2021

**59%**



### Sound business model

- 50% 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



## Market overview



## Main indicators



## Revenue and profitability



## Investments

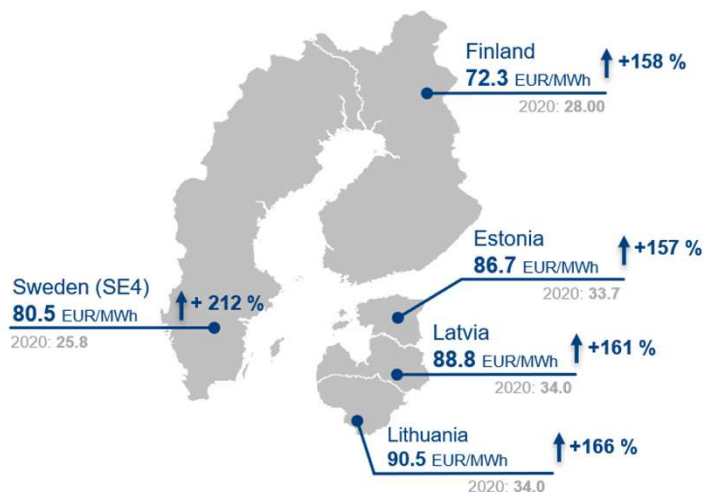


## Funding



# Market overview

## Record-high electricity and energy resource prices



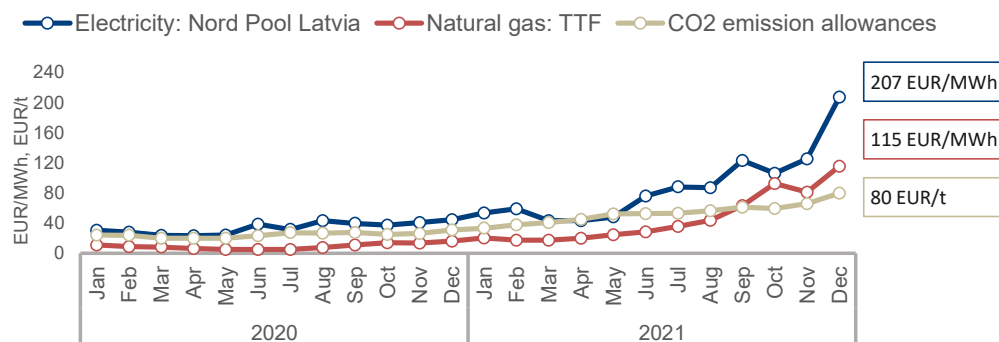
EUR/MWh	2021	2020	Δ, %
Denmark	88.0	26.7	230%
Poland	86.7	40.8	113%
Norway	56.9	9.3	512%
Germany	96.9	30.5	218%
France	109.2	32.2	239%
Great Britain	137.1	39.6	246%

## Electricity prices impacted by:

- economic recovery and the resulting rise in other energy resource prices, especially natural gas and price of CO2 emission allowances
- lower WPP output in region
- greater demand for electricity

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

- natural gas price in 2021 was almost 5x higher than a year ago
- price of CO2 emission allowances was more than 2x higher



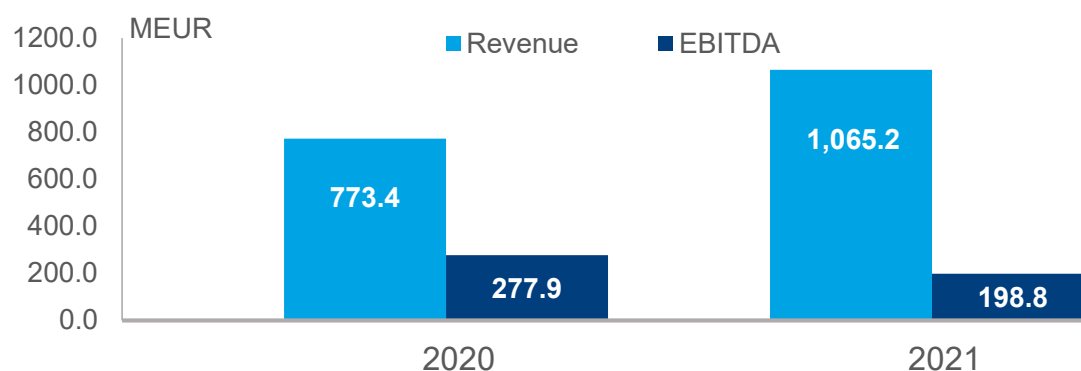
# Main indicators: Key financial figures 2021

MEUR

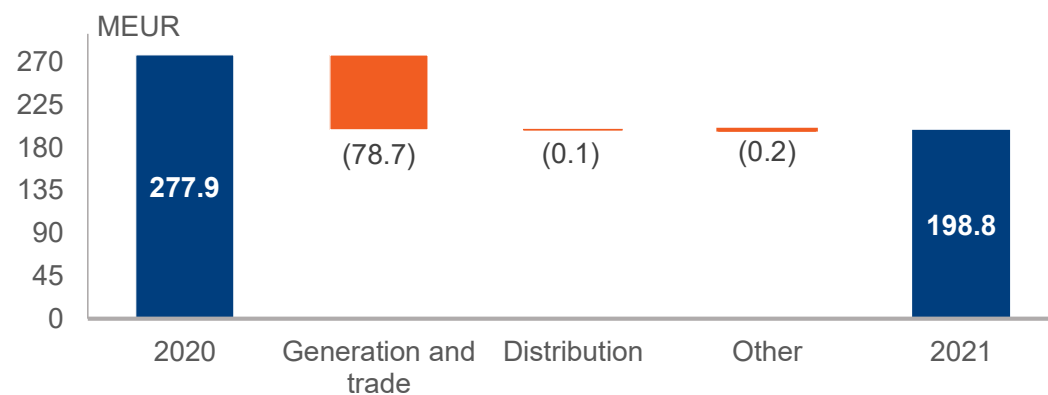
1,065	199	72	3,476	127
REVENUE	EBITDA	PROFIT	ASSETS	INVESTMENTS

# Revenue and profitability

## Revenue and EBITDA



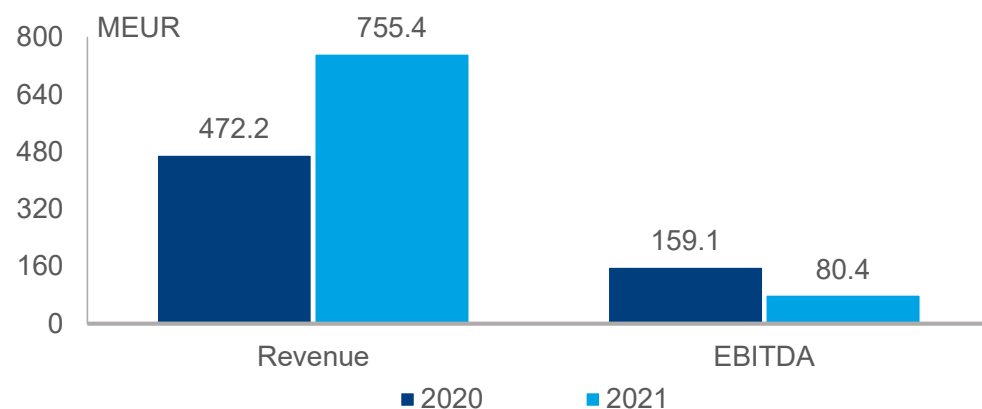
## EBITDA dynamics





# Generation and trade

## Revenue and EBITDA

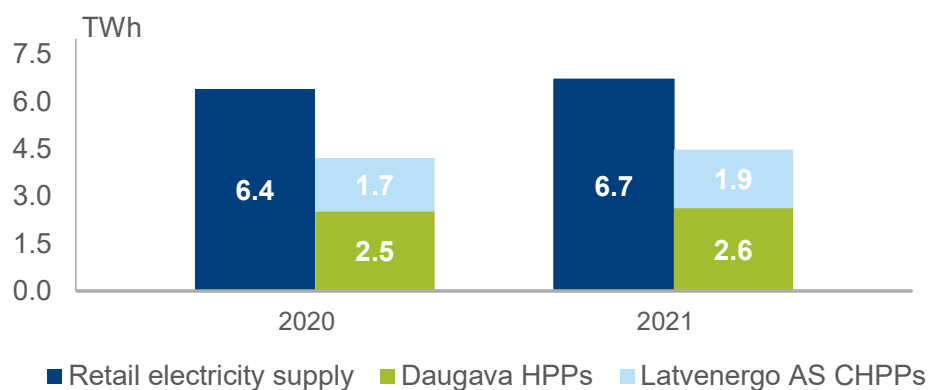


- Impacts on revenue:
  - 2.5x higher electricity spot prices in the Baltics
  - 5% increase in retail sales volume
  - 22% higher heat output due to colder weather
- Impacts on EBITDA:
  - record- high electricity prices
  - record-high gas and CO2 prices



## Main indicators: Generation

### 4.5 TWh of electricity generated



2021

+10%

CHPPs

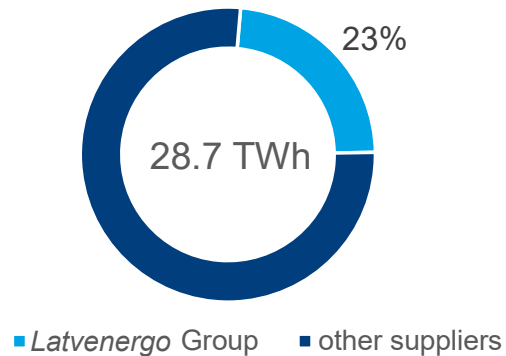
+4%

HPPs

- Latvenergo – largest green electricity producer in the Baltics
  - producing 29% of the total electricity generated in the Baltics
  - 59% produced from renewable energy sources
- Electricity generated at Latvenergo corresponds to 2/3 of the amount of electricity sold in retail

## Retail electricity supply in the Baltics

including operational consumption



6.7 TWh of electricity and 1 TWh of natural gas sold to Baltic retail customers

755 K retail electricity customers



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



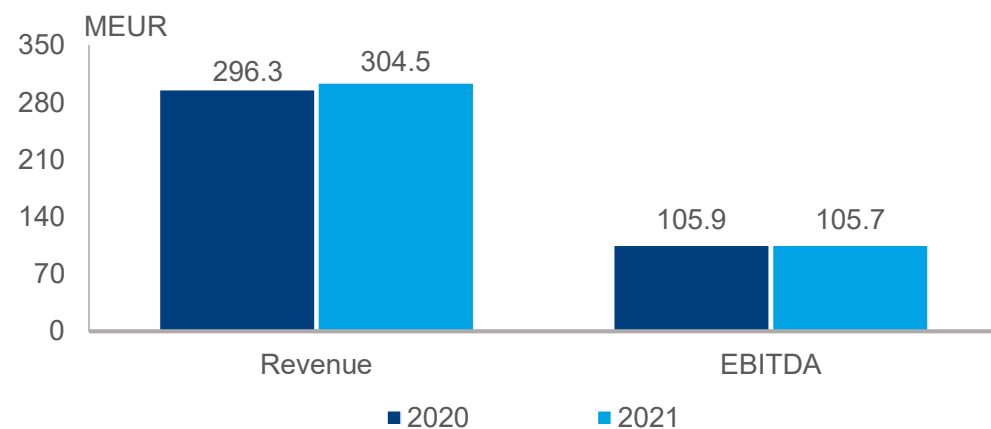
The total installed solar panel capacity provided to retail customers in the Baltics reached almost 11 MW



Customers of the mobile application *Elektrum* charged 160 MWh by making more than 8,500 charges

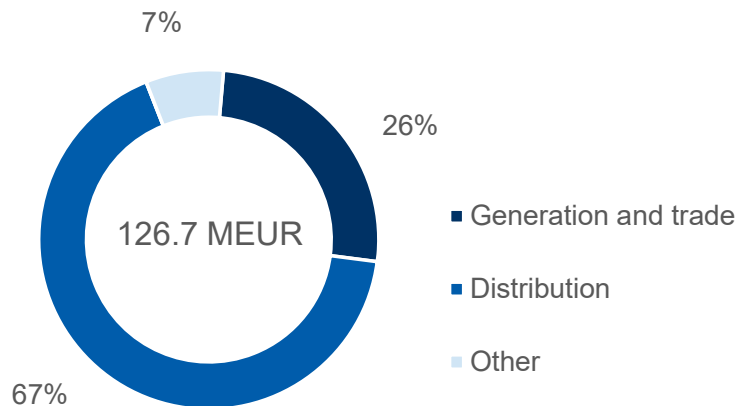
# Distribution

## Revenue and EBITDA



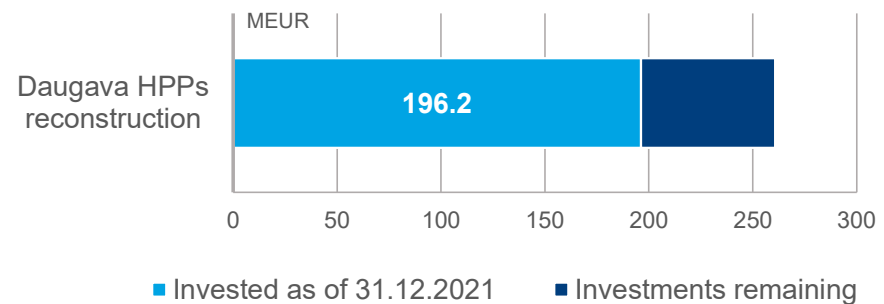
- Impacts on financial performance:
  - higher distributed electricity
  - the reduction of operating costs
  - higher electricity loss costs
- Electricity distributed: 6.5 TWh (2020: 6.3 TWh)

# Investments



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

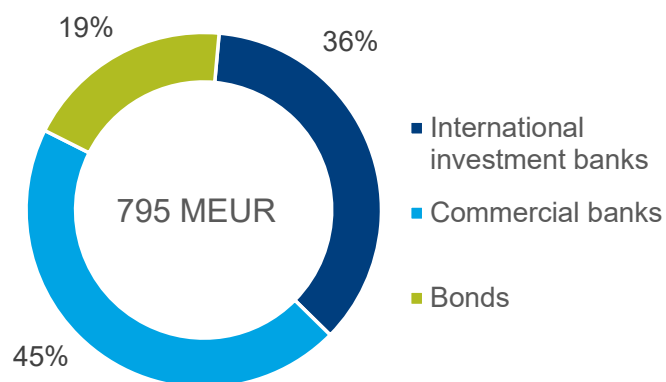
## Main investment project



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



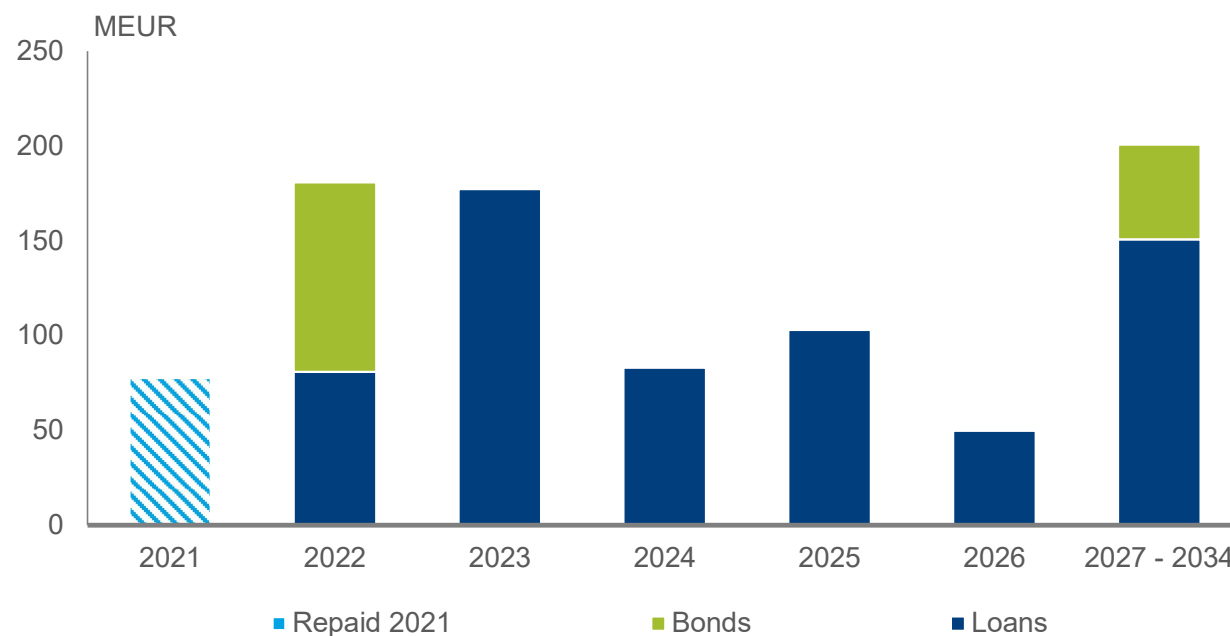
# Funding



Baa2/stable by Moody's

In May 2021, 7-year 50 MEUR green bonds issued under the 200 MEUR programme, further issues planned this year

## Debt repayment schedule









# Current events

## Management Board

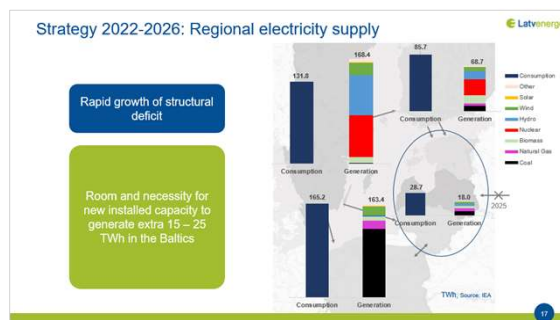
## Strategy 2022-2026

**Management Board of Latvenergo AS**

As of 3 January 2022 the Management Board of Latvenergo AS operates in a new composition:

Portrait	Name	Position	Term of office
	Mārtiņš Čakste	Chairman	Term of office: 02.01.2022
	Guntars Bajčūns	Chief Financial Officer	Term of office: 15.11.2025
	Kaspars Cikmačs	Chief Development Officer	Term of office: 24.09.2023
	Dmitrijs Juskovics	Chief Commercial Officer	Term of office: 02.01.2022
	Haris Teteris	Chief Operating Officer	Term of office: 02.01.2022

Newly elected members: Mārtiņš Čakste, Dmitrijs Juskovics, Haris Teteris



## Summary

**Summary**

Share of renewable energy 59%	6.7 TWh of electricity sold to Baltic retail customers	50% of EBITDA by regulated activities	Group's EBITDA – 199 MEUR, profit – 72 MEUR	New strategy provides for doubling electricity generation capacity
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# Management Board of Latvenergo AS

As of 3 January 2022 the Management Board of Latvenergo AS operates in a new composition:



**Mārtiņš Čakste**

Chairman

Chief Executive Officer

Term of office: 02.01.2027



**Guntars Baļčūns**

Chief Financial Officer

Term of office: 15.11.2025



**Kaspars Cikmačs**

Chief Development Officer

Term of office: 24.09.2023



**Dmitrijs Juskovecs**

Chief Commercial Officer

Term of office: 02.01.2027



**Harijs Teteris**

Chief Operating Officer

Term of office: 02.01.2027

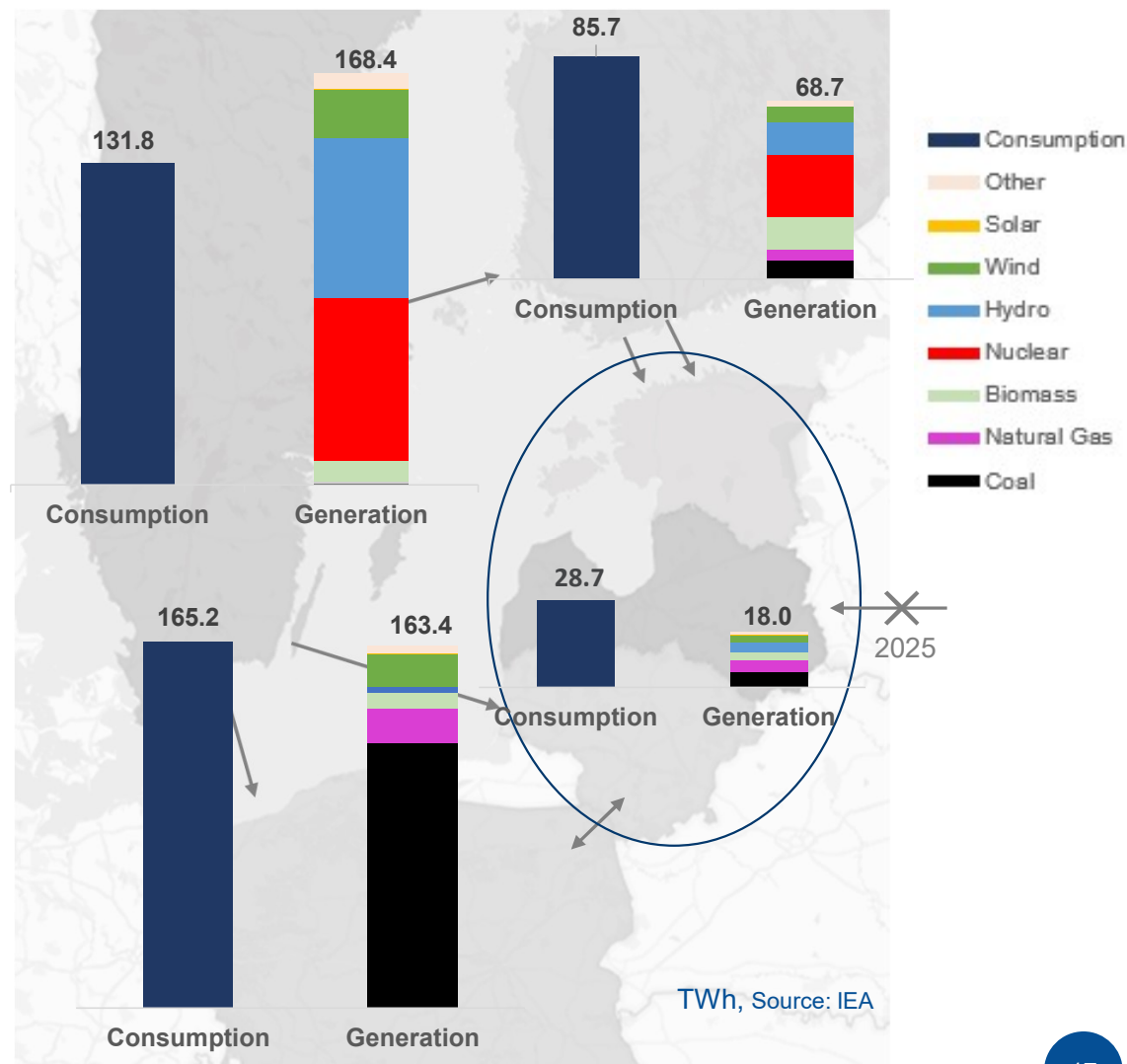
Newly elected members: Mārtiņš Čakste, Dmitrijs Juskovecs, Harijs Teteris



# Strategy 2022-2026: Regional electricity supply

Rapid growth of structural deficit

Room and necessity for new installed capacity to generate extra 15 – 25 TWh in the Baltics



## 2030



The challenge –  
to decarbonize all  
sectors and areas

is transformed into  
opportunities and  
strategic  
objectives

### Rapid growth of electricity generation

- Doubling our electricity generation capacity
- Eliminate more than 17 M. t of CO2 emissions
- Correcting the structural deficit
- Net exporter

### Electrification

- Infrastructure and solutions for the transport sector
- Solutions for industry, heating and households
- Microgeneration

### Two-way electrical network

- Interoperable with microgeneration and energy communities
- Balance of quality indicators and tariff

# Strategy 2022-2026: Operational objectives

## Generation

Grow and diversify portfolio with wind and solar



## Trade

Strengthen market position and diversify the products



## Electromobility

Develop charging network



## Distribution

Render sustainable and economically justifiable service



## New wind and solar capacities

2026	600 MW
2030	2300 MW

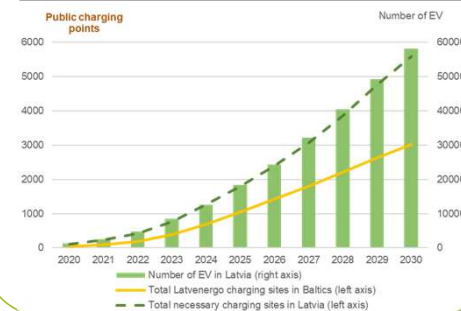


## Elektrum – the most valuable energy retailer in the Baltics

-  Growing customer portfolio
-  Microgeneration
-  Electrification and energy efficiency
-  Product innovation
-  Launching operation in Poland

## Electric car charging points in the Baltics

2026	1500
2030	3000



## Two-way network of balanced development of microgeneration and charging network

	2022	2026
SAIDI /min	184	164
SAIFI /times	2.07	1.92

Digital transformation and efficiency outpaces inflation

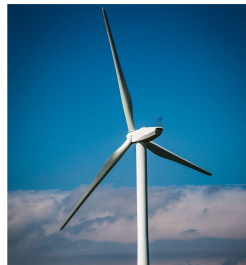
# Strategy 2022-2026: Sustainability

Group's business and activities are aligned with



## Climate target

- to achieve climate neutrality by 2050
- CO2 emission saving targets:
  - 2026: 2.6 M t
  - 2030: 17.8 M t



Sustainability is an integral part of the strategy

# Summary

Share of renewable  
energy 59%

6.7 TWh of electricity  
sold to Baltic retail  
customers

50% of EBITDA by  
regulated activities

Group's EBITDA –  
199 MEUR,  
profit – 72 MEUR

New strategy  
provides for doubling  
electricity generation  
capacity



# Q&A

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