INVESTOR PRESENTATION – ALTEO Group

Q3 2019

(non-audited financial results)

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10 YEARS OF
WORKING TOWARDS
A COMMON FUTURE

NON-AUDITED FINANCIAL RESULTS Q3 2019

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The most important goals, events and results of 2019 so far

Conclusion of the post-IPO investment phase, realization of investment results

- In the current favorable economic environment – in addition to in-progress and completed investment projects planned for 2017-2019 – ALTEO's management has identified additional investment opportunities, the realization of which has resulted in the significant over-performance of the HUF 10-15 billion investment volume previously targeted. The Group has implemented more than HUF 20 billion in investment/capital expenditure by the end of Q3 2019.
- One of the key results of the **investment/capital expenditure cycle** between 2017-2019 is that ALTEO's renewables-based power plant portfolio expanded by a capacity of approximately 45 MW, and in terms of the gas engine portfolio, the Group became the sole owner of Zugló-Therm Kft., which is a key element of our Control Center,
- **ALTEO's first R+D+I project** was completed, whose total cost was HUF 1.1 billion, and for which HUF 500 million subsidy was awarded to the company. The largest item within the program, the energy storage unit was completed and delivered at the end of August 2018 and has already commenced live operation, with technical completion and settlement taking place in H2 2019.
- **Solar power plant developments:** Significant solar plant development opportunities were also added to the Group's portfolio last year. Of these, the 4 MW Monor solar plant was delivered at the end of 2018. Our 7 MW solar plant in **Balatonberény** started operation in June of this year, and our 7 MW solar plant in **Nagykőrös** was delivered in July.
- **ALTEO has acquired a 100% stake in respect of a 25 MW wind farm**, through which substantial growth is expected in terms of electricity sold within the KÁT system. The wind farm is located in the region of Bőny.
- **Energy services: (construction and maintenance):** In addition to the implementation of the above solar plants, the Energy Enterprises and Services division also completed the energy efficiency-increasing modernization of the Sopron power plant, and commenced preparations for the reconstruction works of the Gibárt hydropower plant. The implementation of a 3 MW solar park for an external partner is also nearing completion.
- **Waste management:** ALTEO launched its waste management division at the beginning of 2019, in relation to which it acquired a 66.6% stake in Eco-First Kft. in Q2 of 2019, with a view to faster entry to the market and developing efficient cooperation possibilities. Through the permits and licences it holds and its network of contacts in the industry, Eco-First Kft. has a well-established corporate clientele in the area of waste management, waste trade and other environmental protection services.

The most important goals, events and results of 2019 so far

Key moments in the first three quarters of 2019

- **Consolidated sales revenue** increased by 41% compared to the same period last year, primarily due to the expansion of the retail electricity and natural gas segments, as well as concluded investment projects and the 'maturation' of acquisitions.
- **Consolidated EBITDA** shows a 140% increase over the same period last year, resulting for the most part from the dynamic growth of the Energy Production (market-based) and Retail segments, and the entry of the 25MW wind farm in the region of Bőny acquired by ALTEO.
- The profit generation of the **Heat and Electricity Production segment (market-based)** grew significantly by the end of Q3 2019 over the preceding year, largely as a result of the sales revenue from the aFRR+ (previously secondary) balancing reserve capacity sold at relatively high price. The segment's profitability improved significantly despite the fact that the CO_2 quota allocated to the Group free of charge is continuously shrinking, and that the major rise in the quota price greatly increased the costs of the segment. As a result of these two conflicting effects, the segment's EBITDA increased by HUF 670 million compared to the base period.
- **The Retail segment saw organic growth:** the sales revenue generated by and the profitability of the segment increased significantly as a result of the favourable volume and price effects in natural gas and electricity trade.
- **Energy services: The primary task of the Energy Enterprises and Services division for this year**, namely the implementation of our own 7 MW solar power plants in Balatonberény and Nagykőrös, was successfully concluded. Moreover, the implementation of a 3 MW solar plant constructed for an external partner is close to completion, and the reconstruction of our hydropower plant in Gibárt has commenced. The long-term power plant O&M contract with TVK Erőmű Kft was extended by the Services Division over and above the EPC contract for the lifetime extension of main and auxiliary equipments has been signed.
- **Successful private placement and bond issue:** In order to exploit the attractive investment opportunities, at the end of March 2019 ALTEO completed a successful private placement worth HUF 2 billion, and in line with growth targets, it issued additional bonds in June with a total face value of HUF 1.7 billion, in part to refinance maturing bonds.
- The ALTEO Group is participating in the **Bond Funding for Growth Scheme** launched by the Central Bank of Hungary, in the context of which the Group is looking to refinance some of its shorter-term project loans by issuing long-term bonds. Following the preparation of the balance sheet, the bond issue of HUF 8.8 billion was successfully concluded in October.

ALTEO Group Portfolio

ALTEO GROUP'S POWER PLANT PORTFOLIO IN HUNGARY

RENEWABLE ENERGY PRODUCTION	INDUSTRIAL AND COMMERCIAL SERVICES	GAS TURBINE CHP PLANTS
The ALTEO Group has significant competences, among others, in exploiting renewable energy sources.	The ALTEO Group facilitates the efficient energy management of its consumers through the services provided to industrial facilities.	The ALTEO Group operates high-efficiency, hydrocarbon-powered small energy-generation systems.
WIND POWER PLANTS Ács Jánossomorja Pápakovácsi Törökszentmiklós Bőny Renewable gas Debrecen – landfill gas Nagykőrös – biogas HYDROPOWER PLANTS Felsődobsza Gibárt BIOMASS Tiszaújváros SOLAR POWER PLANTS Domaszék Monor Balatonberény Nagykőrös	BORSODCHEM: BC-Therm boiler BC Power Plant MOL PETROCHEMICALS: TVK Power Plant Tisza-WTP Water Treatment AUDI MOTOR HUNGÁRIA KFT: HEAT PROVISION SERVICE HEINEKEN SOPRONI SÖRGYÁR: HEAT PROVISION SERVICE MOM PARK – ENERGY CENTER AGRIA PARK – ENERGY CENTER	HEATING POWER PLANTS Kazincbarcika Tiszaújváros Ózd Zugló Győr Power Plant Sopron Power Plant

Consolidated profit and loss statement (IFRS)

Consolidated profit and loss statement

data in HUF million	2019.09.30 non-audited	2018.09.30 non-audited*	Change HUF million compared to the previous	Change % over previous year
Sales revenues	**17 995**	**12 804**	**5 191**	**41%**
Material-type expenditures	(12 710)	(9 801)	(2 909)	30%
Personnel expenditures	(2 122)	(1 808)	(313)	17%
Depreciation and amortization	(1 545)	(502)	(1 043)	208%
Other revenues, expenditures, net	(364)	(29)	(336)	1174%
Impairment loss	(82)	(28)	(54)	193%
Operating profit or loss	**1 172**	**636**	**537**	**84%**
Net financial income	(511)	(117)	(394)	337%
Profit or loss before taxes	**661**	**519**	**143**	**27%**
Income tax expenditure	(298)	(216)	(82)	38%
Net profit	**363**	**303**	**61**	**20%**
Of which, to owners of parent company	365	304	62	20%
Of which, to minority shareholders	(2)	(1)	(1)	100%
Base EPS (HUF/share)	**20,61**	**19,41**	**1,20**	**6%**
Diluted EPS (HUF/share)	**19,75**	**18,50**	**1,25**	**7%**
EBITDA*	**2 799**	**1 167**	**1 632**	**140%**

Consolidated comprehensive profit and loss statement

data in HUF million	2019.09.30 non-audited	2018.09.30 non-audited	Change HUF million over previous year	Change % over previous year
Net profit	**363**	**303**	**60**	**20%**
Other comprehensive profit (after taxes on profits)	(1 043)	322	(1 365)	-424%
Overall profit	**(680)**	**625**	**-1 305**	**(209%)**
Of which, to owners of parent company	(678)	626	(1 304)	-208%
Of which, to minority shareholders	(2)	(1)	(1)	100%

**In the opinion of the Company, the profit category that can most reliably be used to measure the profitability of the Group is EBITDA (a profit category from which financial items, taxes, depreciation, and non-systematic reductions – typically impairments – have been removed). Therefore, impairment and local business taxes and innovation contributions – if any – have been removed from the Other Revenues and Other Expenditures lines that are used to provide a more detailed elaboration of the EBITDA in the above table.*
The data of the comparison column was amended on account of the net accounting of a specific transaction, which data do not amend the Group's consolidated EBITDA or the value of net profits.

With a sales revenue increase of HUF 5,191 million, EBITDA also shows a 140% rise compared to the same period last year.

- **Most important changes in operating profit and loss items:**
  - **Sales revenue increase**: Primarily due to the expansion of the retail electricity and natural gas segments, as well as concluded investment projects and acquisitions.
  - **Increase in material-type expenditures**: Primarily the result of the larger market share of the Energy Retail segment.
  - **Depreciation:** The increase is the result of the projects and investments realized.
  - **Other revenues, expenditures:** The deviation is, for the most part, linked to a one-off revenue from last year and the CO_2 quota (i.e. the quota to be purchased for CO_2 emissions increased substantially with the acquisition of the Zugló power plant, and there was a significant rise in exchange rates).
- **Financial income:** The deterioration of net financial income is caused by interest booked on the loan portfolio increased as a result of intense investment activity.
- **Net profits** increased significantly, by 20%. The rate of the increase of net profits falling short of EBITDA can be primarily traced back to increased depreciation expenditures due to realized investments, and increased interest expenditures linked to the greater loan portfolio.
- **Other comprehensive profit:** ALTEO concludes hedging transactions in order to keep the future profit content of its activity independent of any changes in the price of factors it cannot control (e.g. interests, gas/electricity/CO_2). Within hedging transactions, the prices fixed in respect for the future at any given time may be different from the current market price of the given product. In such cases, the accounting profit not actually realized must be accounted as per IFRS rules.

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Consolidated balance sheet (IFRS)

Consolidated balance sheet

data in HUF million	2019.09.30 non-audited	2018.12.31 comparison*	2018.12.31 audited	Change HUF million	Change %
Fixed assets	**24 058**	**13 809**	**13 716**	**10 249**	**75%**
Current assets	**9 121**	**9 143**	**9 143**	**(22)**	**(0%)**
of which, financial assets	*3 464*	*2 561*	*2 561*	*903*	*35%*
TOTAL ASSETS	**33 179**	**22 952**	**22 859**	**10 227**	**45%**
				-	
Shareholders' equity	**6 189**	**5 145**	**5 145**	**1 044**	**20%**
Long-term liabilities	**17 492**	**9 192**	**9 130**	**8 300**	**91%**
of which credit, loans, bonds, leasing	*15 926*	*8 227*	*8 165*	*7 699*	*94%*
Short-term liabilities	**9 498**	**8 615**	**8 584**	**883**	**10%**
of which credit, loans, bonds, leasing	*3 853*	*1 628*	*1 597*	*2 225*	*139%*
SHAREHOLDERS' EQUITY and LIABILITIES TOTAL	**33 179**	**22 952**	**22 859**	**10 227**	**45%**

The comparison column shows data for the preceding year generated through the use of the IFRS 16 standard,

- **Investments, capital expenditures** the capital intensive phase of investments and capital expenditures continued in 2019. The total joint investment size (own funds plus project loans) of the investment and capital expenditure projects begun in 2017 that for the most part have already been completed or are ongoing exceeds HUF 20 billion.
- **Working capital**: Due to seasonal and structural reasons, the volume of trade payables is lower, but at the same time unrealized hedge positions increase the volume of liabilities. The portfolio of financial assets increased substantially, mainly on account of intense investment activity transitioning into production, this year's private placement (HUF 2 billion) and bond issue (HUF 1.5 billion). The majority of the latter was used to refinance bonds maturing this year.
- **Shareholders' equity:** The effect of the private placement resulted in a growth on the equity line, which is partly offset by the unrealized effect of the hedge position changes recognized against equity.
- The reasons for the increase of **long-term liabilities**: (i) additional phases of bank financing were drawn down in relation to the new solar projects, (ii) the purchase of the acquired wind farm was also completed through a bank loan, and (iii) the bonds maturing in 2020 were reclassified as short-term liabilities.

Heat and Electricity Production (market rate, outside the KÁT regime)

Heat and electricity generation (market rate, under the KÁT regime)

data in HUF million	2019.09.30 actual	2018.09.30 Comparison	2018.09.30 non-audited	Change HUF million over previous	Change % over previous year
Sales revenue	**8 408**	**6 762**	**6 762**	**1 646**	**24%**
Material-type expenditures	-6 760	-5 884	-5 940	-876	15%
Personnel expenditures	-112	-53	-20	-60	113%
Other revenues and Other expendit	-377	-337	-337	-40	-12%
EBITDA*	**1 158**	**488**	**465**	**670**	**137%**

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- The segment's sales revenue increased by 24% (HUF +1,646 million), primarily due to the outstanding results accomplished at capacity tenders in Q2, as well as the revenues from the battery energy storage project commissioned last year and the consolidation of Zugló Therm Kft. from April 2018.
- Concurrently, the segment's material-type expenditures rose by 15% (HUF -876 million).
- As a result of the cost increase falling short of the increase in revenues, the segment realized **HUF 670 million higher EBITDA (+137%)**.
- The Control Center successfully integrated the wind farms of the Group which had completed their KÁT quotas.

Heat and electricity production (market rate, outside the KÁT regime)

The **segment's** profitability improved considerably compared to the preceding period. The positive effect of expenditures falling short of the dynamics of sales revenue increase was that the segment realized HUF 670 million higher EBITDA (+137%) than in the preceding period.

- The higher profits realized on the production of **structured electricity products** can primarily be traced back to the following factors:
  - in the electricity system services market, the sales revenue from the aFRR+ (previously secondary) balancing reserve capacity sold was substantially higher than in the same period in 2018;
  - the surplus profit effect of the consolidation of Zugló-Therm Kft. as of Q2 2018;
  - profit realized on the commercial operation of the energy storage system commencing operation from September 2018;
  - the Control Center can already use the successfully integrated energy production units on the System Services market as well, enabling it to achieve higher added value.
- The profit generating capacity of the **heat energy production (district heating) and sales** has not changed substantially between the periods reviewed.

Electricity generation (under the KÁT regime)

Electricity generation (under the KÁT regime)

data in HUF million	2019.09.30 actual	2018.09.30 Comparison	2018.09.30 non-audited	Change HUF million over previous	Change % over previous year
Sales revenue	**1 594**	**519**	**519**	**1 075**	**207%**
Material-type expenditures	-353	-127	-127	-226	179%
Personnel expenditures	0	-73	-73	73	-100%
Other revenues and Other expenditu	28	33	33	-5	-15%
EBITDA*	**1 270**	**353**	**353**	**917**	**260%**

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- The Group is continuously monitoring investment opportunities into renewable energy. Accordingly, at the end of 2018 it increased its weather-dependent renewable portfolio with a new capital expenditure, the **Monor solar power plant**, from 1 June 2019 with the **Balatonberény solar power plant**, and from 1 April 2019 with **13 wind towers**, and the portfolio reached a capacity of 50 MW with the **Nagykőrös** solar plant project delivered in July.
- The EBITDA increase achieved by the segment is mainly linked to the above-mentioned investment projects and acquisitions, partly mitigated by the removal of the three **wind farms** and the Gibárt **hydropower plant from KÁT.**
- In the case of the other plants in the segment producing under a subsidized system (hydropower plants, wind farms, landfill gas), production was slightly lower than last year, primarily due to the drop in water yield, as well as other minor malfunctions.
- Due to the **solar plant investments** completed this year, further increases are expected in the segment. In addition to the Domaszék and Monor projects, the Balatonberény solar plant (7 MW) and the Nagykőrös solar plant (7 MW) also commenced operation in June and July, respectively.

Energy services

Energy and power engineering services

data in HUF million	2019.09.30 actual	2018.09.30 Comparison	2018.09.30 non-audited	Change HUF million over previous	Change % over previous year
Sales revenue	**7 841**	**4 661**	**4 686**	**3 179**	**68%**
Material-type expenditures	-4 791	-2 811	-2 841	-1 980	70%
Personnel expenditures	-1 441	-1 102	-1 135	-339	31%
Other revenues and Other expenditu	-53	243	243	-296	-122%
EBITDA*	**1 556**	**992**	**953**	**564**	**57%**

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- The sales revenue of Energy Enterprises and Services increased by 68% (HUF 3,179 million), primarily on account of **self-implemented solar plant projects** commenced in Q3 2018.
- In Q3 2019, in addition to focusing on the implementation of internal projects, ALTEO Group completed solar plant implementations completed for third parties, but at the same time, **the sale of maintenance services expanded substantially** as provided to external partners (MOL, BorsodChem, LEGO, Siemens).
- The profit on **other revenues/expenditures** changed primarily on account of 2018 revenue with retroactive accounting linked to a long-term service agreement, and due to fees relating to in-progress solar plant investment projects.
- The revenues and expenditures of these self-implemented projects are eliminated during consolidation.

Retail energy trade

Retail energy trade

data in HUF million	2019.09.30 actual	2018.09.30 Comparison	2018.09.30 non-audited	Change HUF million over previous	Change % over previous year
Sales revenue	**7 038**	**4 915**	**4 915**	**2 123**	**43%**
Material-type expenditures	-6 638	-4 724	-4 724	-1 913	41%
Personnel expenditures	-56	-35	-35	-21	59%
Other revenues and Other expendit[u]	10	20	20	-10	-49%
EBITDA*	**354**	**175**	**175**	**179**	**102%**

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- **The segment's sales revenue for Q3 2019 increased substantially, by 43% (HUF 2,123 million)** compared to the same period in 2018. The growth of sales revenue was mainly the result of market acquisition by the electricity business line (HUF 1,541 million), but the gas trade business line also produced significant growth (HUF 582 million).
- In comparison with the preceding period in 2018, **due to the increased volume and per-unit margin**, the gross profit of electricity trade grew by HUF 137 million, while that of gas trade increased by HUF 72 million. Beyond the gross profit, other operating costs and personnel-type expenditures were HUF 30 million higher.
- The **segment's EBITDA increased by HUF 179 million** over the same period in 2018.

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Other activities not assigned to segments

Other segments

data in HUF million	2019.09.30 actual	2018.09.30 Comparison	2018.09.30 non-audited	Change HUF million over previous	Change % over previous year
Sales revenue	**303**	**253**	**253**	**50**	**20%**
Material-type expenditures	-372	-356	-368	-16	5%
Personnel expenditures	-638	-562	-562	-76	13%
Other revenues and Other expenditu	-8	-7	-7	-2	-26%
EBITDA*	**-715**	**-671**	**-683**	**-44**	**-7%**

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- The segment's sales revenue primarily comprises the services provided to subsidiaries, which are not taken into account in consolidated figures.
- Personnel expenditures in the segment were HUF 76 million higher due to the effect of wage hikes, staff number increases related to the increase in company size and one-off costs in conjunction with organizational restructuring.

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