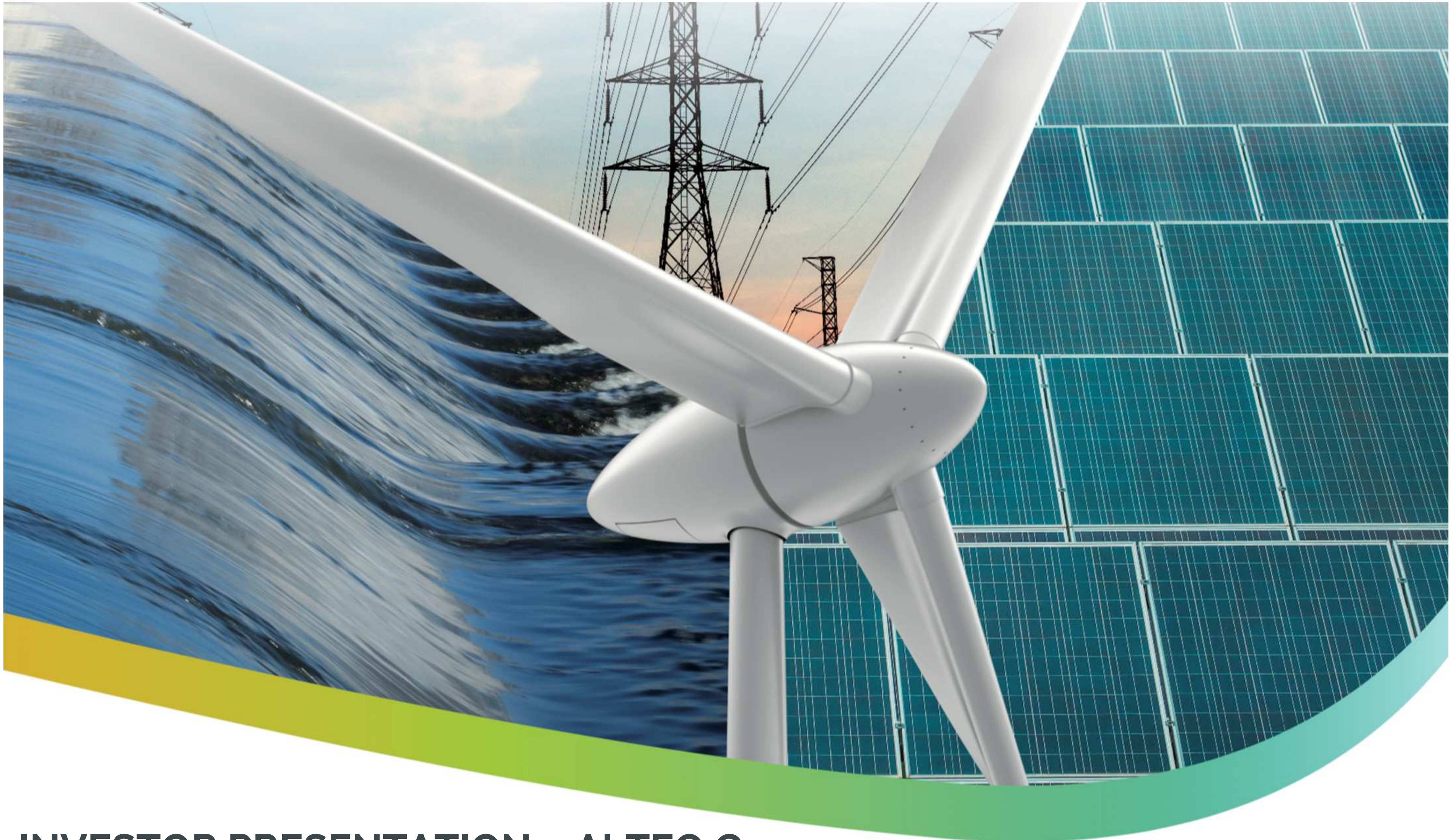

INVESTOR PRESENTATION – ALTEO Group

Q4 2018

(non-audited financial results)

10 YEARS OF
WORKING TOWARDS
A COMMON FUTURE

NON-AUDITED FINANCIAL RESULTS Q4 2018

This information was not compiled on the basis of international accounting standard IAS 34 – Interim Financial Reporting; the information contained therein are non-audited in terms of 2018 results, and have not been audited by an independent auditor. This presentation is for advance information purposes only.

The most important goals, events and results of 2018 so far

Implementation of the investment programme started

- The implementation of the HUF 10-15 billion investment, capital expenditure is being conducted in line with the 2017-2019 strategy, laying down the foundations of future growth. The Group has started more than HUF 12 billion in investment/development until the end of Q4 2018 through already completed and ongoing investments.
- For the most part, the **batteries for energy storage R+D+I project** was realised by the end of the year; whose expected total cost is HUF 1.1 billion, and for which the amount of support awarded to the company was HUF 500 million. The largest item within the project, the energy storage unit was completed and delivered at the end of August, and has commenced production. Additional smaller developments are still ongoing within the project (electricity based heat generating device, IT developments), the completion of which is expected in 2019.
- The acquisition of 51% of **Zugló-Therm Kft.** was completed through the month of March.
- **Solar plant** development: following the acquisition of the 2 MW solar plant in Domaszék at the end of 2017, other significant solar plant development opportunities were also added to the portfolio of the Group in 2018. The 4 MW solar plant in **Monor** commenced operation at the end of 2018. This is the first self-implemented solar plant that was fully constructed by ALTEO. Upon the expected completion (by the end of 2019 H1) of the in-progress construction of the 7 MW plant in **Balatonberény** and the 7 MW plant in **Nagykőrös**, the Group will own and operate a solar plant portfolio of 20 MW.
- **Energy services – Service projects (construction and maintenance)** – in an overall positive macro-economy that encourages investments, new tendering opportunities at our existing and new clients related to the implementation of their ongoing capital expenditure projects and the maintenance of already existing facilities are announced on an ongoing basis. We have successfully completed the new steam generator project we undertook for MOL Petrolkémia as a general contractor, as well as the Tisza-WTP capacity expansion project, and we have started the upgrade of our Sopron power plant, increasing energy efficiency.
- **Expansion in Germany** the German subsidiary was founded. The main task of the company is to find new opportunities in Germany in the control centre services market.

The most important goals, events and results of 2018 so far

Optimal operation of the existing asset portfolio

- **Consolidated sales revenue** increased by 3% compared to the same period in the previous year, primarily as a result of the 35% growth of the electricity and natural gas retail segment, which offset the reduction in the volume of wind energy plants exiting the KÁT system, and of construction works completed for external third parties. In 2018, the Group focused on self-implemented, primarily solar plant projects, whose construction profit content will thus remain within the Group and could increase shareholder value via improved return on investment. The sales revenue and EBITDA of self-implemented projects is filtered out during consolidation.
- **Consolidated EBITDA** decreased by 6% compared to the same period last year. The reduction is mainly due to the lower EBITDA generated on wind energy plants exiting the KÁT system, as well as higher CO_2 expenditures, and the effects of certain favourable one-off items booked in 2017 increasing the base.
- **The heat and electricity production segment (market)** generated HUF 39 million less EBITDA with 7% higher sales revenue primarily due to higher CO_2 expenditures, and the effects of favourable one-off items in this segment booked in 2017 increasing the basis. The wind energy plants that were removed from the KÁT system were successfully integrated into our Control Centre during the year.
- The sales revenue (HUF +1,785 million, +35%) generated by and the profitability (HUF +410 million) of **the retail segment** has increased significantly as a result of the favourable volume and price effects in natural gas and electricity trade, as well as the change implemented in hedging policy.
- **Energy Services**: In December 2018, the Monor solar power plant, fully implemented by us, commenced the production. The implementation of own solar plant investment projects in Balatonberény and Nagykőrös are also in progress. The task of this segment in 2018 and in H1 2019, in addition to providing services to our already existing clients, is to complete the implementation of our own solar plant development projects representing a total nominal capacity of 18 MW.

ALTEO Group Portfolio

RENEWABLE ENERGY PRODUCTION	INDUSTRIAL AND COMMERCIAL SERVICES	GAS TURBINE CHP PLANTS
ALTEO Group has significant competences, among others, in exploiting renewable energy sources.	ALTEO Group facilitates the efficient energy management of its consumers through the services provided to industrial facilities.	ALTEO Group operates high-efficiency, hydrocarbon-powered small energy-generation systems.
WIND POWER PLANTS Ács Jánossomorja Pápakovácsi Törökszentmiklós RENEWABLE GAS Debrecen – landfill gas Nagykőrös – biogas Nyíregyháza – landfill gas Kisújszállás – thermal methane gas HYDROELECTRIC POWER PLANTS Felsődobsza Gibárt BIOMASS HEATING PLANT Tiszaújváros SOLAR POWER PLANTS Domaszék Monor Balatonberény (in progress) Nagykőrös (in progress)	BORSODCHEM BC-Therm – heat provision service BC Power Plant – operation MOL PETROLKÉMIA TVK Power Plant – operation Tisza-WTP – treated water service Audi Motor Hungária Kft. – heat provision service Heineken Soproni Sörgyár – heat provision service MOM Park – energy centre Agria Park – energy centre	HEATING POWER PLANTS Ózd Power Plant Tiszaújváros Heating Plant Kazincbarcika Heating Plant Füredi út Gas-Turbine Block Power Plant Győr Power Plant Sopron Power Plant

Consolidated profit and loss statement (IFRS)

Consolidated profit and loss statement					
data in HUF million	31.12.2018 non-audited	31.12.2017 comparison	31.12.2017 audited	Change HUF million over previous year	Change % over previous year
Sales revenues	**18,891**	**18,389**	**18,389**	**502**	**3%**
Material-type expenditures	(14,526)	(14,605)	(14,606)	79	-1%
Personnel expenditures	(2,513)	(2,154)	(2,154)	(359)	17%
Depreciation and amortisation	(729)	(572)	(572)	(157)	28%
Other revenues, expenditures, net	(24)	305	170	(329)	-108%
Impairment loss	(29)	(2)	(2)	(27)	N/A
Operating profit	**1,070**	**1,362**	**1,225**	**-292**	**-21%**
Net financial profit	(230)	(329)	(329)	99	-30%
Profit before taxes	**840**	**1,032**	**896**	**-193**	**-19%**
Income tax expenditure	(282)	(117)	19	(165)	141%
Of which: Local business tax expenditure	(212)	(136)	-	(76)	56%
Net profit	**557**	**915**	**915**	**-358**	**-39%**
Of which, to owners of parent company	558	913	913	(355)	-39%
Of which, to minority shareholders	(1)	2	2	(3)	-146%
Base EPS (HUF/share)	**35.76**	**58,38**	**58,38**	**(22.62)**	**-39%**
Diluted EPS (HUF/share)	**34.00**	**55,64**	**55,64**	**(21.64)**	**-39%**
EBITDA*	**1,828**	**1,952**	**1,799**	**(124)**	**-6%**

Consolidated comprehensive profit and loss statement					
data in HUF million	31.12.2018 non-audited	31.12.2017 comparison	31.12.2017 audited	Change HUF million over previous year	Change % over previous year
Net profit	**557**	**915**	**915**	**-358**	**-39%**
Other comprehensive profit (after taxes on profits)	82	(480)	(480)	562	-117%
Overall profit	**639**	**435**	**435**	**204**	**47%**
Of which, to owners of parent company	640	433	433	207	48%
Of which, to minority shareholders	(1)	2	2	(3)	-146%

**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 Income and Other Expenditures lines that are used to provide a more detailed elaboration of the EBITDA in the above table. In addition to the adjustments made for local business taxes and innovation contributions, the comparison column was also adjusted for re-categorisations across segments, which do not impact the consolidated value of the Group's EBITDA.*

In addition to the HUF 502 million increase in sales revenue, EBITDA is in the average range of the performance capacity of the current portfolio.

- **Most important changes in operating profit and loss items:**
  - **Sales revenue increase:** growth was primarily the result of the gain in market share by the energy retail segment. This was somewhat mitigated by the implementation focus of the Energy Enterprises and Services segment, and that three wind energy plants reached the maximum allowed production quota in KÁT system by the end of H1 2018, which means that since that time they have been selling their electricity at market price resulting in lower sales revenue.
  - **Increase in material-type expenditures:** Primarily the result of the larger market share of the Energy Retail segment, which has been mitigated by the fees paid to non-third-parties as a result of the consolidation of Zugló-Therm Kft.
  - **Other revenues, expenditures:** The variance compared to last year is mainly the result of three items. In the same period of 2017, provisions totalling HUF 330 million set aside for non-performing contracts were released. The price of CO_2 quotas that power plants are required to buy has increased considerably (HUF -325 million), and at the same time the Group has come to an agreement on a retrospective settlement related to a long-term contract (HUF +264 million).
- **Financial results:** The improvement in net financial results was primarily caused by the foreign exchange rate difference realised on leasing receivables, and other transactions invoiced in a foreign currency, as well as the non-realised exchange rate gain caused by revaluations at the end of the period.
- **Other overall results:** the valuation of hedging transactions (natural gas hedge and interest rate swaps) completed at the balance sheet date, a non-financial accounting item the day-to-day valuation of which may show significant volatility, which resulted in a surplus this year as opposed to last year.

Consolidated balance sheet (IFRS)

Consolidated balance sheet				
data in HUF million	31.12.2018 non-audited	31.12.2017 audited comparative	Change HUF million	Change %
Fixed assets	**13,445**	**7,546**	**5,899**	**78%**
Current assets	**9,557**	**9,106**	**451**	**5%**
of which, financial assets	*2,663*	*2,826*	*-163*	*-6%*
TOTAL ASSETS	**23,002**	**16,652**	**6,350**	**38%**
Shareholders' equity	**5,304**	**5,119**	**185**	**4%**
Long-term liabilities	**9,107**	**6,255**	**2,852**	**46%**
of which credit, loans, bonds, leasing	*8,168*	*5,382*	*2,786*	*52%*
Short-term liabilities	**8,591**	**5,278**	**3,313**	**63%**
of which credit, loans, bonds, leasing	*1,602*	*547*	*1,055*	*193%*
EQUITY and LIABILITIES	**23,002**	**16,652**	**6,350**	**38%**

- **Investments, capital expenditures:** the capital intensive phase of investments and capital expenditures continued in 2018. The total joint investment size (own funds plus project loans) of the investment and capital expenditure projects begun in 2017 that in certain cases have already been completed or are ongoing exceeds HUF 12 billion.
- **Current assets:** The increase in current assets was primarily the result of the growth of the retail portfolio.
- **Shareholders' equity:** The increase in shareholders' equity resulting from profits generated during the period exceeded the reduction caused by paid dividends and repurchased shares.
- **Liabilities:** Part of bank financing has been drawn down on the new projects, and the company's bank loan related to the acquisition of Zugló-Therm Kft was shown in the Group's books, as a result of which the loan portfolio of the group increased. The increase in short-term loans is primarily the result of the re-categorisation of bonds maturing next year (HUF 982 million). Another reason for the increase in liabilities is the total of invoices related to the ongoing projects and due after the current period.

Heat and Electricity Production
(market rate, outside the compulsory feed-in tariff system)

Heat and Electricity Production (market rate, outside the compulsory feed-in tariff					
data in HUF million	31.12.2018 non-audited	31.12.2017 comparison	31.12.2017 audited	Change HUF million over previous year	Change % over previous year
Sales revenue	**10,236**	**9,589**	**9,558**	**647**	**7%**
Material-type expenditures	-8,763	-8,660	-8,660	-103	1%
Personnel expenditures	-30	-1	-1	-29	2761%
Other revenues and Other expenditures	-336	217	181	-554	-255%
EBITDA*	**1,107**	**1,146**	**1,077**	**-39**	**-3%**

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In addition to the adjustments made for local business taxes and innovation contributions, the comparison column was also adjusted for re-categorisations across segments, which do not impact the consolidated value of the Group's EBITDA.

- The **sales revenue generated by the segment increased by 7% (HUF +647 million)**, while material type expenditures grew by 1% (HUF -103 million). Despite cost increases being considerably lower than revenue growth, as a result of a **one-off item** (releasing of provisions generated in 2017 for non-performing contracts), and higher CO_2 purchase costs, the segment **generated HUF 39 million less in EBITDA**.
- The Control Centre successfully integrated several wind energy plants that had completely produced its quota granted in the KÁT system.
- The implementation of the innovative application model for the energy storage batteries has been completed, for which the Company Group has been awarded a HUF 500 million non-refundable grant from the National Research, Development and Innovation Office. The energy storage units that is the main component of the project has been operational since September; the remaining smaller developments in the project will be completed in 2019.

Heat and Electricity Production
(market rate, outside the compulsory feed-in tariff system)

The core operation of the **segment** shows considerable improvement. The positive impact of the lower level of material-type expenditures compared to the dynamics of revenue growth was offset by increased CO_2 costs and the absence of one-off positive effects affecting the basis in the current period, as the joint consequence of which the segment realised HUF 39 million lower EBITDA than in the preceding year. At the same time, however, the core operation of the segment was successful:

- The higher profits realised on the production of **structured electricity products** can primarily be traced back to three factors:
    - In 2018, we managed to obtain significantly higher margins on successful **capacity tenders**.
    - With the consolidation of Zugló-Therm Kft in April 2018, the hedging previously paid to an external third-party was channelled back into the company group from Q2 2018.
    - As a result of the joint occurrence of **extreme weather, extreme electricity prices and production equipment downtimes** in the beginning of 2017, our profit generating capacity temporarily dropped – similarly to other market players –, which was not the case during 2018.
- The profit generated on **heat production (district heating) sales** also improved compared to the same period of the preceding year
    - Last year, in order to satisfy the higher heat demand resulting from **extreme weather conditions,** higher than planned quantities (calculated on the basis of heat requirements based on average temperatures over several years) of natural gas had to be used for heat production. Procurement of the required natural gas was only possible at high prices from the market, therefore, 2017 profit decreased in parallel with sales volumes. These events did not occur in 2018, and thus comparatively this increased profits.

Electricity production (KÁT system)

Electricity production (within the compulsory feed-in tariff system)

data in HUF million	31.12.2018 non-audited	31.12.2017 comparison	31.12.2017 audited	Change HUF million over previous year	Change % over previous year
Sales revenue	**627**	**838**	**838**	**-211**	**-25%**
Material-type expenditures	-164	-221	-223	57	-26%
Personnel expenditures	-73	-97	-97	24	-25%
Other revenues and Other expenditures	43	38	26	5	14%
EBITDA*	**433**	**558**	**544**	**-125**	**-22**

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In addition to the adjustments made for local business taxes and innovation contributions, the comparison column was also adjusted for re-categorisations across segments, which do not impact the consolidated value of the Group's EBITDA.

- The Group is continuously monitoring investment opportunities into renewable energy. Accordingly, in addition to the Group's **landfill gas power plant in Debrecen** (0.5 MW) and the **solar power plant in Domaszék** (2 MW) acquired in November 2017 as part of new capital expenditure, **on 1 December 2018** ALTEO Group's first self-implemented **solar plant in Monor** (4 MW) also commenced production. As a result of capital expenditures and the acquisition, the segment's EBITDA value increased by HUF 100 million compared to 2017. With the new development projects in progress, ALTEO Group's solar plant portfolio will reach **20 MW** capacity in **H2 2019**.
- The primary reason for the drop in the segment's EBITDA is the removal of the Ács, Pápakovácsi and Jánossomorja **wind energy plants** and, from Q4 2018, the Gibárt **hydropower plant from the scope of compulsory feed-in tariff system** (HUF -236 million) and their re-categorisation into the Heat and Electricity Production segment (market-based, outside the compulsory feed-in tariff system).
- With respect to other plants in the segment producing under the feed-in-tariff system, these achieved HUF 11 million more profit compared to production and profitability in the basis period.

Energy services

Energy Enterprises and Services

data in HUF million	31.12.2018 non-audited	31.12.2017 comparison	31.12.2017 audited	Change HUF million over previous year	Change % over previous year
Sales revenue	**8,035**	**6,216**	**6,216**	**1,818**	**29%**
Material-type expenditures	-5,368	-3,759	-3,735	-1,609	43%
Personnel expenditures	-1,611	-1,345	-1,237	-267	20%
Other revenues and Other expenditures	213	54	1	159	294%
EBITDA*	**1,268**	**1,167**	**1,246**	**101**	**9%**

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In addition to the adjustments made for local business taxes and innovation contributions, the comparison column was also adjusted for re-categorisations across segments, which do not impact the consolidated value of the Group's EBITDA.

- The sales revenue of Energy Enterprises and Services increased by 29% (HUF 1,818 million), primarily on account of solar projects which accelerated from the third quarter. In 2017, the **ALTEO Group realised more EPC projects for external parties**, and in 2018 the Group is focusing on **self-implemented, primarily solar plant projects**.
- We **implemented a steam generator construction project** for **MOL Petrolkémia**, and the facility has been delivered. Due to the considerable time that passed between the proposal and implementation, the general labour market situation that developed in the meantime had a negative impact on the project's profitability. The sales of **maintenance services** to external buyers also expanded dynamically (MOL, DUFI, BERT, Gönyű power plant, LEGO).
- The profit on **other revenues/expenditures** changed primarily as a result of an income as yet unrealised and the release of provisions generated in 2017 for a disputed matter, in relation to a retroactive **settlement** linked to a **long-term service agreement**.

Retail energy trade

Retail energy trade					
data in HUF million	31.12.2018 non-audited	31.12.2017 comparison	31.12.2017 audited	Change HUF million over previous year	Change % over previous year
Sales revenue	**6,904**	**5,121**	**5,121**	**1,783**	**35%**
Material-type expenditures	-6,600	-5,217	-5,217	-1,384	27%
Personnel expenditures	-53	-47	-47	-6	12%
Other revenues and Other expenditures	18	3	-34	15	598%
EBITDA*	**269**	**-141**	**-178**	**410**	**291%**

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The comparison column has been amended with the rate of local business tax and innovation contributions.

- **Sales revenues for the whole of 2018 increased significantly, by 35% (HUF 1,783 million)** over the preceding period of 2017. The growth of sales revenue was mostly the result of gain in market share by the electricity business line (HUF 1,449 million), but the gas trade business line also produced significant growth.
- As a result of significantly higher volumes, more favourable prices, the absence of the extreme weather conditions seen in 2017 and the amended hedging policy, the hedging achieved by the segment rose by HUF 423 million.
- Material-type expenditures increased in line with growth, and as such **the segment's EBITDA increased by HUF 410 million** over the same period in 2017, and performed in the upper part of the expected profitability range.

Other activities not assigned to segments

Other segments

data in HUF million	31.12.2018 non-audited	31.12.2017 comparison	31.12.2017 audited	Change HUF million over previous year	Change % over previous year
Sales revenue	**347**	**346**	**377**	**1**	**0%**
Material-type expenditures	-545	-407	-431	-139	34%
Personnel expenditures	-800	-681	-789	-119	18%
Other revenues and Other expenditures	-10	9	-15	-20	-211%
EBITDA*	**-1,009**	**-732**	**-858**	**-277**	**-38%**

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In addition to the adjustments made for local business taxes and innovation contributions, the comparison column was also adjusted for re-categorisations across segments, which do not impact the consolidated value of the Group's EBITDA.

- The segment comprises the services provided to subsidiaries, the majority of which are not taken into account in consolidated figures.
- Material-type expenditures were HUF 139 million higher this year, primarily on account of consulting fees related to **investments and company restructuring** and the **optimisation of the Group's operation**, as well as due to training, office lease and audit fees arising from and required for growth.
- As a result of changes in the labour market and the labour shortage catching up with the sector, ALTEO Group's personnel expenditures also rose.

THANK YOU FOR YOUR ATTENTION!

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