INVESTOR PRESENTATION – ALTEO Group

2020 1st Quarter

(non-audited financial results)

2020 NON-AUDITED FINANCIAL RESULTS Q1 2019

This information was not compiled on the basis of international accounting standard IAS 34 – Interim Financial Reporting; the information contained herein is non-audited in terms of Q1 2020 results, and has not been audited by an independent auditor. This presentation is for advance information purposes only.
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For further information, please do not hesitate to contact us.

The most important events and results of 2020

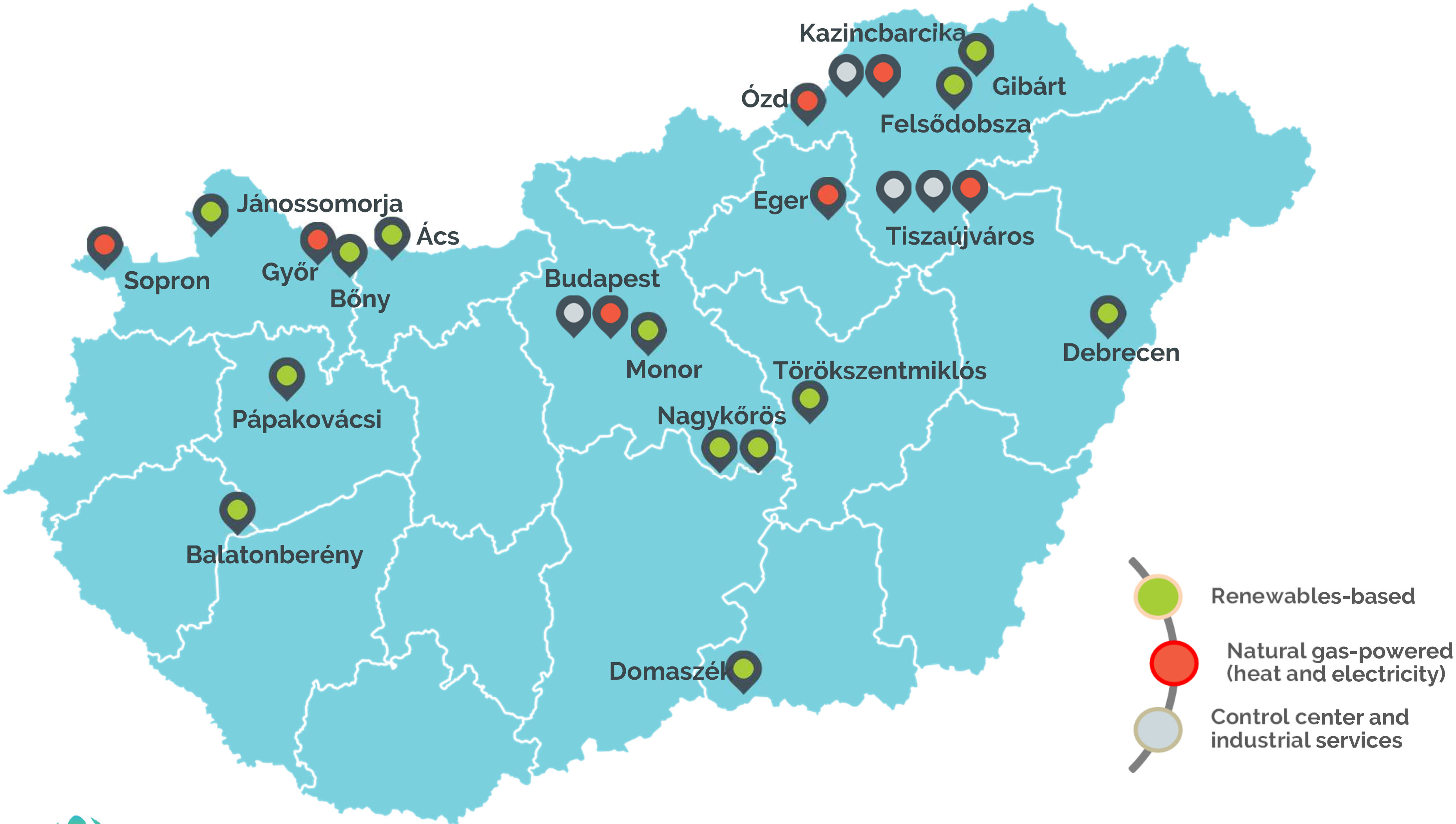
Key events in Q1 2020

- The objective of ALTEO Group is to ensure continuous, uninterrupted operation and conditions for safe work for both staff members and partners, and as such numerous precautionary measures have been introduced in relation to the **COVID pandemic** that allow for the minimization of the further spreading of the coronavirus pandemic within and outside the Company.
  In the first quarter, the pandemic has not spread in Hungary at a rate that would have substantially impacted the Group's profitability. Given that a significant portion of the profitability of ALTEO's activities is less vulnerable to changes of the economic cycle, it is the opinion of ALTEO's management that as a result of COVID-related precautionary measures taken ensuring uninterrupted operation, in comparison to companies active in other, more pro-cyclical sectors, ALTEO is less likely to be impacted by the pandemic and the resulting economic downturn.
- In line with the **2020-2024 strategy** presented in the fall of 2019, the implementation of the planned investment programs, the uncovering of potential investment and capital expenditure opportunities, restructuring serving as basis for other points of the strategy, as well as the implementation of required processes have all commenced. In this context, the expansion of the capacity of the ALTEO Control Center has begun, and in the first phase of a more than **HUF 2 billion investment program**, gas engines with an additional total capacity of 9 MW were put into operation at the beginning of May at ALTEO's Tiszaújváros and Győr sites. In the next stage of the development, an additional 3 gas engines with a total electrical capacity of 9 MW will be installed, resulting in a 33% expansion in ALTEO's gas engine energy production capacities by the end of the program and **transforming the control center into one of the largest in the country**.

Financial results for Q1 2020 – Executive summary

- **Consolidated sales revenue** increased by 39% compared to the same period last year, primarily due to the expansion of the retail electricity and natural gas segments, the surplus sales revenue of the heat and electricity generation segment, and as a result of the sales revenue generated this year from investments and acquisitions realized last year.
- **Consolidated EBITDA** shows a 156% increase over the same period last year, resulting for the most part from the inclusion of the 25 MW wind farm located in the Bőny region acquired by ALTEO, and the 14 MW solar power plant delivered last year as part of the investment program concluded in 2019.

ALTEO Group Portfolio



ALTEO Group Portfolio

RENEWABLE ENERGY PRODUCTION	INDUSTRIAL AND COMMERCIAL SERVICES	GAS-ENGINE AND HEATING POWER 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, combined heat and electricity (cogeneration) plants.**
WIND FARMS Ács Bőny Jánossomorja Pápakovácsi Törökszentmiklós **RENEWABLE GAS** Debrecen - landfill gas Nagykőrös – biogas, operation **HYDROPOWER PLANTS** Felsődobsza Gibárt **SOLAR POWER PLANTS** Domaszék Monor Balatonberény Nagykőrös	**BORSODCHEM:** – BC-Therm – heat supply service – BC Power Plant - operation **MOL Petrolkémia:** – TVK Power Plant - operation – Tisza-WTP - treated water service **Audi Motor Hungária Kft.:** – heat supply service **Heineken Soproni Sörgyár:** – heat supply service **Agria Park:** – energy center	**HEATING POWER PLANTS** Ózd Power Plant, Tiszaújváros Heating Power Plant, Kazincbarcika Heating Power Plant, Füredi út Gas-Engine Block Power Plant Győr Power Plant Sopron Power Plant

Consolidated profit and loss statement (IFRS)

Consolidated profit and loss statement	3.31.2020	3.31.2019	Change (HUF million)	Change %
data in HUF million	non-audited	non-audited	over previous year	over previous year
Sales revenues	**9 058**	**6 494**	**2 564**	***39%***
Material expenses	(6 602)	(5 192)	(1 410)	*(27%)*
Personnel expenses	(767)	(650)	(116)	*(18%)*
Depreciation and amortization	(626)	(253)	(373)	*(147%)*
Other revenues, expenditures, net	(529)	(198)	(331)	*(167%)*
Impairment loss	(1)	-	(1)	*N/A*
Operating profit or loss	**533**	**201**	**332**	***166%***
Net financial profit	9	(147)	156	*106%*
Profit or loss before taxes	**542**	**54**	**489**	***908%***
Income tax expenditures	(152)	(78)	(74)	*(95%)*
Of which: local business tax expenditures	(129)	(84)	(45)	*(54%)*
Net profit or loss	**391**	**(24)**	**415**	***1 717%***
from which the owners of the Parent Company are entitled to:	*389*	*(24)*	*413*	*1 708%*
from which the minority interest is entitled to:	2	-	2	*N/A*
Base EPS (HUF/share)	**20,85**	**(1,49)**	**22,35**	***1 497%***
Diluted EPS (HUF/share)	**20,05**	**(1,42)**	**21,47**	***1 509%***
EBITDA*	**1 160**	**454**	**706**	***156%***

Consolidated overall statement of profit or loss				
Net profit	**391**	**(24)**	**415**	***1 717%***
Other comprehensive profit (after taxes on profits)	**160**	**(741)**	**901**	***122%***
Overall profit	**551**	**(765)**	**1 316**	***172%***
from which the owners of the Parent Company are entitled to:	*549*	*(765)*	*1 314*	*172%*
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With a sales revenue increase of HUF 2,564 million, EBITDA shows a 156% rise over the preceding 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, the higher revenues generated by the heat and electricity generation 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, and the cost increment arising from the expansion of the Heat and Electricity Generation segments.
- **Depreciation:** the substantial increase is the result of the projects and investments realized. The portfolio of non-current assets grew by more than HUF 10 billion compared to 2018 year-end.
- **Other revenues, expenditures:** Relative to the base period, the deviation was primarily the result of the accounting settlement of the recontracting of CO_2 quota-related positions with more favorable conditions. In the course of recontracting, the exchange rate difference at the time was recognized as a lump sum, but at the same time, subsequent utilization was implemented at the lower price which compensates for the negative effect by the end of the year.

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- **Financial profit:** The improvement in net financial profit – despite the increased loan portfolio – was in part the result of the refinancing of less-favorable loans refinanced at the end of 2019 under the BGS program, and for the most part the revaluation of the Group's EUR-denominated financial assets, receivables and liabilities.
- **Net profit** increased by HUF 415 million compared to the base period. The growth was mainly the result of the increase in operating profit and financial profit, mitigated by the corresponding higher tax payment liability.
- **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. The majority of the profit recognized here is the current profit on gas and related FX hedging transactions concluded upon the publication of electricity and decreed heat prices. Decreed heat prices guarantee future sales revenue linked to these transactions which revenues, however, currently cannot be taken into account pursuant to IFRS standards.

Consolidated balance sheet (IFRS)

Consolidated balance sheet				
	3.31.2020	12.31.2019	Change	Change
data in HUF million	non-audited	Audited	HUF million	%
Fixed assets	**25 538**	**24 537**	**1 002**	**4%**
Current assets	**14 068**	**13 038**	**1 030**	**8%**
of which, financial assets	*3 619*	*4 848*	*(1 229)*	*(25%)*
TOTAL ASSETS	**39 606**	**37 575**	**2 031**	**5%**
			-	
Shareholders' equity	**6 301**	**5 750**	**551**	**10%**
Long-term liabilities	**22 083**	**21 759**	**325**	**1%**
of which credit, loans, bonds, leasing	*19 883*	*19 710*	*173*	*1%*
Short-term liabilities	**11 222**	**10 066**	**1 156**	**11%**
of which credit, loans, bonds, leasing	*2 656*	*2 787*	*(131)*	*(5%)*
SHAREHOLDERS' EQUITY and LIABILITIES TOTAL	**39 606**	**37 575**	**2 031**	**5%**

- **Investments, capital expenditures** In 2020, three 9 MW capacity gas engines were procured and renovated, allowing the Group to substantially increase its installed capacities involved in regulation.
- **Working capital**: The portfolio of trade receivables is higher due to seasonal and structural reasons, in addition to which the increase in the amount of deposits relating to hedge positions also substantially increases receivables. The change in the portfolio of financial assets is primarily caused by the aforementioned investments and capital expenditures.
- **Long-term liabilities and short-term loans** showed no substantial changes in the given period.

Heat and electricity production (market rate, non-subsidized)

Heat and electricity production (market rate, outside of the subsidized system)				
	3.31.2020	**3.31.2019**	**Change (HUF million)**	**Change (%)**
data in HUF million	**non-audited**	**non-audited**	**over previous year**	**over previous year**
Sales revenue	**4 264**	**3 866**	**398**	**10%**
Material-type expenditures	-3 406	-3 339	-67	2%
Personnel expenditures	-41	-22	-19	87%
Other revenues and Other expenditures	-527	-239	-288	-120%
EBITDA*	**290**	**266**	**24**	**9%**

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- The segment's sales revenue increased by 10% (HUF 398 million), primarily **on account of the outstanding volume of regulatory energy sold in January** .
- Concurrently, the segment's material-type expenditures rose by 2% (HUF -67 million).
- The rise of personnel-type expenditures was caused by the expansion of the resources of the Control Center.
- The rise in other expenditures is caused by negative effect of the accounting settlement of the **recontracting** of CO_2 quota-related positions **with more favorable conditions**, which will be fully compensated for by the end of 2020 as a result of lower specific quota costs.
- As a result of the cost increase falling short of the increase in revenues, the segment realized **HUF 24 million higher EBITDA (+9%)**.

Electricity production (within the subsidized system)

Electricity production (within the subsidized system)				
	3.31.2020	3.31.2019	Change (HUF million)	Change (%)
data in HUF million	non-audited	non-audited	over previous year	over previous year
Sales revenue	**854**	**135**	**719**	**531%**
Material-type expenditures	-139	-63	-76	120%
Personnel expenditures	0	0	0	0%
Other revenues and Other expenditures	10	10	0	3%
EBITDA*	**726**	**82**	**643**	**784%**

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- With the solar power plants delivered in the summer of 2019, the capacity of the Group's power plants involved in renewables-based production surpassed 50 MW. The Company continues to examine renewable energy investment and development possibilities.
- The segment's **EBITDA increased by HUF 643 million (784%)**, mainly due to the Bőny wind farm (25 MW), and the self-implemented solar plants in Balatonberény and Nagykőrös (14 MW) delivered in 2019 that were added to the scope of consolidation as of April 1, 2019. The segment's profit is slightly reduced by the fact that one of the Debrecen landfill gas plants was removed from the subsidized system. The Company is examining the most cost-efficient utilization of this asset.
- The profit/loss of the other plants in the segment producing under a subsidized system (hydropower plants, wind farms, landfill gas) was overall the same as the figures for the previous year.

Energy services

Energy and power engineering services

data in HUF million	3.31.2020 non-audited	3.31.2019 non-audited	Change (HUF million) over previous year	Change (%) over previous year
Sales revenue	**2 379**	**3 464**	**-1 085**	**-31%**
Material-type expenditures	-1 550	-2 315	764	-33%
Personnel expenditures	-574	-475	-100	21%
Other revenues and Other expenditures	0	-38	38	100%
EBITDA*	**254**	**636**	**-382**	**-60%**

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- The sales revenue of Energy and Power Engineering Services dropped by 31% (HUF 1,085 million), primarily relating to self-implemented solar plant projects commenced shown in the 2019 base.
- ALTEO Group primarily implemented internal, solar plant projects in 2019. In addition to increasing aggregate power plant capacity, in 2020 the installation of gas engines purchased also **shifts focus to implementation services for external partners**, in respect of which there are several projects in progress or under negotiation.
- The **sale of** operating and maintenance services for third parties (MOL, Borsodchem, LEGO, Főtáv, Siemens) **increased overall.**
- Profit/loss on self implemented investment projects are removed during consolidation. Removed EBITDA on self-implemented projects was HUF 426 million in 2019 and HUF 0 in 2020, and as such **the segment was able to show growth in respect of services sold externally** (+HUF 44 million).

Retail energy trade

Retail energy trade	3.31.2020	3.31.2019	Change (HUF million)	Change (%)
data in HUF million	non-audited	non-audited	over previous year	over previous year
Sales revenue	**3 447**	**2 673**	**773**	**29%**
Material-type expenditures	-3 314	-2 597	-718	28%
Personnel expenditures	-25	-18	-6	36%
Other revenues and Other expenditures	-1	8	-9	-111%
EBITDA*	**107**	**66**	**40**	**61%**

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- **The segment's sales revenue for Q1 2020 increased substantially, by 29% (HUF 773 million)**. The growth of sales revenue was the joint result of market acquisition by the electricity business line (HUF 455 million) and the significant growth of the gas trade business line (HUF 318 million).
- As a result of the **increased volume and per-unit margin**, the margin of electricity trading improved by HUF 41 million while that of gas trading by HUF 22 million as compared to Q1 2019.
- **The segment's EBITDA increased by HUF 40 million (61%)** compared to Q1 2019.
- The current **COVID pandemic** had already left its mark on this segment in the first quarter, however, it is expected to have greater impact on the figures of the second quarter due to the drop in demand for electricity as a result of the expected economic decline. On account of seasonal effects (lower consumption in Q2 and Q3), the gas trade business line is expected to be impacted to a smaller extent.

Other activities not assigned to segments

Other segments

data in HUF million	3.31.2020 non-audited	3.31.2019 non-audited	Change (HUF million) over previous year	Change (%) over previous year
Sales revenue	**110**	**100**	**10**	**10%**
Material-type expenditures	-133	-94	-39	41%
Personnel expenditures	-188	-176	-12	7%
Other revenues and Other expenditures	-4	0	-4	n.a.
EBITDA*	**-216**	**-171**	**-45**	**-26%**

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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.
- Material-type expenditures typically rose as a result of IT costs, and due to office lease costs that have increased in line with the growth of company size and staff numbers.
- Personnel expenditures in the segment were HUF 12 million higher due to the effect of wage hikes, staff number increases related to the increase in company size and one-off savings in conjunction with organizational restructuring.

THANK YOU FOR YOUR ATTENTION!

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