INVESTOR PRESENTATION – ALTEO Group

2020 Q3

(non-audited financial results)

NON-AUDITED FINANCIAL RESULTS 2020 Q1-Q3

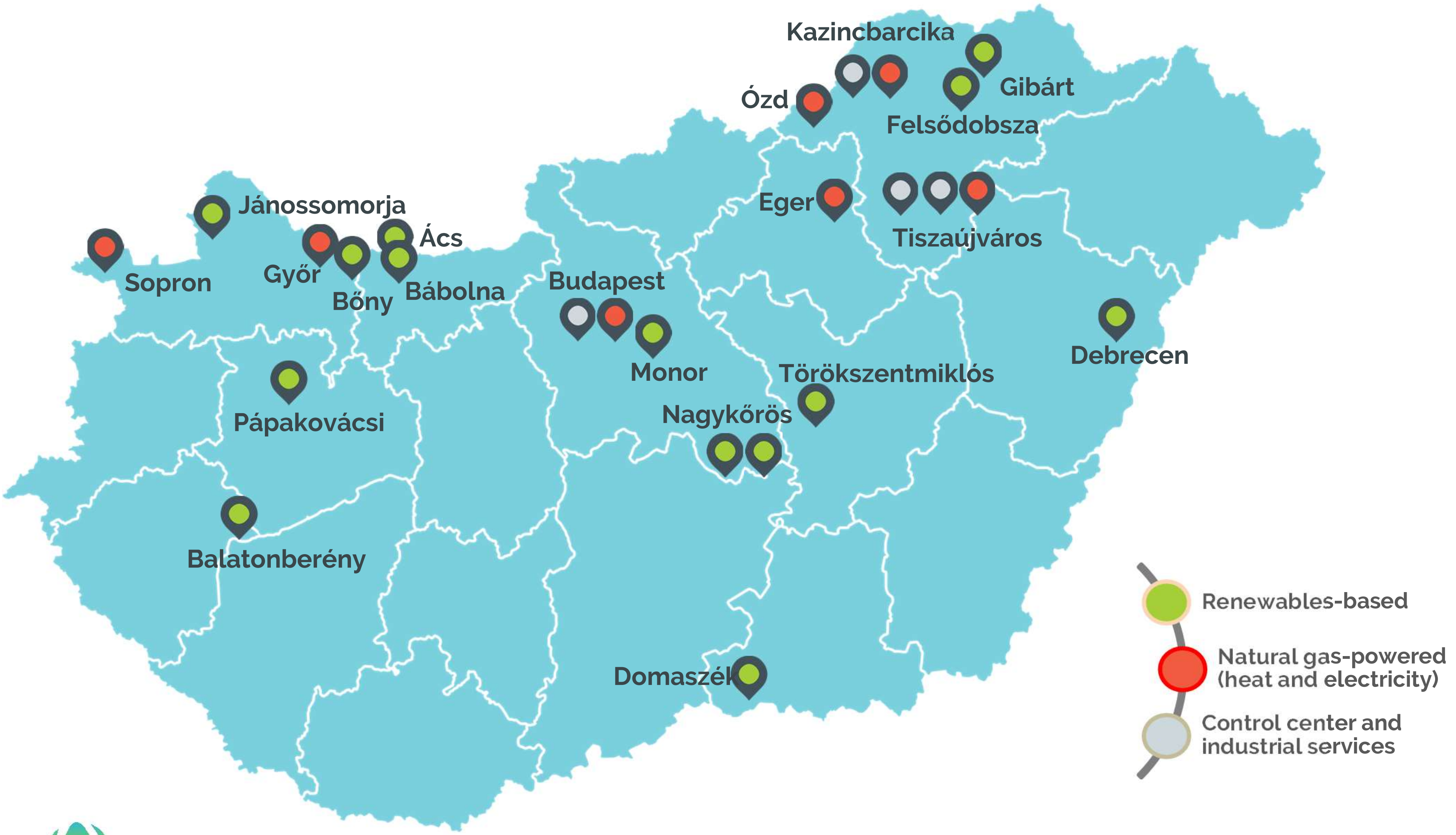
This information was not compiled on the basis of international accounting standard IAS 34 – Interim Financial Reporting; the information contained in them are non-audited in terms of Q1-Q3 2020 results, and have not been audited by an independent auditor. This presentation is for advance information purposes only.

The most important events and results of 2020

Key events in 2020 to date

- **Impacts of the COVID pandemic:** Since a significant portion of the profitability of ALTEO's activities is less vulnerable to changes in the economic cycle, the principal focus of ALTEO's management was to ensure uninterrupted operation through its COVID-specific precautions, while also ensuring safe working condition for its employees and partners. As a result, in comparison with companies active in other, more pro-cyclical sectors, ALTEO has been less affected by the pandemic and the ensuing economic downturn, which, in the opinion of ALTEO's management, overall is demonstrated by consolidated data to date.
- 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 were installed, resulting in a one-third increase in ALTEO's gas engine energy production capacity by the end of the program and **transforming the control center into one of the largest in the country.**
- On October 6, after the closing of the quarter, ALTEO implemented a successful **bond issue with a total face value of HUF 3.8 billion** as part of the Bond Funding for Growth Scheme. On October 15, ALTEO **acquired 100% ownership of a 15 MW wind farm** in the Bábolna region, thereby further expanding the scope of its renewable power plants, which at the same time is also its most crisis-resistant asset portfolio.
- **Overall,** the Retail segment was affected most by the pandemic, which was overcompensated by the good performance of segments less exposed to the change in economic conditions, and, for this reason, the Group as a whole continued on its dynamic growth path in the first 9 months of the year:
  - **consolidated sales revenues increased by 30%** compared to the same period last year, primarily due to the surplus sales revenues from the heat and electricity generation segment, and as a result of the sales revenues generated this year from investments and acquisitions realized last year. In addition, revenues from the retail electricity and natural gas segments, which were most affected by the crisis, also rose.
  - **consolidated EBITDA increased 58%** 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, as well as from the outstanding performance delivered in the electricity management market by the heat and electricity generation segment controlled by the Control Center.

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 Bábolna **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				
	2020 Q1-Q3	2019 Q1-Q3	Change HUF million	Change %
data in million HUF	non-audited	Comparison, non-audited	over previous year	over previous year
Sales revenues	**23 469**	**17 995**	**5 474**	***30%***
Material expenses	(16 032)	(12 710)	(3 322)	*26%*
Personnel expenses	(2 418)	(2 122)	(296)	*14%*
Depreciation and amortization	(1 941)	(1 545)	(396)	*26%*
Other revenues, expenditures, net	(591)	(364)	(227)	*62%*
Impairment loss	(0)	(82)	82	*(100%)*
Operating profit or loss	**2 487**	**1 172**	**1 315**	***112%***
Net financial profit	(564)	(511)	(53)	*10%*
Profit or loss before taxes	**1 923**	**661**	**1 262**	***191%***
Income tax expenditures	(741)	(298)	(443)	*149%*
Net profit or loss	**1 182**	**363**	**819**	***226%***
from which the owners of the Parent Company are entitled to:	*1 176*	*365*	*811*	*222%*
from which the minority interest is entitled to:	*6*	*(2)*	*8*	*408%*
Base EPS (HUF/share)	**63,09**	**20,61**	**42,48**	***206%***
Diluted EPS (HUF/share)	**60,65**	**19,75**	**40,90**	***207%***
EBITDA*	**4 428**	**2 799**	**1 629**	***58%***
Consolidated comprehensive profit and loss statement				
Net profit	**1 182**	**363**	**819**	***69%***
Other comprehensive profit (after taxes on profits)	**1 766**	**(1 043)**	**2 809**	***159%***
Overall profit	**2 948**	**(680)**	**3 628**	***123%***
from which the owners of the Parent Company are entitled to:	2 948	(678)	3 626	*123%*
from which the minority interest is entitled to:	-	(2)	2	*N/A*

With a sales revenue increase of HUF 5 474 million, EBITDA shows a 58% rise over the preceding year.

Most important changes in operating profit and loss items:

- **Sales revenue increase**: The increase resulted for the most part from the higher revenues generated by the heat and electricity generation segments as well as completed investment projects and acquisitions. In addition, the revenues of the retail electricity and natural gas segments also rose.
- **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 in the short run.

**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 Expenses lines that are used to provide a more detailed elaboration of the EBITDA in the above table.*

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- **Financial profit:** The impact of higher interest-related costs as caused by the increased loan portfolio is mitigated by the refinancing of less-favorable loans refinanced at the end of 2019 under the BGS program, and the revaluation of the Group's EUR-denominated financial assets, receivables and liabilities.
- **Net profit** increased by HUF **819** million (226%) compared to the base period. The growth was mainly the result of operating 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				data in million HUF
	30.09.2020 non-audited	31.12.2019 Comparison, audited	Change HUF million over previous year	Change % over previous year
Non-current assets	**26 335**	**24 537**	**1 798**	**7%**
Current assets	**10 852**	**13 038**	**(2 186)**	**(17%)**
of which, financial assets	*2 848*	*4 848*	*(2 000)*	*(41%)*
TOTAL ASSETS	**37 187**	**37 575**	**(388)**	**(1%)**
			-	
Shareholders' equity	**8 690**	**5 750**	**2 940**	**51%**
Long-term liabilities	**21 982**	**21 759**	**223**	**1%**
of which credit, loans, bonds, leasing	*19 044*	*19 710*	*(666)*	*(3%)*
Short-term liabilities	**6 515**	**10 066**	**(3 551)**	**(35%)**
of which credit, loans, bonds, leasing	*436*	*2 787*	*(2 351)*	*(84%)*
SHAREHOLDERS' EQUITY and LIABILITIES TOTAL	**37 187**	**37 575**	**(388)**	**(1%)**

- **Investments, capital expenditures** In the first three quarters of 2020, three 9 MW capacity gas engines were procured and renovated, allowing the Group to substantially increase its installed capacities involved in regulation, while the reconstruction of the Gibárt Hydropower Plant was – for the most part – also completed. In the rest of the year, an additional 9 MW capacity will be added.
- The change in **Current assets** was impacted by seasonal causes as well as the drop in deposits for hedge positions. The change in the portfolio of financial assets was primarily caused by the aforementioned investments and capital expenditures.
- **Long-term liabilities and short-term loans** showed no substantial changes in the given period beyond repayment of the bond matured in late September.

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

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

data in HUF million	30.09.2020 actual	30.09.2019 non-audited	Change HUF million over previous year	Change % over previous year
Sales revenue	**10 145**	**8 408**	**1 737**	**21%**
Material-type expenditures	-7 165	-6 760	-405	6%
Personnel expenditures	-151	-112	-39	34%
Other revenues and Other expenditures	-680	-377	-302	-80%
EBITDA*	**2 149**	**1 158**	**991**	**86%**

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- The segment's sales revenue increased by 21% (HUF 1 737 million), primarily **on account of outstanding capacity market revenue in Q2 and Q3**. The outstanding capacity market result can be traced back – among other things – to the efficient exploitation of one-off market anomalies caused by Covid.
- Concurrently, the segment's material-type expenditures rose by 6% (HUF 405 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 the 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 in the short run 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 991 million higher EBITDA (+86%)**.

Electricity production (within the subsidized system)

Electricity production (within the subsidized system)

data in HUF million	30.09.2020 actual	30.09.2019 non-audited	Change HUF million over previous year	Change % over previous year
Sales revenue	**2 593**	**1 594**	**1 000**	**63%**
Material-type expenditures	-461	-353	-108	31%
Personnel expenditures	0	0	0	0%
Other revenues and Other expenditures	33	28	5	17%
EBITDA*	**2 166**	**1 270**	**896**	**71%**

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- On October 15, 2020, ALTEO acquired a 100% ownership stake in a 15 MW wind farm, which the Company will show in its reports as of October 1. This brings the Group's electricity production capacity to 65 MW. The Company continues to examine renewable energy investment and development possibilities.
- The segment's **EBITDA increased by HUF 896 million (71%)**, 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	30.09.2020 actual	30.09.2019 non-audited	Change HUF million over previous year	Change % over previous year
Sales revenue	**7 833**	**7 841**	**-7**	**0%**
Material-type expenditures	-5 559	-4 791	-768	16%
Personnel expenditures	-1 774	-1 441	-333	23%
Other revenues and Other expenditures	6	-53	59	112%
EBITDA*	**506**	**1 556**	**-1 050**	**-67%**

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- The sales revenue of Energy Services is at a level similar to the preceding year.
- 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) **is overall at 2019 levels despite Covid-19,** while profit relating to the operation of internal power plants and eliminated in the course of consolidation have dropped on account of changing internal settlements
- Profit/loss on self-implemented investment projects are removed during consolidation. Removed EBITDA on self-implemented projects was HUF 824 million in 2019 and HUF 0 in 2020.

Retail energy trade

Retail energy trade

data in HUF million	30.09.2020 actual	30.09.2019 non-audited	Change HUF million over previous year	Change % over previous year
Sales revenue	**8 533**	**7 038**	**1 495**	**21%**
Material-type expenditures	-8 232	-6 638	-1 594	24%
Personnel expenditures	-74	-56	-18	32%
Other revenues and Other expenditures	48	10	38	365%
EBITDA*	**275**	**354**	**-79**	**-22%**

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- The current **COVID pandemic** had a strong impact primarily on retail energy trade. On account of the drop in consumption by customers due to the pandemic, pre-purchased electricity could only be sold on the prompt market. The effect is further enhanced by the fact that spot market electricity prices dropped considerably as a result of the pandemic. The gas trade business line, primarily on account of its seasonality, was impacted by the pandemic only to a negligible degree.
- The growth of sales revenue from **electricity trade** in the first 9 months of 2020 was exceeded by the rise of related material expenses, as a result of which the profits of the business line dropped by HUF 152 million.
- The **gas trade business line** realized surplus profits of HUF 72 million, mainly as the result of substantial portfolio growth, compared to the same period in the previous year.

Other activities not assigned to segments

Other segments

data in HUF million	30.09.2020 actual	30.09.2019 non-audited	Change HUF million over previous year	Change % over previous year
Sales revenue	**333**	**303**	**31**	**10%**
Material-type expenditures	-410	-372	-38	10%
Personnel expenditures	-591	-638	47	-7%
Other revenues and Other expenditures	-1	-8	7	83%
EBITDA*	**-669**	**-715**	**46**	**6%**

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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.
- The savings observed on personnel expenditures are primarily linked to one-off personnel changes in 2019.

THANK YOU FOR YOUR ATTENTION

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