



Investor Presentation on the bond issue by ALTEO planned under the BGS



Another BGS bond issue

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- **Purpose:** Partially financing the investment plan of the strategy announced in November 2019, the continued optimization of cost of capital as well as general corporate financing.
- International credit rating agency Scope – also taking the currently planned bond issue into account – has confirmed its BBB- rating, one of the best ratings any Hungarian company was assigned by an international ratings agency.
- A business model sufficiently resistant to the current COVID-induced economic crisis, with considerable growth potential
- Substantial growth in H1 relative to last year, thanks to the good performance of the existing portfolio and the maturation of investments/capital expenditures:
 - *Sales revenue:* +33%
 - *EBITDA:* +48%
 - *Net profit/loss:* +120%

Consolidated profit and loss statement				
	2020 H1	2019 H1	Change	Change
<i>data in HUF million</i>	non-audited	Comparison, non-audited	HUF million over previous year	% over previous year
Sales revenues	16,164	12,116	4,048	33%
Material-type expenditures	(10,937)	(8,407)	(2,530)	30%
Personnel expenses	(1,557)	(1,291)	(266)	21%
Depreciation and amortization	(1,303)	(908)	(395)	44%
Other revenues, expenditures, net	(532)	(296)	(236)	(80%)
Impairment loss	-	(80)	80	(100%)
Operating profit or loss	1,834	1,134	700	62%
Net financial profit	(312)	(361)	49	(14%)
Profit or loss before taxes	1,522	773	749	97%
Income tax expenditures	(458)	(290)	(168)	58%
Of which: local business tax expenditures	(270)	(191)	(78)	41%
Net profit/loss	1,064	483	581	120%
EBITDA*	3,137	2,123	1,014	48%

Statement of financial position and maturity structure

Long-term financing dominates

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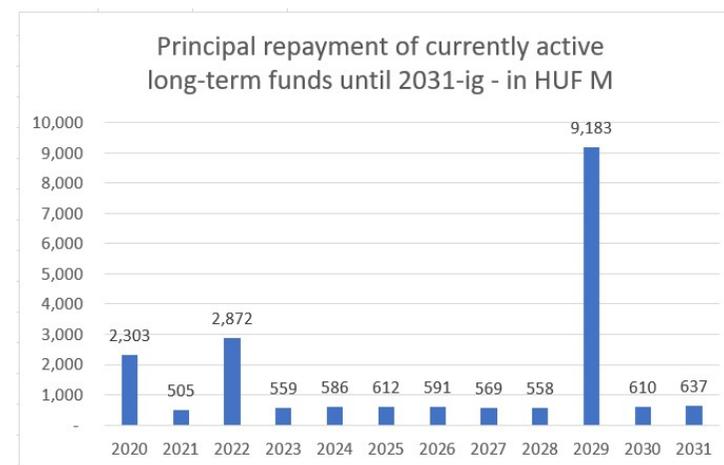
Consolidated balance sheet

	6/30/2020	12/31/2019	Change	Change
<i>data in HUF million</i>	non-audited	audited	HUF million	%
Non-current assets	25,769	24,537	1,232	5%
Current assets	12,069	13,038	(968)	(7%)
<i>of which, financial assets</i>	3,968	4,848	(880)	(18%)
TOTAL ASSETS	37,838	37,575	263	1%
Shareholders' equity	7,587	5,750	1,837	32%
Long-term liabilities	22,014	21,759	255	1%
<i>of which credit, loans, bonds, leasing</i>	19,904	19,710	194	1%
Short-term liabilities	8,237	10,066	(1,829)	(18%)
<i>of which credit, loans, bonds, leasing</i>	2,862	2,787	75	3%
SHAREHOLDERS' EQUITY and LIABILITIES TOTAL	37,838	37,575	263	1%

- Long-term funds dominate, in line with the return on energy assets
- Robust investment activity
- Long-term target capital structure: 30% equity, 70% net credit (credit – cash)

Portfolio of active credits and bonds as at 12/31/2019

Name	Financing party	Frequency of repayments	Nominal liabilities 12.31.2019	Value	Maturity date
ALTEO Nyrt NKP 2029		Interest payment per annum, bullet	8,600	HUF M	10/28/29
ALTEO 2022/II		zero coupon	1,694	HUF M	6/7/2022
ALTEO 2022/I		zero coupon	650	HUF M	1/10/2022
ALTEO 2020/I		Interest payment per annum, bullet	2,150	HUF M	9/30/2020
e-WIND Kft.	MTB	quarterly	301	HUF M	11/30/26
Soproni Erőmű Kft.	K&H	quarterly	407	HUF M	9/30/2025
Monsolar Kft.	MKB	six-monthly	621	HUF M	6/30/2033
IT-Solar Kft.	MKB	six-monthly	629	HUF M	6/30/2033
Péberény Kft.	K&H	quarterly	2,109	HUF M	9/30/2034
Domaszék Kft.	OTP	quarterly	575	HUF M	6/30/2033
F.SZ. Energia Kft	K&H	quarterly	1,434	HUF M	9/30/2034
True Energy Kft.	K&H	quarterly	1,444	HUF M	9/30/2034



2020 repayment also includes the repayment of the 2020/I bond with a principal of HUF 2.15 billion maturing on 9/30/2020, which will be taking place prior to the planned bond issue.

Key elements of ALTEO's strategy

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Priority strategic objectives

- Realizing investments of up to HUF 20 bn by 2024
- Being the 'largest among small players' with regard to every link in the energy services value chain
- Significant expansion of the large corporate services client portfolio
- Retaining the credit rating (BBB-) of our bonds

Business line strategies

- **Energy Production and Control Center:**
 - Continuous real-time production management and optimization
 - Capacity expansions (both renewable and cogeneration assets, see 9+9 MW gas engine expansion + 15 MW wind farm acquisition in progress)
 - IT developments/enhancements: digitalization and artificial intelligence, focus on RDI
 - Developing production forecasts for renewables
- **Energy Services:**
 - Large-scale industrial energy services contracts
 - Becoming the No. 1 independent gas engine repair service provider
 - General contracting, operation and maintenance in respect of renewables
- **Energy trading:**
 - Exploiting customer acquisition opportunities
 - Entering the natural gas wholesale market
 - Selling ALTEO's green electricity capacities
- **Other business lines:**
 - Taking on strategic positions (minor initial investments, 'ready-to-ponce' state should it be set in motion):
 - Waste management, e-mobility, METÁR renewable power plant developments

ALTEO NKP/2031 – Planned bond terms*

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Term	11 years (October 8, 2020 - October 8, 2031)
Issue volume	maximum HUF 3,8 bn (the Issuer may deviate downwards from the announced volume)
Type of offering	Public bid for securities – exempted from disclosure of a prospectus – , BSE MMTS1 auction with competing bids
Time and date of auction	October 6, 2020, 10:00 a.m. to 11:00 a.m.
Bond rating	BBB- (Scope Ratings) → investment grade
Bond type	Non-subordinated, unsecured
Investor group	At least 10 qualified investors – including the MNB – are invited as per BGS requirements
Currency and face value	HUF 50,000,000 / 1 Bond
Interest	Fixed, 2.45% p.a. – interest payment starts from October 8, 2021, on October 8 of each year, including the day of maturity
Maximum yield	5.10% (during the auction, counter-bids must be submitted in prices)
Bond repayment	In 5 installments starting from October 8, 2027: October 8, 2027: HUF 5,000,000 / 1 Bond October 8, 2028: HUF 5,000,000 / 1 Bond October 8, 2029: HUF 5,000,000 / 1 Bond October 8, 2030: HUF 5,000,000 / 1 Bond October 8, 2031: HUF 30,000,000 / 1 Bond
Stock exchange listing	Registration on the BSE XBond MTF market within 180 days of issue
Market making	Mandatory market making by Erste Bank Hungary Zrt. during the term of the Bond in line with BGS and BSE regulations (min. 1 Bond; 200-basis-point yield spread; two-way bids held for 15 minutes)
Covenants	See next slide

* This document does not contain the comprehensive details of the planned Bond terms. The Bond terms set out in the finalized Information Memorandum related to the issue may be amended as compared to the contents of this document.

ALTEO NKP/2031 – Planned bond terms

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Covenants / extraordinary redemption events:

- The Bonds represent direct, unconditional, non-subordinated and unsecured obligations of the Issuer. The Bonds all have identical priority, as well as the same priority as any other unsecured, non-subordinated bond obligations the Issuer may have at any given time (except for any obligations with a higher priority based on statutory requirements). Any violation of this obligation must be remedied by the Issuer within 6 months. After the expiry of this 6-month period, the Issuer must redeem the Bonds at their face value plus any accrued interests not yet paid **(pari passu)**
- Furthermore, the Issuer agrees not to issue collateralized bonds which would have a higher priority than Bond claims until its liabilities arising from the bonds have been fully settled. Any violation of this obligation must be remedied by the Issuer within 6 months. After the expiry of this 6-month period, the Issuer must redeem the Bonds at their face value plus any accrued interests not yet paid **(negative pledge)**
- In the event of any default by the Issuer exceeding 90 days from the due date with respect to any of its Bonds, the Issuer must promptly redeem the Bonds at their face value plus any accrued interests not yet paid **(non-payment + cross default)** upon expiry of this 90-month period
- If the rating of Bonds falls below B+, but it is still at least B-, and the Bonds are not upgraded to B+ over the next 2 years, after the expiry of this 2-year period, the Issuer must redeem the Bonds at their face value plus accrued interests not yet paid. If the rating of Bonds is downgraded to CCC or lower, the Issuer must redeem the Bonds at their face value plus accrued interests not yet paid **(downgrading of external credit rating)**

Preliminary schedule of Bond issue

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Additional information:

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- Scope Monitoring note: <https://www.scoperatings.com/#search/research/detail/164692EN>
- H1 2020 Report of ALTEO Nyrt. and its Subsidiaries:
https://bet.hu/newkibdata/128454908/ALTEO%20konzolid%C3%A1lt%20Manncom%202020_I.f%C3%A9l%C3%A9v_hu.pdf
- Other news and reports on the BSE website
[https://bet.hu/oldal/ceg_adatlap/\\$issuer/3353](https://bet.hu/oldal/ceg_adatlap/$issuer/3353) or <https://alteo.hu/befektetoknek/az-alteo-nyrt-kozlemenyei/> or the kozzetetelek.hu website.
- Strategic presentation concerning ALTEO Group for the period between 2020 and 2024
https://alteo.hu/wp-content/uploads/2019/11/ALTEO_Vallalati_strategia.pdf



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THANK YOU FOR YOUR ATTENTION!