



AUDITED CONSOLIDATED FINANCIAL RESULTS FOR 2023

AS “AUGSTSPRIEGUMA TĪKLS”

PRESENTATION FOR INVESTORS
IN WEBINAR FORMAT
LATVIA, RIGA
MAY 2024



SPEAKERS



Rolands Irklis
Chairman of the Board



Gatis Junghāns
Member of the Board



ABOUT AST GROUP

AST



Klimata un enerģētikas
ministrija

OWNED BY MINISTRY OF
CLIMATE AND ENERGY OF
REPUBLIC OF LATVIA



PUBLIC
UTILITIES
COMMISSION
OF LATVIA

REGULATED PUBLIC SERVICE PROVIDER
WACC 2.72%
RAB 432.7mEUR

A-

LONG-TERM
CREDIT RATING
from S&P Global
Ratings



SUSTAINABILITY INDEX
GOLD AWARD



GREEN BOND 100 m Emitted 2021, Maturity Q1 2027



5 555 km
TRANSMISSION LINES



141
SUBSTATIONS

6 024 GWh
TRANSMITTED ELECTRICITY TO USERS IN **2023**

SHAREHOLDER OF



BALTIC RCC **33.333%**
BALTIC REGIONAL COORDINATION CENTER

conexus
B A L T I C G R I D

68.46%

BBB+

S&P Global Ratings



2.3 Bcm
GAS STORAGE INČUKALNS

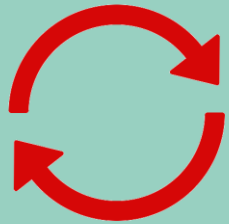


1 190 km
GAS TRANSMISSION SYSTEM

29.1 TWh
TRANSMITTED GAS **2023**

AST 2023

MAIN PRIORITIES



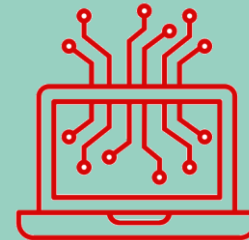
SAFE ELECTRICITY GRID OPERATIONS

Synchronization
Readiness to emergencies
Cybersecurity



GREEN TRANSFORMATION

Renewable Capacity
Connections including Onshore and Offshore Wind Parks
Green Substations



DIGITAL TRANSFORMATION

Change Management
Process Improvements
Operations IT Integration



EMPLOYEE ENGAGEMENT AND DEVELOPMENT

Skills and Experience in changing environment
Digital Proficiency

ACCOMPLISHED MILESTONES AND MAIN EVENTS IN 2023

Synchronization & Investments in infrastructure

- ✓ Baltic TSO signs cooperation agreement to prepare synchronization with continental Europe in February 2025
- ✓ Completed Valmiera-Tartu (EE) transmission line, part of synchronization. Reconstruction of the Valmiera-Tsirgulina interconnection started
- ✓ The construction of the first high-power synchronous machine (compensator station) has begun
- ✓ Development of Baltic balancing market and integration within EU
- ✓ Approved by Regulator Electricity Transmission System Development Plans for the period from 2024 to 2033
- ✓ CBG finished activities in ELLI Project, LV-LT Gas interconnection upgrade
- ✓ CBG borehole reconstructions, 3 compressor modernizations in Inčukalns underground gas storage

ACCOMPLISHED MILESTONES AND MAIN EVENTS IN 2023

EU Funding / Tariff

- ✓ Regulator Approves the electricity transmission tariff, which came into force from July
- ✓ Signed contract for Synchronization Phase 2: EU co-financing under the CEF and RePower structural funds
- ✓ Modernisation of electricity transmission and distribution networks, co-financing under RRF

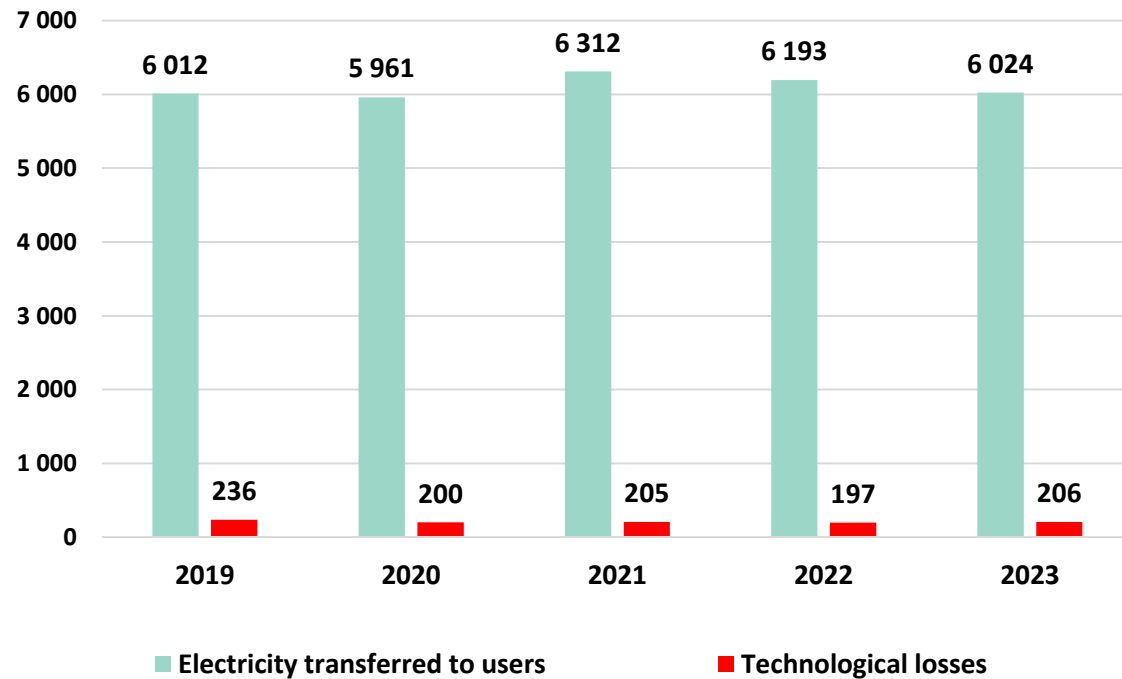
Sustainability

- ✓ Green substation project – project implementation started; procurement of green equipment completed
- ✓ Production of renewable electricity - connections to the transmission system
- ✓ CBG started to create a common position for the integration of biogas and hydrogen in transmission networks
- ✓ CBG carried out modernization of gas pumping and storage infrastructure

ELECTRICITY TRANSMITTED TO USERS

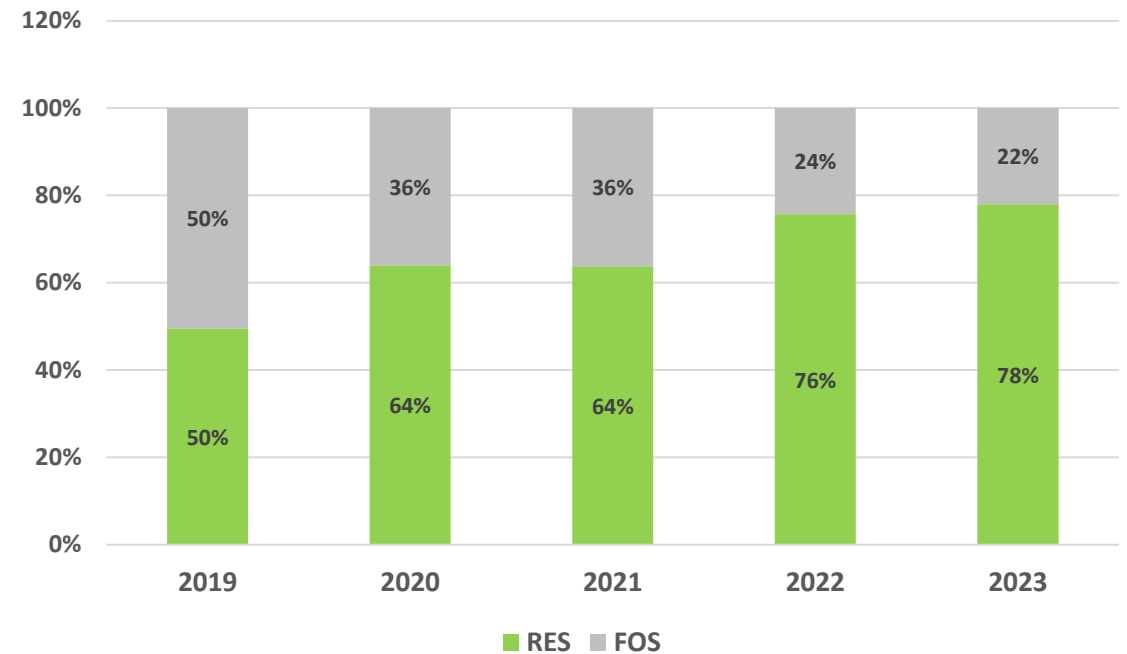
The amount of electricity transmitted to users has remained stable over the 5-year period

Transmitted Electricity by AST, GWh



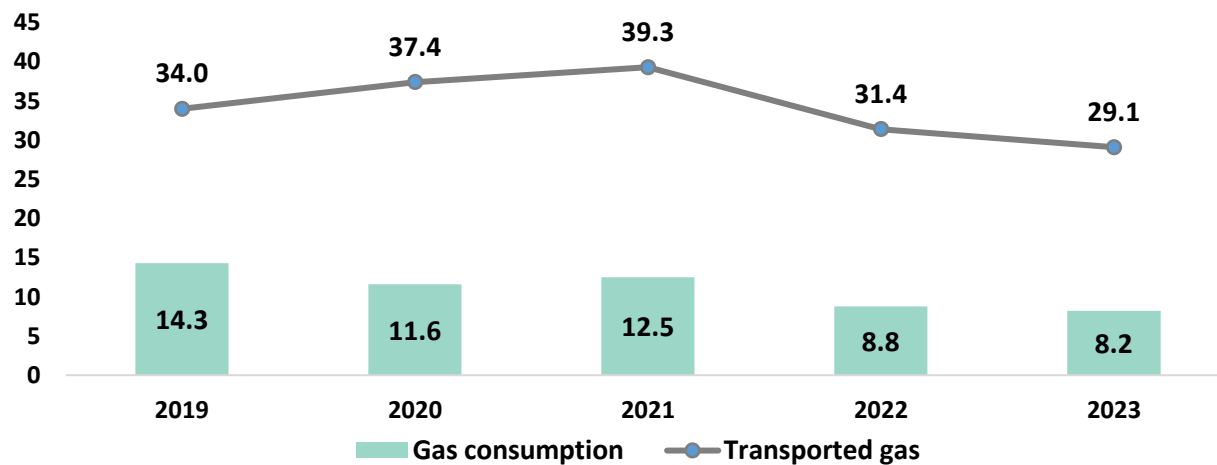
Proportion of renewable generated electricity in Latvia increases

Electricity generated in Latvia by their type

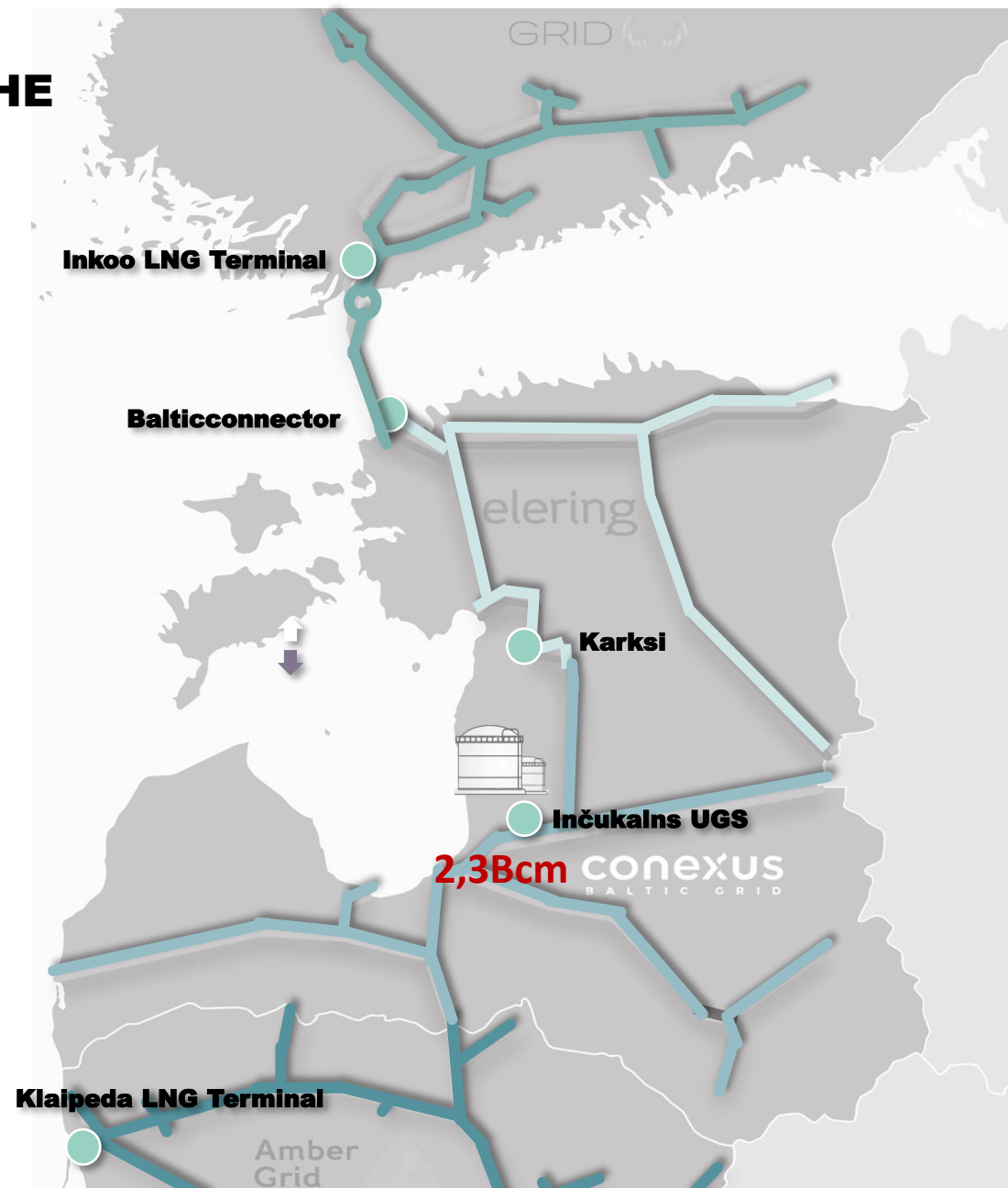
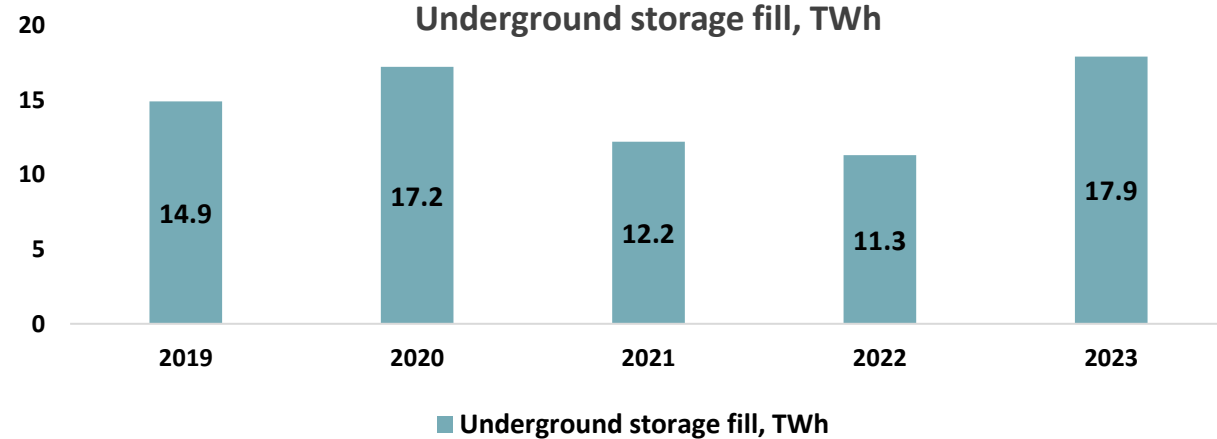


LARGEST AMOUNT OF NATURAL GAS STORED IN THE LAST FIVE YEARS.

Transported gas, TWh



Underground storage fill, TWh

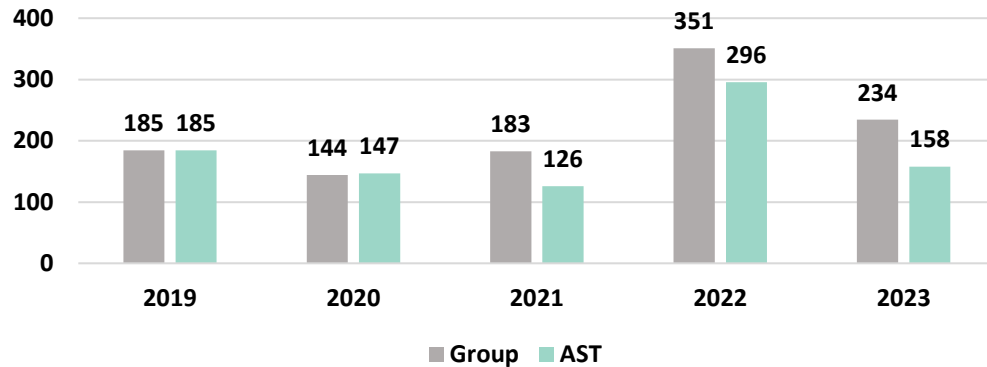




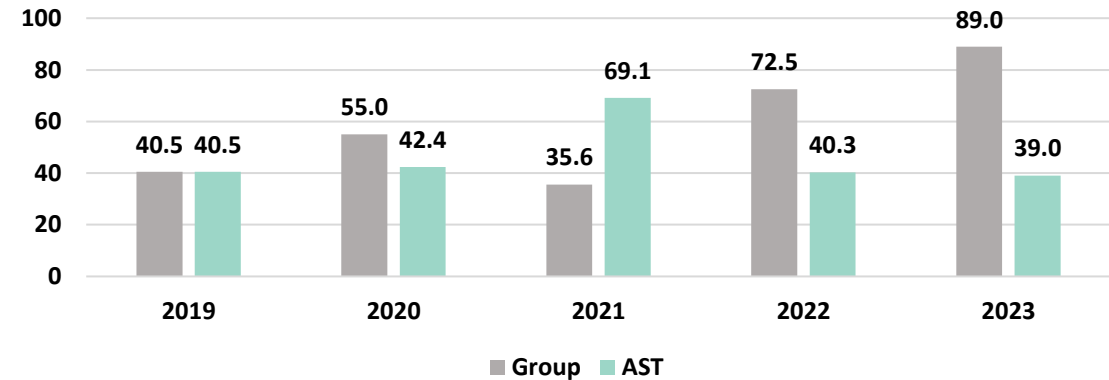
GROUP FINANCIAL HIGHLIGHTS

AST AND GROUP'S KEY FINANCIAL FIGURES

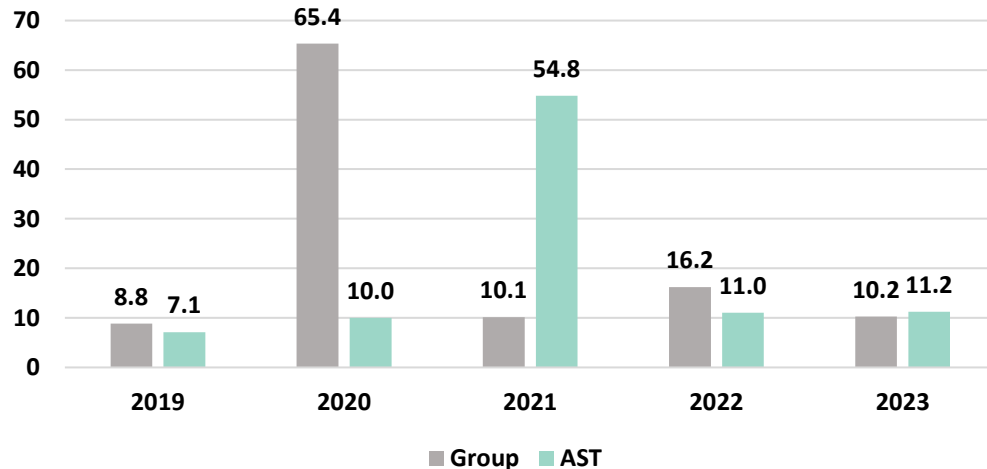
Revenue, mEUR



EBITDA, mEUR



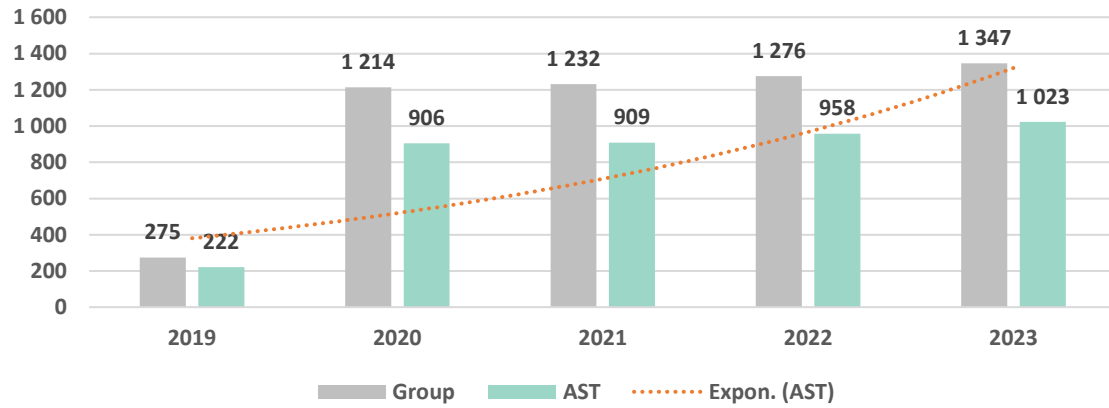
Profit after tax, mEUR



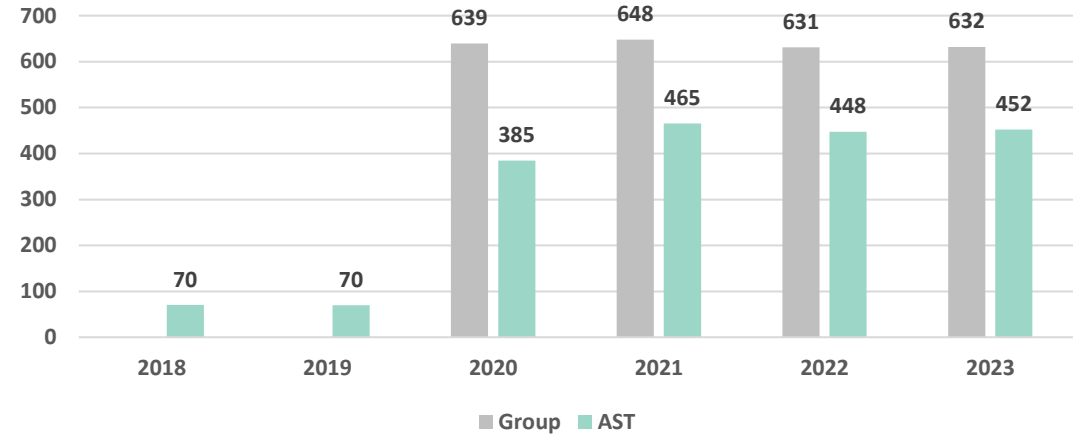
- ✓ Reduction in Revenue due to electricity price stabilization in the market, which is used for balancing service and is EBITDA neutral
- ✓ AST used 14.1 mEUR of Congestion Revenue to cover the costs of electricity transmission system services
- ✓ Group's EBITDA has increased to 89 mEUR in 2023 vs 72.5 mEUR year ago
- ✓ Group's profit decreased to 10.2 mEUR vs 16.2 mEUR year ago – due to revised asset fair value, additional impairment charge of 23.5 mEUR recognized in Depreciation and amortisation

AST AND GROUP'S CAPITAL STRUCTURE

Assets, mEUR



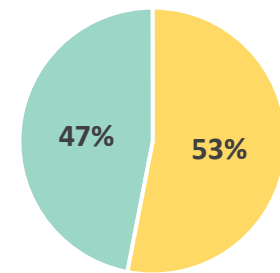
Equity, mEUR



Borrowings, mEUR

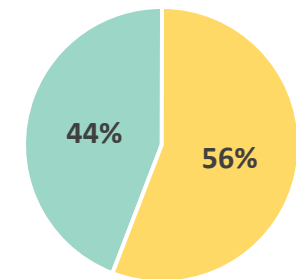


Capital structure - Group



■ Equity ■ Liabilities

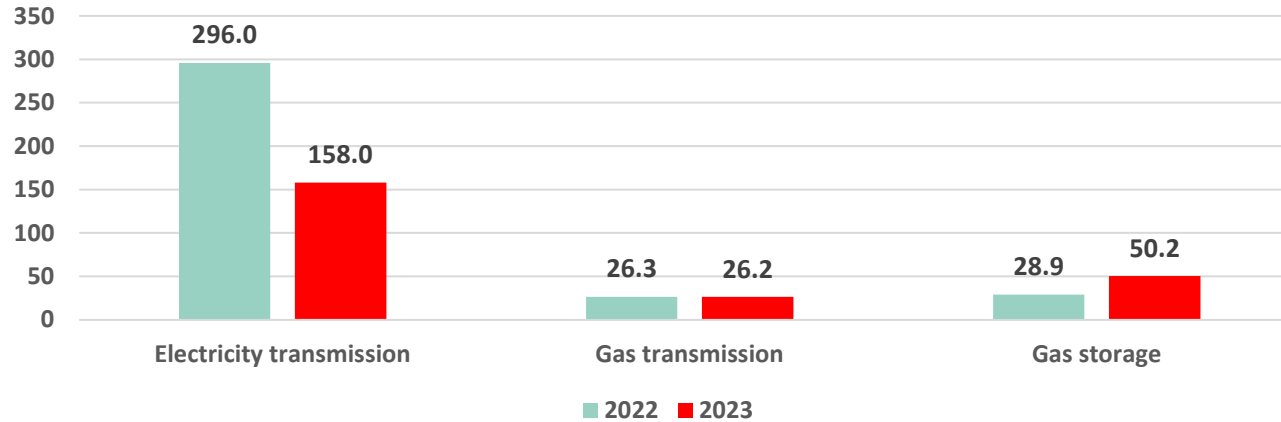
Capital structure - AST



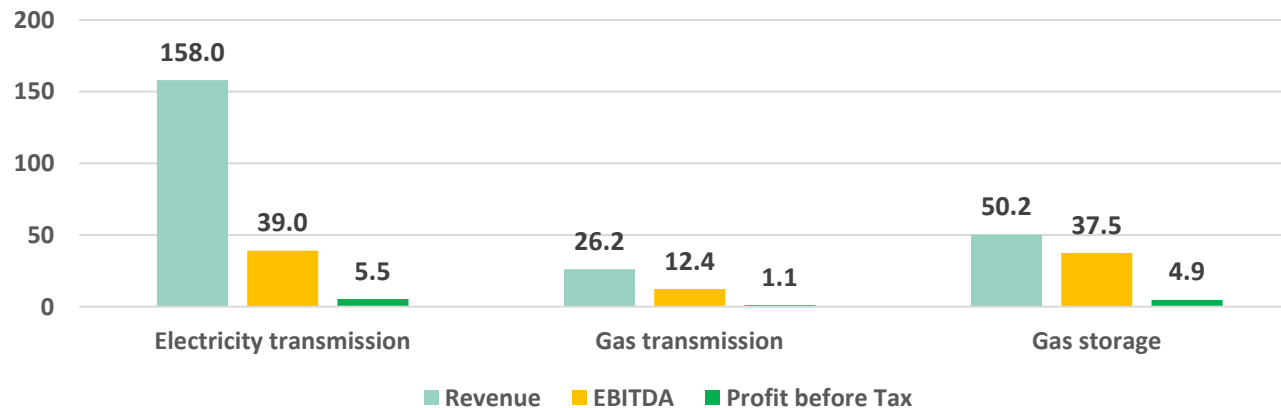
■ Equity ■ Liabilities

KEY FINANCIAL INDICATORS PER SEGMENT 2023

Revenue per segment, mEUR

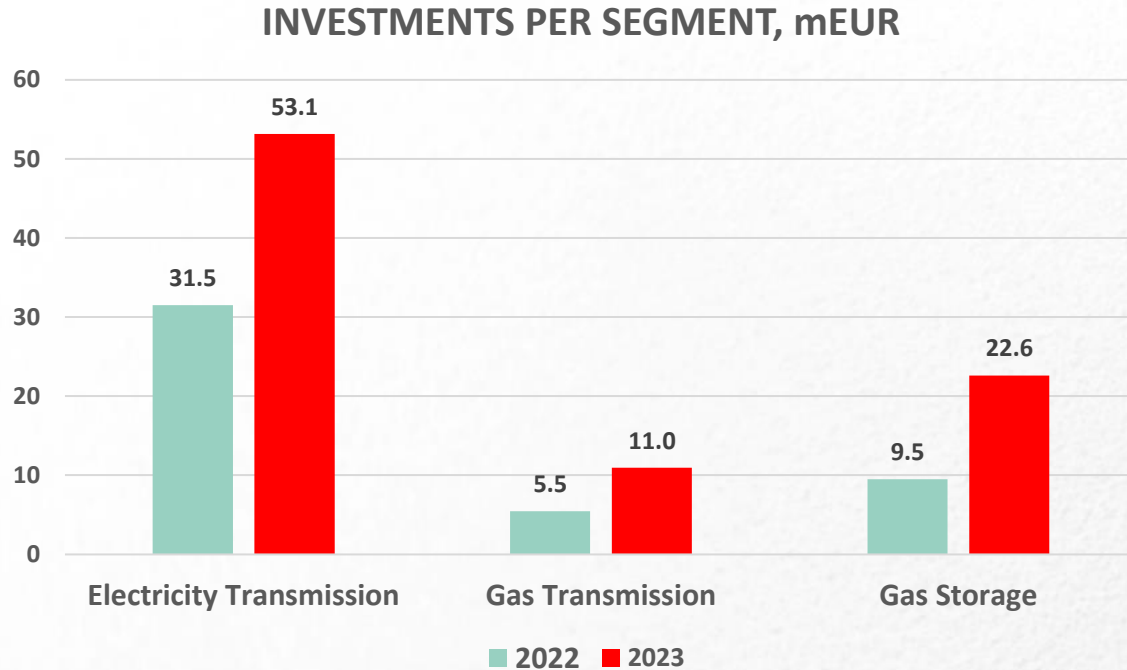


Key Financial Indicators by segment in 2023, mEUR



- ✓ Revenue in electricity transmission has decreased due to reduction in balancing electricity position, mostly due to lower electricity price in 2023 vs year ago
- ✓ Revenue in Gas transmission segment in 2023 without major changes compared to the year before, but storage has increased due to the high demand for storage capacity - 24.4 TWh in 2023./2024. season (24.1 TWh in 2022./2023.) and successful auctioning of storage capacities, which resulted in an effective premium rate
- ✓ Congestion Income of 14.1 mEUR was used to cover the costs associated with the provision of electricity transmission grid services and recording a profit of 5.5 mEUR vs 4.4 mEUR year ago
- ✓ Gas transmission segment profit has decreased to 1.1 mEUR vs 2.6 mEUR year ago, gas storage segment profit has decreased to 4.9 mEUR from 11.1 mEUR year ago due to asset fair value impairment

CAPITAL INVESTMENTS PER SEGMENT



The largest projects in the Electricity Transmission segment:

- ✓ Synchronization projects: 34 mEUR
- ✓ EPL Valmiera – Tartu, completed, put into operation
- ✓ Synchronization equipment, completed procurement for the purchase of batteries (agreement signed 02'2024), construction has started
- ✓ Substation reconstruction 19 projects: 8 mEUR

The largest projects in the Gas Transmission segment:

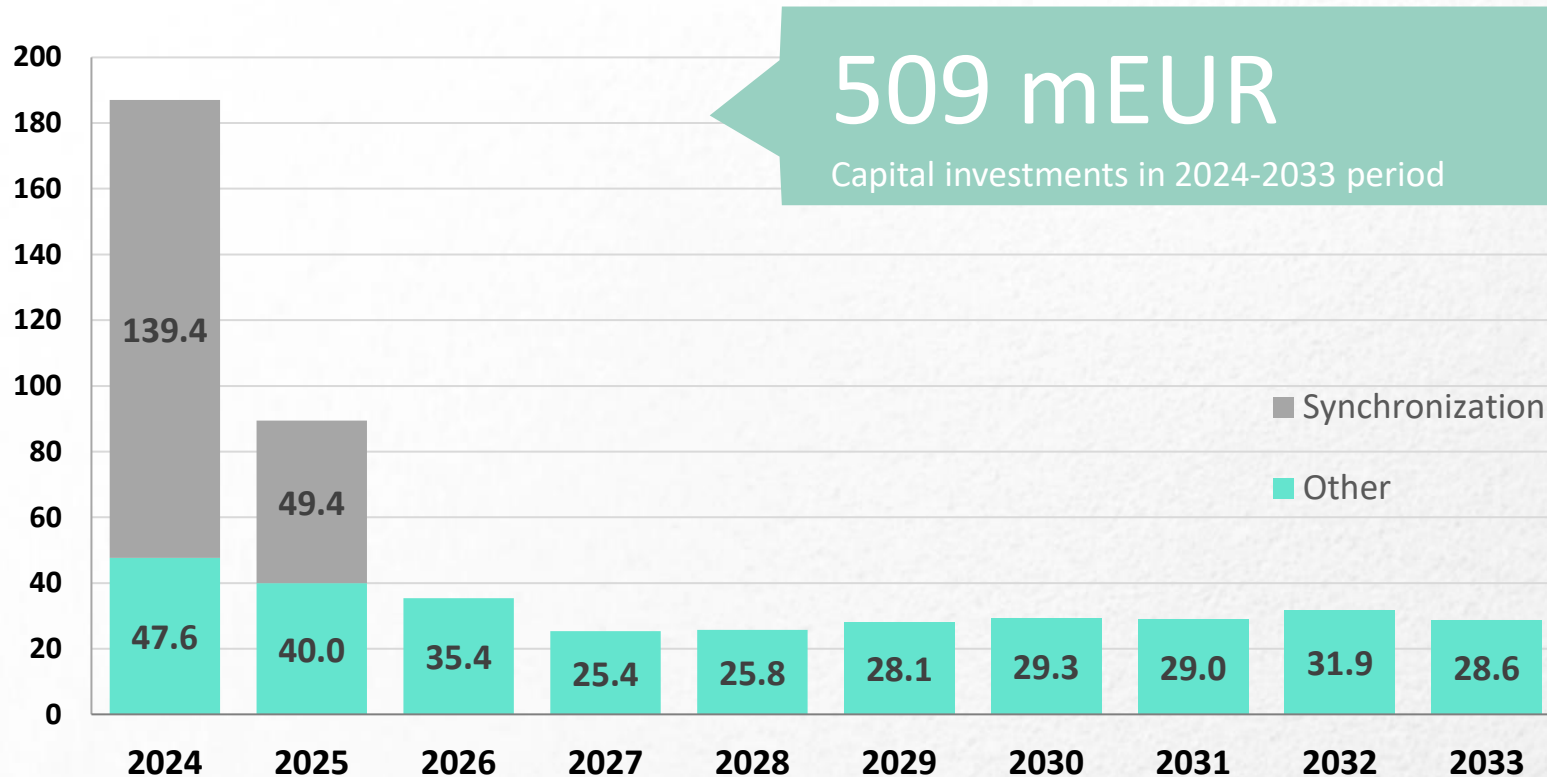
- ✓ LV-LT Interconnection (ELLI) project, completed
- ✓ Gas infrastructure maintenance

The largest project in the Gas Storage segment:

- ✓ Underground storage modernization projects
- ✓ Existing compressor and gas pumping modernisation

INVESTMENTS AS PER 10-YEAR DEVELOPMENT PLAN

CAPITAL INVESTMENTS IN ELECTRICITY TRANSMISSION SYSTEM, mEUR



PLANNED MAJOR INVESTMENTS

Synchronization Phase 1 and Phase 2, forecasted total investment 238.7 mEUR

- ✓ Reconstruction of two existing EE-LV interconnections
- ✓ 3 Synchronous compensators - in Ventspils, Grobiņa and Līksna
- ✓ Frequency regulation equipment (Battery Energy Storage System – BESS)
- ✓ Additional equipment for the technical requirements set by ENTSO-E

Estimated to be completed by 2025

FINANCIAL RATIOS AND BORROWINGS

Ratios	AST	Group	
Borrowings, mEUR	100.4	179.9	AST GREEN BOND - 100 mEUR 01/2027 OVERDRAFT - 10 mEUR (NOT USED) 12/2025
Cash and short-term deposits, mEUR	31.9	44.9	
Net borrowings, mEUR	68.4	135.0	
Equity, (≥35%)	44 %	47 %	CONEXUS LOANS - 79.5 mEUR OVERDRAFT - 65 mEUR (NOT USED) COMMITTED LOAN - 45 mEUR FOR 2023
Net borrowings / EBITDA, (≤ 5.0)	1.8	1.5	
Total Liquidity (≥1.2)	1.6	1.3	
Fixed rate borrowings	100 %	71 %	

- ✓ All financial conditions included in the commitment agreements are fulfilled
- ✓ Available credit line to ensure liquidity



DEVELOPMENT PLANS

HIGHLIGHTS

ELECTRICITY TRANSMISSION

- ✓ SYNCHRONIZATION WITH THE POWER SYSTEM OF CONTINENTAL EUROPE
- ✓ FACILITATING RENEWABLE ELECTRICITY GENERATION - CONNECTIONS TO THE TRANSMISSION SYSTEM
- ✓ DEVELOPMENT OF ELECTRICITY AND BALANCING MARKETS
- ✓ LONG-TERM DESIGN OF ELECTRICITY TRANSMISSION SYSTEM
- ✓ DIGITAL TRANSFORMATION PROGRAM

GAS TRANSMISSION AND STORAGE

- ✓ UPGRADE OF INČUKALNAS UDERGROUND GAS STORAGE
- ✓ BIOMETHANE INJECTION POINTS AND GUARANTEES OF ORIGIN
- ✓ NORDIC-BALTIC HYDROGEN CORRIDOR

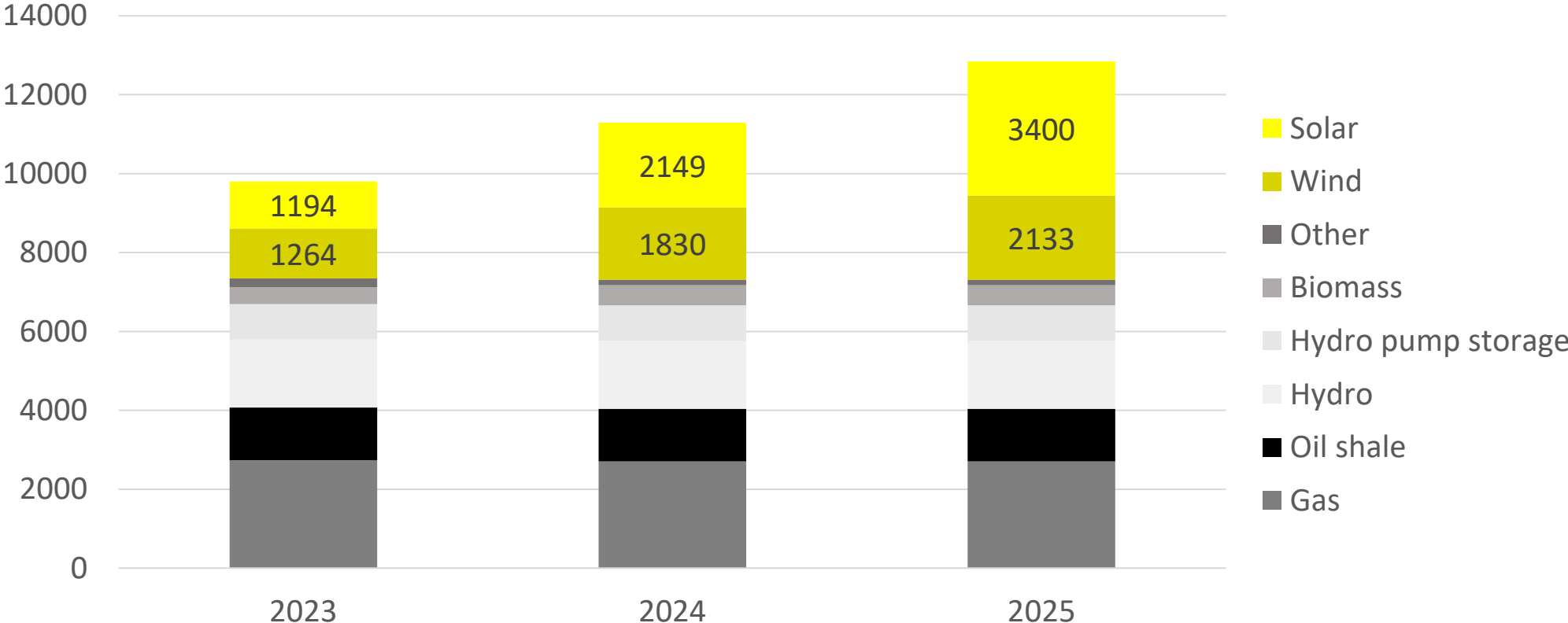
SYNCHRONIZATION PROJECT

- ✓ Baltic TSOs shall be ready to ensure the balancing and frequency control of the Baltics
- ✓ Operation of Baltics balancing market in "island mode" shall be considered
- ✓ Reserve capacity shall be sufficient to cover the usual imbalance volumes and the biggest incident ± 700 MW of Baltic LFC



STRONG GROWTH OF SOLAR AND WIND GENERATION

Installed production capacity in Baltics in the beginning of year, MW

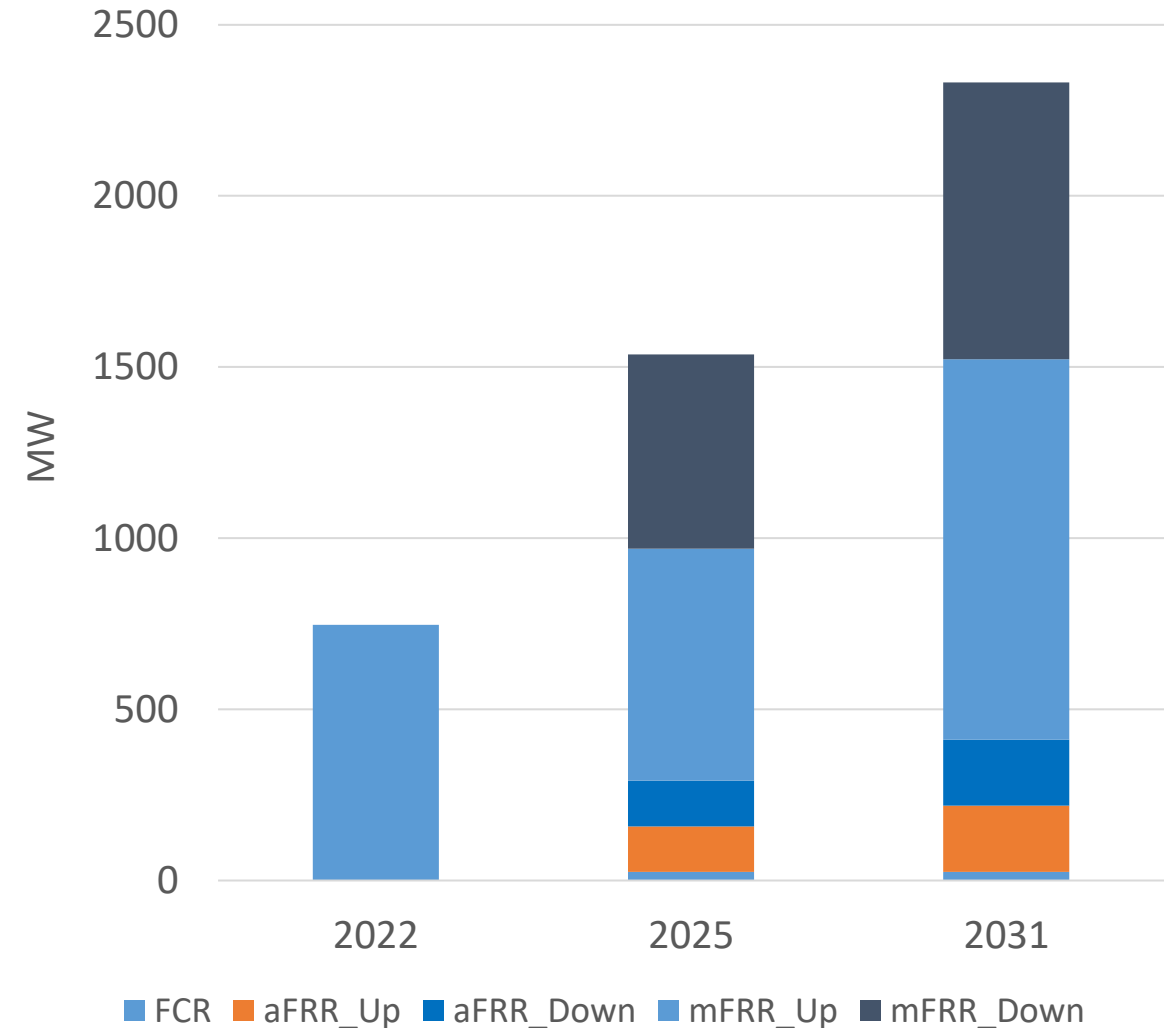


ESTIMATED BALANCING CAPACITY NEEDS

Reserve dimensioning is the process of determining reserve demand to support a secure power system operation

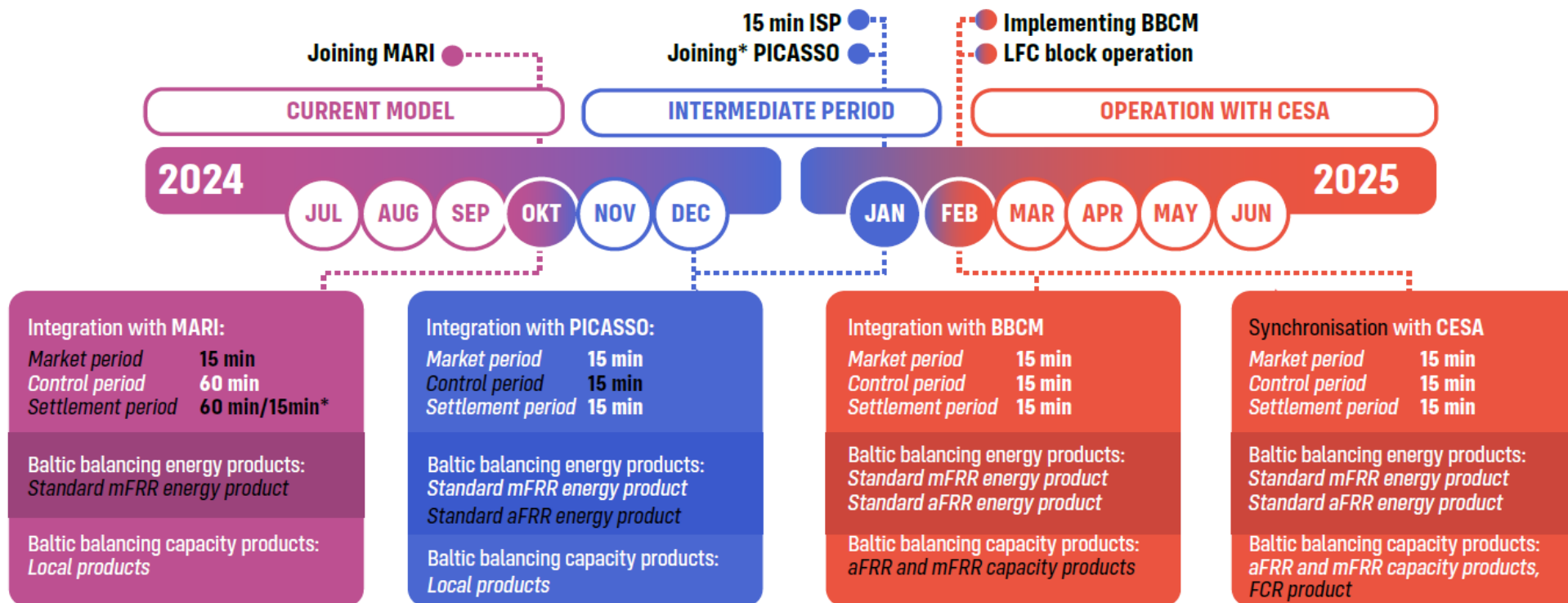
- ✓ FCR dimensioning is based on the country's product and consumption share of the total consumption and production of electricity in CESA and distributed proportionally
- ✓ FRR dimensioning is based on statistical imbalances and the sizes of reference incidents

The necessary balancing capacity needs to increase with the increase of power generated from renewable energy sources due to their volatility



BALTIC BALANCING ROADMAP

Foreseen developments and changes until 2026*



*Settlement period transition in accordance to local implementation plans

* Litgrid will join PICASSO earlier in December 2024



*The above milestones and deadlines indicate the best estimate of dates and are elaborated in the Baltic balancing roadmap text above.

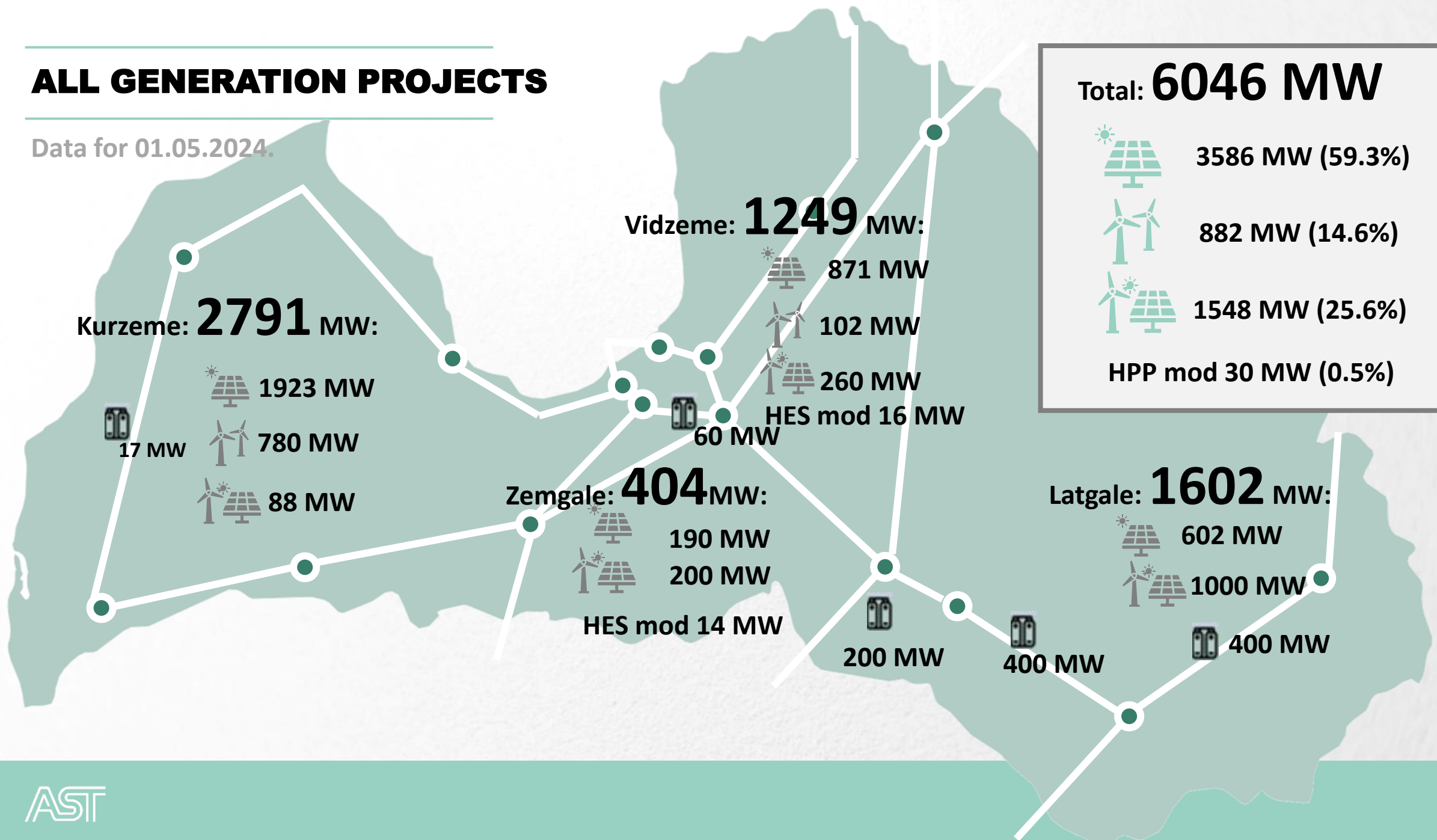
DEVELOPMENT OF ELECTRICITY MARKET



Today

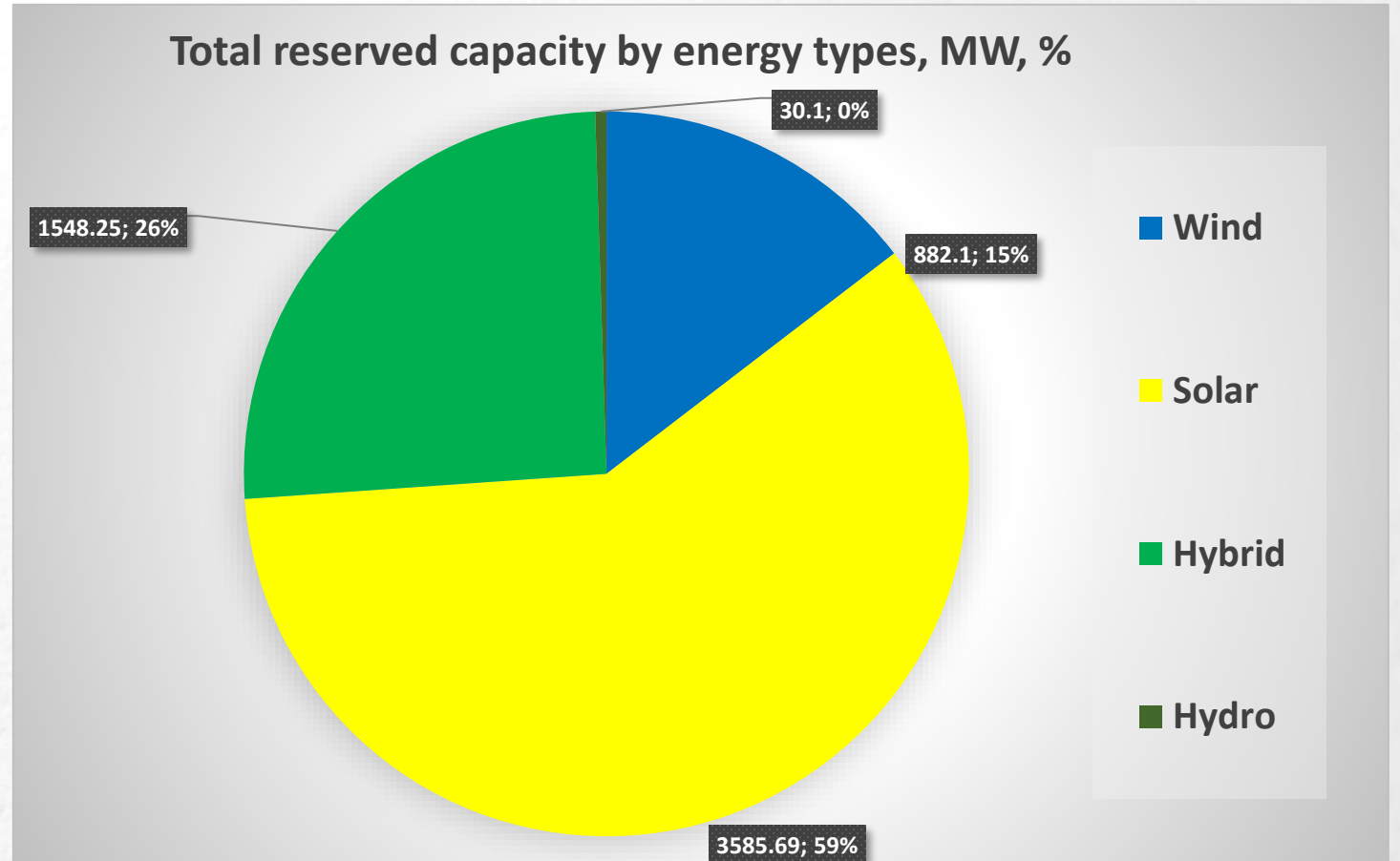
ALL GENERATION PROJECTS

Data for 01.05.2024.

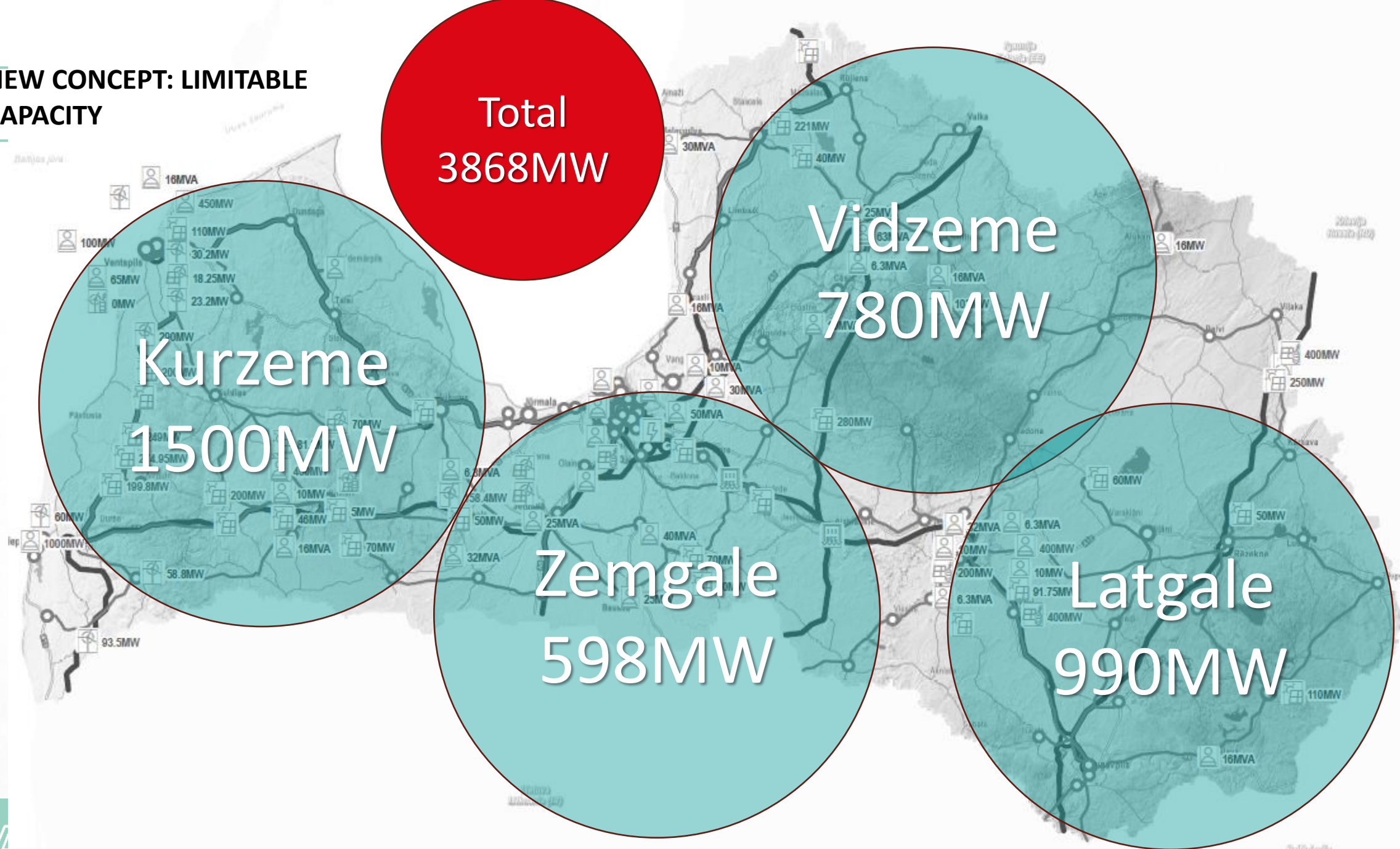


SITUATION ON 05.2024

- ✓ Reserved capacity: **6046.14 MW**
- ✓ Signed connection agreements: **44 projects**
- ✓ Construction phase (construction decisions made): **6 projects**
- ✓ 25 project developers intend to make construction decisions during 2024.



**NEW CONCEPT: LIMITABLE
CAPACITY**



Total
3868MW

Kurzeme
1500MW

Vidzeme
780MW

Zemgale
598MW

Latgale
990MW

PROSPECTIVE DEVELOPMENT PROJECTS OF THE ELECTRICITY TRANSMISSION SYSTEM

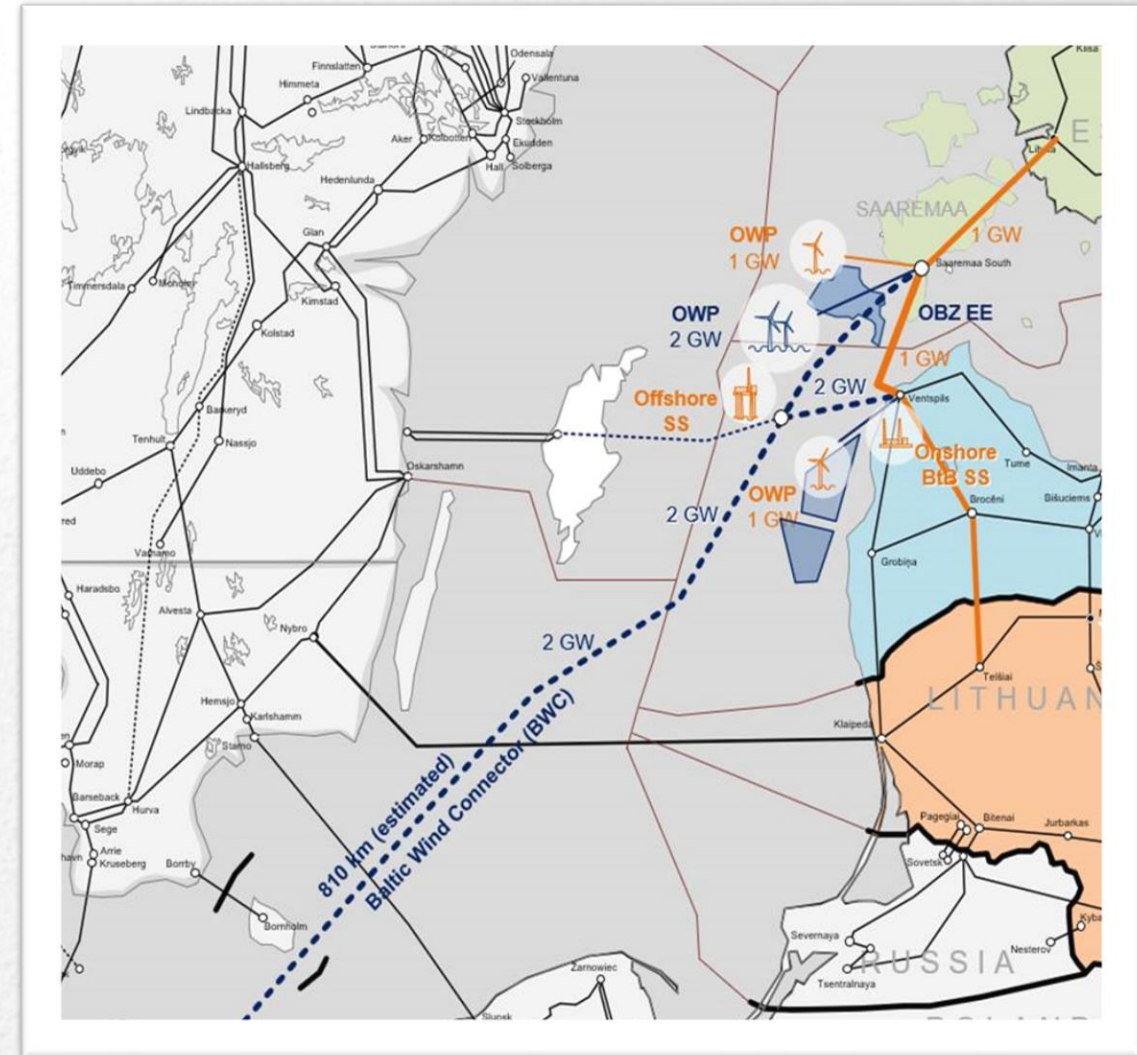
OFFSHORE WIND PARKS, with the development of offshore wind farms in the sea, TSO will also have to develop electricity transmission system, ensuring the connection of offshore wind power plants

DEVELOPMENT OF OFFSHORE ELECTRICAL TRANSMISSION INFRASTRUCTURE OF THE BALTIC SEA REGION:

LATVIAN-SWEDISH INTERCONNECTION (LASGO), infrastructure in the synchronization mode of the Baltic States with the continental European electricity system

ESTONIA-LATVIA INTERCONNECTION (ELWIND), a joint Latvian and Estonian transnational offshore wind farm project

BALTIC-GERMAN INTERCONNECTION (BALTICWIND CONNECTOR PROJECT), in May 2023 the TSOs of the Baltic States, Elering, AST and Litgrid signed a multilateral memorandum of understanding with the German TSO "50Hertz" for the establishment of an electricity transmission interconnection in the Baltic Sea





QUESTIONS & ANSWERS

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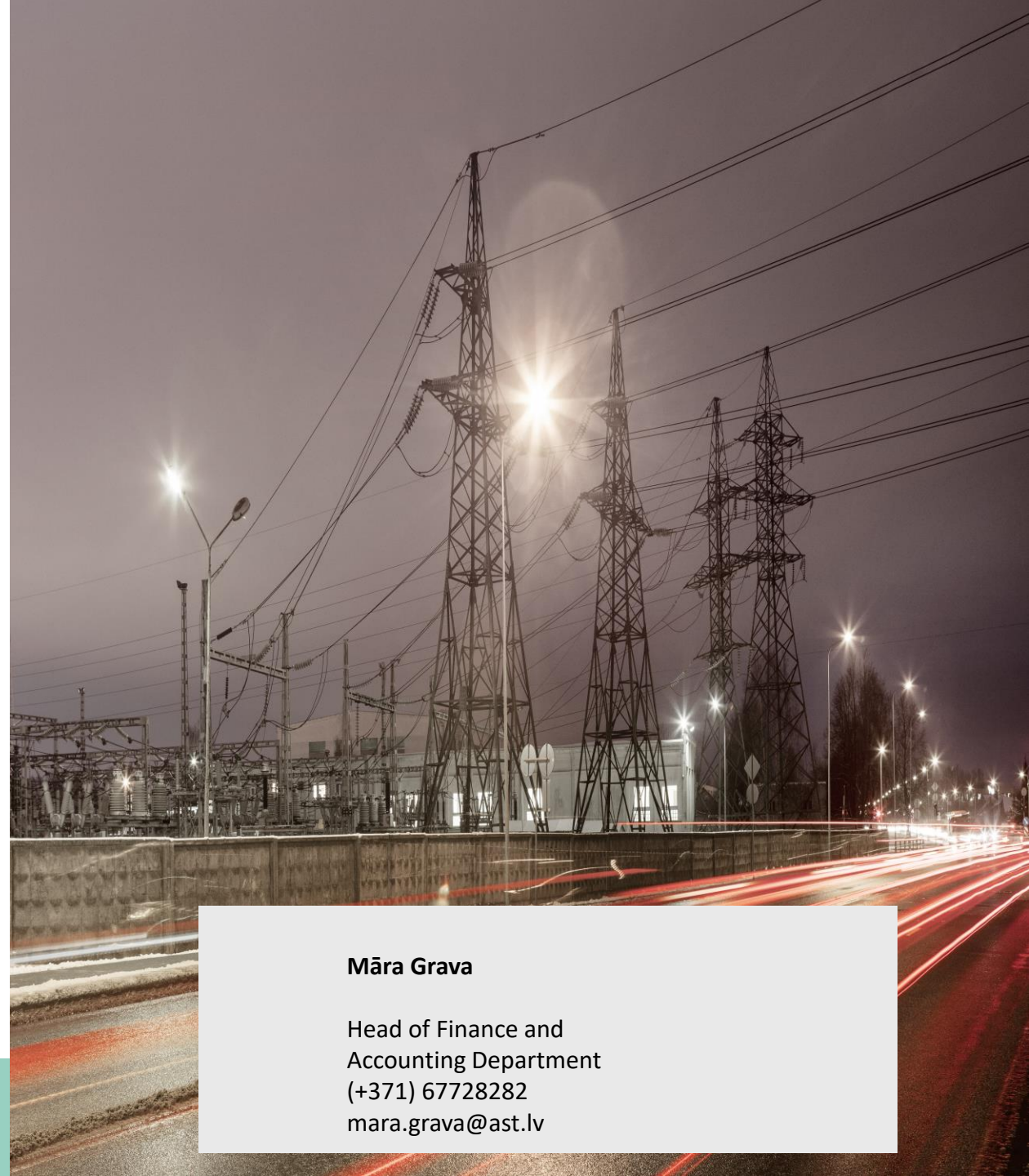
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