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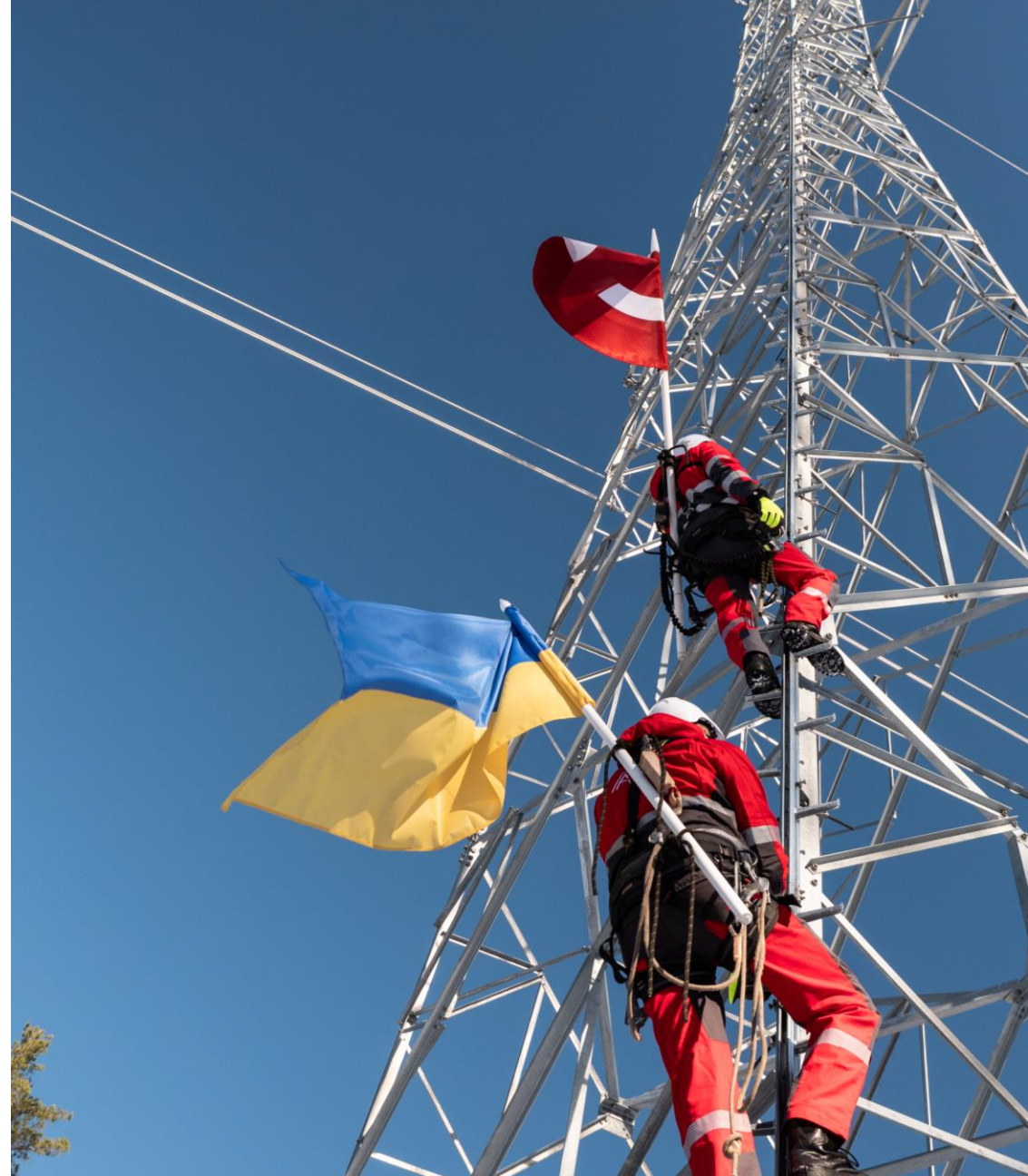
# **UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR 2022**

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**AS “AUGSTSPRIEGUMA TĪKLS”**

PRESENTATION FOR INVESTORS  
IN WEBINAR FORMAT

LATVIA, RIGA  
MARCH 2023



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## SPEAKERS

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**Gunta Jēkabsone**  
Chairperson of the Management Board



**Gatis Junghāns**  
Member of the Management Board





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# GROUP PROFILE

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# ABOUT GROUP

## AST



100% STATE-OWNED  
BY THE REPUBLIC OF LATVIA



PUBLIC  
UTILITIES  
COMMISSION  
OF LATVIA

REGULATED PUBLIC SERVICE  
PROVIDER  
WACC 2.72%  
433 mEUR RAB

**A-**

LONG-TERM  
CREDIT RATING  
from S&P Global  
Ratings



SUSTAINABILITY  
INDEX PLATINUM  
AWARD



GREEN BOND EMITTOR 100 mEUR in 2021



**5 612 km**  
TRANSMISSION LINES



**140**  
SUBSTATIONS

**6.2 TWh** ELECTRICITY TRANSMITTED TO USERS IN  
LATVIA IN 2022

## SHAREHOLDER OF



**BALTIC RCC**

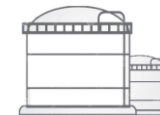
**33.333%**

BALTIC REGIONAL COORDINATION CENTER

**68.46%** CONEXUS BALTIC GRID

**BBB+**

S&P Global Ratings AUGUST 2022



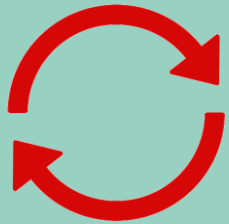
**2.3 Bcm**  
GAS STORAGE INČUKALNS



**1 190 km**  
TRANSMISSION SYSTEM

**31.4 TWh** NATURAL GAS  
TRANSMITTED IN 2022

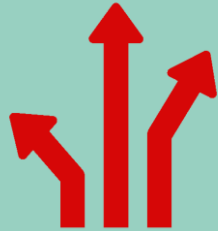
# AST 2022 MAIN PRIORITIES AND CHALLENGES



## SYNCHRONIZATION

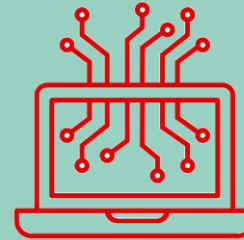
Signed contract with a synchronous condensers supplier

LV-EE interconnection power lines in construction (Valmiera-Tartu & Valmiera-Tsirgulina)



## REGIONAL COORDINATION CENTER

In operation



## DIGITAL TRANSFORMATION

Improving employee digital proficiency



## EFFICIENCY

Cost optimization, process improvements

## CHALLENGES

SAFETY OF ENERGY SUPPLY

CYBER SECURITY

## ONGOING WAR IN UKRAINE

READINESS FOR EMERGENCY  
DESYNCHRONIZATION

SANCTION EFFECT

# ACCOMPLISHED MILESTONES AND MAIN EVENTS IN 2022

## Synchronization & Investments in infrastructure

- ✓ Started Valmiera-Tartu (EE) transmission line reconstruction part of Synchronization
- ✓ Development of Baltic balancing market and integration within EU
- ✓ Established a back-up system management center ensuring higher reliability and system security
- ✓ CBG Continued activities in ELLI Project, LV-LT Gas interconnection upgrade
- ✓ CBG Continued borehole reconstructions, 3 compressor modernizations in Inčukalns underground gas storage

## ES Funding / Tariff

- ✓ Signed contract for Synchronization Phase 2: Part 2 financing
- ✓ Changes in tariff methodology
- ✓ Submitted new tariff project

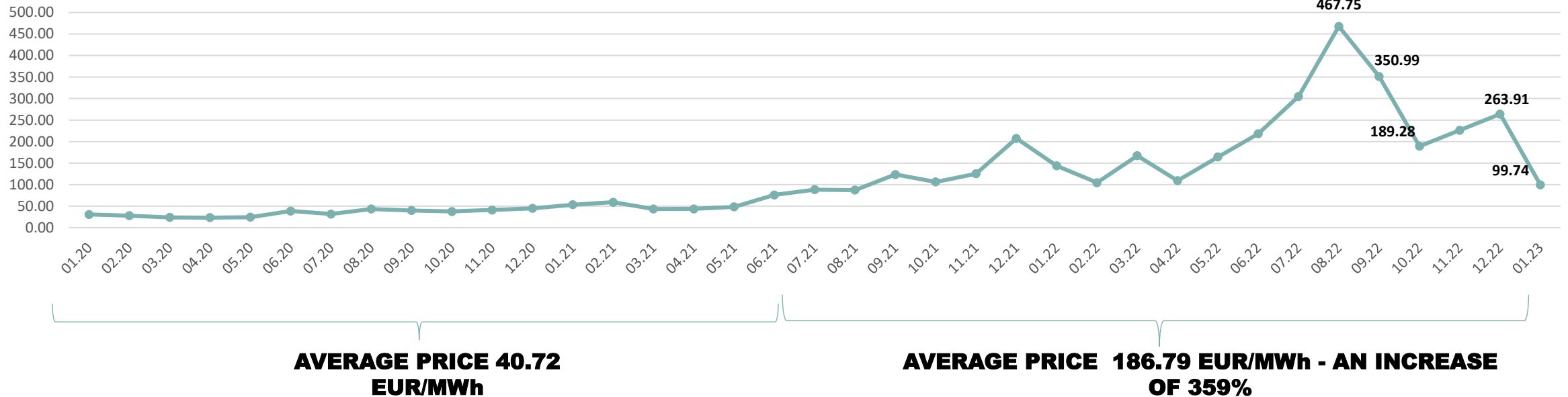
## Sustainability

- ✓ Green substation project – beginning of project realization and equipment procurement
- ✓ New substation in Tārgale for sole purpose to connect 58.8 MW of wind energy to 110 kV grid in collaboration with the Tārgale wind park owner
- ✓ CBG started to build a solution and is planning to offer biogas manufacturers to use CBG infrastructure
- ✓ CBG Signed collaboration and research contract with 6 gas TSO's to build Hydrogen infrastructure to reach RePowerEU 2030 goals



# ELECTRICITY PRICE REMAINS VOLATILE

LV ELECTRICITY PRICE, EUR/MWh



## Facts 2022:

- In August 2022, the electricity price in Latvia reached the historically highest monthly average price level 467.75 EUR/MWh;
- After August 2022, the average price in Latvia started to slowly step down and the annual average price for 2022 settled at 226.91 EUR/MWh, which is a raise of 156% compared to the price a year ago

## Main causes of the electricity price increase:

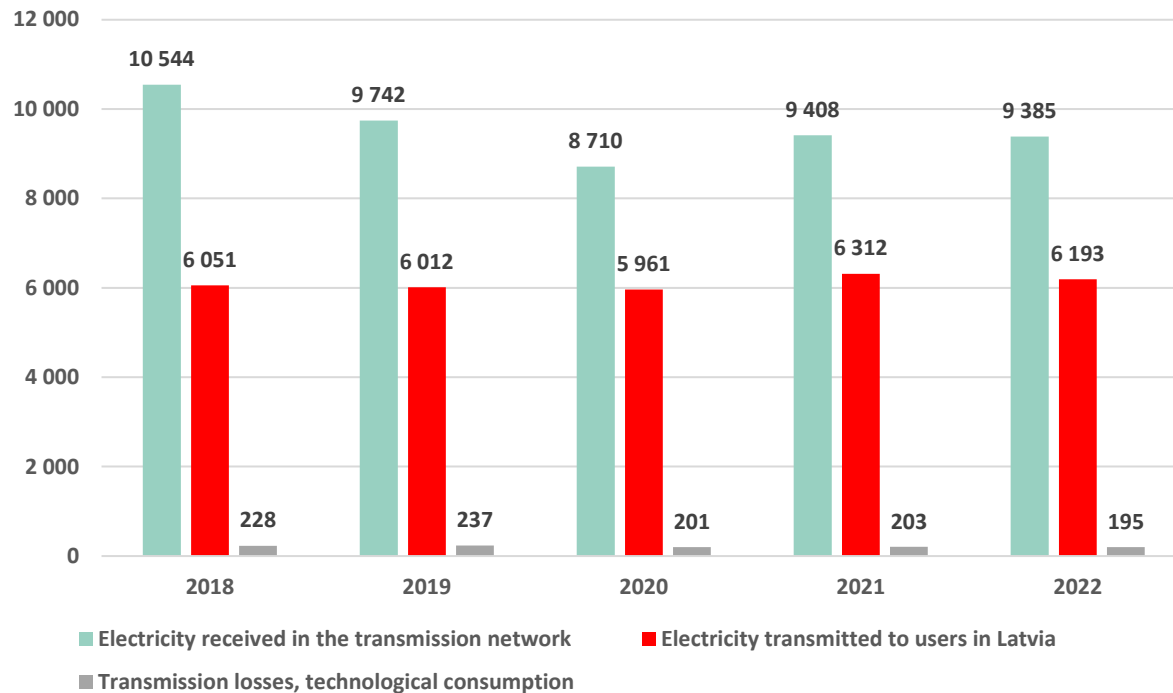
- Russia's invasion in Ukraine and following energy price spike in gas market, electricity import stopped in Finland;
- Low water supply in Hydro Power plants and Nuclear Power plant technical difficulties in Scandinavia, combined very high gas price

# ELECTRICITY TRANSMITTED TO USERS - STABLE

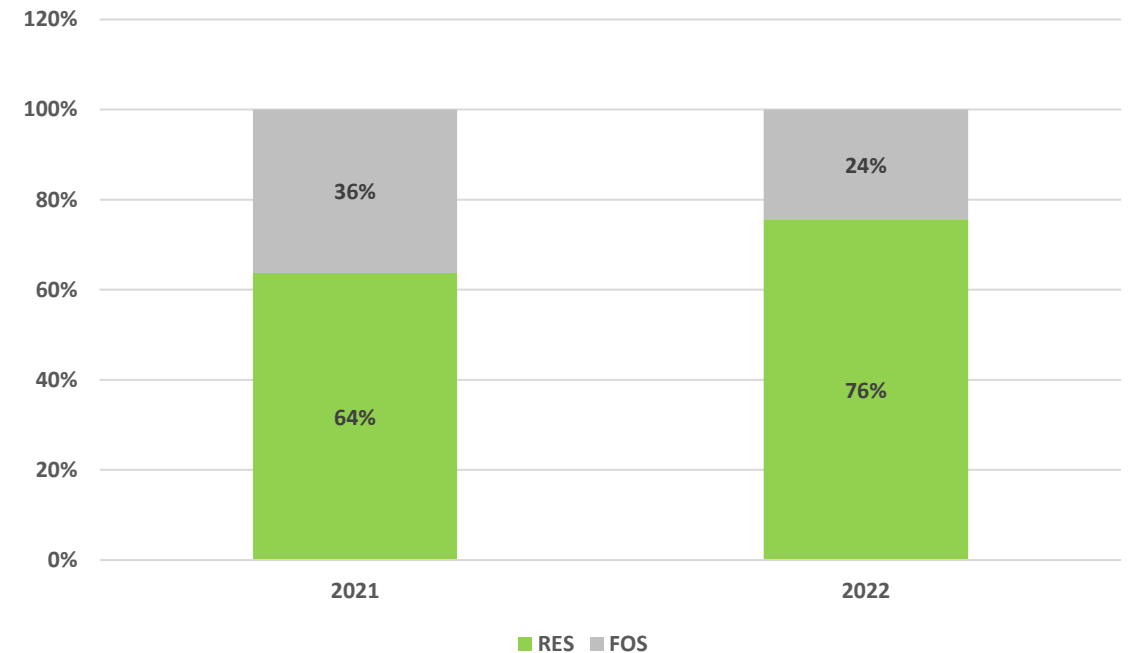
The amount of electricity transmitted to users has remained stable over the 5-year period

Proportion of renewable generated electricity in Latvia has increased

### Transmitted Electricity by AST, GWh



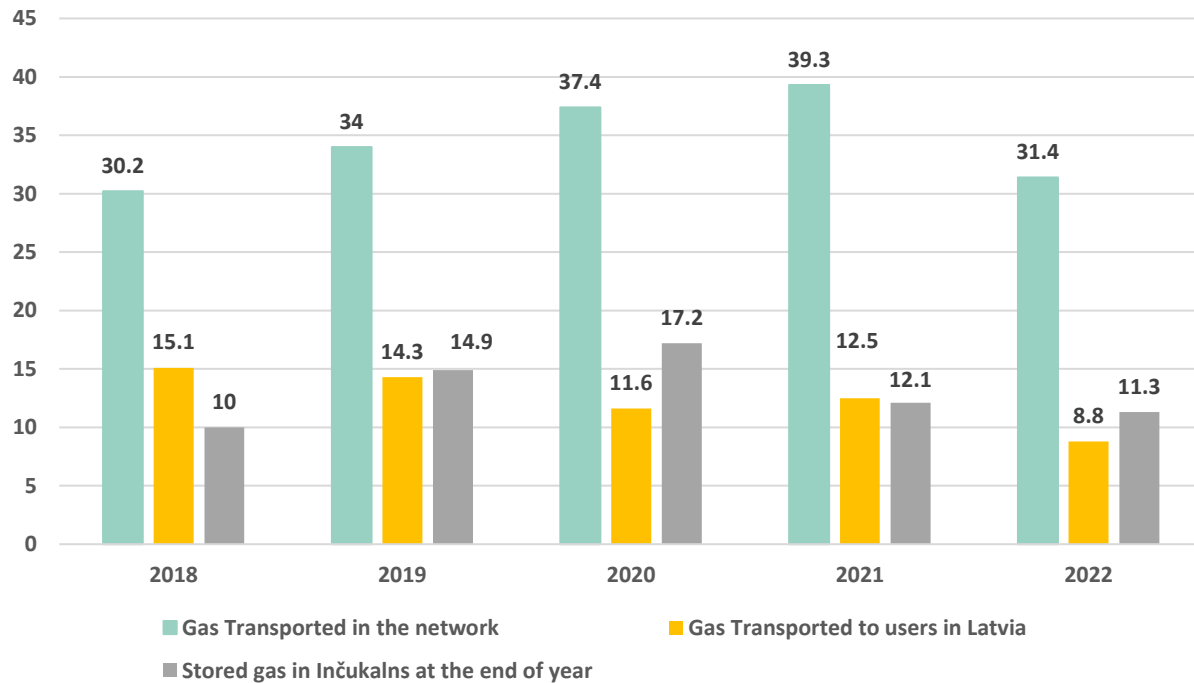
### Electricity generated in Latvia by their type





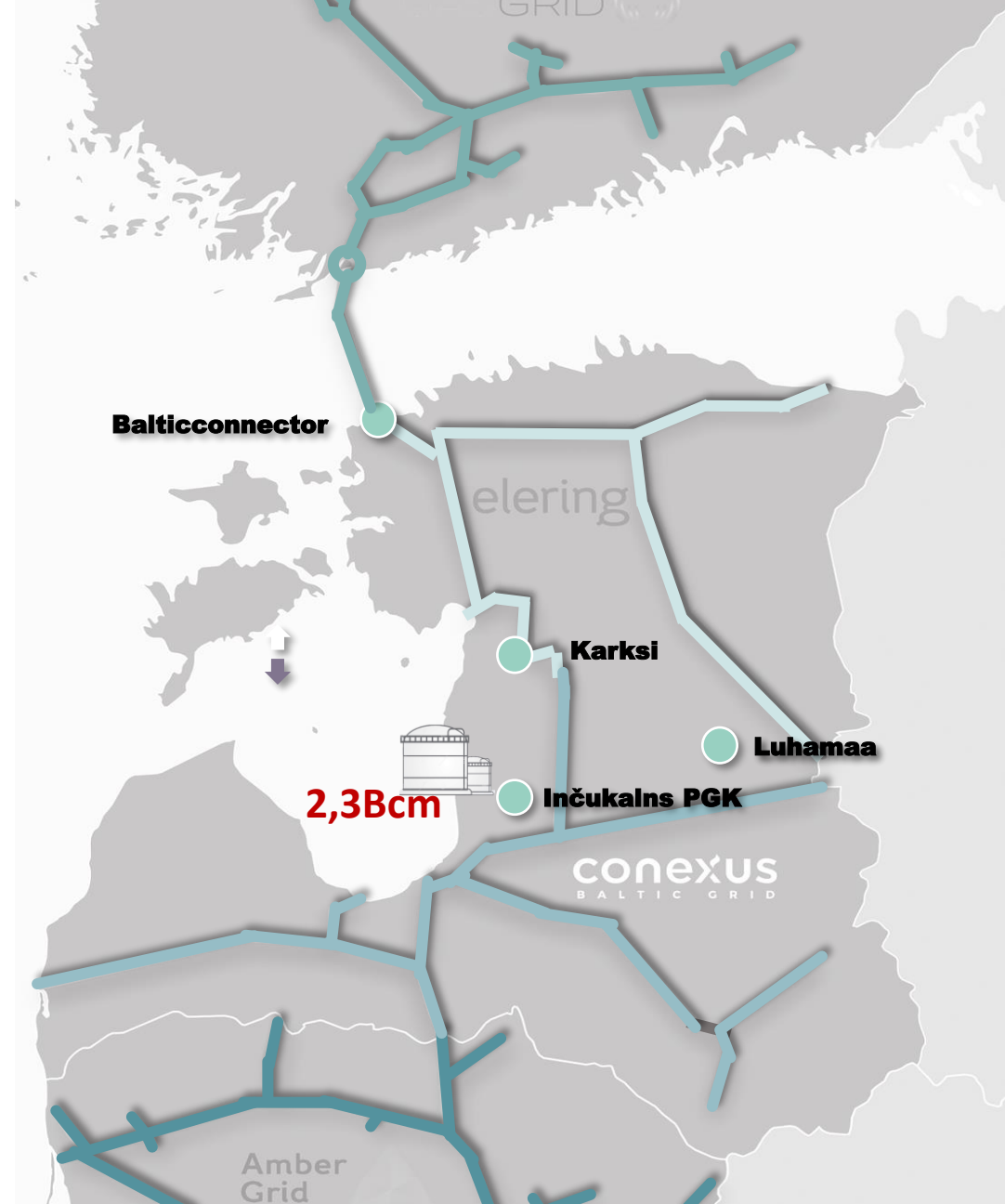
# NATURAL GAS TRANSMITTED IN 2022

Transmitted Natural Gas, TWh



## Gas import from Russia prohibited since January 1st, 2023

Currently, gas in the region is supplied from Klaipeda LNG terminal, Inkoo LNG terminal and Poland-Lithuania gas pipe





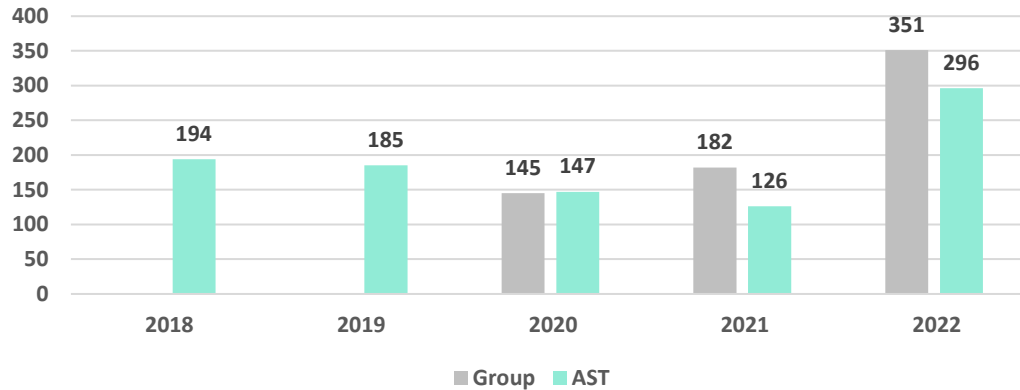
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# GROUP'S FINANCIAL HIGHLIGHTS

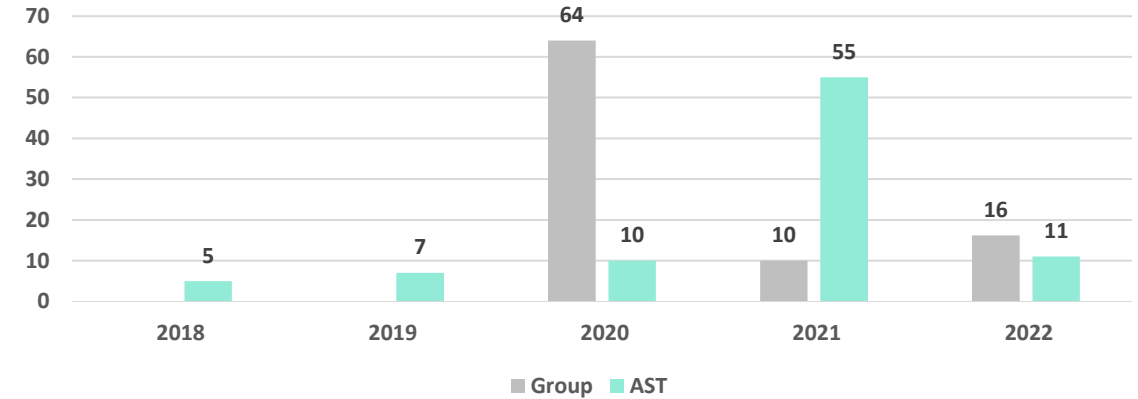
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# AST AND GROUP'S KEY FINANCIAL FIGURES

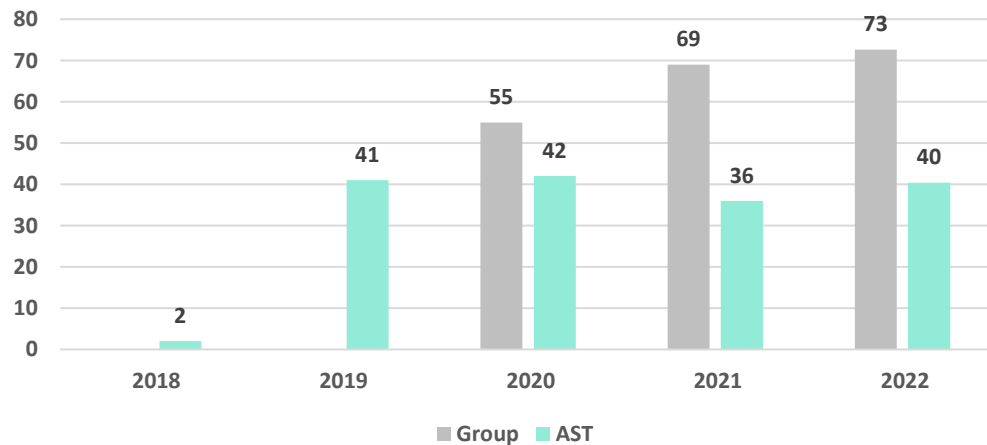
## Revenue, mEUR



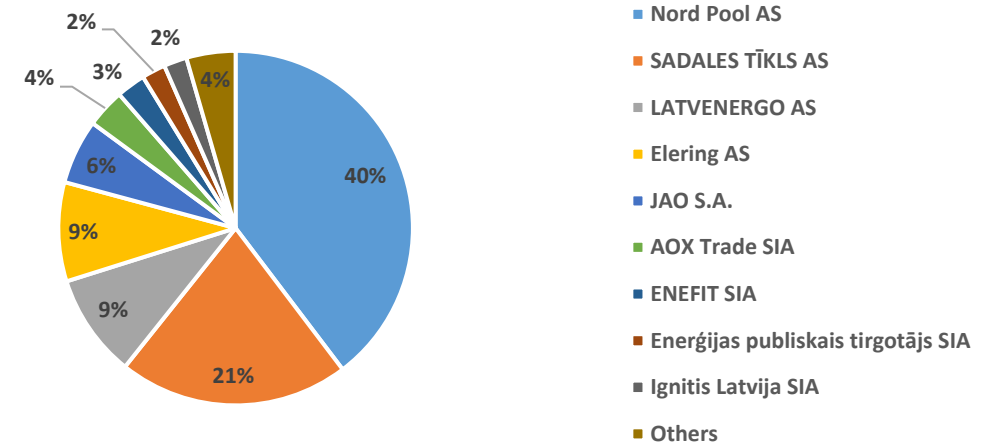
## Profit, mEUR



## EBITDA, mEUR



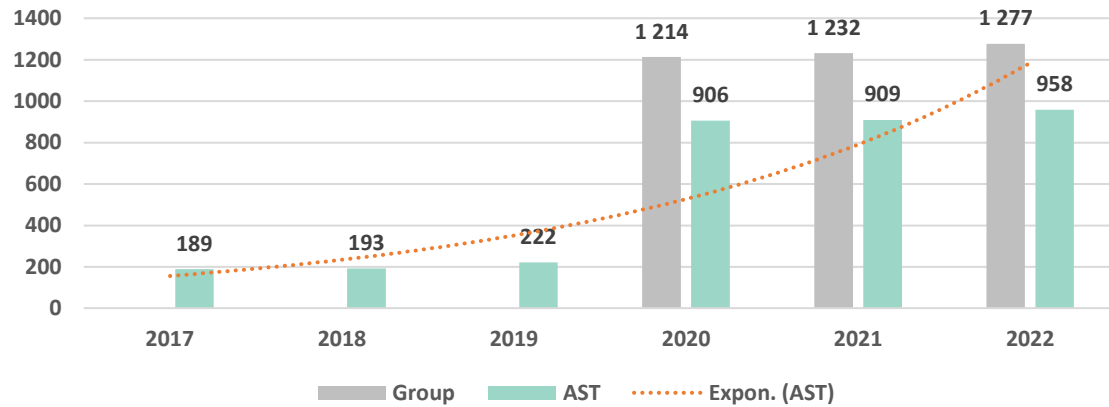
## Key Customers by Revenue



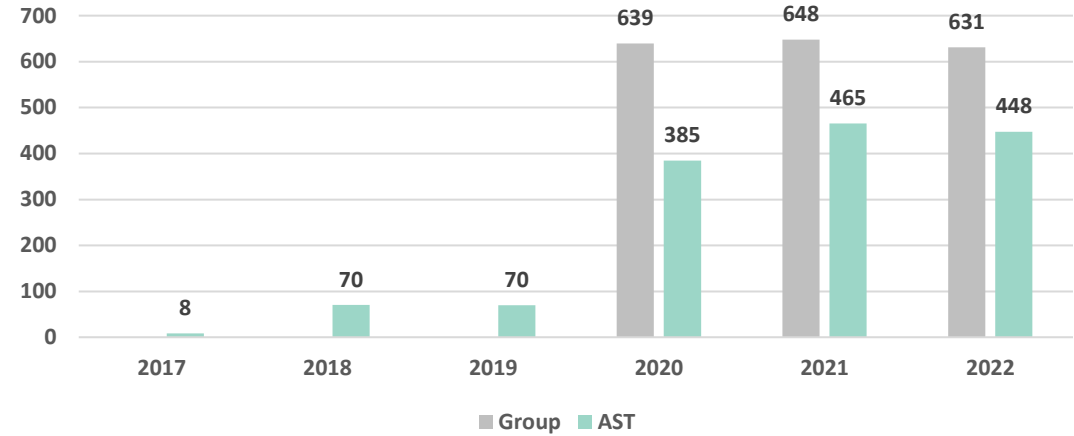
**As a result of effective communication between the shareholder and the regulator, AST has received the green light to use accumulated congestion income to cover electricity transmission losses. As a result, AST was able to reach its target of EUR 40 million EBITDA.**

# AST AND GROUP'S CAPITAL STRUCTURE

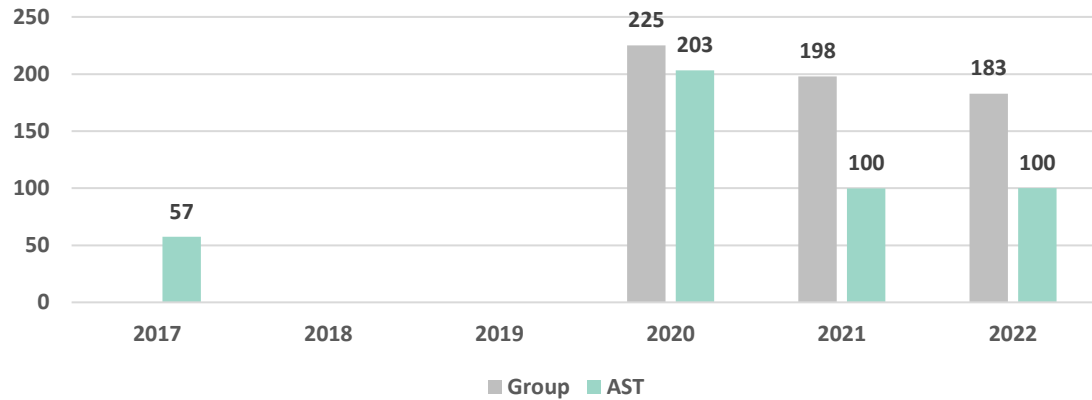
### Assets, mEUR



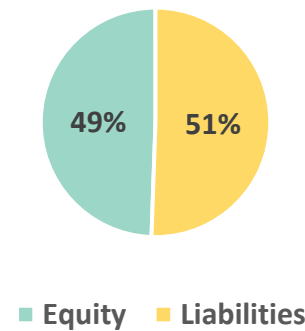
### Equity, mEUR



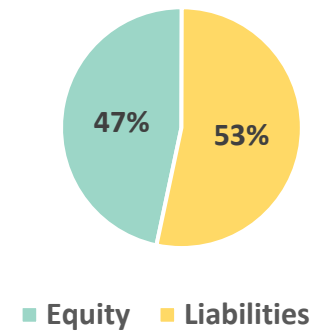
### Borrowings, mEUR



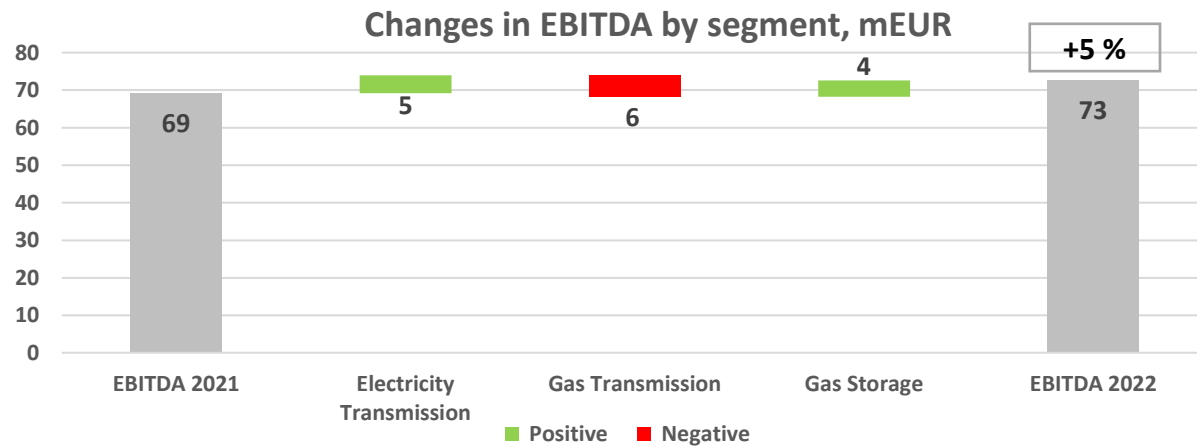
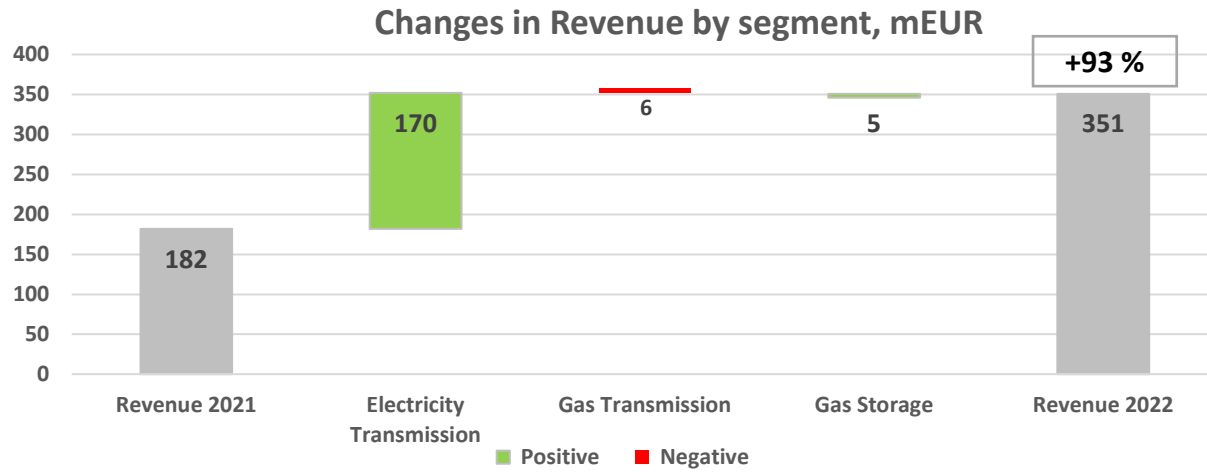
### Capital structure - Group



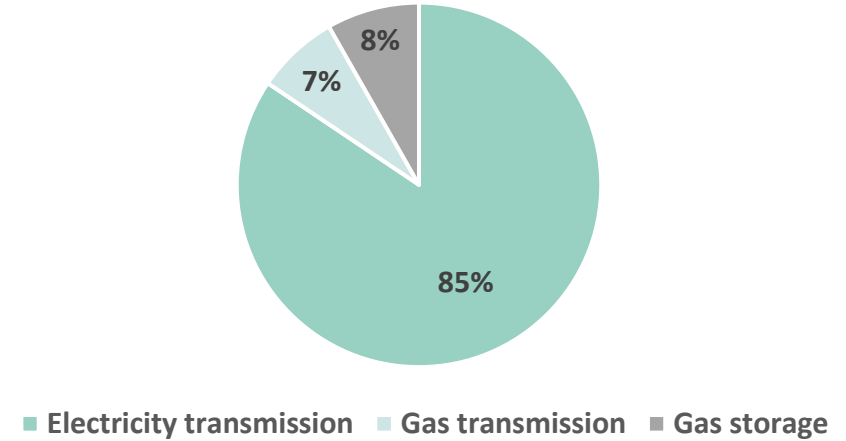
### Capital structure - AST



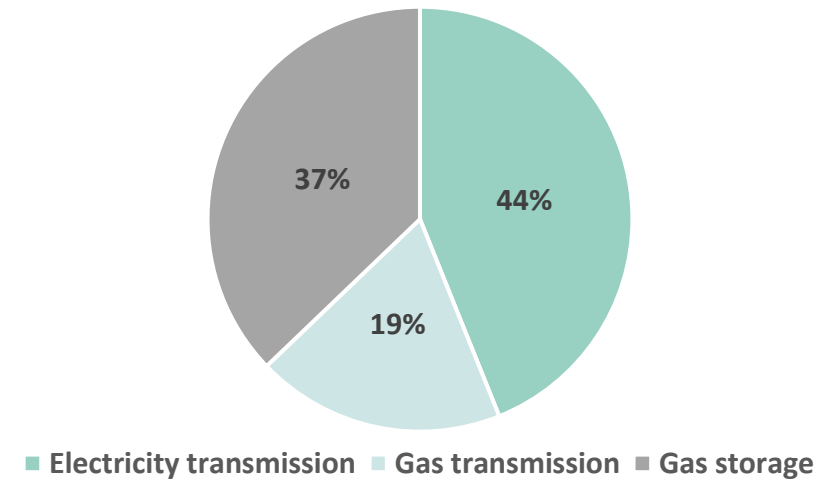
# GROUP'S REVENUE INCREASED BY 93 %



Revenue 2022, segment split

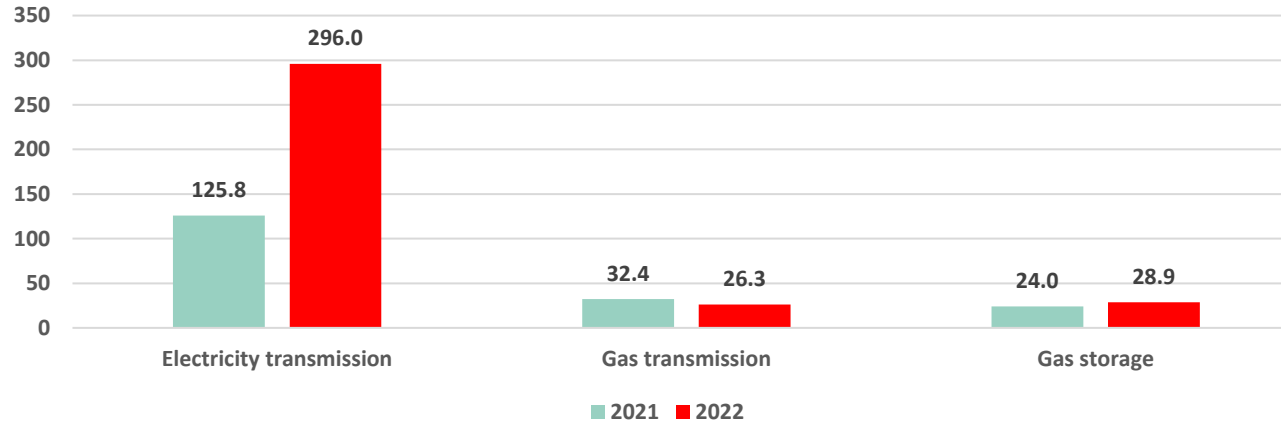


EBITDA 2022, segment split

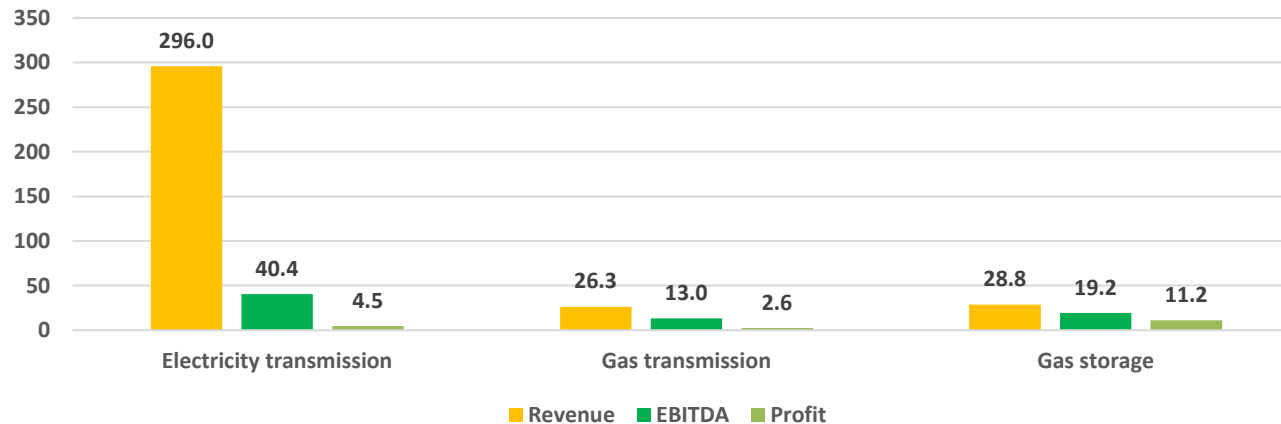


# KEY FINANCIAL INDICATORS PER SEGMENT 2022

Revenue per segment, mEUR



Key Financial Indicators per segment for 2022, mEUR



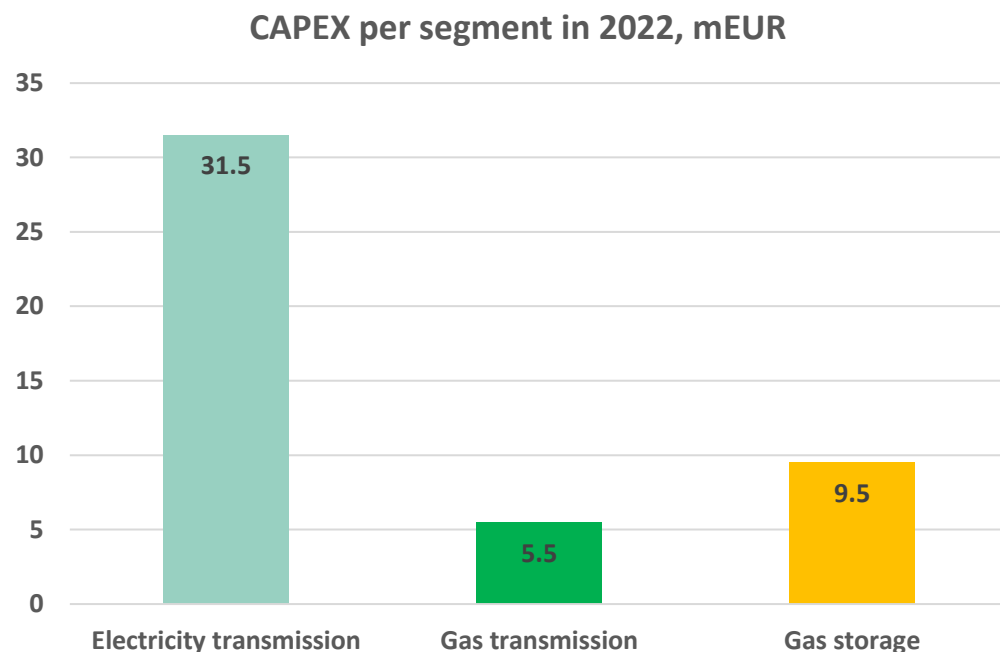
- Revenue from the electricity transmission segment increased by 170 mEUR (135% YoY), which is caused by sharp increase in Balancing electricity market (EBITDA neutral) and surplus of Congestion Income, including used amount to cover transmission losses and reach target EBITDA
- Revenue from gas transmission & storage in the reporting period was 55.1 mEUR, which is 3% less than the prior year. CBG EBITDA during the reporting period decreased by 4% in comparison to 2021, reaching 32.2 mEUR.
- Due to the reduced amount of gas transmission, revenue from Gas transmission has reduced from 32.4 mEUR to 26.3 mEUR, but on Gas Storage side, revenue has improved from 24.0 to 28.9 mEUR, due to higher demand of Inčukalns underground gas storage demand from Baltic and Scandinavian customers.

## FINANCIAL RATIOS AND BORROWINGS

Ratios	AST	Group	AST
DEBT	100.4	182.7	GREEN BOND - 100 mEUR 01/2027
CASH	92.0	103.0	OVERDRAFT - 20 mEUR (NOT USED) 06/2023
NetDEBT	8.4	79.7	OVERDRAFT - 10 mEUR (NOT USED) 12/2024
Equity (≥35%)	47 %	49 %	<b>CONEXUS</b> LOANS - 82 mEUR OVERDRAFT - 65 mEUR (NOT USED) COMMITTED LOAN - 55 mEUR FOR 2023
NetDEBT / (NetDEBT + Equity), (≤ 55%)	2 %	11 %	
Liquidity (≥1.2)	2.1	1.6	
Fixed rate borrowings	100 %	71 %	

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

## CAPEX PER SEGMENT, 2022



### The largest projects in the Electricity Transmission segment:

- Synchronization Phase 1 and Phase 2
- Substation reconstructions
- Transformers replacement

### The largest project in the Gas Storage segment:

- "Enhancement of Inčukalns UGS" – total investments of 88 mEUR for the modernization of the storage facility (50% of which is co-financed by the EU). Implementation years 2018 – 2025. During the reporting period there were investments made in the amount of 7.2 mEUR.

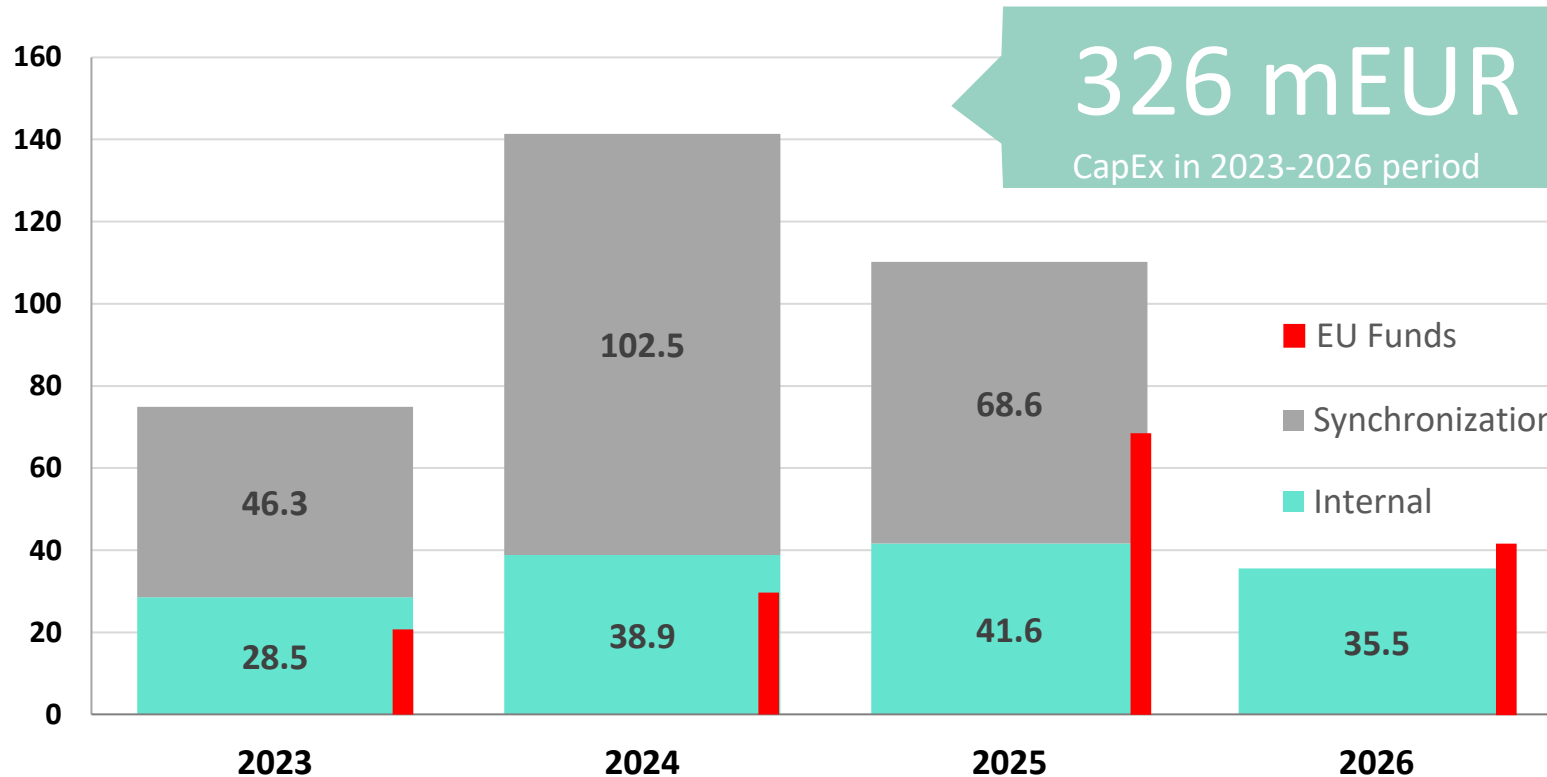
### The largest projects in the Gas transmission segment:

- "Enhancement of Latvia-Lithuania interconnection" (ELLI) – total investments of 5.5 mEUR are to be made by Conexus (50% of which co-financed by the EU). Implementation years 2019 – 2023. During the reporting period there were investments made in the amount of 1.3 mEUR;
- Transmission gas pipelines repairs: 0.9 mEUR;
- Izborska – Inčukalns UGS insulation replacement: 4.7 mEUR



# CAPITAL INVESTMENTS ARE EXPECTED HIGH DUE TO SYNCHRONIZATION

CAPITAL INVESTMENTS IN ELECTRICITY TRANSMISSION SYSTEM, mEUR



## PLANNED MAJOR INVESTMENTS

**Synchronization Phase 1, estimated investment between 2023-2025 will reach 56.1 mEUR**

- Reconstruction of two existing EE-LV interconnections;
- Additional equipment for the technical requirements set by ENTSO-E;

Estimated to be completed by 2025

**Synchronization Phase 2, estimated investment between 2023-2025 will reach 161.3 mEUR**

- Stationary synchronous compensators;
- Frequency regulation equipment (Battery Energy Storage System – BESS);

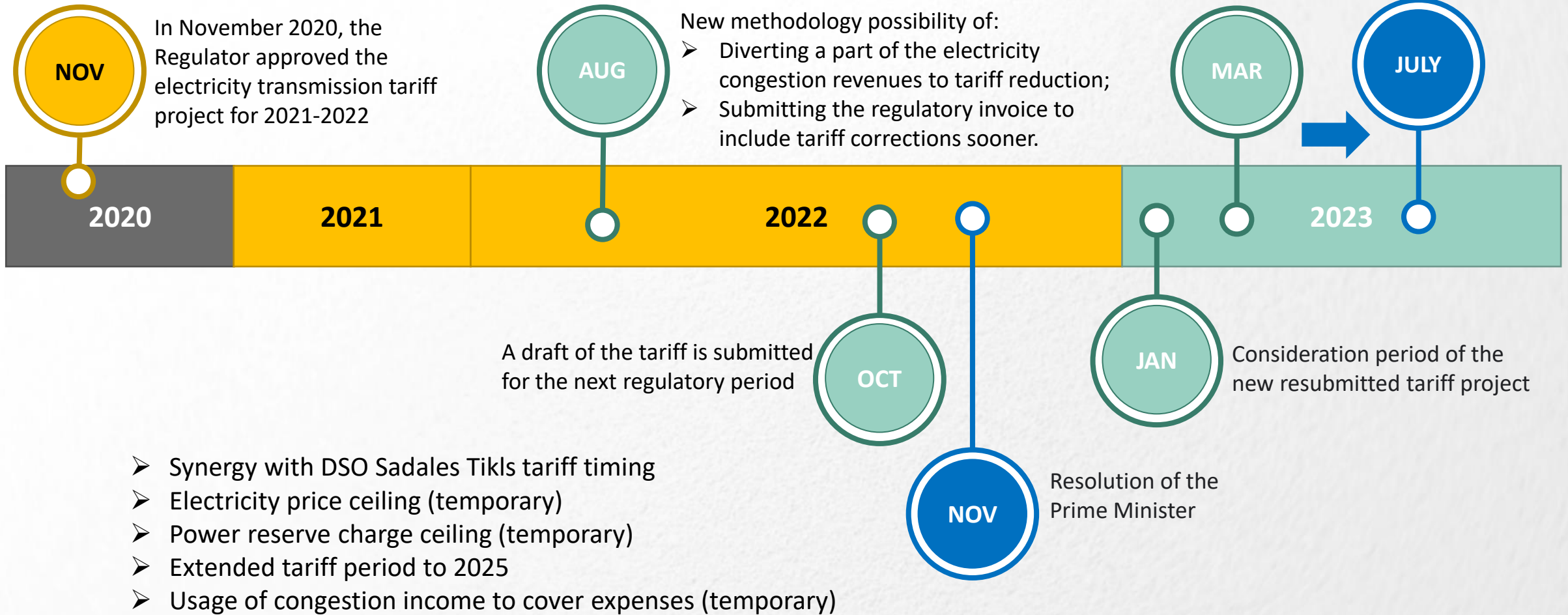
Estimated to be completed by 2025



# PLANNED EVENTS

# NEW TRANSMISSION TARIFF UPDATE TIMELINE

The expected date for a new tariff has been postponed to July



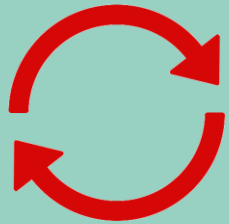
- Synergy with DSO Sadales Tikls tariff timing
- Electricity price ceiling (temporary)
- Power reserve charge ceiling (temporary)
- Extended tariff period to 2025
- Usage of congestion income to cover expenses (temporary)

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# AST 2023

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## MAIN PRIORITIES



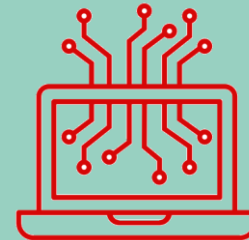
### SAFE ELECTRICITY GRID OPERATIONS

Synchronization  
Readiness to emergencies  
Cybersecurity



### GREEN TRANSFORMATION

Renewable Capacity  
Connections including Onshore and Offshore Wind Parks  
Green Substations



### DIGITAL TRANSFORMATION

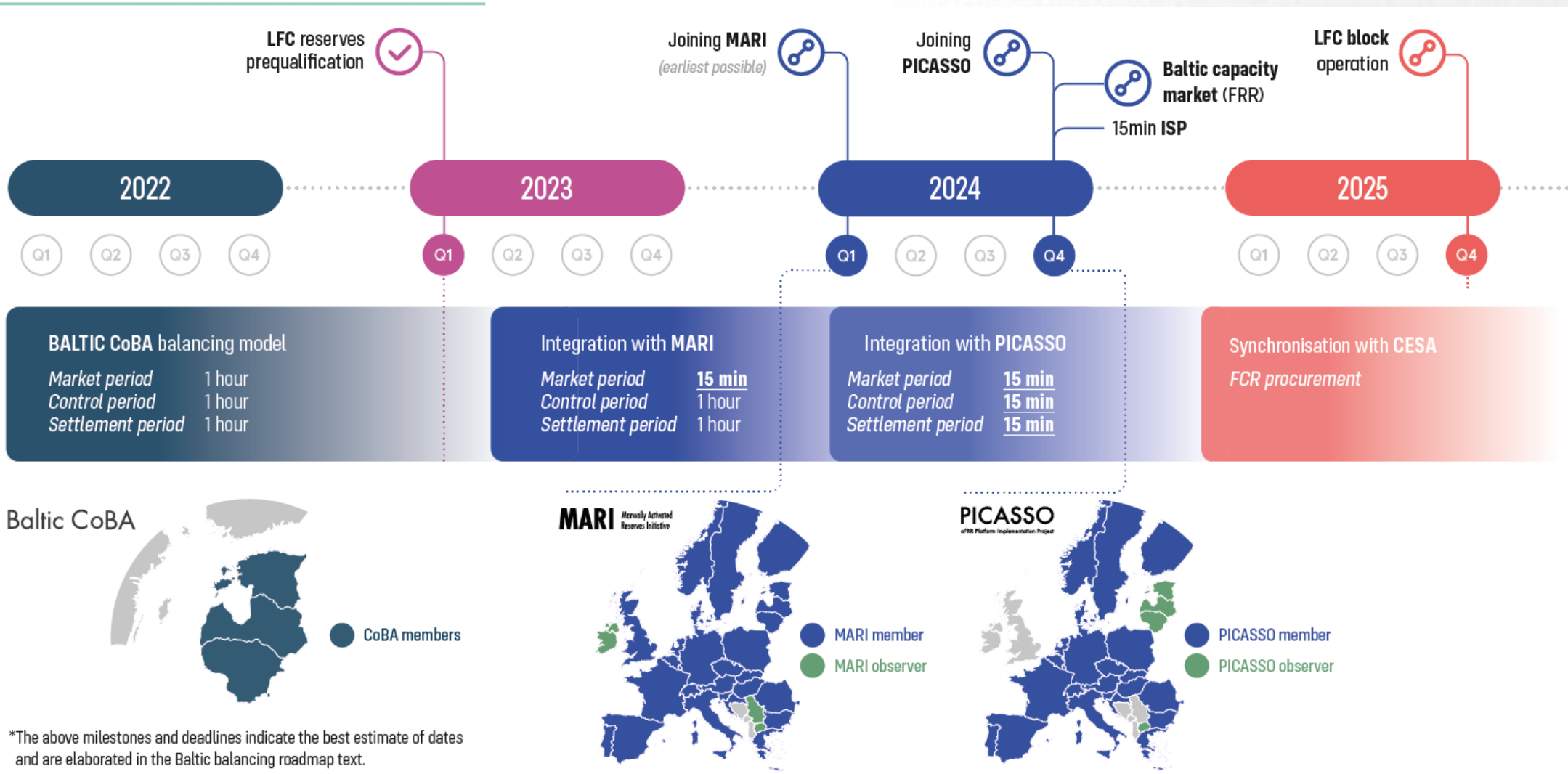
Change Management  
Process Improvements  
Operations IT Integration



### EMPLOYEE ENGAGEMENT AND DEVELOPMENT

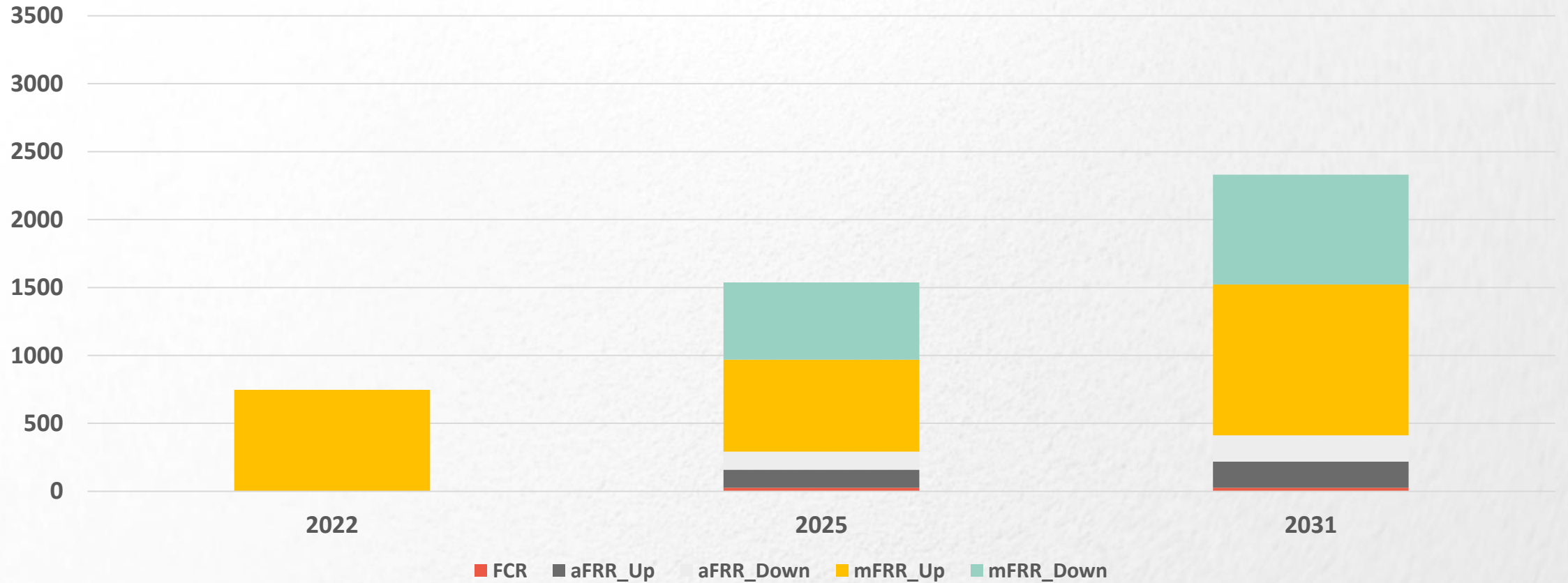
Skills and Experience in changing environment  
Digital Proficiency

# ROAD MAP OF BALTICS REGULATORY MARKET DEVELOPMENT



# FORECASTED BALTIC RESERVE REQUIREMENTS

Indicative amount of balancing capacity products to be procured by the Baltic TSOs





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# **QUESTIONS & ANSWERS**

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## CONTACTS

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