

Company Enefit Green AS
Type Company Release
Category Management interim statement or quaterly financial report
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Attachments:

- EGR1T_3Q2022_interim_report_ENG.pdf (<http://oam.fi.ee/en/download?id=6879>)
- EGR1T_3Q2022_results_presentation_ENG.pdf (<http://oam.fi.ee/en/download?id=6880>)
- EGR1T_3Q2022_vahearuanne_EST.pdf (<http://oam.fi.ee/en/download?id=6881>)
- EGR1T_3Q2022_tulemuste_esitlus_EST.pdf (<http://oam.fi.ee/en/download?id=6882>)

Currency

Title Enefit Green interim report for Q3 2022

In Q3 2022, Enefit Green group total revenues increased by 66% y-o-y to EUR60.3m and EBITDA was up by 28% y-o-y at EUR32.7m. During the quarter, the group earned net profit of EUR22.9m (EUR0.09 per share), which is 50% more than in Q3 2021.

Aavo Kärmas, Chairman of the management Board of Enefit Green comments:

"Enefit Green will continue on a rapid growth course, because the only long-term solution to the energy crisis is a sufficient amount of renewable energy. Therefore, Enefit Green strives to reach additional investment decisions for more than 300 megawatts of new capacities before the end of this year.

In the third quarter, we invested nearly 80 million euros in renewable energy developments. We are building a total of seven new wind and solar farms in Estonia, Lithuania, Poland and Finland. With these assets we will add 258 megawatts of production capacity to our home electricity markets in 2023, which will produce more than 700 gigawatt-hours of electricity annually. This amount covers the annual electricity consumption of more than 200 000 households.

During the quarter, Enefit Green's solar energy development portfolio in Estonia grew by 200 megawatts. For the first 35 megawatts, we want to reach an investment decision already in the second half of next year.

The production results of the quarter were most affected by the exceptionally low wind conditions and the thorough repairs carried out at the Iru CHP plant before the winter heating season. We also focused on the maintenance of wind turbines to assure availability during upcoming peak season of wind energy production."



Webinar to present the results of Q3 2022

Today, on 3 November 2022 at 13.00 EEST Enefit Green will host a Webinar in English to present and discuss its Q3 2022 results. To participate, please follow this link (https://teams.microsoft.com/l/meetup-join/19%3ameeting_MDkyOTYxNjItMzUyMC00MDNmLTk5NzYtNzA2Y2UxYWJkZTM5%40thread.v2/0?context=%7B%22Tid%22%3A%2215cd778b-2b28-4ebc-956c-b5977a36cd28%22%2C%22Oid%22%3A%22775ae01b-e561-4cc9-8790-1290c7b28035%22%2C%22IsBroadcastMeeting%22%3Atrue%2C%22role%22%3A%22a%22%7D&btype=a&role=a).

Significant events

- * Cornerstones laid in four wind farm
- * Solar farm developments with up to 200MW capacity acquired
- * Signed new long term PPAs in Lithuania and Estonia with a total volume of 3.1TWh
- * Litigation regarding Purtse wind farm
- * Iru power station repair stoppage

Key figures

	Q3 2022	Q3 2021	Change	Change %
PRODUCTION VOLUMES				
Electricity, GWh	189	250	(61)	(24)%
Heat, GWh	84	123	(39)	(32)%
Pellets, th t	39	37	2	6%
TOTAL REVENUES, mEUR				
Sales revenue, mEUR	60.3	36.4	23.9	66%
Renewable energy support and other income, mEUR	3.0	6.3	(3.2)	(52)%
EBITDA, mEUR	32.7	25.5	7.2	28%
NET PROFIT, mEUR	22.9	15.3	7.7	50%



EPS, EUR (post-IPO number of shares) 0.09 0.06 0.03 50%

Sales revenue and other operating income

The group's electricity production in Q3 2022 was 189 GWh (a 24% decrease compared with 250 GWh in Q3 2021). The group's average implied captured electricity price including support was 205.1 EUR/MWh (Q3 2021: 115.8 EUR/MWh).

The most important revenue driver was growth in electricity prices in the Estonia price area of the Nord Pool (NP) power exchange, which increased the group's revenue by around EUR14.5m. The implied captured electricity prices of the group's Estonian production entities in the respective periods were 275.1 EUR/MWh and 133.2 EUR/MWh. The Q3 implied captured electricity prices of the group's Latvian and Lithuanian production entities were 362.1 EUR/MWh (Q3 2021: 129.7 EUR/MWh) and 87.6 EUR/MWh (Q3 2021: 79.2 EUR/MWh), respectively. On the Lithuanian market, during the third quarter we fully abandoned the previous revenue model, which was based on the national renewable energy support scheme with fixed electricity tariffs and replaced it with a combination of market prices and long-term PPAs.

Another factor that strongly affected revenue development was the quantity of electricity produced in Estonia, which decreased year on year due to less favourable wind conditions and a five-week outage at the Iru CHP.

Revenue growth was also supported by pellet sales, which grew by EUR6.7m as sales volume increased from 4k tonnes in Q3 2021 to 39k tonnes in Q3 2022. The sharp rise is attributable to differences in the timing of major pellet supplies during the reporting and the comparative period.

Heat energy production decreased by 32%, mainly due to an unplanned production interruption at the Iru CHP, while the price of heat sold increased by 23% year on year.

Renewable energy support and other income for Q3 2022 were strongly affected by a decrease in the renewable energy support received by the group's Estonian wind farms, which dropped by EUR2.0m year on year. Renewable energy support is linked to the quantity of energy produced and since quantity decreased, support received also declined. The renewable energy support received by the Iru CHP decreased by EUR0.5m year on year due to its five-week outage.

Renewable energy support received by the Polish wind farms dropped by EUR0.9m year on year. Due to high market prices, revenue generated exceeded the guaranteed price and consistent with local laws in such a situation the positive balance has to be repaid to the Polish state.

EBITDA and segmental breakdown



Group's EBITDA increased by 28% y-o-y to EUR32.7m in Q3 2022 driven mostly by the elevated electricity prices and differences in the timing of major pellet supplies. Increased variable costs, lower volume of wind energy production and to a lesser extent the increase in fixed costs and the unplanned maintenance stoppage at Iru had a negative impact on the EBITDA.

Variable costs have increased by EUR6.2m, which is largely driven by increased purchasing prices of biomass and electricity. In addition, variable costs increased in connection with the sale of inventories in the Solar energy segment due to the exit from the provision of turnkey solar solutions.

Group's fixed expenses increased by 15% or EUR1.2m driven by payroll, research and consulting expenses.

Based on total revenues and EBITDA for Q3 2022, the group's largest segment is Wind energy which accounted for 53% of total revenues and 72% of EBITDA. The Cogeneration segment contributed 34% to total revenues and 29% to EBITDA. The smallest reportable segment is Solar energy, which accounted for 12% of total revenues and 5% of EBITDA.

Among reportable segments, the strongest EBITDA growth was delivered by Wind energy and Cogeneration as they benefited the most from higher market prices of electricity.

Net profit

The group's net profit increased 50% compared to Q3 2021, amounting to EUR22.9m for the reporting period. The most significant positive contribution came from high market prices of electricity, to some extent also from lower net finance costs and corporate income tax expense.

Capital Expenditures

The group's Q3 capital expenditures grew by EUR71.6m year on year, rising to EUR79.7m. Growth resulted from development investments, which extended to EUR78.9m. Out of the total, EUR33.5m was invested in the construction of three wind farms: EUR19.2m in the Shilale 2 wind farm, EUR8.7m in the Akmene wind farm and EUR5.6m in the Tolpanvaara wind farm. In addition, Enefit Green acquired the Tootsi wind farm development from Eesti Energia for EUR26.9m. The largest expenditures on solar power were investments of EUR2.7m in the execution phase of the Purtse solar farm and EUR2.9m in the Zambrow solar farm. Additionally, Enefit Green AS acquired Rääbiste Põllud OÜ (which has been renamed Enefit Green Solar OÜ) for EUR6.6m, which is developing two large solar farms in Western Estonia. Base investments amounted to EUR0.9m in Q3 2022 compared with EUR0.2m in the same period last year and were mainly made in the cogeneration plants to ensure their availability during the upcoming heating period.



Condensed consolidated interim income statement

EUR thousand	Q3 2022	Q3 2021	9M 2022	9M 2021
Revenue	57,254	30,133	156,900	93,655
Renewable energy support and other income	3,011	6,257	17,363	21,143
Change in inventories of finished goods and work in progress	2,028	3702	4,607	(2,240)
Raw materials, consumables and services used	(24,969)	(11,097)	(55,468)	(30,189)
Payroll expenses	(2,029)	(1,626))	(6,641)	(4,932)
Depreciation, amortisation and impairment	(9,637)	(9,467)	(28,930)	(28,592)
Other operating expenses	(2,574)	(1,867))	(7,721)	(5,549)
OPERATING PROFIT	23,084	16,037	80,110	43,296
Finance income	817	1	1,703	145
Finance costs	(1,072)	(516)	(2,261)	(2,091)
Net finance costs	(255)	(515)	(558)	(1,946)
Profit (loss) from associates under the equity method	120	46	687	10
PROFIT BEFORE TAX	22,949	15 567	80,239	41,360
Corporate income tax expense	-	(308)	(5,441)	(1,069)
PROFIT FOR THE PERIOD	22,949	15,259	74,798	40,291
Basic and diluted earnings per share				
Weighted average number of shares, thousand	264,276	78,163	264,276	29,519
Basic earnings per share, EUR	0.09	0.20	0.28	1.36



Diluted earnings per share, EUR	0.09	0.20	0.28	1.36
Basic earnings per share based on post-IPO number of shares				
Post-IPO number of shares, thousand	264,276	264,276	264,276	264,276
Basic earnings per share, EUR	0.09	0.06	0.28	0.15

EUR thousand	30 Sep 2022	31 Dec 2021
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Non-current assets

Property, plant and equipment	714,715	612,503
Intangible assets	72,550	68,239
Right-of-use assets	4,225	2,750
Prepayments	18,798	20,710
Deferred tax assets	734	442
Investments in associates	479	578
Derivative financial instruments	11,519	-
Long-term receivables	40	78
Total non-current assets	823,060	705,300

Inventories	15,343	9,529
Trade and other receivables and prepayments	22,250	22,373
Cash and cash equivalents	163,711	80,454
Derivative financial instruments	2,198	—



Total current assets	203,502	112,356
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Total assets	1,026,562	817,656
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EUR thousand	30 Sep 2022	31 Dec 2021
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EQUITY

Equity and reserves attributable to equity holders of the parent

Share capital	264,276	264,276
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Share premium	60,351	60,351
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Statutory capital reserve	3,259	479
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Other reserves	165,510	151,793
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Foreign currency translation reserve	(1,645)	(965)
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Retained earnings	189,785	157,673
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Total equity	681,536	633,607
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LIABILITIES

Non-current liabilities

Borrowings	249,716	93,884
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Government grants	7,209	7,458
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Non-derivative contract liability	23,207	23,207
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Deferred tax liabilities	12,355	12,568
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Other non-current liabilities	3,000	3,000
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Provisions	11	13
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Total non-current liabilities	295,498	140,130
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Current liabilities



Borrowings	29,733	29,572
Trade and other payables	19,769	14,291
Provisions	26	56
Derivative financial instruments	-	-
Total current liabilities	49,528	43,919
Total liabilities	345,026	184,049
Total equity and liabilities	1,026,562	817,656

Further information:

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<https://enefitgreen.ee/en/investorile/>

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Enefit Green is one of the leading diversified renewable energy producers in the Baltic sea area. The Company wind farms in Estonia and Lithuania, cogeneration plants in Estonia and Latvia, solar farms in Estonia and Poland, a pellet plant in Latvia and a hydroelectric plant in Estonia. In addition the Company is developing several wind and solar farms in the mentioned countries and Finland. As of the end of 2021, the Group had a total installed electricity production capacity of 457 MW and a total installed heat production capacity of 81 MW. During 2021, the Company produced 1,193 GWh of electricity and 618 GWh of heat.

