

7th June 2024

Europa | Hungary | Energy

DR. KALLIWODA
RESEARCH GmbH

Comprehensive Update

BUY

Target-Price: 5995 HUF

Industry: Renewable Energies
Country: Hungary
ISIN: HU0000155726
Website: <https://alteo.hu/>

Last price: 3790
High: 3790
Low: 3790
Price 52 W.: 4390,00 2600,00
Market cap. (HUF '000) 75.540.286
Number of shares (thousands) 19.931

Shareholders after Selling Transaction

MOL RES Investments	24,60%
Fönix Private Equity Fund	24,60%
Riverland Private Equity Fund	24,60%
ALTEO Employee Stock (ESOP)	5,80%
Freefloat	20,40%
Total	100,00%

Performance

4 weeks	3,55%
12 weeks	33,90%
52 weeks	37,20%
5 years	37,80%

Dividend

	in HUF	in %
2018	16,00	2,50%
2019	0,00	0,00%
2020	24,00	2,58%
2021	103,00	4,72%
2022	130,00	4,06%
2023	402,60	

Chart: 12 Months



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ALTEO Nyrt.

Strategic Initiatives Support Growth Amid Challenges

- In Q1 2024, ALTEO's EBITDA dropped to HUF 4.5 billion from HUF 7.8 billion in Q1 2023, with net profit also declining to HUF 2.6 billion from HUF 5.6 billion due to operational factors.
- Despite a decrease in revenues to HUF 26.6 billion from HUF 36 billion, ALTEO's EBITDA remained nearly double that of Q1 2021, and the company maintained profitability above pre-2022 levels amid market challenges.
- Key investments in gas engines, solar power plants, and battery storage are on track for 2024, and the company secured a HUF 300 million grant for waste management technology transition.
- The Renewable Energy segment saw a rise in EBITDA II to HUF 1.15 billion, driven by increased sales revenue and wind turbine production, with a 20 MW solar power plant acquisition set to operate in Q2 2024.
- The waste management concession, led by MOL Nyrt., increased sales revenue to HUF 1.1 billion and EBITDA II to HUF 0.4 billion due to favorable concession fees and higher processing volumes.
- In our comprehensive update we revised our target price upwards again to HUF 5995 per share based on our Discount Cashflow Model. Our Rating is still BUY.

Figures

in '000 HUF	2021	2022	2023	2024e	2025e	2026e
Net sales	44.249.448	103.027.000	98.954.000	105.197.135	114.138.891	127.850.181
EBITDA	12.879.988	20.222.000	19.432.566	17.693.108	17.708.800	19.065.468
EBIT	8.943.319	16.695.000	15.164.566	12.878.292	12.277.110	12.937.869
Net income	5.857.450	12.894.270	12.762.000	10.170.804	9.222.739	9.492.172

EPS	293.879,42	646.930,08	640.293,84	510.288,61	462.722,36	476.240,32
BVPS	953.733,68	1.338.980,85	1.698.525,36	1.783.451,63	1.872.624,21	1.966.255,42

RoE	30,81%	48,32%	37,70%	28,61%	24,71%	24,22%
EBIT margin	0,92%	0,58%	0,61%	0,57%	0,52%	0,47%
P/E	0,01	0,01	0,01	0,01	0,01	0,01
P/BVPS	0,00x	0,00x	0,00x	0,00x	0,00x	0,00x
EV/EBITDA	8,09x	6,08x	5,14x	5,74x	5,83x	5,52x

Source: Dr. Kalliwoda Research GmbH © 2024 & ALTEAO Nyrt.

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1 Alteo Nyrt: Q1 2024 Results

In Q1 2024, ALTEO faced challenges in the energy market, leading to a decline in EBITDA to HUF 4.5 billion from HUF 7.8 billion in Q1 2023. Net profit also decreased to HUF 2.6 billion from HUF 5.6 billion in Q1 2023 due to operational factors. Revenues decreased to HUF 26.6 billion from HUF 36 billion. Despite this, their EBITDA is nearly double that of Q1 2021. However, the company has stabilized profitability above pre-2022 levels despite market challenges. Key investments for 2024 are on track, including projects in gas engines, solar power plants, and battery storage. They secured a HUF 300 million grant for waste management technology transition. ALTEO declared dividends totaling HUF 8 billion and won a tender for a 70MW RRF storage facility. Despite a drop in EBITDA and sales revenue, ALTEO saw higher revenues in the Retail segment and wind turbine operations. They're advancing capacity expansion and efficiency projects set for completion in H1 2024. Overall, ALTEO's financials reflect both challenges and strategic progress in navigating market dynamics. ALTEO's heat and electricity segment experienced significant drops in electricity prices, affecting ancillary services negatively. Despite this, profitability remained stable, though the Spark Spread notably decreased. MAVIR's balancing price cap introduced in December 2023 had mixed effects. Sales revenue decreased by 46% to HUF 16 billion from HUF 29.7 billion impacting EBITDA II decreased to HUF 2.6 billion from HUF 5.9 billion. Renewable energy segment saw a rise in EBITDA II by HUF 346 million to HUF 1.15 billion from HUF 0.8 billion, driven by increased sales revenue to HUF 1.7 billion from HUF 1.2 billion, particularly from wind turbine production and the Nagykőrös biogas power plant. ALTEO's renewable energy portfolio expanded, with the acquisition of a 20 MW solar power plant expected to start operation in Q2 2024. In the Energy Services segment, EBITDA II decreased to HUF -137 million from HUF 154 million affected by lower margins from project management services and decreased profit from operation and maintenance services is the result of higher administrative costs allocated for the expansion of the E-mobility business in relation to its potential for generating profit. The waste management concession, led by MOL Nyrt., showed positive results, with increased sales revenue to HUF 1.1 billion from HUF 0.9 billion and decreased material expenses, leading to a significant rise in EBITDA II to HUF 0.4 billion from HUF 0.02 billion because of advantageous concession service fees and higher volumes collected and processed compared to the base period.

2 Outlook: Our view

In 2024, ALTEO Group is strategically positioning itself for growth, particularly in the renewable energy and waste management sectors, despite facing challenges such as high interest expenses and market volatility. We expect continued growth driven by favorable market conditions for renewable energy. Higher gas and electricity prices have improved margins for unsubsidized renewable power plants and boosted revenue from higher-priced energy contracts. ALTEO's investments in wind turbine production and the acquisition of a 20 MW solar power plant, expected to start operation in Q2 2024, position the company to capitalize on the rising demand for clean energy. We expect that commodity and electricity prices will normalize soon. Barring adverse weather or market conditions, we remain optimistic about achieving a Group EBITDA forecast of HUF 22 billion to HUF 24 billion for the current fiscal year 2024. We expect the measures implemented as part of ALTEO's strategic initiatives to contribute positively to this goal. Our projections for FY2024 see ALTEO reaching HUF 105,2 billion in revenue, with an EBIT of HUF 12,9 billion. For FY2025, we forecast continued growth, with revenue reaching HUF 114,1 billion, with EBIT hitting HUF 12,2 billion.

3 SWOT-Analysis

Strengths

- **Team:** ALTEO Nyrt. employs a qualified workforce, coupled with a highly competent management with a lot of experience in the relevant industries. The good prospects of the market will contribute to a stronger entrepreneurship.
- **Investment in (technology):** Projects as the Virtual Power Plant (“VPP”), leads to growth improvements, through innovative technologies. The competitiveness increases strongly.
- **Pricing & Know-How:** Compared to conventional energy prices, ALTEO's products and solutions are competitive. The Green Premium is striving towards zero. In the medium term, this should attract even more commercial customers as more and more attention is paid to sustainability.
- **Reputation:** ALTEO stands for sustainable and reliable energy supplier. This reputation as a reliable partner, coupled with sustainability, strengthens the company's market position
- **Business Model:** Through appropriate contracts with its commercial customers, ALTEO generates recurring revenue that is more predictable and not subject to complicated contracts, and the threat of penalties, as is the case with energy buyers.

Weaknesses

- **Climate dependence:** Although ALTEO invests in balancing energies, they are still dependent on climate change. From this uncertainty, of the climate change, ALTEO is under possible endangerment.
- **High investment plans:** Burdens the balance sheet for the coming years. Cash flow generation is required. (Relative CAPEX intensive)
- **Economic condition:** ALTEO's only market is Hungary, thus depends on the economy of Hungary. None strive, as of now, to diversify.

Chances, Opportunities

- **Innovative own technology (“VPP” & ARTEMIS programm):** Technology for control and planning of power plants, which is currently being developed. It enables ALTEO to achieve a higher market share in service (O&M) segment. Furthermore, ALTEO's applications, leads to increased in efficiency at other companies, as well as in its own facilities.
- **Clean Energy for all Europeans (CEP):** SEMC¹ can be integrated into the EU inland energy trade in order to keep sustainable electricity broadly available for the EU market. -> New markets
- **Innovative technology (market progression):** New knowledge in sustainable power production, could be a great growth driver.
- **Growing markets:** The markets are becoming more sustainable, which means that the demand for sustainability is increasing. In the same course, the demand for balancing energy is also growing.

Risks

- **Competition (Prosumers):** High growth rates of home solar installations. Customers are becoming self-sufficient. They use similar functionalities for this, but on a smaller scale.
- **Climate change:** The Risk of global warming, causes the elements to change their attributes. Global warming, could also decrease heat demand, leading to a decrease in demand -> Market loss.
- **Russian-Ukrainian war:** The conflict situation in Ukraine continue to threaten the markets in the surrounding countries in Eastern Europe including ALTEO's primary market, Hungary.
- **Inflation and rising energy costs:** Energy price volatility, coupled with inflation still threatens ALTEO's operations, while also increasing working capital financing needs.

¹ Southern and Eastern Mediterranean Countries

4 Valuation

For the valuation of ALTEO Nyrt., we use a traditional DCF model, from which a 12-month price target for the share of HUF 5995,1 is derived. Compared to the current market level, this corresponds to an upside of around 58.1%.

Discounted Cash Flow Model calculated on June 6th 2024

in'000 HUF	2022	2023	2024E	2025E	2026E	2027E	2028E
Net sales	103,027,000.00	98,954,000.00	105,197,134.64	114,138,891.08	127,850,181.49	140,799,001.29	155,059,293.10
(y-o-y change)	132.8%	-4.0%	6.3%	8.5%	12.0%	10.1%	10.1%
EBIT	16,695,000.00	15,164,566.00	12,878,292.13	12,277,110.05	12,937,869.06	11,164,123.40	14,252,351.45
EBIT margin	16.2%	15.3%	12.2%	10.8%	10.1%	7.9%	9.2%
NOPLAT	13,831,000.00	12,044,566.00	9,358,557.73	8,306,427.27	8,458,462.42	6,110,815.17	8,551,613.37
+ Depreciation	3,527,000.00	4,268,000.00	4,814,816.16	5,431,690.41	6,127,598.58	6,912,666.51	7,798,317.34
= Net operating cash flow	17,358,000.00	16,312,566.00	14,173,373.89	13,738,117.68	14,586,061.00	13,023,481.68	16,349,930.72
- Total investments (Capex and WC)	- 10,644,563.00	- 8,690,640.00	- 9,061,744.16	- 8,976,835.62	- 8,862,335.77	- 8,714,076.10	- 8,527,342.33
Capital expenditure	- 4,311,000.00	- 8,219,100.00	- 8,115,015.31	- 7,982,770.33	- 7,818,567.21	- 7,618,119.11	- 7,376,587.49
Working capital	18,463,037.00	18,934,577.00	19,881,305.85	20,875,371.14	21,919,139.70	23,015,096.69	24,165,851.52
Change in Working Capital	- 6,333,563.00	- 471,540.00	- 946,728.85	- 994,065.29	- 1,043,768.56	- 1,095,956.99	- 1,150,754.83
= Free Cash Flow (FCF)	6,713,437.00	7,621,926.00	5,111,629.73	4,761,282.06	5,723,725.23	4,309,405.58	7,822,588.39
PV of FCFs	6,713,437.00	7,134,792.74	4,479,119.56	3,905,474.55	4,394,862.72	3,097,423.15	5,263,204.97
Terminal Value							130,818,287.42

PV of FCFs in explicit period	23,011,672.73
PV of terminal period	94,026,794.27
Implied Enterprise value (EV)	117,038,466.99
- Net debt	5,182,896.72
+ Investments / - Minorities	0.20
Shareholder value	111,855,570.47

Number of shares outstanding (thousands) **19,931.47**

WACC	6.83%
Equity costs	11.6%
Debt costs before tax	5.1%
Tax rate	9.0%
Debt costs after tax	4.6%
Equity ratio	31.3%
Debt ratio	68.7%
Fair value per share in HUF today	5,612.01
Fair value per share in HUF in 12 months	5,995.17

Source: Dr. Kalliwoda Research GmbH © 2024

WACC assumptions

Growth assumptions

Long-term growth rate	0,8%
Assimilation phase (from 2022)	
Sales growth at the beginning	

Equity

Risk-free rate	7,00%
Equity risk premium	8,71%
Beta	0,53

Equity costs 11,62%

Debt costs

Debt costs (before tax)	5,11%
Tax rate on interest	9,00%
Debt costs (after tax)	4,65%

Equity	31,286%
Debt	69%

WACC 6,83%

Source: Dr. Kalliwoda Research GmbH © 2024

5 Risk and Opportunities / Markets

5.1 Risk

One risk could be the introduction of special taxes, on the regulatory level, which would not be beneficial for the ALTEO Group. Higher taxes on electricity would decrease the consumption or would lead to a more difficult production. This case is not likely to occur, except changing operability of weather dependent power plants. The Risk of global warming, causes the elements to change the attributes, such as the water yield of rivers may drop and outages may increase due to extreme weather. Result would be decreasing sales revenue, as well as increasing cost. Global warming, could also decrease heat demand, due to warmer weather consumers have to heat less, resulting in a decrease in demand and consequently, Market loss.

5.2 Opportunities

Growing demand for balancing energy, is a huge opportunity for the ALTEO Group. With the increase in peak demand due to warmer summer weather and weather-dependent renewable generation, balancing power is becoming more important because it is independent. Thus, even if the weather conditions are not conducive to the weather-dependent plants, electricity is still available to the consumer. Resolving this problem, ALTEO's approach is to increase the installed capacity of ALTEO's Virtual Power Plant as well as developing a balancing energy sales strategy linked to scheduling. A change in consumer needs, a shift towards a sustainable consciousness, could be a huge opportunity for ALTEO due to increasing demand for green energy.

As a result of the price premium, sales revenue could be increased. Also related to change in consumer needs, is the opportunity of a growing market for energy efficiency investments. ALTEO handles this opportunity through market research. A growth factor could also be the changing demands due to electric mobility, which results in growing electricity demand. Regulation could even improve expansion of ALTEO's asset inventory. Therefore, ALTEO has to develop products to serve this market as well as doing market research. ALTEO's goal is to minimize the costs and losses caused by climate change and its risks. In addition, ALTEO's guiding principle is to increase profitability by exploiting opportunities.

6 Shareholder Structure

Based on the public tender offer for the shares of ALTEO Plc. by MOL RES Investments Zrt. as designated bidder, the shareholder structure is as follows.

Name	nr. of shares	% of shares
MOL RES Investments	4 902 536	24,60%
Riverland Private Equity Fund	4 902 535	24,60%
Fónix Private Equity Fund	4 902 535	24,60%
ALTEO Employee Stock Ownership Program (ESOP)	1 158 263	5,81%
Free float	4 065 605	20,40%
Total	19 931 474	100,00%

7 Profit and Loss Statement

Profit and Loss Statement - Alteo Nyrt.

all figures in '000 HUF unless otherwise indicated

	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Revenues	25.573.350	32.981.301	44.249.448	103.027.000	98.954.000	105.197.135	114.138.891	127.850.181	140.799.001	155.059.293
Marterial expenses	(18.284.265)	(23.072.429)	(25.624.444)	(70.449.000)	(63.869.000)	(70.136.345)	(77.239.838)	(87.135.806)	(98.299.646)	(105.457.039)
Personnel expenses	(3.078.261)	(3.770.040)	(4.192.237)	(5.950.000)	(7.876.000)	(8.594.931)	(9.293.537)	(10.484.225)	(11.827.464)	(13.342.799)
Depreciation and amortization	(2.045.752)	(2.858.523)	(3.936.669)	(3.527.000)	(4.268.000)	(4.814.816)	(5.431.690)	(6.127.599)	(6.912.667)	(7.798.317)
Other revenues, expenses, net	(804.281)	(1.228.018)	(1.795.605)	(6.765.000)	(8.315.000)	(9.380.318)	(10.582.124)	(11.937.906)	(13.467.390)	(15.192.832)
Capitalised own production	292.494	512.226	242.826	359.000	538.566	607.567	685.409	773.223	872.288	984.046
Operating profit or loss	1.653.285	2.564.517	8.943.319	16.695.000	15.164.566	12.878.292	12.277.110	12.937.869	11.164.123	14.252.351
Other revenues, expenses, net - Zu	31.801	0	0	0	0	0	0	0	0	0
Other revenues, expenses, net - R	48.342	89.051	0	0	0	0	0	0	0	0
EBIT	1.733.428	2.653.568	8.943.319	16.695.000	15.164.566	12.878.292	12.277.110	12.937.869	11.164.123	14.252.351
Finance income	271.602	479.576	384.928	427.270	6.245.000	7.045.109	7.947.729	8.965.992	10.114.715	11.410.612
Financial expenses	(1.215.422)	(1.569.892)	(2.255.979)	(1.364.000)	(5.525.000)	(6.232.863)	(7.031.417)	(7.932.283)	(8.948.567)	(10.095.057)
Net finance income	943.820	(1.090.316)	(1.871.051)	(936.730)	719.530	811.716	915.713	1.033.034	1.165.387	1.314.696
Profit or loss before taxes (EBT)	709.465	1.474.201	7.072.268	15.758.270	15.882.000	13.690.539	13.193.421	13.971.578	12.330.271	15.567.906
Income tax expenditures	(435.834)	(883.660)	(1.214.818)	(2.864.000)	(3.120.000)	(3.519.734)	(3.970.683)	(4.479.407)	(5.053.308)	(5.700.738)
Net profit or loss	273.631	590.541	5.857.450	12.894.270	12.762.000	10.170.804	9.222.739	9.492.172	7.276.963	9.867.168
From which the owners of Paren	270.717	586.663	5.855.184	12.948.000	12.797.000	14.436.552	16.286.163	18.372.746	20.726.662	23.382.162
Of which the minority interest i	2.914	3.878	2.266	(55.000)	(35.282)	(39.802)	(44.902)	(50.655)	(57.144)	(64.466)
Base value of earnings per share	15,02	31	310	657	645	727	821	926	1.044	1.178
Diluted value of earnings per sha	14,41	30	302	656	642	724	817	922	1.040	1.173
EBITDA	3.779.180	5.512.091	12.879.988	20.222.000	19.432.566	17.693.108	17.708.800	19.065.468	18.076.790	22.050.669

Source: Dr. Kalliwoda Research GmbH © 2024

8 Balance Sheet

Balance Sheet - Alteo Nyrt.

all figures in '000 HUF unless otherwise indicated

	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
ASSETS										
Fixed Assets	24.194.661	31.065.255	31.370.772	34.941.457	43.572.926	45.751.572	48.039.151	50.441.108	52.963.164	55.611.322
<small>Intangible Assets</small>	0	0	0	0	0	0	0	0	0	0
Power plants and power generating properties, plant and equipment (Technical eq)	17.711.707	25.435.923	25.738.088	27.843.737	35.108.875	36.864.319	38.707.535	40.642.911	42.675.057	44.808.810
<small>Intangible Assets</small>	73.105	87.369	91.737	0	0	0	0	0	0	0
Other intangible assets (Capitalized start-up and res)	3.492.357	3.037.269	2.516.820	2.417.675	2.705.370	2.840.639	2.982.670	3.131.804	3.288.394	3.452.814
Operation contract assets	1.407.741	1.212.987	1.052.216	925.860	799.504	839.479	881.453	925.526	971.802	1.020.392
Right to use (Intellectual Property)	924.768	1.063.615	1.766.502	2.016.580	2.431.769	2.553.357	2.681.025	2.815.077	2.955.830	3.103.622
Goodwill	104.376	0	0	0	0	1.019.181	1.070.140	1.123.647	1.179.829	1.238.821
Long-term lease assets	286.856	132.811	71.395	31.990	335.537	352.314	369.930	388.426	407.847	428.240
Deferred tax assets	193.651	95.181	225.651	969.602	1.172.690	1.231.325	1.292.891	1.357.535	1.425.412	1.496.683
Other long-term loans (given)	100	100	100	100	0	0	0	0	0	0
Long-term participations in associate (In affiliated)	100	100	100	100	0	0	0	0	0	0
Current Assets	13.379.846	13.819.105	29.389.976	65.078.937	48.404.853	50.825.096	53.366.350	56.034.668	58.836.401	61.778.221
Inventories	233.165	442.622	1.076.779	1.779.133	989.904	1.039.399	1.091.369	1.145.938	1.203.234	1.263.396
Trade receivables	2.919.836	3.263.224	4.425.345	24.562.537	10.863.760	11.406.948	11.977.295	12.576.160	13.204.968	13.865.217
Short-term lease assets	160.814	128.949	0	0	0	0	0	0	0	0
Emission allowances	342.100	843.488	2.395.525	1.521.340	1.051.198	1.103.758	1.158.946	1.216.893	1.277.738	1.341.625
Other financial assets	360.987	1.795.982	8.627.136	8.500.254	4.164.457	4.372.680	4.591.314	4.820.880	5.061.924	5.315.020
Other Receivables and accruals	4.396.596	3.796.983	9.155.718	12.057.221	6.827.020	7.168.371	7.526.790	7.903.129	8.298.285	8.713.200
Income tax receivables	118.677	92.812	30.220	193.124	163.434	171.606	180.186	189.195	198.655	208.588
Cash and equivalents	4.847.671	3.455.045	3.679.253	16.465.328	24.345.080	25.562.334	26.840.451	28.182.473	29.591.597	31.071.177
<small>Prepaid Expenses and Accrued Income</small>	0	0	0	0	0	0	0	0	0	0
TOTAL ASSETS	37.574.507	44.884.360	60.760.748	100.020.394	91.977.779	96.576.668	101.405.501	106.475.776	111.799.565	117.389.543
	0	0	0	0	0	0	0	0	0	0
Shareholders' Equity										
Issued Capital	232.948	232.972	242.235	249.066	247.534	259.911	272.906	286.552	300.879	315.923
Share premium	5.056.207	4.962.084	5.375.369	6.573.148	6.174.087	6.482.791	6.806.931	7.147.277	7.504.641	7.879.873
Transactions with owners	-192.534	0	0	0	0	0	0	0	0	0
Share-based payments reserve	68.398	62.819	-206.875	-1.459.544	-1.885.811	-1.980.102	-2.079.107	-2.183.062	-2.292.215	-2.406.826
Hedge reserve	-1.713.432	399.801	5.306.431	2.069.245	-2.389.024	-2.508.475	-2.633.899	-2.765.594	-2.903.874	-3.049.067
Conversion reserve	-1.059	0	0	0	0	0	0	0	0	0
Retained earnings	2.303.282	2.882.216	8.282.127	19.170.998	31.663.743	33.246.930	34.909.277	36.654.740	38.487.478	40.411.851
Non-controlling interest	-3.926	7.765	10.031	84.949	43.585	45.764	48.052	50.455	52.978	55.627
Provisions	0	0	0	0	0	0	0	1	2	3
Liabilities	31.824.623	36.336.703	41.751.430	73.332.532	58.123.665	61.029.848	64.081.341	67.285.408	70.649.678	74.182.162
Long Term Liabilities										
Debts on the issue of bonds (Bond for Growth)	10.909.019	14.889.000	12.658.274	12.658.274	12.658.274	13.291.188	13.955.747	14.653.534	15.386.211	16.155.522
Long-term loans and borrowings (Long Term Inv)	7.056.264	8.411.397	6.583.098	6.670.051	9.579.949	10.058.946	10.561.894	11.089.988	11.644.488	12.226.712
Financial lease liabilities (Other Long-Term Loan)	917.122	1.047.406	1.687.704	1.848.597	2.160.081	2.268.085	2.381.489	2.500.564	2.625.592	2.756.872
Deferred tax liabilities (Financial Leases)	599.716	866.550	1.487.761	2.248.154	825.573	866.852	910.194	955.704	1.003.489	1.053.664
Provisions	568.680	850.493	944.136	1.247.765	1.221.555	1.282.633	1.346.764	1.414.103	1.484.808	1.559.048
Deferred income	535.674	436.864	593.865	805.775	847.847	890.239	934.751	981.489	1.030.563	1.082.091
Other long-term liabilities	1.172.131	1.404.123	536.090	1.238.016	1.360.110	1.428.116	1.499.521	1.574.497	1.653.222	1.735.883
Short Term Liabilities										
short term loans	10.066.017	8.430.870	17.260.502	46.615.900	29.470.276	30.943.790	32.490.979	34.115.528	35.821.305	37.612.370
Short-term bond payables	2.215.114	0	2.312.138	2.566.473	2.895.290	3.266.234	3.684.704	4.156.788	4.689.356	5.290.157
Short-term loans and borrowings	463.165	929.693	419.778	7.185.732	1.703.817	1.922.110	2.168.371	2.446.182	2.759.587	3.113.146
Short-term finance lease liabilities	108.555	154.912	237.744	391.600	530.566	598.542	675.227	761.737	859.331	969.429
Advance payments received	497.963	46.500	8.989	1.499.254	29.281	33.032	37.265	42.039	47.425	53.501
Trade payable	1.963.934	2.308.413	4.546.498	11.282.617	3.404.049	3.840.176	4.332.179	4.887.218	5.513.368	6.219.741
Other financial liabilities	1.104.369	189.130	0	324.160	3.138.813	3.540.958	3.994.625	4.506.417	5.083.779	5.735.112
Other short term liabilities	3.654.710	4.522.992	9.328.196	24.885.619	17.900.512	20.193.926	22.781.171	25.699.895	28.992.566	32.707.093
Income tax liabilities	58.207	279.230	407.159	1.046.918	2.763.238	3.117.264	3.516.648	3.967.201	4.475.479	5.048.877
Passive Accruals	0	0	0	0	0	0	0	0	0	0
TOTAL LIABILITIES & EQUITY	37.574.507	44.884.360	60.760.748	100.020.394	91.977.779	96.576.668	101.405.501	106.475.776	111.799.565	117.389.543

Source: Dr. Kalliwoda Research GmbH © 2024

9 Appendix: Company Profile & Business Model

ALTEO is a safe, efficient and sustainable energy producer, oriented towards mainly commercial customers. With a market capitalization of HUF 57.8 bn, ALTEO has expanded largely through mergers and acquisitions, which is a faster corporate growth. The strategy is now changing to increase the expansion of capital expenditures. Ventures such as Waste Management and E-Mobility, for which separate companies were founded, complement the ESG character of ALTEO. The Group is the first energy company in Hungary to implement an independent ESG rating from Sustainalytics².

ESG-Rating

ALTEO Energiaszolgáltató Nyrt. is the first company in the Hungarian energy sector that obtained an international ESG certificate. ALTEO was rated with a lower ESG risk than the industry average receiving an ESG rating of 30.8 pts. on a 0-50 risk scale (Sustainalytics). ALTEO thereby is the first Hungarian energy company achieving a lower risk level than the global average in the energy producing and trading sector. Even though the analysis puts ALTEO at a high risk, the rating also considers that the company has a comprehensive risk response as well as a strong risk management. It has introduced robust ESG programs, practices and policies in order to effectively control and mitigate existing risks. All ESG themes received a low, medium or negligible risk rating with the exception of carbon emissions arising from ALTEO's natural gas power plants. "Last year we announced our intention to continue as a certified company under the ESG approach as soon as possible. As a listed company, transparency is a fundamental principle for us, and as a new generation energy provider, we want to set an example to all energy market players. We are proud to be the first company in Hungary in the energy sector, not including oil and gas industry, to obtain ESG certification (moreover, by the deadline we have set for ourselves), and we are hoping that this will gradually become a market expectation in the Hungarian large corporate sector as well. " – Attila Chikán Jr. (ALTEO CEO).

"Since our establishment in 2008, sustainability has accompanied us in all our business decisions, and the ESG certification provides us with the reference points that form the basis of a comprehensive ESG strategy covering all areas of sustainability,"

- Anita Simon, (ALTEO Deputy CEO for Sustainability and Circular Economy).

According to her, the analysis covers all sector-specific risks and clarifies what measures can be taken to mitigate these risks.

² <https://www.sustainalytics.com/esg-rating/alteo-energiaszolg-ltat-nyrt/2003159536>

Business Model

ALTEO can be classified as a sustainable company. This offers significant market potential, as ALTEO is able to penetrate markets that contribute to the value of the company and thus to the value of the shareholder, as well as being supported by subsidiaries.


According to ALTEO, in addition to extensive expertise in the use of alternative and renewable energy sources, it uses highly efficient natural gas fueled cogeneration systems. The cogeneration plants help to balance the volatile production of renewables.

ALTEO provides support to business partners by being able to design efficient energy management to enable the minimisation of energy costs as well as cutting environmental impact. This ensures the optimal use of renewable energy.

The self-declared goal of the ALTEO Group is to become a pace-setting energy service provider, providing sustainable energy for its customers. The ambition to secure optimal returns for shareholders is to be achieved through energy trading, decentralised energy generation and efficient energy management. ALTEO's business model is based on the belief in ecologically sustainable management, which is reflected in the expansion and use of renewable energy sources. This core competence is integrated into the product range in such a way that it has an impact on business partners and investors.

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2	The company profoundly contributes to the goal.
3	The company significantly contributes to the goal.

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A	100% - 70%	The company exceptionally contributes to the goal.
B	70% - 50%	The company promotes the transition to sustainability.
C	50% - 30%	The company is on the way to sustainability.
D	30% - 10%	The company minimizes its negative impact.
E	10% - 0%	The company is not sustainable.

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