

# Eco Baltia

Largest environmental and  
waste management group  
in the Baltics



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# SPEAKERS



## MĀRIS SIMANOVIČS

**CHAIRMAN OF THE MANAGEMENT BOARD, CEO OF ECO BALTIA**

Māris is one of the most valued managers in the environmental segment in Latvia with more than 20 years of experience in the industry. Under his management Eco Baltia has become an international company with high growth potential.



## SANTA SPŪLE

**MEMBER OF MANAGEMENT BOARD, CFO OF ECO BALTIA**

In her professional career Santa has served as a CFO in various companies, including one Nasdaq-listed company. Santa's key priorities are oriented towards budgeting, performance assessment, fundraising, standardization of accounting across the group, internal and external audits.

# MAIN TRANSACTION DETAILS

Issuer	AS Eco Baltia
Status	Unsecured fixed rate notes
Offer type	Private placement
Target market	Qualified clients and Retail clients
Amount	Up to EUR 10 000 000
Tenor	3 years callable by the issuer after 2 years
Principal repayment	100% bullet at maturity date
Use of proceeds	For general corporate purposes, including financing upcoming investment projects and/or acquisitions
Subscription period	23 October 2023 at 10:00 - 27 October 2023 at 15:30 (EET)  Issuer has a right to shorten the subscription period by publishing the relevant announcement on Nasdaq Riga website at least one business day in advance before the new subscription period end date
Issue (Settlement) date / Maturity date	2 November 2023 / 2 November 2026

Nominal Value / Minimum subscription amount	EUR 1,000/ EUR 100,000
Interest rate (Coupon)	9.00%
Coupon frequency	Semi-annually in arrears, starting from 2 May 2024
Issuer call options	At 101% per Nominal Amount in case of the Redemption Date falling on or after the date falling 2 (two) years after Issue Date At 100% per Nominal Amount in case of the Redemption Date falling within the last 3 (three) months before Maturity Date At 100% per Nominal Amount for tax reasons
Investor put option	At 102% per Nominal Amount only in case of Change of Control, De-listing Event or Listing Failure
Key undertakings	Financial Reporting, Negative Pledge, Limit on dividends, Financial Indebtedness restrictions
Financial covenants	On Issuer's consolidated level: <ul style="list-style-type: none"> <li>Equity Ratio <math>\geq 30\%</math></li> <li>Net Debt-to-adjusted EBITDA Ratio <math>\leq 4.0x</math></li> </ul>
Listing	To be admitted to the <i>First North</i> (Nasdaq Riga) Bond list within 6 months after the issue date.



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# OVERVIEW

## GENERAL OVERVIEW

**Eco Baltia is the largest vertically integrated multi-service environmental services group in Baltics**

- **As pioneers in the industry**, Eco Baltia was the first to establish a PET bottle recycling plant in the Baltic States under PET Baltija
- **Eco Baltia has a modern asset base**, able to meet the most demanding needs of our customers
- **Backbone of Circular Economy in Baltics** with high growth potential



# ECO BALTIA KEY POINTS

Leading waste management provider

## WELL-INVESTED ASSET BASE...

**25** Number of facilities, across Latvia, Lithuania and Czech Republic

## ...RESULTING IN LARGE CAPACITIES

**>250** kt p.a. Processing capacity

## LEADER IN THE BALTICS REGION

**#1** Leading waste management provider in the Baltics

## SIZABLE AND GROWING BUSINESS

**EUR240M** 2022 Revenue Accelerated revenue growth fueled by strategic M&A and operational enhancements.

## GROWTH THROUGH INVESTMENT

**> EUR15M** Average CAPEX investments p.a. since 2020

## EXCELLENT PROFITABILITY

**EUR27M** 2022 EBITDA Substantial improvement of profitability results reinforced by operational efficiency

### Notes:

Company rankings are determined through peer comparison based on turnover data sourced from commercial registries.

Revenue and EBITDA results are pro-forma to reflect full-year effect of Tesil Fibres.

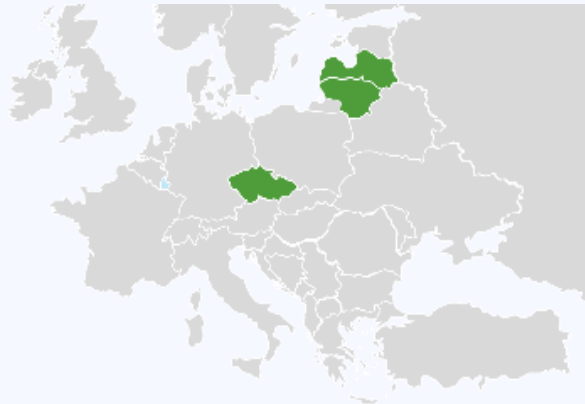
Pro-forma EBITDA reported as per IFRS, with the exception of 1.2m EUR for Tesil fibres Jan-Sept'22, which is according to Czech GAAP due to carve-out



# ECO BALTIA CORE STRENGTHS

The leading high-growth Baltics waste management provider,

which covers the entire waste management value chain, making it a **unique investment opportunity in circular economy and ESG frontrunner in the region**



## HIGH ENTRY BARRIERS

Eco Baltia owns a very optimized distribution network of plants across Latvia and Lithuania, making it difficult for any company to compete

## LONG-TERM COOPERATION WITH MUNICIPALITIES

## HIGHLY EXPERIENCED C-LEVEL TEAM

## COMPREHENSIVE SERVICES PORTFOLIO

Eco Baltia companies represent unique one-stop shop for B2B clients with waste management needs

## RESILIENT AND SUSTAINABLE FINANCIAL PERFORMANCE

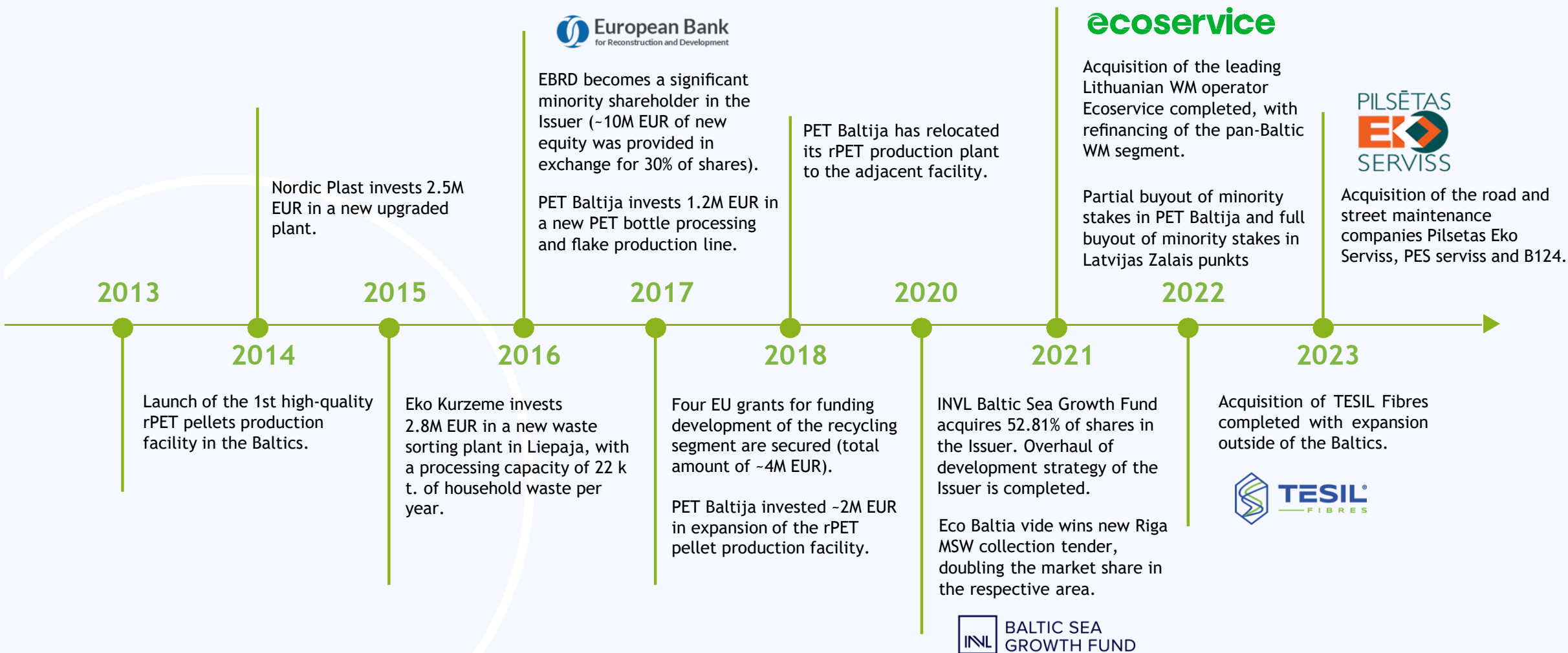
## VERTICAL INTEGRATION

Eco Baltia, thanks to its vertically integrated business units, is able to offer comprehensive waste services that ultimately allow for higher margins

## SUPPORTIVE EU REGULATIONS FOR POLYMERS INDUSTRY AND PACKAGING RECYCLING



# LAST 10 YEARS OF ECO BALTIA





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# ORGANIZATIONAL & BUSINESS STRUCTURE

# SHAREHOLDER STRUCTURE OF ECO BALTIA



## INVL Baltic Sea Growth Fund

Managed by INVL, leading Baltic investment management and life insurance group

Founded in 1991, has solid experience in managing private equity assets and building market players that are leaders in their respective fields in the Baltic countries and Central and Eastern Europe. Over its life-time INVL group has executed deals worth more than EUR 1,8bn.

*INVL Baltic Sea Growth Fund holds 52.81% of the shares indirectly via UAB "BSGF Salvus" (LT).*



## European Bank for Reconstruction and Development (EBRD)

First Institutional investor in Eco Baltia

The European Bank for Reconstruction and Development is an international financial institution founded in 1991. As a multilateral developmental investment bank, the EBRD uses investment as a tool to build market economies.

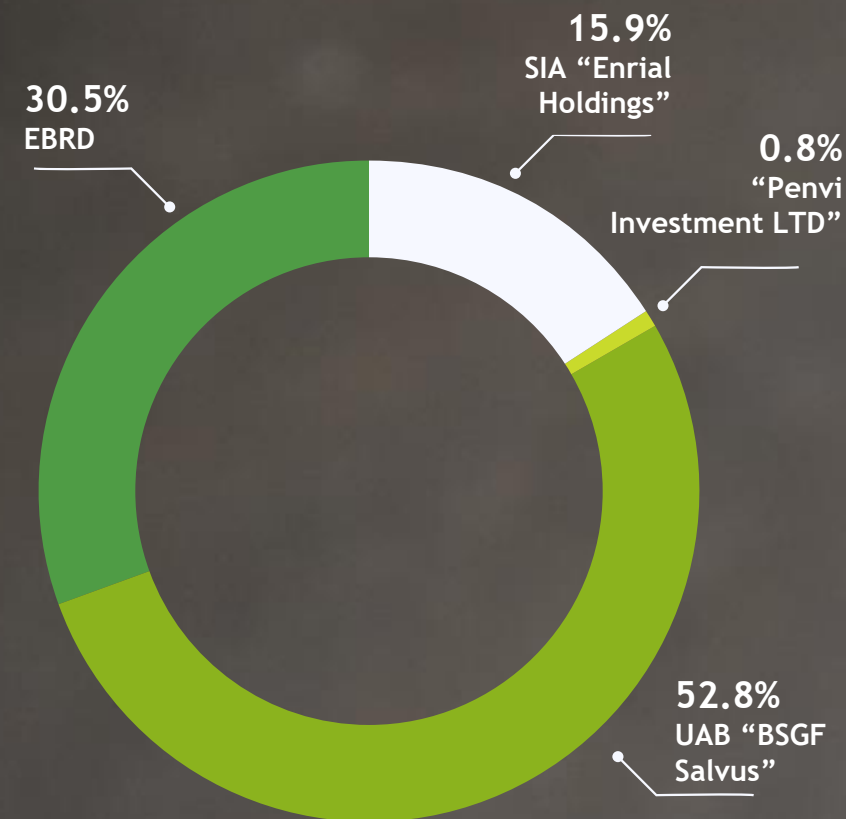


## Māris Simanovičs

CEO of Eco Baltia

Since 2007 Māris has led the consolidation of waste management market in Latvia. Under Maris' management Eco Baltia has grown into a regional player in the Baltic States with well-established regional supply, sales channels and strong shareholder's structure.

*Māris holds 16.68% of the shares indirectly through SIA "Enrial Holdings" (LV) and "Penvi Investment LTD" (CY).*



# SUPERVISORY BOARD



**VYTAUTAS PLUNKSNIS**  
Chairman of Supervisory  
Board at Eco Baltia

Vytautas has extensive experience in international investment management. As Head of INVL Private Equity, Vytautas has been involved in various large-scale investment projects for INVL in Lithuania, Latvia, Moldova and Norway.



**DEIMANTE KORSAKAITE**  
Deputy Chair of the Supervisory  
Board at Eco Baltia

Deimante is recognized as one of the leading M&A experts in Lithuania with extensive experience in transaction structuring and negotiations, legal due diligence. Advised local and international clients on deals with the combined value of almost €2 bn.



**ALBERTO ATIENZA GUELL**  
Member of Supervisory Board  
at Eco Baltia

Alberto has extensive experience in public and private equity and quasi-equity transactions across a wide range of industries (with a focus on healthcare & pharma, manufacturing & services, consumer goods, and retail) and geographies, having executed high profile investments in CEE, SEE and Turkey. Currently he is Associate Director in EBRD's Equity team based in London.



**JURGITA PETRAUSKIENE**  
Independent Member of  
Supervisory Board at Eco Baltia

Jurgita is a certified board member (with 15+ years of industry experience in water supply, waste-water, waste management) with competencies in investment projects, innovation, strategic planning and management.



**GINTS PUCĒNS**  
Member of Supervisory Board  
at Eco Baltia

Gints has extensive experience in advising on acquisitions, disposals, and restructuring of companies. Gints provides legal advice on corporate governance and shareholders issues. Legal support in fundraising for both established businesses and agile start-ups.



# MANAGEMENT BOARD



**MĀRIS SIMANOVIČS**  
Chief Executive Officer  
& Founder

**More than 20 years in the environment industry**

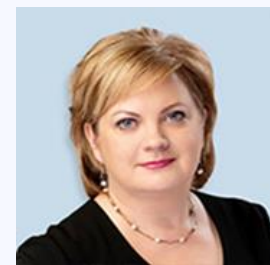
One of the most highly regarded managers in the environmental segment in Latvia. Under Māris' management Eco Baltia has successfully evolved into a regional player with significant growth opportunities. He is actively seeking new ways to foster further business development



**SANTA SPŪLE**  
Chief Financial Officer &  
Board member

**More than 20 years in accounting, audit and finance**

In her professional career Santa has served as a CFO in various companies. Santa's key priorities are oriented towards budgeting, performance assessment, fundraising, standardization of accounting across the group, internal and external audits



**SIGITA NAMATĒVA**  
Chief Legal Officer & Board member

**More than 20 years in law**

Sigita is one of the most experienced lawyers in the field of waste management and environmental issues. She has taken part in development of numerous waste management legislation changes in Latvia and Brussels



**SAULIUS BUDREVIČIUS**  
Board member

**More than 20 years in the environment industry**

Saulius is responsible for overseeing research and development initiatives, as well as the successful implementation of various investment projects within the Group

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03

BUSINESS  
SEGMENTS

# KEY SEGMENTATION OF THE GROUP



## ENVIRONMENTAL SERVICES

WASTE COLLECTION

TRADE OF SORTED RECYCLABLES

PRODUCERS RESPONSIBILITY ORGANISATION

LIQUID WASTE & BIO TOILETS

STREET CLEANING AND STREET  
MAINTENANCE SERVICES

CONSTRUCTION WASTE COLLECTION AND  
SORTING



## PLASTICS RECYCLING

POLYETHYLENE / POLYPROPYLENE (PE /  
PP) RECYCLING

POLYETHYLENE TEREPHTHALATE (PET)  
RECYCLING

FIBRE PRODUCTION



## ENVIRONMENTAL SERVICES



## PLASTICS RECYCLING



LATVIJAS  
ZAĻAIS  
PUŅKTS



ecoservice



TESIL<sup>®</sup>  
FIBRES



# ENVIRONMENTAL SERVICES COMPANIES (1/2)



Roots dating back to 1996, through consolidation of three experienced waste management companies. Eco Baltia vide is a leading environmental management company offering a comprehensive spectrum of services, including household and sorted waste removal, used packaging management, handling of debris and large-scale waste, territory cleanup, seasonal services, and composting toilet solutions



**~500**  
employees



**49.3M EUR**  
revenue (2022)



Established 1991, the Company provides waste management services in the Sigulda City and Eco Baltia is managing JUMIS under concession agreement with Sigulda Municipality till 2033 by using all rights and obligations of the shareholder.



**~15**  
employees



**1.7M EUR**  
revenue (2022)



Established in 1995, market-leading environmental services company in Lithuania, specializing in collection, transportation and processing of municipal solid waste, sorted recyclable materials, construction waste, auxiliary waste and mobile toilet rental services. Owns critically significant infrastructure in this segment.



**~1 220**  
employees



**55.6M EUR**  
revenue (2022)



# ENVIRONMENTAL SERVICES COMPANIES (2/2)



Established in 2000 as the first business unit of Eco Baltia and acts as an organizer of the regeneration system. Organizes recycling of packaging waste, waste of electrical goods and environmentally harmful products in accordance with a multi-year action plan of the Latvian State Environmental Service.



**~15**  
employees



**10.4M EUR**  
revenue (2022)



Founded in 2003, company is engaged in daily maintenance of streets and cleaning of external territories. Other services include pavement repairs, water drainage maintenance, equipment rental, waste removal and sale of anti-slip materials.



**~70**  
employees



**7.2M EUR**  
revenue (2022)

# PLASTICS RECYCLING COMPANIES



Founded in 2003, specialises in used PET (polyethylene terephthalate) bottle secondary recycling by producing high quality PET flakes and pellets. One of the largest in Northern Europe and the only recycling company of this kind in Latvia. Currently executing major capacity increase project.

 **~250**  
employees

 **79.0M EUR**  
revenue (2022)



Established by spin-off in 2022, primary producer of polyester fiber in the Czech Republic. Known for its high-quality standards, TESIL Fibres is the leading recycled fibre supplier in the European market for the: automotive, hygiene, textile and furniture industry segments.

 **~135**  
employees


 **39.8M EUR<sup>1</sup>**  
revenue (2022)



## Nordic Plast

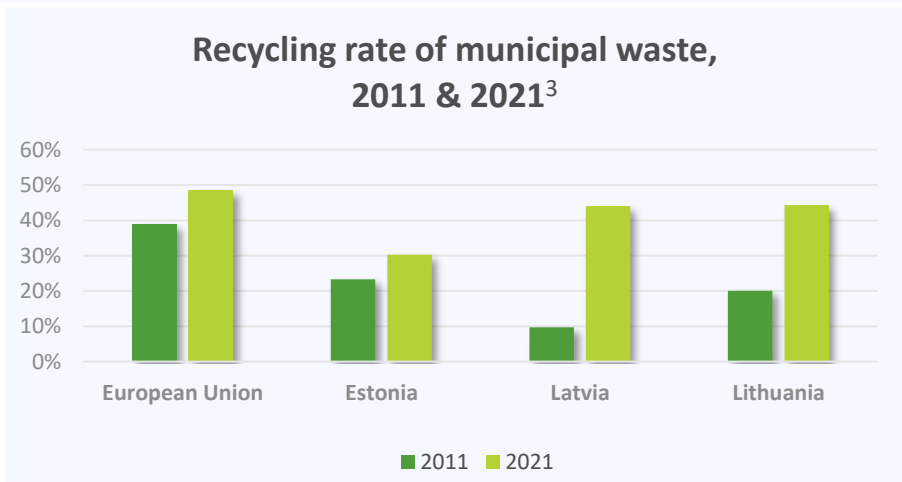
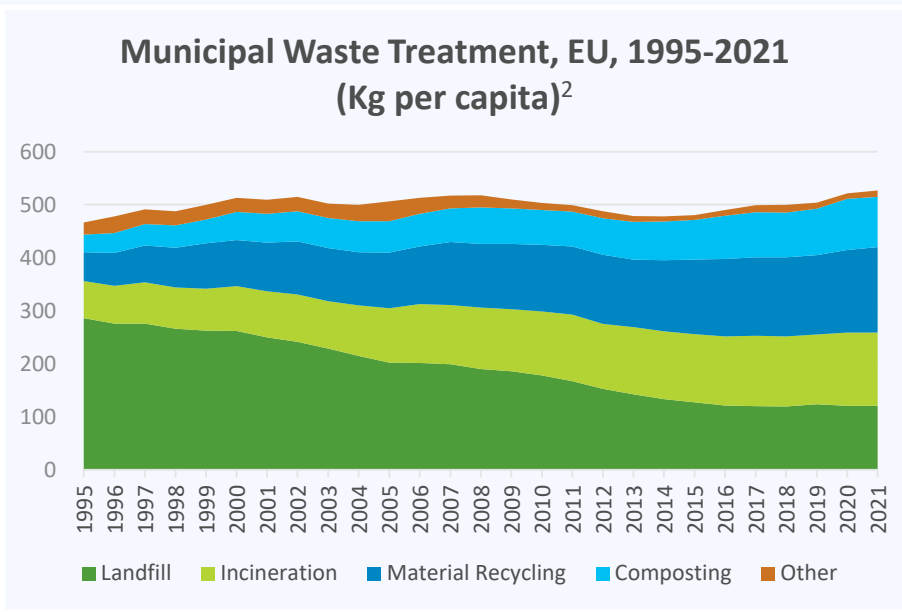
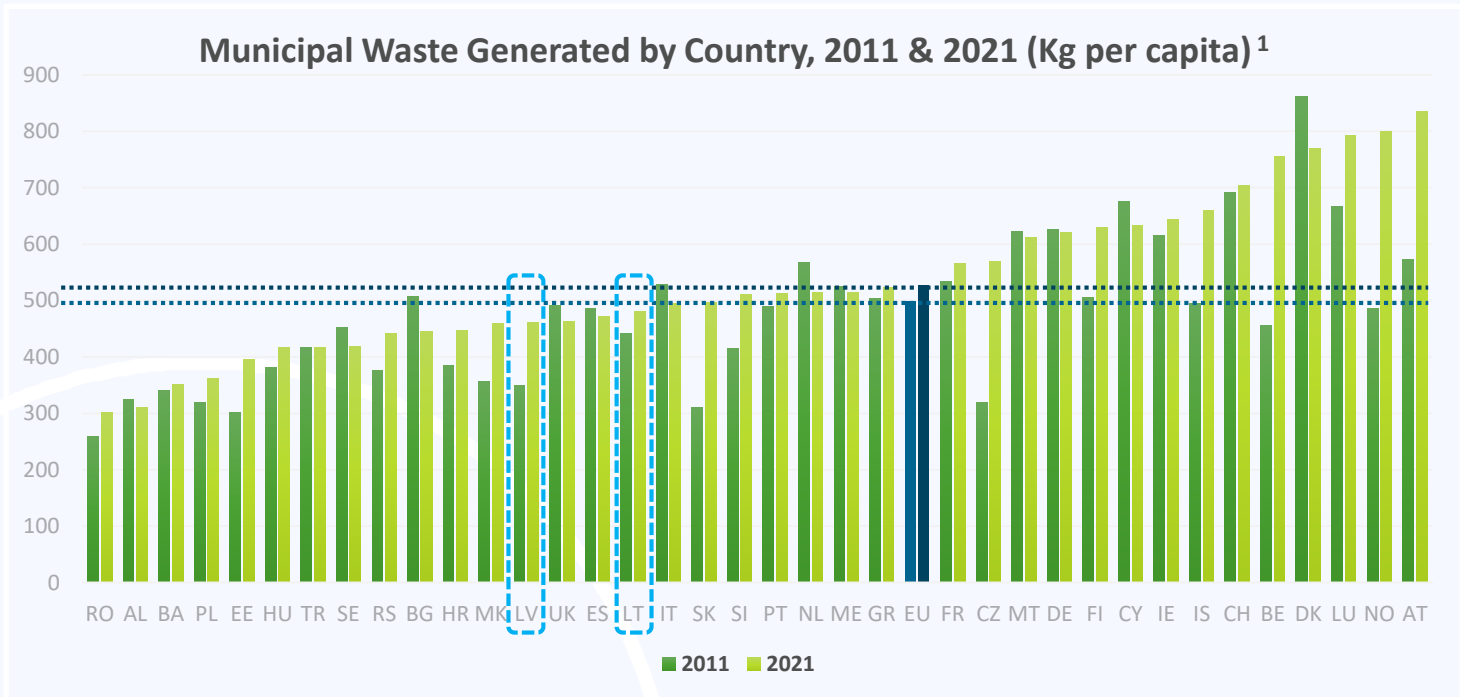
Established in 2000, recycling company specialising in recycling PP, LDPE film and hard plastic HDPE. One of the leading polyethylene recycling companies in Latvia.

 **~110**  
employees

 **13.4M EUR**  
revenue (2022)

<sup>1</sup> Pro-forma for full-year 2022, acquired in September 2022.

# BUSINESS ENVIRONMENT



Although the waste management market in the Baltics is relatively smaller when compared to larger regions like Western Europe, Eco Baltia maintains a strong foothold in its operational domain.

Latvia and Lithuania are behind Nordic economies and slightly below the European Union's average in waste generation. As the Baltic states continue to narrow the gap in terms of GDP and living standards compared to the EU average, we can anticipate a similar convergence in waste generation trends.

The flow of waste generation is steadily on the rise, and as we move toward reduced landfill usage, we anticipate a significant enhancement in both the processing and recycling segments of the business.

<sup>1</sup> <https://ec.europa.eu/eurostat/databrowser/bookmark/490c5bef-d685-408b-a44b-ca1ce0d5b137?lang=en>

<sup>2</sup> <https://ec.europa.eu/eurostat/databrowser/bookmark/5e5554c6-c458-443d-90d6-13f4ca887f33?lang=en>

<sup>3</sup> <https://ec.europa.eu/eurostat/databrowser/bookmark/61efd146-a202-4b30-9ecf-f24d86acc1f1?lang=en>

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04

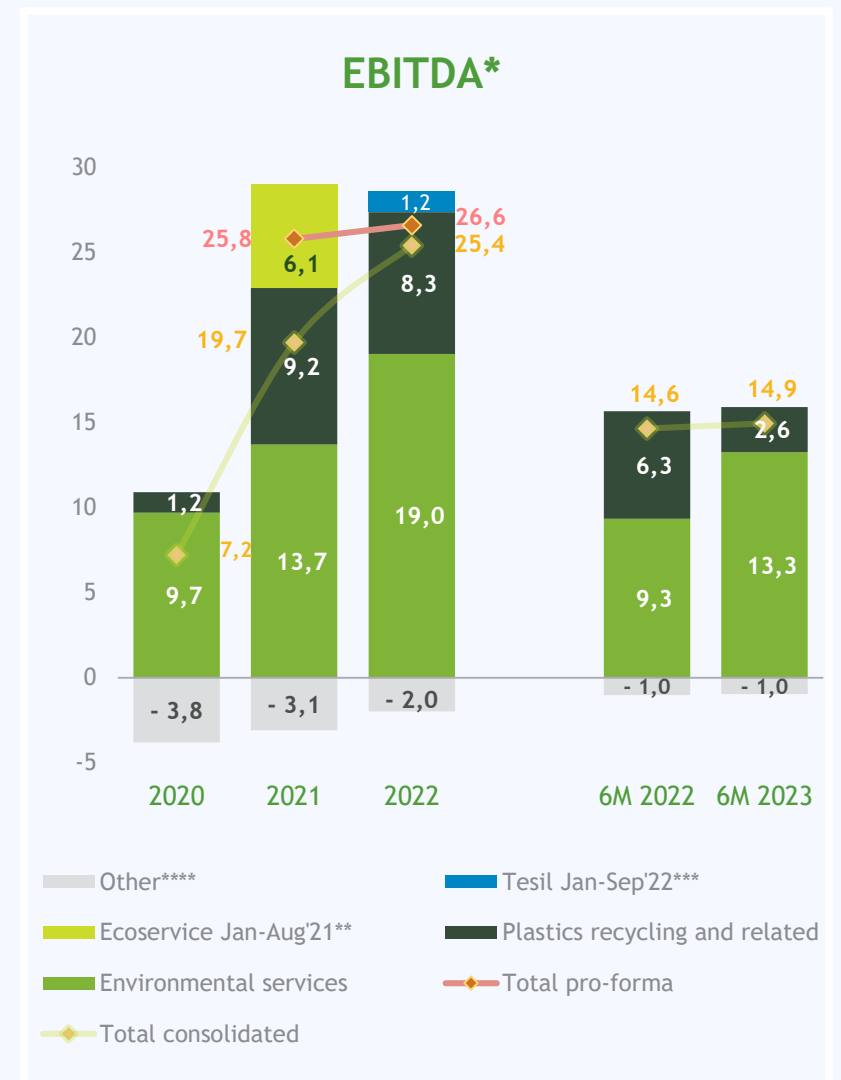
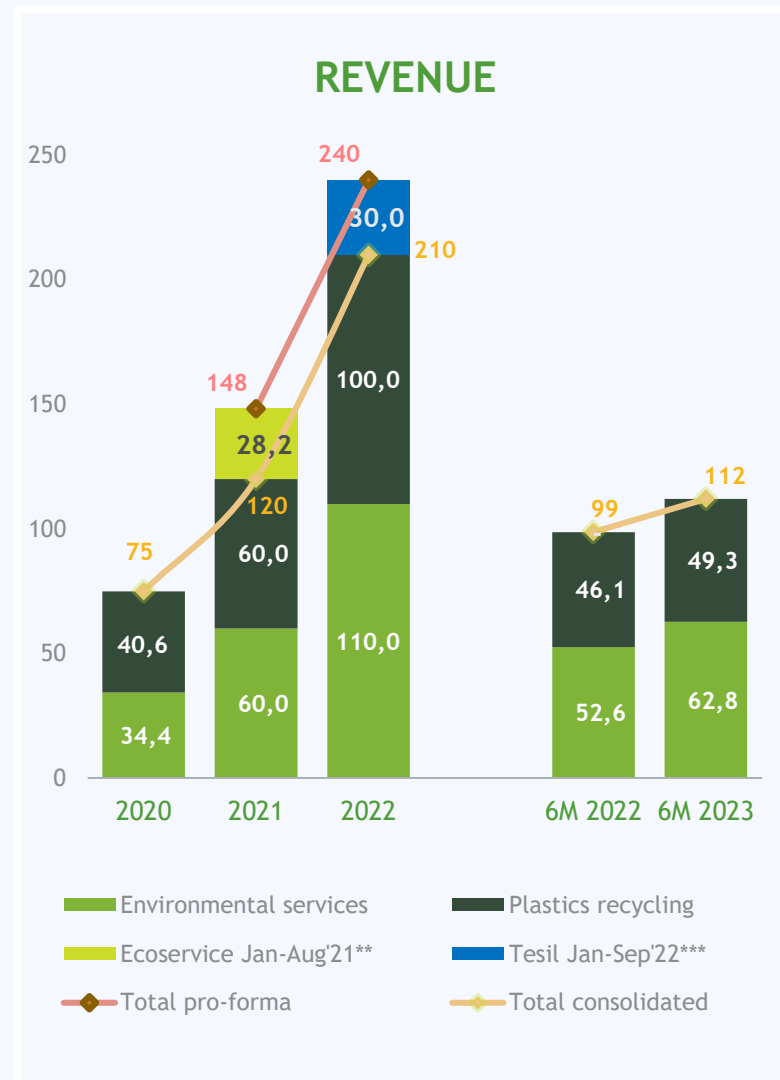
# FINANCIALS



# KEY FINANCIAL HIGHLIGHTS

Strong growth with robust profitability

- **EBITDA growth:** considerable increase, M&A activities contributing 30-40% to total growth
- **Environmental Services segment Growth:**
  - 2021: Driven by Riga MSW agreement and market share
  - 2022: Continued unit revenue growth
  - 2023: Acquisition effect of Pilsētas Eko Serviss
- **Plastics Recycling segment Growth:**
  - Driven by "Green" trend
  - Major brands using reusable materials
  - Increased packaging demand due to COVID-19.



#### Notes:

Revenue and EBITDA results are pro-forma to reflect full-year effect of acquisitions.

\* Pro-forma EBITDA reported as per IFRS, with the exception of 1.2m EUR Tesil fibres Jan-Sept '22, which is according to Czech GAAP due to carve-out.

\*\* Ecoservice pro-forma result for Jan-Aug'21.

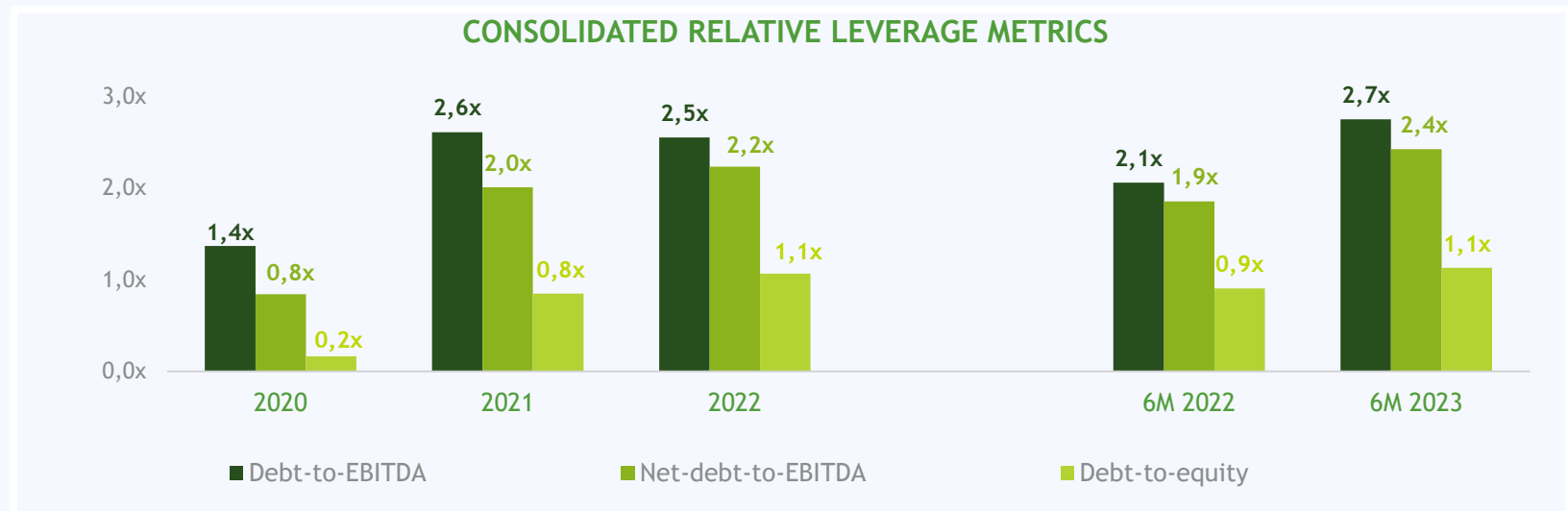
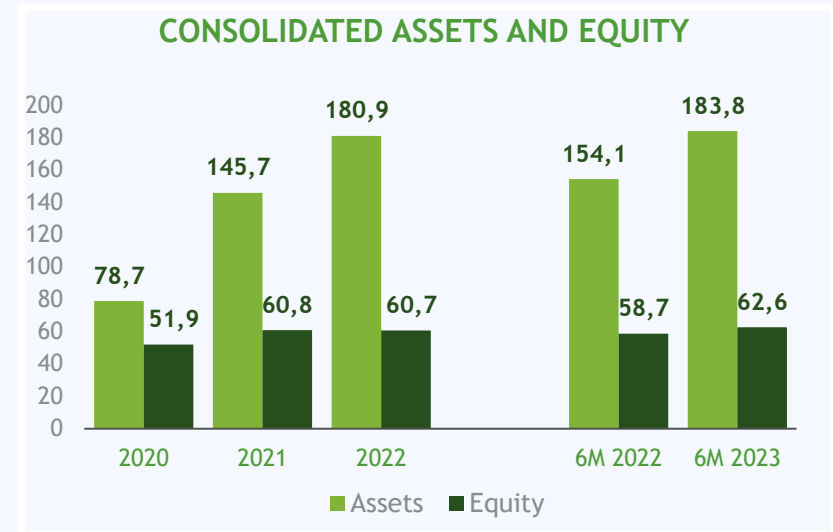
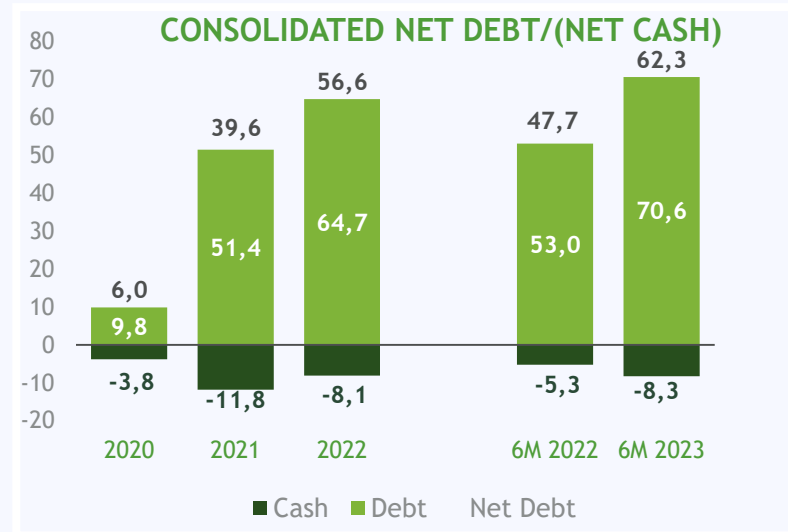
\*\*\* Tesil fibres pro-forma result for Jan-Sep'22.

\*\*\*\* Includes Hold co. and other cost centers.

# KEY FINANCIAL HIGHLIGHTS

## Increasing leverage driven by growth

- **Total book assets** have been growing along with the overall business expansion
- **Substantial growth of balance sheet**, associated with recent development, capex and M&A
- **Moderate level** of net debt presents growth opportunities through M&A or CAPEX



Notes: Financials are reported as per IFRS. Debt exc. IFRS16 lease liabilities.

# KEY INVESTMENT CONSIDERATIONS



## LEADER IN THE BALTIC REGION

- #1 waste management solutions provider in the Baltics
- #1 producers' responsibility organization ("green-dot") in Latvia
- One of the largest PET recyclers in Northern Europe and leading in Latvia
- Leading PET fibre producer in Czech Republic
- Largest owner of infrastructure critical to achieve national waste recycling targets



## SOLID BUSINESS MODEL AND FINANCIAL PERFORMANCE

- Multi-service business mix, meeting needs of most demanding investors
- Business model supported by ESG trends in the EU
- Diversified customer and supplier base
- Long-lasting relationships with key customers and municipalities
- Solid experience and capacity to grow organically or through M&A
- Systematic effort invested in improvements in operational efficiency
- Resilience to market uncertainty



## ESTABLISHED ASSET BASE

- Heavily asset-based, with a focus on long-term contracts
- 24 facilities in the Baltic States and one in Czech Republic
- Advanced technological capacities, more than 260 specialised vehicles
- Over 2200 employees
- Significant industry know-how
- High entrance barriers due to nature of asset-intensive business model



## BACKED BY INSTITUTIONAL INVESTORS

- Experienced management team and the supervision of:
  - INVL: top Baltic private equity management player; acquired control in July 2020 indirectly through UAB "BSGF Salvus"
  - European Bank for Reconstruction and Development: became a shareholder in 2015



# Thank you!

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