



INTER RAO Lietuva

Investor presentation

26 March 2015

1. Introduction

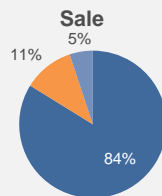
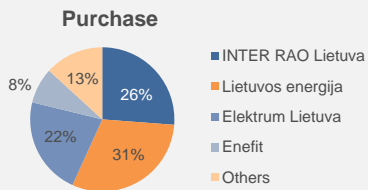


Company profile

Trading position

Leading wholesale electricity trader in Lithuania and the Baltic States

- Reliable supplier of electricity
- The Group has started electricity trading operations in Poland in 2014
- Strong market position in home country with a 80% market share in Lithuania (NordPool, 2Q 2014)



Cooperation with Inter RAO UES

Sole authorized representative of INTER RAO UES in the Baltic region

- Electricity purchased from Inter RAO UES is generally cheaper than the average price in the Baltics
- Inter RAO UES is a leading player in the Russian electricity market
- Agreement with Inter RAO UES is valid until 2020 with possibility to renew the agreement

Renewables

30MW wind park in Vydmantai with a guaranteed feed-in tariff

- Operational 30 MW wind park in Vydmantai
- Guaranteed feed-in tariff of 300 LTL/MWh until 2020
- Wind park generated 56,5 GWh in 2014

The Group's companies

IRL Polska Sp z.o.o.

(100%)

Electricity trading in Poland

INTER RAO Eesti OU

(100%)

Electricity trading in Estonia

SIA INTER RAO Latvia

(100%)

Electricity trading in Latvia

UAB Vydmantai Wind Park

(100%)

Electricity generation and sales

UAB Alproka

(49,9%)

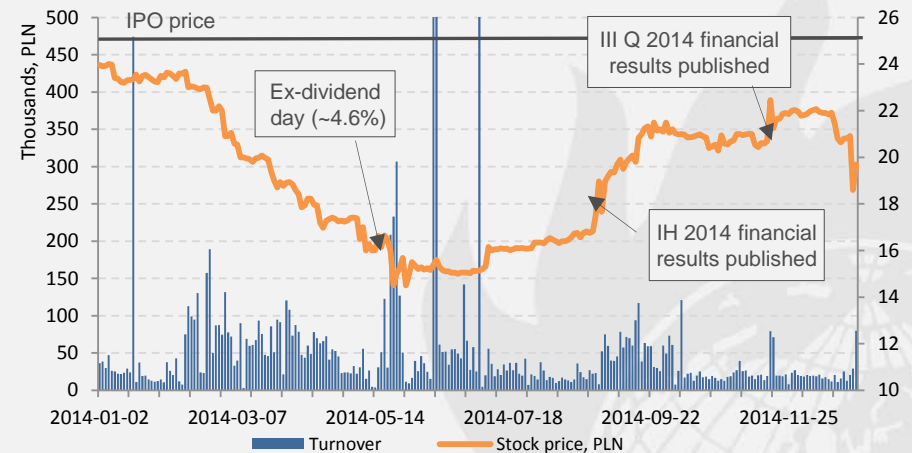
Real estate development (discontinued business)

IPO & stock performance

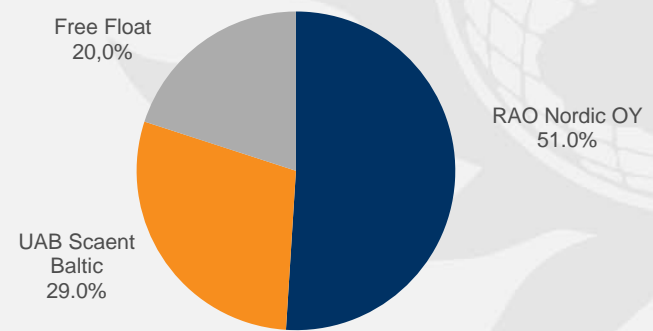
Geopolitical issues unreasonably impedes stock price, The results of the Group gives the spin for the price

- The Company's shares are included in the Main list on Warsaw Stock Exchange
- In May 2014 the Company paid PLN 0.78 dividend per share (4.6% dividend yield)
- During the period from May to December of 2014, the managers of the Company conducted several share purchase transactions on the open market
- Main shareholders of the Company remained unchanged:
 - RAO Nordic OY controls 51%
 - UAB Scaent Baltic owns 29%

Stock performance in WSE



Shareholders as of 31 December 2014



Main events in 2014

- On 9 January 2014 AB “INTER RAO Lietuva” subsidiary “IRL Polska Sp. z o.o.” has been granted the license for electricity trading in Poland

- On 30 of April 2014, the General Annual Meeting of shareholders has adopted the decision to pay dividends to the shareholders of the Company in the amount of PLN 15.6 million (PLN 0.78 per share, dividend yield of 4.6%)

- On 22 of May 2014, IRL Polska Sp. z o.o. begins electricity trading operations

- On 10 October 2014, IRL Polska sp. z o.o. obtained direct access in the Day-Ahead and Intraday Market (RDNiB) and Derivatives Market (RTT)

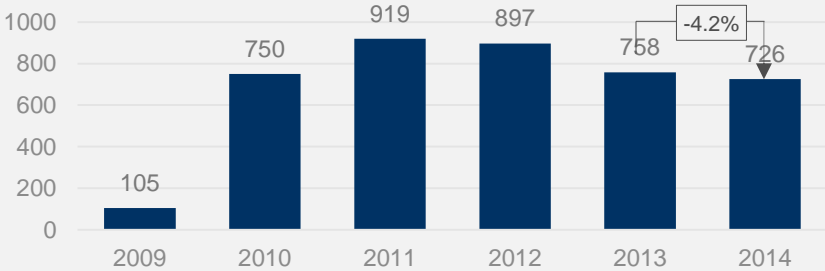
- During the period from May to December of 2014, managers of the Company conducted several purchase transactions on the stock exchange of the Company’s shares

2. Financial performance



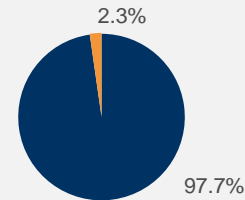
Key financial figures of the Group

Revenues (LTLm)

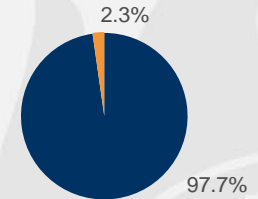


Sales breakdown

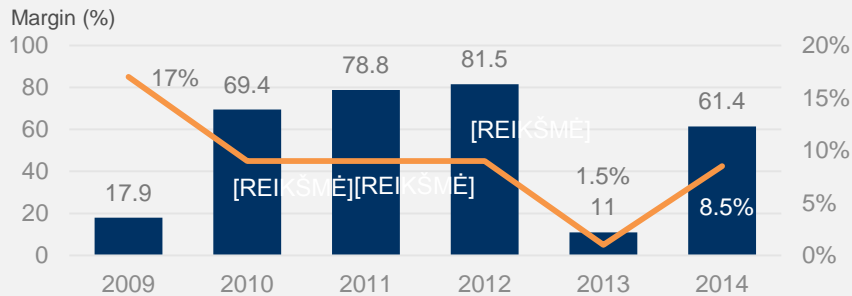
2013



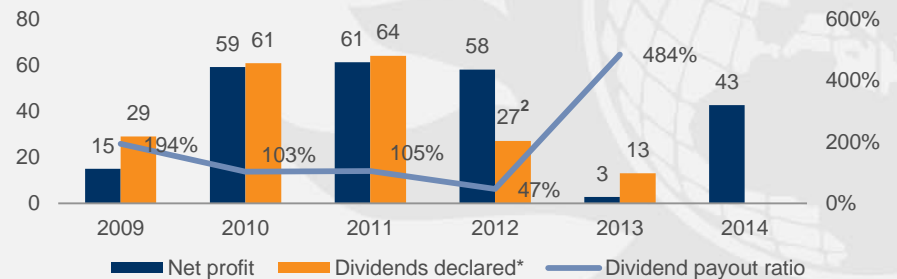
2014



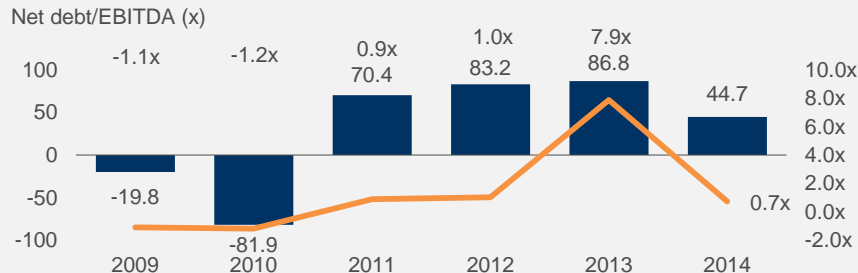
EBITDA (LTLm), EBITDA margin (%)



Net profit (LTLm), Dividends (LTLm), Payout ratio



Net debt (LTLm), Net debt/EBITDA¹



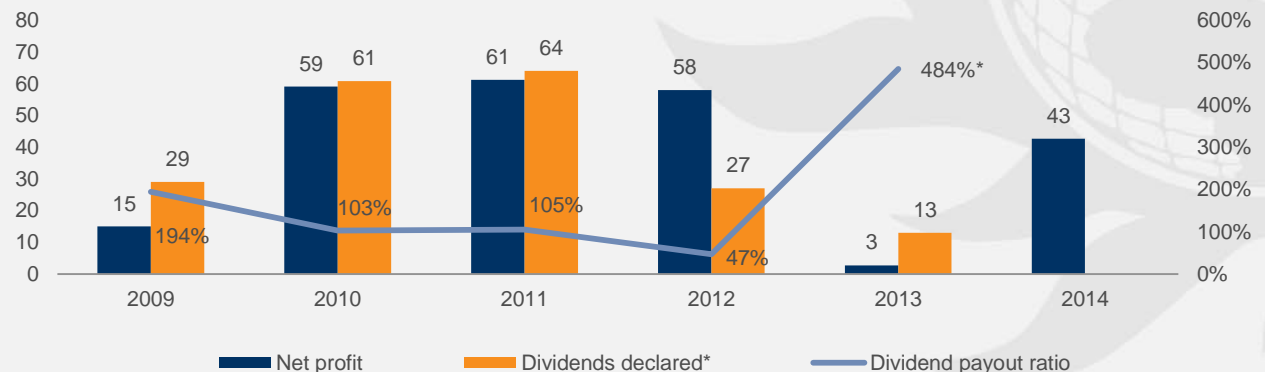
1. The Company has been operating without any interest bearing liabilities until 2011, when financing was raised for the acquisition of Vydmantai wind farm.
 2. The Company in the course of 2012 increased its statutory capital by LTL 19 m, which by the same amount reduced capital available for dividends distribution. Excluding the increase of statutory capital to the shareholders were distributed 71,2% of the profit of 2012 .

Dividend policy

The Company distributes remaining retained earnings to shareholders

- The decisions for the dividends in 2015 are not taken by the Board yet
- On 8 April 2014 the Board suggested to allocate LTL 13 million (or LTL 0.65 per share) shareholders (~4.6% dividend yield)
- On 28 May 2013 the Company paid to shareholders LTL 1.35 dividend per share (5.9% dividend yield)
- Dividends for 2012, 2011 and 2010 amounted to LTL 27 m, LTL 64 m and LTL 61 m respectively
- On 20 July 2012 the Shareholders increased share capital from the Company's retained earnings from LTL1m to LTL20m
 - The net profit for distribution for the financial year ending 31 December 2012, was reduced by the amount of the share capital increase (i.e. LTL19m)
 - In 2013 the Company distributed 71,2% of its 2012 profit (excluding the LTL 19 m used for statutory capital increase)
- According to the Shareholders' Agreement, UAB Scaent Baltic and RAO Nordic Oy will support the distribution of at least 70% of the net profit, unless significant financial viable investment projects are available

Historical dividends (LTLm)



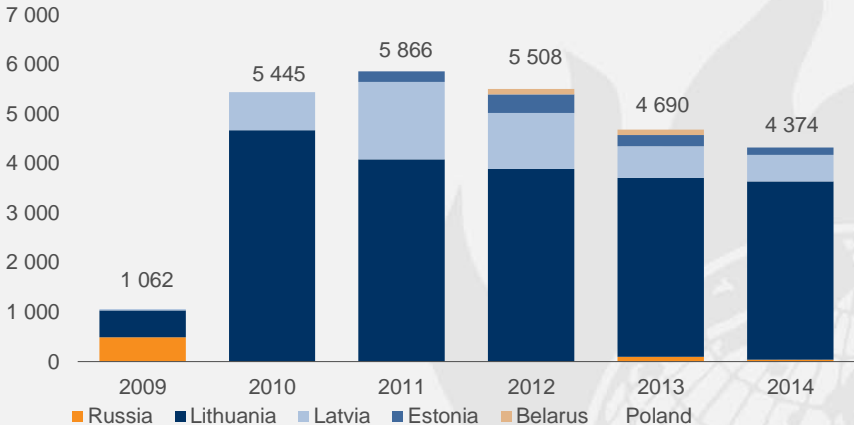
* Dividends declared for the accounting year is paid in the following year

Electricity sales and purchases

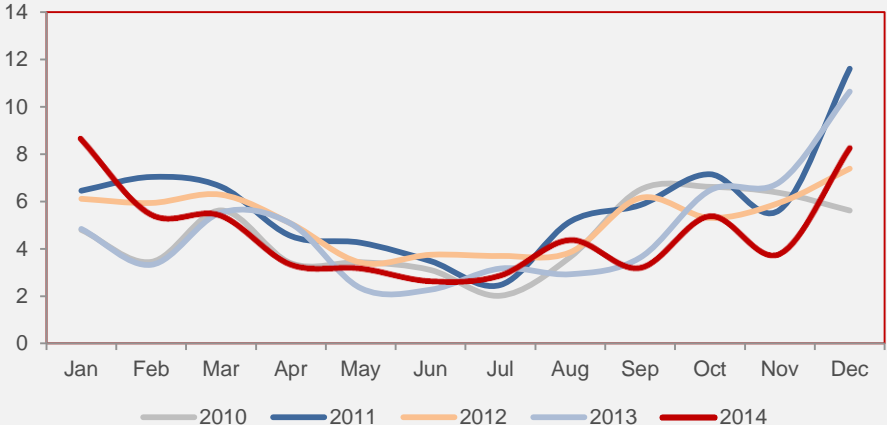
System operators limits electricity supply

- ↳ Agreements between Estonian, Latvian and Lithuanian system operators prevent the Company and other independent suppliers from supplying the deficient amount of electricity
- ↳ The largest volume of electricity was sold in Lithuania (3.6 TWh), followed by Latvia (0.5 TWh) and Estonia (0.15 TWh)
- ↳ In 2014 wind park produced 56.5 GWh or 0.9% lower than in 2013. The small decline in electricity production was mainly caused by the technical works

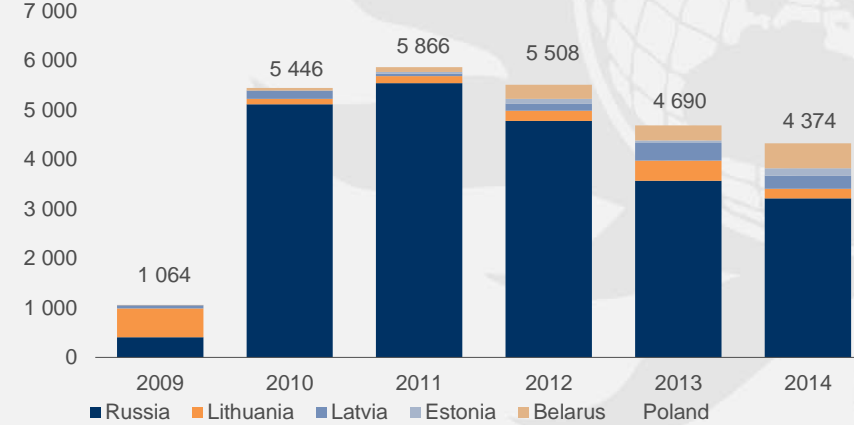
Sales by country (GWh)



Electricity production and sales in wind park (GWh)



Purchases by volume and countries (GWh)



Financial results

A set of risk management measures resulted in avoiding loss-making situation

- ↳ Total consolidated INTER RAO Lietuva Group's sales for 2014 was LTL 726 million
 - ↳ Sales of electricity - LTL 709.3 million (LTL 740.7m in 2013)
 - ↳ Sales declined due to lower amount of electricity which was facilitated by relatively low electricity prices in the Nordpool system as well as risk persisting due to the uncertainties associated with possible technical limitation of interconnection links
 - ↳ From the third quarter of 2013 and throughout the entire 2014 the Company and the Group implemented a set of risk management measures, which resulted in avoiding loss-making situation as was faced in the third quarter of 2013
 - ↳ Produced electricity sales - LTL 17.0 million (LTL 17.0 million in 2013)
- ↳ In the 2014 the Group's EBITDA amounted to LTL 61.4 m, EBITDA margin increased to 8.5%
- ↳ Although the Group expanded into Poland, the Group's operating expenses remained at the same level in 2014
- ↳ Net profit of the Group accounted for LTL 42.6 m

Financial figures	2014	2013	2012	2011	2010
Sales (LTL thousand)	726,337	757,882	897,435	919,080	750,389
Gross profit (LTL thousand)	75,163	25,806	96,697	91,965	79,462
Gross profit margin (%)	10.4%	3.4%	10.8%	10.0%	10.6%
EBITDA (LTL thousand)	61,368	11,024	81,506	78,800	69,439
EBITDA (%)	8.5%	1.5%	9.1%	8.6%	9.3%
Net profit (LTL thousand)	42,616	2,684	58,114	61,200	59,061
Net profit margin (%)	5.9%	0.4%	6.5%	6.7%	7.9%
Total assets (LTL thousand)	224,507	202,607	208,917	225,442	157,433
Total liabilities (LTL thousand)	162,657	169,313	152,327	161,292	93,688
Financial debt (LTL thousand)	83,480	102,016	94,422	104,302	0
Total equity (LTL thousand)	61,850	33,294	56,590	64,150	63,745
Number of shares (thousand)	20,000	20,000	20,000	1,000	1,000
Earnings per share (LTL)	2.13	0.13	2.91	61.20	59.06
Adjusted earnings per share* (LTL)	2.13	0.13	2.91	3.06	2.95
Financial ratios	2014	2013	2012	2011	2010
ROA (%)	19%	1%	28%	27%	38%
ROE (%)	69%	8%	103%	95%	93%
Net financial debt to equity	0.72	2.62	1.47	1.10	-1.29
Current ratio	1.12	0.86	1.32	1.49	1.62

* Adjusted earnings per share – Net profit / Adjusted number of shares (for the information to be comparable due to change in the number of shares and par value of ordinary shares in 2012)

3. Future prospects



International links

Electricity market growth facilitated by the completion of international links

- Trading opportunities for the Company will substantially increase when wholesale electricity clients from Sweden and Poland enter the Lithuanian market
- International links under construction
 - NordBalt is carried out according to the plan and is scheduled to be completed in December 2015
 - LitPol 1 is carried out according to the plan and is scheduled to be completed at the end of 2015 and to be operational from December 2015



NordBalt

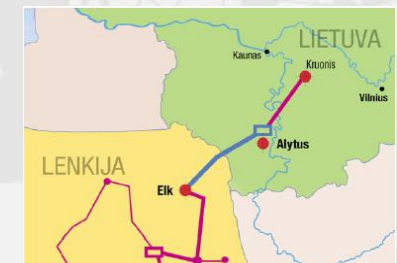
NordBalt

- NordBalt is to link Lithuania directly with Sweden with a capacity of 700 MW
- NordBalt is scheduled to be operational from December 2015

LitPol

LitPol

- LitPol 1 linking Lithuania to Poland is currently scheduled to become operational by the end of 2015, initially with 500MW throughput, subsequently increased to 1,000 MW by 2020
- According to the Lithuanian National Energy Independence Strategy, LitPol Link 2 shall be commissioned by 2018/20 and have a capacity of 700-800 MW
 - There has not been any specific development regarding this LitPol 2



Market outlook

Market opportunities

Interconnections lines

- ↳ New interconnection lines in the Baltics will increase electricity market size and will provide additional trading opportunities for the Company
 - ↳ NordBalt (Lithuania-Sweden) line (700 MW) is planned to be operational in December 2015
 - ↳ LitPol 1 (Lithuania-Poland) line (500 MW) is scheduled to be finished by the end of 2015 and to become operational in December 2015

Market liberalization

- ↳ From 2013 all electricity consumers are eligible to choose electricity suppliers in Lithuania and Estonia. Latvia has been fully liberalized since 2007
- ↳ Liberalisation significantly increase electricity market size and allows the Company to enter into higher margin segment
- ↳ During 2014 the Company and the Group fulfilled all of its contractual obligations to the Clients, and despite the reduced amount of electricity sold, its client's base during the course of 2014 increased substantially: from 693 in 2013 to 831 in 2014.
- ↳ The Company and the Group improved relationships with the largest electricity trading customers in the region, started electricity trading operations in Poland. These events are positively reflected in the financial results of the year 2014 and most likely will be the important factor for income generation in the coming years.

Renewable energy sector

- ↳ Attractive renewable energy supportive schemes in place in the Baltic region
- ↳ Acquisition of new projects is expected to be a significant source of revenue
- ↳ Acquisitions of new projects are planned to be financed with debt and retained earnings

Strategic goals

Strategy

- 1
 - Consolidate the leading wholesale electricity trader position in the Baltics (NordPool market share in Lithuania increased from 65% in 2012 to 80% in Q2 2014)
 - Increase market share in Latvia and Estonia
 - Expand current customer base

- 2
 - Diversify operations into retail and a solid end consumers' base

- 3
 - Expand sales in Poland and selected international markets
 - Initial focus on trading, with electricity purchases in Poland, and development of derivatives trading
 - In the long-term – enter retail segment in Poland

- 4
 - Capitalise on the interconnection of national power systems



Thank you for your attention.

