



INTER RAO

LIETUVA



INVESTORS PRESENTATION

1Q 2018

11 May 2018





INTER RAO

LIETUVA



1. INTRODUCTION

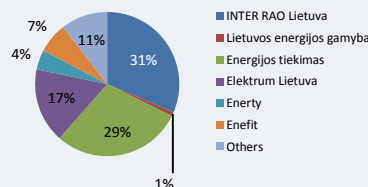


Trading position

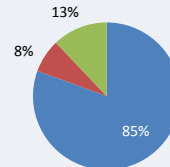
Leading wholesale electricity trader in Lithuania and the Baltic States

- Reliable supplier of electricity
- Strong market position in home country with a 84,6% market share in Lithuania (Latest data from National Commission for Energy Control and Prices, 1H 2017)
- The company has no obligations to buy the electricity from Russia and can diversify purchase due to situation on the markets

Purchase



Sale



Main events in 2017 and 2018

- AB INTER RAO Lietuva shareholders decided to distribute 10.2 million EUR as dividends for the FY 2016
- AB INTER RAO Lietuva shareholders decided to distribute 7.1 million EUR as dividends for the FY 2017

Renewables

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

- Operational 30 MW wind park in Vydmantai
- Guaranteed feed-in tariff of 86,886 EUR/MWh until the end of 2020
- Wind park generated and sold 63.6 GWh in 2017 (versus 56.4 GWh in 2016).
- Wind park generated and sold 12.8 GWh in the 1Q 2018 (versus 17.2 GWh in the 1Q 2017) due to lower average wind speed in the area.

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)



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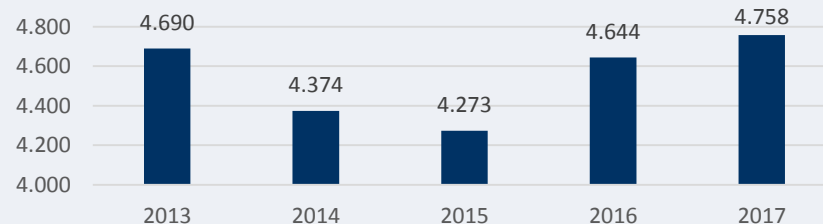


2. FINANCIAL PERFORMANCE

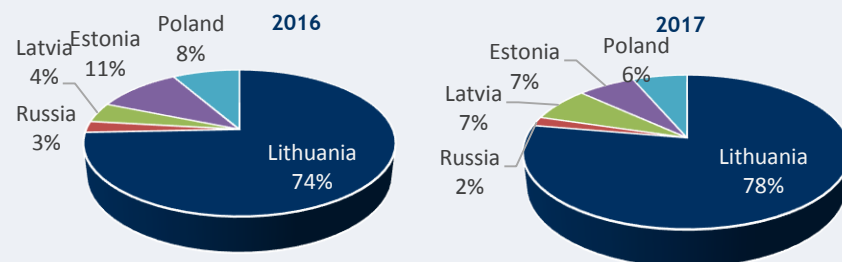


- Electricity sales volume increased to 4 758 GWh in 2017 versus 4 644 GWh in 2016.
- During 2017 the client base of the Group increased to 1 433 (1 191 in 2016).
- The largest volume of electricity was sold in Lithuania, followed by Latvia, Estonia and Poland.
- In 2017 wind park produced 63.59 GWh which was 12.7% more than in 2016. The increase was also caused by better meteorological conditions, which positively influenced electricity generation and sales.

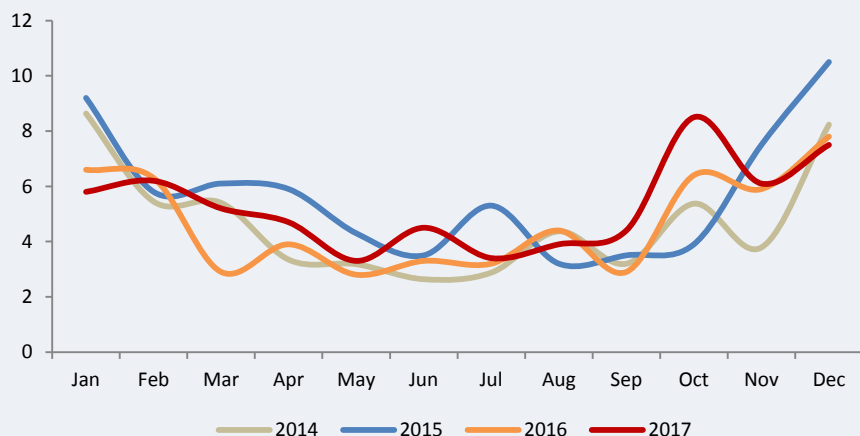
Total volume of traded electricity



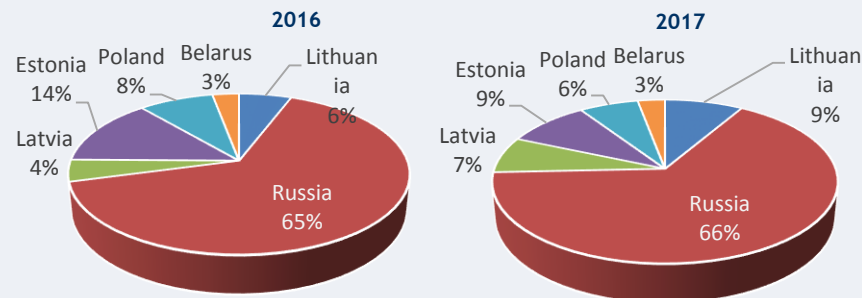
Sales geography



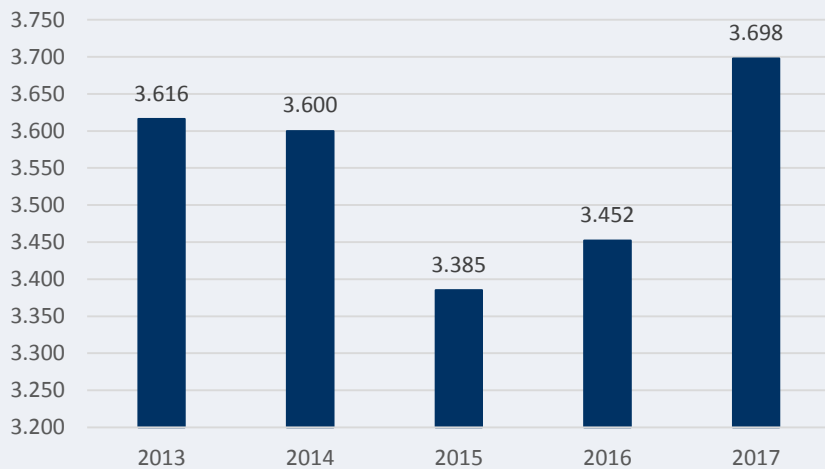
Electricity production and sales in Vydmantai wind park (GWh)



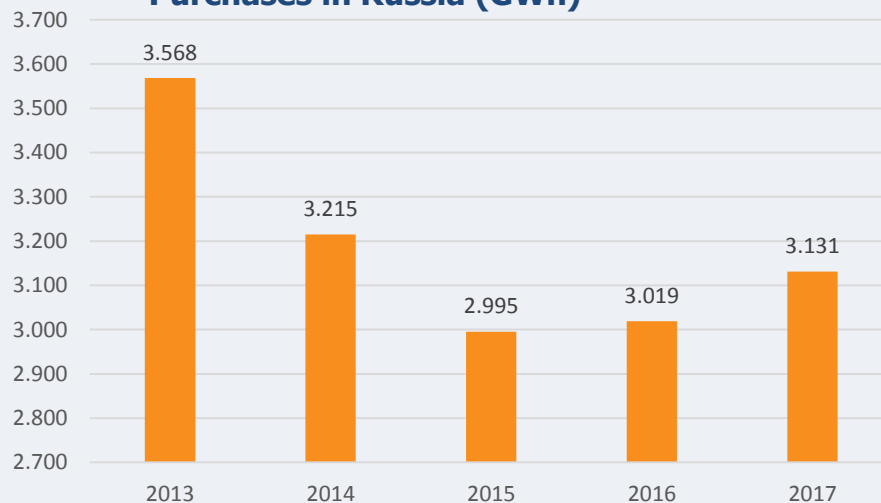
Purchases geography



Sales in Lithuania (GWh)

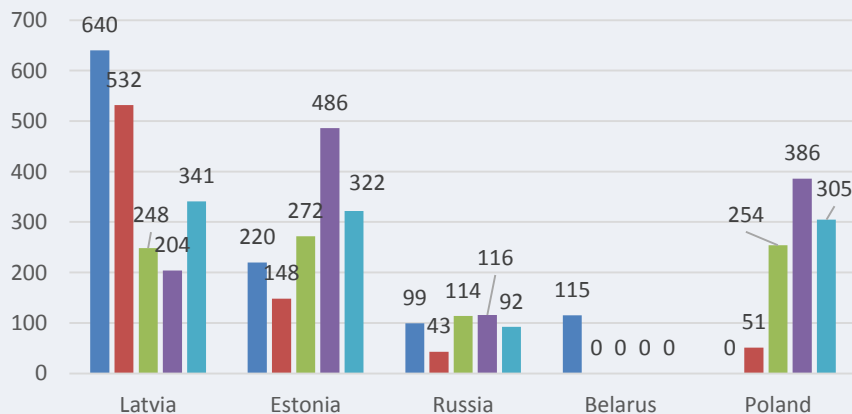


Purchases in Russia (GWh)



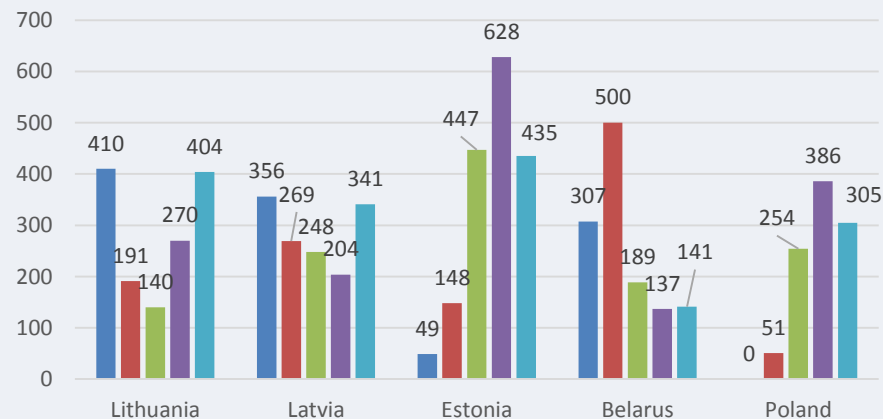
Sales by country (GWh, except Lithuania)

■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017



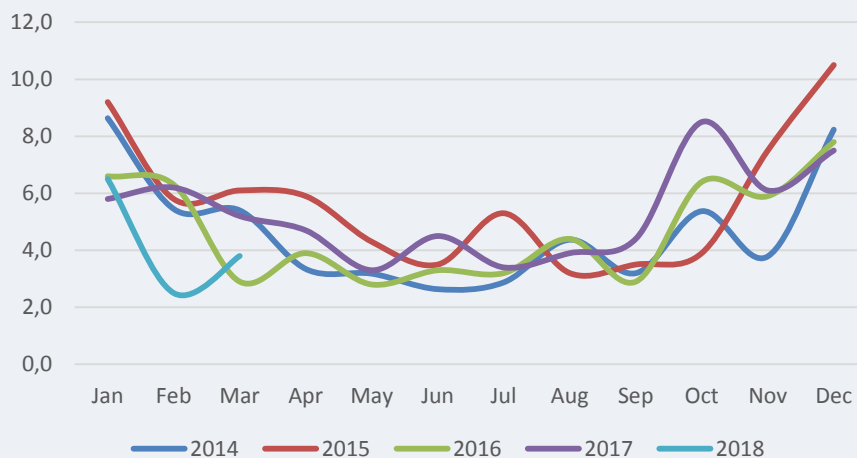
Purchases by volume and countries (GWh, except Russia)

■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

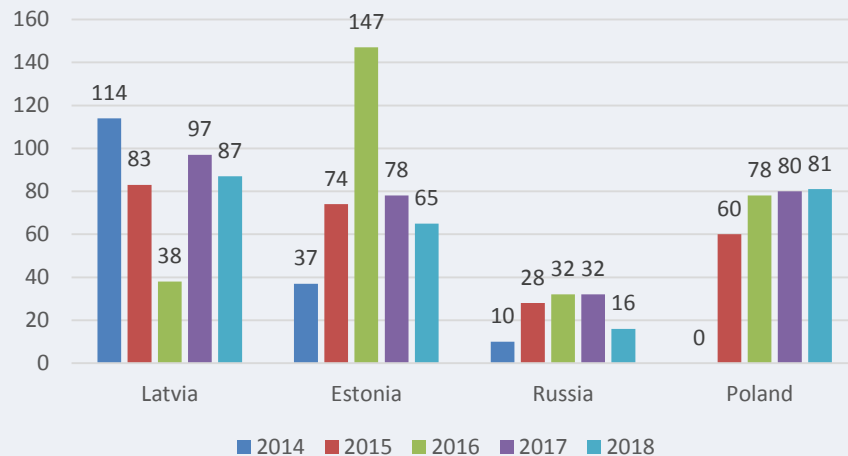


- Electricity sales volume increased to 1 481 GWh, compared to 1 321 GWh in 1Q 2017.
- The largest volume of electricity was sold in Lithuania, followed by Latvia, Poland and Estonia.
- The electricity trading volume in Poland remained at the level of the previous year.
- In 1Q 2018 wind park produced 12.8 GWh which was 25,6% less than in 1Q 2017 (17.2 GWh). The result was influenced by the worse metrological conditions – average wind speed was lower.

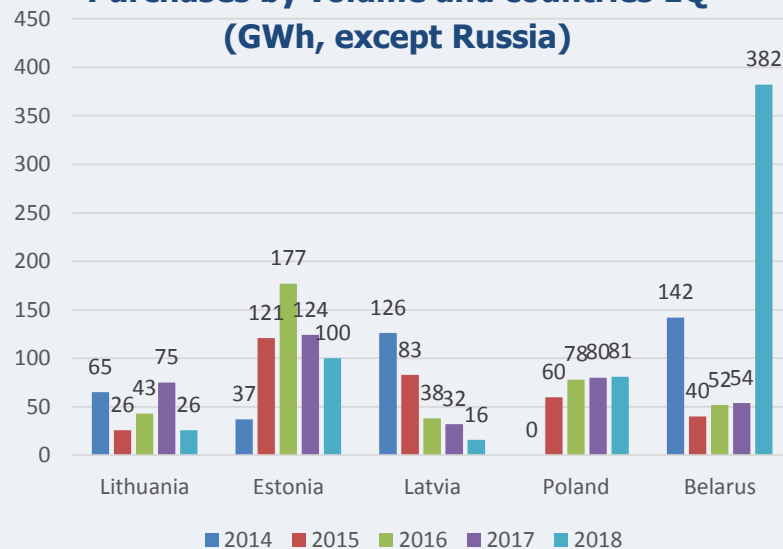
Electricity production and sales in Vydmantai wind park (GWh)



Sales by country 1Q (GWh, except Lithuania)

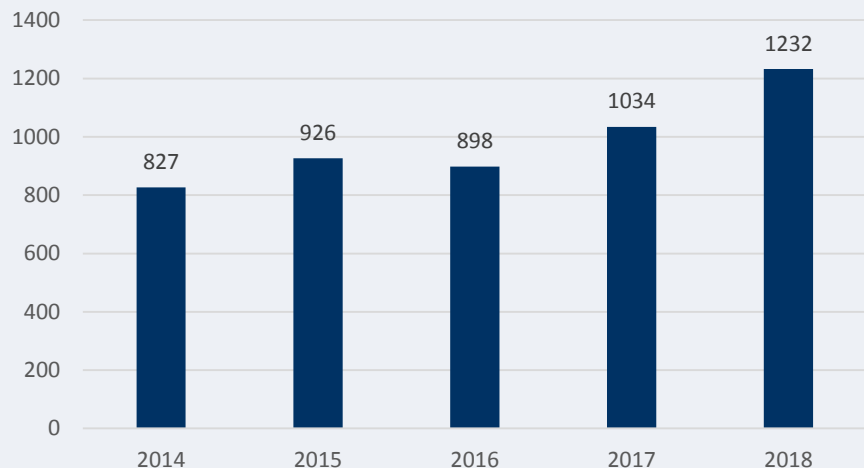


Purchases by volume and countries 1Q (GWh, except Russia)

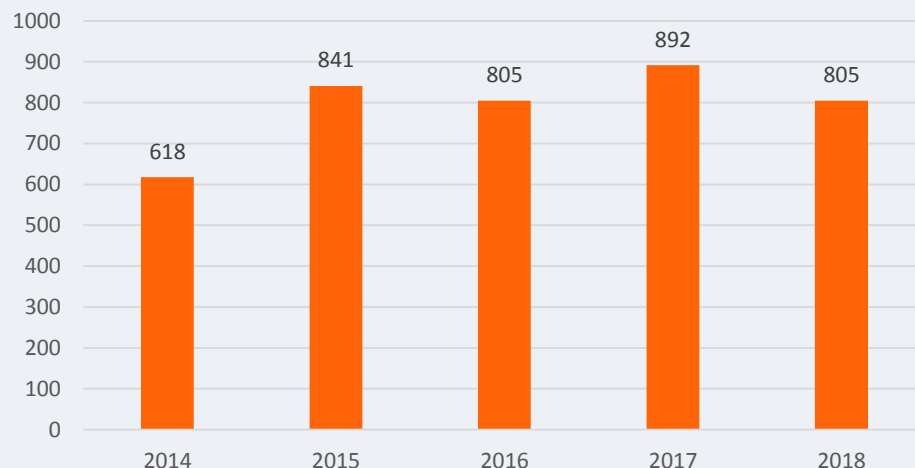


ELECTRICITY SALES AND PURCHASES IN 2017

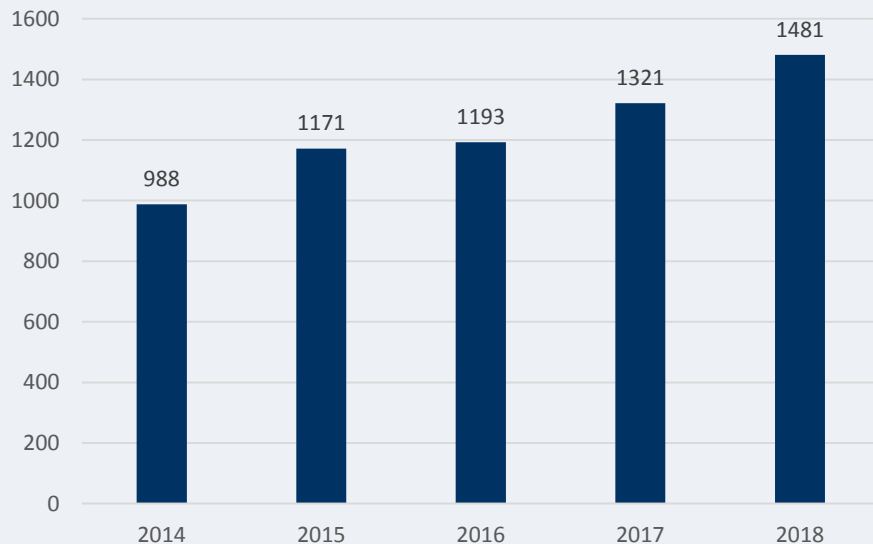
Sales in Lithuania 1Q (GWh)



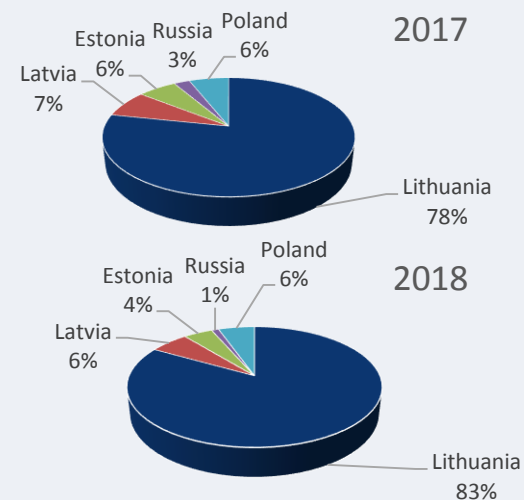
Purchases in Russia 1Q (GWh)



Total volume of traded electricity (1Q)



Sales geography (1Q)



- Revenue from sales increased to EUR 179.4 million, compared to EUR 178.9 million in 2016, thanks to a higher amount of electricity sold.
- The increase was also caused by better meteorological conditions, which positively influenced electricity generation and sales from the wind park owned by the Group.
- Group's gross profit in 2017 reached EUR 18.4 million, versus EUR 18.9 million in 2016.
- Operating profit reached EUR 10.9 million and was at the same level of 2016.
- Group's net profit was EUR 9 million (EUR 9.3 million in 2016) and Group's EBITDA was EUR 13.5 million while EBITDA margin reached 7.55 percent.
- During 2017 the Group fulfilled all of its contractual obligations to the Clients, increased the amount of electricity sold and its client's base during the course of 2017 increased from 1 191 to 1 433.
- Electricity trading volume in 2017 continued to increase and was 4 758 GWh in 2016 versus 4 666 GWh in 2016.

Financial figures	2017	2016	2015	2014	2013
Sales (EUR thousand)	179 378	178 880	186 694	210 362	219 498
Gross profit (EUR thousand)	18 354	18 943	29 602	21 769	7 474
Gross profit margin (%)	10.23%	10.59%	15.86%	10.4%	3.4%
EBITDA (EUR thousand)	13 537	15 024	25 301	17 773	3 193
EBITDA (%)	7.55%	8.40%	13.55%	8.5%	1.5%
Net profit (EUR thousand)	8 974	9 256	18 819	12 342	777
Net profit margin (%)	5.00%	5.17%	10.08%	5.9%	0.4%
Total assets (EUR thousand)	48 433	51 704	67 685	65 021	58 679
Total liabilities (EUR thousand)	30 460	32 681	42 687	47 109	49 036
Financial debt (EUR thousand)	14 245	15 001	24 107	24 177	29 546
Total equity (EUR thousand)	17 973	19 023	24 998	17 913	9 643
Number of shares (thousand)	20,000	20,000	20,000	20,000	20,000
Earnings per share (EUR)	0.45	0.46	0.94	0.56	0.04
Financial ratios	2017	2016	2015	2014	2013
ROA (%)	19%	18%	28%	19%	1%
ROE (%)	50%	49%	75%	69%	8%
Net financial debt to equity	0.54	0.45	0.17	0.72	2.62
Current ratio	1.12	1.25	1.37	1.12	0.86

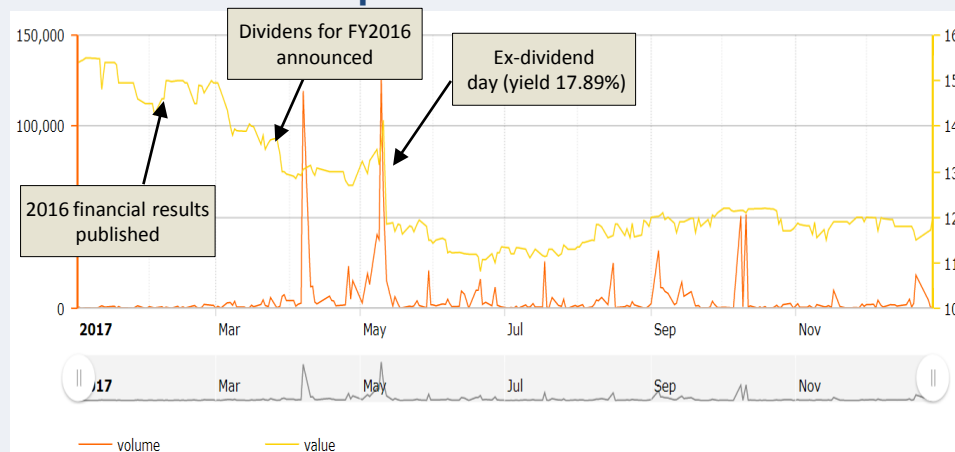
- Revenues from sales in 1Q 2018 increased by 23 per cent y/y to EUR 59.5 million thanks to higher volume of electricity sold.
- Group's gross profit on sales increased to EUR 5.3 million versus EUR 4.9 million in 1Q 2017.
- Consolidated EBITDA amounted to EUR 4.1 million versus 3.8 million in 1Q 2017, while the EBITDA margin reached 6.8 per cent compared to 7.8 per cent a year ago.
- Operating profit reached EUR 3.4 million, versus EUR 3.1 million in 1Q 2017.
- Group's net profit amounted to EUR 2.6 million and was equal to the profit generated a year ago.
- Electricity sales volume increased to 1 481 GWh, compared to 1 321 GWh in 1Q 2017..

Financial figures	1 st quarter 2018	1 st quarter 2017	1 st quarter 2016	1 st quarter 2015	1 st quarter 2014
Sales (EUR thousand)	59,457	48,515	46,058	48,810	46,861
Gross profit (EUR thousand)	5,275	4,853	6,245	7,899	6,304
Gross profit margin (%)	8.87%	10.00%	13.56%	16.18%	13.45%
Operating profit (EUR thousand)	3,440	3,136	4,611	6,207	4,703
Operating profit margin (%)	5.79%	6.46%	10.01%	12.72%	10.04%
EBITDA (EUR thousand)	4,051	3,762	5,251	6,856	5,388
EBITDA profit margin (%)	6.81%	7.75%	11.40%	14.05%	11.50%
Net profit (EUR thousand)	2,564	2,579	3,771	5,158	3,921
Net profit margin (%)	4.31%	5.32%	8.19%	10.57%	8.37%
Number of shares (thousand)	20,000	20,000	20,000	20,000	20,000
Earnings per share (EUR)	0.13	0.13	0.19	0.26	0.20

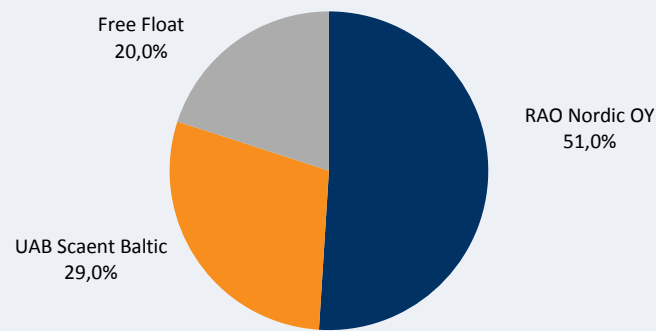
	Group		Company	
	2017	2016	2017	2016
Sales (EUR thousand)	179 378	178 880	141 787	138 932
Cost of Sales (EUR thousand)	(161 024)	(159 937)	(128 143)	(123 866)
Gross profit (EUR thousand)	18 354	18 943	13 644	15 066
Gross profit margin (%)	10.23%	10.59%	9.62%	10.84%
General and administrative expenses (EUR thousand)	(7 443)	(8 004)	(5 424)	(4 901)
Profit from operations (EUR thousand)	10 911	10 939	8 220	10 165
Income from other activities (EUR thousand)	8	9	15	17
Finance income (EUR thousand)	179	657	171	1 632
Finance expenses (EUR thousand)	(579)	(740)	(63)	(93)
Share of result of joint venture (EUR thousand)	(19)	(18)	-	-
Profit before tax (EUR thousand)	10 500	10 847	8 343	11 721
Income tax (EUR thousand)	(1 526)	(1 591)	(1 162)	(1 544)
EBITDA (EUR thousand)	13 537	15 024	9 008	11 955
EBITDA (%)	7.55%	8.40%	6.35%	8.6%
Net profit (EUR thousand)	8 974	9 256	7 181	10 177
Net profit margin (%)	5.00%	5.17%	5.06%	7.33%

- The Company's shares are included in the Main list on Warsaw Stock Exchange
- In May 2018 the Company will pay EUR 0.355 dividend per share (13.7% dividend yield)
- During the 2016-2017 the managers of the Company conducted several share purchase and sale 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

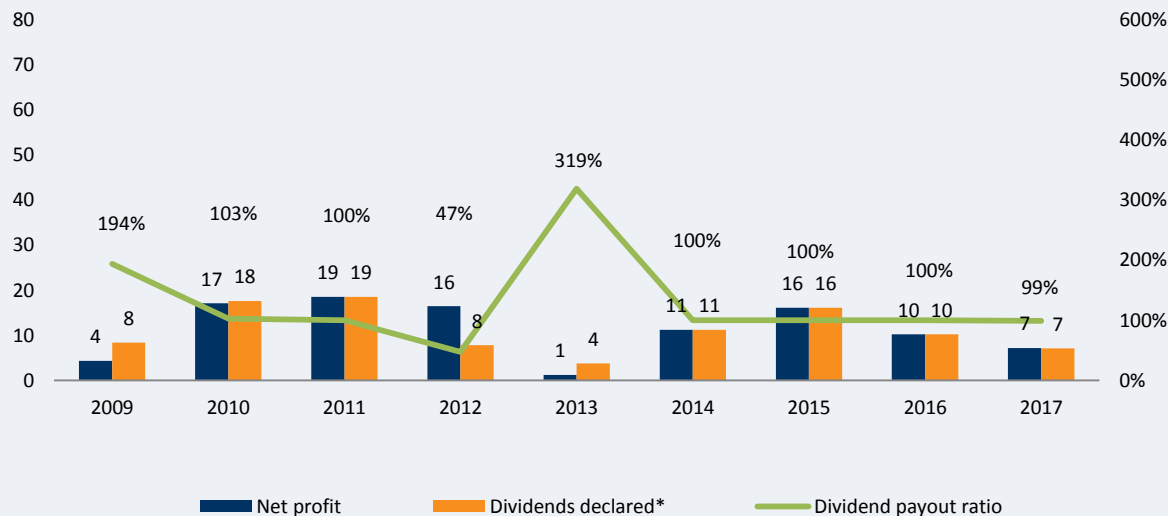


Shareholders as of 31 March 2018



- The dividends are paid from the net profit of the Company AB INTER RAO Lietuva (not of the Group)
- In May 2018 the Company will pay to shareholders EUR 0.355 dividend per share (13.7% dividend yield)
- Dividends for 2017, 2016, 2015, 2014, 2013, 2012, 2011 and 2010 amounted to EUR 10m, EUR 10 m, EUR 16 m, EUR 11 m, EUR 4 m, EUR 8 m, EUR 19 m and EUR 18 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. EUR 5.5 m / LTL 19 m)
 - In 2013 the Company distributed 71,2% of its 2012 profit (excluding the EUR 5.5 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 investment projects are available

Historical dividends* (EURm)



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



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THANK YOU FOR YOUR ATTENTION!