



Presentation of the Company's Performance and Results in 2017

Lietuvos Energijos Gamyba, AB (LEG)

Eglė Čiužaitė
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Planned duration:

20 minutes + Your questions



Presented by

EGLĖ ČIUŽAITĖ

Chairwoman of the Board
and CEO



Moderated by

VALENTAS NEVIERA

Head of Communication

LEG provides services that are necessary for the energy system security



ELEKTRĖNAI COMPLEX

Production of electricity and heat

System services
(main – tertiary reserve),
strategic reserve



KRUONIS PSHP

Commercial production of electricity

System services
(main – secondary reserve)



KAUNAS A. BRAZAUSKAS HPP

Commercial production of electricity

System services

Capitalization
29/12/2017

€ 396
million



Shareholder structure

96.75% - Lietuvos Energija, UAB
3.25% - minority shareholders

Minority shareholders
– approximately

5 900

The most important events of Q4 2017



11
November

The test of restoring Lithuanian electricity system after a black-out was successfully performed at Kruonis PSHP



29
November

Preparatory works for the wind farm project in the territory of Kruonis PSHP were completed



29
November

The Government confirmed strategic reserve capacity for 2018 – 212 MW (supplied by the 8th unit of Elektrėnai complex)



11
December

Decision to terminate the operation of the 7th unit in Elektrėnai complex, currently in conservation mode



22
December

Contract on the secondary active power reserve supplied by the Kruonis PSHP in 2018 (400 MW) was signed



22
December

Contract on the tertiary active power reserve supplied by the combined cycle unit in 2018 (260 MW) was signed

The most important achievements in 2017



TOP1

Kaunas A. Brazauskas HPP produced the highest annual electricity amount since the start of its operation



21

thousand m²

Approximately 50% of the area and buildings no longer used for key activity is currently rented



22

New clients



9

Development and asset optimization projects were completed



1.3

million €

Financial value of the operational excellence efforts (value created due to the improvements (kaizens) suggested by employees)



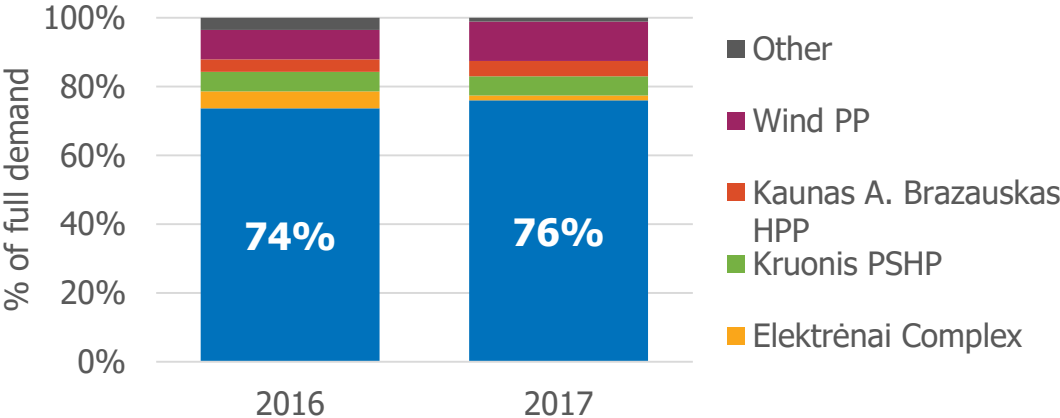
TOP1

The most transparent company in the Lithuanian energy sector (and 7th place among 49 evaluated companies)

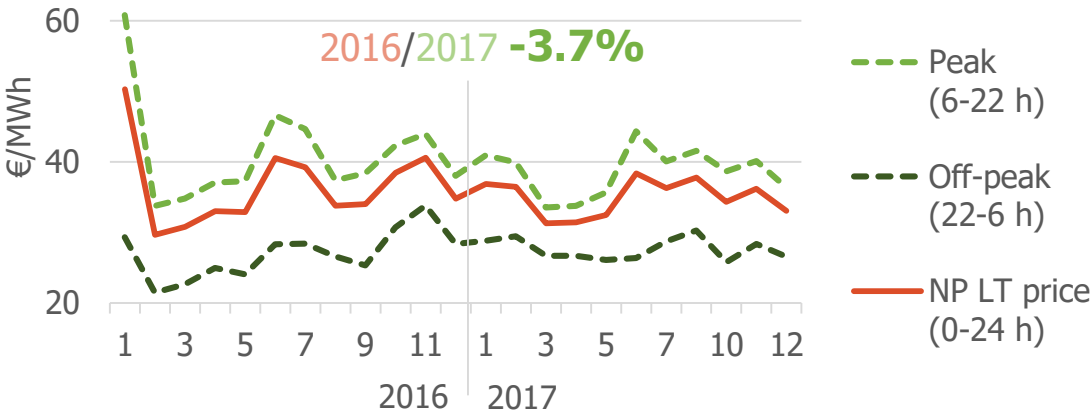


Trade and commodities market overview

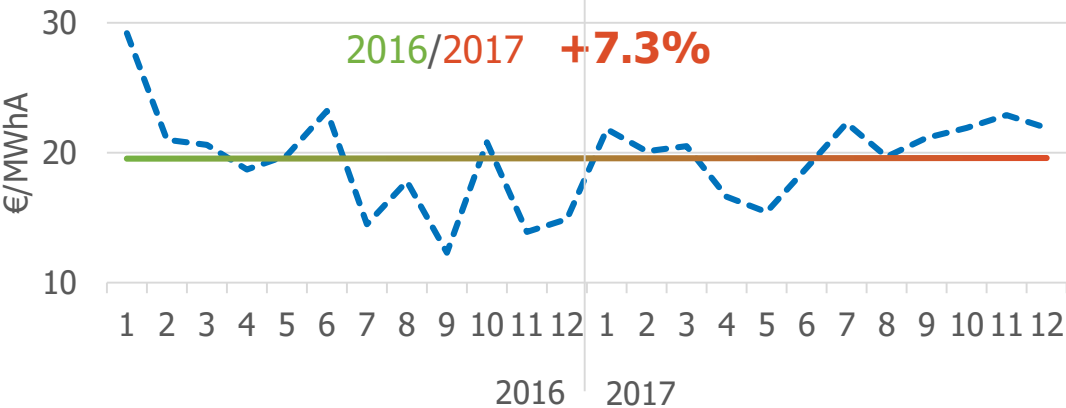
Electricity balance in Lithuania



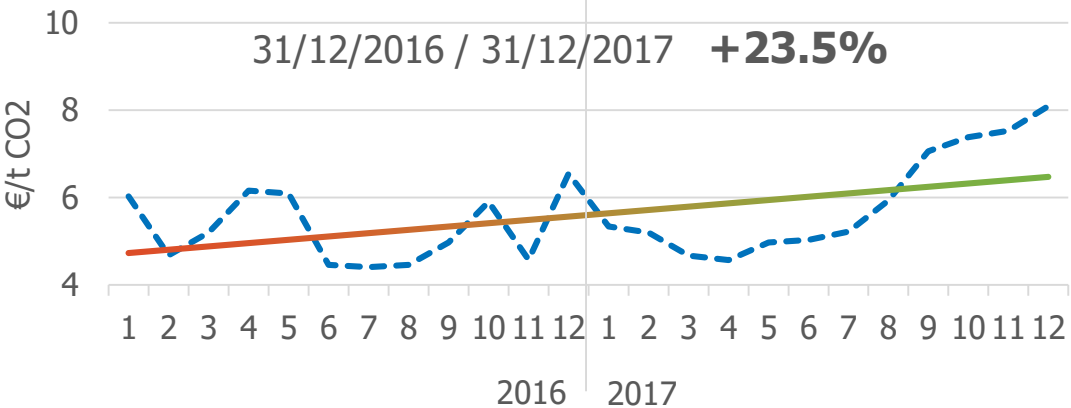
Wholesale electricity price in NP Lithuania



Purchase price of gas



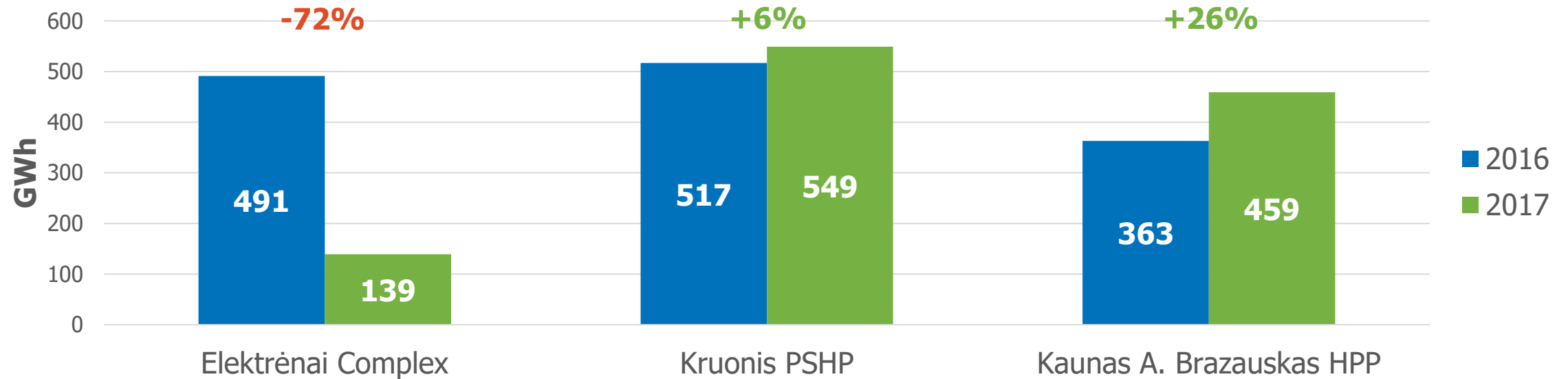
Price of CO2 emission allowances (EUA)



Source: Energijos tiekimas, Nord Pool, Company's accounting information, eex.com
Remark: gas price – without taxes for user capabilities and without constituent for security of LNGT.

In 2017, more power was produced in hydroelectric power plants. Reserve services were reliably provided by all power plants

Quantity of generated and sold power of LEG power plants



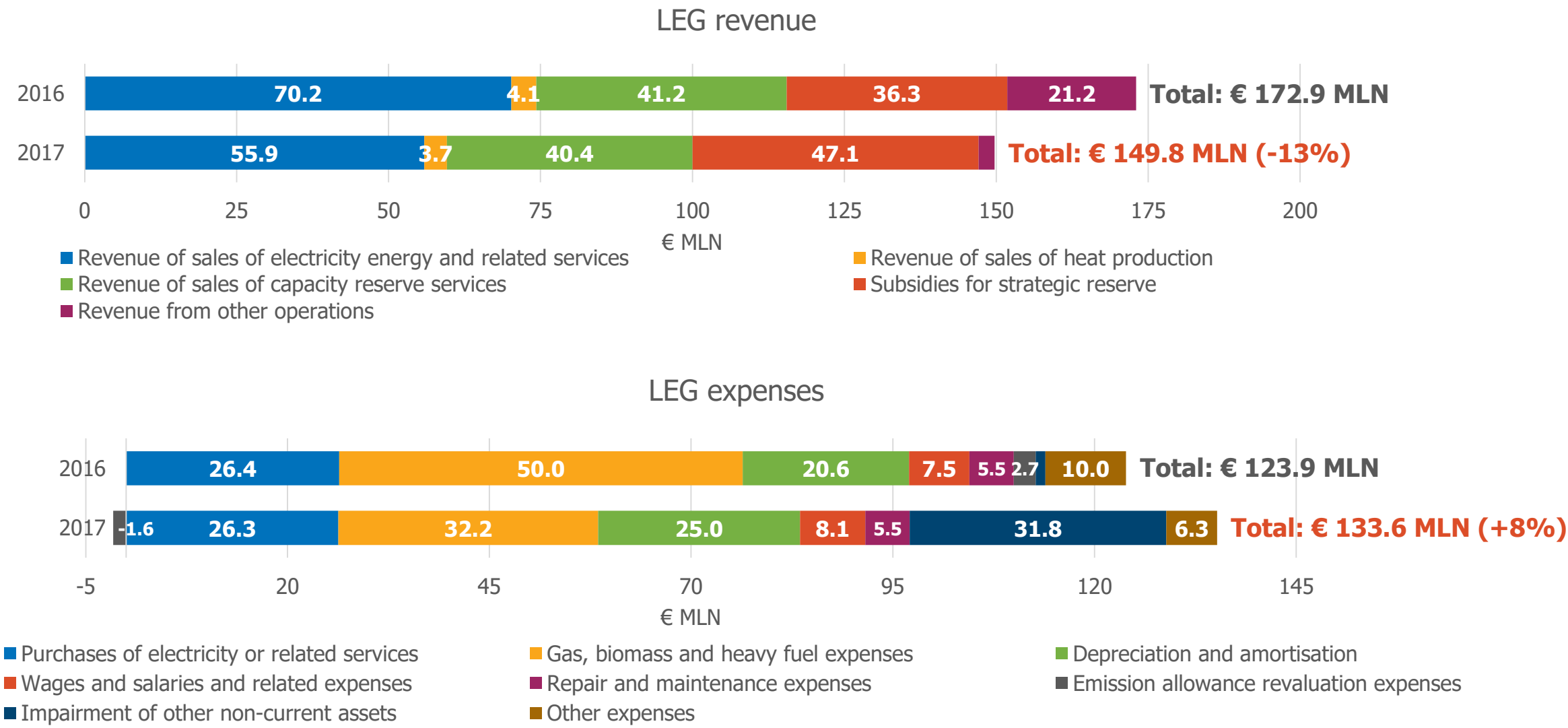
98.8%
availability

96.2%
availability

86.7%
availability

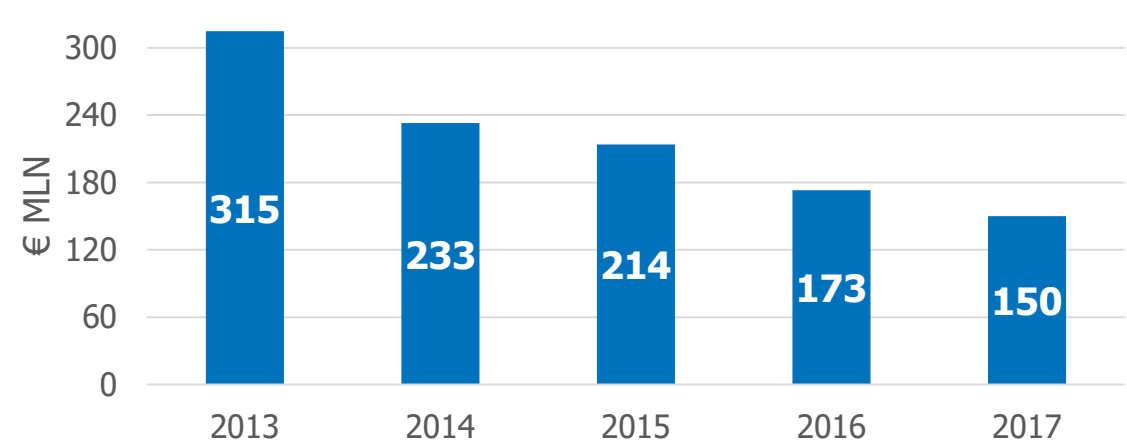
- The availability indicator shows the time over the calendar year when power plants generated or were fully ready to generate power (including scheduled repairs).
- The availability of the Kaunas A. Brazauskas HPP was lower in 2017 due to the repair works on the 110 kV switchyard of the transmission system operator.

Revenue decreased due to one-off sale of trading activities in 2016,
expenses increased due to the impairment of the units' no. 7-8 asset value
in Elektrėnai complex

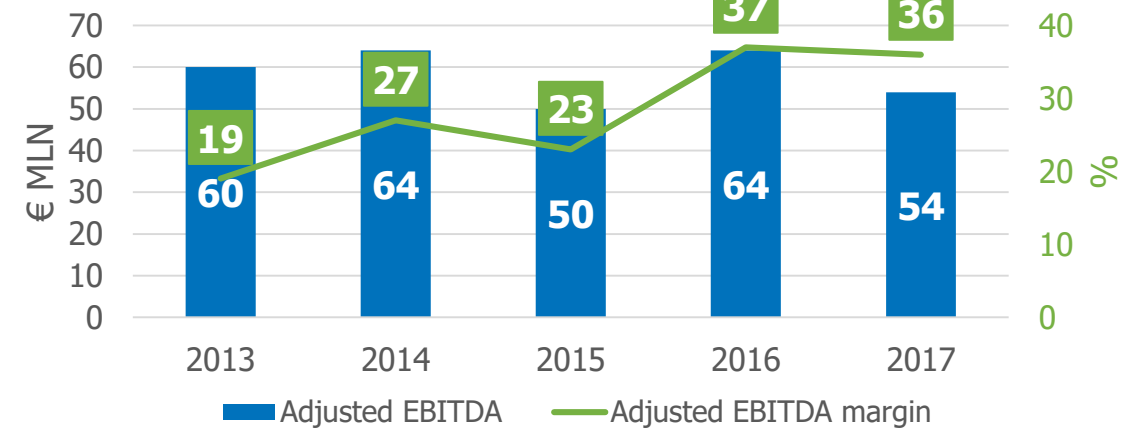


LEG 5-year trend: though revenue decreased, LEG maintains sustainable profitability

Revenue

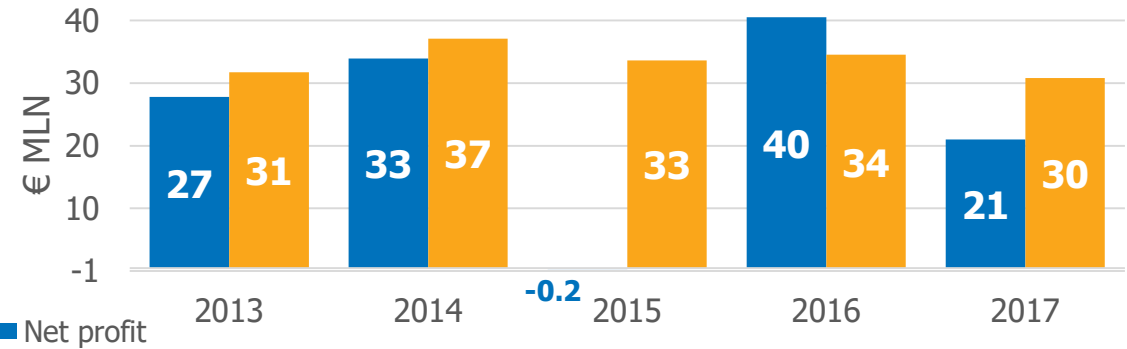


Adjusted* EBITDA and adjusted EBITDA margin



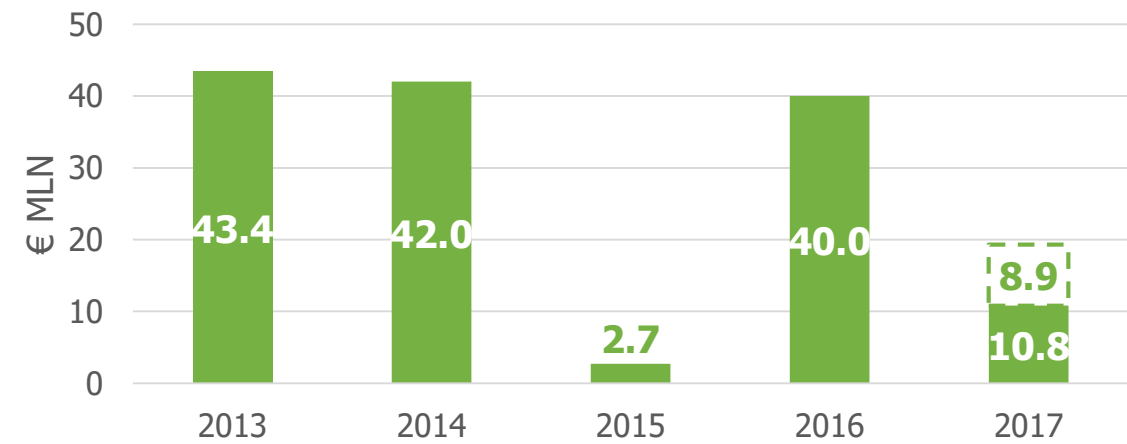
**EBITDA was adjusted due to the one-off effects of regulator's decisions.
**2013-2015 indicators were not recalculated.*

Net profit



■ Net profit
■ Net profit after the adjustments on EBITDA, plus the elimination of the impact of asset impairment, EUA market price change and sale of business

Dividends (for the year)



Plans for H1 2018: **production and services**



Maximising the generation in the Kaunas A. Brazauskas HPP based on weather conditions



Utilisation of the residual power of the CCU in the market (besides provision of the tertiary reserve service)



Performing the refurbishment of unit 2 of Kruonis PSHP successfully



Reliable provision of the reserve service and prompt operations if necessary during the NordBalt maintenance in summer



Attracting new clients

Plans for H1 2018: **projects and research**



The wind farm project in Kruonis PSHP

The unit 5 development project in Kruonis PSHP

Asset optimization projects

Pause of waiting for policy regarding the support schemes of RES development

Partial funding from the EU funds for the research on poles and infrastructure was granted in January 2018 (€ 62.5 thousand)

Pause to waiting for the regional decisions regarding the selected synchronization model

In progress: dismantling of units no. 5-6 of Elektrėnai Complex and other optimization projects

The project of dismantling 2 chimneys of Elektrėnai Complex was initiated in February 2018



**Thank You.
Your questions?**