



INTERIM REPORT I QUARTER 2018

CONSOLIDATED INTERIM REPORT OF THE COMPANY AND THE GROUP

1 January 2018 - 31 March 2018

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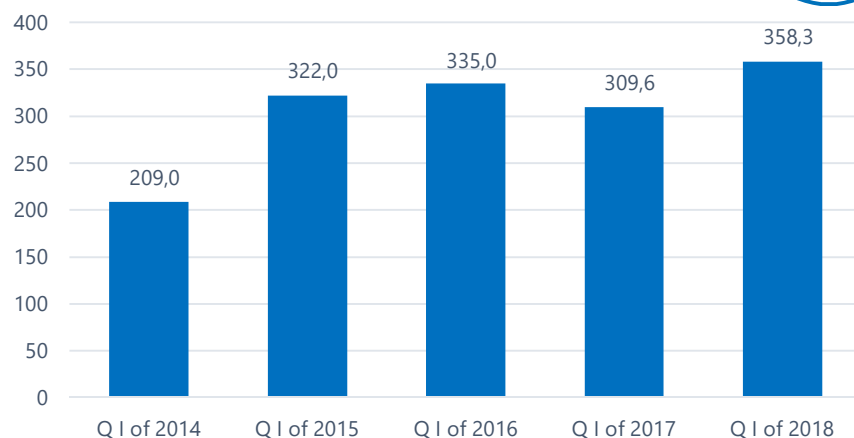
Key Financial Indicators of the Lietuvos Energija Group

		Q1 2018	Q1 2017	Δ, million	Δ, %
Revenue	million EUR	358.3	309.6	48.7	15.7%
Purchase of electricity, gas, fuel and related services	million EUR	270.4	225.8	44.6	19.8%
Operating expenses	million EUR	32.1	30.4	1.7	5.6%
EBITDA	million EUR	55.4	54.9	0.4	0.8%
EBITDA margin	%	15.4%	17.7%		
Adjusted EBITDA	million EUR	72.8	71.3	1.5	2.1%
Adjusted EBITDA margin	%	20.3%	23.0%		
Net profit	million EUR	32.1	22.0	10.1	45.8%
Net profit margin	%	9.0%	7.1%		
Net profit (adjusted)	million EUR	50.7	35.9	14.8	41.3%
Net profit (adjusted) margin	%	14.2%	11.6%		
Investments	million EUR	58.1	25.9	32.2	124.1%
		31.03.2018	31.12.2017	Δ, million	Δ, %
Total assets	million EUR	2 458.0	2 505.1	-47.1	-1.9%
Equity	million EUR	1 316.0	1 343.6	-27.6	-2.1%
Financial debts	million EUR	602.2	614.1	-11.9	-1.9%
Net debt	million EUR	477.7	442.3	35.4	8.0%
Return on equity (ROE)	%	7.8%	7.0%		
Adjusted return on equity (ROE)	%	10.9%	9.8%		
Equity ratio	%	53.5%	53.6%		
Net debt / 12-month adjusted EBITDA	times	2.01	1.85		
Net debt / Equity	%	36.3%	32.9%		
12-month FFO / Adjusted net debt	%	47.1%	47.8%		
Assets turnover ratio	times	0.464	0.439		
Current liquidity	times	1.275	1.285		
Working capital	million EUR	26.8	-8.8	35.5	406.0%
Working capital / Revenue	%	2.3%	-0.8%		



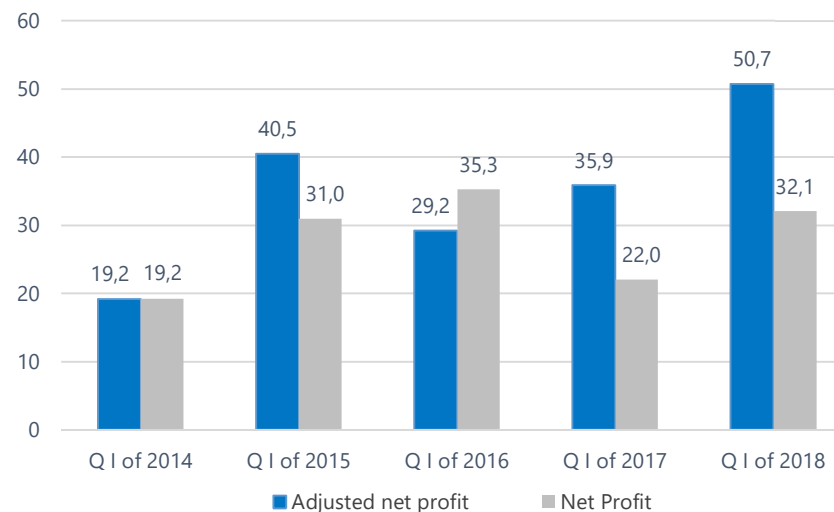
The growth in **revenues** of Lietuvos Energija was determined by growing demand for electricity and gas upon prevalence of low weather temperatures

↑16%



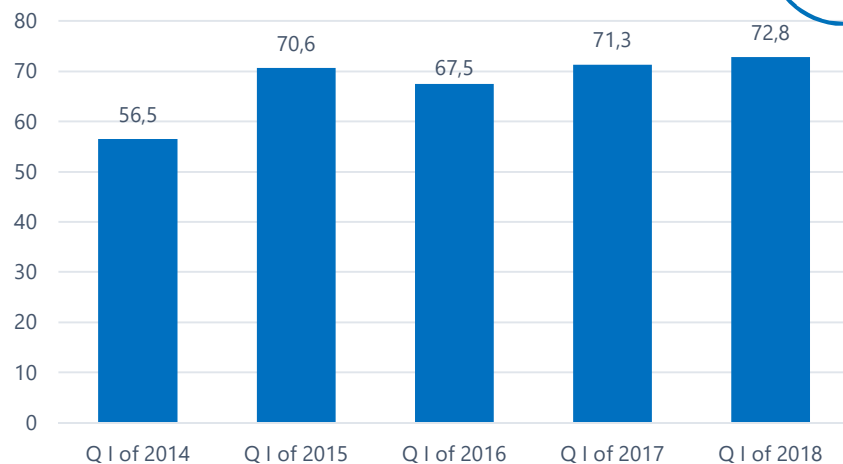
Net profit of Lietuvos Energija Group grew from 41.3% to 50.7 million EUR. Adjusted **equity rate of return** amounted to 10.9%.

10,9%



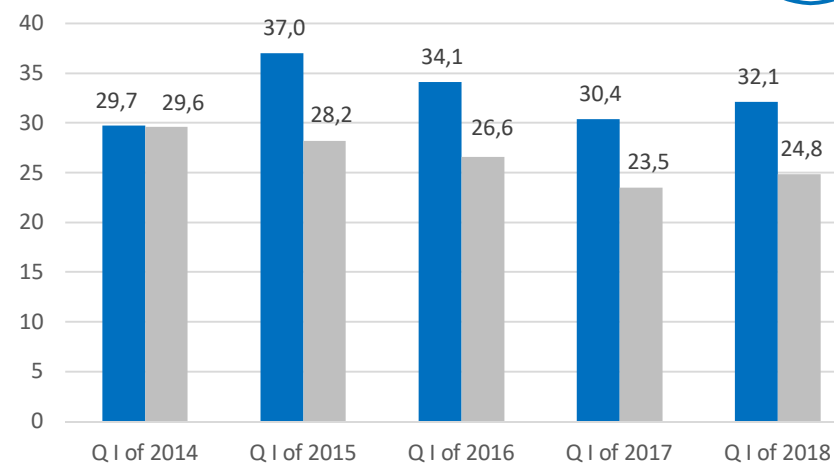
Adjusted **EBITDA** of the Lietuvos Energija group grew irrespective of decline in electricity and gas transmission prices for consumers.

↑12%



Operating costs of Lietuvos Energija Group grew by 1.7 million EUR.

↑16%



Adjusted EBITDA and adjusted net profit for 2014–2015 are presented before the elimination of the effect of recalculation of regulated revenue of ESO and LDT because such data is collected from the beginning of 2016.
Financial data is presented in million euros.



Foreword by the Chairman of the Board



Dear Customers, Partners, Employees and Shareholders,

During the first quarter of 2018, the new Board Lietuvos Energija commenced its work. The objective set for the new team of executive officers during the forthcoming period is to transform Lietuvos Energija into a smart, latest-generation, commercial organisation capable of expanding the geographical scope of its activity by using experience accumulated in the Group of companies, developing innovative services and products for Lithuania and outside its borders by simultaneously preserving the interest of the State to ensure strategic generation and implementing the perspective of the green energy development.

This quarter was exceptional in terms of start-ups of new projects and services for companies of Lietuvos Energija Group. We started the year by embedding a memo capsule for future generations with a symbolic letter of the Vilnius Combined Heat and Power Plant into the footing of the plant. This was followed by works associated with the Vilnius Third Combined Heat and Power Plant we acquired last year the possibilities of using which are currently being analysed by our experts. We have met spring with projects for the testing of energy innovations in the ESO grid. Ultimately, we have offered residents and business the service of installing solar power plants in a private estate which, like all other services, may be provided by ESO by instalment. These modern solutions meeting the needs of contemporary customers are our first firm step towards the organisation that will offer different solutions for energy generation, consumption and saving thereof in the future.

This year we have successfully expanded the network of our partners. After successful negotiations in the United States, Lietuvos Dujų Tiekimas signed an agreement on the supply of liquefied natural gas with the American supply company Freeport LNG. The Group's company LITGAS, performing the function of the assigned gas supplier, implemented the first large-scale transaction on supplying the LNG by land. This new method of supplying LNG by gas carriers saved our customers both time and money.

By purifying activities of the Group, we adopted several important solutions – by reducing the volumes of work in the long run, to abandon contractor activity pursued in the Group by the energy and contractor services organisation EnePRO. An effectively functioning contracting market has already now expressed an interest in hiring the major part of our contracting specialists. We have also completed the life cycle of yet another company that has not engaged in any activity – VAE SPB. We have separated activities of NT Valda ensuring the supervision of real estate and transport. Since now issues associated with the transport fleet will be solved by a new company Transporto Valdymas that has supplemented the Group's portfolio. Currently, this company is looking for an investor. Meanwhile, NT Valdos is successfully realising real estate no longer used in our direct activity and is preparing for new auctions.

We are in the epicentre of changes in the energy sector; therefore, let us use this opportunity and seek to become a globally competitive new smart energy company that is creating for Lithuania.

Darius Maikštėnas
Chairman of the Board and the CEO





THE COMPANY AND THE GROUP



About the Group and the Company

The Lietuvos Energija group is one of the largest state-owned groups of energy companies in the Baltic countries. The main activities of the Group include the generation and supply of electricity and heat, trading and distribution of electricity, trading and distribution of natural gas, as well as the servicing and development of the energy sector. The rights and obligations of the shareholder of the Lietuvos Energija group are implemented by the Ministry of Finance of the Republic of Lithuania.

The Lietuvos Energija Group implements energy projects of strategic importance for Lithuania, and pursues the objectives set forth in the National Energy Strategy. The Group employing about 4,500 employees manages and operates the key energy generation capacities of Lithuania that ensure the security of energy supply, a distribution network covering the entire territory of the country. Group provides services to almost 1.6 million of consumers across Lithuania, offers electricity supply services to consumers abroad, supplies gas to 570 thousand consumers. During Q1 2018 0.28 TWh of electricity was generated and distributed to consumers and 3.22 TWh of natural gas was transported via gas distribution pipelines.

The parent company of the Group – Lietuvos Energija UAB (hereinafter – Lietuvos Energija or the Company) is responsible for transparent management and coordination of activities of the whole Group, improvement of the efficiency in order to ensure competitive services for consumers, and for socially responsible creation of long-term value for its shareholders. The Company analyses the activities of the Group, represents the Group, implements rights and obligations of the shareholder, establishes operational guidelines and rules, and coordinates activities in the areas of production, commerce, finance, law, strategy and development, human resources, risk management, audit, technology, communication and others.



0.3 TWh of
electricity generated



2.5 TWh of electricity
generated



3,2 TWh of natural gas
distributed



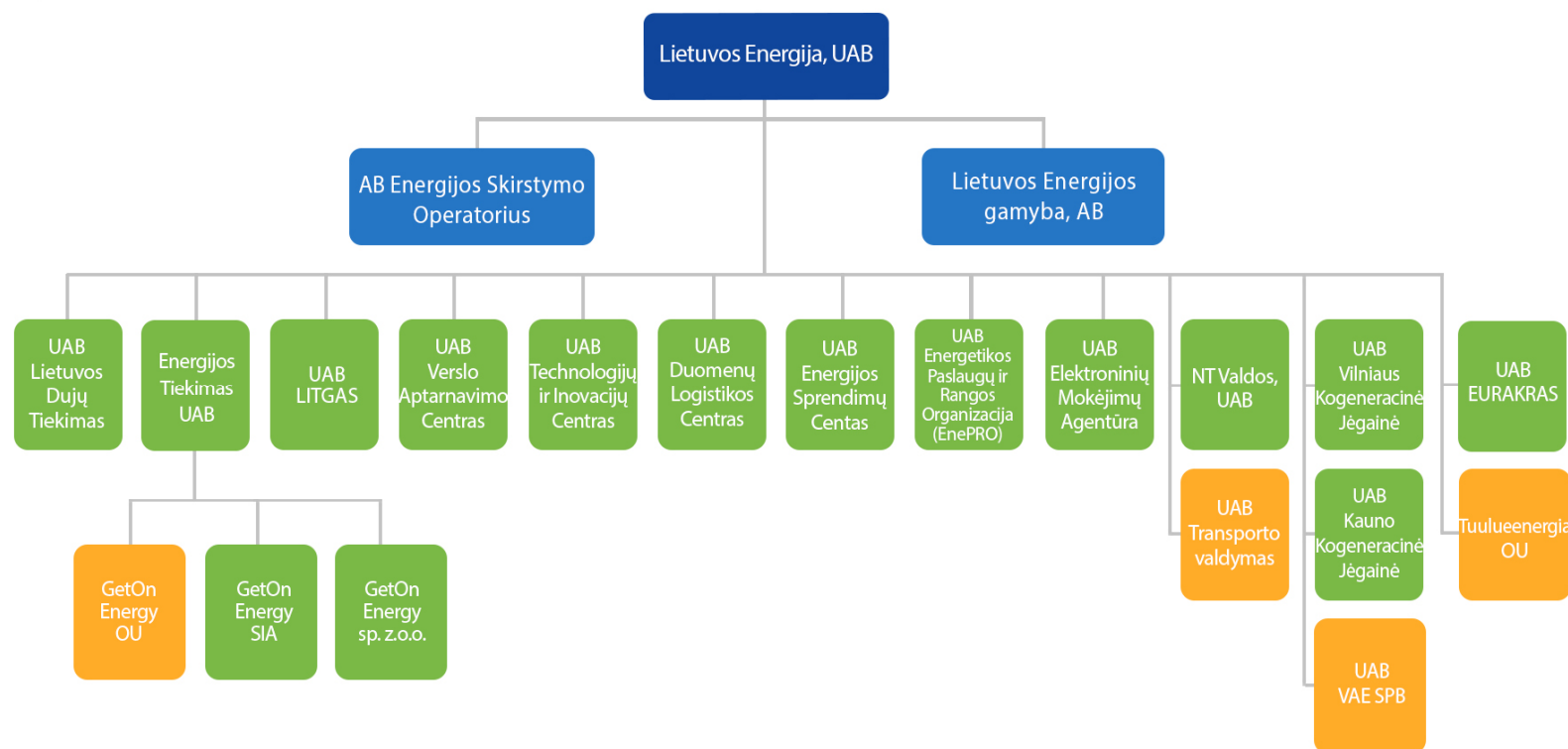
More than 1,6 million
customers served



Structure of the Group

At the end of the reporting period, the Lietuvos Energija group consisted of 21 companies: the parent Company and 20 directly and indirectly controlled companies. The main business activities of the Group are the generation of electricity and heat, electricity trading, distribution and supply, trade in natural gas and its distribution.

Activities of the Group's companies servicing these main types of business activities comprise ITT, real estate, transport, repair and construction of energy facilities, professional development of employees, public procurement, accounting, administration of employment relationships and other services.



Supervisory Board (5 members, 3 of them are independent)
Executive Board (5 members)
CEO – Chairman of the Board

Supervisory Board (3 members, 1 of them is independent)
Board (5 members)
CEO – Chairman of the Board

Board (3 members, 2 shareholder representatives and 1 independent)*
CEO – not a member of the Board

CEO Board is not formed

*The structure of the Board is different across companies; the Board is not formed in special purpose companies until active operation thereof; the Board of service providers is formed ensuring the representation of all shareholders.



Major events during I quarter 2018

January 2018

4 January. For the fourth year in a row Lietuvos Energija was recognised the most progressive state-owned company. In the good governance index of state-owned enterprises (SOE) published by the Governance Coordination Centre, Lietuvos Energija the only one of SOE received the highest A+ rating.

17 January. The European Commission approved support to Vilnius CHP plant.

26 January. The European Commission approved the financing of infrastructure research of Kruonis PSP in preparing for the development of the plant

February 2018

1 February. A new board of Lietuvos Energija Group and CEO Darius Maikštėnas were elected.

2 February. Gilė simplified cash payment of fees for services provided at the places of payment acceptance.

12 February. Construction of Vilnius cogeneration plant was commenced. Lietuvos Dujų Tiekimas employed a robot for the service of corporate customers.

20 February. Due to poor condition, a decision was taken to destroy no longer used chimneys in Elektrėnai complex.

March 2018

3 March. The Board of Lietuvos Energija adopted a decision to transfer Vilnius Third CHP (TE-3) as a non-monetary contribution to the authorised capital of daughter company Lietuvos Energijos Gamyba.

7 March. LITGAS plans to reduce maintenance costs of LNG terminal by approximately EUR 0.5 million in 2018.

14 March. Ovidijus Martinonis became a Board member supervising the field of grids development of Energijos Skirstymo Operatorius (ESO)

March 2018

21 March. Lietuvos Energija announced planning to separate the of public electricity supply from Energijos Skirstymo Operatorius (ESO) and to transfer it to another Group's company– Lietuvos Dujų Tiekimas that supplies natural gas to residents and business.

23 March. Lietuvos Energija recieved a prestigious award of financial markets for the issue of green bonds.



April 2018

4 April. Lietuvos Dujų Tiekimas, by strengthening relationships with the USA signed an arrangement with yet another supplier of American LNG.

13 April. Lietuvos Energija announced abandoning the contractor activity pursued by the Group's company EnePRO.

18 April. Lietuvos Energija adopted a decision to wind up VAE SPB company belonging to the Group and no longer engaged in commercial activity

23 April. Energijos Tiekimas in Latvia will offer both, electricity and natural gas.

April 2018

24 April. CEO of the Group's company LITGAS became Tadas Adomaitis, whereas NT Valdos are under the management of Martynas Nenėnas.

27 April. Since now the electricity and gas distribution company Energijos Skirstymo Operatorius (ESO) will provide the majority of its services by instalment. Not only the persons who install electricity or gas up to the boundary of their land plot will be able to use leasing, but also those who install an electricity or gas internal grid, solar power plant or have ordered an increase of power.

May 2018

02 May. At the General Meeting of Shareholders of Lietuvos Energija the amount of dividends 78.3 mln. EUR earmarked for the state budget





ANALYSIS OF THE GROUP'S FINANCIAL AND OPERATIONAL RESULTS



Analysis of the Group's Financial and Operating Results

Key operating indicators		I quarter 2018	I quarter 2017	Δ, +/-	Δ, %
Electricity					
Generated electricity	TWh	0.28	0.28	0.00	1.2%
Generated electricity using renewable energy sources	TWh	0.16	0.17	-0.01	-3.6%
Distributed electricity via medium and low voltage networks, etc.	TWh	2.53	2.46	0.07	3.0%
Public and guaranteed supply	TWh	0.87	0.88	-0.01	-0.7%
Distributed to customers of independent suppliers	TWh	1.66	1.58	0.08	5.0%
Sales in retail market	TWh	0.70	0.66	0.04	5.7%
Number of newly connected customers	units	7 717	5 443	2 274	41.8%
Duration for connecting new consumers (on average)	calendar days	45	50	-5	-10%
Quality indicators of electricity supply					
SAIDI, min. (with <i>force majeure</i>)	min.	10.10	22.52	-12.42	-55.2%
SAIFI, units (with <i>force majeure</i>)	units	0.16	0.23	-0.07	-30.4%
Technological costs in the distribution network	%	8.58%	6.13%		40.0%
Gas					
Volume of gas distributed	TWh	3.22	2.82	0.40	14.3%
Volume of gas sold	TWh	4.50	4.05	0.45	11.1%
Volume of gas purchased	TWh	3.25	3.94	-0.68	-17.4%
Volume of LNG purchased	TWh	0.69	1.33	-0.64	-47.9%
Volume of natural gas purchased	TWh	2.56	2.61	-0.05	-1.8%
Number of newly connected customers	units	1 922	1 604	318	19.9%
Duration of connection of new customers (average)	calendar days	87	177	-90	-50.8%
Quality indicators of gas supply					
SAIDI, min. (with <i>force majeure</i>)	min.	0.095	0.087	0.01	9.9%
SAIFI, units (with <i>force majeure</i>)	units.	0.001	0.001	0.000	42.6%
Technological costs in the distribution network	%	1.38%	1.55%		-10.8%



During Q1 2018, as compared with Q1 2017, the distributed quantity of electricity insignificantly increased and amounted to 2.53 TWh (+3 %, +0.07 TWh, as compared with the last year period). Distribution of electricity to independent consumers also grew and amounted to 1.66 TWh (+5 %, +0.08 TWh as compared with the last year period), meanwhile quantities of the public and guaranteed supply remained at the similar level – 0.87 TWh (-0.7 %).

During Q1 2018, as compared with the same period in 2017, electricity generation volumes at Kaunas Algirdas Brazauskas Hydroelectric Power Plant increased insignificantly by + 1.3 % and amounted to 0.13 TWh. Electricity generation volumes at Kruonis Pumped Storage Hydroelectric Plant also increased insignificantly increased by +3.6 % and amounted to 0.12 TWh.

Electricity generation capacities of the combined cycle gas unit at the Elektrėnai Complex are used only in the event of the occurrence of a high electricity price caused by disconnections of the NordBalt interconnection and other reasons. As it is possible to import cheaper electricity, there are fewer possibilities for gas units at the Elektrėnai Complex to generate electricity at a competitive price. Electricity generation capacities were launched more often, as compared to the same period in the previous year; therefore, the volume of electricity generated by the combined cycle unit increased by 49% and amounted to 0.008 TWh.

The volume of electricity generated by the wind farms operating in Estonia and Lithuania totalled 0.03 TWh, which is 0.004 TWh or 11% less, as compared to the same period in the previous year. Lower than average weather temperature in February resulted in unfavourable meteorological conditions for the operation of wind farms. The portion of electricity generated from renewable energy sources accounted for 59% of the Group's total electricity generation volume during Q1 2018 (during Q1 2017 – 61%).

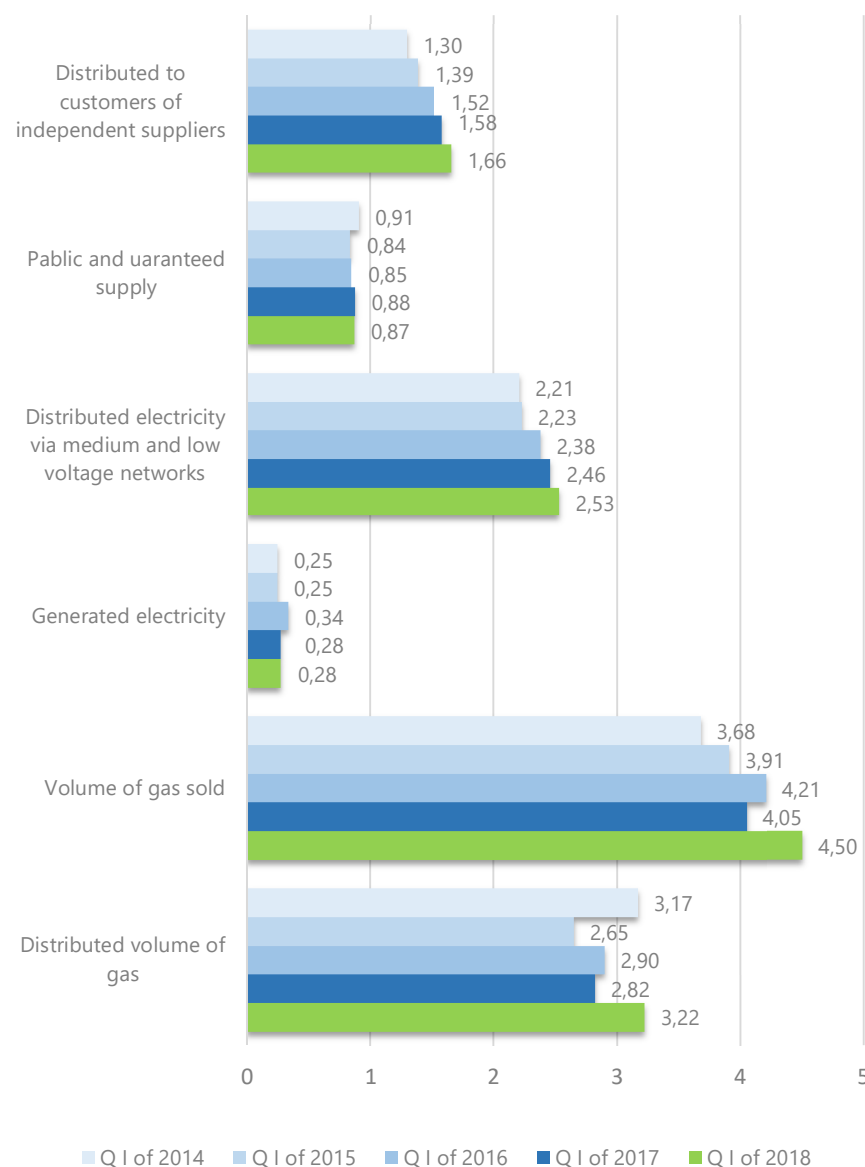
During Q1 2018, technological costs in the electricity distribution network increased up to 8.58% (6.13% during Q1 2017). SAIDI ratio, with the effect of force majeure circumstances, declined during the comparative period down to 10.10 min. (22.52 min during Q1 2017). SAIFI ratio amounted to 0.16 times during Q1 2018 (0.23 times during Q1 2017).

The volume of gas distributed by the Group companies during Q1 2018 increased by +14.3 % or +0.4 TWh. The volume of gas sold increased by 11.1% or 0.45 TWh during Q1 2018. This was mostly affected by greater demand for gas consumption due to colder weather during the heating season.

During Q1 2018, technological costs in the gas distribution network declined from 1.55% to 1.38%. Gas distribution SAIDI ratio, with the effect of force majeure circumstances, increased insignificantly during Q1 2018 and was 0.095 minutes (0.087 minute during Q1 2017) and SAIFI ratio was approximately 0.001 unit (approx. 0.001 unit also during Q1 2017).

During the first three months of 2018, 7,017 new electricity customers were connected (+42% as compared with the last period). During Q1 2018, 1,922 new customers were connected to the natural gas distribution network (+19.8 as compared with the same period last year). The time for connecting new consumers was shortened by 5 days for electricity customers and 90 days for gas customers during Q1 2018, as compared to Q1 2017.

Generation of electricity, distribution and sale of gas and electricity, TWh



Key Financial Indicators

The financial data all presented in million EUR, unless indicated otherwise.

Revenue

Revenue of the Lietuvos Energija group grew by 15.7% (EUR +48.7 million) in Q1 2018, as compared to the same period last year and totalled EUR 358.3 million. The main reasons causing revenue changes were as follows:

1. Bigger revenues from sale in gas

The Group's consolidated revenues from the sale of gas increased by EUR +25.1 million; The main reason of it – increased price for the sale of gas due to expired discount on Gazprom gas price in the middle of 2017, and due to lower than average weather temperature during the first quarter of the current year, what determined significantly bigger volumes of the sale of gas (+11.1 %) (4.50 TWh – during Q1 2018; 4.05 TWh – during Q1 2017).

2. Bigger revenues from trading in electricity

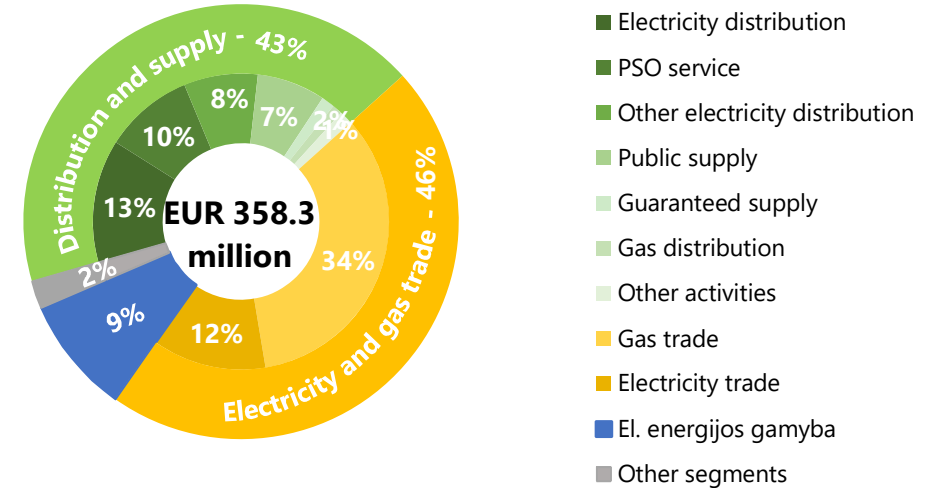
The Group's consolidated revenues from sales of electricity increased by EUR +16.5 million. The main reason of it – increased price for the sale of electricity due to lower than average weather temperature and bigger sales volumes (+5.7 %) than during the very same period last year (0.70 TWh – during Q1 2018; 0.66 TWh –during Q1 2017).

3. Bigger revenues from the production of electricity.

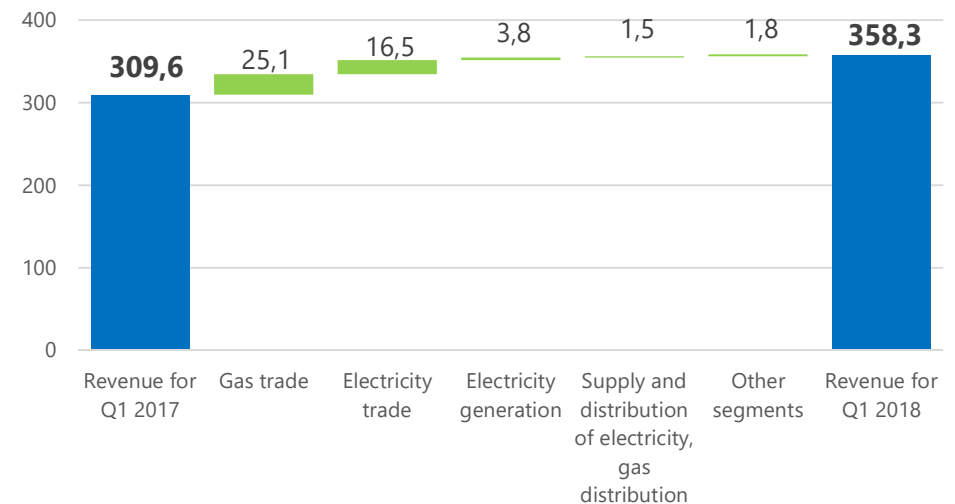
During Q1 2018, as compared with the same period last year, revenues from the production of electricity increased by EUR +3.8 million. The main reason of it – increased production of electricity at Kruonis Pumped Storage Hydroelectric Plant and Kaunas Algirdas Brazauskas Hydroelectric Power Plant.

The main sources of the Group's revenues: revenues from trading in electricity and gas segment¹ (EUR 166.6 million during Q1 2018), what constitutes 46% (during Q1 2017 – 40 %). Revenues from the supply and distribution of electricity, also distribution of gas (EUR 153.2 million during Q1 2018) account for 43 % of the Group's total revenues (during Q1 2017 – 49 %). The share of electricity production in the total revenues structure accounts for 9 % (during Q1 2017 – also 9 %).

The Group's revenue structure in Q1 2018



Dynamics of the Group's revenues by operating segment



¹ Information on the Group's operating segments is disclosed in Note 14 'Operating segments' to the consolidated and Company's financial statements.

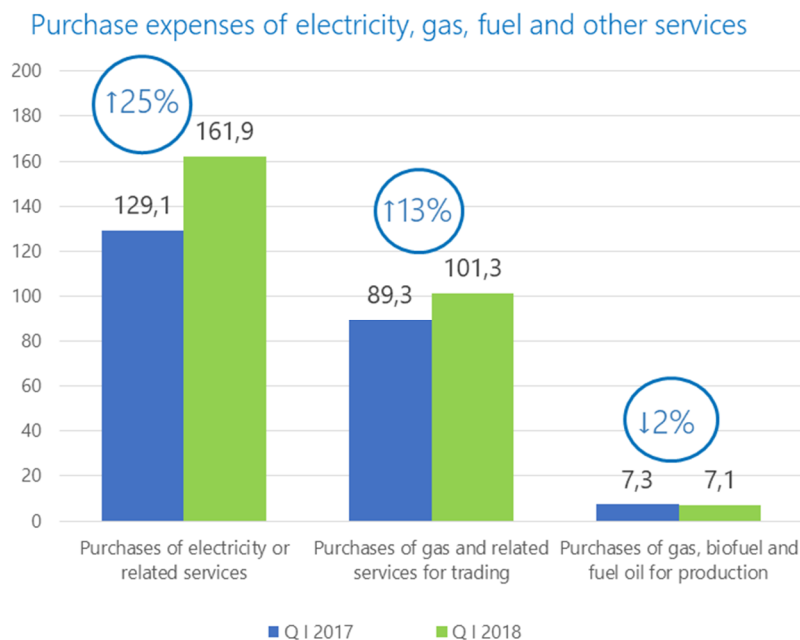
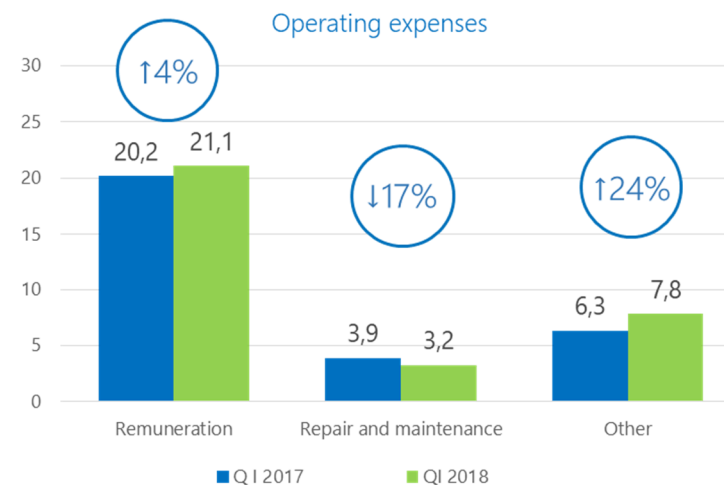
Operating and Purchase Expenses

During Q1 2018, the Group's operating expenses amounted to EUR 32.1 million. As compared to IQ 2017, they increased by +5.6 % (EUR +1,7 million). The main factors that determined the increase in operating expenses were an increased remuneration costs in the amount of EUR +0.9 million. Besides, in October 2017, Vilnius Third Combined Heat and Power Plant (TEC-3) was acquired that had an effect on increased utility costs (EUR +0.7mIn during IQ 2018).

During the first three months of 2018, the Group's purchasing costs of electricity, gas, fuel and associated services amounted to EUR 270.3 million (during IQ 2017 – EUR 225.8 million). As compared with IQ 2017, these costs increased by +19.7 % (or EUR +44.5 million).

As compared with a respective period in 2017, the purchase of electricity or associated services significantly increased and amounted to EUR 161.9 million (more by +25.3 %). This was affected by the prevailing low weather temperature in the region, what determined a growing demand for electricity and increasing prices for it. The average electricity price during IQ 2018 in the Lithuanian price zone of Nord Pool exchange grew by 27 %, as compared with the same period in 2017, and amounted to 42.4 EUR/MWh.

Purchases of gas and associated services increased by EUR +11.9 million or +13.4 %, as compared with IQ 2017. This was determined by increased sales volumes of gas, and bigger acquisition price of gas as compared with IQ 2017.



EBITDA

In I quarter 2018, the Group's adjusted EBITDA amounted to EUR 72.8 million, which is +2.1% or EUR + 1.5 million more than adjusted EBITDA in I quarter 2017, which was equal to EUR 71.3 million. The adjusted EBITDA margin reached 20.3% in the I quarter 2018 (23.0 % in I quarter 2017).

- 1. Higher EBITDA of electricity and gas distribution activity.** The growth of the Group's adjusted EBITDA was determined by a positive change in the results of the activity of electricity and gas distribution (EUR +2.3 million). The increase resulted from improved operational efficiency, lower operating expenses and higher investments in modernisation and development of the networks. In accordance with the new electricity sector regulations that became effective from 2016, Energijos Skirstymo Operatorius is encouraged to save costs and a part of such savings remains with the company.
- 2. Higher EBITDA of other activities.** The Group's EBITDA of other activities increased by EUR +1.3 million compared to the same period last year. Such increase was mainly determined by a better EBITDA result of NT Valdov due to a better sales result of real estate objects.
- 3. Lower EBITDA of electricity trading activity.** Results of electricity trading activity for I quarter 2018 were EUR – 2.3 million compared I quarter 2017. This was determined by unusually high prices of the Nord Pool exchange due to lower than average weather temperature in the region, what caused a demand for electricity.

²Adjusted EBITDA indicator is based on management adjustments that are not presented in the financial statements. A more detailed description of the management adjustments is presented in Consolidated and Company Financial statements, Note 14 "Operating segments".

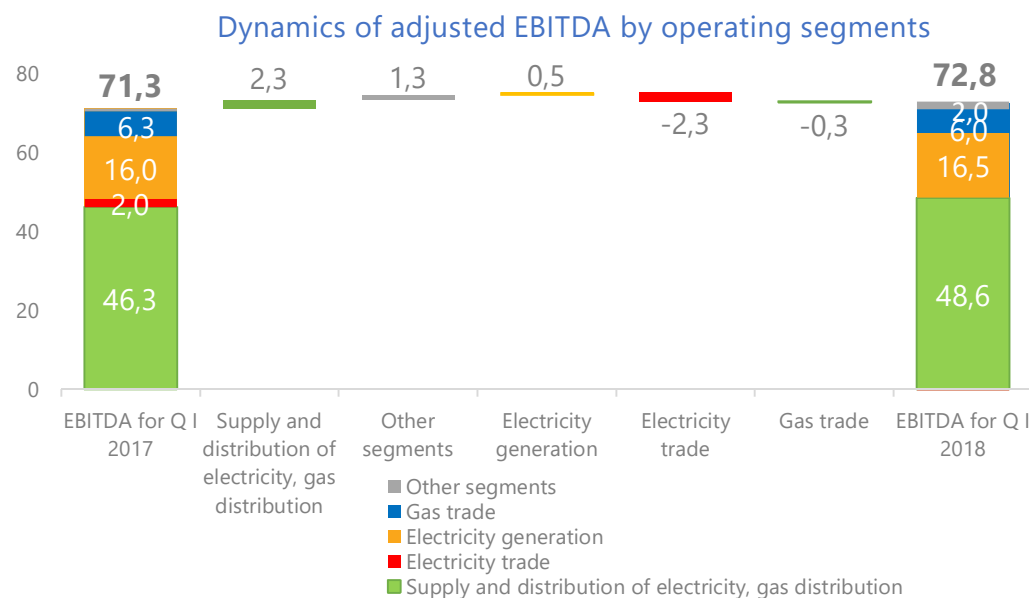
	I quarter 2018	I quarter 2017.	Δ, +/-
Operating profit	39.2	29.0	10.2
Depreciation and amortisation expenses	21.2	20.3	0.9
Impairment expenses and write-offs of PPE	1.1	1.8	-0.7
Revaluation expenses of emission allowances	-6.2	3.8	-10.0
EBITDA	55.4	54.9	0.4
Management's adjustments²			
Change in market value of open financial derivative instruments	-5.1	1.5	-6.6
Write-offs of inventories and receivables	0.6	-1.4	2.1
Gas price discount provided by Gazprom (1)	0.0	7.5	-7.5
Recalculation of regulated revenue of LITGAS (2)	2.5	7.7	-5.2
Recalculation of regulated revenue of ESO (3)	21.2	1.8	19.3
Recalculation of regulated revenue of LDT (4)	-1.8	-0.7	-1.1
Adjusted EBITDA	72.8	71.3	1.5

(1) expenses, which, in management's view, are related to the prior periods, are eliminated.

(2) elimination of deviation between the designated supplier's actual and regulated revenue, by which the company's future financial results will be adjusted.

(3) elimination of the effect of the recalculation of the return on investment of the reporting period made by the National Commission for Energy Control and Prices, related to the profit earned in preceding periods and exceeding the return on investment permitted by the Commission, and of the profit earned in the reporting period exceeding the return permitted by the Commission.

(4) elimination of deviation between the gas supply actual and regulated revenue, by which the company's future financial results will be adjusted.



Net Profit

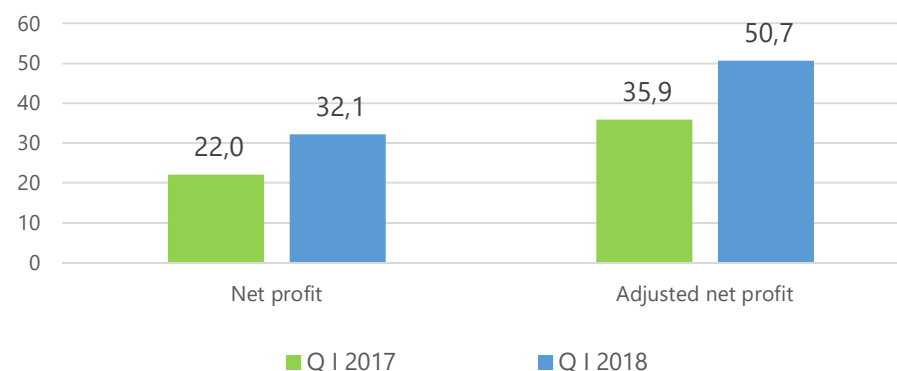
I quarter 2018, the Group earned net profit of EUR 32.1 million, which is EUR +10.1 million more than net profit of EUR 22.0 million earned I quarter 2017. The major impact on net profit in I quarter 2018 was had the following effects:

1. The reporting net profit result of **Lietuvos Energijos Gamyba** was better EUR +10,0 million. This was affected by revaluation results of allowances (EUR +6,2 million during 1-3 months of 2018 and EUR -3.8 million during 1-3 months of 2017)
2. The reporting net profit result of **Lietuvos Dujų Tiekimas** was better by EUR +11 million due to the expired retrospective discount of the gas price (effect for the 2017 result was EUR - 6.4 million).
3. The result of **Litgas** in 1 quarter 2018 was less loss-making EUR 4.5 million, as the security constituent collected in 2017 was reduced by the sum recollected in 2016 the major part whereof was accrued at the beginning of 2017, when the security constituent was collected according to conditions of the old agreement with Statiol ASA.
4. The reporting net profit of **Energijos Skirstymo Operatorius** reduced by EUR - 17 million. This was mostly affected by an increased self-cost due to bigger acquisition prices of electricity.

Upon assessing (eliminating) a positive/ negative effect of windfall profits, the adjusted net profit grew by EUR +14.8 million. This was mostly affected by the already mentioned effect due to revaluation of allowances of Lietuvos Energijos Gamyba.

The equity capital of Lietuvos Energija Group amounted to EUR 1,343.6 on 31 December 2017. During Q1 2018 it reduced by 2.1 % (or EUR 27.6 million) and on 31 March 2018 it amounted to EUR 1 316.0 million. The Group's equity capital reduced due to entry into effect of the 15th IFRS since 1 January 2018, what determined recalculation of revenues for the connection of new consumers by recognising these revenues during the period of useful life of fixed tangible assets created during the connection period. This recalculation reduced retained earnings by EUR 73 million and increased deferred income respectively.

The Group's net and adjusted net profit



Net profit adjustments	I quarter 2018	I quarter 2017.	Δ, +/-
Net profit for the reporting period	32.1	22.0	10.1
Gas price discount provided by Gazprom	0.0	6.4	-6.4
Recalculation of regulated revenue of LITGAS	2.2	6.6	-4.4
Recalculation of regulated revenue of ESO	18.0	1.6	16.4
Recalculation of regulated revenue of LDT	-1.5	-0.6	-0.9
Adjusted net profit	50.7	35.9	14.8

Investments

The Group's investments during Q1 2018 amounted to EUR 57.9 million EUR or more by +123.6 % than during the same period last year. The major investments were allocated for the renewal of electricity distribution grid (31 %) and development (24 %); also, investments to Vilnius and Kaunas CHP plants increased significantly (21 %).

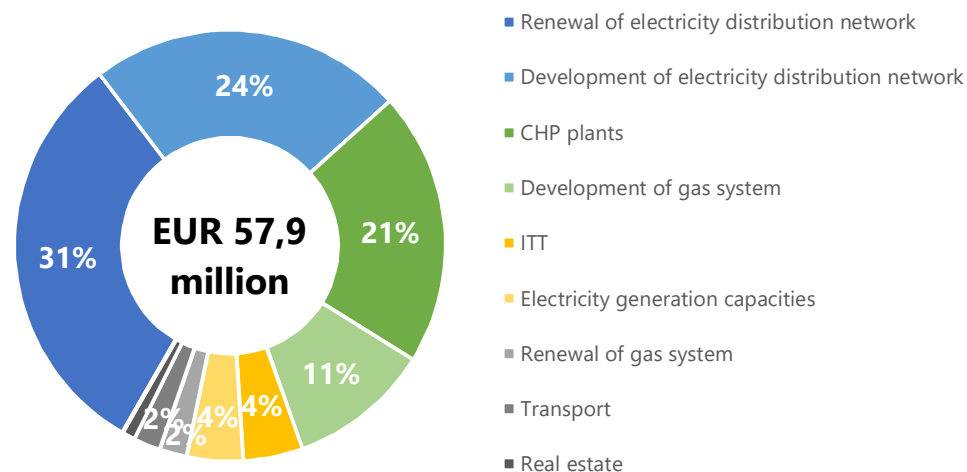
As compared to the same period last year, in I quarter 2018, investments into the renewal of the electricity distribution grid increased by EUR +5.8 million. During Q1 2018, investments by Energijos Skirstymo Oeratoriaus (ESO) into renewal of electricity distribution grid totalled EUR 18.2 million. During Q1 2018, ESO investment into development of the electricity distribution grid EUR 13.7 million. During three months of 2018 ESO has signed 5.53 thousand contracts to join electricity distribution network – 10% more than at the same period last year, when this number amounted to 5.05 thousand.

During I quarter 2018, construction works of Vilnius and Kaunas CHP plants have gained a momentum. Investments into these projects during the first three months of 2018 amounted to EUR 11.9 million.

During 2017, ESO investments into the development of gas systems amounted to 6.2 million and were 2.2 times bigger than during I quarter 2017. (2.8 million EUR) During the first three months of 2018, to connect new customers to the gas grid ESO built 116.6 kilometres of distribution gas pipelines; during the respective period in 2017, 47.6 km of gas pipelines were built. ESO signed 3.22 thousand contracts to join gas distribution network. It is 62% more than during the same period last year when this number was 1.99 thousand.

On 31 December 2017 the Group's assets amounted to EUR 2 505.1 million. During Q1 2018, the Group's assets reduced by -1.9 % (or EUR -47.0 million) and on 31 March 2018 it amounted to EUR 2 458.1 million. The biggest effect on the Group's asset was made by the reduced cash balance due to investments made by the Group's companies and repaid loans to banks.

The Group's investment structure in Q1 2018, %



Dynamics of the Group's investments by sector	I quarter 2018	I quarter 2017	Δ, +/-	Δ, %
Renewal of electricity distribution network	18.2	12.4	5.8	46.4%
Development of electricity distribution network	13.7	7.0	6.7	96.0%
CHP plants	11.9	0.4	11.5	3007.0%
Development of gas systems	6.2	2.8	3.4	125.2%
ITT	2.5	0.6	1.9	287.3%
Electricity generation capacities	2.4	0.2	2.2	927.2%
Renewal of gas systems	1.2	0.5	0.7	124.2%
Transport	1.2	1.6	-0.4	-27.0%
Other investments	0.6	0.2	0.4	237.1%
Real estate	0,0	0,2	-0,1	-77,7%
In total:	57.9	25.9	32.0	123.6%

Financing

On 31 March 2018, the Group's net debt amounted to EUR 477,6 million. As compared to the net debt at the end of 2017, the indicator grew by +8.0 % or EUR +35.3 million. The increase in the net debt was mostly determined by investments made by the Group's companies.

The level of the Group's financial debts during Q1 2018 decreased by 1.9 % (or EUR 11.9 million), and on 31 March 2018 it amounted to EUR 602.1 million (at the end of 2017 – EUR 614.1 million). The amount of financial debts of EUR 300.0 million on 31 March 2018 was with a fixed interest rate (49.8 % from the total financial debt); the remaining share of financial debts is with a variable interest rate. Monetary funds of the Group's enterprises and short-term investments on 31 March 2018 amounted to EUR 124.5 million – i.e. EUR 47.2 million or less by 27.5 % than at the end of 2017 (EUR 172,0 million). The decrease in monetary funds was mostly determined by repaid loans to banks and investment made by the Group's companies.

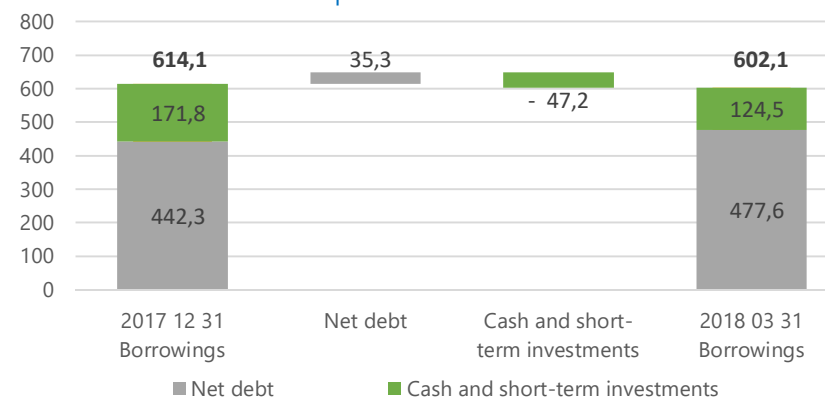
The ratio of the Group's net debts and adjusted EDITDA for the last 12 months increased from 1.85 time at the end of 2017 up to 2.01 time on 31 March 2018. This increase was determined by an increase net debt of the Group. An average repayment period of the financial debt on 31 March 2018 is 6.9 years (on 31 December 2017 it was 6.2 years).

The ratio of the Group's net debt and the Group's equity increased from 32.9% at the end of 2017 up to 36.3% on 31 March 2018. The level of the Group's net debt remains sufficiently low with respect to both, earned profit and capital structure.

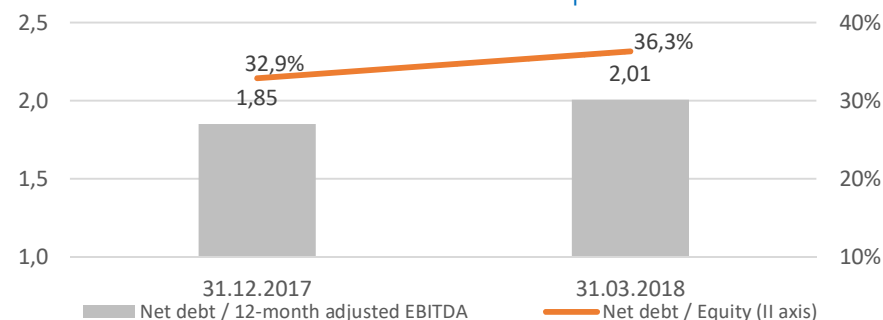
The Group's general liquidity rate on 31 March 2018 was 1.28 (1.29 on 31 December 2017). To manage liquidity, the Group has concluded credit line agreements with banks. On 31 March 2018 the Group has unused credit lines for the amount of EUR 208.5 million EUR. From this credit line, the sum of EUR 168.5 million is binding, i.e. the bank has to repay these funds EUR upon demand.

A low level of the Group's borrowings and a high level of equity, profitability of operating activity indicate a solid and stable financial position of the Group, as well as the Group's financial capacities to implement investments required for the provision of the current services, to implement and finance the acquisition and development of new wind power parks, construction of CHP plants, other projects and ensure a sustainable development of the Group.

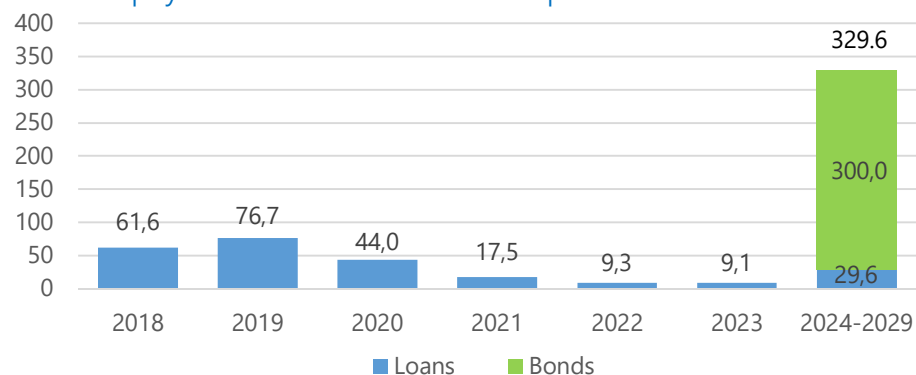
The Group's financial debts at net value



Relative indicators of the Group's net debt



Repayment schedule of the Group's financial debt



Definitions

Working capital	Current assets - cash and cash equivalents - short-term investments and term deposits - current liabilities (excluding current portion of financial liabilities)
EA	Emission allowances
Current liquidity	Current assets at the end of the period / current liabilities at the end of the period
EBITDA	Operating profit (loss) + depreciation and amortisation expenses + expenses on revaluation and provisions for emission allowances + impairment expenses of non-current assets + write-off expenses of non-current assets
EBITDA margin	EBITDA / Revenue
FFO	EBITDA + interest income - interest expenses - current year income tax expenses
Net debt	Borrowings - cash and cash equivalents - short-term investments and term deposits - a portion of other non-current financial assets representing investments in debt securities
Net profit margin	Net profit / Revenue
Adjusted net profit	Net profit + effect of the gas price discount to consumers +/- recalculation of regulated revenue from liquefied natural gas +/- recalculation of regulated revenue from electricity and gas transmission/distribution
Adjusted net profit margin	Net profit (adjusted) / Revenue
Adjusted net debt	Net debt adjusted for the put option execution obligation of Kauno Kogeneracinė Jėgainė UAB, provision for pensions to employees and a cash balance not available for immediate use in the ordinary course of business
Adjusted EBITDA	EBITDA + write-offs of inventories and amounts receivable +/- change in market value of open positions of financial derivative instruments (including EA) + effect of the gas price discount to consumers - recalculation of regulated revenue from liquefied natural gas +/- recalculation of regulated revenue from electricity and gas transmission/distribution +/- result of electricity generation regulated activity audits relating prior periods, expense and income recalculation +/- effect of LEG's commercial activity regularisation, which was annulled by the court's decision, on financial results
Adjusted EBITDA margin	Adjusted EBITDA / Revenue
Customers of independent suppliers	Electricity distribution to corporate customers
Return on equity (ROE)	Net profit (loss) of a respective reporting period restated at a annual value / average amount of equity during the reporting period
Adjusted Return on equity (ROE)	Net adjusted profit (loss) of a respective reporting period restated at a annual value / average amount of equity during the reporting period
Equity ratio	Equity at the end of the period / total assets at the end of the period
Assets turnover ratio	Revenue / total assets at the end of the period
SAIDI	Average duration of unplanned interruptions in electricity or gas transmission
SAIFI	Average number of unplanned long interruptions per customer
Operating expenses	Operating expenses, excluding purchase expenses of electricity and related services, gas and fuel oil for production, depreciation and amortisation, impairment expenses (non-current assets, construction in progress, amounts receivable, etc.), expenses of revaluation of property, plant and equipment, write-offs of non-current assets, inventories and amounts receivable and EA revaluation expenses.
Public and guaranteed supply	Electricity distribution to household customers



RESULTS OF OPERATIONS OF THE GROUP'S COMPANIES



Overview of the Company's and the Group's Operations

The overview of Lietuvos Energija Group performance covers a period from 1 January 2018 until the report date.

Improvement of the strategic infrastructure

Preparation for the development of Kruonis Pumped Storage Plant

The European Commission approved co-financing of a field of poles and infrastructure research for Kruonis Pumped Storage Plant (Kruonis PSP) under the management of Lietuvos Energijos Gamyba. This research is another step in preparing for the development of the plant by installing the 5th hydro-aggregate. It will be aimed to assess whether the condition of the field of poles on which a new pipeline would be built meets the design requirements. It is intended that the 5th hydro-aggregate would be launched within the shortest possible time span from taking a decision; therefore, already today all possible preparatory works are carried out, including this research. The field of poles on which the pipeline of the 5th hydro-aggregate would be built was installed in 1985. During 2018 it has been planned to investigate the strength of concrete in the poles, to evaluate the properties of concrete. Geology of the field of poles, firmness of the ground, also the condition of concrete in the main part of the plant building in which the new generator-turbine will be placed will be investigated in the uphill slope of the Kruonis PSP. It has been planned that according to the Connecting Europe Facility, up to EUR 62.5 thousand will be allocated for financing the research. The remaining part of funds necessary for the research will be allocated by the enterprise managing the plant. The development of Kruonis PSP has been included into the List of Projects of Common Interest, as well as into the draft National Energy Strategy.

ESO will ensure reliable electricity supply to residents and business in Eastern Lithuania

By preparing for synchronising the electricity grids with the continental European network the electricity and gas distribution company Energijos Skirstymo Operatorius and the electricity transmission system operator Litgrid will implement a common project that will ensure reliable supply of electricity to residents and business in Eastern Lithuania. Lithuania has planned to synchronise electricity grids with the continental Europe until 2025. By then all high voltage transmission lines connecting Lithuanian and

Byelorussian electricity grids will be disconnected. The construction of high voltage transmission lines that would ensure quality and uninterrupted electricity supply in Eastern Lithuania would cost EUR 20.36 million, however joint work of the companies' experts enabled to find a considerably cheaper solution that would cost EUR 1.2 million.

ESO opens electricity transmission grids to innovation developers

Energijos Skirstymo Operatorius (ESO) opens the infrastructure of the electricity distribution grid for testing innovative solutions. Innovation developers may, under real conditions and free of charge, test technological solutions and equipment, whereas successful innovations would be considered by ESO for the application on a broader scope. All companies creating innovative solutions in the energy field, technology start-ups, universities and research centres may participate in the Sandbox project. ESO will grant access to the infrastructure free of charge. The testing of equipment will be free, whereas the project participants will have a possibility to discuss the test results with ESO specialists. This ESO initiative reflects a general approach of Lietuvos Energija Group to implement actively the development of innovations by establishing possibilities to test and to implement novelties contributing to the development of services, improvement of quality and growth in customer satisfaction. ESO will grant access to the distribution grid or data for equipment and technological solutions that would enable to systemise the grid, enhance its reliability, efficiency, to integrate renewable energy resources and electricity producing consumers. Applications to experiment with micro-grids, regulation loan, energy storage, environmental protection technologies are welcome.

New services to customers

The purified activity of Lietuvos Energija Group enables to concentrate even more on the creation of new services, improvement of quality and accessibility of the services provided, improvement of customer service and development of the service channels.

Electricity rate has reduced for the fifth year in a row

In 2018, electricity rate will further reduce in Lithuania. It has been estimated that since 2013 the average electricity price for residents has reduced by as many as 23 %. The price of the most popular in the country - Standard one-time zone tariff plan - has reduced since February 2018 down to 11.3 cent per kWh. Residents who have chosen the Standard two-time zone tariff plan now pay 12.2 cent (during the day-time on



working days) and 9.1 cent per kWh (during the night time and on weekends). Based on Eurostat, electricity prices for residents are among the smallest in Europe – last year cheaper electricity in the entire EU was only in Bulgaria and Hungary.

ESO offered a possibility for customers to get all services by leasing

By consistently expanding the fields of activity, since now the electricity and gas distribution company Energijos Skirstymo Operatorius (ESO) will provide the majority of its services by instalment. Not only the persons who install electricity or gas up to the boundary of their land plot will be able to use leasing, but also those who install an electricity or gas internal grid, solar power plant or have ordered an increase of power. It is expected that the leasing service will primarily alleviate a financial burden for settlers – will help plant expenses and will facilitate concerns of housewarming.

Customers are offered also gas condense boilers

Natural gas supply and trade company Lietuvos Dujų Tiekimas offers to customers to get from one hands condense gas boilers and water heaters, components necessary for them, also installation services, as well as order the supply of gas. The company plans to offer even more additional services in the future that would make gas heating, its installation and use even more convenient and simpler.

The new activity is focused not only on new, but also on existing customers. Upon changing the boilers acquired earlier with the news, condense-technology ones, they may cut down their consumption of gas up to 20 %

More convenient service and faster connection

ESO agreed with road-builders to organise common works faster

Energijos Skirstymo Operatorius (ESO) and the Lithuanian Road Administration under the Ministry of Transport and Communications (LAKD) signed a cooperation agreement that will enable to enhance efficiency of grids modernisation and road reconstruction works, and to install electricity and gas for new customers faster. In the cooperation agreement signed between ESO and the Road Administration it was planned to coordinate jointly the planning and implementation of renewal, development of Lithuanian electricity grids, as well as road reconstruction works. This means that the organisations shall share annual work plans, will establish favourable conditions to carry out necessary works in the zones where energy distribution grids and roads intersect. If possible, renewal works of electricity grids and roads will be carried out simultaneously in specific locations.

LDT employed a robot for customer consulting

Digital technologies increasingly applicable in the energy field also improve the service of natural gas users. To serve corporate customers, the natural gas supply and trade company Lietuvos Dujų Tiekimas developed a robotic self-service system that expeditiously informs on the volumes of gas consumption and systemic services use. The robot named Linas took over a part of consultants' functions at the company and, by analysing nearly real time data gives advice to customers, also forecasts future trends. It is important that the robot gives messages not only after a happened fact, but forms a piece of news even before it, by advising what actions could be taken. The renewed self-service system is supplemented with the so-called "monitoring room" wherein the tools of analysis enabling to monitor conveniently and assess the usage of services, also to analyse costs and fees paid have been installed.

Gilė simplified cash payments

Gilė belonging to Lietuvos Energija Group and taking care of the service of electricity and gas customers simplifies the services of paying fees with cash for provided services at the places of payment acceptance. Since 1 February, customers who pay fees for electricity and gas with cash at the places of payment acceptance – Lithuanian post offices, Maxima cash desks, Perlas terminals and elsewhere – will no longer have to take care of the calculation of the amount payable. A customer will only have to bring a reading showed by his electricity or gas meters, say the customer's code, and the amount payable will be calculated automatically. This sum will include the fee for electricity consumed and other amounts, if any, for example, debts, overpayment, monthly fee, or a fee for electricity for common needs of a house. If the customer does not have the necessary amount of money, it will be possible to pay only a part of the fee in a number of places of payment acceptance, and pay the remaining amount later. If not a full amount is paid, customers will be reminded thereof by a bill sent to them.

ESO abolished a part of permanent places of work

For more than a half-year, accounting management specialists of ESO have worked remotely. Instead of travelling to the office in the morning, they go to customers directly from their homes. This solution enabled to increase the time allocated to customer service by 15 %, and to give up the space of 3 thousand square meters. Before implementing this novelty, a pilot project was carried out which showed that mobile staff members allocate to customers 7 % more time, therefore they respond to their enquiries faster and look into a problem more thoroughly. Upon abolishing a part of permanent places of work, specialists are subject to a lesser load of administrative work, therefore now 15 % more time is devoted to customer service and solution of their problems. Besides, employees' satisfaction and motivation to improve has increased, as by planning day and week tasks they may spend more of their time to the family and leisure.



Businesses that have used ESO advice will save more than EUR 1 million a year

Already for the second year, the electricity and gas distribution company Energijos Skirstymo Operatorius (ESO) has analysed the consumption of electricity by corporate customers and submitted individual recommendations to them in order they could save by choosing a more favourable tariff plan. 631 company, having changed its plan free of charge by taking into consideration the advice, will save up to EUR 1.03 million during 2018.

Diversification of activities

Diversification of activities of the Group enterprises is one of the main conditions for enhancing the Group value. Until 2020, the Group plans to invest nearly EUR 1 billion into different fields: heat sector, building of new co-generation power plants, gas supply and trade using the potential of the LNG terminal, electricity trade and renewable energy resources.

Construction of Vilnius co-generation power plant has been started

On 12 February, by commemorating the beginning of construction works of the new Vilnius co-generation power plant, a memo capsule was embedded in the land plot of the plant on Jočiočių str. It contains a letter to future generations on ambitions of the current society to create a cleaner environment in the capital and the entire Lithuania. It has been planned to launch the plant at the end of 2019. It is expected that the new Vilnius co-generation power plant, using biofuel and municipal waste, will produce nearly half of the heat centrally supplied to the capital, and such an amount of electricity that would suffice to procure approximately 80 % of Vilnius households. The plant will cut down annual expenses for heat to Vilnius residents by EUR 13 million, and for waste management – by EUR 10 million. By following examples of the most modern power plants operating in centres of European cities, modern smoke cleaning equipment will be installed in the Vilnius co-generation power plant that will ensure a completely safe and pollution-free generation of energy. Upon completing the construction, the Vilnius co-generation power plant will be one of the most modern in the whole Europe in terms of environmental protection and energy generation technologies.

Implementation of the biggest transaction on supplying LNG by land was finished

At the end of February 2018, the biggest up to now, transaction on supplying liquefied natural gas (LNG) by land was successfully implemented. From the beginning the December of 2017 up to 27 February, companies of Lietuvos Energija Group trading in natural gas – LITGAS and Lietuvos Dujų Tiekimas – supplied to buyers approximately 4000 m³ of LNG. This conforms to nearly 2.3 million m³ in the degasified form, or

approximately 27 GWh by calculating in energy terms. So much natural gas is consumed a year for heating and hot water by approximately 1700 housings. They were transported from the LNG distribution station under the management of Klaipėdos Nafta to Druskininkai, Poland and Estonia by nearly 100 special gas carriers. In this transaction LITGAS and Lietuvos Dujų Tiekimas proved the necessity of their role as supply partners in the region: by accumulating the needs of several smaller buyers, the companies were able to offer LNG at much more favourable prices and conditions than these buyers would be able to receive by purchasing LNG separately. Last year, Lietuvos Dujų Tiekimas and LITGAS together implemented also six small-scale transactions on transshipping LNG from the Independence storage facility to small vessels-gas carriers.

LITGAS expects to reduce maintenance expenses of the LNG terminal by approximately EUR 0.5 million

The appointed supplier of liquefied natural gas (LNG), LITGAS company, belonging to Lietuvos Energija Group, optimises a schedule of the prescribed supply of goods and this way expects to cut down maintenance costs of the LNG terminal by approximately EUR 0.5 million in 2018. Due to non-typically cold weather prevailing during recent weeks and limited supply of natural gas in the Western Union market of natural gas, prices of natural gas of the short-term period have considerably grown. At the same time, the demand for LNG increased, since the major part of LNG goods are shipped under short-term and immediate transactions to Asia that has fast increased the consumption of natural gas. Therefore, in the middle of March, another part of the LNG cargo was delivered to Lithuania – sold to buyers paying for gas more.

Lietuvos Dujų Tiekimas strengthens relationships with the USA: an arrangement was signed with one more American supplier of LNG.

The natural gas supply and sale company Lietuvos Dujų Tiekimas belonging to Lietuvos Energija Group signed in the United States a memorandum of understanding with the USA company Freeport LNG that finishes the construction of a liquefied natural gas (LNG) terminal in Quintana Island, state of Texas (USA). The signed arrangement will open a way to import American gas from this terminal in the future. Last year, Lietuvos Dujų Tiekimas imported from the USA two cargoes of liquefied natural gas, and, in terms of USA LNG import volumes, occupied the third place in Europe after Spain and Portugal. The first cargo of natural gas extracted in the USA reached the shores of the Baltic Sea in August 2017 after Lietuvos Dujų Tiekimas had acquired it from Cheniere company managing the first USA LNG terminal Sabine Pass. Currently, Lietuvos Dujų Tiekimas and LITGAS belonging to Lietuvos Energija Group have signed about 15 non-binding general trade agreements with world suppliers of LNG supplying about half of the whole world with LNG.



Development abroad

Lietuvos Energija Group has been paying greater attention to the Latvian market. Since May, the secondary enterprise in Latvia - Geton Energy belonging to Group Company Energijos Tiekimas - will offer to its corporate customers a general package of natural gas and electricity supply services. In this market Geton Energy will cooperate with another company of Lietuvos Energija Group – Lietuvos Dujų Tiekimas.

Enhancement of operational efficiency

Non-core activities are abandoned

The board of Lietuvos Energija Group of energy companies adopted a decision on the abandonment of yet another non-core activity. During the nearest months, consistent actions will be taken in abandoning contractor activity pursued by one of the Group's company – energy services and contraction organisation (EnePRO) - providing the services of construction, reconstruction, repair and maintenance of energy equipment. It has been planned that a project on the abandonment of contractor activity will be implemented as soon as possible. EnePRO will complete the available contracts and will not take new orders, also will settle accounts with suppliers. By reducing the volumes of operation up to the minimum, the company will implement the most important projects it has commenced.

Lietuvos Energija also adopted a decision to wind up VAE SPB company belonging to the Group no longer engaged in commercial activity. By taking the decision to terminate operation of the company, consideration has been made to the draft of the National Energy Independence Strategy (NEIS). The draft offers giving priority to the development of renewable energy resources and does not foresee provisions and objectives

associated with the implementation of a project on a new nuclear power plant. The decision to liquidate VAE SPB has been approved by the shareholder of Lietuvos Energija – the Ministry of Finance. The winding up of the company has also been approved by the Ministry of Energy.

By purifying activity, NT Valdos - a company of Lietuvos Energija Group that manages real estate - realised the real estate no-longer used in the Group's activity at public auctions organised since the beginning of 2016, in total 53 objects for nearly EUR 20 million, including the VAT, whereas the profit from the implemented sales transactions will amount to over EUR 2.3 million.

Lietuvos Energija has offered to the market three office complexes in Vilnius for EUR 37 million. Upon failure of the first public tender, the second tender to be held on June has been announced.

NT Valdos have also implemented a project on the separation of activities. After Lietuvos Energija approved conditions for the separation of NT Valdos, a new company of the Group - Transporto Valdymas – was set up to which was delegated transport management activity. Lietuvos Energija owns 100 % of Transporto Valdymas shares. Currently, a sale process of Transporto Valdymas takes place.



Corporate Governance

The aim of the Lietuvos Energija group, with the State of Lithuania as its shareholder, is to ensure effective and transparent operations. In order to achieve this aim, the reorganisation of governance was carried out in 2013, during which the corporate governance of the Group was reorganised and improved.

The new governance structure and model of the Group have been developed on the basis of the most advanced international and national practices, following the recommendations published by the Organisation for Economic Cooperation and Development (OECD), having regard to the Corporate Governance Code of companies listed on the NASDAQ OMX Vilnius exchange, Guidelines on the Governance for State-owned Enterprises recommended by the Baltic Institute of Corporate Governance (BICG). The corporate governance model of the power generation companies' group was implemented in observance of the Corporate Governance Guidelines approved by the Ministry of Finance of the Republic of Lithuania on 7 June 2013 and renewed on 1 June 2017 (the Guidelines are available at www.le.lt)

The primary goal of the corporate governance is to achieve the effect of synergy aligning different activities of the Lietuvos Energija group companies and targeting them at the achievement of the common goals at the Group level.

The Company's shareholder is the State which controls 100% of its shares. The rights and obligations of the shareholder are implemented by the Ministry of Finance of the Republic of Lithuania, which adopts the main decisions relating to the implementation of the ownership rights and obligations.

For the fourth year in a row, Lietuvos Energija Group has been recognised as the best managed state-owned company. For 2016, the company received the highest possible "A+" rating. The analysis was made by the Governance Coordination Centre which assesses state-owned companies by different criteria and establishes the good governance index.



Supervisory Bodies

Supervisory Board

On 1 June 2017, the Minister of Finance approved the updated Corporate Management Guidelines replacing the former procedure for the formation of the Supervisory Board.

Under the new Corporate Management Guidelines, the Supervisory Board is a collegial supervisory body provided in the Statute of the Company. The Supervisory Board is elected by the General Meeting of Shareholders for the period of four years. The Supervisory Board of Lietuvos Energija consists of 5 members – 2 members representing the Ministry of Finance and 3 independent members. The Supervisory Board elects its Chairman from its members. Such a method for the formation of the Supervisory Board is in line with the corporate management principles. The term of office of the Supervisory Board operating at the time of report publication: from 30/08/2017 to 30/08/2021. No members of the Supervisory Board have any participation in the capital of the company or group enterprises. At the date of publication of the report, the Supervisory Board of Lietuvos Energija comprised the following members:



Darius Daubaras
(born in 1973)

Chairman, Independent member



Daiva Lubinskaitė-Trainauskienė
(born in 1970)

Independent member



Andrius Pranckevičius
(born in 1976)

Independent member
(since 22/11/ 2017)



Aušra Vičkačkienė
(born in 1974)

Member



Ramūnas Dilba
(born in 1981)

Member (since 22/11/2017)

Education	University of Cambridge, Master's degree in International Relations; University of Pennsylvania, USA, Business Administration Master's Degree in the field of finance and business management; University of Denver, USA, Business Administration Bachelor's Degree in the field of finance and management	ISM University of Management and Economics, Master's Degree; Public Relations Professional Studies at Vilnius University; Vilnius University, Diploma of a Specialist in Philology	Kaunas University of Technology, Bachelor's degree in Business Administration and Master's degree in Marketing Management; Harvard Business School, Leadership Development	Vilnius University, Master's degree in Management and Business Administration; Vilnius University, Bachelor's degree in Management and Business Administration	Vilnius University Institute of International Relations and Political Science, Bachelor's degree in Political Science and Master's degree in European Studies
Place of employment, position	SAUDI ARAMCO Finance and Development Project Division, Project Manager	Thermo Fisher Scientific Baltics, UAB, Director of Personnel; Association of Personnel Management Professionals (PVOA), Board Member; ISM Masters Club, Member	Linas Agro Group AB, Deputy Chief Executive Officer, Member of the Board; Kekava PF, Chief Executive Officer and Chairman of the Board	Assets Management Department of the Ministry of Finance, Director Turto bankas, VĮ, Board Member (till 29/01/2018) Būsto paskolų draudimas, UAB, Board Member	Ministry of Finance, European Union Investment Department, Director

The main functions and responsibilities of the Supervisory Board are as follows: election and removal of the Board Members, supervision of activities of the Board and the CEO, provision of comments to the General Meeting of Shareholders on the Company's strategy, a set of financial statements, appropriation of profit or loss, and annual report. The Supervisory Board also addresses other matters within its competence.

The Supervisory Board is functioning at the Group level, i.e., where appropriate, it addresses the issues related not only to the activities of the Company, but also to the activities of its subsidiaries or the activities of their management and supervisory bodies

Committees of the Supervisory Board

For the purpose of effective fulfilment of its functions and obligations, the Supervisory Board forms the committees. The committees of the Supervisory Board provide their conclusions, opinions and proposals to the Supervisory Board within their competence. A committee consists of at least three members, of whom at least one member is a member of the Supervisory Board and at least one member is an independent member. Members of the committees are elected for 4 years term.

The following committees have been established at Lietuvos Energija:

- **Risk Management Supervision Committee** is responsible for the submission of conclusions or proposals to the Supervisory Board on the functioning of management and control system in the Group and (or) main risk factors and implementation of risk management or prevention measures;
- **Audit Committee** is responsible for the submission of the objective and impartial conclusions or proposals to the Supervisory Board on the functioning of the audit and control system in the Group;
- **Appointment and Remuneration Committee** is responsible for the submission of conclusions or proposals on the matters of appointment, removal or promotion of the Board Members to the Supervisory Board, also for the assessment of activities of the Board and its members and for issuing the respective opinion. The functions of the committee also cover the formation of the common remuneration policy at the Group level, establishment of the amount and composition of remuneration, principles of promotion, etc.

Where appropriate, the Company may also form other *ad hoc* committees (e.g. for addressing specific issues, preparation, supervision or coordination of strategic projects, etc.).

On the date of publishing the report, the Committees of Risk Management Supervision, Audit and Appointment and Remuneration operated at Lietuvos Energija.

Risk Management Supervision Committee consist of:

Member of the Committee	Number of shares of the Company and the Group companies held	Place of employment
Andrius Pranskevičius Committee Chairman	-	Linas Agro Group AB, Deputy Chief Executive Officer, Member of the Board; Kekava PF, Chief Executive Officer and Chairman of the Board
Darius Daubaras Member	-	SAUDI ARAMCO Finance and Development Project Division, Project Manager
Šarūnas Rameikis Independent member	-	Law Firm R. Mištautas ir T. Milickis, Attorney

The term of current Risk Management Supervision Committee is from 24 April 2018 to 24 April 2022.

Main functions of the Committee are as follows:

- to monitor the identification, assessment and management of risks relevant for the accomplishment of goals of the Company and the Group companies;
- to assess the relevance of internal control procedures and risk management measures with respect to the identified risks;
- to assess the status of implementation of risk management measures;
- to monitor the implementation of risk management process;
- to analyse financial possibilities for the implementation of risk management measures;
- to assess the risks and risk management plan of the Company and the Group companies;
- to assess the regular risk identification and assessment cycle;
- to control the establishment of risk registers, analyse their data and provide proposals;
- to monitor the drafting of risk management related internal documents;
- to perform other functions attributed to the competence of the Committee by the Supervisory Board.



Audit Committee consists of:

Member of the Committee	Number of shares of the Company and the Group companies held	Place of employment
Irena Petruškevičienė Committee Chairwoman Independent member	-	Audit Development Committee of the European Commission, Member
Danielius Merkinas Independent Member	-	Nordnet, UAB, Director General
Aušra Vičkačkienė Member	-	Assets Management Department of the Ministry of Finance, Director

The term of current Audit Committee is from 13 October 2017 to 13 October 2021.

Main functions of the Audit Committee are as follows:

- to monitor the process of preparation of financial statements of the Company and the Group companies, with a special focus on the relevance and consistency of accounting methods used; to monitor the effectiveness of internal controls and risk

Appointment and Remuneration Committee consist of:

Member of the Committee	Number of shares of the Company and the Group companies held	Place of employment
Daiva Lubinskaitė-Trainauskienė Committee Chairwoman Independent member	-	Thermo Fisher Scientific Baltics, UAB, Director of Personnel; Association of Personnel Management Professionals (PVOA), Board Member;
Aušra Vičkačkienė Member	-	Assets Management Department of the Ministry of Finance, Director
Gediminas Norkūnas Member (until 22/11/2017)	-	State Treasury Department of the Ministry of Finance, Deputy Director
Ramūnas Dilba Member (from 22/11/2017)	-	Ministry of Finance, European Union Investment Department, Director

The term of current Appointment and Remuneration Committee is from 13 September 2017 to 13 September 2021.

- management systems of the Company and the Group companies, to analyse the need for and relevance of these systems and perform the review of the existing internal control management systems;
- to monitor the adherence to the principles of independence and objectivity by the certified auditor and audit firm, to provide related recommendations, as well as proposals for the selection of an audit firm;
- to monitor the audit performance processes of the Company and the Group companies, to examine the effectiveness of audit and response of the administration to the recommendations provided in the management letter;
- to monitor the effectiveness of the internal audit function of the Company and the Group companies, to analyse the need for and relevance of this function, to provide recommendations on the need for, effectiveness of the internal audit function, and on other internal audit related matters;
- to provide proposals for the internal audit plans of the Company and the Group companies, recommendations for the regulations of the internal audit units of the Company and the Group companies, appointment and dismissal of the head of a structural unit performing the functions of the internal audit, approval of his (her) job description, imposition of incentives and penalties;
to monitor the compliance of activities of the Company and the Group companies with laws and other legal acts of the Republic of Lithuania, articles of association and operational strategy;
- to assess and analyse other issues attributed to the competence of the Committee by the decision of the Supervisory Board;
- to perform other functions related to the functions of the Committee set forth by legal acts of the Republic of Lithuania and in the Corporate Governance Code of companies listed on NASDAQ Vilnius Stock Exchange.

Main functions of the Appointment and Remuneration Committee are as follows:

- to assess and provide proposals on the long-term remuneration policy of the Company and Group companies (the main fixed part of the remuneration, performance based remuneration, pension insurance, other guarantees and forms of remuneration, compensations, termination benefits, other parts of the remuneration package), principles of compensation for costs related to the individual's performance;
- to assess and provide proposals on the policy of bonuses of the Company and the Group companies;
- to monitor the compliance of the policy of remunerations and bonuses of the Company and the Group companies with the international practice and good



governance practice recommendations, and provide respective proposals for the improvement of the policy of remunerations and bonuses;

- to provide proposals concerning bonuses upon appropriation of profit (losses) to be appropriated of the Company and the Group companies of the respective financial year;
- to assess the terms and conditions of agreements of the Company and the Group companies with members of management bodies of the Company and the Group companies;
- to assess the procedures of recruitment and selection of candidates to members and senior management of the Company and the Group companies and establishment of the qualification requirements;

- to perform regular reviews of the structure, size, composition and activities of the management and supervisory bodies of the Company and the Group companies;
- to supervise how members of management bodies and employees of the Company and Group companies are notified of the professional development possibilities and how they upgrade their skills regularly;
- to supervise and assess the implementation of measures ensuring the continuity of operations of the management bodies and employees of the Company and the Group companies;
- to perform other functions attributed to the competence of the Committee by the Supervisory Board.



Management bodies

Board

At the date of publication of the report, the Board of Lietuvos Energija (with the term of office from 01/02/2018 to 01/02/2022) comprised the following members:



Darius Maikštėnas
(born in 1970)

Chairman of the Board, CEO



Vidmantas Salietis
(born in 1987)

Member of the Board



Darius Kašauskas
(born in 1972)

Member of the Board, Finance and
Treasury Director



Dominykas Tučkus
(born in 1982)

Member of the Board, Production and
Services director



Živilė Skibarkienė
(born in 1976)

Member of the Board, Organisational
Development Director

Education	Harvard Business School, General Management Program; Baltic Management Institute, Executive MBA degree; Kaunas University of Technology, Bachelor's degree in Business Administration	Stockholm School of Economics in Riga (SSE Riga), Bachelor's degree in Economics and Business	ISM University of Management and Economics, Doctoral studies of Social Sciences in the field of Economics; ISM University of management and Economics, BI Norwegian Business Administration School, Master's degree in Management; Vilnius University, Master's degree in Economics	L. Bocconi University (Italy), Master's degree in Finance; L. Bocconi University (Italy), Bachelor's degree in Business Management and Economics, Vilnius University, Faculty of Law, Doctoral degree in Social Sciences Field of Law; Vilnius University, Faculty of Law, Master's degree in Law
Place of employment, position	AB Energijos skirstymo operatorius, Member of the Supervisory Board.	Energijos tiekimas UAB, CEO (till 2/4/2018); Geton Energy SIA, Chairman of the Board; Geton Energy OÜ, Chairman of the Board; Energijos tiekimas UAB, Member of the Board (since 23/4/2018); UAB LITGAS, Member of the Board; UAB Lietuvos dujų tiekimas, Member of the Board; UAB Energijos sprendimų centras, Member of the Board.	UAB Elektroninių mokėjimų agentūra, „Lietuvos energijos gamyba, AB, Chairman of the Supervisory Board (till 23/3/2018); UAB Duomenų logistikos centras, Chairman of the Board; Lithuanian Energy Support Foundation, Member of the Board; 288th DNSB Vingis, Member of the Revision Commission; UAB Energetikos paslaugų ir rangos organizacija, Chairman of the Board (Member since 19/3/2018, Chairman since 22/3/2018); AB Energijos skirstymo operatorius, Member of the Supervisory Board.	UAB Elektroninių mokėjimų agentūra, „Lietuvos energijos gamyba, AB, Chairman of the Supervisory Board; UAB LITGAS, Chairman of the Board; UAB Lietuvos dujų tiekimas, Chairman of the Board; Energijos tiekimas UAB, Chairman of the Board; UAB Elektroninių mokėjimų agentūra, Chairman of the Supervisory Board (till 23/3/2018); Tuuleenergia OÜ, Member of the Board; UAB EURAKRAS, Chairman of the Board; UAB Vilniaus kogeneracinė jėgainė, Member of the Board; KÜB Smart Energy Fund powered by Lietuvos Energija, Member of the Advisory Committee



The Board is a collegial management body provided for in the Articles of Association of the Company. Board members are elected by the proposal of the Committee of the Appointment and Remuneration for the term of office of four years and removed from office by the Supervisory Board. The Board consists of 5 members and elects the Chairman, the Director General of the Company, from among its members. Board members have to ensure the appropriate performance of Company activities/mentoring of the respective areas at Group level in the field of its competences. No Board Members have any interest in the capital of the Company or Group Enterprises. Remuneration for the activities in the Board is paid in accordance with the guidelines established by the shareholder of the Company.



Organisational Culture and Employees

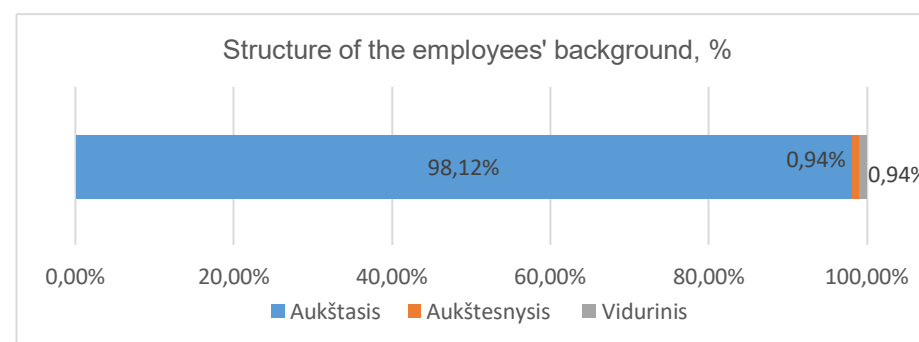
The people working at Lietuvos Energija Group form the basis for the implementation of its strategy. The aim is to build and maintain the organisational culture based on values that motivate employees to assume responsibility, cooperate, and joint efforts to achieve the best result.

While implementing the objectives raised by the shareholder, and carrying out socially responsible business, we seek to attract and maintain skilled employees and create long-term partnership that would ensure mutually successful future.

As at 31 March 2018, the Group had 4,448³ employees.

Company	Total number of employees
Lietuvos Energija UAB	107
Energijos Skirstymo Operatorius AB	2529
Lietuvos Energijos Gamyba AB	381
Energetikos paslaugų ir rangos organizacija UAB	501
Technologijų ir inovacijų centras UAB	169
Duomenų logistikos centras UAB	13
Energijos tiekimas UAB	31
Elektroninių mokėjimų agentūra UAB	5
NT Valdosa, UAB	94
LITGAS UAB	74
VAE SPB UAB	15
Verslo aptarnavimo centras UAB	3
Lietuvos dujų tiekimas UAB	452
Vilniaus kogeneracinė jėgainė UAB	32
Kauno kogeneracinė jėgainė UAB	25
Energijos sprendimų centras UAB	3
Eurakras UAB	12
Lietuvos Energija UAB	2
In total	4 448

On 31 March 2018, the Company had 107 employees. The total of 98.12% of the Company's employees have higher university education, of whom 3 have doctoral degrees. 2 employees are certified professional project managers (PRINCE2 and PMP), 1 certified financial analyst (CFA), 1 certified internal auditor (CIA), 1 certified fraud examiner (CFE), 2 certified risk management assurance experts (CRMA), 1 certified risk management expert (ISO 31000:2009), 4 employees have professional Board Member's qualification of the Baltic Institute of Corporate Governance. Company's employees are active members of the associations, unions and academic communities (Scientific Board of the Lithuanian Energy Institute; the Supervisory Board of the Lithuanian Energy Institute; Technological Development Committee of the Agency for Science, Innovation and Technology, Risk Management Professionals Association Board).

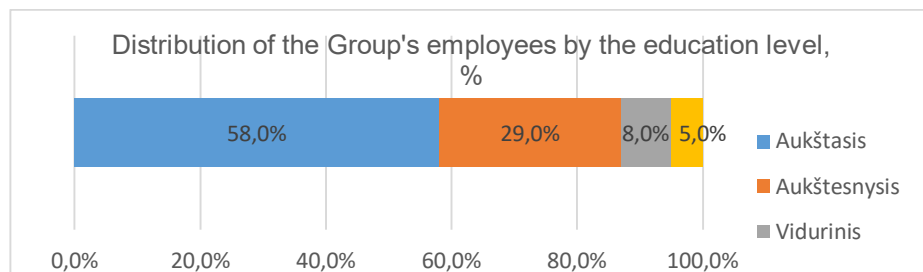


58 % of employees working in the Group hold a higher education degree, of whom 20 have doctoral degrees, 29 % acquired an advanced vocational education, 8 % have a secondary education.

Higher Advanced vocational Secondary

³ Number of existing contracts.





The biggest part of Group employees consisted of men – 75%, women comprised 25%. Among the executives, the gender breakdown was very similar: 74% of the executives were men, and 26% – women.

The total wage bill of the Company for January – March 2018 was EUR 732 777.

Average monthly salary of the Company's employees in 2018 (before taxes):

Category	Average salary, EUR
Head of the company	6 765
Top level executives	5 177
Middle level managers	3 437
Experts, specialists:	1 994

As at 31 March 2018, the Group had 4448 employees. The total wage bill of the Group for January – March 2018 was EUR 15.8 million.

Average monthly salary of the Group's employees in 2018 (before taxes):

Category	Average salary, EUR
Head of the company	5 120
Top level executives	4 334
Middle level managers	2 110
Experts, specialists, workers	1 170

Development of the Organisation and its Culture

During Q1 2018, the organisation continued its strategic initiatives intended for its coordinated development, management of human resources, formation of new

organisational culture, efficient organisation of activities, education of new employees, improvement and maintenance of skills.

The group of Lietuvos Energija includes 12 trade unions and cooperates with them concerning the management of remunerations, additional benefits, structural changes and other issues. At companies which employees are not represented by operating trade union, elections to works councils were held during the Q1 of the current year seeking order to ensure mutual informing and consultation between parties to the employment relationships.

In 2017, an annual engagement survey of the LE Group employees was conducted. An overall employee engagement index, which is measured using the methodology of a global consulting company AON, reached 58% (+2p.p. compared to 2016), i.e. 9 p.p. above the average of organisations in the Baltics, and 18 p.p. above the average of energy companies in the EU. The major drivers influencing the level of employee engagement include Immediate Superiors (80%), Collaboration (76%), and Performance Management (73%).

In terms of the reward management, an active communication was carried out in 2017 in relation to an updated Remuneration Policy of the Group, which defined the key principles of the reward management: clarity, transparency, and fairness, ensuring the same reward for the same nature of work, competence and performance across all the Group entities. In addition, the updated Remuneration Policy contributed to the formation of an active dialogue and communication with staff members so that each employee of the Group could have a thorough understanding of the components of remuneration, the timing and the reasons for its review, as well as the circumstances in which additional incentives are provided.

The career management, rotation system structuration processes are further successfully continued (during Q1 2018, 33 employees rotated within the Group enterprises, and 126 employees made their career inside the enterprise).

Development of Skills

Lietuvos Energija Group is consistently taking care of employees' skill development. It ensures that employees have all compulsory attestations provided for by the laws, improve the skills necessary for their work. Companies of the Group has organised different trainings for employees, such as leadership, team building, management of changes, communications, project management, management of business processes, etc.

In 2017, a long-term training programme *Strong Leadership League* was continued. It was attended by over 100 management personnel who developed their management and leadership skills that will enable them to ensure effective management by focusing, motivating and empowering employees towards achieving their goals.

Internship Opportunities

Lietuvos Energija Group provide opportunities for high school and vocational school students to apply their theoretical knowledge and to gain practical skills. During Q1 2018, 20 students had internships in the Group.



Supervisory and Management Bodies of the Listed Companies of the Group

As at 31 March 2018, the Supervisory Board of Energijos Skirstymo Operatorius consisted of the following members (term of office till 30 March 2022):

Full name	Participation in the capital of the Company and Group companies, %	Term of office	Place of employment
Darius Maikštėnas Chairman	-	30/03/2018- 30/03/2022	Lietuvos energija UAB, Chief Executive Officer
Darius Kašauskas Member	-	30/03/2018- 30/03/2022	Lietuvos energija UAB, Finance and Treasury Director

As at 31 March 2018, the Supervisory Board of Lietuvos Energijos Gamyba consisted of the following members (term of office till 26 March 2022):

Full name	Participation in the capital of the Company and Group companies, %	Term of office	Place of employment
Dominykas Tučkus Chairman	-	26/03/2018- 26/03/2022	Production and Services Director of Lietuvos Energija UAB
Živilė Skibarkienė Member	-	26/03/2018- 26/03/2022	Organisational Development Director
Rimgaudas Kalvaitis Independent Member	-	26/03/2018- 26/03/2022	Technology Competence Center, UAB, CEO. Lietuvos Radijo ir Televizijos Centras, UAB, Independent Member of the Board.

The supervisory Board of Lietuvos Energijos Gamyba, AB, with the term of office from 10/08/2017 to 26/03/2018: Mindaugas Keizeris (Chairman of the Supervisor Board), Dominykas Tučkus.

As at 31 March 2018, the Board of Energijos Skirstymo Operatorius consisted of the following members (term of office till 3 December 2019):

Full name	Participation in the capital of the Company and Group companies, %	Term of office	Place of employment
Dalia Andrulionienė Chairwoman from 4/11/2016	-	03/12/2015- December 2019	Energijos Skirstymo Operatorius AB, Chief Executive Officer
Rytis Borkys Member	-	03/12/2015- 24/1/2018	Energijos Skirstymo Operatorius AB, Director of the Network Operation Service
Saulius Vaičekas Member from 26/04/2017	-	26/04/2017- December 2019	Energijos Skirstymo Operatorius AB, Director of the Network Development Service

Augustas Dragūnas Member	-	February 2016 – December 2019	Energijos Skirstymo Operatorius AB, Director of the Finance and Administration Service
Ignas Pranskevičius Member	-	20/01/2017 – December 2019	Energijos Skirstymo Operatorius AB, Director of the Services Service
Ovidijus Martinonis Member	-	14/03/2018- December 2019	Energijos Skirstymo Operatorius AB Network Operations Director

Head: Dalia Andrulionienė, Energijos Skirstymo Operatorius AB, Chief Executive Officer.



As at 31 March 2018, the Board of Lietuvos Energijos Gamyba (consisted of the following members (term of office till 22 September 2021):

Full name	Participation in the capital of the Company and Group companies, %	Term of office	Place of employment
Eglė Čiužaitė Chairwoman since 25/9/2017	-	22/09/2017-03/04/2018	Lietuvos Energijos Gamyba, AB, Chief Executive Officer
Nerijus Rasburskis Member	-	22/9/2017-03/04/2018	Lietuvos Energijos Gamyba, AB, Project Manager; Lietuvos Energija UAB Head of CHP Department; Vilniaus Kogeneracinė Jėgainė UAB, Board Member Kauno Kogeneracinė Jėgainė UAB, Board Member
Darius Kucinas Member	-	22/9/2017-03/04/2018	Lietuvos Energijos Gamyba, AB, Director of Power Generation Department
Mindaugas Kvekšas Member	-	22/9/2017-03/04/2018	Lietuvos Energijos Gamyba, AB, Director of Finance and Administration

Head: Eglė Čiužaitė, Lietuvos Energijos Gamyba AB, Chief Executive Officer.

After the reporting period, on 3 April 2018, the first meeting of the new Supervisory Board of the Company passed a decision to recall the Company's Board of 4 (four) members in corpore, and to elect for a term of office of 4 (four) years 3 (three) members – the current members of the Board: Ms. Eglė Čiužaitė, Mr. Darius Kucinas, and Mr. Mindaugas Kvekšas.



Main Information about the Company and the Group

The annual report of Lietuvos Energija and its subsidiaries is prepared in compliance with Resolution No 1052 of the Government of the Republic of Lithuania of 14 July 2010 On the Approval of the Guidelines for Ensuring the Transparency of Activities of the State-owned Enterprises and Appointment of the Coordinating Authority and published on the Company's website at www.le.lt.

Company name	
Company code	301844044
Authorised share capital	EUR 1,212,156 thousand
Paid-up share capital	EUR 1,212,156 thousand
Address	Žvejų str. 14, LT-09310, Vilnius, Lithuania
Telephone	(+370 5) 278 2998
Fax	(+370 5) 278 2115
Email	biuras@le.lt
Website	www.le.lt
Legal form	Private limited liability company
Date and place of registration	28 August 2008, Register of Legal Entities
Register accumulating and storing data about the	Register of Legal Entities, State Enterprise the Centre of Registers

The Company's shareholders	Share capital (EUR '000)	%
The Republic of Lithuania represented by the Ministry of Finance of the Republic of Lithuania	1,212,156	100

On 13 February 2013, the Company's shares were transferred to the Ministry of Finance by the right of trust. With effect from 30 August 2013, the Company's name Visagino Atominė Elektrinė UAB was changed to Lietuvos Energija UAB.

As of 31 December 2017, the authorised share capital was divided into ordinary registered shares with the nominal value of LTL 1 (EUR 0.29) each. All the shares are fully paid.

The control of the implementation of the budgets of the Group companies and the consolidated budget of the entire Group is performed on a monthly basis. If needed the actual results of the components of the budget are presented to responsible persons each day. Each month employees responsible for the budgetary implementation prepare explanations and submit substantiations and reasons for deviations of actual results under the separate line items of the budget to the Finance and Treasury Management Service. Every month the Finance and Treasury Service prepares the presentation on the companies' performance which includes the analysis of the budgetary implementation by the companies and the Group, and presents it at regularly held meetings of the companies' management. The Finance and Treasury Service is also responsible for drawing up consolidated annual and interim financial statements. The assessment of the performance report includes the assessment of occurred deviations from the budgets and their causes. Employees responsible for the budgetary implementation can make proposals on budgetary changes in case of significant deviations from income/expenses plans and (or) the components of the budget.

Information on the opinion of the auditor that carried out an independent audit:

Year	Auditor	Opinion
2017	PricewaterhouseCoopers, UAB	Unqualified
2016	PricewaterhouseCoopers, UAB	Unqualified
2015	PricewaterhouseCoopers, UAB	Qualified*

* Qualified opinion issued in 2015 is related to the qualified opinion issued by the same independent auditor following the audit of the financial statement for 2013.



Information on Subsidiaries, Branches and Representative Offices

At the reporting date, companies directly or indirectly controlled by Lietuvos Energija UAB are as follows:

Company	Registered office address	Effective ownership interest (%)	Share capital (EUR '000)	Profile of activities
Lietuvos Energijos Gamyba AB	Elektrinės g. 21, Elektrėnai	96,75 (from 30/04/2018 – 96,82)	184 174 (from 30/04/2018 – 187 921)	Production, supply and trade in electricity
Energijos Skirstymo Operatorius	Aguonų g. 24, Vilnius	94,98	259 443	Supply and distribution of electricity to consumers; distribution of natural gas
NT Valdosa, UAB	Geologų g. 16, Vilnius	100	37 295	Disposal of real estate, other related activities and service provision
Duomenų Logistikos Centras UAB	A. Juozapavičiaus g. 13, Vilnius	79,64	4 033	Support services for information technology and telecommunications
Energetikos paslaugų ir rangos organizacija UAB	Motorų g. 2, Vilnius	100	1 100	Construction, repair and maintenance of electricity networks and related equipment, connection of customers to the grid, energy equipment repair, production of metal structures
LITGAS UAB	Žvejų g. 14, Vilnius	100	13 050	Supply of liquid natural gas via the terminal and trade in natural gas
Elektroninių Mokėjimų Agentūra UAB	Žvejų g. 14, Vilnius	100	1 370	Provision of payment collection services
Energijos Tiekimas UAB	Žvejų g. 14 Vilnius	100	17 240	Electricity power supply, import, export, balancing services
Energetikų Mokymo Centras VšĮ (until 11.08. 2017)	Jeruzalės g. 21, Vilnius	100	85	Professional development and continued professional training of energy sector specialists
Geton Energy OÜ	Narva mnt 5, 10117 Talinas	100	35	Electricity supply
Geton Energy SIA	Darziema g. 60, LV-1048, Ryga	100	500	Electricity supply
Geton Energy, sp. Z.o.o.	Puławska 2-B, PL-02-566, Varšuva	100	10 M zloty	Electricity supply
Technologijų ir Inovacijų Centras UAB	A. Juozapavičiaus g. 13, Vilnius	100	6 440	IT and telecommunication, and other services
„VAE SPB“UAB	Žvejų g. 14, Vilnius	100	100	Business and other management consultations
Verslo Aptarnavimo Centras UAB	P. Lukšio g. 5 b, Vilnius	100	580	Public procurement organisation and implementation, accounting, personnel administration services
Lietuvos Dujų Tiekimas UAB	Žvejų g. 14, Vilnius	100	8 370	Gas supply
Lietuvos Energija Support Foundation	Žvejų g. 14, Vilnius	100	3	Provision of financial support to projects, initiatives and activities significant for society
Vilniaus kogeneracinė jėgainė UAB	Žvejų g. 14, Vilnius	100	21 003	Modernisation of the district heating sector in the city of Vilnius
Kauno kogeneracinė jėgainė UAB	Žvejų g. 14, Vilnius	51	24 000	Modernisation of the district heating sector in the city of Kaunas
Tuuleenergia OU	Keskus, Parnu (Estija)	100	499	Generation of electricity from renewable energy sources
EurakrasUAB	Žvejų g. 14, Vilnius	100	4 621	Generation of electricity from renewable energy sources
Energijos Sprendimų Centras UAB	Žvejų g. 14, Vilnius	100	1 230	Provision of electricity saving services



Information on Securities of the Group Companies

The shares of Energijos Skirstymo Operatorius AB and Lietuvos Energijos Gamyba have been listed on the Official Listing of NASDAQ Vilnius Stock Exchange. The trading in shares of the companies was started on 11 January 2016 and 1 September 2011, respectively. The shares of the companies are traded only at NASDAQ Vilnius Stock Exchange.

Structure of the authorised share capital and shareholders owning more than 5 per cent of the issuer's authorised share capital as at 31 December 2017:

Company	Total nominal value of shares (in EUR)	ISIN code	Securities' abbreviation	Trading list	Full name of the shareholder (name of the company)	Percentage of voting rights conferred by shares owned
Lietuvos Energijos Gamyba, AB	184,174,248.35	LT0000128571	LNR1L	BALTIC MAIN LIST	Lietuvos Energija UAB	96.75% (from 30/04/2018 – 96,82%)
Energijos Skirstymo Operatorius AB	259,442,796.57	LT0000130023	ESO1L	BALTIC MAIN LIST	Lietuvos Energija UAB	94.98%

Information about agreements with securities intermediaries

Lietuvos Energija has issued an issue of green bonds with the value of EUR 300 million listed in the Stock Exchanges of Luxemburg and NASDAQ Vilnius. The amount of Bond Programme is EUR 1 billion.

During the reporting period, the Issuer did not conclude any harmful transactions (which do not correspond to the Company's objectives, current market conditions that violate the interests of shareholders or other groups of persons, etc.) and transactions concluded in the event of a conflict of interests between the issuer's managers, the controlling obligations of shareholders or other related parties to the issuer and their private interests and / or other duties.

Company	Total nominal values of the issue, EUR	ISIN code	Buy-out date
Lietuvos Energija UAB	300,000,000.00	XS1646530565	14/7/2027

No agreements between the Issuer and the members of the bodies or employees that provide for compensation in case of their resignation or dismissal without a sound reason or in case of termination of their employment as a result of the change in control of the Issuer have been concluded.

No significant agreements were concluded between the Issuer and which would enter into force, change or break as a result of the changed control of the Issuer, as well as their effect, except where the nature of the agreements would have caused significant disclosure to the Issuer.

Group companies:

Lietuvos Energijos Gamyba AB

As at 31 March 2018, the company had issued 635,083,615 ordinary registered shares with the nominal value of EUR 0.29. Shares of Lietuvos Energijos Gamyba have been listed on the main list of NASDAQ OMX Vilnius stock exchange. ISIN code of the issue is LT0000128571.

Lietuvos Energijos Gamyba has concluded the securities accounting agreement on the accounting of securities issued and management of personal securities accounts with SEB Bankas AB.

Energijos Skirstymo Operatorius AB

As at 31 March 2018, the company had issued 894,630,333 ordinary registered shares with the nominal value of EUR 0.29. Shares of Energijos Skirstymo Operatorius AB have been listed on the main list of NASDAQ OMX Vilnius Stock Exchange. ISIN code of the issue is LT0000130023.

AB Energijos Skirstymo Operatorius has concluded the agreement on the accounting of securities issued by the company and management of personal securities accounts with SEB Bankas AB.

Lietuvos Energija UAB

CEO



Darius Maikštėnas

Significant events during I quarter 2018

January 2018:

- 10.01.2018** Resignation of a member of the Board of Energijos Skirstymo Operatorius AB R. Borkys
- 31.01.2018** 2018 calendar for publishing the operational results
- 31.01.2018** Preliminary results for 12 months of 2017 of ESO: the company's revenues amounted to EUR 612.3 million, adjusted EBITDA – EUR 151 million
- 31.03.2018** Preliminary financial results for 12 months of 2017 of Lietuvos Energijos Gamyba AB

February 2018:

- 01.02.2018** Election of the board, chairman of the board the CEO of Lietuvos Energija
- 13.02.2018** Separation of NT Valdys UAB and establishment of Transporto Valdymas UAB
- 28.02.2018** Preliminary results for one-month of 2018 of ESO: the company's income amounted to EUR 57.2 million, adjusted EBITDA – 18.7 million
- 28.02.2018** The second year of ESO: record-breaking investments and continued reduction in the prices of services
- 28.02.2018** Interim information for twelve months of 2017 of Lietuvos Energijos Gamyba AB: more electricity from water and sustainable profitability indicators
- 28.02.2018** Convention of an ordinary general meeting of Lietuvos Energijos Gamyba shareholders, agenda and draft decisions on issues included into the agenda
- 28.02.2018** Preliminary financial data for one-month of 2018 of Lietuvos Energijos Gamyba AB
- 28.02.2018** Amendment to the agreement on proportional transfer of obligations on the green bonds
- 28.02.2018** Having retained stable financial results, Lietuvos Energija starts a new stage of activities

March 2018:

- 02.03.2018** Preliminary financial data for one-month of 2018 of Lietuvos Energija
- 06.03.2018** On depositing a non-monetary contribution to the authorised capital of Lietuvos Energijos Gamyba AB
- 03.06.2018** Convention of an ordinary meeting of shareholders of Energijos Skirstymo Operatorius AB
- 06.03.2018** Supplementation of agenda of an ordinary general meeting of Lietuvos Energijos Gamyba shareholders, agenda and draft decisions on issues included into the agenda
- 14.03.2018** Election of a member of the board of Energijos Skirstymo Operatorius AB O. Martinonis
- 21.03.2018** On the planned transfer of public electricity supply activity pursued by Energijos Skirstymo Operatorius AB to Lietuvos Dujų tiekimas
- 22.03.2018** Agreement of the investment plan of ESO for 2017 m
- 30.03.2018** Preliminary financial results for 2 months of 2018 by Lietuvos Energija
- 30.03.2018** On depositing a non-monetary contribution to the authorised capital of Lietuvos Energijos Gamyba AB



30.03.2018 Approval of audited operational results of ESO for 2017

30.03.2018 Preliminary results for two months of 2018 of ESO: the company's revenues amounted to EUR 111.2 million, adjusted EBITDA – EUR 34.3 million

30.03.2018 Preliminary financial results for 2 months of 2018 by Lietuvos Energijos Gamyba AB

After the reporting period:

2018 April:

03.04.2018 Election of the chairman of the Supervisory Board and Board members of Lietuvos Energijos Gamyba AB

10.04.2018 Procedure for the payment of Lietuvos Energijos Gamyba dividends for a 6-monthsperiod ended on 31 December 2017

11.04.2018 Registration of the amended articles of association of Lietuvos Energijos Gamyba AB with an increased authorised capital

12.04.2018 E. Čiužaitė elected as a chairperson of the Board of Lietuvos Energijos Gamyba AB

13.04.2018 Consistent abandonment of contractor activities by Lietuvos Energija

18.04.2018 On winding up of VAE SPB UAB, daughter company of Lietuvos Energija

2018 May:

01.05.2017 At the General Meeting of Shareholders of Lietuvos Energija the amount of dividends 78.3 mln. EUR earmarked for the state budget



The background of the slide is a photograph of a wind farm. Several wind turbines are visible, spaced out across a flat, grassy field. The sky is a clear, pale blue. The entire image is overlaid with a semi-transparent blue filter, which makes the colors appear more muted and gives the slide a professional, corporate feel. The text is centered in the middle of the image, enclosed in a white rectangular box.

CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS