



Direction of LEG activities in 2019-2030 – strategic power generation, implementation of innovations and contribution to green energy

The principal activity of LEG – the strategic power generation. It constitutes the basis for achieving the goals of LE Group's growth according to the Strategy LE 2030

While performing its main role – **ensuring the reliable and effective strategic generation** – LEG also significantly contributes to the implementation of the Strategy LE 2030:

- In the activity of **green energy**:
 - Available hydro capacities,
 - Services of maintenance of RES capacities.
- By implementing **innovations**:
 - Pilot projects of solar energy plants and means of storage within the available infrastructure.



While ensuring business continuity, LEG updates its strategic directions and long-term vision in the light of 2030 priorities of LE

MISSION

We are a reliable and advanced energy generation company providing services required for energy system security.

VISION

We seek to become a competitive international excellence centre for energy generation

STRATEGIC DIRECTIONS

Quality services



Business development



Improvement of operating efficiency



Self-development, team and staff performance



Key external factors and market tendencies influencing the activities

NEGATIVE IMPACT

POSITIVE IMPACT

Synchronisation of Lithuania's energy system with the Continental Europe Networks can open new markets for the Company and also increases competition

Large-scale traditional energy generation faces competition from diversified and decentralised generation from renewable sources

Growing and increasing competition on the market of commercial producers of electricity

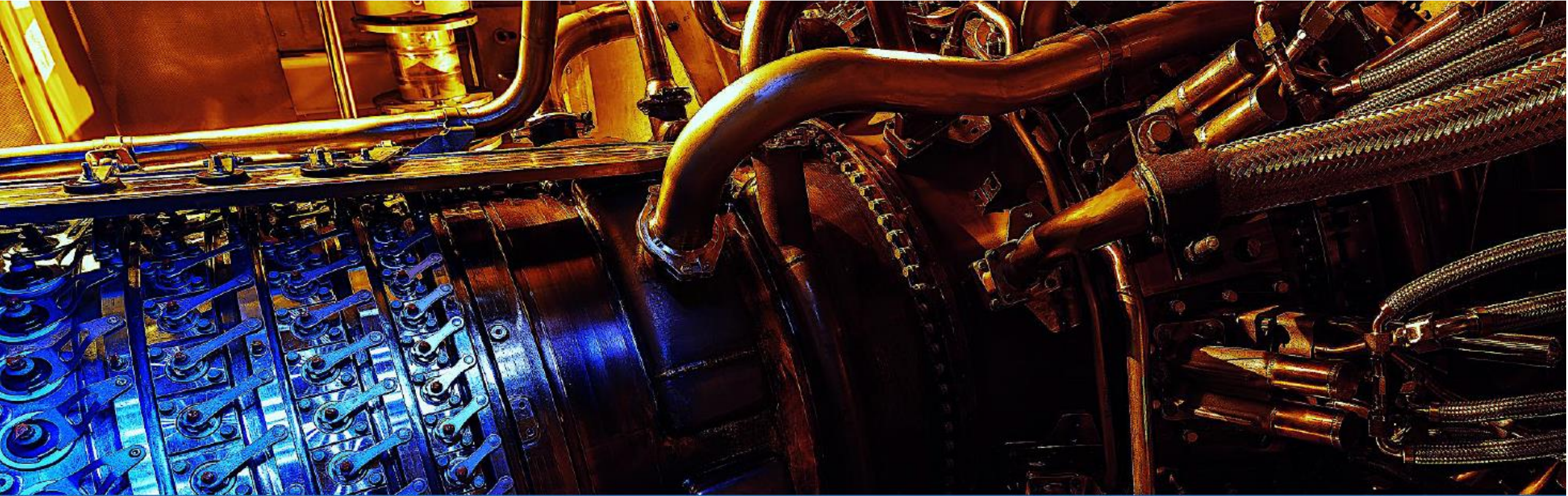
Contribution of LEG is important in implementing the National Energy Independence Strategy

Growing competition between providers of system services

Development of new production capacities enables to provide maintenance services

Potential political and regulatory solutions limiting or distancing development possibilities

Applied digital capacities and innovations improve competitiveness of the Company



Strategic Power Generation

LE 2030 – Green. Smart. Global

This strategic direction involves developing **strategic** power generation units and ensuring high **reliability** in controlled power plants.

The main objective is to **maintain** and **modernise** reliable local power plants while contributing to the **successful synchronization** of the Baltic countries with the continental European network (CEN) by 2025.

That includes the **development** of existing generation capacity, the **modernisation** of gasfired and hydroaccumulation facilities, and the **acquisition** or development of new power generation capacity.

The key success factors for strategic power generation are **speed** and **flexibility** in the use of existing infrastructure, and competencies, and the **export of acquired competencies and know-how** in the liberalized regional power reserve market.

Strategic solutions of LEG for 2019–2030 (I)

Strategic goals and solutions

Planned projects / activities

Key indicators



Quality services

1. Cooperation with TSO in implementing the project of synchronisation with CEN in 2018–2025

- Participation in the isolated work testing programme of the Baltic States carried out by TSO

Reliability of operation of facilities during testing

2. Market leadership in providing system services



- Active participation in the Lithuanian power reserve service auctions
- Preparation for and participation in foreign power reserve markets
- Analysis of the possibilities to install synchronous compensators and their implementation after adoption of decisions

Provided services of power reserves



Possibility to operate in foreign markets

Strategic solutions of LEG for 2019–2030 (II)

Strategic goals and solutions

Planned projects / activities

Key indicators



Business development

3. Development of Kruonis PSPP in 2020–2030	<ul style="list-style-type: none"> Decisions on the development of 5-6 aggregates of Kruonis PSPP and modernisation of 1-4 aggregates and implementation of projects after adoption of decisions 	Implemented planned works, adopted project implementation decisions
4. Development of energy generation capacities and services	<ul style="list-style-type: none"> Search for possibilities to develop production capacities of traditional generation in Lithuania and abroad Adoption of decisions regarding the possibilities of further use of units 7-8 of Elektrėnai Complex and units of Vilnius CHPP-3 Initiation of pilot green energy generation projects and their implementation using available infrastructure 	Adopted decisions and timely implemented projects
5. Increase of energy storage capacities	<ul style="list-style-type: none"> Search for the possibilities to apply new technologies and pilot projects in Lithuania (e.g., means of storage) 	Adopted decisions and timely implemented projects
6. Provision of services of management and maintenance of power plants	<ul style="list-style-type: none"> Market analysis, search for customers and performance of works using internal resources of LEG 	Provided services of management and maintenance of power plants
7. International cooperation	<ul style="list-style-type: none"> Search for international partners, analysis of cooperation possibilities 	Established relationships with international partners



Possibility to operate in foreign markets

Strategic solutions of LEG for 2019–2030 (III)

Strategic goals and solutions

Planned projects / activities

Key indicators



Improvement of operating efficiency

8. Implementation of the management works programme in Elektrėnai Complex

- Dismantling of units 5-6
- Optimisation and management of the electricity system of units 1-6
- Stage II of management of the fuel system
- Dismantling of stacks 1 and 2

Planned management works carried out in timely manner

9. Operating efficiency and digitisation

- Analysis, improvement and digitisation of main business processes
- Maintenance of LEAN management system and continuous development culture
- Improvement of cyber-security

Operating efficiency and reliability of the Company



Self-development, team and staff productivity

10. Development of employees' competences

- Ensuring substitutability of staff
- Development of competences relevant for the implementation of the Strategy 2030 of LE

Ensured substitutability, self-development of employees, improving staff experiences

Strategic and financial goals for 2030



To provide reserve services not just locally but also on the neighboring countries



To be the first in the region to apply the most state-of-the-art technologies in providing energy storage services



To provide services of operation and maintenance of power plants not only within the Group, but also to other producers



To use available infrastructure for construction of new units

Investments in power generation facilities, both existing and new

CAPEX
up to
EUR
600_m

EBITDA
up to
EUR
+60_m

Added financial potential of plans for strategic power generation

ABBREVIATIONS

RES	Renewable energy sources
CAPEX	Investments
EBITDA	Earnings before interest, taxes, depreciation and amortisation
Energy accumulation	Storage of energy in efficient and eco-friendly facilities. Accumulated energy can be used, e.g., for balancing of capacities
Means of storage	Equipment intended for energy storage (accumulation)
CEN	Continental Europe Networks
Kruonis PSPP	Kruonis Pumped Storage Power Plant
LE	Lietuvos Energija, UAB, Group of companies
LEG	Lietuvos Energijos Gamyba, AB
PSO	Transmission system operator
Vilnius CHPP-3	Vilnius Combined Heat and Power Plant-3



Lietuvos Energijos Gamyba, AB

December, 2018