INTER RAO LIETUVA

Press Release

14th of May 2014, Vilnius

INTER RAO Lietuva announces 1Q 2014 results

- **Revenue from sales decreased to LTL 161.8 million, compared to LTL 196.3 million in first quarter of 2013, due to lower amount and price of electricity traded in the Baltic States**
- **Operating profit reached LTL 16.2 million, versus LTL 12 million in the first quarter of 2013Group's net profit increased to LTL 13.5 million from LTL 9.3 million in the the first quarter of 2013**
- **Group's EBITDA increased to LTL 18.6 million while EBITDA margin increased to 11.5 per cent**
- **Electricity trading volume was 988 GWh, compared to 1262 GWh in the first quarter of 2013**
- **Sales revenues from purchase and sale of electricity decreased to LTL 156.0 million compared to LTL 192.2 in the first quarter of 2013**

- INTER RAO Lietuva Group's financial results in the first three months of 2014 were affected mainly by the implementation of the set of risk management measures. These measures allowed to increase the profitability of the Group and deliver better results than a year before. Despite the lower electricity prices in our markets, resulting from unusually warm winter and the persisting risk of possible limitations of electricity transmission capacities from the third countries, the Group's gross profit increased by 24 per cent and the gross profit margin amounted to 13.5 per cent. The electricity production in Vydmantai wind park was higher during the first quarter of 2014, what lead to the increase of revenues from electricity production and sales - says ***Giedrius Balčiūnas, CEO at INTER RAO Lietuva****.*

Key figures of IRL Group

LTL thousand

	1st quarter 2014	1st quarter 2013
Sales	**161,801**	**196,280**
Cost of sales	140,036	178,772
Gross profit	**21,765**	**17,508**
General and administrative expenses	5,527	5,469
Profit from operations	**16,238**	**12,039**
Other activities	23	-39
Finance income	62	49
Finance expenses	989	1,053
Share of result of joint venture	147	19
Profit before tax	**15,481**	**11,015**
Income tax	1,944	1,714

Net profit	**13,537**	**9,301**

Revenue from sales

The total consolidated INTER RAO Lietuva Group's sales revenue for the 1st quarter 2014 was equal to LTL 161.8 million, a 17.6 per cent less than in the first quarter of 2013. Total revenue declined due to lower amount and price of electricity traded in the Baltic States. The decrease in the amount of electricity sold and sales revenue was mainly influenced by persisting risk of possible limitations of electricity transmission capacities from the third countries, which affects the risk policies of the Group by reducing the amount of electricity sold to other independent suppliers under the annual contracts. It was also influenced by unusually warm winter which resulted in lower electricity prices in the markets as well.

Expenses

Cost of sales of the Group in the 1st quarter 2014 accounted to LTL 140 million, 21.7 per cent less than in the first three months of 2013. The decline in cost of sales was due to the lower amount of electricity traded by the Group and the reduction of the amount of electricity sold to other independent suppliers under the annual contracts due to the persisting risk of possible limitations of electricity transmission capacities from the third countries. The lower electricity prices in the markets resulting from unusually warm winter influenced the decline as well.

Group's operating expenses in the 1st quarter of 2014 amounted to LTL 5.5 million, 1 per cent higher compared to the same period of 2013.
Net consolidated result from financing and investing activities for the Group in the 1st quarter of 2014 decreased by 21 per cent compared to the 1st quarter of 2013 and amounted to LTL -0.8 million. Better overall result of the Group from financial activities was mainly caused by better results from the UAB "Alproka" and lower interest expenses, which in the 1st quarter in 2014 totalled LTL 1 million. Financial expenses were mainly comprised of interest expenses that were due to the financing of wind energy parks.

Earnings

Gross profit of the Group were higher by 24 per cent in the 1st quarter of 2014 and amounted to LTL 21.8 million, compared to LTL 17.5 million in the same period a year ago. Gross profit margin of the Group in the accounting period amounted to 13.5 per cent and was higher compared to a year ago, when gross profit margin was equal to 8.9 per cent.

Profit from operations for the Group in the 1st quarter were equal to LTL 16.2 million, compared to LTL 12 million in the 1st quarter in 2013. Group's operating profit margin for the 1st quarter of 2014 were equal to 10 per cent compared to 6 per cent in the 1st quarter year ago.

As a result, profit before tax for the Group in the accounting period amounted to LTL 15.5 million compared to LTL 11 million in the 1st quarter in 2013 respectively.

Net profit for the 1st quarter of 2014 for the Group amounted to LTL 13.5 million compared to LTL 9.3 million a year ago. The net profit margin for the Group in the 1st quarter of 2014 was equal to 8.4 per cent compared to 4.7 per cent the 1st quarter year ago.

For more information please refer to:
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About INTER RAO Lietuva:

INTER RAO Lietuva is a leading player in the electricity market in the Baltic countries and one of the largest independent suppliers of electricity in Lithuania. The Company trades electricity on the leading European power exchange Nord Pool Spot and operates one of the largest wind farms in Lithuania. The Group is rapidly expanding its activities in Latvia and Estonia.

At the begining of 2014 the subsidiary of INTER RAO Lietuva in Poland (IRL Polska Sp. z o.o.) has been granted the license for electricity trading in Poland.

INTER RAO Lietuva is a leading electricity trader in Lithuania. The company also supplies electricity to the largest consumers in the Baltics on the basis of bilateral agreements.

INTER RAO Lietuva is also active in the retail electricity market making it one of the largest independent suppliers of electricity in Lithuania and a rapidly growing force in Latvia and Estonia. The Group started selling electricity to the end-users in Latvia during the first half of 2012, followed by Lithuania in July 2012 and Estonia from the beginning of 2013.