

29<sup>th</sup> of August 2014, Vilnius**INTER RAO Lietuva Group announces 1H 2014 results**  
*Higher profits and margins despite lower revenues*

- Revenue from sales decreased to LTL 323.6 million, compared to LTL 375.5 million in first half of 2013, due to lower amount and price of electricity traded in the Baltic States
- Group's gross profit increased to LTL 35.9 million from LTL 29.5 million in January - June of 2013
- Operating profit reached LTL 25.4 million, versus LTL 18.7 million in the first half of 2013
- Group's net profit increased to LTL 20.5 million from LTL 14.1 million in the first half of 2013
- Group's EBITDA increased to LTL 30.1 million while EBITDA margin increased to 9.3 percent
- Electricity trading volume was 1970 GWh, compared to 2402 GWh in the first half of 2013

- INTER RAO Lietuva Group's financial results in the first half of 2014 were favourably impacted by the implementation of the set of risk management policies and change in trading structure of the Group. These measures allowed to avoid the risks of the uncertainties associated with technical limitations of interconnection links and to increase the profitability of the Group. Despite the lower electricity prices in our markets, resulting from unusually warm winter, we delivered better results than a year before. The Group's net profit increased by almost 46 percent and the net profit margin improved to 6.34 percent from 3.75 percent the year before. The Group has earned 1.03 LTL per share - says **Giedrius Balčiūnas**, CEO at INTER RAO Lietuva.

**Key Financial figures of IRL Group***LTL million (unless otherwise stated)*

	1 <sup>st</sup> half 2014	1 <sup>st</sup> half 2013
<b>Sales</b>	<b>323.596</b>	<b>375.494</b>
<b>Gross profit</b>	<b>35.949</b>	<b>29.472</b>
Gross profit margin (%)	11.11%	7.85%
<b>Operating profit</b>	<b>25.396</b>	<b>18.666</b>
Operating profit margin (%)	7.85%	4.97%
<b>EBITDA</b>	<b>30.058</b>	<b>23.068</b>
EBITDA margin (%)	9.29%	6.14%
<b>Net profit</b>	<b>20.532</b>	<b>14.082</b>
Net profit margin (%)	6.34%	3.75%
Number of shares (thousand)	20.000	20.000
<b>Earnings per share (LTL)</b>	<b>1.03</b>	<b>0.70</b>

### Revenue from sales

Group's sales decreased by 13.8 percent in 1<sup>st</sup> half of 2014, compared to the same period in 2013. Decrease in costs of sales was a bit higher than decrease in sales - 16.9 percent, compared to 1<sup>st</sup> half of 2013. Such a decrease in costs of sales was mainly due to the changes in trading structure and lower electricity prices in the markets. Therefore, despite the decrease in sales, the Group's gross profitability amounted to 11.1 percent in the accounting period, as compared to 7.9 percent in January-June 2013, and constituted a 22 percent increase over the same period last year.

Group's revenue from purchases and sales of electricity in the 1<sup>st</sup> half of 2014 amounted to LTL 315 million. Revenue from produced electricity sales accounted for LTL 8.6 million, 22.65 percent more than a year ago. During the period Vydmantai wind park, UAB has produced a bit lower amount of electricity compared to long-term average, due to negative meteorological conditions: the whole region was affected by prevailing lower wind conditions. The experienced wind conditions are significantly worse than the estimated long-term average, thus the performance of Vydmantai wind park, UAB is expected to improve in the upcoming periods.

### Expenses

Group's costs of sales in January-June of 2014 amounted to LTL 287.6 million, 16.9 percent less than during the first six months of 2013. The decline in costs of sales was due to several reasons, such as the lower amount of electricity traded by the Group, 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, and due to the lower electricity prices in the markets resulting from unusually warm winter.

Costs of purchased electricity in the 1<sup>st</sup> half of 2014 amounted to LTL 284.5 million. Costs of purchased electricity accounted for 97 percent of total costs of sales.

Operating expenses in the 1<sup>st</sup> half of 2014 amounted to LTL 10.6 million, a 2.3% increase over a year ago.

### Earnings

Gross profit of the Group in January-June of 2014 amounted to LTL 35.9 million, while the gross profit margin increased to 11.11 percent (7.85 percent a year ago). Group's operating profit in the 1<sup>st</sup> half of 2014 accounted for LTL 25.4 million, while the operating profit margin increased to 7.85 percent from 5.0 percent a year ago.

Group's net profit in the 1<sup>st</sup> half of 2014 amounted to LTL 20.5 million, a 45.8 percent increase over the profit of LTL 14.08 million for the corresponding period year ago. The profit margin increased to 6.3 percent in the 1<sup>st</sup> half 2014 from 3.75 percent a year ago.

Group's EBITDA for the 1<sup>st</sup> half 2014 was LTL 30.1 million and the EBITDA profit margin increased to 9.3 percent from 6.14 percent in the 1<sup>st</sup> half of 2013.

The increase in profit was due to the set of risk management policies and change in trading structure the Group undertook in a response to the uncertainties associated with technical limitations of interconnection links.

*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 company also supplies electricity to the largest consumers in the Baltics on the basis of bilateral agreements. The Group is expanding its activities in Poland, Latvia and Estonia.*

*At the beginning 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. On 22<sup>nd</sup> of May 2014, IRL Polska began electricity trading operations on the Polish Power Exchange.*

*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 end-users in Latvia during the first half of 2012, followed by Lithuania in July 2012 and Estonia from 2013.*

