

27<sup>th</sup> of February 2015, Vilnius

**INTER RAO Lietuva Group announces financial results for 2014**  
*A year when less became more*

- Group's gross profit increased by 191.3% to LTL 75.2 (EUR 21.8) million from LTL 25.8 (EUR 7.5) million in 2013.
- Operating profit reached LTL 51.9 (EUR 15) million, versus LTL 2.5 (EUR 0.72) million in 2013.
- Group's net profit increased to LTL 42.6 (EUR 12.3) million from LTL 2.7 (EUR 0.78) million in 2013.
- Group's EBITDA increased to LTL 61.4 (EUR 17.8) million while EBITDA margin increased to 8.45 percent.
- Electricity trading volume was 4 374 GWh, compared to 4 690 GWh in 2013.
- Revenue from sales decreased by 4.2%, to LTL 726.4 (EUR 210.4) million, compared to LTL 757.9 (EUR 219.5) million in 2013, due to lower amount and price of electricity traded in the Baltic States.
- The electricity trading volume in Poland: 51 GWh.

- INTER RAO Lietuva Group's financial results after the difficulties faced in the year 2013 returned to industry normal levels in 2014. This is the result of risks management policy that could be named "Less is more". The measures that the Group implemented to avoid potential risk arising from possible limitation of electricity transmission capacities from Russia and Belarus into the Baltics resulted in lower amount of electricity sold and lower revenues for the Group, but allowed to avoid potential losses and generate industry normal 10.4% general profitability. The Group's net profit increased to LTL 42.6 (EUR 12.3) million in 2014. Net profit margin during the year improved from the very low 0.35 % to 5.87 %. The Group has earned 2.13 LTL (EUR 0.62) per share - says **Giedrius Balčiūnas**, CEO at INTER RAO Lietuva.

**Key figures of IRL Group**

Financial figures	2014	2013	2012	2011	2010
Sales (LTL thousand)	726,337	757,882	897,435	919,080	750,389
Gross profit (LTL thousand)	75,163	25,806	96,697	91,965	79,462
Gross profit margin (%)	10,35%	3.41%	10.80%	10.00%	10.60%
Operating profit (LTL thousand)	51,904	2,459	73,129	73,264	68,531
Operating profit margin (%)	7,15%	0.32%	8.10%	8.00%	9.10%
<b>EBITDA (LTL thousand)</b>	<b>61,368</b>	<b>11,024</b>	<b>81,506</b>	<b>78,800</b>	<b>69,439</b>
EBITDA profit margin (%)	8,45%	1.45%	9.10%	8.60%	9.30%
Net profit (LTL thousand)	42,616	2,684	58,114	61,200	59,061
Net profit margin (%)	5,87%	0.35%	6.50%	6.70%	7.90%
Number of shares (thousand)	20,000	20,000	20,000	1,000	1,000
Earnings per share (LTL)	2.13	0.13	2.91	61.2	59.06

**Revenue from sales**

Total consolidated sales revenue in 2014 was equal to LTL 726 (EUR 210.3) million, a 4.2% less than in 2013. Total revenue declined due to lower amount of electricity traded in all Baltic countries, which was facilitated by relatively low electricity prices in the Nordpool system as well as risk persisting due to uncertainties associated with possible technical limitation of interconnection links.

In addition to that, higher electricity sales in the Baltic countries by Estonian oil shale-based producer resulted in smaller demand for imported electricity.

Group's revenue from sales of electricity in 2014 amounted to LTL 709 (EUR 205.3) million. Revenue from produced electricity sales accounted for LTL 17 (EUR 4.9) million, which is approximately equal to the sales a year ago. Decline in electricity production was mainly caused by maintenance works ensuring further reliable operation of wind turbines, that were carried out in Vydmantai wind park during 2014.

#### **Expenses**

The Group's cost of purchase of electricity in 2014 decreased by 11.2% if compared to 2013 and amounted to LTL 636 (EUR 184.2) million. Cost of purchase of electricity constituted 97.7% of total cost of sales for the Group in 2014. Transmission network service cost (i.e., input fee) for the Group declined by 7.4% and amounted to LTL 9 (EUR 2.6) million.

Total general and administrative expenses of the Group in 2014 amounted to LTL 23.3 (EUR 6.7) million and stood at the same level as in 2013.

#### **Earnings**

Profit from operations for the Group for year 2014 was equal to LTL 51.9 (EUR 15) million, compared to LTL 2.5 (EUR 0.7) million in 2013. Operating profit margin for the Group returned to industry normal level of 7.15% compared to 0.32% a year ago.

Gross profit over the year increased by 191.3%, and amounted to LTL 75.2 (EUR 21.8) million for the Group, if compared to LTL 25,8 (EUR 7.5) million in 2013. Gross profit margin in 2014 returned to healthy levels and increased to 10.4% for the Group from 3.4% in 2013.

Net consolidated result from financial and investing activities for the Group increased by 25.8% compared to 2013 and amounted to LTL (-3.0) (EUR (-0.9)) million. Better overall result for the Group from financial activities was mainly caused by year-on-year 20.5% lower interest expenses, which in 2014 totalled to LTL 3.4 (EUR 0.98) million.

As a result, Group's profit before tax in 2014 amounted to LTL 49.58 (EUR 14.4) million. Net profit of the Group in 2014 amounted to LTL 42.6 (EUR 12.3) million. Due to deferred income tax, the Group in 2013 received LTL 4.3 (EUR 1.2) million income tax gain. As a result, net profit for the Group for 2013 amounted to LTL 2.68 (EUR 0.78) million. Net profit margin for the Group in 2014 returned to healthy 5.9% (compared 0.35% a 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 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.*