



# INTERIM REPORT III QUARTER 2018

**CONSOLIDATED INTERIM REPORT OF THE COMPANY AND THE GROUP**

1 January 2018 - 30 September 2018

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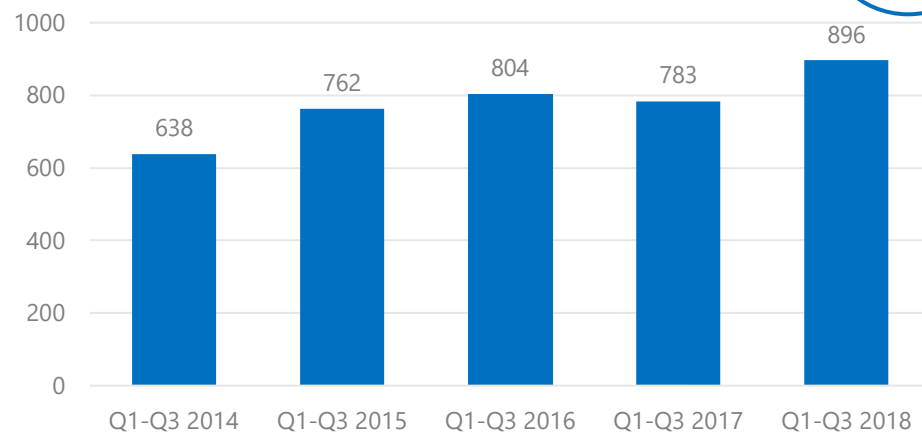
# Key Financial Indicators of the Lietuvos Energija Group

		Q1-Q3 2018	Q1-Q3 2017	Δ, million	Δ, %
Revenue	million EUR	896.1	783.4	112.7	14.4%
Purchase of electricity, gas, fuel and related services	million EUR	678.3	539.7	138.6	25.7%
Operating expenses	million EUR	94.4	93.7	0.7	0.8%
EBITDA	million EUR	122.1	149.5	-27.4	-18.3%
EBITDA margin	%	13.6%	19.1%		
Adjusted EBITDA	million EUR	175.0	166.1	8.9	5.4%
Adjusted EBITDA margin	%	19.5%	21.2%		
Net profit	million EUR	44.2	77.1	-32.9	-42.6%
Net profit margin	%	4.9%	9.8%		
Adjusted net profit	million EUR	94.8	91.3	3.5	3.9%
Adjusted net profit margin	%	10.6%	11.7%		
Investments	million EUR	252.2	152.2	100.0	65.7%
		At 30 Sep 2018	At 31 Dec 2017	Δ, million	Δ, %
Total assets	million EUR	2 706.4	2 505.1	201.3	8.0%
Equity	million EUR	1 258.4	1 343.6	-85.2	-6.3%
Financial debts	million EUR	788.4	614.1	174.3	28.4%
Net debt	million EUR	599.2	442.3	156.9	35.5%
Return on equity (ROE)	%	4.8%	7.0%		
Adjusted return on equity (ROE)	%	10.3%	9.8%		
Return on assets (ROA)	%	2.3%	3.8%		
Equity ratio	%	46.5%	53.6%		
Net debt / 12-month EBITDA	times	2.99	1.95		
Net debt / 12-month adjusted EBITDA	times	2.42	1.85		
Net debt / Equity	%	47.6%	32.9%		
12-month FFO / Adjusted net debt	%	37.1%	47.8%		
Assets turnover ratio	times	0.448	0.439		
Current liquidity	times	1.437	1.285		
Working capital	million EUR	-28.9	-8.8	-20.1	-230.2%
Working capital / Revenue	%	-2.4%	-0.8%		



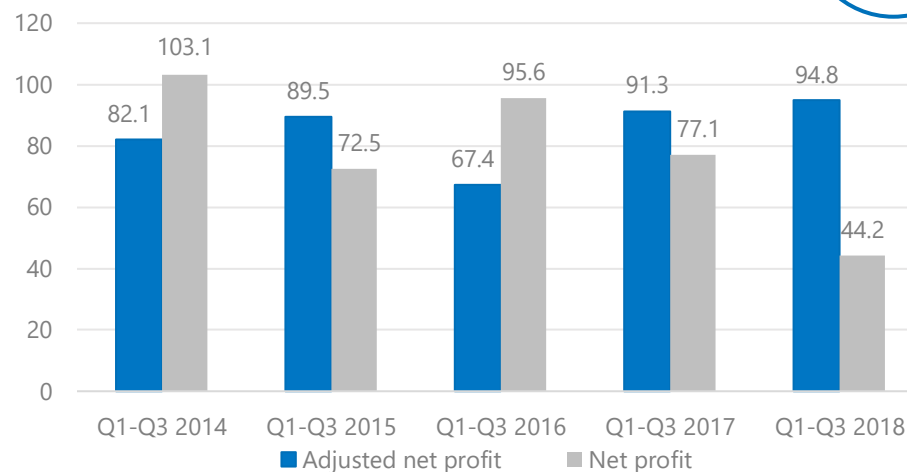
The growth in **revenues** of Lietuvos Energija was determined by growing demand for electricity and gas as well as price changes in the electricity and gas markets.

↑14%



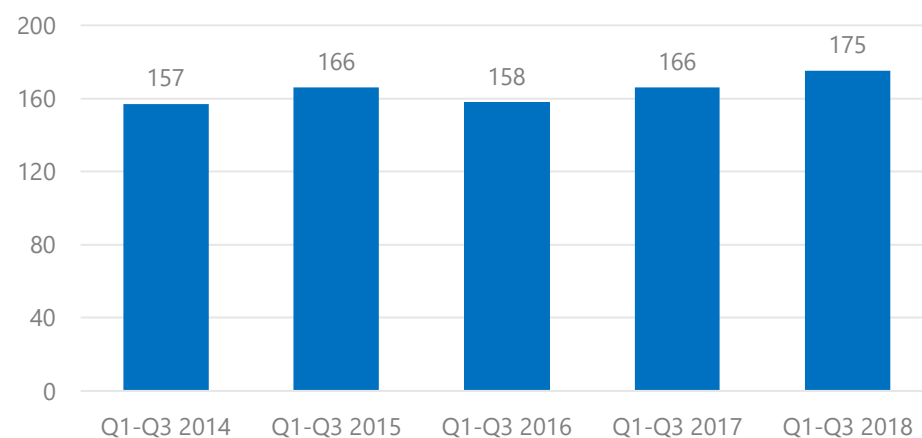
Adjusted **net profit** of Lietuvos Energija Group increased by 4% to 94.8 million EUR. Adjusted **return on equity** reached 10.3%.

↑14%



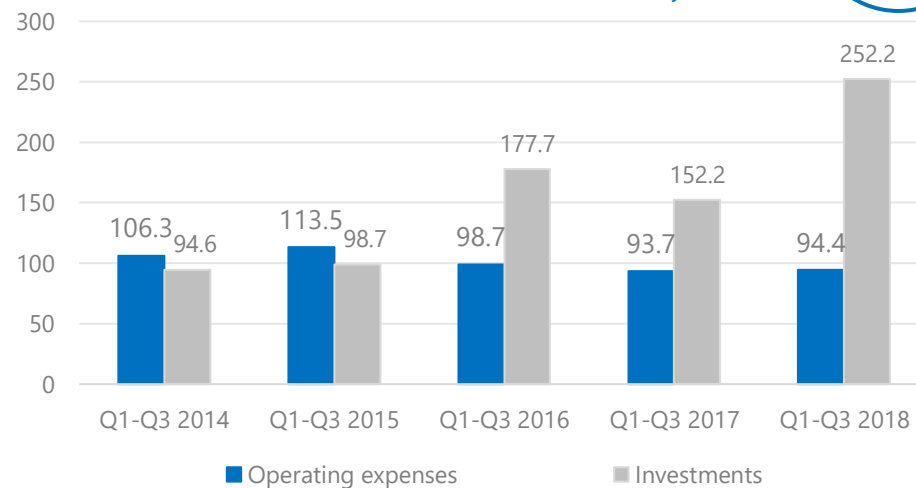
Adjusted **EBITDA** of the Lietuvos Energija Group grew by 5%. The growth was determined by a better result from distribution of electricity and gas.

↑15%



**Operating expenses** of Lietuvos Energija remained at the same level as in previous year. Upon gaining the momentum of the construction of CHPs, the **investments** increased by 66%

↑166%



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 half-year, Lietuvos Energija published its strategy LE 2030, whereas during the third quarter it has already implemented specific steps and demonstrated the first results, and, as a group, becomes a green, smart and international company. In hardly several months from the publication of our strategy we have already come closer to the goals set out therein.

In August, Lietuvos Energija signed a share purchase-sale agreement of three wind farms. The new capacities will supplement the group's green generation portfolio with a 34 MW power capacity, and thus we will become the second largest energy producers in the Baltic States. Also, Lietuvos Energija is planning to acquire 50 MW wind farm project in Poland.

Lietuvos Energija seeks to become one of the most innovative world energy companies. Realising that competitiveness in the future will be determined by ideas, in October we opened an Innovation Hub that seeks to attract 500 innovation ideas from the whole world via the established platform. Besides, the Smart Energy Fund of Lietuvos Energija made investments during the second quarter alone into four Lithuanian and foreign start-ups developing new energy technologies. We hope that by fostering innovations we also foster the development of our state.

After announcing that we will become an international group of companies we made ambitious steps in the neighbouring states. In October, Lietuvos Energija Group accelerated the development in Poland by appointing a regional manager for Poland. We sent a clear message – Lietuvos Energija will expand the infrastructure in Poland and will seek to become established in the country, and later – also in other states. This way we will earn increasingly more income abroad, and pay the state more dividends.

Seeking the strategic goals, we do not forget the most important – our customers. Since October, we have joined electricity and gas supply activities into one Lietuvos Energijos Tiekimas company. This way we will insure better customer experience by getting all the services from one source, and will improve our business processes further.

Nevertheless, Lietuvos Energija has not been short of challenges. Energy resources have risen in prices in international markets, which will also be reflected in energy and gas prices for the next year. We are a part of the global market, susceptible to changes occurring in it; we, however, do everything to ensure our customers the best prices in the region.

This year significant transformations commenced in the group – we refine the operating strategies of companies, increase operational efficiency, and consolidate expert knowledge in hands of one group. After we change the Group's structure, we will become more flexible, faster and better adapted to compete in the dynamic international market.

Darius Maikštėnas  
Chairman of the Board and the CEO  
Lietuvos Energija, UAB





# 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 4,000 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 more than 1.6 million consumers across Lithuania, offers electricity supply services to consumers abroad, supplies gas to 570 thousand consumers. During Q1-Q3 2018 0.8 TWh of electricity was generated and 7.0 TWh distributed to consumers and 5.1 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.



0.8 TWh of  
electricity generated



7.0 TWh of electricity  
distributed



5.1 TWh of natural gas  
distributed



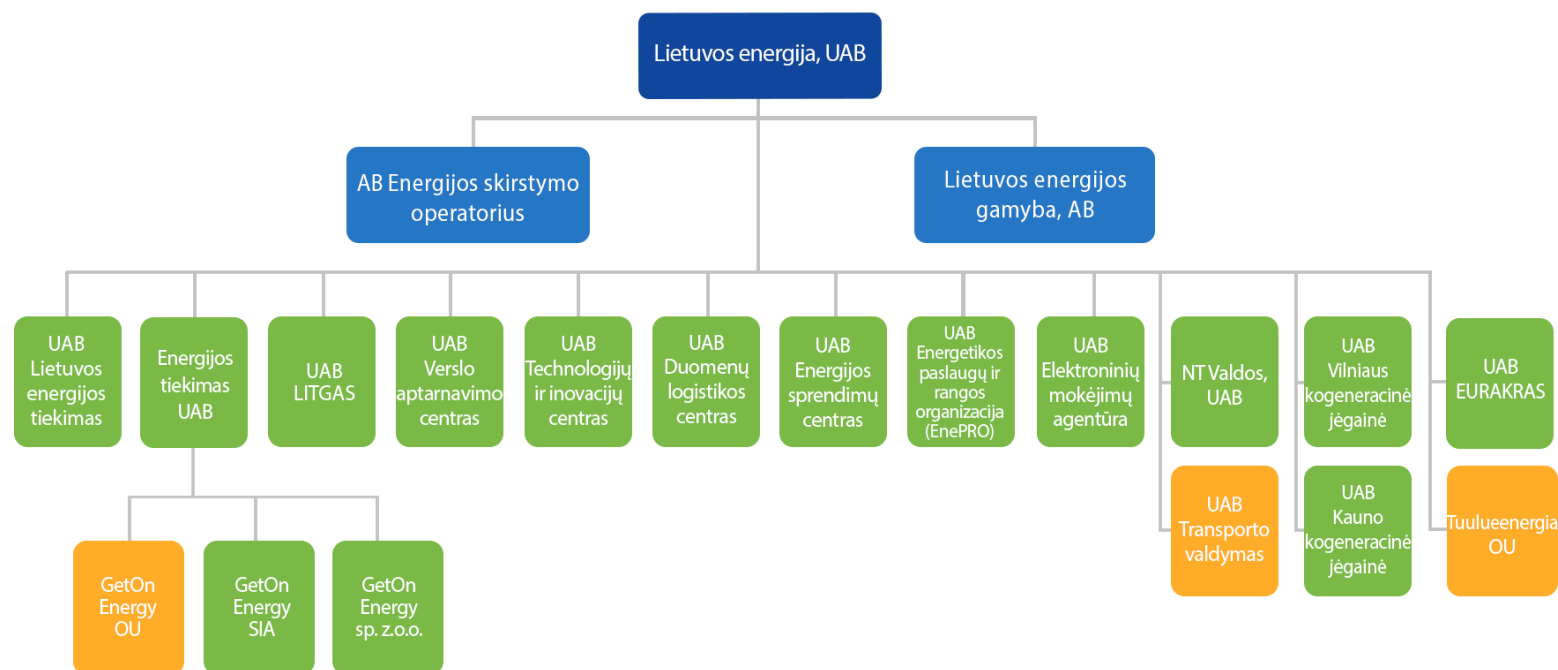
More than 1.6 million  
customers served



# Structure of the Group

At the end of the reporting period, the Lietuvos Energija Group consisted of 22 companies: the parent Company and 21 directly and indirectly controlled companies. The main business activities of the Group are the generation of electricity and heat, electricity trading, distribution and supply, and 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 Valdosa 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.

May 23. A general meeting of Lietuvos Energija shareholders approved the Group's strategy until 2030. It provides for paying EUR 1.6 billion in dividends during 12 years.

24 May. Lietuvos Energija Group won in the European Business Awards the award Company of the Year within the category of achieving a turnover of EUR 150 million or higher.

## May 2018

30 May. S&P Global Ratings approved the valid BBB+ credit rating with a stable perspective for Lietuvos Energija Group. This is the highest rating among analogous energy countries in the Baltic States and the second best among Eastern European analogous energy enterprises.

31 May. Diana Kazakevič, Interim Head of the independent energy supplier Energijos Tiekimas became a member of the Customer Advisory Board of the electricity exchange Nord Pool. She is the only one representative from Lithuania within a board consisting of 16 members.



## June 2018

7 June. The Smart Energy Fund powered by Lietuvos Energija and the business accelerator allocated the first investments - invested EUR 350 thousand into two start-ups.

21 June. The Board of Lietuvos Energija approved the second issue of the green bonds and increasing the medium-length non-property securities programme up to EUR 1.5 billion.

## July 2018

3 July. Lietuvos Energija placed a EUR 300 million issue of green bonds with a 10-year term to maturity. An annual interest of 1.875 percent is paid for the bonds.

10 July. The Smart Energy Fund powered by Lietuvos Energija, managed by Contrarian Ventures invested EUR 250 thousand pounds into the energy technology start-up Voltaware operating in the United Kingdom.

17 July. ESO announced an investment plan that foresees to make investments of EUR 2.1 billion during 2018-2027.

## July 2018

31 July. Lietuvos Dujų Tiekimas was granted a public supply licence. From 1 October, the company started providing not only gas but also electricity.

## August 2018

10 August. Dalia Andriulionienė withdrew from the position of the Chairperson of the Board and CEO of Energijos Skirstymo Operatorius upon mutual agreement of the parties.

10 August. Lietuvos Energija signed a share purchase- sale agreement for the acquisition of three wind power plants with a capacity of 34 MW run by Vėjo Vatas and Vėjo Gūsis.

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## September 2018

20 September. During the #SWITCH event, the first open hackathon of Lietuvos Energija took place involving the participation of over 35 energy, IT specialists, marketing professionals, company managers,

27 September. Lietuvos Energijos Gamyba reported on its plans to install an experimental solar power plant floating on the water in Kruonis Pumped Storage Power Plant. The company intends to implement this exclusive project together with scientists of Kaunas University of Technology, whereas support in turning the innovative idea into reality is requested from the European Union foundations.

## October 2018

1 October. The supply of electricity and gas to residents was commenced by one company – Lietuvos Energijos Tiekimas (former Lietuvos Dujų Tekimas).

2 October. The Board of Energijos Skirstymo Operatorius elected Midaugas Keizeris as the new Chairman of the Board and CEO.

3 October. The Smart Energy Fund powered by Lietuvos Energija invests EUR 250 thousand into the PVcase tool automating the designing of solar power plants.

## October 2018

9 October. Lietuvos Energija Group, by implementing its strategic goals to become established in Poland, appointed Diana Kazakevič as a regional manager of Poland.

19 October. Lietuvos Energija established a unique Innovation Hub. The cooperation platform developed by it seeks to attract 500 innovation ideas from abroad and Lithuania.

## November 2018

1 November. Ignas Pranskevičius resigned from the position of Board member and Director of the Service Bureau of Energijos Skirstymo Operatorius.

1 November. Energijos sprendimų centras has been merged with Energijos tiekimas.

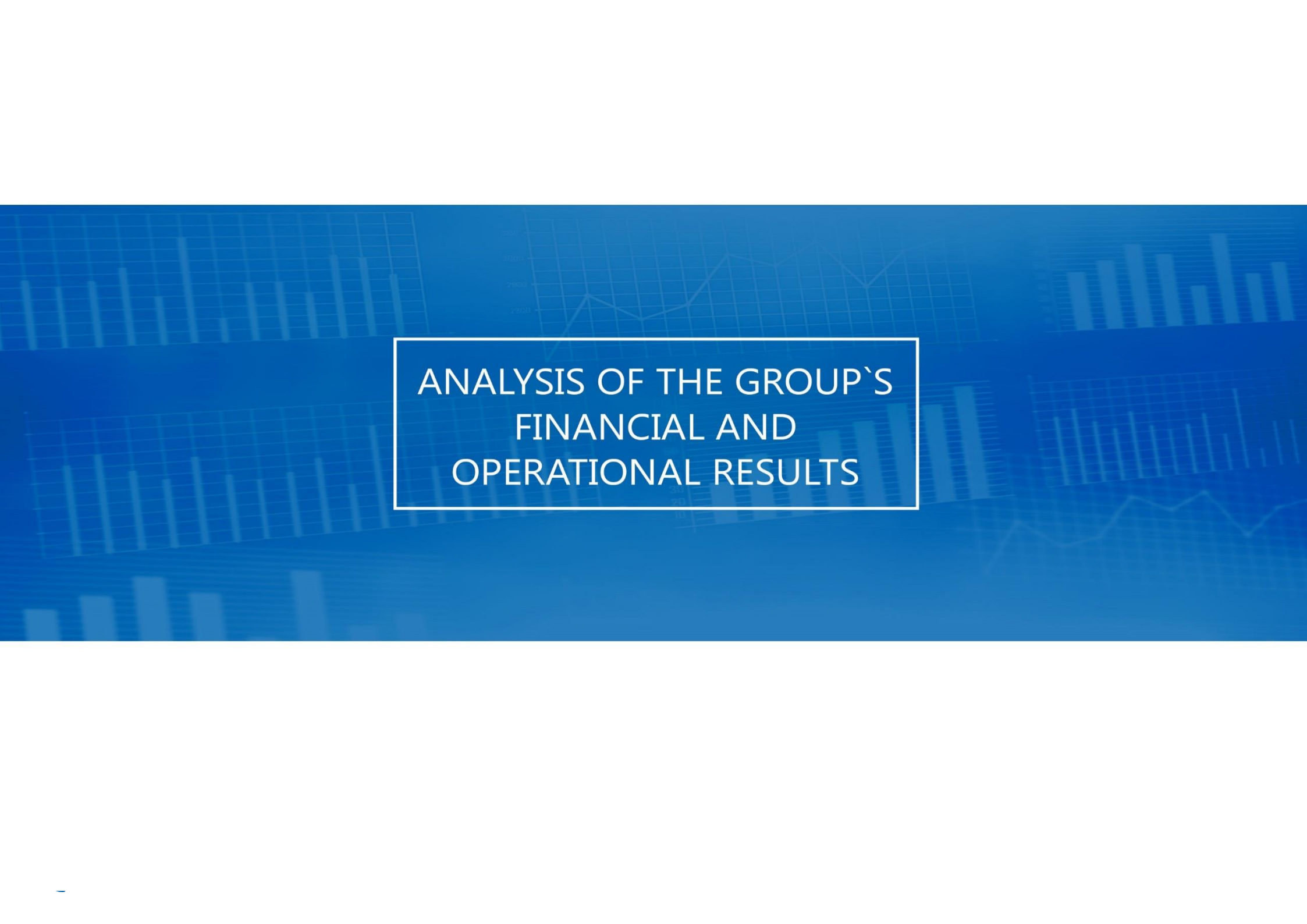
2 November. Lietuvos Energija is planning to acquire approximately 50 MW capacity wind farm project in Poland.



## November 2018

5 November. Lietuvos Energija completed acquisition of three wind power plants with a capacity of 34 MW run by Vėjo Vatas and Vėjo Gūsis.



The background of the slide is a solid blue color. Overlaid on this background are several faint, light-blue line graphs and bar charts. These charts are arranged in a way that they appear to be part of a larger financial analysis, with some showing upward trends and others showing more fluctuation. The charts are semi-transparent, allowing the blue background to show through.

## ANALYSIS OF THE GROUP'S FINANCIAL AND OPERATIONAL RESULTS

# Analysis of the Group's Financial and Operating Results

Key operating indicators		Q1-Q3 2018	Q1-Q3 2017	Δ, +/-	Δ, %
<b>Electricity</b>					
Distributed electricity:	TWh	7.04	6.79	0.25	3.6%
Distributed to customers of independent suppliers	TWh	4.59	4.42	0.17	3.8%
Public and guaranteed supply	TWh	2.45	2.38	0.07	3.1%
Generated electricity	TWh	0.76	0.94	-0.18	-18.9%
Generated electricity using renewable energy sources	TWh	0.37	0.41	-0.04	-9.9%
Sold electricity:	TWh	4.22	3.95	0.27	6.7%
Public and guaranteed supply	TWh	2.45	2.38	0.07	3.1%
Sales in retail market	TWh	1.77	1.57	0.19	12.2%
Number of newlyconnected customers	units	23,060	21,354	1,706	8.0%
Duration for connecting new consumers (on average)	calendar days	47.80	49.36	-1,56	-3.2%
<b>Quality indicators of electricity supply</b>					
SAIDI, min. (with <i>force majeure</i> )	min.	66.98	114.94	-47.96	-41.7%
SAIFI, units (with <i>force majeure</i> )	units	0.91	1.02	-0.11	-10.8%
Technological costs in the distribution network	%	6,09%	5.49%		11.0%
<b>Gas</b>					
Volume of gas distributed	TWh	5.09	4.95	0.14	2.8%
Volume of gas sold	TWh	7.72	8.04	-0.32	-3.9%
Volume of gas purchased:	TWh	7.73	8.44	-0.71	-8.4%
Volume of LNG purchased	TWh	4.25	4.67	-0.42	-9.1%
Volume of natural gas purchased	TWh	3.48	3.76	-0.29	-7.6%
Number of newlyconnected customers	units	8,793	9,282	-489	-5.3%
Duration of connection of new customers (average)	calendar days	89.65	171.31	-81.66	-47.7%
<b>Quality indicators of gas supply</b>					
SAIDI, min. (with <i>force majeure</i> )	min.	0.384	0.868	-0,484	-55.8%
SAIFI, units (with <i>force majeure</i> )	units	0.005	0.005	0.000	-7.4%
Technological costs in the distribution network	%	2.25%	2.30%		-2.3%



The distributed volume of electricity during Q1-III 2018, slightly increased as compared with the same period in 2017 and amounted to 7.04 TWh (+0.25 TWh). Electricity distribution to independent consumers increased and amounted to 4.59 TWh (+0.17 TWh) public and guaranteed supply quantities grew by +3.1 percent and equalled to 2.45 TWh (in Q1-III 2017 – 2.38 TWh).

As compared with the same period in 2017, during Q1-III 2018 electricity production at Kaunas A. Brazauskas Hydroelectric Power Plant reduced due to smaller quantity of water in the Nemunas River (-11.0 percent) and totalled 0.28 TWh. Production volumes at Kruonis HAE also declined due to repair works (-18.4 percent) and amounted to 0.33 TWh.

Favourable conditions for production by the combined cycle unit at Elektrėnai complex have formed in March, when the whole Scandinavia and Baltic countries were encased by cold weather as a result whereof electricity consumption increased; besides, production volumes at wind power plants have considerably declined. During July-October due to repair works of Nordbalt connection CCU was switched on 8 times for commercial production. In Elektrėnai complex 0.06 TWh electricity was produced during Q1-III 2018 (in Q1-III 2017 – 0.12 TWh).

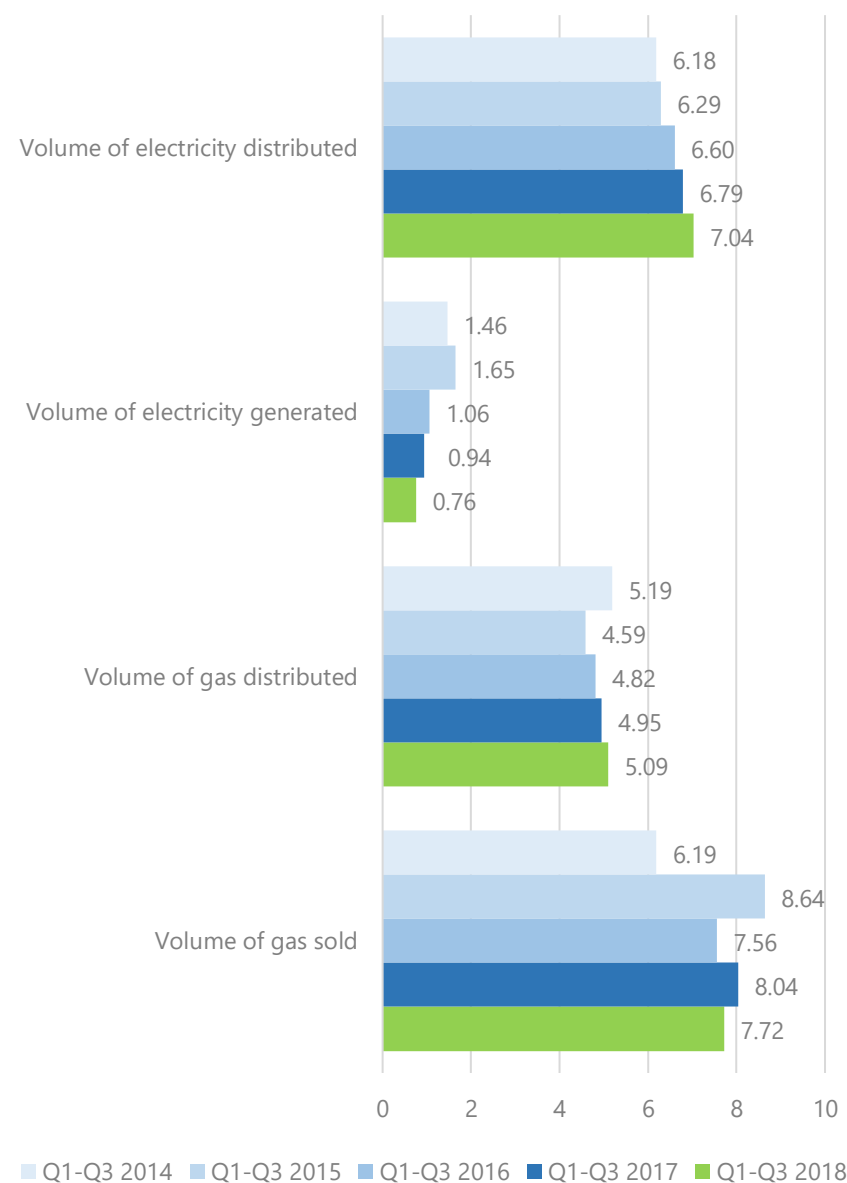
During Q1-III 2018, the volume of electricity generated in wind power plants operating in Estonia and Lithuania amounted to 0.084 TWh, i.e., -0.005 TWh or -5.9 percent less than during the same period last year. Due to low weather temperature, unfavourable weather conditions for operation of wind power plants prevailed in February. During Q1-III 2018, electricity generation part from renewable energy resources accounted for 48 percent of the Group's total electricity generation volume (during Q1-III 2017 – 43 percent).

During Q1-III 2018, technological costs in the electricity distribution network increased up to 6.09 percent (during Q1-III 2017 – 5.49 percent). SAIDI ratio with the impact of natural disasters (force majeure) reduced during the comparative period down to 66.98 min. (in Q1-III 2017 – 103.75 min.). The main reason of positive change is significantly reduced duration of fault resolution. During Q1-III ESO has eliminated the power failure by 1.7 hours on average from registration of failure. Last year, on average, it took 3.6 hours. Collaboration with meteorologists, digitalisation of dispatcher management and more efficient organization of the work of the fault management have helped to shorten the failure time. SAIFI ratio during Q1-III 2018 amounted to 0.91 times (during Q1-III 2017 – 1.02 times). Positive change in ratio was influenced by higher investments to the underground grid more resistant to natural disasters.

The volume of gas distributed by the Group's companies during Q1-III 2018 grew by +2.8 percent or +0.14 TWh. The sold volume of gas in Q1-III 2018 declined by -3.9 percent or -0.32 TWh. This was mostly affected by lower volume of gas sold to non-domestic consumers due to smaller consumption. During Q1-III 2018, technological costs in the gas distribution network decreased from 2.30 percent to 2.25 percent. SAIDI ratio for gas distribution, including the impact of natural disasters (force majeure) during Q1-III 2018 plummeted markedly and equalled to 0.38 min. (during Q1-III 2017 – 0.87 min.), whereas SAIFI ratio amounted to ~0.005 units (during Q1-III 2017 ~0.005 units).

During Q1-III 2018, 23,060 new electricity consumers were connected, +8.0 percent more as compared with the same period last year. 8,793 new customers were connected to the natural gas distribution grid – less by 5.3 percent as compared to the same period last year.

## Electricity distribution and generation, gas distribution and sale, TWh





# Key Financial Indicators

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

## Revenue

Revenue of the Lietuvos Energija Group during Q1-III 2018, as compared with the same period last year, grew by +14.4 percent (EUR +112.7 million) and totalled EUR 896.1 million. The main reasons for the change in revenues were:

### 1. Higher revenues from trading in electricity.

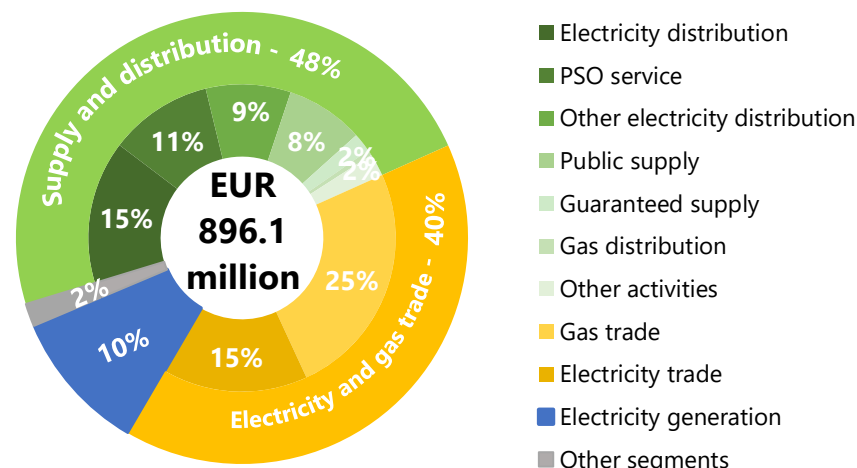
The Group's consolidated revenue from trade of electricity increased by EUR +62.4 million. The increased price in the electricity market had the effect on growth in revenue in this segment. An average electricity price in the Nord Pool exchange during Q1-III amounted to 48.31 EUR/MWh. Price increase was influenced by repairs of the NordBalt electricity link with Sweden, unfavourable weather conditions for electricity generation, repairs of nuclear power plants in Scandinavia, and higher energy consumption. Revenue in this operating segment also grew due to greater electricity sale volumes in the retail market +12.2 percent that rose due to a greater number of customers in Lithuania and untypically hot weather. Besides, in 2018 the Group has been receiving income from the subsidiary of Energijos Tiekimas in Poland that has been operational since the end of 2017.

### 2. Higher revenues from trading in gas.

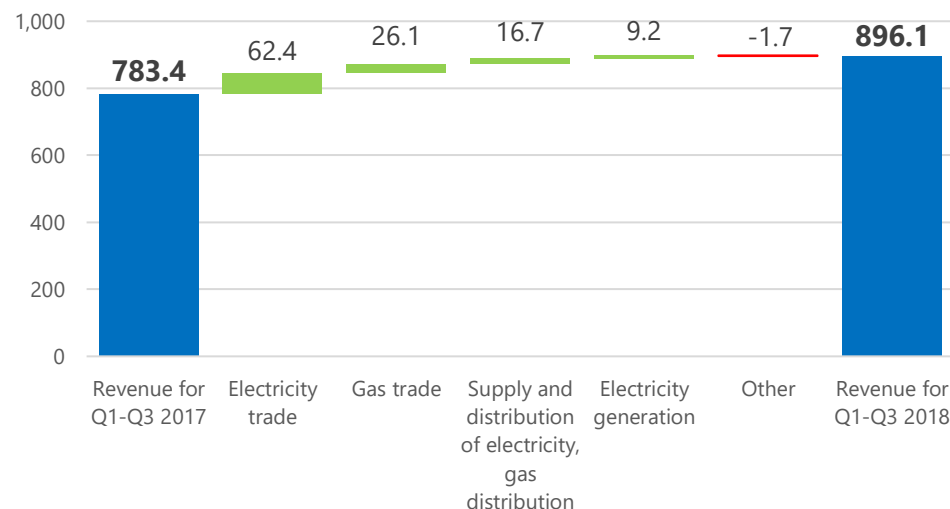
The Group's consolidated revenue from sale of gas has increased by EUR +26.1 million; the main reason of this is increased sale price of gas for non-domestic users. The price grew due to changes in the gas market and full return of Gazprom discount for the gas price in the middle of 2017. Revenue from sale of gas to non-domestic users grew by EUR +21.3 million. Revenue from sale of gas to domestic users grew by EUR +5 million. due to an increased number of consumers.

The main sources of the Group's revenues: revenue from the segment of electricity supply and distribution and gas distribution (EUR 430.2 million during Q1-III 2018) constitutes 48 percent of the Group's total revenue (Q1-III 2017 – 53 percent). Revenue from the operating segments of trade of electricity and gas (EUR 359.7 million during Q1-III 2018) represents 40 percent (during Q1-III 2017 – 35 percent). The share of revenue from electricity generation in the total revenue structure accounts for 10 percent (during Q1-III 2017 – 11 percent).

The Group's revenue structure in Q1-Q3 2018



Dynamics of the Group's revenue by operating segment



## Operating expenses

During Q1-III 2018, the Group's operating expenses amounted to EUR 94.4 million. As compared to Q1-III 2017, operating expenses increased insignificantly by +0.8 percent (EUR +0.7 million). The main factors that had an effect on operating expenses were:

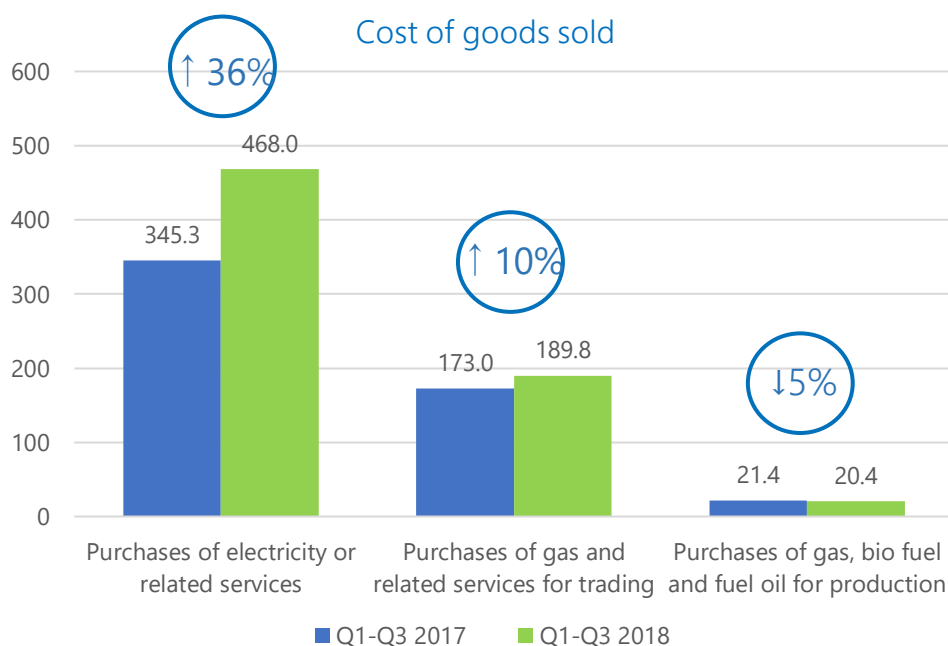
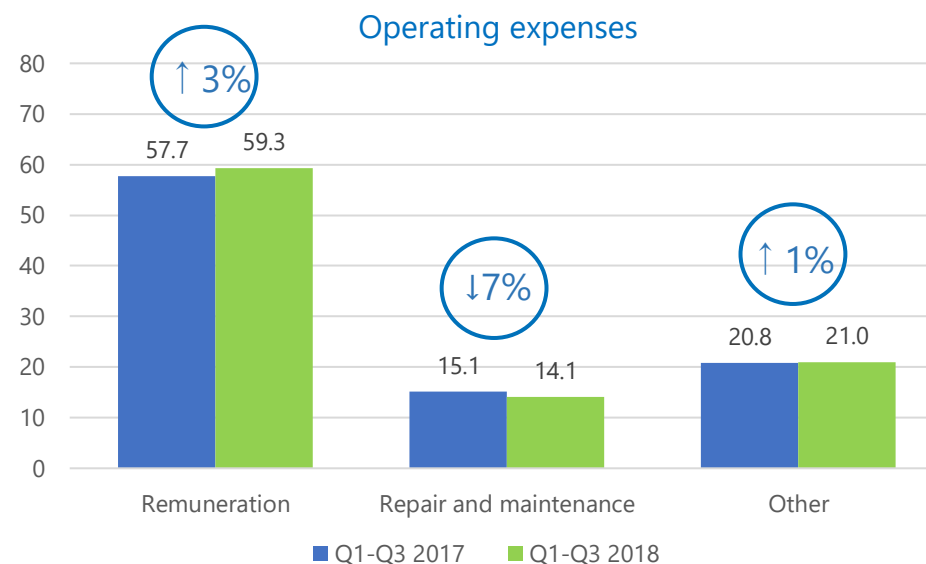
1. **Higher remuneration expenses.** Due to an increased average remuneration and severance compensations to employees of the Group's entity Energetikos Paslaugų ir Rangos Organizacija, remuneration expenses have increased (EUR +1.6 million EUR).
2. **Lower repair and maintenance expenses.** During Q1-III 2018, as compared with the respective period last year, repair and maintenance expenses for the electricity network and electricity production facilities, natural gas systems, etc. have reduced by EUR -1.0 million. The main reasons of that are increasing investments into the electricity and gas **network**.

## Cost of goods sold

During the reporting period the Group's purchase costs of electricity, gas, fuel and associated services amounted to EUR 678.3 million (during Q1-III 2017 – EUR 539.7 million). As compared to Q1-III 2017, these costs have increased by +25.7 percent.

As compared with the respective period in 2017, purchase costs of electricity or associated services significantly increased by EUR +122.7 million (+35.5 percent) and amounted to EUR 468.0 million. The growth was influenced by increased electricity acquisition prices and higher sale volumes. Also, similarly to the growth in revenue, the growth in costs was affected by the subsidiary of Energijos Tiekimas in Poland which started its operations at the end of 2017.

Purchases of gas for trading and associated services increased by EUR +16.8 million or +9.7 percent as compared with Q1-III 2017. This was determined by an increased price for the acquisition of gas.



## EBITDA

During Q1-III 2018, the Group's adjusted EBITDA amounted to EUR 175.0 million. This is +5.4 percent or EUR +8.9 million more than compared to Q1-III 2017, when the adjusted EBITDA amounted to EUR 166.1 million. The adjusted EBITDA margin during the reporting period amounted to 19.5 percent (in Q1-III 2017 – 21.2 percent). The main reasons for the changes in the Group's adjusted EBITDA were:

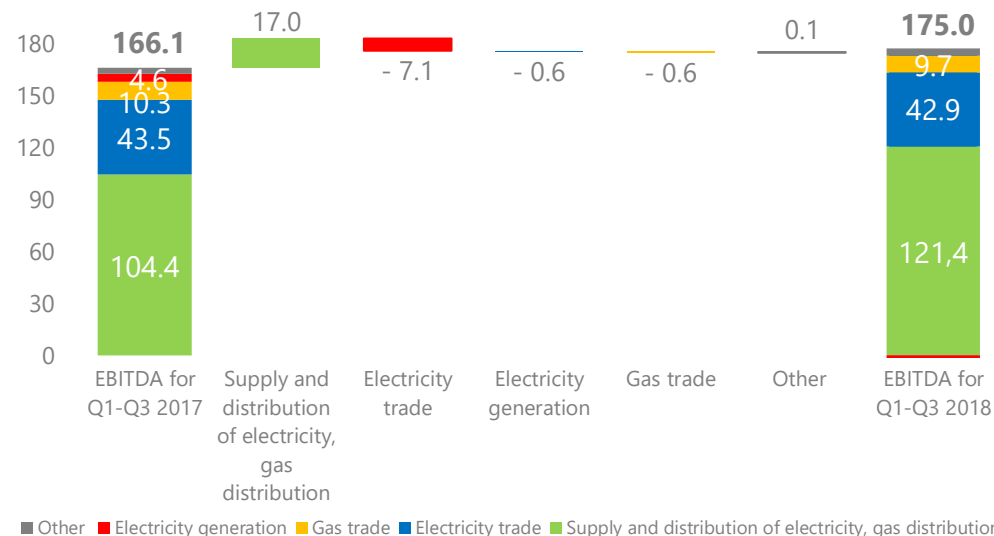
1. **Higher EBITDA of the electricity and gas distribution activity.**

The growth of the Group's adjusted EBITDA was determined by a positive (EUR +17.0 million) change in the result of electricity and gas distribution activity. The increase resulted from improved operational efficiency and higher investments into modernisation and development of the networks. In accordance with the new regulation of the electricity sector that became effective from 2016, Energijos Skirstymo Operatorius is encouraged to save costs and a part of such savings remains with the company.

2. **Lower EBITDA of the electricity trading segment.**

During Q1-III 2018, the EBITDA result of electricity trading was lower by EUR -7.1 million than compared to Q1-III 2017. This was affected by unusually high prices of electricity at the Nord Pool exchange. Increased demand of electricity in the presence of high electricity acquisition prices, but with fixed sale prices have had a negative effect on the EBITDA result in this segment.

### Dynamics of adjusted EBITDA by operating segment



	Q1-Q3 2018	Q1-Q3 2017	Δ, +/-
<b>Operating profit</b>	<b>63.1</b>	<b>83.9</b>	<b>-20.8</b>
Depreciation and amortization expenses	64.1	64.5	-0.4
Impairment expenses and write off's of PPE	5.7	2.6	3.1
Revaluation expenses of emission allowances	-10.8	-1.5	-9.3
<b>EBITDA</b>	<b>122.1</b>	<b>149.5</b>	<b>-27.4</b>
<b>Management's adjustments*</b>			
Recalculation of regulated revenue of ESO (1)	60.8	2.2	58.6
Recalculation of regulated revenue of LET (2)	1.2	1.2	0.0
Write-offs of inventories and receivables	1.2	0.5	0.7
Gas price discount provided by Gazprom (3)	-	8.7	-8.7
Recalculation of regulated revenue of LITGAS (4)	-2.5	4.7	-7.2
Change in market value of open financial derivative instruments	-7.9	-0.7	-7.2
<b>Total of management's adjustments</b>	<b>52.9</b>	<b>16.6</b>	<b>36.3</b>
<b>Adjusted EBITDA</b>	<b>175.0</b>	<b>166.1</b>	<b>8.9</b>

(1) 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.

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

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

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

\*Adjusted 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 16 "Operating segments".



## Net profit

During Q1-III 2018, the Group earned net profit of EUR 44.2 million, i.e., EUR +32.9 million more compared to Q1-III 2017 (EUR 77.1 million). The major impact on the net profit results during Q1-III 2018, as compared with Q1-III 2017, was due to the following effects:

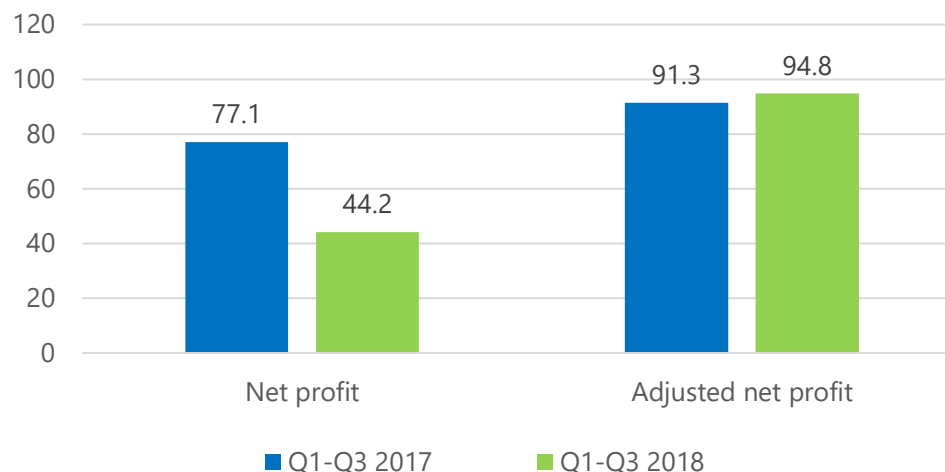
1. The major impact on the reduced net profit was made by the increased acquisition costs of electricity and gas that have increased faster than revenues from sale of electricity and gas and increased acquisition prices of electricity and gas, the total effect – EUR 25.2 million.
2. The result of financial activity is lower by EUR 5.0 million, as compared with the respective period last year. This was basically determined by increased interest costs due to the growing financial debt of the Group.

Upon assessing (eliminating) a positive/negative effect of the recalculation of regulated income, the Group's adjusted net profit increased by EUR +3,5 million or +3.9 percent and amounted to EUR 94.8 million. This was mostly affected by a positive effect from the revaluation of emission allowances of Lietuvos Energijos Gamyba.

## Equity

The equity of Lietuvos Energija Group during Q1-III 2018 reduced by -6.3 percent or EUR -85.2 million and on 30 September 2018 it was equal to EUR 1,258.4 million. The Group's equity reduced due to dividends paid to the shareholder. During the reporting period, the Group allocated and paid to the shareholder EUR 78.3 million in dividends for 2017. The Group's equity also decreased by EUR 62.7 million due to change in the ESO accounting policy upon adopting the new IFRS's. The Group's equity ratio reduced during the reporting period and on 30 September 2018 amounted to 46.5 percent (on 31 December 2017, it amounted to 53.6 percent).

The Group's net profit and adjusted net profit



Net profit adjustments	Q1-Q3 2018	Q1-Q3 2017	Δ, +/-
<b>Net profit for the reporting</b>	<b>44.2</b>	<b>77.1</b>	<b>32.9</b>
Recalculation of regulated revenue of ESO	51.7	1.8	49.9
Recalculation of regulated revenue of LET	1.0	1.0	0.0
Gas price discount provided by Gazprom	-	7.4	-7.4
Recalculation of regulated revenue of LITGAS	-2.1	4.0	-6.1
<b>Adjusted net profit</b>	<b>94.8</b>	<b>91.3</b>	<b>3.5</b>

## Investments

The Group's investments during Q1-III 2018 amounted to EUR 252.2 million or by +65.7 percent more compared to the same period last year. The major investments were allocated for the renewal (35 percent) and development (24 percent) of the electricity distribution network; also, investments into Vilnius and Kaunas CHP plants increased significantly (21 percent).

As compared to the same period last year, during Q1-III 2018, investments into the renewal of the electricity distribution network increased by EUR +15.9 million. During Q1-III 2018, Energijos Skirstymo Operatorius (ESO) investment into the development of the electricity distribution network amounted EUR 88.6 million. During Q1-III 2018, ESO invested EUR 61.0 million into the development of the electricity distribution network. During the first nine months of 2018, ESO connected to the electricity distribution grid 23.1 thousand new consumers – 8.0 % more compared to first 9 months in 2017, when this number amounted to 21.4 thousand consumers. The allowable power of new connected consumers during January-September 2018 amounted to 296 thousand kW and was bigger by 3.2 per cent than during January-September 2017, when it amounted to 287 thousand kW.

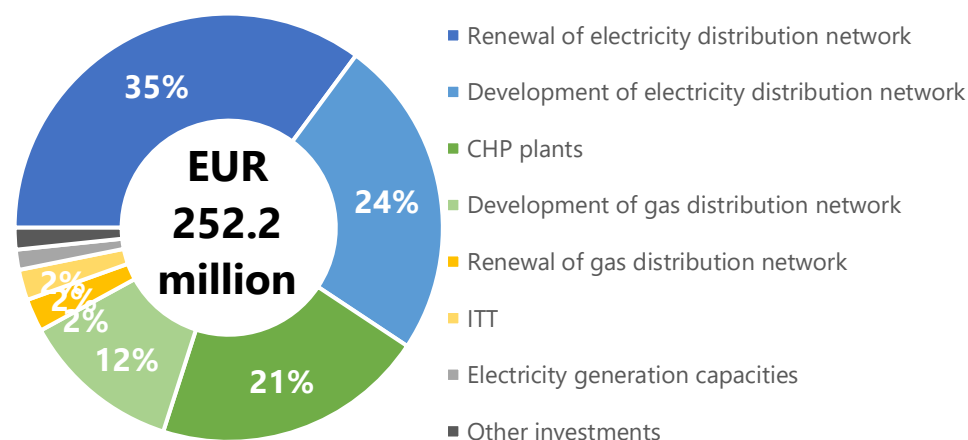
During Q1-III 2018, construction works of the Vilnius and Kaunas combined heat and power plants gained momentum. Investments into these projects during the first nine months amounted to EUR 52.0 million.

During first 9 months of 2018, ESO investments into the development of the gas distribution network amounted to EUR 30.5 million and were bigger by 79.8 percent compared to Q1-III 2017 (17.0 million EUR). During first nine months of 2018, ESO built 391.0 kilometres of the distribution pipelines for connecting new customers to the gas network.

On 31 December 2017, the Group's assets amounted to EUR 2,505.1 million. During Q1-III 2018, the Group's assets increased by +8 percent (or +EUR 201.3 million) and on 30 September 2018 they amounted to EUR 2,706.4 million. The most significant effect on the change in the Group's assets was due to increased fixed tangible assets as a result of investments made by the Group's enterprises.

During August Lietuvos energija signed a share purchase agreement for the acquisition of two entities „Vėjo vatas“ and „Vėjo gūsis“ operating three 34 MW power wind plants. In November Lietuvos Energija signed conditional share-purchase agreement regarding acquisition of approximately 50 MW capacity wind farm project in Poland.

Group's investment structure in Q1-Q3 2018, %



Dynamics of the Group's investments by sector	Q1-Q3 2018	Q1-Q3 2017	Δ, +/-	Δ, %
Renewal of electricity distribution network	88.6	72.7	15.9	21.9%
Development of electricity distribution network	61.0	35.7	25.3	71.0%
CHP plants	52.0	5.6	46.4	820.9%
Development of gas distribution network	30.5	17.0	13.5	79.8%
Renewal of gas distribution network	6.3	4.4	1.9	43.5%
ITT	5.8	8.5	-2.7	-31.4%
Electricity generation capacities	3.8	1.3	2.5	186.0%
Other investments	4.1	7.0	-2.8	-40.6%
<b>Total</b>	<b>252.2</b>	<b>152.2</b>	<b>100.0</b>	<b>65.7%</b>

## Financing

On 30 September 2018, the Group's net debt amounted to EUR 599.2 million. As compared to the net debt at the end of 2017, the amount increased by +35.5 percent or EUR +156.9 million. The increase in the net debt was mostly influenced by investments made by the Group's companies.

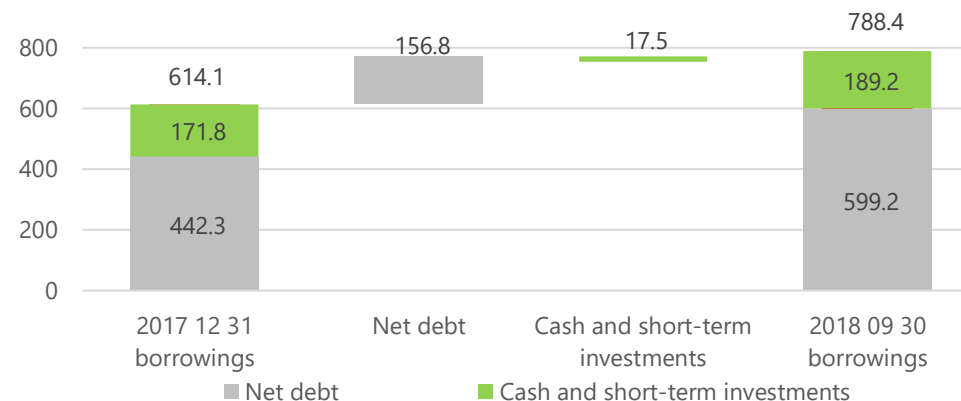
The level of the Group's borrowings during QI-III 2018 increased by 28.4 percent (or EUR 174.3 million) and on 30 September 2018 amounted to EUR 788.4 million (at the end of 2017 – EUR 614.1 million). Borrowings amounting to EUR 600.0 million on 30 September 2018 were subject to a fixed interest rate (76.1 percent from total borrowings); the remaining amount of borrowings was subject to variable interest rate. The amount of the Group's cash balances and short-term investments on 30 September 2018 amounted to EUR 189.2 million, i.e., EUR 17.4 million or 28,3 percent less than at the end of 2017 (EUR 171.8 million). The decrease was mostly due to investments made by the Group's entities.

The ratio of the Group's net debt to the adjusted EDITDA for the last 12 months increased from 1.85 times at the end of 2017 up to 2.42 times as at 30 September 2018. This increase resulted from increased net debt of the Group. The average repayment period of the borrowings on 30 September 2018 was 8.7 years (on 31 December 2017 – 6.2 years). In July, Lietuvos Energija issued the second 10-year EUR 300 million worth issue of green bonds. An annual interest of 1.875 percent shall be paid for the bonds.

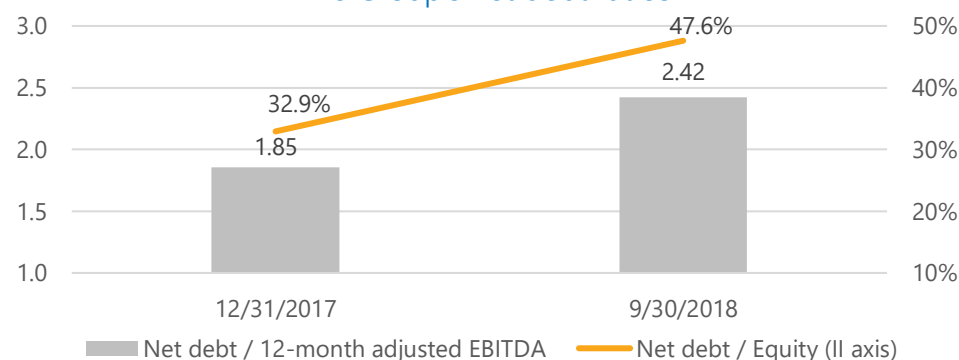
The ratio of the Group's net debt and the Group's equity increased from 32.9 percent at the end of 2017 up to 47.6 percent on 30 September 2018. The Group's current liquidity rate on 30 September 2018 was 1.44 (1.29 on 31 December 2017). The Group manages liquidity by entering into the credit line agreements with banks. On 30 September 2018, the Group's unwithdrawn credit line facilities amounted to EUR 200 million. All the credit lines are committed, i.e., funds are paid by the bank upon demand.

A low level of the Group's borrowings and a high level of its equity, profitability of its typical 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 existing services, to implement and finance the acquisition and development of new wind power plants, construction of CHP plants, other projects, as well as to ensure sustainable development of the Group in the future. In May, the international credit rating agency Standard and Poor's extended the BBB+ rating to Lietuvos Energija with a stable perspective. Such assessment among analogous energy companies in the Baltic States is the highest and one of the best in the sector of analogous energy companies in Europe.

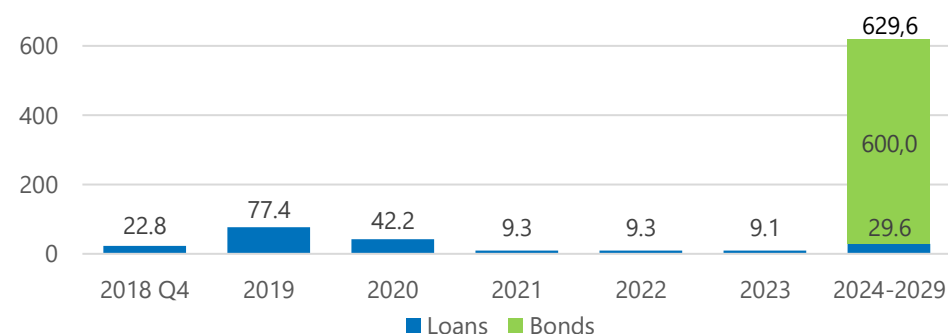
### The Group's borrowings and net debt



### The Group's net debt ratios



### Repayment schedule of the Group's borrowings



## Definitions

<b>Working capital</b>	Current assets - cash and cash equivalents - short-term investments and term deposits - current liabilities (excluding current portion of financial liabilities)
<b>EA</b>	Emission allowances
<b>Current liquidity</b>	Current assets at the end of the period / current liabilities at the end of the period
<b>EBITDA</b>	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
<b>EBITDA margin</b>	EBITDA / Revenue
<b>FFO</b>	EBITDA + interest income - interest expenses - current year income tax expenses
<b>Guaranteed supply</b>	Electricity supply to ensure that customers who have not chosen an independent supplier or whose independent supplier fails to fulfill their obligations, discontinues operations or electricity supply contract are provided with electricity
<b>Net debt</b>	Borrowings - cash and cash equivalents - short-term investments and term deposits - a portion of other non-current financial assets representing investments in debt securities
<b>Net profit margin</b>	Net profit / Revenue
<b>Adjusted net profit</b>	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
<b>Adjusted net profit margin</b>	Net profit (adjusted) / Revenue
<b>Adjusted net debt</b>	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
<b>Adjusted EBITDA</b>	EBITDA + management's adjustments
<b>Adjusted EBITDA margin</b>	Adjusted EBITDA / Revenue
<b>Customers of independent suppliers</b>	Electricity consumers who have chosen an independent electricity supplier
<b>Return on equity (ROE)</b>	Net profit (loss) of a respective reporting period restated at a annual value / average amount of equity during the reporting period
<b>Adjusted Return on equity (ROE)</b>	Net adjusted profit (loss) of a respective reporting period restated at a annual value / average amount of equity during the reporting period
<b>Equity ratio</b>	Equity at the end of the period / total assets at the end of the period
<b>Assets turnover ratio</b>	Revenue / total assets at the end of the period
<b>SAIDI</b>	Average duration of unplanned interruptions in electricity or gas transmission
<b>SAIFI</b>	Average number of unplanned long interruptions per customer
<b>Return on assets (ROA)</b>	Net profit (loss) of a respective reporting period restated at an annual value / average amount of total assets during the reporting period
<b>Operating expenses</b>	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
<b>Public and guaranteed supply</b>	Electricity supply activity performed by an entity who holds a public supply license in accordance with the procedure and conditions established by law





# 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.

## Creation of value for Lithuania

### Approved strategy of Lietuvos energija up to 2030

Lietuvos Energija has published an operating strategy for 12 years up to 2030 that provides for a fundamental transformation. The company will increase production capacities in the green energy and will expand to international markets where it will implement innovations in the energy sector. By implementing all that, a stable return will be ensured that will amount to EUR 1.6 billion during 2018-2030 and the best price and quality for customers will be maintained. Major attention is planned to be paid to sustainable development that consists of the assurance of strategic generation, development of green generation, creation of a commercial organization and the new energy. Since now Lietuvos Energija will go on a path of international development and will create high added value products. It is planned that half of the dividends earned by the group in 2030 will be received from activity abroad and this way the state budget will be supplemented with the profit earned from activities abroad. Lietuvos Energija will create a future energy by making it light, invisible green and global.

### Successful second issue of green bonds

Lietuvos Energija has successfully placed the second issue of green bonds for EUR 300 million. The bonds have been acquired by 115 investors from 22 states which demand exceeded the supply by even 4 times. Although the situation on the market is more complicated, this year Lietuvos Energija managed to place an emission even cheaper than last year – the profitability of bonds with a 10-year term to maturity is 2.066 per cent, less than that of 2.193 per cent in 2017 when the first issue, also of EUR 300 million and with a 10-year term was placed. The majority of bonds were acquired by investors from France, Germany, Great Britain, Italy, and Lithuania. With the attracted funds, Lietuvos Energija is planning to finance further investments into the wind energy, efficiency enhancement of the electricity distribution grid, as well as projects on energy production from waste and bio-mass. Lietuvos Energija undertakes to use funds

attracted with the green bonds only for financing such investments that are intended for the green energy projects.

### Innovation Centre established by Lietuvos Energija

In October, Lietuvos Energija established a unique Innovation Centre which created the cooperation platform [leinnovationhub.com](http://leinnovationhub.com) will become the first step in seeking to implement available ideas in energy for Lithuanian and foreign start-ups. The Innovation Centre focuses on four key areas of cooperation: open infrastructure, open financing, open partnership and open culture. The centre expects to attract to them more than 500 innovation ideas, mostly from future foreign partners.

## 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 5<sup>th</sup> 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 5<sup>th</sup> 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 5<sup>th</sup> 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.

## **ESO plans investing during the decade up to 2.1 billion euros**

Energijos Skirstymo Operatorius (ESO) will invest into the enhancement of reliability, safety and smartness of the electricity and gas grid. The company described the planned investments in the investment plan for 2018-2020 published in July. In total, up to EUR 2.1 billion are planned to be invested. ESO plans to make investments in three directions. The first one is reliable and resilient to climate phenomena grid. By replacing overhead lines into underground, dismantling unreliable and frequently malfunctioning

equipment, the company will seek to ensure an interrupted and quality energy distribution through the environmentally safe electricity and gas grid. Investments into the second direction – creation of remote-controlled network is aimed to improve the restoration of energy supply in case of failures, to establish conditions to make decisions on the network control based on real information, also facilitate the integration of renewable energy resources. The third direction is a smart grid. It is aimed to improve the quality of ESO services, make premises for customers to follow precisely the consumption of energy, get precise bills and save energy by rationally using it.

## **Experimental solar plant on water is planned in the basin of Kruonis Pumped Storage Power Plant**

Lietuvos Energijos Gamyba plans to install an experimental solar plant floating on the water at Kruonis Pumped Storage Power Plant (Kruonis PSPP). The company intends to implement this exceptional project together with scientists of Kaunas University of Technology) (KTU), whereas assistance in turning the innovative idea into reality is requested from European Union funds. The floating power plant would be the first such type power plant in the countries of this region and would stand out for its technical solutions. It would be possible to utilize an area of over 300 ha of the upper basin of Kruonis PSPP. The construction of the power plant would adjust to the variable water level in the basis and would be resilient to waving and ice.

## **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 %

### **Residents may acquire electricity and gas more conveniently – from one supplier**

By refining activities, since 1 October Lietuvos Energija separated the activity of electricity to supply to residents from Energijos Skirstymo Operatorius (ESO) under its management and transferred it to the Group's another company – Lietuvos Energijos Tiekimas (former Lietuvos Dujų Tiekimas). It is planned that the biggest benefit of change will be felt by those customers who bought electricity from ESO and gas – from LDT. Since now, they have to communicate on all issues associated with electricity or gas supply only with one company. Therefore, energy acquisition for them has become simpler and more convenient. The premises to separate activities and to concentrate the supply of electricity and gas at one company emerged after the Seimas approved an amendment to the Law on Electricity prepared by the Ministry of Energy on 30 June 2018.

## **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.

#### **ESO will resolve faults even faster or it will pay compensations**

This year resolving faults of the electricity grid twice as fast, Energijos Skirstymo Operatorius (ESO) makes another step and seeks to reduce by half the maximum duration of resolving faults. If works nevertheless would still last longer than it has been promised, compensation would be paid to customers. On the suggestion of ESO, the company and the Ministry of Energy agreed that the maximum time of resolving electricity faults will reduce by half – up to 12 hours instead of the effective 24-hour period. If a fault is not eliminated during this period, ESO customers will be able to get compensations. During the first half year, ESO eliminated a failure in the electricity grid within nearly 1.4 hour from the registration of malfunction. Last year this took 3.5 hours on average.

## **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 m<sup>3</sup> of LNG. This conforms to nearly 2.3 million m<sup>3</sup> 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 (Lietuvos Energijos tiekimas since October) 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 Energijos Group has increased attention to the Latvian market - secondary company in Latvia Geton Energy of Energijos Tiekimas belonging to the Group will offer to its corporate customers a general package of the supply of natural gas and electricity. Geton Energy will cooperate with another company of Lietuvos Energija Group – Lietuvos Dujų Tiekimas on this market.

In October, by implementing the goal set out in the new strategy LE 2030 to become established in Poland during the next two years, Lietuvos Energija has made one step further – appointed a regional manager for Poland in October. This office has been assumed by Ms. Diana Kazakevič, Director of the Business Development and Support Department of one of the Group's companies.

#### **Investments into five start-ups**

Smart Energy Orientated Venture Capital Fund set up by Lietuvos Energija under the management of Contrarian Ventures has invested this year into five start-ups. The Lithuanian capital start-up Aerodiagnostika that creates a pilot-free aircraft platform and the start-up Switchee operating in Great Britain that has developed the first smart thermostat intended for large managers and owners of social housing received investments in the amount of EUR 350 thousand. Besides, the fund has invested more by about EUR 280 thousand to the Great Britain start-up Voltaware creating an electricity consumption and control platform. Investments into the latter start-up have been made with the British energy giant BP. It is planned that solutions of the start-ups will be applied in Lithuania and will contribute to the goal of Lietuvos Energija to become one of the most innovative companies.

The Estonian start-up Fusebox has received an investment of EUR 50 thousand. It is expected that the platform developed by it and the service will help electricity users become market participants by contributing to the grid balancing. The fund invested EUR 250 thousand into the PVcase tool being developed in Lithuania that will automate the designing of solar power plants. It is expected that the technology under development will enable to significantly shorten up some designing stages of solar power plants and this way reduce designing expenses even more.

#### **Agreements for the acquisition of 3 wind farms have been signed**

Lietuvos Energija signed a share purchase-sale agreement for the acquisition of two companies. The company acquired from Stemma Group 100 per cent shares of companies Vėjo Vatas and Vėjo Gūsis. Vėjo Vatas runs 14.9 MW wind farms and Vėjo Gūsis runs 10 MW and 9.1 MW farms, whereas the total capacity of all three farms exceeds 34 MW. By this transaction a specific step towards implementing the Group's strategy of increasing the portfolio of the green generation was made. After this transaction Lietuvos Energija will be the second one by size wind power generator in the Baltic countries occupying 9 per cent of the market.

#### **Energijos Tiekimas offered installing solar plants for free**

The independent electricity supplier Energijos Tiekimas was the first in Lithuania that offered legal persons to install a solar plant. A source of generating the renewable energy will be installed on the roof of the company, whereas electricity produced by it will be sold to a customer at the agreed rate. Energijos Tiekimas may install a solar plant for companies that consume at least 200 thousand of kWh (kilowatt hours) energy a year. The minimum power of the offered solar plant – 50 kW, whereas for installing such power plant, a roof of at least 700 m<sup>2</sup> is necessary.





## 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 79 objects for EUR 50 million, excluding the VAT.

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.

Lietuvos Energija group also pursues activity not typical to it – sale of Duomenų logistikos centras (Data Logistics Centre). The centre manages one of the most effective data centres in the region DataINN. Besides, the company manages four smaller data centres. Lietuvos Energija owns 79.64 percent shares of the centre.



# 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](http://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 consisted of the following members:



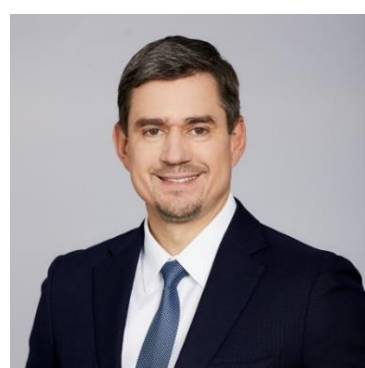
**Darius Daubaras**  
(born in 1973)

Chairman, Independent member



**Daiva Lubinskaitė-Trainauskienė**  
(born in 1970)

Independent member



**Andrius Pranckevičius**  
(born in 1976)

Independent member



**Aušra Vičkačkienė**  
(born in 1974)

Member



**Ramūnas Dilba**  
(born in 1981)

Member

	Education		Education		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, Bachelor's Degree in Business Administration with a major in 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		Place of employment, position		Place of employment, position	
	SAUDI ARAMCO Finance and Development Project Division, Project Manager; Member of the Supervisory Board of "Smart Energy Fund powered by Lietuvos Energija" (from 27.07.2018)	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
<b>Andrius Pranskevičius</b> Committee Chairman	-	Linas Agro Group AB, Deputy Chief Executive Officer, Member of the Board; Kekava PF, Chief Executive Officer and Chairman of the Board
<b>Darius Daubaras</b> Member	-	SAUDI ARAMCO Finance and Development Project Division, Project Manager
<b>Šarūnas Rameikis</b> 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
<b>Irena Petruškevičienė</b> Committee Chairwoman Independent member	-	Audit Development Committee of the European Commission, Member
<b>Danielius Merkinas</b> Independent Member	-	Nordnet, UAB, Director General
<b>Aušra Vičkačkienė</b> Member	-	Assets Management Department of the Ministry of Finance, Director
<b>Ingrida Mickutė</b> Member		Reporting, Audit, Property Valuation and Insolvency Policy Department of Finance ministry, Director
<b>Šarūnas Radavičius</b> Independent member		Rodl & Partner, UAB, 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 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.

- 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:

- 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;



Member of the Committee	Number of shares of the Company and the Group companies held	Place of employment
<b>Daiva Lubinskaitė-Trainauskienė</b> Committee Chairwoman Independent member	-	Thermo Fisher Scientific Baltics, UAB, Director of Personnel; Association of Personnel Management Professionals (PVOA), Board Member;
<b>Aušra Vičkačkienė</b> Member	-	Assets Management Department of the Ministry of Finance, Director
<b>Lėda Turai-Petrauskienė</b> <b>Member</b> <b>(from 2018-04-19)</b>	-	L-CON Global UAB, leadership training Partner, shareholder; ISM University of Management and Economics, Head of the Executive MBA programme leadership module
<b>Ramūnas Dilba</b> 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.

#### 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



**Darius Maikštėnas**  
(born in 1970)

Chairman of the Board, CEO



**Vidmantas Salietis**  
(born in 1987)

Member of the Board, Commerce  
and Services Director



**Darius Kašauskas**  
(born in 1972)

Member of the Board, Finance and  
Treasury Director



**Dominykas Tučkus**  
(born in 1982)

Member of the Board, Infrastructure  
and Development director



**Živilė Skibarkienė**  
(born in 1976)

Member of the Board, Organisational  
Development Director

<b>Education</b>	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, BI Norwegian Business Administration School, Master's degree in Management; Vilnius University, Master's degree in Economics	Mykolas Romeris University, Faculty of Law, Doctoral degree in Social Sciences Field of Law; Vilnius University, Faculty of Law, Master's degree in Law
<b>Place of employment, position</b>	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 energijos tiekimas, Member of the Board; UAB Energijos sprendimų centras, Member of the Board.	UAB Elektroninių mokėjimų agentūra, Member 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.	„Lietuvos energijos gamyba, AB, Chairman of the Supervisory Board; UAB LITGAS, Chairman of the Board; UAB Lietuvos energijos 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, Chairman of the Board; UAB EURAKRAS, Chairman of the Board; UAB Vilniaus kogeneracinė jėgainė, Member of the Board; KUB Smart Energy Fund powered by Lietuvos Energija, Member of the Advisory Committee	UAB Elektroninių mokėjimų agentūra, Member of the Supervisory Board (since 23/3/2018); UAB Verslo aptarnavimo centras, Chairwoman of the Board (Member since 4/4/2018, Chairwoman since 25/4/2018); UAB Technologijų ir inovacijų centras, Chairwoman of the Board (until 2018-09-26); Lietuvos energijos gamyba, AB, Member of the Supervisory 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:

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.

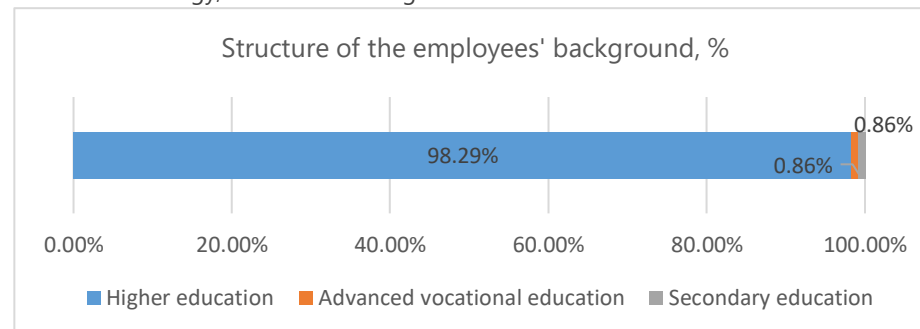
While implementing the objectives raised by the shareholder, and carrying out socially responsible business, we seek to attract and maintain skilled employees and create long-term partnership that would ensure mutually successful future.

On 30 September 2018, the Group had employees 3,905 employees.

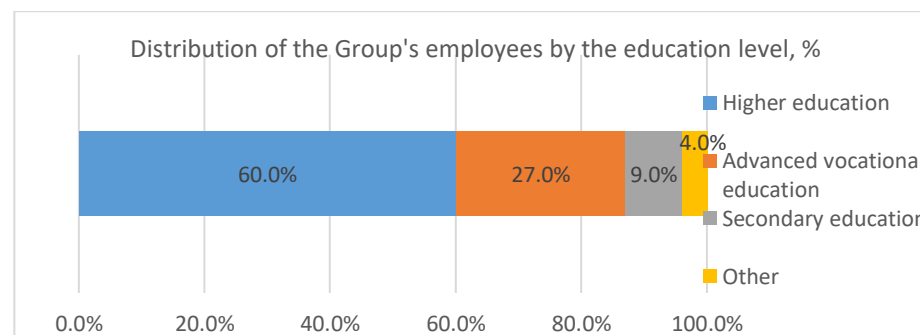
Company	Total number of employees
Lietuvos Energija UAB	121
Energijos Skirstymo Operatorius AB	2442
Lietuvos Energijos Gamyba AB	375
Energetikos paslaugų ir rangos organizacija UAB	58
Technologijų ir inovacijų centras UAB	164
Duomenų logistikos centras UAB	13
Energijos tiekimas UAB	32
Elektroninių mokėjimų agentūra UAB	4
NT Valdosa, UAB	82
Transporto valdymas, UAB	66
LITGAS UAB	16
Verslo aptarnavimo centras UAB	447
Lietuvos dujų tiekimas UAB	37
Vilniaus kogeneracinė jėgainė UAB	29
Kauno kogeneracinė jėgainė UAB	26
Energijos sprendimų centras UAB	11
Eurakras UAB	2
<b>In total</b>	<b>3 905</b>

On 30 September 2018, the Company had 121 employees. The total of 98.29 percent of the Company's employees have higher university education, of whom 2 have PhD 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. The 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).



60 % of employees working in the Group hold a higher education degree, of whom 19 have doctoral degrees, 27 % acquired an advanced vocational education, 9 % have a secondary education.



The biggest part of Group's employees consisted of men – 73 percent, women comprised 27 percent. Among the executives, the gender breakdown was very similar: 71 percent of the executives were men, and 29 percent % – women.

The Company's total wage bill for January-September 2018 was EUR 2,438,006.



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

Category	Average salary, EUR
Head of the company	5 630
Top level executives	5 299
Middle level managers	3 504
Experts, specialists:	2 177

On 30 September 2018, 3,905 staff members worked in the Company. The total wage bill of the Group for January-September 2018 was EUR 48.53 million.

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

Category	Average salary, EUR
Head of the company	5 329
Top level executives	4 561
Middle level managers	2 327
Experts, specialists, workers	1 295

#### Development of the Organisation and its Culture

During Q3 2018, strategic initiatives aimed at coordinated development of the organization, human resource management, formation of the organisational culture, increasing of operational efficiency, training of new employees, strengthening and preservation of competences were continued.

Together with the renewed strategy of Lietuvos Energija, UAB Group, we renewed the strategic directions in the field of human resource management and the basic principles.

Guided by the renewed principles we will further increase the pace of employee self-education and enable teams to work in a flexible and fast way. Seeking to ensure smooth process of staff selection and recruitment, installation of the selection management system has been launched that will improve the applicants' experience at the time of selection.

After the survey on employee involvement conducted at the end of last year, we worked on the plan of improving employee involvement factors. Together with staff members we named priority fields requiring improvement that would enable us to work faster, more effectively and even more involved. This Q III plan was implemented by improving priority fields upon the improvement whereof we will work faster, more efficiently and even more involved. One of the actions for enhancing employee involvement and experience is formulation of the remote work guidelines during Q III.

The career management, rotation system structuration processes are further successfully continued (in Q III 2018, 23 staff members rotated among the Group's companies and a career inside the company was made by 136 staff members).

#### 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. At separate companies, at the level of the organization, different training on general, professional and management competences, e.g. leadership, MS Excel, change management, communication, project management, business process management, etc. were organized.

In Q III 2018, quarterly newcomer days took place during which novices were introduced the renewed strategy of Lietuvos Energija UAB, as well as any other relevant information of the Group. Besides, this quarter a project on the executives training programmes and a project on the adaptation process renewal were initiated at the group level after which the familiarisation of newcomers with work would become faster and more effective.

#### 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 Q3 2018, 6 students had internships in the Group.





## Supervisory and Management Bodies of the Listed Companies of the Group

As at 30 September 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
<b>Darius Maikštėnas</b> Chairman	-	30/03/2018- 30/03/2022	Lietuvos energija UAB, Chief Executive Officer
<b>Darius Kašauskas</b> Member	-	30/03/2018- 30/03/2022	Lietuvos energija UAB, Finance and Treasury Director
<b>Kęstutis Betingis</b> Independent Member	-	28/05/2018- 30/03/2022	Betingio ir Ragaišio Lawyer Firm

As at 30 September 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
<b>Mindaugas Keizeris</b>		08/10/2018- December 2019	Energijos Skirstymo Operatorius AB, Chief Executive Officer
<b>Dalia Andrulionienė</b> Chairwoman until 10/08/2018	-	03/12/2015- December 2019	Energijos Skirstymo Operatorius AB, Chief Executive Officer
<b>Rytis Borkys</b> Member	-	03/12/2015- 24/1/2018	Energijos Skirstymo Operatorius AB, Director of the Network Operation Service

As at 30 September 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
<b>Dominykas Tučkus</b> Chairman	-	26/03/2018- 26/03/2022	Infrastructure and Development Director of Lietuvos Energija UAB
<b>Živilė Skibarkienė</b> Member	-	26/03/2018- 26/03/2022	Organisational Development Director
<b>Rimgaudas Kalvaitis</b> 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.

<b>Saulius Vaičekas</b> Member from 26/04/2017	-	26/04/2017– December 2019	Energijos Skirstymo Operatorius AB, Director of the Network Development Service
<b>Augustas Dragūnas</b> Member	-	February 2016 – December 2019	Energijos Skirstymo Operatorius AB, Director of the Finance and Administration Service
<b>Ignas Pranskevičius</b> Member	-	20/01/2017 – December 2019	Energijos Skirstymo Operatorius AB, Director of the Services Service
<b>Ovidijus Martinonis</b> Member	-	14/03/2018– December 2019	Energijos Skirstymo Operatorius AB Network Operations Director

**Head:** Mindaugas Keizeris, Energijos Skirstymo Operatorius AB, Chief Executive Officer.  
Dalia Andrulionienė, Energijos Skirstymo Operatorius AB, Chief Executive Officer and Chairman of the Board until 10/08/2018. Augustas Dragūnas became Chief Executive Officer and Chairman of the Board since 10/08/2018 after the resignation of Dalia Andrulionienė.  
Ignas Pranskevičius, Energijos Skirstymo Operatorius AB, Member of the board until 01/11/2018.





**As at 30 September 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
<b>Eglė Čiužaitė</b> Chairwoman since 11/4/2018	-	03/04/2018-03/04/2022	Lietuvos Energijos Gamyba, AB, Chief Executive Officer
<b>Nerijus Rasburskis</b> 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
<b>Darius Kucinas</b> Member	-	03/4/2018-03/04/2022	Lietuvos Energijos Gamyba, AB, Director of Power Generation Department
<b>Mindaugas Kvekšas</b> Member	-	03/4/2018-03/04/2022	Lietuvos Energijos Gamyba, AB, Director of Finance and Administration

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

, 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](http://www.le.lt).

<b>Company name</b>	
<b>Company code</b>	301844044
<b>Authorised share capital</b>	EUR 1,212,156 thousand
<b>Paid-up share capital</b>	EUR 1,212,156 thousand
<b>Address</b>	Žvejų str. 14, LT-09310, Vilnius, Lithuania
<b>Telephone</b>	(+370 5) 278 2998
<b>Fax</b>	(+370 5) 278 2115
<b>Email</b>	biuras@le.lt
<b>Website</b>	<a href="http://www.le.lt">www.le.lt</a>
<b>Legal form</b>	Private limited liability company
<b>Date and place of registration</b>	28 August 2008, Register of Legal Entities
<b>Register accumulating and storing data about the</b>	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 30 September 2018, the authorised share capital was divided into ordinary registered shares with the nominal value of 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

As at 30 September 2018, companies directly or indirectly controlled by Lietuvos Energija UAB were as follows:

Company	Registered office address	Effective ownership interest (%)	Share capital (EUR '000)	Profile of activities
Lietuvos Energijos Gamyba AB	Elektrinės g. 21, Elektrėnai	96,82	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	41 385	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
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	36 600	Modernisation of the district heating sector in the city of Vilnius
Kauno kogeneracinė jėgainė UAB	Žvejų g. 14, Vilnius	51	40 000	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	1 830	Provision of electricity saving services
Transporto Valdymas UAB (from 15.02. 2018)	Smolenskio g. 5, Vilnius	100	2 359	Rental of vehicles, leasing, repair, maintenance, restoring, servicing



# 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 30 September 2018:**

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
<b>Lietuvos Energijos Gamyba, AB</b>	187,920,762.41	LT0000128571	LNR1L	BALTIC MAIN LIST	Lietuvos Energija UAB	96,82%
<b>Energijos Skirstymo Operatorius AB</b>	259,442,796.57	LT0000130023	ESO1L	BALTIC MAIN LIST	Lietuvos Energija UAB	94.98%

## Information about agreements with securities intermediaries

Lietuvos Energija has issued two issues of green bonds with the total nominal value of EUR 600 million listed in the Stock Exchanges of Luxemburg and NASDAQ Vilnius. The amount of Bond Programme is EUR 1.5 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
<b>Lietuvos Energija UAB</b>	300,000,000.00	XS1646530565	14/7/2027
<b>Lietuvos Energija UAB</b>	300,000,000.00	XS1853999313	10/7/2028

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 30 September 2018, the company had issued 648,002,629 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 30 September 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-III quarters 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

#### **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:**

**02.05.2018** Lietuvos Energija's General Shareholder Meeting approved the dividend amount of 78.3 million dedicated to the State budget

**07.05.2018** Lietuvos Energija revenues increased due to 16-per cent increased demand for gas and electricity

**28.05.2018** Kęstutis Betingis was elected as an independent member of Energijos Skirstymo Operatorius AB Supervisory Board until the end of term of the operating Supervisory Board

**31.05.2018** Lietuvos Energijos Gamyba AB, preliminary financial data for 4 months 2018: income from sale EUR 41.5 million, adjusted EBITDA – EUR 18.9 million

**31.05.2018** ESO preliminary results for 4 months 2018: revenues totalled EUR 215.8 million, adjusted EBITDA – EUR 64.3 million

**31.05.2018** Lietuvos Energija preliminary financial data for 4 months 2018: revenues amounted to EUR 452.9 Million, adjusted EBITDA – EUR 96.3 million

#### **June 2018:**

**14.06.2018** On the share transaction of the secondary company UAB Duomenų Logistikos Centras of Lietuvos Energija UAB

**21.06.2018** Lietuvos Energija, UAB plans issuing the second issue of the green bonds

**26.06.2018** On the letter of Lietuvos Energija to investors

**27.06.2018** On the transaction of vehicle lease services

**29.06.2018** Lietuvos Energija preliminary financial results for 5 months 2018

**29.06.2018** ESO preliminary results for 5 months 2018

**29.06.2018** Lietuvos Energijos Gamyba AB, preliminary financial data for 5 months 2018

**29.06.2018** Lietuvos Energijos Gamyba AB Social Responsibility Report for 2017

#### **July 2018:**

**03.07.2018** Lietuvos Energija placed the second issue of the green bonds

**03.07.2018** On the establishment of a limited partnership





**10.07.2018** On convention of the extraordinary shareholder meeting and decision to refuse of the public electricity supply licence

**17.07.2018** 10-year investment plan for Energijos Skirstymo Operatoriaus was approved

**18.07.2018** In case of inactivity of NordBalt, the combined cycle unit in Elektrėnai will be able to generate energy

#### August 2018:

**01.08.2018** On resignation of ESO Chairwoman of the Board and CEO Dalia Andrulionienė by agreement of the parties

**10.08.2018** Chairman of the Board of Energijos Skirstymo Operatorius AB was elected

**10.08.2018** On acquisition of 100 per cent of Vėjo Vatas UAB and Vėjo Gūsis UAB shares and the rights to claim

**17.10.2018** Lietuvos Energija initiated a reorganisation of Lietuvos Dujų Tiekimas and LITGAS

**29.10.2018** Regarding a Proportional Transfer Agreement of part of green bonds emission

**31.08.2018** Preliminary financial data of Lietuvos Energija for 7 months of 2018

**31.08.2018** ESO H1 2018 results: the impact of wholesale electricity prices and higher investment

**31.08.2018** Lietuvos Energijos Gamyba, AB, audited interim financial information for the first six months of 2018

**31.08.2018** Lietuvos Energijos Gamyba preliminary financial results for 7 months of 2018

#### September 2018:

**04.09.2018** Regarding the agenda and proposed draft resolutions of Extraordinary General Meeting of Shareholders of Lietuvos Energijos Gamyba, AB

**05.09.2018** Lietuvos Energija, UAB audited interim financial statement for the period of 6 months 2018

**05.09.2018** Audited financial information for period of 6 months of 2018

**12.09.2018** Regarding the resolutions of the Supervisory Board of Lietuvos Energijos Gamyba, AB

**13.09.2018** Approved ESO investment projects

**17.09.2018** Supervisory Board of the Energijos skirstymo operatorius AB Resolutions

**21.09.2018** Regarding the conclusion of the transaction on the sale of share of business

**24.09.2018** Regarding the Loan Agreement with Transporto Valdymas, UAB

**27.09.2018** Regarding the resolutions of Extraordinary General Meeting of Lietuvos Energijos Gamyba, AB, Shareholders

**28.09.2018** Lietuvos Energijos Gamyba preliminary financial results for 8 months of 2018

**28.09.2018** Preliminary financial data of Lietuvos Energija for 8 months of 2018

**28.09.2018** ESO preliminary financial results for 8 months of 2018



## Post-balance events

### October 2018:

- 02.10.2018** Amended Articles of Association of Energijos Skirstymo Operatorius AB have been registered
- 02.10.2018** M. Keizeris has been elected as the Chairman of the Board and the Chief Executive Officer of Energijos Skirstymo Operatorius AB
- 08.10.2018** Lietuvos Energija, UAB approved the reorganisation of Energijos Tiekimas, UAB and Energijos Sprendimų Centras, UAB
- 17.10.2018** Regarding the price-setting for electricity distribution price caps for 2019
- 18.10.2018** Ignas Pranskevičius, member of the Board, resigns from the Board as of 1st November, 2018
- 22.10.2018** Lietuvos Energija plans to outsource the activity of optimizing the operation of electrical plants by Energijos Tiekimas UAB to a newly established company
- 26.10.2018** Regarding the price setting for Energijos Skirstymo operatorius AB natural gas distribution price cap for 2019 – 2023
- 29.10.2018** Regarding the Decision Adopted by National Commission for Energy Control and Prices
- 29.10.2018** Regarding the Adopted Resolution on the Public Service Obligation Funds and the Setting of the Price for 2019
- 30.10.2018** Results of Lietuvos Energijos Gamyba for 9 months of 2018: the Company ensured the stability of its performance and financial indicators and started implementing new ideas
- 30.10.2018** ESO's three quarter of 2018 results: rising investment and better grid reliability results
- 31.10.2018** The sales price of the part of the public electricity supply business is adjusted according to the Sale and Purchase of business segment agreement
- 31.10.2018** On adopted Resolutions of the Court

### November 2018:

- 02.11.2018** Regarding relocation of the operation optimization activity of electrical plants of Energijos Tiekimas UAB to the newly established company
- 05.11.2018** Regarding Acquisition of 100 Percent of Shares and Claim Rights of the Company, Developing the Wind Park Project
- 07.11.2018** Regarding closing of acquisition of 100 percent of UAB Vėjo Vatas and UAB Vėjo Gūsis shares and claim rights

