



Igors Stepanovs
Managing Director

BUSINESS UPDATE November 28, 2012

Company overview

Three pipelines:

Product	Destination	Length (km)	Capacity (Mt)
Diesel oil	Ventspils	340	8
New!	Ventspils	336	?
Crude oil	Mazeikiai	107	16

Modern communication network for business process and remote control



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Business update

- Achieved operational profitability for the first time since crude oil transit termination
- Restructuring of the company completed
- All arrests of technological crude oil have been lifted
- Significantly reduced product losses caused by illegal tapping



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Financial performance

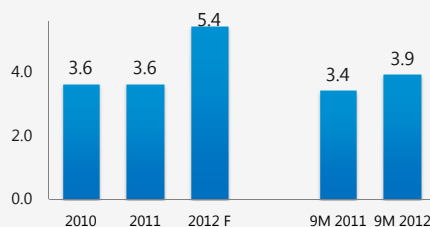
Commentary

- Revenue increased by 6%
- EBITDA improved by 15% - reduced cost structure and revenue impact
- LRT achieved operational profitability
- Data for 2012 full year: forecast

Revenue (LVL mln)



EBITDA (LVL mln)



Net Income – Pre-Exceptionals (LVL mln)



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The (ex) crude oil pipeline

Crude oil displacement

- Successful completion of the first stage of the crude oil project
- Sale of the displaced technological crude oil finalised
- Now in the testing phase for the future use



Pipeline before cleaning



Pipeline after cleaning

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The (ex) crude oil pipeline

250km-length pipeline section conservation

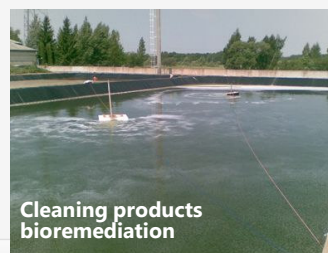
- First project of its kind to ever be carried out in the Baltic countries
- Pipeline chemical cleaning and filling with inert gas
- Significant decrease of environmental risks (no oil – no oil spills; no oil vapours – no explosion risks)



Safe environment



Cleaning solution preparation and pumping



Cleaning products bioremediation

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The (ex) crude oil pipeline

Pilot project: an 8km-length emptied pipeline section overhaul

- Inspection by «intelligent pigs»
- Laboratory metal tests
- Repairs after inspection
- Field section tests which will allow to maximize operating pressure



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LRT asserts its property rights

- **1994:** Latvia contributed permanent rights of land use to the LatRosTrans capital
 - In return – Latvia acquired 66% of the company (now held by VN)
- **2011:** Several local municipalities attempted to terminate LRT's permanent rights of land use
 - LRT asserts that its rights cannot be terminated
 - LRT appreciates the Latvia's government attempts to resolve the situation

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Strategy update

- To strengthen our core business
- To convert the emptied section of the Polotsk-Ventspils crude oil pipeline for economic use
- To preserve financial strength and flexibility, and to ensure an effective use of the accumulated cash reserves
- To assume responsibility for the control and maintenance of the Lithuania based Polotsk–Ventspils oil-product pipeline sections
- To protect the legal and property rights of the company; in particular, the legal status of the land under the company's facilities

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