

Renewable energy and the unique opportunities in Iceland

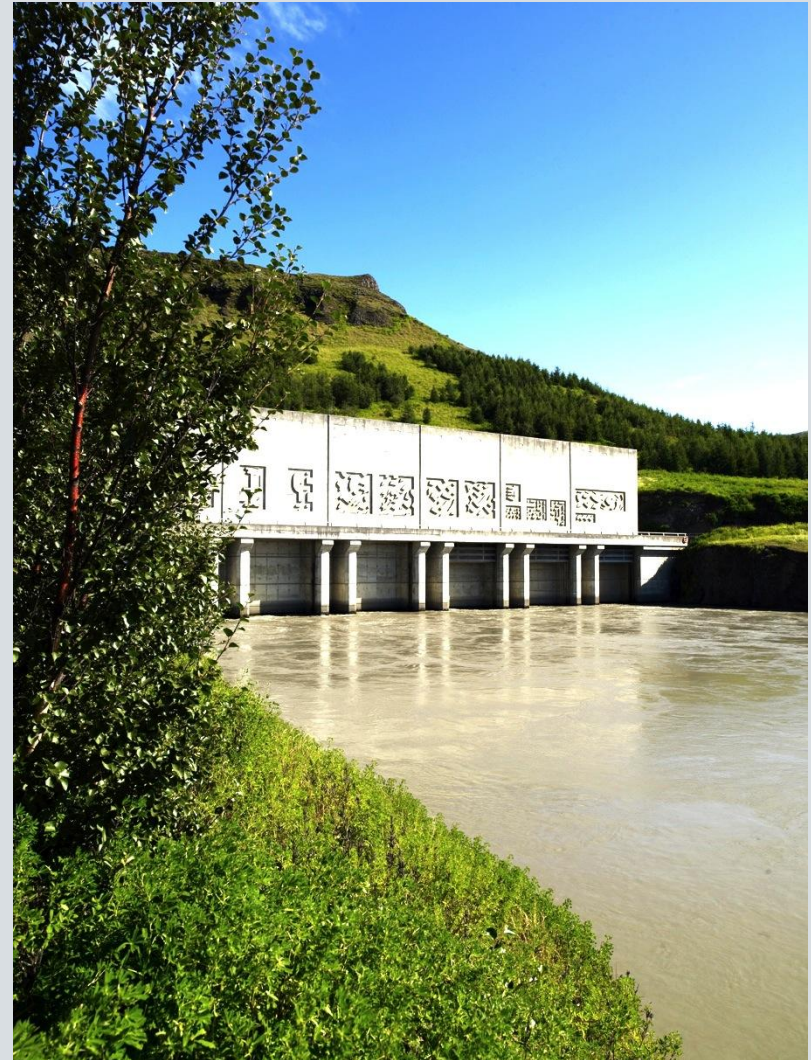
Hordur Arnarson, CEO

Landsvirkjun

September 2011

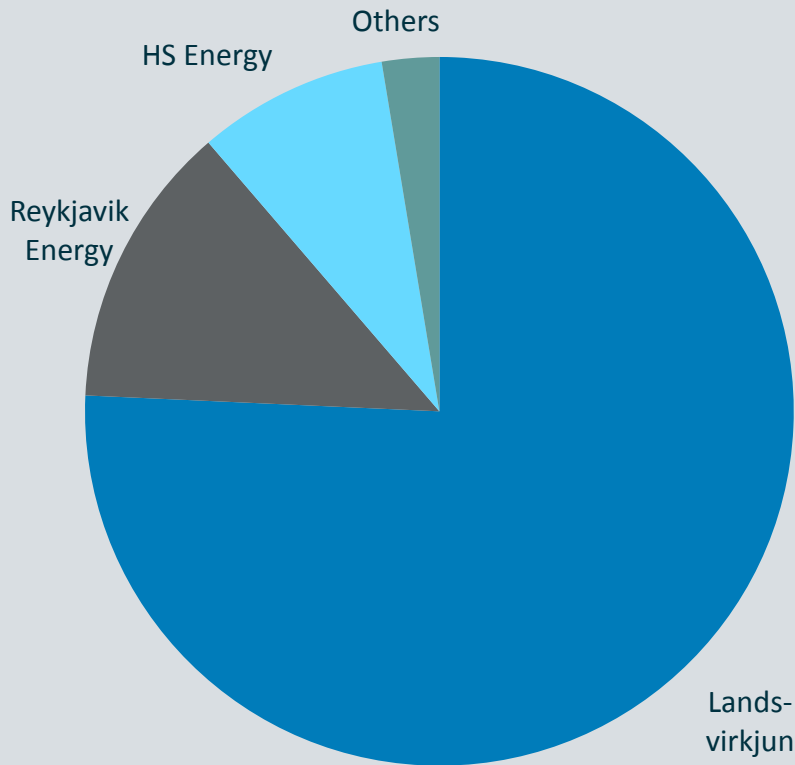
LV is the largest generator of renewable energy in Iceland and among Europe's ten largest renewable energy companies

- › **13 TWh produced annually**
 - › Hydropower: 96%
 - › Geothermal power: 4%
- › **15 power plants in operation**
- › **R&D oriented**
- › **Significant growth potential**
 - › Plans to double production in the next 15 years
 - › Strong interest for industrial build-out in Iceland
 - › Possibilities of a physical connection to Europe

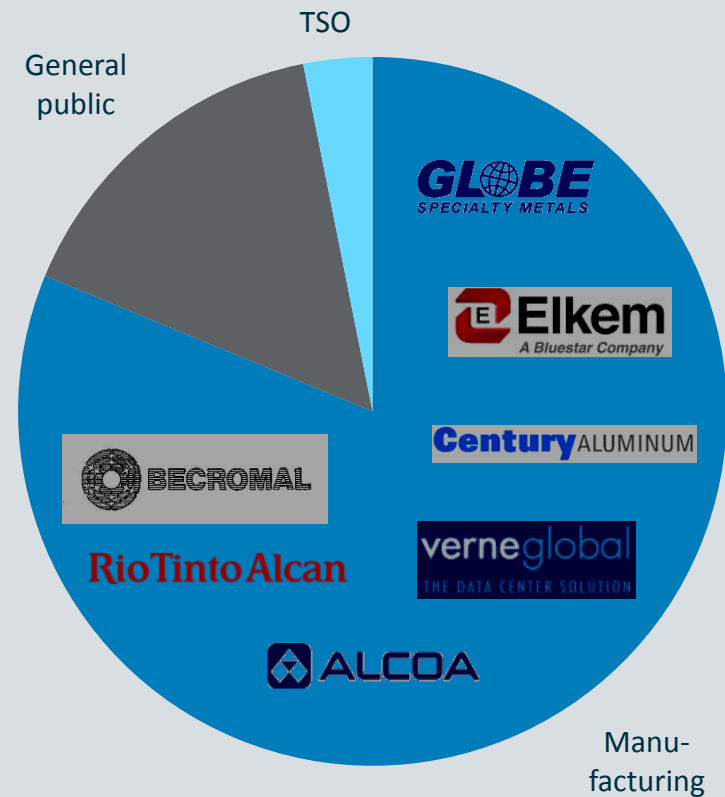


LV is the dominant generator in the Icelandic power market which is characterised by relatively few players

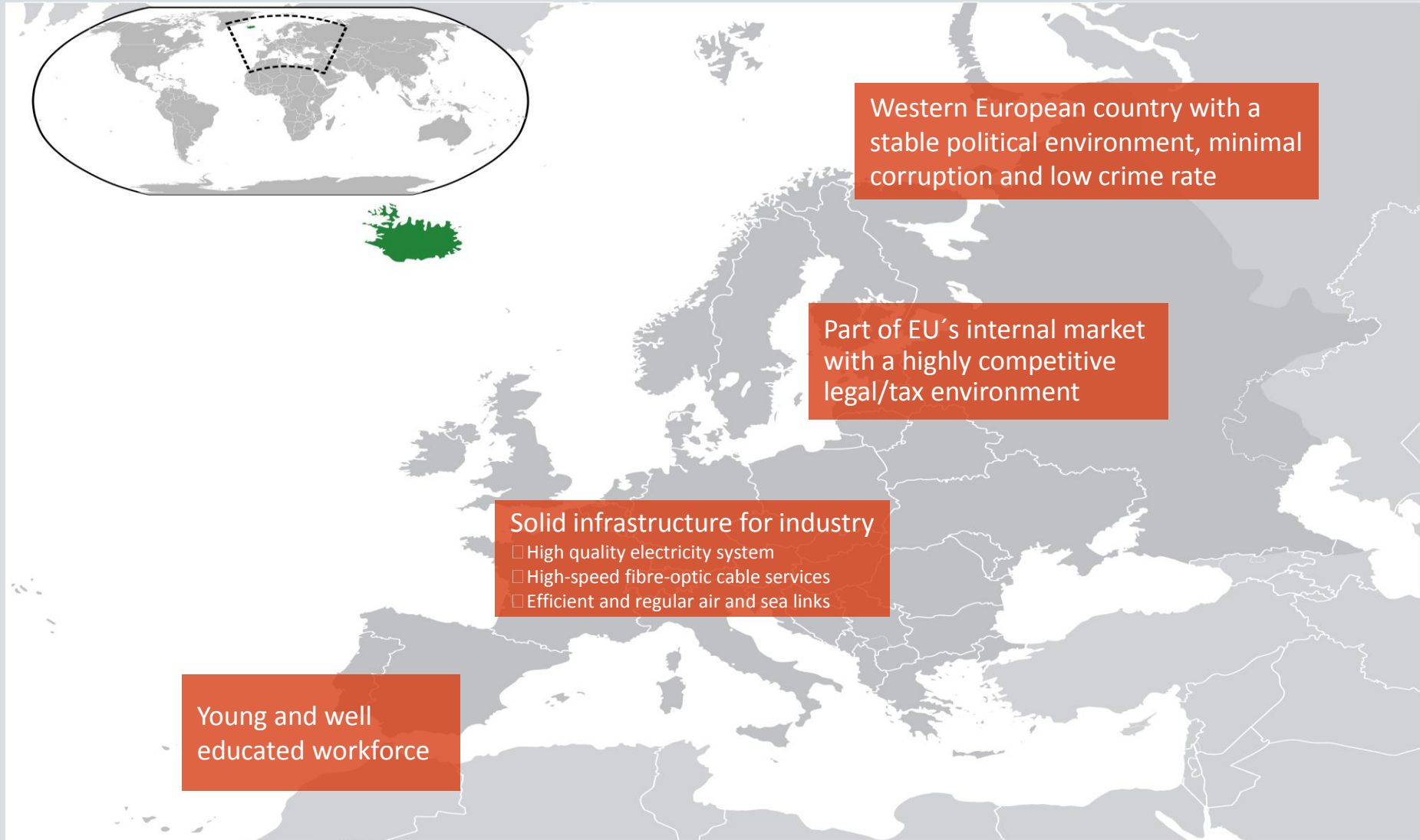
Production



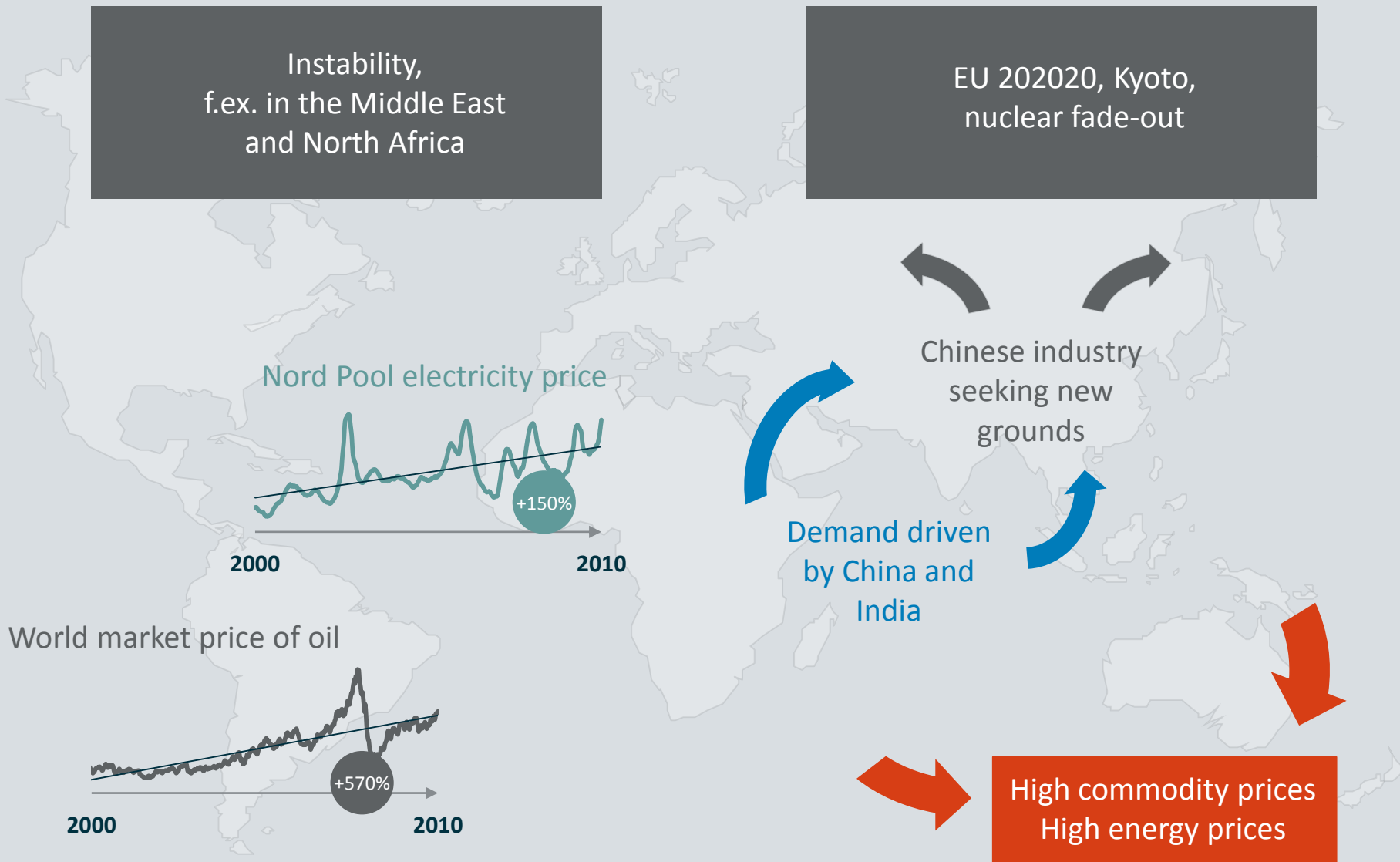
Markets



Iceland offers green renewable power and a highly competitive business environment for industries

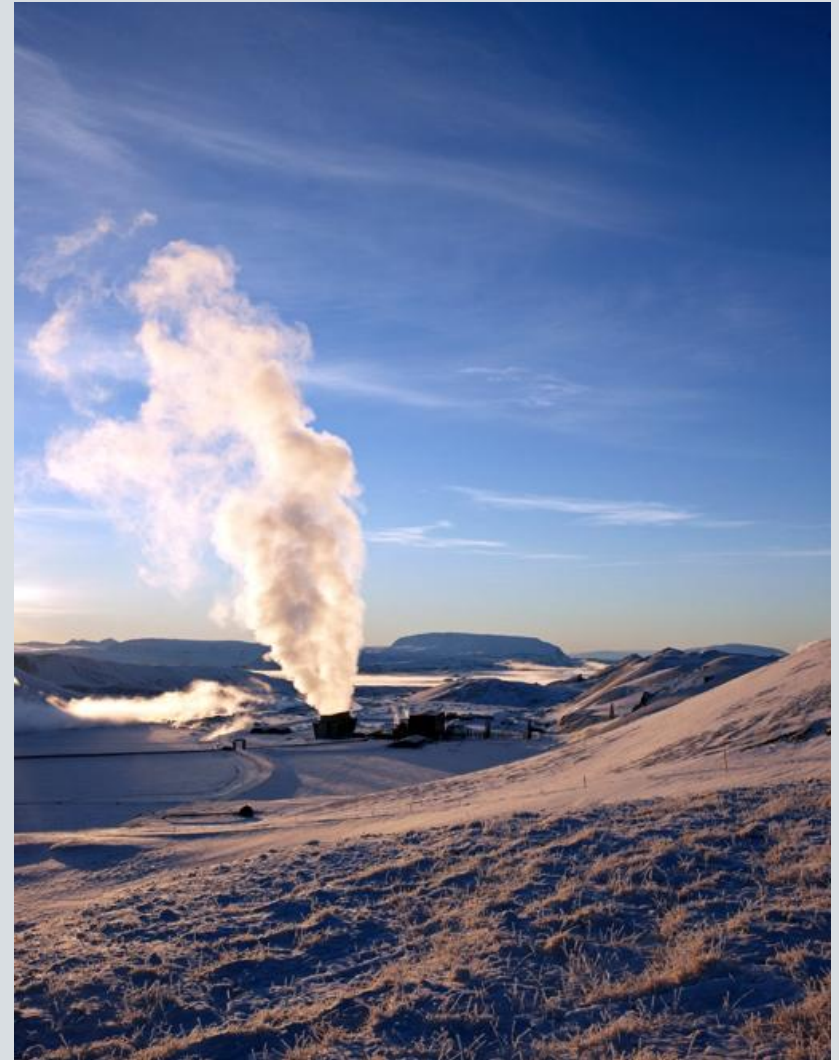


Global megatrends suggest high commodity prices going forward and boost Iceland's competitiveness

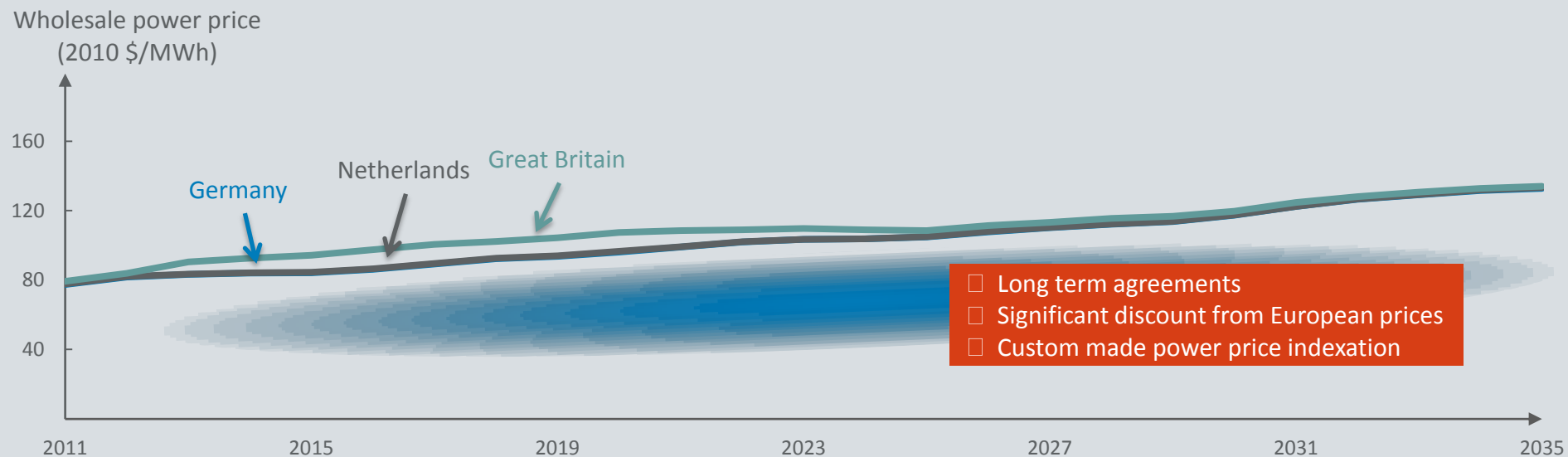


LV is experiencing continuously increasing demand from both current and potential new customers

- › **Industry currently in Europe**
 - › Price increase
 - › Price volatility
 - › Limited availability of long term contracts
- › **Current customers**
 - › Expansion of current operations
- › **Potential new customers**
 - › Aluminium
 - › Silicon metal
 - › Chemical industry
 - › Fuel production
 - › Data centers
- › **Lead time for a new project decision typically 24+ months**
- › **International economic climate affects investment decisions**

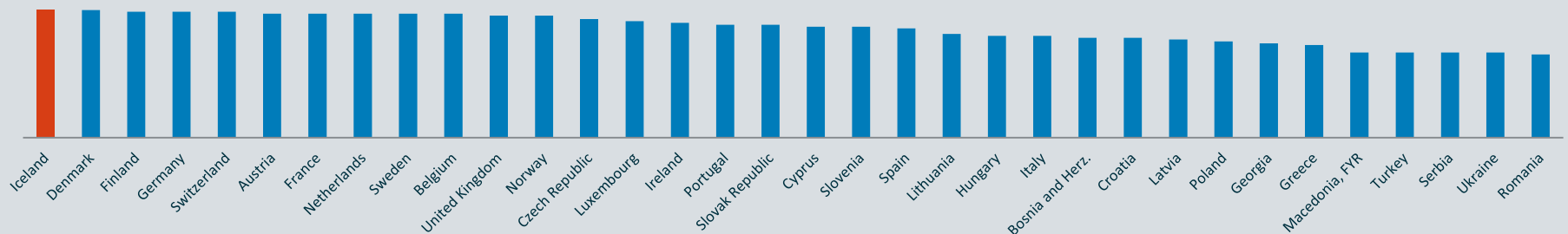


LV's goal is to offer the most competitive energy contracts within Europe

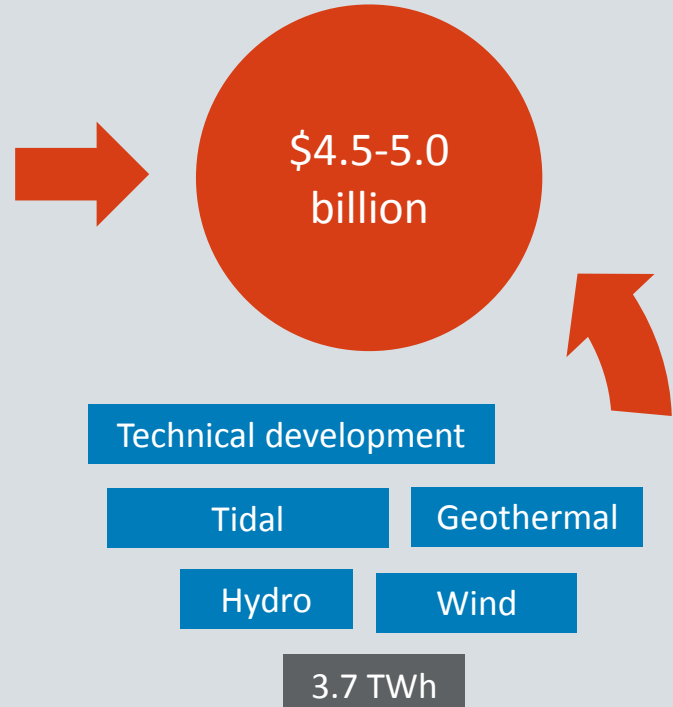
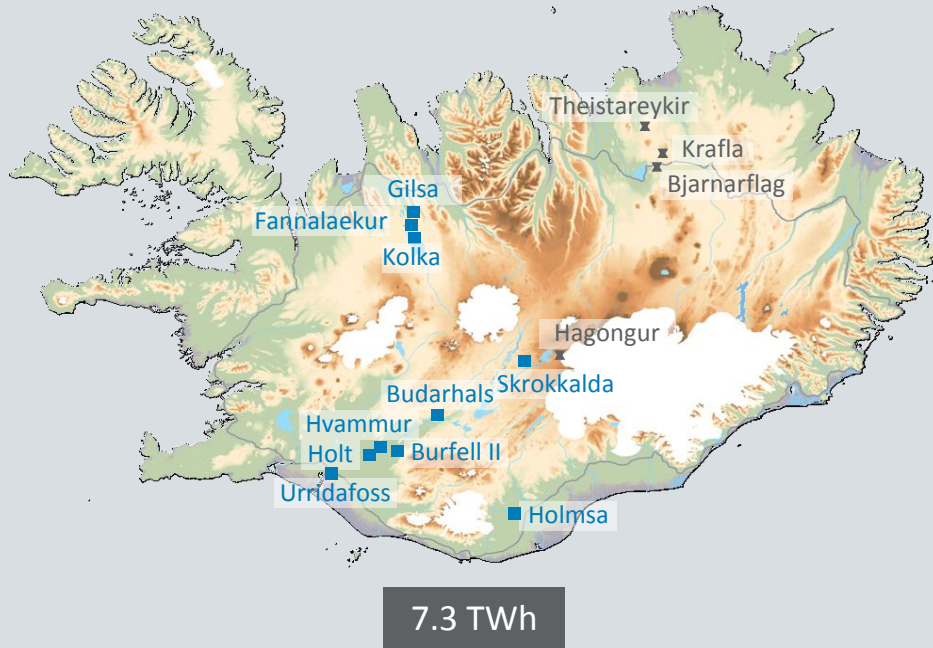


The most reliable power supply within Europe

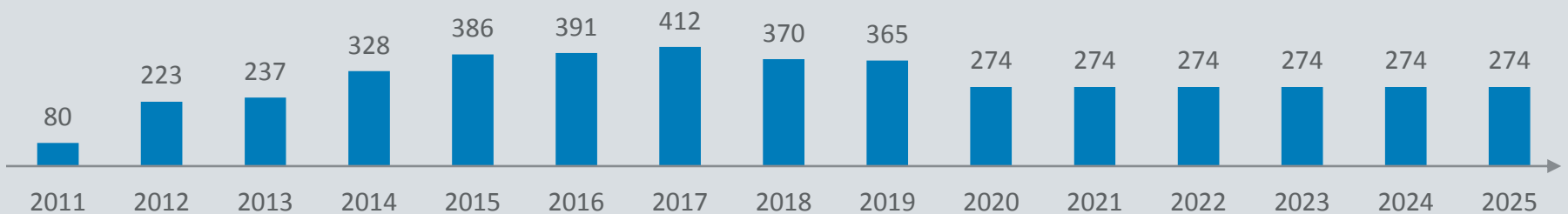
Quality of electricity supply



LV has highly ambitious plans for near term generation build-out



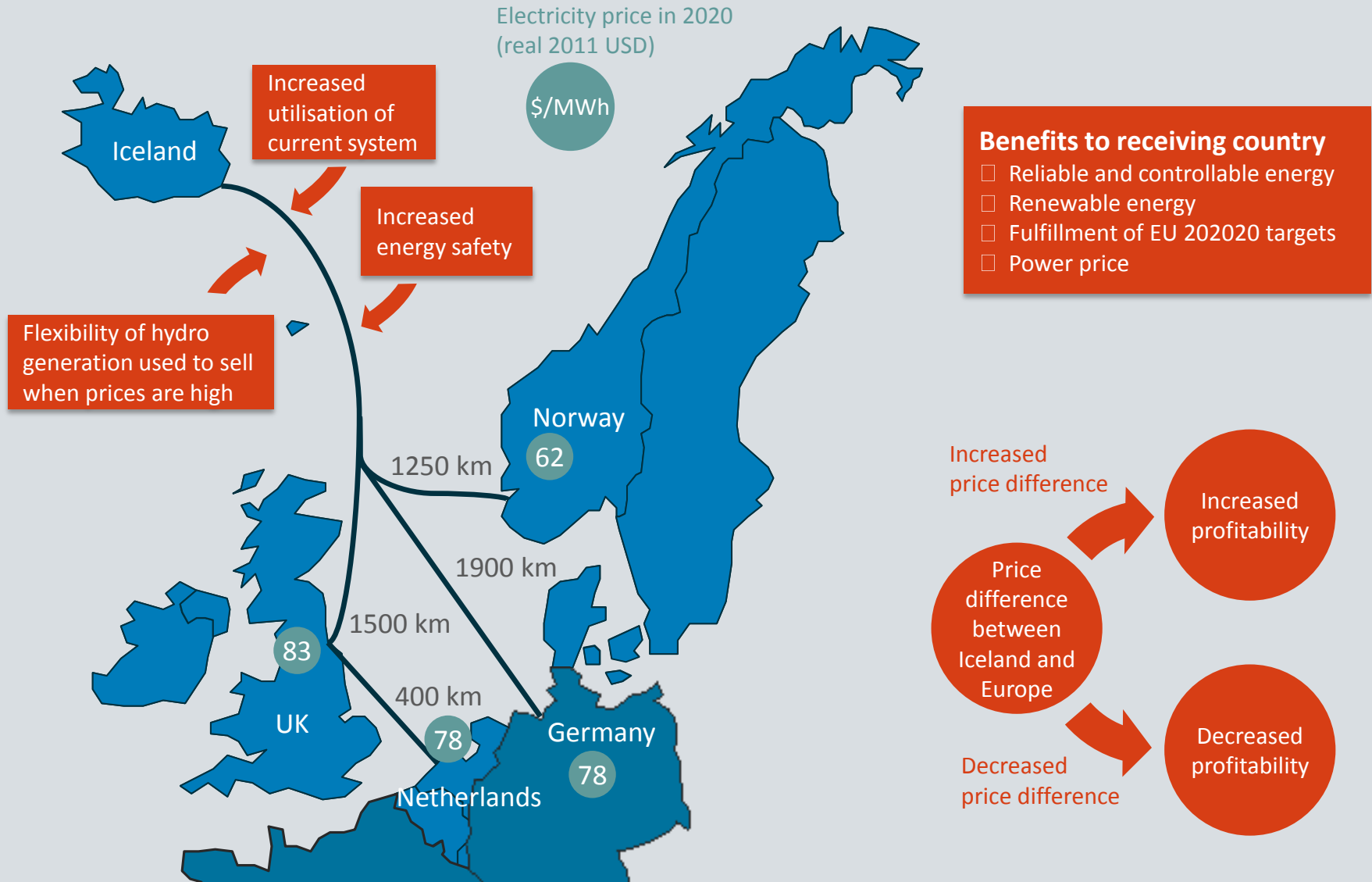
Investment in new power plants (\$ million)



- › **Continuous innovation for the benefit of ...**
 - › ... Landsvirkjun
 - › ... customers
 - › ... the environment
 - › ... the community
- › **Project examples**
 - › Wind energy in cold climate
 - › Deep drilling for geothermal energy
 - › Hydropower and responding to climate change



A feasibility study comparing benefits of a marine cable to that of industrial build-out in Iceland planned to finish 2014



- › **LV experiences strong demand from current and potential new customers**
- › **LV aims at offering the most competitive energy contracts in Europe**
 - › Significant increase from current price in Iceland
- › **LV has a very competitive pipeline of new power projects**
- › **Feasibility study for a marine cable to Europe finalised in 2014**
- › **Increased profitability of energy production in Iceland**
- › **Exciting times ahead!**

