



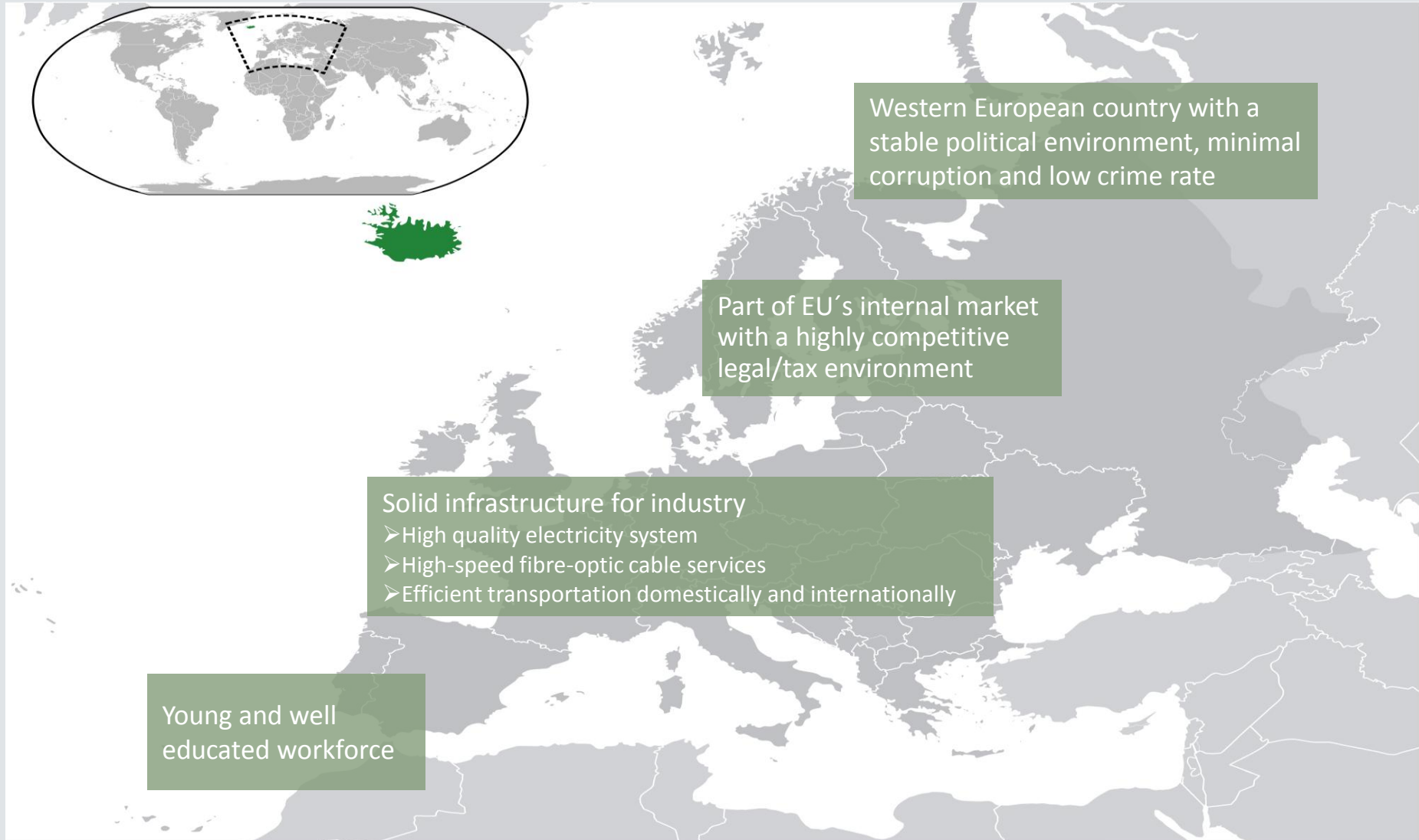
# Landsvirkjun

**A renewable power company**

**Marketing and Business Development**

**September 2011**

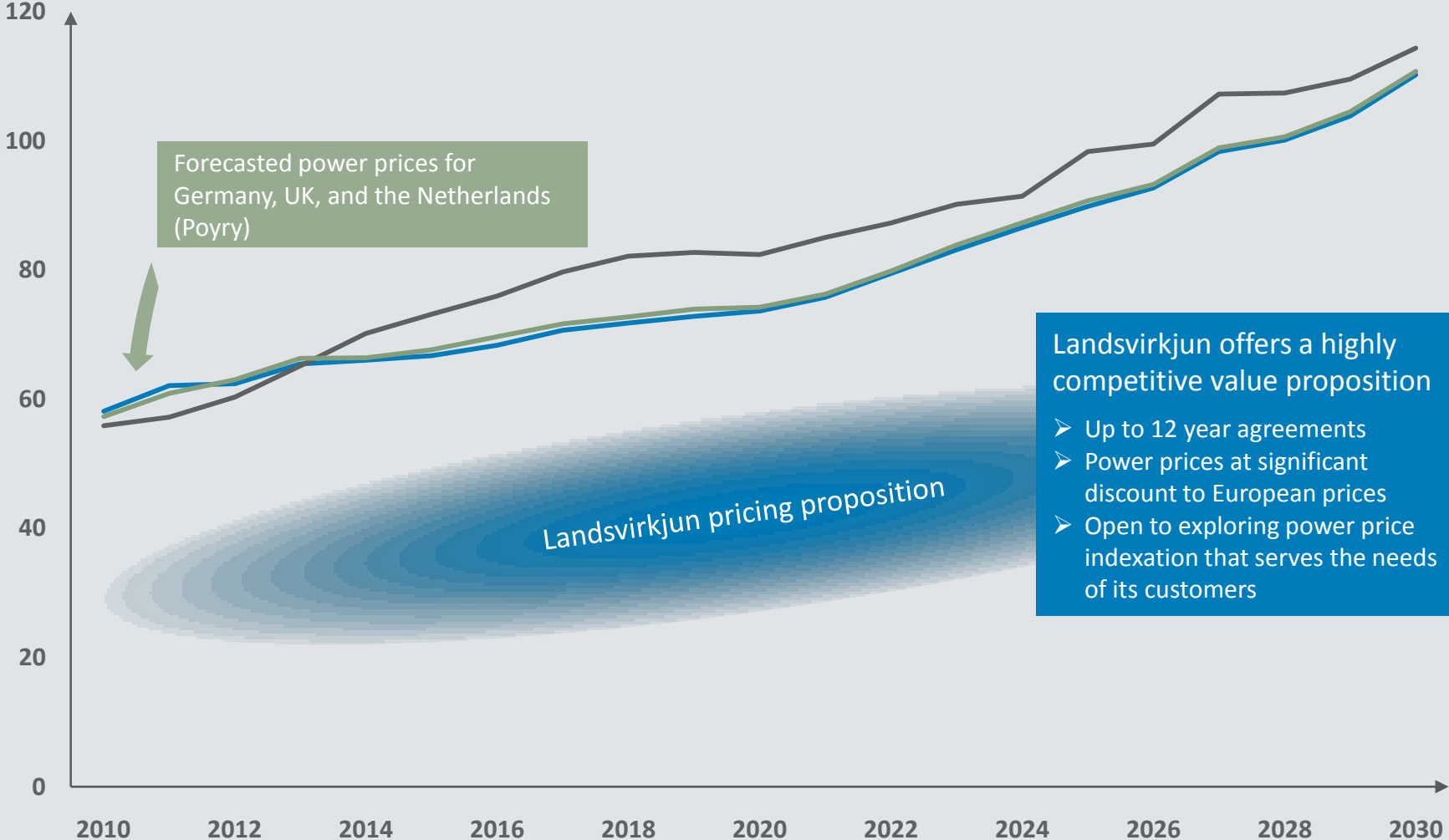
# Iceland offers green renewable power and a highly competitive business environment for industries



# Landsvirkjun is willing to tailor its power purchase agreements to the needs of power intensive industry



Power price  
(2009 \$/MWh)



Forecasted power prices for Germany, UK, and the Netherlands (Poyry)

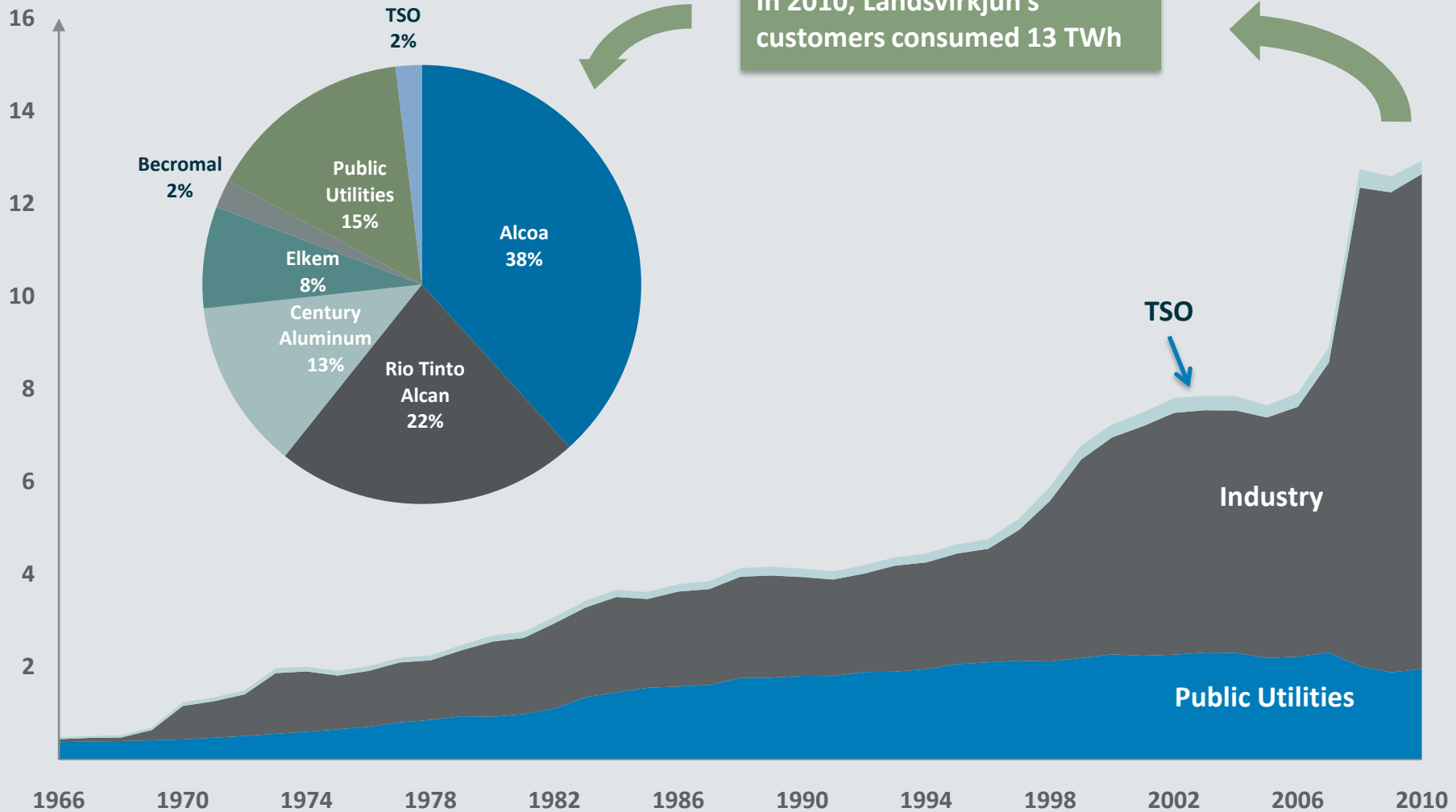
Landsvirkjun offers a highly competitive value proposition

- Up to 12 year agreements
- Power prices at significant discount to European prices
- Open to exploring power price indexation that serves the needs of its customers

Founded in 1965, Landsvirkjun has over 45 years of experience in harnessing hydro and geothermal power



Generation (TWh/year)



In 2010, Landsvirkjun's customers consumed 13 TWh

TSO

Industry

Public Utilities

# In 2010 Landsvirkjun laid the grounds for further growth through both greenfield and brownfield PPAs



- › Construction at Budarhals (565 GWh)
- › Operational in 2013
- › \$220 million investment



- › Contract with Rio Tinto Alcan
- › Increased production in 2012-2014
- › \$350 million investment



- › Contract with Icelandic Silicon Corporation
- › Operational in 2013
- › \$150 million investment

**“We are very pleased at the tremendous cooperation we have received from the Republic of Iceland and the local power companies...”**

*(Alan Kestenbaum, Globe Executive Chairman)*

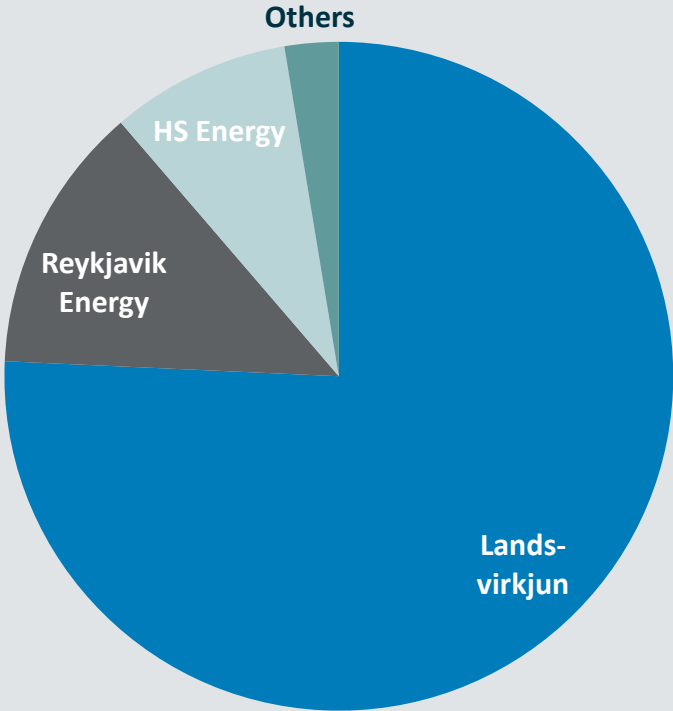
**“...and we expect our new Icelandic plant to be one of our lowest cost facilities”**

*(Alan Kestenbaum, Globe Executive Chairman)*

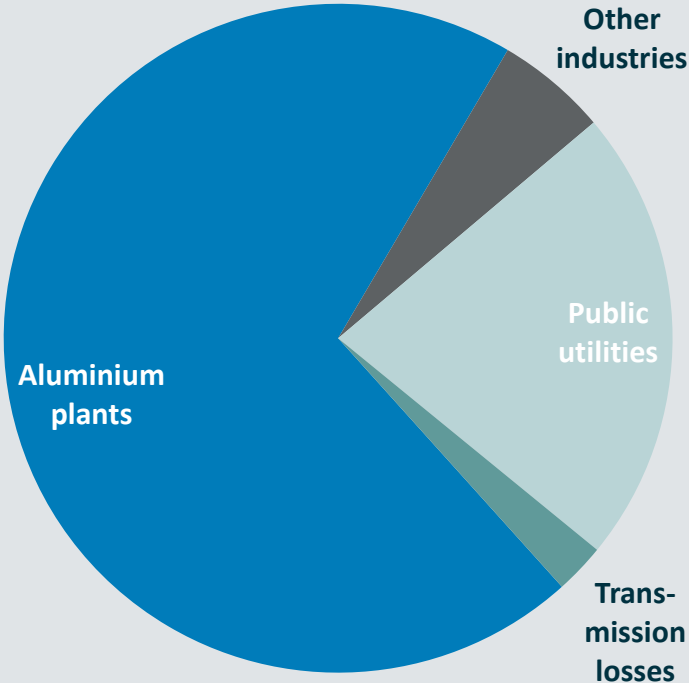
# Iceland's electricity market is characterised by relatively few players both on supply and demand sides



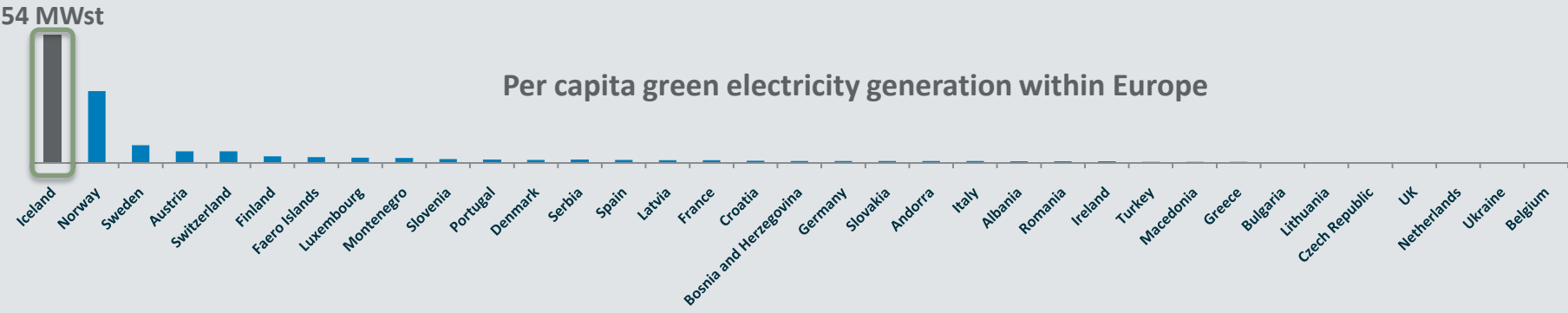
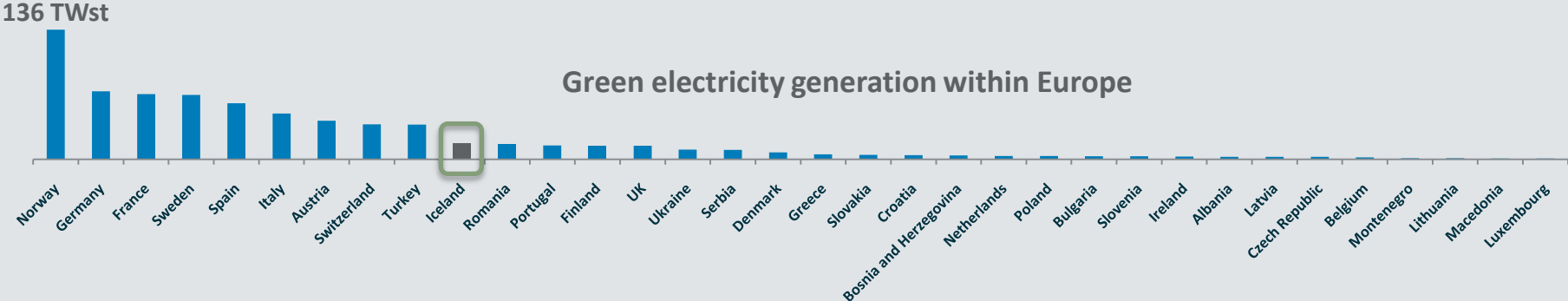
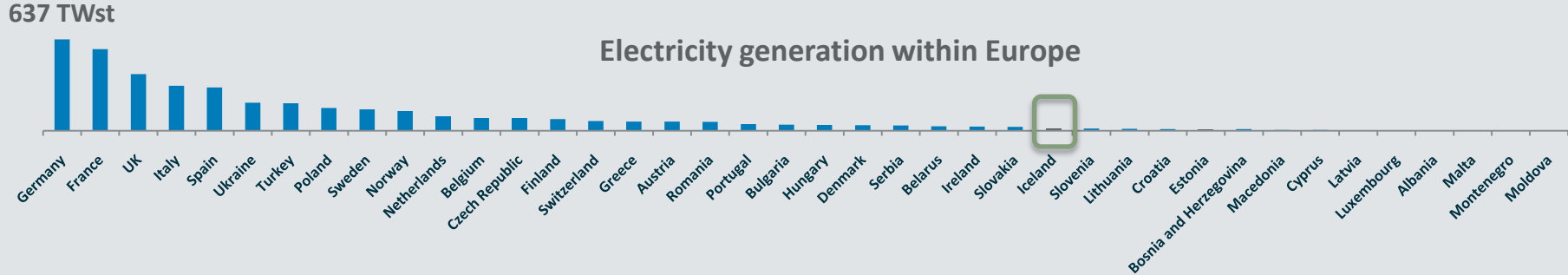
3 companies generate 97% of the supply



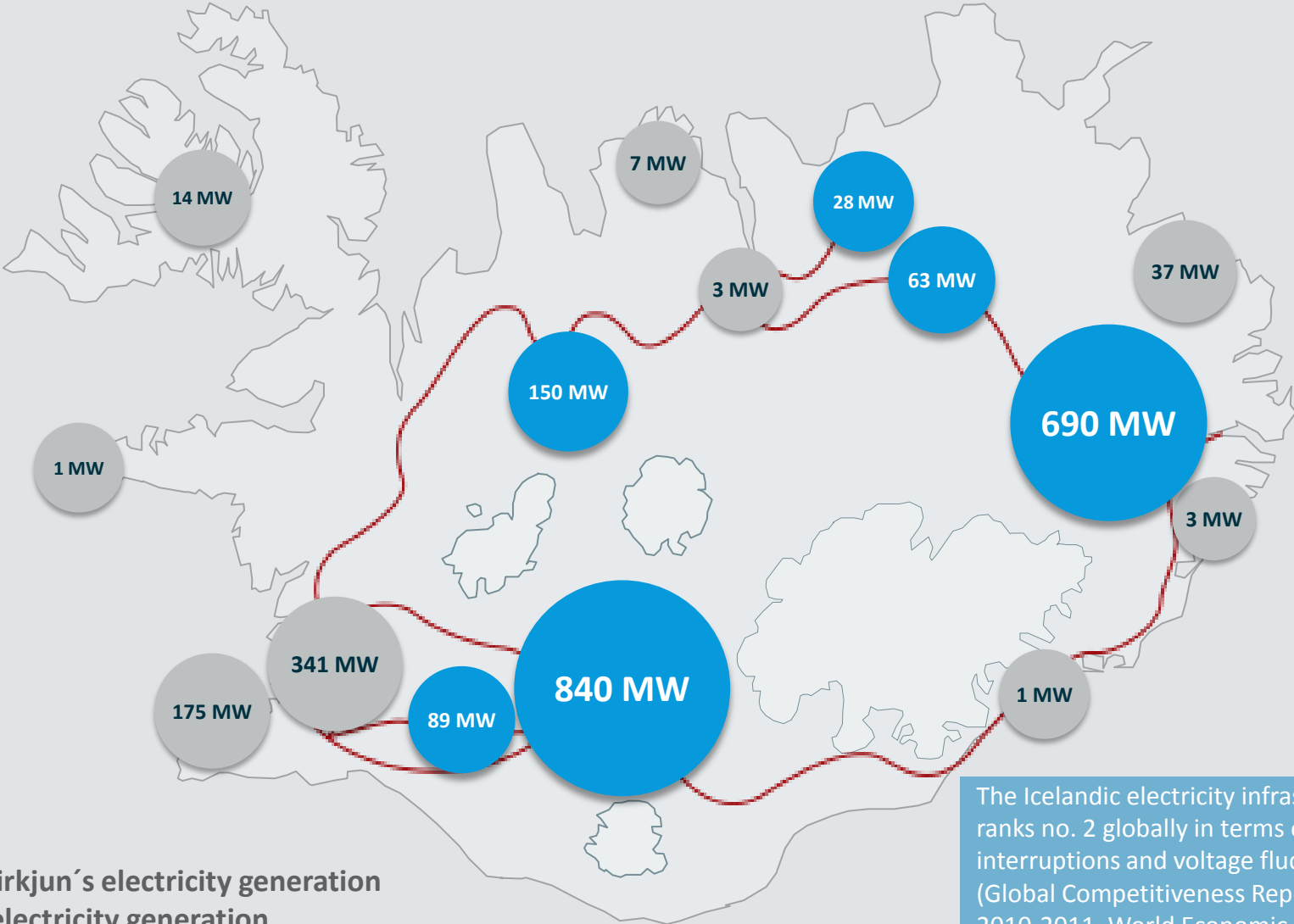
Power intensive industry consumes 76% of the supply



# Iceland is among Europe's leading generators of green and renewable electricity despite a small population



# The Icelandic electricity infrastructure is highly ranked in terms of efficiency and reliability



- Landsvirkjun's electricity generation
- Other electricity generation

The Icelandic electricity infrastructure ranks no. 2 globally in terms of lack of interruptions and voltage fluctuations (Global Competitiveness Report 2010-2011, World Economic Forum)

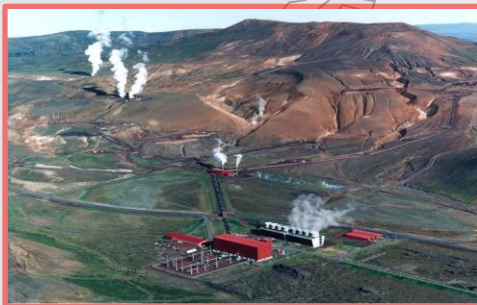
# In the next years Landsvirkjun will further develop its geothermal area in Northeast Iceland



Potentially 400 MW  
unharnessed

Near term buildout schedule covers 135 MW at Bjarnarflag and Theistareykir

- Activation of the first 45 MW in Bjarnarflag in late 2014
- Activation of the first 45 MW in Theistareykir in mid 2015
- Activation of the latter 45 MW in Theistareykir in late 2015



60 MW have already  
been harnessed

# First mover in the region is likely to get the most favourable terms that Landsvirkjun is offering



Industry site,  
Bakki at Husavik

The proposed site is highly competitive in terms of industry infrastructure

- Site ready for construction
- Power transmission system already designed
- Harbour facilities in place and an enlargement fully designed
- Solid road transportations
- High-speed fibre-optic cable services

Husavik area is the most densely populated location outside Reykjavik

- 30.000 people live within an hour's drive from the industry site and make up a well educated and highly equipped talent pool
- The area contains the highest standard public services including world class health, educational, and cultural services
- Regular flights to and from Reykjavik



# Disclaimer

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