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PRESS RELEASE

Amber Grid earned EUR 6.5 million net profit in H1 2018

Lithuania's natural gas transmission system operator AB Amber Grid reports a decline of 16 pct in its revenue as compared to the same quarter of last year. The decline was due to the fact that the regulated transmission service prices applicable this year were set at an average 36.5 pct lower level for the Lithuanian users of transmission system.

In H1 2018 Amber Grid:

- entered into building stage of the Gas Interconnection Poland-Lithuania (GIPL) project and has launched an international tender to carry out the construction works in the territory of Lithuania;
- Invested EUR 5.8 million in reconstruction and modernization of transmission system, almost 3 times more than in H1 2017;
- got more balancing income due to growth in balancing volumes and partially compensated lower revenue from transmission services.

Revenue, profit

Income from natural gas transmission services reduced because of the average reduction by 36.5 % in regulated prices of transmission services since the beginning of the year for the Lithuanian system users. The Company's revenues of the first half of 2018 totaled EUR 27.4 million, i.e. reduced by 16% compared with the same period of 2017.

Income from transportation to adjacent transmission systems increased due to larger transportation volumes. Balancing income went up due to growth in balancing volumes.

In the first half of 2018, profit before taxes reached EUR 7.4 million (in H1 2017 – EUR 12.8 million); earnings before interest, tax, depreciation and amortization (EBITDA) totaled EUR 13.9 million (in H1 2017 – EUR 20.3 million).

In the first half of 2018, the Company generated net profit of EUR 6.5 million (in H1 2017 – EUR 10.9 million). The main reasons for the decrease in profitability compared with the respective period of the previous year were lower transmission service prices and the resulting decline in revenues.

Expenses and investments

In the first half of 2018, the Company's expenses basically have not changed and totalled EUR 19.8 million. They increased by 1% compared with the respective period of 2017.

Non-current asset depreciation and amortisation expenses made up a significant part of the Company's expenses – EUR 6.3 million or 32% of total and, compared with H1 2017, reduced by 14% as a result of revaluation of non-current assets at the end of 2017.

Expenses for natural gas accounted for EUR 4.8 million (24% of total expenses) and exceeded by 52% the

comparable figure of the respective period of 2017 due to larger quantities of natural gas for balancing needs and higher natural gas prices.

Investments in reconstruction and modernisation, compared with H1 2017 (EUR 1 554 thousand), went up almost by 3 times to EUR 5 795 thousand. The increase was caused by the projects of reconstruction of gas mains and gas distribution stations carried out in 2018.

Services

During the first half of 2018, the transmission system operated by the Company received, for transmission to consumers of Lithuania and other Baltic States, 8.0 TWh of natural gas from Belarus through Kotlovka gas metering station and 4.4 TWh – from Klaipėda LNG Terminal, i.e. the LNG Terminal supplied 32.8 % of the quantity required for these consumers. Almost 1 TWh of natural gas was transported to Lithuania from the Republic of Latvia.

During the first half of 2018, 12.4 TWh of natural gas was transported to Lithuanian customers up to the domestic exit point. Compared with the respective period of 2017, when 12.8 TWh of natural gas was transmitted, the transmission quantities have reduced by 3.5 %.

During the first half of 2018, 0.8 TWh of natural gas was transmitted to system users to the Republic of Latvia through Kiemėnai GAS (in H1 2017 – 35 GWh of natural gas).

During the reporting period, 14.7 TWh of natural gas was transported to the Kaliningrad Region of the Russian Federation (in H1 2017 – 11.9 TWh of natural gas).

By 1 July 2018, the Company had concluded 103 natural gas transmission service agreements with the natural gas transmission system users.

Background information on AB Amber Grid:

AB Amber Grid, a gas transmission system operator, ensures a reliable and secure transmission of natural gas through high-pressure pipe-systems to system users, as well as operation, maintenance, and development of the natural gas infrastructure. AB Amber Grid is listed on the supplementary trading list of the Baltics at NASDAQ Vilnius Stock Exchange. Controlling interest of AB Amber Grid is with UAB EPSO-G, a holding company which further holds controlling interests at AB Litgrid, electricity transmission system operator, and UAB BALTPPOOL, energy resources exchange operator. UAB EPSO-G, which is 100-percent controlled by the Ministry of Energy of the Republic of Lithuania, is in charge of the implementation of strategic tasks of the development of Lithuania's gas and electricity infrastructure, it also manages projects dedicated to the integration into the EU energy markets, and seeks implementation of goals of the EU energy union.

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