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Media Release

Lithuania's Natural Gas Transmission System Operator AB Amber Grid Posts Results for 2013

Acting in pursuance to legislative requirements of the Republic of Lithuania, Lithuania's Natural Gas Transmission System Operator, AB Amber Grid, reports results of the Company's operating activities for the year 2013. AB Amber Grid's condensed financial statements were prepared in accordance with the International Financial Reporting Standards. The report is not audited.

The Company's earnings before interest, taxes, depreciation and amortization (EBITDA) for the period spanning from the date of the beginning of the Company's registration, 25 June 2013, until 31 December 2013 stood at LTL 35.8 million, and the Company's income was LTL 74.1 million. Pre-tax profit and net profit were LTL 2.4 million and LTL 5.1 million respectively.

AB Amber Grid is responsible for transmission of natural gas (i.e. transportation via high pressure gas transmission pipelines) to system users and for the operation, maintenance and development of Lithuania's Natural Gas Transmission System facilities. The National Gas Transmission System operated by the Company is comprised of gas transmission pipelines, gas compressor stations, border gas metering stations, gas distribution stations (M&R stations), gas pipeline corrosion protection facilities (cathodic protection stations) and remote data transmission and telecommunication systems. Main customers of AB Amber Grid are large businesses (electricity, district heat production, industry), medium-sized businesses, natural gas supply companies, to which AB Amber Grid renders natural gas transmission services.

"Despite the last year's decline in natural gas volume transmission, the Company's annual results were better than planned. From day one of the Company's operations the concerted efforts of the Company's staff team, focused on achieving ambitious results, determined the Company's operational effectiveness and successful implementation of its gas system development projects," said the CEO of AB Amber Grid, Saulius Bilys.

The Company's performance was affected by the decrease in gas consumption in Lithuania, which mainly came as a result of the increase in the use of alternative fuels by electricity and heat generation plants, and the decline in demand for natural gas on the part of Lithuania's fertilizer producer. In 2013, natural gas volume transportation via the natural gas transmission system to consumers of Lithuania totalled 2,667.1 million m³. In comparison with 2012, in 2013, gas volume transmission declined by 18.4%. Gas volume transit of 2013 to the Kaliningrad region of the Russian Federation remained at a similar level as the one of 2012 – it amounted to 2.152 million m³.

In 2013, investments in the Natural Gas Transmission System development and modernization totalled LTL 91.8 million.

On 15 November 2013, the Company completed the implementation of a project constituting an integral part of the National Energy Strategy Action Plan, the Project for the Construction of the Jurbarkas-Klaipėda Gas Transmission Pipeline. Total investments in the Jurbarkas-Klaipėda Gas Transmission Pipeline and the Klaipėda M&R Station No. 2 amounted to LTL 154 million (in 2013: LTL 64 million; in 2012: LTL 49.6 million). Part of the Project investments, amounting to LTL 68.9 million, was covered by EU structural fund resources. The implementation of this Project resulted in the completion of the looping of Lithuania's Natural Gas Transmission System and the enhancement of the situation as regards safety and reliability of operations of the Gas Transmission System in western Lithuania. The implementation of this Project also created conditions for the connection to Lithuania's Gas Transmission System of the prospective Liquefied Natural Gas Terminal in Klaipėda.

In 2013, AB Amber Grid started works in preparation for the implementation of the Project for the Enhancement of Capacity of Klaipėda–Kiemėnai Pipeline (Construction of the Klaipėda-Kuršėnai Gas Transmission Pipeline). The preparatory activities already completed include the issue of notices of the completion of the preparation of the Environmental Impact Assessment programme, of the special spatial planning document and of the status quo assessment report required for the routing of the prospective gas transmission pipeline. In December of 2013, the Government of the Republic of Lithuania issued an order whereby the aforesaid Project was recognized as a project of national importance. Given the regional importance of this Project, in October of 2013, AB Amber Grid submitted to the national regulatory authorities of Lithuania, Latvia and Estonia an Investment Request consisting of a Business Plan, a Cost-Benefit Analysis and Proposal for the Cross-Border Cost Allocation. There are plans to co-finance this Project with the financial support of the European Union.

In 2013, AB Amber Grid, in cooperation with the Polish Gas Transmission System Operator, GAZ-SYSTEM S.A., as part of the implementation of the Gas Interconnection Poland-Lithuania Project, completed the Project Feasibility Study and started works for the preparation of the Environmental Impact Assessment Study. In October of 2013, AB Amber Grid, in cooperation with the Polish company GAZ-SYSTEM S.A., submitted to the regulatory authorities of Poland, Lithuania, Latvia and Estonia a Joint Investment Request consisting of a Business Plan, a Cost-Benefit Analysis and a Proposal for the Cross-Border Cost Allocation. There are plans to co-finance this Project with the financial support of the European Union.

As of 31 December 2013, the Company's shareholding structure was as follows: E.ON Ruhrgas International GmbH (Germany) – 38.9%; OAO Gazprom (Russia) – 37.1%; the Ministry of Energy of the Republic of Lithuania – 17.7%; and minority shareholders – 6.3%.

Since 1 August 2013, shares of AB Amber Grid have been listed on the Stock Exchange NASDAQ OMX Vilnius Secondary List.

*LTL 3.45 = EUR 1

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