



## Press Release

27 February 2015

### **Unaudited Results of Operations of AB Amber Grid for the Full Year 2014**

Acting pursuant to applicable regulatory provisions of the Republic of Lithuania, Lithuania's Natural Gas Transmission System Operator, AB Amber Grid, released its unaudited operating results for the full year 2014.

In 2014, the Company's revenue amounted to LTL 183.3 million (EUR 53.1 million), pre-tax and net losses, having taken into consideration the impairment of assets, respectively amounted to LTL 469.6 million (EUR 136.0 million) and LTL 391.6 million (EUR 113.4 million), and before considering the impact of the impairment of assets, profit before tax and net profit amounted to LTL 20.4 million (EUR 5.9 million) and LTL 24.9 million (EUR 7.2 million) respectively. Impairment of assets did not impact the Company's profit before interest, taxes, depreciation and amortization (EBITDA) – in 2014, the Company's EBITDA amounted to LTL 103.2 million (EUR 29.9 million).

The International Accounting Standard 36 provides for procedures to be applied by companies in order to ensure that company assets are not recognised in an amount exceeding the recoverable value. The Company estimates of the recoverable value of its non-current assets every time there are any indications that the value of its non-current assets may have impaired. As a result of the appraisal of the recoverable value of the Company's non-current assets by the value in use (discounted cash flows) method as at 31 December 2014, it was found that non-current assets impairment amounted to LTL 490 million (EUR 141.9 million), which was accounted at the end of year 2014 through the reduction by respective amounts of the values of assets accounted in the balance sheet.

This change had a direct impact on the Company's profit before taxes and on its net profit – it reduced them. Accordingly, there were corrections in the value of the Company's equity as recorded in the balance sheet, which now, just like the value of assets, reflects the fair value. By the same token, this change will reduce the discrepancy between the Company's financial accounting results and its regulatory accounting results.

The change in the value of assets does not change the long-term strategic objectives of the Company – to become integrated into a single regional natural gas market, to develop the infrastructure, to improve its efficiency and to modernise its operations.

In 2014, the Company's gas transportation to Lithuania's consumers via the Company's Natural Gas Transmission System amounted to 2,562.5 MCM (26.7 TWh). Even though in 2014 the demand for natural gas for fertiliser production increased by 16.2 % as compared to 2013, total natural gas transmission quantities decreased by 3.9 %. The main causes behind the overall natural gas transmission quantity decrease for Lithuania's gas market needs were by 0.5<sup>0</sup>C higher yearly mean temperature and the increased use of alternative fuels for heat and electricity generation.

In 2014, gas transmission in transit to the Kaliningrad Region of the Russian Federation amounted to 2,075.4 MCM (21.6 TWh), in 2013 it was 2,152 MCM (22.4 TWh). In 2014, gas transmission to the Republic of Latvia was 0.4 MCM (4.2 GWh).

In 2014, investments in gas transmission system development, reconstruction and modernisation totaled LTL 89.3 million (EUR 25.9 million). Out of the total investments, 60 % of the investment amount, i.e. LTL 55.1 million (EUR 16.0 million), went to the implementation of the project for the Capacity enhancement of the Klaipėda–Kiemėnai pipeline. The Capacity enhancement of Klaipėda–Kiemėnai pipeline project aims to diversify the sources of gas supply in the Baltic Region, to create sufficient capacities for the transportation of natural gas from the LNG Terminal in Klaipėda to gas consumers located in Lithuania and in other Baltic countries. The expected project outcome is a newly constructed Gas Transmission Pipeline (length 110 km, diameter 800 mm) from the connection point located in the vicinity of the Klaipėda LNG Terminal to the town of Kuršėnai. The pipeline is scheduled to begin operation end 2015.

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