



23 February, 2017

PRESS RELEASE

**Positive financial performance of AB Amber Grid in 2016 was driven by a considerable increase of income**

**In 2016 an increased demand for services of Lithuanian natural gas transmission system operator AB Amber Grid has determined a significant growth of income and operational profit of the Company, respectfully. Reported results are preliminary and unaudited.**

*„In 2016, we achieved a positive financial performance. We are glad that the timely investments made in 2015 into the increase of the transmission capacity proved their worth. This allowed to considerably increase gas imports through the LNG terminal and also had positive impact on the final gas prices in Lithuania. Last year we also gained larger income from the sales of short-term transmission capacities which under the applicable regulatory arrangements will allow to reduce the price level for transmission services for Lithuanian market participants in 2018.*

*Although gas consumption shrank in 2016 in the country, the significance of gas in securing stability of the functioning of the electricity market in cases of interrupted power transmission via international links and other emergency situations prevailed further. Having in mind the needs of the market participants with regard to the short-term gas consumption, security of supply, diversification of sources and flexibility of the system, the current gas infrastructure capacity level retains its importance.*

*At the end of 2016, the Declaration on Regional Gas Market Development signed by the Baltic Prime Ministers paved the background for furthering the strategic goal of Lithuania to safeguard the development of a competitive and liquid gas market and to ensure the security of gas supply”, said Saulius Bilys, CEO of AB Amber Grid.*

### **Income and expenditure**

In 2016, income of the Company amounted to EUR 66.7 million featuring a 19.6% increase compared to 2015. Income from natural gas transmission accounted for 89.7% of the total income. The growth of this natural gas transmission income was to a large extent driven by diversification of gas supply sources as a result of booked transmission capacities in a few entry points of the system and increased sales of short-term transmission capacities.

Expenditure of the Company in 2016 amounted to EUR 42 million featuring a 3.2% increase compared to 2015. Expenditure has increased for the most part due to depreciation and amortisation, which was caused mainly by the start of exploitation of the new Klaipėda-Kuršėnai pipeline at the end of 2015.

### **Earnings**

The 2016 earnings before taxes reached EUR 24.3 million, compared to EUR 14.7 million in 2015. The earnings before taxes, interest, depreciation and amortisation (EBITDA) amounted to EUR 40.7 million featuring a 35.4% increase compared to 2015 (EUR 30.1 million). During the last year, the Company earned EUR 20.9 million of unaudited net profit, which is a 31% increase compared to EUR 16 million earned in 2015. The better performance in 2016 was achieved mainly owing to higher income from the provision of services.

## Services

As of 31 December 2016, the Company had 95 natural gas transmission agreements with the users of the natural gas transmission system (natural gas consumers, distribution system operators, importers, suppliers of natural gas importing gas and/or supplying gas to consumer systems or other transmission systems).

In 2016, total 23.3 TWh of natural gas was transported to the Lithuanian consumers into the gas distribution systems or directly connected consumers' systems. The amount of the transported gas featured a 10.9% reduction compared to 2015 (26.2 TWh). The smaller amount of gas transmission was mainly determined by reduced gas consumption for the production of fertilisers and generation of electricity.

Last year, the users of the system exploited 1.4 TWh of short-term capacities at the internal release point, i.e. 73.1% more than in 2015 (0.8 TWh). The records also show a significant increase in use of transmission capacities at the entry point with the Liquefied Natural Gas (LNG) Terminal in Klaipėda.

In 2016, total 14.6 TWh of gas was inlet through this point accounting for 60.3% of the total gas amount supplied from the Klaipėda LNG Terminal to the Lithuanian and other Baltic consumers, and 88.4 GWh/day of long-term capacities were booked leading to a more than threefold increase compared to 2015 (4.6 TWh) and meaning that the demand for the capacities increased by more than 5 times (16.2 GWh/day in 2015). In 2016, another 0.3 TWh of gas was supplied to the Lithuanian consumers through the interconnection point with Latvia.

## Investments and taxes

The Company's investments in 2016 amounted to EUR 13.1 million, compared to EUR 49.5 million in 2015. In 2015, the major share of the investments was related to the construction of Klaipėda-Kuršėnai pipeline, which is a critically important part of the transmission system's infrastructure, with a view to integrating the LNG terminal with the national natural gas system and diversifying gas supply to the Lithuanian and other Baltic consumers.

In 2016, the Company paid EUR 7.1 million of taxes (including profit, real estate taxes and VAT, but excluding payroll taxes).

## Collaboration

*Amber Grid* was actively working on the preparatory stage of the strategic gas transmission infrastructure project *Gas Interconnection Poland- Lithuania* (GIPL): in 2016, the specific project plan was approved and construction permits obtained. In 2017, tenders are scheduled for procurement of works, pipes and other required equipment.

## Acquirements

At the end of 2016, *Amber Grid* acquired 34 % of stock in *UAB GET Baltic* from the Finish company *Gasum OY* and consequently has become the sole shareholder of *UAB GET Baltic*.

## Audited report

The Company will release its audited financial report for 2016 in Week 14 of 2017 (3-7 April 2017).

## *Background Information on AB Amber Grid*

*The natural gas transmission system operator, AB Amber Grid, ensures reliable and safe natural gas transmission (transportation through high-pressure gas pipelines) to system users and the operation, maintenance and development of the natural gas transmission infrastructure facilities. Shares of AB Amber Grid are listed on the Secondary List of the Stock Exchange NASDAQ OMX Vilnius. AB Amber Grid's control stake is held by the parent company, UAB EPSO-G, which also holds the controlling stakes of the electricity transmission system operator, AB LITGRID, and the energy exchange operator, UAB BALTPool. 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 Lithuania's gas and electricity infrastructure strategic development goals, projects for the integration into the EU energy markets, and seeks to implement the EU Energy Union goals.*

For more information please contact:

Mindaugas Linkaitis,  
Press Officer  
**AB Amber Grid**  
Tel. +370 5 2327750  
E-mail: [m.linkaitis@ambergrid.lt](mailto:m.linkaitis@ambergrid.lt)