

## Montenegro: CGES to pledge its assets as a collateral for KfW Bank loan

**Categories :** [SEE Energy News](#)

**Date :** October 21, 2018

In order to obtain a loan in the amount of 20 million euros for the construction of energy infrastructure on the Lustica peninsula from the German Development (KfW) Bank, Montenegrin electricity transmission system operator CGES is planning to pledge some of its assets, namely its headquarters building in Podgorica, as a collateral.

During the Shareholders' Meeting held in June, CGES' shareholders have also confirmed the company's willingness to obtain a loan in order to finance the construction of energy infrastructure for the Lustica project and unanimously adopted the business report for the past year. However, this pledge should be approved by the company's shareholders as well at the next meeting, scheduled for 31 October.

The project for the construction of 35/110 kV Lustica substation and its connection to existing transmission network is part of the investment program approved by the Energy Regulatory Agency (RAE) and will significantly increase the security of supply in the coastal part of the country, which is essential for further development of tourism sector.

CGES recorded a net profit of 3.22 million euros in the first half of 2018, which is more than double compared to the same period last year. Operating revenues of the company in the first three months of the year reached 16.67 million euro, which is 7.3 % more compared to the same period in 2017.

On the other hand, operating expenses rose by 2.8 % reaching 14.54 million euros. Purchase cost of goods sold amounted to 6.33 million euros, salaries, benefits and other personnel expenses amounted to 2.98 million euros, depreciation and provisions to 3.84 million euros, while other operational expenses amounted to 1.21 million euros in the first half of this year.

The Government of Montenegro owns 55 % of the shares in CGES, while Italian Terna has 22.09 % stake in the company. In late December 2015, Serbian electricity transmission system operator EMS became a shareholder in CGES, after the company bought about 10 % of CGES's shares at Montenegrin Stock Exchange for some 13.9 million euros.