



AB KLAIPĖDOS NAFTA UNAUDITED FINANCIAL RESULTS FOR THE 1ST QUARTER 2018

27th April 2018



AB KLAIPĖDOS NAFTA (KN) WEBINAR – PRESENTATION OF THE UNAUDITED FINANCIAL RESULTS FOR THE Q1 OF 2018



Mindaugas Jusius
Chief Executive Officer



CONTENT

- About the Company
- Highlights
- Financial results
- Investment overview



ABOUT THE COMPANY



MISSION, VISION, VALUES

OUR MISSION

Ensure reliable and effective supply of LNG and transhipment of oil products.

PURPOSE

PROSPECTS

OUR VISION

A reliable operator of oil and LNG terminals that adds value through implemented projects and balanced expansion.

VALUES

OUR VALUES

Respect, cooperation, professionalism, improvement.



ACTIVITIES OF THE COMPANY



OIL TERMINALS



KLAIPĖDA OIL
TERMINAL



SUBAČIUS OIL
TERMINAL

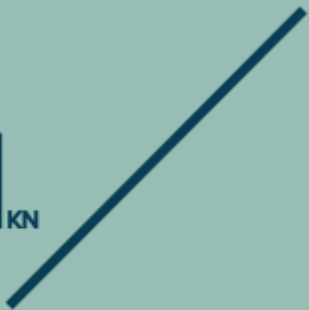
LNG TERMINALS



KLAIPĖDA LNG
TERMINAL



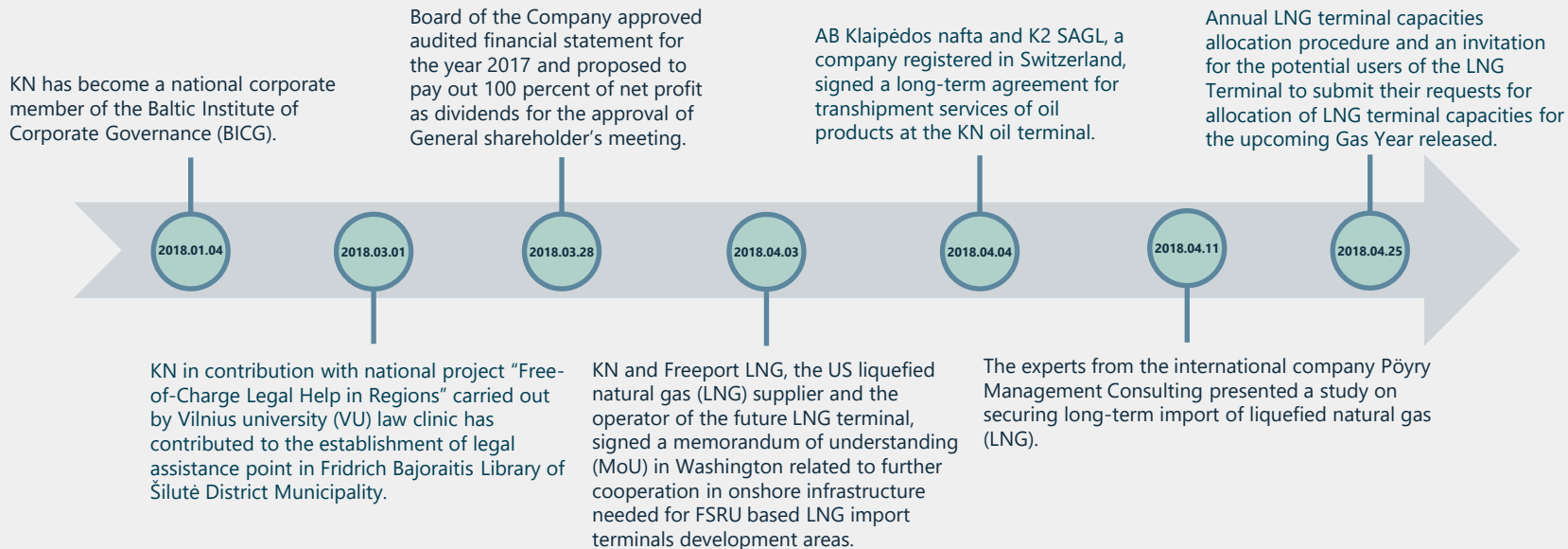
KLAIPĖDA SMALL-
SCALE LNG
TERMINAL



HIGHLIGHTS



KN HIGHLIGHTS FOR THE YEAR 2018





DIVIDENDS

According to KN's dividend pay-out policy, the Board is entitled to establish the amount of annual dividends based on the company's financial indicators and the implementation of KN's strategy. As to suggestion, EUR 17 million of net profit for the year 2017 (100 percent of net profit) is dedicated to be paid out as dividends.

Main arguments:

- Aim to increase efficiency of Company's equity;
- Stable cash flows (expectations of the year 2017 were exceeded) accumulation of a substantial cash reserve;
- Assurance of implementation of investment projects, as planned in Company's Strategy.

<i>For the financial year</i>	2018*	2017	2016	2015	2014	2013
Dividends in EUR thousand	17,031	9,656	17,629	93	103	119
Dividends per one share in EUR	0.0447	0.0254	0.0463	0.0002	0.0003	0.0003
Net profit per 1 share in EUR	0.0447	0.04	0.06	0.02	0.03	0.03
Dividends for net profit (of previous FY), %	100%	70%	80%	1%	1%	1%

*** Proposed for approval (AGM on 27-04-2018)**



LNG TERMINAL PERSPECTIVES AFTER THE YEAR 2024

- In the year 2018, Pöyry Management Consulting has carried out a study on securing long-term import of liquefied natural gas (LNG) (after the year 2024, when the lease of FSRU signed with Norwegian company Hoegh LNG expires). 3 possible alternatives were assessed:
 - Acquisition of FSRU terminal after 2024;
 - Re-negotiation and lease agreement extension for 10 years;
 - Re-negotiation and lease agreement extension for 20 years;
- The study reveals that most of the value is generated through ensuring lower natural gas prices by maintaining competitive pressure to Gazprom, therefore, the LNG terminal would be used after the year 2024.
- Cost benefit analysis, carried out by independent advisers, shows that economically most usable decision would be to acquire FSRU.
- Further actions: by July, 2018, AB Klaipėdos nafta shall present an evaluation and suggestion regarding the further solution to the Government of the Republic of Lithuania, taking into account the results of the study and possible benefits for Lithuania and the Company.
- The Government of the Republic of Lithuania shall make a final decision regarding the assurance of long-term LNG supply.

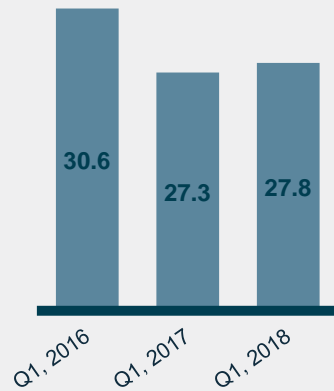


FINANCIAL RESULTS



REVENUE, EBITDA, NET PROFIT (UNAUDITED), MEUR

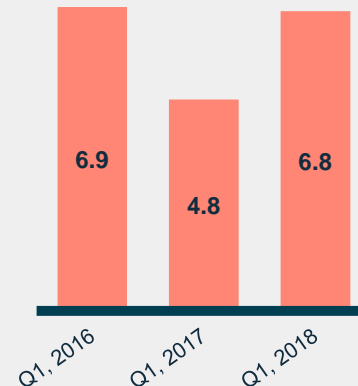
Revenue, MEUR



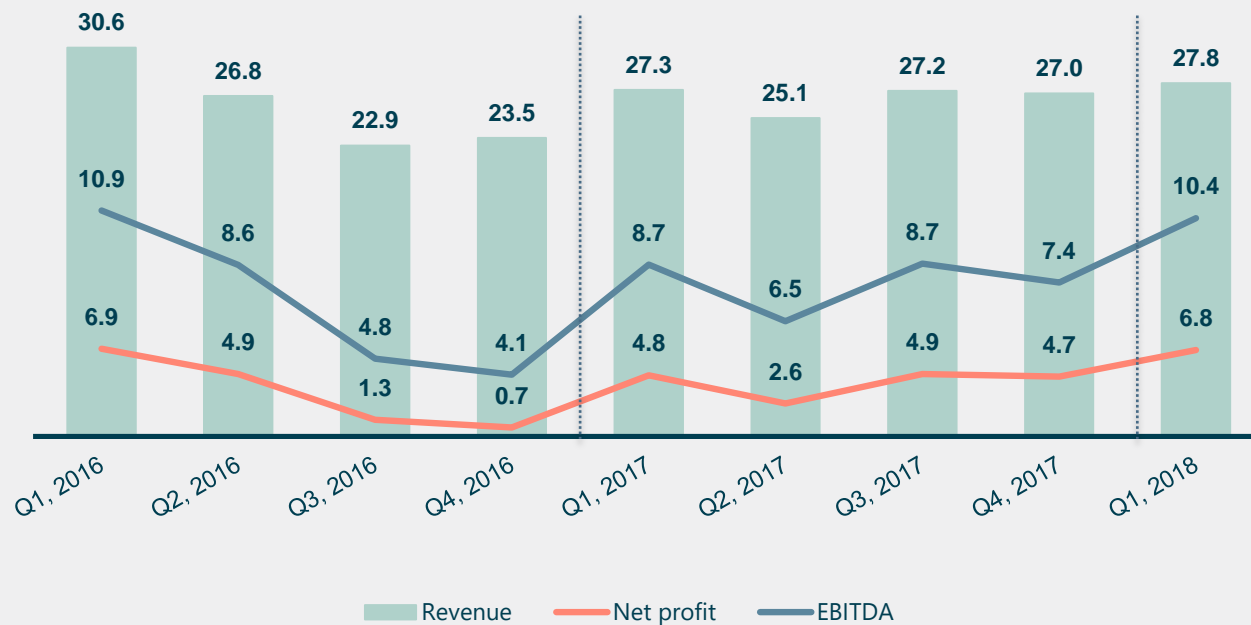
EBITDA, MEUR



Net profit, MEUR



REVENUE, EBITDA, NET PROFIT (UNAUDITED), MEUR

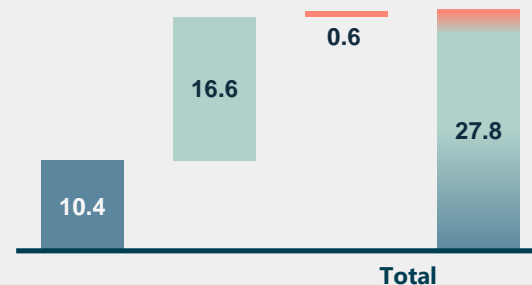


STRUCTURE OF SALES REVENUE AND EBITDA BASED ON OPERATING SEGMENTS (UNAUDITED)

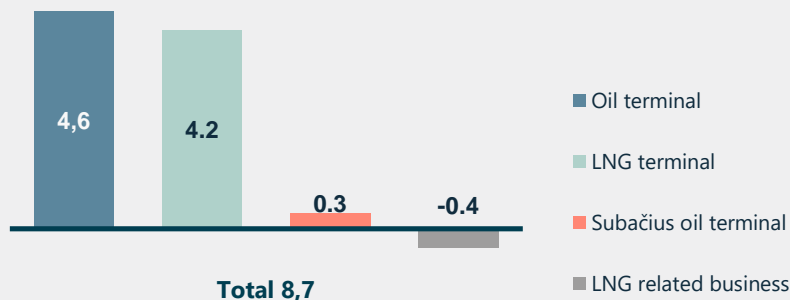
Revenue of 1st quarter 2017, MEUR



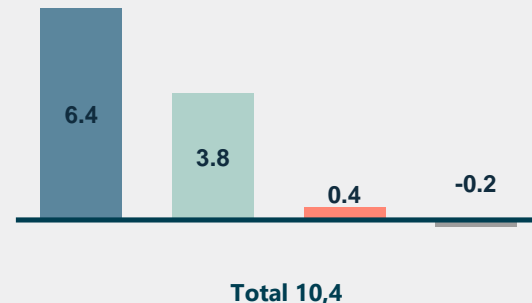
Revenue of 1st quarter 2018, MEUR



EBITDA of 1st quarter 2017, MEUR



EBITDA of 1st quarter 2018, MEUR

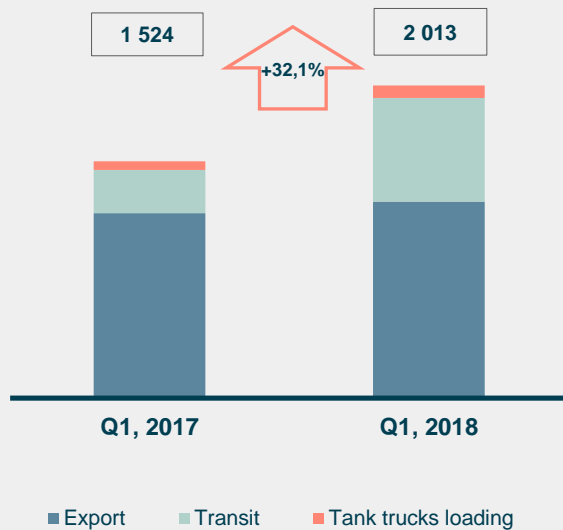


- Oil terminal
- LNG terminal
- Subačius oil terminal
- LNG related business development

KLAIPĖDA OIL TERMINAL RESULTS FOR Q1 2018



Transshipment, thousand tons



MEUR	Q1 2017	Q1 2018
Revenue	8.1	10.4
Net profit	2.6	4.5
EBITDA	4.6	6.4

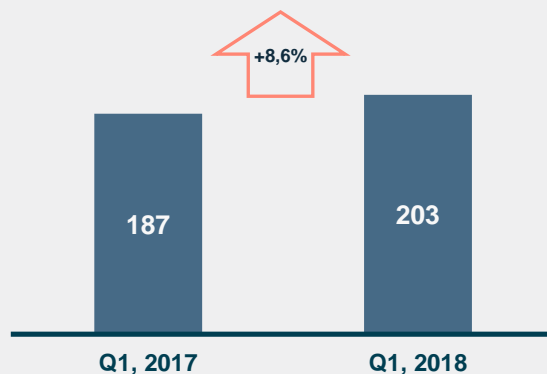
BUSINESS FACTORS:

During 1st quarter 2018 Oil terminal reloaded 32.1 per cent more oil products compared to same period in 2017. The change is related to:

- Stabilisation of transit oil products supply, which had a positive effect on total flow of cargo;
- Export oil product quantities have remained stable and even slightly increased due to favorable macroeconomic situation;
- Transshipment into the tank trucks compared to the same period in 2017 increased by 47%. General assumption of the growth is completion of tank truck filling lot reconstruction in the year 2017.

SUBAČIUS OIL TERMINAL RESULTS FOR Q1 2018

**Average storage volume,
thousand tons**



MEUR	Q1 2017	Q1 2018
Revenue	0.6	0.6
Net profit	0.1	0.2
EBITDA	0.3	0.4

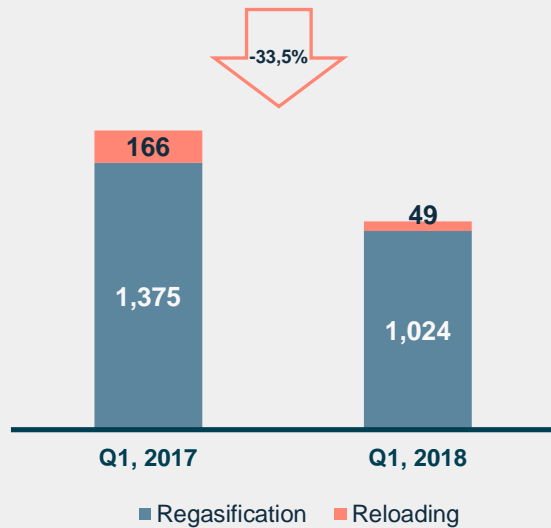
BUSINESS FACTORS:

The storage quantities of oil products has increased by 8.6% in Q1 2018 (comparing to the same period in 2017).

Transshipment volume amounted to 25.2 thousand tons in the first quarter of 2018 (2017 Q1 – 29.4 thousand tons).

LNG TERMINAL RESULTS FOR Q1 2018

Regasification and reloading,
thousand MWh



* Company's estimated regulated LNG profit for the year 2018 amounts EUR 3.2 million.
The additionally received amount of revenue (or lack of income) will be dedicated for compensation of the LNG terminal necessarily expenses for the coming financial periods.

MEUR	Q1 2017	Q1 2018
Revenue	18.5	16.6
Net profit	2.5	2.4
EBITDA	4.2	3.8

BUSINESS FACTORS:

During the first quarter of 2018 one LNG carrier has been accepted, which has delivered 45.8 thousand tons of LNG.

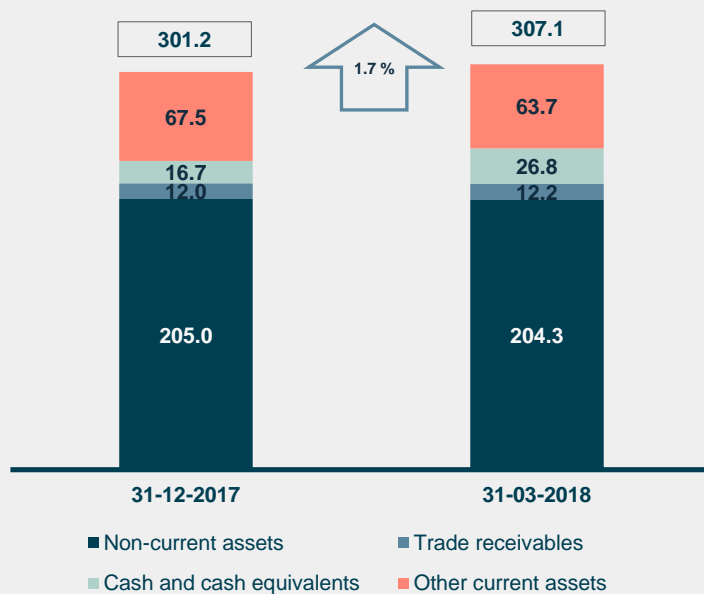
One LNG reloading service from FSRU was held during Q1 2018. One gas carrier was loaded with total of 3.2 thousand t of LNG.

On 25th of April, 2018 KN has announced the annual liquefied natural gas terminal capacities allocation for the year 2019. The total volume of the LNG terminal capacity being allocated is 3.75 bcm per annum.

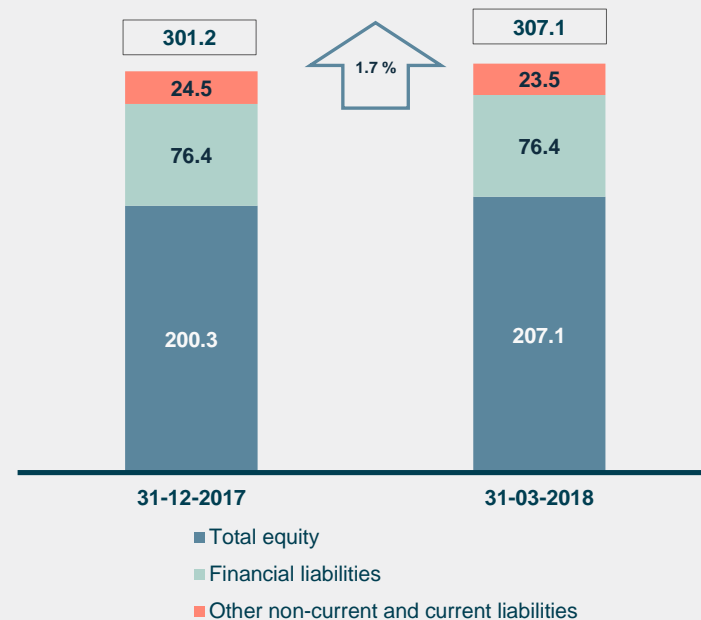


BALANCE SHEET (UNAUDITED)

Assets, MEUR



Equity and liabilities, MEUR



FINANCIAL FIGURES (UNAUDITED)

MEUR	2017 Q1	2018 Q1	Change, %
Sales Revenue	27.3	27.8	1.8%
Gross profit	6.5	7.9	21.5%
EBITDA	8.7	10.4	19.5%
Profit before taxation (EBIT)	5.3	6.9	30.2%
Net profit	4.8	6.8	41.7%
Gross profit margin	23.8%	28.4%	19.3%
EBITDA margin	31.9%	37.2%	16.6%
Net profit margin	17.6%	24.3%	38.1%
Return on equity (ROE)*	5.9%	9.4%	59.3%
Return on assets (ROA)*	4.7%	6.9%	46.8%
Profit per share (EPS), EUR/share	0.013	0.018	38.5%
Average number of shares	380,606,184	380,606,184	-

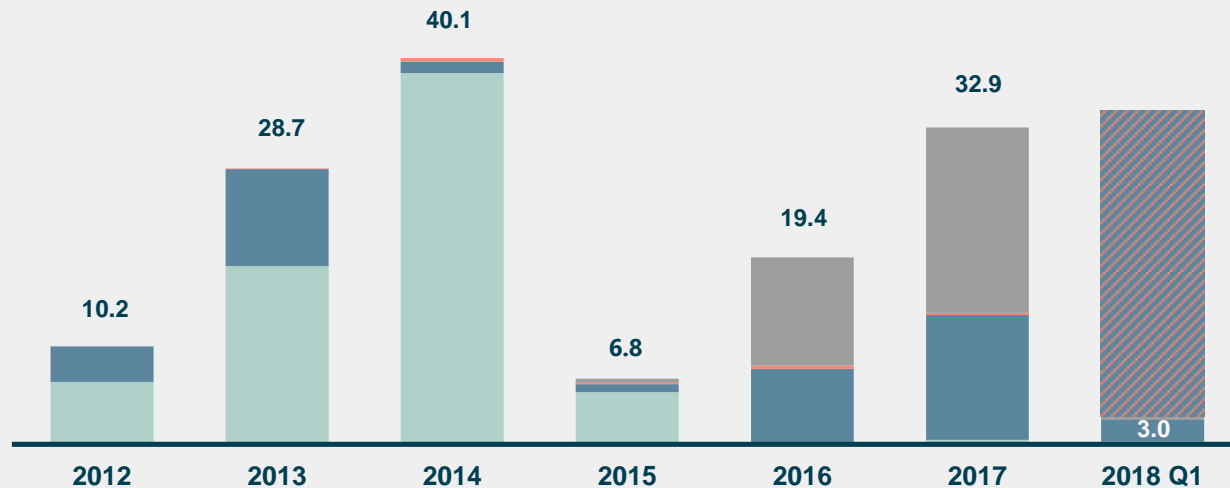
* The return on equity (ROE) and return on assets (ROA) were calculated by dividing the net profit (losses) of the last twelve months by the average of equity or asset values at the beginning and the end of the reference year.



INVESTMENT OVERVIEW



INVESTMENTS OF THE COMPANY, MEUR



Oil terminal

LNG terminal

Subačius oil terminal

LNG small scale terminal

Planned investments during the year 2018

PROGRESS OF INVESTMENTS DURING IQ OF 2018

OIL TERMINAL EXPANSION PHASE I



Fuel oil contaminated water tanks
- tanks are operating without major obstacles. State commission questions addressed with updated design and implemented changes at tank park.



LFO tanks park expansion. 7 tanks installation project – state commission issued positive conclusion, object is fully operating.

OIL TERMINAL EXPANSION PHASE II



LFO 6 x 20 000 m3 tanks installation - earth works and foundations installation works ongoing, part of tanks bottom steel plates arrived at site.



LFO 2 x 10 000 m3 and 4 x 5 000 m3 tanks installation - Earth works and foundations installation works ongoing, steel plates installation is expected to start beginning of May.



LNG RELOADING STATION

PROGRESS OF THE PROJECT

- Testing of systems, start-up and adjustment works are carried out;
- Installation and programming works of technology management system (DCS) are continued;
- LNG reloading to trucks is being successfully implemented;
- Continuous monitoring of the parameters of the test LNG cargo is executed.



ACHIEVEMENTS OF THE PROJECT

- On 21st of March, 2018 100th LNG truck was successfully loaded (~4.000 m³ or ~26.800 MWh LNG was reloaded to trucks);
- Assurance of energy independence in Druskininkai – the city has been totally provided with natural gas through the LNG regasification facility bringing the LNG in tank trucks from Klaipėda.





THANK YOU

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