



AB KLAIPĖDOS NAFTA UNAUDITED FINANCIAL RESULTS FOR THE 9 MONTHS OF 2018

25th October 2018



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ABOUT THE COMPANY



MISSION, VISION, VALUES

Our mission

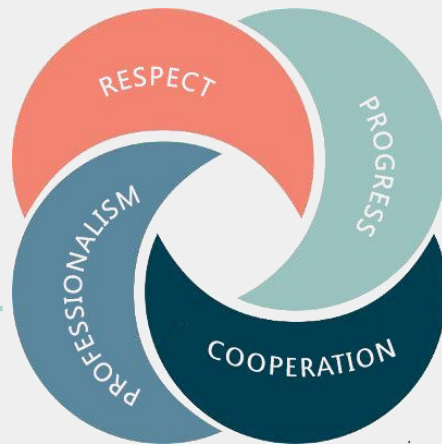
Ensure reliable and effective supply of LNG and transhipment of oil products.

Our vision

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

Our values

The Company in its activities is being led by these in 2018 renewed values:





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 Q3 2018

22 August 2018

Laura Garbenčiūtė-Bakienė and Andrius Varanavičius were appointed as Independent members of KN Audit Committee.

Acquisition of LNG storage vessel after 2024 was approved by LRV Infrastructure committee.

21 August 2018

KN submitted the Plan of Environmental Measures to Environmental authorities and Klaipėda city communities.

28 September 2018

17 October 2018

Supervisory Board of KN approved an offer to pay part of the annual reward to employees by Company's shares.



AB KLAIPĖDOS NAFTA IN PUBLIC



KN expertise in LNG field **receives continuous attention** from Lithuanian and foreign media. **German TV 3sat program Makro discussed** main topics of the EU energy sector choosing LNG terminal in Klaipėda as a role model. In September **The Wall Street Journal interviewed** CEO of KN about Europe's opportunities in LNG sector.



KN representatives advance their competence, present the Company's activities at the world's largest energy conferences. In September 2018, Representatives of KN **participated in the Gastech Exhibition & Conference**, which took place in Barcelona and joined discussion panel about FSRUs.



KN prepared the **Plan of Environmental Measures** and **submitted it to environmental authorities**. KN investments into the environmental field are expected to reach EUR 8 million by the end of 2021 and greatly reduce impact on environment in surrounding areas.



AB KLAIPĖDOS NAFTA AND EMPLOYEES



KN promotes **professional development** of employees and executives. During the third quarter **16 internal trainings** took place. The company also launched **360 feedback surveys** on executives, which aims at helping them to develop their further leadership and management skills.



The Company promotes **employees to become ambassadors** of the company to **volunteer** during various events. 27 KN employees **volunteered at the Sea Festival** in Klaipėda, where they presented the company's activities.



KN invests in culture. The **company contributed to the revival of the dance and history performance "Neužšąlantys namai"** ("Non-freezing home"), which took place in Klaipėda. KN employees had the opportunity to see the performance premiere dedicated to them in open city areas.



KN **promotes a healthy lifestyle** amongst employees and **supports sport initiatives**. In September, the basketball and football teams of the KN have been formed. The basketball team have already showed exceptional achievements - in the middle of September, the **team won the second place** in the Energy Basketball Tournament.

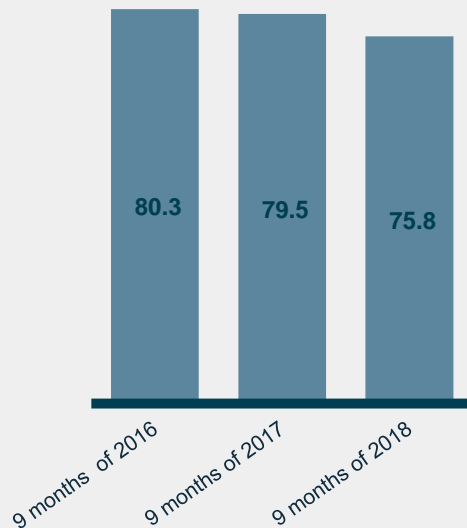


FINANCIAL RESULTS

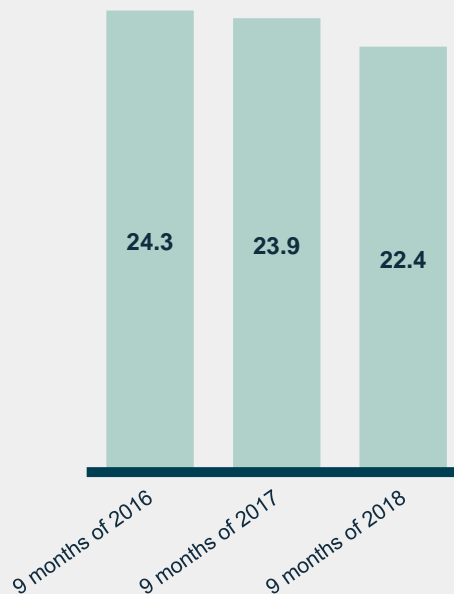


FINANCIAL HIGHLIGHTS (UNAUDITED), MEUR

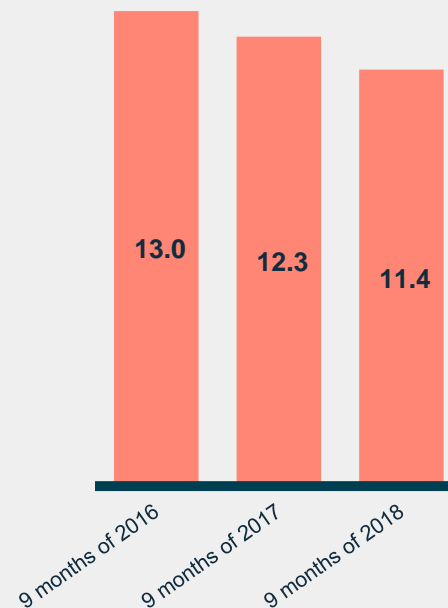
Revenue, MEUR



EBITDA, MEUR



Net profit, MEUR

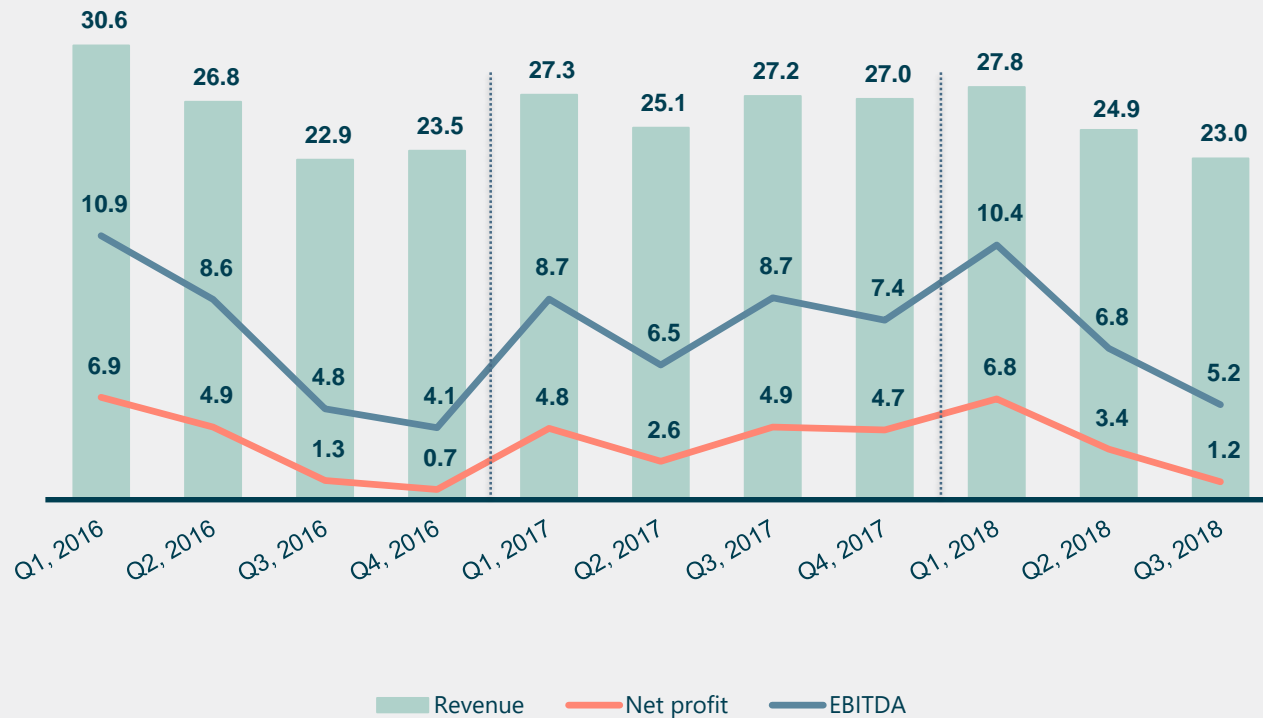




FINANCIAL HIGHLIGHTS (UNAUDITED), MEUR

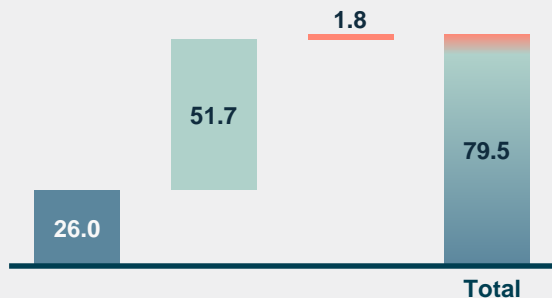
Negative impact on Q3 financial results was mainly influenced by the following reasons:

- Increase in depreciation expenses (In 2018 KN have finished couple investment projects);
- Decrease in oil transshipment volumes and transshipment revenues respectively made negative impact on oil terminal results;
- Increase in FSRU expenses (comparing to Q2).



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

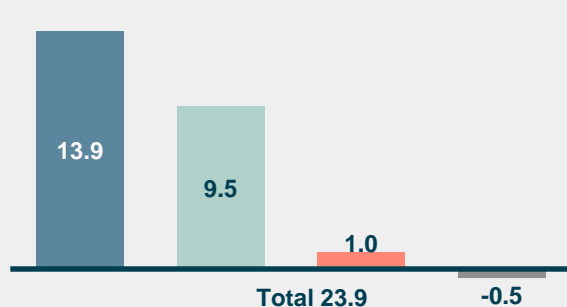
Revenue 9 months of 2017, MEUR



Revenue 9 months of 2018, MEUR

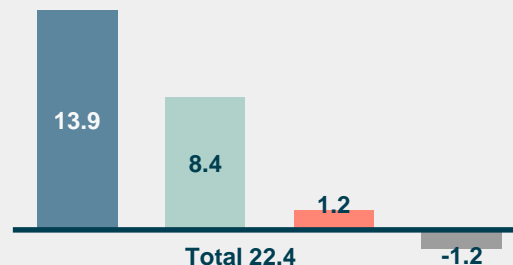


EBITDA 9 months 2017, MEUR



EBITDA 9 months of 2018, MEUR

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



FINANCIAL FIGURES (UNAUDITED)

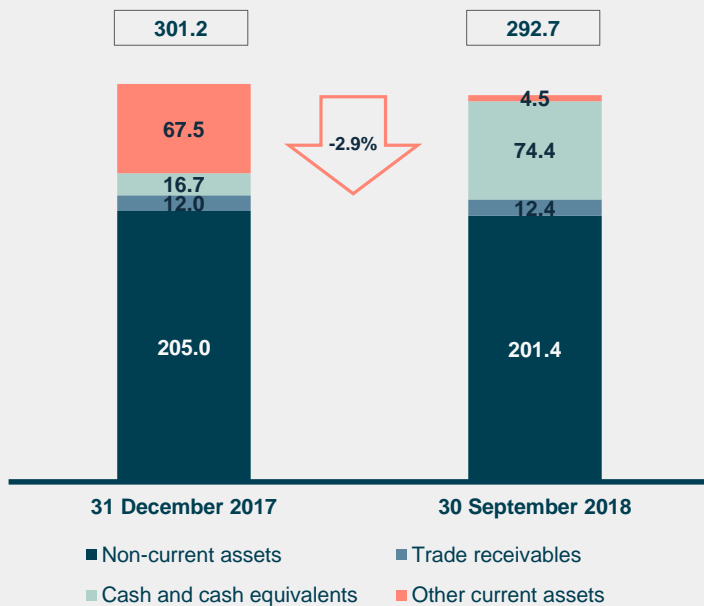
MEUR	9 months of 2017	9 months of 2018	Change, %
Sales Revenue	79.5	75.8	-5%
Gross profit	17.6	15.3	-13%
EBITDA	23.9	22.4	-6%
Profit before taxation (EBIT)	13.5	11.3	-16%
Net profit	12.3	11.4	-7%
Gross profit margin	22.1%	20.1%	-2 pp
EBITDA margin	30.1%	29.6%	-0.5 pp
Net profit margin	15.5%	15.0%	-0.5 pp
Return on equity (ROE)*	6.7%	8.2%	1.5 pp
Return on assets (ROA)*	5.1%	5.7%	0.6 pp
Profit per share (EPS), EUR/share	0.034	0.030	-0.004
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.

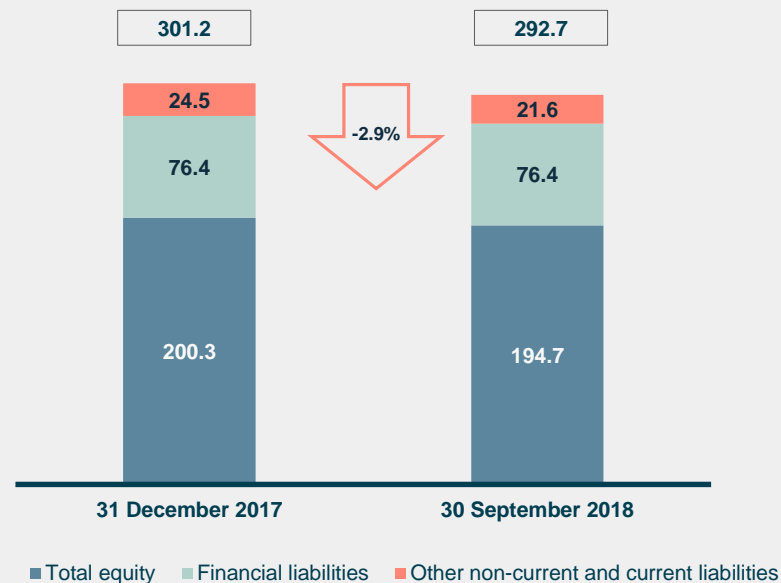


BALANCE SHEET (UNAUDITED)

Assets, MEUR

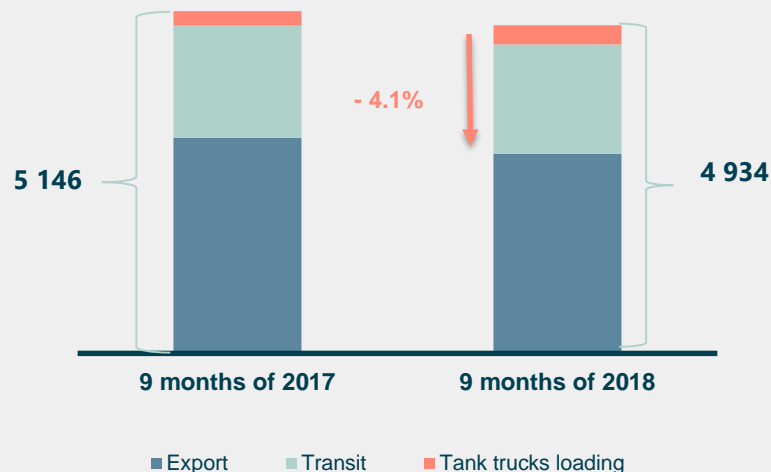


Equity and liabilities, MEUR



KLAIPĖDA OIL TERMINAL RESULTS FOR 9 MONTHS OF 2018

Transshipment, thousand tons



MEUR	9 months of 2017	9 months of 2018
Revenue	26.0	25.0
Net profit	7.8	8.4
EBITDA	13.9	13.9

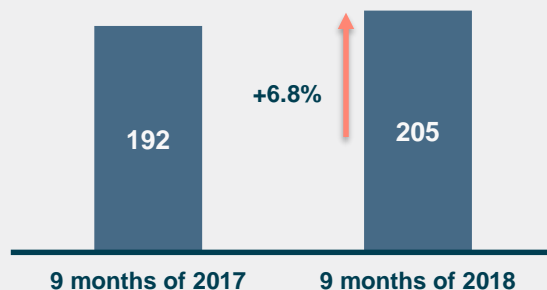
BUSINESS FACTORS:

During 9 months of 2018 Oil terminal reloaded 4.1 per cent less oil products compared to same period in 2017 due to following reasons:

- Belarusian companies have already reloaded planned yearly quantities in Klaipėda oil terminal and have not signed long-term service agreements (KN activities are based on such kind of agreements) for future quantities yet;
- Export of oil product quantities of the main Company's client (AB Orlen Lietuva) have decreased;
- Russia and Belarussia still continue negotiations which include agreements related to gas, oil and oil products and make an impact on oil transit quantities.

SUBAČIUS OIL TERMINAL RESULTS FOR 9 MONTHS OF 2018

**Average storage volume,
thousand tons**



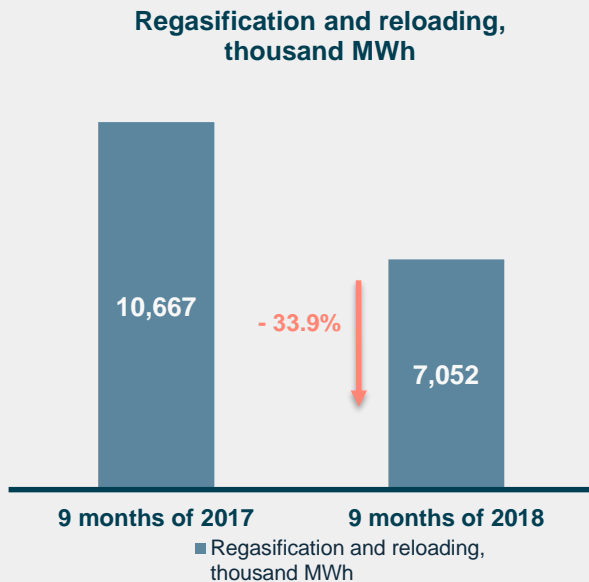
MEUR	9 moths of 2017	9 months of 2018
Revenue	1.8	2.0
Net profit	0.3	0.5
EBITDA	1.0	1.2

BUSINESS FACTORS:

The average storage volumes of oil products has increased by 6.8 per cent during the first 9 months of 2018 (comparing to the same period in 2017). The main reason is related with additional commercial volumes.

Transshipment volume amounted to 96 thousand tons during the first 9 months of 2018 (during the same period of 2017 – 80 thousand tons).

LNG TERMINAL RESULTS 9 MONTHS OF 2018



* Company's estimated regulated LNG profit for the year 2018 amounts EUR 4.2 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	9 months of 2017	9 months of 2018
Revenue	51.7	48.4
Net profit	4.7	4.1
EBITDA	9.5	8.4

BUSINESS FACTORS:

During 9 months of 2018 in the LNG terminal:

- 8 LNG carriers (during to 9 months of 2017 – 13 LNG carriers) have been accepted;
- 486,0 thousand tons of LNG have been delivered (during 9 months of 2017 – 714.6 thousand tons);
- Total quantities of LNG regasification and reloading have decreased due to high LNG prices in global markets;
- 240.145 MWh of LNG was reloaded to small-scale LNG carriers (total 6 LNG carriers).



LNG RELOADING STATION

- During 9 months of 2018 most of final works were done in Klaipėda LNG Reloading station and the following services can be provided:
 - Acceptance of LNG from LNG carriers and temporary storage;
 - Transhipment to LNG trucks;
 - LNG bunkering directly to vessels.
- Results of services provided by LNG reloading station during 9 months of 2018:
 - 7.3 thousand m3 of LNG were reloaded to LNG trucks;
 - LNG was reloaded into almost 200 trucks. This LNG was distributed across 4 countries: Estonia, Latvia, Lithuania and Poland.
- 2 users of the reloading station in 2018: LITGAS (Lithuania) and Eesti Gaas (Estonia).





UPDATE OF THE PLANNED YEARLY RESULTS FOR Y2018

KN expected yearly results are updated as follows:

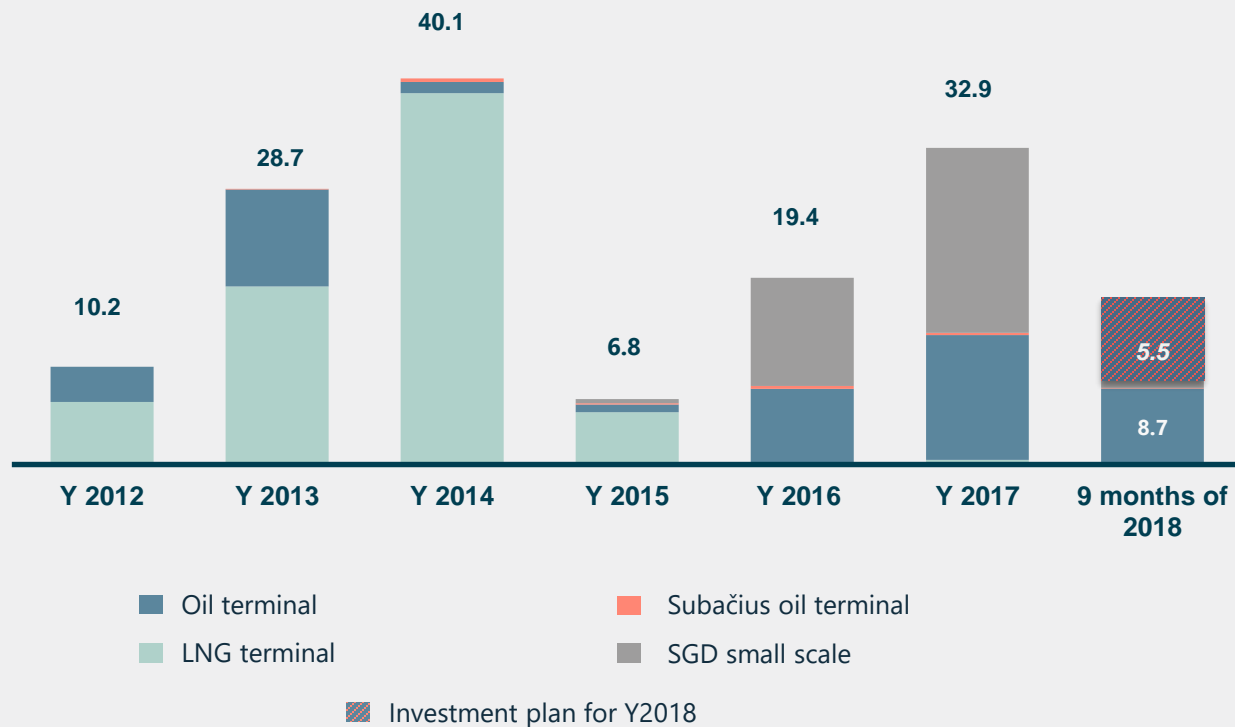
- Oil transshipment volume yearly forecast – 6.7 million t;
- LNG terminal regasification volume forecast – MWh 9.0 million;
- Yearly revenue forecast – EUR 100.2 million;
- EBITDA is predicted to be – EUR 27.0 million;
- Net profit yearly forecast – EUR 11.8 million.



INVESTMENT OVERVIEW



INVESTMENT OF THE COMPANY, MEUR





PROGRESS OF INVESTMENT DURING Y2018

OIL TERMINAL EXPANSION PHASE II



LFO 6 x 20 000 m³ tanks installation - Installation of tanks wall plates and tank park concrete walls ongoing. Roofs of two tanks painted.



LFO 2 x 10 000 m³ and 4 x 5 000 m³ tanks installation - Installation of tanks wall plates and tank park concrete walls ongoing. 2x10 000m³ tanks erected in full height. Hydrotesting completed. Ongoing with internal painting.



THANK YOU

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