



AB KLAIPĖDOS NAFTA UNAUDITED FINANCIAL RESULTS FOR 2018

31st January 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



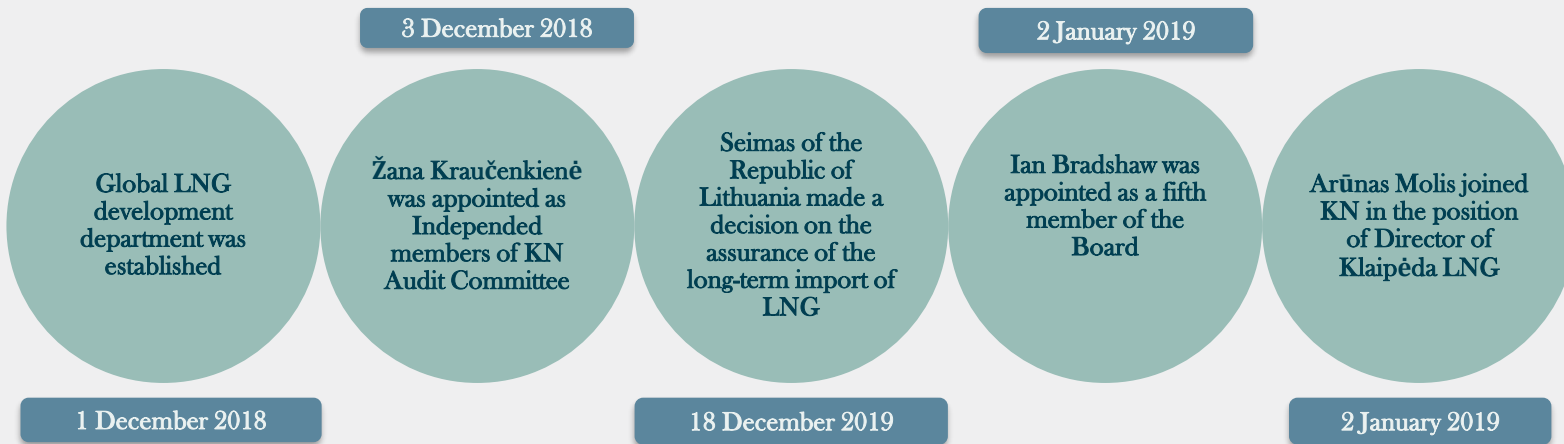
KLAIPĖDA SMALL-SCALE
LNG TERMINAL



HIGHLIGHTS



KN HIGHLIGHTS Q4 2018





AB KLAIPĖDOS NAFTA AND EMPLOYEES



In October, KN became the first state-owned company in Lithuania, which **decided to pay part of yearly bonus to its employees in company shares**. The aim of this decision is to strengthen the motivation of employees to achieve long-term goals of the organization and to promote responsibility for overall performance.



In mid-November, **KN Code of Conduct came into effect**. KN employees committed themselves to comply with the requirements of the Company's values-based code. In order to ensure effective compliance with KN's obligations the requirements of the Code of Conduct also is expected to be met by KN contractors, customers and other KN partners.



Active member of the port community. KN employees actively joined **Sports Games of Klaipėda Port Company Employees** events. Since November, nearly 50 employees of KN have competed with other Klaipėda port companies in basketball, darts, bowling and other games.

AB KLAIPĖDOS NAFTA IN PUBLIC



KN continues its participation in the most important energy events. The Company's activities and competencies were presented in November at **Vilnius Energy Forum** and at the event organized by the Polish Embassy to discuss energy issues in **Eastern and Central Europe**. In December KN shared its knowledge with participants of **CWC World LNG Summit**.



KN pays great attention to youth education. At the end of November, **Junior Achievement Lithuania student group from the Vilnius Santara Gymnasium** visited KN's office and learned about KN activities and global energy trends. On January 11th, 2019, KN activities and LNG engineering study program were presented at the study fair "**Studijų regata '19**" in Klaipėda.

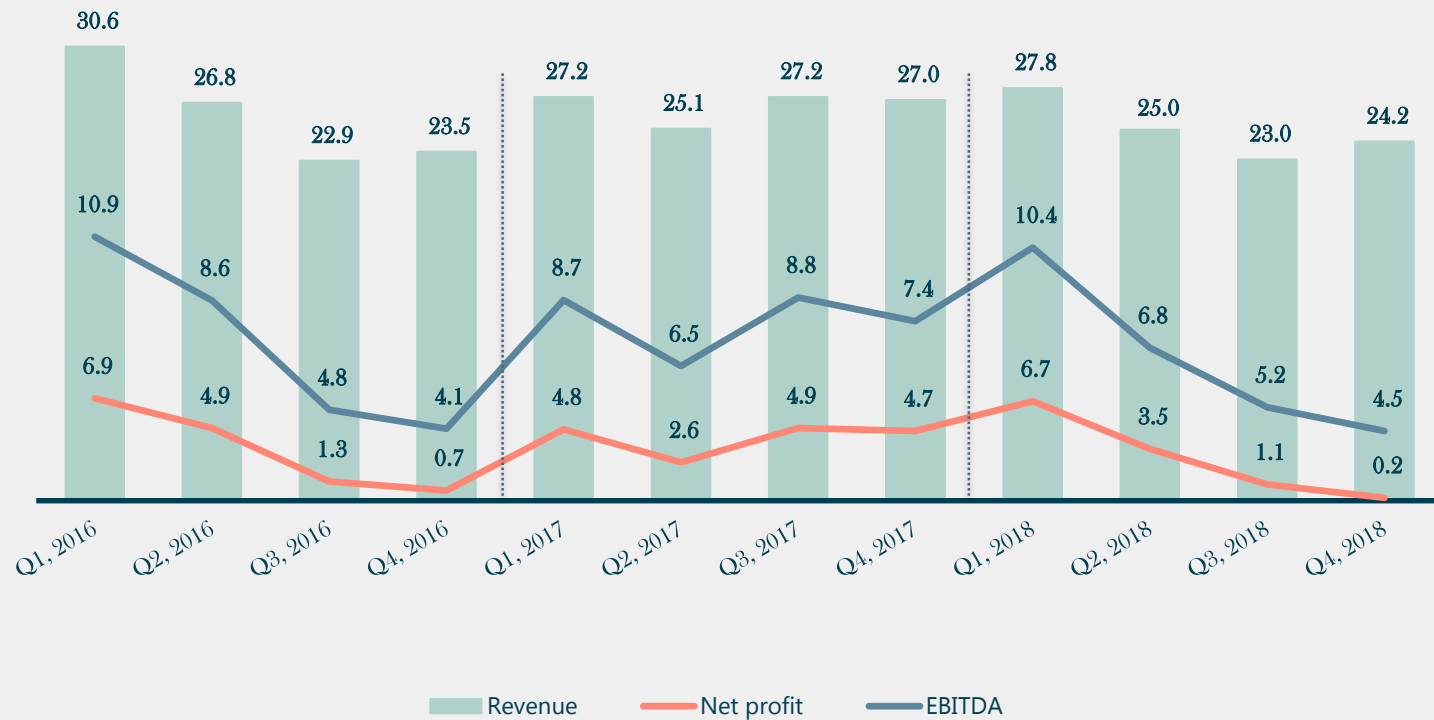


KN prepared the **Plan of Environmental Measures** and **submitted it to environmental authorities**. During October the plan was **presented to local communities** located near KN oil terminal and **to Klaipėda city authorities**. KN investments into the environmental field are expected to reach EUR 8 million by the end of 2021.



FINANCIAL RESULTS

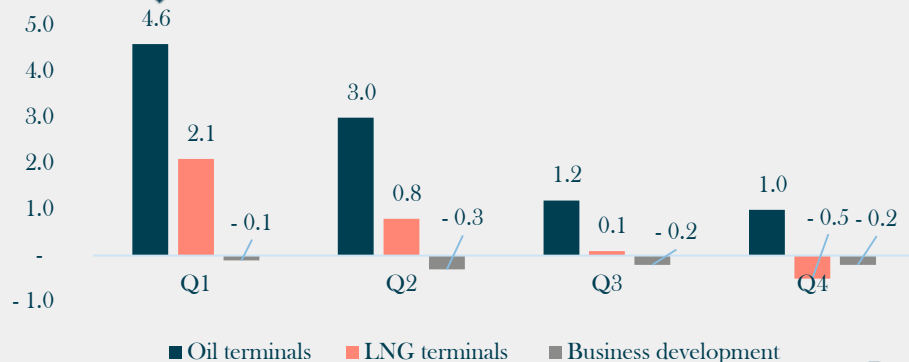
FINANCIAL HIGHLIGHTS (UNAUDITED), MEUR



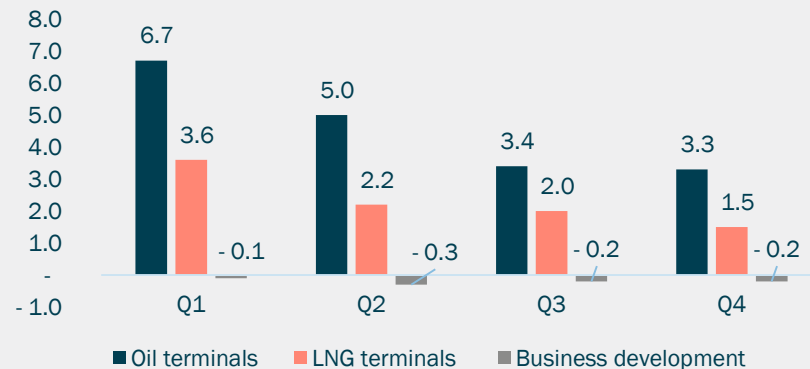


FINANCIAL HIGHLIGHTS (UNAUDITED), MEUR

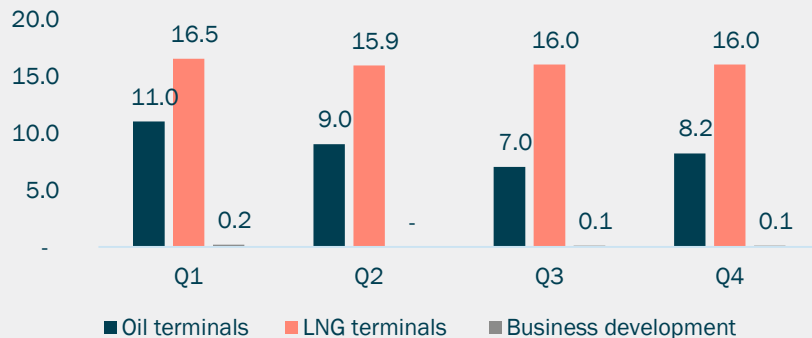
Net profit, MEUR



EBITDA, MEUR

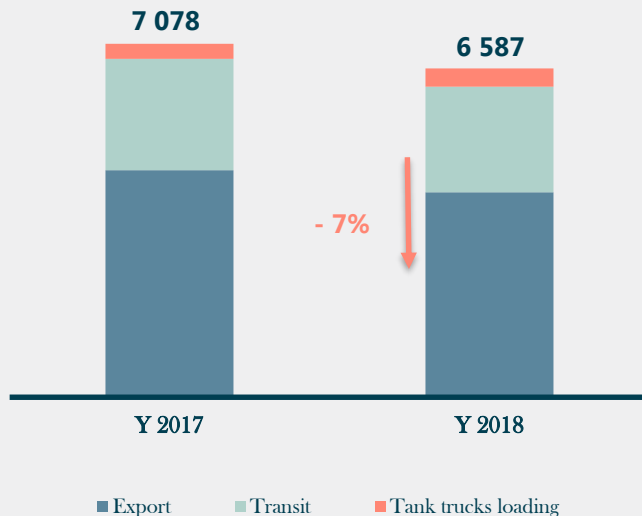


Revenue, MEUR



RESULTS OF OIL TERMINALS FOR Y 2018

Transshipment quantities in Klaipėda oil terminal,
thousand tons



MEUR	Y 2017	Y 2018
Revenue	37.9	35.2
Net profit	12.1	9.9
EBITDA	20.3	18.5

BUSINESS FACTORS:

During Y 2018 **Klaipėda Oil terminal** reloaded 7 per cent less oil products compared to same period in 2017 due to following reasons:

- Decrease in quantities of light oil products of the main Company's client (AB Orlen Lietuva);
- Despite tense geopolitical situation in neighbouring countries KN managed to maintain almost the same level of transit oil products (decrease in quantities 5 %).

Subačius oil terminal activities:

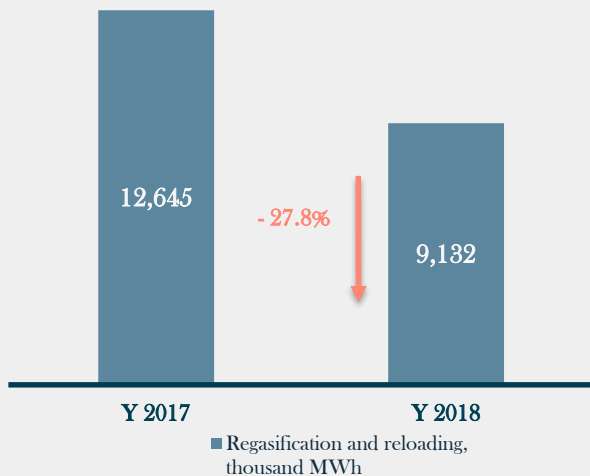
- The average storage volumes of oil products have increased by 5.1% (Y 2018 – 206 thousands tonnes; 2017 – 196 thousands tonnes);
- Transshipment volume amounted to 106 thousand tons during Y 2018 (during the same period of 2017 – 99 thousand tons).



LNG TERMINALS' RESULTS FOR Y 2018



Regasification and reloading,
thousand MWh



MEUR	Y 2017	Y 2018
Revenue	68.2	64.5
Net profit	5.8	2.5
EBITDA	12.0	9.3

BUSINESS FACTORS:

During Y 2018 in the LNG terminal:

- 10 LNG carriers (during Y 2017 - 15 LNG carriers) have been accepted;
- 608.0 thousand tons of LNG have been delivered (during Y 2017 - 840.0 thousand tons);
- Total quantities of LNG regasification and reloading have decreased due to high LNG prices in global markets;
- 319 thousands MWh of LNG was reloaded to small-scale LNG carriers during the Y 2018, (Y 2017 - 285 thousands MWh).

ASPECTS OF REGULATION:

The activity of LNG terminal is regulated and has the set price cap. The revenue and profit of LNG activity does not depend on re-gasification volume, therefore, there are differences between financial and regulated profit and revenues.



LNG RELOADING STATION

- Since the end of 2017 till the final acceptance of project (October 2018) LNG reloading station was working at commissioning mode.
- Activity results of LNG RS for the year 2018:
 - 64 thousands MWh of LNG were reloaded to LNG trucks;
 - LNG was reloaded into 240 trucks and distributed across 4 countries: Estonia, Latvia, Lithuania and Poland.





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





FINANCIAL HIGHLIGHTS (UNAUDITED), MEUR

Revenue, MEUR



EBITDA, MEUR



Net profit, MEUR





FINANCIAL FIGURES (UNAUDITED)

MEUR	Y 2017	Y 2018	Change, MEUR	Change, %
Sales Revenue	106.5	100.0	-6.5	- 6%
Gross profit	23.7	17.3	-6.4	- 27%
EBITDA	31.4	26.9	-4.5	- 14%
Profit before taxation (EBIT)	17.5	11.8	-5.7	- 32%
Net profit	17.0	11.5	-5.5	- 32%
Gross profit margin	22.3%	17.3%	-	- 22 <i>pp</i>
EBITDA margin	29.4%	26.9%	-	- 9 <i>pp</i>
Net profit margin	16.0%	11.5%	-	- 28 <i>pp</i>
Return on equity (ROE)*	8.7%	5.8%	-	- 33 <i>pp</i>
Return on assets (ROA)*	6.3%	3.9%	-	- 38 <i>pp</i>
Profit per share (EPS), EUR/share	0.045	0.030	-0.015	- 32%
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.



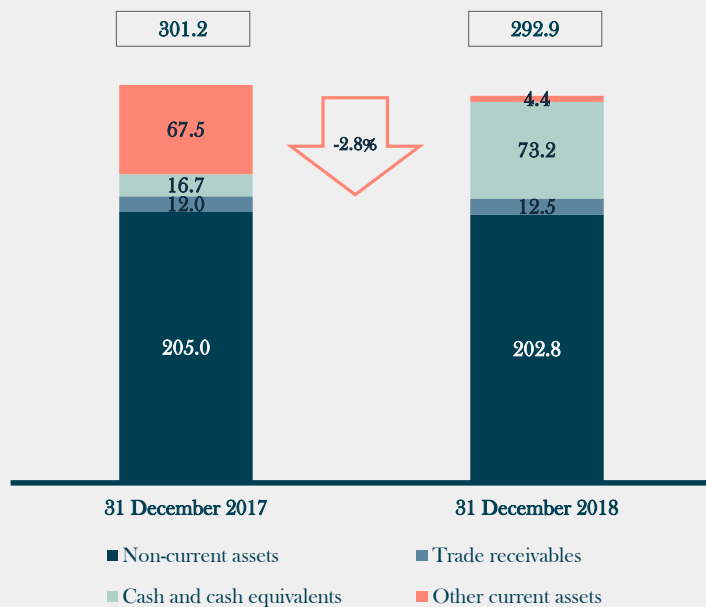
COMPARISON OF UPDATED PLAN OF YEARLY RESULTS FOR Y2018 WITH ACTUAL RESULTS

Description	Forecast for Y 2018 (updated during the Q3 2018)	Actual results for Y 2018	Fulfillment
Yearly oil transshipment volume	6.7 million t	6.6 million t	98.5 %
Yearly LNG terminal regasification volume	9.0 million MWh	9.1 million MWh	101 %
Yearly revenue	100.2 million EUR	100.0 million EUR	99.8 %
Yearly EBITDA	27.0 million EUR	26.9 million EUR	99.6 %
Yearly net profit	11.8 million EUR	11.5 million EUR	97.5 %

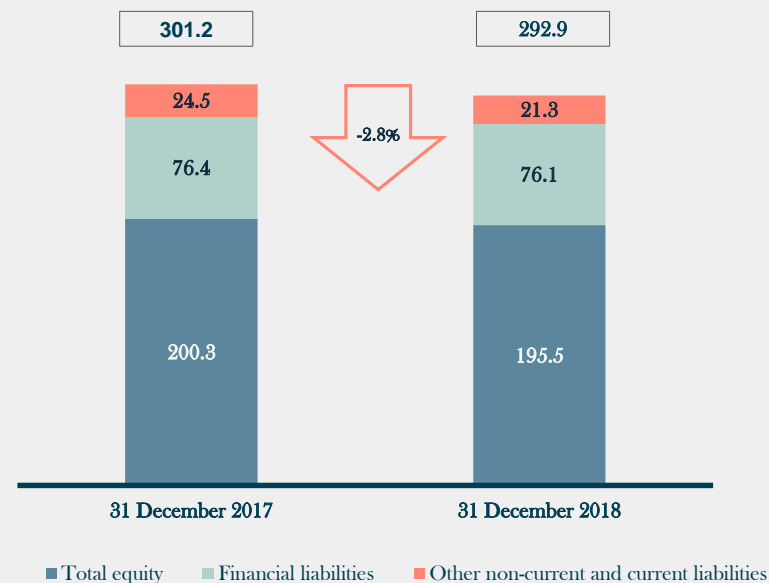


BALANCE SHEET (UNAUDITED)

Assets, MEUR



Equity and liabilities, MEUR

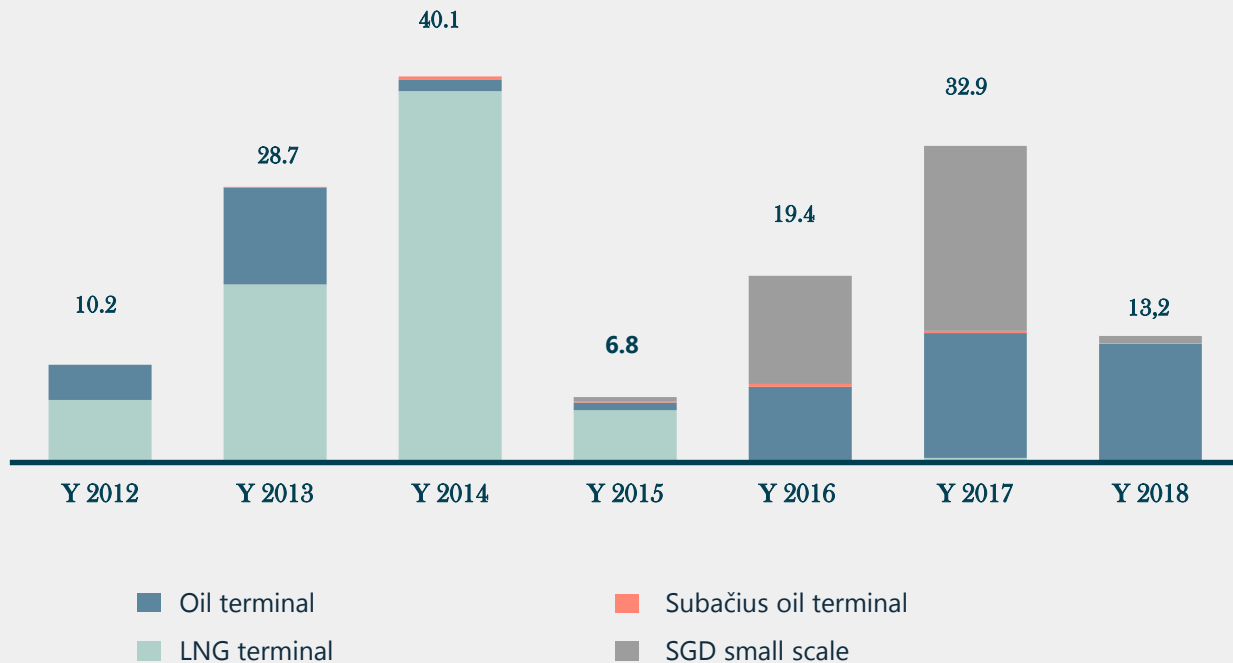




INVESTMENT OVERVIEW



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.



PLANNED YEARLY RESULTS FOR Y2019

KN results for Y 2019 expected to be as follows:

- Oil transshipment volume yearly forecast - 7.2 million t.;
- LNG terminal regasification volume forecast - not less than MWh 5.0 million;
- Yearly revenue forecast - EUR 105.9 million;
- EBITDA is predicted to be - EUR 26.5 million;
- Net profit yearly forecast - EUR 11.4 million.

Forecasted revenue for the year 2018 was 10.2 M EUR



THANK YOU

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