

AB KLAIPĖDOS NAFTA

UNAUDITED FINANCIAL RESULTS OF KN GROUP FOR H1 2020

July 30, 2020

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- SHIFT IN MISSION AND VISION
- COVID-19 IMPACT
- 2020 Q2 HIGHLIGHTS
- FINANCIAL RESULTS
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BRIDGING ENERGY MARKETS

MISSION

KN ensures safe, reliable and efficient access to global energy markets by sustainable development, investment and operation of multi-functional terminals worldwide. Our aim is to assist our customers on cleaner energy transition and to maintain their competitiveness.

VISION

Top LNG terminals operator worldwide and the most competitive oil and refined products handling hub in the Baltic region.

Covid-19 impact management measures taken:

- By the end of May the Company has safely returned from work in remote mode to offices. The Company still applies various preventive protection measures to ensure safety of Group's and Company's employees and continuity of business operations.
- During the peak of Covid-19 in Lithuania, the Company participated in the initiative of Klaipėda port companies to provide lung ventilators and other important equipment for the region's hospitals.
- The Company anticipates that COVID-19 will cause downturn in global economic growth which will lead to decrease of demand on global and regional scale and it can result in a lower transshipment volumes through the Company's terminals in 2020 and correspondingly in 2021.
- Reacting to the changed environment, the management of the Company has activated business continuity and risk mitigation plan of the Group and the Company, the risk management team has been set up to monitor the situation of the Group and the Company and main partners on a daily basis.
- Taking into account the high liquidity of the Group and the Company, preventive measures taken, activated business continuity and risks mitigation plans, from a cash flows point of view the Group and the Company are in a secure position to continue their business operations in front of unfavorable situation.



Lung ventilator donated to Klaipeda Children's Hospital

2020 Q2 HIGHLIGHTS

04 | APRIL

The Polish oil and gas company PGNiG commences commercial operations at the KN-operated Klaipėda liquefied natural gas (LNG) reloading station. The capacities of the station, which will allow more efficient entry into the small-scale regional LNG market, is reserved for a strategic partner for five years.

10th April 2020 Extraordinary General Meeting of Shareholders of the Company adopted decision to elect Karolis Švaikauskas as a member of the Supervisory Board of Klaipėdos nafta AB until the end of the term of office of the existing Supervisory Board of AB Klaipėdos nafta.

28th April 2020 Annual General Meeting of Shareholders of the Company decided to distribute 100% of Company's profit received in 2019 and allocate dividends to the amount of EUR 0.02 per share.

06 | JUNE

On June 4th, KN has completed the annual procedure of allocating LNG terminal capacities for the new gas year, which lasts from 1 October 2020 to 30 September 2021. During this procedure, two customers have signed agreements for the regasification capacity of 8.4 TWh of LNG – 68% more than previous gas year.

On June 5th, the tanker NS Captain moored at the quay of Klaipėda Oil Terminal managed by KN, bringing 77,000 tons of crude oil cargo from the USA which is to be used by Belarusian oil refineries. This was the first cargo of crude oil imports from the US in the company's history.

A. Varanavičius, a member of the Supervisory Board and the Audit Committee of AB Klaipedos nafta, submitted a notice of resignation from the Supervisory Board and the Audit Committee of the Company as of 31 July 2020 (this day is the last day of the mandate).

06 | JUNE

The court case with UAB Kroviniu Terminalas (KT) has been closed – the Supreme Court of Lithuania did not accept the appeal submitted by KT in the case regarding the alleged damages from the breach of the competition law. The deadline for re-appealing has expired on 1 July 2020. Therefore, the decision of the Court remains final and uncontested.

On June 11th, PGNiG received the first supply of LNG at the Klaipėda LNG reloading station. Finland's Gasum delivered about 1,500 tonnes of LNG that originated in Norway. From there, it may be transported by LNG road tankers from Klaipėda to consumers in the Baltic States and north-eastern Poland.

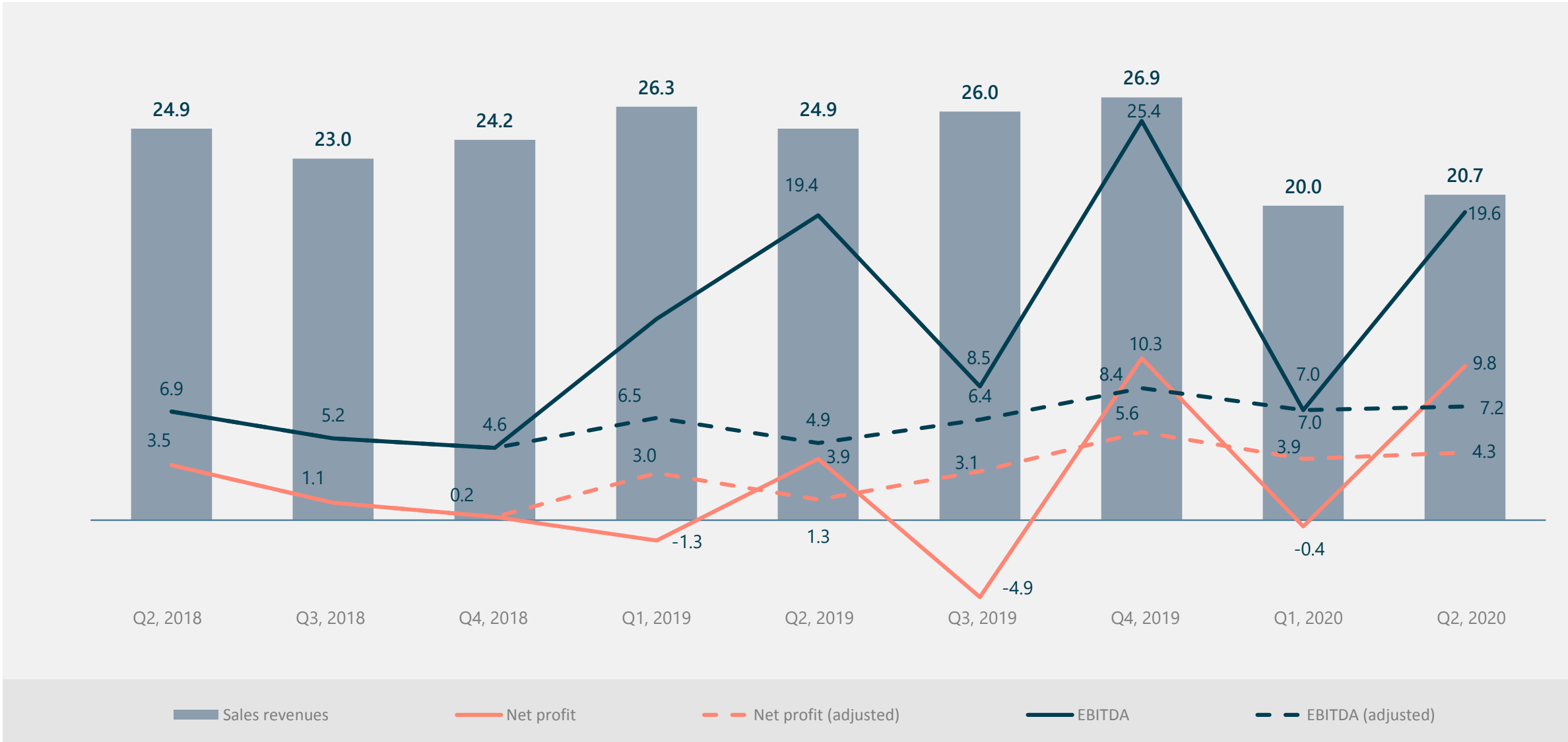
07 | JULY

An increase of the authorized capital of the Company by 29 TEUR has been registered on July 9th. Authorized capital has been increased by non-monetary item – vessel "Audra". A takeover of this asset allows the Company to decrease its OPEX costs related to FSRU Independence.

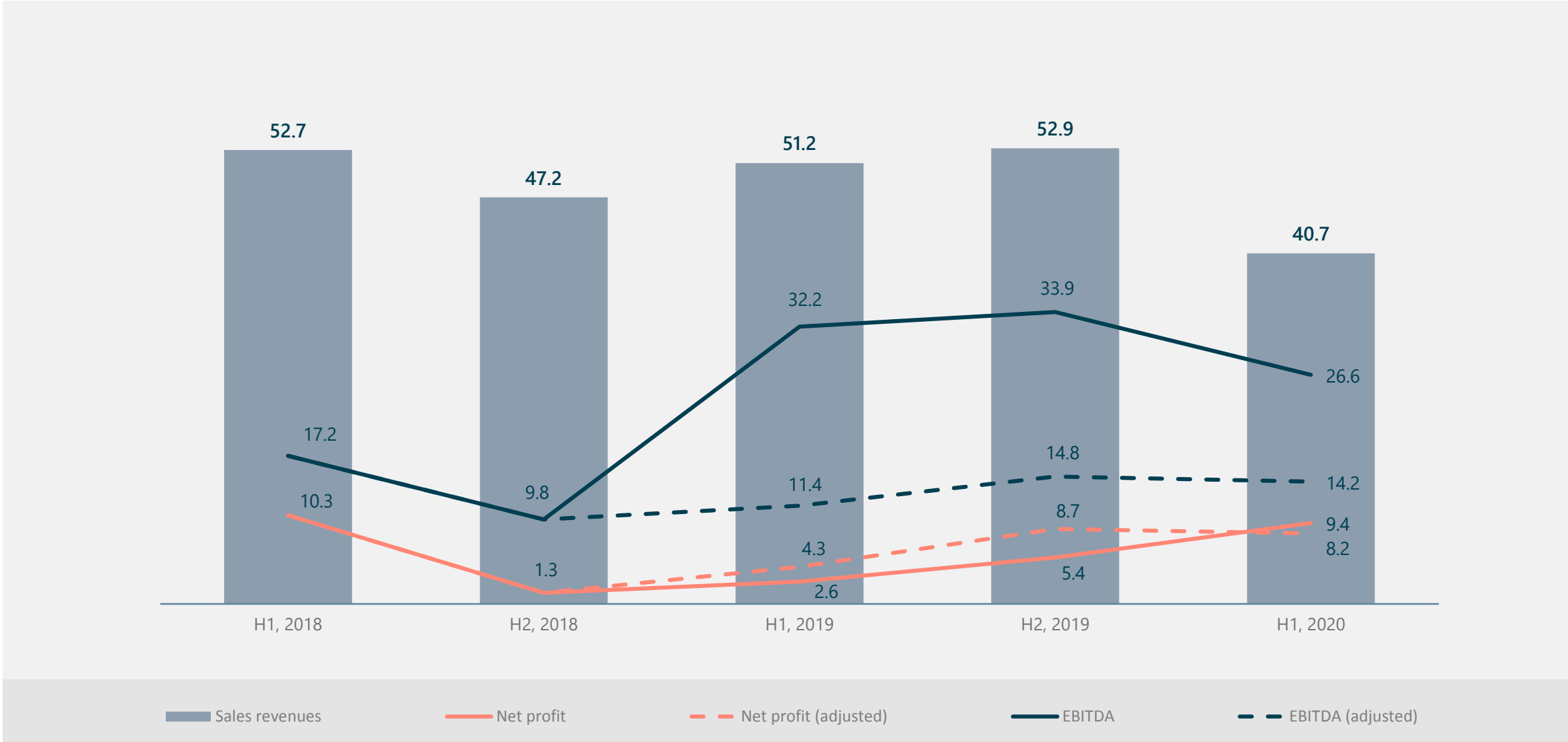
FINANCIAL RESULTS



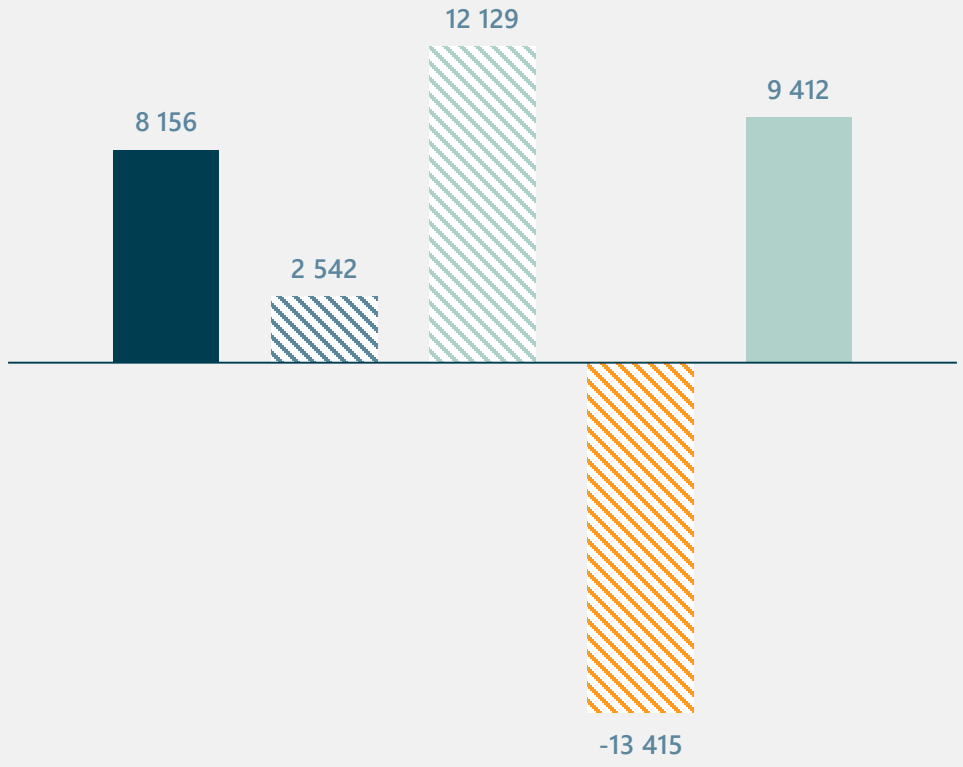
FINANCIAL HIGHLIGHTS (UNAUDITED) FOR 2020 Q2, MEUR



FINANCIAL HIGHLIGHTS (UNAUDITED) FOR 2020 H1, MEUR



IMPACT OF IFRS 16 AND LNG SECURITY SUPPLEMENT REDUCTION ON RESULTS OF 2020 H1, TEUR



IMPACT OF IFRS 16 AND LNG SECURITY SUPPLEMENT REDUCTION	2020 H1
Financial net profit (loss), tEUR	9 412
Adjustment due to reduction of LNG security supplement	13 415
Difference due to IFRS 16 calculation method	(12 129)
Impact of exchange rates due to IFRS 16	(2 542)
Net profit (loss), adjusted, tEUR	8 156

Together with financial results the Group provides adjusted profit in order to present business results.

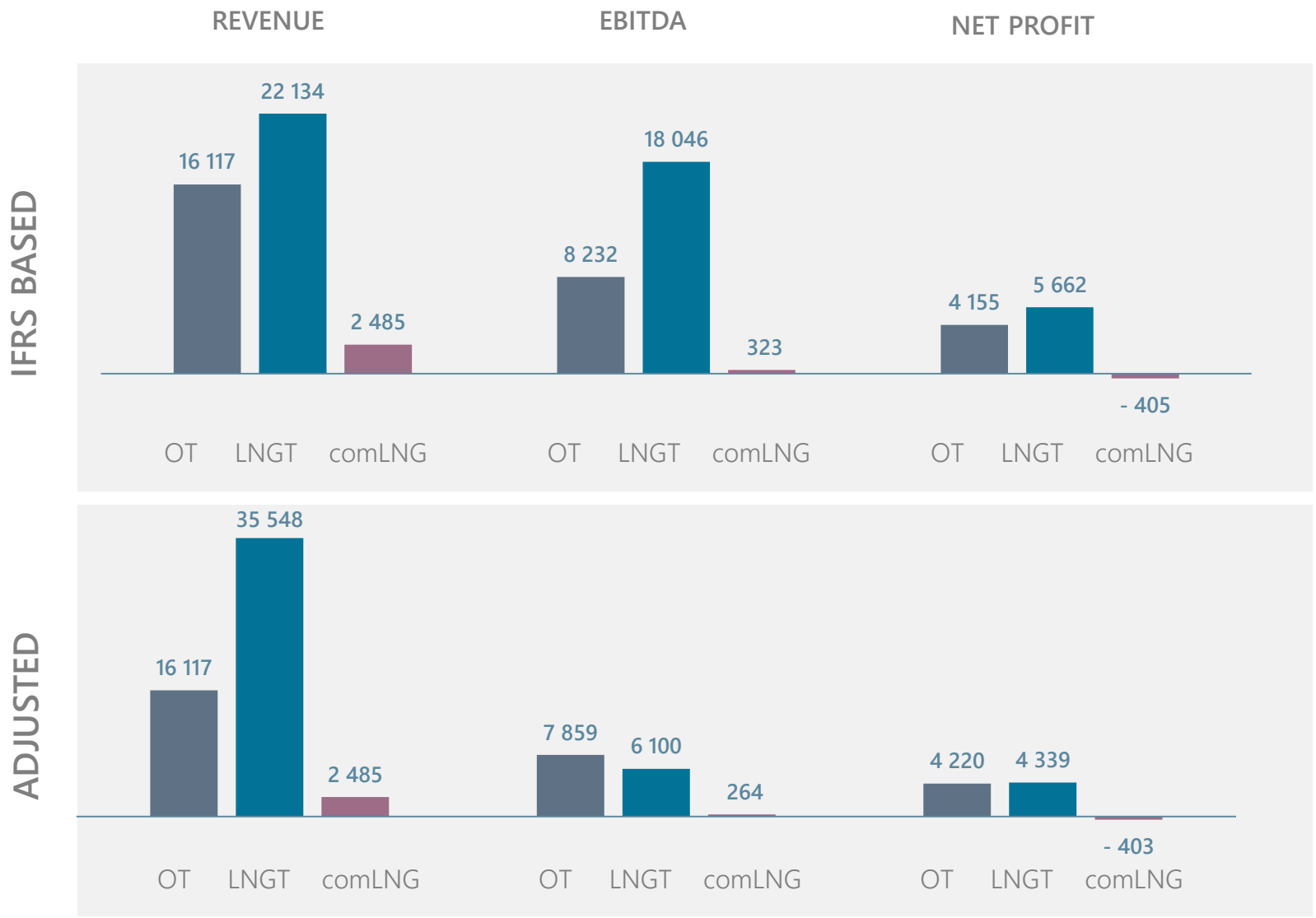
The main differences between financial net profit and net profit adjusted are:

- impact of IFRS 16.
- unrealized exchange rates loss, arising from finance lease obligations under requirements of IFRS 16.
- impact of LNG security supplement reduction from 1 Jan 2020.

LNG security supplement reduction:

- On 19th September 2019 European Commission has approved state aid consent regarding LNG security supplement reduction. On 20th December 2019 a loan agreement with NIB has been signed to finance the LNG security supplement reduction.
- LNG security supplement reduction comprise 26.8 MEUR for 2020, as a result for H1 2020 it has been reduced in 13.4 MEUR for LNG consumers and is financed by the respective loan amount from NIB.

FINANCIAL HIGHLIGHTS (UNAUDITED) FOR 2020 H1, TEUR



SEGMENTS EXPLANATION:

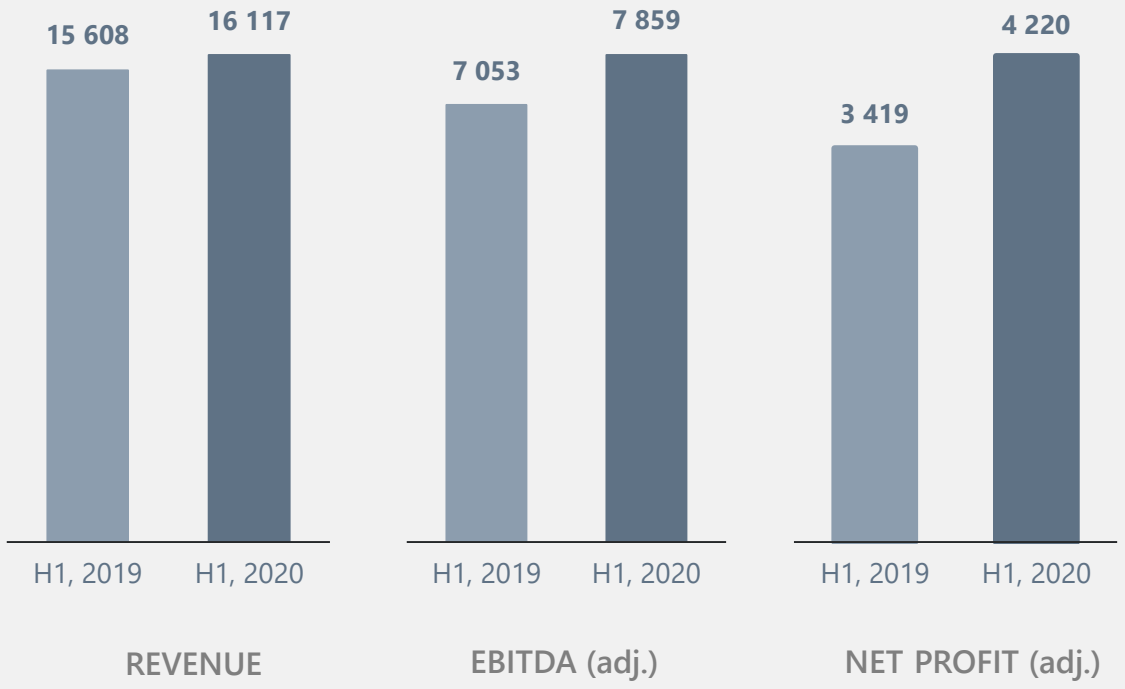
Oil Terminals (OT) – include:
- Klaipėda Oil Terminal and
- Subačius Oil Terminal

Regulated LNG activities (LNGT):
- Klaipėda LNG Terminal

Commercial LNG activities (comLNG):
- small-scale LNG reloading station in Klaipėda
- operation of LNG terminal in Açu port in Brazil and
- Business development projects and consultations.

2020 H1 FINANCIAL HIGHLIGHTS, TEUR

OIL TERMINALS



BUSINESS FACTORS:

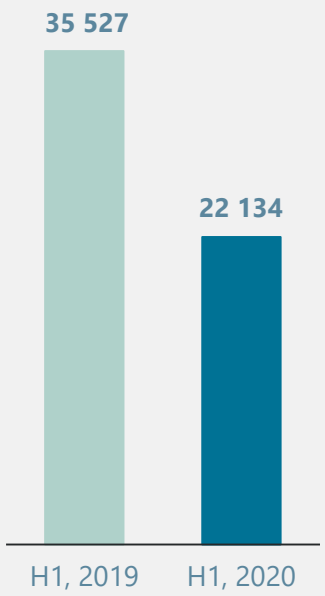
H1 2020 was full of challenges which put a significant pressure on KN's oil business segment and led to the biggest drop of oil products demand on the record in April (Q2). All the main destabilizing oil industry events took place in Q1:

- Especially warm winter season led to the drop of diesel fuel, heating oil and similar fuels demand. Therefore, production capacities decreased in regions' refineries.
- Lock-down of crude supply by pipeline from Russia to Belarus caused decrease of petroleum products export from Belarus via KN terminal, nevertheless export was partially substituted by income from crude oil import to Belarus via KN, which also included the first crude import case from USA.
- Failed OPEC+ negotiations, when Russia and Saudi Arabia couldn't agree on production cuts in March and Saudi Arabia started an oil price war.
- Due to COVID-19 declared pandemic and worldwide lock-downs started in March.

During this turbulent H1 period in oil market, OT holds the leading positions among the Baltic oil terminals, demonstrating high transshipment volumes, which reflects in its H1 2020 financial performance results.

2020 H1 FINANCIAL HIGHLIGHTS, TEUR

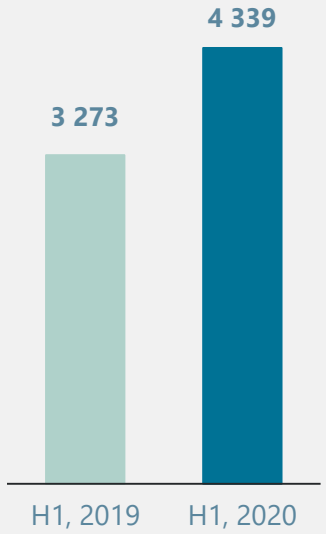
REGULATED LNG ACTIVITIES



REVENUE



EBITDA (adj.)



NET PROFIT (adj.)

BUSINESS FACTORS:

- Klaipeda LNG terminal utilization rate in the second quarter of this year was 55%, a total of 5.84 TWh of gas was regasified and transmitted to the transmission system. Key reason - LNG prices at the terminal in H1 2020 were more favorable than gas supplied by pipelines.
- On European gas exchanges Dutch TTF average index for second quarter of this year was 6.92 Eur/MWh, compared to an average of 14.71 Eur/MWh with the same period last year (source: ICE).

LNG TANKERS ACCEPTED

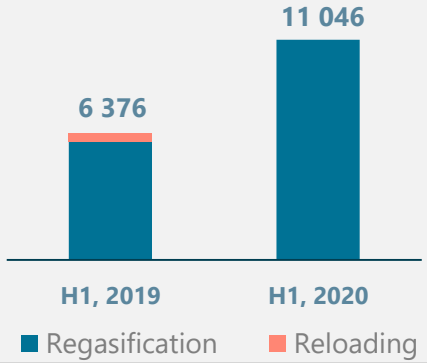


H1 2019



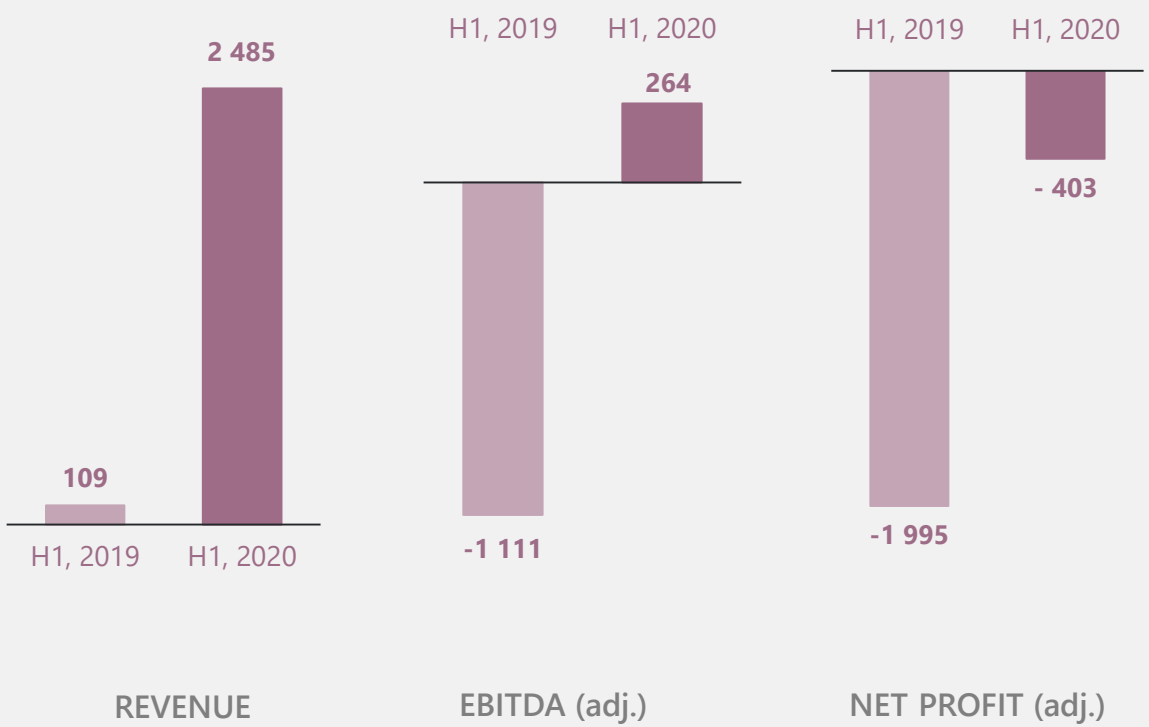
H1 2020

REGASIFICATION AND RELOADING IN REGULATED LNG TERMINAL, TMWH



2020 H1 FINANCIAL HIGHLIGHTS, TEUR

COMMERCIAL LNG ACTIVITIES



BUSINESS FACTORS:

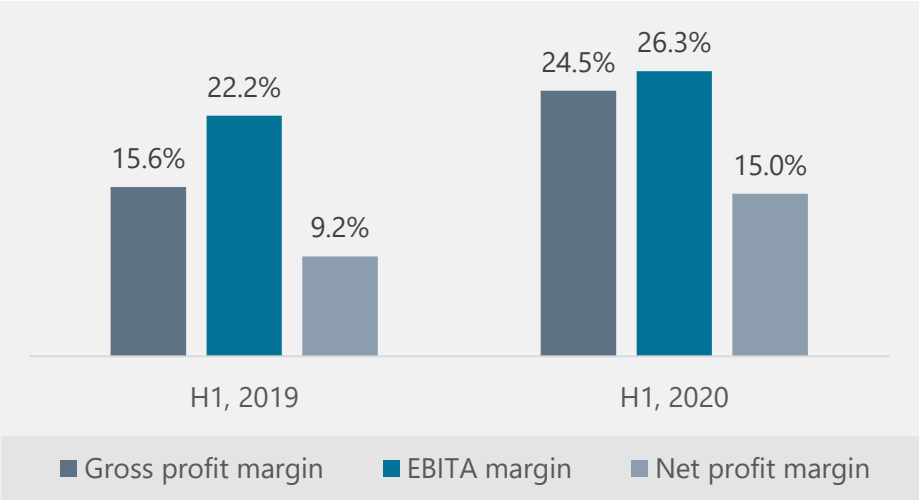
- KN together with its subsidiary KN Açu Serviços de Terminal de GNL Ltda. signed an Operation and Maintenance Services Agreement with UTE GNA I Geração de Energia S.A. for the provision of operations and maintenance services in connection with GNA's LNG terminal, located at the Port of Açu in Brazil.
- The capacities of LNG reloading station has been started to be utilised by Polish state gas company PGNiG on 1st April 2020. The agreement between KN and PGNiG for the booking of the capacities of the LNG reloading station for the five-year period has been signed at the end of 2019.
- Klaipėda LNG reloading station LNG truck loadings comparing H1, 2019 with H1, 2020 increased by 2.5%.
- With a purpose of LNG as a fuel for vessels LNG bunkering started on 8 March this year in Klaipėda State Seaport and is now becoming a regular case here.
- KN closely monitors public and private floating LNG terminal tenders globally and currently assesses business opportunities in developments in Europe, South East Asia and South America.

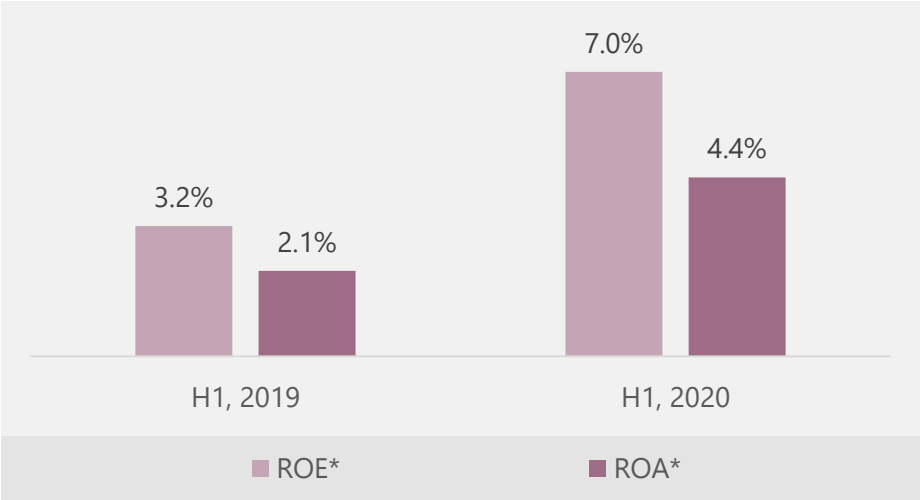
Commercial LNG activities include:

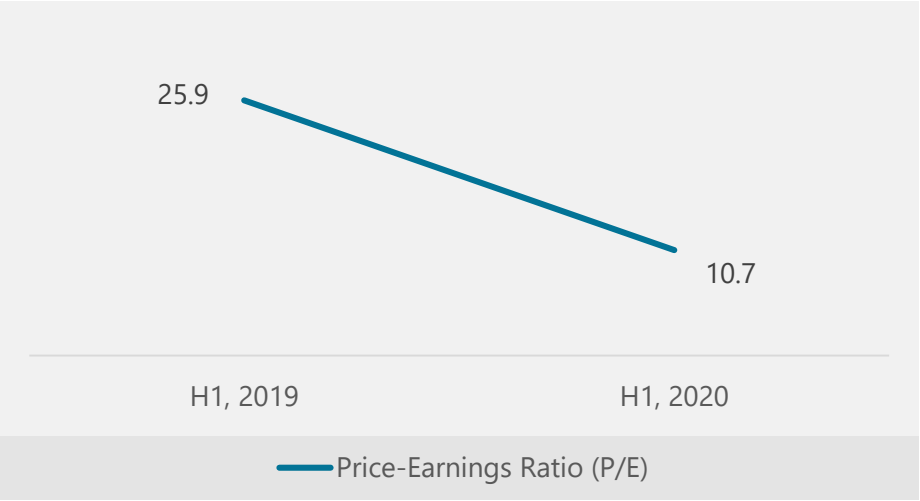
- small-scale LNG reloading station in Klaipėda,
- operation of LNG terminal in Açu port, and
- Business Development Projects and other LNG Consultancy Services.

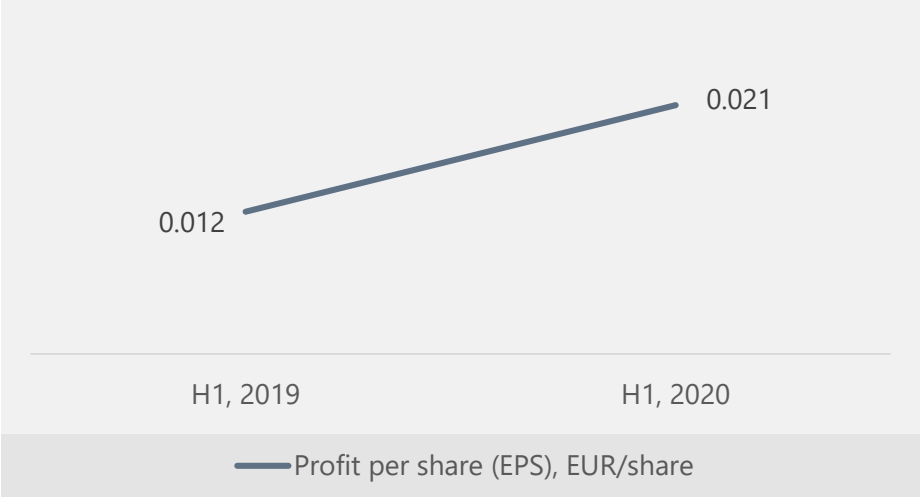
2020 H1 FINANCIAL FIGURES

ALL RATIOS CALCULATED BASED ON ADJUSTED FIGURES







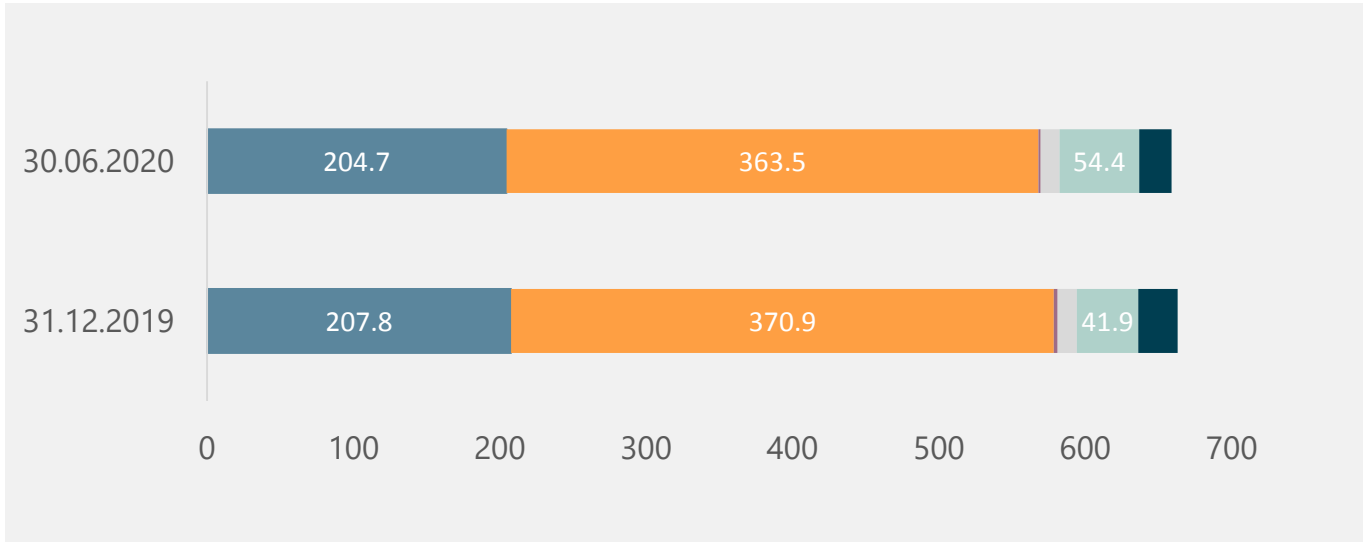


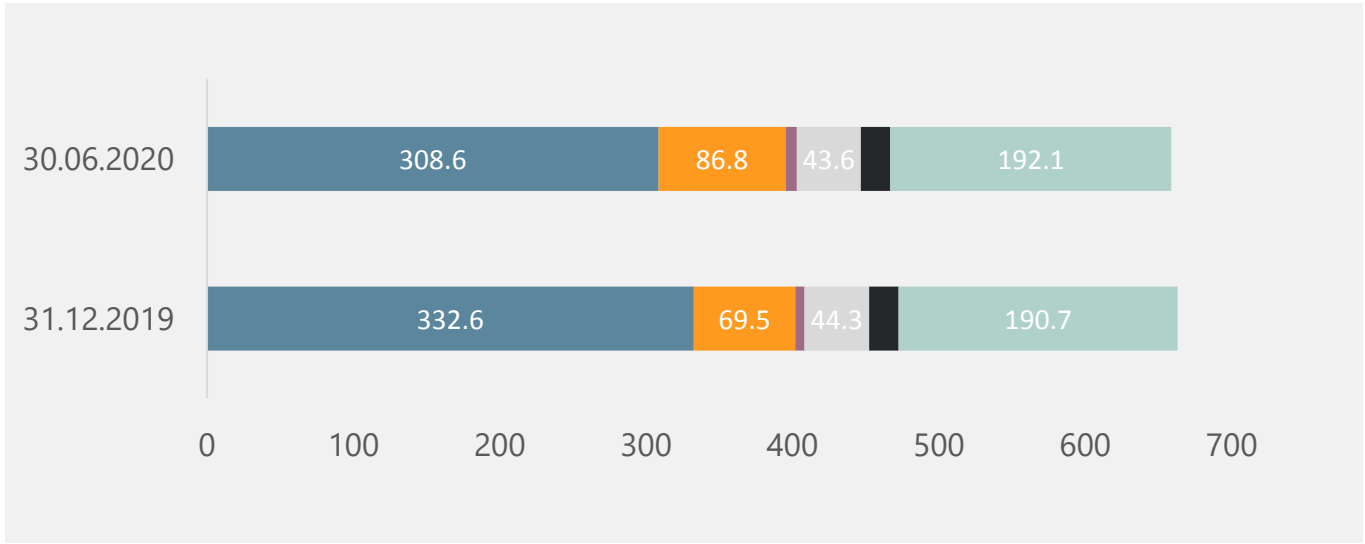
* The return on equity (ROE) and return on assets (ROA) were calculated by dividing the net profit (losses) of the last twelve months by the average of equity or asset values at the beginning and the end of the reference year.

BALANCE SHEET, MEUR

ASSETS		
MEUR	30-06-2020	31-12-2019
PPE	204.7	207.8
Right to lease property	363.5	370.9
Other non-current assets	1.6	2.6
Trade receivables	12.8	13.2
Cash and cash equivalents	54.5	41.9
Other current assets	22.1	26.9
TOTAL	**659.2**	**663.3**

LIABILITIES & EQUITY		
MEUR	30-06-2020	31-12-2019
Non-current lease liabilities	308.6	332.6
Loans	86.8	69.5
Other non-current liabilities	7.9	6.2
Current lease liabilities	43.6	44.3
Other current liabilities	20.2	20.0
Equity	192.1	190.7
TOTAL	**659.2**	**663.3**

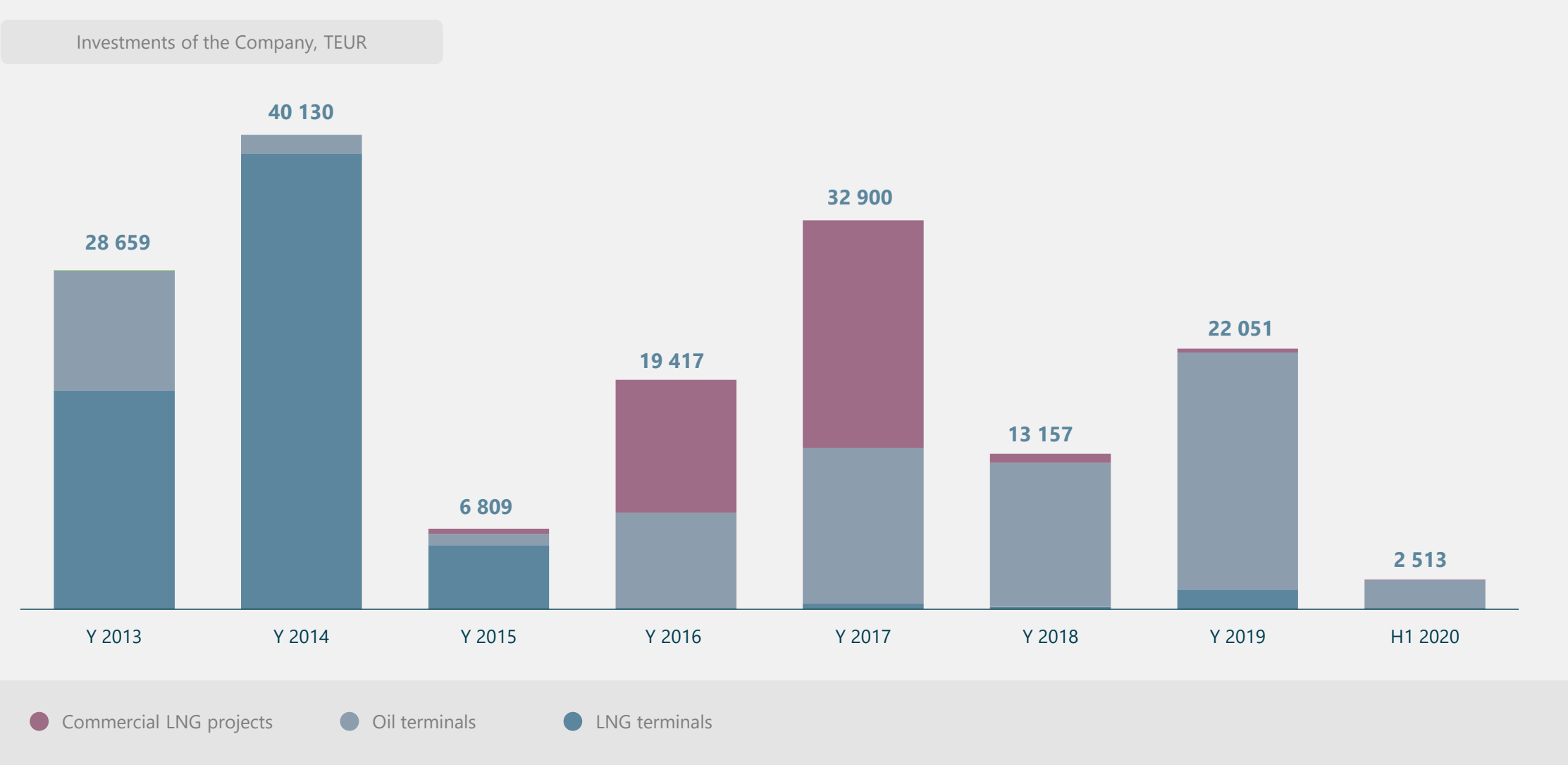




INVESTMENTS OVERVIEW



INVESTMENTS OF THE COMPANY, TEUR





Q & A

Questions received in advance:

1. Which direction the Company is heading to increase profitability: LNG or Oil terminal transshipment?
2. When do you plan to buy out the LNG ship from Norway?
3. Are oil cargoes from Belarus permanent or temporary? Is it planned to supply LNG gas? If so, when?
4. In terms of interim dividends, what is the future dividend policy?
5. In order to increase the return to investors, how is it planned to increase the liquidity of the stock?



THANK YOU FOR YOUR ATTENTION

AB KLAIPĖDOS NAFTA

Registered address:
Burių str. 19,
LT-91003, Klaipėda
Lithuania

Tel. +370 46 391772
E-mail: media@kn.lt
www.kn.lt