



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

27<sup>th</sup> April 2018



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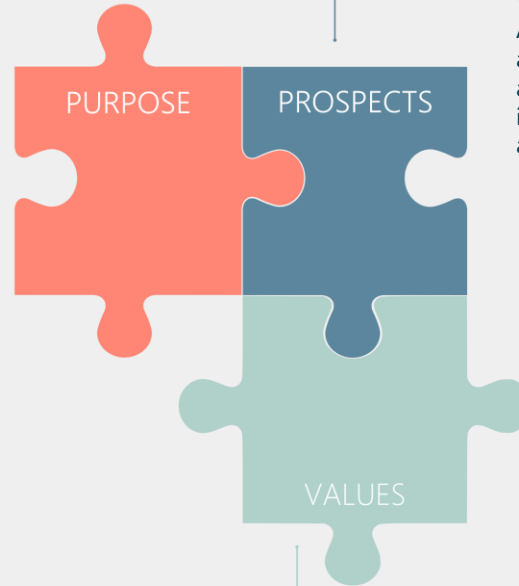
## **ABOUT THE COMPANY**



## 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

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

KN has become a national corporate member of the Baltic Institute of Corporate Governance (BICG).

2018.01.04

KN in contribution with national project "Free-of-Charge Legal Help in Regions" carried out by Vilnius university (VU) law clinic has contributed to the establishment of legal assistance point in Fridrich Bajoraitis Library of Šilutė District Municipality.

Board of the Company approved audited financial statement for the year 2017 and proposed to pay out 100 percent of net profit as dividends for the approval of General shareholder's meeting.

2018.03.01

2018.03.28

KN and Freeport LNG, the US liquefied natural gas (LNG) supplier and the operator of the future LNG terminal, signed a memorandum of understanding (MoU) in Washington related to further cooperation in onshore infrastructure needed for FSRU based LNG import terminals development areas.

AB Klaipėdos nafta and K2 SAGL, a company registered in Switzerland, signed a long-term agreement for transshipment services of oil products at the KN oil terminal.

2018.04.03

2018.04.04

The experts from the international company Pöyry Management Consulting presented a study on securing long-term import of liquefied natural gas (LNG).

2018.04.11

Annual LNG terminal capacities allocation procedure and an invitation for the potential users of the LNG Terminal to submit their requests for allocation of LNG terminal capacities for the upcoming Gas Year released.

2018.04.25



## 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 per cent 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.

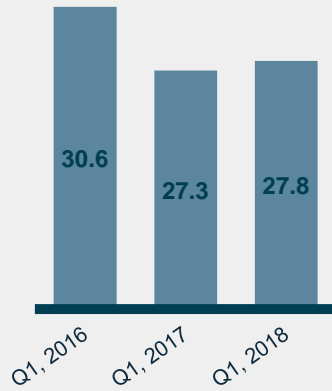


# FINANCIAL RESULTS



## REVENUE, EBITDA, NET PROFIT (UNAUDITED), MEUR

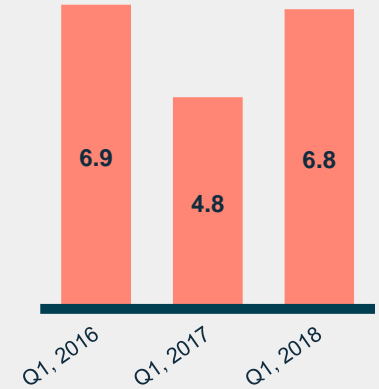
### Revenue, MEUR



### EBITDA, MEUR

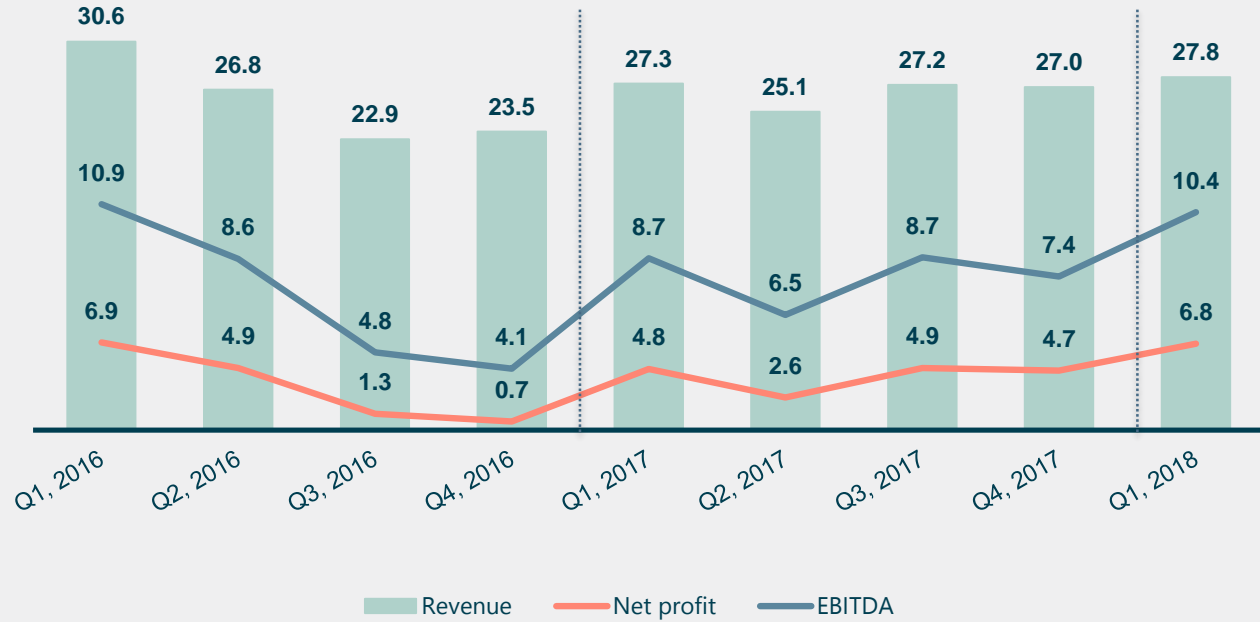


### Net profit, MEUR





## REVENUE, EBITDA, NET PROFIT (UNAUDITED), MEUR





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

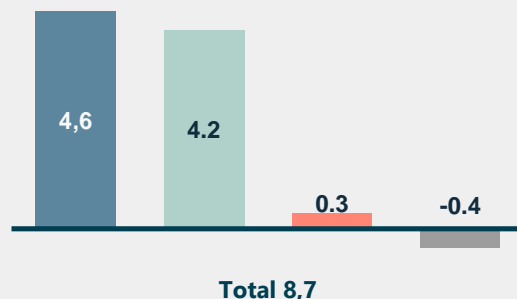
Revenue of 1<sup>st</sup> quarter 2017, MEUR



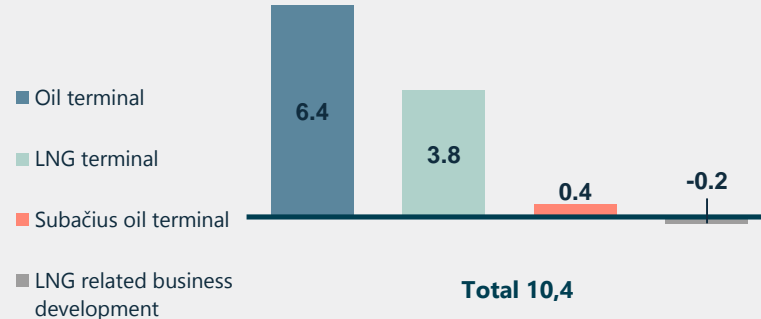
Revenue of 1<sup>st</sup> quarter 2018, MEUR



EBITDA of 1<sup>st</sup> quarter 2017, MEUR



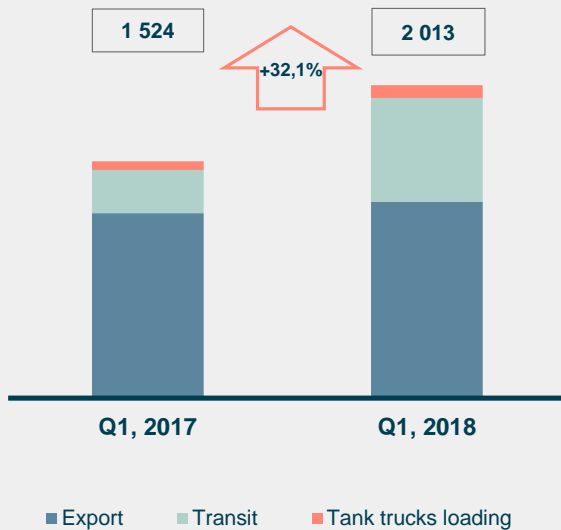
EBITDA of 1<sup>st</sup> quarter 2018, MEUR



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



## Transshipment, thousand tons



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

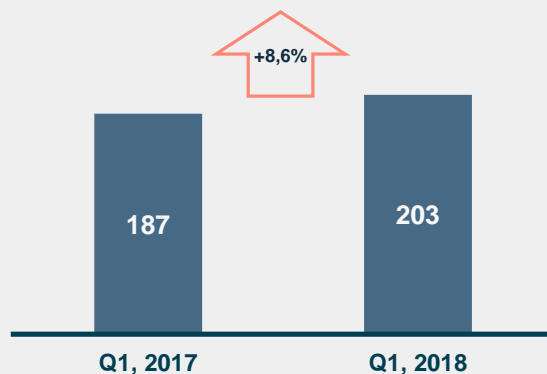
## BUSINESS FACTORS:

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:**

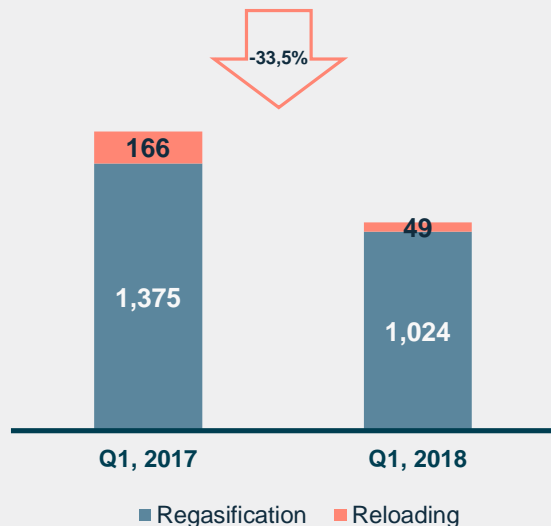
The storage quantities of oil products has increased by 8.6% in Q1 2018 (comparing to the same period in 2017).

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.

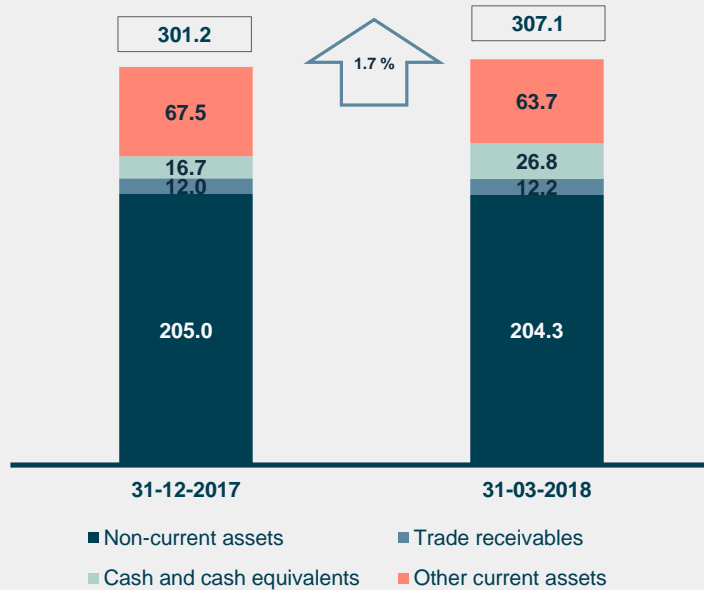
On 25<sup>th</sup> of April, 2018 KN has announced the annual liquefied natural gas terminal capacities allocation for the year 2019. The total volume of the LNG terminal capacity being allocated is 3.75 bcm per annum.



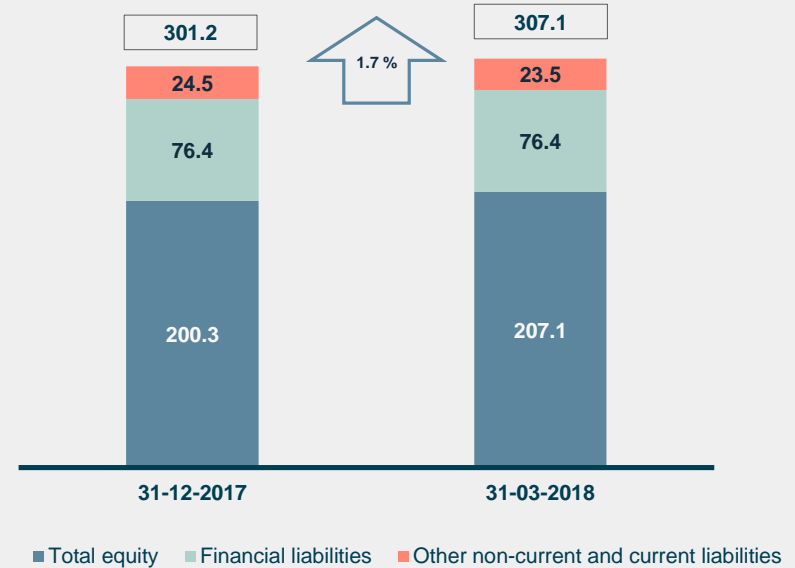


## BALANCE SHEET (UNAUDITED)

### 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	-

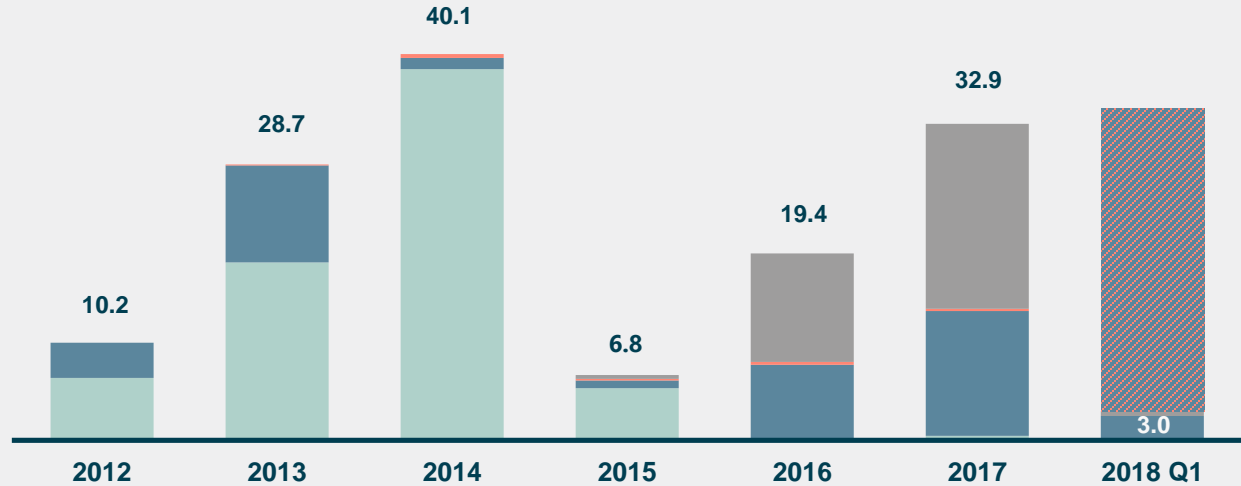
\* The return on equity (ROE) and return on assets (ROA) were calculated by dividing the net profit (losses) of the last twelve months by the average of equity or asset values at the beginning and the end of the reference year.



# 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 m<sup>3</sup> 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.





## **OTHER INFORMATION**



## SHAREHOLDERS AND SHARES

Since 2003 the shares of the Company are listed on NASDAQ OMX Vilnius stock exchange:

- ISIN code – LT0000111650
- Abbreviation – KNF1L

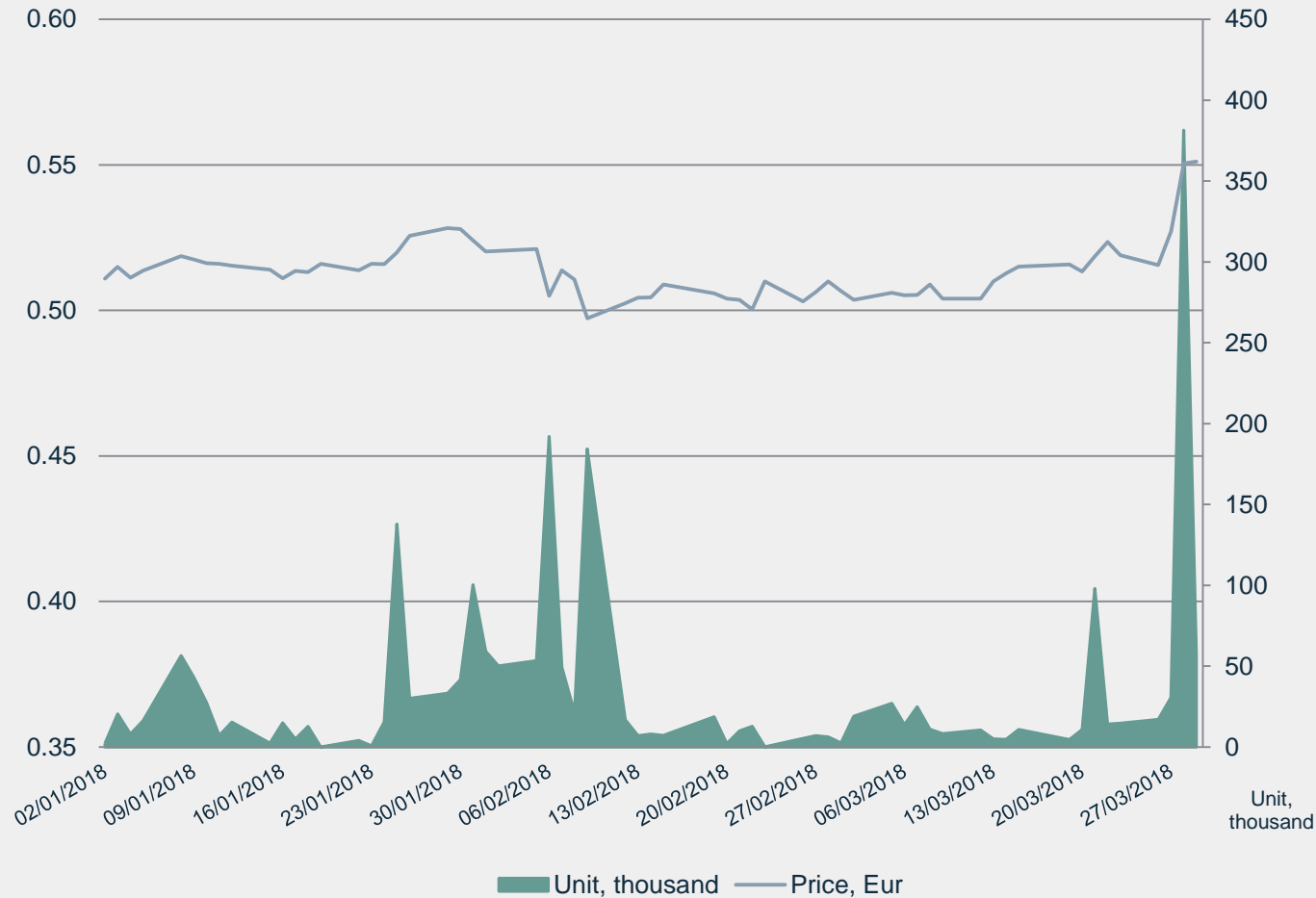
As at 31<sup>st</sup> March 2018, all the shares of the Company were owned by 2,165 shareholders (as at 31<sup>st</sup> December 2017 – 2,178).

Shareholder's name (company's name, address, company code of registration)	31 <sup>st</sup> of March 2018		31 <sup>st</sup> of December 2017	
	Number owned shares (unit)	Part of authorized capital (%)	Number owned shares (unit)	Part of authorized capital (%)
The Republic of Lithuania, represented by the Ministry of Energy of the Republic of Lithuania	275,241,290	72.32	275,241,290	72.32
Concern AB Achemos grupe	39,148,150	10.28	39,113,150	10.28
Other (each owning less than 5%)	66,216,744	17.40	66,251,744	17.40
Total	380,606,184	100.00	380,606,184	100.00



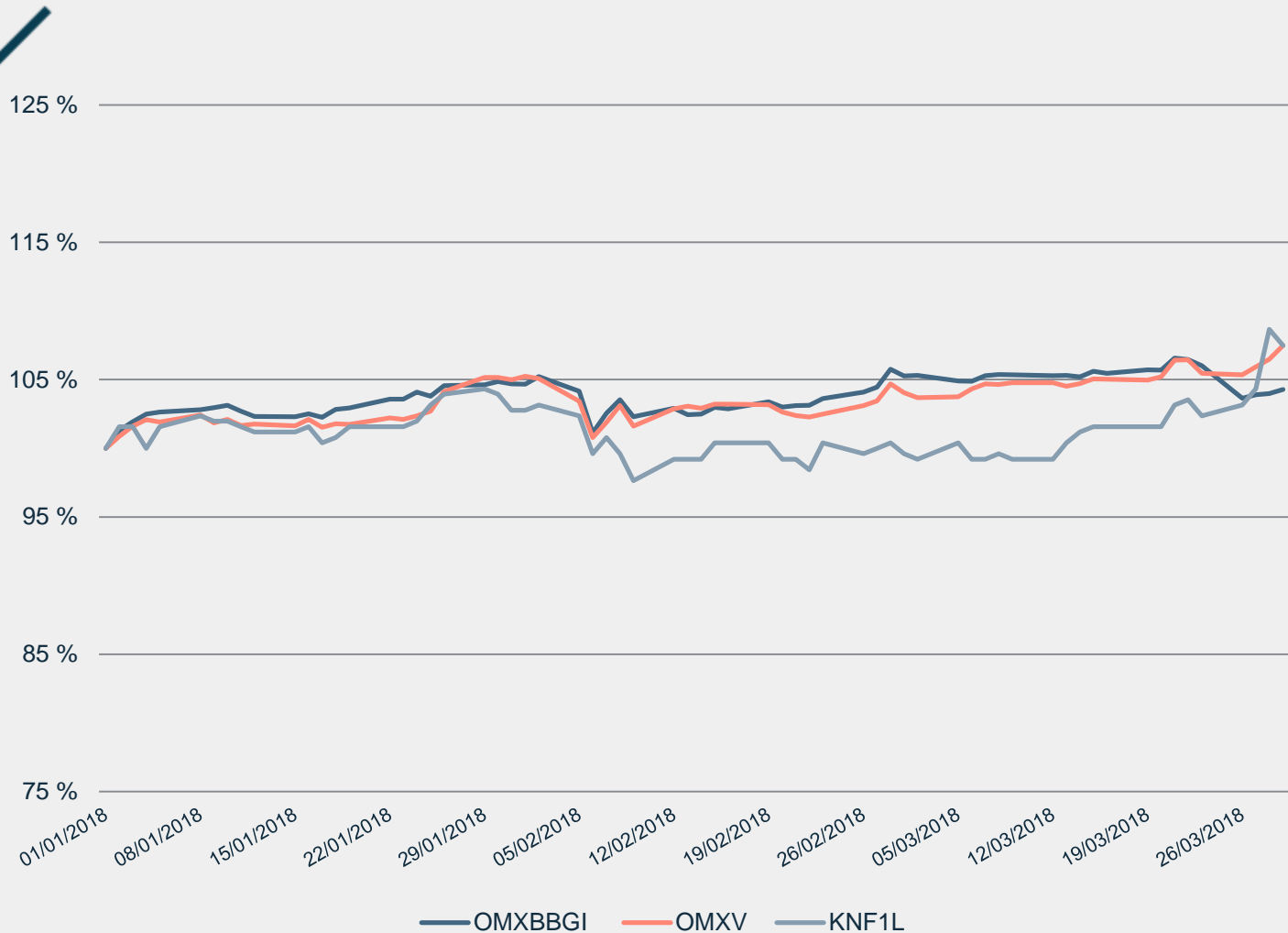


# TRADING IN KNF1L SHARES ON NASDAQ VILNIUS STOCK EXCHANGE OF Q1, 2018





# KNF1L SHARE PRICE, NASDAQ VILNIUS AND BALTIC BENCHMARK GI INDEXES COMPARISON OF Q1, 2018





## ORGANIZATIONAL STRUCTURE

### BOARD members:

Dainius Bražiūnas

Mantas Bartuška

Giedrius Dusevičius

Bjarke Pålsson

General meeting of shareholders

Supervisory Board

BOARD

CEO

Audit Committee

New members of the Supervisory Board has not been appointed as at 31<sup>st</sup> of March, 2018.  
For the approval of General Shareholder Meeting on 27<sup>st</sup> April, 2018, proposal for confirmation of the new members of the Supervisory Board will be submitted.

The Audit Committee will be formed after the approval of the new Supervisory Board.



THANK YOU

**AB Klaipėdos nafta**

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