

SC KLAIPĖDOS NAFTA
RESULTS FOR THE 9 MONTHS PERIOD OF 2015



Main activities of SC Klaipedos nafta (hereinafter - the Company)

Klaipedos nafta

Subacius fuel storage (SFS)



Oil transshipment terminal



Liquefied natural gas (LNG) terminal



SC Klaipėdos Nafta is a strategic company of the Lithuanian national security and energy sector.

Company name	SC Klaipėdos nafta
Company code	110648893
Authorized share capital	EUR 110,231,170
Registered address	Buriu street 19, P.O. Box 81, 91003 Klaipėda-C, Lithuania
Telephone	+370 46 391772
Fax	+370 46 311399
E-mail	info@oil.lt
Webside	www.oil.lt , www.sgd.lt
Legal – organisational form	Stock company
Date and place of registration	27 September 1994, State Enterprise Centre of Registers

The authorized capital is divided into 380,606,184 ordinary shares with a nominal value of 0.29 EUR.

Main shareholder is The Republic of Lithuania, represented by the Ministry of Energy of the Republic of Lithuania, holding 72.32 % of shares (275,241,290 unit).

The mission of the Company is to be a reliable import and export terminal of oil products and LNG for Lithuania and neighbor regions, to enable the region's oil refineries to export on a continuous basis their production by tankers through the Company's terminal to the Western European and further markets also to ensure alternative gas supply for the users in Lithuania and other neighbor countries.

The vision of the Company is to be a financially sustainable terminal for transshipment of oil products and LNG, invest in initiatives that will increase economic returns for the investors.

The strategic objectives of AB Klaipėdos nafta:

- To increase the effectiveness of the Company,
- Improvement of the internal processes,
- Assurance of the safety requirements and environmental protection,
- To diversify activity of the Company,
- To become the main centre of oil and gas in Lithuania.

The significant events of the 3rd quarter of 2015

- **On the 10 July 2015**, the Connecting Europe Facility (CEF, part of the EU financing program) Coordination Committee approved the financial support of preliminary EUR 6 million for the construction of the Company LNG onshore reloading station. The support shall be dedicated for the joint project of Helsingborg port and Klaipėdos nafta (HEKLA) as both parties together submitted investment application through the Baltic Port Organization which actively encourage and support the LNG activities development in the Baltic region.
The foreseen start of the Company's LNG reloading station is the beginning of 2017.
- **On 5 August 2015**, the Board of the Company consented that the Company takes necessary preparatory actions related to the possible decision to redeem the floating LNG storage and regasification unit for the purpose of decreasing annual LNG terminal exploitation costs.
With regard to that, the Board of the Company decided to initiate public procurement procedures for the purchase of financial services (credit) amounting up to EUR 300 mln. On 6 August 2015 the Company announced the Draft Technical Specification as well as the Draft Term-sheet of the Procurement Contract.
- **On 25 August 2015**, the extraordinary General Meeting of Shareholders of the Company approved:
 1. the decision of the Company's Board to implement LNG distribution station investment project for the price not exceeding 27.17 mln. EUR (without VAT). Also established that all works under construction contracts are to be finished within 15 months as of the signing of EPC contract
 2. the decision of AB Klaipėdos Nafta's Board to implement oil terminal expansion (the expansion of the oil truck lot capacities, construction of fuel oil with water tanks and expansion of light oil product tanks) investment project for the price not exceeding 9.55 mln. EUR (without VAT).
- **On 14 September 2015**, the Supervisory Council of the Company adopted the decision to elect Kasparas Žebrauskas as the new member of the Company's Audit Committee until the term of office of the acting Audit Committee of the Company.

Significant events occurred after the end of the reporting period:

Significant events occurred after the end of the reporting period

- **On 20 November 2015**, the Board of the Company made a decision to perform activities of operating a LNG bunkering carrier and to establish UAB SGD logistika, a wholly owned subsidiary of the Company, for performance of such activities. The authorised share capital of UAB SGD logistika is EUR 200.0 thousand. Mantas Bartuška is the head of the subsidiary since its establishment.

LNG transportation services will be offered to clients in the Baltic Sea, also to clients of the LNG distribution station under construction in Klaipėda. It is planned that UAB SGD logistika together with its partner Bomin Linde LNG GmbH & Co. KG will establish a joint venture in Germany and will order construction of an LNG bunkering carrier. The Company with its said partner is going to provide LNG bunkering services in the Klaipėda State Seaport, in the Baltic Sea and in the North Sea.

The Board of the Company has also decided that the Company will issue guarantees (i) regarding performance of UAB SGD logistika obligations under the joint venture agreement with Bomin Linde LNG GmbH & Co. KG, also (ii) regarding payment of a part of the rent of the carrier.

- **On 24 November 2015**, UAB SGD logistika, which is a wholly owned subsidiary of the Company, signed a joint venture agreement with partner Bomin Linde LNG GmbH & Co. KG on joint performance of the activities of operating the LNG bunkering carrier.

Following the signed agreement, UAB SGD logistika together with Bomin Linde LNG GmbH & Co. KG will establish a joint venture in Germany, in which UAB SGD logistika will hold 20% of the authorised capital and Bomin Linde LNG GmbH & Co. KG 80% of the authorised capital. This entity will order construction of an LNG bunkering carrier. The LNG bunkering carrier will provide LNG fuel to clients of Bomin Linde LNG GmbH & Co. KG both at sea and in the Klaipėda port, will offer safe and flexible transportation of LNG from the Klaipėda LNG terminal to the LNG distribution station in the Klaipėda port, will transport LNG to terminals in the North Sea and the Baltic Sea.

The agreement says that the Company will issue guarantees (i) regarding performance of UAB SGD logistika obligations under the joint venture agreement, also (ii) regarding payment of a part of the rent for the carrier. According to the estimates of the Company, the possible total liability of AB Klaipėdos Nafta according to such guarantees should not exceed the amount of USD 14.0 million.



Railway

- 2 tracks for light oil products - LFO (total 60 tank-cars)
- 2 tracks for heavy oil products - HFO (total 64 tank-cars)
- One of the track is universal: can load both HFO and LFO
- Two four-track railway trestles provide a possibility to discharge or load 124 tank-cars simultaneously.

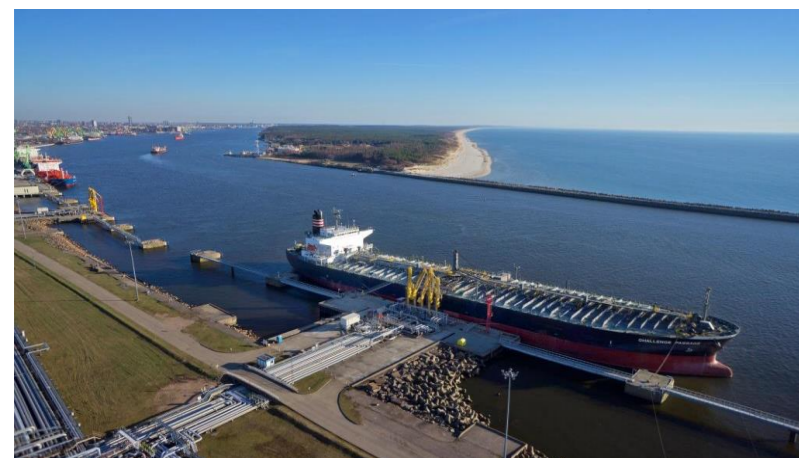


Storage tank farm

- Total 28 tanks
- ~450 cub. m thousand total volume (plus in Subacius FS ~340 cub. m thousand)

Biological Waste Water Treatment Facilities

- Waste water collected and treated annually up to 400 cub. m thousand (160 m³/h)



2 Jetties

- Depth: 14 m
- Length: 270 each
- Harbour entrance depth: 14.5 m
- Tanker batch: up to 100,000 t with 12.5 m allowable draught.

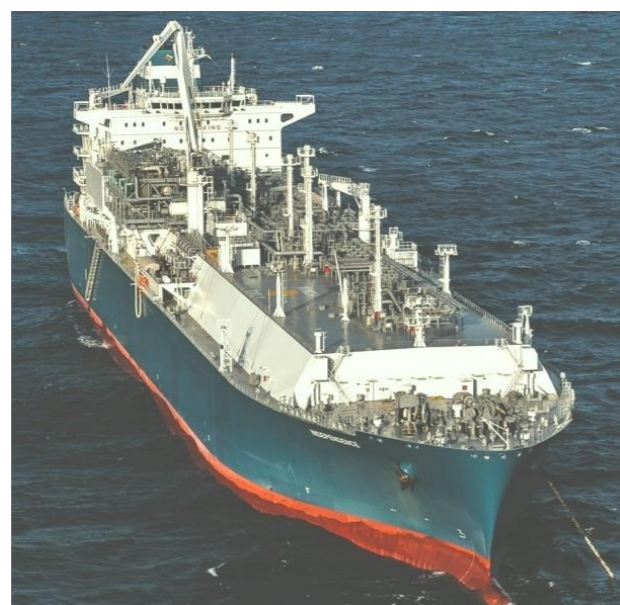
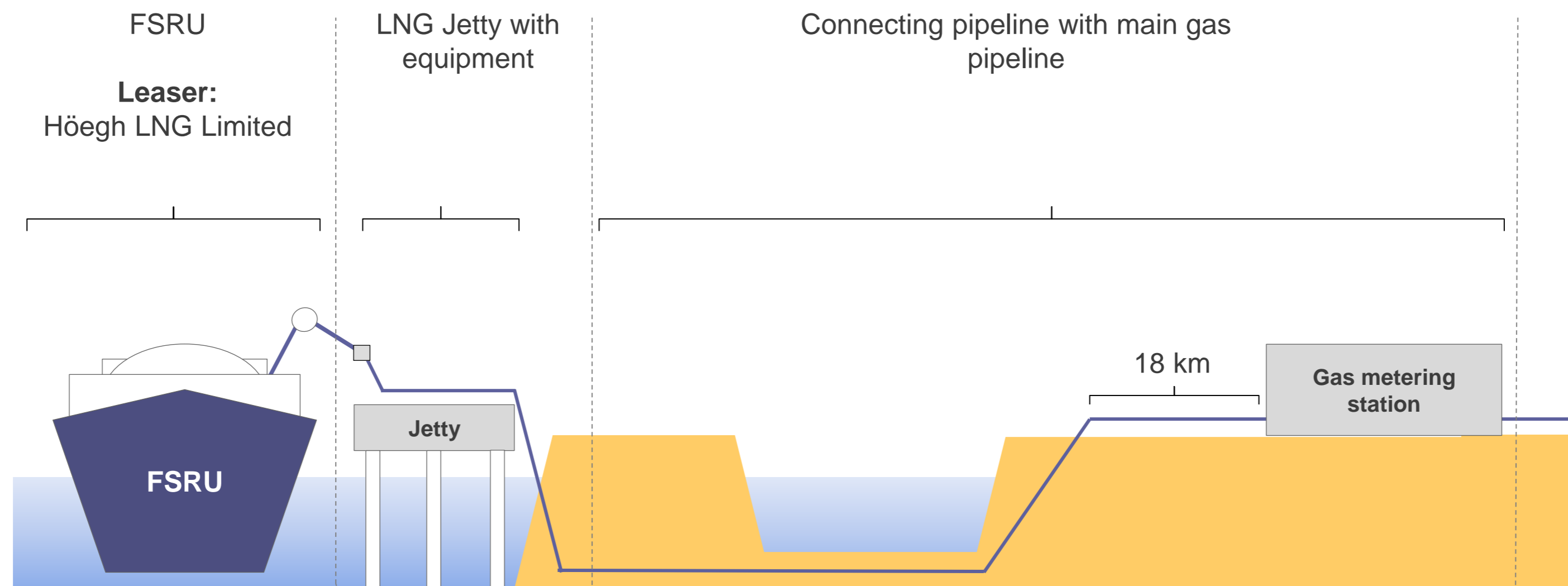


Auto tankers loading system

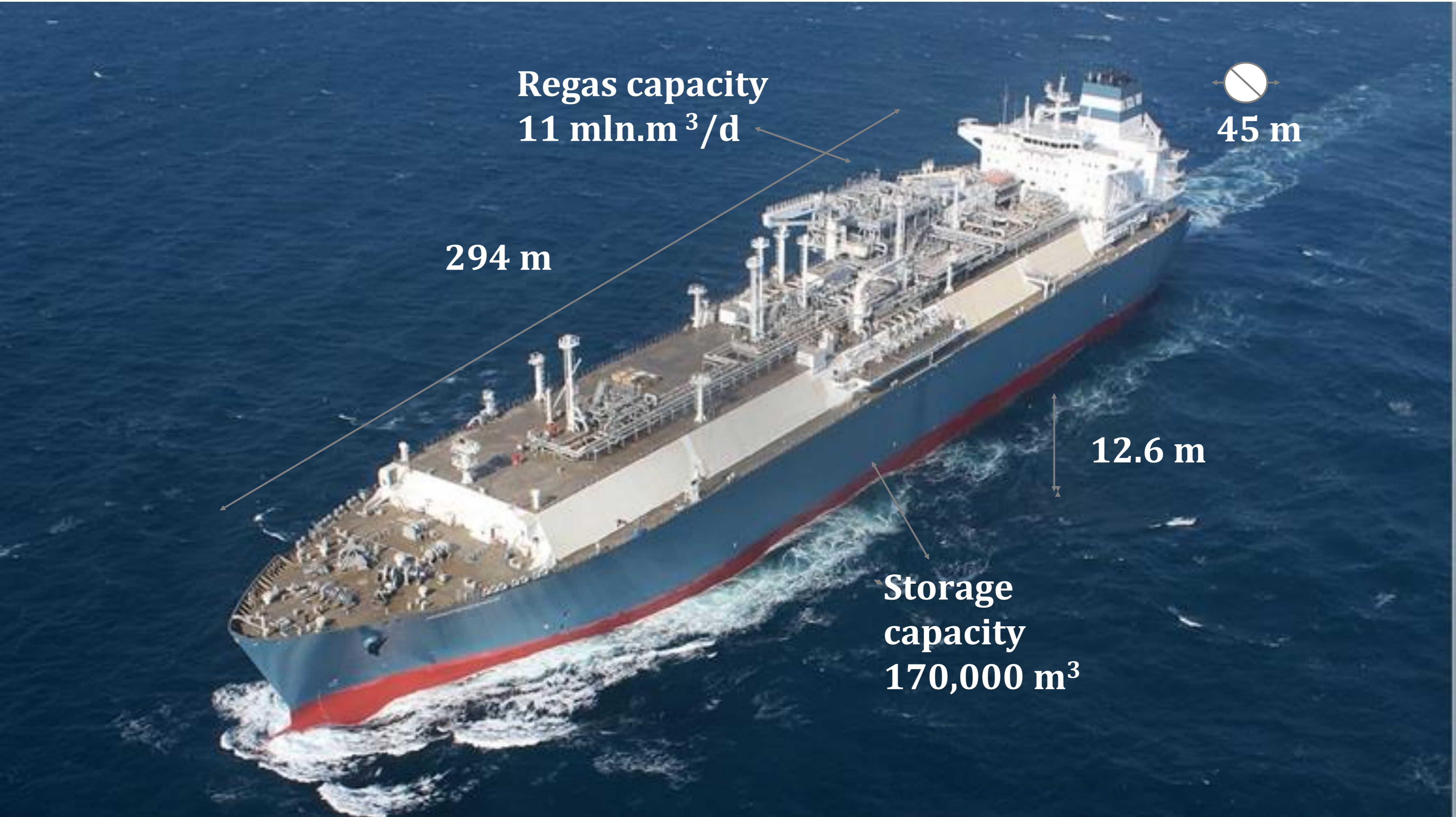
- A service to import gasoline and diesel by tankers for the Lithuanian market needs
- 4 loading points at the same time

LNG terminal infrastructure

LNG terminal: the first LNG terminal in the Baltic states, which comprise of the LNG floating storage and regasification unit – FSRU (170,000 thousand m³), jetty (450 m length), pipeline (18 km) and gas metering station. LNG to the terminal are delivered by the vessels - LNG carriers.



LNG terminal floating storage regasification unit (FSRU) technical parameters



Regas capacity
11 mln.m³/d

45 m

294 m

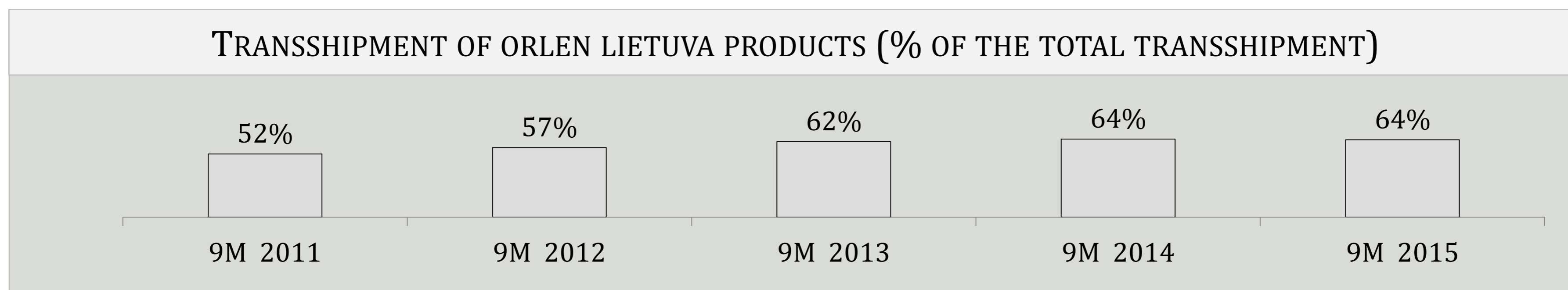
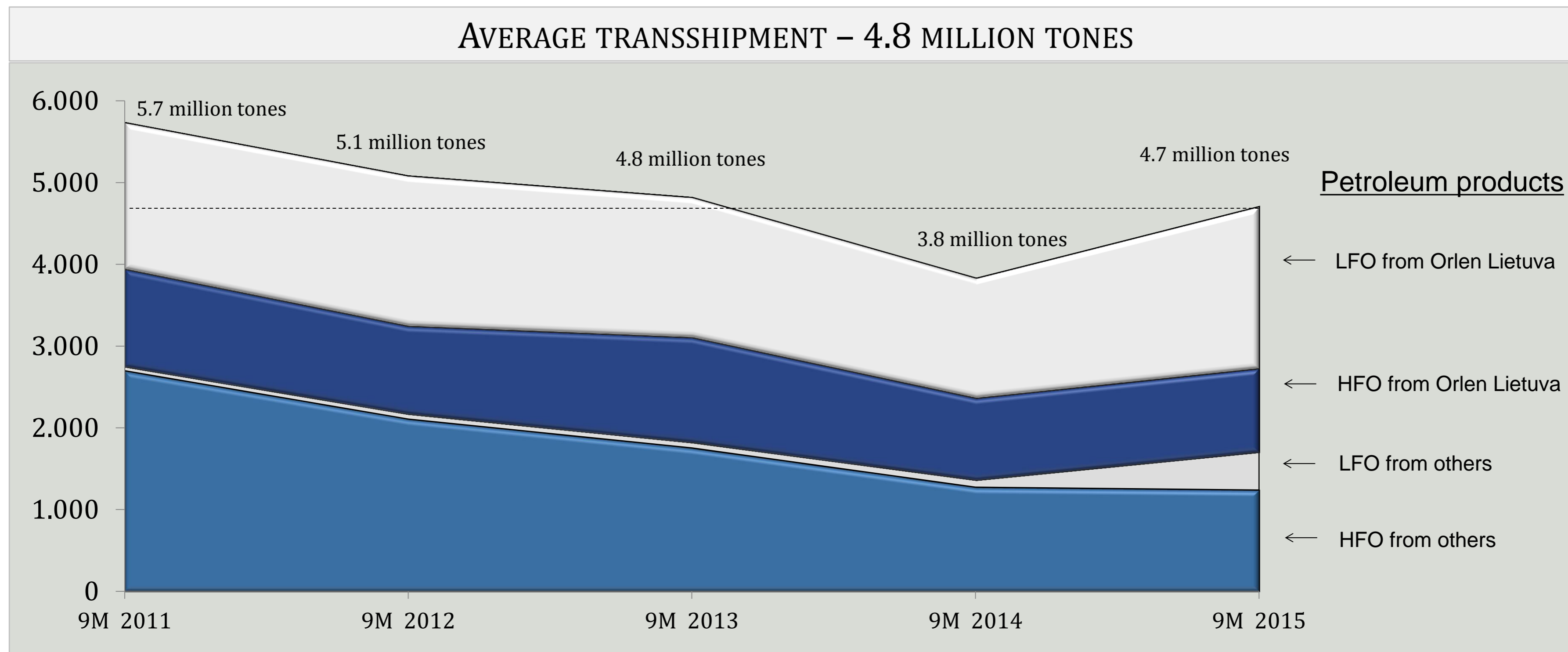
12.6 m

Storage capacity
170,000 m³

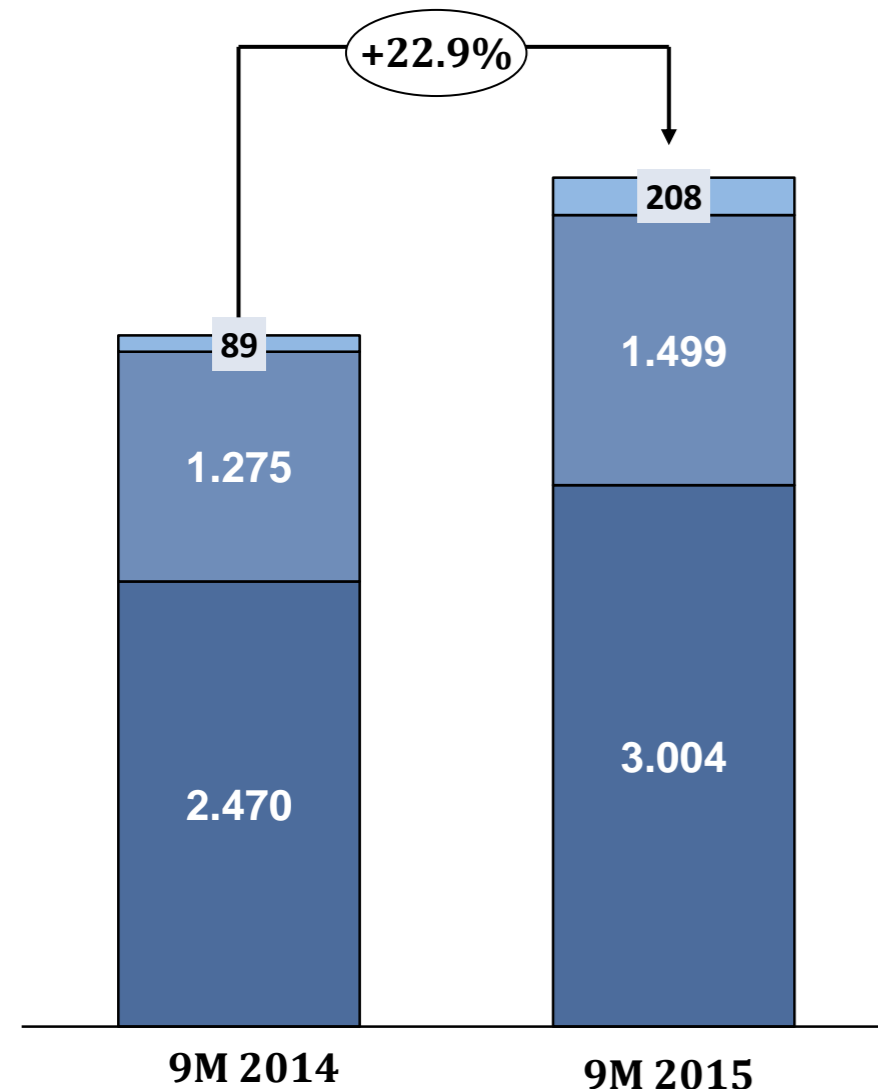
SC Klaipėdos nafta transshipment of oil products in 9 months of 2011 – 2015 years



KLAIPĖDOS NAFTA
A K C I N Ė B E N D R O V Ė

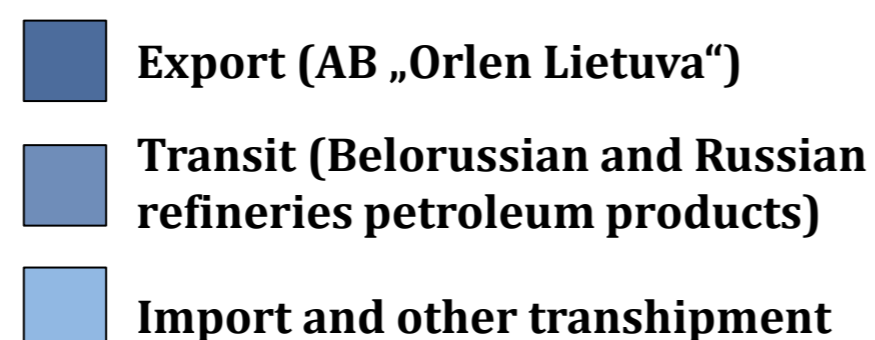


Oil terminal transshipment volume



The petroleum products transshipment volume has increased by 22.9 % (from 3,834 thousand tons in the 9 months of 2014 to 4,711 thousand tons in 2015). The main reasons:

- Due to the favorable change in macroeconomics conditions the oil refinery margins has increased so SC Orlen Lietuva (OL) increased refinery volume and transshipment in the Company's terminal. Total OL transshipment increased by 21.6%.
- The Company has expanded the range of clients and attracted additional petroleum products from Belorussia refineries that increased transshipment volume of transit freights (including light petroleum products).



LNG terminal regasification volume



In Company's LNG terminal during the 9 months of 2015:

- **Accepted 4 LNG carrier** which delivered
255,605 thousand tons LNG
- **Regasified and transmitted to the natural gas transmission system**
4,089 thousand MWh natural gas

(this activity started to be carried out on 27 November 2014).

Key financial results

		9M 2015	9M 2014	Pokytiis		
				+/-	%	
Sales revenue	thousand EUR	78,887	24,185	54,702	226.2%	
Gross profit	thousand EUR	18,879	8,814	10,065	114.2%	
EBITDA	thousand EUR	25,352	11,406	13,946	122.3%	
EBIT	thousand EUR	15,834	5,895	9,939	168.6%	
	<i>EBITDA margin</i>	%	32.1%	47.2%	-15.0%	-31.9%
	<i>EBIT margin</i>	%	20.1%	24.4%	-4.3%	-17.7%
Financial and investment activities result	thousand EUR	-517	203	-720	-354.7%	
Profit before taxation	thousand EUR	15,317	6,098	9,219	151.2%	
Net profit	thousand EUR	13,095	5,221	7,874	150.8%	
	<i>Net profit margin</i>	%	16.6%	21.6%	-5.0%	-23.1%
Transshipment of oil products by type:	thousand tons	4,711	3,834	877	22.9%	
- HFO - heavy oil products	thousand tons	2,262	2,279	-17	-0.7%	
- LFO - light oil products	thousand tons	2,449	1,555	894	57.5%	
Average number of employees in categories		369	375	-6	-1.6%	
Managers ¹⁾		35	33	2	6.1%	
Specialists		137	129	8	6.2%	
Workers		197	213	-16	-7.5%	
Average monthly salary (gross)	EUR/month	1,315	1,240	75	6.0%	
Managers ¹⁾	EUR/month	3,427	3,408	19	0.6%	
Specialists	EUR/month	1,611	1,589	22	1.4%	
Workers	EUR/month	1,106	1,028	78	7.6%	

¹⁾ The Company's managers include: General Manager, Deputy Manager, Heads of Departments and their deputies, Heads of Divisions.

SC Klaipėdos nafta sales revenues for the 9 months of 2015 has risen almost 3.3 times comparing to the 9 months of 2014 and comprised EUR 78.9 million.

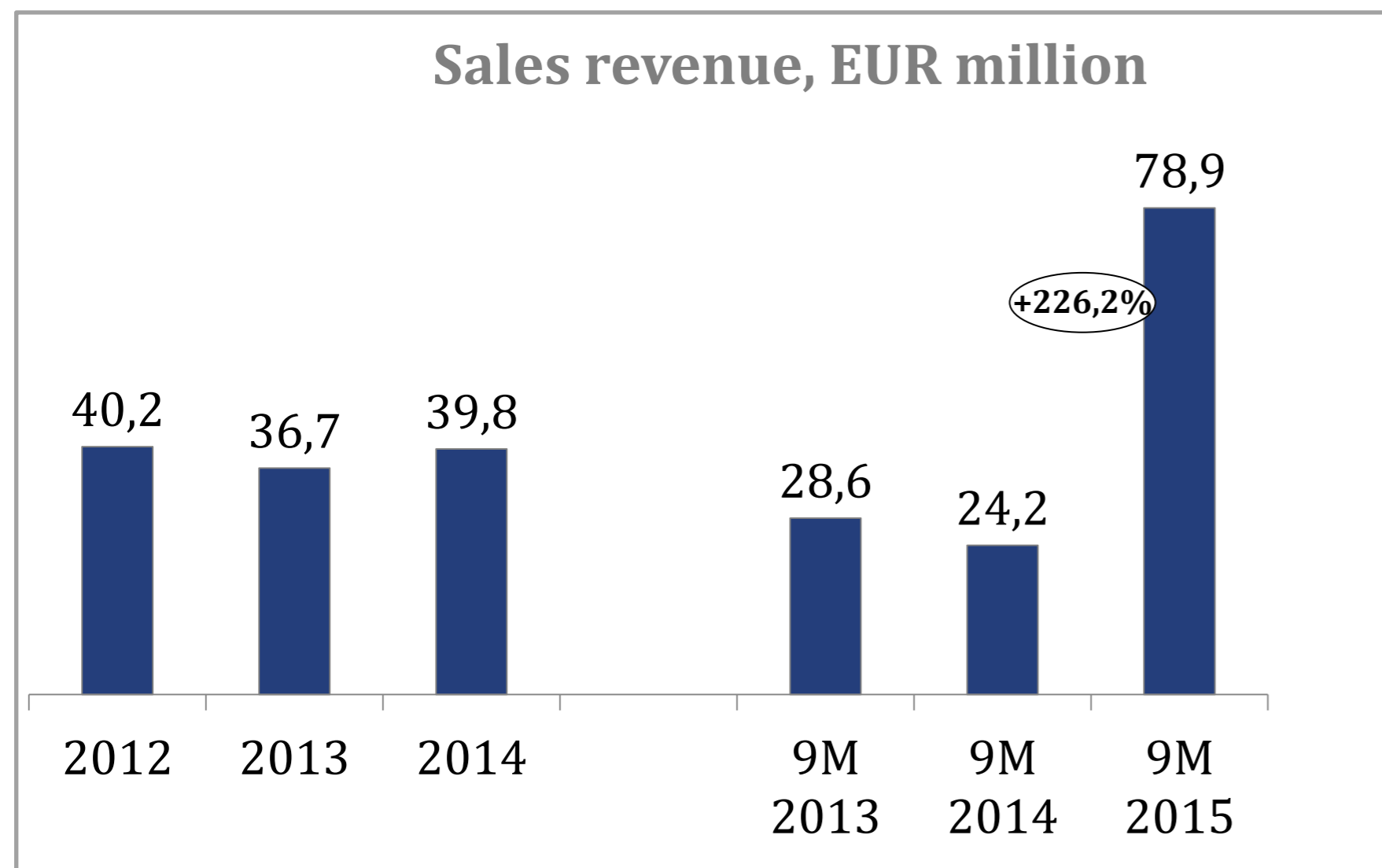
The activity of the LNG terminal which commenced in the end the year 2014 is the main reason for the increase in Company's revenues. Total recognized revenues from the LNG terminal operations for the 9 months of 2015 comprise EUR 48.6 million.

The revenues of the oil terminal in relation with the increased transshipment volume also has increased – by 25.3% or by EUR 5.8 million.

The net profit of the Company for the 9 months period of 2015 has increased 2.5 times to EUR 13.1 million (for 9M 2014 – EUR 5.2 million). EBITDA for the 9 months comprise 25.4 EUR million and is higher almost 2.2 times comparing to the 9 months of 2014.

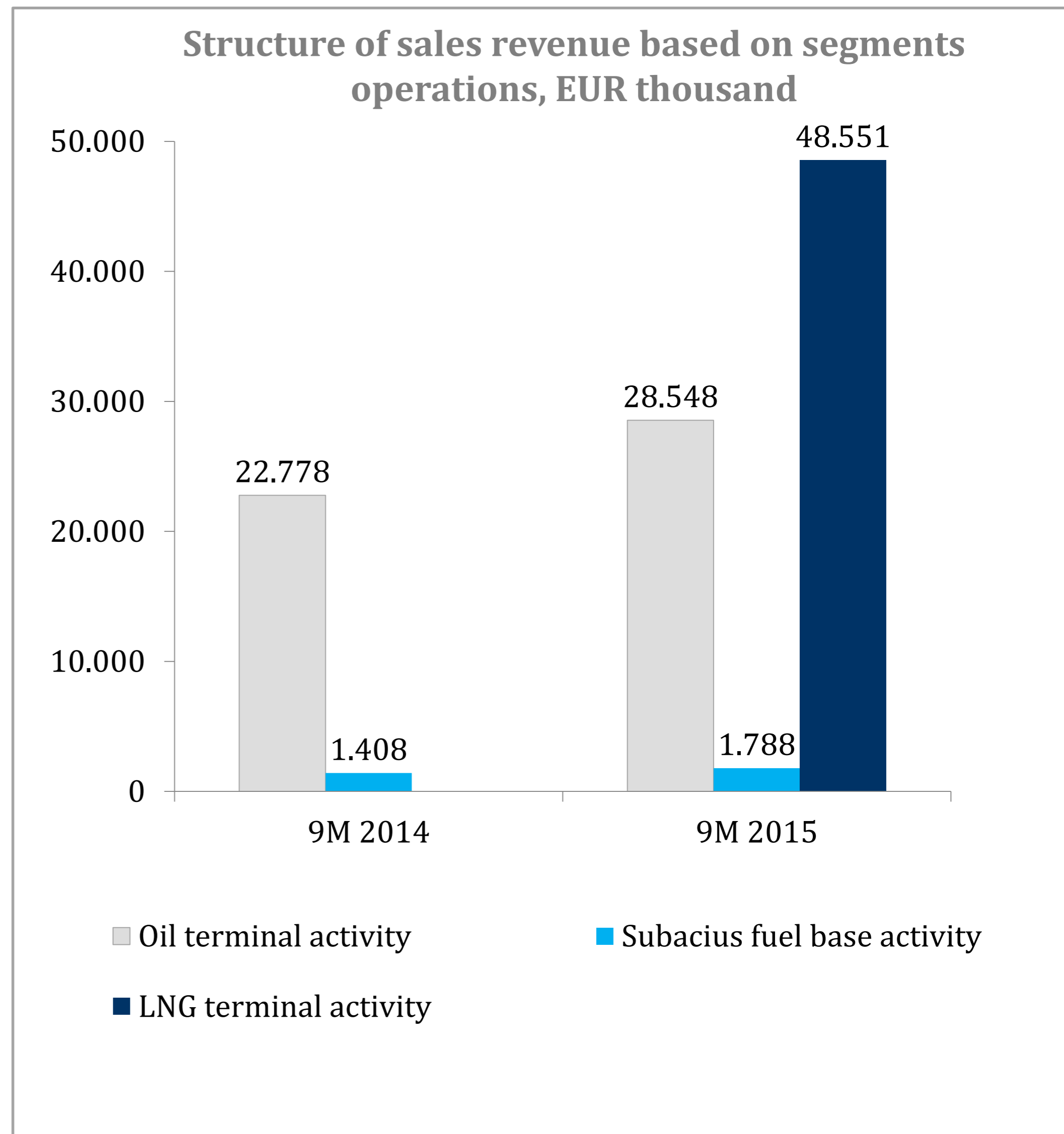
The profitability of the Company for the 9M 2015 has significantly increased due to the two main reasons:

- The expenses of the LNG terminal project implementation in 2014 has been replaced by the activity profit after terminal has started its operations (total impact EUR 4.4 million).
- The significantly increased (+22.9%) transshipment volume of the oil terminal has positively affected sales income and profit (total impact for the net profit – EUR 3.2 million).

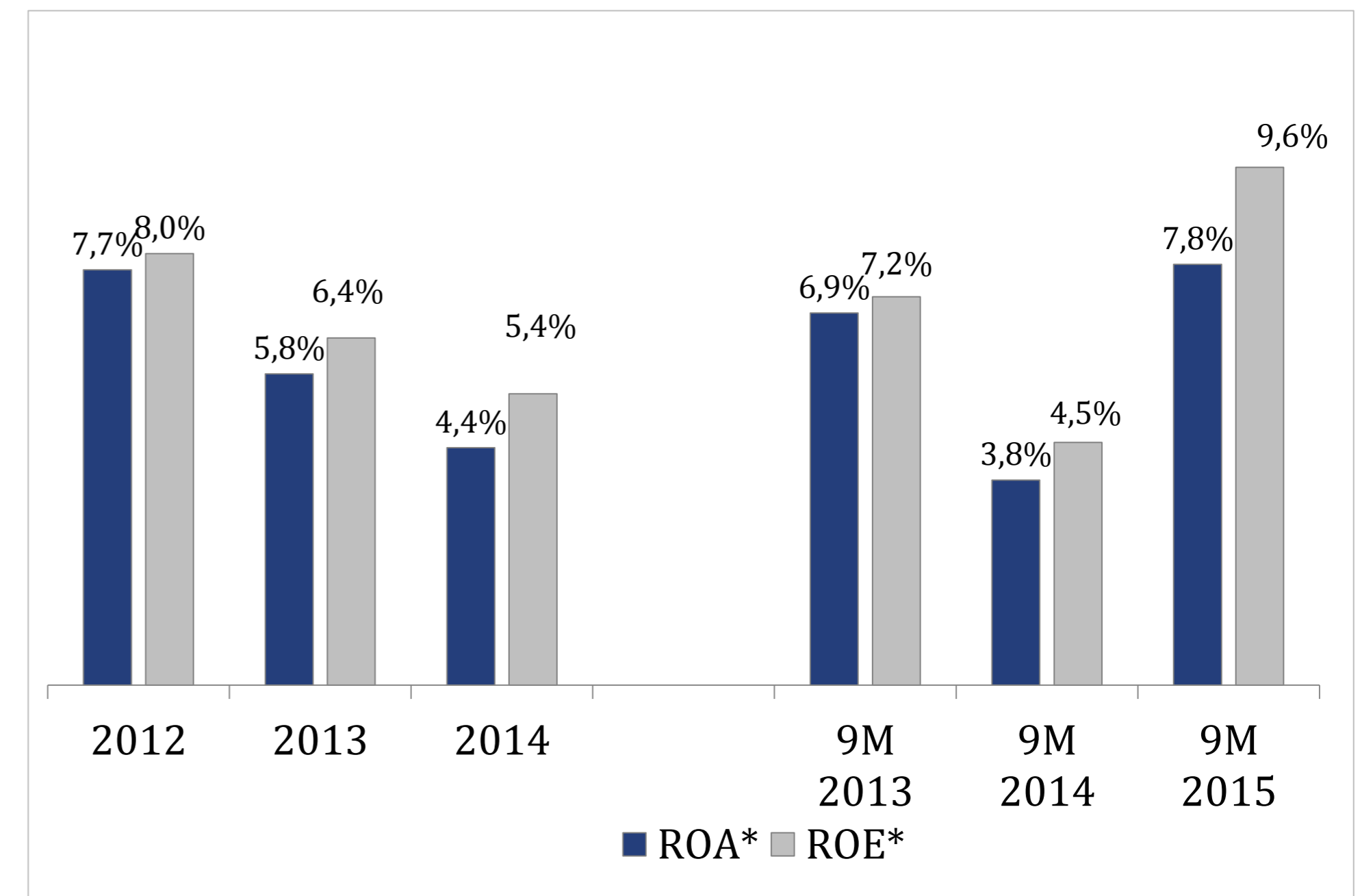
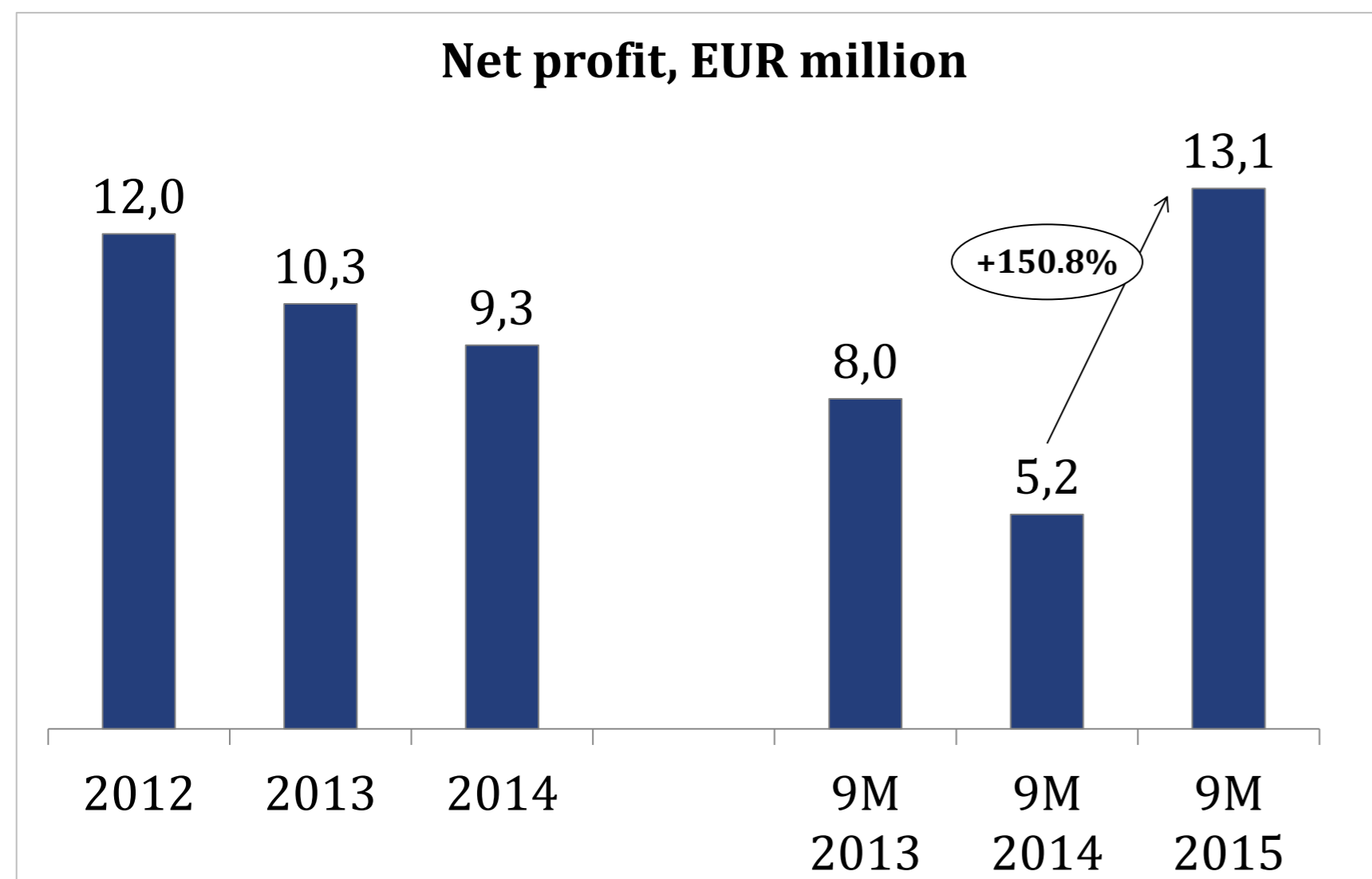
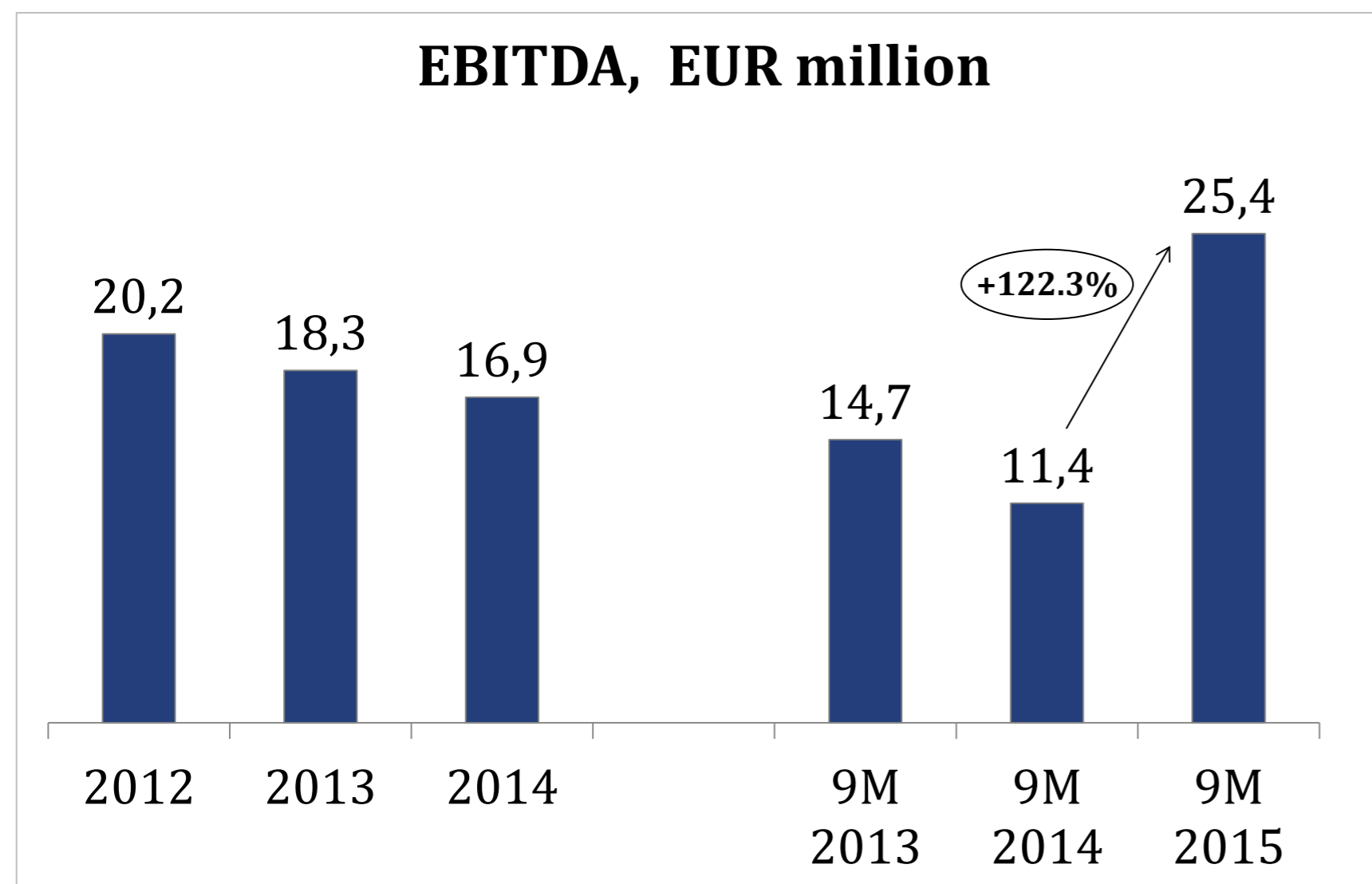


Total sales revenues of the Company increased by 226.2% to EUR 78.9 million for the 9M 2015.

- LNG terminal sales revenue during the first 9 months of 2015 comprising EUR 48.6 million (61.6% of total sales revenue of the Company). There were no LNG terminal sales revenues for the 9 months of 2014.
- Oil terminal sales revenue increased by 25,3% or EUR 5.8 million. The increase is from the larger transshipment volume (+22.9%). A significant increase in refining margins encouraged oil refineries (OL) to increase the manufacturing volumes and correspondingly the export through Company's terminal. Additionally in 2015 the Company managed to attract additional cargoes from Belarus refineries and to increase transit transshipment and revenues respectively.

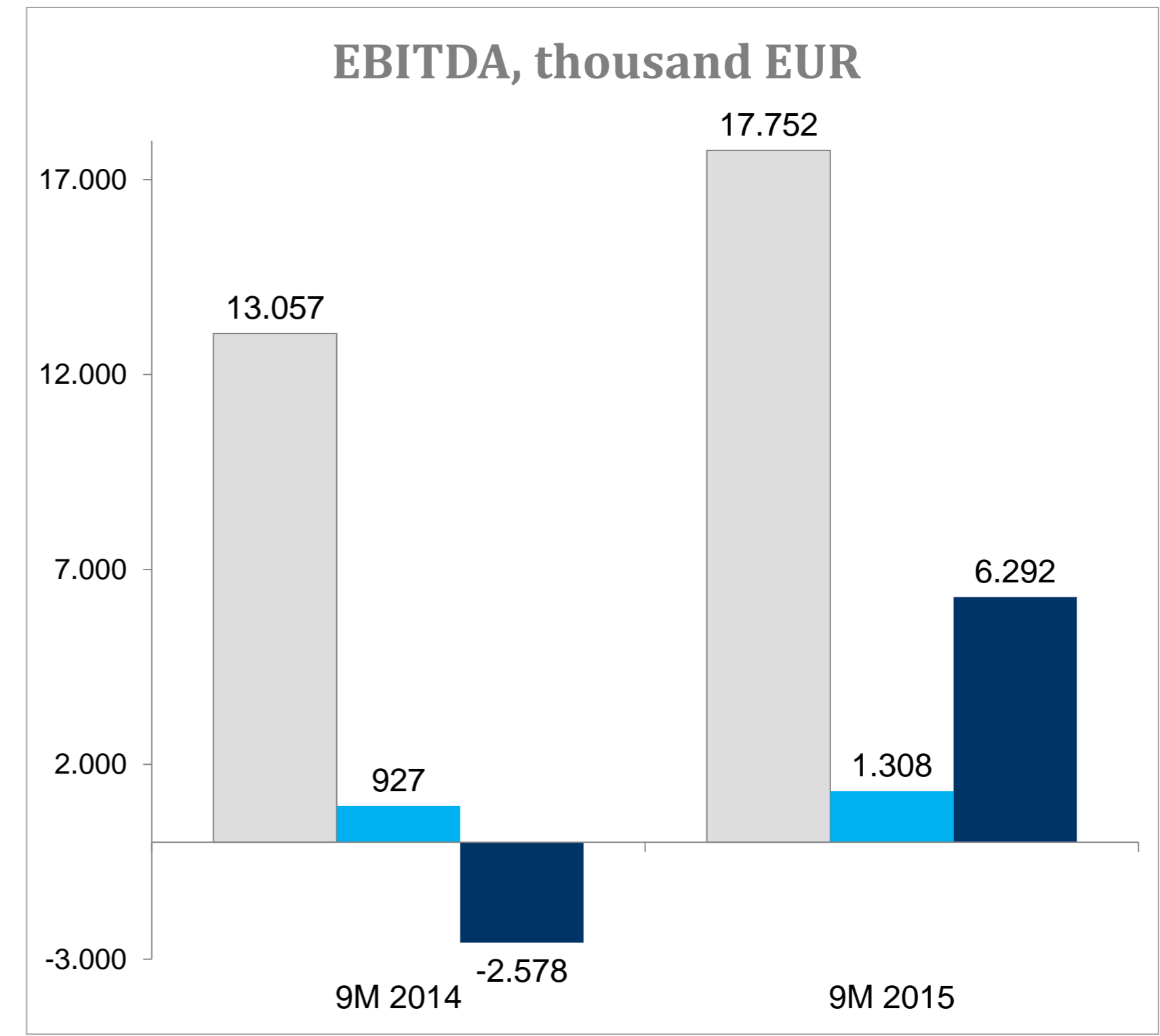
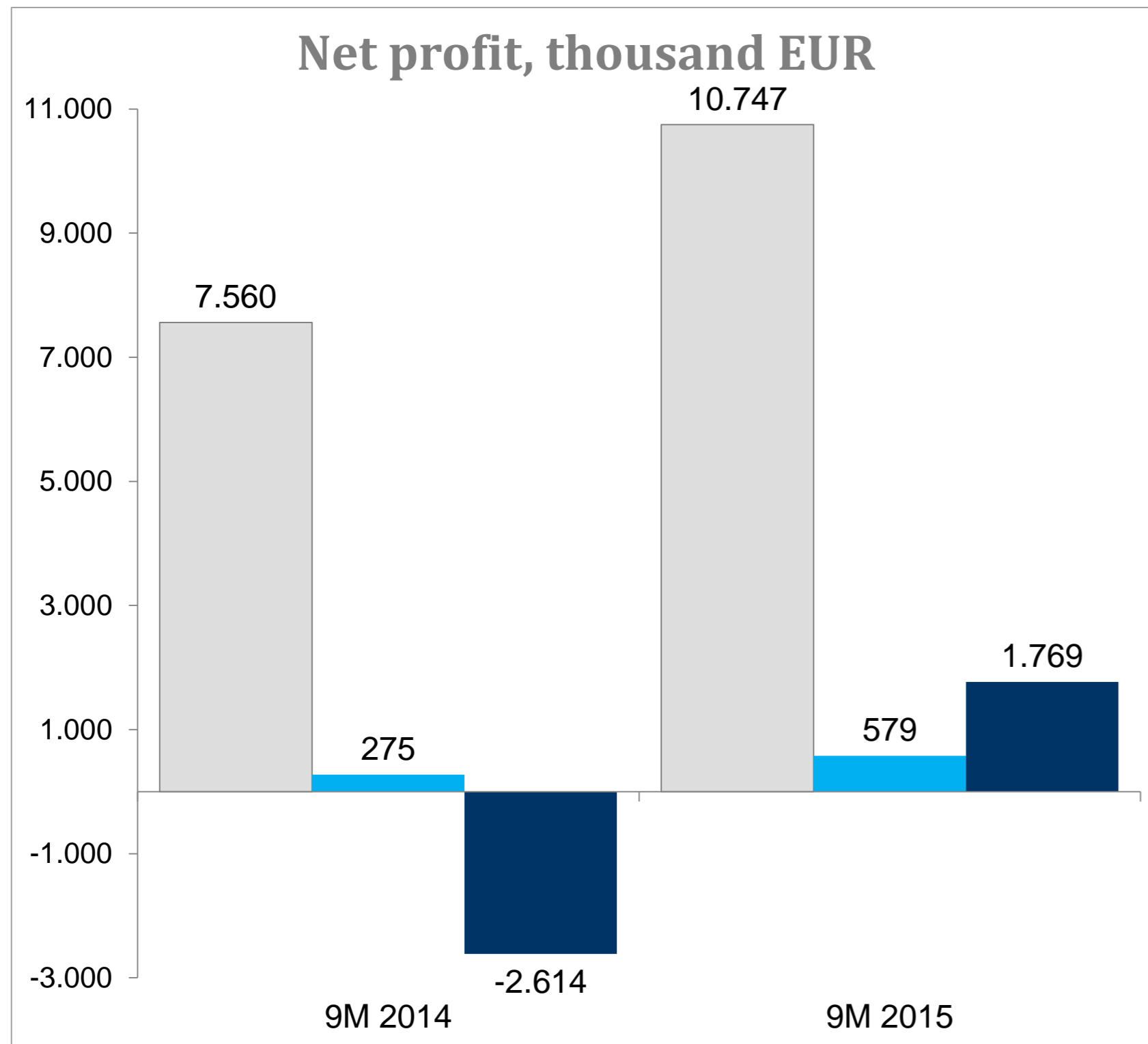


Main financial ratios



*For the last 12 month period

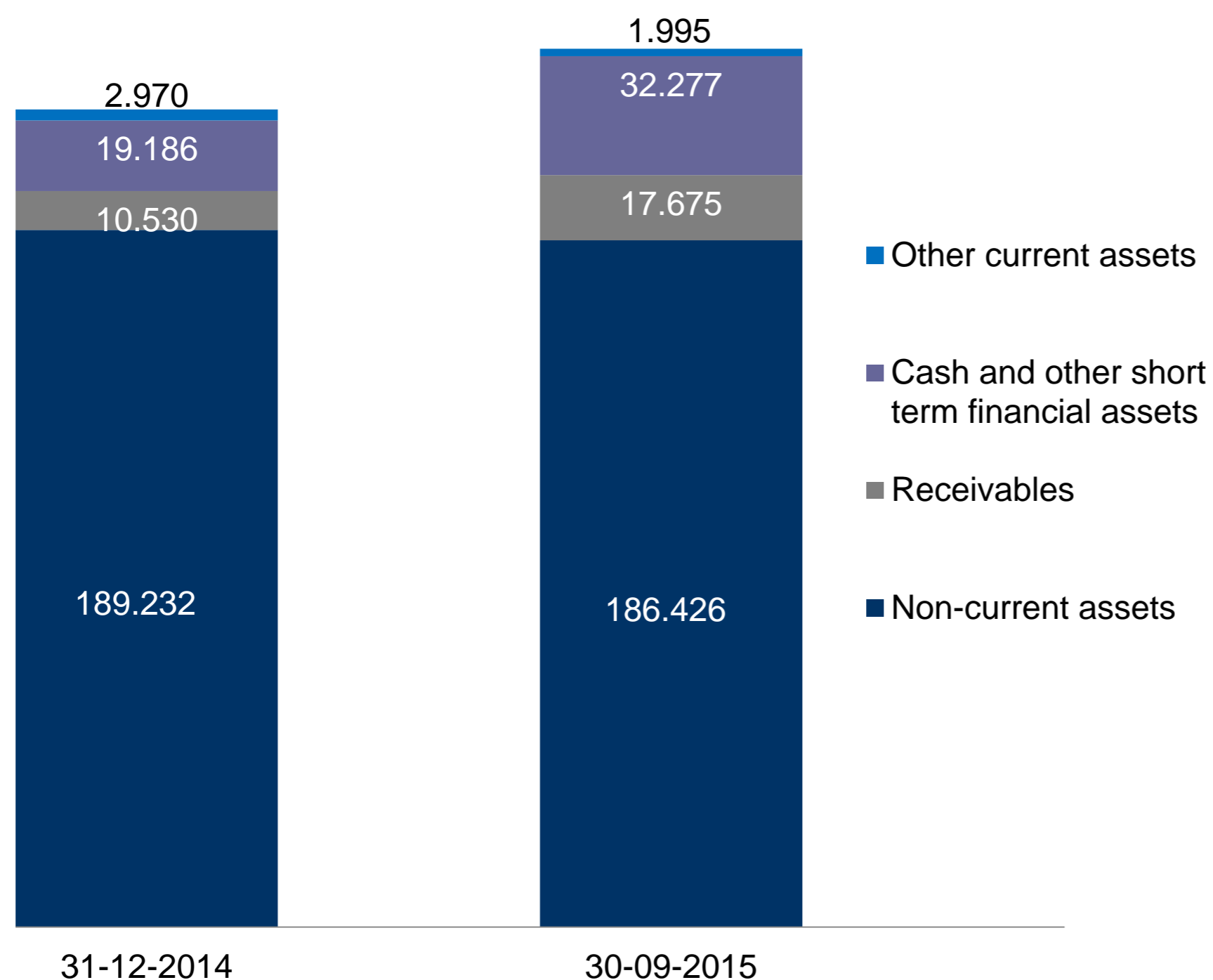
Main financial ratios – operation segments



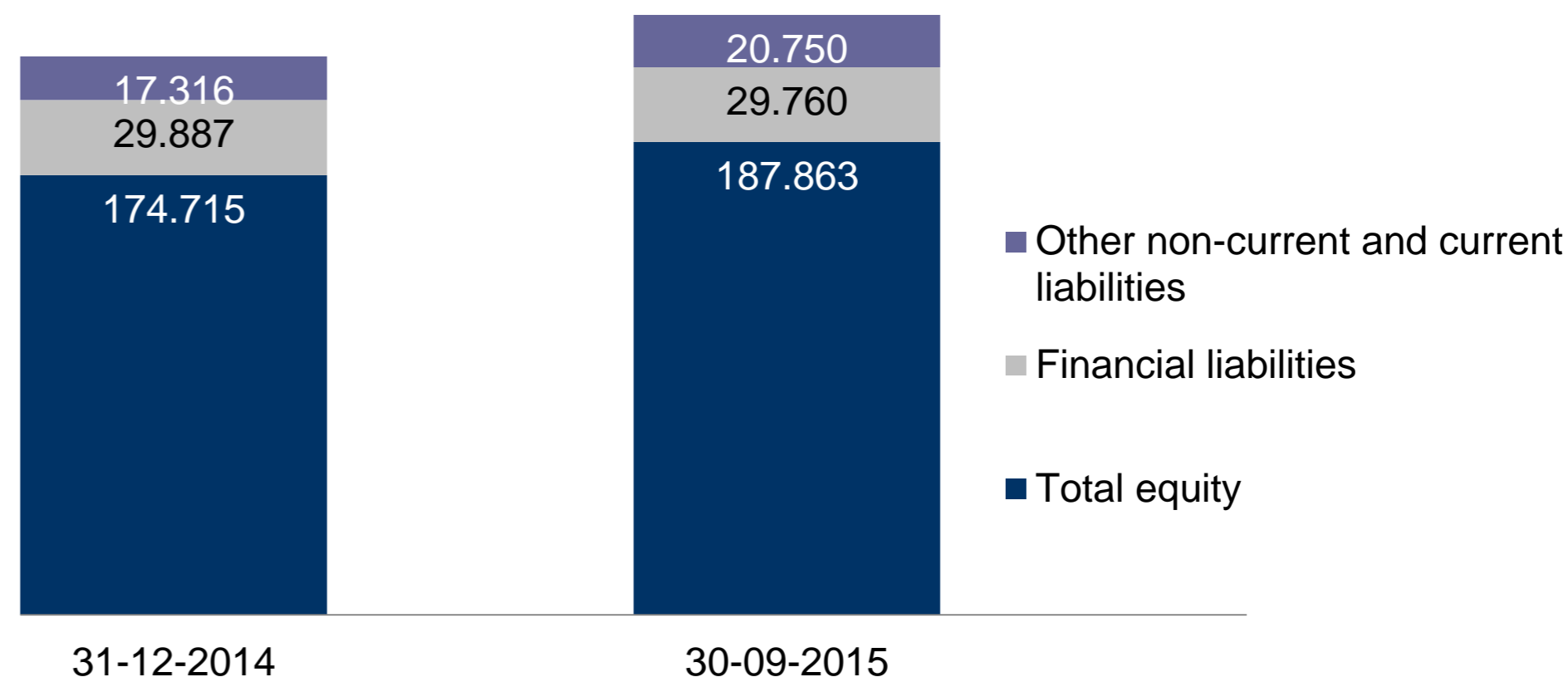
Oil terminal activity
 Subacius fuel base activity
 LNG terminal activity

Assets, equity and liabilities

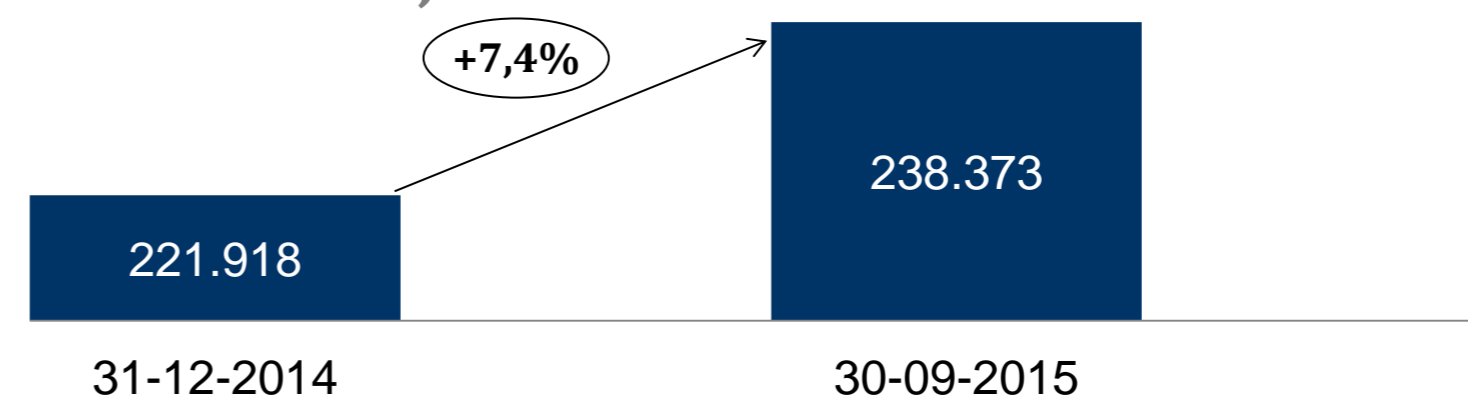
Assets, thousand EUR



Equity and liabilities, thousand EUR



Total assets, thousand EUR



- **Non-current assets** comprise 78.2% of total assets (30-09-2015).
- **Cash and cash equivalents** amounted 13.5% of total assets.
- **Trade and other receivables** increased to EUR 17.7 million (1.7 times) as the Security Supplement (to the gas transmission price) receivable (total EUR 13.2 million) has increased significantly.
- **Assets turnover ratio** - 0.34 (30-09-2014 - 0.12).

- **Total equity** amounted to 78.8 % of total assets (30-09-2015).
- **Non-current liabilities** amounted EUR 31.0 million, including European Investment Bank loan comprising EUR 29.76 million.
- **Debt to assets ratio**- 0.21 (30-09-2014 - 0.15).
- **Gross liquidity ratio** - 2.39.
- **Other liabilities** comprise mainly from deferred revenues and received prepayments related with the LNG terminal activity (Eur 7.4 million) and trade payables - Eur 8.7 million.

The main directions of the investments of the Company:

- To increase the oil terminal's flexibility in accepting different types of oil products;
- To ensure the compliance with environmental and fire safety requirements;
- The implementation of the LNGT Project and assurance of the smooth activity of the terminal.
- **Construction of the onshore LNG reloading station**

Total investments into the non-current assets during the 9 months of 2015 comprise EUR 6.1 million. The major part of investments were allocated to the finalizing works of the construction of the LNG terminal infrastructure.

➤ Approved the most important investment projects of the Company

In the extraordinary shareholders meeting held on 25th of August 2015 the decisions regarding new investments approval were adopted:

- To implement the LNG on-shore reloading station project which value is Eur 27.17 million; for more information about the project see below;
- To implement the light petroleum products reservoirs expansion project with a value of Eur 9.55 million. This project include construction of the additional reservoirs with the total capacity of 20.6 thousand m³ and technological expansion of the auto tankers loading system. This investments shall give a competitive advantage for the oil terminal of the Company.

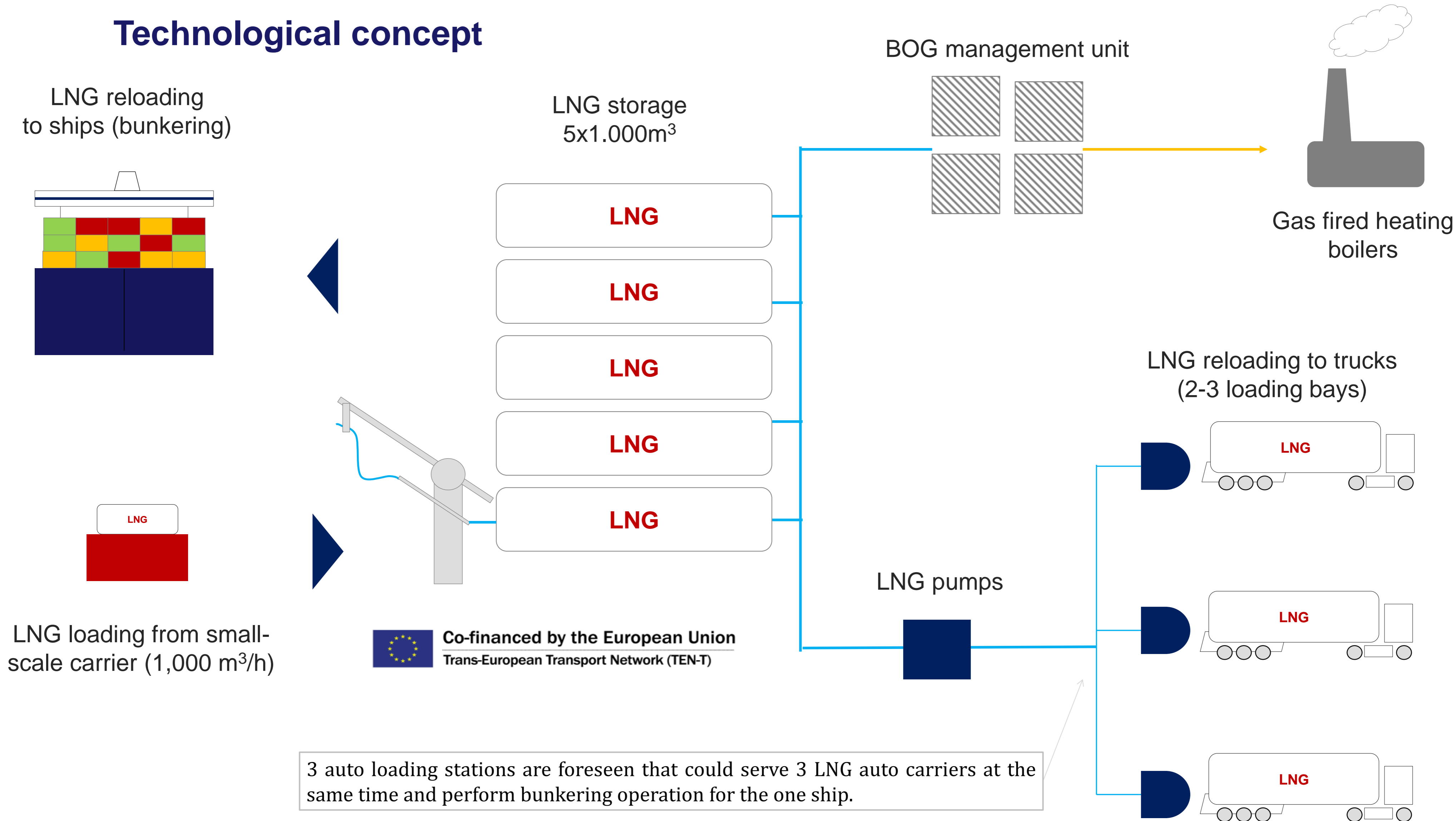
➤ LNG onshore reloading station project

The Company invests into construction of an on-shore small-scale LNG reloading station in the port of Klaipėda. That will offer LNG bunkering services, LNG loading into trucks services and possibly other in order to meet the increasing demand for LNG in the Baltic States and Poland. With this investment the Company aims to become a center of the LNG distribution in the Baltics region. The project shall be partially financed by the EU funds.

The Company together with French company Sofregas in March 2015 have finished the LNG reloading station Front-end Engineering Design (FEED) preparation and environment impact assessment. On the 22 of July the tender for reloading station construction has been announced. Expanding the infrastructure of the LNG all legal, environmental and other regulatory requirements are followed step by step very responsibly and all the required procedures are made. At the same time the negotiations are in progress with the potential clients/users of the LNG reloading station.

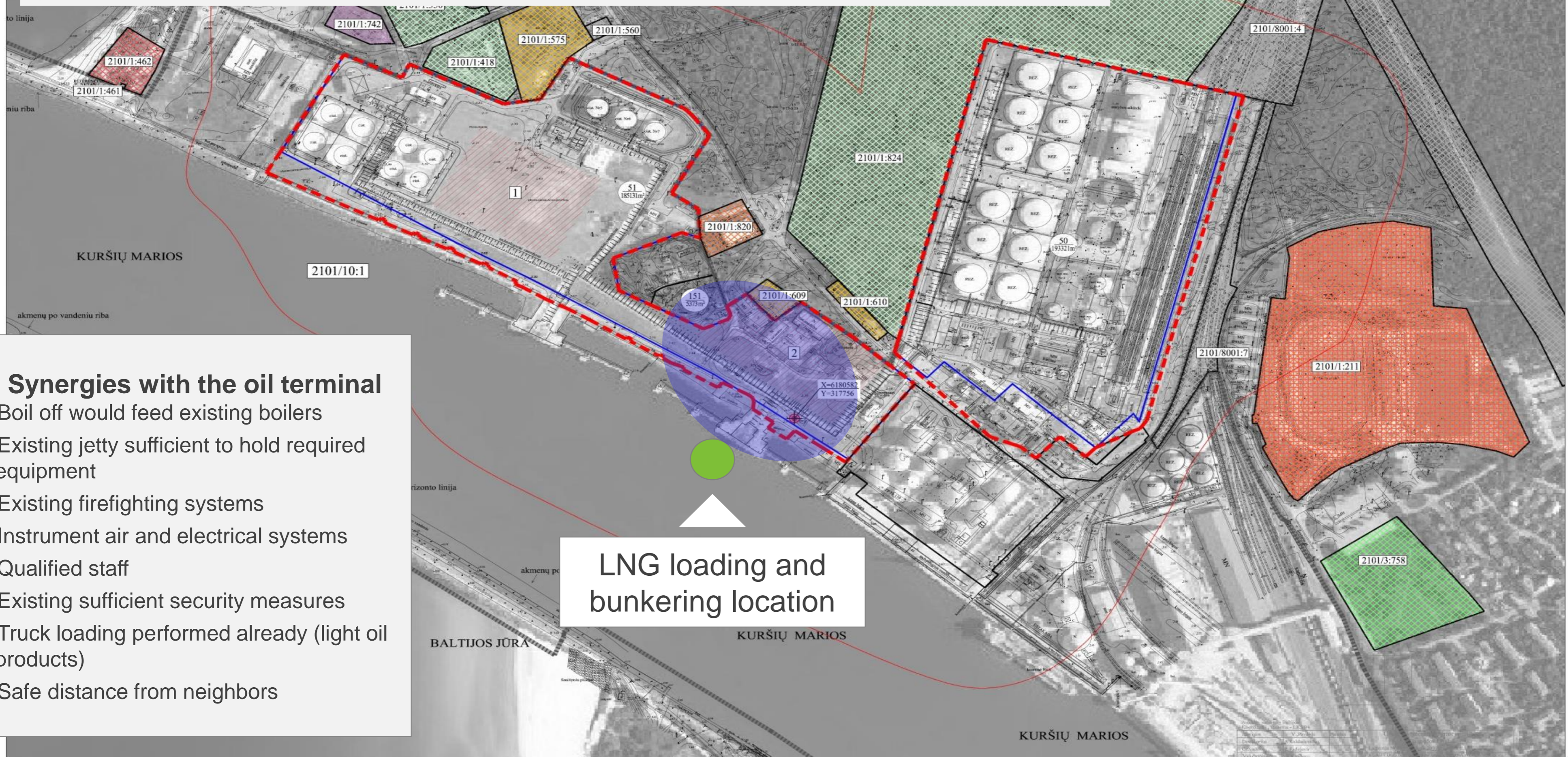
Bomin Linde LNG, Germany based LNG provider of LNG as marine fuel, intends to become the user of the Klaipėda LNG terminal and to book regulated LNG reloading capacities in order to use the facility as the regional break-bulking hub for the Baltic Sea. As mentioned before, UAB SGD logistika, subsidiary of the Company, signed a joint venture agreement with partner Bomin Linde LNG GmbH & Co. KG on joint performance of the activities of operating the LNG bunkering carrier.

Technological concept



LNG onshore reloading station project (2)

After evaluation it has been confirmed that from the point of safety and the optimal usage of the existing infrastructure the optimal location for the LNG reloading station is the territory of SC Klaipėdos nafta (oil terminal) next to the Jetty no. 2. According to the study analysts this location is mostly appropriate as the safe distance requirements from neighbor companies and urban buildings are met and fire protection systems are in place.



Synergies with the oil terminal

- ✓ Boil off would feed existing boilers
- ✓ Existing jetty sufficient to hold required equipment
- ✓ Existing firefighting systems
- ✓ Instrument air and electrical systems
- ✓ Qualified staff
- ✓ Existing sufficient security measures
- ✓ Truck loading performed already (light oil products)
- ✓ Safe distance from neighbors

LNG loading and bunkering location



- On the 22th of the January 2015 in the annual Baltic Market Awards (BMA), organized by the Nasdaq, Klaipėdos nafta became the winner in the category “**The Most Visible Improvement over the Year**” and was invited to ring the Opening Bell at Nasdaq Market Site in Times Square, New York by Bob Greifeld, CEO of Nasdaq.
- On the 28th of January, 2015 At the 8th annual European Gas Conference 2015, in Vienna, Klaipėdos nafta won the **Project of the Year award** for the implementation of the Liquefied Natural Gas (LNG) Terminal project. Company was one of four nominees among such well-known companies like Shell and Total Gas & Power.
- During the Transport Week, one of the most important transport events in Central and Eastern Europe, took place on March 17-19th 2015 in Gdańsk, Poland, the Company was awarded the Baltic Trendsetters Club Certificate for developing the floating LNG terminal Independence and rearranging the Baltic's gas market through one ship call.
- On the 6th of November 2015 Klaipėdos nafta received a sign of the Lithuanian Police Commissioner General for the active activity in prevention of the crimes and cooperation implementing preventive projects.



- As at 30 September 2015 all the shares of the Company were owned by 1,863 shareholders (on 31th of December, 2014 – 1,871). Main shareholder is The Republic of Lithuania, represented by the Ministry of Energy of the Republic of Lithuania, holding 72.32 % of shares (275,241,290 unit).
- On 30th of April, 2015 the general meeting of shareholders distributed the Company's profit of 2014 in the total sum - EUR 9,257 thousand, available for appropriation and approved the payment of dividends for the shareholders amounting EUR 0.0002432210 per share (total amount allocated for the dividends comprise EUR 93 thousand).

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

- ISIN code – LT0000111650
- Abbreviation – KNF1L
- Share emission (pcs.) – 380,606,184

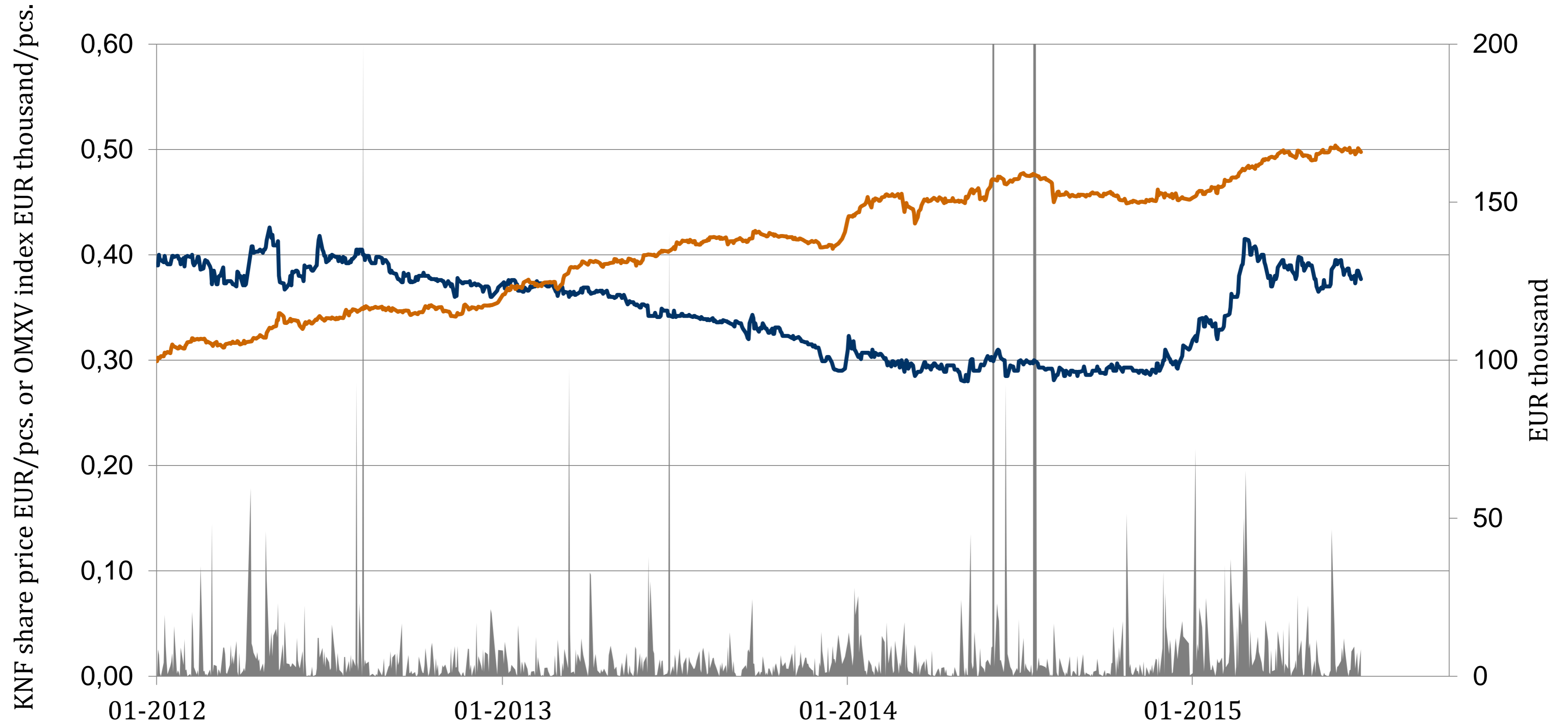
Turnover in Vilnius stock exchange during January - September of 2015 was EUR 1.6 million.

As of 30 September 2015 the Company's market capitalization was EUR 140.8 million (on 31th of December, 2014 – EUR 118.4 million).

DYNAMICS OF THE SHARE PRICE AT NASDAQ OMX VILNIUS DURING JANURY-SEPTEMBER MONTHS OF 2015

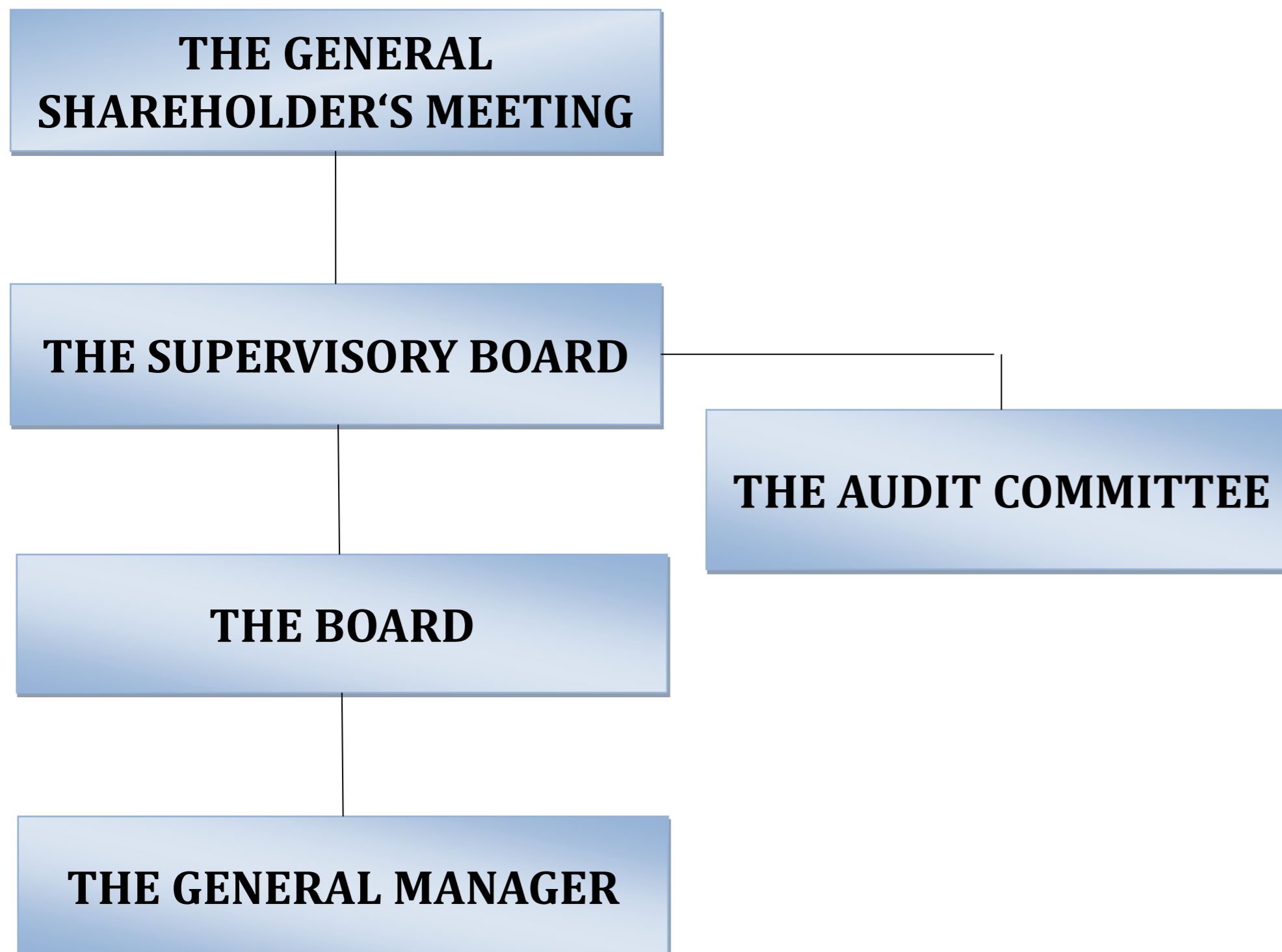
	Highest share price	Lowest share price	Share price at the end of period	Average share price	Turnover, unit	Turnover, EUR
EUR	0.415	0.318	0.370	0.376	4,172,913	1,562,299

Dynamics of KNF1L share price, turnover and NASDAQ OMX Vilnius index during January – September of 2015



■ Turnover, EUR thousand — KNF1L Share price, EUR — NASDAQ OMX Vilnius index, EUR thousand

Organizational management bodies



- **30 April 2015** the General Meeting of Shareholders of the Company appointed Audit firm –“Ernst & Young Baltic” UAB to audit financial statements of the years 2015-2016.
- **The Supervisory Board** comprise of 3 (three) members.
- **The Board** comprise of 4 (four) members.
- **The Audit Committee** comprise of 3 (three) members.
- The Supervisory Board by the decision taken **on 26th of January, 2015**, approved the resignation of an independent member of the Audit Committee, as well as the Chairman of the Audit committee - Mr. Simonas Rimašauskas as from 31rd of January, 2015, due to the other business position held. **On 14 th September 2015**, the Supervisory Council of the Company adopted the decision to elect Kasparas Žebrauskas as the new member of the Company’s Audit Committee until the term of office of the acting Audit Committee of the Company.



Rytis Ambrazevičius

Independent Member of the Board of the Company. Elected as the Board member by the Supervisory Board on 24 October 2011. The Supervisory renewed the mandate on 29 April 2014 for 4 years or until the time, when the new Board is elected and starts acting.



Mindaugas Jusius

Independent Member of the Board of the Company. Elected as the Board member by the Supervisory Board on 24 October 2011. The Supervisory renewed the mandate on 29 April 2014 for 4 years or until the time, when the new Board is elected and starts acting.



Dainius Bražiūnas

Member of the Board of the Company. Elected as the Board member by the Supervisory Board on 25 August 2014 until the term of office of the acting Board of Company.



Mantas Bartuška

Member of the Board of the Company, General Manager. Elected as the Board member by the Supervisory Board on 25 September 2014 until the term of office of the acting Board of Company.

- There is no permanent Chairman of the Board elected, therefore, the Chairman of the Board is elected from the Board members every meeting by ad hoc principle.

The Directors of the Company



Mantas Bartuška
General Manager



Osvaldas Sabaliauskas
Deputy General Manager of the Company



Marius Pulkauninkas
Director of Finance and Administration
Department



Genadijus Andrejevas
Director of Technical Department (since 1
October 2015)



Gediminas Vitkauskas
Director of the Oil terminal department



Tadas Matulionis
Director of the LNG terminal
department (since the 17 February
2015)

Darius Šilenskis
Director of Oil Commerce department
(since 28 September 2015)

THANK YOU FOR YOUR ATTENTION!

Stock company Klaipedos nafta

Company code 1106488893

VAT payer code LT06488917

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