



# **AB KLAIPĖDOS NAFTA**

## **UNAUDITED FINANCIAL RESULTS FOR 9 MONTHS OF 2019**

30<sup>th</sup> October 2019



# CONTENT

- About the Company
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## **ABOUT THE COMPANY**



## MISSION, VISION, VALUES

### Our mission

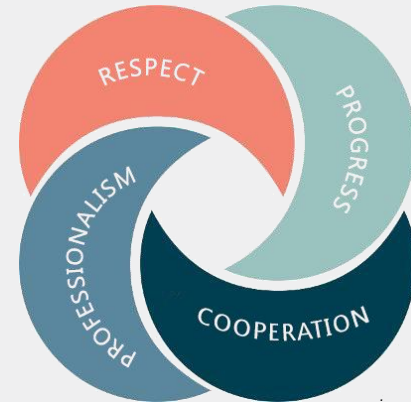
Ensure reliable and effective supply of LNG and transhipment of oil products.

### 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 values:





## ACTIVITIES OF THE COMPANY



### OIL TERMINALS



KLAIPĖDA  
OIL TERMINAL



SUBAČIUS  
OIL TERMINAL

### LNG TERMINALS



KLAIPĖDA  
LNG TERMINAL



KLAIPĖDA SMALL-SCALE  
LNG TERMINAL



# HIGHLIGHTS

## CHANGES IN MANAGEMENT

### 12<sup>th</sup> July

By decision of The Board of AB Klaipėdos Nafta, Darius Šilenskis has been elected as acting General Manager of the Company from 27 July 2019.

### 12<sup>th</sup> July

By decision of The Board of AB Klaipėdos Nafta, Jonas Lenkšas has been elected as CEO of the subsidiaries of UAB SGD logistika and UAB SGD terminalas from 24 July 2019.

### 20<sup>th</sup> August

T. Lukoševičius, a member of Supervisory Board of AB Klaipėdos nafta on 20 August 2019 has submitted a notice of resignation from members of Supervisory Board of the Company as of 3 September 2019.

## ACTIVITIES OF THE COMPANY

### 8<sup>th</sup> August

AB Klaipėdos nafta has signed trilateral construction contract on reconstruction of jetty.

### 30<sup>th</sup> August

Extraordinary General Meeting of Shareholders of the Company adopted the following resolutions: UAB KPMG Baltics has been elected as an auditor for the Financial Statements and Regulated Activities Statements of the Company and assessment of its Annual Report for the years 2019 and 2020

### 1<sup>st</sup> October

AB Klaipėdos nafta with BNK (UK) Limited, which belongs to the leading exporter of Belarusian oil products - ZAT „Belaruskaja neftenaja kompanija“, has signed an agreement on extension of a long-term contract on oil products handling.

## INTERNATIONAL PROJECTS

### 30<sup>th</sup> July

The Company together with the consortium partners have submitted a binding bid proposal in the tender for development of the Cyprus LNG terminal. The Company participates in the tender as a contractor and partner of the consortium.

### 26<sup>th</sup> August

In the tender for the development of the Cyprus liquefied natural gas terminal another consortium was selected as winning.

### 9<sup>th</sup> October

AB Klaipėdos nafta is currently under negotiation with UTE GNA I Geração de Energia S.A., for the Operations and Maintenance Services Agreement in connection to GNA's LNG Terminal, located in Porto do Açu, one of the main port complexes in Brazil, which offers a series of logistics solutions for the Brazilian oil and gas market.

## ACTIVITIES OF AB KLAIPĖDOS NAFTA



### KN TRADITIONALLY ACTIVELY ENGAGED AT THE SEA FESTIVAL

KN has traditionally joined the largest summer festival in Klaipėda - Sea Festival. During the festival, the program “Surprising the World Mission Possible” was presented in a dedicated KN pavilion, where the attendees of the Sea Festival could get acquainted with KN activities. As usually, KN employees were invited to volunteer at the pavilion and to engage with local community as well as with guests, visiting Klaipėda.



### FINANCIAL SUPPORT RECEIVED FOR INSTALLATION OF AIR POLLUTANT TREATMENT PLANT

Commitment to implement sustainable operations and to continue investments in environmental protection remains the focus of KN. On October, the Company received the financial support of EUR 200 000 for the installation of an air pollutant treatment plant at the Oil Terminal of KN. These funds will be allocated from the Lithuanian Environmental Investment Fund Program.



### THE PROJECT COORDINATED BY KN WAS AWARDED AN IMPORTANT ENVIRONMENTAL AWARD

On early October, Blue Baltics project, coordinated by KN, was awarded the prestigious award Energy Globe Award Lithuania 2019 for its positive impact on the environment. Blue Baltics project is the foundation for the creation of the liquefied natural gas (LNG) value chain and the promotion of the clean fuel use in shipping.





# FINANCIAL RESULTS

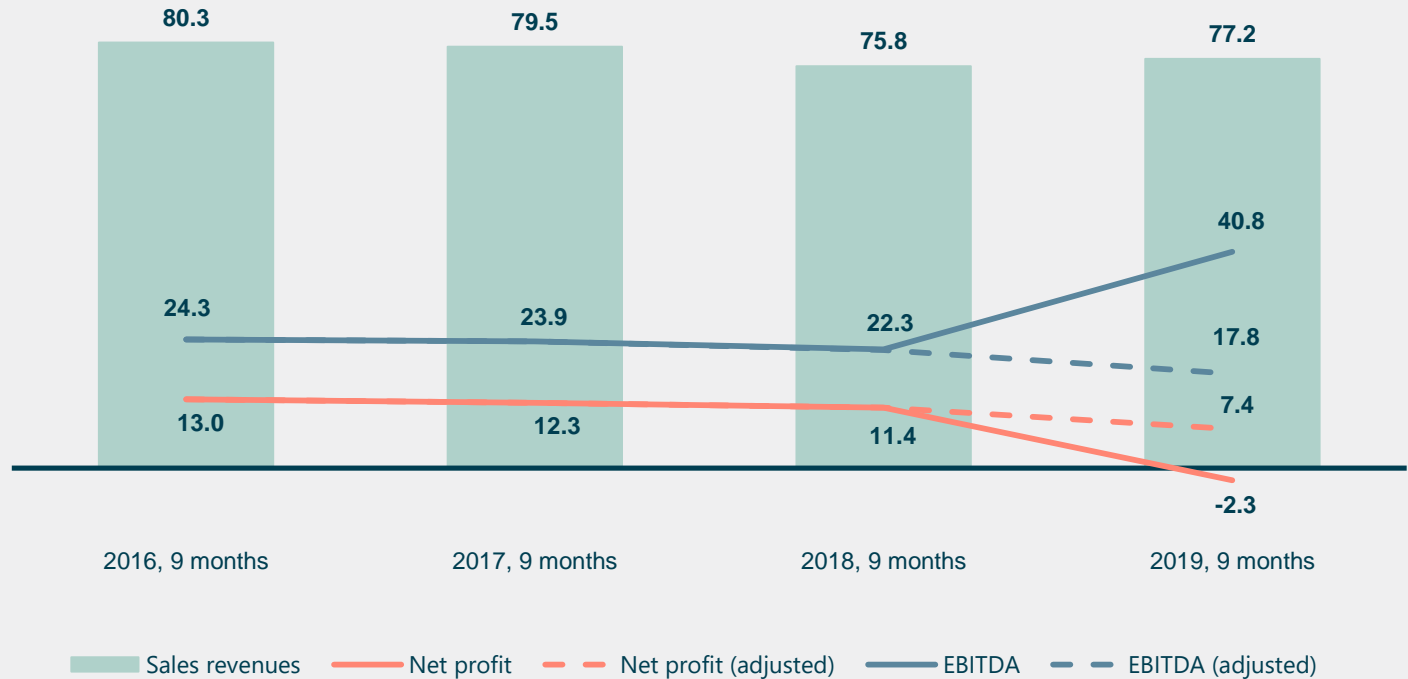


## CHANGES IN INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS 16) – APPLICABLE SINCE 1 JANUARY 2019

- Implementation of the standard significantly increase KN's leased assets and financial liabilities;
- IFRS 16 application mostly effects KN's financial statement information related to:
  - Land lease;
  - Jetty lease;
  - FSRU lease.
- KN's EBITDA (non-IFRS measure) has increased because above mentioned expenses for the lease are excluded from the activity costs;
- Instead of depreciation expenses of capitalised lease and interest expenses are recognised in statement of comprehensive income;
- Due to the fact that FSRU lease contract denominated in a foreign currency (USD), KN have to remeasure this liability using exchange rate at each reporting date;
- Any changes to the lease liability due to exchange rate changes are recognised in a statement of comprehensive income as foreign currency exchange gain or losses.
- As a result of IFRS 16 change the amount of expenses recorded in statement of comprehensive income differs from payments made for the rent, therefore adjusted result and ratios are recalculated in order to have comparable numbers with previous year.

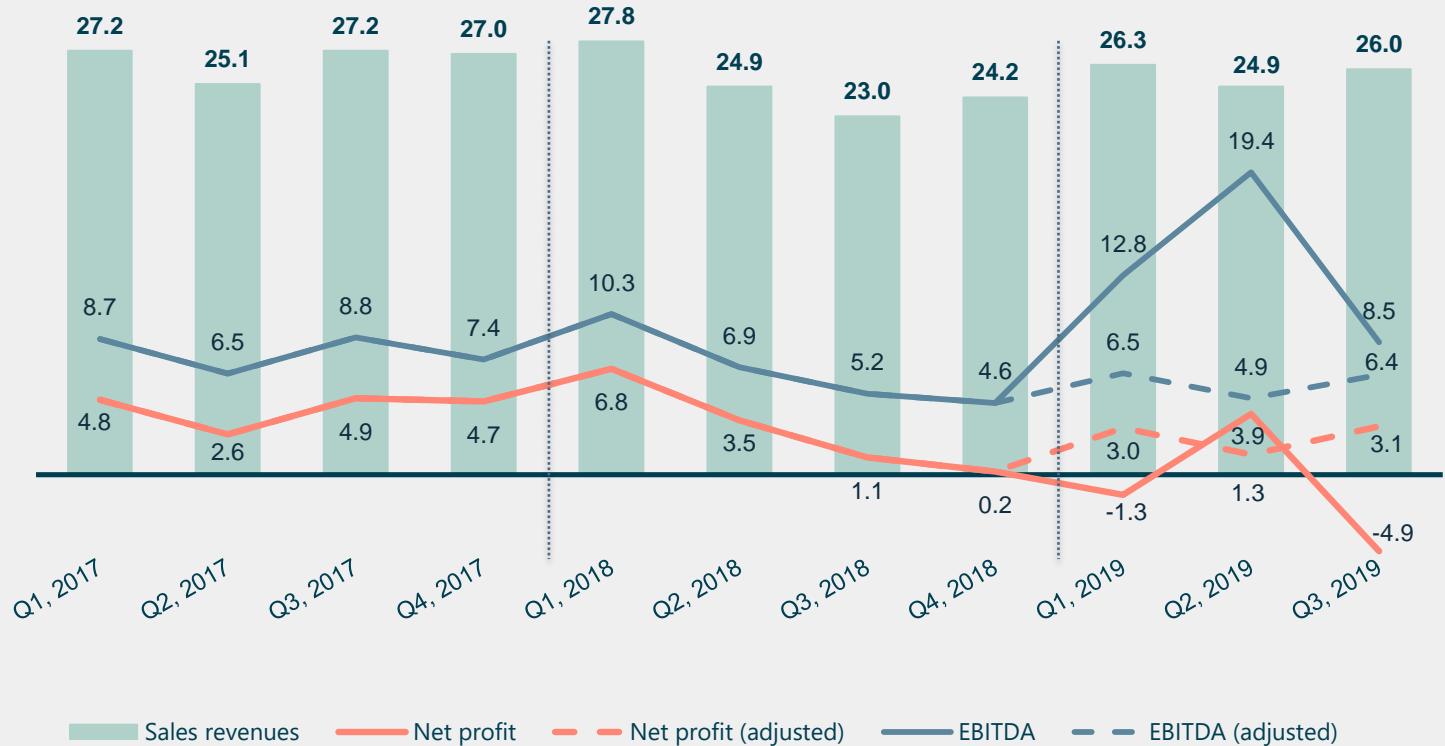


## FINANCIAL HIGHLIGHTS (UNAUDITED) FOR 9 MONTHS, MEUR



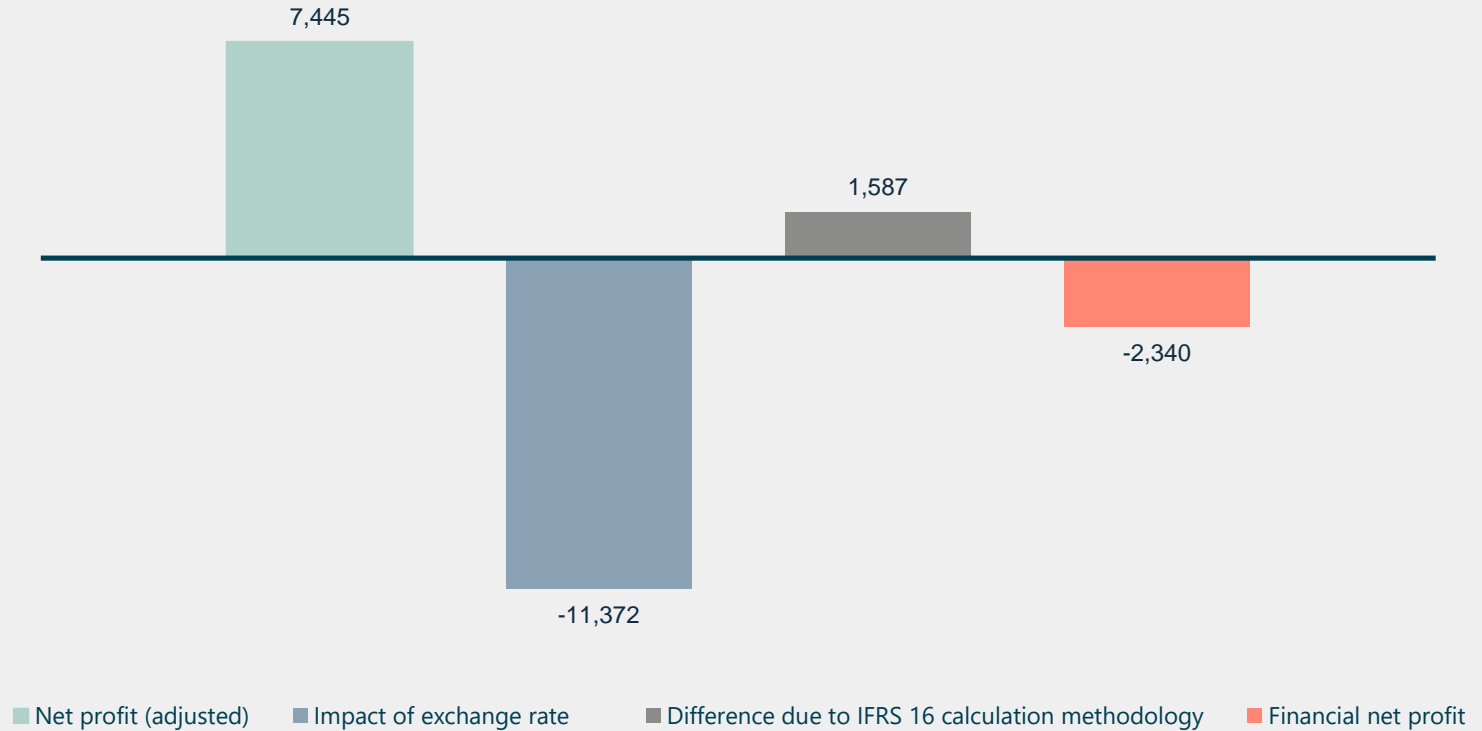


## FINANCIAL HIGHLIGHTS (UNAUDITED) BY QUARTERS, MEUR





## IMPACT OF IFRS 16 ON 9 MONTHS RESULT OF 2019, TEUR

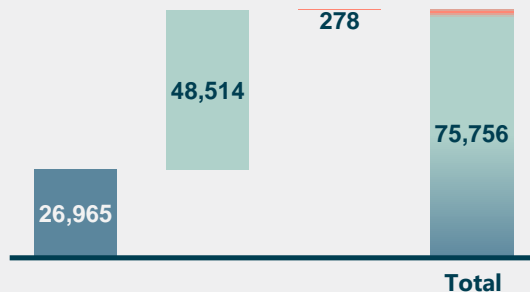




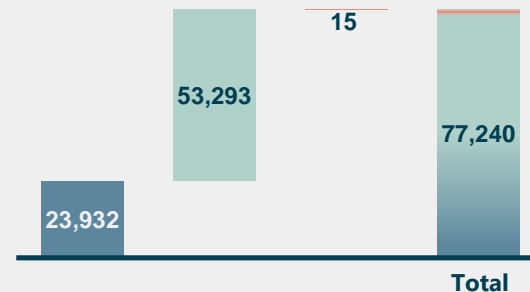
# STRUCTURE OF SALES REVENUE AND EBITDA BASED ON OPERATING SEGMENTS (UNAUDITED)

Revenue 9 months of 2018, MEUR

- Business development projects
- LNG terminals
- Oil terminals



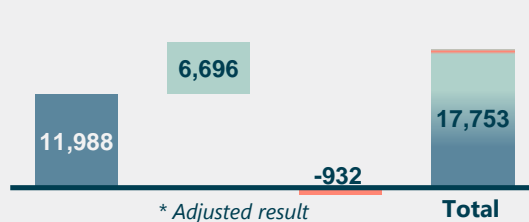
Revenue 9 months of 2019, MEUR



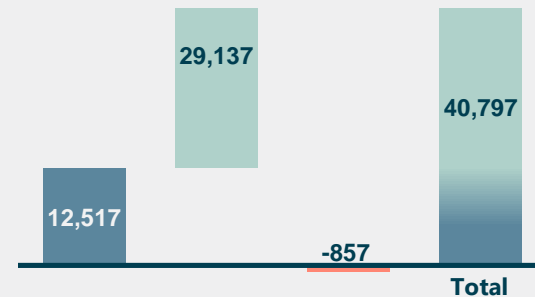
EBITDA 9 months of 2018, MEUR



EBITDA\* 9 months of 2019, MEUR

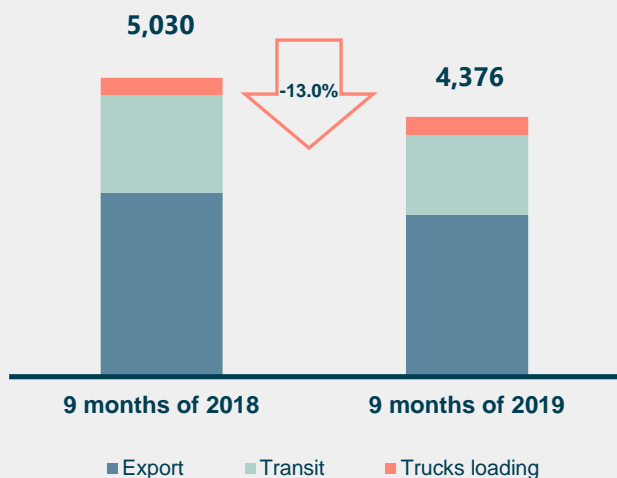


EBITDA 9 months of 2019, MEUR



## RESULTS OF OIL TERMINALS FOR 9 MONTHS OF 2019

Transshipment quantities in oil terminals, thousand tons



MEUR	9 months of 2019	9 months 2019*	9 months 2018
Revenue	23.9	23.9	27.0
Net profit	7.1	6.4	8.9
EBITDA	12.5	12.0	15.2

\* Adjusted result

### BUSINESS FACTORS:

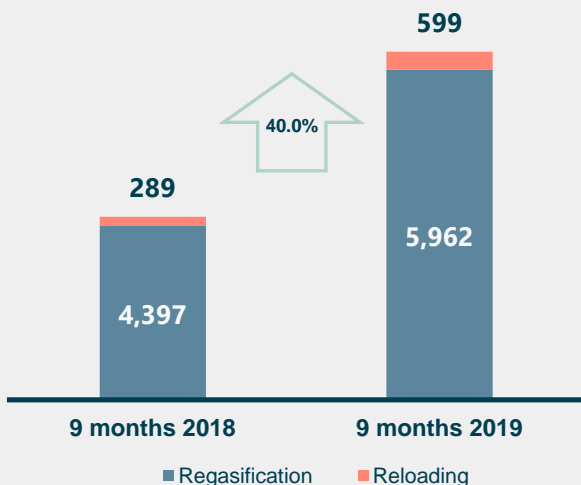
During first 9 months of 2019 **oil terminals** reloaded 13.0 per cent less oil products compared to the same period in 2018 due to following reasons:

- Decrease in transshipment quantities due to the incidents at the factories of Company's main clients, which resulted in lower production volumes in the Q1 of 2019, as well as Orlen Lietuva continuing to divert oil products via railroad to neighboring markets.
- Contaminated oil incident in Druzhba pipeline in Q2 of 2019 that influenced significant decrease of oil products handling.
- The average storage volumes of oil products in **Subačius oil terminal** decreased (190 thousands tonnes in 2019, 205 thousands tonnes in 2018) due to decrease in the commercial long-term storage and handling volumes.
- Compared to 2018 oil products import through trucks loading unit have remained in the same level (9 months of 2019 – 307 thousand tons).



## LNG TERMINALS' RESULTS FOR 9 MONTHS OF 2019

Regasification and reloading in LNG terminals, thousand 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.

MEUR	9 months of 2019	9 months of 2019*	9 months of 2018
Revenue	53.3	53.3	48.4
Net profit	-8.6	2.0	3.0
EBITDA	29.1	6.7	7.8

\* Adjusted result

### BUSINESS FACTORS:

The favorable price situation in the international gas markets resulted in 40 per cent increased regasification and reloading volumes.

During 9 months of 2019 in the **LNG terminal**:

- 31 LNG carriers (during the first 9 months of 2018 – 8 LNG carriers) have been accepted;
- 863.4 thousand tons of LNG have been delivered (during to the first 9 months of 2018 – 486.0 thousand tons);
- 65 thousand MWh of LNG was reloaded to small-scale LNG carriers (49 thousand MWh in 2018).

During 9 months of 2019 in the **LNG small-scale terminal**:

- 8 LNG carriers (during to the first 9 months of 2018 – 3 LNG carriers) have been accepted;





## FINANCIAL FIGURES (UNAUDITED)

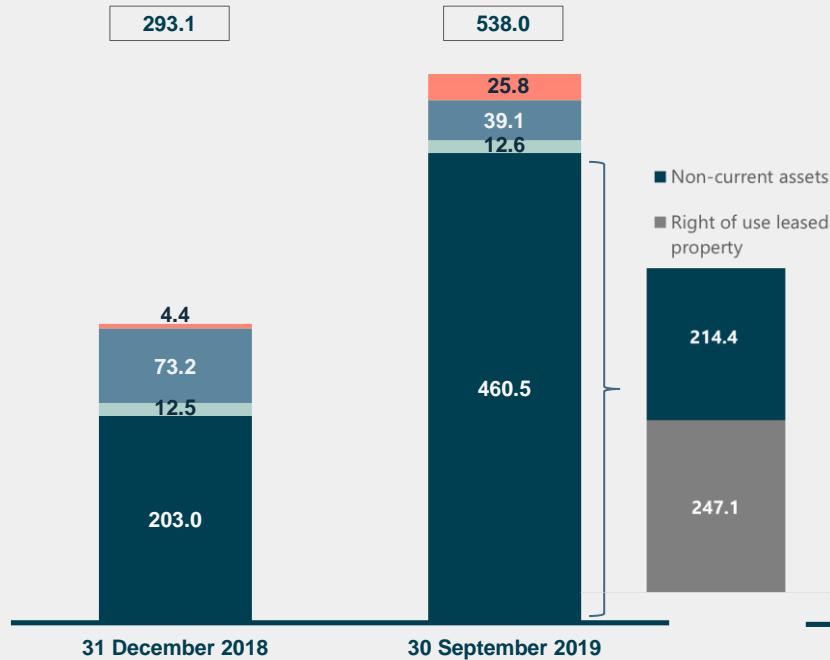
MEUR	Q3 2019	Q3 2019 <i>(adjusted)</i>	Q3 2018	Change, MEUR	Change, %
Sales Revenue	77.2	77.2	75.8	1.4	2 %
Gross profit	14.3	13.4	15.3	-1.9	-12 %
EBITDA	40.8	17.8	22.4	-4.6	-21 %
Profit before taxation (EBIT)	-4.1	7.4	11.3	- 3.9	- 34 %
Net profit	-2.3	7.4	11.4	- 4.0	- 34 %
Gross profit margin	18.6 %	17.3 %	20.1 %	-	-2.8 p.p.
EBITDA margin	52.8 %	23.0 %	29.6 %	-	-6.6 p.p.
Net profit margin	-3.0 %	9.6 %	15.0 %	-	-5.4 p.p.
Return on equity (ROE)*	-1.1 %	4.0 %	8.2 %	-	- 4.2 p.p.
Return on assets (ROA)*	-0.5 %	2.6 %	5.7 %	-	- 3.1 p.p.
Profit per share (EPS), EUR/share	-0.006	0.020	0.030	- 0.010	- 35 %
Average weighted number of shares	380,842,063	380,842,063	380,606,184	235,879	0.99 %

\* 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.



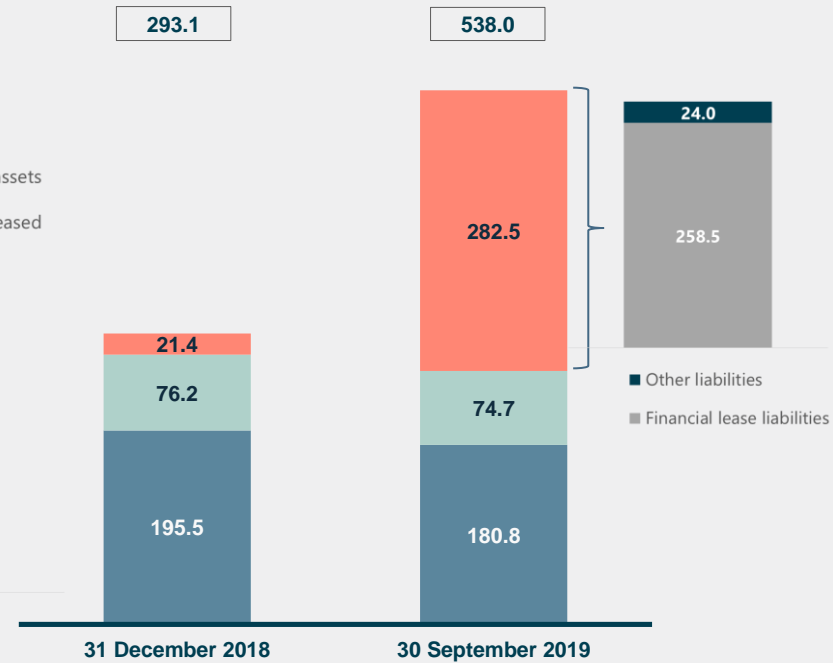
## BALANCE SHEET (UNAUDITED)

### Assets, MEUR



- Non-current assets
- Cash and cash equivalents
- Trade receivables
- Other current assets

### Equity and liabilities, MEUR



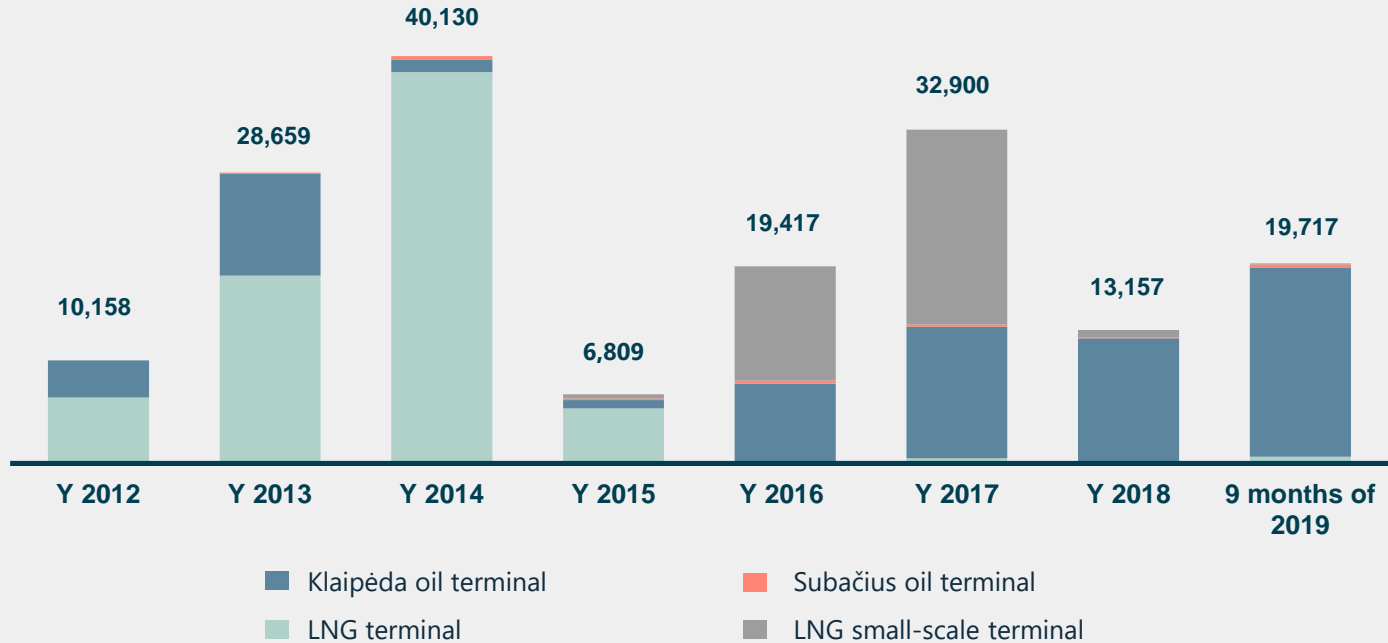
- Other non-current and current liabilities
- Financial lease liabilities
- Equity



# INVESTMENTS OVERVIEW



## INVESTMENTS OF THE COMPANY, MEUR





## 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

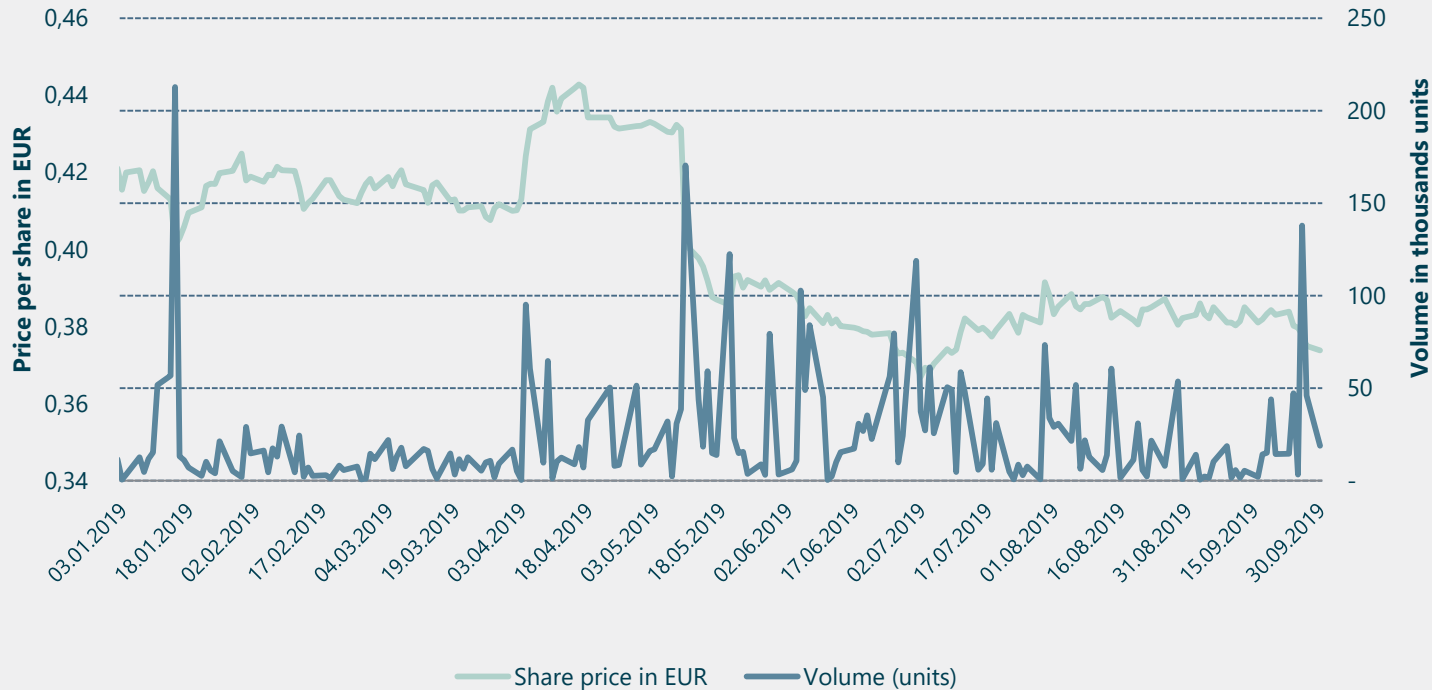
As at 30 June 2019, all the shares of the Company were owned by 2 614 shareholders (as at 31 December 2018 – 2 191).

Shareholder's name (company's name, address, company code of registration)	<u>30 September 2019</u>		<u>31 December 2018</u>	
	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	275,587,444	72.34	275,241,290	72.32
Concern AB Achemos grupe	39,650,338	10.41	39,605,234	10.41
Other (each owning less than 5%)	65,714,611	17.25	65,759,660	17.28
Total	380,952,393	100.00	380,606,184	100.00



# TRADING IN KNF1L SHARES ON NASDAQ VILNIUS STOCK EXCHANGE IN Q3 2019

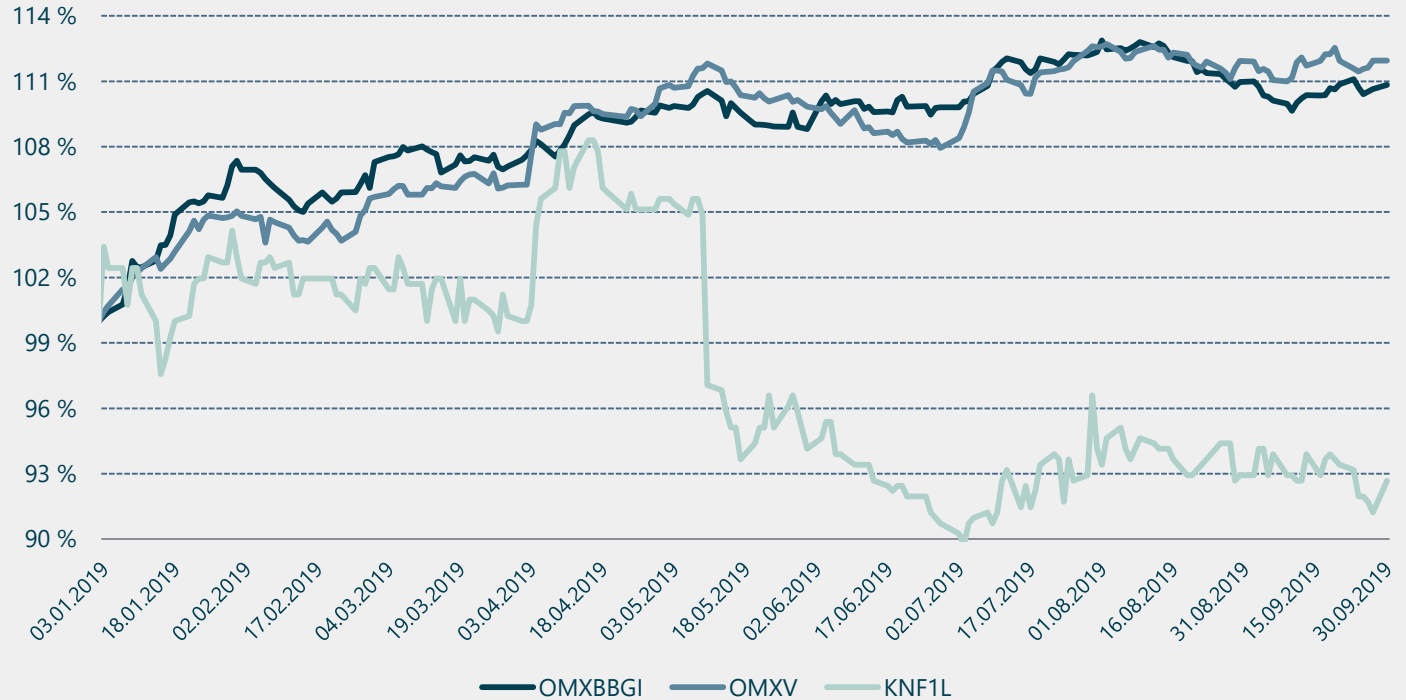
## Trading in KNF1L shares on Nasdaq Vilnius stock exchange in Q3 of 2019





**KNF1L SHARE  
PRICE, NASDAQ  
VILNIUS AND  
BALTIC  
BENCHMARK GI  
INDEXES  
COMPARISON IN  
Q3 2019**

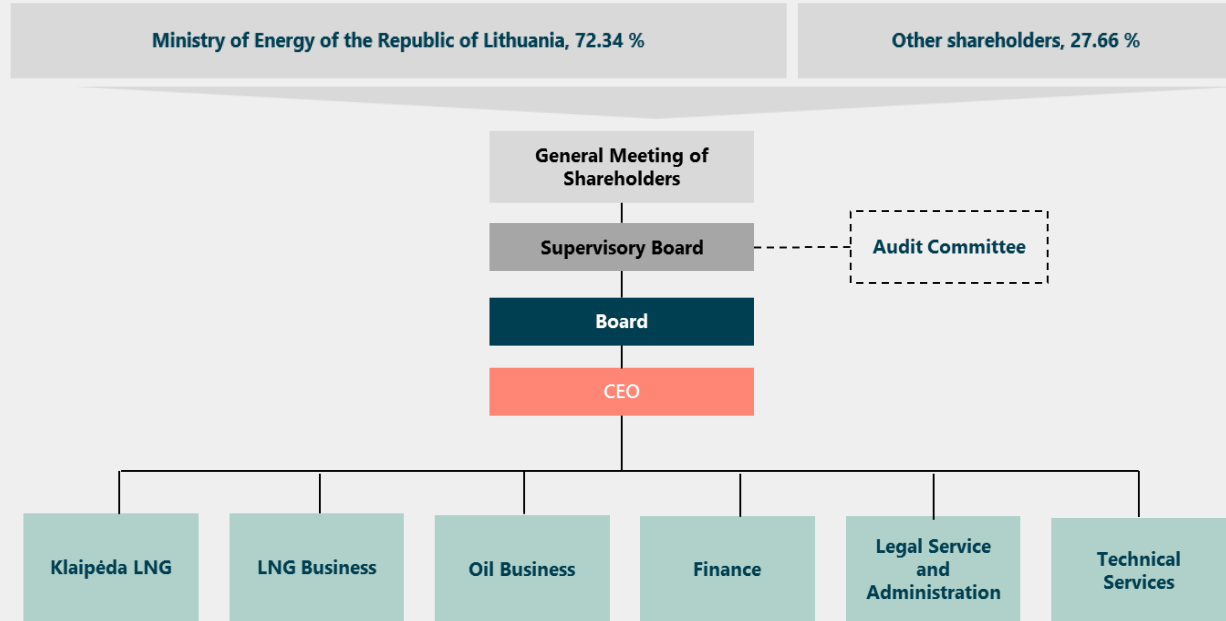
**KNF1L share price comparison with OMX Vilnius and OMX Baltic Benchmark GI  
in Q3 2019**







## ORGANIZATIONAL STRUCTURE



**Audit committee members:** Andrius Varanavičius, Laura Garbenčiūtė-Bakienė and Žana Kraučenkienė.

**Supervisory Board members:** Eimantas Kiudulas, Andrius Varanavičius and Tomas Lukoševičius (until 3 September 2019).

**Board members:** Dainius Bražiūnas, Mantas Bartuška, Giedrius Dusevičius, Bjarke Pålsson ir Ian Bradshaw (appointed as at 2 January 2019 m.).



## MANAGEMENT OF THE COMPANY

**Darius Šilenskis**  
*Oil Business Director*  
*(acting CEO since 27 July 2019)*



**Jonas Lenkšas**  
*Chief Financial Officer*



**Rytis Valūnas**  
*Chief Administrative Officer and*  
*General Counsel*



**Genadijus Andrejevas**  
*Technical Director*



**Tadas Matulionis**  
*LNG Business Development Director*



**Arūnas Molis**  
*Klaipėda LNG Director*





# THANK YOU

## **AB Klaipėdos nafta**

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

Tel. +370 46 391772

e-mail [media@kn.lt](mailto:media@kn.lt)

[www.kn.lt](http://www.kn.lt)