



SC KLAIPĖDOS NAFTA 9 MONTHS 2014 RESULTS



Klaipėdos nafta

Subačius fuel storage (SFS)



Oil transshipment terminal



Liquefied Natural Gas Terminal (LNG)



Authorized share capital:	380.606.184 Litas
Date and place of registration:	27 September 1994, State Enterprise Centre of Registers
Company code:	110648893
Address:	Burių g. 19, 91003 Klaipėda
Telephone/Fax numbers:	+370 46 391772/ +370 46 311399
E-mail address:	info@oil.lt
Internet site:	www.oil.lt , www.sgd.lt

AB Klaipėdos Nafta (the Company) is a strategic company of the Lithuanian energy sector :

- In February 2012, the Government of the Republic of Lithuania assigned the Company to implement a strategic project - construction of the LNG Terminal by the end of 2014 which is significant for the energy sector of Lithuania;
- The Company ensures a possibility to import oil products to Lithuania, if necessary;
- The Company was granted for storage of the obligatory reserve of oil products of the Republic of Lithuania;
- By reference to the adopted law of 10 October 2002 regarding companies and equipments and other important companies of strategic value for national security of Lithuanian Republic, the Company was defined as a company of strategic value for national security.

The most significant events of the 3rd Q of 2014

- The Company received a notification about extension of oil products transshipment contract with Litasco S.A. until 30 September 2015.
- On 25th of July 2014 the Supreme Court of Lithuania by its ruling accepted for consideration the cassation appeal lodged by the Company against part of the ruling of the Court of Appeal of Lithuania from 17th June, 2014, in the court case according to statement of claim of the claimant Naftos Grupė, UAB, against the Company.
- On 25th of September 2014, Mantas Bartuška was elected the General Manager of the Company. Mantas Bartuška, prior to this election, had been acting as the Director of Finance and Administration Department of the Company. Mantas Bartuška changed Rokas Masiulis, who was the General Manager of the Company from 2010 year and was appointed of the Minister of Energy of the Republic of Lithuania.
- On 8 July 2014, the Seimas of the Republic of Lithuania decided to grant a state guarantee to the Nordic Investment Bank (the NIB) regarding the loan in the amount of EUR 34,754,402 granted to AB Klaipėdos Nafta for the period up to 20 years at the interest rate set by the NIB for financing the investment project “Liquefied Natural Gas Terminal”, the state assuming guarantee obligations regarding repayment of the loan of EUR 34,754,402 and payment of interest.
- The Company concluded liquefied natural gas terminal user’s contract with JSC LITGAS and therefore has completed LNG terminal capacities allocation procedure, announced on 30th of April 2014. The Company entitled the Terminal User to use 401,637,600 nm³ of foundation regasification capacities for the first transitional gas year.
- On 29th of September 2014 the Board of the Company approved the main provisions of the new edition of the Rules for Use of the Liquefied Natural Gas Terminal (hereinafter, the Rules), as well pre-approved by the National commission for Energy Control and Prices (NCECP). New version of the Rules was approved following public consultation announced by NCECP and held for a period from 30 July, 2014 until 12 August, 2014, subject to the Company’s evaluation of comments and suggestions submitted by the interested parties during the said consultation.



Railway

- 2 tracks for light oil products - LFO (total 60 tank-cars)
- 2 tracks for heavy oil products - HFO (total 62 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 (Subačiaus 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
- Harbour entrance depth: 14.5 m
- Length: 270 each
- Tanker batch: up to 100,000 t with 12.5 m depth

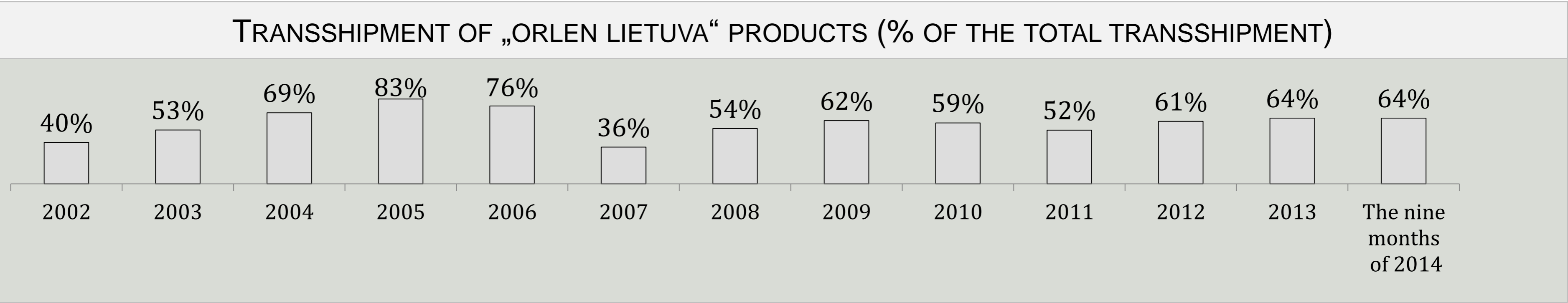
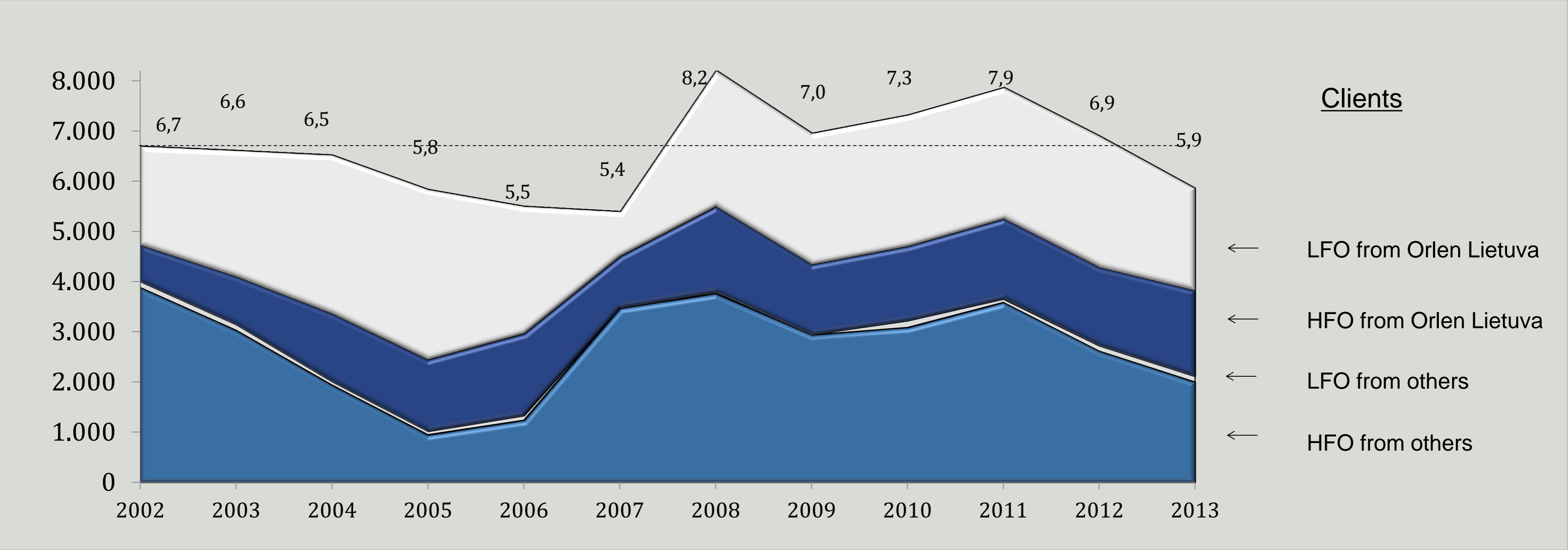


Road tanker loading

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

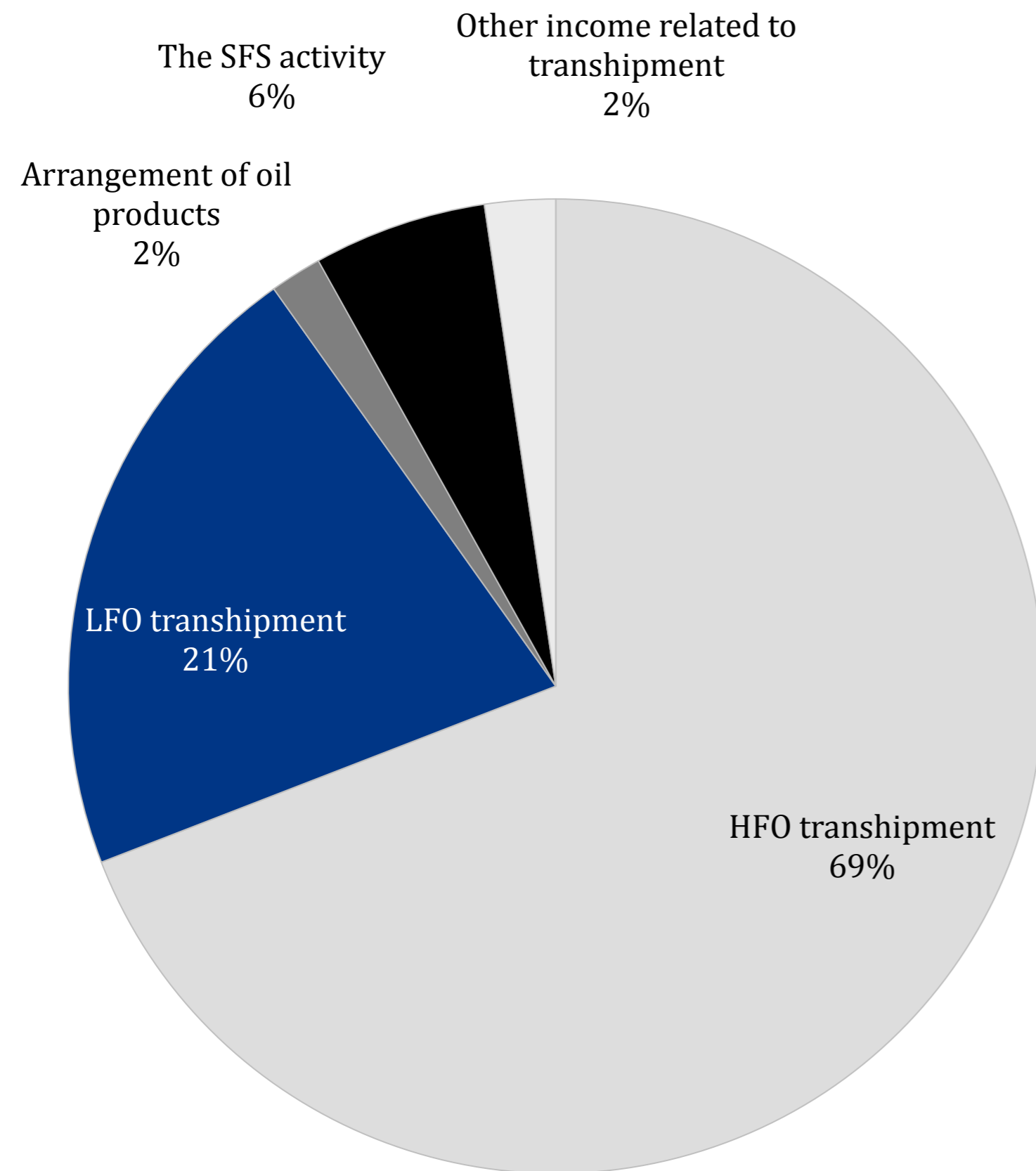
SC Klaipėdos nafta transshipment of oil products in 2001 – 2013 (million tones)

AVERAGE TRANSSHIPMENT - 6,6 MILLION TONES PER YEAR
 (TOTAL TRANSSHIPMENT DURING NINE MONTHS OF 2014 – 3.8 MILLION TONES)

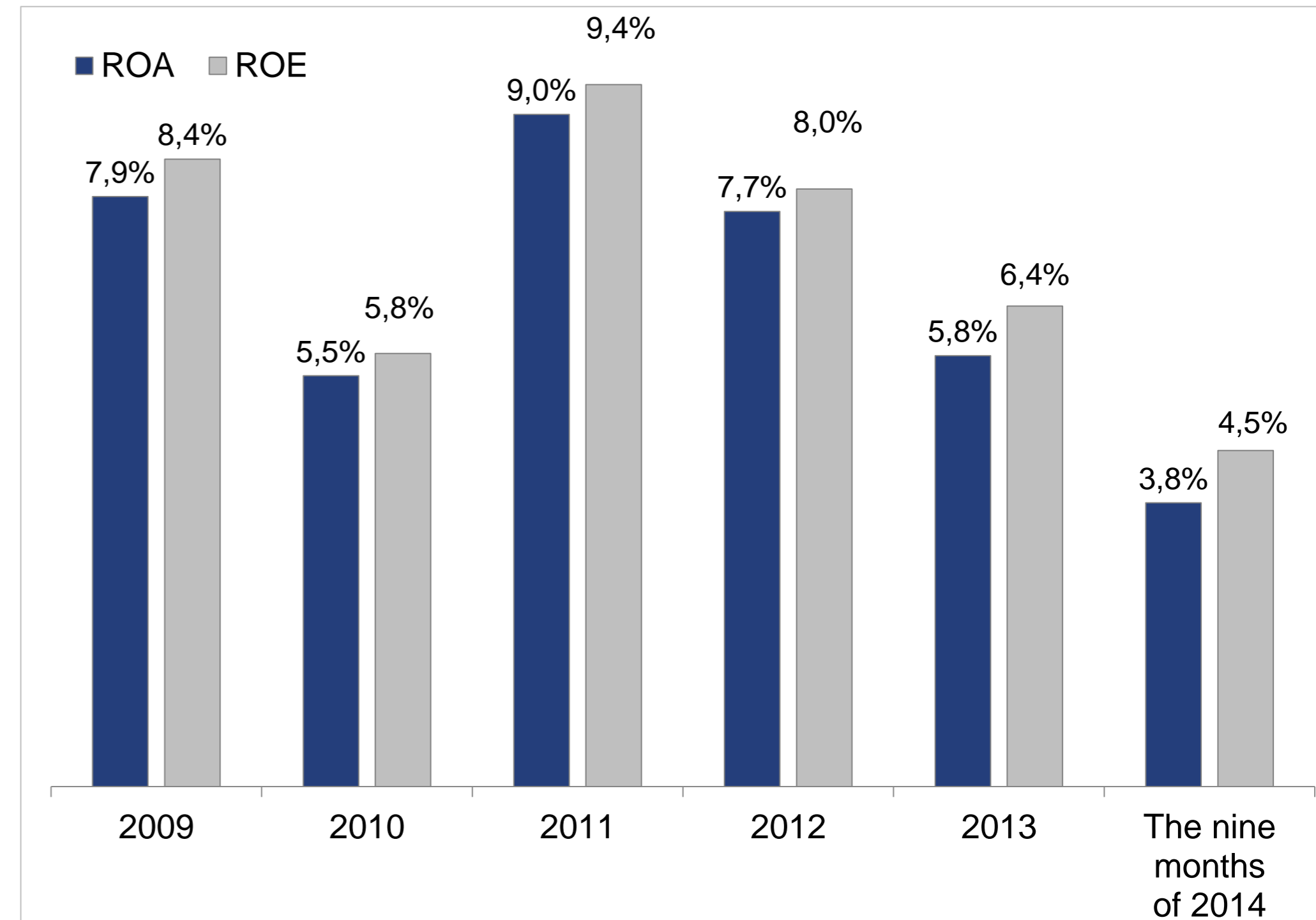


Financial results: Sales and Profitability

Structure of sales revenue during the nine months of 2014



Profitability (2009 – the nine months of 2014)



HFO - heavy oil products;
LFO - light oil products;
SFS – Subačius fuel storage

Key operating figures for the 9 months of 2014

	The nine months of 2014	The nine months of 2013	Change (%)
Transshipment of oil products by type (thousand tons):	3,831	4,820	(20.5%)
- HFO - heavy oil products	2,276	3,041	(25.2%)
- LFO - light oil products	1,555	1,779	(12.6%)
Transshipment of oil products by markets (net, thousand tons):	3,831	4,820	(20.5%)
Export (Orlen Lietuva, AB)	2,468	2,929	(15.7%)
Transit (oil refineries of Russia and Belarus)	1,273	1,755	(27.5%)
Other	90	136	(33.8%)
Investments (PP&E acquisitions) (LTL thousand)	107,911	53,994	99.9%
Oil terminal	3,815	20,459	(81.3%)
Liquefied natural gas terminal	103,838	33,535	209.6%
Subačiaus fuel storage	258	-	-
Number of employees	376	364	3.3%
Oil terminal	265	280	(5.4%)
Liquefied natural gas terminal	81	54	50%
Subačiaus fuel storage	30	30	-

Comments:

The transshipment in 9 month of 2014 is lower by 20.5% compared to the same period of 2013. The reduce in transshipment volume is related with the extremely unfavorable situation in the oil products market during analyzed period:

First, since the middle of 2013 oil products refinery margins has significantly dropped, that forced SC Orlen Lietuva to reduce refining volumes and correspondingly the oil products export through Klaipėdos nafta oil terminal.

Second, the increasing Russian Federation ports competition made refineries of Russian Federation to direct the exported oil products through the Russian ports. Such a change in export channel influenced oil products transshipment decrease for the Company as well as for the other Baltic countries terminals.

LNG Terminal project implementation is successfully continued and is nearly the finish line – construction completion works, preparation for the terminal testing works and preparation for the operating start are in progress.

Main operating figures of the nine months of 2014

LTL thousand	The nine months of 2014	The nine months of 2013	Change (%)
Sales revenue	83,508	98,687	-15.38%
Gross profit	30,435	41,107	-25.96%
EBITDA	39,382	50,823	-22.51%
EBIT	20,355	32,278	-36.94%
EBITDA margin	47%	51%	-8.43%
EBIT margin	24%	33%	-25.48%
Financial and investment activities result	699	197	254.82%
Profit before taxation	21,054	32,475	-35.17%
Net profit	18,026	27,635	-34.77%
Gross profit margin	21,59%	28.00%	-22.91%
	30 September 2014	31 December 2013	
Non-current assets	616,769	523,681	17.78%
Current assets	72,785	152,153	-52.16%
Total assets	689,554	675,834	2.03%
Shareholders' equity	589,320	571,651	3.09%

Comments:

Despite the very unfavorable circumstances in oil products in their transshipment markets the Company managed to sustain high profitability level in oil product transshipment activity:

- Net profitability for the period – 22%,
- EBITDA margin – 47 proc.

Observing the worsening situation in oil products transshipment the management of the Company was actively searching for the opportunities increasing the efficiency of the oil terminal activity. Subsequently certain optimization changes were made that shall result more economical benefits in future periods.

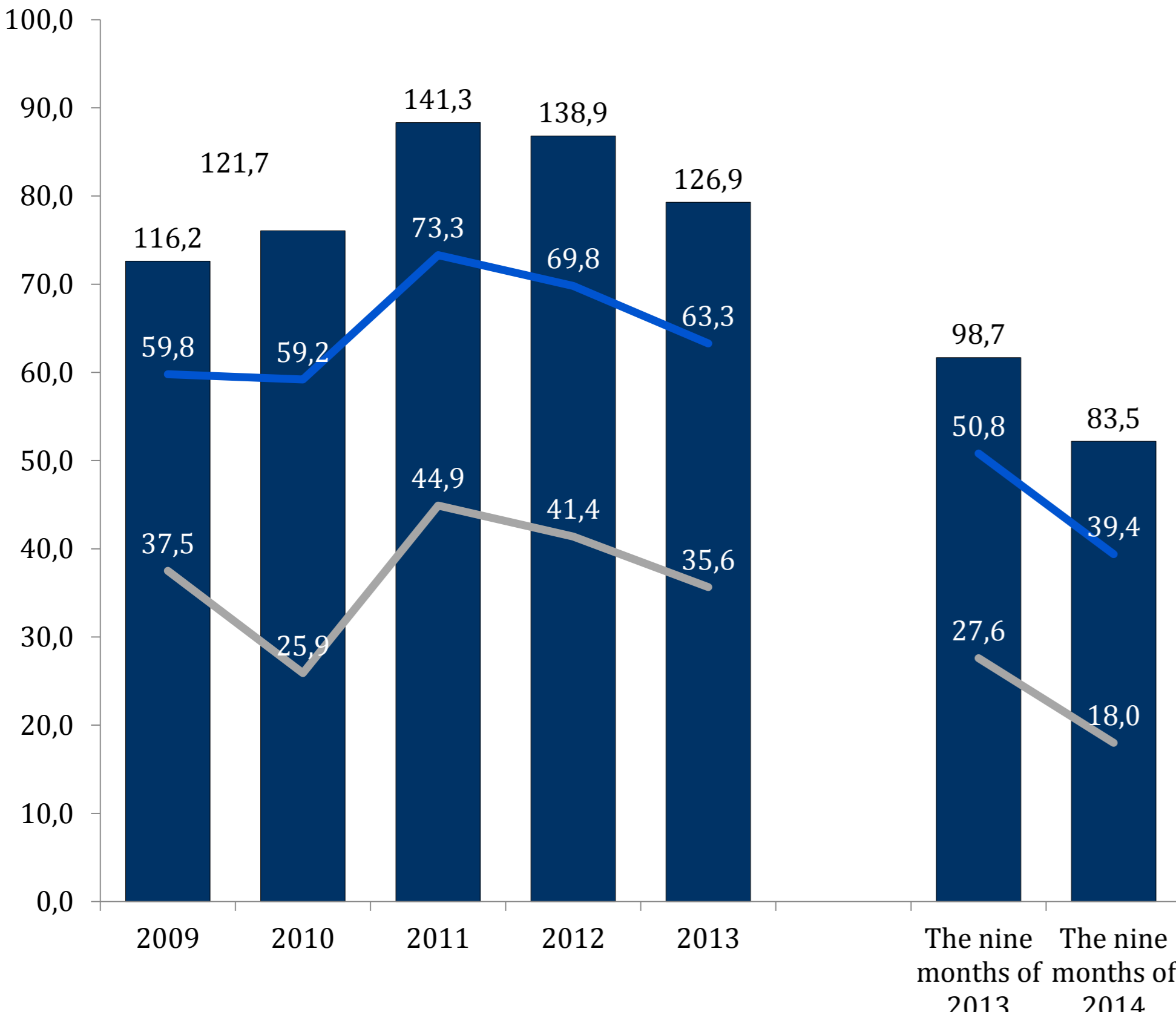
The profitability of the 9 month of 2014 decreased compared to the same period of 2013:

- Net profit – LTL 18,026 thousand (decrease by 34,8%);
- EBITDA LTL 39,382 thousand (decrease by 22,5%).

The main reason for the profitability decrease is the reduced transshipment volume and decreased revenues.

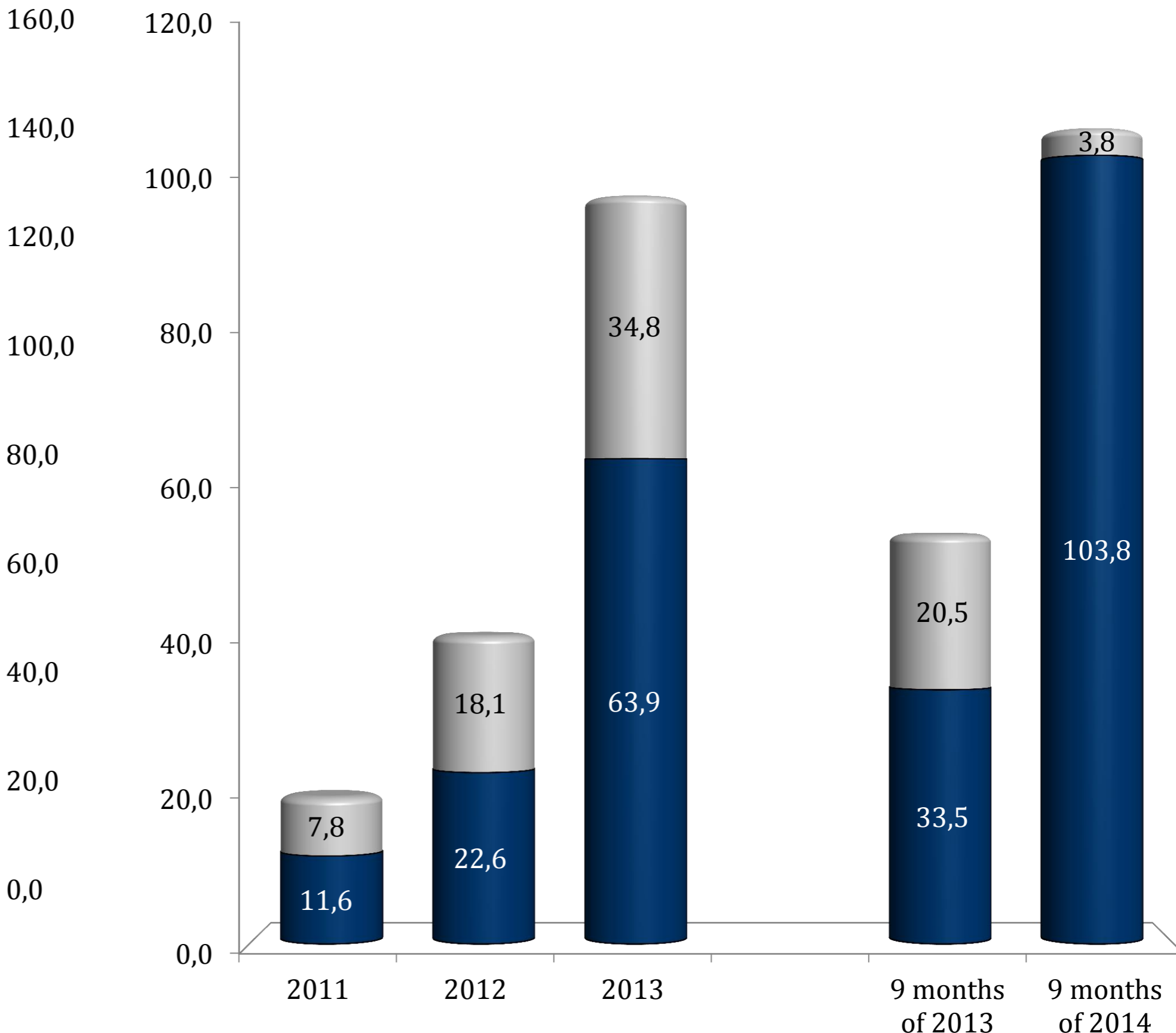
Key financial results of the 9 months of 2014

Revenues, EBITDA, Net profit (LTL million)



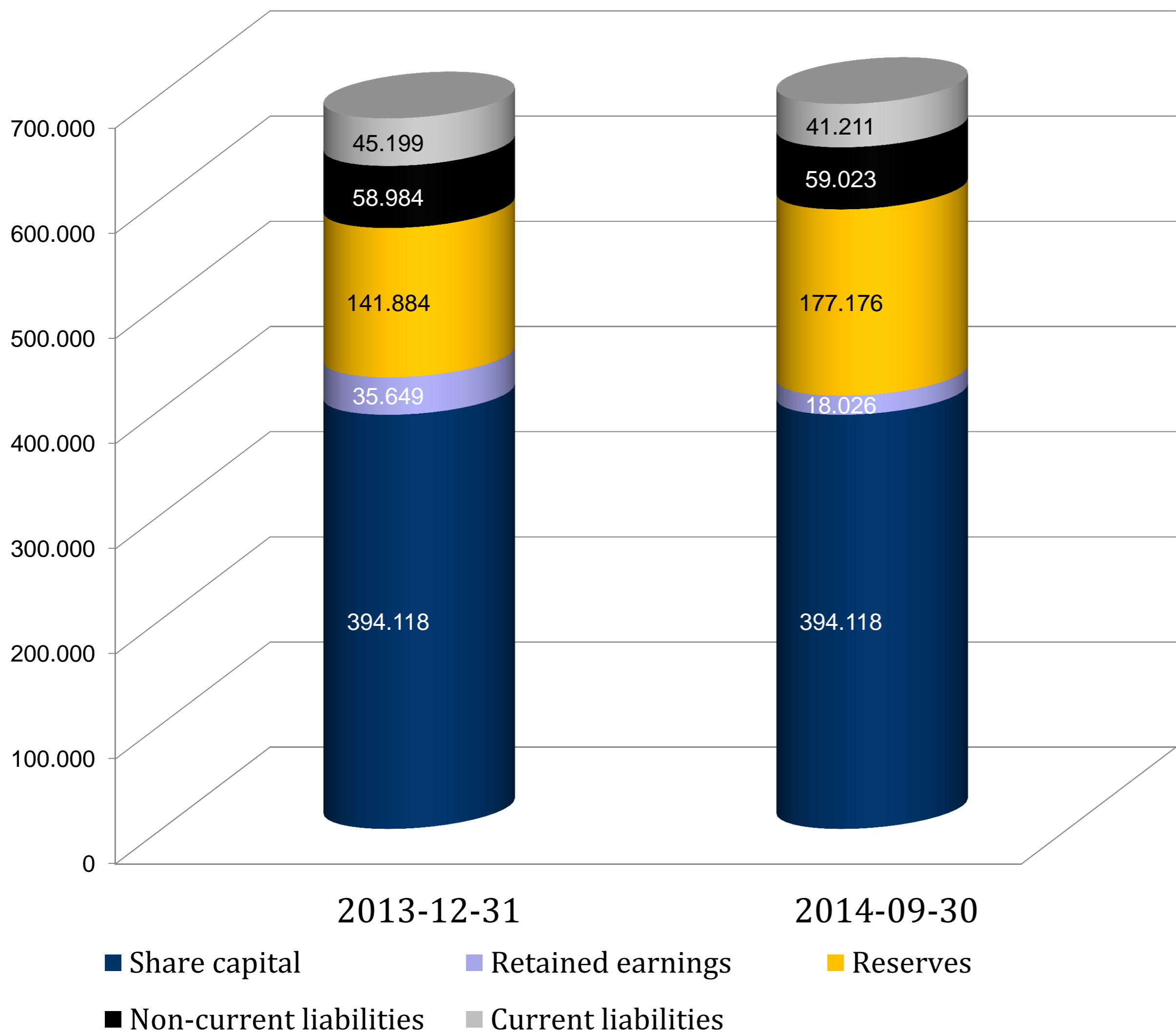
— EBITDA
— Net profit
■ Sales revenues

Investments (PP&E Acquisitions) (LTL million)



■ Investments in LNGT
■ Investments in oil terminal

Equity and Liabilities (LTL million)



Comments:

- **Share capital** (LTL 394,1 million) 30 September 2014 amounted to 57,1 % of the total assets.
- **Non-current liabilities** amounted LTL 59,0 million, including European Investment Bank loan comprising LTL 51,2 million.
- **Debt ratio**– 0,15.
- **Gross liquidity ratio** – 2,60.

The main areas of investments

- 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.

Major Oil terminal investments

- In 2014 finished reconstruction of the storage tank park of HFO tanks park: demolition of the four old storage tanks each 5 000 m³ and construction of the two new universal storage tanks each 32,250 m³;
- In the middle of 2014 the new auto tanker fuel loading station was built (total investment LTL 0.5 million). Due to this equipment the tankers filling shall be more flexible and more attractive at point of time;
- In 2014 finished modernization works of the fire safety system and other works.

These investments, the Company financed from its own funds.

LNG project investments

From the beginning of the project to 30 September 2014 the total amount of investments comprise LTL 189.9 million:

- LTL 34 .0million payments to leading LNG terminal consultant FLUOR;
- LTL 48.6 million comprise construction of gas pipeline ;
- LTL 22.1 million comprise construction of the jetty;
- LTL 37.5 million comprise other project implementation expenses.

For financing of the LNGT project in 2013 the Company concluded the Financing Agreement for EUR 87 million loan with the European Investment Bank (EIB). Up to 50% of project costs are financed under this contract. The NIB adopted a decision to grant Company a credit of up to EUR 34.754 thousand (LTL 120.000 thousand) for implementation of the project of liquefied natural gas terminal in Lithuania. The term of the credit – up to 20 years. On 8 of July 2014 the Seimas of the Republic of Lithuania decided to grant a state guarantee to the Nordic Investment Bank.

Subačius fuel storage investments

In 2012 the Company has added Subačius fuel storage base as a part of its activity. This object allowed Company to diversify its activity with the long term oil products storage. The 10 year service contract with the Lithuanian state company guarantees the long term income.

In 2014 the major investments are directed:

- Water treatment system modernization;
- Upgrade fire safety equipment and tools.

Impact

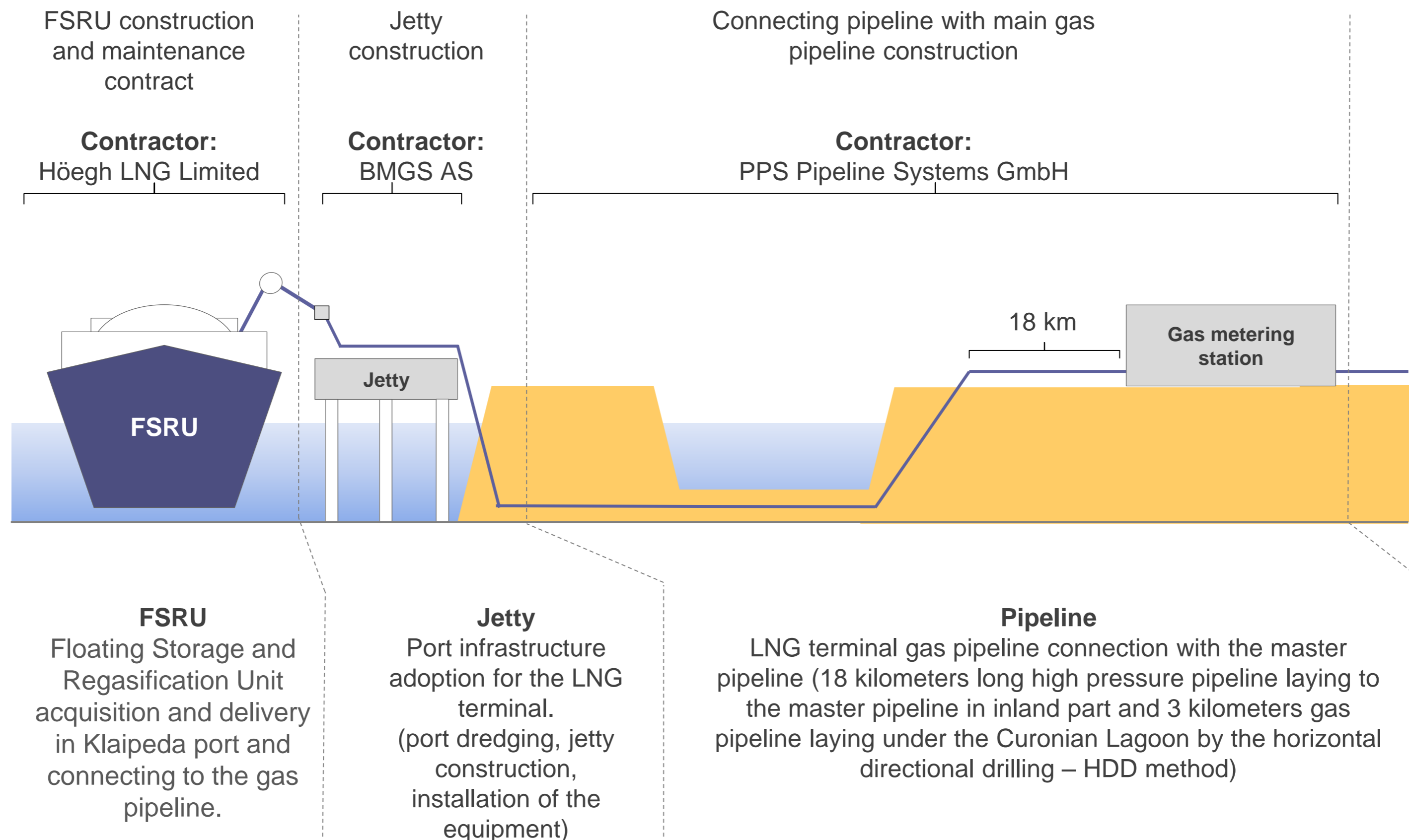


Third party access will spur competition

The terminal will help to **diversify** energy sources

Ensures **security** of energy supply

Import prices will reflect the **global** market price level



LNG terminal vessel – FSRU arrival

On the 27th of October, 2014 Lithuanian liquefied natural gas (LNG) terminal floating storage and regasification unit (FSRU) INDEPENDENCE sailed into the port of Klaipėda and was successfully moored to her jetty. It was an extraordinary day in the history of Lithuania and its energy independence as LNG terminal is the alternative source of the gas supply for Lithuania. INDEPENDENCE was warmly welcomed by the citizens and guests of Klaipėda.

At the end of October, 2014 the first LNG cargo for the LNGT terminal testing purposes that was delivered to the floating storage (FSRU) Independence. The specialists confirmed that all systems and equipment worked properly and pumping process was smooth.

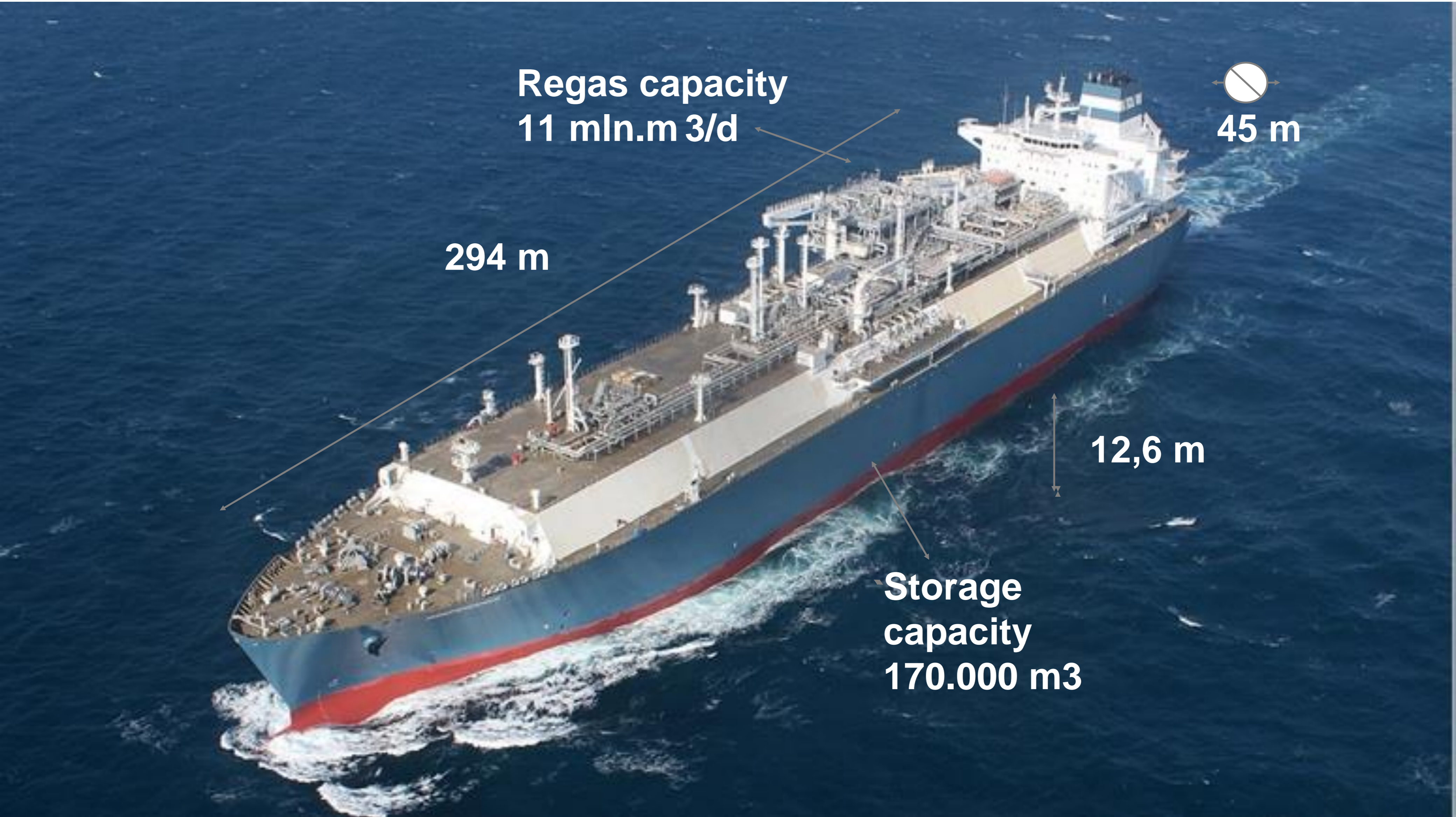


Approximately 100 thousand cubic meters of LNG, that is equal to approximately 60 million cubic meters of natural gas, was pumped into the FSRU. The LNG was delivered on the 28th October by the LNG carrier Golar Seal.

In the middle of November, 2014 the first natural gas was supplied from the LNG terminal to the natural gas transmission system.



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**

LNGT Jetty construction works:

Jetty service platforms construction



Jetty supports construction



Gangway construction



Jetty concreting



Gas pipeline and metering station construction

Technologic pipelines on the high pressure gas platform

Gas accounting system in metering station



Finished gas metering station construction

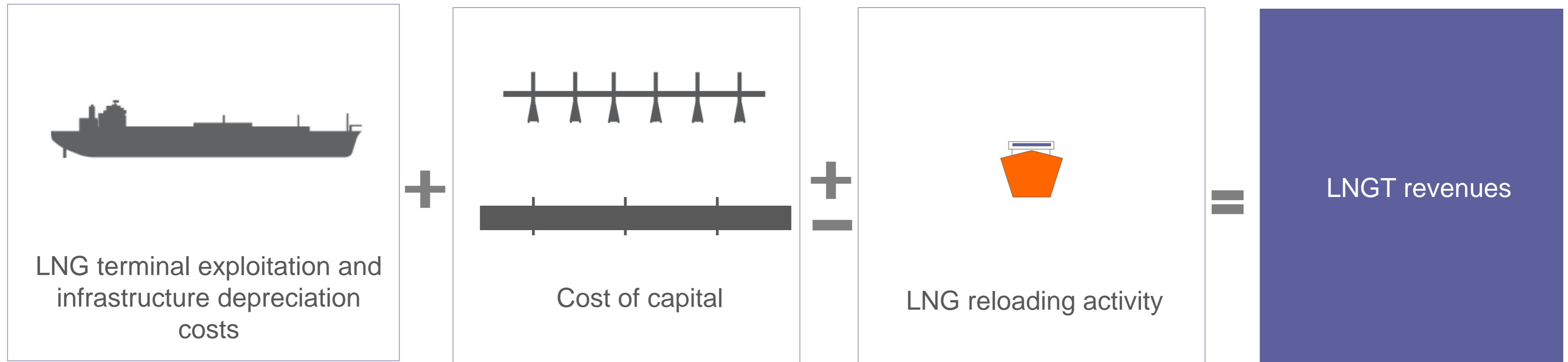


Gas pipeline trace



Income from the security supplement

The fixed costs of the LNG terminal are covered through Security supplement to the gas transmission tariff.



- Depreciation (amortization) costs,
- Repair, technical maintenance and exploitation expenses,
- Staff expenses,
- Taxes expenses,
- Administrative costs,
- Marketing and sales costs,
- Other fixed costs,
- LNG terminal costs under long term contracts

- Regulated asset base (infrastructure)
- * WACC (6,86%)

- Tariff is set for the period of 5 years
- Received income reduces LNGT supplement of the following period

The LNG terminal operation is planned to start on 3th of December 2014.

The shareholders having more than 5% of the authorized capital of the Company as at 30 September 2014 and at 31 December 2013:

Shareholder's name (company's name, address, company code of registration)	30 September 2014		31 December 2013	
	Number of owned shares (unit)	Part of authorized capital (%)	Number of owned shares (unit)	Part of authorized capital (%)
The Republic of Lithuania, represented by the Ministry of Energy of the Republic of Lithuania (Gedimino pr. 38/2, Vilnius, 302308327)	275,241,290	72.32	275,241,290	72.32
Concern Achemos grupė UAB (Jonalaukis village, Jonava district, 156673480)	38,975,150	10.24	38,975,150	10.24
Other (each owning less than 5%)	66,389,744	17.44	66,389,744	17.44
Total	380,606,184	100.00	380,606,184	100.00

- 29 April 2014 General meeting of shareholders approved the payment of dividends for the shareholders amounting LTL 0.0009366255 per share (total amount allocated for the dividends comprise 356,485 LTL).

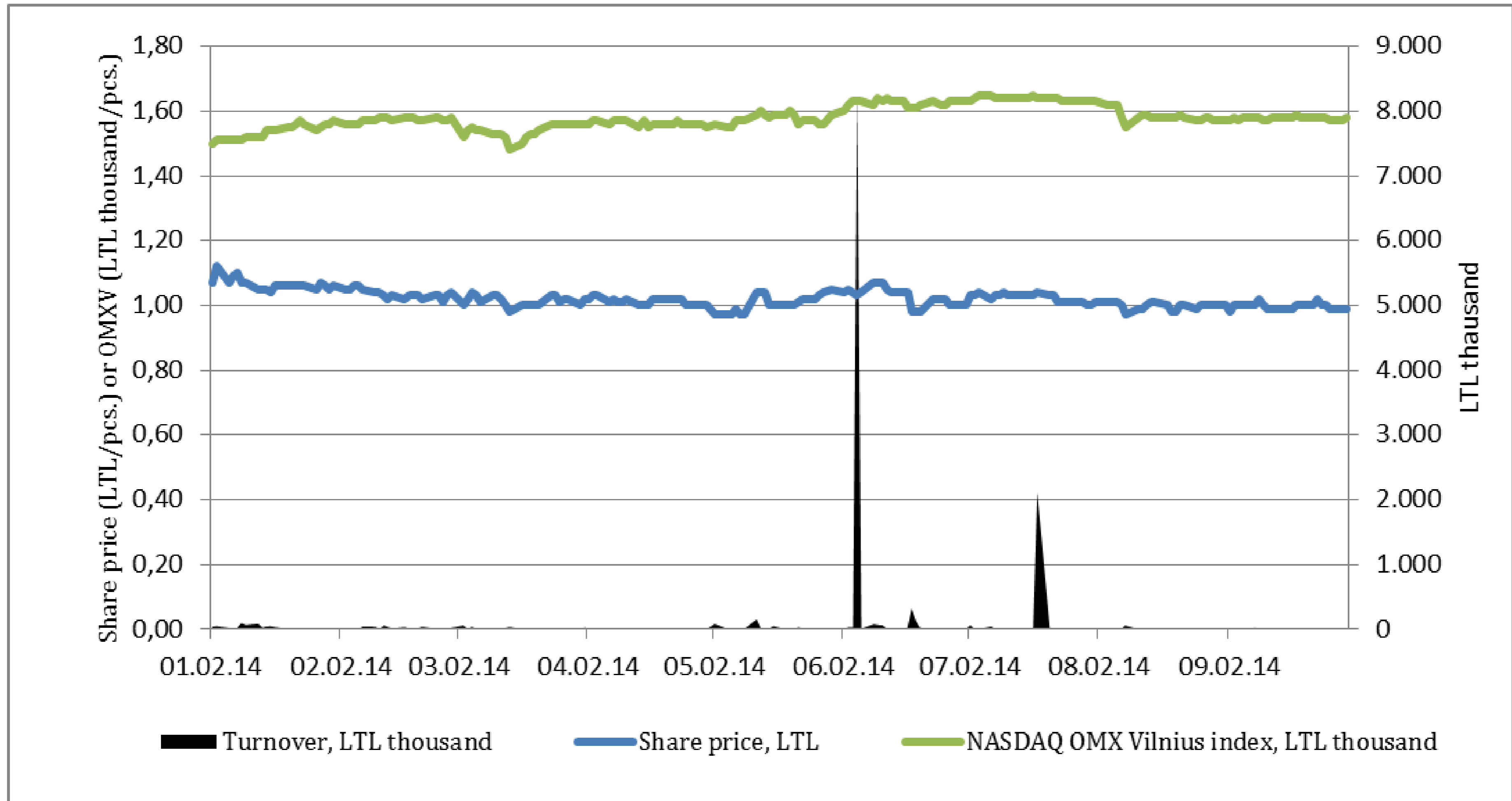
- Since 2003 the shares of the Company are listed on **NASDAQ OMX Vilnius** stock exchange:
 - ISIN code – LT0000111650
 - Abbreviation – KNF1L
 - Share emission (pcs.) – 380,606,184
- **Turnover** in Vilnius stock exchange during January-September 2014: LTL 13.7 million

DYNAMICS OF THE SHARE PRICE AT NASDAQ OMX VILNIUS DURING THE NINE MONTHS OF 2014

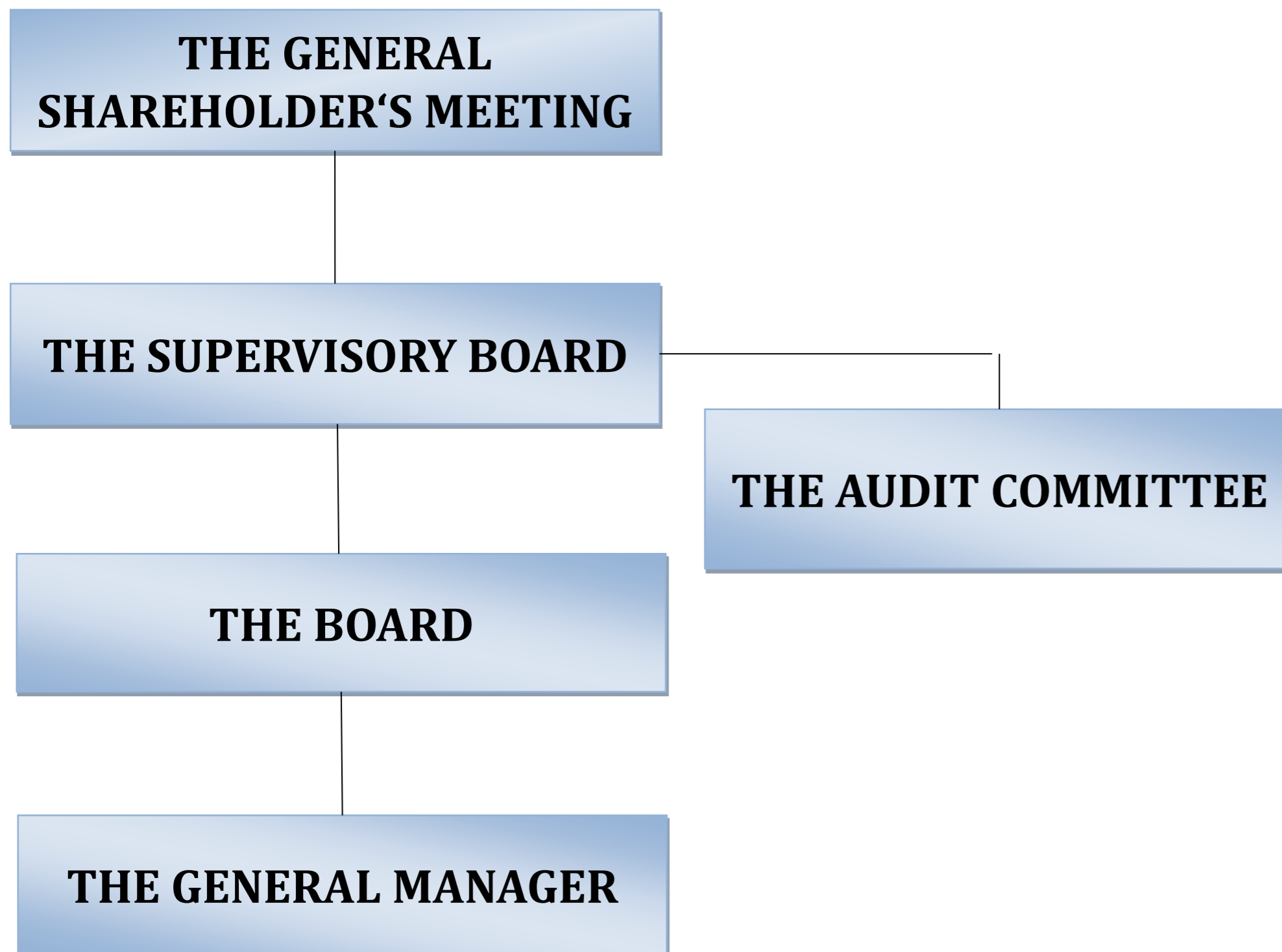
	Highest share price	Lowest share price	Share price at the end of period	Average share price	Turnover, unit	Turnover
LTL	1.12	0.97	0.99	1.02	13,223,526	13,657,479
EUR	0.32	0.28	0.29	0.30		3,955,479

As of 30 September 2014 the Company's market capitalization was LTL 376.8 million (EUR 110.4 million).

Dynamics of KNF1L share price, turnover and NASDAQ OMX Vilnius index



Organizational management structure



- **29 April 2014** the General Meeting of Shareholders of the Company appointed Audit firm –“Ernst & Young Baltic” UAB to audit financial statements of the year 2014.
- **The Supervisory Board** comprise of 3 (three) members.
- **The Audit Committee** comprise of 3 (three) members.
- **The Board** comprise of 4 (four) members.
- **25 August 2014.** The Supervisory Council of Company to recall from the Board Members of the Company Valdas Lastauskas and to elect Dainius Bražiūnas as the new Board Member of the Company until the term of office of the acting Board of Company.
- **24 September 2014** The Supervisory Council of Company to recall from the Board Members of the Company Rokas Masiulis and to elect Mantas Bartuška as the new Board Member of the Company until the term of office of the acting Board of 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.



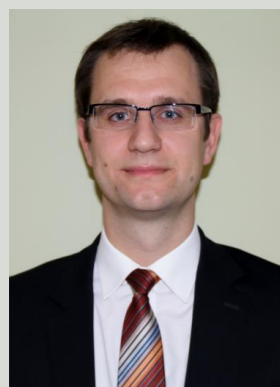
Mindaugas Jusius

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



Gediminas Vitkauskas
Director of Oil terminal department



Rolandas Zukas
Director of the LNGT terminal

- When on 22th of September, 2014, the President of the Republic of Lithuania had signed the decree on the appointment of Rokas Masiulis the Minister of Energy of the Republic of Lithuania, on 24th of September, 2014, the Board of the company to recall Rokas Masiulis form the position of the General Manager and to elect Mantas Bartuška the General Manager, starting into office, as from 25th of September, 2014.
- G.Vitkauskas, Director of Department of Oil terminal, has 3.600 shares of the Company, that comprise 0,00001 per cent of share capital and voting rights. Other Directors have no direct interest in the share capital of the Company.

THANK YOU FOR YOUR ATTENTION!

For more information about the
Company please visit our websites:

www.oil.lt

www.sgd.lt