



**SC KLAIPĖDOS NAFTA**  
**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:	<a href="mailto:info@oil.lt">info@oil.lt</a>
Internet site:	<a href="http://www.oil.lt">www.oil.lt</a> , <a href="http://www.sgd.lt">www.sgd.lt</a>

**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, implement projects in time and 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 centre of oil and gas in Lithuania.

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

# The most significant events of the 4<sup>th</sup> Q of 2014

- ❖ On the 27<sup>th</sup> 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.
- ❖ On the 20<sup>th</sup> of November, 2014 the National Commission for Energy Control and Prices (the NCECP) established a reduced natural gas supply safety component in addition to the natural gas transmission price applied to LNG terminal funds payers in the Republic of Lithuania – 7.41 LTL/MWh (2.15 EUR/MWh). Natural gas supply safety component applied on Klaipėda LNG entry point – 9.43 LTL/MWh (2.73 EUR/MWh). For the year 2015-2019 the Commission established the variable part of the price cap of the natural gas liquefaction service (VAT excluded) – 0 LTL/MWh (0 EUR/MWh), and the LNG reloading service price (VAT excluded) – 3.49 LTL/MWh (1.14 EUR/MWh), which will enter into force on 1 January 2015.
- ❖ On the 27<sup>th</sup> of November, 2014 the NCECP adopted a decision to issue Natural Gas Regasification License to the Company. After evaluation of the Company's technological, financial and management capability, the NCECP has decided that the Company has sufficient capabilities to perform natural gas regasification activity according to the legal acts. Natural Gas Regasification License is the final and essential document necessary to launch Liquefied Natural Gas Terminal operations.
- ❖ On the 27<sup>th</sup> of November, 2014 the Company has concluded the Credit Agreement with the Nordic Investment Bank (NIB) granting a credit of up to EUR 34,754 thousand euros for the implementation of the project of the liquefied natural gas terminal.
- ❖ On the 11<sup>th</sup> of December, 2014 the Company concluded an agreement on assignment of claim rights and a maximum pledge agreement with Hoegh LNG Klaipėda, UAB in accordance with the decision of the board of the Company, dated on the 19<sup>th</sup> of September, 2014 and approved by general meeting of shareholders on the 15<sup>th</sup> of October 2014.

The said agreements are intended to secure obligations of the Company to Hoegh LNG Klaipėda under the Time Charter Party (Lease of FSRU in conjunction with maintenance and operation services) agreement concluded on 2 March 2012.

- ❖ During the 4<sup>th</sup> Q of 2014 the Liquefied Natural Gas (LNG) Terminal received two LNG carriers which brought total 241 thousand m<sup>3</sup> (108.9 thousand tons) LNG and 45 million nm<sup>3</sup> natural gas were re-regasified and supplied to the natural gas transmission system.





## 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 m<sup>3</sup>/h)



## 2 Jetties

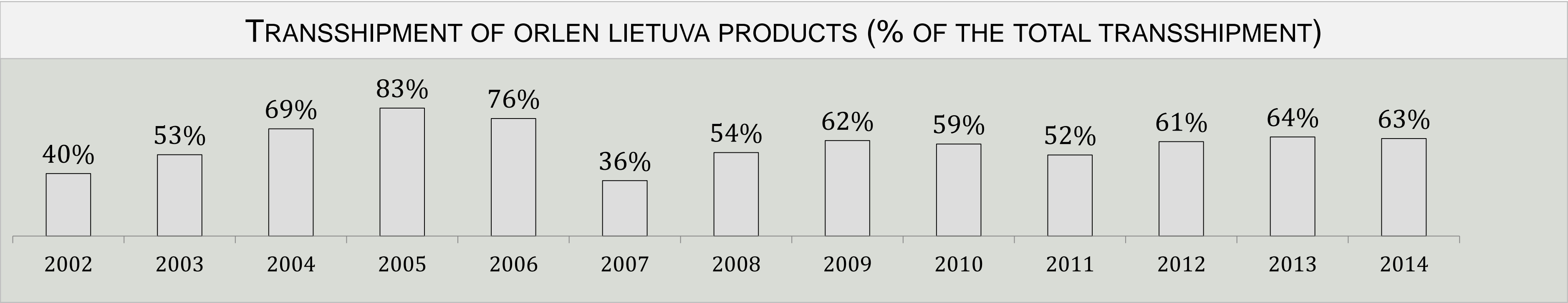
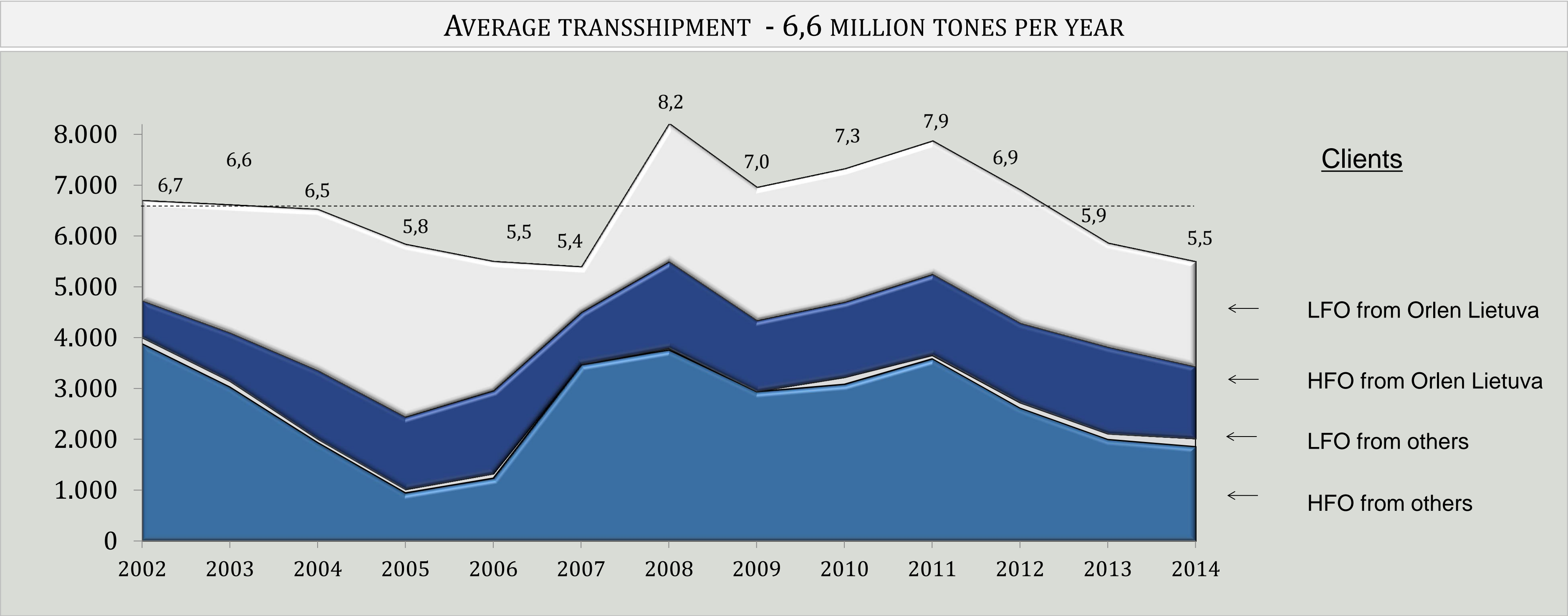
- Depth: 14 m
- Harbour entrance depth: 14.5 m
- Length: 270 each
- Tanker batch: up to 100,000 t with 12.5 m depth



## Road tanker loading

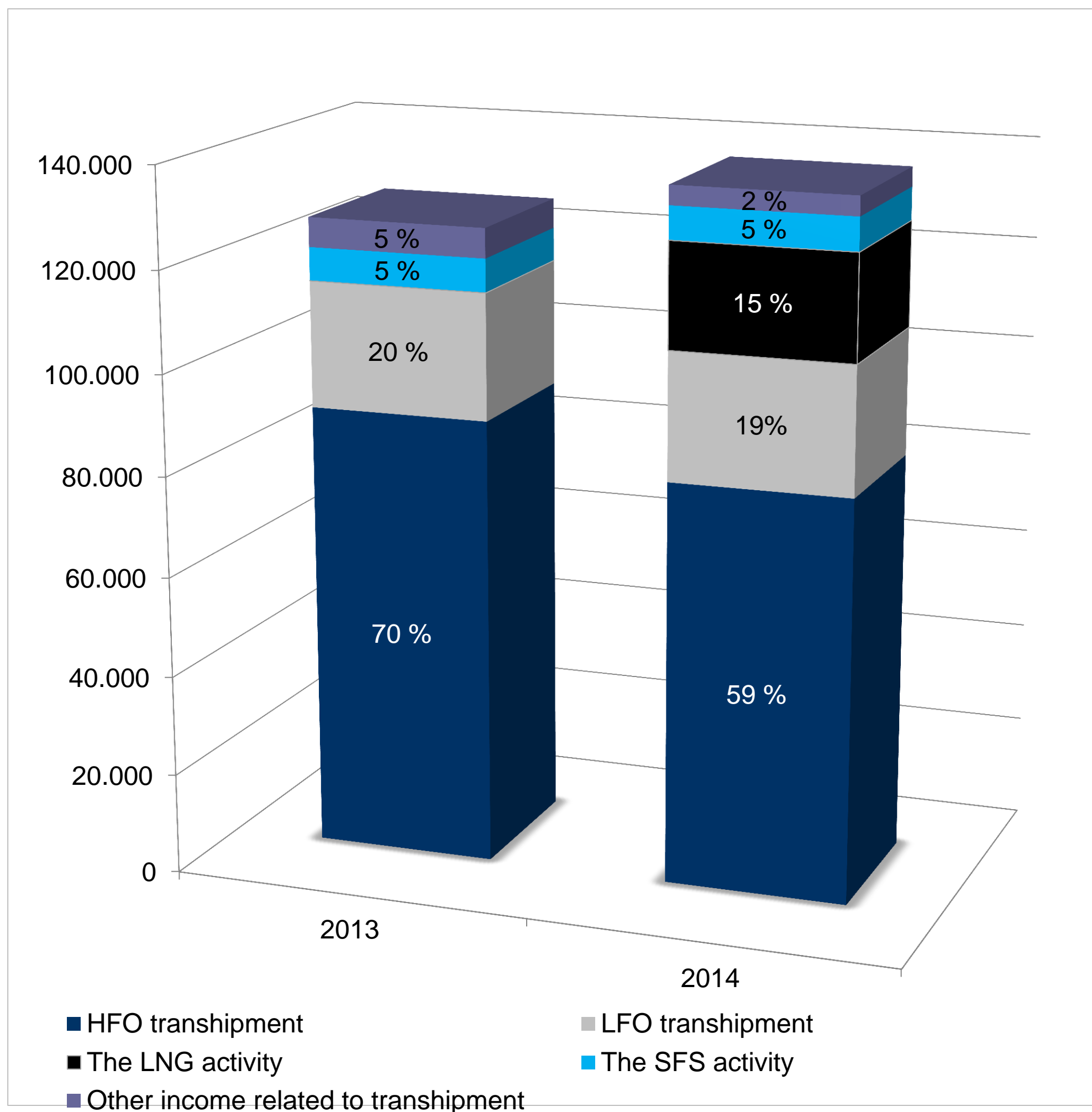
- A service to import gasoline and diesel by tankers for the Lithuanian market needs
- 4 loading points at the same time

# SC Klaipėdos nafta transshipment of oil products in 2001 – 2014 (million tones)

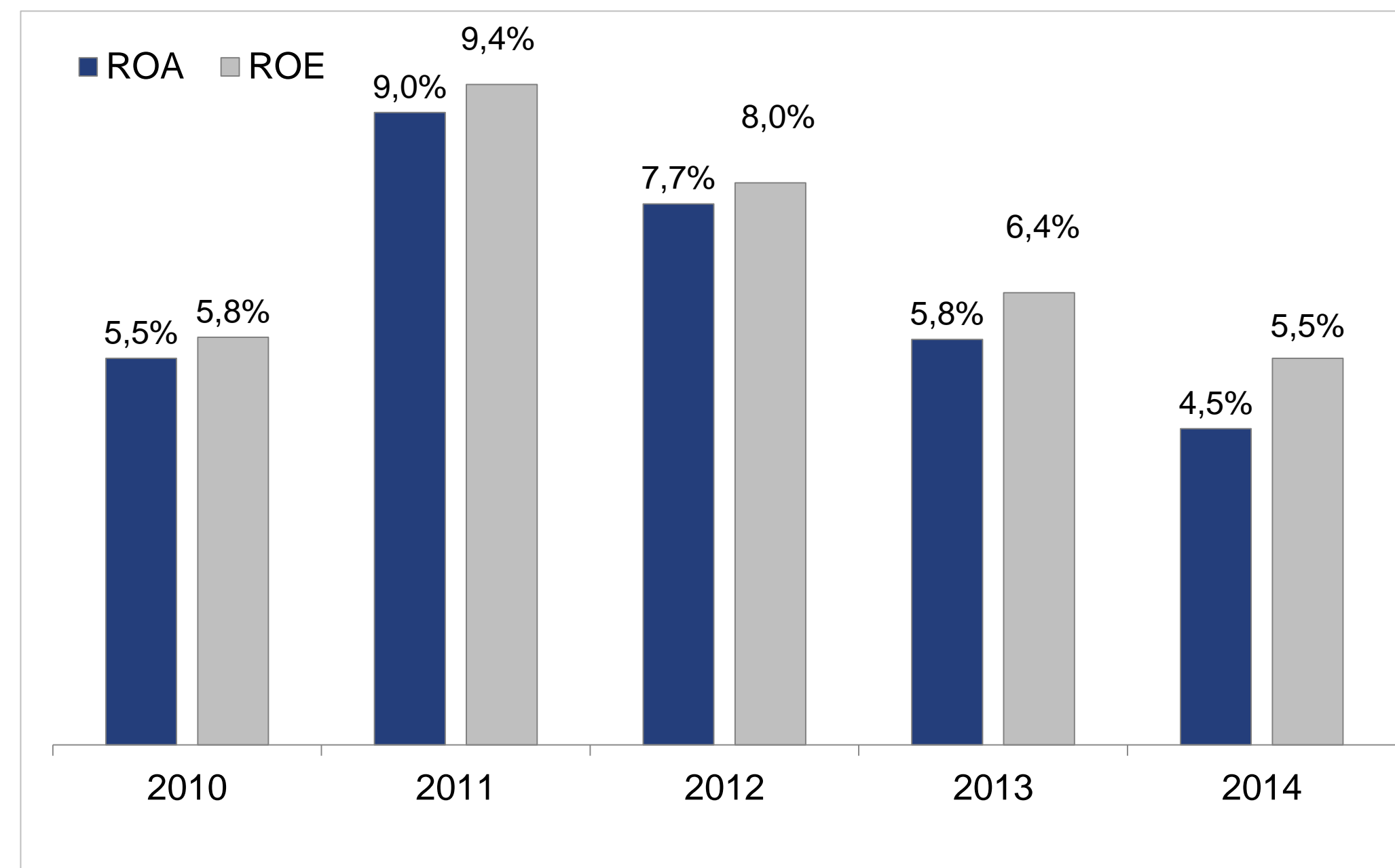




## Structure of sales revenue



## Profitability (2010 – 2014)



**In 2014 for the first in the history of the Company earned LNG terminal activity revenue – LTL 20,117 thousand.**

Sales revenues	↑	+8%
EBITDA	↓	-9%
Net profit	↓	-12%

# Key operating figures of 2014

	2014	2013	Change (%)
Transshipment of oil products by type (thousand tons):	<b>5,501</b>	<b>5,863</b>	<b>(6.2%)</b>
- HFO - heavy oil products	3,277	3,713	(11.7%)
- LFO - light oil products	2,224	2,150	3.4%
Regasified LNG, million m <sup>3</sup>	<b>45</b>	-	-
Transshipment of oil products by markets (net, thousand tons):	<b>5,501</b>	<b>5,863</b>	<b>(6.2%)</b>
Export (Orlen Lietuva, AB)	3,489	3,689	(5.4%)
Transit (oil refineries of Russia and Belarus)	1,872	1,998	(6.3%)
Other	140	176	(20.5%)
Investments (PP&E acquisitions) (LTL thousand)	<b>137,971</b>	<b>98,954</b>	<b>39.4%</b>
Oil terminal	4,050	34,754	(88.3%)
Liquefied natural gas terminal	132,636	63,919	107.5%
Subačiaus fuel storage	1,285	281	357.3%
Number of employees	<b>379</b>	<b>361</b>	<b>5.0%</b>
Oil terminal	278	298	(6.7%)
Liquefied natural gas terminal	66	40	65.0%
Subačiaus fuel storage	<b>5,501</b>	<b>5,863</b>	<b>(6.2%)</b>

## Comments:

The transshipment of 2014 is lower by 6.2% compared to 2013. The reduce in transshipment volume is related with the very unfavorable situation in the oil market during the first half of 2014.

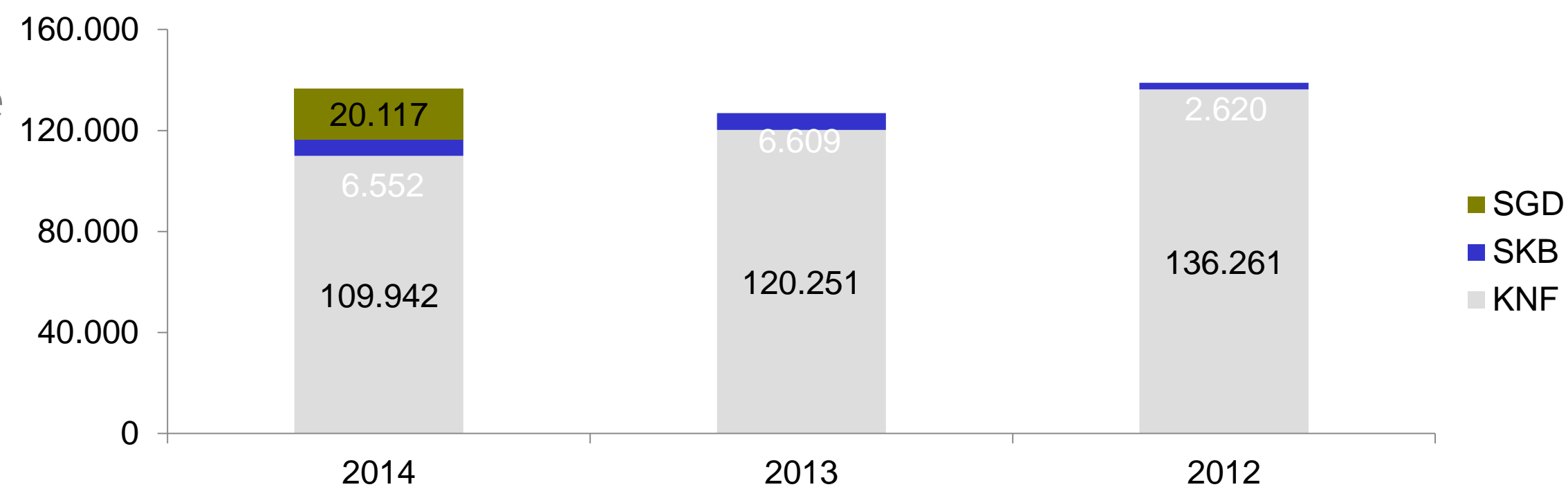
Firstly, strongly increased competition of Russian Federation ports influenced of oil products from that country transshipment decrease for the Company as well as for the other Baltic countries terminals. Moreover, since the middle of 2013 oil products refinery margins significantly dropped and macroeconomic situation in oil market worsened, that forced SC Orlen Lietuva to reduce refining volumes and correspondingly the oil products export through Klaipėdos nafta oil terminal. Situation in oil market stabilized from the second half of 2014, but the final transshipment volumes shows the reduce.

**LNG Terminal project was implemented in time.** During the 4<sup>th</sup> Q of 2014 the Liquefied Natural Gas (LNG) Terminal accepted two LNG carriers which brought total 241 thousand m<sup>3</sup> LNG and 45 million nm<sup>3</sup> natural gas were re-regasified and supplied to the natural gas transmission system.



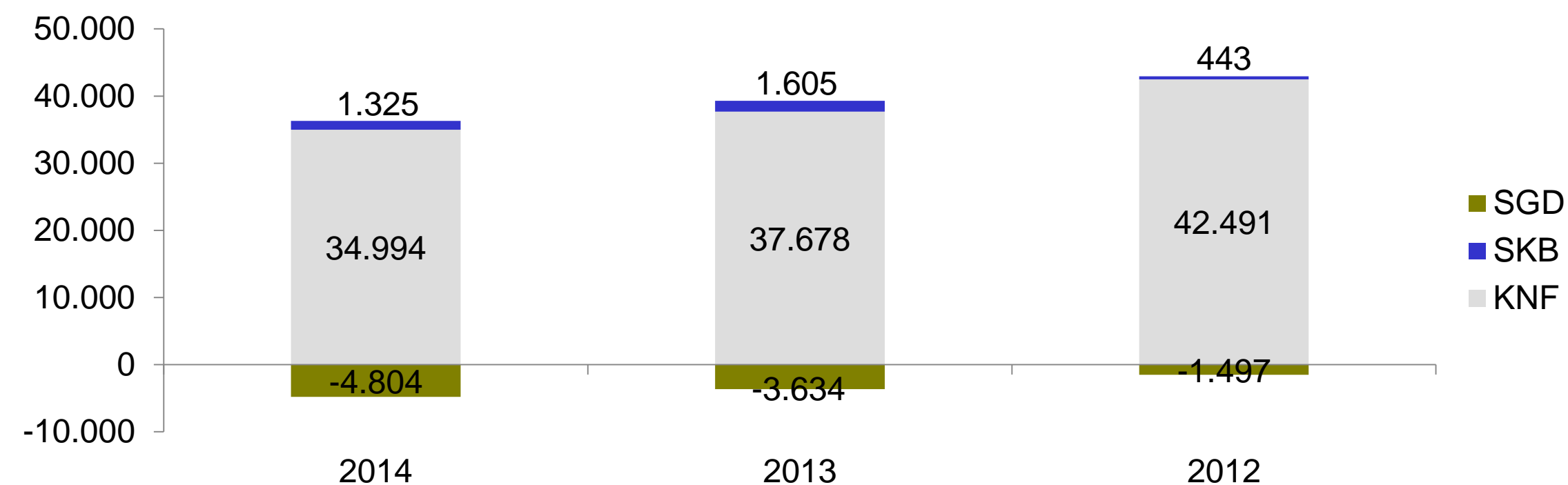
# Financial results: revenue and profits (LTL thousand)

## Sales revenue

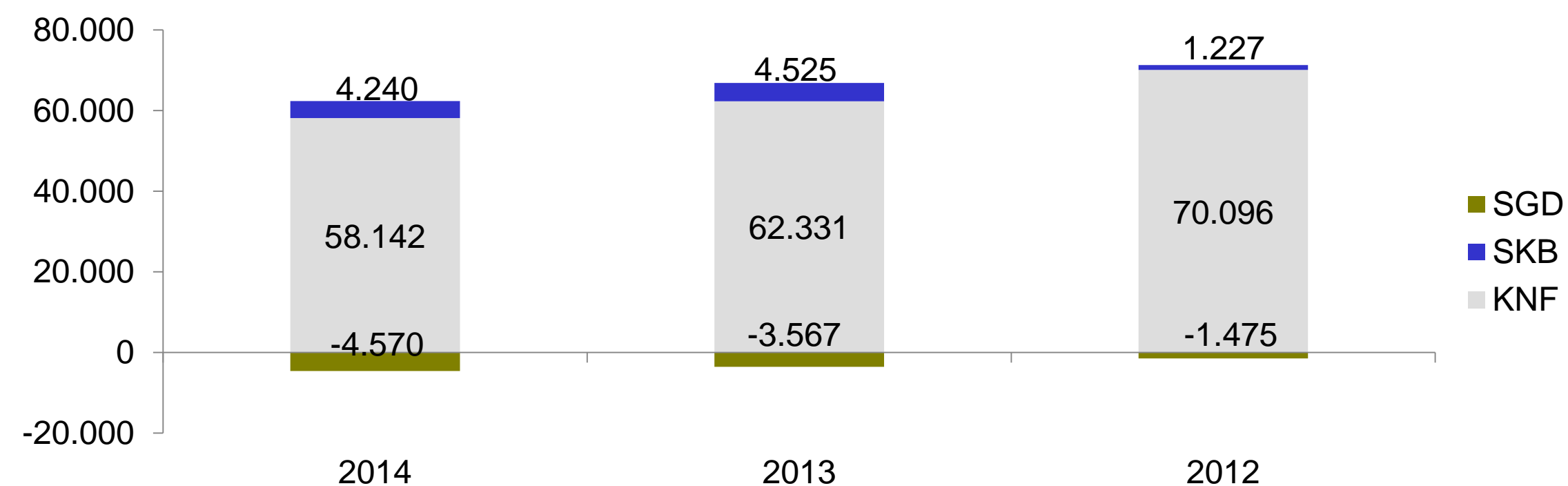


## Net profit

SGD – LNG terminal activity  
 SKB – Subačius fuel base activity  
 KNF – Oil terminal activity



## EBITDA





# Main operating figures of 2014

LTL thousand	2014	2013	Change (%)
Sales revenue	136,611	126,860	7.7%
Gross profit	44,901	50,771	(11.6%)
EBITDA	57,812	63,289	(8.7%)
EBIT	31,793	38,409	(17.2%)
EBITDA margin	42%	50%	(15.2%)
EBIT margin	23%	30%	(23.1%)
Financial and investment activities result	(1,036)	(80)	1195.0%
Profit before taxation	30,757	38,329	(19.8%)
Net profit	31,515	35,649	(11.6%)
Gross profit margin	23%	28%	(17.9%)
	31 December 2014	31 December 2013	Change (%)
Non-current assets	652,397	523,681	24.6%
Current assets	113,864	152,153	(25.2%)
Total assets	766,261	675,834	13.4%
Shareholders' equity	602,810	571,651	5.5%

## Comments:

Despite the very unfavorable circumstances in oil products markets the Company managed to sustain high effectiveness and profitability level of the Company's activity:

- Net profitability for the period – 23%,
- EBITDA margin – 42 proc.

Reacting to the situation the management of the Company was actively searching for the opportunities increasing the efficiency of the Company activity. Subsequently certain optimization changes were made that shall result more economical benefits in future periods. Also management is actively dealing with the existing and potential clients regarding the additional transporting of oil products.

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

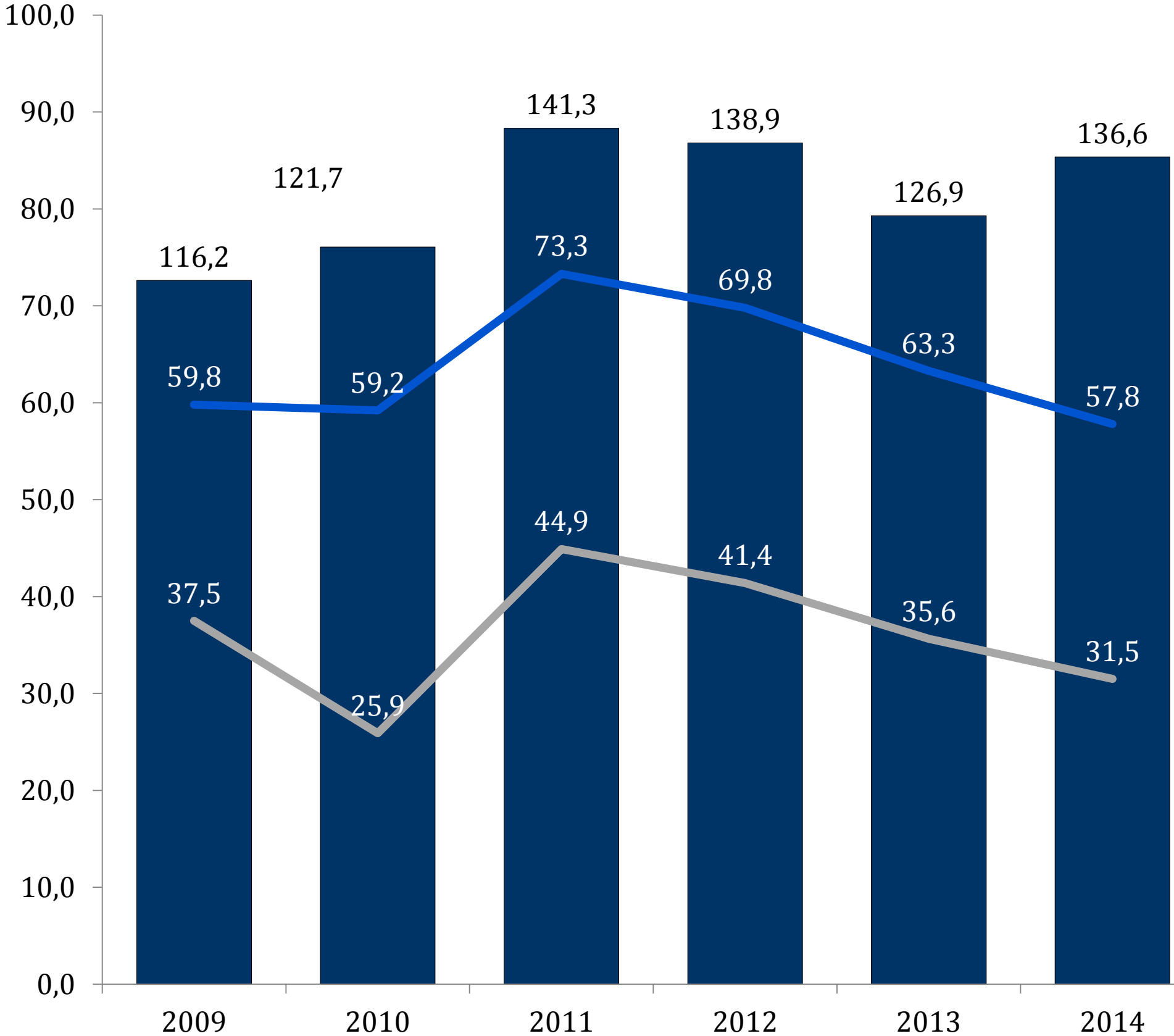
- Net profit – LTL 31,515 thousand (decrease by 11.6%);
- EBITDA LTL 57,812 thousand (decrease by 8.7%).

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



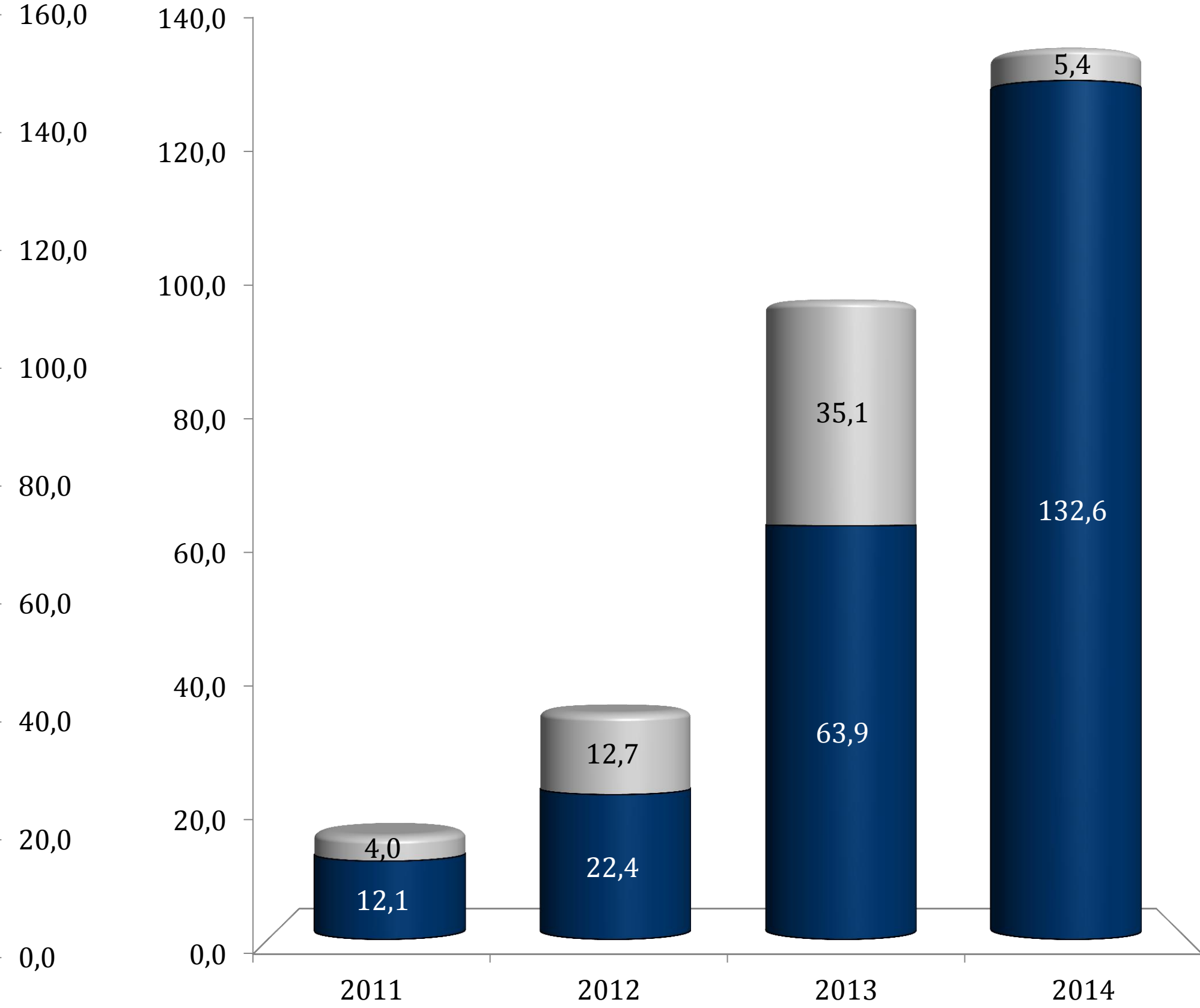
# Key financial results of 2014

Revenues, EBITDA, Net profit (LTL million)



- EBITDA
- Net profit
- Sales revenues

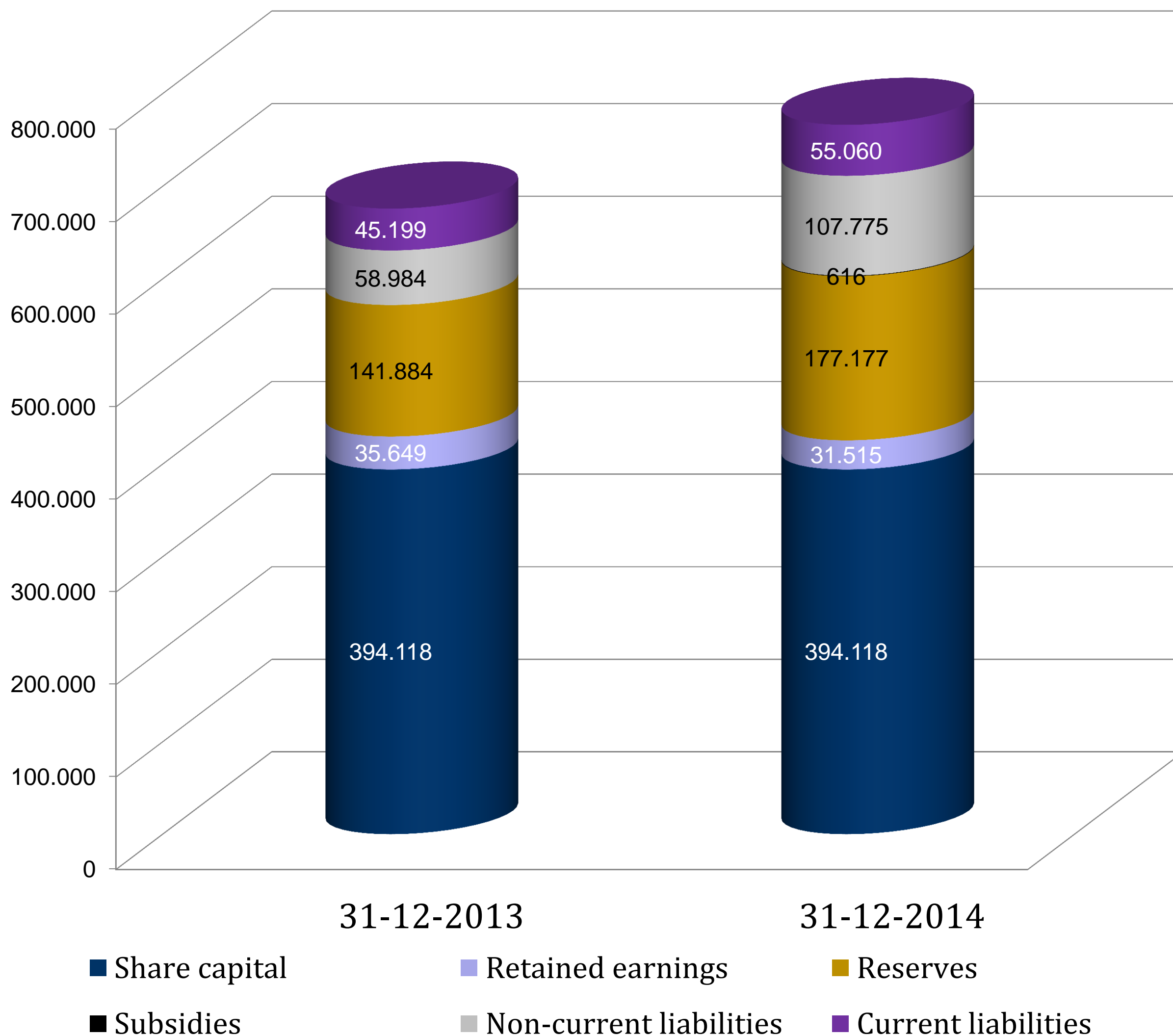
Acquisitions of non-current assets (LTL million)



- Acquisitions of LNGT
- Acquisitions of oil terminal and SFS



# Equity and Liabilities (LTL million)



## Comments:

- **Total equity** (LTL 602.8 million) 31 December 2014 amounted to 78.7% of the total assets (31-12-2013 – 84.6 %).
- **Non-current liabilities amounted** LTL 107.8 million, including European Investment Bank loan comprising LTL 103.0 million (2013-12-31 – LTL 51.2 million).
- **Debt to assets ratio**– 0.21.
- **Gross liquidity ratio** – 2.07.



# 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 m<sup>3</sup> and construction of the two new universal storage tanks each 32,250 m<sup>3</sup>;
  - In the middle of 2014 the new auto tanker fuel loading station was built (total investment LTL 0.45 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 31 December 2014 the total amount of investments into LNGT comprise LTL 245 million (including administrative expenses):

- LTL 34 million payments to leading LNG terminal consultant FLUOR;
- LTL 133 million comprise construction of gas pipeline ;
- LTL 26 million comprise construction of the jetty;
- LTL 56 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. On the 27<sup>th</sup> of November, 2014 the Company has concluded the Credit Agreement with the Nordic Investment Bank (NIB) regarding granting a credit of up to EUR 34.8 million euros for the implementation of the project of the LNGT. The term of the credit – up to 20 years.

## 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.

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

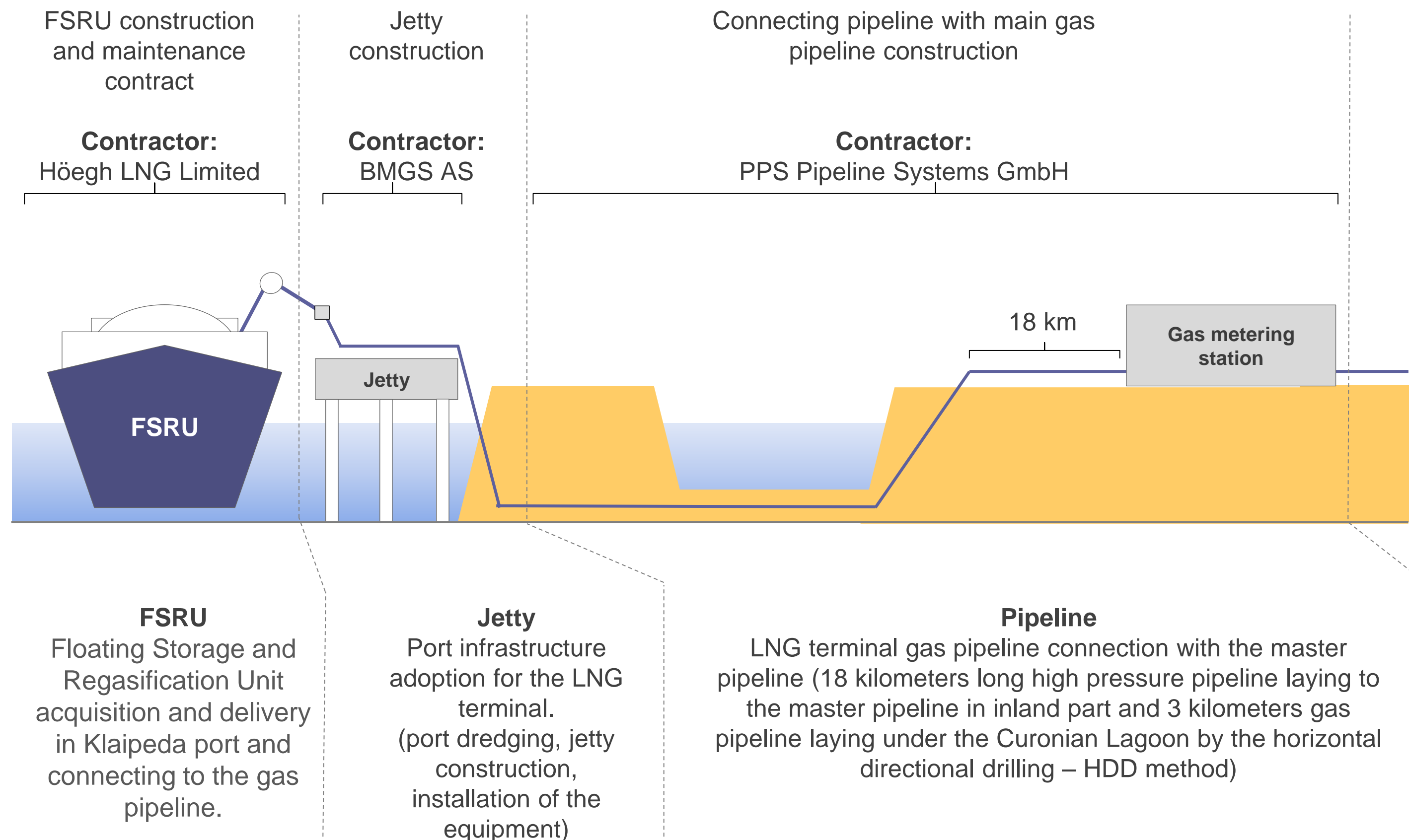
Ensures **security** of energy supply

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



# LNG terminal 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 m<sup>3</sup>), jetty (450 m length) and pipeline (18 km.). LNG to the terminal are delivered by the vessels - LNG carriers.





# LNG terminal FSRU arrival

On the 27<sup>th</sup> 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.



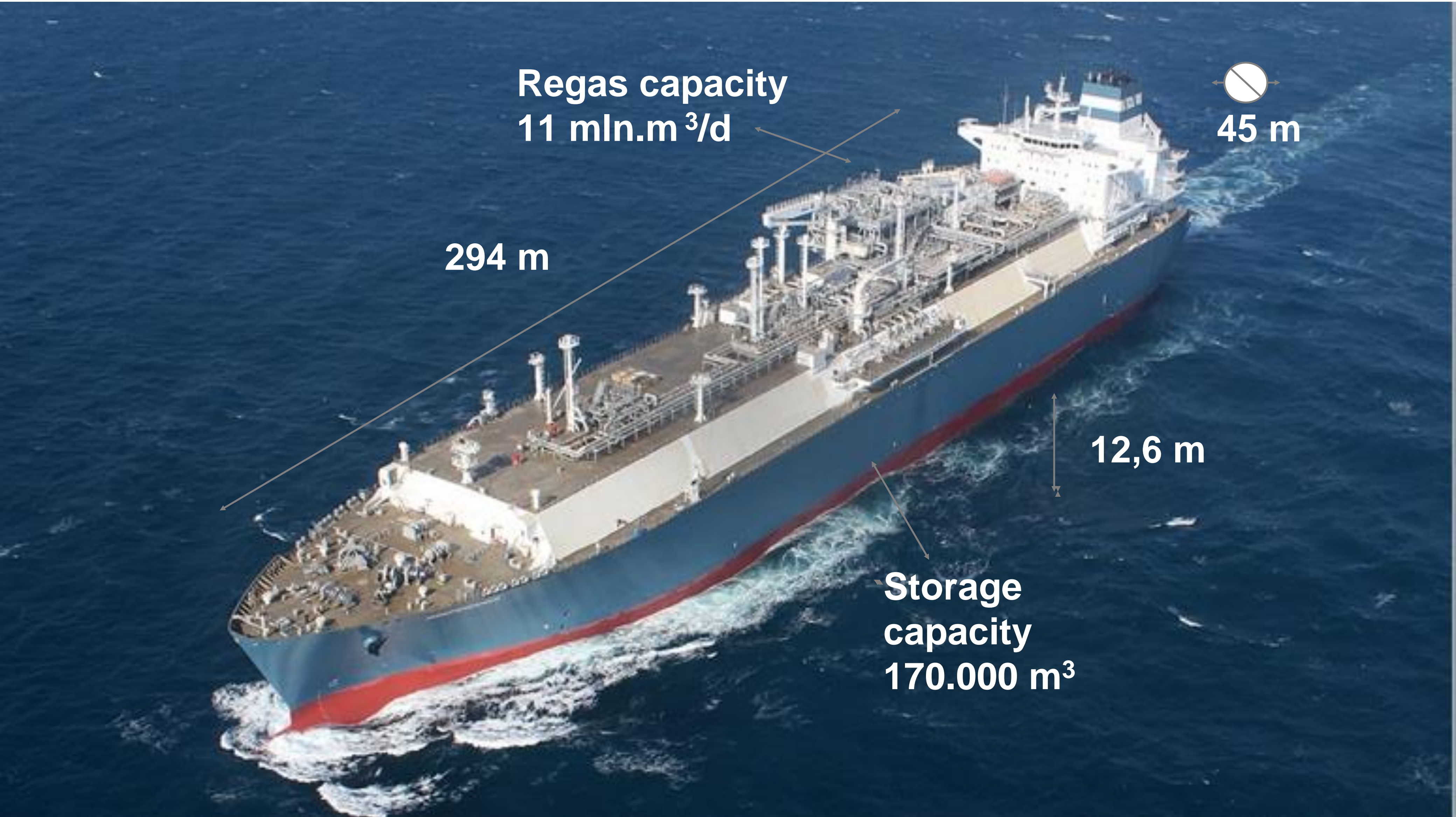
In 2014 the LNG Terminal received two LNG carriers which brought total 241 thousand m<sup>3</sup> (108.9 thousand tons) LNG and 45 million nm<sup>3</sup> natural gas were re-regasified and supplied to the natural gas transmission system.

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.m<sup>3</sup>/d**

  
**45 m**

**294 m**

**12,6 m**

**Storage capacity**  
**170.000 m<sup>3</sup>**



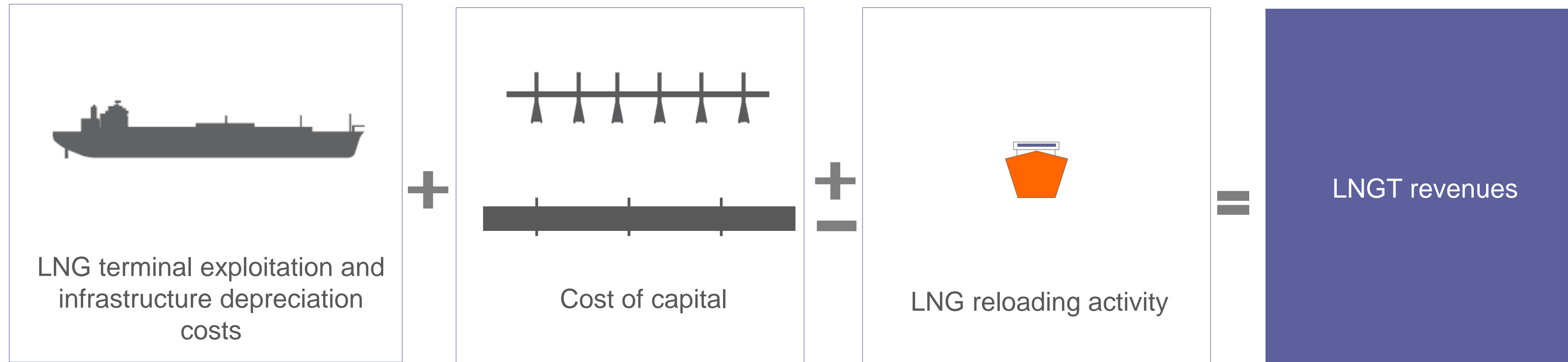
# LNG Terminal views:





## 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 started on 27<sup>th</sup> of November 2014.**

# Achievements and awards



On the 6<sup>th</sup> of May, 2014 in the event organized by the daily newspaper Verslo žinios and Financial Analysts Association, former Company's Director of finance and administration department Mantas Bartuška (currently General Manager) was awarded **CFO of the year 2014**.

On the 22<sup>th</sup> 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 28<sup>th</sup> of January, 2015 At the 8<sup>th</sup> 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.



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

Shareholder's name (company's name, address, company code of registration)	31 December 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
<b>Total</b>	<b>380,606,184</b>	<b>100.00</b>	<b>380,606,184</b>	<b>100.00</b>

- 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 the twelve months of 2014: LTL 14.9 million (EUR 4.3 million)

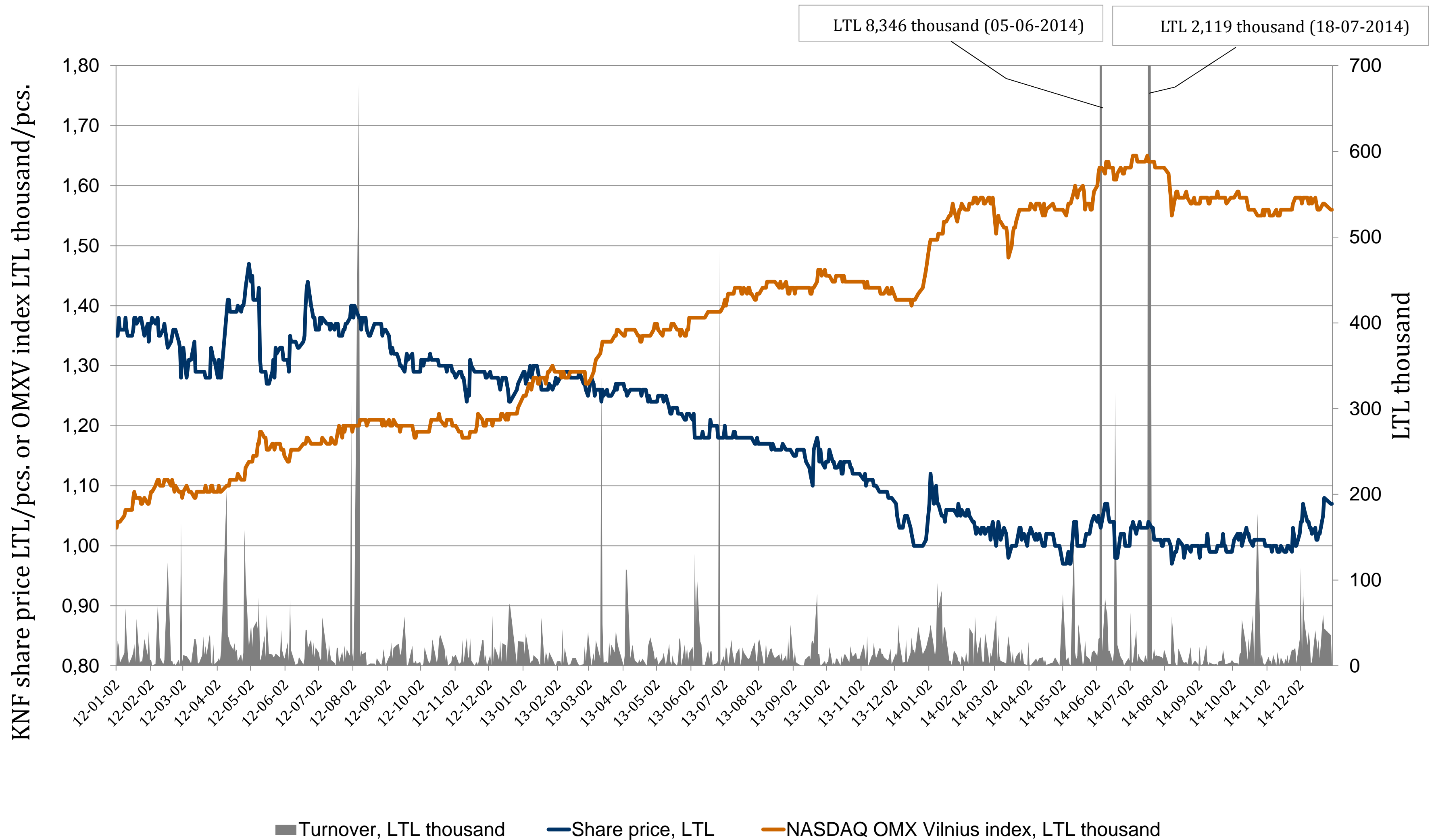
## DYNAMICS OF THE SHARE PRICE AT NASDAQ OMX VILNIUS DURING THE TWELVE MONTHS OF 2014

	Highest share price	Lowest share price	Share price at the end of period	Average share price	Turnover, unit	Turnover
<b>LTL</b>	1.12	0.97	1.07	1.02	14,454,031	14,915,893
<b>EUR</b>	0.32	0.28	0.31	0.30	14,454,031	4,319,941

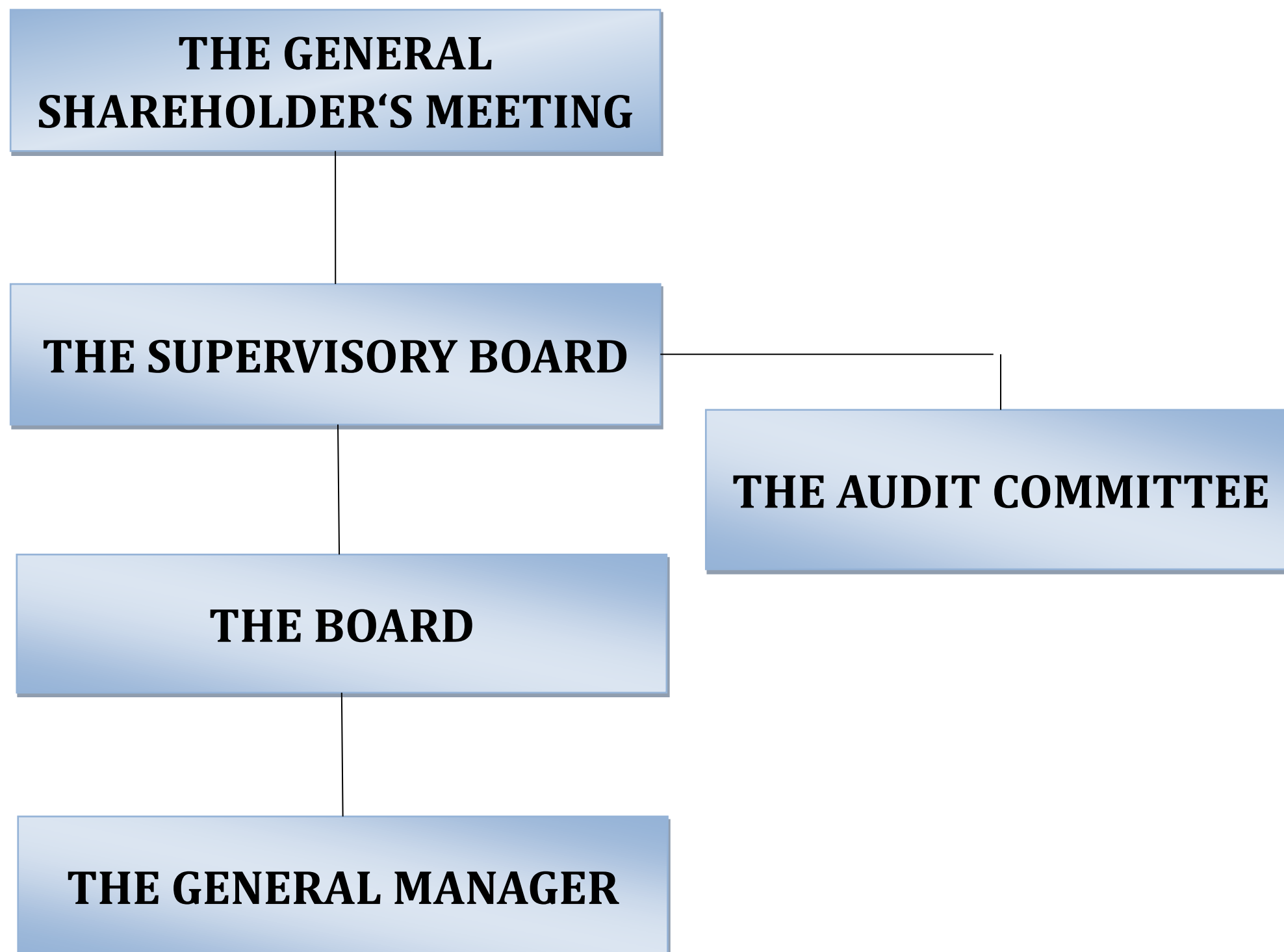
As of 31 December 2014 the Company's market capitalization was LTL 408.7 million (EUR 118.4 million).



# 2012 - 2014 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** (until 17-02-2015)  
Director of the LNG terminal  
department



**Darius Turčinskis**  
Acting Director of Commerce  
department

- On the 24<sup>th</sup> of September, 2014, the Board of the company made decisions to recall Rokas Masiulis from the position of the General Manager and to elect Mantas Bartuška for the General Manager, starting into office, as from 25<sup>th</sup> of September, 2014.
- From the 17<sup>th</sup> of February, 2015 Director of the LNGT department - Tadas Matulionis (previously deputy Director of the LNGT Department).
- 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](http://www.oil.lt)

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