

SC KLAIPĖDOS NAFTA
RESULTS FOR THE 6 MONTHS PERIOD OF 2015



Main activities of SC Klaipedos nafta (herinafter - 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 72.31 % 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, 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 main centre of oil and gas in Lithuania.

The significant events of the 2nd quarter of 2015

- **On 24th of April, 2015** the Company has announced the annual LNGT capacities allocation procedure and an invitation for the potential users of the LNGT to submit their requests for allocation of LNGT capacities for the upcoming Gas Year, lasting from the 1st of October, 2015 to the 1st of October, 2016. The total volume of the LNG terminal capacity being allocated is 1.45 bcm per annum.
- **On 30th of April, 2015** the General Meeting of Shareholders of the Company was held during which:
 - the set of the audited financial statements of 2014 was approved and adduced Annual Report of the Company for the year 2014 to the shareholders;
 - The Company's distributable profit was distributed, part of which was allocated for dividends – EUR 93 thousand or 0.0002432210 per share;
 - Audit firm JSC Ernst & Young Baltic was appointed to audit financial statements of the year 2015-2016.
- **On 21th of May, 2015** the Company announced the invitation for the interested investors to acquire shares controlled by the Company of JSC LITGAS (total 1/3 of shares). The sales of shares is executed in order to implement unbundling of the activities in the natural gas sector according to the recommendations of European Commission.
- **On 12th June, 2015**, the Board of the Company adopted a decision and approved the launch of new type of activity – consulting services on LNGT project implementation issues. The Board of the Company, approving the decision, took into account the fact that the Company has successfully implemented Klaipėda LNG terminal project and has gained valuable experience, knowledge and skills that can be successfully used for the development of new other LNG terminal projects.
- **On 24th June, 2015**, the Company informed investors, that the Company and BNK (UK) Limited which is an affiliate of the leading exporter of Belarusian oil products – ZAT “Belaruskaja neftenaja kompanija”, has signed a long term contract on provision of oil products reloading services in KN terminal. The term of the Contract is until 31 October 2016 (with option to extend it for one more year). Not less than 1 million tons of heavy fuel oil shall be reloaded through the Company's terminal during the period up to 31 October 2016.



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.

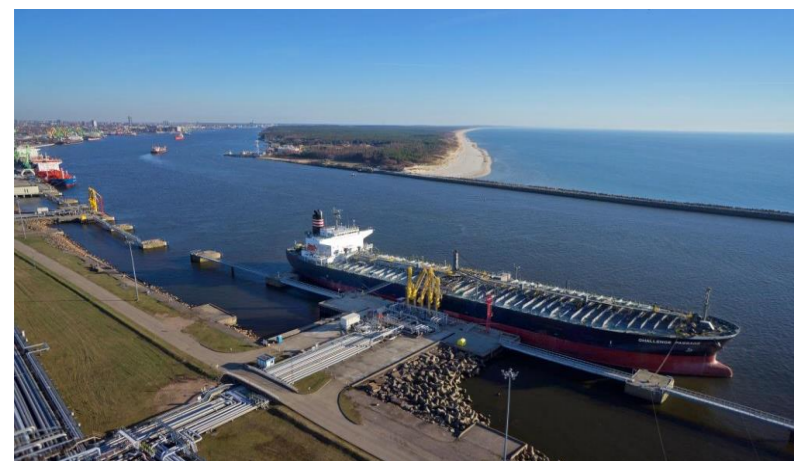


Storage tank farm

- 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.

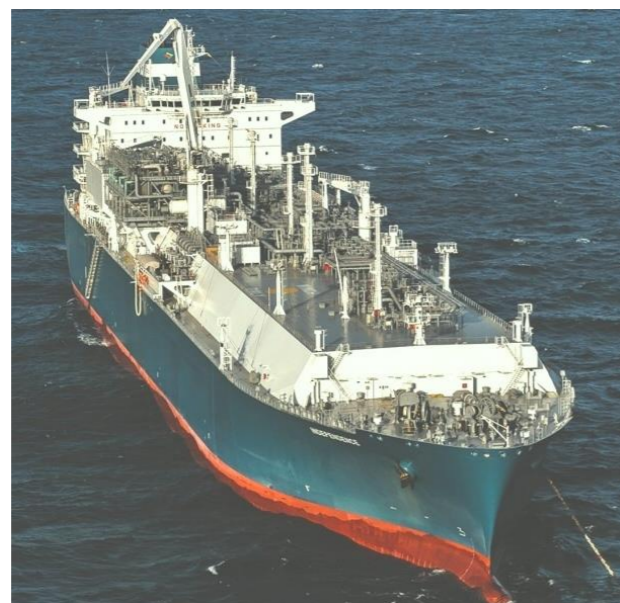
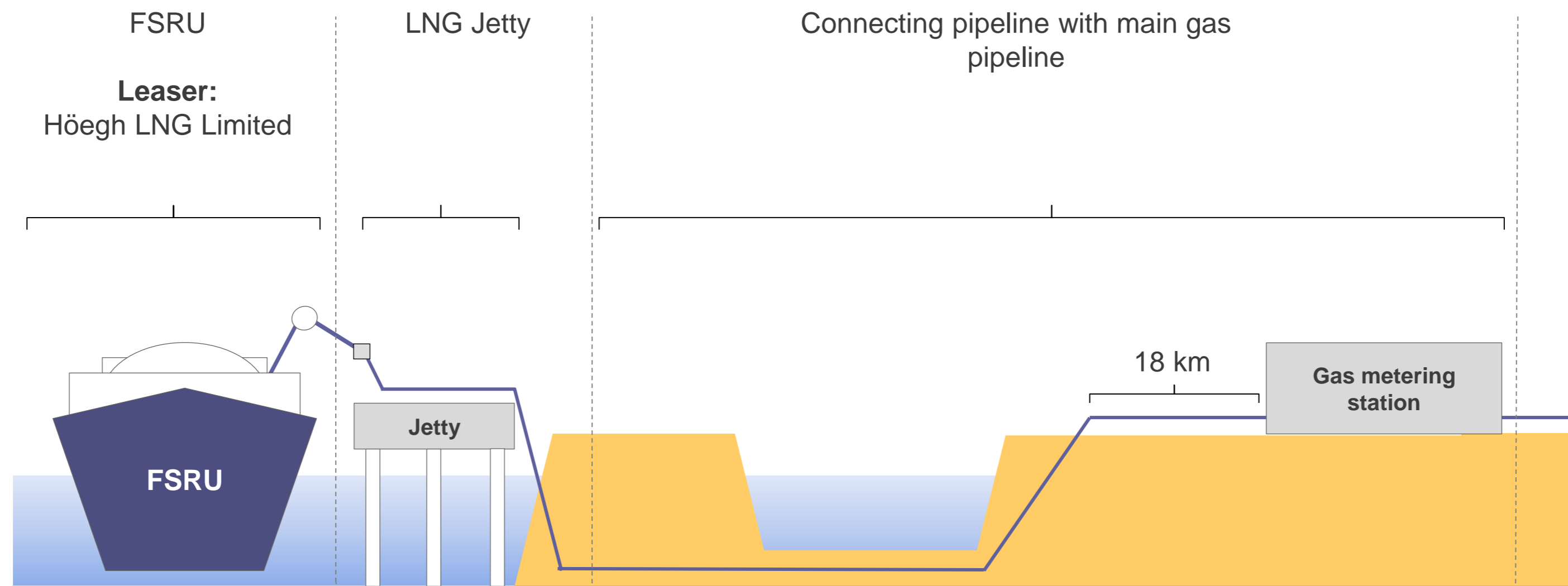


Auto tankers loading system

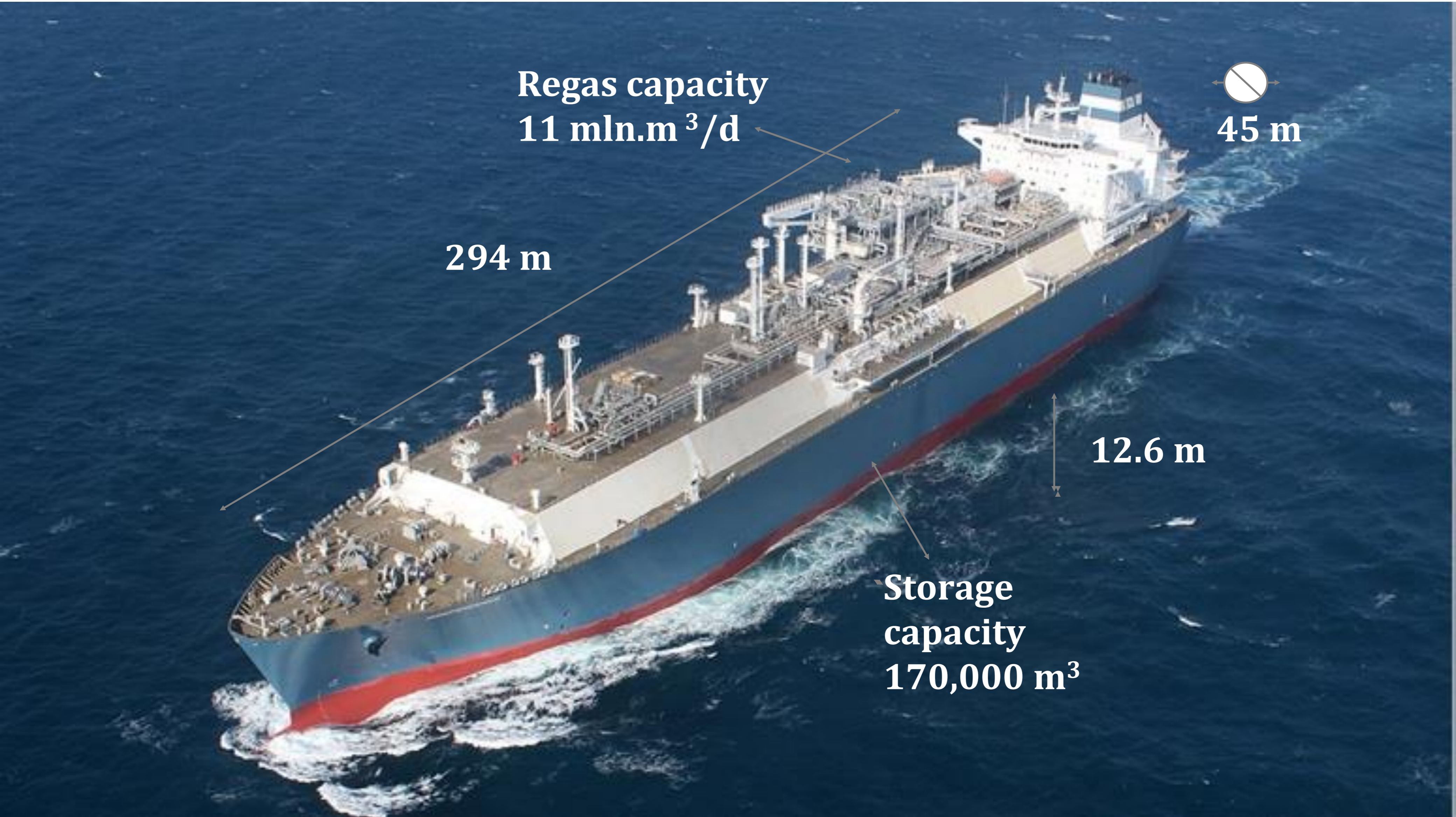
- A service to import gasoline and diesel by tankers for the Lithuanian market needs
- 4 loading points at the same time

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

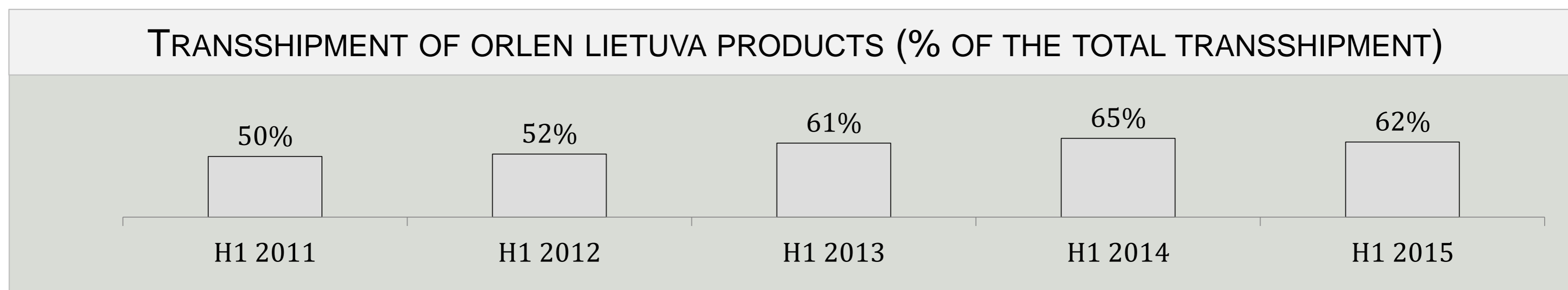
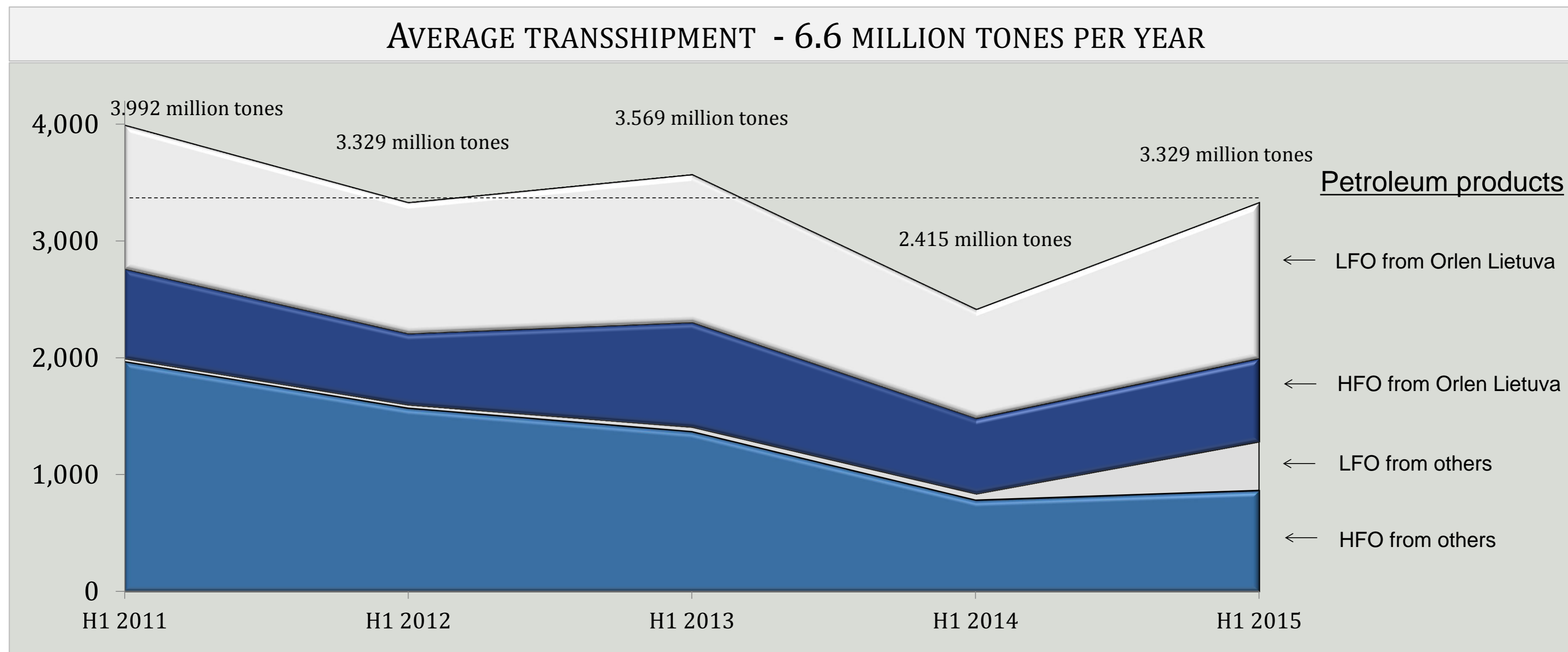
12.6 m

Storage capacity
170,000 m³

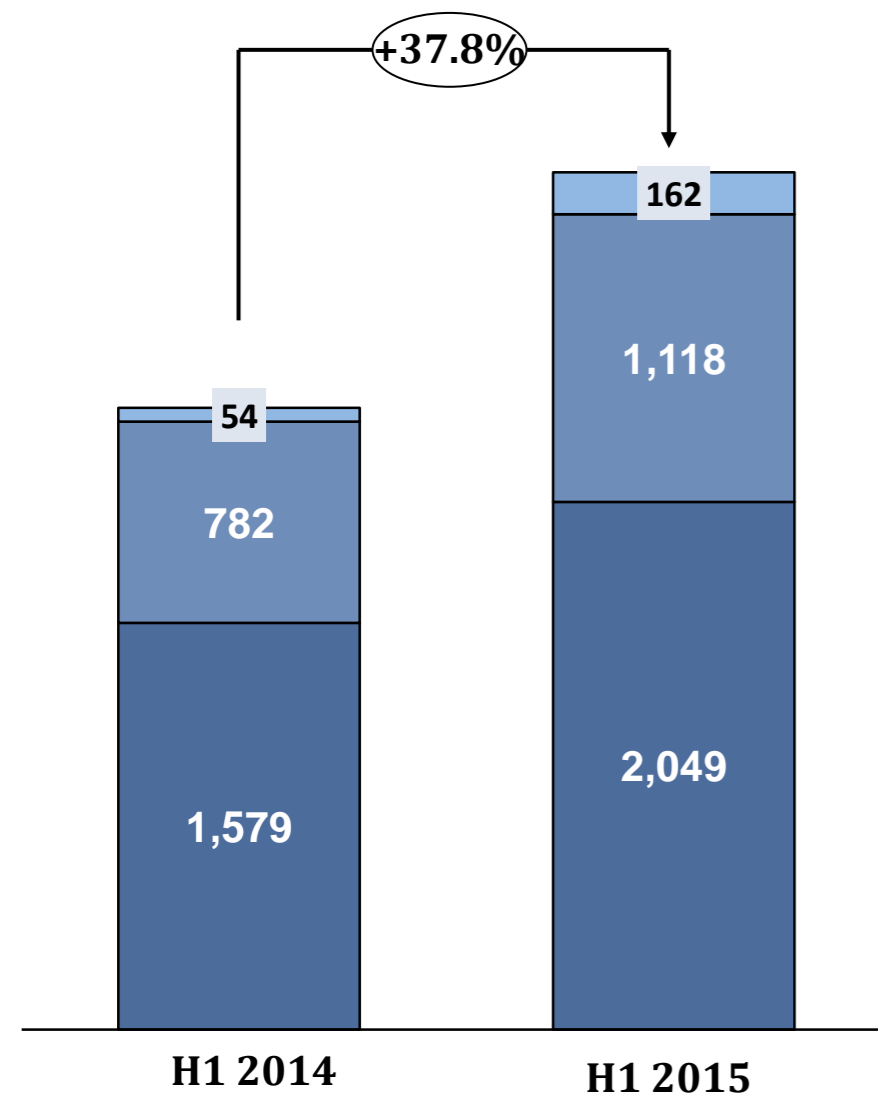
SC Klaipėdos nafta transshipment of oil products in H1 of 2011 – 2015 years



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

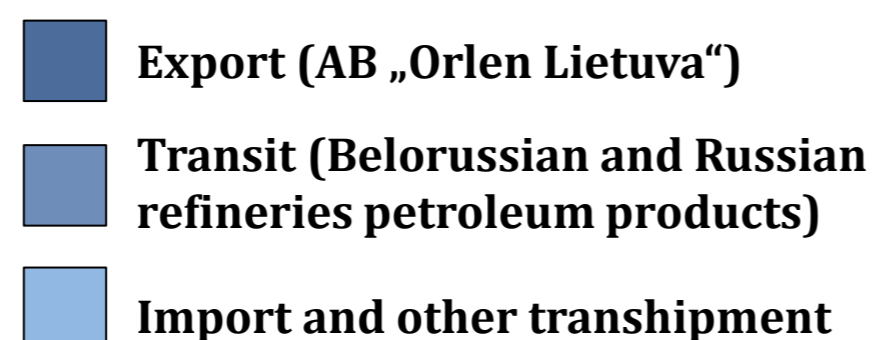


Oil terminal transshipment volume



The petroleum products transshipment volume has increased by 37.8 % (from 2,415 thousand tons in the first half of 2014 to 3,329 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 29.8%.
- 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 6 months of 2015:

- **Accepted LNG carrier** which delivered
127,973 thousand tons LNG
- **Regasified and transmitted to the natural gas transmission system**
2,640 thousand MWh natural gas

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

Key financial results

		H1 2015	H1 2014	Pokytis		
				+/-	%	
Sales revenue	thousand EUR	53,871	16,726	37,145	222.1%	
Gross profit	thousand EUR	13,363	6,049	7,314	120.9%	
EBITDA	thousand EUR	17,822	7,709	10,113	131.2%	
EBIT	thousand EUR	11,467	4,088	7,379	180.5%	
	<i>EBITDA margin</i>	%	33.1%	46.1%	-13.0%	-28.2%
	<i>EBIT margin</i>	%	21.3%	24.4%	-3.1%	-12.7%
Financial and investment activities result	thousand EUR	-579	195	-774	-396.9%	
Profit before taxation	thousand EUR	10,888	4,283	6,605	154.2%	
Net profit	thousand EUR	9,458	3,670	5,788	157.7%	
	<i>Net profit margin</i>	%	17.6%	21.9%	-4.3%	-19.6%
Transshipment of oil products by type:	thousand tons	3,329	2,415	914	37.8%	
- HFO - heavy oil products	thousand tons	1,580	1,428	152	10.6%	
- LFO - light oil products	thousand tons	1,749	987	762	77.2%	
Average number of employees in categories		370	379	-9	-2.4%	
Managers ¹⁾		36	34	2	5.9%	
Specialists		135	126	9	7.1%	
Workers		199	219	-20	-9.1%	
Average monthly salary (gross)	EUR/month	1,299	1,223	76	6.2%	
Managers ¹⁾	EUR/month	3,399	3,434	-35	-1.0%	
Specialists	EUR/month	1,594	1,593	1	0.1%	
Workers	EUR/month	1,097	1,010	87	8.6%	

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

SC Klaipėdos nafta sales revenues for the H1 of 2015 has risen 3.2 times comparing to the H1 of 2014 and comprised EUR 53.9 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 six months of 2015 comprise EUR 32.4 million.

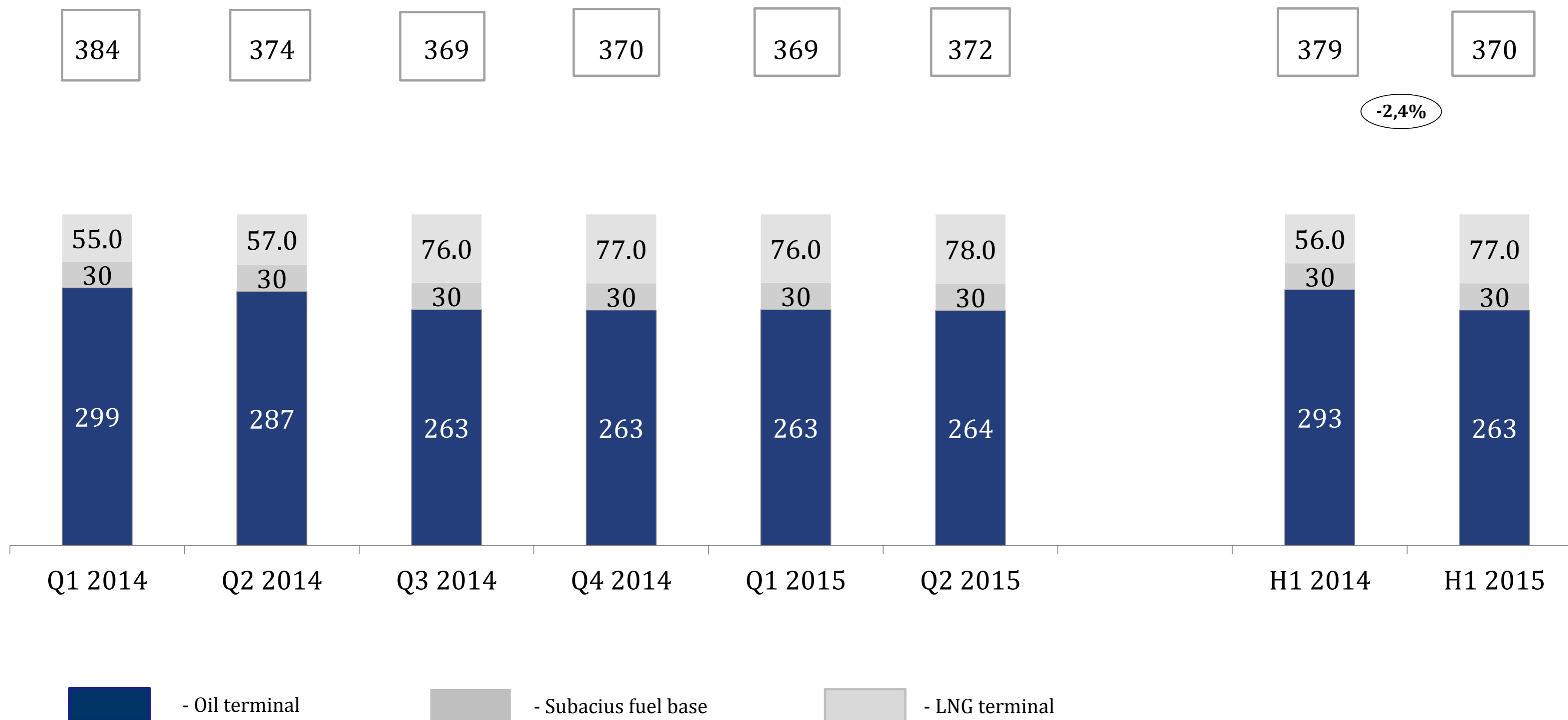
The revenues of the oil terminal also has increased – by 27.1% or by EUR 4.3 million.

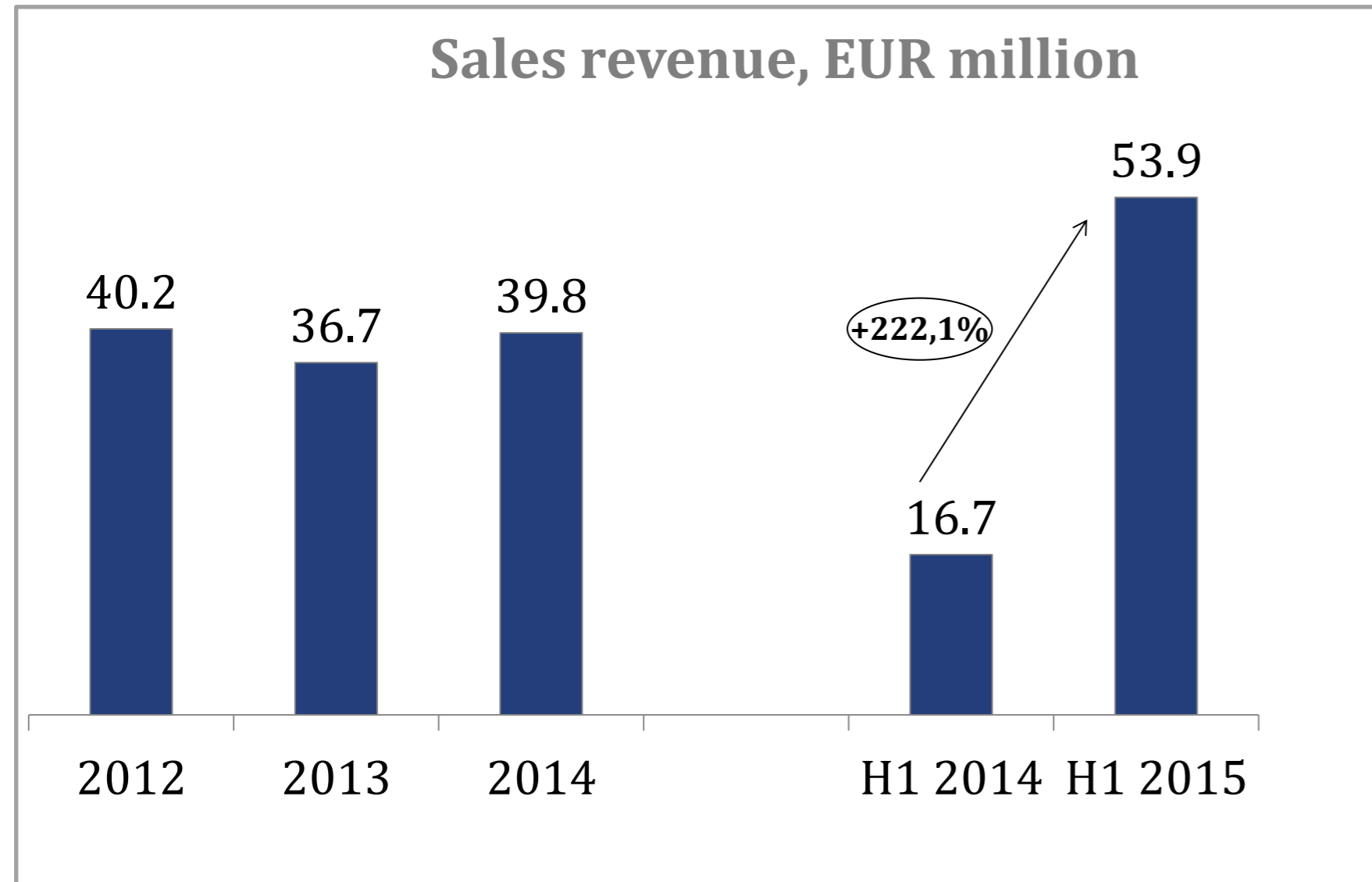
The net profit of the Company for the 6 months period of 2015 has increased 2.6 times to EUR 9.5 million (for H1 2014 – EUR 3.7 million). EBITDA for the 6 months comprise 17.8 EUR million and is higher almost 2.3 times comparing to the 6 months of 2014.

The profitability of the Company for the H1 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 as terminal has started its operations (total impact EUR 2.0 million).
- The significantly increased (+34.7%) transshipment volume of the oil terminal has positively affected sales income and profit (total impact for the net profit – EUR 3.6 million).

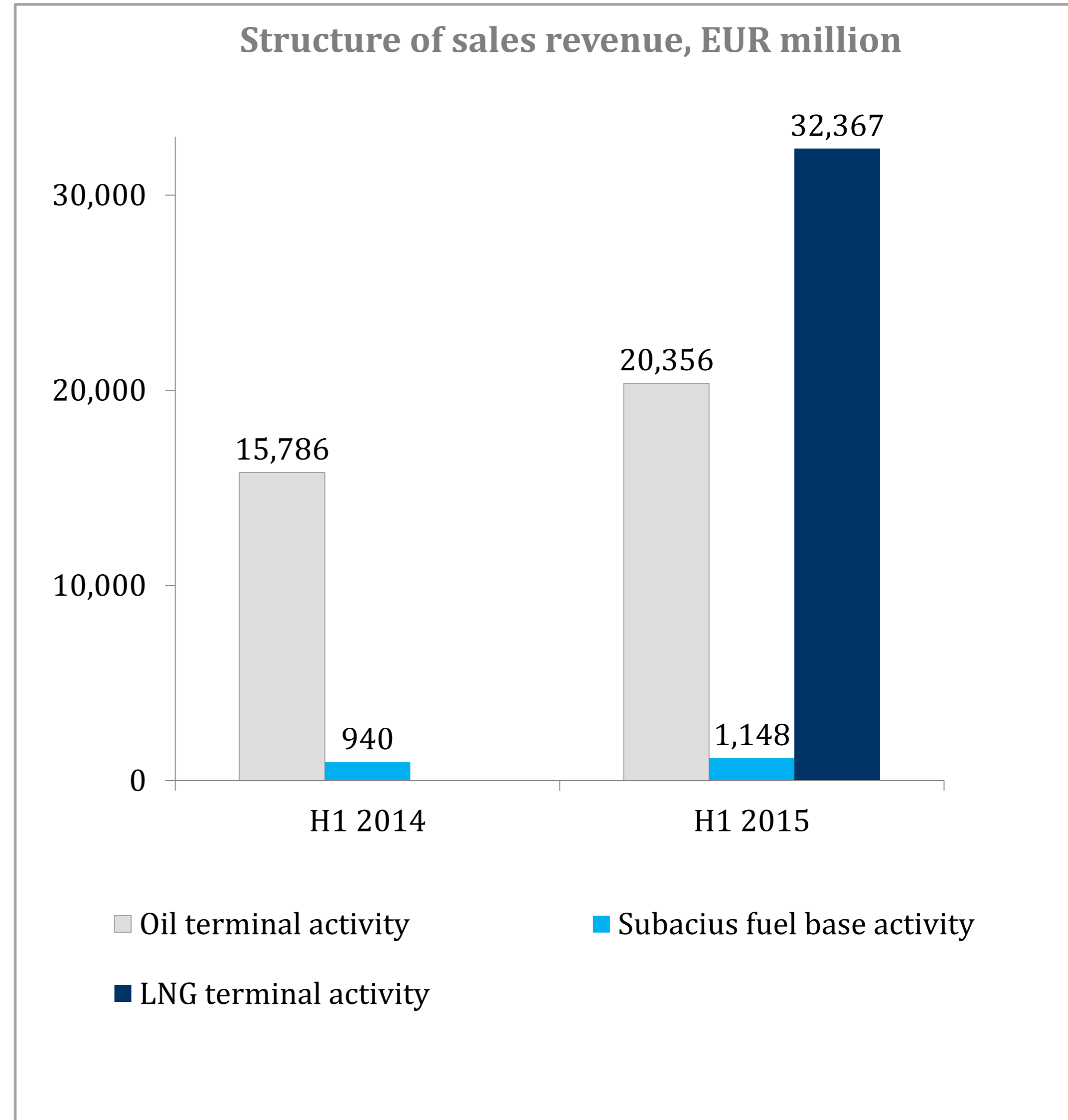
The average number of employees of the Company



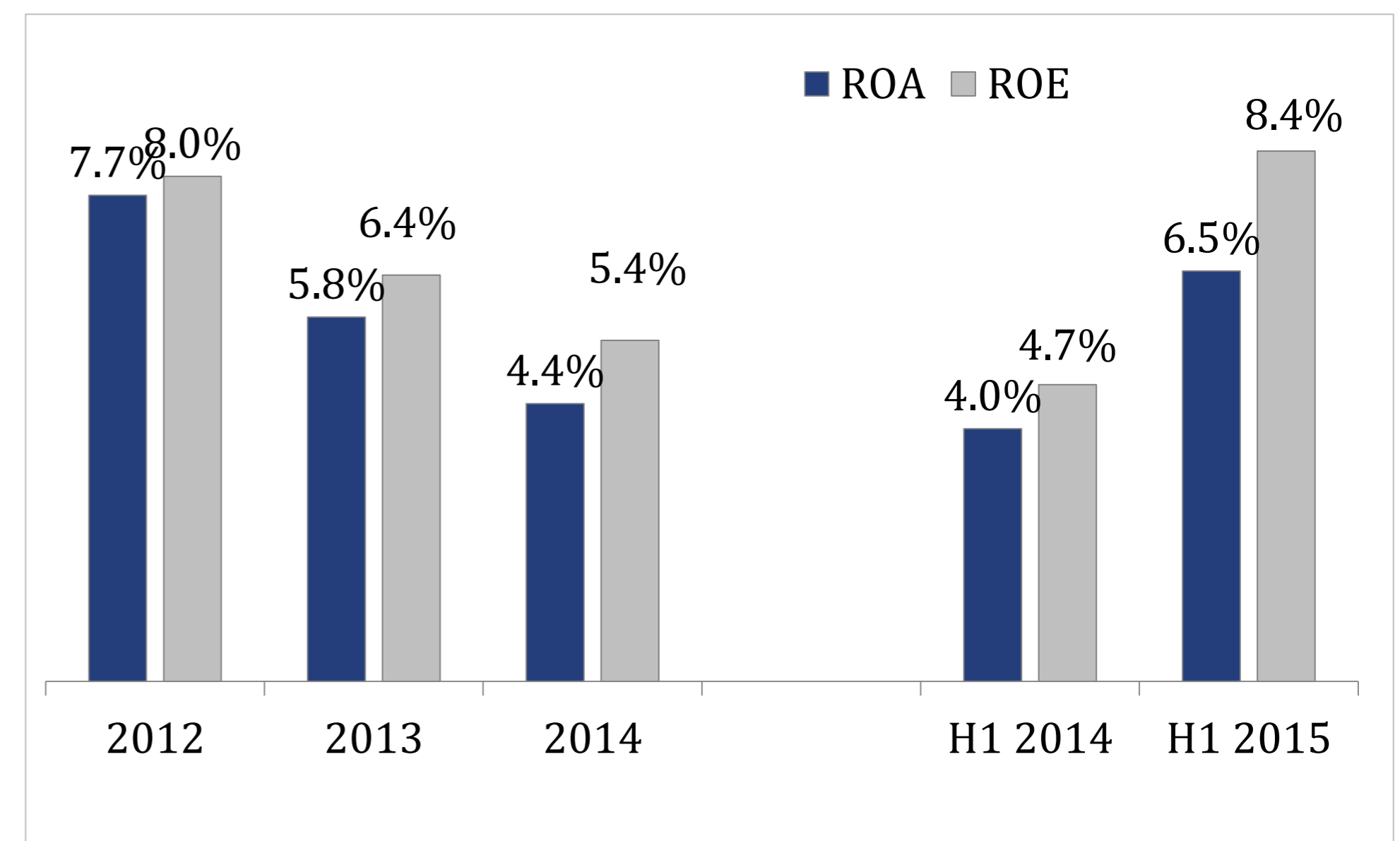
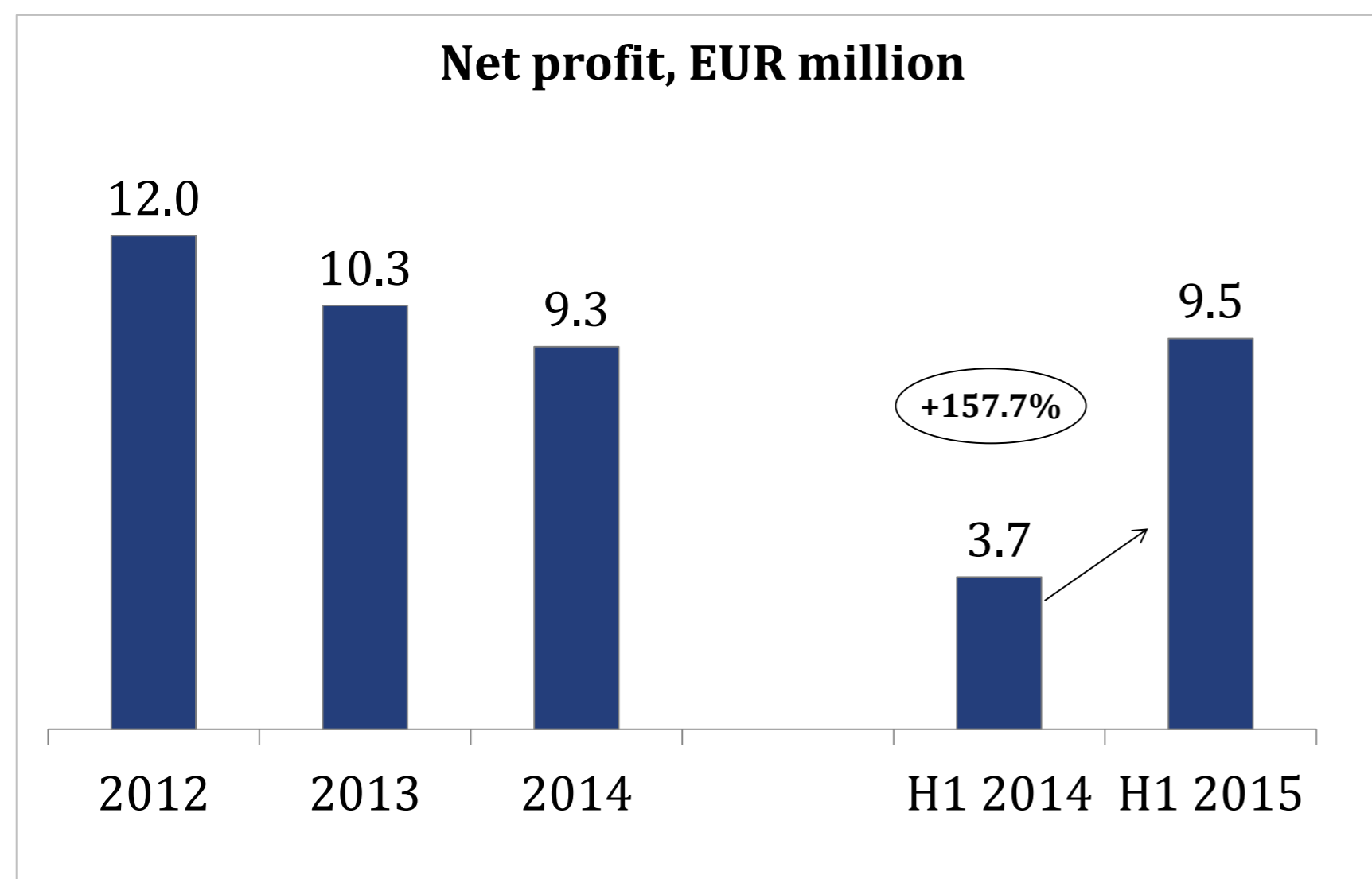
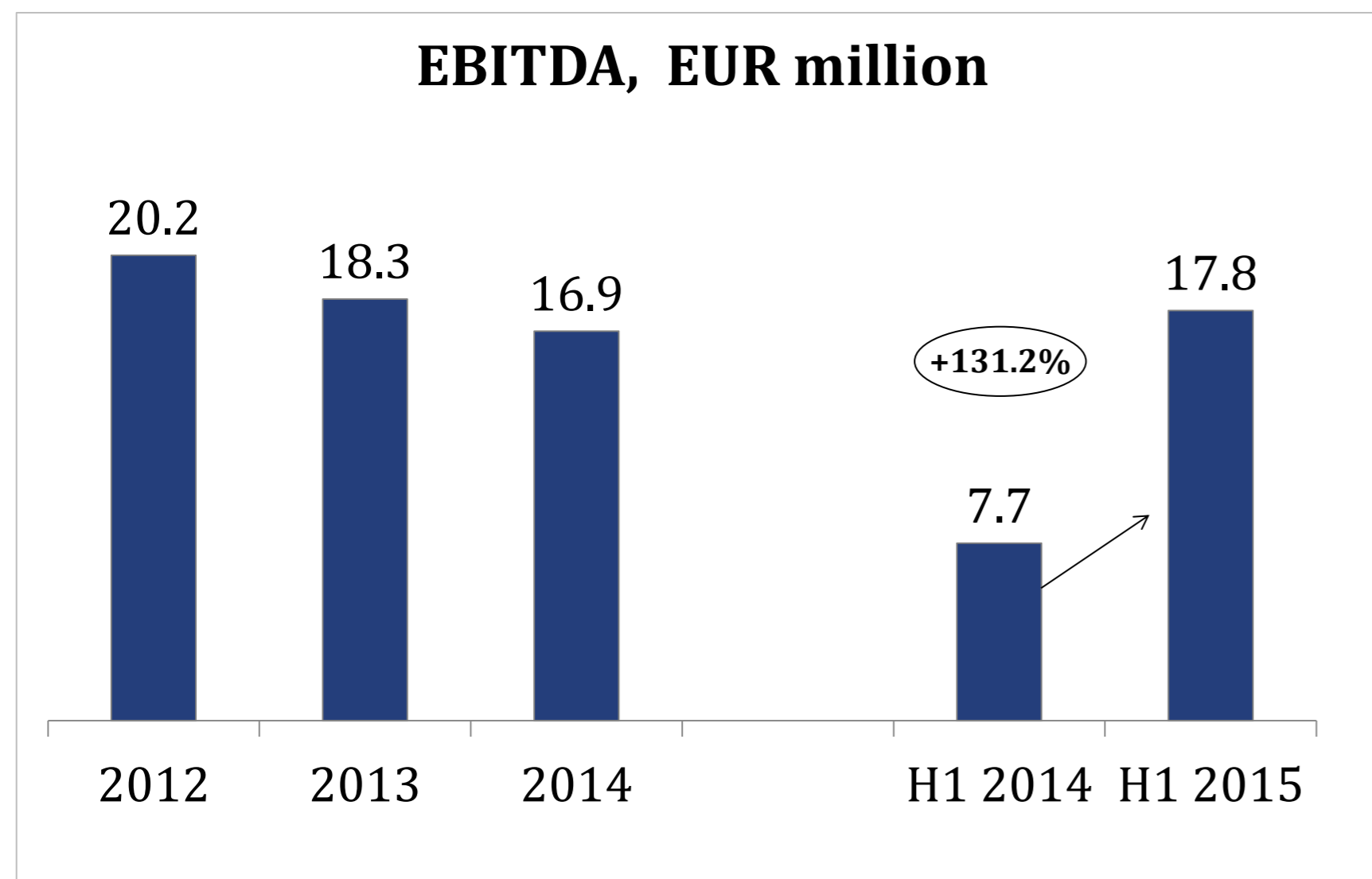


Total sales revenues of the Company increased by 222.1% to EUR 53.9 million for the H1 2015.

- LNG terminal sales revenue during the first six months of 2015 comprising EUR 32.4 million (60.14% of total sales revenue of the Company). The LNG terminal operation started on 27th of November 2014.
- Oil terminal sales revenue increased by 28,9% or EUR 4.5 million. The increase is from the larger transshipment volume (+34.7%). a significant increase in refining margins encouraged oil refineries (OL) to increase the manufacturing volumes and correspondingly the transshipment in Company's terminal. Additionally the Company managed to attract additional quantities from Belarus refineries.

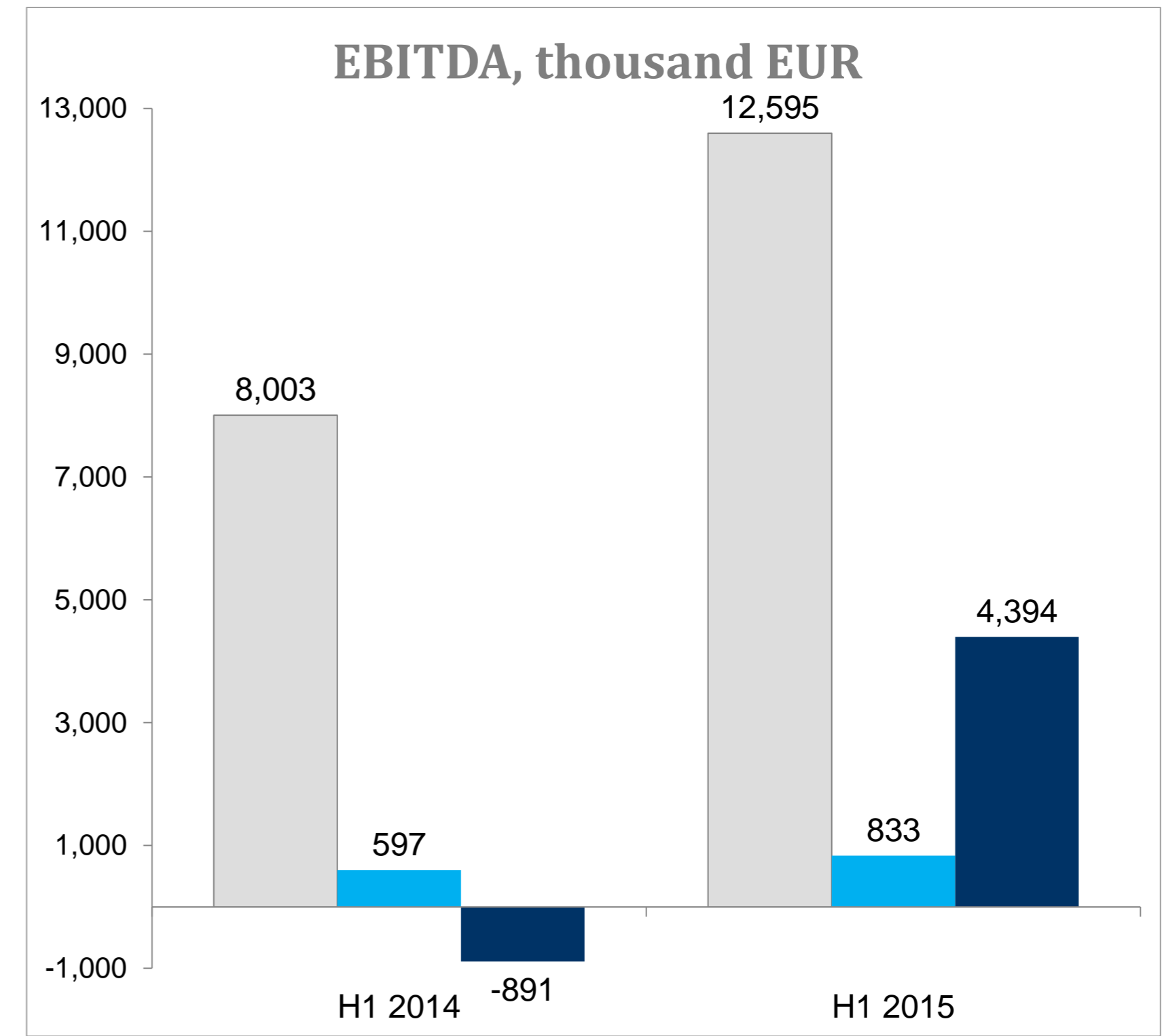
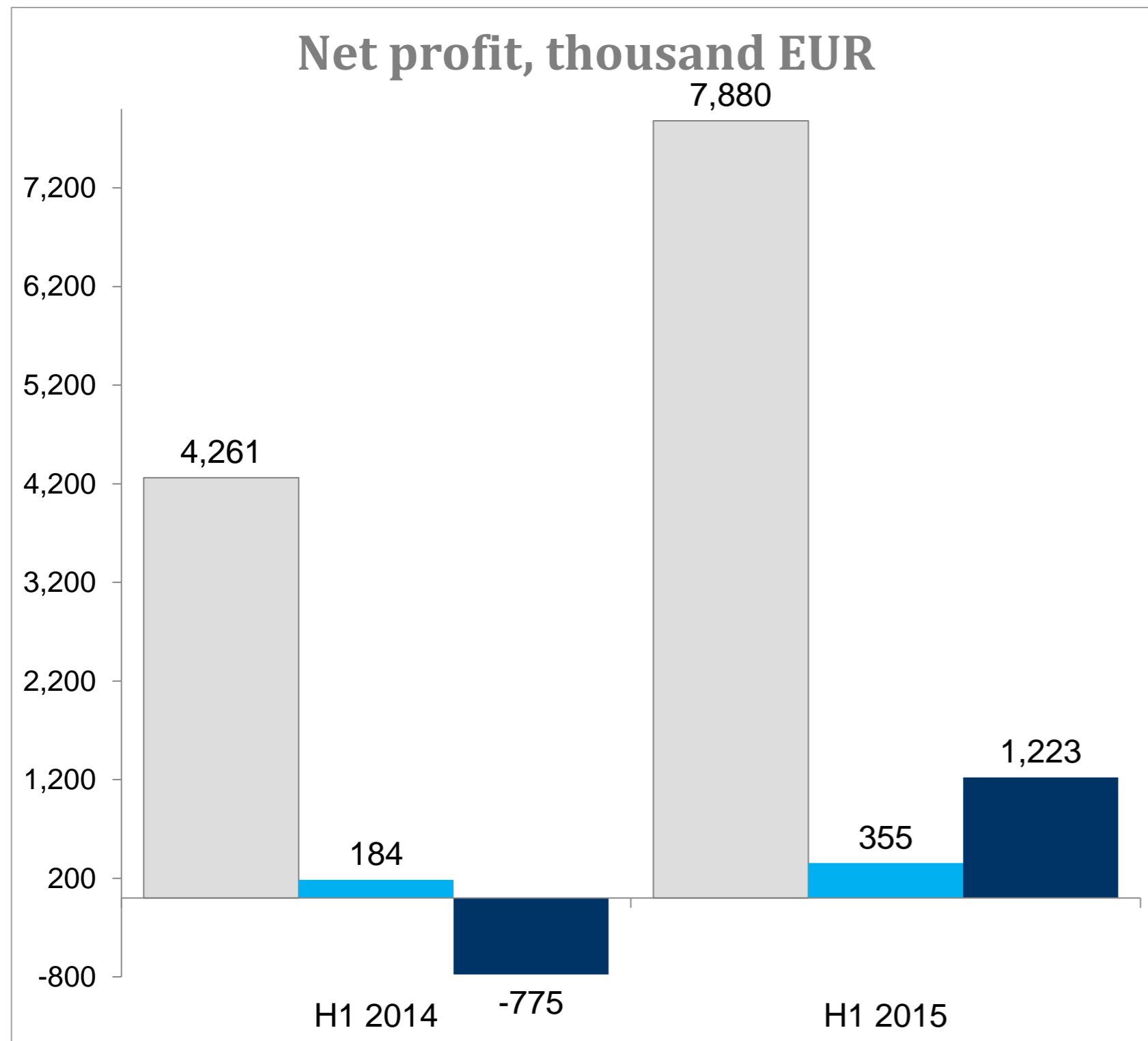


Main financial ratios



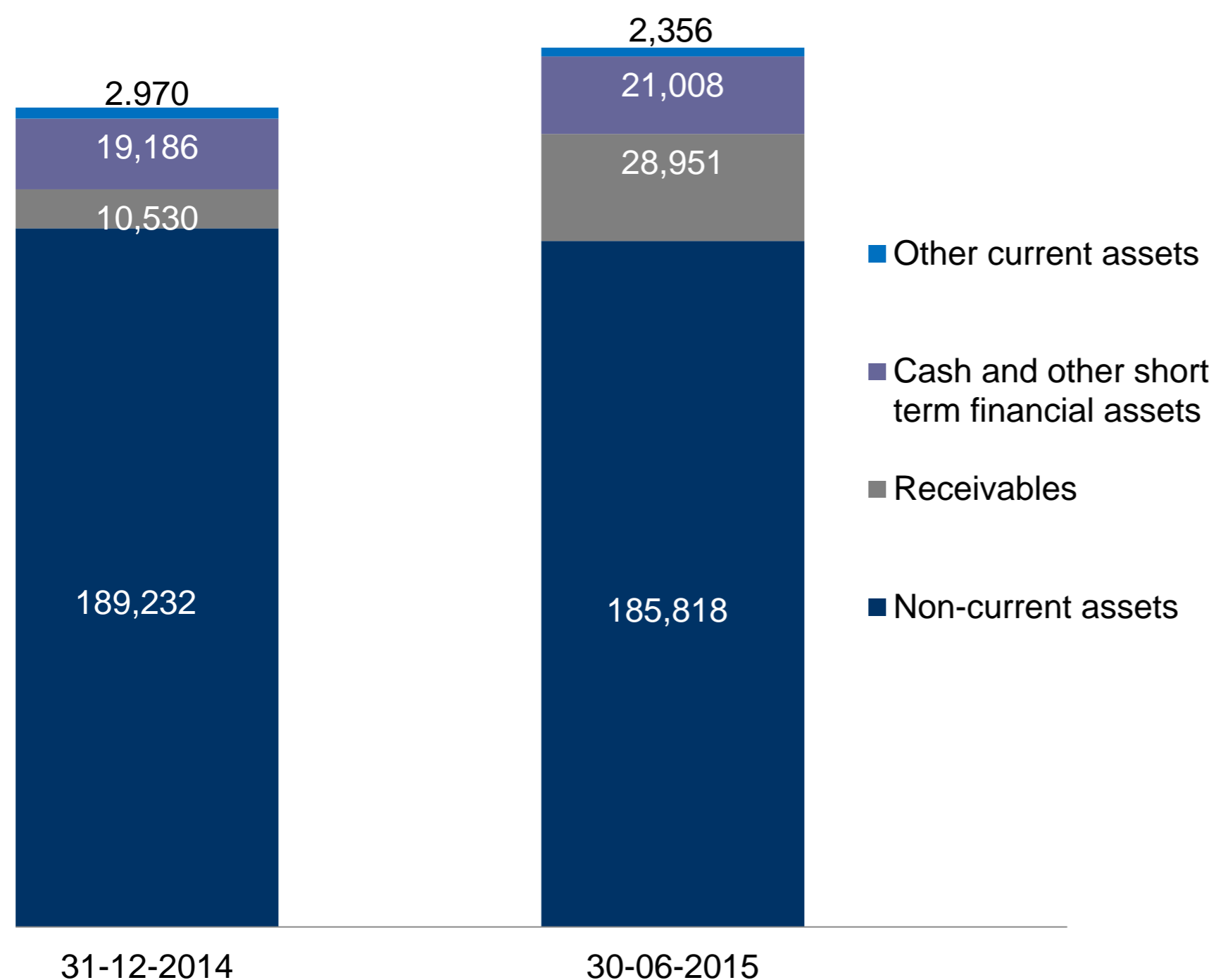
For the last 12 month period

Main financial ratios - segments

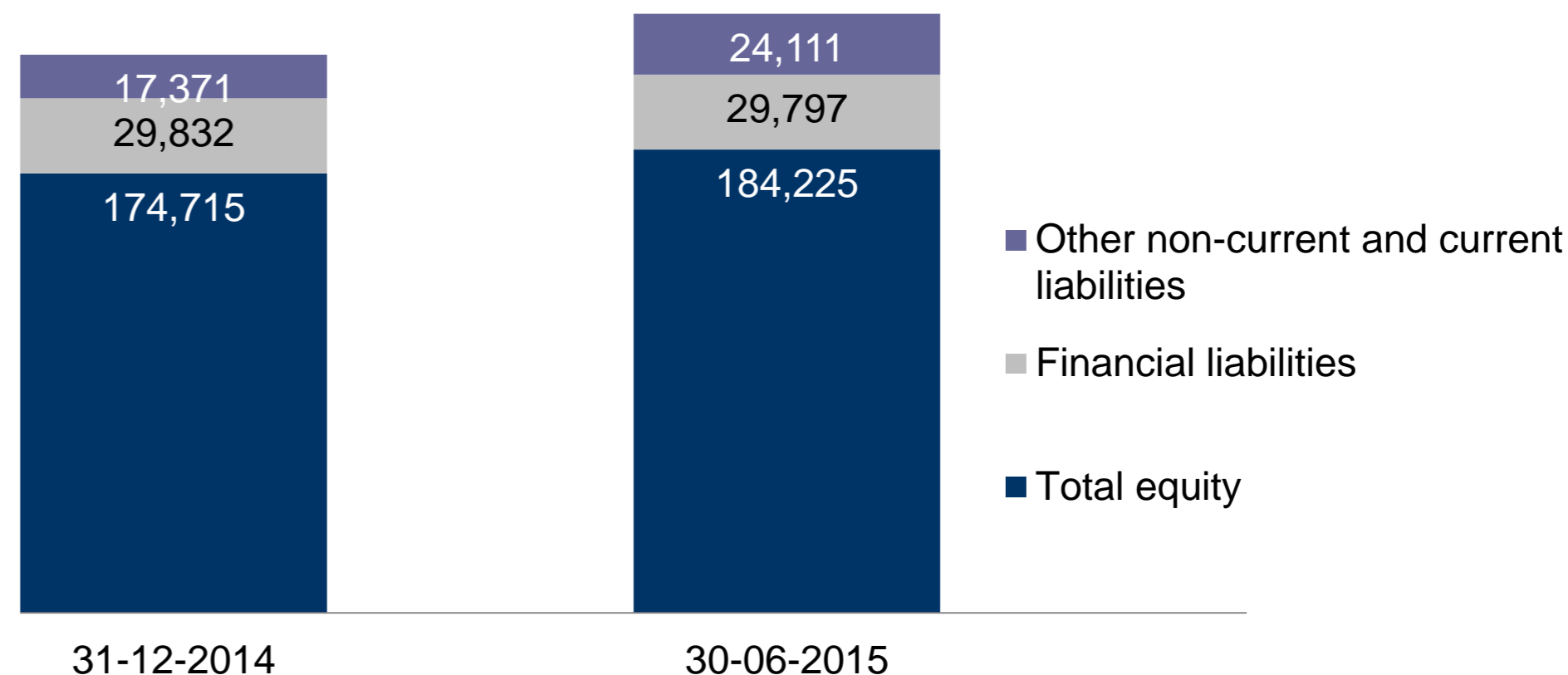


Oil terminal activity
 Subacius fuel base activity
 LNG terminal activity

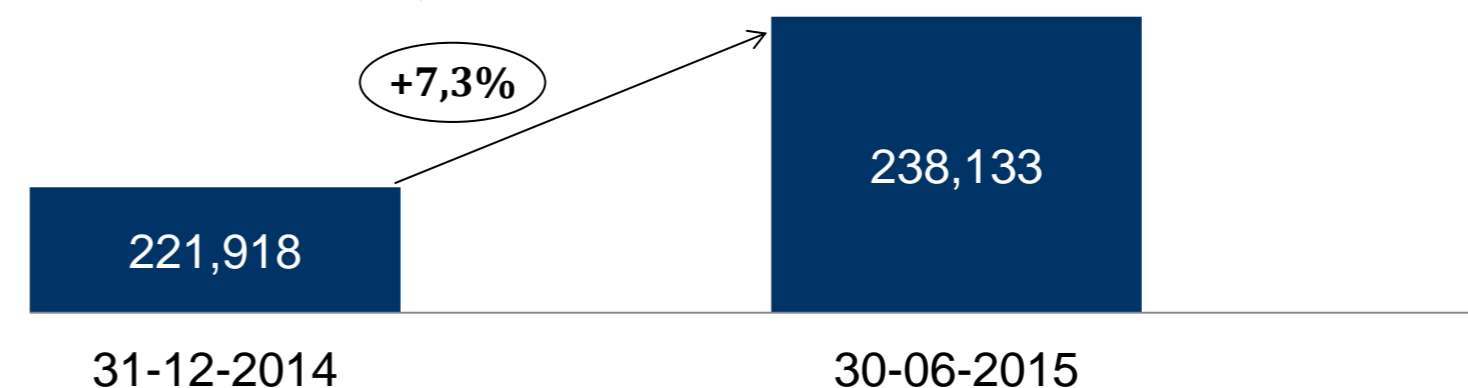
Assets, thousand EUR



Equity and liabilities, thousand EUR



Total assets, thousand EUR



- **Non-current assets** comprise 78.0% of total assets (30-06-2015).
- **Cash and cash equivalents** amounted 8.8% of total assets.
- **Trade and other receivables** increased to EUR 28.95 million (2.7 times) because gas transmission system operator (SC Amber Grid) has not paid the Security Supplement (total approximately EUR 25 million). The debt has incurred because of unpaid Security Supplement funds by SC Achema.
- **Assets turnover ratio** - 0.23 (30-06-2014 - 0.08).

- **Total equity** amounted to 77.4 % of total assets (31-03-2015).
- **Non-current liabilities amounted** EUR 31.2 million, including European Investment Bank loan comprising EUR 29.8 million.
- **Debt to assets ratio**- 0.23 (30-06-2014 - 0.14).
- **Gross liquidity ratio** - 2.30.
- From the **other liabilities** Eur 11,9 million comprise deferred revenues (Eur 4.3 million) and received prepayments (Eur 7.6 million) related with the LNG terminal activity.

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.
- **Implementation of the onshore LNG reloading station**

Total investments into the non-current assets during the first quarter of 2015 comprise EUR 2.6 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

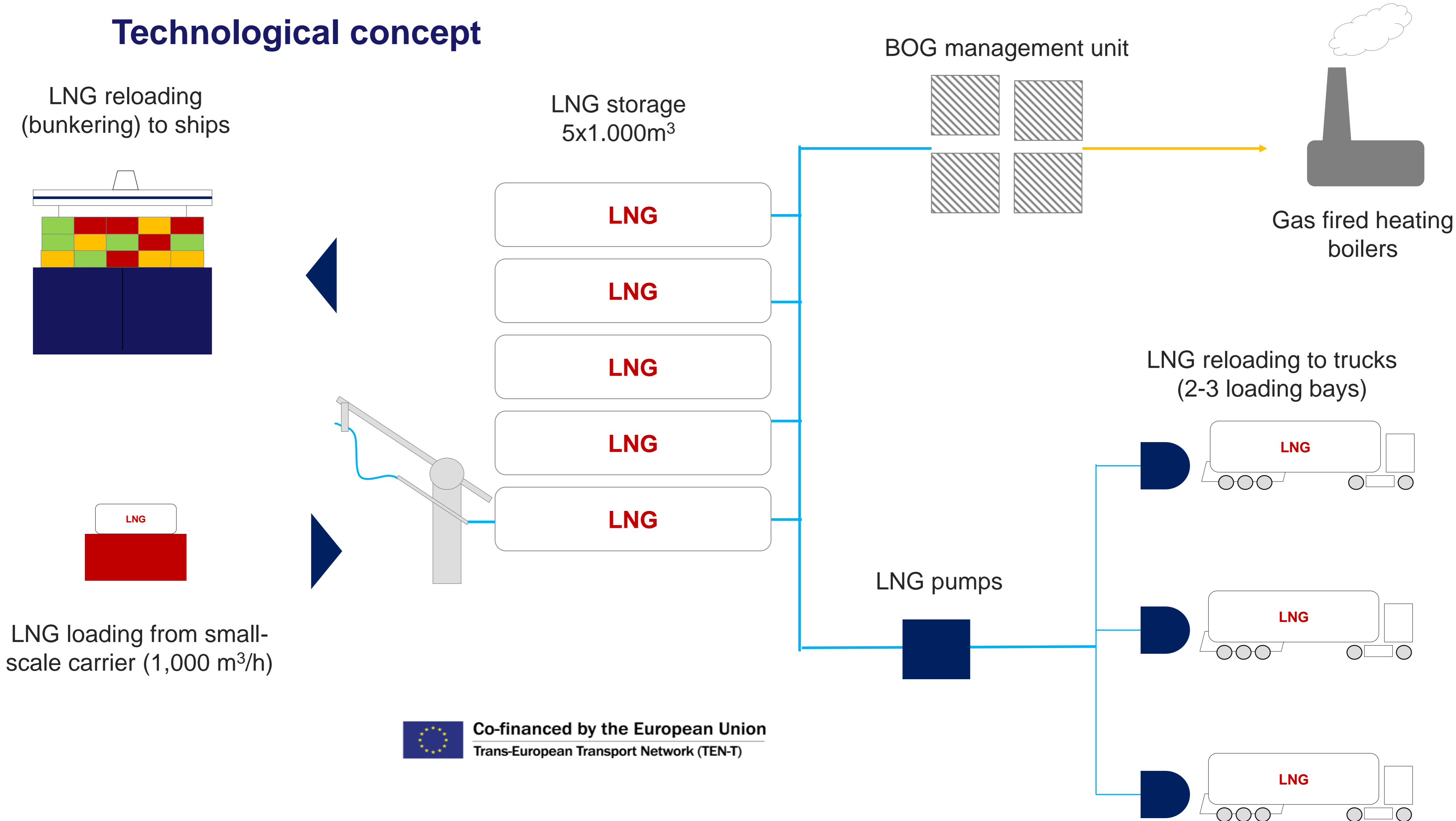
The Company invests into construction of an on-shore small-scale LNG reloading station in the port of Klaipėda. That will offer LNG bunkering services, LNG loading into trucks services and possibly other in order to meet the increasing demand for LNG in the Baltic States and Poland. With this investment 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. In the nearest future the first preliminary contracts for the LNG capacities usage are to be signed.

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.

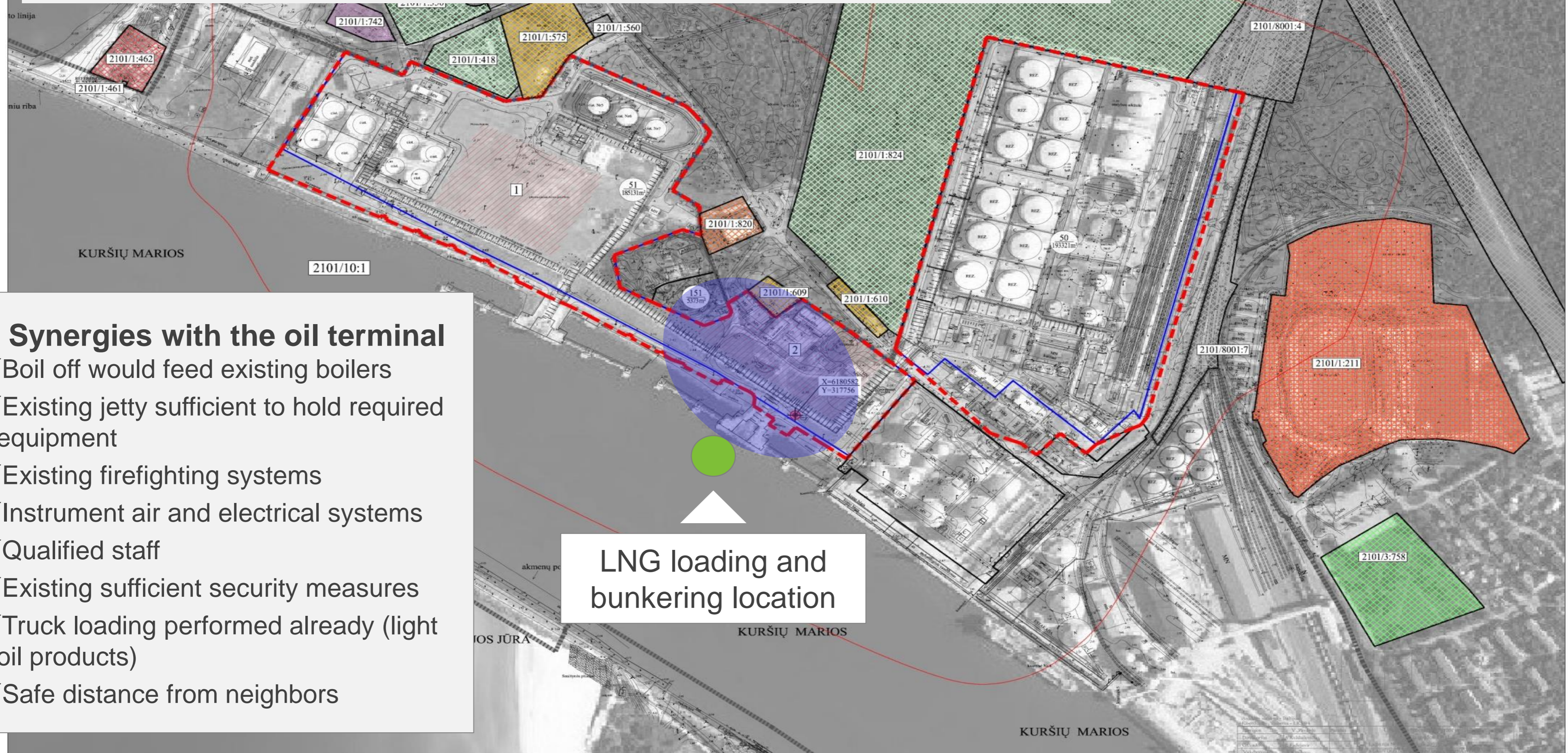
LNG onshore reloading station project (1)

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.

- As at 30 June 2015 all the shares of the Company were owned by 1,849 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 72.31 % of shares (275,241,290 unit).
- On 30th of June, 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

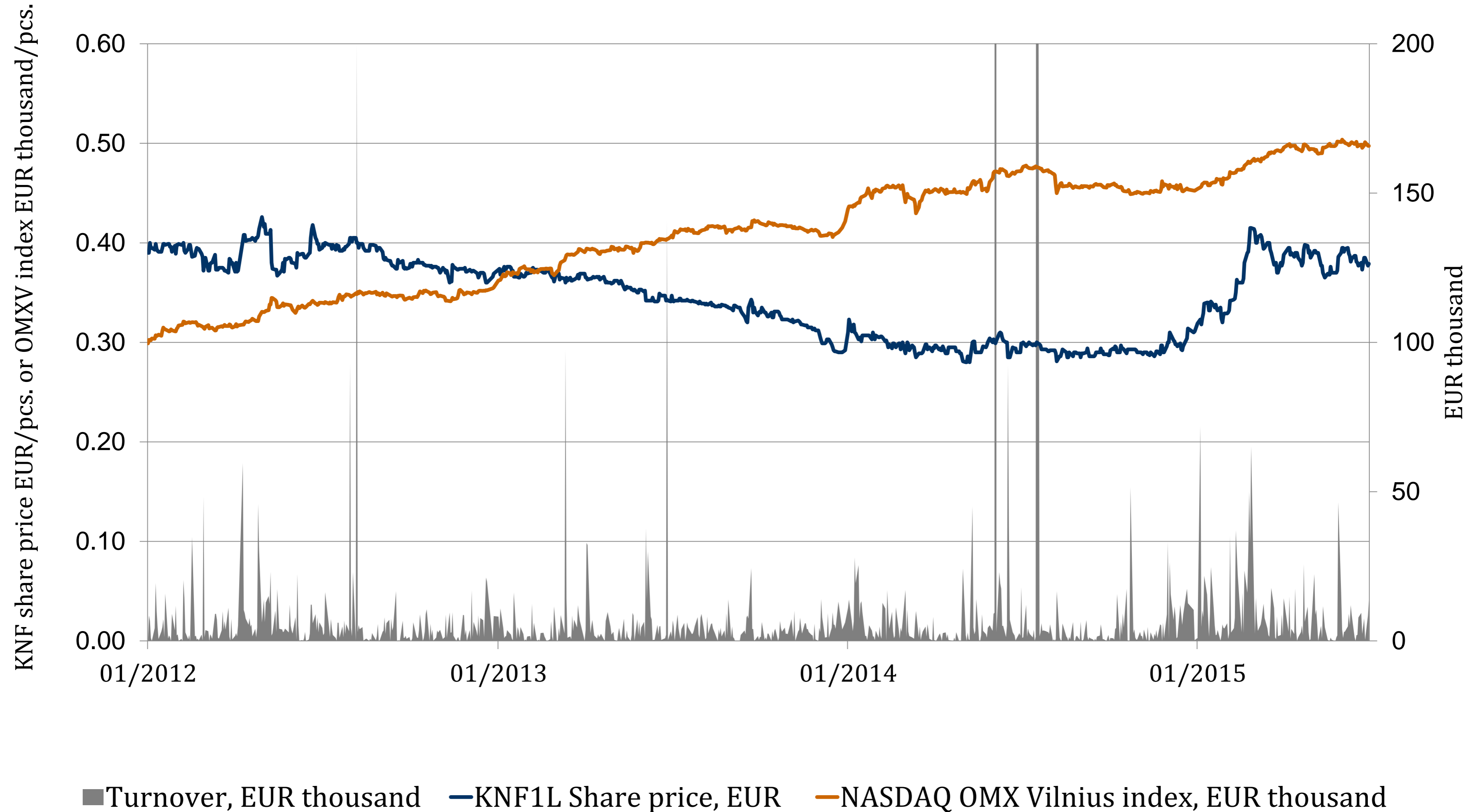
Turnover in Vilnius stock exchange during January - June months of 2015 was EUR 1.1 million.

As of 30 June 2015 the Company's market capitalization was EUR 144.2 million (on 31th of December, 2014 – EUR 118.4 million).

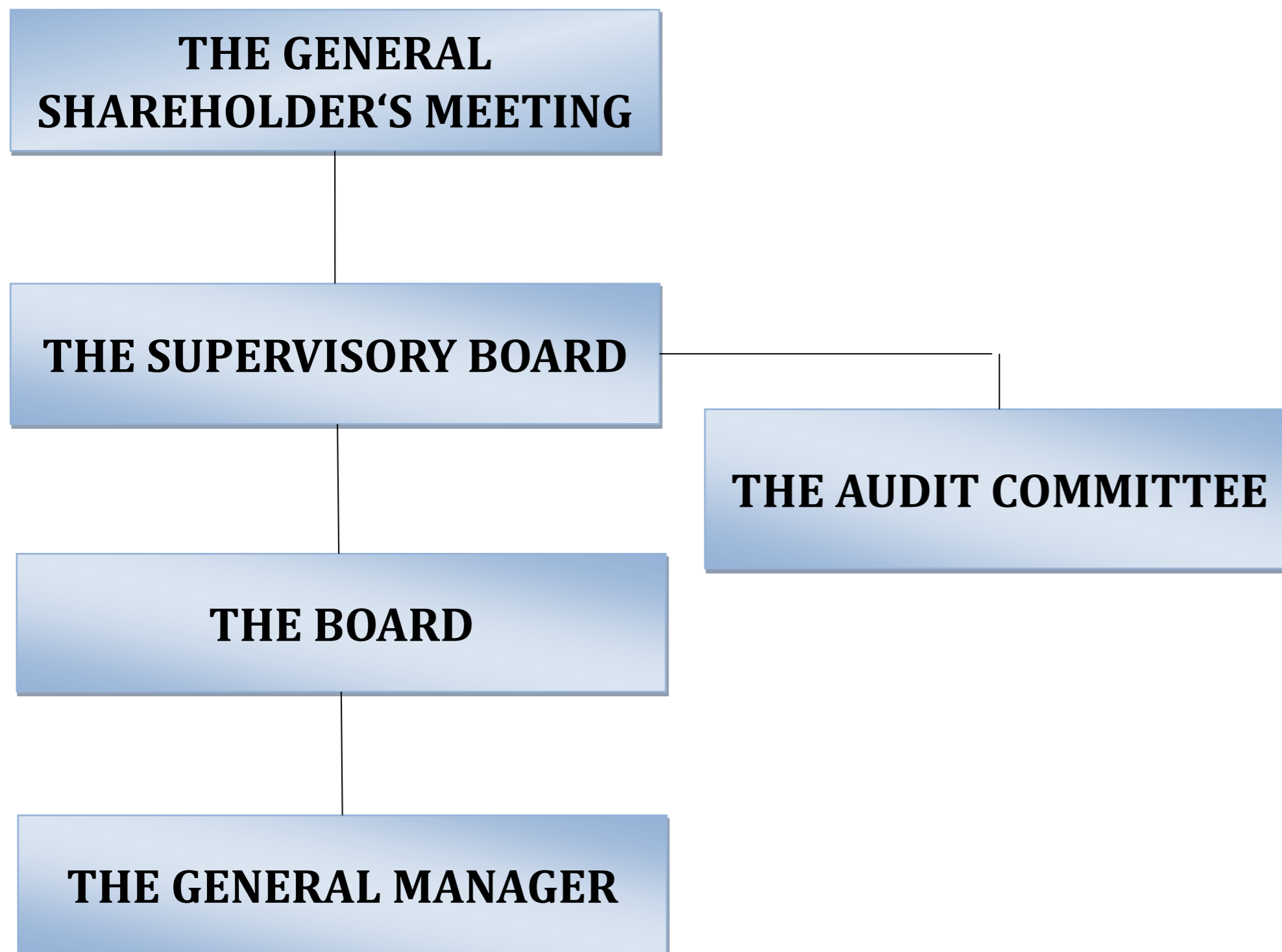
DYNAMICS OF THE SHARE PRICE AT NASDAQ OMX VILNIUS DURING JANURY-JUNE MONTHS OF 2015

	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	0.379	0.373	2,986,481	1,106,811

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



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 Audit Committee** comprise of 2 (two) members (after 26 -01-2015).
- **The Board** comprise of 4 (four) 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.

**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



Gediminas Vitkauskas
Director of Oil terminal department



Osvaldas Sabaliauskas
Deputy General Manager of the Company



Tadas Matulionis
Director of the LNG terminal department



Marius Pulkauninkas
Director of Finance and Administration Department



Darius Turčinskis
Acting Director of Commerce department

- From the **17th of February, 2015** Director of the LNGT department - Tadas Matulionis (previously deputy Director of the LNGT Department).

THANK YOU FOR YOUR ATTENTION!

Stock company Klaipedos nafta

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VAT payer code LT06488917

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