



LATVIJAS KUGNIECĪBA

Webinar presentation

30 May 2016

**You have successfully joined
JSC “Latvijas kuģniecība” webinar hosted by:**



Santa Spūle
Finance Director



Ģirts Apsītis
Advisor to the Chairman of
the Management Board

The webinar will be activated on May 30,
2016 at 16:00 (EET)

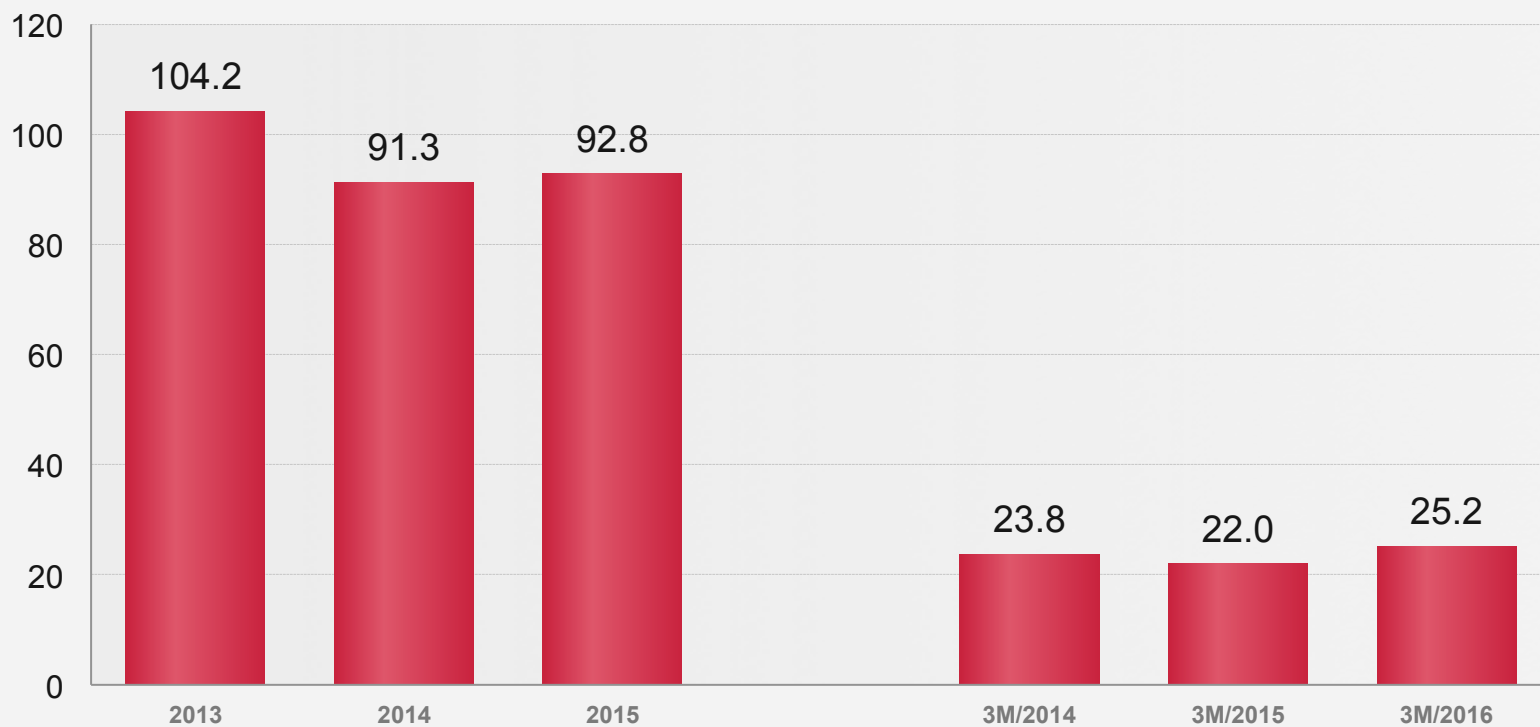
Meanwhile please send your questions in
advance to:
ieva.unda@nasdaq.com

On today's agenda

- Financial performance Q1/2016
- Progress with refinancing
- LSC Fleet
- Latest shipping market trends
- Non core assets

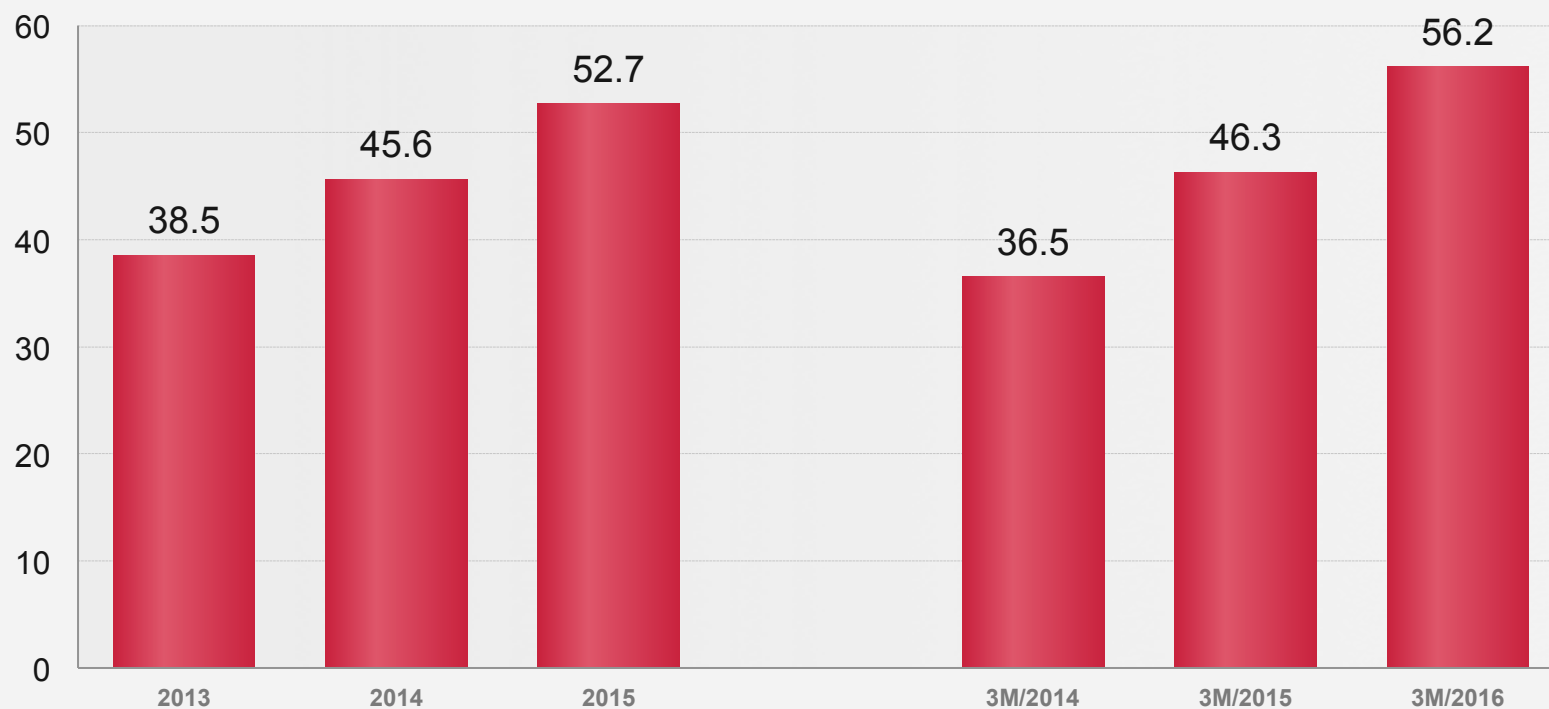
Financial performance

Revenue, (USD mm)



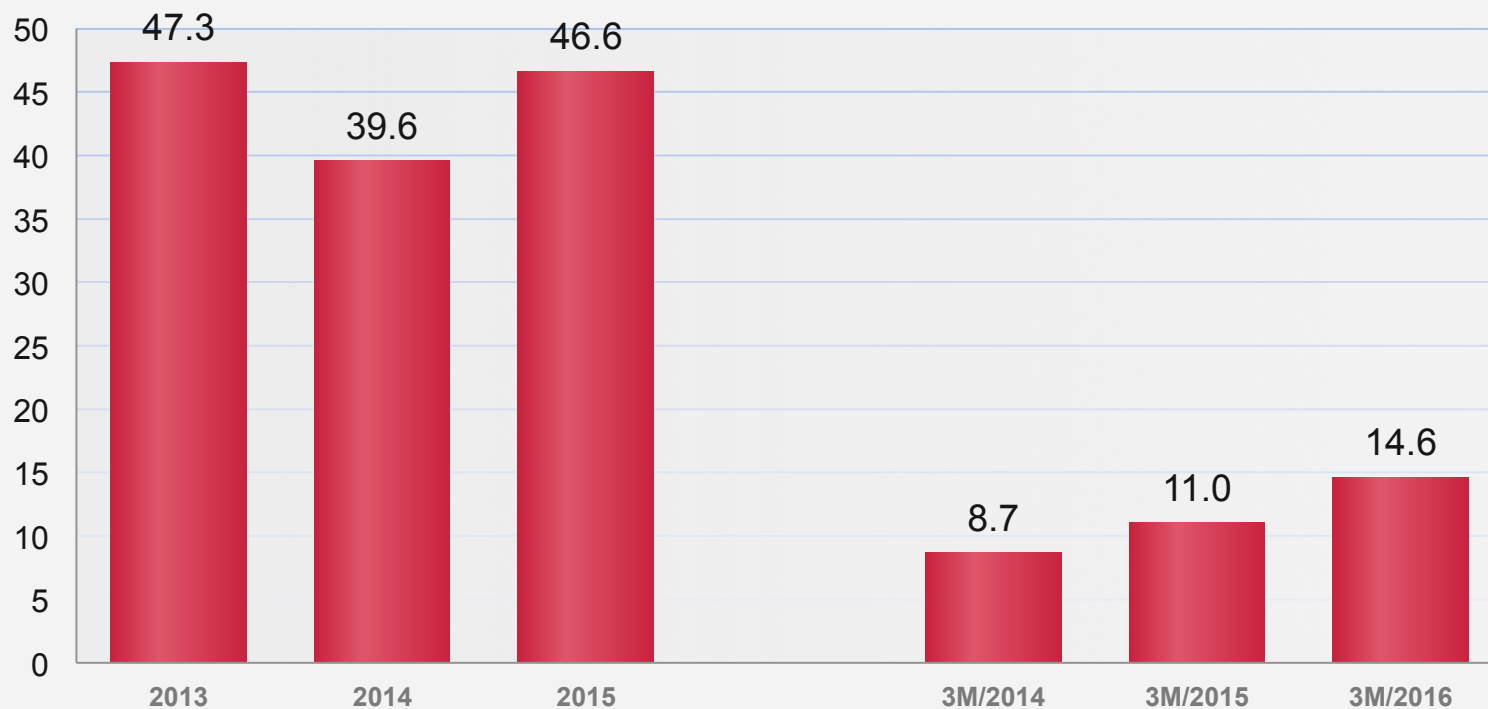
Financial performance

Cash and short term deposits, (USD mm)



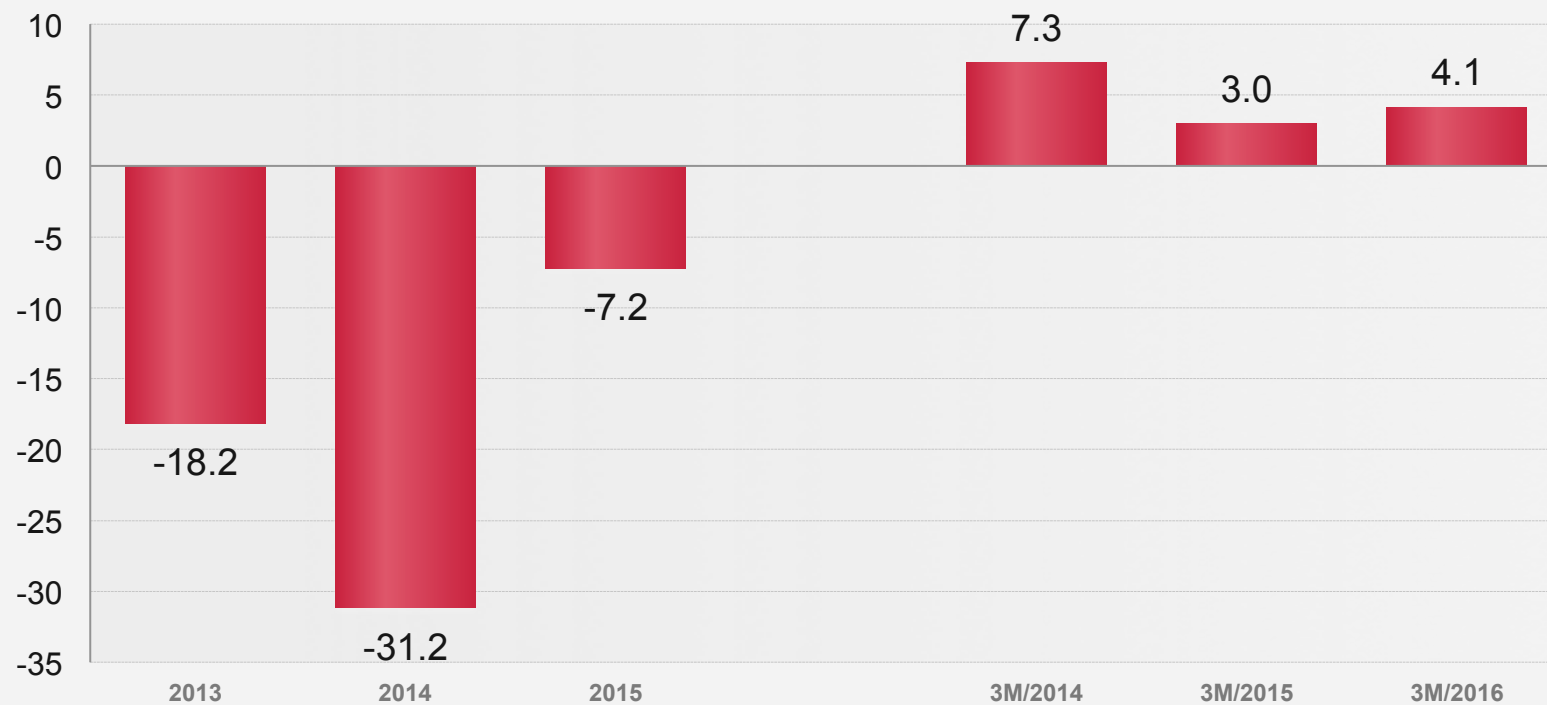
Financial performance

EBITDA, (USD mm)



Financial performance

Net (loss) profit, (USD mm)



Refinancing

USD 48.6 million loan:

- Loan Agreement dated June 2011
- Financed fleet: 2 vessels
- Lenders: Credit Agricole - CIB
- Borrowers: 2 single vessel companies, 100% subsidiaries of Arctic Holding Corp.
- Balance 31/12/2015: USD 35.1 million
- Maturity:
 - m/t Latgale – 22 June 2016
 - m/t Zemgale – 21 July 2016
- Payment at maturity:
 - m/t Latgale– USD 17.0 million
 - m/t Zemgale– USD 17.0 million

USD 360 million loan:

- Loan Agreement dated December 2004
- Financed fleet: 14 vessels
- Lenders: syndicate of 6 banks (originally 9 banks)
- Corporate guarantors: LSC Holdings Ltd. and JSC Latvijas kuģniecība
- Borrowers: 14 single vessel companies, 100% subsidiaries of LSC Holdings Ltd
- Balance 31/12/2015: USD 156.1 million
- Maturity: 30 June 2017
- Payment at maturity: USD 126.1 million

Refinancing

Options to fulfil debt obligations:

- 1) capital raising – **not supported by shareholders**
- 2) asset selling – not preferred option
- 3) Refinancing –

Negotiations with banks in progress:

- extension of loan facility dated June 2011 until June 2018
- new joint loan facility from banking syndicate from June 2017

Fleet 2016

- No changes in commercial fleet expected:
 - 12 Medium range tankers - average age 8 years
 - 4 Handy size tankers - average age 9 years
- Strong emphasis on technical management of third party vessels:
 - 16 LSC owned tankers
 - 7 third party tankers
 - active negotiations with different third party ship owners



Time charter (TCE) rates

Average LSC Group's Fleet net TCE (time charter equivalent) USD/per day

Fleet	Y 2012	Y 2013	Y2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Y 2015	Q1 2016
HS (4 vessels)*	12 703	13 468	13 594	14 104	14 313	14 407	14 407	14 310	15 435
MR (12 vessels)**	13 168	14 174	14 130	16 344	17 213	15 843	16 174	16 232	17 660
LR1 (1 vessel)***	12 086	12 122	n/a	n/a	n/a	n/a	n/a	n/a	n/a

*3 HS vessels sold in 2013; remaining number of HS vessels in fleet – 4.

**From Q3 2013 m/t Latgale and m/t Zemgale removed from above statistics as they are employed on bareboat charter basis.

***Vessel delivered to new owner in June 2014

Explanations:

HS = handy size (37 dwt); MR = medium range (52 dwt); LR1 = long range (68 dwt).

Net TCE(time charter equivalent) = a non IFRS measure which is used primarily to compare period to period changes in a shipping company's performance irrespective of changes in mix of charter. It is calculated after deduction of commissions payable to shipbrokers/charterers, port costs, bunker costs and any other applicable voyage related costs from vessel revenue and divided by the number of revenue days in the period. Revenue days are the number of days the vessel is trading less the number of days vessel is carrying out repairs or is in dry dock. The above figures reflect combined earnings of fleet for both time charters and spot market trading. The spot TCE is calculated on a pro-rata basis for the quarter after the voyage has commenced but completed prior the date of this report.

Previous quarter TCE is updated on a regular basis from estimate (E) to actual (A) to reflect finalised TCE when voyages are completed and fully realized.

Market analysis of products tanker segment

Time charter :

Comparison of change in average MR and Handy time charter rates from December 2015 * :

December 2015:

- **MR 1y - 18 330 USD**
- **Handy 1y -16 960 USD**

May 2016:

- **MR 1y – 15 875 USD (-14%)**
- **Handy 1y -14 875 USD (-12%)**

* Based on average of HoweRobinson, Clarksons Plc , Gibson shipbrokers data

Market analysis of products tanker segment (continued)

Comparison of indicative change in MR and HANDY vessel values from December 2015 *:

December 2015:

- **MR 5 year old – 29.00m USD**
- **Handy 5 year old – 25.00m USD**

May 2016:

- **MR 5 year old – 26.50m USD (-9%)**
- **Handy 5 year – 24.00m USD (-4%)**

* Clarksons plc online data base

LSC – employment statistics

In the short term LSC has been protected from the downturn in earnings due to time charter contracts.

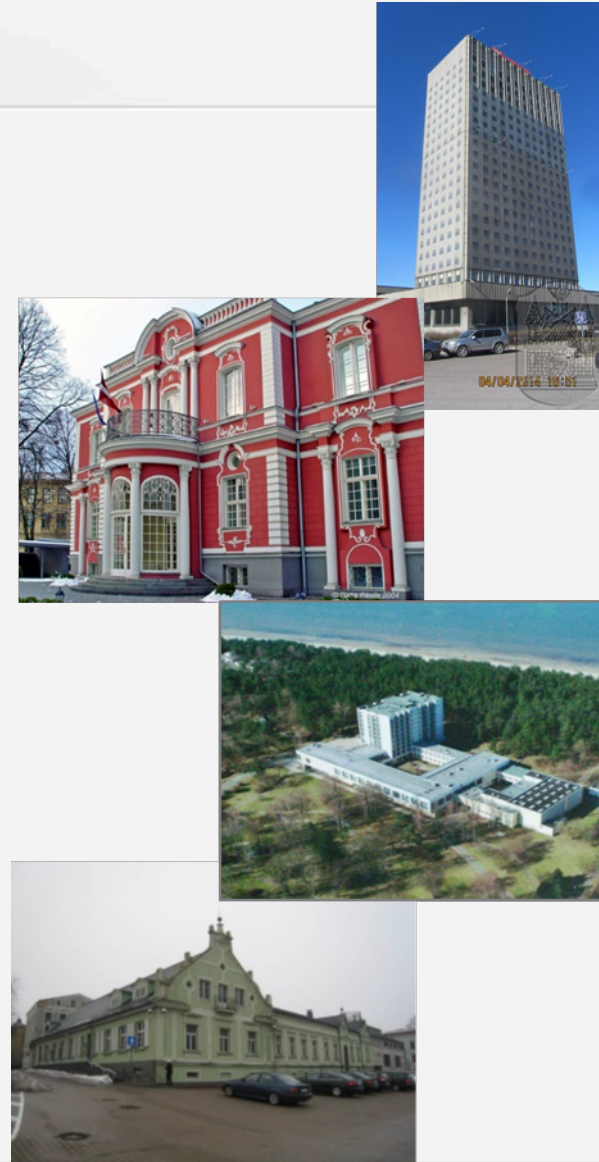
Looking forward LSC has the following time charter coverage v spot market exposure for balance 2016:

- MR 50pct time charter/50pct spot exposure
- HANDY 80pct time charter /20pct spot exposure

LSC does not anticipate any impairments due to the reduction in fleet value or lower earnings in the very near future but such impairments cannot be discounted in the future.

LASCO Investment

- LASCO Investment actively works with direct buyers, real estate brokers, investment funds and investment bankers in order to sell the properties owned by LASCO Investment at highest possible price
- The properties are in prime locations in Riga, Jurmala, Ventspils and the surrounding areas and include:
 - SIA Darijuma centrs Daugava (Riga): partially rented out / offers received
 - Building at A.Briana 3 (Riga): rented out
 - SIA Rigas Licis (Jurmala): conserved / offers received
 - SIA Ventspils business centre (Ventspils): rented out
 - *Property Lejastiezumi (outside Ventspils): sold*
 - *Ventspils sport hall: sold*



Q&A