



# **AB KLAIPĖDOS NAFTA**

## **UNAUDITED FINANCIAL RESULTS FOR 2019**

31<sup>st</sup> January 2020



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- Financial results
- Investment overview



## **ABOUT THE COMPANY**



## MISSION, VISION, VALUES

### Our mission

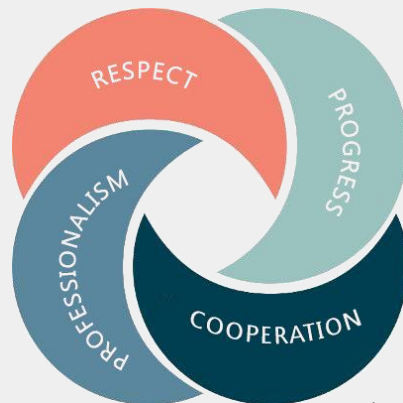
Ensure reliable and effective supply of LNG and transhipment of oil products.

### 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

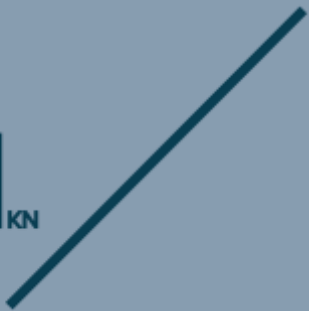
### LNG TERMINALS



KLAIPĖDA  
LNG TERMINAL



KLAIPĖDA SMALL-SCALE  
LNG TERMINAL



# HIGHLIGHTS

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

AB Klaipėdos nafta (Company) 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.

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

The Company 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 series logistics solutions for Brazilian oil and gas markets.

## 31<sup>st</sup> October

Extraordinary General Meeting of Shareholders of the Company adopted the following resolutions: Upon establishment of Brazilian SPV, to give a guarantee or guarantees in the name of Company to secure the fulfilment of obligations of Brazilian SPV to GNA under the Agreement.

## 31<sup>st</sup> October

The Board of the Company decided to acquire the liquefied natural gas storage unit "Independence" currently leased by the Company or another floating liquefied natural gas storage unit no later than December 31, 2024.

## 5<sup>th</sup> November

The Supervisory Board of AB Klaipėdos nafta in the accordance with the 30 October 2019 opinion of Audit Committee of the Company approved the transaction with the related party regarding the granting of the Company's guarantee to a subsidiary of UAB SGD logistika in Brazil.

## 7<sup>th</sup> November

The Board of AB Klaipėdos nafta adopted the decision as of 11 November 2019 to elect Darius Šilenskis as CEO of AB Klaipėdos nafta.

## 27<sup>th</sup> November

Extraordinary General Meeting of Shareholders of the Company adopted the following resolutions:

- to cancel the pledge of all current and future amounts receivable pledged to UAB Hoegh LNG Klaipėda and to pledge these current and future amounts receivable by a senior pledge to the Ministry of Finance of the Republic of Lithuania for the state guarantee issued by the Republic of Lithuania.
- To make an agreement for granting of a loan with the Nordic Investment Bank (NIB) on behalf of the Company, borrowing from the NIB up to EUR 135.5 million for a period up to 26 years, for reduction of the LNG terminal Security Component price.

## 29<sup>th</sup> November

The Company and Polish state-owned oil and gas company Polskie Górnictwo Naftowe i Gazownictwo S.A. (hereinafter – PGNiG) entered into an agreement regarding booking of the capacities of LNG reloading station for a period of 5 years. It is expected that PGNiG will commence commercial operations from April 2020.

## 20<sup>th</sup> December

The Company has concluded with the Ministry of Finance agreements regarding the guarantee fee and mortgage of property as well as the maximum mortgage.

## 20<sup>th</sup> December

The Company has concluded the Loan Agreement with the NIB regarding granting a loan of 134 million euros with the purpose to finance the rent payable by Company, for reduction of the LNG terminal Security Component price.

## 27<sup>th</sup> December

The Ministry of Finance of the Republic of Lithuania granted a state guarantee, securing obligations of the Company to the NIB regarding a loan of EUR 134 million. The Loan will be used to finance the balancing of the LNG terminal security additional component to the natural gas transmission price.



# FINANCIAL RESULTS

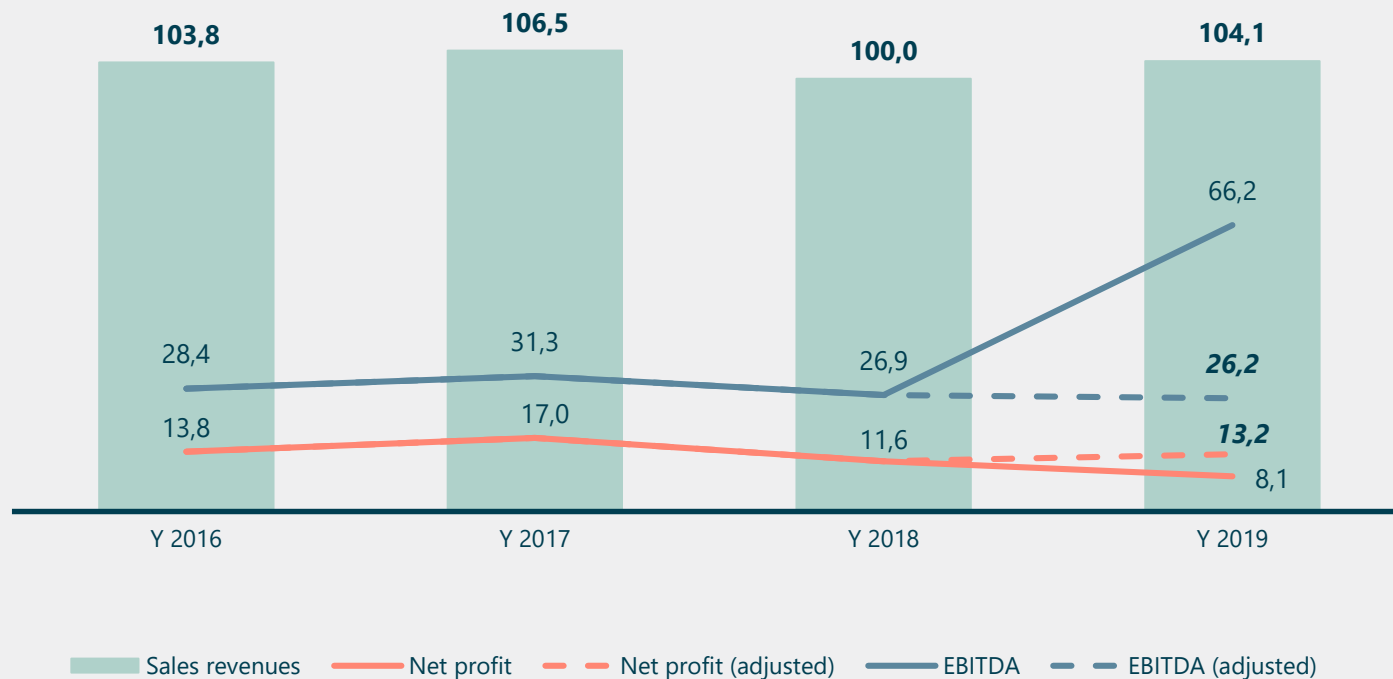




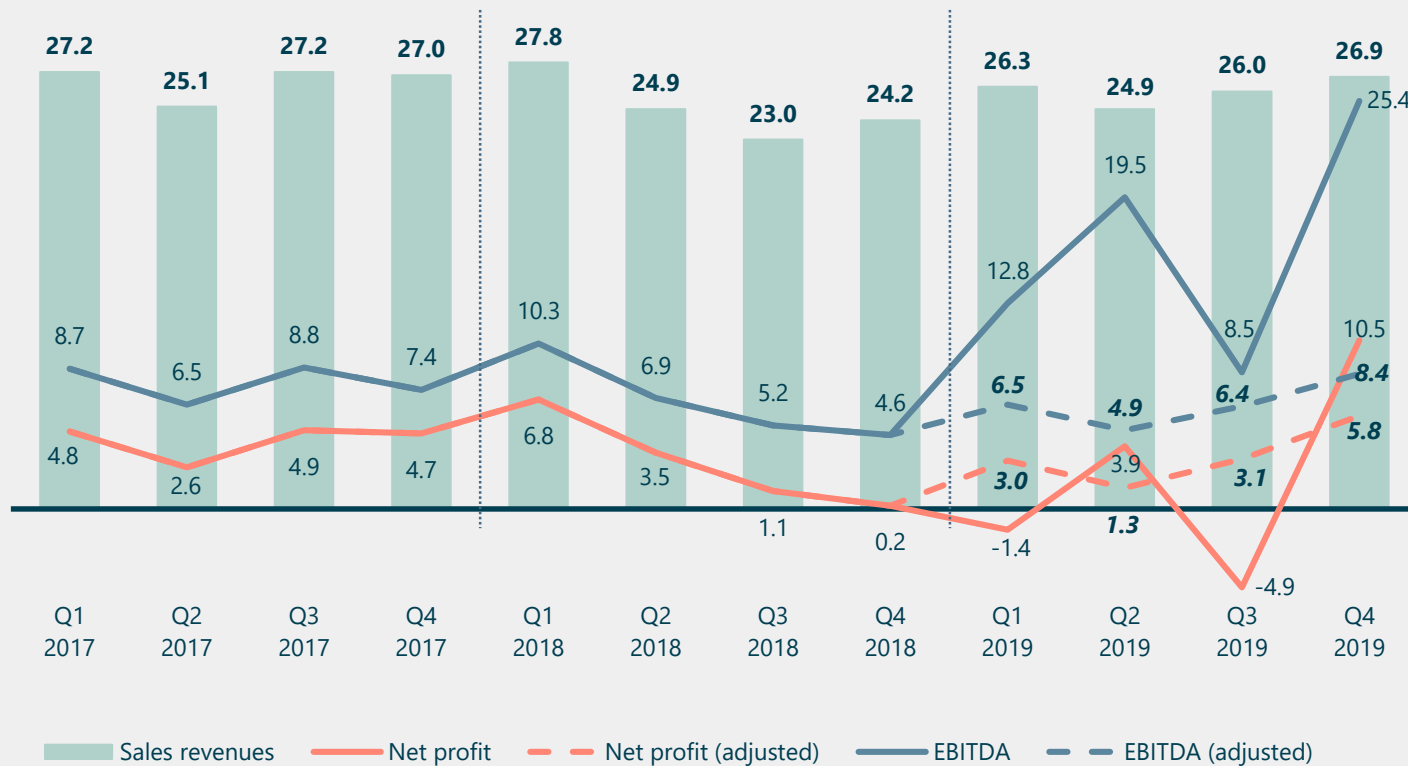
## **CHANGES IN INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS 16) – APPLICABLE SINCE 1 JANUARY 2019**

- 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) increases because above mentioned expenses for the lease are excluded from the activity costs;
- Instead of lease costs, 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.

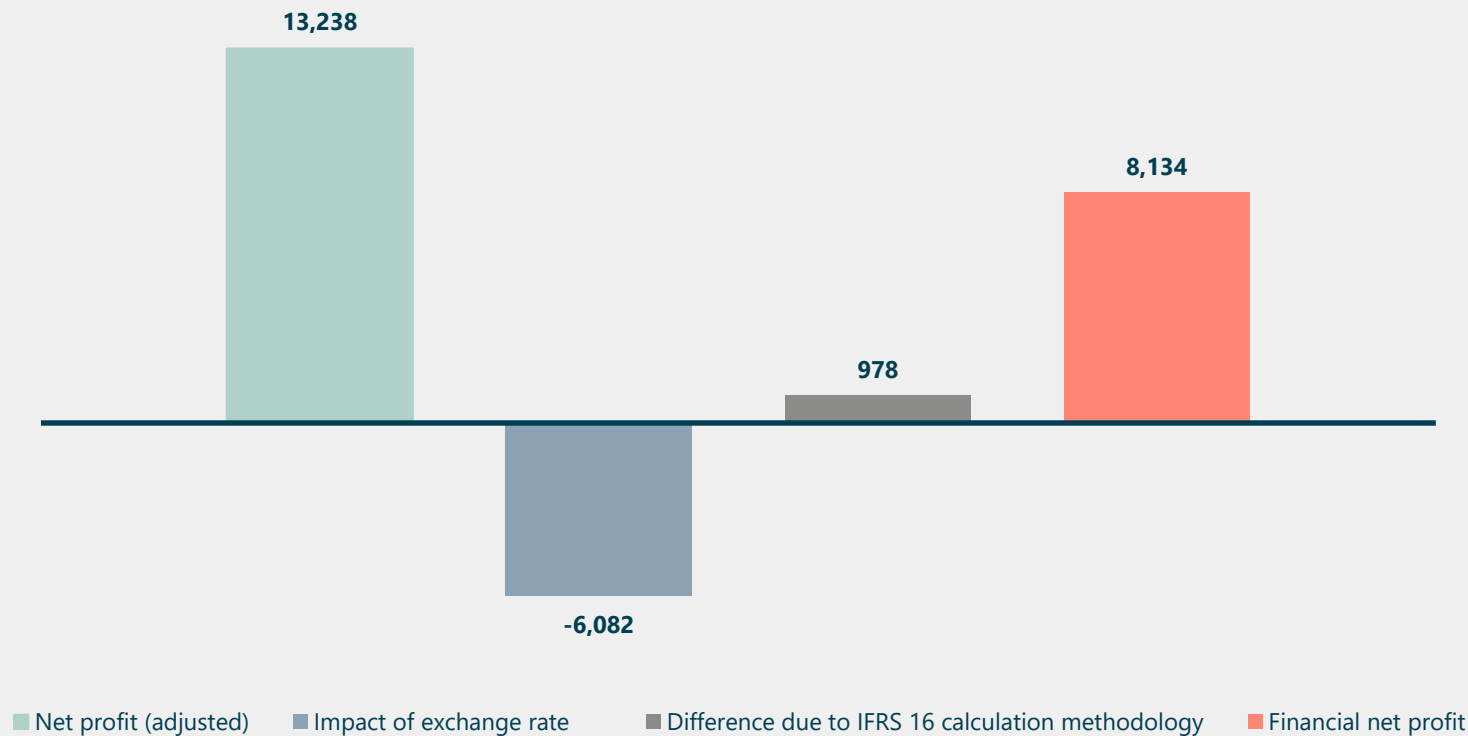
## FINANCIAL HIGHLIGHTS (UNAUDITED) FOR 12 MONTHS, MEUR



## FINANCIAL HIGHLIGHTS (UNAUDITED) BY QUARTERS, MEUR



## IMPACT OF IFRS 16 ON RESULTS OF 2019, TEUR

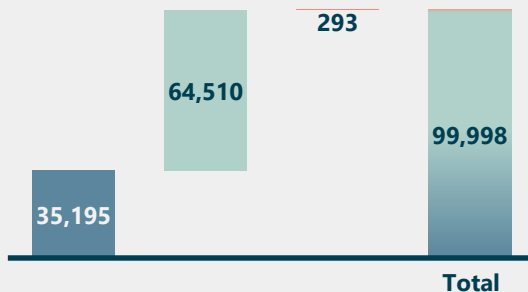




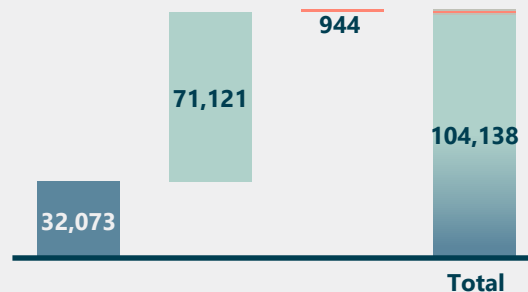
## STRUCTURE OF SALES REVENUES AND EBITDA BASED ON OPERATING SEGMENTS (UNAUDITED)

Revenues for Y 2018, tEUR

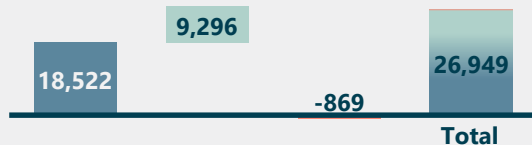
- Business development projects
- LNG terminals
- Oil terminals



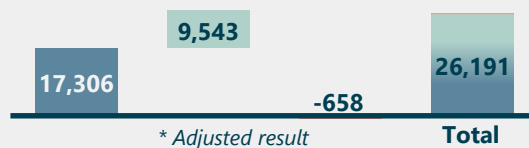
Revenues for Y 2019, tEUR



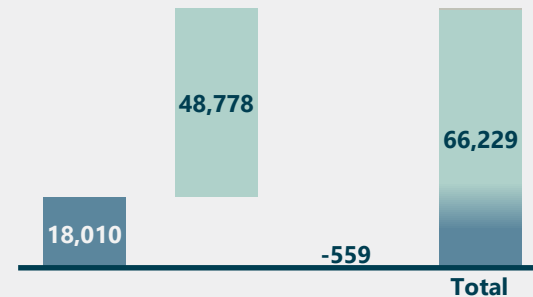
EBITDA for Y 2018, tEUR



EBITDA\* for Y 2019, tEUR



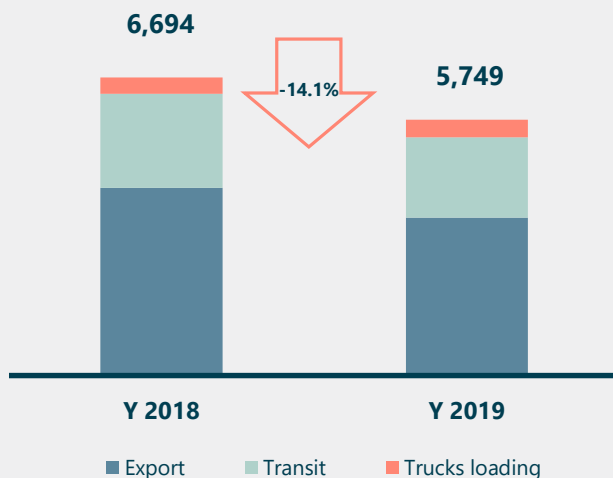
EBITDA for Y 2019, tEUR





## RESULTS OF OIL TERMINALS' FOR Y 2019

Transshipment quantities in oil terminals, kt



MEUR	Y 2019	Y 2019*	Y 2018
Revenues	32.1	32.1	35.2
Net profit	10.4	10.2	9.9
EBITDA	18.0	17.3	18.5

\* Adjusted result

### BUSINESS FACTORS:

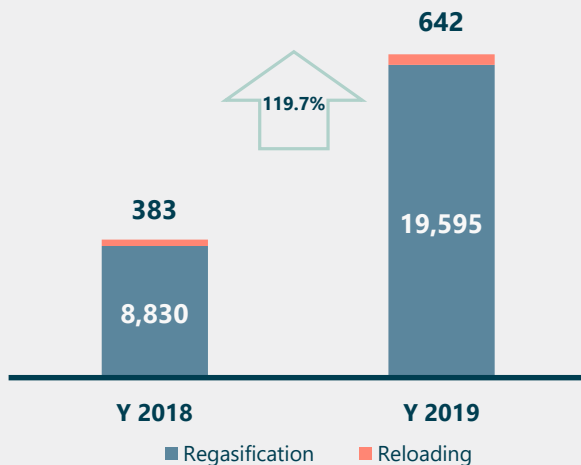
During Y 2019 **oil terminals** reloaded 14.1% less oil products and generated 7 % less EBITDA compared to the same period in Y2018 mainly due to the following reasons:

- Decrease in transshipment quantities due to incidents at the factories of Company's main clients, which resulted in lower production volumes in the Q1 of Y 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 Y 2019 that influenced the significant decrease of oil products handling.
- Additional revenues have been generated from other activities, such as storage of oil products, loading and discharge of trucks.



## LNG TERMINALS' RESULTS FOR Y 2019

Regasification and reloading in LNG terminals,  
tMWh



### 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	Y 2019	Y 2019*	Y 2018
Revenues	71.1	71.1	64.5
Net profit	-1.7	3.7	2.5
EBITDA	48.8	9.5	9.3

\* Adjusted result

### BUSINESS FACTORS:

The favorable situation in international gas markets and attracted 3 new commercial users of FSRU resulted in the increase of regasification and reloading volumes by 119.7%:

- over 60 ship-to-ship operations done in 2019 (more than during entire period 2014-2018), from which 51 LNG carriers (Y 2018 – 10 LNG carriers) have been accepted;
- 2019 was a record year in terms of LNG imported through the FSRU: 19,6TWH (~2bcm) while in Y 2018 8,8 TWH. ~6 TWH (0,6 bcm) were transported towards LV border.
- 94.5 thousand MWh of LNG was reloaded to small-scale LNG carriers (64 thousand MWh in Y 2018).

During Y 2019 in the **LNG small-scale terminal**:

- 11 LNG carriers (in Y 2018 – 5 LNG carriers) have been accepted.

## FINANCIAL FIGURES (UNAUDITED)

MEUR	Y 2019	Y 2019 (adjusted)	Y 2018	Change, MEUR	Change, %
Sales Revenues	104.1	104.1	100.0	4.1	4 %
Gross profit	20.1	17.9	17.3	0.6	3 %
EBITDA	66.2	26.2	26.9	-0.7	-3 %
Profit before taxation (EBIT)	6.6	12.4	12.1	0.3	3%
Net profit	8.1	13.2	11.6	1.6	14 %
Gross profit margin	19.3 %	17.2 %	17.3 %	-	-0.1 p.p.
EBIT margin	6.3 %	11.9 %	12.1 %	-	-0.2 p.p.
Net profit margin	7.8 %	12.7 %	11.6 %	-	1.1 p.p.
Return on equity (ROE)*	4.2 %	6.8 %	5.8 %	-	1.0 p.p.
Return on assets (ROA)*	2.0 %	4.5 %	3.9 %	-	0.6 p.p.
Profit per share (EPS), EUR/share	0.021	0.034	0.030	0.004	13 %
Average weighted number of shares	380,842,063	380,842,063	380,606,184	235,879	0.99 %

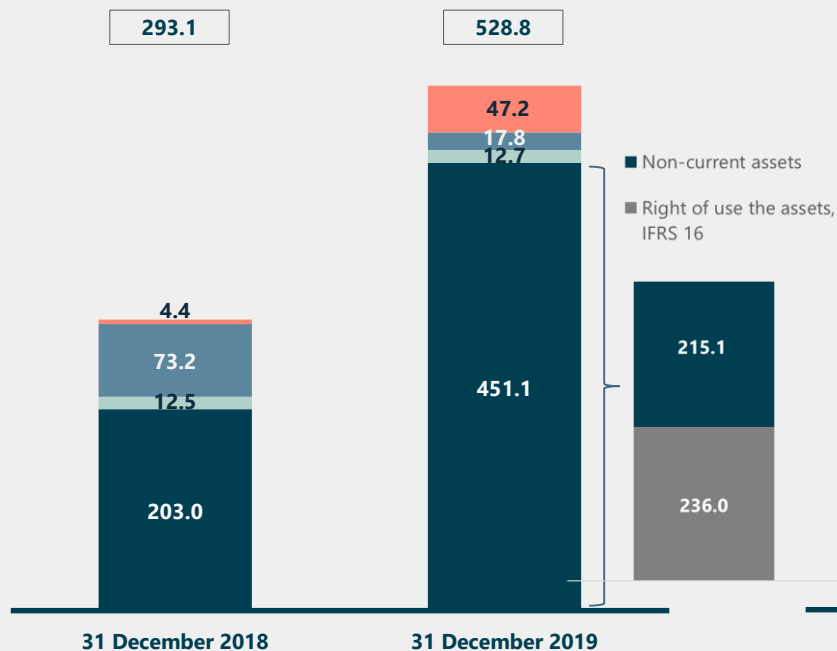
\* The return on equity (ROE) and return on assets (ROA) were calculated by dividing the net profit (losses) of the last twelve months by the average of equity or asset values at the beginning and the end of the reference year.



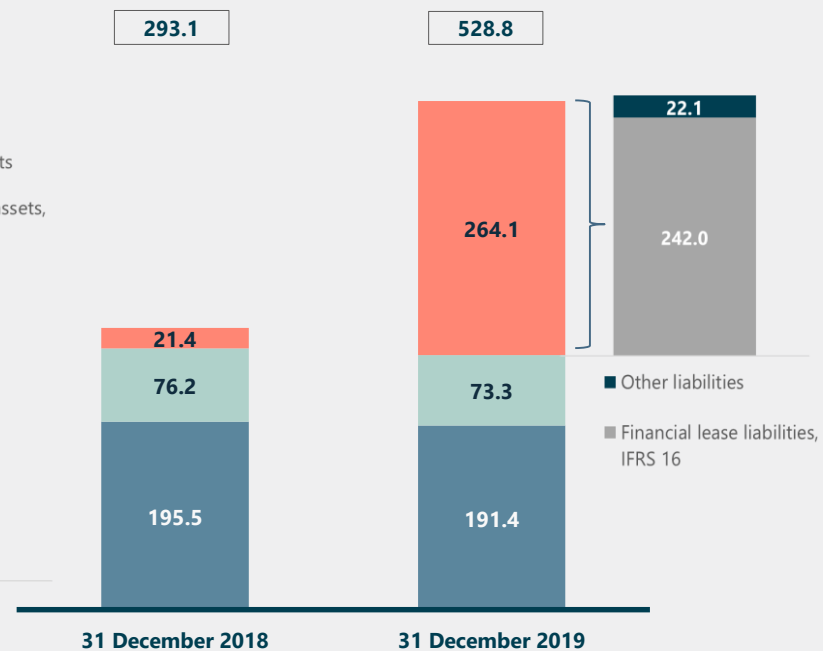


## BALANCE SHEET (UNAUDITED)

### Assets, MEUR



### Equity and liabilities, MEUR



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

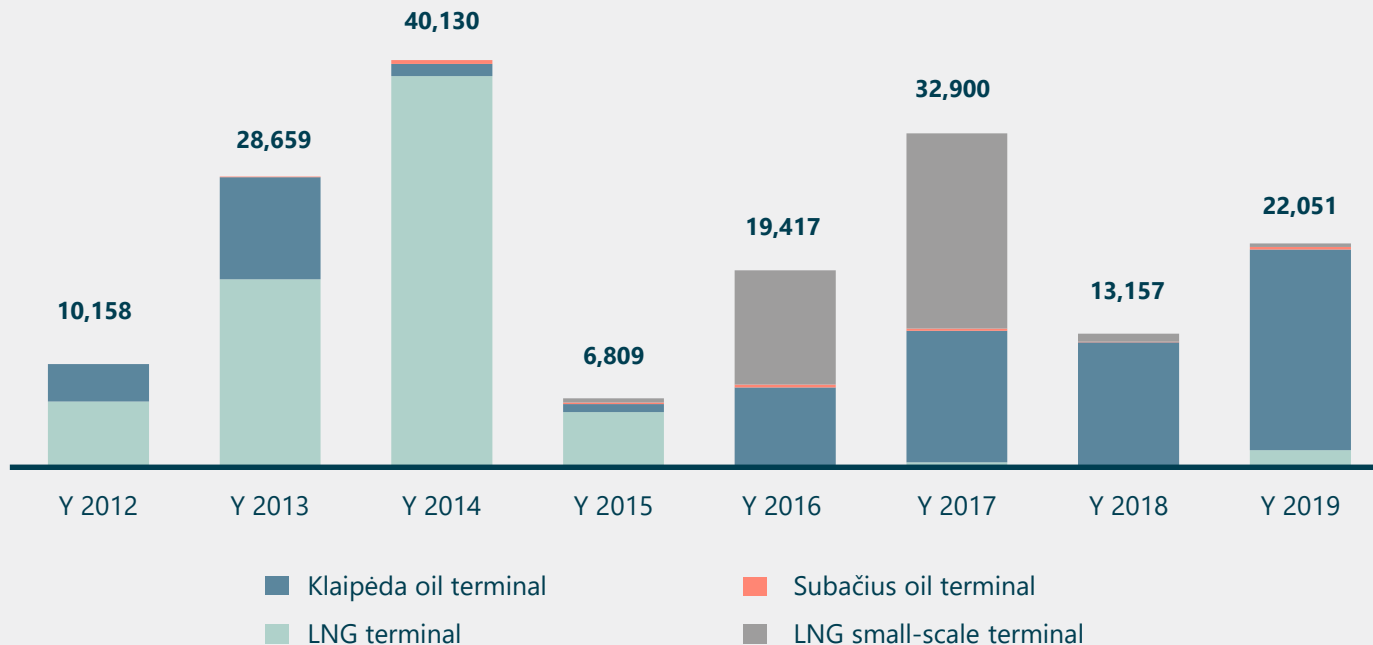
■ Other non-current and current liabilities  
 ■ Financial lease liabilities, IFRS 16  
 ■ Equity



# INVESTMENTS OVERVIEW



## INVESTMENTS OF THE COMPANY, MEUR





# THANK YOU

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