



AB KLAIPĖDOS NAFTA

# UNAUDITED FINANCIAL RESULTS OF KN GROUP FOR 9 MONTHS OF 2023

November 21st, 2023



## TOPICS



HIGHLIGHTS



BUSINESS OVERVIEW



FINANCIAL RESULTS



OTHER INFORMATION

## PRESENTERS



**DARIUS ŠILENSKIS**

CHIEF EXECUTIVE OFFICER



**VAIDOTAS DIRMEIKIS**

ACTING CHIEF FINANCIAL OFFICER

## VISION

KN envisions a world where sustainable liquid energy as well as chemicals and feedstock solutions empower industries and communities, creating a cleaner, safer, and more prosperous future for all.

We strive to be at the forefront of this transformation, continuously innovating and expanding our portfolio of services to support the global energy transition and achieve climate neutrality by 2050.

## MISSION

Enabling safe and reliable liquid energy as well as chemicals and feedstock flows for customers in the Baltic Sea region by

- **Offering storage and transshipment solutions** for a variety of liquid energy products, chemicals, and feedstocks for consumption in the region and export into the global market
- **Enabling the decarbonization of the region** by focusing on sustainable solutions and energy carriers
- **Providing national energy security** to the Lithuanian state for both liquid energy and electricity

Supporting customers globally with knowledge and capabilities in the development and operations of LNG or other sustainable energy infrastructure projects

## HIGHLIGHTS

### REGULATED ACTIVITY

#### KN PREPARES TO TAKE OVER THE INDEPENDENCE

With the results of the public tender announced, once Klaipėdos nafta (KN) becomes owner of the FSRU, Norwegian capital company Hoegh LNG Klaipėda will serve as its technical operator for a minimum of 5 years.

#### WACC & RAB

National Energy Regulatory Council (NERC) has published the rate of return on investments of regulated activities (WACC). The WACC calculated for the Company in 2024 will be 5.06 percent (4.16 percent in 2023). NERC applied the forecasted regulated asset base (RAB) of EUR 38.2 million for 2024.

### FINANCIAL PERFORMANCE

#### 63.6 MEUR

Group revenue 12.5% higher than for the respective period in 2022.

#### 8.3 MEUR

Liquid energy terminals EBITDA 37% higher than for the respective period in 2022.

#### 28.7 MEUR

Group adjusted EBITDA 8.2% higher than for the respective period in 2022.

#### 6.2 MEUR

Group adjusted net profit 2.2% lower than for the respective period in 2022.

### OTHER NEWS

#### LNG MARKET EVENT

Klaipėda hosted the LNG terminal market event "European LNG Terminal Managers Meeting 2023". KN was entrusted with the organisation of this year's annual conference.

#### KN IS CHANGING ITS LEGAL NAME

Klaipėdos nafta is changing its legal name to KN Energies. The name KN Energies is scheduled to be officially established on 10 January 2024.



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BUSINESS  
OVERVIEW





## BUSINESS OVERVIEW

### LIQUID ENERGY TERMINALS

Firm demand for Liquid energy terminal transshipment and storage services in 9 months of 2023 led to 10% higher revenue in comparison to the same period in 2022.



### TRANSSHIPMENT ACTIVITY

- Robust global and European liquid fuels demand and high refinery utilization rates maintained favorable conditions to keep steady cargo flows.
- Transshipment volumes in Klaipėda terminal remained nearly the same as in 2022 9 months - about 3 M t.
- 2023 9 months revenues **growth** in comparison with 2022 the same period was **1,9 M EUR**
- 3Q was mostly supported by biofuels transshipment and truck station operations.
- Diesel dedicated to Ukraine handling and storage services were also among key factors in result, however, in 3Q it was driven mainly by the gasoline of Lithuanian origin or diesel imported for local markets.

### INCREASING ACTIVITY IN MARIJAMPOLĖ OIL TERMINAL

Transshipment services at the Marijampolė liquid fuels terminal operated by KN took the pace in summer - truck loading performance maintained stable **~ 40%** monthly **growth** rate.

### SERVICING REGION FUEL CONSUMERS NEEDS

Increased y-o-y consumption of gasoline and road transport diesel in Lithuania contributed to robust transshipment flows in Klaipėda liquid energy terminal tanker truck station.

In 2023 1-9 months **~ 10% more** cargo in comparison with the same period last year.

### BITUMEN TRANSSHIPMENT GROWS

Ban on imports of Russian bitumen from 2023-02 contributed to the increased demand of bitumen cargoes transshipped via Klaipėda liquid energy terminal.

For 1-9 months of 2023 ~ 73 kt of bitumen loaded in the terminal, which was **42% more** if compared with the same period of 2022.

## BUSINESS OVERVIEW

### REGULATED LNG ACTIVITIES

In 9 months of 2023 Klaipėda's LNG terminal regasification and reloading quantities were 26.5 TWh – 15.9% higher compared to the same period last year.



### STABLE REGASIFICATION AND RELOADING QUANTITIES

19 LNG carriers have arrived at the LNG terminal during 2023 Q3 (both loading and reloading) and 9.25 TWh of LNG have been regasified and reloaded, which is 5.6% less than in the same period a year ago (9.80 TWh).

### AVERAGE EUROPE'S LNG TERMINALS UTILIZATION 52%

The average utilization of Europe's LNG terminals in 2023 Q3 was 52% (vs 62% a year ago). The average **utilization of Klaipėda LNGT** in 2023 Q3 was **77%**.

The average Dutch TTF Natural Gas Index was equal to 32.23 EUR/MWh in Q3 of 2023 vs 169.86 EUR/MWh in the same period a year ago and vs 39.58 EUR/MWh in the previous quarter.

### 87% OF THE NATURAL GAS TRANSPORTED INTO LITHUANIA DURING Q3 WERE IMPORTED THROUGH KLAIPĖDA LNGT

In 2023 9M FY, Lithuania's natural gas consumption was about 9.3 TWh (22% less than in the same period a year ago).

**87%** of all imported natural gas transported into Lithuania's gas transmission system in the Q3 of 2023 were **imported through Klaipėda LNGT** (excluding gas transit to Kaliningrad).

## BUSINESS OVERVIEW

### COMMERCIAL LNG

35% increase in commercial LNG revenue during 9 months of 2023 compared to the same period last year.



### KN OPERATIONS IN BRAZIL AND GERMANY

KN provides Acu LNG terminal operation and maintenance services in Brazil as well as commercial operation services for both Wilhelmshaven and Brunsbüttel LNG terminals in Germany.

### KN HAS COMPLETED COMMISSIONING AND START-UP SUPPORT FOR PIOMBINO LNG TERMINAL PROJECT IN ITALY

The facility has been successfully transferred into the operational phase and now can provide around 7% of Italy's natural gas demand. KN continues on-demand support for SNAM FSRU Italia in operational, marine and safety aspects.

### LNG TRUCK LOADING IN KLAIPĒDA IS PICKING UP

During 2023 9M FY number of loaded LNG semitrailers at the ssLNG terminal in Klaipėda LNG reloading station has **increased by 34%** in comparison to the same period a year ago.



## BUSINESS OVERVIEW

### ESG - ENVIRONMENTAL

Two goals have been set towards KNs environmental progressions by 2030:

1. *To reduce emissions into the atmosphere and enhance air quality.*
2. *To ensure sustainable consumption and production patterns.*

### ENVIRONMENTAL SUSTAINABILITY IMPROVEMENT

2023 9 months **CO2 emissions** in comparison with 2022 the same period was **9,2 % lower** in liquid terminals. This was achieved by Operational Excellence initiatives, monitoring of processes and projects implemented in 2022. When looking at our 2023 year-to-date CO2 emissions, we've encountered a 2% deviation from our target. This is due to different slate of products and addressing increased heating needs as requested by our clients.

Company has ambitious target to reduce CO2 emissions in liquid terminals by 30% till 2030 comparing to 2022 therefore it is planned to proceed further with implementation of Operational Excellence initiatives and value creation projects.



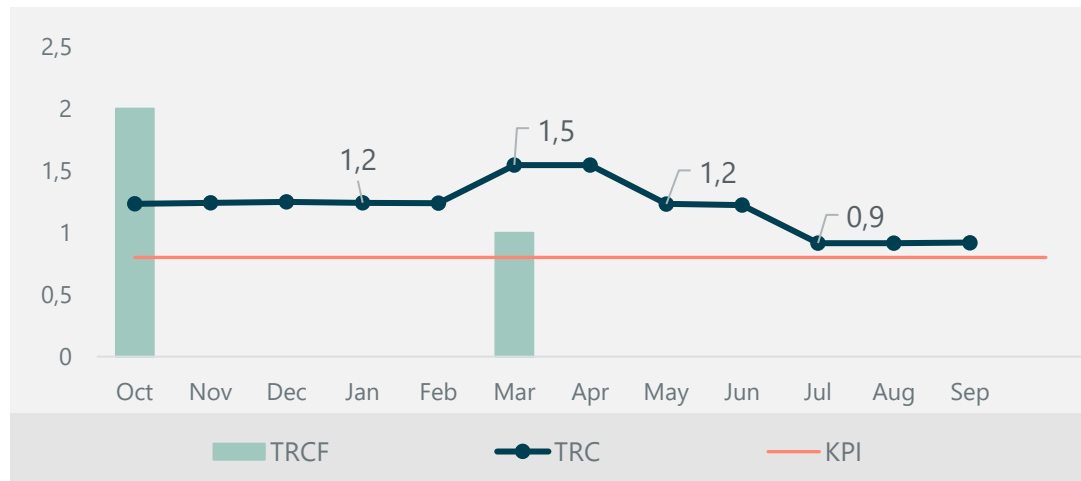
## BUSINESS OVERVIEW

### ESG - SOCIAL

Goal towards KNs social progressions:

1. *Ensure safe and secure working conditions while promoting full and productive employment, and decent work for all employees of KN.*

TRFC – TOTAL RECORDABLE CASE FREQUENCY\*



\* Rolling average 2022-10 / 2023-09

## SAFETY CULTURE IMPROVEMENT

Company seeks the best way to represent safety status and safety culture improvements in the Company. For this purpose, Total Recordable Case Frequency (**TRFC**) measure is selected. It is the rate of how many injuries happened in a workplace. It includes all kinds of injuries that require medical treatment. TRFC gives the company a look at the organization's past safety performance by calculating the number of recordable incidents per 100 full-time workers during a one-year period. The lower the TRFC, the better a company's safety performance appears. Organization can benefit from tracking this metric year-by-year to improve their safety initiatives.

Annual TRCF goal is 0,81. Current value is **0,9**.

### Implemented some initiatives to improve safety in KN:

- *Safety talks* system has been launched in KN. The purpose of *Safety talks* is to raise employees' awareness of safety at workplace.
- *Process safety* was introduced as a separate branch of safety. Company believes that this will further enhance safety culture improvement together with safety related investment projects implementation.

KN Group is working **more than 250 day** without *Number of Lost time incidents*\*\*

\*\* Lost time incident - accidents that occur when a worker sustains a lost time injury (LTI) that results in time off from work, or loss of productive work.

## BUSINESS OVERVIEW

### ESG - GOVERNANCE

Goal towards KNs governance progressions:

*1. Maintain trust and impeccable reputation among KN stakeholders.*

#### GOOD GOVERNANCE INDEX

According the State Governance Centre's most recent Good Governance Index, KN transparency dimension, which includes accountability practices, sustainability reporting etc., was rated as **A+**.

Overall Good Corporate Governance Index increased from **A-** to **A**.





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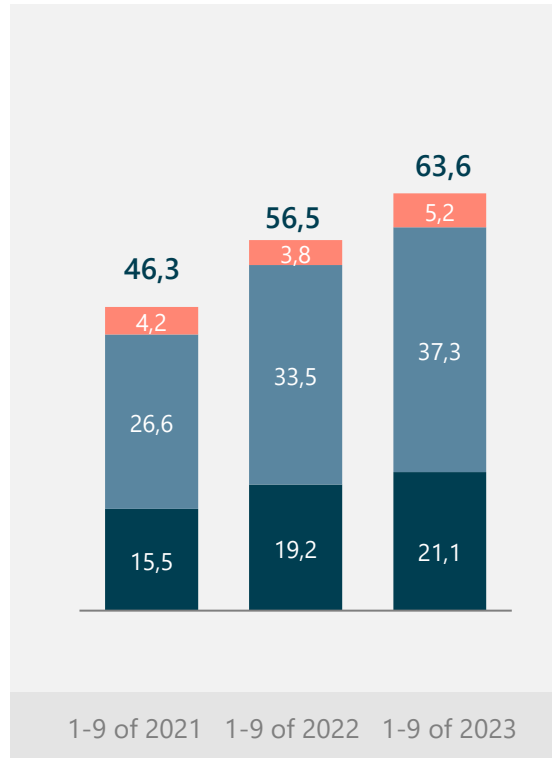
## FINANCIAL RESULTS



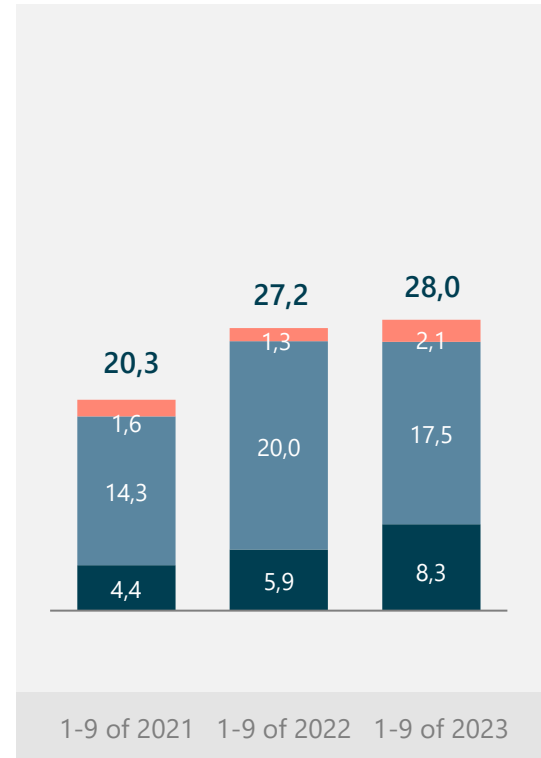


## CONSOLIDATED FINANCIAL RESULTS (UNAUDITED) FOR 9 MONTHS OF 2023, MEUR

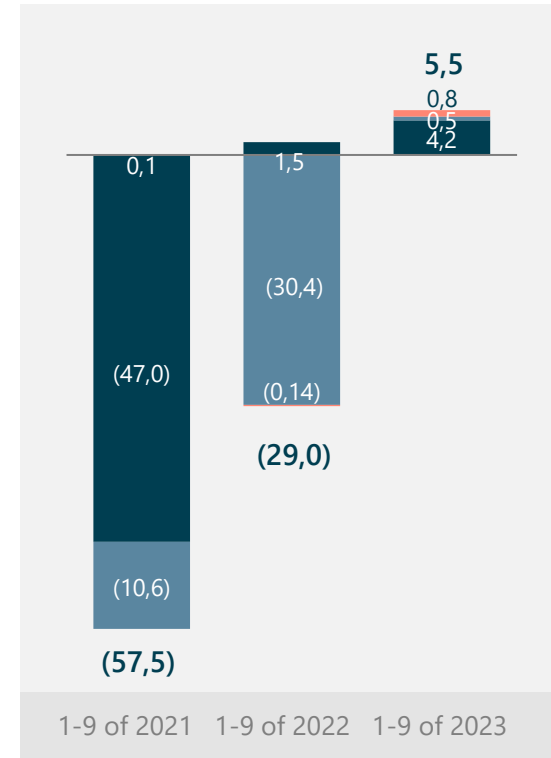
REVENUE



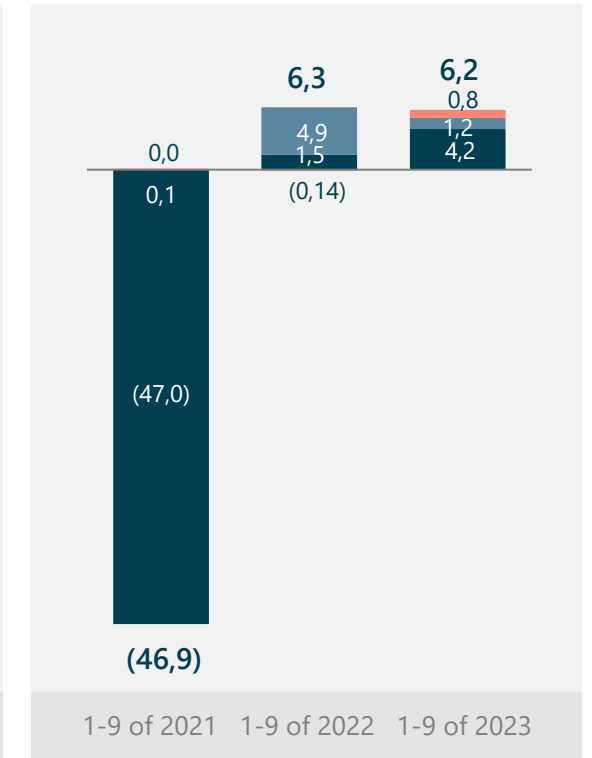
EBITDA



NET PROFIT (LOSS)



ADJUSTED NET PROFIT (LOSS)



### SEGMENTS EXPLANATION

#### ● COMMERCIAL LNG ACTIVITIES (comLNG)

- Small-scale LNG reloading station in Klaipėda
- Operation of LNG terminals in Brazil and Germany
- Business development projects and consultations.

#### ● LIQUID ENERGY TERMINALS

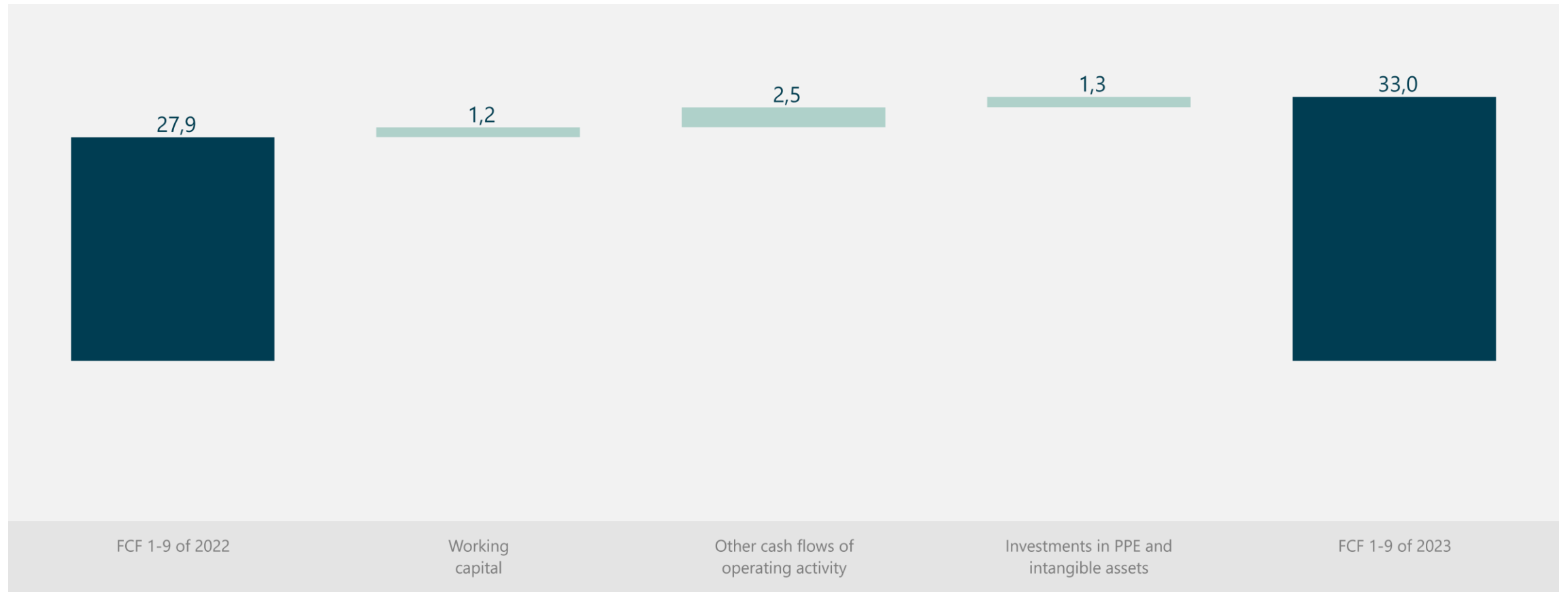
- Klaipėda Liquid Energy Terminal
- Subačius Liquid Energy Terminal

#### ● REGULATED LNG ACTIVITIES (LNGT)

- Klaipėda LNG Terminal

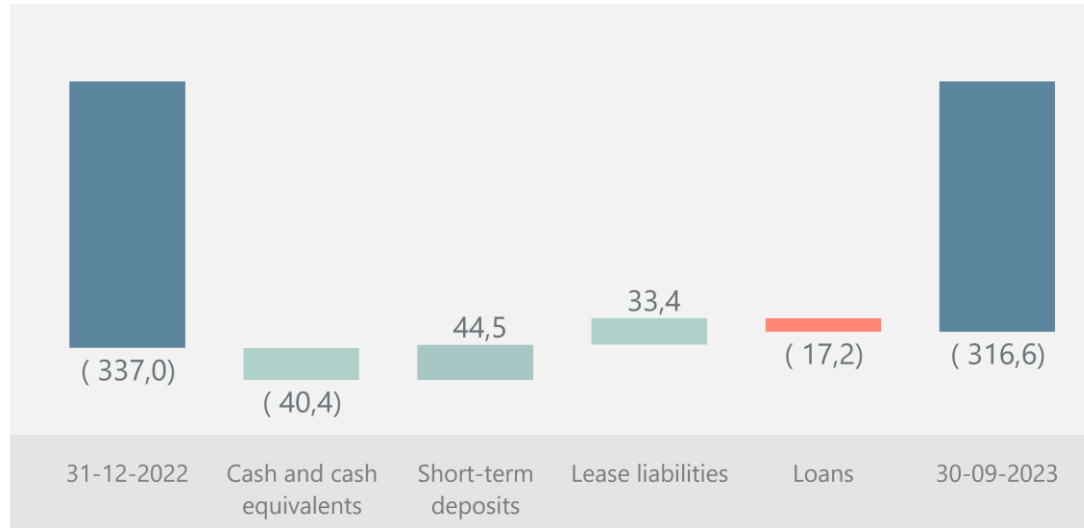
## FREE CASH FLOW (FCF)

FREE CASH FLOW (MEUR)



## LEVERAGE METRICS

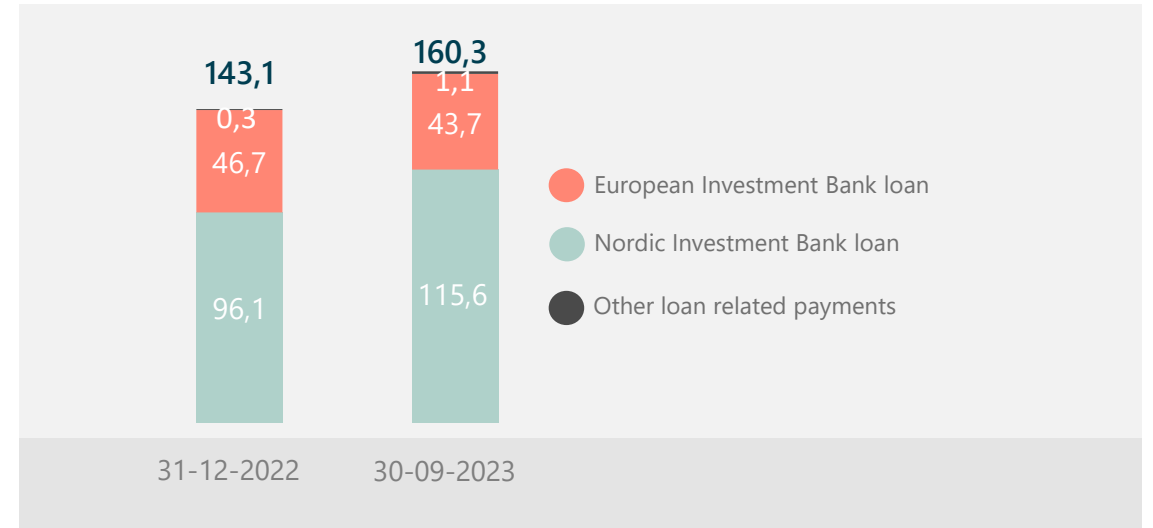
### NET DEBT DEVELOPMENT (MEUR)



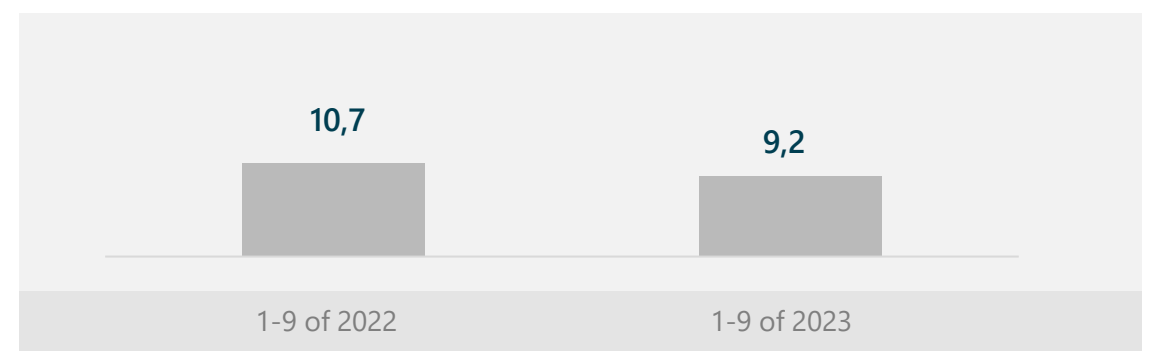
### NET DEBT (MEUR)

MEUR	31-12-2022	30-09-2023
Cash and cash equivalents	72.4	32.1
Short-term deposits	0	44.5
Loans	(143.1)	(160.3)
Lease liabilities	(266.2)	(232.9)
<b>Net Debt</b>	<b>(336.9)</b>	<b>(316.6)</b>

### LOANS (MEUR)

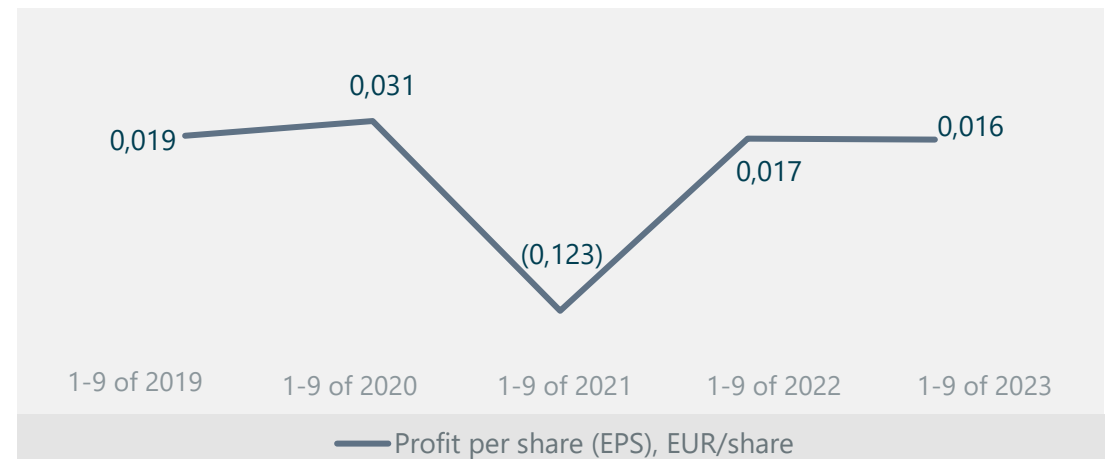
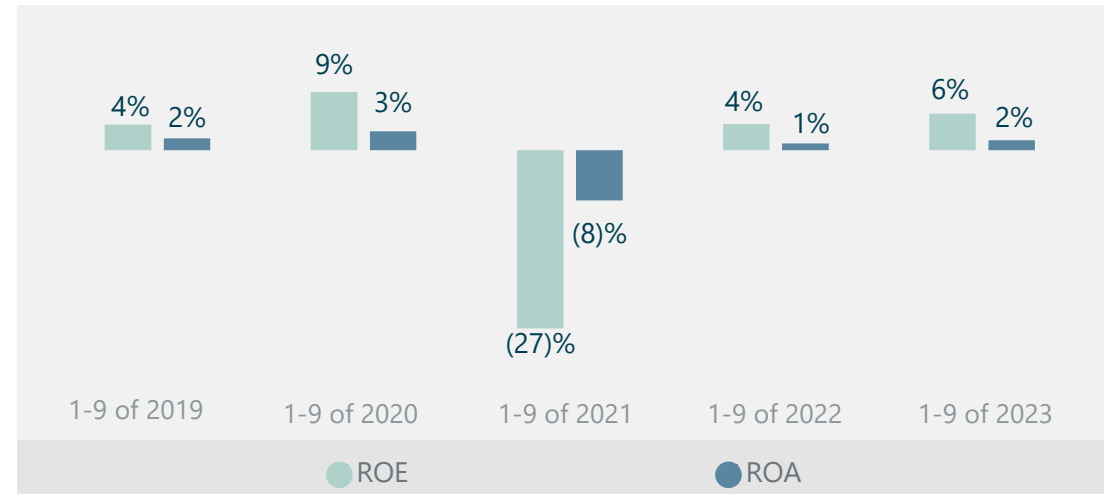
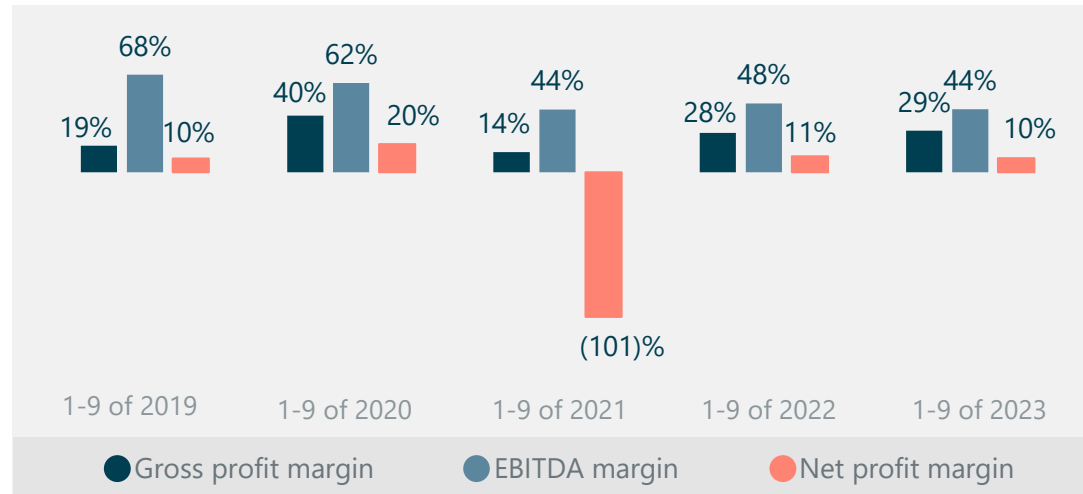


### NET DEBT / EBITDA (TIMES)



## PROFITABILITY AND MARKET VALUE RATIOS FOR 9 MONTHS OF 2023

\* Net profit margin, ROE, ROA, EPS and P/E ratios are calculated based on adjusted profit (loss) and adjusted equity figures.





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OTHER  
INFORMATION



## KN IS ABOUT TO EMBARK ON A TRANSFORMATIVE JOURNEY SPANNING UNTIL 2050



### SETTING THE FOUNDATION

- **Improve value proposition** to strengthen cashflows and expand market for liquid products transshipment towards Southwest
- **Scale up global LNG terminals business activities**
- Set the **foundations for new energy businesses** by acquiring the right capabilities and develop pilot projects
- **Consider ssLNG terminal strategy** to generate additional cash for investments in new energy business

### COMMERCIALIZING NEW ENERGY

- Shift focus on **commercialization** of pilot projects in **carbon transshipment and energy storage**
- **Turn global LNG terminals business into a larger revenue and margin contributor**
- **Maintain business and improve operations** for LNG and liquids terminal, both for oil products and renewables handled at the terminal
- **Capitalize on hydrogen carriers** opportunities that become more pronounced in this period and investigate further opportunities in wind energy generation (e. g. power-to-gas)

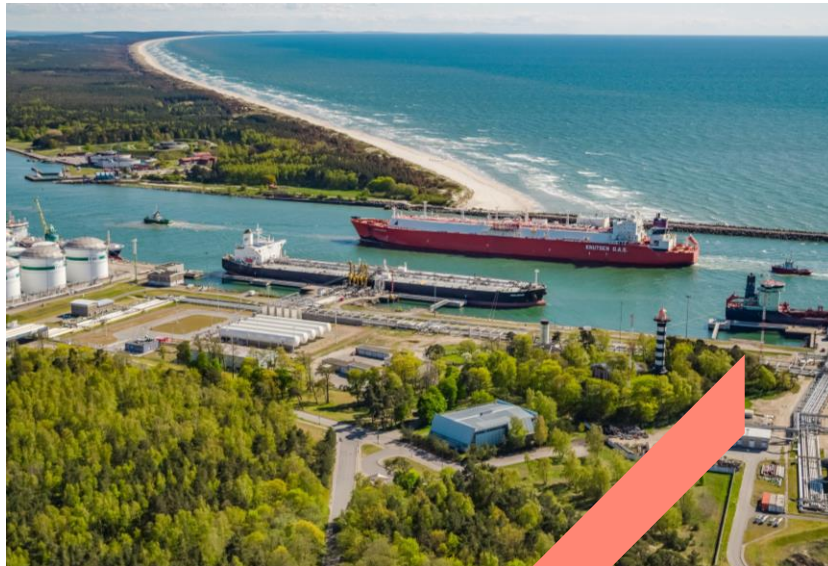
### EXPANDING THE FOOTPRINT

- Take decision on **future of FSRU in Klaipėda**
- **Expand footprint of renewables** further into the wider region
- **Shift focus** of liquid energy terminal further towards renewables
- **Evolve global LNG terminals business activities** in accordance with market shift



## DRIVING SUCCESS: PROFITABLE GROWTH THROUGH CORE BUSINESSES – KEY TO OUR NEW STRATEGY

Based on its 2050 vision, **KN's 2030 strategy** would aim for **improving operations** and laying the **foundation for new energy businesses**



**LIQUID ENERGY TERMINAL**  
Diversify and improve volume & profitability

**LNG**  
Develop green solutions and focus on global business

**NEW ENERGIES**  
Lay the ground for a green transition in the region

Prepare organizational setup for transition of traditional business to new energies

Step-change in ESG activities

Invest in knowledge on new energy fields

Digitalize business processes to be ready for the future



**AIM TO INCREASE REVENUES >50% BY 2030 AND LAY FOUNDATIONS FOR NEW ENERGY BUSINESSES**



**BUSINESS & SOCIAL EXCELLENCE**

Reduce emissions while setting the right platform to accelerate growth in new energy businesses

## ALTERNATIVE PERFORMANCE MEASURES

MEASURE	EXPLANATION *
<b>EBITDA</b>	Earnings before taxes – Financial activity income + Financial activity expenses + Depreciation and amortization expenses + Impairment expenses and reversals
<b>EBITDA margin</b>	EBITDA / Revenue
<b>Gross profit margin</b>	(Revenue – COGS) / Revenue x 100
<b>Net profit margin</b>	Adjusted profit (loss) for the period / Revenue
<b>ROE</b>	Adjusted profit (loss) of the last twelve months / (Equity at the end of Q of the reporting year + Equity at the end of Q of the prior reporting year) / 2
<b>ROA</b>	Adjusted profit (loss) of the last twelve months / (Total assets at the end of the period + Total assets at the beginning of the period) / 2
<b>Price / earnings ratio</b>	Average share price for the period / (Adjusted profit (loss) of the last twelve months / Total number of shares at the end of the period)
<b>Net Debt</b>	Cash and cash equivalents – long-term and short-term loans – long-term and short-term lease liabilities
<b>Net Debt / EBITDA</b>	Net Debt / EBITDA for the last twelve months
<b>Earnings per share</b>	Adjusted profit (loss) for the period / total number of shares at the end of the period

\* Adjusted financial indicators/data are recalculated and presented by eliminating from net profit (loss) the following amounts: (1) the impact of unrealised foreign currency exchange rates (forex) arising from IFRS 16 requirements, (2) respective impact of deferred income tax arising from forex and (3) impact of financial derivatives.



## SHAREHOLDERS AND SHARES

Since 2003 the shares of the Company are listed on NASDAQ OMX Vilnius stock exchange.



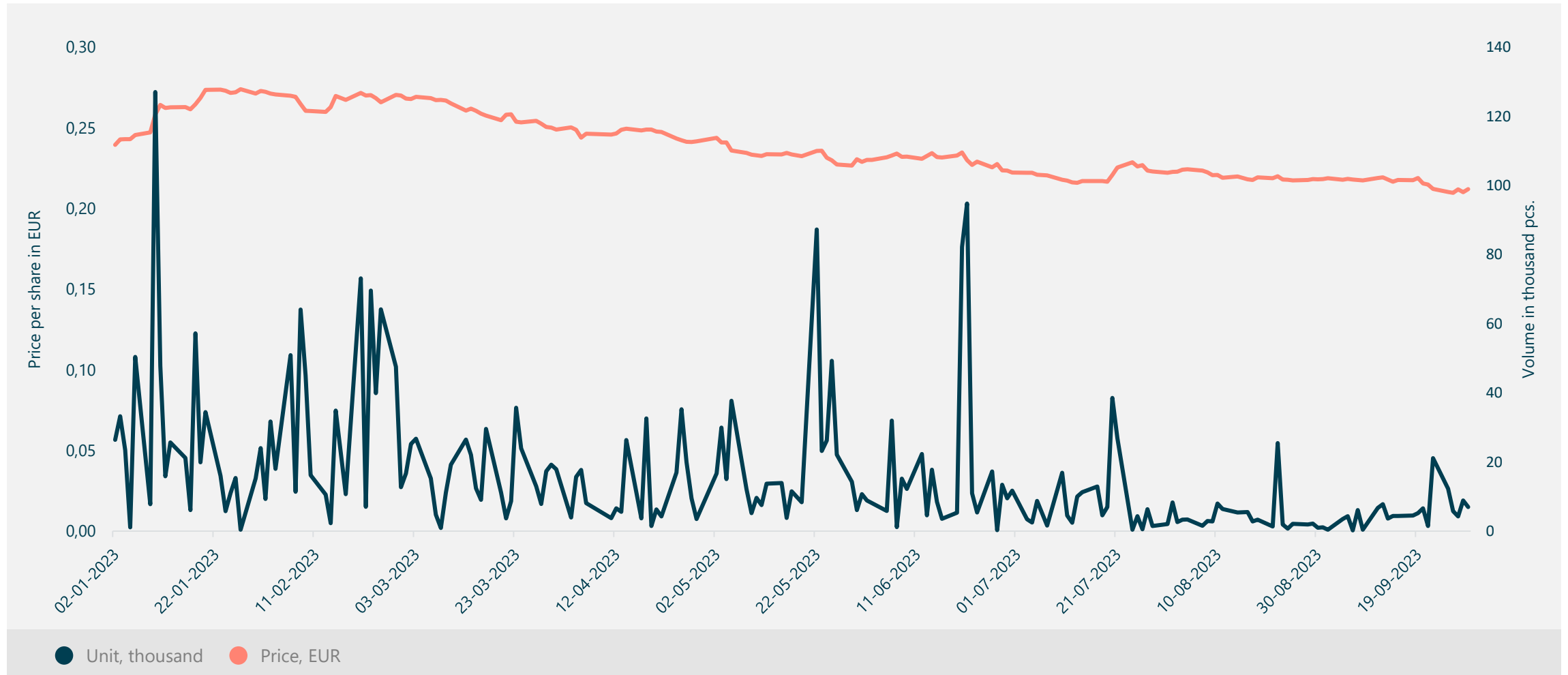
ISIN code – **LT0000111650**

Abbreviation – **KNFIL**

SHAREHOLDER'S NAME <small>(company's name, address, company code of registration)</small>	30 SEPTEMBER 2023		31 DECEMBER 2022	
	Number owned shares (unit)	Part of authorized capital (%)	Number owned shares (unit)	Part of authorized capital (%)
The Republic of Lithuania, represented by the Ministry of Energy of the Republic of Lithuania	275,687,444	72.47	275,687,444	72.47
UAB koncernas "ACHEMOS GRUPĖ"	39,662,838	10.43	39,662,838	10.43
Other (each owning less than 5%)	65,046,303	17.10	65,046,303	17.10
<b>Total</b>	<b>380,396,585</b>	<b>100.00</b>	<b>380,396,585</b>	<b>100.00</b>

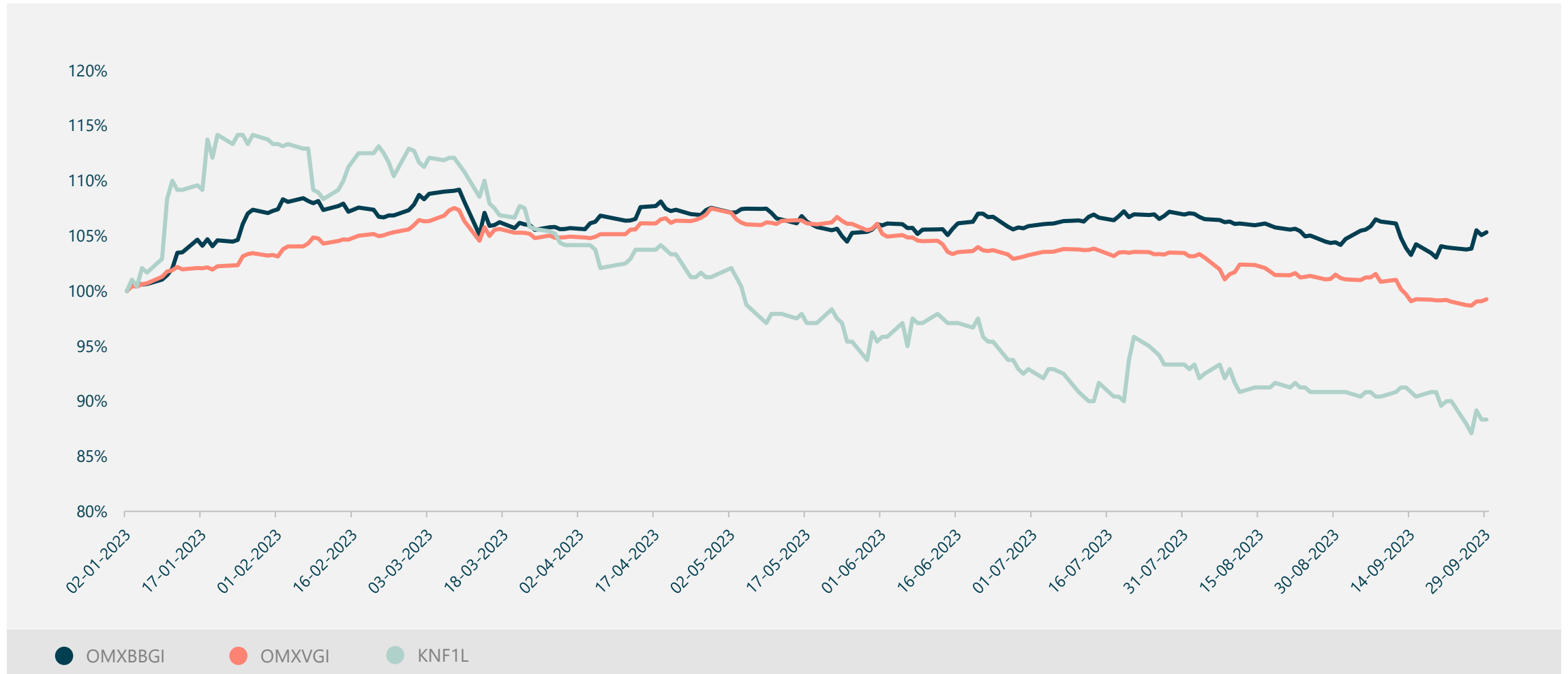
# SHAREHOLDERS AND SHARES

TRADING IN KNF1L SHARES ON NASDAQ VILNIUS STOCK EXCHANGE



# SHAREHOLDERS AND SHARES

KNF1L SHARE PRICE, NASDAQ VILNIUS GI AND BALTIC BENCHMARK GI INDEXES COMPARISON





**THANK YOU FOR YOUR  
ATTENTION**

**AB KLAIPĖDOS NAFTA**

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