



KNOWLEDGE
DRIVEN



FACILITIES IN KLAIPEDA



FSRU INDEPENDENCE
SINCE 2014 10



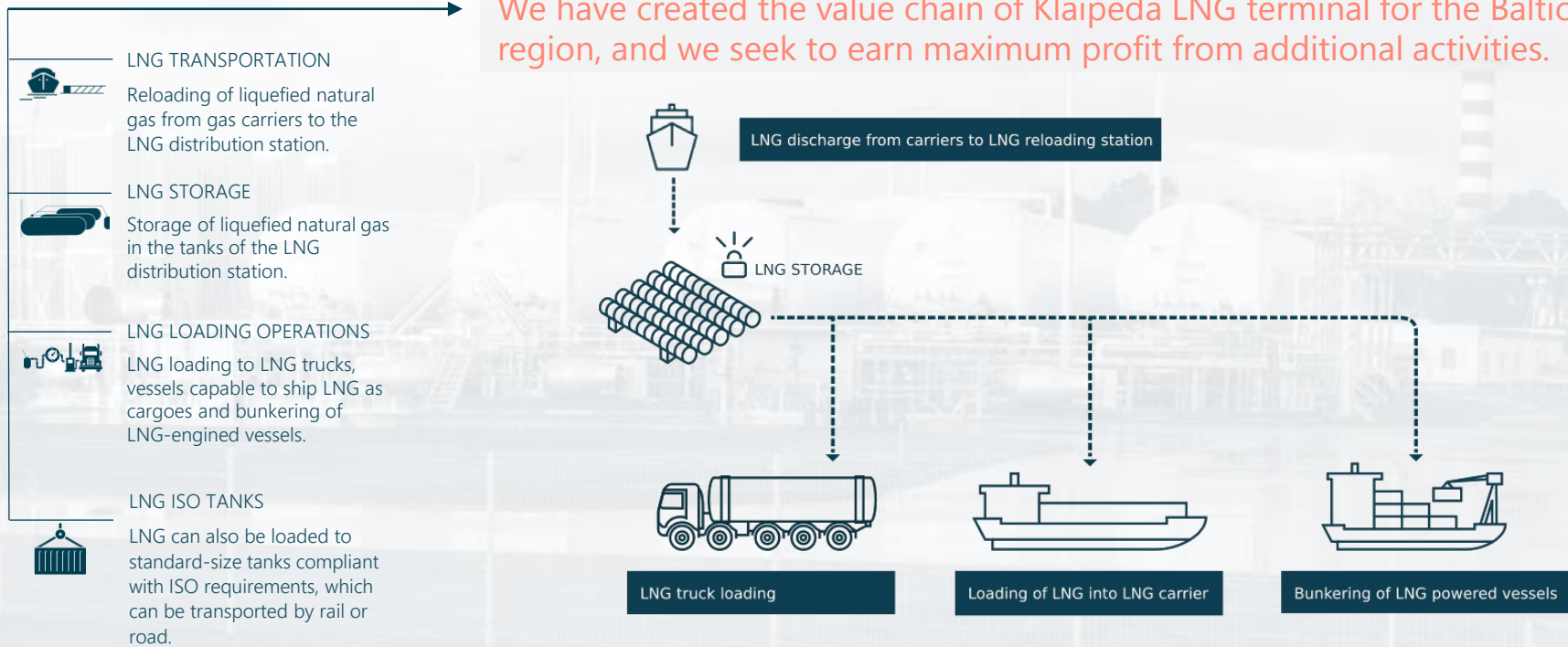
LNG RELOADING STATION
SINCE 2017 10



In Klaipėda, KN operates a liquefied natural gas distribution station – an above ground LNG terminal operated on the third-party access basis. It launched its activities in 2018, and it has 5 LNG tanks with the capacity of 1 000 m3 each.

We have created the value chain of Klaipėda LNG terminal for the Baltic Sea region, and we seek to earn maximum profit from additional activities.

LNG RELOADING STATION SERVICES

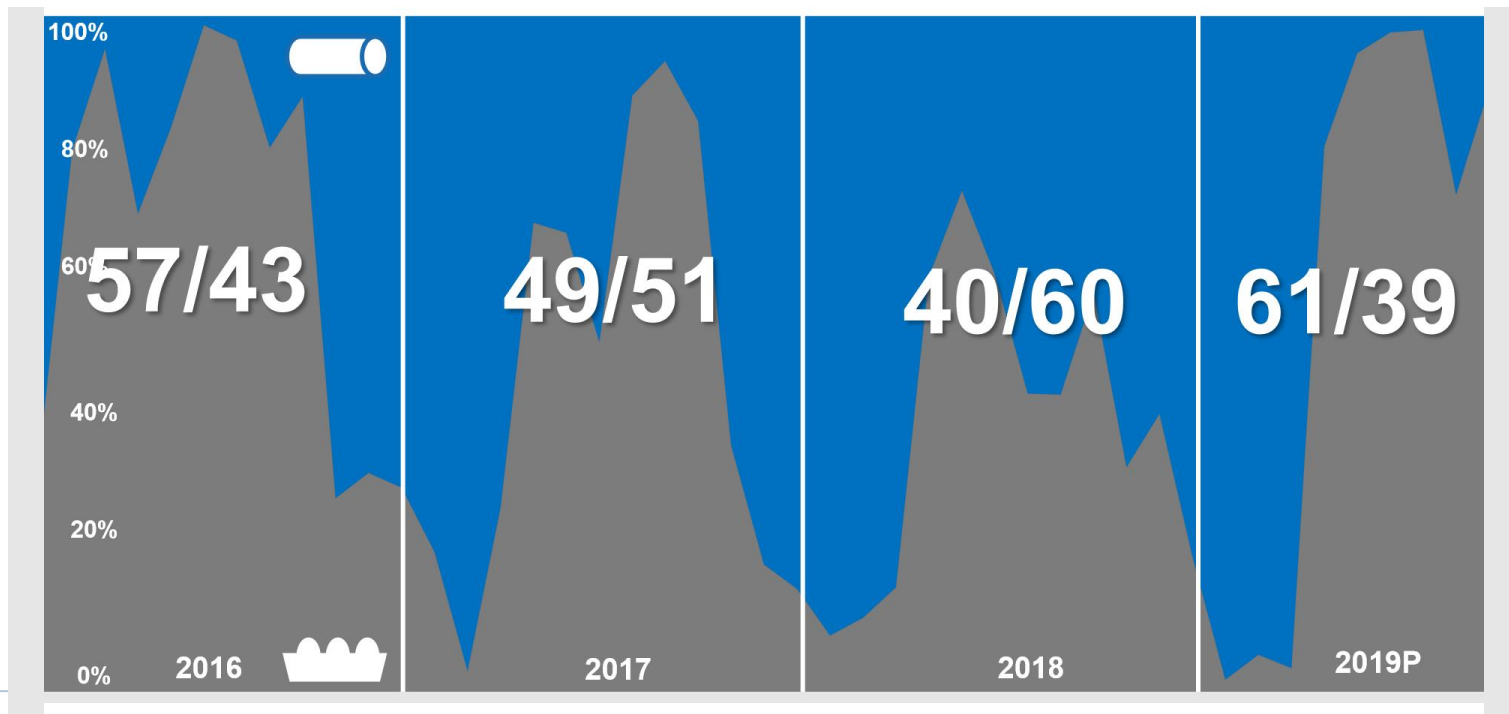


STRATEGIC PARTNERSHIP WITH PGNiG ON SMALL SCALE






















Polish state-owned oil and gas company PGNiG has been selected as the winner of the tender for booking of the capacities of the LNG reloading station in Klaipeda. Contract signed in November 2019 for 5 years



Usage of the large scale LNG terminal

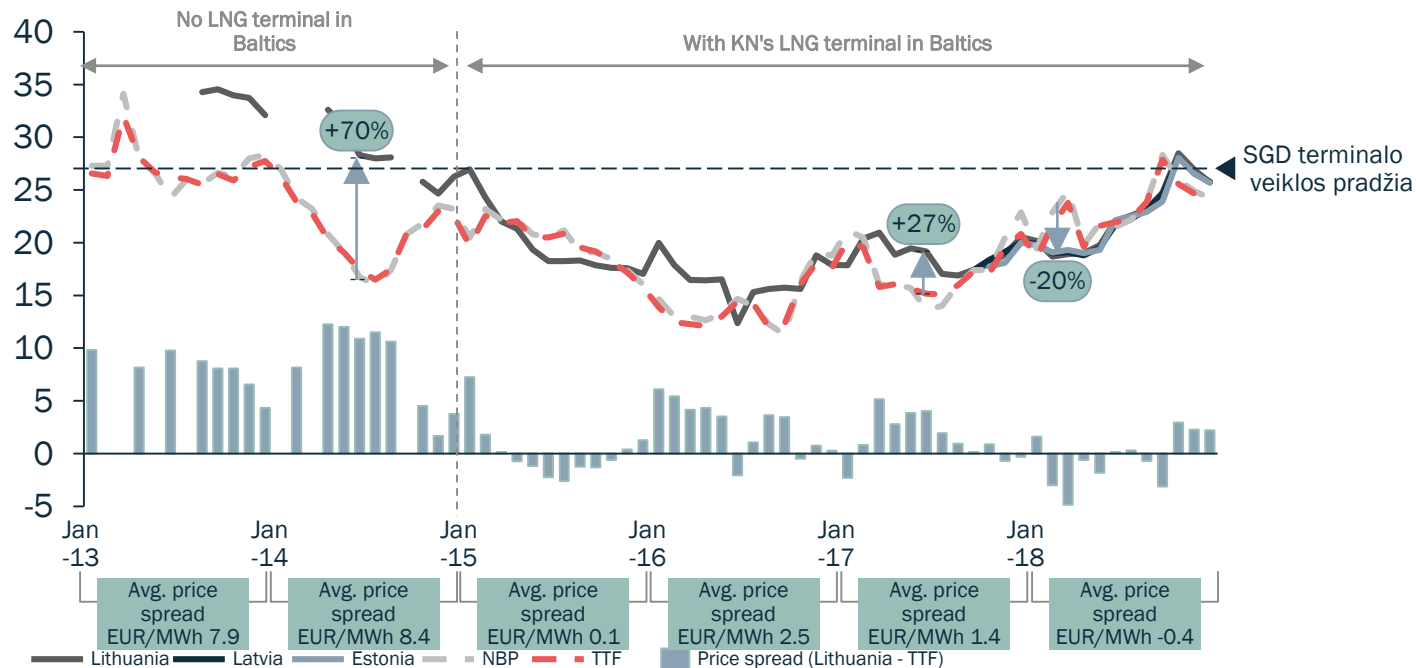


Klaipėda LNG Terminal

	2015	2016	2017	2018	2019	Prognose
Regasif. mlrd. Nm3	0.5	1.3	1.1	0.77	1.67	1.2
Usage of the terminal	13%	35%	30%	20.5%	44.6%	> 30%
Terminal users						> 5
Users of reloading services	-	-				Few
Outreach markets						
Reloading markets	-	-				Few countries
LNG Reloading station						
Users of LNG reloading station	-	-				Few users
Users of LNG reloading to trucks	-	-		> 5 companies	> 10 companies	Few users

Positive effect

Gas prices [EUR/MWh]¹⁾

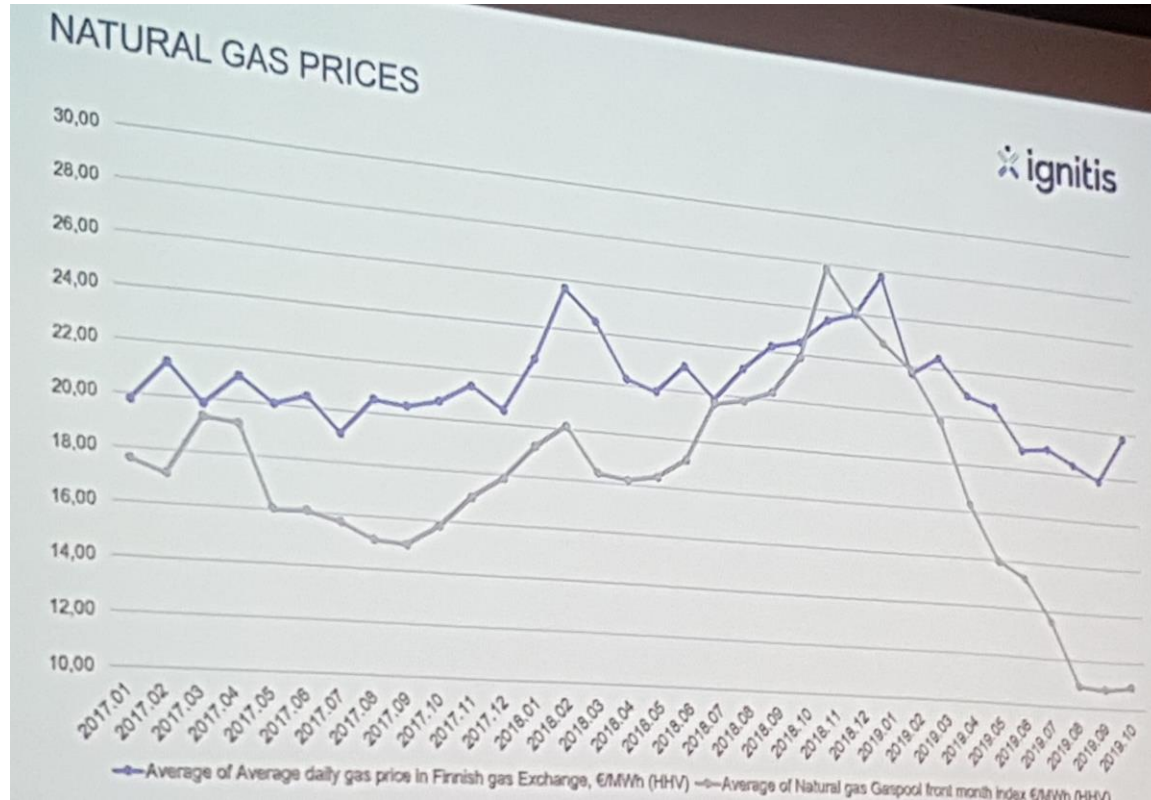


1) Average monthly natural gas price in UAB "GET Baltic" natural gas exchange

Source: NCC; Roland Berger



Dujų importo kaina į Suomiją: palyginimas su biržos indeksu



FUTURE PERSPECTIVES

Lithuanian market integrated with Poland

Lithuanian market not integrated with any market

Lithuanian market integrated with other Baltics and Finland

Map



Market demand

- > Polish market increases from 19 to 21 bcm/a in 2030
- > Integrated market 23 bcm/a in 2030



- > Lithuanian market increases from 2 to 3 bcm/a in 2030



- > Latvian, Estonian, Finish market increase from 4 to 5 bcm/a in 2030
- > Integr. market 8 bcm/a in 2030



Wholesale price

- > No cross-border tariffs, Polish and Lithuanian prices adjust
- > New price expected to be higher than Lithuanian price before



- > Cross-border tariffs between Lithuania and its neighbors
- > Lithuanian price remain the same, ceteris paribus



- > No cross-border tariffs, Baltics and Finish prices adjust
- > New price expected to be lower than Lithuanian price before



Risk

- > New import infrastructure can decrease LNG competitiveness without partnering



- > Other integrated markets decrease competitiveness of LNG via KN LNG terminal



- > New import infrastructure can decrease LNG competitiveness, but chance for add. terminal low



Long term LNG supply solution

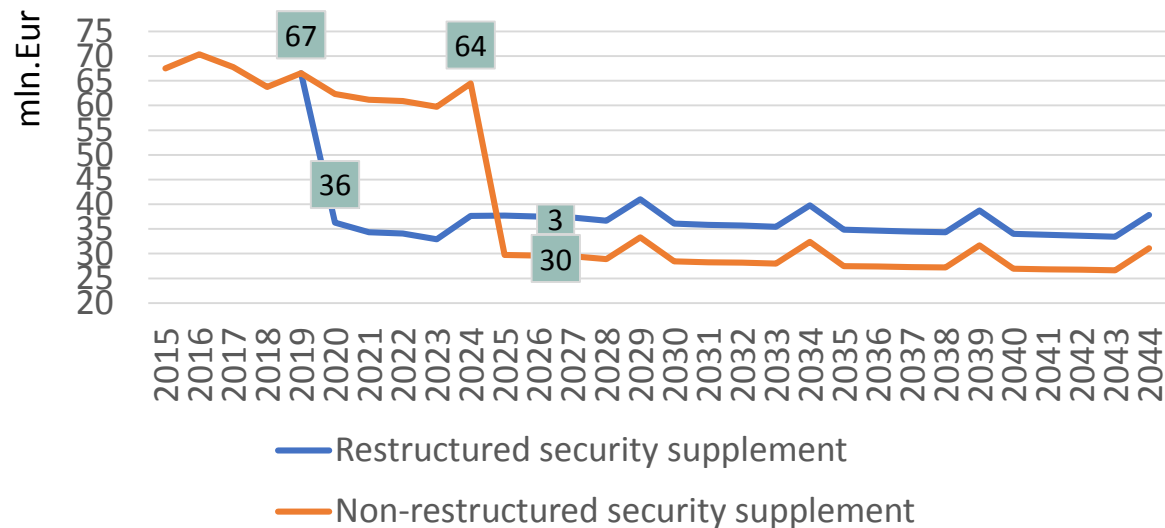
1. Cost optimization

- State aid clearance
- Government and Parliament approval
- Loan from NIB
- NRA decision on LNG supplement reduction

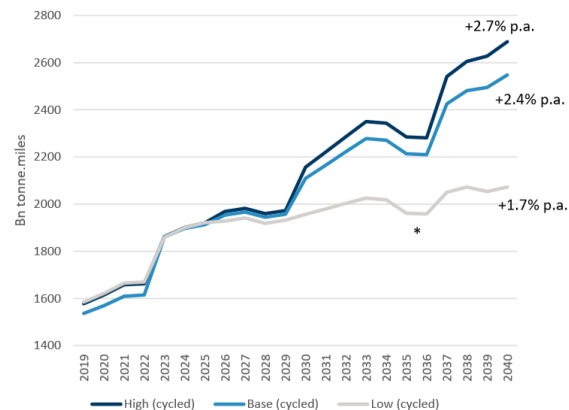
2. FSRU purchase

- Loan from NIB
- State aid clearance
- Selection of the best option
- Purchase

Restructuring LNG security supplement



FTI-CL cycled LNG shipping demand



DRAFT OF KN CORPORATE STRATEGY FOR 2020-2030

3. KLAIPĖDA LNG BUSINESS STRATEGY

3.1. Strategic goals and objectives

Business Vision: To provide access to global LNG markets and competitive gas prices for traders and consumers in the Baltic Sea region states and beyond.

BUSINESS STRATEGIC GOALS <i>What we plan to achieve</i>	Y2025	Y2030	ACTIONS/OBJECTIVES <i>HOW we will achieve strategic goals</i>
<p>A. To become regional LNG hub that increases liquidity and flexibility of the interconnected natural gas systems</p>	<p>Ownership of FSRU, partial O&M</p> <p><i>Implemented long term LNG import solution</i></p> <p>>20 TWH (LNG throughput in Klaipeda terminal)</p> <p><i>Provision of quality LNG services under the sustainable business model and for the benefit of the whole region</i></p>	<p>Ownership of FSRU, full O&M</p> <p>>30 % (FSRU revenues from international counterparties)</p>	<p>A1. <u>Ensure safe and efficient operation</u> of the terminal which meets current and projected regional LNG demand;</p> <p>A2. <u>Purchase FSRU</u> at lowest possible price by securing financing from institutional banks</p> <p>A3. <u>Take over responsibility</u> for O&M after 2024 (part of crew – KN personnel)</p> <p>A4. Contribute implementation of <u>measures that "make the market"</u>: lobby for market expansion and increased use of LNG and natural gas in transport and energy generation</p> <p>A5. <u>Sustain high rate of terminal utilization</u> by further improving efficiency of the flexible LNG services provided at the Klaipeda terminal</p> <p>A6. <u>Work out a business model and regulation that</u> condition cost reflectivity principle and market size ROE for KN</p>

