VENTSPILS NAFTA

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Ventspils Nafta Group

LATVIJAS KUĢNIECĪBA

- One of the largest owner in the handy-size and medium range tanker market segment
- 19 modern tankers
- Average age of the fleet 6.3 years
- Own internal technical and crewing management company

LatRosTrans

- Largest Latvian-Russian joint venture
- One of the largest oil product transportation companies in the Baltic States
- An integral part of Vitol and Transneft logistical infrastructures
- The 21st most profitable company in Latvia (DB TOP500)

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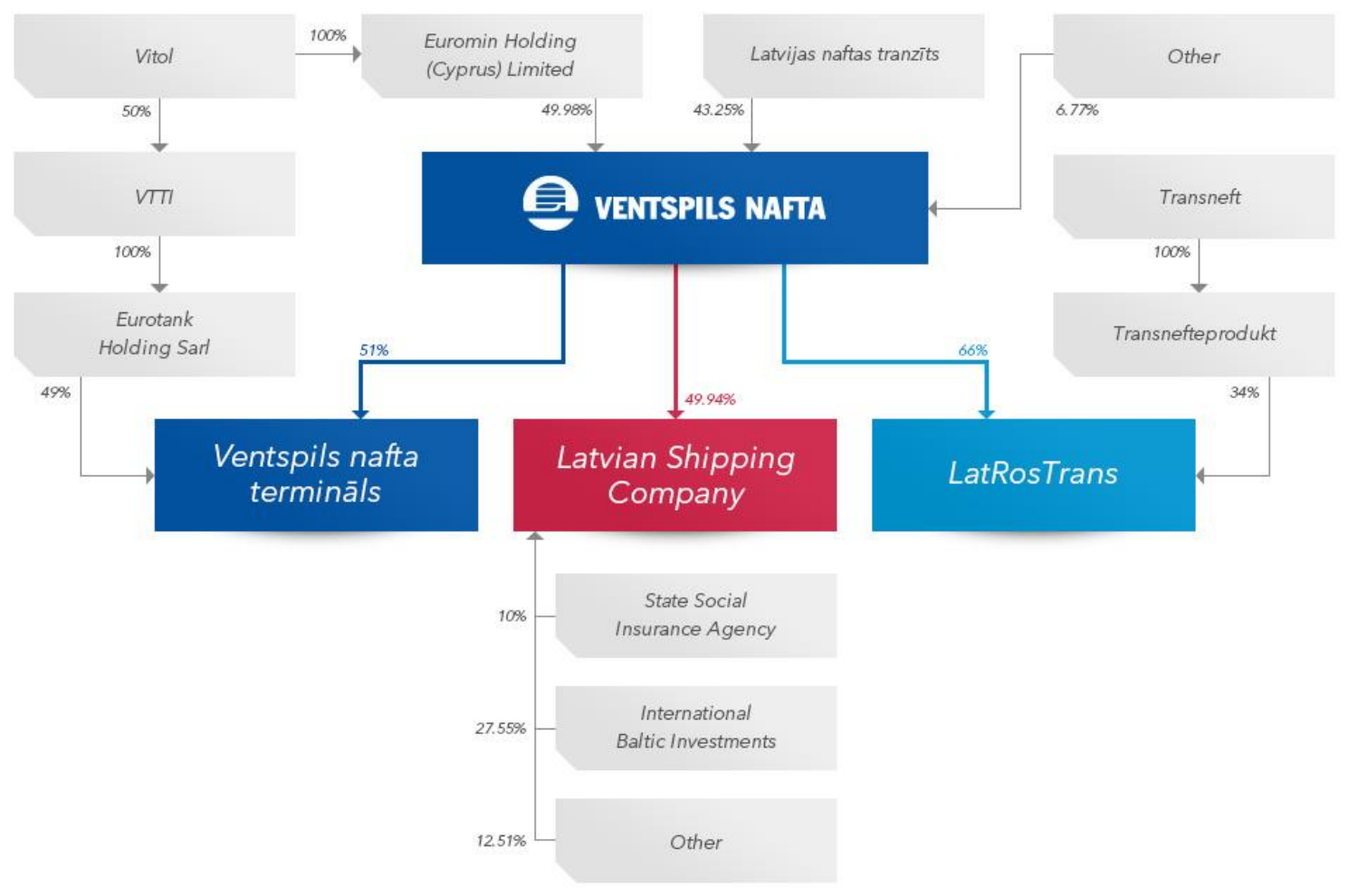
- The largest petroleum transhipment terminal in the Baltic States
- 105 tanks with combined capacity of 1,2 million m3
- Pipeline / rail road connections from CIS countries
- The 19th most profitable company in Latvia (DB TOP500)



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Highlights of 2012

- LSC has stabilised its financial performance – losses decreasing
- LatRosTrans cleaned 2/3 of the crude oil pipeline
- New websites and profiles in social media
- Two companies of the VN Group received Baltic Market Awards in the category "Best improvement of investor relations in the Baltic States in the course of the year"
  - LSC – 1st place, VN 2nd place

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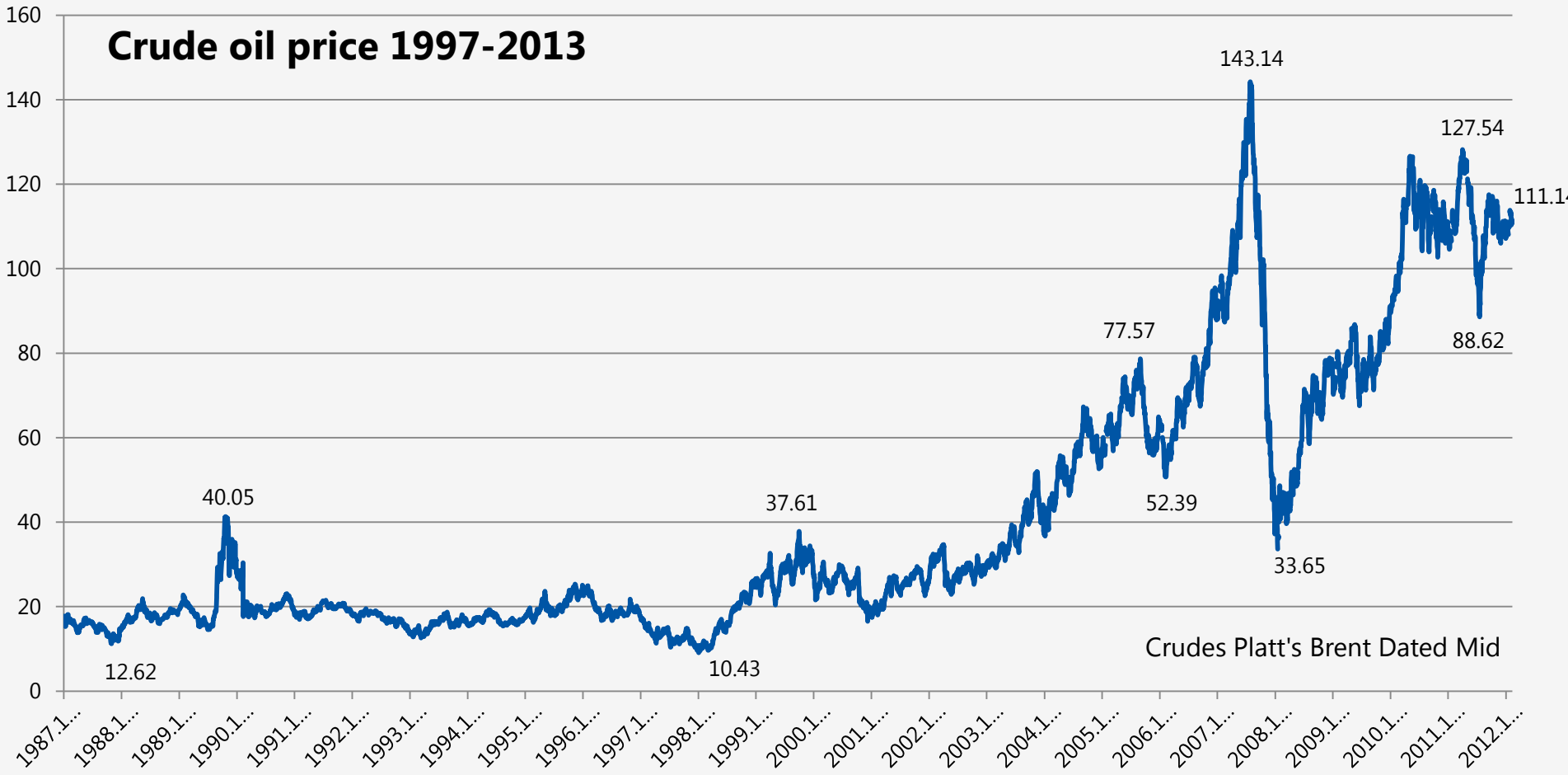
Operational environment in 2012 and 2013

- Influence by regional politics of the countries supplying oil products.
- VNT like all terminals is subject to the shape of the global oil product market
  - regional rail tariffs becoming WTO compliant
  - Latvian rail tariffs need to become more competitive
- LSC's operations
  - global economic situation affecting demand for oil and oil products

Oil market



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FINANCIALS

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LatRosTrans

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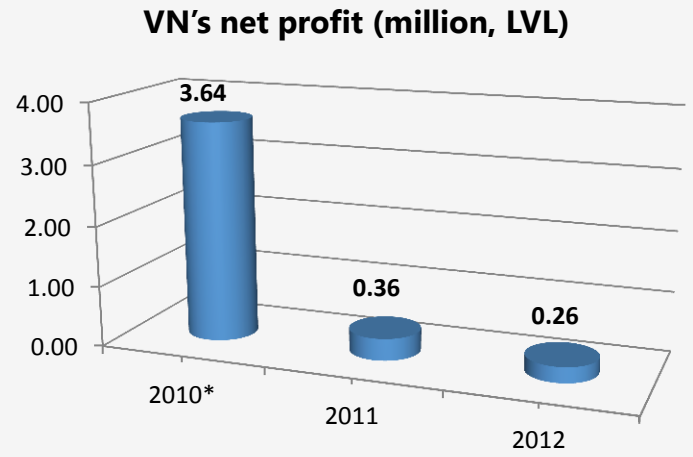
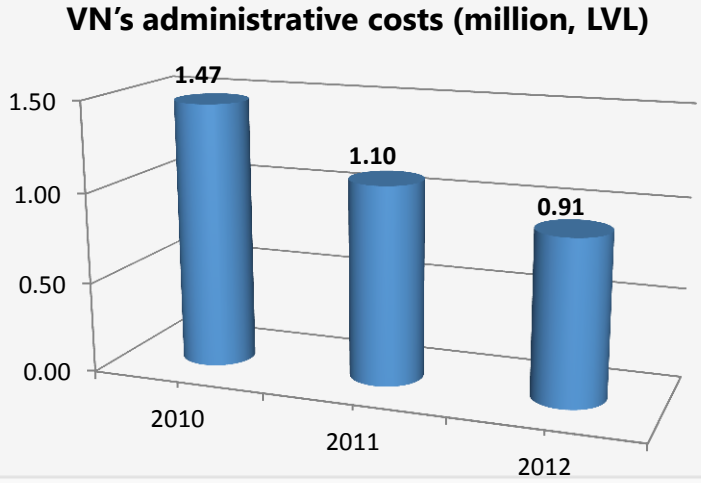
VN's financial performance as a parent company

- VN's revenue in 2012 was 21% less in comparison with 2011
- VN's financial income in 2012 was LVL 269 thousand less than in 2011
- Loans to related companies issued in 2012 (LVL equivalent – LVL 14.37 million)



- In 2012 VN's administrative costs were 17.2% less in comparison with 2011
  - the largest decrease was in professional charges and legal costs – by more than 50%



- **In 2010 foreign exchange gain was LVL 3.78 million*

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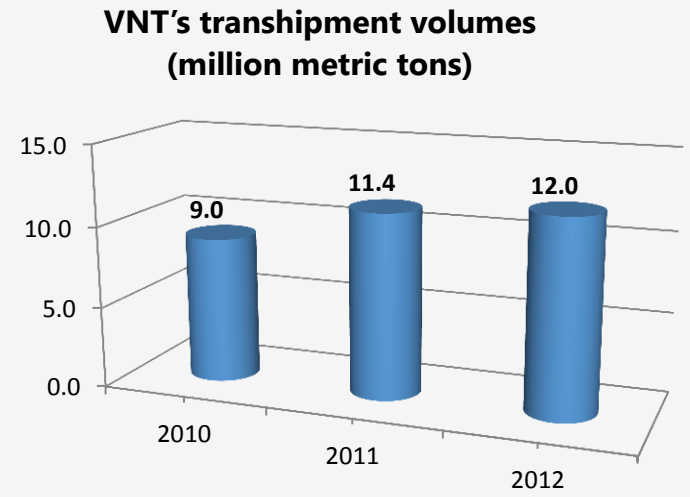
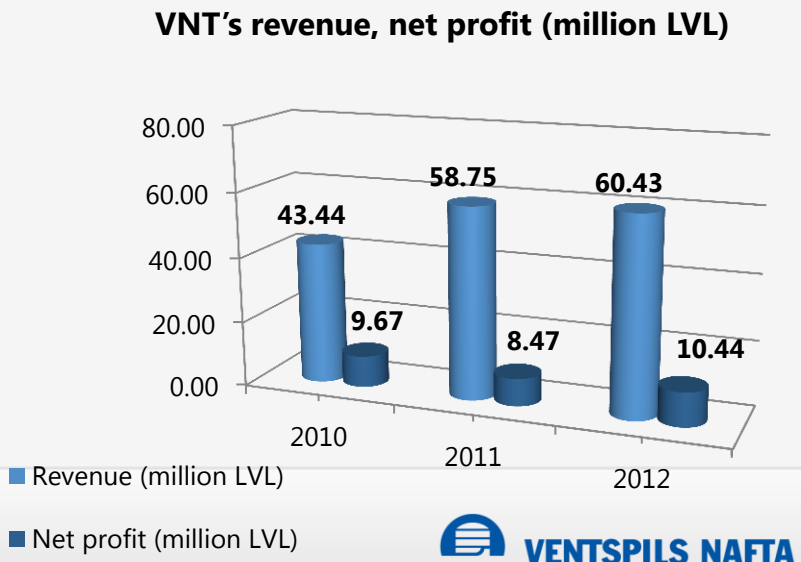
VNT's financial performance

- Transhipment volumes of VNT increased by 5%
- In 2012 gross profit of VNT is LVL 1.12 million more than in 2011
- Administrative costs of VNT are 20.8% lower compared to 2011



- In 2012 net profit of VNT is LVL 10.44 million, which is LVL 1.97 million more than in 2011



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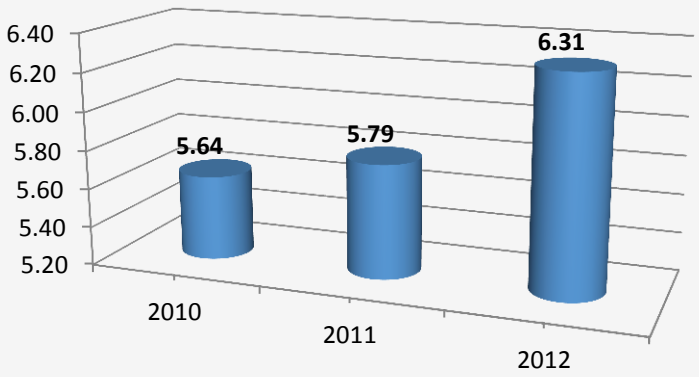
LRT's financial performance

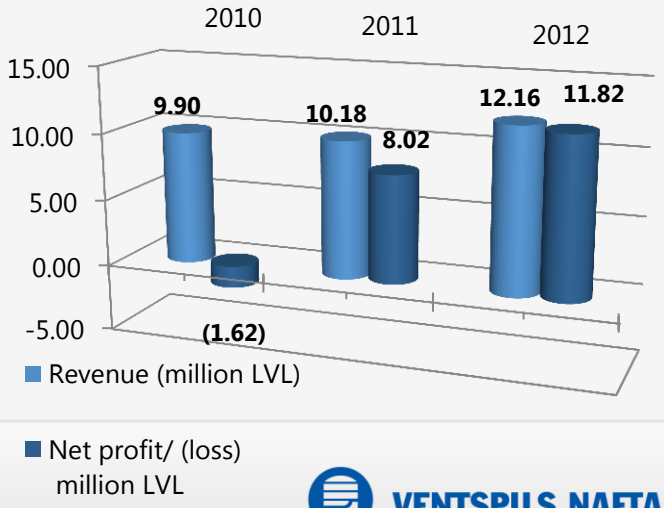
- Transhipment volumes of LRT in 2012 increased by 8.98% or 520 thousand metric tons compared to 2011
- LRT's revenue in 2012 was 19.45% higher compared to 2011
- After a long period of time LRT operated with a gross profit. In 2012 it was LVL 2.1 million (2011: gross losses of LVL 0.41 million)

- In 2012 a net profit of LRT is LVL 11.82 million
- Net profit from sale of crude oil was LVL 15.06 million (2011: LVL 10.41 million)
- Deferred tax liabilities recognized in the amount of LVL 3.94 million

LRT's transhipment volumes (million metric tons)



LRT's revenue, net profit/ (loss) million LVL



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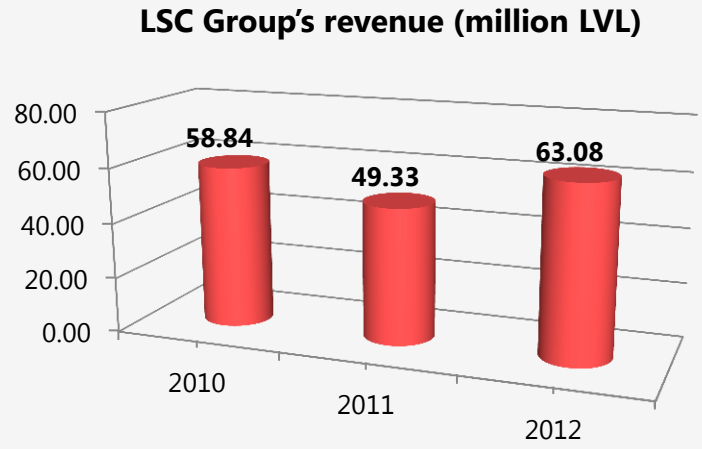
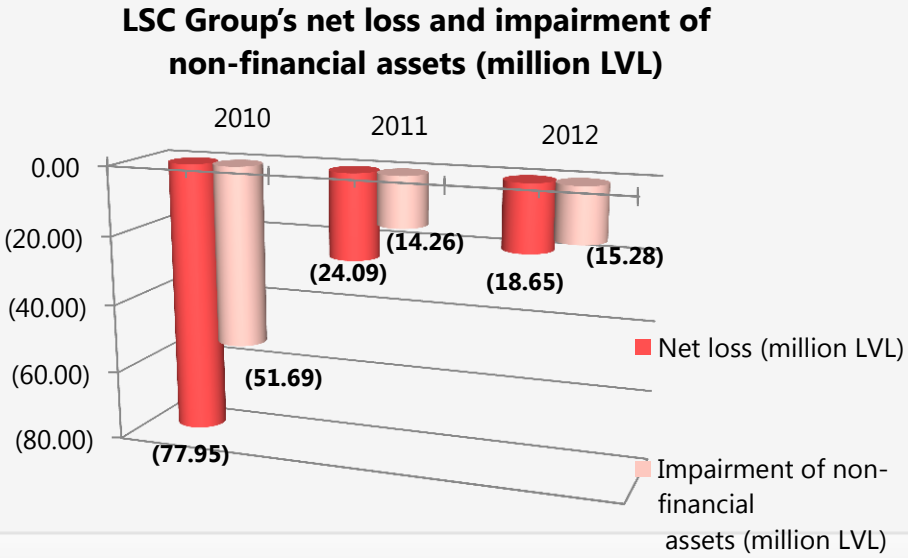
LSC Group's financial performance

- In 2012 revenue of the LSC Group is LVL 13.75 million more than in 2011
- Gross profit has increased from LVL 7.96 million in 2011 to LVL 13.05 million in 2012



- Net loss of the LSC Group in 2012 was LVL 18.85 million.
- The largest proportion of the net loss – LVL 15.28 million is related to impairment of the fleet required by International Financial Reporting Standards



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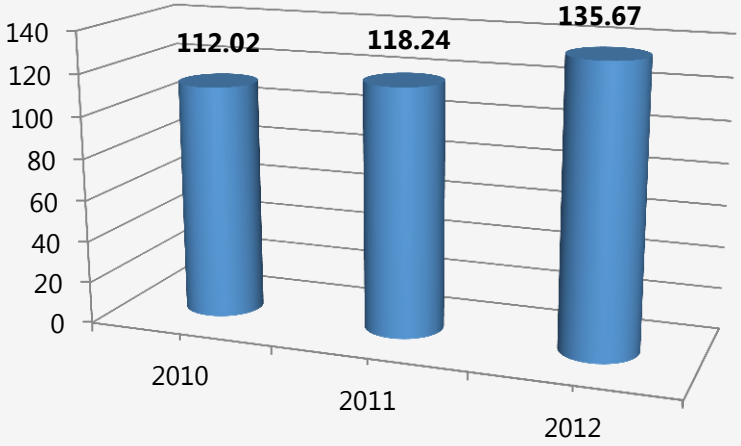
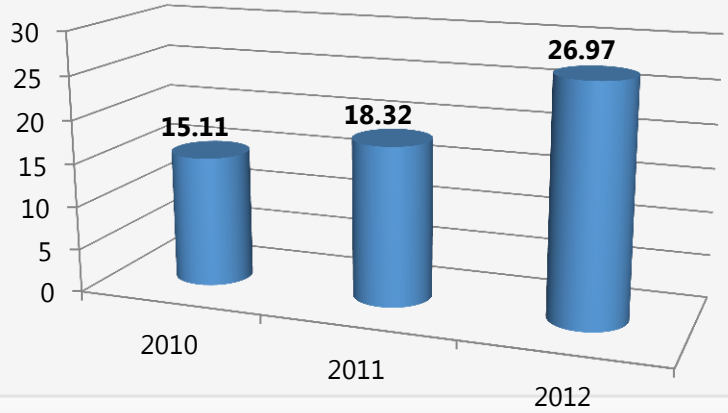
VN Group's financial performance in 2012

- VN Group's revenue is LVL 135.67 million or 14.8% more than in 2011
  - the largest increase in voyage income +LVL 13,72 million
- VN Group's gross profit is LVL 8.65 million more than in 2011 (The largest increase of gross profit was in the LSC Group and LRT)
- >60% of VN Group's revenue is from related parties.

VN Group's revenue (million, LVL)



VN Group's gross profit (million, LVL)



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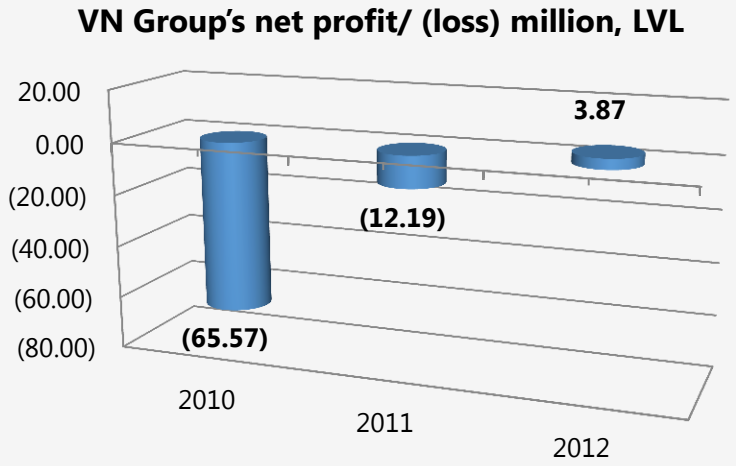
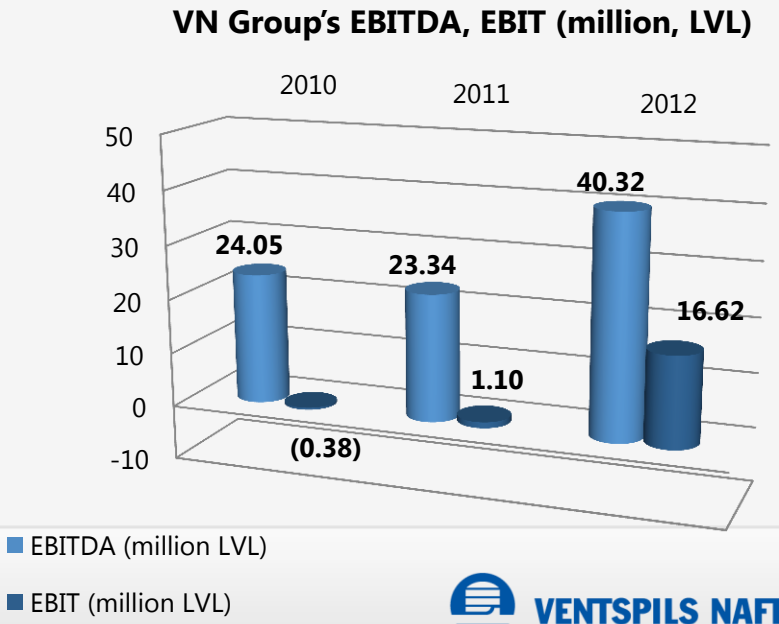
VN Group's financial performance in 2012 (cont'd)

- VN Group's financial result for 2012 is a net profit of LVL 3.87 million
- The net result of the VN Group is still substantially affected by losses of the LSC Group
- Administrative costs of the VN Group are 20.38% lower compared to 2011



- VN Group has invested more than LVL 6.5 million in 2012
  - the largest investments made by VNT (LVL 3.5 million).
- Substantial improvements in general financial performance and earning ability of VN Group



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Highlights for 2013

- All shares in regulated market
  - Conversion of 43’881’398 shares of closed issue
  - The total number of VN shares 104’479’519
- Dividends from daughter companies:
  - Q1: VNT paid dividends for 2011 – EUR 6,145 mln
  - Q2: VNT paid dividends for 2012 – EUR 7,577 mln
  - Use dividends to continue financing LSC Group
- Improvement in product shipping market
- LRT testing old crude pipeline with *intelligent pig*
- Next Business Update in November

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Q&A

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