

# The Petrol Group's Business Plan and Key Targets for 2017 – Summary



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**PETROL**

## INTRODUCTION

The energy sector is considered a key industry, which is characterised by rapid development towards energy efficiency on the one hand and the novel use of existing energy products and development of new energy products on the other. As technologies develop, less energy is needed for a bigger output: although there are more cars on the road they can now travel further on less fuel; thanks to energy-efficient construction and insulated buildings, less energy is required for heating and cooling. Being aware of climate change, which is linked also to using fossil fuels, is an important part of this process. Global efforts are thus centred on mitigating climate change risks while at the same time solutions are sought to ensure affordable and reliable energy supply.

Besides energy trends, the Petrol Group's operations are subject to several other and often interdependent factors, the most important of which are price movements in the oil market, changes in the US dollar exchange rate and overall global economic conditions. In the international business environment, the most pertinent factors influencing the Group's operations include price fluctuations in the oil market and the US dollar exchange rate, which both reflect global economic developments. Petrol's local business environment, however, is shaped by the economic situation (economic growth, the rate of inflation, increase in consumption and production) and measures taken by the Government to regulate prices and the energy market. Moreover, the Petrol Group's operations are influenced by changes in the business environment brought about by digitisation. Development of new business models and digitisation of operations thus feature prominently in the Petrol Group's strategic business plan 2016 – 2020.

In 2017 Petrol's main sales markets (Slovenia and Croatia) are expected to grow although the economic situation will remain difficult.

The Petrol Group has set ambitious goals for 2017. To achieve them, it will pay particular attention to the streamlining of operational and supporting business processes in the year to come.

## THE PETROL GROUP'S FINANCIAL PERFORMANCE PLAN FOR 2017

The Petrol Group's **sales revenue** is planned to amount to EUR 3.6 billion in 2017. **Gross profit** is planned to total EUR 386 million.

The Petrol Group will achieve the results planned for 2017 by selling 2.7 million tons of petroleum products, 151.9 thousand tons of liquefied petroleum gas, 95.7 million m<sup>3</sup> of natural gas, 12.4 TWh of electricity, and through merchandise sales of EUR 524.7 million.

At the end of 2017, the Petrol Group's **retail network** will consist of 493 service stations, of which 317 in Slovenia, 105 in Croatia, 36 in Bosnia and Herzegovina, 13 in Serbia, 11 in Montenegro and 11 in Kosovo. The number of service stations due to be incorporated into the retail network will increase by 6 as compared to the end of 2016, and the opening of new service stations will be evenly distributed throughout the year.

The Petrol Group's **EBITDA** is planned to amount to EUR 150.9 million in 2017, which is in line with the strategy. 79% of the Group's EBITDA will be generated through petroleum product and merchandise sales, 12% through energy and environmental systems, 7% through LPG sales and 2 % through selling and trading in other energy products.

Financial stability, expressed as the net debt to equity ratio and the net debt to EBITDA ratio, shows that the Petrol Group successfully pursues its strategic orientation of bringing down financial debt. The Group's **net debt to equity** ratio is planned to stand at 0.6 in 2017, with the **net debt to EBITDA** ratio amounting to 2.8. The financial leverage ratio is planned at 39%.

The Petrol Group's **net profit** is planned to amount to EUR 74.7 million in 2017, in line with the strategy.

### **The Petrol Group's investments**

The Petrol Group plans to invest EUR 63.2 million in fixed assets in 2017. The Group's investment policy will be focused on the expansion of operations in the area of energy and environmental systems, the expansion of sales in SE Europe markets and on the consolidation of Petrol's sales position in Slovenia. Particular attention will be given to the development of innovative business models and to digitisation.