

The Petrol Group's Business Plan and Key Targets for 2018 – Summary



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PETROL

INTRODUCTION

The Petrol Group operates in one of the most important industries – the energy sector. This sector is rapidly moving towards energy efficiency, novel use of existing energy products and development of new energy products. Being mindful of climate change, which is linked also to the use of fossil fuels, is an important part of this process. Global efforts are centred on mitigating climate change risks, and solutions are sought to ensure affordable and reliable energy supply. As technology develops, less energy is needed for a bigger output. In the case of transport, this means that 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 also required for heating and cooling.

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. The most relevant factors influencing the Group's operations in the international business environment include price fluctuations in the oil market and the market for other energy products as well as the US dollar exchange rate, which all 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.

The Petrol Group's operations go beyond energy operations alone, with the sales of merchandise and services making up an important part of its revenue. The Group is actively involved in the rapid development of trade which is changing purchasing habits of consumers and distribution channels through the digitisation of business.

The Petrol Group has set ambitious goals for 2018. To achieve them, it will pay particular attention to the streamlining of operational and supporting business processes in 2018.

THE PETROL GROUP'S FINANCIAL PERFORMANCE PLAN FOR 2018

The Petrol Group's **sales revenue** is planned to amount to EUR 4.5 billion in 2018. **Adjusted gross profit** is planned to total EUR 440.5 million.

The Petrol Group will achieve the results planned for 2018 by selling 3.1 million tons of petroleum products, 178.4 thousand tons of liquefied petroleum gas, 18.2 million MWh of natural gas, 140.2 thousand MWh of heat, through merchandise sales of EUR 550.4 million and through electricity production, trading and sales.

At the end of 2018, the Petrol Group's **retail network** will consist of 498 service stations, of which 319 in Slovenia, 106 in Croatia, 38 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 3 as compared to the end of 2017.

The Petrol Group's **EBITDA** is planned to amount to EUR 170.1 million in 2018, 55% of which will be generated through petroleum product sales, 19% through merchandise sales, 14% through energy and environmental systems, 8% through LPG sales and 4% through the sales of 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 0.4 in 2018, with the **net debt to EBITDA** ratio amounting to 2.0. The financial leverage ratio is planned at 31%.

The Petrol Group's **net profit** for 2018 is planned to amount to EUR 86.9 million.

The Petrol Group's investments

The Petrol Group plans to invest EUR 99 million in fixed assets in 2018, in line with its strategy. In 2018 the Group's investment policy will be focused on the consolidation of the sales position in Slovenia, the boosting of sales in SE Europe markets, and on the expansion of operations in the area of energy and environmental systems. Particular attention will be given to the development of innovative business models and to digitisation.