

The Petrol Group's Business Plan and Key Targets for 2020 – Summary



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PETROL

INTRODUCTION

The Petrol Group operates in two highly competitive industries – energy and trade. Besides trends in the area of energy and commerce, the Petrol Group's operations are subject to several other and often interdependent factors, in particular changes in energy product prices and the US dollar exchange rate, which are a reflection of global economic trends. In addition, operations in the Petrol Group's markets are influenced to an important extent by local economic conditions (economic growth, inflation rate, growth in consumption and manufacturing) and measures taken by governments to regulate prices and the energy market.

Energy market participants are presented with vast challenges and change. On the one hand, they have to deal with an extremely difficult systemic transition to renewable supply sources, while on the other, a considerable shift can be observed in the behaviour of end customers, who are becoming increasingly engaged. As a main energy company in Slovenia and in SE Europe, the Petrol Group took on an active role in increasing energy independence, energy efficiency and the share of renewable energy sources in the markets where it operates. In the long term, our goal is to have an energy mix that is increasingly friendly to the environment, also when it comes to sustainable mobility.

The sales of merchandise and services make up an important part of the Group's revenue, which is why the situation in the trade sector has a major impact on operations. The Petrol Group takes part in the development of trade which is changing the purchasing habits of consumers and distribution channels through the digitisation of business.

Customers are at the heart of Petrol's operations. This is why we are developing a comprehensive and uniform approach to our customers (omnichannel) which comprises all our communication and sales channels. The omnichannel strategy is a basis for reaching out to the new generations of customers using tailored solutions. As we try to approach our customers in innovative ways, we also change and enhance our internal operating processes, which enable us to develop new solutions and sustainable models.

The Petrol Group's sustainable orientation is built on three pillars:

1. Low-carbon energy company – focusing on a more sustainable energy mix and sustainable mobility, own production of renewable electricity and energy efficiency.
2. Partners with employees and the social environment – focusing on boosting corporate integrity, providing for healthy working conditions and employee satisfaction, with the support for the wider community in all markets where the Petrol Group operates (support for humanitarian, cultural, sports and environmental projects) also having a prominent role.
3. Circular economy – involvement in wastewater treatment, recycling of carwash water and re-use of industrial wastewater. Particular attention is paid to reducing or replacing raw materials used in packaging with recycled and biodegradable materials.

The Petrol Group has set ambitious goals for 2020. At the Petrol Group, we realise that despite careful preparation, informed business decisions, quick response to changes and an efficient risk management system external factors may arise in the business environment which are beyond our direct control and may pose a risk or a threat when it comes to meeting our targets. In 2020 these factors include:

- sales in the EU with extremely volatile market,
- impact of the new valuation model of Real Property Tax Act,
- impact of the Energy Savings Requirements Act in Croatia.

THE PETROL GROUP'S FINANCIAL PERFORMANCE PLAN FOR 2020

The Petrol Group's **sales revenue** is planned to amount to EUR 6.4 billion in 2020. **Gross profit** is planned to total EUR 510 million.

The Petrol Group will achieve the results planned for 2020 by selling 3.4 million tons of petroleum products, 199.6 thousand tons of liquefied petroleum gas and 19.3 TWh of natural gas as well as through the sale of merchandise and related services totalling EUR 467.6 million, through electricity production, trading and sales and through energy and environmental services.

At the end of 2020, the Petrol Group's **retail network** will consist of 522 service stations, of which 319 in Slovenia, 115 in Croatia, 42 in Bosnia and Herzegovina, 20 in Serbia, 15 in Montenegro and 11 in Kosovo. The number of service stations to be incorporated into the retail network will increase by 14 compared to the end of 2019.

The Petrol Group's **EBITDA** is planned to amount to EUR 214.8 million in 2020, 51% of which will be generated through petroleum product sales, 20% through merchandise sales and related services, 12% through energy and environmental solutions, 9% through LPG, 5% through the sales of and trading in other energy products, and 3% through renewable electricity production.

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 2020, with the **net debt to EBITDA** ratio amounting to 1.7. The **financial leverage** ratio is planned at 30%.

The Petrol Group's **net profit** for 2020 is planned to amount to EUR 109.8 million.

Owing to the expansion of its operations, the Petrol Group will have more than 5,500 **employees** at the end of 2020.

The Group's investment policy for 2020 will be focused on accelerating the growth of business in the area of renewable electricity production, on consolidating its position and expanding sales and on expanding its operations in the area of energy and environmental solutions.