

Q1 2018 results

JUGOPETROL AD



Podgorica, April 2018

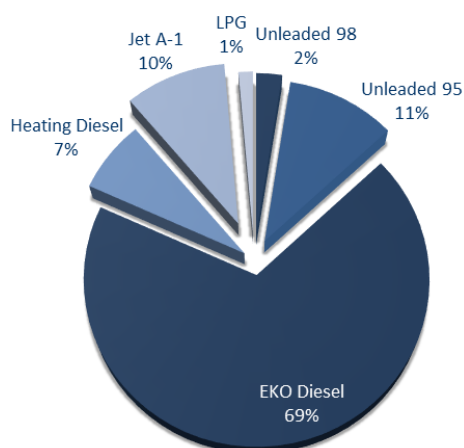


During first quarter of 2018, Jugopetrol continued to realize its strategic vision of being the leading petroleum company in Montenegro, despite being faced with increasing competition and a flat fuel market in Montenegro.

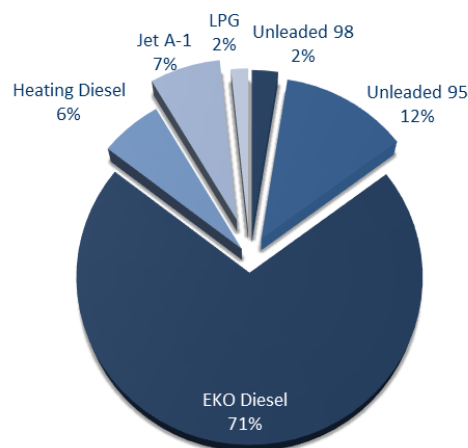
Sales results

Total fuel sales in Q1 2018 were in line with Q1 of last year. Eko diesel continues to be the leading product with 69% of total fuel sales.

Sales per product Q1 2018

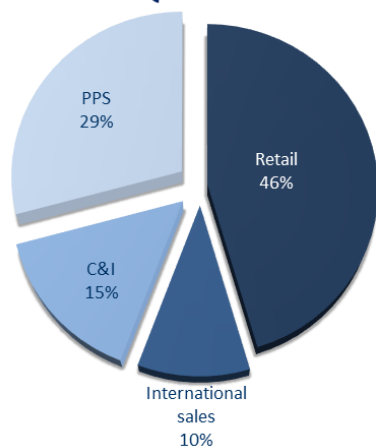


Sales per product Q1 2017

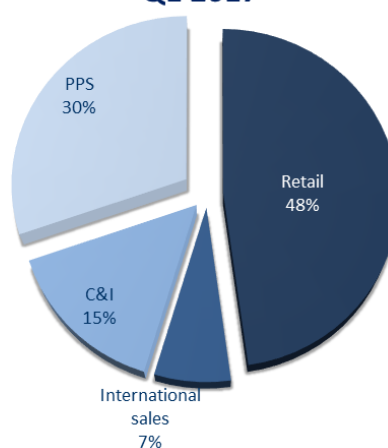


Even though total sales volumes remained flat, the distribution per channel of trade changed as following:

Sales per distribution channel Q1 2018



Sales per distribution channel Q1 2017





Retail Q1 volumes were -5% lower than LY. Drop in Retail was strongly influenced by ongoing reconstructions as several petrol stations were temporarily closed. Retail volumes were further reduced because of increased competition.

These short-term drops in volumes due to petrol stations reconstruction closures were expected, as the company is determined to complete the project, which will significantly improve the appeal of its retail network and make the basis for future growth in sales.

International sales (Bunkering & Aviation) continued high growth from the last year, fueled by higher number of flights in Montenegro and changes in buying patterns of key airliners. Sales to yachts and other vessels were higher than in Q1 last year, but are subject to high seasonality. Sales in off-season are erratic and very difficult to predict. Intensification of sales is expected in the coming months, with strong tourist season expected. Jugopetrol continues to be in a position to benefit from the growth of tourism and higher number of flights expected in the future.

Commercial & Industry (C&I) sales volumes were in line with last year at around 7.100 m³. Jugopetrol continues to be the first choice for fuel in the C&I segment with consistency and reliability of supply that characterizes the largest fuel company in the Montenegro market. Knowing the customer needs for many years, Jugopetrol can ensure excellent quality of products delivered, the speed of loading and technical excellence of the offered solutions.

Private petrol stations (PPS) sales decreased -4% compared to Q1 2017, mostly because of intensified competition from other traders. Several of our customers are experiencing a significant drop in sales, especially in petrol stations near borders due to prices comparisons to neighboring countries.

Financial results

Profitability	Q1 2018	Q1 2017	Q1 2016	Q1 2015
Net Profit Margin %	3,03%	4,42%	-3,07%	0,22%
EBITDA Margin %	5,15%	7,05%	0,17%	2,81%
Gross Profit Margin %	16,53%	19,12%	16,17%	14,91%

Profitability has deteriorated compared to Q1 2017, despite flat volumes. Gross profit has decreased by 12%. The main reason for this are exceptionally high unit margins that we had in Q1 last year, caused by the positive movements in international oil prices. However, long-term trend is still positive with profitability significantly better compared to the same period of 2015 and 2016.

Operating expenses were slightly lower than in Q1 last year (-2%).



Liquidity has been at a very high level at the end of Q1, with current ratio above 5. High values of liquidity ratios mean that the company has consistently been able to meet its short-term liabilities without any issues.

Jugopetrol has an extremely strong financial position emphasized by its low gearing ratio and the fact that it does not have any long-term debt.

Operational update

Jugopetrol embarked upon a project that involves the reconstruction of the majority of its petrol stations in order to upgrade them and to ensure they meet the increasing compliance requirements. After reconstructing three stations in 2017, works continued in 2018, with reconstruction of four stations ongoing.

Jugopetrol is the only petrol company in Montenegro that has a retail network covering the entire country. In order to keep its position as market leader and further improve its offering the company is planning moderate expansion of its network in the coming years. In this respect, a new petrol station is expected to start operating in Q2 2018, while another one is expected by the end of the year.

At the end of Q1 2018, Jugopetrol had 108 employees, compared to 109 for the same period last year. Jugopetrol remains committed to the well-being and development of its employees and continues to invest in their education and training.

As well as in previous years, Jugopetrol is participating in the Government sponsored Internship program. A total of 12 trainees have been employed in 2018.

CSR update

Recognizing importance of CSR, Jugopetrol has been making great strides in recent years to expand its connection with its stakeholders, both internal and external. It has become recognized in the eyes of the public by its willingness to give back to society and accommodate various stakeholders' needs.

Regarding its activities, the focus in 2018 will be on the road safety campaign, whose goal is to educate the public and raise awareness of the benefits of safe driving.

Continuing its practice from last year, Jugopetrol will also continue to support education of young people by granting scholarships for Master studies in Greece.



Investor update

Jugopetrol's stock is one of the most traded stocks in Montenegro. During Q1 2018 share price fluctuated in the range of 11-12€. The number of shares remained constant, while Earnings per share (EPS) decreased slightly in Q1 compared to previous year because of lower profitability.

