

Q3 2018 results

JUGOPETROL AD



Podgorica, October 2018.

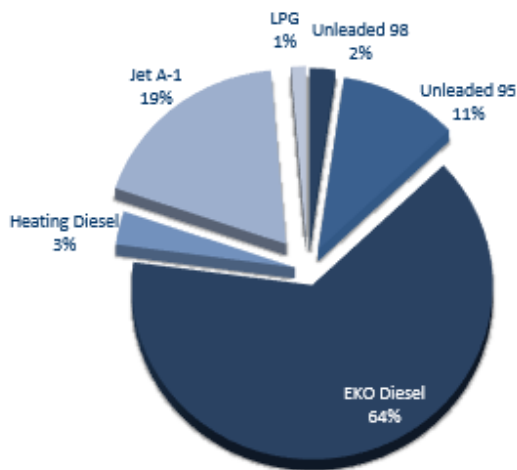


During 2018 Jugopetrol continued to realize its strategic vision of being the leading petroleum company in Montenegro.

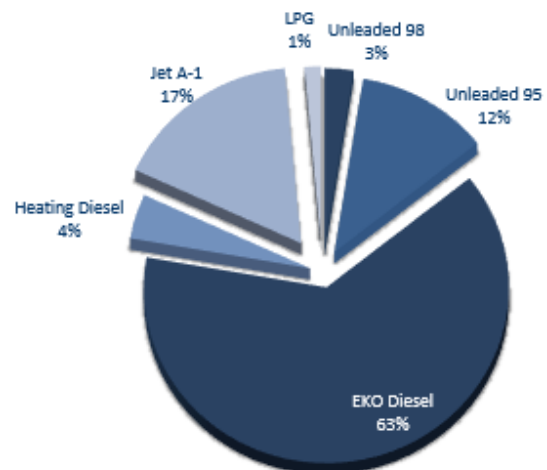
Sales results

Total fuel sales as of the third quarter of 2018 recorded an increase of 2% compared to the same period of last year. Eko diesel continues to be the leading product with 64% of total fuel sales.

Sales per product Q3 2018



Sales per product Q3 2017

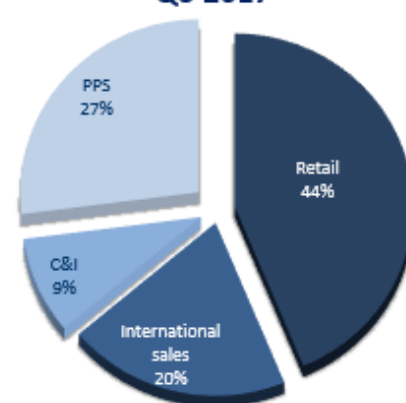


In addition to changes in total sales volumes the distribution per channel of trade changed as following:

Sales per distribution channel Q3 2018



Sales per distribution channel Q3 2017





Retail Q3 volumes were -2% lower than LY. Drop in Retail was strongly influenced by ongoing reconstructions as several petrol stations were temporarily closed.

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 growth from the last year (+7%), fueled by higher number of flights in Montenegro. Sales to yachts and other vessels were lower than in H1 last year, but are subject to high seasonality. Sales in off-season are erratic and very difficult to predict. 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) Q3 sales volumes were 5% higher than last year. 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 increased +3% compared to Q3 2017, which is mainly a consequence of market demand.

Financial results

Profitability	Q3 2018	Q3 2017	Q3 2016	Q3 2015
Net Profit Margin %	5,3%	6,2%	4,8%	2,3%
EBITDA Margin %	7,1%	8,4%	7,8%	4,9%
Gross Profit Margin %	14,6%	17,7%	21,1%	16,2%

Profitability has deteriorated compared to Q3 2017, despite increase in sales volumes. Gross profit is in line with Q3 2017. Operating expenses were slightly lower than as of the Q3 of last year (-2%).

Liquidity has been at a very high level at the end of Q3, with current ratio above 4. 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 already completed, reconstruction of three more stations is under way.

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 in Lapčiči started operations in June 2018, while another one is expected by the end of the year.

On June 1st, Jugopetrol launched the Economy fuel platform holding a press conference for the media and advertising the benefits of additivated fuels. At the same time, an advertising campaign started through various communication channels (TV, radio, internet).

At the end of the Q3 2018, Jugopetrol had 102 employees, compared to 110 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 is on the road safety campaign, whose goal is to educate the public and raise awareness on this subject.

Continuing its practice from last year, Jugopetrol supports the practice of scholarships this year as well. Three students have been selected to expand their knowledge and attend Master studies programme in Athens.



Investor update

Jugopetrol's stock is one of the most traded stocks in Montenegro. As of Q3 2018 share price fluctuated in the range of 11-12€. The number of shares remained constant, while Earnings per share (EPS) increased compared to previous year because of higher profitability, mostly in Aviation segment.

