

NESTRO PETROL A.D.

Nestro Petrol A.D. is a commercial asset of the Oil Refinery and Sales segment engaged in the retailing of primary production types manufactured by Modriča Motor Oil Plant A.D., as well as oil products procured from external manufacturers.

Nestro Petrol A.D. has its own production assets in the Republic of Srpska and in the Federation of Bosnia and Herzegovina. The filling station retail chain was established in 1945, and has been a part of Zarubezhneft Group since 2007.

Oil products and additional goods are retailed via a retail chain that has included 85 active fuel stations as of the end of 2019.

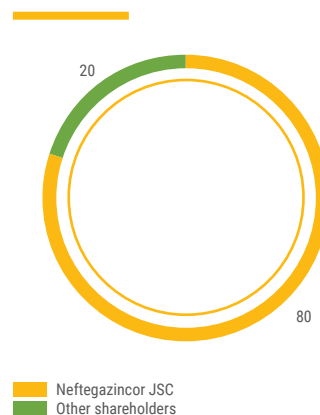
OPERATIONAL INDICATORS

The sales volume of oil products in 2019 is 5% lower than in 2018 due to the increasing number of competing fuel stations (about 20 new stations per year). As a result of changes in participation conditions in the state program of agricultural producer support, the number of enterprises that could have participated in the program has reduced two times. This resulted in reduced sales of Nestro Petrol in this area by 1.5 thous. tons relative to 2018.

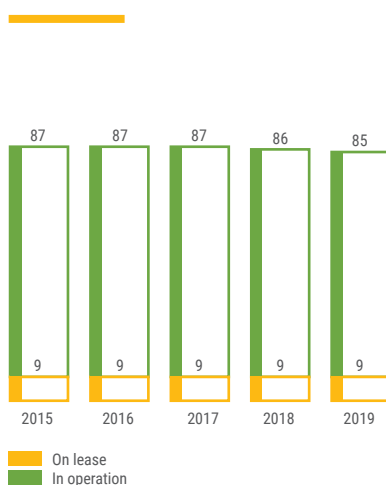
Revenue from selling additional goods at fuel stations increased by 5% as compared to the previous period, which had a positive effect on the company's operational performance.



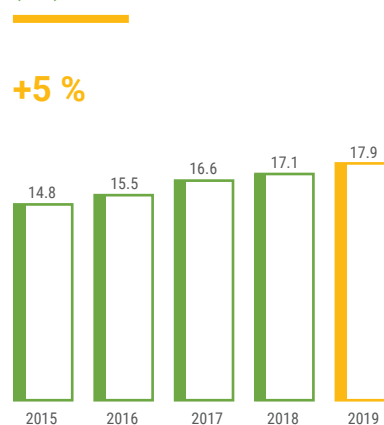
Ownership structure, %



Number of fuel stations, units



Revenue from selling additional goods (AG), MM EUR



The number of operating fuel stations as of the end of 2019 has been reduced by 1 station as compared to the previous period.

The level of daily fuel sales per single filling station in 2019 was 2.8 tons/day, which is by 0.1 tons/day less than in 2018.

The primary reasons for sales decline per single filling station is active development of competitors.

FINANCIAL INDICATORS

Primary indicators of Nestro Petrol A.D. operational performance show positive dynamics in 2019 relative to 2018.

Revenue from sales in 2019 is 2% lower than in 2018, the reduction being related with the decreased sales volume.

The absolute amount of operating expenses in 2019 corresponds to the level of 2018.

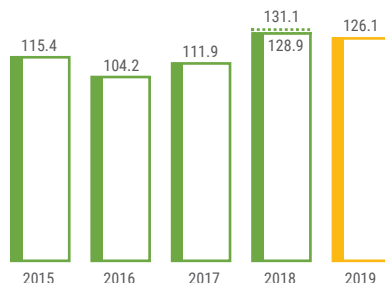
The Company investments in the financial year are fully funded by means of own assets.

Primary investment areas in 2019:

- fuel stations reconstruction;
- installation of vending equipment in shops and cafes at fuel stations;
- beginning to finance the construction of a new petrol station in Zalužani.

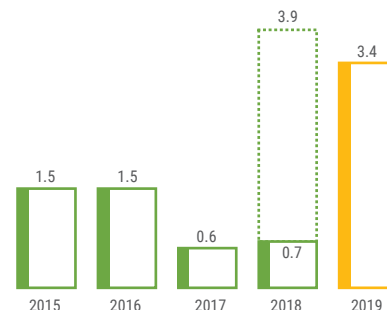
Revenue, MM EUR

-2 %



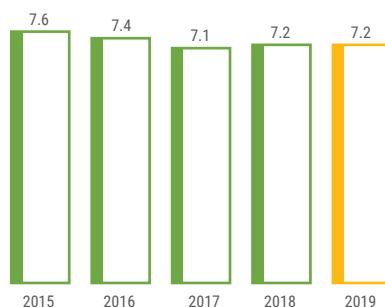
FCF (to %), MM EUR

+386 %



The Nestro Petrol A.D. net cash flow in 2019 exceeds the previous year level by 2.7 MM EUR.

OPEX, MM EUR



Structure of 2019 investments, MM EUR

Name	Amount
Capital costs for maintaining the filling station network	0.29
Reconstruction and purchase of technological equipment	0.25
Other	0.05
Development of the basic network of filling stations	0.16
Retail equipment for shops and cafes	0.16
Filling station network enlargement	0.24
Filling stations construction	0.24
TOTAL	0.69