

Unimot – the largest independent Polish fuel importer

CONSOLIDATED FINANCIAL RESULTS OF THE UNIMOT GROUP
2017 i Q4 2017

21st March 2018



PLN 3.0 bn revenues

PLN 38.4 m EBITDA

PLN 43.4 m adj. EBITDA

PLN 22.4 m net profit

1.3% EBITDA margin

1.4% adj. EBITDA margin

EBITDA adjusted by one-off costs related to completion of the National Indicative Target (NIT) for compulsory reserves (prudent interpretation of the current law)

DIESEL OIL AND BIO

Increase of sales volumes by 11.9% yoy

Start of wholesale diesel oil delivery directly from Schwedt refinery

Renewal of the concession for liquid fuels trading and extending it for petrol and light heating oils

LPG

Increase of sales volumes by 9% yoy

Increase in net profit from PLN -3.2 m in 2016 to PLN 7.5 m in 2017

NATURAL GAS

Increase of sales volumes by 77,0% yoy

Completed construction of LNG regasification station and gas network in Białowieża

ENERGY

Increase of sales volumes by 219.1% yoy

Increase in the power delivery points and cooperating energy producers

AVIA

15 new AVIA franchising stations

TANKUJ24

Launch of Tankuj24 application – 51 thousand downloads, 13 thousand registered users, approx. 100 petrol stations in the scheme*

CAPITAL MARKET

Raised PLN 96.6 m net from public share issuance

Debut on the Main Market of the Warsaw Stock Exchange (03/07/2017)

UNIMOT S.A.

Change in the Management Board

PLN 9.8 m of dividend payment (PLN 1.20 per share)



Delivery on the IPO declarations and effective use of the resources obtained from the issuance

11 January 2017

Financial Supervision Authority approves the prospectus of Unimot S.A.

9 February 2017

establishing the issue price for J series shares at the level of PLN 45,00

from 10 to 21-22 February 2017

subscription of J series shares

23 February 2017

allocating J series shares

17 March 2017

introducing the J series shares into the trade at the WSE

Introduction of a new brand of AVIA franchise fuel stations, access to the Poland's retail market: 15 stations in 2017

→ **PLN 5.2 m**
in 2017

Investments into modern technology launching a new channel of fuel sales with the use of an innovative mobile platform „Tankuj24.pl”

→ **PLN 1.8 m**
in 2017

Financing bigger purchases of liquid fuels, intensification of sales, improved liquidity of the Group

→ **PLN 75.2 m**
in 2017

Legal environment

Due to the **ambiguity of relatively new regulations regarding NIT**, the regulator participated in talks with the entities operating in the industry with intention of making the regulations more precise. Despite those efforts no changes were introduced until the end of 2017.

On 15 March 2018 the Ministry of Energy presented the official position in which it informed about the prepared amendment to the law on bio-components and liquid fuels, which makes key provisions more precise. The intent of the Ministry of Energy is to introduce the amendment from 1.07.2018. **Subject to introduction of the amendment, the Unimot Group should be able to „recover” in the future the costs incurred by our prudent approach to the current regulations.***



Management Board of Unimot S.A. – Company’s safety and security first

Decision: prudent interpretation of the provisions of the law ensuring the Group’s security and credibility

effects: →

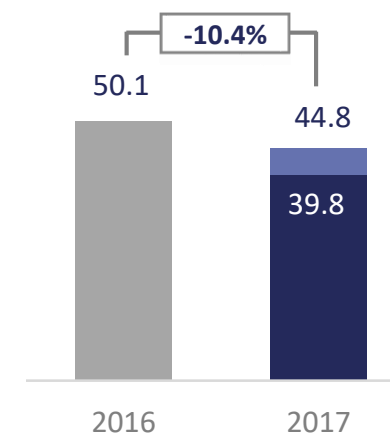
Incurring one-off costs related to completion of the NIT for compulsory reserves – about PLN 5 million

Lost revenues and margins:

The necessity to limit the sales of diesel oil (B0) in the period of favourable land premium (December 2017)

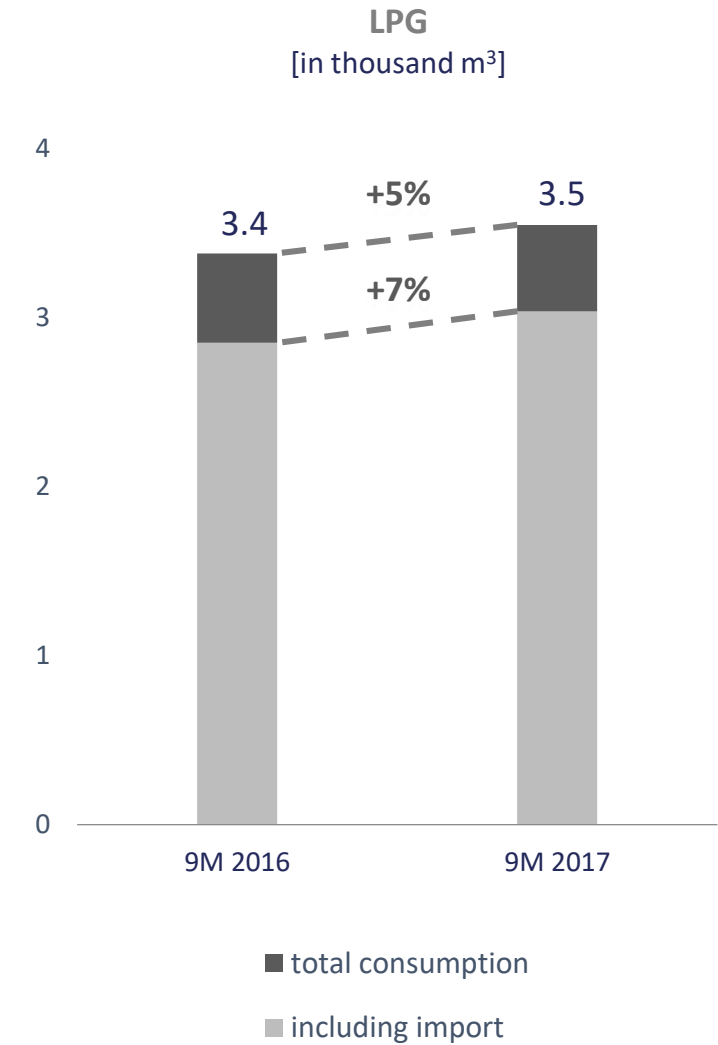
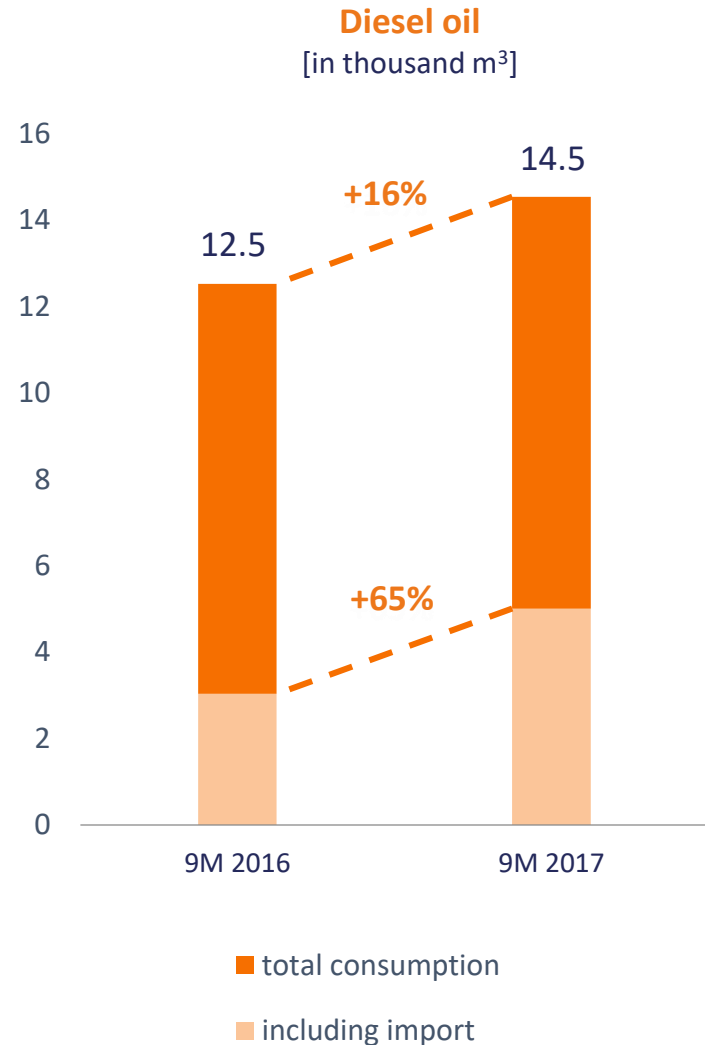
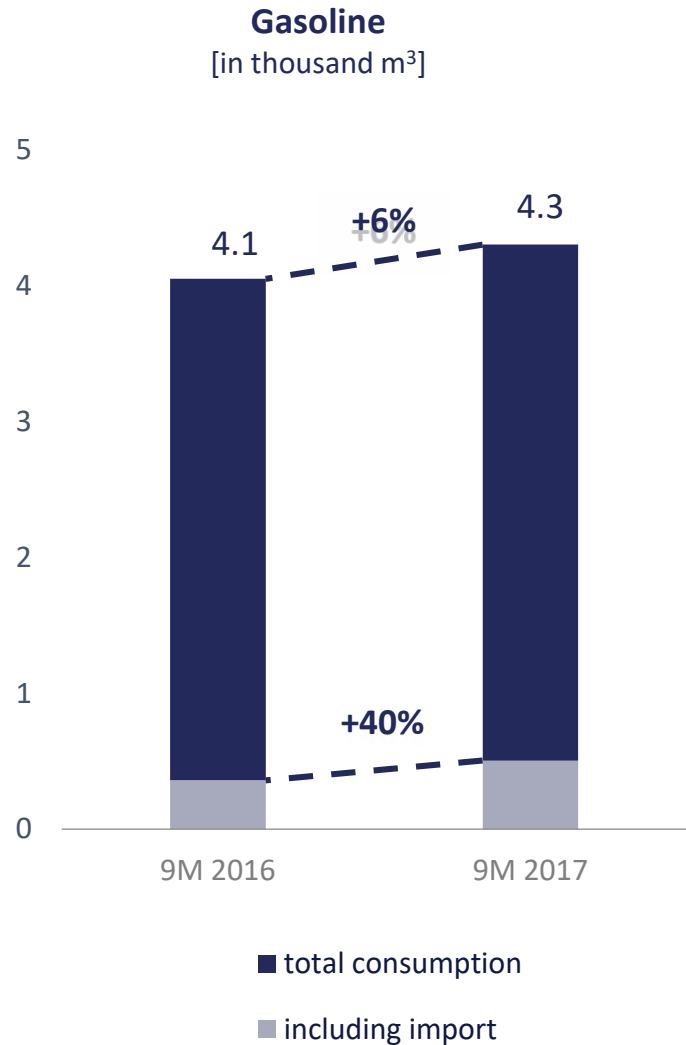
Decrease of diesel oil sales (B7) as a result of limited access to esters required for blending

ON+Bio Segment – Adj. EBITDA**
[in PLN million]

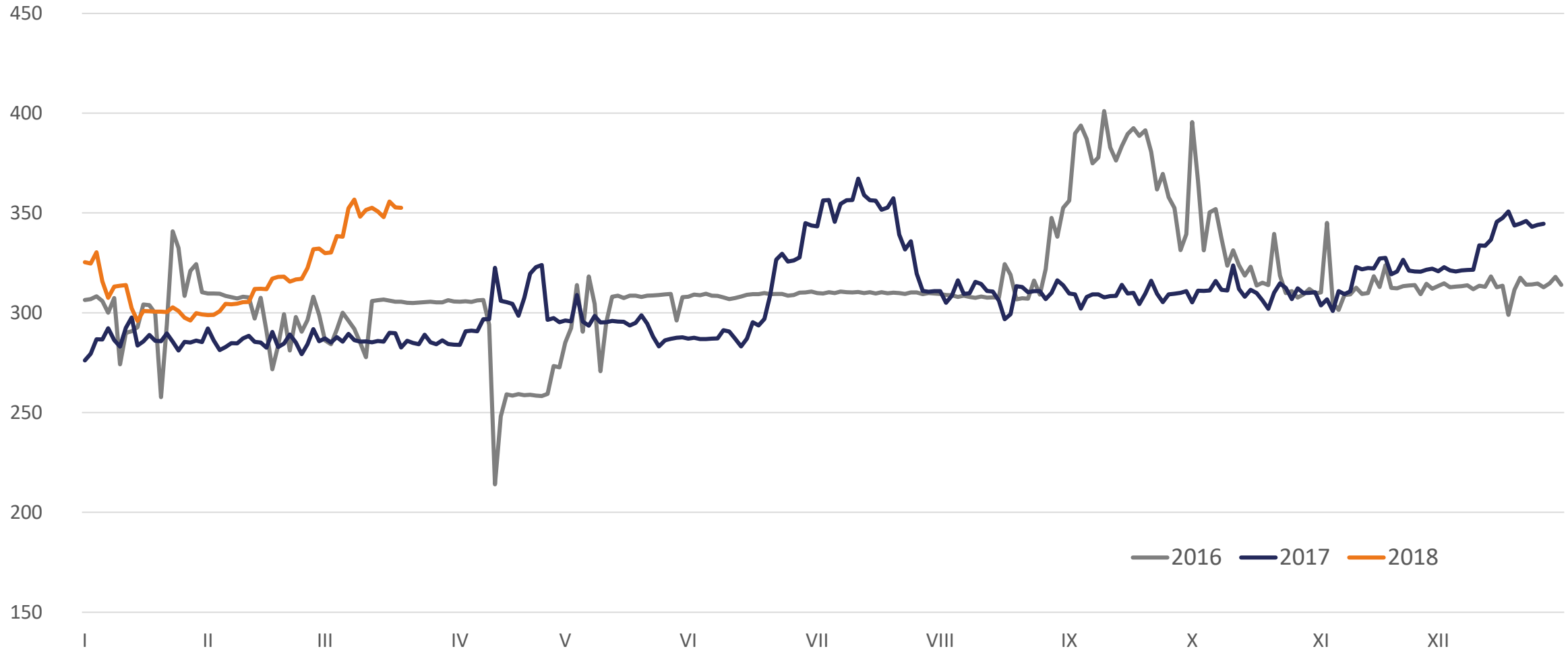


* The amendment foresees one-off achievement of NIT and maintaining the acquired rights by the entities that have been executing them before the amendment is introduced.

** adjusted by one-off costs related to completion of the NIT for compulsory reserves (prudent interpretation of the current law)

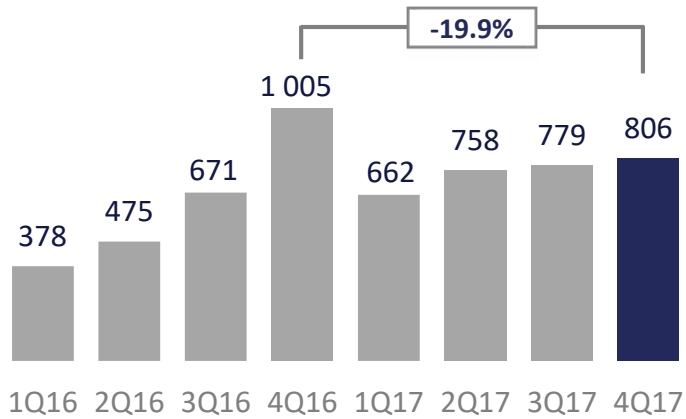


Estimate of the land premium of biggest Polish producers of diesel oil [PLN/m³]

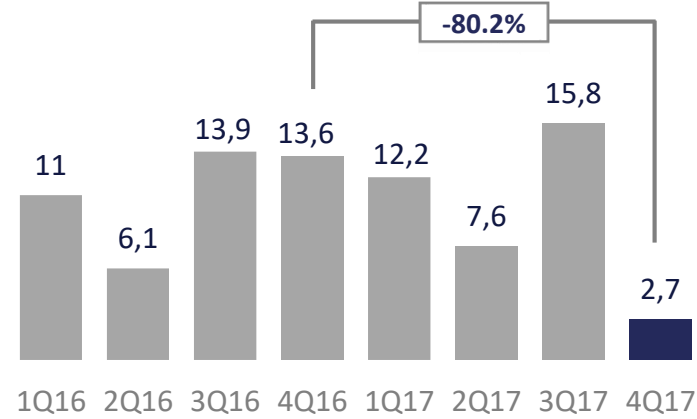


* Difference between diesel prices of the biggest Polish producers and Platts ARA quotes; land premium ≠ UNIMOT's margin

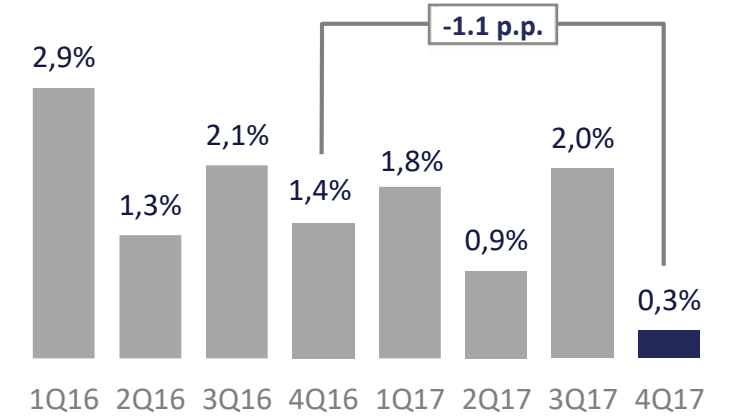
Revenues [in PLN million]



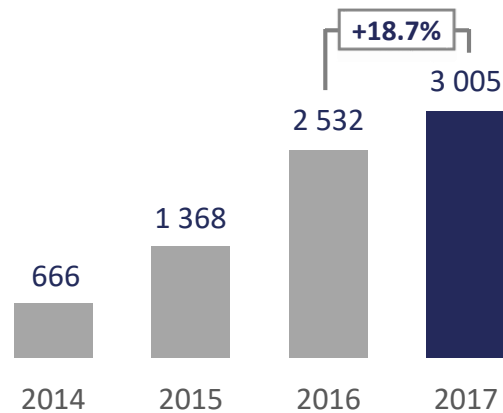
EBITDA [in PLN million]



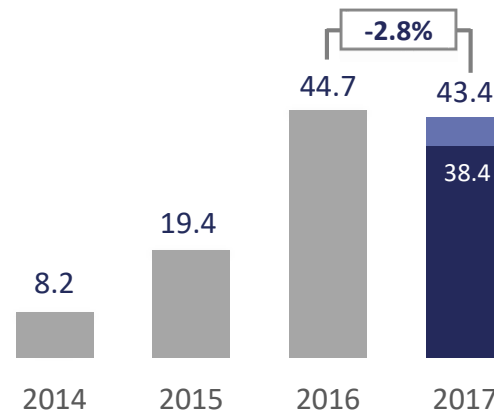
EBITDA margin



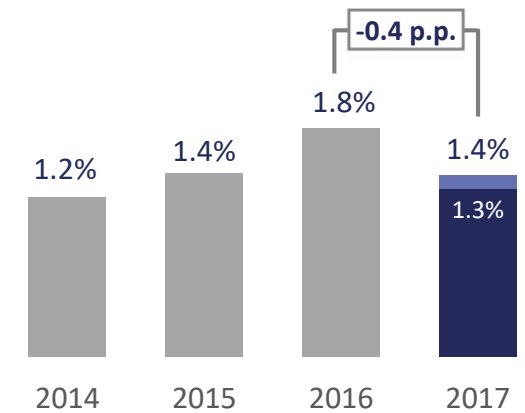
Revenues [in PLN million]



Adj. EBITDA* [in PLN million]

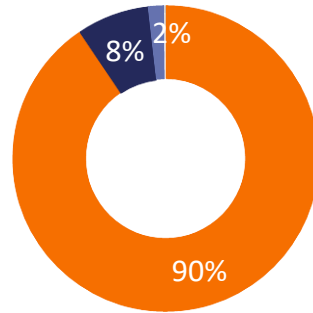


Adj. EBITDA margin*

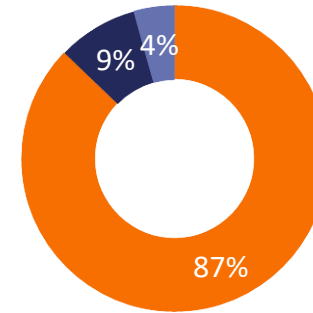


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2016

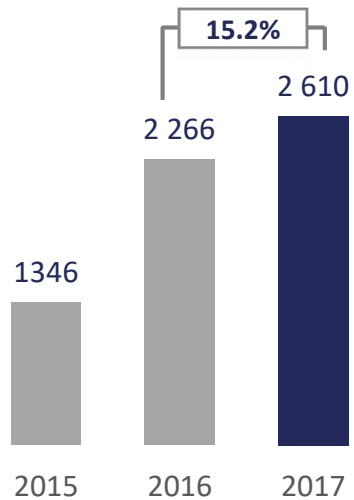


2017

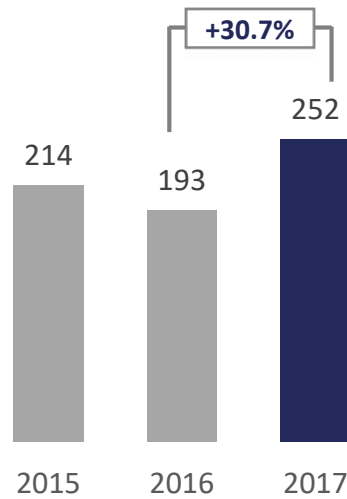


- Fuels (ON, BIO, others)
- LPG
- Natural gas and energy

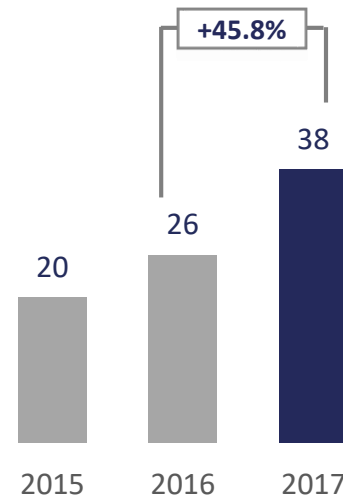
Liquid fuels: Diesel+BIO*
[in PLN million]



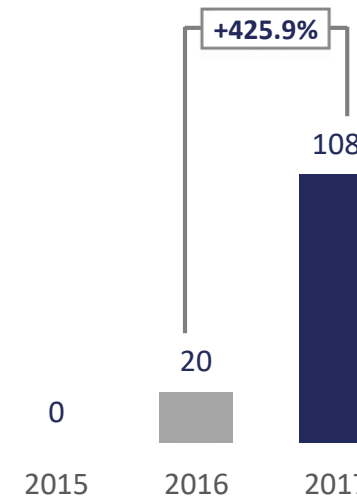
Liquid fuels: LPG
[in PLN million]



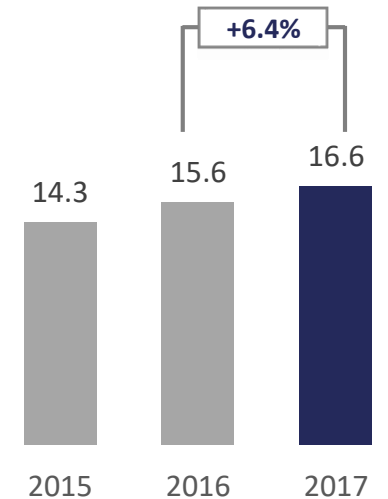
Gas fuels: natural gas
[in PLN million]



Electricity
[in PLN million]



Fuel stations**
[in PLN million]



* including the revenues due to wholesale of fuels to AVIA stations

** Revenues from own stations and franchise revenues from AVIA network

[in PLN thousand]	Q4 2017	Q4 2016	yoy	2017	2016	yoy
Net revenues	805 709	1 005 436	-19.9%	3 005 002	2 531 575	+18.7%
Gross profit on sales*	39 823	40 772	-2.3%	149 015	124 642	+19.6%
<i>Gross profit on sales margin</i>	<i>4.9%</i>	<i>4.1%</i>	<i>0.8 p.p.</i>	<i>5.0%</i>	<i>4.9%</i>	<i>0.1 p.p.</i>
EBIT	1 379	12 460	-88.9%	33 507	40 946	-18.2%
<i>EBIT margin</i>	<i>0.2%</i>	<i>1.2%</i>	<i>-1.0 p.p.</i>	<i>1.1%</i>	<i>1.6%</i>	<i>-0.5 p.p.</i>
EBITDA	2 696	13 597	-80.2%	38 380	44 661	-14.1%
<i>EBITDA margin</i>	<i>0.3%</i>	<i>1.4%</i>	<i>-1.1 p.p.</i>	<i>1.3%</i>	<i>1.8%</i>	<i>-0.5 p.p.</i>
Adjusted EBITDA**	-	-	-	43 432	44 661	-2.8%
<i>Adjusted EBITDA margin**</i>	-	-	-	1.4%	1.8%	-0.4 p.p.
Net profit	-304	9 299	-	22 440	29 643	-24.3%
<i>Net profit margin</i>	<i>-0.4%</i>	<i>0.9%</i>	<i>-1.3 p.p.</i>	<i>0.7%</i>	<i>1.2%</i>	<i>-0.5 p.p.</i>
Net profit of UNIMOT S.A. for 2017				PLN 25.3 m		

* Due to changes in reporting, starting 2017 the Company will be including realized and unrealized FX gains/losses in CoGS. The data for 2016 has been restated accordingly

** adjusted by one-off costs related to completion of the NIT for compulsory reserves (prudent interpretation of the current law)

[in thousand PLN]

	2017	2016
Operating activity cash flows		
Profit before taxation	27 611	37 538
Adjustments by positions, in this:		
Amortisation and depreciation	4 873	3 715
Net interests, transactional costs (concerning credits and loans) and dividends	4 955	3 586
Receivables change	- 38 573	- 108 835
Inventory change	336	- 188 987
Trade payables change	6 686	110 787
Net operating activity cash flows	20 117	- 140 937
Net investment activity cash flows	- 3 014	- 9 894
Net financial activity cash flows	50 204	4 662

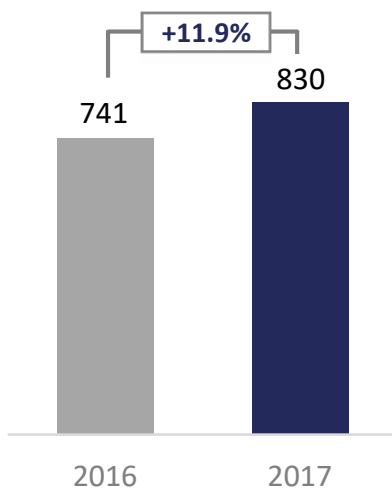
- In 2017 the Group achieved **positive operating cash flow**, due to lower sales growth and effective management of working capital
- **Negative cash flow from investment** was mainly driven by fixed asset investments in the gas segment
- **Positive cash flow from financing activity** is the result of:
 - Raising funds from public share issuance
 - Reducing debt

[in PLN thousand]	31.12.2017	31.12.2016
Fixed assets, in this:		
Tangible assets	50 459	52 041
Intangible assets	20 501	18 761
Fixed assets in total	80 508	81 878
Current assets, in this:		
Provisions	233 187	233 523
Trade and other receivables	245 948	210 688
Financial derivative instruments	14 842	4 594
Cash and cash equivalents	36 532	47 953
Total current assets	538 012	498 413
Total assets	618 520	580 291

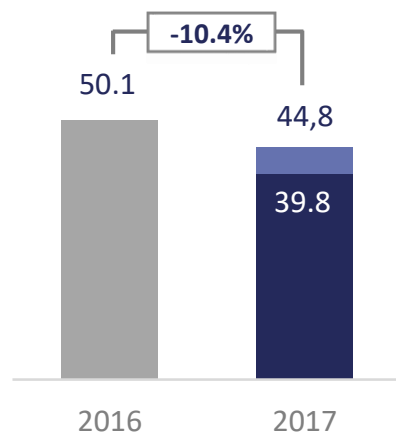
[in PLN thousand]	31.12.2017	31.12.2016
Equity, in this:		
Share capital	8 198	5 832
Other capitals	163 100	46 430
Total equity	201 419	95 920
Long-term liabilities, in this:		
loans and other debt instruments	11 674	37 117
Total long-term liabilities	23 218	37 275
Short-term liabilities, in this:		
loans and other debt instruments	140 575	204 492
Total short-term liabilities	393 883	447 096
LT and ST Liabilities	417 101	484 371
TOTAL LIABILITIES	618 520	580 291

- Almost 90% of Group's assets are **liquid and easily marketable assets**
- In 2017 as a result of issuance and registration of new J and K shares, the **Company's share capital was increased**
- Thanks to the new equity the Company was in position to materially decrease short-term financial debt

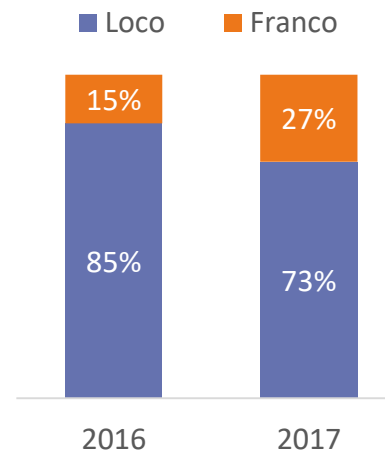
Diesel+BIO – sales
[in thousand m³]



Diesel+BIO Segment –
adj. EBITDA [in PLN million]



Diesel and gasoline – supplies
franco vs. loco [in m³]



Market position

Maintaining position of the largest independent fuel importer

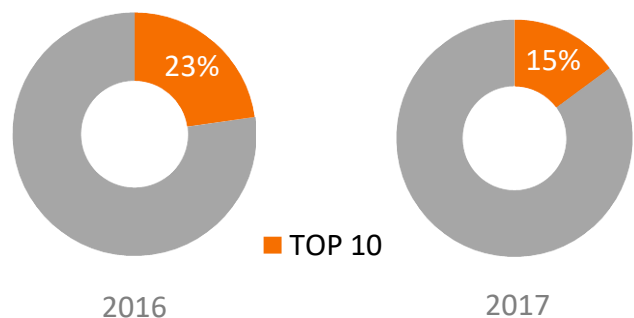
Customers

Growing share of franco fuel sales (with delivery to the customer), which had a stabilizing effect on volumes and margin levels; increased diversification of the customer base

National Indicative Target

Introducing obligation of achieving the NIT by using at least 50% of blending

Share of 10 largest diesel oil customers



- Commencing the sales of diesel oil directly from the Schwedt refinery (Germany), starting intra-Community (the EU countries) supplies of fuels from the depot in Dębogórze
- Further positive influence of so called fuel package and transport package, making use of own stable supply sources and competencies in the scope of trade, effective hedging
- Increased costs connected with the necessity to achieve the National Indicative Target in the new legal reality (prudent interpretation of the law)
- Lower margins on diesel oil and bio-fuels compared to 2016

* adjusted by one-off costs related to completion of the NIT for compulsory reserves (prudent interpretation of the current law)

Goals

Integrating independent fuel stations under the AVIA brand

Increased sales of fuels + franchise revenues

Synergy with Tankuj24 project

Status

7 AVIA stations opened in Q4 2017 (15 stations operating at the end of 2017) and agreements signed with other 4 stations. Positive effect of franchise on station owners – increase in sales and revenues at fuel stations after rebranding. Introduction of local discount cards.



Plan

Opening at least 100 stations under the AVIA brand until the end of 2020
Introduction of own fleet card in the 2nd half of 2018

Types of revenues from the AVIA station network (from biggest to smallest):

1. **ON wholesale margin**
2. **Investment repayments**
3. **Fixed fee**
4. **Other charges**



Mobile application allows to compare prices of fuels at the stations and their online purchases at a lower price

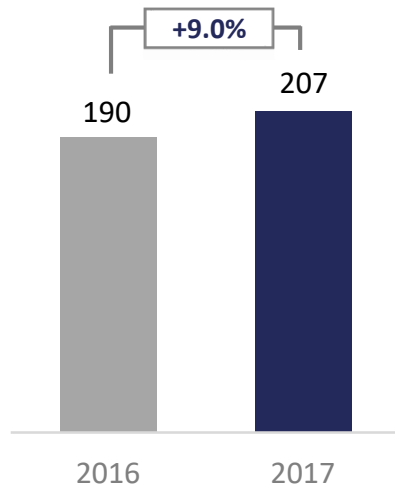


over **55 000** downloads

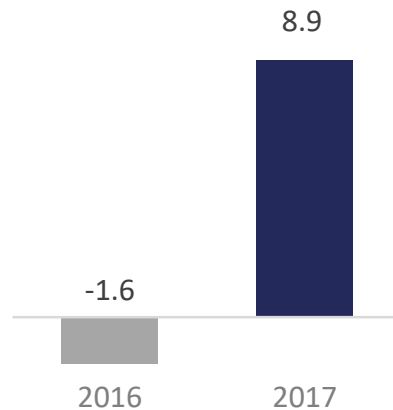
over **14 500** registered users

over **100** partner fuel stations in the programme

LPG business – sales
[in thousand m³]



LPG business – EBITDA
[in PLN million]



Market

Making an effective use of the environment of growing LPG prices in Poland.

Continued development on the heating tanks market – growth in the number of customers and revenues.

Market position

Strengthening the significant position as a LPG distributor in Poland and the dominant position among the importers and wholesale suppliers.

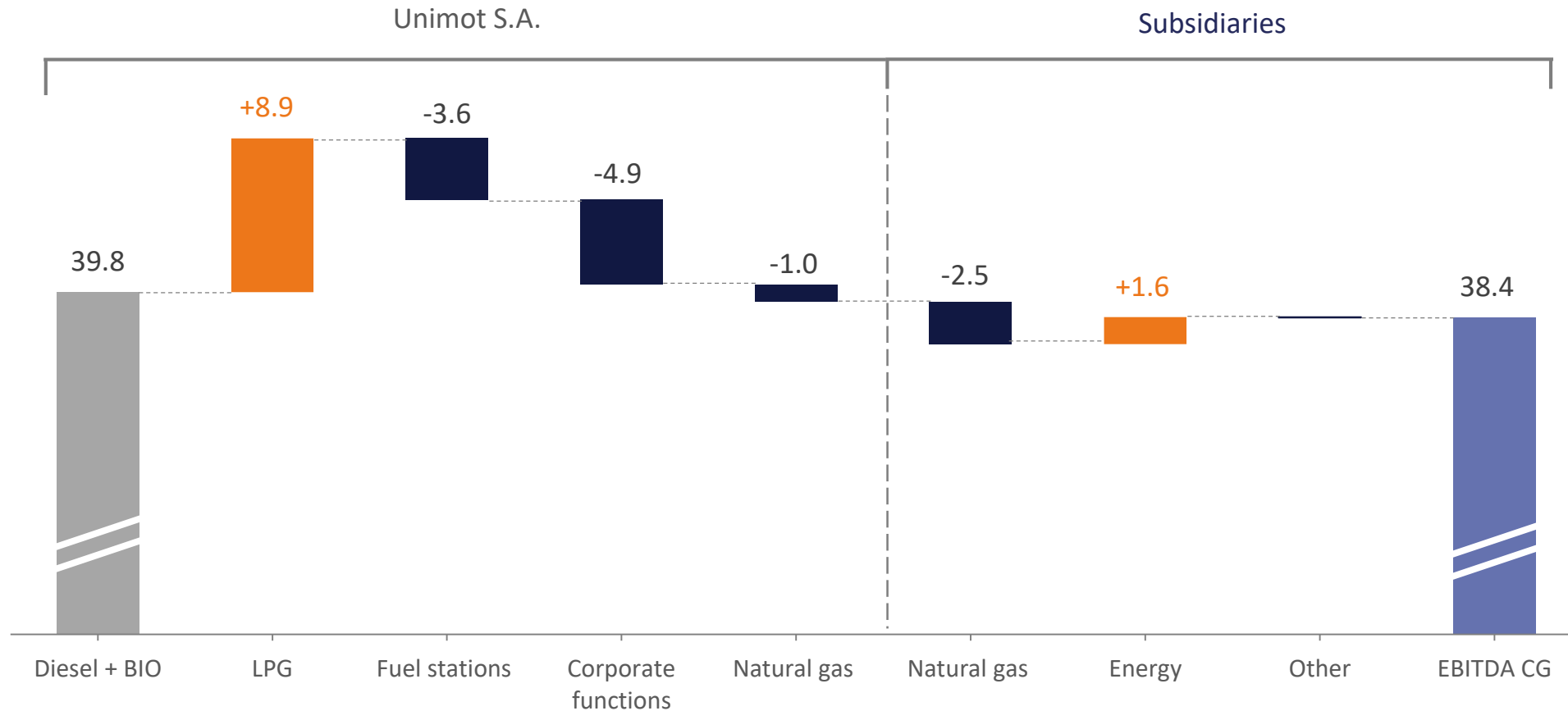
- Significantly better results both in terms of volume, value of sales and operating, net results
- Positive result of the segment was generated mainly by a growing wholesale of LPG. It was developed by an increase in the number of terminals in Poland, and purchases of a LPG at lower prices



CONTRIBUTION OF PARTICULAR BUSINESSES TO CONSOLIDATED EBITDA



EBITDA [in PLN million]





Natural gas sales and distribution



- Further development of own distribution network in the north part of Mazowieckie province
- Connecting new retail customers to the network
- Completed construction of LNG regasification station and gas network in Białowieża



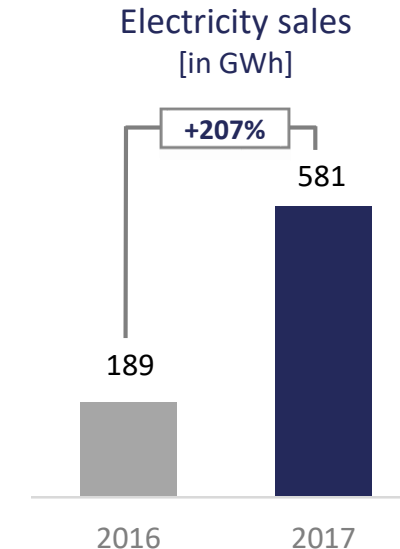
Natural gas and electricity sales



- Increase in the power delivery points
- Acquisition of new customers

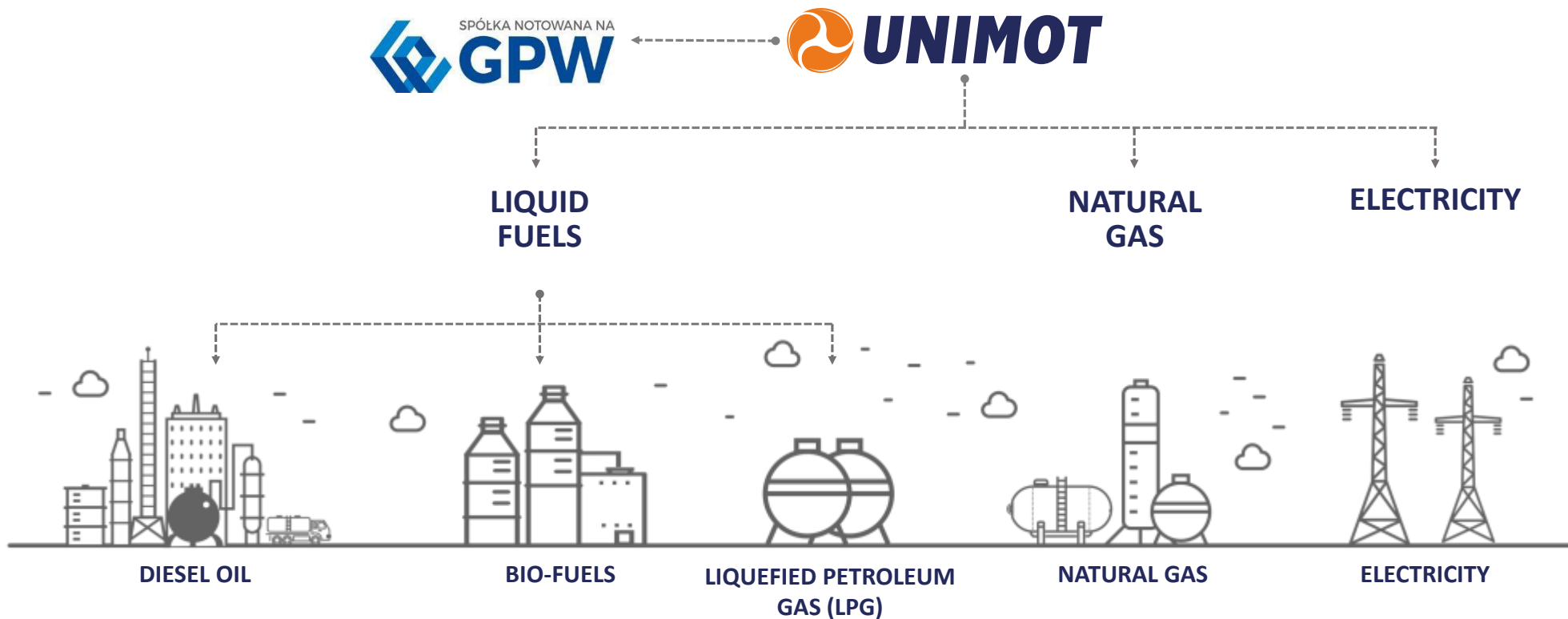


Electricity trade



- Increase in the cooperating energy producers

APPENDIX



Key elements of the strategy

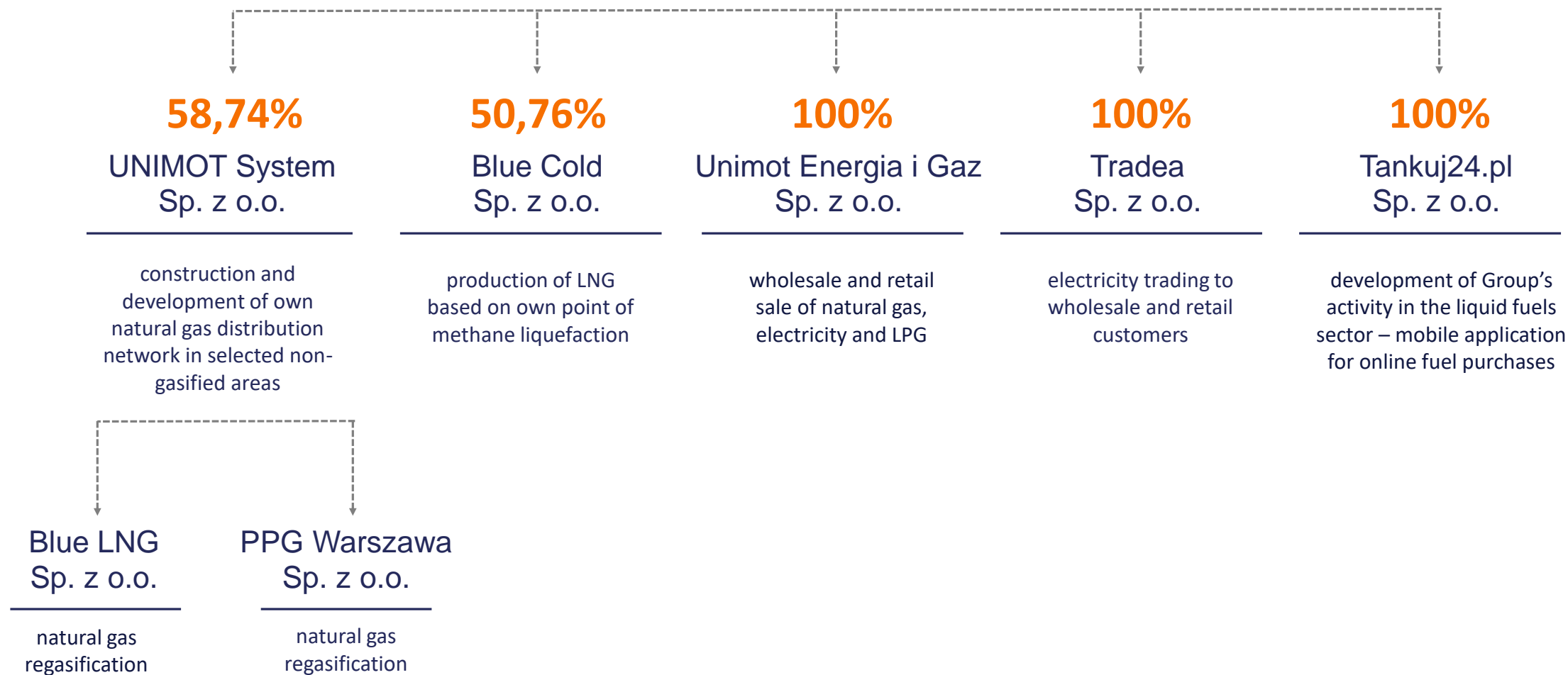
Focus on efficiency of the business

Developing franchise of AVIA fuel stations in Poland

Increase in the share of electricity market

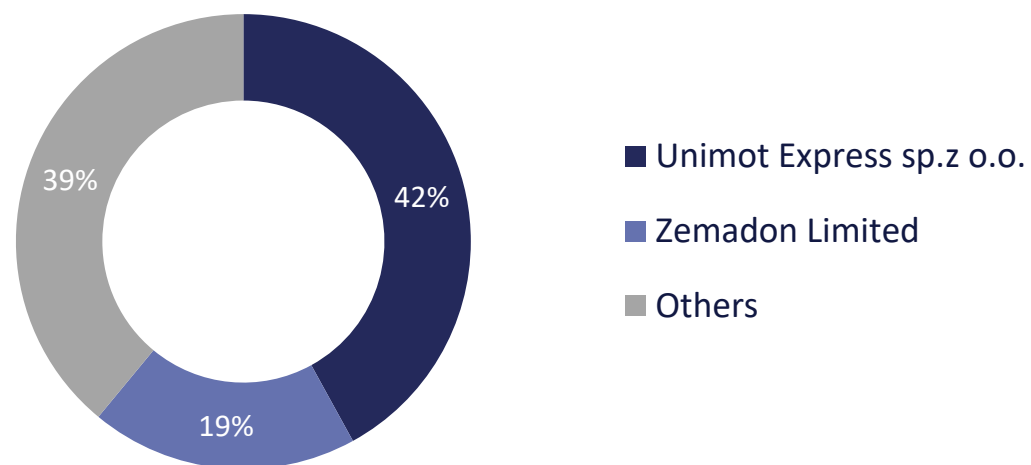
Developing infrastructure and sales of natural gas

Investments into modern technologies (Tankuj24, e-Zamówienia)



Shareholder	No. of shares	Share in capital	No. of votes	Share in votes
Unimot Express Sp. z o.o.	3 454 120	42.14%	3 804 120	42.75%
Zemadon Limited	1 572 411	19.18%	1 922 411	21.61%
Others	3 171 287	38.68%	3 171 287	35.64%
Total	8 197 818	100.00%	8 897 818	100.00%

Share in capital of Unimot S.A.





INVESTOR RELATIONS Unimot S.A.

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